

# BOARD OF REGENTS

## BRIEFING PAPER

### 1. AGENDA ITEM TITLE: University of Nevada, Reno - Authorization to Sell or Lease Properties Located at 4601 Cocoa Avenue, Reno, Nevada

MEETING DATE: November 30 and December 1, 2017

### 2. BACKGROUND & POLICY CONTEXT OF ISSUE:

Background of Stead Area Properties: The Stead properties were part of an Air Force base which was deactivated in 1966. The land and any buildings were donated by the United States Government to the University of Nevada, Reno in 1968. The properties are located over 10 miles from University of Nevada, Reno's main campus. There are no long-term foreseeable uses of these properties and they have been identified for disposal in the University's Master Plan.

Location of Property: The properties are located in the Stead area of the City of Reno. (Exhibits 1 & 2).

Background of Prior Board of Regents Authorization to Sell Stead Area Properties: At the December 3 & 4, 2015 BOR meeting, pre-approval was authorized to sell 10 properties in the Stead Area. Of those 10 properties, 6 have already been sold. The others are currently on the market for sale. The property at 4601 Cocoa was not included in that initial pre-approval request in 2015 as it was under a long-term lease with the Department of the Navy and UNR was evaluating the facility for potential uses.

Summary: The University of Nevada, Reno is seeking Board of Regents pre-approval to lease the properties located at 4601 Cocoa Avenue, Reno, Nevada at a rate no less than 6% of the return on investment (ROI) of appraised value and/or sell the property at or above appraised (within 1 year) value, and to allow the Chancellor or his Designee to sign all necessary lease or sale related documents. This request is being structured as either a sale or lease to allow flexibility in negotiations to maximize the monetary value to UNR in the disposition of the property.

Property Description and Current Lease: The properties consist of an approximately 4.94-acre parcel and a 2.02-acre parcel used for roadways. In 1969 the 4.94 parcel was vacant land and was leased to the Department of the Navy for an amount of \$1 for a 50-year term terminating on June 30, 2019 (Exhibit 3). Portions of the 2.02-acre parcel were included in the lease for roadway and parking lot use. The Navy was authorized to improve the property for their use, including the construction of an existing 35,600+/- square foot building retained in good condition.

Conditions of the Pre-Approval request are:

- Properties, all or in part, must be sold at or above appraised value, or leased a rate no less than 6% of the ROI of appraised value.
- Appraised value determined within one year of the sale by an MAI certified appraiser with a commercial designation.
- Upon the review and approval of both the University of Nevada, Reno General Counsel and NSHE Vice Chancellor of Legal Affairs. Chancellor or Designee would be authorized to sign all documentation required for the sale of the property, after consultation with the Business, Finance &

Facilities Committee Chair.

- Status of the lease or sale will be included in future semi-annual reports of Stead properties provided to the Board.

**General Property Identification and Site Description:** The subject properties consist of two (2) properties which are summarized below:

<u>APN#</u>	<u>Acres</u>	<u>Address</u>
086-143-04	4.94	4601 Cocoa Ave
086-143-07	2.029	0 Cocoa Ave

**3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:**

University of Nevada, Reno President Marc A. Johnson requests approval of a Resolution, pre-approving the lease of the properties at 4601 Cocoa Avenue, Reno, NV (APN 086-143-04 and 086-143-07), at a rate of no less than 6% of the return on investment of appraised value, and/or the sale of the property at or above the appraised value. President Johnson also requests approval authorizing the Chancellor or his designee to approve and execute, after consultation with the Business, Finance and Facilities Committee Chair and review by the Vice Chancellor for Legal Affairs, contracts and related documents to sell or lease the properties as described above, and to sign corresponding escrow and title documents associated with the sale(s) at close of escrow.

**4. IMPETUS (WHY NOW?):**

- The properties will become vacant following the current lease termination with the Navy on June 30, 2019.
- Pre-Approval will allow for response to potential buyers/lessees in commercially reasonable timeframes which will allow for negotiation of the highest and best terms for the properties either in leasing or sale of the property.
- The properties are not located within the master plan of the University.
- Properties have no intended use for UNR future plans.
- Properties would likely require additional investment if they were to be retained for a University use.

**5. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:**

- Properties will be sold at a price higher or equal to appraised value, or leased at a rate no less than 6% of the ROI of appraised value.
- Sale, or lease, of the properties will provide proceeds for the University of Nevada, Reno.

**6. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:**

- No arguments against property disposition have been identified as this property does not have any expected University use.

**7. ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:**

- Hold for any potential future UNR needs not identified at this time. This option is not being recommended as continuing to hold the properties in a vacant condition incurs risk of deterioration and liability with unoccupied and unmonitored properties, as well as a cost of ongoing expenses of maintaining the properties including landscaping and any potential repairs. In addition, property values in this area are currently very attractive for property sales such as this one.

**8. COMPLIANCE WITH BOARD POLICY:**

X Consistent With Current Board Policy: Title #4 Chapter #10 Section #1.9

☐ Amends Current Board Policy: Title #\_\_\_\_\_ Chapter #\_\_\_\_\_ Section #\_\_\_\_\_

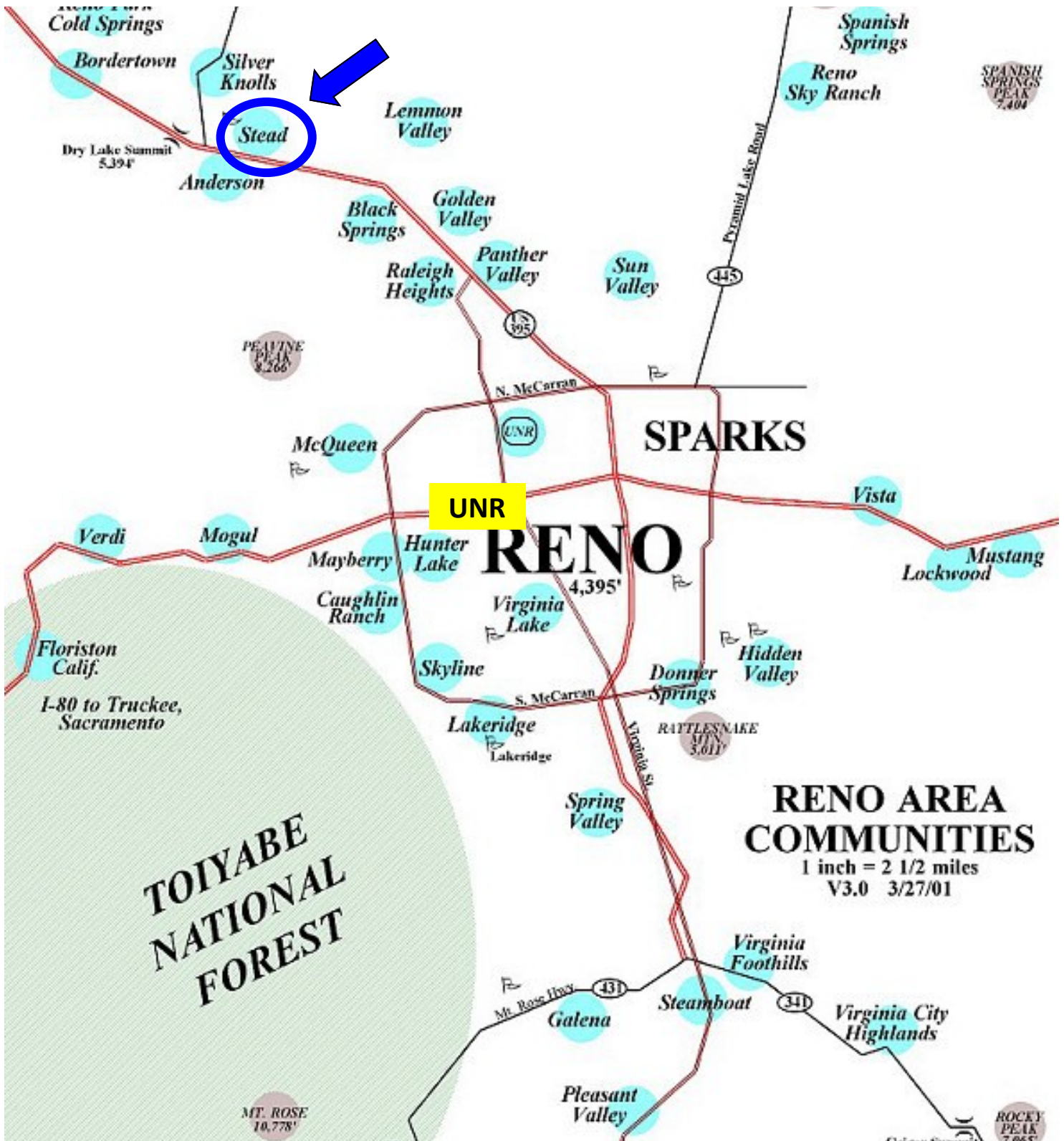
☐ Amends Current Procedures & Guidelines Manual: Chapter #\_\_\_\_\_ Section #\_\_\_\_\_

☐ Other:\_\_\_\_\_

☐ Fiscal Impact: Yes \_\_\_ No X

Explain: There will not be any fiscal impact as defined in the policy

**EXHIBIT 1**  
**Stead Properties**  
**University of Nevada, Reno**





**EXHIBIT 2**  
**Stead Properties**



**Yellow shows Parcel APN# 086-143-04**

**Red shows Parcel APN# 086-143-07**

**ORIGINAL**

**NF(R)-6712**

LEASE FOR REAL PROPERTY  
BETWEEN  
THE UNIVERSITY OF NEVADA  
AND  
THE UNITED STATES OF AMERICA

THIS LEASE, made and entered into this 1st day of  
MAY, 1969, by and between the UNIVERSITY OF NEVADA,  
a political subdivision of the State of Nevada, acting by and  
through the BOARD OF REGENTS of the UNIVERSITY OF NEVADA, whose  
address is Reno, Nevada, hereinafter called the LESSOR, and the  
UNITED STATES OF AMERICA, hereinafter called the GOVERNMENT:

WITNESSETH: The parties hereto for the considerations here-  
inafter mentioned, covenant and agree as follows:

1. The LESSOR hereby leases to the GOVERNMENT the following  
described premises:

a parcel of land located within the UNIVERSITY OF NEVADA  
Stead Campus containing approximately 5.7 acres and  
situate in the County of Washoe, State of Nevada. Said  
leased parcel is bounded by the contiguous street lines  
of "B" Avenue on the North, "C" Avenue on the South,  
First Street on the East and Second Street on the West,  
all as delineated by the hatched parcel on Exhibit  
"A" attached hereto and made a part hereof, to be used  
for the construction thereon of a Naval and Marine Corps  
Reserve Training Center and for other GOVERNMENT  
purposes.

2. To Have and To Hold, the said premises with its appur-  
tenances for the term beginning on 1 July 1969 through 30 June 2019.

3. The GOVERNMENT shall pay the LESSOR as rent the sum of  
One Dollar (\$1.00) for the full term hereof, the receipt whereof is  
hereby acknowledged.

4. The GOVERNMENT may terminate this lease at any time by  
giving at least Ninety (90) days notice in writing to the LESSOR.

5. The GOVERNMENT shall have the right during the existence  
of this lease to make alterations, attach fixtures and erect addi-  
tions, structures or signs in or upon the premises hereby leased.  
Such building, or buildings, and improvements appurtenant thereto  
constructed under the terms hereof, shall be and remain the property  
of the GOVERNMENT and may be removed therefrom by the GOVERNMENT

prior to the termination of this Agreement or the GOVERNMENT, if it so elects, may abandon the building, or buildings, and appurtenant improvements.

6. The GOVERNMENT agrees to permit the occasional use of limited portions of its facilities for educational use by LESSOR if requested by LESSOR and provided such use does not interfere with Navy or Marine Corps requirements upon review and approval by the respective Commanding Officers.

The GOVERNMENT will assume and pay its fair share of the cost, not exceeding 50%, of maintaining the portions of Second Street and "C" Avenue which bound the leased premises, respectively, on the West and South as long as said streets are owned and maintained by the LESSOR. Said cost to be mutually determined and agreed upon by the LESSOR and GOVERNMENT.

8 The LESSOR warrants that no person or selling agency has been employed or retained to solicit or secure this lease upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the LESSOR for the purpose of securing business. For breach or violation of this warranty the GOVERNMENT shall have the right to annul this lease without liability or in its discretion to deduct from the rental price or consideration, or otherwise recover, the full amount of such commission percentage, brokerage, or contingent fee. (Licensed real estate agents or brokers having listings on property for rent, in accordance with general business practice, and who have not obtained such licenses for the sole purpose of effecting this lease, may be considered as bona fide employees or agencies within the exception contained in this clause.)

9. No Member of or Delegate to Congress, or Resident Commissioner shall be admitted to any share or part of this lease contract, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this lease contract if made with corporation for its general benefit.

NF(R)-6712

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the date first above written.

Approved as to form only

3-12-64

By L. D. Wall  
CHIEF Deputy Attorney General

In presence of:

Address

BOARD OF REGENTS OF UNIVERSITY  
OF NEVADA, RENO, NEVADA

By Neil D. Humphrey  
Lessor

CHANCELLOR  
Title

APPROVED:

Paul Laxalt  
PAUL LAXALT, Governor of the  
State of Nevada.

UNITED STATES OF AMERICA

By Charles J. Merdinger  
C. J. MERDINGER, CAPT, CDR, USN  
By direction of the Commander, Naval  
Facilities Engineering Command, acting  
under the direction of the Secretary  
of the Navy.

Bonnie M. Smotony, certify that

I am the Secretary

of the corporation named as LESSOR in the attached lease; that

Neil D. Humphrey, who signed said lease on behalf of  
the LESSOR, was the Chancellor of said  
corporation; that said lease was duly signed for and on behalf of  
said corporation by authority of its governing body, and is within  
the scope of its corporate powers.

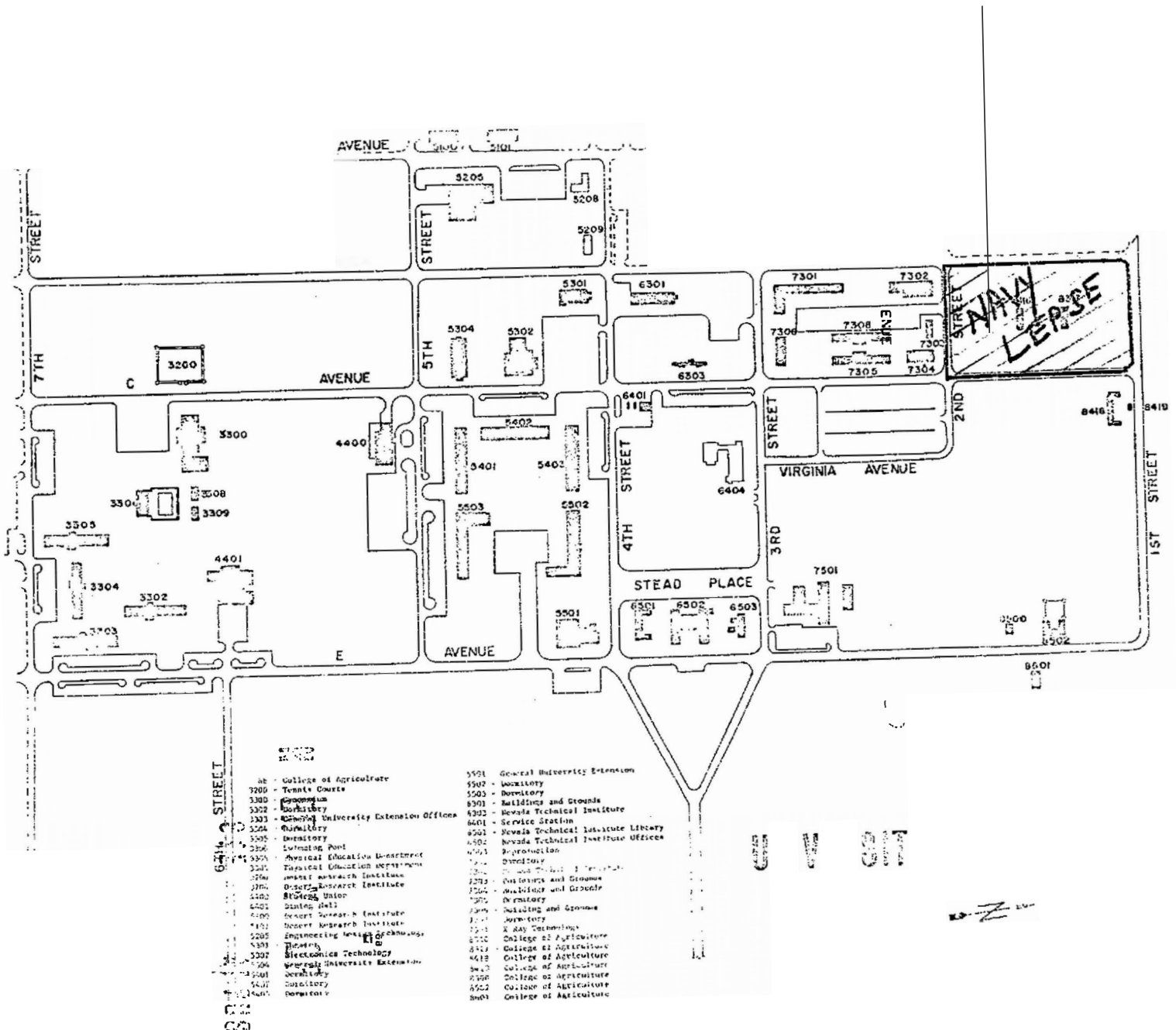
Bonnie M. Smotony

On this 11 day of March, in the year 1964, before me  
Charles J. Merdinger, a Notary Public in and for said County  
and State, personally appeared Neil D. Humphrey, known to me to  
be the person whose name is subscribed to the within instrument  
and acknowledged that he executed the same on behalf of the United  
States of America in accordance with authority granted to him.

Charles J. Merdinger  
Notary Public in and for said  
County and State. My Commission  
Expires 11, 1971



**NF(R)-6712**



## EXHIBIT 4

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION PERTAINING TO THE APPROVAL OF THE SALE OR LEASE OF REAL PROPERTY, ALL OR IN PART, LOCATED IN RENO, NEVADA, WITH THE WASHOE COUNTY ASSESSORS PARCEL NUMBERS 086-143-04, & 086-143-07, FOR A LEASE RATE OF NO LESS THAN 6% OF THE RETURN ON INVESTMENT OF APPRAISED VALUE, OR FOR A SALE PRICE OF NO LESS THAN THE APPRAISED VALUE AND TO THE AUTHORIZATION OF THE CHANCELLOR, OR DESIGNEE, TO APPROVE AND SIGN THE CORRESPONDING LEASE, OR ESCROW AND TITLE DOCUMENTS ASSOCIATED WITH THE LEASE, OR SALE AND CLOSE OF ESCROW, AFTER CONSULTATION WITH THE BUSINESS, FINANCE AND FACILITIES COMMITTEE CHAIR AND REVIEW BY THE VICE CHANCELLOR OF LEGAL AFFAIRS.**

**BE IT RESOLVED** that the Board of Regents approves the request to lease or sell the real property, all or in part, located at Washoe County Assessor's Parcel Number 086-143-04 & 086-143-07, in Reno, Nevada for a lease rate of no less than 6% of the return on investment of appraised value, and for a sale price of no less than the appraised value.

**BE IT FURTHER RESOLVED** that the Board of Regents hereby authorizes Chancellor, or Designee, after consultation with the Business, Finance and Facilities Committee Chair and review by the Vice Chancellor of Legal Affairs, to approve and sign the corresponding lease, or escrow and title documents associated with the lease, or sale, and close of escrow.

PASSED AND ADOPTED on \_\_\_\_\_, 2017.

\_\_\_\_\_  
Chairman  
Board of Regents of the  
Nevada System of Higher Education

(SEAL)  
Attest:

\_\_\_\_\_  
Chief of Staff and Special Counsel  
to the Board of Regents