



MINNESOTA STATE

Board of Trustees

30 East 7th Street
St. Paul, MN 55101

651-201-1705

Board of Trustees Meetings January 24-25, 2017



Minnesota State is an affirmative action, equal opportunity employer and educator.



Board of Trustees Meeting Schedule
Tuesday and Wednesday, January 24-25, 2017
Minnesota State
30 7th Street East, St. Paul, Minnesota

Unless noticed otherwise, all meetings are in the McCormick Room on the fourth floor. Committee and board meeting times are tentative. Meetings may begin up to 45 minutes earlier than the times listed if a committee meeting concludes its business before the end of its allotted time slot. In addition to the board or committee members attending in person, some members may participate by telephone.

Tuesday, January 24, 2017

- 10:00 AM Joint Meeting with Leadership Council
Michael Vekich, Chair and Steven Rosenstone, Chancellor
- Innovations that will draw students as well as business and industry partners to our colleges and universities
- 12:00 PM Luncheon, Rooms 3304/3306
- 1:00 PM Study Session: Board of Trustees, Michael Vekich, Chair
1. Initial Implementation of the Strategy Roadmap for Long Term Financial Sustainability
 2. Charting the Future Update
- 2:00 PM Diversity, Equity and Inclusion Committee, Ann Anaya, Chair
1. **Minutes of November 16, 2016**
 2. Supporting Safe and Inclusive Campus Climates
- 2:45 PM Joint Meeting of Academic and Student Affairs and Finance and Facilities Committees,
Alex Cirillo and Jay Cowles, Co-chairs
1. **Minutes of Academic and Student Affairs Committee Meeting of November 16, 2016**
 2. Accreditation Basics
- 3:30 PM Finance and Facilities Committee, Jay Cowles, Chair
1. **Minutes of November 15, 2016**
 2. Proposed Amendment to Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration (First Reading)

3. **Proposed Amendment to Policy 5.22 Acceptable Use of Computers and Information Technology Resources
(Second Reading)**
4. **Proposed New Policy 6.9 Capital Planning
(Second Reading)**
5. **Proposed New Policy 6.10 Design and Construction
(Second Reading)**
6. **Approval of Contracts Exceeding \$1 Million**
 - a) **Classroom Event Management Software Contract Extension**
 - b) **Library Information Software and Services (PALS)**
 - c) **Systemwide Web Conferencing Services**
 - d) **Student Health Services, Minneapolis Community and Technical College**
 - e) **Student Success Software and Services, St Cloud State University**
7. **Authorization to Negotiate Third Party Housing Agreement at Minnesota West Community and Technical College and Award of Housing Development Grant**
8. **FY2017 Revenue Fund Bond Sale
(Second Reading)**

4:30PM Meeting ends

5:00 PM Dinner (social event, not a meeting)

Wednesday, January 25, 2017

8:30 AM Audit Committee, Bob Hoffman, Chair
1. Minutes of November 15, 2016
2. Fiscal Year 2017 Audit Plan Update

9:00 AM Board of Trustees Meeting

10:30 AM Meeting ends



Policy Committees
January 6, 2017

Executive Committee

Michael Vekich, Chair
Jay Cowles, Treasurer
Elise Bourdeau
Alexander Cirillo
Dawn Erlandson
Robert Hoffman

Academic and Student Affairs Committee

Alexander Cirillo, Chair
Louise Sundin, Vice Chair
Dawn Erlandson
Amanda Fredlund
Jerry Janezich
Roger Moe
Cheryl Tefer

Audit Committee

Robert Hoffman, Chair
Ann Anaya, Vice Chair
Jay Cowles
Amanda Fredlund

Diversity, Equity and Inclusion Committee

Ann Anaya, Chair
Rudy Rodriguez, Vice Chair
Basil Ajuo
Louise Sundin
Cheryl Tefer

Finance and Facilities Committee

Jay Cowles, Chair
Elise Bourdeau, Vice Chair
Basil Ajuo
Ann Anaya
Robert Hoffman
Jerry Janezich
Roger Moe

Human Resources Committee

Dawn Erlandson, Chair
Elise Bourdeau
Alexander Cirillo
Robert Hoffman
Rudy Rodriguez



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

INFORMATION

Approved FY2017 AND 2018 Meeting Calendar

BACKGROUND

The Board of Trustees approved the FY2017 and 2018 Meeting Calendar on June 22, 2016. Dates for the Executive Committee meetings in FY18 will be added later. The calendar is subject to change with the approval of the board chair.

Approved FY2017 Meeting Dates

Meeting	Date	If agendas require less time, these dates will be cancelled.
Added: Special Audit Committee and Board Meeting	July 8, 2016	
Added: Executive Committee	July 14, 2016	
Added: Executive Committee	August 11, 2016	
Cancelled: Executive Committee	September 7, 2016	
Board Retreat and Meeting	September 20-21, 2016	
Cancelled: Executive Committee	October 5, 2016	
Committee / Board Meetings	October 18-19, 2016	October 18, 2016
Cancelled: Executive Committee	November 2, 2016	
Committee / Board Meetings	November 15-16, 2016	November 15, 2016
Added: Executive Committee	December 2, 2016	
Cancelled: Executive Committee	January 11, 2017	
Committee / Board Meetings	January 24-25, 2017	January 24, 2017
Executive Committee	March 8, 2017	
Committee / Board Meetings	March 21-22, 2017	March 21, 2017
Executive Committee	April 5, 2017	
Committee / Board Meetings Awards for Excellence in Teaching	April 18-19, 2017	
Executive Committee	May 3, 2017	
Committee / Board Meetings	May 16-17, 2017	May 16, 2017
Executive Committee	June 7, 2017	
Committee / Annual Board Meetings	June 20-21, 2017	June 20, 2017

Approved FY2018 Meeting Dates

Meeting	Date	If agendas require less time, these dates will be cancelled.
Orientation and Board Retreat	September 19-20, 2017	
Executive Committee	October 4, 2017	
Committee / Board Meetings	October 17-18, 2017	October 17, 2017
Executive Committee	November 1, 2017	
Committee / Board Meetings	November 14-15, 2017	November 14, 2017
Executive Committee	January 10, 2018	
Committee / Board Meetings	January 23-24, 2018	January 23, 2018
Executive Committee	March 7, 2018	
Committee / Board Meetings	March 20-21, 2018	March 20, 2018
Executive Committee	April 4, 2018	

Committee / Board Meetings Awards for Excellence in Teaching	April 17-18, 2018	
Executive Committee	May 2, 2018	
Committee / Board Meetings	May 15-16, 2018	May 15, 2018
Executive Committee	June 6, 2018	
Committee / Annual Board Meetings	June 19-20, 2018	June 19, 2018

National Higher Education Conferences for Trustees

Association of Community College Trustees

Leadership Congress:

- Oct. 5-9, 2016, New Orleans, LA
- Sept. 10-13, 2017, Leadership Congress, Las Vegas, NV
- Oct. 24-27, 2018, Leadership Congress, New York, NY
- Oct. 16-19, 2019, Leadership Congress, San Francisco, CA

National Legislative Summit:

- Feb. 6-9, 2017, Washington, D.C.
- Feb. 11-14, 2018, Washington, D.C.
- Feb. 10-13, 2019, Washington, D.C.

Association of Governing Boards of Universities and Colleges

National Conference on Trusteeship:

- April 2-4, 2017, Dallas, TX
- April 22-24, 2018, San Francisco, CA
- April 14-16, 2019, Orlando, FL



MINNESOTA STATE

Board of Trustees

30 East 7th Street
St. Paul, MN 55101

651-201-1705

Joint Meeting
Board of Trustees and Leadership Council
January 24, 2017
10:00 AM

Note: Committee and board meeting times are tentative. Meetings may begin up to 45 minutes earlier than the times listed if a committee meeting concludes its business before the end of its allotted time slot. In addition to the board or committee members attending in person, some members may participate by telephone.

Tuesday, January 24, 2017

10:00 AM Joint Meeting with Leadership Council

Michael Vekich, Chair and Steven Rosenstone, Chancellor

- Innovations that will draw students as well as business and industry partners to our colleges and universities



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MINNESOTA STATE

STUDY SESSION: BOARD OF TRUSTEES

JANUARY 24, 2017

1:00 P.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. Initial Implementation of the Strategy Roadmap for Long Term Financial Sustainability (pp. 1-6)
2. Charting the Future Update (pp. 7-30)



MINNESOTA STATE COLLEGES AND UNIVERSITIES
Agenda Item Summary Sheet

Name: Joint Meeting: Board of Trustees and
Leadership Council

Date: January 24, 2017

Title: Initial Implementation of the Strategy Roadmap for Long Term Financial Sustainability

Purpose (check one):

Proposed
New Policy or
Amendment to
Existing Policy

Approvals
 Required by
Policy

Other
Approvals

Monitoring /
Compliance

Information

Brief Description:

Chancellor Rosenstone will summarize the initial steps that are being taken to implement the Strategy Roadmap for Long Term Financial Sustainability for Minnesota State colleges and universities.

Scheduled Presenter(s):

Steven Rosenstone, chancellor



January 17, 2017

Memo: Trustees

From: Steven Rosenstone, Chancellor

Re: Implementation of the Strategy Roadmap for Long Term Financial Sustainability

At the board's November meeting, we discussed the "Strategy Roadmap for Long Term Financial Sustainability for Minnesota State Colleges and Universities" that I had prepared (http://www.finance.mnscu.edu/about/reports-presentations/ltfs_roadmap_with_memo.pdf). The board was clear about the urgent need to move this work forward and the chair asked that I report back in January on the initial implementation steps.

Recall that the "Strategy Roadmap" reflects the best thinking that has surfaced from over a year of discussions, analyses, and consultations. The "Strategy Roadmap" not only drew upon the June 2016 recommendations of the Workgroup on Long Term Financial Sustainability, but upon the additional ideas that surfaced from four months of consultation with the board, the presidents, my cabinet, each faculty and staff bargaining unit, the two student associations, as well as input from over 700 letters and emails from students, faculty, and staff from across the state.

The roadmap I shared with the board included (1) strategies to grow our resources; (2) strategies to further reduce costs; and (3) the steps the State of Minnesota should take to restore its investment in higher education, and in particular, its investment in our colleges and universities. Much of the work ahead must occur at the campus level; some needs to be led at the system level.

Enclosed is the initial implementation plan (developed after consultation with the presidents, cabinet, and campus chief financial officers) that will be executed between January and July 2017. Note that many elements of the implementation plan have been underway these past two years as part of the work plan to implement Charting the Future. There are additional initiatives (both at the campus and system levels) that we will be initiating as well. I anticipate that the chancellor-designate will work with the board and Leadership Council to develop the steps that will be pursued in FY2018 and beyond.

Enclosure

Initial Implementation of the Strategy Roadmap for Long Term Financial Sustainability for Minnesota State Colleges and Universities January 2017

Element #1: Innovations that will draw students as well as business and industry partners to our colleges and universities

- a. Create new, innovative partnerships with business and industry
- b. Develop innovative academic programs, pedagogy, research, and academic plans to meet community and state-wide workforce needs
- c. Redesign customized training and continuing education to better serve business and industry as well as life-long learners
- d. Create competency-based credentials and degree pathways as well as award credit for prior learning
- e. Redesign online education to create a more effective, higher quality, more efficient, and more competitive systemwide strategy
- f. Deploy innovative recruitment and marketing strategies to grow enrolments in our colleges and universities

The board’s January 24 joint meeting with the Leadership Council will be devoted to discussing these strategies.

Element #2: Revenue strategies underway

Increase student persistence and completion	Work currently underway
a. Improve the effectiveness of developmental education and the pace by which students achieve college readiness	Ongoing campus work
b. Improve the efficacy of efforts to retain students	Ongoing campus work
c. Implement campus strategic diversity plans	Charting the Future
d. Provide financial incentives to students to improve persistence and completion, improve affordability, and reduce economic and racial disparities	Legislative request
e. Form wrap-around service partnerships to meet the housing, transportation, day care, food and other social service needs of student	Ongoing campus work
f. Increase private fundraising for need-based scholarships	Scholarship campaign

Increase associate degree to baccalaureate program transfer	
a. Provide seamless transfer pathways from associate degrees to baccalaureate programs	Charting the Future
b. Create technology tools that make navigation across the system easier for students	ISRS next gen
c. Further increase the availability of baccalaureate courses and degree programs	Metro baccalaureate
d. Provide guaranteed admission to any state university for any student who has complete his or her associate of arts degree at a Minnesota State college with at least a 2.0 GPA	University presidents
Increase undergraduate and graduate enrollments	
a. Develop and implement collaborative marketing strategies	Branding
b. Partner with business and industry to recruit high school graduates to our state colleges and universities and provide scholarships and internships	Ongoing campus work
c. Raise additional private funds to support more need-based scholarships for students	Scholarship campaign
d. Increase undergraduate and graduate course offerings and programs in high demand fields	Ongoing campus work
e. Create competency-based credentials and degree pathways	Charting the Future
f. Create a systemwide online strategy	Charting the Future
Increase customized training and continuing education enrollments	
	Charting the Future
Increase private giving	
	Scholarship campaign

Element #3: Cost savings strategies underway

1. Improve curricular efficiency		Work currently underway
a. Streamline degree pathways		Charting the Future
b. Create regional academic plans		Charting the Future
2. Reduce facilities costs		
a. Temper the appetite for new buildings and focus on deferred maintenance		New allocation framework 2018 capital project guidelines
3. Reduce administrative costs		
a. Create regional and statewide call and processing centers		Charting the Future

Element #4: State of Minnesota responsibilities that will be brought into the 2017 legislative session

- a. Restore state investment in Minnesota State colleges and universities to the national average, at least
- b. Fully fund the recurring cost of compensation increases negotiated by the state
- c. Provide the HEAPR resources needed to maintain our college and university academic facilities
- d. Provide the funds and leadership needed to decommission and demolish facilities that are obsoleted, that are no longer needed to meet academic program needs, that cannot effectively be repurposed, and that community organizations do not want to use
- e. Fully fund the direct costs of PSEO
- f. Partner with Minnesota State colleges and universities to identify additional sources of public revenue beyond the general revenue fund (e.g., dedicated lottery funds; local sales or property tax options; other dedicated state or local revenue streams) that could support our colleges and universities across the state

Element #5: Additional campus-level steps that colleges and universities will take

Every president has added to his/her FY2017 work plan at least three campus-level steps from the “Strategy Roadmap” that will significantly raise revenue and/or reduce costs.

The most widely implemented campus-based revenue strategies are:

- Increase student persistence and completion (25)
- Increase student recruitment, enrollment and new academic programs (17)
- Improve transfer pathways from associate to baccalaureate degrees (14)
- Increase customized training and continuing education revenue (11)
- Improve K-12 partnerships and increase the matriculation of PSEO and concurrent enrollment students (8)
- Increase private giving (8)

The most widely implemented campus-based cost-savings strategies are:

- Improve the efficiency by which we manage the curriculum and academic programs (20)
- Reduce facilities costs and reduce energy (11)
- Reduce administrative and personnel costs (10)

Element #6: Additional systemwide steps that the system office will lead

- a. Conduct cross-campus analysis of campus-based persistence and completion practices to identify the most efficacious practices
- b. Conduct an intensive workshop for campus personnel responsible for curriculum management to share best practices for course scheduling and curricular management to improve curricular efficiency

- c. Conduct an intensive workshop for college foundations, presidents, and foundation personnel on the development of major gifts
- d. Continue to advance our collaborative marketing efforts to increase enrollments in our colleges and universities of Minnesota and out-of-state students

**Element #7: Additional steps that could be taken through collective bargaining
(pending discussion with the board on labor negotiations strategy)**

- a. Hold compensation increases to the increases in new recurring revenue
- b. Continue to develop a framework to more effectively and efficiently enable faculty and staff to serve students at multiple colleges and universities within our system

**MINNESOTA STATE
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Ron Anderson

Date: January 24, 2017

Title: Study Session: Charting the Future Update

Purpose (check one):

- | | | |
|---|---|---|
| <input 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 checked="" type="checkbox"/> Information | |

Brief Description:

The study session is intended to provide the board with an update on the Charting the Future FY2017 work plan, progress on initiatives, and next steps for FY2018.

Scheduled Presenter(s):

Ron Anderson, Vice Chancellor for Academic and Student Affairs
Barbara McDonald, President, North Hennepin Community College
Scott Olson, President, Winona State University
Ben Weng, Faculty, Metropolitan State University
Bill Heider, Faculty, Hibbing Community College
Linette Manier, Faculty, Normandale Community College
Peg Ballard, Faculty, Minnesota State University, Mankato

**BOARD OF TRUSTEES
MINNESOTA STATE**

INFORMATION ITEM

STUDY SESSION: CHARTING THE FUTURE

BACKGROUND

The study session is intended to provide the Board with an update on the Charting the Future FY2017 work plan, progress on initiatives, and next steps for FY2018.



January 24, 2017

Charting the Future

Semi-annual Report

Minnesota State

Charting the Future January Report

Executive Summary

In keeping with the core commitment of Charting the Future, to provide opportunities for all Minnesotans to create a better future for themselves, for their families, and for their communities, Minnesota State colleges and universities have continued implementing the work initially identified in the fiscal year 2016 work plan and more recently presented in the fiscal year 2017 work plan. The January 2017 semi-annual report provides all stakeholders with the opportunity to monitor the progress being made across all CTF initiatives. The report builds on the progress made in fiscal year 2016, and identifies activities and milestones for the coming year.

In summer 2016, Leadership Council began drafting the fiscal year 2017 work plan by identifying work that had been completed in fiscal year 2016, work that had already been operationalized into existing activities, as well as lessons learned in the area of communication. After consultation with stakeholder groups, including campus conversations conducted at all campuses, the fiscal year 2017 work plan was approved by Leadership Council in October, 2016.

The fiscal year 2017 plan identified work that would need to continue beyond fiscal year 2016 to reach the goals set forth by Charting the Future. Several initiatives were combined and others removed from the plan because the work had been completed or operationalized within existing activities that were put in place to support the work. An updated communication plan was included to support the important two-way communication needed to inform as well as elicit feedback on progress and planning.

Over the past six month, the focus has been on a continuation of implementation to reach the goals and milestones set in the work plan for all fifteen initiatives. **As of December, 2016, 13 of 15 initiatives have reached the midpoint of completion of fiscal year 2017 activities and milestones.** All 4 initiatives led by campuses have completed at least 50% or more of fiscal year 2017 tasks, on average. In addition, vice chancellors indicated that 92% of initiatives they lead or support are at project mid-point or beyond, completing at least fifty percent or more of all activities and milestones outlined for fiscal year 2017.

In preparation for the transition from the Charting the Future work plan to imbedding the initiatives within existing structures, it will be important for Leadership Council to consider the following:

- Examine internal structures to support the continuation of the work beyond the Charting the Future work plan

- Maintain the inclusion of all voices in the planning and implementation of system wide work.
- Reflect on progress made and the impact of Charting the Future

Charting the Future began as a strategic effort to think differently about the way we work together to ensure access to an affordable and extraordinary education for all Minnesotans. Minnesota State colleges and universities are in a strong position moving into FY18 because of the completion of the work and realization of the goals identified through Charting the Future.

Overview of fiscal year 2017 Activities July-November, 2016

Activity	Date
Leadership Council CTF workgroup development of fiscal year 2017 CTF work plan	July 13, 2016
Leadership Council reviewed draft fiscal year 2017 CTF work plan	August 2, 2016
Leadership Council discuss Comprehensive Workplace Solutions (CWS)	August 2, 2016
Campus conversations on the draft fiscal year 2017 CTF work plan	August 8, 2016 – October 1, 2016
Leadership Council discussion on online education strategy	September 12, 2016
Leadership Council adoption of CWS enterprise model and implementation strategy	September 12, 2016
Campus conversations on CTF workgroup recommendations	September 16 – October 14, 2016
CTF Coordinating Committee Meeting – review draft fiscal year 2017 CTF work plan	September 30, 2016
Leadership Council adopts fiscal year 2017 CTF work plan	October 10, 2016
Campus conversations on online education strategy begin	November 1, 2016
CTF Coordinating Committee Meeting – initiative updates and evaluation discussion	November 9, 2016

Chart 1: Initiative progress as reported by colleges and universities in their semi-annual reports.

#	Initiative	FY 2016 Goals	FY 2017 Goals
1.1.1	Improve curriculum alignment	●	◐
1.2.2	Ensure technology infrastructure supports access to and use of technology	●	◐
1.3.1	Implement diversity plans	●	◐
3.1.1	Ensure affordability for all students	●	◐

Key; ◐=initial progress; ◑=mid-point; ◒=near completion; ●=Fiscal year tasks completed

Chart 2: Initiative progress across all initiatives as reported by colleges, universities, leadership council, and vice chancellors in their biannual reports.

#	Initiative	FY 2016 Goals	FY 2017 Goals
1.1.1	Improve curriculum alignment	●	◐
1.1.2	Strengthen academic advising	●	◐
1.1.5	Identify partnership opportunities for technology tools to support retention and completion	●	◐
1.1.6	Deploy online resources for prospective and current students, including transfer information for use in planning, registration, and advising	●	◐
1.2.1	Develop a strategy for quality online education	◐	◐
1.2.2	Ensure technology infrastructure supports access to and use of technology	●	◐
1.3.1	Implement diversity plans	●	◐
1.3.2	Diversity mapping and assessment of diversity and equity	●	◐
2.1.1	Confirm and endorse the value proposition for our colleges and universities to provide comprehensive workplace solutions for employers	◐	◐
2.2.2	Advance strategies and capacity for competency certification and credit for prior learning at all colleges and universities	●	◐
3.1.1	Ensure affordability for all students	●	◐
3.2.1	Redesign the current (internal) financial model to incent and reward collaboration, Strategic Framework commitments, and Charting the Future recommendations	●	◐
3.2.2	Develop and implement new system wide human resources transactional service delivery model	●	◐
3.2.3	Align student and employee identification practices to increase access and communication for students, faculty, and staff across Minnesota State	●	◐
3.2.4	Replace or re-engineer ISRS (Integrated Statewide Record System)	●	◐

Key; ◐=initial progress; ◑=mid-point; ◒=near completion; ●=Fiscal year tasks completed

Initiative Updates

Initiatives are sorted by functional areas. What follows are key activities and milestones accomplished during the first half of the year (July 2016-November 2016) and key activities and milestones planned for the second half of the year (January 2017-May 2017). Additional detail and college/university and division quarterly reports can be found in Appendix A.

Academic and Student Affairs

1.1.1 – Improve curriculum alignment

The initiative is made up of three components:

- Transfer pathways:
In fiscal year 2016, four transfer pathways (Biology, Business, Psychology, and Theater) were finalized. Finalized pathways have been sent to colleges and universities to prepare for implementation, including campus program/course modification, catalog updates, advisory training and development of promotional materials. An additional 14 pathways are currently being created by Transfer Pathway Teams, which kicked off in late August. An additional 12 pathways will be created in spring 2017.
- Academic planning and collaboration (APC):
The APC workgroup submitted three recommendations to Leadership Council in spring 2016. Leadership Council has been charged with the review of those recommendations in order to determine next steps during fall 2016. In early fall 2016, colleges and universities were asked to review and comment on the recommendations submitted to help inform Leadership Council's discussion. Leadership Council will be reviewing and determining next steps for the recommendations in December 2016.
- Resources to support collaboration and transfer:
The goal for this work is to create a centrally maintained student-focused system (through mnsu.edu) to allow potential and current students to consume consistent and accurate information about transfer within the Minnesota State system. This is a part of a larger initiative, outlined in 1.1.6.

1.1.2 – Strengthen academic advising

During spring 2016, the Academic Advising workgroup submitted three recommendations to Leadership Council. Leadership Council has been charged with the review of those recommendations in order to determine next steps during Fall 2016. In early fall 2016, colleges and universities were asked to review and comment on the recommendations

submitted to help inform Leadership Council's discussion. Leadership Council will be reviewing and determining next steps for the recommendations in January 2017.

1.1.5 – Identify partnership opportunities for technology tools to support retention and completion

In spring 2016, two recommendations were provided to Leadership Council to support this initiative. In early fall, colleges and universities were asked to review and provide comment in order to inform the Leadership Council's discussion on the recommendations. The recommendations have begun to move forward in two ways:

- Constituent Relationship Management solution:
A request for proposal (RFP) team, made up of students, faculty and staff has been formed. The group has defined requirements, completed a business case for ITS, and completed a draft RFP to be posted. In the next half of the year, responses to the RFP will be scored, presentations completed, and a CRM vendor selected.
- U.Achieve Self-Service:
Knowing that it is unlikely for a CRM tool to satisfy all the requirements identified in the original initiative, system IT staff and DARs staff are working together to enable the "self-service" function of u.achieve, as a step towards fulfilling some of the requirements identified in the initiative.

1.1.6 – Deploy online resources for prospective and current students, including transfer information for use in planning, registration and advising

The goal for this initiative is to reinvent and revitalize the user experience, content, and web-based functionality of the Minnesota State web site to provide a Minnesota State brand and student-focused web experience that assists the student throughout the student life-cycle.

During the summer and early Fall, a business case was recreated for the redesign with the inclusion of Transfer, CAREERwise, and GPS content. A User group, made up of college, university, and Minnesota State staff was formed to begin to identify the scope of the project. In the latter half of the year, the user group will continue to define and implement a solution to build a student-centric site.

1.2.1 – Develop a strategy for quality online education

This initiative had a slow start in fiscal year 2016, but is moving ahead so far this fiscal year. After reviewing Minnesota State online education data and online strategies from other systems, ASA staff initiated conversations with Leadership Council, CAO/deans, Academic Planning and Collaboration work group, Academic Affairs Council, and ASA Technology Council.

From that work, four categories were identified (access, quality, affordability, collaboration) and a campus conversation guide was drafted, shared with councils for feedback, and sent to campus contacts identified by presidents.

In spring 2017, the feedback received from the conversation guide will be analyzed and provided to a workgroup, made up of students, faculty, and staff, to review and develop recommendations, in consultation with additional stakeholder groups, for an online strategy to present to Leadership Council for review and approval.

1.2.2 – Ensure technology infrastructure supports access to and use of technology

In fiscal year 2016 Academic and Student Affairs coordinated with all Minnesota State colleges and universities to distribute the ECAR survey. In addition, Information Technology Services has been coordinating with college and university CIOs to facilitate the ECAR Core Data Service Survey, being taken by colleges and universities this fall and spring.

Colleges and universities received their results from the student ECAR survey this summer and have been analyzing that data to determine next steps. Many campuses identified wireless access as a key finding in the survey results. In response, campuses are evaluating, adding, and upgrading existing infrastructure that supports wireless access.

2.1.1 – Confirm and endorse the value proposition for our colleges and universities to provide comprehensive workplace solutions for employers

Presidents Dastmozd, Davenport, Maki, Parker, and Urban are leading this initiative with the support of Senior Project Lead Trent Janezich. During the summer, the Presidents met with Leadership Council to develop an enterprise model of comprehensive workplace solutions, including a plan for implementation to launch in late fall. The model adopted, positions Comprehensive Workplace Solutions (CWS) in a way that will redesign the way our system delivers customized training and continuing education, to be more efficient and to eliminate competition across our campuses while generating revenue growth to be less dependent upon system appropriation. This initiative will also design a system of workforce grant services and innovation solutions that will allow our outreach professionals to take their interactions with business and industry to the next level, on behalf of our colleges and universities, while also driving financial sustainability.

Four task forces (Business and Industry Solutions, Continuing Education Solutions, Innovation and Emerging Solutions, and Workforce Grant Solutions) have been formed and launched on Nov. 9, 2016. These groups, are charged with the development of structures and plans to support the phased implementation of the Enterprise Model. Plans will be presented to Leadership Council in May for consideration, with implementation beginning in July 2017.

2.2.2 – Advance strategies and capacity for competency certification and credit for prior learning at all colleges and universities

President Parker, South Central College and President Arthur, Metropolitan State University continue to lead this initiative, with support from the CPL Liaison team. At the end of fiscal year 2016, the round one pilot group of colleges and universities had just begun their work to advance strategies and capacity for competency certification and credit for prior learning. They continue to work on the development of a CPL toolkit, business practices, policies and procedures, and a network for professional development opportunities. The call for the round two pilot was distributed to colleges and universities in mid-November. It is expected for that pilot to launch in January of 2017. The final round three pilot call will go out in late spring 2017 and is expected to launch in September of 2017.

Diversity and Equity

1.3.1 – Implement diversity plans

The initiative is made up of three components:

- Implement campus diversity plans, integrated into each college/university overall student success plan:

At the end of fiscal year 2016, campuses submitted their campus diversity plans to Chancellor Rosenstone for review and comment. Since that time campuses have identified campus Diversity/Inclusion Committees or Taskforces. All campus Chief Diversity Officers have received training on how to define, implement, and empower these groups to act as a working group in the implementation of the diversity plan strategies.

The Office of Equity and Inclusion created and disseminated campus-specific “Educational disparities data briefs”. The briefs provide institutions with literature, data, and recommendations for addressing education disparities; a key component of all campus diversity plans. A tool to track system-wide equity and diversity goals was developed in fall 2016 and is under review by campus Chief Diversity Officers.

Campuses have been organizing to determine the best way to approach the implementation of diversity plans. Some examples of strategies include:

- Anoka Ramsey Community College has formed task forces, made up of members of their Diversity Council, charged with ensuring that each goal in the plan is completed.
- Dakota County Technical College has formed learning circles to follow through on their plan’s objectives.



- Improve the recruitment and retention of diverse faculty and staff: See Human Resources section
- Provide professional development to increase faculty and staff intercultural and global competency:
During spring 2016, three recommendations were submitted to Leadership Council to advance this initiative. Leadership Council has been charged with the review of those recommendations in order to determine next steps during Fall 2016. In early fall 2016, colleges and universities were asked to review and comment on the recommendations submitted to help inform Leadership Council's discussion. Leadership Council will be reviewing and determining next steps for the recommendations in January 2017.

1.3.2 – Diversity mapping and assessment of diversity and equity

In fiscal year 2016 a handful of campuses elected to participate in diversity mapping, a process of self-inquiry, identifying where a campus is with regard to establishing a deeply embedded campus structure for diversity in terms of values, principles, objectives, goals, outcomes and resource allocation. During fall, 2016, the office of Equity and Diversity conducted an overview of the work these campuses did and will present their findings to the Leadership Council in order to determine next steps.

Finance and Facilities

3.1.1 – Ensure affordability for all students

This initiative has two components:

- Fundraising campaign:
This summer a \$50 million dollar fundraising campaign kicked off. Since that time a Capacity Building Task Force and the Joint Fundraising Task Force have been meeting to develop plans and resources. In the coming months, the groups are working to build capacity for fundraising efforts, including:
 - Establishing a set of standard policies, procedures, practices and tools for campus development staff.
 - Developing and implementing a communications program to enhance communication among and between development staff.
 - Developing and delivering a menu of training programs for campus development staff.
 - Completing a joint fundraising plan to support scholarships in healthcare careers.



- Financial literacy:

In fiscal year 2016 campus pilot various strategies to address the financial literacy of students. This year, campuses are working to inventory those strategies and evaluate their effectiveness in order to determine next steps. For example:

- Minneapolis Community and Technical College has formed a financial literacy committee to conduct its work. They have determined that GradReady has been successful in meeting their goals. They are continuing to focus on the implementation and evaluation of the tool.
- Minnesota State Community and Technical College found that 5.5% of borrowers reduced or cancelled their original loan amounts requested. An indication of the success of their financial literacy strategies. Their financial aid staff will be reviewing these practices in February to determine which strategies should be expanded or added.

3.2.1 – Redesign the current (internal) financial model to incent and reward collaboration, Strategic Framework commitments, and Charting the Future recommendations

In fiscal year 2016 the Allocation Framework Technical Advisory Committee (TAC) met monthly to develop recommended changes to the allocation framework. Recommended changes to the allocation framework were presented and approved by the Board of Trustees in October, 2016. The recommendations included several changes to the allocation model, including a one percent priority set-aside for cooperation and collaboration, and assigns the full one-third debt service cost of capital projects to the benefitting college and university. A phased implementation of the recommended changes will begin in FY18.

Human Resources

1.3.1 – Implement diversity plans (Improve the recruitment and retention of diverse faculty and staff)

To continue to the focus on intentional recruitment and retention of diverse faculty and staff, colleges and universities began incorporating the Search Advisory Committee training resources into hiring practices this fall. In addition, a comprehensive set of recruiting tools and training resources for campuses have been added to a comprehensive SharePoint site to aid in campuses intentional efforts to hire and retain outstanding faculty and staff, and intentionally search among the many diverse communities within our region and across the country.

This spring, the Human Resources data analytics dashboard project, to facilitate predictive analytics for strategic workforce planning, will be completed. In addition, work will continue on the development of the strategic workforce planning toolkit.

3.2.2 – Develop and implement new system wide human resources transactional service delivery model (HR-TSM)

Based on the results of a campus RFP process in early 2016, four (4) HR service center sites have been selected: Mesabi Range College, Minnesota State College Southeast – Winona, Hennepin Technical College – Brooklyn Park, and Dakota County Technical College. Design and space planning is complete. Construction, furniture, and technology procurement is underway. All four sites will be ready to occupy by January 2017.

One manager will be hired for each service center, and will supervise a team of HR professionals responsible for processing transactions. The HR service center manager hiring process is complete and managers will be on board in mid-December 2016. In addition, with the assistance of the finance division, the HR-TSM leadership team has been discussing and analyzing possible financing models. The goal is to adopt a financing model for implementation in the FY2019 budget cycle.

Phase 1 will see transactions involving the instructional faculty employee groups (IFO and MSCF faculty) transition to the service centers and will a span of one year during which various building blocks will be laid and transactional work will begin moving from campuses to the service centers. During Phase 1, campus employees will continue to work directly with their campus HR teams and system enhancements and new processes will be finalized. Campus HR teams will adjust local practices as needed in order to begin moving transactional work to the service centers as the system enhancements and new processes are ready for implementation. Service center staff will partner with and provide transitional support to campus HR teams to ensure the handoff goes smoothly. Additionally, the HR-TSM leadership team has created detailed Phase 1 work plans and timelines for various work categories and sought feedback from the HR community to refine and further develop this important planning efforts.

Information Technology Services

3.2.3 – Align student and employee identification practices to increase access and communication for students, faculty, and staff across Minnesota State

This initiative has three components:

- Office 365 single tenant:
This project continues from fiscal year 2016, transitioning colleges and universities to Office 365 Single Tenant. The goal of the project is to allow students, faculty and staff to share a single collaborative workspace. During the first half of the year, thirty percent of campuses have joined to the single tenant. The latter half of the year will see an additional fifty percent of campuses join to the single tenant.

- Eduroam (a secure, world-wide roaming access service):
Eduroam is a service that will allow students to connect to wireless networks across the system with just one credential. During fiscal year 2017, the ITS division, in consultation with campus CIOs and other stakeholder groups, will establish the infrastructure needed to support the service.
- StarID:
This component of the initiative involved a reexamination of Minnesota State's Star ID process in order to develop a system wide plan for comprehensive identity and access management. The new plan would allow for greater access and ease of use. The StarID Tiger Team was formed and kicked off in November. They group will be responsible for building a business case with recommendations on next steps by June, 2017.

3.2.4 – Replace or re-engineer ISRS (Integrated Statewide Record System)

Building on the work completed in fiscal year 2016, this project continues to move ahead with the goal to develop a business case, secure Board of Trustees approval and funding and move forward to replace ISRS. During this reporting period, the business case planning and funding proposal was presented to the Board of Trustees for review and approval. In the next half of the year, the legislative budget request will be developed to pursue funding during the 2017 legislative session.



January 24, 2016

Charting the Future

Board of Trustees Study Session

MINNESOTA STATE

Session Goals

- Provide an overview of initiative progress in FY17
- Highlight activities occurring at campuses and systemwide



Charting the Future Process

FY13

- **Launch** strategic workgroups

FY14

- **Build** the framework for change

FY15

- **Identify** opportunities for change.

FY16

- **Begin implementation** of strategies to reach goals.

FY17

- **Complete implementation** of strategies.



FY17 Work Plan Status

- FY17 work plan adopted
- All FY17 tasks led by colleges and universities have begun and are on track
- All FY17 tasks led by vice chancellors have begun and are on track



Initiative progress across colleges and universities

#	Initiative	FY16 Goals	FY17 Goals
1.1.1	Improve curriculum alignment	●	◐
1.2.2	Ensure technology infrastructure supports access to and use of technology	●	◐
1.3.1	Implement diversity plans	●	◐
3.1.1	Ensure affordability for all students	●	◐



Progress for initiatives led/supported by vice chancellors

#	Initiative	FY16 Goals	FY17 Goals
1.1.1	Improve curriculum alignment	●	◐
1.3.1	Implement diversity plans	●	◐
1.3.2	Diversity mapping and assessment of diversity and equity	●	◑
2.2.2	Advance strategies and capacity for competency certification and credit for prior learning at all colleges and universities	●	◐
3.1.1	Ensure affordability for all students	●	◐
3.2.2	Develop and implement new system wide human resources transactional service delivery model	●	◐
3.2.4	Replace or re-engineer ISRS (Integrated Statewide Record System)	●	◐

The full chart can be found in the CTF quarterly report posted on the CTF blog

FY17 Initiative Highlights

- Transfer Pathways
 - Math Pathway
 - Ben Weng, Math Faculty, Metropolitan State University
 - Bill Heider, Math Faculty, Hibbing Community College
 - Elementary Education Pathway
 - Linette Manier, EE Faculty, Normandale
 - Peg Ballard, EE Faculty, MSU, Mankato



Next Steps

- Complete FY17 work plan goals.
- Integrate initiative work into ongoing operations.





MINNESOTA STATE

Diversity, Equity, and Inclusion Committee
January 24, 2017
2:00 PM
McCormick Room

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 Diversity, Equity and Inclusion Committee 11/16/16 (pp. 2-5)**
- 2 Supporting Safe and Inclusive Campus Climates (pp. 7-18)

Committee Members:

Ann Anaya, chair
Rudy Rodriguez, vice chair
Basil Aujo
Louise Sundin
Cheryl Tefer



**Minnesota State Colleges and Universities Board of Trustees
Diversity, Equity, and Inclusion Committee Meeting Minutes
November 16, 2016**

Diversity, Equity, and Inclusion Committee members present: Vice Chair Rudy Rodriguez; Trustees Basil Ajuo, Louise Sundin and Cheryl Tefer.

Diversity, Equity, and Inclusion Committee members absent: Chair Ann Anaya.

Other board members present: Alex Cirillo, Jay Cowles, Robert Hoffman, Elise Bourdeau, Dawn Erlandson, Michael Vekich, Margaret Anderson Kelliher and Steven Rosenstone.

Committee Vice Chair Rodriguez called the meeting to order at 8:04 AM. Due to not having enough trustees present at the start of the meeting, the meeting minutes will be approved upon having a quorum.

Presenters:

Dr. Toyia Younger, Associate Vice Chancellor for Student Affairs and Interim Chief Diversity Officer

Nickyia Cogshell, Interim Assistant Chief Diversity Officer

Dr. Josey Landrieu, Director of Diversity Programs and Evaluation

Agenda

1. Advancing Equity and Inclusion within Minnesota State

Dr. Younger informed the board of the purpose of this study session is to give an update on the progress being made towards achieving the system's strategic equity and diversity goals. Over the past few months, presentations have been given to the board on campus climate and on the progress of increasing faculty and staff diversity and closing the gap in student retention. The Office of Equity and Inclusion has moved to being a full-fledged partner with Human Resources and Academic and Student Affairs. Progress has been made, efforts must be continued to eliminate both racial and economic disparities and continue to ensure campuses are welcoming to all and are a safe place for learning for all students. Current efforts and priorities for the year include: reduce and eliminate the student success gap, increase the diversity of the student body, ensure a welcoming and supportive campus environment, recruit and retain diverse faculty and staff, build partnerships with diverse communities increase the diversity of our vendors and suppliers.

Ms. Cogshell provided an overview of the role and vision of the Office of Equity and Inclusion. The office provides leadership in the areas of guidance and advice to colleges, universities and to the system office on how to advance equity and inclusion along with representing Minnesota State to external audiences. The office shares best practices and models for structuring diversity/equity offices at the campus level and advancing

diversity initiatives. We provide support to campus in understanding and implementing policies and informing/supporting procedures related to Affirmative Action, equity and inclusion. The top priority of the office is to the students and their success. The office also monitors the implementation of Institutional Equity and Diversity Plans, Affirmative Action Plans and provides models for assessment. Last year each Minnesota State campus prepared a Diversity plan and this year the focus is on implementation of these plans and the monitoring and assessment of the implementation process. Building system level collaborations will also continue with Human Resources (recruitment and retention), Academic and Student Affairs (Student Diversity Taskforce), and with Minnesota Management Budget (influence procurement commitments with minority and women-owned businesses). At the system office work is being done to advance the priorities of the Inclusion Council (Intercultural Passport Program), and working with Chief Diversity Officers (monthly WebEx and quarterly face to face meetings).

Dr. Landrieu shared information on the programs and services the Office of Equity and Inclusion have been engaged in that are connected to the strategic goals. They are Institutional equity and diversity plans, educational disparities data briefs, human resource search advisory committee handbook, Student Diversity Taskforce ad Equity Council, and the Intercultural Passport Program. The Student Diversity Taskforce acts as an advisory committee and ensures the students have a voice in the work of the Office of Equity and Inclusion. The System Office Inclusion Council provides a wide range of professional development opportunities to System office staff, which 166 staff members have participated in. Colleges and Universities all have Institutional Diversity plans in place and are currently implementing plans. These plans are aligned with the system's equity measures and goals that include monitoring and assessment mechanisms and the infrastructure needed to do this work. A key to ensuring campuses monitor their work and make progress is to support data-informed work, which was done through Educational Disparities Data Briefs that provided institutional and community level data that went to all Minnesota State campuses early Fall semester. The briefs included a literature review on educational disparities, overview of variables that impact educational disparities, and it provided recommendations and next steps. The collaboration with Human Resources and Academic and Student Affairs allows for greater impact and reach across the system, along with expertise in the creation of the Search Advisory Committee Training. This has been released to the campuses in late summer of 2016. This tool will help implement equal employment practices during all phases of the search process, aggressively recruit protected group of applicants, provide affirmative action, and unconscious bias training to all selection members. Feedback from the campuses that have used this tool has been positive.

Ms. Cogshell provided information on Professional Development strategies for faculty and staff. Some of these include: Career Technical Education in ASA has their own diversity and equity plan, Educational Innovations in ASA has a book group, Charting the

Future Plan is developing a faculty development module on culturally relevant pedagogy. Conversations are happening with faculty unions about their progress and challenges they face in implementing culturally responsive pedagogy. Campuses such as St. Cloud State University offer a faculty development opportunity called Anti-Racist Pedagogy Across the Curriculum (ARPAC). Century College has a semester-long institute called the Institute for Culturally Responsive Pedagogy and Minneapolis Community and Technical College offers a training program called Mindset Meetup. These are examples of ways campuses are addressing the need to deliver culturally responsive pedagogy.

Dr. Younger concluded that while the work coming out of the Office Diversity, Equity and Inclusion has been thoughtful and strategic the focus must remain on working collectively, not to just meet goals set, but to change outcomes for the students and the system as a whole. She then asked the Board how the office can continue making progress as it pertains to diversity and equity and how to provide continued leadership to support Minnesota State Colleges and Universities?

Vice Chair Rodriguez and Trustee Hoffman each thanked the presenters for a great presentation. Trustee Hoffman asked if we have a strategy with K-12. Dr. Landrieu responded that ASA is doing a lot of this work in PSEO and we help support this work. Trustee Cowles asked if the data in the Educational Data briefs could be shared with communities and/or partners. Dr. Landrieu answered that tools were not intended as an external marketing piece, but more for CDO's use to help with their work on campuses. Dr. Younger reiterated that this is everyone's work, not just CDO's, Affirmative Action or even Human Resources in helping developing external partnerships. Trustee Cirillo asked if the Diversity Plans had specific steps for professional development training and what training do the Bias Response teams have? Ms. Cogshell responded not all plans have specific steps, but the Office of Equity and Inclusion is offering Chief Diversity Officers training on ways to offer Professional Development at the campus level via WebEx. The Bias Response teams are already in place on campuses that are comprised of Student Affairs professionals, Campus Security, and faculty members and are using the model from the U of M.

Chancellor Rosenstone thanked Dr. Younger and her team for their presentation and expressed the effectiveness of their team is due to their webbed relationships with other teams on campuses and at the system office. This work would not get done if it was assigned to one area. We all have to do the work to be effective.

Vice Chair Rodriguez agreed that we all own this work. He was also glad to see many elements of the presentation represent promote positive and inclusive content and that training is the best in class and doesn't make anyone feel guilty. The more we can drive diversity and equity into all policies and programs the better and more effective it will be.

Approval of the June 22, 2016, Committee Meeting Minutes

Committee Vice Chair Rodriguez called for a motion to approve the Diversity, Equity, and Inclusion Committee Meeting Minutes and the Joint Meeting Minutes with Human Resources Committee. The minutes were approved as written.

The meeting adjourned at 8:42 AM.

Submitted by Kelli Lyng

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

Name: Diversity, Equity, and Inclusion Committee

Date: 1/24/17

Title: Supporting Safe and Inclusive Campus Climates

Purpose (check one):

- | | | |
|---|---|---|
| <input 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 checked="" type="checkbox"/> Information | |

Brief Description:

The committee will hear about the work of the Campus Climate Taskforce to support Minnesota State campuses in their campus climate efforts. In addition, we will invite the boards input on additional strategies we might consider to continue to advance this strategic diversity goal.

Scheduled Presenter(s):

Nickyia Cogshell, Interim Chief Diversity Officer



MINNESOTA STATE



A Guide to Supporting Safe and Inclusive Campus Climates

Overview of contents

- I. Creating a welcoming environment by proactively participating in training
- II. Contributing to a welcoming environment by responding to concerns and incidents
- III. Contributing to a welcoming environment for undocumented students, immigrant students, and international students
 - External resources
 - State and federal law:
FAQs on privacy and immigration-related issues

Delivering on our values: the purpose of this guide

“Campus climate” has been described as a part of the institutional context that includes community members’ attitudes, perceptions, behaviors, and expectations around issues of race, ethnicity, and other diversity characteristics (Hurtado et al. 2008). “Campus culture and climate are significant factors that affect students of color achievement and activities during the collegiate experience” (Doan 2011). An unhealthy campus climate can impact students in the following ways:

- Students of color see lower degree completion relative to the overall student population, specifically White and Asian students.
- Asian and Hispanic students are at higher risk for suicidal thoughts or suicide attempts.
- Students of color experience harassment at higher rates than White students.
- Students of color perceive campus climate to be more racist and less accepting than their White peers.

Minnesota State is committed to ensuring welcoming and supportive campus environments. Inclusiveness is embraced through the Strategic Framework, in board policy, in our systemwide equity and inclusion goals, and it is an integral part of our core institutional values.

Colleges and universities throughout the system are implementing intentional strategies to ensure all students and employees experience a safe, healthy, and welcoming campus climate. Our systemwide commitment to an inclusive campus climate is evident in many of the college and university Institutional Diversity and Equity Plans where colleges and universities outlined specific goals and strategies to achieve these goals.

One way we deliver on this goal is by equipping campus leaders and employees with tools to effectively address issues of concern, bias, and discrimination. Minnesota State and each of its colleges and universities have internal resources to promote a safe and welcoming environment for students and employees. This guide includes reminders for employees about resources available from the college, university, and system office, as well as some external resources. Familiarity with the content of the resources will help campus personnel support students and colleagues, particularly given some of the current political and social realities.

REFERENCES

Doan, Jimmy (2011) “The Impact of Campus Climate and Student Involvement on Students of Color,” *The Vermont Connection*, Vol. 32, Article 4. Available at: <http://scholarworks.uvm.edu/tvc/vol32/iss1/4>

Hurtado, S., Arellano, L., Griffin, K., & Cuellar, M. (2008). Assessing the Value of Climate Assessments: Progress and Future Directions. *Journal of Diversity in Higher Education*, 1, 4th ser., 204-211.

I. Creating a welcoming environment by proactively participating in training

While some of the following training modules are mandatory for new employees, all employees are encouraged to participate in this training, either as new training or as a refresher. Contact the Human Resources Office for registration information.

- **Sexual Violence Awareness** (“Personal Empowerment through Self Awareness”)
- **Sexual Harassment Prevention:** <http://www.hr.mnscu.edu/initiative/shp2/SHP2.html>
- **Data Privacy and Security**
- **Employee Code of Conduct**
- **Search Advisory Committee Training:** This course includes a module on recognizing and eliminating implicit bias and creating a welcoming climate for applicants.

Many administrators participate in system-level training specifically geared for decision makers and investigators for complaints of discrimination or harassment based on protected class.

Finally, a reminder about one of our state employee benefits: the **Employee Assistance Program** (EAP) provides expert, confidential, personal consultation for concerns including financial and legal matters, relationship challenges, and personal and family problems. For more information, go to <https://www.mn.gov/mmb/segip/health-solutions/employees/eap/>

II. Contributing to a welcoming environment by responding to concerns and incidents

Taking timely and deliberate steps to address student and employee complaints is one way we demonstrate that we care about members of our community. While these resources are shared with students and employees during orientation, it is worthwhile to remind students and colleagues that these avenues exist for reporting concerns and incidents as they arise.

Campus Security

- Know when and how to contact the police or campus security.

Reporting incidents of discrimination or harassment based on protected class

- Specific processes apply to allegations of retaliation, or to discrimination or harassment based on sex, race, age, disability, color, creed, national origin, religion, sexual orientation, gender identity, gender expression, marital status, or status with regard to public assistance.

Reporting incidents of sexual violence

- Timely action is critical.

Student Code of Conduct (*student-specific*)

- Each college and university has a student code of conduct. The code contains a statement of student responsibilities as members of the college or university community, as well as a statement of proscribed behavior for which a student may be held accountable, including violation of local, state, and federal laws. Codes include specific policies and administrative procedures for student conduct proceedings.

Student grievance and complaint process for other concerns (*student-specific*)

- Each college and university has a process by which a student may make a written claim alleging improper, unfair, or arbitrary action by an employee involving the application of a specific provision of a college or university rule/regulation or a board policy or procedure. (This policy does not apply to those college or university rules or regulations or to board policies or procedures that include an appeal or grievance process).

Employee Code of Conduct

- The code of conduct for all system employees is set out at <http://www.mnscu.edu/board/procedure/1cOp1.html>.
- The code provides, in part, that “in striving to fulfill our system’s vision and carry out our mission, all employees of Minnesota State Colleges and Universities must meet public expectations for excellence by providing high quality education and related services, demonstrating sound stewardship of resources, acting with integrity, and displaying fair treatment and respect for all, ensuring that employment and education opportunities are inclusive and serve all the state’s diverse communities.”

Employee grievance and complaint process for other concerns

- Employees may address contract-related grievances through their designated grievance representative. Other complaints may be addressed directly to the human resources office.

III. Contributing to a welcoming environment for undocumented students, immigrant students, and international students

External Resources

These articles contain ideas for how to support educational success for undocumented youth through Deferred Action for Childhood Arrivals (DACA), as well as for immigrant and international students, generally)

Immigrant Legal Resource Center: Post-Election Talking Points and Resources

https://www.ilrc.org/sites/default/files/resources/post-election_talking_points.pdf

10 things community college educators can do to support educational success for undocumented youth through DACA

http://cccie.org/wp-content/uploads/2014/12/supporting%20daca_10%20things%20educators%20can%20do.pdf

Resource Page on DACA for international student advisors and education abroad advisors

https://www.nafsa.org/Resource_Library_Assets/Regulatory_Information/Resource_Page_On_Deferred_Action_for_Childhood_Arrivals/

Diploma, Please: Promoting educational attainment for DACA - and Potential DREAM Act-Eligible Youth

<http://www.migrationpolicy.org/research/diploma-please-promoting-educational-attainment-daca-and-potential-dream-act-eligible-youth>

State and Federal Law

Employees can support educational success for undocumented students, as well as for immigrant and international students, by understanding the applicable legal framework. Attached are answers to questions students frequently ask about privacy and immigration-related issues.

- **FAQ: Student Data Privacy**
- **FAQ: Deferred Action for Childhood Arrivals (DACA)**
- **FAQ: Immigration and Custom Enforcement**

FAQ: Student Data Privacy

1. What laws protect the privacy of a student's educational records?

The Family Educational Rights and Privacy Act (FERPA), 20 U.S.C. § 1232g; 34 C.F.R. Part 99, and the Minnesota Government Data Practices Act (MGDPA), Minn. Stat. § 13.32.

2. What is an educational record of a student?

Records maintained by the college or university that are directly related to a student. Educational records can be in any format.

3. What are common types of educational records held by Minnesota State colleges and universities?

Because the definition of educational record is broad, most information about a student maintained by a college or university is an educational record. This may include things such as a student's application for admission, records in the Integrated Student Record System (ISRS), records concerning financial aid, academic records such as class lists and grades, student housing records, conduct records, etc.

4. What is the basic responsibility of all Minnesota State employees towards student educational records?

Generally, student educational records are private. As a result, a college or university needs written permission (consent) from a student in order to release any information from a student's educational records to a person or entity outside the institution unless an exception to FERPA applies.

5. What is "directory" information?

Directory information is information in a student's educational records that would not generally be considered harmful or an invasion of privacy if disclosed. As a result, directory information is public unless a student opts out of release of directory information. Each college and university establishes its own definition of directory information but common examples include a student's name, dates of attendance, major field of study, etc. Please review student records policy at your college or university for a specific list of directory information, as well as the procedures for a particular student opting-out of allowing release of directory information. This information is often found in the student handbook, online, or at the Registrar's Office.

6. What are exceptions allowing non-consensual release of student records?

There are exceptions to FERPA and the MGDPA that allow sharing of educational records without a student's consent. These include release in a health or safety emergency, release to officials at a college or university to which a student is transferring, etc. One important exception is "to comply with a judicial order or lawfully issued subpoena."

7. What if law enforcement requests a student's educational records?

A college or university must follow FERPA and the MGDPA when law enforcement requests student educational records. This means that a college or university must obtain a student's voluntary consent to release their records to law enforcement OR there must be an exception that authorizes non-consensual release. As noted above, one such exception is "to comply with a judicial order or lawfully issued subpoena."

8. How should a college or university handle judicial orders or lawfully issued subpoenas?

We suggest that each college and university designate a single point of contact responsible for receipt of subpoenas, warrants, or other judicial orders. This could be your Data Practices Compliance Official (DPCO) or other administrator. All employees should refer legal documents to the designated contact who will work with the Office of General Counsel to determine how to respond to the judicial order or subpoena.

9. Who is responsible for protecting student records at a college and university?

It is the responsibility of all employees to protect student educational records. Any person requesting information on students should be referred to the Data Practices Compliance Official (DPCO) or other appropriate administrator at the college or university.

10. What resources are available on FERPA and student educational records?

- Every college and university has a student records policy that describes how it complies with FERPA and the MGDPA.
- The Office of General Counsel has information on its website at <http://www.mnscu.edu/system/ogc/dataprivacy/index.html>.
- The Family Compliance Office, which is part of the United States Department of Education, has resources on FERPA, including summary documents, guidance, and frequently asked questions available at <http://familypolicy.ed.gov?src=ferpa>.

FAQ: Deferred Action for Childhood Arrivals (DACA)

1. What is DACA?

DACA is a policy created by the U.S. Department of Homeland Security. Using its prosecutorial discretion, the U.S. Department of Homeland Security has announced it will not initiate removal proceedings for certain individuals who arrived in the U.S. as children and do not hold legal immigration status. DACA does not change the status of successful applicants. It simply provides that Homeland Security will defer removal proceedings.

2. Does DACA status automatically apply to eligible persons?

No. Individuals must affirmatively apply to receive deferred status. It is the responsibility of any individual interested in DACA status to obtain the necessary information and apply to U.S. Citizenship and Immigration Services for DACA status.

3. Does DACA change the immigration status of successful applicants?

No. DACA is not a “lawful status” under immigration law and it is not a basis for eligibility for permanent residency or citizenship. DACA authorizes an individual to seek employment and provides some assurance that the individual will be able to stay in the United States for two years, subject to renewal.

4. Who is eligible for DACA?

In order to be considered for DACA status, an applicant must:

- Have come to the U.S. before reaching his/her 16th birthday;
- Currently be under the age of 31;
- Have continuously resided in the U.S. since June 15, 2007;
- Be in school, have graduated or completed high school or received a GED, or have been honorably discharged from the U.S. armed services; and
- Not have been convicted of crimes (including a felony, significant misdemeanor, or three or more other misdemeanors) or pose a threat to national security or public safety.

There is no expedited process for receiving DACA status. According to federal sources, students who are approved for DACA status are not eligible for employment until their Employment Authorization Document is received.

5. What is the role of a college or university in the DACA process?

DACA has no direct impact on current Minnesota State policies. There is no prohibition on enrolling undocumented students at the colleges and universities of Minnesota State. College and university personnel are encouraged to provide students with information

about resources regarding DACA. However, they should not attempt to advise individual students about whether they are eligible for DACA status. Rather, college and university personnel should refer students to accurate sources of information about eligibility and application procedures. (Information resources regarded as reliable are listed below.) Students may be reminded of the importance of providing truthful information in their applications, as immigration publications have emphasized that fraud will be prosecuted to the fullest extent of the law.

College and university officials may be asked for copies of documents to establish enrollment or other information needed to apply for DACA status. The established college and university procedures for handling such requests apply.

6. Does DACA status confer eligibility for federal financial aid?

No, under federal law, undocumented students are not eligible for federal financial aid. Undocumented students may be eligible for certain benefits under the Minnesota Dream Act. Information on the Minnesota Dream Act is available from the Minnesota Office of Higher Education.

7. Does DACA status confer eligibility for in-state tuition?

No, DACA status does not confer eligibility for in-state tuition. However, many of the colleges and universities of Minnesota State have only one consolidated tuition rate (rather than resident and nonresident rates); the consolidated rate applies to all students, including undocumented students. In addition, undocumented students may be eligible for certain benefits under the Minnesota Dream Act.

8. Where can individuals get more information about applying for Deferred Action?

TELEPHONE

Individuals can call United States Citizenship and Immigration Services at 1-800-375-5283 with questions or to request more information on the Deferred Action for Childhood Arrivals process.

ONLINE

www.uscis.gov/childhoodarrivals	U.S. Citizenship and Immigration Services
www.ilcm.org	Immigrant Law Center of Minnesota
www.aila.org	American Immigration Lawyers Association
https://www.ohe.state.mn.us/	Minnesota Office of Higher Education

FAQ: Immigration and Custom Enforcement

1. What is ICE?

U.S. Immigration and Customs Enforcement (ICE) enforces federal laws governing border control, customs, trade, and immigration to promote homeland security and public safety. ICE was created in 2003 through a merger of the investigative and interior enforcement elements of the former U.S. Customs Service and the Immigration and Naturalization Service. ICE now has more than 20,000 employees in more than 400 offices in the United States and 46 foreign countries. The agency has an annual budget of approximately \$6 billion, primarily devoted to two operational directorates — Enforcement and Removal Operations and Homeland Security Investigations. These two operational directorates are supported by Management and Administration and Office of the Principal Legal Advisor to advance the ICE mission.

2. What does ICE do?

Immigration enforcement is the largest single area of responsibility for ICE. While certain responsibilities and close cooperation with U.S. Customs and Border Protection, U.S. Citizenship and Immigration Services, and others require significant ICE assets near the border, the majority of immigration enforcement work for ICE takes place in the country's interior.

3. Can ICE personnel come on campus and seize student records?

ICE is governed by the same rules as other law enforcement agencies when it comes to search, seizure, and entering powers. Generally speaking, they cannot require a Minnesota State employee to produce documents without a subpoena or warrant.

4. Can ICE personnel compel Minnesota State employees to produce private data on undocumented students?

No. The Family Educational Rights and Privacy Act (FERPA) and Minnesota Government Data Practices Act (MGDPA) apply to the records of all students, regardless of immigration status. Consequently, private data will be provided only as required by law, which in this case would mean pursuant to a valid subpoena or warrant.

5. Can ICE personnel compel Minnesota State employees to participate in a law enforcement action? For example, can ICE ask a Minnesota State employee to assist with the arrest and/or detention of an individual?

No. While we must not interfere with lawful ICE investigations, the U.S. Supreme Court has ruled that the federal government cannot commandeer state employees to participate in the actions of the federal government.

6. How does ICE conduct investigations?

ICE has the same investigatory powers as most law enforcement agencies. ICE also has the authority to issue subpoenas, but must actually issue a subpoena to receive records.

7. Who should be responsible for responding to an ICE subpoena or warrant?

An ICE subpoena for a student's records should be referred to the registrar or the Data Practices Act Compliance Official (DPCO) at the campus. Please send a copy of the subpoena to Sarah McGee, Assistant General Counsel at the Office of General Counsel (sarah.mcgee@so.mnscu.edu).

8. What documents can ICE ask for in a subpoena or warrant?

ICE can ask for a broad array of documents pertaining to the investigation of an individual, including documents typically protected from disclosure by FERPA and/or the MGDPA.

9. Can ICE issue "blanket" subpoenas or warrants asking for the names of all students who are not Pell-eligible, for example?

No. ICE subpoenas or warrants must be issued in the matter of a named, targeted individual.

10. How can I tell if an ICE subpoena or warrant is valid?

Please contact Sarah McGee, Assistant General Counsel at the Office of General Counsel (sarah.mcgee@so.mnscu.edu).

11. What happens if a college or university ignores an ICE subpoena or warrant?

If a subpoena or warrant is neglected or refused, ICE may petition the relevant United States District Court to issue an order enforcing the subpoena or warrant.

QUICK REFERENCE GUIDE

DACA	Deferred Action for Childhood Arrivals
DPCO	Data Practices Act Compliance Official (college or university president designates)
FERPA	Family Educational Rights and Privacy Act
MGDPA	Minnesota Government Data Practices Act
ICE	U.S. Immigration and Customs Enforcement
ISRS	Integrated Student Record System (Minnesota State's database)



MINNESOTA STATE

**JOINT MEETING OF ACADEMIC AND STUDENT AFFAIRS
AND FINANCE AND FACILITIES COMMITTEES**

JANUARY 24, 2017

2:45 P.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 Academic and Student Affairs Committee Meeting of November 16, 2016 (pp.1-5)**
2. Accreditation Basics (pp. 6-27)

ACADEMIC AND STUDENT AFFAIRS COMMITTEE

Alexander Cirillo, Chair

Louise Sundin, Vice Chair

Dawn Erlandson

Amanda Fredlund

Jerry Janezich

Roger Moe

Cheryl Tefer

Bolded items indicate action required.



**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
ACADEMIC AND STUDENT AFFAIRS COMMITTEE
NOVEMBER 16, 2016**

Academic and Student Affairs Committee Members Present: Chair Alex Cirillo; Trustees Dawn Erlandson, Jerry Janezich, Louise Sundin and Cheryl Tefer.

Academic and Student Affairs Committee Members Absent: Amanda Fredlund

Other Board Members Present: Trustees Basil Ajuo, Margaret Anderson Kelliher, Elise Bourdeau, Jay Cowles, Robert Hoffman, Rudy Rodriguez and Michael Vekich.

The Minnesota State Colleges and Universities Academic and Student Affairs Committee held a meeting on November 16, 2016, at Wells Fargo Place, 4th Floor, McCormick Room, 30 East 7th Street in St. Paul. Chair Alex Cirillo called the meeting to order at 8:59 am.

1. Minutes of October 18, 2016 Academic and Student Affairs Committee meeting

Trustee Erlandson moved and Trustee Tefer seconded that the minutes from the October 18, 2016 meeting be approved as written. Motion carried.

2. Student Demographics

Presenters:

Ron Anderson, Vice Chancellor for Academic and Student Affairs
Joyce Helens, President, St. Cloud Technical and Community College
Ashish Vaidya, Interim President, St. Cloud State University
Craig Schoenecker, Senior System Director for Research

An annual update was offered on trends in college and university enrollment and student characteristics.

The diversity of Minnesota State students continues to increase, Vice Chancellor Anderson said. In 2016, colleges and universities served 376,176 students in credit and non-credit courses. Specific 2016 enrollment data includes:

- Students of color and American Indian students accounted for 25 percent of credit students, up 16 percent from 2007;
- Pell-eligible students accounted for 33 percent of credit students, up from 23 percent in 2007;
- Over one-third of credit students are 25 years old or older;
- First-time undergraduate students only account for 34 percent of credit students;
- Part-time students account for 51 percent of credit students, up from 44 percent in 2007.

Data shows Minnesota State students continued to rely heavily on financial aid to fund their education in 2016:

- 59 percent of students received financial aid (including loans), up from 54 percent in 2007;
- 36 percent of students took out loans, down from 43 percent in 2013;
- Financial aid awards totaled \$1.1 billion;
- The average financial aid award was \$7,666, up from \$5,855 in 2007;
- 26 percent of bachelor's graduates, 34 percent of associate graduates and 46 percent of certificate graduates complete their credential with no student loan debt.

Fewer students are enrolling in developmental education than in prior years, due to curricular innovation and increased preparedness, Vice Chancellor Anderson said. The percent of new, first-time undergraduate students taking developmental courses decreased 33 percent between 2012 and 2016. This reduction resulted in students saving \$15.6 million in tuition and fees.

Projected trends show future Minnesota State students are more likely to be students of color or American Indian with an average age of 26. They also are more likely to be low income, as determined by eligibility for federal Pell grants, be enrolled on a part-time basis and have parents who did not earn a bachelor's degree.

Trustee Tefer, a former professor at Anoka-Ramsey Community College, said she can't remember a time when these projected trends didn't describe current Minnesota State students. Vice Chancellor Anderson agreed with her assessment, but said the number of students with these demographics is expected to grow even larger in the future.

St. Cloud Technical and Community College President Joyce Helens and St. Cloud State University Interim President Ashish Vaidya offered information on how their campuses are responding to the changing demographics of their student bodies.

President Helens said her campus has identified "core values" and those are integral in decision-making. Administrators and students are urged to find common ground, get to know those who are different from them and engage the whole college community in campus dialogues.

Interim President Vaidya said increased diversity in the St. Cloud State University student body has been intentional. The number of students of color on campus is 17 percent, up from 6 percent ten years ago. Twenty-five percent of the student population is diverse when international students are included in the count.

Both presidents discussed campus actions following the stabbing attack at Crossroads Mall in mid-September. They described how they and other campus leaders quickly met with city police, the mayor, other community leaders and business representatives to develop a plan of action that would show students that they support them and care about their safety.

Vaidya and Helens said campus leaders were on their campuses to welcome and talk to students the first day of classes after the attack, but it was the students from the college and university who came up with idea of a unity walk to promote solidarity in their community.

The key lessons taken from this violent act are that communication, campus engagement and strong personal relationships make a big difference in times of crisis, Vaidya said.

Chair Cirillo said it's obvious that both campuses have a strong cultural infrastructure and when something bad like this happens, that solid foundation helps keep things from spinning apart.

Several trustees thanked Vaidya and Helens for their leadership and community collaboration during the crisis. They said they provided an exemplary model.

Chancellor Rosenstone said their effective strategies have been shared the Leadership Council so other campus leaders can learn from their experiences. The system office also is available to provide needed resources and support in the areas of student services, government relations and legal counsel, he said.

3. Concurrent Enrollment

Presenters:

Ron Anderson, Vice Chancellor for Academic and Student Affairs
Connie Gores, President, Southwest Minnesota State University
Laura Urban, President, Alexandria Technical and Community College
Kevin Lindstrom, President, Minnesota State College Faculty
Jim Grabowska, President, Inter-Organization Faculty
Denise Specht, President, Education Minnesota

Concurrent enrollment, sometimes called dual enrollment or college in the schools, is a curricular pathway that provides opportunities for students to earn dual credit by taking college courses on their high school campus taught by qualified and mentored high school teachers.

Minnesota has been offering concurrent enrollment for 30 years. Currently, 33 of the system's 37 colleges and universities have concurrent enrollment programs in place. In the last 10 years, concurrent enrollment has increased 111 percent, from approximately 12,100 students in 2007 to 25,600 in 2016. Minnesota State currently provides 84 percent of all concurrent enrollment credits offered in the state.

President Gores said while dual credit opportunities traditionally have been offered to academically high-achieving students, more are being open to students in the academic middle. These students can benefit from the challenge and rigor of those courses alongside their higher-performing peers.

Concurrent enrollment also plays a critical role in addressing educational disparities. It can work to narrow preparation gaps, making underrepresented students better prepared and poised for success, she said.

Credit students earn in concurrent enrollment courses is the same academic credit that students earn in college and university classrooms, President Urban said. It's key that the courses hold the same meaning in terms of learning outcomes, skills acquired, ability to perform in college and eventually the workplace.

Faculty academic preparation and depth of content knowledge is central to program quality, she added. Concurrent enrollment high school instructors provide education for which Minnesota State awards academic credit. Their value to students lie in their advanced subject expertise, meaning focused graduate education in the subject area is a necessity.

In June 2015, the Higher Learning Commission (HLC) approved rule changes which require common minimum qualifications for faculty teaching college-level courses. Faculty teaching undergraduate-level courses in general education disciplines will need to hold a master's degree or higher in the discipline he or she is teaching. If the faculty holds a master's degree in a discipline other than the one he or she is teaching, the faculty member must have completed a minimum of 18 graduate credit hours in the discipline he or she is teaching.

A Minnesota statewide review this past spring found that 76 percent of the nearly 1,400 concurrent enrollment high school instructors currently do not meet the minimum faculty qualifications which will be required by the HLC.

The deadline for faculty to meet the qualifications is Sept. 1, 2017. However, the HLC has created a process that could result in institutions getting a deferment on the implementation to 2022. Minnesota State soon will be submitting an extension application on behalf of all colleges and universities, Vice Chancellor Anderson said.

Education Minnesota, Minnesota State College Faculty (MSCF), the Inter-Organization Faculty (IFO) and Minnesota State have joined together to move forward a comprehensive plan to support the vitality of high-quality concurrent enrollment programs and to assist concurrent enrollment instructors in meeting minimum faculty qualification requirements. The plan aims to:

- Create processes that support concurrent enrollment instructors to meet the credentialing standards by 2022, the anticipated HLC extension timeline;
- Create pathways to support concurrent enrollment instructors to meet the minimum credentialing requirement;
- Provide opportunities to award graduate-level credit to high school teachers who elect to demonstrate graduate level learning and experience through a portfolio evaluation process;
- Offer the option for concurrent enrollment instructors and college or university faculty members to team-teach concurrent enrollment courses;
- Work collaboratively to address concurrent enrollment credentialing on an ongoing and sustainable basis;
- Seek options and resources to support the long-term sustainability of concurrent enrollment programs and to support concurrent enrollment instructors in meeting the minimum faculty qualification standards.

Minnesota State College Faculty (MSCF) President Kevin Lindstrom said this is the first time the three organizations have worked collaboratively to solve a critical problem. A comprehensive solution involving college and university faculty, as well as K-12 partners, is needed in this case, he said.

This plan will maintain opportunities for students, as well as clarity for high school educators, Education Minnesota President Denise Specht said. It provides multiple pathways and statewide consistency and shows a funding commitment to keep concurrent programs going throughout the state, she said. Education Minnesota is on a path to proving guidelines, training and resources to teachers to ensure a successful transition.

The Inter-Faculty Organization (IFO) wants to leverage the seven state universities to provide the content faculty need to achieve the credentials, IFO President Jim Grabowska said. Cohorts from two-year colleges are interested in continuing improvement as well, he said.

The next steps relative to the comprehensive plan include continued conversations with campus stakeholders and local advisory groups in November and December. It is hoped the comprehensive plan will be finalized in January and then implementation can begin, Vice Chancellor Anderson said.

Trustee Janezich said a budget line item could be put in a legislative funding request to help pay for the costs associated with high school teachers getting the needed credentials since it would be of statewide benefit.

Talk about creating a budget line item may be a bit premature, Trustee Anderson Kelliher said. The system's extension request needs to be approved and pricing models need to be explored before funding requests are considered, she said.

Chancellor Rosenstone praised the collaboration on the comprehensive plan. He said a critical component involves university faculty working together to make sure faculty member are credentials and those credentials are accepted statewide.

As for costs associated with the advanced credentialing effort, students enrolled in colleges and universities cannot be asked to subsidize the cost of providing free college credit to high school students, Chancellor Rosenstone said. Other ways for those costs to be paid will be needed and follow-up conversations with Education Minnesota and the Minnesota Department of Education will continue, he said.

The meeting adjourned at 10:45 am
Respectfully submitted,
Margie Takash, Recorder

**MINNESOTA STATE
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name:
Academic and Student Affairs Committee

Date: January 24, 2017

Title: Accreditation Basics

Purpose (check one):

Proposed
New Policy or
Amendment to
Existing Policy

Approvals
Required by
Policy

Other
Approvals

Monitoring /
Compliance

Information

Brief Description:

Accreditation provides quality assurance and federal financial aid eligibility via external peer and standards-based reviews. Basic information will be provided about how institutional accreditation is provided by the Higher Learning Commission, the regional agency through which all 37 colleges and universities of Minnesota State are accredited.

Scheduled Presenter(s):

Ron Anderson, Vice Chancellor for Academic and Student Affairs
Lynda Milne, Associate Vice Chancellor for Academic Affairs

**BOARD OF TRUSTEES
MINNESOTA STATE**

INFORMATION ITEM

ACCREDITATION BASICS

BACKGROUND

Accreditation provides quality assurance and federal financial aid eligibility via external peer and standards-based reviews. Basic information will be provided about how institutional accreditation is provided by the Higher Learning Commission, the regional agency through which all 37 colleges and universities of Minnesota State are accredited.



January 2017

Academic and Student Affairs

Accreditation Basics

Board of Trustees
Academic and Student Affairs Committee

EXECUTIVE SUMMARY

- Accreditation provides quality assurance and federal financial aid eligibility via external peer- and standards-based review.
- All 37 colleges and universities in Minnesota State are members of and accredited by the Higher Learning Commission
 - Institutional accreditation review is ongoing and stringent
 - Program approval is a role shared by the board and HLC
- Regional accreditors are under increasing pressure to demonstrate their role in quality assurance and student protection



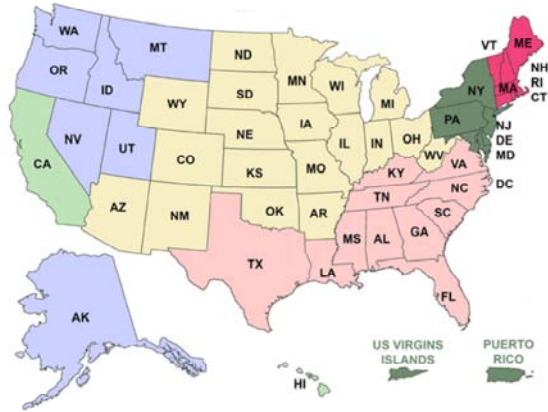
2 Types of Accreditation: Institutional

- Institutional
 - Regional (six United States accreditors)
 - Ensures the quality of an **institution as a whole**
 - Academics
 - Governance and administration
 - Mission
 - Finances and resources
 - National
 - Trade/technical institutions; predominately for-profit

2 Types of Accreditation: Specialized

- Specialized or Programmatic
 - Licensed or professional fields (e.g., nursing, engineering, business, teacher education)
 - 50+ recognized by [Council for Higher Education Accreditation](#) and the [Association of Specialized and Professional Accreditors](#)

Regional Accreditation: Six US Associations



- MSCHÉ:** *The Middle States Association of Colleges and Schools*
- NEASC:** *The New England Association of Schools and Colleges*
- HLC-NCA:** *The Higher Learning Commission*
- NWCCU:** *The Northwest Commission of Colleges and Universities*
- SACS:** *The Southern Association of Colleges and Schools*
- WASC:** *The Western Association of Schools and Colleges*



Regional Accreditation: Higher Learning Commission

- Higher Learning Commission
 - 19 north-central states
 - 1,000~ colleges and universities
 - Since 1895
 - Relationship to the Commission on Accreditation and School Improvement (K-12 accreditor)
 - Both formerly comprised the North Central Association



Regional Accreditation: HLC Pathways

- AQIP (18 Minnesota State institutions)
 - Annual institutional updates and action projects
 - Strategy forums in Years 1 or 2 and 5 or 6
 - Systems portfolios and appraisals in Years 3 and 7
 - Comprehensive Quality Review in Year 8
- Open Pathway (18 Minnesota State institutions)
 - 10-year cycle, includes a major Quality Initiative Years 5-9
 - Assurance Review in Year 4
 - Comprehensive Evaluation in Year 10
- Standard Pathway (1 Minnesota State institution)
 - Comprehensive Evaluation at Year 4 and Year 10
 - Not an elective pathway

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Regional Accreditation: Trustees Role

- Policy
- Comprehensive evaluation site visits
 - Provide overview of board’s interactions with institution
 - Explain relationship of institution’s leadership with board and system leadership
 - Identify key issues or points of attention for the board relative to the institution
 - Underscore the institution’s points of pride and distinctiveness in its region and in the state

Regional Accreditation: Public Information

- Regional actions published for general public
 - Continued accreditation decisions
 - Sanctions
 - Withdrawn accreditation
 - Current membership directory
- Complaints
 - Received from faculty, students, and others
 - Addressed only if issues regard the institution's "ongoing ability to meet the Criteria of Accreditation"
 - Institutions asked to make formal response

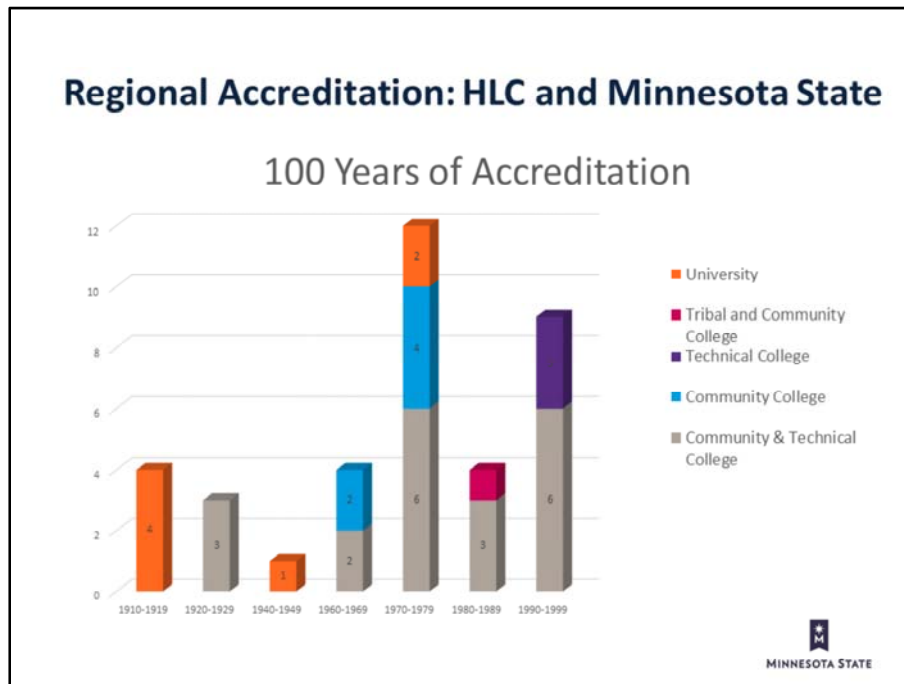
STRATEGIC QUESTIONS FOR DISCUSSION

- Are there strategies you would like to consider for follow-up before or after institutional accreditation visits?
- Are there specific policy questions that you would suggest the board consider relative to program accreditation?



Background Materials





For 100 years of the Commission’s 120-year history, it has been accrediting Minnesota’s public colleges and universities. Its relationship with our institutions is longer than is that of any of the boards created by the Legislature (*ok, that’s going too far, but there’s a kernel of important info there*).

Minnesota State institutions accredited since 1910:

1910s: Winona State: 1913; SCSU 1915; MSUM and MSU 1916;

1920s: Hibbing 1922; RCTC 1923; Mesabi 1925

1940s: BSU 1943

1960s: VCC 1966; M-State (Fergus), NHCC, Riverland 1969

1970s: IHCC, Northland, Ridgewater, SMSU 1970; Century, Normandale 1971;

Central Lakes, Itasca, Metro State 1972; MCTC 1973

1980s – FDLTCC 1982; Saint Paul 1983; SCTCC 1985; Alex 1988

1990s: Former Minnesota Public Schools (technical): DCTC, Pine 1994; Anoka, MSC SE, Northwest Tech, South Central 1995; LSC 1996; Hennepin Tech, MN West 1997

Each of our colleges and universities elect to use one of HLC’s three pathways to ongoing accreditation.

Minnesota State Accreditation Cycles

Institution	Pathway	Year of Next Reaffirmation
Alexandria Technical & Community College	Open Pathway	2023-2024
Anoka Technical College	Open Pathway	2023-2024
Anoka-Ramsey Community College	Open Pathway	2016-2017
Bemidji State University	Open Pathway	2019-2020
Central Lakes College	Open Pathway	2022-2023
Century College	AQIP	2018-2019
Dakota County Technical College	AQIP	2020-2021
Fond du Lac Tribal & Community College	Open Pathway	2025-2026
Hennepin Technical College	AQIP	2016-2017
Hibbing Community College	AQIP	2019-2020
Inver Hills Community College	AQIP	2016-2017
Itasca Community College	Open Pathway	2018-2019
Lake Superior College	AQIP	2022-2023

To give you an idea of the review cycles for all 37 of our colleges and universities, this three-part table displays which pathway each institution follows and when its next reaffirmation of accreditation will take place.

Minnesota State Accreditation Cycles

Institution	Pathway	Year of Next Reaffirmation
Mesabi Range Community and Technical College	Open Pathway	2019-2020
Metropolitan State University	AQIP	2016-2017
Minneapolis Community & Technical College	AQIP	2016-2017
Minnesota State College-Southeast Technical	AQIP	2016-2017
Minnesota State Community & Technical College	AQIP	2021-2022
Minnesota State University Moorhead	Open Pathway	2016-2017
Minnesota State University, Mankato	Open Pathway	2025-2026
Minnesota West Community & Technical College	Open Pathway	2021-2022
Normandale Community College	AQIP	2019-2020
North Hennepin Community College	Open Pathway	2022-2023
Northland Community & Technical College	Open Pathway	2019-2020
Northwest Technical College (Bemidji)	Standard Pathway	2025-2026

Minnesota State Accreditation Cycles

Institution	Pathway	Year of Next Reaffirmation
Pine Technical & Community College	Open Pathway	2018-2019
Rainy River Community College	Open Pathway	2025-2026
Ridgewater College	AQIP	2016-2017
Riverland Community College	AQIP	2015-2016
Rochester Community & Technical College	AQIP	2016-2017
Saint Paul College	AQIP	2018-2019
South Central College	AQIP	2019-2020
Southwest Minnesota State University	Open Pathway	2024-2025
St. Cloud State University	Open Pathway	2016-2017
St. Cloud TCC	AQIP	2015-2016
Vermilion CC	AQIP	2019-2020
Winona State University	Open Pathway	2021-2022

Finally, HLC trains and supports a corps of about 1,300 peer reviewers who conduct these pathways reviews. Within Minnesota State, there are several dozen faculty, staff, and administrators who serve on teams throughout the HLC region. Among them is **President Bill Maki or President Scott Olson**, who can tell you a little more about what it means for a team to prepare for and conduct an accreditation visit.

Issues and Further Reading

- [The Changing Role of Accreditation: Should It Matter to Governing Boards?](#) (AGB Trusteeship Magazine, November/December 2013)
- [Higher Education: New Models, New Rules](#) (Educause Review, October 2013)
- [Report to the U.S. Secretary of Education: Higher Education Act Reauthorization 2015 Accreditation Policy Recommendations](#) (US Department of Education National Advisory Committee on Institutional Quality and Integrity)

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These three articles provide a summary of broad issues relative to higher education accreditation. Some common themes:

- Accreditation processes are complex, and it's not always clear how they relate to the health and well-being of institutions versus technical compliance with criteria for recognition
- Regional accreditors need greater authority to develop standards tailored to institutional mission, to develop tiers of accreditation, and to use different processes for different types of institutions
- Require accreditation reports to be public
- Allow institutions more choice among accreditors
- Accreditation processes have to get up to speed with the disruptions that online learning and other innovations are creating in higher education
- Accreditation has become increasingly politicized, leaving accreditors to serve more and more as instruments of governmental policy
- Boards must give more careful attention to the ways in which change in higher education is affecting quality, and the ways in which accreditors assess quality.

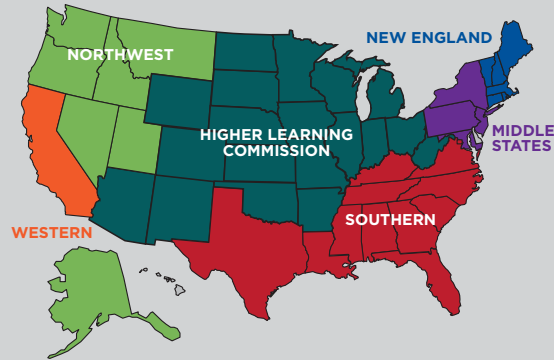


THE VALUE OF ACCREDITATION

Accreditation assures stakeholders that institutions or programs that pass muster have been rigorously evaluated and meet or exceed standards defined by the higher education community.

An institution's accreditation status tells students and their families that it offers quality instruction, supports for student success, and degrees of distinction. Accreditation tells employers that they can trust the quality of the degree their new hire brings to the job or that providing tuition assistance for employees is a smart investment. It affirms that institutions do what is necessary to prepare students to enter, grow in, and change careers, and to apply knowledge across all contexts, as educated workers and active citizens in a democracy—with a broad, worldly perspective honed through exposure to the liberal arts.

Accreditation status also affirms for other institutions the value of credits qualifying for transfer. States rely on accreditation to judge whether institutions or programs are of a quality to merit licensing and the federal government uses it to determine institutional and student eligibility to receive federal funds, student financial aid, or other forms of aid.



REGIONAL ACCREDITING COMMISSIONS

Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges (ACCJC/WASC)—Dr. Barbara Beno, President

Higher Learning Commission (HLC)—Dr. Barbara Gellman-Danley, President

Middle States Commission on Higher Education (MSCHE)—Dr. Elizabeth Sibolski, President

New England Association of Schools and Colleges-Commission on Institutions of Higher Education (NEASC-CIHE)—Dr. Barbara Brittingham, President

Northwest Commission on Colleges and Universities (NWCCU)—Dr. Sandra Elman, President

Southern Association of Colleges and Schools Commission on Colleges (SACSCOC)—Dr. Belle S. Wheelan, President

Western Association of Schools and Colleges Senior College and University Commission (WSCUC)—Dr. Mary Ellen Petrisko, President

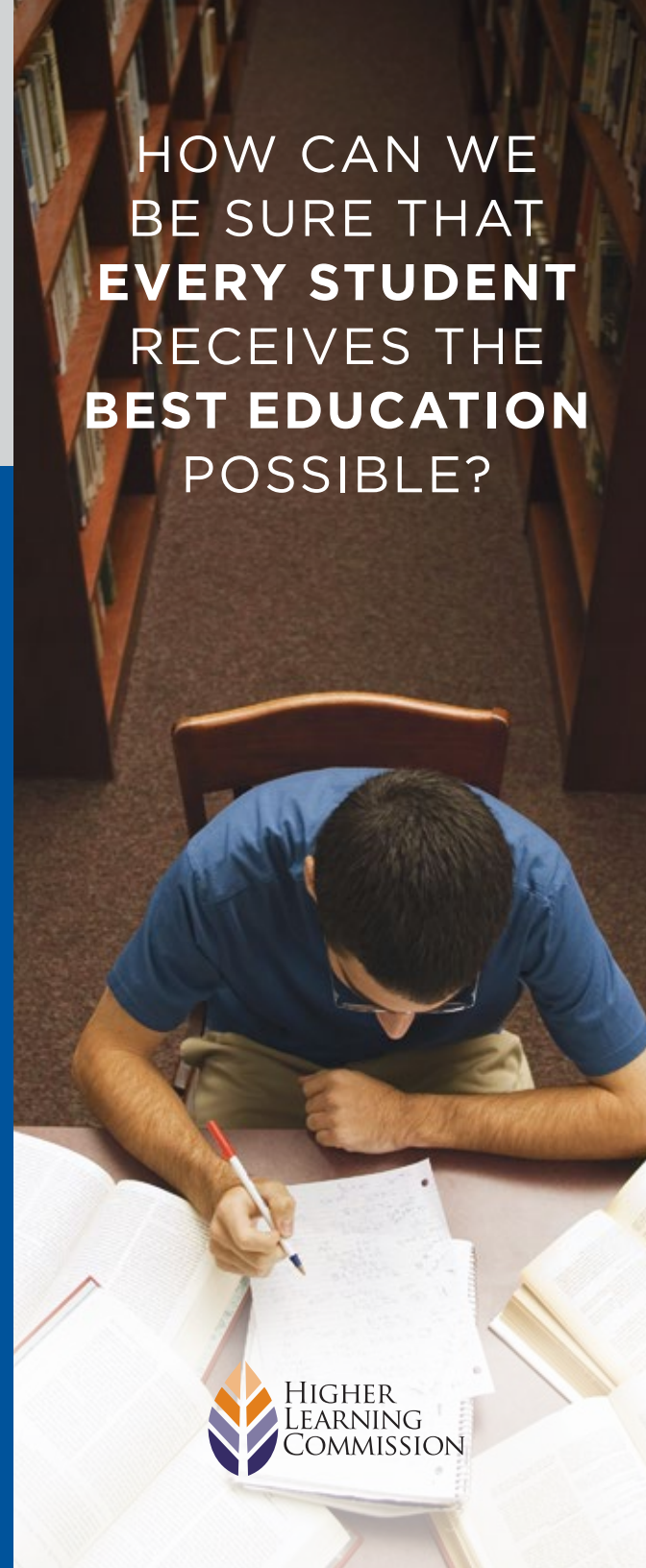


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HOW CAN WE BE SURE THAT EVERY STUDENT RECEIVES THE BEST EDUCATION POSSIBLE?

ACCREDITATION ASSURES QUALITY ACROSS INSTITUTIONS

Accreditation is a process of external review used by the higher education community to assure quality and spur ongoing improvement. Accrediting commissions are private, nonprofit organizations whose members are the colleges and universities themselves. The commissions and visiting teams are made up of volunteers, and one of every seven commissioners is a distinguished member of the public. It's an unusual set-up as accountability systems go, but it has worked for more than 100 years because it relies on the rigorous process of peer review, not governmental monitoring, to define and evaluate whether institutions meet high standards. Self-regulation preserves the autonomy and diversity of higher education, two unique characteristics of our higher education system that contribute to its high quality.





THE TYPES OF ACCREDITATION

THERE ARE THREE KINDS OF ACCREDITATION:

REGIONAL—accredits entire colleges and universities, the majority of them degree-granting and not-for-profit, within a designated region of the United States. Most nonprofit institutions are regionally accredited.

NATIONAL—accredits entire colleges and universities anywhere in the country, most of which have a single focus, such as career or trade schools, and are often for-profit.

SPECIALIZED/PROGRAMMATIC—accredits programs, departments, or schools within a college or university.

HOW DOES REGIONAL ACCREDITATION WORK?

The regional accreditation process lasts seven to 10 years, depending upon the accrediting agency’s parameters. It requires that institutions conduct a comprehensive, extended self-study to assess:

- the appropriateness of its mission and its strategic planning;
- the level of student achievement;
- the quality of its educational practices intended to sustain learning and teaching, including: academic and student support programs and services; faculty, administrative, and staff qualifications; and governance; and,
- the financial stability of the institution.

HOW DECISIONS ARE MADE: THE IMPORTANCE OF PEER REVIEW

Accreditation relies on one of academe’s most effective means of validation—the rigorous process of peer-review. Teams of well-trained expert faculty and administrators from institutions similar to the one being evaluated review assessments and documentation and offer an in-depth look into the vital systems and educational characteristics of the institution. They judge the institution by whether it has met standards using clear indicators of performance, including measures of what students learn.

The team or committee forwards its report to the regional body’s decision-making board for its consideration and approval. That accrediting board is responsible for:

- Awarding candidacy or initial accreditation.
- Approving continued membership with or without additional monitoring.
- Imposing or removing sanctions.
- Approving and monitoring changes of a substantive nature an institution makes.
- Removing an institution from candidacy or membership.

An institution denied or removed from candidacy or membership is afforded the opportunity to formally appeal the decision of the board to an appeal committee composed of members who must attest to having no conflicts of interest or involvement in the adverse decision.

During the period between formal reviews, institutions must provide annual reports and updates to the accrediting agency, which needs to monitor changes of a substantive nature that affect the quality, structure, or accountability of an institution. The reports may include financial information, changes in curriculum, or the addition of higher degree levels, mergers, and so on.



THE NATIONAL INFLUENCE OF REGIONAL ACCREDITATION

Beyond individual determinations of an institution’s accreditation status, regional accreditation serves as a recognizable force for quality and good educational practices in higher education. In terms of national policy, some of the broader roles of accrediting agencies include:

- Promoting innovation within a framework of self-imposed accountability.
- Serving as a “gatekeeper” in assessing quality for federal financial aid to its accredited institutions.
- Serving as an advocate for diversity and autonomy.
- Encouraging institutions to collaborate on expected requirements for undergraduate and graduate admissions and graduation.
- Serving as a tool for collaboration among national and international institutions, governance systems, the workforce, the public, states, and the federal government.

Please note that regional accreditation is a seal of institutional quality but is still no guarantee of the success of programs, courses, or individual students. Identifying serious weaknesses is supposed to spark change. If institutions do not address them, they can lose their accreditation.

ROLE OF STATE AND FEDERAL GOVERNMENT IN ACCREDITATION

FEDERAL. Title IV of the Higher Education Act requires that higher education institutions receiving federal funds be accredited by an accrediting agency recognized by the U.S. Secretary of Education. The accreditation process provides valuable oversight in administering student financial aid programs and ensuring institutions’ fiscal integrity.

STATE. States play a larger role in regulating higher education, especially their public systems. Thus, accreditation factors into state licensing of institutions and helps to promote cooperation and collaboration among institutions located within the state. Accreditation results make it possible for states to serve as the principal protector for



consumers, and to provide funding to state institutions, and often support for private institutions, in the form of both operating dollars and scholarships.

WHY ACCREDITATION IS IMPORTANT TO THE FUTURE OF AMERICAN HIGHER EDUCATION

If the public wants to know how well an institution is really performing, simple numbers like graduation rates, job placements, or student demographics will only reveal so much. But the intensive peer-review process conducted by accrediting bodies provides a view into all the vital systems of the institution: the quality of instruction, the availability and effectiveness of student support, how the institution is led and governed, its financial management, and how it uses data. Accreditors challenge institutions to look beyond symptoms for root causes. It forces all providers of postsecondary education to deeply investigate every aspect of their performance to foster institutional excellence, continuous improvement, and innovation.

For our diverse system of higher education to continue to evolve and maintain its place as a world leader in postsecondary education, accreditation is essential to the accountability framework for our colleges and universities.

WHY DOES ACCREDITATION MATTER?

Accreditation is critical for all stakeholders of higher education including students, policymakers, the constituents they serve, and postsecondary institutions.

Students and families invest significant financial resources to attend college. Accreditation provides assurance that the institution they choose to attend is well run, is of high quality, and provides:

- Degrees and credentials that meet agreed-upon standards and have value in the marketplace;
- Opportunities to transfer credits from one institution to another;
- Access to federal student aid to help pay for college.

Policymakers responsible for funding and regulating institutions of higher education want assurance that money directed to colleges and universities will provide a significant return on investment in the form of a better-educated citizenry and a career-ready workforce. Accreditation provides assurance that institutions are:

- Transparent about the academic and other educational services colleges and universities provide;
- Fiscally responsible and investing in continuous quality improvement to serve the needs of their students, states, and communities;
- Maintaining diversity to serve a multitude of student needs while assuring accountability across all types of institutions.

Higher education institutions themselves need assurance from external experts that their missions, strategic goals, and educational practices are appropriate for the students and communities they serve and on par with their peer institutions. Accreditation assures that institutions:

- Place student success and achievement at the forefront of their mission and are continually seeking to improve in the areas of student persistence and attainment.
- Can evaluate their own performance against a common set of standards for their sector.
- Include continuous improvement and innovation as part of the institutional culture, to ensure that our postsecondary institutions are responsive to an ever-changing world. The process of accreditation is as important as the outcome.

10 THINGS LEGISLATORS NEED TO KNOW ABOUT REGIONAL ACCREDITATION

Accreditation is a voluntary external review process used in higher education to assure quality and spur ongoing institutional improvement. Because federal and state aid programs and licensing are tied to accreditation determinations, lawmakers have a stake in understanding how it really works.

- 1. It drives student success.** Accrediting standards focus on learning, retention, and completion to ensure that students graduate with degrees that have meaning in the marketplace.
- 2. It is based on high standards** established by the colleges and universities themselves.
- 3. It uses the rigorous process of peer review to ensure fiscal and educational integrity.** The process engages the entire college community in self-study, documentation of practice and outcomes, and interaction with evaluators who know what to look for and demand quality.
- 4. It is an efficient system that places no burden on government.** The work of accreditation is done by expert volunteers to assure quality without putting financial burdens on states and the federal government.
- 5. It has teeth.** Institutions can lose their membership and, subsequently, access to financial aid when they have failed to address identified shortcomings.
- 6. It is reliable** and ensures that information generated by the self-study is thoroughly documented based on evidence and implementation of standards.
- 7. It protects the public and promotes transparency.** Accreditation attests to the quality of the investment for students, families, and the public and brings out into the open information about institutional operations and performance.
- 8. It fosters continuous improvement.** Accreditation is an ongoing process that heightens institutional self-awareness and identifies areas to be targeted for improvement.
- 9. It promotes autonomy and institutional diversity,** two of U.S. higher education's great strengths.
- 10. It brings out the best in the campus community** by engaging on-campus faculty and staff with leaders from outside colleges who all have a stake in ensuring similar programs measure up to high standards.



Finance and Facilities

January 24, 2017

3:30 PM

McCormick Room

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 November 15, 2016 (pp. 1-11)**
2. Proposed Amendment to Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration (First Reading) (pp. 12-24)
3. **Proposed Amendment to Policy 5.22 Acceptable Use of Computers and Information Technology Resources (Second Reading) (pp. 25-34)**
4. **Proposed New Policy 6.9 Capital Planning (Second Reading) (pp. 35-40)**
5. **Proposed New Policy 6.10 Design and Construction (Second Reading) (PP. 41-45)**
6. **Approval of Contracts Exceeding \$1 Million: (pp. 46-50)**
 - a. Classroom Event Management Software Contract Extension
 - b. Library Information Software and Services (PALS)
 - c. Systemwide Web Conferencing Services
 - d. Student Health Services (MCTC)
 - e. Student Success Software and Services (SCSU)
7. **Authorization to Negotiate Third Party Housing Agreement at Minnesota West Community and Technical College and Award of Housing Development Grant (pp. 51-55)**
8. **FY2017 Revenue Fund Bond Sale (Second Reading) (pp. 56-95)**

Committee Members:

Jay Cowles, Chair

Elise Bourdeau, Vice Chair

Basil Ajuo

Ann Anaya

Robert Hoffman

Jerry Janezich

Roger Moe



Bolded items indicate action is required.

**MINNESOTA STATE
BOARD OF TRUSTEES
FINANCE AND FACILITIES COMMITTEE
NOVEMBER 15, 2016
McCORMICK ROOM
30 7TH STREET EAST
ST. PAUL, MN**

Finance and Facilities Committee Members Present: Chair Jay Cowles, Vice Chair Elise Bourdeau, Trustees Basil Ajuo, Robert Hoffman

Committee Members Absent: Ann Anaya, Jerry Janezich

Other Board Members Present: Trustees Louise Sundin, Cheryl Tefer, Alexander Cirillo, Rudy Rodriguez, Amanda Fredlund, Margaret Anderson Kelliher and Michael Vekich

Leadership Council Members Present: Chancellor Steven Rosenstone and Vice Chancellor Laura King

The Minnesota State Finance and Facilities Committee held its meeting on November 15, 2016 in the 4th Floor McCormick Room, 30 East 7th Street in St. Paul, MN.

Chair Cowles called the meeting to order at 10:03 a.m. There was a quorum present.

- 1. Minutes of the Finance and Facilities Committee Study Session, Facilities Design, Construction, and Operation Practices, October 18, 2016 and**
- 2. Minutes of Finance and Facilities Committee October 18, 2016**

Chair Cowles called for a motion to approve both the Study Session minutes and Finance and Facilities minutes as written. Trustee Bourdeau made the motion, Trustee Hoffman seconded. There were no changes recommended. The motion was accepted.

Chair Cowles asked whether there was a revision to the red line in Policy 5.22 that members have at their places. Vice Chancellor King responded that it was a production error with no material changes. Chair Cowles also pointed out that members also had at their places a revised Attachment A on the allocation framework redesign recommendation.

Vice Chancellor King was invited to provide updates. Vice Chancellor King reported that the chancellor met with the commissioner of Minnesota Management and Budget (MMB) to present the financial environment for the Minnesota State colleges and universities and the emerging recommendation around the operating budget request. President Maki from the Northeast Higher Education District was present at the meeting and had an opportunity to advise the governor's staff about the deliberations that are going on within the Leadership

Council. There is full understanding that there isn't a recommendation or request until the board has made a decision. The chancellor and President Maki's presentations were well received by the governor's office. Once the board has finished its deliberations, the final recommendation will be forwarded to the governor and his staff. The governor will make a budget recommendation in January. We are preparing to work with incoming House and Senate leadership. New members will be contacted when appointments are made.

The ruling on the 393 Bates property has been received. The judge has established a price. The sellers have a final opportunity to appeal the process. The process should be complete by the end of the calendar year. *(Note: the seller subsequently appealed and the process will continue into 2017.)*

The results of the FY2016 financial statement work will be presented at this meeting. The preliminary FY2018 Capital Budget plan will be presented to the chancellor and board within the next couple of months.

Two of the colleges received the Best of B3 recognition for their dedication to sustainability and participation in the State of Minnesota's Buildings Benchmarks and Beyond Program. The Liberal Arts Building at Itasca Community College won the Indoor Environmental Quality category and North Hennepin Community College won after achievement of a 33 percent reduction in energy use per square foot for the previous year. While not winning specific awards, projects at Bemidji State University, Century College and South Central College, Ridgewater College and Minnesota State - Southeast Technical received recognition for their work in the areas of sustainable design, indoor environmental quality and benchmarking.

3. Proposed Amendment to Policy 5.22 Acceptable Use of Computers and Information Technology Resources (First Reading)

Chair Cowles asked Vice Chancellor King to introduce the first reading of proposed revisions to policy 5.22 Acceptable Use of Computers and Information Technology Resources. The policy was up for review last year and went through the complete consultation process. There are modest changes as a result of the review. The only change is found on page 2 where lines 30-33 have been cleaned up to reflect current practice around information technology resource administration. The second reading and recommendation for adoption of the policy will be presented to the board in January. Chair Cowles asked whether there were any questions regarding the changes in the policy during the consultation process. Vice Chancellor King responded that the changes were primarily grammatical errors, formatting and structure changes.

4. Proposed New Policy 6.9 Capital Planning (First Reading)

5. Proposed New Policy 6.10 Design and Construction (First Reading)

Associate Vice Chancellor Yolitz recalled the discussion from last month's study session on aligning facilities policies structure with the lifecycle of a building. The current Facilities Management policies found in chapter six of board policies include policy 6.4 - Facilities Planning, policy 6.5 - Capital Program Planning and policy 6.6 - Facilities Maintenance and Repair including Revenue Fund Facilities. The intention is to transition these polices into a construct that aligns with the lifecycle of a building to reflect planning up front; the design and construction process; and finally management and operations. The real estate transactions policy will remain, but will be updated. The policy regarding the naming of buildings and sites and common areas (policy 6.8) will be recommended for placement as a procedure and rescinded when the other pieces are in place. Proposed policies 6.9 - Capital Planning, 6.10 - Design and Construction and 6.11 - Facility Operations and Management are the recommended new polices under this framework.

Trustee Hoffman asked how the reorganization of the policies will change what is currently being done. Mr. Yolitz responded that it will be made a lot clearer when looking for planning guides and bring clarity to the governing structure. Chair Cowles asked for clarity on whether there are material changes. Mr. Yolitz responded that are no material changes but some elements have been migrated to procedure. Vice Chancellor King commented that Policy 6.11 is new and will be presented to the board in January. Chair Cowles asked whether the second reading and approval on 6.9 and 6.10 will align with the second reading of Policy 6.11 in order to gauge the full scope. Mr. Yolitz responded that Policies 6.9 and 6.10 have been through the consultation process but the second reading could be delayed at the committee's discretion. Chair Cowles responded that the Chancellor will review the first reading of Policy 6. 11 at the same time of the second readings of policies 6.9 and 6.10.

Trustee Sundin commented that the word "environment" is not stated in any of the policies. Mr. Yolitz responded that it is embedded under sustainability in order to offer a wider scale of areas of focus. Trustee Sundin asked whether the term "construction standards" include cutting-edge standards. Mr. Yolitz responded that during last month's study session, it was outlined that many of those items are outlined in the B3 standards.

6. FY2017 Revenue Fund Bond Sale (First Reading)

Associate Vice Chancellor Yolitz presented the request seeking committee and board approval for a revenue fund bond sale in 2017 for approximately \$90 million, which would provide new money to renovate a residence hall at MSU Moorhead, advance design for future revenue fund projects and refund outstanding bonds from prior years' sales in 2007-2009. This presentation is the first reading of this proposal. The system's financial advisors will monitor the pricing of sales and more information will be provided during the second reading in January.

The revenue fund is one of the two major funding streams used for capital projects. The recommended projects emerge from comprehensive facilities planning at the college and

system levels. The last bond sale was done two years ago—current practice is a 2-year cycle which allows for deliberative planning and an opportunity to take advantage of the market after the first of the year. Sheryl Bailey and Mark LeMay of Springsted, Inc. are the system's financial advisors and bond counsel is provided by Kennedy & Graven.

A renovation project at MSU Moorhead is being proposed for the bond sale and is the third step of a 3-phase process. The project will finish work at East Snarr Hall. It is a \$9.3 million construction project that would renovate 36,000 square feet of space and would be funded through the bond sale. The renovation would bring the facility to standards that are conducive with recruiting and retaining students on the campus. The bond sale would also provide money for new designs on campuses if needed. Construction would begin after the bond sale is complete.

If the bond sale is approved, there are up to 3 years of bond sales for which we would issue refunds (2007-2009). It is anticipated that the refunding will yield between \$1-1.2 million in annual savings with a net present value of \$6-6.3 million.

Chair Cowles commented on the increase in the revenue fund debt authority during the 2012 legislative session and asked what opportunity exists with a higher debt capacity or with the current capacity. Mr. Yolitz responded that only about \$10 million of this bond sale would be new debt to the system and that Minnesota State would remain well below the \$405 million statutory outstanding debt threshold. Trustee Erlandson asked what the impact of ratings assigned by Moody's and Standard & Poor's has on the pricing and what could be done to improve it. Vice Chancellor King responded that there is a very strong relationship with the rating agencies and we have had a strong rating for the revenue fund from both agencies until a year ago when the concern on enrollment trends led to a slight downgrade. The ratings are based on many things including governance structure, revenue diversity, enrollment and demographic diversity.

Trustee Erlandson asked what the expectation and impact will be on interest rates since the presidential election. Mr. LeMay responded that the market was based on a presumption of how the election would turn out and that the election results have introduced market uncertainty. Right now the bond markets are in a period of high volatility. Based on estimates from the end of October, everything was raised by 50 basis points. Historically, in January, the market improves for tax-exempt bonds. The next reading will come before the board towards the end of January and there will be a better picture of what the market looks like. There has to be some flexibility to retract the FY2009 refunding if it doesn't generate the savings that is expected, but to go ahead with the refunding that make sense. Sheryl Bailey commented that in periods of volatility there is always a flight to quality and this will be watched strongly. With the strong AA- rating, this will be an attraction versus some other available securities in the market. This is favorable and will be considered while watching the market changes. In January when there is less product, the supply and demand dynamics historically work to the benefit of issuers.

Chancellor Rosenstone asked whether there might be additional leverage for optimizing the price efficiency of the bond sale if staff had the flexibility to proceed at the beginning of January as opposed to the end of January after a second reading. Mr. LeMay responded that having the flexibility would be an advantage.

Chancellor Rosenstone suggested that the board suspend the rules and taken action today in order to maximize flexibility and improve the efficiency of the sale. Chair Cowles asked for comments, concerns about the proposal and stated that there will need to first be a vote to suspend the rules and then one to submit the proposal to the board for approval at their meeting. Trustee Hoffman made the recommended motion to suspend the rules. Trustee Bourdeau seconded. The motion passed.

Vice Chancellor King recommended that a motion be made to amend the approved motion by inserting after the clause "subject to final legal form completion" at the end of the sentence now ending with "... as described in Attachment B". Trustee Hoffman made the motion to approve the revised motion on page 48, Trustee Bourdeau seconded. The motion carried.

7. College and University Operating Budget Update

Vice Chancellor King and Deb Bednarz, System Director of Financial Reporting and Analysis, provided an update on the FY2017 operating budgets resulting from fall enrollment, in the context of the new financial health indicators. The areas for discussion were revisions to the FY2017 operating budget, FY2016 contributions to fund balance and performance against new enrollment and new cash indicators. A 2.8 percent enrollment decline is anticipated across the system and has an impact on operating budgets. There is forecast decline of tuition revenue of nearly \$18 million. Colleges and universities exceeding a 2 percent difference between original and currently forecast enrollment have submitted revised budgets.

A short-term enrollment indicator has been created which measures the accuracy of the current-year enrollment forecast. Current year-to-date enrollment is carefully monitored, and those who trigger this indicator must submit a revised operating budget to the system office.

Staff are also carefully watching planned and actual cash indicators related to fund balance. There were strong contributions made by the colleges and universities to their of FY2016 fund balances. At the end of each fiscal year, we expect to see colleges and universities with a general fund balance of at least 20 percent of their annual general fund revenues. Those who fall below this indicator are asked to submit a financial plan. The other trigger monitored has to do with high spending of fund balance over a three year period. Colleges and universities who have spent down 10 percent or more of their fund balance over this time period are asked to submit a written report explaining this trend and, if applicable, their strategy to rebuild their fund balance.

Despite strong performance in FY2016, there are structural challenges in play and we are working hard to help the colleges and universities avoid significant problems. Vice Chancellor King has been meeting with a number of schools that have triggered the new indicators to help review their financial and enrollment plans.

Trustee Hoffman commented that the enrollment trend is disturbing and asked, in terms of cause and effect, how the cause is defined. Vice Chancellor King responded that there are global causes hitting all colleges and universities and micro causes. High school enrollment, economic and labor force trends, high school completion rates and preparedness all matter but some can be hard to predict. Trustee Hoffman asked whether the model needs to change.

Chancellor Rosenstone responded there are some things that need to be done differently. There have been declines in the number of high school graduates over the last seven years and it will take time to recover. The unemployment rate is counter-cyclical. In general, the 18-34 year old population seeking higher education continues to decline.

Trustee Bordeaux asked what others are doing nationally around enrollment. Vice Chancellor King responded that an example is a small grant proposal in the biennial budget proposal that mirrors a strategy that others have successfully used. The Academic and Student Affairs community has other items they are advocating regarding marketing, and retention lessons learned.

Trustee Cirillo, in an attempt to better understand the short term/long term implications, asked if we anticipated changes in the enrollment trend or more trouble ahead. Vice Chancellor King responded that the community is not sure yet—but will be watching closely. Chair Cowles commented that this is a very good foundation for the discussion that will take place around the FY2018 budget request and the Long-Term Financial Sustainability recommendations later on the agenda.

8. Report of Internal Financial Model and Allocation Framework Redesign (Second Reading)

Vice Chancellor King commented that last month, the board heard a detailed presentation of the proposed changes, and voiced some concerns, so a revised version of attachment A has been provided. The proposed changes align with the design principles endorsed by the board. The result will continue to be a block grant to each college/university. The model does not dictate how the funds are spent; that authority belongs to each president. The framework continues to be a data driven model, and tuition and fee revenue will remain at the college or university at which it is earned. Finally, a transition plan has been developed and included for review.

There were no changes to the recommendations in the material as it was presented in October. The method for allocating state appropriation to our colleges and universities relies on a variety

of tools including the internal instructional cost study, and institutional priority allocations. The proposed changes to the allocation framework include adding an outcome based student success component, using student headcount and giving additional weight to underrepresented students within student services module, and simplifying the facilities component including freezing square footage. The Technical Advisory Committee will continue to monitor the mechanics of the allocation model.

What is changed from the October materials is the revised Attachment A; in response to the concerns about adverse impacts, the addition of a transition plan that guarantees colleges and universities some measure of predictability in their allocation over two years, assuming increased appropriation and a structurally balanced budget plan for those participating. This attachment outlines what the board would adopt to implement the work of the allocation framework redesign committee. Chair Cowles invited questions and comments.

Trustee Hoffman commented that the plan is well spelled out and is a good change.

Trustee Sundin asked about additional weighting for underrepresented students and less weighting for concurrent students—are they not sometimes the same students? Also, do concurrent enrollment students tend to come our way more often than non-concurrent students? Vice Chancellor King responded that we are in the midst of analytical work on these questions—once we know more we can share. But we are certain that the service and cost levels are different for concurrent students. There is work being done on changing how to code concurrent students in order to improve data in this area, and the committee can anticipate potential revisions in the future.

Trustee Sundin commented that she hoped that there is an opportunity for more aggressive partnerships with training programs in the building trades. Trustee Cirillo noted that as he tracks all the changes discussed, he reads them as incentives and assessments of what behaviors we wish to encourage.

Trustee Cowles commented that we clearly have a significant number of data analytics available to us—how and when will the board receive updates on how these changes play out? Vice Chancellor King responded that the board will be engaged next spring when proposals for collaboration incentives and the enterprise financing redesign changes are brought forward for review. Also, in the spring of FY2019, there will be a conversation about what was learned about concurrent spending. Board oversight and interaction will be deliberate. If there are technical changes that are aligned with existing board direction, staff would not bring back for official action.

Trustee Cowles responded that the board wants to be kept informed of changes including intended or unintended consequences and that a projected time table covering the next couple of years would be valuable.

Chancellor Rosenstone agreed and recommend that an assessment of the incentives be built into the model. Trustee Hoffman commented that the board needs to be informed but with not too much oversight. Chair Cowles commented that it would be viewed as a learning opportunity and not intended for management.

Vice Chancellor King informed the members of the committee about other elements of the allocation framework redesign, including a recommendation to assign the full 1/3 debt service from new capital projects to the benefiting college or university, beginning with new projects in the FY2018 capital program. Another proposal is to set aside 1 percent of the state appropriation as an allocation to reward collaboration and cooperation among colleges and universities. The criteria for the program are under development within the Academic and Student Affairs community and will be back before the board in spring 2017. In an effort for continuous improvement, the Technical Advisory Committee will continue to monitor and oversee the technical aspects of the model and will continue to keep the board abreast of any additional changes needed.

Vice Chancellor King noted that the committee had before it Attachment A- revised, which reflects the changes to the allocation framework as outlined, calls for an annual report to the board on implementation results and impacts, approves the reassignment of the debt service cost effective with the FY2018 capital program, and approves a 1 percent priority allocation set aside to recognize and support cooperative and collaborative efforts throughout the system.

Chair Cowles recalled that Trustee Janezich expressed strong concerns at the last meeting about the change in the debt service cost assignment. Chair Cowles, Trustee Janezich, Vice Chancellor King and Associate Vice Chancellor Yoltz met to discuss these concerns. Chair Cowles believes the proposal is the right way to go and that it takes into account incentives and future planning. The change will have positive consequences in the initial year for all the colleges and universities and the benefit will grow over time. It frees up funds to be allocated on an unrestricted basis across all the colleges and universities and removes the burden on colleges and universities that do not have capital projects. It also establishes a reasonable requirement of the responsibility for 1/3 of the debt repayment. Chair Cowles recommended moving to the motion to approve the recommendation on Page 99 of the board packet and the Attachment A-revised. Trustee Bordeaux made the motion to accept, Trustee Ajuo seconded. The motion carried.

9. FY2018-FY2019 Legislative Operating Budget and 2017 Capital Bonding Proposal (Second Reading)

Vice Chancellor King noted that this is the second reading on this item, and it is the third meeting at which the board has discussed these issues. The request is a compact with the State of Minnesota that will benefit our students and the state. It is a large request but a necessary one. There are three goals of the request: to protect programs and campuses; to reduce

economic and racial disparities in the state by enabling access for all; and, to provide the faculty, staff, and information technology infrastructure needed. If funded, it would achieve a number of goals including the ability to keep undergraduate tuition rates at current (FY2017) levels.

The request is based on a 3 percent inflationary planning estimate which is lower than most recent increases, but prudent. The request also includes funding for the ISRS Next Generation update. We have one of the largest systems in the country and possibly the largest information database and it must be improved to respond to the needs of students, faculty and communities. The request asks the state for half the project cost, and pledges the system to finance the remaining costs.

Finally, another aspect of the request is a student grant initiative that provides financial scholarships to certain students to encourage persistence, completion and transfer.

A campus grass roots network is in place to increase awareness on campus and in communities, to promote the request and to tie it to local priorities. The campuses are creating impact statements that will help legislators and the governor see how the request has both a statewide and local impact.

The recommended motion is on page 131 and 132, and articulates the board's request that the state strengthen its commitment to access and affordability, invest in critical infrastructure technology, and support student success. It strongly urges the legislature to join the board in supporting higher education in Minnesota. The motion also seeks approval to reintroduce the FY2017 capital budget request.

Trustee Hoffman asked what the major concerns of our presidents are. Vice Chancellor King responded that the presidents have a significant financial challenge before them. They are hopeful that the legislature will support the request so that the work that is needed can move forward.

Chancellor Rosenstone commented that the committee and system are making a substantial commitment to the technology initiative and will need state support in order for it to succeed. Alternatives were carefully looked at and considered. The management of the internal commitment is still in the development stage, and is a 'heavy lift' but entirely necessary. The grants to students will make a big difference for college and university students, and will contribute to their success. The presidents support this request, with cautionary support for the technology portion.

Trustee Sundin suggested that the third goal focuses on the delivery side of the educational experience—we should make sure that we discuss the participation side of the experience, i.e., the students.

Trustee Rodriguez asked what the benefit would be if the technology investment is obtained. Would it get us to a basic level of technology or best in class? Vice Chancellor King responded it's a little early to answer the question, the team will go into RFP development and then into the market to see whether the cost estimate is sufficient. More will be known next spring.

Chair Cowles reminded the committee that at the last meeting, MAPE had an issue with this proposal. Vice Chancellor Padilla was asked to give an update on the issue. Vice Chancellor Padilla stated that the concerns from MAPE were that employees at the Waite Park location had not been engaged in the conversation around ISRS. There have since been significant conversations with the concerned parties. Mr. Jerry Jeffries, MAPE - MNSCU Statewide Meet & Confer – Chair, and Vice Chancellor Padilla spent time with the staff and had a very productive conversation. Everyone left the meeting in a better place.

Chair Cowles asked for clarity on the resolution on page 132, the last sentence of the third paragraph; he wished to confirm that the motion does not bind the board to any position relative to tuition or any other decisions should the legislative request be funded at less than the full amount. Vice Chancellor King responded that after assessing the results, the committee will work with the board to develop a recommendation. It is expected that there will be extensive consultation across all the bargaining units, student associations and presidents before any recommendations comes back to the Board.

Trustee Bourdeau asked whether there is a backup plan if this is not fully funded. Vice Chancellor King responded that there is no plan B. The committee would go forward with the board's endorsement with the legislative program, make an assessment and develop from that point.

Chancellor Rosenstone commented that the process began seven months ago and was developed through consultation and conversations with all partners. If the state does not support the request in full, the first step will be conversations with the same consultation groups to create a new proposal.

Chair Cowles invited Minda Nelson, Vice President of MSCSA to speak. Ms. Nelson commented that at the October Finance committee meeting, Dillion Kelly, President of MSCSA, stated that the association is grateful that the request recognizes the important impact additional financial assistance can make to help students stay in school. MSCSA believes that the ISRS NextGen Project is important and worthy of legislative conversation. Students see the need for additional state funding to help campuses continue to serve students. It is still a deeply held belief that the commitment to keep a tuition freeze in place is contingent upon fully funding the legislative request. Students need a stronger commitment, and are 'hard pressed' to support the request as it is written.

Chair Cowles thanked Ms. Nelson and reiterated that no decisions have been made about alternatives to the legislative request being fully funded.

Chair Cowles asked for a motion to adopt the resolution on page 132.
Trustee Ajuo made the motion to accept the recommendation, Trustee Hoffman seconded.
The motion carried.

Trustee Bourdeau provided a final comment to the committee to rely on the trustees' assistance during the session to help advocate the legislative request.

The meeting adjourned at 12:12 p.m.

Respectfully submitted
Maureen Braswell, Recorder

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

Name: Finance Committee

Date: January 24, 2017

Title: Proposed Amendment to Board Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration (First Reading)

Purpose (check one):

Proposed
New Policy or
Amendment to
Existing Policy

Approvals
Required by
Policy

Other
Approvals

Monitoring /
Compliance

Information

Brief Description:

Currently board policy authorizes the chancellor, the chancellor's designees, and the executive director of internal auditing to issue guidelines consistent with board policy and system procedures. This proposed amendment would rename "guidelines" to "operating instructions" in an effort to clarify that compliance is mandatory.

Scheduled Presenter:

Laura King, Vice Chancellor-Chief Financial Officer

BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES

BOARD POLICY – FIRST READING		
Chapter 1	Chapter Name	System Organization and Administration
Section A	Policy Name	1A.1 Minnesota State Colleges and Universities Organization and Administration

- 1 **Part 1. Name of Organization.** The name of the organization is the Board of Trustees of the
2 Minnesota State Colleges and Universities.
- 3 **Part 2. Vision and Mission Statements.** The following vision and vision statements have been
4 adopted by the Board of Trustees.
- 5 **Subpart A. Vision statement.** It is the core value of the Minnesota State Colleges and
6 Universities to provide an opportunity for all Minnesotans to create a better future for
7 themselves, for their families, and for their communities.
- 8 **Subpart B. Mission statement.** The core commitments of Minnesota State Colleges and
9 Universities are to ensure access to an extraordinary education for all Minnesotans, be the
10 partner of choice to meet Minnesota’s workforce and community needs, and deliver to
11 students, employers, communities and taxpayers the highest value/most affordable higher
12 education option.
- 13 **Subpart C. College and Universities related missions.** Each state college and university has a
14 distinct mission that is consistent with and supportive of the overall mission of Minnesota State
15 Colleges and Universities.
- 16 Minnesota State Colleges and Universities provides high quality programs comprising:
- 17 1. Technical education programs delivered principally by technical colleges, which
18 prepare students for skilled occupations that do not require a baccalaureate degree.
- 19 2. Pre-baccalaureate programs, delivered principally by community colleges, which offer
20 lower division instruction in academic programs, occupational programs in which all
21 credits earned will be accepted for transfer to a baccalaureate degree in the same field
22 of study, and remedial studies.
- 23 3. Baccalaureate programs delivered by state universities, which offer undergraduate
24 instruction and degrees; and

1 4. Graduate programs, delivered by state universities, including instruction through the
2 master's degree, specialist certificates and degrees, and applied doctoral degrees.

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

5 **Subpart A. Board.** "Board" means the Board of Trustees of the Minnesota State Colleges and
6 Universities.

7 **Subpart B. Consolidated colleges.** "Consolidated Colleges" means community and technical
8 colleges that under board direction have formally reorganized into single comprehensive
9 institutions.

10 **Subpart C. Executive officers.** "Executive officers" means those persons appointed by the board
11 to manage Minnesota State Colleges and Universities or one of its institutions, and includes the
12 chancellor, vice chancellors, and the presidents.

13 **Subpart D. Board policy.** "Board policy" means a policy statement enacted by the board to
14 provide the governing authority and structure for Minnesota State Colleges and Universities
15 and its constituents, in accordance with the System's mission and philosophy. Board policies are
16 to be concise statements of the board on matters of governance it deems important to the
17 system and its operation, consistent with governing law.

18 **Subpart E. Campus policy or procedure.** "Campus policy or procedure" is a policy or procedure
19 approved by the president to govern the operation of the college or university, consistent with
20 Board policy and System procedure.

21 **Subpart F. Policy change.** "Policy change" means adoption of a new Board policy, or
22 amendment or repeal of an existing Board policy.

23 **Subpart G. Procedure change.** "Procedure change" means adoption of a new System
24 procedure, or amendment or repeal of an existing system procedure.

25 **Subpart H. Statutes.** "Statute(s)" means the Minnesota Statutes.

26 **Subpart I. State.** "State" means the State of Minnesota.

27 **Subpart J. System.** "System" means Minnesota State Colleges and Universities, including the
28 Board of Trustees, and its colleges, universities and System office.

29 **Subpart K. ~~System guidelines.~~ "System guidelines" means guidelines. Operating instructions.**
30 **"Operating instructions" means instructions** approved by the chancellor, chancellor's designee
31 responsible for the area, or executive director of internal auditing, giving explicit direction,
32 instructions or guidance on internal forms, processes and other administrative or managerial
33 matters, consistent with Board policy and System procedure.

34 **Subpart L. System office.** "System office" means the central administrative and staff office
35 under the direction and supervision of the chancellor.

1 **Subpart M. System procedure.** "System procedure" means a procedure approved by the
2 chancellor to implement Board policies. System procedures specify the manner in which
3 policies, law, or managerial functions shall be implemented by the colleges, universities and
4 System office.

5 **Subpart N. Technical change.** "Technical change" means a change that does not alter the
6 meaning of a Board policy or System procedure, including correction of errors in spelling, case,
7 or syntax, or format changes.

8 **Part 4. Legal Basis.** The legal basis for the Board of Trustees and the Minnesota State Colleges
9 and Universities is established under Minn. Stat. Ch. 136F.

10 **Part 5. Rules of Procedures.** Robert's Rules of Order, in its most recent revised edition, shall be
11 the rules of procedure for all meetings to the extent that they are not inconsistent with law,
12 these operating policies, or any special rule of the board.

13 **Part 6. Board Policies and System Procedures.**

14 **Subpart A. General authority to enact policies.** The board is authorized by Minn. Stat.
15 §136F.06, Subdivisions 1 and 2 to adopt suitable policies for the institutions it governs. These
16 policies are broad general directions developed by the board to govern the colleges,
17 universities, and system office. These policies are not subject to the administrative
18 requirements of state agencies including public hearing examiners and contested case
19 procedures required by Minn. Stat. Ch. 14.

20 **Subpart B. Proposed changes to policies or procedures.** The chancellor may convene working
21 groups or seek consultation from any party to develop a proposed policy or procedure change.
22 Before the adoption of any change in Board policy or System procedure other than a technical
23 change, the proposed change must be:

- 24 1. Submitted to the chancellor's cabinet and presidents for review and comment.
- 25 2. Published for comment through electronic posting or transmission to interested parties.
- 26 3. Discussed with bargaining groups in meet and confer when required under a collective
27 bargaining agreement.

28 Any Board policy change proposed by the System's executive officers must be approved by the
29 Chancellor or Chancellor's designee prior to submission to the board for consideration.

30 **Subpart C. Policy adoption.** Each proposed Board policy change shall be assigned to a
31 committee by the chair, or to the board meeting as a committee of the whole. The committee
32 shall take the matter under consideration and make such recommendations to the board as it
33 deems appropriate. Except for technical changes, final Board action shall not occur earlier than
34 the calendar month following the first committee reading. Technical changes may be approved
35 by the board on its consent agenda and may be approved in the same month as committee
36 consideration of the proposed technical changes.

1 **Subpart D. Suspension.** Any provision of these policies may be suspended in connection with
2 the consideration of a matter before the board by an affirmative vote of two-thirds of the
3 board.

4 **Subpart E. System procedures.** The chancellor is authorized to approve System procedures
5 when necessary to provide additional administrative instructions to Board policy or to other
6 administrative actions. These procedures shall be made available electronically to the colleges,
7 universities and the general public in the same manner as Board policies.

8 **Subpart F. ~~System guidelines~~ Operating instructions.** The chancellor, ~~vice chancellors~~
9 chancellor's designee responsible for the area, and executive director of internal auditing are
10 authorized to issue ~~system guidelines~~ operating instructions consistent with Board policy and
11 System procedure.

12 **Subpart G. Campus policies and procedures.** Campus policies and procedures may be adopted
13 by the president of a college or university consistent with Board policy and System procedure.

14 **Subpart H. Periodic review.** The chancellor shall establish procedures to ensure that each
15 Board policy and System procedure is reviewed at least once every five years. The policy or
16 procedure shall be reviewed to determine whether it is needed, that it is current and complete,
17 not duplicative of other policies, does not contain unnecessary reporting requirements or
18 approval processes, and is consistent with style and format requirements. The chancellor shall
19 periodically report to the board on the review of policies and may make recommendations for
20 amendment or repeal if appropriate.

21 **Subpart I. Form and effect.**

22 1. **Publication.** Board policies and system procedures shall be maintained by the chancellor
23 in hard copy format and on the system website. Changes in Board policies and System
24 procedures shall be entered on the System website as soon as practicable, but not
25 later than five business days following board adoption of policy changes or chancellor
26 approval of procedures. The board shall be notified when the policy and procedure
27 has been published.

28 2. **Format.** Board policies and System procedures must be written in accordance with style
29 and format standards established by the chancellor, and must include historical
30 notations on changes made.

31 3. **Effect.** In the event of a conflict between Board policy and any System procedure,
32 campus policy or procedure, or system guideline, Board policy shall govern. In the
33 event of a conflict between System procedure and any campus policy or procedure,
34 System procedure shall govern.

35 4. **Severability.** Unless otherwise provided, the provisions of all Board policies and system
36 procedures shall be severable.

1 **Part 7. Legislative or Administrative Proposals.** Interaction with the legislature and other state
2 or federal agencies.

3 1. **System legislative or administrative positions or proposals.** The board must have
4 approved System proposals brought before Federal and state legislatures or executive
5 branches on behalf of the board, the System or its institutions. Once board approval
6 has been granted, all institutions are expected to actively support Board approved
7 requests and to respect the priority of the board. The board shall have a method for
8 timely response to proposals or positions not originated by the board, but which may
9 affect the operation of the System.

10 2. **Administrative or legislative appearances on Minnesota State Colleges and**
11 **Universities concerns.** Employees asked to provide expert testimony before Federal
12 and state legislatures or executive branches on legislative issues shall make every
13 effort to quickly accommodate requests, and shall notify the System Government
14 Relations Office of requests so that the board will be aware of appearances and so the
15 Office may provide logistical support, background assessments and other assistance as
16 needed. Employees covered by the MnSCU Personnel Plan for Administrators, who are
17 responsible for providing expert testimony on legislative or State agency issues, and
18 take positions contrary to the board, must disclose at the outset that their testimony is
19 contrary to the board's position.

20

21 Related Documents:

- 22 • **Policy 1A.2** Board of Trustees
- 23 • To view any of the following related statutes, go to the Revisor's Web site
24 (<http://www.revisor.leg.state.mn.us/>). You can conduct a search from this site by
25 typing in the statute number.
- 26 • Minnesota Statute 136F
- 27 • Minnesota State Laws Chapter 14

28

29 Policy History:

30 ***Date of Adoption:*** 8/12/92,
31 ***Date of Implementation:*** 8/12/92,
32 ***Date & Subject of Revisions:***

1 11/18/14 - Amended Part 2, updating the board's vision and mission statements to reflect the
2 board's adoption of the strategic framework. Amended Part 6, Subpart E to clarify that system
3 procedures will be made available electronically in the same manner as board policies. Amended
4 Part 6, Subpart I to eliminate the need to print paper copies of policy and procedures and to
5 include language requiring that the board be given notice when a policy or procedure has been
6 published.
7 11/16/11 - Effective 1/1/12, the Board of Trustees amends all board policies to change the term
8 "Office of the Chancellor" to "system office," and to make necessary related grammatical
9 changes.

10 [Click here for additional 1A.1 HISTORY](#)

11

12 *Date of Adoption:* xx/xx/xx

13 *Date of Implementation:* xx/xx/xx

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**BOARD OF TRUSTEES
MINNESOTA STATE**

BOARD POLICY – FIRST READING		
Chapter 1	Chapter Name	System Organization and Administration
Section A	Policy Name	1A.1 Minnesota State Colleges and Universities Organization and Administration

5
6
7 **art 1. Name of Organization.** The name of the organization is the Board of Trustees of the
8 Minnesota State Colleges and Universities.

9 **Part 2. Vision and Mission Statements.** The following vision and vision statements have been
10 adopted by the Board of Trustees.

11 **Subpart A. Vision statement.** It is the core value of the Minnesota State Colleges and
12 Universities to provide an opportunity for all Minnesotans to create a better future for
13 themselves, for their families, and for their communities.

14 **Subpart B. Mission statement.** The core commitments of Minnesota State Colleges and
15 Universities are to ensure access to an extraordinary education for all Minnesotans, be the
16 partner of choice to meet Minnesota’s workforce and community needs, and deliver to
17 students, employers, communities and taxpayers the highest value/most affordable higher
18 education option.

19 **Subpart C. College and Universities related missions.** Each state college and university has a
20 distinct mission that is consistent with and supportive of the overall mission of Minnesota State
21 Colleges and Universities.

22 Minnesota State Colleges and Universities provides high quality programs comprising:

- 23 1. Technical education programs delivered principally by technical colleges, which
24 prepare students for skilled occupations that do not require a baccalaureate degree.
- 25 2. Pre-baccalaureate programs, delivered principally by community colleges, which offer
26 lower division instruction in academic programs, occupational programs in which all
27 credits earned will be accepted for transfer to a baccalaureate degree in the same field
28 of study, and remedial studies.
- 29 3. Baccalaureate programs delivered by state universities, which offer undergraduate
30 instruction and degrees; and

1 4. Graduate programs, delivered by state universities, including instruction through the
2 master's degree, specialist certificates and degrees, and applied doctoral degrees.

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

5 **Subpart A. Board.** "Board" means the Board of Trustees of the Minnesota State Colleges and
6 Universities.

7 **Subpart B. Consolidated colleges.** "Consolidated Colleges" means community and technical
8 colleges that under board direction have formally reorganized into single comprehensive
9 institutions.

10 **Subpart C. Executive officers.** "Executive officers" means those persons appointed by the board
11 to manage Minnesota State Colleges and Universities or one of its institutions, and includes the
12 chancellor, vice chancellors, and the presidents.

13 **Subpart D. Board policy.** "Board policy" means a policy statement enacted by the board to
14 provide the governing authority and structure for Minnesota State Colleges and Universities
15 and its constituents, in accordance with the System's mission and philosophy. Board policies are
16 to be concise statements of the board on matters of governance it deems important to the
17 system and its operation, consistent with governing law.

18 **Subpart E. Campus policy or procedure.** "Campus policy or procedure" is a policy or procedure
19 approved by the president to govern the operation of the college or university, consistent with
20 Board policy and System procedure.

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22 amendment or repeal of an existing Board policy.

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24 procedure, or amendment or repeal of an existing system procedure.

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26 **Subpart I. State.** "State" means the State of Minnesota.

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28 Board of Trustees, and its colleges, universities and System office.

29 **Subpart K. Operating instructions.** "Operating instructions" means instructions approved by
30 the chancellor, chancellor's designee responsible for the area, or executive director of internal
31 auditing, giving explicit direction, instructions or guidance on internal forms, processes and
32 other administrative or managerial matters, consistent with Board policy and System
33 procedure.

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35 under the direction and supervision of the chancellor.

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2 chancellor to implement Board policies. System procedures specify the manner in which
3 policies, law, or managerial functions shall be implemented by the colleges, universities and
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6 meaning of a Board policy or System procedure, including correction of errors in spelling, case,
7 or syntax, or format changes.

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9 and Universities is established under Minn. Stat. Ch. 136F.

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11 the rules of procedure for all meetings to the extent that they are not inconsistent with law,
12 these operating policies, or any special rule of the board.

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17 universities, and system office. These policies are not subject to the administrative
18 requirements of state agencies including public hearing examiners and contested case
19 procedures required by Minn. Stat. Ch. 14.

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21 groups or seek consultation from any party to develop a proposed policy or procedure change.
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23 change, the proposed change must be:

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29 Chancellor or Chancellor's designee prior to submission to the board for consideration.

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31 committee by the chair, or to the board meeting as a committee of the whole. The committee
32 shall take the matter under consideration and make such recommendations to the board as it
33 deems appropriate. Except for technical changes, final Board action shall not occur earlier than
34 the calendar month following the first committee reading. Technical changes may be approved
35 by the board on its consent agenda and may be approved in the same month as committee
36 consideration of the proposed technical changes.

1 **Subpart D. Suspension.** Any provision of these policies may be suspended in connection with
2 the consideration of a matter before the board by an affirmative vote of two-thirds of the
3 board.

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5 when necessary to provide additional administrative instructions to Board policy or to other
6 administrative actions. These procedures shall be made available electronically to the colleges,
7 universities and the general public in the same manner as Board policies.

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9 area, and executive director of internal auditing are authorized to issue operating instructions
10 consistent with Board policy and System procedure.

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12 by the president of a college or university consistent with Board policy and System procedure.

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17 approval processes, and is consistent with style and format requirements. The chancellor shall
18 periodically report to the board on the review of policies and may make recommendations for
19 amendment or repeal if appropriate.

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22 in hard copy format and on the system website. Changes in Board policies and System
23 procedures shall be entered on the System website as soon as practicable, but not
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26 has been published.

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32 event of a conflict between System procedure and any campus policy or procedure,
33 System procedure shall govern.

34 4. **Severability.** Unless otherwise provided, the provisions of all Board policies and system
35 procedures shall be severable.

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37 or federal agencies.

1 **1. System legislative or administrative positions or proposals.** The board must have
2 approved System proposals brought before Federal and state legislatures or executive
3 branches on behalf of the board, the System or its institutions. Once board approval
4 has been granted, all institutions are expected to actively support Board approved
5 requests and to respect the priority of the board. The board shall have a method for
6 timely response to proposals or positions not originated by the board, but which may
7 affect the operation of the System.

8 **2. Administrative or legislative appearances on Minnesota State Colleges and**
9 **Universities concerns.** Employees asked to provide expert testimony before Federal
10 and state legislatures or executive branches on legislative issues shall make every
11 effort to quickly accommodate requests, and shall notify the System Government
12 Relations Office of requests so that the board will be aware of appearances and so the
13 Office may provide logistical support, background assessments and other assistance as
14 needed. Employees covered by the MnSCU Personnel Plan for Administrators, who are
15 responsible for providing expert testimony on legislative or State agency issues, and
16 take positions contrary to the board, must disclose at the outset that their testimony is
17 contrary to the board's position.

18

19 Related Documents:

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- 21 • To view any of the following related statutes, go to the Revisor's Web site
22 (<http://www.revisor.leg.state.mn.us/>). You can conduct a search from this site by
23 typing in the statute number.
- 24 • Minnesota Statute 136F
- 25 • Minnesota State Laws Chapter 14

26

27 Policy History:

28 ***Date of Adoption:*** 8/12/92,

29 ***Date of Implementation:*** 8/12/92,

30 ***Date & Subject of Revisions:***

31 *11/18/14 - Amended Part 2, updating the board's vision and mission statements to reflect the*
32 *board's adoption of the strategic framework. Amended Part 6, Subpart E to clarify that system*
33 *procedures will be made available electronically in the same manner as board policies. Amended*

1 *Part 6, Subpart I to eliminate the need to print paper copies of policy and procedures and to*
2 *include language requiring that the board be given notice when a policy or procedure has been*
3 *published.*

4 *11/16/11 - Effective 1/1/12, the Board of Trustees amends all board policies to change the term*
5 *"Office of the Chancellor" to "system office," and to make necessary related grammatical*
6 *changes.*

7 *Click here for additional 1A.1 **HISTORY***

8

9 *Date of Adoption: xx/xx/xx*

10 *Date of Implementation: xx/xx/xx*

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

Name: Finance and Facilities Committee

Date: January 24, 2017

Title: Proposed Amendment to Policy 5.22 Acceptable Use of Computers and Information Technology Resources (Second Reading)

Purpose (check one):

Proposed
New Policy or
Amendment to
Policy

Approvals
Required by
Policy Existing

Other
Approvals

Monitoring /
Compliance

Information

Brief Description:

Board Policy 5.22 Acceptable Use of Computers and Information Technology Resources was adopted by the Board of Trustees effective July 3, 2003. The policy was last before the board March 17 2010. The policy went through the full review process in the spring 2016. This review has resulted in no substantive proposed amendments and all comments received through consultation were considered.

Scheduled Presenter(s):

Ross Berndt -Associate Vice Chancellor of IT, Information Technology Services
Laura M. King, Vice Chancellor – Chief Financial Officer

**BOARD OF TRUSTEES
MINNESOTA STATE**

BOARD ACTION- SECOND READING

**PROPOSED AMENDMENT TO POLICY 5.22 ACCEPTABLE USE OF COMPUTERS AND
INFORMATION TECHNOLOGY RESOURCES (SECOND READING)**

BACKGROUND

Board Policy 1A.1, Part 6, Minnesota State Colleges and Universities Organization and Administration, requires periodic review of all board policies and procedures to “determine whether it is needed, that it is current and complete, not duplicative of other policies, does not contain unnecessary reporting requirements or approval processes, and is consistent with style and format requirements”.

Board Policy 5.22 Acceptable Use of Computers and IT Resources was adopted by the Board of Trustees effective July 3, 2003. The policy was last before the board March 17 2010 at which time language was added to include "mobile computing devices and multimedia materials" to the list of technical information resources. The policy once again went through the full review process in the spring 2016.

PROPOSED AMENDMENTS

Board Policy 5.22 Acceptable Use of Computers and IT Resources has undergone a scheduled review including consultation. This review has resulted in no substantive proposed amendments and all comments received through consultation were considered.

The amendments offered at this time are technical in nature – formatting, heading, and style changes. In lines 31 – 33, language was added to clarify that Minnesota State is not responsible for any personal or unauthorized use of system information technology, or the security of personal data or devices. This is in keeping with similar policies at the state and the University of Minnesota.

RECOMMENDED COMMITTEE ACTION

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

The Board of Trustees approves the changes to Board policy 5.22 Acceptable Use of Computers and Information Technology Resources.

RECOMMENDED BOARD MOTION

The Board of Trustees approves the changes to Board Policy 5.22 Acceptable Use of Computers and Information Technology Resources.

Date Presented to the Board of Trustees:

01/25/17

Date of Implementation:

01/25/17

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

BOARD POLICY – SECOND READING	
Chapter 5	Administration
Section 5.22	Acceptable Use of Computers and Information Technology Resources

1 5.22 Acceptable Use of Computers and Information Technology Resources

2 Policy Statement

3 ~~Computer and information technology resources are essential tools in~~ accomplishing
4 the mission of Minnesota State Colleges and Universities and its individual
5 ~~institutions, colleges and universities.~~ These resources must be used and managed
6 responsibly in order to ensure their availability. ~~for the competing demands of teaching,~~
7 ~~scholarship, administration, and other mission related uses.~~ This policy establishes
8 responsibilities for acceptable use of Minnesota State Colleges and Universities
9 information technology resources.

10 Part 1. - Purpose.

11 Subpart A. Acceptable use

12 ~~System~~ information technology resources are provided for use by currently enrolled
13 system students, administrators, faculty, ~~other~~ employees, and other authorized
14 users. System information technology resources are the property of Minnesota State
15 Colleges and Universities, and are provided for the direct and indirect support of the
16 system's educational, research, service, student and campus life activities,
17 administrative and business purposes, within the limitation of available system
18 technology, financial, and human resources. The use of Minnesota State Colleges and
19 Universities information technology is ~~a privilege~~ conditioned on adherence to this
20 policy and any procedures or guidelines adopted pursuant to this policy.

21 Subpart B. Academic freedom

22 ~~Nothing~~ in this policy shall be interpreted to expand, diminish, or alter academic
23 freedom, articulated under board policy and system collective bargaining
24 agreements, or the terms of any charter establishing a system library as a community
25 or public library.

26 Part 2. Applicability.

27 This policy applies to all users of system information technology, whether or not the
28 user is affiliated with Minnesota State Colleges and Universities, and to all uses of
29 system information technology~~these resources~~, wherever located.

30 Minnesota State Colleges and Universities is not responsible for any personal or
31 unauthorized use of its system information technology or the resources.~~S~~security of
32 personal data or devices on or using transmitted on its system information
33 technology resources. ~~cannot be fully guaranteed.~~

34 **Part 3. Definitions.**

35 **~~Subpart A. System~~**

36 ~~System means t~~The Board of Trustees, the system office, the ~~state~~ colleges and
37 universities, and any part or combination thereof.

38 **~~Subpart B. System information technology~~**

39 ~~System information technology means a~~All system facilities, technologies, and
40 information resources used for information processing, transfer, storage, and
41 communications. This includes, but is not limited to, computer hardware and
42 software, computer labs, classroom technologies such as computer-based
43 instructional management systems, and computing and electronic communications
44 devices and services, such as modems, e-mail, networks or use of a network via a
45 physical or wireless connection, telephones, voicemail, facsimile transmissions,
46 video, mobile computing devices, and multimedia materials.

47 **~~Subpart C. Transmit~~**

48 ~~Transmit means t~~To send, store, collect, transfer, or otherwise alter or affect
49 information technology resources or data contained therein.

50 **~~Subpart D. User~~**

51 ~~User means a~~Any individual, including, but not limited to, students, administrators,
52 faculty, ~~other~~ employees, and volunteers, ~~and other authorized individuals~~ using
53 system information technology in any manner, whether or not the user is affiliated
54 with Minnesota State Colleges and Universities.

55 **Part 4. Scope**

56 **Subpart A. Procedures**

57 ~~The chancellor shall adopt procedures under this policy, including, but not limited~~
58 ~~to: security; employee use, consistent with Minn. esota-Stat. utes § section~~ 43A.38 and
59 other applicable law; monitoring; unauthorized uses; and other limitations on use.

60 **Subpart B. Sanctions**

61 ~~–~~Users who violate this policy or related system, college, or university procedures
62 shall be subject to disciplinary action through appropriate channels. Violations may
63 be referred to appropriate law enforcement authorities consistent with applicable
64 law and procedures.

65 *Date of Adoption:* 01/25/17

66 *Date of Implementation:* 01/25/17

67 *Date & Subject of Revisions:*

68 01/25/17 -

69 11/16/11 - Effective 1/1/12, the Board of Trustees amends all board policies to
70 change the term "Office of the Chancellor" to "system office," and to make
71 necessary related grammatical changes.

72 03/17/10 – amends Part 3, Subpart B to include “mobile computing devices and
73 multimedia materials” to the list of technical information resources.

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

BOARD POLICY – SECOND READING	
Chapter 5	Administration
Section 5.22	Acceptable Use of Computers and Information Technology Resources

1 5.22 Acceptable Use of Computers and Information Technology Resources

2 Policy Statement

3 Computer and information technology resources are essential tools in accomplishing the
4 mission of Minnesota State Colleges and Universities and its individual colleges and
5 universities. These resources must be used and managed responsibly in order to ensure
6 their availability. This policy establishes responsibilities for acceptable use of Minnesota
7 State Colleges and Universities information technology resources.

8 Part 1. Purpose

9 Subpart A. Acceptable use

10 System information technology resources are provided for use by currently enrolled
11 system students, administrators, faculty, employees, and other authorized users.
12 System information technology resources are the property of Minnesota State
13 Colleges and Universities, and are provided for the direct and indirect support of the
14 system’s educational, research, service, student and campus life activities,
15 administrative and business purposes, within the limitation of available system
16 technology, financial, and human resources. The use of Minnesota State Colleges and
17 Universities information technology is conditioned on adherence to this policy and
18 any procedures or guidelines adopted pursuant to this policy.

19 Subpart B. Academic freedom

20 Nothing in this policy shall be interpreted to expand, diminish, or alter academic
21 freedom articulated under board policy and system collective bargaining
22 agreements, or the terms of any charter establishing a system library as a community
23 or public library.

24 Part 2. Applicability

25 This policy applies to all users of system information technology, whether or not the
26 user is affiliated with Minnesota State Colleges and Universities, and to all uses of
27 system information technology, wherever located.

28 Minnesota State Colleges and Universities is not responsible for any personal or
29 unauthorized use of its system information technology or the security of personal
30 data or devices on or using system information technology resources.

31 Part 3. Definitions

32 System

33 The Board of Trustees, the system office, the colleges and universities, and any part
34 or combination thereof.

35 System information technology

36 All system facilities, technologies, and information resources used for information
37 processing, transfer, storage, and communications. This includes, but is not limited
38 to, computer hardware and software, computer labs, classroom technologies such as
39 computer-based instructional management systems, and computing and electronic
40 communications devices and services, such as modems, e-mail, networks or use of a
41 network via a physical or wireless connection, telephones, voicemail, facsimile
42 transmissions, video, mobile computing devices, and multimedia materials.

43 Transmit

44 To send, store, collect, transfer, or otherwise alter or affect information technology
45 resources or data contained therein.

46 User

47 Any individual, including, but not limited to, students, administrators, faculty,
48 employees, and volunteers using system information technology in any manner,
49 whether or not the user is affiliated with Minnesota State Colleges and Universities.

50 Part 4. Scope

51 Subpart A. Procedures

52 The chancellor shall adopt procedures under this policy, including, but not limited to:
53 security; employee use consistent with Minn. Stat. § 43A.38 and other applicable law;
54 monitoring; unauthorized uses; and other limitations on use.

55 Subpart B. Sanctions

56 Users who violate this policy or related system, college, or university procedures shall
57 be subject to disciplinary action through appropriate channels. Violations may be
58 referred to appropriate law enforcement authorities consistent with applicable law
59 and procedures.

60 *Date of Adoption: 01/25/17*

61 *Date of Implementation: 01/25/17*

62 *Date & Subject of Revisions:*

63 *01/25/17*

64 *11/16/11 - Effective 1/1/12, the Board of Trustees amends all board policies to*
65 *change the term "Office of the Chancellor" to "system office," and to make*
66 *necessary related grammatical changes.*

67 *03/17/10 – amends Part 3, Subpart B to include “mobile computing devices and*
68 *multimedia materials” to the list of technical information resources.*

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

Name: Finance and Facilities Committee

Date: January 24, 2017

Title: Proposed Policy 6.09 Capital Planning (Second 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:

An overhaul of Chapter 6 was initiated as part of the FY2016 Finance Division workplan and continues into FY2017. The proposed policy and procedure structure will align with the lifecycle of a facility as outlined in the October Study Session on Facilities Management (Attachment A). New Board Policy 6.09 *Capital Planning* (Attachment B) is a first step in this effort.

Scheduled Presenter(s):

Laura M. King, Vice Chancellor – Chief Financial Officer
Brian Yolitz, Associate Vice Chancellor for Facilities

**BOARD OF TRUSTEES
MINNESOTA STATE**

BOARD ACTION – SECOND READING

PROPOSED NEW POLICY 6.9 CAPITAL PLANNING (SECOND READING)

BACKGROUND

Board policy 6.4 - Facilities Planning, policy 6.5 - Capital Program Planning, and policy 6.6 - Facilities Maintenance and Repair including Revenue Fund Facilities were adopted by the Board of Trustees on June 21, 2010 and implemented the same day. They have had only minor amendments since that time.

Through day-to-day work and as part of periodic reviews of Board Policies and System Procedures called for in Board Policy 1A.1, Part 6, opportunities to clarify and streamline guidance and direction while reducing overlaps and redundancies were identified within Chapter 6, Facilities Management.

An overhaul of Chapter 6 was initiated as part of the FY2016 Finance Division workplan and continues into FY2017. The proposed policy and procedure structure will align with the lifecycle of a facility as outlined in the October Study Session on Facilities Management (Attachment A). New Board Policy 6.09 Capital Planning (Attachment B) is a first step in this effort. It has been reviewed by the Office of General Counsel, cabinet, and sent out for formal consultation and received support from the presidents, employee representative groups, student associations, and campus leadership groups. All comments received from the consultation process were taken into consideration.

Once the new Board policy instruments are recommended to the board and approved, including a new policy concerning facilities management and operations and revisions to policy 6.7- concerning real estate, policies 6.4 -Facilities Planning, 6.5 - Capital Program Planning, 6.6 - Facilities Maintenance and Repair including Revenue Fund Facilities and 6.8 - Naming Buildings, Sites and Common Areas will be recommended for repeal. These policy revisions are expected to reach the committee next spring, 2017.

RECOMMENDED COMMITTEE MOTION

The Board of Trustees approves Board Policy 6.09 - Capital Planning.

RECOMMENDED BOARD MOTION

The Board of Trustees approves Board Policy 6.09 - Capital Planning.

Date of Adoption: 01/25/17

Date of Implementation: 01/25/17

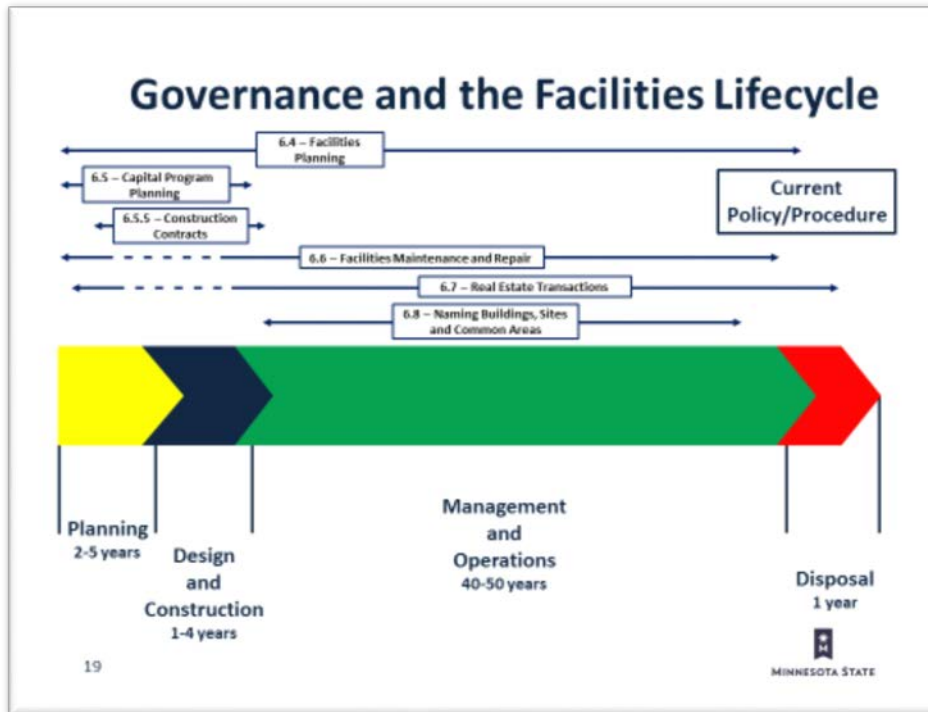


Figure 1 – Current Board Policy Alignment

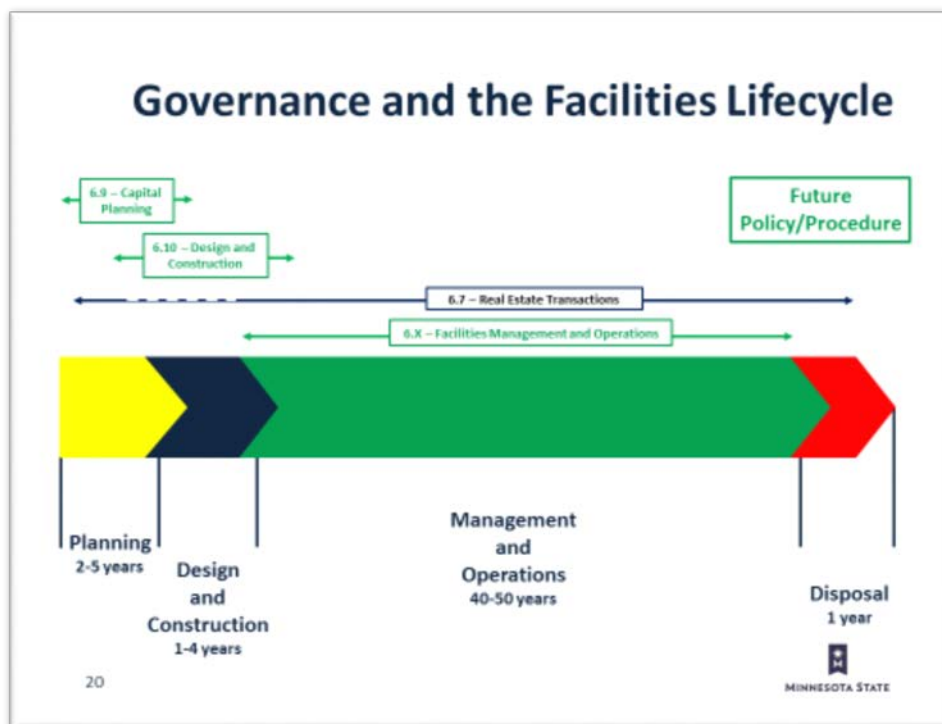


Figure 2 – Future Board Policy Alignment

BOARD OF TRUSTEES MINNESOTA STATE COLLEGES AND UNIVERSITIES NEW POLICY
Chapter 6. Facilities
Section 9. Capital Planning

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6.9 Capital Planning

Part 1. Policy Statement

In order to make effective strategic capital investments in academic, student life, housing, athletic, and other facilities and related real estate and infrastructure, Minnesota State shall engage in comprehensive planning that integrates academic plans and forecasts, financial stewardship, and student needs.

Part 2. Responsibilities

Subpart A. The chancellor shall:

1. Establish procedures for developing college and university comprehensive facilities plans;
2. Develop and recommend for board approval capital funding guidelines for system facilities and real property; and
3. Make recommendations to the board for approval of capital investments for:
 - a. Academic facility projects and asset preservation by the State of Minnesota;
 - b. Residential life and auxiliary facility projects funded through revenue fund bond sales; and
 - c. Projects funded with college or university funds or projects funded with other public or private funds.

Subpart B. College and university presidents shall:

1. Develop and maintain comprehensive facilities plans and provide for student involvement in the planning process;
2. Advance for approval candidate capital projects consistent with board-approved guidelines; and
3. Advocate for the board-approved capital funding priorities as the priorities of the entire system.

Part 3. Accountability/Reporting

Periodic reports will be presented to the board on the status of capital planning and management of the system facilities and real property.

39 **Policy History:** *New policy to replace policy 6.4 Facilities Planning and policy 6.5 Capital*
40 *Program Planning.*

41

42 *Date of Adoption:* 01/25/17

43 *Date of Implementation:* 01/25/17

44 *Date of Last Review:* 01/25/17

45 *Date & Subject of Revisions:* n/a

46 *No additional HISTORY*

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

Name: Finance and Facilities Committee

Date: January 24, 2017

Title: Proposed Policy 6.10 Design and Construction (Second 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:

An overhaul of Chapter 6 was initiated as part of the FY2016 Finance Division workplan and continues into FY2017. The proposed policy and procedure structure will align with the lifecycle of a facility as outlined in the October Study Session on Facilities Management. (Attachment A). New Board Policy 6.10 - Design and Construction (Attachment B) is a first step in this effort.

Scheduled Presenter(s):

Laura M. King, Vice Chancellor – Chief Financial Officer
Brian Yolitz, Associate Vice Chancellor for Facilities

**BOARD OF TRUSTEES
MINNESOTA STATE**

BOARD ACTION – SECOND READING

PROPOSED NEW POLICY 6.10 DESIGN AND CONSTRUCTION (SECOND READING)

BACKGROUND

Board policy 6.4 - Facilities Planning, policy - 6.5 Capital Program Planning, and policy 6.6 - Facilities Maintenance and Repair including Revenue Fund Facilities were adopted by the Board of Trustees on June 21, 2010 and implemented the same day. They have had only minor amendments since that time.

Through day-to-day work and as part of periodic reviews of Board Policies and System Procedures called for in Board Policy 1A.1, Part 6, opportunities to clarify and streamline guidance and direction while reducing overlaps and redundancies were identified within Chapter 6, Facilities Management.

An overhaul of Chapter 6 was initiated as part of the FY2016 Finance Division workplan and continues into FY2017. The proposed policy and procedure structure will align with the lifecycle of a facility as outlined in the October Study Session on Facilities Management (Attachment A). New Board Policy 6.10 - Design and Construction (Attachment B) is a first step in this effort. It has been reviewed by the Office of General Counsel, cabinet, and sent out for formal consultation and received support from the presidents, employee representative groups, student associations, and campus leadership groups. All comments received from the consultation process were taken into consideration.

Once the new Board policy instruments are recommended to the board and approved, including a new policy concerning facilities management and operations and revisions to policy 6.7 - concerning real estate, policies 6.4 - Facilities Planning, 6.5 - Capital Program Planning, 6.6 - Facilities Maintenance and Repair including Revenue Fund Facilities and 6.8 - Naming Buildings, Sites and Common Areas will be recommend for repeal. These policy revisions are expected to reach the committee next spring, 2017.

RECOMMENDED COMMITTEE MOTION

The Board of Trustees approves Board Policy 6.10 - Design and Construction.

RECOMMENDED BOARD MOTION

The Board of Trustees approves Board Policy 6.10 - Design and Construction.

Date of Adoption: 01/25/17

Date of Implementation: 01/25/17

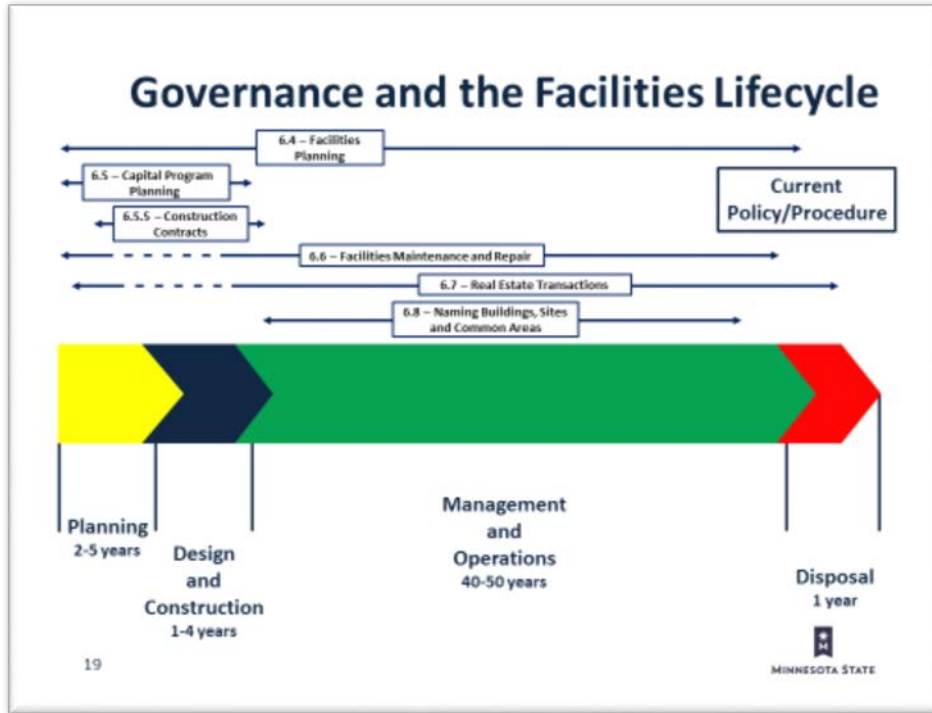


Figure 1 – Current Board Policy Alignment

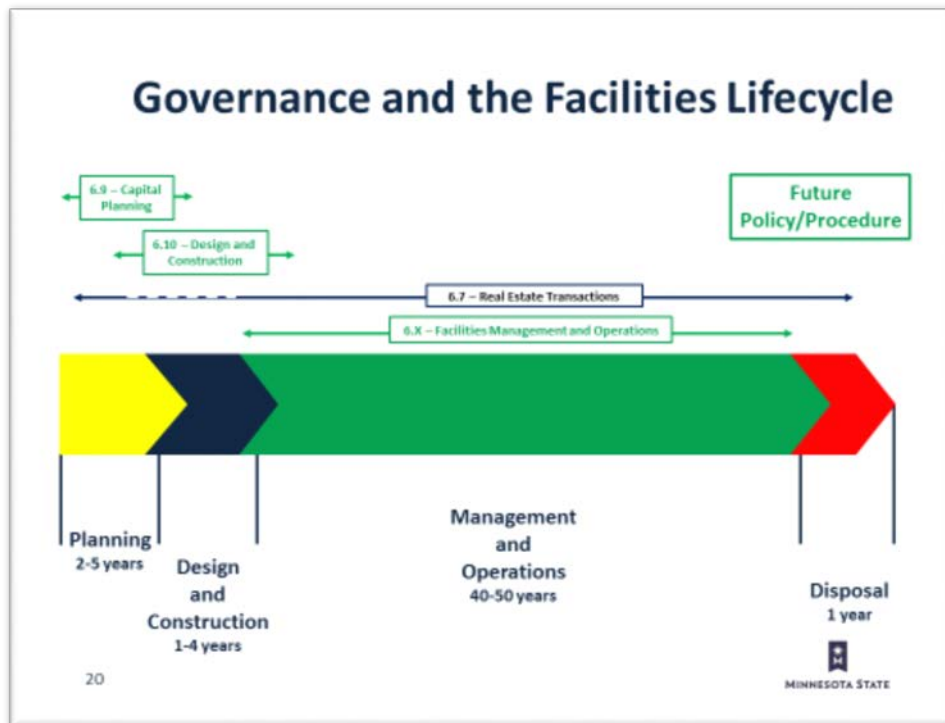


Figure 2 – Future Board Policy Alignment

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

Chapter 6. Facilities

Section 10. Design and Construction

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6.10 Design and Construction

Part 1. Policy Statement.

Minnesota State strives to provide high quality spaces that advance academic programs and are reflective of sound stewardship, sustainably designed, complementary of campus and regional architectural themes, affordably built and efficient to operate.

Part 2. Responsibilities.

Subpart A. The chancellor shall establish design and construction procedures, standards, and oversight practices that ensure delivery of this policy and ensure compliance with applicable federal and state statutes and local rules and policies.

Subpart B. College and university presidents shall adhere to this policy and the supporting procedures and standards, regardless of fund source.

Part 3. Accountability/Reporting.

Periodic reports will be presented to the board on the status of projects within the capital improvement program.

Policy History: *New policy to replace portions of policy 6.5 Capital Program Planning.*

Date of Adoption: 01/25/17

Date of Implementation: 01/25/17

Date of Last Review: 01/25/17

Date & Subject of Revisions: n/a

No additional HISTORY

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

Name: Finance and Facilities Committee

Date: January 24, 2017

Title: Approval of Contracts Exceeding \$1 Million

- A. Classroom Event Management Software Contract Extension
- B. Library Information Software and Services (PALS)
- C. Systemwide Web Conferencing Services
- D. Student Health Services (MCTC)
- E. Student Success Software and Services (SCSU)

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 5.14, Procurement and Contracts, requires that all contracts with values greater than \$1 million be approved by the Board of Trustees. Three of the proposed contracts have systemwide benefit and two are campus specific.

Scheduled Presenter(s):

Laura M. King – Vice Chancellor – Chief Financial Officer

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

BOARD ACTION

APPROVAL OF CONTRACT EXCEEDING \$1M –

- A. CLASSROOM EVENT MANAGEMENT SOFTWARE CONTRACT EXTENSION
- B. LIBRARY INFORMATION SOFTWARE AND SERVICES (PALS)
- C. SYSTEMWIDE WEB CONFERENCING SERVICES
- D. STUDENT HEALTH SERVICES (MCTC)
- E. STUDENT SUCCESS SOFTWARE AND SERVICES (SCSU)

BACKGROUND

Board Policy 5.14, Procurement and Contracts, requires that all contracts with values greater than \$1 million be approved by the Board of Trustees. Three of the proposed contracts have systemwide benefit and two are campus specific.

Systemwide Benefit

1. **Classroom Event Management Software Contract Extension** - In 2012 Minnesota State selected an enterprise-wide software, known as EMS Campus, to manage classroom and event scheduling for all colleges and universities. After a staggered implementation schedule, all campuses were using the tool starting in the spring 2014 term. When Minnesota State initially selected the tool after an RFP, the software implementation and licensing costs did not exceed the board policy contract threshold for approval, which was then \$3 million. The current software license fee is \$205,065 per year, and is now in its fifth year. The license cost is anticipated to exceed the \$1 million threshold after year five. The board is asked to authorize the contract in excess of \$1 million and, in addition, authorize the chancellor or the chancellor’s designee to continue the license until 2022, effectively a 10 year term. The total license cost is expected not to exceed \$2.75 million aggregate over the full 10 year term and may include enhancements to the tool. The software costs are paid by the campuses.
2. **Library Information Software and Services (PALS)** – PALS is the name of the organization charged with operating and supporting the Minnesota State common library management system. PALS was established in 1980, is housed at Minnesota State University, Mankato and supported by staff of the system office Academic and Student Affairs Educational Innovations organization. All Minnesota State colleges and universities use the library information software. In addition, PALS has contract user agreements with 5 private colleges, 9 state government agencies, 2 private libraries and 1 school district. The

1 program has completed an RFP process and desires to execute a contract not to exceed five
2 years at a cost not to exceed \$5 million for implementation and license costs for a cloud
3 based replacement library management information system subject to final terms and
4 conditions. The new system will include additional features and functions that Minnesota
5 State colleges and universities have been purchasing separately, so cost savings will be
6 realized by upgrading to this system. The costs of the services are supported by system
7 allocation and user fees charged to non-Minnesota State users.
8

- 9 **3. Systemwide Web Conferencing Services** - The system office is seeking approval to enter
10 into a contract with Arkadin, Inc. to provide Adobe Connect, a systemwide web conferencing
11 solution used by all colleges and universities and the system office. The system office
12 completed an RFP and is finalizing a contract to award to this vendor. This will be an initial
13 three (3) year contract with the option to extend for up to two (2) years for a total of five
14 years. The cost over five years will not exceed \$1,500,000. Funding for this web
15 conferencing tool is budgeted in the Academic and Student Affairs Minnesota Online
16 program budget.
17

18 **Campus contracts**

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- 20 **4. Student Health Services (MCTC)** – the college desires to enter into a contract with a term
21 up to 5 years for the provision of fee for service health care to registered students. The
22 contract would have a 1 year term renewable for up to four more years for a total term of 5
23 years. Services would be available year round on a 2 (summer) - 4 (spring, fall) days per
24 week basis, and will include routine health maintenance, vaccinations, mental health services
25 and health education. The services are supported by a student approved student fee paid by
26 all MCTC students as well as a fee for service charged to students using the clinic. The
27 FY2017 Student health fee of \$3.50 per credit is expected to generate approximately
28 \$530,000.

29 The total cost of the contract, if amended to the full five years, is estimated to not exceed
30 \$2,800,000. This service was initiated at the college in 2009 with the leadership and support
31 of the student association and student body.

- 32 **5. Student Success Software and Services (SCSU)** - St Cloud State University solicited
33 proposals to establish an agreement for software and services for student success. The
34 university's overall objective is to obtain a software platform that can improve student
35 success, reduce time to degree, and increase retention. After receiving eight proposals, the
36 university has selected the proposal that best meets the university's needs overall and is
37 seeking approval for a 5 year contract ending January 2022 with a maximum cost over the
38 full term of \$1,100,000. The annual costs of the contract will be paid from the university's
39 annual budget.
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2 **RECOMMENDED COMMITTEE MOTION**

3 The Finance and Facilities committee recommends the Board of Trustees adopt the following
4 motion:

5 1. The Board of Trustees authorizes the chancellor or his designee to execute annual
6 software license extensions with the vendor through 2022 for a total contract amount not
7 to exceed \$2.75 million. The Board delegates to the chancellor or his designee authority
8 to execute all necessary documents.

9 2. The Board of Trustees authorizes the chancellor or his designee to execute a contract with
10 the selected vendor on behalf of the library information services program for a term of up
11 to 5 years ending in 2022 for a total amount not to exceed \$5,000,000 subject to final
12 terms and conditions. The Board delegates to the chancellor or his designee authority to
13 execute all necessary documents.

14 3. The Board of Trustees authorizes the chancellor or his designee to execute a contract with
15 the selected vendor on behalf of systemwide web services for a term of up to five years
16 ending in June 2022 for a total amount not to exceed \$1,500,000. The Board delegates to
17 the chancellor or his designee authority to execute all necessary documents.

18 4. The Board of Trustees authorizes the chancellor or his designee to execute a contract with
19 the selected vendor on behalf of health services at Minneapolis Community and
20 Technical College for a term of up to five years ending in 2022 for a total amount not to
21 exceed \$2,800,000. The Board delegates to the chancellor or his designee authority to
22 execute all necessary documents.

23 5. The Board of Trustees authorizes the chancellor or his designee to execute a contract with
24 the selected vendor on behalf of student success and software services at Saint Cloud
25 State University for a term not to exceed five years ending January 2022 for a total
26 amount not to exceed \$1,100,000. The Board delegates to the chancellor or his designee
27 authority to execute all necessary documents.

28 **RECOMMENDED BOARD MOTION**

29 1. The Board of Trustees authorizes the chancellor or his designee to execute annual
30 software license extensions software vendor through 2022 for a total contract amount not
31 to exceed \$2.75 million. The Board directs the chancellor or his designee to execute all
32 necessary documents.

33 2. The Board of Trustees authorizes the chancellor or his designee to execute a contract with
34 the selected vendor on behalf of the library information services program for a term of up
35 to 5 years ending in 2022 for a total amount not to exceed \$5,000,000. The Board directs
36 the chancellor or his designee to execute all necessary documents.

37 3. The Board of Trustees authorizes the chancellor or his designee to execute a contract with
38 the selected vendor on behalf of systemwide web services for a term of up to five years

1 ending in June 2022 for a total amount not to exceed \$1,500,000. The Board directs the
2 chancellor or his designee to execute all necessary documents.

3 4. The Board of Trustees authorizes the chancellor or his designee to execute a contract with
4 the selected vendor on behalf of health services at Minneapolis Community and
5 Technical College for a term of up to five years ending in 2022 for a total amount not to
6 exceed \$2,800,000. The Board directs the chancellor or his designee to execute all
7 necessary documents.

8 5. The Board of Trustees authorizes the chancellor or his designee to execute a contract with
9 the selected vendor on behalf of student success and software services at Saint Cloud
10 State University for a term not to exceed five years ending January 2022for a total
11 amount not to exceed \$1,100,000. The Board directs the chancellor or his designee to
12 execute all necessary documents.

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19 *Date of Adoption:* 01/25/17

20 *Date of Implementation:* 01/25/17

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

Name: Finance and Facilities Committee

Date: January 24, 2017

Title: Authorization to Negotiate Third Party Housing Agreement at Minnesota West Community and Technical College and Award of Housing Development Grant

Purpose (check one):

Proposed
New Policy or
Amendment to
Existing Policy

Approvals
Required by
Policy

Other
Approvals

Monitoring /
Compliance

Information

Brief Description:

The Board is asked to enter into a ground lease and related documents that would allow the Villas at Worthington, LLC, to finance, construct and operate a stand-alone student housing complex on the Minnesota West Community and Technical College campus in Worthington and approve the award of a \$500,000 housing grant to the Villas at Worthington, LLC as developer/owner in support of such development.

Scheduled Presenter(s):

Laura M. King – Vice Chancellor - Chief Financial Officer
Brian Yolitz – Associate Vice Chancellor for Facilities

**BOARD OF TRUSTEES
MINNESOTA STATE**

BOARD ACTION

**AUTHORIZATION TO NEGOTIATE THIRD PARTY HOUSING AGREEMENT AT MINNESOTA WEST
COMMUNITY AND TECHNICAL COLLEGE AND AWARD OF HOUSING GRANT**

INTRODUCTION

The Board is asked to enter into a ground lease and related documents that would allow the Villas at Worthington, LLC, to finance, construct and operate a stand-alone student housing complex on the Minnesota West Community and Technical College campus in Worthington and approve the award of a \$500,000 housing grant to the Villas at Worthington, LLC as developer/owner in support of such development.

BACKGROUND

Minnesota West Community and Technical College in Worthington identified local housing pressures that are detrimentally impacting their ability to recruit and retain students. After undertaking a market study in 2013, the campus sought to solicit third-party financed and developed student housing to be located on campus. The campus was willing to make a parcel of land available on campus on a ground lease basis to accommodate the development. Minnesota Statute §136F.60, Subd. 3(c) provides a framework for this type of development, in relevant part:

“The board may convey or lease real property under the board's control, with or without monetary consideration, to provide a facility for the primary benefit of a state college or university or its students if the board certifies that project revenues, other gifts or grants, or other sources of funds are available for project costs and that no tuition revenues or state or federal appropriations are used for the capital cost of the facility.”

Using Minn. Stat. §136F.60, Sub. 3(c) as a guide, the college initiated its first Request for Proposal (RFP) in fall 2013 to solicit developer interest in designing, building and operating student housing on the Worthington campus. In response to the 2013 proposal, the college selected Orb Management for the opportunity to develop up to a 100-110 bed stand-alone student housing project on campus. In January 2014, the Board authorized the chancellor to continue negotiations up to and including execution of a ground lease and related documents with Orb in support of such a development.

After discussion between the college and the developer, the developers reluctantly suspended discussion with the college in May 2014 when it became clear they could not develop a viable project without additional assistance.

Shortly after suspending discussions at Minnesota West, the Minnesota Legislature appropriated two grants of \$1.1 million each to Minnesota Housing Finance Agency (MHFA) in support of student housing in localities with low vacancy rates and certain qualifying higher education programs. MHFA reached out to Minnesota State to administer the grants for student housing, and an interagency agreement was created, allowing Minnesota State to award and administer the grants.

Using those grants, the Board of Trustees awarded \$1.1 million as part of the financing of the new student housing project at Vermilion Community College as part of the 2015 revenue bond sale authorized by the Board in January 2015. The Board awarded the second \$1.1 million grant to the Northland Community and Technical College Foundation at its October 2015 meeting for the renovation of an adjacent apartment complex for use as student housing by Northland Community and Technical College students in Thief River Falls. The Thief River Falls project opened in fall 2016 and Vermilion's project is scheduled to open in the fall 2017 term.

Worthington Student Housing Project

Modeled after the housing grant program of 2014, the Minnesota legislature appropriated a new \$500,000 grant to the MHFA during the 2016 legislative session. MHFA again entered into an interagency agreement with Minnesota State to administer the 2016 grant. Under the terms of the latest grant, the funds could be used to fund a housing project in a community that possessed: (1) low housing vacancy rates; and (2) an education and training center for jobs in agriculture, farm business management, health care fields or other fields with anticipated significant job growth potential.

The Minnesota West campus at Worthington met those eligibility requirements. The City of Worthington continues to report very low vacancy rates in its multi-family housing stock, most recently reported at 2.5%. Minnesota West programs in Agriculture (e.g. Agriculture Business, Agriculture Production Management), and a variety of health care fields (e.g. nursing) meet the definition of the law. As a result, Minnesota State obtained the housing grant on behalf of the Worthington campus to assist in the development of student housing.

Minnesota West circulated an updated Request for Proposals in fall 2016 seeking student housing development on campus, including the available \$500,000 grant as part of the RFP. The RFP required developers to supply the majority of the required financing necessary to fully fund the project at their sole cost and obligation.

Two developers submitted proposals, and ultimately Bluffstone, doing business as the Villas at Worthington, LLC, was the successful bidder. The award to Villas was made expressly subject to Board of Trustees approval of the terms and conditions, which are shown below.

BASIC TERMS

Developer: Villas at Worthington LLC (Bluffstone)
Tenant: Special purpose LLC established for financing and operating purposes
Term: 30 year ground lease pursuant to Minn. Stat. 136F.60, Subd. 3(c)
Ground Rent: \$1.00
Est. # Beds: 110-130 beds

REQUIREMENTS

- Project Design and Construction. Developer shall construct and operate a student housing development on the Worthington campus in compliance with Minnesota State design standards.
- Bed Count. Developer shall construct at least 110 and as many as 130 beds.
- Financing. Developer shall be responsible to provide complete project financing in support of the student housing project.
- Grant Award. Minnesota State shall administer a \$500,000 grant authorized for such purposes. The grant amount is on a reimbursement basis for eligible development expenses in support of the project.
- Targeted occupancy date: August 1, 2018
- Eligibility. Apartments shall be for the primary benefit of enrolled students of the institution; faculty and/or staff may be eligible to rent on a space available basis
- Comprehensive facilities plan. The development must comply with the campus's comprehensive facilities plan. The system office and campus has final decision as to the location of project on campus.
- Furnishings. Apartments shall include all furnishings and shall be turnkey to the students.
- Rent. Rent shall be all inclusive (all utilities, internet service, waste removal).
- Parking. Surface parking shall be made available within the college's available surface parking inventory at the cost otherwise charged to students and staff.
- Approval. Minnesota State retains the right to review and approve project construction plans, budget and contracts for construction, development and management to ensure compliance with the grant and development requirements.
- Campus Responsibility. The campus shall promote the availability of the project to the student body. Neither Minnesota State nor the campus shall provide any revenue or occupancy assurance.
- Term. The term is currently estimated at 30 years. A longer term is subject to negotiations and consultation with the chancellor's designee.
- End of Term. Campus shall have the option at the end of the lease term either to require conveyance of the project to the campus for the then currently appraised value or require the removal of the improvements at the end of the ground lease term prior to conveyance.

RECOMMENDED COMMITTEE MOTION:

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

The board certifies that project revenues, other gifts or grants, or other sources of funds are available for project costs and that no tuition revenues or state or federal appropriations are used for the capital cost of the facility, and furthermore,

The Board of Trustees delegates authority to the Chancellor or the Chancellor’s designee to:

1. Continue negotiations, up to and including execution of ground leases and related documents with the Villas at Worthington LLC as third-party developer for student housing at Minnesota West Community and Technical College consistent with the identified Basic Terms and Requirements.
2. Authorize the award of the housing grant of \$500,000 to Villas at Worthington LLC, its approved successor or assign, to be used to reimburse costs for student housing at the Minnesota West Community and Technical College, Worthington campus in a location and manner acceptable to the college.

RECOMMENDED BOARD MOTION;

The board certifies that project revenues, other gifts or grants, or other sources of funds are available for project costs and that no tuition revenues or state or federal appropriations are used for the capital cost of the facility, and furthermore,

The Board of Trustees delegates authority to the Chancellor or the Chancellor’s designee to:

1. Continue negotiations, up to and including execution of ground leases and related documents with the Villas at Worthington LLC as third-party developer for student housing at Minnesota West Community and Technical College consistent with the identified Basic Terms and Requirements.
2. Authorize the award of the housing grant of \$500,000 to Villas at Worthington LLC, its approved successor or assign, to be used to reimburse costs for student housing at the Minnesota West Community and Technical College, Worthington campus in a location and manner acceptable to the college.

Date of Adoption: 01/25/17

Date of Implementation: 01/25/17

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

Name: Finance and Facilities Committee

Date: January 24, 2017

Title: FY2017 Revenue Fund Bond Sale (Second 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:

At its meeting of November 16, 2016 the Board of Trustees approved a 2017 revenue bond sale for new money to fund (1) a residence hall renovation at Minnesota State University Moorhead (East Snarr) and taxable bonds to advance design of future projects or for use in funding small scale revenue fund projects, and (2) refunding the outstanding principal of Minnesota State's Series 2007A, 2007C, and 2008A Bonds and refunding a portion of the outstanding principal of Minnesota State's Series 2009A Bonds.

The proposed action modifies the prior approval to reflect the withdrawal of the proposed 2009A refunding due to an unfavorable interest rate outlook.

Scheduled Presenter(s):

Laura M. King, Vice Chancellor – Chief Financial Officer
Brian Yolitz, Associate Vice Chancellor for Facilities

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

BOARD ACTION
FY2017 REVENUE FUND BOND SALE (SECOND READING)

BACKGROUND AND EXECUTIVE SUMMARY

When this matter came before the Board of Trustees for first reading in November 2016, the Board suspended its rules and authorized the revenue bond sale. The intent was to give staff the flexibility to accelerate the bond sale timing if there was financial advantage to do so. As work began with the sale, interest rates rose faster than anticipated and the 2009A Series advance refunding no longer was financially viable and has been dropped from the sale. Upon review of the motion passed in November 2016 and to ensure transparency in the investment market, staff elected to seek this second reading, which amends the original bond sale authorization, and excludes the 2009A Series from the proposed sale.

REVISED REVENUE BOND SALE REQUEST

The Board of Trustees is asked to approve a 2017 revenue bond sale for new money to fund (1) a residence hall renovation at Minnesota State University Moorhead (East Snarr) and taxable bonds to advance design of future projects or for use in funding small scale revenue fund projects, and (2) refunding the outstanding principal of Minnesota State’s Series 2007A, 2007C, and 2008A Bonds. Since the first reading and approval of this matter in November 2016, the then-proposed Series 2009A refunding is no longer financially viable, and has been removed from the bond sale. The refunding Series 2007A, 2007C, and 2008A are projected to result in an overall present value savings of approximately \$3 million and projected annual cash flow debt service savings totaling just over \$540,000 per year in reduced interest costs in years where all of the refundings overlap, and total cash flow savings of approximately \$4.4 million.

BOND STRUCTURE

Minnesota State typically sells tax-exempt and taxable bonds in each revenue fund sale depending on the expected use of the project facilities. The 2017 revenue bond sale has both. In this sale, tax exempt bonds will be structured (1) to fund the new money project with level debt service over 20 years, and (2) to fund the current and advance refunding of the Series 2007A Bonds and the advance refunding of the Series 2008A Bonds with debt matched to the refunded bonds’ maturities to create uniform annual savings for each refunding.

The taxable bonds in this sale will be structured (1) to fund campus planning and small projects with level debt service over 10 years, and (2) to fund the current refunding of the

Series 2007C Bonds with debt service matched to the refunded bonds' maturities to create uniform annual savings. A table showing the campus projects impacted from the refunding is included as **Attachment 1**.

Minnesota State has issued bonds with shorter or longer maturities depending on specific project circumstances. System revenue bonds are typically sold in a competitive process, and are usually purchased by financial institutions and brokers.

2017 REVENUE FUND BONDS: NEW MONEY

1. MINNESOTA STATE UNIVERSITY MOORHEAD, EAST SNARR RESIDENCE HALL

The 2017 revenue bond sale includes new money to fund the renovation of the East Snarr residence hall at Minnesota State University Moorhead totaling approximately \$9.3 million. East Snarr is the last part of a three-phase plan to update the Snarr Hall residential hall complex, which began with the renovation of West Snarr financed from the 2013 revenue bond sale. The campus used operating reserves that it had banked to renovate South Snarr in 2015/16.

TOTAL ESTIMATED PROJECT COST: \$9,300,000 (revenue bonds, tax exempt)

OTHER DETAILS:

Backlog:	Reduced by \$2.15 million
Capacity increase:	204 beds (no change)
Cost per bed:	\$32,700 (construction) / \$45,700 (total)

2. TAXABLE BONDS: SYSTEMWIDE ADVANCED DESIGN OR SMALL PROJECTS - TAXABLE AMOUNT: \$1,000,000

Each bond sale also includes a taxable component to offset private use that may impact ordinary tax exempt bond financing, to advance design on future projects or to use toward smaller projects. The system's Revenue Fund operations budget pays the debt service on these planning monies until they can be placed at a campus.

2017 REVENUE FUND REFUNDING BONDS

A bond refunding is similar in concept to refinancing a home loan. Most of the 20 year, tax exempt Minnesota State Revenue bonds contain a "call" feature allowing for a bond refunding at year 10. At the call date, the bonds may be refunded and new bonds issued at a lower interest rate cost. Minnesota State routinely evaluates its current bond holdings and interest cost savings that may be achieved with a bond refunding. The system previously refunded revenue bonds in 2012 (2002 series bonds) and 2015 (2005 series), saving the schools approximately \$11 million in net present value savings over the remaining term of the bonds.

The proposed refunding for 2017 involves refunding multiple series: Series 2017A Bonds in the approximate amount of \$43.9 million applied to refund Series 2007A and 2008A tax exempt revenue bonds outstanding in the amount of \$49.15 million, and Series 2017B Bonds in the approximate amount of \$2.1 million applied to refund Series 2007C taxable revenue bonds outstanding in the amount of \$2.14 million.

BOND RATING

Moody's Investor Service affirmed Minnesota State's bond rating of Aa3 and S&P affirmed its AA- rating for the 2017 revenue bond sale and for the system's outstanding revenue fund bonds. Both rating agencies gave the system a stable outlook.

BOND SALE RESOLUTION

The Board of Trustees is being asked to approve the sale based on the parameters shown in **Attachment A**. The updated Series Resolution authorizing the bond sale is presented at **Attachment B**. After the second reading, the system's financial advisor, Springsted Incorporated, will prepare a Preliminary Official Statement for distribution to investors. The Series Resolution will be finalized with assistance of bond counsel. Pending final Board approval, the sale would be scheduled to occur in mid-February.

The blanks in the Series Resolution will be completed based on the results of either a competitive or negotiated sale of the bonds. The interest rates, redemption features, and other details, as well as whether all or any of the bonds are insured, will be determined on the basis of the best (most favorable on a True Interest Cost ("TIC") basis) bid received from those submitting offers, and will be memorialized in the Series Resolution, the bonds themselves, and in a certificate signed by the Minnesota State Vice-Chancellor - Chief Financial Officer.

STUDENT CONSULTATION

A student consultation letter in support of the Moorhead project has been received in the System Office confirming that student consultation has taken place regarding these projects.

SUMMARY

The Board of Trustees is asked to authorize (1) a tax exempt revenue bond sale in the approximate amount of \$53 million to finance \$9.3 million of construction costs for one project at MSU Moorhead and to refund Series 2007A and Series 2008A tax exempt revenue bonds outstanding in the amount of \$49.15 million, and (2) a taxable revenue bond sale in the approximate amount of \$3.225 million to finance \$1 million for campus planning and to refund Series 2007C taxable revenue bonds outstanding in the amount of \$2.14 million.

RECOMMENDED COMMITTEE ACTION:

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

The Board of Trustees authorizes a revenue bond sale for the issuance of tax exempt bonds:

1. Sufficient to realize net proceeds of \$9.3 million for project costs for the MSU Moorhead project, and
2. Sufficient to realize net proceeds which, with available debt service reserve funds and debt service funds from bonds to be refunded, will refund \$49.15 million of tax exempt bonds from Series 2007A and 2008A.

The Board of Trustees authorizes a revenue bond sale for the issuance of taxable bonds:

1. Sufficient to realize net proceeds of \$1 million to advance design or small projects, and
2. Sufficient to realize net proceeds which, with available debt service reserve funds and debt service funds from bonds to be refunded, will refund the outstanding \$2.14 million of taxable bonds from Series 2007C.

The sales are subject to the sale parameters as presented on **Attachment A**. The Board of Trustees approves the Series Resolution as described in **Attachment B**, subject to final legal form completion. As bond proceeds are made available, the Chancellor or his designee is authorized to execute contracting actions necessary to deliver on the project scope and intent.

RECOMMENDED BOARD OF TRUSTEES MOTION:

The Board of Trustees authorizes a revenue bond sale for the issuance of tax exempt bonds:

1. Sufficient to realize net proceeds of \$9.3 million for project costs for the MSU Moorhead project, and
2. Sufficient to realize net proceeds which, with available debt service reserve funds and debt service funds from bonds to be refunded, will refund \$49.15 million of tax exempt bonds from Series 2007A and 2008A.

The Board of Trustees authorizes a revenue bond sale for the issuance of taxable bonds:

1. Sufficient to realize net proceeds of \$1 million to advance design or small projects, and
2. Sufficient to realize net proceeds which, with available debt service reserve funds

and debt service funds from bonds to be refunded, will refund the outstanding \$2.14 million of taxable bonds from Series 2007C.

The sales are subject to the sale parameters as presented on **Attachment A**. The Board of Trustees approves the Series Resolution as described in **Attachment B**, subject to final legal form completion. As bond proceeds are made available, the Chancellor or his designee is authorized to execute contracting actions necessary to deliver on the project scope and intent.

Date Presented to the Board: January 24, 2017
Date approved by the Board: January 25, 2017

ATTACHMENT 1 – PROJECTS TO BE REFUNDED FROM PRIOR SERIES

Campus	Bond Year	Project
Bemidji BSU	2007	Linden Hall Renovation
MSU, Moorhead	2007	Wellness Center
Southwest MSU	2007	Residence Hall
Winona SU	2008	Wellness Center
Winona SU	2008	Residence Hall

ATTACHMENT A

SALE PARAMETERS

Series 2017A (Tax Exempt)

1. Maximum Interest Rate (TIC): up to 5.00%
2. Maximum Principal: \$ 65,000,000
3. Maximum Discount: 1.5 % of par or \$15/\$1,000 Bond. Minimum bid of 98.5% is required per the Official Statement
4. Earliest Redemption date: April 1, 2027

Series 2017B (Taxable)

1. Maximum Interest Rate (TIC): up to 5.00%
2. Maximum Principal: \$4,000,000
3. Maximum Discount: 1.0 % of par or \$10/\$1,000 Bond. Minimum bid of 99.0% is required per the Official Statement
4. Redemption date: The 2017B Bonds will not be optionally callable

In any event, the total principal for Series 2017A and 2017B may not exceed \$69,000,000

SERIES RESOLUTION

OF

THE BOARD OF TRUSTEES

OF THE

MINNESOTA STATE COLLEGES AND UNIVERSITIES

RELATING TO

REVENUE FUND BONDS
SERIES 2017A and TAXABLE SERIES 2017B

FIRST READING: November 16, 2016
ADOPTED: January 25, 2017

Kennedy & Graven, Chartered
470 US Bank Plaza
200 South Sixth Street
Minneapolis, Minnesota 55402

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RESOLUTION

BE IT RESOLVED by the Board of Trustees (the “Board”) of the Minnesota State Colleges and Universities (the “Issuer” or “Minnesota State”) as follows:

WITNESSETH

WHEREAS:

1. Minnesota State is a public body and agency of the State of Minnesota duly created and existing under Minnesota Statutes, Chapter 136F, as amended (the “Act”), having the rights, powers, privileges and duties provided in the Act, including those set forth in the Master Indenture (defined herein).

2. In accordance with the terms of an Amended and Restated Master Indenture of Trust, dated as of June 1, 2009, as amended by a First Amendment to the Amended and Restated Indenture, dated as of March 1, 2013 (together, as amended, the “Master Indenture”), Minnesota State and U.S. Bank National Association, a national banking association, as trustee (the “Trustee”), have agreed to the terms and conditions governing the issuance, sale, and delivery of Revenue Fund Bonds.

3. All terms capitalized but not otherwise defined herein have the meanings assigned to those terms in the Master Indenture.

4. The Board has determined that the capital expenditure needs of the Institutions and potential debt service savings with respect to certain outstanding Revenue Fund Bonds of Minnesota State make it necessary and desirable for Minnesota State to issue its Revenue Fund Bonds in an original aggregate principal amount of up to \$69,000,000 (the “Series 2017 Bonds” or the “Bonds”) consisting of its Revenue Fund and Refunding Bonds, Series 2017A (the “Series 2017A Bonds”) and its Revenue Fund and Refunding Bonds, Taxable Series 2017B (the “Series 2017B Bonds”), and to use the proceeds of the Series 2017 Bonds to: (i) fund capital costs incurred in connection with Facilities of the Institutions; (ii) to the extent that appropriate savings will be realized, fund the current and advance refunding of the outstanding Series 2007A Bonds, the Series 2007C Bonds, and the Series 2008A Bonds; (iii) fund the Debt Service Reserve Account in the amount of the Reserve Requirement; (iv) pay certain costs of issuing the Series 2017 Bonds; and (v) pay a portion of the interest on the Series 2017 Bonds.

5. The Institutions which anticipate using proceeds of the Bonds for their Facilities have advised Minnesota State that they need to begin work on planning and other activities related to such Facilities prior to the issuance of the Series 2017 Bonds in order to complete the Facilities in a timely manner, and expect to incur expenditures for this purpose prior to the issuance of the Series 2017 Bonds which they will seek to have reimbursed from the proceeds of the Series 2017 Bonds.

6. Minnesota State intends to use a portion of the proceeds of the Series 2017 Bonds to reimburse the Institutions for eligible costs incurred in connection with the financed Facilities.

7. The execution and delivery of this Series Resolution and the issuance of the Series 2017 Bonds have been in all respects duly and validly authorized by the Issuer.

8. All things necessary to make the Series 2017 Bonds, when authenticated by the Trustee and issued and secured as provided in the Master Indenture and this Series Resolution, the valid, binding, and legal limited obligations of the Issuer according to the import thereof have been done and performed; and the creation, execution, and delivery of this Series Resolution, and the creation, execution, and issuance of the Series 2017 Bonds, subject to the terms hereof, have in all respects been duly authorized.

NOW THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THIS SERIES RESOLUTION WITNESSETH:

The Issuer, in consideration of the premises and the purchase and acceptance of the Series 2017 Bonds by the Holders thereof, in order to secure the payment of the principal of, interest on, and premium, if any, on the Series 2017 Bonds according to their tenor and effect, does hereby grant a security interest in and assign to the Holders of the Series 2017 Bonds and all Revenue Fund Bonds (other than Subordinate Bonds) issued pursuant to the Master Indenture and any Series Resolution (including this Series Resolution), and to the beneficiaries of any Senior Guarantees, regardless of when such Senior Bonds or Senior Guarantees were or are issued, on an equal and parity basis, except as expressly stated below, the following:

FIRST

The “Net Revenues” as defined in the Master Indenture as heretofore amended and as amended by this Series Resolution; and

SECOND

All proceeds, earnings, and investment income derived from the foregoing (except Rebate Amounts);

PROVIDED that:

First, the foregoing equal and ratable parity pledge shall not extend to Subordinate Bonds which shall be secured solely by money held in the Surplus Account as provided in the Master Indenture; and

Second, the proceeds of any Credit Enhancement Instrument issued to secure a particular Series of Revenue Fund Bonds shall benefit only that Series of Revenue Fund Bonds and the proceeds of such Credit Enhancement Instrument shall not be applied for the benefit of or payment of any other Series of Revenue Fund Bonds; and

Third, money applied to the payment of Revenue Fund Bonds and Senior Guarantees shall be withdrawn from the funds and accounts created by the Master Indenture strictly in the order of priority set forth therein.

SUCH PLEDGE having been made, upon the terms and trusts herein set forth for the equal and proportionate benefit, security, and protection of all Holders from time to time of the Revenue Fund Bonds, and all Senior Bonds and Senior Guarantees heretofore issued and to be issued under and secured by the Master Indenture and this Series Resolution and other Series Resolutions (but excluding Subordinate Bonds) without privilege, priority, or distinction as to lien or otherwise of any of such bonds or guarantees over any of the others except as otherwise provided therein and herein.

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, or provide fully for payment as herein provided of the principal of the Series 2017 Bonds and the interest due or to become due thereon (together with premium, if any), at the time and in the manner set forth in the Series 2017 Bonds according to the true intent and meaning thereof, and shall well and truly keep, perform, and observe all the covenants and conditions pursuant to the terms of the Master Indenture and this Series Resolution to be kept, performed, and observed by it, and shall pay to the Registrar and Paying Agent all sums of money due or to become due in accordance with the terms and provisions of the

Master Indenture and this Series Resolution as from time to time supplemented, then this Series Resolution and the rights hereby granted shall cease, terminate, and be void except as otherwise provided herein; otherwise, the Master Indenture and this Series Resolution shall be and remain in full force and effect.

UNDER THE PROVISIONS OF THE ACT and the Series Resolution, the Series 2017 Bonds may not be payable from or be a charge upon any funds of the Issuer or the State other than the revenues pledged to the payment thereof nor shall the Issuer or State be subject to any pecuniary liability thereon except from money expressly pledged, and no Holder or Holders of the Series 2017 Bonds shall ever have the right to compel any exercise of the taxing power of the Issuer or the State to pay any Revenue Fund Bond or the interest and premium, if any, thereon, or to enforce payment thereof against any property of the Issuer or the State, except as above provided; the Series 2017 Bonds shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Issuer, except as above provided; but nothing in the Act impairs the rights of Holders of Series 2017 Bonds issued under the Master Indenture and this Series Resolution and any other Series Resolutions and the beneficiaries of Senior Guarantees to enforce the covenants made for the security thereof, to the extent specifically provided herein, for the equal and proportionate benefit of all Holders of the Series 2017 Bonds, all other Revenue Fund Bonds, and the beneficiaries of Senior Guarantees, as follows:

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ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions. All terms capitalized but not otherwise defined in this Series Resolution shall have the meanings assigned to such terms in the Master Indenture. In this Series Resolution the following terms have the following respective meanings unless the context hereof clearly requires otherwise.

Authorized Denomination means \$5,000, or any integral multiple thereof.

Board means the Board of Trustees of Minnesota State.

Closing Certificate means a certificate of Minnesota State executed by an Authorized Representative reflecting the final principal amounts, maturity dates, interest rates, and sinking fund redemption dates of the Series 2017A Bonds or the Series 2017B Bonds, based on the winning bids of the Original Purchasers accepted by Minnesota State with respect to the Series 2017A Bonds and the Series 2017B Bonds, as well as the allocation of the proceeds of the Series 2017A Bonds or the Series 2017B Bonds among the various funds, accounts, and subaccounts established by the Master Indenture and this Series Resolution.

Interest Payment Date means, with regard to the Series 2017 Bonds, each April 1 and October 1, commencing October 1, 2017.

Master Indenture means the Amended and Restated Master Indenture of Trust, dated as of June 1, 2009, as amended from time to time, relating to the Revenue Fund Bonds issued by Minnesota State from time to time.

Maturity Date means any date on which principal or premium of or interest on the Series 2017 Bonds is due, whether at maturity, on a scheduled Interest Payment Date, or upon redemption or acceleration, or otherwise.

Minnesota State or the Issuer means Minnesota State Colleges and Universities, or any successor to its functions.

Original Purchaser means the original purchaser(s) of the Series 2017 Bonds, as determined after the acceptance of the bids in accordance with a competitive sale of the Series 2017 Bonds, as identified in the Closing Certificate.

Prior Bonds means all bonds issued or secured under the Master Indenture prior to the issuance of the Series 2017 Bonds.

Rating Agency means Moody's Investors Service, Standard & Poor's Global Ratings, or Fitch Ratings, or any other nationally-recognized credit rating agency which has been solicited to issue a rating on, and has issued a rating on, the Series 2017 Bonds; and with respect to the credit rating (claims payment ability rating) of an insurance company, A.M. Best & Company or any other nationally-recognized credit rating agency rating the claims payment ability of insurance companies.

Refunded Bonds means the Series 2007A Bonds, the Series 2007C Bonds, and the Series 2008A Bonds.

Registrar and Paying Agent means U.S. Bank National Association, a national banking association.

Revenue Fund Bonds means, collectively, the Prior Bonds and the Series 2017 Bonds.

Series Resolution means this Series Resolution, adopted on January __, 2017, by the Board.

Series 2007A Bonds means the Revenue Fund Bonds, Series 2007A, issued on February 22, 2007, in the original principal amount of \$33,770,000 and currently outstanding in the principal amount of \$21,595,000.

Series 2007C Bonds means the Revenue Fund Bonds, Taxable Series 2007C, issued on February 22, 2007, in the original principal amount of \$3,320,000 and currently outstanding in the principal amount of \$2,140,000.

Series 2008A Bonds means the Revenue Fund Bonds, Series 2007A, issued on June 27, 2008, in the original principal amount of \$39,885,000 and currently outstanding in the principal amount of \$27,555,000.

Series 2017 Bonds or Bonds means the Revenue Fund Bonds, dated as of the date of delivery, issued by Minnesota State in accordance with the terms and conditions of this Series Resolution in the original aggregate principal amount of up to \$69,000,000, consisting of the Series 2017A Bonds and the Series 2017B Bonds.

Series 2017A Bonds means the Revenue Fund and Refunding Bonds, Series 2017A, dated as of the date of delivery, to be issued by Minnesota State in an original aggregate principal amount not to exceed \$65,000,000 pursuant to this Series Resolution.

Series 2017B Bonds means the Revenue Fund and Refunding Bonds, Taxable Series 2017B, dated as of date of delivery, to be issued by Minnesota State in an original aggregate principal amount not to exceed \$4,000,000 pursuant to this Series Resolution.

Term Bonds means the Series 2017A Bonds identified as such pursuant to Section 2.3(A)(2) hereof and the Closing Certificate, if any, and the Series 2017B Bonds identified as such pursuant to Section 2.3(B)(2) hereof and the Closing Certificate, if any.

Trustee means U.S. Bank National Association, a national banking association, its successors and assigns.

Section 1.2 Effect of this Series Resolution.

(a) Except as expressly supplemented or amended by this Series Resolution, all of the terms and provisions of the Master Indenture, as heretofore amended, shall apply to the Series 2017 Bonds.

(b) To the extent of any inconsistency between the terms and provisions of this Series Resolution and the terms and provisions of the Master Indenture, this Series Resolution shall control. Except as provided in the preceding sentence, the terms and provisions of this Series Resolution shall be construed with the terms and provisions of the Master Indenture so as to give the maximum effect to both.

(c) This Series Resolution shall take effect on the date of issue of the Series 2017 Bonds.

(d) The Rules of Interpretation stated in Section 2.02 of the Master Indenture shall apply to this Series Resolution.

Section 1.3 Exhibits. The following Exhibits are attached to and by reference made a part of this Series Resolution:

- (1) EXHIBIT A-1 — Form of Series 2017A Bonds;
- (2) EXHIBIT A-2 — Form of Series 2017B Bonds;
- (3) EXHIBIT B — Annual Report Information;
- (4) EXHIBIT C — Blanket Issuer Letter of Representation.

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ARTICLE 2

THE SERIES 2017 BONDS

PART A — THE SERIES 2017A BONDS

Section 2.1A The Series 2017A Bonds.

- (A) The Series 2017A Bonds shall be issued:
- (1) as Tax-Exempt Revenue Fund Bonds;
 - (2) in Book-Entry Form; and
 - (3) as Revenue Fund Bonds bearing interest at a fixed rate of interest.

The Series 2017A Bonds are to be issued in the aggregate principal amount not to exceed \$65,000,000, with the actual principal amount issued to be identified in the Closing Certificate relating to the Series 2017A Bonds. The total principal amount of Series 2017A Bonds which may be Outstanding hereunder is expressly limited to the amount identified in the Closing Certificate relating to the Series 2017A Bonds unless duplicate Series 2017A Bonds are issued as provided in Section 2.12 of the Master Indenture. The Series 2017A Bonds shall be issued in Authorized Denominations and in substantially the form in EXHIBIT A-1 hereto, with such variations, additions, or deletions as may be appropriate to conform the terms of such Series 2017A Bonds to the terms of this Article 2. The Vice Chancellor-Chief Financial Officer, in her discretion, is hereby authorized to provide for the sale of the Series 2017A Bonds by a competitive sale pursuant to Section 2.18(a) of the Master Indenture. The Vice Chancellor-Chief Financial Officer or her designee is authorized to complete the Closing Certificate for the Series 2017A Bonds to establish their specific terms on the basis of the highest and best bid meeting the criteria established herein and in the Master Indenture. The maximum discount at which the Original Purchaser may purchase the Series 2017A Bonds is one and one-half percent (1.5%) of par.

(B) Upon issuance, the net proceeds of the Series 2017A Bonds (the original principal amount thereof, plus any premium or less any discount allowed to the Original Purchaser) shall be deposited into such accounts as shall be determined by the Issuer in the Closing Certificate. A portion of the amount deposited in the Capital Expenditures Account, in the amount stated in said Closing Certificate, shall be applied to pay the costs of issuing the Series 2017A Bonds.

Section 2.2A The Series 2017A Bonds – Initial Issue. The Series 2017A Bonds shall be initially issued in the aggregate principal amount set forth in the Closing Certificate relating to the Series 2017A Bonds and shall include the following terms.

- (1) The Series 2017A Bonds shall be initially dated as of the date of delivery, and thereafter be dated the date of their registration as provided in Section 2.6(a) of the Master Indenture.
- (2) The Series 2017A Bonds shall be issued in Book-Entry Form and delivered by the Original Purchaser to the Depository as set forth in Section 2.15 of the Master Indenture.
- (3) The Series 2017A Bonds shall mature on October 1 in the years and amounts set forth in the Closing Certificate, subject to prior redemption as provided in the Closing Certificate.

(4) Interest shall accrue on the Series 2017A Bonds from the date of issuance until the principal amount is paid or payment is duly provided for in accordance with this Series Resolution, and shall be payable on each Interest Payment Date. Interest accrued on any Series 2017A Bond or portion thereof redeemed pursuant to Section 2.3A(A) and Section 2.4 hereof shall also be payable on the Redemption Date as to Series 2017A Bonds called for redemption. The Series 2017A Bonds shall mature on October 1 in the years and in the amounts, and bear interest at the rate or rates, set forth in the Closing Certificate. Interest on the Series 2017A Bonds shall be computed at the rates set forth in the Closing Certificate based on a 360-day year of twelve, 30-day months, for the actual number of complete months, and of days less than a complete month, and shall not exceed a true interest cost of five percent (5.00%) per annum.

(5) The Series 2017A Bonds shall be payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, at the principal trust office of the Trustee, or a duly appointed successor Trustee, except that interest on the Series 2017A Bonds shall be payable by check or draft mailed by the Trustee to the Holders of such Series 2017A Bonds on the applicable Regular Record Date (the “Record Date Holders”) at the last addresses thereof as shown in the Bond Register on the applicable Regular Record Date, provided that interest shall be paid to a Holder of \$1,000,000 or more of the principal amount of the Series 2017A Bonds outstanding by electronic funds transfer if such Holder so requests in writing in a form acceptable to the Paying Agent and principal of and any premium on any Series 2017A Bonds shall be payable at the principal office of the Trustee.

(6) The Series 2017A Bonds shall be subject to redemption upon the terms and conditions and at the prices specified in Section 2.3A(A) and Section 2.4 hereof.

Notwithstanding the foregoing, if the date for payment of the principal of, premium, if any, or interest on any Series 2017A Bond shall be a day which is not a Business Day, then the date for such payment shall be the next succeeding day which is a Business Day, and payment on such later date shall have the same force and effect as if made on the nominal date of payment. The Series 2017A Bonds shall be delivered by the Trustee to the Original Purchaser thereof upon receipt by the Issuer and, if applicable, the Trustee of the items listed in Section 2.13 of the Master Indenture, and satisfaction by the Issuer of the conditions stated in Section 2.5 of the Master Indenture.

Section 2.3A The Series 2017A Bonds – Redemption.

(A) Pursuant to the provisions of Section 3.1 of the Master Indenture and 2.4 hereof, the Series 2017A Bonds are subject to redemption prior to maturity as follows:

(1) *Damage or Destruction or Condemnation.* In the event of damage to or destruction of any Facility, in whole or part, the Series 2017A Bonds are subject to redemption in whole or in part at the principal amount thereof plus accrued interest to the date of redemption, without premium, on the first day of any month for which timely notice of redemption can be given, whether or not an Interest Payment Date, from the proceeds of any insurance claim payment or condemnation award or portion thereof not applied to repair, restore, or replace the damaged or taken Facility.

(2) *Scheduled Mandatory Redemption.* The Series 2017A Bonds are subject to mandatory redemption prior to maturity by mandatory sinking fund installments in the amounts and on the dates reflected in the Closing Certificate.

(3) *Optional Redemption.* The Series 2017A Bonds maturing on or after October 1, 2027, are subject to optional redemption and prepayment upon direction by the Issuer to the Trustee in whole on any date on or after April 1, 2027, and in part, on any Interest Payment Date thereafter, in Authorized Denominations, at a redemption price equal to the principal amount redeemed plus accrued interest to the date of redemption, without premium.

(4) *Excess Proceeds Redemption.* If, upon the earlier of either (i) the completion of the work planned to be financed by the proceeds of the Series 2017A Bonds, or (ii) three years from the date of issuance of the Series 2017A Bonds, proceeds of the Series 2017A Bonds remain in the related subaccount in the Capital Expenditures Account in excess of those required to pay then unpaid but incurred capital expenditures, such excess shall be transferred to the Escrow Account and applied to the redemption of the Series 2017A Bonds, to the extent of the funds so transferred, at their principal amount, plus interest accrued to the redemption date, without premium, on the first day of the next succeeding month for which timely notice of redemption can be given; provided, however, that the three-year limit contained in clause (ii) shall not apply if the Issuer obtains an opinion of bond counsel stating that the delay in the expenditure of proceeds will not cause the Series 2017A Bonds to lose their tax-exempt status.

(B) No Other Redemption Prior to Maturity. Except as provided in Section 2.3A(A) herein, the Series 2017A Bonds shall not be subject to redemption prior to their stated maturity date.

PART B — THE SERIES 2017B BONDS

Section 2.1B The Series 2017B Bonds.

(A) The Series 2017B Bonds shall be issued:

- (1) as Taxable Bonds;
- (2) in Book-Entry Form; and
- (3) as Bonds bearing interest at a fixed rate of interest.

The Series 2017B Bonds are to be issued in the aggregate principal amount not to exceed \$4,000,000, with the actual principal amount issued to be identified in the Closing Certificate relating to the Series 2017B Bonds. The total principal amount of Series 2017B Bonds which may be Outstanding hereunder is expressly limited to the amount identified in the Closing Certificate relating to the Series 2017B Bonds unless duplicate Series 2017B Bonds are issued as provided in Section 2.12 of the Master Indenture. The Series 2017B Bonds shall be issued in Authorized Denominations and in substantially the form in EXHIBIT A-2 hereto, with such variations, additions, or deletions as may be appropriate to conform the terms of such Series 2017B Bonds to the terms of this Article 2. The Vice Chancellor-Chief Financial Officer, in her discretion, is hereby authorized to provide for the sale of the Series 2017B Bonds by competitive sale pursuant to Section 2.18(a) of the Master Indenture. The Vice Chancellor-Chief Financial Officer or her designee is authorized to complete the Closing Certificate for the Series 2017B Bonds to establish their specific terms on the basis of the highest and best bid meeting the criteria established herein and in the Master Indenture. The maximum discount at which the Original Purchaser may purchase the Series 2017B Bonds is one percent (1.00%) of par.

(B) Upon issuance, the net proceeds of the Series 2017B Bonds (the original principal amount thereof, plus any premium or less any discount allowed to the Original Purchaser) shall be deposited into such accounts as shall be determined by the Issuer in the Closing Certificate. A portion of the amount

deposited in the Capital Expenditures Account, in the amount stated in the Closing Certificate, shall be applied to pay the costs of issuing the Series 2017B Bonds.

Section 2.2B The Series 2017B Bonds – Initial Issue. The Series 2017B Bonds shall be initially issued in the aggregate principal amount set forth in the Closing Certificate relating to the Series 2017B Bonds and shall include the following terms.

(1) The Series 2017B Bonds shall be initially dated as of the date of delivery, and thereafter be dated the date of their registration as provided in Section 2.6(a) of the Master Indenture.

(2) The Series 2017B Bonds shall be issued in Book-Entry Form and delivered by the Original Purchaser to the Depository as set forth in Section 2.15 of the Master Indenture.

(3) The Series 2017B Bonds shall mature on October 1 in the years and amounts set forth in the Closing Certificate, subject to prior redemption as provided in the Closing Certificate.

(4) Interest shall accrue on the Series 2017B Bonds from the date of issuance until the principal amount is paid or payment is duly provided for in accordance with this Series Resolution, and shall be payable on each Interest Payment Date. Interest accrued on any Series 2017B Bond or portion thereof redeemed pursuant to Sections 2.3B(A) hereof shall also be payable on the Redemption Date as to Series 2017B Bonds called for redemption. The Series 2017B Bonds shall mature on October 1 in the years and in the amounts, and bear interest at the rate or rates, set forth in the Closing Certificate. Interest on the Series 2017A Bonds shall be computed at the rates set forth in the Closing Certificate based on a 360-day year of twelve, 30-day months, for the actual number of complete months, and of days less than a complete month and shall not exceed a true interest cost of five percent (5.00%) per annum.

(5) The Series 2017B Bonds shall be payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, at the principal trust office of the Trustee, or a duly appointed successor Trustee, except that interest on the Series 2017B Bonds shall be payable by check or draft mailed by the Trustee to the Holders of such Series 2017B Bonds on the applicable Regular Record Date at the last addresses thereof as shown in the Bond Register on the applicable Regular Record Date, provided that interest shall be paid to a Holder of \$1,000,000 or more of the principal amount of the Series 2017B Bonds outstanding by electronic funds transfer if such Holder so requests in writing in a form acceptable to the Paying Agent and principal of and any premium on any Revenue Fund Bonds shall be payable at the principal office of the Trustee.

(6) The Series 2017B Bonds shall be subject to redemption upon the terms and conditions and at the prices specified in Section 2.3B(A) and Section 2.4 hereof.

Notwithstanding the foregoing, if the date for payment of the principal of, premium, if any, or interest on any Series 2017B Bond shall be a day which is not a Business Day, then the date for such payment shall be the next succeeding day which is a Business Day, and payment on such later date shall have the same force and effect as if made on the nominal date of payment. The Series 2017B Bonds shall be delivered by the Registrar and Paying Agent to the Original Purchaser thereof upon receipt by the Issuer and, if applicable, the Trustee of the items listed in Section 2.13 of the Master Indenture, and satisfaction by the Issuer of the conditions stated in Section 2.5 of the Master Indenture.

Section 2.3B The Series 2017B Bonds – Redemption.

(A) Pursuant to the provisions of Section 3.1 of the Master Indenture and 2.4 hereof, the Series 2017B Bonds are subject to redemption prior to maturity as follows:

(1) *Damage or Destruction or Condemnation.* In the event of damage to or destruction of any Facility, in whole or part, the Series 2017B Bonds are subject to redemption in whole or in part at the principal amount thereof plus accrued interest to the date of redemption, without premium, on the first day of any month for which timely notice of redemption can be given, whether or not an Interest Payment Date, from the proceeds of any insurance claim payment or condemnation award or portion thereof not applied to repair, restore, or replace the damaged or taken Facility.

(2) *Scheduled Mandatory Redemption.* The Series 2017B Bonds are subject to mandatory redemption prior to maturity by mandatory sinking fund installments in the amounts and on the dates reflected in the Closing Certificate.

(3) *Optional Redemption.* The Series 2017B Bonds are not subject to optional redemption prior to their stated Maturity Date.

(4) *Excess Proceeds Redemption.* If, upon the earlier of either (i) the completion of the work planned to be financed by the proceeds of the Series 2017B Bonds, or (ii) three years from the date of issuance of the Series 2017B Bonds, proceeds of the Series 2017B Bonds remain in the related subaccount in the Capital Expenditures Account in excess of those required to pay then unpaid but incurred capital expenditures, such excess shall be transferred to the Escrow Account and applied to the redemption of the Series 2017B Bonds, to the extent of the funds so transferred, at their principal amount, plus interest accrued to the redemption date, without premium, on the first day of the next succeeding month for which timely notice of redemption can be given; provided, however, that the three-year limit contained in clause (ii) shall not apply if the Issuer obtains an opinion of bond counsel stating that the delay in the expenditure of proceeds will not cause the Series 2017B Bonds to lose their tax-exempt status.

(B) No Other Redemption Prior to Maturity. Except as provided in Section 2.3B(A) herein, the Series 2017B Bonds shall not be subject to redemption prior to their stated maturity date.

Section 2.4 Method of Redemption for the Series 2017 Bonds.

(1) To effect the redemption of the Series 2017 Bonds under Section 2.3A(A) (1), (3), or (4), or Section 2.3B(A) (1), (3) or (4), the Issuer, at least forty (40) days before the redemption date, shall notify the Trustee of its intention to effect such redemption. The funds required for such redemptions shall be provided to the Trustee at least three (3) business days before the redemption date.

(2) The Trustee, on or before the thirtieth day preceding any specified redemption date, shall select the Series 2017 Bonds of the applicable series to be redeemed. In the event and to the extent the Series 2017 Bonds are redeemed in part, the outstanding amounts shown on the tables in those Sections and the serial maturities of the applicable series of Series 2017 Bonds shall be reduced as the Issuer shall direct in its notice to the Trustee. In the absence of such direction, the Trustee shall make such selection in such manner as the Trustee determines to be fair and appropriate, which may include random selection by lot.

(3) The Trustee shall give notice of redemption of Series 2017 Bonds mailed not less than thirty (30) days prior to the redemption date by mailing a written notice of redemption, first class mail, postage prepaid, to the Holders of the Series 2017 Bonds to be redeemed at the addresses for such Holders shown on the books of the Registrar, and by sending such notice by electronic mail to the Holders of Series 2017 Bonds for whom the Registrar has an electronic mail address, and by sending a notice of such redemption to each Depository in the same manner as an “event notice” under Section 4.5(B)(2) hereof.

(4) To effect the partial redemption of Series 2017 Bonds under Section 2.3A(A) or Section 2.3B(A) after receipt by the Trustee of notice from the Issuer, as provided herein, the Trustee, prior to giving notice of redemption, shall assign to each Series 2017 Bond of the applicable Series then Outstanding a distinctive number for each Authorized Denomination of the principal amount of such Series 2017 Bond. The Trustee shall then, using such method of selection as it shall deem proper in its discretion but consistent with subsection (2), from the numbers so assigned to such Series 2017 Bonds, select as many numbers as, at the Authorized Denomination for each number, shall equal the principal amount of such Series 2017 Bonds to be redeemed. The Series 2017 Bonds to be redeemed shall be the Series 2017 Bonds to which were assigned numbers so selected; provided that if, as a result of partial redemption there is a Series 2017 Bond outstanding in a principal amount less than the Authorized Denomination, such Series 2017 Bond shall be redeemed first at the next succeeding redemption date and the Trustee shall provide a written notice to that effect to the affected Holder and the Original Purchaser.

(5) As soon as Series 2017 Bonds are called for redemption pursuant to this Section 2.4, sums in the Escrow Account in the Revenue Fund sufficient to effect such redemption shall be irrevocably set aside for such purpose and applied for no other purpose under this Series Resolution.

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ARTICLE 3

FUNDS AND ACCOUNTS

Section 3.1 Series 2017 Revenue Receipts Subaccounts. Minnesota State is hereby directed to create a Series 2017A Revenue Receipts Subaccount and a Series 2017B Revenue Receipts Subaccount. All payments derived from the Facilities financed or refinanced by the Series 2017A Bonds shall be deposited to the Series 2017A Revenue Receipts Subaccount. All payments derived from the Facilities financed or refinanced by the Series 2017B Bonds shall be deposited to the Series 2017B Revenue Receipts Subaccount.

Section 3.2 Series 2017 Debt Service Subaccounts. The Trustee is hereby directed to create a Series 2017A Debt Service Subaccount and a Series 2017B Debt Service Subaccount pursuant to the Master Indenture. Net Revenues held in the Series 2017 Revenue Receipts Subaccounts shall be transferred by Minnesota State on each March 1 and September 1 to the Trustee for deposit to the Series 2017 Debt Service Subaccounts, and there applied prior to the use of any other funds, to pay principal of, interest on, and redemption price of Series 2017 Bonds.

Section 3.3 Capital Expenditure Account. The Trustee is hereby directed to create a Capital Expenditure Subaccount for the Series 2017 Bonds (the "Series 2017 Capital Expenditure Subaccount") pursuant to the Master Indenture, with subaccounts therein as set forth in the Closing Certificate relating to the Series 2017 Bonds. The Trustee is directed to deposit proceeds of the Series 2017 Bonds therein as described in Section 2.1A and Section 2.1B hereof. Proceeds of the Series 2017 Bonds may be used to reimburse the Institutions which are using proceeds of the Bonds for costs incurred in connection with their respective financed Facilities as directed by the Issuer.

Section 3.4 Series 2017 Refunding Fund. There is hereby created a Series 2017 Refunding Fund, to be held by the Trustee and there is created in the Series 2017 Refunding Fund a Series 2017A Refunding Account and a Series 2017B Refunding Account. Certain proceeds of the Series 2017A Bonds, along with the amounts on deposit in the Series 2007A Debt Service Reserve Account and the Series 2007A Debt Service Account, and the Series 2008A Debt Service Reserve Account and the Series 2008A Debt Service Account, and other available funds of Minnesota State in the amounts to be set forth in the Closing Certificate relating to the Series 2017A Bonds and determined by an independent certified public accountant to be sufficient to redeem the Series 2007A Bonds and the Series 2008A Bonds shall be deposited in the Series 2017A Refunding Account of the Refunding Fund and from there transferred by the Trustee to the appropriate subaccounts established in the Escrow Account established under the terms of the Master Indenture and used to redeem the Series 2007A Bonds and the Series 2008A Bonds. Any portion of such funds to be applied to an advance refunding of any Refunded Bonds shall be thereafter transferred to an escrow fund to be established under the terms of an Escrow Agreement (the "Escrow Agreement"), between Minnesota State and the Trustee, and invested and applied in accordance with the terms of the Escrow Agreement. As provided in the Closing Certificate for the Series 2017A Bonds, Minnesota State may decline to redeem any portion or all of any series of Refunded Bonds in the event it is determined that an appropriate level of savings will not be realized by any such redemption.

Minnesota State is hereby authorized to enter into the Escrow Agreement with the Trustee, acting as escrow agent under the terms of the Escrow Agreement.

Certain proceeds of the Series 2017B Bonds, along with the amounts on deposit in the Series 2007C Debt Service Reserve Account and the Series 2007C Debt Service Account, and other available funds of Minnesota State in the amounts to be set forth in the Closing Certificate relating to the Series 2017B Bonds

and determined by an independent certified public accountant to be sufficient to redeem the Series 2007C Bonds shall be deposited in the Series 2017B Refunding Account of the Refunding Fund and from there transferred by the Trustee to an appropriate subaccount established in the Escrow Account established under the terms of the Master Indenture and used to redeem the Series 2007C Bonds. As provided in the Closing Certificate for the Series 2017B Bonds, Minnesota State may decline to redeem any portion or all of Series 2007C Bonds in the event it is determined that an appropriate level of savings will not be realized by any such redemption.

Section 3.5 Establishment of Accounts. Minnesota State and the Trustee may, for ease of administration, establish additional accounts and subaccounts with any of the funds and accounts held and maintained by them hereunder and under the Master Indenture, and shall establish such subaccounts as are necessary to: (a) separate accounts for debt service on Tax Exempt Revenue Fund Bond and Taxable Revenue Fund Bonds; (b) distinguish funds held for the benefit of different Institutions; (c) hold funds to be paid to a Credit Enhancer; (d) hold funds to be paid pursuant to Senior Guarantees; and (e) comply with Section 136F.94(b) of the Act.

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ARTICLE 4

SERIES COVENANTS

Section 4.1 Payment of Principal, Purchase Price, Premium and Interest. Solely from the Net Revenues and sums held in the Accounts in the Revenue Fund, the Issuer will duly and punctually pay the principal of, premium, if any, and interest on the Series 2017 Bonds in accordance with the terms of the Series 2017 Bonds, the Master Indenture and this Series Resolution. Nothing in the Series 2017 Bonds or in this Series Resolution shall be considered as assigning or pledging funds or assets of the Issuer other than those expressly pledged to secure the Series 2017 Bonds (and other Senior Bonds and Senior Guarantees) set forth in the Master Indenture, as supplemented by this Series Resolution.

Section 4.2 Performance of and Authority for Covenants. The Issuer covenants that it will faithfully perform at all times any and all of its covenants, undertakings, stipulations, and provisions contained in the Master Indenture and this Series Resolution, in any and every Series 2017 Bond executed, authenticated, and delivered hereunder, and in all proceedings of Minnesota State pertaining thereto; that it is duly authorized under the Constitution and laws of the State of Minnesota including, particularly and without limitation, the Act to issue the Series 2017 Bonds authorized hereby, to adopt this Series Resolution, to apply a portion of the proceeds of the Series 2017 Bonds to make capital expenditures for the Facilities, to apply a portion of the proceeds of the Series 2017 Bonds to defease, redeem, and prepay the Refunded Bonds, and to pledge the Net Revenues and money held in the Revenue Fund and its Accounts equally and ratably to secure the Series 2017 Bonds (and other Senior Bonds and any Senior Guarantees), in the manner and to the extent set forth in the Master Indenture and herein; that all action on its part for the issuance of the Series 2017 Bonds and the execution and delivery of this Series Resolution has been duly and effectively taken; and that the Series 2017 Bonds in the hands of the Holders thereof are and shall be valid and enforceable obligations of the Issuer according to the terms thereof.

Section 4.3 Books and Records. The Registrar and Paying Agent will, so long as any Outstanding Series 2017 Bonds issued hereunder shall be unpaid, keep proper books or records and accounts, in which full, true, and correct entries will be made of all its financial dealings or transactions in relation to the Series 2017 Bonds. At reasonable times and under reasonable regulations established by the Registrar and Paying Agent, such books shall be open to the inspection of the Original Purchaser, the Holders, and such accountants or other agencies as the Registrar and Paying Agent may from time to time designate.

Section 4.4 Bondholders' Access to Bond Register. At reasonable times and under reasonable regulations established by the Registrar and Paying Agent, the Bond Register or a copy thereof may be inspected and copied by Holders (or a designated representative thereof) of twenty-five percent (25%) or more in principal amount of the then Outstanding Series 2017 Bonds, such authority of any such designated representative to be evidenced to the satisfaction of the Registrar and Paying Agent. Except as otherwise may be provided by law, the Bond Register shall not be deemed a public record and shall not be made available for inspection by the public, unless and until notice to the contrary is given to the Registrar and Paying Agent by the Issuer.

Section 4.5 Continuing Disclosure.

(A) Purpose; Definitions. Disclosure of information about the Series 2017 Bonds shall be made as provided in this Section. This Section is intended for the benefit of the Holders of the Series 2017 Bonds.

For the purposes of this Section, the following terms shall have the following meanings:

(1) *EMMA* means the Electronic Municipal Market Access system operated by the MSRB and the primary portal for complying with the continuing disclosure requirements of the Rule (Website: <http://emma.msrb.org/>)

(2) *MSRB* means the Municipal Securities Rulemaking Board;

(3) *Obligated Person* means:

(a) the Issuer; and

(b) any person who provides ten percent (10%) or more of the Net Revenues securing the Revenue Fund Bonds (but an Institution shall not be deemed a person independent of the Issuer); and

provided that “obligated person” shall not mean a Credit Enhancer;

(4) *Revenue Fund Bonds* means the Prior Bonds and the Series 2017 Bonds;

(5) *Rule* means Securities and Exchange Commission Rule 15c2-12, as from time to time amended; and

(6) *Series 2017 Bonds* means the Revenue Fund Bonds issued pursuant to this Series Resolution.

(B) Periodic and Occurrence Notices. Except to the extent this subsection (B) is modified or otherwise altered in accordance with subsection (F) below, the Registrar and Paying Agent or Financial Advisor on behalf of the Issuer shall make or cause to be made public, as provided in subsection (D) below, the information set forth in subsections (1), (2), and (3) below:

(1) Periodic Reports.

(a) the annual audited financial statements for the Revenue Fund of the Issuer; and

(b) annual financial information as to each Obligated Person (subject to subsection (E)(1) below); and

(c) an Annual Disclosure Report in substantially the form of Exhibit B hereto disclosing financial and operating data of the type disclosed in the Official Statement relating to the Series 2017 Bonds; provided that the form of Annual Disclosure Report shall be amended or changed each year so as to fairly and accurately present financial and operating data required to be disclosed under the Rule.

(2) Occurrence Notices. The Issuer shall give, or shall cause to be given notice of the occurrence of any of the following events within a timely manner, not in excess of ten (10) business days, after the occurrence of the event, and in accordance with the Rule, by filing such notice with the MSRB, in an electronic format prescribed by the MSRB:

(a) principal and interest payment delinquencies;

- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Senior Bonds, or other material events affecting the tax-exempt status of the Senior Bonds;
- (g) modifications to rights of Bondholders, if material;
- (h) Bond calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution or sale of property securing repayment of the Senior Bonds, if Material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of either the Borrower or the Guarantor;
- (m) consummation of a merger, consolidation, or acquisition involving the Borrower or the Guarantor, the or sale of all or substantially all of the assets of the Borrower or the Guarantor, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(3) Notice of Failure to Provide Information. In the event the information described in (1) or (2) above is not made public as required by this Section, such failure shall itself be made public by a notice filed with the MSRB.

(C) Information Provided to the Public.

(1) The Registrar and Paying Agent on behalf of the Issuer shall make public every communication which the Registrar and Paying Agent is required to make (or is permitted to make and in fact makes) to Holders, in each case in accordance with subsection (D) and on the same day such communication is transmitted to Holders hereunder.

(2) The Registrar and Paying Agent on behalf of the Issuer shall make public in accordance with subsection (D) and within the time frame set forth in subsection (3) below, the

following, but only to the extent information is actually known by the Issuer or Registrar and Paying Agent or is within the possession, custody or control of the Issuer or Registrar and Paying Agent:

(a) all information which the Registrar and Paying Agent on behalf of the Issuer has agreed to make public under subsections (1), (2), and (3) of subsection (B); and

(b) such other information which the Issuer shall in writing request to be made public, so long as such information is permitted by law to be made public.

(3) (a) The Registrar and Paying Agent, on behalf of the Issuer, shall make public the periodic information described in subsection (B)(1), within thirty (30) days after receipt by the Registrar and Paying Agent of each annual audited financial statement of the Issuer.

(b) The Registrar and Paying Agent shall, within three (3) business days of obtaining actual knowledge of the occurrence of any of the events described in subsection (B)(2) contact the Issuer, inform the Issuer of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not the event is required to be reported. If the Registrar and Paying Agent has been instructed by the Issuer to report the occurrence, the Registrar and Paying Agent shall file a notice of such occurrence with the MSRB with a copy to the Issuer. Notwithstanding the foregoing, notice of an event described in subsection (B)(2)(d) and (e) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Master Indenture.

(D) Means of Making Information Public. The SEC has designated the EMMA system operated by the MSRB as the nationally recognized municipal securities information repository and the exclusive portal for complying with continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB or the SEC, the Registrar and Paying Agent and/or Dissemination Agent shall make all filings required under this Section 4.5 solely with EMMA.

(E) Obligated Persons; Financial Information.

(1) In making information about Obligated Persons which file financial information with the SEC or the MSRB public, the Issuer may, for each Obligated Person that has complied or will comply with the next sentence, disclose financial information about such Obligated Person by cross-reference to information on file with, and publicly available from, the SEC or the MSRB. The Issuer shall cause each such Obligated Person to provide an annual notice stating (a) where its annual reports have been filed, and (b) that the annual reports so filed constitute its annual financial information as an Obligated Person hereunder. Annually the Issuer shall provide to each such Obligated Person a form of such notice and shall direct that such notice be executed by the Obligated Person and returned to the Issuer. In the event such Obligated Person fails or refuses to provide the executed notice, the Issuer shall provide to the Registrar and Paying Agent a notice stating (a) the identity of such Obligated Person and the fact that such Obligated Person has failed and refused to provide the annual notice required by this subsection, and (b) if known to the Issuer, the place where annual financial information about such Obligated Person may be found. The Issuer shall then provide all such notices to the Registrar and Paying Agent concurrently with delivery of the Issuer's annual financial statements and shall direct the Registrar and Paying Agent to forward such notices to the MSRB.

(2) In determining whether a specific person is an "Obligated Person," the Institution shall

- (a) aggregate all contracts executed by such person;
- (b) aggregate all buildings or structures, or portions thereof, owned, leased, or operated by such person; and
- (c) aggregate all entities under common control or ownership.

(3) The Issuer shall determine who are Obligated Persons for each fiscal year and disclose in the Annual Disclosure Report the identity(ies) of each such Obligated Person; the disclosure relating to the identity of Obligated Persons in each Annual Disclosure Report shall be for the same fiscal year as that covered by the audited financial statement of the Issuer made public concurrently with the Annual Disclosure Report.

(4) Financial information about the Issuer, and about each Obligated Person, shall be prepared in accordance with, as applicable, generally accepted accounting principles, accounting principles applicable to state and local governments and agencies, or for persons whose equity or debt securities are registered with the State, the accounting principles then in effect governing filings of financial information with the SEC. Financial information about Obligated Persons who are public entities shall be prepared in accordance with Financial Accounting Standards Board principles as modified by Government Accounting Standards Board principles and by the accounting principles then applied by the Minnesota State Auditor, if applicable.

(F) Amendment of this Section. This Section shall be subject to modification or amendment as provided in Sections 10.2, 10.3, and 10.4 of the Master Indenture. In addition to the requirements and limitations of the Master Indenture, no modification or amendment of this Section shall be made unless:

(1) the amendment or modification is made in connection with a change of circumstance arising from a change of legal requirements, change in law, or change in the identity, nature, or status of the Obligated Person(s); and

(2) this Section, as amended or modified, would have complied with the Rule on the date of issue of the Series 2017 Bonds, taking into account any subsequent amendments or interpretations of the Rule and any change of circumstances.

The Registrar and Paying Agent and the Issuer may rely in good faith upon an opinion of counsel familiar with the law governing disclosure in connection with municipal securities as to compliance with the requirements of this Section and of the Rule.

Section 4.6 Resignation or Removal of Registrar and Paying Agent. Notwithstanding anything to the contrary contained herein or in the Master Indenture, the Registrar and Paying Agent shall not resign or be removed until a successor Registrar and Paying Agent has been appointed. The Issuer shall promptly (within thirty (30) days) appoint a successor Registrar and Paying Agent upon the resignation or removal of the then serving Registrar and Paying Agent. Any successor Registrar and Paying Agent shall be a financial institution having trust powers and a capital and surplus of not less than \$50,000,000.

Section 4.7 Compliance with DTC Requirements. So long as the Series 2017 Bonds are held in Book-Entry Form at The Depository Trust Company, as Depository, the Registrar and Paying Agent shall comply with the provisions of the Blanket Letter of Representations between the Issuer and The Depository Trust Company, and shall also comply with the letter from the Issuer to The Depository Trust Company dated September 10, 2001, and attached hereto as Exhibit C.

Section 4.8 Notices to Rating Agency. Annually, at or about the time that the Issuer provides its Annual Disclosure Report pursuant to Section 4.5 hereof, the Issuer shall provide the same information to each Rating Agency then maintaining a rating in effect for the Series 2017 Bonds. In addition, the Issuer shall provide to such Rating Agencies such other information relating to the Series 2017 Bonds, all other Revenue Fund Bonds issued under the Master Indenture, and the Revenue Fund, as they may reasonably request.

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EXHIBIT A-1

FORM OF SERIES 2017A BOND

R-_____

\$_____

UNITED STATES OF AMERICA
STATE OF MINNESOTA

BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES
REVENUE FUND AND REFUNDING BOND
SERIES 2017A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
_____ %	October 1, 20__	_____, 2017	60414F__

Registered owner: Cede & Co.

Stated Principal Amount: _____ DOLLARS

KNOW ALL MEN BY THESE PRESENTS that Board of Trustees, Minnesota State Colleges and Universities (the "Issuer"), for value received, acknowledges itself to be specially indebted and promises to pay to the registered owner named above, or registered assigns, but only from the sources specified herein, the Stated Principal Amount specified above on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above, payable semiannually on April 1 and October 1 in each year, commencing October 1, 2017, to the person or entity in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) preceding the date on which the interest is payable (all subject to the provisions hereof with respect to the redemption of this Bond prior to the maturity date specified above). The interest hereon and, upon presentation and surrender hereof at maturity or upon earlier redemption, the principal hereof, are payable in lawful money of the United States of America, by check or draft issued on each interest payment date by U.S. Bank National Association, in Saint Paul, Minnesota (the "Trustee"), which has been designated as Registrar and Paying Agent for the Revenue Fund Bonds; or at the office of such successor, if any, to said bank as may be designated by the Issuer in accordance with the Master Indenture.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Master Indenture until the Certificate of Authentication hereon shall have been executed by the Registrar and Paying Agent by the manual signature of one of its authorized representatives.

This Bond is one of a Series in the Stated Principal Amount of \$_____, each of like date and tenor except as to registration number, interest, maturity date, redemption privilege, and denomination, issued for the purpose of: (i) financing the construction or improvement of dormitory, residence hall, student union, food service or other revenue producing buildings and related facilities located or to be located on the campuses of the Institutions comprising the Minnesota State University System (the "System"); and (ii) defeasing and redeeming and prepaying certain outstanding obligations of the Issuer.

The Revenue Fund Bonds of this Series are issued under authority of, and in strict conformity with, the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapter 136F, as amended (the “Act”), and under and pursuant to an Amended and Restated Master Indenture of Trust, dated as of June 1, 2009, as amended (the “Master Indenture”), between the Issuer and the Trustee, and a Series Resolution adopted by the Issuer on January 25, 2017 (the “Series Resolution”).

Under the Act and the Master Indenture, the principal of and interest on this Bond are payable solely from and secured by an irrevocable pledge of certain Net Revenues (as defined in the Master Indenture) to be derived by the Issuer from the operation of certain revenue producing Facilities of the System which have been pledged and appropriated to the Debt Service Account in the Issuer’s Revenue Fund, on a parity as to both principal and interest with certain other Senior Bonds heretofore or hereafter issued under and pursuant to the Master Indenture, and are further secured by a Reserve Requirement required to be established and maintained in the Debt Service Reserve Account. All covenants and provisions made for the payment and security of Revenue Fund Bonds payable from the Debt Service Account are set forth in the Master Indenture which is available for inspection by the registered owner of this Bond at the Issuer’s administrative office in St. Paul, Minnesota, and which is incorporated herein by reference.

This Bond is not a general obligation of the Issuer, and the full faith and credit of the Issuer is not pledged for its payment. The Issuer has no taxing authority. This Bond does not constitute a debt or obligation of the State of Minnesota within the meaning or application of any constitutional or statutory limitation or provision.

Revenue Fund Bonds of this Series maturing on or after October 1, 202__, are subject to optional redemption and prepayment upon direction of the Issuer in whole on any date on or after April 1, 202__, or in part on such date or any Interest Payment Date thereafter, in Authorized Denominations, at a redemption price equal to the principal amount redeemed plus accrued interest to the date of redemption, without premium.

Revenue Fund Bonds of this Series maturing on October 1 in the years ____ and ____ are subject to mandatory redemption prior to maturity by mandatory sinking fund installments, and are to be redeemed by lot, at one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date, on the following dates and in the following principal amounts:

[to be provided]

If, upon the earlier of either (i) the completion of the work planned to be financed by the proceeds of these Revenue Fund Bonds, or (ii) three years from the date of issuance of these Revenue Fund Bonds, proceeds of these Revenue Fund Bonds remain in the related subaccount in the Capital Expenditures Account in excess of those required to pay then unpaid but incurred capital expenditures, such excess shall be transferred to the Escrow Account and applied to the redemption of these Revenue Fund Bonds, to the extent of the funds so transferred, at their principal amount, plus interest accrued to the redemption date, without premium, on the first day of the next succeeding month for which timely notice of redemption can be given; provided, however, that the three-year limit contained in clause (ii) shall not apply if the Issuer obtains an opinion of bond counsel stating that the delay in the expenditure of proceeds will not cause these Revenue Fund Bonds to lose their tax-exempt status.

In the event of partial or complete damage to or destruction or condemnation of any Facility, these Revenue Fund Bonds are subject to redemption in whole or in part at the principal amount thereof plus accrued interest to the date of redemption, without premium, on the first day of any month for which timely notice of redemption can be given, whether or not an Interest Payment Date, from the proceeds of any

insurance claim payment or condemnation award or portion thereof not applied to repair, restore or replace the damaged or taken Facility.

Notice of redemption shall be given by first class mail, postage prepaid, mailed not less than thirty (30) days prior to the Redemption Date, to each holder of Revenue Fund Bonds to be redeemed at the address of the holder appearing in the Bond Register. No defect in or failure to give notice by mail to any holder shall affect the validity of the proceedings for redemption of any Revenue Fund Bond held by any holder to which proper notice by mail has been given. If notice by publication is required by law, the Paying Agent shall cause publication to be made in the form and at the time provided by law. All notices of redemption shall state: (i) the Redemption Date; (ii) the Redemption Price; (iii) the principal amount of Revenue Fund Bonds to be redeemed and the identification (and, in the case of partial redemption, the respective principal amounts) of the Revenue Fund Bonds to be redeemed, specifying their CUSIP number, their registration number, and Maturity Date; (iv) that on the Redemption Date, the Redemption Price will be due and payable upon each Revenue Fund Bond, and interest will cease to accrue from and after such date (unless, under a redemption conditioned on sufficient funds, such condition is not met); and (v) the place or places where such Revenue Fund Bonds are to be surrendered for payment.

The Revenue Fund Bonds of this Series are issuable only as fully registered Bonds, in Stated Principal Amounts of \$5,000 or any multiple thereof of a single maturity.

As provided in the Master Indenture and subject to certain limitations set forth therein, this Bond is transferable upon the books of the Issuer at the principal corporate trust office of the Trustee, as Registrar and Paying Agent, in Saint Paul, Minnesota, or its successor, by the registered owner hereof, in person or by his attorney, duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar and Paying Agent, duly executed by the registered owner or his duly authorized attorney, and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange, the Issuer will cause to be issued in the name of the transferee or owner a new Bond or Bonds of the same aggregate Stated Principal Amount, Series, type, maturity, interest rate and terms as the surrendered Bond, subject to reimbursement for any tax, fee or governmental charge required to be paid by the Issuer or the Registrar and Paying Agent with respect to such transfer. The Issuer and the Registrar and Paying Agent shall treat the person in whose name this Bond is registered upon the books of the Issuer as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment of or on account of the principal, redemption price or interest and for all other purposes, and all such payments so made to the registered owner or upon his order shall be valid and effectual to satisfy and discharge the Issuer's liability upon this Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Registrar and Paying Agent shall be affected by any notice to the contrary.

IT IS CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to exist, to happen, and to be performed precedent to and in the issuance of this Bond in order to make it a valid and binding special obligation of the Issuer in accordance with its terms, do exist, have happened, and have been performed in due form, time and manner as so required; that prior to the issuance of this Bond, the Issuer has provided for the payment of the principal of and interest on this Bond as described herein; and that the issuance of this Bond does not cause the indebtedness of the State or the Issuer to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed by the manual or printed facsimile signature and countersignature of its Authorized Representative, and by a manual imprint or printed facsimile of its official seal, and has caused this Bond to be dated as of the date set forth below.

Dated: _____

[Authorized Representative]

CERTIFICATE OF AUTHENTICATION

This is one of the Revenue Fund Bonds delivered pursuant to the Authorizing Resolution described within.

U.S. BANK NATIONAL ASSOCIATION

By _____
Authorized Representative

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ (Please Print or Typewrite Name and Address of Transferee) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature

Please Insert Social Security Number or Other Identifying Number of Assignee.

Notice: The signature to this assignment must correspond with the name as it appears on the face of this Bond in every particular without alteration or any change whatever.

EXHIBIT A-2

FORM OF SERIES 2017B BOND

R-___

\$_____

UNITED STATES OF AMERICA
STATE OF MINNESOTA

BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES
REVENUE FUND AND REFUNDING BOND
TAXABLE SERIES 2017B

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
_____ %	October 1, 20__	_____, 2015	60414F__

Registered owner: Cede & Co.

Stated Principal Amount: _____ DOLLARS

KNOW ALL MEN BY THESE PRESENTS that Board of Trustees, Minnesota State Colleges and Universities (the "Issuer"), for value received, acknowledges itself to be specially indebted and promises to pay to the registered owner named above, or registered assigns, but only from the sources specified herein, the Stated Principal Amount specified above on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above, payable semiannually on April 1 and October 1 in each year, commencing October 1, 2017, to the person or entity in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) preceding the date on which the interest is payable (all subject to the provisions hereof with respect to the redemption of this Bond prior to the maturity date specified above). The interest hereon and, upon presentation and surrender hereof at maturity or upon earlier redemption, the principal hereof, are payable in lawful money of the United States of America, by check or draft issued on each interest payment date by the U.S. Bank National Association, in Saint Paul, Minnesota (the "Trustee"), which has been designated as Registrar and Paying Agent for the Revenue Fund Bonds; or at the office of such successor, if any, to said bank as may be designated by the Issuer in accordance with the Master Indenture.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Master Indenture until the Certificate of Authentication hereon shall have been executed by the Registrar and Paying Agent by the manual signature of one of its authorized representatives.

This Bond is one of a Series in the Stated Principal Amount of approximately \$_____, each of like date and tenor except as to registration number, interest, maturity date, redemption privilege, and denomination, issued for the purpose of: (i) financing costs related to the construction or improvement of dormitory, residence hall, student union, food service or other revenue producing buildings and related facilities located or to be located on the campuses of the Institutions comprising the Minnesota State University. System (the "System"); and (ii) defeasing and redeeming and prepaying certain outstanding

obligations of the Issuer. The Revenue Fund Bonds of this Series are issued under authority of, and in strict conformity with, the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapter 136F, as amended (the “Act”), and under and pursuant to an Amended and Restated Master Indenture of Trust, dated as of June 1, 2009, as amended (the “Master Indenture”), between the Issuer and the Trustee, and a Series Resolution adopted by the Issuer on January 25, 2017 (the “Series Resolution”).

Under the Act and the Master Indenture, the principal of and interest on this Bond are payable solely from and secured by an irrevocable pledge of certain Net Revenues (as defined in the Master Indenture) to be derived by the Issuer from the operation of certain revenue producing Facilities of the System which have been pledged and appropriated to the Debt Service Account in the Issuer’s Revenue Fund, on a parity as to both principal and interest with certain other Senior Bonds heretofore or hereafter issued under and pursuant to the Master Indenture, and are further secured by a Reserve Requirement required to be established and maintained in the Debt Service Reserve Account. All covenants and provisions made for the payment and security of Revenue Fund Bonds payable from the Debt Service Account are set forth in the Master Indenture which is available for inspection by the registered owner of this Bond at the Issuer’s administrative office in St. Paul, Minnesota, and which is incorporated herein by reference.

This Bond is not a general obligation of the Issuer, and the full faith and credit of the Issuer is not pledged for its payment. The Issuer has no taxing authority. This Bond does not constitute a debt or obligation of the State of Minnesota within the meaning or application of any constitutional or statutory limitation or provision.

Revenue Fund Bonds of this Series are not subject to optional redemption and prepayment.

Revenue Fund Bonds of this Series maturing on October 1 in the years ____ and ____ are subject to mandatory redemption prior to maturity by mandatory sinking fund installments, and are to be redeemed by lot, at one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date, on the following dates and in the following principal amounts:

[to be provided]

In the event of partial or complete damage to or destruction or condemnation of any Facility, these Revenue Fund Bonds are subject to redemption in whole or in part at the principal amount thereof plus accrued interest to the date of redemption, without premium, on the first day of any month for which timely notice of redemption can be given, whether or not an Interest Payment Date, from the proceeds of any insurance claim payment or condemnation award or portion thereof not applied to repair, restore or replace the damaged or taken Facility.

Notice of redemption shall be given by first class mail, postage prepaid, mailed not less than thirty (30) days prior to the Redemption Date, to each holder of Revenue Fund Bonds to be redeemed at the address of the holder appearing in the Bond Register. No defect in or failure to give notice by mail to any holder shall affect the validity of the proceedings for redemption of any Revenue Fund Bond held by any holder to which proper notice by mail has been given. If notice by publication is required by law, the Paying Agent shall cause publication to be made in the form and at the time provided by law. All notices of redemption shall state: (i) the Redemption Date; (ii) the Redemption Price; (iii) the principal amount of Revenue Fund Bonds to be redeemed and the identification (and, in the case of partial redemption, the respective principal amounts) of the Revenue Fund Bonds to be redeemed, specifying their CUSIP number, their registration number and Maturity Date; (iv) that on the Redemption Date, the Redemption Price will be due and payable upon each Revenue Fund Bond, and interest will cease to accrue from and after such

date (unless, under a redemption conditioned on sufficient funds, such condition is not met); and (v) the place or places where such Revenue Fund Bonds are to be surrendered for payment.

The Revenue Fund Bonds of this Series are issuable only as fully registered Bonds, in Stated Principal Amounts of \$5,000 or any multiple thereof of a single maturity.

As provided in the Master Indenture and subject to certain limitations set forth therein, this Bond is transferable upon the books of the Issuer at the principal corporate trust office of the Trustee, as Registrar and Paying Agent, in Saint Paul, Minnesota, or its successor, by the registered owner hereof, in person or by his attorney, duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar and Paying Agent, duly executed by the registered owner or his duly authorized attorney, and may also be surrendered in exchange for Revenue Fund Bonds of other authorized denominations. Upon such transfer or exchange, the Issuer will cause to be issued in the name of the transferee or owner a new Bond or Bonds of the same aggregate Stated Principal Amount, Series, type, maturity, interest rate and terms as the surrendered Bond, subject to reimbursement for any tax, fee or governmental charge required to be paid by the Issuer or the Registrar and Paying Agent with respect to such transfer. The Issuer and the Registrar and Paying Agent shall treat the person in whose name this Bond is registered upon the books of the Issuer as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment of or on account of the principal, redemption price or interest and for all other purposes, and all such payments so made to the registered owner or upon his order shall be valid and effectual to satisfy and discharge the Issuer's liability upon this Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Registrar and Paying Agent shall be affected by any notice to the contrary.

IT IS CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to exist, to happen and to be performed precedent to and in the issuance of this Bond in order to make it a valid and binding special obligation of the Issuer in accordance with its terms, do exist, have happened and have been performed in due form, time and manner as so required; that prior to the issuance of this Bond, the Issuer has provided for the payment of the principal of and interest on this Bond as described herein; and that the issuance of this Bond does not cause the indebtedness of the State or the Issuer to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed by the manual or printed facsimile signature and countersignature of its Authorized Representative, and by a manual imprint or printed facsimile of its official seal, and has caused this Bond to be dated as of the date set forth below.

Dated: _____

[Authorized Representative]

CERTIFICATE OF AUTHENTICATION

This is one of the Revenue Fund Bonds delivered pursuant to the Authorizing Resolution described within.

U.S. BANK NATIONAL ASSOCIATION

By _____
Authorized Representative

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ (Please Print or Typewrite Name and Address of Transferee) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature

Please Insert Social Security Number or Other Identifying Number of Assignee.

Notice: The signature to this assignment must correspond with the name as it appears on the face of this Bond in every particular without alteration or any change whatever.

EXHIBIT B

ANNUAL REPORT INFORMATION

The Annual Report Date will be the date that is 210 days after each fiscal year end, commencing with the fiscal year ending June 30, 2016.

1. The audited financial statements for the Revenue Fund most recent complete fiscal year.
2. The following financial and operating data:
 - a. Revenues
 - Gross Revenues
 - Maintenance and Operations Costs
 - Net Revenues
 - b. Facilities
 - Repair and Replacement Expenditures
 - Costs for New Facilities
 - Debt Financed Capital Expenditures (other than for new facilities)
 - c. Revenue Fund Bonds
 - Principal Amount of Bonds Outstanding
 - Senior Bonds
 - Subordinate Bonds
 - Annual Debt Service
 - Senior Bond Principal
 - Senior Bond Interest
 - Subordinate Bond Principal
 - Subordinate Bond Interest
 - Unscheduled Redemptions
 - Senior Bonds
 - Subordinate Bonds
 - d. Debt Service Coverage Ratio [Net Revenues divided by annual debt service]
 - Senior Bonds
 - Last fiscal year
 - Preceding fiscal year
 - Second preceding fiscal year
 - Subordinate Bonds
 - Last fiscal year
 - Preceding fiscal year
 - Second preceding fiscal year
 - e. Guarantees
 - Maximum exposure
 - Amount paid in the last fiscal year

EXHIBIT C

BLANKET ISSUER LETTER OF REPRESENTATIONS



Blanket Issuer Letter of Representations
(To be Completed by Issuer)

Minnesota State Colleges and Universities
(Name of Issuer)

September 10, 2001
(Date)

Attention: Underwriting Department — Eligibility
The Depository Trust Company
55 Water Street; 50th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:
Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

Minnesota State Colleges and Universities
(Issuer)

By: [Signature]
(Authorized Officer's Signature)

Laura M. King, Vice Chancellor - Finance
(Type Name & Title)

500 World Trade Center, 30 E. 7th Street
(Street Address)

Saint Paul MN 55101
(City) (State) (Zip)

(651) 649-5778
(Phone Number)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: [Signature]

F-101 (1/91)



MINNESOTA STATE

Audit Committee
January 25, 2017
8:30 a.m.
McCormick Room

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 November 15, 2016 (pages 1-5)**
2. Fiscal Year 2017 Audit Plan Update (pages 6-14)

Committee Members:

Robert Hoffman, Chair
Ann Anaya, Vice Chair
Jay Cowles
Amanda Fredlund

Bolded items indicate action is required.



**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
AUDIT COMMITTEE MEETING MINUTES
November 15, 2016**

Audit Committee Members Present: Trustees Robert Hoffman, Jay Cowles, and Amanda Fredlund.

Audit Committee Members Absent: Trustees Ann Anaya

Others Present: Trustee Basil Ajuo, Alex Cirillo, Dawn Erlandson, Rudy Rodriguez, Louise Sundin, Cheryl Tefer, and Michael Vekich.

The Minnesota State Colleges and Universities Audit Committee held its meeting on November 15, 2016, in the 4th Floor McCormick Room, 30 East 7th Street in St. Paul. Chair Hoffman called the meeting to order at 1:02 p.m.

1. Minutes of October 18, 2016

The minutes of the October 18, 2016 audit committee were approved as published.

2. Internal Audit Update

Mr. Eric Wion, Deputy Director for Internal Auditing, briefly updated the committee about two audit reports issued by the Minnesota Office of the Legislative Auditor (OLA) in October 2016. Members should have received copies of those reports when they were released. The first audit was the Supplemental Payments to Employees: Overtime and Expense Reimbursements which included multiple state agencies. The conclusion was that Minnesota State had adequate internal controls and compliance, and there were no audit findings. The second audit was focused on Employee Separation Payments at Minnesota State. The conclusion was that Minnesota State generally had adequate controls and generally complied with finance-related legal requirements. There were three findings that were not significant.

3. Annual Audit Plan for Fiscal Year 2017

Mr. Wion explained that Board Policy 1D.1, Part 6 requires the Office of Internal Auditing to submit an annual audit plan for approval by the Audit Committee. He explained that the audit plan had been delayed as we waited for the new Executive Director to start in August.

Mr. Dave Pyland, Executive Director for Internal Auditing, began by reviewing the planning assumptions. He explained that he was proposing a dynamic rolling audit plan that will allow the plan to be updated frequently. He will be able to report on projects in process, projects on the horizon and they would also have a target list of things that are important but haven't yet been scoped out in detail.

Mr. Pyland briefly reviewed the work that was in progress currently. He explained work that was planned, including an IT security risk assessment, efforts to work with Human Resources to ensure the success of the new transactional processing locations, and the exploration of control self-assessments at the campus level. Trustee Hoffman asked how the presidents have responded to the idea of self-assessments. Mr. Pyland stated that he has been meeting with presidents and their cabinets and generally they have reacted very positively to the idea. They have expressed interest in having something definitive in place that is broader than just financial controls that will help them with internal reporting.

Mr. Pyland continued work that was targeted for the future, which will include work around the Next Gen IT system, Charting the Future strategic projects, financial sustainability projects, the new e-procurement system, a review and update internal audit board policies, and performing detailed risk assessments

In addition there are other ongoing internal auditing activities that will continue, such as monitoring the progress of outstanding audit findings, fraud inquiry and investigation services, and the review of board expenditures.

Mr. Pyland reviewed the internal audit staffing plan. He stated that they had an idea about how they want to reshape the department, and they were working closely with Human Resources, with the budget group, with classification team. The objective will be to gain flexibility and agility within the team to respond to different types of audit work and he hoped that they would be providing career paths for staff. Instead of just having higher level experienced auditors, the goal will be to have several entry level positions as well, that ideally would be filled with graduates from our universities. Mr. Pyland talked about the need to add skillsets around data analytics, data analysis, and institutional knowledge analysis of that data.

Mr. Pyland talked about the kinds of supporting technology and tools that will be needed. He reviewed the types of external audit work that had been done. Finally Mr. Pyland stated that he would hope that committee members would not think of the audit plan as a list of projects, but rather as an ongoing conversation. He asked board members to offer their ideas and input at any point, either at committee meetings or at other times.

Trustee Tefer asked about educational outcomes vs. quantitative analysis. Mr. Pyland stated that they may not have the skillsets right now, but he would welcome the discussion. He stated that he might be interested in a consultative engagement with a college or university to look at educational outcomes.

Trustee Cowles congratulated Mr. Pyland for developing a strong audit approach that seemed responsive, flexible and adaptable, while still being purposeful.

Trustee Hoffman called for a motion to approve the Fiscal Year 2017 internal audit plan. Trustee Cowles made the motion, Trustee Fredlund seconded. There was no dissent and the motion carried.

RECOMMENDED COMMITTEE ACTION:

The Audit Committee reviewed the Fiscal Year 2016 Office of Internal Auditing annual audit plan and recommends that the Board of Trustees adopt the following motion:

RECOMMENDED MOTION:

The Board of Trustees approves the Office of Internal Auditing annual audit plan for fiscal year 2017.

4. FY2016 and FY2017 Audited Financial Statements

Trustee Hoffman welcomed Mr. Don Loberg, an audit partner with CliftonLarsonAllen, Ms. Brenda Scherer, manager with CliftonLarsonAllen and Mr. Chris Knopik, principal with CliftonLarsonAllen.

Mr. Loberg stated that the audit process ran very smoothly this year. There were no surprises and he added that he felt really good about the way that CliftonLarsonAllen was able to work with Minnesota State.

Ms. Scherer explained that the auditor's responsibilities were to opine on the fairness of the financial statements as a whole, to understand key internal controls but not to opine on the controls, and to communicate control issues observed during the audit process. She reviewed the audit scope and coverage of the systemwide audit. The contract encompasses four independently audited universities, thirty-three unaudited colleges and universities and the defined contribution retirement fund.

Mr. Knopik explained the audit approach. He noted that there was a rotation of procedures so all campuses were included over a three year basis as well as rotating audit areas so that each campus is included in some form each year.

Mr. Knopik discussed the new Governmental Accounting Standards Board Statement No. 72 related to fair value measurement and application.

Mr. Loberg reviewed the systemwide audit results. He stated that there were no material audit adjustments, no material weaknesses, and no significant deficiencies in internal controls. He stated that the financial statements had an unmodified opinion which is the best opinion that can be awarded. He added that it was a very strong report.

Ms. Scherer presented information on the financial statement audits that CliftonLarsonAllen conducted for the four state universities, Bemidji State University, Metropolitan State University, St. Cloud State University, and Winona State University. In all four audits, there were no material weaknesses or significant deficiencies, and all of them had unmodified opinions.

Mr. Knopik presented information on the revenue fund audit and the Itasca Community College Student Housing audit. There were no material weaknesses or significant

deficiencies, and both had unmodified opinions. He explained that no opinion was issued for the IT procedures, the testing was done to support individual audits. Mr. Knopik stated that the student financial aid testing was approximately 85% complete. He added that they were further than along than last year at this time, and the audit was going really well.

Finally Mr. Loberg reviewed the governance communications letter with the committee. He stated that the audit process went really well. He stated that there had been no changes to the scope of the audit. There was one change in accounting standards and there were a couple new GASB standards coming which related to recognitions of liabilities potentially of things other than what was already recorded for pension liabilities. There were estimates available and he thought they were reasonable estimated. There were no difficulties or disagreements to discuss. He stated that there were no material adjustments recorded. There were some past adjustments but they were immaterial, almost insignificant adjustments. He added once again that it was a great report.

Trustee Hoffman offered his compliments to the team at CliftonLarsonAllen for their work, and to Minnesota State's finance team for their leadership. He asked if there were any areas that the board should be watching into the future. Mr. Loberg stated that the education industry is changing rapidly. He stated that the political environment would be one of the biggest risks in the future because it's unknown. The higher education environment will be really interesting in the next year to two years.

Vice Chancellor King expressed her appreciation to the financial reporting staff led by Ms. Denise Kirkeby.

Ms. King presented an overview of the FY2016 and FY2015 financial results. She stated that some colleges and universities reported operating gains before and after the GASB adjustment. The campus budget reserves had been preserved – critical risk management strategy. She stated that there had been continued investments in building improvements and infrastructure, which help retain current and attract new students.

Ms. King outlined some of the key performance metrics for fiscal year 2016. She stated that students were taking fewer credits but staying enrolled. The campuses worked to manage their expenses in FY15 so that they would have some headroom in FY16. Ms. King reviewed the FY16 and FY15 adjusted for new long term pension reporting requirement. She continued by reviewing the GASB 68 effect which had 3 components on the statement of net position.

Ms. King reviewed the statements of net position. The total assets increased each year, and the total liabilities decreased slightly in FY16 (\$12M) after a \$375M increase in FY15. This was primarily from \$331M of Net Pension Liability added in FY2015 due to GASB 68, plus \$28M in new revenue bond debt. She reviewed the statements of revenues, expenses and changes in net position. The total revenue increased by \$56.1M primarily due to a \$51.9M increase in state appropriation in FY16; this follows a \$33.7M increase in state appropriation in 2015. The operating expenses were relatively flat between fiscal years 2016 and 2015, following a

decrease of \$31.6 million primarily due to GASB 68. This reduced salaries & benefits by \$44.7 million (FY16) and 37.7 million (FY15). Ignoring the GASB 68 effect, the result is a \$73.3 million increase in the "Change in Net Position" in FY2016 compared to \$29.8 million increase in FY2015.

Ms. King summarized that most colleges and universities reported operating gains due to the GASB adjustment. The underlying loss was due to the enrollment decline. Critical risk management strategy with the preservation of campus budget reserves. With the state's help, there was continued investments in building improvements and infrastructure, which help retain current and attract new students. Quite a bit of capital improvement went into service during FY16, and that shows up on the balance sheet.

Finally, Ms. King compared the FY16 to FY15 Composite Financial Indexes (CFI), with and without GASB 68.

Trustee Hoffman asked if there was a trend going into FY17. Ms. King stated that the trending that they had been working against in the last couple of years was enrollment across the board. In addition she noted that the spending pattern has been one third in the first year and two thirds in the second year because that's how salaries occur and generally legislative support helps pay for salaries. With the 50/50 appropriation this year, the campuses started FY16 knowing they had a hole in FY17, because increased labor contract costs in FY17 were not financed.

Ms. King stated that the work of this audit was the product of a great team here at the system office, the great auditor team, but also people on every campus, who are disciples of good financial management, executors of good internal controls, and champions with us of good solid financial reporting. Trustee Hoffman thanked Ms. King, and agreed that the audit results showed great campus involvement, great campus work, and also the good work of the finance staff.

Trustee Hoffman called for a motion to release the fiscal year 2016 audited financial statements. Trustee Fredlund made the motion, Trustee Cowles seconded. There was no dissent and the motion carried.

RECOMMENDED COMMITTEE ACTION:

The Audit Committee has reviewed the fiscal year 2016 audited financial statements and discussed them with representatives of management and the system external auditing firm. The committee recommends that the Board of Trustees adopt the following motion:

RECOMMENDED MOTION:

Based on the review and recommendation of the Audit Committee, the Board of Trustees approves the release of the fiscal year 2016 audited financial statements as submitted.

The meeting adjourned at 2:00 p.m.

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

Name: Audit Committee

Date: January 25, 2017

Title: Fiscal Year 2017 Audit Plan Update

Purpose (check one):

- | | | |
|---|---|---|
| <input 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 checked="" type="checkbox"/> Information | |

Brief Description:

In November, the board approved the Internal Auditing annual plan. Plan updates will be brought to the Audit Committee throughout fiscal year 2017.

- Strategic Plan
- Audit Plan
 - In Process
 - Planned
 - Targeted
- Resource Plan

Scheduled Presenter(s):

David Pyland, Executive Director of Internal Auditing

Eric Wion, Deputy Director of Internal Auditing

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

INFORMATION ITEM
Fiscal Year 2017 Audit Plan Update

BACKGROUND

In November, the board approved the Internal Auditing annual plan. Plan updates will be brought to the Audit Committee throughout fiscal year 2017.

- **Strategic Plan**
Internal and external audit are working together to monitor the control environment at Minnesota State.
- **Audit Plan** – Updates will be discussed with the audit committee.
 - In Process
 - Planned
 - Targeted
- **Resource Plan**
 - Internal Audit
 - Five open positions from retirements and turnover are being recruited.
 - A request for proposal (RFP) is being posted to establish master contracts for specialized resources, including information technology.
 - In March, the proposals received will be reviewed with the audit committee chair, and the executive director of audit will select one or more firms for a master contract.
 - External Audit
 - The Audit Committee is responsible for overseeing the selection, performance, and removal of independent financial statement auditors (external auditors), Policy 1A.2, Part 5.
 - Our current external audit contract ended with FY 2016, and a RFP is being issued for external audit services beginning with FY 2017.
 - In March, the audit committee will be asked to select one or more external audit firms and recommend their appointment to the board.

Date Presented to the Board of Trustees: January, 2017



January 25, 2017
Office of Internal Auditing

Audit Committee

OVERVIEW

Strategic Plan

Audit Plan

Resource Plan

JANUARY 2014 AUDIT COMMITTEE QUESTIONS

Recommendation for next stage external audit (FY2017-FY2022)

- System-wide financial statement audit and two requested standalone financial audits (SCSU & WSU)
- Federal single audit, revenue fund, Itasca housing, St. Cloud radio station, NCAA procedures, Perkins close-out audits

Risk assessment of internal control & compliance universe

- Additional risk assessments are already part of the internal audit plan
- Information security, finance, operations, compliance & fraud

Status of CSC & other regional strategies for common practices

- Internal Audit will work with Finance to review this
- Has been added to the audit work planned for this year

3



STRATEGIC PLAN - FOCUS

Internal Audit

- Primary focus on risk assessment, internal controls, operational improvement, & investigations
- Continuous risk assessment & dynamic audit plan
- Specialized talent support, while developing future leaders for the System
- Leverage data, technology & innovation
- Close coordination with external audit

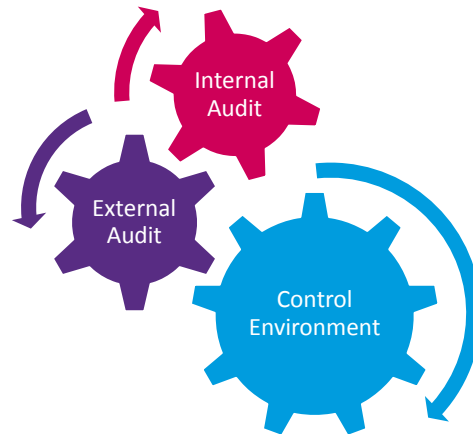
External Audit

- Primary focus on system-wide financial statements and federal financial aid compliance
- Assess internal controls around financial reporting, including general technology controls
- Perform other audit assurance work, as requested
- Close coordination with internal audit

4



STRATEGIC PLAN - COORDINATION



5

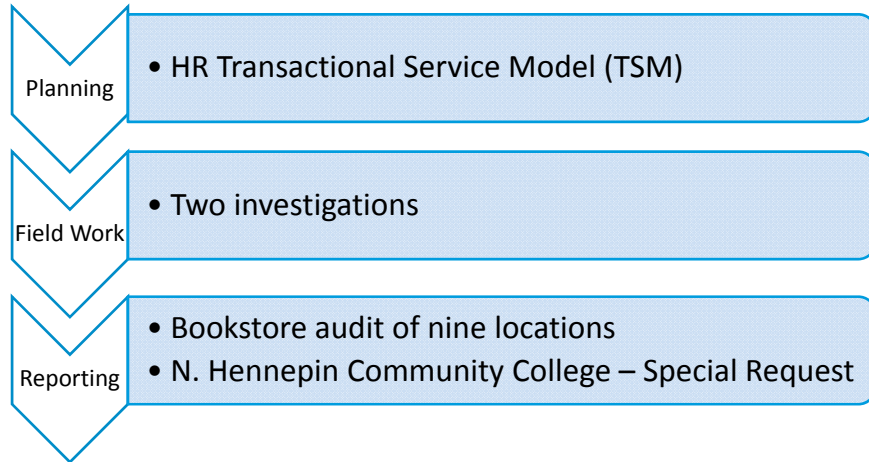
AUDIT PLAN – WORK COMPLETED

Minnesota State Community & Technical College
Internal Control & Compliance Audit

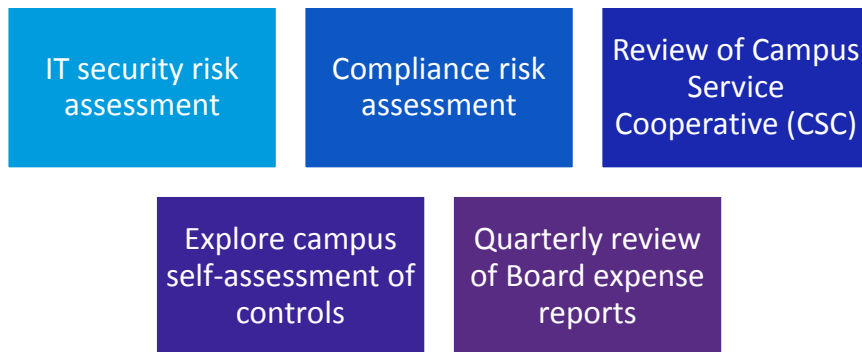
- The College has adequate internal controls
- Action plans were developed to address improvement opportunities
- No significant issues were noted for further discussion

6

AUDIT PLAN – WORK IN PROCESS



AUDIT PLAN – WORK PLANNED



AUDIT PLAN – WORK TARGETED

Next Gen IT &
process re-
engineering

Charting the
future projects

Financial
sustainability
projects

New
e-procurement
system

Perform
additional risk
assessments

9



AUDIT PLAN – AUDIT OPERATIONS

People Develop future leaders for the System

- Hire great people
- Communicate values & expectations
- Deliver technical & leadership training

Process Establish a best-practice audit function

- Continuous risk assessment & dynamic audit plan
- Establish a quality assurance program
- Report results quickly & effectively

Technology Leverage data, technology & innovation

- Continuous auditing
- Data analytics
- Establish supporting technology tools

10



RESOURCE PLAN – INTERNAL AUDIT

Internal Staffing

- Five positions are vacant due to retirements & turnover
- Reorganized our eleven positions to support the needs of Minnesota State
- Open positions are being posted with new hires starting May through June

Specialized Consulting

- New internal audit request for proposal (RFP) this month for specialized talent, particularly IT expertise
- Selection of one or more vendors is expected in March

11



AUDIT PLAN – EXTERNAL AUDIT

Last year
with Clifton
Larson
Allen

Financial
audits
issued in
November

Financial
aid results
planned for
April

12



RESOURCE PLAN – EXTERNAL AUDIT

Internal Staffing

- Finance will continue to dedicate numerous individuals to supporting the external audit process
- Internal Audit continue to oversee the audit process, review the findings, and report the results to the Audit Committee

External Audit Firm

- External audit RFP issued this month for system-wide financial audit, two campus audits, financial aid compliance, and more
- Three-year engagement plus one three-year extension
- We expect to recommend an audit firm to the Audit Committee in March.

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QUESTIONS



14



Board of Trustees Meeting
Wednesday, January 25, 2017
9:00 AM
Minnesota State
30 7th Street East, St. Paul, Minnesota

Note: Committee and board meeting times are tentative. Meetings may begin up to 45 minutes earlier than the times listed if a committee meeting concludes its business before the end of its allotted time slot. In addition to the board or committee members attending in person, some members may participate by telephone.

Call to Order

Chair's Report, Michael Vekich

Chancellor's Report, Steven Rosenstone

Consent Agenda

- a. **Designation of Ron Anderson as Senior Vice Chancellor for Academic and Student Affairs**
- b. **Board of Trustees Meeting Minutes of November 16, 2016**
- c. **Board of Trustees Minutes of Study Session on Long Term Financial Sustainability of November 16, 2016**
- d. **Executive Committee Minutes of December 2, 2016**
- e. **Approval of Contracts Exceeding \$1 Million**
 1. **Classroom Event Management Software Contract Extension**
 2. **Library Information Software and Services (PALS)**
 3. **Systemwide Web Conferencing Services**
 4. **Student Health Services, Minneapolis Community and Technical College**
 5. **Student Success Software and Services, St Cloud State University**
- f. **Authorization to Negotiate Third Party Housing Agreement at Minnesota West Community and Technical College and Award of Housing Development Grant**
- g. **FY2017 Revenue Fund Bond Sale (Second Reading)**

Board Policy Decisions (Second Readings)

- a. **Proposed Amendment to Policy 5.22 Acceptable Use of Computers and Information Technology Resources**
- b. **Proposed New Policy 6.9 Capital Planning**
- c. **Proposed New Policy 6.10 Design and Construction**

Student Associations

- a. Minnesota State College Student Association
- b. Students United

Minnesota State Colleges and Universities' Bargaining Units

- a. American Federation of State, County, and Municipal Employees
- b. Inter Faculty Organization
- c. Middle Management Association
- d. Minnesota Association of Professional Employees
- e. Minnesota State College Faculty
- f. Minnesota State University Association of Administrative and Service Faculty

Board Standing Committee Reports

- a. Diversity, Equity, and Inclusion Committee, Chair Ann Anaya
 - Supporting Safe and Inclusive Campus Climates
- b. Joint Meeting: Academic and Student Affairs and Finance and Facilities Committees,
Co-chairs Alex Cirillo and Jay Cowles
 - Accreditation Basics
- c. Finance and Facilities Committee, Chair Jay Cowles
 - Proposed Amendment to Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration (First Reading)
- d. Audit Committee, Chair Bob Hoffman
 - Fiscal Year 2017 Audit Plan Update

Trustee Reports

Other Business

Adjournment

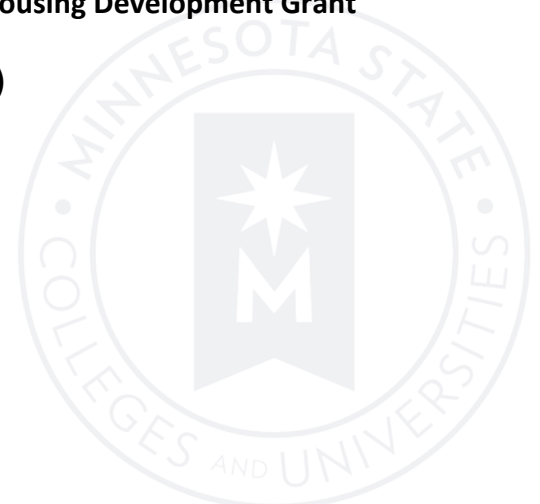


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Consent Agenda

- a. **Designation of Ron Anderson as Senior Vice Chancellor for Academic and Student Affairs**
- b. **Board of Trustees Meeting Minutes of November 16, 2016 (pp. 1-9)**
- c. **Board of Trustees Minutes of Study Session on Long Term Financial Sustainability of November 16, 2016 (pp. 10-15)**
- d. **Executive Committee Minutes of December 2, 2016 (pp. 16-17)**
- e. **Approval of Contracts Exceeding \$1 Million (pp. 46-50 of Finance and Facilities Committee)**
 1. **Classroom Event Management Software Contract Extension**
 2. **Library Information Software and Services (PALS)**
 3. **Systemwide Web Conferencing Services**
 4. **Student Health Services, Minneapolis Community and Technical College**
 5. **Student Success Software and Services, St Cloud State University**
- f. **Authorization to Negotiate Third Party Housing Agreement at Minnesota West Community and Technical College and Award of Housing Development Grant (pp. 51-55)**
- g. **FY2017 Revenue Fund Bond Sale (Second Reading) (pp. 56-95 of Finance and Facilities Committee)**



Minnesota State Colleges and Universities
Board of Trustees Meeting Minutes
November 16, 2016

Present: Chair Michael Vekich, Trustees Basil Ajuo, Ann Anaya, Elise Bourdeau, Alex Cirillo, Jay Cowles, Dawn Erlandson, Amanda Fredlund, Bob Hoffman, Jerry Janezich, Margaret Anderson Kelliher, Rudy Rodriguez, Louise Sundin, Cheryl Tefer, and Chancellor Steven Rosenstone

Call to Order

Chair Vekich called the meeting to order at 11:10 AM. Trustees Anaya and Fredlund participated by phone.

Chancellor's Report

Chancellor Rosenstone announced the creation of the Minnesota State Transfer Guarantee.

I am pleased to announce today the Minnesota State Transfer Guarantee. This is a guarantee available to every student who completes the Minnesota Transfer Curriculum and graduates with an associate of arts degree from a Minnesota State college with a GPA of 2.0 or better – 2.4 at Winona State will be guaranteed admission to every one of our universities within the Minnesota State system with junior year status.

The Minnesota State Transfer Guarantee is a collaboration among our 26 state colleges and our 7 state universities that allows students to seamlessly and reliably transfer from any one of our colleges to any one of our universities. This guarantee allows students to take full advantage of the significant cost savings that our colleges and universities offer, since tuition and fees are significantly lower – between 1/2 and 1/10 the cost of other higher education options in Minnesota. Students will graduate with significantly less debt and receive an extraordinary education that prepares students with the skills and knowledge needed for the jobs of the future to provide for their families and contribute to their community and to the state's economy.

It is important to note that this guarantee is something only Minnesota State can offer. In addition to our overall quality and affordability, it sets our state colleges and universities apart from other higher education options in Minnesota – both public and private. Only we can make this guarantee.

Earlier this morning, the Academic and Student Affairs Committee heard an update on our work to ensure that our colleges and universities can continue to partner with high schools across the state to deliver concurrent enrollment instruction. As you know, Minnesota State provides 84% of the concurrent enrollment instruction that occurs in the entire state.

Thanks to collaborative work between our presidents, our administration and our community partners, we will be able to protect concurrent instruction and protect the pathway for faculty to meet the credentials they need to continue teaching concurrent courses. No student will be turned away from concurrent enrollment because of the change in Higher Learning Commission standards.

I would like to thank our community partners, Education Minnesota President Denise Specht, IFO President Jim Grabowska, MSCF President Kevin Lindstrom, as well as Vice Chancellor Ron Anderson, and System Director Pakou Yang for their tremendous work.

The Academic and Student Affairs Committee also heard about the increasing diversity of our students. Recent articles and reports have made it clear that on college campuses across the nation and here in Minnesota, there is an increasing polarization around race, ethnicity, religion, gender status, and national origin. Some of our students are feeling frightened, vulnerable, and angry; and some are not.

I want to underscore our collective commitment to ensuring that our colleges and universities are places of hope and opportunity for all of our students: women and men, straight and LGBTQ, and people of every race, color, religion, national origin, and physical ability.

I join our presidents in their strong reaffirmation of our commitment to creating opportunities for all students, and ensuring that each of our colleges and universities must be a community where all students feel safe to learn and safe to pursue their hopes and dreams.

I join Trustee Rodriguez in the thoughtful comments he offered this morning about the climate we must ensure to protect all of our students. I also join Students United in their condemnation of “any actions that perpetuate and encourage and act of racism, bigotry, sexism, xenophobia and hate.” We will continue to do everything in our power to make absolutely certain that, on our campuses, hope defeats hate so that all of our students can fulfill their dreams for a better future.

I have invited all leadership from our faculty, staff, student associations, and our presidents to meet in order to develop campus-based strategies that go beyond the work we have already begun.

Consent Agenda

- a. **Board of Trustees Retreat Notes of September 20-21, 2016**
- b. **Board of Trustees Meeting Minutes of October 19, 2016**
- c. **Annual Audit Plan for FY2017**
- d. **FY2016 and FY2015 Audited Financials**

Chair Vekich removed the Report of Internal Financial Model and Allocation Framework Redesign from the Consent Agenda.

Chair Vekich called the question on the remaining consent agenda items and the motion carried.

- **Report of Internal Financial Model and Allocation Framework Redesign (Second Reading)**
A revised Attachment A was distributed at the meeting and is attached on pages 7-8. Trustee Janezich spoke against approval of the internal financial model and allocation framework redesign.

Committee Chair Cowles moved that the Board of Trustees adopt the following motion:

1. *Adopt changes to the allocation framework as outlined in revised Attachment A including the implementation plan and commitment to continuous improvement. The board will be advised annually of implementation results and impacts.*
2. *Approve reassignment of the debt service costs effective with the capital bonding projects funded in the 2018 legislative session.*
3. *Approve establishment of a one percent priority allocation set-aside to recognize and support cooperative and collaborative efforts throughout the system.*

Chair Vekich called the question and the motion carried with one nay.

Student Associations

- **Students United**
Joe Wolf, state chair, addressed the board.

Bargaining Units

- a. **Inter Faculty Organization**
Jim Grabowska, president, addressed the board.
- b. **Minnesota State College Faculty**
Kevin Lindstrom, president, addressed the board.
- c. **Minnesota State University Association of Administrative and Service Faculty**
Tracy Rahim, president, addressed the board.

Board Standing Committee Reports

a. Finance and Facilities Committee, Chair Jay Cowles

1. FY2018-FY2019 Legislative Operating Budget and 2017 Capital Bonding Proposal (Second Reading)

Committee Chair Cowles moved that the Board of Trustees adopt the following motion:

The FY2018-FY2019 legislative request strengthens the state's commitment to access and affordability, invests in critical technology infrastructure, and supports student success.

The Board of Trustees approves the FY2018-FY2019 biennial budget request in the amount of \$733,416,000 in FY2018 and \$791,216,000 in FY2019 for a total of \$1,524,632,000. The Board strongly urges the state of Minnesota to support Minnesota State's biennial budget request.

The Board of Trustees has been granted the authority in state statute to govern and operate Minnesota State. The board, after full consultation with Minnesota State constituencies, will make final budget decisions, including setting tuition rates, at the conclusion of the legislative session. If the legislative request is fully funded, the board intends to hold undergraduate tuition rates at current levels.

The Board of Trustees approves the 2017 capital bonding request as presented in attachment A, (see page 152 at <http://www.mnscu.edu/board/materials/2016/november-packet-revised.pdf>) specifically the projects and priorities for 2017. 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 2017 capital budget. The chancellor shall advise the board of any subsequent changes in the capital bonding request prior to the 2017 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.

Chair Vekich called the question and the motion carried.

2. Proposed Amendment to Policy 5.22 Acceptable Use of Computers and Information Technology Resources (First Reading)

Committee Chair Cowles reported that the committee heard a first reading of a proposed amendment to policy 5.22 acceptable use of computers and information technology resources.

3. Proposed New Policy 6.9 Capital Planning (First Reading)
Committee Chair Cowles reported that the committee heard a first reading of a proposed new policy 6.9 capital planning.
4. Proposed New Policy 6.10 Design and Construction (First Reading)
Committee Chair Cowles reported that the committee heard a first reading a proposed new policy 6.10 design and construction.

5. FY2017 Revenue Fund Bond Sale (First Reading)

Committee Chair Cowles moved to suspend the rules to allow consideration of the approval of the FY2017 Revenue Fund Bond Sale. Trustee Rodriguez seconded and the motion carried.

Committee Chair Cowles moved that the Board of Trustees authorizes a revenue bond sale for the issuance of tax exempt bonds:

1. *Sufficient to realize net proceeds of \$9.3 million for project costs for the MSU Moorhead project, and*
2. *Sufficient to realize net proceeds which, with available debt service reserve funds and debt service funds from bonds to be refunded, will refund \$71.235 million of tax exempt bonds from Series 2007A, 2008A, and 2009A.*

The Board of Trustees authorizes a revenue bond sale for the issuance of taxable bonds:

1. *Sufficient to realize net proceeds of \$1 million to advance design or small projects, and*
2. *Sufficient to realize net proceeds which, with available debt service reserve funds and debt service funds from bonds to be refunded, will refund the outstanding \$2.14 million of taxable bonds from Series 2007C.*

The sales are subject to the sale parameters as presented on Attachment A as amended (see page nine).

The Board of Trustees approves the Series Resolution as described in Attachment B (see page 62, at <http://www.mnscu.edu/board/materials/2016/november-packet-revised.pdf>), subject to final legal form completion. As bond proceeds are made available, the chancellor or his designee is authorized to execute contracting actions necessary to deliver on the project scope and intent.

Chair Vekich called the question and the motion carried.

6. College and University Operating Budget Update
Committee Chair Cowles reported that the committee heard a college and university operating budget update.

b. Audit Committee, Chair Bob Hoffman

Committee Chair Hoffman reported on the Audit Committee meeting.

c. Diversity, Equity and Inclusion Committee, Chair Ann Anaya

- Advancing Equity and Inclusion Within Minnesota State
Committee Chair Anaya reported that the committee heard a presentation on advancing equity and inclusion within Minnesota State.

d. Academic and Student Affairs Committee, Chair Alex Cirillo

1. Student Demographics
Committee Chair Cirillo reported that the committee heard a presentation on student demographics.
2. Concurrent Enrollment
Committee Chair Cirillo reported that the committee heard a presentation on concurrent enrollment.

Trustees Reports

Trustee Ajuo reported that he and Trustee Fredlund attended the Minnesota State College Student Association Leadership Summit meetings.

Chair Vekich reported that he and Chancellor Rosenstone jointly addressed the Students United Fall Delegates Assembly. Trustee Bourdeau also participated and addressed the students.

Adjournment

Chair Vekich announced that the Executive Committee will meet on December 2. The next Board of Trustees meetings are on January 24-25, 2017.

Chair Vekich adjourned the meeting at 12:05 PM.

Ingeborg K. Chapin, Secretary to the Board

Minnesota State Allocation Framework 2017 Redesign Recommendations

IMPLEMENTATION

Single Allocation – Colleges and universities will continue to receive a single annual allocation based on the results of the allocation framework. The framework allocates state appropriation but does not dictate how funds must be spent. Presidents will continue to retain the authority to make budget and spending decisions on behalf of their campuses. In accordance with board policy 5.9 *Biennial and Annual Operating Budget Planning and Approval*, budgets must meet the approval of system leadership evidencing sound financial management including the achievement and continued assurance of structural balance.

Continuous Improvement – The Allocation Framework Technical Advisory Committee will continue as a standing advisory committee to evaluate and examine unintended consequences and recommend adjustments to the framework as needed. The Board of Trustees will be periodically advised of any material findings.

Transition Plan – It is the policy of the board to only invest in colleges and universities financially in partnership with responsible college/university leadership. In order to be eligible for transition plan assistance, colleges and universities must provide the Chancellor and Vice Chancellor – Chief Financial Officer, subject to its acceptance, an action plan that details steps that will be taken to achieve a structurally balanced budget by the start of FY2020. The chair of the Finance and Facilities committee and the Board chair will be consulted concerning the action plans. The Vice Chancellor – Chief Financial Officer will provide status reports semi-annually to the board.

Implementation of the new framework will begin with fiscal year 2018 allocations. To mitigate the negative impact on colleges and universities that lose percent share in the new framework, an implementation plan that guarantees every college and university receive at least the same dollar amount in fiscal year 2018 base allocation as they received in fiscal year 2017 (100 percent hold harmless) will be implemented contingent on the receipt of additional base state funding. Colleges and universities that lose funding in fiscal year 2019 compared to fiscal year 2018 would be guaranteed that half of those dollar losses would be covered (50 percent hold harmless). By fiscal year 2020, the implementation would be complete, with no hold harmless applied.

RECOMMENDED CHANGES TO ALLOCATION FRAMEWORK COMPONENTS

Student Success Outcomes – Establish a new allocation framework component to reward performance on key student success metrics. Calculate an expected rate for each college and university based on the students they serve. Reward colleges and universities whose actual performance exceeds expected performance and those who demonstrate improvement on key student success metrics.

Instruction and Academic Support – Eliminate a separate category for libraries and recognize actual library expenses (rather than a calculated amount) within academic support. To increase transparency and responsiveness to changing conditions, use a two-year rather than a three-year average in calculating the allocation for this component. Create a new level of instruction and compare the cost of similarly classified concurrent enrollment courses to other concurrent courses beginning with the fiscal year 2020 allocation framework.

Student Services and Institutional Support – To better align resources with demand for student services, use headcount rather than full year equivalent (FYE), give additional weight to underrepresented students and less weight to concurrent enrollment students when calculating the student services allocation. To increase transparency and responsiveness to changing conditions, use a two-year rather than a three-year average to determine allocation in both the student services and institutional support calculations. The component retains the multi-campus adjustment.

Facilities – Simplify the component by eliminating several components that drive small dollar amounts (headcount, residential beds, and central steam plants). Freeze square footage and eliminate recognition of utility costs to add incentive for efficiency. Retain multi-campus recognition.

Research and Public Services – Recognize actual research and public service expenses rather than a calculated amount.

Enrollment Adjustment – Eliminate the enrollment adjustment for non-resident/non-reciprocity students, recognizing the repeal of statutory language this language was originally intended to address.

Revenue Buydown – Eliminate the impact of spending decisions, including the use of fund balance, from the revenue buydown calculation by modifying the calculation to include only revenues.

Smoothing mechanism – Annually, effective with fiscal year 2018 allocations, allocate results based on 50 percent on the prior year's percent share and 50 percent on the results of the current year's allocation framework.

**Minnesota State
FY2017 Revenue Fund Bond Sale**

ATTACHMENT A

SALE PARAMETERS – as amended

Series 2017A (Tax Exempt)

1. Maximum Interest Rate (TIC): up to 5.00%
2. Maximum Principal: \$ 85,000,000
3. Maximum Discount: 1.5 % of par or \$15/\$1,000 Bond. Minimum bid of 98.5% is required per the Official Statement
4. Earliest Redemption date: April 1, 2027

Series 2017B (Taxable)

1. Maximum Interest Rate (TIC): up to 5.00%
2. Maximum Principal: \$4,000,000
3. Maximum Discount: 1.0 % of par or \$10/\$1,000 Bond. Minimum bid of 99.0% is required per the Official Statement
4. Redemption date: The 2017B Bonds will not be optionally callable

In any event, the total principal for Series 2017A and 2017B may not exceed \$89,000,000

Minnesota State Colleges and Universities
Board of Trustees Study Session
Long Term Financial Sustainability
November 15, 2016

Present: Chair Michael Vekich, Trustees Basil Ajuo, Elise Bourdeau, Alex Cirillo, Jay Cowles, Dawn Erlandson, Amanda Fredlund, Bob Hoffman, Margaret Anderson Kelliher, Rodolfo Rodriguez, Louise Sundin, Cheryl Tefer, and Chancellor Steven Rosenstone

Absent: Trustees Ann Anaya and Jerry Janezich

Chair Vekich convened the study session at 3:15 PM.

Chair Vekich's Opening Remarks

Today's study session focuses on the long term financial sustainability of our colleges and universities. Funding has not been keeping pace with the resources needed to support our talented faculty and staff, as well as the innovative programs, technology, and state-of-the-art facilities required to deliver an extraordinary education to our students. No campus has been immune from deep cuts over the past decade. I think we all agree that this path is unsustainable.

Clearly, we need to develop and implement strategies that will ensure the long-term financial sustainability of our campuses so we can better serve students and communities over the next decade and beyond.

Our work to address this challenge has been underway for over a year. At the fall 2015 board retreat, we discussed the idea of creating a work group to document the extent of the problem and to offer recommendations on how best to align resources and costs. We discussed getting recommendations on new revenue and expenditure strategies and new models for how we might organize ourselves, educate students, serve communities across the state; and advance excellence, access and affordability; and new planning strategies. The board thought this was an urgent problem and supported the idea of a workgroup to offer recommendations about how best to proceed.

Following the 2015 board retreat, the chancellor chartered a workgroup chaired by Associate Vice Chancellor Phil Davis and Vice Chancellor Laura King and invited all the bargaining units and both student associations to appoint individuals to serve.

The Board of Trustees is grateful to everyone who spent the past academic year wrestling with this puzzle. This included students, faculty, and staff from every bargaining unit and both student associations, chief financial officers, former state finance commissioners, presidents, vice chancellors, and the chair of the board's Finance and Facilities Committee.

The workgroup presented its recommendations to the chancellor and the Board of Trustees last June. The report was unequivocal in stating:

“The situation is urgent and demands development of strategies that will enable improved services to students, the state, its citizens and its communities.”

Following our initial discussion of the report at our June board meeting, the chancellor said he would be consulting on the recommendations as well as inviting additional suggestions for how we should address the financial challenges we face. He pledged to bring to the board in the fall his best judgement on the steps we should take – hence the chancellor’s “strategy roadmap” and today’s study session. The chancellor’s consultation on the critical question of long term financial sustainability has been extensive, inclusive, and genuine.

- Over the past four months, Chancellor Rosenstone has consulted with each bargaining unit, both student associations, and the Leadership Council on multiple occasions.
- He emailed all faculty and staff across the state to ask for everyone’s assessment of the workgroup’s recommendations as well as any additional ideas.
- As you know, long term financial sustainability also was a focus of the board’s fall 2016 retreat and we included in our discussion the state-level leaders of the bargaining units and student associations, the chancellor’s cabinet, and the four presidents who serve on the Leadership Council Executive Committee. Our discussion focused on the strengths and weaknesses of the workgroup’s five recommendations as well as on additional strategies that would materially raise recurring revenue or reduce recurring costs.
- In addition, the chancellor reviewed over 700 letters and emails from students, faculty, and staff.

I want to thank Chancellor Rosenstone for this extensive consultation and I join the chancellor in expressing the board’s gratitude to the many students, faculty, and staff who took the time to offer advice on this critical topic. I also appreciate the chancellor’s thoughtful reflections on the challenges we face, and I am grateful for his sharing with us his best judgement on the most promising steps we should take to address the long term financial challenges facing our colleges and universities.

As the chancellor stated in his cover memo, the ideas in this “strategy roadmap” represent the best thinking that has surfaced from across the state. The chancellor has focused on the steps that are most promising because they will have both material and recurring impacts on campus finances and because they are ideas that honor our core values and the commitments we have made to the people of Minnesota. This “strategy

roadmap” builds upon recommendations that the workgroup surfaced last June, but nearly an equal number of the ideas grew out of suggestions that emerged from the discussions, consultation meetings, emails, and letters from students, faculty, and staff.

Before inviting Chancellor Rosenstone to provide a brief overview of the strategy roadmap, let me say that, in my judgement, it is absolutely essential that we act – we must act to address our financial challenges. And, we must act now. Waiting to act will only compound the challenges. The good news, as the chancellor notes, is that a great deal of this work is already underway through the auspices of Charting the Future. Other ideas in the strategy roadmap suggest new initiatives that should be pursued.

Following Chancellor Rosenstone’s brief presentation, the board will focus its discussion on four strategic questions:

1. What is the board’s assessment of the strategy roadmap?
2. What are the barriers to success?
3. What are the two or three top priorities for action?
4. Beyond the work that is currently underway, what additional steps should be taken at this time?

Chancellor Rosenstone’s Comments

Chancellor Rosenstone thanked the board, presidents, students, faculty, and staff for four months of very thoughtful and candid discussions following the June report. There is an urgent need to develop strategies that will both better serve students and protect the ability of our colleges and universities across the state to serve communities and the state of Minnesota. Incremental costs have been outpacing incremental revenue. Over the period of FY2008 through FY2017 total revenues, tuition and state support, rose an average of 1.17% a year and that in each of the last ten years on average our colleges and universities have been cutting and reallocating roughly \$33 million a year. Incremental costs will continue to outpace incremental revenues unless we do something different with respect to both our revenue strategies and our cost reduction strategies.

The report issued last June had two scenarios and it concluded that the future is not sustainable. One scenario concluded that the gap between revenues and costs rises to about \$66 million dollars a year over the next decade. The other scenario predicted a gap of \$475 million.

Strategy Roadmap for Long Term Financial Sustainability for Minnesota State Colleges and Universities

Chancellor Rosenstone reviewed the report entitled Strategy Roadmap for Long Term Financial Sustainability for Minnesota State Colleges and Universities. The report is at: <http://www.mnscu.edu/board/materials/2016/november-ltfs.pdf>.

The roadmap is a three-legged stool, and each leg is absolutely critical to our ability to succeed. The first leg has to do with strategies to raise our revenue; the second leg are strategies to reduce our recurring costs; and the third is the commitments that the state of Minnesota must make as a partner in this effort.

Revenue Strategies

The details for the revenue strategies and related tactics are on pages 3-11 of the report. The first five have to do with increasing enrollments and the last one is to increase private giving.

1. Increase student persistence and completion.
The goal is to increase student persistence by 5 percentage points over the next five years.
2. Increase the likelihood that students with associate degrees will transfer to baccalaureate programs in our state universities. Only 47% of the students who complete an associates degree at one of our colleges go on to complete a baccalaureate degree go to one of our universities.
The goal is to increase that number by 10 percentage points over the next five years.
3. Increase the number of high school graduates prepared for and on track to postsecondary education.
The goal is to increase the number of high school graduates who go on to postsecondary education by 5 percentage points over the next five years.
4. Increase undergraduate and graduate enrollments.
The goal is to increase by 5 percent over the next five years the number of new students enrolled in our colleges and universities.
5. Increase customized training and continuing education enrollments.
The goal is to increase enrollments in customized training and continuing education courses by 10 percent over the next five years without increasing fixed costs.
6. Increase private giving to provide scholarships and resources to support research, academic programs, faculty, and the cost of new facilities.
The goal is to increase private giving by 50% over the next five years. This is a realistic goal as over the last four years we have increased private giving by over 40 percent.

Cost Savings Strategies

The details for the cost savings strategies and related tactics are on pages 12-15 of the report.

1. Improve the efficiency by which we manage the curriculum and academic programs while protecting an appropriate range of student choice and program specialization.
The goal is to increase the efficiency by which we deliver our curriculum without

jeopardizing the quality of instruction by 3 percent over the next five years. Recommendation 4.1 will be approached differently. Feedback from each of the bargaining units is that this should occur at the bargaining table. It will be brought to the bargaining table as part of the negotiations ahead of the contracts for FY17 and FY18.

2. Reduce facilities costs.
The goal is to reduce facilities costs by 5 percent over the next five years.
3. Reduce administrative costs.
The goal is to further reduce institutional support expenses by an additional 5 percent over the next five years.
4. Hold compensation increases to the increases in new recurring revenue.

State of Minnesota Responsibilities

The details for the state of Minnesota responsibilities are on pages 16-19 of the report.

1. Restore state investment in higher education to the national average.
2. Fully fund the recurring cost of compensation increases negotiated by the state.
3. Provide the HEAPR resources needed to maintain our college and university academic facilities. HEAPR should be expanded so that we are not responsible for the debt service on the interior and exterior of existing buildings.
4. Provide the funds and leadership needed to decommission and demolish facilities that are obsolete, no longer needed to meet academic program needs, that cannot be effectively repurposed, and that community organizations do not want to use.
5. Fully fund the direct costs of the Postsecondary Educational Opportunities (PSEO) program.
6. Partner with Minnesota State colleges and universities to identify additional sources of public revenue beyond the general fund.

Chair Vekich thanked Chancellor Rosenstone and invited trustees' comments.

Board Discussion on Strategic Questions

What is the board's assessment of the strategy roadmap?

Trustees commended the chancellor for taking the initial report of the Long Term Financial Sustainability Workgroup, consulting and seeking input from many constituents over the summer, and developing a framework for going forward. They supported the plan and appreciated its fact-based approach. They liked the three categories in the strategy roadmap, especially the State of Minnesota's responsibility. They commended the chancellor for telling our story in this report.

Establishing private giving will be a keystone in new revenue, as will efficiencies in curriculum and administrative costs. Innovation with which we draw people to our system is missing. Although we have a new brand, there are other ways to attract students to Minnesota. There has not been enough discussion on how to increase enrollment beyond our borders and internationally. Suggestions included that the role of technical colleges should be included in the report as they provide the training for the jobs. Partnerships should include not just businesses, but also with apprenticeship programs trades and unions. Other suggestions were to think about more private giving to the whole system, such as scholarships, naming rights, guaranteed admission, and redirection of students who have been declined admission. Promote high demand fields. Most inspired by call for responsibility of State of Minnesota to the system for fully funding PSEO. The roadmap provides an opportunity to utilize incentives in our system. Opportunities to communicate with students in a way that encourages their behavior with incentives.

What are the two or three top priorities for action?

Trustees suggested:

- reaffirming and committing to a deep respect for all key players, employees, and students in the process;
- focusing on the biggest opportunity which is student persistence and completion, make presentations sing, and;
- improving curriculum efficiency.

Trustees also commented that the activities which fall under Charting the Future initiatives are in the final home stretch. They suggested acknowledging the work that has already occurred and to use it as a platform for an ongoing discussion.

Other suggestions for action included continuing to emphasize persistence, make a move off campus and connect with community, expand student definition to add value; create a representative informal group that brainstorms and innovates on changing the mode.

Concluding Comments

Chair Vekich commented that consensus from the board is that we should proceed with what has been laid out here and that we should move forward. The chancellor will outline the initial implementation strategy at the January board meeting. Chancellor Rosenstone thanked the board. The hard work on the revenue and cost saving side will give credibility to the need for the State of Minnesota to match the hard work we are doing.

The study session ended at 4:52 PM.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
EXECUTIVE COMMITTEE MEETING MINUTES
DECEMBER 2, 2016**

Executive Committee Members Present: Chair Michael Vekich, Trustees Elise Bourdeau Jay Cowles, Dawn Erlandson, and Bob Hoffman

Members Absent: Alex Cirillo and Margaret Anderson Kelliher

Others Present: Trustees Basil Ajuo, Rudy Rodriguez*, Louise Sundin*, Cheryl Tefer, and Chancellor Steven Rosenstone (* participated by phone)

Convene and Call to Order

The meeting was called to order at 8:05 AM. Chair Vekich inquired if there were any additions to the agenda. Trustee Hoffman suggested three items: creation of a “skunkworks-type” group to look at other ideas for a financial model; postsecondary enrollment options; and marketing Minnesota State.

Review Role of Executive Committee

Chair Vekich reviewed the charter for the Executive Committee. The committee can take action on behalf of the board, but the board has to ratify it.

Draft Board of Trustees Charter

General Counsel Gary Cunningham highlighted the draft charter for the Board of Trustees. The charter has a purpose statement, describes the board structure, and its aspirations and goals. He added that all of the words in the document exist in other documents such as Minnesota Statutes and Board Policies. Chancellor Rosenstone suggested adding a table contents that references the related documents. The board charter will be presented for approval at the next meeting of the Executive Committee.

Search Update

Vice Chancellor Mark Carlson provided an update on the chancellor search. The search consultant is Steve Leo with Storbeck/Pimentel and Associates. The first meeting of the search advisory committee was last month. The search committee will meet on December 13 and there will be open forums in January. In February, Chair Vekich will bring recommendations to the board during a special meeting for the purpose of appointing a chancellor. With the resignation of Interim Executive Director Toyia Younger, Chancellor Rosenstone has appointed Nickyia Cogshell as interim chief diversity officer. Interim Chief Diversity Officer Cogshell will take Directory Younger’s place on the Chancellor Search Advisory Committee.

Additional Items

Trustee Hoffman suggested creating a “skunkworks-type” team to consider some alternative financial and marketing ideas. Chancellor Rosenstone commented that he is meeting with all of

the chief financial officers at their annual meeting next week. The agenda includes a follow-up discussion on long-term financial sustainability. Two topics that will be discussed are: what changes do we want to consider for the model (redesign customized training for example); and marketing. Regarding marketing, the chancellor noted that the presidents and people on the campuses need to work together.

Regarding postsecondary enrollment, Trustee Hoffman suggested exploring options such as the joint powers agreement between schools in the Mankato and Waseca areas. Trustee Hoffman invited Jim Grabowska, president, Inter Faculty Organization to make some comments. President Grabowska explained that the joint powers agreement limits the amount of dollars taken from school districts. About a dozen Minnesota State schools have joint powers agreements with districts.

Chancellor Rosenstone explained that we are losing 53% of PSEO students to other schools. The principles surrounding conversations on PSEO are:

- (1) Our colleges and universities cannot subsidize high school students, and
- (2) Do what is best so there are no impediments for students

Chancellor Rosenstone added that the U.S. Department of Education has been scrutinizing the for-profit colleges for preying on individuals such as veterans and spending more money on marketing than on academic programs.

Trustee Ajuo inquired whether the U.S. Department of Education would limit course offerings. Chancellor Rosenstone explained that traditionally the department has not been involved in academic programs offered by colleges and universities. Trustee Ajuo also inquired about Minnesota State's policy on releasing information on undocumented students. Chancellor Rosenstone replied that Minnesota State is obligated to comply with federal law and also to protect private student data. General Counsel Cunningham added that private data is protected and will not be released unless it is requested by a subpoena.

In response to a question about the pending closure of the Arts Institute International of Minnesota, Chancellor Rosenstone commented that the best way to help the students is for them to reach out to colleges with existing programs in the metro area.

The meeting was adjourned 9:30 AM.



MINNESOTA STATE

Board of Trustees

30 East 7th Street
St. Paul, MN 55101

651-201-1705

Board of Trustees Meeting
Wednesday, January 25, 2017
9:00 AM
Minnesota State
30 7th Street East, St. Paul, Minnesota

Note: Committee and board meeting times are tentative. Meetings may begin up to 45 minutes earlier than the times listed if a committee meeting concludes its business before the end of its allotted time slot. In addition to the board or committee members attending in person, some members may participate by telephone.

Board Policy Decisions (Second Readings)

- a. **Proposed Amendment to Policy 5.22 Acceptable Use of Computers and Information Technology Resources**
(pp. 25-34 of Finance and Facilities Committee)
- b. **Proposed New Policy 6.9 Capital Planning**
(pp. 35-40 of Finance and Facilities Committee)
- c. **Proposed New Policy 6.10 Design and Construction**
(pp. 41-45 of Finance and Facilities Committee)



Minnesota State is an affirmative action, equal opportunity employer and educator.

Acronyms

AACC	American Association of Community Colleges
AASCU	American Association of State Colleges and Universities
ACCT	Association of Community College Trustees
AFSCME	American Federation of State/County/Municipal Employees
AGB	Association of Governing Boards of Universities and Colleges
AQIP	Academic Quality Improvement Program
ASA	Academic and Student Affairs
CAS	Course Applicability System
CASE	Council for the Advancement and Support of Education
CCSSE	Community College Survey of Student Engagement
CFI	Composite Financial Index
CIP	Classification of Instructional Programs – or - Capital Improvement Program
COE	Centers of Excellence <ul style="list-style-type: none">• 360° Manufacturing and Applied Engineering Center of Excellence• Center for Strategic Information Technology and Security• Health Force Minnesota• Minnesota Center for Engineering and Manufacturing Excellence
CSC	Campus Service Cooperative
CTF	“Charting the Future” strategic planning document,workgroups
CTL	Center for Teaching and Learning
CUPA	College and University Personnel Association
D2L	Desire2Learn
DARS	Degree Audit Reporting System
DEED	Department of Employment and Economic Development
DOA	Department of Administration

EEOC	Equal Employment Opportunity Commission
FCI	Facilities Condition Index
FERPA	Family and Educational Rights and Privacy Act
FIN	Finance
FTE	Full Time Equivalent
FY	Fiscal Year (July 1 – June 30)
FYE	Full Year Equivalent
HEAC	Higher Education Advisory Council
HEAPR	Higher Education Asset Preservation
HLC	Higher Learning Commission
HR	Human Resources
IAM	Identity and Access Management
IDM	Identity Management (Old term)
IFO	Inter Faculty Organization
IPEDS	Integrated Postsecondary Education Data System
ISEEK	Minnesota’s Career, Education and Job Resource
ISRS	Integrated Statewide Records System
IT	Information Technology
ITS	Information Technology Services
LSER	Legislative Subcommittee on Employee Relations
MAPE	Minnesota Association of Professional Employees
MDOE	Minnesota Department of Education
MHEC	Midwestern Higher Education Compact
MMA	Middle Management Association
MMB	Minnesota Management and Budget
MnCCECT	Minnesota Council for Continuing Education and Customized Training
MMEP	Minnesota Minority Education Partnership

MNA	Minnesota Nurses Association
MOU	Memorandum of Understanding
MSCF	Minnesota State College Faculty
MSCSA	Minnesota State College Student Association
MSUAASF	Minnesota State University Association of Administrative and Service Faculty
MSUSA	Minnesota State University Student Association
NASH	National Association of System Heads
NCAA	National Collegiate Athletic Association
NCHEMS	National Center for Higher Education Management Systems
NSSE	National Survey of Student Engagement
OCR	Office for Civil Rights
OET	Office of Enterprise Technology
OHE	Minnesota Office of Higher Education
OLA	Office of the Legislative Auditor
PEAQ	Program to Evaluate and Advance Quality
PM	Project Manager
PSEO	Post-Secondary Enrollment Options
RFP	Request for Proposal
SARA	State Authorization Reciprocity Agreement
SEMA4	Statewide Employee Management System
SHEEO	State Higher Education Executive Officers
SWIFT	State accounting and payroll information system
USDOE	United States Department of Education