

September 12, 2018

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: Utah Valley 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 Valley University (UVU) requests Board approval to purchase approximately 60 acres of commercial/industrial land adjacent to UVU-owned property at 1200 North Mill Road in Vineyard, Utah for \$12,900,000 using institutional funds.

Background

Utah Valley University currently owns approximately 225 acres on the site of the former Geneva Steel plant in Vineyard, Utah. The Vineyard campus currently houses the University's intramural soccer field and is the site of the partnership with the Real Salt Lake Youth Academy Foundation to construct a shared indoor soccer facility that was approved by the Regents in the May 2018 meeting. The master plan of the University envisions the Vineyard campus as a significant satellite campus serving the growing needs of northern Utah County.

UVU requests authorization to acquire an additional 59.65 acres adjacent to the current Vineyard Campus that would extend the University's property to the proposed main road at 1200 North providing increased access to the campus and space for future growth. The property appraised for \$13,000,000 and the University has agreed on a purchase price of \$12,900,000 with the seller. Institutional funds from within the University budget will be used for the acquisition of the property over a three-year period. Given the previous use of the land, an environmental remediation of the property by the seller is a condition of the property purchase.

Additional information about this request may be found in the attached letter from the University, maps, and the executive summary of the property appraisal. Representatives from Utah Valley 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 Valley University to acquire property located at approximately 1200 North Mill Road in Vineyard, Utah.

David L. Buhler
Commissioner of Higher Education

DLB/KLH/RPA
Attachments



UTAH VALLEY UNIVERSITY

VICE PRESIDENT FOR FINANCE & ADMINISTRATION

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

Dear Commissioner Buhler,

Utah Valley University is requesting approval to purchase an additional 60 acres of property, contiguous to the 225 acres currently owned by the University, at \$5.00 per square foot for a purchase price of \$12.9 million. The purchase is structured in three 20 acre increments, spread over three years at \$4.3 million per year. Institutional funds will be used for the purchase. The purchase of the 60 acres of real property is subject to approval of the contract by the Attorney General's Office.

UVU desires to purchase the ground from the North boundary of the University's property and the proposed 1200 North road. This allows the University to have a defined footprint with natural buffers of the road network in Vineyard.

Final purchase of the parcel requires:

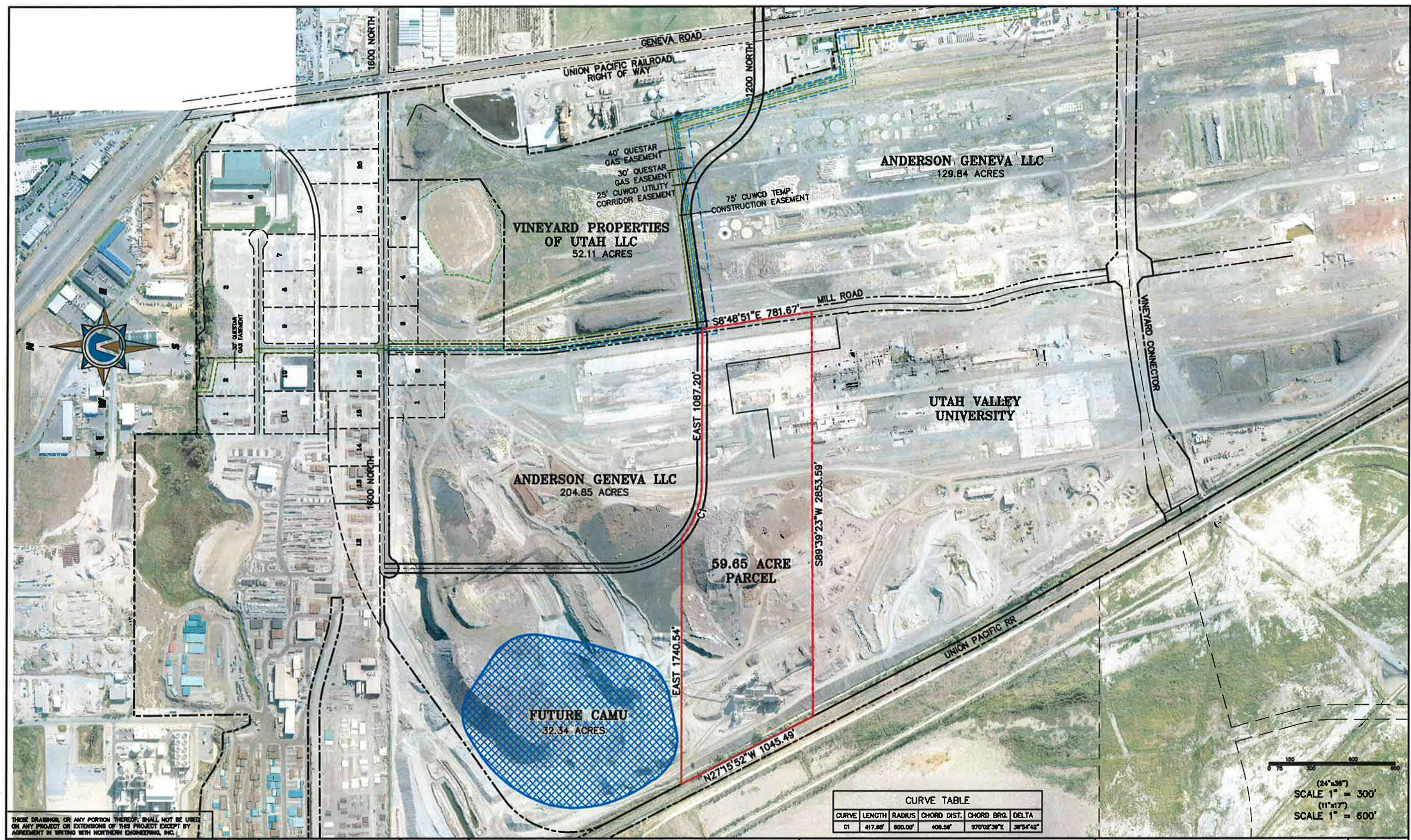
- a) the property be mitigated to a minimum of a commercial standard;
- b) a Letter of Assurance must be issued by the Utah Department of Environmental Quality prior to closing on the property; and
- c) completion of a Phase I environmental assessment of the property.

The University is currently soliciting funds for this project. If funds are received, the University will reduce the amount of the loan from the UVU Foundation.

Thank you for your consideration of this real property proposal. If you have any questions please feel free to contact me at (801)863-8424 or email at Petersva@uvu.edu.

Sincerely,

Val L. Peterson



THIS DRAWING, OR ANY PORTION THEREOF, SHALL NOT BE USED ON ANY PROJECT OR EXTENSIONS OF THIS PROJECT EXCEPT BY AGREEMENT IN WRITING WITH NORTHERN ENGINEERING, INC.

5	DESIGNED BY	DATE
4	DRAWN BY	DATE
3	CHECKED BY	DATE
2	APPROVED BY	DATE
1	DATE	DATE
REVISIONS		
NO.	BY	DATE
1	REV. 0000 FILE	DATE
REV-07-045-00 EAST LAKE VINEYARD MILL ROAD MILL ROAD NORTH EAST-1200N-00-02-17.dwg 5/22/2017 4:08:28 PM		



Northern
ENGINEERING INC
ENGINEERING-LAND PLANNING
CONSTRUCTION MANAGEMENT

1040 E. 800 N.
OREM, UTAH 84097
(801) 802-8992

CURVE TABLE				
CURVE	LENGTH	RADIUS	CHORD DIST.	CHORD BRG.
C1	417.95'	800.00'	408.56'	S70°02'38"E 38°54'42"

**ANDERSON GENEVA
DEVELOPMENT, INC.**

1200 NORTH UVU PARCEL	JOB NO. 3-07-045-00
VINEYARD, UTAH	SHEET NO. 1



 **SOLD**  **UNDER CONTRACT**

 **geneva**
A Master Planned Community

RICH BENNION | ANDERSON REALTY GROUP | rich@and-dev.com | Cell: 801-718-3770 | Office: 801-990-4910 | genevautah.com

KARLA MATA | ANDERSON REALTY GROUP | kmata@and-dev.com | Cell: 801-910-7566 | Office: 801-990-4920 | genevautah.com

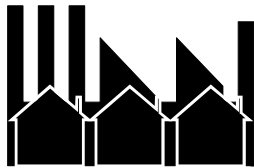
APPRAISAL REPORT

**59.65 Acres Commercial/Industrial Land
Appx. 1200 North Mill Road
Vineyard, Utah 84057**



GURNEY & ASSOCIATES REAL ESTATE APPRAISERS

Phone: 801.610.9555 • 45 N. 490 W. (Cypress Park) American Fork, Utah 84003 • Fax: 801.763.5992



GURNEY & ASSOCIATES

REAL ESTATE APPRAISERS

Todd Gurney, MAI
Tyler Gurney

August 1, 2018

Utah Valley University
Attn: Jeana Miner
500 W. 1200 S.
Orem, Utah 84058

**RE: 59.65 Acres Commercial/Industrial Land
Appx. 1200 North Mill Road
Vineyard, Utah 84057**

Dear Jeana:

At your request, I have performed an appraisal analysis of the above-referenced real estate; it is zoned FOI Flex Office Industrial. The subject is currently recorded as a portion of parcel 17-019-044 on Utah County records; the subject is identified on the Site Plan and the other exhibits of this report. This appraisal provides an estimate of the current as-is market value. The property rights appraised are fee simple.

Based on the results of my analysis, I estimate the market value of the subject property, as of the effective appraisal date (July 14, 2018), to be *\$5.00 per sq. ft. of land*, or the following rounded total:

\$13,000,000

*** * THIRTEEN MILLION DOLLARS * ***

This value is contingent upon the Extraordinary Assumptions on pages 10-11 of this report.

Extraordinary Assumptions

The following extraordinary assumptions (continued on the following page) apply in this analysis. These are items I believe to be true but cannot verify. These assumptions may affect the assignment results of this report.

1. The subject site was formerly part of the large Geneva Steel mill operation. Significant environmental contamination occurred on the subject site and other adjoining properties as part of this operation. I have reviewed a Phase I Environmental Site Assessment for adjoining property to the south; this assessment noted that there have been many environmental risks associated with the subject property; however, I understand and assume that these risks will be mitigated by the current owner and seller prior to the proposed sale occurring.

Stewart Park of Anderson Geneva LLC reports that the subject site will be cleaned up environmentally by the seller for commercial/industrial use. I assume that this is correct for purposes of this appraisal. I understand that one of the conditions of the pending purchase will be that the seller obtains enforceable written assurances from the Utah Department of Environmental Quality (DEQ) that will eliminate any liability to UVU (the buyer) for previous activities on the property; I assume that such DEQ assurances will indeed be in place very soon.

Anderson Geneva LLC will reportedly create a new CAMU (Corrective Action Management Unit) to the northwest of the subject property to mitigate any remaining environmental contamination on the overall Geneva Steel property; this clean-up process is expected to last for the next 2-3 years. I assume that no residential contamination from the nearby CAMU will affect the subject property.

I am not an expert in environmental issues. There is some excess material—particularly at the west end of the property—reportedly being removed by Harsco Crushed Rock. There are also some foundations for former building improvements on the property. Don Overson, Vineyard City Engineer, reports that these foundations can likely be left in place when future development occurs (with new structures built on top) because it would not be economically feasible to remove some of them; this strategy has already reportedly been implemented in building Mill Road farther south, which was partially built over a former building foundation. I assume that this input is correct. Overson notes, though, that some cuts in the existing building foundations may be needed in order extend utilities through the subject site if the foundations are not removed. Should a significant amount of additional environmental work be needed at the proposed buyer's expense, the as-is value of this report would likely differ. The future site development costs to the buyer in relation to the excess material and existing building foundations are anticipated and assumed to be somewhat expensive but not excessive in terms of future project viability.

2. I assume that the land size of 59.65 acres shown on the Site Plan is accurate. No legal description was provided for my review; however, I assume that the subject is accurately identified on the Site Plan and the other exhibits of this report.
3. A title report was not provided for my review. I assume that no significant adverse title or easement issues exist. Mill Road and 1200 North will eventually have easements (for half of the width of these roads) at the far east and northeast ends, but these also are not a detriment to the overall layout of the site.
4. Don Overson of Vineyard reports that Vineyard Redevelopment Agency (RDA) will eventually extend Mill Road along the subject eastern boundary at its own expense. Overson reports that it is likely that Vineyard RDA will also improve 1200 North along part of the northern subject boundary at its own expense. Overson reports that the timing of the construction of these streets has not yet been determined will likely coincide with plans for new development from nearby property owners. Public utilities will reportedly be extended to the subject property with the construction of these streets; I assume that this is correct.
5. The subject appears to be located in a FEMA Flood Zone X, which is outside the 500-year flood plain with less than 0.2% annual probability of flooding. I assume that this is correct.
6. Utah is a non-disclosure state; in other words, sale prices for property transactions are not made public as in most other states. The sources of comparable information are identified in this report -- both they and the data are considered reliable and have been confirmed whenever possible with at least one party that had direct knowledge of the transaction. When conflicting information was provided, the source deemed most reliable has been used. Data believed to be unreliable has not been included in the report nor used as a basis for the value conclusion.