

November 5, 2014

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: Utah State University – Uintah Basin Regional Campus Ground Lease Approval

Issue

Utah State University (USU) has requested approval to enter into a long-term ground lease of a portion of unused land on its Uintah Basin Regional Campus to a private developer for construction of an office building for lease to third party tenants.

Background

The proposal is governed by the requirements of Board Policy R712, Nontraditional Arrangements for Development of Facilities on Campuses. The proposal was posted on USU's "Bids and RFPs" page as a sole source project with Richardson Van Leeuwen Construction under consideration for the project (see attached Sole Source Posting). No other companies have expressed interest in the project.

The basic terms of the proposal are:

- USU and the Developer would cooperatively develop the facility plans.
- The terms of the ground lease would be 15-20 years with the fair market value to be established by an appraisal.
- At the end of the ground lease the building and site improvements would transfer to USU ownership.
- The tenants in the office space would be approved by USU and complement USU's mission and demonstrate a significant economic impact to the Uintah Basin.

This project was approved by the USU Trustees on October 24, 2014. The letter from USU requesting consideration of this proposal and a campus map showing the recommended site are attached. USU officials will be present at the meeting to provide additional detail about the proposal and respond to questions from the Board.

Commissioner's Recommendation

The Commissioner recommends that the Board carefully evaluate this proposal and, if convinced that the proposal is consistent with the intent of Policy R712, that they approve USU's request to execute the ground lease contract subject to the Office of the Commissioner's review and approval of the final terms of the contract and verification by the Attorney General's Office that the contract documents comply with statutory provisions as to form and legal authority.

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David L. Buhler  
Commissioner of Higher Education

DLB/GLS/WRH  
Attachment

October 30, 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 approval to enter into a term ground lease, following the procedures required by Regents Policy R712 Nontraditional Arrangements for Development of Facilities on Campus, with a commercial developer to build and lease office space on the Uintah Basin Regional Campus in Roosevelt. The proposed site is identified on the attached map. Parameters of the ground lease are as follows:

- The term of the ground lease will be 15-20 years with a fair market value of the ground lease to be established by appraisal.
- At the end of the ground lease the building and site improvements will transfer to USU ownership.
- USU and the developer will cooperatively develop the facility plans.
- The tenants in the office space will be approved by USU and will complement USU's mission and demonstrate a significant economic impact to the Uintah Basin

Although the opportunity to enter into a ground lease for commercial development is not exclusive, since multiple development opportunities could be made available on the Roosevelt campus, USU publically advertised, in the spirit of fair and open competition, its intent to enter into this ground lease. No additional comments or inquiries were received.

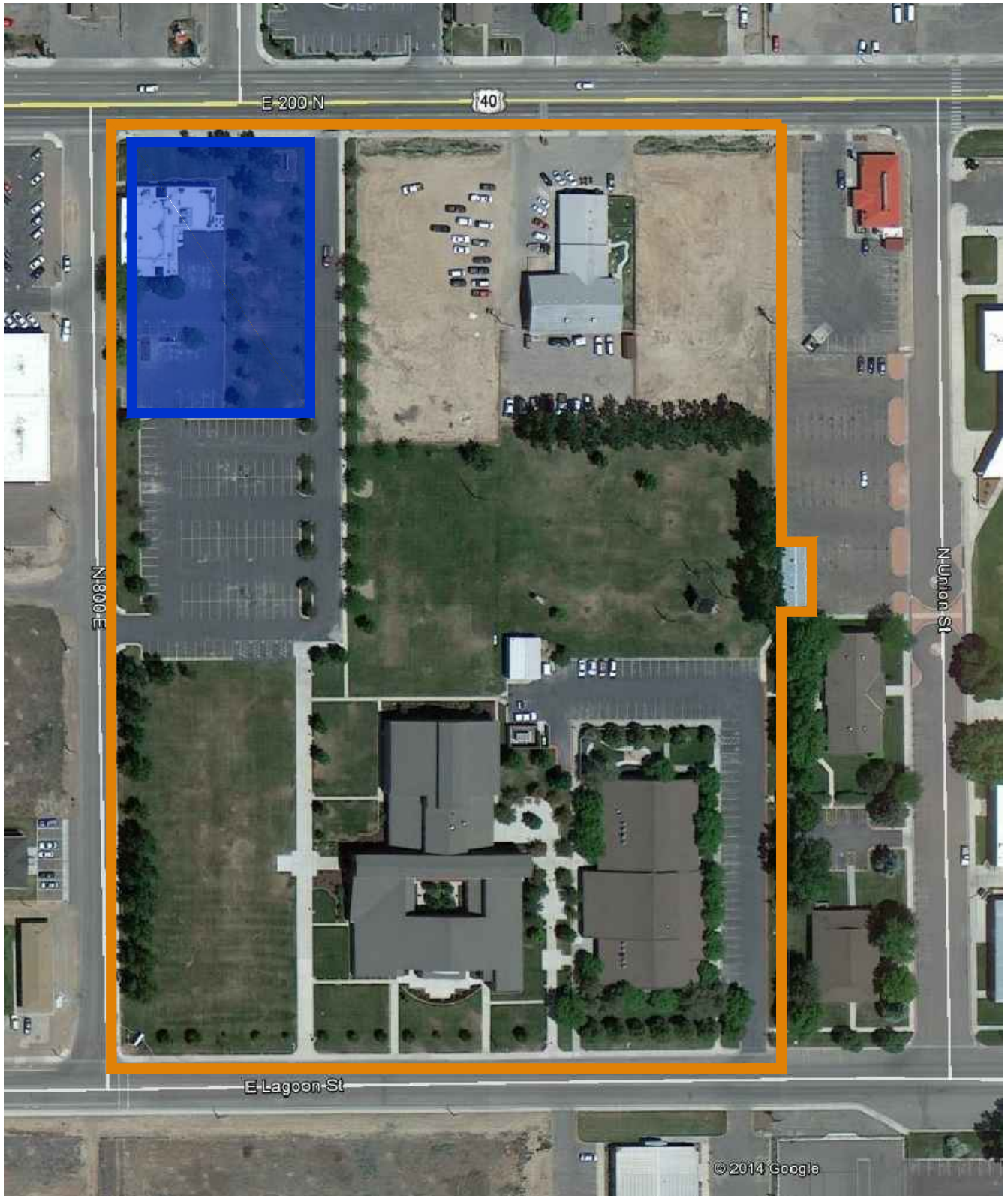
We appreciate your support and ask that you present this item to the Board of Regents for approval subject to the Office of the Commissioner reviewing the final lease terms and approval of the lease as to form by the Attorney General's Office. This request received Board of Trustees approval on October 24, 2014.

Sincerely,

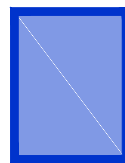


David T. Cowley  
Vice President  
for Business & Finance

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



**USU UINTAH  
BASIN CAMPUS**



**PROPOSED  
SITE**



**NOT TO SCALE**

## Sole Source Posting

Utah State University's Uintah Basin Regional Campus in Roosevelt is considering making available some portion of its currently unused land for commercial development. More specifically, USU is considering entering into a ground lease with Richardson Van Leeuwen Construction, a commercial developer, who will build and lease office space to a third party tenant. The developer is willing to work with USU on the design of the office space so that the space aligns with USU policies and procedures in terms of building specifications and CCR's.

The developer will turn over the facility to USU before the life-cycle of the physical structure has ended, typically in a 15-25 year time frame. The tenants in the office space must be approved by USU and should have the ability to compliment and/or enhance USU's overall mission and should demonstrate a significant economic impact to the Uintah Basin.

USU's participation in this commercial leasing activity is subject to the approval of various internal and external entities. For any questions, please contact [Jeff Crosbie](#).