



MEMORANDUM

TAB F

March 19, 2020

Salt Lake Community College – Non-Traditional Arrangements

Regent Policy R712, *Non-Traditional Arrangements for Development of Facilities on Campuses* requires the Board to approve development projects by outside entities on institutional land. Salt Lake Community College (SLCC) requests authorization to contract with a private developer to develop the property currently known as the Meadowbrook Campus, located at approximately 218 West 3900 South in Salt Lake City, UT.

The Meadowbrook campus provided academic and technical training programs in the southern Salt Lake City area, but has largely transitioned those programs to the new Westpointe campus. Rather than sell the property, SLCC proposes to enter into a long-term land lease with a developer to create an office or commercial campus. The developer would pay the College an annual lease, which the College anticipates to accumulate to more than the appraised value of the land after twelve years. The length of the contract would be up to forty years and would provide the College an ongoing revenue stream to support its academic mission. The University's Board of Trustees approved this project in the March 4, 2020 meeting. Additional information about the project is provided in the attached letter from the College, tentative proposal from the developer, master plan of the current site, and description of the property.

Commissioner's Recommendations

The Commissioner recommends the Board authorize Salt Lake Community College to partner with a selected private developer to enter into a land lease and development of the Meadowbrook Campus contingent on continued communication and review by the Attorney General's Office.

Attachments



06 March 2020

Board of Regents
c/o Interim Commissioner Dave R. Woolstenhulme
Board of Regents Building, Two Gateway
60 South 400 West
Salt Lake City, UT 84101-1284

RE: Development of property located on the Meadowbrook Campus

Commissioner:

In accordance with the Regents Rule 712, "Nontraditional Arrangements for Development of Facilities on Campuses", Salt Lake Community College is requesting the Meadowbrook property development be placed on the action calendar agenda for the March 27, 2020 Board of Regents meeting.

SLCC seeks to be a leader in providing quality and impactful higher education services to the communities it serves. The College also seeks to partner with those communities in the transformative, public good of educating students. SLCC believes that there can be benefits in the private and public sectors working together in partnership, both to create new financial benefits for public entities and communities and to put in place the policies and programs designed to help those communities grow in a positive way. Realizing this vision over the long-term requires the College to look strategically at how to secure institutional sustainability and capacity over time, including the need to grow alternative revenue sources.

The academic and training programs originally established at Meadowbrook have now migrated to Westpointe and other college campuses. The college feels it's in its best interests to consolidate programs and campuses and is ready to discontinue all educational service offerings at Meadowbrook. However, the college feels there is also great value in retaining the land asset as a continual source of revenue to diversify its future revenue mix. The proposed development by Boyer Company has been selected because it appears the construction of an office or commercial campus there would be the highest and best use of the property, and would serve as a broad public benefit for redevelopment and job generation in that part of South Salt Lake City.

The proposed development by Boyer Company was objectively evaluated against other viable alternative plans, and the recommending committee chose this plan as the one with the most merits. The development will not be branded with the SLCC logo or signage, but the college (as landowner) will have significant say in ensuring the image and environment of the institution is preserved. The arrangement with the Boyer Company will reflect the college's fee-simple interest in the property, with no other considerations given by the institution. The arrangement is low-risk and low-maintenance, and predicated on the terms of the contract which will ensure advising and monitoring to maintain the long-term interests of the college. SLCC considers the compensation in the form of land lease revenue to be adequate and justifiable based on current

market conditions, and that such will provide a reliable long-term revenue stream to the college. Based on the proposed land lease arrangement, SLCC will achieve break-even status in the 12th year of the lease. Or, in other words, it will take 12 years for the cumulative cash inflows to equate to the amount received up front should a simple sale of the property had occurred, instead of a land lease.

The concept and development of this property was approved by the SLCC Board of Trustees on March 4, 2020. Thank you for your continued support of the College as it seeks to address the educational needs of the communities it serves. Let me know if there is anything else you need regarding this request.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Jeffrey J. West", with a long horizontal line extending to the right.

Jeffrey J. West, CPA/MBA

iii. PROJECT VISION AND APPROACH





Summary of Salient Facts

Property Identification

| | |
|----------------------|--|
| Property Name | Meadowbrook School |
| Property Address | 218 West 3900 South South Salt Lake, Salt Lake County, Utah 84107 |
| Latitude & Longitude | 40.686819, -111.897317 |
| Tax Parcel Number | 15-36-402-034 |
| Property Owner | Salt Lake Community College |

Site

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|--------------------|--|
| Zoning | Light Industrial and Transit Oriented Development Overlay (LI and TOD Overlay) |
| FEMA Flood Map No. | 49035C0292C |
| Flood Zone | X or C Zone |
| Primary Land Area | 9.920 acres |

Existing Improvements

| | |
|---------------------------|---------------------------------------|
| Property Use | School, University-Classroom Building |
| Investment Class | C |
| Occupancy Type | Owner occupied |
| Gross Building Area (GBA) | 67,427 sf |
| Net Rentable Area (NRA) | 67,427 sf |
| Number of Units | 3 |
| Number of Buildings | 3 |
| Number of Stories | 2 |
| Year Built | 1964, 1975, 1977 |
| Condition | Average |
| Construction Class | C |
| Construction Quality | Average |
| Percent Office | 50.3% |
| Clear Height | 14.0' |
| Surface Parking | 317 spaces |

Valuation Opinions

| | |
|----------------------------------|--------------------------|
| Highest & Best Use - As Vacant | Industrial |
| Highest & Best Use - As Improved | Continuation of existing |
| Reasonable Exposure Time | 9 to 12 months |
| Reasonable Marketing Time | 9 to 12 months |
