

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

November 9, 2006

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, November 9, 2006, at 9:45 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Anthony Baraga, presiding; Clyde Allen, Frank Berman, Dallas Bohnsack, John Frobenius, Steven Hunter, David Larson, Cynthia Leshner, David Metzen, and Patricia Simmons.

Staff present: President Robert Bruininks; Chancellors Charles Casey and Jacqueline Johnson; Senior Vice President and Provost Thomas Sullivan; Senior Vice President Robert Jones; Vice Presidents Kathryn Brown, R. Timothy Mulcahy, Charles Muscoplat, Kathleen O'Brien, and Richard Pfitzenreuter; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; Provost David Carl; and Associate Vice President Donna Peterson.

Regent Baraga called to order a meeting of the Board of Regents to discuss background information on the strategic planning process and the future of UMore Park, a 7,686-acre site located 25 miles south of the Twin Cities near Rosemount, Dakota County, Minnesota. He introduced President Bruininks and Vice President Charles Muscoplat, who led the discussion. Bruininks recalled that in November 2005 the Board initiated a comprehensive strategic planning assessment to explore the future of UMore Park, consistent with the University's strategic goals. In February 2006 the Board developed 8 principles to guide deliberations and decisions regarding UMore Park (materials in the docket) and approved Sasaki Associates, Inc. (Sasaki), of Boston as the University's strategic planning consultant.

Bruininks indicated that the Board's guiding principles have been integral to the work of the Strategic Planning Steering Committee (Steering Committee), which was charged to (1) create a vision and define new opportunities to maximize UMore Park's value, support the University's fundamental academic mission, and add value to a legacy endowment and (2) continue the tradition of contributing to the state. He also expressed keen interest in the unique avenues UMore Park provides for advancing the University's research, education, and public engagement agendas, but he emphasized that:

- UMore Park's development is likely to occur over 25 or 30 years and will require patience, master planning, and flexibility.
- The Board and the University, through the guiding principles, must maintain oversight of the long-range development of UMore Park.
- The University must be a part of broader regional strategies, cooperating and leading in the development of upcoming comprehensive, metropolitan planning processes.
- The University's mission in the areas of research, education, and public engagement must be the basis for decisions at UMore Park.

Muscoplat described the work of the Steering Committee over the last 9 months, which included oversight of Sasaki, consultation with key constituents (e.g., faculty, local communities, regional government, and developers), and site visits to similar properties. On the basis of Sasaki's report *UMore Park Strategic Plan* (on file in the Board Office), the Steering Committee concluded that three distinct management

strategies are plausible for UMore Park: (1) hold the land without development; (2) sell the land at wholesale prices; or (3) develop a master plan to establish a new community.

In its report *Creating the Vision: The Future of UMore Park* (on file in the Board Office), the Steering Committee assessed alternative scenarios and concluded that development of a master plan for a new community is the only option that embraces the Board's guiding principles while creating opportunities for the University and the region. The Steering Committee envisions this new community as a place where:

- 20,000-30,000 people will live, work, and play;
- the quality of life is enhanced by the knowledge and broad experience of the University;
- environmental sensitivity, energy efficiency, and sustainable development are integral to development;
- local partnerships create an intellectually and culturally rich environment;
- the University's endowment can be enhanced to supplement public and private support of the institution.

Muscoplat observed that the University is uniquely qualified to create this kind of community because of its expertise in such areas as healthy living, lifelong learning, natural resource management, energy efficiency, and arts and culture.

Muscoplat maintained that development of such a community would:

- Transform UMore Park into an intellectually and culturally rich, 21st century sustainable community that would further the University's legacy.
- Maximize UMore Park's value, thereby enhancing the University's endowment and its opportunities to advance the academic mission.
- Establish design principles and sustainable development guidelines that would be a national model.
- Create dynamic public-public and private-private partnerships.

Muscoplat commented that guidelines for development of a UMore Park master plan would include governance oversight by the Board and the University; grounding in the University's core academic mission; the development of guidelines for ongoing research and academic/community engagement; and management of UMore Park as a whole. Next steps include the development of master plan and operating plan proposals for Board discussion in late 2007, the appointment of a UMore Park development team, and the preparation of UMore Park for development.

Regents Metzen and Bohnsack applauded the proposed vision, stressing the importance of the University's involvement in UMore Park's development and the value of partnerships with local communities to ensure the support necessary to maintain the integrity of the property.

Muscoplat and Bruininks responded to a number of questions from Regents. Muscoplat stated that over the next few years the University would have to pay upfront site preparation costs of about \$5 million. Subsequently, various developers will bid cash, time, and energy to become partners with the University.

Regarding environmental investigations, Muscoplat reported that no additional investigations have been initiated since last year. Negotiations are currently under way with the Defense Department to assess the extent of any hazards arising from the manufacture of gunpowder in the 1940s, but the public will expect the University to mitigate hazards itself or in cooperation with its partners.

Regarding the Board's ability to make informed decisions in the absence of a financial model and a governance strategy, Bruininks responded that these are core questions central to the next phase of the planning process. Issues of governance, risk, and the management of opportunities will be critical aspects of the planning process, but the Steering Committee's analysis is encouraging because it describes how other institutions have successfully confronted these issues.

With respect to lessons that might be learned from the experience of others, Muscoplat stressed that there is no model directly comparable to UMore Park. The Steering Committee did find a couple of examples instructive, such as the City of Denver's development of a former 4,700-acre airport and the University of British Columbia's development of 1,000 acres adjacent to its campus.

Regarding the potential pitfalls of substantial public investments in the development of UMore Park, Muscoplat noted that by necessity the University's extension and outreach programs have always varied geographically and across disciplines. He also does not expect that UMore Park's development will require large amounts of University money and when funds are required, they will come from the private sector.

Bruininks reminded the Board that public dollars are already in use at UMore Park, but that these dollars are funding projects consistent with the University's mission (e.g., veterinary research). He discounted the extent to which UMore Park would be viewed as competing with other communities because major development is expected to occur all along the growth corridor that already exists between St. Cloud and Rochester. He assured the Board that development around UMore Park will continue with or without the University's participation, but options will be limited unless the University becomes a participant in that development.

Muscoplat acknowledged that there are inherent conflicts among the stated objectives to maximize UMore Park's value, to support the University's academic mission, and to improve public well-being. He asserted, however, that the University must not retreat from such dilemmas, but should embrace and resolve them. Bruininks added that because UMore Park is a resource for the State of Minnesota, it will be important to make clear the University's responsibility to develop a master plan that not only meets the University's needs, but also benefits UMore Park and the state. Simmons urged the administration and the Board to keep in mind the overriding issues of maintaining the University's ownership and control of UMore Park.

The meeting adjourned at 11:45 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary