


September 25, 2024

TO: Members of the Board of Trustees

FROM: Jeffrey P. Geoghegan, CPA 
Executive Vice President for Finance and Chief Financial Officer

RE: Option Agreement Concerning Future Development of a Connected and
Autonomous Vehicle Smart City at the UConn Depot Campus

RECOMMENDATION:

That the Board of Trustees approve the Option Agreement between the University of Connecticut, as seller, and Promesa Capital LLC, as buyer, concerning the option to purchase approximately 15 acres of land at the UConn Depot Campus for the future development of a Connected and Autonomous Vehicle Smart City and Research Facility. The Administration recommends that the Board of Trustees adopt the Resolution below.

RESOLUTION:

“Be it resolved that the Board of Trustees approve the Option Agreement between the University of Connecticut, as seller, and Promesa Capital LLC, as buyer, concerning the option to purchase approximately 15 acres of land at the UConn Depot Campus for the future development of a Connected and Autonomous Vehicle Smart City and Research Facility.”

BACKGROUND:

The Connecticut Transportation Institute (CTI), which is part of the UConn College of Engineering, conducts research in connected and autonomous vehicles and smart city/smart energy systems. In 2019, Promesa Capital LLC approached CTI about developing a Connected and Autonomous Vehicle Test Track, Smart City and Research Facility (hereinafter, the “CAV Smart City”). After conducting preliminary investigations on available property both on- and off-campus for development of a CAV Smart City, a determination was made that the most advantageous location for the facility would be at the UConn Depot Campus. It was also determined that an outright sale of the property to the buyer would be the most favorable approach for the University and for the project as a whole.

The University entered into an Option Agreement with Board of Trustee approval in June 2022 concerning the potential sale of approximately 105 acres of land for the CAV Smart City.

Approximately half of the acreage was wetlands, and the proposed purchase price was \$5.0 million or approximately \$95,000 per developable acre. After completing its due diligence, the buyer determined that the wetland crossings would be too disruptive and that certain environmental conditions may exist on a portion of the site. The option was not extended and it expired in April 2023.

MATERIAL TERMS

Over the last year, Promesa Capital has continued to work on the potential project, completed additional due diligence and testing, and has rescaled the CAV Smart City development to be much smaller (but still acceptable to the UConn College of Engineering). The proposed new Option Agreement would grant Promesa Capital the option to purchase approximately 15 acres of the UConn Depot Campus with no wetlands for the purpose of constructing and operating a CAV Smart City. The proposed purchase price is \$1.5 million or \$100,000 per developable acre. Restrictive covenants on the property will be included in the deed and/or purchase and sale agreement to limit the use of the property to ones that are compatible with vehicle and/or energy research. An amount of \$1.05 million will be placed into escrow at closing and will be utilized for environmental remediation of the site and buildings if necessary.

The term of the Option Agreement is one year, during which time the buyer may complete design documents, cost estimates and seek zoning approvals from the Town of Mansfield. The term of the option is provided to the buyer for one dollar and the buyer may close on the sale after certain conditions are met, including financing confirmation and completing an operating plan acceptable to the College of Engineering. If the buyer elects to purchase the land within the option period, the University and buyer will use commercially reasonable efforts to enter into a purchase and sale agreement within sixty (60) days.

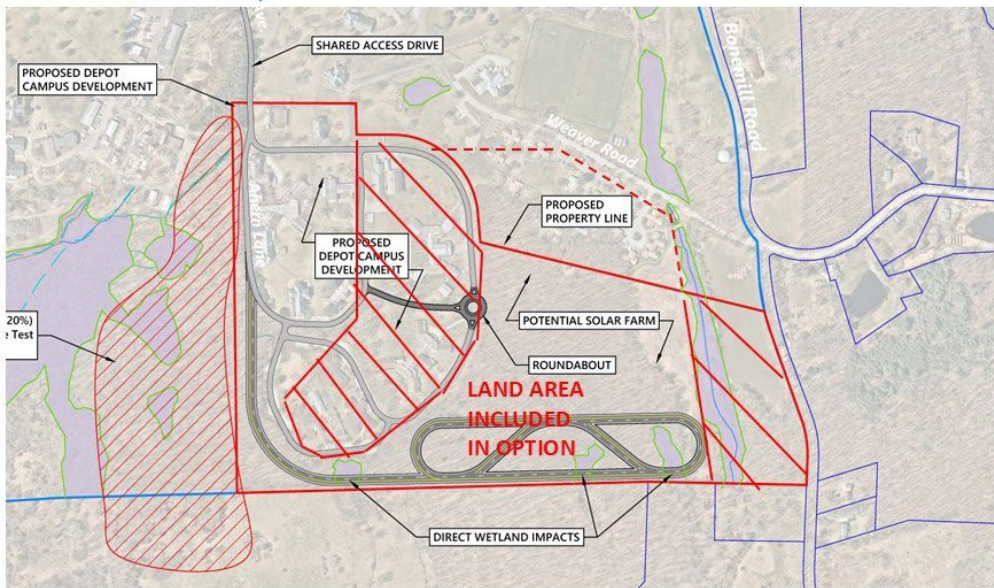
The buyer currently projects that the total cost of developing the CAV Smart City (including the purchase price of the land) will be in the range of \$15 million. The buyer is responsible for fully funding the land purchase and development and operation of the CAV Smart City.


Attachment



LOCATION OF CAV SMART CITY NEAR CENTER OF UCONN DEPOT CAMPUS

CAV Smart City



 Potential Phase 2 Area (Not included in Option)

BLOW-UP OF OPTION AREA ON DEPOT CAMPUS