

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

February 9, 2006

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, February 9, 2006 at 8:15 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: David Metzen, presiding; Anthony Baraga, Frank Berman, John Frobenius, Steven Hunter, and Lakeesha Ransom.

Staff present: Chancellors Kathryn Martin and Samuel Schuman; Vice Presidents Kathryn Brown, R. Timothy Mulcahy, Charles Muscoplat, Kathleen O'Brien, Richard Pfutzenreuter, and Linda Thrane; Executive Director Ann Cieslak; and Associate Vice Presidents Michael Perkins, Laurie Scheich, and Steven Spehn.

Student Representatives present: Cassie McMahon and Tom Zearley.

CAPITAL BUDGET AMENDMENT

A. Social Science Building, 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 FY2006 Capital Budget is amended to increase the budget for the project as follows:

Social Sciences Building, Morris Campus
Scope of Project: Interior demolition and reconstruction of the existing building and new construction of a three-story addition.
Cost Estimate: \$1,000,000
Capital Funding: Morris campus balances \$200,000; Repair and Replacement funds previously approved for Morris Social Science in FY2006 capital budget; \$300,000; University Repair and Replacement funds
Estimated completion date: August 2006

Vice President O'Brien presented the basis for the request, project scope, and construction schedule as detailed in the docket and materials distributed at the meeting. Associate Vice President Perkins summarized the revised budget and funding sources, noting that the project is expected to be completed on time and within budget.

The committee voted unanimously to recommend approval of the capital budget amendment for the Social Science Building, Morris campus.

REAL ESTATE TRANSACTIONS

A. Purchase of 40 Acres in Koochiching County for Forest Resources Field Test Site (North Central Research & Outreach Center)

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 40 Acres in Koochiching County for Forest Resources Field Test Site (North Central Research & Outreach Center)
Purchase price: \$56,000
Use of the property: Field test site for aspen/larch tree improvement research
Source of funds: 2000 capital appropriation for Grand Rapids Forest Genetics

Director of Real Estate Susan Carlson Weinberg presented the location, description and use of the property, the basis for the request, and the source of funds, noting that the committee had reviewed the purchase at its December 2005 meeting.

The committee voted unanimously to recommend approval of the purchase of 40 acres in Koochiching County for Forest Resources Field Test Site, North Central Research and Outreach Center.

B. Sale of 43.88 Acres, Cloquet Forestry Center, Carlson County, Minnesota

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:

Sale of 43.88 acres. Carlton County (Cloquet Forestry Center)
Sale price: \$20,000
Proposed closing: February 28, 2006
Use of sale proceeds: Future land purchases for the Cloquet Forestry Center

Director of Real Estate Susan Carlson Weinberg summarized the location, description of the property, the basis for the request, and details of the transaction as included in the docket. She reported that the Facilities Committee reviewed the sale of 475 acres in Carlson and Lake of the Woods Counties assigned to the Cloquet Forestry Center at its May 2002 meeting. To date, 315 acres have been sold. Portions of the land were sold to Carlton County and also to private individuals for recreational purposes.

In response to questions, Weinberg reported that the property consists of wetlands, has no road access, and is not suitable for the research conducted by the Cloquet Forestry Center. Proceeds will be used to purchase land with greater research potential.

The committee voted unanimously to recommend approval of the sale of 43.88 acres, Carlson County, for the Cloquet Forestry Center.

C. Purchase of 4.51 Acres at 800 – 23rd Avenue SE, Minneapolis

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 4.51 acres at 800 – 23rd Avenue SE, Minneapolis
Purchase price: \$1,500,000, plus additional costs of \$1.25 to \$1.79 million to remove grain silos and elevators
Use of the property: Possible research laboratories; infrastructure needs if a planned football stadium is funded and constructed.
Source of funds: University debt
Proposed closing: May 2006

Director of Real Estate Susan Carlson Weinberg summarized the location, description of the property, the basis for the request, and details of the transaction as included in the docket. Weinberg noted that the location of the property offers the University an opportunity to expand in the northeast direction and establish a logical campus boundary.

In response to concerns expressed by Regent Berman regarding the purchase price exceeding appraised value, Vice President Pfutzenreuter emphasized that acquisition is critical for expansion of the University for a number of uses, including future biomedical sciences research laboratories and pointed out the land's proximity to several existing research laboratories.

The committee voted unanimously to recommend approval of the purchase of 4.51 acres at 800 – 23rd Avenue SE, Minneapolis.

REAL ESTATE TRANSACTIONS

A. Permanent Easement to City of Minneapolis for Public Roadway Right of Way (Granary Road & 25th Avenue SE, Minneapolis)

The committee reviewed a proposal by the City of Minneapolis for a permanent easement for public roadway right-of-way required for the city's construction of Granary Road and 25th Avenue SE in the area of the proposed on-campus football stadium and future campus expansion to the northeast. The consideration to be paid by the City of Minneapolis is \$901,139. Director of Real Estate Susan Carlson Weinberg summarized the location, description of the property, the basis for the request, and details of the transaction, as included in the docket materials. The roads are being planned by the city to serve development in the southeast Minneapolis industrial district and are critical to the development of the Twin Cities campus to the northeast.

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

B. Purchase of Properties at 2301 & 2331-2335 University Avenue SE & 2328 - 4th Street SE, Minneapolis

The committee reviewed a proposal to purchase properties at 2301 & 2331-2335 University Avenue SE and 2328 - 4th Street SE, Minneapolis for \$4.1 million. Director of Real Estate Susan Carlson Weinberg summarized the location, description of the property, the basis for the request, and details of the transaction, as included in the docket materials. The property provides a number of short- and long-term uses in conjunction with the future expansion of the Twin Cities campus, including biomedical buildings.

Vice President O'Brien asked Associate General Counsel Kenneth Larson to comment on the Environmental Impact Statement (EIS) process for the proposed on-campus football stadium, which would be adjacent to this property. Larson reminded the committee that this item is before this committee for review only. The final EIS will be presented to the Board at its March 2006 meeting, during which a final determination will be made regarding the adequacy of the University's environmental review. If the Board of Regents accepts the environmental review, the institution can initiate action on the proposed stadium project. Larson noted that state environmental statutes and rules prohibit the making of final decisions regarding the proposed stadium project, including decisions regarding the acquisition of land, until the environmental review process has been completed.

In response to a question, Larson stated that when the EIS is presented to the Board of Regents at its March 2006 meeting, a decision about this acquisition can be sequenced to take place after the Board of Regents studied has determined the adequacy of the EIS.

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

SCHEMATIC PLANS

A. Education Sciences Building, Twin Cities Campus

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

The schematic plans for the Education Sciences Building, Twin Cities campus, are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President O'Brien reported that the renovated Education Science Building (former Mineral Resources Research Center) will be occupied by three units of the College of Education and Human Development. The interior of the building will be remodeled to provide specialized laboratory space, meeting rooms, and a variety of offices.

Associate Vice President Perkins presented the schematic plans for the proposed renovation as included in the docket and associated materials distributed at the meeting and on file in the Board Office.

A lengthy discussion ensued. In response to comments from Regent Baraga that recognition should be given to the development of the taconite process which occurred in this building, Perkins reported that the renovated building will incorporate items from the taconite museum collection to commemorate the mining industry.

In response to a number of questions, O'Brien explained that many factors are considered when making decisions about which historic structures deserve investment. The Education Sciences Building has historic significance to the campus and to the State of Minnesota, as a place where the taconite process was invented. O'Brien stressed that the building is reusable and that in many cases materials found in historic structures cannot be replicated. Perkins reported that demolishing the building poses difficulties given its close proximity to the river, significant costs in removing the structure, and environmental challenges. He also noted the possibility that environmental cleaning costs could impact project costs.

The committee voted unanimously to recommend approval of the schematic plans for the Education Sciences Building.

ENERGY & UTILITIES: PRINCIPLES & PROGRESS

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

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 summarized the energy program costs, noting that steam and electricity account for 86% of the institution's energy budget on the Twin Cities campus.

Spehn 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. Malmquist presented several accomplishments, 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.

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

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

THRESHOLDS FOR BOARD OF REGENTS REVIEW OF REAL ESTATE MATTERS

Vice President Pfutzenreuter reported that the administration proposes a number of changes to Board of Regents Policy: *Reservation and Delegation of Authority* related to real estate matters. If approved, the value threshold for Board of Regents approval of real estate purchases, sales, and leases would be \$500,000, the same threshold that currently exists for capital budget amendments, and the size-of-parcel threshold for real estate purchases and sales would increase from 10 to 25 or more acres. Director of Real Estate Susan Carlson Weinberg summarized the proposed amendments as detailed in the docket.

Pfutzenreuter requested the advice of the committee, as the administration will not proceed with presenting changes at the March 2006 Board meeting if the committee

is not in favor of amending the policy. Due to time constraints, committee members were asked to inform the chair or Pfutzenreuter of their comments.

CONSENT REPORT

No Consent Report items were presented this month.

STUDIES OF FOLWELL HALL & NORTHROP AUDITORIUM

Vice President O'Brien reported that the stabilization of Folwell Hall and Northrop Auditorium (Northrop) were identified in the 2006 Six-Year Capital Improvement Plan recently approved by the Board of Regents. The President is appointing an advisory committee charged with developing a vision for future use of Northrop. O'Brien distributed background information about Northrop and the committee's charge and introduced Dean Steven Rosenstone, College of Liberal Arts, who with O'Brien will co-chair the Northrop Advisory Committee.

Rosenstone highlighted the importance of Northrop to the University community and the State of Minnesota as it serves as the institution's primary gathering place for celebrations, ceremony, education, entertainment, and performing arts. He discussed the steps to be undertaken by the committee to develop principles relating to the future of Northrop and emphasized that safety and structural stabilization issues need immediate attention.

Due to time constraints the presentation of Folwell Hall and Northrop Auditorium studies was postponed to a future meeting of the committee.

INFORMATION ITEMS

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

- Template for reviewing approved capital budget projects with a value greater than \$5,000,000 prior to award of construction contracts; and
- Contract for professional services for strategic planning consultant, UMore Park.

The meeting adjourned at 10:22 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary