

AGENDA
THE BOARD OF REGENTS
OF THE UNIVERSITY OF NEBRASKA
Varner Hall
Monday, March 27, 2006
8:00 a.m.

- I. Call to Order
- II. Roll Call
- III. Approve the proposal to provide Construction Manager at Risk pre-construction and construction services for the construction of Residence Halls at the University of Nebraska at Kearney.
- IV. Adjourn

TO: The Board of Regents
Business Affairs

MEETING DATE: March 27, 2006, Emergency Meeting

SUBJECT: University of Nebraska at Kearney Student Housing Project

RECOMMENDED ACTION: Approve the proposal to provide Construction Manager at Risk pre-construction and construction services for the construction of Residence Halls at the University of Nebraska at Kearney (UNK).

PREVIOUS ACTION: January 2006 – The Board of Regents was provided the Design Development Report for the UNK Student Housing.
December 2005 – The Board of Regents approved the UNK Student Housing Amended Construction Budget and Resolution.
June 2005 – The Board of Regents approved the program statement and budget for student housing replacement at UNK. The Board also approved a companion item authorizing issuance of revenue bonds to finance construction of the Kearney housing project.

EXPLANATION: At the June, 2004 meeting of the Board of Regents, the University of Nebraska at Kearney presented a program statement for new student housing. The program statement detailed construction of two residence halls to replace Case and Ludden halls with suite-style living.
During design it was determined that additional beds could be added to the project at a relatively reasonable incremental cost per bed increasing to 332 the total number of beds in the project. The number of buildings was increased from two to three. These changes were the subject of the December, 2005 agenda item wherein the Board of Regents approved the UNK Student Housing Amended Construction Budget and approved a Resolution allowing the additional beds to be paid for from bond surplus.
The project as amended would have entailed approximately 165,000 gross square feet at a total project cost of \$21,780,000. Payment for the project, with the exception of \$1,500,000 from bond surplus funds, was to be funded by issuance of revenue bonds. Those bonds were issued in December of 2005, with the proceeds currently invested in interest-earning accounts with the bond trustee.
Two bids for the general construction were received and opened in March, with both of those bids exceeding the project budget as estimated by the design firm. As such, the bids were rejected.
This agenda item, if approved, allows the university to pursue a project of similar size and scope, using the Construction Manager at Risk method of contracting. It is believed that this approach for pre-construction and construction services will allow the university to accomplish the construction for a guaranteed maximum price within the

budget as currently approved by the Board. Feedback from the original respondents indicates that craft availability in certain sub-specialties, materials prices, competing large scale jobs in the area and an inflexible fall 2007 completion date for the entirety of the project contributed to the bids exceeding budget. Through changing the design of the facilities and allowing a staged completion of the three buildings, with at least one new building opening in fall 2007, it is hoped that the project can be brought in at the current budget.

Management of the University of Nebraska at Kearney has re-examined the financial projections supporting the bonds that were issued to fund the project to take into account staged openings of the three buildings. In all scenarios, it appears that housing operations will meet required bond covenants.

The nature of the emergency for this matter is to permit the University to proceed with construction at the earliest possible date so that project completion can be achieved by the dates stated below.

Proposed start of construction:	June, 2006
Proposed completion of construction:	Phase 1: July 2007
	Phase 2: July 2008

PROJECT COST: \$21,780,000

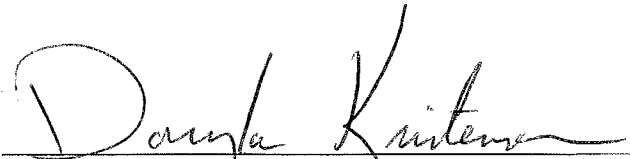
ON-GOING
FISCAL IMPACT: \$1,450,000

SOURCE OF FUNDS:	Revenue Bonds	\$20,280,000
	Bond Surplus	<u>1,500,000</u>
	Total Budget	<u>\$21,780,000</u>

SPONSORS: Randal L. Haack
Vice Chancellor for Business & Finance

Lois Flagstad
Dean of Students

RECOMMENDED:



Douglas A. Kristensen, Chancellor
University of Nebraska at Kearney

DATE: March 14, 2006