



Minnesota
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& UNIVERSITIES

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07 - 0102

January 5, 2007

The Honorable Richard Cohen, Chair
Senate Finance Committee
Minnesota Senate
121 State Capitol
St. Paul, Minnesota 55155

Dear Senator Cohen:

In accordance with MS 136F.98, subdivision 1, I am informing you that the Finance/Facilities Committee of the Board of Trustees of the Minnesota State Colleges and Universities recommended a sale of Revenue Fund bonds at its meeting on December 20, 2006. The full Board is expected to act on this matter on January 17, 2007. The sale is estimated at \$46.3 million currently. I am writing today to convey the project plans and request your advisory recommendation.

The projects include the renovation of a residence hall at Bemidji State University; the construction of a Wellness Center at MSU Moorhead; the construction of a new residence hall at Southwest Minnesota State University; and planning funds for future projects. A brief description of the projects is attached.

For your information, Moody's rated previous MnSCU revenue bonds Aa3; the Standard and Poor's rating is AA-. A reaffirmation of these ratings is expected. The pricing of the bonds is scheduled for February 6, 2007 and closing is planned for February 22. I would appreciate receiving your advisory recommendation before that date.

If you or your staff have any questions, please contact me at 651.297.5579 or Sieglinde Bier at 651.297.7468.

Warmest Regards,

Laura M. King
Vice Chancellor - Chief Financial Officer

Enclosure

C: Keith Langseth, Chair, Senate Capital Investment Committee
Sandra Pappas, Chair, Senate Higher Education Budget Division
Dave Jensen
Emily Shively

Revenue Fund 2007 Bond Sale Projects

Bemidji State University – Residence Life

Renovation of Linden Hall

Linden Hall, a 54,000 square foot residence hall with an architectural capacity of 302 beds, was constructed in 1959/61. Geographically it is located closest to the academic core of the campus. See Attachment A. The renovation includes gutting all floors and reconfiguring the rooms into suites that include bathrooms. There will be new electrical and plumbing systems, new windows, HVAC system, and a sprinkler system. The revised capacity will be 185 beds. Once the building is in operation, Maple Hall, capacity of 400, will be taken off-line and demolished when state bond funding is received. The university is requesting \$2 million for demolition in the 2008 Capital Budget. The combined deficiency backlog of Linden and Maple Halls is \$3.2 million.

Schedule: An architect has been selected and design has begun. Demolition of the interior is expected to begin soon. Construction will commence thereafter and the renovated facility should be complete and ready for occupancy by January 2008.

Estimated Cost: Approximately \$8.5 million.

Minnesota State University Moorhead – Student Life

Construction of Wellness Center

Funds are being requested to construct a new, 43,019 gross square foot fitness center on the university campus. Continued growth in student enrollment has resulted in increased needs for indoor recreation space for both general student population and club sports. The Wellness Center, in addition to its basic function of health and fitness, will also serve as a social gathering space. The building location between Comstock Memorial Union and Kise Commons will promote better campus circulation. See attachment B.

Schedule: An architect has been selected and design is underway; construction should begin with receipt of bond proceeds. Project completion is planned for August 2008.

Estimated Cost: Approximately \$10,850,000. The project's funding sources include Revenue Fund bond proceeds, student user fees, and private donations. Revenue Fund bonds for the entire \$10,850,000 will be sold and it is expected that \$5.5 million would be called and retired early once donations in that amount have been received.

Southwest Minnesota State University – Residential Life

Construction of New Residence Hall

In the 2006 Capital Bonding Bill Southwest Minnesota State University received \$500,000 to demolish “F” Hall, their oldest residence hall with an architectural capacity of 198 beds. Once the demolition is complete, a new, 62,734 square foot residence hall will be constructed with 248 beds on the same site. See Attachment C. The university engaged a consultant to analyze whether they should remodel their older residences halls or replace them. The conclusion was that due to the type of construction and configuration, demolition was the only viable way to achieve the changes in housing mix that the university needed as well as eliminate the backlog of deferred maintenance in the building, which currently is \$775,000.

Schedule: Design will begin with the receipt of bond proceeds. Occupancy is estimated in Fall 2009.

Estimated Cost: Approximately \$13.4 million

System-Wide Capital Planning

Planning Funds for Future Projects

Funding is also proposed for architectural design to allow development of accurate scopes, budgets and schedules in advance of requesting approval for future projects. Projects currently in planning and formulation stages include a new residence hall, and an addition to Memorial Hall for a fitness/wellness center at Winona State University.

Schedule: Projects are anticipated to proceed through 2007 and 2008

Estimated Cost: \$3.0 million in planning funds