

July 9, 2014

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: University of Utah - Property Purchase

Issue

The University of Utah is requesting authorization to purchase a property located at 525 East 100 South in Salt Lake City, Utah, for relocation of University departments.

Background

The proposed acquisition will provide approximately 53,000 square feet of more economical space for University departments currently leasing space in other locations. It will also provide space to assist the University by relocating Health Sciences departments out of the School of Medicine Building that is scheduled for demolition and replacement.

The proposed purchase price of the facility is \$5,950,000, and will be financed internally with a loan from University non-state funded working capital reserves to be repaid over a 15 year period with rents paid by the occupying departments and legacy leases. In addition, the University departments moving into the facility will realize estimated annual savings from existing leases of approximately \$262,000.

The University is in the process of completing the necessary due-diligence items, which are disclosed in the request letter. Completion of these items is anticipated prior to the July 18, 2014 meeting. A copy of the request letter is attached. Officials from the University will be in attendance at the meeting to provide additional information and respond to questions from the Regents.

Commissioner's Recommendation

The Commissioner recommends that the Regents review this request and if they determine approval is warranted, that it be granted subject to the following conditions:

1. The final purchase price does not exceed the appraised value.
2. Verification of compliance with all other due diligence items listed in the University's proposal.

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David L. Buhler  
Commissioner of Higher Education

DLB/GLS/WRH  
Attachment



Office of the Vice President  
for Administrative Services

June 25, 2014

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

Dear Dave:

The University of Utah would like to receive approval to proceed with the purchase of the land and office building located at 525 East 100 South in Salt Lake City, Utah, subject to the satisfactory completion of all due diligence related to the property. The building provides approximately 53,000 square feet of office space and the acquisition will provide more economical space for some University departments currently leasing space in other locations. This would result in annual savings to these University departments of approximately \$262,000. Additionally, it has been determined that this property will assist the University's Health Sciences in relocating departments out of the School of Medicine building so that it can be demolished and replaced.

The following due diligence items have been or will be satisfactorily completed prior to finalizing the purchase:

1. Appraisal – pending
2. Proof of clear title
3. Phase I environmental assessment
4. Code and requirements review
5. Engineering assessment of mechanical and structural integrity
6. Review of past maintenance and operational expenses
7. Alta/ACSM land title survey

The proposed purchase price is \$5,950,000 and the project will be funded by better leveraging the University's non-State funded working capital reserves. This purchase will be subject to the completion of an acceptable appraisal. Based on the pro forma financial analysis for this project, the loan will be repaid over a 15 year period from the proposed rents to be paid by the occupying departments and legacy leases.

University of Utah  
201 South Presidents Circle, Room 209  
Salt Lake City, Utah 84112-9012  
Office Phone (801) 581-6404  
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Mr. David Buhler  
June 25, 2014  
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Jonathon Bates, Director of Real Estate Administration, would appreciate an opportunity to present this project to the Finance and Facilities Committee at the July 18, 2014 Board of Regents Meeting.

Thanks, as always, for your consideration and support.

Sincerely,



Arnold B. Combe,  
Vice President

c: Dr. David W. Pershing  
Dr. Gregory L. Stauffer  
Ralph Hardy  
John E. Nixon  
Jonathon Bates