

**EAST CENTRAL COLLEGE
BOARD OF TRUSTEES MEETING**

Monday, December 13, 2018

CALL TO ORDER: The special meeting of the Board of Trustees was called to order at 5 p.m. by Board President Ann Hartley. Other Board members present for the meeting were Joseph Stroetker, Prudence Fink Johnson, Cookie Hays, Eric Park and Audrey Freitag. Also present were President of the College Jon Bauer; Administrators - Interim Vice President of Academic Affairs Robyn Walter and Vice President of Finance and Administration Phil Pena; Other Staff – Campus Police Officer Tommie Lowe and Executive Assistant to the President Bonnie Gardner.

RECOGNITION OF GUESTS: Guests included Amanda Postma from the *Missourian*; Mike Baker, Don Wappelhorst, David Frazier and Brian Cornelisse from Johnson Controls; and Martin Ghafoori from Stifel Nicolaus.

PUBLIC COMMENT: There were no public comments.

JOHNSON CONTROLS PERFORMANCE MANAGEMENT CONTRACT - PHASE 2:

Dr. Bauer reminded the Board that there have been some unexpected replacements of HVAC equipment over the past year. A number of units are at or well beyond the time they would be expected to continue to function. In February of 2017 the College entered into a contract with Johnson Controls (JCI) to identify ways to realize energy efficiencies. The first phase of the contract involved upgrades to lighting and water fixtures, upgrades to the HVAC control system and improvements to building envelopes. This phase was funded by the savings realized from the performance of equipment. Phase 2 of the contract involves replacement of HVAC equipment and was not approved at that time due to costs; if the Board agrees to proceed with phase 2 at this time, a change order to the original contract will be needed.

Mike Baker from JCI explained that this phase is a mechanical upgrade that was identified from the master plan. Buildings to be addressed are Hansen Hall, Shook Student Center and the Training Center. The project cost estimate is \$1.9 million with \$30,227 in savings guaranteed by JCI. The proposed timeline calls for completion of installation by September 30, 2019. It was clarified that the equipment has a one-year manufacturer's warranty. JCI also offers an annual maintenance agreement that would cover all HVAC equipment on campus (not just the new equipment) for \$90,000 annually. This is a maintenance warranty (parts and labor).

Martin Ghafoori reported that the project was proposed to a number of banks. Five responded, but only Capital One expressed interest in the project and offered an interest rate of 3.86% for a 15-year term with a building for collateral. Another alternative is a public offering using the equipment as collateral; interest would be 3.73% for the open market at this time. After a conversation with Dr. Bauer, Mr. Ghafoori reached out to local banks but did not have sufficient time to receive responses.

Concern was expressed that the project was not bid and that local banks have not been contacted regarding financing. It was noted that JCI is working under an existing contract that addressed all the engineering work for this project under phase 1. The current budget for replacement of HVAC units has been exhausted and this is a means to replace equipment before the College is faced with another emergency replacement. There is not a good way to split this phase or to predict which unit

will fail first. Rooftop units have other pieces of equipment attached which would need to be replaced as well because they would not be compatible with a more modern HVAC unit.

Staff from JCI noted that the benefits to moving forward at this point in time include preventing future mechanical failures that are not budgeted for, the possibility of increased interest rates in the future, a timeline that allows work to be done when it will least impact instruction, and potential equipment cost increases. The equipment will take three to four months to manufacture, so installation will not begin until summer.

Board members indicated they were not comfortable with the financing and would like local options to be fully explored. They would also like more time to consider the proposal.

Motion: To **direct** the College to work with Johnson Controls and Stifel to provide more information on financing options for the phase 2 project.

Motion by Eric Park; Seconded by Cookie Hays; Carried Unanimously.

Dr. Bauer indicated he will keep the Board informed as financing information is received and will schedule another Board meeting in early January.

ADJOURNMENT:

Motion: To **adjourn** the December 13, 2018 public Board of Trustees meeting at 6:15 p.m.

Motion by Eric Park; Seconded by Cookie Hays; Carried Unanimously.

President, Board of Trustees

Secretary, Board of Trustees