

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

March 8, 2007

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, March 8, 2007 at 2:45 p.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: Chancellors Charles Casey and Jacqueline Johnson; Senior Vice Presidents Frank Cerra and Robert Jones; Vice Presidents Kathryn Brown, Kathleen O'Brien, and Richard Pfitzenreuter; Executive Director Ann Cieslak; Provost David Carl; and Associate Vice Presidents Michael Berthelsen, Robert Kvavik, and Michael Perkins.

Student Representatives present: Katie Jeremiason and Cassie McMahon.

SCHEMATIC PLANS

A. Medical Biosciences Building & Utility Infrastructure, Twin Cities Campus

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

The schematic plans for the Medical Biosciences Building and Utility Infrastructure, Minneapolis, 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.

In response to a question from Regent Frobenius, Vice President O'Brien explained that the building will only be five stories because the international building code discourages heavy lab space above the fourth floor.

The committee voted unanimously to recommend approval of schematic plans for the Medical Biosciences Building and Utility Infrastructure, Twin Cities campus.

B. Malosky Stadium Renovation, Duluth Campus

Vice President O'Brien announced that the review and action of schematic plans for the Malosky Stadium Renovation project on the Duluth campus was being delayed until a future committee meeting.

C. Biomass Heating Plant Addition, Morris Campus

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

The schematic plans for the Biomass Heating Plant Addition, Morris campus, are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

The committee voted unanimously to recommend approval of schematic plans for the Biomass Heating Plant Addition, Morris campus.

CAPITAL BUDGET AMENDMENT

A. East Gateway District, Twin Cities Campus

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

On the recommendation of the President and the Vice President for University Services, the FY2007 Capital Budget is amended to increase the budget for the following project:

East Gateway District, Minneapolis, Twin Cities campus.
Scope of Project: Environmental remediation, road and utility infrastructure, surface parking, and landscaping for the East Gateway District.
Cost Estimate: \$18,231,000.
Capital Funding: University debt - \$18,231,000.
Estimated completion date: Fall/Winter 2009.

Vice President O'Brien reminded the committee that the amendment had been reviewed at the February 2007 committee meeting. She presented the basis for the request, the project scope, and the construction schedule as detailed in the docket materials.

The committee voted unanimously to recommend approval of the capital budget amendment for the East Gateway District, Minneapolis, Twin Cities campus.

REAL ESTATE TRANSACTIONS

A. Five-Year Lease for 7,200 Rentable Square Feet at University Enterprises Laboratory, 1000 Westgate Drive, St. Paul, for Academic Health Center's Minnesota Lion's Eye Bank

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

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

Five-year lease for 7,200 rentable square feet at University Enterprises Laboratory, 1000 Westgate Drive, St. Paul.

Details of transaction: Five-year lease from approximately July 1, 2007 through June 30, 2012, with seven successive options of three years each to continue the lease.

Lease costs: Base rent estimated at \$12.00 per square foot for the first five years of the lease, plus a pro-rata share of the building operating costs, which will be limited to an increase of 3 percent per year, or a total cost for the first year of \$150,624, or \$20.92 per rentable square foot.

Source of funds: Academic Health Center, Medical School, and Department of Ophthalmology.

Vice President O'Brien reported that the space will be used for the Department of Ophthalmology's Lions Eye Bank. She noted that the committee reviewed the item at its February 2007 meeting.

The committee voted unanimously to recommend approval of the five-year lease for 7,200 rentable square feet at University Enterprises Laboratory.

B. Seven-Year Lease for 14,138 Rentable Square Feet at University Park Plaza, 2829 University Avenue SE, Minneapolis, for Academic Health Center

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

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

Seven-year lease for 14,138 rentable square feet at University Park Plaza, 2829 University Avenue SE, Minneapolis.

Details of transaction: Seven-year lease from approximately July 1, 2007 through June 30, 2014, with three successive options of three years each to continue the lease.

Lease costs: Base rent estimated at \$9.50 per square foot for the first year of the lease, increasing 4% per year thereafter, plus a pro-rata share of the building operating costs, which is estimated at \$9.55 per rentable square foot, or a total cost for the first year of \$269,329, or \$19.05 per rentable square foot.

Source of funds: Academic Health Center and Medical School.

Vice President O'Brien reported that the space will be used for the Academic Health Center, the Medical School's Clinical Neuroscience Center, and the Medicine, Emergency Medicine, Neurology, and Dermatology Center (MEND). She noted that the committee reviewed the item at its February 2007 meeting.

The committee voted unanimously to recommend approval of the seven-year lease for 14,138 rentable square feet at University Park Plaza.

REAL ESTATE TRANSACTIONS

A. Acquisition of Approximately 2 Acres of Land and Easement Interests from Union Pacific Railroad, East Gateway District, Twin Cities Campus

Vice President O'Brien announced that the real estate transaction related to the acquisition of easements from Union Pacific Railroad on the Twin Cities campus was being delayed until a future committee meeting.

B. Six-Year Lease for up to 56,837 Useable Square Feet Plus Storage, 111 South Broadway, Rochester, for University of Minnesota-Rochester, Rochester Campus

Vice President O'Brien announced that the real estate transaction related to the six-year lease for space for the Rochester campus was being delayed until a future committee meeting.

CAPITAL BUDGET AMENDMENTS

A. Leasehold Improvement Project at 111 South Broadway, Rochester, Rochester Campus

Vice President O'Brien announced that the capital budget amendment related to the Rochester campus leasehold improvement project was being delayed until a future committee meeting.

B. Malcolm Moos Health Sciences Tower 11th Floor Renovation, Twin Cities Campus

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

On the recommendation of the President and the Vice President for University Services, the FY2007 Capital Budget is amended to increase the budget for the following project:

Malcom Moos Health Sciences Tower, 11th Floor Renovation, Minneapolis, Twin Cities campus.

Scope of Project: Complete demolition and renovation of office space, laboratory, and research facilities for the Department of Surgery.

Cost Estimate: \$3,750,000.

Capital Funding: University internal loan repaid by the Medical School.

Estimated completion date: Fall 2007.

O'Brien informed the committee that the item was being brought forward for review and action so that the facilities will be ready for occupancy in January 2008. Senior Vice President Cerra and Associate Vice President Perkins explained that the renovation project is needed because the facilities, which have not been updated since being constructed in 1973, do not meet current standards for surgical research. Cerra reported that the upgrades are a component of the recruitment package for Dr. Selwyn Vickers, the new Chair of the Department of Surgery. Perkins explained that the entire floor will be demolished and renovated, resulting in approximately 25 percent more research space than currently exists.

In response to a question from Regent Baraga, Cerra reported that although some floors of the building have been recently renovated, there are other areas that will require work done in the near future.

The committee voted unanimously to recommend approval of the capital budget amendment for Malcom Moos Tower, 11th Floor Renovation, Minneapolis, Twin Cities campus.

REAL ESTATE TRANSACTIONS

A. Seven-Year Lease at University Park Plaza, 6th Floor, for 14,148 Rentable, Square Feet, 2829 University Avenue SE, for Academic Health Center, Twin Cities Campus

The committee reviewed a proposal for a seven-year lease for 14,148 rentable square feet at University Park Plaza, 2829 University Avenue SE, Minneapolis, for the Academic Health Center and the Medical School. Director of Real Estate Susan Carlson Weinberg reported that the space will be used entirely for office space. She summarized the location and description of the property and the source of funds, as detailed in the docket materials.

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

B. Ten-Year Lease at University Park Plaza, 7th Floor, for 5,833 Rentable Square Feet, 2829 University Avenue SE, for Office of Information Technology, Twin Cities Campus

The committee reviewed a proposal for a ten-year lease for 5,833 rentable square feet at University Park Plaza, 2829 University Avenue SE, Minneapolis, for the Office of Information Technology. Weinberg explained that staff in the Office of Information Technology will move to this location after occupying undesirable space in Norris Gymnasium. Weinberg summarized the location and description of the property and the source of funds, as detailed in the docket materials.

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

CAPITAL BUDGET AMENDMENT

A. Biomass Heating Plant Addition, Morris Campus

The committee reviewed a proposal to amend the FY2007 Capital Budget by \$2,956,000 to incorporate funding for the Biomass Heating Plant Addition located on the Morris campus, as detailed in the docket materials.

Vice President O'Brien explained that the project was originally included in the FY 2006 Capital Budget with a total cost of \$6,000,000 and that the capital budget amendment will cover the additional costs. Associate Vice President Perkins explained that the University will construct a 7,000 square foot heating plant addition to house a biomass gasification unit, new heat recovery boiler, biomass handling equipment, and emissions control equipment. He added that the completed biomass addition could produce up to 80 percent of the campus heating needs. Vice President Pfutzenreuter explained that the funding stream labeled as institutional resources is allocated from the excess of the Central Reserves Fund.

In response to a question from Regent Frobenius, Perkins indicated that non-construction costs of nearly \$2 million are standard for a project of this type.

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

SIX-YEAR CAPITAL IMPROVEMENT PLAN: PRINCIPLES, PROCESS, & PRIORITIES

Vice President O'Brien and Associate Vice President Kvakik presented information on the Six-Year Capital Improvement Plan (Plan), as detailed in the docket materials. O'Brien outlined the process and timeline for developing the Plan. She explained that the Plan calls for over \$1.2 billion in construction projects and encompasses the state capital requests for 2008, 2010, and 2012, the Biomedical Sciences Research Facility Authority, other projects to be funded by non-state sources, and projects in planning and development without final costs.

Kvakik provided specific information and project examples of how the Plan aligns with the strategic positioning focus areas of exceptional students, exceptional faculty and staff, exceptional organization, and exceptional innovation. In response to a question from Regent Hunter, O'Brien stated that the University does communicate the importance of individual HEAPR projects to the legislature when lobbying for the state capital requests.

O'Brien informed the committee that the Plan would be reviewed by the full Board in May 2007 with action scheduled for June 2007.

CONSENT REPORT

A motion was made and seconded to recommend approval of the Consent Report including:

- Agreements for University facilities and services for J Robinson Wrestling Camp, June 30 - July 27, 2007;
- Agreements for University facilities and services with National Sports Center for USA Cup Soccer 2007, July 9 - 22, 2007; and
- Agreements for University facilities and services for Higher Things Lutheran Youth Conference, July 22 - 28, 2007.

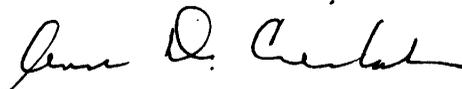
The committee voted unanimously to recommend approval of the Consent Report.

INFORMATION ITEMS

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

- March 2007 Capital Improvement Plan Semi-Annual Report; and
- University activities to update the Twin Cities Campus Master Plan.

The meeting adjourned at 4:40 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary