

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Committee: Finance and Facilities

Date of Meeting: September 21, 2005

Agenda Item: Metropolitan State University Property Acquisition

- Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring
- Information

Cite policy requirement, or explain why item is on the Board agenda: Board of Trustees' Policy 6.7, Real Estate Transactions, requires Board approval for acquisitions funded by campus operating monies valued at or greater than \$1.0 million or one percent (1%) of the college or university annual operating budget.

Scheduled Presenter(s): Allan Johnson, Associate Vice Chancellor Facilities

Outline of Key Points/Policy Issues: The acquisition in this request is being funded by operating funds, and the purchase price exceeds the one percent threshold of the requesting university's 2006 general fund operating budget. Metropolitan State University requests Board approval for the acquisition of 407 Bates Avenue, St. Paul.

Background Information: The 2002 Facilities Master Plan for Metropolitan State University identified an area to the north/northeast of the current campus for expansion, which includes 407 Bates Avenue. Acquiring this property will enable the university to address critical parking and development needs on the Saint Paul campus. Metropolitan State plans to demolish the building on site so that the university's main surface parking lot, located adjacent to the 407 Bates property, can be expanded.

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

BOARD ACTION

METROPOLITAN STATE UNIVERSITY PROPERTY ACQUISITION

BACKGROUND

Board of Trustees' Policy 6.7, Real Estate Transactions, requires Board approval for acquisitions funded by campus operating monies valued at or greater than \$1.0 million or one percent (1%) of the college or university annual operating budget. The acquisition in this request is being funded by operating funds, and the purchase price exceeds the one percent threshold of the requesting university's 2006 general fund operating budget. Consistent with Board Policy 6.7, Metropolitan State University requests Board approval for the acquisition of 407 Bates Avenue, St. Paul, as outlined below.

Metropolitan State University - Saint Paul Campus – Acquisition of 407 Bates Ave.

- A. Consistency with Master Plan.** The 2002 Facilities Master Plan for Metropolitan State University identified an area to the north/northeast of the current campus for expansion, which includes 407 Bates Avenue. See Attachment A.
- B. Property characteristics.** The 407 Bates property will be vacant as of acquisition. The building was constructed in 1900, and most recently operated as a six (6) unit apartment building. The building consists of 9,088 gross square feet, and includes a land area of approximately 0.12 acres. The property is legally described as Lot 1, Zimmerman Place. The property at 407 Bates is an island surrounded on three sides by Metropolitan State, including two sides by the university's main parking lot and on a third side by MnSCU owned land. The property has long-term strategic value, as the acquisition will facilitate the potential for other university development as needed in the future.
- C. Intended use.** Acquiring this property will enable the university to address critical parking and development needs on the Saint Paul campus. Metropolitan State plans to demolish the building on site so that the university's main surface parking lot, located adjacent to the 407 Bates property, can be expanded.
- D. Purchase Price and Funding.** Metropolitan State will use operating funds to purchase the property. The anticipated purchase price is \$469,700, which represents about 1.1% of Metropolitan State's 2006 general fund operating budget. The purchase price is consistent with an independent appraisal the university obtained for the property. The university has carried forward sufficient funds to acquire the property as well as demolish the building. No relocation expenses are associated with this purchase.

E. Due Diligence. The university obtained a Phase I environmental investigation and Limited Pre-Demolition Asbestos and Hazardous Material Survey in May 2005. The environmental consultants identified asbestos-containing materials, mercury switches, and light ballasts typical for a building of this age and construction. These materials will be specially handled during demolition. The investigations, however, found no evidence of possible environmental contamination requiring soils or groundwater remediation.

F. Student Consultation. Metro State advised the Student Senate on several occasions, most recently in July 2005 during this process.

RECOMMENDED COMMITTEE ACTION:

The Facilities/Finance Policy Committee recommends that the Board of Trustees adopt the following motion.

RECOMMENDED MOTION:

The Board of Trustees approves the acquisition of 407 Bates Avenue, St. Paul for Metropolitan State University, subject to the completion of any additional due diligence and approval of all documents by the Attorney General's Office.