

January 25, 2017

TO: Members of the Board of Trustees

FROM: Scott A. Jordan 
Executive Vice President for Administration and Chief Financial Officer

RE: UConn Bookstore in Downtown Hartford

RECOMMENDATION:

The University recommends that the Board of Trustees approve the resolutions below authorizing the University to execute a lease agreement for a retail facility in downtown Hartford that will be used to operate a campus bookstore and café. The resolutions below also authorize the University to amend its existing management agreement with Barnes and Noble College (“B&N”) to confirm certain financial commitments made by B&N in connection with the opening of this bookstore location.

BACKGROUND:

B&N was recently appointed to operate UConn’s bookstores. B&N has assisted UConn in exploring the potential of opening a campus bookstore in downtown Hartford. This new bookstore will support and service the students, faculty and staff at UConn’s new downtown Hartford campus, as well as the surrounding community.

B&N and UConn have identified retail space at 20 Front Street, Hartford, CT for the new bookstore. This space is located across the street from the former Hartford Times Building, which will be the center of UConn’s neighborhood campus in downtown Hartford.

The proximity of the campus bookstore location, as well as the vibrancy of the other retail and commercial establishments in the Front Street District, were among the factors considered by B&N and UConn in identifying this location as the preferred site for a bookstore.

PRINCIPAL TERMS OF THE LEASE AGREEMENT

UConn will lease the retail facility from FSD Apartments, LLC (“FSD”). FSD is the owner of the facility and an affiliate of HB Nitkin Group, the developer of the main building of the new

UConn Hartford campus. The lease agreement for the facility will include the following principal terms:

- Description of the Premises: The leased premises will consist of approximately 11,150 square feet of space. The University will also have access to outdoor seating areas.
- Permitted Use: The University will use the facility as a campus bookstore and café. FSD will not allow other tenants in the Front Street District to operate a bookstore or store whose primary goods for sale are coffee products.
- Lease Term: The lease will be for a 15-year initial term. UConn will have the right to extend the lease term for up to three additional five-year renewal periods. UConn will have the right to terminate the lease after the 10th lease year.
- Rental Payments: Annual base rent will be \$256,450 for the first ten years of the lease term and \$278,750 for the next five years of the lease term. In addition, UConn will be responsible for paying additional rent to FSD for certain common area maintenance fees, costs for utilities and trash removal and certain real estate-related taxes.
- Costs of Landlord Work: FSD will be responsible for delivering the leased premises to UConn in an agreed upon vanilla box condition pursuant to an agreed upon budget. Design for the work is ongoing, but the budget is estimated to run on the order of \$1,700,000. FSD will be responsible for \$669,000 of the costs for this work, and UConn will reimburse FSD for any additional costs associated with this work. The Landlord Work will be done with prevailing wage labor.

B&N FINANCIAL COMMITMENT

B&N has previously committed to financially support a retail bookstore in downtown Hartford. This includes committing to pay UConn an additional \$1,000,000 in the contract year in which the store is opened and \$1,000,000 in the following contract year. B&N has also pledged to make an additional \$1,000,000 capital investment in the bookstore facility, which will be used to furnish and finish the space for operation as a bookstore and café. These financial commitments will be incorporated into an amendment to UConn's existing management agreement with B&N.

B&N's financial commitment is expected to cover all of UConn's costs to prepare and furnish the bookstore and café for operation. B&N's commissions to UConn from sales at this bookstore location are also expected to fully fund the rent obligations under the lease.

RESOLUTIONS

In furtherance of the foregoing, the University recommends the Board of Trustees of the University approve the following resolutions:

RESOLVED, that the University is hereby authorized to execute and deliver a lease agreement for the retail facility located at 20 Front Street, Hartford, CT pursuant to the terms described above and such other terms as may be deemed advisable and in the best interest of the University by the University's President and administration; and

RESOLVED, that the University is hereby further authorized to execute and deliver appropriate agreements with B&N that confirm the financial support and management services B&N will provide in support of the opening of the bookstore and such other terms as may be deemed advisable and in the best interest of the University by the University's President and administration; and

RESOLVED, that the University is hereby further authorized to make changes to the terms of any of the agreements described above if such changes are consistent with the foregoing resolutions and deemed advisable and in the best interest of the University by the University's President and administration; and

RESOLVED, that the University is hereby further authorized to execute, deliver and perform, in the name of and on behalf of the University, such other certificates, instruments, documents and agreements as each of them may deem necessary, useful or required in furtherance of the foregoing resolutions.