

March 18, 2015

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: Utah State University – Mixed-use Development Ground Lease

Issue

Utah State University (USU) has requested approval to enter into a long term ground lease for the development of an office and commercial building on the Logan Campus. This type of project falls under the provisions of Regent Policy 712, *Nontraditional Arrangements for Development of Facilities on Campus*.

Background

The proposed lease will enable the USU Credit Union, a division of Goldenwest (USUCU/GW) to construct a mixed-use building on the site of the existing USU facility known as the Barn, which has numerous structural issues and limited usefulness. The new facility will house the Credit Union as well as University Welcome Center and office space for USU Advancement and Alumni Relations. Additional information about the proposal is provided in the attached letter from the University.

In summary, the terms of the ground lease are:

- 40 year term with two additional five year terms if mutually agreeable
- All O&M costs are to be the responsibility of USUCU/GW
- R712 Policy contractual and construction requirements regarding appearance of the facility, quality control, construction code compliance, life-cycle costing provisions, etc. will be met
- Ownership of the assets developed on the property will transfer to USU at the end of the ground lease

The letter from USU requesting approval of this ground lease and proposed capital project is attached for your information. Also attached is a campus map showing the location of the lease site and a Summary Sheet describing the terms of the lease and size and use of the facility that will be built. USU officials will be present at the meeting to provide additional information and answer questions from the Board.

Commissioner's Recommendation

The Commissioner recommends approval of this proposed ground lease subject to final approval of the lease documents as to form and legal authority as well as compliance with requirements with Policy R712.

David L. Buhler
Commissioner of Higher Education

DLB/GLS/WRH
Attachment



February 27, 2015

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

Dear Commissioner Buhler:

Utah State University desires to enter into a long-term ground lease for the development of an office and commercial (credit union) building on a site currently occupied by a USU facility known as the Barn at approximately 700 North 900 East on the Logan campus (see attached drawing Exhibit A).

The new facility will provide office space for USU Advancement and Alumni Relations, a University Welcome Center, and credit union services available to the USU community.

The site for this new building was selected due to the central location and the need to replace the Barn due to significant infrastructure concerns including fire, egress, ADA, and the general uninhabitable condition. The Barn was originally built as a facility to house livestock and has limited functionality for office or academic space.

The new structure will be a two story office building with a portion of the main level allocated to the USU Credit Union a division of Goldenwest (USUCU/GW) and the remaining space to be occupied by USU at no cost.

The term of the ground lease will be for forty (40) years and may be renewed for two (2) additional five (5) year terms if mutually agreeable (see attached summary sheet). All operational and maintenance costs associated with the new building will be the responsibility of USUCU/GW.

Ownership of the assets developed on University property will revert to USU at the end of the ground lease.

We appreciate your support and ask that you present this item to the Board of Regents for approval subject to final approval of the lease as to form by the Attorney General's Office. This request will receive Board of Trustees approval on March 6, 2014.

Sincerely,

David T. Cowley
Vice President for Business and Finance

c: Stan Albrecht
Gregory L. Stauffer

EXHIBIT A



Utah State University
USU Proposed Ground Lease for Mixed-Use Development
Summary Sheet

Project Site:	Approximately .25 acres located near 700 North 900 East at the site currently occupied by the USU facility known as the Barn.
Total Footprint:	Approximately 5,000 sf
Total Gross Square Footage:	Approximately 10,000 sf
Terms of Ground Lease:	Forty years with option to renew for two additional five year terms. Ownership of the assets developed on University property will revert to USU at the end of the ground lease.
Space Allocation:	Approximately 75% of the space will be for USU purposes, including USU Advancement, Alumni Relations, and a University Welcome Center. The remaining space will be used by the credit union.
Policy R712 Compliance:	The ground lease agreement will protect the interests of the University including the right to control facility appearance, parking, signage, access to utility systems and roads, etc.
Timetable:	Project will begin following required board approvals and will be completed within one year.