

July 12, 2017

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: Southern Utah University – Trustee Property Acquisition

Issue

As required by Regent Policy R703, *Acquisition of Real Property* Southern Utah University (SUU) is notifying the Board that its Board of Trustees approved the acquisition a 7,819 square foot airplane hangar at its April 27, 2017 meeting.

Background

Regent Policies R703, *Acquisition of Real Property* and R704, *Disposal of Real Property* delegates authority to institutional Board of Trustees to acquire and dispose of institutional property valued at less than \$500,000. These policies require institutions to notify the Board regarding any Trustee property transactions approved under these policies at the next regularly scheduled State Board of Regents meeting.

During the April 27, 2017 meeting, the SUU Board of Trustees approved the purchase of a hanger adjacent to two University owned hangers at the Cedar City airport. After an environmental assessment was completed on the property the University purchased the property for \$450,000 – less than the appraised value of \$455,000. The new hanger will provide additional storage space for the University's expanding aviation program. The attached letter from the University provides additional details on the Board of Trustee action and fulfills the requirement of the Regent policy.

Commissioner's Recommendation

This is an information item only; no action is required.

David L. Buhler
Commissioner of Higher Education

DLB/KLH/RPA
Attachment

June 13, 2017

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

RE: SUU Aviation Program Notice – Purchase of additional hangar at the Cedar City Airport

Dear Commissioner Buhler,

As outlined in Regent Policy R703, *Acquisition of Real Property*, the SUU Board of Trustees has delegated authority to authorize the purchase of real property valued less than \$500,000. Please accept this letter as formal notice to the Board of Regents of our recent acquisition of an airplane hangar at the Cedar City Airport.

In February 2017, the owners of an adjacent hangar inquired about the University's interest in purchasing their hangar located at 2390 Aviation Way. This hangar is directly north of the two hangars already owned by SUU. An appraisal of the property, which includes a total of 7,819 square feet of space and 1,228 square feet of office space, completed by Morley & McConkie L.C., determined a value of \$455,000. Negotiations with the owners of the hangar resulted in a purchase price of \$450,000.

A contingent Purchase and Sale Agreement was signed for the hangar on March 28, 2017. The Cedar City Airport Board granted preliminary approval for the assignment and assumption of the land lease on April 13, 2017. The SUU Board of Trustees approved the hangar purchase on April 27, 2017. An environmental assessment was completed on May 15, 2017, clearing the property of any contaminants. We closed on the hangar through Cedar Land Title on May 24, 2017, using retained earnings generated from the Aviation program as opposed to bank financing.

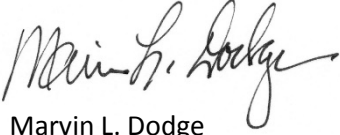
As previously approved by the Board of Regents, SUU Aviation is acquiring additional aircraft to alleviate the shortage of both rotor and fixed-wing aircraft. Due to the value of these assets, hangar space is critical for their protection from the elements. As we expand our fleet the ability to hangar all of our aircraft was not possible without additional space; which led to our interest in acquiring the property.

As a point of reference, at the beginning of the Fall 2017 semester, SUU Aviation anticipates having a total of 15 rotor-wing and 15 fixed-wing aircraft. This increase in aircraft is necessary as a direct result of the increase in aviation students between Fall 2016 and Fall 2017. Fixed-wing students are projected to increase from 27 to approximately 140, and rotor-wing students from 110 to approximately 135. Following industry standards we need one aircraft for every ten students.

This is a very timely transaction that will meet the needs of SUU Aviation both in terms of having sufficient hangar space to accommodate all our aircraft, and to provide additional workspace for the mechanics to maintain our expanding fleet. All fifteen of our rotor-wing aircraft will fit within this additional hangar and the offices and conference rooms will provide additional space for aviation faculty and staff.

A copy of the Purchase and Sale Agreement and the appraisal are included for your review. I look forward to responding to any questions that may arise during the July 21, 2017, Board of Regents meeting.

Best regards,

A handwritten signature in black ink that reads "Marvin L. Dodge". The signature is written in a cursive style with a long horizontal stroke at the end.

Marvin L. Dodge

Enclosures

CC: President Scott L Wyatt
Michael Mower, Executive Director, SUU Aviation
David Dyches, Asst. Executive Director, SUU Aviation
Tiger Funk, Executive Director, SUU Facilities