

November 5, 2014

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: Weber State University – Purchase of WSU Downtown Building

Issue

Weber State University (WSU) has requested approval to purchase a 90% ownership position in a 27,000 square foot building located at 2314 Washington Boulevard in Ogden, Utah. This building is currently being used by WSU as its Downtown site.

Background

Ogden City purchased this building with \$1 million of funds from a joint EDA grant awarded to develop a small-business incubation facility in downtown Ogden that would be operated by WSU. Ogden City subsequently renovated the entire facility with \$1.5 million of Ogden City funds. The building is fully occupied and operated by WSU, housing the small business incubation facility, continuing education classes, a Small Business Development Center, and a branch of WSU Stores.

Following is a summary of the important aspects of the proposal:

- WSU will pay Ogden City \$1,580,000 for the 90% ownership stake in the property and Ogden City will retain the residual 10% ownership in accordance with the joint ownership requirements of the grant.
- The Ogden City 10% ownership will transfer to WSU at no cost at the end of the 15 year term of the EDA grant.
- The appraised value of the property is \$2,650,000 (see attached copy of the appraisal).
- Funding for the purchase will be provided by WSU Campus Stores, WSU Continuing Education, and the WSU Foundation.
- Ongoing O&M costs will be paid with revenues generated in the facility.

Additional information pertaining to the proposal is provided in the attached letter from WSU. Representatives from the university will be in attendance at the meeting to provide additional information and respond to questions.

Commissioner's Recommendation

The Commissioner recommends Board approval to enable WSU to acquire this property as proposed.

David L. Buhler
Commissioner of Higher Education

DLB/GLS/WRH
Attachment



October 17, 2014

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

Dear Commissioner Buhler:

Weber State University seeks authorization to acquire a 90% ownership position in a newly renovated building located in downtown Ogden. The location would become a permanent site for the university and be referred to as Weber State Downtown.

As background, several years ago, Ogden City and WSU jointly embarked on an initiative to strengthen ties between the two entities and to reinvigorate Ogden as a 'College Town'. One expression of this effort was a joint EDA grant application to develop a small-business incubation facility in downtown Ogden that would be operated by WSU. The application resulted in a \$1,000,000 federal grant—with Ogden City as the grant administrator and WSU as the co-applicant.

With the Federal grant dollars, Ogden City purchased an historic building at 2314 Washington Boulevard. The facility was then fully renovated with \$1.5 million of Ogden City funds. This 27,000 square foot building is now complete and is fully occupied by WSU. In addition to the small business incubation facility required by the EDA grant, the building also houses: two classrooms operated by WSU Continuing Education, WSU's Small Business Development Center, and a branch of WSU Campus Stores.

Even though the building is fully occupied and operated by WSU, the university has incurred no capital expenses to date. Moving forward, the federal grant agreement requires joint ownership of this facility between WSU and Ogden City for the term of the grant—15 years.

At this time, WSU seeks authorization to take a 90% ownership stake in the building by paying Ogden City \$1,580,000. Funds for the acquisition come from various sources including; WSU Campus Stores, WSU Continuing Education, and the WSU Foundation. The residual 10% ownership will remain with Ogden City for the term of the EDA grant and then revert to WSU at no cost. A current MAI appraisal on the building sets it's market value at \$2,650,000. Revenues generated in the facility will pay for it's ongoing operation and maintenance.

Approval is sought for this transaction.

Sincerely,

A handwritten signature in black ink, appearing to read 'Norm Tarbox'.

Norm Tarbox
Vice President for Administrative Services

Integra Realty Resources
Salt Lake City

Appraisal Of Real Property

Implement Building

Commercial Property
2314 South Washington Boulevard
Ogden, Weber County, Utah 84401

Prepared For:

Weber State University

Effective Date of the Appraisal:

Market Value As Is: February 6, 2014

IRR - Salt Lake City

File Number: 160-2014-0073JB





Implement Building
2314 South Washington Boulevard
Ogden, Utah



February 25, 2014

Mr. Richard Sirken
Real Property Business Manager
Facilities Management
Weber State University
3848 Harrison Boulevard
Ogden, Utah 84408-2601

SUBJECT: Market Value Appraisal
 Implement Building
 2314 South Washington Boulevard
 Ogden, Weber County, Utah 84401
 Integra Salt Lake City File No. 160-2014-0073JB

Dear Mr. Sirken:

Integra Realty Resources – Salt Lake City is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value as is of the fee simple interest in the property. The client and intended user for the assignment is Weber State University. The intended use is for possible acquisition purposes.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of the 2014-2015 edition of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This type of report has a moderate level of detail. It summarizes the information analyzed, the appraisal methods employed, and the reasoning

that supports the analyses, opinions, and conclusions. It meets or exceeds the former Summary Appraisal Report requirements that were contained in the 2012-2013 edition of USPAP.

The subject is an existing commercial property containing 19,224 square feet of rentable area. The improvements were constructed in 1918 with a complete renovation in 2013. Currently, Weber State University occupies the entire building. The site area is 0.27 acres or 11,761 square feet.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

Value Conclusion			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Fee Simple	February 6, 2014	\$2,650,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. At the request of the client, we value the fee simple interest in the property, assuming it is operating at stabilized levels with market rates and term. No occupancy discount is applied.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - Salt Lake City



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