UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Facilities Committee
Thursday, November 13, 2008
1:15 – 3:15 p.m.
600 McNamara Alumni Center, West Committee Room

Committee Members
David Metzen, Chair
Dallas Bohnsack, Vice Chair
Anthony Baraga
David Larson
Maureen Ramirez
Patricia Simmons

Student Representatives
Erick Elgin
Emma Olson

AGENDA

1. Real Estate Transactions - Review - K. O'Brien/S. Weinberg (pp. 2-9)
   A. Purchase of 2609-2613 4th Street SE, Minneapolis, Twin Cities Campus
   B. Agreements for University Facilities and Services for Walden University Summer Residency Program, July 12-25, 2009, Twin Cities Campus

2. Capital Budget Amendment - Review - K. O'Brien/J. Johnson (pp. 10-13)
   A. Food Service Servery & Life Safety Renovation, Phase I, Morris Campus

3. Facilities Condition Assessment: Part II - K. O'Brien/M. Berthelsen (p. 14)


6. Information Items - K. O'Brien (pp. 17-18)
Facilities Committee

November 13, 2008

Agenda Item: Real Estate Transactions
- review
- review/action
- action
- discussion

Presenters: Vice President Kathleen O'Brien
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 and recommend approval of the following real estate transactions:

A. Purchase of 2609-2613 4th Street SE, Minneapolis (Twin Cities Campus)

B. Agreements for University Facilities and Services for Walden University 2009 Summer Residency Program, July 12 - 25, 2009 (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 exercise the power of eminent domain to acquire land for University purposes” and “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. Purchase of 2609-2613 4th Street SE, Minneapolis (Twin Cities Campus)

B. Agreements for University Facilities and Services for Walden University 2009 Summer Residency Program, July 12 - 25, 2009 (Twin Cities Campus)
PURCHASE OF 2609-2613 4th STREET SE,
MINNEAPOLIS
(TWINS CITIES CAMPUS)

1. **Recommended Action**

The President recommends that the appropriate administrative officers receive authorization to execute the appropriate documents providing for the purchase of 2609-2613 4th Street SE, Minneapolis, from William and Edith Kuross.

2. **Location and Description of the Property**

The property is located at 2609-2613 4th Street Se, Minneapolis, adjacent to the University’s MAST Lab and the Intercampus Transitway. The property consists of 0.668 acre improved with a 16,785 square foot industrial building constructed in 1910.

The legal description of the property is:

Lots 3 and 4, Block 13, Regents Addition, and

Part of Lot 2, Block 13, Regents Addition, and Part of Lot 6, Schobers Addition,

Hennepin County, Minnesota.

3. **Basis for Request**

The acquisition of this property will provide a site for the development of a building to be occupied by Facilities Management’s LandCare Division. The LandCare Division is currently housed at multiple locations, including a building at 2328-4th Street SE, Minneapolis, that is scheduled to be demolished to provide surface parking in the East Gateway District in the short-term and a Transit Hub in the long-term.

4. **Details of Transaction**

The University would pay $1.25 million in cash for the property, plus reimburse the owner for an early pre-payment penalty on the existing mortgage, up to a maximum of $41,096. The University hopes to close this transaction yet this calendar year.

The current building on the subject property has reached the end of its useful life and will be demolished after its purchase of the property by the University. The current occupant, Savoie Janitorial Supply Company, will be offered relocation assistance.
5. **Use of the Property**

The site will be used for development of a building for Facilities Management’s LandCare Division.

6. **Environmental**

The University has completed a Phase I environmental assessment of the property, including an asbestos and hazardous materials surveys. Based on past uses of the property and activities at the site related to the current use of the property (underground storage tank, hydraulic lift, sumps and drains, boiler room), a Phase II will be completed prior to closing to confirm the property is in acceptable environmental condition.

7. **Source of Funding**

The purchase of the property will be funded with University debt.

8. **Recommendations**

The above-described real estate transaction is appropriate:

**Richard H. Pfitzenmayer III, Vice President for Finance and CFO**

Signature: [Signature]

**E. Thomas Sullivan, Senior Vice President for Academic Affairs and Provost**

Signature: [Signature]

**Kathleen O’Brien, Vice President for University Services**

Signature: [Signature]
AGREEMENTS FOR UNIVERSITY FACILITIES AND SERVICES
FOR WALDEN 2009 SUMMER SESSION RESIDENCY PROGRAM
JULY 12-25, 2009
(TWIN CITIES CAMPUS)

1. Recommended Action

The President recommends that the appropriate administrative officers receive authorization to execute the agreements for the use of University facilities and services by Walden University, Inc. for its 2009 Summer Session Residency Program during the period of July 12 through 25, 2009.

2. Description of Facilities and Services

Lodging: Suite and single bed space for approximately 125 adults in Bailey Hall, 1458 N. Cleveland Avenue, St. Paul; 530 adults in Middlebrook Hall, 412-22nd Avenue South; and 120 adults in Yudof Hall, 220 Delaware Street, SE, Minneapolis.

Group Registration Facilities: Middlebrook Hall on July 12, Continuing Education Conference Center on July 22, and Hubert H. Humphrey Center on multiple dates between July 13 through 25, 2009.

Food Services (Residential Dining): Middlebrook Hall, July 13 (breakfast and lunch) through July 25, 2009 (lunch).

Seminar, Workshop and Event Facilities: St. Paul Student Center, Continuing Education and Conference Center, Coffman Memorial Union, Ferguson Hall and Ted Mann Concert Hall, Hubert H. Humphrey Center, Mondale Hall, and numerous classrooms.

3. Basis for Request

During the summers of 2007 and 2008, Walden University held its Summer Session Residency Programs at the Twin Cities Campus. Prior to 2007, Walden University had held its summer seminars and workshops at Indiana University for 16 years, but outgrew the facilities.

Walden University has requested the use of Twin Cities Campus facilities and services for a third summer for its Summer Residency Program, scheduled during the period of July 12 through 25, 2009, which will require University lodging and services for approximately 1,500 adults from all over the world attending courses over the seventeen days of its 2009 summer programming.
4. Fees

Walden University, Inc. will pay an estimated $215,585.25 for lodging, $59,300.88 (which includes taxes) for food service; and $145,162.25 for use of St. Paul Student Center, Continuing Education and Conference Center, Coffman Memorial Union, Ferguson Hall and Ted Mann Concert Hall, Hubert H. Humphrey Center, Mondale Hall, and numerous classrooms, for its summer session during the period of July 12 through 25, 2009. In addition, Walden University is expected to pay $80,000 for the costs of services provided to Walden University by other University units, such as University Libraries, Office of Information Technology, Parking and Transportation Services, UDS Catering, AV Technician, etc.

5. Use of Funds Received by the University

Housing and Residential Life will receive the payment for the lodging and registration facilities, estimated at $215,585.25. University Dining Services will receive the payment for the food services, estimated at $59,300.88. The University facilities at which workshops and seminars will occur will receive payments estimated to total $145,162.25. The other University units which provides services to Walden University for its 2009 Summer Session Residency Program will receive the payments attributable to those services.

6. Recommendations:

The above-described real estate transaction is appropriate:

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

E. Thomas Sullivan, Senior Vice President for Academic Affairs and Provost

Kathleen O’Brien, Vice President for University Services
This map is intended to be used for planning purposes only and should not be relied upon where a survey is required.

Base Data: Real Estate Office
U of M Facilities Management
Facilities Committee

November 13, 2008

Agenda Item: Food Service Servery and Life Safety Renovation, Phase I, Morris

☑ review ☐ review/action ☐ action ☐ discussion

Presenters: Vice President Kathleen O'Brien
Chancellor Jacqueline Johnson

Purpose:

☑ policy ☐ background/context ☑ oversight ☐ strategic positioning

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

• Amend the Fiscal Year 2009 Capital Budget by $1,480,000 to include funding for the design and construction of the Food Servery and Life Safety Renovation project on the Morris campus.

Outline of Key Points/Policy Issues:

The Food Service facility constructed in 1970 is outdated and in need of renovation to effectively meet the needs and expectations of today's students. Significant changes are needed to the main floor servery to better support contemporary dining preparation and presentation. An open floor plan will be developed to create a desirable destination for students to dine, study, and socialize. Building life safety issues will also be addressed.

Background Information:

Board of Regents approval of funding for the project is requested at this time as approximately two-thirds of the project funding is provided by the food services vendor contract, which was approved in July 2008. Funding was not available at the time the FY 2009 Capital Budget was prepared. Detailed information for this project can be found in the attached project data sheet.

President's Recommendation for Action:

The President recommends approval of the following Fiscal Year 2009 Capital Budget Amendment:

• Amend the Fiscal Year 2009 Capital Budget by $1,480,000 to include funding for the design and construction of the Food Servery and Life Safety Renovation project on the Morris campus.
FOOD SERVICE SERVERY AND LIFE SAFETY RENOVATION, PHASE I
MORRIS CAMPUS
Project No. 04-756-09-1338

1. Basis for Request:

The University of Minnesota Morris Food Service building was built in 1970. The Servery on the main floor is dated and is in need of renovation in order to effectively meet the needs and expectations for dining services of today’s college students. Significant changes are needed to the main floor Servery to better support contemporary dining preparation and presentation to meet current industry standards. It is anticipated that the project will give the building less of an institutional feel by opening up the food serving area to be more open and spacious, creating a desirable destination for students to eat, study, relax and socialize. The project will also address accessibility and fire/life safety.

The majority of the funding for this project became available in July 2008 with the signing of a new contract with the Food Service Vendor. This contract creates designated funding for improvements to the Food Service building to enhance the food presentation and delivery to the students.

2. Scope of Project:

The Food Service building renovation involves completely remodeling the Servery area on the main floor, create accessibility to the second level dining area, accessible upgrades to the main floor toilets, and the installation of a new fire alarm and sprinkler system. The extent of the work is considered phase I of a three phase project as spelled out in the recently completed Food Service Master Plan. The scope of phase I was developed based on program priorities, building codes and available funding.

3. Environmental Issues:

Full building Asbestos and Lead surveys have been completed on the Food Service building. Asbestos abatement of the kitchen exhaust ductwork was completed in 1991, leaving mainly the heating lines with asbestos containing insulation. The intent is to completely remove all asbestos insulation in the proposed remodeled areas.

4. Cost Estimate:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Construction Cost</td>
<td>$984,058</td>
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<tr>
<td>Food Service Equipment</td>
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<td>Non Construction Cost</td>
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<tr>
<td><strong>Total Project Cost</strong></td>
<td><strong>$1,480,000</strong></td>
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5. Capital Funding:

<table>
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<tr>
<th>Description</th>
<th>Amount</th>
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<tr>
<td>Food Service Vendor “Sodexo”</td>
<td>$930,000</td>
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<tr>
<td>Food Service Reserve Account</td>
<td>$300,000</td>
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<tr>
<td>2008 HEAPR Funding</td>
<td>$250,000</td>
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<tr>
<td><strong>Total Capital Funding</strong></td>
<td><strong>$1,480,000</strong></td>
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</tbody>
</table>

6. Capital Budget Approvals:

This project was not included in the capital budget due to lack of funding. The majority of the funding became available in July 2008 with the new Food Service Vendor contract. The Vendor “Sodexo” is the major contributor for funding this project.

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

This project will not affect the exterior envelope of the building. The renovation will only create interior upgrades that will not increase the operating costs significantly.

8. Time Schedule:

- Award bids: March 2009
- Begin construction: May 2009
- Complete construction: August 2009

9. Architect:

Engan Associates PA, Willmar, Minnesota

Project delivery method: Design-Bid-Build

10. Recommendation:

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

Richard Pfitzenreiter, Vice President and Chief Financial Officer

Jacqueline Johnson, Chancellor, Morris Campus

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

November 13, 2008

Agenda Item: Facilities Condition Assessment: Part II

☐ review  ☐ review/action  ☐ action  ☒ discussion

Presenters: Vice President Kathleen O’Brien
Associate Vice President Mike Berthelsen

Purpose:

☐ policy  ☒ background/context  ☐ oversight  ☐ strategic positioning

To review the updated Facilities Condition Assessment and discuss the use of the information provided by the Facilities Condition Assessment as a capital and financial planning tool.

Outline of Key Points/Policy Issues:

The Facilities Condition Assessment is a comprehensive evaluation of the condition of the University of Minnesota’s campus facilities and infrastructure portfolio.

Because owning and operating the University's physical plant is critical to supporting the University's mission of teaching, research, and outreach, the University has instituted the Facilities Condition Assessment to:

- Create a central repository of facilities needs information.
- Provide the University with a tool for master planning, facilities programming and capital planning, and financial planning and budget forecasting.
- Improve processes, which will assist the administration and the Board of Regents with their stewardship responsibilities for the University's physical assets.

Background Information:

The Facilities Condition Assessment has been discussed annually with the Board of Regents facilities committee since 2003.

The Facilities Committee received a presentation at their September 2008 meeting and requested additional time to discuss the subject matter at their November meeting.
Facilities Committee  November 13, 2008

**Agenda Item:** Issues Related to: Supplemental 2009 State Capital Request

☐ 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 Supplemental 2009 State Capital Request.

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

The University of Minnesota’s 2009 supplemental state capital request contains two items.

- Higher Education Preservation and Replacement (HEAPR)- $35 million.
- Bell Museum of Natural History - $39.5 million

Information on each project will be presented for discussion at the Facilities Committee meeting.

**Background Information:**

Information related to the University’s Supplemental 2009 State Capital Request can be found in the docket materials for the full board meeting.
Facilities Committee

November 13, 2008

Agenda Item: Consent Report

☑ review/action ☐ action ☐ discussion

Presenters: Vice President Kathleen O’Brien

Purpose:

☐ policy ☐ background/context ☑ oversight ☐ strategic positioning

There are no consent agenda items for the November Facilities Committee.

Outline of Key Points/Policy Issues:

Background Information:
Facilities Committee

November 13, 2008

Agenda Item: Information Item

☐ review  ☐ review/action  ☐ action  ☒ discussion

Presenters: Vice President Kathleen O’Brien

Purpose:

☐ policy  ☒ background/context  ☒ oversight  ☐ strategic positioning

To conduct the final review of the Centennial Hall II project on the Crookston Campus.

Outline of Key Points/Policy Issues:

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 project with a value greater than $5,000,000 prior to award of construction contracts.”

The Centennial Hall II project currently is within the scope, schedule and budget approved by the Board of Regents.

Background Information:

Information items are intended to provide the Board of Regents with information needed for them to perform their oversight responsibilities.
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:
The proposed Centennial Hall II is a two-story, 128-bed apartment style student housing facility that consists of two wings, each with 16 two-bedroom/4-bed units, which are connected with a two-story link. The first floor of the link includes classroom/seminar space, a recreation room, and a lounge area. The second floor of the link includes a lounge, and possibly two guest studios and two typical two-bedroom units, which would provide 10 additional beds. Space for an exercise room, laundry rooms, print center, honor's room, elevator and mechanical and electrical spaces are also provided in the building.

The building will be constructed as a slab-on-grade, wood-framed, brick veneer structure with a roof constructed with wood trusses covered with shingles. An optional, single-story coffee/small dining facility may be added to the north end of the east wing of the complex if the budget allows. All exterior materials will match the adjacent Centennial Hall, which was constructed in 2005. The facility will contain approximate 53,330 gross square feet, which includes the 2,730 gross square foot coffee/dining facility.

The project will be located on the south end of the campus north of the athletic fields adjacent to other campus student housing.

Board of Regents Approval Summary:
Six-Year Plan: None
Capital Budget: Capital Budget Amendment September 2008
Schematic Plans: September 2008

Project Team:
Design / Builder: Community Contractors, Grand Forks, North Dakota
• Architect sub consultant: Michael J Burns, Moorhead, Minnesota

Project Budget:

<table>
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<tr>
<th>Funding Identification</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>University Debt</td>
<td>$10,600,000.00</td>
</tr>
<tr>
<td>Total</td>
<td>$10,600,000.00</td>
</tr>
</tbody>
</table>

Project Schedule:
Begin Construction: October 2008
Substantial Completion: August 2009

Consistency of project with approved scope, schedule and budget:

X Yes  ____No