

AGENDA
AUBURN UNIVERSITY BOARD OF TRUSTEES
APRIL 29, 2014

1. Roll Call
2. Action Items and Committee Reports
 1. [Real Property](#) (Lee Armstrong/Mark Stirling)
3. Recess Meeting

RESOLUTION

REAL ESTATE ACQUISITION

CAMBRIDGE RESIDENCE HALL AND ASSUMPTION OF GROUND LEASE 132 EAST THACH AVENUE AUBURN, ALABAMA

WHEREAS, Auburn University has an opportunity to acquire the Cambridge Residence Hall, a private residence hall located on the corner of Thach Avenue and South College Street in Auburn, Alabama; and

WHEREAS, the property offered for sale consists of a 31,570 square-foot, five-story, 308 bed residence hall with 156 parking spaces on approximately 2.55 acres of leased land; and

WHEREAS, the acquisition of the Cambridge Residence Hall will help Auburn University achieve one of the goals contained in the 2013-2018 University Strategic Plan to provide on-campus housing to all first year students by providing additional capacity while a number of existing residence halls are renovated over the next several years; and

WHEREAS, the Cambridge Residence Halls is strategically located immediately adjacent to Auburn University, at the corner of Thach Avenue and South College Street, a corner that could be used as the future location for an academic building, University parking, or other uses; and

WHEREAS, the University has inspected the facility to assess its condition, and while some repair and renovation will be needed, the residence hall is deemed to be in good condition; and

WHEREAS, consistent with standing policy, two MAI appraisals were secured and the purchase price is below the appraisal price; and

WHEREAS, The Ground Lease has a remaining term of 58 years on the existing agreement and the Landowners have indicated that they are willing to extend additional terms to the new Lessee.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of Auburn University that Jay Gogue, President, or such person as may be acting as President, be and the same is hereby authorized and empowered to take such action as is necessary and desirable to assume the ground lease and purchase the improvements described above at 132 East Thach Avenue, Auburn, Alabama for \$5,300,000; All documents consummating the purchase of the property shall be reviewed as to form by legal counsel for Auburn University.

EXECUTIVE SUMMARY

REAL ESTATE ACQUISITION

CAMBRIDGE RESIDENCE HALL AND ASSUMPTION OF GROUND LEASE 132 EAST THACH AVENUE, AUBURN, ALABAMA

Auburn University has an opportunity to acquire the Cambridge Residence Hall, a private residence hall located on the corner of Thach Avenue and South College Street in Auburn, Alabama. The property offered for sale consists of a 31,570 square-foot, five-story, 308 bed residence hall with 156 parking spaces on approximately 2.55 acres of leased land. The University has inspected the facility and deemed to be in good condition. Two MAI appraisals were secured and the purchase price of \$5,300,000 does not exceed the appraisal price. The ground lease has a remaining term of 58 years on the existing agreement and the Landowners have indicated that they are willing to extend additional terms to the new Lessee. The request to the Board of Trustees is to authorize the acquisition of the Cambridge Residence Hall.



TO: JAY GOGUE, President

THROUGH: DONALD L. LARGE, Executive Vice President
DAN KING, Assistant Vice President for Facilities

FROM: MARK STIRLING, Director of Real Estate

SUBJECT: BOARD MEETING

**REAL ESTATE ACQUISITION: CAMBRIDGE RESIDENCE HALL
AND ASSUMPTION OF GROUND LEASE AT 132 EAST THACH
AVENUE AUBURN, ALABAMA**

DATE: 04/23/2014

This is to request that the following item be presented to the Board of Trustees at the meeting scheduled for April 29, 2014.

Proposal:

It is proposed that Auburn University acquire the Cambridge Residence Hall, a private residence hall located on the corner of Thach Avenue and South College Street in Auburn, Alabama. The property offered for sale consists of a 31,570 square-foot, five-story, 308 bed residence hall with 156 parking spaces on approximately 2.55 acres of leased land.

Review and Consultation:

The acquisition of the Cambridge Residence Hall facility is an attractive proposition for Auburn University for the following reasons:

1. Contribution to Campus Housing Inventory: Auburn University currently has 4,657 beds on campus and has a waiting list of several hundred students every year. A goal of the University Strategic Plan is to provide on-campus housing to all first year students. The acquisition of the Cambridge Residence Hall will help the University achieve that goal as well as provide additional capacity while a number of existing residence halls are renovated over the next several years.
2. Location: The Cambridge Residence Hall, formerly the Auburn Commons, is strategically located immediately adjacent to Auburn University, at the corner of Thach Avenue and South College Street. The property consists of 2.55 acres of leased land and includes 156 parking spaces, which can be used for resident

parking or the land could be used as a future location for an academic building, welcome center, or other uses.

3. Cost: The cost of the Cambridge Residence Hall on a per bed basis is significantly lower (\$32,000/bed including anticipated repair costs) than the cost of constructing an equivalent number of beds in a new residence hall (\$80,000-\$120,000/bed).

Consistent with standing policy, two MAI appraisals were secured. The purchase price is below the appraisal price.

The Ground Lease has a remaining term of 58 years on the existing agreement. The Landowners have indicated that they are willing to extend additional terms to the new Lessee. Control of the Ground Lease may afford an opportunity for the Lessee to negotiate a sale of the property, thus allowing Auburn University to gain fee simple interest in the property.

The University has inspected the facility to assess its current condition. While some repair and renovation will be needed, the residence hall is deemed to be in good condition.

Funds to offset the purchase price are available from unrestricted University sources.

If you concur, it is requested that you recommend the proposal to the Board of Trustees the meeting scheduled for April 29, 2014.

Rationale for Recommendation:

Standing policy stipulates that all leases or acquisitions of property must be approved by the Board of Trustees.