

September 7, 2016

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: Utah State University – Long-term Lease for the USU Salt Lake Education Center

Issue

Utah State University (USU) requests Board approval to enter into a 20 to 25-year lease in order to relocate the existing USU Salt Lake Education Center currently located at the Granite School District, which has indicated a need to reclaim the space for its own programs.

Background

Regent Policy R710, *Capital Facilities* requires the Board of Regents to approve institutional leases with state-appropriated funds that are more than \$100,000 per year, commit the institution for ten or more years, or lead to the establishment of regular state-supported daytime programs of instruction. USU seeks Board approval to enter into a 20 to 25-year lease for up to 24,087 square feet at \$20.50 per square foot in a new facility located at State Street and 4800 South in Murray, Utah. The new lease is necessitated by the ending of a 25,689 square foot lease with the Granite School District who has need for the current facility. The lease will be funded through revenues from instructional activities at the site. The length of the lease is longer than is typically seen by Regents from institutions for instructional space.

The leased property will house the Salt Lake Education Center which provides USU regional education in the Salt Lake Valley allowing USU to continue services currently being provided in the Salt Lake county area. USU has represented that this will continue the services currently being provided and not an expansion.

For your information, as a result of questions not specifically related to this proposal raised at the July meeting, Board Leadership has directed the Commissioner and staff to prepare a report identifying the teaching sites currently being operated by all USHE institutions. This report will be presented at the November Board meeting.

Additional information about this request may be found in the attached letter from the University and representatives from the University will be in attendance at the meeting to provide additional information and respond to questions from the Board.

Commissioner's Recommendation

The Commissioner recommends that the Board, after satisfying any questions they may have, authorize Utah State University to enter into a long-term lease in Murray, Utah for the USU Salt Lake Education Center.

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David L. Buhler  
Commissioner of Higher Education

DLB/KLH/RPA  
Attachment

August 30, 2016

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

Subject: Long-term Lease Agreement for Salt Lake Education Center

Dear Commissioner Buhler:

Utah State University desires approval to enter into a long-term lease agreement with Dakota Pacific Real Estate Partners for up to 24,087 square feet of newly constructed space located at 4800 South State, Murray Utah to relocate the USU Salt Lake Educational Center. The proposed lease would begin January 1, 2018 for a 20 – 25-year term with two options to extend the lease for an additional five years at Fair Market Value. The proposed lease rate is \$20.50/sf with typical escalation for inflation over the life of the lease. The source of funding for lease payments will be from revenues generated from the instructional activities at the Center.

Since 2007, the USU Salt Lake Educational Center has leased space from the Granite School District. The current lease ends on July 31, 2017. The Granite School District has notified the University that it does not intend to renew the lease agreement due to expansion needs of the Granite Technical Institute which requires additional space. The University has requested, and the Granite School District has expressed a willingness to allow, that the lease be extend for the short period of time between the expiration of the current lease and the beginning of the new proposed lease.

We appreciate your support and ask that you present this item to the Board of Regents during the September meeting. This request will receive Board of Trustees approval prior to the Board of Regents meeting.

Sincerely,



David T. Cowley  
Vice President for  
Business and Finance

C: Kimberly Henrie, Associate Commissioner for Finance & Facilities  
Rich Amon, Assistant Commissioner for Business Operations

Stan Albrecht, President

Dave Woolstenhulme, Executive *Vice* Provost