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TO: Dr. Jesse W. Rogers  
 FROM: Dr. Keith W. Lamb  
 RE: Residence Hall Update

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Construction of the new residence hall, scheduled to open for the fall 2016 semester, has officially begun with the demolition of the parking lot and subsequent site work. The project is on-schedule.

The Board of Regents, at the request of the administration, set the budget for the project at \$35,250,000, with bonding capacity at \$33,250,000. The \$35,250,000 budget, which includes construction costs of \$30,400,000 and soft costs of \$4,850,000, was requested and approved based on the work of three professional estimators:

- The architect, Treanor Architects, employed the use of CCS International;
- The construction manager at-risk, Buford Thompson Construction, utilized a company estimator; and,
- MSU contracted with an additional estimator, HPW.

The budget requested of the Board was that of the highest estimate received. When bids were opened, the total of the bids exceeded the approved budget by \$2,900,000. Representatives from Treanor Architects and Buford-Thompson Construction will be present at the Board of Regents meeting and will be able to address the conditions that led to the bids exceeding the three estimates.

Since that time, an aggressive value engineering program has occurred in an attempt to get the project within budget. Please note the following efforts:

- The landscaping of the area around the project, which is public space available to the entire university, was pulled from the project and will be re-scoped and bid as a separate project to be completed over time. It is anticipated that Higher Education Assistance Funds (HEAF) will be utilized for the exterior landscaping.
- Mechanical systems were evaluated and, where appropriate, altered. It is not anticipated that the alterations will materially affect the function of the facility.
- Finishes and furnishings were scrutinized and, where appropriate, altered or reduced.
- Windows and doorframes were re-scoped.
- Some packages have either been rebid or renegotiated, as appropriate.
- The multipurpose room will not be delivered as finished, although it is highly preferred that this space be completed as it is crucial from a programmatic and educational

standpoint. It will also soften the forthcoming loss of student meeting/programming space in the Clark Student Center as a result of necessary dining renovations.

- Cast stone has been modified to an alternate material, where possible, reduced in certain areas, and removed from the windowsills, with alternate brick patterns replacing (similar to that of Sundance Court).
- Brick has been reduced on the building exterior, utilizing alternate materials that blend well with the campus.

The last bullet point deserves further explanation, as heavy use of “Midwestern Blend” brick is important to the campus. For the last several years, including the last two residence halls constructed at MSU (Sunwatcher Village and Sundance Court), the trend in residence hall construction has been facilities with shorter life spans than the traditional 100-year campus construction project. As such, these facilities, similar to the proposed residence hall, are wood-framed projects versus the steel-framed projects of the past. There are two intersecting reasons for the change in approach.

The first reason is that student desires in living quarters change from generation-to-generation. When the Baby Boomers entered universities in the mid-to-late 1960s, a flurry of residence hall construction ensued, including MSU’s Pierce and Killingsworth Halls. What has been learned when renovating these steel-framed facilities in recent years is that today’s student does not want to live in the same arrangement as students of the past, and it is very expensive to adapt these steel facilities to current students’ desires. Wood-framed facilities are less expensive to construct and, in theory, allow the university some flexibility in 30 to 50 years; the university can elect to raze the facilities at that time and construct ones that better meet the desires and tastes of tomorrow’s student, whatever those may be.

The second reason is that of cost. As higher education is becoming increasingly expensive, it is incumbent that institutions provide housing that meets desires at an affordable cost. This reason is likely more important at an institution with MSU’s student profile. Wood frame construction is less expensive than steel.

The amount of brick typically used at MSU is integral to this decision, as it is simply not cost effective to spend significant resources for brick veneer on a project with a shorter useful life than the academic buildings constructed on-campus. In order to build a residence hall students can afford and include heavy use of brick, it will be necessary to shift resources from inside of the building, which directly impacts the student experience, to the outside of the facility (brick veneer). If MSU compromises on student space, the student experience will be negatively impacted and the building will lose desirability, not to mention the role it is intended to play for a growing residential population.

Based on the most recent value engineering discussion, the project is still nearly \$350,000 over budget. The administration has determined it best to use less brick on the west elevation (Louis J. Rodriguez Drive), with alternate materials that blend well with the surrounding campus. Buford Thompson Construction is currently calculating cost savings; however, we anticipate the savings to afford the opportunity to complete the multi-purpose room and be within budget. Architectural renderings of the project exterior as well as cost savings will be provided at the Board of Regents meeting.

## New Residence Hall Financing

As of August 6, 2015

Description	\$	Comment
Bond Proceeds	\$33,250,000	
Chartwells One-time Bonus	350,000	Bonus for signing new food service contract
First year bond payment savings	500,000	Budgeted \$1.6M, first year will be \$1.1M, thereafter debt service will be \$1.6M+
Interest earnings on bond proceeds during construction	120,000	Invested in flexible repurchase agreement at 48.6 bp for approx. 12 months
Housing reserves	356,000	Balance will be \$1,029,000, would reduce to \$673,000
Gift	500,000	
Student center fee debt service savings	174,000	Debt service decreases by \$174K in FY17, will use to finish out multipurpose room on first floor
<b>Total</b>	<b>\$35,250,000</b>	

Note: Landscaping will be a separate project and is not included in these numbers.