



MEMORANDUM

TAB B

November 8, 2019

Utah State University – Property Acquisition

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) requests Board approval to purchase a 5,776 square foot mixed-use property contiguous to campus on 0.19 acres for \$1,700,000 (slightly more than the appraised value of \$1,690,000) using institutional funds.

Utah State University requests authorization to purchase a property adjacent to the Logan campus located at 780 East 700 North that has recently become available. As the Logan campus is landlocked between residential neighborhoods opportunities for campus expansion are limited. The 0.19-acre parcel is located between existing University property and includes three residential apartments and a restaurant that would be operated and maintained by USU Housing Services. Housing rental fees will fund the \$1,700,000 acquisition as well as operation and maintenance expenses. No state funds will be used for acquisition or for future operations and maintenance. The Utah State University Board of Trustees approved this item in their September 27, 2019 meeting.

Additional information about this request may be found in the attached letter from the University, the executive summary of the property appraisal, and the map of the property. Representatives from USU will be present at the meeting to provide additional information and respond to questions from the Board.

Commissioner's Recommendations

The Commissioner recommends the Board authorize Utah State University to acquire property located at 780 East 700 North in Logan as proposed.

Attachments



September 27, 2019

Interim Commissioner David Woolstenhulme
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's Request to Acquire Real Property

Dear Interim Commissioner Woolstenhulme:

Utah State University desires to acquire a parcel of developed commercial land adjoining the Logan campus as illustrated in Exhibit A. The parcel of land, along with the existing improvements, consist of a mixed-use building with three residential apartments and one restaurant. This parcel is a significant part of real property identified as high priority for acquisition within USU's planning discussions.

USU has obtained an independent appraisal to establish fair market value of the property. USU Housing Services will fund this purchase and manage the units as part of USU's on-campus housing. The ongoing operation and maintenance costs will be paid with housing rental revenues.

We appreciate your support in this endeavor and ask that you present this item for Regents approval.

Sincerely,

David T. Cowley
Vice President for
Business and Finance

Enclosures

C: Rich Amon, Associate Commissioner for Finance and Facilities
Noelle Cockett, President

EXHIBIT A





August 13, 2019

Joseph Jenkins
USU Real Property Administration Director
Utah State University
1445 Old Main Hill
Logan, Utah 84322-1445

RE: Darwin's Landing
780 East 700 North
Logan, Utah 84321

Dear Mr. Jenkins:

At your request, I have conducted an appraisal of the above referenced property. The purpose of the appraisal has been to estimate the current market value of the leased-fee estate. The intended use of the report is to assist with acquisition decisions.

The attached report is a Restricted Appraisal Report, as defined by USPAP (please make reference to the Scope of Work section). In the body of the report are the data, analyses and opinions that were used to develop the single-most applicable approach to value. A final value estimate of \$1,690,000 (One Million Six Hundred Ninety Thousand Dollars) is concluded for the subject as of August 5, 2019, the inspection date. The value estimate is broken down between real estate and FF&E as follows:

Final Value Estimate Summary	
Real Estate	\$1,677,000
FF&E	\$13,000
Final Value Estimate	\$1,690,000

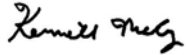
The above value estimate is made with the following extraordinary assumption:

Subsequent valuation of the subject assumes that the Morty's Cafe draft lease is executed, and that the tenant pays base triple net rent of \$2,900 per month, together with a CAM of \$1,200 per month.

I consider 3 to 6 months to be a reasonable marketing period for a property of this type.

Thank you for this assignment. Please contact me if you have any questions or if I can help in any way.

Respectfully submitted,



Kenneth C. McCoy, MAI

Utah State-Certified General Appraiser 5451905-CG00 Expires 8-31-20
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