



**FINANCE AND FACILITIES COMMITTEE
MAY 20, 2015
9:00 A.M.**

**McCORMICK ROOM
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.

- (1) **Minutes of April 22, 2015 (pp. 1-4)**
- (2) **Approval of Contracts Exceeding \$1M North Hennepin Community College Construction Contract (pp. 5-11)**
- (3) **Information Technology Services Authorizations (pp. 12-16)**
 - **Interagency Agreement with State of Minnesota Exceeding \$3M**
 - **Information Technology Services Licensing Contract with Uniface**
- (4) 2015 Legislative Summary
- (5) FY2016 Operating Budget (First Reading) (pp. 17)
- (6) Minnesota State College Student Association Consideration of Fee Increase (First Reading) (pp. 18-20)
- (7) FY2016-FY2020 Capital Budget Proposal (First Reading) (pp. 21-32)
- (8) Proposed Amendment to Policy 7.7 Gifts and Grants Acceptance (First Reading) (pp. 33-36)

Committee Members

Michael Vekich, Chair
Jay Cowles, Vice Chair
Duane Benson
Phil Krinkie
Maleah Otterson
Erma Vizenor

Bolded items indicate action required.

MINNESOTA STATE COLLEGES AND UNIVERSITIES

BOARD OF TRUSTEES

FINANCE AND FACILITIES COMMITTEE

MEETING MINUTES

April 22, 2015

Finance and Facilities Committee Members Present: Chair Michael Vekich, and Trustees Jay Cowles, Duane Benson, Philip Krinkie, Maleah Otterson, Erma Vizenor

Other Board Members Present: Trustees Margaret Anderson Kelliher, Kelly Charpentier-Berg, Alexander Cirillo, Dawn Erlandson, Robert Hoffman, Elise Ristau and Louise Sundin

Leadership Council Representatives Present: Chancellor Steven Rosenstone, Vice Chancellor Laura King, President Richard Hanson, and President Douglas Allen

The Minnesota State Colleges and Universities Finance and Facilities Committee held its meeting on April 22, 2015, 4th Floor, McCormick Room, 30 East 7th Street in St. Paul. Chair Vekich called the meeting to order at 10:00 p.m.

Minutes of March 17, 2015

The minutes of the March 17, 2015 Finance and Facilities Committee were approved as written.

Finance and Facilities Update

Vice Chancellor King offered the committee several updates. The Governor's budget recommendations are out with a full recommendation supporting our FY2016-FY2017 budget request. The governor is recommending \$288 million for all higher education. The house has announced a higher education target of \$53.5 million and the senate set a target of \$205 million. The higher education omnibus bills are now out of their respective committees. A side by side comparison of the senate and house higher education bills was provided to members to compare and contrast specific provision in each of the bills.

The goals remains the pursuit of full funding of the board's \$142 million request supporting all system colleges and universities, preserving board discretion on tuition setting and minimizing language in bills that gives the board extraordinary direction.

Vice Chancellor King provided a high level overview of the two bills. The house bill includes \$105 million for MnSCU. It provides resources necessary to freeze college tuition during both fiscal years and includes language setting the expectation that the board does just that. It also provides resources to lower tuition at the colleges by 1% in the second year. The house bill includes no language that would compromise the board's discretion concerning university tuition decisions in FY2016 and has resources that would fund freezing university tuition the second year of the biennium. There is minimal management language in the house bill. The result of all provisions is a gap of about \$19 million compared to the board's budget request.

The senate bill includes \$58.7 million for MnSCU operations in comparison to the \$142 million request. It includes language that freezes undergraduate tuition at both the colleges and universities but does not replace the revenue and has substantial language directing the board on the administration of the system. There is language in the bill that has fiscal consequences but the bill does not provide the resources to cover the consequences (unfunded result). The senate bill would have a biennial gap of \$57 million if the board would implement a 3% tuition increase. The bill contains some performance language that we would be unable to meet and would result in base budget reduction to colleges and universities.

Vice Chancellor King noted there has been no legislative progress on a 2015 bonding bill and that Associate Vice Chancellor Brian Yolitz is ready to address any questions from the house or senate once there is an invitation. The board will be presented the preliminary recommendation for the 2016 capital bonding program in May.

Finally, Vice Chancellor King noted work with the colleges and universities on financial recovery plan continues. Chair Vekich made note that Vice Chancellor King will follow up on the requests that were made in the minutes and during her update.

Chair Vekich mentioned to the committee that the two remaining agenda items include like initiatives bundled together and asked if members had any specific items to separate out and address individually. Trustee Krinkie expressed desire to review the Guaranteed Energy Savings Contract at Riverland Community College from committee agenda item 2, Approval of Contracts Exceeding \$1M.

After further discussion, Chair Vekich decided to first bring committee agenda item 3, Approval of Surplus and Sale and Purchase of Real Estate Improvements, before the committee and take action on the two elements individually, and then bring the three items of committee agenda item 2, before the committee individually.

3. Approval of Surplus and Sale and Purchase of Real Estate and Improvements

Mr. Brian Yolitz, Associate Vice Chancellor for Facilities addressed the committee to consider and declare a facility surplus and allow its sale by Minneapolis Community and Technical College. The facility is located off on Flying Cloud Airport and supported college aviation related programs. The 67,000 square foot facility was built in 1980 and includes 25,000 square feet of hangar space. It came to the MnSCU system from Minneapolis Special School District #1 in 1995 through a quitclaim deed. It was used for air traffic control and aviation mechanic programs. These programs are no longer offered at the site and the building has been vacant for quite some time. There are bids on the property. The bids offer approximately \$900,000 which is the re-appraised value. Interim President Avelino Mills-Novoa, and Roger Broz, Facilities Director of Minneapolis Community and Technical College were acknowledged.

The chair entertained a motion for the Board of Trustees to designate Minneapolis Community and Technical College Aviation Center building as surplus, authorize the chancellor or his designee to enter into a purchase agreement for its sale, and execute any documentation necessary to accomplish the sale. Motion was made, seconded and adopted.

Mr. Yolitz presented the St. Cloud State University property actions and noted that present in the audience were President Earl Potter, Vice President and CFO Tammy McGhee and the mayor of St. Cloud, Dave Kleis. The first action was on a piece of university owned property (Frederick Park), representing approximately 51 acres. It has been owned by the university for quite some time and are no current plans for its use by the university. The city has some opportunities to use the space for a park. The appraised value of the property is \$328,000.

The Chair welcomed Mayor Kleis who discussed the history of Frederick Park. The park is the site of Minnesota's first quarry and has been closed since 1976. The city has had a close and mutual partnership with St. Cloud State University and President Potter. The connection has been with the community and they have partnered in economic development and public safety. This is another step in that direction. The city would add to the park.

Trustee Krinkie asked where the appraised value of \$328,000 came from and if the appraisal was based on a commercial or private development of the property. Brian Yolitz responded that the university and city worked together and had a local appraisal based on the land as is.

Mr. Yolitz then outlined three parcels of property that the university seeks to purchase in the future. These include a parcel used for outdoor storage and a small recreational area, a parcel that includes a city maintenance building that would be used by the university in the future, and a sliver of land that used to be a rail right of way for which there is a question about ownership and title to be figured out. Acquisition of these pieces will allow the university to clean up its southern border.

Vice Chancellor King clarified the motion called for the board to designate the Frederick Park property as surplus and authorization of its sale to the city as well as approving the purchase of the three parcels once the city and university have resolved any questions of ownership of the sliver of land that used to be a rail right of way and agreed to terms and timing for the transactions for each of the properties.

Chair Vekich entertained a motion to adopt the recommendation. The motion was made by Trustee Cowles and seconded by Trustee Otterson. The motion was adopted.

2. Approval of Contracts Exceeding \$1 Million

Mr. Yolitz acknowledged President Tim Wynes and Pat Buhl, Facilities Director and asked the board to accept a motion for a campus funded construction project at Inver Hills Community College. The college seeks approval for a construction project to upgrade the activities center located on the east side of the campus. Areas of upgrade would include the gymnasium and operations area which would allow for EMT, law enforcement and athletic programs. The campus has been budgeting for this project and are ready to execute with funds they have on hand.

Chair Vekich entertained a motion to adopt the recommendation. The motion was made by Trustee Benson and seconded by Trustee Cowles. The motion was adopted.

Mr. Yolitz acknowledged Rick Straka, CFO and Vice President of Finance and asked the board to accept a motion to extend Minnesota State University, Mankato's current contract with NorthStar Aviation at to support the university's aviation program. The contract allows veterans to more effectively utilize their benefits and extends the service for two more years, through 2019. The estimated value on this extension would be no more than \$7 million.

Chair Vekich entertained a motion to adopt the recommendation. The motion was made by Trustee Krinkie and seconded by Trustee Cowles. The motion was adopted.

Mr. Yolitz recognized Brad Doss, Vice President of Finance and CFO and Judy Enright, Facilities Director at Riverland Community College and asked the board to accept a motion for Riverland Community College to enter into a guaranteed energy savings contract (GESC) similar to the board approved contract for MSU, Mankato. It would provide an opportunity for the college to upgrade physical plant systems at all three campuses. It is being executed with the Department of Commerce and the contract framework that they have established for state agencies to utilize for financing and upgrading mechanical systems, lighting and other elements of buildings that cannot be done through typical funding. The project is expected to cost \$1.9 million. The expected deferred maintenance that would be satisfied through this work in terms of mechanical systems, and water efficiencies is roughly \$800,000. The investment grade audits of the college's systems indicate a potential annual energy savings of \$100,000.

Vice Chancellor King suggested that a background paper be prepared outlining the GESC process and methodology for these recommendations to share with the committee. There will be continued development of GESC recommendations as they take some burden off of asset preservation funding through the HEAPR (Higher Education Asset Preservation and Replacement) program.

Trustee Erlandson commented that she worked a bit on the GESP program and asked how many ESCOs (Energy Service Companies) bid on the project. Mr. Yolitz stating the system is utilizing the Department of Commerce' expertise and contract structure to execute GESCs. That process includes identifying potential contractors/consultants in this business. Those approved contractors are asked to bid on individual projects. Riverland had five bidders and has now narrowed that down to one. It's a competitive process and very well vetted.

Chair Vekich entertained a motion to adopt the recommendation. The motion was made by Trustee Otterson and seconded by Trustee Cirillo. The motion was adopted.

Adjournment

Chair Vekich brought the meeting to a close. The meeting was adjourned at 11:00 a.m.

Respectfully submitted,
Maureen Braswell, recorder

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Finance and Facilities Committee

Date: May 20, 2015

Title: Approval of Contracts Exceeding \$1M for North Hennepin Community College Construction Contract

Purpose (check one):

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

Brief Description:

The college seeks Board of Trustees approval of a campus funded construction contract exceeding \$1M for North Hennepin Community College, consistent with Policy 5.14, Contracts and Procurement. The college seeks to execute a construction project, identified as a near-term priority within their Facilities Master Plan, to renovate and repurpose spaces in the Campus Center facility. The project renovates 19,500 square feet of the Campus Center. Subject to Board approval, construction bids will be solicited with an anticipated renovation start date during the summer of 2015. The project will be completed in three phases with a planned occupancy date of 2015 fall term for Phase I (ground floor); spring term for Phase 2 (second floor) and summer 2016 for Phase 3 (ground floor restrooms).

Scheduled Presenter(s):

Brian Yolitz, Associate Vice Chancellor for Facilities

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

BOARD ACTION
Approval of Contracts Exceeding \$1M for North Hennepin Community College Construction Contract

PURPOSE

To obtain the Board of Trustees approval of a campus funded construction contract exceeding \$1M for North Hennepin Community College, consistent with Policy 5.14, Contracts and Procurement.

BACKGROUND

Recognizing learning happens all over, not just in classrooms and labs, North Hennepin Community College is working to create study and social activity areas across campus. In support of this effort, the college seeks to execute a construction project, identified as a near-term priority within their Facilities Master Plan, to renovate and repurpose spaces in the Campus Center facility.

PROJECT SCOPE

The project renovates 19,500 square feet of the Campus Center. **(See attachment A)** On the ground floor, the project repurposes space for shared student life and diversity offices and associated programming and the campus security office, and renovates the restrooms. On the second floor, renovations will provide space for the Student Senate, student clubs and organizations, a student lounge and game room, multi-cultural room, student study room, veteran's offices, health services area, an expanded food shelf, quiet room, and black box theatre.

PROJECT FUNDING AND SCHEDULE

College operating dollars are being used for project design and Student Life and Auxiliary (Bookstore) Reserves will be used to fund the construction estimated to be \$1.6 million. NHCC's Student Senate has intentionally accrued reserves over the past several years specifically for the proposed Campus Center project.

Student Life Reserves at the close of FY2014 totaled approximated \$741,100. Setting aside designated Student Life Reserves equal to 3 months of expenses or approximately \$186,500 leaves approximately \$554,600 available for student based projects. Approximately 6 months of Student Life reserves or \$354,600 would remain after providing \$200,000 for the Campus Center project.

Auxiliary (Bookstore) Reserves at the close of FY2014 approximated \$5,629,600. Setting aside designated Bookstore Reserves equal to 3 months of operating expenses or approximately \$712,300 leaves approximately \$4,917,300 available for student based capital projects. Approximately 15 months of Auxiliary (Bookstore) Reserves or \$3,517,300 would remain after providing \$1,400,000 to the Campus Center Project.

Subject to Board approval, construction bids will be solicited with an anticipated renovation start date during the summer of 2015. The project will be completed in three phases with a planned occupancy date of 2015 fall term for Phase I (ground floor); spring term for Phase 2 (second floor) and summer 2016 for Phase 3 (ground floor restrooms).

STUDENT ENGAGEMENT

Student Senate representatives actively participated in planning the Campus Center project through the Facilities Advisory Committee. The Student Senate received quarterly project updates, approved the recommended space plan, and recently passed a resolution to financially support the project. Student users groups are currently engaged in the project design phase providing feedback regarding desired design, technology, and furniture elements

RECOMMENDED COMMITTEE ACTION:

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

The Board of Trustees authorizes the chancellor or his designee to execute a construction contract not to exceed \$1,700,000 for purposes of the renewing the Campus Center on the North Hennepin Community College campus.

RECOMMENDED BOARD OF TRUSTEES ACTION:

The Board of Trustees authorizes the chancellor or his designee to execute a construction contract not to exceed \$1,700,000 for purposes of the renewing the Campus Center on the North Hennepin Community College campus.

OVERALL MAIN FLOOR EXISTING

**NORTH HENNEPIN
COMMUNITY
COLLEGE
CAMPUS CENTER**



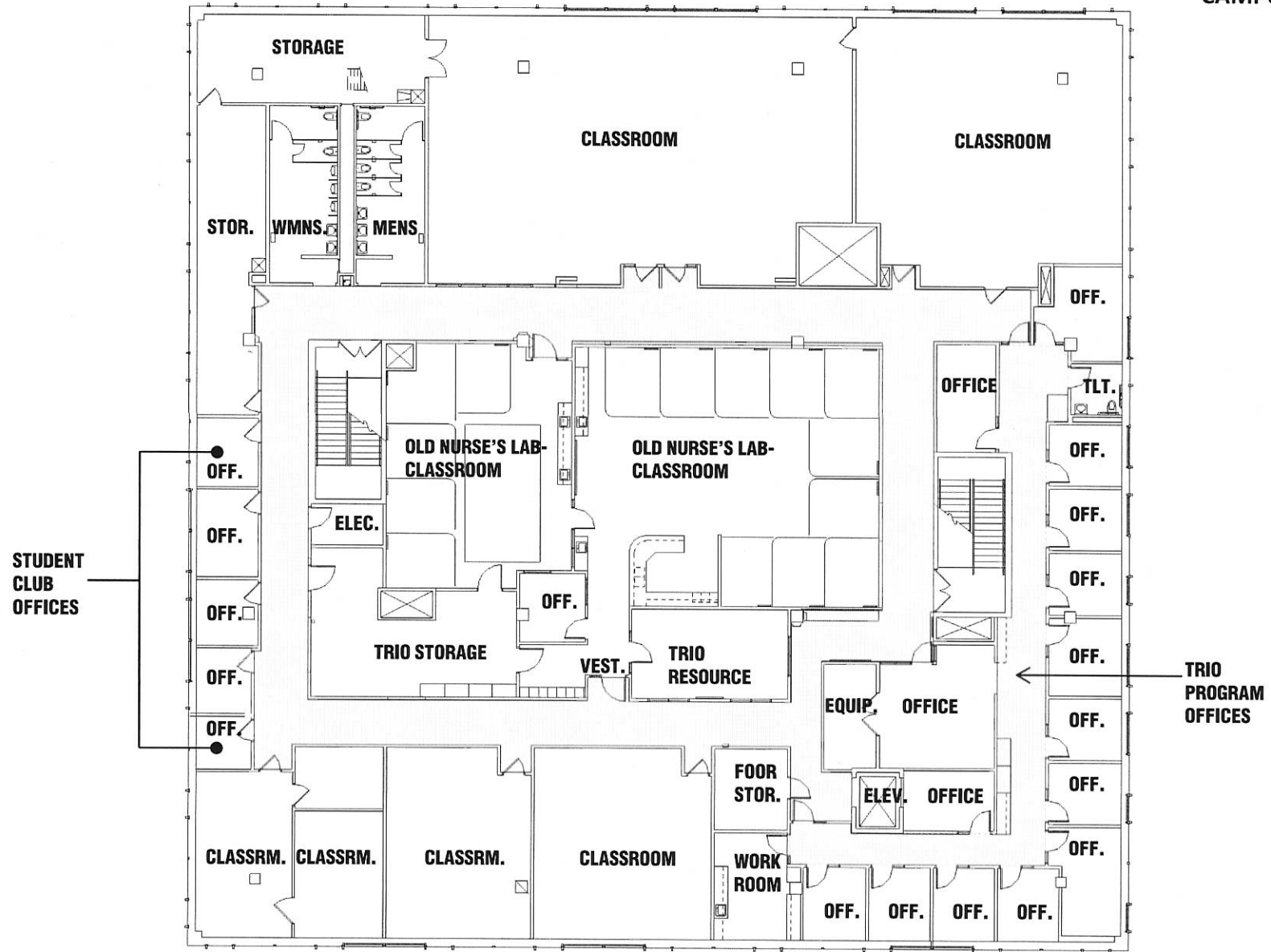
OVERALL MAIN FLOOR-REMODEL

NORTH HENNEPIN
COMMUNITY
COLLEGE
CAMPUS CENTER



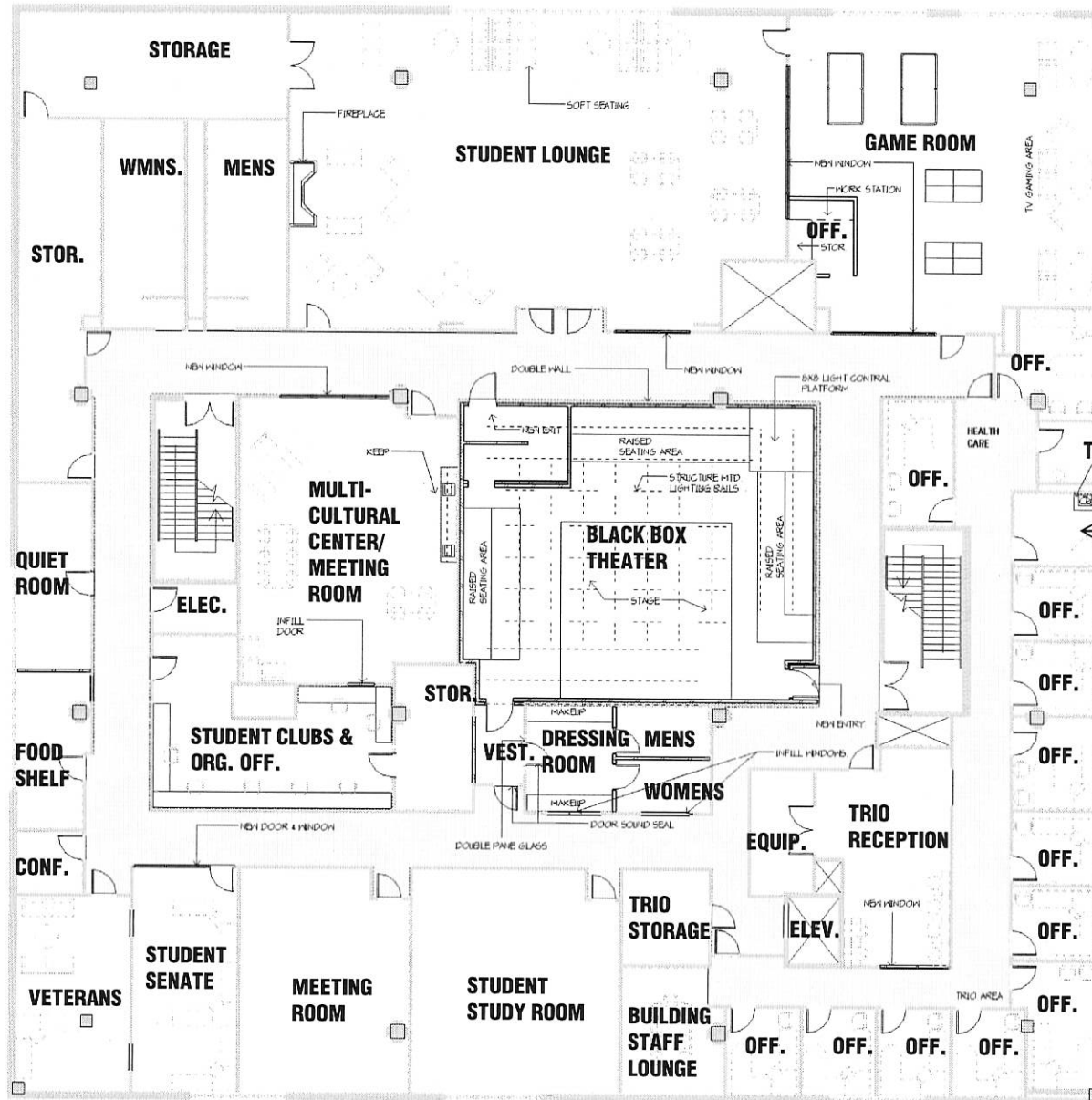
OVERALL UPPER FLOOR EXISTING

NORTH HENNEPIN
COMMUNITY
COLLEGE
CAMPUS CENTER



OVERALL UPPER FLOOR-REMODEL

**NORTH HENNEPIN
COMMUNITY
COLLEGE
CAMPUS CENTER**



MOTHER'S ROOM



**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Finance and Facilities Committee

Date: May 20, 2015

Title: Information Technology Services Authorizations

- Interagency Agreement with the State of Minnesota Exceeding \$3M
- Information Technology Services Licensing Contract with Uniface

Purpose (check one):

Proposed
New Policy or
Amendment to
Existing Policy

Approvals
Required by
Policy

Other
Approvals

Monitoring /
Compliance

Information

Brief Description:

INTERAGENCY AGREEMENT WITH THE STATE OF MINNESOTA

Minnesota State Colleges and Universities (MnSCU) is the largest consumer in the state of MN.IT's Wide Area Network (WAN) services. The WAN is the conduit to which all of our data travels and the network backbone that every campuses utilizes to connect to the internet, system office and each other. The system office ITS division seeks to execute a five year interagency agreement to continue this long running partnership. Total consideration for the agreement will not exceed \$16 million.

LICENSING CONTRACT WITH UNIFACE

The system office ITS division is requesting authority to enter into a five-year contract with Uniface for licensing and support beginning on August 1, 2014. Uniface is a single source provider of this deployment platform. The Uniface licensing agreement provides all MnSCU schools and the system office with access to this deployment platform used with enterprise mission-critical applications, like the Integrated Student Record System (ISRS). Total consideration for the contract will not exceed \$2.0 million.

Scheduled Presenter(s):

Ramon Padilla, Jr., Vice Chancellor and Chief Information Officer

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

BOARD ACTION

Information Technology Services Authorizations

- Interagency Agreement with the State of Minnesota Exceeding \$3M
- Information Technology Services Licensing Contract with Uniface

PURPOSE

To obtain the Board of Trustees approval of a contract exceeding \$3 million, consistent with Policy 5.14, subpart C.2.a Contracts and Procurement and to obtain the Board of Trustees approval of a contract exceeding \$1 million, consistent with Board Policy 5.14 subpart C.1, Contracts and Procurement.

INTERAGENCY AGREEMENT WITH THE STATE OF MINNESOTA

BACKGROUND

Minnesota State Colleges and Universities (MnSCU) is the largest consumer in the state of MN.IT's Wide Area Network (WAN) services. The WAN is the conduit to which all of our data travels and the network backbone that every campuses utilizes to connect to the internet, system office and each other (**Attachment A**). Typically, this infrastructure is not thought of; however, it is essential to all facets of our campus operations, including administration, life safety, teaching and learning. In addition, as the largest customer of this service MnSCU's networks serve as the conduit for other Federal, State and County agencies. MN.IT assists us with the acquisition, installation, configuration, operation and 24x7x365 monitoring of our network.

CONTRACT DETAILS

The inter-agency agreement will be effective from July 1, 2015 until June 30, 2019 and not exceed \$16 million.

Date Presented to the Board: May 20, 2015

LICENSING CONTRACT WITH UNIFACE

BACKGROUND

The system office is requesting authority to enter into a five-year contract with Uniface for licensing and support beginning on August 1, 2014. Uniface is a single source provider of this deployment platform. The Uniface licensing agreement provides all MnSCU schools and the system office with access to this deployment platform used with enterprise mission-critical applications, like the Integrated Student Record System (ISRS). Uniface also provides an integration framework that enables Uniface applications to integrate with all major products such as Oracle, Microsoft SQL Server, supports file systems, operating system text files and a wide range of other technologies. Total consideration for the contract will likely not exceed \$2.0 million, which requires approval by the Board of Trustees pursuant to Board Policy 5.14 subpart C.1.

CONTRACT DETAILS

Uniface provides an integration framework that enables Uniface applications to integrate with all major products such as Oracle, Microsoft SQL Server, supports file systems, operating system text files and a wide range of other technologies for MnSCU colleges and universities.

RECOMMENDED COMMITTEE MOTION

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

The Board of Trustees authorizes the chancellor or his designee to execute an inter-agency agreement with the State of Minnesota - MnIT Department to provide Wide Area Network (WAN) services, not to exceed \$16 million in total for the period. The inter-agency agreement will be effective from July 1, 2015 to June 30, 2019.

RECOMMENDED BOARD MOTION

The Board of Trustees authorizes the chancellor or his designee to execute an inter-agency agreement with the State of Minnesota - MnIT Department to provide Wide Area Network (WAN) services, not to exceed \$16 million in total for the period. The inter-agency agreement will be effective from July 1, 2015 to June 30, 2019.

RECOMMENDED COMMITTEE MOTION

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

The Board of Trustees authorizes the chancellor or his designee to execute a five year agreement for Uniface licensing and support, beginning on August 1, 2015. Total consideration for the

Date Presented to the Board: May 20, 2015

contract will not exceed \$2.0 million in total for the period. The board directs the chancellor or his designee to execute all necessary documents.

RECOMMENDED BOARD MOTION

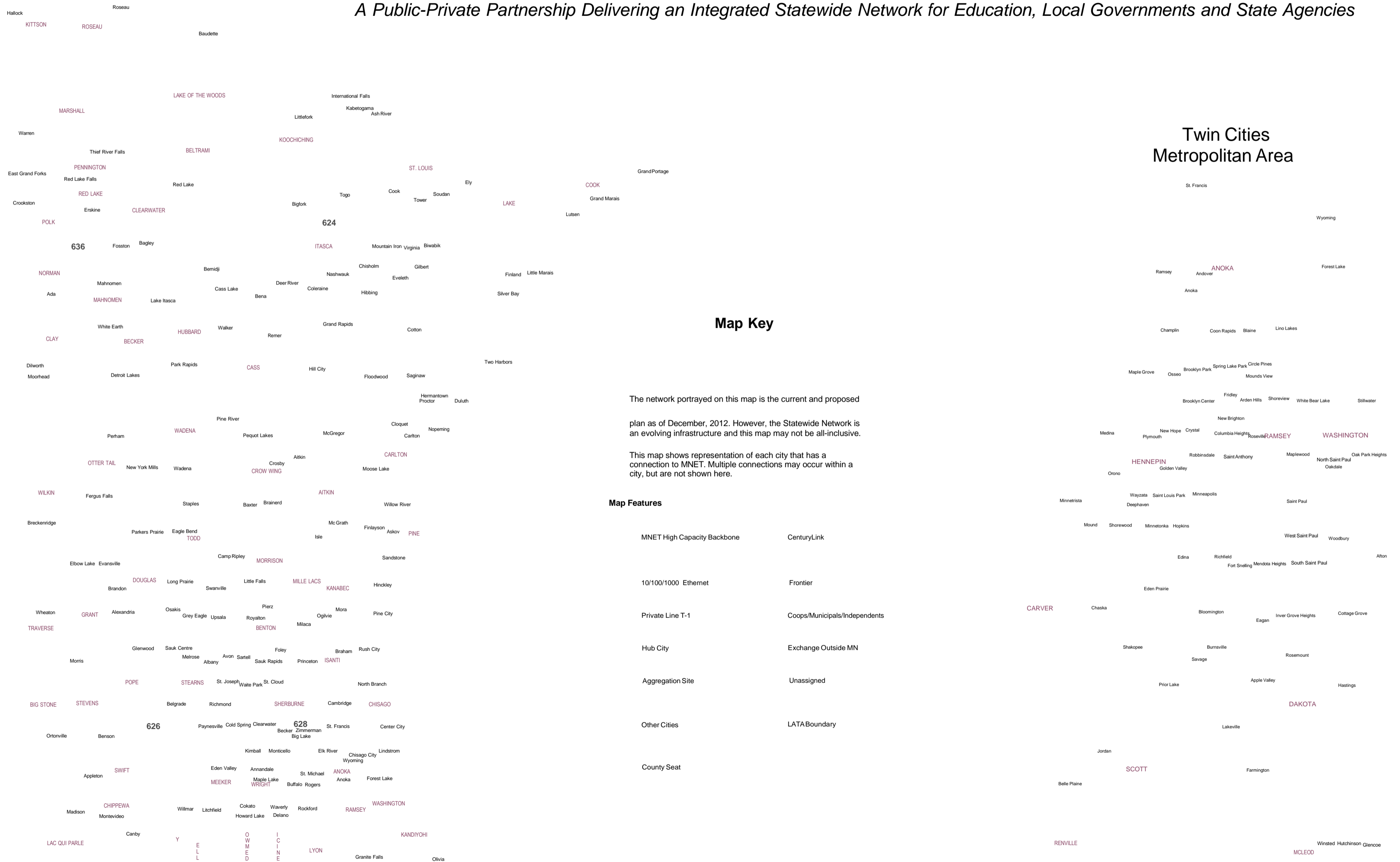
The Board of Trustees authorizes the chancellor or his designee to execute a five year agreement for Uniface licensing and support, beginning on August 1, 2015. Total consideration for the contract will not exceed \$2.0 million in total for the period. The board directs the chancellor or his designee to execute all necessary documents.

Date Presented to the Board: May 20, 2015

MNET

Minnesota's Network for Enterprise Telecommunications

A Public-Private Partnership Delivering an Integrated Statewide Network for Education, Local Governments and State Agencies



Twin Cities Metropolitan Area

Map Key

The network portrayed on this map is the current and proposed

plan as of December, 2012. However, the Statewide Network is an evolving infrastructure and this map may not be all-inclusive.

This map shows representation of each city that has a connection to MNET. Multiple connections may occur within a city, but are not shown here.

Map Features

MNET High Capacity Backbone	CenturyLink
10/100/1000 Ethernet	Frontier
Private Line T-1	Coops/Municipals/Independents
Hub City	Exchange Outside MN
Aggregation Site	Unassigned
Other Cities	LATA Boundary
County Seat	

CARVER

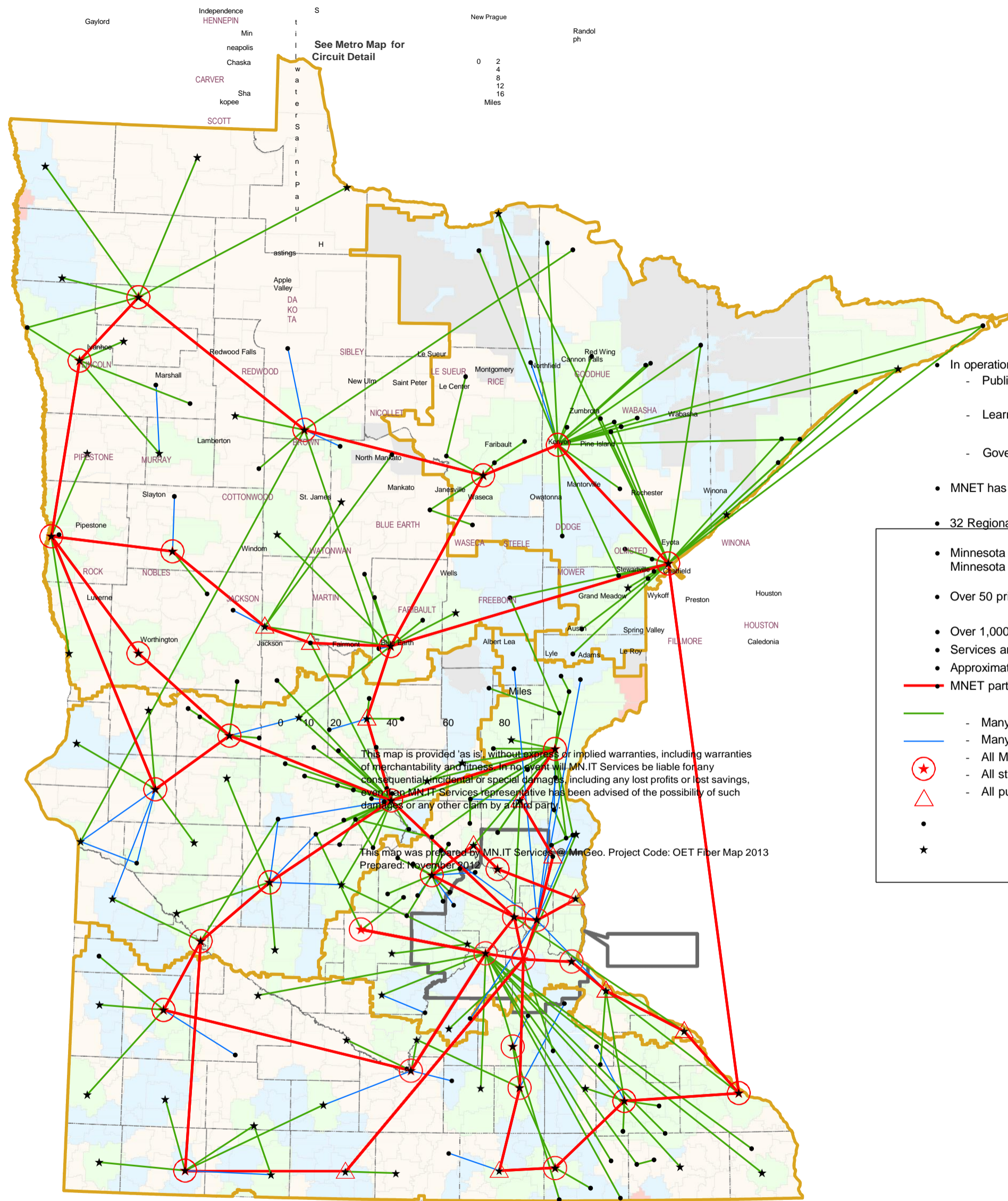
SCOTT

DAKOTA

RENVILLE

MCLEOD

Winsted Hutchinson Glencoe

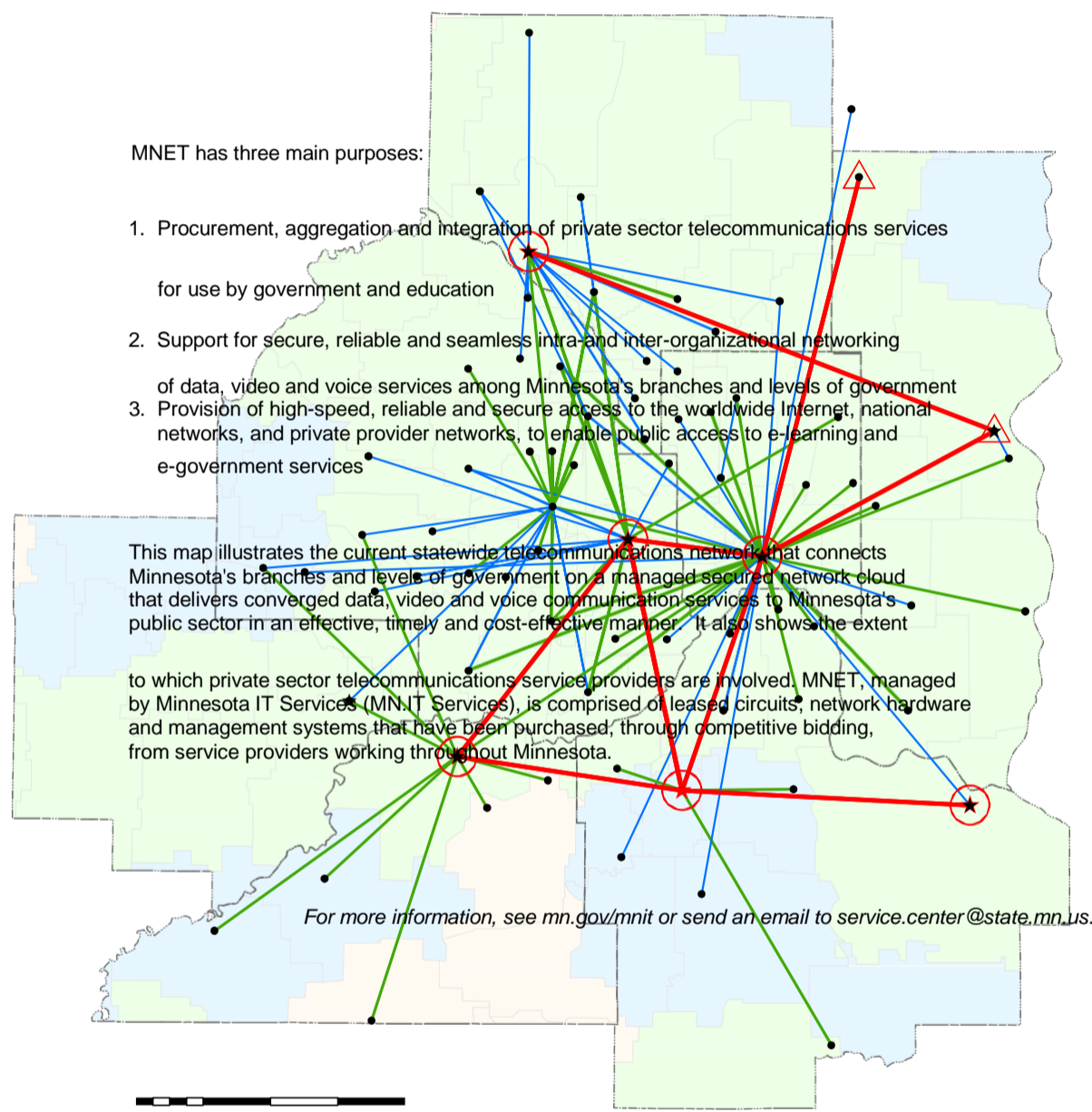


- In operation since 1993, MNET supports Minnesota's
 - Public Safety
 - Learning
 - Governmental Operations
- MNET has grown to about 900 locations today
- 32 Regional Network Hubs aggregate capacity
- Minnesota State Colleges and Universities and University of Minnesota Campuses host most regional network hubs
- Over 50 private sector providers furnish services
- Over 1,000 leased line circuits are purchased
- Services are in place in over 275 cities across Minnesota
- Approximately 375 public sector entities are MNET partners

MNET partners include:

- Many cities and governmental units
- Many schools, libraries and private colleges
- All Minnesota counties
- All state government
- All public higher education

- MNET has three main purposes:
1. Procurement, aggregation and integration of private sector telecommunications services for use by government and education
 2. Support for secure, reliable and seamless intra- and inter-organizational networking of data, video and voice services among Minnesota's branches and levels of government
 3. Provision of high-speed, reliable and secure access to the worldwide Internet, national networks, and private provider networks, to enable public access to e-learning and e-government services



**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Finance and Facilities Committee

Date: May 20, 2015

Title: FY2016 Operating Budget (First Reading)

Purpose (check one):

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

Brief Description:

Board Policy 5.9, Biennial and Annual Operating Budget Planning and Approval, requires the Board of Trustees to approve the system wide annual all funds operating budget plans for colleges, universities and the system office. Board Policy 5.11, Tuition and Fees, requires the Board of Trustees to approve the tuition and fee structure for all colleges and universities.

This is the first reading of the Minnesota State Colleges and Universities' fiscal year 2016 (FY2016) operating budget, including tuition and fees. The FY2016 operating budget will largely be determined by legislative budget decisions that have not yet been made. Materials regarding the outcome of the legislative session will be distributed at the Finance and Facilities Committee meeting.

Scheduled Presenter(s):

Laura M. King Vice Chancellor – CFO
Deborah Bednarz, Sr. System Director, Financial Planning and Analysis

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Finance and Facilities Committee

Date: May 20, 2015

Title: Minnesota State Colleges Student Association Consideration of Fee Increase (First Reading)

Purpose (check one):

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

Brief Description:

Board policy 3.7 recognizes MSCSA as the designated student association for the colleges establishes the conditions for the association's ability to collect fee revenue to fund association operations. This per-credit fee is currently set at \$.31, meaning a full-time student at one of our colleges pays \$9.30 on an annual basis. This year, after a lengthy and detailed budget process that included three separate presentations to students at our January, March, and April conferences, the MACSA General Assembly adopted a budget for FY2015 that includes an increase in the per credit fee.
Board policy provides for the board to review and accept or revise the fee proposal after two readings.

Scheduled Presenter(s):

Kayley Schoonmaker, President, Minnesota State College Student Association
Matt Rubel, Treasurer, Minnesota State College Student Association

First Reading

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

BOARD ACTION

Minnesota State Colleges Student Association
Consideration of Fee Increase
(First Reading)

BACKGROUND

The Minnesota State College Student Association (MSCSA) was formed in 1998 when two previous student associations, the Minnesota Technical College Student Association and the Minnesota Community College Association merged. Both of these groups have a long history of student advocacy going back decades. Our mission is focused on providing an affordable, accessible, and quality higher education for the people of Minnesota.

In order to best work toward our core mission, we focus our efforts on four important areas of higher education:

- Advocacy on the campus, system, state, and federal levels including our annual advocacy day at the Minnesota State Capitol and a consistent presence on Minnesota State College and Universities system committees and councils.
- Leadership development training that builds students into effective leaders on their campuses and beyond graduation.
- Civic engagement through non-partisan voter registration work and helping students understand the mechanics of the electoral process.
- Scholarship programs that provide financial assistance to students and recognize their campus and community involvement. Over the past decade, we have increased our scholarship endowment from \$30,000 to \$350,000, and awarded over \$100,000 in scholarship funds to MnSCU students.

Minnesota Statutes 136F.22 dictates that there must be a single recognized statewide student association for the colleges. Board policy 3.7 recognizes MSCSA as that entity, and adopts language mirroring the statute's concerning the ability to collect fee revenue to fund association operations. This per-credit fee is currently set at \$.31, meaning a full-time student at one of our colleges pays \$9.30 on an annual basis. Historically, we have done everything possible to avoid increasing this fee and students have been paying the same amount for approximately a decade.

In recent years, declining enrollment across campuses has led our students to make significant changes to programming and operations. Over of the past five years, we have cut approximately \$127,000 or 15% of our budget while continuing to meet the needs of students.

This year, after a lengthy and detailed budget process that included three separate presentations to students at our January, March, and April conferences, our General Assembly adopted a budget

for FY2015 that includes an increase in our fee. The increase will allow us to maintain current programming, staffing levels, and make strategic investments to better allow us to pursue activities core to our mission.

FEE INCREASE PROPOSAL

The budget approved by our General Assembly included an additional \$.04 in fee revenue. This would move the fee from its current level of \$.31 to \$.35 per credit. For a full-time student, this would be an increase of \$1.20 annually. In terms of a percentage, it would equal just under a 13% increase over the previous year's fee. To put the increase in a historical context, this amounts to an increase of about 1.3% annually over the life of the fee.

RATIONALE FOR THE INCREASE

We take seriously our role as the statewide voice for students on our campuses. We have taken great steps over the past number of years to avoid any changes to the fee paid by our students.

This proposal is before you today because we believe this modest increase will allow MSCSA the opportunity to continue efforts to advocate for students and to maintain the level of services our students expect from their association. It is our sincere belief that increasing a fee once in ten years is reasonable and will not drastically impact individual students.

If this fee increase is not approved, we will take steps that would drastically affect our ability to continue providing assistance to students in some key areas such as campus budget consultation, leadership training, issue advocacy, and other areas crucial to our mission.

As an association, we're sensitive to the costs facing our students. We believe this reasonable fee increase is something truly necessary to continue providing excellent student representation and leadership training to our members.

RECOMMENDED COMMITTEE MOTION

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

The Board of Trustees accepts the increase of the MSCSA fee from \$.31to \$.35 per credit hour beginning fall semester 2015.

RECOMMENDED BOARD OF TRUSTEES MOTION

The Board of Trustees accepts the increase of the MSCSA fee from \$.31to \$.35 per credit hour beginning fall semester 2015.

Date of Adoption: 06/17/2015

Date of Implementation: 07/01/2015

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Finance and Facilities Committee

Date: May 20, 2015

Title: FY2016-FY2020 Capital Budget Proposal – First Reading

Purpose (check one):

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

Brief Description:

The board report will provide the DRAFT recommendations of the priorities for capital bonding for submission to the governor and the Minnesota House of Representatives and Senate as a part of the 2016 legislative session, consistent with Policy 6.5, Capital Program Planning. The committee discussion will be incorporated into the recommendations for presentation and adoption at the June meeting for adoption.

The Board materials for this item are subject to change as a result of the 2015 legislative session. Additional material will be distributed at the time of the committee meeting.

Scheduled Presenter(s):

Brian Yolitz, Associate Vice Chancellor for Facilities
Greg Ewig, Sr. System Director, Capital Development

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

BOARD ACTION

FY2016-FY2020 Capital Budget Proposal (First Reading)

PURPOSE

To obtain the Board of Trustees approval of the priorities for capital bonding for submission to the governor and the Minnesota House of Representatives and Senate as a part of the 2016 legislative session, consistent with Policy 6.5, Capital Program Planning.

BACKGROUND

The system's 54 college and university campuses include about 28.0 million square feet of facility space. Of this total, 22.4 million square feet is academic space and eligible for general obligation bonding through the state of Minnesota's capital bonding process. The remaining 5.6 million square feet of facility space is attributable to the revenue fund and include residence halls, student unions, dining facilities and parking ramps. Revenue fund facilities are maintained, improved and constructed through user fees and the sale of revenue fund bonds.

All colleges and universities develop and maintain comprehensive facility plans that take into account academic programming, demographic and enrollment trends, facility condition, configuration, space utilization and energy consumption data. These plans identify and prioritize institutional investment needs for both the academic and revenue fund facility spaces along with any real estate matters.

In March, 2014, the Board approved capital guidelines for both the 2016 capital budget and the 2015 revenue fund programs: <http://www.mnscu.edu/board/materials/2014/march19/fin-03-guidelines.pdf>. Taking into account the Strategic Framework and the six recommendations in Charting the Future, the Board guidelines sought to focus on projects meeting the following priorities:

1. Strategic regional and statewide academic program focus
2. "Taking care of what we have"
3. Minimizing new square footage
4. Building for the future with flexible and adaptive space

The guidelines also established a total 2016 capital bonding target for the legislative request of between \$250-\$285 million.

Given this guidance, colleges and universities reviewed their comprehensive facility plans and forwarded their prioritized capital bonding requirements for their academic spaces. These

Date Presented to the Board: May 20, 2015

submittals included over \$350 million in asset preservation priorities to be included in the system's Higher Education Asset Preservation and Replacement (HEAPR) program, and nearly 40 capital projects totaling over \$250 million.

In early January 2015, more than 100 academic, finance, facilities and technology faculty and staff from our colleges and universities and the system office reviewed and scored proposed capital projects against the Board guidelines. This scoring process included projects that were approved by the Board as part of the 2014 process but not fully funded in the 2014 capital bonding bill. Results of that scoring informed the DRAFT recommended 2016 capital bonding priorities at **Attachment A**.

NOTE: In October 2014, the Board approved a capital bonding recommendation for the 2015 legislative session, an 'off' bonding year, made up of those 1) projects approved by the Board previously, but not funded during the 2014 legislative session, and 2) the construction phases of Board approved projects that were funded for design in 2014. Final results of the 2015 legislative session and action on capital bonding are not known at the time of this report. **The DRAFT recommended 2016 capital bonding priorities at Attachment A assumes no capital bonding in 2015.** Final results of the 2015 session will impact the final 2016 recommendation and that impact will be provided to the Board as soon fully understood and incorporated.

DRAFT RECOMMENDED 2016 CAPITAL BONDING PRIORITIES:

The DRAFT recommendation totals \$286.8 million and would provide \$110 million for asset preservation through HEAPR and \$176.8 million for 22 capital projects at 21 college and university campuses as well as a provision for a potential capital investment in support of the metropolitan area baccalaureate plan.

Asset preservation through HEAPR is recommended as the highest priority and is in keeping with the stewardship charge in the Board Guidelines. This level of investment seeks to reduce the backlog of maintenance in our academic spaces is currently estimated to be \$740 million and future repair and renewal needs in the coming 5 years is estimated at \$450 million.

Of the recommended projects, eight (8) were Board approved, but not funded in 2014/2015 (\$41.6M); five (5) were Board approved and the first phases of work were funded in a 2014 bonding bill (\$89.6M); there are nine (9) new projects totaling \$35.6 million and \$10 million to support the metropolitan area baccalaureate plan as that matures in the coming months.

If fully funded the DRAFT recommended 2016 capital bonding program would reduce the system's total square footage by over 60,000 square feet.

CAPITAL BONDING AND DEBT:

The system is responsible for one-third of the debt service for its capital bonding projects. This portion of debt is shared equally between the college/university receiving the improved facility and the system as a whole. The state covers the total debt service cost of HEAPR funding.

As of the 2014 financial statements, the total general obligation principal outstanding for system capital bonding projects was \$232 million and the total debt service payment in fiscal

Date Presented to the Board: May 20, 2015

year 2015 was \$31.7 million. If the DRAFT recommended 2016 program was fully funded, the system's total general obligation bond obligation would increase by \$58.9 million and annual debt service payments would increase by \$3.5 million. For debt capacity and debt burden calculations over time, see **Attachment B**.

HISTORICAL PERSPECTIVE:

Since 2006, on average, the Board has approved a total capital bonding program of \$318.5 million in even or 'on' capital bonding years. In those same years, the system has received on average \$164.7 million, or just over 50% of the requested capital bonding program.

Year	Total Request Program	Total Received Program	% Received
2006	\$280.4	\$191.40	68%
2007	\$33.8	\$0.00	0%
2008	\$350.2	\$234.20	67%
2009	\$117.1	\$40.00	34%
2010	\$396.8	\$106.20	27%
2011	\$279.8	\$131.60	47%
2012	\$278.7	\$132.10	47%
2013	\$151.4	\$0.00	0%
2014	\$286.5	\$159.80	56%
2015	\$198.0	TBD	TBD
2016	\$286.8		

In terms of asset preservation, the Board has consistently sought \$110 million in HEAPR funding in traditional even numbered capital bonding years to address the backlog of maintenance and anticipated renewal needs as system facilities age. In these same years, the system has received on average \$41.9 million in HEAPR funding, or approximately 38% of the requested amount.

Year	Total Request Program	Total Received Program	% Received
2006	\$110.0	\$40.00	36%
2007	\$30.0	\$0.00	0%
2008	\$110.0	\$55.00	50%
2009	\$50.0	\$40.00	80%
2010	\$110.0	\$52.00	47%
2011	\$58.0	\$30.00	52%
2012	\$110.0	\$20.00	18%
2013	\$90.0	\$0.00	0%
2014	\$110.0	\$42.50	39%
2015	\$72.5	TBD	TBD
2016	\$110.0		

Funding for individual capital projects have fared better than asset preservation over time. On average, the Board has approved \$206.5 million total for capital projects in traditional even

numbered capital bonding years. In those same years, the system has received on average \$124.2 million, or 60% of the amount requested for projects.

Year	Total Request Program	Total Received Program	% Received
2006	\$110.0	\$40.00	36%
2007	\$30.0	\$0.00	0%
2008	\$110.0	\$55.00	50%
2009	\$50.0	\$40.00	80%
2010	\$110.0	\$52.00	47%
2011	\$58.0	\$30.00	52%
2012	\$110.0	\$20.00	18%
2013	\$90.0	\$0.00	0%
2014	\$110.0	\$42.50	39%
2015	\$72.5	TBD	TBD
2016	\$110.0		

NEXT STEPS

All capital bonding requests are to be submitted to Minnesota Management and Budget (MMB) via the state's electronic capital budget system no later than June 30, 2015, and preparations commence for a bonding book outlining the various capital projects. The legislature will use the state information and bonding book in preparation for site visits around the state this summer and fall to become familiar with proposed capital requests from all state entities.

Given the volatility in the construction market, specific project cost estimates on **Attachment A** may change over the coming months as some design work is completed on previously funded projects and MMB publishes additional guidance on project inflation rates. Final adjustments to the requested projects must occur no later than October 2015 for preparation of the Governor's capital budget recommendation for the 2016 legislative session.

RECOMMENDED COMMITTEE ACTION:

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

The Board of Trustees approves the 2016 capital bonding request as presented in **Attachment A**, specifically the projects and priorities for 2016. The Chancellor is authorized to make cost and related adjustments to the request as required, and to forward the request through Minnesota Management and Budget to the Governor for consideration in the state's 2016 capital budget. The Chancellor shall advise the Board of any subsequent changes in the capital bonding request prior to the 2016 legislative session. In addition, as funding is authorized and appropriated by the legislature and approved by the Governor, the Chancellor or his designee are authorized to execute those contracting actions necessary to deliver on the project scope and intent.

Date Presented to the Board: May 20, 2015

RECOMMENDED BOARD OF TRUSTEES ACTION:

The Board of Trustees approves the 2016 capital bonding request as presented in **Attachment A**, specifically the projects and priorities for 2016. The Chancellor is authorized to make cost and related adjustments to the request as required, and to forward the request through Minnesota Management and Budget to the Governor for consideration in the state's 2016 capital budget. The Chancellor shall advise the Board of any subsequent changes in the capital bonding request prior to the 2016 legislative session. In addition, as funding is authorized and appropriated by the legislature and approved by the Governor, the Chancellor or his designee are authorized to execute those contracting actions necessary to deliver on the project scope and intent.

ATTACHMENT A

Draft 2016 Capital Bonding Recommendation – Proposed Priority List

	Institution	Project	Requested	Recommended
1	Systemwide	HEAPR – Asset preservation	\$125,000,000	\$110,000,000
2	Minnesota West Community and Technical College	Powerline technology training facility - Jackson	\$2,410,000	\$2,410,000
3	Minnesota West Community and Technical College	Geothermal HVAC system-Englund Hall - Canby	\$857,000	\$857,000
4	Dakota County Technical College	Transportation and emerging technologies renovation phase II	\$7,733,000	\$7,733,000
5	Saint Paul College	Health, Science Alliance Center addition	\$18,829,000	\$18,829,000
6	South Central College	STEM and Healthcare - North Mankato	\$8,600,000	\$8,600,000
7	Minnesota State Community and Technical College	Center for Student and Workforce Success	\$1,635,000	\$1,635,000
8	Minnesota State Community and Technical College	Library and Student Development Renovation - Wadena	\$738,000	\$738,000
9	Northland Community and Technical College	Laboratory Renovations	\$826,000	\$826,000
10	Bemidji State University	Academic learning center and campus renovation (Hagg-Sauer)	\$18,097,000	\$18,097,000
11	Rochester Community and Technical College	Memorial and Plaza Halls Demolition Design and Renovation	\$20,385,500	\$20,385,500
12	Hibbing Community College	Campus Rightsizing	\$9,958,000	\$9,958,000
13	Winona State University	Education Village Phase II Renovation	\$22,630,000	\$22,630,000
14	St. Cloud State University	Student Health & Academic renovation	\$18,572,000	\$18,572,000
15	MSU, Mankato	Clinical Sciences Phase 2	\$6,525,000	\$6,525,000
16	Anoka Ramsey Community College	Nursing & Active Learning Center Design and Humanities Renovation - Coon Rapids	\$4,965,000	\$4,965,000
17	Century College	Applied Technology Center	\$5,500,000	\$5,500,000
18	Hennepin Technical College	Advanced Manufacturing Integration and Revitalization, Ph 1, Brooklyn Park	\$8,231,000	\$8,231,000
19	Normandale Community College	Classroom and student services renovation	\$13,215,000	\$1,100,000
20	MSU Moorhead	Weld Hall renovation (Design)	\$775,000	\$775,000
21	Inver Hills Community College	Technology and Business Center	\$12,662,000	\$1,000,000
22	Riverland Community College	Transportation, Trade and Industrial Education Center	\$7,427,000	\$7,427,000
23	Twin Cities Metro Region	Twin Cities baccalaureate solution	\$10,000,000	\$10,000,000
PROGRAM TOTAL:			\$325,570,500	\$286,793,500

Board Approved 2014/2015
Projects

Date Presented to the Board: May 20, 2015

DEBT CAPACITY ANALYSIS

In modeling debt capacity, the system established an annual debt service target of no more than 3% of annual operating revenues. For analysis purposes, the base year operating revenue is derived from FY14 financial statements and represents unrestricted funding sources that may be eligible to pay debt service. Operating revenues for that purpose include tuition and fees, appropriations, and scholarship and grant revenues. The amount excludes restricted revenues, such as fees from the operations of revenue fund facilities.

One-Third Rule

Upon passage of a bonding bill, the state of Minnesota issues debt in the form of general obligation bonds for capital projects. Since the early 1990s, both public higher education systems in Minnesota have been obligated to pay the debt service on one-third (1/3) of the principal amount of general obligation bonds sold to finance capital projects authorized by a bonding bill. As of the 2014 financial statements, the current outstanding principal associated with system capital bonding projects is \$232 million and the total debt service payable in 2015 was \$31.7 million. Half of the debt would be passed on to the individual institutions receiving the project with the remaining half paid for by the system. HEAPR projects are not subject to the one-third debt service rule.

Student Cost

By itself, the student cost of capital bonding debt is very low, and softened by two factors: 1) that the state does not charge the system debt service for HEAPR, and 2) only one-third (1/3) of the debt service for capital projects is paid by the system, while the remaining two-thirds (2/3) is paid by the state.

The impact of capital bonding debt is further lessened by how the system allocates debt responsibility between the individual campus benefiting from the project and the system as a whole. In an analysis completed for the legislature in 2012 and updated for 2014 numbers, the system reported that institutional debt service averaged about \$3.34 per credit for FY14, and historically has ranged between \$1.50 and \$3.34 per credit. Notably, enrollment volatility has a major impact on the cost estimates per credit.

This calculation assumes that all debt service was being paid out of tuition. In reality, colleges and universities use a combination of tuition, state appropriation and other revenues to pay operating expenses, including debt service.

Forecasting Need

The system used the 2014 Capital Budget of \$176 million per biennium as a guide for future capital request modeling. The amount includes capital projects only and does not include HEAPR appropriations, where debt is not charged to the system. Three questions were analyzed:

1. *What is the impact on the system with a consistent, \$176 million capital project request every biennium?*
2. *How much more debt service could the system handle?*
3. *How much could revenue decline before reaching the 3% debt threshold?*

Analysis

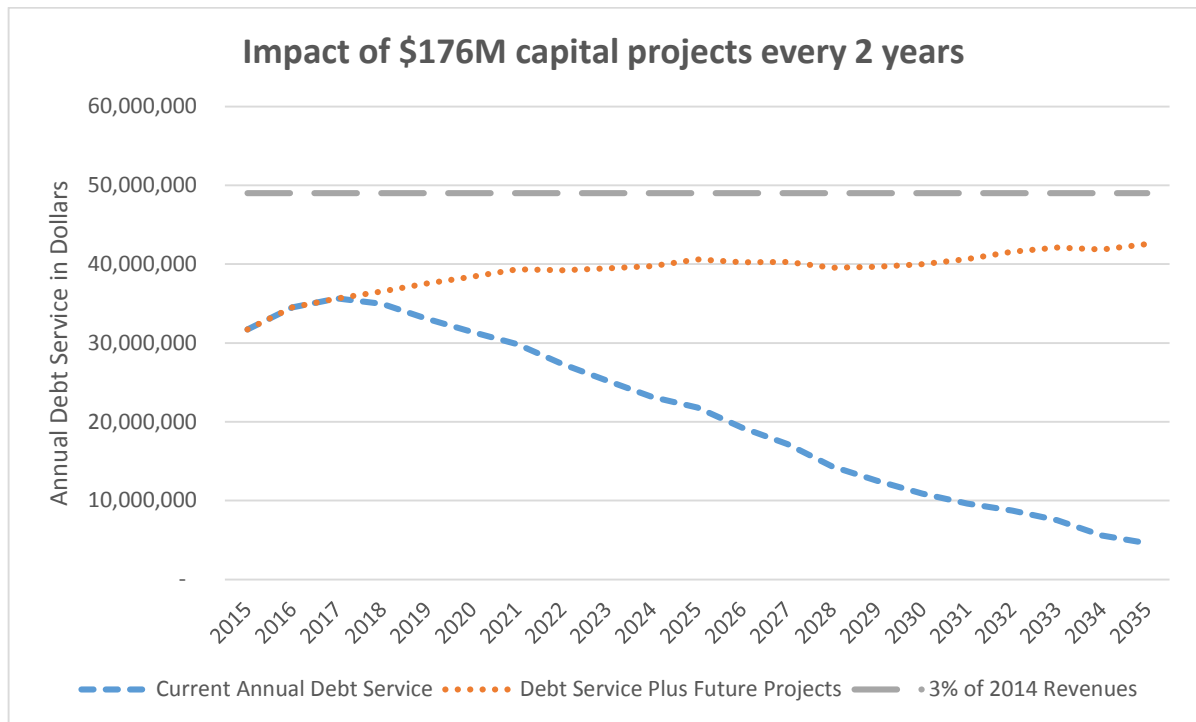
1. *What is the impact on the system with a consistent, \$176 million capital project request every biennium?*

The assumptions under this first scenario include:

- Current debt service
- Flat revenues into the future
- New debt service on \$176 million of new capital projects each biennium
- Excludes HEAPR
- Bond interest = 4% true interest cost

Result: Under the above assumptions, the system would be able to add \$176 million per biennium and comfortably remain under the 3% threshold for the next 20 years and likely longer. This scenario is graphically represented by the following chart:

Chart 1: 20 Year Debt Service Trend at \$176M of Capital Project Requests Each Biennium



2. How much debt service could the system handle?

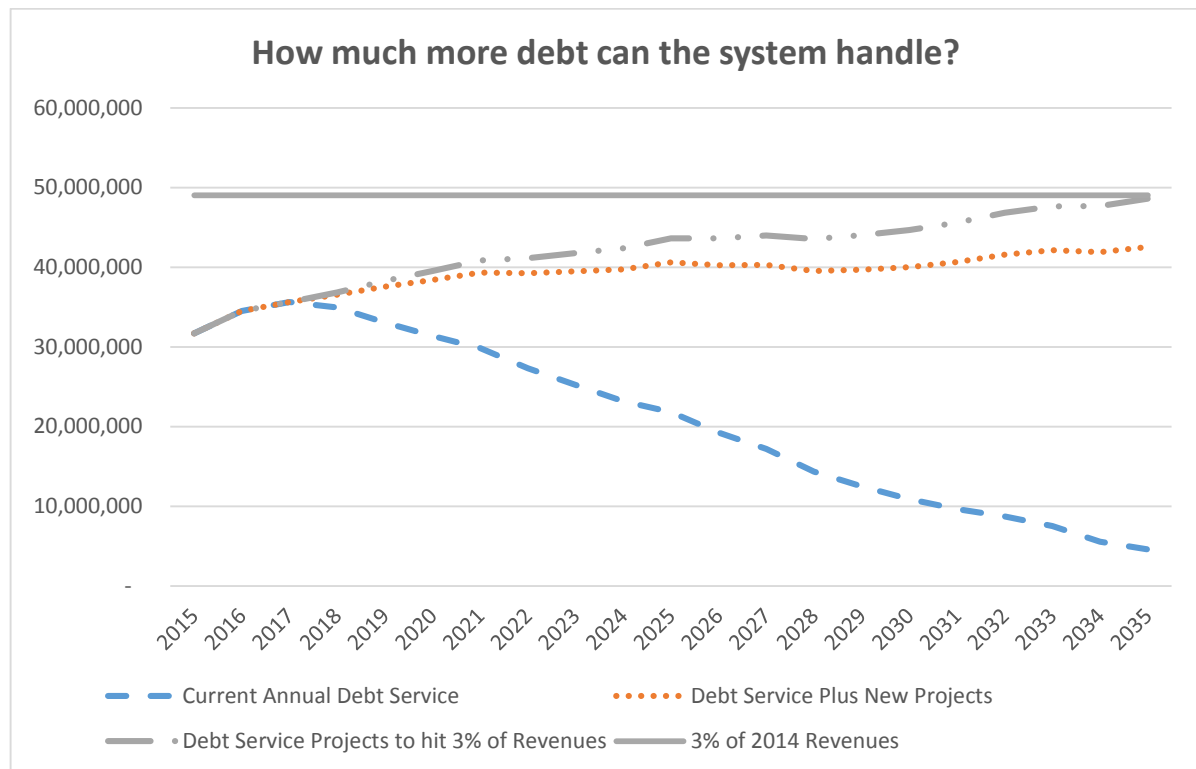
This scenario assumed the following factors:

- Current debt service
- Flat revenues into the future
- Excludes HEAPR
- Bond interest = 4% true interest cost

The approach to this question controls for interest rate shifts and holds revenue flat, and looks at what sort of additional capacity the system would have to pursue more capital projects above \$176 million per biennium.

The chart below includes the current debt service, projected flat revenues, the annual projected debt service based on capital projects of \$176 million per biennium and the projected debt service based on capital projects of \$205 million per biennium, which is down somewhat from projections of \$232 million for 2014.

Chart 2: 20 Year Debt Service Trend at \$176M and \$205M of Capital Project Requests Each Biennium



Based on the above, the system would generate at its peak approximately \$48-49 million worth of projected annual debt service that the system could support. This translates into an average

capital project request of approximately \$205 million per biennium for the next 20 years before reaching the 3% revenue threshold around 2035.

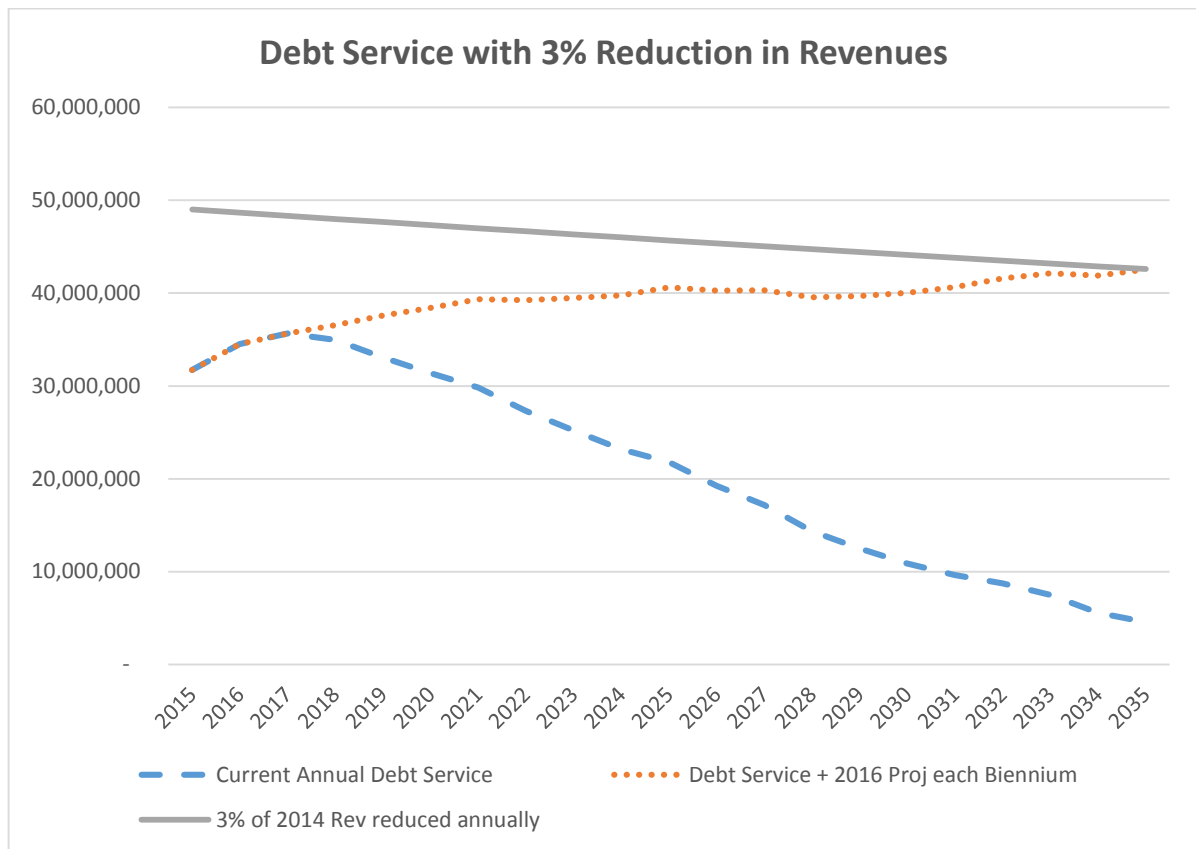
3. How much could revenue decline before reaching the debt threshold?

This scenario assumes:

- Current debt service
- Adding \$176 million per biennium
- Decreasing revenues
- Excludes HEAPR
- Bond interest = 4% true interest cost

The last scenario evaluates how much revenues would have to decline before reaching the 3% revenue threshold, assuming continued requests of \$176 million in capital projects per biennium. The chart below shows that revenues would have to decline an average of 3% annually before the threshold would be reached around 2035.

Chart 3: 20 Year Debt Service Trend at \$176M of Capital Project Requests Each Biennium and Declining Revenues



Summary

Date Presented to the Board: May 20, 2015

At present rates, the student burden attributable to capital project debt service is about \$3.46 per credit assuming all debt service is paid by tuition. At current revenue rates and modest increase in bond interest rates, the system can still regularly afford \$176 million worth of capital projects in biennial bonding bills without dramatically increasing that cost to students. However, enrollment declines make that proportion susceptible to variability. The system could afford as much as \$205 million worth of capital projects per biennium at present projections and remain under the 3% threshold until about 2035. By contrast, revenues could decline by an average of 3% annually for the next 20 years before the debt service would hit the 3% revenue threshold.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Finance and Facilities Committee

Date: May 20, 2015

Title: Proposed Amendment to Policy 7.7 Gifts and Grants Acceptance (First Reading)

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:

Staff reviewed Policy 7.7 and proposed revisions following completion of the Grant Management Internal Control and Compliance Audit by Office of Internal Auditing released on March 10, 2015.

The proposed board policy revision was circulated in accordance with procedures to all employee representative groups, student associations and campus leadership groups. The policy review was discussed with the Leadership Council. All comments received from the consultation were taken into consideration.

Scheduled Presenter(s):

Laura M. King, Vice Chancellor - CFO

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

BOARD ACTION

Proposed Amendment to Policy 7.7 – Gifts and Grants Acceptance
(First Reading)

BACKGROUND

Board Policy 7.7, Gift and Grants Acceptance, was adopted by the Board of Trustees and became effective on June 21, 2000. The policy was last reviewed on November 16, 2011 and revised for grammatical changes effective January 1, 2012. Policy 7.7 was recently again reviewed by Finance and Advancement staff and amendments proposed to the reporting and approval requirements for gifts and grants. The proposed changes add clarification and address some of the comments that were included in the recent Grant Management Internal Control and Compliance audit released on March 10, 2015.

PROPOSED AMENDMENTS

The proposed amendments to Policy 7.7 are reflected in the track-changes copy of the policy on the following page.

REVIEW PROCESS

The proposed board policy revision was circulated in accordance with procedures to all employee representative groups, student associations and campus leadership groups. The policy amendment was discussed with the Leadership Council. All comments received during the review process have been examined and incorporated where appropriate.

RECOMMENDED COMMITTEE MOTION

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

The Board of Trustees approves the changes to Policy 7.7 Gifts and Grants Acceptance.

RECOMMENDED BOARD MOTION

The Board of Trustees approves the changes to Policy 7.7 Gifts and Grants Acceptance.

Date Presented to the Board of Trustees: 05/20/2015

Date of Implementation 06/17/2015

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

BOARD POLICY		7.7
Chapter	7.	GIFTS AND GRANTS ACCEPTANCE
Section	7.	General Finance Provisions

7.7. Gift and Grants Acceptance

1 **Part 1. Authority.** Pursuant to Minnesota Statutes §136F.80, the Board of Trustees has
 2 the authority to ~~may~~ apply for, receive and accept on behalf of the state and for the benefit
 3 of any state colleges or university ies any federal, state and/or private gifts or grants, gift,
 4 bequest, devise or endowment that any person, firm, corporation, foundation, or
 5 association may make to the system office or a college or university or any federal, state,
 6 or private money made available for the purpose of providing student financial aid at the
 7 colleges and universities. Each gift or grant must be consistent with the college, university
 8 or system mission.
 9

10 **Part 2. Responsibility.** Each college and university president is authorized on behalf of
 11 the Board of Trustees~~board~~ to accept gifts and grants made to the institution, other than
 12 gifts or grants of real property. All private gifts and grants over \$~~50~~100,000 shall be
 13 reported to the Board of Trustees~~chancellor~~ at the time of as detailed in Part 4 of this
 14 policy. In accordance with policy 5.14 Contracts and Procurements all private grants
 15 exceeding \$3,000,000 must be approved by the board.
 16

17 Also in accordance with policy 5.14 Contracts and Procurements, any grant agreements
 18 that do not adhere to system approved contract templates must be approved in advance
 19 by the office of general counsel or attorney general's office.

20 The chancellor is authorized on behalf of the Board of Trustees~~board~~ to accept gifts and
 21 grants made to the system office, ~~other than gifts or grants of real property.~~

22 All gifts and grants of real property shall be approved by the chancellor and are subject to
 23 Policy 6.7.~~formally accepted by the Board of Trustees and shall be subject to appropriate~~
 24 ~~due diligence and conformance with the campus facilities master plan.~~

25 All gifts and grants must be recorded in the Minnesota State Colleges and Universities
 26 financial system.

27 ~~System procedures will include criteria for the acceptance of gifts and grants.~~

29 **Part 3. Transfer of Gift.** A college or university that receives a gift or bequest as
30 provided in Minnesota Statutes §136F.80 and §136F.81 that is intended for the purposes
31 performed by a foundation approved under Minnesota Statutes §136F.46 may transfer the
32 money to its foundation, provided the money is used only for public purposes.
33

34 **Part 4. Accountability/Reporting.** No proposal shall be submitted to any funding
35 authority without the signature of the president (for institutional grants) or the chancellor
36 (for system office grants), or a person designated by the president or chancellor.

37 The ~~Chancellor~~chancellor or designee will be periodically updated on the nature and the
38 amount of all private gifts and grants with a value in excess of ~~\$50~~100,000 accepted by
39 the colleges, the universities, and the system. The colleges and universities shall maintain
40 a list of all private gifts and grants for incorporation into a comprehensive annual report
41 to the ~~Chancellor~~chancellor.

42
43 Date of Implementation: 06/21/00

44 Date of Adoption: 06/21/00

45 Date & Subject of Revisions:

46 06/xx/15 – Amended Part 2, requiring that private gifts and grants greater than \$100,000
47 will be reported to the chancellor. Also added statements clarifying that approvals
48 required by policy 5.14 Contracts and Procurement also applied to grant agreements.

49 11/16/11 - Effective 1/1/12, the Board of Trustees amends all board policies to change
50 the term "Office of the Chancellor" to "system office," and to make necessary related
51 grammatical changes.

52 03/17/10 - Amended Part 4, raising the value of reportable gifts is from \$5,000 to
53 \$50,000.

54 06/21/06 - Amended Part 2 requiring gifts and grants of real property to be subject to
55 due diligence and conformance with campus facilities master plan. And other technical
56 changes.