

May 9, 2018

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: Dixie 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. Dixie State University requests Board approval to purchase 1.29 acres of property located adjacent to University property south of campus at 955 East 500 South in St. George for an agreed upon sales price of \$1,130,000 using state appropriated and other institutional funds.

Background

The University is land-locked between the I-15 highway and the surrounding residential neighborhoods. The property to be purchased is located to the south of campus directly across the street from the LDS Institute building and bordering on I-15. The property is some of the last remaining vacant land in the area that the University has attempted to acquire for many years. The property has come available for purchase and the University would like authorization to make this strategic acquisition for future use. The University has agreed on a purchase price of \$1,130,000 with the seller, which is in-between the appraised values made by the University (\$900,000) and the seller (\$1,290,000). Existing state funds from within the University budget will be used for the acquisition of the property.

Additional information about this request may be found in the attached letter from the University with an accompanying map and excerpts from both the seller and University property appraisal reports. Representatives from Dixie 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 authorize Dixie State University to acquire property located at approximately 955 East 500 South in St. George, Utah.

David L. Buhler
Commissioner of Higher Education

DLB/KLH/RPA
Attachments

Paul C. Morris
Vice President for Administrative Services
Phone: 435-652-7504
Email: morris@dixie.edu

April 20, 2018

Dr. David L. Buhler
Commissioner of Higher Education
60 South 400 West
Salt Lake City, UT 84101

Dear Dr. Buhler:

Purpose

Dixie State University (DSU) is requesting Utah State Board of Regents' approval for the purchase of three parcels of property totaling 1.29 acres located at approximately 955 East 500 South in St George, Utah. The property is located along I-15, directly south of the LDS Institute building.

Issue

Dixie State University's campus is relatively small at approximately 110 acres. The purchase of additional property contiguous or adjacent to campus is important in accommodating continued enrollment growth and in supporting the expanding mission of the University.

Background

Dixie State University has been acquiring property south of the current campus perimeter for many years. Currently, DSU owns three parcels of property adjacent to this property. DSU has been unsuccessful in purchasing this property in the past. However, its current owner, Ponderosa Place, LLC, has expressed an interest to sell the property to the University.

The property consists of three parcels of property described below:

- SG-883-A-1-A
 - .72 acres of land with a 1,362 sq. ft. single family residence and 484 sq. ft. garage (Both structures are uninhabited and need to be demolished.)
- SG-883-A-3-B
 - .43 acres of land with no improvements
- SG-882
 - .14 acres of land with no improvements

Dixie State University has been negotiating to acquire this property for the past 9 months. In preparation for the possibility of seeking the Utah State Board of Regents' approval to

purchase the property, DSU has approached the Commissioner's Office staff to discuss the need to make an offer to purchase the property prior to the upcoming Board of Regents meeting. The Commissioner's office agreed that an offer to purchase the property contingent upon State Board of Regents' approval is an acceptable method to put the property under contract.

As a basis for the creation of a formal offer, the property owner and DSU representative have agreed upon a sale price of \$1,130,000. Based on an appraisal that DSU ordered, the property is valued at \$900,000. The property owner also had the property appraised. The owner's appraisal valued the property at \$1,290,000. In consideration of the differing valuations of the property, the parties have agreed to base the offer on a price of \$1,130,000. A formal offer to purchase the property, contingent upon SBR approval, was accepted by the seller on April 20, 2018.

Attachments

- Attachment 1: Aerial view of properties
- Attachment 2: DSU ordered appraisal prepared by Johnson Appraisal, Inc.
- Attachment 3: Ponderosa Place, LLC ordered appraisal prepared by Moss & Associates, Inc.

Sincerely,



Paul C. Morris

cc: Richard Williams, Sherry Ruesch

Sincerely,

Attachment 1: Aerial View of Parcels



Attachment 2: DSU Ordered Appraisal

JOHNSON APPRAISAL, INC.

REAL ESTATE APPRAISERS
782 S. RIVER ROAD, #104
ST. GEORGE, UTAH 84790

DANIEL JOHNSON, MAI, SRA
RYAN JOHNSON

TELEPHONE
(435) 674-2191
FAX (435) 674-2192

August 31, 2017

LETTER OF TRANSMITTAL

Paul Morris
Vice President of Administrative Affairs
Dixie State University
225 South 700 East
St. George, Utah 84770

Dear Mr. Morris:

We have completed an investigation and appraisal of the vacant multiple-family residential parcel located along the southern boundary of 400 South Street east of 900 East Street, in the eastern section of the central business district of the City of St. George, County of Washington, State of Utah. The property is legally described on page 6 of this appraisal report.

The subject property is a parcel of land that contains a total of 1.29 acres of area. It is an irregular shaped parcel with frontage on 400 South Street and 500 South Street. The property is zoned R-4 by the City of St. George. This zoning designation permits most types of multiple family housing, including student housing units.

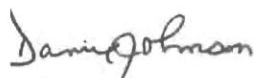
This report is subject to the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the 2016-2017 Edition of the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.

The market value of the property is an estimate assuming an exposure time of six months to one year prior to the hypothetical consummation of a sale based on the effective date of the appraisal. Based on an inspection of the property, and the analyses contained in this report, it is our opinion that the "As Is" Fair Market Value of the subject property, with an effective date of August 29, 2017, is:

**NINE HUNDRED THOUSAND DOLLARS
(\$900,000)**

This appraisal is made subject to the Certification and Assumptions and Limiting Conditions, which are contained on pages 2 through 4 of this report, and govern the use and validity of this appraisal.

Sincerely,



Daniel Johnson, MAI, SRA
Utah State Certified General Appraiser
License No. 5452150-CG00
Expires July 31, 2019



Ryan Johnson
Utah State Certified General Appraiser
License No. 5791778-CG00
Expires November 30, 2018

Attachment 3: Ponderosa Place, LLC Ordered Appraisal

MOSS & ASSOCIATES INC

March 12, 2018

Mr. Grant Collard
Redstone Residential
1322 North Freedom Boulevard
Provo, UT 84604

Re: Appraisal Report: Vintage at Dixie, a 1.29 acre student housing parcel located between 400 South and 500 South, St. George, Utah.

Dear Mr. Collard:

At your request, I have completed an appraisal addressing market value of the fee simple estate of the above-referenced property. This report contains the data, bases, and analyses upon which the value estimate is based. The intended use of this report is to assist with potential sale negotiations.

This appraisal report conforms with the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice (USPAP).

The subject was inspected on March 9, 2018, which is the valuation date. After careful consideration of available information, I am of the opinion market value of the subject property, as defined, is:

ONE MILLION TWO HUNDRED NINETY THOUSAND DOLLARS
(\$1,290,000)