

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

Name: Finance and Facilities Committee

Date: November 18, 2014

Title: Approval for Northland Community and Technical College Lease at Thief River Falls Airport

Purpose (check one):

Proposed
New Policy or
Amendment to
Existing Policy

Approvals
Required by
Policy

Other
Approvals

Monitoring /
Compliance

Information

Brief Description:

The 2014 bonding bill included a \$5,864,000 appropriation for the improvement of the aviation maintenance facilities operated by Northland Community and Technical College, located at the Thief River Falls airport. The legislation conditioned that Northland Community and Technical College and the Thief River Falls Airport Authority enter into negotiations for a long term ground lease and operating agreement to satisfy the obligations under the conditions of the legislation.

Scheduled Presenter(s):

Brian Yolitz, Associate Vice Chancellor for Facilities

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

BOARD ACTION
Approval for Northland Community and Technical College Lease at Thief River Falls Airport

POLICY

Pursuant to Board Policy 6.5, *Capital Program Planning*, the Board approves multi-year capital budget requests, including prioritized capital project lists. From time to time, the Board is apprised of the status of the capital program. Effective November 2014, Board Policy 5.14, *Procurement and Contracts*, Subdivision 3, requires that contracts, including amendments, with values greater than \$1,000,000 be approved in advance by the Board of Trustees.

BACKGROUND

The 2014 bonding bill included a \$5,864,000 appropriation for the improvement of the aviation maintenance facilities operated by Northland Community and Technical College and located on the Thief River Falls airport. A map showing the location and site plan are contained in **Attachment A**. The improvement and related program are expected to generate additional FYE enrollment. The college strategic plan places showcase emphasis on aviation and related curriculum.

The legislation conditioned release of the appropriation upon the system entering into a long-term ground lease with the property owner, the Thief River Falls Airport Authority. The specific legislative language regarding the ground lease is provided as reference on **Attachment B**.

Minnesota Management and Budget requires recipients of state general obligation bonds to possess ownership or a long term interest in the property that is the subject of a capital bond appropriation. In this case, the Thief River Falls Airport Authority maintains ownership, and is limited by FAA regulations from selling the underlying ground to MnSCU. As a result of the regulatory limitation on the authority to sell its property, the parties entered into negotiations for a long term ground lease and operating agreement to satisfy the obligations under the conditions of the legislation.

Given the legislative conditions placed on the bonding appropriation, long lease term, and the Board's impending policy change to Policy 5.14, *Procurement and Contracts*, the lease is offered for Board consideration and approval. A summary of major lease terms is provided in **Attachment C**.

RECOMMENDED COMMITTEE ACTION:

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

The Board of Trustees authorizes the chancellor or his designee to execute all necessary lease and related documents with the Thief River Falls Airport Authority, its successor, or assigns for purposes of satisfying the legislative conditions necessary to release funds for the Northland Community and Technical College capital project.

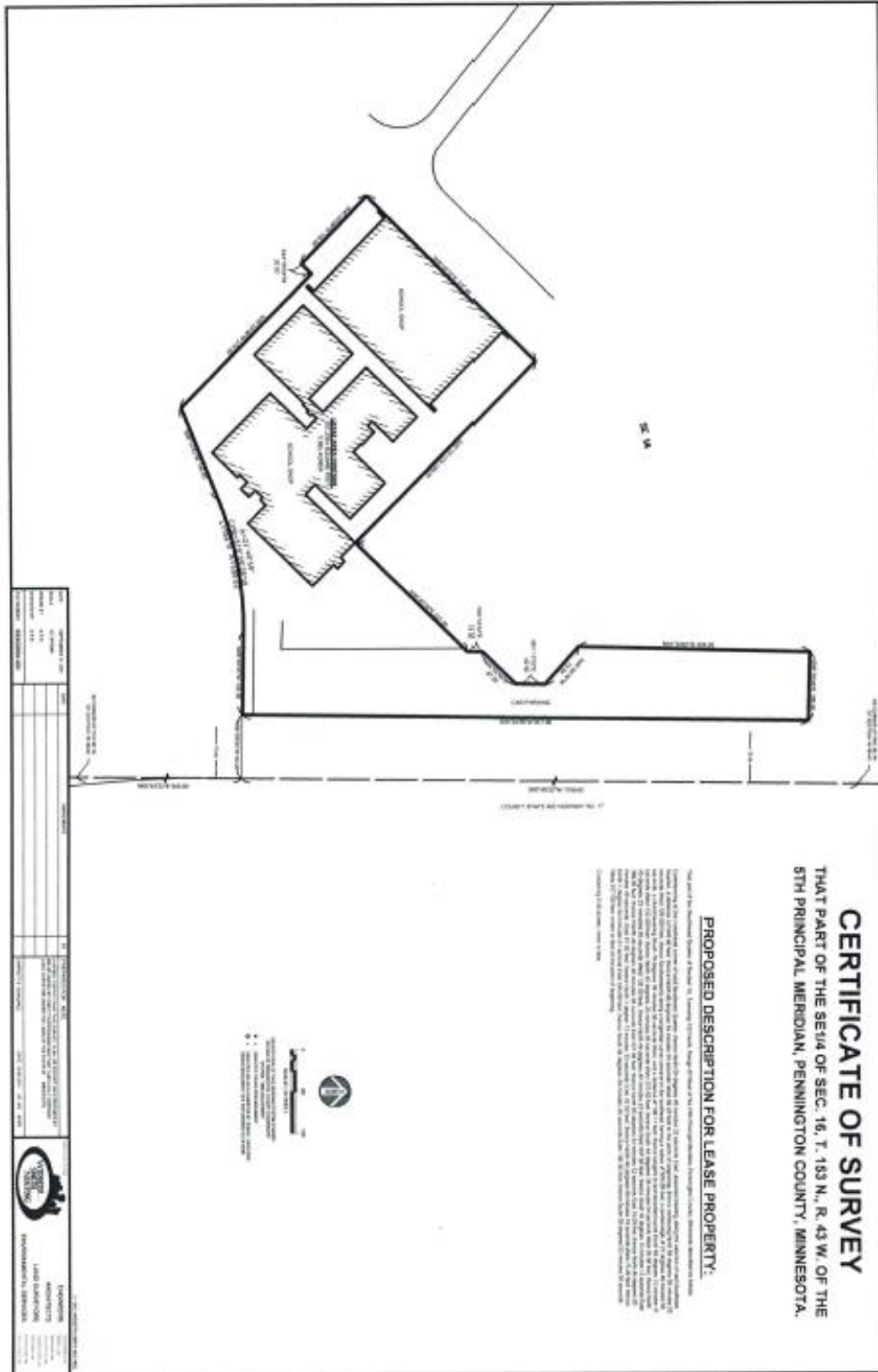
RECOMMENDED MOTION:

The Board of Trustees authorizes the chancellor or his designee to execute all necessary lease and related documents with the Thief River Falls Airport Authority, its successor, or assigns for purposes of satisfying the legislative conditions necessary to release funds for the Northland Community and Technical College capital project.

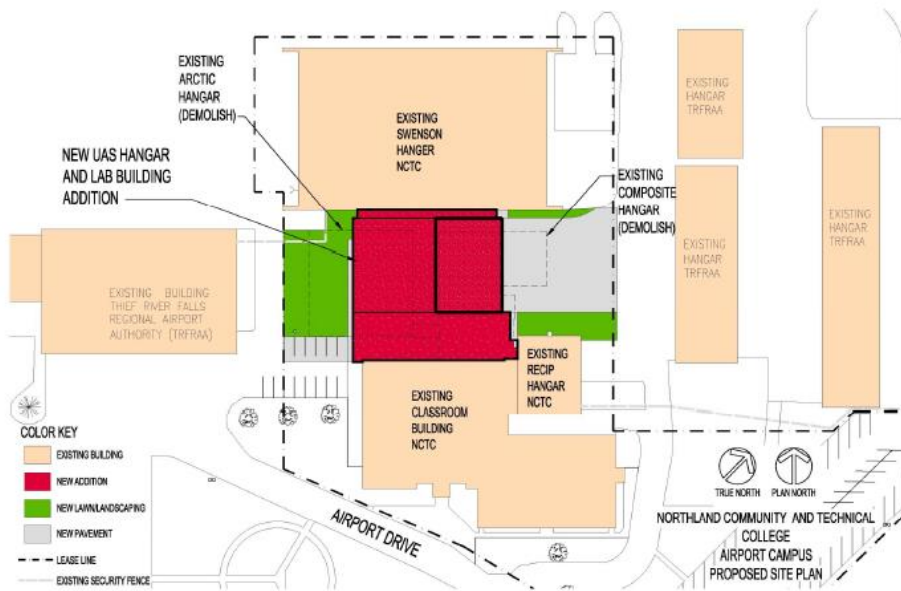
Date Presented to Board of Trustee: November 14, 2014

ATTACHMENT A
Page 1 of 2
Site plan

ATTACHMENT A
Description of Premises



ATTACHMENT A
Page 2 of 2
Program Plan



NORTHLAND
UAS
MAINTENANCE TRAINING CENTER

NORTHLAND
COMMUNITY & TECHNICAL COLLEGE

Foss
Architecture
& Interiors

ATTACHMENT B

2014 Minnesota Laws Ch. 294, Art. 1, Sec. 3, Subd. 14:

Subd. 14. Northland Community and Technical College \$5,864,000

To complete design, demolish obsolete facilities, construct new, and renovate, furnish, and equip the aviation maintenance complex at the Thief River Falls airport. This appropriation is not available until the commissioner of management and budget has determined that the Board of Trustees and the college have entered into a long-term ground lease with the Thief River Falls Airport Authority for a term of not less than 37.5 years.

**ATTACHMENT C
AIRPORT LEASE
SUMMARY OF MAJOR PROVISIONS**

Leased Area	257,230 sq. ft. (approx. 5.9 acres)
Commencement	January 1, 2015
Term	40 years (January 1, 2015 – December 31, 2054)
Average rent month/year:	\$4,325.75 / \$51,909
Rent over term	\$2,076,360
Airplane parking rate	\$100/mo. For commercial aircraft; \$50/mo for personal or unmanned aerial craft (for when college receives donated aircraft)
Contraction/ Termination	Due to lack of funding or a determination that Leased Property and Improvements are no longer useful and necessary under Minn. Stat. §16A.695; or Airport cannot be used for Tenant's purposes for a period of six consecutive months or more
Parking	Included within leased premises