AGENDA

1. Capital Budget Amendments - Action - K. O'Brien/M. Perkins (pp. 2-13)
   A. Johnston Hall, 2nd Floor Renovation, Twin Cities Campus
   B. 90 Church Street, Data Center HVAC Upgrades, Twin Cities Campus
   C. West Bank Office Building, Data Center HVAC Upgrades, Twin Cities Campus

   A. East Gateway District, Twin Cities Campus

   A. Five-Year Lease at University Enterprises Laboratory, 1000 Westgate Drive, St. Paul for Academic Health Center’s Lion’s Eye Bank, Twin Cities Campus
   B. Seven-Year Lease at University Park Plaza, 2829 University Avenue SE, Minneapolis for Academic Health Center, Twin Cities Campus


6. Information Items - K. O'Brien (pp. 30-41)
Facilities Committee

February 8, 2007

Agenda Item: Capital Budget Amendments

☐ review ☐ review/action ☒ action ☐ discussion

Presenters: Vice President Kathleen O’Brien
Associate Vice President Michael Perkins

Purpose:

☐ policy ☐ background/context ☒ oversight ☐ strategic positioning

In accordance with Board of Regents Policy: Reservation and Delegation of Authority, review the following Capital Budget Amendments:

- Amend the Fiscal Year 2007 Capital Budget by $1,420,000 to include funding for the Johnston Hall 2nd Floor Renovation project located on the Twin Cities, Minneapolis, East Bank campus.

- Amend the Fiscal Year 2007 Capital Budget by $760,000 to include funding for the 90 Church Street Data Center HVAC Upgrade project located on the Twin Cities, Minneapolis, East Bank campus.

- Amend the Fiscal Year 2007 Capital Budget by $726,000 to include funding for the West Bank Office Building Data Center HVAC Upgrade project located on the Twin Cities, Minneapolis, West Bank campus.

Outline of Key Points/Policy Issues:

**Johnston Hall 2nd Floor Renovation**

Johnston Hall was originally built as a classroom building with collegiate administrative offices. Today it primarily houses administrative offices for the College of Liberal Arts (CLA), the Graduate School, the Vice President for Research, and the Vice President for Information Technology. The second floor CLA administrative space has seen little remodeling or improvements since it was built in 1950. The development of new programs and initiatives and the resulting change in staff support has prompted CLA to develop a configuration plan that uses the existing space more efficiently, adds sprinkler fire protection, connects to the Northrop chilled water plant, and upgrades kitchen, conference, and bathroom facilities.
90 Church Street Data Center HVAC Upgrade
The 90 Church Street Data Center is one the University's primary centers to support its telecommunications systems and central computing services. The Heating Ventilation and Air Conditioning (HVAC) systems that serve the 90 Church Street Data Center have reached the end of their reliable life, have limited capacity, and lack redundancy. The Office of Information Technology has identified a three-year program to upgrade the data centers heating ventilation and air conditioning and electrical needs for the short term. This project set the foundation for smaller incremental improvements over the next three years.

West Bank Office Building Data Center HVAC Upgrade
The West Bank Office Building Data Center is one the University's primary centers to support its telecommunications systems and central computing services. The Heating Ventilation and Air Conditioning (HVAC) systems that serve the West Bank Office Building Data Center have reached the end of their reliable life, have limited capacity, and lack redundancy. The Office of Information Technology has identified a three-year program to upgrade the data centers heating ventilation and air conditioning and electrical needs for the short term. This project set the foundation for smaller incremental improvements over the next three years.

Background Information:
The Johnston Hall project was originally conceived as a minor renovation project that has been expanded to address code issues for fire protection and ADA accessibility and energy conservation issues with a connection to the Northrop central chilled water plant. A capital budget amendment is requested at this time to ensure the project is completed by the beginning of Fall Semester 2007. The occupants are currently in leased space that expires on August 31, 2007. The lease is with the University Episcopal Center that will use the space for student housing after the lease expires. The August 31 date is important for the Episcopal Center as they plan to lease the space for housing Fall Semester 2007.

At the time the Fiscal Year 2007 Capital Budget was prepared for approval by the Board of Regents the scope of work, cost estimate, and funding for the 90 Church Street Data Center project were not fully defined or reconciled to each other. A capital budget amendment is requested at this time to ensure the viability of this data center is maintained.

At the time the Fiscal Year 2007 Capital Budget was prepared for approval by the Board of Regents the scope of work, cost estimate, and funding for the West Bank Office Building Data Center project were not fully defined or reconciled to each other. A capital budget amendment is requested at this time to ensure the viability of this data center is maintained.

The items were reviewed by the Facilities Committee at the December 2006 meeting.

President's Recommendation for Action:
The President recommends approval of amending the Fiscal Year 2007 Capital Budget by $1,420,000 to include funding for the Johnston Hall 2nd Floor Remodeling project located on the Twin Cities, Minneapolis, East Bank campus.

The President recommends approval of amending the Fiscal Year 2007 Capital Budget by $760,000 to include funding for the 90 Church Street Data Center HVAC Upgrade project located on the Twin Cities, Minneapolis, East Bank campus.

The President recommends approval of amending the Fiscal Year 2007 Capital Budget by $726,000 to include funding for the West Bank Office Building Data Center HVAC Upgrade project located on the Twin Cities, Minneapolis, West Bank campus.
1. Basis for Request:

Completed in 1950, Johnston Hall was built as a classroom building with collegiate administrative offices. Today it houses the primary administrative offices of the College of Liberal Arts (CLA), CLA Student Services, the Graduate School, the Vice President for Research and the Vice President for Information Technology. Approximately 50 CLA employees occupy 7,883 square feet of office space on the second floor, working in the administrative offices for undergraduate programs, graduate programs, faculty and research, fiscal administration, human resources, external relations and the dean’s office. The college is proposing a reconfiguration and renovation of the space to enable more effective and efficient operations.

The second floor has seen little in the way of improvements, remodeling or other meaningful upgrades over the past 56 years. While some of the original office spaces continue to adequately serve the college’s needs, many have out lived their original purpose and are a serious impediment to the college’s administrative operation and workflow.

The development of new programs and initiatives and the resulting change in staff support has prompted CLA to develop an approach that uses this existing space more efficiently. In addition to significantly improving the floor plan, the remodeling will improve safety and energy efficiency. Sprinklers will be installed over the entire second floor, upgrading the life safety rating of the building. The remodeling will reduce energy consumption by eliminating 37 inefficient stand-alone air conditioners. The existing air conditioners will be replaced with energy efficient fan coil units tied into the existing chilled water loop located in Northrop Garage. Air quality and ventilation will also be upgraded. The 50 second floor employees are currently served by one unisex bathroom; this project will provide both women’s and men’s restroom facilities to the floor.

Finally, CLA’s investment looks toward the future by improving Johnston Hall for other units in the building. While yet to be implemented, both the Graduate School and the Office of Information Technology have expressed interest in connecting to the Northrop chilled water loop extended to the building by CLA with this project.

2. Scope of Project:

Remove 37 inefficient noisy stand-alone window air conditioning units. Air conditioning will be provided by fan coil units tied into the existing chilled water loop located in Northrop Garage. Air quality and ventilation will also be upgraded.

Provide sprinklers throughout the 2nd Floor and thus significantly upgrading the life-safety rating of the building, the entire second floor can be treated as one area which provides opportunities to open the project spaces to the corridor by means of glazed doors and interior windows.

Add new restrooms and relocate the main conference room to accommodate larger meetings and events. Additionally, a consolidated kitchen facility will service the entire floor providing additional space for restrooms and offices.
Create a blend of private and open offices. In keeping with the renovations of portions of Johnston Hall 1st Floor, the design reflects goals of sharing daylight throughout each unit and providing better controlled fresh and conditioned air.

Install new suspended direct/indirect light fixtures, exit signs and egress lighting and electrical/data outlets.

Create a new central reception area to better serve visitors and provide for more flexibility in staffing.

Provide new floor, wall and ceiling finishes throughout to create a common visual identity for the second floor.

Enlarge the cramped central mail (serving all CLA offices in Johnston) and copy room.

3. Environmental Issues:

Hazardous materials impacted by the project will be abated as a part of the project. It is not expected to find significant hazardous material in the project area.

4. Cost Estimate:

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<thead>
<tr>
<th>Description</th>
<th>Cost</th>
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<tbody>
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<tr>
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<td>Total Project Cost</td>
<td>$1,420,000</td>
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5. Capital Funding:

<table>
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<tr>
<th>Department</th>
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</thead>
<tbody>
<tr>
<td>College of Liberal Arts</td>
<td>$1,420,000</td>
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</table>

6. Capital Budget Approvals:

Project planning began in late 2005, with development of a program plan to identify the best use of available space in Johnston Hall. The project was discussed in CLA’s FY2007 compact document and estimated to cost approximately $400,000. At that time CLA did not anticipate making the building infrastructure improvements (air conditioning and sprinklers system) that are described above. In subsequent consultation with both Energy Management and the Building Code Division, CLA came to believe that it was in the best longer-term interest of CLA (and other units in Johnston Hall) to expand the scope of work to include these building improvements and initiate this capital budget amendment request.

At the same time the scope of work increased, the college entered into a year-long lease at the University Episcopal Center (UEC) to relocate a portion of its External Relations group to create swing space in Johnston Hall during the second floor renovation. The UEC lease runs through August 31, 2007. CLA needs to have the project completed and the moved back to Johnston Hall by that date to avoid renewing the lease. In addition, since the UEC space is primarily student apartment suites, they want the lease to coincide with the academic year and are not interested in month-to-month extensions.
7. Annual Operating and Maintenance Cost and Source of Revenue:

Annual operating and maintenance costs will be funded by the College of Liberal Arts.

8. Time Schedule:

<table>
<thead>
<tr>
<th>Task</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete working drawings</td>
<td>January 2007</td>
</tr>
<tr>
<td>Advertise for bids</td>
<td>February 2007</td>
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<tr>
<td>Receive bids</td>
<td>March 2007</td>
</tr>
<tr>
<td>Award contracts</td>
<td>March 2007</td>
</tr>
<tr>
<td>Begin construction</td>
<td>March 2007</td>
</tr>
<tr>
<td>Complete construction</td>
<td>August 2007</td>
</tr>
</tbody>
</table>

9. Architect / Engineer:

Architects: Studio Five Architects, Minneapolis
Engineers: Steen Engineering, Crystal

10. Recommendation:

The above described project scope of work, cost, funding, and schedule is appropriate:

[Signature]
Richard Pfutzenreuter, Vice President and Chief Financial Officer

[Signature]
E. Thomas Sullivan, Senior Vice President and Provost

[Signature]
Kathleen O'Brien, Vice President for University Services
Johnston Hall

Twin Cities
East Bank Campus
1. **Basis for Request:**

The University relies on two primary data centers to support its telecommunications systems and central computing services. One is located at 90 Church Street below grade under Lilly Plaza, adjacent to Morrill Hall on the Twin Cities, Minneapolis, East Bank campus. The other is located at 1300 South Second Street in the West Bank Office Building. This project is for the 90 Church Street Data Center.

The Heating Ventilation and Air Conditioning (HVAC) systems are aging, lack adequate redundancy and are in need of a minor expansion to handle today’s environmental demands. The Office of Information and Technology (OIT) is planning improvements to the existing HVAC infrastructure.

OIT has identified a three-year program to upgrade the data centers environmental and electrical needs for the near future (3 to 5 years). These projects set the foundation for smaller incremental improvements.

2. **Scope of Project:**

The 90 Church Street Data Center was built in 1984 and designed to support 30 watts per square foot (PSF) of computer equipment. After an extensive engineering study of this 3,000 square foot data center, it was determined to be too costly to expand the HVAC and electrical infrastructure to meet today’s standards of 75 to 100 watts per square foot.

The project has been reconfigured to replace three of the existing 20-ton Liebert cooling units with four 20-ton dual cool units and inter-connecting the new units into the Northrop chilled water system for the primary cooling load. Three new dry coolers totaling 60 + tons of capacity to provide back up in the event of a power failure will replace the three existing undersize dry coolers (approximately 40 tons of capacity). The existing electrical switchgear and 450 KW generator will remain and are adequate to support this upgrade to 60 tons of cooling capacity; electrical system modifications will be required to convert the dry coolers from primary to back up heat expulsion and to incorporate the fourth cooling unit.

Connecting to the Northrop Chilled Water Plant, and replacing and upsizing the dry coolers to 60 tons will increase efficiency, reliability and redundancy. The design intent for adding a 4th unit is not meant so much to increase the cooling capacity beyond the 35 to 38 tons PSF in total load, but rather to address the inflexible configuration of equipment in the room and the poor under floor airflow and distribution.

Based on a preliminary analysis by the University’s FM Energy Management group, it appears that the University will be able to save approximately 7.5 KW or 18% on summer peak demand and 202,657 KWh annually with the dual cool units utilizing Northrop for the existing 38 tons of load. The energy usage reduction means that it appears the measure will save the University about $9,119/year on energy and $2,151/year on energy demand. This also translates to a reduction of 123 metric tons of CO2 annually through reduced energy consumption.

3. **Environmental Issues:**

The University’s Facility Management asbestos team has reviewed the building and determined that no hazardous materials, such as asbestos, exist at the facility.
4. **Cost Estimate:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
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<td>Total Project Cost</td>
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</table>

5. **Capital Funding:**

Office of Information Technology $760,000

6. **Capital Budget Approvals:**

At the time the Fiscal Year 2007 Capital Budget was prepared for approval by the Board of Regents, the scope of work, cost estimate and funding for this project were not fully defined or reconciled to each other. A detailed facility engineering study was in process to determine the magnitude of the maintenance work needed and the options for addressing those needs. The scope of the work now has been determined, estimated and funded. Proceeding with the project is requested at this time as the mechanical systems in the facility have reached the end of their reliable life, have limited capacity and lack redundancy. The upgraded facility will also provide a more secure server environment.

7. **Annual Operating and Maintenance Cost and Source of Revenue:**

Networking and Telecommunication Services will pay the operation and maintenance costs required to operate this data center.

8. **Time Schedule:**

- Complete design: December 2006
- Establish Guaranteed Maximum Price: January 2006
- Begin construction: February 2007
- Complete construction: June 2007

9. **Engineer / Architect:**

Hypertect, Inc., Roseville, Minnesota

10. **Recommendation:**

The above described project scope of work, cost, funding, and schedule is appropriate:

Richard Pfutzenreuter, Vice President and Chief Financial Officer

Robert Jones, Senior Vice President for System Administration

Kathleen O'Brien, Vice President for University Services
1. **Basis for Request:**

The University relies on two primary data centers to support its telecommunications systems and central computing services. One is located at 90 Church Street below grade under Lilly Plaza, adjacent to Morrill Hall on the Twin Cities, Minneapolis, East Bank campus. The other is located at 1300 South Second Street in the West Bank Office Building. This project is for the West Bank Office Building Data Center.

The Heating Ventilation and Air Conditioning (HVAC) systems are aging, lack adequate redundancy and are in need of expansion to handle today’s environmental demands. The Office of Information and Technology (OIT) is planning improvements to the existing HVAC infrastructure.

OIT has identified a three-year program to upgrade the data centers environmental and electrical needs for the near future (3 to 5 years). These projects set the foundation for smaller incremental improvements.

2. **Scope of Project:**

The West Bank Office Building Data Center was constructed in 1988, and designed to handle approximately 60 watts per square foot in this 6,500 square foot facility. The demands on the cooling capacity have grown dramatically in recent years and the system’s redundancy has been significantly compromised. It is anticipated that an additional 40 tons of cooling will be needed in the near term and an additional 80 tons in total will be needed to maximize the floor and rack space of the facility within the next 36 months.

To regain the reliability required to support this critical University operation and expand the facilities to full capacity to reach approximately 75 to 80 watts per square foot, the existing seven chilled water-cooled Liebert units will be replaced and four additional units will be required over a three-year period. In this initial phase of the project, two new cooling units will be added, the existing 140-ton electrical chiller will be replaced with a new 240-ton electrical chiller, and a new 240-ton dry cooler heat rejection system will be added for winter operation to improve on operating efficiency and reliability.

These system replacements and additions will increase system efficiency, reliability and redundancy.

3. **Environmental Issues:**

The University’s Facility Management asbestos team has reviewed the building and determined that no hazardous materials, such as asbestos, exist at the facility.

4. **Cost Estimate:**

<p>| | |</p>
<table>
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<td>Total Project Cost</td>
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</table>
5. Capital Funding:

Office of Information Technology $726,000

6. Capital Budget Approvals:

At the time the Fiscal Year 2007 Capital Budget was prepared for approval by the Board of Regents the scope of work, cost estimate and funding for this project were not fully defined or reconciled to each other. A detailed facility engineering study was in process to determine the magnitude of the maintenance work needed and the options for addressing those needs. The scope of the work now has been determined, estimated and funded. Proceeding with the project is requested at this time as the mechanical systems in the facility have reached the end of their reliable life and have limited capacity and lack redundancy. The upgraded facility will also provide a more secure server environment.

7. Annual Operating and Maintenance Cost and Source of Revenue:

Networking and Telecommunication Services will be paying the operation and maintenance costs required to operate this data center.

8. Time Schedule:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete design</td>
<td>December 2006</td>
</tr>
<tr>
<td>Establish Guaranteed Maximum Price</td>
<td>January 2006</td>
</tr>
<tr>
<td>Begin construction</td>
<td>February 2007</td>
</tr>
<tr>
<td>Complete construction</td>
<td>June 2007</td>
</tr>
</tbody>
</table>

9. Engineer / Architect:

Hypertect, Inc., Roseville, Minnesota

10. Recommendation:

The above described project scope of work, cost, funding, and schedule is appropriate:

[Signature]
Richard Pfutzenreuter, Vice President and Chief Financial Officer

[Signature]
Robert Jones, Senior Vice President for Systems Administration

[Signature]
Kathleen O'Brien, Vice President for University Services
Facilities Committee

February 8, 2007

Agenda Item: Capital Budget Amendment

☒ review  ☐ review/action  ☐ action  ☐ discussion

Presenters: Vice President Kathleen O’Brien
Vice President Richard Pfutzenreuter

Purpose:

☐ policy  ☐ background/context  ☒ oversight  ☐ strategic positioning

In accordance with Board of Regents Policy: Reservation and Delegation of Authority, and consistent with current practice for approving changes to major capital projects, act on the following Capital Budget Amendment:

- Amend the Fiscal Year 2007 Capital Budget by $18,231,000 to increase funding for the East Gateway District project located on the Twin Cities, Minneapolis, East Bank Campus.

Outline of Key Points/Policy Issues:

The University’s vision for the area of campus near the new TCF Bank Stadium and Maguire Translational Research Facility has changed dramatically over the past several years. This area of campus, referred to as the East Gateway District, is no longer the edge of campus but rather a rapidly developing node of campus activity. The advancement of the regional Light Rail Transit (LRT) project and the proposed new Biomedical Research Facilities Authority are just two examples of recent changes driving the need for increased development.

The East Gateway District is evolving into fully developed area of campus incorporating a blend of sports, academic, service, transportation, and research/development functions. The University is planning a campus and not just individual building projects. The East Gateway District is of a comparable size to the West Bank and will eventually house eight to ten new academic buildings.

While the stadium provided a planning framework and helped define broader development opportunities, current development plans go beyond what is required to serve either the stadium or the Medical Bioscience Building. The broader East Gateway development plan includes:

- Planning for future campus buildings
- Planning for Central Corridor LRT and a multi-modal transit hub
• Environmental remediation from past uses
• Road re-alignment and expansion
• Planning for future structured and surface parking
• Urban design and streetscapes
• Utility infrastructure and storm water management
• A replacement landcare facility
• Planning for Granary Road (City of Minneapolis)

A full district plan will be developed as part of the overall update of the University’s campus master plan.

This capital budget amendment authorizes funding for capital projects being done in support of these broader development objectives. Funding will be used for environmental remediation, road re-alignment and expansion, urban design and streetscapes, surface parking, utility infrastructure, and storm water management. Work will be done by TCF Bank Stadium and Medical Bioscience Building contractors as well under separate contracts with the University.

The attached project data sheet addresses the basis for the request, project scope, cost estimate, funding, and schedule. A map locating this project on the campus is also attached.

**Background Information:**

The Board of Regents received an informational presentation on the East Gateway District at its December 2006 meeting.

**President's Recommendation for Action:**

The President recommends approval of the amendment to the Fiscal Year 2007 Capital Budget to increase funding for the East Gateway District project on the Twin Cities, Minneapolis, East Bank campus.
1. **Basis for Request:**

The scope of the University’s planned design and construction activity in the East Gateway District goes beyond what is required for any individual project. Additional environmental remediation, road re-alignment and expansion, urban design and streetscape, surface parking, utility infrastructure, and storm water management, is required to meet the University’s goal of building a functional and attractive campus.

Since the publication of the original stadium feasibility study in 2003 the University and other governmental agencies have accelerated both the amount and timing of additional development in this area of campus. The advancement of the regional Light Rail Transit (LRT) project and the proposed new Biomedical Research Facilities Authority are just two examples of recent changes driving the need for increased development. The East Gateway District is of a comparable size to the West Bank and will eventually house eight to ten new academic buildings. The planned new academic and support service buildings will require additional transportation and utility infrastructure.

2. **Scope of Project:**

This capital budget amendment authorizes funding for a set of capital projects being done in support of the University’s broader “campus building” objectives. The additional funding will be used for:

- Environmental remediation
- Roads and traffic signals
- Domestic water, storm water, and sanitary sewer
- Surface parking
- Landscaping and public spaces

3. **Master Plan or Precinct/District Plan Impact:**

This project is in compliance with the University of Minnesota Twin Cities Campus Master Plan – 1996.

The administration has previously presented to the Board of Regents a concept plan for the East Gateway District that incorporates the stadium, proposed research buildings, transportation, and public spaces into a more traditional campus setting.

4. **Environmental Issues:**

The University of Minnesota completed an Environmental Impact Statement (EIS) for TCF Bank Stadium. The final EIS was approved by the Board of Regents in March 2006.
The University is working closely with the Minnesota Pollution Control Agency on a plan to address contamination left on the site by previous owners of the property. Costs to address environmental contamination are included in the overall project budget.

5. **Cost Estimate:**

The cost estimate for the East Gateway District is $18.2 million.

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<td>Soft Costs &amp; Contingencies</td>
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<td><strong>Total:</strong></td>
<td><strong>$18,231,000</strong></td>
</tr>
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6. **Capital Funding:**

This project will be funded by University debt.

7. **Capital Budget Approvals:**

The East Gateway District project is a new addition to the Fiscal Year 2007 Capital Budget approved by the Board of Regents in June 2006.

8. **Annual Operating and Maintenance Cost and Source of Revenue:**

Annual operating and maintenance costs will be funded by Facilities Management and Parking and Transportation Services as part of the University’s general operating budget.

9. **Time Schedule:**

Time schedules will vary by project component. All project components are expected to be completed by Fall / Winter 2009 when both the Medical Bioscience Building and the TCF Bank Stadium projects are complete. For ease of coordination, the majority of the work being done on the East Gateway District project will be performed by contractors working on either the TCF Bank Stadium project or the Medical Biosciences Building project.

10. **Architect and Construction Manager:**

Multiple architects, engineers, and contractors will be involved in the East Gateway District project.
11. Recommendation:

The above described project scope of work, cost, funding, and schedule is appropriate:

Richard Pfutenreuter, Vice President and Chief Financial Officer

Kathleen O'Brien, Vice President for University Services

1/23/07

1/25/07
Facilities Committee

February 8, 2007

Agenda Item:  Real Estate Transactions

☑ review  ☐ review/action  ☐ action  ☐ discussion

Presenters:  Vice President Kathleen O’Brien
Vice President/CFO Richard Pfutzenreuter
Frank Cerra, Senior Vice President for Health Sciences
Susan Carlson Weinberg, Director of Real Estate

Purpose:

☐ policy  ☐ background/context  ☑ oversight  ☐ strategic positioning

In accordance with Board of Regents Policy: Reservation and Delegation of Authority, review the following real estate transaction:

A. Five-Year Lease for 7,200 Rentable Square Feet at University Enterprises Laboratory, 1000 Westgate Drive, St. Paul, for Academic Health Center’s Minnesota Lions Eye Bank (Twin Cities Campus)

B. Seven-Year Lease for 14,138 Rentable Square Feet at University Park Plaza, 2829 University Avenue SE, Minneapolis, for Academic Health Center (Twin Cities Campus)

Outline of Key Points/Policy Issues:

The details of these transactions and their financial impact are described in the transaction information pages immediately following this page.

Background Information:

Board of Regents Policy: Reservation and Delegation of Authority states that “The Board of Regents reserves to itself authority to approve the purchase or sale of real property having a value greater than $250,000 or larger than ten (10) acres” and all “leases of real property, easements and other interests in real property if the initial term amount to be paid by or to the University exceeds $250,000, consistent with Board policies.”

President's Recommendation for Action:

The President recommends approval of the following real estate transactions:

A. Five-Year Lease for 7,200 Rentable Square Feet at University Enterprises Laboratory, 1000 Westgate Drive, St. Paul, for Academic Health Center's Minnesota Lions Eye Bank (Twin Cities Campus)

B. Seven-Year Lease for 14,138 Rentable Square Feet at University Park Plaza, 2829 University Avenue SE, Minneapolis, for Academic Health Center (Twin Cities Campus)
FIVE-YEAR LEASE FOR 7,200 RENTABLE SQUARE FEET
AT UNIVERSITY ENTERPRISE LABORATORY,
1000 WESTGATE DRIVE, ST. PAUL,
FOR ACADEMIC HEALTH CENTER, MEDICAL SCHOOL,
DEPT. OF OPHTHALMOLOGY’S MINNESOTA LIONS EYE BANK
(TWIN CITIES CAMPUS)

1. **Recommended Action**

   The President recommends that the appropriate administrative officers receive authorization to execute a five-year lease for 7,200 rentable square feet at 1000 Westgate Drive, St. Paul, for occupancy by the Academic Health Center, Medical School, Department of Ophthalmology’s Minnesota Lions Eye Bank.

2. **Description of Leased Premises**

   The leased premises will consist of 6,000 useable square feet (USF), or 7,200 rentable square feet (RSF), of office and laboratory space on the second floor of the University Enterprise Laboratory building at 1000 Westgate Drive, St. Paul, plus 34 parking spaces, including one assigned parking space at the west entrance for 24/7 courier drop offs and pick-ups.

3. **Basis for Request**

   The lease will provide needed space for the Department of Ophthalmology’s Minnesota Lions Eye Bank (MLEB) which will relocate from the ninth floor of PWB to 1000 Westgate Drive, St. Paul. The MLEB requires additional space for its operations, which could not be provided on campus. The PWB space to be vacated will be used for other Department of Ophthalmology purposes.

4. **Details of Transaction**

   The subject lease will commence approximately July 1, 2007, upon completion of remodeling by the landlord, and continue for five years (through June 30, 2012). The lease would include seven successive three-year options to continue the lease thereafter (potentially through June 30, 2033). MLEB will have the right to include in the leased premises an additional 651 USF, or 781 RSF, of adjacent office space within the first three years of the lease.
The landlord, UEL Real Estate Holdings, would remodel the leased premises prior to occupancy by the MLEB. The remodeling project will include renovating existing office space into a tissue laboratory, a prep room, display and storage rooms, and a laboratory supply room involving approximately 2,100 square feet, plus general office upgrade of the remaining space, at a total cost approximately $300,000, of which the University will pay $200,000, with the landlord paying the $100,000.

5. **Lease Costs**

The University will pay an annual base rent of $12.00 per rentable square foot for the first five years of the lease, plus its pro-rata share of the building operating costs including custodial services (estimated at $8.92 per rentable square foot for the first year of the lease), which will be limited to an increase of 3% each year, or a total cost for the first year of the lease of $150,624, or $20.92 per rentable square foot. Rent during the option periods will be renegotiated.

6. **Source of Funds**

The Academic Health Center, Medical School, Department of Ophthalmology will provide the funds for the lease costs, using funds received from the Minnesota Lions Eye Bank, Inc. pursuant to an agreement whereby the Minnesota Lions Eye Bank, Inc. provides services and funds to support the Department Ophthalmology. In addition, the Minnesota Lions Eye Bank, Inc. will donate to the University the funds necessary to pay its share of the leasehold improvement project (approximately $200,000).

7. **Recommendations**

The above-described real estate transaction is appropriate:

[Signature]

Richard H. Pfutzenreuter, III, Vice President for Finance and CFO

[Signature]

Frank Cerra, Senior Vice President for Health Sciences

[Signature]

Kathleen O'Brien, Vice President for University Services
Five-Year Lease for 7,200 RSF at University Enterprise Laboratories, Inc., 1000 Westgate Dr., St. Paul, for Academic Health, Medical School, Minnesota Lions Eye Bank (Twin Cities Campus)
SEVEN-YEAR LEASE FOR 14,138 RENTABLE SQUARE FEET
AT UNIVERSITY PARK PLAZA, 2829 UNIVERSITY AVE. SE, MINNEAPOLIS,
FOR ACADEMIC HEALTH CENTER, MEDICAL SCHOOL
(TWIN CITIES CAMPUS)

1. **Recommended Action**

The President recommends that the appropriate administrative officers receive authorization to execute a seven-year lease for 14,138 rentable square feet at 2829 University Avenue SE, Minneapolis, for occupancy by the Academic Health Center, Medical School.

2. **Description of Leased Premises**

The leased premises will consist of 13,515 useable square feet, or 14,138 rentable square feet, of office space comprising the entire 9th floor in the University Park Plaza building at 2829 University Avenue SE, Minneapolis, plus 53 parking spaces.

3. **Basis for Request**

The Medical School space shortage is critical. Current projections are that Academic Health Center (AHC) will be short by more than 100,000 square feet due to new AHC faculty hires, even after the Medical BioSciences Building opens.

This lease will provide needed administrative office space for the Academic Health Center, Medical Schools’ Clinical Neuroscience Center and the Medicine, Emergency Medicine, Neurology and Dermatology Center (MEND).

4. **Details of Transaction**

The lease for the subject property will commence approximately July 1, 2007 and continue for seven years (July 1, 2007 through June 30, 2014). The lease would include three successive three-year options to continue the lease thereafter (potentially through August 31, 2023).

The landlord, 2829 University LLC, would remodel the leased premises prior to occupancy by the University. This leasehold improvement project will consist of constructing four offices, necessary electrical and HVAC modifications, and painting and carpeting the entire space.
5. **Lease Costs**

The University will pay a base rent of $9.50 per rentable square foot the first year, increasing 4% per year thereafter, plus a pro-rata share of building operating costs ($9.55 per rentable square foot is the first year’s estimate), or a total cost for the first year of the lease of $269,329, or $19.05 per rentable square foot.

The University will also pay the cost of the leasehold improvement project, estimated at approximately $140,000.

6. **Source of Funds**

The Academic Health Center, Medical School will provide the funds for both the on-going lease costs and the $140,000 for the leasehold improvement project.

7. **Recommendations**

The above-described real estate transaction is appropriate:

Richard H. Pfutzner, III, Vice President for Finance and CFO

Frank Cerra, Senior Vice President for Health Sciences

Kathleen O’Brien, Vice President for University Services
Seven-Year Lease for 14,138 RSF at University Park Plaza, 2829 University Ave SE, Minneapolis for Academic Health Center/Medical School (Twin Cities Campus)
Facilities Committee  February 8, 2007

**Agenda Item:** Energy and Utilities: Principles and Progress Update

☐ review  ☐ review/action  ☐ action  ☒ discussion

**Presenters:** Vice President Kathleen O’Brien
Associate Vice President Mike Berthelsen
Jerome Malmquist, Director of Energy Management

**Purpose:**

☐ policy  ☒ background/context  ☐ oversight  ☐ strategic positioning

To provide the Facilities Committee with the annual overview of Energy Management including: services provided, cost to deliver the services, conservation efforts, cost allocation, the use of biofuel, and the campus utility master plan.

**Outline of Key Points/Policy Issues:**

The University’s operates its utilities and energy systems with the three principles of:

- **Reliability.** The University requires energy supplies and delivery systems to provide for itself and its customers an uninterrupted energy supply. To support proper operation of all University equipment and facilities redundant systems will be installed where justified.

- **Risk and Cost Management.** The University requires utilities and delivery systems to purchase, produce, and deliver energy at a competitive cost while managing its financial risks.

- **Environmental & Public Institution Stewardship.** The University seeks to select and burn fuels in a manner that meets all government permit restrictions and exceeds industry benchmarks for emissions. The University will manage its facilities in a manner to minimize its overall consumption.

In addition to reviewing progress made toward achieving these principles, the report will provide an overview of key projects such as the University’s participation in the Chicago Climate Exchange, Facilities Management transformation efforts within Energy Management, and the Twin Cities Campus Utilities Master Plan.

The Utility Master Plan will provide a means to facilitate and forecast the University’s energy needs over the next 20 years (including a 6 year tactical plan), in alignment with the Campus Master Plan. The utility master plan will look at the strengths and weaknesses of our existing systems and provide options that not only identify a means to better utilize existing systems, but to also supplement our utilities with more efficient, lower cost, and environmentally responsible technologies.
**Background Information:**

The administration seeks to regularly update the Board regarding major areas of University activity and management, especially those that have significant risk for the institution. Financial and operational risk to the operation of the University are endemic to energy and utility management.

Each February, the Facilities Committee receives an update on Energy and Utilities management at the University.

This month, the Finance and Operations Committee will review Facilities Management’s request to contract with The Leo Daly Company, for the development of the Twin Cities Campus Utilities Master Plan.
Facilities Committee                                    February 8, 2007

Agenda Item:  Consent Report

☐ review    ☒ review/action    ☐ action    ☐ discussion

Presenters:  Vice President Kathleen O'Brien

Purpose:

☐ policy    ☐ background/context    ☒ oversight    ☐ strategic positioning

Outline of Key Points/Policy Issues:

There are no consent items this month.

Background Information:
Facilities Committee

February 8, 2007

Agenda Item:  Information Items

☐ review  ☐ review/action  ☐ action  ☒ discussion

Presenters:  Vice President Kathleen O’Brien

Purpose:

☐ policy  ☒ background/context  ☐ oversight  ☐ strategic positioning

To update the Board of Regents on the following items:

1. The final project review 717 Delaware Phase II. (Final review via letter prior to the February meeting).


3. University activities to secure a lease of classroom, laboratory and office space for University of Minnesota Rochester in the Centerplace Galleria Mall, downtown Rochester.

4. Agreement Between University and Minnesota Department of Natural Resources for Cooperative Management of UMore Park Land.

Outline of Key Points/Policy Issues:

The final project review 717 Delaware Phase II. (Final review via letter prior to the February meeting).

According to Board of Regents Policy: Reservation and Delegation of Authority, Article I, Section VIII, Subdivision 9, “The Board reserves to itself the authority for a subsequent review of approved capital budget projects with a value greater than $5,000,000 prior to the award of construction contracts.”

In order to maintain the project scope, schedule and budget for 717 Delaware Phase II, the attached project information sheet was review by the Board of Regents Chair and Vice Chair and Facilities Committee Chair prior to the February Facilities Committee meeting so that the construction contracts could be awarded.

The neighborhood impact report was required in the TCF Bank Stadium financing bill in the 2006 legislative session. The legislature asked the University and the City of Minneapolis, in cooperation with the Stadium Area Advisory Group, to assess the broad impacts of the university’s campus on the adjacent neighborhoods, and the relationship of the adjacent community to the university; and to bring back consensus recommendations for addressing any issues and opportunities that are identified in the report. The report will be submitted to the legislature and the Governor by February 15, 2007.

University activities to secure a lease of classroom, laboratory and office space for University of Minnesota Rochester in the Centerplace Galleria Mall, downtown Rochester.

In November 2006, the University issued a request for proposals for 40,000 square feet of interim lease space for the University of Minnesota Rochester. Responses were evaluated based upon the following criteria: Potential for Strategic Partnerships; Ability to Perform Academic Mission and Program; Students; Facility/Site Issues; and Financial Aspects. The University has selected the Centerplace Galleria Mall to fulfill its interim space needs. Negotiations with the owner are underway. This update is intended to prepare the Board of Regents for the review and action of the real estate transaction at the March 2007 meeting.

Agreement Between University and Minnesota Department of Natural Resources for Cooperative Management of UMore Park Land

As part of the legislation that provided state funding for the University’s new on-campus football stadium, the University agreed that approximately 2,840 acres of its land at UMore Park in Rosemount, Minnesota would be placed under cooperative University-state management and that the property would be offered to the state for $1 once it paid the last installment of its $137,250,000 stadium-related commitment to the University. The memorandum to the Board of Regents from General Counsel Mark Rotenberg outlines the components of the agreement between the University of Minnesota and the Minnesota Department of Natural Resources for cooperative management of UMore Park Land.

Background Information:

Information items are intended to provide the Board of Regents with information needed for them to perform their oversight responsibilities.
January 17, 2007

FACSIMILE

To:  Vice President Kathleen O'Brien
From: Jon Steadland, Assistant to the Executive Director
Re:  717 Delaware Phase II Renovation – Final Project Review
Pages: 3 (including cover)

By telephone and email January 16, 2007 and today, Chair Baraga, Vice Chair Simmons, and Facilities Committee Chair Metzen each approved the request from you for final project approval of the 717 Delaware Phase II Renovation (as described in the attached memorandum).

I understand that this action will be reported to the Board of Regents at the February 2007 meetings, as required by Board Policy.

c:  Robert Bruininks, President (w/o attachments)
    Kathryn Brown, Vice President (w/o attachments)
MEMORANDUM

January 12, 2007

To: Regent Anthony Baraga, Chair, Board of Regents
    Regent Patricia Simmons, Vice Chair, Board of Regents
    Regent David Metzen, Chair, Facilities Committee

From: Kathleen O'Brien
       Vice President, University Services

Subject: 717 Delaware Phase II Renovation Project Summary

According to Board of Regents Policy Reservation and Delegation of Authority, Article I, Section VIII, Subdivision 9, "The Board reserves to itself the authority for a subsequent review of approved capital budget projects with a value greater than $5,000,000 prior to the award of construction contracts."

The 717 Delaware Phase II Renovation project currently is within the scope, schedule, and budget approved by the Board of Regents. In order to maintain the project scope, schedule, and budget, it is important that the University award the construction contract prior to the next Board of Regents meeting. Therefore, I am requesting your review of this project outside of the normal Board of Regents meeting schedule. We will include the attached Project Summary as a part of the information items for the February Board of Regents Facilities Committee meeting.

With the award of this contract we are committing to completing the project as approved. Please feel free to contact me if you have any questions or concerns.

C: Ann Cieslak
   Jon Steadland
University of Minnesota
Final Review of Capital Projects over $5 Million

717 Delaware Phase II Renovation, Project Number 193-07-1358

Policy Summary:

According to Board of Regents Policy Reservation and Delegation of Authority, Article I, Section VIII, Subdivision 9, "The Board reserves to itself the authority for a subsequent review of approved capital budget projects with a value greater than $5,000,000 prior to the award of construction contracts."

Project Summary:

Architectural, structural, mechanical, and electrical construction work required to satisfy the facilities needs of the following Academic Health Center departments: Office of Clinical Research, School of Public Health, General Pediatrics and Adolescent Health, General Internal Medicine, Neurobehavioral Development, Super Computer Lab, Family Practice, Medicinal Chemistry Lab, College of Pharmacy, Medical School Labs and Offices, Epilepsy Program Research Lab, and Experimental Clinical Pharmacology Labs and Offices. The work will also include building code upgrades, renewal of building mechanical and electrical infrastructure, energy efficiency enhancements, and renewal of common spaces: lobbies, corridors, restrooms, elevators, lunch/break rooms, vending, and conference rooms.

Board of Regents Approval Summary:

Six-Year Plan: November 2005 as a part of the 2006 Six-Year Plan
Capital Budget: December 2006 as a part of the FY2007 Capital Budget
Schematic Plans: December 2006

Project Team:

Architect/Engineer Team: Holabird & Root, Rochester
Skaaden-Helmes Architects, Minneapolis

Construction Manager: M. A. Mortenson, Minneapolis

Project Budget:

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<td>State Bonds: Biomedical Science Research Facility Authority</td>
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<tr>
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<td>Total</td>
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</table>

Project Schedule:

Begin Construction: January 2007
Substantial Completion: October 2007

Consistency of project with approved scope, schedule and budget:

_X_ Yes  ___ No
Moving Forward Together: U of M Twin Cities Campus Area Neighborhood Impact Report
A briefing for the Facilities Committee of the Board of Regents
February 8, 2007

Background and purpose:
The neighborhood impact report was required in the TCF Bank Stadium financing bill in the 2006 legislative session. The legislature asked the University and the City of Minneapolis, in cooperation with the Stadium Area Advisory Group, to assess the broad impacts of the university’s campus on the adjacent neighborhoods, and the relationship of the adjacent community to the university; and to bring back consensus recommendations for addressing any issues and opportunities that are identified in the report. The report will be submitted to the legislature and the Governor by February 15, 2007.

The university, the city, and the neighborhood organizations represented on the Stadium Area Advisory Group formed a task force to oversee the development of the report. The report team consulted with hundreds of community and campus constituents and with all the organizations and local governments represented on the Stadium Area Advisory Group. A team of students and faculty from the Center for Urban and Regional Affairs researched best practices in university/community partnerships from other cities and other parts of the country. Through the development of the report, we have learned a great deal about the issues confronting the campus-area community, and about the powerful potential for collaborative action in response.

Important findings from the report:
• There are disturbing trends in the safety of the streets and the quality of housing in the neighborhoods near campus. These trends are driving an exodus of long-term residents from the neighborhoods, and a sense of alarm among our students.
• Decline in the quality of life in the neighborhoods is very much linked to the well-being of our campus.
• What happens on campus significantly influences the quality of life in the adjacent neighborhoods, sometimes for better and sometimes for worse.
• Great potential exists for responding to these challenges and seizing opportunities for improvement through a partnership approach.
• Failure to act now may result in much more grave conditions in the future, with a much higher cost to repair damage and rebuild the community. Some of our counterpart higher education institutions have had to commit significant amounts of financial resources to literally rebuild blighted and unsafe communities at their borders.
Key recommendations in the report

- To create an alliance among the university, the City of Minneapolis, the community organizations and other potential partners, to plan cooperatively and to focus resources on addressing the priority issues in the report.
- To take immediate steps to address the most urgent priorities, beginning with improving the quality of housing and safety and livability of the neighborhoods adjacent to campus. In a second phase, promoting more homeownership, improving the significant street “gateways” to the campus/community district, and promoting economic development.
- For the State of Minnesota to provide funding to support the organization and initiatives of the alliance. The recommendations will be for seed funding as well as longer-term funding to support the initiatives in the future.

Conclusion

The situation calls for a new way of working with the city, the neighborhoods, other area institutions, and the private sector. President Bruininks will charge an executive team made up of five University vice presidents to oversee the university’s initiative related to the improvement of the quality of life in campus-area neighborhoods. A full-time staff position will be assigned to lead the initiative under the direction of the executive team. Vice President of University Relations Karen Himle will chair the executive team.
UMR Lease at Centerplace Galleria
Rochester, MN

Purpose:

To update the Board of Regents on activity surrounding the lease of interim space in Rochester, MN for the University of Minnesota Rochester, and to prepare the Board of Regents to review and act upon the real estate transaction at the March meeting.

Required Action:

Informational only, no action required.

Discussion:

Chronology of Lease Activity:

→ On November 13, 2006, the departments of Capital Planning & Project Management and Real Estate publicly advertised a Request for Proposal (RFP) for 40,000 square feet of interim lease space in Rochester, MN.

→ On November 28, 2006, four landlords responded, but only three met the criteria; BGD5/Chafoulias (aka Galleria), Mortenson Properties, and New Era, collectively (“Respondents”).

→ On December 15, 2006, a “Clarification of Current Proposal Information” was issued to the Respondents in order to make their proposals more compatible for analysis.

→ On December 21, 2006, interviews were held in Rochester with each Respondent.

→ On January 4, 2007, a presentation was given to the UMR Executive Committee pertaining to each Respondent’s proposal. The following criteria and qualitative assessment was used to evaluate each proposal and make the decision to pursue Centerplace Galleria:

Proposal Assessment Criteria:

Potential for Strategic Partnerships:
  a. Engagement of business and industry
  b. Synergistic potential
  c. Cost impact on mission
  d. Leveraging faculty/facility/funding

Ability to Perform Academic Mission and Program:
  a. Effective program delivery
  b. Joint faculty
  c. Development with shared facilities
  d. Ability to facilitate academic programs and expansion

Students:
  a. Recruitment and retention
  b. Learning environment/access to internships
c. Student life environment
d. Student career/employment opportunities

Facility/Site Issues:
a. Branding, name recognition
b. Functionality
c. Flexibility
d. Accessibility/parking
e. Safety/security
f. Ability of landlord to deliver space by fall 2007

Financial:
a. Cost of space
b. Ability to stay within budget

→ Basis for choosing Centerplace Galleria:
a. Maximizes ability to perform our academic mission and facilitates future programming through strategic partnerships.
b. Best meets near-term student requirements.
c. Landlord financial incentives.
d. Adjacent to Mayo Clinic and shared resources.
e. Fits within budget.

→ On January 9, 2007, each Respondent was called and informed of the UMR Executive Team’s decision prior to any press release.

Current Status:

→ Space: In November 2005, programmatic needs were estimated at 30,000 usable square feet in the Rochester Higher Education Development Committee Report. Subsequently, an architectural firm was retained to assess programmatic requirements and determined that 40,000+ usable square feet was needed to accommodate academic programs. This continues to evolve and there is a possibility that more square footage will be needed. Regardless, the cost of any additional space will be within the existing budget.

lease negotiations: The majority of business points have been negotiated. The Office of General Counsel is currently preparing a first draft of a lease document for the landlord to review and comment.

By the Board of Regents meeting in March, we will have the lease terms fully negotiated and ready for discussion.

→ Occupancy Date: We are striving for occupancy mid-July 2007. However, the landlord’s ability to complete their work in time for us to begin our build-out is questionable.

Consequently, we are preparing a contingency plan for temporary lease space elsewhere in the event space in Galleria is not ready for occupancy fall 2007. While far from preferred, we have identified several options if needed.
February 9, 2007

MEMORANDUM

TO: Hon. Clyde E. Allen, Jr.
     Hon. Anthony R. Baraga
     Hon. Peter Bell
     Hon. Frank Berman
     Hon. Dallas Bohnsack
     Hon. John Frobenius
     Hon. Steven Hunter
     Hon. David Larson
     Hon. Cynthia Lesher
     Hon. David R. Metzen
     Hon. Lakesha K. Ransom
     Hon. Patricia S. Simmons

FROM: Mark B. Rotenberg
      General Counsel

RE: Agreement Between the University and the Minnesota Department of Natural Resources for Cooperative Management of UMore Park Land

President Bruininks has requested that I advise you concerning an Agreement entered into this week between the University of Minnesota ("University") and the Minnesota Department of Natural Resources ("DNR") for cooperative management of UMore Park land. The Agreement marks another important step in fulfilling the goal the Board of Regents ("Board") and President Bruininks have established for this property: to preserve it for future generations of Minnesotans as open agricultural and recreational space while preserving the University's rights to the land for our research, teaching and outreach missions.

You will recall that as part of the legislation that provided state funding for the University's new on-campus football stadium, the University agreed that approximately 2,840 acres of its land at UMore Park in Rosemount, Minnesota would be placed under cooperative University-state management. The legislation also stated that the University would offer the property to the state for $1 once the state paid the last installment of its $137,250,000 stadium-related commitment to the University. A key factor in the University's decision to agree to cooperative management and, ultimately, transfer of ownership of the land to the state was that stadium-related fees payable by students would be substantially reduced.
At a special meeting of the Board of Regents on March 27, 2006, prior to adoption of the legislation, the Board adopted a resolution that recognized the desirability of preserving the land as agricultural and natural space with public access in a manner that assured that the University would retain permanent rights to use the land to further its research, education and outreach missions. In particular, the Board resolution stated that accomplishment of these public purposes would be furthered by an agreement between the University and DNR for cooperative oversight of the use of the land.

Soon after the legislation was adopted, the President requested that Vice President Charles Muscoplat and Special Assistant to the President Al Sullivan meet with representatives of the DNR and Dakota County to negotiate an agreement that met the requirements of the stadium legislation and the Board resolution. I am pleased to report that those negotiations were successfully concluded and resulted in an Agreement that was signed by President Bruininks and DNR Commissioner Holston on January 22, 2007.

The Agreement provides for the cooperative management of the land by the University and DNR, consistent with the legislation and the Board resolution. A six-member steering committee that meets at least quarterly is to be appointed, consisting of two representatives each from the University, DNR and Dakota County. Dakota County representatives do not have voting rights. The Steering Committee is responsible for overseeing implementation of the Agreement, adopting a budget, and administering lease revenues. The Steering Committee can act only if the University and DNR representatives are in accord. An Operations Team comprised of one representative each from the University, DNR and the County will make day-to-day decisions, recommend an operations plan and budget to the Steering Committee, and oversee their implementation.

The Agreement provides for a budget comprised of lease income and voluntary contributions of the parties and Dakota County. The then-owner of the property (the University owns the land for the next 22 years unless the state pays off its stadium obligations early) maintains it and is paid from lease income. To the extent there is a shortfall, the University and DNR each contribute 50%. Each party retains revenues from its activities and pays costs associated with its activities. For example, the DNR retains hunting license fees and pays the costs of managing hunting activities. The University retains research grants and pays the costs of research.

As you have previously been informed, the property was part of the U.S. Government’s Gopher Ordnance Works ("GOW") before being conveyed to the University in the late 1940’s, and the University has been working with the U.S. Army Corps of Engineers and the Minnesota Pollution Control Agency to assure that the federal government completes the remediation of GOW-related contamination on parts of the land. In the Agreement with DNR, the environmental remediation activities of the U.S. Army Corps of Engineers take priority over other uses of the land.
An assessment of programmatic needs for the property was prepared by the University, DNR and Dakota County, as required by the legislation, and is attached to the Agreement as an exhibit. It proposes the name “Vermillion Highlands” for the area, but this name change is subject to later approval by the University and DNR. The programmatic assessment reflects adoption of a University proposal that the University will have approximately 400 acres of active plot research moving about in an area of about 1,000 acres. The remainder of the property may be used for other non-plot University research, and efforts will be made to identify research activities of mutual interest to the parties. Notably, the Agreement and the University’s research rights continue even after the ownership of the land is transferred from the University to the DNR.

The land also will be designated as a state wildlife management area, and hunting will be permitted except in buffer zones at the north boundary and where this activity would be inconsistent with University research needs. In general, University plot research will be focused to the north. A trail for horseback riding, walking and skiing which was opened to the public a number of years ago will be maintained on the property, but parts or all of it may be relocated pursuant to a master plan.

Please do not hesitate to contact me, Chuck Muscoplat or Al Sullivan if you have questions regarding this memorandum or the Agreement with DNR.

cc: Robert H. Bruininks, President
Charles Muscoplat, Vice President, Statewide Strategic Resource Development
Al Sullivan, Special Assistant to the President, Office of Planning & Academic Affairs
Richard Pfitzenreuter, Vice President and Chief Financial Officer
Ann D. Cieslak, Executive Director and Corporate Secretary