

**SOUTH DAKOTA BOARD OF REGENTS**

**Budget and Finance**

**AGENDA ITEM: 10 – M**

**DATE: June 27-29, 2017**

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**SUBJECT: SDSU Garden Square Property Acquisitions**

South Dakota State University requests Board of Regents’ authorization to acquire three (3) properties from the SDSU Foundation. Each property is located in a development known as Garden Square, will be purchased using housing and auxiliary facilities system (“Revenue System”) funds, and will become part of the Revenue System. Each property is identified below with its purchase price:

<b>Address</b>	<b>Purchase Price</b>
1734 8 <sup>th</sup> Street, Unit 1734 C-R Brookings, SD	\$139,500
1741 8 <sup>th</sup> Street, Unit 1741 A Brookings, SD	\$141,000
1817 8 <sup>th</sup> Street, Unit 1817 C-R Brookings, SD	\$139,500

At the [June 2016 Board of Regents meeting](#), the Board authorized SDSU to acquire nine (9) properties located in the Garden Square development. The acquisition of Garden Square properties is consistent with SDSU property purchase plans of 1991 and 2003, and the most recent plan submitted on [March 31, 2011](#). These initially acquired nine (9) Garden Square properties were placed into the Revenue System in [December 2016](#) by the Board of Regents as part of the resolution authorizing issuance of 2016 Housing and Auxiliary Facilities System Revenue Bonds. Attachment I contains a map showing the nine (9) Garden Square properties

(Continued)

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**DRAFT MOTION 20170627\_10-M:** I move to authorize SDSU to use housing and auxiliary facilities system funds (“Revenue System”) to acquire the following three (3) Garden Square properties to be added to the Revenue System: (i) 1734 8<sup>th</sup> Street Unit 1734 C-R; (ii) 1741 8<sup>th</sup> Street Unit 1741 A; and (iii) 1817 8<sup>th</sup> Street Unit 1817 C-R, each located in Brookings, South Dakota.

previously acquired and the three (3) Garden Square properties to be acquired should the Board approve this item.

All acquisitions will be made in accordance with applicable law and [Board of Regents Policy 6:2](#) regarding acquisition of real property, which requires the following elements that are addressed after each element is identified:

- A. The certificate of the General Counsel that the proposed structure for the transaction conforms to the legal limitations on the Board's authority;

The General Counsel has reviewed the proposed structure for the transaction and is of the opinion that it conforms to the legal limitations on the Board's authority. The Board has ongoing legislative authority under [SDCL 13-51A-2](#) to acquire, own, operate, maintain, and dispose of revenue producing buildings, structures, and facilities in or for the Revenue System; therefore, no additional legislative authorization is needed for these acquisitions.

- B. A statement of the business rationale for the acquisition referencing the land acquisition plan set forth in § 6:2(1) and identifying any additional actions or expenditures that shall be needed to make use of the property;

The acquisition supports objective 2 of SDSU's property purchase plan that was prepared on December 2, 2010, to replace married student apartments with denser and newer family units, which will improve land usage.

- C. A report from an independent appraiser stating a fair market price for the property;

An independent appraisal was completed for each of the properties. The report is available from SDSU upon request.

- D. An environmental audit report, including any action plan required to abate identified environmental hazards; and

All properties have had an environmental assessment completed with no hazardous material findings other than floor coverings that may contain asbestos, for which University trained personnel will mitigate. The report is available from SDSU upon request.

- E. A financial plan and acquisition budget addressing (1) the land price; (2) incidental expenses and (3) costs for related improvements or services needed to make the property serviceable

(1) The cost for the three properties is \$420,000.

(2) The estimated cost for miscellaneous expenses are:

SDSU Garden Square Property Acquisition

June 27-29, 2017

Page 3 of 3

- a. 50% of title insurance costs, and
  - b. Buyer agent realtor's fees which will total \$7,500 for the three properties.
- (3) No improvements are necessary for Units 1734 C-R or 1741 A. Unit 1817 C-R will have the interior repainted, new floor covering installed, and new window treatments at a total approximate cost of \$10,000.



GARDEN SQUARE UNITS: Units marked with Green Star are properties already purchased by SDSU. Units marked with Green Star AND Red Checkmark (also highlighted in yellow) are properties proposed for purchase (1734, 1741, 1817) by SDSU.

