

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

June 10, 2004

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, June 10, 2004, at 1:30 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 Kathryn Brown, Kathleen O'Brien, and Richard Pfitzenreuter; Interim Vice President David Hamilton; Executive Director Ann Cieslak; and Executive Associate Vice President Al Sullivan.

Student Representatives present: Richard Laager and Tom Zearley.

BOARD OF REGENTS POLICY: *CAMPUS AND FACILITY USAGE*

Vice President O'Brien introduced Assistant Vice President Michael Berthelsen to present Board of Regents Policy: *Campus and Facility Usage*, as contained in the docket materials and associated handouts. 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*.

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

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*.

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

BOARD OF REGENTS POLICY: *SUSTAINABILITY AND ENERGY EFFICIENCY*

Vice President O'Brien and Executive Associate Vice President Al Sullivan presented the proposed Board of Regents Policy: *Sustainability and Energy Efficiency*, which broadens the scope of 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 develop sustainability objectives and performance measures in the areas of physical planning and development, operations, transportation, purchasing, and waste management and abatement; develop appropriate indicators and measures of success; and report annually to the Board. The policy will supersede Board of Regents Policy: *Pollution Prevention and Waste Abatement*. A copy of the presentation is on file in the Board Office.

Sullivan and O'Brien reported that the Sustainability and Energy Conservation Policy Work Group (SEC Work Group), appointed by the president, 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 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.

In response to questions, O'Brien explained that the policy directs the administration to operate within the principles of balancing financial resources and constraints while trying to be good stewards of the environment and a model for society. Committee members suggested that Section I of the policy be clarified to specifically mention the balanced use of financial resources.

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

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 O'Brien introduced Interim Vice President David Hamilton and Susan Carlson Weinberg, Director of Real Estate, to discuss the proposed lease. 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), 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. Weinberg summarized the basis for the request, description of the property, lease costs, and source of funds as detailed in the docket materials.

Hamilton provided the history of the OBD and the rationale for requesting advance payment of the lease, which would allow UEL to complete financing, use the commitment as leverage to secure additional financial support, and makes a public statement about the institution's commitment to UEL.

Vice President Pfutzenreuter outlined potential risks to the institution of the advance payment and how the administration is addressing them. The committee engaged in a lengthy discussion. In response to questions, Tom LaSalle, President & CEO, LaSalle Management Group Ltd., clarified UEL long-term financing and indicated that provisions will be made to avoid contractual risks to the University.

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

CONSENT REPORT

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

- Acquisition of 10 Acres at 410 West 82nd Street, Victoria from the Minnesota Landscape Arboretum Foundation

The Minnesota Landscape Arboretum Foundation has proposed conveyance of the 10 acres to the University for \$1.00 for expansion of the Landscape Arboretum.

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

INFORMATION ITEMS

Vice President O'Brien referred committee members to a number of information items presented in the docket materials and associated handouts.

- **Use of Internal Loan Funds and Capital Budget Amendments**

O'Brien discussed the process undertaken to develop the capital budget and situations that could result in requests to the Board for a capital budget amendment. Vice President Pfutzenreuter addressed capital budget amendment financing requirements, stressing that funds or a finance plan must be in place for a project to be included in the capital budget. He explained the history of the Internal Loan Pool created by the sale of debt and established when internal repayment agreements were arranged with departments to repay the amounts spent on projects. Pfutzenreuter reviewed the status of the Internal Loan Pool, stating that the debt will ultimately be retired.

- **Update on proposed light rail transit projects that impact the University of Minnesota**

O'Brien introduced Harvey Turner, Director, University Planning, and Jan Morlock, Director, Community Relations, to update the committee on the central transit corridor project. They reviewed the history, guiding principles, current plans and design considerations for the proposed light rail transit project for the Twin Cities campus.

- **Report on Student Housing Fire Life Safety Plans for Crookston and Morris**

O'Brien and Pfutzenreuter presented a proposal for completing the fire life safety upgrades to residence halls on the Crookston and Morris campuses. O'Brien reported that 26% of beds in three residence halls on the Crookston campus remain without sprinklers. Pfutzenreuter summarized the options and financing plans for completing the upgrades, including use of state funds, internal loans, or demolition of the three halls and building a new residence hall. The administration recommends proceeding with construction of a new residence hall to open in fall 2006 and the demolition of Brink, Lee, and Robertson Halls in the future.

O'Brien reported that upgrades to three residence halls on the Morris campus will be completed this summer, resulting in 58% of beds with sprinklers. Pfutzenreuter summarized options and financing plans for completing the project, including internal loans, use of University and campus resources, or inclusion as a major capital request for the State of Minnesota. The administration recommends proceeding with installation of sprinklers in Gay and Independence Halls in 2005 and 2006, and developing a business plan for Blakely Hall for use as an upper-class residence hall and conference center,

O'Brien stated that these items will be included in the list of potential projects and return to the committee for review as new project capital budget amendments.

- **Update on FY 2004-05 Annual Capital Improvement Budget**

The committee received an update to the proposed Capital Improvement Budget reflecting the deletion of projects included in the legislative request to the State of Minnesota for which no bonding bill was passed; and the addition of projects with identified funding.

The meeting adjourned at 4:51 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary