

November 8, 2017

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: Utah State University – Property Acquisition

Issue

Regent Policy R703, *Acquisition of Real Property* requires the Board of Regents to approve institutional property purchases that exceed \$500,000. Utah State University (USU) recently purchased a 0.523-acre property located on the northwest corner of the Brigham City campus and is requesting Board ratification of the purchase. USU purchased the property for the fair market appraised value of \$710,000 with non-state appropriated institutional funds.

Background

Typically, prior to the acquisition of property institutions request approval from both their Board of Trustees and the Board of Regents to move forward. However, a time-dependent purchase opportunity for the Brigham City property arose between regularly scheduled meetings for both the Trustees and Regents and the University moved forward with the purchase on September 22, 2017 prior to receiving Trustee or Regent approval. The USU Board of Trustees later ratified the acquisition on October 13, 2017. The University now seeks ratification by the Board of Regents for the property purchase. The University understands that the purchase of property occurred without prior Regent approval and going forward will follow Regents policy.

The purchased property is located at 903 South Main Street in Brigham City on the northwest corner of the Brigham City campus. The purchase price was negotiated for the appraised fair-market value of \$710,000. The 0.523-acre property includes a small, recently re-roofed, retail building that currently houses a Verizon Wireless store and a restaurant; both of which the University will continue to lease. The rental income is sufficient to cover operation and maintenance and insurance costs as well as support a portion of the acquisition cost. In the long-term, the University intends to use this property along with other University owned property on Main Street to develop retail and commercial space. The proposed long-term use of the property is included as part of the University's master plan for the Brigham City Campus.

Additional information about this request may be found in the attachments: a letter from the University with an accompanying map, a slide from a 2013 property request describing the potential future build-out of the site, and an executive summary of the appraisal report. Representatives from Utah State 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 ratify the acquisition of property by Utah State University at 903 South Main Street in Brigham City.

David L. Buhler
Commissioner of Higher Education

DLB/KLH/RPA
Attachments

October 25, 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: Utah State University Real Property Acquisition

Dear Commissioner Buhler:

Utah State University desires to receive ratification for the acquisition of a .523 acre parcel of developed commercial land located at 903 South Main Street in Brigham City, Utah. The property includes a 3,960 square foot retail center with a restaurant and wireless phone store, and adjoins the Brigham City Campus as illustrated in Exhibit A.

This acquisition was important due to the acquired property being positioned on the corner of Aggie Boulevard and Main Street. It will give USU an expanded opportunity to create complimentary commercial opportunities along Main Street, northwest of the new Brigham City Academic building. The USU Brigham City Master Plan was developed with the intent to support retail pads and commercial development on this section of campus.

USU Facilities has inspected and evaluated the overall condition of the building including internal systems, roof, structure, etc. and found it to be in good condition.

USU obtained an independent appraisal to establish the fair market value of \$710,000. USU purchased the property for the appraised value on September 22, 2017. Due to the seller's time constraints, USU needed to exercise the option to purchase the property and then request ratification from the Board of Trustees and Board of Regents. The USU Board of Trustees ratified the acquisition on October 13, 2017.

As always, we appreciate your ongoing support of the University.

Sincerely,



David T. Cowley
Vice President for
Business and Finance

Enclosures

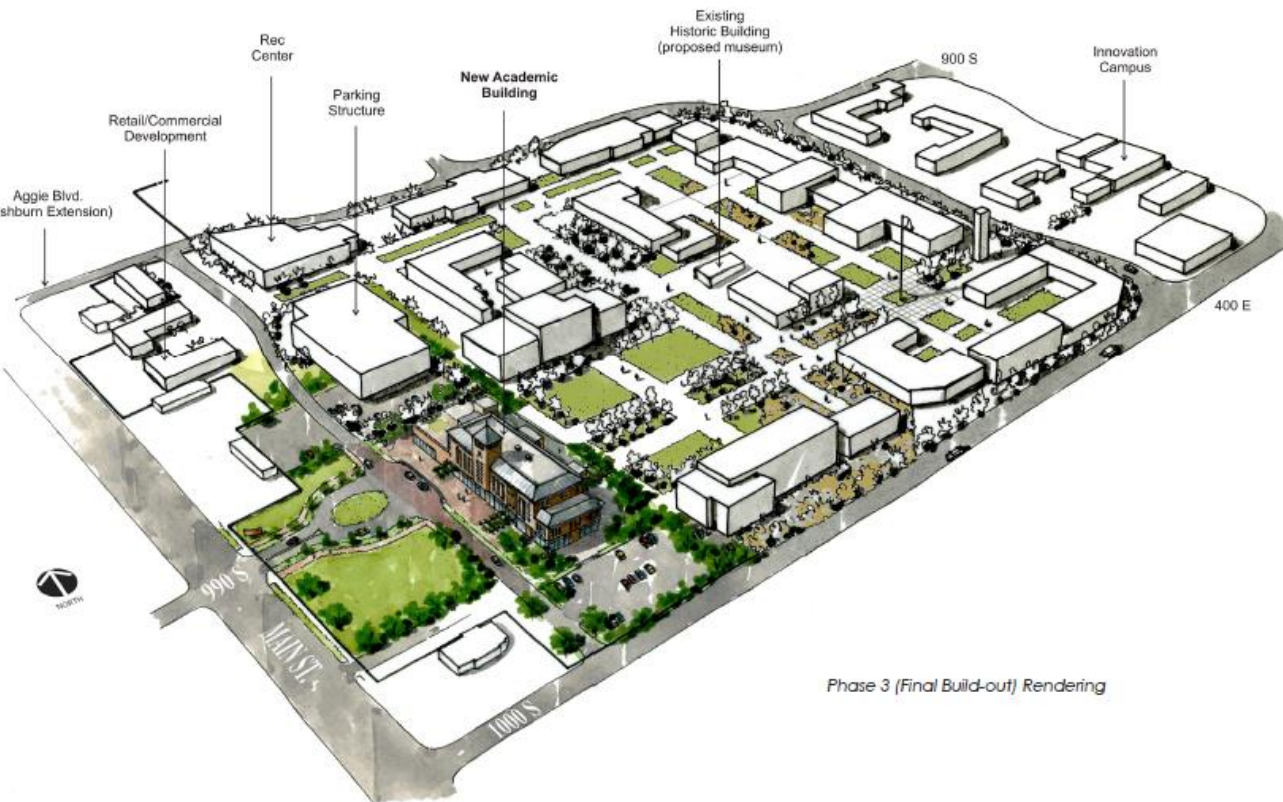
C: Kimberly Henrie, Associate Commissioner for Finance & Facilities
Rich Amon, Assistant Commissioner for Business and Facilities
Noelle Cockett, President
Charles Darnell, Associate Vice President for Facilities

EXHIBIT A



USU Brigham City

- 48 Acres, Historic Indian School site
- Adjacent to Brigham City center, Main Street access
- Phase I – New Academic Building



Phase 3 (Final Build-out) Rendering

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

PROPERTY APPRAISED: Brigham Plaza

LOCATION: 903 South Main Street, Brigham City, Utah 84302

PURPOSE OF APPRAISAL: Estimate the current market value of the leased-fee estate

INTENDED USE OF THE REPORT: To assist with acquisition decisions

CLIENT OF THE ASSIGNMENT: Utah State University

INTENDED USER: Utah State University

APPRAISAL DATES

Report Date: July 3, 2017

Effective Date of Valuation: June 23, 2017 (inspection date)

LAND DATA

Assessors Parcel #:	03-146-0170
Owner of Record:	Brigham Plaza, L.L.C.
Size:	.523 acre
Zoning:	P-GC Planned General Commercial District (Brigham City)
Flood Zone Data:	Zone "X" (map number: 49003C2260D; September 29, 2010)

IMPROVEMENTS

Description:	Retail center
Highest and Best Use:	Retail center
Size:	3,960 SF
Number of Tenants:	2
Construction:	Wood framing (Class - D)
Year Built/Condition:	2001/average

GROSS SCHEDULED INCOME: \$73,472 (including reimbursements)

ESTIMATED AVERAGE VACANCY:	5.0%
EFFECTIVE GROSS INCOME:	\$69,798
ESTIMATED OPERATING EXPENSES:	\$18,216
NET OPERATING INCOME:	\$51,582
FINAL VALUE ESTIMATE:	\$710,000