

# President's Recommended Six-Year Capital Plan

UNIVERSITY OF MINNESOTA

Board of Regents  
March 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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## 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

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**March 2007:** 6-Year Capital Plan - Review

**May 2007:** 6-Year Capital Plan - Approval  
Preliminary 2008 State Capital Request – Review  
FY08 Annual Capital Budget - Review

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

**September 2007:** Final 2008 State Capital Request - Review

**October 2007:** Final 2008 State Capital Request - Approval

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# 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

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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

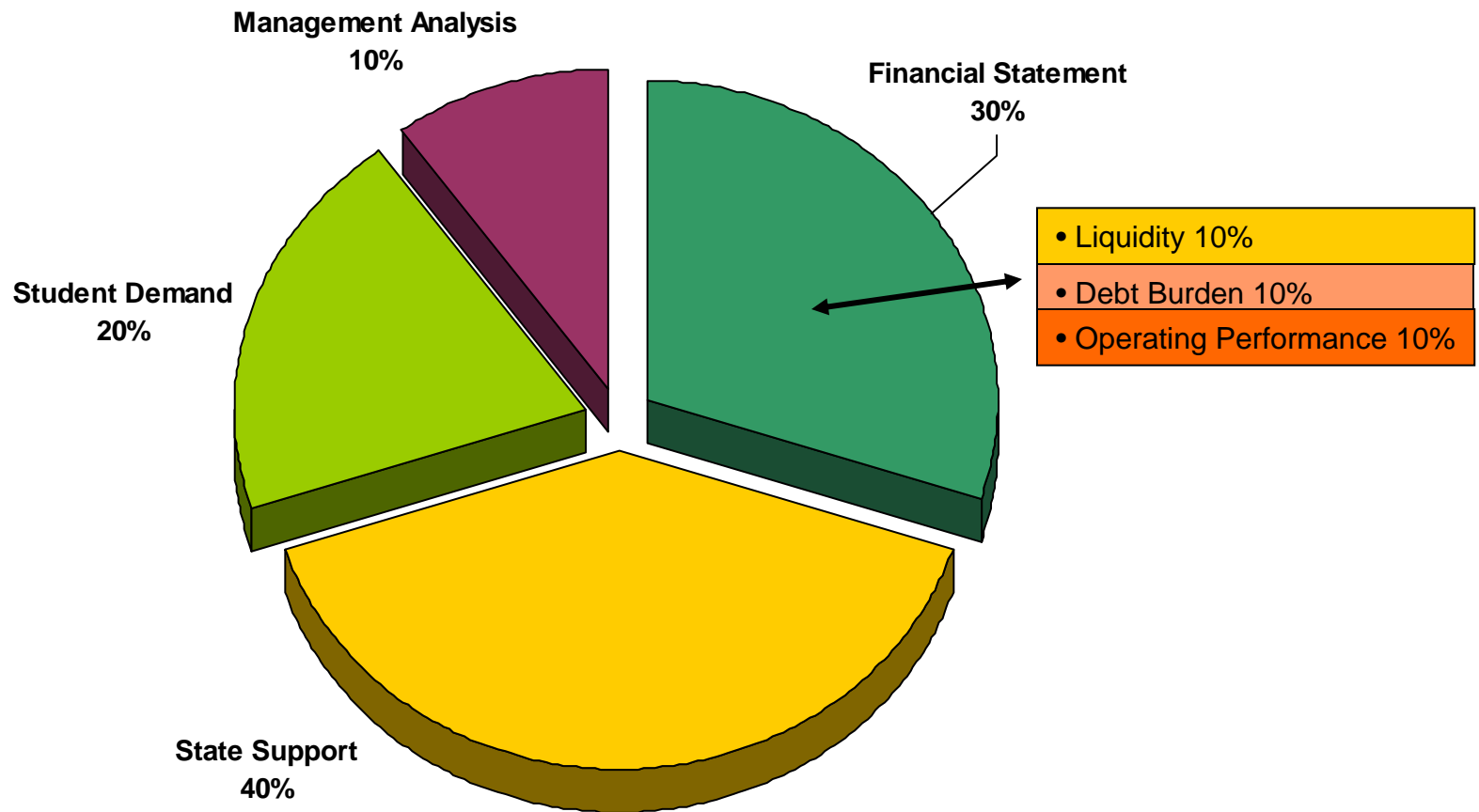
# Financial Summary

<b>State Capital Request Summary</b>	<b>Total</b>	<b>State Contribution</b>	<b>U of M Contribution</b>
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
<b>Total</b>	<b>834,000</b>	<b>636,000</b>	<b>198,000</b>

<b>Minnesota Biomedical Sciences Research Facility Authority</b>	<b>Total</b>	<b>State Contribution</b>	<b>U of M Contribution</b>
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
<b>Total</b>	<b>202,250</b>	<b>182,025</b>	<b>20,225</b>

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

# 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

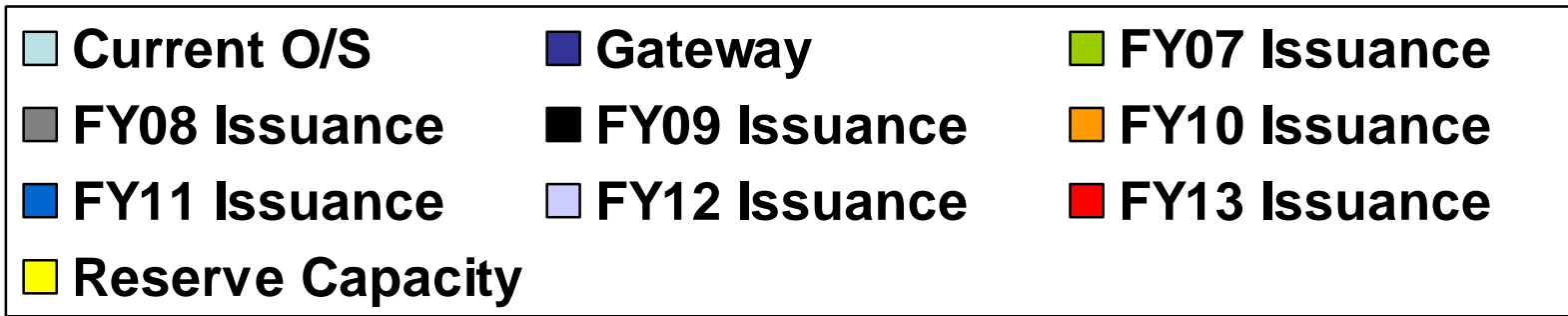
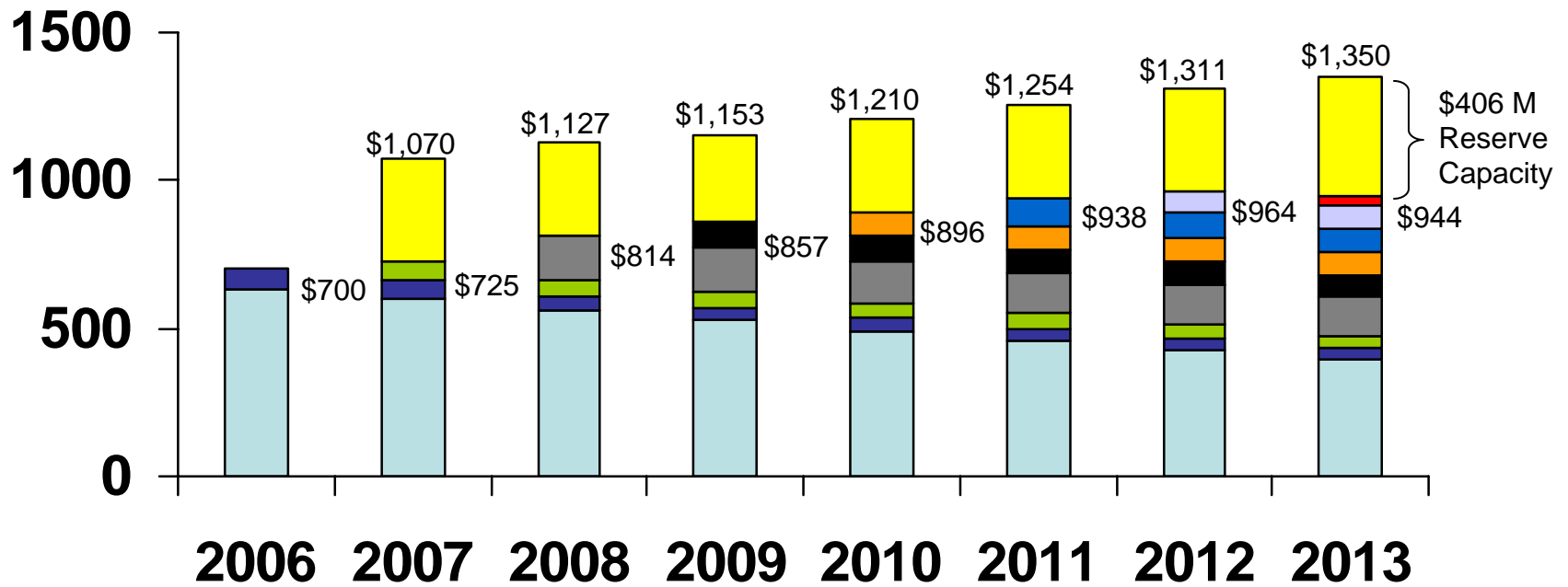
	<u>\$285.5 In Pipeline</u>		<u>\$291.2 New</u>		<u>Annual Total</u>
FY2007 – Commercial Paper – Issued 3/1/07	61.0				61.0
2005 State Capital Request Approved		21.0			
Other Prior Approved Projects		40.0			
FY2008	150.4				150.4
Football Stadium – taxable		19.0			
East Campus Gateway Expansion		18.2			
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

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