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Facilities Topics

Finance and Facilities Committee

January 17, 2012



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Topics

- **FY2014-2019 Capital Program Guidelines**
- **Revenue Fund Update**
- **Acquisition of Real Property**



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FY2014-2019 Capital Program Guidelines



Purpose

- Engage Board members in the question:
“What do does the Board want to see and approve for capital projects seeking state funding in FY2014?”
- Gather input to develop Chancellor’s recommendation of detailed guidelines for the FY2014-2019 capital requirements.



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Outline

- Basics
- Strategic Framework
- Milestones



Capital Planning Basics

- Capital requirements emerge from approved facility master plans
 - Capital Bonding
 - Revenue Fund
- Completed predesigns
- Capital Bonding Scoring based on guidelines
- Capital bonding request includes
 - HEAPR
 - Major Projects
 - Initiatives



Strategic Framework

- Ensure access to an extraordinary education for all Minnesotans
- Be the partner of choice to meet Minnesota's workforce and community needs
- Deliver to students, employers, communities and taxpayers the highest value / most affordable option



Extraordinary Education

- Redesign of the classroom experience or academic programs
- Access to baccalaureate programs
- Academic success underrepresented
- Collaboration among colleges and universities academic programs, and student services
- Advancing academic plans



Partner of Choice

- Increasing retention, completion, and transfer
- Continuing or emerging workforce and/or community needs
- Advancing growth in programs demonstrating strong and sustained future demand that align with workforce needs
- Supporting and enhancing STEM programs



Value and Affordable Option

- Cooperation among campuses to reduce costs; enable sharing
- Preserve/protect facilities and infrastructure and reduce operating costs.
- Efficient use of existing space
- Net neutral/reduction of total space
- Flexibility, greater capacity for change, utilization, and growth
- Reduction backlog and FCI
- Financially viability, impact on CFI
- Sustainability/resource conservation



Other Considerations

- Objective data or documentation
- Additional funds to reduce project costs
- Special consideration for FY2012 projects.
- Accommodation for emergencies or late emerging opportunities
- Acknowledgment new square footage due to program need that cannot be accommodated in renovated or leased spaces



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Capital Bonding Major Milestones

Dec 2011/Apr 2012	Guideline development and approval
Apr/Aug 2012	Project predesign development
Sept/Oct 2012	Finalized predesigns and submittals
Dec 2012/Jan 2013	Project evaluation and scoring
Feb/Apr 2013	Chancellor's recommendation development
May/June 2013	Board review and approval
July/Dec 2013	Campus tours and presentations
Jan 2014/May 2014	Legislative session



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Discussion



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Revenue Fund Update



Purpose

- Provide Board members sense of scope of Revenue Fund programs
- Gain approval to seek legislative increase in Revenue Fund bond authority



Capital Planning

- Capital requirements satisfied through two distinct programs
 - General obligation bonding
 - Revenue fund bonding
- Asking for “authority” to bring you new projects
 - Needs authority for campuses to proceed with their programs...upgrade, replace and new
- Will bring new revenue fund projects to Board for approval in the future



Capital Program Comparisons

	<u>GO</u>	<u>Revenue Fund</u>
Planning	Master Plan	Master Plan
System Approval	Predesign + Scoring	Predesign + Proforma
Students	Consultation	Consultation/Memo
Projects	Academic / Support	Revenue Fund Programs
Bonding	State of Minnesota	MnSCU
Debt	1/3 Major Projects	Full
Debt Service	Tuition / Appropriation	Fees /Operating Income
Board	Approves, prioritizes recommendation	Approves projects, bond sale
Legislature	Approves and appropriates	Sets bonding authority



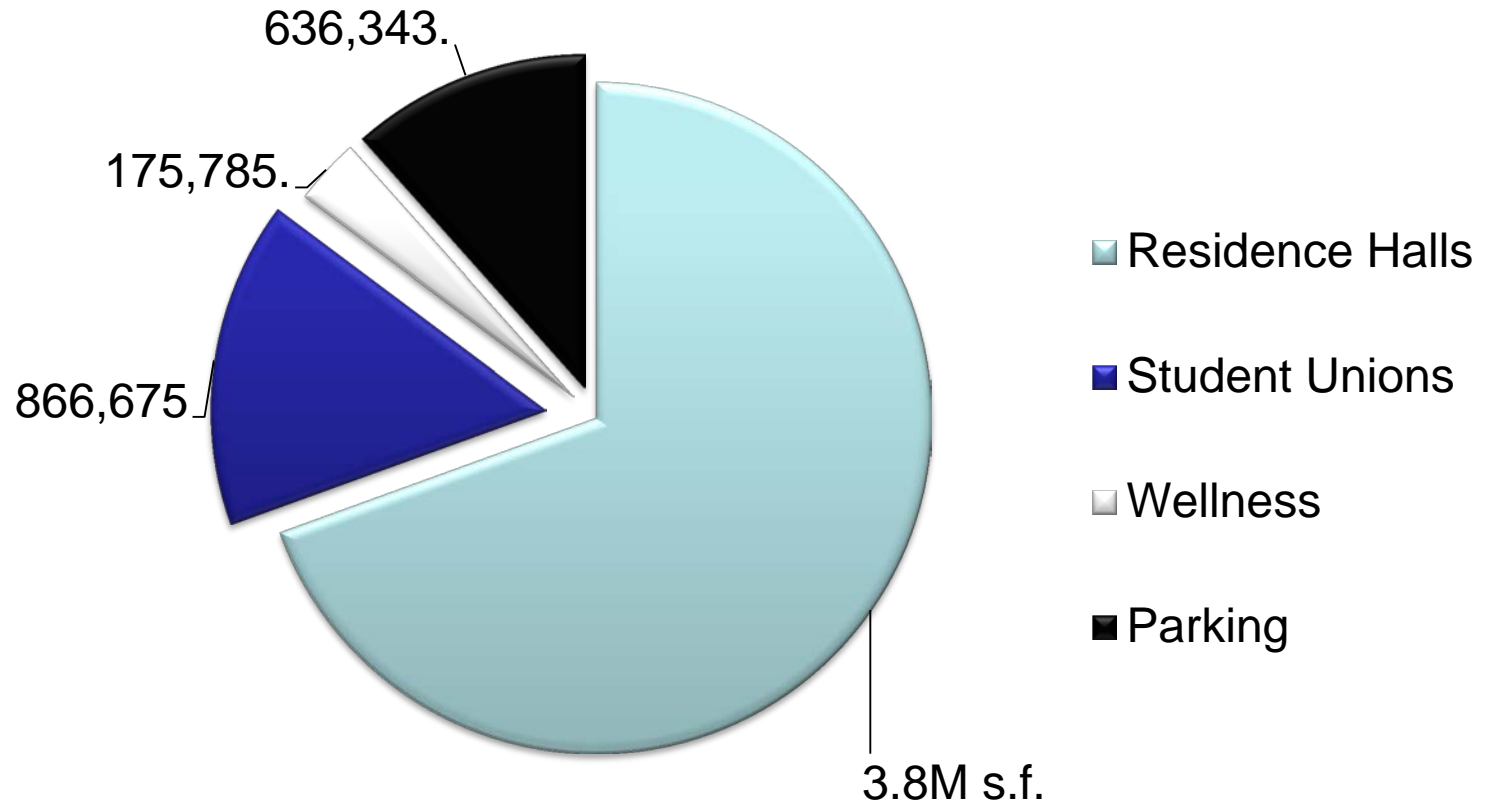
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Revenue Fund Programs

- Residence Halls
- Dining Facilities
- Student Unions and Centers
- Parking
- Health/Wellness/Fitness/Athletic



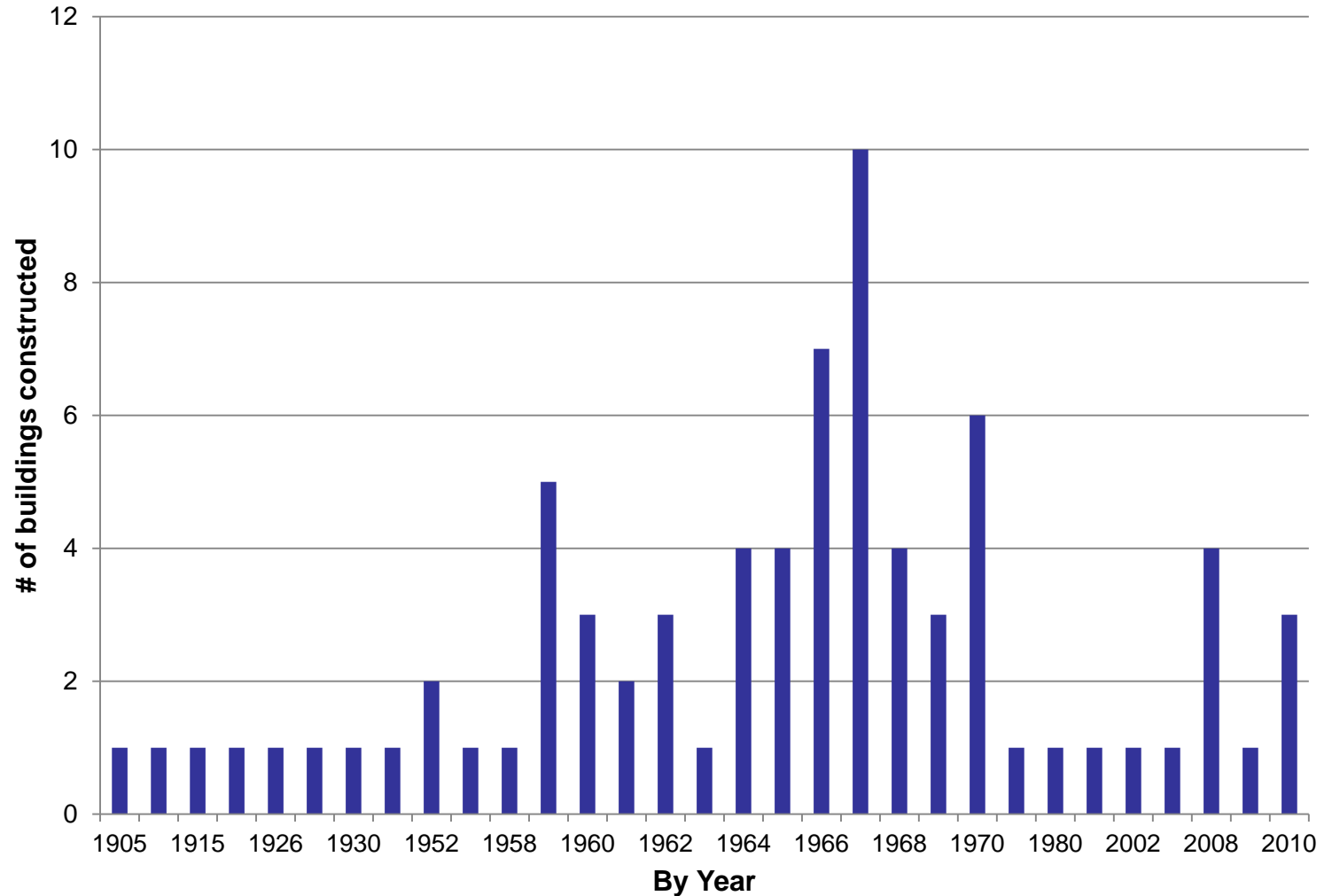
Revenue Fund by Square Footage





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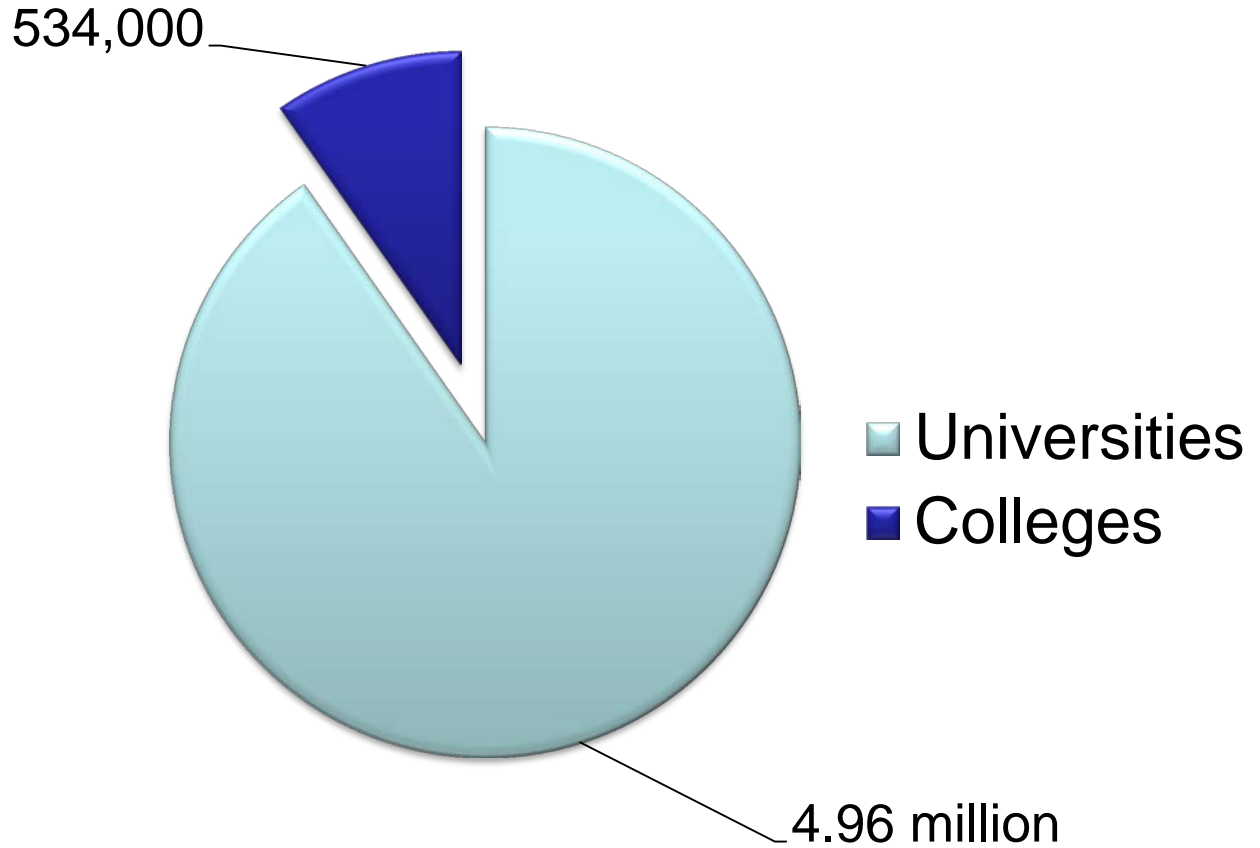
Revenue Fund Building Age





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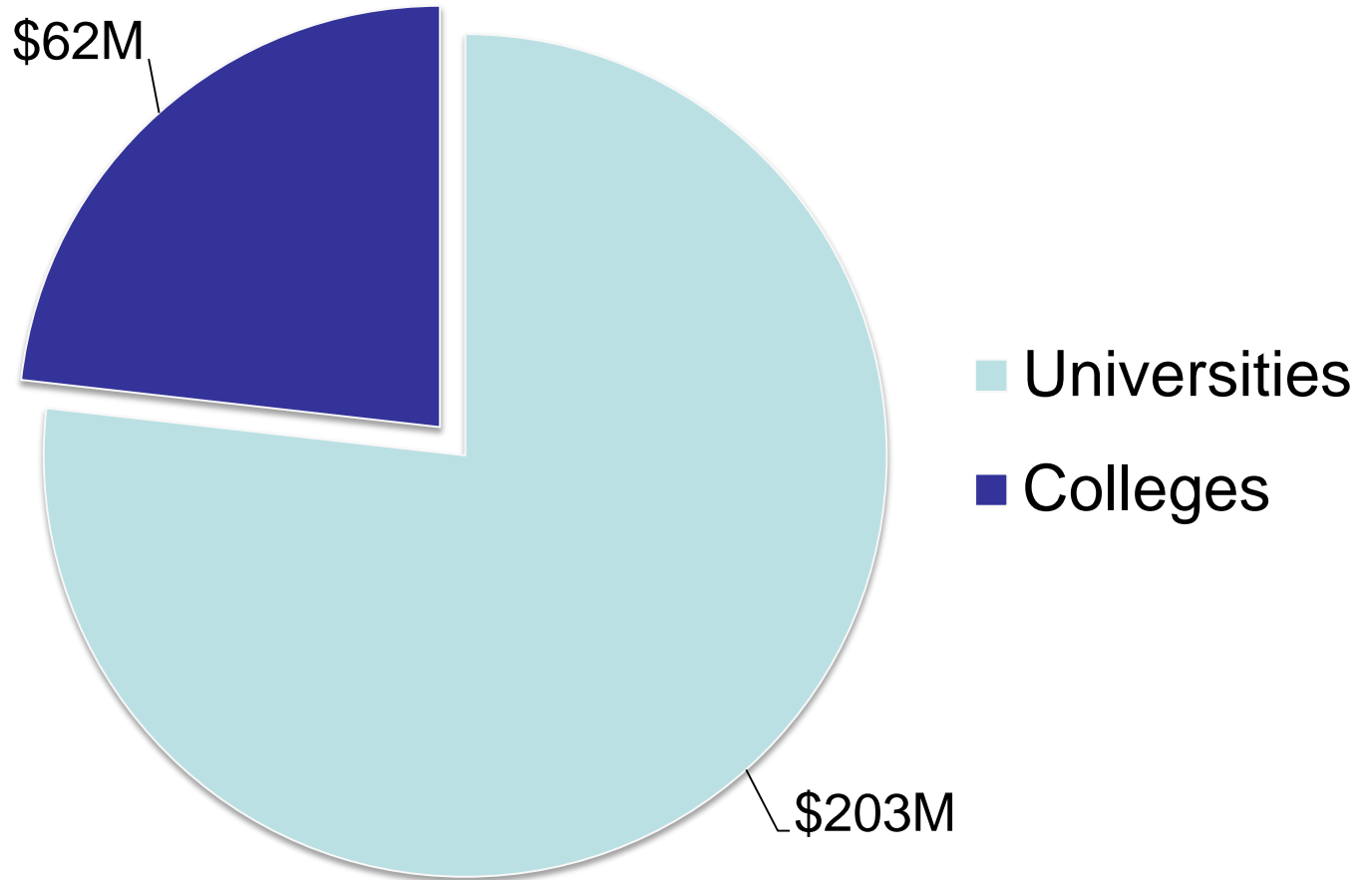
Overall Square Footage





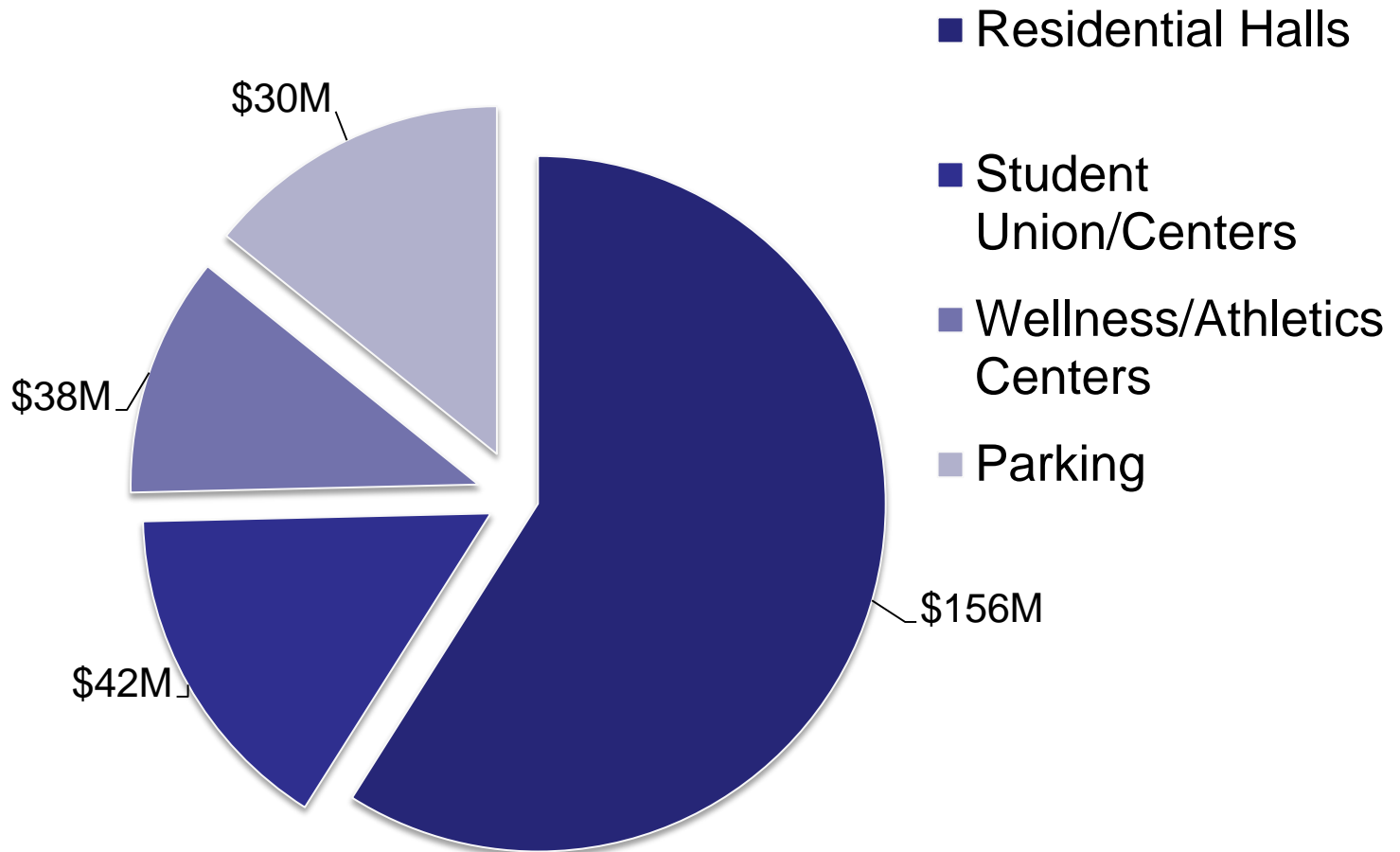
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Total Outstanding Debt





Outstanding Debt by Program





Debt and Authority

<u>Description</u>	<u>Amount (\$M)</u>
Current Bond Authority*	300
- Outstanding Bonds after 2012 payments	254
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Available bond authority	46
2013 candidate projects	116
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Current authority shortfall	70
Planning estimate for 2015 program	60
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Additional authority required for Board to review and approve current requirements	130

Recommend pursuing authority increase up to \$430M based on follow on consultation with student associations

* Authority represents maximum loan principal outstanding set by statute



2013 Revenue Fund Project Candidates

As of January 15, 2012

Institution Name	Campus	Project Description	Total Costs
Inver Hills Community College	Inver Grove Heights	Construction of Student Center	8,112,990
Metropolitan State University	St. Paul	Construction of Student Center	12,876,000
Metropolitan State University	St. Paul	Construction of Parking Ramp	19,980,000
Minnesota State University Mankato	Mankato	Construction of Health Clinic and Dining Hall and funding the demolition of Gage Hall	35,520,000
Minnesota State University Moorhead	Moorhead	Renovation of West Snarr Hall	7,770,000
St. Cloud State University	St. Cloud	Renovation of East and West Shoemaker	19,092,000
St. Cloud State University	St. Cloud	Renovation of Atwood Student Center	5,550,000
Winona State University	Winona	Renovation of Krysko Commons	3,885,000
Planning/Taxable Bonds	Various Campuses	Planning: Design funding for future projects or apply to taxable components of projects	3,330,000
Total			116,115,990

Note: the Board narrative lists a \$105 million project list, which changed very recently with Atwood (SCSU) Metropolitan State University parking ramp, and MSU Mankato updates.



Summary

- **Revenue Fund is distinct from GO capital program**
- **Requires authority to advance projects for Board approval**
 - Recommend seek increase in revenue bond authority up to \$430 million this session
- **Individual projects will be presented to Board for approval in fall 2012**



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Minnesota State College Southeast Technical Acquisition of Bergwall Arena



Purpose

- ACTION ITEM
- Gain Board of Trustee approval of the acquisition of Bergwall Arena at Southeast Technical College



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Institution Buildings

1 - Main Building

-  Master Plan Boundary
-  Owned Property
-  Building Roof Top

Campus Address:
308 Pioneer Road
Red Wing, MN 55066

**Minnesota State College
Southeast Technical**
Red Wing Main Campus



As of June 30, 2010

This map was created for display purposes only. It should not be used for accurate measurements or where a survey is required.

Sources: Goodhue County, Minnesota State College Southeast Technical Master Plan (2008), USDA FSA (2009).





Acquisition Highlights

- **Background:**
 - Arena retained by school district at merger
 - No longer a viable hockey rink
- **Purchase Price: \$900,000**
 - \$600,000 - MSC-Southeast Technical Foundation
 - \$300,000 - Campus operating monies
- **Area: 2.5 acres and approx. 28,000 sq. ft.**
- **Special Considerations**
 - Lease back to school district up to 3 years
 - Demolition as soon as district moves out or 3 years whichever is sooner
- **Closing: January 31, 2012**
 - Subject to marketable title and final due diligence



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Recommended Motion

The Board of Trustees approves the acquisition of Bergwall Arena and all related rights located at Southeast Technical College at Red Wing from the school district, subject to final approval of the terms and conditions by the Chancellor or his designee.