

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Facilities Committee**

**September 9, 2004**

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, September 9, 2004, at 10:00 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: Chancellor Kathryn Martin; Senior Vice President Frank Cerra; Vice Presidents Kathleen O'Brien and Richard Pfutzenreuter; Interim Vice President David Hamilton; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; Associate Vice Presidents Michael Perkins, Steven Spehn, and Michael Volna.

Student Representatives present: Richard Laager and Andrew Sorsoleil.

**BOARD OF REGENTS POLICY: *EMINENT DOMAIN***

General Counsel Mark Rotenberg presented proposed amendments to Board of Regents Policy: *Eminent Domain*. Rotenberg explained that the amendments eliminate several procedures from the policy, as they are administrative in nature. The new language clarifies that the role of the Board of Regents is to establish the public purpose and necessity for acquisition of the land the University wishes to obtain. Settlements and appeals regarding payment will be handled consistent with Board of Regents Policy: *Legal Claims and Settlements*.

In response to a question, Rotenberg agreed to report back to the committee regarding the final point at which the institution could withdraw from land purchase proceedings.

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

**CAPITAL BUDGET AMENDMENT**

**Smith Hall Fire Damage**

Vice President O'Brien presented the proposal to amend the FY2005 capital budget for \$1,248,000 to incorporate funding for the Smith Hall Fire Damage Repair project located on the Twin Cities campus, as included in the revised docket materials distributed to the committee and on file in the Board Office. O'Brien reported that this project is the result of a fire in Smith Hall Laboratory 413 and 413A in May 2004 that caused water and smoke damage to adjacent research and teaching laboratories and offices. The project includes rebuilding the affected laboratories, installation of new lighting, mechanical systems, interior walls, ceilings, doorframes and windows, and equipment replacement. The project will be funded with insurance proceeds.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Capital Budget Amendment for the Smith Hall Fire Damage Repair project.

### **BOARD OF REGENTS APPROVAL PROCESS FOR CAPITAL PROJECTS**

Vice President O'Brien and Associate Vice President Perkins led the discussion of a revised approval process for capital projects as described in the docket and related materials distributed at the meeting. The approval process is intended to demonstrate that major capital projects are aligned and consistent with Board of Regents policies; are consistent with academic plans and meet the needs of the institution; are completed on schedule and within budget; and make clear a commitment by the institution to the principles of accountability and stewardship.

Perkins presented a comparison matrix of current and proposed policy changes for approval of capital projects. O'Brien and Perkins explained that proposed changes would allow the administration to present more developed and accurate scope, quality, cost, and schedule information to the Board to enhance its oversight of capital projects. O'Brien summarized the proposed changes: 1) schematic designs would be presented to the Board of Regents for approval before approval of the capital budget; 2) design guidelines would be presented only when a project is an exception to the master plan; 3) the threshold for capital budget approval would increase to projects estimated at \$500,000 or more; and, 4) the administration would present substantive financial reports on capital projects semi-annually rather than quarterly.

Committee members expressed a need for an additional review point for major capital projects later in the planning and construction phases. After a lengthy discussion, committee members agreed in principle to the proposed changes with the understanding that the administration would revise the schedule to include an additional review step for major capital projects. Staff was directed to draft amendments to Board policies consistent with this discussion for consideration by the Board and committee at a future meeting.

### **CAPITAL IMPROVEMENT PLAN SEMI-ANNUAL REPORT**

Associate Vice President Perkins presented the Capital Improvement Plan Semi-Annual Report, which includes several capital projects primarily authorized as part of the FY2004 Capital Budget. He reported that the projects illustrate both the process changes being implemented and the challenges encountered in ensuring that the project scope of work is delivered within budget and on schedule. Perkins summarized the status of four projects, and introduced Director Mike Denny, who updated the committee on the status of the St. Paul Central Chiller Plant.

A copy of the presentation is on file in the Board Office.

### **COMMITTEE WORKPLAN 2004-05**

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 detailed the topics proposed for discussion each month, adding that the workplan recognizes the Board's interest in aligning the capital program with the academic program. By consensus the committee agreed to the workplan.

## **CONSENT REPORT**

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

- Agreement with Hilton Minneapolis Hotel for College of Veterinary Medicine/Student American Veterinary Association Meeting, March 8-12, 2006;  
Purchase of 146 Brainerd Street, Duluth.

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 the committee to information items, as detailed in the docket materials and related materials distributed at the meeting, including:

- Radisson Hotel Metrodome Mortgage Refinancing;
- Report on impact of no state bonding bill.

O'Brien reported that the State legislature's failure to approve a bonding bill has had several broad impacts on the institution: 1) projects costs have increased; 2) critical infrastructure has continued to deteriorate and risk of building system failure has increased; and 3) University academic programs have been impaired.

The meeting adjourned at 11:37 a.m.

**ANN D. CIESLAK**  
**Executive Director and**  
**Corporate Secretary**