

**SOUTH DAKOTA BOARD OF REGENTS**

**Budget and Finance**

**AGENDA ITEM: 7 – V**

**DATE: October 4–6, 2016**

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**SUBJECT: SDSU Hoop Storage Barn**

The Board has discussed a myriad of issues related to the SDSU Research Park lease and the obligations of Growth Partnership contained therein on a number of occasions, the most recent of which was at its [December 2015](#) meeting. Additionally, an ad hoc subcommittee of the Board was previously established to address a number of issues relating to the Research Park at SDSU, which is currently comprised of Regents Jewett, Sutton and Morgan. In addition to the issues resolved at the December 2015 meeting, Growth Partnership has a pending obligation to SDSU pertaining to the replacement of a hoop storage barn, which arose as a result of the Research Park displacing the AES operations previously housed at the research park location.

On June 20, 2009, SDSU and Growth Partnership entered into an agreement which obligated Growth Partnership to provide funding in the amount of \$173,711 to SDSU to be used to construct a 70 by 120 foot hoop storage barn (see Attachment I). The payments were to be made on an installment basis, consisting of interest only payments for the first five years, principal plus 3% interest amortized over the following ten years, with the final payment due to SDSU on September 1, 2024. As of September 23<sup>rd</sup>, Growth Partnership has made interest payments to SDSU totaling \$41,690.64. As part of the larger discussions pertaining to the Research Park at SDSU, numerous parties have expressed a desire to clean up all of the pending obligations related thereto in a timely fashion. As a result, SDSU has engaged in a number of conversations with Growth Partnership and is in agreement with accepting \$120,000 on or before February 1, 2017 in full satisfaction of the aforementioned obligation and would request the Board’s approval of the same.

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**DRAFT MOTION 20161004\_7-V:** I move to approve acceptance of \$120,000 on or before February 1, 2017, in full satisfaction of Growth Partnership’s obligation to SDSU set forth in Attachment I, and to direct staff to formalize an agreement regarding the same and to authorize the Executive Director, upon concurrence of the subcommittee, to execute the agreement.

**REIMBURSEMENT AGREEMENT BETWEEN  
SOUTH DAKOTA STATE UNIVERSITY  
GROWTH PARTNERSHIP, LTD.  
AND  
SOUTH DAKOTA STATE UNIVERSITY**

Date July 20, 2009

WHEREAS, this agreement is by and between South Dakota State University Growth Partnership, Ltd. (hereinafter referred to as "Growth Partnership, Ltd.") and South Dakota State University (hereinafter referred to as "the University") pursuant to Section 4.1.1 of the Master Ground Lease Agreement between South Dakota Board of Regents and South Dakota State University Growth Partnership, Ltd., dated March 3, 2009, requiring the replacement of the agriculture field plots commonly known as the East Agronomy Farm, that is now the site of the South Dakota State University Innovation Campus; and

WHEREAS, the University, the Agricultural Experiment Station (AES) and the Department of Plant Science agree that the Growth Partnership, Ltd will fulfill its obligation for the construction of a storage building associated with the replacement of the East Agronomy Farm field research laboratory by constructing a 70 by 210 foot hoop storage barn on a University owned site determined by the University; and

WHEREAS, when replacement lands have been acquired for the field research laboratory on-site storage building construction (if necessary) will be the financial responsibility of the University, AES and Plant Science; and

WHEREAS, constructing a 70 by 210 foot hoop storage barn is the financial obligation of the Growth Partnership, Ltd; and

WHEREAS, the University agrees, and committed to the Growth Partnership, to fund the construction of a 70 by 210 foot hoop storage barn and the Growth Partnership agrees, and committed to the University, to reimburse the University for construction of a 70 x 210 foot hoop storage barn.

*HOOP BARN*

NOW, THEREFORE, BE IT RESOLVED THAT \$173,711.00 of University funds will be allocated for the construction of a 70 by 210 foot hoop storage barn and that the \$173,711 was the result of a competitive bidding process through the University with bids opened on June 16, 2009; and

BE IT FURTHER RESOLVED THAT, the Growth Partnership, Ltd. will reimburse the University in the amount of \$173,711.00, plus a simple interest finance charge of three (3) percent compounded annually. The amortization of the simple interest shall begin on September 1, 2009, the date the 70 by 210 foot hoop storage barn is completed. From and after the date of completion, Growth Partnership, Ltd. will pay an interest only annual payment to the University for a period of five (5) years commencing on September 1, 2010 and continuing through September 1, 2014. At the end of the annual interest period of five (5) years, the principal plus three (3) percent interest shall be amortized over a ten (10) year period with Growth Partnership making annual payments of principal plus interest to the University commencing on September 1, 2015 and continuing for ten (10) years with the final payment of principal and interest due to the University on September 1, 2024. Growth Partnership, Ltd. may, at its option, prepay the reimbursement in full without penalty. The attached payment schedule is incorporated into this agreement by reference as "Attachment A".

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IN WITNESS WHEREOF, the parties hereto have caused this agreement to be duly executed by their duly authorized officer.

For SOUTH DAKOTA STATE UNIVERSITY

NAME *Paul B. Page*

TITLE Executive Vice President for Administration

DATE July 20, 2009

For SOUTH DAKOTA STATE UNIVERSITY GROWTH  
PARTNERSHIP, LTD

NAME *Van O. Fiskel*

TITLE Chair

DATE 7/20/09

## Payment Schedule - 70 by 210 foot Hoop Storage Barn

<u>Payment Date</u>	<u>Interest (3%)</u>	<u>Principle</u>	<u>Total</u>	<u>Remaining Principle</u>
9/1/2010	\$ 5,211.33		\$ 5,211.33	\$ 173,711.00
9/1/2011	\$ 5,211.33		\$ 5,211.33	\$ 173,711.00
9/1/2012	\$ 5,211.33		\$ 5,211.33	\$ 173,711.00
9/1/2013	\$ 5,211.33		\$ 5,211.33	\$ 173,711.00
9/1/2014	\$ 5,211.33		\$ 5,211.33	\$ 173,711.00
9/1/2015	\$ 5,211.33	\$ 17,371.10	\$ 22,582.43	\$ 156,339.90
9/1/2016	\$ 4,690.20	\$ 17,371.10	\$ 22,061.30	\$ 138,968.80
9/1/2017	\$ 4,169.06	\$ 17,371.10	\$ 21,540.16	\$ 121,597.70
9/1/2018	\$ 3,647.93	\$ 17,371.10	\$ 21,019.03	\$ 104,226.60
9/1/2019	\$ 3,126.80	\$ 17,371.10	\$ 20,497.90	\$ 86,855.50
9/1/2020	\$ 2,605.67	\$ 17,371.10	\$ 19,976.77	\$ 69,484.40
9/1/2021	\$ 2,084.53	\$ 17,371.10	\$ 19,455.63	\$ 52,113.30
9/1/2022	\$ 1,563.40	\$ 17,371.10	\$ 18,934.50	\$ 34,742.20
9/1/2023	\$ 1,042.27	\$ 17,371.10	\$ 18,413.37	\$ 17,371.10
9/1/2024	\$ 521.13	\$ 17,371.10	\$ 17,892.23	\$ -

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9/1/2010	\$ 5,211.33		\$ 5,211.33	\$ 173,711.00 Paid
9/1/2011	\$ 5,211.33		\$ 5,211.33	\$ 173,711.00 Deferred
9/1/2012	\$ 5,211.33		\$ 5,211.33	\$ 173,711.00 Deferred
9/1/2013	\$ 5,211.33		\$ 5,211.33	\$ 173,711.00 Deferred
9/1/2014	\$ 5,211.33		\$ 5,211.33	\$ 173,711.00 Deferred
9/1/2015	\$ 5,211.33	\$ 17,371.10	\$ 22,582.43	\$ 156,339.90 must add 2011 payment
9/1/2016	\$ 4,690.20	\$ 17,371.10	\$ 22,061.30	\$ 138,968.80 must add 2012 payment
9/1/2017	\$ 4,169.06	\$ 17,371.10	\$ 21,540.16	\$ 121,597.70 must add 2013 payment
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