

May 7, 2014

MEMORANDUM

TO: State Board of Regents
FROM: David L. Buhler
SUBJECT: Utah State University – Real Property Acquisition in Montezuma Creek, Utah

Issue

Utah State University (USU) has requested authorization to purchase a property to replace currently rented space that has a non-renewable lease that expires on June 30, 2014

Background

The property, which is located at 375 North 400 West, Montezuma Creek, Utah, consists of .26 acres and a 2,520 square foot building and will be used by the USU Eastern San Juan Campus. Its strategic location contiguous to the White Horse High School Campus facilitates continuance of daytime courses offered to high school students and evening courses to the community.

The purchase and ongoing O&M costs will be funded with USU Eastern San Juan Campus funds. USU is requesting authorization to purchase the property at a negotiated price between the seller's appraised value of \$115,000 and the \$102,000 value of USU's independent review of the seller's appraisal.

USU's letter requesting authorization to purchase this property, photographs of the property and its location, and the seller's appraisal and USU's review are attached for your review. USU representatives will be present at the meeting to respond to questions.

Commissioner's Recommendation

The Commissioner recommends approval of USU's request to purchase this property.

David L. Buhler
Commissioner of Higher Education

DLB/GLS/WRH
Attachment



April 25, 2014

Commissioner David L. Buhler
Utah State Board of Regents
Board of Regents Building The Gateway
60 South 400 West
Salt Lake City, Utah 84101-1284

Dear Commissioner Buhler:

Utah State University desires to acquire real property located at 375 North 400 West, Montezuma Creek, Utah to replace currently rented space that is non-renewable after June 30, 2014. The request has been approved by the Utah State University Board of Trustees.

The property consists of a 2,520 square-foot building that sits on 0.26 acres. The building and land adjoins the White Horse High School campus of the San Juan County School District as shown on the attached aerial photo and will be used by USU Eastern San Juan Campus. The close proximity to the high school campus is advantageous to USU to continue to offer daytime courses to high school students and evening courses to the community.

USU conducted an inspection of the property and found it to be in suitable condition and environmentally safe and sound for occupancy without major repairs or renovations. The seller's original appraisal valued the property at \$115,000. USU requested an independent review of the seller's appraisal. The reviewer's opinion valued the property at \$102,000. USU requests approval to negotiate a purchase price between \$102,000 and \$115,000. Funding for the acquisition and ongoing operation and maintenance costs will be paid from USU Eastern San Juan Campus funds.

We appreciate your support and ask that you present this item to the Board of Regents for approval.

Sincerely,

David T. Cowley
Vice President
for Business & Finance

cc: Greg Stauffer, Associate Commissioner for Planning, Finance & Facilities
Stan Albrecht, President

Proposed Acquisition



Proximity of the Proposed Acquisition and the White Horse High School



COMMERCIAL PROPERTY APPRAISAL REVIEW

SUMMARY OF FACTS AND CONCLUSIONS

Appraisal Review Client: Dale Huffaker, Executive Director Real Property Administration, Utah State University

Property Identification: Existing Church Building, 375 North 400 West, Montezuma Creek, Utah

Appraisers: Gary R. Free, Roland D. Robison and Steven J. Henderson

Appraiser's State Certification Nos.: 5451769-CG00 (Free), 5452047-CG00 (Robison) and 5953086-CG00 (Henderson)

Appraisal Addressed To: Corporation of the Presiding Bishop

Intended User: Real Estate Services Division of the Corporation of the Presiding Bishop

Intended Use: Determining a reasonable sales price

Report Format: Summary

Valuation Approaches: Sales Comparison Approach

Date of Report: May 28, 2013

Interest Appraised: Fee-simple estate

Date of Review: April 16, 2014

Value Conclusion(s):

Valuation Premise	Effective Date	Original Appraisal for Review	Reviewer Opinion
Market Value "As Is"	05/24/13	\$115,000	\$102,000
Liquidation Value	05/24/13	\$80,000	NA

APPRAISAL RATING: 2

Rating Scale

1. Conforms to USPAP or most pertinent elements of USPAP and values are reasonably supported.
2. Alternative value given, appraisal acceptable if based on alternative value estimate.
3. Report is not reasonable and supported and/or the appraisal is conceptually incorrect. No reliance can be placed in the appraisal.

SUMMARY APPRAISAL REPORT

EXISTING CHURCH BUILDING

LOCATED AT

375 North 400 West
Montezuma Creek, Utah

DATE OF VALUATION

May 24, 2013

REPORT # UT03-13-0297-000

CHURCH ID #517-0834

PREPARED FOR

Corporation of the Presiding Bishop
50 E. North Temple Street
Real Estate Services Division – 12th Floor
Salt Lake City, UT 84150

PREPARED BY

Gary R. Free, MAI
Steven J. Henderson
And
Roland D. Robison

Valbridge / Free and Associates
Real Estate Appraisers and Consultants

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20 North Main Street, Ste 304
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(435) 773-6300

May 28, 2013

Corporation of the Presiding Bishop
50 E. North Temple Street
Real Estate Services Division – 12th Floor
Salt Lake City, UT 84150

RE: Existing Church/Seminary Building
375 North 400 West in Montezuma Creek, Utah

Dear Mr. Bradshaw:

At your request, we have prepared the following narrative appraisal report on the above referenced property. The purpose of the appraisal report is to determine the as is market value of the building. The report will be used for determining a reasonable sales price.

The appraisal report has been prepared in a manner to conform to the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards of the Appraisal Foundation. Also at your request, the report has been prepared in a summary format as defined by USPAP Standards Rule 2-2(b). This type of written report presents only a summary discussion of the data and analyses that are employed in the appraisal process to develop an opinion of value.

The subject consists of a church/seminary building containing 2,520 square feet. The property is located on one county parcel totaling 11,326 square feet according to county records. A more detailed description of the subject is found in the following report.

A highest and best use analysis has been done to determine how to proceed with the valuation. In the valuation process, only the sales comparison approach is used to determine the real property value. The income approach is not used since buildings similar to the subject are not likely to be purchased as investments. The cost approach is not necessary to determine credible results in this assignment since the subject was originally constructed many years ago.

Mr. Bradshaw
May 28, 2013
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After careful consideration of the information and analysis contained within this report, our opinion of the value of the subject property is contained in the following table.

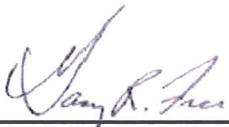
VALUE CONCLUSIONS			
Appraisal Scenario	Date of Value	Interest Appraised	Value
As Is Market Value, Church Building	May 24, 2013	Fee Simple	\$115,000
Liquidation Value	May 24, 2013	Fee Simple	\$80,000

The following appraisal report provides supporting data, assumptions, and justifications for the final value conclusions. The appraisal is made subject to the general assumptions and limiting conditions stated at the end of the report.

Please call if there are any questions.

Respectfully submitted,

VALBRIDGE | FREE AND ASSOCIATES, INC.


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801-262-3388


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SJH/vrb