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**Planning Committee Meeting
Prairie Lounge
Wednesday, February 20, 2013**

Present: Margaret Kuchenreuther (chair), Charles Cain, Michael Eble, Julie Eckerle, Jim Hall, Arne Kildegaard, Jane Kill, Sarah Mattson

Absent: Jim Barbour, Leslie Meek, Lowell Rasmussen, Jordan Wentz

Guests: Chancellor Jacquie Johnson, Lisa Harris

- ◆ The meeting was called to order by Chair, Margaret Kuchenreuther. The minutes and the comparison group information will be discussed next month. This meeting will revolve around the two handouts that were sent out via email entitled *Rethinking the Capital Investment Programs for the Morris Campus* and the *Campus Capital Master Plan version 6* (attached at the end of these minutes.) Julie Eckerle also has a concern regarding the Humanities Building.
- ◆ A concern brought forth by Vice Chancellor Sandy Olson Loy is the locker room situation at the PE Center. The PE Center is a building constructed in the 1970s, at a time when there were no women's sport teams. Now there are 10 or so. This presents challenges not necessarily in our athletic facilities per say, but as far as locker rooms and as part of our Title IX compliance issues. It is a concern that has come back to UMM from the Twin Cities Office of Compliance. Discussions for renovations have looked at the possibly of using the RFC locker rooms, which are not necessarily maximized. This issue is not currently on the bonding list, but needs to be addressed.
- ◆ Jacquie Johnson began explaining where UMM is in the Capital Planning Process. Two approaches have been envisioned.

Approach A: Keep the projects that are currently on the list and in the order presented. This would prioritize the library renovation, which has been pushed back several times; currently it is on the list for 2018. There is a "guesstimate" for cost listed. There is no real way to define a concrete cost as construction prices continually change. The other item on the list is the five mall buildings (as one project), which are in need of HVAC, general upgrading and some repurposing. This committee looked at this plan a year ago. This project uses the library as the central focal point as a "knowledge center" and the mall buildings as "pods" connected to that knowledge center. These pods would offer more areas for faculty/student interaction.

The library is first on the 2018 list. However, as discussions evolve, we wondered if there is a different way to look at what the campus needs and get us to a "better place" sooner. Is it essential to wait for the long period of time necessary get these things first on the facilities list, then the Regents' list, then state legislature's approval? It not necessarily saying it will end in success. Thus the "paper" Lowell has put together to offer a different approach.

Approach B: The idea is that UMM would forego the more traditional approach. The traditional approach has the state providing two-thirds of the funding and the campus providing the remaining third of the project cost. This presents interesting financial challenges for UMM. In the new approach UMM would step back from the state bonding process for 20 years and instead ask to receive a bigger "share" of HEAPR funds to begin some of these renovations. This process would use some campus resources, but not

necessarily the 1/3 cost commitment. It is thought we could make some significant impact on building renovations if we can proceed in this way.

This idea was presented to the new University Services Vice President Pam Wheelock when she was here last fall. She was very interested in this idea. Ms. Wheelock wondered if it could also be a way for the University and MNSCU to partner. UMM is not the only campus with these challenges; old buildings each having their own issues.

Plan B was also presented to Linc Kallsen, a right hand person to Richard Pfutzenreuter, the University's CFO. (Linc has helped UMM with some financial issues.) Linc wanted to see this modeled. What would be the benefits to the University if we moved this way (for example, in terms of interest paid, etc.)? Linc has worked with Lowell to do the modeling and it appears that it would benefit us. The Capital Requests are due February 25. Jacquie's thoughts are presenting Plan A and Plan B. We don't want to lose our spot in the "normal" scheme of things regarding the Library in 2018. But the thought is to present Plan B as our response to the invitation to bring proposals to the Board.

We would like this committee's response. Does this plan make sense and do we continue down this path and proceed?

Lisa Harris—When Lowell spoke about this plan to the Plant Services staff in more layman's terms, they wondered if it possible for UMM to get the one-third cost portion. Is this really attainable? Our campus just doesn't have those kinds of monies readily available; thus, the need to try different funding avenues. UMM needs the ability to get more funding to do smaller projects. UMM used to receive \$300,000/year in R&R (repair and renovations) funds. Today this amount has dwindled to approximately \$200,000/year. This dollar amount does not go far when so many buildings are in need. If we can keep on top of the smaller things and be proactive on those small projects, perhaps fewer of these projects would turn into large projects.

◆ Jane Kill asked if she was correct in her understanding that HEAPR funds could only be used for designated projects.

Jacquie Johnson responded that is correct. And there are rules that go with those funds, as well as an entirely new regime scrutinizing projects with a whole new interpretation of the rules/regulations. For example, these funds cannot be used programmatically, but may be used for roof repair, tuck pointing, etc. Most of these funds may only be used for exterior maintenance and not infrastructure, classrooms etc.

Jim Hall said a very simplified interpretation last year was roofs and elevators.

◆ Julie Eckerle asked if the new plan is useful to us when our current needs appear very different.

Jacquie Johnson responded the needs are not necessarily different. For instance, HVAC systems come under HEAPR funds, where buildings are not air-conditioned, have poor heating systems, etc. We would be expected to use our own resources for new furniture, white boards, carpeting, painting walls, technology in the rooms, etc.

Lisa Harris indicated HEAPR would pay for the larger things but when it comes down to the fine tuning, those funds need to come from our own resources.

- ◆ Sarah Mattson asked if we would get a larger share from HEAPR funds versus the bonding where we would need to contribute the one-third share.

Jacque responded this is the new strategy we want to propose. It is hoped that we would get more HEAPR funds than in the past, of course lessening the funds distributed to others. This is where the whole political exercise comes in. Typically the projects that end up on the state's bonding bill are big. Our budgets/projects are not usually that big. We did get the Welcome Center. Because it wasn't that big, perhaps nobody paid that much attention to it. That was a \$6.3 m project. If you look at the projects on the current list for bonding, most are much larger. The other idea about this plan is UMM wouldn't take up space with our smaller projects. We would "step off" the bonding list in exchange for getting a bigger share of HEAPR funds so we could move more quickly to do renovations.

We would present both Plan A and Plan B and not relinquish the place we currently hold for 2018. It is just Plan B would be a possible alternative. We would need get this done in writing before moving forward.

- ◆ Margaret—Lowell has asked us to think about HEAPR and R&R (repair and renovations) funds. Margaret asked if there are fewer restrictions on these funds.

Lisa Harris answered yes. UMM has a certain amount of discretion regarding how these funds are used. There are no longer "classroom improvement funds." However we still receive PAR (programmatic funding, about \$20,000/yr.), which does have rules to follow. We basically use these monies in classroom and programmatic environments. R&R funds are used where we see fit on campus. This amount is less than \$200,000/year.

- ◆ Jacque asked what the funding stream for Science Auditorium renovation was. Lisa answered a combination of HEAPR and R&R, depending upon what was being done.
- ◆ Julie Eckerle addressed Plan B: Is the "Biennium" listed on the left when these buildings would be addressed for renovation on the bonding process?

Jacque answered if we followed the "typical" calendar for bonding requests that is when those buildings would be addressed. The intention for the new approach is things would move forward in a quicker timeframe.

Julie responded that Humanities appears to have a very low priority and she is quite concerned as is the building is not conducive for instruction. The heating system clanks for most of the year. At times it is so loud, constant, and at time rhythmic, that she wonders how students hear, learn or, more importantly, concentrate on tests. The Humanities Building has been taken off some of the admissions tour of buildings for prospective students.

She then related her recent experience in the Humanities Building. Julie was showing her class a film in Humanities 5 on the evening of January 30th. The class became locked in the room. The door would not open. Campus Police was called, and an officer came over but could not get the door open. Then a carpenter was called in to take the door off. After another 35 minutes a carpenter arrived to work on the door. The carpenter stated he took out the entire lock mechanism. So, as the mechanism was removed from the door, Julie started the film and left to do grading. She came back and was going to close the door and the students screamed to stop. They had once again been locked in when the door was closed. They had

to call Campus Police back to open the door This is such hazardous and risky situation, something needs to be done. She was never notified if/when it was repaired.

Jacque stated that the “priority” list could certainly be changed.

- ◆ Margaret believes that the role of the Planning Committee should be to discuss what our renovation priorities will be out into the future rather than being asked to approve a plan only right before the list is due to the central administration. For example, PE Phase I and Phase II are side by side on the list. Could we do Phase I to take care of the most immediate concerns and then do Phase II some years later?

Michael Eble is also concerned with health and risk management. He had been at the PE Center and noticed all the ball players swinging bats, throwing/catching balls etc. in a somewhat public area. He feels like we need to address this and keep our students out of harm's way. Michael also encourages students to write a lot about facilities on their evaluations. However, there was a question about whether anybody besides the course instructor and the Division Chair is ever alerted these concerns.

- ◆ Margaret -- There are multiple issues in front of us:
First is prioritization of particular projects, which needs additional conversations, information and presentations of data and issues. We could certainly suggest change of the prioritization.

Does the committee think we should go forward with Plan B? Or do we stay the course, keeping Library on the 2018 request with the inability to predict whether our project will make it into the bonding bill?

- ◆ Sarah Mattson—appreciates that people are actively pursuing alternative ways to move forward, looking for resources and trying to think outside the box. If we are not making progress by using conventional processes we will never reach a favorable outcome in a reasonable timeframe. It is good to have a reasonable alternative plan. Yes, there may be some risk, but it will be worth it. Without risk we go nowhere.
- ◆ Arne Kildegaard—In Plan B we are taking an uncertain and “lumpy” cash flow, subject to all the whims of the system, and trading it for an annuitized funding stream that seems to be of more appropriate scale for the needs of the campus.
- ◆ Margaret – If we go with Plan B, what faith do we have that a promise made today will be honored by the time we get 20 years down the road? The administration will once again be a completely different group of people, perhaps having a completely different agenda. Has there ever been a 20-year plan that outlived a current president?
- ◆ Sarah Mattson—Do we take ourselves completely out of the bonding issue? Or do we keep our current plan and then on a year by year basis negotiate what our needs truly are for that timeframe?
- ◆ Jacque Johnson—There are risks no matter what we do. I also think it is difficult to predict what will happen. Something disastrous could happen at any time. Or, it may be that someone could step forward with a huge monetary gift to contribute to modernize campus buildings, e.g., the Library or the Humanities Building. There may also be the opportunity we would have the funding to pay for half the cost of renovating the Library. I am making this up, but there are

those possibilities. We would not forego an opportunity like that. I would not think we would change our minds, but rather they may change their minds.

The powers that be may not agree with any of this, and in that case all this conversation is for naught. However, if they are willing to make a commitment like that, I would want it in writing and signed. It wouldn't be a legally binding document, but something in writing is more solid than a word and handshake. It would have to be formalized.

I do think this is how it is being received. We are offering something and getting something in return.

I do see this as something that could be useful for more than just the Morris campus. We are not the only campus with older buildings; look at even the Minneapolis campus, the Duluth campus. It could have potential to be beneficial for all campuses.

- ◆ Sarah Mattson—I need to ask if we go with Plan B, does that mean we give up the bonding bill requests completely. Or can we negotiate on a year by year basis?
- ◆ Jacquie—Linc and others have modeled the plan to see if it would be financially feasible and the deal is it would be better for the University in terms of interest payments, etc. I think there is the concept of an exchange here. If we would bow out of the bonding process, they would do that for us.
- ◆ Margaret Kuchenreuther—If we went with Plan A, as it currently stands, it is a 6-year plan with the Library on line for 2018. Does this also include the mall buildings or is that asking for something else in 2022?
- ◆ Julie Eckerle—In the hypothetical situation where all money has been granted, I am thinking that Lowell is comfortable to go ahead with Briggs Library and do the things we want to do.
- ◆ Jacquie Johnson—I don't think we are quite there yet. I think if Plan B is approved, we need to come back to this committee and have the conversation about prioritization, etc. We need to know how many HEAPR dollars we are going to get. Would it be enough money to complete Phase I of the Library project? I don't see this as a finished discussion.
- ◆ Julie Eckerle—Yes I understand that. However you do think we could do some of the major renovations?
- ◆ Margaret Kuchenreuther—I don't see that we really have anything to lose. The 6-year plan Capital Plan is due on the 25th (5 days from now). So if Plan A is presented to them, and at the same time you say, "Would you consider Plan B?" the ramifications don't kick in until much later. They could say we will leave you in the current plan but also we will consider this new plan. And if they would say yes to the new plan, it is possible that by 2016 we could have renovation monies.
- ◆ Jacquie Johnson—That is how I look at it. I don't want to give up our current place in the scheme of things. My intention is to say we want to keep these projects in the 6-year plan. Again Plan B has been presented to President Kaler, Linc Kallsen, Pam Wheelock, Mike Berthelsen, Bill Paulus and others. It may depend on exactly who is present at the table upon the presentation. In the past there were five. Now I believe the table consists of Richard Pfitzenreuter, Vice President and CFO Budget and Finance; Julie Tonneson, Office of Budget

and Finance; Karen Hanson, Sr. Vice President for Academic Affairs and Provost; Pam Wheelock, Vice President University Services and Brian Herman, Vice President Office of Research.

- ◆ Margaret Kuchenreuther—It sounds as if it should be a priority to get some of the new people here to visit UMM (Brian Herman and Karen Hanson.)
- ◆ Arne Kildegaard—Would the size of the incremental increases for R&R, HEAPR, PAR, etc. be commensurate if we are not getting the occasional bonding lump sum?
- ◆ Jacquie Johnson—I think the modeling is the attempt to demonstrate that, showing we can get to a similar place in a different manner.
- ◆ Arne Kildegaard—What kind of agreement/understanding would be needed to reach new people when there is a turnover at the table? Could there be some sort of understanding about how much bonding we would ordinarily be entitled to in principal, then annuitize that every couple of years rather than every 6-8 years? That should be a pretty simple.
- ◆ Jacquie Johnson—UMM's previous successful bonding projects on campus included Student Center, Science Bldg., Imholte Hall, and the Welcome Center; four projects in 20 years. Dollar amounts are all over the place.
- ◆ Margaret Kuchenreuther—The model shows that cost avoidance is quite large \$22,800,000 as there are no interest payments.
- ◆ Arne Kildegaard—I feel quite good about this plan. However, if/when it happens we will need to have an in-depth conversation about priorities.
- ◆ Jacquie Johnson—Do I have a good sense regarding this plan? Move forward but not lose our place with the current bonding projects?

There was general ascent from the committee to explore Plan B without risking our current 6-year plan

- ◆ Margaret Kuchenreuther—Changing the subject, I am wondering if we can get some sand put on the parking lots. The lots are treacherous and I've been concerned for my safety after my recent back surgery. Something needs to be done. (Others agree.)
- ◆ Margaret Kuchenreuther—In the next two weeks I plan get in touch with Nancy Helsper to get data on the potential peer institutions discussed at the last meeting.

The next meeting is 4:00 p.m., March 6, 2013 in the Prairie Lounge.