

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
FINANCE, FACILITIES AND TECHNOLOGY COMMITTEE  
MEETING MINUTES  
April 15, 2009**

*Finance, Facilities and Technology Committee Members Present: Tom Renier, Chair; Clarence Hightower, Vice Chair; Trustees Duane Benson, Ruth Grendahl, Dan McElroy Scott Thiss, and James Van Houten*

*Finance, Facilities and Technology Committee Members Absent: Allyson Lueneburg*

*Other Board Members Present: Cheryl Dickson, Jacob Englund, Christine Rice, Louise Sundin and Terri Thomas*

*Leadership Council Representatives Present: Vice Chancellor Laura King, President Ann Wynia*

The Minnesota State Colleges and Universities Finance/Facilities Policy Committee held its meeting on April 15, 2009, 4<sup>th</sup> Floor, Board Room, 30 East 7<sup>th</sup> Street in St. Paul. Chair Renier called the meeting to order at 1:04 pm. Chair Renier asked Vice Chancellor King to update the committee on legislative actions before addressing the agenda.

Vice Chancellor King reported that the House and Senate are at a threshold moment as they consider the operating budget bills. It is expected that the full House and Senate will pass their bills by the end of the week and the conference committee will be formed shortly thereafter. Government relations will provide a side by side summary. The goal is to have the approved bill go to the Governor a week before planned adjournment. Higher education has been somewhat protected by the federal stimulus funds but it is important to realize those funds are one-time and not ongoing into FY2012. The Chancellor is committed to providing tuition relief for students with the federal funds if possible.

**1. FY2010-2015 CAPITAL BUDGET** *(Information)*

Associate Vice Chancellor Allan Johnson and System Director for Facilities Planning and Programming Sally Grans-Korsch reviewed the capital budget process. The objective for the meeting today was to discuss the size of the capital budget request as well as the proposed projects and priorities in response to the Strategic Plan

Both the House and Senate have passed 2009 bonding bills which include the five vetoed projects from 2008 and \$30M (House) or \$50M (Senate) for HEAPR. The conference committee met on April 14, 2009. The HEAPR and four of the five vetoed projects are “shovel-ready”.

A review of debt service projections from 2008-2024 shows that the debt to revenue ratio will not exceed 3%. The system pays one-third of the debt service and the state pays two-thirds.

The anticipated 2010 capital request is proposed at \$403.6M. The first priority is asset preservation and replacement (HEAPR) at \$110M followed by the 2008 vetoed projects. The property acquisition item (#7) that was vetoed in 2008 has been modified to only include \$3.5M for property acquisition at Dakota County Technical College. Chancellor McCormick expressed his commitment to the land acquisition of 105 acres from the University of Minnesota for Dakota County Technical College. The college has leased this parcel of land for 25 years and uses the property for transportation programs. Property acquisition for Bemidji State University is now #31 on the proposed list.

Trustee Van Houten expressed concern about stockpiling property for future use. Mr. Johnson remarked that some acquisitions are proposed because a campus may be landlocked and adjacent property is now available and enrollment growth is anticipated. Vice Chancellor King noted that Minneapolis Community and Technical College is operating at capacity now, enrollment has significantly grown in recent years, and there is a demand for baccalaureate programs in Minneapolis.

Trustee Dickson suggested that the capital guidelines give additional points for campuses with unusual growth. In response to Trustee Hightower's inquiry, Mr. Johnson noted that the capital budget guidelines are sensitive to property acquisitions where an academic use has been identified. In the case of Dakota County Technical College the college is already offering transportation program courses on the property. Minneapolis Community and Technical College and Bemidji State University have not yet assigned specific academic uses to their proposed acquisitions.

Mr. Johnson pointed out that items #8 through #23 have had some portion of the project already funded in FY2008. Items #24 through #32 are new projects. Trustee Hightower questioned whether the list might be out of balance in terms of ongoing projects in 2012 and 2014. Mr. Johnson noted that the proposed list had "tails" of \$137M in 2012. If the vetoed projects are approved in the current session it would enable the system to submit either a smaller request or add additional projects. Trustee Thiss questioned whether a request over \$400M was too large. Mr. Johnson replied that \$400M is a stretch but it would be within the system's debt capacity.

Mr. Johnson reported on the how the proposed capital projects reflect the principles of the System Strategic Plan. Projects support colleges and universities experiencing enrollment growth and delivering STEM and allied health-related programs. Many projects modernize, rightsize and renovate existing facilities. Mr. Johnson showed graphs that demonstrated that the distribution of projects and funding by institutional and regional FYE was in balance.

Vice Chancellor King thanked the trustees for their discussion and asked if the Board would suggest modifications to the list after today's discussion. Chair Renier said there might be some receptivity for adding projects if the vetoed projects are funded in 2009. Other than that, Chair Renier noted that he had not heard any strong or even mild consensus that the list should be adjusted or projects moved around in priority.

The projects were well scrutinized by the Board-approved process and the list to be presented in May would likely look very similar or even identical to the list presented in April.

The first reading of the FY2010-2015 capital budget request will be held at the May meeting. Approval will be sought at the June meeting.

The meeting adjourned at 3:30 pm.

Respectfully submitted,  
Nancy Lamden, Recorder