

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Facilities Committee
September 11, 2003**

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, September 11, 2003, at 9:45 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Dallas Bohnsack, presiding; Clyde Allen, Frank Berman, John Frobenius, David Metzen, and Lakeesha Ransom.

Staff present: Senior Vice President Frank Cerra; Vice President Kathleen O'Brien; Interim Vice President David Hamilton; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; Associate Vice Presidents Terry Bock, Gerald Fischer, Michael Perkins, Richard Pfitzenreuter, Laurie Scheich, and Steven Spehn.

Student Representatives present: Cameron Brauer and Andrew Sorsoleil.

**SCHEMATIC PLANS: JACKSON HALL END CAP/STAIR ENCLOSURE,
TWIN CITIES CAMPUS**

Vice President O'Brien provided background information on the Jackson Hall End Cap/Stair Enclosure, a project that entails the rehabilitation of the east façade of Jackson Hall that was disturbed during construction of the Molecular and Cellular Biology Building (MCBB). Funding for this project is provided as part of the budget for the MCBB. O'Brien introduced University Architect John Grundtner, who presented the Schematic Plans. A copy of the Schematic Plans and the presentation are on file in the Board Office.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Schematic Plans for the Jackson Hall End Cap/Stair Enclosure.

SCHEMATIC PLANS: SCHOLARS WALK, TWIN CITIES CAMPUS

Vice President O'Brien introduced Associate Vice President Gerald Fischer, Chief Executive Officer Larry Laukka, University Gateway Corporation, and University Architect John Grundtner, who discussed the Scholars Walk on the Twin Cities Campus. The Scholars Walk was designed to recognize in a physical way the University's most distinguished scholars and teachers and encourage outstanding scholarly achievement. A copy of the Schematic Plans and the presentation are on file in the Board Office.

Fischer briefly discussed the financial plans for the Scholars Walk, noting that interest in the project has generated discussions with many prospective donors.

Grundtner presented the Schematic Plans and discussed the design elements of the Scholars Walk, including

construction materials, landscaping, commemorative monuments, and anticipated construction schedule.

In response to a question, Fischer stated that an endowment would cover yearly maintenance costs. Thomas LaSalle, LaSalle Group, Ltd., Gateway Corporation Owner Representative explained that the design incorporates materials selected for their durability and low maintenance and plantings were chosen to be disease resistant and enjoyed throughout the seasons.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Schematic Plans for the Scholars Walk, Twin Cities Campus.

CAPITAL BUDGET AMENDMENT

A. Phillips-Wangensteen Vascular Biology Center/Hebbel Lab Remodeling, Twin Cities Campus

Vice President O'Brien provided background information on the Capital Budget Amendment for additional funding for the Phillips-Wangensteen Building, Vascular Biology Center/Hebbel Laboratory Remodeling project. The project began in July 2002 as a retention offer to Dr. Robert Hebbel to establish a Vascular Biology Center. After completing the pre-design planning for the project it was determined that the funding approved for the project in the FY2004 Capital Budget was not adequate to renovate the entire space.

O'Brien introduced Associate Vice President Terry Bock, who explained the basis of the request. He stated that cardiovascular sciences are one of eight priority areas of the Medical School. The renovated laboratory will house Dr. Hebbel, several collaborating funded investigators, and three new vascular biology faculty.

Concerns were raised about project construction costs and whether the University has a policy regarding retention commitments to faculty that impact facilities. Several Regents agreed that this project be viewed as one that advances the field of vascular biology and not solely as a retention offer to a particular faculty member.

REAL ESTATE TRANSACTIONS

A. Options Relating to Radisson Hotel Metrodome Refinancing, Twin Cities Campus

General Counsel Rotenberg, Associate Vice President Pfitzenreuter, and Director of Real Estate Susan Carlson Weinberg presented options relating to the Radisson Hotel Metrodome refinancing as detailed in the docket materials on file in the Board Office. Weinberg summarized the conditions of the land lease with the Radisson Hotel Metrodome; Rotenberg reviewed the refinancing options available to the University.

In response to a question, Weinberg provided appraisal information on the land, hotel, furniture and fixtures, as well as any business value, assuming the property was owned by one party and there was no lease encumbering the land. Associate General Counsel Kenneth Larson discussed other options to protect the University's interest and answered a number of questions regarding possible foreclosure and new financing.

A lengthy discussion ensued. Regents raised a number of concerns regarding the wisdom of making a significant capital investment now to avoid the risk of losing control of this piece of property; purchasing the mortgage; getting a security position in the furnishings, fixtures and equipment; and defining the order of the redemption

rights to protect the interest in the land.

Pfutzenreuter stated that the administration seeks the approach that best mitigates the risk to the University and will bring a recommendation to the committee at a future meeting.

B. 2004 US Transplant Games: Agreement for Facilities and Services, Twin Cities Campus

Vice President O'Brien introduced Senior Vice President Cerra, Associate Vice President Pfutzenreuter, and Director of Real Estate Susan Carlson Weinberg to present the proposed host agreement with the National Kidney Foundation for the 2004 US Transplant Games. Cerra explained the purpose of the Transplant Games, a national athletic competition for individuals who have received a life-sustaining organ transplant, their family members, and spectators. Weinberg summarized the University facilities and services to be provided for the event and stated that the University will receive an estimated \$501,042, an amount that covers costs only and does not result in a profit for the institution.

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

LAND SALE PROCEEDS: POLICY ISSUES

Vice President O'Brien introduced Associate Vice President Pfutzenreuter and Director of Real Estate Susan Carlson Weinberg, who presented the changes in the administrative practices engaged during the sale of real estate. A copy of the presentation is on file in the Board Office.

Weinberg summarized the process undertaken for all real estate transactions, as described in the docket materials. Currently, proceeds from the sale of non-trust properties are deposited into central reserves. The administration is proposing establishing a Real Estate Acquisition Account to receive real estate sale proceeds. This account would fund future acquisitions of other desirable real estate, such as the property that becomes available within the boundaries of a campus master plan. Committee members expressed support in the change.

COMMITTEE WORKPLAN, 2003-04

Vice President O'Brien summarized the development of the committee workplan for the coming year in accordance with Board of Regents Policy: Board Operations & Agenda Guidelines. O'Brien highlighted Section VIII: Property, Facilities, and Capital Budgets, of Board of Regents Policy: Reservation and Delegation of Authority, and stated that no changes are anticipated in these transaction levels. O'Brien also reviewed the draft policy and oversight agenda, as included in the docket materials, noting policy issues proposed for each month.

CONSENT REPORT

No Consent Report items were presented for action this month.

INFORMATION ITEMS

Vice President O'Brien introduced Associate Vice President Perkins, who presented the Quarterly Capital Improvement Plan Report for the 4th Quarter FY2003. The report summarizes recent project history; assesses current projects, issues and initiatives; and summarizes project projections for FY2004. Perkins stated that future quarterly reports will include project schedules, scope, purpose; and results achieved in projects over \$1-\$2 million dollars. A copy of the presentation is on file in the Board Office.

Vice President O'Brien noted the additional information items: The continuation of the lease for 112 apartments at University Village; an update on the building project component of the Mayo Rochester Project; and the St. Paul Chilled Water Facility.

The meeting adjourned at 11:55 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary