



Board of Regents

July 2019

July 11, 2019

8:00 a.m.

Boardroom, McNamara Alumni Center

SALE OF 2642 UNIVERSITY AVENUE, SAINT PAUL (TWIN CITIES CAMPUS)

1. Recommended Action

The President recommends that the appropriate administrative officers receive authorization to sell the property at 2642 University Avenue, Saint Paul.

2. Location and Description of the Property

The property at 2642 University Avenue, Saint Paul is the only remaining property owned by the University in the Midway Area, St. Paul. The former Minnesota Geological Survey Building, was constructed in 1930, and was last renovated in 1983. The building is a 1 and 2-story building with a full basement which comprises a gross building area (GBA) of approximately 41,431 sq. ft. The property is situated on .63 acres, with 7 parking spaces available on site. (The property also has a leasehold interest in 37 parking spaces located off-site through July 31, 2032.) See attached map.

The legal description is: Parts of Lot 25, Auditor's Subdivision No. 9, Ramsey County, MN
Torrens Certificate of Title No. 251494

3. Basis for Request

The administration recommends the sale of this property for a number of reasons.

- The University has no known or planned use for the property. Since 2015 multiple potential uses have been explored, but none have proven to be a good functional fit or financially viable for this property.
- The property is landlocked by the surrounding area and buildings. Much development has occurred around it, so there is no room for lateral expansion (see accompanying photographs).
- Although the property is close to the Twin Cities campuses, it is geographically separated and isolated from the campus. In addition, because of the previously mentioned limitations to available land, the property has only 7 parking spaces on site.
- The facility has significant deferred maintenance and upgrade cost issues. A facilities condition assessment conducted in May 2014 estimated that the facility had a 10-year facility cost of \$6,408,000 which included \$4,964,000 in recurring component replacement costs, and \$1,444,000 in non-recurring cost for accessibility fire/life safety, HVAC, and other equipment.
- The property has sat vacant since January 2015. Sale of the property will relieve the University of \$79,000 in annual operating costs to maintain the facility in a mothballed status.
- On two separate occasions, the University reached agreement to sell the property for an agreed sales price of \$2,150,000. The buyers in both cases, after completing their due diligence failed to reach a close.
- The University then went back to twelve different parties that previously expressed interest in acquiring the property. The University received presentations and written proposals from four parties.

4. Details of Transaction

The buyer, Peter Degan, sole proprietor offered \$1,800,000, with \$25,000 earnest money, and closing to occur on/before July 15, 2019. This offer price is slightly less than the University's lowest appraisal of \$1,850,000. However given that the building has been on the market since 2015 and previous sales at higher prices have fallen through, the University recommends the sale of the property at this price. Previously, the University had contracted with a real estate broker or to market the property. That contract has expired, and as a result no commission will be paid as part of the sale.

5. Use of Property

The buyer, Peter Degan, sole proprietor plans to use the property "as is" for office space, light assemblage, and storage in anticipation of creating jobs for area residents.

6. Environmental


The property is being sold "as is / where is".

7. Uses of Proceeds

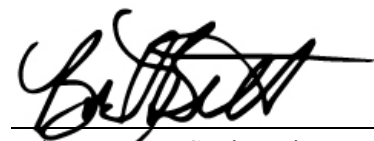
The net proceeds from the sale of the property will be deposited in the Twin Cities acquisition account for future land purchases.

8. Recommendations

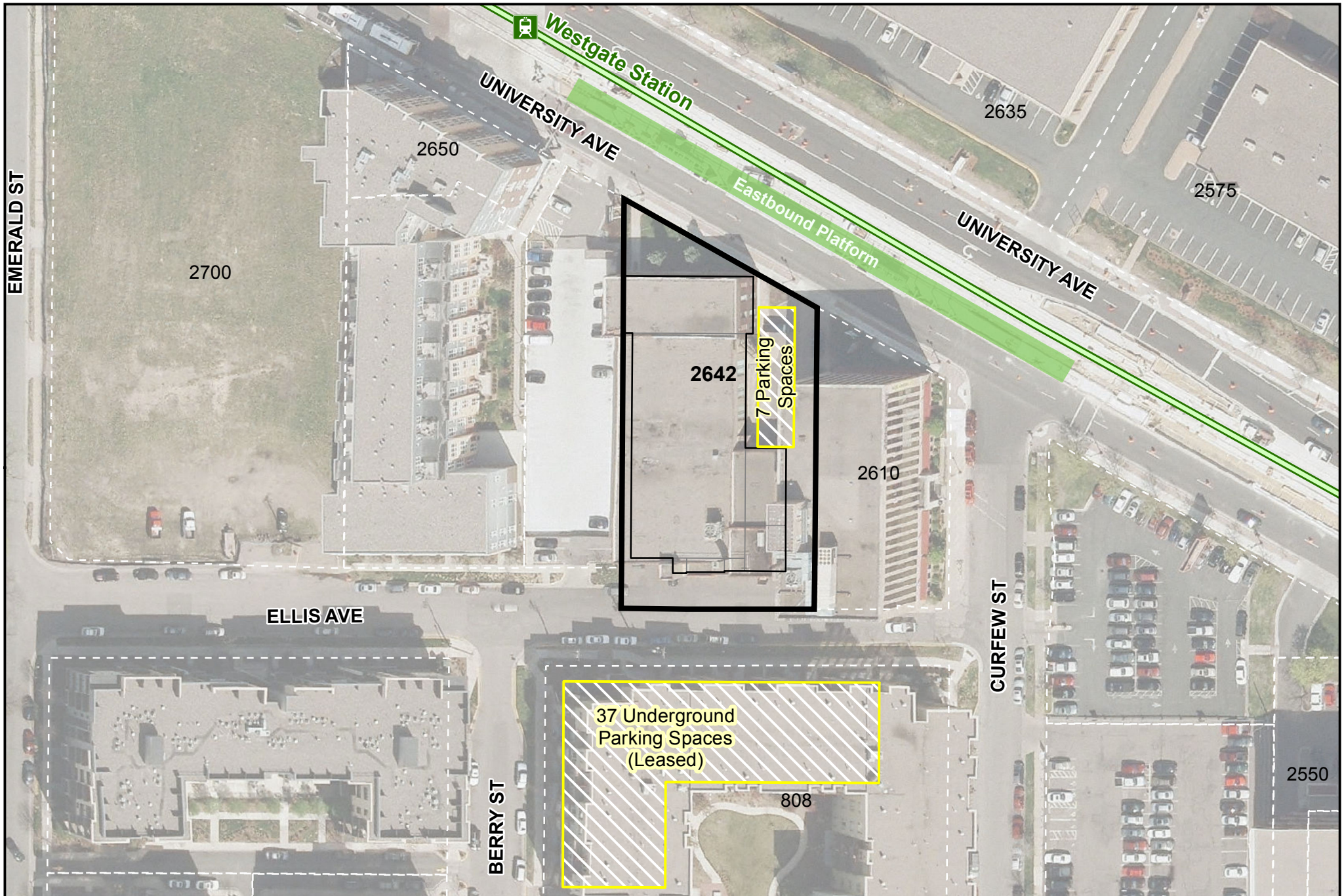
The above-described real estate transaction is appropriate:



Karen Hanson, Executive Vice President and Provost



Brian Burnett, Senior Vice President for Finance and Operations



PLANNING, SPACE,
AND REAL ESTATE

UNIVERSITY OF MINNESOTA
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**2642 University Avenue
St. Paul, MN**



0 100
ft

This map is intended to be used for
planning purposes only and should
not be relied upon where a survey
is required.

Base Data: Real Estate Office
MNDOT, Ramsey County

1/30/2015