The Utah College of Applied Technology (UCAT)
Board of Trustees Executive Committee Meeting

DATE:  14 March 2013
TIME:  7:30 AM – 8:30 AM
Special Meeting Conference Call
LOCATION:  Utah College of Applied Technology
2801 Ashton Boulevard
Lehi, UT 84043

I.  Action Item:
Approval of the contract to purchase approximately 4.26 acres of land adjacent to the MATC campus at Thanksgiving Point – President Christensen’s

II. Information Item:
Discussion of a possible two-tier UCAT tuition model to be piloted by selected campuses beginning July 1, 2013 – Pres. Brems

III. Closed Session:
Committee may elect to go into closed session, which will not be open to the public, pursuant to Utah Code Section 52-4-204-206.

Public Notice of Electronic Meeting Access (UCA 52-4-207(3)): This meeting will be provided with electronic meeting access via conference/speaker telephone for Executive Committee members only by prior arrangement with the board secretary. The Utah College of Applied Technology shall be the anchor location for public attendance.
ITEM:  I
TOPIC:  MATC Property Purchase

BACKGROUND

On January 10, 2013, the Board of Trustees gave approval for MATC to pursue acquisition of the property adjacent to its Thanksgiving Point campus by selling the current automotive/diesel training facility and using the proceeds for the property purchase. The property is approximately 4.26 acres and will be the eventual permanent location for MATC’s automotive and diesel and programs. The land purchase price is $1,575,000, and the approximate value of the building is $1,500,000. MATC will cover any balance with existing funds.

The land purchase is contingent upon the sale of the automotive/diesel training facility. The attached purchase contract indicates a closing deadline of May 31, 2013 with an additional 30 days allowed for legal review and final State approval.

FISCAL IMPACT

Approximately $75,000 in addition to estimated sale proceeds from MATC for the property.

RECOMMENDATIONS

UCAT Administration recommends the Executive Committee authorize President Christensen and President Brems to execute the attached Real Estate Contract of Purchase and Sale and move forward with the transaction as approved January 10, 2013.

Attachments:

Real Estate Contract of Purchase and Sale between MATC and TC Enterprises Investments, LC
STATE OF UTAH
DEPARTMENT OF ADMINISTRATIVE SERVICES
DIVISION OF FACILITIES CONSTRUCTION AND MANAGEMENT

REAL ESTATE CONTRACT OF PURCHASE AND SALE

CONTRACT NUMBER ___________

SELLER:

TC ENTERPRISES INVESTMENTS, LC
3454 Stone Mountain Lane
Sandy, Utah  84092-6549

and

BUYER:

MOUNTAINLAND APPLIED TECHNOLOGY COLLEGE
2301 West Ashton Boulevard
Lehi, Utah  84043

PROPERTY LOCATED AT:

2351 North 2300 West
Lehi, Utah  84043

A Portion of Utah County Parcel No. 49:481:0110
Approximately 4.26 Acres

PURCHASE PRICE:   $1,575,000.00

Title Company Contact     Seller Contact     Buyer Contact
Landmark Title
6715 S 1300 E, Ste 100
Salt Lake City, UT  84121
Phone  801-942-9200
Fax  801-942-9208
Email  donna@landmarktitleutah.com
Jeff Bernson
NAI West
7324 Union Park Av., Ste 200
Midvale, UT  84047
Phone 801-550-2515
Fax 801-578-5500
jbernson@naiwest.com
John K. Nichols
State of Utah - DFCM
PO Box 141160
Salt Lake City, UT  84114-1160
Phone 801-538-3799
Fax 801-538-3267
jknichols@utah.gov

Seller
C/o Derk Pardoe
3454 Stone Mountain Lane
Sandy, UT  84092
REAL ESTATE CONTRACT OF PURCHASE AND SALE

THIS CONTRACT, made this _____ day of ____________ 2013, by and between TC ENTERPRISES INVESTMENTS, LC, whose address is 3454 Stone Mountain Lane Sandy, Utah, hereinafter described as the “SELLER”, and the MOUNTAINLAND APPLIED TECHNOLOGY COLLEGE, a Utah Institution of Higher Education, whose address is 2301 West Ashton Boulevard, Lehi, Utah, hereinafter described as the “BUYER”.

WHEREIN IT IS MUTUALLY AGREED AS FOLLOWS:

SECTION 1. REAL PROPERTY:
1.1 For good and valuable consideration acknowledged by the parties, SELLER agrees to sell and convey all that certain plot, piece or parcel of land together with and including all improvements thereon, both Real and Personal, and BUYER agrees to purchase all that certain plot, piece or parcel of land together with and including all improvements thereon, both Real and Personal, hereinafter referred to as "the Property", located at 2351 North 2300 West in the City of Lehi, County of Utah, State of Utah, part of Utah County Parcel Number 49:481:0110, as further described below and shown on Exhibit A, attached hereto and made a part hereof:

(Legal Description to be determined by ALTA Survey prior to Closing)

CONTAINING 4.26 ACRES, MORE OR LESS

1.2 This sale includes all right, title, and interest, if any, of the SELLER in and to any land lying in the bed of any street, road, or avenue opened or proposed in front of or adjoining said Property, to the center line thereof, and all rights, title, and interest of SELLER in and to any award made in lieu thereof and all right of SELLER in the connected sewer, sidewalk, curb and gutter, connected city culinary water and any other community culinary water system. SELLER will execute and deliver to BUYER, on closing of title, all proper instruments for conveyance of such title.

1.3 All fixtures and articles of personal property attached or appurtenant to or used in connection with said premises are represented to be owned by the SELLER and are included in this sale.

1.4 SELLER shall not allow any liens, attachments or other encumbrances to be filed against said Property during the period of time following the execution of this Contract and prior to the Closing of this transaction.

1.5 BUYER’S offer to purchase is contingent upon closing of a separate transaction causing the sale of certain real property owned by BUYER, said real property comprising 1.44 acres, more or less, of land and associated buildings and improvements further identified as Utah County Parcel Number 13:058:0306. This contingency shall be removed prior to Closing.
SECTION 2. PRICE AND PAYMENT:
2.1 BUYER covenants, promises and agrees to and with SELLER that BUYER will pay and satisfy to SELLER, as and for the purchase price of the Property described in Section 1 hereof, the sum of One Million Five Hundred Seventy Five Thousand and No/100 Dollars ($1,575,000.00). Such amount shall be due and payable on Closing of the title by a check drawn to the order of the Landmark Title Company, in Trust, to be thereafter disbursed and distributed to SELLER in accordance with the following terms and provisions:

a. BUYER agrees to deposit within 10 business days of the date of last signature on this contract with Landmark Title Company, escrow agent, the sum of Fifteen Thousand Dollars ($15,000.00) as earnest money to bind this sale, which Escrow Deposit shall be held and disbursed by the title company in accordance with the terms and provisions of this Contract. The balance of said purchase price shall be due and payable on Closing of the title.

b. In the event that this transaction is closed in accordance with the terms of this Contract, the Earnest Money Deposit shall be credited to BUYER as a portion of the purchase price and paid over to SELLER at Closing. If, for any reason other than BUYER'S failure to perform its obligations hereunder, title is not conveyed from SELLER to BUYER, BUYER'S Escrow Deposit shall be immediately returned to BUYER. If transfer of title is not completed for BUYER'S failure to perform its obligations hereunder, refer to Paragraph 17.2.

SECTION 3. EXPENSES:
3.1 Closing expenses shall be paid by the party indicated below:

a. Closing cost: 50% BUYER/50% SELLER
b. Basic Title policy: SELLER
c. Extended Coverage: BUYER
d. Recording fees: BUYER
e. Survey: BUYER

SECTION 4. CLOSING OF TITLE:
4.1 The Closing of title shall be on or before May 31, 2013. All documents are to have the approval of the BUYER'S Legal Counsel and the Utah Division of Finance. Should said approvals be delayed, thirty (30) days of additional time shall be granted for Closing.

4.2 At the Closing of title the SELLER shall deliver to the BUYER a Special Warranty Deed conveying to the BUYER marketable title in fee simple to said Property free and clear of all liens and encumbrances. SELLER shall, at SELLER'S cost and expense, furnish BUYER with an Owner's Policy of Title Insurance (ALTA Form B-Current Revision, Extended Coverage). Title shall be vested to BUYER as follows:
4.3 No liens, encumbrances or other restrictions shall be allowed against the Property unless specifically approved in writing by BUYER. If the SELLER is unable to convey title in accordance with the terms of this Contract the liability of the SELLER will be to refund to BUYER the Earnest Money Deposit and the net costs of examining title and upon such refund being made, this Contract shall be considered canceled.

SECTION 5. TITLE APPROVAL:
5.1 SELLER agrees to furnish good and marketable title and to provide a title insurance policy in the name of BUYER for the amount of sale. Within ten (10) days of the date of this Contract of Purchase and Sale, SELLER shall, at SELLER'S cost and expense, furnish to BUYER a commitment issued by Escrow Agent for an Owner's Policy of Title Insurance (ALTA Form B-Current Revision, Extended Coverage), insuring good and marketable title to the Property in BUYER in an amount equal to the Purchase Price (the "Title Commitment"). The Title Commitment shall include legible copies of instruments creating exceptions to the Title Commitment. SELLER covenants that there are no assessments or liens against the Property not mentioned elsewhere in this Contract. BUYER can not assume, as a matter of public policy, the payment thereof or liability therefore if lawfully assessed against the SELLER. Should the Title Commitment disclose an easement, restriction, encumbrance, lien or other matter of record which would render the Property unsuitable for BUYER'S purposes in BUYER'S sole discretion, SELLER shall have thirty (30) days to remove such objectionable matter ("Title Objection") from the Title Commitment. If SELLER is unable to remove or resolve the Title Objection, BUYER in its discretion, may terminate this Contract or waive such Title Objection and proceed to Closing, in which event the Title Objection shall be deemed to be a permitted exception to SELLER'S title to the Property ("Permitted Exceptions").

SECTION 6. REPRESENTATIONS:
6.1 SELLER has the full right, power and authority to enter into this Contract and to cause the same to create a legal and binding obligation of SELLER in accordance with the terms of the Contract and to convey fee simple title to the Property to BUYER.

6.2 BUYER has the full right, power and authority to enter into this Contract and to cause the same to create a legal and binding obligation of BUYER in accordance with the terms of the Contract, and has secured all necessary approvals from the relevant governing bodies under State law.

6.3 There is not now, nor will there be at Closing, any pending claim, litigation, condemnation, administrative or environmental action or other legal or regulatory proceeding, nor is SELLER aware of any such claim, litigation, condemnation or proceeding involving or affecting any portion of the Property. The Property is not subject to any claim of adverse possession, or prescriptive easement.
6.4 At Closing, no material default exists under any Contract, including the Leases, or any loan documents which in any way affects the Property.

6.5 SELLER represents and warrants to BUYER that SELLER has not made and will not make any commitments or representations to the applicable governmental authorities, or any adjoining or surrounding property owners or future buyers of SELLER'S property adjoining or surrounding the Property, which would in any manner be binding on BUYER or interfere with BUYER'S ability to use the Property as contemplated by BUYER, without first obtaining BUYER'S written consent. The Property is currently before the City of Lehi to be subdivided thereby providing for Buyer to receive the 4.26 acres more or less described in Paragraph 1.1 above.

SECTION 7. LEASES:
7.1 All leases, if any, shall terminate the day of Closing and SELLER shall insure that all tenants, if any, have vacated the Property prior to closing.

SECTION 8. CONDITIONS PRECEDENT TO CLOSING:
8.1 Notwithstanding, any provision to the contrary, BUYER shall not be required to purchase the Property unless each of the conditions contained herein have been met, or waived, by BUYER, in writing, prior to Closing. The BUYER shall have thirty (30) days after SELLER'S execution of this Contract to inspect the Property and resolve all conditions precedent to Closing as set forth herein (the "Examination Period"). If any of the conditions are not met prior to Closing, BUYER may, in its sole discretion, terminate this Purchase and Sales Contract or waive such condition and proceed to Closing. In the event of BUYER'S termination, this Contract will be null and void and the Earnest Money Deposit, if any, with any accrued interest shall be returned to BUYER.

SECTION 9. PRORATIONS, ENCUMBRANCES, LIENS AND ASSESSMENTS:
9.1 Current taxes and assessments shall be prorated as of the date of Closing. Proration shall be based on the latest information available. All other charges to the Property of any nature shall be paid by SELLER at or before Closing. If Closing occurs before the tax rate is fixed, apportionment shall be upon the basis of the rate for the prior year. SELLER shall be obligated to pay any difference between taxes estimated and paid based on the rate for the prior year and the final assessed taxes for the period of SELLER’S ownership of the Property during the year in which Closing occurs.

9.2 If there are liens which SELLER is obligated to pay, SELLER shall make arrangements with SELLER'S title company, in advance of Closing, so that it will issue title insurance to BUYER free of any liens.

9.3 SELLER covenants that there are no assessments or liens against the Property not mentioned elsewhere in this Contract. BUYER cannot assume, as a matter of public policy, the payment thereof or liability therefore if lawfully assessed against the SELLER.
SECTION 10. SELLER’S DUTY TO NOTIFY:
10.1 SELLER shall promptly notify and inform BUYER upon learning of a change in any law, regulation, restriction, or administrative ruling applicable to the contemplated transaction which might conflict with BUYER’S intended use of the Property or materially affect the value thereof.

SECTION 11. UTILITIES:
11.1 All charges for water, fuel and all other utilities assessed against the Property shall be paid in full by SELLER up to the day of Closing of title. It shall be the responsibility of SELLER to terminate all utility services provided to the Property.

SECTION 12. BUYER’S ACCESS TO THE PROPERTY:
12.1 BUYER and its agents shall have reasonable access to the Property to inspect it and to ascertain site conditions before Closing. BUYER and its agents shall also have the right to enter onto the Property for the purpose of performing boring tests, engineering or topographic tests, an environmental assessment and/or other studies upon or of the subject Property. SELLER does hereby grant to BUYER a license to enter upon the Property for inspection and all other purposes associated with such testing and assessment. BUYER shall take reasonable steps to minimize any damage which may be caused by such inspections. In the event said tests or studies do not warrant, in the sole discretion of BUYER, the development of the subject Property, then the BUYER shall have the right, within the initial thirty (30) days of the Examination Period, to terminate this Contract by written notice to SELLER, and to forthwith receive a refund of any monies paid; and in such event, all parties shall be relieved of further liability or obligation hereunder. No such examination, assessment or testing shall be deemed to constitute a waiver or relinquishment on the part of BUYER of its rights to rely on the covenants, representations, warranties, or agreements made by SELLER.

SECTION 13. NONPRESENCE OF HAZARDOUS MATERIALS:
13.1 SELLER represents and warrants that to the best of its knowledge:

a. The Property has never been, and is not currently, a site for the generation, storage, or disposal of hazardous material; it has never been, and is not currently, a disposal site of any kind. Underground storage tanks have never been, and are not currently, present on the Property.

b. SELLER and the Property are in full compliance with all laws, regulations, rules, and legal requirements of the federal, state, and local municipalities regarding environmental protection and with all permits or licenses issued by such municipalities.

c. No event has occurred that may constitute noncompliance with any environmental law, regulation, rule, or requirement upon the giving of notice and/or the passing of time.
d. No municipal department or agency has issued any agreements, decrees, consent orders, judgments, licenses or permit-conditions, or other directives that require any present or future change in the condition or use of the Property or that may relate in any way to its use in the present or future.

e. No action, suits, claims, or other proceedings have commenced either regarding the disposal, discharge, or release of hazardous material at or from the Property, or alleging a violation or noncompliance with any environmental law.

f. SELLER'S insurance coverage has not been denied or canceled on account of hazardous material on the Property; nor has SELLER'S insurance carrier or mortgagee notified SELLER relative to hazardous material on the Property nor given SELLER any recommendation, advice, or directives as to such hazardous material.

13.2 BUYER may obtain an environmental assessment survey and/or other studies performed upon or of the subject Property to certify that the subject Property is free from any hazardous materials. Should the environmental assessment survey disclose the subject Property is not in full compliance with all laws, regulations, rules, and legal requirements of the federal, state, and local municipalities regarding environmental protection and does not warrant, in the sole discretion of BUYER, the development of the subject Property, then the BUYER shall have the right, within thirty (30) days, to terminate this Contract by written notice to SELLER or to the broker, and to forthwith receive a refund of any monies paid. No such examination, assessment or testing shall be deemed to constitute a waiver or relinquishment on the part of BUYER of its rights to rely on the covenants, representations, warranties, or agreements made by SELLER.

SECTION 14. ZONING:
14.1 SELLER represents that the existing structures and improvements on the Property and their present use will conform in all respects with all applicable municipal zoning ordinances at the time of the Closing of title hereunder. No zoning, building, or similar law, ordinance, or regulation, or as of the Closing will be, violated by the continued maintenance, operation, or use of any buildings, improvements, or structures presently erected on the Property or by the continued maintenance, operation, or use of the parking areas.

SECTION 15. SURVEY REQUIREMENTS:
15.1 The Survey shall be certified ALTA/ACSM Land Title survey, legal description and corner staking prior to Closing. The Survey shall be an as-built perimeter survey of the Property made and certified to ALTA/ACSM Minimum Standards (latest edition), to be dated and signed by a registered land surveyor licensed in the State of Utah. The surveyor's seal must be affixed to the Survey and his registration or license number indicated thereon. The Survey shall state that it is certified to all parties involved in the transaction and to the Title Insurance Company insuring the transaction.
15.2 The survey shall show the perimeter of the Property by courses and distances; the physical character of the boundary lines; the location of all improvements; easements and rights-of-way; encroachments and the extent thereof in feet and inches from and upon the Property; and location of all utilities serving the subject Property. The legal description of the Property shall be set forth on the survey in form suitable for incorporation into all closing documents. In the event said survey shall disclose any easements, rights-of-way or encroachments which would prohibit BUYER from developing the Property for its intended use, then BUYER shall have the option to either close the purchase of the Property or to rescind the Contract and all rights and/or obligations on the part of either party shall be deemed canceled.

SECTION 16. CONDITION OF PROPERTY/RISK OF LOSS:
16.1 Prior to Closing, SELLER shall take such steps as necessary to maintain the Property and all improvements thereon in substantially the same state and condition as upon the execution of this Contract. Any material decline or alteration of the Property resulting from an Act of God or otherwise during the pendency of this Contract shall entitle BUYER to terminate this Contract in its sole discretion.

16.2 All risk of loss and destruction of the Property and improvements, and all expenses and insurance, shall be borne by the SELLER until the date of Closing, at which time all said such risk shall pass to BUYER. SELLER represents and warrants that it currently maintains public liability coverage with respect to the Property and shall keep such insurance coverage in full force and effect through the day of Closing.

SECTION 17. DEFAULT:
17.1 Upon the failure of either party to perform their obligations hereunder, such party shall be in default only after having been given fifteen (15) days written notice of such failure, and having failed to perform such obligations within such (15) day period. Upon the expiration of the curative period:

17.2 The non-defaulting party at its option may:

a. Seek specific performance of this Contract. The parties declare it to be their intent that this Contract be specifically enforced;

b. Pursue all other remedies available at law or in equity, it being the intent of the parties that remedies be cumulative and liberally enforced so as to adequately and completely compensate the non-defaulting party. If this Contract is terminated and the parties do not proceed to Closing, then any remedies shall be limited to actual out of pocket costs not to exceed $15,000.
SECTION 18. ATTORNEY'S FEES:
18.1 In the event of any action, proceeding or litigation in a Court of competent jurisdiction, each party shall be responsible for its own costs and attorney’s fees.

SECTION 19. MANNER OF GIVING NOTICE:
19.1 Any notice to be given by either party to the other pursuant to the provisions of this Contract or of any law, present or future, shall be in writing and delivered personally to the party to whom notice is to be given, or by certified mail, return receipt requested, addressed to the party for whom it is intended at the address stated below or such other address as it may have designated in writing. Such notices shall be given to the SELLER and BUYER, respectively, at the addresses on the cover sheet of this contract.

SECTION 20. BROKERAGE—SALES COMMISSION:
20.1 SELLER shall be solely responsible for the payment of any real estate commission or finder's fee, if any, associated with the purchase and sale of the Property. SELLER shall indemnify and hold BUYER harmless for any brokerage, finder's fee, or sales commission required to be paid as a result of SELLER'S actions relative to this transaction. BUYER is not using a real estate broker or agent in this transaction.

SECTION 21. BINDING EFFECT:
21.1 The principals to this Contract mutually agree that it shall be binding upon them, their and each of their respective heirs, legal representatives, successors and assigns of the respective parties and shall be construed and enforced under the laws of the State of Utah. The parties agree that the provisions hereof shall survive the execution and delivery of the deed aforesaid and shall not be merged therein and that this Contract, along with the Exhibits attached hereto, contains the final and entire agreement between the parties hereto; and, neither they nor their agents shall be bound by any terms, conditions, statements, warranties, or representations, oral or written, not herein contained. Any provisions hereof not enforceable under the laws of the State of Utah shall not affect the validity of any other provisions hereof.

SECTION 22. MARGINAL CAPTIONS:
22.1 The various headings and numbers herein and the grouping of the provisions of this Contract into separate sections and paragraphs are for the purpose of convenience only and shall not be considered a part hereof. Section captions shall not in any way limit, modify, or alter the provisions in the section.

SECTION 23. 1031 EXCHANGE:
23.1 SELLER intends to create a tax deferred exchange under IRS Code Section 1031 Tax Deferred Exchange and the SELLER’S rights and obligations under this Purchase Agreement may
be assigned in writing to facilitate such exchange. SELLER shall identify the assignee in writing to BUYER as well as deliver to BUYER a true copy of written assignment. Failure of SELLER to obtain such 1031 Tax Deferred Exchange shall not relieve SELLER from any obligation under this Purchase Agreement. BUYER shall reasonably cooperate with SELLER to facilitate such obtaining of a Section 1031 Tax Deferred Exchange to the extent permissible by law and to the extent such cooperation does not incur any additional cost or liability to BUYER.

**IN WITNESS WHEREOF,** BUYER and SELLER have duly executed this Contract on the date first above written.

BUYER  
Mountainland Applied Technology College  
By___________________________  
President  
__________ Date

SELLER  
TC Enterprises Investments, LC  
By______________________________  
Its____________________________  
__________ Date

______________________________  
President  
Utah College of Applied Technology

Approved:

______________________________  
Utah Division of Finance  
__________ Date
EXHIBIT A

PROPERTY
ITEM: II

TOPIC: Potential Two-Tier UCAT Tuition Model

BACKGROUND

Legislative Audit Number 2013-02, “A Performance Audit of Utah College of Applied Technology Programs and Funding”, completed February 2013 (http://le.utah.gov/audit/13_02rpt.pdf), observed that “some campuses assess fees that are not based on the costs of a specific program. Instead, these fees function more like tuition and produce a fixed amount of revenues for all programs” (page 23).

Historically, the Board of Trustees has approved a uniform hourly post-secondary tuition rate that applies to all campuses and all programs. The legislative audit, however, suggests that the uniform tuition may have led campuses to establish fees that “function more like tuition” to meet local campus needs. In a potential response to this audit recommendation, the UCAT President’s Office and campus presidents have been discussing the possibility of some campuses piloting a two-tiered tuition model for FY 2014. The model would have the Board establish a first-tier tuition increase that would apply to all campuses and programs, and then approve additional campus-specific, second-tier tuition increases for some campuses based on the recommendation of their respective boards of directors.

The two-tiered tuition model would be allowable at the discretion of the Board of Trustees under current policy, which does not stipulate a uniform tuition rate but simply states that “low cost tuition, as prescribed in UCA 53B-2a-106(1)(b)(i) and as approved by the UCAT Board of Trustees shall be assessed to postsecondary students” (UCAT Policy 204.6.1).

If a two-tiered tuition model were implemented for FY-2014, the UCAT President's Cabinet is recommending a tier-one increase of $0.05, which would be a 2.8% increase over current tuition, bringing it to $1.75 per hour. Campus presidents for DATC, MATC, and UBATC have indicated their campuses might recommend a tier-two tuition increase of up to an additional $0.10 (5.6%) to $0.25 (14.8%), bringing total tuition for those campuses to $1.85 to $2.00 per hour.

RECOMMENDATIONS

Discussion only: UCAT Administration recommends that members of the Executive Committee discuss the potential two-tiered tuition model and provide feedback for the President’s Cabinet to consider in bringing a tuition-increase recommendation to the Board of Trustees in its regular April meeting.

Attachments: None