



Finance & Operations Committee

October 2022

October 13, 2022

Approximately 45 min Following Adjournment of Mission Fulfillment Committee

Boardroom, McNamara Alumni Center

FIN - OCT 2022

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BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

October 13, 2022

AGENDA ITEM: President's Recommended FY 2024-25 Biennial Budget Request

☐

Review

☐

Review + Action

☒

Action

☐

Discussion

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This is a report required by Board policy.

PRESENTERS:

President Joan T.A. Gabel
Myron Frans, Senior Vice President
Julie Tonneson, Vice President and Budget Director

PURPOSE & KEY POINTS

The purpose of this item is to act on the University's Biennial Budget Request to the State of Minnesota for FY 2024 and FY 2025. This item was reviewed at the September 2022 meeting.

As the state's only land grant and research institution, the University has a unique responsibility to better the lives of Minnesotans. As one of the nation's top research institutions, the University is a venue where human talent, ideas and innovations, and discoveries and services converge to fuel Minnesota's economy and improve quality of life. The value the University creates for all Minnesotans has never been higher, as evidenced during the pandemic: vaccine development and increasing testing capacity by the Medical School; Extension's work on rural mental health; the College of Science and Engineering's invention of low-cost ventilators, and pandemic modeling from the School of Public Health. A strong University of Minnesota serves to strengthen the State of Minnesota and benefits its people. This imperative has guided the development of this biennial budget request.

Strong financial support from the State of Minnesota is key to the University's success. Of the University's \$4.2 billion revenue budget for FY23 (excluding internal sales), the majority (60 percent) is restricted to use by the source of the funds or is directly related to sales and other miscellaneous revenue generating activity where the revenues pay for the direct costs of the associated goods and services. For that portion of the budget, the revenues must grow to cover the cost increases, or decisions must be made to reduce spending. Those funds cannot be moved around the institution to address emerging needs on a discretionary basis. It is the remaining 40 percent of University revenues from the unrestricted Operations and Maintenance (O&M) appropriation and tuition that must be directed to increasing costs and pressing investments in core mission activities and the infrastructure necessary to support them. The only way these general operating revenues grow is through enrollment growth, increasing tuition rates, or a decision by the state to increase the University's O&M appropriation.

The University will continue to do its part in this equation. The budget framework for the next biennium will include a continued plan to increase efficiencies, reorganize, and restructure organizations, and reduce scope in targeted areas. At a reasonable savings level, this process allows

the University to “self-fund” a portion of the inflation and compensation cost increases, but on its own does not completely cover those costs. If revenues do not increase, the level of internal savings required to balance the budget will lead to a reduction in the breadth and depth of the University’s impact and/or a sacrifice in quality.

Recent forecasts indicate a positive financial situation for the state, with billions of dollars available to support its priorities related to state responsibilities and activities, higher education, local community needs, and tax relief. This biennial budget proposal is a request for the University to be a participant in the conversations about what is best for the state and to receive an increase in base funding to ensure the University continues its high-quality education, research, and service activities.

The Request Items

In total, the University’s request includes a continuation of the University’s base health care access fund appropriation (\$2,157,000 annually for primary care education initiatives), cigarette tax appropriation (\$22,250,000 annually for the academic health center), and general fund appropriations (\$689,256,000 annually as Operations & Maintenance and State Specials) with incremental increases as described in the following paragraphs of this section.

Core Mission Support

Continuing the University’s approach from the last biennium, this biennial budget request is focused on appropriately maintaining University strengths and supporting the most pressing needs of students. First, this proposal seeks state funding to generally support the core mission of the University. Additional appropriations will contribute to holding down tuition increases, supporting student services, ensuring delivery of high-quality instruction, research, and public service, and providing safe, maintained spaces for students, employees, and the many thousands of citizens that share the University’s campuses every year. The total requested for this item is \$45,000,000 recurring in FY 24 and an additional \$45,000,000 recurring in FY 25. These annual increments represent a 1 percent increase in the University’s total revenues. In the state process, the \$45,000,000 each year would be a 6.5 percent and 6.1 percent annual increase to the base general fund appropriation, and in biennial math (year one increment times two plus year two increment) the \$135,000,000 increase would be a growth of 9.8 percent.

Each year the University faces cost increases related to:

- growth in services to support the needs of students (e.g., education, health, career development, etc.);
- growth in research activity and the associated infrastructure needs;
- retention and recruiting of talented employees that are critical to delivering the University’s mission; and
- inflation, particularly in areas such as health care, lab supplies and equipment, library materials, technology licensing and maintenance, and facility costs.

Based on current spending and the Consumer Price Index (CPI), inflation could cost the University as much as \$120 million each year (growth over the prior year). However, this total can be somewhat tempered for planning purposes due to several factors: the most recent rates from other inflation indices (Higher Education Price Index - HEPI, Personal Consumption Expenditure Index - PCE) are slightly less than the CPI. All the current inflation rates may stabilize or even drop over the next 24 months, and University departments will act where

possible to buy less and buy differently in reaction to high prices. A reasonable estimate, supported by actual refined expenditure projections in targeted areas, puts annual cost increases at approximately \$90 million (6 percent to 7 percent growth). The proposed request seeks to partner with the state to fund this level of required spending increases: 50 percent from the state in new O&M appropriation and 50 percent from University action to increase tuition revenues (enrollment and low rates of increase) and implement additional internal spending reductions on lower priority items.

An increase in O&M support at this level would allow the University to achieve goals consistent with its priorities - including those stated in the MPact 2025 Systemwide Strategic Plan. Specific allocation of the base appropriation plus any incremental increase across the institution would be implemented consistent with those systemwide strategic priorities and determined through the annual internal budget development process.

Pressing Needs of Students and Families

For the 2022 legislative session, the University proposed a series of high-priority funding opportunities, but no supplemental bill was agreed to or signed into law. No special session was held to further discuss the proposals. Given those developments, the proposed request includes a resubmission of the three highest non-capital priorities carried over from the last session. These three priorities focus on addressing the financial and safety concerns of many University students and families, and cannot advance without additional state funding.

1. Promise Program

\$10 million recurring added to the existing systemwide Promise Program (current base funding = \$28 million) would better support students with financial needs, including historically underrepresented students and middle-income students, through the following components:

- Increase the number of students eligible for both Promise and Promise Plus by expanding the upper-income threshold for eligibility from \$120,000 to \$140,000 for Promise and from \$50,000 to \$60,000 for Promise Plus.
- Increase the award amounts, moving up the income scale for the Promise Program.

2. Greater Minnesota Scholarship

\$20 million recurring would create a new Greater Minnesota Scholarship to attract and retain Minnesota students to UMC, UMD, UMM, and UMR by providing:

- a four-year guaranteed scholarship to every Minnesota resident entering as a freshman at those campuses;
- up to \$4,000 in year one; and
- awards tapering down each year before leveling off at \$1,300 to \$1,600 for students in their fourth year.

This program is over and above all other existing aid programs, including the Promise Program. These estimates cover total Minnesota enrollment as it stands today, plus support growth toward the enrollment goals for each of these campuses.

3. Public Safety Enhancements

\$5 million recurring would fund more public safety staff and begin implementation of a state-of-the-art security system for all five campuses, both of which are essential to transforming public safety capabilities and ultimately keeping students, staff, faculty, and visitors as safe as possible. Funding new positions and enhancing safety infrastructure would allow the University to:

- implement 25 to 30 additional overtime patrol shifts per week on the Twin Cities campus for six months of the year, increasing the visibility of officers on campus and decreasing response times;
- add 14 to 16 security officers on the Twin Cities campus to provide more escorts as part of the 624-WALK program and increase building coverage and general security presence;
- add new lighting, camera trailers, and K-9 services on the Twin Cities campus; and
- create an ongoing cycle to replace end-of-life cameras, vehicles, and security equipment across the system and upgrade/manage card access technology.

BACKGROUND INFORMATION

Board of Regents Policy: *Reservation and Delegation of Authority* reserves to the Board the authority to approve all requests for appropriations from the State of Minnesota.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the resolution related to State Biennial Budget Request for FY 2024-2025.



REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

State Biennial Budget Request for FY 2024-2025

WHEREAS, the University of Minnesota (University), the State of Minnesota's (State) only public, land grant university, is charged with the responsibility to pursue knowledge through research and discovery, apply this knowledge through teaching and learning, and outreach and public engagement; and

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

WHEREAS, the University, in partnership with the State, can better support financial access and affordability to postsecondary education for Minnesota students and families; and

WHEREAS, the University's annual budget process is designed to identify and act on the most pressing priorities each year, including competitive compensation, compliance with federal and state regulations, research and technology infrastructure, facility maintenance, and public safety; and

WHEREAS, the state biennial budget request for FY 2024-2025 seeks to advance the direction and priorities defined by the MPact 2025 Systemwide Strategic Plan; and

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

NOW, THEREFORE, BE IT RESOLVED that the biennial budget request for the 2024-2025 biennium be adopted by the Board of Regents (Board) for presentation to the State. The request is for a general fund appropriation of \$769,256,000 in fiscal year 2024 and \$814,256,000 in fiscal year 2025 for a biennial total of \$1,583,512,000 in the form of general operations and maintenance and state special appropriations. The Board further requests the continuation of the fiscal year 2023 base funding levels for the Primary Care Education Initiatives totaling \$2,157,000, and for the Academic Health Center funding under Minnesota Statutes 297F.10 totaling \$22,250,000.

President's Recommended FY 2024-25 Biennial Budget Request

President Joan T. A. Gabel

Myron Frans, Senior Vice President

Julie Tonneson, Vice President and Budget Director

Finance & Operations Committee

October 13, 2022

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

World Class Services for a World Class University



UNIVERSITY BUDGET

UNIVERSITY OF MINNESOTA

Biennial Budget Request – General Fund Base + Increases

Base Appropriations:	\$689.3M	\$689.3M
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Incremental over prior year	2024	2025
Core Mission	\$45.0M	\$45.0M
Percent Increase	6.5%	6.1%
Promise Program	\$10.0M	\$0.0M
Greater MN Scholarship	\$20.0M	\$0.0M
Public Safety	\$5.0M	\$0.0M
Total University Request:	\$80.0M	\$45.0M
Percent Increase:	11.6%	5.8%

Requested Total General Fund Appropriations:	$\$769.3\text{M} + \$45\text{M} = \$814.3\text{M}$
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UNIVERSITY OF MINNESOTA

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The University of Minnesota is an equal opportunity educator and employer.



BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

October 13, 2022

AGENDA ITEM: President's Recommended 2022 Six-Year Capital Plan

☐

Review

☐

Review + Action

☒

Action

☐

Discussion

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This is a report required by Board policy.

PRESENTERS: Myron Frans, Senior Vice President

PURPOSE & KEY POINTS

The purpose of this item is to act on the President's recommended 2022 Six-Year Capital Plan.

The President's recommended 2022 Six-Year Capital Plan (Plan) includes major capital improvements planned for calendar years 2023 through 2028. The Plan includes projects to be funded with State of Minnesota (state) capital bonding as well as major projects funded by the University through a combination of debt, local unit resources, fundraising, and public/private partnerships. The Plan is a resubmittal of the 2021 plan, updated to reflect the University's December 2021 Supplemental State Capital Request. No new projects have been added.

The unpredictability of state funding has made multi-year planning difficult. There has not been a state bonding bill in two years and the lack of funding has resulted in a backlog of projects in the early years of the plan. The Plan will be adjusted next year to reflect the next round of investments by the state. Similarly, given the unprecedented construction inflation occurring in the market and the uncertainty of project timing, cost figures will be updated in future plans as projects progress towards approval in the Annual Capital Improvement Budget.

This plan reflects the projects approved by the Board as part of the supplemental request in December 2021. An updated 2023 State Capital Request, both the projects and the cost estimates, will be presented for review at the December meeting.

2022 Plan Highlights

The Plan continues to emphasize reinvestment into the University's existing infrastructure. Growing deferred renewal backlog has widespread impacts on academic programs, research initiatives, student experience, and general competitiveness. Higher Education Asset Preservation and Replacement (HEAPR) continues to be the smartest, most cost-effective investment that 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 support the University's vision. This Plan recommends HEAPR requests of \$200 to \$400 million each year to align with actual deferred renewal needs. This plan also defines specific projects and placeholders that advance the MPact 2025 Systemwide Strategic Plan (MPact 2025) objectives and positions the University for success through five strategic capital priorities:

1. Renew high-priority buildings and right-size the overall amount of campus space

The Plan puts a strong emphasis on fixing or replacing some of the University's worst buildings. High-priority projects reinforce the commitments made in MPact 2025 by complementing institutional values and optimizing how resources are used across the campus system. HEAPR funding remains at the core of this strategy. The Facility Condition Assessment (FCA) identifies the physical condition and needs of buildings across the enterprise. This process identifies deferred, non-recurring, and projected renewal needs to determine a facility condition needs index (FCNI). The FCNI (the ten-year projected needs divided by the estimated replacement value) determines where a building is rated on a scale that starts at 0.0 (excellent) and extends to 1.0 (critical). The below table (fall 2021 data) is updated annually to monitor progress toward reducing poor and critical space.

Campus	Total GSF ¹	Estimated Replacement Value ²	Projected 10-Year Needs ²	10 Year Needs/Replacement Value = (FCNI)	GSF Poor / Critical
Twin Cities	25,032,852	\$10,855,966,719	\$4,243,168,738	0.39	7,596,953
Duluth	3,312,263	\$1,204,014,201	\$445,441,336	0.37	550,865
Morris	997,104	\$435,429,041	\$181,536,077	0.42	481,564
Crookston	724,138	\$353,786,629	\$97,909,542	0.28	106,981
ROCs	1,781,760	\$317,805,877	\$103,418,746	0.33	119,097
TOTALS	31,848,117	\$13,167,002,468	\$5,071,474,438	0.39	8,855,460

¹ Total Gross Square Feet from UM Analytics. Excludes Rochester Campus and 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 approximately 1% from previous year.

2. Invest in high-demand academic programs and mission-support facilities

This priority supports teaching and learning as well as research scholarship across disciplines. High-demand academic programs have an established record of consistent enrollment and academic success. Recent examples of actual and proposed investments include the Chemistry Teaching Facility, Lind Hall Renewal, and the UMD Labovitz Sales Center/Library Annex Repurposing project. Other programs may be emerging and benefit from investment in facilities to bolster their ability to thrive.

3. Advance innovation in health sciences, agriculture, biotechnology, and other MNtersections priorities

This priority promotes a long-term investment strategy into core areas of research and scholarship dedicated to improving human potential and the natural and physical world in which we live. Representative projects include the Health Discovery Hub (former working title of Clinical Research Facility) and key lab renovation projects to support active health sciences research. Anticipated investments in applied agricultural technology and research will further this priority in future years of the plan and connect researchers and key educators in Extension to this important part of Minnesota's economy and community. HEAPR investments in Food Science and Nutrition, Biosystems and Agricultural Engineering (BAE), and the Biological

Science Center will optimize existing facilities and infrastructure to support teaching and research.

4. Enhance student-facing facilities and services

To enhance the student experience, wellness, and success, some facilities require renewal to respond to a range of pressing needs, including libraries, unions, recreation, wellness, student counseling, and academic support. For example, the Student Unions Investments address replacing the Saint Paul Student Center and McGrath Library and improving Coffman Memorial Union's student, retail, and dining facilities on the Twin Cities campus.

5. Create spaces and places that make campuses more inclusive, accessible, and welcoming

This priority focuses on the many ways that change to the physical campus can make University campuses more welcoming, foster a sense of belonging, and improve accessibility related to daily life. For example, projects might address Americans with Disabilities Act (ADA) accessibility on all campuses, the renewal of important public spaces and landscapes, the ability to provide identity space indoors or outdoors, and wayfinding systems, including how campus entry points are treated. This priority will also guide plans to balance the level of investment in specialized-use facilities while considering equity and diversity. Candidate projects that support this principle will be considered in future iterations of the Six-Year Capital Plan.

BACKGROUND INFORMATION

Board of Regents Policy: *Board Operations and Agenda Guidelines* require a Six-Year Capital Plan that sets priorities and direction for ongoing academic and capital planning efforts. This policy specifically 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.

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 ultimate recommendation to the Board.

Stage 1 Proposal	Stage 2 Planning and Feasibility	Stage 3 Predesign	Stage 4 Resource Acquisition	Stage 5 Implementation
Define the problem or opportunity <ul style="list-style-type: none"> Programmatic needs Facility conditions Financial resources assessment 	Evaluate scope, scale, and alternatives <ul style="list-style-type: none"> Strategic positioning Academic priorities Financial constraints Space needs 	Advance the optimal scenario <ul style="list-style-type: none"> Project scope Project budget Project schedule 	Confirm source and availability of funds <ul style="list-style-type: none"> Financial impact Debt capacity 	Deliver Project <ul style="list-style-type: none"> Schematic design and GMP approval by the Board.
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 to 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 considered 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 impacts* such as the 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 MPact 2025 Systemwide Strategic Plan objectives.*

Project Costs

Costs for projects in the feasibility stage and projects under consideration are order-of-magnitude estimates. 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 inclusion in the Annual Capital Improvement Budget.

PRESIDENT’S RECOMMENDATION

The President recommends approval of the resolution related to the 2022 Six-Year Capital Plan.



REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

The 2022 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 approves the 2022 Six-Year Capital Plan in order to create and maintain facilities that serve as tools for accomplishing the University's education, research, and outreach objectives.

2022 Six Year Capital Plan Project Funding Report

UNIVERSITY OF MINNESOTA

2022 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 2023 based on the supplemental state capital request approved at the December 2021 Regents meeting. Projects in future years of the plan and projects under consideration are not prioritized.

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Funding Report

2023

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
349	Higher Education Asset Preservation and Replacement	Systemwide	\$400,000	\$400,000	\$0
187	Chemistry Undergraduate Teaching Laboratory	Twin Cities	\$108,000	\$72,000	\$36,000
277	UMD Science Building Renewal - Design	Duluth	\$2,460	\$1,640	\$820
320	Agricultural Research and Education Complex (FAARM)	ROCs & Stations	\$120,000	\$60,000	\$60,000
180	Health Discovery Hub (formerly Clinical Research Facility)	Twin Cities	\$210,000	\$140,000	\$70,000
153	Academic Health Center Duluth - Design	Duluth	\$18,000	\$12,000	\$6,000
			\$858,460	\$685,640	\$172,820

University Funded

File	Project Title	Campus	Total	State Funds	University Funds
158	CSOM Building Revitalization - Design	Twin Cities	\$2,500	\$0	\$2,500
413	St Paul Student Union Investment - Design	Twin Cities	\$1,000	\$0	\$1,000
222	R&R - Crookston Campus	Crookston	\$300	\$0	\$300
288	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000
228	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000
240	R&R - Morris Campus	Morris	\$160	\$0	\$160
216	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300
258	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500
264	R&R - Twin Cities Dining Services	Twin Cities	\$4,650	\$0	\$4,650
234	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$18,400	\$0	\$18,400
246	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$10,550	\$0	\$10,550
252	R&R - Twin Cities Student Affairs	Twin Cities	\$1,250	\$0	\$1,250
270	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800
			\$66,410	\$0	\$66,410
FY Total:			\$924,870	\$685,640	\$239,230
Running Total:			\$924,870	\$685,640	\$239,230

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Funding Report

2024

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
361	Higher Education Asset Preservation and Replacement	Systemwide	\$200,000	\$200,000	\$0
			\$200,000	\$200,000	\$0

University Funded

File	Project Title	Campus	Total	State Funds	University Funds
414	St Paul Student Union Investment - Construction	Twin Cities	\$83,000	\$0	\$83,000
308	R&R - Crookston Campus	Crookston	\$300	\$0	\$300
306	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000
305	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000
310	R&R - Morris Campus	Morris	\$160	\$0	\$160
307	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300
313	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500
314	R&R - Twin Cities Dining Services	Twin Cities	\$3,700	\$0	\$3,700
309	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$6,800	\$0	\$6,800
311	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$6,900	\$0	\$6,900
312	R&R - Twin Cities Student Affairs	Twin Cities	\$1,250	\$0	\$1,250
315	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800
			\$129,710	\$0	\$129,710
		FY Total:	\$329,710	\$200,000	\$129,710
		Running Total:	\$1,254,580	\$885,640	\$368,940

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Funding Report

2025

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
362	Higher Education Asset Preservation and Replacement	Systemwide	\$200,000	\$200,000	\$0
348	Strategic Plan Renewal or Replacement	Twin Cities	\$100,000	\$66,667	\$33,333
409	UMD Science Building Renewal	Duluth	\$25,540	\$17,027	\$8,513
			\$325,540	\$283,694	\$41,846

University Funded

File	Project Title	Campus	Total	State Funds	University Funds
366	CSOM Building Revitalization	Twin Cities	\$35,000	\$0	\$35,000
359	R&R - Crookston Campus	Crookston	\$300	\$0	\$300
355	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000
354	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000
360	R&R - Morris Campus	Morris	\$160	\$0	\$160
357	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300
352	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500
356	R&R - Twin Cities Dining Services	Twin Cities	\$3,900	\$0	\$3,900
350	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$12,300	\$0	\$12,300
353	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$3,800	\$0	\$3,800
358	R&R - Twin Cities Student Affairs	Twin Cities	\$1,250	\$0	\$1,250
351	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800
			\$84,310	\$0	\$84,310
FY Total:			\$409,850	\$283,694	\$126,156
Running Total:			\$1,664,430	\$1,169,334	\$495,096

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Funding Report

2026

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
365	Higher Education Asset Preservation and Replacement	Systemwide	\$200,000	\$200,000	\$0
411	Strategic Plan Renewal; Wilson Library	Twin Cities	\$50,000	\$33,333	\$16,667
			\$250,000	\$233,333	\$16,667

University Funded

File	Project Title	Campus	Total	State Funds	University Funds
377	R&R - Crookston Campus	Crookston	\$300	\$0	\$300
373	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000
372	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000
378	R&R - Morris Campus	Morris	\$160	\$0	\$160
375	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300
370	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500
374	R&R - Twin Cities Dining Services	Twin Cities	\$3,900	\$0	\$3,900
368	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$6,600	\$0	\$6,600
371	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$5,900	\$0	\$5,900
376	R&R - Twin Cities Student Affairs	Twin Cities	\$1,250	\$0	\$1,250
369	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800
			\$45,710	\$0	\$45,710
FY Total:			\$295,710	\$233,333	\$62,377
Running Total:			\$1,960,140	\$1,402,667	\$557,473

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Funding Report

2027

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
397	Higher Education Asset Preservation and Replacement	Systemwide	\$200,000	\$200,000	\$0
316	Strategic Plan Renewal; East Bank	Twin Cities	\$50,000	\$33,333	\$16,667
140	Strategic Plan Renewal; St. Paul	Twin Cities	\$50,000	\$33,333	\$16,667
412	Strategic Plan Renewal; Systemwide	Systemwide	\$50,000	\$33,333	\$16,667
			\$350,000	\$300,000	\$50,000

University Funded

File	Project Title	Campus	Total	State Funds	University Funds
163	Limnology Building and Property Capital Renewal	Duluth	\$9,000	\$0	\$9,000
136	LSH 1st Floor Renovation & Expansion	Duluth	\$13,000	\$0	\$13,000
407	R&R - Crookston Campus	Crookston	\$300	\$0	\$300
403	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000
402	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000
408	R&R - Morris Campus	Morris	\$160	\$0	\$160
405	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300
400	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500
404	R&R - Twin Cities Dining Services	Twin Cities	\$2,700	\$0	\$2,700
398	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$4,700	\$0	\$4,700
401	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$2,750	\$0	\$2,750
406	R&R - Twin Cities Student Affairs	Twin Cities	\$1,250	\$0	\$1,250
399	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800
			\$61,460	\$0	\$61,460
FY Total:			\$411,460	\$300,000	\$111,460
Running Total:			\$2,371,600	\$1,702,667	\$668,933

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Funding Report

2028

State Funded

File	Project Title	Campus	Total	State Funds	University Funds
429	Higher Education Asset Preservation and Replacement	Systemwide	\$200,000	\$200,000	\$0
304	Strategic Plan Renewal or Replacement	Twin Cities	\$100,000	\$66,667	\$33,333
			\$300,000	\$266,667	\$33,333

University Funded

File	Project Title	Campus	Total	State Funds	University Funds
431	R&R - Crookston Campus	Crookston	\$300	\$0	\$300
440	R&R - Duluth Campus	Duluth	\$3,000	\$0	\$3,000
432	R&R - Duluth Student Life	Duluth	\$3,000	\$0	\$3,000
434	R&R - Morris Campus	Morris	\$160	\$0	\$160
430	R&R - Twin Cities Athletics	Twin Cities	\$1,300	\$0	\$1,300
437	R&R - Twin Cities Campus	Twin Cities	\$9,500	\$0	\$9,500
438	R&R - Twin Cities Dining Services	Twin Cities	\$1,500	\$0	\$1,500
433	R&R - Twin Cities Housing & Residential Life	Twin Cities	\$10,600	\$0	\$10,600
435	R&R - Twin Cities Parking & Transportation Services	Twin Cities	\$6,150	\$0	\$6,150
436	R&R - Twin Cities Student Affairs	Twin Cities	\$1,250	\$0	\$1,250
439	R&R - Twin Cities Utilities	Twin Cities	\$10,800	\$0	\$10,800
			\$47,560	\$0	\$47,560
FY Total:			\$347,560	\$266,667	\$80,893
Running Total:			\$2,719,160	\$1,969,334	\$749,826

2022 Six Year Capital Plan Project Description Report

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Description Report

Project Costs

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

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Description Report

136 LSH 1st Floor Renovation & Expansion

<i>Campus:</i>	Duluth	- Remodel and expand the 1st floor of Lake Superior Hall (LSH)
<i>Unit:</i>	UMN Duluth	- Provide improved space for students and more efficient office space for staff
<i>Total Cost:</i>	\$13,000	
<i>Plan Year:</i>	2027	

140 Strategic Plan Renewal; St. Paul

<i>Campus:</i>	Twin Cities	- Enhance existing teaching, research, and student support space in alignment with the Strategic Plan
<i>Unit:</i>	Academic Affairs and Provost	- Project(s) will be defined in a future Six Year Plan update
<i>Total Cost:</i>	\$50,000	
<i>Plan Year:</i>	2027	

153 Academic Health Center Duluth - Design

<i>Campus:</i>	Duluth	- Design a new facility in the Duluth Medical District to provide high demand healthcare education and interprofessional training.
<i>Unit:</i>	Academic Clinical Affairs, Ofc	
<i>Total Cost:</i>	\$18,000	
<i>Plan Year:</i>	2023	

158 CSOM Building Revitalization - Design

<i>Campus:</i>	Twin Cities	- Align the functionality of teaching and scholarship user space with new pedagogical and technological trends
<i>Unit:</i>	Carlson School of Management	- Improve utilization of existing space through more flexible learning environments facilitating student, staff and faculty collaboration
<i>Total Cost:</i>	\$2,500	- Address building infrastructure, systems, accessibility, and other deficiencies
<i>Plan Year:</i>	2023	

163 Limnology Building and Property Capital Renewal

<i>Campus:</i>	Duluth	- Renovate the existing limnology research station and construct a new addition
<i>Unit:</i>	UMN Duluth	- Create a learning lab, meeting space, and workstations
<i>Total Cost:</i>	\$9,000	- Relocate MN Sea Grant Center from its current location at UMD Chester Park
<i>Plan Year:</i>	2027	- Timeline for investment may adjust pending availability of funds

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Description Report

180 Health Discovery Hub (formerly Clinical Research Facility)

<i>Campus:</i>	Twin Cities	- Construct a new clinical research facility to support clinical and translational health science research
<i>Unit:</i>	Academic Clinical Affairs, Ofc	- Program includes integrated research, clinical exam, consultation, computational, and collaboration space
<i>Total Cost:</i>	\$210,000	
<i>Plan Year:</i>	2023	

187 Chemistry Undergraduate Teaching Laboratory

<i>Campus:</i>	Twin Cities	- Create a state-of-the-art undergraduate chemistry teaching facility with teaching laboratories, student collaboration spaces, and classrooms
<i>Unit:</i>	College of Science and Engineering	- Provide 18 new teaching laboratories for general and organic chemistry
<i>Total Cost:</i>	\$108,000	- Renovate the original Fraser Hall building, demolish earlier additions, and construct a new addition
<i>Plan Year:</i>	2023	

277 UMD Science Building Renewal - Design

<i>Campus:</i>	Duluth	- Invest in space that was vacated with the completion of the Chemistry and Advanced Materials Science building
<i>Unit:</i>	UMN Duluth	- Provide students and faculty in the Swenson College of Science and Engineering with collaborative spaces for learning, active learning classrooms, laboratories, and research spaces
<i>Total Cost:</i>	\$2,460	
<i>Plan Year:</i>	2023	

304 Strategic Plan Renewal or Replacement

<i>Campus:</i>	Twin Cities	- Enhance existing teaching, research, and student support space in alignment with the Strategic Plan
<i>Unit:</i>	Academic Affairs and Provost	- Projects may be a combination of renewal or replacement of existing facilities
<i>Total Cost:</i>	\$100,000	- Project(s) will be defined in a future Six Year Plan update
<i>Plan Year:</i>	2028	

316 Strategic Plan Renewal; East Bank

<i>Campus:</i>	Twin Cities	- Enhance existing teaching, research, and student support space in alignment with the Strategic Plan
<i>Unit:</i>	Academic Affairs and Provost	- Project(s) will be defined in a future Six Year Plan update
<i>Total Cost:</i>	\$50,000	
<i>Plan Year:</i>	2027	

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Description Report

320 Agricultural Research and Education Complex (FAARM)

Campus: ROCs & Stations - The Agricultural Research and Education Complex project will create sites for the 'Future of Advanced Agricultural Research in Minnesota' (FAARM) for innovative solutions in food systems that will lead the evolution of regenerative, systems-based agriculture

Unit: College of Food, Agricultural & Natural Resource Sciences

Total Cost: \$120,000

Plan Year: 2023

348 Strategic Plan Renewal or Replacement

Campus: Twin Cities - Enhance existing teaching, research, and student support space in alignment with the Strategic Plan

Unit: Academic Affairs and Provost - Projects may be a combination of renewal or replacement of existing facilities

Total Cost: \$100,000 - Project(s) will be defined in a future Six Year Plan update

Plan Year: 2025

366 CSOM Building Revitalization

Campus: Twin Cities - Aligns teaching and scholarship user space with new pedagogical and technological trends

Unit: Carlson School of Management - Improves utilization of existing space through more flexible learning environments facilitating student, staff and faculty collaboration

Total Cost: \$35,000 - Addresses building infrastructure, systems, accessibility, and other deficiencies

Plan Year: 2025

409 UMD Science Building Renewal

Campus: Duluth - Invest in space that was vacated with the completion of the Chemistry and Advanced Materials Science building

Unit: UMN Duluth - Provide students and faculty in the Swenson College of Science and Engineering with collaborative spaces for learning, active learning classrooms, laboratories, and research spaces

Total Cost: \$25,540

Plan Year: 2025

411 Strategic Plan Renewal; Wilson Library

Campus: Twin Cities - Renovate to better support contemporary learning and scholarship with services focused on enabling new discovery, interaction with digital media and technology tools, community engagement, teaching, and study areas

Unit: University Libraries

Total Cost: \$50,000

Plan Year: 2026

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Project Description Report

412 Strategic Plan Renewal; Systemwide

<i>Campus:</i>	Systemwide	- Enhance existing teaching, research, and student support space in alignment with the Strategic Plan
<i>Unit:</i>	Academic Affairs and Provost	- Project(s) will be defined in a future Six Year Plan update
<i>Total Cost:</i>	\$50,000	
<i>Plan Year:</i>	2027	

413 St Paul Student Union Investment - Design

<i>Campus:</i>	Twin Cities	- Create replacement space for the St Paul Student Center
<i>Unit:</i>	Academic Affairs and Provost	- Project planning and preliminary design is anticipated to begin in 2022 followed by complete design and construction in 2023
<i>Total Cost:</i>	\$1,000	
<i>Plan Year:</i>	2023	

414 St Paul Student Union Investment - Construction

<i>Campus:</i>	Twin Cities	- Create replacement space for the St Paul Student Center
<i>Unit:</i>	Academic Affairs and Provost	- Project planning and preliminary design is anticipated to begin in 2022 followed by complete design and construction in 2023
<i>Total Cost:</i>	\$83,000	
<i>Plan Year:</i>	2024	

2022 Six Year Capital Plan
Under Consideration List

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Under Consideration List

Proposals included on the Under Consideration list have been identified as priorities by the responsible unit. Projects under consideration are recommended to complete a feasibility study to support further decision making. Projects will be included in the Six Year Plan when the source of funding and year is determined.

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

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

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Under Consideration List

111 PTRF Renovation - Turkey Research Facility

<i>Campus:</i>	Twin Cities	- Renovate the Poultry Teaching and Research Facility in St. Paul
<i>Unit:</i>	College of Food, Agricultural & Natural Resource Sciences	- Relocate small scale turkey research from Rosemount to St. Paul
<i>Total Cost:</i>	\$11,000	- Maximize research effectiveness and space utilization
<i>Status:</i>	Predesign	- Replace or upgrade exterior enclosure, HVAC systems and lab casework

118 Athletic Facilities Targeted Improvement Projects

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

120 Forestry Research and Outreach Capital Investments

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

121 Cowles Stadium Hitting Facility

<i>Campus:</i>	Twin Cities	- Construct an indoor hitting facility and restrooms accessible from the dugout for the Gopher Women's Softball Team
<i>Unit:</i>	Intercollegiate Athletics	- Budget and schedule to be confirmed pending availability of funds
<i>Total Cost:</i>	To Be Determined	
<i>Status:</i>	Predesign	

142 Briggs Library Capital Renewal

<i>Campus:</i>	Morris	- Renovate the existing library and construct a new east link/entry addition and west entry
<i>Unit:</i>	UMN Morris	- Replace mechanical, electrical, and plumbing systems, technology infrastructure, elevator, and provide ADA/Code compliant restrooms
<i>Total Cost:</i>	\$27,900	- Revitalize the Briggs Library at the “heart of the campus” to best meet the academic, co-curricular, social and safety needs of the UMM Community
<i>Status:</i>	Predesign	

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Under Consideration List

171 Animal Science Facility

<i>Campus:</i>	Crookston	- Construct a new pole barn facility to consolidate the animal facilities at the Crookston campus with adjacent academic and research space
<i>Unit:</i>	UMN Crookston	- Accommodate birthing, controls noise and protects against illness
<i>Total Cost:</i>	To Be Determined	- Support teaching needs of the Agriculture and Natural Resource program and provide space for student research
<i>Status:</i>	Proposal	- Scope, budget, and schedule to be defined pending outcome of feasibility study

175 Historic District Capital Renewal

<i>Campus:</i>	Morris	- Invest in programmatic needs of the Morris campus
<i>Unit:</i>	UMN Morris	- Modernize systems and infrastructure in the campus national register historic district
<i>Total Cost:</i>	To Be Determined	- Renovate learning spaces and student support spaces to meet the needs of future students
<i>Status:</i>	Planning	- Projects to be defined pending outcome of campus strategic facilities plan

191 CUHCC Clinic Renewal

<i>Campus:</i>	Twin Cities	- Renew clinic facilities to increase CUHCC services
<i>Unit:</i>	Academic Clinical Affairs, Ofc	
<i>Total Cost:</i>	To Be Determined	
<i>Status:</i>	Feasibility	

205 Kirby Student Center Expansion

<i>Campus:</i>	Duluth	- Expand and update the Kirby Student Center to provide space for student programming, social and active study spaces for students, meeting and event facilities
<i>Unit:</i>	UMN Duluth	
<i>Total Cost:</i>	To Be Determined	
<i>Status:</i>	Planning	

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

<i>Campus:</i>	Twin Cities	- Renovate space on floors 3-5 of Shepherd Labs to provide academic space for the Computer Science and Engineering Department
<i>Unit:</i>	College of Science and Engineering	
<i>Total Cost:</i>	To Be Determined	
<i>Status:</i>	Feasibility	

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Under Consideration List

280 Strategic Campus Development

<i>Campus:</i>	Rochester	- Create academic and student life space for the growing UMR student community
<i>Unit:</i>	UMN Rochester	- Provide space to support active, collaborative, and adaptive learning environments, student laboratories and faculty/student interaction
<i>Total Cost:</i>	To Be Determined	
<i>Status:</i>	Planning	

290 Molecular and Cellular Therapeutics Expansion

<i>Campus:</i>	Twin Cities	- Expand the existing Molecular and Cellular Therapeutics facility to accommodate Vector Production and Gene Therapy (VP/GT) and other health sciences research
<i>Unit:</i>	Academic Clinical Affairs, Ofc	- Provide cleanroom, lab and lab support spaces
<i>Total Cost:</i>	To Be Determined	- Scope, budget, and schedule to be defined pending outcome of feasibility study
<i>Status:</i>	Planning	

298 Arboretum Access and Egress Improvements

<i>Campus:</i>	ROCs & Stations	- Repair and extend the internal circulation and parking network at the Arboretum including public access points and gatehouses
<i>Unit:</i>	College of Food, Agricultural & Natural Resource Sciences	
<i>Total Cost:</i>	To Be Determined	
<i>Status:</i>	Predesign	

299 Strategic Land Acquisitions

<i>Campus:</i>	Twin Cities	- In support of potential opportunities for strategic land and asset acquisitions that support the University mission
<i>Unit:</i>	Planning, Space, and Real Estate	
<i>Total Cost:</i>	To Be Determined	
<i>Status:</i>	Planning	

318 Cedar Creek Science Barn

<i>Campus:</i>	ROCs & Stations	- Construct a new building for research, education, and outreach
<i>Unit:</i>	College of Biological Sciences	- Provide classrooms, restrooms, and storage for year-round use
<i>Total Cost:</i>	\$3,300	
<i>Status:</i>	Feasibility	

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Under Consideration List

328 Developing Institutional Animal Resources Space

Campus: Twin Cities - Construct or renovate facilities for animal resources (housing and research support spaces)
Unit: Research - Scope, budget, and schedule to be defined pending outcome of feasibility study
Total Cost: To Be Determined
Status: Feasibility

343 Coffman Programming and Retail Renovation

Campus: Twin Cities - Renovate portions of Coffman Union including upgrades to retail and dining facilities
Unit: Student Affairs
Total Cost: To Be Determined
Status: Feasibility

410 UMD Kirby Plaza Food Court and Kitchen Renovation

Campus: Duluth - Provide up to two more food court venues, redesign flow, increase visibility, and offer more options.
Unit: UMN Duluth - Remodel the main production kitchen for efficiency and safety, along with equipment replacement.
Total Cost: \$12,000
Status: Feasibility

415 Morrill Hall Re-Envisioned Building Use

Campus: Twin Cities - Explore options to provide additional student-centric programming
Unit: Office of the President
Total Cost: To Be Determined
Status: Feasibility

428 Library Annex Renovation

Campus: Duluth - Renovate the second floor of Library Annex into an adaptable, state of the art Labovitz School of Business and Economics (LSBE) sales center of excellence to be heavily utilized by students, staff, and community members.
Unit: UMN Duluth - Consolidate both Library Archives and Special Collections and Library Archives Offices.
Total Cost: To Be Determined
Status: Predesign

UNIVERSITY OF MINNESOTA

2022 Six Year Capital Plan - Under Consideration List

441 3M Arena at Mariucci and Ridder Arena Centennial Improvements - Phase 2

<i>Campus:</i>	Twin Cities	- Update fan amenities including seating, concessions, and branding in both facilities
<i>Unit:</i>	Intercollegiate Athletics	- Improve team spaces in Ridder to include locker room, training room and coaching area for the women's hockey program
<i>Total Cost:</i>	\$16,000	- Phase 1 was authorized in the FY23 capital budget to replace ice refrigerant systems in both arenas
<i>Status:</i>	Predesign	

President's Recommended 2022 Six-Year Capital Plan

Myron Frans, Senior Vice President

Finance & Operations Committee

October 13, 2022

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

World Class Services for a World Class University



University Services

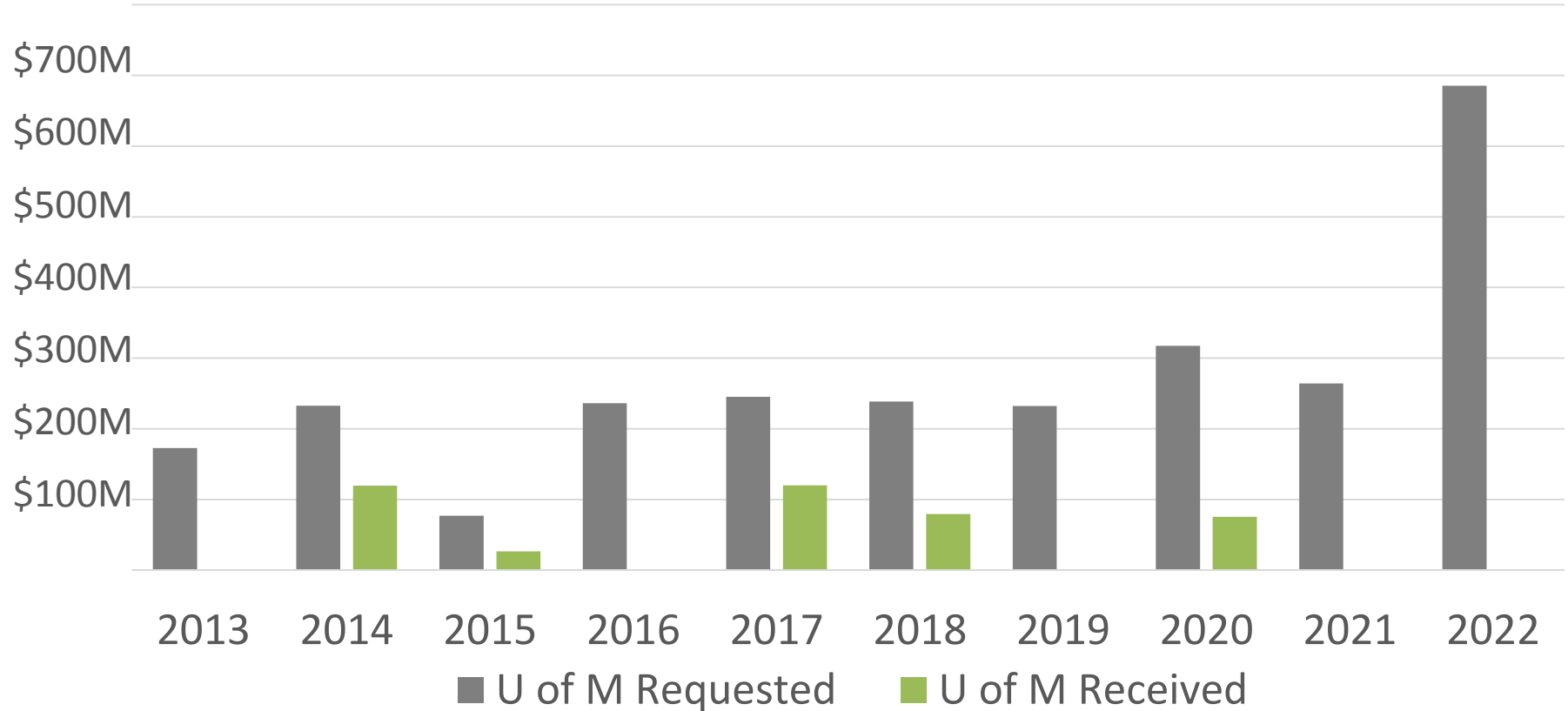
We Make the University Work

The Six-Year Plan

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



State Capital Request: Requested vs. Received



2022 State Capital Request

as amended in Dec. 2021

- **Original request**
 - Capital Renewal (HEAPR) \$200M
 - Chemistry Teaching (UMTC) \$72M
 - Science Building Renewal (UMD) \$1.6M
- **December 2021 additions**
 - Increase Capital Renewal (HEAPR) by \$200M
 - Duluth Academic Health Center (UMD) \$12M
 - Agricultural Research and Education Complex (FAARM) \$60M
 - Health Discovery Hub (UMTC) \$140M
- **Requested investment: \$685.6M**





UNIVERSITY OF MINNESOTA

Driven to Discover®

Crookston Duluth Morris Rochester Twin Cities

The University of Minnesota is an equal opportunity educator and employer.



BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

October 13, 2022

AGENDA ITEM: Key Cost Drivers of Systemwide Information Technologies

☐

Review

☐

Review + Action

☐

Action

☒

Discussion

☐

This is a report required by Board policy.

PRESENTERS: Bernard Gulachek, Vice President and Chief Information Officer

PURPOSE & KEY POINTS

The purpose of this item is to outline the key cost drivers of the University's systemwide information technologies, and to discuss the ways these technologies are essential to advancing the University's mission and elements of the MPact 2025 Systemwide Strategic Plan (MPact 2025).

The item will:

- Provide an overview of IT operations and service delivery.
- Describe the IT management function's support of MPact 2025.
- Articulate IT cost drivers.
- Illustrate several major IT initiatives underway.
- Provide insight into future significant investments.
- Summarize IT PEAK-related objectives.

The University's information technology (IT) management function directly supports, enables, and advances the University's mission. It does this by providing robust and reliable IT services of great value to the institution. IT operations across the system represent approximately six percent of the institution's total expenditures (\$227M in FY21). Information technologists represent approximately six percent of the institution's total staff (1,262).

IT is inspired by, and committed to, the goals of MPact 2025. The IT management function is positioned to support each of the strategic plan's components while at the same time enabling productivity and efficiencies throughout the institution that can only be realized using information technologies.

The PEAK commitment to 'quality delivered consistently' will be realized by users and stakeholders of central IT functions and those services managed at the local unit level. The IT management function will benefit as it matures its management practices towards an enterprise service delivery model.

BACKGROUND INFORMATION

The Vice President and Chief Information Officer (VPCIO) is a systemwide officer with the responsibility to deliver IT services to all stakeholders on all campuses. This role is ultimately responsible for the 21 centralized enterprise-level technology services that support the University's mission. These broadly used commodity services are complemented by a portfolio of IT service offerings that are highly integrated and context-specific to the unique pedagogical and business needs of units within the University. This service portfolio is informed by a thorough IT governance process designed to ensure that these services deliver quality, value, and efficiency.

The VPCIO manages the major cost drivers for IT and the alignment and performance of each of these services in the context of a comprehensive University IT ecosystem. The VPCIO works with chancellors, deans, and vice presidents to build their understanding of the intersection of central services with those provided locally. This work helps to drive decisions related to relative value and appropriate expenses for all IT services in the ecosystem.

Key Cost Drivers of Systemwide Information Technologies

Bernard Gulachek, Vice President and Chief Information Officer

Finance & Operations Committee

October 13, 2022

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

World Class Services for a World Class University



Office of Information Technology

UNIVERSITY OF MINNESOTA

Agenda

Overview: IT@UMN

MPact 2025 IT Commitments

IT Cost Drivers

Major IT Projects and Initiatives

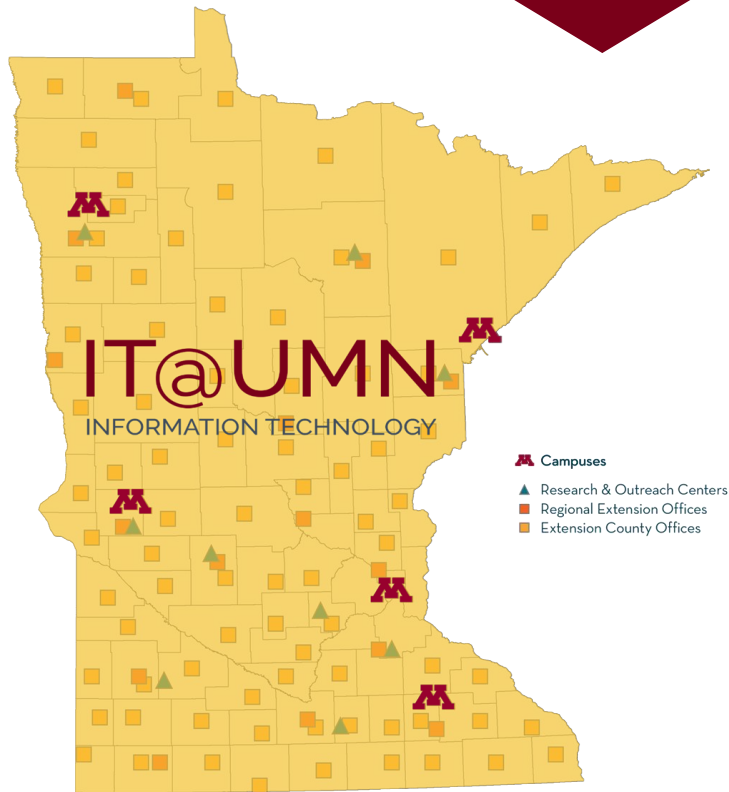
Future IT Investment Planning

PEAK IT Planning

Closing

University IT: Facts

- IT services span **5** system campuses
- Technologists represent **~6%** of total University staff
- Technology represents **~6%** of total University expenditures
- **21** centralized services with more than **150** public facing technologies



University IT: Mission

To **support**, **enable** and **advance** MPact 2025 and the University of Minnesota's mission through the use of information technologies

- Integrated
- Context-specific
- Complementary
- Non-competitive

- Quality
- Efficiency
- Value



University IT: Technology Portfolio

1,160
entries

Technology	Technology	Technology
10ZiG Technology > 10ZiG Technology includes thin clients optimized for desktop technologies. ✓ Available	1Password > 1Password is a virtual vault used for storing sensitive information.	4HOnline > 4HOnline is an online tool for enrolling 4-H families ✓ Available
7Medical > 7Medical is medical radiology imaging and viewing software. Protected Health Information (PHI)	Absoft Fortran > Absoft Fortran Compilers are a set of Fortran utilities.	Academic Analytics Data Warehouse > Academic Analytics Warehouse is a data tool used by UMN. Accepted ✓ Available
Academic Probation > Academic Probation is a custom application maintained by College of Design Information Technology. ✓ Available UMN Custom Built	Accela Civic Platform > Accela Civic Platform is a government solutions platform. Preferred ✓ Available	Access for your College Experience (ACE) > ACE tracks and manages academic accommodation requests from students. Accepted ✓ Available

Atlas

Home > Technology Portfolio > Technologies A to Z

Canvas

Technology Description

Canvas is a learning management system (LMS) used by many departments and academic units to create learning materials, activities, and assessments used in face-to-face, hybrid, and online courses. Canvas can integrate with additional learning tools to extend the functionality of these requests, please view the [Learning Tools for Canvas](#)

Use Guidance

Preferred
Given preference, where possible.

Life Cycle Phase

✓ Available
Currently available for use.

Service Offerings

See all technologies supporting:

- Academic Technology and Design
- Academic Technology Support for Crookston
- Digital Education and Innovation
- E-Learning Instructor Support for School of Public Health
- E-Learning Resources and Support for School of Public Health
- Educational Services
- Academic Technology for University of Minnesota Duluth
- Enhancing Liberal Arts Teaching and Learning
- Exams & Scanning Services
- Learning Management System (Canvas & Related Software)

Available To

- Systemwide

Technology Help Pages

- Canvas

Hosting

Cloud Hosted

Cloud Provider

Amazon Web Services

Key Dependencies

- Amazon Web Services
- Shibboleth

Key Integrations

- APLUS
- Blue
- Destiny One
- Kaltura
- PeopleSoft Campus Solutions
- Qualtrics
- Training Hub

University IT: Governance

IT governance is the process by which University IT ensures alignment of services to **mission**, **priorities** and **user satisfaction**.



Customized, targeted
technology user survey:
6,000 technology users



50 focus groups with collegiate
and support units leaders to
discuss strategic priorities



Insights to help
guide service and
support planning.

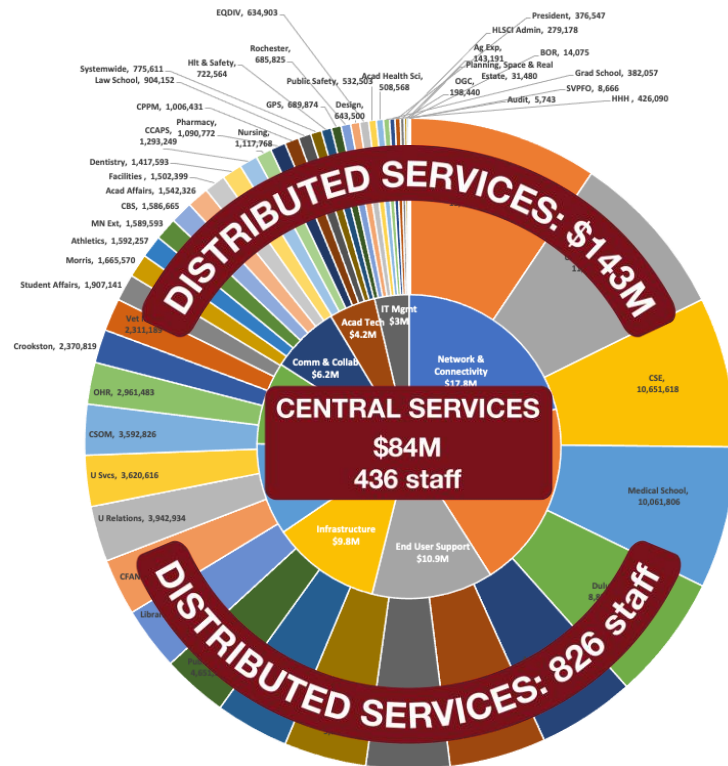
University IT: Service and System Performance

Overview



University IT: Financial Performance

- Total Spend FY21: **\$227M**
- Total IT staff: **1,262**
- Includes IT related:
 - Payroll
 - Equipment
 - Software
 - Services
 - etc...



MPact 2025: IT Commitments

MPact 2025

- ✓ We support student success.
- ✓ We are a research powerhouse.
- ✓ We serve the state and impact the world.
- ✓ We are equitable, diverse, and inclusive.
- ✓ We are a responsible steward of resources.



Systemwide IT Expenses

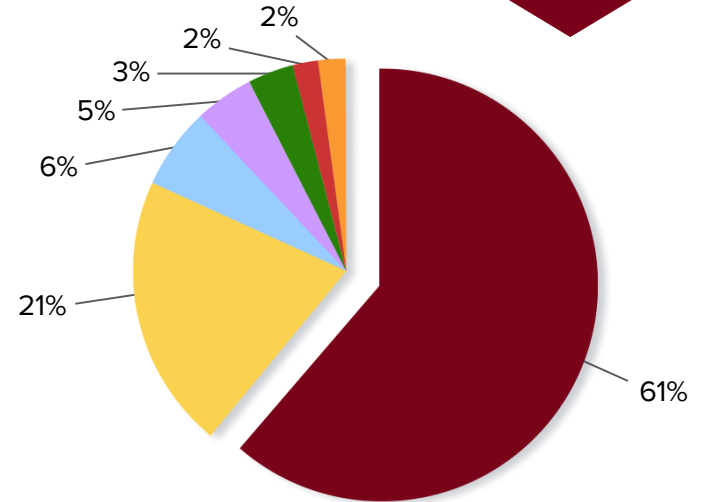
Cost
Drivers

Expense Categories

- IT payroll
- Telecommunications
- Consulting
- Software
- Services
- Hardware and Supplies
- Capitalized Hardware

Systemwide
IT Expense Categories

Expense Amount
\$227M



Expense Amount

IT-Payroll

Telecommunications

Consulting

Software

Services

Hardware and Supplies

Capitalized Hardware

Academic Unit: Example Dentistry

Cost
Drivers

Comparison

- Individual academic unit IT expenses
- Average academic unit IT expenses

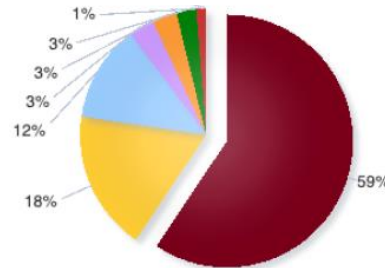
Expenses

- Payroll
- Telecommunications
- Capitalized Hardware
- Software
- Consulting
- Hardware and Supplies
- Services

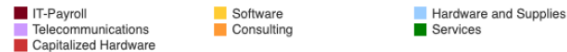
Twin Cities - Academic Units IT Expenses

Academic Units in TWIN CITIES IT Expense Categories

IT Expense Amount
\$56M



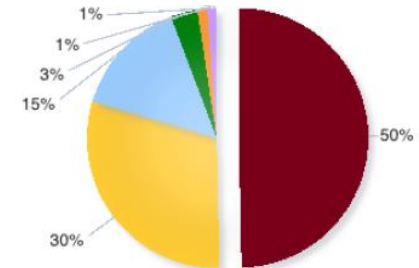
Distributed IT Expense Amount



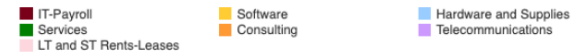
School of Dentistry IT Expenses

DENTX - Dentistry, School of in TWIN CITIES IT Expense Categories

IT Expense Amount
\$1M



Distributed IT Expense Amount



Example: Dentistry IT Expenses

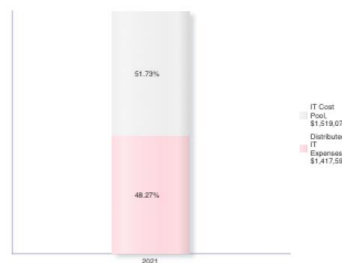
Cost
Drivers

Unit IT Expenses

- Total IT Expenditures
- IT Staff Headcount vs. Total Headcount
- IT Job Function Distribution
 - User support
 - Computer Systems Analyst
 - Computer and Information Systems Manager
 - Software Development.
 - Etc.

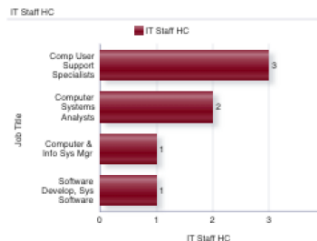
DENTX - Dentistry, School of in TWIN CITIES Cost Pool / IT Expenses Breakdown

Total IT Expenses
\$3M



IT Job Distribution for DENTX - Dentistry, School of in TWIN CITIES

IT Staff HC
7



1.09%

Of all Employees in this Academic Unit are IT



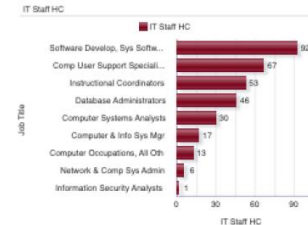
1.80%

Employees in Academic Units are IT Employees



IT Job Distribution for Academic Units in TWIN CITIES

IT Staff HC
325



IT Job Market

The end of 2021 marked the **highest number of IT vacancies in Minnesota in more than 20 years.***

The number of IT positions continues to **grow faster than the number of IT professionals** in the workforce.



Job Market: Upsurge in job vacancies

IT Professionals: Increase in job opportunities

Employers: Intensified competition to hire and retain

*MN Department of Employment and Economic Development (DEED).

Staff Retention and Recruitment

UMN IT Strategies

Cost
Drivers



Compliance and Cybersecurity

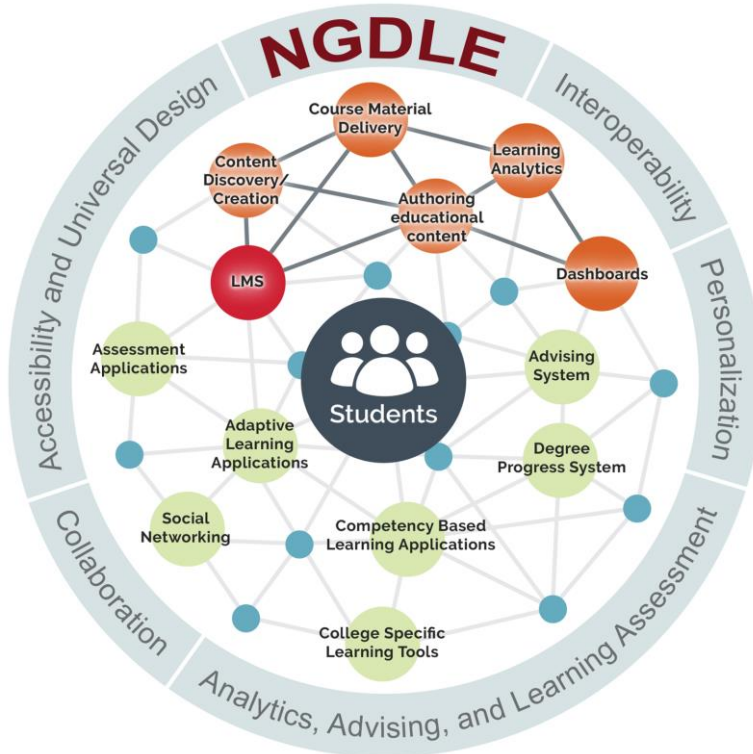
Innovations in technology lead to new rules: compliance laws, policies, and standards.

IT is required to understand, apply, and enforce new rules.



Academic Technology

Next Generation Digital Learning Environment (NGDLE)



Learning Management System
(Canvas)



Course Material Delivery

- Media Management (Kaltura)
- Web Conferencing (Zoom)



Authoring Educational Content



Learning Analytics



Unizin Data Platform

- Reporting
- Visualizations

NXT GEN Programs

Major
Initiatives

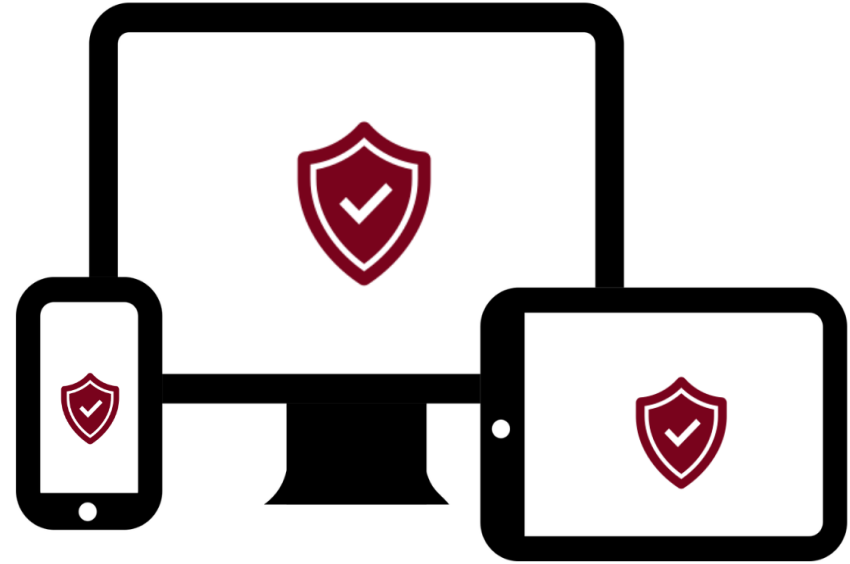


Groundbreaking college experience where machines and humans work together to optimize and accelerate learning.

- NXT GEN MED: **launched Fall Semester 2022**
- NXT GEN AG: **in development**
- Additional NXT GEN Programs in development

Endpoint Management Protection

- Devices used for University business must be **secured**.
- Endpoint Management helps **protect against data loss and cyber-attacks**.
- Devices must be managed for an **onsite, hybrid, and remote workforce**.



Identity and Access Management

From the mundane to the mission-critical,
Identity and Access Management is foundational to what we do.

Modern IAM ensures the:

- right **people** have the
- right **access** at the
- right **time**.



Cloud Investment Benefits



Reduce costs for operational & capital expenditures



Improve **information and data security**



Enable widespread **scalability**



Enhance **system stability**



Increase **efficiencies**

- Faster service delivery, implementations, and integrations
- Enables hybrid and remote workforce collaboration and communication



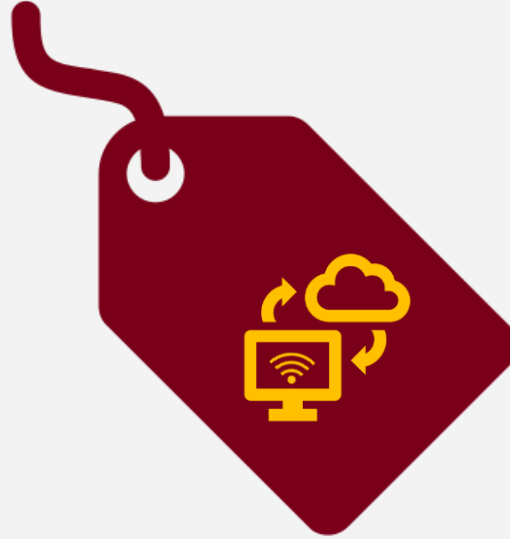
Prepare for future investment

Future
Investment



Enhanced Online
Learning

Ongoing



Data Network

2027



Enterprise Resource
Planning (ERP)

2031

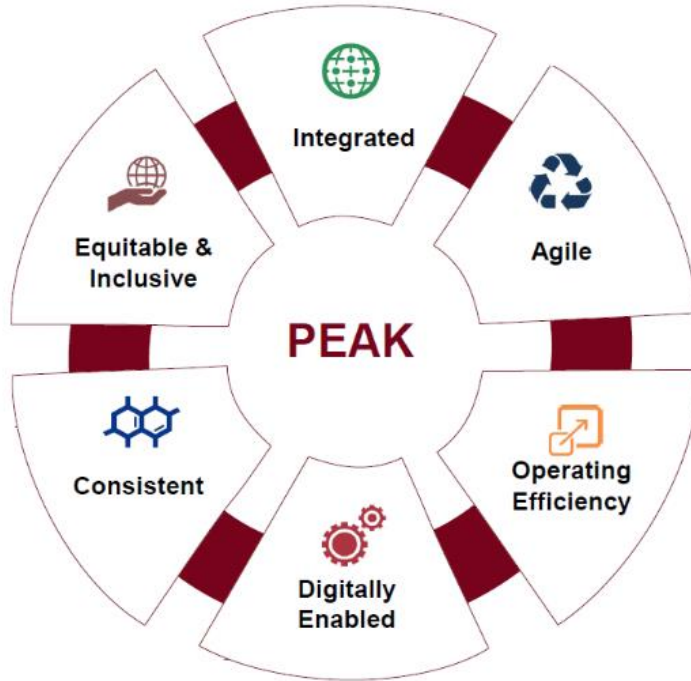
PEAK



PEAK for IT

PEAK

Positioned for Excellence, Alignment, and Knowledge



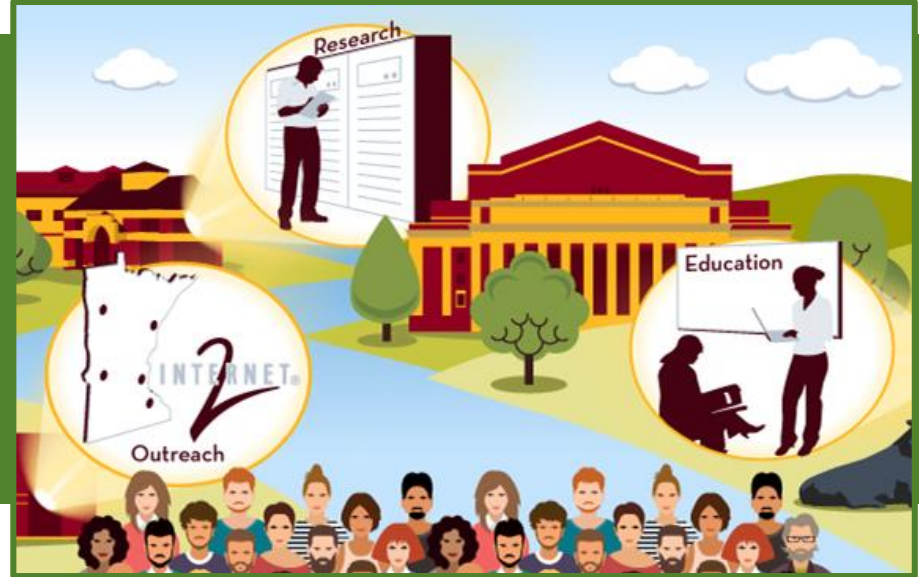
- Quality Delivered Consistently
- Control Points
 - Purchasing
 - IT Human Resources
- Accountabilities
- Technologist Fluidity

PEAK for IT: Opportunities for Staff

PEAK



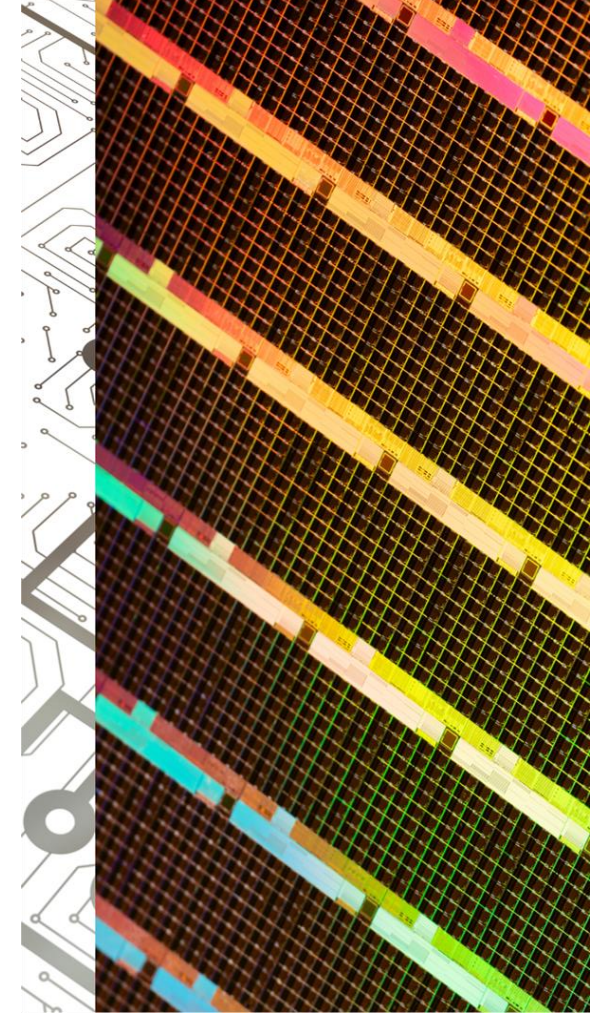
One person or one unit
working in isolation



Cross-Unit, Cross-Functional Teams
contributing to mission-driven IT
initiatives and career growth

University IT: Key Takeaways

- 🎯 IT is at the heart of the University's **productivity & efficiency**.
- 🎯 Centralized IT services are the IT management function's **efficiency engine**.
- 🎯 **Centralization** of IT services continues as technologies **evolve, mature, scale**, and **use is common**.
- 🎯 IT as a **strategic enabler** in addition to **cost-center** role.



Questions?





UNIVERSITY OF MINNESOTA

Driven to Discover®

Crookston Duluth Morris Rochester Twin Cities

The University of Minnesota is an equal opportunity educator and employer.



BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

October 13, 2022

AGENDA ITEM: Resolution Related to the Amended and Restated Operating Agreement of 2407 University Investment LLC

☐

Review

☒

Review + Action

☐

Action

☐

Discussion

☐

This is a report required by Board policy.

PRESENTERS: Michael Volna, Associate Vice President, Finance and Assistant CFO
Leslie Krueger, Assistant Vice President, Planning, Space, and Real Estate
Gregory Brown, Senior Associate General Counsel

PURPOSE & KEY POINTS

The purpose of this item is to review and act on the resolution related to the Amended and Restated Operating Agreement of 2407 University Investment LLC (2407 LLC). 2407 LLC is a Minnesota limited liability company and was the vehicle for a joint venture between the University and United Properties for the development of property between 2407-2425 University Avenue SE in Minneapolis – the LLC's sole significant asset. The property currently contains the Days Hotel and the Tea House Restaurant and is located between Huntington Bank Stadium and University Village on the Twin Cities campus.

The Board approved the purchase of the controlling interest in the 2407 LLC at the July 2022 meeting. Using that authority, the University is in the process of completing the purchase of the controlling interest in the LLC, which will make it wholly owned and controlled by the University. With the purchase negotiations complete and the closing imminent, the University now needs to revise the operating agreement so that it can govern and operate the LLC.

The proposed resolution authorizes the University to replace the current operating agreement from 2013 between United Properties and the University with an amended and restated operating agreement (revised operating agreement) reflecting the University's sole ownership and control. The revised operating agreement will implement the same governance and operations model used by the University for the 2515 University Ave SE LLC, which controls the neighboring University Village property. The revised operating agreement will govern the 2407 LLC's power to enter into agreements, allocate and distribute its profits and losses, and to otherwise conduct its business. Since the University will be the sole member of the LLC, amendments to the operating agreement only require approval by the Board of Regents.

The revised operating agreement will establish three layers of University control over 2407 LLC:

1. The first layer of control is the Board having final oversight of the LLC. The operating agreement reserves to the Board the sole right to approve and authorize the LLC to enter into certain defined agreements, to perform certain identified acts, and the right to change its reserved

authorities. A list of these reserved authorities – also referred to as “member reserved acts” – and additional detail on the governance structure is included in the docket.

2. The second layer of control is a management committee composed of University employees that will oversee the LLC’s day-to-day operations. The management committee will manage the LLC’s arrangement with Oak Management, the current on-site manager of the Days Hotel. The initial management committee will mirror the 2515 University Avenue SE LLC and consist of the Senior Vice President for Finance and Operations, Vice President for University Services, Associate Vice President and Assistant CFO, Associate Vice President and Chief Investment Officer, Assistant Vice President for Planning, Space and Real Estate, and Assistant Vice President for University Services Finance and Systems.

The Senior Vice President for Finance and Operations, acting as the University Administrator under the operating agreement, will appoint individuals to the management committee and will have overall supervisory oversight of the LLC and management committee.

3. The third layer of control is the officers of 2407 LLC providing governance and supervision. The president of 2407 LLC will have the active supervision, management, direction, and control of the business and affairs of 2407 LLC under the general supervision of the management committee and the University Administrator. The operating agreement requires the president of 2407 LLC to cause the company to comply with the orders of the University Administrator, provided such order is not a derogation of the Board’s authority to approve member reserved acts.

The resolution also includes the Board’s ratification of any actions taken by the University between the closing of the University’s purchase of the remaining equity interest and the approval of the operating agreement. If there is a gap, the administration will be able to take necessary actions to keep the LLC operating. Examples of possible actions that would require ratification include contracts entered into for the ongoing operation of the Days Hotel or regulatory filings required by governmental entities. As of October 10, 2022, the University and United Properties have not closed on the sale, so no actions or decisions have yet occurred that require ratification by the Board.

BACKGROUND INFORMATION

The Board approved the purchase of the controlling interest in 2407 University Investment LLC in July 2022. The LLC’s sole significant asset is the improved commercial real estate at 2407-2425 University Avenue SE, in Minneapolis, near the Twin Cities campus.

PRESIDENT’S RECOMMENDATION

The President recommends approval of the resolution related to the amended and restated operating agreement of 2407 University Investment LLC.



REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

the Amended and Restated Operating Agreement of 2407 University Investment LLC

WHEREAS, the University of Minnesota (University) is or will be the sole member and holds or will hold all the equity securities in 2407 University Investment LLC, a Minnesota limited liability company (Company) that owns improved real property in Minneapolis, Minnesota and on which the Company operates a Days Hotel and leases space to the Tea House Restaurant; and

WHEREAS, a proposed Amended and Restated Operating Agreement (Operating Agreement) between the University and the Company, among other acts, would create a management committee to oversee the Company and its property and activities and would set forth the powers, authorities, and obligations of the Company, the management committee, and officers of the Company subject to the authority of the University exercised directly or through delegations by the Board of Regents (Board); and

WHEREAS, the proposed Operating Agreement reserves to the Board the exclusive authority to approve the Company entering into agreements to purchase, sell, or redevelop real property, to incur secured debt, to purchase goods or services for more than \$1 million, to lease real property, as tenant or as landlord, for more than \$1 million, or to take other actions specified in the Operating Agreement as "Member Reserved Acts."

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

1. The terms of the Operating Agreement are hereby approved; and
2. All actions taken since the closing of the University's purchase of United Properties Investments' membership interest in the Company by University employees acting in the scope of their University employment and on behalf of the Company are hereby ratified and approved in all respects; and
3. The President and their designee are hereby authorized, empowered, and directed to execute, deliver, and enter into, on behalf of the University, the Operating Agreement and all other agreements, instruments, and documents necessary or desirable to carry out this resolution.

Summary
2407 University Investment LLC Amended and Restated Operating Agreement
October 2022

2407 University Investment LLC (2407 LLC) is governed by the Member Control and Operating Agreement (MCOA), dated November 27, 2013. However, this agreement is specific to the relationship between the University and United Properties. The University is proposing a “Delete All” amendment whereby the existing MCOA will be deleted in its entirety and replaced with an Amended and Restated Operating Agreement (operating agreement), which has been modeled after the University’s Operating Agreement for the 2515 University Avenue SE LLC established by the Board of Regents (Board) in May 2019 for the University Village Apartments property.

The proposed operating agreement sets forth the authority of the Board, the management committee, and the officers of the 2407 LLC to manage the company and approve its activities and transactions. The operating agreement also describes how 2407 LLC will allocate its profits and losses to the University, its authority to declare distributions to the University, and the circumstances that trigger its dissolution, liquidation, and termination.

The operating agreement establishes three tiers of governance and supervision of 2407 LLC. The primary tier of governance and oversight of 2407 LLC rests with the Board.

The Board will exercise its governance and supervision of 2407 LLC through reserving to itself the approval of “member reserved acts” which authorize the LLC to take the following actions or to enter into and perform the following agreements with any person excluding the University, 2515 University Avenue SE LLC, or another company owned and controlled by the University :

1. merge or consolidate;
2. file a petition in bankruptcy, insolvency, or relief of debtors;
3. lend any sum to or borrow any sum (excluding sums owed or borrowed in the ordinary course of business and in an amount less than \$10,000);
4. guaranty a loan or indebtedness;
5. enter into a partnership or joint venture;
6. authorize transacting business other than owning, operating, and redeveloping the property at 2407 University Avenue SE, Minneapolis, MN and Days Hotel and leasing to the Tea House restaurant;
7. acquire a business or a business division, whether by asset purchase, stock purchase, merger, or other business combination;
8. dissolve or liquidate;
9. sell all or substantially all of its assets to any such Person;
10. buy, sell or trade securities;
11. purchase goods or services in an amount over \$1 million;
12. purchase or sell real property;
13. lease as tenant real or personal property for more than \$1 million;

14. lease as landlord all or substantially all the real property it owned, leased, or otherwise controlled for more than \$1 million; or
15. approve an amendment to the operating agreement that diminishes the authority of the Board to control 2407 LLC or the 2407 LLC President's duty under the operating agreement to periodically report to the Board on the company's operations and its financial results of operations, financial position, planned operating, capital budgets, and any other information reasonably necessary to inform the Board of 2407 LLC's financial condition

The 2407 LLC management committee is the second tier of governance and supervision provided under the operating agreement. The management committee would have the authority to approve agreements between 2407 LLC and the University, 2515 University Avenue SE LLC, or another University owned and controlled company. This authority would be limited in practical effect by Board and Administrative policy if the University were a party to a proposed agreement with 2407 LLC. No provision of the operating agreement authorizes the University to act in contravention of Board and Administrative policy.

The management committee is also authorized under the operating agreement to manage and direct 2407 LLC, subject to the Board's authority. Among other powers, the committee may order the company to make distributions to the University. The operating agreement explicitly limits the management committee's authority: it may not approve, authorize, cause, or allow 2407 LLC to conduct any activity or enter into any agreement that is reserved to the Board as a "member reserved act."

The initial management committee will mirror the 2515 University Avenue SE LLC and consist of the Senior Vice President for Finance and Operations, Vice President for University Services, Associate Vice President and Assistant CFO, Associate Vice President and Chief Investment Officer, Assistant Vice President for Planning, Space and Real Estate, and Assistant Vice President for University Services Finance and Systems.

The operating agreement further designates a University Administrator, specified as the Senior Vice President for Finance and Operations, who has authority under the operating agreement to oversee the management committee. The committee members' terms of office are indefinite unless the University Administrator otherwise directs. The University Administrator may remove or appoint a person to serve on the committee. The University Administrator may also change the number of committee members.

The officers are the third and final tier of governance and supervision. The president of 2407 LLC will have the active supervision, management, direction, and control of the business and affairs of 2407 LLC under the general supervision of the management committee and the University Administrator. The operating agreement requires the president of 2407 LLC to cause the company to comply with the orders of the University Administrator, provided such order is not a derogation of the Board's authority to approve member reserved acts.

**AMENDED AND RESTATED OPERATING AGREEMENT
OF
2407 UNIVERSITY INVESTMENT LLC**

Dated as of October , 2022

THIS AMENDED AND RESTATED OPERATING AGREEMENT (this "Agreement") is made and entered into effective as of October ____, 2022 (the "Effective Date"), by and between 2407 University Investment LLC, a Minnesota limited liability company (the "Company"), and Regents of the University of Minnesota (the "Member") and is intended to supersede in its entirety the Member Control and Operating Agreement of 2407 University Investment LLC, among the parties and United Properties Investment LLC, a Minnesota limited liability company, dated as of November 27, 2013.

NOW, THEREFORE, the parties agree as follows:

Section 1 DEFINITIONS

1.1 Definitions. In addition to the abbreviations and terms otherwise defined in the text of this Agreement, the capitalized terms used herein shall be defined as provided below:

"Act" means the Minnesota Revised Uniform Limited Liability Company Act, Chapter 322C of the Minnesota Statutes, as amended from time to time.

"Articles of Organization" means the Amended and Restated Articles of Organization of the Company filed on March 27, 2019 with the Minnesota Secretary of State.

"Board of Regents" means the Board of Regents of the University of Minnesota.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor thereto.

"Company Board" means the Board of Governors of the Company.

"Company President" means the President of the Company.

"Covered Person" means the Member, a member of the Management Committee, or an Officer.

"Fiscal Year" means the twelve-month period ending on June 30 of a calendar year.

"Management Committee" has the meaning set forth in Section 5.1.

"Member" means Regents of the University of Minnesota.

"Member Reserved Act" has the meaning set forth in Section 4.3.

"Officer" means any individual elected, appointed or otherwise designated as an officer of the Company.

"Person" means any individual, partnership, corporation, limited liability company, limited liability partnership, unincorporated association, trust or other entity.

"Profits" and "Losses" means, for each Fiscal Year or other accounting period of the Company, the net profits or net losses, as the case may be, of the Company for such Fiscal Year or other accounting period, determined on the accrual method of accounting in accordance with generally accepted accounting principles.

"University Administrator" means the Senior Vice President for Finance and Operations of the University of Minnesota.

Section 2 NAME; FORMATION; OFFICES

2.1 Formation. The Company has been formed as a limited liability company under the Act. The Member hereby authorizes and ratifies the acts taken to form the Company, including the preparation, execution and filing of the Articles of Organization. The Company's and the Member's rights, powers, duties and liabilities shall be as provided in the Act, except as provided in this Agreement.

2.2 Name. The name of the Company shall be 2407 University Investment LLC and all business of the Company shall be conducted under that name. The Management Committee may authorize the Company to change its name, to operate under an assumed name, or both.

2.3 Existence. The Company shall have perpetual existence until dissolved in accordance with the provisions of this Agreement and the Act.

2.4 Principal Executive Office. The Company's principal executive office shall be located at

451 Donhowe Building
319 - 15th Avenue SE
Minneapolis, MN 55455

The Management Committee may authorize the Company to change the location of the Company's principal executive office.

2.5 Registered Office and Agent. The Company's registered office in the state of Minnesota shall be the address of its principal executive office. The Company's registered agent shall be the following individual:

Leslie Krueger

The Management Committee may authorize the Company to change the address of the Company's registered office, name of its registered agent or both.

2.6 Qualification. The Company shall qualify to transact business in the state of Minnesota. The Management Committee may authorize the Company to qualify to transact business in another jurisdiction.

Section 3 PURPOSES AND POWERS

3.1 Purposes. The sole activity of the Company is to engage in the business of owning, operating, and maintaining improved real property located at and adjacent to 2407 University Avenue SE, Minneapolis, Minnesota. The Company has the specific authority to redevelop real property owned, leased or otherwise controlled by the Company, solely or jointly with one or more other Persons, in partnership, joint venture or other commercial collaboration. The Member shall have the exclusive authority to authorize the Company to engage in any other business, purpose or activity for which a limited liability company may be organized under the Act.

3.2 Powers. The Company shall have all of the powers set forth in this Agreement and the Act, including specifically but without limitation the power to borrow money, sell, mortgage, convey, pledge or lease property; to purchase, receive, lease or otherwise acquire, own, hold, improve, use and otherwise deal with property; and to make contracts, appoint agents and attorneys-in-fact, create corporations or other

entities owned by the Company: and to undertake any and all other lawful activities as may be required to carry on the business permitted hereunder or under the Act.

Section 4

RIGHTS OF THE SOLE MEMBER AND BOARD-MANAGED COMPANY

4.1 Sole Member. Regents of the University of Minnesota shall be the sole member of and hold all the membership interests in the Company. The Member shall have the exclusive authority to approve the admission of a Person as a member of the Company.

4.2 No Benefits to the Member. The Company shall not deliver, convey or provide to the Member any real or personal, tangible or intangible property or anything of value except as provided in Section 7 of this Agreement or as otherwise permitted by law.

4.3 Member Reserved Acts. Only with the approval of the Member, which shall be reflected solely in a duly adopted resolution or other action of the Board of Regents, the Company shall have the authority to undertake the following actions or to enter into and perform the following agreements with any Person excluding the Member and a Person whom the Member controls and owns all of its equity securities (each a “Member Reserved Act”):

- (a) merge or consolidate the Company with such Person;
- (b) file a petition seeking relief or consent to the institution of any proceeding against the Company under any law relating to bankruptcy, insolvency or relief of debtors;
- (c) lend any sum to or borrow any sum from such Person (excluding sums owed or borrowed in the ordinary course of business and in an amount less than \$10,000);
- (d) guaranty any loan or indebtedness of any such Person;
- (e) enter the Company into any partnership or joint venture with any such Person;
- (f) amend, alter or repeal Sections 3.1 or 4.1- 4.4 of this Agreement;
- (g) to acquire any business or a business division from any such Person, whether by asset purchase, stock purchase, merger or other business combination;
- (h) effect a dissolution, liquidation or termination of the Company;
- (i) sell all or substantially all of the Company's assets to any such Person;
- (j) buy, sell or trade securities;
- (k) enter into an agreement to purchase goods or services in an amount over \$1 million;
- (l) purchase or sell real property;
- (m) lease as tenant real or personal property from such a Person in a transaction or series of related transactions valued at more than \$1,000,000;
- (n) lease as landlord all or substantially all the real property owned, leased or otherwise controlled by the Company in a transaction or series of related transactions valued at more than \$1,000,000; or

- (o) do any other act which is inconsistent with the terms of this Agreement or which would make it impossible to carry on the ordinary business of the Company.

4.4 **Reports.** Annually, the Company President or designate shall deliver to the Board of Regents a report summarizing for the reporting period (a) the results of the Company's operations during such period, (b) the Company's financial position as of the last day of such period, (c) the Company's operating and capital budgets for the upcoming period, and (d) such other information reasonably necessary to inform the Board of Regents of the financial condition of the Company.

Section 5

MANAGEMENT OF THE COMPANY

5.1 **Management Committee.** A management committee (the "Management Committee") shall oversee the business and manage and direct the activities and affairs of the Company subject to the terms of this Agreement. The Management Committee shall have the authority to exercise all the powers and do all the things that may be exercised or done by the Company, subject to the provisions of applicable law, the Articles of Organization, and this Agreement; provided, however, the Member reserves the right, exercisable at any time, to direct the Company to act or to refrain from acting in a particular transaction or situation. The Management Committee shall not approve, authorize, cause or allow the Company to perform a Member Reserved Act unless the Member has approved and authorized such action.

The Management Committee shall be comprised of the individuals holding the following permanent, acting, or interim University positions:

Senior Vice President for Finance and Operations,
Vice President for University Services,
Assistant Vice President for Planning, Space, and Real Estate,
Associate Vice President for Finance and Operations and Assistant CFO,
Associate Vice President for Finance and Operations and Chief Investment Officer, and
Assistant Vice President and CFO for University Services.

The University Administrator shall have the authority to determine the number of members of the Management Committee and to appoint individuals to serve as members of the Management Committee. An individual's term of membership on the Management Committee shall be indefinite unless the University Administrator otherwise directs. The University Administrator shall have the authority to add, remove, or otherwise change the composition of the Management Committee.

The University Administrator may remove an individual as a member of the Management Committee at any time, with or without cause. Unless the University Administrator otherwise directs, an individual's membership on the Management Committee shall terminate, without further action or notice, upon the termination of the individual's employment at the University of Minnesota.

5.2 **Meetings.** Meetings of the Management Committee may be held at such times and places as shall from time to time be determined by the Management Committee. The Company President may call a special meeting at any time with reasonable notice to members of the Management Committee.

5.3 **Notice of Meetings.** If the date, time and place of a meeting of the Management Committee has been announced at a previous meeting, no notice is required. In all other cases, two (2) business days' written notice of meetings of the Management Committee, stating the date, time and place thereof and any other information required by law or desired by the person or persons calling such meeting, shall be given to each member of the Management Committee. If notice of a meeting is required, and such notice does

not state the place of the meeting, such meeting shall be held at the principal executive office of the Company. The notice need not state the purpose of the meeting. Attendance at a meeting by a member of the Management Committee is a waiver of notice of that meeting, unless the member objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened.

5.4 Quorum and Voting. A majority of the members of the Management Committee shall constitute a quorum for the transaction of business. In the absence of a quorum, a majority of such members present may adjourn the meeting from time to time until a quorum is present. If a quorum is present when a duly called or held meeting is convened, the members present may continue to transact business until adjournment, even though the withdrawal of a number of such members originally present leaves less than the number otherwise required for a quorum.

The Management Committee shall act by the affirmative vote of at least a majority of its members at any duly held meeting, except as to any question upon which any different vote is required by law.

5.5 Action in Writing. Any action required or permitted to be taken at a meeting of the Management Committee may be taken by written action signed by the number of members of the Management Committee that would be required to take the same action at a meeting at which all such members were present. If any written action is taken by less than all such members, all such members shall be notified immediately of its text and effective date. The failure to provide such notice, however, shall not invalidate such written action. For purposes of this Section 5.5, a "written action" includes an email sent by a member of the Management Committee assenting to the action being proposed.

5.6 Meeting by Means of Remote Communication. The members of the Management Committee may participate in a meeting by any means of communication by which all persons participating in the meeting can simultaneously participate with each other. Participation in a meeting pursuant to this Section 5.6 shall constitute presence in person at such meeting.

Section 6 OFFICERS

6.1 Number and Qualification. The University Administrator shall have the authority to designate one (1) or more individuals exercising the functions of the position of Company President, Treasurer, and Secretary, and any other officer positions as they deem advisable, and may assign titles to any such person. The same person may hold any two or more offices. The University Administrator shall have the further authority to create and fill new offices in the Company. Officers are not "managers" (within the meaning of the Act) of the Company.

The Management Committee may delegate to one or more of Officers any or all of the power and authority granted under this Agreement to it, subject in all cases to the right of the Management Committee to modify or withdraw any or all of any such delegation.

6.2 Term of Office. The term of office for each Officer shall be indefinite with an Officer holding office until a successor shall have been duly appointed, unless prior thereto such Officer shall have died, resigned or been removed from office as hereinafter provided.

6.3 Removal and Vacancies. The University Administrator shall have the authority to remove an Officer at any time with or without cause.

6.4 Company President. The Company President shall have active supervision, management, direction and control of the business and affairs of the Company, subject to the supervision and control of the Management Committee. The Company President shall cause the Company to comply with and perform all orders of the Member or the University Administrator concerning the Company. The Company President shall not allow the Company to perform any Member Reserved Act that has not been approved and authorized by the Member. The Company President may execute and deliver in the name of the Company deeds, mortgages, contracts, agreements or instruments pertaining to the business of the Company as authorized by the Management Committee. The Management Committee may change the duties of the Company President at any time.

6.5 Treasurer. The Treasurer of the Company shall be the Chief Financial Officer of the Company shall (a) keep accurate financial records for the Company; (b) deposit all monies, drafts, and checks in the name of and to the credit of the Company in such banks and depositories as the Management Committee shall designate from time to time; (c) endorse for deposit all notes, checks, and drafts received by the Company as ordered by the Management Committee, making proper vouchers therefor; (d) disburse Company funds and issue checks and drafts in the name of the Company as ordered by the Management Committee; (e) render to the Company President and the Management Committee, whenever requested, an account of all such Officer's transactions as the Chief Financial Officer and of the financial condition of the Company; (f) perform such other duties as may be prescribed by the Company President from time to time. The Management Committee may change the powers and duties of the Treasurer at any time.

6.6 Secretary. The Secretary shall (a) attend all meetings of the Management Committee; (b) maintain records of, and whenever necessary, certify proceedings of the Management Committee; (c) keep the required records of the Company; and (d) give or cause to be given notice of meetings of the Management Committee. The Management Committee may change the duties of the Secretary at any time. The Secretary may but need not be a voting member of the Management Committee.

6.7 University Employment: Application of University Policy, Compensation, and Expense Reimbursement. University policy and procedures may govern individuals who are University employees and who perform services for the Company as a member of the Management Committee, as an Officer or otherwise. The Company shall not have an obligation under this Agreement to compensate such an employee for performing any such service or reimburse such employee for expenses incurred in performing any such service. Such an employee shall be compensated for such service and reimbursed for such expenses by the University as provided in University policy and procedures.

Section 7 ALLOCATIONS AND DISTRIBUTIONS

7.1 Allocations. Profits and Losses (and, to the extent necessary, individual items thereof) shall be allocated to the Member for each Fiscal Year.

7.2 Distributions.

(a) Operational-Non-liquidating Distributions. Subject to the right of the Company to maintain reserves, the Management Committee may authorize the Company to make distributions of cash or property in kind to the Member from time to time.

(b) Distributions Upon Company's Liquidation. The net proceeds resulting from the liquidation of the Company shall be applied and distributed in the following order of priority:

(1) **Company Debts and Liabilities.** To the extent available, proceeds shall be applied to the payment of debts and liabilities of the Company, including all expenses of the Company incident to its liquidation and all loans and other obligations owed to the Member.

(2) **Reserves.** To the extent available, proceeds shall be applied to the setting up of any reserves which the Management Committee deems reasonably necessary for contingent, unmatured or unforeseen liabilities or obligations of the Company.

(3) **Remaining Amounts.** The balance of any proceeds shall be distributed to the Member.

(4) **Timing of Liquidation Distributions.** Liquidation distributions shall be made by the end of the Fiscal Year of liquidation (or, if later, within ninety (90) days after the date of such liquidation). If the Company has sold or, during the winding up period, sells all or part of the Company's property in a deferred payment sale, the liquidation period may be extended for any such period as the Management Committee reasonably deems necessary to collect the proceeds of such sale and interest thereon.

(c) **Limitations on Distributions.** Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make a distribution to the Member on account of such Member's interest in the Company if such distribution would violate Section 322C.0405, Subd. 1 of the Act or other applicable law.

Section 8

LIABILITY; INDEMNIFICATION; INSURANCE

8.1 Liability. Except as provided by the Act, the Member shall not be liable or obligated for the debts, obligations and liabilities of the Company solely by reason of the Member acting as a member of the Company. The Company shall be solely liable and obligated for its debts, obligations and liabilities and for the acts and omissions of the Officers and employees of the Company.

8.2 Indemnification. The Company shall not have any obligation under Section 322C.0408 of the Act to indemnify or advance expenses to any person. No provision of this Agreement limits, expands, conditions or otherwise affects an individual's right to legal defense and indemnification under applicable University policies and procedures.

8.3 Insurance. The Company may purchase and maintain insurance on behalf of any person in such person's official capacity against any liability asserted against and incurred by such person in or arising from that capacity, whether or not the Company would otherwise be required or permitted to indemnify the person against the liability.

Section 9

DISSOLUTION, LIQUIDATION AND TERMINATION

9.1 No Dissolution. The Company shall not be dissolved by the admission of a person as a member in accordance with the terms of this Agreement or by the resignation, expulsion, Bankruptcy or dissolution of the Member or the occurrence of any other event under the Act that terminates the continued membership of a Member in the Company.

9.2 Events Causing Dissolution. The Company shall be dissolved and its affairs shall be wound up upon the occurrence of (a) the directive of the Member; or (b) the entry of a decree of judicial dissolution under Section 322C.0701, subd. 1 of the Act. Notwithstanding Section 322C.0701 of the Act, the foregoing events are the exclusive events which cause the dissolution of the Company.

9.3 Liquidation. Upon dissolution of the Company, the Member shall act as the liquidating trustee and shall immediately commence to wind up the Company's affairs; provided, however, that a reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the satisfaction of liabilities to creditors so as to enable the Member to minimize the normal losses attendant upon a liquidation.

9.4 Termination. The Company shall terminate when all of the assets of the Company, after payment of or due provision for all debts, liabilities and obligations of the Company, shall have been distributed to the Member in the manner provided for in Section 7.

Section 10 RECORDS, ACCOUNTING, REPORTS AND TAX MATTERS

10.1 Books and Records. At all times during the existence of the Company, the Company shall maintain full and accurate books of account, which will reflect all Company transactions and be appropriate and adequate for the Company's business. The books and records of the Company will be maintained at the principal office of the Company.

10.2 Financial Accounting.

(a) Accounting Method. The Company shall account for its financial transactions using a method of accounting determined by the Management Committee in compliance with the Code.

(b) Taxable Year. The Company's taxable year shall be the Company's annual accounting period determined by the Management Committee in compliance with the Code.

10.3 Preparation of Tax Returns. The Treasurer shall arrange for the preparation and timely filing (taking into account all reasonably available extensions) of all tax returns required to be filed by the Company. The Treasurer shall consult the University of Minnesota Tax Office on all tax filings and reports.

10.4 Tax Elections. The Management Committee may authorize elections and decisions for purposes of federal, state and local taxes reported and payable by the Company.

Section 11 MISCELLANEOUS

11.1 Term of Agreement. This Agreement shall terminate upon the happening of any of the following events: (a) a Bankruptcy of the Company; (b) the dissolution or liquidation of the Company; or (c) upon the Member's directive.

11.2 Amendments. This Agreement may be amended only through a writing approved by the University Administrator. Notwithstanding the foregoing, any amendment that affects, in an adverse or disproportionate manner, a Member Reserved Act shall require the Member's approval.

11.3 Governing Law. This Agreement and the rights of the parties hereunder will be governed by, interpreted and enforced in accordance with the internal laws, and not the laws pertaining to choice or conflict of laws, of the state of Minnesota.

11.4 Binding Effect. Except as otherwise provided in this Agreement, every covenant, term and provision of this Agreement shall be binding upon and inure to the benefit of the Member and its successors and permitted assigns.

11.5 No Third Party Beneficiary. This Agreement is made solely and specifically among and for the benefit of the parties hereto, and their respective successors and permitted assigns, and no other person will have any rights or claim hereunder or be entitled to any benefits under or on account of this Agreement, whether as a third party beneficiary or otherwise.

11.6 Waivers. No waiver of this Agreement, or any part hereof, shall be binding unless made in writing and signed by the party claimed to have made such waiver. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other condition or subsequent breach, whether of like or different nature.

11.7 Notices. All notices and other communications hereunder shall be in writing and shall be sufficiently given if made by hand delivery, by overnight delivery service or by registered or certified mail (postage prepaid and return receipt requested). Notices to the Company shall be delivered to the Company's principal executive office. Notices to the Member shall be delivered to the Office of the General Counsel, Attention: Director, Transactional Law Services Group, Suite 360, 200 Oak St. SE, Minneapolis, Minnesota 55455. All such notices and other communications shall be deemed to have been duly given: when delivered by hand, if personally delivered; five (5) business days after being deposited in the mail, postage prepaid, if delivered by mail; and the next day after being delivered to an overnight delivery service. Notices to members of the Management Committee may be delivered via e-mail and shall be deemed to have been given upon delivery.

11.8 Entire Agreement. This Agreement, in conjunction with the Articles of Organization, constitutes the entire agreement and understanding of the Member with respect to the subject matter hereof, and supersedes all prior agreements relating thereto, whether written or oral, in their entirety, including specifically the Member Control and Operating Agreement of 2407 University Investment LLC, among the parties and United Properties Investment LLC, a Minnesota limited liability company, dated as of November 27, 2013. In the event of any conflict between a provision of this Agreement and any provision of the Act not subject to variation in this Agreement, the provisions of the Act shall govern. This Agreement constitutes the sole and entire "operating agreement" of the Company as defined in Section 322C.0102, Subd. 17 of the Act.

11.9 Interpretation. All section headings are for reference purposes only, and shall not affect the interpretation of this Agreement. All references in this Agreement to one gender shall include all genders; any reference to the singular shall include the plural, where appropriate, and vice versa.

11.10 Severability. If any provision of this Agreement is or becomes invalid, illegal or unenforceable, then such provision shall be deemed amended to the extent necessary to make it valid, legal and enforceable in order to carry out the intent and purpose of this Agreement, and the remainder of this Agreement shall remain in full force and effect.

11.11 Counterparts. This Agreement and any amendments hereto may be executed in multiple counterparts, each of which shall be deemed an original agreement and all of which shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above written.

COMPANY:

2407 University Investment LLC

By:

Its:

Date: October , 2022

MEMBER:

Regents of the University of Minnesota

By:

Its:

Date: October , 2022



BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

October 13, 2022

AGENDA ITEM: Consent Report - **REVISED**

☐

Review

☒

Review + Action

☐

Action

☐

Discussion

☐

This is a report required by Board policy.

PRESENTERS: Myron Frans, Senior Vice President

PURPOSE & KEY POINTS

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 FEI Company (part of Thermo Fischer Scientific) for an estimated \$5,000,000 for a Glacios Cryo-TEM with Selectis Energy Filter and an Aquilos 2 Cryo FIB-SEM for the Office of Academic Clinical Affairs (Twin Cities campus). The Office of Academic Clinical Affairs is providing 100 percent of the funding to support this investment but will work with the Characterization Facility leadership to understand and manage cost-recovery opportunities through grants, external sales, and other potential opportunities. See enclosed documentation for the basis of supplier selection.
- To Kaltura, Inc. for an estimated \$3,400,000 to purchase systemwide support of its Media Management tool for the Office of Information Technology (OIT), Minnesota State University, and the Learning Network of Minnesota for the period of November 15, 2022 through November 14, 2027. This is a budgeted purchase, and OIT will fund it utilizing O&M funds. OIT is acting as a fiscal agent for Minnesota State and the Learning Network of Minnesota. The University will be reimbursed for approximately \$2.4 million over the course of the contract. The cost to the University will be approximately \$1.0 million. Kaltura, Inc. was selected as the result of a competitive Request for Proposal (RFP) conducted by Purchasing Services. Four suppliers responded to the RFP and none was a targeted business.
- To Siemens Medical Solutions USA, Inc for an additional \$1,621,730 to renew the service/maintenance agreement of the 10.5T Magnet for the Center for Magnetic Resonance Research, Department of Radiology (Twin Cities campus) for the period of January 1, 2023 through December 31, 2027. The revenue that is generated from the usage of the 10.5T instrument by other University departments covers the cost of this service contract. See enclosed documentation for basis of supplier selection.

Capital Improvement Budget Amendments

The purpose of this item is to seek approval of capital budget amendments for the following projects on the Twin Cities campus:

- Landscape Arboretum: New entrance and expanded parking from 82nd Street
- Carlson School: Revitalization project
- ~~Variety Club Research Center: Space renovation~~

Project overviews, which provide the basis for the request, project scope, cost estimate, funding, and schedule, are included in the docket. Site maps locating the project on the Twin Cities campus are also included.

Schematic Designs

The purpose of this item is to review and act on schematic designs for the following projects on the Twin Cities campus:

- Landscape Arboretum: New entrance and expanded parking from 82nd Street
- Offsite Collections Facility
- 3M Arena at Mariucci and Ridder Arena: Centennial Improvements, Phase 1

A project overview, which provides the basis for the request, project scope, cost estimate, funding, and schedule is included in the docket. A site map locating the project on the Twin Cities campus is also included.

BACKGROUND INFORMATION

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

- Purchase of Goods and Services \$1,000,000 and Over: *Reservation and Delegation of Authority*, Article I, Section VII, Subd. 6.
- Capital Budget Amendments: *Reservation and Delegation of Authority*, Article I, Section VIII, Subd. 8.
- Schematic Designs: *Reservation and Delegation of Authority*, Article I, Section VIII, Subd. 9.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the Consent Report.



BOARD OF REGENTS

DOCKET ITEM SUMMARY

Finance & Operations

October 13, 2022

AGENDA ITEM: Consent Report

☐

Review

☒

Review + Action

☐

Action

☐

Discussion

☐

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- Schematic Designs: *Reservation and Delegation of Authority*, Article I, Section VIII, Subd. 9.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the Consent Report.

Purchase of Goods and Services 1,000,000 and over

To FEI Company (part of Thermo Fisher Scientific) for an estimated \$5,000,000 for a Glacios Cryo-TEM with Selectis Energy Filter and an Aquilos 2 Cryo FIB-SEM for the Office of Academic Clinical Affairs (Twin Cities campus).

The FEI Company is the same company that has provided more advanced and distinctive higher resolution cryo-electron microscopy instrumentation at the Hormel Institute. These two new pieces of instrumentation will be compatible with the FEI instrumentation at the Hormel Institute. These new instruments have designed-in connectivity and automated sample screening software that will enable scientists on the Twin Cities campus to optimize their biochemistry and vitrification parameters and efficiently determine which selected samples will be transferred to the Krios instruments at Hormel for the ultimate 3D structure analysis. The level of scientific capabilities provided by these instruments does not exist on our campus today and is essential in supporting future research.

The Characterization Facility at the College of Science and Engineering will become the home for this instrumentation, taking advantage of the facility's technical expertise in supporting high-end instrumentation in the most efficient and effective management model on campus. The new instrumentation will address a gap in Twin Cities' research infrastructure and will be available to all University investigators.

The Office of Academic Clinical Affairs is providing 100% of the funding to support this investment but will work with the Characterization Facility leadership to understand and manage cost-recovery opportunities through grants, external sales, and other potential opportunities.

Submitted by: David Bernlohr, Head, Biochemistry, Molecular Biology & Biophysics
718 MCB, 420 Washington Avenue
Phone: 612-624-2712

Approval for this item requested by:

Jakub Tolar
Vice President for Clinical Affairs
(Signature on file in Purchasing Services)

September 8, 2022

Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because FEI Company (Part of Thermo Fisher Scientific) is the contracting entity for this cryo-EM instrumentation and is the same company that has provided advanced, but distinctive higher resolution cryo-EM instrumentation at the Hormel Institute. These two new pieces of instrumentation must be and will be compatible with the FEI instrumentation at the Hormel Institute.

A 38% discount has been negotiated with the supplier and the total cost is comparable to similar equipment purchased in 2016.

The Director of Purchasing and the University Controller concluded that the process used resulted in a fair and reasonable price for the University.

Purchase of Goods and Services \$1,000,000 and over

To Kaltura, Inc. for an estimated \$3,400,000 to purchase systemwide support of its media management tool for the University of Minnesota, Office of Information Technology (OIT), Minnesota State University, and the Learning Network of Minnesota for the period of November 15, 2022 through November 14, 2027.

Kaltura, Inc. is supplying a media management platform to support the University of Minnesota, Minnesota State University, and Learning Network of Minnesota students, faculty, and staff in the capture, management, and delivery of media such as including video and audio recordings, and in-video quizzes. The platform includes tight integrations with learning management systems, including the University's Canvas and Minnesota State's Desire2Learn Brightspace implementations, has strong accessibility workflows, options to ingest Zoom meeting and webinar recordings for long-term use, and the ability to schedule recordings using hardware in classrooms, and other physical spaces. The purchase will support existing efforts to store, make accessible, and age-out existing recordings.

Kaltura was chosen through a competitive RFP process. They were evaluated and chosen over three other respondents for providing the best and most complete price and capabilities to help further OIT objectives and best serve the University.

This is a budgeted purchase and OIT will fund it utilizing O&M funds. OIT is acting as the fiscal agent for Minnesota State University and the Learning Network of Minnesota. The University will be reimbursed for approximately \$2.4 million over the course of the contract. The cost to the University will be approximately \$1.0 million.

Submitted by: Nicolle Peterson
Contracts Manager, OIT Finance
612-301-2172

Approval of this Item is requested by:

Bernard Gulachek
Vice President and Chief Information Officer
(Signature of file in Purchasing Services)

September 12, 2022

Purchase of Goods and Services \$1,000,000 and over

To Siemens Medical Solutions USA, Inc for an additional \$1,621,730 to renew the service/maintenance agreement of the 10.5T Magnet for the Center for Magnetic Resonance Research, Department of Radiology (Twin Cities campus) for the period of January 1, 2023 through December 31, 2027.

The Center for Magnetic Resonance Research (CMRR), part of the Department of Radiology (Twin Cities campus), is requesting approval to renew the service/maintenance of the 10.5T Magnet. A service agreement is required for the equipment to ensure proper maintenance and coverage and must be purchased through the supplier, Siemens Medical Solutions USA, Inc.

The supplier, Siemens Medical, is the manufacturer and required provider of the service contract for the 10.5T Magnet.

The revenue that is generated from the usage of the 10.5T instrument by other University departments covers the cost of this service contract.

Submitted by: Nicole Wilkinson

Center for Magnetic Resonance Research
2021 6th Street SE, Minneapolis, MN 55455
612-626-2001
612-626-2004

Approval for this item requested by:

Tammy Price
Director of Finance and Accounting
(Signature on file in Purchasing Services)

September 1, 2022

Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because Siemens is the required provider of the service contract for the 10.5T magnet. The service agreement is imperative for the operation of this equipment and has been in place since the purchase of the equipment.

The annual cost of this service contract is comparable to other similar Siemens service contracts.

The Director of Purchasing and the University Controller concluded that the process used resulted in a fair and reasonable price for the University.

**Capital Budget Amendment and Schematic Design:
New Entrance and Parking at Farm at the Arb
Twin Cities Campus: Landscape Arboretum
Project No. 22-888-23-2098**

1. Basis for Project:

Over the past ten years, the number of guests visiting the Arboretum has more than doubled; over 460,000 people visit the Arboretum annually, and that number is expected to continue to grow. That success and the projection of continued participation and attendance has inspired the Arboretum Operations Committee to encourage program growth and guest exploration, and further to provide ample parking and convenient circulation throughout the Arboretum. The priority investigations include access from essential routes along Highway 5 (north) and 82nd Street (east).

2. Scope of Project:

This project includes new public entry with expanded parking from 82nd Street. The new entry and expanded parking will accommodate 1,500+ daily visitors to the Farm at the Arb. The current entry from 82nd Avenue is used primarily as a service entrance, controlled by a rolling gate which remains mostly closed and is not intended for paid public access to the main Arboretum campus (that entrance shall remain). The new entry will have a gate which provides access to members via card access, and also allows digital ticketed entry to gain entry during events at Farm at the Arb; the Arboretum will only promote this entrance to members to alleviate pressure off the main entrance during busy times.

3. Campus Plan:

This project is in accordance with the 2018 University of Minnesota Landscape Arboretum Campus Plan.

4. Environmental Issues:

No known environmental issues.

5. Cost Estimate:

Construction Cost	\$1,270,000
Non-Construction Cost	<u>\$ 525,000</u>
Total Project Cost	\$1,795,000

6. Capital Funding:

Federal EDA Grant	\$1,254,000
Arboretum	<u>\$ 541,000</u>
Total Funding	\$1,795,000

7. Capital Budget Approvals:

This project was Under Consideration in the FY2022 capital budget. Funding has now been secured to allow the project to proceed.

8. Annual Operating and Maintenance Cost:

This project has no additional costs.

9. Time Schedule:

Proposed Substantial Completion:

October 2023

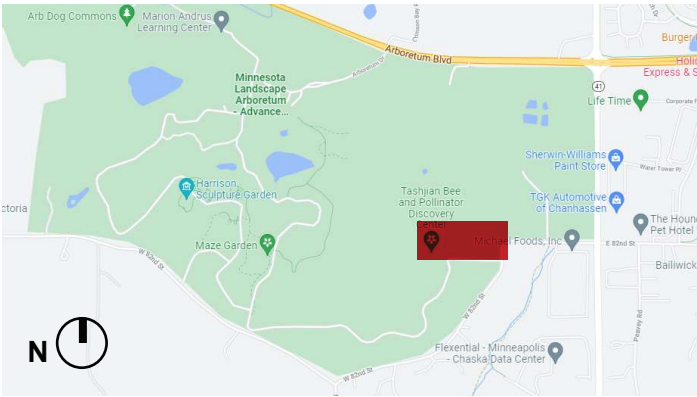
10. Project Team:

Engineer:

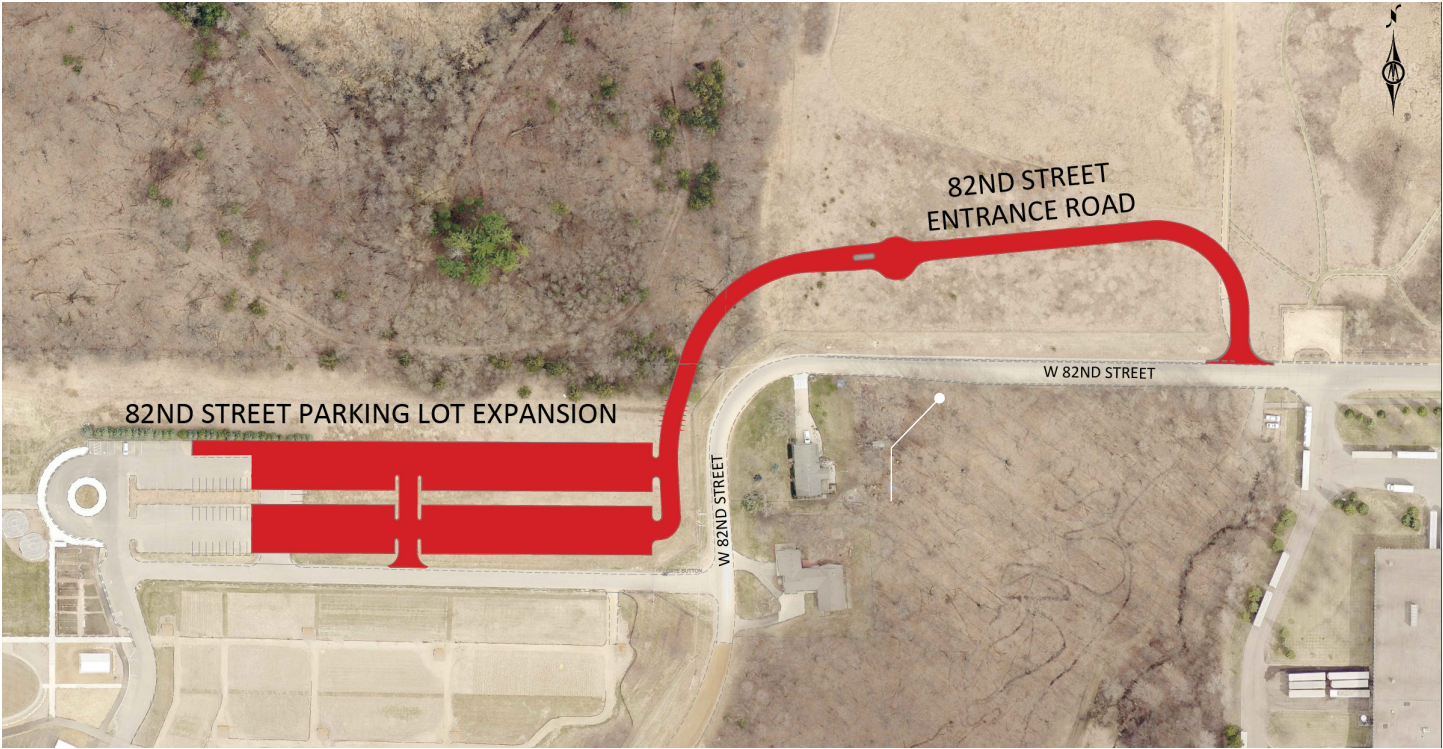
Bolton & Menk Inc.

Construction Manager at Risk:

TBD



LOCATION MAP



SITE PLAN

PROPOSED DESIGN MODIFICATIONS

**Capital Budget Amendment: Carlson School of Management (CSOM)
Building Revitalization - Design
Twin Cities Campus
Project No. 01-249-19-1279**

1. Basis for Project:

The CSOM Revitalization Project seeks to address the many challenges businesses and business leaders face in a rapidly changing, increasingly diverse world. This project proposes to align the functionality of teaching and scholarship user space with new pedagogical and technological trends. The project seeks to right-size spaces to support Carlson School programs and enable the creation and sharing of knowledge through spaces that are adaptable over time. The utilization of existing space will be improved through more flexible and diverse learning environments that will facilitate student, staff, and faculty collaboration. The project will also address building infrastructure systems, accessibility, and other deficiencies.

2. Scope of Project:

Renovation of the existing Carlson School of Management Building (CSOM) located on the Twin Cities campus (West Bank), 321 19th Avenue South Minneapolis. The renovation will include architectural, structural, mechanical, and electrical systems.

3. Campus Plan:

The project complies with the Twin Cities Campus Plan dated December 2021.

4. Environmental Issues:

The building was initially constructed in 1997; hazardous materials are not anticipated.

5. Cost Estimate:

Construction Cost	\$0
Non-Construction Cost (Design phases only)	\$4,000,000
Total Project Cost	\$4,000,000

6. Capital Funding:

CSOM Collegiate Funds	\$4,000,000
Total Capital Funding	\$ 4,000,000

This Capital Budget Amendment covers design funding only; future Capital Budget authorization will be required to provide funding for actual construction.

7. Capital Budget Approvals:

This project was identified as a potential project in the FY2021 Annual Capital Budget.

8. Annual Operating and Maintenance Cost:

The proposed project will increase the CSOM space by 5,800 sq. ft. within the Atrium. CSOM does not anticipate that this increase in space will cause additional operational costs. Energy costs are expected to decrease due to efficiency upgrades planned as part of the project.

9. Time Schedule:

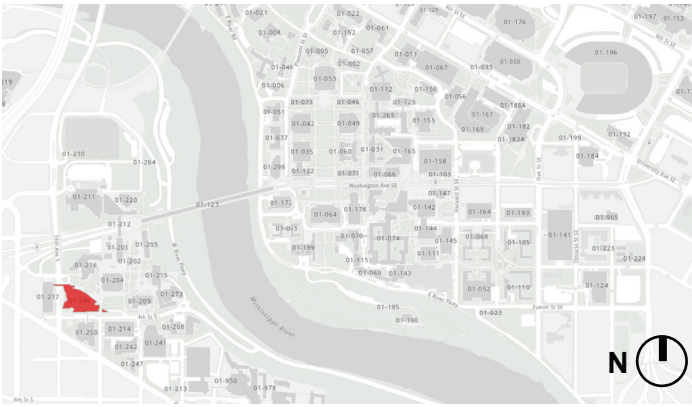
Proposed Design Completion:
Proposed Substantial Completion:

December 2023
estimated November 2025

10. Project Team:

Architect:
Construction Manager at Risk:

BWBR
TBD



LOCATION MAP



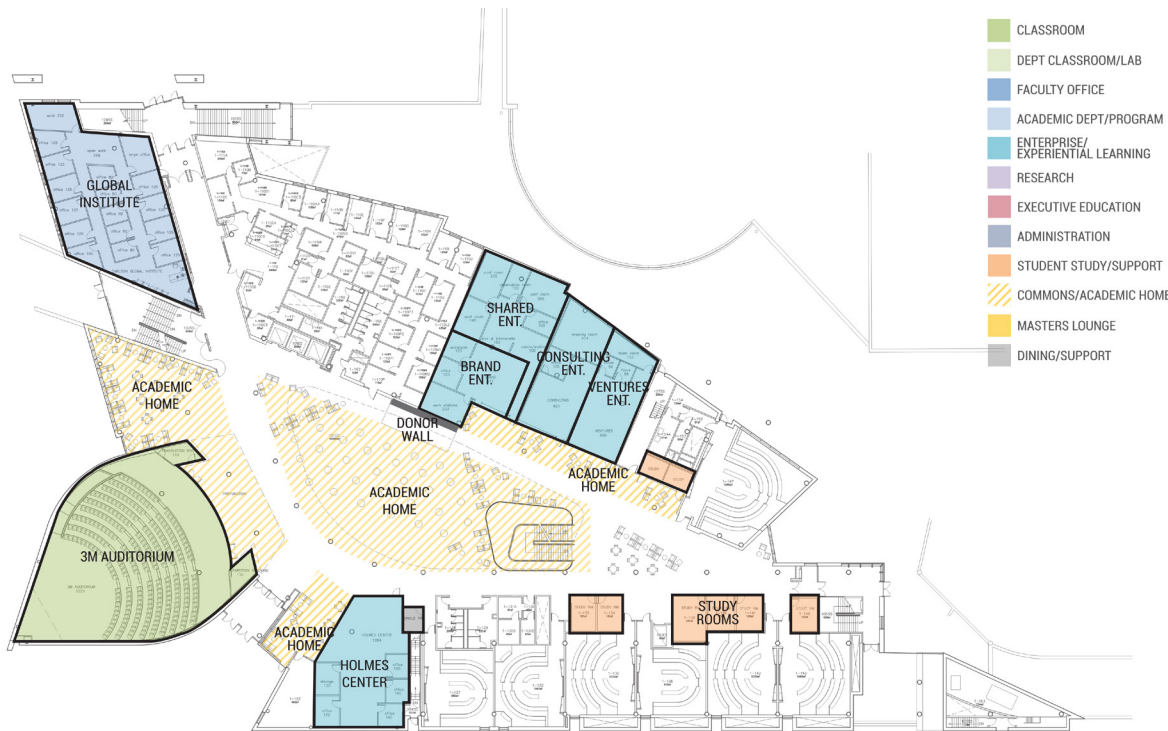
INTERIOR RENDERING



INTERIOR RENDERING



INTERIOR RENDERING



1ST FLOOR PLAN

PROPOSED DESIGN MODIFICATIONS

**Capital Budget Amendment and Schematic Design:
New Entrance and Parking at Farm at the Arb
Twin Cities Campus: Landscape Arboretum
Project No. 22-888-23-2098**

1. Basis for Project:

Over the past ten years, the number of guests visiting the Arboretum has more than doubled; over 460,000 people visit the Arboretum annually, and that number is expected to continue to grow. That success and the projection of continued participation and attendance has inspired the Arboretum Operations Committee to encourage program growth and guest exploration, and further to provide ample parking and convenient circulation throughout the Arboretum. The priority investigations include access from essential routes along Highway 5 (north) and 82nd Street (east).

2. Scope of Project:

This project includes new public entry with expanded parking from 82nd Street. The new entry and expanded parking will accommodate 1,500+ daily visitors to the Farm at the Arb. The current entry from 82nd Avenue is used primarily as a service entrance, controlled by a rolling gate which remains mostly closed and is not intended for paid public access to the main Arboretum campus (that entrance shall remain). The new entry will have a gate which provides access to members via card access, and also allows digital ticketed entry to gain entry during events at Farm at the Arb; the Arboretum will only promote this entrance to members to alleviate pressure off the main entrance during busy times.

3. Campus Plan:

This project is in accordance with the 2018 University of Minnesota Landscape Arboretum Campus Plan.

4. Environmental Issues:

No known environmental issues.

5. Cost Estimate:

Construction Cost	\$1,270,000
Non-Construction Cost	<u>\$ 525,000</u>
Total Project Cost	\$1,795,000

6. Capital Funding:

Federal EDA Grant	\$1,254,000
Arboretum	<u>\$ 541,000</u>
Total Funding	\$1,795,000

7. Capital Budget Approvals:

This project was Under Consideration in the FY2022 capital budget. Funding has now been secured to allow the project to proceed.

8. Annual Operating and Maintenance Cost:

This project has no additional costs.

9. Time Schedule:

Proposed Substantial Completion:

October 2023

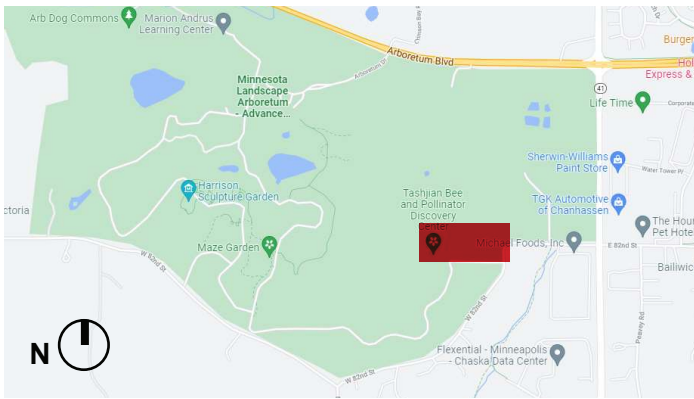
10. Project Team:

Engineer:

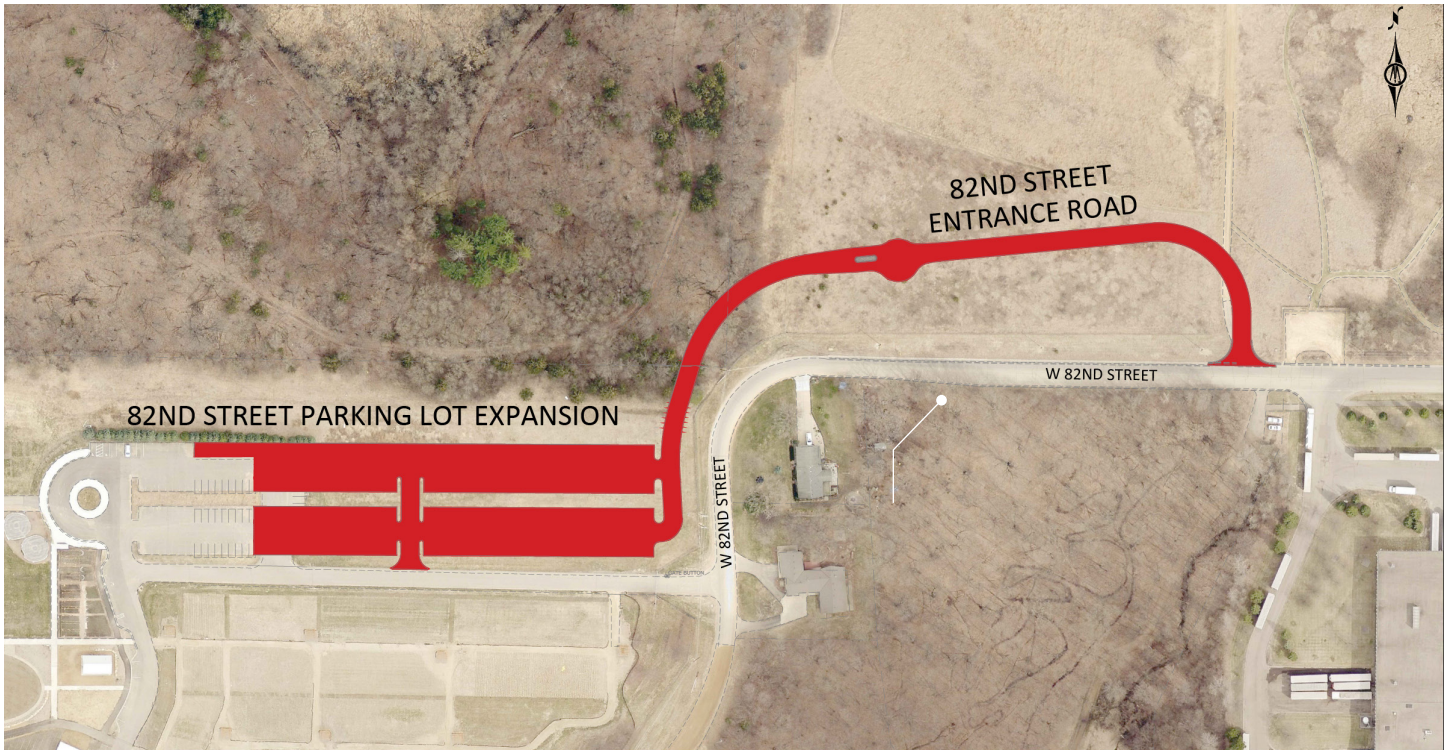
Bolton & Menk Inc.

Construction Manager at Risk:

TBD



LOCATION MAP



SITE PLAN

PROPOSED DESIGN MODIFICATIONS

**Schematic Design: Offsite Collections Facility
Twin Cities Campus
Project No. 01-225-20-1687**

1. Basis for Project:

The University of Minnesota is dedicated to preserving collections on behalf of the University, state, and nation. The Offsite Collections Facility (OCF) provides a centralized offsite storage facility on the Twin Cities campus (Como area) to meet this need for University Libraries for years to come while returning valuable existing square footage to the heart of campus. The OCF project consists of three major areas of scope:

- A 71,900 sq. ft. facility providing carefully controlled interior storage and support space for library collections.
- Stormwater management to mitigate flooding with corresponding outdoor yard/area adjustments.
- Centralized parking for the Como area.

2. Scope of Project:

The approximate 9-acre project site chosen for OCF is at the southeast corner of 29th Avenue and Como Avenue, adjacent to several University-owned buildings within the Como area. The site is currently a University-operated parking lot (Lot C66). The existing lot will be altered to accommodate the new project and existing buildings will remain.

University Libraries will be the primary user of the OCF collections storage and support spaces. The facility will initially provide shelving capacity for 2.5 million volumes with the ability to add future shelving to provide a total minimum capacity of 3.3 million. Support spaces within the OCF will accommodate processing and timely delivery of the collections, including accessioning space, retrieval and sorting space, scanning stations, loading dock, and mechanical/electrical spaces.

3. Campus Plan:

The project complies with the Twin Cities Campus Plan dated December 2021.

4. Environmental Issues:

The project has no anticipated environmental issues, except for possible small/anticipated areas of contaminated soil.

5. Cost Estimate:

Construction Cost	\$ 56,831,000
Non-Construction Cost	\$ 9,869,000
Total Project Cost	\$ 66,700,000

6. Capital Funding:

University Debt	\$ 66,700,000
Total Capital Funding	\$ 66,700,000

7. Capital Budget Approvals:

This project was approved in the FY2023 Annual Capital Budget.

8. Annual Operating and Maintenance Cost:

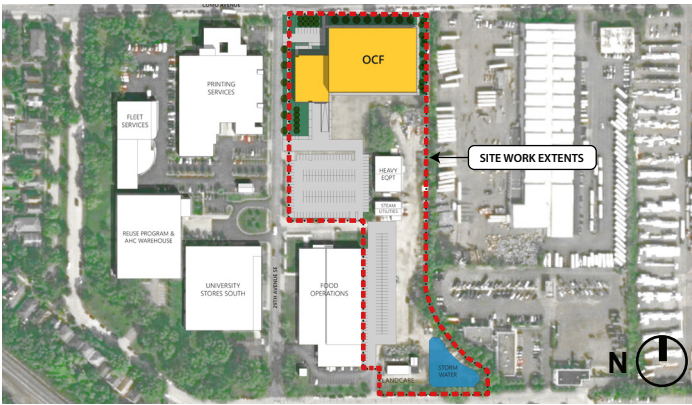
The estimated facility operating cost is \$6.11/ sq ft.

9. Time Schedule:

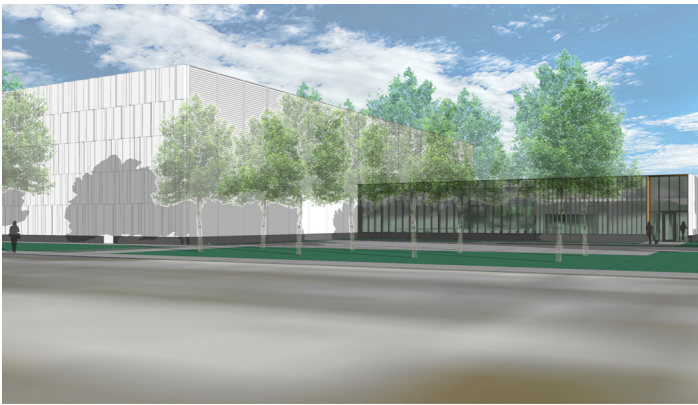
Proposed Design Completion:	March 2023
Proposed Substantial Completion:	August 2024

10. Project Team:

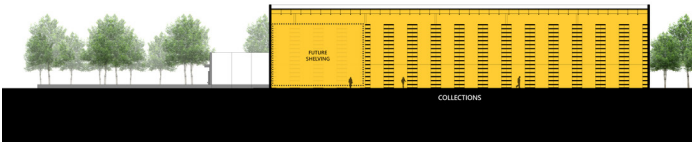
Architect:	BWBR
Construction Manager at Risk:	Knutson Construction



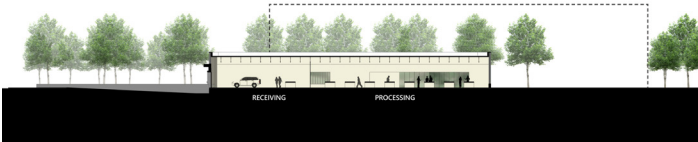
LOCATION MAP



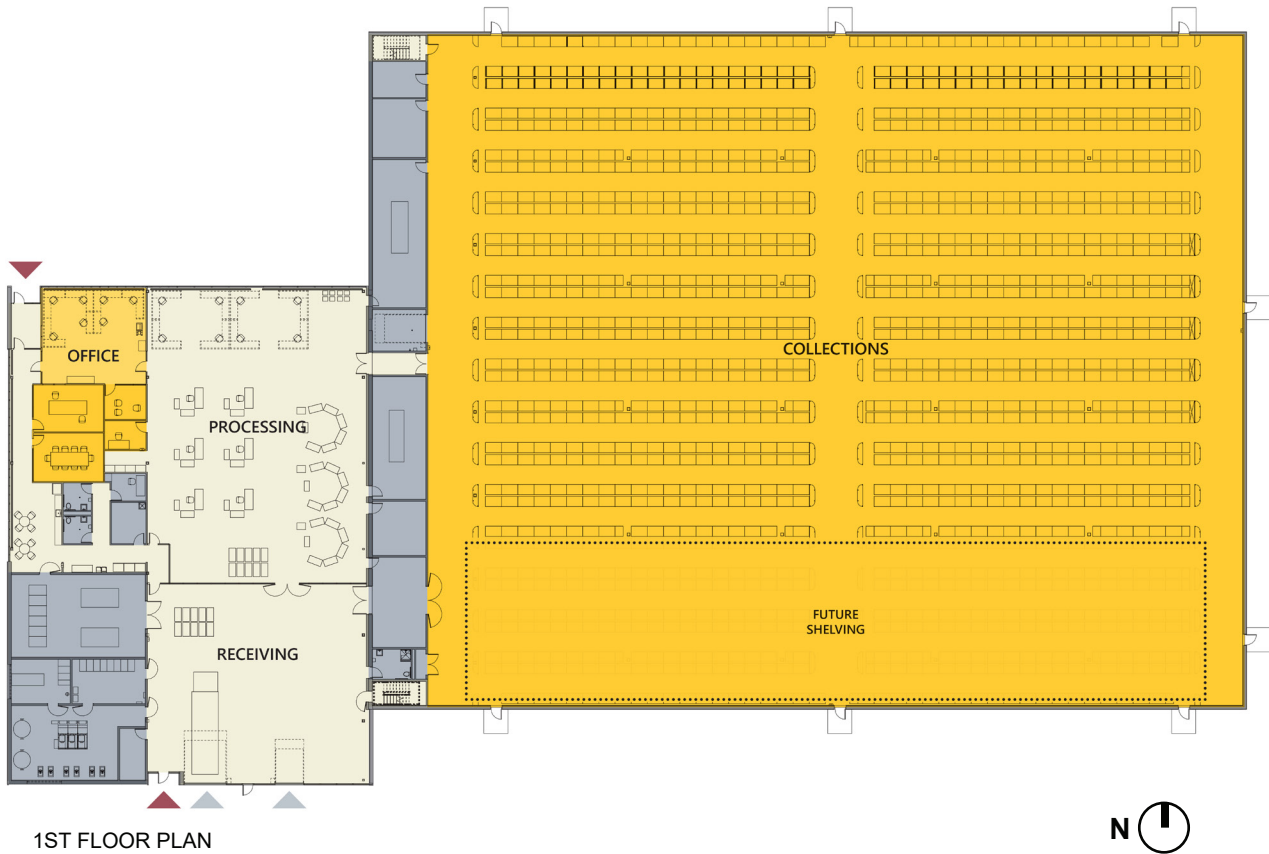
EXTERIOR RENDERING



COLLECTIONS AREA SECTION



PROCESSING AREA SECTION



1ST FLOOR PLAN

PROPOSED DESIGN MODIFICATIONS

**Schematic Design: 3M Arena at Mariucci and Ridder Arena
Centennial Improvements (Phase 1)
Twin Cities Campus
Project No. 01-176-22-1704**

1. Basis for Project:

Intercollegiate Athletics commissioned a Predesign in 2021 to develop a comprehensive understanding of potential facility enhancements within 3M Arena at Mariucci (3MAM) and Ridder Arena to celebrate 100 years of Gopher Hockey. The Predesign was subsequently prioritized into 2 phases. Phase 1 scope (presented here) will replace the ice refrigerant systems in 3MAM and Ridder Arenas along with reducing the ice size and upgrading ice lighting in 3MAM. A future Phase 2 scope will further improve the fan experience, hockey team amenities, facility upgrades, and overall facility enhancements.

2. Scope of Project:

The existing ice sheets at 3MAM and Ridder utilize an R-22 refrigerant system which has been banned federally for production. The new ice design will utilize an ammonia-based refrigerant system serving both arenas. The combined system will lower the maintenance and energy costs versus a standalone system for each arena.

3MAM was built based on an Olympic-sized ice sheet width of 100 feet versus current NHL/collegiate ice sheet widths of 85 feet. To improve recruiting and the competitive nature of Men's Hockey, the ice sheet width will be reduced to 89 feet in coordination with the refrigerant replacement, which will also require the lowering of the ice to maintain sight lines and fan experience.

This project will also replace outdated bowl/ice lighting at 3MAM with new LED lighting to provide long-term energy cost savings and improved TV broadcast viewing.

3. Campus Plan:

The project complies with the Twin Cities Campus Plan dated December 2021.

4. Environmental Issues:

The project has no anticipated environmental issues.

5. Cost Estimate:

Construction Cost	\$ 13,530,000
Non-Construction Cost	\$ 470,000
Total Project Cost	\$ 14,000,000

6. Capital Funding:

Intercollegiate Athletics	\$ 100,000
University Debt	\$ 13,900,000
Total Capital Funding	\$ 14,000,000

7. Capital Budget Approvals:

This project was approved in the FY2023 Annual Capital Budget.

8. Annual Operating and Maintenance Cost:

With the design of a shared refrigerant system, the operations are anticipated to be cost-neutral between both Arenas, and their actual reduction in lighting costs with new LED lighting.

9. Time Schedule:

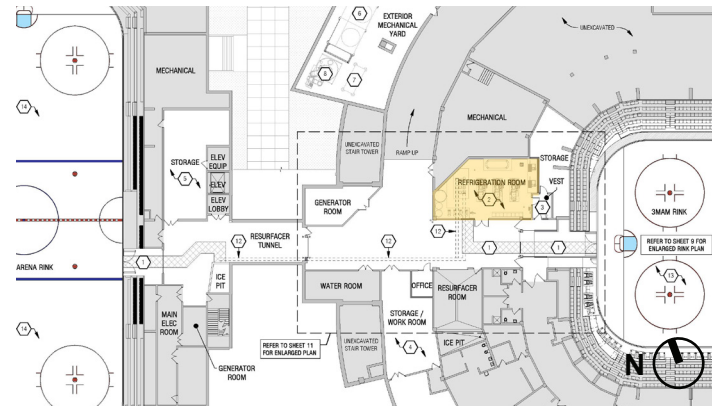
Proposed Design Completion:	December 2022
Proposed Substantial Completion – 3MAM:	September 2023
Proposed Substantial Completion – Ridder:	September 2024

10. Project Team:

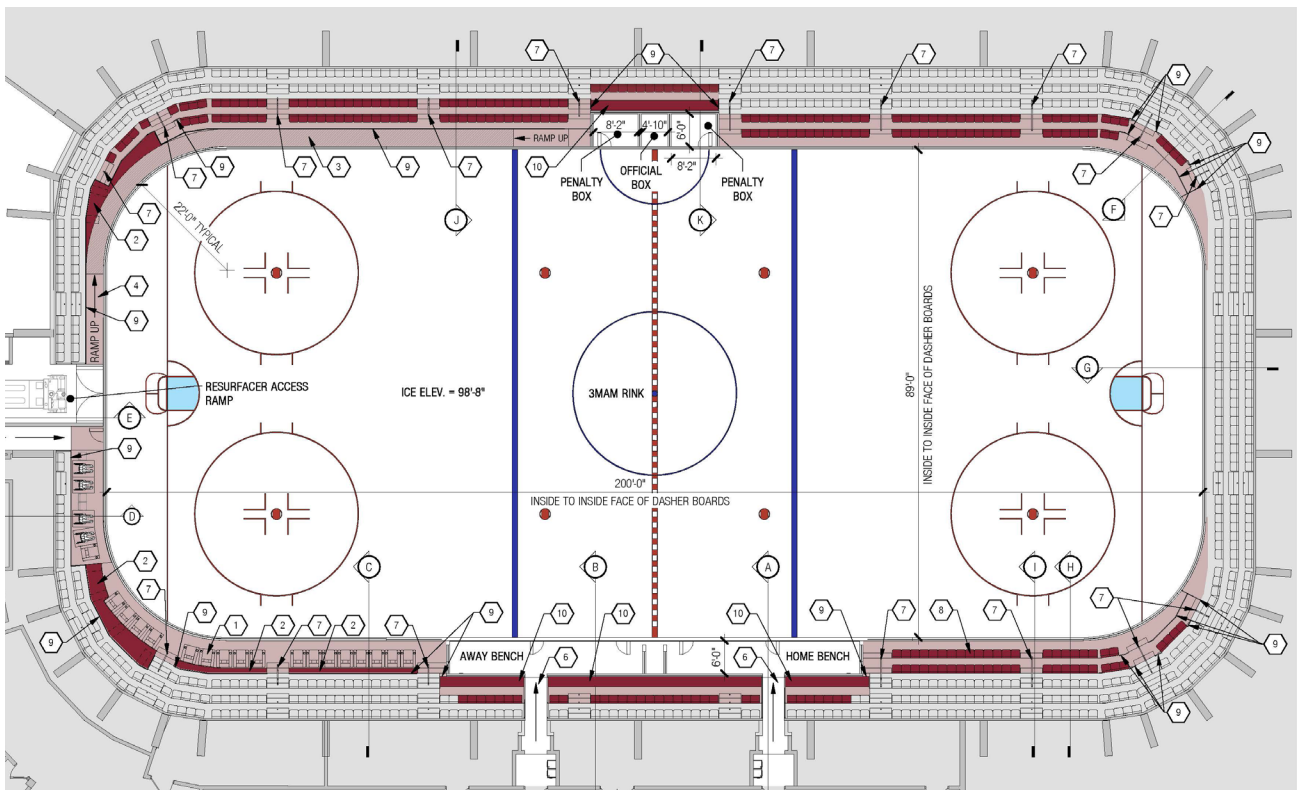
Design-Build Architect:	JLG Architects
Design-Build Contractor:	Mortenson Construction



LOCATION MAP



ICE PLANT PLAN



3MAM ICE SHRINK PLAN



PROPOSED DESIGN MODIFICATIONS



BOARD OF REGENTS DOCKET ITEM SUMMARY

Finance & Operations

October 13, 2022

AGENDA ITEM: Information Items

☐

Review

☐

Review + Action

☐

Action

☒

Discussion

☒

This is a report required by Board policy.

PRESENTERS: Myron Frans, Senior Vice President

PURPOSE & KEY POINTS

- A. Central Reserves General Contingency Allocations
- B. Annual Asset Management Report
- C. Completed Comprehensive Review of Board Policy
- D. Debt Management Advisory Committee Update
- E. Intent to Dispose of Property – Falcon Heights Community Park (Twin Cities campus)
- F. Investment Advisory Committee Update
- G. Permanent University Fund Report
- H. Strategic Facilities & Real Estate Report
- I. Systemwide Annual Security and Fire Safety Report

Central Reserves General Contingency Allocations

Allocations from the Central Reserves General Contingency greater than \$250,000 require Board approval. There are no items requiring approval this period. A current summary of General Contingency allocations for this fiscal year is included in the docket.

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, 2022. The OIB prepares this report, as required by Board policy, for review by the Board.

Completed Comprehensive Review of Board Policy

The purpose of this item is to inform the committee that the comprehensive review of the following Board policy is complete and the policy implementer recommends that no changes be made at this time:

- [Board of Regents Policy: *Appearances Before the Legislature and Other Public Bodies*](#)

The policy can be accessed using the above hyperlink. If there are items that the committee would like addressed, those will be recorded and referred back to the policy implementer. If the

committee raises no additional items, the comprehensive review process will be complete, and the date of last comprehensive review will be noted within the policy. The president and policy implementers have the ability to recommend changes outside of the comprehensive review process as needed (e.g., changes resulting from the implementation of the MPact 2025).

Debt Management Advisory Committee Update

Upon the recommendation of Senior Vice President Frans, President Gabel approved the appointment of three members to renewed terms and the appointment of two new members to inaugural terms on the Debt Management Advisory Committee (DMAC). The DMAC member roster in the docket lists all members. An in-person meeting of DMAC is expected in October or November.

Intent to Dispose of Property – Falcon Heights Community Park (Twin Cities campus)

The purpose of this item is to advise the Board of the intent to dispose of the following property:

- 2050 Roselawn Ave W, Falcon Heights, otherwise known as Falcon Heights Community Park

In alignment with Board of Regents Policy: *Real Estate and Facilities*, the administration has determined that the property at 2050 Roselawn Ave is no longer required to fulfill the University's mission and will begin the process of considering the potential sale of the property. If the proposed disposition process proceeds, the Administration intends to present the real estate transaction to the Board for their review and action in late 2022 or early 2023.

Investment Advisory Committee Update

The purpose of this item is to provide a report on the quarterly meeting of the Investment Advisory Committee held on August 24, 2022. The agenda for the meeting included:

- CEF Portfolio and Performance Overview
- FY 2023 Benchmark Review
- Manager Recommendation: Crow Holding Realty Partners X- Approved
- Manager Recommendation: Vy Dharana EM Technology Fund I - Approved
- Environmental, Social, Governance (ESG) Policy Discussion
- Public Equity Portfolio Discussion

Permanent University Fund Report

Minnesota Statute 137.022, subdivision 4(d) requires the University of Minnesota to submit a report on the Permanent University Fund (PUF) to both the education and environment and natural resources committees of the Minnesota Legislature:

The Board of Regents must report to the education committees of the legislature biennially at the time of the submission of its budget request on the disbursement of money from the endowed scholarship account and to the environment and natural resources committees on the use of the mineral research account.

The University is submitting to the appropriate legislative committee chairs the report that is included in the docket.

Strategic Facilities & Real Estate Report

The purpose of this item is to provide a comprehensive summary of the University's physical assets. It includes updates on the University's facilities condition assessment and space utilization, real estate transactions from the past fiscal year, and capital project management updates for projects in process that have been approved in the annual capital improvement budget and have a value equal to or greater than \$1,000,000. This report is new for FY 2022 and serves to consolidate these previously separate, standalone reports: Facilities Condition Assessment, Real Estate Report, Space Utilization Report, and the Semi-Annual Capital Project Management Report.

Systemwide Annual Security and Fire Safety Report

The purpose of this item is to provide the committee with the Systemwide 2022 Annual Security and Fire Safety Report – available [HERE](#). The report is produced in compliance with the Clery Act and for each of the University's campuses contains three years of crime statistics for crimes occurring on campus, in campus residential buildings, public property immediately adjacent to campus, and for non-campus properties owned or controlled by the University and officially recognized student organizations.

In addition to crime statistics, the report details how to report crimes occurring on a University campus; how to report the occurrence of dating violence, domestic violence, sexual assault, and stalking; and what to expect when a report of these crimes is made to the University.

The report also includes information on the primary prevention and awareness programs available. These programs – including information on safe and positive options for bystander intervention – are aimed at preventing crimes before they occur and at educating those in our community about the resources and support available if they witness or become the victim of a crime.

Central Reserves General Contingency Allocations

Finance & Operations Committee

October 2022

Fiscal Year 2023 (7/1/2022-6/30/2023)

	Recipient	Amount	Running Balance	Purpose
1	Carryforward from FY22 to FY23		\$1,173,773	
2	FY23 General Contingency Allocation	\$1,000,000	\$2,173,773	
3	Capital Project Management	(\$70,440)	\$2,103,333	Duluth Health Sciences Project: Preliminary planning and site visits for Academic Health Center in downtown Duluth.
4	Capital Project Management	(\$55,811)	\$2,047,522	Morrill Hall Project: Staff programming and location analysis for relocation of building occupants.
5	University Health & Safety	(\$31,457)	\$2,016,065	Mondale Memorial Service: Support for event on May 1, 2022 at Northrup Auditorium.
6	New items this reporting period:			
7	Capital Project Management	(\$73,819)	\$1,942,247	Eastcliff: Replace mechanical service gate and repave service driveway.
8	Current Balance		\$1,942,247	

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

ANNUAL ASSET MANAGEMENT REPORT

For the period ending June 30, 2022

Prepared by the Office of Investments & Banking

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

World Class Services for a World Class University



Office of Investments & Banking

UNIVERSITY OF MINNESOTA

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UNIVERSITY INVESTMENT FUNDS

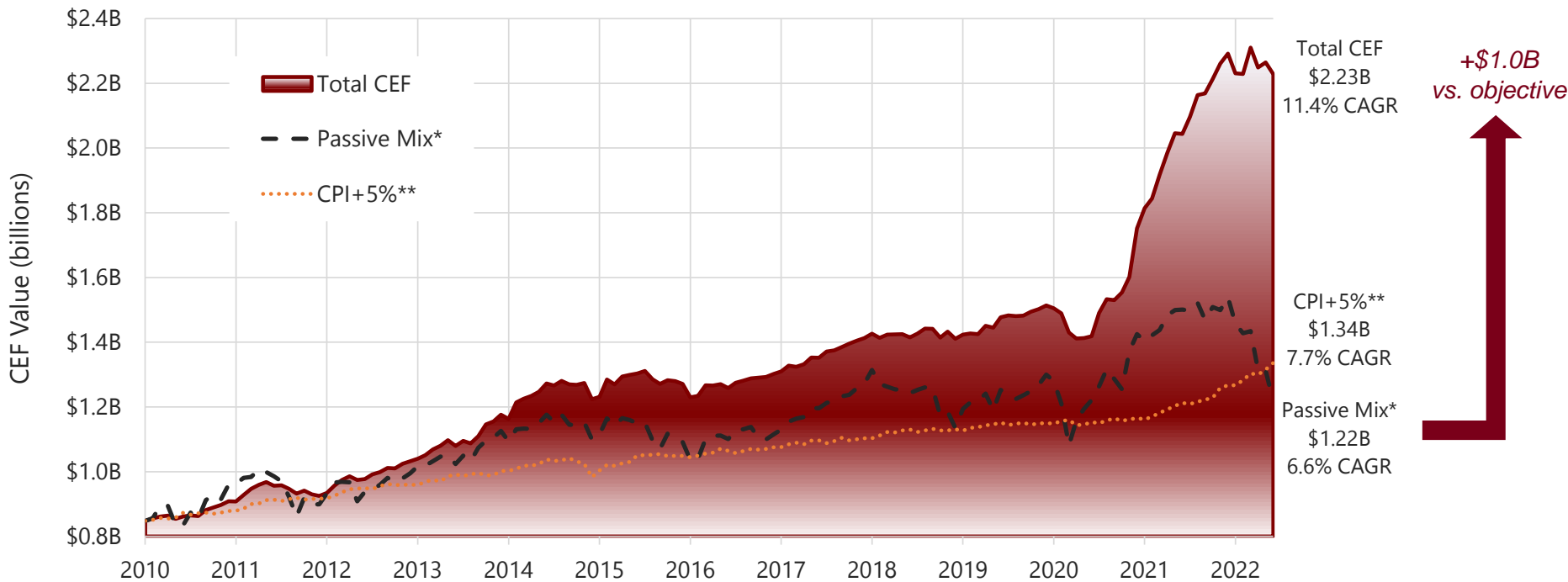
The Consolidated Endowment Fund (CEF) grew by 9% during the fiscal year, aided by +11.4% fund returns & modestly reduced by net distributions. Total assets under management grew by over 20% - to \$4.5B - largely due to the addition of the customized bond proceed reinvestment strategy developed by OIB in response to the University's \$500M issuance of bonds in April 2022.

OIB Managed Funds (\$M)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Consolidated Endowment Fund (CEF)	\$ 1,352	\$ 1,415	\$ 1,477	\$ 1,418	\$ 2,043	\$ 2,228
Short-Term Reserves (TIP)	1,113	1,068	1,183	1,086	1,468	1,599
Long-Term Reserves (GIP)	71	71	81	85	104	101
RUMINCO Ltd.	45	48	52	51	69	62
Invested Assets Related to Indebtedness	49	25	63	15	24	28
30-Year Bullet Bond Proceeds	-	-	-	-	-	489
Total Managed Assets	2,631	2,628	2,855	2,656	3,708	4,508



Our long-term goal is to preserve
the inflation adjusted value of the
endowment (CPI+5%)

OUTPERFORMANCE VS. LONG-TERM OBJECTIVE



* Measures efficacy of long-term strategy vs. passive mix of stocks and bonds. 7/2015-current: 70% MSCI ACWI, 30% Barclays Global Aggregate; 1/1990-6/2015: 70% MSCI ACWI, 30% Barclays US Aggregate. Source: State Street

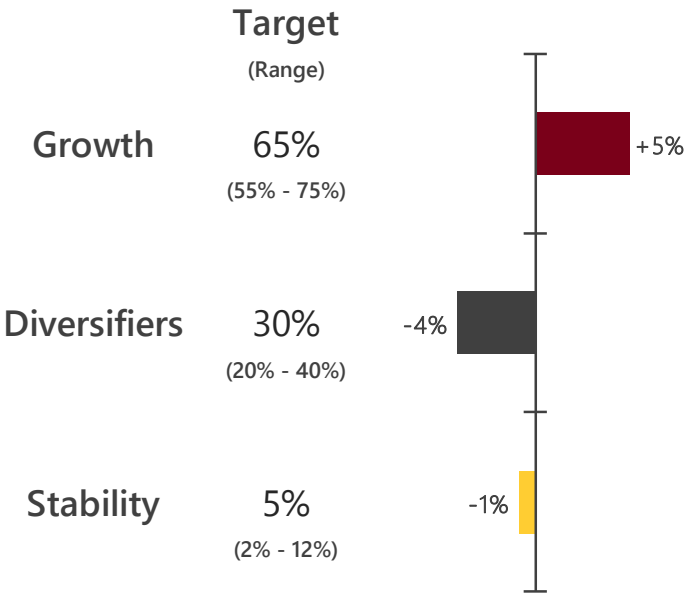
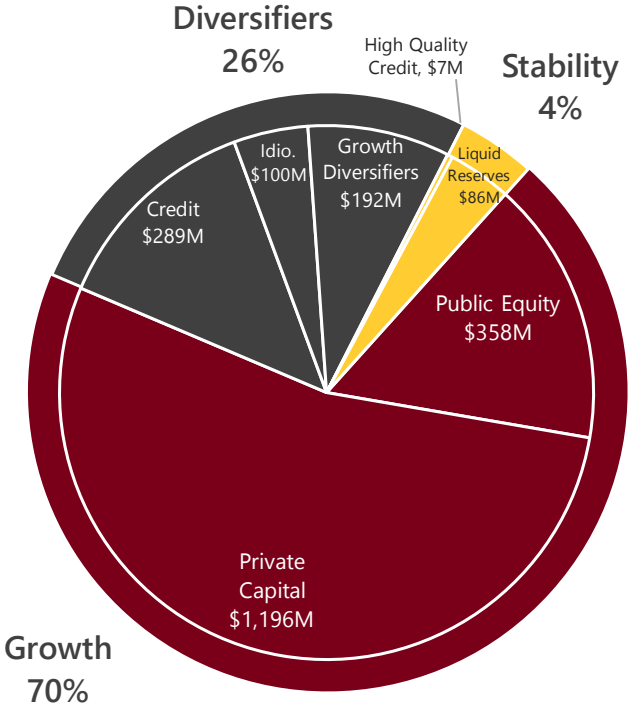
** Measures ability to preserve inflation-adjusted corpus of endowment. Index Return: US CPI Urban Consumers MoM SA. Source: Bloomberg



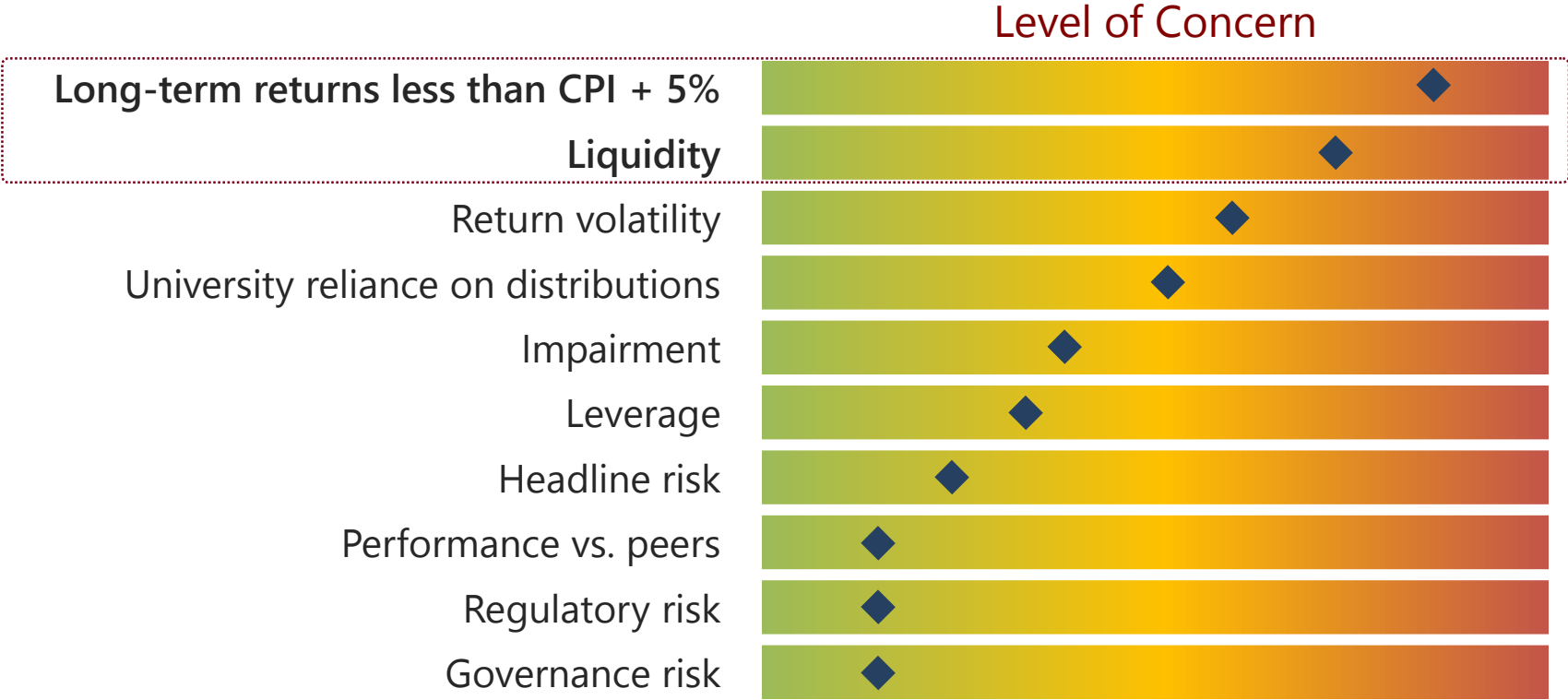
CEF ASSET ALLOCATION

Value as of 6/30/22: \$2.23B

OIB did not initiate any tactical portfolio shifts during FY22, though the continued outperformance of Growth assets (both public & private equity/venture capital) versus Diversifiers has led to a persistent overweight to Growth compared to policy targets.



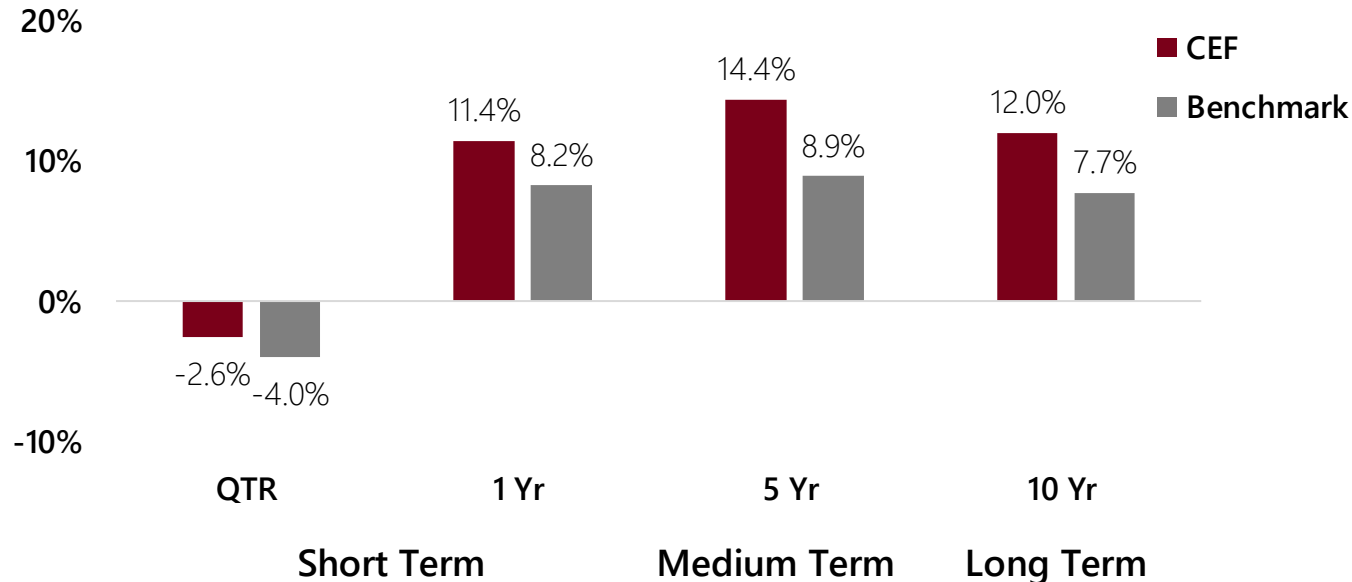
CEF KEY RISK FACTORS



CEF PERFORMANCE SUMMARY

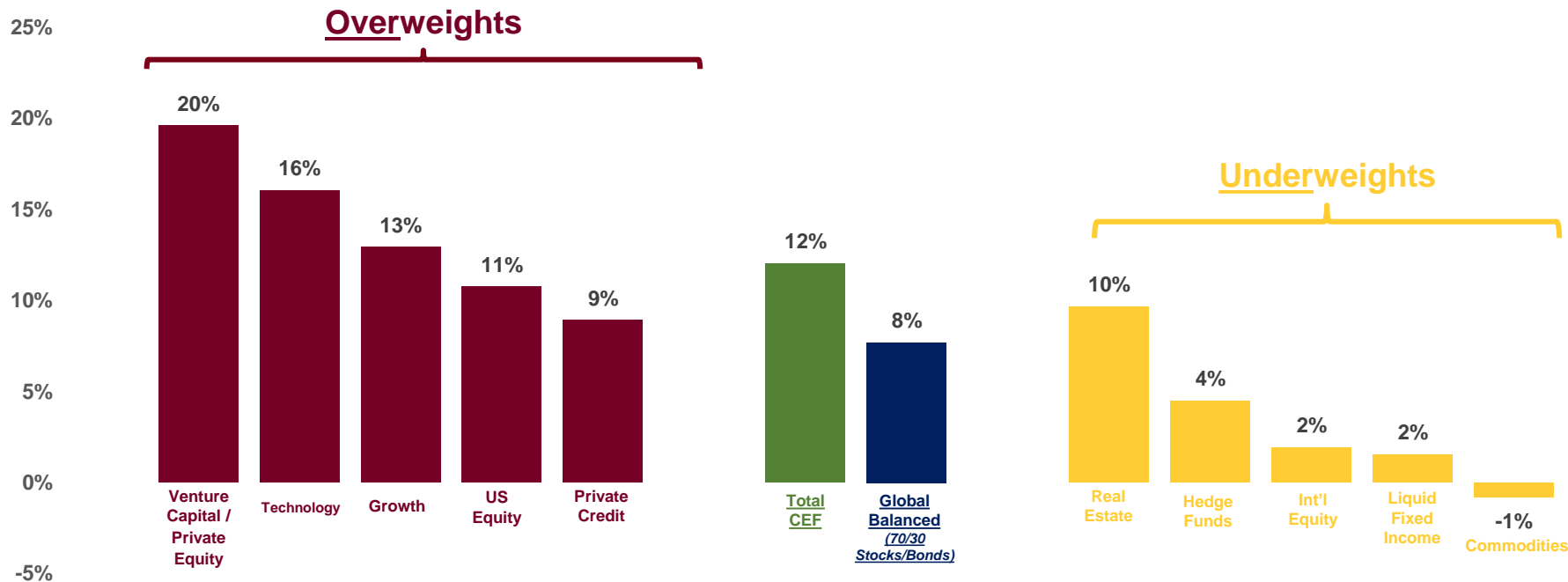
Value as of 6/30/22: \$2.23B

The endowment returned -2.6% for the quarter, hurt by the steep sell-off in equities (-13.5% Public Equity return for CEF vs. -16% for the S&P 500 and MSCI ACWI) and the incorporation of early write-downs from the 3/31 venture marks. CEF's +11.4% fiscal year return was aided primarily by Private Equity (+47%) and Venture Capital (+20%), though OIB anticipates write-downs in both portfolios as the 6/30 lagged valuations roll in. Diversifiers proved to be diversifying, with Credit up 9.3% and Natural Resources and Real Estate up ~17%. Medium- and long-term returns remain strong due largely to the overweight to, and strong outperformance of, the venture capital and private equity portfolios.



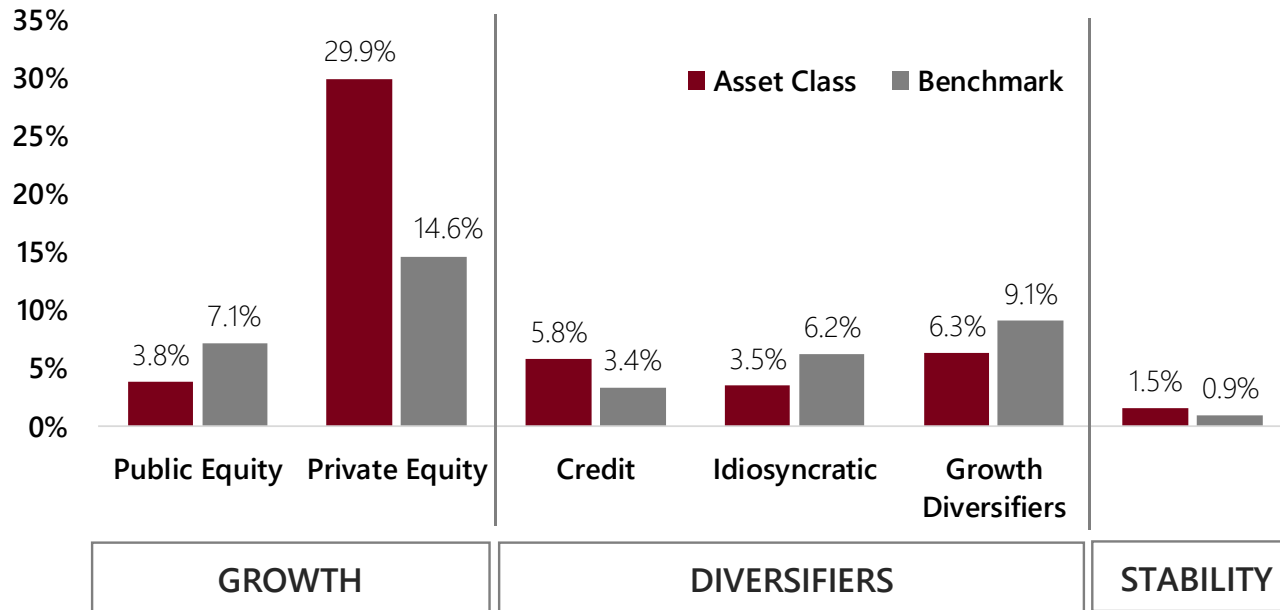
PERFORMANCE DRIVERS: FAVORABLE STRATEGY TILTS

10-Year Annualized Market Returns



5-YEAR CEF ASSET CLASS RETURNS

CEF's +14.4% 5-year annualized return meaningfully exceeded the benchmark return of +8.9% largely due to an overweight to illiquid private equity and venture capital strategies, which collectively beat their benchmark by >15% and outperformed public equity strategies by >25%. Public equity suffered due to the portfolio's defensive positioning. While credit-oriented strategies have performed well, the Diversifiers sleeve has struggled to meet return targets as real assets, natural resources and idiosyncratic hedge funds have delivered underwhelming results.



ENDOWMENT FUND POLICY COMPLIANCE SUMMARY

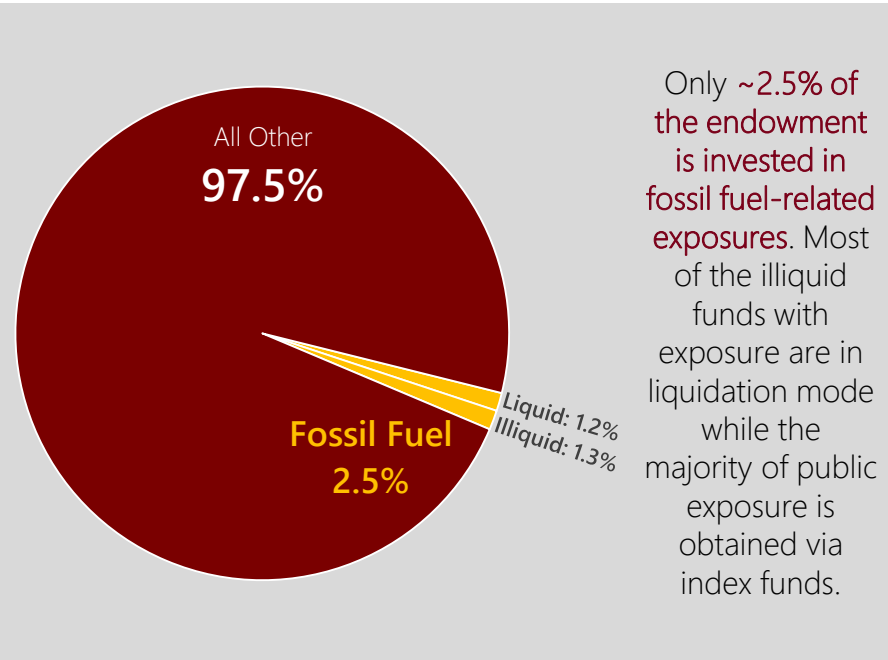
CATEGORY	METRIC	STATUS AS OF FYE'22
ILLIQUIDITY	50-75%	✓ 71%
LEVERAGE	<110%	✓ 101%
SINGLE FUND CONCENTRATION	<10%	✓ 4%
MANAGER CONCENTRATION	<20%	✓ 11%
CO-INVESTMENTS	<3%	✓ 2.3%
EMERGING-, MINORITY- AND WOMAN-OWNED FIRMS	N/A	OIB committed \$71.5M (43% of FY22 commitments) to 14 qualifying firms. Investments in woman-, diversity-owned/managed, or emerging managers constitute 11% of the CEF NAV.
NEW MANAGERS IN FY22	N/A	Aetos Capital, Theorem, Bellus Ventures, Genoa Ventures, Deerpath Capital Atypical Ventures, Northern Lakes Capital
TERMINATED MANAGERS IN FY22	N/A	Baupost Group, ValueAct Capital, Parametric Defensive Equity Aeolus Capital



ENDOWMENT FUND FY22 ESG DASHBOARD

The Office of Investments & Banking (OIB) is charged with *considering Environmental, Social and Governance (ESG) principles* in the investment decisions and *providing transparency*.

FOSSIL FUEL EXPOSURE



HIGHLIGHTS – BY THE NUMBERS

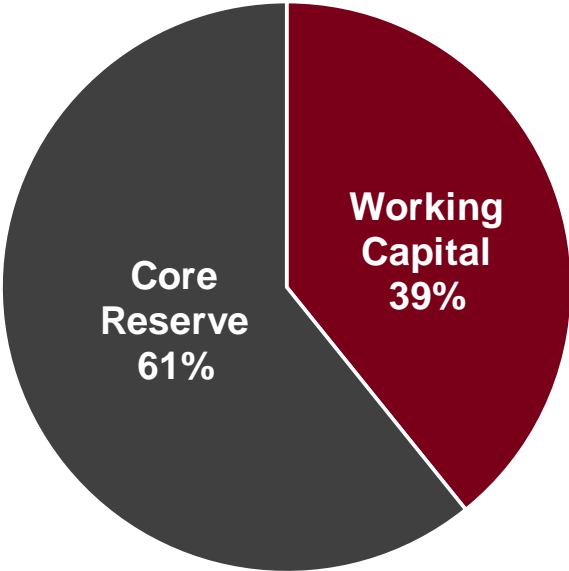
\$135M	<ul style="list-style-type: none">\$ exposure to ESG Aware index and Low-carbon funds, representing ~38% of public equity
40%	<ul style="list-style-type: none">% of UMN investment managers that are UNPRI signatoriesUMN became a signatory in April 2022
43%	<ul style="list-style-type: none">% of FY22 illiquid commitments to managers classified as “emerging, minority- or woman-owned”
12	<ul style="list-style-type: none">LP Advisory Committee seats OIB staff occupy in effort to promote strong governance principles
\$3M	<ul style="list-style-type: none">Commitment to DCVC Climate Select fund, with investments in geothermal power production, wastewater remediation, and carbon-free electrical production tech



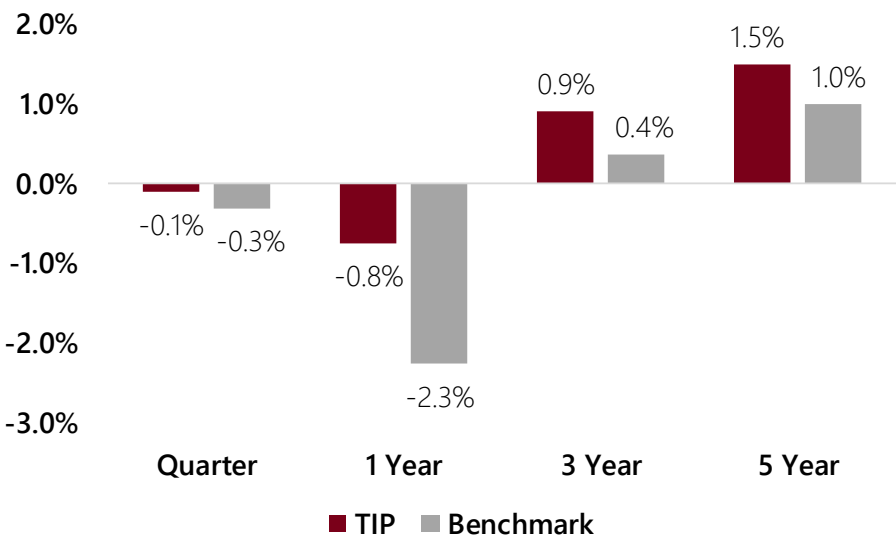
SHORT-TERM RESERVES (TIP)

Value as of 6/30/22: \$1.60B

Asset Allocation



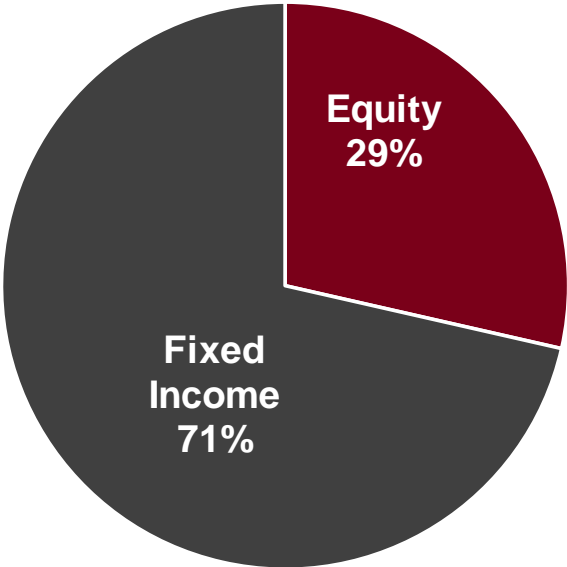
Performance Summary



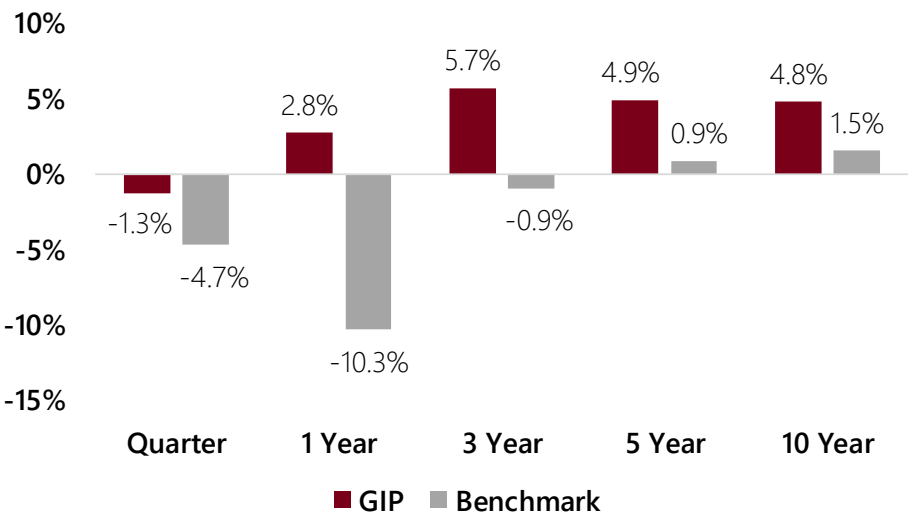
LONG-TERM RESERVES (GIP)

Value as of 6/30/22: \$101M

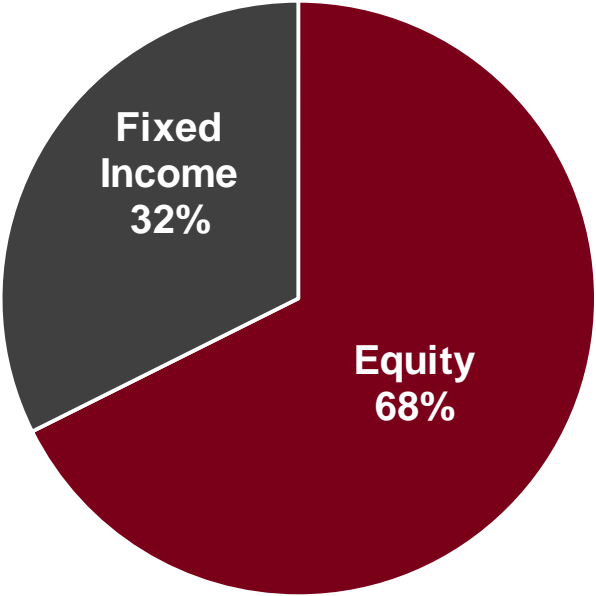
Asset Allocation



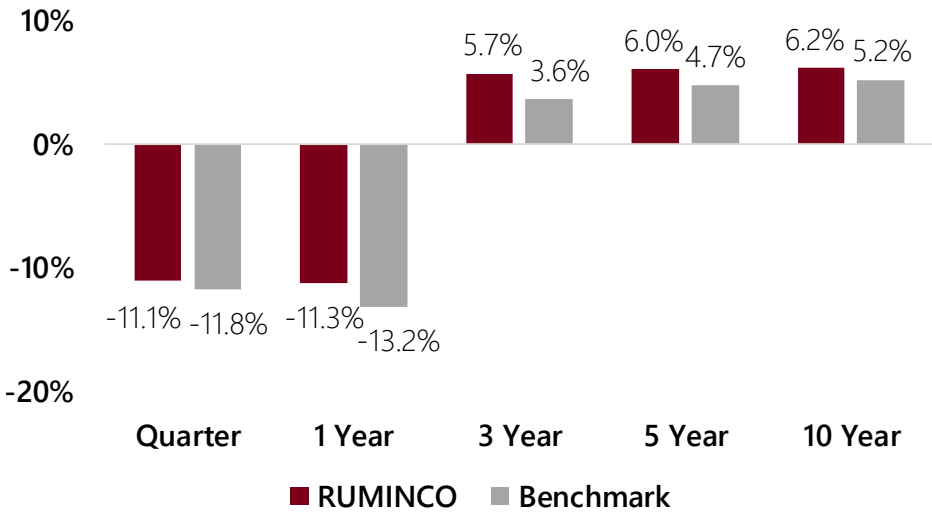
Performance Summary



Asset Allocation



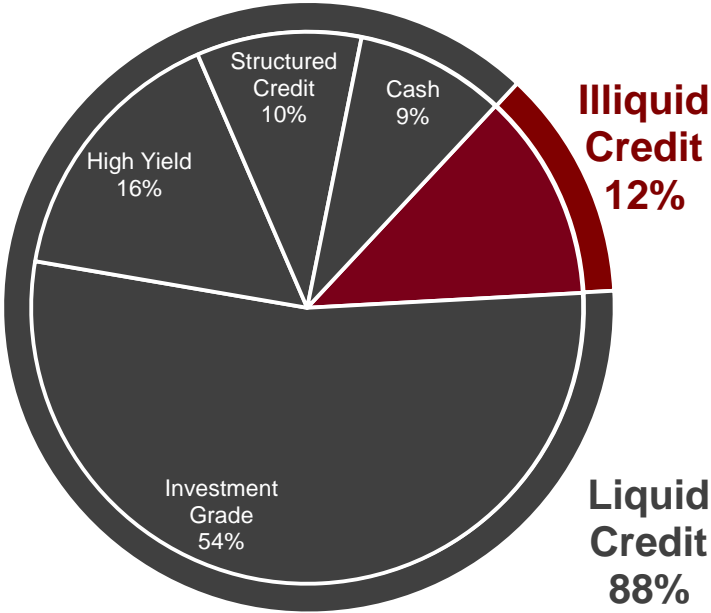
Performance Summary



30-YEAR BOND PROCEEDS

Book Value as of 6/30/22: \$496B
Market Value as of 6/30/22: \$489B

Asset Allocation



Performance & Statistics

Inception Date	5/19/22
Realized Yield <i>(since inception)</i>	+0.57%
Performance <i>(since inception)</i>	-1.38%
Weighted Average Credit Quality ¹	BBB
Weighted Average Duration ¹	2.10 years
Weighted Average Yield to Maturity ¹	4.99%
Excess Yield vs. UMN's 2022 30-Year 4.048% Bullet Bonds	+0.94%

¹ Excludes illiquid credit strategies





UNIVERSITY OF MINNESOTA

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The University of Minnesota is an equal opportunity educator and employer.

Debt Management Advisory Committee (DMAC)

Information Item - Quarterly Report

October 2022

Upon the recommendation of Senior Vice President Frans, President Gabel approved the reappointment of 3 previous DMAC members and the appointment of 2 new members. Appointment letters from President Gabel were sent to the members identified in the following table. The administration is scheduling the next meeting of DMAC in October or November, depending on schedules.

Continuing Appointments			
The Honorable Douglas A. Huebsch	Board of Regents, Vice Chair, Finance & Operations Committee		
Myron Frans	Senior Vice President, Finance & Operations		
Term Reappointments			
Name	Position	Original Term	New Term
Pervin Shroff	Professor of Accounting, Carlson School of Management (CSOM) Designated CSOM member	7/1/2016 – 6/30/2019	7/1/2022 – 6/30/2025
Todd Hurley	Interim President St. Paul Port Authority	7/1/2016 – 6/30/2019	7/1/2022 – 6/30/2025
Katherine C. Kardell	Hennepin County Debt Manager	7/1/2017 – 6/30/2021	7/1/2021 – 6/30/2025
New Member Appointments			
Name	Position	Original Term	New Term
Mike Blair	Senior Vice President & Chief Financial Officer CentraCare St. Cloud, MN		7/1/2022 – 6/30/2026
Jennifer Carlson, CPA	Finance Director City of Duluth, MN		7/1/2022 – 6/30/2026
Vacant Terms (To be appointed later in FY 2023)			
Vacant	Corporate / Business appointee		
Vacant	Corporate / Business appointee		

Intent to Dispose of University Property Falcon Heights Community Park (Twin Cities Campus)

In alignment with Board of Regents Policy: *Real Estate and Facilities*, the University administration has deemed the property at 2050 Roselawn Ave W, Falcon Heights, otherwise known as the Falcon Heights Community Park, as no longer required to fulfill the University's mission and will begin the process of considering the potential sale of the property. According to Administrative Policy: *Acquiring and Disposing of University Real Estate*, which implements the Board policy, dispositions may occur when it is determined the real estate is no longer required to fulfill the University's mission, or the disposition of the real estate better meets the University's needs or better supports the University's mission.

Following Administrative Procedure: *Real Estate Transactions* the University's standard disposition process will be utilized. Real estate identified for disposition is offered first to the state, county, municipality, township, or other governmental entity within which the real estate is located. If not acquired by one of those governmental units, the real estate is then offered for sale to the public, either via an Invitation to Bid or a Request for Proposal process managed by the Real Estate Office, or by listing the sale of the real estate with a real estate broker. In this instance, the University is offering the property to the City of Falcon Heights. The University will not be pursuing a public sale.

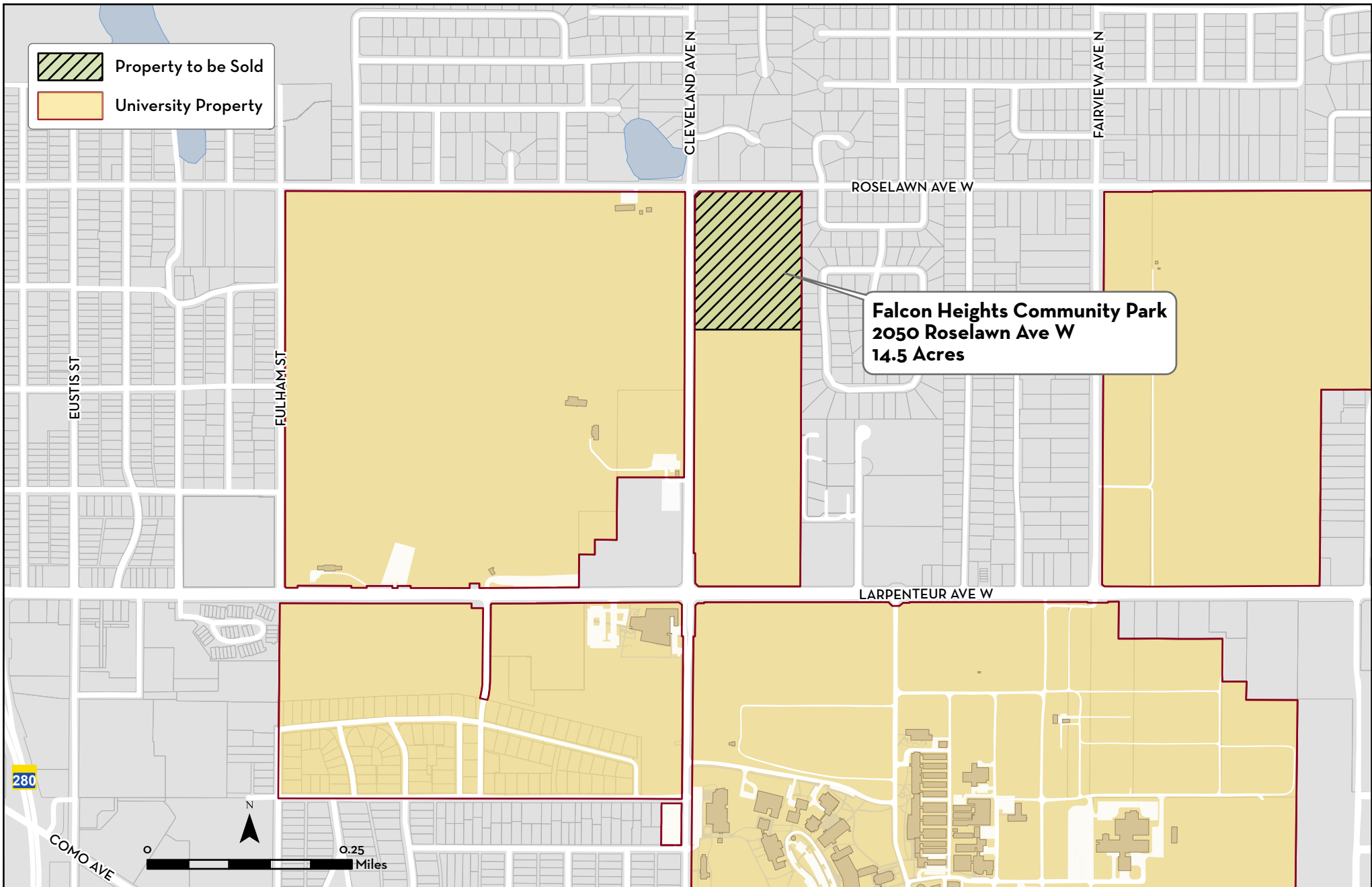
Rationale

The City of Falcon Heights has leased this property from the University for \$1 per year since 1958, first leasing 2.5 acres of land, then in 1972, expanding the Park's footprint to its current 14.5 acres. The current lease expires at the end of 2024, and the City is in need of reconstructing the existing park building located on the site. Rather than renewing the lease for another 15-20 years, the City has requested that the University consider a sale of the property to the City. Fee ownership of the land will allow the City to apply for grants that would not otherwise be available under a lease arrangement.

The potential disposition is aligned with the guiding principles in Board of Regents Policy: *Real Estate and Facilities*. Specifically, given that the University has not used this property for mission-related purposes for over 50 years (principle A), and the sale will positively impact areas adjacent to the University (principle D), the Administration is comfortable making the determination that the property is no longer required to fulfill the University's mission. Disposition is in alignment with the Twin Cities Campus Plan (principle B), adopted December 2021.

The Administration will continue to keep the Board of Regents apprised as it engages in this process. This property will also be considered in the scope of the Strategic Property Planning Workgroup, which the Board has directed the President to convene and make recommendations

on an ongoing basis. Assuming negotiations and due diligence proceeds without complication, the Administration intends to present the real estate transaction to the Board for review and action later in 2022 or in early 2023.



PLANNING, SPACE,
AND REAL ESTATE

UNIVERSITY OF MINNESOTA
Driven to Discover®

Sale of 2050 Roselawn Ave W Falcon Heights Community Park Twin Cities Campus, St Paul (Falcon Heights)

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 GIS, MnDNR, Met
Council, Hennepin Co

9/21/2022

October 4, 2022

The Honorable Jason Rarick, Vice Chair

Higher Education Finance & Policy Committee
2103 Minnesota Senate Building
Saint Paul, Minnesota 55155

The Honorable Bill Ingebrigtsen, Chair

Environment & Natural Res. Finance Committee
3207 Minnesota Senate Building
Saint Paul, Minnesota 55155

The Honorable Greg Clausen, Ranking Member

Higher Education Finance & Policy Committee
2233 Minnesota Senate Building
Saint Paul, Minnesota 55155

The Honorable Patricia Torres Ray, Ranking Member

Environment & Natural Res. Finance Committee
2225 Minnesota Senate Building
Saint Paul, Minnesota 55155

The Honorable Connie Bernardy, Chair

Higher Education Finance & Policy Division
369 State Office Building
Saint Paul, Minnesota 55155

The Honorable Rick Hansen, Chair

Environment & Natural Res. Finance Division
407 State Office Building
Saint Paul, Minnesota 55155

The Honorable Marion O'Neill, Ranking Member

Higher Education Finance & Policy Division
357 State Office Building
Saint Paul, Minnesota 55155

The Honorable Josh Heintzeman, Ranking Member

Environment & Natural Res. Finance Division
353 State Office Building
Saint Paul, Minnesota 55155

Dear Chairs, Vice Chair, and Ranking Members:

Minnesota Statute 137.022, subdivision 4(d) requires the University of Minnesota to submit a report on the Permanent University Fund (PUF) to both the education and environment and natural resources committees of the Minnesota Legislature:

The Board of Regents must report to the education committees of the legislature biennially at the time of the submission of its budget request on the disbursement of money from the endowed scholarship account and to the environment and natural resources committees on the use of the mineral research account.

Pursuant to this requirement, the University of Minnesota respectfully submits the report for Fiscal Years (FYs) 2021 and 2022 for your review.

As additional context, Minnesota Statute 137.022 dedicates revenue credited to the PUF to four accounts: The Endowed Chair, Mineral Research, Scholarship, and Mesabi Range. Investment management of this fund is under the jurisdiction of the University of Minnesota Board of Regents. Fund income is statutorily appropriated to the University annually. Distributions are based on a rolling average as all University endowment accounts utilize a rolling average for distributions.

If there are any questions with the attached report, please contact me at SVPFO@UMN.EDU

Sincerely,

Myron Frans

University of Minnesota
Senior Vice President for Finance and Operations

Permanent University Fund, Biennial Report

Fiscal Years 2021 and 2022

Pursuant to Minnesota Statute 1370.022, subdivision 4(d)

Per the requirements in Minnesota Statute 3.197, the cost to prepare this report was approximately \$500

Prepared by Julie Tonneson, University of Minnesota Budget Office

Market Value & Distributions

The total value of the Permanent University Fund (PUF) as of June 30, 2022, was \$918,686,884, up from \$881,781,110 on June 30, 2021. These market values include PUF funds held in departmental chair accounts supporting identified PUF endowed chairs; funds held centrally to support new allocations for PUF chairs; and funds within the Endowed Mineral Research, Endowed Scholarship, and Mesabi Range Accounts. Minnesota Statute (M.S.) 137.022 requires the University of Minnesota to submit the following report:

The Board of Regents must report to the education committees of the legislature biennially at the time of the submission of its budget request on the disbursement of money from the endowed scholarship account and to the environment and natural resources committees on the use of the mineral research account.

The table below provides specific information on the Endowed Scholarship and Mineral Research Accounts for Fiscal Years (FYs) 2021 and 2022.

	<u>FY 2021</u>	<u>FY 2022</u>
<i>Total Market Value:</i>		
Endowed Mineral Research Account	\$ 104,536,257	\$109,164,385
Endowed Scholarship Account	\$ 158,324,341	\$ 165,333,826
<i>Income Distribution:</i>		
Endowed Mineral Research Account	\$ 3,245,826	\$ 3,586,400
Endowed Scholarship Account:	\$ 4,873,610	\$ 5,431,746
<i>UM Crookston Scholarships</i>	\$ 185,197	\$ 206,406
<i>UM Duluth Scholarships</i>	\$ 1,179,414	\$ 1,243,870
<i>UM Morris Scholarships</i>	\$ 165,703	\$ 162,952
<i>UM Rochester Scholarships</i>	\$ 68,230	\$ 86,908
<i>UM Twin Cities Scholarships</i>	\$ 3,275,066	\$ 3,731,610

Per State Statute, distributions from the Scholarship account are made to each campus based on the enrollment of Minnesota residents on each campus. Each campus utilizes this funding to provide scholarships to students who are Minnesota residents. Students from any part of the state are eligible. Initially one-year awards, many are now four-year commitments. Each campus has discretion in determining the award amount and structure.

Mineral Research Account Use

Per M.S. 137.022, subdivision 4(d), the University is also required to report on the use of the Mineral Research Account funds. These funds are allocated to the Natural Resources Research Institute (NRRI) for mineral and mineral-related research at the Duluth and Coleraine facilities and totaled \$3,245,826 in FY 2021 and \$3,586,400 in FY 2022. For FY 2021, NRRI's spending of the Mineral Research Account funds can be classified as follows: 62 percent on research personnel, 11 percent on equipment, and 27 percent on other operating costs. In fiscal year 2022, NRRI's spending included 60 percent on research personnel, three percent on equipment, and 37 percent on other operating costs.

FY 2022 Strategic Facilities & Real Estate Report

*Prepared for the
Board of Regents,
as required by Board policy.*

October 2022

UNIVERSITY OF MINNESOTA

ORIGIN AND SCOPE OF THIS REPORT

Board of Regents Policy: *Board Operations and Agenda Guidelines* requires an annual report titled “Strategic Facilities and Real Estate Report.” This report is new for FY 2022 and serves to consolidate the following previously separate, standalone reports: Facilities Condition Assessment, Real Estate Report, Space Utilization Report, and the Semi-Annual Capital Project Management Report.

This new, consolidated report aims to provide a comprehensive summary of the University’s physical assets. It includes updates on the University’s facilities condition assessment and space utilization, real estate transactions from the past fiscal year, and capital project management updates for projects in process that have been approved in the annual capital improvement budget and have a value equal to or greater than \$1,000,000.

This report for covers fiscal year 2022 and summarizes University physical asset information from July 1, 2021 through June 30, 2022. The content of this report has been prepared by University Services leadership, with responsibility for each of the four respective areas, and reflects the information available at the time of publication.

Respectfully submitted,

Bruce Gritters, Assistant Vice President for Capital Project Management
 Leslie Krueger, Assistant Vice President for Planning, Space, and Real Estate
 Brian Swanson, Assistant Vice President for Finance and Systems, University Services

LAND ACKNOWLEDGMENT

We acknowledge that the University of Minnesota system has campuses that are located on the homelands of the Dakota and Anishinaabe peoples, and acknowledge the eleven Tribal Nations of Minnesota. It is important to acknowledge the peoples on whose land we live, learn, and work as we seek to improve and strengthen our relations with our tribal nations. We also acknowledge that words are not enough. We must ensure that our institution provides support, resources, and programs that increase access to all aspects of higher education for our American Indian students, staff, faculty, and community members.

REAL ESTATE

Board of Regents Policy *Reservation and Delegation of Authority*, Section VIII includes the following provisions related to real estate:

Subd.1. The Board reserves to itself authority to approve the purchase or sale of real property (a) with a value greater than \$1,000,000; (b) located on or within 2 miles of a University campus; or (c) larger than 10 acres.

Subd. 2. The Board reserves to itself authority to approve 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.

Subd.3. The Board reserves to itself authority to exercise the power of eminent domain to acquire land for University purposes.

In May 2022, the Board of Regents approved an amended Real Estate and Facilities Policy, which includes a set of four guiding principles that seek to inform and direct the University of Minnesota's real estate strategy. These principles address a multitude of factors that drive acquisitions and dispositions of real estate across the University system and clarify the University of Minnesota's strategic position as one of mission critical stewardship, fiscal discernment, and geographic alignment with our campus master plans.

In practice, these principles will guide the University's long-term vision for its system campuses and other properties, while balancing the day-to-day operational liabilities of its large real estate portfolio. As the University disposes or acquires real estate, the following principles are considered:

1. Support the University's teaching, research, and service mission and align with the Systemwide Strategic Plan
2. Align with campus master plans
3. Provide strategic value when balanced against scarce resources and minimize financial liability
4. Positively impact areas adjacent to the University or limit negative impact

This section of the report provides a summary of real estate transactions in FY 2022 that met Board thresholds for approval (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.

Real Estate Transaction	Amount received or to be received	Amount paid or to be paid	Regents Approval
Purchase of 814 Essex Street Southeast, Minneapolis (Twin Cities Campus)		\$1,605,000	September 2021
Twenty-Five Year Joint Use Agreement for the Morris Community Softball Complex Project (Morris Campus)	Approximately \$1.3 million to complete the first phase, in tandem with approval to complete the second phase at a total project cost not to exceed \$2 million	The University of Minnesota Morris will contribute more than the other participants at this phase of the project to complete the current scope.	September 2021
Five-Year Lease to Fairview Health Services, Inc., 13,689 assignable square feet at the Masonic Institute for the Developing Brain at 2025 East River Parkway, Minneapolis (Twin Cities Campus)	First-year total rent to be received including utilities and operational services: \$488,440		October 2021
Twelve Year Lease at 150 Broadway Ave S, Rochester (Rochester Campus)		First-year total cost of lease including real estate taxes and utilities: \$4,075,018	June 2022
Renewal of Transitway Agreement with Minnesota State Fair for Ten-Year Term (Twin Cities Campus)	Total value of amendment: \$2,700,000 <i>*Agreement specifies neither party will charge the other</i>		June 2022

CAPITAL PROJECTS

Capital Project Management (CPM) has systemwide responsibility for the design and construction of all new and renovated buildings, as well as major campus infrastructure. Project costs and schedules continue to be adversely impacted by materials shortages, supply chain disruptions, labor shortages, extreme escalation/inflation, and market volatility.

PROJECTS IN DESIGN

Offsite Collections Facility

The Offsite Collections Facility (OCF) will provide initial shelving capacity for 2.5 million library volumes with the ability to provide a total capacity of 3.3 million volumes in the future. Support spaces within the OCF will accommodate processing and timely delivery of collections, including accessioning space.



Location: Twin Cities - Como District

GSF: 72,600

Estimated Project Cost: \$66,700,000

Substantial Completion: April 2024

Chemistry Undergraduate Teaching Laboratories

The Chemistry Undergraduate Teaching Laboratories project will augment a renovated Fraser Hall to provide general chemistry, life sciences, and organic chemistry teaching labs with associated student collaboration and updated general purpose classrooms.



Location: Twin Cities - East Bank

GSF: 117,400

Estimated Project Cost: \$112,930,000

Substantial Completion: TBD

PROJECTS IN DESIGN

Health Discovery Hub

The new Health Discovery Hub (HDH) will anchor the clinical research enterprise that supports current and future clinical and community medical needs. HDH will become a unifying focus for the community of health sciences research while serving as a state-wide outreach connector for a broad array of interdisciplinary clinical research activities.

Location: Twin Cities - East Bank
 GSF: 331,000 (predesign)
 Estimated Project Cost: TBD
 Substantial Completion: TBD



Library Annex Renovation

This project addresses Duluth's Library Annex to support the Kathryn A. Martin Library and Labovitz School of Business and Economics (LBSE), to renovate the second floor into an adaptable, state of the art LBSE Sales Center of Excellence and consolidate both Library Archives and Special Collections offices.

Location: Duluth
 GSF: 22,700 (predesign)
 Estimated Project Cost: TBD
 Substantial Completion: TBD



SCSE Science Building Renewal

Supporting the Swenson College of Science and Engineering (SCSE) on the Duluth campus, the Science Building Renewal Project includes major demolition and renovation of the existing Chemistry Building, new construction for mechanical spaces, and modest site work.

Location: Duluth
 GSF: 51,800 (predesign)
 Estimated Project Cost: TBD
 Substantial Completion: TBD



PROJECTS IN CONSTRUCTION

Lind Hall Renovation

The renovated facility will provide an academic home for the College of Science and Engineering's newest department, Industrial and Systems Engineering, and space relief for the growing Computer Science and Engineering department. The project will also address building code, infrastructure, and accessibility issues while investing in the historic campus core.

Location: Twin Cities - East Bank

GSF: 57,500

Estimated Project Cost: \$33,700,000

Substantial Completion: August 2022



Institute of Child Development / Campbell Hall

The Campbell Hall project will partially demo, renovate, and expand the existing 1913 Institute of Child Development building for the College of Education and Human Development. This will provide cutting-edge research, teaching, and learning space to advance the science of human development while also addressing infrastructure, code, and accessibility.

Location: Twin Cities - East Bank

GSF: 69,700

Estimated Project Cost: \$43,200,000

Substantial Completion: August 2022



AB Anderson Hall

The existing facility will be renovated to include a revised mechanical system, new life safety systems (including fire protection), and architectural finishes.

Location: Duluth

GSF: 35,000

Estimated Project Cost: \$10,000,000

Substantial Completion: November 2022



PROJECTS IN CONSTRUCTION

PWB 4th Floor - Teaching Lab Renovation

This project renovates the 4th floor of the Phillips-Wangensteen Building, creating new teaching classrooms to serve the College of Science and Engineering's Department of Biomedical Engineering and the Medical School's Department of Integrative Biology and Physiology.

Location: Twin Cities - East Bank

GSF: 18,500

Estimated Project Cost: \$10,600,000

Substantial Completion: December 2022



Murphy Hall

This project renovates existing space in the Hubbard School of Journalism and Mass Communication to include classroom spaces, media lab library, broadcast studio, and adjacent support space.

Location: Twin Cities - East Bank

GSF: 11,300

Estimated Project Cost: \$4,300,000

Substantial Completion: December 2022



McNeal Hall Suite 32 Reconfiguration

The Suite 32 Reconfiguration project involves interior demolition and renovation of the existing McNeal Hall to create a signature departmental teaching studio space for the College of Design.

Location: Twin Cities - Saint Paul

GSF: 5,400

Estimated Project Cost: \$1,800,000

Substantial Completion: January 2023



PROJECTS IN CONSTRUCTION

Burton and Virginia Myers Education Center

The Burton and Virginia Myers Education Center represents an important collaboration among the University of Minnesota Landscape Arboretum, Extension, and the College of Food, Agriculture, and Natural Resource Sciences to consolidate and support the continuing education of volunteers, staff, and the public at the Arboretum.

Location: Minnesota Landscape Arboretum

GSF: 4,500

Estimated Project Cost: \$2,980,000

Substantial Completion: February 2023



Main Energy / Chilled Water Plant

This project expands the chilled water capacity in the East Bank loop by adding steam-driven chillers and a future boiler addition in the existing Main Energy Plant.

Location: Twin Cities - East Bank

GSF: n/a

Estimated Project Cost: \$29,900,000

Substantial Completion: May 2023



Microbial Cell Production Facility

The Microbial Cell Production Facility will expand the Biotechnical Resource Center (BRC) for the College of Biological Sciences and provide shelled tenant space for future programs that complement the BRC program on the second floor.

Location: Twin Cities - Saint Paul

GSF: 86,740

Estimated Project Cost: \$92,300,000

Substantial Completion: September 2023



PROJECTS IN CONSTRUCTION

Dwan Level 2 Wet Bench Lab Renovation

The renovation will co-locate research laboratories for the faculty of Pulmonary, Allergy, Critical Care, and Sleep Division of Cardiology (Resuscitation Medicine) and Division of Transplantation in the Department of Surgery.

Location: Twin Cities - East Bank

GSF: 18,500

Estimated Project Cost: \$9,100,000

Substantial Completion: November 2023



PROJECTS COMPLETED IN FY 2022

Early Childhood Learning Center

This new building on the Twin Cities campus accommodates 140 children and is operated by the YMCA under a 25-year lease to expand childcare options for the campus. The site includes two playgrounds, parking, and a water retention swale.

Location: Twin Cities - East Bank

GSF: 11,600

Estimated Project Cost: \$4,430,000

Substantial Completion: June 2021



Masonic Institute for the Developing Brain

The Masonic Institute for the Developing Brain (MIDB) is a destination for neurodevelopmental research, community integration, education, and clinical care focused on early childhood and adolescent behavioral brain health.

Location: Twin Cities

GSF: 117,000

Estimated Project Cost: \$39,070,000

Substantial Completion: August 2021



PROJECTS COMPLETED IN FY2022

Pillsbury Hall Rehabilitation

The iconic Pillsbury Hall was repositioned to provide a home for the Department of English, supporting a broader academic vision for the College of Liberal Arts and the Humanities District. This project balances the needs of modern teaching and learning with respect for the building's history and character-defining elements.



Location: Twin Cities - East Bank

GSF: 60,100

Estimated Project Cost: \$36,560,000

Substantial Completion: August 2021

Child Development Lab School

The existing Lab School program has relocated to the previous Child Development Center site to integrate programming. The new addition serves the Lab School and the existing building was renovated to improve existing services. Improvements include fire protection, upgrading the kitchen space, additional meeting rooms, and play areas.



Location: Twin Cities - East Bank

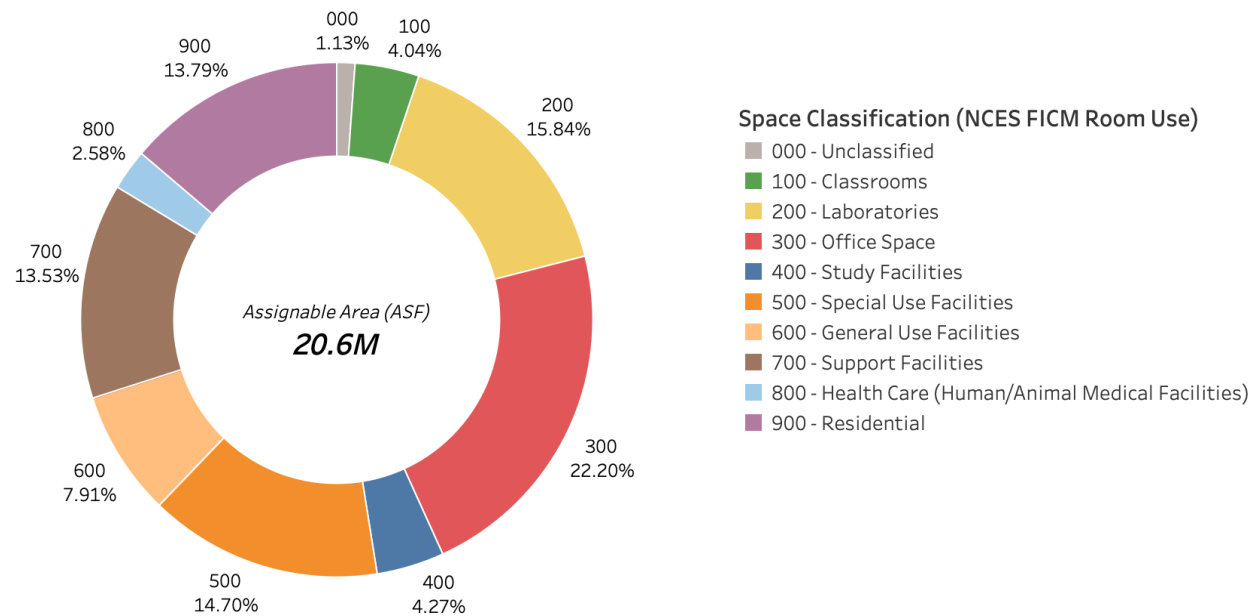
GSF: 18,700 renovation, 13,200 addition

Estimated Project Cost: \$11,330,000

Substantial Completion: August 2021

SPACE UTILIZATION

With 32 million gross square feet of space in inventory, space is the largest non-personnel expense. The University tracks space type, assignment, and use by RRC using coding rubrics defined at the Federal level. At the end of FY2022, the University's assignable space, the amount of space that is actually usable for programs (excluding walls, mechanical spaces, circulation, and building service), is categorized as follows:



Coupled with facility condition data (see next section), utilization data is a key component to managing the quality and quantity of space. Among these categories, office space is the largest use by quantity but the most underutilized by activity. Conversely, classroom space represents just 4% of the portfolio, and yet it is the most intensely utilized space we have. This is largely due to the intentional and structured management of this space use. A similar approach is possible in other categories but requires a larger cultural shift.

The COVID-19 pandemic changed how people think about work: where they work, how they work, and what they need to get their work done. While many faculty and other instructors already worked in a type of hybrid model, it was not as common for staff. 2020's pivot to remote work accelerated the conversation about how to think differently about workspace at the institutional level. Historically, work rules and environments required employees to come to campus five days a week for forty or more hours. Single person, assigned space was provided to meet multiple needs, including personal work effort, meeting and collaboration space, and storage space for books, paper, etc. Yet most faculty and staff have multiple places to go other than their offices or cubicles, such as classrooms, labs, meeting rooms, etc. This regular use of multiple spaces makes office space the least utilized space on campus. For staff in cubicles, the space is even more sub-optimal: too public for confidential work, too open for quiet work, and too small for team or collaboration work.

Planning, Space, and Real Estate has convened a hybrid workplace and strategic space task force. The task force has been charged with developing a strategic planning framework to enhance employee workplace productivity and satisfaction through developing a comprehensive set of work rules and practices, IT support, and creative new space designs. The anticipated outcomes of their work are improved recruitment/retention and employee engagement, work productivity, optimized utilization of existing space, and possibly a reduction in the overall space footprint of facilities across the University system. Initial demonstration projects, known as campus hubs, are in the conceptual phase and will be brought to the Board for approval through the capital budget process.

Changes in this area will take time. Historically, cultural changes were viewed as the largest hurdle in this arena. In a post-pandemic work environment, that hurdle is now a financial one, as refitting large amounts of space will take millions of dollars upfront to reduce space and the associated carrying cost over the longer term.

10 Year Growth by Campus:

Campus	2012 Gross Area (GSF)*	2022 Gross Area (GSF)*	Change in Gross Area (GSF)	Percent Change
Twin Cities	21,883,749	25,169,281	3,285,532	15%
Duluth	3,263,023	3,305,190	42,167	1%
Morris	963,495	1,000,464	36,969	4%
Crookston	620,783	724,138	103,355	17%
Rochester	0	0	0	0%
Off-Campus	1,665,027	1,803,650	138,590	9%
Total	28,396,077	32,002,724	3,606,614	13%

*Gross Area excludes Leased facilities. Stabile Building (Rochester) included in Off-Campus.

10 Year Growth by [Space Classification](#):

Space Classification (NCES FICM Room Use)	2012 Assignable Area (ASF)	2022 Assignable Area (ASF)	Change in Assignable Area (ASF)	Percent Change
000 - Unclassified	143,385	233,338	89,953	63%
100 - Classrooms	732,329	836,901	104,572	14%
200 - Laboratories	3,330,225	3,275,129	-55,096	-2%
300 - Office Space	4,245,842	4,537,590	291,748	7%
400 - Study Facilities	856,215	873,434	17,219	2%
500 - Special Use Facilities	2,738,033	2,965,018	226,985	8%
600 - General Use Facilities	1,439,517	1,632,854	193,337	13%
700 - Support Facilities	1,735,204	2,840,497	1,105,293	64%
800 - Health Care	429,058	531,049	101,991	24%
900 - Residential	2,355,046	2,841,491	486,445	21%
Total	18,004,853	20,567,300	2,562,447	14%

FACILITY CONDITION ASSESSMENT

Facilities Condition Assessment (FCA) is the central repository of building and utility infrastructure conditions and needs that are systematically codified, prioritized, and cost estimated. FCA information produces a high-level description of overall campus needs, supports prioritization and budgeting of annual renewal programs, and provides an order of magnitude scoping for capital projects.

FCA meets the requirements of Minnesota Statute 135A.046 “Asset Preservation and Replacement.” The statute compels the University to establish priorities for Higher Education Asset Preservation and Replacement (HEAPR) funding. HEAPR funds are used throughout the University of Minnesota system and are allocated to campuses and research stations based on facility needs and overall space. The FCA also supports statute 16A.633, subd. 3, which states, “The Board of Regents of the University of Minnesota is requested to establish and maintain data on the location, description, and condition of university-owned facilities that is comparable with the database established by the Department of Administration. The university is requested to update the data annually and maintain both current inventory data and historical data. The Board of Regents is not eligible to receive capital funding unless the board has established and maintains the data required.”

FCA data informs the six-year planning process to align facility needs with academic priorities. The plan strongly emphasizes fixing or replacing some of the University’s worst buildings. High-priority projects reinforce the commitments made in the Systemwide Strategic Plan MPact 2025 (MPact 2025) by complementing institutional values and optimizing how resources are used across the campus system. HEAPR funding remains at the core of this strategy. The FCA process identifies deferred, non-recurring, and projected renewal needs to determine a facility condition needs index (FCNI). The FCNI (the ten-year projected needs divided by the estimated replacement value) determines where a building is rated on a scale of 0.0 (excellent) and to 1.0 (critical). The table below is updated annually to monitor progress towards reducing poor and critical space.

Fall 2021 Enterprise Facility Condition

Campus	Total GSF ¹	Estimated Replacement Value ²	Projected 10-Year Needs ²	10 Year Needs/Replacement Value = (FCNI)	GSF Poor / Critical
Twin Cities	25,032,852	\$10,855,966,719	\$4,243,168,738	0.39	7,596,953
Duluth	3,312,263	\$1,204,014,201	\$445,441,336	0.37	550,865
Morris	997,104	\$435,429,041	\$181,536,077	0.42	481,564
Crookston	724,138	\$353,786,629	\$97,909,542	0.28	106,981
ROCs	1,781,760	\$317,805,877	\$103,418,746	0.33	119,097
TOTALS	31,848,117	\$13,167,002,468	\$5,071,474,438	0.39	8,855,460

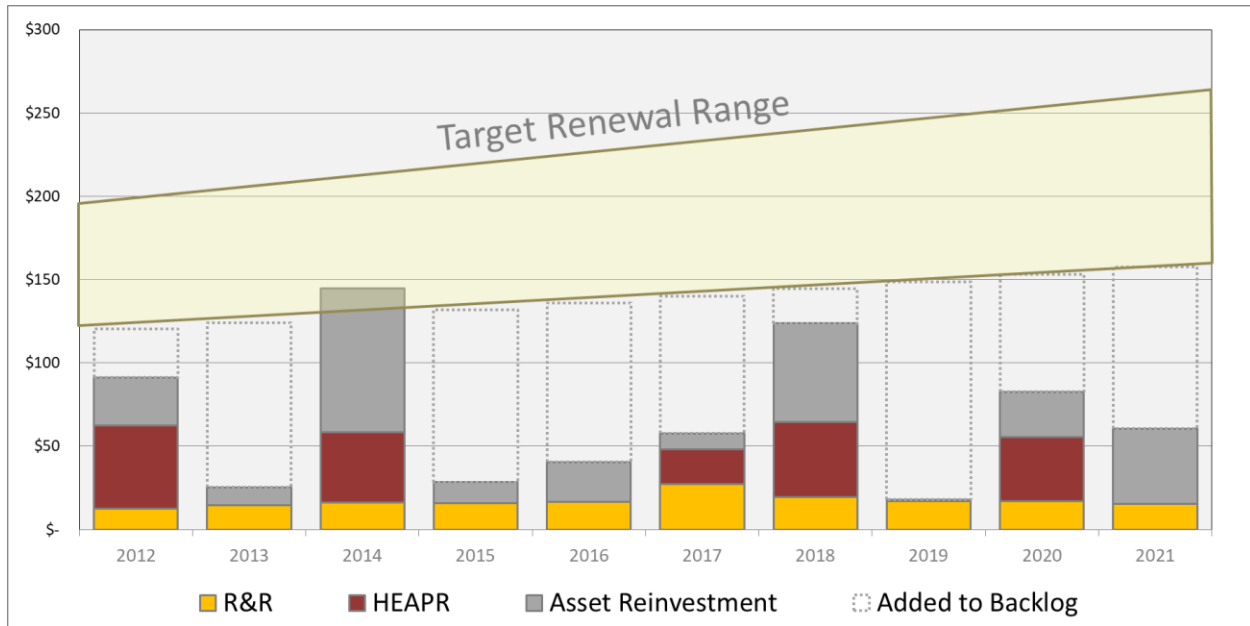
¹ Total Gross Square Feet from UM Analytics. Excludes Rochester Campus and parking ramp decks.

² Figures include formally assessed facilities plus actual or modeled values for non-assessed facilities less than 10 years old.

³ Increase of approximately 1% from previous year.

In 2022, University leadership directed that a systemwide update to the FCA be a part of its coordinated planning process, which includes campus plans, climate action plans, facility condition assessments, and utility assessments. University facility assessments are 8 years old on average (best practice prescribes updates every 5 years). The update will incorporate new buildings that have been constructed in the last 5-10 years, update and re-prioritize information about renewal needs in previously assessed buildings, and assess major utility infrastructure assets for the first time to round out the comprehensive picture of U of M physical asset condition and needs. The update is expected to take place over the next 5 years, and outcomes will be reflected annually in this report.

FCA inspections, studies, and models tell us how much and where we should be investing to be good stewards of our public assets. The chart below compares what the University, in partnership with the State, has been able to invest each year against what the FCA data says we should be investing. The bottom of the yellow range shows the minimum annual investment needed just to sustain the status quo. The top of the yellow range shows the amount needed to address all of the building issues that have added to the deferred renewal backlog. The University asks for \$200 million per year, because that is our need. We estimate that upwards of \$750 million has been added to our backlog of needs over the last 10-year period.




Facility renewal, replacement, and decommissioning will need to remain the University's primary focus for its capital program if progress is to be made on addressing the deferred renewal challenge. The University needs to minimize the amount of new net space it adds to the portfolio. This will also be critical to meet greenhouse gas reduction targets.

October 10, 2022

MEMORANDUM

TO: ***Board of Regents:***
The Honorable Kendall J. Powell, Chair
The Honorable Steven A. Sviggum, Vice Chair
The Honorable Mary A. Davenport
The Honorable James T. Farnsworth
The Honorable Douglas A. Huebsch
The Honorable Ruth E. Johnson
The Honorable Tadd M. Johnson
The Honorable Mike O. Kenyanya
The Honorable Janie S. Mayeron
The Honorable Darrin M. Rosha
The Honorable Bo Thao-Urabe
The Honorable Kodi J. Verhalen

FROM: Daniel J. Alberts
Director of Clery Compliance 

RE: System Annual Security and Fire Safety Report

I write to outline the University's Clery Act obligations and place the System Annual Security and Fire Safety Report in context with a number of other ways in which the University fulfills its Clery Act responsibilities. The most visible of our actions involve SAFE-U notices, the UMPD Daily Crime Log, and our annual Clery Act reports. All three turn on the contours of our Clery Geography, but each of them serve a different purpose, and as a result, each of them are distinct in terms of their reach and the scope of the information conveyed. Those differences are sometimes misunderstood.

Before outlining the three actions identified above, please know that our Clery Geography is defined pursuant to the requirements of the Clery Act and includes (1) on campus buildings and property owned or controlled by the University, (2) on campus student residential facilities owned or controlled by the University, (3) buildings and property owned or controlled by the University that are not contiguous to the main campus and property owned or controlled by officially recognized student organizations, and (4) public property within or immediately adjacent to the campus. You can find more detailed descriptions of these categories at page 8 of the Annual Security and Fire Safety Report.

For the Twin Cities campus, the so-called Clery Geography is reflected in the attached map. The Clery Act requires that all universities apply the same standard in defining their Clery Geography so as to bring consistency to the Clery Act reporting across all universities.

With that background, I can describe the similarities and differences between our various notices and reports:

SAFE-U Notifications

SAFE-U Notifications satisfy two requirements mandated by the Clery Act. Within the law, these requirements are known as Emergency/Immediate Notifications and Timely Warning Notifications. Below is a brief summary of the legal requirements for each type of communication.

Emergency/Immediate Notifications: These notifications have a wide focus on any significant emergency or dangerous situation actively occurring on or imminently threatening campus. This may include significant events such as fires, hazmat situations, natural disasters, or significant crime events. Emergency notifications are sent immediately upon confirmation that a dangerous situation or emergency exists or threatens campus, in order to inform the campus community of the threat and action steps on how to remain safe. Geographically, these events may occur within or outside of the university's Clery Geography. The primary assessment concern related to geography is whether or not the dangerous situation may impact the campus; these notifications are not necessarily contained to a specific geographic area.

Timely Warning Notifications: These notifications have a much narrower focus on Clery Act crimes (a list of definitions of these crimes can be found on pages 9-11 of the Annual Security and Fire Safety Report) occurring within the university's Clery Geography. These notifications are triggered by crimes that have already occurred but represent a serious ongoing threat. These warnings are issued as soon as pertinent information is available and contain basic information about the crime, where and when the crime occurred, and tips to help prevent similar occurrences of crime.

SAFE-U notifications may be issued as a combination of communications including by phone, text message and/or email. The type of communication used is determined by the severity or urgency of the situation. Members of the university community may opt out of receiving phone calls and/or text messages by managing their preferences in their MyU account. In order to remain compliant with the law, however, they may not opt out of receiving email notifications.

It is also important to know that while we must have a SAFE-U notification system in place for crimes within our Clery Geography, that geography does not limit the University's ability to send notices for areas outside of our Clery Geography. For example, as noted above, the Clery

Act itself contemplates emergency/immediate notifications that are not limited to our Clery Geography boundaries. Also, the University has expanded the scope of its SAFE-U notifications to the Dinkytown area outside of our Clery Geography. University community members can opt-in to that broader set of SAFE-U notices. While expanding the scope of our SAFE-U notices is a discretionary policy decision of the University, care needs to be taken so that such an expansion can be handled in a complete, timely and consistent fashion.

UMPD Daily Crime Log

The UMPD Daily Crime Log contains basic information from two sources.

First, the UMPD Daily Crime Log includes every crime reported directly to UMPD. That includes crimes occurring both within and outside their patrol jurisdiction. The patrol jurisdiction of UMPD is property owned or controlled by the University of Minnesota in the Twin Cities. If the crime occurs within their patrol jurisdiction, that crime must be included in the UMPD Daily Crime Log to satisfy the University's Clery Act obligations tied to its Clery Geography. UMPD also responds to calls for service outside of the University's official patrol jurisdiction; these reports are also included on the UMPD Daily Crime Log to satisfy other law enforcement reporting requirements not dictated by the Clery Act.

Second, UMPD routinely monitors reports from the Minneapolis Police Department and other pertinent law enforcement agencies and makes a determination as to whether or not such crimes must be included on the Daily Crime Log. The answer hinges on whether the crime occurred within the University's Clery Geography. If UMPD becomes aware of a report made to an outside law enforcement agency about a reported Clery Crime occurring within the University's Clery Geography, it is then included on the UMPD Daily Crime Log.

In sum, the UMPD Daily Crime Log data is not limited to crimes that are required to be reported under the Clery Act. The UMPD Daily Crime Log includes all crimes reported to UMPD whether or not within the University's Clery Geography. As for crimes reported to other law enforcement agencies such as MPD, they are included on the UMPD Daily Crime Log only if they occur within the University's Clery Geography.

The Annual Clery Crime Statistics

The crime statistics included in the Annual Security Report are limited to those occurring within the University's Clery Geography. The Annual Security Report includes crimes reported to both UMPD and outside law enforcement agencies as defined above, as well as crimes reported to a wide range of University personnel who are considered Campus Security Authorities under the Clery Act. Campus Security Authorities include University personnel in many different campus departments including: Athletics, Housing & Residential Life, Equal Opportunity and

Affirmative Action, Office of Community Standards, Student Affairs, and the Aurora Center. As a result, crime statistics reported in the Annual Security Report will not align with statistics maintained by UMPD – in some cases, the Annual Security Report includes more incidents, and in other cases, the UMPD Daily Crime Log includes more incidents, again as described above.

DJA/nl
Attachment



Clery Boundary

University of Minnesota, Twin Cities

