

July 12, 2017

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 15-year lease at market rates to relocate the USU Salt Lake Education Center to Taylorsville after previous negotiations for space in Murray were unsuccessful.

Background

Regent Policy R705, *Leased Space* 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. During the September 2016 meeting the Board approved the University's request to enter into a 20 to 25-year lease for space in the Murray area for the USU Salt Lake Education Center due to the expiration of a lease with the Granite School District. The lessor was unable to accommodate the University's need within the established timeframe and USU now seeks Board approval to enter into a different lease.

USU seeks Board approval to enter into a 15-year lease (with two optional 5-year additional terms) for up to 33,600 square feet at \$19.50 per square foot in a new facility located in Taylorsville, Utah. The lease will house the Salt Lake Education Center which provides USU regional education in the Salt Lake Valley and will be funded through revenues from instructional activities at the site.

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 authorize Utah State University to enter into a long-term lease in Taylorsville, Utah for the USU Salt Lake Education Center.

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David L. Buhler  
Commissioner of Higher Education

DLB/KLH/RPA  
Attachment



June 16, 2017

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:

During the September 2016 meeting, the Board of Regents approved Utah State University entering a long-term lease agreement for the USU Salt Lake Educational Center. Since this meeting, the lessor has experienced multiple delays and will be unable to meet the University's timeline. Therefore, Utah State University desires approval to enter into a long-term lease agreement with LSREF4 DUAL, LLC for 33,600 square feet of commercial space located at 920 West LeVoy Drive, Taylorsville, Utah.

The proposed lease would begin November 1, 2017 for a 15-year term with options to extend the lease for two additional five-year terms at Fair Market Value. The proposed lease rate is \$19.50/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 December 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.

We appreciate your support and ask that you present this item to the Board of Regents during the July 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  
Noelle Cockett, President  
David Vernon, Executive Director