

**Pierpont Community and Technical College
Board of Governors
Emergency Meeting of June 24, 2013**

ITEM: Change in Funding Source for Veterans Square – Phase I

COMMITTEE: Finance Committee

RECOMMENDED RESOLUTION: *Resolved*, that the Pierpont Community & Technical College Board of Governors approves \$175,000 in E&G General Reserve for remodeling, administrative fees, furniture, fixtures and equipment for Phase I of the Veterans Square leased facility instead of E&G Capital Funds until such time as the use of E&G Capital Funds for this project can be resolved with the Fairmont State University Board of Governors. If resolution can be reached, at that time all expenses associated with this action will be transferred to E&G Capital Funds.

STAFF MEMBER: Dale Bradley

BACKGROUND: In Tuesday’s June 18, 2013 meeting of the Pierpont Board of Governors two action items involving the use of E&G Capital Funds were approved. One action item was the approval of \$175,000 in Capital Funds for Veterans Square Phase I and the second action item was the approval of \$100,000 for the Master Campus and Facilities Plan. On Wednesday, June 19, 2013 Pierpont’s VP for Finance and Administration (Mr. Dale Bradley) shared the approved Board actions with Fairmont State University’s (FSU) VP for Administration and Fiscal Affairs (Mr. Rick Porto) and directed that FSU/Pierpont shared staff establish the financial organization structure to allow the projects to proceed.

Pierpont’s intent to use Pierpont’s E&G Capital Funds and Infrastructure Fees for “Pierpont Only”

capital projects was officially shared with FSU Administration on May 7, 2013 upon approval of the plan by Pierpont's Board of Governors Finance Committee. The plan proposed to determine the amount of E&G Capital and Infrastructure Fee funds available for use for "Pierpont Only" projects is as follow. Pierpont would be responsible for Pierpont's portion of related bond debt first. After bond debt payments approximately 30% would be provided for shared FSU/Pierpont capital projects. After addressing these two priorities the remaining amount would be available to be used for "Pierpont Only" projects.

In response to this communication, Mr. Porto stated that FSU Administration's position based on the Separation of Assets Agreement between the two institutions was that all uses of E&G Capital Funds regardless of the source of those funds required the approval of both the Pierpont Board of Governors and the FSU Board of Governors.

Mr. Bradley officially requested of Mr. Porto and FSU President Rose that they present these actions to the FSU Board of Governors as soon as possible, and suggested the June 21, 2013 FSU Board of Governors meeting. President Rose responded that all such requests needed to be vetted by the FSU Board Finance Committee prior to coming before the full Board unless it was deemed an emergency.

The issue regarding the establishment of the financial organizational structure to allow the project for Veterans Square to proceed creates an emergency situation for Pierpont's Board of Governors, but perhaps does not rise to that level for FSU's Board of Governors.

Pierpont has scheduled classes to begin at Veterans Square for the 2013-14 Academic Year beginning on August 19, 2013. In order to meet this timeline a variety of actions need to occur. The most time critical of these is the purchasing of furniture. In order to meet the mid-August timeline Pierpont must purchase the furniture for Veterans Square through existing State of WV Furniture Contracts.

These contracts are to be canceled after June 30, 2013, therefore in order to utilize them the orders for the furniture need to be completed prior to that date. In order to meet this timeline the FSU/Pierpont Procurement Office must have all of the requisition documents to them by Monday, June 24, 2013. If the existing State of WV Furniture Contracts cannot be utilized, the furniture purchases will be required to go through the comprehensive bid process and this process would not be completed in time to meet the mid-August timeline. Based on this fact and the fact that our lease for Veterans Square begin July 1, 2013, creates an emergency situation for Pierpont.

The only practical solution to meeting the established timeline is to use other funding sources for the Veterans Square Phase I activity as resolution on the use E&G Capital Funds cannot feasibly be reached by June 24, 2013.

No action is required regarding the \$100,000 for the Master Campus and Facilities Plan at this time as it is not as time sensitive. Should resolution regarding E&G Capital Funds be delayed longer a funding solution for this action will need to be addressed as well.