BACKGROUND

The Board is being asked to declare four properties “surplus” and authorize the sale of the parcels. The Board may designate as “surplus” and approve the sale of real property under its control pursuant to Minnesota Statute §136F.60, subdivision 5. Under Board of Trustees Policy 6.7, Real Estate Transactions, Board approval is required for all sales of real property.

The sale of real property under Minnesota Statute §136F.60, subdivision 5, shares some similarities to the sale statutes of other state agencies. In particular, after the Board declares a parcel of real property “surplus”, the property is offered for sale at the appraised value to the city, county, township and school district in the jurisdiction where the property is located. These local governmental units have two weeks to express their interest in the property. If the local governmental units decline or fail to express an interest, the property is offered to the public for a period of four weeks. There is reasonable discretion in the method of sale (such as a sealed bid or auction). Upon receipt of an acceptable offer, a sale is consummated, and the transaction is closed.

SURPLUS PROPERTY TRANSACTIONS

The Board is being asked to consider surplus designations and to approve the sale of real property at the following campuses:

1. **Ridgewater College – Hutchinson Campus.** 0.78 acre strip of land for the construction of newly platted “Denver Avenue SE” along the southerly border of the Hutchinson campus.

2. **Minnesota West Community and Technical College - Pipestone Campus.** Villa property, consisting of approximately 0.437 acres, located on the Pipestone campus.

3. **Century College.** 9.17 acre tract, known as the Truck Driver Training and Motorcycle course in Mahtomedi.

4. **Lake Superior College.** 4.62 acres transfer the Minnesota Department of Transportation pursuant to Minnesota Statute §15.16 for the widening and upgrade of Trinity Avenue in Duluth.
DETAILS

1. **Ridgewater College – Hutchinson Campus.** 0.78 acre strip of land for the construction of newly platted “Denver Avenue SE” along the southerly border of the Hutchinson campus.

In December 2004, the City of Hutchinson approached Ridgewater College with a request to obtain an approximately 0.78 acre strip in fee title along the southerly border of the Hutchinson campus to construct Denver Avenue SE (Attachment A-1). In July 2005, the city provided a copy of their fee appraisal supporting an offer of $71,000. Consultation with an independent appraiser familiar with the area suggests that their offer is on the high range of market values, although the city would like to assess the college for construction of the road. Negotiations are ongoing regarding such special assessments.

The 2005 Master Facilities Plan for Ridgewater College contemplated the eventual construction of Denver Avenue into overall campus design (see Attachments A-2 and A-3). The design included a southerly campus entrance from Denver Avenue connecting to a campus ring road and new parking lots.

Campus leadership is supportive of this transaction, and requests surplus designation and sale to the City of Hutchinson, subject to an agreement regarding the road special assessments. Any excess sale proceeds will be allocated to Ridgewater College for use in future capital projects.

2. **Minnesota West Community and Technical College - Pipestone.** Villa property, approximately 0.437 acres, located on Pipestone campus.

This property, known as the Villa property, (see picture, Attachment B-1) was originally conveyed by quit claim deed for $1.00 to the Pipestone Teen Center on October 8, 1999 pursuant to legislative authorization contained in 1999 Minn. Laws Ch. 222, Art. 2, Sec. 73. (See Map, Attachment B-2). Under the legislation, the quit claim deed included reverter language which required the Teen Center to return the property to MnSCU if any one of three conditions occurred:

1. The Teen Center failed to provide the use intended on the property;
2. The Teen Center allowed a public use other than the use agreed to by the board without the written approval of the board; or
3. The Teen Center abandoned the use of the property.

By 2005, the property was no longer being used and was in a state of significant disrepair. The Pipestone Teen Center leadership notified MnSCU that it was abandoning use of the property, and eventually returned the property to MnSCU by quit claim deed dated October 11, 2005.

An appraisal valued the current property at $500, due to the extensive deterioration of the improvements. Campus leadership notified the city, school district and county about the availability of the property, although no jurisdiction exhibited an interest. Subsequently, the property was offered for sale to the public. Lance Boethe, a South Dakota native, offered to purchase the property for $700, provided reverter language is not included in this sale. Mr. Boethe, his father and brother, plan to renovate the property and open it up as a roller skating
rinking. The sale proceeds will be used to cover the cost of sale and any excess will be used in future capital projects.

The property is not part of the campus Facilities Master Plan or updates, and campus leadership is supportive of a surplus designation and sale. As this property had already been sold once, the Board is asked to formally approve a surplus designation consistent with statute, and allow the sale to Mr. Boethe to proceed as contemplated.

3. Century College. 9.17 acre tract, known as the Truck Driver Training and Motorcycle course in Mahtomedi.

Century College operates a 9.17 acre truck driver training and motorcycle course located on a separate parcel to the south/southeast of the Century College - East campus. (See Attachment C-1) The property abuts I-694. In addition, the property contains a major advertising billboard that Century College currently uses to advertise the college to travelers on the interstate. College leadership indicates that the site is geographically constrained from expanding its offerings due to lack of additional land. The Federal Express distribution center shares boundary lines with the truck driver training property, and the company recently approached the college about purchasing the property for expansion. The company also expressed a willingness to enter into a contract with Century College to provide truck driver training programs to its drivers. College leadership believes that there is an opportunity to enter into a long-term partnership with Federal Express, including the opportunity to serve as a preferred provider of truck driver training services. Before it can explore that opportunity in earnest, however, the College seeks to determine public interest in the truck driver training property. In that regard, Century College is asking the Board to declare the property surplus, and initiate the public sale process. A recent appraisal report indicates a market value of approximately $2.1 million.

The Board is asked to formally approve a surplus designation for the 9.17 acre truck driver training course, and to allow the college to initiate the public offering process. If successful, the sale proceeds will be allocated to Century College for use in future capital projects.

4. Lake Superior College. 4.62 acres transfer pursuant to Minnesota Statute §15.16 for the widening and upgrade of Trinity Avenue in Duluth.

In January 2005, MnSCU granted the Minnesota Department of Transportation (MnDOT) a Temporary Permit to widen and improve Trinity Avenue on MnSCU property. (See Attachment D-1) As part of the permit, MnSCU agreed to pursue a statutory transfer of real estate between agencies consistent with Minnesota Statute §15.16.

MnDOT obtained an appraisal and proposes to pay MnSCU $72,000 for the 4.62 acres used to accommodate this project, including land to construct storm water detention ponds. Work on the road is nearly completed. Although generally supportive of the plan, campus leadership raised several land use issues with MnDOT for further consideration, including: 1) permission to construct nature trails to the detention ponds, 2) use of the ponds to accommodate storm water flow from campus parking lots, 3) a location on MnDOT owned property for signage at Lake Superior College’s back entrance (Pinewood Lane), and 4) opportunity to purchase excess
highway property for Lake Superior College to construct a new circulator road. MnDOT has expressed in writing their willingness to consider the four issues, albeit independent of the land transfer transaction. Any excess sale proceeds will be allocated to Lake Superior College for use in future capital projects.

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 designation as surplus and authorizes for sale the four properties identified on Ridgewater College – Hutchinson Campus, Minnesota West Community and Technical College – Pipestone campus, Century College, and Lake Superior College and more particularly described in this report.
General Aerial Overview: Ridgewater – Hutchinson Campus
# Ridgewater College – Master Plan Timeline of Development

<table>
<thead>
<tr>
<th>Campus</th>
<th>Description</th>
<th>Project Costs</th>
<th>Timeline</th>
<th>Funding</th>
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<tr>
<td>H</td>
<td>Repair and Betterment (see Section 4.1A, B &amp; C)</td>
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<tr>
<td>H</td>
<td>Eliminate removable partitions to improve acoustics and aesthetics</td>
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<tr>
<td>H</td>
<td>Upgrade kitchen</td>
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<td>•</td>
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<tr>
<td>H</td>
<td>Construct greenhouses for instructional purposes</td>
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<td>H</td>
<td>Provide network of sidewalks for safety / recreation</td>
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<tr>
<td>H</td>
<td>Demolish campus electrical service and conditioning units near east entry</td>
<td>250</td>
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<tr>
<td>H</td>
<td>Provide campus &quot;ring road&quot; and improved entry points</td>
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<td>•</td>
<td>•</td>
</tr>
<tr>
<td>H</td>
<td>See 4.1A for program / department enhancements</td>
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<tr>
<td>HW</td>
<td>Develop and implement a consistent campus landscape plan</td>
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<td>• • • •</td>
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<tr>
<td>HW</td>
<td>Develop and implement a college wide signage system</td>
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<td>General upgrade to campus aesthetics</td>
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<td>Provide landscaped islands at existing parking lots</td>
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<td>Upgrade softball fields</td>
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<td>Provide signaled crosswalk</td>
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<tr>
<td>W</td>
<td>Resolve storm water drainage issue at storage buildings</td>
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<tr>
<td>W</td>
<td>Replace non-accessible elevators near and of serviceability</td>
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<tr>
<td>W</td>
<td>Replace temporary walls with permanent, sound isolating construction</td>
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<tr>
<td>W</td>
<td>Reconfigure ITV classrooms</td>
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</tr>
<tr>
<td>W</td>
<td>Enhance use of natural areas for instructional purposes</td>
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</tr>
<tr>
<td>W</td>
<td>Reconfigure parking lots and campus entry points</td>
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<td>See 4.18 for program / department enhancements</td>
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**Campus Key**
- H = Hutchinson
- W = Willmar
- HW = Both Campuses
Master Plan: Denver Avenue and south entrance
Minnesota West Community & Technical College – Pipestone Campus
Picture of Villa
Minnesota West Community & Technical College – Pipestone Campus
Aerial shot of Century College property with boundary overlay lines
General Aerial Overview: Lake Superior Campus
Minn. Stat. §136F.60, Subd. 5

In 2005, the Minnesota Legislature amended Minnesota Statute §136F.60, adding subdivision 5, which provides:

Subd. 5. Disposition of surplus property.

(a) The board may declare state lands under its control that are no longer needed by the Minnesota State Colleges and Universities system to be surplus and may offer them for public sale in a manner consistent with the procedures set forth in sections 16B.282 to 16B.286 for disposition of state lands by the commissioner of administration. The parcels must not be exchanged or transferred for no or nominal consideration.

(b) Proceeds from the sale or disposition of land under this subdivision, after paying all expenses incurred in selling or disposing of the land and then paying any amounts due under section 16A.695, are appropriated to the board for use for capital projects at the institution that was responsible for management of the land.

1999 Minn. Laws Ch. 222, Art. 2, Sec. 73:

PIPESTONE INDIAN SCHOOL AUTHORIZATION. Notwithstanding Minnesota Statutes, section 16A.695, the Board of trustees of the Minnesota state colleges and universities may convey by quitclaim deed, at no cost, the state's interest in the historic Pipestone Indian school superintendent's house and gymnasium at the Pipestone campus of Minnesota West community and technical college. The conveyance shall be in a form approved by the attorney general. The deed must reserve to the state all minerals and mineral rights and provide that the property shall revert to the state if the grantee: (1) fails to provide the use intended on the property; (2) allows a public use other than the use agreed to by the board without the written approval of the board; or (3) abandons the use of the property.

Minn. Stat. §15.16

15.16 Transfer of lands between departments.

Subd. 1. Agreement. To facilitate the transfer of the control of state-owned lands between state departments and agencies of government and to avoid the necessity of condemning state lands by a department or agency of government of the state, a department or agency of the state government of Minnesota may acquire the control of state lands for public purposes from the department or agency of state government having those lands under its control and supervision, upon terms and conditions that are mutually agreed upon by the heads of the interested state departments or agencies.

Subd. 2. Executive Council to determine terms. If the heads of the departments or agencies acting under subdivision 1 are unable to agree on the terms and conditions of a transfer of control of state lands, the Executive Council, upon application of a state department or agency having the power to acquire lands for public purposes, shall determine the terms and conditions and may order the transfer of the control of state lands to the department or agency requesting the transfer.

Subd. 3. Commissioner of finance to transfer funds. The commissioner of finance is authorized and directed to transfer funds between state departments and agencies to effect the terms and conditions to transfer the control of real estate as provided in this section.

Subd. 4. Attorney general to prescribe form of transfer. The transfer of control of real estate as provided under this section must be made on transfer documents prescribed by the attorney general, and the transfer documents must be permanently filed in the office of the commissioner of finance.

Subd. 5. Obtaining recommendation. No control of state-owned lands may be transferred between state departments or agencies without the departments or agencies first consulting the chairs of the senate Finance Committee and house of representatives Ways and Means Committee and obtaining their recommendations. The recommendations are advisory only. Failure to obtain a prompt recommendation is deemed a negative recommendation.