Finance & Operations Committee

September 2018

September 13, 2018
1:30 p.m. - 4:45 p.m.

Boardroom, McNamara Alumni Center
1. 2018-19 Committee Work Plan
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2. President's Recommended FY 2020-2021 Biennial Budget Request - Review
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   Resolution - Page 12
   Presentation Materials - Page 13

3. President's Recommended 2018 Six-Year Capital Plan and 2019 State Capital Request - Review
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   Resolution - 2018 Six-Year Capital Plan - Page 31
   Resolution - 2019 State Capital Request - Page 32
   Project Description Report - Page 33
   Project Funding Report - Page 39
   Projects Under Consideration - Page 47
   Presentation Materials - Page 54

4. Saint Paul Strategic Facilities Plan Update
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5. Real Estate Transactions - Action
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6. Capital Budget Amendment: Mass Spectrometer Room Expansion, Cancer and Cardiovascular Research Building (Twin Cities Campus) - Review
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7. Capital Budget Amendment: Ice Rink Refrigerant and HVAC Replacement, Sports and Health Center (Duluth Campus) - Review
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8. Consent Report - Review/Action
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Purchase of Goods and Services $1,000,000 and Over
    Purchasing Summaries - Page 127
Schematic Design - Moos Tower 2nd Floor Cancer Center Lab Expansion (Twin Cities Campus)
    Project Narrative - Page 133
    Project Location and Schematics - Page 135
TENTATIVE - Schematic Design: Mass Spectrometer Room Expansion, Cancer and Cardiovascular Research Building (Twin Cities Campus)
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Employment Agreements
    Summary of Employment Agreement - Vice President for Equity and Diversity - Page 141
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9. Information Items
Docket Item Summary - Page 148
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Debt Management Advisory Committee Update
    Higher Education Rating Agency Summary and Market Update - Page 162
Quarterly Purchasing Report - Page 168
2642 University Avenue Update - Page 174
Law School Metrics and Targets - Page 175
AGENDA ITEM: 2018-19 Committee Work Plan

☐ Review  ☐ Review + Action  ☐ Action  ☒ Discussion

☐ This is a report required by Board policy.

PRESENTERS: Regent Thomas Anderson
Brian D. Burnett, Senior Vice President

PURPOSE & KEY POINTS

The purpose of this item is to review and discuss the 2018-19 committee work plan.

BACKGROUND INFORMATION

Board of Regents Policy: Board Operations and Agenda Guidelines describes the role of the Finance & Operations Committee as follows:

The Finance & Operations Committee (FIN) oversees and makes recommendations to the Board related to the University’s operations, fiscal stability, physical assets (e.g., land, buildings, infrastructure, technology, and equipment), and long-term economic health. The committee also advises the administration on faculty and staff compensation strategy, benefits, recruitment, and engagement.

Specifically, this committee recommends to the Board:

- appointments reserved to the Board as defined by Board of Regents Policy: Reservation and Delegation of Authority Article I, Section IV.
- budgetary, financial, and investment matters reserved to the Board as defined by Board of Regents Policy: Reservation and Delegation of Authority Article I, Section VII.
- property, facilities, and capital budgets reserved to the Board as defined by Board of Regents Policy: Reservation and Delegation of Authority Article I, Section VIII.
- employment and labor relations matters reserved to the Board as defined by Board of Regents Policy: Reservation and Delegation of Authority Article I, Section XI.

This committee provides oversight of:

- long-range financial planning strategies, including total indebtedness of the University and investment portfolio;
- the financial relationship between the University and its partners, including affiliated foundations, clinical operations, and external entities;
- potential risks within University finance and operations;
- long-range physical asset planning strategies, including technology infrastructure;
- public safety and emergency preparedness;
• operational services such as housing, parking, transportation, and dining;
• faculty and staff employment, compensation and benefits policy, including senior leader compensation, benchmarking, and terms of employment; and
• employee engagement and workforce development.

This committee also reviews:
• the annual report on central reserves;
• semi-annual capital financing and debt management reports;
• semi-annual management reports;
• semi-annual capital planning and project management reports;
• quarterly purchasing reports and violations of Board of Regents Policy: Purchasing;
• quarterly asset management reports;
• selected financial metrics that measure the University's fiscal condition;
• periodic updates on future facilities projects;
• design guidelines when a project design represents an exception to adopted campus master plans; and
• other financial reports, employment reports, and facilities management reports and significant issues.
## Finance & Operations Committee 2018-19 Work Plan

<table>
<thead>
<tr>
<th>Date</th>
<th>Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2018</strong></td>
<td></td>
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<tr>
<td>September 13-14</td>
<td>• 2018-19 Committee Work Plan</td>
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<tr>
<td></td>
<td>• President’s Recommended FY 2020-2021 Biennial Budget Request - Review</td>
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<td></td>
<td>• Six-Year Capital Plan and 2019 State Capital Request - Review</td>
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<tr>
<td></td>
<td>• Saint Paul Strategic Facilities Plan</td>
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<td></td>
<td>The purpose of the item is to review and discuss the Saint Paul Strategic Facilities plan framework and draft recommendations. This will include a review of campus and stakeholder community engagement opportunities and afford the Board with an opportunity to provide input to the final plan document, anticipated later in the calendar year.</td>
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<tr>
<td></td>
<td>• Real Estate Transactions - Review</td>
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<td>o Becker Sand Plain Lease</td>
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<td>• Capital Budget Amendment: Mass Spectrometer Room Expansion, Cancer and Cardiovascular Research Building (Twin Cities campus) – Review</td>
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<td>• Consent Report</td>
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<td>o Central Reserves General Contingency Allocations</td>
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<td></td>
<td>o Purchase of Goods and Services $1,000,000 and Over</td>
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<tr>
<td></td>
<td>o Other items as needed (e.g. schematic designs, appointments)</td>
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<tr>
<td></td>
<td>• Information Items</td>
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<td></td>
<td>o Annual Asset Management Report</td>
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<td>o Debt Management Advisory Committee Update</td>
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<td>o Investment Advisory Committee Update</td>
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<td>o Law School Metrics and Targets</td>
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<td>o Quarterly Purchasing Report</td>
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<td>October 11-12</td>
<td>• President’s Recommended FY 2020-2021 Biennial Budget Request - Action</td>
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<td></td>
<td>• Six-Year Capital Plan and 2019 State Capital Request – Action</td>
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<td>• FY 2020 Budget Variables and Levers</td>
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<td>The purpose of this item is to engage in a policy discussion regarding the preliminary budget planning assumptions for the FY 2020 annual operating budget. A focus of the discussion will be current revenue sources and potential revenue drivers for FY 2020 and future budgets.</td>
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<td>• Twin Cities Undergraduate Non-Resident/Non-Reciprocity Tuition Update</td>
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<td>The purpose of this item is to update the committee on the Twin Cities undergraduate non-resident/non-reciprocity (NRNR) tuition rates and current NRNR enrollment.</td>
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<td>• Joint Planning with University of Minnesota Foundation Real Estate Advisors - East Bank Development Update</td>
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<td>This item will provide the committee with an update on the joint planning process currently underway with the University of Minnesota Foundation Real Estate Advisors (UMFREA) for the East Bank of the Twin Cities campus. The discussion will also include an update on the</td>
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2407 University Ave joint venture and how that project will be impacted by UMFREA joint planning.

- **[Board of Regents Traffic Ordinances – Review]**
  The committee will consider proposed amendments to the Board of Regents Traffic Ordinances that resulted from a recently completed comprehensive review. The committee will also consider action on establishing a public hearing for the traffic ordinances in December.

- **[Real Estate Transactions]**
- **Consent Report**
  - Central Reserves General Contingency Allocations
  - Purchase of Goods and Services $1,000,000 and Over
  - Other items as needed (e.g. schematic designs, appointments)
- **Information Items**
  - Real Estate Report

| December 13-14 | **[Public Hearing on Board of Regents Traffic Ordinances]** |
|               | **[Board of Regents Traffic Ordinances – Action]** |
|               | **Administrative Cost Definition and Benchmarking** |
|               | The purpose of this discussion is to review the seventh year of results for the cost benchmarking analysis of the University. |
|               | **Systemwide Strategic Plan: Supporting the Mission Initiatives – Part 1** |
|               | This discussion will focus on the “support the mission” objective of the Systemwide Strategic Plan. The committee will engage with this topic in three parts, expanding on the ideas of strategic asset review, space utilization, and next-generation digital learning environment. In addition, the committee will review a long-range financial planning update. |
|               | **[Real Estate Transaction]** |
|               | **Consent Report** |
|               | Central Reserves General Contingency Allocations |
|               | Purchase of Goods and Services $1,000,000 and Over |
|               | Off cycle tuition approval |
|               | Other items as needed (e.g. schematic designs, appointments) |
|               | **Information Items** |
|               | Semi Annual Capital Project Management Report |
|               | Debt Management Advisory Committee Update |
|               | Investment Advisory Committee Update |
|               | Quarterly Asset Management Report |
|               | Quarterly Purchasing Report |

Full Board items:
- **Annual Financial Report**
<table>
<thead>
<tr>
<th>Date</th>
<th>Agenda Items</th>
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<tbody>
<tr>
<td>February 7-8</td>
<td>- <strong>FY 2020 Annual Operating Budget Framework</strong>&lt;br&gt;The committee will review and provide input on a draft framework for the FY 2020 Annual Operating Budget. The framework will include a recommendation regarding continued investments for the Law School along with a unit budgetary dashboard.&lt;br&gt;- <strong>Systemwide Strategic Plan: Supporting the Mission Initiatives – Part 2</strong>&lt;br&gt;This discussion will focus on the “support the mission” objective of the Systemwide Strategic Plan. The committee will engage with this topic in three parts, expanding on the ideas of strategic asset review, space utilization, and next-generation digital learning environment.&lt;br&gt;- <strong>Annual Report on Employee Compensation</strong>&lt;br&gt;The committee will review the annual compensation report. The item will include a strategic discussion on the compensation pool process and merit increases planned for FY 2020. It will provide updates on the additional work being done to refine the markets for each job family.&lt;br&gt;- [Real Estate Transactions]</td>
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<td>March 6-8</td>
<td>Full Board items:</td>
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<td>- [Consent Report]</td>
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<td>- [Information Items]</td>
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<tr>
<td>May 9-10</td>
<td>- <strong>President’s Recommended FY 2020 Annual Capital Improvement Budget – Review</strong>&lt;br&gt;- [FY 2019 O&amp;M Position Approval Process Update]**&lt;br&gt;- <strong>Systemwide Strategic Plan: Supporting the Mission Initiatives – Part 3</strong>&lt;br&gt;This discussion will focus on the “support the mission” objective of the Systemwide Strategic Plan. The committee will engage with this topic in three parts, expanding on the ideas of strategic asset review, space utilization, and next-generation digital learning environment.&lt;br&gt;- [Real Estate Transactions]</td>
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<td></td>
<td>- <strong>Consent Report</strong></td>
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<td></td>
<td>o Central Reserves General Contingency Allocations&lt;br&gt;o Purchase of Goods and Services $1,000,000 and Over&lt;br&gt;o Other items as needed (e.g. schematic designs, appointments)</td>
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<td></td>
<td>- <strong>Information Items</strong></td>
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| June 13-14 | **President’s Recommended FY 2020 Annual Operating Budget - Review**  
|           | **President’s Recommended FY 2020 Annual Capital Improvement Budget – Action**  
|           | **Family Student Housing – Twin Cities Campus**  
|           | This item will provide an overview of University housing available to students with families/children, including an overview of current facilities, and their governance and management structure. The presentation will also provide an update on how the Saint Paul strategic facilities plan is informing future plans for this type of housing offering.  
|           | **TBD**  
|           | **[Real Estate Transactions]**  
|           | **Consent Report**  
|           | o Central Reserves General Contingency Allocations  
|           | o Purchase of Goods and Services $1,000,000 and Over  
|           | o Other items as needed (e.g. schematic designs, appointments)  
|           | **Information Items**  
|           | o Annual University Health Benefits and UPlan Performance Report  
|           | o Semi-Annual Capital Project Management Report  
|           | o Debt Management Advisory Committee Update  
|           | o Quarterly Asset Management Report  
|           | o Quarterly Purchasing Report  

| June Special Meeting | Full Board items:  
|                     | **President’s Recommended FY 2020 Annual Operating Budget - Action**  
|
AGENDA ITEM: President’s Recommended FY 2020-2021 Biennial Budget Request

☑ Review  ☐ Review + Action  ☐ Action  ☐ Discussion

☐ This is a report required by Board policy.

PRESENTERS:
President Eric W. Kaler
Brian D. Burnett, Senior Vice President
Julie Tonneson, Associate Vice President and Budget Director
Matt Kramer, Vice President, University Relations

PURPOSE & KEY POINTS

The purpose of this item is to review the University's Biennial Budget Request to the State of Minnesota for FY 2020 and FY 2021.

The University’s mission is threefold: research and discovery, teaching and learning, and outreach and public service. As the state’s only land grant and research institution, the University has a unique responsibility to better the lives of Minnesotans. As one of the nation’s top research institutions, the University is a venue where human talent, ideas and innovations, and discoveries and services converge to fuel Minnesota’s economy and improve our quality of life. These imperatives have guided the development of this biennial budget request.

Of the University’s $3.8 billion revenue budget for FY19 (excluding internal sales), the majority (59 percent) is restricted to use by the source of the funds or is directly related to sales and other miscellaneous revenue-generating activity where the revenues pay for the direct costs of the associated goods and services. In these cases, the funds are not available to cover the costs of general operations: faculty and staff salaries, health benefits, facility and technology needs, library collections, equipment and so forth. The remaining 41 percent of University revenues must be directed to core mission activities and the infrastructure necessary to support it. This unrestricted 41 percent comes from tuition and the operations and maintenance (O&M) appropriation from the State of Minnesota. As costs increase due to inflation and research and enrollment growth, the only way to grow these general operating revenues is by increasing tuition or a decision by the State of Minnesota to increase the University's O&M appropriation.

In addition to revenue growth to address cost increases, the University has and will continue to implement internal reallocations. Decisions are made every year to eliminate funding for lower-priority activities or to build increased efficiency where possible. There is a level of reallocation that can be sustained every year with little impact to University priorities, but if the state O&M appropriation remains flat, the total reallocation necessary to address costs can reach a level of magnitude that requires some very difficult choices on the part of the University:
1. Raise tuition on students at rates at or above inflation in order to maintain the current scope of quality programs;
2. Reduce the breadth and depth of the University's impact but maintain quality; or
3. Maintain the current scope of the University's work but sacrifice quality in some areas.

The University's biennial budget request seeks to partner with the state to minimize tuition increases and maintain excellence and the current scope of programming by including only one initiative: Support Minnesota’s Land Grant Institution. The total increase requested is $30,000,000 in FY 2020 and an additional $27,000,000 in FY 2021. These annual increments represent a 0.8 percent increase to the University’s total revenues, and expressed as a recurring $57,000,000 increase by the end of the biennium, it represents a 6.7 percent increase over the base general fund appropriation.

An increase in O&M support at this level will allow the University to achieve goals consistent with the priorities set by the Board. The specific allocation of dollars across the institution will be implemented consistent with systemwide strategic priorities and determined through the internal annual budget development process as directed by the President and approved by the Board. The most pressing priorities are in the areas of competitive compensation, classroom and equipment maintenance, compliance with federal and state regulations, research and technology infrastructure, and maintenance of core facilities.

BACKGROUND INFORMATION

Board of Regents Policy: Reservation and Delegation of Authority requires that the Board of Regents approve all requests for appropriations from the State of Minnesota.

PRESIDENT’S RECOMMENDATION

The President recommends approval of the resolution requesting the state of Minnesota to support full funding of the University of Minnesota’s FY 2020-2021 biennial budget request.
WHEREAS, the University of Minnesota, the state’s only public, land grant university, is charged with the responsibility to pursue knowledge through research and discovery, and apply this knowledge through teaching and learning, and outreach and public engagement; and

WHEREAS, the University is committed to a continuous process of reevaluating priorities and increasing the efficiency and effectiveness of both direct mission and support activities, reinvesting budget savings into mission critical strategies; and

WHEREAS, the University, in partnership with the state of Minnesota, can better support financial access and affordability to post-secondary education for Minnesota students and families; and

WHEREAS, the University’s annual budget process, including participation from the Board of Regents, is designed to surface and act on the most pressing priorities each year, including competitive compensation, classroom and equipment maintenance, compliance with federal and state regulations, research and technology infrastructure, and maintenance of facilities; and

WHEREAS, the University recognizes the many competing priorities for state general fund support,

NOW, THEREFORE, BE IT RESOLVED that the biennial budget request for the 2020-2021 biennium be adopted by the Board of Regents for presentation to the state of Minnesota. The request is for a general fund appropriation of $678,636,000 in fiscal year 2020 and $705,636,000 in fiscal year 2021 for a biennial total of $1,384,272,000 in the form of general operations and maintenance and state special appropriations. The Board of Regents further requests continuation of fiscal year 2019 base funding levels for the Primary Care Education Initiatives totaling $2,157,000, and for the Academic Health Center funding under Minnesota Statutes 297F.10 totaling $22,250,000.
President’s Recommended FY 2020-2021 Biennial Budget Request

President Eric W. Kaler
Brian D. Burnett, Senior Vice President
Matt Kramer, Vice President
Julie Tenneson, Associate Vice President

Finance & Operations Committee
September 13, 2018

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS
World Class Services for a World Class University
The University of Minnesota: We pursue excellence in education, research, and outreach to produce discovery and innovation that improves the lives of individuals and communities throughout our state and world.

AT A GLANCE

- 5 Campuses (Crookston, Duluth, Morris, Rochester, Twin Cities)
- 7 Research and Outreach Centers throughout the state
- Budget: $3.8 billion (FY19)
- 20,389 faculty & staff; 6,511 grad student & professionals in training employees (as of 10/17)
- Enrollment: 67,949 (Fall 2017 Total)
  - 44,544 Undergraduate
  - 13,283 Graduate
  - 3,860 First Professional
  - 6,262 Non-Degree
- Degrees awarded: 15,985 (2017)
- Sponsored research awards: $793 million (FY18)
Request Strategy

To prepare a FY2020-2021 biennial budget proposal that:

- Reflects the values of the institution and long term strategic direction
- Is built on shared responsibility
- Clearly communicates the unique cost structure of University programs and services
- Recognizes reasonable limits on additional state funds
- Is easily understood and compelling
Timeline – Biennial Budget Request

**Budget Instructions**
Received – Internal Planning Process Begins

- Biennial Budget Proposal Drafted for **Board Review**
- BB Proposal for **Board Approval & Submitted to The State**
- **Governor’s Higher Ed Recommendations**
- Legislative Session & Testimony
- Appropriation Finalized FY20-FY21

- **Into Annual Budget to the Board**

**July 2018**  **September**  **October**  **December**  **January**  **May**  **June 2019**
## University of Minnesota FY18 & FY19 Appropriations

<table>
<thead>
<tr>
<th>Operations and Maintenance</th>
<th>FY18</th>
<th>FY19</th>
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<td>590,248,000</td>
<td>580,198,000</td>
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### 5 Special Appropriations:

a) Agriculture and Extension Service  
   FY18: 42,922,000  
   FY19: 42,922,000

b) Health Sciences  
   FY18: 9,204,000  
   FY19: 9,204,000

c) Institute of Technology  
   FY18: 1,140,000  
   FY19: 1,140,000

d) System Special  
   FY18: 7,181,000  
   FY19: 7,181,000

e) University of Minnesota and Mayo Foundation Partnership  
   FY18: 7,991,000  
   FY19: 7,991,000

### General Fund Base for the next biennium

\[ 648,636,000 \times 2 = 1,297,272 \]

### Primary Care Education Initiatives

Primary Care Education Initiatives  
This appropriation is from the health care access fund  
FY18: 2,157,000  
FY19: 2,157,000

### Academic Health Center

Academic Health Center  
The appropriation to the Academic Health Center under Minnesota Statutes, section 297F.10, is $22,250,000 each year.
State Appropriations to the University rise and fall with the economy BUT the FY19 level remains below the pre-great recession peak.

- Unadjusted for inflation: $36m below
- Adjusted for inflation: $144m below
There has been a permanent shift in the state’s portion of “State Appropriations Plus Tuition”

<table>
<thead>
<tr>
<th>Year</th>
<th>State Appropriations</th>
<th>Tuition</th>
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<tbody>
<tr>
<td>1989</td>
<td>76%</td>
<td>24%</td>
</tr>
<tr>
<td>1996</td>
<td>70%</td>
<td>30%</td>
</tr>
<tr>
<td>2002</td>
<td>67%</td>
<td>33%</td>
</tr>
<tr>
<td>2008</td>
<td>55%</td>
<td>45%</td>
</tr>
<tr>
<td>2017</td>
<td>42%</td>
<td>58%</td>
</tr>
<tr>
<td>2018</td>
<td>43%</td>
<td>57%</td>
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There has been a dramatic and permanent reset of the University’s revenues - State Support vs. All Other Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>State Appropriations</th>
<th>Tuition</th>
<th>All Other Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>39%</td>
<td>12%</td>
<td>49%</td>
</tr>
<tr>
<td>1996</td>
<td>32%</td>
<td>13%</td>
<td>55%</td>
</tr>
<tr>
<td>2002</td>
<td>32%</td>
<td>16%</td>
<td>52%</td>
</tr>
<tr>
<td>2008</td>
<td>27%</td>
<td>22%</td>
<td>52%</td>
</tr>
<tr>
<td>2017</td>
<td>17%</td>
<td>25%</td>
<td>60%</td>
</tr>
<tr>
<td>2018</td>
<td>17%</td>
<td>25%</td>
<td>60%</td>
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## Budget Request

### FY20-21 Request - Incremental Over Base

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Growth %</th>
<th>Annual</th>
<th>Biennial over base</th>
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<tr>
<td></td>
<td></td>
<td>4.6%</td>
<td>6.7%</td>
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<td>4.0%</td>
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### Current Biennium Recurring GF Appropriation Base

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<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>O&amp;M</td>
<td>$580,198,000</td>
<td>$580,198,000</td>
<td>$1,160,396,000</td>
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<tr>
<td>St. Specials</td>
<td>$68,438,000</td>
<td>$68,438,000</td>
<td>$136,876,000</td>
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<tr>
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<td>$648,636,000</td>
<td>$648,636,000</td>
<td>$1,297,272,000</td>
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Consistent with system-wide strategic priorities, funding this request will allow the University to address the most pressing needs:

• Competitive compensation
• Classroom and equipment maintenance
• Compliance with federal/state regulations
• Research and technology infrastructure
• Maintenance of core facilities
• Targeted program enhancement
Shared Opportunity

Budget Challenge

- Compensation (2.5% range) 40,000 40,000 120,000
- Facilities (utilities, debt, operations) 3,000 3,000 9,000
- Technology Maintenance 3,000 3,000 9,000
- Unit Specific Needs/Investments 15,000 15,000 45,000
- Statewide Initiatives 6,000 6,000 18,000

Estimated Total 67,000 67,000 201,000

Running 3-3.5% of state appropriation plus tuition – inflation CPI 2.9% (June); HEPI 3.7% (2017)

Solution

- State Appropriation 30,000 27,000 87,000 43%
- U Reallocation/Revenue/Tuition 37,000 40,000 114,000 57%
Funding this request will result in direct benefits to students, researchers, and communities statewide.
AGENDA ITEM: President’s Recommended 2018 Six-Year Capital Plan and 2019 State Capital Request

☐ Review ☐ Review + Action ☐ Action ☐ Discussion

☐ This is a report required by Board policy.

PRESENTERS: President Eric W. Kaler
Brian D. Burnett, Senior Vice President
Michael Berthelsen, Vice President, University Services
Jakub Tolar, Vice President for Clinical Affairs & Dean, Medical School

PURPOSE & KEY POINTS

Board of Regents Policy: Board Operations and Agenda Guidelines requires a Six-Year Capital Plan that sets priorities and direction for ongoing academic and capital planning efforts. This policy directs the administration to conduct capital planning with a “six-year time horizon, updated annually.” It is the University’s primary capital investment planning tool.

The President’s recommended Six-Year Capital Plan (Plan) includes major capital improvements planned for calendar years 2019 through 2024 (FY2020 to FY2025.) The Plan includes projects to be funded with state capital support as well as planned major projects funded by the University through a combination of University debt obligations, local unit resources, fundraising, and public/private partnerships. Year 1 of the Plan (2019) outlines the projects that the University will be submitting to the State of Minnesota for consideration during the 2019 legislative session. Higher Education Asset Preservation and Replacement (HEAPR) continues to be the top priority. This request also seeks funding for two stand-alone renovation projects.

2018 Six-Year Capital Plan Highlights

The plan presented for consideration by the Board supports the mission of the University by placing almost all of its investment on the reduction of poor and critical space, which is a Maroon Measure on the University Progress Card. HEAPR continues to be the cheapest and smartest investment that can be made in existing facilities. It protects and extends the useful life of investments made by the taxpayers through capital bonding, by students and parents who pay tuition, and by donors who give to support the University’s vision. This plan follows the largest ever HEAPR request in 2018 with a further request for $200 million. This $2.46 billion plan advances the Systemwide Strategic Plan objectives and positions the University for success through five capital strategic priorities:
1. **Address Poor and Critical Backlog**

The Facility Condition Assessment (FCA) identifies a facility’s physical condition and needs. This process looks at each building across the system and identifies deferred, non-recurring, and projected renewal needs to determine a facility condition needs index (FCNI). The FCNI is the 10-year projected needs divided by the estimated replacement value. FCNI determines where a building is rated on a scale that starts at 0.0 (new building, excellent) and extends to 1.0 (significant needs, critical.) This industry standard assessment is conducted by a third-party under contract.

<table>
<thead>
<tr>
<th>Campus</th>
<th>Total GSF ¹</th>
<th>Estimated Replacement Value ²</th>
<th>Projected 10-Year Needs ²</th>
<th>10 Year Needs/Replacement Value = (FCNI)</th>
<th>GSF Poor / Critical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Twin Cities</td>
<td>23,322,354</td>
<td>$10,031,600,083</td>
<td>$3,774,937,656</td>
<td>0.38</td>
<td>7,560,801</td>
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<tr>
<td>Duluth</td>
<td>3,248,831</td>
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<td>$378,626,203</td>
<td>0.35</td>
<td>385,901</td>
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<tr>
<td>Morris</td>
<td>993,166</td>
<td>$407,550,477</td>
<td>$161,627,743</td>
<td>0.40</td>
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<tr>
<td>Crookston</td>
<td>723,407</td>
<td>$332,623,102</td>
<td>$85,324,936</td>
<td>0.26</td>
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<tr>
<td>ROCs</td>
<td>1,647,999</td>
<td>$297,564,748</td>
<td>$87,137,679</td>
<td>0.29</td>
<td>90,707</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>29,972,425</strong></td>
<td><strong>$12,157,249,252</strong></td>
<td><strong>$4,487,654,217</strong></td>
<td><strong>0.37</strong></td>
<td><strong>8,500,681</strong>³</td>
</tr>
</tbody>
</table>

¹ Total Gross Square Feet. Excludes Rochester Campus. Does not include parking ramp decks.
² Figures include all formally assessed facilities plus actual or modeled values for non-assessed facilities less than 5 years old.
³ Increase of 0.8% from previous year.

The plan puts a strong emphasis on fixing or replacing some of our worst buildings, with HEAPR funding remaining at the core of this strategy.

2. **Advance the Health Sciences**

The plan proposes a new strategic capital investment to improve the educational and clinical research spaces for University programs in Medicine and Health. The Health Sciences Strategic Capital Investment will co-locate clinical, translational, and outcomes focused research teams, create modern dental teaching clinics, consolidate the School of Public Health, support hospital service expansion, and create new clinical laboratories to support patient care. Through the development of modern and efficient replacement space, several FCA critical facilities will be brought up to current code, condition, and efficiency standards while the Mayo complex will be decommissioned altogether, resulting in a net reduction of campus square feet and annual facility operating costs. This new Health Sciences Strategic Investment program is in the early stages of planning. Details on all aspects of the program, including overall structure, program components, project cost, funding strategy, and schedule, will be developed in the coming year.

As the Health Sciences campus continues to grow, the University also has a unique opportunity to shape the character of future development at the campus edge through the University of Minnesota Foundation Real Estate Advisor’s (UMFREA) Motley Initiative. Over the last 12 months, UMFREA has formed a private venture partnership to work with the city, the University, the community, and private developers to create a master plan for this place. The master plan integrates current uses with anticipated University growth and the new private sector development essential to supporting the many stakeholders in this area. The Motley plan contemplates mixed-use development (varied housing, corporate and entrepreneurial
workplaces, goods and services, and public parks, etc.) together with a quality public realm that better connects all the University, private sector spaces, and neighborhood amenities to each other. This type of community will further enhance the University's reputation as a world-class educational institution. University staff are working with UMFREA to ensure that the campus continues to provide vibrancy and capacity to advance the clinical, research, and teaching activities of academic health sciences.

3. Modernize Saint Paul Campus Research Laboratories

The plan continues the vision first set out in the 2013 Six-Year Capital Plan to renovate, construct, and decommission targeted laboratories on the Saint Paul campus. The placeholder in 2022 for Saint Paul Capital Renewal will be informed by the outcome of the Saint Paul Strategic Facilities Plan that is scheduled to be complete in fall 2018. Additional HEAPR investments in Food Science and Nutrition, Biosystems and Ag Engineering, and the Biological Science Center will optimize existing facilities and infrastructure to support teaching and research. Renovation or replacement of the Saint Paul Student Center will create a new hub of campus life for students, faculty, staff, and visitors.

4. Expand Capacity in STEM Programs

Student demand as well as state performance measures related to STEM degrees has increased the need for teaching laboratory facilities. Chemistry is a core component of most STEM programs and an inadequate supply of chemistry labs is restricting the University’s ability to meet demand and move students through the necessary course sequences. The plan includes a major investment in Twin Cities campus chemistry teaching capacity as well as a major HEAPR investment in the Mechanical Engineering building.

5. Repositioning Libraries for the 21st Century

Library spaces are in high demand by the campus community. Investments will provide for materials that remain accessible, but are no longer housed in prime campus real estate. This will ensure existing libraries remain the center of campus scholarship and exchange by creating flexible teaching, learning, and collaboration spaces. Investments are planned on the Morris campus as well as several investments on the Twin Cities campus that will be done as part of the larger Health Sciences investment plan. Additional opportunities exist to modernize Wilson Library with future Twin Cities campus capital renewal or strategic capital investment placeholders.

2019 State Capital Request

There are three items in the 2019 State Capital Request. The first priority for funding is a $200 million HEAPR request. Two other projects include the Child Development replacement on the Twin Cities campus and the renovation of A.B. Anderson Hall in Duluth. Funding for A.B. Anderson was first proposed with the Academic and Student Experience Investments in 2016. The $248.4 million in projects represent $232.3 million from the state and $16.1 million from the University.
BACKGROUND INFORMATION

Forming the Plan

Formation of the Plan is directed by University leadership including the Executive Vice President and Provost, the Senior Vice President for Finance and Operations, and the Vice Presidents for Health Sciences, Research, University Relations, and University Services. A multi-stage portfolio planning process yields a draft plan for the President’s consideration and ultimate recommendation to the Board.

<table>
<thead>
<tr>
<th>Stage 1 Proposal</th>
<th>Stage 2 Feasibility</th>
<th>Stage 3 Predesign</th>
<th>Stage 4 Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Drivers</td>
<td>Major Criteria</td>
<td>Inclusion in Six-Year Plan</td>
<td>Inclusion in Capital Budget</td>
</tr>
<tr>
<td>• Programmatic Needs</td>
<td>• Strategic Positioning</td>
<td>• Predesign</td>
<td>• Individual projects over $500,000 in annual capital budget or later amendments</td>
</tr>
<tr>
<td>• Strategic positioning</td>
<td>• Academic Priorities</td>
<td>• Resource Acquisition</td>
<td>• Completed Predesign</td>
</tr>
<tr>
<td>• Compacts</td>
<td>• Facility Conditions</td>
<td></td>
<td>• Project is fully funded</td>
</tr>
<tr>
<td>• Facility Conditions</td>
<td>• Financial Constraints</td>
<td></td>
<td>• Approved projects move into Design and Construction</td>
</tr>
<tr>
<td>• Financial Resources Assessment</td>
<td>• Project Logistics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• building operation costs</td>
<td>• Space and Other Issues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• debt service payments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• debt capacity</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Although many projects have both academic and organizational value, the projects that demonstrate both a programmatic urgency and implementation readiness are advanced for further analysis in the six-year timeframe. Other factors analyzed before projects are placed in the plan include:

- **Financial parameters** such as state economic forecasts, state debt capacity, past trends, University debt capacity, and project-specific fundraising potential.
- **Operating budget impact** such as ability to fund the incremental operating (facility and programmatic) and debt costs associated with proposed projects.
- **Timing and sequencing of projects** to complete a series of related projects in process or other capital project “dominoes.”
- **Impact on programs (both research and instructional)** to manage the level of disruption while still maintaining research and teaching functions.
- **Health, safety, and regulatory requirements** result in issues that require some projects to be included in the plan.
- **Geographic distribution** recognizes the University as a system and balances investment across the state.
- **Alignment with Systemwide Strategic Plan objectives**.

Project Costs

Costs for projects in the feasibility stage and projects under consideration are order-of-magnitude estimates, based on square foot costs recently experienced with comparable building and space types at the University, applied to the estimated square footage of each project. Predesign studies are prepared for projects at the appropriate time to determine more accurate cost figures. Total
project costs and funding will be confirmed for each project prior for approval in the annual capital improvement budget.

**Debt Capacity Forecast**

The University’s ability to service debt over the long term is considered in the plan’s development, specifically utilizing the following assumptions:

- Projected total debt includes only University supported debt at face value plus capital leases (excludes state supported special purpose revenue bonds.)
- University-supported portion of projects in the plan are 100 percent funded with University-issued debt.
- Projected debt also includes $253 million total issued in FY 2019 and FY 2020 for projects in process and outside of the 2018 Six-Year Capital Plan.
- Issuances of debt for plan projects occur over three years with a 20 percent, 55 percent, 25 percent split.
- Annual debt service for future debt assumes 4.5 percent over 25 years.
- Modest increases each year in ratio components of cash and investments and operating expenses (2.5 percent annually.)
- Capacity calculated based on arithmetic average of three ratios, assuming University goal is to maintain each ratio at the Aa1 median level, as defined by Moody’s.
- University of Minnesota Foundation resources (cash and investments) are included in total resources in the applicable ratios, as defined by Moody’s.

**PRESIDENT’S RECOMMENDATION**

The President recommends approval of the 2018 Six-Year Capital Improvement Plan and the 2019 State Capital Request.
WHEREAS, preserving the University campuses through stewardship of public investments that have been made over 165 years is a commitment the Board has made to the State; and

WHEREAS, advancing key academic priorities is critical for the University to achieve and maintain excellence; and

WHEREAS, continuing investment in research infrastructure is essential for the future competitiveness of the University and the State of Minnesota; and

WHEREAS, enhancing the student experience for both undergraduate education and graduate and professional education is required as the core of its mission in order to generate and disseminate knowledge; and

WHEREAS, improving outreach and engagement is necessary in order to transform State communities, fuel the State economy, address State social issues, and improve the State’s health; and

WHEREAS, the administration has developed a capital-planning framework designed to focus its capital planning efforts toward projects that support the University’s institutional priorities within a financial strategy that is responsible.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents approves the 2018 Six-Year Capital Plan in order to create and maintain facilities that serve as tools in accomplishing the University’s education, research, and outreach objectives.
REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

2019 State Capital Request

WHEREAS, the Board of Regents has directed the administration to annually submit a capital improvement budget and a six-year capital improvement plan in support of the University's strategic priorities; and

WHEREAS, the Board of Regents recognizes the importance of sustaining and improving the University's facilities in support of teaching, research, and outreach; and

WHEREAS, the administration has developed a capital planning framework designed to focus its capital planning efforts toward projects that support the University's institutional priorities within a financial strategy that is realistic;

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents approves the University's 2019 State Capital Request to the Minnesota Legislature in the amount of $248,400,000 consisting of $232,267,000 from the State of Minnesota and $16,133,000 from the University of Minnesota.
2018 Six Year Capital Plan
Project Description Report
Project Costs

Project costs included in the Six-Year Capital Plan are order-of-magnitude estimates. Project costs and funding will be verified prior to consideration for the Annual Capital Budget.
### 102 Arboretum: Horticulture and Operations HQ

**Campus:** ROCs & Stations  
**Unit:** College of Food, Agricultural & Natural Resource Sciences  
**Total Cost:** $6,000  
**Plan Year:** 2019  
- Constructs a new 12,000 GSF, 2-story maintenance facility and 4,500 equipment storage building.  
- Converts the existing maintenance shop to storage space.  
- Timeline may adjust pending availability of funds.

### 111 Turkey Research Facility

**Campus:** UMTC  
**Unit:** College of Food, Agricultural & Natural Resource Sciences  
**Total Cost:** $7,400  
**Plan Year:** 2022  
- Renovates 28,000 GSF in the Poultry Teaching and Research Facility on the St. Paul campus.  
- Relocates small scale turkey research from Rosemount to St. Paul.  
- Maximizes research effectiveness and space utilization.  
- Replaces or upgrades exterior enclosure, HVAC systems and lab casework.

### 140 St. Paul Capital Renewal

**Campus:** UMTC  
**Unit:** Academic Affairs and Provost  
**Total Cost:** $45,000  
**Plan Year:** 2022  
- Renovates teaching and research space in one or more buildings on the St. Paul campus.  
- Achieves collegiate goals of synergy among researchers.  
- Enables demolition of obsolete teaching and research space.  
- Project(s) will be defined pending the outcome of the St. Paul Strategic Facilities Plan.

### 141 TC Campus Capital Renewal

**Campus:** UMTC  
**Unit:** Academic Affairs and Provost  
**Total Cost:** $40,000  
**Plan Year:** 2023  
- Advances priority projects focused on learning spaces and student support.  
- Renews centers of campus scholarship and exchange by creating flexible teaching, learning, and collaboration spaces.  
- Project will be defined in future Six Year Plan update.

### 142 UMM: Briggs Library Capital Renewal

**Campus:** UMM  
**Unit:** UM Morris  
**Total Cost:** $27,900  
**Plan Year:** 2021  
- Renovates the existing 50,000 GSF library and construct a new east link/entry addition and west entry.  
- Replaces mechanical, electrical, and plumbing systems, technology infrastructure, elevator, and provides ADA/Code compliant restrooms.  
- Revitalizes the Briggs Library at the “heart of the campus” to best meet the academic, co-curricular, social and safety needs of the UMM Community.
<table>
<thead>
<tr>
<th>Project Description Report</th>
<th>Total Cost:</th>
<th>Plan Year:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arboretum: Master Gardener's House</td>
<td>$2,000</td>
<td>2019</td>
</tr>
<tr>
<td>Campus: ROCs &amp; Stations</td>
<td>- Provides a new home for the Master Gardener Program &lt;br&gt; - Creates a new Welcome and Plant Information Center for the Arboretum's Red Barn Farm campus that includes the Bee Center, Red Barn and Agricultural Demonstration gardens. &lt;br&gt; - Timeline may adjust pending availability of funds.</td>
<td></td>
</tr>
<tr>
<td>Unit: College of Food, Agricultural &amp; Natural Resource Sciences</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UMD: Limnology Building and Property Capital Renewal</td>
<td>$5,000</td>
<td>2022</td>
</tr>
<tr>
<td>Campus: UMD</td>
<td>- Renovates the existing 7,000 GSF limnology research station and constructs a new 6,000 GSF addition. &lt;br&gt; - Creates a learning lab, meeting space and workstations for 27 personnel. &lt;br&gt; - Relocates MN Sea Grant Center from its current location at UMD Chester Park. &lt;br&gt; - Timeline for investment may adjust pending availability of funds.</td>
<td></td>
</tr>
<tr>
<td>Unit: UM Duluth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child Development Replacement</td>
<td>$42,000</td>
<td>2019</td>
</tr>
<tr>
<td>Campus: UMTC</td>
<td>- Renovates the interior and exterior of 30,000 GSF Institute of Child Development Building, built in 1913. &lt;br&gt; - Demolishes the existing 1967 addition &lt;br&gt; - Constructs a new 30,000 - 34,000 GSF addition. &lt;br&gt; - Creates new research labs and observation space for 20 ICD faculty and research and administrative space for the Center for Early Childhood Education.</td>
<td></td>
</tr>
<tr>
<td>Unit: College of Education and Human Development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UMD: A. B. Anderson Hall Capital Renewal</td>
<td>$6,400</td>
<td>2019</td>
</tr>
<tr>
<td>Campus: UMD</td>
<td>- Updates mechanical systems, life safety systems, and architectural finishes. &lt;br&gt; - Modernizes 35,000 SF of teaching space for the departments of Communication, Philosophy, History, and Art.</td>
<td></td>
</tr>
<tr>
<td>Unit: UM Duluth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Armory Capital Renewal</td>
<td>$36,000</td>
<td>2022</td>
</tr>
<tr>
<td>Campus: UMTC</td>
<td>- Renovates the 72,000 SF Armory building in the Old Campus Historic District of the Minneapolis campus. &lt;br&gt; - Corrects code deficiencies, updates HVAC and electrical systems and modernizes the facility to support University needs. &lt;br&gt; - Feasibility study is required to determine future occupants, scope, budget and schedule.</td>
<td></td>
</tr>
<tr>
<td>Unit: Academic Affairs and Provost</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Chemistry Teaching Laboratory Facility

- **Campus:** UMTC  
- **Unit:** College of Science and Engineering  
- **Total Cost:** $96,000  
- **Plan Year:** 2020  

- Creates a 101,600 GSF state-of-the-art undergraduate chemistry teaching facility with energy efficient teaching laboratories, student collaboration spaces, and classrooms.  
- Provides 18 new teaching laboratories for general and organic chemistry.  
- Renovates the 30,000 GSF original Fraser Hall building, demolishes the earlier 62,000 GSF addition, and constructs a new 71,600 addition.

### Systemwide Capital Investment

- **Campus:** Systemwide  
- **Unit:** Systemwide  
- **Total Cost:** $24,000  
- **Plan Year:** 2023  

- Advances priority projects focused on learning spaces, student support, and research laboratories.  
- Project(s) will be defined in future Six Year Plan update.

### Higher Education Asset Preservation and Replacement

- **Campus:** Systemwide  
- **Unit:** Systemwide  
- **Total Cost:** $200,000  
- **Plan Year:** 2019  

- Maximizes and extends the life of the University’s existing physical plant.  
- Individual projects will fall into one of four broad categories: Health and Safety, Building Systems, Energy Efficiency, and Utility Infrastructure.  
- Projects are informed by the Facilities Condition Assessment and Building Code Deficiency Report with input from facilities Management on each campus, in consultation with University Health & Safety and the Disability Resource Center.

### UMD: New Residence Hall

- **Campus:** UMD  
- **Unit:** UM Duluth  
- **Total Cost:** $49,200  
- **Plan Year:** 2019  

- Constructs a new residence hall with approximately 350 beds for first year students on the Duluth campus.  
- Supports 1% annual growth in undergraduate enrollment.  
- Allows for demolition of Vermillion hall.

### UMD: New Dining/Expansion

- **Campus:** UMD  
- **Unit:** UM Duluth  
- **Total Cost:** $9,800  
- **Plan Year:** 2019  

- Constructs a new 300 seat dining venue to serve the UMD residential population and campus community.
### Health Sciences Strategic Capital Investment

<table>
<thead>
<tr>
<th>Campus</th>
<th>UMTC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit</td>
<td>Health Sciences Administration</td>
</tr>
<tr>
<td>Total Cost</td>
<td>$475,000</td>
</tr>
<tr>
<td>Plan Year</td>
<td>2020</td>
</tr>
</tbody>
</table>

- Advances the strategic goals of Health Sciences (AHC Strategic Facilities Plan), State of MN (Governor’s Blue Ribbon Cmte) and other U of M institutional priorities through a phased investment program.
- Constructs new space including a Clinical Research Facility and Dental Teaching Clinics.
- Renovates critical condition facilities including Moos Tower, Phillips-Wangensteen Building, and Diehl Hall.
- Demolishes Mayo.

### Strategic Capital Investment

<table>
<thead>
<tr>
<th>Campus</th>
<th>UMTC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit</td>
<td>Academic Affairs and Provost</td>
</tr>
<tr>
<td>Total Cost</td>
<td>$100,000</td>
</tr>
<tr>
<td>Plan Year</td>
<td>2024</td>
</tr>
</tbody>
</table>

- Enhances existing teaching, research and student space.
- Project(s) will be defined in future Six Year Plan update.
2018 Six Year Capital Plan
Project Funding Report
Project Costs

Project costs included in the Six-Year Capital Plan are order-of-magnitude estimates. Project costs and funding will be verified prior to consideration for the Annual Capital Budget.

Project Priority

Projects are shown in order of priority for the state capital budget request in year 2019. Projects in future years of the plan and projects under consideration are not prioritized.
### State Funded

<table>
<thead>
<tr>
<th>File</th>
<th>Project Title</th>
<th>Campus</th>
<th>Total</th>
<th>State Funds</th>
<th>University Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>198</td>
<td>Higher Education Asset Preservation and Replacement</td>
<td>Systemwide</td>
<td>$200,000</td>
<td>$200,000</td>
<td>$0</td>
</tr>
<tr>
<td>177</td>
<td>Child Development Replacement</td>
<td>UMTC</td>
<td>$42,000</td>
<td>$28,000</td>
<td>$14,000</td>
</tr>
<tr>
<td>178</td>
<td>UMD: A. B. Anderson Hall Capital Renewal</td>
<td>UMD</td>
<td>$6,400</td>
<td>$4,267</td>
<td>$2,133</td>
</tr>
</tbody>
</table>

Total: $248,400 $232,267 $16,133

### University Funded

<table>
<thead>
<tr>
<th>File</th>
<th>Project Title</th>
<th>Campus</th>
<th>Total</th>
<th>State Funds</th>
<th>University Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>102</td>
<td>Arboretum: Horticulture and Operations HQ</td>
<td>ROCs &amp; Stations</td>
<td>$6,000</td>
<td>$0</td>
<td>$6,000</td>
</tr>
<tr>
<td>146</td>
<td>Arboretum: Master Gardener's House</td>
<td>ROCs &amp; Stations</td>
<td>$2,000</td>
<td>$0</td>
<td>$2,000</td>
</tr>
<tr>
<td>295</td>
<td>UMD: New Dining/Expansion</td>
<td>UMD</td>
<td>$9,800</td>
<td>$0</td>
<td>$9,800</td>
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<tr>
<td>289</td>
<td>UMD: New Residence Hall</td>
<td>UMD</td>
<td>$49,200</td>
<td>$0</td>
<td>$49,200</td>
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<tr>
<td>218</td>
<td>R&amp;R - Crookston Campus</td>
<td>UMC</td>
<td>$245</td>
<td>$0</td>
<td>$245</td>
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<tr>
<td>284</td>
<td>R&amp;R - Duluth Campus</td>
<td>UMD</td>
<td>$3,000</td>
<td>$0</td>
<td>$3,000</td>
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<tr>
<td>224</td>
<td>R&amp;R - Duluth Student Life</td>
<td>UMD</td>
<td>$3,000</td>
<td>$0</td>
<td>$3,000</td>
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<tr>
<td>236</td>
<td>R&amp;R - Morris Campus</td>
<td>UMM</td>
<td>$90</td>
<td>$0</td>
<td>$90</td>
</tr>
<tr>
<td>212</td>
<td>R&amp;R - Twin Cities Athletics</td>
<td>UMTC</td>
<td>$1,300</td>
<td>$0</td>
<td>$1,300</td>
</tr>
<tr>
<td>254</td>
<td>R&amp;R - Twin Cities Campus</td>
<td>UMTC</td>
<td>$7,400</td>
<td>$0</td>
<td>$7,400</td>
</tr>
<tr>
<td>260</td>
<td>R&amp;R - Twin Cities Dining Services</td>
<td>UMTC</td>
<td>$2,710</td>
<td>$0</td>
<td>$2,710</td>
</tr>
<tr>
<td>230</td>
<td>R&amp;R - Twin Cities Housing &amp; Residential Life</td>
<td>UMTC</td>
<td>$4,310</td>
<td>$0</td>
<td>$4,310</td>
</tr>
<tr>
<td>242</td>
<td>R&amp;R - Twin Cities Parking &amp; Transportation Services</td>
<td>UMTC</td>
<td>$6,580</td>
<td>$0</td>
<td>$6,580</td>
</tr>
<tr>
<td>248</td>
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Total: $108,210 $0 $108,210

FY Total: $356,610 $232,267 $124,343

Running Total: $356,610 $232,267 $124,343
### 2020

#### Proposed Special State Investment Program

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<th>University Funds</th>
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#### State Funded

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<th>University Funds</th>
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FY Total: $822,804  $580,667  $242,137
Running Total: $1,179,414  $812,934  $366,480
## 2021 State Funded

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<td>226</td>
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<td>238</td>
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<th>University Funds</th>
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**Running Total:** $281,000 $254,000 $27,000

## 2022 University Funded

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**FY Total:** $344,110 $254,000 $90,110

**Running Total:** $1,793,609 $1,285,534 $508,075
## 2023

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<th>University Funds</th>
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<th>University Funds</th>
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<tr>
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\[\text{FY Total: } \$321,088 \quad \$242,667 \quad \$78,421\]

\[\text{Running Total: } \$2,114,697 \quad \$1,528,201 \quad \$586,496\]
## 2024

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### University Funded

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<th>University Funds</th>
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**FY Total:** $670,949  
**Running Total:** $2,465,817
2018 Six Year Capital Plan
Under Consideration List
Proposals included on the Under Consideration list have been identified as priorities by the responsible unit. Projects under consideration are recommended to complete a feasibility study to support further decision making. Projects will be included in the Six Year Plan when the source of funding and year is determined.

Projects must complete predesign, obtain necessary funds and receive approval in the Annual Capital Budget to proceed with design and construction.

Preliminary cost estimates are included on the Under Consideration list where available. Estimates prepared at this time have a low expectation of accuracy. Estimates may be regarded as preliminary, ballpark or order of magnitude. Multiple factors including location, size, complexity, level of finish and inflation may impact the final cost. These figures are intended to support a decision to proceed with the proposal and must be verified through later phases of design.
### St. Paul Student Center Replacement

**Campus:** UMTC  
**Unit:** Student Affairs  
**Total Cost:** To Be Determined  
**Status:** Planning  
- Renovates or replaces the St. Paul Student Center.  
- Provides a venue for programming, services, meetings and events on St. Paul campus.  
- Scope, budget and schedule to be confirmed pending the outcome of the St. Paul Strategic Facilities Plan.

### Athletic Facilities Targeted Improvement Projects

**Campus:** Systemwide  
**Unit:** Systemwide  
**Total Cost:** To Be Determined  
**Status:** Planning  
- Implements targeted investments to improve gender equity in athletics facilities on the Crookston, Morris, Duluth and Twin Cities campuses.  
- Project(s) to be defined pending outcome of individual campus planning studies.

### Cloquet and Hubacheck Capital Investments

**Campus:** ROCs & Stations  
**Unit:** College of Food, Agricultural & Natural Resource Sciences  
**Total Cost:** To Be Determined  
**Status:** Planning  
- Provides setting for field-based teaching and applied learning and research in northern forest and wilderness ecosystems.  
- Constructs lodging, dining and kitchen facilities for students, staff, professionals and families.  
- Creates flexible research labs, classrooms and support spaces.  
- Scope, budget and schedule to be confirmed pending outcome of site master plans.

### Cowles Stadium Hitting Facility

**Campus:** UMTC  
**Unit:** Intercollegiate Athletics  
**Total Cost:** To Be Determined  
**Status:** Proposal  
- Constructs an indoor hitting facility and restrooms accessible from the dugout for the Gopher Women's Softball Team.  
- Enhances recruitment of top student-athletes and contributes to success in the classroom and on the field.  
- Budget and schedule to be confirmed pending availability of funds.

### 3M Arena at Mariucci Ice Plant/Floor Replacement

**Campus:** UMTC  
**Unit:** Intercollegiate Athletics  
**Total Cost:** $5,200  
**Status:** Predesign  
- Converts the refrigerant system in response to phase out of freon production by 2020.  
- Reduces scale of ice sheet and expands capacity for seating.  
- Enables meeting fluorocarbon emissions standards.  
- Budget and schedule to be confirmed pending availability of funds.
### Gymnastics Practice Facility
- **Campus:** UMTC
- **Unit:** Intercollegiate Athletics
- **Total Cost:** $8,900
- **Status:** Predesign

- Remodels shell and storage space to create a practice facility for Men's and Women's Gymnastics.
- Includes remodeling two existing locker rooms to provide locker and lounge space for both teams.
- Supports the decommissioning of the 20,150 GSF Peik Gym.
- Budget and schedule to be confirmed pending availability of funds.

### Ridder Arena Ice Plant/Floor Replacement
- **Campus:** UMTC
- **Unit:** Intercollegiate Athletics
- **Total Cost:** $1,200
- **Status:** Predesign

- Converts the refrigerant system in response to phase out of freon production by 2020.
- Replaces the ice plant, ice sheet floor and piping.
- Enables meeting fluorocarbon emissions standards.
- Budget and schedule to be confirmed pending availability of funds.

### Siebert Field Phase 3
- **Campus:** UMTC
- **Unit:** Intercollegiate Athletics
- **Total Cost:** $13,700
- **Status:** Schematic Design

- Constructs a canopy over the concourse, additional concessions and public restrooms.
- Expands the press box to include a club room and suites.
- Phases 1 and 2 were completed in 2012 and 2016, respectively.
- Budget and schedule to be confirmed pending availability of funds.

### Boynton Bldg Systems and Interior Capital Renewal
- **Campus:** UMTC
- **Unit:** Student Affairs
- **Total Cost:** To Be Determined
- **Status:** Planning

- Renovates the existing building to meet fire code and life safety requirements.
- Upgrades the 50 year old HVAC system.
- Reduces energy costs with energy efficiency improvements.
- Budget and schedule to be confirmed pending availability of funds.

### Gopher Volleyball Performance Center
- **Campus:** UMTC
- **Unit:** Intercollegiate Athletics
- **Total Cost:** $6,000
- **Status:** Proposal

- Remodels the existing Gopher Volleyball team area within the Maturi Pavillion to create a volleyball performance center.
- Provides improved locker rooms, weight room, training room, team lounge, coaches suite.
- Budget and schedule to be confirmed pending availability of funds.
<table>
<thead>
<tr>
<th>Project ID</th>
<th>Project Name</th>
<th>Campus</th>
<th>Unit</th>
<th>Total Cost</th>
<th>Status</th>
<th>Notes</th>
</tr>
</thead>
</table>
| 143        | Welcome Center                              | UMTC   | Academic Affairs and Provost | To Be Determined | Planning | Provides a single location for undergrad, international and transfer student admissions.  
- Creates a new welcome center for the Twin Cities campus.  
- Visioning study complete. Scope, budget and schedule to be confirmed pending outcome of feasibility study. |
| 148        | Lions Eye Institute                         | UMTC   | Medical School             | $54,000    | Planning  | Constructs a new centralized 70,000 - 90,000 GSF clinical care, research and training facility for the Lion's Eye Institute.  
- Consolidates multiple clinics including the Adult Eye Clinic, Clinical Trial Clinic, Advanced Ocular Imaging Clinic, Low-Vision Clinic, Eye Surgery Suites, Ocular BioMedical Lab, Education Space, Office Space, the Eye Bank, and potential shelled out space for future Visual Neurosciences Laboratories.  
- Funding and timeline dependent upon business plan in alignment with Health Sciences and Fairview strategy. |
| 151        | St. Paul Gymnasium Renovation/Addition      | UMTC   | Student Affairs            | To Be Determined | Planning | Renovates and constructs an addition to the St. Paul Gym.  
- Programming may include an expanded area for youth programs drop-off, reconfiguration of the member desk, expanded weight room, refurbished running track and new family locker rooms.  
- Scope, budget and schedule to be verified through predesign. |
| 164        | Lind Hall Capital Renewal                   | UMTC   | College of Science and Engineering | To Be Determined | Proposal | Renovates 20,000 SF in Lind Hall for the College of Science and Engineering.  
- Optimizes space following the completion of Pillsbury Hall.  
- Scope, budget and schedule to be defined pending outcome of feasibility study.  
- Timeline dependent upon availability of college and donor funds. |
| 165        | Lettermans/M Club Room at 3M Arena at Mariucci | UMTC   | Intercollegiate Athletics  | $3,200     | Predesign | Constructs a club room for former Gopher Athletes located behind the existing press box.  
- Budget and schedule to be confirmed pending availability of funds. |
### 171 UMC: Animal Science Facility

<table>
<thead>
<tr>
<th>Campus:</th>
<th>UMC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit:</td>
<td>UM Crookston</td>
</tr>
<tr>
<td>Total Cost:</td>
<td>To Be Determined</td>
</tr>
<tr>
<td>Status:</td>
<td>Proposal</td>
</tr>
</tbody>
</table>

- Constructs a new pole barn facility to consolidate the animal facilities at the Crookston campus with adjacent academic and research space.
- Accommodates birthing, controls noise and protects against illness.
- Supports teaching needs of the Agriculture and Natural Resource program and provides space for student research.
- Scope, budget and schedule to be defined pending outcome of feasibility study.

### 175 UMM: Historic District Capital Renewal

<table>
<thead>
<tr>
<th>Campus:</th>
<th>UMM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit:</td>
<td>UM Morris</td>
</tr>
<tr>
<td>Total Cost:</td>
<td>To Be Determined</td>
</tr>
<tr>
<td>Status:</td>
<td>Proposal</td>
</tr>
</tbody>
</table>

- Invests in programmatic needs of the Morris campus.
- Modernizes systems and infrastructure in the campus national historic district.
- Renovates learning spaces and student support spaces to meet the needs of future students.
- Projects to be defined pending outcome of campus strategic facilities plan.

### 202 Equine Center Isolation Unit

<table>
<thead>
<tr>
<th>Campus:</th>
<th>UMTC</th>
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</thead>
<tbody>
<tr>
<td>Unit:</td>
<td>College of Veterinary Medicine</td>
</tr>
<tr>
<td>Total Cost:</td>
<td>To Be Determined</td>
</tr>
<tr>
<td>Status:</td>
<td>Proposal</td>
</tr>
</tbody>
</table>

- Constructs a 13,000 SF addition to the Equine Center to treat critically ill and infectious horses.
- Provides a clinical isolation unit, surgery suite and intensive care unit.
- Scope, budget and schedule to be defined pending outcome of feasibility study.
- Timeline dependent upon availability of college and donor funds.

### 204 Joint Venture Development

<table>
<thead>
<tr>
<th>Campus:</th>
<th>UMTC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit:</td>
<td>University Budget &amp; Finance</td>
</tr>
<tr>
<td>Total Cost:</td>
<td>To Be Determined</td>
</tr>
<tr>
<td>Status:</td>
<td>Planning</td>
</tr>
</tbody>
</table>

- Provides new office space and facilities to advance innovation in related University programs in partnership with United Properties.

### 277 UMD: Chemistry Building Capital Renewal

<table>
<thead>
<tr>
<th>Campus:</th>
<th>UMD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit:</td>
<td>UM Duluth</td>
</tr>
<tr>
<td>Total Cost:</td>
<td>To Be Determined</td>
</tr>
<tr>
<td>Status:</td>
<td>Proposal</td>
</tr>
</tbody>
</table>

- Invests in space that will be vacated in Spring 2019 with the completion of the Chemistry and Advanced Materials Science building.
- Upgrades 65,000 GSF of research labs and offices to support future campus space needs.
- Future use, scope, budget and schedule to be defined pending outcome of feasibility study.
<table>
<thead>
<tr>
<th>Project Code</th>
<th>Project Description</th>
</tr>
</thead>
</table>
| 290          | **MCT Building Addition**  
  *Campus:* UMTC  
  *Unit:* Health Sciences Administration  
  *Total Cost:* To Be Determined  
  *Status:* Planning  
  - Expands the existing Molecular and Cellular Therapeutics facility to accommodate Vector Production and Gene Therapy (VP/GT) and other health sciences research.  
  - Provides a minimum of 3,500 ASF for cleanroom, lab and lab support spaces.  
  - Scope, budget and schedule to be defined pending outcome of feasibility study. |
| 296          | **Consolidated Livestock Research Complex (FAARM)**  
  *Campus:* ROCs & Stations  
  *Unit:* College of Food, Agricultural & Natural Resource Sciences  
  *Total Cost:* To Be Determined  
  *Status:* Proposal  
  - Constructs an off-campus consolidated animal research facility for the College of Food, Agriculture and Natural Resource Sciences.  
  - Scope, budget and schedule to be defined pending outcome of feasibility study. |
| 299          | **Strategic Land Acquisitions**  
  *Campus:* UMTC  
  *Unit:* Planning, Space, and Real Estate  
  *Total Cost:* To Be Determined  
  *Status:* Proposal  
  - Evaluates opportunities for strategic land and asset acquisitions that support University mission. |
| 300          | **Child Care Facility**  
  *Campus:* UMTC  
  *Unit:* Academic Affairs and Provost  
  *Total Cost:* To Be Determined  
  *Status:* Proposal  
  - Project(s) to be defined pending outcome of the Provost's Child Care Advisory Committee.  
  - Scope may include replacement of space for childcare services currently housed in the Child Development Center or Shirely G. Moore Lab School, in one or more locations on the Twin Cities campus. |
| 301          | **Parking Structure**  
  *Campus:* UMTC  
  *Unit:* Auxiliary Services  
  *Total Cost:* To Be Determined  
  *Status:* Proposal  
  - Provides additional parking for students, faculty, staff and visitors.  
  - Scope, budget and schedule to be defined pending outcome of feasibility study. |
President’s Recommended 2018 Six-Year Capital Plan and 2019 State Capital Request

Brian Burnett, Senior Vice President
Jakub Tolar, Vice President
Michael Berthelsen, Vice President

Board of Regents Finance and Operations Committee

September 13, 2018

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS
World Class Services for a World Class University
The Six-Year Plan

- Prescribed in Board Policy
- Primary capital planning tool
- Reflects the University’s highest priorities
- Most specificity and certainty in early years
- Foundation for state requests and annual capital budget
Mission Priorities

Facility Priorities

Six-Year Capital Plan
Plan Priorities

- Address poor and critical backlog
- Advance the Health Sciences
- Modernize Saint Paul campus research laboratories
- Expand capacity in STEM programs
- Reposition Libraries for the 21st century
## Strategic Plan Alignment

<table>
<thead>
<tr>
<th>Six Year Plan Goal</th>
<th>Systemwide Strategic Plan Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address poor and critical backlog</td>
<td>Support the Mission</td>
</tr>
<tr>
<td>Advance the Health Sciences</td>
<td>Medicine and Health</td>
</tr>
<tr>
<td>Modernize Saint Paul campus research laboratories</td>
<td>Research and Discovery</td>
</tr>
<tr>
<td>Expand capacity in STEM programs</td>
<td>Teaching and Learning</td>
</tr>
<tr>
<td>Reposition Libraries for the 21st century</td>
<td>Outreach and Service, Teaching and Learning, Research and Discovery</td>
</tr>
</tbody>
</table>
Growing deferred renewal backlog has widespread impacts on academic programs, research initiatives, student experience, and general competitiveness.
Six Year Plan Highlights

• $200 million HEAPR request each year

• Continuity with Board priorities

• Placeholders for Saint Paul, Greater Minnesota, and other strategic investments

• Proposed major new Health Sciences Investment Program
As adopted by Board of Regents, July 2016

30+ year vision with options for riverfront housing
Health Sciences: Program Highlights

• Continue focus on development of clinical campus
  – expand and co-locate clinical, translational, and outcomes focused research teams and projects
  – create modern dental teaching clinics and surgery center
  – create new clinical laboratories to support patient care, diagnostics, and research

• Provide a consolidated home for Public Health

• Support hospital service expansion and modernization
Health Sciences: Program

• Multi-building renovation and new construction program to replace outdated facilities

• Projected at approximately $475 million

• Envisioned as a partnership with State of Minnesota, Foundation, M Health, and Fairview

• Builds on previous Health Science District Planning and emerging Motley vision
Health Sciences: Portfolio Impact

- Net reduction in space of at least 400,000 sf
- Addresses at least $350 million in deferred capital renewal
- Provides ~$2 million in annual operational savings
- University debt will be dependent on state funding, philanthropy, and private partnership support

Note: All figures from preliminary financial models to be confirmed during forthcoming design initiatives.
Health Sciences: Proposed Milestones

- 2019: Socialize program merits, refine program details, costs, and funding structure
- 2020: Request State funding, begin fundraising
- 2021-2026: Design and Construction
2018 Six-Year Capital Plan (in millions)

Health Sciences Strategic Capital Investment
$316.7M State; $158.3M University
Theoretical Preliminary Projected Debt Capacity

Based on Moody’s “Aa1” Medians (in millions)
2019 State Capital Request

- HEAPR (Systemwide)  
  - $200 million

- Child Development Replacement (Twin Cities)  
  - $28 million

- AB Anderson Hall Renovation (Duluth)  
  - $4.3 million
AGENDA ITEM: Saint Paul Strategic Facilities Plan Update

☐ Review ☐ Review + Action ☐ Action ☒ Discussion

☐ This is a report required by Board policy.

PRESENTERS: Michael Berthelsen, Vice President, University Services
Brian Buhr, Dean, College of Food, Agriculture and Natural Resource Sciences and Director, Minnesota Agricultural Experiment Station

PURPOSE & KEY POINTS

In 2017, President Kaler and Provost Hanson charged the deans with colleges primarily located on the Saint Paul campus and campus life units to work together to create a plan for the future of the campus. The charge to the working group was to create a plan that will maintain the campus as a financially, academically, and physically sustainable component of the Twin Cities campus. The plan will define the future use and role of the Saint Paul campus by addressing academic programs, services to support campus life for students, faculty, and staff, and strategies to optimize resources.

Process

The plan is being developed in a consultative manner, drawing on leadership from academic units and support units (libraries, student unions, recreation and wellness, dining service, residential services, transit, and parking). A group of student representatives, appointed by a University Senate resolution serves as an important focus group as the plan is developing. A survey of the Saint Paul campus was made available to the campus community as well as neighbors. More than 2,000 responses were received. Following this presentation, town hall type meetings will be held on the Saint Paul campus to solicit feedback and input from the campus community and neighbors.

Assumptions that Define the Plan

The plan defines a short term (within five years, by 2024) as well as a long-term horizon (through 2030) for anticipating change to the Saint Paul campus. The assumptions that inform plan recommendations are summarized below.

Academic Programs

- Projections of undergraduate enrollment growth vary by college; College of Biological Sciences (CBS) and College of Food, Agriculture and Natural Resource Sciences (CFANS) lead this growth with 45 percent and 19 percent increase respectively.
- Minimal graduate student population increases are expected.
The College of Design programs currently located in McNeal Hall will be relocated to the East Bank over time; potential locations to accommodate programs will be identified and evaluated in 2019.

College of Education and Human Development (CEHD) will relocate a limited number of programs (graduate teacher education programs and a research center) to backfill McNeal and complement other units on Saint Paul campus.

New research space will replace obsolete research buildings at Buford Circle.

Specific programs for new and renovated research buildings will be defined by collegiate needs.

Interdisciplinary work environments are assumed for some of this research space.

A new veterinary hospital and research building can be accommodated at the south edge of campus.

**Student Center and Learning Commons**

- A new/renovated student center will include spaces, services, and retail based on supporting a campus population of the defined baseline population (near term) of students, faculty, staff, and visitors.
- The student center should consider potential for expansion to serve future growth in the partnership areas (long-term).
- The location of the student center should move east to make the most of the concentration of campus population. The recommended site is an addition at Learning and Environmental Sciences/Magrath Library - co-located with the library to support an active and vibrant learning commons. This location is at the nexus of the campus: connected to the central classroom building, next to parking and near Continuing Education and Conference Center.

**Recreation and Wellness**

- No change to facilities or demand is anticipated in near term horizon. Facility changes may occur if partnership areas are developed and create an impact on demand.

**Housing**

- In the short-term, retain Bailey Hall to support first year student demand, but will work to create strong academic program links between colleges and students. Retain dining center to support room and board service on Saint Paul campus for first year experience.
- In the long-term, look to re-design an innovate housing program that appeals to a broader set of students (undergraduate, graduate) with strong ties to the campus educational and research programs. This will be done as part of the ongoing evaluation for housing programs for the whole Twin Cities campus.

**Dining**

- Campus dining will be supported as efficiently as possible to serve daily demand from academic, research, and outreach destinations.

**Community Outreach**

- Landscapes on campus should invite community through location of pathways between key destinations
• Combine outreach and education for landscape, programs, and buildings whenever possible.
• Minimize campus development-related change along Cleveland Ave edge.
• Retain character and activity on agricultural lands on Roselawn/Fairview/Larpenteur edge.
• Evaluate potential development along Como Ave.

**Partnership Opportunities**

• Applied research district is planned to engage industry partners and advance academic priorities; will result in unique facilities dedicated to specific activities.
• Mixed use development that supports campus life and meets University housing needs will be explored with non-University partners.

**Animal Housing and Handling**

• A concept for redefined (buildings, scale, research/teaching mix) animal housing is identified as a component of Saint Paul’s future.

**Vision and Themes**

1. The Saint Paul campus optimizes its land grant mission in an urban setting, organized around place-specific subject areas of food, agriculture, environment and education.

2. Saint Paul campus activity focuses on interactions between managed lands, natural ecosystems and technology.

3. Academic and research activity on the Saint Paul campus builds and invites community engagement related to its unique urban setting and subject areas.

4. Saint Paul campus will advance research partnerships specific to subject areas of food, agriculture, environment and education.

5. Saint Paul campus will be a vibrant and active campus with spaces and services that support students, faculty, and staff; that welcomes visitors; and that is a destination for all on campus and all Minnesotans.

**Framework Plan Objectives**

• Creates a Discovery District focused on agriculture and natural resources including: animals, food, water, and the environment.
• Maintains and enhances the agricultural land of the campus.
• Fosters experiential learning and appealing public engagement environments.
• Establishes a destination for students and the broader community to connect to research.
• Fosters the ongoing Extension and outreach from the campus to the whole state.
• Deepens the historical foundations of interdisciplinary research and innovation.
• Promotes regenerative campus design by repurposing older buildings.
• Reuses existing buildings in support of the academic and research mission.
• Maintains an “ecosystem” on campus - a system where activities in one building contribute to collaboration and innovation in adjacent buildings, and resources (ex. People and ideas moving among classrooms – labs - greenhouses - fields).
• Locates collaboration and social hubs to serve a variety of population groups.
• Develops catalyst projects and “quick wins.”

Relationship to Systemwide Strategic Plan

The Saint Paul Strategic Facilities Plan supports the Systemwide Strategic Plan. It directly addresses two system level priorities, which are implemented operationally and financially. The capital investments and operational assumptions defined in the plan’s recommendations will eventually be implemented through University processes including the biennial budget request, operating, and capital budgets.

The Saint Paul plan fulfills system-level priorities:

• The plan envisions a research partnership zone to support startups and research initiatives and to increase interactions with business and private organizations. *(Research and Discovery)*
• The Saint Paul campus is uniquely positioned to apply the University’s strength as a land-grant research institution to enhance teaching and learning. *(Teaching and Learning)*

Other components of the plan that advance elements of the University’s Systemwide Strategic Plan are:

• The plan will help attract and retain talent and promotes a welcoming campus climate for all University community members. *(Teaching and Learning and Outreach and Public Service)*
• The plan optimizes the use of facilities and financial resources. *(Support the Mission)*

Current Conditions

*Land and buildings*

The total area of University owned land in Saint Paul is 705 acres. The use pattern is evenly distributed, about 25 percent each between research land, core campus, golf course, and other (housing, etc). Experimental research comprises close to 180 acres, and agriculture and animal support accounts for another 55 acres, approximately.

The Saint Paul campus consists of 4.2 million gross square feet of built space. Most of the campus buildings were constructed between 1950 and 1980, with minimal new construction since the early 2000s. Projected 10 year need for investment is $951 million. Approximately 59 percent of campus space is in poor or critical condition, the highest percentage of all University locations. Saint Paul has the worst FCNI of the system campuses and the rest of the Twin Cities campus.
Student, faculty, and staff population

Close to 20 percent of the total Twin Cities campus student population (9,000 of approximately 50,000 +/-) is enrolled in at least one course on the Saint Paul campus (fall 2017). Undergraduates take one to two classes on the campus per semester on average. The staff and faculty population located on the Saint Paul campus is 2,174 staff FTE, 520 faculty FTE.

Transportation and Connections

The Saint Paul campus is located approximately four miles from the East Bank. The travel time is equivalent to approximately 15 minutes from Pleasant Street to the Student Center on Buford Ave. Annually there are about 1.8 million transit trips between the East Bank, West Bank, and Saint Paul.

Outreach activity and destinations

Saint Paul is uniquely positioned to support outreach that has a broad impact across Minnesota. Influential K-12 Programs as well as extension learning are based in Saint Paul. Other cultural and scientific destinations are accessible to the general public as well.

- Bell Museum - Since opening, the Bell has attracted 1,000 visitors daily. Total attendance through August is approximately 50,000, roughly the total annual attendance in the old building. The museum has hosted 25 external events bringing 2,100 additional visitors to campus who otherwise would not have had a reason to visit.
- Vet Med Clinic - For more than a century, the College of Veterinary Medicine has served the community by providing care to large and small animals in Minnesota.
- Raptor Center - The Raptor Center reaches approximately 150,000 people annually through its unique public education programs and events.
- Soil Testing Lab and Plant Disease Clinics - Over 100 tests are available to government agencies, private companies, and the general public.
- Biological Sciences Conservatory - The conservatory is a biodiverse collection of plant species from around the world. It serves classes, researchers, and the surrounding community through making both plants and expertise available.
- Goldstein Museum of Design - A resource for teaching and research, and a public bridge connecting the College of Design to the community, with complex narratives of historic and contemporary design.
- Continuing Education and Conference Center - Serves more than 60,000 learners annually through conferences, professional development courses, and lifelong learning courses.
- Horticultural Science Display and Trial Garden - The garden serves many purposes. Classes utilize the space to practice plant identification, learn horticultural techniques, grow material for floral designs, and observe insects. Non-profit organizations use garden space for youth outreach, and student interns spend summers in the garden putting their classroom knowledge to use.
- Meat and Dairy Salesroom - Sells items that are produced during class and research projects to fund research and maintenance of the facilities.

Gap Analysis

The following list suggests facility needs that should be addressed in order to ensure Saint Paul's success. While population is not increasing significantly, the pervasiveness of deferred maintenance and the outdated nature of some of the current space limits some activity on the Saint Paul campus.
- Modern research lab space and interdisciplinary labs to replace obsolete space.
- Collaboration, meeting and interdisciplinary practice space to support expanded activity.
- Improved dining services for all campus users.
- Additional amenities for campus community and visitors (wayfinding, activities, office hoteling for visiting staff or faculty).
- Amenities that will inspire community to visit the campus.

Plan Concepts

The Saint Paul plan addresses landscape and buildings, in support of the mission statements noted above. The five components of the Strategic Facilities Plan structure are outlined below. These components define the form and function of the campus going forward.

1. North South Corridors

Three north-south circulation paths build upon existing street and landscape corridors that are found on the campus today. Each has its own character and primary function, defined below:

The community corridor connects the new Bell Museum (corner of Larpenteur Ave and Cleveland Ave) to the established core of the campus by means of improved sidewalks and the streetscape along Cleveland. Conceptually, it extends the positive landscape qualities of the “Lawn” to the south. It further connects with the Sarita Wetlands in the southeast corner of the campus with the intent of providing an organizational concept for the potential redevelopment of the Commonwealth Terrace site. It is primarily a low speed, low traffic pedestrian and bicycle focused corridor that neighbors the adjacent residential neighborhood of Saint Anthony Park.

The research corridor follows Gortner Ave extending from Larpenteur Aveune to Commonwealth Ave. This corridor connects research and clinical destinations such as the Leatherdale Equine Center, greenhouse facilities, crop research buildings, and veterinary medicine on the south. It is vehicular and used by many one-time visitors to campus. New gateway features and an enhanced streetscape are imagined along this corridor.

The alignment of the central academic corridor is informed by various components of the central open space structure and internal roadways of the campus. It consists of two parallel pedestrian routes and would provide better north to south pedestrian connectivity between the veterinary medicine complex on the south and research areas on Buford Circle. This set of pathways could be enhanced as an arts walk by including sculpture and amenities related to the mission of the Saint Paul Campus. The paths assume the ability to move north-to-south through the veterinary medicine complex and through the Magrath Library as future renovation.
projects occur. Interior reconfiguration of the buildings is proposed to accommodate circulation and to introduce new spaces in response to academic, research, and collaboration needs.

2. **East-West Civic Spine**

Buford Ave, the main east-west route at the midpoint of the campus, further reinforces the primary east-west access to the campus. As new projects such as a relocated and rebuilt student center, move-in of CEHD related units, and a renovated Continuing Education and Conference Center occur, the effect will be to target greater movement and activity along a primary corridor. Buford has all the attributes of a main street. It would be redesigned to enhance the pedestrian experience, magnify the activity and vibrancy of the site, and as the midpoint between activity to the south and north, it would also unify the campus. It connects the Cleveland Ave gateway to the Continuing Education complex on the east side of campus. It also is imagined as the key transit corridor through the campus with an enhanced transit node near the central spine (Magrath Library / McNeal Hall area.)

3. **Partnership Areas**

Northeast District Partnership: The area east of Gortner Ave, north of Buford Ave is reserved as a designated area for research-based partnerships. This is intended to provide land, supporting infrastructure, and services for program-specific facilities that meet University and private sector needs. The activity occurring in these facilities will be directly connected to the dominant themes of the Saint Paul campus (food, agriculture, water, and environment), be undertaken only with partners from the private or non-profit sectors, and avoid competing with ongoing East Bank initiatives. Prior planning identified several redevelopment sites which define a central open space where crop demonstration and research could take place. In addition to research partnership facilities, a parking garage is proposed at the northeast corner of Gortner and Buford. The garage is intended to serve the needs of the Northeast Quadrant, as well as the existing research facilities east of Gortner (to replace parking displaced by development in Upper Buford Circle.) Public facing facilities and functions are proposed for the ground floor and elevation of the garage to activate the corner of Gortner and Buford. Redevelopment of this district requires the relocation of animal teaching, field equipment storage, and seed processing facilities as well as the current home of the Minnesota Crop Improvement Association. More detailed scoping is required to be able to advance development of this area.

Commonwealth Terrace Mixed Use District: The area is identified as an opportunity for major redevelopment given the condition and low-density pattern of the existing buildings. The concept calls for redevelopment of the site with mixed-use facilities, including housing and, potentially, child care, office, and retail facilities as part of a public-private partnership (P3) arrangement. A P3 redevelopment would enable the University to replace the aging facilities of Commonwealth Terrace with third party funds while providing a range of new uses that would better serve the needs of students and those who work on the Saint Paul campus. It also has the potential to provide the University a source of revenue through the P3 financial agreement. The redevelopment opportunities are subject to future market and site planning studies in association with the private sector. Redevelopment, especially retail along Como Ave, would be coordinated with the City of Saint Paul and City of Falcon Heights comprehensive plans. Redevelopment of the site provides the opportunity to increase the population on the Saint Paul campus.
4. **Strategic Reinvestment (Addition, Demolition, Renovation)**

The plan framework combines building renewal and new construction as part of a coordinated approach to solving complex and complimentary space needs. It considers the highest and best use of each building as a primary organizing principle. Given the age of the building stock and poor condition of many facilities, it is vital that space solutions serve multiple departments and uses. The phasing of upgrades is intended to result in better space utilization, a more dynamic campus, and the capacity for growth within the existing buildings. This also requires space management across colleges and departments, an increase in the amount of centrally scheduled space, and coordination of investment in resources for research. The intended payoff is a more financially sustainable and strategically planned network of buildings and space.

5. **Leveraging Landscape**

The idea of leveraging the landscape of the Saint Paul campus is informed by the existing patterns of development and the potential for renovation and redevelopment. The circulation and open space structure also identifies sites that should not be developed.

Much of the land in Saint Paul has a direct relationship to teaching or research activity that begins in a research lab or classroom, and continues in the fields surrounding the Saint Paul campus buildings. Accordingly, agricultural research plots should be maintained for ongoing and future research purposes. These plots should be protected by endorsed land use policies, acknowledging the value of the land resulting from the soil and topographic conditions and that land is required to meet the mission-related research needs of most Saint Paul-based colleges.

A limited but important amount of land serves outreach activity (demonstration gardens, student gardens.) Other lands, such as the golf course, have an important function serving recreational users and acting as potential research sites. Relative to strategic support of the research mission, the golf course is less well-suited to crop based research, as the soil types and topography are challenging for crop production. For the future, the University may consider redevelopment of the golf course for land uses appropriate for the surrounding residential context.

Improved connectivity along the east-west paths are introduced from the upper levels of campus buildings, at Buford Circle, to better transition the topographic conditions between the research buildings west of Gortner Ave with those to the east, including the Cargill Building. The paths are imagined as meandering routes, with slopes of five percent or less, for use by all members of the campus community including the mobility impaired. This will better connect destinations and allow everyone to better appreciate the landscape of the campus.

**Implementation Steps**

A number of studies will need to be initiated in order to advance concepts referenced in the plan. Specific studies and their objectives are proposed below:

*Student center/library commons feasibility study*

- Define program for student center and library based on plan’s growth assumptions (minor increase only.)
- Assess strategy of combination of renovation and addition to Magrath Library and Learning and Environmental Sciences Building.
Northeast Partnership District positioning study

- Solicit interest from industry and other partners to develop dedicated facilities advancing shared research objectives.

Revisit enrollment management plans beyond 2024

- Incorporate long-term future enrollment planning with plan-driven assumptions of change through 2024.

Commonwealth Terrace market study

- Identify interest in private sector development.
- Determine economics and demand for married student and family housing on the Saint Paul campus.
- Define requirements to preserve Sarita Wetland as a teaching/research opportunity while integrating a portion of it as an amenity to the area.

Undergraduate housing options

- Build a living-learning pilot program for Saint Paul students in collaboration with Saint Paul-based colleges to improve links between undergraduate students and activities that occur in Saint Paul and enhance attractiveness of Bailey Hall.
- Maintain current population of undergraduate housing at Bailey Hall in the near-term horizon (through 2024).

Interdisciplinary academic research building definition

- Determine themes and principles for interdisciplinary research building.
- Evaluate impact on existing buildings and departments.

Integrate projects in alignment with long term Six Year Capital Plan, annual operating and capital budgets

- Place projects in plan sequence based on definition of project scope and development sequence.
Saint Paul Strategic Facilities Plan Update

Vice President Michael Berthelsen, University Services
Dean Brian Buhr, College of Food, Agricultural, and Natural Resource Sciences

Board of Regents Finance and Operations Committee

September 13, 2018

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS
World Class Services for a World Class University
Today’s Discussion

• Update
• Stakeholder Involvement and Participation
• Vision and Mission
• Changes to campus buildings and land
• Prepare for campus wide meetings
What drives the St Paul Strategic Facilities Plan?
Vision and Themes

- Land grant mission in an urban setting (Food, Agriculture, Environment, Education)
- Focused on interactions between managed lands, natural ecosystems and technology
- Building and inviting community engagement
- Advancing research partnerships
Link to Systemwide Strategic Plan

**Teaching and Learning: System Level Priority 1**
Deliver education across distinct campuses

**Research and Discovery: System Level Priority 1**
Build upon, enhance, and activate research
Protected Research Land and Open Space

- Research farm, forest, lawn, and water make up the landscape identity of campus.
- Areas shaded in maroon should not be developed.
Outreach Destinations

UMN Sites K-12 Field trips and Tours
1. Bell Museum and Planetarium
2. Campus Welcome Center
3. Horticultural Science Display and Trial Garden
4. Goldstein Museum of Design
5. Raptor Center

Other UMN Destinations
6. Bee Research Facility
7. CBS Conservatory
8. Dairy and Meat Sales – Andrew Boss Lab
9. Small Animal Clinic and Vet Hospital

Other Destinations
10. Gibbs Museum (Ramsey County Historical Society)
Change Zones

1. Buford Spine
2. Buford Circle
3. NE Partnership Quad
4. Veterinary Medicine and Hospital Zone
5. Commonwealth Terrace Co-op
1. Buford Civic Spine

- NE District Research Partnership
- Cont. Ed Expansion
- Student Commons
- Enhanced pedestrian space
- Multimodal road improvements
- Events Lawn

 Buford Civic Spine
The Lawn: Events and Outreach

Programming: Farm to Table

Outreach Pavilion alternatives
2. Buford Circle
3. NE Quadrant Partnership Development
4. Veterinary Medicine and Hospital Zone
5. Commonwealth Terrace Co-op

- Multiple housing types
- Mixed service and retail along Como Ave
- Enhanced Sarita Wetland
Stakeholder Engagement

• Stakeholder and campus communities (students, faculty, staff, governance groups) in September and October

• Production of final plan by December
Takeaways

Vision and Mission
The Saint Paul campus optimizes its land grand mission in an urban setting, organized around place-specific subject areas of food, agriculture, environment, and education.

Desired Outcomes for Saint Paul’s Future
• Increased vibrancy of student and campus experience
• Welcoming destination for lifelong learning opportunities
• Renewed connections across the State through outreach, extension, and collegiate efforts
• Targeted location for unique research and industry partnerships
AGENDA ITEM: Real Estate Transactions

☐ Review  ☒ Review + Action  ☐ Action  ☐ Discussion

☐ This is a report required by Board policy.

PRESENTERS: Michael Berthelsen, Vice President, University Services
Leslie Krueger, Assistant Vice President, Planning, Space, and Real Estate

PURPOSE & KEY POINTS

The purpose of this item is to act on the following real estate transaction:

A. Relocation of Sand Plain Research Farm and New 30-Year Lease, Becker, Minnesota

BACKGROUND INFORMATION

Board of Regents Policy: Reservation and Delegation of Authority states that “the Board reserves to itself authority to approve the purchase or sale of real property (a) with a value greater than $1,000,000; (b) located on or within 2 miles of a University campus; or (c) larger than ten (10) acres,” and “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 $1,000,000.”

At the May 2018 meeting, the committee reviewed the relocation of the Sand Plain Research Farm and the new 30-year lease with Xcel Energy in Becker, Minnesota. The new lease initial term is 30 years, with three successive 10-year extension options thereafter. If exercised, the lease term could be extended until February 28, 2078. The lease will include construction of new operation facilities and supporting infrastructure at the new site. The University will pay the cost of the leasehold improvements incurred. This will include costs incurred by Xcel, not to exceed $2,500,000, as well as costs for irrigation equipment and fencing incurred by the University, estimated at $1,400,000.

PRESIDENT’S RECOMMENDATION

The President recommends approval of the lease, associated leasehold improvements, and relocation of the Sand Plain Research Farm as presented.
RELOCATION OF SAND PLAIN RESEARCH FARM
AND NEW 30 YEAR LEASE
(BECKER, MN)

1. Recommended Action

The President recommends that the appropriate administrative officers receive authorization to execute a 30-year lease for agricultural land which will include construction of new operations facilities and supporting infrastructure.

2. Description of Leased Premises

The Leased Prems for the Sand Plain Research Farm, which is managed by the College of Food, Agricultural, and Natural Resource Sciences (CFANS), consists of approximately 400 acres of agricultural land located on 157th Street SE in Becker, MN.

3. Basis for Request

Since 1972 the University has leased approximately 280 acres in Becker, MN from Northern States Power Company (d.b.a. Xcel Energy) for the Sand Plain Research Farm. Its primary mission at the site is to conduct research on agronomic and horticultural crops under both irrigated and non-irrigated conditions. The previous lease was terminated by Xcel Energy in order to market the property for sale for future development. Upon termination of the Lease, Xcel Energy made approximately 400 acres of agricultural land available for lease to the University approximately 3 miles south of the current location.

4. Details of Transaction

The new lease initial term is thirty (30) years, with three (3) successive ten (10) year extension options thereafter which if exercised could extend the lease term until February 28, 2078. The lease will include construction of new operation facilities and supporting infrastructure at the new site. Xcel Energy will execute the agreement/s for the design and construction of the new facilities, planned to include 3 buildings, wells and septic system, potential grain dryer with bins, and interior farm roads and the University will pay the cost of the leasehold improvements incurred plus a fee to Capital Project Management for oversight of the project to ensure the new facilities and infrastructure are designed to meet the University’s needs and constructed as designed. The University will procure and manage the installation of irrigation infrastructure and wildlife protection fencing. The University will own and insure the leasehold improvements and shall be responsible for all costs associated with the operations of the research farm.

5. Lease Costs

<table>
<thead>
<tr>
<th>Period</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current - 2/28/2020</td>
<td>$0 (Rent Waived)</td>
</tr>
<tr>
<td>3/1/2020 - 2/28/2025</td>
<td>$10/Acre ($4,000) on an annual basis</td>
</tr>
<tr>
<td>3/1/2025 - 2/28/2030</td>
<td>$20/Acre ($8,000) on an annual basis</td>
</tr>
<tr>
<td>3/1/2030 - end of term</td>
<td>$30/Acre ($12,000) on an annual basis</td>
</tr>
</tbody>
</table>
The University will pay the cost of the leasehold improvements incurred. This will include cost incurred by Xcel, not to exceed $2,500,000, as well as cost for irrigation equipment and fencing incurred by the University, estimated at $1,400,000.

Ongoing annual operating costs are estimated at $12,500.00 per year.

6. Source of Funds

CFANS will fund the cost of the initial improvements and the funding for ongoing rent and operational costs will be from the research farm’s operational budget and researcher user fees.

7. Recommendations

The above-described real estate transaction is appropriate:

Karen Hanson, Executive Vice President and Provost

Brian D. Burnett, Senior Vice President - Finance and Operations
30 Year Lease
Sand Plain Research Farm
Becker, Sherburne County

Old Location:
Approx. 280 Acres

New Location:
Approx. 400 Acres

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
MnDOT, MnDNR
4/3/2018

0 3,000 Feet

N
AGENDA ITEM: Capital Budget Amendment: Mass Spectrometer Renovation – Cancer-Cardio Research Building (Twin Cities campus)

X Review ☐ Review + Action ☐ Action ☐ Discussion

☐ This is a report required by Board policy.

PRESENTERS: Bruce Gritters, Assistant Vice President, Capital Project Management
Jakub Tolar, Vice President for Clinical Affairs & Dean, Medical School

PURPOSE & KEY POINTS

The purpose of this item is to review an amendment to the FY 2019 Annual Capital Improvement Budget for the following project:

- Mass Spectrometer Renovation – Cancer and Cardio Research Building (Twin Cities campus)

A project data sheet is included in the docket materials and addresses the basis for request, project scope, cost estimate, funding, and schedule for this project. A site map locating the project on the Twin Cities campus is also included.

BACKGROUND INFORMATION

This project converts 3,415 square feet of underutilized space for mass spectrometers and support space. The Cancer and Cardio Research Building has an immediate need to locate a new mass spectrometer, and plans to install eight additional mass spectrometers in the near future. Shared office space for five staff will be renovated. Additionally, the current commercial kitchen in the building is underutilized and will be renovated into a freezer farm for the building.

PRESIDENT’S RECOMMENDATION

The President recommends approval of an amendment to the FY 2019 Annual Capital Improvement Budget for the project listed below and of the appropriate administrative officers proceeding with the construction for this project:

- Mass Spectrometer Renovation – Cancer and Cardio Research Building (Twin Cities campus)
1. **Basis for Project:**

   This project converts underutilized space within the Cancer and Cardiovascular Research Building (CCRB) for additional mass spectrometers and freezer farm storage.

   Research at the Cancer and Cardiovascular Research Building has continued to expand since it first opened in 2013, and the use of mass spectrometers has grown in demand; new grants have accelerated this demand as well. The current space dedicated to mass spectrometers has reached its maximum capacity. In order to facilitate new and ongoing research, this mass spectrometer room needs to expand by 6 to 8 stations.

2. **Scope of Project:**

   This project converts 3,415 SF of underutilized space for mass spectrometers and support. CCRB has an immediate need to locate a new mass spectrometer, and plans to install 8 additional mass spectrometers in the near future. Shared office space for five staff will be renovated. Additionally, the current commercial kitchen in the building is underutilized and will be renovated into a freezer farm for the building.

3. **Master Plan:**

   The project is in compliance with the Twin Cities Campus Master Plan dated March 2009.

4. **Environmental Issues:**

   This project has no anticipated environmental issues.

5. **Cost Estimate:**

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Cost</td>
<td>$ 921,000</td>
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<tr>
<td>Non-Construction Cost</td>
<td>312,000</td>
</tr>
<tr>
<td>Equipment Cost (Mass Spectrometer Unit)</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Total Project Cost</td>
<td>$ 2,233,000</td>
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</table>

6. **Capital Funding:**

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Masonic Cancer Center</td>
<td>$ 2,233,000</td>
</tr>
</tbody>
</table>

   Total Capital Funding $ 2,233,000

7. **Capital Budget Approvals:**

   This project was listed as a Potential Addition on the 2019 Annual Capital Budget, as project scope determination was still underway. Therefore, a Capital Budget Amendment is requested so the project may proceed.
8. **Annual Operating and Maintenance Cost:**
   The anticipated operating cost for the renovated space is $13.49 / SF (unchanged.)

9. **Time Schedule:**
   - Proposed Design Completion: October 2018
   - Proposed Substantial Completion: February 2019

10. **Project Team:**
    - Architect: BWBR Architects
    - General Contractor: TBD

11. **Recommendation:**
    The above described project scope of work, cost, funding, and schedule is appropriate:

    [Signature]
    Jakub Tolar, Vice President for Clinical Affairs and Dean

    [Signature]
    Brian D. Burnett, Senior Vice President for Finance and Operations
Mass Spectrometer Renovation
Cancer-Cardio Research Building
Twin Cities Campus

Assistant Vice President Bruce Gritters
Vice President Jakub Tolar

Board of Regents Finance and Operations Committee

13 September 2018

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS
World Class Services for a World Class University
Convert underutilized space

• Renovation to accommodate mass spectrometer and associated equipment
• Renovation to accommodate eight future mass spectrometer stations
• Converting kitchen space into a freezer room
Converting space to facilitate research

CCRB Level One

Plan Detail
Converting space to facilitate research
Masonic Cancer funding makes this a reality

- **Cost Estimate**
  - Construction $921,000
  - Non-Construction 312,000
  - Equipment (Mass Spec) 1,000,000
  - Total $2,233,000

- **Capital Funding**
  - Masonic Cancer Center $2,233,000

- **Project Schedule**
  - Design October 2018
  - Occupancy February 2019

- **Annual Operating Costs**
  - Renovated space: $13.49 / SF (unchanged)
AGENDA ITEM: Capital Budget Amendment: HVAC Upgrade/Refrigerant Replacement – Sports and Health Center (Duluth campus)

[ ] Review [ ] Review + Action [ ] Action [ ] Discussion

This is a report required by Board policy.

PRESENTERS:
Bruce Gritters, Assistant Vice President, Capital Project Management
Stephen Keto, Vice Chancellor for Finance and Operations, University of Minnesota Duluth

PURPOSE & KEY POINTS

The purpose of this item is to review an amendment to the FY 2019 Annual Capital Improvement Budget for the following project:

- HVAC Upgrade/Refrigerant Replacement – Sports and Health Center (Duluth campus)

A project data sheet is included in the docket materials and addresses the basis for request, project scope, cost estimate, funding, and schedule for this project. A site map locating the project on the Duluth campus is also included.

BACKGROUND INFORMATION

This project consists of removal and replacement of the existing HVAC system and all structural modifications required to accommodate the new air handling equipment. In addition, with the production of R-22 coolant coming to an end in 2020, the University will replace the existing refrigeration system for the ice rink.

PRESIDENT'S RECOMMENDATION

The President recommends approval of an amendment to the FY 2019 Annual Capital Improvement Budget for the project listed below and of the appropriate administrative officers proceeding with the construction for this project:

- HVAC Upgrade/Refrigerant Replacement – Sports and Health Center (Duluth campus)
Capital Budget Amendment: HVAC Upgrade and Refrigerant Replacement
Sports and Health Center Ice Rink
Duluth Campus
Project No. 03-521-18-1718

1. **Basis for Request:**
The existing heating, ventilation, and air conditioning system (HVAC) in the ice rink area of Sports and Health Center building is inadequate to support the space and its current use. The result of this was significant mold growth in the building structure and ceiling areas of the space. The ice rink has since been closed down, the mold abated, and the space repainted. The elevated running track has now been reopened but the ice can’t be reinstalled until the HVAC system is upgraded to prevent recurrence of mold due to high humidity.

A Capital Budget Amendment for this project is requested so that the HVAC upgrade project may proceed in conjunction with the ice refrigerant replacement, as additional funding has now been identified. The Ice Rink Refrigerant Replacement portion of this project was originally included in the FY2019 Capital Budget at $1,200,000 while efforts continued to identify funding for the HVAC upgrade.

2. **Scope of Project:**
The project consists of removal and replacement of the existing HVAC system and all structural modifications required to accommodate the new air handling equipment. In addition, with the production of R-22 coming to an end in 2020, the University will replace the existing refrigeration system for the ice rink.

3. **Master Plan or Precinct/District Plan:**
This project is in compliance with the UMD Master Plan.

4. **Environmental Issues:**
All existing mold has been abated from the space. Any asbestos or lead encountered during construction will be abated as needed during the construction project.

5. **Cost Estimate:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Cost</td>
<td>$3,200,000</td>
</tr>
<tr>
<td>Non Construction Cost</td>
<td>$400,000</td>
</tr>
<tr>
<td><strong>Total Project Cost</strong></td>
<td><strong>$3,600,000</strong></td>
</tr>
</tbody>
</table>

6. **Capital Funding:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>UMD funds</td>
<td>$1,200,000</td>
</tr>
<tr>
<td>University Debt</td>
<td>2,400,000</td>
</tr>
<tr>
<td><strong>Total Capital Funding</strong></td>
<td><strong>$3,600,000</strong></td>
</tr>
</tbody>
</table>
7. Capital Budget Approvals:

The Ice Rink Refrigerant Replacement portion of this project was originally included in the FY2019 Capital Budget at $1,200,000 while efforts continued to identify funding for the HVAC upgrade.

Since that time, additional funding has been identified to address the HVAC upgrade. A Capital Budget Amendment for this project is requested so that the project may proceed.

8. Schedule:

- Proposed Design Completion (HVAC Upgrade) Complete December 2018
- Proposed Design Completion (Refrigerant) July 2019
- Proposed Construction Completion

9. Project Team

- Design Firm: Dunham and Associates
- Contractor: TBD

10. Recommendation:

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

[Signatures]

Lendley Black, Chancellor - University of Minnesota Duluth

Brian Burnett, Senior Vice President for Finance and Operations
HVAC Upgrade / Refrigerant Replacement
Sports and Health Center Ice Rink
Duluth Campus

Assistant Vice President Bruce Gritters
Vice Chancellor Steve Keto

Board of Regents Finance and Operations Committee

13 September 2018

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS
World Class Services for a World Class University
Returning the UMD Ice Rink to full use
HVAC Improvements

• Removal and replacement of the existing HVAC physical system
• Replacement of the existing ice rink refrigeration system, for environmental benefit
Funding and Schedule

• Cost Estimate
  Construction $3,200,000
  Non Construction 400,000
  Total Project: $3,600,000

• Capital Funding
  UMD funds $1,200,000
  University Debt 2,400,000
  Total Funding: $3,600,000

• Project Schedule
  HVAC Upgrade: Design Complete
  Refrigerant Design: Dec 2018
  Construction Complete: July 2019
AGENDA ITEM: Consent Report – REVISED

☐ Review  ☒ Review + Action  ☐ Action  ☐ Discussion

☐ This is a report required by Board policy.

PRESENTERS: Brian D. Burnett, Senior Vice President

PURPOSE & KEY POINTS

General Contingency

The purpose of this item is to seek approval for allocations from General Contingency greater than $250,000. There are no items requiring approval this period.

Purchase of Goods and Services $1,000,000 and Over

The purpose of this item is to seek approval for purchases of goods and services of $1,000,000 and over.

- To Illumina, Inc. for $16,000,000 for manufacturer reagents and instrumentation service agreements as needed for the Genomics Department core facility, the University of Minnesota Genomics Center for the period of September 14, 2018 through September 13, 2021. The reagents from Illumina will be purchased with departmental funds. As an ISO, the University of Minnesota Genomics Center will order reagents as needed for expression, genotyping, and next-generation sequencing projects provided to University researchers. See enclosed documentation for basis of supplier selection.

- To Siemens Medical Solutions USA, Inc. for $1,195,000 for the 10.5T MRI Scanner Hardware and Software, for the Center for Magnetic Resonance Research (CMRR), Department of Radiology. The total purchase price amount of $1,195,000 will be paid for from the Office of the Vice President for Research Grant ($497,500) and CMRR ($697,500) and has been included in long-term financial projections for CMRR and the Department of Radiology. See enclosed documentation for basis of supplier selection.

- To Siemens Medical Solutions USA, Inc. for $1,102,140 for the renewal of the existing service contract on the Magnetom 7T MRI Scanner, for the CMRR, Department of Radiology. The current financial model that supports the profitable operation of the Magnetom 7T MRI Scanner includes the existing service contract of $220,428. The long-term five-year financial projections for this equipment with the costs of this new service contract will fully support this renewal and all ongoing operations. See enclosed documentation for basis of supplier selection.
Schematic Designs

The purpose of this item is review and action on schematic designs for the following project:

- Moos Tower 2nd Floor Cancer Center Lab Expansion (Twin Cities campus)

A project data sheet is included in the docket and addresses the basis for request, project scope, cost estimate, funding, and schedule for this project. A map locating the project on the Twin Cities campus is also included.

Schematic Designs – TENTATIVE

The purpose of this item is review and action on schematic designs for the following project:

- Mass Spectrometer Room Expansion, Cancer and Cardiovascular Research Building (Twin Cities Campus)

Approval of this project as both a capital budget amendment and schematic design during the September Board of Regents meeting will help Capital Project Management quickly serve the needs of the Masonic Cancer Center. The Capital Oversight Group (COG) has reviewed and approved this request.

Capital Project Management would like to continue with design on the Cancer and Cardiovascular Research Building (CCRB) Mass Spectrometer project in order to begin construction as soon as possible (possibly in October 2018). Newly hired research staff, as well as grants, have accelerated the demand and timeline for the Masonic Cancer Center to renovate the space. In the short term, staff are at risk of missing research deadlines, have new mass spectrometer equipment on order, and are running out of bench space. They have completed short-term installs where possible, but they need the space built quickly for long-term solutions. In addition to this immediate need for one mass spectrometer, future plans include the addition of up to eight additional mass spectrometers in the developed space.

The CCRB project surpasses the Board threshold of $1,000,000 dollars due to equipment cost and room renovation. At the time of submission of the Capital Budget Amendment as an agenda item for September presentation to the Board, it was unclear that this project would require Schematic Design review due to the nature of the project and the cost of the room renovation.

A project data sheet is included in the docket and addresses the basis for request, project scope, cost estimate, funding, and schedule for this project. A map locating the project on the Twin Cities campus is also included.

University Village Acquisition Entity

The purpose of this item is review and action of a new entity regarding the acquisition of the University Village property. Information on the entity is included in the docket materials.

Employment Agreement

The purpose of this item is to seek approval for the following employment agreement:

- Dr. Michael Goh as Vice President for Equity and Diversity
BACKGROUND INFORMATION

Approvals are sought in compliance with Board of Regents policy as follows:

- Purchase of Goods and Services $1,000,000 and Over: Reservation and Delegation of Authority, Article I, Section VII, Subd. 6.
- Schematic Designs: Reservation and Delegation of Authority, Article I, Section VIII, Subd. 9.
- New Entity: Reservation and Delegation of Authority, Article I, Section XII.
- Employment agreements: Reservation and Delegation of Authority, Article I, Section IV, Subd. 1.

PRESIDENT’S RECOMMENDATION

The President recommends approval of the Consent Report.
AGENDA ITEM: Consent Report

☐ Review  ☑ Review + Action  ☐ Action  ☐ Discussion

☐ This is a report required by Board policy.

PRESENTERS: Brian D. Burnett, Senior Vice President

PURPOSE & KEY POINTS

General Contingency

The purpose of this item is to seek approval for allocations from General Contingency greater than $250,000. There are no items requiring approval this period.

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Capital Project Management would like to continue with design on the Cancer and Cardiovascular Research Building (CCRB) Mass Spectrometer project in order to begin construction as soon as possible (possibly in October 2018). Newly hired research staff, as well as grants, have accelerated the demand and timeline for the Masonic Cancer Center to renovate the space. In the short term, staff are at risk of missing research deadlines, have new mass spectrometer equipment on order, and are running out of bench space. They have completed short-term installs where possible, but they need the space built quickly for long-term solutions. In addition to this immediate need for one mass spectrometer, future plans include the addition of up to eight additional mass spectrometers in the developed space.

The CCRB project surpasses the Board threshold of $1,000,000 dollars due to equipment cost and room renovation. At the time of submission of the Capital Budget Amendment as an agenda item for September presentation to the Board, it was unclear that this project would require Schematic Design review due to the nature of the project and the cost of the room renovation.

A project data sheet is included in the docket and addresses the basis for request, project scope, cost estimate, funding, and schedule for this project. A map locating the project on the Twin Cities campus is also included.

University Village Acquisition Entity

The purpose of this item is review and action of a new entity regarding the acquisition of the University Village property. Information on the entity is included in the docket materials.

BACKGROUND INFORMATION

Approvals are sought in compliance with Board of Regents policy as follows:

- Purchase of Goods and Services $1,000,000 and Over: Reservation and Delegation of Authority, Article I, Section VII, Subd. 6.

New Entity: *Reservation and Delegation of Authority*, Article I, Section XII.

**PRESIDENT’S RECOMMENDATION**

The President recommends approval of the Consent Report.
### General Contingency

**Fiscal Year 2018 - FINAL**
(7/1/2017-6/30/2018)

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Amount</th>
<th>Balance</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18 General Contingency</td>
<td>1,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carryforward from FY17 to FY18</td>
<td>265,213</td>
<td>1,265,213</td>
<td>Reversal of FY17 duplicate transfer, not posted until after FY17 carryforward calculated</td>
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<td>Balance Adjustment</td>
<td>350,000</td>
<td>1,615,213</td>
<td>Enhance security perimeter and screening at TCF Bank Stadium</td>
</tr>
<tr>
<td>Intercollegiate Athletics</td>
<td>(150,000)</td>
<td>1,465,213</td>
<td>Support for painting and structural repair of Radio K transmitting tower</td>
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<tr>
<td>CPPM</td>
<td>(163,000)</td>
<td>1,302,213</td>
<td>Return of unused funds from NCROC boiler replacement</td>
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<tr>
<td>CPPM</td>
<td>544</td>
<td>1,302,756</td>
<td>Return of unused funds from NCROC Forest Biology Boiler Replacement</td>
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<td>CPPM</td>
<td>20,377</td>
<td>1,323,133</td>
<td>St Paul Campus Planning Study (Initial Funding)</td>
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<td>CPPM</td>
<td>(150,000)</td>
<td>1,173,133</td>
<td>Support Glensheen storm damage repair</td>
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<tr>
<td><strong>New items final FY18 reporting period:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OGC</td>
<td>(132,550)</td>
<td>975,472</td>
<td>Support consultant costs (1/3) related to negotiations with Children's on Kaufman Hall</td>
</tr>
<tr>
<td>FM</td>
<td>(62,262)</td>
<td>913,210</td>
<td>Support Eastcliff repairs including fence, exterior wall paint, terrace doors, pedestrian light, condensate plug.</td>
</tr>
<tr>
<td><strong>FY18 Ending Balance</strong></td>
<td></td>
<td>913,210</td>
<td></td>
</tr>
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</table>

**Fiscal Year 2019**
(7/1/2018-6/30/2019)

<table>
<thead>
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<th>Balance</th>
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</thead>
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<td>FY19 General Contingency</td>
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<td></td>
</tr>
<tr>
<td>Carryforward from FY18 to FY19</td>
<td>913,210</td>
<td>1,913,210</td>
<td></td>
</tr>
<tr>
<td><strong>New items this reporting period:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>n/a</td>
<td></td>
<td>1,913,210</td>
<td></td>
</tr>
<tr>
<td><strong>Current Balance</strong></td>
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<td>1,913,210</td>
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</tr>
</tbody>
</table>

* Items $250,000 or more Subject to Board approval.
Purchase of Goods and Services $1,000,000 and over

To Illumina, Inc. for $16,000,000 for manufacturer reagents and instrumentation service agreements as needed for the Genomics Department core facility, the University of Minnesota Genomics Center (UMGC) for the period of September 14, 2018 through September 13, 2021.

Due to the increase in expression, genotyping, and next-generation sequencing projects provided by the UMGC, a quote with negotiated pricing has been obtained from Illumina. Manufacturer specific reagents are needed to process samples using Illumina’s NovaSeq, NextSeq, HiSeq2500, MiSeq, iSeq, iScan, Autoloader, cBot, and Tecan instruments. To provide consistent results and maintain manufacturer warranty, the instruments require reagents manufactured solely by Illumina.

The reagents from Illumina will be purchased with departmental funds. As an ISO, the University of Minnesota Genomics Center will order reagents as needed for expression, genotyping, and next-generation sequencing projects provided to University researchers.

Submitted by: Karina Bunjer Sartorio, General Operations Manager
University of Minnesota Genomics Center
MMC 613 Mayo
420 Delaware Street SE
Minneapolis, MN 55455
Phone (612) 626-5341
FAX (612) 626-8232

Approval for this item requested by:

\[\text{TO \ Author}

\text{VP or Exec. VP Signature} \quad \text{17\text{\text{-}\text{Aug}}\text{-18}}

\text{Date}
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because the University of Minnesota Genomics Center (UMGC) requires reagents from Illumina for Illumina’s NovaSeq, NextSeq, HiSeq2500, MiSeq, iSeq, iScan, Autoloader, cBot, and Tecan instruments to provide consistent research results for the University of Minnesota researchers.

Prices or discounts for this request are reasonable and represent a good value to the University of Minnesota. This judgment is based on discounts negotiated with Illumina for all reagents. Discounts are 13% from Academic Research Pricing.

The Director of Purchasing and the University Controller concluded that the process used resulted in a fair and reasonable price to the University.
Purchase of Goods and Services over $1,000,000

To Siemens Medical Solutions USA, Inc. for $1,195,000 for the 10.5T MRI Scanner Hardware and Software, for the Center for Magnetic Resonance Research, Department of Radiology.

The Center for Magnetic Resonance Research (CMRR), as part of the Department of Radiology, is requesting approval to upgrade the 10.5T MRI Scanner Hardware and Software to achieve New Imaging Capabilities in a 10.5 Tesla MR scanner.

Magnetic resonance techniques play an indispensable role in biomedical research. Access to this technology is provided for the entire University of Minnesota community by CMRR through its unique instrumentation and expertise. This request is for significantly improving the imaging capabilities and the usability of the most advanced MRI system recently established in CMRR, the 10.5 Tesla scanner, the highest available magnetic field for human imaging. Currently, the electronics of this system developed about a decade ago is inferior to the current technology. This upgrade will enable new and unique measurement capabilities (such as 128 receive channels) and significantly improve the usability through better hardware integration and software. This upgrade is critical to enable CMRR investigators to exploit the advantages of this unique scanner in research and funding opportunities, plus enabling increased access by a large community of UMN researchers.

The total purchase price amount of $1,195,000 will be paid for from the OVPR Grant ($497,500) and CMRR ($697,500); has been included in long-term financial projections for CMRR and the Department of Radiology.

Submitted by: Michael McDaniel, CMRR/CCIR Operations Director
2021 6th Street SE, MPLS Campus
Phone: (612) 625-5539
Email: mcdn042@umn.edu

Approval for this item requested by:

[Signature]
Dean, Medical School
Vice President for Clinical Affairs

[Signature]
Date 8/23/19
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because the 10.5T Siemens Magnetom Scanner is a one-of-a-kind MRI Scanner. The Regents approved the purchase of this MRI Scanner in 2009 as part of the CMRR Expansion. Siemens built this 10.5T MRI Scanner specifically for UMN, and it is the only 10.5T MRI Scanner in the world (highest imaging resolution capabilities); and thus only Siemens can provide this upgrade.

The quoted price from Siemens Medical Solutions, USA was negotiated based upon the specific requirements for how we will be using the system, as well as the bundled packages and existing past purchasing relationship that CMRR has had with Siemens Medical Solutions, USA.

The Director of Purchasing and the University Controller concluded that the process used resulted in a fair and reasonable price to the University.
Purchase of Goods and Services over $1,000,000

To Siemens Medical Solutions USA, Inc. for $1,102,140 for the renewal of the existing service contract on the Magnetom 7T MRI Scanner, for the Center for Magnetic Resonance Research, Department of Radiology.

The Center for Magnetic Resonance Research (CMRR), as part of the Department of Radiology, is requesting approval to renew its existing service contract on the Siemens Magnetom 7T MRI Scanner. The Siemens Magnetom 7T MRI Scanner was originally approved for purchase by the Board of Regents in 2009, and since then it has continued to support MR research throughout the University and is an invaluable resource to numerous ongoing research projects. The current service agreement runs through 10/31/18, and this renewal is for 5 years (through 10/31/23). A service agreement is required as part of the operation of the MRI Scanner, and must be purchased through the vendor of the scanner, Siemens Medical Solutions USA, Inc. The annual cost for this service agreement is $220,428, and the subsequent five year service contract totals $1,102,140 over 5 years. Please note that the annual cost is decreasing with this renewal by $14,385 (6%), as the current annual cost for this system and subsequent injectors was $234,813.

The renewal of the Magnetom 7T MRI Scanner service contract will directly benefit the current researchers and collaborators that rely on its use daily. On average, the 7T MRI Scanner is used 1,500 hrs annually. These range in modality from whole body, brain, and MSK Scanning; and are crucial to ongoing interdisciplinary projects from the Departments of Radiology, Neuroscience, Psychiatry, Psychology, Orthopedic Surgery, and Neurosurgery here at UMN. This scanner is also crucial to the ongoing research infrastructure for (3) Center wide NIH Grants (P30), (P41), and (P50). The approval to renew the service contract is necessary to continue operation of the scanner.

The current financial model that supports the profitable operation of the Magnetom 7T MRI Scanner currently pays for the existing service contract of $220,428. The long-term five-year financial projections for this equipment with the incurred costs of this service contract, which will decrease $14,385 annually, will fully support this renewal and all ongoing operations.

Submitted by: Michael McDaniel, CMRR/CCIR Operations Director
2021 6th Street SE, MPLS Campus
Phone: (612) 625-5539
Email: mcdan042@umn.edu

Approval for this item requested by:

[Signature]
Dean, Medical School
Vice President for Clinical Affairs

[Signature]
Date
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because of the need to renew the existing service contract that has been in place with Siemens since 2013 (following a one-year warranty period after the original purchase of the 7T Magnetom MRI Scanner in 2009 (installed in 2012). The need to renew the existing service agreement with the vendor, Siemens Medical Solutions USA, Inc., relates to the requirement to have the vendor service the scanner once installed. The existence of a service agreement lowers overall costs and streamlines any upgrades or repairs, as they are needed because they are covered within the agreement.

The quoted price from Siemens Medical Solutions, USA was negotiated based upon the specific requirements for how we will be using the system, as well as the bundled packages and existing past purchasing relationship that CMRR has had with Siemens Medical Solutions, USA. A reduction of $14,385 annually was given to CMRR for this five-year renewal.

The Director of Purchasing and the University Controller concluded that the process used resulted in a fair and reasonable price to the University.
Schematic Design: 2nd Floor Cancer Center Lab Expansion
Moos Tower
Twin Cities Campus
Project No. 01-142-18-1628

1. Basis for Project:
   This project will repurpose existing Moos Tower 2nd Floor lab space to allow four new
   Principal Investigators and staff to occupy the space for the Masonic Cancer Center, with
   utilization of Minnesota Masonic Charities grant funding for the project.

2. Scope of Project:
   The project renovates 12,000 gross square feet of existing lab space, including the
   extension of walls to structure and modifications to HVAC systems to accommodate BSL2
   lab practices. Additional upgrades to mechanical and electrical systems as required for lab
   equipment, energy efficiency and code will be provided. Lab finish upgrades include
   painting, ceilings, and flooring.

   This project will utilize a Design/Bid/Build delivery method.

3. Master Plan:
   The project is in compliance with the Twin Cities Campus Master Plan dated March 2009.

4. Environmental Issues:
   The design team has identified remediation costs include hazardous material removal within
   the renovated areas, including: asbestos-containing ceiling tile, floor tile, fireproofing,
   insulation, mastics, and putties. The project budget accounts for this remediation as
   currently identified.

5. Cost Estimate:
   Construction Cost $3,095,000
   Non-Construction Cost $1,408,000
   Total Project Cost $4,503,000

6. Capital Funding:
   Minnesota Masonic Charities $4,503,000
   Total Capital Funding $4,503,000

7. Capital Budget Approvals:
   This project was approved in the FY2019 Annual Capital Budget.

8. Annual Operating and Maintenance Cost:
   This project will have no change to current operating and maintenance costs for this project.
9. **Time Schedule:**
   - Proposed Design Completion: December, 2018
   - Proposed Substantial Completion: May, 2019

10. **Project Team:**
    - Architect: Alliance
    - Contractor: TBD

11. **Recommendation:**
    The above described project scope of work, cost, funding, and schedule is appropriate:

    [Signature]
    Jakub Tolar, Vice President for Clinical Affairs and Dean

    [Signature]
    Brian D. Burnett, Senior Vice President for Finance and Operations
PROPOSED DESIGN

MOOS TOWER 2ND FLOOR CANCER CENTER LAB EXPANSION
Project No. 01-142-18-1628

09.13.2018
Schematic Design: Mass Spectrometer Renovation
Cancer-Cardio Research Building
Twin Cities Campus, East Bank
Project No. 01-153-18-1630

1. **Basis for Project:**

   This project converts underutilized space within the Cancer and Cardiovascular Research Building (CCRB) for additional mass spectrometers and freezer farm storage.

   Research at the Cancer and Cardiovascular Research Building has continued to expand since it first opened in 2013, and the use of mass spectrometers has grown in demand; new grants have accelerated this demand as well. The current space dedicated to mass spectrometers has reached its maximum capacity. In order to facilitate new and ongoing research, this mass spectrometer room needs to expand by 6 to 8 stations.

2. **Scope of Project:**

   This project converts 3,415 SF of underutilized space for mass spectrometers and support. CCRB has an immediate need to locate a new mass spectrometer, and plans to install 8 additional mass spectrometers in the near future. Shared office space for five staff will be renovated. Additionally, the current commercial kitchen in the building is underutilized and will be renovated into a freezer farm for the building.

3. **Master Plan:**

   The project is in compliance with the Twin Cities Campus Master Plan dated March 2009.

4. **Environmental Issues:**

   This project has no anticipated environmental issues.

5. **Cost Estimate:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
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</thead>
<tbody>
<tr>
<td>Construction Cost</td>
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<tr>
<td>Non-Construction Cost</td>
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<tr>
<td>Equipment Cost (Mass Spectrometer Unit)</td>
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<tr>
<td>Total Project Cost</td>
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</tbody>
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6. **Capital Funding:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Masonic Cancer Center</td>
<td>$2,233,000</td>
</tr>
</tbody>
</table>

   Total Capital Funding   $2,233,000

7. **Capital Budget Approvals:**

   This project was listed as a Potential Addition on the 2019 Annual Capital Budget, as project scope determination was still underway. Therefore, a Capital Budget Amendment is requested so the project may proceed.
8. Annual Operating and Maintenance Cost:
   The anticipated operating cost for the renovated space is $13.49 / SF (unchanged.)

9. Time Schedule:
   Proposed Design Completion: October 2018
   Proposed Substantial Completion: February 2019

10. Project Team:
    Architect: BWBR Architects
    General Contractor: TBD

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

    Jakub Tolar, Vice President for Clinical Affairs and Dean

    Brian D. Burnett, Senior Vice President for Finance and Operations
PROPOSED DESIGN MODIFICATIONS
University Village Acquisition Entity

In accordance with Board of Regents Policy: Reservation and Delegation of Authority, review and approve the creation of a private entity to acquire, improve and operate as an investment certain property at 2515 University Avenue SE, Minneapolis.

Background

University Village (the “Parcel”) consists of 4.27 acres on the east side of the Minneapolis campus, at 2515 University Avenue in Minneapolis. It comprises 199 residential apartments, 24,161 square feet of retail space and a 275-stall garage. The Parcel is now exempt from real estate property taxes. Wedum University Village, LLC (“Wedum”) owns the Parcel.

In early 2018, Wedum agreed to sell the Parcel for $43 million to 2407 University Avenue LLC, a for-profit joint venture (“2407 LLC”) between the University and United Properties Investment LLC (“UPI”). Since 2013, 2407 LLC has owned and operated improved commercial property at 2407-2425 University Avenue SE in Minneapolis.

The University is conducting thorough and customary due diligence of the transaction, including an investigation of the seller’s rights and the condition of the Parcel. The purchase agreement contemplates a closing no later than November 12, 2018. The sale, however, may not close if the University is not satisfied with the results of the due diligence investigations.

The purchase agreement is assignable to the University or to an entity to be formed by the University.

The Desirability of Acquiring the Parcel

The University has strategic interests in acquiring the Parcel. The Parcel is immediately adjacent to the Minneapolis campus. Importantly, it is near the innovation center planned for the area. In addition to the University’s spatial interests, the apartments on the Parcel support the University’s interest in maintaining lower cost housing options in the area. The Parcel currently includes such housing options for University students and other tenants. Acquiring the Parcel also presents to the University a reasonable investment opportunity.

Creation of Acquisition Vehicle

The administration believes the University’s interests are best served by having an independent, private entity (the “Entity”) acquire the Parcel. By acquiring it through an independent, single purpose entity, the University would be implementing a common and accepted practice for acquiring property.

The Entity may be a Minnesota non-profit limited liability company or some other form of business entity that ensures the Parcel is exempt from taxes. The administration envisions the University holding the majority ownership interest and controlling the governing board. The Entity may be an affiliate of the University. It will not be a unit of the University. It will be an associated organization, subject to the Board of Regents Policy Associated Organizations. If structured as a non-profit business entity, the Entity may not pay to the University or to any other member dividends, distributions or any other pecuniary remuneration. The details of the organizational and capital structures of the Entity are to be worked out before the closing of the purchase of the Parcel. The administration will seek Board of Regents’ approval of those structures along with the University’s loan to or investment in the Entity.
Board Action

With the Board of Regents review and action, the University will be authorized, empowered and directed to create a private entity, in a form determined by the President or designee, that will acquire, improve and operate the Parcel and the President or designee is authorized, empowered and directed to enter into, on behalf of the University, all agreements, instruments and other documents necessary, desirable or related to the creation of the private entity.

Unless otherwise authorized by Board of Regents policy or resolution, the administration will seek Board of Regents approval at a later meeting of the University’s contribution to or investment in the private entity and its loan to the private entity or an assumption of debt covering the Parcel.
Personnel Appointment

Pending approval by the Board of Regents, Dr. Michael Goh will be appointed as Vice President for Equity and Diversity at the University of Minnesota, effective September 17, 2018.

Position Overview

The Vice President for Equity and Diversity (VPED) is the chief diversity officer of the University of Minnesota System. The VPED provides strategic vision and transformational leadership in building an environment that values and supports equity and diversity across all of the University’s campuses, colleges, schools, and units. The VPED leverages the transformative power of equity and diversity to advance an emergent strategy toward excellence in teaching, research, and community engagement at the University of Minnesota. This position collaborates with University leadership in human resources, academic affairs, and student affairs, among others, to promote equity, embrace diversity, and achieve a healthy climate. The VPED reports to the President and serves as a member of the President’s Cabinet and Senior Leadership Team.

Appointee's Background and Qualifications

Dr. Goh has served as Interim Vice President for Equity and Diversity since October 2017, following service as the University's Associate Vice Provost for Equity and Diversity from 2014-2017. He has been instrumental in promoting and supporting the recruitment and retention of diverse field shapers for our campuses. Additionally, he is a professor in the Department of Organizational Leadership, Policy, and Development in the College of Education and Human Development.

Dr. Goh is also an alumnus, and his combined nearly 25 years as a student, faculty member, and University leader give him deep and nuanced insights into what it takes to achieve inclusive excellence on our campuses.

A distinguished scholar and teacher, Dr. Goh's focus on multicultural counseling, intercultural competence, and cultural intelligence brings an interdisciplinary lens to equity, diversity, and inclusion issues in higher education as well as the unique skills vital for this key senior leadership position. He has presented at conferences around the world, and his awards range from the Exemplary Diversity Leadership Award from the American Counseling Association/Association for Multicultural Counseling and Development to the Outstanding Mentor Award from the University's Multicultural Center for Academic Excellence. He has received grants including a NIH Partners in Research Grant, as well as numerous University of Minnesota grants, and he has a steady record of publication.

Recommended Salary and Appointment Type

Dr. Goh’s annual salary for 2018-19 will be $240,000. His appointment as Vice President for Equity and Diversity is a 100%-time, A-term (12 month), L-type (limited) appointment,
reporting to and serving at the pleasure of the president. The full employment agreement between the University of Minnesota and Dr. Goh is attached as an exhibit.

Individually Negotiated Terms of Employment or Separation Agreements

There are no individually negotiated terms of employment or separation agreements.

Comparable Market Data

Benchmarking with the *Annual Review of Senior Leader Compensation*, which was presented to the Board of Regents in December 2017, shows comparative base salary data* among University of Minnesota peers for the position of Vice President for Equity and Diversity:

25th percentile – $189,877  
50th percentile – $218,737  
75th percentile – $244,056

President’s Recommendation

The president recommends the appointment of Dr. Michael Goh to the position of Vice President for Equity and Diversity.

*salary data taken from the 9th payroll of fiscal year 2017
EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is entered into as of this 17th day of September, 2018, by and between Regents of the University of Minnesota, a Minnesota constitutional educational corporation (the "University"), and Dr. Michael Goh ("Dr. Goh" or "you").

WHEREAS, the University wishes to employ Dr. Goh as the Vice President for Equity and Diversity and Dr. Goh wishes to accept employment as Vice President for Equity and Diversity;

WHEREAS, this Employment Agreement is subject to the approval of the Board of Regents of the University of Minnesota and the completion of a background check satisfactory to the University;

THEREFORE, the University and Dr. Goh agree as follows, subject to the approval of the Board of Regents:

I. EMPLOYMENT TERM AND DUTIES

Subject to the terms and conditions of this Agreement and University Policies and Procedures, the University appoints Dr. Goh as the Vice President for Equity and Diversity and he agrees to be so employed by the University for a term commencing on September 17, 2018. The Vice President for Equity and Diversity is a 100 percent time, 12-month, L appointment in the P&A personnel classification who serves as an at will employee at the pleasure of the President. As such, you report to and serve at the pleasure of the President and your appointment may be terminated at any time without advance notification.

II. DUTIES

During the term of your employment as Vice President for Equity and Diversity you will diligently and conscientiously devote your full-time attention and best efforts in performing and discharging the duties of Vice President for Equity and Diversity as they are set forth in the job description for this position (attached) including, but not limited to, the following:

A. Lead an assessment of the University’s strategic plan for equity and diversity and recommend subsequent phases that build upon and are consistent with the President’s commitment to institutional excellence and access;
B. Work with University partners, including senior academic and administrative leadership, as well as external diverse partners and communities, to inform, shape, promote, and implement the strategic plan;

C. Foster and champion a University community and campus climate that values and actively supports equity and diversity;

D. Work in close collaboration with senior academic and administrative leaders to develop shared accountability of the University’s equity and diversity goals, offer recommendations for meeting those goals, and measure impacts;

E. Oversee the responsible planning, stewardship, management, and accountability of fiscal, capital, and human resources of OED; and

B. Perform such other duties as related to your employment position and assigned to you by your appointing authority.

III. PERFORMANCE

In accordance with University Policy, you will receive regular annual performance evaluations and, in accordance with University Policy, you will receive a broader systemic review of your performance no later than the end of your third year in the position.

IV. FACULTY APPOINTMENT

In addition to your appointment as Vice President for Equity and Diversity, you will maintain appointment as a tenured, full professor in the College of Education and Human Development. During the time you serve as Vice President for Equity and Diversity, you will not receive any compensation for your faculty appointment, but a salary for this appointment will be established each year by the University, based on the average increase base salary of your same-ranked college peers. In the event you are no longer employed as Vice President for Equity and Diversity and retain this faculty appointment, this will be your established faculty salary.

V. COMPENSATION

A. Subject to the terms of this Agreement for all services provided by you on behalf of the University, the University shall pay you an annual salary of Two Hundred Forty Thousand and No/100 Dollars ($240,000).

B. All base salary shall be paid in accordance with the University’s regular payroll procedures for Professional and Administrative employees and shall be subject
to withholding for applicable federal and state income taxes, federal social security taxes, and other applicable taxes and deductions.

C. In accordance with University Policies and Procedures, you shall be eligible for salary increases on an annual basis based upon the evaluation of the appointing authority or his/her designee.

D. The base salary is subject to furloughs, pay freezes, salary reductions or other adjustments to the same extent they are required of other employees of the University.

VI. BENEFITS

The University shall provide you with a benefits program as provided generally for its Professional and Administrative employees as described in its Policies and Procedures (http://www.umn.edu/ohr/benefits/summary/). These programs shall be subject to amendments and modifications by the University.

VII. SEPARATION

A. Your appointment as Vice President for Equity and Diversity is an L appointment which means you serve at the pleasure of your appointing authority. Your appointment may be terminated without any required notice period.

B. In the event you are separated from your administrative position, you may be eligible for certain benefits provided by the University, in accordance with University policy. Any exception from or waiver of University policy related to your separation must be approved by the Board of Regents.

VIII. UNIVERSITY POLICIES AND GENERAL CONDITIONS

A. Your appointment is subject to the University’s policies and procedures that govern your position (http://policy.umn.edu/), which may be amended from time to time.

B. Amendment. Any amendment to this Agreement shall be in a writing executed and delivered by the parties.

C. Parties In Interest/Assignment. This Agreement shall be binding upon and the benefits and obligations provided for herein shall inure to the parties hereto and their respective heirs, legal representatives, successors, assigns, transferees or donees, as the case may be. No portion of this Agreement shall be assignable without the prior written consent of the other party.
D. **Effect of Prior Agreements.** This Agreement is intended by the parties as the final and binding expression of their contract and agreement and as the complete and exclusive statement of the terms thereof. This Agreement supersedes and revokes all prior negotiations, representations, and agreements, whether oral or written, relating to the subject matter hereof.

E. **Enforceability.** If any provision contained herein shall be deemed or declared unenforceable, invalid, or void, the same shall not impair any of the other provisions contained herein, which shall be enforced in accordance with their respective terms.

F. **Construction.** The headings preceding and labeling the sections of this Agreement are for the purpose of identification only and shall not in any event be employed or used for the purpose of construction or interpretation of any portion of this Agreement. No waiver by any party of any default or nonperformance hereunder shall be deemed a waiver of any subsequent default or nonperformance. As used herein and where necessary, the singular shall include the plural and vice versa, and masculine, feminine and neuter expressions shall be interchangeable.

**IX. BOARD OF REGENTS APPROVAL**

This agreement is subject to the approval of the Board of Regents and a background check that is satisfactory to the University.
IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first shown above.

By: Michael Goh
Dr. Michael Goh

REGENTS OF THE UNIVERSITY OF MINNESOTA

By: Eric W. Kaler
President

Approved as to Form and Execution

By: Douglas Peterson
General Counsel
AGENDA ITEM: Information Items

☐ Review  ☐ Review + Action  ☐ Action  ☒ Discussion

☒ This is a report required by Board policy.

PRESENTERS: Brian D. Burnett, Senior Vice President

PURPOSE & KEY POINTS

Annual Asset Management Report

The purpose of this item is to report on the annual performance results for assets managed by the Office of Investments & Banking (OIB) for the quarter and the fiscal year ending June 30, 2018. The OIB prepares this report, as required by Board policy, for review by the Board.

- The invested assets of the University totaled approximately $2.63 billion on June 30, 2018.
- The Consolidated Endowment Fund (CEF) value increased by $63 million to $1.41 billion and distributed $57.9 million to the University during the fiscal year. The total investment return for CEF during the fiscal year was 8.6 percent, compared to its short-term benchmark at 9.0 percent.
  - Strong public and private equity returns were the primary contributors to performance. Venture Capital fund interests returned 20 percent during the year, largely due to the performance of a life sciences focused manager.
  - Due to net private fund contributions, the portfolio’s weight to illiquid strategies increased from last year. According to Board policy, the sum of illiquid investments by net asset value should not exceed 50 percent of total CEF assets in normal market environments. Currently CEF is in line with policy and has allocations to liquid, semi-liquid, and illiquid strategies of approximately 44 percent, 14 percent, and 42 percent, respectively.
  - Manager concentrations are within policy range, with no manager exceeding 20 percent of the overall endowment. Currently the largest concentration is in BlackRock, which has allocations spread across five passive equity and fixed income funds that total 16.3 percent of CEF.
  - OIB recognizes that investments which are socially responsible, including those that support a healthy environment, energy conservation, and prudent use of natural resources can also meet the financial and fiduciary requirements for the fund. In the past year OIB evaluated several investment managers/funds meeting these criteria, but did not ultimately make an investment.
OIB recognizes the opportunity of working with targeted investment managers which are defined as emerging investment managers (less than $250 million under management) and minority or women owned investment firms. The OIB has an open door policy when interviewing investment managers and makes every effort to consider targeted managers consistent with the financial and fiduciary responsibilities of the University. Over the last fiscal year, OIB held initial meetings or preliminary due diligence sessions with eight targeted managers, of which two were engaged.

- The market value of the Short-term Reserves (TIP) was $1.07 billion as of June 30, 2018. The total return on the portfolio over the fiscal year was 1.4 percent compared to a benchmark return of 0.5 percent. The increase in market value of $40.6 million during the fiscal year was largely due to the timing of cash flows as part of the University’s normal business cycle.

**Debt Management Advisory Committee Update**

The purpose of this item is a report on the meeting of the Debt Management Advisory Committee held on September 12, 2018. The agenda for the meeting included:

- A review of the 2018 Six-Year Capital Plan, with discussion of the proposed financing plan’s implications to the University’s debt portfolio
- A Higher Education Rating Agency Summary & Market Update (see included information)
- A review of activity associated with the new CP Facility
- Potential opportunities/plans for FY 19 refunding and debt issuance

**Investment Advisory Committee Update**

The purpose of this item is to provide a report on the quarterly meeting of the Investment Advisory Committee held on August 22, 2018. The agenda for the meeting included:

- Portfolio Performance Review
- Manager Count Discussion
- Manager Recommendation: Bessemer X – Approved
- Manager Recommendation: Initialized IV – Approved
- Manager Recommendation: Entrepreneur First Global Fund – Approved
- Manager Recommendation: ABRY Advanced Securities Fund IV – Approved
- Manager Recommendation: ACTIS Asia Real Estate – Approved
- FY 2019 Benchmark Recommendation – Action Deferred

**Quarterly Purchasing Report**

The purpose of this item is a quarterly report for the fourth quarter, FY 2018 on purchasing activity, including detailed reports with brief discussion on the following activity:

- Summary of Purchasing Activity
- Purchases made as Approved Exceptions to Competitive Process
- Purchases made as Preapproved Exceptions to Competitive Process
- Violations of Board of Regents Policy: Purchasing
2642 University Avenue Update

In May 2018, the Board of Regents approved the sale of 2642 University Avenue, St. Paul for $2,150,000 to Siesta Properties, LLC. In June 2018, within the 150-day due diligence period, Siesta Properties, LLC was informed that one of their potential tenants had opted for a different location. Siesta Properties LLC, requested a 30-day extension to the due diligence period, which was granted by the University. During the 30-day extension, Siesta Properties LLC, was unable to find a qualified tenant. The University did not grant an additional extension and, as such, the Purchase and Sale Agreement was terminated.

Law School Metrics and Targets

On June 8, 2018, the Board of Regents approved the FY 2019 Annual Operating Budget, which included a three-year plan to assist the Law School to resolve its structural imbalance. As part of the plan, the Law School's O&M allocation will be increased over the following two fiscal years (FY20 and FY21) upon a showing that it is making suitable progress according to the plan.

The Joint Financial Oversight Committee (Committee), comprising members from University Budget and Finance, the Office of the Executive Vice President and Provost, and the Law School, convened during the summer to develop a reporting tool to measure the Law School's progress. The identified metrics span a variety of categories, including J.D. enrollment, revenue targets, staffing and salary levels, and budget expenditures.

The Committee proposes to track the metrics over the course of the three-year plan using the progress report included in the docket materials. In determining how to track particular metrics, the Committee looked to how such metrics must be reported to the University and/or higher education accreditation agencies so that they will be consistently reported and monitored over time.

Once the data for a particular metric is reported, the corresponding box on the progress report will be shaded using one of three colors. If a metric is shaded green, the Law School has met or exceeded the projection for that measure; if it is shaded yellow, the Law School was within 10 percent of the projection for that measure; if it is shaded red, the Law School was beyond 10 percent of the projection for that measure.

By January 2019 (and each January thereafter), nearly all of the progress report will be completed for the first year (and respective reporting years) of the plan. At this time, the only anticipated exception will be for endowment and gift revenue, which is not fully realized until the end of the fiscal year. For that measure (or any others in the future that may not be finalized), the relevant box will be shaded but diagonal lines added to indicate that the shading is a forecast of the likely outcome.

The ending structural imbalance in the Law School for FY18 ($3.9 million) was lower than the estimate shared with the Board at the May meeting. Both the structural imbalance and year-end transfer for FY18 have earned a “green” on the progress report.

The Committee will continue to work to ensure that the Law School successfully executes its three-year plan to return to financial stability while continuing to fulfill its mission of educating the next generation of lawyer-leaders for Minnesota and the nation.
## University Investment Funds

<table>
<thead>
<tr>
<th>OIB Managed Funds ($ millions)</th>
<th>FY 2018</th>
<th>FY 2017</th>
<th>FY 2016</th>
<th>FY 2015</th>
<th>FY 2014</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated Endowment Fund (CEF)</td>
<td>$1,414.9</td>
<td>$1,351.8</td>
<td>$1,258.0</td>
<td>$1,293.6</td>
<td>$1,272.5</td>
<td>$1,079.7</td>
</tr>
<tr>
<td>Long-Term Reserves (GIP)</td>
<td>70.8</td>
<td>71.3</td>
<td>65.8</td>
<td>52.7</td>
<td>45.9</td>
<td>46.4</td>
</tr>
<tr>
<td>Short-Term Reserves (TIP)</td>
<td>1,068.3</td>
<td>1,113.4</td>
<td>1,101.0</td>
<td>1,050.0</td>
<td>1,054.6</td>
<td>1,031.4</td>
</tr>
<tr>
<td>RUMINCO Ltd.</td>
<td>48.4</td>
<td>45.3</td>
<td>40.6</td>
<td>39.6</td>
<td>39.2</td>
<td>35.8</td>
</tr>
<tr>
<td>Invested Assets Related to Indebtedness</td>
<td>25.4</td>
<td>48.9</td>
<td>100.9</td>
<td>148.3</td>
<td>66.9</td>
<td>87.0</td>
</tr>
<tr>
<td><strong>Total Managed Assets</strong></td>
<td>2,627.8</td>
<td>2,630.7</td>
<td>2,566.3</td>
<td>2,584.2</td>
<td>2,479.1</td>
<td>2,280.3</td>
</tr>
</tbody>
</table>
Our goal is to preserve the inflation adjusted value of the endowment.
CEF Asset Allocation

- Equity: 31%
- Fixed Income: 18%
- Absolute Return: 10%
- Real Assets: 11%
- Private Capital: 29%
- Cash/Other: 1%

Over/Under Weight vs. Strategic Targets:
- Equity: 1%
- Fixed Income: -6%
- Absolute Return: -1%
- Real Assets: -4%
- Private Capital: 9%
- Cash/Other: 1%
CEF Performance Summary

<table>
<thead>
<tr>
<th></th>
<th>CEF</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarter</td>
<td>0.5%</td>
<td>1.2%</td>
</tr>
<tr>
<td>1 Year</td>
<td>8.6%</td>
<td>9.0%</td>
</tr>
<tr>
<td>5 Year</td>
<td>8.9%</td>
<td>8.7%</td>
</tr>
<tr>
<td>10 Year</td>
<td>5.1%</td>
<td>5.8%</td>
</tr>
</tbody>
</table>

CEF Benchmark

Quarter 1 Year 5 Year 10 Year

0% 1% 2% 3% 4% 5% 6% 7% 8% 9% 10%

CEF Performance Summary

<table>
<thead>
<tr>
<th></th>
<th>CEF</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarter</td>
<td>0.5%</td>
<td>1.2%</td>
</tr>
<tr>
<td>1 Year</td>
<td>8.6%</td>
<td>9.0%</td>
</tr>
<tr>
<td>5 Year</td>
<td>8.9%</td>
<td>8.7%</td>
</tr>
<tr>
<td>10 Year</td>
<td>5.1%</td>
<td>5.8%</td>
</tr>
</tbody>
</table>

CEF Benchmark

Quarter 1 Year 5 Year 10 Year

0% 1% 2% 3% 4% 5% 6% 7% 8% 9% 10%
5-Year Returns for CEF Asset Classes vs. Medium-Term Objectives

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>CEF</th>
<th>Benchmark</th>
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</thead>
<tbody>
<tr>
<td>Equity</td>
<td>9.7%</td>
<td>9.6%</td>
</tr>
<tr>
<td>Risk Mitigating Fixed Income</td>
<td>1.8%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Return Generating Fixed Income</td>
<td>4.1%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>3.4%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Real Assets</td>
<td>6.1%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Private Capital</td>
<td>16.2%</td>
<td>16.1%</td>
</tr>
</tbody>
</table>
Short-Term Reserves (TIP)

Performance Summary

Asset Allocation

- Working Capital 35%
- Core Reserve 65%

<table>
<thead>
<tr>
<th>Quarter</th>
<th>TIP</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarter</td>
<td>0.5%</td>
<td>0.3%</td>
</tr>
<tr>
<td>1 Year</td>
<td>1.4%</td>
<td>0.5%</td>
</tr>
<tr>
<td>3 Year</td>
<td>1.1%</td>
<td>0.5%</td>
</tr>
<tr>
<td>5 Year</td>
<td>1.5%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>
Long-Term Reserves (GIP)

Asset Allocation

- Fixed Income: 82%
- Equity: 18%

Performance Summary

- Quarter: GIP -0.1%, Benchmark -0.2%
- 1 Year: GIP 1.0%, Benchmark -0.4%
- 5 Year: GIP 3.8%, Benchmark 2.3%
- 10 Year: GIP 4.3%, Benchmark 3.7%
RUMINCO Ltd.

**Asset Allocation**
- **Equity**: 68%
- **Fixed Income**: 32%

**Performance Summary**

<table>
<thead>
<tr>
<th>Period</th>
<th>RUMINCO</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarter</td>
<td>0.5%</td>
<td>0.3%</td>
</tr>
<tr>
<td>1 Year</td>
<td>6.8%</td>
<td>6.3%</td>
</tr>
<tr>
<td>5 Year</td>
<td>5.9%</td>
<td>5.7%</td>
</tr>
<tr>
<td>10 Year</td>
<td>5.0%</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

Page 160 of 176
University of Minnesota
Driven to Discover®
Crookston Duluth Morris Rochester Twin Cities

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Higher Education Rating Agency Summary

The tables shown on the following pages summarize the key findings of each of the three major rating agencies, broken down by public and private universities, with the exception of Fitch, which made one combined median report. In fiscal year (FY) 2017, public and private universities continued to show mixed performance while maintaining a stable outlook as a sector. Some common themes highlighted by the major rating agencies include varied revenue growth, increases in total debt and mostly steady balance sheet resources. In general, the rating agencies appear to have a stable outlook on the industry, despite pockets of weakness at smaller institutions.

continued on next page
Private

- Median expense growth continued to be higher than median revenue growth. For the second year in a row median expenses (3%) outpaced median growth (2.4%).
- Small private colleges continue to struggle with net tuition revenue growth. Across all private universities net tuition revenue grew, but small private colleges still struggle with growth regularly below 2.5% as a result of shifting demographics, competition, and growing emphasis on affordability.
- Above average investment performance drove positive net asset growth. In comparison with the negative 1.7% and 2.6% median returns in FY 2016 and FY 2015, respectively, the sector posted a 10.9% median return on cash and investments in 2017, which is significantly higher than prior years. Additionally, total private university cash and investments have grown 24% since FY 2013 as a result of positive investment returns and philanthropy.
- Moody’s noted marginal improvements in private university pricing power. Net tuition per student across the sector increased marginally from 2% to 2.2% in FY 2017, reflecting slight pricing increases in addition to stability of enrollment.
- Growth in net property, plant and equipment (PPE) continues to outpace debt. Private universities continued using multiple financing strategies, including internal resources, to raise capital in FY 2017. Since 2013, aggregate PPE grew 26%, while debt rose 23.7%, highlighting stable financial leverage with median debt-to-revenue at 0.7 times and spendable cash and investments to debt at 2.0 times.

Public

- Expense growth outpaces revenue growth for the second consecutive year, dropping to 2.9% from the recent high of 3.9% in FY 2015. This trend is expected to continue for the next two years, particularly with small public universities with fewer economies of scale.
- Revenue growth continues to vary across the sector, ranging from negative 7% to 14% in FY 2017, with small public universities struggling the most. Small public universities continue to lag behind comprehensive and moderate-sized universities at 1.8% compared to 4.1% and 2.9%, respectively. Revenue growth will continue to struggle in 2018 and 2019 as state funding constraints and tuition affordability continue to be major factors across the sector.
- Total enrollment continues its positive trend, with comprehensive universities leading the way. Across the sector, total enrollment has grown about 1% annually in the past five years, with universities in the West and South growing faster than Northeast and Midwest schools due to shifting demographic trends.
- Financial flexibility remains solid throughout the sector, but small public universities still lag on multiple fronts. Despite a rise in debt levels, public universities maintained financial flexibility, with median monthly liquidity at 150 days cash on hand. Small public universities continue to lag on capital spending to depreciation, which will continue to erode the already weak competitiveness of these universities.

Sources:
Private

- The sector has an overall stable outlook despite downgrades outnumbering upgrades. Standard & Poor's (S&P) maintained a normal distribution of ratings, with the majority (68%) falling within the "A" to "BBB" categories, keeping the median above investment grade (IG).

- Sector-wide, net-adjusted operating margins figures demonstrate that the strong continue to get stronger, despite the overall flat funding environment. Net-adjusted operating margins decreased by 17 basis points (bps) in 2017, indicating continued operating pressures in higher education. Notably, revenue diversity remains a crucial safeguard against fluctuating enrollment trends in a volatile market. However, higher credits maintain a significant advantage with firmly established nonstudent-generated revenue sources such as gifts, grants, contracts, and endowment income.

- Increases in endowment and available resources offset a marginal increase in debt outstanding. Both endowment and available resources increased in FY 2017, with endowment market values increasing across all rating categories, reflecting modest improvements in operating revenues and flattening new-money debt issuances.

- Financial aid continues to be an increasing burden for private universities. With high tuitions, financial aid remains a problem for private universities as they navigate a difficult competitive environment, especially with tuition discount rates increasing for lower credits.

Public

- Significant declines in enrollment for lower-rated public colleges and universities highlight continued pressures in a competitive environment. Despite stable improvement in selectivity and demand-related trends across the sector, lower-rated schools and universities struggle with declining enrollment due to weaker external reputations and declining demographics.

- Negative net-adjusted operating margins reflect continuing operating pressures in public higher education. In FY 2017, net-adjusted operating margins declined to negative 0.12 percent from a surplus of 0.08% in FY 2016. This indicates that most lower-rated public universities still struggle to achieve positive financial operations as financial aid and tuition discounting continue to increase sector-wide burdens.

- Available resources and endowments increased in FY 2017, highlighting positive increases to unrestricted net assets relative to debt for the sector. Endowment and available resource values increased in FY 2017, with "A"- and "BBB"-rated issuers leading the way due to growth in investment income, continued reductions to operating expenses, and generation of surpluses.

- Expect colleges and universities to begin to address delayed capital improvements with the increasing average age of plant values in 2017. Median debt increased in FY 2017 due to a favorable interest rate environment. These figures are expected to continue to rise as the average age of plants increased across all categories, indicating the need to update and renovate facilities with internal or external funds, such as debt or gifts.

Sources:
Public and private colleges and universities maintain stable debt burden and coverage levels. Across both public and private sectors, universities and colleges continued historic trends with institutions on opposite ends of the rating scale carrying the higher burdens. AAA-rated institutions were more likely to carry higher debt service or bullet maturities with higher resource bases, while the lower-rated credits had higher use of debt to fund capital expenses due to a lower resource base.

Available funds to debt generally increased across public and private universities, reflecting ongoing efforts to control expenses and maintain strong liquidity. Median available funds to operating expenses improved across nearly all private institutions, particularly in the "A"- and "BBB"- rating categories. Public university and colleges values were more flat, reflecting some ongoing expense pressures.

AAA- and AA-rated institutions top revenue diversity figures due to a wider range of operating activities. Higher-rated institutions were able to maintain higher revenue diversity due to varying sources of income such as large research or healthcare operations. The higher-rated private universities also have significant fundraising and endowment income that helps diversify and reduce student fee dependence.

Public university operations continue to experience stressed operating margins, largely due to constrained tuition increases, decreasing state appropriations and federal funding, and stagnant revenue growth, particularly for lower-rated public universities.

Private university operations are still heavily reliant on student fees. Student-generated revenues continued to be the biggest source of revenue for private colleges representing 82.7% of operating revenues in FY 2017. This has become problematic in the past few years as net student revenue has been declining due to discounting practices.

Municipal Bond Market Review Snapshot

Economic Highlights

• The first estimate for second-quarter gross domestic product (GDP) growth breached 4% for the first time since the third quarter of 2014. A strong rebound in consumer spending, sustained business investment, strong federal government defense spending and a surge in exports (in large part due to accelerated soybean exports to China ahead of tariffs) boosted economic expansion to a 4.1% annual rate.

• U.S. employment conditions remain positive. Despite headline job growth that missed expectations in July (157,000 versus 193,000), upward revisions to prior months make a 215,000 monthly average pace this year and confirm a robust labor market. The unemployment rate ticked lower to 3.9% in July, while average hourly earnings held steady at 2.7% year over year (YoY).

• As expected, the Federal Open Market Committee (FOMC) left rates unchanged at its August 1 meeting. However, the post-meeting statement confirmed a likely September rate hike with more hikes to follow. The Fed upgraded its assessment of U.S. economic activity and household spending to “strong.”

Bond Markets

• U.S. Treasury yields kicked off the third quarter by increasing across all maturities. The two-year Treasury rose the most, increasing by 14 bps (0.14%) from 2.53% to 2.67% over the month. The yield curve remained near its flattest level in more than a decade.

• IG credit spreads narrowed during July, benefiting returns in the corporate sector.

Municipal Bond Market

• Municipal new issuance increased YoY in July for the first time in 2018, with an 8.1% jump in municipal bond sales to $27 billion from $25 billion the same month last year. Year-to-date (YTD) municipal issuance is still down 15.2% to $191.7 billion in the first seven months of 2018 from $226 billion during the same period last year, according to the Municipal Market Monitor (TM3) data.

• The Municipal Market Data (MMD) Index curve experienced falling rates across the front and intermediate parts of the curve in July. The one-year rate declined two bps to 1.47%, while the three-year rate dropped three bps to 1.76%. The five-year rate fell two bps to 1.97%, and the 10-year rate also dipped one bp to 2.45%. On the long end, the 30-year rate climbed seven bps to 3.01%, according to TM3 data.

• The 10-year MMD Single-A General Obligation (GO) Index credit spreads and Double-A GO Index credit spreads tightened one bp to 47 and 17 bps, respectively, according to TM3 data.
Sources: Bloomberg, Thomson Reuters, and ICI. Unless otherwise noted, all data is presented as of July 31, 2018.

*Whitebirch services offered by affiliated PFM Solutions Inc., pursuant to separate consult and fees.

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September 13, 2018

The Honorable Tom Anderson, Chair, Finance & Operations Committee
The Honorable Dean Johnson, Vice Chair, Finance & Operations Committee
The Honorable Richard Beeson
The Honorable Linda Cohen
The Honorable Michael Hsu
The Honorable Peggy Lucas
The Honorable David McMillan
The Honorable Abdul Omari
The Honorable Kendall Powell
The Honorable Darrin Rosha
The Honorable Randy Simonson
The Honorable Steven Sviggum

Committee Members:

Enclosed are Purchasing Services’ reports on purchasing activity for the fourth quarter, fiscal year ’18. Regents policy requires that purchasing activity, including exceptions to competitive purchases, be reported to the Board of Regents. This letter provides explanatory background and brief analysis of the report and attachments that follow.

**Background**
The enclosed reports and attachments provide statistics, graphics and some detail on four categories of purchasing activity for the one quarter:

- Summary of Purchasing Activity
- Purchases made as Approved Exceptions to the competitive purchasing process
- Purchases made as Preapproved Exceptions to the competitive purchasing process
- Regents Purchasing Policy Violations

"Total Purchasing Activity" represents the total amount of goods and services purchased for the quarter and year-to-date across all funding sources, including construction projects.

"Approved Exceptions" refers to purchases where, following proper protocol, the vendor was not selected through a Request for Bid or Request for Proposal process. All of the approved exceptions were justified in writing by the requisitioning department, with the justification reviewed and approved by the Director of Purchasing before the purchase took place. Additionally, the appropriate Vice President and the University Controller approved all exceptions of $250,000 and over, except pre-approved exceptions. Section II provides a listing of the transactions that followed this process and were approved as exceptions.
"Pre-approved Exceptions" are also purchases where the vendor has not been selected through a competitive process. However, they are exceptions that occur routinely with consistent reasons, so that the approval of the justification has become standardized. Refer to Section III of the report for a listing of transactions processed as pre-approved exceptions during the quarter.

"Regents Purchasing Policy Violations" refers to purchase transactions which bypassed the competitive process without following proper protocol and without the necessary approvals. Section IV provides a listing of purchasing violations.

The reports compare dollars spent on purchases in the respective quarter of the current year to dollars spent on purchases in same quarter of the previous year. The same quarter-to-quarter comparison is made for approved exceptions and for preapproved exceptions. With that in mind, the following observations are worth noting:

**Fourth Quarter:**

- Fourth quarter purchasing activity remained consistent from previous quarters.
- FY18 Exception dollar value trended very closely to FY17.
- There are no Regents Purchasing Policy Violations to report in the fourth quarter of FY18.

If you have any questions on the report, please do not hesitate to contact Beth Tapp, Interim Director of Purchasing, or me.

Sincerely,

Suzanne Paulson
Controller

Cc: Michael Volna, Associate Vice President and Assistant Chief Financial Officer
    Brian Steeves, Executive Director and Corporate Secretary, Board of Regents
    Beth Tapp, Interim Director, Purchasing Services
I. Summary of Purchasing Activity for Q4 FY18

**Q4 Purchasing Activity**

<table>
<thead>
<tr>
<th></th>
<th>Q4 FY16</th>
<th>Q4 FY17</th>
<th>Q4 FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Transactions</td>
<td>177,964</td>
<td>103,489</td>
<td>113,914</td>
</tr>
<tr>
<td>Total Dollars Spent</td>
<td>$223,113,626</td>
<td>$271,091,318</td>
<td>$232,335,214</td>
</tr>
</tbody>
</table>

* NOTE: Starting in Q4FY17 the number of transactions reflect the number of actual invoices rather than the number of voucher distributions.

**Q4 Approved Exceptions**

<table>
<thead>
<tr>
<th></th>
<th>Q4 FY16</th>
<th>Q4 FY17</th>
<th>Q4 FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Transactions</td>
<td>54</td>
<td>35</td>
<td>57</td>
</tr>
<tr>
<td>Total Dollars Spent</td>
<td>$8,633,353</td>
<td>$4,240,579</td>
<td>$7,728,602</td>
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</tbody>
</table>

**Q4 Pre-Approved Exceptions**

<table>
<thead>
<tr>
<th></th>
<th>Q4 FY16</th>
<th>Q4 FY17</th>
<th>Q4 FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Transactions</td>
<td>43</td>
<td>62</td>
<td>57</td>
</tr>
<tr>
<td>Total Dollars Spent</td>
<td>$4,573,148</td>
<td>$6,961,998</td>
<td>$6,455,529</td>
</tr>
</tbody>
</table>

Q4 Exceptions | 97 | 97 | 114
Q4 Exception Dollars | $13,936,592 | $11,202,578 | $14,184,131
Quarterly Purchasing Report
As of June 30, 2018

Summary of Purchasing Activity YTD FY18

* NOTE: Starting in Q4FY17 the number of transactions reflect the number of actual invoices rather than the number of voucher distributions.

Total YTD Purchasing Activity

<table>
<thead>
<tr>
<th></th>
<th>YTD FY16</th>
<th>YTD FY17</th>
<th>YTD FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Transactions</td>
<td>739,212</td>
<td>656,178</td>
<td>465,407</td>
</tr>
<tr>
<td>Total Dollars Spent</td>
<td>$881,525,569</td>
<td>$936,028,748</td>
<td>$911,190,476</td>
</tr>
</tbody>
</table>

YTD Approved Exceptions

<table>
<thead>
<tr>
<th></th>
<th>YTD FY16</th>
<th>YTD FY17</th>
<th>YTD FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Transactions</td>
<td>229</td>
<td>223</td>
<td>268</td>
</tr>
<tr>
<td>Total Dollars Spent</td>
<td>$41,105,896</td>
<td>$40,701,794</td>
<td>$41,941,169</td>
</tr>
</tbody>
</table>

YTD Pre-Approved Exceptions

<table>
<thead>
<tr>
<th></th>
<th>YTD FY16</th>
<th>YTD FY17</th>
<th>YTD FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Transactions</td>
<td>213</td>
<td>211</td>
<td>208</td>
</tr>
<tr>
<td>Total Dollars Spent</td>
<td>$23,999,559</td>
<td>$27,793,763</td>
<td>$26,633,089</td>
</tr>
</tbody>
</table>

YTD Exceptions | 442 | 434 | 476
YTD Exception Dollars | $65,105,455 | $68,495,558 | $68,574,258
### II. Purchases made as Approved Exceptions to Competitive Purchasing Process Q4FY18

<table>
<thead>
<tr>
<th>Exception #1:</th>
<th>Total # of Exceptions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchasing of research products (animal feed, serum, test equip/supplies) for clinical trials. Also purchasing from a previous supplier to ensure consistency of research results.</td>
<td>10</td>
<td>$1,274,586</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exception #2:</th>
<th>Total # of Exceptions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment that requires brand compatibility with existing equipment and is available only from manufacturer or sole source authorized distributor.</td>
<td>19</td>
<td>$2,324,142</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exception #3:</th>
<th>Total # of Exceptions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding source or granting agency specified a single supplier.</td>
<td>1</td>
<td>$1,919,720</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exception #4:</th>
<th>Total # of Exceptions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>27</td>
<td>$2,210,154</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Emergency Exception #1:</th>
<th>Total # of Exceptions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>A threat to health, welfare, safety.</td>
<td>0</td>
<td>$0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Emergency Exception #2:</th>
<th>Total # of Exceptions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>A significant loss to the University.</td>
<td>0</td>
<td>$0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Emergency Exception #3:</th>
<th>Total # of Exceptions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>A failure to provide core services to University students/faculty/staff.</td>
<td>0</td>
<td>$0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Emergency Exception #4:</th>
<th>Total # of Exceptions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency equipment repairs and parts or emergency facility repairs and parts under $100,000.</td>
<td>0</td>
<td>$0</td>
</tr>
</tbody>
</table>

**TOTAL Approved Exceptions**  57  $7,728,602
### III. Pre-Approved Exceptions to Competitive Purchasing

<table>
<thead>
<tr>
<th>Exception #2:</th>
<th>Total # of Exceptions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Media advertising, purchase or access to uniquely compiled database information.</td>
<td>1</td>
<td>$68,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exception #6:</th>
<th>Total # of Exceptions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service (1) available only from another governmental agency or public entity or (2) required by law to be provided by another governmental entity.</td>
<td>6</td>
<td>$566,770</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exception #7:</th>
<th>Total # of Exceptions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service/maintenance agreements with the original manufacturer/developer for equipment and software.</td>
<td>13</td>
<td>$2,059,148</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exception #9:</th>
<th>Total # of Exceptions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software license renewals and software upgrades available only from developer. This includes adding licenses to an existing license agreement.</td>
<td>11</td>
<td>$1,930,613</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exception #10:</th>
<th>Total # of Exceptions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development, design and/or creation of original artwork.</td>
<td>3</td>
<td>$405,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exception #11:</th>
<th>Total # of Exceptions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairview purchases related to research projects.</td>
<td>5</td>
<td>$297,450</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exception #12:</th>
<th>Total # of Exceptions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entertainers, lecturers, speakers and honoraria.</td>
<td>10</td>
<td>$438,380</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exception #13:</th>
<th>Total # of Exceptions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases from University Physicians that are not part of sponsored research activities.</td>
<td>1</td>
<td>$54,417</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exception #14:</th>
<th>Total # of Exceptions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Study Abroad Administrators (Does not include group airfares).</td>
<td>6</td>
<td>$585,251</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exception #15:</th>
<th>Total # of Exceptions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal Services for the Office of General Counsel.</td>
<td>1</td>
<td>$50,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exception #16:</th>
<th>Total # of Exceptions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Search Firms that have met pre-defined criteria.</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**TOTAL Approved Exceptions**

57 | $6,455,529

There are 25 categories of Pre-Approved Exceptions. Only those categories which had qualifying transactions are reported above.

### IV. Regents Policy Violations

<table>
<thead>
<tr>
<th>Regent Policy Violations</th>
<th>Q4FY18</th>
</tr>
</thead>
</table>

There are no Regents Policy Violations to report.
Termination of Purchase and Sale Agreement:
Sale of 2642 University Avenue, St. Paul (Twin Cities Campus)

Board of Regents Finance and Operations Committee • September 2018

In May 2018, the Board of Regents approved the sale of 2642 University Avenue, St. Paul for $2,150,000 to Siesta Properties, LLC. In June 2018, within the 150-day due diligence period, Siesta Properties, LLC was informed that one of their potential tenants had opted for a different location. Siesta Properties LLC, requested a 30-day extension to the due diligence period, which was granted by the University. During the 30-day extension, Siesta Properties LLC, was unable to find a qualified tenant. The University did not grant an additional extension and, as such, the Purchase and Sale Agreement was terminated.

The property at 2642 University Avenue, St. Paul, has been offered for sale since January 2015, following Board of Regents approval to dispose of the property in December 2014. The University has no known or planned use for the property. Multiple potential uses have been explored, but none has proven to be a good functional fit or financially viable given the significant deferred maintenance costs associated with the property.

The University will continue to entertain bona fide offers to purchase the property.
### Ending Structural Imbalance

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>In accordance with Joint Financial Oversight Committee annual projections (reaching $0 by FY21)</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Year-End Transfer

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>In accordance with Joint Financial Oversight Committee annual projections (reaching $0 by FY20)</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Financial & Enrollment

<table>
<thead>
<tr>
<th></th>
<th>Y1</th>
<th>Y2</th>
<th>Y3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Incoming J.D. Class:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At least 205 students for entering classes</td>
<td>🟢</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>J.D. Population:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total J.D. population reaching 599 by 2020</td>
<td>🟢</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross Tuition Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In accordance with Joint Financial Oversight Committee annual projections (reaching ~$32.6M by FY21)</td>
<td>🟢</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Tuition Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In accordance with Joint Financial Oversight Committee annual projections (reaching ~$1.4M of additional recurring revenue by FY21)</td>
<td>🟢</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Endowment and Gift Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In accordance with Joint Financial Oversight Committee annual projections (reaching ~$281K of additional recurring revenue by FY21)</td>
<td>🟢</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Budget Expenditure Reallocation:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>~40% greater than general budget targets</td>
<td>🟢</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Operations & Outcomes

<table>
<thead>
<tr>
<th></th>
<th>Y1</th>
<th>Y2</th>
<th>Y3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salary Levels (Instructional):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instructional expenditures per student below FY17 levels</td>
<td>🟢</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Salary Levels (Staff):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff expenditures per student below FY17 levels</td>
<td>🟢</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Headcount (Faculty):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of faculty positions at or below FY17 levels</td>
<td>🟢</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Headcount (Staff):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of staff positions at or below FY17 levels</td>
<td>🟢</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Incoming Credentials (LSAT):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>87th-90th percentile Median LSAT for entering classes</td>
<td>🟢</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Incoming Credentials (GPA):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.73+ Median GPA for entering classes</td>
<td>🟢</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Student Outcomes (Bar Passage):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MN Bar Passage (July first-time takers) above state average for graduating classes</td>
<td>🟢</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Student Outcomes (Employment):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment at 10 months above national average for graduating classes</td>
<td>🟢</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Philanthropy (Total Production):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In accordance with projections</td>
<td>🟢</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Philanthropy (Annual Fund):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In accordance with projections</td>
<td>🟢</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Projections for FY20 and FY21 are contingent upon the Board of Regents’ approval of the President’s Recommendation on Law School O&M.
Definitions

**Incoming J.D. Class:** Number of first-year J.D. students for classes entering in 2018, 2019, and 2020. [Drawn from information reported to the ABA, available by Nov.]

**J.D. Population:** Total number of J.D. students from all class years enrolled in 2018 (555 target), 2019 (590 target), and 2020 (599 target), including those students who have recently transferred into the Law School. [ABA, Nov.]

**Gross Tuition Revenue:** Includes tuition received in FY19, FY20, and FY21 for all degree programs, including the J.D., LL.M., and Patent Law programs. Also includes tuition income generated from cross-college enrollment, including the joint undergraduate minor with the Carlson School of Management. [SVP Finance and Operations, Nov.]

**Net Tuition Revenue:** Tuition revenue received for all programs and courses in FY19, FY20, and FY21, after accounting for scholarship expenditures. [SVP Finance and Operations, Nov.]

**Endowment and Gift Revenue:** Includes spendable income produced by endowments held by the Law School as well as all current use gifts received by the Law School in FY19, FY20, and FY21. [SVP Finance and Operations, July]

**Budget Expenditure Reallocation:** The Law School must meet reallocation targets for FY19, FY20, and FY21 that are ~40% higher than the general reallocation targets set by University Budget and Finance. [SVP Finance and Operations, Jan.]

**Salary Levels (Instructional):** Amount spent on instructional salaries in FY18, FY19, and FY20, relative to the J.D. student population. Compared to FY17 baseline ($24,644). [ABA, Nov.]

**Salary Levels (Staff):** Amount spent on staff salaries in FY18, FY19, and FY20, relative to the J.D. student population. Compared to FY17 baseline ($12,547). [ABA, Nov.]

**Headcount (Faculty):** Total number of faculty positions in FY18, FY19, and FY20. Includes tenure/tenure track, clinical, and other instructional employees, whether full-time or on phased retirement. Excludes four faculty who hold academic leadership positions. Compared to FY17 baseline (53). [SVP Finance and Operations, Nov.]

**Headcount (Staff):** Number of staff positions in FY18, FY19, and FY20. Includes full-time and part-time employees. Compared to FY17 baseline (118). [SVP Finance and Operations, Nov.]

**Incoming Credentials (LSAT):** The Median LSAT score among all first-year students who have matriculated at the Law School in Fall 2018, 2019, and 2020. [ABA, Nov.]

**Incoming Credentials (GPA):** The Median Undergraduate GPA among all first-year students who have matriculated at the Law School in Fall 2018, 2019, and 2020. [ABA, Nov.]

**Student Outcomes (Bar Passage):** The bar passage rate among first-time takers on the Minnesota Bar Examination in 2018, 2019, and 2020, in comparison to the bar passage rate among all first-time takers on the bar exam. The majority of Law School graduates sit for the Minnesota Bar Examination. [ABA/MBLE, Nov.]

**Student Outcomes (Employment):** The percentage of graduates in 2017, 2018, and 2019 who secured full-time, long term J.D. required or J.D. advantage positions within 10 months of graduation, in comparison to the percentage for all law school graduates nationwide. [ABA/NALP, Aug.]

**Philanthropy (Total Production):** Includes all new gifts (annual, major, planned), pledges, and commitments made to the Law School in FY18, FY19, and FY20. Does not include payments made on an existing pledge. ($4.5M for FY18). [UMF, July]

**Philanthropy (Annual Fund):** Includes all current use gifts made to the Law School for unrestricted, scholarship, or general operating funds in FY18, FY19, and FY20 ($1M for FY18). [UMF, July]