

Year 2004-05

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

June 9, 2005

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, June 9, 2005, at 3:45 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: Chancellors Kathryn Martin and Samuel Schuman; Senior Vice President Frank Cerra; Vice Presidents Kathleen O'Brien and Richard Pfutzenreuter; Executive Director Ann Cieslak, and Associate Vice President Steven Spehn.

Student Representatives present: Sarah Black (alternate) and Cassie McMahon.

**AMENDMENTS TO UNIVERSITY OF MINNESOTA DULUTH
MASTER PLAN**

Vice President O'Brien noted that amendments to the University of Minnesota Duluth (UMD) Master Plan (Plan) were presented to the committee at its May 2005 meetings. She reported that UMD first adopted the Plan in 1986 and has revised it approximately every five years. The key features of the proposed amendments are outlined in the docket materials on file in the Board Office.

The amended Plan continues to embrace the original principles of a concentrated academic core and outreach from and access to, the campus. The Plan reinforces the regional setting and identifies student housing areas, open space, long-term expansion possibilities, and the campus boundary.

A motion was made and seconded, and the committee voted unanimously to recommend approval of amendments to the University of Minnesota Duluth Master Plan.

REAL ESTATE TRANSACTIONS

**A. Purchase of 2500 University Avenue SE, Minneapolis with
American Cancer Society for Hope Lodge Facility**

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

On the recommendation of the President, the appropriate administrative officers receive authorization to execute the appropriate documents for the following action:

Purchase of 2500 University Avenue SE, Minneapolis, Twin Cities campus, with the American Cancer Society
Location and description of the property: Approximately 1.27 acres located at the southeast corner of the intersection of University Avenue SE and 25th Avenue SE, Minneapolis.
Purchase price: \$2,000,000 (of the \$2,650,000 cost)
Source of funds: Donations to the University's Cancer Center
Proposed closing date: August or September 2005

The property will be leased to the American Cancer Society for the construction and operation of a "Hope Lodge" in which adult cancer patients and their families will reside during medical treatment.

In response to a question, Susan Carlson Weinberg, Director of Real Estate, indicated that prior uses of the property and adjacent sites may have impacted the soil and groundwater. Any costs of potential environmental cleanup are the responsibility of the American Cancer Society. The University will not close on the property until any required cleanup has been completed.

The committee voted unanimously to recommend approval of the Purchase of 2500 University Avenue SE, Minneapolis with American Cancer Society for Hope Lodge Facility.

B. Three-Year Lease for Space at Court International, 2550 University Avenue West, St. Paul for Enterprise Financial Systems Project

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

On the recommendation of the President, the appropriate administrative officers receive authorization to execute the appropriate documents for the following action:

Three-Year Lease for Space at Court International, 2550 University Avenue West, St. Paul
Location and Description of Space: 13,649 rentable square feet described as Suite 201 North, located on the second floor of the north building, and 55 external parking spaces
Rent: \$22.37 per square foot, or \$305,328 for the first year, with increases of 4% or less annually thereafter
Source of Funds: Enterprise Financial Systems Project funds

The property will provide office space for the Enterprise Financial Systems Project.

The committee voted unanimously to recommend approval of the three-year lease for space at Court International, 2550 University Avenue West, St. Paul for the Enterprise Financial Systems Project.

A. Purchase of Three Floors, Stabile Building, 150 - 3rd Street SW, Rochester for Mayo-University Minnesota Partnership for Biotechnology & Medical Genomics

The committee reviewed a proposal to purchase three floors of the Stabile Building at 150 – 3rd Street SW, Rochester, Minnesota for \$21,726,000. Director of Real Estate Susan Carlson Weinberg summarized the basis of the request, location and description of the property, details of the transaction, use of the property, and source of funds, as detailed in the docket materials on file in the Board Office. The three floors of research space will be constructed by the Mayo Clinic Rochester, and then the Stabile Building Condominium will be created. The University proposes to purchase the condominium unit, which includes research space and a portion of the common area. The balance of the building and common area will constitute a second condominium owned by Mayo. The property will be leased to the Mayo Clinic Rochester for the Mayo-University partnership biotechnology and medical genomics research activities.

Senior Vice President Cerra explained the significance of the University of Minnesota and the Mayo Clinic partnership, the goals of the research project, and its potential to advance biotechnology and medical genomics. He reported briefly on research projects currently funded and progress made in the past year. He noted that funding specifically for this project was provided by a state appropriation during the 2005 legislative session.

A lengthy discussion ensued. Committee members expressed concern about construction costs per square foot, future marketability of the space, and the absence of current appraisals on the property. Weinberg and Cerra addressed the concerns, indicating that the Stabile Building is located in the downtown business district and is surrounded by other Mayo Clinic buildings used for research activities, which enhances the market value of the property. In addition, the costs are comparable to similarly equipped research facilities constructed on the Twin Cities campus. Weinberg noted that adding three floors to an existing building is significantly less costly than other new construction. She added that the purchase price for the University's condominium unit would not exceed the appraised value.

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

CONSENT REPORT

No Consent Report items were presented this month.

INFORMATION ITEMS

Vice President O'Brien referred committee members to the Information Items contained in the docket, and including:

- Agreement with the Morris School District for the joint development and use of a new football facility; and,
- Update on Central Corridor Light Rail Transit Planning.

Jan Morlock, Director of Community Relations, and Harvey Turner, Planner, Capital Planning and Project Management, presented an update on the Central Corridor Light Rail Transit project. The Central Corridor is a segment of the regional transit network that will link three of the greatest traffic generators in the region: downtown Minneapolis, the University of Minnesota, and

downtown St. Paul. Morlock summarized the University's planning principles, the proposed route through the Twin Cities along Washington and University Avenues, and how the Federal Transit Administration determines if the project meets thresholds to move to the next stage. (Details were included in the docket and associated materials on file in the Board Office.) Morlock and Turner described the next steps of the project, including determining alignment, station locations and access, and the impact of the transit system on automobile, bus, bicycle, and pedestrian movement.

The meeting adjourned at 4:44 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary