June 26, 2019

TO: Members of the Board of Trustees

FROM: Scott A. Jordan
Executive Vice President for Administration and Chief Financial Officer

RE: Purchase of 88 Gurleyville Road, Mansfield, CT

RECOMMENDATION:

That the Board of Trustees approve the University administration entering into a purchase agreement for the residential property located at 88 Gurleyville Road in Mansfield, CT for a sum of $740,000.

RESOLUTION:

“Be it resolved that the Board of Trustees authorizes the University administration to enter into a Purchase Agreement and any other necessary or desirable ancillary agreements for the residential property located at 88 Gurleyville Road in Mansfield, CT for the sum of $740,000, as adjusted by standard buyer and seller obligations at closing.”

BACKGROUND:

The university will purchase the home at 88 Gurleyville Road on the Storrs campus for use as a president’s residence, where the president will live and hold university events. UConn will no longer use the Oak Hill home due to the significant costs associated with addressing its deferred maintenance needs and the fact that at 80 years old, the building is likely approaching the end of its useful life. UConn will fund the purchase of the home at 88 Gurleyville Road using self-generated revenue from its employee housing rental program and real estate program. No student tuition/fee funds or taxpayer funds will be used for the purchase of 88 Gurleyville.

Oak Hill

The building known as “Oak Hill” was constructed by the state Department of Public Works in 1940 to serve as the president’s residence at UConn. It sits on a section of campus that has been designated as an historic district and the building is considered “historic” because of this.
President Herbst will move out this summer when her term as president concludes. In preparation for this transition, and prospective new occupants, UConn Facilities Operations staff members conducted top-to-bottom assessment of the building, including its deferred maintenance needs.

The building’s outward appearance and condition are good. However, it has been determined that the building requires substantial deferred maintenance including totally replacing its slate roof; replacing its windows; addressing water seepage; replacing its HVAC system; refurbishing and/or renovating floors and rooms, and replacing facia, soffits and gutters, among other needs. The need for some of this work has been longstanding, but delayed for a number of years. The fact the building is considered “historic” in nature will drive-up the cost of such work, particularly the replacement of the slate roof, as replacement materials must meet exact specifications and the work must be completed and overseen by individuals with specialized training to work on historic structures. Due to the age of the building, it is very likely that costly environmental remediation would have to be conducted as part of any significant project, including the likely remediation of PCBs in numerous locations. In addition, the condition of the structure in areas that are not visible is largely unknown, and the condition of these areas, once known, could represent additional costs. This is common in older buildings.

The university believes that the total cost of undertaking all of the deferred maintenance needed — including environmental remediation and costs that are currently unforeseen — could potentially approach or exceed $1 million.

Due to Oak Hill’s age and the scope and cost of the work needed, the university determined that it would be inadvisable to make any further significant investments in the home. It is likely that the building is approaching the end of its useful life. Further analysis and the nature of the work needed would also likely take a substantial amount of time – several months – and UConn’s next president will arrive on campus on August 1.

**88 Gurleyville Road**

The home at 88 Gurleyville Road was constructed in 2001 by UConn’s then-provost, who was allowed to purchase the land from the university for its construction. The provost subsequently left UConn in 2004. At that time, the home was purchased by Philip and Christine Lodewick for $925,000 ($835,000 for the home and $90,000 for the land) for UConn’s use. The university has leased the home for several years, most recently at no cost to UConn. However, the university does pay local property taxes on the house in the amount of approximately $18,000 a year and is responsible for its routine maintenance and upkeep.

It was briefly used as a president’s residence a decade ago, and has been used for university events and transitional or temporary housing since that time.

Mr. and Mrs. Lodewick have indicated it is their intention to put the house on the market. The university determined it would purchase the home and the land it sits on for use as a president’s residence, given the issues associated with Oak Hill and a desire to avoid a private individual or entity purchasing the home, which sits on UConn’s campus, surrounded by UConn property. The
residence will become a UConn building for use by the president for university business and campus events, in addition to serving as a home.

**Funding the Purchase**

The university will pay $740,000 for the property. Two separate outside appraisals of the home were completed, with one valuing the home at $765,000, and the other valuing it at $803,000. The cost of this purchase will be funded with revenue generated by the university’s employee housing rental program and real estate portfolio. UConn owns 20 single family homes in Mansfield, near campus, which it rents to faculty, staff, and temporary employees. Primarily the program serves as transitional housing for new or departing employees, or for employees who will only be at UConn for a short time, such as visiting scholars. Market rate rent is charged for every residence. The program is self-sustaining, with the rent paid by tenants exceeding the cost of maintaining and improving the houses.

The real estate portfolio also includes revenue generated by the fees UConn charges telecommunications providers for the use of UConn’s cell towers.

The combined net profit after expenses from the real estate portfolio is now between $125,000 and $150,000 annually. This is the funding that will be used to finance the purchase of the home, allowing UConn to recoup the cost of 88 Gurleyville over approximately five years. This revenue will also be used to fund maintenance and upkeep needs at the home going forward.

No funds generated by student tuition or fees or UConn’s state appropriation will be used to fund the purchase of the home.

In addition, because the home will be owned by the state, UConn will no longer pay $18,000 in annual property taxes on it.