

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

**Agenda Item Summary Sheet**

**Committee:** Finance, Facilities and Technology      **Date of Meeting:** July 21, 2009

**Agenda Item:** Minnesota State University, Mankato Revenue Fund Project Approval

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

**Cite policy requirement, or explain why item is on the Board agenda:** According to the Master Indenture governing the sale and use of revenue bonds, proceeds may be used for other purposes with Board of Trustees approval.

**Scheduled Presenter(s):** Allan Johnson, Associate Vice Chancellor Facilities

**Outline of Key Points/Policy Issues:** The purpose of this report is to seek Board of Trustees approval for the use of Revenue Fund bond proceeds remaining from the 2005 bond sale to begin architectural design work for an additional new residence hall at MSU, Mankato. Bond counsel has opined that Board approval is necessary due to the proposed use of bond proceeds remaining from a previously approved capital project.

**Background Information:** The 2005 revenue bond sale included funding for the construction of Julia Sears Residence Hall. As of June 1, 2009 the funds remaining and available in the Julia Sears project are approximately \$1,014,225. It is proposed to use these remaining funds to design the next phase of new student housing.

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

**BOARD ACTION**

**Minnesota State University, Mankato Revenue Fund Project Approval**

**BACKGROUND:**

The purpose of this report is to seek Board of Trustees approval for the use of Revenue Fund bond proceeds remaining from the 2005 bond sale to begin architectural design work for an additional new residence hall at MSU, Mankato. Bond counsel has opined that Board approval is necessary due to the proposed use of bond proceeds remaining from a previously approved capital project.

The 2005 revenue bond sale included funding for the construction of Julia Sears Residence Hall. The project's original construction cost was estimated at \$27.5 million. The low bid for the project was \$23.4 million and the final construction cost was \$25.7 million. According to the Master Indenture governing the sale and use of revenue bonds, proceeds may be used for other purposes with Board of Trustees approval. As of June 1, 2009 the funds remaining and available in the Julia Sears project are approximately \$1,014,225.

The university has a completed predesign for the next portion, Phase 2a, of their housing master plan. These plans call for constructing a 302 bed residence hall similar to the Julia Sears complex. Architectural design of Phase 2a is proposed to be funded from the bond proceeds remaining from the Julia Sears project. These additional beds, in conjunction with the completion of the remodeling of the Crawford McElroy complex, will allow for the elimination of the Gage towers from the residential inventory. A future Phase 2b will either substantially remodel the current dining service facility or construct a new one. The final part of the plan, Phase 2c envisions another 330 bed residence hall. This will concentrate all housing in the northwestern quadrant of the university and allow for a single dining operation rather than the two that currently exist.

Student leadership at MSU, Mankato has been consulted regarding this proposed use of bond proceeds, and has indicated support for beginning design work on this new project.

Construction funding for the 302 bed residence hall, Phase 2a, will be included in the next revenue bond sale scheduled for early 2011. The project is estimated to cost in the \$30 million range.

**RECOMMENDED COMMITTEE ACTION:**

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

The Board of Trustees approves the use of approximately \$1,014,225 in proceeds from the FY 2005 revenue bond sale for architectural design of a new residence hall at MSU, Mankato.

**RECOMMENDED BOARD OF TRUSTEES MOTION:**

The Board of Trustees approves the use of approximately \$1,014,225 in proceeds from the FY 2005 revenue bond sale for architectural design of a new residence hall at MSU, Mankato.

*Date Presented to the Board of Trustees: July 22, 2009*