State-Wide Capital Master Plan Sub-Committee
Ohio Board of Regents
Minutes of the Meeting of February 28, 2007

The State-Wide Capital Master Plan Sub-Committee met at the office of the Ohio Board of Regents in Columbus, Ohio. In attendance were the following:

Subcommittee Members:
Dan Morissette
George Arnold
Glen Funk
Jeff Miller
Jim Haley
Jim Nargang
Katie Hensel
Ron James

Attendees:
Rich Petrick, Ohio Board of Regents
Stephanie McCann, Ohio Board of Regents

The meeting convened at 9:12 am.

GOALS FOR MEETING

- Achieve general consensus on Needs Statement
    - Background Material
    - Approaches to Establish Renovation Backlog
- Develop recommendations for Regents approval

Jim Nargang welcomed Glen Funk who is replacing Alex Cofield on the subcommittee.

Jim Haskell was not in attendance. One of his goals for the meeting was for the subcommittee to agree on a definition on what is deferred maintenance.

Review Facility and Financial Data Graphs

Jim Nargang reviewed the graphs produced by Katie Hensel, Ohio Board of Regents.

Discussion:

Jim Haley asked do we need to look at the graphs differently? The first three graphs, addressing statewide plant debt, state subsidy funding, and weighted

average tuition, can be combined into a powerful presentation. Dan Morissette also agreed that the graphs provide a compelling story. Jim's suggestion was accepted by the subcommittee. Regents staff would consider an approach that combines the graphs to support the analysis.

Review - An Analysis of Statewide Higher Education Capital Needs in Ohio

The subcommittee reviewed a draft of an analysis of statewide higher education capital needs. The comments included –

- We need to add the graphs to the document.
- Three approaches to the backlog are too complex. Staff needs to simplify the analysis so it is understandable to state policy leaders.
- The document needs a preface that addresses the questions of Why the public should invest in higher education?
- Stephanie McCann asked if the pictures in the document are a good representation of today's classrooms or are there better ones out there? It was suggested that subcommittee members find appropriate before and after images for the document.
- For the graph titled: State Capital Support for Campus Facilities – FY 1997/1998 through FY 2007/2008: add lines to the graph for total and amount distributed and supplemental appropriation.
- Add student revenues as a source of capital for institutions.
- The analysis needs to clearly state that private support is not uniformly distributed among the campuses or even the campus itself. The analysis also needs to be clear that private support is not typically used for renovations. Relative to federal funding sources, we need to indicate that federal earmarks are an unreliable source of capital funds.

<u>Brainstorm Ideas & Develop Consensus</u>

The subcommittee began a discussion regarding ideas to address funding need. A summary of the discussion follows -

Resources: (options only)

- Tuition cap relief
- Campus reinvestment facility fee
- Creative Vehicles
    - monetizing assets (higher-ed)
    - revenue bonds
    - securitizing State Assets

- reconsider K-12
- reconsider 5% debt limit
- state operating appropriations for capital
- increase capital approprations levels for campus reinvestment
- privatization of institutions
  (take away restrictions)
    - prevailing wage
    - multi-prime bidding
    - life-cycle
- Scale capital investments to enrollment (on campus)

Policy Issues

- Non-teaching research space (provisioning)
- Charge-Backs
- Year-round industry
- Discounts for Off-Peak
- Life-cycle costs
- Stricter boundaries around state capital

The subcommittee will add new items and prioritize recommendations at our next meeting.

Meeting adjourned at 2:35 pm.