

**MINNESOTA STATE COLLEGES AND UNIVERSITIES**

**BOARD OF TRUSTEES**

**FINANCE AND FACILITIES COMMITTEE**

**MEETING MINUTES**

**March 20, 2013**

*Finance and Facilities Committee Members Present: Chair Michael Vekich, Trustees David Paskach, Brett Anderson, Dawn Erlandson, Philip Krinkie, Alfredo Oliveira, and Thomas Renier*

*Other Board Members Present: Duane Benson, Cheryl Dickson, Clarence Hightower*

*Leadership Council Representatives Present: Chancellor Steven Rosenstone, Vice Chancellor Laura King, President Pat Johns*

The Minnesota State Colleges and Universities Finance and Facilities Committee held its meeting on March 20, 2013 4<sup>th</sup> Floor, McCormick Room, 30 East 7<sup>th</sup> Street in St. Paul. Chair Vekich called the meeting to order at 8:05 a.m.

**1. Minutes of January 16, 2013**

The minutes of the January 16, 2013 Finance Committee meeting were approved as published.

**2. Proposed Board Policy 5.24 Safety and Security Compliance (First Reading)**

Associate Vice Chancellor Brian Yolitz presented the new proposed Board Policy 5.24 Safety and Security Compliance. Mr. Yolitz said the proposed policy will provide guidance and direction for ensuring that Minnesota State Colleges and Universities are safe, secure, and compliant with federal, state and system requirements and able to effectively deliver on their mission of providing extraordinary higher education for Minnesotans.

Mr. Yolitz said that the policy draft was sent out for comment to the Cabinet, Leadership Council, campuses, and student organizations. Only three responses were received, and those were only seeking clarification.

Mr. Yolitz stated that the proposed policy will be supported with system procedures in the areas of occupational safety, environmental health, physical security and emergency management planning and execution for all system locations. The procedures will be formalized to guide campuses in creating, implementing, and monitoring appropriate plans, programs, and training. The procedures will direct campuses to operate in compliance with appropriate standards and available resources that promote the safety and security of individuals and the system's physical assets. Chair Vekich noted this was the first reading and the full board will vote on the second reading next month.

### **3. Minnesota State University Moorhead Property Surplus Declaration**

Associate Vice Chancellor Yolitz sought board approval to declare a small commercial building at MSU Moorhead surplus and authorize the sale of the property. The property is not located on the campus.

Mr. Yolitz said that MSU Moorhead originally purchased the small commercial property from the Alumni Foundation in 2006. The property's use included the housing of a variety of university departments. The property transitioned into swing space during a renovation of MacLean Hall and presently serves as storage space.

Mr. Yolitz reported that, in 2010, the university completed its Comprehensive Facilities Master Plan update, which identified the property be utilized for storage in the short term and for sale in the long term. The campus determined that the property is not a good candidate for the infrastructure improvements required to bring it back into active use. Mr. Yolitz said that pending the board's approval, the property will be appraised in the next couple of weeks and offered for sale to the city, county, and school district in the jurisdiction where the property is located. If there is no interest, the university intends to advertise the property in local newspaper publication(s). If no acceptable offers are generated by advertising, the university plans to hire a local real estate agent to market and sell the property.

Trustee Anderson moved that the Finance and Facilities Committee recommend adoption of the following motion. Trustee Renier seconded the motion. The motion prevailed.

#### **RECOMMENDED COMMITTEE ACTION:**

The Finance and Facilities Committee recommends that the Board of Trustees adopt the following motion:

The Board of Trustees approves the designation as surplus and authorizes for sale the property located at 1033 4th Ave. South, Moorhead, Minnesota, and directs the Chancellor or his designee to execute all necessary documents and fulfill the processes necessary to complete the conveyance in compliance with the above terms and conditions.

### **4. Lake Superior College: Approval of Contract Exceeding \$3M for Aviation Program**

Vice Chancellor King reported that Lake Superior College (LSC) is seeking board approval to execute a contract for its aviation program that exceeds \$3M. This contract is for the support services for the helicopter training diploma and certificate program at LSC. The cost of the helicopter rental is covered by the tuition and fees of the students enrolled in the program.

The contractor was selected through a competitive bid process. Vice Chancellor King noted that there was only one respondent to the RFP, Lake Superior Helicopters, LLC.

Trustee Krinkie asked how long the program has been operating and expressed concerned that LSC is willing to contract for an estimated \$1 million per year with only twelve students enrolled in the program. Vice Chancellor King asked President Pat Johns to respond.

President Johns said the program has been operational prior to 2010 and there were only six students enrolled at the time. The program is supported through the students' tuition and fees, and the biggest cost of the program is the air time.

Trustee Krinkie asked what would happen if the enrollment would drop. President Johns replied that the contract is pay as you go, on an hourly basis. Under the contract, the college only pays for the hours that the students are flying, so if there are fewer students enrolled, fewer helicopter rental hours would be needed. Chair Vekich asked President Johns to clarify that the program is not subsidized from the college. President Johns said that is correct.

Mr. Jeff Johnson, who serves on the St. Cloud City Council, teaches aviation at St. Cloud State University, and a small business owner, was invited to speak. Mr. Johnson said that owning and operating a helicopter is very expensive and advises caution in a program like LSC's. The cost per student is high, and it does not include the cost of a pilot's license. Mr. Johnson mentioned that North Dakota has a successful program with larger enrollments due to ROTC training.

Trustee Renier moved that the Finance and Facilities Committee recommend adoption of the following motion. Trustee Anderson seconded the motion. The motion prevailed with Trustee Krinkie voting in dissent.

**RECOMMENDED COMMITTEE ACTION:**

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

The Board of Trustees approves execution of a contract with Lake Superior Helicopters, LLC, not to exceed \$3,000,000 with an option for a contract extension not to exceed an additional \$2,000,000. The Board delegates execution of the contract to the Chancellor, or his designee.

The meeting was adjourned at 8:18 a.m.

Respectfully submitted,

Laury Anderson, Recorder