

Board Meeting
September 10, 2009

ROLL CALL

SALE OF SUDBURY ENDOWMENT FARM IN BUREAU COUNTY

Action: Authorize the Employment of Capital Agricultural Property Services, Inc., as Broker and Proceed with the Sale of an Endowment Farm Received Through the Estate of Lucille Hart Sudbury

Funding: No New 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 Sudbury Farm.

University Counsel has reviewed the will and finds no restrictions precluding the sale of the Sudbury Farm. Consistent with the Board’s current asset management approach for gifts of farmland, the Vice President/Chief Financial Officer and Comptroller recommends a public sale. The Chancellor at Urbana-Champaign recommends that the proceeds from the sale of the Sudbury Farm be used to fund land acquisition and transition costs or other research costs associated with agricultural

research programs in the College of Agricultural, Consumer and Environmental Sciences (ACES).

In 2004 the University received title to a farm in Bureau County, Illinois, totaling approximately 353 acres from the estate of Lucille Hart Sudbury. Mrs. Sudbury died on October 12, 2002, leaving a trust known as the Lucile Hart Sudbury Trust. The trust agreement states “the trustee shall convey and transfer the trust property to the University of Illinois for allocation to its Department of Agriculture with the request that it be used for experimental farming purposes, and the trust shall terminate.” Future capital transactions with the Sudbury Farm sale proceeds will augment the experimental farming mission associated with research programs in the College of ACES and thus will be consistent with Mrs. Sudbury’s wishes.

In 2007 the University issued a Request for Proposal (RFP) to select the most qualified farmland broker to execute a marketing plan for the Wright Farms in DeKalb County. The administration also used the RFP to identify a short list of pre-qualified brokers from which to choose for future farmland brokerage needs. Capital Agricultural Property Services, Inc. (CAPS) was identified at that time as a qualified farmland broker for a possible future brokerage contract. The administration recommends CAPS as the broker uniquely positioned to conduct an auction of the Sudbury Farm for the following reasons:

- CAPS has a respected and visible presence in Bureau County and the surrounding area and they have a strong history of farm sales in northern Illinois

- CAPS managed the farm before it came to the University and they possess unique knowledge of the property
- CAPS was instrumental in ensuring a smooth transition as the title and management transferred to the University
- CAPS personnel who managed the farm are still part of their organization

The proposed timetable for selling the Sudbury Farm is as follows:

- October 2009:
 - Finalize contract with CAPS
 - CAPS begins marketing and advertising efforts
- November 2009:
 - Conduct required environmental and archaeological assessments of the Sudbury Farm
- January 2010 – Sell the Sudbury Farm at auction
- March 2010 – Closing and title transfer to buyer

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.