



FINANCE, FACILITIES AND TECHNOLOGY COMMITTEE

JULY 20, 2010

1:00 p.m.

BOARD ROOM
WELLS FARGO PLACE
30 7TH STREET EAST
SAINT PAUL, MN

Please note: Committee/Board meeting times are tentative. Committee/Board meetings may begin up to 45 minutes earlier than the times listed below if the previous committee meeting concludes its business before the end of its allotted time slot.

Committee Chair Dan McElroy calls the meeting to order.

- (1) **Minutes of June 16, 2010** (pp 1-7)
- (2) Finance, Facilities and Technology Update
- (3) Discussion with Commissioner Tom Hanson, Minnesota Management and Budget (pp 8)
- (4) **Minnesota State Community and Technical College, Wadena Campus Reconstruction Contract** (pp 9-11)
- (5) **Proposed Amendment to Board Policy 6.5 Capital Program Planning (Second Reading)** (pp 12-14)
- (6) Proposed Amendment to Board Policy 5.16 Risk Management and Insurance (First Reading) (pp 15-17)
- (7) Discussion of Committee Goals

Members

Dan McElroy, Chair
Michael Vekich, Vice Chair
Duane Benson
Cheryl Dickson

Christopher Frederick
Clarence Hightower
Phil Krinkie
James Van Houten

Bolded items indicate action required.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
FINANCE, FACILITIES AND TECHNOLOGY COMMITTEE
MEETING MINUTES
June 16, 2010**

Finance, Facilities and Technology Committee Members Present: Tom Renier, Chair; Clarence Hightower, Vice Chair; Trustees Duane Benson, Christopher Frederick, Ruth Grendahl, Dan McElroy, Scott Thiss, and James Van Houten

Other Board Members Present: Cheryl Dickson, David Paskach and Louise Sundin

Leadership Council Representatives Present: Vice Chancellor Laura King, President Robert Musgrove

The Minnesota State Colleges and Universities Finance/Facilities Policy Committee held its meeting on June 16, 2010, 4th Floor, Board Room, 30 East 7th Street in St. Paul. Vice Chair Hightower called the meeting to order at 8:15 am.

1. MINUTES OF MAY 19, 2010

Trustee Frederick moved to accept the minutes from May 19, 2010, as presented. Trustee Benson seconded the motion which passed with no dissent.

2. FINANCE, FACILITIES AND TECHNOLOGY UPDATE (*Information*)

Vice Chancellor King noted that Minnesota Management and Budget reported that May receipts were ahead of projections and June receipts look better also. MMB paid back \$50 million of their outstanding loan this week. It appears now that MMB can repay the full \$250 million loan before the end of the month. Currently a balance in the state's general fund of close to \$500 million is projected for the end of the fiscal year with all loans repaid. Vice Chancellor commented that this is good news although the balance could change.

Vice Chancellor King commented that progress is continuing on the OLA recommendations.

Vice Chancellor King noted that this meeting is the final meeting with President Robert Musgrove representing the Finance and Administration Committee of the Leadership Council. President Richard Davenport is the new Leadership Committee co-chair for next fiscal year.

Vice Chancellor King announced that Brian Yolitz has been chosen as the new associate vice chancellor for facilities. A national search firm led the effort. The search committee was chaired by Bill Maki of Bemidji State University and included Office of the Chancellor and campus staff as well as an outside architect. Over 80 qualified candidates were reviewed, eight were interviewed by the committee and four finalists were interviewed by Vice Chancellor King. The position drew very strong attention across the nation.

Mr. Yolitz was raised in Wisconsin and graduated from UW- Platteville with a BS in civil engineering. He has a MS in Engineering Management from the University of Alaska and a MS in National Resources Strategy from the National Defense University. He is retiring after 27 years as a Colonel in the US Air Force. His most recent responsibility was Director of Installations for 14 bases in Southeast Asia including Iraq and Afghanistan. Brian will be starting in mid August after re-locating his family from Sumter, South Carolina.

This meeting marks the final presentation by Associate Vice Chancellor Allan Johnson. During his 12 year tenure Minnesota State Colleges and Universities received over \$1B of construction funding from the legislature, purchased \$13M of real property, and executed over 55 leases at 26 campuses. Vice Chancellor King and Chair Renier commended Mr. Johnson for carrying the message of stewardship out to the campuses.

Five of the six major capital projects funded by the 2010 legislative have been bid. The range of these bids varied; two projects came in with significant savings at 65% of budget while the other three came within the 95 - 100% of budget. The one remaining capital project will be bid in July 2010. Bid savings such as these remain with the project until completion, at which time funds remaining can be used for HEAPR projects at the same campus. Savings are usually used in the project immediately to add items back in that were deleted during the design process due to budget concerns at the time.

HEAPR projects from 2010 have generally been coming in lower than estimated. There are numerous reasons that play into this: a large number of small contractors that can bid on work compared to the available work and the time lag from when initial budgets were prepared and funded to the time when designs were actually complete. HEAPR savings are always reallocated to other unfunded HEAPR projects, most often at the same campus. This is a great way to stretch out the HEAPR appropriation. HEAPR results to date: 32 projects bid, estimated overall value of contracts = \$19.3 million; projects bids range from 25% - 120% of budget; overall project average of bids is approximately 70% of budget.

3. **NORTH HENNEPIN COMMUNITY COLLEGE PROPERTY SURPLUS**

(Action)

Associate Vice Chancellor Johnson asked the Board to declare land at the North Hennepin Community College surplus and authorize the sale of the land to Hennepin County for use in constructing a county library and to the city of Brooklyn Park for a related ring road.

This spring, the county initiated new discussions with the college about a direct sale of land to the county for construction of a county library. The proposal is for the county to purchase approximately 6.58 acres (287,000 sq. ft.) on which to construct a 30,000 – 40,000 sq. ft. library building. The estimated market value of the land is \$2.70 per square foot and would generate approximately \$775,000 in sale proceeds to the college for use in capital projects.

The site would include approximately 200-250 parking stalls (depending on the total building size), and a 13,750 sq. ft. bio-filtration pond. The library would be sited on the westerly side of the college's 23.2 acre vacant parcel, itself located on the northeast corner of 85th Avenue North and West Broadway. The college had assembled this land for future college development, which involved a land exchange with a developer in 2002. President Ann Wynia confirmed that there was no specific plan for the property. She also noted the college is excited to have the library as their neighbor.

Mr. Greg Ewig, Director of Real Estate, noted that this proposal also contemplates construction of a new public ring road by the city of Brooklyn Park to serve the library site. The college is proposing to dedicate an additional 2.5 acres to the city for purposes of constructing the road. Costs to construct the road are estimated at approximately \$540,000, and discussions are ongoing regarding how costs are allocated among the parties. It is expected that the value of the land being conveyed for the road dedication will offset the road construction cost. The roadway will become a city street and the responsibility of the city after it is constructed.

Trustee Benson moved that the Finance, Facilities, and Technology Committee recommend adoption of the following motion. Trustee Frederick seconded the motion which carried no dissent.

RECOMMENDED MOTION:

The Board of Trustees designates the land at the North Hennepin Community College needed for a county library and ring road as surplus and authorizes the chancellor or his designee to execute the documents necessary to finalize the transaction.

4. WELLS FARGO PLACE LEASE (Action)

Associate Vice Chancellor Johnson reviewed the restructuring of the Wells Fargo Place lease. The Office of the Chancellor hired a real estate consulting firm to initiate discussions with the building owners in early 2009 regarding their willingness to restructure the current lease and achieve cost savings. Motivations for restructuring the lease now would settle the lease issue in advance of a new chancellor's arrival and would eliminate the time and cost of a new space search, negotiations, and the disruption of employee relocation. Operating budget reductions and a more favorable commercial real estate market also made the restructuring more desirable. The Chair and Vice Chair of the Finance, Facilities and Technology committee have been consulted throughout the negotiations.

The Office of the Chancellor has had a presence at Wells Fargo Place since 1996, and currently occupies 103,126 sq. ft. of office and meeting space, including portions of the atrium on the 2nd and 3rd floors, and tower space on floors 3 through 7. The current lease provides space for the Board of Trustees, approximately 304 employees and related support space. Current capacity at Wells Fargo Place is a total of 339 cubicles and offices. There are also approximately 100 Office of the Chancellor personnel, mostly ITS and a few internal auditor staff that are located in space outside of Wells Fargo Place. The locations include a mix of campus owned and commercially leased space

The last major lease event involved the relocation of the Midway/Energy Park staff to Wells Fargo Place in 2005, which included revising the lease at Wells Fargo Place by approximately 51,000 sq. ft. At the time of the 2005 relocation to Wells Fargo Place, a new lease was executed, and a new ten (10) year term was established from August 1, 2005 to July 31, 2015. Execution of the proposed lease will result in annual operating budget savings of approximately \$500,000.

In response to a question from Trustee McElroy, Mr. Ewig noted that the proposed lease includes the standard state exit provisions. Trustee McElroy noted that advisors engaged by DEED had reported that this is a good time to renegotiate leases. Several trustees expressed their approval of the creative thinking, timeliness and the utilization of the Minneapolis Community and Technical College space.

Trustee Van Houten moved that the Finance, Facilities, and Technology Committee recommend adoption of the following motion. Trustee Benson seconded the motion which carried with no dissent.

RECOMMENDED MOTION:

The Board of Trustees authorizes the chancellor or his designee to execute a lease amendment with Unilev Management Corporation or its successor consistent with the terms summarized in **Attachment B** and outlined in the Letter of Intent between the two parties dated May 17, 2010.

5. PROPOSED AMENDMENT TO BOARD POLICY 6.5 CAPITAL PROGRAM PLANNING (First Reading)

Vice Chancellor King noted that Board Policy 1A.1, Part 6, Subpart H, has established that each board policy and system procedure be reviewed at least once every five years.

The proposed change to Policy 6.5 makes it consistent with existing Board Policy 1A.1 Part 7. Colleges and universities shall not seek funding for any capital project that has not been approved by the Board as provided in Part 1 of this policy or Board Policy 1A.1 Part 7.

Chair Renier inquired if institutions are allowed to seek private funding without Board approval. Vice Chancellor King responded that staff will clarify this issue at the second reading of the proposed amendment.

6. SUSTAINABILITY UPDATE (Information)

Associate Vice Chancellor Allan Johnson began the report on sustainability by reviewing System Strategic Goal 4.2 which calls for institutions to advance environmental sustainability and efficiency. He noted that board policies are being amended to reflect this goal and the Guidelines for campus Master Plans and the MnSCU Design and Construction Standards have been updated to ensure compliance with both LEED and state standards for B3. Two LEED projects (Winona State University Wellness Center and the Lake Superior Academic and Student Services) are

near completion and 23% of campuses have projects that have received, or are in the process of receiving, LEED or B3 certification.

Mr. Johnson noted that “Energy Benchmarking” is critical because we cannot improve what we do not measure. In May 2009, campuses began in earnest to update energy consumption and facility information in the B3 Energy Benchmarking system with assistance from consultants. A natural outcome of the benchmarking will be establishment and measurement of energy reduction goals.

Mr. Johnson reported that The Center for Sustainable Building Research (CSBR), a research entity of the University of Minnesota, is assisting in developing a report of campus accomplishments towards sustainability. This report is based on campus information entered into a web-based template beginning in April 2010. Questions relating to building type, energy use, water, food, waste, transportation, landscaping, campus culture, purchasing and carbon emissions were asked and answered. Results across the system are very diverse. Each campus has developed their unique response to the issue of sustainability considering their regional location, academic programs and community engagement. It is expected that this document will serve not only as a system-wide report to the Board on campus accomplishments but also as a means for each college and university to learn from the work of others. The report should be distributed by late June and is expected to be repeated annually.

In addition to the above Action Plan items, Office of the Chancellor staff have consistently worked with campuses to advance energy efficiency through sponsorship and/or organizing seminars, development of commissioning and re-commissioning studies for buildings, and providing single point-of-contact presence and assistance with specific energy savings contracts.

Work will continue in the area of sustainability at colleges and universities through campus-focused initiatives. Limited resources at the Office of the Chancellor will be applied towards a continued focus on policies and procedures, maintenance of system planning, design and construction standards, and professional assistance to system campuses. It is important to also stay abreast of and respond to constant changes in state and federal laws and requirements for the full spectrum of activities under the sustainability umbrella. More work is needed on developing and enhancing the energy benchmarking system for improved accuracy and consideration of setting energy reduction goals.

7. INFORMATION TECHNOLOGY SERVICES DIVISION ANNUAL PERFORMANCE REPORT (*Information*)

Vice Chancellor Huish presented the Information Technology Services Division Annual Performance report to the Board. Significant progress in reducing reliance on outside consultants has been made. Total expenditures for outside consultants have been reduced from \$12 million in 2008 to \$4.2 million in 2010. A correlation can be seen in increased expenditures for full-time employees. In moving away from consultants, Information Technology Services (ITS) will develop a pool of staff that has the knowledge and skill

base to work on projects; making ITS a more consistently productive part of the system in the future.

Trustee Von Houten questioned whether flexibility has been lost in the shift from consultants to staff. Carolyn Parnell responded that the skill set needed to fill these roles are long term and best filled by a staff person. Eighteen positions have been filled to replace twenty consultants. The staff brings in upgraded skills at half to one-third the cost of the consultant. A contractor will be used when there is a requirement for a rapid response, the outcome and length of service are defined, and the contractor will be evaluated at the end of the term. Trustee Hightower stated that in the past the use of contractors was needed to fill roles as ITS moved through the hiring process. Some positions were difficult to fill. It is appropriate to see the reduction of contractors as these positions have been filled.

ITS developed a hybrid service delivery model, selecting services that are best done at the enterprise level rather than by each of the institutions. Examples are student systems, learning management systems and the network, in addition to the security and compliance efforts. These efforts to integrate services appropriately make the system more efficient and effective. There are no plans to redistribute costs or personnel to the colleges or universities. Trustee Hightower requested clarification on the redistribution of costs. Vice Chancellor King responded that there was a language in the 2010 session law that cut the Office of the Chancellor budget by \$2 million and specifically prohibited redistribution of resulting cuts to the campuses. Chancellor McCormick expressed his support and appreciation for the work of the new ITS leadership. He suggested asking for a legislative hearing to report to legislators the changes that have been made since they approved funding for IT at Minnesota State Colleges and Universities.

Vice Chancellor Huish stated that there are significant opportunities to reduce costs in regionalization of shared services. Discussion are taking place throughout the ITS governance structure to explore opportunities to deliver services in different ways. An example may be email, rather than each campus providing their own email services a regional approach may be used to reduce costs and efforts. President Musgrove stated that discussions about shared services are taking place all over the system. The more alignment of business practices through Students First the greater the opportunity for shared services or functionality and reduce costs or labor. Pine Technical College's use of email services from Mankato State Universities by the middle of next year is an example of shared services.

Vice Chancellor Huish stated that ITS' future plans and priorities include "keeping the lights on". ITS services often run in the background and are only noticed when disrupted. These operational activities will continue to be a focus in addition to the six prioritized Student First projects. In addition to Students First, ITS will continue monitoring and improving security to ensure appropriate access to systems data and prioritize the full implementation of second data center, which will be key in continuing services in the event of a failure in the first data center.

Vice Chancellor Huish introduced the new Director of Student First Jonathan Eichten. Jonathan Eichten has experience as a campus Financial Aid Director and Dean of Students, and has impressive academic credentials.

8. FINANCE AND FACILITIES DIVISION ANNUAL PERFORMANCE REPORT
(Information)

Vice Chancellor King commented that the Finance Division functions are largely oversight and advisory to the colleges and universities. The budget unit provides financial planning parameters and tuition guidance for institutional budget development. The facilities staff makes recommendations for facilities master plan developments and provides technical oversight for capital projects and assists the campuses with their efforts towards building and maintaining their facilities. The division also provides real estate management, revenue fund oversight, risk management, emergency planning, and safety and environmental health assistance. Tax and financial services are provided including year-end tax forms and reporting, unrelated business income tax, student payroll tax, and sales tax.

The Student Loan group manages collection and repayment of \$34.1 million in Federal Perkins' loans for over 13,000 of the Systems' highest need students at 20 colleges and universities. The Student Loan group provides a centralized student loan collection unit for all Minnesota State Colleges and Universities that participate in the Federal Perkins Loan program.

The Student Loan group also administers the online e-payment process (web payments) where student tuition and fee payments can be made via the web using a credit card or e-check. Processing is through a single vendor processing contract. FY2009 volume was \$100 million representing 175,658 individual payment transactions.

Vice Chancellor King noted that the other administrative cost line includes the fixed costs for the Office of the Chancellor. Included within the consulting contracts line are the contracts for project management for capital projects and external auditor costs.

Vice Chancellor King gave a thumbnail tour of the items that will come before the Finance and Facilities Committee during the coming year. Major division work plan activities include the FY2012-Biennial Operating Budget Request; the FY2012 Operating Budget, continuous improvement of the allocation framework; FY2010 Financial Statements; college and university financial health indicator/measurement project (CFI), the Revenue Fund bond sale and the FY2012-2017 capital budget request.

Chair Renier recessed the meeting at 10:25 am.

Respectfully submitted,
Nancy Lamden, Recorder

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Committee: Finance and Facilities

Date of Meeting: July 20, 2010

Agenda Item: Discussion with Commission Tom Hanson, Minnesota Management and Budget

Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring

Information

Cite policy requirement, or explain why item is on the Board agenda: Vice Chancellor King has invited Commissioner Hanson to discuss the state's cash management plans and the implication those plans have for Minnesota State Colleges and Universities.

Scheduled Presenter(s): Laura M. King, Vice Chancellor – Chief Financial Officer
Tom Hanson, Commissioner, Minnesota Management and Budget

Background Information: The system collectively maintains reserves and collects tuition and other revenues at the beginning of each term. Consequently, the system has excess cash available over daily expenses during certain portions of the year. System cash balances during the last few years have intermittently been used to meet the general cash needs of the state and avoid the need for the state to borrow money externally.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Committee: Finance and Facilities

Date of Meeting: July 20, 2010

Agenda Item: Minnesota State Community and Technical College, Wadena Campus
Reconstruction Contract

- Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring
- Information

Cite policy requirement, or explain why item is on the Board agenda: Board Policy 5.14, Procurement and Contracts, requires pre-approval by the Board of Trustees for contracts, including amendments, with values greater than \$3,000,000.

Scheduled Presenter(s): Laura M. King, Vice Chancellor – Chief Financial Officer

Outline of Key Points/Policy Issues: On June 17, 2010 devastating storms caused severe damage in Wadena, Minnesota and at the Minnesota State Community and Technical College campus. Given the urgency of getting repairs underway, the college has entered into a Design-Build (D-B) contract to facilitate getting as much of the restoration work complete before classes begin in the fall.

Background Information: The College’s main building sustained severe damage. With the skylight blown out by the tornado and several windows shattered from flying debris, water damage to the interior of the building was considerable. Roof damage was also apparent at several locations; however the overall integrity of the roof was maintained. The Wadena campus uses heating, ventilating, and air-conditioning (HVAC) rooftop units for the entire main complex. These units were all damaged to some degree and will require replacement. The college’s line-worker pole barn collapsed entirely and two adjacent buildings also sustained damage. The estimated cost for restoring the college to pre-tornado conditions is in the \$3 to \$5 million range. Given the nature of the damage to the building, it is not unusual for the total scope of the restoration work to be unknown until repairs begin.

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

ACTION ITEM
Minnesota State Community and Technical College - Wadena Contract Approval Exceeding \$3 Million

BACKGROUND

The purpose of this report is to seek Board of Trustees approval of a contract for restoration work from the tornado damage to the Minnesota State Community and Technical College -Wadena campus. Board Policy 5.14, Procurement and Contracts, requires pre-approval by the Board of Trustees for contracts with a value greater than \$3 million.

The Minnesota State Community and Technical College — Wadena campus was hit by a tornado on Thursday June 17, 2010 at approximately 5:00 PM. Given the time of the day and the advance warning, the campus was cleared of staff, faculty and students. As such, there were no injuries on site. However, there was one administrator who sustained injuries while at another location. The employee is now home recovering.

The college’s main building sustained severe damage. With the skylight blown out by the tornado and several windows shattered from flying debris, water damage to the interior of the building was considerable. Roof damage was also apparent at several locations; however the overall integrity of the roof was maintained. The Wadena campus uses heating, ventilating, and air-conditioning (HVAC) rooftop units for the entire main complex. These units were all damaged to some degree and will require replacement. The college has been investigating an enhancement to their HVAC system over the last year which will be evaluated in the context of the overall reconstruction plan. In addition, the college’s line-worker pole barn collapsed entirely and two adjacent buildings also sustained damage.

The college took actions to secure the buildings immediately after the tornado and proceeded with emergency cleanup operations over the next several days. Electrical, mechanical, roofing and structural inspections were conducted and both the state building inspector and the Fire Marshall cleared the main building for occupancy the following week. Staff returned to campus on Wednesday, June 23, and classes resumed at the college on Monday, June 28 except for one course at Central Lakes College and one at Verndale High School.

The State Risk Management Office, the Office of the Chancellor Director of Risk Management, and the insurance adjuster have assessed the damage. The estimated cost for restoring the college to pre-tornado conditions is in the \$3 to \$5 million range. Insurance proceeds will be the primary source for funds, with the potential of some assistance from

the Office of the Chancellor with un-programmed HEAPR monies. The college also anticipates applying to FEMA for financial assistance.

Given the urgency of getting repairs underway, the Office of the Chancellor worked with the college to undertake a Design-Build contract RFP. Design-Build contracts are unique in that there is one contract with a single entity for both the design and construction of a project. These contracts help to minimize the overall delivery schedule by overlapping the design and construction phase of a project. The system has previously used a Design Build contract for the Rochester Community and Technical College University Center Rochester (UCR) Stadium project completed in 2009. The goal is to re-occupy the building with much of the restoration work complete before classes begin in the fall.

Bids were opened and a Design-Build proposal was accepted on July 12, 2010. A contract between the College and the contractor with a total value not to exceed \$3M was executed. At this time, total restoration costs are not known. The agreement between the re-insurer, State Risk Management, the College and the Office of the Chancellor will be obtained prior to each phase of work performed under the Design-Build contract. Because total costs are anticipated to exceed \$3M the Board's approval is sought for a total Design-Build contract not to exceed \$5M. Once the scope, total cost, and timetable are known, staff will advise the Board. A full report at project completion will also be provided.

RECOMMENDED COMMITTEE ACTION:

The Finance, Facilities and Technology Policy Committee recommends the Board of Trustees adopt the following motion:

The Board of Trustees authorizes the chancellor or his designee designee to execute a Design-Build contract with _____ for restoration work at the Minnesota State Community and Technical College - Wadena campus for up to \$5M as described herein.

RECOMMENDED BOARD OF TRUSTEES MOTION:

The Board of Trustees authorizes the chancellor or his designee designee to execute a Design-Build contract with _____ for restoration work at the Minnesota State Community and Technical College - Wadena campus for up to \$5M as described herein.

Date presented to the Board of Trustees: July 20, 2010

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Committee: Finance and Facilities

Date of Meeting: July 20, 2010

Agenda Item: Proposed Amendment to Board Policy 6.5 Capital Program Planning
(Second Reading)

Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring

Information

Cite policy requirement, or explain why item is on the Board agenda: Board Policy 1A.1, Part 6, Subpart H, has established that each board policy and system procedure is to be reviewed at least once every five years.

Scheduled Presenter(s): Laura M. King, Vice Chancellor - Chief Financial Officer

Outline of Key Points/Policy Issues:

Board policies and procedures are reviewed to:

1. assure contemporary and responsible business practices are maintained
2. assure the system's current financial and operating control mechanisms are sustained or strengthened
3. assure continuity of operations
4. clarify conflicting or misunderstood information
5. eliminate redundancy

Background Information: The Finance Division is responsible for reviewing and proposing amendments to most board policies in Chapters 5, 6, and 7.

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

Second Reading

BOARD ACTION

Proposed Amendment to Board Policy 6.5 Capital Program Planning

BACKGROUND

Board Policy 1A.1, Part 6, Subpart H, has established that each board policy and system procedure is to be reviewed at least once every five years. This purpose of this review is to:

1. assure contemporary and responsible business practices are maintained
2. assure the system's current financial and operating control mechanisms are sustained or strengthened
3. assure continuity of operations
4. clarify conflicting or misunderstood information
5. eliminate redundancy

Policy 6.5, Capital Program Planning

The change to Policy 6.5 makes it consistent with existing Board Policy 1A.1 Part 7. Colleges and universities shall not seek funding for any public capital project that has not been approved by the Board as provided in Part 1 of this policy or Board Policy 1A.1 Part 7.

After discussion at the June meeting the policy has been revised to clarify that the Board shall approve privately funded capital projects after coordination between the college or university and the chancellor, and upon recommendation of the chancellor.

RECOMMENDED COMMITTEE ACTION

The Finance, Facilities and Technology Policy Committee recommends the Board of Trustees adopt the following motion:

The Board of Trustees approves amending Policy 6.5 Capital Program Planning as shown in Attachment A.

RECOMMENDED BOARD ACTION

The Board of Trustees approves amending Policy 6.5 Capital Program Planning as shown in Attachment A.

Date Presented to the Board: July 20, 2010

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

BOARD POLICY**6.5**

Chapter 6 Chapter Name Facilities Management

Section 6.5 Policy Name Capital Program Planning

1 6.5 Capital Program Planning

2 **Part 1. Policy Statement.** The Board is committed to long-term stewardship of the
3 state's facilities resources. The Board shall establish criteria for and approve capital
4 program guidelines and a multi-year capital budget, including a prioritized capital
5 project list.

6 [The Board shall approve privately funded capital projects after coordination between](#)
7 [the college or university and the chancellor, and upon recommendation of the](#)
8 [chancellor.](#)
9

10 **Part 2. Responsibilities.** The chancellor shall develop and recommend capital program
11 guidelines and a prioritized, system-wide capital budget including a long-term asset
12 preservation and renewal program. The president of each college and university shall
13 identify capital project requirements for submission to the chancellor consistent with
14 Part 1.

15 [Colleges and universities shall not seek public funding for any capital project that has](#)
16 [not been approved by the Board as provided in Part 1 of this policy or Board Policy](#)
17 [1A.1 Part 7.](#)
18

19 -
20 The chancellor shall develop design and construction standards and contracting
21 procedures for all facilities projects, and shall direct appropriate planning, design and
22 construction of facilities to ensure long-lived, substantial and sustainable campus
facilities.

23 **Part 3. Accountability and Reporting.** The chancellor periodically shall advise the
24 Board of the status of the capital program, including reports on each project execution
25 status, material changes in budget, scope and schedule, and post-occupancy results.

26
27 *Date of Implementation: 06/21/00*

28
29 *Date of Adoption: 06/21/00,*

30
31 *Date and Subject of Revision: 06/21/06 – Part 2 – changed “low maintenance” to*
32 *“sustainable” campus facilities*
33

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Committee: Finance and Facilities

Date of Meeting: July 20, 2010

Agenda Item: Proposed Amendment to Board Policy 5.16 Risk Management and Insurance (First Reading)

Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring

Information

Cite policy requirement, or explain why item is on the Board agenda: Board Policy 1A.1, Part 6, Subpart H, has established that each board policy and system procedure is to be reviewed at least once every five years.

Scheduled Presenter(s): Laura M. King, Vice Chancellor - Chief Financial Officer

Outline of Key Points/Policy Issues:

Board policies and procedures are reviewed to:

1. assure contemporary and responsible business practices are maintained
2. assure the system's current financial and operating control mechanisms are sustained or strengthened
3. assure continuity of operations
4. clarify conflicting or misunderstood information
5. eliminate redundancy

Background Information: The Finance Division is responsible for reviewing and proposing amendments to most board policies in Chapters 5, 6, and 7.

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

First Reading

BOARD ACTION

Proposed Amendment to Board Policy 5.16 Risk Management and Insurance

BACKGROUND

Board Policy 1A.1, Part 6, Subpart H, has established that each board policy and system procedure is to be reviewed at least once every five years. This purpose of this review is to:

1. assure contemporary and responsible business practices are maintained
2. assure the system's current financial and operating control mechanisms are sustained or strengthened
3. assure continuity of operations
4. clarify conflicting or misunderstood information
5. eliminate redundancy

Policy 5.16 Risk Management and Insurance

The change to Policy 5.16 clarifies that the office of the chancellor, colleges, and universities will obtain liability insurance in addition to property and casualty insurance as appropriate either through the State's Risk Management Program and/or other authorized and applicable programs.

All of our campuses participate in the State's Risk Management Fund where they purchase the necessary insurance coverage to protect them against the perils of their daily activities. Campuses have always procured liability insurance coverage through the State's Risk Management Program and/or another applicable vendor when appropriate. However this wasn't explicitly stated in board policy. The addition of the word "liability" specifically states that campuses should be purchasing liability coverage where appropriate.

RECOMMENDED COMMITTEE ACTION

The Finance, Facilities and Technology Policy Committee recommends the Board of Trustees adopt the following motion:

The Board of Trustees approves amending Policy 6.5 Capital Program Planning as shown in Attachment A.

RECOMMENDED BOARD ACTION

The Board of Trustees approves amending Policy 6.5 Capital Program Planning as shown in Attachment A.

Date Presented to the Board: July 20, 2010

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

BOARD POLICY

5.16

Chapter 5 Chapter Name Administration

Section 5.16 Policy Name Risk Management and Insurance

1 **5.16 Risk Management and Insurance**

2

3 **Part 1. Policy Statement.** It is the policy of the Board of Trustees that the office of
4 the chancellor, colleges, and universities will obtain property-~~and~~, casualty and liability
5 insurance as appropriate either through the State's Risk Management Program and/or
6 other authorized and applicable programs.

7

8 **Part 2. Responsibilities.** The chancellor for the office of the chancellor and the
9 presidents for the colleges and universities are responsible for effectively managing
10 risks in order to conserve and manage the assets of the office of the chancellor, colleges
11 and universities and minimize the adverse impacts of risks or losses.

12

13 **Part 3. Accountability/Reporting.** The Board of Trustees will be updated on an
14 exception-based reporting system on the risk management and insurance coverage of
15 the office of the chancellor, colleges, and universities.

16

17 *Date of Implementation: 6/21/00*

18 *Date of Adoption: 06/21/00*

19 *Date and Subject of Revision: 06/18/03 - changes "system office" to "office of the*
20 *chancellor", eliminated periodically updating to the Board to an exception-based*
21 *reporting system; updated website for risk management.*