Finance & Operations Committee

September 2019

September 12, 2019

2:00 p.m. - 5:00 p.m.

Boardroom, McNamara Alumni Center
1. 2019-20 Committee Work Plan
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   Draft Work Plan - Page 6

2. President's Recommended Six-Year Capital Plan and 2020 State Capital Request - Review
   Docket Item Summary - Page 10
   Resolution - Six-Year Capital Plan - Page 15
   Resolution - 2020 State Capital Request - Page 16
   Project Description Report - Page 17
   Project Funding Report - Page 24
   Projects Under Consideration - Page 32
   Presentation Materials - Page 40

3. Overview of Family Student Housing on the Twin Cities Campus
   Docket Item Summary - Page 58
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4. Resolution Related to Dining Services Contract Extension (Twin Cities Campus) - Review
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   Resolution - Page 75
   Purchase Narrative - Page 76
   Presentation Materials - Page 77

5. Real Estate Transactions - Review
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   Purchase of 2025 East River Parkway, Minneapolis (Twin Cities Campus)
     Transaction Narrative - Page 89
     Parcel Map - Page 91
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   Sale of Murphy Warehouse - 701 24th Avenue SE, Minneapolis (Twin Cities Campus)
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     Parcel Map - Page 108
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6. Consent Report - Review/Action
   Docket Item Summary - Page 115
7. Information Items

- Docket Item Summary - Page 123
- Annual Asset Management Report - Page 126
- Progress Report on Sustainability & Energy Efficiency Targets and Standards - Page 137
- Quarterly Purchasing Report - Page 139
AGENDA ITEM: 2019-20 Committee Work Plan

☐ Review  ☐ Review + Action  ☐ Action  ☒ Discussion

☐ This is a report required by Board policy.

PRESENTERS: Regent Richard Beeson
Brian D. Burnett, Senior Vice President

PURPOSE & KEY POINTS

The purpose of this item is to review and discuss the 2019-20 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  
2019-20 Work Plan

<table>
<thead>
<tr>
<th>Date</th>
<th>Topics</th>
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| September 12-13 | • 2019-20 Committee Work Plan  
• Six-Year Capital Plan and 2020 State Capital Request - Review  
  In addition to reviewing the capital plan and capital request, the presentation will provide an update on the facilities condition report and current debt capacity.  
• Overview of Family Student Housing on the 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 discussion will include an initial analysis of what goals should be considered for this type of housing. The presentation will also provide an update on how the draft Saint Paul strategic facilities plan could inform plans for this type of housing.  
• Resolution Related to Extension of Aramark Contract – Review  
  The committee will review a short-term extension of the contract with Aramark for food service on the Twin Cities campus and the Minnesota Landscape Arboretum. The discussion will outline planned consultation with the Twin Cities campus community and a timeline for action on a long-term food service plan.  
• [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 Asset Management Report  
  o Investment Advisory Committee Update  
  o Quarterly Asset Management Report  
  o Quarterly Purchasing Report  
  o Progress Report on Sustainability & Energy Efficiency Targets and Standards |
| October 10-11  | • Six-Year Capital Plan and 2020 State Capital Request – Action  
  In addition to acting on the capital plan and capital request, the presentation will outline goals to reduce GSF in poor or critical condition, both with or without additional state funding.  
• [Resolution Related to Extension of Aramark Contract – Action]  
• Twin Cities Undergraduate Nonresident/Non-Reciprocity Tuition Update  
  The purpose of this item is to update the committee on the Twin Cities undergraduate nonresident/non-reciprocity (NRNR) tuition rates and current NRNR enrollment.  
• FY 2021 Budget Variables and Levers  
  The committee will engage in a policy discussion regarding the preliminary budget planning assumptions for the FY 2021 annual operating budget.  
• [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
- Debt Management Advisory Committee Update
- Real Estate Report

### Long Range Financial Planning Update
The purpose of this item is to highlight and discuss the broad policy choices and options that will guide long-range financial planning. It will also include an initial discussion on the pros and cons of a two-year operating budget. Input from this discussion will inform the Board's priority of a multi-year financial framework.

### Administrative Cost Definition and Benchmarking
This discussion will review the eighth year of results for the cost benchmarking analysis of the University. It will provide an overview of the current analysis and discuss options for future years.

### University Cost Drivers and Revenue Sources
The purpose of this item is to provide the committee with an overview of significant costs and revenue sources for the University. The conversation will provide context on restricted vs. unrestricted revenue sources, key cost drivers, and potential sources of revenue beyond tuition and O&M funding. Input from this discussion will help inform the Board's priority of a multi-year financial framework.

### Saint Paul Strategic Facilities Plan Update
The purpose of the item is to update the committee on work that has been done on the draft Saint Paul Strategic Facilities plan. This will include how this plan will work in concert with the Systemwide Strategic Plan and highlight potential first phase projects that may be included in the FY 2021 Annual Capital Improvement Budget. Based on the interaction with the Systemwide Strategic Plan, a tentative timeline for Board action on the Saint Paul Strategic Facilities Plan will also be outlined.

### 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
- Commercial Paper Facility Update
- Semi-Annual Capital Project Management Report
- Debt Management Advisory Committee Update
- Investment Advisory Committee Update
- Quarterly Asset Management Report
- Quarterly Purchasing Report
<table>
<thead>
<tr>
<th>2020</th>
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<td><strong>February 13-14</strong></td>
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| **FY 2021 Annual Operating Budget Framework**  
The committee will review and provide input on a draft framework for the FY 2021 Annual Operating Budget.  
**Unit Reserves Policy Framework**  
The committee will review the current policy framework for unit reserves and the function of those reserves within the University's budget and financial stability model. The discussion will provide feedback on a structure for governance level information in this area.  
**Overview of HR Analytics**  
The committee will receive an overview of human resources analytics available within the University's updated systems. The conversation will identify areas of focus and key analytics for the Annual Report on Workforce and Total Compensation in May. |
| **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**  
- Capital Finance and Debt Management Report  
- Annual Insurance and Risk Management Report  
- Central Reserves Fund Report  
- State Capital Appropriation Expenditure Report  
- Quarterly Purchasing Report  
- Debt Management Advisory Committee Update  
- Results of the 2019 Employee Engagement Survey |
| **March 11-12** |
| Full Board items:  
**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**  
- Debt Management Advisory Committee Update  
- Investment Advisory Committee Update |
| **May 7-8** |
| **Presidents Recommended FY 2021 Annual Operating Budget – Review**  
**President’s Recommended FY 2021 Annual Capital Improvement Budget – Review**  
**Annual Report on Workforce and Total Compensation**  
The committee will review and discuss the annual report. The report will focus on key areas identified by the committee during the December meeting.  
**Changes to the Faculty Retirement Plan**  
This item will provide the committee with an update on recent changes to the Faculty Retirement Plan.  
**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**  
- Annual Investment Performance: Peer Comparisons  
- Quarterly Asset Management Report |
<table>
<thead>
<tr>
<th>June 11-12</th>
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<tbody>
<tr>
<td>- <strong>President’s Recommended FY 2021 Annual Operating Budget - Action</strong></td>
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<tr>
<td>- <strong>President’s Recommended FY 2021 Annual Capital Improvement Budget – Action</strong></td>
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</table>
| - **Aligning Campus Master Plans with the Systemwide Strategic Plan**  
  This item will provide the committee with an understanding of current campus master plans and outline a potential process to align those plans with the Systemwide Strategic Plan.  |
| - **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 Progress Report on Sustainability & Energy Efficiency Targets and Standards  
  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 |
AGENDA ITEM: President’s Recommended 2019 Six-Year Capital Plan and 2020 State Capital Request

X Review  □ Review + Action  □ Action  □ Discussion

This is a report required by Board policy.

PRESENTERS: President Joan T.A. Gabel
Brian D. Burnett, Senior Vice President
Michael Berthelsen, Vice President, University Services

PURPOSE & KEY POINTS

The purpose of this item is to review the President’s recommended 2019 Six-Year Capital Plan and the 2020 State Capital Request.

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 2020 through 2025 (FY 2021 to FY 2026.) 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 (2020) outlines the projects that the University will be submitting to the State of Minnesota for consideration during the 2020 legislative session. Higher Education Asset Preservation and Replacement (HEAPR) continues to be the top priority. This request also seeks funding for three standalone renovation projects, and finally for design services related to the Health Sciences Strategic Investment program.

2020 Plan Highlights

The Plan presented for review continues to emphasize reinvestment into the University’s existing infrastructure. A growing deferred renewal backlog has widespread impacts on academic programs, research initiatives, student experience, and general competitiveness. The reduction of poor and critical space is a Maroon measure on the University Progress Card, and HEAPR continues to be the smartest and most cost-effective investment toward this objective. It protects and extends the useful life of investments made by the taxpayers through capital bonding, by students who pay tuition, and by donors who give to the University. The Plan recommends HEAPR requests of $200 million in each year to align with actual deferred renewal needs. It defines specific projects and placeholders that position 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 (the 10-year projected needs divided by the estimated replacement value) 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>
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<tbody>
<tr>
<td>Twin Cities</td>
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<td>$10,489,267,986</td>
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<td>Morris</td>
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<td>Crookston</td>
<td>723,407</td>
<td>$341,386,861</td>
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<tr>
<td>ROCs</td>
<td>1,571,262</td>
<td>$306,916,909</td>
<td>$92,456,249</td>
<td>0.30</td>
<td>92,818</td>
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<tr>
<td><strong>TOTALS</strong></td>
<td><strong>30,314,363</strong></td>
<td><strong>$12,719,554,613</strong></td>
<td><strong>$4,771,958,830</strong></td>
<td><strong>0.38</strong></td>
<td><strong>8,528,591</strong></td>
</tr>
</tbody>
</table>

1 Total Gross Square Feet. Excludes Rochester Campus. Does not include parking ramp decks.
2 Figures include formally assessed facilities plus actual or modeled values for non-assessed facilities less than 10 years old.
3 Increase of 0.3% from previous year.

This Plan puts a strong emphasis on fixing or replacing some of the University’s worst buildings. HEAPR funding remains at the core of this strategy.

2. **Advance the Health Sciences**

The Plan continues to promote 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 is developing capital projects to advance academic goals that over time would:

- co-locate clinical, translational, and outcomes focused research teams;
- 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, resulting in a net reduction of campus square feet and annual facility operating costs. This new Health Sciences Strategic Capital Investment program continues to progress through different stages of planning. The Clinical Research Facility is well into predesign, while other program components are in varying stages of feasibility. Details on all aspects of the program including overall structure, program components, project costs, funding strategy, and schedule will continue to be refined in the coming year. A request for state funding in 2020 advances design for all program components and acquires land for the Clinical Research Facility.
3. **Modernize Saint Paul Research Laboratories**

The Plan continues the vision first set out in the 2013 plan to renovate, construct, and decommission targeted laboratories on the Twin Cities campus in Saint Paul. The placeholder in 2022 for Saint Paul Capital Renewal will be informed by the outcome of the Saint Paul Strategic Facilities plan. Additional HEAPR investments in Food Science and Nutrition, Biosystems and Agricultural 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 and state performance measures related to STEM degrees have 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 required course sequences. The Plan includes major investments for the Duluth campus Chemistry Building and Twin Cities campus chemistry teaching capacity, as well as major HEAPR investments in the Mechanical Engineering building and Food Sciences and Nutrition building.

5. **Repositioning Libraries for the 21st Century**

Library spaces are in high demand. 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. Several investments are planned for 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.

**2020 State Capital Request**

There are five items in the 2020 State Capital Request:

1. The first priority for funding is a $200 million HEAPR request.

The next two projects are carryforward requests from last year:
3. The renovation of A.B. Anderson Hall on the Duluth campus. Funding for A.B. Anderson was first proposed with the Academic and Student Experience Investments in 2016.

4. The fourth project is a Chemistry and Undergraduate Teaching Facility on the Twin Cities campus.
5. The final priority is a request for funding to acquire land and advance design for the Health Sciences Strategic Capital Investment program. The $375.8 million state capital request represents $317.2 million from the state and $58.6 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 capital improvement planning process yields a draft plan for the President’s consideration and eventual recommendation to the Board.

<table>
<thead>
<tr>
<th>Stage 1 Proposal</th>
<th>Stage 2 Planning and Feasibility</th>
<th>Stage 3 Predesign</th>
<th>Stage 4 Resource Acquisition</th>
<th>Stage 5 Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Define the problem or opportunity</td>
<td>Evaluate scope, scale and alternatives</td>
<td>Advance the optimal scenario</td>
<td>Confirm source and availability of funds</td>
<td>Deliver Project</td>
</tr>
<tr>
<td>● Programmatic needs</td>
<td>● Strategic positioning</td>
<td>● Project scope</td>
<td>● Financial impact</td>
<td>● Schematic design and GMP approval by the Board.</td>
</tr>
<tr>
<td>● Facility conditions</td>
<td>● Academic priorities</td>
<td>● Project budget</td>
<td>● Debt capacity</td>
<td></td>
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<tr>
<td>● Financial resources assessment</td>
<td>● Financial constraints</td>
<td>● Project schedule</td>
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Chancellors, vice presidents and deans submit proposals

Budget 5 – Capital Strategy Group authorizes proposals for feasibility

The Six Year Plan authorizes projects eligible to begin predesign

Predesign completion authorizes resource acquisition to begin

Board of Regents authorize projects >$1 million to commence

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 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 to 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 all existing outstanding University debt, including the state supported special purpose revenue bonds, plus planned future issuances.
• University-supported portion of projects in the six-year plan are 100 percent funded with University-issued debt.
• Issuances of debt for six-year plan projects occur over three years with a 20 percent, 55 percent, 25 percent split.
• Annual debt service for future debt to be issued assumes repayment over 25 years; 4.0 percent annual interest for FY21 and FY22 issuances; 4.5 percent in years thereafter.
• Modest increases each year in ratio components of cash and investments (3.0 percent annually) and operating expenses (2.1 percent annually).
• Debt capacity is calculated based on arithmetic average of three ratios, assuming the University's goal is to maintain each ratio at the Aa1 median level, as defined by Moody's Investors Service
• University of Minnesota Foundation cash and investments are included in total cash and investments in the applicable ratios, as defined by Moody's.

PRESIDENT’S RECOMMENDATION

The President recommends approval of the resolution related to the 2019 Six-Year Capital Plan and the resolution related to the 2020 State Capital Request.
REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

2019 Six-Year Capital Plan

WHEREAS, preserving the University of Minnesota (University) campuses through stewardship of public investments that have been made over 165 years is a commitment the Board of Regents (Board) has made to the State of Minnesota (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; 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 2019 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.
WHEREAS, the Board of Regents (Board) has directed the administration to annually submit a capital improvement budget and a six-year capital plan in support of the University of Minnesota’s (University) strategic priorities; and

WHEREAS, the Board 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 2020 State Capital Request in the amount of $375,800,000 consisting of $317,200,000 from the State of Minnesota and $58,600,000 from the University.
2019 Six Year Capital Plan
Project Description Report
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.
### 2019 Six Year Capital Plan - Project Description Report

#### PTRF Renovation - Turkey Research Facility
- **Campus:** Twin Cities  
- **Unit:** College of Food, Agricultural & Natural Resource Sciences  
- **Total Cost:** $11,000  
- **Plan Year:** 2021  
- **Description:** Renovates 28,000 GSF in the Poultry Teaching and Research Facility in St. Paul. 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.

#### 3M Arena at Mariucci Ice Plant/Floor Replacement
- **Campus:** Twin Cities  
- **Unit:** Intercollegiate Athletics  
- **Total Cost:** $5,200  
- **Plan Year:** 2021  
- **Description:** 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.

#### Ridder Arena Ice Plant/Floor Replacement
- **Campus:** Twin Cities  
- **Unit:** Intercollegiate Athletics  
- **Total Cost:** $1,200  
- **Plan Year:** 2021  
- **Description:** 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.

#### LSH 1st Floor Renovation & Expansion
- **Campus:** Duluth  
- **Unit:** UMN Duluth  
- **Total Cost:** $9,900  
- **Plan Year:** 2025  
- **Description:** Remodels and expands the 1st floor of Lake Superior Hall (LSH). Provides more efficient and consolidated office space for staff and better space for students.

#### St. Paul Capital Renewal
- **Campus:** Twin Cities  
- **Unit:** Academic Affairs and Provost  
- **Total Cost:** $45,000  
- **Plan Year:** 2022  
- **Description:** Renovates teaching and research space in one or more buildings in St. Paul. 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.
### Twin Cities Campus Capital Renewal

- **Campus:** Twin Cities
- **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.

### Arboretum: Farmhouse Education Center

- **Campus:** ROCs & Stations
- **Unit:** College of Food, Agricultural & Natural Resource Sciences
- **Total Cost:** $2,000
- **Plan Year:** 2020

- Creates a new welcome center with a classroom and conference space for the Farm at the Arb campus that includes the Bee Center, Red Barn and demonstration farm crops.
- Serves as the headquarters for the MN Extension statewide Master Gardener Program and Arboretum Adult Education.
- Timeline may adjust pending availability of funds.

### CSOM Experiential and Collaborative Improvement Project

- **Campus:** Twin Cities
- **Unit:** Carlson School of Management
- **Total Cost:** $35,000
- **Plan Year:** 2023

- Aligns the functionality of teaching and scholarship user space with new pedagogical and technological trends.
- Balances efficiency, utilization, and experience as part of a strategy for determining appropriate existing space use options.
- Improves utilization of existing space through more flexible learning environments facilitating student, staff and faculty collaboration.
- Addresses building infrastructure, systems, accessibility, and other deficiencies.

### Limnology Building and Property Capital Renewal

- **Campus:** Duluth
- **Unit:** UMN Duluth
- **Total Cost:** $9,000
- **Plan Year:** 2023

- Renovates the existing 7,000 GSF limnology research station and constructs a new 6,000 GSF addition.
- Creates a learning lab, meeting space and workstations for 27 personnel.
- Relocates MN Sea Grant Center from its current location at UMD Chester Park.
- Timeline for investment may adjust pending availability of funds.

### Child Development Replacement

- **Campus:** Twin Cities
- **Unit:** College of Education and Human Development
- **Total Cost:** $43,800
- **Plan Year:** 2020

- Renovates the interior and exterior of 30,000 GSF Institute of Child Development Building, built in 1913.
- Demolishes the existing 1967 addition.
- Constructs a new 30,000 - 34,000 GSF addition.
- Creates new research labs and observation space for 20 ICD faculty and research and administrative space for the Center for Early Childhood Education.
## A. B. Anderson Hall Capital Renewal
- **Campus:** Duluth
- **Unit:** UMN Duluth
- **Total Cost:** $6,600
- **Plan Year:** 2020

Updates mechanical systems, life safety systems, and architectural finishes. Modernizes 35,000 SF of teaching space for the departments of Communication, Philosophy, History, and Art.

## Chemistry Undergraduate Teaching Laboratory
- **Campus:** Twin Cities
- **Unit:** College of Science and Engineering
- **Total Cost:** $98,400
- **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:** $28,000
- **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.

## Library Collections Off-Site Storage: Phase I
- **Campus:** Twin Cities
- **Unit:** University Libraries
- **Total Cost:** $36,350
- **Plan Year:** 2021

Construct new space to meet the collections needs of the University of Minnesota for the next 20 years. Relocate various library collections into offsite storage from around the library system. Enable the creation of new, innovative spaces for teaching and research in prime locations on campus. Provide secure, environmentally controlled, offsite space for storage, preservation, regeneration and characterization of essential resources.

## Chemistry Building Capital Renewal
- **Campus:** Duluth
- **Unit:** UMN Duluth
- **Total Cost:** $24,600
- **Plan Year:** 2021

Invests in space that was vacated 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.
<table>
<thead>
<tr>
<th>Project Description</th>
<th>Campus</th>
<th>Unit</th>
<th>Total Cost</th>
<th>Plan Year</th>
</tr>
</thead>
<tbody>
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<td>Health Sciences Strategic Capital Investment</td>
<td>Twin Cities</td>
<td>Health Sciences Administration</td>
<td>$475,000</td>
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<tr>
<td>Strategic Capital Investment</td>
<td>Twin Cities</td>
<td>Academic Affairs and Provost</td>
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<td>Academic Affairs and Provost</td>
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<td>2020</td>
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<tr>
<td>Lab School - CDC Unified Child Care Facility</td>
<td>Twin Cities</td>
<td>University Services</td>
<td>$11,000</td>
<td>2020</td>
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</table>
Health Sciences Strategic Capital Investment - Design
- Designs, acquires land, prepares site and completes preconstruction services for the Clinical Research Facility.
- Completes predesign and design for interrelated Health Sciences strategic reinvestment projects.
Campus: Twin Cities
Unit: Health Sciences Administration
Total Cost: $27,000
Plan Year: 2020

Strategic Capital Investment
- Enhances existing teaching, research and student space.
- Project(s) will be defined in future Six Year Plan update.
Campus: Twin Cities
Unit: Academic Affairs and Provost
Total Cost: $100,000
Plan Year: 2025

Child and Adolescent Brain Health
- Renovates the 116,000 GSF Shriners Hospital at 2025 East River Parkway in Minneapolis.
Campus: Twin Cities
Unit: Health Sciences Administration
Total Cost: $30,000
Plan Year: 2020
2019 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 2020. Projects in future years of the plan and projects under consideration are not prioritized.

Annual Capital Budget Potential Additions

University funded capital projects in year 2020 of the Six Year Capital Plan were included in the FY20 Annual Capital Budget potential additions list and may be presented as amendments to the capital budget within the current fiscal year.
### 2020

#### State Funded

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<tr>
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FY Total: $466,016  $317,200  $148,816
Running Total: $466,016  $317,200  $148,816
### Proposed Special State Investment Program

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**FY Total:** $809,780  $533,067  $276,713  
**Running Total:** $1,275,796  $850,267  $425,529
## 2022

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<tr>
<td>201</td>
<td>Higher Education Asset Preservation and Replacement</td>
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<th>University Funds</th>
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<tbody>
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FY Total: $355,515 | $262,000 | $93,515
Running Total: $1,631,311 | $1,112,267 | $519,044

dollars in thousands
## 2023

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</tbody>
</table>

|                               | $84,536                                           | $0          | $84,536        |
|                               | FY Total: $352,536                                 | $245,334    | $107,202       |
|                               | Running Total: $1,983,847                          | $1,357,601  | $626,246       |
### 2024

#### 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>361</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>304</td>
<td>Strategic Capital Investment</td>
<td>Twin Cities</td>
<td>$100,000</td>
<td>$66,667</td>
<td>$33,333</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$300,000</td>
<td>$266,667</td>
<td>$33,333</td>
</tr>
</tbody>
</table>

#### 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>308</td>
<td>R&amp;R - Crookston Campus</td>
<td>Crookston</td>
<td>$245</td>
<td>$0</td>
<td>$245</td>
</tr>
<tr>
<td>306</td>
<td>R&amp;R - Duluth Campus</td>
<td>Duluth</td>
<td>$3,000</td>
<td>$0</td>
<td>$3,000</td>
</tr>
<tr>
<td>305</td>
<td>R&amp;R - Duluth Student Life</td>
<td>Duluth</td>
<td>$3,000</td>
<td>$0</td>
<td>$3,000</td>
</tr>
<tr>
<td>310</td>
<td>R&amp;R - Morris Campus</td>
<td>Morris</td>
<td>$90</td>
<td>$0</td>
<td>$90</td>
</tr>
<tr>
<td>307</td>
<td>R&amp;R - Twin Cities Athletics</td>
<td>Twin Cities</td>
<td>$1,300</td>
<td>$0</td>
<td>$1,300</td>
</tr>
<tr>
<td>313</td>
<td>R&amp;R - Twin Cities Campus</td>
<td>Twin Cities</td>
<td>$7,400</td>
<td>$0</td>
<td>$7,400</td>
</tr>
<tr>
<td>314</td>
<td>R&amp;R - Twin Cities Dining Services</td>
<td>Twin Cities</td>
<td>$6,175</td>
<td>$0</td>
<td>$6,175</td>
</tr>
<tr>
<td>309</td>
<td>R&amp;R - Twin Cities Housing &amp; Residential Life</td>
<td>Twin Cities</td>
<td>$13,760</td>
<td>$0</td>
<td>$13,760</td>
</tr>
<tr>
<td>311</td>
<td>R&amp;R - Twin Cities Parking &amp; Transportation Services</td>
<td>Twin Cities</td>
<td>$7,500</td>
<td>$0</td>
<td>$7,500</td>
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<tr>
<td>312</td>
<td>R&amp;R - Twin Cities Student Affairs</td>
<td>Twin Cities</td>
<td>$1,100</td>
<td>$0</td>
<td>$1,100</td>
</tr>
<tr>
<td>315</td>
<td>R&amp;R - Twin Cities Utilities</td>
<td>Twin Cities</td>
<td>$12,400</td>
<td>$0</td>
<td>$12,400</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$55,970</td>
<td>$0</td>
<td>$55,970</td>
</tr>
</tbody>
</table>

|      |                                             |            | $355,970| $266,667    | $89,303          |
| FY Total: |                                             |            | $2,339,817| $1,624,268  | $715,549         |
| Running Total: |                                         |            | $2,339,817| $1,624,268  | $715,549         |
### 2025

#### 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>349</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>348</td>
<td>Strategic Capital Investment</td>
<td>Twin Cities</td>
<td>$100,000</td>
<td>$66,667</td>
<td>$33,333</td>
</tr>
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</table>

$300,000   $266,667   $33,333

#### 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>163</td>
<td>Limnology Building and Property Capital Renewal</td>
<td>Duluth</td>
<td>$9,000</td>
<td>$0</td>
<td>$9,000</td>
</tr>
<tr>
<td>136</td>
<td>LSH 1st Floor Renovation &amp; Expansion</td>
<td>Duluth</td>
<td>$9,900</td>
<td>$0</td>
<td>$9,900</td>
</tr>
<tr>
<td>359</td>
<td>R&amp;R - Crookston Campus</td>
<td>Crookston</td>
<td>$245</td>
<td>$0</td>
<td>$245</td>
</tr>
<tr>
<td>355</td>
<td>R&amp;R - Duluth Campus</td>
<td>Duluth</td>
<td>$3,000</td>
<td>$0</td>
<td>$3,000</td>
</tr>
<tr>
<td>354</td>
<td>R&amp;R - Duluth Student Life</td>
<td>Duluth</td>
<td>$3,000</td>
<td>$0</td>
<td>$3,000</td>
</tr>
<tr>
<td>360</td>
<td>R&amp;R - Morris Campus</td>
<td>Morris</td>
<td>$90</td>
<td>$0</td>
<td>$90</td>
</tr>
<tr>
<td>357</td>
<td>R&amp;R - Twin Cities Athletics</td>
<td>Twin Cities</td>
<td>$1,300</td>
<td>$0</td>
<td>$1,300</td>
</tr>
<tr>
<td>352</td>
<td>R&amp;R - Twin Cities Campus</td>
<td>Twin Cities</td>
<td>$7,400</td>
<td>$0</td>
<td>$7,400</td>
</tr>
<tr>
<td>356</td>
<td>R&amp;R - Twin Cities Dining Services</td>
<td>Twin Cities</td>
<td>$4,700</td>
<td>$0</td>
<td>$4,700</td>
</tr>
<tr>
<td>350</td>
<td>R&amp;R - Twin Cities Housing &amp; Residential Life</td>
<td>Twin Cities</td>
<td>$11,200</td>
<td>$0</td>
<td>$11,200</td>
</tr>
<tr>
<td>353</td>
<td>R&amp;R - Twin Cities Parking &amp; Transportation Services</td>
<td>Twin Cities</td>
<td>$8,200</td>
<td>$0</td>
<td>$8,200</td>
</tr>
<tr>
<td>358</td>
<td>R&amp;R - Twin Cities Student Affairs</td>
<td>Twin Cities</td>
<td>$1,100</td>
<td>$0</td>
<td>$1,100</td>
</tr>
<tr>
<td>351</td>
<td>R&amp;R - Twin Cities Utilities</td>
<td>Twin Cities</td>
<td>$12,400</td>
<td>$0</td>
<td>$12,400</td>
</tr>
</tbody>
</table>

$71,535   $0   $71,535

<table>
<thead>
<tr>
<th></th>
<th>FY Total:</th>
<th>Running Total:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$371,535</td>
<td>$2,711,352</td>
</tr>
<tr>
<td></td>
<td>$266,667</td>
<td>$1,890,935</td>
</tr>
<tr>
<td></td>
<td>$104,868</td>
<td>$820,417</td>
</tr>
</tbody>
</table>
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.
<table>
<thead>
<tr>
<th>Project Name</th>
<th>Campus</th>
<th>Total Cost</th>
<th>Status</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>St. Paul Student Center Replacement</td>
<td>Twin Cities</td>
<td>To Be Determined</td>
<td>Proposal</td>
<td>Student Affairs</td>
</tr>
<tr>
<td>Athletic Facilities Targeted Improvement Projects</td>
<td>Systemwide</td>
<td>To Be Determined</td>
<td>Feasibility</td>
<td></td>
</tr>
<tr>
<td>Cloquet and Hubacheck Capital Investments</td>
<td>ROCs &amp; Stations</td>
<td>To Be Determined</td>
<td>Planning</td>
<td>College of Food, Agricultural &amp; Natural Resource Sciences</td>
</tr>
<tr>
<td>Cowles Stadium Hitting Facility</td>
<td>Twin Cities</td>
<td>To Be Determined</td>
<td>Predesign</td>
<td>Intercollegiate Athletics</td>
</tr>
<tr>
<td>Briggs Library Capital Renewal</td>
<td>Morris</td>
<td>$27,900</td>
<td>Predesign</td>
<td>UMN Morris</td>
</tr>
</tbody>
</table>
### Welcome Center

<table>
<thead>
<tr>
<th>Campus: Twin Cities</th>
<th>Provides a single location for undergrad, international and transfer student admissions.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit: Academic Affairs and Provost</td>
<td>Creates a new welcome center for the Twin Cities campus.</td>
</tr>
<tr>
<td>Total Cost: To Be Determined</td>
<td>Visioning study complete. Scope, budget and schedule to be confirmed pending outcome of feasibility study.</td>
</tr>
<tr>
<td>Status: Planning</td>
<td></td>
</tr>
</tbody>
</table>

### Lions Eye Institute

<table>
<thead>
<tr>
<th>Campus: Twin Cities</th>
<th>Constructs a new centralized 70,000 - 90,000 GSF clinical care, research and training facility for the Lion’s Eye Institute.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit: Medical School</td>
<td>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.</td>
</tr>
<tr>
<td>Total Cost: $54,000</td>
<td>Funding and timeline dependent upon business plan in alignment with Health Sciences and Fairview strategy.</td>
</tr>
<tr>
<td>Status: Feasibility</td>
<td></td>
</tr>
</tbody>
</table>

### St. Paul Gymnasium Renovation/Addition

<table>
<thead>
<tr>
<th>Campus: Twin Cities</th>
<th>Renovates and constructs an addition to the St. Paul Gym.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit: Student Affairs</td>
<td>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.</td>
</tr>
<tr>
<td>Total Cost: To Be Determined</td>
<td>Scope, budget and schedule to be verified through predesign.</td>
</tr>
<tr>
<td>Status: Feasibility</td>
<td></td>
</tr>
</tbody>
</table>

### Lind Hall Capital Renewal

<table>
<thead>
<tr>
<th>Campus: Twin Cities</th>
<th>Renovates 20,000 SF in Lind Hall for the College of Science and Engineering.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit: College of Science and Engineering</td>
<td>Optimizes space following the completion of Pillsbury Hall.</td>
</tr>
<tr>
<td>Total Cost: To Be Determined</td>
<td>Scope, budget and schedule to be defined pending outcome of feasibility study.</td>
</tr>
<tr>
<td>Status: Feasibility</td>
<td>Timeline dependent upon availability of college and donor funds.</td>
</tr>
</tbody>
</table>

### Animal Science Facility

<table>
<thead>
<tr>
<th>Campus: Crookston</th>
<th>Constructs a new pole barn facility to consolidate the animal facilities at the Crookston campus with adjacent academic and research space.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit: UMN Crookston</td>
<td>Accommodates birthing, controls noise and protects against illness.</td>
</tr>
<tr>
<td>Total Cost: To Be Determined</td>
<td>Supports teaching needs of the Agriculture and Natural Resource program and provides space for student research.</td>
</tr>
<tr>
<td>Status: Proposal</td>
<td>Scope, budget and schedule to be defined pending outcome of feasibility study.</td>
</tr>
</tbody>
</table>
## Historic District Capital Renewal

- **Campus:** Morris  
- **Unit:** UMN Morris  
- **Total Cost:** To Be Determined  
- **Status:** Planning  

- 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.

## Equine Center Expansion

- **Campus:** Twin Cities  
- **Unit:** College of Veterinary Medicine  
- **Total Cost:** To Be Determined  
- **Status:** Predesign  

- 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.  
- Predesign completed in 2010. Cost estimates will be updated prior to ACB approval.  
- Timeline dependent upon availability of college and donor funds.

## Kirby Student Center Expansion

- **Campus:** Duluth  
- **Unit:** UMN Duluth  
- **Total Cost:** To Be Determined  
- **Status:** Predesign  

- Expand and updates the Kirby Student Center to provide space for student programming, social and active study spaces for students, meeting and event facilities.

## PWB release space renovations - 8th Floor, Phase II

- **Campus:** Twin Cities  
- **Unit:** Health Sciences Administration  
- **Total Cost:** $1,367  
- **Status:** Predesign  

- Renovate the southeast corner of PWB 8, which was released when Fairview relocated to ACC  
- Create (8) faculty offices or small conference rooms, (1) larger 12 -person conference room, and (18) 48 sq ft workstations.

## Shepherd Laboratories Phase 2 (Floors 3-5) Renovation

- **Campus:** Twin Cities  
- **Unit:** College of Science and Engineering  
- **Total Cost:** To Be Determined  
- **Status:** Feasibility  

- Renovate approximately 12,600 SF on floors 3-5 of Shepherd Labs to provide space for the Computer Science and Engineering Department.
### Strategic Campus Development

- **Campus:** Rochester
- **Unit:** UMN Rochester
- **Total Cost:** To Be Determined
- **Status:** Planning

**Description:**
- Create academic and student life space for the growing UMR student community.
- Provide space to support active, collaborative, and adaptive learning environments, student laboratories and faculty/student interaction.

### Molecular and Cellular Therapeutics Expansion

- **Campus:** Twin Cities
- **Unit:** Health Sciences Administration
- **Total Cost:** To Be Determined
- **Status:** Planning

**Description:**
- 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.

### Strategic Land Acquisitions

- **Campus:** Twin Cities
- **Unit:** Planning, Space, and Real Estate
- **Total Cost:** To Be Determined
- **Status:** Planning

**Description:**
- Evaluates opportunities for strategic land and asset acquisitions that support University mission.

### New Child Care Facilities

- **Campus:** Twin Cities
- **Unit:** University Services
- **Total Cost:** To Be Determined
- **Status:** Predesign

**Description:**
- Provides for child care services on the Twin Cities campus based on the recommendations of the Provost's Child Care Advisory Committee.

### Parking Structure

- **Campus:** Twin Cities
- **Unit:** Auxiliary Services
- **Total Cost:** To Be Determined
- **Status:** Proposal

**Description:**
- Provides additional parking for students, faculty, staff and visitors.
- Scope, budget and schedule to be defined pending outcome of feasibility study.
# 2019 Six Year Capital Plan - Under Consideration List

## 318 Cedar Creek Science Barn
- **Campus:** ROCs & Stations
- **Unit:** College of Biological Sciences
- **Total Cost:** $3,300
- **Status:** Feasibility

- Constructs a new 6,000 SF building for research, education, and outreach.
- Provides three classrooms (seating 25 students each), restrooms, storage, and a 150 person auditorium for year round use.

## 320 Consolidated Livestock Research Complex (FAARM)
- **Campus:** ROCs & Stations
- **Unit:** College of Food, Agricultural & Natural Resource Sciences
- **Total Cost:** To Be Determined
- **Status:** Feasibility

- 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.

## 327 Murphy Warehouse Building Code Improvements
- **Campus:** Twin Cities
- **Unit:** University Services
- **Total Cost:** To Be Determined
- **Status:** Predesign

- Analyze potential long term modernization and capital improvements. The University is currently entertaining offers to sell the facility.

## 332 Food Centric Corridor Expansion
- **Campus:** Twin Cities
- **Unit:** College of Veterinary Medicine
- **Total Cost:** To Be Determined
- **Status:** Predesign

- Remodel approximately 3,700 SF to expand the existing Food Centric Corridor BSL-2 research labs.
- Provides expanded lab space, improved dirty and clean sample prep labs, additional procedure rooms and shared equipment space.
- 2014 Phase 1 remodel was similar in scope and size.

## 340 Rec Sports Fields
- **Campus:** Twin Cities
- **Unit:** Student Affairs
- **Total Cost:** To Be Determined
- **Status:** Planning

- Upgrade the rec sports fields on the west bank
- Install artificial turf, replace the support building, and reformat fields to better accommodate student need.
Coffman Programming and Retail Renovation

Campus: Twin Cities
Unit: Student Affairs
Total Cost: To Be Determined
Status: Proposal

- Upgrade retail and dining facilities in Coffman.
President’s Recommended 2019 Six-Year Capital Plan and 2020 State Capital Request

Brian Burnett, Senior Vice President for Finance and Operations
Michael Berthelsen, Vice President, University Services

Finance & Operations Committee

September 12, 2019

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
- Expand capacity in STEM programs
- Modernize laboratories on the Twin Cities campus in St. Paul
- Reposition libraries for the 21st century
Growing deferred renewal backlog has widespread impacts on academic programs, research initiatives, student experience, and general competitiveness.
Campus Condition

$4.5B 10-yr needs

23.5M sf (83%) $4.0B 10-yr needs

2.4M sf (9%) $409M 10-yr needs

0.99M sf (3.5%) $174M 10-yr needs

0.72M sf (2.5%) $86M 10-yr needs

0.80 sf (2.8%) $92M 10-yr needs

Note: all figures based on formally assessed facilities, plus actual or modeled values for non-assessed facilities less than 10 years old.
Facility Reinvestment to Target

Target Renewal Range

FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19 FY20

R&R HEAPR Asset Reinvestment Added to Backlog

Page 46 of 146
Building-by-Building Investment Strategy

- **Catch-up / Keep-up**
- **Sustain**
- **Do Not Invest**

Redirects dollars to the right facilities
HEAPR Projects

• The 2020 request of $200 million will fund over 175 projects in more than 100 buildings system-wide
• The preliminary project list will be adjusted to align project priorities with final state funding
• Projects include:
  – Crookston Electrical and Natural Gas Infrastructure
  – Duluth Chemistry Building: Capital Renewal
  – Morris Multi-Ethnic Resource Center Elevator Replacement
  – Twin Cities Mechanical Engineering: Phase 3
  – Cloquet Infrastructure Upgrades
Advance the Health Sciences

• Multi-building renovation and construction program
  – Continue focus on development of clinical campus
  – Renew existing core facilities and retire outdated ones
Health Sciences: Portfolio Impact

- Net reduction in space
- Addresses at least $350 million in deferred capital renewal
- Provides significant annual facility operations savings
- University debt dependent on state funding, philanthropy, and private partnership support

Note: All figures from preliminary financial models to be confirmed during forthcoming design initiatives.
Modernize Laboratories in St. Paul

- Advance interdisciplinary research
- Demolish obsolete space
- Enhance connection to research fields
- Align space with current and future needs
Expand Capacity in STEM

- Chemistry teaching continues to be a bottleneck
- Replace and improve upon outdated teaching facilities
- Renew facility infrastructure
  - Mechanical Engineering, Duluth Chemistry
Reposition Libraries for the 21st Century

• Libraries are in high demand by the campus community
• Relocate library collections and repurpose prime campus space
• Ensure existing libraries remain the center of campus scholarship and exchange
## 2020 State Capital Request

<table>
<thead>
<tr>
<th>Project Description</th>
<th>State</th>
<th>U of M</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>HEAPR (Systemwide)</td>
<td>$200,000,000</td>
<td></td>
<td>$200,000,000</td>
</tr>
<tr>
<td>Child Development Replacement (Twin Cities)</td>
<td>$29,200,000</td>
<td>$14,600,000</td>
<td>$43,800,000</td>
</tr>
<tr>
<td>A. B. Anderson Hall Capital Renewal (Duluth)</td>
<td>$4,400,000</td>
<td>$2,200,000</td>
<td>$6,600,000</td>
</tr>
<tr>
<td>Chemistry Undergraduate Teaching Laboratory (Twin Cities)</td>
<td>$65,600,000</td>
<td>$32,800,000</td>
<td>$98,400,000</td>
</tr>
<tr>
<td>Health Sciences Strategic Capital Investment - Design (Twin Cities)</td>
<td>$18,000,000</td>
<td>$9,000,000</td>
<td>$27,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$317,200,000</strong></td>
<td><strong>$58,600,000</strong></td>
<td><strong>$375,800,000</strong></td>
</tr>
</tbody>
</table>
2019 Six-Year Capital Plan (in millions)

Health Sciences Strategic Capital Investment
$316.7M State; $158.3M University

- 2020: $317.2
- 2021: $533.1
- 2022: $262.0
- 2023: $245.3
- 2024: $266.7
- 2025: $266.7

State (2/3 share) and University (1/3 share + 100% of specific projects)
Theoretical Projected Debt Capacity

Based on Moody’s “Aa1” Medians (in millions)

Projected Total Debt
Avg Capacity (Medians)

$1,484
$1,397
$1,425
$1,294
$1,320
$1,186
$1,043
$747 additional capacity
The University of Minnesota is an equal opportunity educator and employer.
AGENDA ITEM: Overview of Family Student Housing on the Twin Cities Campus

☐ Review  ☐ Review + Action  ☐ Action  ☒ Discussion

This is a report required by Board policy.

PRESENTERS: Laurie McLaughlin, Interim Associate Vice President for Auxiliary Services
Monique MacKenzie, Director of Campus Planning

PURPOSE & KEY POINTS

The purpose of this item is to provide an overview of family student housing on the Twin Cities campus. Housing and Residential Life (HRL) owns two cooperative housing properties for students with families on the Twin Cities campus. The cooperatives provide affordable and safe housing options for students and their families as well as individual graduate students.

Properties

Commonwealth Terrace Cooperative (CTC) in Saint Paul was built in four phases between 1954 and 1978 and has 456 units in 58 buildings. A community center on the site houses a childcare center that is managed through a service agreement between CTC and the provider. The maximum capacity of CTC is 1,544. CTC is the oldest family student housing cooperative at the University. Residency is limited to seven years.

Como Student Community Cooperative (CSCC) in Minneapolis was built in two phases between 1974 and 1981 with 12 residential buildings offering 357 units. A community center on the site houses a childcare center that is managed through a service agreement between CSCC and the provider. The maximum capacity of CSCC is 1,536 residents. Residency is limited to seven years.

Eligibility to live in the cooperatives is prioritized in the following order:

1. Students with families (graduate or undergraduate students with children and/or students who are married)
2. Individual graduate students
3. Professionals in training
4. Individual undergraduate students (juniors or senior standing only)

Operation and Management

Both properties are operated as cooperatives through a management agreement with the University. This agreement allows the cooperative to manage occupancy, leasing, enforcement of
housing policies, and maintenance of the facilities. The University is responsible for determining eligibility requirements and capital replacement/renewal projects.

Each cooperative is managed through a board of directors, comprised solely of residents from within the community. This board is responsible for hiring a manager, who is tasked with overseeing and directing management of the cooperative. Managers are also responsible for hiring and supervising a professional staff to operate the facilities, manage programming, and manage leasing.

The cooperatives collect all rent, and are responsible for routine repairs and maintenance. The cooperatives pay the University a fee that covers expenses incurred by the University. This fee pays for debt, capital improvements, equipment and appliances, HRL’s administrative costs, and the University's Support Service Units cost pool assessment. Both cooperatives have managed occupancy levels of over 98 percent for the last five years.

HRL oversees the management agreements between the cooperatives and the University. An assigned staff member serves as a liaison between the cooperatives and various University departments and services, attends board meetings, meets regularly with the manager for each cooperative, assists with the development of the annual operating budgets for the cooperatives, oversees capital planning for the facilities, and provides resources to the managers of the cooperative. HRL consults with each cooperative on the development of the capital plan

**Long-Term Asset Strategy**

Both CTC and CSCC maintain high occupancy and are a very attractive option for students, especially international students with families, due to the affordability and a family-friendly community environment that includes the community center and green space/playgrounds for children. The current investment strategy focuses on major critical infrastructure to ensure that the buildings are functional and safe. Appearance and amenities have not been priorities. Balancing ongoing investment costs and affordability for students remains the single biggest challenge facing the properties.

The long-term plan for Como Student Community Cooperative is continued investment. Major improvements have been completed within the past seven years, including roofs, window replacement, network infrastructure, heating system upgrades, and electrical system upgrades.

Commonwealth Terrace Cooperative’s long-term plan is more nuanced, as follows:

- The one-bedroom units (152 units in 20 buildings) will be taken offline as major building infrastructure (plumbing, heating, roof, etc.) fails due to the significant investment required to continue operating these units for the long term. These buildings will be demolished after several buildings are decommissioned, as it is more economical to remove multiple building at one time.

- A contractor has completed a study of the two-bedroom split-level buildings (202 units) to determine the estimated costs to renovate or replace these buildings. These buildings will need new roofs, windows, siding, renovated kitchens and bathrooms, and electrical system upgrades within the next 5-10 years. Information from the study will assist in the discussions regarding redevelopment of the site.

- Phase 4 buildings (102 units, 3-bedroom and 2-bedroom units) are slated for continued investment.
As part of the south section of the Twin Cities Campus in Saint Paul, CTC was noted in the draft Saint Paul Strategic Facility Plan as one of the five significant opportunities for redevelopment given the current condition and configuration of existing buildings. The proposed plan prioritizes a redevelopment study that explores alternatives for affordable student housing, neighborhood retail, and childcare, and that analyzes potential for alumni, staff, and faculty housing. Safety, livability and underlying physical features are recommended for inclusion in the scope of this work. A redevelopment study would:

- Identify recommendations for next steps in redevelopment and renewal for the housing at the CTC site. The initial concept included in the draft facility plan is to redevelop the Como Avenue corridor with mixed-use retail and residential construction and retain the affordable housing component in place today at CTC.

- Consider how a public/private partnership model could provide funds needed to reinvest in this area, and the extent to which these partnerships can meet the University's own financial and housing goals.

Both the Saint Paul Strategic Facility Plan and this type of redevelopment would be subject to Board approval.

BACKGROUND INFORMATION

The Board of Regents has participated in the following recent presentations that inform discussions and decisions related to student housing:

- February 2017, *Update on Long-Range Twin Cities Housing Plan*, Facilities, Planning & Operations Committee
- June & July 2016, *Resolution Related to Long-Term Development in Key Areas of the Twin Cities Campus*, Facilities, Planning & Operations Committee
- May 2016, *University Housing: The Role of Master Leasing in Meeting Enrollment Goals*, Facilities, Planning & Operations Committee
- February 2016, *Long-Range Campus Planning Part II: University Housing*, Facilities, Planning & Operations Committee
- May 2015, *The University’s Housing Strategy*, Facilities, Planning & Operations Committee
Overview of Family Student Housing
Twin Cities Campus

Laurie McLaughlin, Interim Associate Vice President - Auxiliary Services
Monique MacKenzie, Director of Campus Planning

Finance & Operations Committee

September 12, 2019

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS
World Class Services for a World Class University
Coop Housing Locations
Commonwealth Terrace
Como Student Community
## Family Student Housing Inventory

<table>
<thead>
<tr>
<th>Property</th>
<th>Unit Type</th>
<th>Unit Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Como Student Housing</td>
<td>Two Bedroom Flat - Garden</td>
<td>74</td>
</tr>
<tr>
<td>Como Student Housing</td>
<td>Two Bedroom Flat - Ground</td>
<td>35</td>
</tr>
<tr>
<td>Como Student Housing</td>
<td>Two Bedroom Townhouse</td>
<td>200</td>
</tr>
<tr>
<td>Como Student Housing</td>
<td>Three Bedroom Townhouse</td>
<td>48</td>
</tr>
<tr>
<td>Commonwealth Terrace</td>
<td>One Bedroom</td>
<td>152</td>
</tr>
<tr>
<td>Commonwealth Terrace</td>
<td>Two Bedroom Split</td>
<td>202</td>
</tr>
<tr>
<td>Commonwealth Terrace</td>
<td>Two Bedroom Townhouse</td>
<td>78</td>
</tr>
<tr>
<td>Commonwealth Terrace</td>
<td>Three Bedroom Townhouse</td>
<td>24</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>813</strong></td>
</tr>
</tbody>
</table>
## Demographics and Occupancy Rates

<table>
<thead>
<tr>
<th>Demographic</th>
<th>CTC</th>
<th>CSCC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduate and Professional</td>
<td>63.9%</td>
<td>85.2%</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>3.9%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Professionals in Training</td>
<td>22.0%</td>
<td>7.9%</td>
</tr>
<tr>
<td>International Students</td>
<td>77%</td>
<td>59%</td>
</tr>
<tr>
<td>Students with Children</td>
<td>42.3%</td>
<td>39.9%</td>
</tr>
</tbody>
</table>

CTC and CSCC have maintained occupancy rates of above 98% for the last 5 years.
Amenities and Programs

✓ community center
✓ community space rental
✓ indoor community spaces
✓ on-site child care
✓ programming
✓ playgrounds
✓ soccer fields
✓ basketball court

✓ outdoor fitness equipment
✓ community garden
✓ picnic tables and grills
✓ on-site parking
✓ internet access
✓ 24-hour maintenance services
✓ laundry facilities
✓ access to transit
Management and Governance

• Each cooperative is managed by a Board of Directors
• Board hires and oversees the General Manager
• University/Cooperative Management Agreement

Cooperative Responsibilities
- maintenance and operations
- residential management
- programming
- childcare contract

University Responsibilities
- budgeting
- rental rate marketing
- capital renewal and replacement
- eligibility
- appliances
Facilities Condition

• Aging facilities
• Facilities Condition Assessments
• Investment strategy
Opportunities for Change (draft)

1. Campus Core
2. Upper Campus
3. Lower Campus
4. Northeast District
5. South Campus
Opportunities for Change (draft)

- Mixed service and retail along Como Ave
- Multiple housing types
- Enhanced Sarita Wetland
- Mixed service and retail along Como Ave
AGENDA ITEM: Resolution Related to Dining Services Contract Extension (Twin Cities campus)

X Review
☐ Review + Action
☐ Action
☐ Discussion

☐ This is a report required by Board policy.

PRESENTERS: Michael Berthelsen, Vice President, University Services
Amy Keran, Director, Contract Administration

PURPOSE & KEY POINTS

The purpose of this item is to review an extension to the current dining services contract with Aramark for the Twin Cities campus. The current contract is in the final year of the original 12-year term. It provides a four-year extension option.

The University has been engaged in a year-long effort to better understand its options for the delivery of food service on the Twin Cities campus, including the following options:

- extend the current Aramark contract via the extension option;
- issue a request for proposal (RFP) for contracted service; or
- return food service to a self-operated program.

Each option carries both challenges and opportunities. The University delivers food service via contracted operations at Crookston, Morris, and the Twin Cities and via self-operated operations at Duluth.

Informed by this work, University Services (through Auxiliary Services’ Contract Administration) is convening a broadly representative advisory team to gather feedback on the institution’s priorities for food service. In order to engage as many of the campus stakeholders as possible, this process will take much of the fall semester. The feedback gathered will inform an RFP process, which would commence in late winter or early spring 2020.

At the same time this process is underway, the University will work to review and better understand the logistics and costs involved with self-operating dining services. This review and the RFP responses will be used to make a final recommendation about the future of food service on the Twin Cities campus. If a new vendor is selected through RFP or if the University returns to self-operation, there will be a lengthy transition period.

To allow sufficient time to undertake the necessary level of campus engagement, to draft and issue an RFP, to fully understand what a self-operated model entails, and to potentially transition to a
different future state, the President recommends approval of extending the current Aramark contract for up to two years.

BACKGROUND INFORMATION

The University first entered into a contract with Aramark for food service on the Twin Cities campus in 1998. The current 12-year contract was approved by the Board in 2007 for the period July 1, 2008 – June 30, 2020.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the resolution related to dining services contract extension (Twin Cities campus).
REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

Dining Services Contract Extension (Twin Cities Campus)

WHEREAS, the Board of Regents (Board) reserves authority to approve purchase of goods and services over $1 million; and

WHEREAS, the existing Board-approved contract for dining services on the Twin Cities campus provides an option for a four-year extension beginning July 1, 2020; and

WHEREAS, the provision of reliable and high-quality dining services is a critical component in the student experience.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents, exercising its reserved authority, authorizes the President to negotiate and execute an extension of the existing dining services agreement with Aramark Educational Services LLC for up to two years.
Purchase of Goods and Services $1,000,000 and over

To Aramark Educational Services, LLC for a contract extension valued at an estimated $100 million to provide Retail Food Service, Residential Food Service and Catering Services on the Twin Cities Campus, including the Minnesota Landscape Arboretum and Intercollegiate Athletic Venues for the period of July 1, 2020 to June 21, 2022 for the Department of Auxiliary Services.

The University of Minnesota Twin Cities Campus entered into a twelve-year management agreement with Aramark for food service in 2008 with a potential for one, four-year extension. The extension of the Aramark Food Service Agreement will provide for Retail Food Service, Residential Food Service and Catering Services on the Twin Cities Campus, including the Minnesota Landscape Arboretum, Bell Museum, and Intercollegiate Athletic Venues. The terms and conditions of the Agreement remain the same during the extension, with the caveat that three business lines: the Minnesota Landscape Arboretum, Intercollegiate Athletics and the Bell Museum, have the option to exit the contract early. The extension has an estimated financial value of $18 million to the University of Minnesota over 2 years.

During the extension, University Services (through Auxiliary Services’ Contract Administration) intends to broadly engage the community on the institution’s priorities for food service. The institution will use these priorities to develop the future vision of campus dining and inform the Request for Proposal for the future Food Service Agreement for the Twin Cities campus. At the same time, staff will be working to review and better understand the logistics and costs involved with self-operating food service on the Twin Cities campus.

In 2008, Aramark Educational Services, LLC was approved for the above referenced twelve-year Agreement for the food service program for the Twin Cities Campus by the Board of Regents. Aramark was selected through a competitive request for proposal process and presented the strongest overall food service program for the Twin Cities Campus. The Aramark Agreement will continue to be held to established performance measures and an annual business review, as well as periodic performance reviews to ensure that performance requirements are being met.

Submitted by: Laurie McLaughlin
Interim Associate Vice President
Auxiliary Services
612-624-0542

Approval for this item requested by:

Michael Berthelsen
Vice President University Services
Date 5/27/19

Michael Volna
Associate Vice President & Assistant CFO
Date 8/27/19
Resolution Related to Dining Services Contract Extension (Twin Cities Campus)

Michael Berthelsen, Vice President, University Services
Amy Keran, Director, Contract Administration

Finance & Operations Committee

September 12, 2019

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS
World Class Services for a World Class University
Dining Management History

- **pre-1998**: Dining Services are Self-Operated
- **1998**: Competitive Bid Contract for Management
- **2008**: Competitive Bid Contract for Management
- **future**: Contract for Management or Self-Operate?
Current Management Contract

• July 1, 2008 – June 30 2020, option for four-year extension (through June 2024)

- Residential
  - 7 locations
  - 1.8 million meals per year

- Retail
  - 24 locations
  - 2 million transactions per year

- Catering
  - non-exclusive
  - 9,500+ events per year

- Athletics
  - 9 venues
  - 3,100+ events a year

- Arboretum
  - year round retail catering

- Bell Museum
  - grab and go catering
### Satisfaction: Residential Dining

<table>
<thead>
<tr>
<th>DC Eat At Frequently</th>
<th>17th Ave</th>
<th>Sanford</th>
<th>Bailey</th>
<th>Middlebrook</th>
<th>Centennial</th>
<th>Comstock</th>
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<tr>
<td></td>
<td>3.5</td>
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<td>Food Labeling</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Encourages Socialization</td>
<td>3.4</td>
<td>3.3</td>
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<td>Food Meets Needs/Diets</td>
<td>3.3</td>
<td>3.1</td>
<td>3.0</td>
<td>3.2</td>
<td>3.0</td>
<td>3.0</td>
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<tr>
<td>Cleanliness</td>
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<td>3.0</td>
<td>2.9</td>
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<td>Customer Service</td>
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<td>3.3</td>
<td>3.4</td>
<td>3.1</td>
<td>3.3</td>
</tr>
<tr>
<td>Nourishing &amp; Healthy</td>
<td>3.1</td>
<td>2.7</td>
<td>2.6</td>
<td>2.8</td>
<td>2.5</td>
<td>2.7</td>
</tr>
<tr>
<td>Customize To My Taste</td>
<td>3.0</td>
<td>2.6</td>
<td>2.4</td>
<td>2.6</td>
<td>2.6</td>
<td>2.5</td>
</tr>
<tr>
<td>Quality of Food</td>
<td>3.0</td>
<td>2.7</td>
<td>2.5</td>
<td>2.6</td>
<td>2.5</td>
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<tr>
<td>Consistent Taste/Quality</td>
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<td>2.7</td>
<td>2.5</td>
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<td>2.5</td>
<td>2.6</td>
<td>2.5</td>
<td>2.6</td>
</tr>
<tr>
<td>Open @ Hours I Want</td>
<td>2.4</td>
<td>2.4</td>
<td>2.4</td>
<td>2.6</td>
<td><strong>3.1</strong></td>
<td>2.4</td>
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<tr>
<td>Overall Score</td>
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<td>2.9</td>
<td>2.7</td>
<td><strong>2.8</strong></td>
<td><strong>2.8</strong></td>
<td><strong>2.8</strong></td>
</tr>
</tbody>
</table>

*Pulse Group, fall 2018*
## Satisfaction: Retail Dining

<table>
<thead>
<tr>
<th>Number of Respondents</th>
<th>All Retail</th>
<th>Coffman Union</th>
<th>Coffee Outlets</th>
<th>St Paul Outlets</th>
<th>All Other</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5501</td>
<td>N=1549</td>
<td>N=1925</td>
<td>N=292</td>
<td>N=1231</td>
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<tr>
<td>Customer Service</td>
<td>3.1</td>
<td>3.2</td>
<td>3.2</td>
<td>3.0</td>
<td>3.2</td>
</tr>
<tr>
<td>Food Labeling</td>
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<td>3.1</td>
<td>3.0</td>
<td>3.1</td>
</tr>
<tr>
<td>Consistency Quality &amp; Taste</td>
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<td>3.2</td>
<td>3.1</td>
<td>2.9</td>
<td>3.1</td>
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<tr>
<td>Food that Meets Dietary Needs</td>
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<td>3.1</td>
<td>3.1</td>
<td>2.7</td>
<td>3.1</td>
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<tr>
<td>Encourages Socialization</td>
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<td>3.0</td>
<td>3.1</td>
<td>2.9</td>
<td>3.0</td>
</tr>
<tr>
<td>Quality of Food</td>
<td>3.0</td>
<td>3.1</td>
<td>3.1</td>
<td>2.7</td>
<td>3.0</td>
</tr>
<tr>
<td>Customized to My Taste</td>
<td>2.9</td>
<td>3.1</td>
<td>3.0</td>
<td>2.7</td>
<td>3.0</td>
</tr>
<tr>
<td>Open @ Hours I Want</td>
<td>2.9</td>
<td>3.0</td>
<td>2.9</td>
<td>2.9</td>
<td>2.9</td>
</tr>
<tr>
<td>Nourishing &amp; Healthy Food</td>
<td>2.8</td>
<td>3.0</td>
<td>2.9</td>
<td>2.6</td>
<td>2.9</td>
</tr>
<tr>
<td>Price Value</td>
<td>2.6</td>
<td>2.7</td>
<td>2.7</td>
<td>2.6</td>
<td>2.6</td>
</tr>
<tr>
<td>Overall Score</td>
<td>3.0</td>
<td>3.1</td>
<td>3.0</td>
<td>2.8</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Pulse Group, fall 2018
Work to date...

• Regular, ongoing feedback from students regarding priorities and areas for improvement
  – ongoing progress on issues as they are identified
• External assessment of dining program recommendations:
  – clearly articulate priorities
  – determine financial model
  – understand impacts of contracted vs. self-operated
Consultation with Stakeholders

- Students
- Faculty and Staff
- Housing and Residential Life
- Undergraduate Education
- Student Affairs
- Venues (Arboretum, Athletics, Bell Museum)
- Board of Regents
- Others?
Proposed Path Forward

**Fall 2019**
- Gather feedback
- Conduct focus groups
- Develop dining vision, priorities, assumptions

**Spring 2020**
- Develop RFP for contracted operations
- Develop self-operated benchmarks

**Summer 2020**
- Issue RFP
- Review RFP responses
- Evaluate responses vs. self-operation

**Fall 2020**
- Recommend new contract or transition to self-operation

**Summer 2021/2022**
- New contract (2021) or self-operation (2022) begins
Recommended Action

- Authorization to extend the existing dining management contract for up to two years
  - One additional year needed for contracted operations
  - Two additional years needed for transition to self-operation
Draft Priorities and Assumptions

- Hours of Operation
- Availability / Locations
- Ease of Access
- Cost of Attendance
- Residential Growth
- Catering
- Oversight
- Profitability
- Cross-Subsidies
- Others?

priorities best value cost
AGENDA ITEM: Real Estate Transactions

X Review     Review + Action  Action  Discussion

This is a report required by Board policy.

PRESENTERS: Leslie Krueger, Assistant Vice President, Planning, Space, and Real Estate
Jakub Tolar, Vice President, Academic Clinical Affairs
Jean Quam, Dean, College of Education and Human Development, Twin Cities campus

PURPOSE & KEY POINTS

The purpose of this item is to review the following real estate transactions:

A. Purchase of 2025 East River Parkway, Minneapolis, Minnesota (Twin Cities campus)
B. Sale of 701 24th Avenue Southeast, Minneapolis, Minnesota (Twin Cities campus)

BACKGROUND INFORMATION

Board of Regents Policy: Reservation and Delegation of Authority states that "[t]he 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 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."

PRESIDENT'S RECOMMENDATION

The President recommends approval of the following real estate transactions:

A. Purchase of 2025 East River Parkway, Minneapolis, Minnesota (Twin Cities campus)
B. Sale of 701 24th Avenue Southeast, Minneapolis, Minnesota (Twin Cities campus)
PURCHASE OF 2025 EAST RIVER PARKWAY
MINNEAPOLIS (TWIN CITIES CAMPUS)

1. Recommended Action

The President recommends that the appropriate administrative officers receive authorization to purchase the property at 2025 East River Parkway, Minneapolis, Hennepin County, Minnesota.

2. Location and Description of the Property

The subject property is one tax parcel: 10.2 acres of land, improved with a 103,500 square foot, two-level building with out-patient clinics, inpatient hospital facility, and supporting uses, with a skyway connected to a 14,000 square foot, 10-room hotel and conference facility. The property also includes a 172 space attached parking ramp plus 28 additional parking spaces. The property is approximately one mile of the University’s Twin Cities East Bank campus. The facility has been operated by the Shriners since it was constructed in 1991.

The legal description of the property is: Parts of Section 31, Township 29, Range 23, all in Hennepin County, Minnesota (Abstract Property).

3. Basis for Request

University intends to use the property for the proposed Institute of Child and Adolescent Brain Heath. The new institute will include two primary collegiate partners: College of Education and Human Development and the Medical School. This comprehensive, interdisciplinary Institute will gather researchers, clinicians, and community practitioners from the Institute for Community Integration, Institute for Translational Research in Children’s Mental Health, Institute for Child Development, Center for Neurobehavioral Development, Child and Adolescent Psychiatry, Pediatrics – Clinical Behavioral Neuroscience, and Rehabilitation Medicine, to focus on the earliest possible interventions and the processes underpinning neurological disorders.

The property is uniquely suited to serve this proposed Institute. Its quiet setting, with ease of access, was designed and constructed to serve the needs of children with disabilities and their families.

4. Details of Transaction

The total purchase price for the subject property will be $22,500,000, with $250,000 in earnest money. The 160 day due diligence period ends on December 9, 2019. At the end of this period, the $250,000 earnest money would be non-refundable. The University could purchase two
additional 30-day extensions provided the University pay an additional non-refundable $100,000 for each 30-day period.

Closing on the property is contingent upon the University and Shriners negotiating an agreement for the University to leaseback a portion of the facility to Shriners while their new facility is under construction. The period of the leaseback would be until July 31, 2020, with an option for an additional five month period.

5. **Use of the Property**

The University intends to renovate the building to accommodate the programs associated with the Institute of Child and Adolescent Brain Health. Preliminary cost estimates for the renovations range from $24.5 million to $33 million ($30 million estimate included in Six-Year Capital Plan). A predesign for this capital project is underway and will be completed prior to Board of Regents action on the acquisition. Annual building operating costs are estimated at $3.0 million.

6. **Environmental**

During the 160 day due diligence period, the University will complete Phase I, Phase II and hazardous materials/asbestos environmental site assessments of the property to confirm the property is in acceptable environmental condition prior to close. In addition, the University is completing an independent facility condition assessment.

7. **Source of Funding**

The University intends to fund the purchase and renovation of the subject property through philanthropic donations. Additional financing may be required to match donor schedules with cash flow requirements. Annual building operating costs will be funded by the participating units.

8. **Recommendations**

The above-described real estate transaction is appropriate:

---

Karen Hanson, Executive Vice President and Provost

Brian Burnett, Senior Vice President for Finance and Operations
Purchase of 2025 East River Parkway (Shriners Hospital)
Twin Cities campus - Minneapolis

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
University Services, Enterprise GIS, MnDNR, Met Council, Ramsey Co, Hennepin Co
8/14/2019
Real Estate Transaction: Purchase of 2025 East River Parkway, Minneapolis
(Twin Cities Campus)

Leslie Krueger, Assistant Vice President for Planning, Space, and Real Estate
Jakub Tolar, Vice President for Academic Clinical Affairs
Jean Quam, Dean, College of Education and Human Development, Twin Cities campus

Finance & Operations Committee

September 12, 2019

SENIOR VICE PRESIDENT FOR FINANCE AND PLANNING
World Class Services for a World Class University
Property Overview

• Shriners Hospital
• Designed and constructed in 1991 to serve children and families
• Approximately 1 mile from Minneapolis East Bank
• 10.2 acres of land with outdoor play area and walking trails
Property Overview

- 103,500 sq. ft., two-level building with hospital, clinic, and support facilities (atrium, office, cafeteria, pool, etc)
- 14,000 sq. ft. hotel facility and conference space connected via skyway
- 172 space attached parking ramp plus 28 additional parking spaces
What is the strategic value to the University in acquiring this property?

*The property is uniquely suited to serve as the home of the University’s proposed Institute for Child and Adolescent Brain Health*
Institute for Child and Adolescent Brain Health

• The Vision: Start children on an optimal path for a lifetime by ensuring healthy brain development

There is an optimal window for intervention, and that window is narrow . . . the first 1,000 days of life.

A second critically important time is adolescence, when young brains are again rapidly changing.
Institute for Child and Adolescent Brain Health

The key to change: We must act sooner

| 80% of brain development happens before a child turns 3 years old | 5-7 is the average age at diagnosis of cognitive and social issues | Long wait lists exist even for testing, as well as treatment |
Institute for Child and Adolescent Brain Health

Bringing together leading experts from the Medical School and the College of Education and Human Development:

- Institute for Community Integration
- Institute for Translational Research in Children’s Mental Health
- Institute for Child Development
- Center for Neurobehavioral Development
- Psychiatry – Child and Adolescent
- Pediatrics – Clinical Behavioral Neuroscience
- Rehabilitation Medicine
Institute for Child and Adolescent Brain Health

Creating a world-leading epicenter of early brain development to ensure every child has a strong foundation for a safe, healthy, and productive life
Transaction Overview

- $22.5 Million Purchase Price
- $250,000 Earnest Money
- 160 Day Due Diligence Period
  - ends December 9, 2019
- Closing 30 days after end of Due Diligence
- Shriners Leaseback after closing
  - through 7/31/2020
  - option to renew through 12/31/2020
Due Diligence

- Survey
- Appraisals
- Facility Condition Assessment
- Phase I and Phase II Environmental Assessment
- Capital Project Predesign
- Future Operations Planning
Capital Project: Proposed Renovation

- Predesign underway as part of due diligence
- Preliminary estimated costs of renovations range from $27 million to $33 million
  - $30 million estimate in Six-Year Capital Plan
- Additional predesign detail will be available at the October Regents meeting
- If Regents approve acquisition, capital project will proceed; capital budget amendment and schematic design approval will be requested later in FY2020
Contemplated Financing Strategy

• The University intends to fundraise for the acquisition and construction costs.
• Annual building operating costs estimated at $3 million to be paid for by occupants.
SALE OF 701 24TH AVENUE SE, MINNEAPOLIS  
(TWIN CITIES CAMPUS)

1. Recommended Action

The President recommends that the appropriate administrative officers receive authorization to execute the appropriate documents providing for the sale of 21.76 acres and buildings thereon at 701 24th Avenue SE, Minneapolis.

2. Property To Be Sold

The property proposed for sale is 701 24th Avenue SE (secondary address 2222 Elm Street SE), Minneapolis, otherwise known as Murphy Warehouse. It consists of 21.76 acres and 38 interconnected building sections totaling 706,029 square feet, constructed between 1902 and 1977. The property is located south of Elm Street and west of 24th Avenue SE. The legal description of the property is Lot 8 and the East 75 feet of Lot 7, Auditor Subdivision No. 200, Hennepin County, Minnesota.

The property was purchased from the Murphy Warehouse Company on December 21, 2015, for $17,975,000.00. At close, the University and Murphy Warehouse Company entered into a ten-year leaseback initially covering 663,630 square feet of building space. The site continues to serve as the headquarters for the Murphy Warehouse Company, a full-service public warehousing and contract logistics-services company. The site also houses the University Bookstore warehouse operations and some departmental storage. The older brick buildings that front along Elm Street are vacant.

3. Basis for Request

Despite purchasing the property three years ago, a number of factors now lead the University to propose the sale of the property:

1) One potential use of the property was the Library Collections facility. During predesign for facility, it was determined that the existing warehouses were not suitable. The structural capacity and the climate controls required for the storage of books would have necessitated the construction of essentially a new building within one of the current structures. This was both cost prohibitive and not a wise investment for a forty-plus year old building.

2) The property requires significant capital investment. Since acquisition, the University has invested almost $1 million to address known fire code issues. Additional investments are required to make sprinkler system improvements, roof repairs, and structural improvements to the older buildings at the front of the complex.

3) The University initially considered this purchase as an opportunity to land bank the property for the future. However, since 2015, the University further refined its Twin Cities Campus master planning efforts through creation of The Development Framework.
The development framework, presented to the Board of Regents at the July 2016 meeting (July 2016 Facilities docket – pages 80-119) focuses our long-term efforts on the reinvestment in the campus core as needed and where expansion is required, to focus such expansion efforts on the Southeast Gateway Area.

4) Recent changes in the federal tax laws have created a unique opportunity for reinvestment in the property by the private sector. This property is located within a designated Opportunity Zone. Investors who develop real estate in Opportunity Zones are now allowed to defer capital gains on profits earned elsewhere and to eliminate capital gains on new investments within the Zone. New companies that locate in Opportunity Zones may also benefit from the federal tax laws.

4. Details of Transaction

The University offered the property for sale through an RFP process. Five proposals were received. After careful evaluation by the University and per the process identified in the Request for Proposal (RFP), Element, Inc./Ryan Companies US, Inc. has been selected as the preferred buyer.

The Purchase and Sale Agreement will be with Ryan Companies US, Inc. and/or its assigns. The purchase / sale price is $22,000,000, including $250,000.00 Earnest Money. The buyer is to assume the existing Lease with Murphy Warehouse Company, and the sale is conditioned upon the buyer and the University successfully negotiating a new lease for the University to occupy space in the facility. Details of the leaseback are being negotiated with Ryan Companies US, Inc. and will be included in the docket materials when this transaction returns to the Board for approval. Closing is to occur on/before December 18, 2019.

5. Use of Proceeds

The sale proceeds would free up debt capacity for other strategic capital investments.

6. Recommendations

The above-described real estate transaction is appropriate:

Karen Hanson, Executive Vice President for Academic Affairs and Provost

Brian Burnett, Senior Vice President for Finance and Operations
Location of Murphy Warehouse Property
701-24th Avenue SE, Minneapolis
(Twin Cities Campus)

Other University Property
Murphy WH Property

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, MnGEO, Hennepin County
11/30/2015
Real Estate Transaction: Sale of Murphy Warehouse - 701 24th Avenue SE, Minneapolis (Twin Cities Campus)

Leslie Krueger, Assistant Vice President for Planning, Space, and Real Estate

Finance & Operations Committee

September 12, 2019

SENIOR VICE PRESIDENT FOR FINANCE AND PLANNING
World Class Services for a World Class University
Property Overview

- University Acquired property in December 2015
- Purchase Price: $17,975,000 (cash) and a donation of the remaining property’s value the seller estimated at $2,000,000.
- The property includes 706,029 square feet of space located in 38 inter-connected industrial/warehouse building sections constructed between 1902 and 1977.
Property Overview

Current Uses of the Property include:
• Murphy Warehouse Lease
• University of Minnesota Bookstore warehouse
• Other University of Minnesota departmental storage
• Some buildings are vacant
What is the strategic reason that the University is proposing to dispose of this property?

- **Opportunity Zone Tax Incentives for private sector created new demand for the property**
- **Use of U’s Debt Capacity for more strategic land acquisitions**
- **Use of property for Library Collections facility is not cost-effective**
- **Avoids significant investments in building systems**
Transaction Overview

- Purchaser is Ryan Companies US, Inc
- $22 Million Sale Price
- $250,000 Earnest Money
- Closing by December 18, 2019
- Assumption of Murphy Warehouse Lease – through December 2025
- Successful negotiation of a lease with the University to occupy space in the facility
AGENDA ITEM: Consent Report

☐ Review  X 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 Academic Programs International (API), Academic Studies Abroad (ASA), American Institute for Foreign Studies (AIFS), CEA Study Abroad, Center for International Studies (CISabroad), International Studies Abroad (ISA), and University Studies Abroad Consortium (USAC) and others (see additional list below) for an estimated total of $1,500,000 to provide services to support study abroad programs for UMD International Programs and Services’ Study Abroad office for FY 2020. The program fees cover the costs of the academic program and the administrative costs for the UMD Study Abroad office. See enclosed documentation for basis of supplier selection.

- To Delta Dental for the estimated $1,398,276 for administering a self-funded UPlan dental plan for the University of Minnesota Office of Human Resources, Employee Benefits for the period of January 1, 2020 through December 31, 2021 with optional contract extensions through December 31, 2025 for an additional $2,778,553. Total contract value, if all options are exercised would be $4,167,829. The administrative service fees are funded on an annual basis through the fringe pool. Delta Dental, the current supplier, was selected as a result of a competitive request for proposal (RFP) process conducted by Purchasing Services. Three suppliers responded to the RFP.

- To Minnesota Life Insurance Company for the estimated $9,314,486 for life insurance coverage for the University of Minnesota Office of Human Resources, Total Compensation for the period of January 1, 2020 through December 31, 2021 with optional contract
extensions through December 31, 2025 for an additional $18,628,972. Total contract value, if all options are exercised would be $27,943,458. The premium fees are funded on an annual basis through the fringe pool for basic life insurance. All other coverages are funded by employee paid premiums. Minnesota Life Insurance Company, a new supplier relationship, was selected as a result of a competitive request for proposal (RFP) process conducted by Purchasing Services. Five suppliers responded to the RFP.

- To TeamDynamix for an estimated $1,179,381 for an IT Service Management and IT Asset Management solution for the Office of Information Technology (OIT) for the period of September 30, 2019 to September 29, 2024. This requirement is currently budgeted and will be funded utilizing OIT O&M funds. TeamDynamix, a new supplier relationship, was selected as a result of a competitive request for proposal (RFP) process conducted by Purchasing Services. Eight suppliers responded to the RFP.

BACKGROUND INFORMATION

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

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

Other institutions and companies providing services to support study abroad programs for UMD International Programs and Services’ Study Abroad office for FY 2020:

- University of Queensland, Brisbane, Australia
- Curtin University, Perth, Australia
- Gerace Research Centre, San Salvador, Bahamas
- International Study Programs, Prague, Czech Republic
- University College Dublin, Ireland
- National University of Ireland Galway, Ireland
- Inspire Learning, Westport, County Mayo, Ireland
- University of Auckland, Auckland, New Zealand
- University of Waikato, Hamilton, New Zealand
- University of Deusto, Bilbao, Spain
- University of West Indies, Trinidad and Tobago
- University of Auckland, Auckland, New Zealand
- Proximity Cuba, United States
- Sea State Global Education, United States
- Seminars International, United States
- STA Travel, United States

PRESIDENT’S RECOMMENDATION

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

**Fiscal Year 2020**
*(7/1/2019-6/30/2020)*

## Current Activity:

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<th>Recipient</th>
<th>Amount</th>
<th>Balance</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 FY20 General Contingency Allocation</td>
<td>1,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Carryforward from FY19 to FY20</td>
<td>1,912,966</td>
<td>2,912,966</td>
<td></td>
</tr>
<tr>
<td>3 New items this reporting period:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Office of the General Counsel</td>
<td>(228,918)</td>
<td>2,684,048</td>
<td>Support for Board-requested Athletics review.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(posted in FY19 adjustment period)</td>
</tr>
<tr>
<td>5 Capitol Project Management</td>
<td>(150,000)</td>
<td>2,534,048</td>
<td>Partial support for St Paul Campus Strategic Facilities Plan.</td>
</tr>
<tr>
<td>6 Current Balance</td>
<td></td>
<td>2,534,048</td>
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</table>

## Commitments*:

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<tr>
<th>Recipient</th>
<th>Amount</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 Office of the Board of Regents</td>
<td>(350,000)</td>
<td>University President search &amp; transition activities.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Allocated October, 2018.</td>
</tr>
<tr>
<td>8 University Relations</td>
<td>(250,000)</td>
<td>University President inauguration activities.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Allocated June, 2019.</td>
</tr>
<tr>
<td>9 Projected Balance</td>
<td></td>
<td>1,934,048</td>
</tr>
</tbody>
</table>

* Items $250,000 or more Subject to Board approval.  

FY20 - September, 2019
Purchase of Goods and Services $1,000,000 and over

To Academic Programs International (API), Academic Studies Abroad (ASA), American Institute for Foreign Studies (AIFS), CEA Study Abroad, Center for International Studies (CISabroad), International Studies Abroad (ISA), and University Studies Abroad Consortium (USAC) and others for an estimated total of $1,500,000 to provide services to support study abroad programs for UMD International Programs and Services’ Study Abroad office for Fiscal Year 2020.

The International Programs and Services’ Study Abroad office at the University of Minnesota Duluth offers students a portfolio of study abroad programming through over 40 programs from affiliated programs and university partners around the world. As a result of the University of Minnesota’s Education Abroad Policy and the strategic internationalization of the University of Minnesota Duluth’s campus, UMD’s Study Abroad contracts with international providers in order to provide services to support study abroad programs. Services include, but are not limited to the following:

- **Student Services** – pre-departure and on-site orientation, airport transfers, room and board arrangements including home-stays, health and safety management, and in-country travel and liability insurance.

- **Academic programs and facilities** – enrollment requirements, academic program design, delivery and procedures, course content, tutorial sessions, faculty hiring and support, transportation for course related travel, program evaluations, and administration and course assessment.

Costs for students participating on study abroad programs are based on a per student fee which is very similar in most cases to the costs students would incur if they were paying tuition, fees, and room and board to attend classes on the UMD campus.

The program fees cover the costs of the academic program and the administrative costs for the UMD Study Abroad office.

Submitted by: Karl Markgraff, Chief International Officer  
Director, International Programs & Services  
Phone 218-726-7053

Approval for this item requested by:  

[Signature]  
Date 4/16/19

Stephen W. Keto, Vice Chancellor, UMD Finance & Operations
Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because a comprehensive and diligent process to select external administrators is used by UMD’s International Programs and Services (IPS) Study Abroad Office.

External administrators, third parties who work with UMD Study abroad program associates to design and customize programs in particular locations for the University of Minnesota Duluth, are researched and selected based on (1) their familiarity with and contacts in a particular location, (2) student’s and UMD Study Abroad assessments of the external program administrator’s past performance, (3) demonstrated ability to provide for the housing, health and safety of participants, and (4) references from other Universities. The continued success of the program depends on the administrator’s ability to provide a safe, productive and memorable student experience in the particular location. The risk of vendor non-performance in this area is a risk to the program and a risk to the students. The UMD Study Abroad selection process is the optimal process to assure that the University’s interests are protected for this type of purchase.

Costs for students participating on study abroad programs are based on a per student fee which is very similar in most cases to the costs students would incur if they were paying tuition, fees, and room and board to attend classes on the UMD campus. The program fees cover the costs of the academic programs and the administrative costs for UMD’s Study Abroad.

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 $1,000,000 and over

To Delta Dental for the estimated $1,398,276 for administering a self-funded UPAN dental plan for the University of Minnesota Office of Human Resources, Employee Benefits for the period of January 1, 2020 through December 31, 2021 with optional contract extensions through December 31, 2025 for an additional $2,778,553 Total contract value, if all options are exercised would be $4,167,829.

Delta Dental was selected as a provider for dental insurance as a result of a request for proposal process conducted from February 2019 through April 2019. The initial contract is for a two-year period, with four options to renew the contract. The estimated annual amount of $694,638 is based on administrative service fees submitted as a part of the RFP process and estimated enrollment.

The administrative service fees are funded on an annual basis through the fringe pool.

Submitted by: Ken Horstman
Senior Director, Total Compensation
Office of Human Resources
horst009@umn.edu

Approval for this item is requested by:

[Signature]
Kathryn F. Brown
Vice President, Office of Human Resources

[Date]
Purchase of Goods and Services $1,000,000 and over

To Minnesota Life Insurance Company for the estimated $9,314,486 for life insurance coverage for the University of Minnesota Office of Human Resources, Total Compensation for the period of January 1, 2020 through December 31, 2021 with optional contract extensions through December 31, 2025 for an additional $18,628,972. Total contract value, if all options are exercised would be $27,943,458.

Minnesota Life Insurance Company will provide life insurance including Basic Life, Employee and Spouse Life, Child Life, and Accidental Death and Dismemberment.

Minnesota Life Insurance Company was selected as a provider for life insurance as a result of a request for proposal process conducted from October 2018 through January 2019. The initial contract is for a two-year period, with four options to renew the contract. The estimated annual amount of $4,657,243 is based on premium fees submitted as a part of the RFP process and estimated enrollment.

The premium fees are funded on an annual basis through the fringe pool for basic life insurance. All other coverages are funded by employee paid premiums.

Submitted by: Ken Horstman
Senior Director, Total Compensation
Office of Human Resources
horst009@umn.edu

Approval for this item is requested by:

[Signature]
Kathryn F. Brown
Vice President, Office of Human Resources

[Signature]
Date
8/7/19
Purchase of Goods and Services $1,000,000 and over

To TeamDynamix for an estimated $1,179,381 for an IT Service Management and IT Asset Management solution for the Office of Information Technology (OIT) for the period of September 30, 2019 to September 29, 2024.

*TeamDynamix provides an enterprise solution for IT Service Management (ITSM) and IT Asset Management (ITAM). The solution will be available across all five campuses. The University’s current ITSM/ITAM solution, ServiceNow, has been in service since in 2011. ITSM/ITAM enables alignment of IT processes and services with business objectives. Benefits to users include IT problem resolution, clearer communications, and access to self-help.*

*TeamDynamix was selected as the result of a competitive Request for Proposals (RFP) process pursuant to Regents policy. There were eight vendors in all that responded to the RFP. TeamDynamix is the solution that presents the best value to the University, price and other factors considered.*

*This requirement is currently budgeted and will be funded utilizing OIT O&M funds.*

Submitted by: Douglas Ahlgren
West Bank Office Building
1300 2nd St. S.
Minneapolis, MN 55455
612-301-2172

Approval for this item requested by:

Bernard Gulachek
Vice President and Chief Information Officer

Date: Aug 16, 2019
AGENDA ITEM: Information Items

- Review
- Review + Action
- Action
- Discussion

X This is a report required by Board policy.

PRESENTERS: Brian D. Burnett, Senior Vice President

PURPOSE & KEY POINTS

- Annual Asset Management Report
- Investment Advisory Committee Update
- Progress Report on Sustainability and Energy Efficiency Targets and Standards
- Quarterly Purchasing Report

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, 2019. The OIB prepares this report, as required by Board policy, for review by the Board of Regents.

- The invested assets of the University totaled approximately $2.85 billion on June 30, 2019.
- The Consolidated Endowment Fund (CEF) value increased by $62 million to $1.47 billion and distributed $60.6 million to the University during the fiscal year. The total investment return for CEF during the fiscal year was 8.3 percent, compared to its short-term benchmark at 6.0 percent.
  - Strong private equity returns were the primary contributors to performance. Venture Capital fund interests returned 26 percent during the year.
  - 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 50 percent, 11 percent, and 39 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 16.5 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. 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 $1.18 billion as of June 30, 2019. The total return on the portfolio over the fiscal year was 3.4 percent compared to a benchmark return of 3.5 percent. The increase in market value of $110 million during the fiscal year was largely due to the timing of cash flows as part of the University's normal business cycle.

**Investment Advisory Committee Update**

The purpose of this item is to provide a report on the quarterly meeting of the Investment Advisory Committee (IAC) held on August 21, 2019. The agenda for the meeting included:

- Portfolio Performance Review
- FY 2020 Benchmarks - Approved
- Portfolio Strategy Update
- Manager Recommendation: Monashees IX – Approved
- Manager Recommendation: Atomic III – Approved
- Manager Recommendation: SaaStr II – Approved
- Manager Recommendation: Operator Collective I – Approved
- Manager Recommendation: Cubera IX – Approved
- Manager Recommendation: Deerpath V – Approved

**Progress Report on Sustainability and Energy Efficiency Targets and Standards**

Board of Regents Policy: *Sustainability and Energy Efficiency* defines sustainability as “a continuous effort integrating environmental, social, and economic goals through design, planning, and operational organization to meet current needs without compromising the ability of future generations to meet their own needs.” The Board has identified six guiding principles to frame the institution's sustainability efforts, and directed the University community to advance sustainability across teaching, research, outreach, and the operations that support them.

The University has advanced the policy's aims significantly since their adoption in 2004. Each campus in the University system has developed initiatives to improve the sustainability of campus operations. The report highlights recent sustainability accomplishments related to the intersection of University operations and the topics of energy, food, water, transportation, and buildings.

**Quarterly Purchasing Report**

The purpose of this item is to provide a quarterly report of 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
## University Investment Funds

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</thead>
<tbody>
<tr>
<td>Consolidated Endowment Fund (CEF)</td>
<td>$1,477.2</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>
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<tr>
<td>Long-Term Reserves (GIP)</td>
<td>81.4</td>
<td>70.8</td>
<td>71.3</td>
<td>65.8</td>
<td>52.7</td>
<td>45.9</td>
</tr>
<tr>
<td>Short-Term Reserves (TIP)</td>
<td>1,182.5</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>
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<tr>
<td>RUMINCO Ltd.</td>
<td>51.5</td>
<td>48.4</td>
<td>45.3</td>
<td>40.6</td>
<td>39.6</td>
<td>39.2</td>
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<tr>
<td>Invested Assets Related to Indebtedness</td>
<td>62.6</td>
<td>25.4</td>
<td>48.9</td>
<td>100.9</td>
<td>148.3</td>
<td>66.9</td>
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<tr>
<td><strong>Total Managed Assets</strong></td>
<td><strong>2,855.2</strong></td>
<td><strong>2,627.8</strong></td>
<td><strong>2,630.7</strong></td>
<td><strong>2,566.3</strong></td>
<td><strong>2,584.2</strong></td>
<td><strong>2,479.1</strong></td>
</tr>
</tbody>
</table>
Our goal is to **preserve** the inflation adjusted value of the endowment.
Growth of $100

CEF

Long-Term Benchmark


$100 $150 $200 $250 $300 $350 $400

7.9% 7.6%
# CEF Performance Summary

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<th>CEF</th>
<th>Benchmark</th>
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<tr>
<td>Quarter</td>
<td>4.2%</td>
<td>3.1%</td>
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<tr>
<td>1 Year</td>
<td>8.3%</td>
<td>6.0%</td>
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<tr>
<td>5 Year</td>
<td>6.6%</td>
<td>6.7%</td>
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<tr>
<td>10 Year</td>
<td>9.1%</td>
<td>8.6%</td>
</tr>
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</table>

- **Short-Term**
- **Medium-Term**
- **Long-Term**
Short-Term Reserves (TIP)

Asset Allocation

- Core Reserve 74%
- Working Capital 26%

Performance Summary

- TIP
- Benchmark

- Quarter:
  - TIP: 1.0%
  - Benchmark: 1.2%

- 1 Year:
  - TIP: 3.4%
  - Benchmark: 3.5%

- 3 Year:
  - TIP: 1.8%
  - Benchmark: 1.3%

- 5 Year:
  - TIP: 1.8%
  - Benchmark: 1.1%
Long-Term Reserves (GIP)

Asset Allocation

- **Fixed Income**: 81%
- **Equity**: 19%

Performance Summary

<table>
<thead>
<tr>
<th>Time Period</th>
<th>GIP</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarter</td>
<td>2.8%</td>
<td>3.1%</td>
</tr>
<tr>
<td>1 Year</td>
<td>6.5%</td>
<td>7.9%</td>
</tr>
<tr>
<td>5 Year</td>
<td>3.1%</td>
<td>3.0%</td>
</tr>
<tr>
<td>10 Year</td>
<td>5.2%</td>
<td>3.9%</td>
</tr>
</tbody>
</table>
RUMINCO Ltd.

Asset Allocation

- Fixed Income: 33%
- Equity: 67%

Performance Summary

<table>
<thead>
<tr>
<th>Period</th>
<th>RUMINCO</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarter</td>
<td>3.2%</td>
<td>3.4%</td>
</tr>
<tr>
<td>1 Year</td>
<td>6.4%</td>
<td>6.6%</td>
</tr>
<tr>
<td>5 Year</td>
<td>4.9%</td>
<td>4.9%</td>
</tr>
<tr>
<td>10 Year</td>
<td>6.6%</td>
<td>6.4%</td>
</tr>
</tbody>
</table>
Climate change is one of the greatest challenges facing humanity. Greenhouse gas emissions from human activities, such as fossil fuel consumption for electricity generation and transportation, is currently the primary driver of climate change. In response, the University has established a goal to reduce campus greenhouse gas emissions 50% by 2020 and to eliminate them by 2050. The following chart shows progress over time by campus.

**Greenhouse Gas Emissions**

University of Minnesota Greenhouse Gas Emissions

![Greenhouse Gas Emissions Chart]

**Clean Energy**

The Board of Regents Policy *Sustainability and Energy Efficiency* directs the University to “reduce dependence on non-renewable energy.” Over the last year 1.5 MW of new solar installations were added to the Twin Cities and Duluth campuses.

The University used almost 59 million kilowatt hours of renewable energy in 2018. That’s enough to power 5,400 homes!

**Sustainable Transportation**

Gas and diesel consumption for transportation is the largest source of greenhouse gas emissions in Minnesota. It is also a source of air pollution that contributes to health problems, particularly in urban areas. The University is addressing its contribution to these issues by switching fleet vehicles to electric, providing electric vehicle charging in parking facilities, and increasing access to public transit, bikes, and walking.
Water Stewardship
The University’s campuses are situated on bodies of water that are critical resources for the University, our neighbors, the nation, and the world. Through innovative practices we are reducing pollution to these watersheds and lowering our demand for potable water.

Materials Management
Unmanaged waste results in pollution to land, air, and water. Through ambitious reuse, recycling, and organics programs the University is reducing the amount of material sent to incineration and landfill.

Building Capacity
Every year, student sustainability leaders from across the University gather to learn from each other, develop relationships, and collaborate on initiatives. In 2019, dozens students attended this annual event, called SELFSustain, held at the Twin Cities campus and Cedar Creek Ecosystem Science Reserve.
September 12, 2019

The Honorable Tom Anderson, Chair, Finance & Operations Committee
The Honorable Richard Beeson
The Honorable Michael Hsu
The Honorable David McMillan
The Honorable Kendall Powell
The Honorable Darrin Rosha
The Honorable Randy Simonson
The Honorable Steven Svigum
The Honorable Mary Davenport
The Honorable Kao Ly Llean Her
The Honorable Mike Kenyanya
The Honorable Janie Mayeron

Committee Members:

Enclosed are Purchasing Services’ reports on purchasing activity for the fourth quarter, fiscal year ‘19. 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 the 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:

Summary:

- Q4 Purchasing Activity tracked closely to previous fiscal quarters.
- YTD Exception dollars are up because of several large purchases approved by the Board of Regents during the fiscal year.
  - $16,000,000 for manufactured reagents and instrumentation service agreements from Illumina
  - $10,930,000 for the continuation of the Metropass, U-Pass and Campus Zone programs from Metropolitan Council
  - $8,800,000 for a 7T Magnetom Terra MRI scanner from Siemens Medical Solutions
  - $1,500,000 for a service contract for a 7T Magnetom from Siemens Medical Solutions
  - $2,500,000 for animal feed from Envigo RMS Inc.
- There was one Regents Purchasing Policy Violation in the fourth quarter of FY19.

If you have any questions on the report, please do not hesitate to contact Beth Tapp, 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, Director, Purchasing Services
I. Summary of Purchasing Activity for Q4 FY19

**Q4 Purchasing Activity**

<table>
<thead>
<tr>
<th></th>
<th>Q4 FY17</th>
<th>Q4 FY18</th>
<th>Q4 FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Transactions</td>
<td>103,489</td>
<td>113,914</td>
<td>93,551</td>
</tr>
<tr>
<td>Total Dollars Spent</td>
<td>$271,091,318</td>
<td>$232,335,214</td>
<td>$224,870,032</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 FY17</th>
<th>Q4 FY18</th>
<th>Q4 FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Transactions</td>
<td>35</td>
<td>57</td>
<td>56</td>
</tr>
<tr>
<td>Total Dollars Spent</td>
<td>$4,240,579</td>
<td>$7,728,602</td>
<td>$6,939,540</td>
</tr>
</tbody>
</table>

**Q4 Pre-Approved Exceptions**

<table>
<thead>
<tr>
<th></th>
<th>Q4 FY17</th>
<th>Q4 FY18</th>
<th>Q4 FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Transactions</td>
<td>62</td>
<td>57</td>
<td>49</td>
</tr>
<tr>
<td>Total Dollars Spent</td>
<td>$6,961,998</td>
<td>$6,455,529</td>
<td>$7,893,851</td>
</tr>
</tbody>
</table>

| Q4 Exceptions | 97 | 114 | 105 |
| Q4 Exception Dollars | $13,936,592 | $14,184,131 | $14,833,391 |
Quarterly Purchasing Report
As of June 30, 2019

Summary of Purchasing Activity YTD FY19

**Total YTD Purchasing Activity**

<table>
<thead>
<tr>
<th>Year</th>
<th># of Transactions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17</td>
<td>656,178</td>
<td>$936,028,748</td>
</tr>
<tr>
<td>FY18</td>
<td>465,407</td>
<td>$911,190,476</td>
</tr>
<tr>
<td>FY19</td>
<td>421,194</td>
<td>$858,895,128</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.*

**YTD Approved Exceptions**

<table>
<thead>
<tr>
<th>Year</th>
<th># of Transactions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17</td>
<td>223</td>
<td>$40,701,794</td>
</tr>
<tr>
<td>FY18</td>
<td>266</td>
<td>$41,812,169</td>
</tr>
<tr>
<td>FY19</td>
<td>277</td>
<td>$69,196,623</td>
</tr>
</tbody>
</table>

**YTD Pre-Approved Exceptions**

<table>
<thead>
<tr>
<th>Year</th>
<th># of Transactions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17</td>
<td>211</td>
<td>$27,793,763</td>
</tr>
<tr>
<td>FY18</td>
<td>204</td>
<td>$26,066,613</td>
</tr>
<tr>
<td>FY19</td>
<td>213</td>
<td>$40,652,173</td>
</tr>
</tbody>
</table>

YTD Exceptions | 434 | 470 | 490
YTD Exception Dollars | $68,495,558 | $67,878,782 | $109,848,796
## II. Purchases made as Approved Exceptions to Competitive Purchasing Process Q4FY19

<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>6</td>
<td>$675,813</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>17</td>
<td>$3,176,371</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>3</td>
<td>$212,981</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>$2,683,439</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>1</td>
<td>$56,856</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>2</td>
<td>$134,080</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**  56  $6,939,540
### III. Pre-Approved Exceptions to Competitive Purchasing

<table>
<thead>
<tr>
<th>Exception</th>
<th>Total # of Exceptions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exception #2: Media advertising, purchase or access to uniquely compiled database information.</td>
<td>5</td>
<td>$384,116</td>
</tr>
<tr>
<td>Exception #4: Closeout of used items which requestor or Purchasing has verified to be at least 30% below comparable new equipment (does not include refurbished or remanufactured furniture).</td>
<td>1</td>
<td>$160,000</td>
</tr>
<tr>
<td>Exception #6: 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>7</td>
<td>$2,349,370</td>
</tr>
<tr>
<td>Exception #7: Service/maintenance agreements with the original manufacturer/developer for equipment and software.</td>
<td>12</td>
<td>$2,083,693</td>
</tr>
<tr>
<td>Exception #9: Software license renewals and software upgrades available only from developer. This includes adding licenses to an existing license agreement.</td>
<td>11</td>
<td>$1,429,527</td>
</tr>
<tr>
<td>Exception #10: Development, design and/or creation of original artwork.</td>
<td>1</td>
<td>$60,000</td>
</tr>
<tr>
<td>Exception #11: Fairview purchases related to research projects.</td>
<td>2</td>
<td>$212,867</td>
</tr>
<tr>
<td>Exception #12: Entertainers, lecturers, speakers and honoraria.</td>
<td>6</td>
<td>$899,030</td>
</tr>
<tr>
<td>Exception #14: Study Abroad Administrators (Does not include group airfares).</td>
<td>3</td>
<td>$269,397</td>
</tr>
<tr>
<td>Exception #15: Legal Services for the Office of General Counsel.</td>
<td>1</td>
<td>$45,851</td>
</tr>
</tbody>
</table>

**TOTAL Approved Exceptions**

<table>
<thead>
<tr>
<th>Total # of Exceptions</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>49</td>
<td>$7,893,851</td>
</tr>
</tbody>
</table>

There are 25 categories of Pre-Approved Exceptions. Only those categories which had qualifying transactions are reported above.
There are one Regents Policy Violation to report.

<table>
<thead>
<tr>
<th>Department Name</th>
<th>Vendor Name</th>
<th>Total Dollar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlson School of Management</td>
<td>Bolger LLC</td>
<td>$51,161</td>
</tr>
</tbody>
</table>

**Product/Service Description**
SP19 Alumni Magazine

**Violation**
Competitive process was not used to select supplier and work began before a contract was in place.

**Explanation for Violation**
Bolger has been the supplier used by Carlson School of Management for the alumni magazine for several years. An increase in the size of the magazine and circulation increased the costs over $50,000 for the first time. The department expected that an exception to bypass bidding would be approved since in other purchases an exception was requested and approved when a compelling reason existed for using a specific supplier and they were known to provide products and services at fair market value. Printing services does not meet the requirements for an exception and the exception was not approved. The work had already been performed at the time the exception was requested.

**Action Taken by Department to Prevent Further Violations**
Department staff met to discuss and clarify policy. This will make sure that they initiative a competitive bidding process for future issues of the alumni magazine.