

**SOUTH DAKOTA BOARD OF REGENTS**

**Budget and Finance**

**AGENDA ITEM: 9 – H**  
**DATE: June 26-28, 2018**

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**SUBJECT**

**SDSU Agricultural Real Property Purchase**

**CONTROLLING STATUTE, RULE, OR POLICY**

[BOR Policy 6:2](#) Acquisition and Disposal of Real Property  
[SB 48 \(2018\)](#) Purchase Agricultural Real Property in Meade County

**BACKGROUND / DISCUSSION**

South Dakota State University requests Board of Regents’ authorization to purchase agricultural real property in Meade County.

At the December 2017 Board of Regents meeting, the Board approved the introduction of legislation that became Senate Bill 48 which authorized the Board of Regents to purchase on behalf of SDSU the following real property:

A site comprising 111.658 acres, more or less, of improved agricultural real property, which is described as:

The South Half of the Northwest Quarter and the Southwest Quarter of the Northeast Quarter, less right-of-way, of Section 3, Township 5 North, Range 6 East of the Black Hills Meridian, Meade County, South Dakota.

The Meade County property will be purchased from the SDSU Foundation and will include construction of a support facility by the SDSU Foundation on the property. The land (\$502,461) will be purchased from research park payout proceeds received in FY2017. The support facility cost (\$400,000) will be purchased from Agricultural Experiment Station fees for services funds. A construction contract has been awarded.

**IMPACT AND RECOMMENDATIONS**

The 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:

(Continued)

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**DRAFT MOTION 20180626\_9-H:**

I move to authorize SDSU to purchase agricultural real property described as 111.658 acres, more or less, in the South Half of the Northwest Quarter and the Southwest Quarter of the Northeast Quarter, less right-of-way, of Section 3, Township 5 North, Range 6 East of the Black Hills Meridian, Meade County, South Dakota, and the improvements thereon for a total cost of \$902,461.

- 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 transactions and is of the opinion that it conforms to the legal limitations on the Board's authority. SB48 was approved by the 2018 Legislature and signed by the Governor on February 8, 2018, authorizing the purchase of the Mead County property.

- 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 of these property supports the objective of replacing the research property used for the development of the SDSU Growth Partnership, as originally set forth in the Replacement Land Accord Agreement dated March 3, 2009.

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

An independent appraisal was completed for the property which is available from SDSU upon request.

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

Since the property has been in use for production agriculture, no environmental hazards have been identified.

- 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 of the Meade county land is \$502,461. Proceeds from the research park payout will be used for the acquisition cost of the land.

(2) The estimated cost for miscellaneous expenses are title insurance costs and filing fees.

(3) The property will include a support facility to be constructed by the SDSU Foundation at a cost of \$400,000. A construction contract has been awarded. The cost of the support facility will be funded from Agricultural Experiment Station fees for services.

## **ATTACHMENTS**

None