

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM
Capital Planning and Budget Committee Minutes
Thursday, June 3, 2021

The June 3, 2021, meeting of the Capital Planning and Budget Committee was held via WebEx Videoconferencing and was called to order at 8:46 a.m. by Committee Chair Regent Jones.

A. Calling of the Roll

Present: Regents Scott Beightol, Mike Jones, Edmund Manydeeds, Corey Saffold, and Carolyn Stanford Taylor. Regent Klein was absent.

B. Declaration of Conflicts

Before considering any items on the agenda, Committee Chairman Jones asked if any Board members wished to declare any conflicts of interest as per Regent Policy Document 2-4, "Ethics and Conflict of Interest Policy for the UW System Board of Regents." No conflicts of interests were declared.

Regent Jones noted that it was Regent Sanford Taylor's final committee meeting and thanked her for her friendship and service on the committee.

C. Approval of the Minutes of the April 8, 2021 Meeting of the Capital Planning and Budget Committee

After receipt of a motion and second, the minutes of the April 8, 2021, meeting of the Capital Planning and Budget Committee were approved as presented.

D. UW System Presentation on Real Estate Advisory Services

Senior Associate Vice President (SAVP) Alex Roe provided an update regarding the results of a request for proposals that was issued last November for real estate advisory services. She explained that the development of the menu of real estate services included financial and market feasibility studies, identification of development opportunities, assistance in the development of a request for proposals to solicit partners, evaluation of the development proposals and partnership models, and possible management of the development project.

She continued by saying a selection committee was established that included subject matter experts, four UW institution representatives, members of the Capital Planning and Budget team, two chancellors, and a mayor. The fourteen responses that were received were narrowed down to eleven, all of whom were interviewed. At the conclusion, six teams were selected to be placed under contract, and those contracts were executed.

SVAP Roe expressed her appreciation for the dedication of all those involved in the selection process.

She stated that there have already been conversations with the institutions concerning possible projects and what opportunities might be available. She added that if any of the resulting projects reaches the threshold of requiring Board approval, either through a contract or the actual development work, it will be brought before the Board for its review and consideration.

Regent Beightol asked SAVP Roe to describe some ideas she has heard from the campuses and she explained that one is a fieldhouse recreation component that could be shared with the local community. The first piece of that would be a market study to determine what sort of investment it would require. Another institution, which is not located close to a downtown, asked about opportunities for housing and retail components. She added that some campuses needing housing might want to enter a third-party partnership for residence hall development.

Regent Beightol commented that he supports the idea of leveraging the assets for the good of the universities and the communities and encouraged continuing work with the campuses. He stressed the importance of partnering with the utilities around the state to achieve sustainability and benefit from different technologies.

Regent Manydeeds asked how communities could be informed of these projects ahead of time and how they would save money for the universities. SAVP Roe replied by saying that when the financial and market assessments are completed and the project is viable, the communications team will help socialize it with branding and marketing efforts as it goes forward.

E. UW System: Semi-Annual Status Report on Leasing

The committee received a semi-annual report on the status of leasing activity since December 1, 2020. SAVP Roe reported that two new leases were executed, and both used federal grants or gift funds, two leases were terminated, and one lease was extended with a one-year renewal. She added that UW System leases about 1.8 million square feet on an annual basis and stated that institutions are taking a more cautious approach about their leasing requirements.

Regent Jones asked about the trend of leasing during the last five years, and SAVP Roe explained that it is up about 18 to 20 percent and that a majority of the leases are for housing.

F. UW System: Semi-Annual Status Report on UW Solely Managed Capital Projects

SAVP Roe began her overview by explaining that a solely managed capital project is one that is designed and constructed with either gift or grant funds only and is not allowed to be funded with any program revenue borrowing or program revenue cash. She continued by saying that they are projects that UW System manages with its partners at UW-Madison and

other institutions and that all construction bidding and contracting for these projects is done at the UW System level.

SAVP Roe reported that since last December, the overall program value has increased by about \$23 million for a total of \$172 million. She informed the committee that she recently signed the substantial completion documents for the UW-Extension Upham Woods Administration Building Replacement and the UW-Eau Claire Welcome Center projects and that one study was just finished for a new computer science building at UW-Madison.

G. UW-Milwaukee Presentation: UWM's Capital Outlook: Meeting Wisconsin's Needs into the Future

The committee listened to a presentation by UW-Milwaukee's Vice Chancellor for Finance and Administration, Robin Van Harpen, who described UW-Milwaukee's space deficiencies and the various campus planning efforts that led to their six-year capital plan. It provided an update to the university's 2019-21 approved projects as well as an overview of their 2021-23 Capital Budget request. Ms. Van Harpen also explained the university's efforts to achieve space optimization by focusing on ways to improve space utilization and efficiencies.

The presentation focused on the following projects: Chemistry Building, the NWQ Health Sciences Renovation, the School of Freshwater Sciences Dock Wall, the Engineering Building Replacement, the Klotsche Center Annex Addition, the Sandburg Hall West Tower Renovation, and the Student Union Renovation.

Regent Jones expressed his appreciation for the update that she provided showing the progress that is being made on the university's projects.

In response to a question asked by Regent Sanford-Taylor about the sale of the Alumni House property, Ms. Van Harpen explained that an easement was retained to continue access to Lake Michigan through that property to provide for the university's chilled water.

H. Report of the Senior Associate Vice President

a. Building Commission Actions

SAVP Roe reported that the Building Commission met in May and approved most of the items submitted by UW System, however they deferred two requests of building trust funds to plan the UW-Madison Engineering Building and UW-Eau Claire Science/Heath Science, Phase II projects. She noted that Building Commission members said they are watching project costs closely due to the accelerated costs of lumber, steel, and concrete building materials. She explained that the institutions are working to stay within the project budgets and that it has been difficult to get some of the high-tech science equipment that is manufactured in other countries into our country due to COVID restrictions.

b. 2021-23 Capital Budget Update

SAVP Roe said that we will not know what items are included in the capital budget that the legislative Joint Finance Committee will approve until it moves the various budget packages prepared for its consideration.

Regent Sanford Taylor asked about the amount of increased costs for lumber and whether there is an estimate of how much more a project will cost. SAVP Roe responded that in some cases lumber had increased by 30 percent more than it was last June, however she pointed out that we do not use much lumber in UW System projects. She explained that since the UW-Milwaukee Chemistry Building project will be bid earlier than originally expected, that project's timeline will be shortened and there may already be enough inflation included in the budget to cover the increased cost of materials.

The Capital Planning and Budget Committee meeting adjourned at 9:28 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Judy Knoll".