

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

**Agenda Item Summary Sheet**

**Committee:** Finance and Facilities

**Date of Meeting:** March 15, 2011

**Agenda Item:** Winona State University Revenue Fund Projects Approval

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

**Cite policy requirement, or explain why item is on the Board agenda:** Contracts, including amendments, with values greater than \$3,000,000 must be approved in advance by the Board of Trustees, pursuant to Board Policy, 5.14. In addition, consistent with the master bond indenture of trust, the Board must approve the use of excess revenue bond proceeds for use in an eligible capital project.

**Scheduled Presenter(s):** Laura M. King, Vice Chancellor – Chief Financial Officer  
Brian Yolitz, Associate Vice Chancellor Facilities

**Outline of Key Points/Policy Issues:** The Board is being asked to approve the use of approximately \$4 million at Winona State University to perform deferred maintenance work at Conway, Richards, Morey, and Shepherd Halls, and to design and renovate an existing residential house into a theme house focusing on sustainability.

**Background Information:** The 2008 revenue bond sale included funding for the construction of a new 408 bed residence hall on Winona State’s main campus. Due to a highly favorable bid environment, the university realized approximately \$4,087,045 of left over bond proceeds that could be used for other revenue fund needs that have been identified within the university’s comprehensive facilities master plan.

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

<b>ACTION ITEM</b>
<b>Winona State University Revenue Fund Projects Approval</b>

**BACKGROUND**

The purpose of this report is to seek Board of Trustees approval for the use of Revenue Fund bond proceeds remaining from the 2008 bond sale to perform \$3.5 million worth of deferred maintenance work to existing Winona State University residence halls. Additionally, Winona State requests approval to use approximately \$500,000 worth of bond proceeds remaining from the 2008 sale to design and renovate a residential theme house built around a student shared interest group.

The 2008 revenue bond sale included funding for the construction of a new 408 bed residence hall on Winona State's main campus. During design, the project's original construction cost was estimated at \$23.7 million. Due to a highly favorable bid environment, the low bid for the project was \$18 million and final construction cost was \$19.7 million after the university added features back into the project. According to the Master Indenture governing the sale and use of revenue bonds, bond proceeds may be used for other purposes on campus with the Board of Trustees' approval. As of Jan 1, 2011 the funds remaining and available in the WSU residence hall project are approximately \$4,087,045.

Winona State's current deferred maintenance backlog for all revenue fund buildings is \$37.7 million. Although the university is spending approximately \$2.7 million/year (three year average) toward residence hall maintenance, this maintains the status quo, and does not address substantial reduction of FCI. This proposal is a two-phase approach to address deferred maintenance:

- Use \$1.454 million to address deferred maintenance in the currently vacant Conway (FCI .28) and Richards (FCI .29) residence halls during the summer of 2011. Conway and Richards Halls were occupied through spring of 2010, and were taken off line when the new residence halls opened in the Fall of 2010. Leaving Conway and Richards temporarily vacant was in accordance with the campus comprehensive plan to create swing space to accommodate rolling renovations of existing residence halls.
- Use \$2.130 million to address deferred maintenance to the Morey/Shepard halls. For the fall 2011 academic term students from Morey (FCI .20) and Shepard (FCI .21) residence halls would occupy the newly renovated Conway/Richards hall while additional renovation work would take place.

- The scope of the renovations includes work on the HVAC, plumbing, fire detection, room and lounge improvements, card access, signage and updates to furniture, fixtures and related equipment in each of the residence halls.

This work will improve the deferred maintenance status of approximately 547 beds (238 rooms) in the university's residence hall inventory. The average FCI of the four residence halls will be lowered from 0.24 to 0.11.

The 2010 campus comprehensive plan also details Winona State's interest in developing theme houses as an alternative to traditional student housing. The development of theme housing built around shared interest groups, such as environmental sustainability, languages or similar shared interests, is a growing trend on campuses around the nation and would serve to attract future students to WSU. Evidence is developing that these shared-interest community living arrangements increase student grade point and persistence and supports campus life.

The university already owns a suitable residential property located immediately adjacent to campus, which it would like to design and remodel into a theme house focusing on environmental sustainability. The university purchased the subject property located at 377 Main Street for land assemblage when it was offered for sale in 2009 for \$159,900. The property had served as a group home prior to the university's purchase, and contains six (6) bedrooms and three (3) bathrooms. Winona State is requesting to apply \$500,000 worth of 2008 excess revenue bond funds for the purpose of designing and renovating the property.

The university has consulted with the Student Senate and Residence Housing Association regarding the proposed use of revenue bond proceeds, and the organizations support both initiatives. Their two letters of support are attached as **Attachment A**. There is no anticipated change in residence hall rates as a result of this work.

**RECOMMENDED COMMITTEE ACTION:**

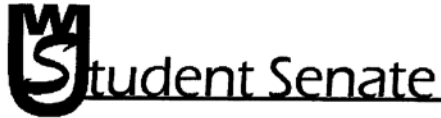
The Facilities/Finance Policy Committee recommends that the Board of Trustees adopt the following motion:

The Board of Trustees approves the use of 2008 revenue bond proceeds attributable to Winona State University for use in renovating Conway, Richards, Shepherd and Morey Halls, and to design and redevelop an existing house into theme housing.

**RECOMMENDED MOTION:**

The Board of Trustees approves the use of 2008 revenue bond proceeds sale attributable to Winona State University for use in renovating Conway, Richards, Shepherd and Morey Halls, and to redevelop an existing house into theme housing.

*Date Presented to the Board of Trustees: March 16, 2011*



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January 25<sup>th</sup>, 2011

Chancellor James H. McCormick  
Minnesota State Colleges and Universities  
500 Wells Fargo Place  
30 East Seventh Street  
Saint Paul, MN 55101

Chancellor McCormick & Board of Trustees Members,

I am writing this letter today as requested under MnSCU Board Policy 2.3, student involvement in decision-making. The Winona State University Student Association has been properly consulted throughout the year by various members of administration about the additional \$4 million left over from the New Halls construction project.

At our January 19<sup>th</sup>, 2011 WSUSA meeting, the WSUSA body approved a recommendation to support using the additional \$4 million on R&R, deferred maintenance, and a theme house. This recommendation coincided with a similar motion approved by the Winona State University Residence Hall Association (RHA). During the meeting, Director of Housing and Residence Life Paula Scheevel, Vice President of Finance and Administrative Services Kurt Lohide, and Campus Planner Jay McHenry were available to answer any questions. During the discussion, there was a general sense of excitement and eagerness to use the left over funds to continue to help on-campus students and make our university even more attractive to prospective students.

The WSUSA supports using the additional \$4 million left over from the New Halls construction project on R&R, deferred maintenance, and a theme house. All current information on this plan was disclosed to the WSUSA and proper procedures were followed. Please feel free to contact me with questions at [cbignull07@winona.edu](mailto:cbignull07@winona.edu) or by phone at (507) 254-2784.

Sincerely,

A handwritten signature in black ink that reads 'Chris Brignull'. The signature is written in a cursive, flowing style.

Chris Brignull  
President, Winona State University Student Association



# *Residence Housing Association*



January 19, 2011

Hello Paula,

RHA has reviewed the proposed plans and budget for the themed housing and deferred maintenance and has voted in approval. We are very excited about the future of Housing and Residence Life here at Winona State and are glad to be part of the journey.

Thank you very much for valuing our opinion,

A handwritten signature in cursive script that reads "Tyler James Treptow".

Tyler James Treptow

Executive President  
Residence Housing Association  
TTREPTOW08@winona.edu