

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

Second Reading

BOARD ACTION

FY 2006-2011 CAPITAL BUDGET

BACKGROUND

The Minnesota State Colleges and Universities (MnSCU) capital budget must be submitted to the governor and legislature as a multi-year plan spanning the next three biennia, FY 2006-2011. Capital budget guidelines, project scoring criteria and workplan for the FY2006-2011 process were presented to the Leadership Council in May 2004 and approved by the Board in July 2004. Primary direction for preparation of the capital budget was to correspond directly with the Board-approved Strategic Plan:

- Increase Access and Opportunity
- Strengthen Community Development and Economic Vitality
- Deliver High Quality Learning Options and Services
- Fully Integrate the System

Since July 2004, colleges, universities and Office of the Chancellor staff have been engaged in activities to update the long-range capital plan developed as part of earlier capital budgets. Review and approval of facilities master plans and project predesigns took on increased importance in this year's capital budget. Individual writing consultations were conducted to assist campuses improve the quality of project requests.

In October 2004, colleges and universities submitted capital project requests in priority order for the 2006 legislative session valued at over \$314 million and comprised of:

- 38 separate major projects at \$270 million
- 10 property acquisitions at \$20 million
- 20 projects for demolition, workforce classrooms and science initiatives at \$24 million

In January 2005 Technical Advisory Teams composed of campus academic, technology, finance and facilities personnel along with system office representatives scored each project. Over 50 people participated in the process. The results of the scoring process were presented to the Board in February 2005 in preparation for public hearings.

Presidents or their designees presented their project requests at three public hearings to the Finance and Facilities Committee of the Board, the Chancellor, and Office of the Chancellor staff. These presentations occurred in February and March 2005 at Anoka-Ramsey Community College, Cambridge campus; the Office of the Chancellor, St. Paul; and Minnesota West Community Technical College, Worthington campus.

This report presents the Chancellor's recommendations resulting from the preceding process. The FY2006-2011 recommended capital improvement program for the 2006 legislative session totals \$277.3 million comprised of \$110 million for asset preservation projects; \$153.2 million for line item projects; \$10 million for property acquisition; and \$4.5 million for demolition.

The history of capital budget requests and corresponding appropriations is indicated on the following table. The 1994 request was the largest request to date, and was developed to address capital needs of the newly merged system. Since that time, the need to recapitalize the system's physical plant resources and an improved facilities planning process in response to academic requirements have steadily increased capital budget requirements.

In 2002, over \$50 million of MnSCU's capital projects were vetoed by Governor Ventura. The projects were reinstated in a bonding bill passed in the 2003 session including several additions. In 2004, there was no bonding bill passed; however, the legislature acted in the first half of the 2005 session and funded a considerable amount of the 2004 capital budget request.

History of Capital Budgets

	1994	1996	1998	2000	2002/03	2004/05
Capital Request (including HEAPR)	\$301.7	\$141.3	\$214.4	\$230.0	\$268.4	\$292.6
Governor's Recommendation	\$104.2	\$ 54.0	\$168.1	\$ 64.3	\$135.0	\$100.3
Legislative Authorization	\$139.7	\$ 93.9	\$143.1	\$131.1	\$218.6	\$213.6
Enacted	\$130.7	\$ 84.2	\$143.1	\$131.1	\$218.6	\$213.6
Funding Received (including HEAPR)	43%	60%	67%	57%	81%	73%

CAPITAL RENEWAL/REINVESTMENT AND ASSET PRESERVATION

The capital budget is driven by a number of forces. The Minnesota State Colleges and Universities Strategic Plan is the overarching set of principles and goals that shaped this capital plan. Within the Strategic Plan, there is clear direction to provide new and improve existing facilities to further the academic goals of the system. New facilities are required in response to enrollment growth as well as to replace obsolete space where renovation is impractical or impossible in order to deliver today's high quality academic programs. In addition, the Strategic Plan tells us to be good stewards of the state's physical plant resources. Good stewardship requires focusing on existing facilities at colleges and universities. In the case of maintaining existing facilities one must ask the question: "How much money should be invested annually to properly maintain, repair and otherwise renew the physical plant?"

Nationwide standards suggest that 2 to 3 percent of the replacement value of physical plant should be reinvested annually to maintain that plant at its maximum utility. That includes periodic replacement of roofs, mechanical equipment, and other components that have a predicted life span; plus periodic "renewal" of spaces to maintain them current for their intended purpose.

Several years ago, MnSCU conducted an extensive study of its physical plant resources. The results of that study, using 1999 data, indicated an appropriate reinvestment rate for MnSCU facilities to be 2.86% of the replacement value or approximately \$86.2 million annually. In today's dollars, that has risen to \$106 million. That level of funding was not achieved through

2004, the result being a subtle yet continued growing backlog of maintenance and repair. The funding level achieved in 2005 has, for the first time, been sufficient. Robust funding of the 2006 and 2008 capital budgets will help this trend continue.

Annual Facilities Reinvestment

	1999	2000	2001	2002	2003	2004	2005
Campus Maintenance	\$ 9.4	\$ 9.4	\$ 9.4	\$ 9.4	\$ 9.4	\$ 9.4	\$9.4*
Campus R & R	11.3	15.4	16.6	13.6	16.7	17.6	15.9*
HEAPR	21.5	15.0	15.0	27.5	27.5	0	41.5
Capital Renewal	10.0	24.0	24.0	20.8	41.9	0	50.0
Total	52.2	63.8	65.0	71.3	95.5	27.0	116.8

\$ = millions in then-current year dollars

* Projected; R&R represents past 3-year average

BACKLOG OF MAINTENANCE AND REPAIR

Complicating the reinvestment issue is the fact that the physical plant of the three pre-merger systems was not adequately “recapitalized” over the years, presenting the new merged system with a significant backlog of maintenance and repair. One of the major studies performed in the 1998-1999 timeframe, known as the Condition Assessment, investigated the existing physical conditions at each college and university, including residence halls and other non-academic space. Each college and university was inspected by teams of professional architects, engineers and campus support staff, and deficiencies categorized as to urgency of required action and cost. That study estimated the systemwide backlog in academic buildings to be \$498 million in 1999 dollars. Reinvestment needs were greatest for mechanical/electrical systems, roof replacements and general renew of interior spaces.

Since this 1999 study, additional mechanical/electrical evaluations were undertaken at all seven state universities in 2001 and 25 two year campuses in 2002 and 2004.

The original and subsequent studies depict conditions only as a “snap shot” in time. While relatively accurate, they are difficult to keep current and offer no means of forecasting future reinvestment requirements. The simple mathematical matrix shown above tells us that the \$498 million backlog has grown over time, and is now probably in excess of \$600 million. To better quantify this number and create a forecasting mechanism, a new analysis of current and future reinvestment requirements is underway at each campus under the direction of the Office of the Chancellor staff. Additional information will be presented to the Board later this year.

REINVESTMENT STRATEGY: REDUCE THE BACKLOG (*Catch Up*) AND MAINTAIN FACILITIES IN ACCEPTABLE CONDITION (*Keep Up*)

The capital plan must address the need to reduce the backlog of facilities maintenance and repair as well as adequately fund the timely renewal of existing assets. Eliminating or significantly reducing this backlog has been characterized as the “catch up” portion of the capital plan whereas timely reinvestment may be thought of as the “keep up” element.

There are essentially three funding sources available to address the facilities reinvestment needs of the system:

- Capital asset preservation (HEAPR) funding through the state bond program
- Capital renewal through the state bond program
- Campus-level maintenance, repair and replacement through the operating budget

HIGHER EDUCATION ASSET PRESERVATION AND REPLACEMENT (HEAPR)

The HEAPR program, defined in Minnesota Statutes Chapter 135A.046, focuses on those major facilities maintenance and repair needs that extend the life of a building and provide an improvement that lasts roughly as long as the debt obligation. The importance of stewardship of state campus buildings has consistently placed HEAPR as the Board’s number one capital budget priority. HEAPR includes funding for roof replacement, major mechanical and electrical system replacements, compliance with current life safety and building codes; Americans with Disabilities Act requirements; hazardous material abatement; and indoor air quality improvements.

HEAPR has historically been allocated based on a square foot “fairness” basis, with a requirement to fund complete projects. Within that framework, however, is the primary need to focus on replacement of roofs beyond their useful life and repairs/renewal of major mechanical and electrical infrastructure systems. These are costly projects, any one of which might exceed a campus allocation on purely a square foot basis.

HEAPR project and budget requirements are initiated at the campus level with assistance from Office of the Chancellor staff. A consolidated list is prepared based on presidential priorities, urgency of the work, and knowledge of campus conditions. For information purposes, the final 2005 HEAPR allocation is indicated in Attachment C.

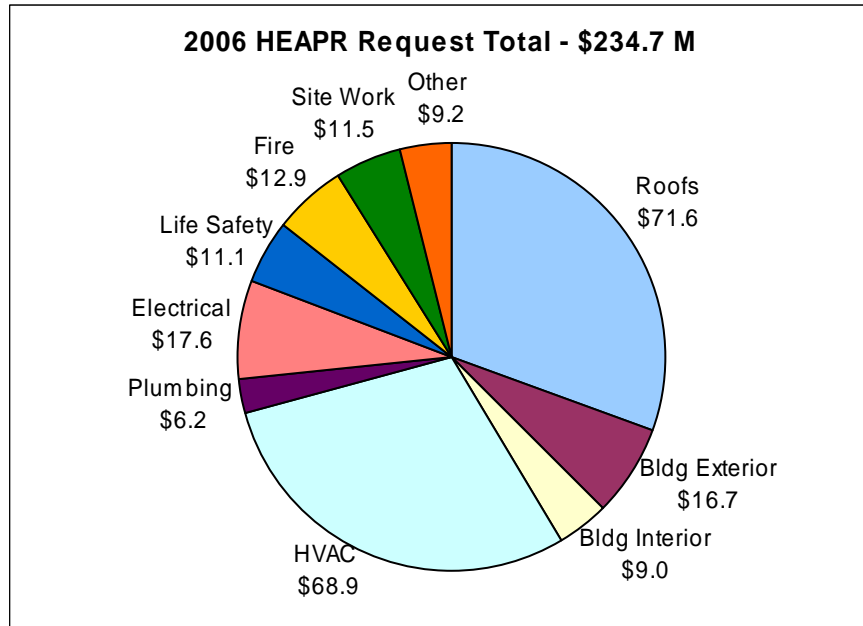
History of HEAPR Budgets

	1996	1998	2000	2002	2004	2005
HEAPR request	\$35.6	\$91.0	\$100.0	\$100.0	\$100.0	\$108.6
Enacted	\$16.0	\$43.0	\$ 30.0	\$60.0*	0	\$41.5
Funding received	45%	47%	30%	60%	0	38.2%
\$/Square Foot	\$0.86	\$2.28	\$1.59	\$3.03	0	\$1.99

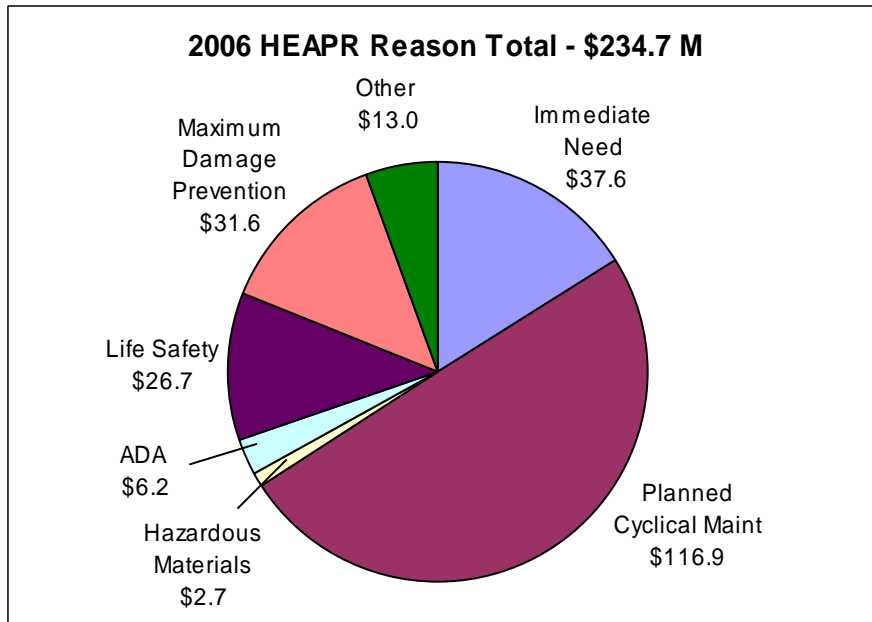
* \$5.2 million for Southwest State Fire Restoration
 \$ in millions

HEAPR 2006

In February 2005, campuses presented their priority request list for 2006 HEAPR funding. Over 394 projects estimated at \$240 million were submitted. This list will be further evaluated to form the \$110 million budget request. The projects followed the main categories of roof repair and replacement; preservation of building exteriors; replacement of windows and doors; renewal of building interiors; repair and replacement of heating, ventilation and air conditioning (HVAC), plumbing and mechanical systems; vertical transportation; site work; hazardous material abatement; accessibility (ADA) improvements; and compliance with life safety codes.



Campuses were asked to provide specific rationale as noted in the following chart. Projects noted as needing immediate funding will be the top priority for HEAPR allocation. Note that planned cyclical replacement (i.e. roofs and boilers) is 49.8% of the total.



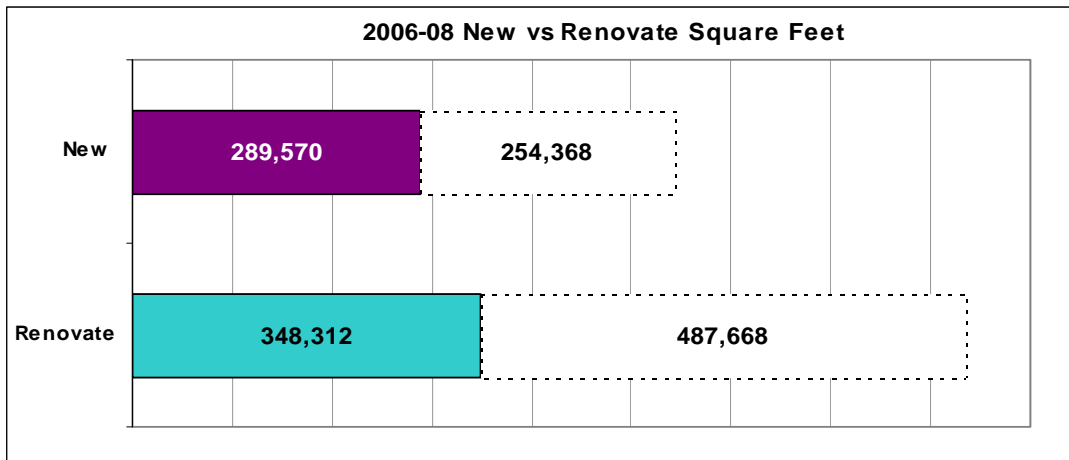
The allocation list for the proposed \$110 million HEAPR program will be derived from campus priorities, engineering studies of roofs and mechanical/electrical systems, and campus square footage. This proposed list will be submitted to the campuses for review this summer, prior to development of a final allocation list for the 2006 legislative session. The program total of \$110 million proposed for FY2006 is equivalent to the FY2004 request of \$100 million with inflation added.

LINE-ITEM PROJECTS EVALUATION AND ANALYSIS

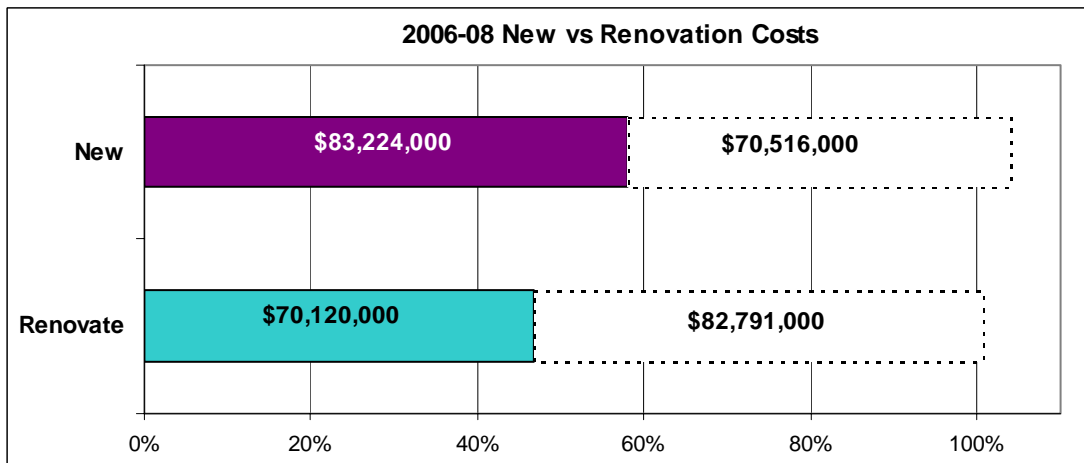
In addition to the scoring and ranking of projects, and presentations at public hearings, project requests were further reviewed by staff in conjunction with conformance to campus master plans, predesign reports, academic program and workforce connections, space utilization relationships, deferred maintenance, credit hours recorded per classroom, and other related benchmarks to provide a broader perspective of a capital project to the budget guidelines, the strategic plan and the system's six year capital plan. Following are some elements of this further analysis.

FACILITIES RENEWAL WITHIN THE CAPITAL BUDGET

As the following chart indicates, the proposed 2006 capital budget of \$153.2 million in line item projects represents approximately 289,570 square feet of new space to be built at 6 campuses: MSU Mankato and St. Cloud State University science buildings; Century College science and library expansions; Fond du Lac Tribal and Community College campus expansion; Normandale Community College building addition; and Mesabi Range Community and Technical College construction trades addition at the Eveleth campus. These six projects are unique in that renovation is not possible to fulfill the programmatic needs and support enrollment growth. Including the new square footage anticipated for 2008, the system will be adding a modest 2.6% of space over the two biennia, about the same as the 2004 capital program. In contrast, the budget includes 348,312 square feet of renovated space. Together with the 2008 program year, total renovated space will be about 70% of the space renovated in the 2004 program.



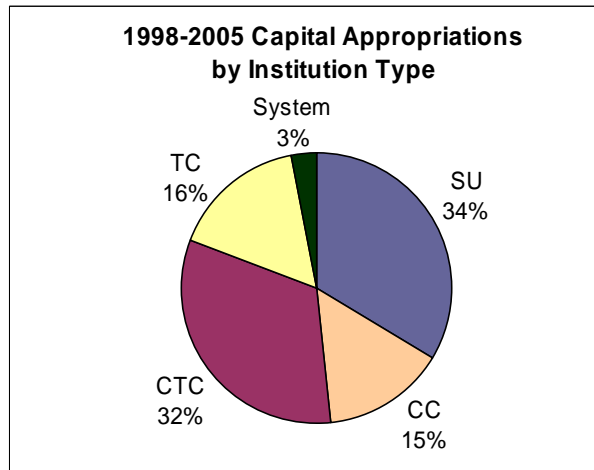
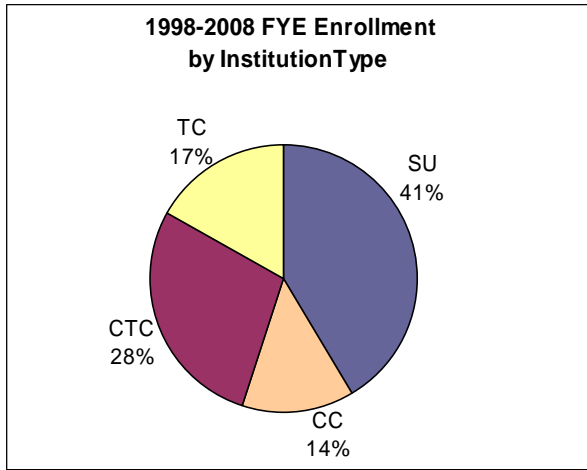
Solid color indicates current 2006 program; dotted line indicates potential 2008 program.



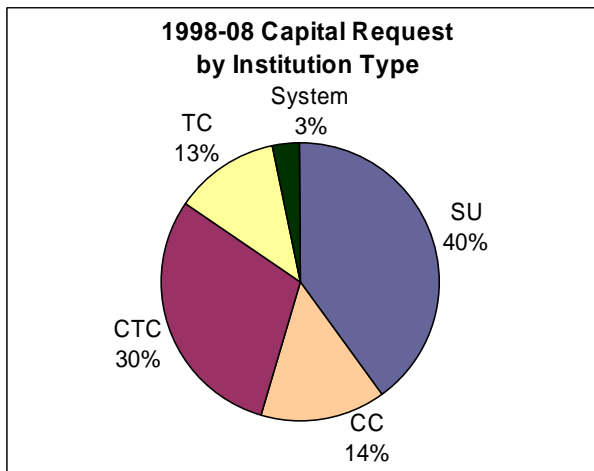
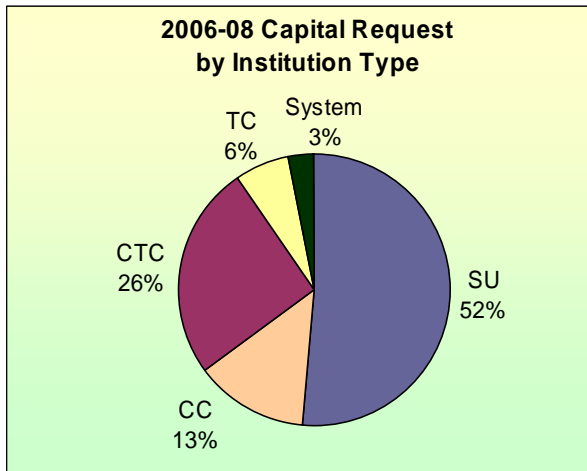
Renovations are 45% of the \$153.2 million line-item budget at \$67.1 million. Construction costs for science facilities are dramatically higher than construction of new classrooms, driving the new construction total as shown above to \$83.2 million.

DISTRIBUTION OF CAPITAL BUDGET BY ENROLLMENT

Further analysis reflects where students are located in relationship to the proposed budget. There are always specific projects or trends that might skew a particular year’s allocation, but the charts below indicate close correlation over time.

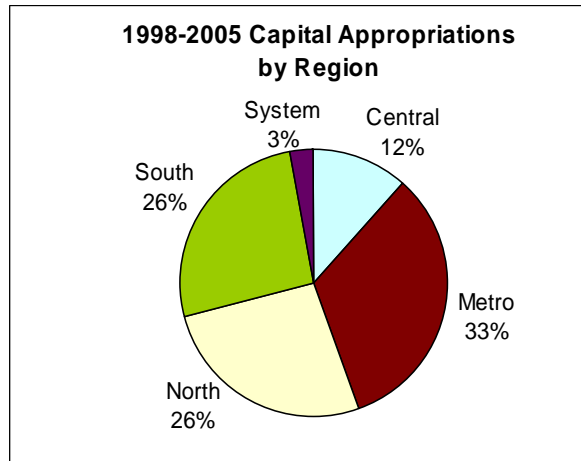
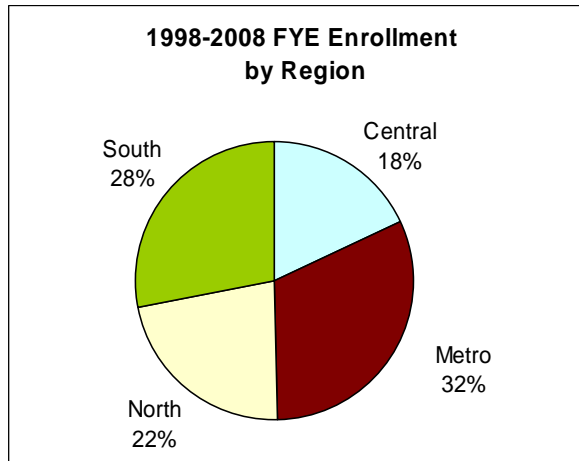


For example, the 2004 budget provided a greater allocation for technical and consolidated colleges. The proposed 2006 and 2008 budgets provide more funding for state universities, bringing their allocations more in line with enrollment distribution. It is unlikely that in any given biennium that there will be total equality, but the goal is to maintain close equilibrium over time.

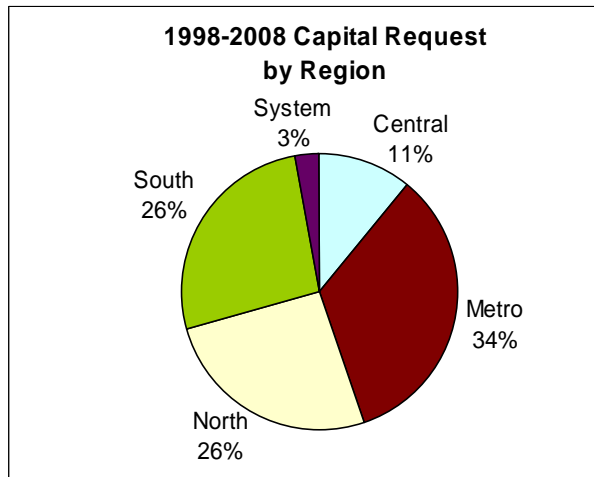
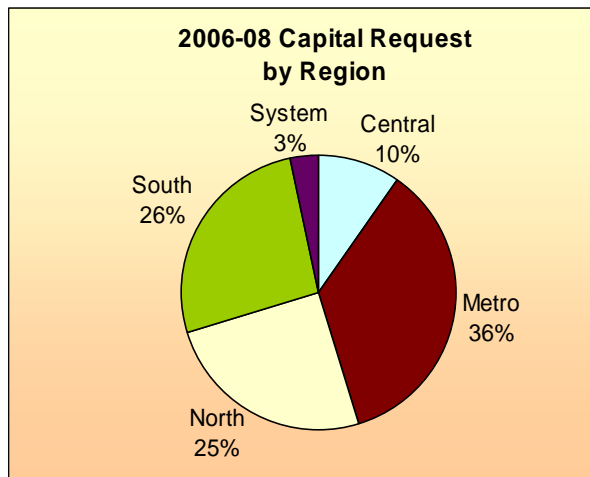


DISTRIBUTION OF CAPITAL BUDGET BY REGION

Regional balance, along with institutional type has also been an important criterion for the capital budget. Analysis by region for 2005 indicates a slight favor to the northern outstate area, but again, it is noted that within one single biennium that equalization is not always possible.



The 2006 and 2008 capital budgets tip the distribution slightly toward more metro area projects, a reflection of enrollment growth in the region.



PROGRAM PLANNING CONSIDERATIONS

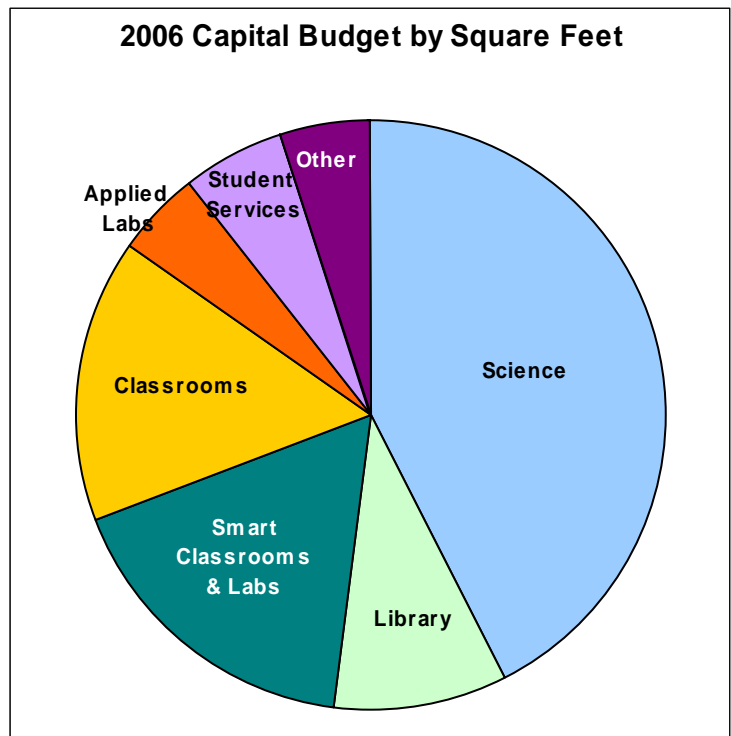
The top priority after HEAPR is the requirement to honor projects partially funded in previous legislative appropriations for either design or phased construction. Where projects are intentionally phased over two or more biennia, both the Board and previous legislatures have indicated a strong desire to “finish what’s already been started.” Projects are normally phased when it is apparent that all construction need not or cannot be funded in one biennium. This is most often the case in projects involving new buildings or building addition projects which also include renovation of existing buildings as an integral part of the program. Phasing may also be necessary for very costly projects where it is simply not practical, or even possible, to spend the appropriation in a two-year period due to academic course scheduling and physical space constraints. Phasing the design and construction over two biennia is also desirable if a project architect has not been chosen and/or if the scope of the project has not been fully developed.

Funds should be requested based on anticipated contract commitment and spending rates to avoid tying up debt capacity over several biennia.

Ten projects are being recommended for construction in 2006 that were funded for design in 2005 or earlier. Four projects are recommended for both design and construction, with the understanding that all or substantially all of the funded construction can take place within the two year biennium. There are also ten design-only proposals for new projects planned for construction in 2008 and 2010. Authorizing these design projects anticipates a \$149 million construction “tail” for 2008, and \$7.2 million for 2010.

Projects having a science or technology component that directly impact the workforce needs of the technology, biotechnology, nursing, and allied health industries have emerged as a major portion of the budget plan for the last four biennia. High-technology space in the areas of science, libraries, and smart classrooms, at over 413,000 square feet of space, represents 68% of the total space impacted in this budget. General instructional spaces in the form of classrooms and applied labs, at 131,000 square feet, represent 22% of the spaces impacted by this budget.

2006 Recommended Line Item Capital Projects	
<i>Project Type</i>	<i>Gross SF</i>
Science	251,974
Libraries	56,805
Smart Classrooms & Labs	105,001
Classrooms	92,741
Applied Labs	38,060
Student Services	32,154
Other	30,507

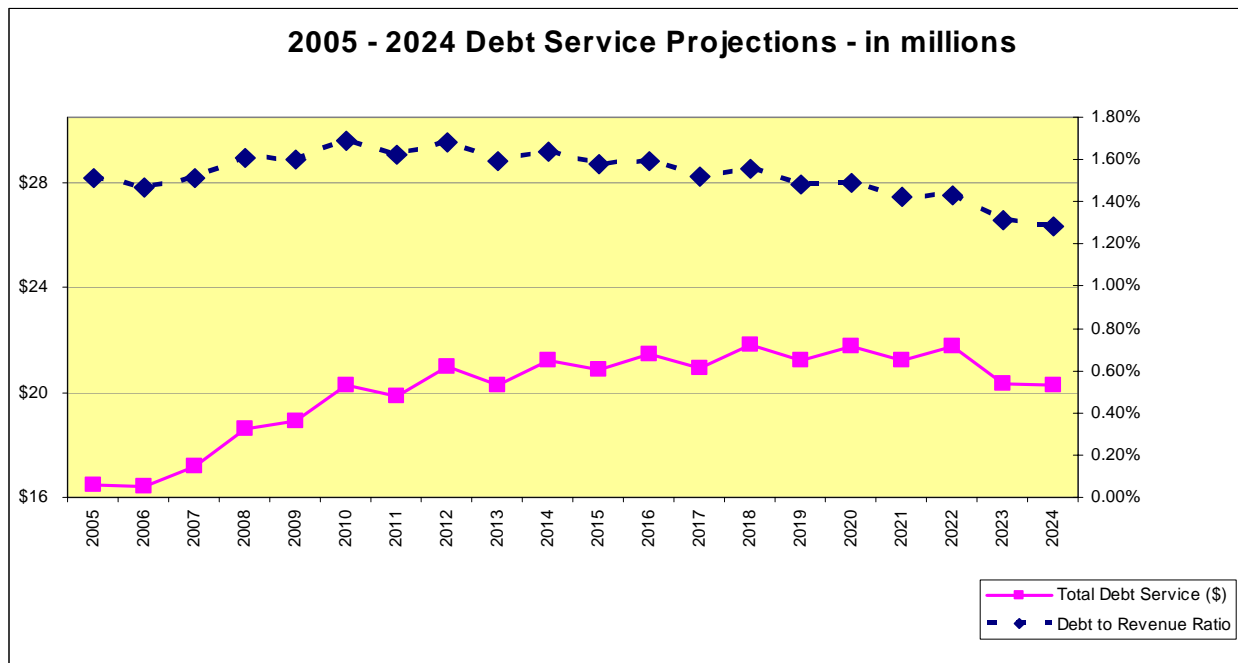


DEBT ANALYSIS

Beginning in 1991, the higher education systems now comprising the Minnesota State Colleges and Universities were required in session law to pay one-third of the debt for projects funded by state general obligation bonds. In 1996, the Board determined that half of the one-third would be passed on to the individual institutions that were receiving the benefit of the capital appropriation with the remaining half spread over the system. HEAPR projects do not incur debt to the system or campuses.

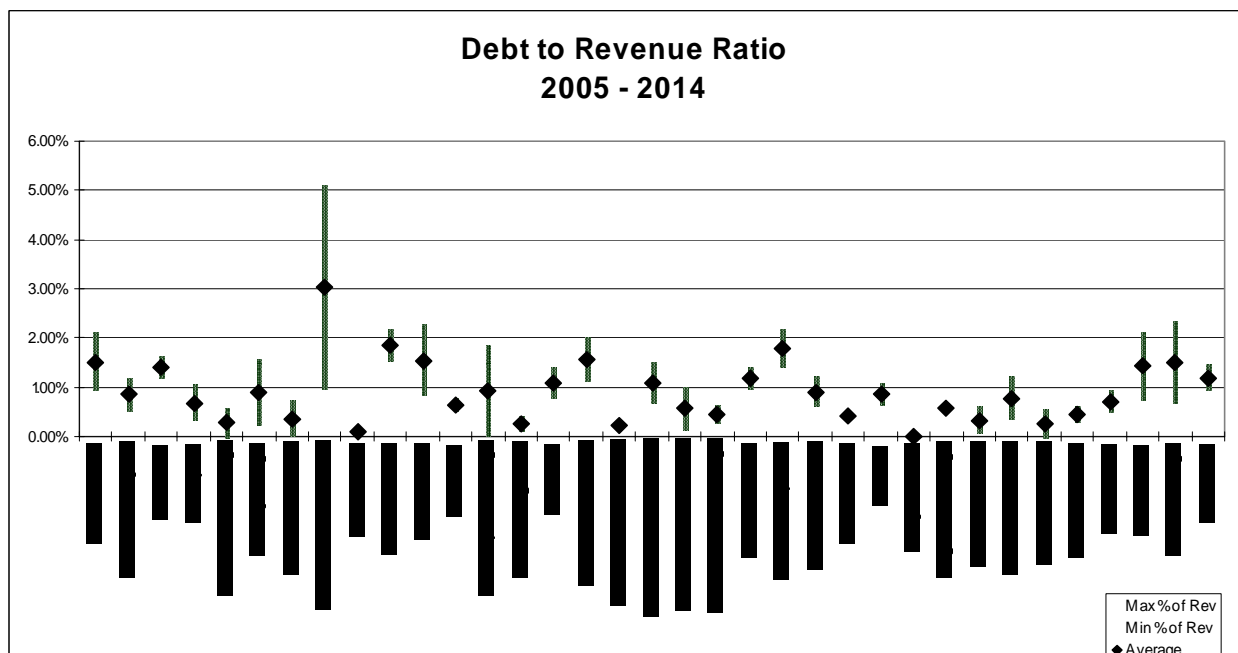
The size and nature of the budget request have been determined by considering the planning parameters of the system, demonstrated need by individual colleges and universities, and amount of debt service the institutions and system should assume. The goal has been to target debt

service to be less than 3% of general operating revenue. Analysis of debt capacity indicates the system can absorb \$175 million in debt-bearing projects in the 2006 and 2008 capital budgets, \$150 million per biennium thereafter, and remain below a debt to revenue ratio of 2%.



NOTE: Assumes 2006 and 2008 programs plus \$150 million biennially 2010-2025

Individual institutional debt capacity based on the proposed FY2006-2011 capital budget is shown on the following chart. Concerns regarding this debt burden have been discussed with individual campuses. All have affirmed their ability to handle the additional expense in light of projected revenue growth. Note that this campus-level debt analysis does not include long-term capital leasing debt obligations.



Impacts at campus; existing debt and proposed 2006 program debt; peaks before 2012

RECOMMENDED FY2006-2011 CAPITAL BUDGET

Attachment A is the recommended consolidated project priority list. Attachment B is a brief description of each of the recommended projects.

The FY2006 capital budget and related six year capital plan has four components:

- HEAPR
- Major Capital Projects
- System-wide Initiatives, Property Acquisition and Demolition
- Planning Parameters for 2008-2010.

The capital budget process outlined above concentrated primarily on project requests for FY 2006 with a planning horizon for FY2008 and beyond. Projects requested but not proposed for funding in either FY2006 or FY2008 have merit and, with improved correlation to strategic goals, individual campus academic and facilities master plans and completed project predesigns, may warrant inclusion in the FY2008 or FY2010 capital budgets. The Board is not asked to adopt the FY2008 and FY2010 projects at this time; however, identification of these projects in the six-year planning window would indicate likelihood of support in future capital budgets.

CAPITAL BUDGET PRIORITIES

PRIORITY 1 - HEAPR:

HEAPR is the first priority at \$110 million, allocated by institution based on campus-driven priorities. In an effort to improve the profile and specificity of the HEAPR portion of the capital budget, a specific dollar amount will be allocated by campus within the \$110 million program total, and that allocation amount will be specifically noted in budget documents submitted to the legislature this fall. This is a refinement to past practice, and is expected to provide a clearer picture of the significant HEAPR needs to political decision makers.

PRIORITIES 2 THROUGH 7 – Projects for construction where design was funded in 2005 or in prior bonding bills: Science building projects at Minnesota State University Mankato, St. Cloud State University, Minneapolis Community College (in partnership with Metropolitan State University), and Century College. These projects reflect the completion of new or renovated science projects at the majority of system campuses. Designs for projects at Fond du Lac Tribal and Community College and Minnesota State University Moorhead were also funded in 2005 anticipating funding construction in 2006.

PRIORITIES 8 THROUGH 14 – Projects ranked high based on previous approval and/or funding; enrollment growth and overcrowded conditions; condition of science facilities. All projects were in the first or second quartile of scoring.

PRIORITIES 15, 16 AND 17 – SYSTEM INITIATIVES:

Workforce Classrooms and Sciences – Requests for funding in relatively small amounts for a number of campuses has been somewhat successful in the last two biennia, with science laboratory renovation projects in 2002 and again in 2004/2005, and renovation of obsolete classrooms for programs directly related to workforce development, renovation of classrooms for enhanced technology applications, and a general demolition initiative in 2004/2005. In the 2005 bonding bill, all of the small science laboratory renovations were funded; however only a

portion of the workforce and technology classroom renovations were funded. For the 2006 capital budget, many of the new initiative projects were scored lower by the Technical Advisory Teams compared to the 2005 submissions. Thus, two science projects and four classroom renovation (workforce) initiative projects were combined into a single line item of six renovation projects for 2006, coupled with four classroom renovation projects from 2004 for a total of 10 projects at \$4.6 million.

Demolition - The demolition initiative project in 2004/2005 was very successful with 10 campuses receiving \$1.625 million for demolition of outdated storage sheds, obsolete classroom space and other assets where the cost of repairs exceeded their value. For the 2006 budget, the only requests received were for demolition of 40 to 60 year-old student housing at state universities. These student residence halls had been constructed, operated and maintained under the auspices of the Revenue Fund, entirely funded by the students residing in the halls over the years.

Allocating state general obligation bonds towards demolition of these Revenue Fund facilities was not popular with the Technical Advisory Teams. Since not all institutions have access to the Revenue Fund, there is an equity issue with the policy of the system paying the 1/6 debt service as well as using bonding capacity which in effect limits bonding allocations to all schools. However, a number of studies and financial analysis have shown that the Revenue Fund bond program cannot build new student housing and also fund the demolition of the existing, outdated and inefficient housing stock without significant impact on student fees. Considering that students have built and paid for these facilities over the years, and that students will pay for new, replacement facilities, it is proposed to include a modest \$4.5 million demolition project contingent upon the requesting university paying the full 1/3 debt service. Projects include:

- \$2.4 million for MSU Mankato: Gage Hall, 13 story, 110,300 sq ft built in 1966
- \$1.6 million for Winona SU: Quad Residence Halls: Morey, Conway, Shepard and Richards, 350,000 sq ft built in 1912, 1921, 1929, and 1957
- \$500,000 for Southwest MSU: "F" Hall, 2 story, 43,400 sq ft built in 1967

Property Acquisition - Since 1997, the system has purchased property valued at \$24 million. \$15.9 million, or 65% was funded from the capital bonding program; \$4.8 million was funded from the operating budget; and \$3.3 million from the Revenue Fund. The board discussed these issues at length in 2003 and 2004, and indicated a desire to adequately fund the property needs of the system through a strategic capital project request to the legislature. Ten campuses requested \$20.3 million dollars for a variety of acquisitions. After review by the Technical Advisory Team, the following are recommended for funding based on their relationship to the respective campus master plan, programmatic impact, growth of the institution and potential regional growth:

- St. Cloud Technical College - \$2,680,000 for adjacent commercial property (may require subsequent renovations)
- Fond du Lac T&CC - \$941,000 for adjacent residential property
- Metropolitan State University - \$600,000 for property adjacent to St. Paul campus
- Dakota County Technical College - \$1,400,000 for University of Minnesota land

- Vermilion Community College - \$420,000 for adjacent property
- Bemidji State University - \$2,000,000 for former high school property
- Various Locations - \$2,000,000

PRIORITIES 18 THROUGH 22: These projects fund design for classroom additions, science upgrades and renovations at four campuses; and complete the partially funded design and construction for a classroom building at Metropolitan State University. These projects ranked in the second quintile.

PRIORITIES 23 and 24: These projects fund design for Law Enforcement Skills Centers at Alexandria Technical College; and Minneapolis Community and Technical College (MCTC), in cooperation with Metropolitan State University, in the Twin Cities area. The MCTC project is recommended contingent upon selection of an acceptable site by December 1, 2005.

PRIORITY 25: This project includes design and construction of industrial lab spaces currently housed in two off-campus inadequate leased spaces. This project fully funds design and construction in one biennium due to the ability to execute the project within two years.

PPRORITY 26: This project will design renovations of outdated science laboratories and add laboratory space for program growth. Although originally submitted as a renovation project supporting only the hotel and restaurant program, discussions with the campus indicated a more pressing need for a broader renovation program for all the sciences.

PRIORITY 27: This is a unique project that combines \$10 million in matching funds from private donors and student user fees for a \$15 million renovation and expansion project. Design funding in 2006, with anticipated construction funding in 2008, will support donor contributions and student user fees.

A number of projects submitted for the 2006 capital budget are not recommended for funding at this time. See Attachment B. These projects were ranked in the third and fourth quartile. The projects may have merit for future funding with further development of project justification, scope, cost, and correlation with the campus master academic and facilities plans. It is recommended that the campuses work with the Office of the Chancellor to better define their respective projects for 2008 or later. The exception is the Pine Technical College request for a central energy plant, funding for which will be allocated for boiler replacement in the 2006 HEAPR program.

The two proposed projects listed as Workforce Centers have a unique connection to the workforce development mission of the system. For many years, the Department of Employment and Economic Development (DEED) has leased space for Workforce Centers at five campuses. This partnership has been very beneficial for dislocated workers and for recruiting students to the campuses. Common facilities are used for testing, seminars, and other job-related issues.

In 2005, two projects were proposed at Anoka Ramsey Community College in Cambridge for \$2.7 million and Rochester Community and Technical College for \$8.5 million will continue that positive partnership. However, the Technical Advisory Team scored these proposals in the lowest quartile acknowledging that they should not be supported within the limited dollars available to MnSCU in the bonding bill. Currently the Office of the Chancellor and DEED are

discussing a means by which one or both of these projects can be supported on campuses but funded through other means.

NEXT STEPS

The FY2006 Capital Budget currently totals \$277.3 million. Project cost estimates are based on the current guidelines published by the Department of Finance. New guidelines expected by mid-May 2005 will likely increase cost estimates based on revised inflation factors. Project costs as shown on Attachment A may increase upwards of 4% depending on the construction schedule of each project.

The Department of Finance is scheduled to issue instructions for submitting the statewide FY 2006-2011 Capital Budget later this month. Agency requests are due to the Department of Finance by mid-June for a coordinated preliminary submittal to the Legislature by July 1. The Legislature will use this preliminary information as they make their visits around the state in the summer and fall to become familiar with upcoming capital requests. Final adjustments to the June submission must be no later than September 15, 2005 for preparation of the Governor's Capital Budget recommendations for the 2006 legislative session.

RECOMMENDED COMMITTEE ACTION:

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

RECOMMENDED MOTION:

The Board of Trustees approves the FY2006 - 2011 Capital Budget as presented above and contained in Attachment A, specifically the projects and priorities for FY2006. The Board recognizes the projects in the 2008 and 2010 program years as strong candidates for future funding. The Chancellor is authorized to make adjustments in project cost estimates as necessary and to forward the program to the Governor for consideration in the FY 2006 state capital budget.