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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1605

03/09/2015 Authored by Nornes and Pelowski

The bill was read for the first time and referred to the Committee on Higher Education Policy and Finance

04/07/2015 Adoption of Report: Amended and re-referred to the Committee on Capital Investment

1.1 A bill for an act
1.2 relating to capital investment; appropriating money for capital improvements
1.3 and betterments at the University of Minnesota and Minnesota State Colleges
1.4 and Universities facilities statewide; authorizing the sale and issuance of state
1.5 bonds; modifying a prior appropriation; authorizing sale of state bond-financed
1.6 property; amending Laws 2012, chapter 293, section 3, subdivision 18.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. **CAPITAL IMPROVEMENT APPROPRIATIONS.**

1.9 The sums shown in the column under "Appropriations" are appropriated from the
1.10 bond proceeds fund, or another named fund, to the state agencies or officials indicated,
1.11 to be spent for public purposes. Appropriations of bond proceeds must be spent as
1.12 authorized by the Minnesota Constitution, article XI, section 5, paragraph (a), to acquire
1.13 and better public land and buildings and other public improvements of a capital nature, or
1.14 as authorized by the Minnesota Constitution, article XI, section 5, paragraphs (b) to (j),
1.15 or article XIV. Unless otherwise specified, money appropriated in this act for a capital
1.16 program or project may be used to pay state agency staff costs that are attributed directly
1.17 to the capital program or project in accordance with accounting policies adopted by the
1.18 commissioner of management and budget. Unless otherwise specified, the appropriations
1.19 in this act are available until the project is completed or abandoned subject to Minnesota
1.20 Statutes, section 16A.642. Unless otherwise specified in this act, money appropriated in
1.21 this act for activities under Minnesota Statutes, sections 16B.307, 84.946, and 135A.046,
1.22 should not be used for projects that can be financed within a reasonable time frame under
1.23 Minnesota Statutes, section 16B.322 or 16C.144.

1.24

APPROPRIATIONS

2.1 **Sec. 2. UNIVERSITY OF MINNESOTA**

2.2 **Subdivision 1. Total Appropriation** **\$ 77,000,000**

2.3 To the Board of Regents of the University
 2.4 of Minnesota for the purposes specified in
 2.5 this section.

2.6 **Subd. 2. Higher Education Asset Preservation**
 2.7 **and Replacement (HEAPR)** **55,000,000**

2.8 To be spent in accordance with Minnesota
 2.9 Statutes, section 135A.046.

2.10 **Subd. 3. St. Paul; Veterinary Isolation**
 2.11 **Laboratories Renovation** **18,000,000**

2.12 To demolish two obsolete veterinary
 2.13 isolation laboratories and predesign, design,
 2.14 construct, furnish, and equip a veterinary
 2.15 biocontainment facility on the St. Paul
 2.16 campus, including large and small animal
 2.17 holding spaces.

2.18 **Subd. 4. St. Paul; Greenhouse Replacement** **4,000,000**

2.19 To demolish the existing facility and
 2.20 predesign, design, construct, furnish, and
 2.21 equip a greenhouse with four specialized
 2.22 biome rooms and two flexible project rooms
 2.23 to support learning and research on the St.
 2.24 Paul campus.

2.25 **Subd. 5. University Share**

2.26 Except for the appropriation for HEAPR, the
 2.27 appropriations in this section are intended to
 2.28 cover approximately two-thirds of the cost of
 2.29 each project. The remaining costs must be
 2.30 paid from university sources.

2.31 **Subd. 6. Unspent Appropriations**

2.32 Upon substantial completion of a project
 2.33 authorized in this section and after written

3.1 notice to the commissioner of management
 3.2 and budget, the Board of Regents must use
 3.3 any money remaining in the appropriation
 3.4 for that project for HEAPR under Minnesota
 3.5 Statutes, section 135A.046. The Board
 3.6 of Regents must report by February 1 of
 3.7 each even-numbered year to the chairs of
 3.8 the house of representatives and senate
 3.9 committees with jurisdiction over capital
 3.10 investment and higher education finance, and
 3.11 to the chairs of the house of representatives
 3.12 Ways and Means Committee and the senate
 3.13 Finance Committee, on how the remaining
 3.14 money has been allocated or spent.

3.15 **Sec. 3. MINNESOTA STATE COLLEGES**
 3.16 **AND UNIVERSITIES**

3.17 **Subdivision 1. Total Appropriation** **\$ 198,454,000**

3.18 To the Board of Trustees of the Minnesota
 3.19 State Colleges and Universities for the
 3.20 purposes specified in this section.

3.21 **Subd. 2. Higher Education Asset Preservation**
 3.22 **and Replacement (HEAPR)** **72,500,000**

3.23 To be spent in accordance with Minnesota
 3.24 Statutes, section 135A.046.

3.25 **Subd. 3. Anoka Technical College** **2,114,000**

3.26 To design, renovate, furnish, and equip the
 3.27 automotive and manufacturing technology
 3.28 training spaces.

3.29 **Subd. 4. Bemidji State University** **18,100,000**

3.30 To complete design and construct, furnish,
 3.31 and equip the replacement of Hagg Sauer
 3.32 Hall.

3.33 **Subd. 5. Century College, White Bear Lake** **1,325,000**

4.1	<u>To design, renovate, furnish, and equip</u>	
4.2	<u>existing tiered classrooms to create more</u>	
4.3	<u>flexible and efficient space.</u>	
4.4	<u>Subd. 6. Dakota County Technical College</u>	<u>7,733,000</u>
4.5	<u>To complete design, renovate, furnish,</u>	
4.6	<u>and equip classroom and lab space for</u>	
4.7	<u>transportation and emerging technologies</u>	
4.8	<u>programs.</u>	
4.9	<u>Subd. 7. Minnesota West Community and</u>	
4.10	<u>Technical College; Canby and Jackson</u>	
4.11	<u>Campuses</u>	<u>3,267,000</u>
4.12	<u>(a) To design and install a geothermal HVAC</u>	
4.13	<u>system, and remove and replace associated</u>	
4.14	<u>mechanical systems, on the Canby campus.</u>	
4.15	<u>(b) To design and consolidate the powerline</u>	
4.16	<u>training program spaces by demolishing</u>	
4.17	<u>Building "B" and the current off-campus</u>	
4.18	<u>powerline training space, and construct</u>	
4.19	<u>and equip a new indoor powerline training</u>	
4.20	<u>addition and exterior truck port on the</u>	
4.21	<u>Jackson main campus.</u>	
4.22	<u>Subd. 8. Minnesota State Community and</u>	
4.23	<u>Technical College; Fergus Falls and Wadena</u>	
4.24	<u>Campuses</u>	<u>2,373,000</u>
4.25	<u>(a) To design the renovation of and to</u>	
4.26	<u>renovate, furnish, and equip existing library</u>	
4.27	<u>space to create a student services center at</u>	
4.28	<u>the Wadena campus.</u>	
4.29	<u>(b) To design the renovation of and to</u>	
4.30	<u>renovate, furnish, and equip existing space</u>	
4.31	<u>to create a center for student and workforce</u>	
4.32	<u>success at the Fergus Falls campus.</u>	
4.33	<u>Subd. 9. Northeast Higher Education District,</u>	
4.34	<u>Hibbing</u>	<u>10,000,000</u>

5.1	<u>To complete the design, remove obsolete and</u>	
5.2	<u>underutilized space, and construct, renovate,</u>	
5.3	<u>furnish, and equip efficient and flexible</u>	
5.4	<u>academic and student service space at the</u>	
5.5	<u>Hibbing campus.</u>	
5.6	<u>Subd. 10. Northland Community and Technical</u>	
5.7	<u>College; East Grand Forks</u>	<u>826,000</u>
5.8	<u>To design, renovate, furnish, and equip</u>	
5.9	<u>science and radiological technology</u>	
5.10	<u>laboratories on the East Grand Forks campus.</u>	
5.11	<u>Subd. 11. Rochester Community and Technical</u>	
5.12	<u>College</u>	<u>11,585,000</u>
5.13	<u>To complete the design, remove obsolete and</u>	
5.14	<u>underutilized space, and construct, renovate,</u>	
5.15	<u>furnish, and equip efficient and flexible</u>	
5.16	<u>academic and student service space.</u>	
5.17	<u>Subd. 12. St. Paul College</u>	<u>18,829,000</u>
5.18	<u>To complete the design of and construct,</u>	
5.19	<u>furnish, and equip the Health and Science</u>	
5.20	<u>Alliance Center addition, and to renovate,</u>	
5.21	<u>furnish, and equip existing health and West</u>	
5.22	<u>Tower spaces.</u>	
5.23	<u>Subd. 13. St. Cloud State University</u>	<u>18,572,000</u>
5.24	<u>To complete design of and to renovate,</u>	
5.25	<u>furnish, and equip Eastman Hall to relocate</u>	
5.26	<u>student health services and academic</u>	
5.27	<u>programs into the renovated Eastman Hall.</u>	
5.28	<u>Subd. 14. South Central College; North</u>	
5.29	<u>Mankato</u>	<u>8,600,000</u>
5.30	<u>To design, renovate, renew, furnish, and</u>	
5.31	<u>equip laboratory, classroom, and office</u>	
5.32	<u>space for health care, STEM, computer, and</u>	
5.33	<u>agribusiness programs.</u>	
5.34	<u>Subd. 15. Winona State University</u>	<u>22,630,000</u>

6.1 To complete design, renovate, remodel,
6.2 furnish, and equip Phase 2 of the education
6.3 village project in Wabasha Hall, Wabasha
6.4 Recreation Center, and the Cathedral School
6.5 to create an education village of classrooms,
6.6 laboratories, offices, and meeting and support
6.7 spaces enabling the College of Education
6.8 to integrate with southeastern Minnesota
6.9 communities and school districts to jointly
6.10 provide an extraordinary experience for
6.11 the preparation of teachers and school
6.12 professionals.

6.13 Subd. 16. **Debt Service**

6.14 (a) Except as provided in paragraph (b), the
6.15 Board of Trustees shall pay the debt service
6.16 on one-third of the principal amount of state
6.17 bonds sold to finance projects authorized
6.18 by this section. After each sale of general
6.19 obligation bonds, the commissioner of
6.20 management and budget shall notify the
6.21 board of the amounts assessed for each year
6.22 for the life of the bonds.

6.23 (b) The board need not pay debt service
6.24 on bonds sold to finance higher education
6.25 asset preservation and replacement. Where a
6.26 nonstate match is required, the debt service is
6.27 due on a principal amount equal to one-third
6.28 of the total project cost, less the match
6.29 committed before the bonds are sold.

6.30 (c) The commissioner of management and
6.31 budget shall reduce the board's assessment
6.32 each year by one-third of the net income
6.33 from investment of general obligation bond
6.34 proceeds in proportion to the amount of
6.35 principal and interest otherwise required to

7.1 be paid by the board. The board shall pay its
7.2 resulting net assessment to the commissioner
7.3 of management and budget by December
7.4 1 of each year. If the board fails to make
7.5 a payment when due, the commissioner
7.6 of management and budget shall reduce
7.7 allotments for appropriations from the
7.8 general fund otherwise available to the board
7.9 and apply the amount of the reduction to
7.10 cover the missed debt service payment. The
7.11 commissioner of management and budget
7.12 shall credit the payments received from the
7.13 board to the bond debt service account in
7.14 the state bond fund each December 1 before
7.15 money is transferred from the general fund
7.16 under Minnesota Statutes, section 16A.641,
7.17 subdivision 10.

7.18 Subd. 17. **Unspent Appropriations**

7.19 (a) Upon substantial completion of a
7.20 project authorized in this section and after
7.21 written notice to the commissioner of
7.22 management and budget, the board must use
7.23 any money remaining in the appropriation
7.24 for that project for higher education
7.25 asset preservation and replacement under
7.26 Minnesota Statutes, section 135A.046. The
7.27 Board of Trustees must report by February
7.28 1 of each even-numbered year to the chairs
7.29 of the house of representatives and senate
7.30 committees with jurisdiction over capital
7.31 investment and higher education finance, and
7.32 to the chairs of the house of representatives
7.33 Ways and Means Committee and the senate
7.34 Finance Committee, on how the remaining
7.35 money has been allocated or spent.

8.1 (b) The unspent portion of an appropriation
 8.2 for a project in this section that is complete
 8.3 is available for higher education asset
 8.4 preservation and replacement under this
 8.5 subdivision at the same campus as the project
 8.6 for which the original appropriation was
 8.7 made and the debt service requirement under
 8.8 this subdivision is reduced accordingly.
 8.9 Minnesota Statutes, section 16A.642, applies
 8.10 from the date of the original appropriation to
 8.11 the unspent amount transferred.

8.12 Sec. 4. **BOND SALE EXPENSES** \$

8.13 To the commissioner of management
 8.14 and budget for bond sale expenses under
 8.15 Minnesota Statutes, section 16A.641,
 8.16 subdivision 8.

8.17 Sec. 5. **BOND SALE.**

8.18 To provide the money appropriated in this act from the bond proceeds fund, the
 8.19 commissioner of management and budget shall sell and issue bonds of the state in an
 8.20 amount up to \$275,454,000 in the manner, upon the terms, and with the effect prescribed
 8.21 by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution,
 8.22 article XI, sections 4 to 7.

8.23 Sec. 6. **BOND SALE SCHEDULE.**

8.24 The commissioner of management and budget shall schedule the sale of state general
 8.25 obligation bonds so that, during the biennium ending June 30, 2017, no more than \$.....
 8.26 will need to be transferred from the general fund to the state bond fund to pay principal
 8.27 and interest due and to become due on outstanding state general obligation bonds. During
 8.28 the biennium, before each sale of state general obligation bonds, the commissioner of
 8.29 management and budget shall calculate the amount of debt service payments needed on
 8.30 bonds previously issued and shall estimate the amount of debt service payments that will
 8.31 be needed on the bonds scheduled to be sold. The commissioner shall adjust the amount
 8.32 of bonds scheduled to be sold so as to remain within the limit set by this section. The

9.1 amount needed to make the debt service payments is appropriated from the general fund
 9.2 as provided in Minnesota Statutes, section 16A.641.

9.3 Sec. 7. Laws 2012, chapter 293, section 3, subdivision 18, is amended to read:

9.4 Subd. 18. **Southwest Minnesota State**
 9.5 **University, Marshall**

9.6 **Science Lab Renovation** 500,000

9.7 (a) To complete design for renovation of the
 9.8 Science and Math building and classroom
 9.9 spaces and an addition to the Plant Science
 9.10 building.

9.11 (b) Having abandoned the project specified
 9.12 in paragraph (a), the unspent portion of
 9.13 this appropriation is available for higher
 9.14 education asset preservation and replacement
 9.15 on the campus of Southwest Minnesota
 9.16 State University, Marshall, and the debt
 9.17 service requirement under subdivision 20 is
 9.18 reduced accordingly. Minnesota Statutes,
 9.19 section 16A.642, applies from the date of the
 9.20 original appropriation to the unspent amount
 9.21 transferred.

9.22 Sec. 8. **MINNEAPOLIS COMMUNITY AND TECHNICAL COLLEGE; SALE**
 9.23 **OF AVIATION TRAINING CENTER.**

9.24 Notwithstanding Minnesota Statutes, section 16A.695, subdivision 3, the net
 9.25 proceeds of the sale or disposition of the Aviation Training Center at the Flying Cloud
 9.26 Airport operated by the Minneapolis Community and Technical College, after paying
 9.27 all expenses incurred in selling the property, are appropriated to the Board of Trustees
 9.28 of the Minnesota State Colleges and Universities for use pursuant to Minnesota Statutes,
 9.29 section 135A.046, at the Minneapolis Community and Technical College campus and the
 9.30 net proceeds need not be paid to the commissioner of management and budget, as would
 9.31 otherwise be required by Minnesota Statutes, section 16A.695, subdivision 3. When the
 9.32 sale is complete and the sale proceeds have been applied as provided in this section,

10.1 Minnesota Statutes, section 16A.695, no longer applies to the property and the property
10.2 is no longer state bond financed property.

10.3 Sec. 9. **EFFECTIVE DATE.**

10.4 This act is effective the day following final enactment.