

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

Thursday, May 10, 2007

1:45 – 3:45 p.m.

600 McNamara Alumni Center, West Committee Room

Committee Members

David Metzen, Chair
Anthony Baraga
Maureen Cisneros
Linda Cohen
John Frobenius
Steven Hunter

Student Representatives

Katie Jeremiason
Cassie McMahan

AGENDA - REVISED

1. Schematic Plans - Review/Action - K. O'Brien/A. Sullivan/M. Perkins/
S. Lanyon (pp. 2-8)
 - A. Bell Museum, Twin Cities Campus
2. Real Estate Transactions - Action - K. O'Brien/F. Cerra/R. Pfutzenreuter/
S. Cawley/S. Weinberg (pp. 9-17)
 - A. Seven-Year Lease at University Park Plaza, 2829 University Avenue SE,
Minneapolis for Academic Health Center, Twin Cities Campus
 - B. Ten-Year Lease at University Park Plaza, 2829 University Avenue SE,
Minneapolis for Office of Information Technology, Twin Cities Campus
3. **Real Estate Transaction – Review/Action – K. O'Brien/R.
Pfutzenreuter/S. Weinberg (pp. 18-21)**
 - A. Purchase of 5.375 Acres at 3141 Eustis Street and 3245 -4th Street
SE, Minneapolis, Twin Cities Campus**
4. Real Estate Transactions - Review - K. O'Brien/R. Pfutzenreuter/S. Weinberg
(pp. 22-25)
 - A. Purchase of 1.2 Acres from City of Minneapolis, Huron Boulevard, Twin
Cities Campus
5. Light Rail Transit Principles & Update - K. O'Brien/R. Baker (pp. 26-27)
6. Consent Report – Review/Action - K. O'Brien (p. 28)
7. Information Items - K. O'Brien (pp. 29-42)



**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

Facilities Committee

May 10, 2007

Agenda Item: Schematic Plans

review review/action action discussion

Presenters: Vice President Kathleen O'Brien
Special Assistant to the President Alfred Sullivan
Associate Vice President Michael Perkins
Professor and Director Scott Lanyon

Purpose:

policy background/context oversight strategic positioning

In accordance with Board of Regents Policy: *Reservation and Delegation of Authority*, review and take action on schematic plans for the following project:

- Bell Museum of Natural History, Twin Cities Campus

Outline of Key Points/Policy Issues:

The project schematic plans will be presented at the committee meeting. The attached project data sheet addresses the basis for request, project scope, cost estimate, funding, and schedule. A map locating the existing and proposed new location is also attached.

Changes in the public's expectation of a modern museum plus changes in the nature and scope of the research has left the current Bell Museum dated and anachronistic as an institution, limited by its landmark building, yet highly effective as a provider of renowned, nationally recognized public outreach on behalf of the University. The current facility is inflexible, lacks adequate humidity and temperature control, has few amenities to attract and retain visitors, and is separated from the museums research collection and associated colleges in St. Paul.

Background Information:

In response to the need for change the University initiated a study to develop a building plan – renovation or new- and an interpretive theme that would enable the University to capitalize on the full potential of the Museum. Building and site limitations have led the administration to conclude that the expansion and renovation of the existing Minneapolis campus facility could not adequately fulfill the Museum's goals. Conversely, the programmatic relationships and the location on the St. Paul campus has generated great enthusiasm.

Funding for this project is included in the proposed 2008 State Capital request and is anticipated to be included in the Fiscal Year 2009 Capital Budget, which is scheduled to be approved by the Board of Regents in June 2008.

President's Recommendation for Action:

The President recommends approval of the schematic plans for the Bell Museum of Natural History and of the appropriate administrative officers proceeding with the award of contracts for the development of construction documents and construction.

**Bell Museum of Natural History
Twin Cities Campus
Project Number 489-05-1945**

1. Basis for Request:

The Bell Museum of Natural History (Museum) was established at the University of Minnesota by state legislative mandate in 1872 to collect, preserve, skillfully prepare, display, and interpret our state's diverse animal and plant life for scholarly research and teaching and for public appreciation, enrichment and enjoyment. The Museum is best known for its world-class dioramas, outstanding wildlife art collection, an innovative Touch-and-See Room, unparalleled scientific collections documenting the biodiversity of the Upper Midwest, standards-based teacher training programs, undergraduate training for natural history interpreters, and leading research in the fields of systematic and evolutionary biology.

Changes in the public's expectation of a modern museum plus changes in the nature and scope of University of Minnesota research has left the Museum dated and anachronistic as an institution, limited by its landmark building, yet highly effective as a provider of renowned, nationally recognized public outreach on behalf of the University.

Although the current building possesses historic value and considerable aesthetic beauty, it is inflexible, rendering contemporary museum exhibition and interpretation difficult. Humidity and cooling in the existing permanent exhibit halls is not controlled, posing an ongoing threat to the Museum's art collections and priceless habitat dioramas. There are few amenities to attract and retain visitors. Further, the Museum's current location is physically separated from its own research collections and associated colleges, which are located on the St. Paul campus, and offers no opportunity for outdoor interpretive sites.

In response to the need for change the University initiated a study to develop a building plan—renovation or new—and an interpretive theme that would enable the University to capitalize on the full potential of the Museum. Building and site limitation have led the University administration to conclude that the expansion and renovation of the existing Minneapolis campus facility could not adequately fulfill the Museum's goals. Conversely, the programmatic relationships and potential for locating the Museum on the St Paul campus has generated great enthusiasm.

The administration proposes that a new building with accompanying outdoor exhibit spaces be constructed on the St Paul campus where it will serve the on-campus community of environmental biology students, staff, and faculty and will serve as an effective and inviting gateway to the St. Paul campus. This innovative institution will be a portal through which the public can explore the natural world and witness, first hand, cutting edge University research. The new building is designed for flexibility and responsiveness to emerging discoveries that will provide visitors with a unique personal experience thereby promoting frequent visits. Locating the Museum on the St. Paul campus will allow museum educators to work more closely with, and more easily introduce the public to, one of the largest environmental biology research programs (over forty academic departments and interdisciplinary centers) in the world. Bell Museum faculty will teach many of their undergraduate and graduate courses in this new faculty.

2. Scope of Project:

The new 71,000 gross square foot Bell Museum of Natural History will be located on a 13-acre site at the southwest corner of Larpenteur Avenue and Cleveland Avenue on the St. Paul campus. Previously, the site was used for agricultural fields and greenhouses. The site currently contains the former Gibbs One Room Schoolhouse, which was thoroughly

examined and multiple preservation treatment alternatives were considered. After seeking external advice from preservation resources, and based on MNSHPO’s conclusion that it was not anticipated to be listed for National Registry of Historic Places eligibility, the recommendation was made to remove the building. In addition, the south portion of the site currently contains soccer fields that will be relocated to make way for the Museum’s outdoor exhibits.

The physical building is positioned on 7.3 acres at the northerly portion of the site (adjacent to Larpenteur Avenue), which includes parking spaces and circulation for buses. The southerly site consists of 5.7 acres that is integrated into a landscape devoted to exterior exhibits representing Minnesota’s four biomes: Coniferous forest, hardwood forest, oak savanna, and prairie. Although the building is 2+ stories in height, it gives the illusion of being one-story above the existing grade. Vehicular traffic to the Museum will enjoy full-movement access to and from Larpenteur. The project has been reviewed with neighbors, Ramsey County and the City of Falcon Heights.

The building's main entry is on the north side with a walkway set between two small landscaped ponds that reflect an oak savannah and prairie biome. The south site is fully master planned and includes a large one-acre pond for aquatic habitat that will represent Minnesota’s lakes, rivers and wetlands. Except for the one-acre pond and walkway constructed as part of this phase, the majority of the south site will be completed later.

Visitors will enter the Museum through a central gathering space called the “Wedge”, which symbolizes a melting glacier and links the Museum to other exhibit spaces in the west wing and the more public areas (café, gift store, auditorium, diorama hall) in the east wing. A separate, less disruptive entry on the north side provides access for larger groups into the Wedge. A unique, glass-enclosed indoor stair provides an overview of the southerly exterior exhibits and leads visitors to the lower level interpretive center whereby the outdoor interpretive exhibits are accessed. The building’s exterior design reflects a prairie landscape and will incorporate materials of buff colored brick and St. Croix limestone with horizontal banding similar to the glacial valleys cut into the banks along the St. Croix River. The objective is to blur the distinction between landscape and building so that the visitor experience is one of discovery about the geological and ecological history of the state.

The 71,000 gross square foot building provides 59,000 net assignable square feet (83% efficiency) along with parking for 100 cars and stacking for six (6) buses. A separate loading dock for deliveries is provided on the west end of the building. The building is designed for future expansion on the southwest end. Although the original budget included some sustainable design, LEED certification was not part of that budget. However, following an extensive building re-design, the Museum now qualifies for LEED Gold certification.

Allocation of space by program element:

Visitor Services	10,915 square feet
Interpretive / Exhibit Space	18,514 square feet
Interpretive Support Space	7,955 square feet
Public Programs and Education	10,460 square feet (auditorium, classrooms, & labs)
Staff Offices / Conference Rooms	3,050 square feet
Building Operation	6,955 square feet (mech, electrical, loading dock)
Circulation, restrooms, etc.	<u>13,151 square feet</u>
Total	71,000 square feet

Environmental issues on the site were cleaned up as a part of a previous project that included the demolition of greenhouses.

4. Cost Estimate:

Construction Cost	\$24,280,000
Museum Exhibit	5,950,000
Non-Construction Cost	<u>5,870,000</u>
Total Project Cost	\$36,100,000

5. Preliminary Capital Funding Plan:

2008 State Capital Appropriation Request	\$24,000,000
Fund Raising	12,000,000
LEED Kresge Grant	<u>100,000</u>
Total	\$36,100,000

6. Capital Budget Approvals:

Funding for the project is planned to be included in the Fiscal Year 2009 Capital Budget scheduled to be approved by the Board of Regents in June 2008.

7. Annual Operating and Maintenance Cost and Source of Revenue:

Annual operating and maintenance cost are anticipated to be approximately \$800,000. These costs will be funded by the program based upon the new operating budget model.

8. Time Schedule:

Complete design	Spring 2008
Begin construction	Summer 2008
Complete construction	Winter 2010
Exhibits Development	Spring 2010
Open	Summer 2010

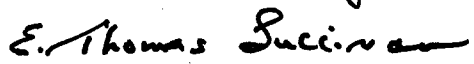
9. Architect and Construction Manager:

Architect: Thorbeck Architects / Elness Swenson Graham Architects, Minneapolis
Construction Manager: J. E. Dunn Construction, Eden Prairie

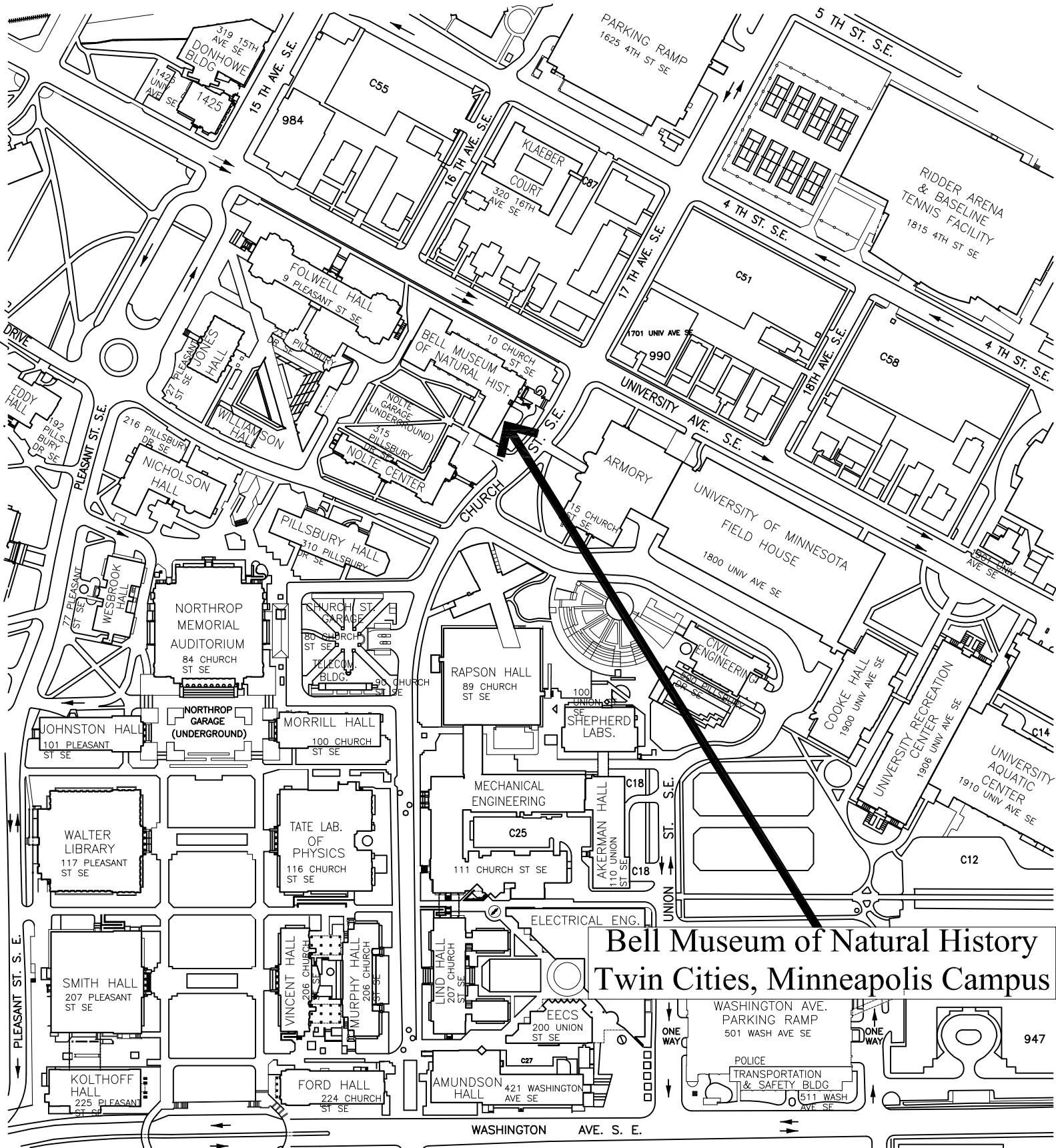
10. Recommendation:

The above described project scope of work, cost, funding, and schedule is appropriate:

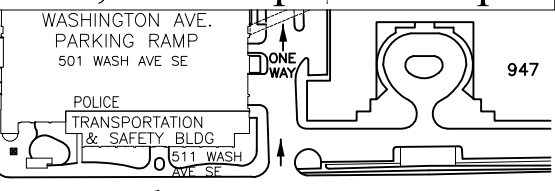
 4/27/07
Richard Pfitzenreuter, Vice President and Chief Financial Officer

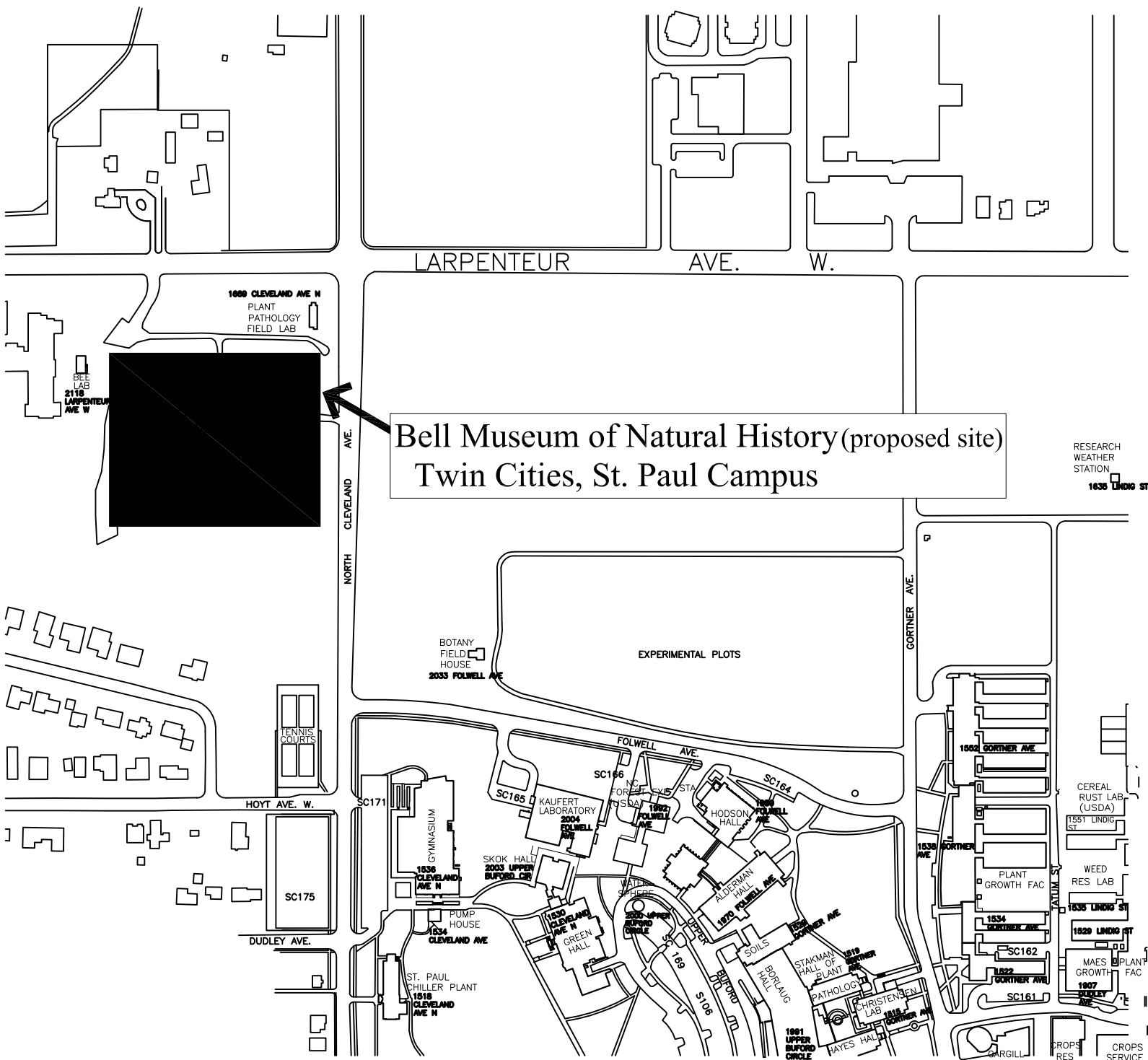
 4/30/07
E. Thomas Sullivan, Senior Vice President/Provost

 4/27/07
Kathleen O'Brien, Vice President for University Services



**Bell Museum of Natural History
Twin Cities, Minneapolis Campus**





Bell Museum of Natural History (proposed site)
Twin Cities, St. Paul Campus



**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

Facilities Committee

May 11, 2007

Agenda Item: Real Estate Transactions

review review/action action discussion

Presenters: Vice President Kathleen O'Brien
Frank Cerra, Senior Vice President for Health Sciences
Vice President/CFO Richard Pfutzenreuter
Vice President Steven Cawley
Susan Carlson Weinberg, Director of Real Estate

Purpose:

policy background/context oversight strategic positioning

In accordance with Board of Regents Policy: *Reservation and Delegation of Authority*, review the following real estate transaction:

- A. Seven-Year Lease for 6th Floor, 14,148 Rentable Square Feet at University Park Plaza, 2829 University Avenue SE, for Academic Health Center, Medical School (Twin Cities Campus)
- B. Ten-Year Lease for 9,033 Rentable Square Feet on 7th Floor at University Park Plaza, 2829 University Avenue SE, Minneapolis, for Office of Information Technology (Twin Cities Campus)

Outline of Key Points/Policy Issues:

The details of these transactions and their financial impact are described in the transaction information pages immediately following this page.

Background Information:

The Board of Regents Policy: *Reservation and Delegation of Authority* states that "The Board of Regents reserves to itself authority to approve the purchase or sale of real property having a value greater than \$250,000 or larger than ten (10) acres" and all "leases of real property, easements and other interests in real property if the initial term amount to be paid by or to the University exceeds \$250,000, consistent with Board policies."

The Board of Regents reviewed these lease transactions in March, 2007. However, the 7th floor leased premises at 2829 University Avenue SE were described as 5,833 rentable square feet. Since the March Board of Regents meetings, the Office of Information Technology has decided to lease additional space on the 7th floor in this building, and the lease for the 7th floor space will now specify 9,033 rentable square feet.

President's Recommendation for Action:

The President recommends approval of the following real estate transactions:

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

- B. Ten-Year Lease for 9,033 Rentable Square Feet on 7th Floor at University Park Plaza, 2829 University Avenue SE, Minneapolis, for Office of Information Technology (Twin Cities Campus)

**SEVEN-YEAR LEASE FOR 14,138 RENTABLE SQUARE FEET
AT UNIVERSITY PARK PLAZA, 2829 UNIVERSITY AVE. SE, MINNEAPOLIS,
FOR ACADEMIC HEALTH CENTER, MEDICAL SCHOOL
(TWIN CITIES CAMPUS)**

1. Recommended Action

The President recommends that the appropriate administrative officers receive authorization to execute a seven-year lease for 14,138 rentable square feet at 2829 University Avenue SE, Minneapolis, for occupancy by the Academic Health Center, Medical School.

2. Description of Leased Premises

The leased premises will consist of 13,515 useable square feet, or 14,138 rentable square feet, of office space comprising the entire 6th floor in the University Park Plaza building at 2829 University Avenue SE, Minneapolis, plus 53 parking spaces.

3. Basis for Request

The Medical School space shortage is critical. Based on current projections, the Academic Health Center (AHC) will be short by more than 100,000 square feet due to new AHC faculty hires, even after the Medical BioSciences Building opens.

This lease for the 6th floor will provide needed faculty office space for the Academic Health Center, Medical Schools' Clinical Neuroscience Center and the Medicine, Emergency Medicine, Neurology and Dermatology Center (MEND).

4. Details of Transaction

The subject lease will commence approximately July 1, 2007 and continue for seven years (through June 30, 2014). The lease will include three successive three-year options to continue the lease thereafter (potentially through June 30, 2023).

The landlord, 2829 University LLC, will remodel the leased premises prior to occupancy by the University. This leasehold improvement project will consist of constructing approximately four offices, necessary electrical and HVAC modifications, and painting and carpeting the entire space.

5. Lease Costs

The University will pay a base rent of \$9.50 per rentable square foot the first year, increasing 4% per year thereafter, plus a pro-rata share of building operating costs (\$9.55 per rentable square foot is the first year's estimate), or a total cost for the first year of the lease of \$269,329, or \$19.05 per rentable square foot.

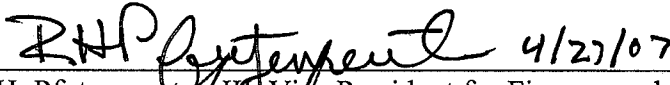
The University will also pay the cost of the leasehold improvement project, estimated at approximately \$180,000.

6. Source of Funds

The Academic Health Center, Medical School will provide the funds for both the on-going lease costs and the \$180,000 for the leasehold improvement project.

7. Recommendations

The above-described real estate transaction is appropriate:

 4/27/07

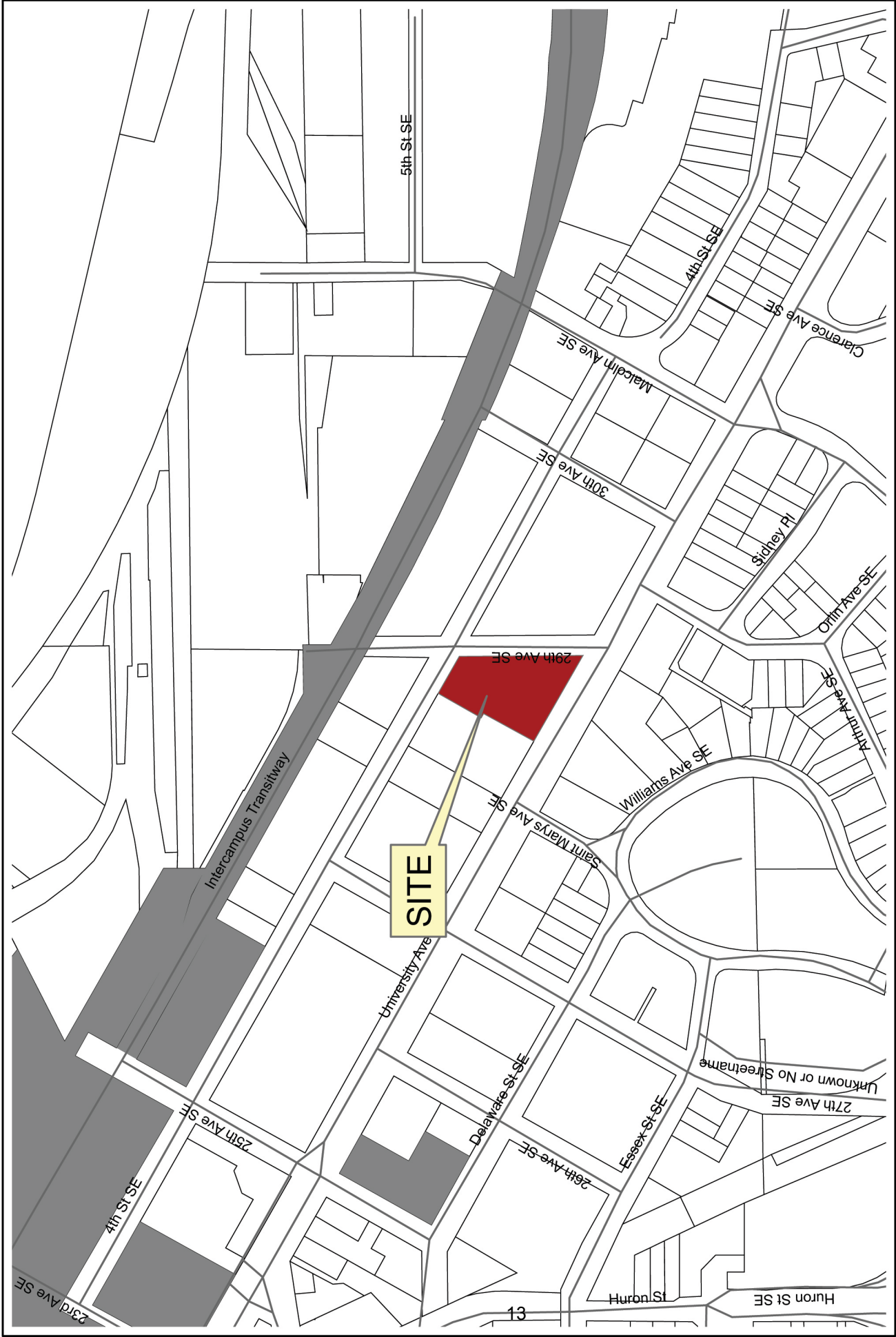
Richard H. Pfitzenreiter, III, Vice President for Finance and CFO

 4/27/07

Frank Cerra, Senior Vice President for Health Sciences

 4/26/07

Kathleen O'Brien, Vice President for University Services



**Board of Regents
University of Minnesota**

**Seven - Year Lease for 6th Floor, 14,148 Rentable Square Feet
at University Park Plaza, 2829 University Ave SE, Minneapolis
(Twin Cities Campus)**

Real Estate Office

**TEN-YEAR LEASE FOR 9,040 RENTABLE SQUARE FEET
ON THE 7TH FLOOR AT UNIVERSITY PARK PLAZA,
2829 UNIVERSITY AVENUE SE, MINNEAPOLIS,
FOR OFFICE OF INFORMATION TECHNOLOGY
(TWIN CITIES CAMPUS)**

1. Recommended Action

The President recommends that the appropriate administrative officers receive authorization to execute a ten-year lease for 9,040 rentable square feet on the 7th floor at 2829 University Avenue SE, Minneapolis, for occupancy by the Office of Information Technology for Academic and Distributed Computing Services.

2. Description of Leased Premises

The leased premises will consist of 7,595 usable square feet, or 9,040 rentable square feet, of office space comprising the northerly and northeasterly portion of the 7th floor in the University Park Plaza building at 2829 University Avenue SE, Minneapolis, plus 34 parking spaces.

3. Basis for Request

The Office of Information Technology (OIT), Academic and Distributed Computing Services, currently occupies less than desirable space in Norris Gym and Lind Hall. Alternative space on campus is not available for this service group.

This lease will provide better quality office space for occupancy by support staff of OIT's Academic and Distributed Computing Services.

4. Details of Transaction

The subject lease will commence approximately July 1, 2007 and continue for ten years (through June 30, 2017). The lease will include three successive five-year options to continue the lease thereafter (potentially through June 30, 2032). The University will have the right to terminate the lease early after 7 years.

The landlord, 2829 University LLC, would remodel the leased premises prior to occupancy by the University. This leasehold improvement project includes removing a number of existing walls, necessary electrical and HVAC modifications, and painting and carpeting the entire space.

5. Lease Costs

The University will pay a base rent of \$9.50 per rentable square foot the first year, increasing 4% per year thereafter, plus a pro-rata share of building operating costs (\$9.55 per rentable square foot is the first year's estimate), or a total cost for the first year of the lease of \$172,212 or \$19.05 per rentable square foot.

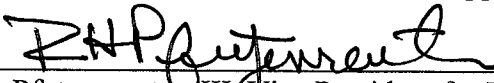
The University will also pay the cost of the leasehold improvement project, estimated at approximately \$144,640.

6. Source of Funds


The Office of Information Technology will provide the funds for both the first year of lease costs and the \$144,640 for the leasehold improvement project. After the first year, the on-going lease costs will be paid with central funds.

7. Recommendations

The above-described real estate transaction is appropriate:

 4/27/07

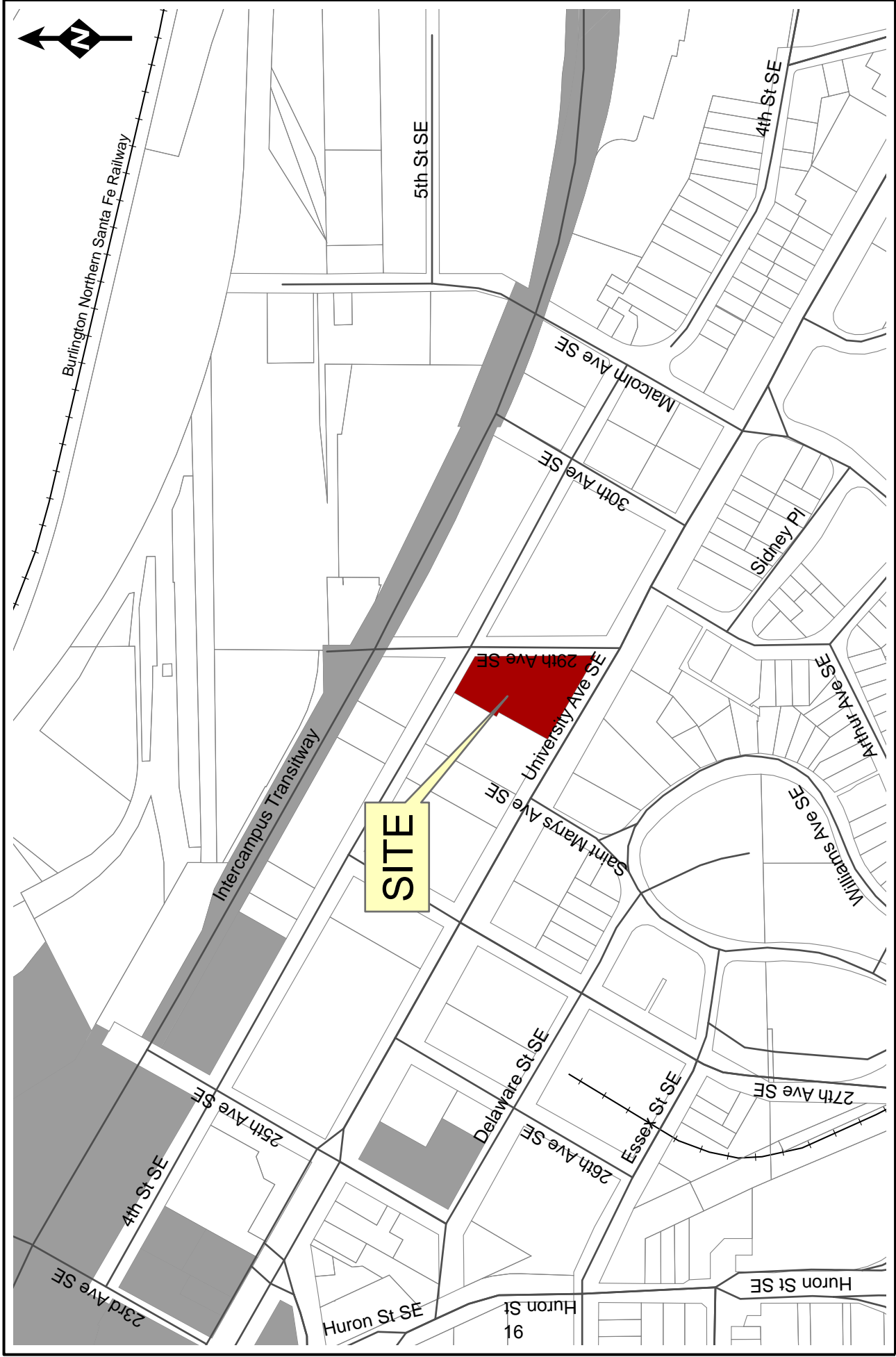
Richard H. Pfitzenreuter, III, Vice President for Finance and CFO

 4/27/07

Robert J. Jones, Senior Vice President for System Academic Administration

 4/26/07

Kathleen O'Brien, Vice President for University Services

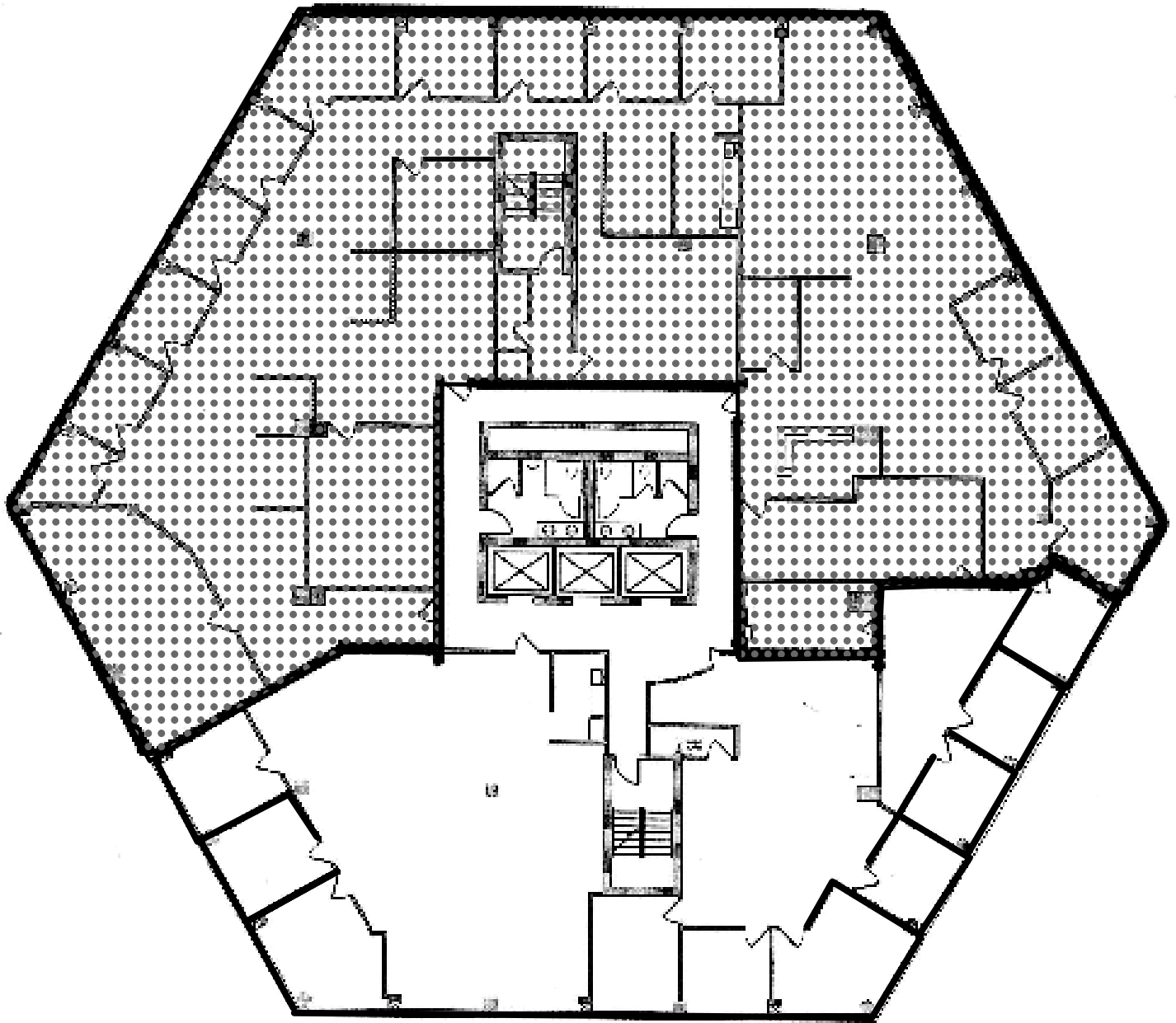


**University of Minnesota
Board of Regents**

**Ten - Year Lease for 7th Floor, 9,040 Rentable Square Feet
at University Park Plaza, 2829 University Ave SE, Minneapolis
(Twin Cities Campus)**

Real Estate Office

UNIVERSITY PARK PLAZA



UNIVERSITY AVENUE SE



University of Minnesota
Board of Regents

10 - Year Lease for 7th Floor, 9,040 Rentable
Square Feet at University Park Plaza,
2829 University Ave SE, Minneapolis
(Twin Cities Campus)¹⁷

Real Estate Office



**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

Facilities Committee

May 10, 2007

Agenda Item: Real Estate Transaction

review review/action action discussion

Presenters: Vice President Kathleen O'Brien
Vice President/CFO Richard Pfitzenreuter
Susan Carlson Weinberg, Director of Real Estate

Purpose:

policy background/context oversight strategic positioning

In accordance with Board of Regents Policy: *Reservation and Delegation of Authority*, review the following real estate transaction:

- A. Purchase of 5.375 Acres at 3141 Eustis Street and 3245 -4th Street SE, Minneapolis (Twin Cities Campus)

Outline of Key Points/Policy Issues:

The details of this transaction and its financial impact are described in the transaction information pages immediately following this page.

Background Information:

Board of Regents Policy: *Reservation and Delegation of Authority* states that "The Board of Regents reserves to itself authority to approve the purchase or sale of real property having a value greater than \$250,000 or larger than ten (10) acres" and all "leases of real property, easements and other interests in real property if the initial term amount to be paid by or to the University exceeds \$250,000, consistent with Board policies."

President's Recommendation for Action:

The President recommends approval of the following real estate transactions:

- A. Purchase of 5.375 Acres at 3141 Eustis Street and 3245 -4th Street SE, Minneapolis (Twin Cities Campus)

**PURCHASE OF 5.375 ACRES AT
3141 EUSTIS STREET AND 3245-4TH STREET SE, MINNEAPOLIS
(TWIN CITIES-MINNEAPOLIS CAMPUS)**

1. Recommended Action

The President recommends that the appropriate administrative officers receive authorization to execute the appropriate documents providing for the purchase of 5.375 acres at 3141 Eustis Street and 3245-4th Street SE, Minneapolis.

2. Location and Description of the Property

The subject property is located at 3141 Eustis Street and 3245-4th Street SE, Minneapolis, just west of the Minneapolis-St. Paul border, and adjacent to the University's Intercampus Transitway.

The property totals 5.375 acres of vacant land.

3. Basis for the Request

The University desires to purchase the subject property for a surface parking lot. Due to the loss of surface parking with the construction of the on-campus football stadium, the construction of a parking lot at this location at the earliest possible time is desired. The *Board of Regents Calendar* dictates that real estate transactions with a value greater than \$500,000 are to be a review item one month and an action item the next. Due to the accelerated need for surface parking, the request is being presented for review and action in one month.

In the future, the property may serve as a building site for a number of different University purposes.

4. Details of the Transaction

The University will pay \$3,512,025 for the property in cash at closing. Closing will occur as quickly as possible after Board of Regents approval of the transaction. The seller is St. Croix Partners, LLC.

5. Use of the Property

This acquisition will provide land for surface parking needed in conjunction with the development of the East Gateway District, including the construction of the on-campus football stadium.

6. Environmental Condition

A Phase I Environmental Site Assessment has been completed, and a Phase II assessment is in process.

7. Source of Funds

The purchase of the property will be funded by University debt.

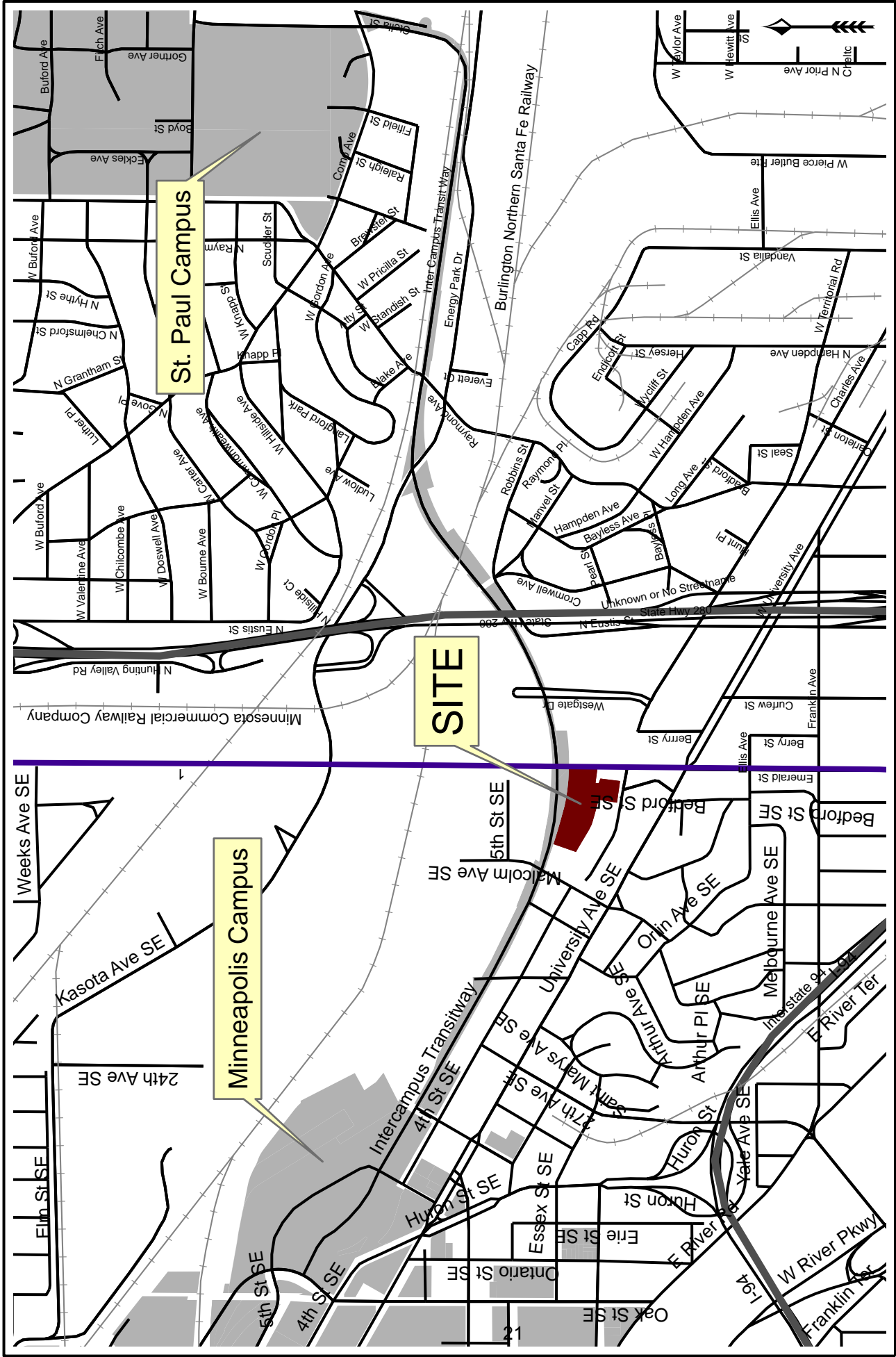
8. Recommendations

The above described real estate transaction is appropriate:

Richard P. Pfitzenreuter 5/4/07
Richard Pfitzenreuter, Vice President for Finance and CFO

E. Thomas Sullivan 5-4-07
E. Thomas Sullivan, Senior Vice President for Academic Affairs and Provost

Kathleen O'Brien 5/4/07
Kathleen O'Brien, Vice President for University Services



University of Minnesota
Board of Regents

Purchase of 5.375 Acres at 3141 Eustis Street
and 3245 - 4th Street SE, Minneapolis (Twin Cities Campus)

Real Estate Office



**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

Facilities Committee

May 10, 2007

Agenda Item: Real Estate Transaction

review review/action action discussion

Presenters: Vice President Kathleen O'Brien
Vice President/CFO Richard Pfitzenreuter
Susan Carlson Weinberg, Director of Real Estate

Purpose:

policy background/context oversight strategic positioning

In accordance with Board of Regents Policy: *Reservation and Delegation of Authority*, review the following real estate transaction:

- A. Purchase of 1.2 Acres, Huron Boulevard Between University Avenue SE and 4th Street SE, Minneapolis (Twin Cities-Minneapolis Campus)

Outline of Key Points/Policy Issues:

The details of this transaction and its financial impact are described in the transaction information pages immediately following this page.

Background Information:

Board of Regents Policy: *Reservation and Delegation of Authority* states that "The Board of Regents reserves to itself authority to approve the purchase or sale of real property having a value greater than \$250,000 or larger than ten (10) acres" and all "leases of real property, easements and other interests in real property if the initial term amount to be paid by or to the University exceeds \$250,000, consistent with Board policies."

President's Recommendation for Action:

The President recommends approval of the following real estate transactions:

- A. Purchase of 1.2 Acres, Huron Boulevard Between University Avenue SE and 4th Street SE, Minneapolis (Twin Cities-Minneapolis Campus)

**PURCHASE OF 1.2 ACRES DESCRIBED AS
HURON BOULEVARD BETWEEN
UNIVERSITY AVENUE SE AND 4TH STREET SE, MINNEAPOLIS
(TWIN CITIES-MINNEAPOLIS CAMPUS)**

1. Recommended Action

The President recommends that the appropriate administrative officers receive authorization to execute the appropriate documents providing for the purchase of 1.2 acres described as the right-of-way of Huron Boulevard between University Avenue SE and 4th Street SE, Minneapolis.

2. Location and Description of the Property

The subject property consists of the 100 feet width of Huron Boulevard right-of-way located between the northerly right-of-way line of University Avenue SE and the southerly right-of-way line of 4th Street SE, Minneapolis, a total of 1.2 acres.

3. Basis for the Request

The University has requested that the City of Minneapolis vacate certain streets, including the subject section of Huron Boulevard, in the area of the East Gateway District, which includes the project site for the TCF Bank football stadium. The City of Minneapolis has advised that it is willing to vacate the subject section of Huron Boulevard if the University pays the City fair market value for this property. The City of Minneapolis had purchased fee title to the 1.2 acres from the Soo Line Railroad when it acquired the necessary right-of-way for construction of Huron Boulevard.

4. Details of the Transaction

The University will pay the City of Minneapolis \$838,224 in cash at closing. Additionally, the University will release the City of Minneapolis from its June, 2006 commitment to provide future benefits to the University in the form of reduced purchase prices for city-owned property the University acquired in the future, in the amount of \$358,026.

City Council action on the University's street vacation request is expected in mid-June, 2007. The closing on the University's purchase of the subject 1.2 acres will occur shortly thereafter.

5. Use of the Property

This acquisition is required for the development of the East Gateway District, including infrastructure and construction of the TCF Bank football stadium.

6. Environmental Condition

A Phase I Environmental Site Assessment has been completed, and a Phase II assessment will be completed prior to the June Board of Regents meetings.

7. Source of Funds

The purchase of the property will be funded by University debt.

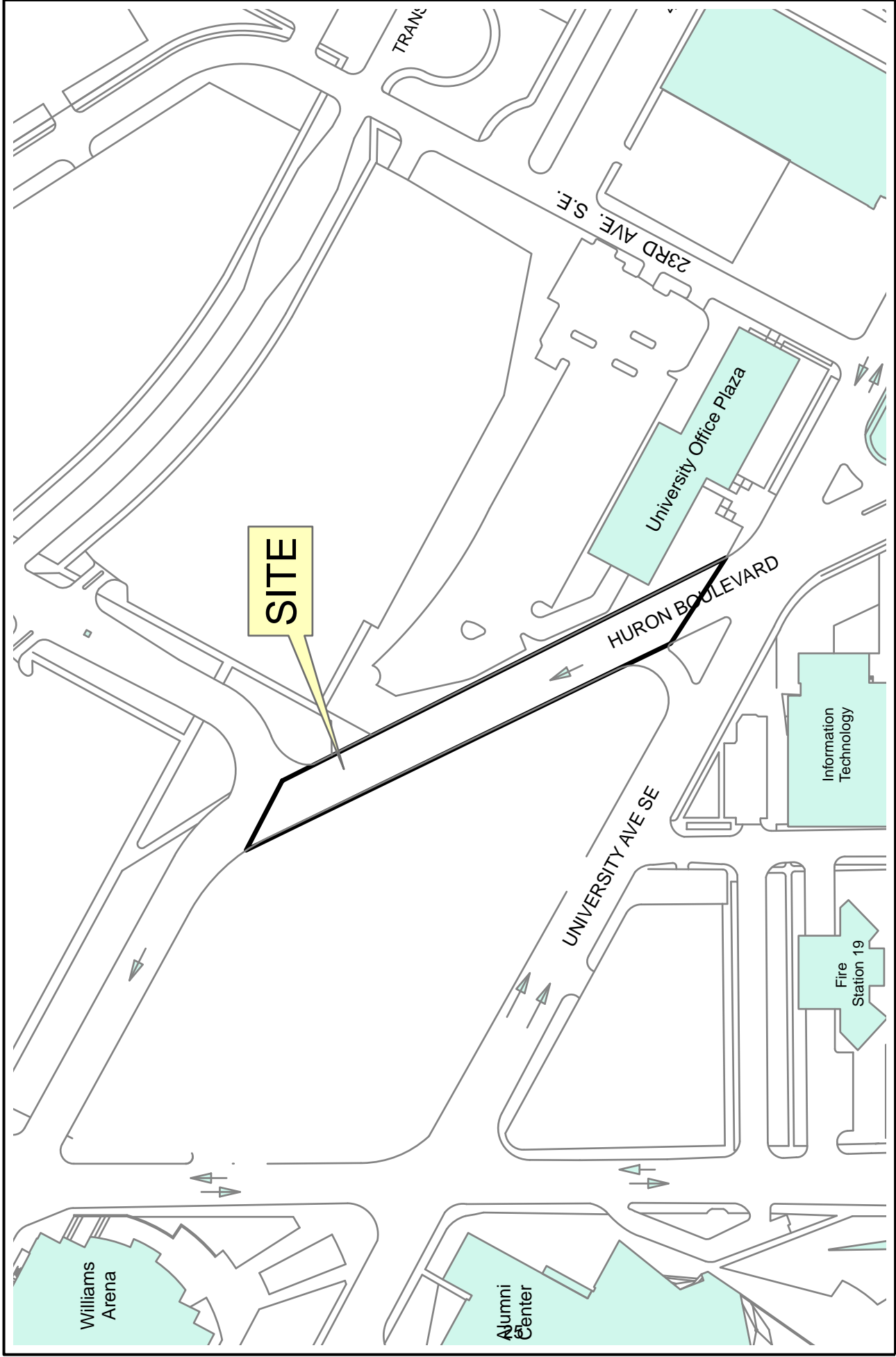
8. Recommendations

The above described real estate transaction is appropriate:

Richard P. Pfitzenreuter 4/27/07
Richard Pfitzenreuter, Vice President for Finance and CFO

E. Thomas Sullivan 4-29-07
E. Thomas Sullivan, Senior Vice President for Academic Affairs and Provost

Kathleen O'Brien 4/26/07
Kathleen O'Brien, Vice President for University Services



University of Minnesota
Board of Regents

Purchase of 1.2 Acres from City of Minneapolis,
Huron Boulevard Between University Avenue SE
and 4th Street SE (Twin Cities Campus)



Real Estate Office



UNIVERSITY OF MINNESOTA BOARD OF REGENTS

Facilities Committee

May 10, 2007

Agenda Item: Light Rail Transit Principles and Update

review review/action action discussion

Presenters: Vice President Kathleen O'Brien
Robert Baker, Director, Parking and Transportation Services

Purpose:

policy background/context oversight strategic positioning

To provide the Facilities Committee with an overview of the Central Corridor Light Rail Transit Design Principles and to update the committee regarding recent progress on the proposed Central Corridor Transit line.

Outline of Key Points/Policy Issues:

The University of Minnesota Twin Cities campus is the 3rd largest trip generator in the metro area. The University is committed to establishing, maintaining, and improving a comprehensive transportation system that reduces congestion, eases accessibility, and enhances a transit-friendly University community.

The Central Corridor Light Rail Transit project will soon begin another phase in the planning process -- Preliminary Engineering. The University is represented on the regional coordinating committee along with representatives from Hennepin County, Ramsey County, City of St. Paul, the City of Minneapolis and the Metropolitan Council. University staff and University-hired consultants (the team of SRF, Ellerbe Becket, and Gannett Fleming) are focusing on options through the Minneapolis campus in order to better understand the issues and opportunities associated with LRT at each of the three proposed station areas -- West Bank, East Bank, and Stadium Village and the Washington Avenue Corridor.

The University has applied the following design principles to our work on the Central Corridor:

- The Optimal operation of the Central Corridor LRT line is vital to a strong, regional, multi-modal transportation system.
- Safety is fundamental to the successful operations of the Central Corridor
- The Central Corridor should realize development opportunities while reducing impact to the urban environment.
- The functionality and aesthetics of the University campus must be enhanced.

The Central Corridor is a segment of the regional transit network that will link the University with the other two major traffic generators in the region: downtown Minneapolis and downtown St. Paul. In addition to connecting the University to the two downtowns, the Central Corridor will connect with the Hiawatha line, providing access to the airport, Mall of America and ultimately busways to the suburbs south of the Minnesota River; and with the Northstar line, providing access to the northwest suburbs and ultimately to Saint Cloud.

Background Information:

In July 2001 the Board considered the Central Corridor alignment alternatives and approved a resolution relating to the preferred alternatives.

In June 2004, June 2005, and March 2006 staff updated the Facilities Committee regarding the design considerations and project status for the proposed light rail transit line's route through campus.



**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

Facilities Committee

May 10, 2007

Agenda Item: Consent Report

review review/action action discussion

Presenters: Vice President Kathleen O'Brien

Purpose:

policy background/context oversight strategic positioning

Outline of Key Points/Policy Issues:

There are no consent items this month.

Background Information:



UNIVERSITY OF MINNESOTA BOARD OF REGENTS

Facilities Committee

May 10, 2007

Agenda Item: Information Items

review review/action action discussion

Presenters: Vice President Kathleen O'Brien

Purpose:

policy background/context oversight strategic positioning

Outline of Key Points/Policy Issues:

Emergency Approvals

In accordance with Board of Regents Policy: *Board Operations and Agenda Guidelines*, on April 16, 2007 Regents Chair Baraga, Vice Chair Simmons, and Facilities Committee Chair Metzen approved the requests for the following items for the University of Minnesota Rochester. The details of these requests are described in the following pages.

- Six-year lease for 52,924 usable square feet, plus an option to lease up to 3,828 usable square feet and storage space, at 111 South Broadway Rochester, for occupancy by the University of Minnesota Rochester.
- Capital Budget amendment of \$8,006,469 to fund leasehold improvements and furniture, fixtures, equipment and technology for the above leased space.

In support of using the emergency process, President Robert H. Bruininks, cited the essential need for approval to ensure the interim campus facility to be complete and prepared for the fall, 2007 academic year.

Background Information:

Emergency Approvals

To provide the Board with information regarding emergency approval of purchases and lease agreements greater than \$250,000. The approval was consistent with Board of Regents Policy: *Board Operations and Agenda Guidelines*, Section II, Subd. 10, which states:

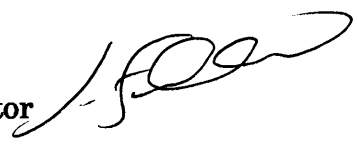
Upon the recommendation of the president, the Board chair, vice chair, and the respective Committee chair may act on behalf of the Board when delay for Board approval poses a significant health, safety, or financial risk to the University. Any such emergency approvals will be brought to the next meeting of the Board, consistent with Board policy.

**UNIVERSITY OF MINNESOTA
Office of the Board of Regents**

600 McNamara Alumni Center
200 Oak Street S.E.
Minneapolis, MN 55455-2020
612-625-6300 (phone)
612-624-3318 (fax)

April 16, 2007

FACSIMILE

To: President Robert Bruininks
From: Jon Steadland, Assistant to the Executive Director 
Re: *Emergency Approval*
Pages: 3 (including cover)

By telephone today, Chair Baraga, Vice Chair Simmons, and Facilities Committee Chair Metzen each approved the request from you for approval of the following items for the University of Minnesota Rochester (as described in the attached letter):

- Six-year lease for 52,924 usable square feet, plus an option to lease up to 3,828 usable square feet and storage space, at 111 South Broadway, Rochester, for occupancy by the University of Minnesota Rochester; and
- Capital budget amendment of \$8,006,469 to fund leasehold improvements and furniture, fixtures, equipment, and technology for the above leased space.

I understand that this action will be reported to the Board of Regents at the May 2007 meetings, as required by Board Policy.

c: Kathryn Brown, Vice President (w/o attachments)
Kathleen O'Brien, Vice President (w/o attachments)
Ann Cieslak, Executive Director (w/o attachments)

April 12, 2007

The Honorable Anthony Baraga
The Honorable Patricia Simmons
The Honorable David Metzen

Dear Members of the Board:

As you know, the Board of Regents Policy: Reservation and Delegation of Authority stipulates that Board approval is required before the University executes a lease agreement for real property with a term amount to be paid by the University greater than \$250,000 and for a capital budget amendment for a new project with a value greater than \$500,000.

Since the Board will not meet until May 10 and 11, 2007, a prompt approval of a lease agreement and capital budget amendment is not possible under normal procedures. However, Board of Regents Policy: Board Operations and Agenda Guidelines allow for an emergency procedure if an emergency situation exists as defined in the Guidelines. Specifically, in Section II, Subd.10, the policy reads as follows:

Upon the recommendation of the president, the Board chair, vice chair, and respective committee chair may act on behalf of the Board when delay for Board approval poses a significant health, safety or financial risk to the University. Any such emergency approvals will be brought to the next meeting of the Board, consistent with Board policy.

Upon the request of the Senior Vice President for System Administration, the Vice President for Finance and Chief Financial Officer and the Vice President for University Services, I am recommending the Board approval for a lease agreement and capital budget amendment using this emergency process:

- The appropriate officers receive authorization to execute a six-year lease for 52,924 usable square feet, plus an option to lease up to 3,828 usable square feet and storage space, at 111 South Broadway, Rochester, for occupancy by the University of Minnesota-Rochester.
- The capital budget amendment of \$8,006,469 to fund leasehold improvements and furniture, fixtures, equipment and technology for the leased space.

The Board of Regents Facilities Committee has been briefed on the development of the interim campus for the University of Minnesota Rochester at their regular meetings since September, 2006. The capital project was identified as a "Potential Addition" in the Fiscal Year 2007 Capital Budget approved by the Board of Regents in June, 2006. At the time the Fiscal Year 2007 Capital Budget was approved the academic program for the project had not been completely defined. The funding sources include the state legislative appropriation for the University of Minnesota Rochester and a City of Rochester appropriation.

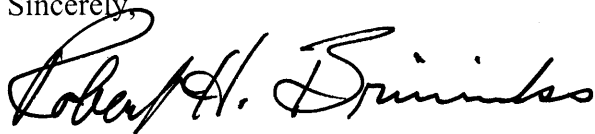
The attached information and supporting documentation for the requested actions:

1. Six-Year Lease for 52,924 Usable Square Feet Plus Option for up to 3,828 Usable Square Feet and Storage Space, 111 South Broadway, Rochester, for University of Minnesota Rochester (Rochester Campus)
2. Capital Budget Amendment Request Leasehold Improvement project, 111 South Broadway Rochester, Minnesota (Rochester Campus)

describe the terms of the lease agreement and explain the leasehold improvements and furniture, fixtures, equipment and technology required to provide the academic programs planned at the University of Minnesota Rochester. It is essential to receive Board approval at this time to ensure the interim campus facility at 111 South Broadway, Rochester is complete and prepared for the fall, 2007 academic year.

Thank you for your consideration of this request. These actions are significant steps in advancing the University of Minnesota Rochester and its academic program.

Sincerely,



Robert H. Bruininks
President

Enclosures

**SIX-YEAR LEASE FOR 52,924 USABLE SQUARE FEET
PLUS OPTION FOR UP TO 3,828 USABLE SQUARE FEET AND STORAGE SPACE,
111 SOUTH BROADWAY, ROCHESTER,
FOR UNIVERSITY OF MINNESOTA ROCHESTER
(ROCHESTER CAMPUS)**

1. Recommended Action

The President recommends that the appropriate officers receive authorization to execute a six-year lease for 52,924 usable square feet, plus an option to lease up to 3,828 usable square feet and storage space, at 111 South Broadway, Rochester, for occupancy by the University of Minnesota-Rochester.

2. Description of Leased Premises

The leased premises will consist of 52,924 usable square feet of classroom, laboratory and office space comprising the entire 3rd and 4th floors in the building at 111 South Broadway, Rochester. In addition, the University will have the option to lease up to 3,828 usable square feet of office and retail space on the first floor of the building at 111 South Broadway. The University may also lease up to 1,500 square feet of storage space in the basement if needed.

The City of Rochester will lease to the University up to 200 parking spaces in city-owned parking ramps near the leased premises for a cost of \$30.00 per space per month. The possible ramp locations include the First Street Ramp, Second Street Ramp, Third Street Ramp, the Civic Center Ramp, and the Center Street Ramp.

3. Basis for Request

The Rochester Higher Education Development Committee (Committee) was established by the 2005 session of the Minnesota Legislature to study and recommend the form of higher education that would best capitalize on the unique opportunities presented in southeast Minnesota. It was the Committee's vision to:

“Establish a world-class higher education institution that leverages the University of Minnesota's research capability, in partnership with IBM, Mayo Clinic, and other industry leaders, to build signature academic and research programs that complement southeast Minnesota's existing leadership roles in health sciences, biosciences, engineering and technology. Educational programs will provide application to economic activities via innovation, translational research, and

clinical experiences. This institution will have a distinct identity and one governing entity. This institution will be the University of Minnesota Rochester.”

Among their recommendations was to establish the UM Rochester campus in close proximity to downtown Rochester in order to take full advantage of the opportunity to share intellectual capital with Mayo Clinic and the existing University-Mayo Partnership for Biotechnology and Medical Genomics. The Committee’s recommendation called for 30,000 usable square feet of space for the Rochester Campus. As the University subsequently reviewed its academic programming requirements for the next six years, the need for a greater amount of space was determined.

Until the University is able to develop a permanent campus for the University of Minnesota-Rochester, the leased space at 111 South Broadway, currently known as the Centerplace Galleria Mall, in downtown Rochester will be the interim location. The University of Minnesota-Rochester programs currently offered at the University Center Rochester on the Rochester Community and Technical College (RCTC) Campus, will be relocated to 111 South Broadway and expanded to include the Center for Allied Health Programs and space for developing biotechnology programs in Rochester.

The University of Minnesota Extension Service, Southeast Regional Office will remain on the RCTC Campus during the interim period. The master planning for the permanent Rochester Campus will evaluate the inclusion of space for the SE Regional Office. Meanwhile, University of Minnesota Extension Service may also use University-leased space at 111 South Broadway for purposes of presenting seminars and workshops related to its mission.

4. Details of Transaction

Subject to completion of the construction of leasehold improvements by the landlord, the lease will commence for 40,000 square feet on the 3rd and 4th floor leased premises approximately September 1, 2007 and continue for six years (through August 31, 2013). The lease will include three successive three-year options to continue the lease thereafter (potentially through August 31, 2022). The University will have the option to terminate the lease early at the end of the 5th year (August 31, 2012) upon a written notice of at least eighteen (18) months.

Subject to completion of the construction of leasehold improvements by the landlord, the lease will commence for 12,924 square feet on the 3rd floor (the balance of the 3rd and 4th floor leased premises) approximately January 1, 2008, and will have the same initial term end date and renewal options as of the balance 3rd and 4th floor leased premises.

The University has the option to include in the leased premises 3,828 square feet or 2,053 square feet or 1,775 square feet on the first floor if notice is given on or before December 31, 2007. The lease for the first floor space would have the same initial term end date and renewal options as the 3rd and 4th floor leased premises. The optioned space would be used for Student Admissions and/or the University Bookstore.

Subject to appropriate approvals, the University will have illuminated signage on the exterior of the building and possible directional signage on U.S. Highway 52.

The leasehold improvement project on the 3rd and 4th floors will consist of constructing general classrooms, distance learning classrooms, laboratories, offices, conference rooms, and student areas including lounges and information commons. The maximum not to exceed cost to be paid by the University to the landlord for the 3rd and 4th floor leasehold improvements is \$2,911,000 plus design costs. In addition, the University will have FF&E and technology costs for the 3rd and 4th floors leased premises.

The leasehold improvement project for the 1st floor optioned space (if the option is exercised) will consist of constructing offices and/or bookstore (retail) space. The University's cost for the 1st floor leasehold improvements, for 3,828 square feet, is estimated at \$382,800 plus design costs. In addition, the University will have FF&E and technology costs for the 1st floor leased premises.

During the lease term, the University will have the right of first refusal to purchase the building at 111 S. Broadway, Rochester, in the event the landlord desires to sell the building.

5. Lease Costs

The base rent for the 3rd and 4th floor leased premises is fixed throughout the lease term at \$9.75 per usable square foot per year. In addition, the University will pay operating costs and real estate taxes. For 2007, the University will pay real estate taxes in the amount of \$2.25 per usable square foot plus actual operating costs, which are estimated at \$6.00 per usable square foot. Annual increases in real estate taxes are capped at 3%, and annual increases in operating costs are capped at 5% (above the budgeted amount of \$6.00 per usable square foot for 2007). The University will receive free rent, taxes and operating costs on the 12,924 usable square feet until January 1, 2008 (if the space can be occupied prior to that date). The University will also pay for separately-metered electrical service and custodial service and supplies, jointly estimated at \$3.00 per usable square foot.

The total for base rent, operating costs, taxes, electricity and custodial services and supplies for the 3rd and 4th floors for September 1, 2007 through June 30, 2008 is estimated at \$968,668 (reflecting rent, operating costs and taxes for the

12,294 usable square feet commencing January 1, 2008). For the period of July 1, 2008 through June 30, 2009, the total for base rent, taxes, operating costs, electricity and custodial services and supplies for the entire 3rd and 4th floors is estimated at \$1,150,682.

If the option for the first floor space is exercised, the rent for the 1st floor leased premises will be fixed throughout the lease term at \$18.00 per usable square foot. In addition, the University will pay real estate taxes and operating costs, estimated at \$11.17 per usable square foot in 2007, reflecting the prime 1st floor retail space location. The University will also pay for separately-metered electrical service and custodial service and supplies, jointly estimated at \$3.00 per usable square foot. If the first floor leased premises are occupied prior to January 1, 2008, the University will receive free rent, operating costs and taxes on the first floor space until January 1, 2008.

Assuming the University exercises the option for the 3,828 square feet, the total for base rent, operating costs, taxes, electricity and custodial services and supplies for the first floor for January 1 through June 30, 2008 is estimated at \$61,932. For the period of July 1, 2008 through June 30, 2009, the total for these lease costs is estimated at \$125,853.

If the University leases storage space, rent will be fixed throughout the lease term at \$5.50 per square foot per year.

6. Source of Funds

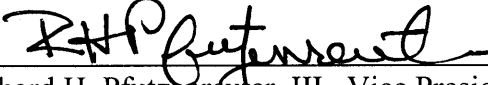
Annually recurring state legislative operations and maintenance (O&M) appropriations will be used to pay the on-going lease costs.

The leasehold improvement project costs will be paid with \$4 million provided by the City of Rochester and annually recurring state legislative appropriations.

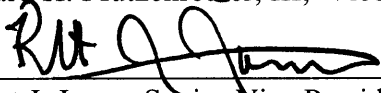
It is possible that the Mayo Clinic may sublease some of the University's leased premises during the first and second year of the lease until the UMR academic programs have grown into the space.

7. **Recommendations**

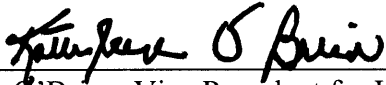
The above-described real estate transaction is appropriate:

 4/12/07

Richard H. Pfitzenreuter, III, Vice President for Finance and CFO

 4/12/07

Robert J. Jones, Senior Vice President for System Administration

 4/12/07

Kathleen O'Brien, Vice President for University Services

Capital Budget Amendment Request

Leasehold Improvement Project 111 South Broadway Rochester, Minnesota (Rochester Campus)

1. Basis for Request:

The Rochester Higher Education Development Committee was established by the 2005 session of the Minnesota Legislature to study and recommend the form of higher education that would best capitalize on the unique opportunities presented in southeast Minnesota. It was the Committee's vision to:

“Establish a world-class higher education institution that leverages the University of Minnesota's research capability, in partnership with IBM, Mayo Clinic, and other industry leaders, to build signature academic and research programs that complement southeast Minnesota's existing leadership roles in health sciences, biosciences, engineering and technology. Educational programs will provide application to economic activities via innovation, translational research, and clinical experiences. This institution will have a distinct identity and one governing entity. This institution will be the University of Minnesota Rochester.”

The Board of Regents reviewed and affirmed the recommendations outlined in the Committee's report in March of 2006, and the State of Minnesota provided additional appropriations for expansion of the University's efforts in Rochester in July of 2006. Among the recommendations in the Committee's report was to establish the UM Rochester campus located in close proximity to downtown Rochester in order to take full advantage of the opportunity to share intellectual capital with Mayo Clinic and the existing UM/Mayo partnership in biosciences. The Committee's recommendation called for 30,000 usable square feet of space. As the University subsequently reviewed its academic programming requirements for the next six years, the need for a greater amount of space was determined to be approximately 56,752 usable square feet.

Until there is a need to expand the University of Minnesota Rochester, an interim location is proposed to be leased at 111 South Broadway in downtown Rochester, also known as Centerplace Galleria. The University of Minnesota Rochester programs currently offered at the University Center Rochester and Rochester Community and Technical College Campus (RCTC), will be relocated to 111 South Broadway and expanded to include the Center for Allied Health and emerging biotechnology programs in Rochester.

For the time being, University of Minnesota Extension Southeast Regional Office will remain on the RCTC Campus, but evaluated for inclusion in the permanent campus once master planning begins. Meanwhile, University of Minnesota Extension may also use space at Centerplace Galleria for purposes of presenting seminars and workshops related to their mission.

2. Scope of Project:

The initial leased premises will consist of 52,924 usable square feet of classroom, laboratory and office space on all of the 3rd and 4th floors, and up to another 3,828 usable square feet on first floor for a bookstore and student services center, bringing the total leased area to approximately 56,752 usable square feet. In addition, the University has the option to lease up to 1,500 square feet of basement storage space at any point during the term.

This capital budget amendment will fund leasehold improvements and furniture, fixtures, equipment and technology for the entire space. Funding is available through two sources: 1) \$4 million from a state legislative appropriation and, 2) \$4 million from the City of Rochester sales tax revenue fund.

3. Environmental Issues:

All hazardous material will be abated by the landlord prior to construction.

4. Cost Estimate:

Leasehold Improvements, including design consultants and owner's contingency, to be paid as a part of the lease agreement is estimated as follows:

3 rd & 4 th Floor Space (52,924 usable square feet)	\$2,911,000
1 st Floor Space (3,828 usable square feet)	\$ 382,800
Design, project management and owner's contingency	<u>\$ 902,689</u>
Subtotal - Leasehold Improvements	<u>\$4,196,489</u>

Furniture, Fixtures, Equipment & Technology:

Furniture & Fixtures	\$ 716,025
Equipment for Clinical Lab Science, Occupational Therapy, & Nursing	\$ 930,000
Distance Education and other technology	\$1,400,000
Fiber optic lines	\$ 350,000
Management and contingency	<u>\$ 413,955</u>
Subtotal - FFE & Technology	<u>\$3,809,980</u>

All-In Project Total **\$8,006,469**

5. Capital Funding:

City of Rochester Appropriation	\$4,000,000
State Legislative Appropriation	<u>\$4,006,469</u>

Total Funding Request **\$8,006,469**

6. Capital Budget Approvals:

This project was identified as a "Potential Addition" in the Fiscal Year 2007 Capital Budget approved by the Board of Regents in June 2006. At the time the Fiscal Year 2007 Capital Budget was approved the academic program for the project was not completely defined.

7. Annual Operating and Maintenance Cost and Source of Revenue:

The annual operating and maintenance cost for FY2008 totals \$1,030,600 which reflects a partial year and the cost for FY2009, the first year of full occupancy, will be \$1,276,535. Thereafter, increases to real estate taxes are capped at the lesser of actual or 3%, and operating costs are also capped at the lesser of actual or 5%.

8. Time Schedule:

Every effort is being made to complete all work by August 15, 2007.

9. Architect & Contractor hired by the Landlord:


Architect: Hammel Green and Abrahamson, Rochester
Contractor: Weis Builders, Rochester

10. Recommendation:

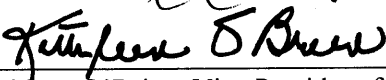
The above described project scope of work, cost, funding, and schedule is appropriate:

 4/12/07

Richard H. Pfutzenreuter, III, Vice President for Finance and CFO

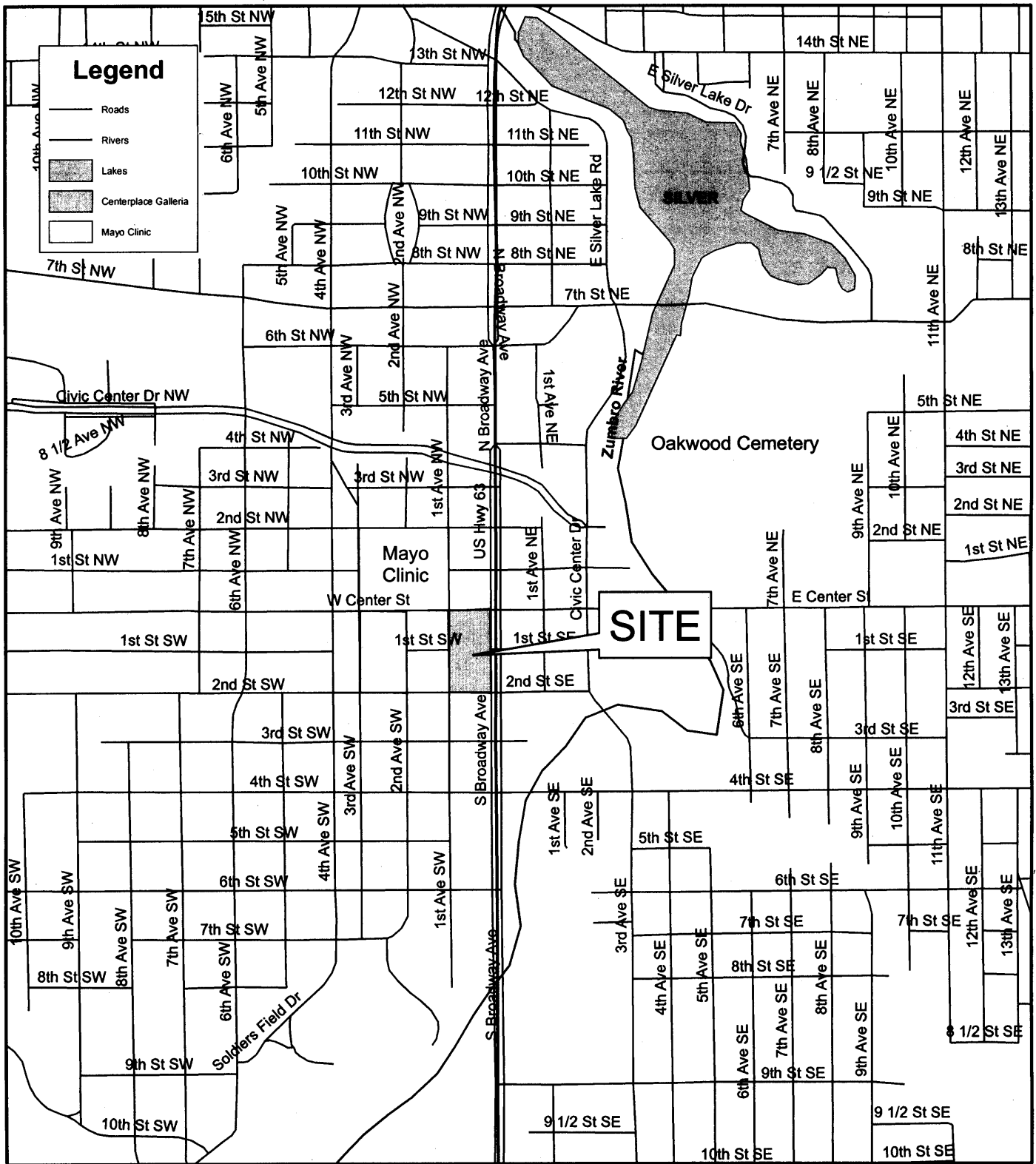
 4/12/07

Robert J. Jones, Senior Vice President for System Administration

 4/12/07

Kathleen O'Brien, Vice President for University Services

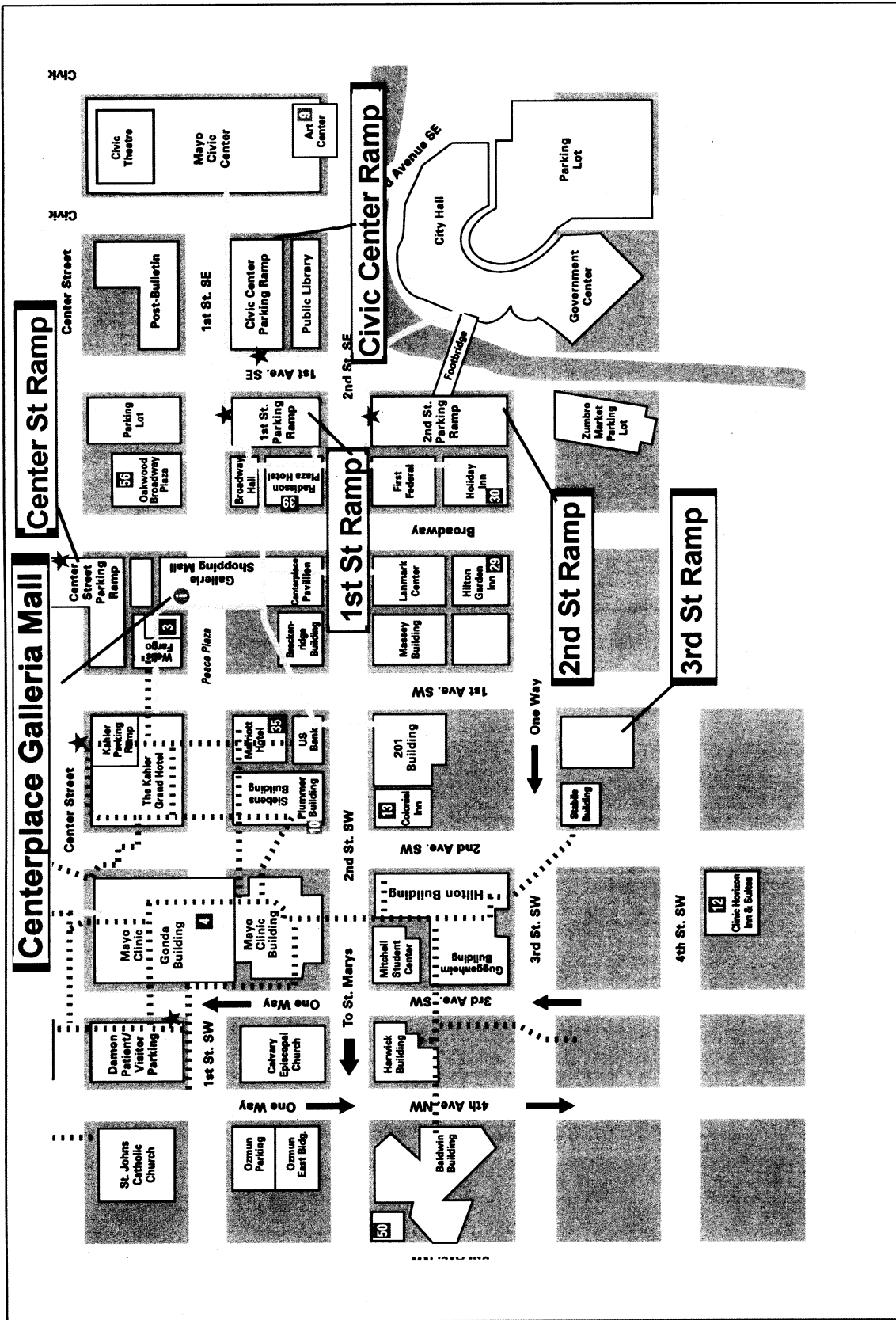
Centerplace Galleria Mall



University of Minnesota
 Real Estate Office
 319 - 15th Ave SE
 Minneapolis, MN 55455

111 South Broadway Ave
 Rochester, MN 55904

This map is intended to be used for planning purposes only, and should not be relied upon where a survey is required.



University of Minnesota
of
Minnesota

Parking for University of Minnesota
Rochester Lease

Board of Regents