

**MINNESOTA STATE
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Executive Committee

Date: March 5, 2019

Title: Surplus Property, Alexandria Technical and Community College

Purpose (check one):

- | | | |
|---|--|---|
| <input type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input checked="" type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input type="checkbox"/> Monitoring /
Compliance | <input type="checkbox"/> Information | |

Brief Description:

Alexandria Technical and Community College seeks to surplus and offer for sale approximately 3.67 acres of campus land on the westerly side of Jefferson Avenue that is no longer needed for college purposes. The Douglas County Hospital, one of the local jurisdictions with a first right of purchase, has expressed interest in the parcel for building a rehabilitation clinic.

Scheduled Presenter: Brian Yolitz, Associate Vice Chancellor for Facilities

MINNESOTA STATE
BOARD OF TRUSTEES

BOARD ACTION

SURPLUS PROPERTY, ALEXANDRIA TECHNICAL AND COMMUNITY COLLEGE

AUTHORITY

The Board may designate as “surplus” and offer real property for sale under its control pursuant to Minnesota Statute §136F.60, subdivision 5 and Board policy. Board Policy 6.7, *Real Estate Transactions and Management*, provides for the Board to first designate as surplus the real property that has an expected appraised value greater than \$250,000. Under state statute, the Board is obligated to offer the surplus property first to local jurisdictions, including the city, county and school district. The offering process is initiated with an independent appraisal which establishes the minimum sale price.

REQUEST

Alexandria Technical and Community College seeks to surplus and offer for sale approximately 3.67 acres of campus land on the westerly side of Jefferson Avenue that is no longer needed for college purposes. The Douglas County Hospital, one of the local jurisdictions with a first right of purchase, has expressed interest in the parcel for building a rehabilitation clinic.

BACKGROUND

Alexandria Technical and Community College is located on approximately 109 acres southeast of downtown Alexandria. In the 2017 edition of its Comprehensive Facility Plan, the college identified selling a 3.67 acre parking lot located along the south side of 17th Avenue (west of Foundation Hall), and west of Jefferson Street. **Attachment A** provides a site overview illustrating the relative location of the surplus parcel and the college foundation apartments between the college’s parking lot parcel and the main campus. The proposed action will not impact parking for the foundation apartments.

SURPLUS REAL ESTATE

The college is proposing to surplus the parking lot. The county and college have had long-running discussions about selling the parcel to the county for hospital use, and the discussions have accelerated as the hospital contemplates siting an orthopedic rehabilitation center at this location. Although the county is one of the jurisdictions with the statutory first right of offer for the parcel, the college has informally discussed the possible sale with the city and school district, and neither have expressed an objection.

The one complicating factor regarding the proposed surplus parcel is a reversionary clause dating back to the original conveyance of the property in 1971 between 3M and the City of Alexandria. When the city conveyed the parcel to the predecessor to the college (the school district) the

parcel was subject to use as either a public park, public educational or public recreational purpose. The college intends to ask 3M to relinquish their reversionary interest in the land, an action that was successful in support of the college foundation's apartment development on the adjacent land. There is also legal precedent to believe that the reversionary clause was extinguished at the time of merger of the Minnesota State system. Nevertheless, the college opted to pursue this strategy to eliminate any possibility of a cloud on title and reinforce their relationship with 3M.

Provided the title issue is successfully resolved as expected, the college would like the Board to designate the parking lot parcel as surplus and begin negotiations regarding a possible sale to the county hospital. The college obtained an independent real estate appraisal, and the estimated highest and best use appraised value on the parcel is at least \$1 million.

State statute requires the college to use the sale proceeds toward a capital project on campus, and the college would like to use the proceeds to purchase land adjacent to campus on the eastern boundary, as noted on **Attachment A**, to use as replacement parking. The proposed acquisition would replace any parking lost in the sale and, more importantly, position it closer to the core of the main campus. Such action will also be governed by Board Policy 6.7, *Real Estate Transaction Management*, which requires property acquisitions valued at \$1,000,000 or 1% (whichever is greater) of the college or university annual operating budget to be approved by the Board of Trustees before closing.

RECOMMENDED COMMITTEE MOTION:

The Executive Committee recommends that the Board of Trustees adopt the following motion:

The Board of Trustees designates the approximately 3.67 acres of land located south of 17th Avenue and west of Jefferson Street at the Alexandria Technical and Community College campus as surplus and authorizes the chancellor or the chancellor's designee to offer the property for sale and execute the documents necessary to finalize the transaction.

RECOMMENDED BOARD MOTION:

The Board of Trustees designates the approximately 3.67 acres of land located south of 17th Avenue and west of Jefferson Street at the Alexandria Technical and Community College campus as surplus and authorizes the chancellor or the chancellor's designee to offer the property for sale and execute the documents necessary to finalize the transaction.

Date Presented to the Board of Trustees: 3/20/2019

Date of Implementation: 3/20/2019

ATTACHMENT A

**Surplus Property
Alexandria Technical and Community College**

