

<p style="text-align: center;"><b>BOARD OF TRUSTEES</b> <b>MINNESOTA STATE COLLEGES AND UNIVERSITIES</b> <b><i>BOARD ACTION</i></b></p>
<p style="text-align: center;"><b>Real Property Acquisition</b></p>

**BACKGROUND**

Board of Trustees' Policy 6.7, Real Estate Transactions, requires Board approval of acquisitions and dispositions of real estate except those for the carpentry program projects and leases. Consistent with Policy 6.7, Minnesota State University, Mankato; Winona State University; Anoka-Ramsey Community College, Cambridge Campus; and Lake Superior Community College request Board approval for the following real estate transactions.

**Minnesota State University, Mankato – Alumni Foundation Property Acquisition**

Consistent with the facilities master plan, Minnesota State University, Mankato is requesting approval to acquire the Alumni Foundation Building. The property includes approximately one acre of land and a 17,400 gross square foot building. The building was constructed by the Alumni Foundation for \$1,272,906 and is currently being leased to the University with an option to purchase.

The lease agreement states that ownership rights to the leased premises are transferable to Minnesota State University, Mankato at any time prior to 20 years following the effective date of the lease shown as commencing on September 1, 1988. Per the agreement, the university chose to exercise the option to make additional rent payments in order to acquire ownership rights to the leased premises earlier than the end of the final term of the lease in 2008. The additional rent payments recaptured all of the investment and administrative costs associated with the construction of the building.

The property is adjacent to the east side of the MSU, Mankato campus. The address of the property is 1536 Warren Street, Mankato, Minnesota. The current utilization of the building includes University Advancement office space, graduate offices, and the KMSU-FM radio station. Annual lease expenditures were budgeted and funded by the university's operating budget. The purchase price is \$1.00. (See attached Exhibits A and A-2).

**Winona State University – Lincoln School and Residential Property Acquisitions:**

Winona State University's facilities master plan identifies an area for campus expansion defined by Sarnia Street – Wabasha Street and Main Street – Huff Street. Over the past six years, the goal of the University has been to acquire adjacent properties from willing sellers as the properties become available. Purchasing properties from willing sellers is the university's policy and saves the legal and emotional expense of negotiating an undesirable sale or condemnation process at a later date due to inevitable future campus expansion.

Two properties are currently available for sale by willing sellers. The first property is the Lincoln School located at 654 Huff Street, Winona, Minnesota. Originally constructed in 1953, Lincoln School is a two story structure, approximately 34,625 gross square feet in size. The parcel of land is approximately 90,000 square feet or 2.06 acres. The appraised value of the property is \$1,750,000 and is currently owned by the Independent School District #861. The university is requesting approval to acquire the Lincoln School property for a proposed purchase price of \$700,000 using campus operating funds. The campus has planned for this acquisition in the Fiscal Year 2005 operating budget. The offer by the university would state that relocation costs will be absorbed by School District #861.

The University proposes to demolish the existing Lincoln School building to make the land available for future campus expansion. An engineering study of the structure concluded that a renovation is not cost effective due to excessive costs to bring the structure up to current life safety codes.

The second parcel of property is located at 358 Johnson Street, Winona, Minnesota and is a 60'x140' residential lot located within the aforementioned parameters for campus expansion. This property was appraised at \$140,000 and is currently owned by Joyce Ouellette. The proposed purchase price for the property is \$150,000 which includes \$10,000 for relocation expenses. (See attached Exhibits B and B-2).

Funds for these acquisitions have been designated in next year's university operating budget. The future use of both properties by the university is dependent upon the demolition of all obsolete structures. Following demolition, the short-term use of sites is proposed to be a surface parking lot in response to the growing demand for off-street parking for students, thus, leaving the property available for future campus expansion.

### **Anoka-Ramsey Community College, Cambridge Campus - Land Acquisition and Disposition**

Consistent with the facilities master plan for the Cambridge Campus of Anoka-Ramsey Community College, the college is developing a partnership with Isanti County, Independent School District #911, and private land owners Patrick and Corrine Kelly in the realignment of Isanti County Road #70. The Cambridge campus currently consists of approximately 88 acres. The existing alignment of County Road #70 bisects the college property in a north/south direction with 66 acres on the east side of the road and 22 acres on the west side. The proposed realignment will allow the college to increase the amount of contiguous land under its ownership on the east side of the roadway, while maintaining ownership of the land on the west side. Should state statutes be revised, the college may opt to sell the west tract in the future.

The college requests approval to purchase a parcel of property approximately 25.14 acres in size, available from willing sellers Patrick and Corinne Kelly, as a result of the realignment project. In addition to this purchase, the college requests approval for the disposition of approximately 4.48 acres of college owned land for right-of-way dedication necessary for the realignment of the roadway. In exchange for the newly dedicated right-of-way, the college will receive approximately half of the existing vacated right-of-way that is approximately the same size in acreage, turning the north/south portion of old County Road #70 into a private drive under the ownership of the college. (See attached Exhibits C and C-2).

This project will increase opportunities for future contiguous campus expansion, while eliminating the current concern of having two separate east/west campus properties with the existing alignment of County Road #70 bisecting the campus. The proposed offer for the property by the college is based upon an appraised value of \$947,000. Operating budget funds have been carried over for this acquisition since 2001. No relocation costs are associated with the acquisition of this parcel.

### **Lake Superior Community College – Property Acquisition**

In accordance with the goals established in the facilities master plan for Lake Superior College, the acquisition of a residential property, from willing sellers, will allow for future campus expansion for student housing and parking.

Located at 2209 Trinity Road, Duluth, Minnesota the property available for purchase is 85' x382' equaling 0.75 of an acre. Appraised for \$99,000, the property includes one single-family residential unit currently owned by Betty Bayles. The college is requesting approval to purchase the available property for the appraised value using campus operating funds. Since the Master Plan was presented and approved in December 2001, the campus has carried over sufficient funds from its operating budget for the purpose of this acquisition. No relocation expenses are associated with this purchase. Demolition of the existing residential structure is scheduled for the summer of 2005 as part of the Trinity Road widening project proposed by the Minnesota Department of Transportation. (See attached Exhibits D and D-2).

### **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:

- a. Acquisition of the Alumni Foundation Building by Minnesota State University, Mankato subject to the completion of all necessary due diligence requirements and approval of all documents by the Attorney General's Office.
- b. Acquisition of the Lincoln School site located at 654 Huff Street, and a single-family residence at 358 Johnson Street, Winona, Minnesota by Winona State University subject to completion of all necessary due diligence requirements and approval of all documents by the Attorney General's Office.
- c. Acquisition of approximately 25.14 acres of privately owned land, the disposition of approximately 448 acres of college owned land for dedicated right-of-way for the proposed realignment of Isanti County Road #70, and the acceptance of land as a result of vacated right-of-way of the old County Road #70 alignment adjacent to the Anoka-Ramsey Community College, Cambridge Campus, contingent upon the ability to dispose of or transfer property interests to Isanti County for purposes of realigning County Road #70 and subject to the completion of all necessary due diligence requirements and approval of all documents by the Attorney General's Office.

- d. Acquisition of 2209 Trinity Road, Duluth, Minnesota by Lake Superior College, subject to completion of all necessary due diligence requirements and approval of all documents by the Attorney General's Office.

*Date Presented to the Board: March 17, 2004*

*Date Approved by the Board: March 17, 2004*