

May 8, 2019

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: Utah Valley University – Non-traditional Arrangement and Property Acquisition

Issue

Regent policies R712, *Nontraditional Arrangements for Development of Facilities on Campuses* and R587, *Contract or Lease-Purchase Financing* require the Board of Regents to approve institutional property purchases that involve contracts or lease-financing. Utah Valley University (UVU) requests Board approval to purchase a 93,797 square foot office building at Thanksgiving Point in Lehi, Utah for below market value at \$22,108,420 using a combination of cash and the assumption of an existing loan.

Background

Utah Valley University currently leases 13,700 square feet in an office building located at 2912 Executive Parkway in Lehi, Utah for \$360,000 annually. The 93,797 square-foot office building has recently become available to purchase, and the University requests Regent approval to purchase the property for \$22,108,420 including the assumption of an existing loan on the facility for \$10,842,000, which is below the appraised value of \$23,300,000.

In order to assume the existing loan, Regent Policy R587 requires the review of the contract by the Attorney General's office, a careful analysis of the financing, and non-state funding for the purchase. The University has engaged the Attorney General's office, which has reviewed the contract and will continue to provide counsel for the purchase. UVU analyzed the financing options and finds that assuming the existing loan will save \$1.3 million on the purchase price. Institutional funds will be used for the purchase, and existing rental space in the facility will provide a revenue stream to service the loan. Funding will come from institutional revenues not a part of the institution's appropriated budget.

The Thanksgiving Point facility is in a strategic location adjacent to a UTA Front Runner train station and near Utah's Silicon Slopes that will allow the University to serve students in northern Utah County. The leased space currently offers Master's programs in business administration, education, and cybersecurity. Additionally, the property is located in proximity to 10 acres UVU currently owns at Thanksgiving Point and the Mountainland Technical College, which provides an opportunity for future growth and collaboration.

Additional information about this request may be found in the attached map, a letter from the University, and the executive summary of the property appraisal. Representatives from UVU will attend 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 at 2912 Executive Parkway in Lehi, Utah as proposed contingent on continued communication and review by the Attorney General's office.

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David L. Buhler  
Commissioner of Higher Education

DLB/KLH/RPA  
Attachments



UTAH VALLEY UNIVERSITY

VICE PRESIDENT FOR FINANCE & ADMINISTRATION

May 6, 2019

Utah Board of Regents  
60 South 400 West  
Salt Lake City, UT 84101

Members of the Board,

This is a request to purchase a piece of real property located at 2912 Executive Parkway, Thanksgiving Point in Lehi for \$22.1 million dollars. The university would assume an existing loan as part of the purchase agreement:

Existing Loan Balance:	\$10,842,000
<u>Cash Balance:</u>	<u>\$11,266,420</u>
Total:	\$22,108,420

By assuming the existing loan, the university is able to save \$1.3 million dollars on the purchase price. The purchase and sale documents and the loan agreement are being reviewed and approved by the Attorney General's office, as required by Utah Board of Regents policy.

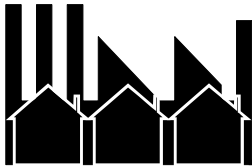
The property is located adjacent to a Front Runner station and includes an attached parking garage. The building has 97,538 square feet of rental space available, of which the university is currently renting 13,700 square feet. The building currently has 77,301 square feet of rental space under contract, which will provide a revenue stream of \$1,704,158 dollars annually.

This building will allow the university to continue to expand its presence in "Silicon Slopes", is ideally located for the convenience of our students, and would provide a steady revenue stream to help offset the costs of expansion as the university slowly converts rental space into classroom space within the facility.

Sincerely,

Val Peterson  
UVU, Vice President of Finance





## Restricted Appraisal Report

May 10, 2019

Utah Valley University  
Attn: Jeana Miner AX 138  
1545 W. Business Park Dr.  
Orem, Utah 84058

**RE: Professional Office Property  
2912 W. Executive Parkway  
Lehi, Utah 84043**

Dear Jeana:

At your request, I have performed an appraisal analysis of the above-referenced professional office property. The subject is parcel 53-333-0012 on Utah County records. The Legal Description for the land area is included herein. The site includes 5.613 acres. The building has 93,797 rentable sq. ft. The property includes underground parking and storage, as well as a large fitness and break area on the fourth floor.

This appraisal provides an estimate of the as-is market value with leased fee estate property rights. Based on the results of my analysis, I estimate the as-is market value of the subject property, as of May 8, 2019 (date of inspection), is as follows:

**\$23,300,000**

**\*\* TWENTY-THREE MILLION THREE HUNDRED THOUSAND DOLLARS \*\***

The above-concluded value is conditional upon the Extraordinary Assumptions on pages 8-9 of this report. The exposure time to achieve the value estimated herein is approximately nine months. The probable marketing time is up to nine months as well.

According to my agreement and understanding, this is a *Restricted Appraisal Report*. As such, *reliance on the report is limited to the client*. The report conclusions relating to value cannot be understood properly without additional information contained in my appraiser work file. Please note that a full appraisal report is being prepared and will be delivered in the next few business days.

Please advise if I can be of any further assistance.

Respectfully submitted,



TODD GURNEY, MAI

Utah State Certified General Appraiser Certificate 5487768-CG00 Expires 7-31-20
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File 06719R  
Attachments