


December 17, 2018

TO: Members of the Board of Trustees

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

RE: Sale of the Torrington Campus

RECOMMENDATION:

On April 27, 2016, the Board of Trustees authorized the closure of UConn's campus in Torrington. This decision was the result of a careful assessment of the inability of that campus to attract a sufficient number of students to be able to offer the high-quality academic programs and services that UConn students deserve and that they receive at other campuses.

UConn no longer needs the land and buildings that comprise the Torrington Campus, other than for the continuation of the UConn Extension Center. The Administration seeks authorization to negotiate and enter into agreements for the sale of the campus land and buildings.

As set forth more fully below, the Administration recommends that the Board of Trustees approve the resolutions below authorizing the Administration to negotiate and enter into agreements for the sale of the entire campus, land and buildings, for a total price of \$375,000 either (a) to Five Points Center for the Visual Arts Inc. ("Five Points"), (b) to the City of Torrington (the "City") or (c) to a combination of the City and Five Points.

BACKGROUND:

Land and Buildings

The land and buildings comprising the former Torrington campus include several parcels, all of which are under UConn's custody and control and intended to be sold as part of this transaction.

The land and buildings, which had been used by UConn as the campus, are located on the west side of University Drive in Torrington. The land contains three structures: (1) the M. Adela Eads Classroom Building (the "Classroom Building"); (2) the Litchfield County Extension Center and its related storage shed (the "Extension Center Building"); and (3) a Maintenance Garage. The parcel also includes driveways, parking, and other infrastructure. This parcel and the improvements are referred to as the "Campus". The Campus is presently unused except for the ongoing activities of the Litchfield County Extension Center.

There are approximately 85 acres of essentially unimproved land on the west side of University Drive (the “Unimproved Land”). This land has not been surveyed, so the acreage is estimated. The Unimproved Land contains a wind sampling tower owned and operated by the University and a privately owned cell tower which is located on the Unimproved Land pursuant to a ground lease.

On the east side of University Drive there is a parcel of approximately 4.5 acres containing a portion of the septic system servicing the building on the Campus (the “East Parcel”).

All of the land and buildings collectively are referred to herein as the “Property”.

Disposition History

Since April 27, 2016, UConn has received only a few inquiries about the availability of the Property for lease or sale. It has previously discussed future uses of the Property with the Connecticut Technical High School System (CTHSS) and EdAdvance (one of Connecticut’s six Regional Educational Service Centers). In August 2017 the Board of Trustees authorized the University to enter into a lease of the Classroom Building and the Maintenance Garage to EdAdvance, but EdAdvance’s estimated costs of improvements made a lease not economical.

Subsequently UConn and EdAdvance began negotiating a proposed purchase of the Campus for \$250,000 (excluding the Unimproved Land). Although there is no requirement that UConn conduct a competitive process for the sale of real estate, UConn determined that it would be prudent to publically disclose the EdAdvance proposal and assess whether others were interested in the Property. UConn issued a Request for Expressions of Interest (RFEI) in April 2018.

UConn received only one submission of interest. Five Points offered to purchase the Campus for \$275,000 (excluding the Unimproved Land). Negotiations with EdAdvance ultimately did not result in a sale and concluded because the transaction could not be consummated in time to allow them to improve the Campus for their needs in time for a Fall 2018 opening.

During UConn’s negotiations with Five Points, they expressed an interest in acquiring not only the Campus but also the Unimproved Land.

Throughout the process, the City of Torrington has expressed its desire to obtain title to the Unimproved Land but to do so at no cost to the City.

Five Points

Five Points currently operates gallery space and conducts other art-related activities in Torrington. In its response to the RFEI, Five Points described itself as follows:

Five Points Center for the Visual Arts, is a non-profit 501c3 Arts organization which has been playing a vital part in catalyzing the visual arts in Litchfield County and in the economic development of Torrington. Our mission is: *To Champion and nurture artists at all stages of their careers and to empower a diverse community through the presentation of inspiring exhibitions and educational initiatives.*

Five Points gallery is a unique organization, operating as a hybrid model unlike any other program we have seen. Five Points Gallery operates as cross between a professional contemporary Art Gallery and a collaborative community outreach and educational institution.

Five Points has described its vision for the acquisition of the entire Property, including the Unimproved Land, as follows:

Five Points proposes to acquire and repurpose the Campus as an education complex where outstanding established and emerging artists learn from one another and share cross disciplinary artistic skills with a diverse population. Five Points' interest in purchasing the Campus is predicated on the condition that Five Points also have long-term rights to use the [Unimproved] Land as an art park. The art park is integral to Five Points' concept of a multi-discipline arts complex. The art park not only will provide artists with space for innovative ecological experimentation, but also will function as a large sculpture garden and nature trail open to the public.

PROPOSED TRANSACTION

The proposed transaction involves two primary components. The first component is UConn's sale of the entire Property. The second component involves a transaction between Five Points and the City for the Unimproved Land. UConn is not a party to the second component and UConn does not consider the second component to be a requirement for selling the entire Property to Five Points. But Five Points has indicated its strong preference to conclude the second component simultaneously with the sale of the Property from UConn to Five Points.

UConn's Sale to Five Points

The administration is seeking authorization to sell the entire Property for a total price of \$375,000, of which \$275,000 will be paid in cash at the closing. The \$100,000 balance will be paid over no more than 10 years. This part of the purchase price will be funded from the proceeds of the cell tower ground lease. That lease currently generates approximately \$15,000 per year.

The sale of the Property to Five Points will be subject to the following conditions:

- **Extension Lease**: UConn will have the right to continue to operate UConn Extension in its current location, the Extension Center Building. That building was built with the proceeds of a trust agreement that requires the building to be "used for the fundamental purpose of an agricultural center for a period" that runs until February 2026. In order to comply with the agreement and to provide additional stability, UConn's goal is to have the right for Extension to remain where it is for at least ten years, through June 30, 2029. This will be accomplished by a lease between Five Points as landlord to UConn as tenant. UConn will not pay rent. Maintenance expenses for common areas on the campus will be shared. UConn will also have the right to extend the lease for two additional five-year terms at fair market value rent.

- Research Activity: UConn will retain control of the Wind Tower and will retain access to the Unimproved Land for research. UConn is currently conducting research related to the effect of wind on trees pursuant to a multi-million dollar private grant.
- Art Sculpture: UConn will retain ownership of the Lieberman sculpture at the entrance to the campus.
- Court Approval/Scholarship: The Classroom Building was originally constructed in 1965 using funds gifted to UConn by the Estate of Julia B. Thompson “for the purchase or construction of a building or buildings in Torrington or in the vicinity of Torrington for use by the Torrington Branch of the University of Connecticut.” Because the Classroom Building was constructed from the proceeds this gift, the sale of the Classroom Building requires court approval. UConn intends to use all of the \$375,000 received from the sale of the Property (not just the portion attributable to the sale of the Classroom Building) to establish a scholarship for undergraduate students at UConn from Torrington or in the vicinity of Torrington. The administration is optimistic that a court will approve the establishment of the scholarship fund as meeting the intent of Ms. Thompson’s gift.

Five Points and the City of Torrington

UConn expects Five Points will retain ownership of the Campus after a sale is consummated. But it is currently anticipated that the Unimproved Land will be simultaneously re-conveyed from Five Points to the City. It is possible that Five Points will instead direct UConn to convey the Unimproved Land directly to the City as part of the sale of the Property.

Generally, UConn understands the nature of the agreement between Five Points and the City will be to allow Five Points to use the Unimproved Land as an art park and related recreational purposes and to eventually obtain ownership. That agreement also is expected to provide that the Unimproved Land will remain owned and controlled by the City if Five Point ceases to use the Unimproved Land for such purposes.

The Mayor, pursuant to unanimous authorization from the Torrington City Council on November 19, 2018, recently negotiated and signed a non-binding Letter of Intent with Five Points outlining the transaction between Five Points and the City.

RESOLUTIONS

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

RESOLVED, that the University's President and administration is hereby authorized to execute and deliver one or more agreements with Five Points and/or the City for the sale of the Property and the lease of the Extension Center Building on 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's President and administration is hereby further authorized to make changes to the terms 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's President and administration 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.

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