



MINNESOTA STATE
Board of Trustees

AGENDA ITEM SUMMARY

NAME: Finance and Facilities Committee

DATE: May 22, 2024

TITLE: Contracts Requiring Board Approval: Lease Agreement, Maverick Innovation Gateway, Minnesota State University, Mankato

Action

Review and Discussion

This item is required by policy

PRESENTERS

Bill Maki, Vice Chancellor for Finance and Facilities

Brian Yolitz, Associate Vice Chancellor for Facilities

Ed Inch, President, Minnesota State University, Mankato

Seung Bach, Dean, College of Business, Minnesota State University, Mankato

Anne Gillespie, Vice President for Finance and Facilities, Minnesota State University, Mankato

Catherine Willette, Assistant Vice President, University Advancement, Director of Development, College of Business, Minnesota State University, Mankato

PURPOSE

Board Policy 5.14, Contracts, Procurements, and Supplier Diversity, requires Board of Trustees approval of any procurement, lease agreement, or professional, technical, or consulting service contract with a value in excess of \$3,000,000 or contract amendment that would increase the total value of a contract to more than \$3,000,000.

CONTRACTS APPROVED \$1 MILLION TO \$3 MILLION – April 18, 2024, to May 14, 2024

- None

Contract Requiring Board Approval: Lease Agreement, Maverick Innovation Gateway, Minnesota State University, Mankato

BACKGROUND INFORMATION

Minnesota State University, Mankato seeks approval of a 10-year lease with Terratron, Inc. for nearly 8,000 square feet of facility spaces at 230 Stadium Drive, Mankato to create the Maverick Innovation Gateway. The Maverick Innovation Gateway is to be a dedicated facility located one half-block from campus hosting interdisciplinary collaboration, innovation, and entrepreneurship initiatives for the College of Business. Programs and initiatives include College of Business's Integrated Business Experience, Center for Financial Wellness, Center for Innovation and Entrepreneurship and maker spaces as well as foster collaborative research and development opportunities between Minnesota State University, Mankato, local businesses, and the broader community. Nearly 700 students and more than 500 community members directly engaging with and participating in programs and training associated with the Maverick Innovation Gateway.

University planners recently concluded a review of all off campus leased spaces and the Maverick Innovation Gateway initiative reflects the shifts needed to refocus academic programming needs and priorities. In addition, with the 2024 legislative session drawing to a close it is apparent the Armstrong Hall replacement project will not be funded this year and project construction will be delayed by 2 years or more, leaving the university with misaligned academic space for their needs. The Maverick Innovation Gateway lease will serve as a buffer as the university continues to assess needs and develops space repurposing strategies for the future.

In addition, the dedicated spaces of the Maverick Innovation Gateway will address feedback from the February 2023 Association to Advance Collegiate Schools of Business (AACSB) accreditation visit calling for plans to ensure College of Business learning spaces and collaborative environments support its large number of students and the achievement of its educational mission. This leased space allows for the recently initiated Minnesota State University, Mankato Comprehensive Facilities Planning process to run full cycle and develops strategies and options for satisfying College of Business space needs along with that of the university as a whole.

FINANCIAL TERMS

The total estimated lease obligation for the ten (10) year term is \$3,400,000 and is planned to be funded exclusively through philanthropic gifts to Minnesota State University, Mankato and the university's foundation. Over \$2 million in project funding is already in hand with additional funding being lined up with board approval and creation of the Gateway spaces. Upon board approval, Minnesota State University, Mankato officials will finalize lease negotiations with plans for the 10-year term to commence on December 1, 2024.

RECOMMENDED ACTION

The Finance and Facilities Committee recommends the Board of Trustees authorize the chancellor or the chancellor's designee to enter into a lease with Terratron, Inc. for facility space at 230 Stadium Drive, Mankato to create Minnesota State University, Mankato's Maverick Innovation Gateway for a term of 10 years from December 1, 2024, through November 30, 2034, and total lease costs not to exceed \$3,400,000 over the term. The Finance and Facilities

Committee further recommends that the Board of Trustees direct the chancellor or his designee to execute all necessary documents.

Date Presented to the Finance and Facilities Committee: 5/22/2024

Date Presented to the Board of Trustees: 5/22/2024

Date of Implementation: 5/22/2024