

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
Agenda Item Summary Sheet**

**Name:** Finance and Facilities Committee

**Date:** April 22, 2015

**Title:** Approval of Surplus and Sale and Purchase of Real Estate and Improvements -  
Minneapolis Community and Technical College and St. Cloud State University

**Purpose (check one):**

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

**Brief Description:**

To obtain surplus designation and approval for the sale and purchase of real estate and related improvements consistent with Policy 6.7, Real Estate Transactions. There are two items for board consideration related to real estate:

1. Minneapolis Community and Technical College, sale of aviation center building and related leasehold interests at Flying Cloud Airport.
2. St. Cloud State University, surplus designation of George Friedrich Park and approval of sale to the City of St. Cloud and related acquisition of city lands adjacent to Campus.

The items are included in one report, with one accompanying motion for the committee's consideration.

**Scheduled Presenter(s):**

Brian Yolitz, Associate Vice Chancellor for Facilities

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

**Approval of Surplus and Sale and Purchase of Real Estate and Improvements  
Minneapolis Community and Technical College  
St. Cloud State University**

**PURPOSE**

To obtain surplus designation and approval for the sale and purchase of real estate and related improvements consistent with Policy 6.7, Real Estate Transactions.

**BACKGROUND**

Below are two items for board consideration related to real estate:

1. Minneapolis Community and Technical College, sale of aviation center building and related leasehold interests at Flying Cloud Airport.
2. St. Cloud State University, surplus designation of George Friedrich Park and approval of sale to the City of St. Cloud and related acquisition of city lands adjacent to Campus.

**TRANSACTION DETAILS**

**1. Minneapolis Community and Technical College, Sale of Aviation Center Building and related leasehold interests at Flying Cloud Airport**

The Board of Trustees is asked to approve the surplus and sale to a third party of the Minneapolis Community and Technical College's aviation center at the Flying Cloud Airport. The college ceased program operations at the 67,000 sq. ft. center in 2012, and began preparations for closing and disposal of the building shortly thereafter.

The college owns the building on site, on land owned by the Metropolitan Airports Commission (MAC). The college maintains a ground lease with the MAC, which would terminate when the new buyer takes possession of the building.

After deciding to market the property for sale, the college obtained a real estate appraisal in October 2013, which valued the leasehold interests. The college offered the property to the city, county and school district for its appraised value, but no local jurisdiction expressed an interest in the offering. After receiving no interest from the local jurisdictions, the college hired a real estate brokerage firm to actively market the property starting in July, 2014.

Despite actively marketing the building, the first offers did not arrive until late 2014/early 2015. Based on the condition of the building, the offers were for significantly less than

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appraised value. After evaluating each of the offers, the current market conditions, and given the time that had elapsed since the initial appraisal, the college chose to have the appraisal firm update their appraisal. Shortly after the appraisal was updated, the college countered the offers from the prospective buyers, seeking a final and best offer. Two parties combined in an offer, and improved their purchase price substantially. The final proposed sale price is \$901,000.

## **2. St. Cloud State University, surplus designation of George Friedrich Park and approval of sale to the City of St. Cloud and related acquisition of city lands adjacent to campus**

St. Cloud State University is seeking to designate as surplus and sell to the City of St. Cloud the George Friedrich Park property. The 51 acre parcel is shown in relationship to the other St. Cloud State University properties on **Attachment A**.

In the late 19th and early 20th centuries the area was home to a granite-quarrying business. During the Great Depression, St. Cloud State Teachers College, the predecessor to St. Cloud State University, used federal work programs funds to create a park, complete with roads, decorative granite walls, and a swimming-and-diving complex. The property was named for George Friedrich, a biology professor and State Conservation Board member who urged the college to purchase the parcel in 1934. The property was closed in the 1970s because of disuse and liability concerns, and has remained officially closed except for sporadic use by faculty.

The university has determined that the property has no planned use – academic or otherwise - based on its recent comprehensive facilities planning work. Leading up to that conclusion, the city of St. Cloud and university entered into discussions about selling the property to the city for redevelopment as a city park. The mayor of St. Cloud has identified the George Friedrich parcel as a key feature in the city parkland development. If designated as surplus by the Board of Trustees, the City of St. Cloud would present this acquisition to the city council for formal approval during their May, 2015 council meeting.

When the issue was originally discussed between the university and city, the city identified three properties it indicated were city-owned and within (or immediately adjacent) to the current university boundaries. Appraisals for both the university and city properties were obtained and the university determined that the comparative values of the parcels were within about 10%. (The university's parcel was appraised at \$328,000). The city properties are shown on **Attachment B**. One of the city parcels is former rail right of way (now titled to the city) underneath the university's current parking lots; the second city parcel is currently occupied by the city's maintenance facility, and the third parcel is vacant, but would be available and useful to the university for additional surface parking.

As a result of the fairly close appraised values, the parties explored the idea of a land exchange. After consultation with the Attorney General's office, however, it was determined that a land exchange was not viable. The university is interested in pursuing individual real estate transactions, starting first with the proposed surplus and sale of the George Friedrich property to the city for its appraised value.

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The structure of this transaction will allow the parties additional time to determine the status of title, specifically for city parcel "C" noted on **Attachment B**. Provided the title to the city parcels are clarified as expected, the university intends to purchase the city properties using the proceeds from the sale of the George Friedrich parcel and consolidate university ownership on the south side of campus.

**RECOMMENDED COMMITTEE ACTION:**

The Finance and Facilities Committee recommends that the Board of Trustees adopts the following motion:

The Board of Trustees designates the George Friedrich Park property at St. Cloud State University as surplus, and authorizes the chancellor or his designee to pursue a sale of the property to the city of St. Cloud for its appraised value. Further, the board authorizes the chancellor or his designee to pursue the purchase of up to three city properties as identified on the related attachment.

The Board of Trustees designates the Minneapolis Community and Technical College Aviation Center building as surplus and authorizes the chancellor or his designee to enter into a purchase agreement for its sale and execute any documents necessary to accomplish such sale and transfer.

**RECOMMENDED BOARD OF TRUSTEES ACTION:**

The Board of Trustees designates the George Friedrich Park property at St. Cloud State University as surplus, and authorizes the chancellor or his designee to pursue a sale of the property to the city of St. Cloud for its appraised value. Further, the board authorizes the chancellor or his designee to pursue the purchase of up to three city properties as identified on the related attachment.

The Board of Trustees designate the Minneapolis Community and Technical College Aviation Center building as surplus, and authorizes the chancellor or his designee to enter into a purchase agreement for its sale and execute any documents necessary to accomplish such sale and transfer.

## Attachment A – Overview of Properties



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**Attachment B – Identification of City Parcels**



Source: City of St. Cloud GIS

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