

ACTION ITEM #2
WSU Prosser, IAREC Ground Lease
(Stacy Pearson)

May 4, 2018

TO ALL MEMBERS OF THE BOARD OF REGENTS

SUBJECT: WSU Prosser, IAREC - Ground Lease

PROPOSED: That the WSU Board of Regents authorize the lease of approximately 150 acres of agricultural land at the Roza Unit of the WSU Irrigated Agriculture Research and Extension Center located in Prosser for a period of 10 years and 4 months with the potential for two 5 year renewals, and delegate authority to the President or his designee to select the successful proposer and enter into any and all documents necessary to complete this ground lease transaction.

SUBMITTED BY: Stacy Pearson, Vice President for Finance and Administration

SUPPORTING INFORMATION: The WSU Prosser Irrigated Agriculture Research and Extension Center (IAREC) creates integrated solutions and educates regional and global communities and future generations to advance economically, environmentally, and socially sustainable irrigated agriculture. The Center currently hosts 14 WSU faculty. The Center includes two separate land units in the Prosser area; the Singleton headquarters and the Roza Unit. The Roza Unit is a 338 acre (288 farmable acres) tract located about 3 miles north of IAREC's Singleton headquarters.

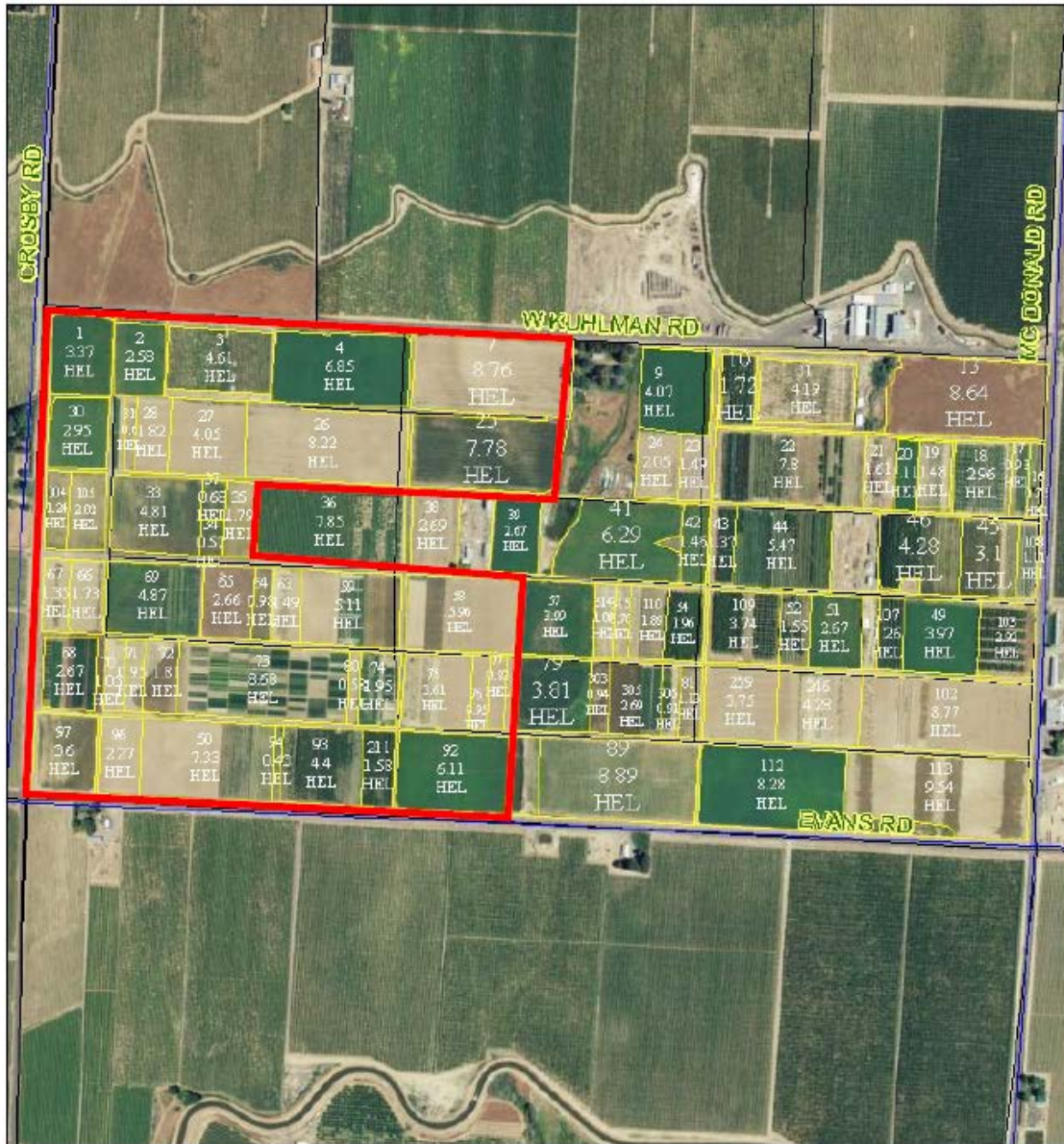
IAREC faculty scientists primarily use the east side of the Roza Unit for research activities. Over the past 20 years, research demand for acreage on the west side of the Roza Unit has consistently declined. Currently, this unused acreage is planted to winter wheat or alfalfa, which provides minimal returns. A consolidation of research plots from the west side to the east side of the Roza Unit allows WSU to offer a 150 acre+/- contiguous plot on the west side of the Unit for lease to commercial growers of perennial crops, such as fruit trees, grapes and hops. The Dean of CAHNRS has requested that this plot be leased out for this purpose.

The land to be leased has been valued at \$1.46 million by an assessor/realtor. Anticipated net revenue to be generated by the ground lease over the entire 20 year period is estimated to be up to \$3.2 million depending on crop type and including escalations. The initial 10 year lease term is estimated to be \$1.3 million. The first 5 year renewal, if exercised, is estimated to generate in excess of \$850,000, and the second 5 year renewal, if exercised, is estimated to generate in excess of \$1 million. The lease revenue will be used to repay Prosser IAREC's farm operations debt by the end of FY 2022. Other investment needs include facility improvements, growth chambers, screen and greenhouses, faculty support and instructional capacity.

ATTACHMENT: Attachment A - Aerial View of the Site

Attachment A

The area bounded in red is the land to be leased.

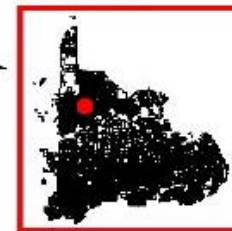


USDA United States Department of Agriculture
Farm Service Agency

Farm: 2295
Tract: 746

Benton County, WA
1:9,110

April 24, 2012



Disclaimer: Wetland identifiers do not represent the size, shape or specific determination of the area. Refer to your original determination (CPA-026 and attached maps) for exact wetland boundaries and determinations, or contact NRCS.

BOARD OF REGENTS
WSU Prosser, Irrigated Agriculture Research and
Extension Center (IAREC) Ground Lease

Resolution #180504-576

WHEREAS, the Board of Regents of Washington State University by virtue of RCW 28B.10.528 has authority to delegate by resolution to the President of the University, or designee, powers and duties vested in or imposed upon the Board by law and to enable the President, or designee to act on behalf of the Board of Regents in matters relating to the administration and governance of the University.

RESOLVED: That the Board of Regents authorize the lease of approximately 150 acres of agricultural land at the Roza Unit of the WSU Irrigated Agriculture Research and Extension Center located in Prosser for a period of 10 years and 4 months with the potential for two 5 year renewals, and delegate authority to the President or his designee to select the successful proposer and enter into any and all documents necessary to complete this ground lease transaction.

Dated this 4th day of May, 2018.

Chair, Board of Regents

Secretary, Board of Regents