


April 26, 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: Sale of the West Hartford Campus

RECOMMENDATION:

The Administration recommends that it be authorized to amend the July 14, 2016 Purchase & Sale Agreement (the "Agreement") with the Town of West Hartford (the "Town") for the sale of UConn's West Hartford Campus (the "Property") to revise the purchase price to the higher of \$1,000,000 or 90% of the proceeds if the Town subsequently sells to a third party, as more fully described below.

BACKGROUND:

By resolution on June 29, 2016, the Board of Trustees authorized the UConn administration to negotiate and execute the Agreement. The Agreement was subsequently entered into, with an effective date of July 14, 2016.

Over the following months, the Town conducted its due diligence investigations, including environmental investigations, requesting and receiving several extensions of time in which to complete its investigations. The Town's investigation, and follow-up work by UConn's consultants, have confirmed the presence of PCBs on the Property. This is not unexpected for buildings of this age and UConn has been addressing the existing conditions in consultation with the Connecticut Department of Energy and Environmental Protection ("DEEP").

In the meantime, the Governor's proposed budget was released, which prompted the Town to reexamine the financial aspects of the Agreement.

MATERIAL TERMS OF SALE TO TOWN

As of the time this memorandum was prepared, it was expected that the Town Council, at its budget meeting on Tuesday, April 25, 2017, would adopt a resolution authorizing the Town Manager to negotiate an amended Agreement accepting the following changes to the Agreement's material terms.

Purchase Price

One Million Dollars (\$1,000,000) (rather than \$5,000,000), and an additional Purchase Price such that that UConn will receive 90% of any sales proceeds in the event the Town sells the Property to a third party any time before October 1, 2026 (an additional two years from the current Agreement date which is October 1, 2024).

In that event, the economic effect would be as follows: the Town would receive a refund of the purchase price paid by the Town, UConn would receive 90% of the price paid by the third party and the Town would receive 10% of that price.

If the Town decides to keep the Property for its use and does not sell before October 1, 2026 (rather than 2024), then the price remains at \$1,000,000.

Deposit/Balance of Purchase Price

The Town made its initial Two Hundred Fifty Thousand Dollar (\$250,000) Deposit installment at the time it executed the Agreement. Rather than an additional deposit of Seven Hundred Fifty Thousand Dollars (\$750,000) to be paid at the end of the due diligence period, this amount – now the balance of the amended Purchase Price -- will be paid at Closing, which is expected to be October 1, 2017 after UConn vacates the Property.

Termination Right After Due Diligence Period

Under the Agreement, the Town has a unilateral and discretionary right to terminate the Agreement on or before the end of the due diligence period. That period originally would have expired on October 7, 2016, but it was extended at the Town's request to December 11, 2016, and then to March 13, 2017, and then again to May 1, 2017.

The Administration expects to extend the expiration date again for a short period of time to allow for the negotiation of an amended Agreement in light of the environmental conditions that have been identified.

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:

The Board of Trustees authorizes the President or the President's designee (the "Administration") to negotiate and execute an Amendment to the July 14, 2016 Purchase and Sale Agreement with the Town of West Hartford (the "Town") on the terms set forth in this Memorandum and such additional terms as are in the best interest of UConn.

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