

July 22, 2015

MEMORANDUM

TO: State Board of Regents
FROM: David L. Buhler
SUBJECT: Utah State University – Property Purchase in Moab, Utah

Issue

Utah State University (USU) has requested authorization to purchase three parcels of developed commercial land totaling 1.21 acres. These properties are located at 119, 123, and 145 West 200 South in Moab, Utah.

Background

The proposed properties are contiguous to the existing USU Moab Education Center that consists of two buildings in downtown Moab. Most of the office and warehouse space in the proposed acquisition is currently leased to other parties. USU will assume the existing lease agreements and manage the property until it is needed for the expanding educational programs.

The current Education Center buildings are approaching full utilization, and while USU recently acquired 40 acres of undeveloped land for a future USU Moab Campus, the intent is to maintain a presence in downtown Moab as a site for Career and Technical Education (CTE) programs offered in partnership with the Utah Division of Workforce Services.

Approval of the purchase by the USU Trustees is anticipated at its July 17, 2015 meeting. Funding for the purchase at the \$750,000 appraised market value and the ongoing O&M costs will be provided from USU Regional Campus tuition and fees.

A copy of the USU letter requesting this purchase, an aerial map of the property, and an executive summary of the appraisal are attached for your information. USU representatives will be present at the meeting to provide additional information and respond to questions from the Board.

Commissioner's Recommendation

The Commissioner recommends that the Board carefully evaluate this proposal in the context of the long-term needs for USU in Moab and surrounding areas and authorize its purchase as they deem appropriate.

David L. Buhler
Commissioner of Higher Education

DLB/GLS/WRH
Attachment



July 10, 2015

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 to purchase 3 parcels of developed commercial land and improvements including an office building, warehouse, and parking located at 119, 123, and 145 West 200 South, Moab, Utah. The parcels shaded in red on the attached Exhibit A are approximately 1.21 acres in size and adjoin the current USU Moab Education Center.

Although USU has recently acquired 40 acres of undeveloped land in Moab for the long-term future of the USU Moab campus, that property will likely take years to develop considering all of the infrastructure that must be installed before the first facility can be constructed. This acquisition is for the purpose of addressing enrollment growth that is ongoing while USU is currently occupying space in two adjoining buildings in downtown Moab, which are approaching full utilization. In addition, even when the new campus location is developed, it is the desire of USU to keep the downtown Moab property for the Career and Technical Education (CTE) programs that are and will be offered by USU Moab in partnership with the Utah Division of Workforce Services. Most of the office and warehouse space in the buildings being proposed for purchase are currently leased to other parties. USU will assume the existing lease agreements and manage the property until it is needed for educational programs.

USU has arranged to purchase this property under a Real Estate Purchase Agreement for \$750,000, which is the current fair market "as is" value supported by the attached appraisal summary obtained by USU. Funding for the acquisition and for ongoing operation and maintenance costs will be paid from tuition and fees collected by USU Regional Campuses. This item will be presented to the Board of Trustees during the July 17, 2015 meeting.

We appreciate your support and ask that you present this item for Regents approval.

Sincerely,

David T. Cowley
Vice President for
Business and Finance

C: Greg Stauffer, Associate Commissioner for Finance and Facilities
Stan Albrecht, President

EXHBIT A



Utah State University is the client in this assignment. The intended user(s) of this report are Utah State University. The intended use is for purchasing considerations. The value opinions reported herein are subject to the definitions, assumptions and limiting conditions, and certification contained in this report.

If there are extraordinary assumptions and/or hypothetical conditions used in this report, the use of these extraordinary assumptions and hypothetical conditions might have affected the assignment results. The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are contingent on the following extraordinary assumptions and/or hypothetical conditions:

Extraordinary Assumptions:

- It is assumed that the information provided to us by the owner and county officials is accurate. Any deviation from how this information was represented to us could result in a change in opinion of value.

Hypothetical Conditions:

- None

Based on the analysis contained in the following report, our value conclusions involving the subject property are summarized as follows:

Value Conclusions	
As Is	
Value Type	Market Value
Property Rights Appraised	Leased Fee
Effective Date of Value	April 21, 2015
Value Conclusion	\$750,000
	\$50.81 psf

Respectfully submitted,
 Valbridge Property Advisors | Free and Associates, Inc.



D. Randall Henderson
 Senior Appraiser

Utah State - Certified General Appraiser
 License # 7171277-CG00 (Exp. 3/30/16)



Stan C. Craft, MAI
 Managing Director

Utah State - Certified General Appraiser
 License # 5468268-CG00 (Exp. 11/30/16)