

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

Second Reading

BOARD ACTION

AMENDMENTS TO BOARD POLICIES: 5.14 - PROCUREMENT AND CONTRACTS;
6.5 - CAPITAL PROGRAM PLANNING; 6.7 - REAL ESTATE TRANSACTIONS

BACKGROUND

The Finance Division reviews Chapters 5-7 no less than triennially in its effort to maintain Board policies and procedures that:

1. assure contemporary and responsible business practices are maintained
2. assure the system's current financial and operating control mechanisms are sustained or strengthened
3. assure continuity of operations
4. clarify conflicting or misunderstood information
5. eliminate redundancy

The captioned policies are the first to be reviewed this triennium and the resulting proposed amendments are highlighted below.

Policy 5.14, Procurement and Contracts (please review Attachment A following Report)

The amended policy will:

1. add contracting options available to the Commissioner of Administration under Minnesota Statutes chapters 16A, 16B and 16C to the list of authority sources granted to the Board of Trustees for contracting
2. clarify the Chancellor will approve exceptions to the five-year limit on contract terms and that such exceptions will be reported to the Board no less than annually
3. expand/clarify accountability for presidents from professional/technical services contracts to all contracts
4. increase the contract authorization level from \$1M to \$2M before Board approval is required
5. clarify the Board will pre-approve contracts with a value greater than an identified dollar limit

Item #4 is recommended to assure the Office of the Chancellor is more responsive to the rapidly-changing technology environment, including voice and data telecommunications, essential to properly serving our students and maintaining continuity of our operations. The current dollar limit and approval process have been policy in excess of five years and limits the Office of the Chancellor's ability to respond in a timely and appropriate manner to corrective action where required.

Policy 6.5, Capital Program Planning (please review Attachment B following Report)

The amended policy will:

1. clarify the Board will establish criteria for and approve capital program guidelines and a multi-year capital budget, including a prioritized capital project list
2. clarify the Chancellor will develop and recommend program guidelines and contracting procedures
3. clarify the Chancellor will direct planning, design and construction of facilities to assure long-lived, substantial and low maintenance facilities
4. clarify the Board will receive period reports on each project's status, including changes in the budget, scope and schedule

Policy 6.7, Real Estate Transactions (please review Attachment C following Report)

The amended policy will:

1. clarify the Chancellor will review and approve all real estate transactions
2. clarify the Board will approve all acquisitions funded by campus operating funds of real estate valued at or greater than \$1M or valued at or greater than 1% of the schools annual operating budget
3. clarify the Board will approve all sales of real estate

RECOMMENDED COMMITTEE ACTION

The Finance/Facilities Policy Committee recommends the Board of Trustees adopt the motion as stated below.

RECOMMENDED BOARD ACTION

The Board of Trustees approve amending Board Policy 5.14, Procurement and Contracts, Board Policy 6.5, Capital Program Planning, and Board Policy 6.7, Real Estate Transactions, as submitted and noted in Attachments A-C.

Date Presented to the Board: December 7, 2005