



President's Recommended
Six-Year Capital Plan

UNIVERSITY OF MINNESOTA

Board of Regents
May 2007

University of
Minnesota

Six-Year Capital Improvement Plan

Board of Regents Policy directs the administration to develop a capital budget with a “6-year time horizon, updated annually”

Six Year
Capital Plan

6-Year Capital Improvement Plan

Part One: May/June 2006
Capital Improvement *Budget*
Year 1
(FY2007)

Part Two: March/May 2007
Capital Improvement *Plan*
Years 2 - 6
(FY2008 to FY2013)

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Six Year
Capital Plan

Plan Components

Capital Improvement *Plan*
(FY2008 to FY2013)



**2008
State Capital Request**

**2010 & 2012
Preliminary State
Capital Requests**

**2008-2012
University Projects**

**Projects in Planning &
Development**

Timeline of Events

March 2007: 6-Year Capital Plan - Review

May 2007: 6-Year Capital Plan - Approval
FY08 Annual Capital Budget - Review

June 2007: Preliminary 2008 State Capital Request –
Review/Approval
FY08 Annual Capital Budget - Approval

September 2007: Final 2008 State Capital Request - Review

October 2007: Final 2008 State Capital Request - Approval

Principles

The University Six Year Capital Plan is being developed to ensure long term academic excellence by:

- Aligning capital projects with the established strategic positioning goals of:
 - Recruiting and educating outstanding students
 - Recruiting and supporting innovative, energetic world-class faculty and staff
 - Enhancing and effectively using resources and infrastructure
 - Inspiring innovation, exploration, and discovery

Principles

The University Six Year Capital Plan is being developed to ensure long term academic excellence by:

- Capitalizing on unique opportunities that are aligned with academic and service unit priorities
- Ensuring that investments in existing facilities and infrastructure contribute to renewal, preservation, and restoration objectives and are aligned with the priorities of the capital plan
- Giving preference to projects that create flexible space, improve space utilization, and reduce operational cost
- Advancing the guiding principles of the master plan and sustainability policies
- Protecting the University's financial position by keeping capital expenditures within the projected debt capacity limits

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Alignment with Strategic Positioning

VISION: Improve the Human Condition
Through the Advancement of Knowledge

MISSION: Extraordinary Education • Breakthrough Research • Dynamic Public Engagement

GOAL: Become one of the Top Three Public Research Universities in the World


EXCEPTIONAL STUDENTS
Recruit, educate, challenge, and graduate outstanding students who become highly motivated lifelong learners, leaders, and global citizens.

EXCEPTIONAL FACULTY AND STAFF
Recruit, mentor, reward, and retain world-class faculty and staff who are innovative, energetic, and dedicated to the highest standards of excellence.

EXCEPTIONAL ORGANIZATION
Be responsible stewards of resources, focused on service, driven by performance, and known as the best among our peers.

EXCEPTIONAL INNOVATION
Inspire exploration of new ideas and breakthrough discoveries that address the critical problems and needs of the University, state, nation, and world.

FOUNDATION FOR SUCCESS: Foster Culture of Excellence • Cultivate International Learning
Advance Interdisciplinary Frontiers • Build Diverse Community • Generate Critical Resources • Account for Results


MAY 2006

UNIVERSITY OF MINNESOTA

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Six Year
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Exceptional Students

Be a national leader and innovator in creating premier learning environments

Representative Projects

- Science Teaching and Student Services
- Classroom renewal
- Recreation Center expansion
- New residence hall at UMM
- Briggs Library at UMM
- Northrop renovation

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Exceptional Faculty and Staff

*Support outstanding
teaching, research, and service to Minnesota*

Representative Projects

- Folwell Hall renovation
- Pillsbury Hall renovation
- Bell Museum
- Civil Engineering addition at UMD

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Exceptional Organization

Enhance and effectively utilize infrastructure and resources

Representative Projects

- HEAPR
- System-wide data center
- Morris renewable energy projects
- Research and field stations

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Exceptional Innovation

*Advance discovery and knowledge creation
for the state, nation, and world*

Representative Projects

- Biomedical Sciences Research Facility Authority
- New Science and Technology building
- Energy and the Environment
- Current Bell museum renovation for College of Design

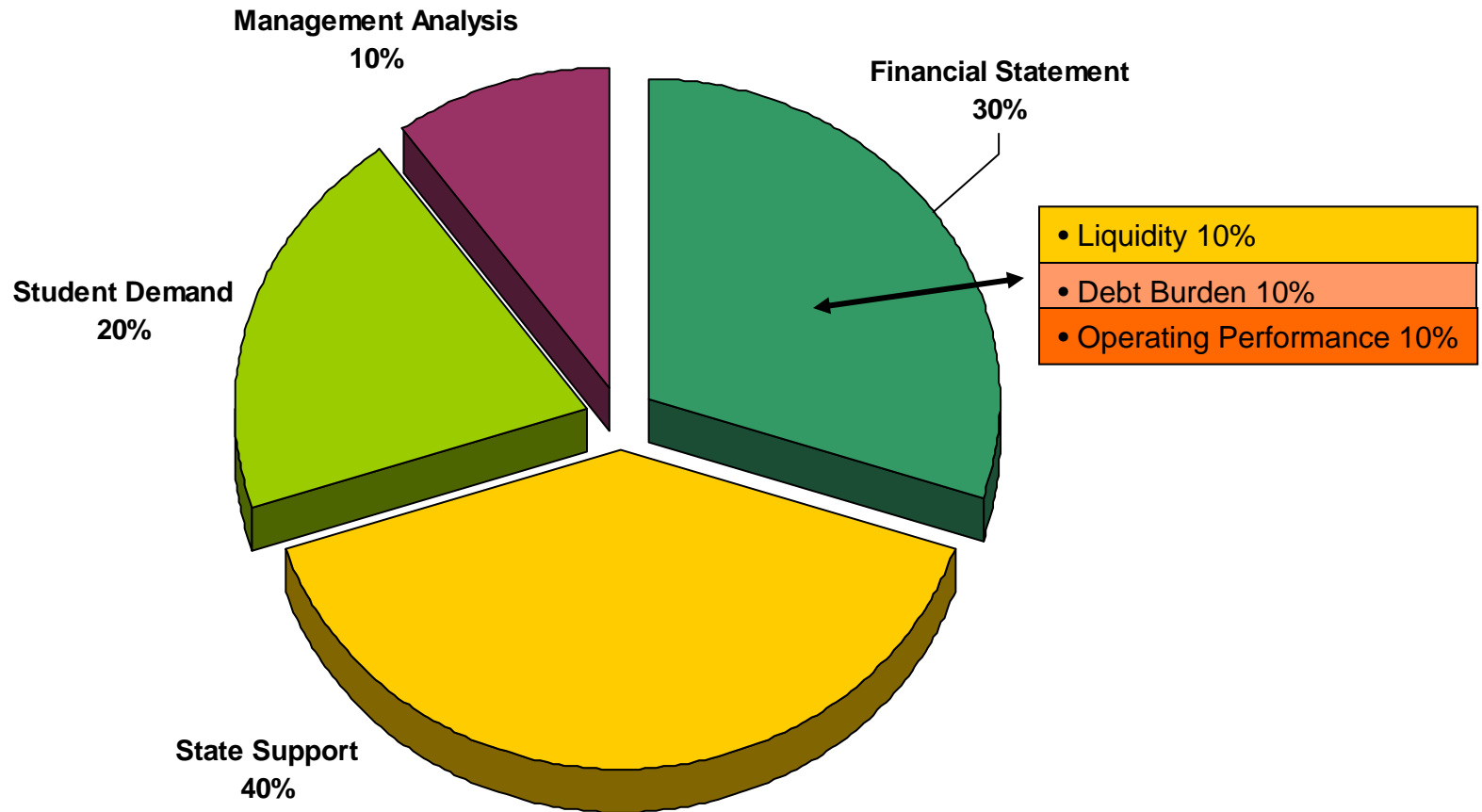
Financial Summary

State Capital Request Summary	Total	State Contribution	U of M Contribution
2008 State Capital Request	278,000	212,000	66,000
2010 State Capital Request	278,000	212,000	66,000
2012 State Capital Request	278,000	212,000	66,000
Total	834,000	636,000	198,000

Minnesota Biomedical Sciences Research Facility Authority	Total	State Contribution	U of M Contribution
2009	48,750	43,875	4,875
2011	72,750	65,475	7,275
2013	80,750	72,675	8,075
2015	89,750	80,775	8,975
Total	202,250	182,025	20,225

University-Funded Projects	Total	Other Contribution	U of M Contribution
2008	23,600	10,000	13,600
2009	156,000	20,000	130,000
Total	179,600	30,000	143,600

University of Minnesota Debt Issuance – Capital Plans Ratio Analysis Bond Rating Determinants



An analysis of student demand, market position and financial indicators places the University of Minnesota in the strong “Aa” category.

Debt Service Assumptions

- Maintain current Aa2 debt rating
- 6/30/06 outstanding debt of \$633 million at average rate of 4.37% & average life of 9.5 years
- \$576.7 million in additional debt issued through FY2013
 - \$285.5 in the Pipeline:
 - Approved 2005 State Capital Request and other prior approved projects
 - Football Stadium (excluding State-Supported Stadium bonds issued November 2006)
 - East Campus Gateway Expansion
 - Approved 2006 Legislative Bonding Bill
 - Biomedical Facilities Authority @ 90/10 share
 - \$291.2 new estimates for Six-Year Capital Plan – 2008-2012
- New debt to be issued 12/31 each year except for CP of \$61 million issued 3/1/07
 - Tax-exempt at 4.5% for 25 yrs; taxable at 6.0% for 25 years
 - Annual principal payments each 1/1; semi-annual interest payments each 7/1 and 1/1

Projected Debt Issuance

FY2007 thru FY2013 *(in \$ millions)*

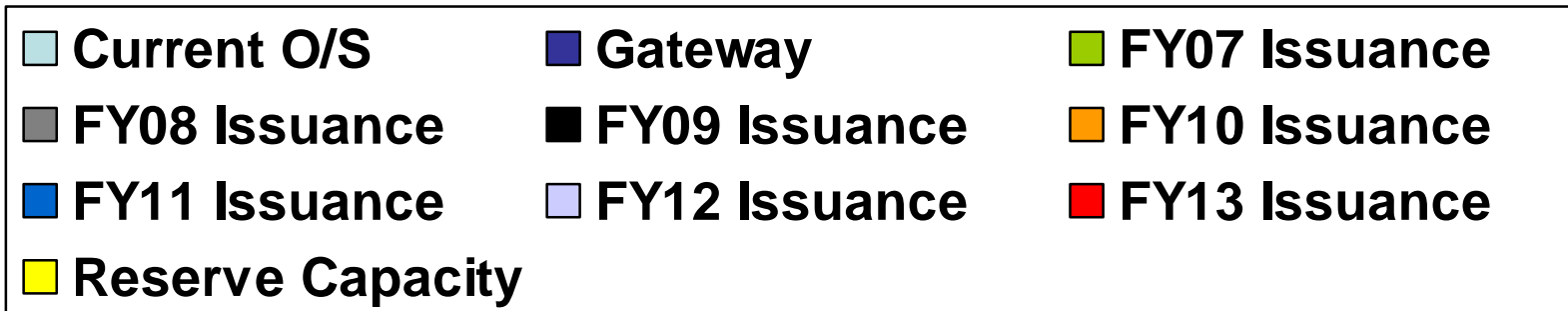
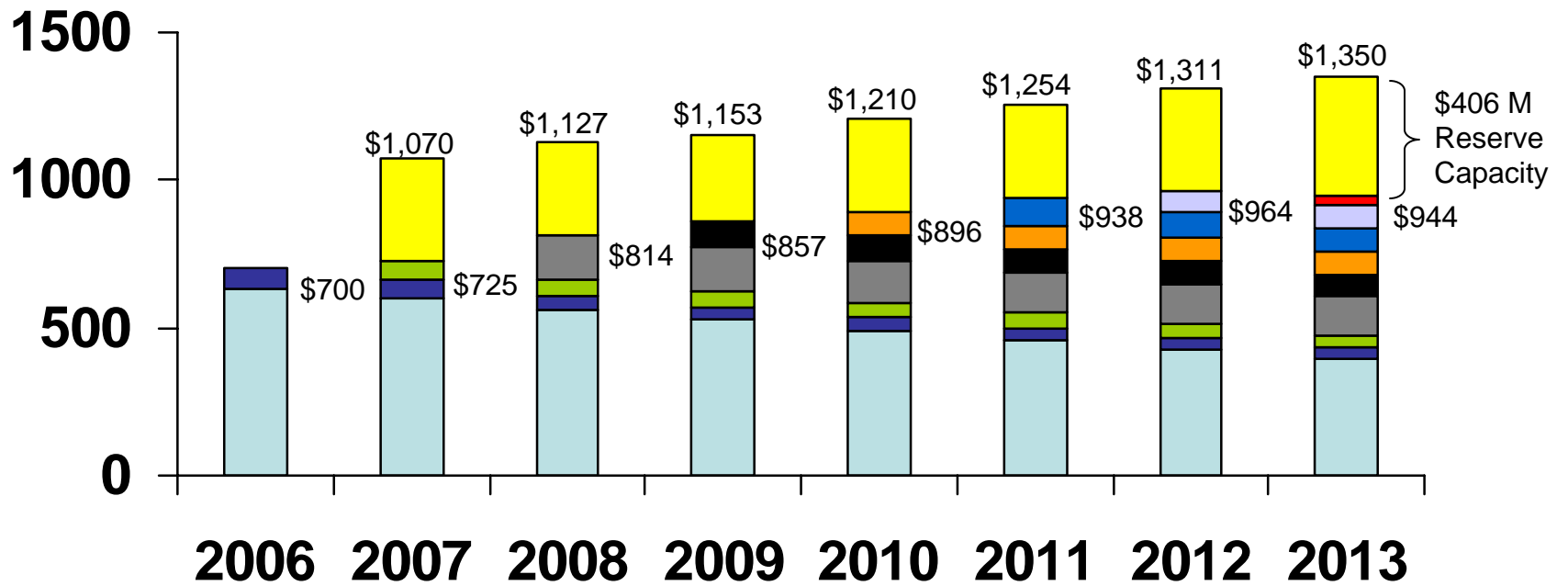
\$576.7 million

	<u>\$285.5 In Pipeline</u>		<u>\$291.2 New</u>		<u>Annual Total</u>
FY2007 – Commercial Paper – Issued 3/1/07	61.0				61.0
2005 State Capital Request Approved		21.0			
Other Prior Approved Projects		40.0			
FY2008	150.4				150.4
Football Stadium – taxable		19.0			
East Campus Gateway Expansion		18.2			
2006 State Capital Request Approved		51.5			
Other major projects		61.7			
FY2009	69.2		18.2		87.4
Football stadium/Sponsorship/Gift Bridging		69.2			
20% of 2008 Capital Request				13.2	
University Funded Projects				5.0	
FY2010	4.9		77.0		81.9
50% of 2008 Capital Request				33.0	
20% of University Funded Projects				23.0	
100% of University Funded Projects				21.0	
Biomedical Authority		4.9			
FY2011			90.5		90.5
30% of 2008 Capital Request				19.8	
50% of University Funded Projects				57.5	
20% of 2010 Capital Request				13.2	
FY2012			74.8		74.8
30% of University Funded Projects				34.5	
50% of 2010 Capital Request				33.0	
Biomedical Research Facilities				7.3	
FY2013			30.7		30.7
30% of 2010 Capital Request				19.8	
20% of 2012 Capital Request				10.9	

Summary of Outstanding Debt

Projected June 30 Balances

(in millions)



Six Year Plan Debt Capacity Impacts

- Maintains Aa2 debt rating
- Issues \$576.7 million of additional debt through FY2013
- Increases outstanding debt by \$218.7 million (net of payoffs) to a total of \$943.5 million in FY2013
- Establishes debt reserve of 30% or roughly \$400 million of total debt capacity



**REGENTS OF THE UNIVERSITY OF MINNESOTA
RESOLUTION RELATED TO
THE UNIVERSITY'S SIX-YEAR CAPITAL IMPROVEMENT PLAN**

WHEREAS, preserving the University campuses through stewardship of public investments that have been made over 150 years is a commitment the Board has made to the State; and

WHEREAS, advancing key academic priorities is critical for the University to achieve and maintain excellence; and

WHEREAS, continuing investment in research infrastructure is essential for the future competitiveness of the University and the State of Minnesota; and

WHEREAS, enhancing the student experience for both undergraduate education and graduate and professional education is required as the core of its mission in order to generate and disseminate knowledge; and

WHEREAS, improving outreach and engagement is necessary in order to transform State communities, fuel the State economy, address State social issues, and improve the State's health; and

WHEREAS, the administration has developed a capital-planning framework designed to focus its capital planning efforts toward projects that support the University's institutional priorities within a financial strategy that is responsible.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents approves the University's Six-Year Capital Improvement Plan in order to create and maintain facilities that serve as tools in accomplishing the University's education, research and outreach objectives .



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