

July 9, 2014

MEMORANDUM

TO: State Board of Regents  
FROM: David L. Buhler  
SUBJECT: Utah State University – Innovation Campus (Research Park) Lease-purchase Agreement

Issue

Utah State University (USU) is requesting approval to enter into a lease-purchase agreement for a facility on its Innovation Campus (Research Park). The proposed facility is a specialized high-bay building and an oval-shaped vehicle test track.

Background

The project is described in the attached letter from USU, with funding for lease payments to be provided from reimbursed overhead from research contracts and grants.

USU is authorized under the provisions of Regents Policy R491, *University Research Parks* to execute a ground lease, contract with an outside developer to build a facility, and lease the building space from the developer for the purpose indicated. However, Section 5.3.4 of the policy requires Regent approval for major funding requirements that are to be financed by institutional revenue bonds or **lease-purchase contracts**. USU desires to include a lease-purchase option in the contract that enables them to purchase the building at a future date when they are able to secure adequate research funding to justify the long-term ownership of the building. USU is seeking approval from the Regents to include a lease-purchase option in the contract that enables them to exercise the option to purchase the building without returning for additional Regent approval.

Commissioner's Recommendation

The Commissioner recommends Board approval of the proposed Innovation Campus (Research Park) lease-purchase option agreement to purchase the facility at a future date, with the understanding that the specific terms of the purchase be formally authorized by the USU Board of Trustees and subsequently reported to the Regents.

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David L. Buhler  
Commissioner of Higher Education

DLB/GLS/WRH  
Attachment



June 26, 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 proposes to enter into a lease-purchase agreement, following the procedures required by Regents Policy R491, University Research Parks, for a new 4800 square foot high-bay facility and an oval-shaped vehicle test track of 1300' long and 15.5' wide to be located on the USU Innovation Campus (Research Park).

Utah State University issued a solicitation for a developer to enter into a ground lease, construct a facility per USU specifications, and lease the facility to USU with the option to purchase the facility at a point in time when USU secures adequate research funding to justify the long term ownership of the building.

Operations planned for the facility will involve cutting-edge research and development to pursue the possibility of transforming the century old model of a gasoline-powered vehicle that carries its fuel on board, to a model of an electric vehicle that can be dynamically charged in route through electrified roadways. Recently a USU Research Team submitted a proposal to the National Science Foundation that articulated a 10-year milestone plan for Electrified Transportation. The facility will provide the specialized building, equipment, test track, and the electrical and monitoring infrastructure needed for USU to achieve its research and development objectives in advanced ground transportation over the coming years.

Funding for the facility will be from Facilities and Administrative indirect costs.

We appreciate your support and ask that you present this item to the Board of Regents for approval. This request received Board of Trustees approval on June 27, 2014.

Sincerely,

David T. Cowley  
Vice President  
for Business & Finance

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