

Board Meeting  
November 9, 2006

## ROLL CALL

### SALE OF WRIGHT ENDOWMENT FARM IN DEKALB COUNTY

**Action:** Authorize the Employment of a Broker and Proceed with the Sale of Three Farms Received Through The Estate of Harry G. Wright

**Funding:** No Funding Required

The Board of Trustees approved a revised policy for the management of University Endowment Farms at the January 19, 2006, meeting. The policy states: "Endowment farm real estate, where sale is not restricted by the donor, will be evaluated at the time of gift and annually thereafter to determine if selling one or more parcels would be the most appropriate strategy." The current year evaluation indicates it may be advantageous for the University to pursue a sale of the Wright Farm.

In 1943 the University received title to four farms in DeKalb County, Illinois, totaling 952 acres from the estate of State Senator Harry G. Wright. One farm is utilized by the College of Agricultural, Consumer and Environmental Sciences (ACES) for research purposes as part of its Northern Illinois Experimental Field, leaving three farms totaling 893 acres to support the desired objectives of Senator Wright as stated in his will.

The will of Senator Wright states that the farms were to become the "absolute property" of the University and were to be known as the "Harry G. Wright and

Harriette A. Wright Endowment" to be managed by the University of Illinois.

Senator Wright expressed his "desire" that the endowment be used for the "purpose of promoting agricultural education and for founding scholarships." He then clearly stated that "nevertheless, the use made of the devise and bequest hereunder shall rest in the sole discretion and judgment of said Board of Trustees," giving the University the sole authority to decide how to use the gift of farmland. In accord with Senator Wright's desire, on May 22, 1948, the Board of Trustees voted to adopt various regulations governing awards of scholarships under the Harry G. Wright and Harriette A. Wright Endowment. Since then, income from farming operations on the Wright Farms has been used for that purpose.

Today, farmland in DeKalb County has development value in addition to its farm operations value and has appreciated much more rapidly than has the rest of the University's endowment farm portfolio. Consistent with the Board's current asset management approach for gifts of farmland, the Vice President for Administration recommends that this appreciation be realized through a public sale of the Wright Farms. University Counsel has reviewed the will and finds no restrictions precluding the sale of the farms.

Consistent with the desires expressed by Senator Wright for the use of this generous gift, the Chancellor at Urbana-Champaign recommends that the proceeds from the sale of the Wright Farms be used for two purposes:

1. Invest a portion in the University's Endowment Pool sufficient to produce annual income equal to the recent five-year average income produced by farming operations of the Wright Farms to fund scholarships in the College of ACES.

2. Use the remaining proceeds to fund land acquisition and transition costs related to the College of ACES move to the new South Farms location.

The University will issue a Request for Proposal (RFP) to select the most qualified farmland broker to execute a marketing plan for the Wright Farms that is fair and open to the public. Formal selection of the broker will be brought to the Board when ready. Brokerage fees and commissions will be paid from the proceeds of the sale. The administration will also use this RFP to identify a short list of qualified brokers from which to choose for the University's future farmland brokerage needs. The proposed timetable for these activities is as follows:

- November 2006:
  - RFP issued and received
  - Wright Farms appraisal obtained
- December 2006 – Short list of best proposals selected, interviews conducted with these firms, and most qualified firm selected and recommended to sell the Wright Farms. The best firms from the short list will be put on an approved list, from which they will be chosen for future farmland brokerage opportunities.
- January 18, 2007 – Request Board of Trustees' approval of recommended broker.
- February 2007 – Finalize contract; broker begins the process of executing their marketing strategy.

The board action recommended in this item complies in all material respects with applicable State and Federal laws, University of Illinois *Statutes*, *The General Rules Concerning University Organization and Procedure*, and the Board of Trustees policies and directives.

The President of the University concurs with these recommendations.