

# VIRGINIA MILITARY INSTITUTE

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## MEMORANDUM

**TO:** Members of the Audit, Finance, and Planning Committee

**FROM:** BG Dallas B. Clark

**SUBJECT:** Real Estate Update

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The F&S staff continues to work a number of real estate transactions, much of it related to ongoing or planned construction projects around Post. VMI staff works closely with the Office of the Attorney General (OAG) and other State agencies as necessary. Below is a summary of these transactions:

### Corps Physical Training Facility – Ownership of Properties

With the exception of the Columbia Gas parcel discussed below, VMI owns all properties upon which the CPTF facility and the Aquatic Center are located. The City of Lexington approved the elimination of the individual lot lines and consolidating them into one parcel at their May 2020 meeting and the consolidated plat was recorded in the Circuit Court. The title policy covering all the properties, pending final acquisition of the Columbia Gas parcel, is being finalized.

### Columbia Gas Parcel

Columbia Gas operated a small natural gas transmission facility on a 20' x 20' parcel in the middle of VMI property on North Main Street. This property is within the construction limits of the planned Aquatics Center. Columbia Gas relocated the transmission lines coming from this facility and in July 2020 demolished the building, cleared the site, and performed an informal environmental assessment. VMI recently completed the required environmental reviews necessary prior to transfer of ownership. VMI staff continues to work with Columbia Gas and the OAG real estate staff to finalize acquisition of this parcel. Once ownership is transferred to VMI, a title policy will be obtained to complete acquisition of all parcels within the Corp Physical Training Facilities and Aquatic Center footprint.

### Chessie Nature Trail – Necessary Easements

The Chessie Nature Trail was acquired from the VMI Foundation in 2010. There were six parcels of property near East Lexington that VMI did not own nor hold an easement or right-of-way to support trail use. For many years, all of these property owners allowed access across their properties, thus not impacting use of the trail in this area. In spring 2017, one property owner blocked access to the trail that runs through his two adjacent parcels. VMI created an off street parking area and temporarily relocated the trailhead and began efforts to re-open the trail. VMI contracted with a firm to prepare fair market value appraisals for permanent easements across each of the private parcels. The appraisals were received in mid-August 2018 and formal offers to purchase easements were extended to owners of all parcels. Two easement purchases were finalized and negotiations began with the property owners. Easements were obtained for two of the parcels, two property owners declined to grant easements but still allowed use of the trail across their properties. The owner of the remaining two parcels declined to grant an easement and subsequently blocked access to the trail across his property. The property owner communicated through legal counsel that he was not interested in granting an easement. These two properties were recently sold to new owners who have removed the barriers blocking the trail. VMI staff will contact these owners to determine their interest in granting a permanent easement across their property in order to allow continued use of the trail.

### Easement – New W&L Service Road

W&L constructed a new service road (General's Way) near the VMI-W&L property line behind Marshall Hall. Portions of the road encroach onto VMI property. Planned construction of VMI's new Moody Hall will likely impact General's Way to include a potential service road from General's Way to the rear of the new facility. VMI staff will work with OAG and W&L to finalize any necessary agreements and easements related to this new construction. These agreements may grant W&L an easement for the portions of VMI property on which the road is constructed in exchange for W&L granting VMI perpetual use of the new road.

### Center for Leadership and Ethics (CLE) Phase II – W&L Property Acquisition

The construction of the CLE Phase II and Parking Facility will require acquisition of less than one acre of property from W&L. VMI staff has had discussions with W&L on the acquisition and W&L has indicated a willingness to transfer ownership. VMI will seek legislative authority to acquire the necessary property.

### Marshall Library – Boundary Line Adjustment (no actions since last report)

VMI provided land to the Marshall Foundation in 1962 for the construction of the Marshall Library. The original plat developed for the project was not updated to reflect the actual footprint of the facility after construction. A portion of the facility was constructed outside of the area conveyed to the Marshall Foundation and is currently located on VMI property. To address the issue, a new boundary line was proposed. The intent of the new boundary line is to result in an approximate net zero gain/loss in property through the adjustment of the property boundary line. VMI is working with the Marshall Foundation staff and the OAG on this adjustment.

Language was approved in the 2017 General Assembly Budget giving VMI the necessary authority to proceed with the boundary lot adjustment. The “no-cost” capital project has been created in the Department of Planning and Budgeting system and we will be working on formalizing a new plat with the adjusted boundary lines. VMI staff and the Marshall Foundation staff initially agreed on a proposed boundary line adjustment which was approved by the Board at its May 2018 meeting. VMI engaged a surveyor to prepare a new plat, which has been approved by the City. VMI will work with the OAG to draft the appropriate property transfer documents to resolve this boundary line issue.

### Collins Property – Oak Hill, WV

VMI holds a half interest in reversionary rights on a 16.56 acre tract of land in Oak Hill, West Virginia. This property conveyed to the Fayette County School Board in 1948 from the estate of Justus Collins (by trustee George R. Collins, VMI class of 1911). Mr. Collins’ deed restricted the property use to a school named after Justus Collins. If the school board ceases usage of the property as a school, the property rights would revert to VMI and the other half interest holder.

In December 2017, VMI received a letter from an attorney representing the Fayette County Board of Education asking us to consider relinquishing our reversionary interest in the property, allowing them to use the property for other educational purposes. VMI engaged attorneys in West Virginia to research the ownership and concluded that VMI does still possess a 50% reversionary interest in the property; however, the school system is still using the property for educational purposes to an extent that could satisfy the requirements to avoid triggering the reversionary interest clause. At this time VMI has taken no further action but has considered the possibility of relinquishing the reversionary interest to the school system either for a fee or possibly as a donation. VMI’s ultimate course of action will depend on the actual value of our ownership interest. In the event VMI desires to relinquish rights to the property, this action will be brought to the BOV for approval.

### Massie Street Properties (no action since last report)

The VMI Foundation owns two properties on Massie Street adjacent to existing VMI owned property. The properties consist of a vacant lot and a residential dwelling. In December 2018, the Foundation purchased two other adjacent properties on Massie Street. With the purchase of these properties, the Foundation now owns several properties fronting Massie Street adjoining the VMI owned properties. These properties are immediately adjacent to the location of the Aquatics Center.

### 708 N. Main Street Access

The owners of the home located at 708 North Main Street contacted VMI in January 2019 regarding access to their property from Main Street. VMI and the City of Lexington previously blocked access to an abandoned alley from Main Street to Stono Lane during the summer of 2014 as construction began on the Corp Physical Training Facility, Phase 2, Renovation of Cocke and Cormack Halls. This abandoned alley remained blocked by a concrete barrier and was made impassable by the expansion of the North Institute Hill Parking Lot. Current access is from the rear of the home via Stono Lane. This access also serves adjacent properties located at 704 and 614 North Main.

The homeowners contended that their property deed provides right of way access through the abandoned alley to Main Street; however, VMI's review of deeds for the area and meetings with the City Planner and VDOT dispute this claim. A formal title search was conducted but was inconclusive to resolve the right of way question. The VMI Foundation purchased the residence at 614 North Main Street which resolved the access issues for this property. Construction of the North Institute Hill parking lot expansion has permanently blocked access to these properties from Main Street. VMI worked with the remaining two properties owners to improve their access from Stono Lane and at this time all parties appear satisfied with this resolution.

### New Market Subdivision land transfer to Neikirk Holdings LLC

In early 2020, a developer contacted VMI offering to donate approximately 20 acres of undeveloped wooded property adjacent to VMI owned Shirley's Hill property in New Market, Virginia. Institute staff visited the property and determined it would be advantageous to acquire the property to serve as a buffer to currently owned battlefield land. The VMI Foundation, through Neikirk Holdings, LLC, accepted title to the donated property from the developer. The Foundation desires to transfer title to VMI. VMI obtained State approval to acquire these properties through donation during the 2022 session of the General Assembly. VMI is coordinating the acquisition and required surveys, etc. with the appropriate State agencies.