

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

November 11, 2010

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, November 11, 2010 at 2:45 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Steven Hunter, Chair, Clyde Allen, Anthony Baraga, Dallas Bohnsack, Venora Hung, and Dean Johnson.

Staff present: Chancellor Jacqueline Johnson; Senior Vice Presidents Frank Cerra and Robert Jones; Vice Presidents Karen Himle, Timothy Mulcahy, and Kathleen O'Brien; Executive Director Ann Cieslak; and Associate Vice Presidents Michael Berthelsen and Michael Perkins.

Student Representatives present: Chelsey Doepner and Lauren Snively.

REAL ESTATE TRANSACTIONS

A. Purchase of 617 South Broadway, Rochester, Rochester Campus

A motion was made and seconded to recommend approval of the following action:

On the recommendation of the President and the Vice President for University Services, the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transaction:

Purchase of 617 South Broadway Avenue, Rochester, Rochester campus

Basis for request: Property would be purchased for future development of the Rochester campus

Details of transaction: The owner of the property is Z's American Properties, a Limited Liability Partnership in Texas

Purchase price: \$1,190,000, with closing to occur on or before December 20, 2010

Source of funds: University Debt

O'Brien noted that the purchase of 617 Broadway Avenue South, Rochester, Rochester campus had been reviewed at a previous committee meeting.

The committee voted unanimously to recommend approval of the purchase of 617 Broadway Avenue South, Rochester, Rochester campus.

B. Purchase of 527 Oak Street SE, Minneapolis, Twin Cities campus

On the recommendation of the President and the Vice President for University Services, the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transaction:

Purchase of 527 Oak Street SE, Minneapolis, Twin Cities campus
Basis for request: Acquisition of the property provides an opportunity for future expansion of the Twin Cities campus
Details of transaction: The seller of the property is Joanne Finstad-Good
Purchase price: \$525,000
Source of funds: University Debt

Vice President O'Brien noted that the real estate transaction was being submitted for both review and action, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Susan Carlson Weinberg, Director of Real Estate, described the location and the indicated the purchase was consistent with land acquisition of the area adjacent to the existing campus.

The committee voted unanimously to recommend approval of the purchase of 527 Oak Street SE, Minneapolis, Twin Cities campus.

C. 40-Year Lease to Dakota Aggregates, LLC Covering 1,722 Acres in Dakota County for Aggregate Mining (UMore Park)

On the recommendation of the President and the Vice President for University Services, the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transaction:

Forty-year lease for phased aggregate mining of 1,722 acres at UMore Park to Dakota Aggregates, LLC
Basis for request: The University will lease the 1,722 acres to Dakota Aggregates, LLC, which is owned by Cemstone Products Company & Ames Construction, Minnesota, for mining, processing, and stockpiling aggregate, sand, gravel, and other materials in phases over a period of approximately 40 years
Details of transaction: The lease specifies the responsible party for obtaining and complying will all local permits, and will permit the lessee to sublet portions of the area.
Lease payments to the University: An initial advanced minimum royalty of \$5 million, a second year minimum royalty of \$425,000, \$600,000 in the third year, \$700,000 in the fourth year, \$800,000 in the fifth year, and thereafter the greater of \$632,000 or 55 percent of the average annual Production Royalty paid the immediately preceding five lease years. In addition, an

unrestricted scholarship fund contribution of \$.02 for each ton of material lessee transports off the leased premises or uses on the premises to produce concrete, asphalt and similar products to be used for students studying or researching geology, civil engineering, land use planning and similar and related disciplines.

Use of funds received by the University: All proceeds, after cost deductions, will be deposited into the Legacy Fund previously established by the Board of Regents.

Vice President O'Brien noted that the lease was being submitted for both review and action, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Charles Muscoplat, President, UMore Development LLC, outlined the 40-year phasing of the mining activity. He reported that Senior Vice President Jones has been meeting with faculty who currently conduct research on the site and that transition plans are being developed for the research anticipated to be displaced by the mining. Muscoplat identified the significant financial resources the University has to gain through the mining.

In response to questions from the committee, Muscoplat clarified that following the excavation the mining will allow for interesting and desirable topography, including the creation of a lake that will greatly enhance the value of the land for future development. The 40-year lease reaches far beyond the immediate future, but Muscoplat added that the lease would also benefit the region's economy for decades.

The Board of Regents voted unanimously to recommend approval of the 40-year lease to Dakota Aggregates, LLC covering 1,722 acres in Dakota County for aggregate mining (UMore Park).

SCHEMATIC PLANS

A. Mayo Garage Renovation – Magnetic Resonance Facility Relocation Project, Twin Cities Campus

A motion was made and seconded to recommend approval of the following actions:

The schematic plans for the Mayo Garage Renovation-Nuclear Magnetic Resonance Facility Relocation Project, Twin Cities campus, are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President O'Brien noted that the Mayo Garage renovation was being submitted for both review and action, as detailed in the revised docket and associated materials distributed at the meeting and on file in the Board Office.

Senior Vice President Cerra reviewed the project and explained that the vibration from the construction and operation of the Central Corridor Light Rail Transit (CCLRT) necessitates the relocation of the Nuclear Magnetic Resonance (NMR) facility from the current location, adjacent to Washington Avenue, to a location further from the CCLRT.

The NMR currently supports \$110 million in grant funding from 160 researchers across 22 University departments, as well as undergraduate and graduate teaching and workshops. The repurposing of the Mayo Garage provides a cost effective, sustainable reuse of an existing University asset.

Regent Allen noted that the Metropolitan Council agreed in the Memorandum of Understanding to work with the University at the state legislature to help secure funding for this the relocation of the NMR facility.

The committee voted unanimously to recommend approval of schematic plans for the Mayo Garage Renovation-Nuclear Magnetic Resonance Facility Relocation Project, Twin Cities campus.

B. Eastcliff Renovations, Twin Cities Campus

A motion was made and seconded to recommend approval of the following actions:

The schematic plans for Eastcliff Renovations, Twin Cities campus, are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President O'Brien noted that the Eastcliff renovations were being submitted for both review and action, as detailed in the revised docket and associated materials distributed at the meeting and on file in the Board Office.

Lyndel King, Chair of the Eastcliff Technical Advisory Committee who attended the meeting by phone, described the scope of the proposed renovations to Eastcliff. She noted the rehabilitation of the historic summer house includes addressing deficiencies with fire and life safety, replacement of the deteriorated pool deck, incorporating accessible surfaces, and replacement of the pool infrastructure and equipment. Renovation for a kitchen in the private residence converts an existing underutilized space on the second floor to provide a kitchen integrated into the private residence. King stressed the importance of completing the work during the presidential transition to minimize the impact of the public event schedule throughout the year and prior to the new President occupying the home.

Regent Allen noted that Eastcliff is unique in that it is an historic landmark that is still needed for family functionality. The University has an obligation to meet American with Disabilities Act requirements and to maintain the home and the grounds for the President's family and the University community. He added that eight other Big Ten institutions have University-owned homes and require their President to reside in the home. Allen read a statement from the University of Minnesota Foundation and the Minnesota Medical Foundation leadership regarding the importance of Eastcliff for raising private funds to support the mission of the University.

The committee voted unanimously to recommend approval of schematic plans for the Eastcliff Renovations, Twin Cities campus.

C. Wind Energy Conservation System Turbine Installation, Morris Campus

A motion was made and seconded to recommend approval of the following actions:

The schematic plans for the Wind Energy Conservation System Turbine Installation, Morris campus, are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President O'Brien noted that the Wind Energy Conservation System Turbine Installation, Morris campus, was being submitted for both review and action, as detailed in the revised docket and associated materials distributed at the meeting and on file in the Board Office.

Lowell Rasmussen, Director of Physical Plant, Morris campus, clarified that the schematic plans that had been previously brought to the committee anticipated funding for two turbines through Clean Renewable Energy Bonds. That funding did not materialize and the project under review today is for one turbine to be purchased with capital funding that includes \$420,000 from Morris campus 2009 Higher Education Asset Preservation and Replacement (HEAPR) funds. Construction is subject to approval of the financing plan and debt issuance, presented to the Finance Committee in November 2010.

In response to a question from Regent Hunter, Rasmussen indicated HEAPR funds could be used for the project as electrical infrastructure.

The committee voted unanimously to recommend approval of schematic plans for the Wind Energy Conservation System Turbine Installation, Morris campus.

CAPITAL BUDGET AMENDMENTS

A. Mayo Garage Renovation – Nuclear Magnetic Resonance Facilities Relocation Project, Twin Cities Campus

A motion was made and seconded to recommend approval of the following action:

On the recommendation of the President and the Vice President for University Services, the FY2011 Capital Budget is amended to increase the budget for the following project:

Mayo Garage Renovation, Twin Cities campus.

Scope of Project: Renovate and relocate the Department of Biochemistry, Molecular Biology, and Biophysics Nuclear Magnetic Resonance Facility from Hasselmo Hall to a remodeled Mayo Parking Garage.

Scope of project: Complete interior renovation of current Mayo Garage

Master Plan: Project is in compliance with Twin Cities Master Plan: 2009

Cost estimate: \$21,446,000

Capital funding: 2010 Laboratory Improvement Program;
University Funds; 2011 State Capital Appropriation

Committee members engaged in an extensive discussion regarding the Mayo garage renovation earlier in the meeting during consideration of the project's schematic plans.

The committee voted unanimously to recommend approval of the Mayo Garage Renovation – Nuclear Magnetic Resonance Facilities Relocation Project, Twin Cities campus.

B. Eastcliff Renovations, Twin Cities Campus

A motion was made and seconded to recommend approval of the following action:

On the recommendation of the President and the Vice President for University Services, the FY2011 Capital Budget is amended to increase the budget for the following project:

Eastcliff Renovations, Twin Cities campus
Scope of Project: Rehabilitation of the Historic Summer House;
Renovation for a kitchen in the private residence
Master Plan: The projects are in compliance with the October 1997 Eastcliff Master Plan
Cost estimate: \$530,000
Capital funding: University of Minnesota funds and private donations

Committee members engaged in an extensive discussion regarding the Eastcliff renovations earlier in the meeting during consideration of the project's schematic plans.

The committee voted unanimously to recommend approval of the Capital Budget Amendment for Eastcliff renovations, Twin Cities campus.

CAPITAL BUDGET AMENDMENT

A. Learning and Technical Media Laboratory, Twin Cities Campus

Due to time constraints, this item was tabled and will return for review and action at a future meeting.

**ANNUAL REPORT ON SUSTAINABILITY AND ENERGY EFFICIENCY POLICY:
GOALS AND METRICS**

Chancellor Johnson and Vice President O'Brien presented the annual report on sustainability and energy efficiency, as detailed in the docket and additional materials distributed at the meeting and on file in the Board Office.

O'Brien described the work of the Strategic Sustainability Committee, comprised of faculty, staff, and students across the University system. The committees charge includes:

- Set the direction and provide input to each campus regarding sustainability priorities;
- Support enterprise solutions to advance sustainability, and recognize individual campus contributions and solutions, and unique regional approaches;
- Identify existing campus programs and commitments that align with system-wide measures;
- Assess overall impact of sustainability efforts on the University and the wider community; and
- Ensure communications that improve transparency, awareness, and strengthen University-wide engagement.

Johnson summarized key areas of progress, including: student engagement; leadership and modeling; operational improvements; energy efficiency; education and outreach; research; and communication.

O'Brien outlined the committee's next steps, including: creating sub-teams to work on academic mission, student engagement, renewable energy, purchasing, and communications; developing an understanding of sustainability research and educational work; and enhance communication tools.

CONSENT REPORT

There are no Consent Report items this month.

INFORMATION ITEMS

Vice President O'Brien referred committee members to the Information Items, including:

- Revised final project review – Mayo Garage Renovation, Nuclear Magnetic Resonance (NMR) Facility Relocation.

The meeting adjourned at 5:15 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary