



**Board of Trustees
Finance and Administration Committee Special Meeting**

**Wednesday, August 15, 2018
3:00 p.m. – 3:30 p.m. (or until business concludes)
DeBoer Room, Hannon Library**

MINUTES

Call to Order/Roll/Declaration of a Quorum

In Chair Sheila Clough's absence, Trustee Steve Vincent called the meeting to order at 3:00 p.m.

The following committee members were present: Shaun Franks, Joanna Steinman and Steve Vincent. Trustees Megan Lightman and Shanztyn Nihipali participated remotely. Chair Sheila Clough and Trustee Les AuCoin were absent.

Other meeting guests included: Greg Perkinson, Vice President for Finance and Administration; Jason Catz, General Counsel; Drew Gilliland, Director of Facilities Management and Planning; Jim McNamara, Project and Planning Manager; Beau Belikoff, Senior Financial Management Analyst; Josh Lovern, Senior Budget Analyst; Joe Mosley, Director of Community and Media Relations; Steve Larvick, Director of Business Services; Don Hill, Classroom and Media Services Manager; John Stevenson, User Support Manager; Sabrina Prud'homme, Board Secretary; and Kathy Park, Executive Assistant.

Public Comment

There was no public comment.

Action Item

Request for Authorization to Conduct a Special Procurement

Introducing the agenda item, Jason Catz said public policy favors competitive bidding and procurement. The Oregon University System (OUS) adopted a series of policies on competitive bidding and public procurements, requiring procurements in excess of \$25,000 to go through the competitive bidding process, with some exceptions. SOU inherited and adopted these OUS policies.

SOU's policy provides that the Finance and Administration Committee can grant exceptions to engaging in competitive procurements. The committee can authorize a special procurement if it is reasonably expected to result in substantial cost savings to the university or the public, or otherwise substantially promotes the public interest. The basis for this request is that going forward with a special procurement for the boiler project would result in substantial cost savings to the university.

Evergreen Engineering previously was engaged to perform reports for SOU. When doing so, Evergreen Engineering indicated a price at which it would be willing to continue its services. At the time, SOU considered a sole source procurement but determined it did not qualify because there is more than one vendor that can provide the services. Therefore, SOU issued a Request for Proposals (RFP) and received two responsive bids, which were substantially higher than what Evergreen Engineering had indicated would be its price to provide the services. By Evergreen Engineering's own mistake, it neglected to submit a bid. SOU recognized that if it contracted with one of the bidders, it would cost thousands of dollars more than if it were to contract with Evergreen Engineering. On that basis, this contract is brought to the Finance and Administration Committee for a determination that proceeding with Evergreen Engineering would result in substantial cost savings to the university.

Mr. Catz said that requesting this type of determination is rare but he hopes the trustees know procurement responsibilities are taken very seriously when it is requested. SOU puts virtually everything out for competitive bids when the \$25,000 threshold is exceeded and, in fact, did so in this case. He hopes the fact that this meeting was called gives the trustees the confidence that SOU adheres to the policy favoring competitive procurement.

Greg Perkinson provided a recap of the scope of the work. The central plant has four boilers, two of which are about 50 years old. This project replaces the aging boilers that are beyond more than twice their useful lives, replaces a chiller, improves control systems, and provides improvements to the closed loop that is part of the boiler system.

Trustee Steinman asked if Evergreen Engineering's failure to submit a bid was a negative indicator. Mr. Perkinson said the mistake occurred because Drew Gilliland emailed the point of contact but she was out of the office for health reasons and did not open the attachment. Responding to Trustee Steinman's further inquiry, Mr. Perkinson said Evergreen Engineering's estimate was for the same scope of work as is in the RFP.

Responding to Trustee Vincent's inquiry, Mr. Catz provided the historical context and interrelationship of Oregon Administrative Rules and OUS, State Board of Higher Education and SOU policies.

For the record, Trustee Vincent explained why the provider of the boiler was not hired for this work. This project is a much broader systems approach. The provider of the boiler cannot be expected to interface it with the entire system. Mr. Perkinson added that the integration of the boilers, chiller and controls that drive the efficiency of those systems typically is designed by an engineering firm.

Mr. Catz noted that the substantial cost savings that will be realized would be about \$92,000. Responding to Trustee Lightman's comments, Mr. Perkinson said Evergreen Engineering is able to create the savings because of its three previous engineering studies with SOU and this is a new scope of work.

Trustee Steinman moved that the Finance and Administration Committee approve the special procurement of architect engineering services from Evergreen Engineering for \$155,500 plus its 10 percent contingency. Trustee Franks seconded the motion. Trustee Vincent acknowledged the substantial financial savings to the institution by using Evergreen Engineering as opposed to the other two bidders. The motion passed unanimously.

Adjournment

Trustee Vincent adjourned the meeting at 3:16 p.m.

Date: October 18, 2018

Respectfully submitted by,

A handwritten signature in cursive script, reading "Sabrina Prud'homme", written over a horizontal line.

Sabrina Prud'homme
University Board Secretary