

August 2, 2017

TO: Members of the Board of Trustees

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

Richard F. Orr  
Vice President and General Counsel 

RE: Disposition of the Torrington Campus

### RECOMMENDATION

On April 27, 2016, the Board of Trustees by resolution closed UConn's campus in Torrington after a careful assessment of the campus's inability to attract a sufficient number of students over a number of years. Because UConn will no longer need the land and buildings that comprise the Torrington Campus, the Administration seeks authorization to dispose of the campus land and buildings.

As set forth more fully below, the Administration recommends that the Board of Trustees authorize the Administration to negotiate and execute two agreements:

1. Lease the M. Adela Eads Classroom Building (the "Classroom Building") and the Maintenance Garage to EdAdvance (one of Connecticut's six Regional Educational Service Centers), which services 24 school districts in western and northwestern Connecticut; and, following court approval,
2. Transfer the campus land and buildings to the City of Torrington ("City") and contemporaneously assign the EdAdvance lease to the City.

The substance of these recommendations is set forth more fully below and in the Board Resolution at the end of this Memorandum.

### BACKGROUND

The campus, presently unused except for the ongoing activities of the Litchfield County Extension Center, is comprised of approximately 95 acres of land on two parcels located on the east and west sides of University Drive in Torrington. The land contains three structures: 1 – the Classroom Building; 2 -- a Maintenance Garage; and 3 -- the Litchfield County Extension Center

and its related storage shed (the “Extension Center Building”) (collectively, the land and buildings are referred to as the “Premises”).

Since April 27, 2016, UConn has received a few inquiries about the availability of the Premises, primarily from educational organizations. Among those making inquiries were the Connecticut Technical High School System (CTHSS). In December 2016, Administration members held a meeting with the Mayor of Torrington and a CTHSS representative, at which time CTHSS explained that it could not go forward in a timely manner.

EdAdvance initially expressed interest in and toured the Premises in early April 2017. In late June 2017, EdAdvance submitted to UConn a proposal to lease the Classroom Building for a limited time, starting as soon as possible, to conduct the following educational activities: a Head Start daily preschool program; a day-treatment program for middle and high-school students with social-emotional needs from area school districts; and day/evening adult education courses for high school diploma, GED and enrichment programs.

As it had with previous inquiries, UConn communicated with the Mayor about EdAdvance’s interest in the Classroom Building. Several discussions followed, which resulted in a proposed two-step transaction. First, UConn will lease the Classroom Building and surrounding ground to EdAdvance. Second, UConn will transfer ownership of the entire campus (including the Classroom Building) to the City subject to the lease. Because the Classroom Building was paid for by a gift, transfer of title to that building requires court approval. Such approval cannot be obtained before the start of the school year. The two-step transaction allows EdAdvance to take occupancy this fall while the court approval process proceeds.

The lease to EdAdvance and the sale to the City will each preserve UConn’s right to operate the Extension Center until 2026 as UConn’s required to do by the terms of a gift related to that building.

Other than EdAdvance, there are no other prospective users at this time.

### **Lease to EdAdvance**

The proposed lease between UConn and EdAdvance is expected to contain the following material terms. Although it is possible that some of these terms may vary in the final lease, the Administration seeks authority to enter into a substantially similar lease without further Board action.

#### **Rent**

Sixty Thousand Dollars (\$60,000) annually.

#### **Term**

Initial three (3)-year term with an option for two (2) three (3)-year extensions.

### Lease Premises

The Classroom Building, the Maintenance Garage and a specifically identified land area, all of which will be represented on a map (the "Lease Premises"). The Lease Premises shall include all land area and site improvements surrounding the Extension Center Building, the Classroom Building and the Maintenance Garage, but shall not include the unimproved land area which is a part of the Premises. The Extension Center Building itself shall not be included in Lease Premises.

### Access to and Operation of Extension Center Building

EdAdvance shall ensure any and all reasonable ingress and egress across the Lease Premises to the Extension Center Building by UConn, as well as by that building's occupants and invitees. UConn shall have the right to continue to operate its existing and reasonably foreseeable Extension programs.

### Maintenance

EdAdvance shall be responsible for the cleaning, care and routine maintenance of the Lease Premises, which shall include the existing parking lot and access driveways.

UConn will remain responsible for maintenance, repairs and utilities of the Extension Center Building. UConn will be able to utilize a portion of the Maintenance Garage to support UConn's repair and maintenance of the Extension Center Building.

### Utilities

EdAdvance shall be responsible for all utilities costs and systems for the Lease Premises. This includes routine maintenance and repair of all utility systems.

The proposed lease with EdAdvance will relieve UConn of a substantial operation and maintenance expense and generate \$60,000 per year in income. The Administration plans to go forward with the lease whether or not the transfer to the City is consummated.

The Administration requests that the Board authorize the Administration to negotiate and execute lease with EdAdvance in the best interest of UConn, with no further action or approval by the Board.

### **Transfer to the City**

As of the writing of this memorandum, negotiations with the City and EdAdvance have progressed substantially, and are memorialized in a draft term sheet. On July 17, the Torrington City Council voted to authorize the Mayor to negotiate and execute a non binding term sheet containing the material terms. The Administration anticipates that a non binding Term Sheet will be executed before the August 2 Board meeting or shortly thereafter.

It is expected that the Purchase and Sale Agreement (the “Agreement”) will contain the following terms. Although it is possible that some of the terms may vary in the final Agreement, the Administration seeks authority to enter into an Agreement without further Board action.

Purchase Price

One Dollar (\$1.00).

Premises

All of the land and buildings of the former Torrington Campus.

Role of Court

Due to the charitable restriction on the Classroom Building, transfer of title cannot occur until approval by the Superior Court for the Judicial District of Litchfield or other court of competent jurisdiction (the “Court”).

Lease of the Extension Center Building

Concurrently with the transfer of title, the City and UConn will enter into a lease (the “Extension Center Lease”) at no cost to UConn to allow for UConn (as tenant) to operate the Extension Center Building until at least 2026 to satisfy the charitable restriction on that building. The Extension Center Lease will provide UConn as a tenant of the City the same rights and obligations it will have as the landlord during the EdAdvance lease described above.

Assignment of EdAdvance Lease

In order to accommodate EdAdvance’s plans for the Classroom Building beginning in the fall of 2017, UConn will enter into a lease (described above) prior to the sale to the City, and will assign that lease to the City when the City takes title to the campus.

Property Condition and Due Diligence Period

City shall acquire the Premises “As is.” The City will have ninety (90) days from execution of the Agreement to complete its physical due diligence examination.

The proposed transfer to the City of Torrington of the former Torrington campus will relieve UConn of a substantial operation and maintenance expense and provide substantial benefits to the City.

The Administration requests that the Board authorize the Administration to negotiate and execute the Agreement with the City in the best interest of UConn with no further action or approval by the Board.

## RESOLUTION

For the reasons set forth above, the Administration recommends that the Board of Trustees adopt the following resolution:

### **BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE UNIVERSITY OF CONNECTICUT:**

Section 1. The Board of Trustees authorizes the President or the President's designee (the "Administration") to negotiate and execute a lease with EdAdvance on the material terms set forth in this Memorandum, or on such other terms as are in the best interest of UConn.

Section 2. The Board of Trustees authorizes the Administration to negotiate and execute a Purchase & Sale Agreement with the City of Torrington (the "City") on the material terms set forth in this Memorandum, or on such other terms as are in the best interest of UConn.

-END-