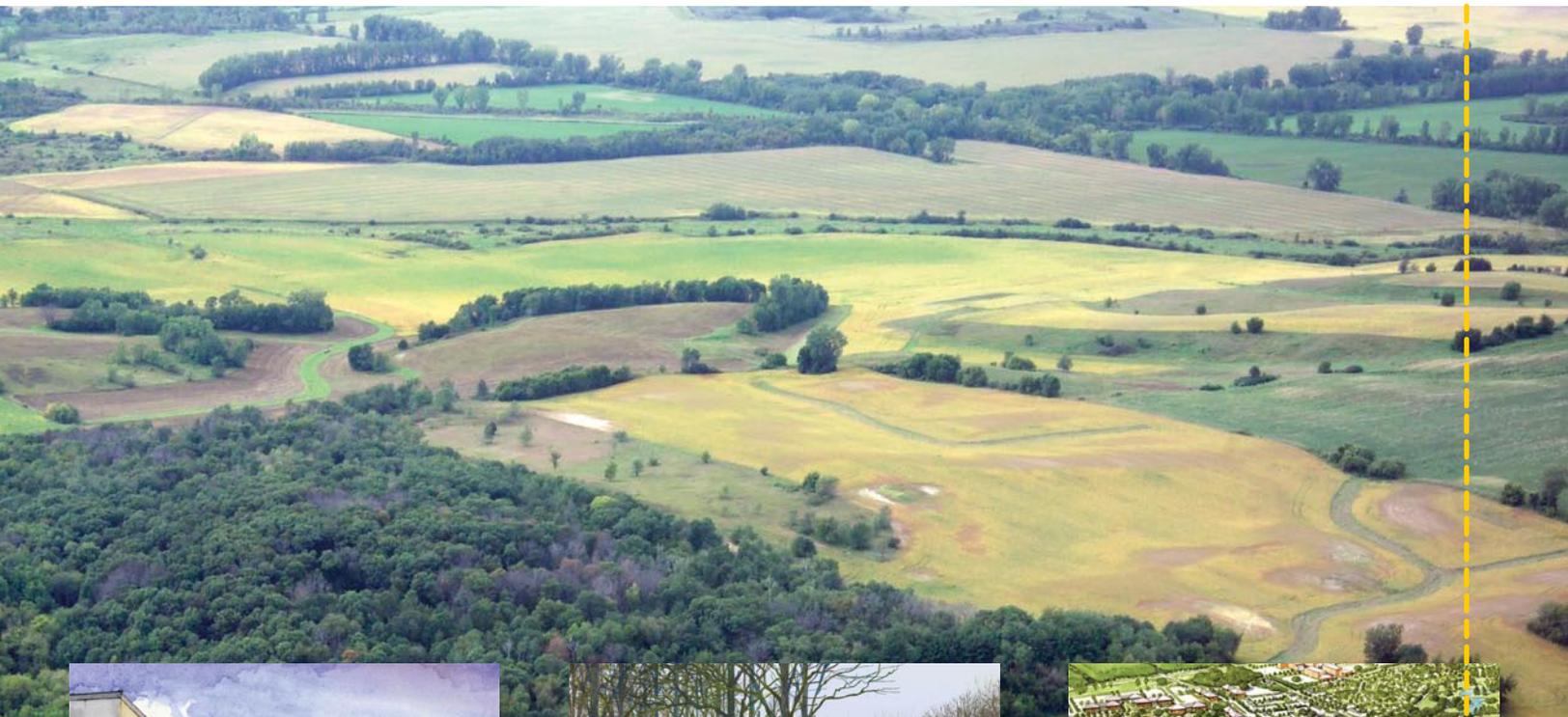
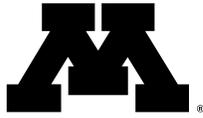


Creating the Vision

The Future of UMore Park



UMore Park Steering Committee



UNIVERSITY OF MINNESOTA

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Creating the Vision

The Future of UMore Park

The Report by

Strategic Planning Steering Committee

The University of Minnesota Outreach,
Research and Education (UMore) Park

November 2006

The University of Minnesota **A Mission, A Plan**

UMore Park is a 12-square-mile site 25 miles south of the Twin Cities at the suburban-rural interface, near Rosemount, Minnesota. At 7,686 acres, it is the largest contiguous property in the United States that is owned by a land grant university.

At its November 10, 2005, meeting, the University of Minnesota's Board of Regents recognized the potential of UMore Park as an asset that supports the University's goal of becoming one of the top three public research institutions in the world. The Regents discussed "the need to determine the highest and best land use consistent with the institution's academic mission" and to explore opportunities that can ensure revenues that will further support the long-term mission of the University — research, education and engagement. The Board of Regents provided key principles that would guide the planning of a new future for UMore Park.

On February 9, 2006, the Regents confirmed Sasaki Associates, Inc., of Boston, as the consultant that would assist the University's

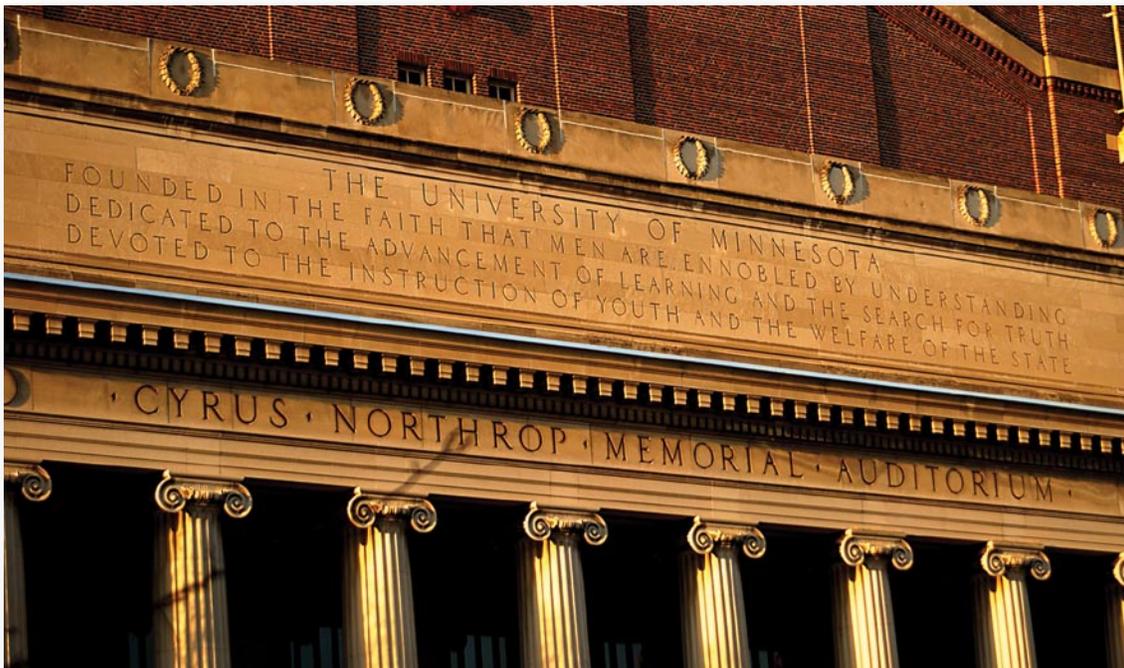
UMore Park Steering Committee with strategic planning. The goal was to undertake an inclusive process to create a vision and define new opportunities for UMore Park that would maximize the value of the property, support the fundamental academic mission of the University and add value to a legacy endowment. The vision would emphasize the University's nationally recognized leadership in education, sustainability, and the range of quality research that contributes to quality of life for people, their families and their communities. UMore Park offers a unique and unprecedented opportunity for the University to transport its land grant mission into the future. UMore Park is an asset that could generate a wealth of academic, intellectual, economic and social benefits, not only for the University and the state of Minnesota, but for the world.

The strategic planning report was completed in October 2006.

What follows are the vision and recommendations from that effort that will help the

University of Minnesota realize its mission and provide benefit to the people of Minnesota.

Anchored by 10 central columns, the facade of the Northrop Memorial Auditorium bears the University of Minnesota inscription that was adopted by the Board of Regents in 1939. It is an ever-present reminder of the role and responsibilities of the state's only public research university.

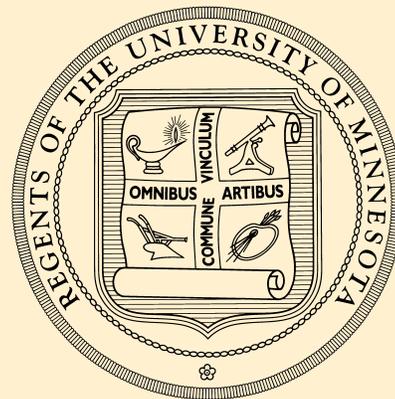


The Board of Regents’ Principles

The goal is to develop UMore Park in a manner that furthers the University’s mission. A strategic long-range master plan for UMore Park will be developed that prioritizes University needs and considers current regional planning and development activities. This master plan will be developed in a timely manner, but the execution of the plan and the development of the UMore Park property are likely to require as much as 25 years.

The following principles shall guide deliberations and decisions regarding UMore Park:

- Protect and enhance the value of UMore Park through timely planning and action.
- Advance the University’s research, education, and engagement mission through the physical and financial resources that UMore Park will provide over the long term.
- Improve the long-term financial health of the University through application of sound fiscal principles and stewardship, including investing the income generated through UMore Park in ways that support academic priorities to complement, supplement, and leverage state and private support.
- Retain oversight of UMore Park’s planning and development and remain accountable for the master plan.
- Plan in such a way so as to optimize the value of UMore Park utilizing short-term strategies without restricting options for long-term strategies.
- Utilize market value as a benchmark in assessing alternative development strategies.
- Ensure that all planning and development activities are conducted with the highest standards of fairness, integrity, and sound business practice.
- Respect the needs of neighboring communities and local, regional, and state governments.



— Board of Regents, February 6, 2006

The Vision

The power of anticipating what may come to be...

It is the future. It unfolds over 25 years.

It is anchored in the traditions and unique strengths of the University of Minnesota. Discovery. Innovation. Opportunity.

It is vibrant. Engaging. Enduring...with value, partnerships, and benefits for people and families.

It is a community.

The vision is a community that embodies the future of better living. It will achieve the core attributes that we all want for our homes and communities: It will be convenient, comfortable, safe and provide amenities in an attractive setting.

But it will offer much more — because of the University of Minnesota. This community for tomorrow comes to life through the University's unique imprimatur of education

and discovery that brings quality of life to individuals and their families. Its three hallmarks are the integrated elements of (1) education, (2) health and (3) energy.

This University-founded community offers the life-enriching benefits of work, culture, recreation, discovery, education, healthy living and renewable energy in a sustainable environment. People can live, learn, work and play in one place. What we now know as UMore Park is the place.

Supporting the Vision

Using the Regents' principles as the guide, the UMore Park Steering Committee assessed a range of data and analyses throughout the strategic planning process. Data included economics; demographics; regional trends in transportation, housing and development; and land use and land resource information. The Steering Committee also sought discussion and input from University faculty, staff and leadership; neighbors, citizens and officials in the City of Rosemount, Dakota County, Empire Township and area communities; and experts in the key areas of health, lifelong learning, renewable energy and the environment. Site visits, discussions with other universities and the review of comprehensive data and recommendations from the Sasaki team, contributed to the strategic planning process.

The Steering Committee evaluated three scenarios that could set a trajectory over time for realizing the value of UMore Park as a key University asset. The findings, conclusions and scenarios are briefly highlighted in this report and are detailed in the Sasaki Associates, Inc., strategic planning project report.

Imagine a sustainable community of the 21st century: Unique, vibrant, intellectually and culturally rich — anchored in University research, education and engagement.



The Steering Committee strongly recommends scenario C — development of a new community — as the viable decision that is consistent with the Regents’ principles and the University’s strategic positioning goals, and also maximizes the University’s economic opportunities. The development of a new community that evolves from the University is the pathway to:

- A growing University endowment that supports the academic mission in perpetuity;
- A unique and lasting University legacy of discovery and research-based education that helps to sustain people and communities in the region over the generations;
- A vital regional economy that is characterized by enriched communities, thriving businesses, and educational, social and natural amenities; and

- An attractive locale to live in, work in and visit that incorporates University research and education to achieve quality of life, innovation, a sense of place, close connection with the natural environment and sustainability.



The motto “a common bond for all the arts” and symbols on the seal were adopted by the Regents of the University in 1874. Today this bond includes the cutting-edge interdisciplinary research and applications that can help create a unique future for UMore Park.

Sustainability Defined

For purposes of this discussion of the UMore Park land and the vision of developing a new community over the next 25 to 30 years, sustainable development is defined as: Integrating environmental, socio-cultural and economic opportunities with a specific focus on innovation in health and wellness, renewable energy, and education and life-long learning through sustainable design and programs.

Sustainability is characterized by the integration of:

- **Social sustainability.** The physical design of the community and its neighborhoods, its amenities (recreational facilities, parks and green spaces, public facilities such as a learning center or community center) and community-based programs and activities intentionally draw people together. Enrichment through learning, healthy lifestyle options, intergenerational activities and shared experiences support familiarity, volunteerism and a desire to contribute to quality of life in the neighborhood, the larger community and for the future.
- **Economic sustainability.** The community is a destination, a place to live and to work. Quality area schools, healthcare services, renewable resource benefits and amenities attract families, and increase tax revenues. The University imprimatur adds unique value and resources to attract and expand businesses and services, resulting in job creation. Workforce development and job training are incorporated into community programs. Enhanced transportation networks provide easy access to retail shopping and community events. The community thrives, with a strong economic base that serves generations into the future.
- **Environmental sustainability.** The community is developed with a light footprint on the landscape. Distinctive characteristics of contours, vegetation and wetlands, for example, are retained and valued. Roads, buildings, water and sewer systems, and other infrastructure are designed with attention to ecological systems. Dwellings and other buildings are constructed with materials and technologies that are energy efficient, energy producing and conserve water. A renewable resource goal for the community is production of its own energy from sun, wind and biomass.

The Time Line



1942-1943

The U.S. War Department acquires about 12,000 acres of farmland in Dakota County for construction of the Gopher Ordnance Works, a facility designed to manufacture smokeless gun powder and related products.

Jan.-Aug. 1945

Smokeless powder is manufactured at Gopher Ordnance Works.

1947-1948

The Gopher Ordnance Works property is deeded over to the University of Minnesota by the U.S. Government.

1948-1949

The Rosemount Agricultural Experiment Station is established, joining five others across the state to engage University researchers in regional agricultural projects.

June 1962

Longtime research projects of the University's aeronautical engineering department conclude.

March 1963

Groundbreaking commences for the U.S. Navy's pioneer global positioning satellite system on 18 acres of land rented from the University.

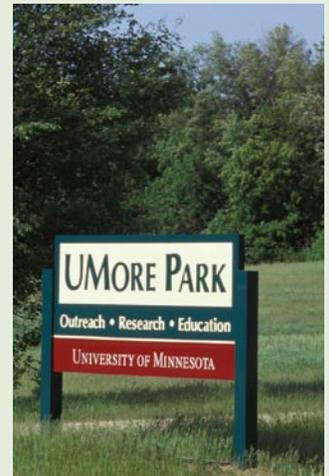


1973-1976

The legislatively requested report "Rosemount Property Long Range Planning Framework" concludes that there would be "no significant development pressure or potential until the 1990-2000 decade."

December 2000

"UMore Park: Cultivating a Landscape for Knowledge," a management plan for the property, is submitted by Urban Strategies Inc. of Toronto, in conjunction with the work of a University task force.



December 2001

The University's 7,686-acre Rosemount/Empire property is formally named the University of Minnesota Outreach, Research and Education (UMore) Park

July 2004

A comprehensive resources inventory of UMore Park is completed by the University's Center for Rural Design. The inventory describes land use, land resources and facilities, research, environmental stewardship and other attributes.

September 2005

The University's UMore Park Executive Committee submits its report "Creating a Lasting Legacy for UMore Park: Advancing the University of Minnesota's Academic Mission," and recommends immediate planning actions to realize regional opportunities on the 7,686-acre property and to ultimately provide resources for a legacy endowment that supports the academic mission.

November 2005

Board of Regents presentation and discussion focuses on UMore Park as a key element in realizing the University's goal of becoming among the top three public research institutions in the world.



December 2005

UMore Park's 11-mile Lone Rock Trail opens to cross country skiers.

February 2006

The Board of Regents approves Sasaki Associates, Inc., of Boston, as the University's consultant for strategic planning to explore the potential for the UMore Park property.

March 2006

The Board of Regents, in a special meeting, approves by 11-1 vote a plan that would provide increased state funding for a Gopher football stadium in exchange for a parcel of University-owned land on the UMore Park property. Future use of the parcel remains consistent with the University's vision of open space and environmental amenities.

April 2006

The University publishes "A Historical Interpretation and Preservation Plan for UMore Park," which begins with the story of explorations of the property as early as 1680.

May 2006

The Minnesota state legislature approves legislation for a Gopher football stadium and the intended transfer of a 2,840-acre parcel of UMore Park land to the state following 25 years of joint University-Department of Natural Resources oversight of the land. Signed into law by Governor Tim Pawlenty, May 24, 2006.



August 2006

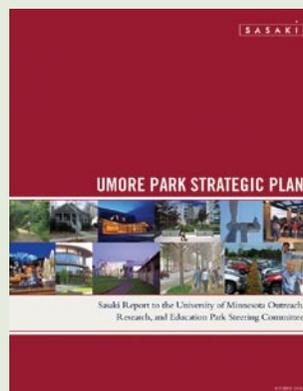
More than 2,000 people enjoy the third annual community Open House at UMore Park: horticultural gardens, trails, educational presentations on research, history, nature, and strategic planning.

October 2006

The Sasaki team of strategic planning consultants submits a comprehensive report to the UMore Park strategic planning Steering Committee.

November 2006

Strategic planning vision and recommendations are presented to the Board of Regents by the Steering Committee.



The Findings

UMore Park presents a once-in-a-lifetime opportunity for the University of Minnesota. The time to act is now.

UMore Park is located in the center of Dakota County, one of the fastest growing counties in the seven-county metropolitan area. The northern portion of the property lies within the City of Rosemount; the southern portion is within Empire Township. The Dakota County population is projected to grow from its current population of more than 371,000 to nearly 510,000 by 2030. Rosemount is forecast to grow from its current 20,000 residents to 35,700 by 2030. The property is equidistant from the downtowns of Minneapolis and St. Paul, and within 20 minutes of the Minneapolis-St. Paul International airport. It is surrounded by buffer

land that will never be developed, such as wetlands and parks. Consequently, neighboring jurisdictions are looking to their futures as they prepare comprehensive development plans for the remaining undeveloped areas surrounding UMore Park.

People and partners in this southeastern segment of the metropolitan area will strive to meet their needs for growth, community and an enriched sense of place. The University must act now — as a partner and a presence that imbues the region with education, health and energy alternatives. The University must act now — out of responsibility to its own legacy of support for the academic mission long into the future and to its public service calling.

The Legislature and UMore Park

On May 24, 2006 the Governor of Minnesota signed into law* legislation whereby the state will be able to acquire 2,840 acres of the University's UMore Park property in 25 years in conjunction with its support for the University's construction of a new Gopher football stadium at approximately \$10.25 million each year for the 25 years. The transaction was part of a legislative compromise that increased the state's support for the stadium, and reduced the fees that would have been assessed to students to help build the stadium.

The University and the state's Department of Natural Resources will jointly oversee use of the parcel for 25 years — the scheduled duration of state payments to the University. Assuming no default, the land then comes under ownership of the state in 2032 and is permanently protected for public use.

The University retains its right to use the land for its research, education and engagement mission in perpetuity. The Board of Regents approved a land/stadium plan

at a special meeting March 27, 2006, with the goal of ultimately creating this large metropolitan nature reserve while also providing funds for an on-campus football stadium. The University has long recognized the southern most portion of the 7,686-acre property as an ecological jewel that should be preserved as it integrates into the fabric of the larger property and the surrounding region. Through this special relationship, the University and the state can provide green space in the midst of a growing metropolitan area, for recreation, learning and beauty.

University and Department of Natural Resources representatives began meeting in June 2006 to formulate a joint oversight plan for the property. A report on the short- and longer-term potentials for the property, prepared by the University and the DNR in consultation with Dakota County and other stakeholders, will be submitted to the state legislature in January 2007.

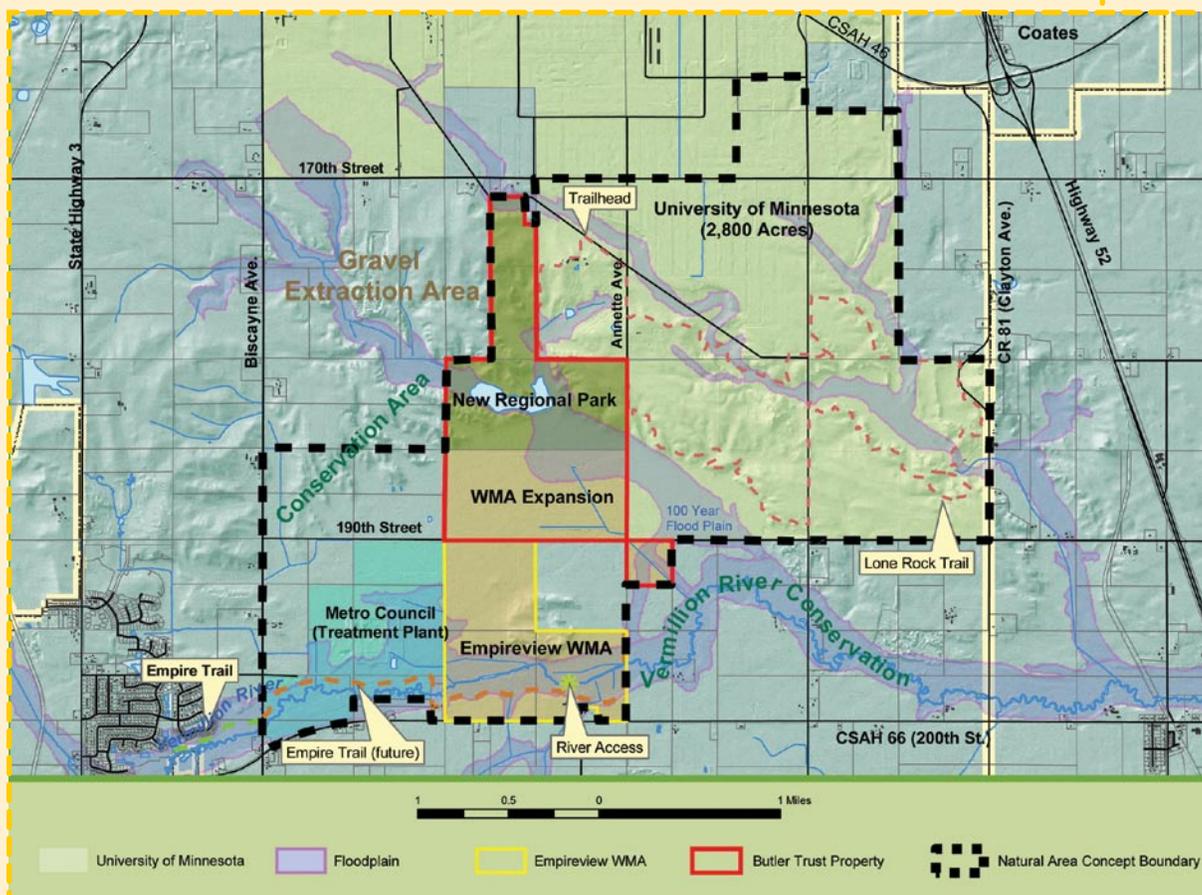
*Minnesota Laws 2006, Chapter 247 (Minnesota Statutes Sections 137.50 – 137.52 and 137.54 include all language specific to the University's UMore Park property).

A variety of data, perspectives and opportunities has contributed to the Steering Committee's development and assessment of three scenarios for potential actions. Key points include:

Land attributes. The University's 12-square-mile parcel remains largely undeveloped. Land and physical characteristics include:

- Land that has supported crop and livestock agricultural research, managed by the University's Research and Outreach Center (600 to 900 acres, on average, each year) or through lease by individual farmers (1,291 acres leased in 2006).
- Substantial deposits of aggregate (gravel), a diminishing regional resource, have significant value as a commodity when extracted.
- Wetlands, natural cover and connective corridors in the southern segment of the property that potentially link to adjacent lands have been committed to a regional park system.

- A 2,840-acre parcel at the southern reaches of the property that may become a nature reserve. The University and the state's Department of Natural Resources will jointly oversee management of this parcel through 2032 under the terms of legislation adopted in 2006 for uses including outdoor recreation and preservation (*see The Legislature and UMore Park, page 10-11*). This natural amenity area complements the University's 5,000 acres to the north that has high potential for development. It presents unique opportunities for research and education in land use, natural resources, wildlife management and other areas.
- In conjunction with the expansion of Empire Wastewater Treatment Facility, an outflow pipe to the Mississippi River and a sewer interceptor pipe will be installed along UMore Park's borders on the west and the north. The sewer interceptor pipe will be sufficiently sized to accommodate



The University's vision for the southern portion of its UMore Park property, south of 170th Street, as a natural area of recreation, learning and beauty is complemented by local plans for a new regional park and wildlife management areas. The area includes the Vermillion River watershed.

future development of the property, at the University's discretion.

- Remnants from the World War II Gopher Ordnance Works smokeless gunpowder production facility. As the foundations of razed buildings and other structures are removed as necessary to restore the site, they can become a valuable source of concrete, which can be recycled for local road building and sale (see *Gopher Ordnance Works*, page 13).

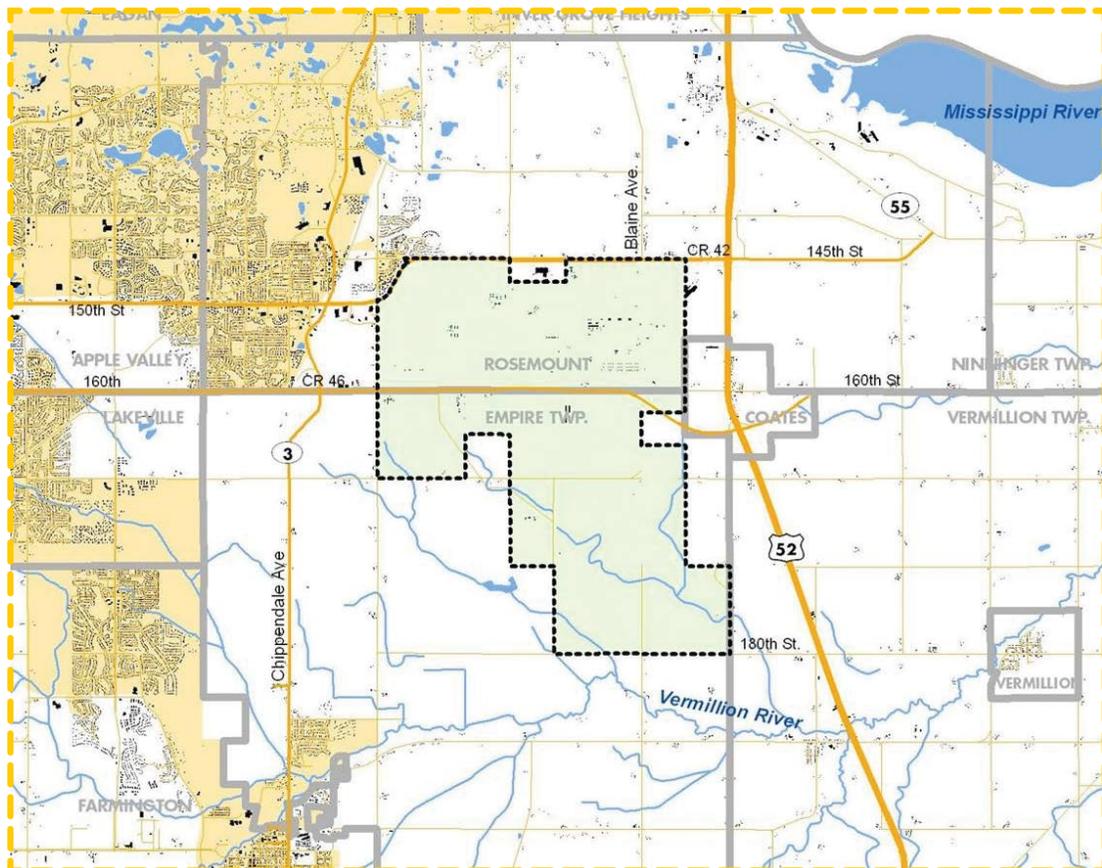
People, potential partnerships. Ideas and potentials for collaborative innovation have emerged from individuals and a range of entities in the public and private sectors that offer opportunities for the University:

- University faculty and staff members contributed to a vision that integrates education, health and energy, and mechanisms to ensure that research would benefit the community and surrounding environment.
- Local jurisdictions are in the midst of planning activities and have interest in

engaging the University in strategies that include UMore Park.

- Neighbors including Dakota County Technical College, Flint Hills Refinery, school districts, health care providers and other public and private organizations have indicated interest in the potential plan for UMore Park and collaborations around the themes of education, health and energy.
- Organizations that specialize in vital aging — a focus on people of retirement age and older — and in early childhood development have offered ongoing assistance in exploring community development options that address the needs and contributions of the youngest and oldest.
- Metropolitan area developers and home builders have provided perspectives on considerations of risk. They pointed to the need to develop the property as a destination location to draw market share. Distinctive amenities will be needed to attract residents, businesses and visitors.

The northern portion of UMore Park is located in the City of Rosemount; the southern portion is within Empire Township. Suburban development characterizes the area to the north and west of UMore Park, while low-density agricultural use and conservation land predominate the south and east.



Gopher Ordnance Works

In 1942 and 1943, the U.S. War Department acquired about 12,000 acres of farmland in Dakota County for the construction of the Gopher Ordnance Works (GOW). The GOW facility was designed to manufacture smokeless gun powder and related products, assisting the war effort by producing a propellant for American military ordnance. Production got under way in January 1945, and ceased in October 1945.

Title to 8,000 acres of the property was transferred to the University of Minnesota in two stages: Approximately 4,700 acres in August 1947 and another 3,320 acres in March 1948. The 1947 parcel includes the land south of 170th Street and the west third of the land north of 170th Street. The 1948 parcel includes the east two-thirds of the land north of 170th Street.

University research, including aeronautical, medical and agricultural projects, began on sections of the land immediately, frequently making use of some of the remaining 298 GOW buildings for studies and storage.

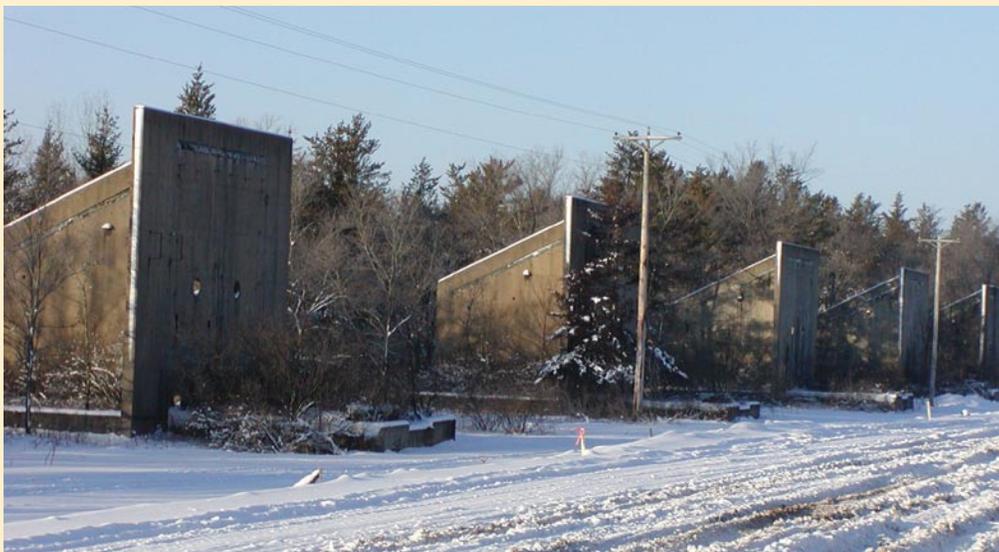
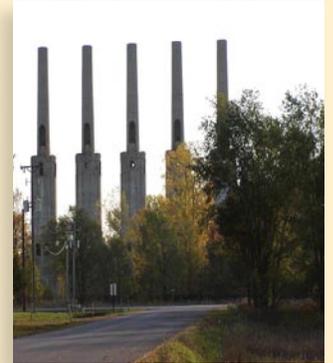
Influenced by a New York state report regarding World War II-era munitions facilities, the Minnesota Pollution Control Agency (MPCA) inspected the property in 1981 and concluded on the basis of its limited investigation that there was no contamination of concern. Under a federal law that provides funding for environmental restoration of former defense sites, the U.S. Army Corps of Engineers has conducted several inspections and evaluations of the property, beginning in 1985. In a 1999 report, the Corps

determined that the entire property was eligible for restoration funds. In 2005 the Corps revised its position and for the first time stated that only the land transferred in 1947 (south of 170th Street) is eligible for federally funded investigation and restoration.

The University was recently informed that the Corps has selected a contractor to perform a detailed site investigation of the environmental condition of the 1947 parcel. Site work will proceed in Fall 2006, and lead to the development of plans for any necessary environmental remediation of GOW-related contamination.

The University, the Corps and the MPCA are in discussions about the scope of federal financial responsibility for GOW-related contamination and debris on the 1948 parcel. The outcome of discussions will be important since most of the GOW manufacturing and industrial activities were located on this parcel. It also bears the majority of GOW building remnants.

What the University learns about the environmental condition of the property will play a part in shaping the future development of UMore Park. Development plans would incorporate restoration or remediation as appropriate.

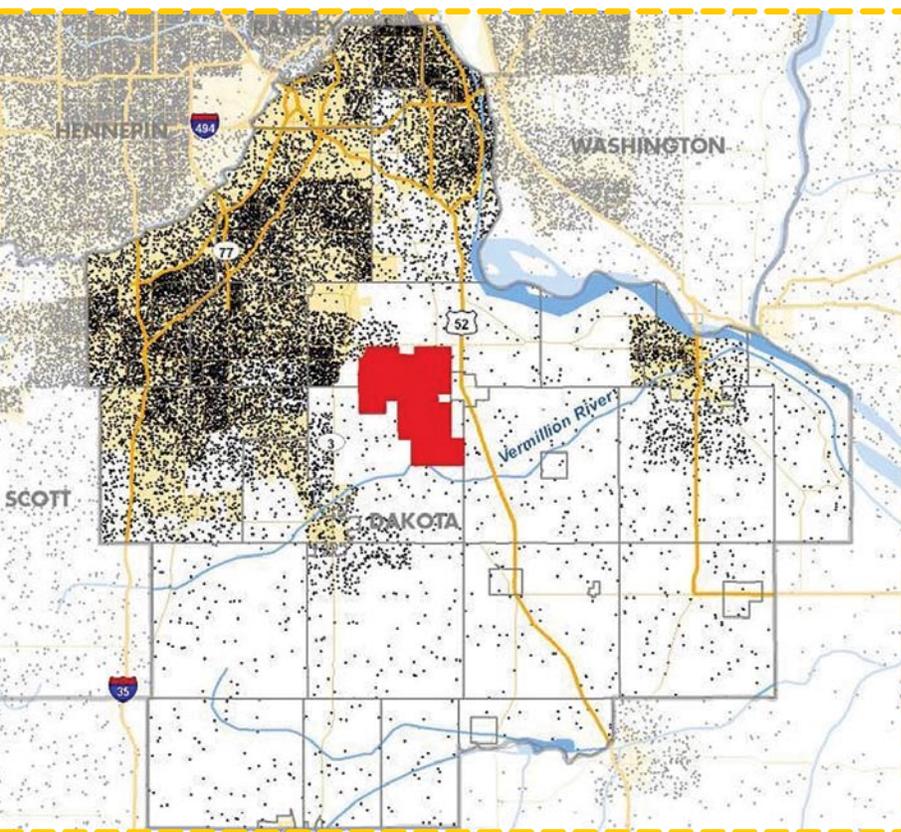


The 'five-stack' smokeless gunpowder production facility (above) and the remnants of concrete T-walls along County Road 46 (left) are landmarks from the WWII Gopher Ordnance Works plant that employed about 20,000 people. An estimated 250,000 cubic yards of concrete remain on the site.

They also emphasized that the University should draw on the expertise of firms with proven successes in the development of master planned communities.

- Site visits to *Stapleton*, the community created on the 4,700-acre site of the former Denver, Colorado, airport, and *Palencia*, a new 1,450-acre community near Jacksonville, Florida, highlighted sustainable community design and models for development partnerships. Visits also created awareness among national developers of the University's strategic planning activity for UMore Park.
- Other academic institutions have shared details on land ownership, development partnerships, management structures, endowments and academic mission requirements relating to development of university-linked communities. The *UniverCity* community at Simon Fraser University in Burnaby, British Columbia, and *University Town* at the University of British Columbia in Vancouver provided notable examples.

UMore Park lies in Dakota County, the third most populous county in Minnesota, with about 356,000 residents (each dot = 20 people, 2004 data). The population is projected to reach 510,000 by 2030, a 43 percent increase over the last 30 years.



Demographics and market conditions.

Growth in the region immediately surrounding UMore Park will be moderate, but steady compared with adjacent metropolitan areas. A destination feature — a place that draws the market — could accelerate growth in housing demand, office space, industrial space and retail.

- Population growth in Dakota County is expected to reach nearly 510,000 by 2030, and the City of Rosemount is projected to reach a population of 35,700 by 2030. Other counties in the metropolitan area, however, are expected to experience higher growth rates.
- The addition of a unique development characteristic on the University's property could boost market demand, thereby accelerating growth in the region beyond current projections.
- UMore Park has a competitive advantage due to a dearth of large-scale property sites in the metropolitan area and its immediate access to municipal services for development.
- Highway 52 is a major transportation corridor, and is near the eastern edge of UMore Park.
- A new community would need to capture market niches in housing that reflect demographic change: Aging Baby Boomers, decreasing household size, a mix of single- and multi-family homes.
- The office/industrial market in the UMore Park area is still embryonic, but experienced a small increase in absorption in 2005.
- In Dakota County, employment in the computer and electronics manufacturing and the printing manufacturing sectors is growing at rates that exceed those elsewhere in the region and the nation.
- The retail market will expand only as population increases.
- Since the University does not incur burdensome carrying costs for vacant land, it can be more patient and strategic over time than most land owners.

A Bold Future

The development of a new community on this expansive property at the urban-rural interface is a logical progression for the University — from the origins of the land grant and its deed of land from the federal government up to this day when the goal of standing among the top three public research universities in the world is becoming reality.

Developing a new community with the imprimatur of the University is a bold step. It is characteristic of the bold steps that the University has taken for the past 155 years — in its research, its education of students in traditional and non-traditional ways, and its public service.

Envision what could be...

It would be a sustainable, vital community with unique educational foundations — for the youngest of our children on up through our oldest adults. Through a focus on education, health and energy, residents and visitors would know first hand what it means to be part of a sustainable community. Anchored in the University's land grant mission of research, education and engagement, this community would be imbued with the spirit of discovery, the rewards of knowledge for daily life and the opportunity to share commitments and talents in a place that meets the needs of tomorrow and the future.

Core to its unique identity are three primary community enhancements that the University would provide: (1) education, (2) health and (3) energy, interrelated themes that are integrated into the fabric of the community in multiple forms.



Education and lifelong learning, an integral part of the fabric of a new community with the University's imprimatur, would spawn opportunities for learners of all ages.

Education and lifelong learning. Education and, importantly, lifelong learning would be the springboard in this community that launches children and adults into new experiences based on easy access to information, home and community-based technology, and innovative learning. Every home in the new community would be provided with virtually unlimited bandwidth and wireless technology.

A focal point of the community's center would be a futuristic library and technology-based learning center that draws on the strengths of existing local systems and the University. This learning center would serve as the community hub that provides information services, books and publications for learning and enjoyment, access and applications of state-of-the-art technology and linkages to the University of Minnesota library system, the top-ranked research library in North America in volume of inter-library loans.

But this learning center would stretch further into the community by offering information sessions, classes, seminars and Q&A forums that feature University researchers and educators, addressing issues of the day that impact citizens. It would leverage the strengths of existing partners: School districts, libraries in the region and other public and private entities.

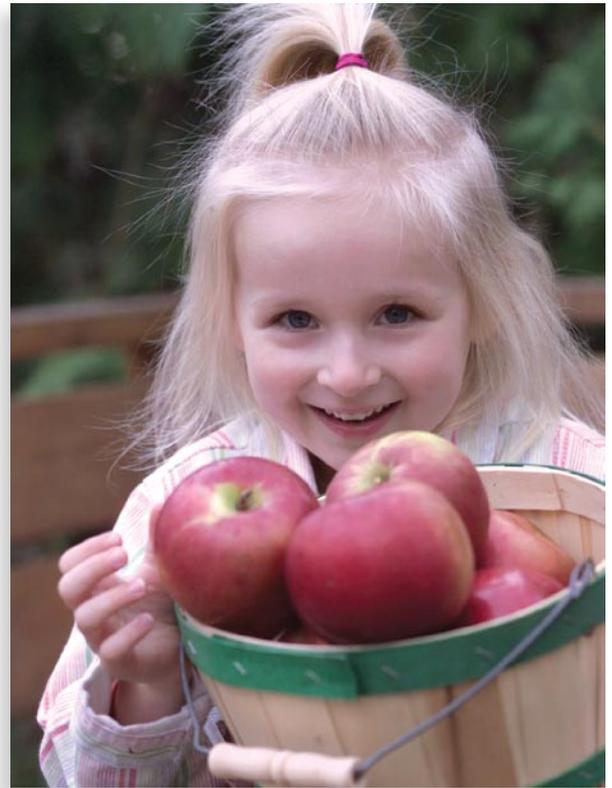
Further, the learning center would interject the human connection into meeting the information needs of the community.

With information access that permeates the community — in homes, public offices, businesses and recreational venues — the learning center as a building would emphasize the social nature of learning interactions. The building design would feature space for team projects and discovery, for discussion groups, and other programming.

Residents and visitors would be attracted to age-level interests and expertise. For example, an emphasis on early childhood learning and development serve interests at the prenatal through three-year-old level. University specialists would be available on site to respond to requests and direct parents and other interested individuals to on-line resources. Strong relationships with local and surrounding school districts would engage children and youth through summer programs as well as through school curriculum. Teenagers would explore career options, post-secondary opportunities and job preparation with the assistance of specialists attuned to the needs and interests of this age group. Professional development opportunities linked to the University and teacher training sessions would benefit educators and their students. Active retirees would find assistance in connecting to volunteer opportunities as well as educational programming, classes, and travel. Older senior adults would have the immediate access to

assistance and a network that could provide social and intergenerational interaction and connections to transportation and health information. Importantly, health and wellness expertise would be fully integrated into programming at all age levels.

Active living by design would make this future community distinctive. University research and programming would support healthy lifestyle choices across the spectrum, from prenatal to seniors.



Health. This new community would offer a systems approach to quality of life that encompasses food; diet and nutrition; exercise; community, business, and home design; health care; education; mental health; youth; social work; and progressive care for aging as part of a vibrant community. This picture of healthy and active living by design also recognizes that maintaining water, air and environmental quality; conserving energy; and life-long learning are all parts of a healthy society.

One of the hallmarks of this new community would be a health and wellness complex that serves residents and others through the range of education and wellness, physical activities, health care (prevention and treatment), and amenities including a seasonal farmers' market featuring fresh produce. The priority focus would be on compelling societal health issues including obesity, diabetes, heart disease and other diet-related chronic diseases. The emphasis on physical and mental health and wellness would reach across the lifetime from prenatal to older senior needs.

The community-based health and wellness complex would benefit from collaboration among existing healthcare system partners and the University. The complex would integrate the community environment and amenities – natural areas with walking and biking paths, recreational fields, and classes – into health benefits. It would also incorporate lifelong education and multiple ties with University research and programs to encourage people to lead healthier lives.

Energy. Environmental protection and the ultimate goal of energy self-sufficiency would be critical to this new, evolving community. The community would uniquely benefit from University discovery, design and education, paired with private sector partnerships. Innovative partnerships would incorporate renewable energy; ensure energy-conserving dwellings in a cold climate for heating, cooling and other family needs; deliver community services that best manage energy and water resources, and offer landscape planning that promotes environmental sustainability and quality of life.

Conserving energy and eliminating waste in home, industrial and transportation applications would be an important goal. The design and integration of efficient systems for renewable energy generation and use would be central to this successful community for tomorrow, whether from current or renewable sources of energy.

The goal for this new community would be efficient and cost-effective wind, biomass and solar-based energy systems that provide an integrated and aesthetic way to make sustainability a tangible element of daily life. Thus, it would become a global venue that incorporates and models creative solutions in renewable energy. Through innovative design and management, this community and its partners can demonstrate how renewable energy and resource management contribute to statewide economic development; sustainable, healthy, and diverse ecosystems; and national



The University's contributions to alternative energy, along with advances through its new Institute for the Environment, would position this future community as a model for energy efficiency. Wind energy is a focus at the University's West Central Research and Outreach Center.

energy security through development of wind, solar and bio-based and other renewable resources and processes.

Residents might envision the community's leading-edge commitment to energy-efficiency, energy-cost reductions to homeowners and sustainability in multiple ways. Options might include wind turbines located in reasonable proximity to the community and an adjacent agricultural area for the production of crops that have high potential as biomass, a renewable energy source. A biomass production facility would ultimately be an outcome of the application of research. It would be a regional energy resource as well as a source of economic development and new jobs that could be achieved through collaboration and partnership with other public and private entities.

Related infrastructure that would benefit homeowners and differentiate this community includes water-conserving systems, efficient and ecological storm water management, and waste and wastewater treatment.

The three integrated enhancements that the University would infuse into the new community — education, health and energy — align its academic mission with this once-ever development opportunity. The University's strong position in pursuing the development of a new community is enhanced by its ability to engage expert partners and draw upon its own research-based strengths.

Three Scenarios

The Steering Committee considered a variety of options for management of the UMore Park property. It concluded that three distinct scenarios could be considered as plausible options for the University as it determines the management strategy for its valuable asset. The scenarios are: (A) delay action and hold the asset as a land bank, without development (B) immediately begin selling undeveloped land in small parcels at wholesale prices, and (C) initiate master planning to develop a new community that embodies research, application and education. *The Steering Committee recommends scenario C, which maximizes the value of the property.*

Scenario A: Hold Land without Development

The University would assume the role of a patient land owner, and choose to hold but not develop or sell the land at UMore Park for about 10 years. During this period, the University would continue its current uses on the land; however, it might need to increase revenue derived from current and future tenants in order to fund typical operating costs for items such as roads, buildings, insurance and related costs. Leases could be extended for longer terms at higher rents in lieu of the current year-to-year leases. The University could also begin preparing the property for potential development in the future. Preparatory actions would include removing concrete building remnants, for example.

Benefits. Holding the land, without development, takes advantage of the passage of time to allow the market to further mature and potentially increase demand and value. The University would continue working with the Department of Natural Resources, as

intended by the 2006 law, to create a natural and recreational amenity in the southern 2,840 acres of UMore Park. A significant transportation solution for the southeastern region of the metropolitan area may be developed during this time frame, which would further enhance demand and value.

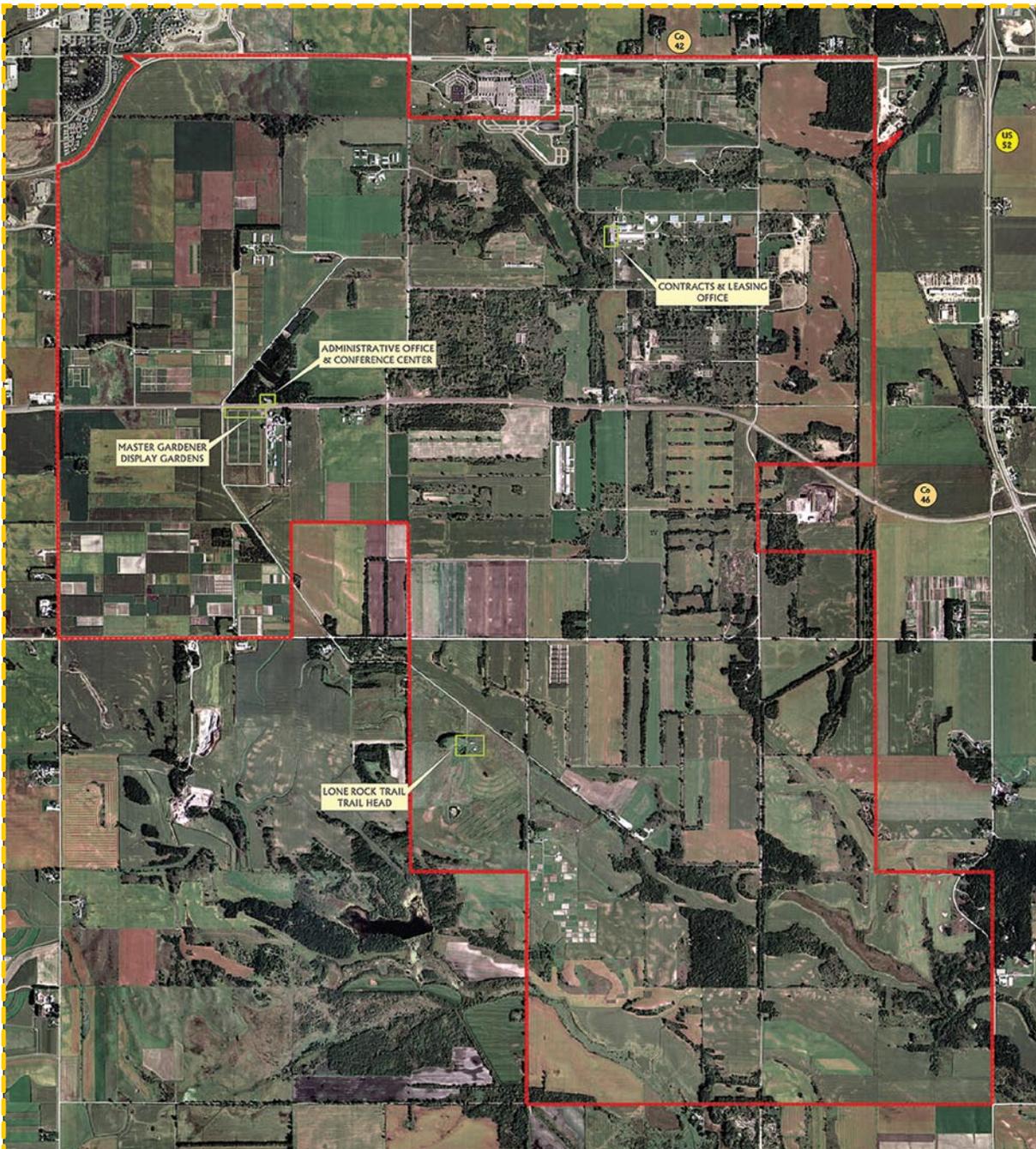
Risks. The University as a passive land owner would compromise its position at the area-wide development table it shares with eager neighbors who are focused on progress: the City of Rosemount, Empire Township, Dakota County, and others including Dakota County Technical College (part of the Minnesota State Colleges and Universities system), and the Flint Hills Refinery. The University would lose its current momentum and delay the potential for this land asset to contribute to institutional strategic positioning goals. It would also lose its credibility as a forward-looking and participatory neighbor, particularly given its long history of holding the land without a viable plan. The property's future would be influenced, and perhaps compromised, by decisions regarding growth patterns, planning and infrastructure made by other jurisdictions rather than the University's own direct, thoughtful and strategic decisions. This scenario might ultimately serve to accelerate demand and value for neighboring properties, but in the end, may diminish the overall well-being for the region due to individualized planning efforts. Importantly, the scenario is not consistent with the intent and spirit of the Board of Regents' guiding principles for UMore Park.

Scenario B: Sell Land at Wholesale Prices

The University would sell its undeveloped land at wholesale prices to developers in minimum parcels of at least 100-acres. Parcels would be priced according to market conditions. Development of the property by others would be subject to the comprehensive plans of the City of Rosemount and Empire Township. To preserve flexibility, current UMore Park tenants would be continued on short-term leases of 12 months or less.

Benefits. Under this scenario the University would generate proceeds with little investment of its own capital. To the extent possible, certain parcels of land would be developed in concert with the plans and desires of the local community. Natural market demand would dictate the velocity and price of land disposition.

Risks. The University pursues limited plans and builds minimal infrastructure. With negligible value added to the property, the University will realize only modest gains from periodic



Given its 12-square-mile size (slightly smaller than the west metro suburb of Edina), development at UMore Park would occur over a 25- to 30-year time frame.

sales of smaller parcels of the property. Shorter term leases that are negotiated pending the sales of parcels reduce the ability of tenants to pursue their livelihoods. Sales and development of any small parcel of land will influence the surrounding area and potential for development of the remainder of the University's adjacent parcels. The perceived random approach to

land sales could potentially frustrate the development goals of community neighbors. Further, other parties might seek control of the land at no cost or at a discount to market, absent any long-term strategy on the part of the University.

Although revenue would be generated, the sum would be substantially less than if the University added value to the property through development. Under this scenario, the University would effectively set aside its opportunity to make an ongoing and lasting contribution to the region by integrating educational opportunities and cutting-edge research, sources of economic growth.

“The future of this extraordinary new community is brilliant, and will provide a trail for others to follow into the 21st century.”

— Frederick L. Merrill and Willa Small Kuh, Sasaki Associates, Inc.

Scenario C: Develop a New Community

The University would prepare a master development plan to establish a unique and vibrant new community — with potentially 20,000 to 30,000 residents. The institution could itself serve as the master developer, partner with one or more developers and other entities, or devise strategies that include a combination of both. The University would ready the land for development, build infrastructure, create landscape and physical amenities, and coordinate the activities of builders — on its own or with partners. Comprehensive master development planning would encompass the 5,000 acres and would complement the planning for the additional 2,840-acre parcel at the southern reaches of the property that is under the cooperative oversight of the University and the Department

of Natural Resources and not offered for development. The University's signature contributions through research, education and engagement would imbue the community with innovative characteristics that make it uniquely attractive. The University imprimatur would substantially increase value while also contributing to economic growth in the region. Specifically, the three integrated community enhancements — education, health and energy — help to align its academic mission with this once-ever development opportunity.

Benefits. This comprehensive development scenario allows the University to maximize the value of the property and grow a legacy endowment that will help to support the academic mission. The University, as owner of a significant tract of land in a major metropolitan area, along with its unique persona, would attract high-quality development partners. Master planning directed by the University, with recognition of the goals of surrounding jurisdictions, would provide a dynamic alternative to suburban sprawl and non-sustainable development. Development — and the outcome of a sustainable community with natural resource, recreational, societal and intellectual amenities — would be enhanced by the innovations from University research and would also provide a platform for discovery that would continuously benefit the community. Faculty would potentially increase grant awards with the opportunity to incorporate researchable community-based questions into competitive research proposals. This research and discovery would establish models for healthy living for all ages, for innovation that supports lifelong learning, and for energy efficiency. Under this scenario, the University declares its responsibility for development of this historic grant of land to continue its institutional legacy of research, education and engagement into the future and contribute to the quality of life of Minnesotans.

Risks. Development of a new community might divert University resources such as staff time and attention from its core mission. Development successes could be misinterpreted by the public without attentiveness to transparency and consistent communications. It is important also to recognize the inherent risk of failure in a unique and first-ever endeavor. Indeed, there is some risk that the University might fail to create the vibrant and sustainable community that is envisioned.

It is important to note that, implicit in scenario C, are elements of scenarios A and B. That is, over a span of 25 to 30 years some land would necessarily be held without development, as other parcels are developed in phases according to a master plan. The University would benefit as the market matures and demand and value increase, as in scenario A. Further, as parcels of land are sold, the development potential and value of the land that remains will be enhanced, providing greater benefit to the University, as in scenario B. Thus, scenario C offers ultimate flexibility and a luxury of options that would best serve the University over multiple decades.

Financial Implications

The property is a unique and valuable asset of the University. The nominal cost basis (the property was transferred to the University in 1947-1948 by the federal government for \$1) allows the University to be a patient developer and ultimately realize a potentially substantial gain. Along with the strategic and qualitative assessments of benefits and risks of the three scenarios, the Steering Committee explored the financial impact of each.

As a member of the Sasaki team, Economics Research Associates (ERA) evaluated the economic characteristics of each of the three scenarios. ERA concluded that the University would derive the most benefit from scenario C — development of a new community. ERA emphasized that developing a master planned community on the property sooner rather

than later creates an opportunity for the site to become a major magnet of activity that can spawn additional development. Ultimately, this approach could encourage different types of adjacent development that might not otherwise take place, leading to even higher site values in the long run and greater benefits for the region.

The following summarizes ERA's conclusions for scenario A: Hold land without development; scenario B: Sell land at wholesale prices; and scenario C: Develop a new community.

- **Scenario A: Hold Land without Development, financial impact**

If the University held the property for 10 years, land values would likely appreciate at the inflation rate or marginally higher. Current estimates suggest that the University might anticipate the value of raw, unimproved land at \$15,000 to \$50,000 per acre over time, depending on the location. Development of amenities in the vicinity of the land and neighboring land uses will also influence the rate of value growth over the decade. Expert opinion suggests that, if the land is held for 10 years and the decision is made to initiate land sales, another 20 years might pass before all parcels of the property would be sold; however, the rate at which the land might be absorbed by the market in the future is difficult to predict. Over this extended period, the proceeds from land sales could be invested in a University endowment with earnings compounded at a historical long-term rate in excess of 10 percent to 12 percent. In practice, values ultimately achieved by holding the property for a decade and then selling into the market over time may not be significantly higher than selling into the market today, when discounted to present value.

"A once-ever opportunity...because of the property's size, accessibility, and single, public ownership."

— Executive Committee report, 2005

- **Scenario B: Sell Land at Wholesale Prices, financial impact**

If the University were to simply sell the property opportunistically into the marketplace, consistent with demand and market pricing, it could expect to contribute approximately several hundred million dollars to the endowment over 25 to 30 years. Based on the same investment assumptions as the “hold

land” scenario, the proceeds of land sales, when received, could be invested at a compounded rate of return of 10 percent to 12 percent or more, consistent with the historical performance of

the University’s long-term investments. Timing translates as value, thus scenario B has some advantage over scenario A. ERA concludes that the area around the City of Rosemount is developing. Under scenario B, the site opens a large tract of land that would otherwise be an island in a sea of development activity, which leads to leap-frog development (and potentially leading to higher development costs later). ERA notes that scenario C, described below, positions the University with the opportunity to determine its own course of development.

- **Scenario C: Develop a New Community, financial impact**

The Sasaki team has provided industry data and numerous examples of master planned communities that were, in their early stages, similar to the UMore Park property (Reston, Virginia; The Woodlands, Texas; and Summerlin, Nevada; for example). Industry data and historical precedent suggest that fully developed land achieves values and investment returns that are multiples – often high multiples – of the initial land value. Time, cost, structure of development projects and other risks affect the final outcome;

but development in the form of a master planned community has the potential to generate value significantly in excess of what can be realized from the sale of undeveloped land. ERA concludes that bringing the site up to an improved level alone can increase the value up to three to five times the current estimated values. ERA further notes that the enhanced value generated by quality master planning can vary, but can add up to another 30 percent in value. (Development of a concept master plan [see *Next Steps*, page 24] would include detailed analyses of defined parcels of the property, potential improvements and values.) There is also the potential for ongoing revenue streams that might include fees, royalties or other income sources.

The Steering Committee made onsite visits to four such communities including Stapleton, within Denver, Colorado; Palencia, near Jacksonville, Florida; UniverCity at Simon Fraser University in Burnaby, British Columbia; and University Town at the University of British Columbia in Vancouver. The Steering Committee interviewed leaders responsible for governance of these master planned communities and members of the development partnership teams — representing public and private expertise — to gain insight into process, governance, cost, and other factors contributing to the success of each project. The overall review of master planned communities indicates that the University has the potential to achieve a significant multiple on the baseline financial projections of both scenarios A and B.

“An asset that could generate academic, intellectual, economic and social benefits, not only for the University and the state of Minnesota, but for the world.”

— Steering Committee report, 2006

Recommendation

The Pathway to a New Community

The Steering Committee concludes that there is but one outstanding option for the University of Minnesota's management of the UMore Park property that embraces the principles set forth by the Board of Regents and creates opportunity for the institution and the region. The Steering Committee's recommendation is based on detailed information acquired from local, regional and national experts and from members of the University community and the UMore Park area community.

Recommendation

The University of Minnesota should transform its property into a unique, vibrant, intellectually and culturally rich, sustainable community with attendant amenities.

Goal. To maximize the value of the property as a way of substantially growing the University endowment that is available to the President and Board of Regents to support the institution's academic mission for generations to come — and providing for academic investments generally not covered sufficiently by public sources.

Objectives. The following elements are critical to achieve the long-term vision for a community and for a legacy endowment:

- Leverage the University's imprimatur, innovation, knowledge creation, and broad-based engagement to develop a distinctive community that offers quality and value through the integration of healthy living, lifelong learning, and energy efficiency.

The discovery, knowledge generation and education that occur on the University's campuses could be extended in a bold and unique way through the development of a new community in the Twin Cities metropolitan region.



- Establish guidelines for the conduct of University research and innovation that uplifts the community and the quality of life of its residents. Specifically, ensure that the traditions of cutting-edge agricultural research and application are maintained at an appropriate location in order to continue to benefit the economy of the state and the consumer. At the same time, encourage the engagement of researchers and projects across the full breadth of the University to bring a range of new discoveries and benefits to the community.
- Establish design principles and sustainable development guidelines that serve to attain the highest levels of value, quality of life, sense of community, comfort, enrichment, excitement and beauty.
- Effectively manage and monetize valuable resources en route to development that include mining available gravel and recycling concrete remnants into materials for roads and buildings.
- Create dynamic partnerships with public and private sector entities to fund, develop, and manage unique amenities and attributes that may include an energy park; a health and wellness facility and lifestyle amenities; a lifelong learning system that is integrated across the community through schools, libraries, technology services and a learning and information center; as well as recreational and cultural facilities and features.
- Become a full partner with local jurisdictions and other neighboring entities to serve as a catalyst for improved living and regional economic development. Seek arrangements that will facilitate the implementation of a master plan and ensure that appropriate land use controls, building codes, zoning, real estate tax and public debt financing tools are utilized.
- Establish a governance structure to plan, develop and manage the endeavor over a 25- to 30-year time horizon that ensures oversight by the University's Administration and Board of Regents.

The structure should provide expert development acumen to optimize this rare asset, and ensure appropriate control and fiscal accountability.

- Maximize the long-term financial outcome of the endeavor through continuous articulation of the primary property development goal: To substantially increase the University's endowment in order to support its ambitious academic mission and contributions to the public good long into the future.

Next Steps

The strategic planning process has laid the foundation for the next steps for development of the UMore Park property. The Steering Committee recommends action in the following areas:

- **Form a UMore Park development team**
As the Steering Committee completes its service, the Vice President for Strategic Statewide Resource Development and the Executive Director of UMore Park should be charged with the responsibility to complete the necessary planning tasks and steward the pre-development process, consistent with the Board of Regents' principles. Oversight and institutional expertise in areas of planning, finance, real estate and transactional law during this phase should be provided by an internal group of three high-level University officials. Internal expertise should be complemented through consultation with select individuals with private sector real estate development expertise.
- **Determine operating entity and management structure**
One of the most significant institutional decisions associated with UMore Park is the type of operating entity and management structure needed to guide the long-term disposition and development of this asset. There is clearly a need to balance public accountability with the desire to create a vehicle capable of operating in an efficient, professional and flexible manner.

As a result, the Steering Committee recommends that the development team begin work with University leadership and a faculty representative to determine the optimum governance structure for managing the endeavor throughout its estimated 25- to 30-year life-cycle.

- **Complete pre-development planning**

A “concept master plan” should be developed for the full 7,686 acres of the property (includes the 2,840 acres that are now under the joint oversight by the University and the Department of Natural Resources through 2032). A concept master plan establishes a comprehensive approach and sets the stage for future determination of precise infrastructure and structural decisions for the property. It is critical that a complete and integrated plan be drafted to optimize the uses and relationship of varied community elements. Yet, the plan must be broad and flexible enough to change with trends and market preferences.

In conjunction with the master plan, a more detailed “Phase I” plan should be developed for the parcel of land that would be initially developed. The most logical and marketable parcel, of less than 1,000 acres, should be selected for this first phase of construction. It is critical that the initial phase of development include sufficient acres that will contain key community elements and amenities that will attract the market, characterize the full development and generate early momentum.

Upon completion and having been approved by the President and the Board of Regents in 2007, the concept master plan and Phase I would be integrated into the comprehensive plans being developed by the neighboring communities of Rosemount and Empire Township. Those plans are schedule to be submitted to the Metropolitan Council in 2008 for review, approval and implementation.

It is anticipated that this pre-development planning phase can be completed within nine to 12 months.

- **Hire planning and developer consultants**

The concept master plan and Phase I should be created by the highest quality professional consultants who are selected through a competitive process. The Steering Committee recommends engaging both a ‘planning consultant’ to be responsible for preparing and rendering the plans, as well as an experienced ‘developer consultant’ to bring realistic market and development judgment to the University’s planning effort.

- **Develop gravel and concrete business plan**

A business plan should be prepared to assess the opportunity, economics and logistics of mining and monetizing the many hundreds of tons of gravel that are located on the UMore Park property. A preliminary estimate of the current commercial value of the gravel is \$14 to \$21 million, present value. In addition, the extraction of gravel can result in opportunities for amenities such as ponds and lakes. A similar plan should be prepared for the estimated 250,000 cubic yards of concrete from building remnants on the site. The plan should consider potential use or sale of this material, which is far less commercially valuable than the gravel.

Action

The Opportunity

University of Minnesota research, education and engagement are anchored in 155 years of contributions to Minnesota and its citizens. Its continuous contributions through innovation and discovery will create a new future — and a new community.

The generations have left an imprint on the land now known as UMore Park. There is a history of community, from the time of the plains natives and early European settlers to the 20,000 people who labored together at the Gopher Ordnance Works in time of war to today.

Today we contemplate the community of tomorrow.

A unique, vibrant, intellectually and culturally rich, sustainable community of the 21st century.

Technology and facilities to spark lifelong learning. Programs and facilities to ensure active and healthy living. Economical and environmentally sensitive renewable energy.

With the enduring character of the University of Minnesota...striving to be among the top three public research institutions in the world.



Photo Credits

Cover

Dave Hansen, Minnesota Agricultural Experiment Station (southwesterly view of UMore Park landscape: the grove of trees, lower left, covers the natural sandstone outcrop known as Lone Rock)

ESG Architects; Sasaki Associates, Inc.;
Sasaki Associates, Inc.; (concept insets, left to right, conveying possibilities for the future)

Page 4

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Dave Hansen, Minnesota Agricultural Experiment Station (horticultural garden and UMore Park sign)

Rosemount Research and Outreach Center (concrete remnants)

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Dave Hansen, Minnesota Agricultural Experiment Station (cross country skiers and horseback riders)

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Page 11

Dakota County Office of Planning, 2006

Page 12

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Dave Hansen, Minnesota Agricultural Experiment Station (Gopher Ordnance Works production facility)

Rosemount Research and Outreach Center (T-walls)

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