

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

July 8, 2004

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, July 8, 2004, at 1:00 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Dallas Bohnsack, presiding; Clyde Allen, Frank Berman, John Frobenius, and David Metzen.

Staff present: Vice Presidents Kathleen O'Brien and Richard Pfutzenreuter; Interim Vice President David Hamilton; Executive Director Ann Cieslak; Associate Vice Presidents Michael Perkins and Laurie Scheich.

Student Representatives present: Richard Laager and Nathan Wanderman.

BOARD OF REGENTS POLICY: CAMPUS AND FACILITY USAGE

Vice President O'Brien presented proposed amendments to Board of Regents Policy: *Campus and Facility Usage*, as contained in the docket. The policy governs permitted uses of University of Minnesota campuses and facilities in support of the institution's teaching, research, and outreach mission while also permitting utilization by the broader community. Proposed amendments include changes to ensure compliance with Board of Regents Policy: *Reservation and Delegation of Authority*. The policy will supersede Board of Regents Policy: *Building and Facility Usage*.

A motion was made and seconded, and the committee voted unanimously to recommend approval of amendments to Board of Regents Policy: *Campus and Facility Usage*.

BOARD OF REGENTS POLICY: MONUMENTAL WORKS OF ART

Vice President O'Brien presented proposed amendments to Board of Regents Policy: *Monumental Works of Art*, which guides the institution's acquisition of significant works of art intended for permanent placement on a University campus. O'Brien noted that no substantive changes were made to the policy, although it was updated to conform to current standards and ensure compliance with Board of Regents Policy: *Reservation and Delegation of Authority*.

In response to a question, O'Brien stated that monumental works of art are large, enduring pieces that are long-term or permanent based on the intent of the donor. She noted that the University of Minnesota Foundation, with Board of Regents approval, accepts such gifts.

A motion was made and seconded, and the committee voted unanimously to recommend approval of proposed amendments to Board of Regents Policy: *Monumental Works of Art*.

BOARD OF REGENTS POLICY: SUSTAINABILITY AND ENERGY EFFICIENCY

Vice President O'Brien presented proposed Board of Regents Policy: *Sustainability and Energy Efficiency*, which broadens the scope of the existing policy to include positioning the institution as a leader in campus sustainability through teaching, research, outreach, and operations. The policy requires that the administration: (1) develop sustainability objectives and performance measures in the areas of physical planning and development, operations, transportation, purchasing, and waste management and abatement; (2) develop appropriate indicators and measures of success; and (3) report annually to the Board. The policy will supersede Board of Regents Policy: *Pollution Prevention and Waste Abatement*.

O'Brien summarized the work of the Sustainability and Energy Conservation Policy Work Group (SEC Work Group), which was charged with developing a policy framework that would translate into long-term, systematic strategies for integrating sustainability practices and energy conservation across research, teaching, operations, and outreach. The SEC Work Group consulted with the University, State of Minnesota, national and international institutions on sustainability policies in place, reviewed past and present sustainability efforts, and developed policy goals and a timeline for implementation.

O'Brien noted the addition of language to the draft policy to ensure that sustainability efforts be guided by the balanced use of all resources, within budgetary constraints.

O'Brien explained that when the institution addresses issues such as waste abatement, use of recycled products, storm water management, and pollution control on campus, it strives to do so within state and federal regulations and budgetary constraints while also attempting to serve as a model for other jurisdictions in government and the private sector.

A motion was made and seconded, and the committee voted unanimously to recommend approval of Board of Regents Policy: *Sustainability and Energy Efficiency*.

REAL ESTATE TRANSACTION

Ten-Year Lease for Office of Business Development and Carlson Ventures Enterprises at Westgate Research Center, 1000 Westgate Drive, St. Paul

Vice President Pfutzenreuter, Interim Vice President Hamilton, and Real Estate Director Susan Carlson Weinberg presented the real estate transaction. If approved, the University will lease the space for use by the Vice President for Research's Office of Business Development (OBD) and the Carlson School of Management's Carlson Ventures Enterprise from University Enterprises Laboratories, Inc. (UEL). UEL is an independent not-for-profit corporation whose mission is to promote the mutual transfer and application of scientific investigation, research, technological advancement and educational opportunities.

Associate General Counsel Ken Larson discussed the potential risks to the institution and the terms the institution negotiated with UEL to protect the University with regard to the prepaid rent, as described in the docket materials and related materials distributed at the meeting. Larson explained that 1) UEL has agreed to

establish an escrow account to lessen risks to the University in the event of landlord default; 2) the conditions UEL has placed on its financing to protect the University's possession of the leased space; 3) the agreement by UEL to grant the University a subordinated mortgage and enter into a security agreement as a way to mitigate possible risks in the event UEL declares bankruptcy; and 4) UEL's agreement to share with the University a portion of any condemnation monies paid to it for the property should the property become uninhabitable.

In response to a question, Larson clarified the relationship between the University and UEL is that of landlord and tenant only.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Ten-Year Lease for Office of Business Development and Carlson Ventures Enterprises at Westgate Research Center, 1000 Westgate Drive, St. Paul.

BOARD OF REGENTS APPROVAL PROCESS FOR CAPITAL PROJECTS

Vice President O'Brien and Associate Vice President Perkins presented the Board of Regents Approval Process for Capital Projects as described in the docket and related materials distributed at the meeting. The approval process is intended to demonstrate that major capital projects are aligned and consistent with Board policies; be consistent with academic plans and meet the needs of the institution; assure that projects are completed on schedule and within budget; and make clear a commitment by the institution to the principles of accountability and stewardship.

Perkins summarized the proposed changes to the approval process for capital projects, including amending cost thresholds that require Board approval; changing the schedule of capital project reports to the Board from quarterly to semi-annually; requiring that design guidelines be presented only when there are exceptions to the Master Plan or district plans; and presenting schematic designs to the board for review prior to inclusion of the project in the annual capital budget.

Committee members expressed agreement with several of the proposed changes, but cautioned the administration be mindful of sensitive projects that could fall below the proposed threshold but still need consultation with the Board; and to consider at what point the Board should commit funds to a substantial capital project.

The item will return for further discussion at a future meeting of the committee.

COMMITTEE WORKPLAN 2004-05: PRELIMINARY DISCUSSION

Regent Bohnsack briefly outlined the committee workplan for 2004-05. Committee members suggested a number of proposed topics. A proposed workplan will be presented to the committee at a future meeting.

CONSENT REPORT

Vice President O'Brien presented the Consent Report as detailed in the docket materials and including:

- Scholar's Walk Maintenance and Capital Replacement Agreement Amendment

The University Gateway Corporation (Corporation) has requested that the requirement to establish an endowment for maintenance and capital replacement costs

be eliminated, and the Corporation instead enter into a maintenance agreement with the University in which the Corporation will be responsible for performing at its expense all maintenance and repairs to the Scholars Walk.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Consent Report.

INFORMATION ITEMS

No information items were presented this month.

The meeting adjourned at 2:21 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary