

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

Agenda Item Summary Sheet

Name: Board of Trustees

Date: October 22, 2014

Title: Proposed Amendments to Board Policies

Purpose (check one):

- | | | |
|--|---|---|
| <input checked="" type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input type="checkbox"/> Monitoring /
Compliance | <input type="checkbox"/> Information | |

Brief Description:

The proposed amendments to:

- Board Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration
- Board Policy 1A.3 System Administration, Chancellor
- Board Policy 5.14 Procurement and Contracts

Scheduled Presenter(s):

Thomas Renier, Chair

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

INFORMATION ITEM
PROPOSED AMENDMENT TO BOARD POLICIES

BACKGROUND

Board policies and system procedures are reviewed on a five year rotating cycle. They may also be reviewed as the need arises. As the board works to strengthen its governance of the system, some board policies within Chapter 1, System Organization and Administration, were reviewed. In addition, one policy in Chapter 5, Administration, was reviewed.

- Board Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration (First Reading)
- Board Policy 1A.3 System Administration, Chancellor (First Reading)
- Board Policy 5.14 Procurement and Contracts (First Reading)

Amendments to strengthen board oversight and clarify structures are recommended in these policies. This report summarizes the proposed changes; full copies of the policies are attached for the board's consideration (first reading).

Board Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration

Proposed revisions include:

- Updated language in the board's vision and mission statements to reflect the board's adoption of the strategic framework.
- Clarification that the system procedures will be made available electronically to the college, universities, and general public in the same manner as board policies.
- Language requiring that the board be given notice when a policy or procedure has been published.
- A change that eliminates the need to print paper copies of policy and procedures.

Board Policy 1A.3 System Administration, Chancellor

Proposed revisions to Board Policy 1A.3 require that all chancellor contracts, changes in contracts and changes in remunerations be approved by the Board of Trustees. Other revisions include the establishment of a Chancellor Performance Review committee that shall consult with other members of the board and may seek advice and input by engaging a professional, trained and experienced in executive performance evaluation. This proposed change replaces an ad hoc committee that tasked the executive director of internal auditing to gather data for the evaluation. The proposed revision brings the policy in line with the same language in the chancellor's employment contract.

Proposed amendments specifically include:

- The chancellor shall be evaluated by the board annually based on goals and objectives approved by the Chancellor Performance Review Committee.
- The chair of the board shall annually appoint a Chancellor Performance Review Committee comprised of four members of the board including the board chair and the board vice chair.
- The Chancellor Performance Review Committee shall:
 1. Meet with the chancellor annually in October to establish mutually agreeable goals and objectives, methods for requesting information from other individuals, and timeline for the evaluation process;
 2. Review the chancellor's self-appraisal and meet with the chancellor at least annually to discuss the chancellor's performance, identify opportunities for improvement, and priorities for the subsequent year;
 3. Provide the chancellor a written evaluation of the chancellor's performance;
 4. Upon completion of the review, meet with the board and the chancellor to report on the results of the chancellor's performance evaluation;
 5. Recommend to the board action on merit salary increase or other terms of employment, as appropriate.
- The Chancellor Performance Review Committee shall consult with other members of the board and may seek advice and input by engaging a professional, trained and experienced in executive performance evaluation.
- All meetings of the Chancellor Performance Review Committee are non-public, personnel meetings; however, the Chancellor Performance Review Committee will issue a public report summarizing the annual evaluation.

Board Policy 5.14 Procurement and Contracts

In August, 2014, the chancellor appointed a group to examine Board Policy 5.14, Procurement and Contracts. The group included Presidents Phil Davis and Richard Hanson (Leadership Council Finance Liaisons) and Vice Chancellor King. Trustees Vekich and Erlandson consulted with the group.

The chancellor asked the group to consider the following questions:

1. Review current board policy and practice concerning contract approval levels
2. Review the current reporting and monitoring methods
3. Provide available national best practice insights concerning board governance standards and practices
4. Recommend any changes to policy or reporting practices in order to assure the board has appropriate oversight and due diligence.

The current assurance framework in board policy and system procedure is as follows:

- Board approval required
 - College and university and system office all funds operating and general obligation and revenue fund capital budgets
 - Selection of the system pension plan administrator and investment advisor
 - Capital program and delegation to chancellor authority to implement approved programs
 - All professional/technical/procurement and interagency contracts over \$3,000,000, excluding construction program related contracts
 - Real estate transactions valued greater than \$1,000,000 or one percent of the college or university annual operating budget
 - All sales of real property valued at or greater than \$250,000
 - All bond sales and approval of underlying projects
- The delegation architecture between the board and the chancellor
 - Chancellor/designee required
 - All contracts above \$100,000
 - All real estate transactions not requiring board approval
 - Presidents approve below \$100,000 unless otherwise delegated

A review of board policies and practices for eight other higher education systems showed that delegation structures vary widely and are highly dependent upon the legal and operational relationship with a state government. There is variability both between the board and the chancellor and between the chancellor and presidents.

The group concluded that:

1. Current \$3,000,000 board approval level for professional technical and other service contracts and procurements is higher than typically found;
2. Additional periodic board reporting would improve oversight and awareness

The group also recommended that no changes be made to the construction contract program.

Based on its review, the group proposes the following amendments in the policy:

- Decrease threshold for board approval of all contracts and procurements from \$3,000,000 to \$1,000,000. Note that this would not apply to contracts associated with projects otherwise approved by the board in the capital program per Board Policy 6.5.
- Leave in place the \$3,000,000 threshold for interagency agreements with other governmental units like MMB, DEED, University of Minnesota, etc.
- Add a biannual reporting requirement for all contracts subject to this policy and over \$1,000,000. This report would likewise exclude the construction related contracts since those are reported in the biannual capital Improvement report.

The effect of this change will be an increase in the number of Finance and Facilities Committee agenda items. Had it been in place the past few years, there would have been 7-11 additional items.

RECOMMENDED BOARD MOTION:

The Board of Trustees approves the amendments to

Board Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration;

Board Policy 1A.3 System Administration, Chancellor; and

Board Policy 5.14 Procurement and Contracts.

Date presented to Board of Trustees: October 22, 2014

BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES

BOARD POLICY – PROPOSED AMENDMENT
Chapter 1. System Organization and Administration
Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration

1 1A.1 Minnesota State Colleges and Universities Organization and Administration

2
3 **Part 1. Name of Organization.** The name of the organization is the Board of Trustees of the
4 Minnesota State Colleges and Universities, ~~hereinafter referred to as “the Board.”~~;

5
6 **Part 2. Vision and Mission Statements.** The following ~~Vision-vision~~ and ~~Mission-mission~~
7 statements have been adopted by the Board of Trustees.

8
9 **Subpart A. Vision Statement.** ~~The Minnesota State Colleges and Universities will enable the~~
10 ~~people of Minnesota to succeed by providing the most accessible, highest value education in~~
11 ~~the nation. It is the core value of the Minnesota State Colleges and Universities to provide an~~
12 ~~opportunity for all Minnesotans to create a better future for themselves, for their families, and~~
13 ~~for their communities.~~

14
15 **Subpart B. Mission Statement.** The ~~core commitments of~~ Minnesota State Colleges and
16 Universities ~~system of distinct and collaborative institutions offers higher education that meets~~
17 ~~the personal and career goals of a wide range of individual learners, enhances the quality of life~~
18 ~~for all Minnesotans and sustains vibrant economies throughout the state. are to ensure access to~~
19 ~~an extraordinary education for all Minnesotans, be the partner of choice to meet Minnesota’s~~
20 ~~workforce and community needs, and deliver to students, employers, communities and~~
21 ~~taxpayers the highest value/most affordable higher education option.~~

22
23 **Subpart C: College and Universities related missions.** Each state college and university has a
24 distinct mission that is consistent with and supportive of the overall mission of Minnesota State
25 Colleges and Universities.

26
27 Minnesota State Colleges and Universities provides high quality programs comprising:

- 28
29 1. Technical education programs delivered principally by technical colleges, which
30 prepare students for skilled occupations that do not require a baccalaureate degree;
31
32 2. Pre-baccalaureate programs, delivered principally by community colleges, which offer
33 lower division instruction in academic programs, occupational programs in which all
34 credits earned will be accepted for transfer to a baccalaureate degree in the same field of
35 study, and remedial studies;

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3. Baccalaureate programs delivered by state universities, which offer undergraduate instruction and degrees; and
4. Graduate programs, delivered by state universities, including instruction through the master’s degree, specialist certificates and degrees, and applied doctoral degrees.

Part 3. Definitions. The following definitions have the meanings indicated for all Board policies unless the text clearly indicates otherwise.

Subpart A. Board. “Board” means the Board of Trustees of the Minnesota State Colleges and Universities.

Subpart B. Consolidated colleges. “Consolidated colleges” means community and technical colleges that under Board direction have formally reorganized into single comprehensive institutions.

Subpart C. Executive officers. “Executive officers” means those persons appointed by the Board to manage Minnesota State Colleges and Universities or one of its institutions, and includes the chancellor, vice chancellors, and the presidents.

Subpart D. Board policy. “Board policy” means a policy statement enacted by the Board to provide the governing authority and structure for Minnesota State Colleges and Universities and its constituents, in accordance with the system’s mission and philosophy. Board policies are to be concise statements of the Board on matters of governance it deems important to the system and its operation, consistent with governing law.

Subpart E. Campus policy or procedure. “Campus policy or procedure” is a policy or procedure approved by the president to govern the operation of the college or university, consistent with Board policy and system procedure.

Subpart F. Policy change. “Policy change” means adoption of a new Board policy, or amendment or repeal of an existing Board policy.

Subpart G. Procedure change. “Procedure change” means adoption of a new system procedure, or amendment or repeal of an existing system procedure.

Subpart H. Statutes. “Statute(s)” means the Minnesota Statutes.

Subpart I. State. “State” means the State of Minnesota.

Subpart J. System. “System” means Minnesota State Colleges and Universities, including the Board of Trustees, and its colleges, universities and system office.

Subpart K. System guidelines. “System guidelines” means guidelines approved by the chancellor, chancellor’s designee responsible for the area, or executive director of internal

81 auditing, giving explicit direction, instructions or guidance on internal forms, processes and
82 other administrative or managerial matters, consistent with Board policy and system procedure.
83

84 **Subpart L. System office.** “System office” means the central administrative and staff office
85 under the direction and supervision of the chancellor.
86

87 **Subpart M. System procedure.** “System procedure” means a procedure approved by the
88 chancellor to implement Board policies. System procedures specify the manner in which
89 policies, law, or managerial functions shall be implemented by the colleges, universities and
90 system office.
91

92 **Subpart N. Technical Change.** “Technical change” means a change that does not alter the
93 meaning of a Board policy or system procedure, including correction of errors in spelling, case,
94 or syntax, or format changes.
95

96 **Part 4. Legal Basis.** The legal basis for the Board of Trustees and the Minnesota State Colleges
97 and Universities is established under Minn.~~esota~~ Stat.~~utes~~ Ch. ~~136F~~.
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99 **Part 5. Rules of Procedures.** *Robert's Rules of Order*, in its most recent revised edition, shall
100 be the rules of procedure for all meetings to the extent that they are not inconsistent with law,
101 these operating policies, or any special rule of the Board.
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103 **Part 6. Board Policies and System Procedures.**

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105 **Subpart A. General authority to enact policies.** The Board is authorized by Minn.~~esota~~
106 Stat.~~utes~~ ~~section~~ §136F.06, Subdivisions 1 and 2 to adopt suitable policies for the institutions it
107 governs. These policies are broad general directions developed by the Board to govern the
108 colleges, ~~and~~ universities, ~~and~~ system office. These policies are not subject to the
109 administrative requirements of state agencies including public hearing examiners and contested
110 case procedures required by Minn.~~esota~~ Stat.~~utes~~ ~~eCh~~apter 14.
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112 **Subpart B. Proposed changes to policies or procedures.** The chancellor may convene
113 working groups or seek consultation from any party to develop a proposed policy or procedure
114 change.
115

116 Before the adoption of any change in Board policy or system procedure, other than a technical
117 change, the proposed change must be:
118

- 119 1. Submitted to the chancellor’s cabinet and presidents for review and comment.
- 120 2. Published for comment through electronic posting or transmission to interested parties.
- 121 3. Discussed with bargaining groups in meet and confer when required under a collective
122 bargaining agreement.

123 Any Board policy change proposed by the system’s executive officers must be approved by the
124 Chancellor or Chancellor’s designee prior to submission to the Board for consideration.
125

126 **Subpart C. Policy adoption.** Each proposed Board policy change shall be assigned to a
127 committee by the ~~Chair~~chair, or to the Board meeting as a committee of the whole. The
128 committee shall take the matter under consideration and make such recommendations to the
129 Board as it deems appropriate. Except for technical changes, final Board action shall not occur
130 earlier than the calendar month following the first committee reading. Technical changes may
131 be approved by the Board on its consent agenda and may be approved in the same month as
132 committee consideration of the proposed technical changes.
133

134 **Subpart D. Suspension.** Any provision of these policies may be suspended in connection
135 with the consideration of a matter before the Board by an affirmative vote of two-thirds of the
136 Board.
137

138 **Subpart E. System procedures.** The chancellor is authorized to approve system procedures
139 when necessary to provide additional administrative instructions to Board policy or to other
140 administrative actions. These procedures shall be made available electronically distributed to
141 the colleges, universities and the general public in the same manner as Board policies.
142

143 **Subpart F. System guidelines.** The chancellor, vice chancellors, and executive director of
144 internal audit are authorized to issue system guidelines consistent with Board policy and system
145 procedure.
146

147 **Subpart G. Campus policies and procedures.** Campus policies and procedures may be
148 adopted by the president of a college or university consistent with Board policy and system
149 procedure.
150

151 **Subpart H. Periodic review.** The chancellor shall establish procedures to ensure that each
152 Board policy and system procedure is reviewed at least once every five years. The policy or
153 procedure shall be reviewed to determine whether it is needed, that it is current and complete,
154 not duplicative of other policies, does not contain unnecessary reporting requirements or
155 approval processes, and is consistent with style and format requirements. The chancellor shall
156 periodically report to the ~~Board~~board on the review of policies and may make
157 recommendations for amendment or repeal if appropriate.
158

159 **Subpart I. Form and effect.**
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161 **Publication.** Board policies and system procedures shall be maintained by the chancellor in
162 hard copy format and on the system website, ~~and shall be made available to the public~~
163 ~~upon request. Copies of policy and procedure changes shall be provided to each trustee in~~
164 ~~the Board materials for the next regularly scheduled Board meeting.~~ Changes in Board
165 policies and system procedures shall be entered on the system website as soon as
166 practicable, but not later than five business days following ~~Board~~board adoption of
167 policy changes or chancellor approval of procedures. The board shall be notified when
168 the policy or procedure has been published.

169 **2.Format.** Board policies and system procedures must be written in accordance with style
170 and format standards established by the chancellor, and must include historical notations

171 on changes made.
172 **3. Effect.** In the event of a conflict between Board policy and any system procedure,
173 campus policy or procedure, or system guideline, Board policy shall govern.
174 In the event of a conflict between system procedure and any campus policy or procedure,
175 system procedure shall govern.
176 **4. Severability.** Unless otherwise provided, the provisions of all Board policies and
177 system procedures shall be severable.
178

179 **Part 7. Legislative or Administrative Proposals.**

180 Interaction with the legislature and other state or federal agencies.
181

182 **1. System legislative or administrative positions or proposals.** The Board must have
183 approved system proposals brought before Federal and state legislatures or executive
184 branches on behalf of the Board, the system or its institutions. Once Board approval has
185 been granted, all institutions are expected to actively support Board approved requests and
186 to respect the priority of the Board. The Board shall have a method for timely response to
187 proposals or positions not originated by the Board, but which may affect the operation of the
188 system.
189

190 **2. Administrative or legislative appearances on Minnesota State Colleges and**
191 **Universities concerns.** Employees asked to provide expert testimony before Federal and
192 state legislatures or executive branches on legislative issues shall make every effort to
193 quickly accommodate requests, and shall notify the system Government Relations Office of
194 requests so that the **Board-board** will be aware of appearances and so the Office may provide
195 logistical support, background assessments and other assistance as needed. Employees
196 covered by the **MnSCU Personnel Plan for Minnesota State Colleges and Universities**
197 Administrators, who are responsible for providing expert testimony on legislative or State
198 agency issues, and take positions contrary to the **Boardboard**, must disclose at the outset that
199 their testimony is contrary to the **Board's-board's** position.
200

201 *Date of Implementation: 08/12/92*

202 *Date of Adoption: 08/12/92*

203 *Date and Subject of Revision:*

204 *11/16/11– Effective 1/1/12, the Board of Trustees amends all board policies to change the*
205 *term “Office of the Chancellor” to “system office,” and to make necessary related*
206 *grammatical changes.*

207 *06/21/06 –Part 2, Subpart A and B were amended to include the revised vision and mission*
208 *statements which were approved in January as part of the 2006-2010 system strategic*
209 *plan, Designing the Future. Part 6, Subpart C was amended to support the Board of*
210 *Trustees recently approved meeting schedule.*

211 *3/22/06 – Amended Part 2, Subpart B to support the system’s new authority to offer applied*
212 *doctoral degrees. Amended Part 6, Subpart H to adjust the review period for polices*
213 *from three to five years.*

214 *5/21/03 – Amended Part 3 – Subpart C to include vice chancellors, Subpart D – in*
215 *accordance with mission and philosophy, Added Subparts E and F, New Subpart I to*

216 *include Board of Trustees and system, Added Subpart J and M. Amended Part 6 – Added*
217 *new Subpart B, New Subpart C added note on technical changes, Added Subpart F, G, H,*
218 *and I. Amended Part 7 – Changed title from Code of Conduct and Ethics, Deleted*
219 *Subpart A Code of Conduct and Subpart B Ethics, Changed Subpart C to Subpart A.*
220 *01/17/01 - Amended Part 2 - updates the Mission and Vision Statements to match what the*
221 *Board approved by action item on May 17, 2000.*
222 *12/16/98 - Amended the entire policy (some of the deleted information below was moved to*
223 *other polices). Changed the name from Governing Board Operating Procedures; Added*
224 *Part 2, Vision and Mission Statements; Added Definitions Subpart B-I to Part 3; Deleted*
225 *Membership information; Added Part 4 Legal Base, Deleted Powers and Duties*
226 *information; Added Part 5, Rules and Procedures; Deleted Officers of the Board; Added*
227 *Part 6, Board Policies and System Procedures; Deleted Standing Committees of the*
228 *Board; Added Part 7, Code of Conduct and Ethics; Deleted Meetings of the Board;*
229 *Deleted Parts 8-10.*
230 *9/18/98 - Amended Parts 5 and 6, reducing the number of standing committees from 7 to 5*
231 *and to reduce the number of joint meetings of standing committees.*
232 *6/18/97 - Amended Part 5, Subp C appoints members as ex-officio members to all*
233 *committees*
234 *4/23/97 - Amended Part 6, Subp F & G requiring consultation with the board chair to*
235 *schedule meetings*
236 *5/15/96 - General Revision and Per Diem Expense Amendment*
237 *11/15/95 - Amended Part 5 title, and Subparts F, G, H, I, J and added Subpart K (Audit*
238 *Committee) and Subpart L (Board Operations Committee)*
239 *6/20/95 - Added Subpart B to Part 7 (Delegation of Authority)*
240 *5/16/95 - Amended Part 5, Subparts B, C; Part 6, Subparts B, D*
241 *4/24/95 - Restructured policy manual changed from articles to parts*
242 *1/18/95 - Amended Article IV, Section E*
243 *11/15/94 - Added Article V, Section L*
244 *10/18/94 - Amended Article IV, Sections C, D, E*
245 *9/20/94 - Amended Articles II and III*
246 *6/21/94 - Amended Article V, Section A (Board policy superseded by Minnesota Open*
247 *Meeting Law)*
248 *1/18/94 - Amended Article IV, Sections G, H, I, J*
249 *11/16/93 - Added Article IV, Sections H, I, J*
250 *10/19/93 - Added Article IV, Section G*
251 *10/19/93 - Amended Article IV, Section F*
252 *7/20/93 - Added Article IV, Section F*

BOARD OF TRUSTEES

MINNESOTA STATE COLLEGES AND UNIVERSITIES

BOARD POLICY – PROPOSED AMENDMENT
Chapter 1. System Organization and Administration
Policy 1A.3 System Administration, Chancellor

1 **1A.3 System Administration, Chancellor**

2 **Part 1. Appointment of Chancellor.**

3 **Subpart A. Appointment, Compensation and Expenses.** The Board shall appoint the
4 chancellor, set the conditions of employment, establish levels of compensation, and provide for
5 an expense allowance for the chancellor. Consistent with the MnSCU Personnel Plan for
6 Administrators (Section 1.03, subd. 1).

7 **Subpart B. Interim Appointment.** An individual holding an interim appointment as chancellor
8 shall not be eligible for appointment to the position in which she/he is serving as an interim
9 appointee.

10 **Part 2. Chancellor's Duties and Responsibilities.** The chancellor shall be the chief executive
11 officer of the Minnesota State Colleges and Universities system and shall have full executive
12 responsibility for higher education leadership and effective management and operation of the
13 system according to Board policies and state and federal laws. The chancellor's duties and
14 responsibilities shall include but not be limited to implementing Board policy; providing for
15 educational leadership; recommending operating and capital budgets; recommending allocation
16 of resources; planning; oversight of collective bargaining; providing information systems;
17 management of personnel resources; annual evaluation of the presidents; and establishment of
18 committees, including a presidents' advisory council.

19 **Part 3. Evaluation.** The chancellor shall be evaluated by the Board annually based on goals and
20 objectives approved by the Chancellor Performance Review Committee. Board. The Chair shall
21 appoint an ad hoc assessment committee to prepare evaluation materials for the Board's
22 evaluation. The executive director of Internal Auditing shall assist the committee in obtaining
23 data when requested, including conducting and compiling assessment surveys. The chair of the
24 Board shall annually appoint a Chancellor Performance Review Committee comprised of four
25 members of the Board including the Board Chair and the Board Vice Chair. The Chancellor
26 Performance Review Committee shall:

- 27 1. Meet with the chancellor annually in October to codify mutually agreeable goals and
- 28 objectives, method for requesting information from other individuals, and timeline for
- 29 the evaluation process;
- 30 2. Review the chancellor's self-appraisal and meet with the chancellor at least annually to
- 31 discuss his performance, identify opportunities for improvement, and priorities for the
- 32 subsequent year;
- 33 3. Provide the chancellor a written evaluation of ~~his performance~~ the chancellor's

34 performance:

35 4. Upon completion of the review, meet with the Board and the chancellor to report on
36 the results of the chancellor's performance evaluation;

37 5. Recommend to the Board action on merit salary increase or other terms of
38 employment, as appropriate.

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40 4.—The Chancellor Performance Review Committee shall consult with other members of
41 the Board and may seek advice and input by engaging a professional, trained and
42 experienced in executive performance evaluation. All meetings of the Chancellor
43 Performance Review Committee are non-public, personnel meetings; however, the
44 Chancellor Performance Review Committee will issue a public report summarizing the
45 annual evaluation.

46 **Part 4. Delegation.** The chancellor is delegated full authority and responsibility consistent with
47 the duties of chief executive officer to take actions required for the system to function
48 appropriately in accordance with board policy, system procedures, guidelines, and applicable
49 federal and state law, including but not limited to:

- 50 1. Following any board action required by board policy, signing and execution of all legal
51 and financial documents on behalf of the board, including contracts, agreements,
52 instruments relating to real and personal property transactions, and other legal papers;
53 2. Delegating parts of the chancellor's authority to employees under the chancellor's direct
54 supervision; and
55 3. Appointment of personnel, development and enforcement of personnel programs,
56 discipline and termination, and signing collective bargaining agreements following board
57 approval.

58 This delegation is conditioned upon ongoing compliance with applicable statutes and law, board
59 policies, system procedures, guidelines, and other applicable state and federal regulations and
60 policies. The delegation expires upon termination of the chancellor's employment or as otherwise
61 determined by the board.

62 Date of Adoption: 5/17/94,
63 Date of Implementation: 5/17/94,

64 Date & Subject of Revisions:

65 01/17/07 - Adds Part 4, Delegation. Automatically delegates to the Chancellor, as chief executive
66 officer of Minnesota State Colleges and Universities, full authority to take actions required for
67 the system to function properly.

68 9/17/03 - Amended the policy to reflect the following: 1. The chair of the board appoints the
69 members of the ad hoc assessment committee; and 2. the executive director of the Office of
70 Internal Auditing will compile the assessment surveys.

71 12/16/98 - Amendment to delete Part 1; Added new Part 1 language; Delete Part 2, Subpart A;
72 Added new Part 2 language.

73 11/18/98 - Amendment made to move actions pertaining to "presidents" into new policy 4.2

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BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES

First Reading

BOARD POLICY – PROPOSED AMENDMENT

Chapter 5. Administration

Policy 5.14 ~~Procurements and Contracts~~ Contracts and Procurements

Policy 5.14 ~~Procurements and Contracts~~ Contracts and Procurements

Part 1. Authority.

Pursuant to ~~Minn.esota Stat.utes Ch. § 136F.581~~, the Board of Trustees has authority for contracts and purchases ~~and contracts~~ consistent with ~~Minn.esota Stat.utes Ch. § 471.345~~, the Uniform Municipal Contracting Law, and other pertinent statutes, as well as the authority to utilize any contracting options available to the commissioner of administration under ~~Minn.esota Stat.utes Chapters 16A, 16B and 16C~~. ~~It is the policy of the Board of Trustees that contracts, including real property leases, shall not exceed five years, including renewals, unless otherwise provided for by law or approved by the chancellor or the chancellor's designee.~~

Part 2. Responsibilities.

The state colleges, universities, and system office are responsible for procurement of necessary goods and services and the implementation of contracts that maximize the use of financial resources.

The system-wide procedures for procurement and contracts shall be consistent with ~~Minn.esota Stat.utes Ch. § 471.345~~, the Uniform Municipal Contracting Law, as applicable, and in compliance with other pertinent state and federal laws. The procedures shall provide detailed instructions for campus and system implementation.

Policies and procedures relating to facilities design and construction contracts are addressed in Board Policy 6.5, Capital Program Planning.

Part 3. Accountability/Reporting.

Subpart A. Compliance. College and university presidents will be held accountable by the chancellor for complying with state and federal laws, Board policy, and system-wide procedures for all purchases and contracts.

~~Contracts, including amendments, with values greater than \$3,000,000 must be approved in advance by the Board of Trustees. Contracts include inter agency and intra agency agreements, joint powers agreements that do not create a joint powers board, Minnesota Department of Administration master contracts, Office of Enterprise Technology master contracts or Minnesota State Colleges and Universities master contracts with values greater than \$3,000,000.~~

~~Subpart B. — Five year limit. Contracts, including real property leases, shall not exceed five years, including renewals, unless otherwise provided for by law or approved by the chancellor or the chancellor's designee.~~

33 Subpart ~~CB~~. Contract form approval. Any contract or other legally binding agreement,
34 including grant agreements, or memorandums of understanding/agreement that create legally
35 binding obligations and responsibilities, that does not adhere to system approved contract
36 templates must be approved in advance by the office of general counsel or attorney general's
37 office.

38 Subpart ~~DC~~. Board approval required.

- 39
- 40 1. Any procurement, lease agreement, or professional/technical/consulting service
41 contract with a value in excess of \$1,000,000 or contract amendment that would
42 increase the total value of the-a contract to more than \$1,000,000 must be approved in
43 advance by the Board.
- 44 2. The following contracts and agreements must be approved in advance by the Board if
45 the total value of the initial contract/agreement and/or subsequent amendments
46 exceeds \$3,000,000:
 - 47
 - 48 a. Inter-agency agreements;
 - 49 b. Joint powers agreements;
 - 50 c. System master contracts if the total purchases made for goods or services
51 under the master contract are expected to exceed \$3,000,000; individual
52 purchase orders made under a system master contract approved by the Board
53 are not subject to separate Board approval;
 - 54 d. Grant agreements other than federal grants or grants from Minnesota state
55 agencies.
- 56
- 57 3. Joint powers agreements that create a joint powers board, regardless of the dollar
58 value, must be approved in advance by the Board.
- 59

60 Subpart ~~BD~~. Five year limit. -Contracts, including real property leases, shall not exceed five
61 years, including renewals, unless a longer period is otherwise provided for by law, or approved
62 by the board for contracts subject to approval under Subpart C, or by the chancellor or the
63 chancellor's designee.

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65 Subpart E. Exemptions. The following contracts are not subject to the approval process under
66 Subpart ~~DC~~:

- 67 1. Construction contracts subject to Policy 6.5, Capital Program Planning, and
68 applicable system procedures.
- 69 2. Purchase orders made under a master contract of the Minnesota Department of
70 Administration or MnIT.
- 71 3. Federal grants and grants from Minnesota state agencies.

72 Subpart F. Reports. A-Semiannual reports on all contracts with values greater than \$1,000,000,
73 except those listed in Subpart E, 400,000 w~~ishall~~ be provided to the Board's finance and
74 facilities committee and~~be~~ available on the system's Web site. Other formats are available upon
75 request.