

THE UNIVERSITY OF WYOMING

BOARD OF TRUSTEES' REPORT

Regular Meeting Conference Call

Wednesday, December 13, 2017

The final report can be found on the University of Wyoming Board of Trustees Website at <http://www.uwyo.edu/trustees/>

University of Wyoming Mission Statement (July 2017)

We honor our heritage as the state's flagship and land-grant university by providing accessible and affordable higher education of the highest quality; rigorous scholarship; the communication and application of knowledge; economic and community development; and responsible stewardship of our cultural, historical and natural resources.

In the exercise of our primary mission to promote learning, we seek to provide academic and co-curricular opportunities that will:

- Graduate students who have experienced the frontiers of scholarship and creative activity and who are prepared for the complexities of an interdependent world;
- Cultivate a community of learning energized by collaborative work among students, faculty, staff and external partners.
- Nurture an environment that values and manifests diversity, internationalization, free expression, academic freedom, personal integrity and mutual respect; and
- Promote opportunities for personal health and growth, physical health, athletic competition and leadership development for all members of the university community.

As Wyoming's only public university, we are committed to scholarship, outreach and service that extend our human talent and technological capacity to serve the people in our communities, our state, the nation and the world.

TRUSTEES OF THE UNIVERSITY OF WYOMING AGENDA
Wednesday, December 13, 2017
Regular Meeting Conference Call
Old Main Boardroom; Laramie, Wyoming

WORK SESSIONS

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AGENDA ITEM TITLE:

Approval of November 15-17, 2017 Board of Trustees Meeting Minutes (public session & executive session), MacPherson

CHECK THE APPROPRIATE BOX(ES):

- Work Session
- Education Session
- Information Item
- Other Specify: Specify: Committee of the Whole (Items for Approval)

BACKGROUND AND POLICY CONTEXT OF ISSUE:

The draft minutes were uploaded to the trustee secure site for review and comment in advance of the meeting.

AGENDA ITEM TITLE: **High Bay Contingency Fund/Equipment Purchase Request**, Mai

CHECK THE APPROPRIATE BOX(ES):

- Work Session
- Education Session
- Information Item
- Other Specify: Committee of the Whole (Items for Approval)

BACKGROUND AND POLICY CONTEXT OF ISSUE:

This request relates to the use of HBRF building reserve funds to obtain experimental equipment for installation on the second floor of the Center of Innovation for Flow through Porous Media (COIFPM) at the High Bay Research Facility.

On the second floor of COIFPM, ten (10) laboratories have been built that have been designed to house X-ray imaging instruments and associated core-flooding systems. Currently only two (2) of these laboratories are equipped with macro-scale X-ray imaging devices, and therefore the capacity to conduct macro-scale studies that utilize X-ray imaging is limited. Based on the existing experimental studies and the projects for which the University is currently seeking external funding, it is imperative that at least one (1) more laboratory be equipped with a robotic X-ray imaging system as well as the associated core-flooding flow instruments. This would allow the University to execute the project plans in a timely manner.

It will take approximately 5-8 months to procure, receive, install, integrate, and commission these systems and therefore it is essential that UW acquire the hardware as soon as possible. The total approximate cost will be \$2.4 million. The acquisition can be formulated in a manner that the payments are made in installments.

Below are the details for the two items both of which are in excess of \$25,000 and thus require Board approval per the *Project Development Policy and Procedure for UW Capital Construction for Major Projects*.

1. X-Ray Imaging System - Total cost - \$1.2M
 - Initial Payment - \$400,000
 - Remaining payment - \$800,000
2. Flow systems- Total cost - \$1.2M
 - Initial Payment - \$750,000
 - Remaining Payment - \$450,000

Approval is being requested for the initial payment of item 1 to come from Owner's Construction Contingency. This payment would be \$400,000 and would leave a remaining balance in the Owner's Construction Contingency and balance of project budget of \$873,000. Item 2 will be discussed in future Trustees meetings and additional information will be provided.

PRIOR RELATED BOARD DISCUSSIONS/ACTIONS:

1. At the February 15, 2017 meeting, the Board approved using contingency funds to purchase and install an Uninterrupted Power Supply (UPS) for a Not-To-Exceed (NTE) price of \$250,000.
2. At the March 22-24, 2017 meeting, the Board approved using contingency funds to purchase and install a nitrogen system for a NTE price of \$77,364.
3. At the April 12, 2017 meeting, the Board approved using contingency funds to ventilate the air compressor in the mechanical room and install a ceiling lattice system in a laboratory for a NTE price of \$97,013.00.
4. At the July 21, 2017 meeting, the Board approved using contingency funds to purchase and install items for laboratories for a NTE price of \$2,645,615.

WHY THIS ITEM IS BEFORE THE BOARD:

Vice President for Administration Bill Mai is requesting Board approval for Facilities Construction Management to expend Owner's Construction Contingency of \$400,000.00 to pay the initial payment for item 1. This will leave a balance of \$873,000.00 for University of Wyoming operations to manage any unforeseen issues with the building over the next year.

ACTION REQUIRED AT THIS BOARD MEETING:

Approval from the Board of Trustees to expend \$400,000 of Owner's Construction Contingency to pay the initial payment for the x-ray imaging system.

PROPOSED MOTION

I move to approve using \$400,000 of Owner's Construction Contingency to pay the initial payment for the X-ray imaging system.

PRESIDENT'S RECOMMENDATION:

It is recommended that the Board of Trustees of the University of Wyoming approve using \$400,000 of Owner's Construction Contingency to pay the initial payment for the X-ray imaging system.

AGENDA ITEM TITLE: **Contract for BSL-3 Incinerator, Mai**

CHECK THE APPROPRIATE BOX(ES):

- Work Session
- Education Session
- Information Item
- Other Specify: Committee of the Whole (Items for Approval)

BACKGROUND AND POLICY CONTEXT OF ISSUE:

During the evaluation process for the BSL3 remediation project the incinerator, located within the Wyoming State Veterinary Laboratory, was identified as having reached the end of its useful lifespan.

In April 2017, the University received notification from the State of Wyoming that the State would fund \$1.125M of the estimated \$2.25M to replace the incinerator. In May 2017, the Board of Trustees approved the Ag College Permanent Land Income Fund as the source of funding for the University portion of the incinerator project. The University proceeded with the design of the new incinerator and the building addition that would house the equipment.

After a competitive bidding process, the University determined that the lowest responsive and responsible bid for the addition was submitted by Sletten Construction in the amount of \$1,198,900.00. Administration recommends awarding the contract for this project to Sletten Construction.

The total project budget, including the incinerator and addition, is \$2,453,945.00. \$1.125M of this has been funded by the State of Wyoming. The remaining \$1,328,945 will be covered by the Ag College Permanent Land Income Fund.

PRIOR RELATED BOARD DISCUSSIONS/ACTIONS:

- May 2017- Board of Trustees approved identifying the Ag College Permanent Land Income Fund as the source of funds for the University portion of the incinerator project.

WHY THIS ITEM IS BEFORE THE BOARD:

The Board is requested to approve contracting with the lowest responsive, responsible bidder for the BSL3 incinerator addition project at the Wyoming State Veterinary Laboratory and to authorize expenditure of up to \$1,328,945.00, for the balance of the total project, from the Ag College Permanent Land Income Fund.

ACTION REQUIRED AT THIS BOARD MEETING:

Board approval to authorize contracting with Sletten Construction for construction of the incinerator addition and to authorize the expenditure of \$1,328,945.00, for the balance of the total project from the Ag College Permanent Land Income Fund.

PROPOSED MOTION

I move to authorize the Administration to enter into a contract with Sletten Construction for the construction of the incinerator addition in the amount of \$1,198,900.00.

I move to authorize expenditure of not-to-exceed \$1,328,945.00 for the balance of the project from the Ag College Permanent Land Income Fund

PRESIDENT'S RECOMMENDATION:

The President recommends approval.

AGENDA ITEM TITLE: **FLAC – Consideration and Action: Annual audited Financial Report and Compliance Report**, Mai

CHECK THE APPROPRIATE BOX(ES):

- Work Session
- Education Session
- Information Item
- Other Specify: Committee of the Whole (Items for Approval)

Brandy Marrou, Partner in the firm McGee, Hearne & Paiz, will lead a discussion about the University's audited annual **Financial Report** and the audited annual **Compliance Report**.

BACKGROUND AND POLICY CONTEXT OF ISSUE:

Accountability is the paramount objective of institutional financial reporting. It is the University's duty to be accountable to the public and to provide information that responds to the needs of three groups of primary users of general-purpose financial reports:

- the citizenry;
- the governing board, the legislature and oversight bodies; and
- investors and creditors.

Meaningful financial reports and accompanying notes provide information useful for assessing financial condition and results of operations, assisting in determining compliance with finance-related laws, rules, and regulations, and assisting in evaluating efficiency and effectiveness of operations. Preparation of these statements and reports are the responsibility of University management; however, it is the external audit function that provides an independent examination of these financial statements and reports.

McGee, Hearne and Paiz, LLP of Cheyenne, Wyoming, was awarded a four-year engagement to conduct the annual external audit for fiscal years 2014 through 2017, subject to annual evaluation of the audit firm's performance.

Annual financial reports serve various functions and have numerous audiences. They not only serve to inform the campus community of the institution's financial condition and results of operations, they are required by various governmental, regulatory and rating agencies; holders of the institution's bonds; and accrediting agencies. The Board of Trustees is held to a high standard of full financial disclosure, transparency and accountability: public acceptance and approval of the financial reports completes the audit cycle, helps tell the University of Wyoming's financial story and assists the Board in exercising their fiduciary responsibilities.

Two of the five annual reports are presented today. The other three—Bond Funds, Wyoming Public Media and Intercollegiate Athletics—were approved by the Board of Trustees at the November 2017 meeting.

Non-federal entities that expend \$750,000 or more a year in federal awards are required by the United States Office of Management and Budget (OMB) to have a "Single Audit." The Single

Audit encompasses an examination of the University's financial records, financial statements, Federal award transactions and expenditures, the general management of its operations, internal control systems, and Federal assistance it received during the audit period. The single audit will be conducted so as to satisfy the audit requirements imposed by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Grant Guidance or UGG). The UGG replaces OMB Circular A-133.

The Single Audit is divided into two areas: Financial and Compliance.

- **Financial Audit** – In accordance with required reporting standards, the **Financial Report** has three components: 1) management's discussion and analysis 2) institution-wide financial statements; and 3) notes to the basic financial statements. Required supplementary information is included in addition to the basic financial statements. The auditors express an opinion about whether the financial statements present fairly, in all material respects, the financial position of the University of Wyoming as of the fiscal year end, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The University of Wyoming is a component unit of the State of Wyoming. As such, the University's **Financial Report** is part of the Comprehensive Annual Financial Report (CAFR) prepared by the State Auditor's Office in accordance with W.S. 9-1-403 (a)(v). The final CAFR must be issued by the State Auditor on or before December 15th.

- **Compliance Audit** – The compliance audit has two components within the **Compliance Report:**

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, the auditors consider the University's internal controls over financial reporting and perform tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance of which could have a direct and material effect on the determination of financial statement amounts. The auditors do not express an opinion on the effectiveness of the University's controls or on the compliance with those provisions, instead they report whether the results of their tests disclose any deficiencies in internal control or instances of noncompliance that are required to be reported under Government Auditing Standards.

As part of obtaining reasonable assurance about whether the University complied with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs, the auditors perform tests of compliance with the applicable compliance requirements. The auditors express an opinion that the University has complied, in all material respects, with the applicable compliance requirements that have a direct and material effect on each of its major programs, which would include reporting instances of noncompliance, if any, that are required to be reported under the Uniform Grant Guidance. Similar to the above report, the auditors also consider the University's internal controls over compliance. The auditors do not express an opinion on the effectiveness of the University's controls, instead they report whether the results of their tests disclose any deficiencies in internal control that are required to be reported under the Uniform Grant Guidance.

The Single Audit reporting package is required to be submitted to the Federal Audit Clearinghouse within the earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period.

Pursuant to the ByLaws of the Trustees, Article VII. Section 7-2:

The Fiscal and Legal Affairs Committee will review the financial reporting processes, the system of internal controls, the audit process, and the process for monitoring and ensuring compliance with financial laws and regulations. It will monitor the University's internal and external auditor's findings.

In discharging their duties hereunder, the members are entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by: officers or employees of the University whom the committee members reasonably believe to be reliable and competent in the matters presented; and legal counsel, public accountants or other persons as to matters the committee members reasonably believe are within the person's professional or expert competence.

The Fiscal and Legal Affairs Committee meets with the external audit firm's partners and University management to review the annual financial reports in advance of presentation to the Board of Trustees. The Committee Chair will make a recommendation to the Board with respect to acceptance and approval of the reports.

PRIOR RELATED BOARD DISCUSSIONS/ACTIONS:

Annually – The Board accepts and approves the Financial Report and the Compliance Report each year.

WHY THIS ITEM IS BEFORE THE BOARD:

The Board of Trustees is responsible for assuring that the University's organizational culture, capabilities, systems and processes are appropriate to protect the financial health and the reputation of the University in audit-related areas. The presentation of annual audited financial reports is intended to inform the Board about significant matters related to the results of the annual audit so that they can appropriately discharge their oversight responsibility.

ACTION REQUIRED AT THIS BOARD MEETING:

Subject to recommendation by the Fiscal and Legal Affairs Committee Chair, it is recommended that the Board of Trustees of the University of Wyoming accept and approve the Financial Report and the Compliance Report for the fiscal year ended June 30, 2017.

PROPOSED MOTION:

I move to accept and approve the University of Wyoming Financial Report and the Compliance Report for the fiscal year ended June 30, 2017.

PRESIDENT'S RECOMMENDATION:

The President recommends approval of the two financial reports as described above.

AGENDA ITEM TITLE:

Change order for the HAPC Training Table Kitchen Equipment, Mai

CHECK THE APPROPRIATE BOX(ES):

- Work Session
- Education Session
- Information Item
- Other Specify: Committee of the Whole (Items for Approval)

BACKGROUND AND POLICY CONTEXT OF ISSUE:

Within the Mick and Susie McMurry High Altitude Performance Center guaranteed maximum price (GMP), the kitchen equipment for the training table was included as an alternate to the base bid. Currently, the project is nearly seventy-five percent complete and the risks associated with possible increased costs has been greatly reduced. Therefore, it is fiscally prudent to proceed with procuring the kitchen equipment at this time in order to meet the goal of having a fully operational facility at completion in July of 2018. The total cost of the equipment is \$874,565.00. GE Johnson has agreed to allocate \$560,512.00 from within the GMP for purchase of the equipment. The balance due to GE Johnson via a change order is \$314,053.00.

PRIOR RELATED BOARD DISCUSSIONS/ACTIONS:

- March 2015 – Board of Trustees approved the architect/engineering firm of Pappas and Pappas Architects, Cheyenne, Wyoming, in association with DLR Group, Denver, Colorado.
- September 2015 – Board of Trustees approved the Construction Manager at Risk firm, GE Johnson Construction Wyoming.
- February 2016 – Board of Trustees approved naming of the “Mick and Suzie McMurry High Altitude Performance Center”.
- March 2016 – Board of Trustees approved the exterior design of the Mick and Suzie McMurry High Altitude Performance Center.
- July 2017 – Board of Trustees approved entering into a construction change directive for the installation of the audio visual/information technology equipment.
- August 2017 – Board of Trustees approved executing construction change directives for all changes not-to-exceed \$50,000 per occurrence and in the cumulative amount of the Owner’s construction contingency.

WHY THIS ITEM IS BEFORE THE BOARD:

UW Regulation 1-102(B) requires that any change order to a Construction Manager-at-Risk contract over \$25,000 requires Board approval.

ACTION REQUIRED AT THIS BOARD MEETING:

Board approval to execute a change order to GE Johnson, including use of the Owner’s contingency to cover the cost, increasing GE Johnson’s construction contract in the amount of \$314,053.00.

PROPOSED MOTION

I move to allow Administration to execute a change order to GE Johnson Construction in the amount of \$314,053.00 for procurement of the kitchen equipment for the training table for the Mick and Suzie McMurry High Altitude Performance Center project.

PRESIDENT'S RECOMMENDATION:

The President recommends approval.

AGENDA ITEM TITLE:

Change order for Audio Visual and Information Technology at the HAPC, Mai

CHECK THE APPROPRIATE BOX(ES):

- Work Session
- Education Session
- Information Item
- Other Specify: Committee of the Whole (Items for Approval)

BACKGROUND AND POLICY CONTEXT OF ISSUE:

At the July Board meeting, the Board authorized Administration to enter into a construction change directive (CCD), not-to-exceed \$882,000.00, for the installation of the audio visual/information technology (AV/IT) equipment at the Mick and Susie McMurry High Altitude Performance Center. Subsequent to receiving that authorization, Administration determined that procurement of the AV/IT equipment was not time sensitive and elected to wait to issue a CCD until some other issues were resolved prior to executing a change order of this magnitude. Those issues have been clarified to the satisfaction of the University and issuance of a change order is more appropriate at this time.

Historically the University has carried a line item in its construction budget to procure the audio visual/information technology (AV/IT) equipment through a competitive bidding process. The Mick and Susie McMurry High Altitude Performance Center budget also included this line item for procurement of the AV/IT equipment. Administration has determined the most efficient and effective process for the installation of this equipment is to add the AV/IT equipment and installation within the current electrical subcontractor's contract. In order to alleviate coordination issues between subcontractors and to achieve a fully warrantable system through the construction manager-at-risk/electrical subcontractor, Administration recommends issuing a change order to GE Johnson (and their electrical subcontractor) for the coordination and installation of this equipment.

The University carried a budget of \$1.015M for the AV/IT equipment within the project. This budget amount is separate from the Owner's contingency which is not impacted by this change order. The value of the proposed change order is \$813,342.00.

PRIOR RELATED BOARD DISCUSSIONS/ACTIONS:

- March 2015 – Board of Trustees approved the architect/engineering firm of Pappas and Pappas Architects, Cheyenne, Wyoming, in association with DLR Group, Denver, Colorado.
- September 2015 – Board of Trustees approved the Construction Manager at Risk firm, GE Johnson Construction Wyoming.
- February 2016 – Board of Trustees approved naming of the “Mick and Suzie McMurry High Altitude Performance Center”.
- March 2016 – Board of Trustees approved the exterior design of the Mick and Suzie McMurry High Altitude Performance Center.

- July 2017 – Board of Trustees approved entering into a construction change directive for the installation of the audio visual/information technology equipment.
- August 2017 – Board of Trustees approved executing construction change directives for all changes not-to-exceed \$50,000 per occurrence and in the cumulative amount of the Owner's construction contingency.

WHY THIS ITEM IS BEFORE THE BOARD:

UW Regulation 1-102(B) requires that any change order to a Construction Manager-at-Risk contract over \$25,000 requires Board approval.

ACTION REQUIRED AT THIS BOARD MEETING:

Board approval to use the AV/IT budget line item to fund a change order to GE Johnson's construction contract in the amount of \$813,342.00.

PROPOSED MOTION

I move to allow Administration to execute a change order to GE Johnson Construction in the amount of \$813,342.00 for procurement and installation of the AV/IT equipment for the Mick and Suzie McMurry High Altitude Performance Center project.

PRESIDENT'S RECOMMENDATION:

The President recommends approval.

AGENDA ITEM TITLE: **Capacity Study Initial Findings**, Rose Martinelli

CHECK THE APPROPRIATE BOX(ES):

- Work Session
- Education Session
- Information Item
- Other Specify:

BACKGROUND AND POLICY CONTEXT OF ISSUE:

Rose Martinelli of Huron Consulting will deliver a summary report on findings and recommendations from the Institutional Capacity Study. Huron Consulting was contracted to conduct a study to understand the enrollment capacity of the university given current staffing, facilities and resources, as well as potential for growth, both within current resources and marginal costs as this growth occurs. Additionally, a desired outcome of the study was to assess current enrollment of students from Colorado and Nebraska, and to determine a more desirable tuition rate to achieve greater enrollment from these states.

The scope of work called on Huron Consulting to:

- Examine capacity from a holistic perspective of both in state and out-of-state students;
- Consider many aspects of enrollment such as residential housing, classroom capacity, instructional/faculty capacity including online, student advising and student services, and other factors as appropriate;
- Consider marginal costs to add additional students, and the point at which additional enrollment would cause the university to invest significantly in additional resources (e.g. housing, classrooms, faculty, etc.);
- Address the potential for additional enrollment from Colorado and Nebraska should a reduced tuition be offered to students from these two adjoining states.
- Study current out-of-state tuition, level of scholarships/discounting, and some assessment of the level of tuition reduction to grow enrollment, including an analysis of price sensitivity, elasticity, and the level of growth needed to replace lost out-of-state tuition. .

PRIOR RELATED BOARD DISCUSSIONS/ACTIONS:

The Board of Trustees received information on the objectives and questions of the Institutional Capacity Study at the July 2017 meeting.

WHY THIS ITEM IS BEFORE THE BOARD:

The board will receive a report from Huron Consulting and a brief report from Rose Martinelli. At the January board meeting, Rose will be back with us to provide a much more comprehensive report of findings to the board with their recommendations on capacity and potential tuition structure for NE and CO students. Trustees are encouraged to read the report and come to the January meeting prepared for a more substantive discussion of the findings and recommendations.

ACTION REQUIRED AT THIS BOARD MEETING:

N/A

PROPOSED MOTION

N/A

PRESIDENT'S RECOMMENDATION:

N/A