Agenda Item: Winona State University Real Property Acquisition

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 for Facilities

Outline of Key Points/Policy Issues: The Board of Trustees is asked to approve the acquisition of the former Cotter Junior High School (now known as Wabasha Hall) and the John Nett Recreation Center, currently being leased by Winona State University from Cotter Schools, a private Catholic school group that operates a high school, a junior high and residential programs in Winona. The purchase price is $2.95 million. The acquisition in this request is being funded by campus operating funds.

Background Information: With the renovation of Maxwell Hall, Winona State University required substantial swing space to relocate several departments and programs, and entered into a lease in June 2006 for both the Cotter Junior High and John Nett Center. Health Services and Child Care are major occupants in the Cotter Junior High (Wabasha) building, along with a fitness center. John Nett Center is being used for recreational and intramural teams. There is a longer-term need for intermediate space among academic and student support functions, as renovations and capital projects are pursued.
BOARD ACTION

Winona State University Real Property Acquisition

BACKGROUND

Board Policy 6.7, Real Estate Transactions, requires Board approval for real property 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 campus operating funds.

The Board of Trustees is asked to approve the acquisition of the former Cotter Junior High School (now known as Wabasha Hall) and the John Nett Recreation Center, currently being leased by Winona State University from Cotter Schools, a private Catholic school group that operates a high school, a junior high and residential programs in Winona. The purchase price is $2.95 million.

DETAILS

A. Consistency with Master Plan. The Winona State University Master Plan did not originally contemplate the acquisition of the Cotter properties, as they were functioning as a Catholic-based junior high school facility until recently. The properties are being integrated into an updated campus master facilities plan.

B. Property characteristics. The property consists of two separate buildings: 1) the former Cotter Junior High (now leased by the University and known as Wabasha Hall), 101 East 7th Street (75,100 gross sq. ft.) and the John Nett Center, 351 Lafayette Street (27,000 gross sq. ft) located on two separate blocks, and shown on Exhibit A. The overall gross square footage is 102,100 sq. ft.

C. Current Use. With the renovation of Maxwell Hall, Winona State University required substantial swing space to relocate several departments and programs, and entered into a lease in June 2006 for both the Cotter Junior High and John Nett Center. Health Services and Child Care are major occupants in the Cotter Junior High (Wabasha) building, along with a fitness center. John Nett Center is being used for recreational and intramural teams. There is a longer-term need for intermediate space among academic and student support functions, as renovations and capital projects are pursued.

D. Intended use. The property will be used for the child care center, art studio space, fundraising and university advancement, academic and programmatic offices, and an ongoing, temporary location for Health Services. Depending on the reworking of space,
the university will also rely on the Cotter building for swing space in the intermediate term (up to 5 years).

E. **Purchase Price and Funding.** The campus will use its operating funds to purchase the property. The purchase price will not exceed $2.95 million, which is supported by the university’s independent appraisal. Based on the anticipated use and condition of the facilities, Winona State does not anticipate a capital budget request regarding either building in the immediate future.

F. **Due Diligence.** The college has occupied both facilities for the last 1 ½ years under a lease agreement with Cotter. Regardless, the campus will undertake a standard environmental, fiscal and title investigation prior to closing.

G. **Student Consultation.** The university will advise the Student Senate on October 31, 2007. An update to that consultation will be provided at the Board meeting. The student senate has generally been supportive of the lease and discussions about acquiring the properties.

**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 the Cotter Junior High (now Wabasha Hall), 101 East 7th Street, and the John Nett Center, 351 Lafayette Street, both in Winona, Minnesota, subject to the completion of additional due diligence and approval of all documents by the Attorney General’s Office.