

BOARD OF REGENTS BRIEFING PAPER

1. AGENDA ITEM TITLE: Memorandum of Understanding between the University of Nevada, Reno and Washoe County School District for a First Option to Purchase of Real Property

APN: 007-193-24, 007-084-23, and 007-193-16

MEETING DATE: June 9 & 10, 2022

2. BACKGROUND & POLICY CONTEXT OF ISSUE:

As both partners in education as well as physical neighbors, the Washoe County School District (WCSD) and the University of Nevada, Reno (University) have enjoyed a long history of collaboration in numerous activities across Washoe County. The physical facility needs of both entities have evolved over time, and as both begin to plan for future space needs, President Sandoval is bringing forward this information item to memorialize the unique opportunity that now exists. Specifically, as WCSD plans for future administrative space needs and consolidations, and the University anticipates future constraints to growth such as affordable housing in close proximity, the WCSD and University have crafted a Memorandum of Understanding (MOU) that provides the Board of Regents of the Nevada System of Higher Education, on behalf of the University of Nevada, Reno, the first option to purchase the existing WCSD administrative campus once WCSD completes its future space consolidation and relocation process, after a suitable property is identified. That future acquisition would be at the then-current fair market value. The MOU is attached as Exhibit 1.

The existing WCSD administrative campus, located at 425 East 9th Street in Reno, borders the University of Nevada, Reno's main campus to the west, and is also adjacent the UNR Valley Road Field Laboratory to the east. Please see the property map that is Exhibit 2. The property contains 3 parcels (Washoe County Assessor's parcel # 007-193-24, 007-084-23, and 007-193-16) totaling approximately 7.55 Acres.

This property sits within the current University facilities master plan approved by the Board of Regents in 2015. While the property currently has several existing improvements including office space of 62,919sf and warehouse space totaling 24,248sf, it is anticipated those facilities would be eventually removed. The University has identified this location as an option for future affordable housing for faculty, staff, and graduate students. The University envisions a potential residential village concept with multiple types of housing ranging from studio apartments through family-style residences. Specific design parameters will be subject to future site planning process and demand analysis.

The anticipated future acquisition of this WCSD property, as outlined in this MOU, presents a significant opportunity to accommodate anticipated growth of the University in a strategic location. As WCSD continues its planning process there is not an established timeline for future sale or transition, this MOU will enable the University to begin high-level planning for future University uses of that parcel.

At the time of this agenda item submission, this MOU is pending review by the WCSD at its meeting scheduled for May 10, 2022. No monetary consideration is required to enter into the MOU with WCSD. This item is being presented for information and for the record, if the purchase is executed at some time in the future it would be subject to Board of Regents approval at that time. A Phase I Environmental Report was completed in March 2018 with no significant issues identified and would be updated at the time of purchase.

3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

University of Nevada, Reno President Brian Sandoval presents this item for information to memorialize the significant strategic opportunity this MOU provides for future property acquisition and in recognition of the collaboration between the Washoe County School District and the University.

4. IMPETUS (WHY NOW?):

- Information item

5. CHECK THE NSHE STRATEGIC PLAN GOAL THAT IS SUPPORTED BY THIS REQUEST:

- ☐ Access (Increase participation in post-secondary education)
- ☐ Success (Increase student success)
- ☐ Close the Achievement Gap (Close the achievement gap among underserved student populations)
- ☒ Workforce (Collaboratively address the challenges of the workforce and industry education needs of Nevada)
- ☐ Research (Co-develop solutions to the critical issues facing 21st century Nevada and raise the overall research profile)
- ☐ Not Applicable to NSHE Strategic Plan Goals

INDICATE HOW THE PROPOSAL SUPPORTS THE SPECIFIC STRATEGIC PLAN GOAL

As the University continues to grow, strategically supporting its own faculty, staff and graduate assistant workforce in areas such as affordable housing is becoming a significant barrier. The property associated with this MOU provides an opportunity to begin developing plans to address a University affordable housing alternative.

6. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

- Information item

7. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:

- Information item

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

- Information item

9. RECOMMENDATION FROM THE CHANCELLOR'S OFFICE:**10. COMPLIANCE WITH BOARD POLICY:**

- ☐ Consistent With Current Board Policy: Title # _____ Chapter # _____ Section # _____
- ☐ Amends Current Board Policy: Title # _____ Chapter # _____ Section # _____
- ☐ Amends Current Procedures & Guidelines Manual: Chapter # _____ Section # _____
- ☐ Other: _____
- ☐ Fiscal Impact: Yes _____ No X

Explain: No fiscal impact at this time; future acquisition will be subject to Board of Regents approval, including acquisition costs related to the transition, at the time of purchase.

Exhibit 1

This MEMORANDUM OF UNDERSTANDING ("**MOU**") is entered into and effective as of the date of execution by the last signing party ("**Effective Date**") by and between the **Washoe County School District** (hereafter referred to as "**WCSD**") and the **Board of Regents of the Nevada System of Higher Education, on behalf of the University of Nevada, Reno** (hereafter referred to as "**UNIVERSITY**"). **WCSD** and **UNIVERSITY** are hereinafter collectively referred to as the ("**Parties**").

WHEREAS, UNIVERSITY is a land grant university within the Nevada System of Higher Education within the State of Nevada;

WHEREAS, WCSD is a public primary & secondary school institution funded by public expense providing Kindergarten through High School education to all students within Washoe County, Nevada free of charge.

WHEREAS, the facility needs of WCSD are no longer well suited by the current WCSD Administration Campus located at 425 East 9th Street, Reno, Nevada (the "WCSD Administrative Campus," or the "Real Property" as the context herein may indicate) and WCSD is currently exploring alternative locations for a future Administration Campus that will better serve the immediate and future needs of WCSD;

WHEREAS, the WCSD Administrative Campus is adjacent to the University of Nevada, Reno's main campus to the west and Valley Road Field Laboratory to the east and presents a significant opportunity for the future growth of the University and the higher education growth initiatives in northern Nevada.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, WCSD and UNIVERSITY agree as follows.

Section 1. General Terms.

- **The "Property":** Identified as Washoe County Assessor's parcel # 007-193-24, 007-084-23, and 007-193-16 and located at or around 425 East 9th Street in Reno, Nevada, commonly referred to as the WCSD Administration Campus, as further depicted on Exhibit 1 (hereinafter referred to as the "Real Property"). The Real Property along with all permanent buildings (the "Building") together with all other improvements, parking facilities and fixtures located on the Real Property (the Building and any and all improvements located on the Real Property are hereinafter referred to collectively as the "Improvements") and all easements, appurtenances, development rights, and other benefits, if any pertaining to or affecting the Real Property (collectively, the "Easements"). The Real Property, Building, Improvements and Easements are collectively referred to as the "Property."
- **First Option to Purchase:** WCSD hereby grants to UNIVERSITY an exclusive first option to purchase the Property under the terms contained in this MOU (the "First Option to Purchase"). In the event WCSD elects to sell all, or any portion, of the Property during the Term (as defined in Section 3 below) of this MOU, WCSD shall provide UNIVERSITY with prior written notice of such intent. During the Exclusivity Period (defined below in this Section 1):
 - If WCSD elects to sell the entirety of the Property, UNIVERSITY shall have the exclusive option to either (i) offer to purchase the Property at Fair Market Value (defined below in this Section 1), or (ii) refuse to purchase the Property.
 - If WCSD elects to sell only a portion of the Property, UNIVERSITY shall have the exclusive option to either (i) offer to purchase the portion of the Property WCSD has elected to sell, or (ii) refuse to purchase such portion of the Property. The First Option to Purchase will continue to apply, for the duration of the Term, to any remaining portion of the Property WCSD does not elect to sell.
 - In all cases, the First Option to Purchase must be exercised, if at all, in writing within ninety (90) days after WCSD provides UNIVERSITY written notice that WCSD intends to sell the Property or portion thereof, as the case may be (the "Exclusivity Period"). In the event that UNIVERSITY exercises this option to purchase, subject to the Approval Contingency

Exhibit 1

(defined below in this Section 1), the Parties agree to execute a purchase and sale agreement in a commercially reasonable form and WCSD shall convey the Property or portion thereof, as the case may be, by grant, bargain, sale deed and shall provide good and marketable title (all subject to the approval of the Parties' respective governing boards and their internal policies and procedures applicable thereto). The Parties agree that a memorandum or declaration of this option may be recorded in the County Recorder of Washoe County.

- **Fair Market Value (FMV):** Fair Market Value shall be determined in accordance with the following subsections:
 - Within twenty (20) days after exercising the First Option to Purchase, the Parties shall each appoint one (1) independent MAI designated appraiser who shall have been active for at least five (5) years by the day of such appointment in the appraisal of commercial properties in the City of Reno, Nevada area. The costs of the appraiser shall be paid by the party that appointed the same.
 - If the appraised value in the respective appraisals is equal to, or less than ten percent (10%) variance between the two appraisals' respective value determination for the Property, the average of the two appraisals shall be used as the Fair Market Value.
 - If the value is more than a 10% variance in value between the two appraisals, the two (2) appraisers shall within (10) days appoint a third appraiser who shall be qualified under the same criteria set forth above for qualifications of the initial two appraisers, and who shall appraise the Property. The costs of the third appraiser shall be evenly shared by the Parties.
 - The three (3) appraisers shall within (30) days of the appointment of the third appraiser attempt to reach a mutually agreed upon determination for the Fair Market Value of the Property and shall notify the Parties in writing. In the event the three (3) appraisers reach a mutual decision as to the Fair Market Value, such value determination shall be used as the Fair Market Value.
 - In the event the three (3) appraisers do not reach a decision as to the Fair Market Value within such thirty (30) day period, the value determination for the Property by the average of the three (3) appraisers shall be used as the Fair Market Value.
- **Approval Contingency:** UNIVERSITY'S offer to purchase the Property, or portion thereof, at Fair Market Value pursuant to the First Option to Purchase is contingent upon the approval of the terms of the Purchase and Sale Agreement by the Board of Regents of the Nevada System of Higher Education (the "Approval Contingency"). If the Board of Regents, in its sole and absolute discretion, does not approve the terms of the Purchase and Sale Agreement to offer to purchase shall be deemed null and void without the necessity of further documentation and shall be deemed to be of no binding effect whatsoever.
- **Close of Escrow:** Close of escrow shall occur within one hundred twenty (120) days of approval of the Purchase and Sale Agreement by the Parties' respective governing boards. The Parties agree to diligently and promptly seek approval from their respective governing boards.
- **Leaseback:** Upon close of escrow, WCSD will be allowed to lease back the Property purchased by UNIVERSITY. The Base Rent for the Property shall be One Hundred Thousand and No/100 U.S. Dollars (\$100,000.00) or Fair Market Value, whichever is less, per year for up to, but not to exceed, twenty-four (24) months after close of escrow for the Property sale. WCSD shall accept the Property in "AS IS" condition and be responsible for **ALL** costs associated with their occupancy including, but not limited to, operating costs, taxes and insurance costs assessment, maintenance, repairs, improvements or any other costs associated with WCSD remaining at the Property. A written Lease memorializing the terms and conditions of said lease back shall be included as an

Exhibit 1

attachment to the Purchase and Sale Agreement, mutually agreed to by the Parties and signed in conjunction with close of escrow of the Property.

Section 2. Execution of a Purchase and Sale Agreement. Once the Parties successfully negotiate a Purchase and Sale Agreement, they shall promptly recommend approval of the Purchase and Sale Agreement to their respective governing bodies. Neither WCSD nor UNIVERSITY shall have any legal obligation to grant any approvals or authorizations until the Purchase and Sale Agreement has been approved by their respective governing bodies and executed by the Parties.

Section 3. Term. The term of this MOU shall commence on the Effective Date and shall terminate ten (10) years thereafter (the "Term"). The Term may be extended upon the written agreement of the Parties.

Section 4. Notices. Except as otherwise specified in this MOU, all notices to be sent pursuant to this MOU shall be made in writing and sent to the Parties of this MOU at their respective addresses specified below or to such other address as Parties to this MOU may designate by written notice delivered to the other Parties of this MOU in accordance with this Section 4. All such notices shall be sent by:

- (i) personal delivery, in which case notice is effective upon delivery;
- (ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt, or if no receipt is returned, notice shall be deemed delivered 3 days after the date of mailing;
- (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service;

WCSD: Chief Operating Officer
Washoe County School District
14101 Old Virginia Road
Reno, Nevada 89521

UNIVERSITY: Director of Real Estate
University of Nevada, Reno
1664 North Virginia Street
Mail Stop 243
Reno, Nevada 89557
With Copies too:

General Counsel
University of Nevada, Reno
1664 North Virginia Street
Mail Stop 0550
Reno, Nevada 89557

IN WITNESS WHEREOF, the Parties of this MOU have executed this MOU as of the date written below.

WCSD

By: _____

UNIVERSITY

Board of Regents of the Nevada System of
Higher Education, on behalf of the University of
Nevada, Reno

Exhibit 1

Recommended

By: _____
Brian Sandoval, President
University of Nevada, Reno

Approved

By: _____
Chancellor
Nevada System of Higher Education

Date

Exhibit 1

Exhibit 1
Real Property Description



Washoe County School District
Exhibit 2

