

**YEAR 2002-03**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Facilities Committee**

**May 8, 2003**

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, May 8, 2003, at 9:30 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Lakeesha Ransom, presiding; Anthony Bargara, Clyde Allen, Frank Berman, David Metzen, and Patricia Simmons.

Staff present: Chancellors Donald Sargeant, and Samuel Schuman; Vice President Kathleen O'Brien; Executive Director Ann Cieslak; and Associate Vice Presidents Richard Pfitzenreuter and Laurie Scheich.

Student Representatives present: Cameron Brauer and Andrew Sorsoleil.

**CONSENT REPORT**

There was no consent report presented for action.

Vice President O'Brien presented the schematic plans for the Southeast Steam Plant Rehabilitation, Phase I project, located on the Twin Cities campus, as found in the docket materials. She noted that the committee had discussed the design guidelines in September 2002 and in October 2002 the Board of Regents had approved an \$11.6 million Capital Budget Amendment to fund Phase I. O'Brien introduced John Grundtner, University Architect, who summarized the scope of the project.

Grundtner reported that a building condition assessment and stabilization report and a predesign were completed for the plant, which identified significant disrepair and/or replacement needs of identified elements of the structure, including walls, windows, and doors, and site work surrounding the building. Phase I includes the highest priority work to address the immediate rehabilitation and restoration needs of the building, including replacing roofs, restoring facades and upgrading the interior ventilation systems, work consistent with the building's status on the National Register of Historic Places.

A motion was made and seconded to recommend approval the Schematic Plans for the Southeast Steam Plant Rehabilitation, Phase I, Twin Cities campus.

Regent Metzen expressed concerns about the plant's disrepair, adding that it is important that the public knows that the University is a good steward of its buildings and grounds.

Regent Baraga suggested that the committee review other University buildings, especially those currently vacant and in need of repair, so that structural problems can be addressed in a timely way. He emphasized that maintaining existing buildings is critical given the cost of building new structures. O'Brien reported that a facilities condition assessment report will be presented to the committee at the June 2003, meeting.

In response to a question, Associate Vice President Pfitzenreuter explained that the source of funding for the Phase I and Phase II project is the institution's internal loan pool pending the outcome of current litigation. O'Brien confirmed that the cost of Phase I will not exceed \$11.6 million, with construction expected to be completed in October 2004.

The committee voted unanimously to approve the schematic plans.

## **REAL ESTATE TRANSACTIONS**

A motion was made and seconded to recommend approval of the following real estate transactions:

Three-year Lease of Phillips-Wangensteen Building & Masonic Cancer Center Space to University of Minnesota Physicians for Clinical Activities

Vice President O'Brien presented the three-year lease of Phillips-Wangensteen Building & Masonic Cancer Center Space to University of Minnesota Physicians (UMP) for clinical activities, which had been reviewed at the March 2003 meeting.

Real Estate Director Susan Weinberg reviewed the lease which expires on July 31, 2006. UMP will use the space for the Audiology and Oncology Clinics and the Radiology Imaging Center.

## **Sale of 40 Acres in Sawyer Township, Carlton County**

Weinberg presented the proposed sale of 40 acres in Sawyer Township, Carlton County, for \$26,900, which exceeds the appraised value of the property. This land is part of a 475-acre parcel assigned to the Cloquet Forestry Center that was reviewed by the committee in May 2002. The proceeds from the sale would be used by the Cloquet Forestry Center to purchase land that is better suited for forestry research.

The committee voted unanimously to recommend approval of the real estate transactions.

### LAND INVENTORY REVIEW AND LAND DISPOSITION

#### POLICY ISSUES

Vice President O'Brien presented background information on the University's real estate inventory and the policies and procedures related to the sale of property. O'Brien indicated that this item responds to previous committee discussions relating to the criteria for the acquisition or sale of land, and what the right positioning of the University should be in terms of its land holdings.

Real Estate Director Susan Weinberg summarized the University's real estate inventory, highlighted aspects of the University's policies and practices regarding the sale and purchase of property, and noted the landholdings and policies of peer institutions. A copy of the presentation is on file in the Board Office.

Weinberg explained that property is often suggested for sale by an internal department or collegiate unit, but that occasionally an external party will submit a request to purchase a piece of property. When the Real Estate Office receives a request to sell or purchase property, a thorough internal review process occurs to determine any University current or future programmatic need. If no mission-related need exists, the sale process is implemented. Proceeds from the sale of real estate are deposited into the general fund or used to purchase property more suitable to mission-related activities.

Best practices in the institution and among peer institutions include not selling land within campus master plan boundaries and retaining land only when needed for academic or mission-related activities.

Regent Berman expressed concern that it may be difficult to determine a current or future mission-related purpose for a piece of property and that a compelling need to disperse the property should be shown before it is sold. Regent Simmons commented that imposing a rigid standard might hamper the University from making a decision based on the best judgment at the time.

The committee raised a number of questions regarding property including whether it has investment potential and, if so, should it be managed as part of the endowment fund; and how does the University manage proceeds from the sale. Associate Vice President Pfutzenreuter responded that the administration would include information on the disposition of proceeds when presenting real estate transactions. Regent Ransom proposed that the issues raised be discussed at a future meeting.

## **INFORMATION ITEMS**

The committee briefly reviewed the following, as presented in the docket materials and on file in the Board Office:

- Quarterly Capital Improvement Plan Report (3rd Quarter FY03)

Interim Associate Vice President Michael Denny presented the quarterly Capital Improvement Plan Report, which provides a progress report on projects authorized in the Capital Budget.

- Schematic Plans: Kirby Plaza, Phase III, Duluth Campus

Vice Chancellor Gregory Fox reported on the Duluth campus project which due to its size does not require Board approval.

- Residential Life Safety Improvement Program Update

Representatives from each campus updated the committee on progress to date. Several Regents recommended that funding should be identified to accelerate progress toward compliance, particularly at Morris and Duluth, which are not expected to be fire alarm and sprinkler system code compliant until 2006 and 2007 respectively.

- Public Art Project: Molecular & Cellular Biology Building, Twin Cities Campus

Lyndel King, Director, Frederick R. Weisman Art Museum, and Shelly Willis, Public Art Coordinator, reported on the installation of light emitting diode fixtures on the Molecular and Cellular Biology Building as part of the Public Art on Campus program.

- Reorganization: Facilities Management, Twin Cities Campus

Associate Vice President Steve Spehn reported on results of the reorganization of Facilities Management, Twin Cities campus. The goal of the reorganization is to achieve the goals of University Services of service, accountability, and stewardship, and was necessary to address budget reductions.

The meeting adjourned at 11:43 a.m.

**Ann D. Cieslak**  
**Executive Director and**  
**Corporate Secretary**

