



October 17, 2023

Finance and Facilities Committee

Office Space Lease – System Office

Contracts for Board of Trustees Approval

MINNESOTA STATE

Purpose

Gain Board of Trustees approval for a lease of office space for the Minnesota State system office and associated functions at Wells Fargo Place.

- **Scope:** Approximately 46,000 square feet of office space
- **Term:** 10 years initial term
 - Two (2) five-year options to extend
 - Subject to board approval.
- **Costs:**
 - Estimated first year: \$1,461,000
 - Estimated initial 10-year term: \$18.0 million



Process

Workforce and Space Planning

- 18+ month process
- Leadership and Advisory Teams
- Employee and leadership survey and input
- Preferences, themes, and attributes

Real Estate Search

- Applied attributes to market - Public and commercial
- Narrowed options
- Request for proposals

Selected based on:

- Economics and workplace attributes
- Meet future needs of the system office, the colleges and universities, and Minnesota State stakeholders



Comparisons

	August 1, 2023	August 1, 2024	Estimated Change	%
Square footage	89,013	46,073	(42,940)	(48.2%)
Base Rate	\$13.75	\$15.50	\$1.75	12.7%
Operations	\$16.20	\$16.20	\$0.00	0.0%
Annual Base	\$1,223,929	\$714,132	(\$509,797)	(41.7%)
Annual Operations	\$1,442,011	\$746,383	(\$695,628)	(48.2%)
Total Annual	\$2,903,911	\$1,460,514	(\$1,443,397)	(45.2%)
Offices		106 53*	(53)	(50.0%)
Workstations		209 132*	(77)	(36.8%)
Conference Rooms		28 18*	(10)	(35.7%)

* Planning estimates subject to formal design process and configurations



Financing

Source of Annual Lease Payments and Operating Costs:

- Biennial state appropriations designated for system office operations

Sources for Build out, furnishing, technology and preparation financing:

- \$3.5 million: Tenant improvement allowance
- \$5.5 million: System office lease budget savings dedicated for approximately 5 years



Next steps

Finalize lease

Enter design process

- Space configuration
- Furnishings
- Technology
- Phasing

Staff and space preparations

Change Management



Motion

The Board of Trustees authorizes the Chancellor or the Chancellor's designee to enter into a 10 year lease at Wells Fargo Place not to exceed \$18.0 million over the term for housing the Minnesota State system office and associated functions.

This authorization includes provisions for two (2) five-year options to extend the lease subject to board approval.





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