

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

February 10, 2005

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, February 10, 2005, at 2:45 p.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: Vice President Kathleen O'Brien; Associate Vice Presidents Stuart Mason, and Steven Spehn.

Student Representatives present: Richard Laager and Andrew Sorsoleil.

CAPITAL BUDGET AMENDMENTS

Purchase of 717 Delaware Street S.E., Minneapolis, Twin Cities Campus

A motion was made and seconded to recommend approval of the following action:

On the recommendation of the President and Vice President for University Services, the FY2005 Capital Budget is amended to increase the budget for the project as follows:

Purchase of 717 Delaware Street S.E., Minneapolis, Twin Cities campus
Location and description of the property: 1.25 acres improved with a six-story building totaling 197,260 gross square feet, with 94 underground and 37 exterior parking spaces
Purchase price: \$4,853,500
Capital Budget Amendment: \$4,853,500
Proposed closing date: mid-February, 2005
Funding for increase: University debt

Vice President Pfutzenreuter noted that the property is adjacent to existing University facilities and provides an opportunity for expansion of the campus, though no short- or long-term use has been identified.

The committee voted unanimously to recommend approval of the Capital Budget amendment to purchase 717 Delaware Street S.E., Minneapolis, Twin Cities campus.

Swenson Science Building Reconstruction Project, Duluth Campus

A motion was made and seconded to recommend approval of the following action:

On the recommendation of the President and Vice President for University Services, the FY2005 Capital Budget is amended to increase the budget for the project as follows:

James L. Swenson Science Building Reconstruction Project, Duluth campus
Original project cost: \$33,100,000
Damage estimate: \$8,000,000
Deductible funded by the contractor: \$10,000
Deductible funded by University Risk Management Office: \$190,000
Insurance Reimbursement: \$7,800,00
Emergency Capital Budget Amendment Approved in January 2005: (\$2,400,000)
Capital Budget Amendment: \$5,600,000
Funding for increase: University insurance program
Scheduled completion: June 15, 2005

Vice President O'Brien reported that in November 2005 vandals caused more than \$8,000,000 of damage to the James L. Swenson Science Building, which was under construction and nearly completed. Vice Chancellor Greg Fox summarized the extent of the damage, the reconstruction progress to date, project challenges, and insurance coverage, as detailed in the materials distributed at the meeting.

In response to questions, Cary Jones, Director of Risk Management and Insurance, reported that the insurance company has agreed to the scope of the reconstruction project and payments are made as the repairs are completed.

The committee voted unanimously to recommend approval of the Capital Budget Amendment for the James L. Swenson Science Building Reconstruction Project, Duluth campus.

Student Housing & Fire Life Safety Projects, Crookston Campus

A motion was made and seconded to recommend approval of the following action:

On the recommendation of the President and Vice President for University Services, the FY2005 Capital Budget is amended to increase the budget for the project as follows:

Student Housing & Fire Life Safety Projects, Crookston campus
Estimated project costs: \$4,300,000
Capital Budget Amendment: \$4,300,000
Funding for increase: University debt
Scheduled completion: June 2006

Vice President O'Brien reported that this project addresses two objectives related to student housing on the Crookston Campus: 1) to provide fire suppression systems in all student residences; and 2) to construct additional apartment-style units to meet demand for that style of housing.

O'Brien summarized progress to date of the sprinkler system installation in residence halls on the campus, stating that after evaluating the cost of installing sprinkler systems in Brink Hall and Lee Hall, it was determined that it would not be prudent to invest in these buildings and that the administration should proceed with construction of a new residence hall.

Regent Frobenius raised a concern about whether constructing a new residence hall is consistent with long-range housing needs on the Crookston campus. O'Brien stated that the administration carefully considered and recommended that this plan move forward.

The committee voted unanimously to recommend approval of the Capital Budget amendment for the Student Housing and Fire Life Safety Projects, Crookston campus.

Gay Hall Fire Life Safety Project, Phase II, Morris Campus

A motion was made and seconded to recommend approval of the following action:

On the recommendation of the President and Vice President for University Services, the FY2005 Capital Budget is amended to increase the budget for the project as follows:

Gay Hall I Fire Life Safety Project, Phase II, Morris campus
Estimated project cost: \$1,000,000
Source of funds: Combination of University of Minnesota Morris and institutional resources
Scheduled completion: August 2005

Vice President O'Brien reported that Gay Hall I will be upgraded as part of the University's system-wide plan to equip all student residential facilities with current code compliance fire protection systems including sprinklers.

The committee voted unanimously to recommend approval of the Capital Budget amendment for the Gay Hall I Fire Life Safety Project, Morris campus.

REAL ESTATE TRANSACTION

Purchase of 717 Delaware Street SE, Minneapolis, Twin Cities Campus

A motion was made and seconded to recommend approval of the following action:

On the recommendation of the President and Vice President for University Services the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transaction:

Purchase of 717 Delaware Street S.E., Minneapolis, Twin Cities campus
Location and Description of the Property: 1.25 acres improved with a six-story building totaling 197,260 gross square feet, with 94 underground and 37 exterior parking spaces
Purchase price: \$4,853,500
Proposed closing date: mid-February, 2005
Funding source: University debt

The property is adjacent to existing University facilities and provides an opportunity for future expansion of the campus, though no short- or long-term use has been identified.

The committee voted unanimously to recommend approval of the purchase of 717 Delaware Street SE, Minneapolis, Twin Cities campus.

ENERGY & UTILITIES: PRINCIPLES & OPTIONS

Vice President O'Brien introduced Associate Vice President Steven Spehn, Jerome Malmquist, Director, Energy Management, and Mike Berthelsen, Chief Financial Officer for University Services, to present information relating to the principles of the University's energy and utility systems.

O'Brien stated that the administration is guided by three principles in the operation of utility and energy systems: 1) reliability; 2) risk and cost management; and 3) environmental and public institution stewardship.

Spehn reported that the mission of Energy Management is to provide highly reliable utilities at the lowest possible cost to support the University's mission of research, teaching, and outreach. He summarized the utility services provided to the Twin Cities campus, and noted that Energy Management also offers technical and labor support in the electrical area, energy procurement support, and assistance with technical reviews of on-going and new projects on the coordinate campuses.

Spehn and Malmquist discussed the principles that guide the institution's utilities and energy systems, illustrating accomplishments in energy reliability, risk and cost management, and environmental and public institution stewardship. They presented the challenges and strategies in the areas of energy conservation, utilization of alternative fuel sources, fuel procurement objectives, commodity volatility, the annual energy plan, and utility implementation issues. Berthelsen discussed the variety and cost of fuels, the variability in price based on when fuel is purchased, and how the administration assesses market conditions and uses facilities cost modeling in developing the annual energy purchasing plan.

Regent Metzen commended the administration for demonstrating to the University community and the public the institution's commitment to energy conservation, environmental stewardship, and investigation of alternative fuel sources.

A copy of the presentation is on file in the Board Office.

CONSENT REPORT

No Consent Report items were presented this month.

INFORMATION ITEMS

Vice President O'Brien referred the committee to the Information Items as included in the docket and related materials distributed at the meeting:

- Proposed "Minnesota Procurement Alternative Legislation"

Gary Summerville, Program Director for Capital Planning and Project Management, discussed alternative project delivery procurement legislation proposed over the last several years that has the potential to impact how the institution manages its capital projects. The legislation is driven by design and construction companies and is designed to provide public entities flexibility in construction delivery methods available to the private sector.

- The January 2005 Emergency Capital Budget Amendment for the James L. Swenson Science Building Reconstruction project on the Duluth campus.

O'Brien reported that as permitted by Board of Regents policy, the administration requested emergency approval of an emergency Capital Budget amendment for the James L. Swenson Science Building Reconstruction Project on the Duluth campus. Regents Metzen, Baraga, and Bohnsack approved the request.

- Ramsey County Public Safety Radio Communications System

Assistant Vice President Greg Hestness reported on a ten-year lease with Ramsey County for a wireless telecommunications transmission facility on the roof of the Biological Sciences Center, Twin Cities campus. Ramsey County will purchase and install communications equipment for this facility and allow the University the use of this radio communications system for its emergency radio system via a microwave system.

O'Brien announced that a progress report on a number of capital projects will be presented at a future meeting of the committee.

The meeting adjourned at 4:25 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary