

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

Agenda Item Summary Sheet

Committee: Finance and Facilities

Date of Meeting: January 17, 2012

Agenda Item: Acquisition of Real Property – Bergwall Arena,
Minnesota State College - Southeast Technical College

Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring

Information

Cite policy requirement, or explain why item is on the Board agenda: The Board of Trustees is asked to approve the acquisition of the Bergwall Hockey Arena located within the boundaries of the Minnesota State College - Southeast Technical campus in Red Wing. Board 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 a college or university annual operating budget. The acquisition in this request exceeds the 1% threshold established by policy

Scheduled Presenter(s): Brian Yolitz, Associate Vice Chancellor for Facilities

Outline of Key Points/Policy Issues: The acquisition of the arena has been a priority for the campus for several years, and was most recently considered a potential 2008 capital project candidate by the campus. After weighing the likelihood of obtaining funds for the acquisition, the college ultimately declined to pursue acquisition funding via the capital budget process, and instead sought alternative means to finance the acquisition of the property.

Background Information: The Bergwall Arena and related parking and access is within the boundaries of the campus, and was excepted out of the conveyance to the Minnesota State Colleges and Universities system during the 1995 merger. The arena is physically connected to the Red Wing campus building. The Red Wing school district has retained ownership and management of the arena since 1995, and primary user of the facility is the local hockey association.

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

BOARD ACTION
Acquisition of Real Property Bergwall Arena, Minnesota State College – Southeast Technical

BACKGROUND

The Board of Trustees is asked to approve the acquisition of the Bergwall Hockey Arena located within the boundaries of the Minnesota State College - Southeast Technical campus in Red Wing. Board 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 a college or university annual operating budget. The acquisition in this request exceeds the 1% threshold established by policy, although the funding mechanism is described in greater detail in the narrative below. Consistent with Board Policy 6.7, Southeast Technical College requests Board approval for the acquisition of the Bergwall Arena, as outlined in the following narrative.

DETAILS

The Bergwall Arena and related parking and access is within the boundaries of the campus, and was excepted out of the conveyance to the Minnesota State Colleges and Universities system during the 1995 merger. The arena is physically connected to the Red Wing campus building. The arena location is identified on **Attachment A**. The Red Wing school district has retained ownership and management of the arena since 1995, and primary user of the facility is the local hockey association.

The acquisition of the arena has been a priority for the campus for several years, and was most recently considered a potential 2008 capital project candidate by the campus. After weighing the likelihood of obtaining funds for the acquisition, the college ultimately declined to pursue acquisition funding via the capital budget process, and instead sought alternative means to finance the acquisition of the property.

- A. Consistency with Master Plan.** The 2009 Facilities Master Plan for Southeast Technical College identified the arena as an immediate candidate for acquisition and demolition.

- B. Property characteristics.** The original building was constructed in 1982, and contains approximately 28,121 gross square feet. The property includes 2.5 acres of land and the easement area over the parking area. The property has immediate strategic value to the college, as it will consolidate control over the property.

- C. Intended use.** The Red Wing school district operates the arena, primarily for youth hockey, and local efforts are underway for a capital campaign to replace the hockey arena elsewhere in the community. As part of a compromise worked out between the college and school district, the college is proposing to lease back the building to the school district for a period of up to three years or until a new arena is constructed, whichever occurs first. At the end of the 3 year term or when the new arena is constructed, the college intends to demolish the facility using its operating funds. If the arena requires any repair or maintenance in excess of stipulated amount during the lease term -- which is still being negotiated at the time of this writing -- the college would have the right to terminate the lease and proceed with demolition.
- D. Purchase Price and Funding.** The purchase price is \$900,000. The college is providing \$300,000 from its operating funds and the Southeast Technical College Foundation is providing the college with \$600,000 to purchase the property and parking easement impacting approximately 200 stalls on campus.
- E. Due Diligence.** The college obtained a Facility Assessment in 2006 that found no evidence of hazardous materials that would require special attention or disposal. The college currently estimates demolition cost of approximately \$200,000. Title work is ongoing and will be verified prior to closing.
- F. Student Consultation.** Southeast Technical College has advised the Student Senate on several occasions of this property acquisition during this process.

RECOMMENDED COMMITTEE ACTION:

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

RECOMMENDED MOTION:

The Board of Trustees approves the acquisition of Bergwall Arena and all related rights located at Southeast Technical College at Red Wing from the school district, subject to final approval of the terms and conditions by the Chancellor or his designee.

Date Presented to the Board of Trustees: January 17, 2012



Minnesota State College Southeast Technical

Red Wing Main Campus



Minnesota
STATE COLLEGES
& UNIVERSITIES

As of June 30, 2010

This map was created for display purposes only. It should not be used for accurate measurements or where a survey is required.

Sources: Goodhue County, Minnesota State College Southeast Technical Master Plan (2008), USDA FSA (2009).

