



MINNESOTA STATE
Board of Trustees

AGENDA ITEM SUMMARY

NAME: Finance and Facilities Committee

DATE: June 18, 2024

TITLE: Contracts Requiring Board Approval:

- a. Lease Agreement: Detroit Lakes Public School District, Minnesota State Community and Technical College, Detroit Lakes Campus
- b. Maverick Software Consulting Income Contract, Minnesota State University, Mankato
- c. Library Building Renovation Construction – Phase 1, Normandale Community College

Action

Review and Discussion

This item is required by policy

PRESENTERS

Bill Maki, Vice Chancellor for Finance and Facilities

Brian Yolitz, Associate Vice Chancellor for Facilities

Tim Anderson, System Director for Procurement and Contract Management

Carrie Brimhall, President, Minnesota State Community and Technical College,

Pat Nordick, Vice President of Finance and Facilities, Minnesota State Community and Technical College

Ed Inch, President, Minnesota State University, Mankato

Michael G. Wells, Professor, Computer Information Science Department, Minnesota State University, Mankato

Joyce Ester, President, Normandale Community College

Jill Boldenow, Vice President of Administration, Normandale Community College

Pat Buhl, Associate Vice President Operations, Normandale Community College

PURPOSE

Board Policy 5.14, Contracts, Procurements, and Supplier Diversity, requires Board of Trustees approval of any procurement, lease agreement, or professional, technical, or consulting service contract with a value in excess of \$3,000,000 or contract amendment that would increase the total value of a contract to more than \$3,000,000.

CONTRACTS APPROVED \$1 MILLION TO \$3 MILLION – May 15, 2024, to June 10, 2024

Institution	Contract/Services Description	Amount	Duration of Contract
Minnesota State University, Mankato	Athletics bus services contract - <i>Lake Crystal Coaches</i>	\$2.0M	July 2024 – June 2027

Minnesota State University, Mankato	Crawford A Hall bathroom renovation project - <i>Brennan Construction</i>	\$1.9M	Completion of project
Minnesota West – Jackson	Boiler Replacement project- <i>Joseph Company</i>	\$1.3M	Completion of project
Southwest Minnesota State University	Athletic equipment and apparel contract - <i>ASB Sports Acquisition</i>	\$1.5M	July 2024 – June 2027

Contract Requiring Board Approval: Lease Agreement: Detroit Lakes Public School District, Minnesota State Community and Technical College, Detroit Lakes Campus

BACKGROUND INFORMATION

Minnesota State Community and Technical College (M State) seeks approval of a long-term lease agreement with the Detroit Lakes Public School District for up to 90,000 square feet of the M State Detroit Lake Campus.

The Detroit Lakes Public School District currently leases approximately 13,340 square feet of facility space on the Detroit Lakes campus supporting their Area Learning Center, Adult Basic Education, and foodservice preparation activities. After college planners identified space in excess of their academic programming needs, President Brimhall led an extensive study with members of the greater Detroit Lakes community to understand community needs and potential programming the campus could satisfy. The overall theme of the conversations identified the need for a community educational center and shared programming between the college and district.

This led to detailed conversations with the Detroit Lakes Public School District administration on campus facility space being used for district offices, early childhood programming, reorienting the location of current school district programming housed on campus, expanding concurrent and PSEO programming, enhancing credit-based programming accessible to district and regional students, as well as providing for industry-based programming and partnerships. The leased space would represent up to approximately 45 percent of the campus facility space of 197,000 square feet.

FINANCIAL TERMS

The initial lease rate of \$4.50 per square foot satisfies Minnesota Management and Budget policy and the Fourth Order Amending Order of Commissioner of Finance governing the use of state tax exempt bond financed property. It includes a 3% annual escalator to account for inflationary costs. Revenues for the first-year total up to \$405,000 and up to \$10.9 million over the 20-year term.

RECOMMENDED ACTION

The Finance and Facilities Committee recommends the Board of Trustees authorize the chancellor or the chancellor’s designee to enter into a lease agreement with the Detroit Lakes Public School District for up to 90,000 square feet of the Detroit Lakes campus of Minnesota State Community and Technical College for an initial term of 20 years with the provision for two (2) 5-year options subject to financial terms consistent with Minnesota Management and Budget and the [Fourth Order Amending Order of Commissioner of Finance](#).

Date Presented to the Finance and Facilities Committee: 6/18/2024
Date Presented to the Board of Trustees: 6/18/2024
Date of Implementation: 6/18/2024

Contract Requiring Board Approval: Maverick Software Consulting Income Contract, Minnesota State University, Mankato

BACKGROUND INFORMATION

Since 2006, Minnesota State University, Mankato (MNSU) has partnered with Maverick Software Consulting. That year, Maverick Software Consulting launched Project Maverick, designed to help computer science and technology majors fulfill their experiential learning requirements in alignment with the MNSU curriculum. This initiative includes a collaboration with Thomson Reuters, providing students with real-world tasks.

Maverick Software Consulting connects top computer science students with corporations needing software development talent. They specialize in hiring, training, and mentoring these students, thereby helping Thomson Reuters build a pipeline of IT talent while allowing them to focus on their core business operations.

The firm emphasizes developing entry-level IT talent and fostering a high engagement learning culture. By providing companies like Thomson Reuters with access to top student talent from MNSU, Maverick Software Consulting offers a cost-effective source for software development and testing.

Their "Internship Management Service" handles the administration and management of students, enabling companies to concentrate on their priorities while Maverick sources the right talent to make an immediate impact.

Over the past 19 years, this program has achieved a 100% success rate in students securing full-time employment in their field upon graduation. Students complete their experiential learning requirements through Maverick Software Consulting, and the university benefits from revenue to support faculty, student interns, and the rental of Carkoski Commons workspace.

FINANCIAL TERMS

The request is a new income contract for a term of up to five (5) years. The income over the five (5) years will not exceed \$4,100,000 over the five-year contract. The income is based on approximately 30 students participating in Project Maverick, each earning \$15 per hour, working 20 hours per week during the academic year and up to 40 hours per week during the summer. All participants are MNSU employees and receive payment through the MNSU payroll system. Students log their hours in MNSU's payroll system, and Maverick Software Consulting is invoiced for the actual time logged. Maverick Software Consulting then pays MNSU accordingly. The income contract includes language that outlines this arrangement.

The income contract covers students' pay, fringe, travel costs, time spent as project director, and rent at Carkoski. There is a separate lease agreement with Residential Life for rental of the space. There is an indirect charge for each dollar spent on the project.

RECOMMENDED ACTION

The Finance and Facilities Committee recommends that the Board of Trustees authorize the chancellor or the chancellor's designee to enter an income contract with Maverick Software

Consulting, not to exceed \$4,100,000 and with term of five years for the purposes of Maverick Software Student Internship Revenue. The Finance and Facilities Committee further recommends that the Board of Trustees directs the chancellor or his designee to execute all necessary documents.

Date Presented to the Finance and Facilities Committee: 6/18/2024

Date Presented to the Board of Trustees: 6/18/2024

Date of Implementation: 6/18/2024

Contract Requiring Board Approval: Library Building Renovation Construction – Phase 1, Normandale Community College

BACKGROUND INFORMATION

Normandale Community College (NCC) seeks board approval of an increase in construction contract authority not to exceed \$17.5 million for Phase 1 of their Library Building Renovation project.

In [March 2023](#), the board approved a construction contract not to exceed \$15.0 million for Phase 1 of the NCC Library Renovation project. Phase 1 scope originally focused on improvements to the exterior envelope and mechanical, electrical, and plumbing (MEP) infrastructure; reorganizing classroom and student services and upgrading restrooms on the lower level; and reconfiguring the main elevator and stairs are to eliminate barriers to accessibility at the entry connecting the Library to the main campus.

Phase 2 of the NCC Library Renovation project completes the library renovation work and was part of the 2024 capital budget request as priority #16 for \$14.5 million. Unfortunately, no bonding bill was passed during the 2024 legislative session and the potential for Phase 2 funding and completion of the entire library renovation in the timely manner are limited at best. As a result, the college needs to do minor renovation work to vacated Phase 2 scope areas to make them usable until the full Phase 2 funding comes through. This additional scope of work renovation and creation of a large classroom, a computer classroom, completing student study spaces and creating a more cohesive Library services back-of-house service area until Phase 2 funding is available. In addition, the mechanical, electrical and audio-visual systems will be extended/installed to serve the college until Phase 2 is completed. This work would not need to be redone when Phase 2 is funded. This additional scope of work along with inflationary pressures in the original Phase 1 scope will be addressed within the recommended construction contract amount of \$17.5 million.

FINANCIAL TERMS

The updated Phase 1 project budget totals \$20.5 million from college operating funds budgeted for over time and designated for design and construction of this project phase, Higher Education Asset Preservation and Replacement (HEAPR) funds made available from their 2020 Classroom and Student Services Renovation major capital project, and federal Higher Education Emergency Relief Fund (HEERF) funds. The \$2.5 million increase in Phase 1 funding is coming from college reserves.

Source of Funds	March 2023 Amount	Updated Amount
Designated college operating funds – Design	\$2,500,000	\$2,500,000
GO to HEAPR Rollover Funds – 2020 Capital Project	\$4,400,000	\$4,400,000
HEERF Funds to upgrade Library air handlers	\$1,400,000	\$1,400,000
Designated college operating funds	\$9,700,000	\$12,200,000
Phase 1 – Total Estimated Project Cost	\$18,000,000	\$20,500,000

Project design and the phase 1 construction contract are in the Phase 1 project budget:

Phase 1 Project Costs	March 2023 Amount	Updated Amount
Design Contract (Approved November 2022)	\$2,500,000	\$2,500,000
Phase 1 Construction Contract	\$15,000,000	\$17,500,000
Contingency	\$500,000	\$500,000
Phase 1 – Total Estimated Project Cost	\$18,000,000	\$20,500,000

This project is being executed through the Construction Manager at Risk (CM@R) delivery method where the general contractor is brought on board in the design process to provide experience and expertise. J. E. Dunn Construction is the Construction Manager for this project.

RECOMMENDED ACTION

The Finance and Facilities Committee recommends that the Board of Trustees authorize the chancellor or the chancellor’s designee to enter into an updated construction contract not to exceed \$17,500,000 for Phase 1 of the Library Building Renovation project at Normandale Community College. The Board of Trustees directs the chancellor or his designee to execute all necessary documents.

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