

**Board Policy 0110: Use of The Claremont Colleges, Inc. (TCC) Land, Acquisition of New Land, and the TCC Land Bank**

**1. PREAMBLE [delete this section and begin Policy with I – Land Bank Policy?]**

It is readily apparent that one of the most valuable and potentially contentious assets of CUC is its approximately 200 acres of unoccupied land. It is useful, therefore, to identify the assumptions and their origins, which have guided the review and establishment of land use policy.

The founding of The Claremont Colleges in 1925 was based upon a clear vision of the creation of a series of relatively small institutions of higher education which would preserve the value of residential colleges with personalized instruction and close relations between faculty and students. The alternative of a single larger “university” was rejected. The small institutions were to share a number of central programs and services so as to take advantage of those economies of scale associated with the more efficient operation of libraries, student health, security, finance, maintenance and such other services as the Colleges would identify. The whole would provide “an intellectual climate of the character found in universities of the highest quality.”

Subsequently, in the creation and eventual revisions of the Constitution of The Claremont Colleges, enrollment limits were agreed upon for each of the constituent institutions, most recently in the revision to the Constitution of April 14, 2000. Thus the principal assumption on which CUC has consistently operated for its 80 years of existence has been that of a collection of small institutions.

The Constitution also specifically charges the Board of Overseers (Article IV, par. 3) to “promote the founding of additional colleges or other education institutions to enhance the educational quality of The Claremont Colleges”, and “to hold title on behalf of all members, to land for the development of new member institutions and central programs and services.”

In accordance with its constitutional charge, CUC has, over the years, acquired contiguous unoccupied land for the purpose of development of new member institutions and central programs and services. The CUC Board of Overseers affirms that these lands are held for development in support of outstanding higher education for which The Claremont Colleges have become renowned.

The North Campus land was provided by donors who specifically restricted their gifts to use for the development of new member institutions. CUC’s North Campus properties include the lands leased to the golf course management company, the 1.63 acre strip of property at the north end of Rancho Santa Ana Botanic Garden used by the Garden under the conditions of a License Agreement, the south slope of the golf course currently pledged for sale to CGU for graduate student housing, the Temporarily Restricted Bernard Field Station property identified in the 2001 Settlement Agreement and the property to the east of the Temporarily Restricted Field Station, located at the NW corner of Foothill Blvd. and Mills Ave.

The East Campus land was purchased ostensibly, but not specifically restricted, for the development of new member institutions. The East Campus is bounded by Foothill Blvd. on the north, Arrow Route on the south, Claremont Blvd. on the west and Monte Vista Ave. on the east.

In prior years, operating without a fully detailed land policy, the CUC/CGU Board of Fellows or CUC Board of Overseers has taken the following actions:

- On five occasions the Board of Fellows or Board of Overseers of CUC provided gifts of land to new member institutions (CGU, CMC, HMC, Pitzer and KGI).
- Scripps College has traded or sold land for the development of the CMC, HMC and CGU campuses and abandoned its interest in the Scripps Trust land (North Campus) for a nominal payment.

- On at least one occasion, some land on the northeastern border of our holdings was sold for housing developments, apparently in order to obtain needed revenue for CUC.
- Approximately 15 acres north of Foothill were sold to the Claremont School of Theology in the 1950's, subject to CUC's reversionary rights, should the land ever be used for any other purpose.
- In the 1950's CUC gave 30 acres of North Campus to the Rancho Santa Ana Botanical Garden when it moved to Claremont from Santa Ana. CUC has reversionary rights for the gifted land should the Garden cease to operate as a not-for-profit botanic garden or if other restrictions apply. Both RSABG and CST remain affiliated organizations of The Claremont Colleges.
- A number of decades ago, some 33 acres of land in the northwest of our holdings were dedicated to construction of a golf course. The golf course is operated by a management company. Each of The Claremont Colleges owns 7.5% of the management company for a total of 52.5%; the remaining 47.5% is owned by CUC. Lease income and a portion of the net revenues from the golf course are placed in the Land Bank account to support CUC expenses related to the holding of land.
- In 1983 the Board of Fellows established the Land Bank for CUC owned property: Item 3 1) provides that any existing college or affiliate may purchase a portion of CUC land for its own use.
- In 2001, Policy No. 105, adopted by the CUC Board of Overseers, reaffirmed the mechanism for determining the value of land purchased by consortium members from CUC, defined the Land Bank cash reserve and its goals of a minimum of \$1 million and eventual goal of \$10M to support acquisition of property for future expansion of the Colleges.
- At the same time in 2001, the Board adopted a land use policy (CUC Policy No. 106, Land Acquisition Policy) which identifies the purpose of land held by CUC for future campuses and possible expansion of existing campuses; a requirement for a majority vote, including a majority of the individual Boards of Trustees of constituents for disposal of land; the obligation for CUC to continue to seek additional land proximate to the Colleges; and that CUC should have first opportunity to acquire land outside the immediate sphere of influence of any of the Colleges.
- In 1998, the former CUC Board of Fellows authorized the sale of approximately 7 acres of land in an isolated parcel between the golf course and the School of Theology to CGU for the purpose of constructing graduate student housing. CUC acknowledges and affirms its prior obligation to CGU to sell approximately 7 acres for graduate student housing under the provisions of Policy No. 105 (September 13, 2001), including the purchase price as established by the Land Bank Policy as of September 13, 2001.
- In 2003, CUC leased, on a year to year basis, acreage in the East Campus to CMC as an archery range.

In the past two years, CMC and Pitzer Colleges indicated their desire to obtain land in the East Campus for purposes of expanding their campuses. The CUC Board of Overseers, recognizing the lack of sufficiently detailed policy that might govern the future distribution of the existing land bank between expansion of existing campuses versus new institutions, determined that, before responding to those requests (or any others) it would be advisable for the Overseers to develop and adopt a more detailed Policy Regarding Use of CUC Owned and Unoccupied Lands that will govern the use and disposition of existing lands, with priorities for highest and best use and alternatives. Such a policy, once adopted, would remain in effect until amended by the CUC Board.

## I. Land Bank Policy

The land owned by The Claremont Colleges, Inc. (TCC) constitutes a Land Bank. The Land Bank shall also include a cash reserve which may be funded in any of the following ways:

- Funds received from the purchase of land from the Land Bank.
  - Annual lease revenue from TCC owned properties.
  - Cash gifts to the Land Bank, which may or may not be restricted.
  - Budgeted support by constituent members of The Claremont Colleges to retain a \$1M annual minimum operating balance.
- A. A major and original purpose of the Land Bank is to provide funds for future land acquisition as it may become available. Therefore, any future sale or lease of TCC owned land to a constituent member shall be at market value as defined by the Appraisal Institute.
  - B. The funds generated by land sales or land rents shall be utilized by TCC to acquire land, and to administer, evaluate and plan for land use issues and proposed transactions and to defray the cost of owning and maintaining TCC undeveloped properties as well as for planning for future use of Land Bank resources.
  - C. It shall be the policy of TCC to maintain an acreage reserve of suitable land for the purposes of establishing new institutions and other purposes (the "Acreage Reserve"). Thus, as existing land may be assigned to one purpose or another, efforts will be made to acquire additional land to maintain the Acreage Reserve.
  - D. Efforts should continue to find resources for the Land Bank Account in order to enable TCC to purchase additional land in Claremont (and/or Upland) that may add to the Acreage Reserve for future land resources for TCC and constituent members of The Claremont Colleges.
  - E. An aspirational goal of \$10M is established for the Land Bank, primarily to support the acquisition of additional properties to be held as part of the Acreage Reserve to be held for future expansion of The Claremont Colleges.
  - F. In order to reasonably limit the *ad hoc* or piece-meal consideration of requests for land by constituent campuses, such requests ordinarily shall be considered only once a year, in the January or Spring meeting of the Board. Colleges applying for land should file a detailed request to the Board by the third quarter of the prior calendar year, including:
    - Relevant educational considerations
    - The long-term academic and campus planning on which the request is based
    - Site plans, both for added land and original campus, adequate for consideration
    - Justification within all existing TCC policy
    - Relevant economic considerations, including evidence of financial capability to complete proposed projects
  - G. The Council of The Claremont Colleges and the Board of Directors shall review at the end of each fiscal year the minimum operating balance of the Land Bank. Should this operating balance drop below \$1M at the end of a fiscal year, provisions will be made in the TCC operating budget to return to the minimum operating balance within a 1-3 year period of time, dependent upon projected revenues and expenses of the Land Bank.

## II. Land Use Decision Protocol

- A. Use of Existing Land. When presented with a proposal for sale or lease or other matters affecting TCC land, the Board of Directors will establish a special committee for initial consideration and evaluation of the proposal. The special committee will forward its recommended action to the Council for review and comment prior to submission to the TCC Board of Directors for final decision. A  $\frac{3}{4}$  vote of the full membership of the TCC Board and a  $\frac{3}{4}$  favorable vote of the constituent members shall be required to enact a land transaction. (see III. C, below).
- B. Acquisition of Additional Land by Gift or Purchase.- Any proposed gift of land or potential purchase of land will be reviewed by a special committee of the Board, including two members selected for particular experience in real estate matters. The special committee will review any such proposal and reach a recommendation as to whether to go forward.
  - 1. In instances where time is of the essence in the purchase of real estate, the recommendation of the special committee will be reviewed by a teleconference of the Council. With the approval of the Council, the special committee shall have the authority to approve cash real estate purchases up to, but not exceeding, the existing balance in the TCC Land Bank account. Such action shall be immediately reported to the full Board of Directors.
  - 2. The special committee shall review any proposed receipt of gifted real estate and recommend action to the Board of Overseers.

## III. Land Use Priorities

- A. Undeveloped land owned by TCC may be used for the following purposes, not in priority order:
  - 1. Gift of land to new member institutions;
  - 2. Lease of property to members of the consortium for the construction of parking, playing fields or other common use facilities;
  - 3. Sale of land for the expansion of existing colleges or institutions;
  - 4. Allocation of land for TCC facilities.
- B. Any of the above actions will require a  $\frac{3}{4}$  vote of the full membership of the TCC Board and must include a  $\frac{3}{4}$  favorable vote of the constituent members.

## IV. Land Assignment or Grant to New Institutions or Sale to Constituent Members

As a general policy any assignment or grant to new institutions or sale to constituent members will contain appropriate conditions, whether the land is being gifted, or sold, and if sold the purchase price, including that the building on the land will commence within five years or the land will be returned to TCC at the transfer price (if any) plus carrying costs of the land, unless a specific exception is granted by the TCC Board.

V. Other Matters

- A. New Institution: For purposes of this Policy, a new institution will be defined as any proposed additional entity, whether or not encompassing a new corporation, if it requires the addition of a new faculty in one or more new disciplines (as opposed to simple expansion of existing programs) and the reasonable requirement for one or more acres of land.
- B. Future amendments of this Policy will require the affirmative vote of  $\frac{3}{4}$  of the membership (not just those voting) and  $\frac{3}{4}$  of the constituent membership.
- C. It is recommended that future campus planning for The Claremont Colleges campuses give preference to construction of multi-story buildings in order to improve land use efficiency.

Policy History: Approved by the CUC Board of Overseers, January 18, 2006  
Approved for name change revision by TCC Board of Directors, April 3, 2018  
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