

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance

AGENDA ITEM: 7 – W
DATE: March 27-29, 2018

SUBJECT

SDSU Purchase of Agricultural Real Property in Brookings County

CONTROLLING STATUTE, RULE, OR POLICY

[BOR Policy 6:2 - Acquisition and Disposal of Real Property](#)

BACKGROUND/DISCUSSION

South Dakota State University requests Board of Regents’ authorization to purchase unimproved agricultural real property in Brookings County. The Brookings County property will be purchased using \$665,000 of research park payout proceeds received in FY2017. This purchase was approved by the Legislature in SB49, and the bill was signed by the Governor on February 14, 2018. The bill contained an emergency clause which makes it effective when signed. The bill authorized the Board of Regents to purchase, on behalf of SDSU, the following real property:

A site comprising 73.11 acres, more or less, of unimproved agricultural real property, which site is described as:

The West Half of the Southeast Quarter of Section 4, Township 110 North, Range 50 West, in Brookings County South Dakota, EXCLUDING therefrom the West 484' of the East 2148' of the South 620'.

The acquisitions will be made in accordance with applicable law and BOR policy 6:2 regarding acquisition of real property. The necessary elements of the acquisition per policy and the fulfillment of the elements follows:

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

(Continued)

DRAFT MOTION 20180327_7-W:

I move to approve the purchase of 73.11 acres of agricultural real property in Brookings County at a cost not to exceed \$665,000 plus incidental expenses, described as: The West Half of the Southeast Quarter of Section 4, Township 110 North, Range 50 West, in Brookings County South Dakota, EXCLUDING therefrom the West 484' of the East 2148' of the South 620'.

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. Senate Bill 49 was approved by the 2018 Legislature and signed by the Governor on February 14, 2018, authorizing the purchase of the Brookings 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 this 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; the appraised value is listed as \$665,000 with additional miscellaneous expenses (such as title insurance) not to exceed \$2,000. The report is available from SDSU upon request.

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

The property will have an environmental assessment completed prior to completion of the purchases. Because the property has been in use for production agriculture, no environmental hazards are anticipated for the property.

- 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 Brookings County property is \$665,000. Proceeds from the research park payout will be used for the acquisition of the site.

(2) The incidental expenses include title insurance costs and filing fees.

(3) No improvements exist or are necessary to make the property serviceable.

IMPACT AND RECOMMENDATIONS

General Counsel has reviewed the purchase elements and recommends purchase of the property.

ATTACHMENTS

None