

SPECIAL MEETING
UTAH STATE UNIVERSITY BOARD OF TRUSTEES
16 MAY 2007

Minutes of the Conference Call Meeting of the Utah State University Board of Trustees held in the President's Office, Old Main 130, Logan, Utah, at 10:00 a.m.

MEMBERS PRESENT (By Telephone)

Richard L. Shipley Chairman
David P. Cook
Robert L. Foley
David Johnson III
Richard L. Nelson
Suzanne Pierce-Moore
Kellie S. Wood

MEMBERS NOT PRESENT

R. Brent Nyman Vice Chairman
Douglas S. Foxley
Peter McChesney

UNIVERSITY REPRESENTATIVES PRESENT

Stan L. Albrecht President
Craig J. Simper General Counsel
Sydney M. Peterson Chief of Staff
Ned M. Weinshenker Vice President for Strategic Ventures and Economic Development
John Devilbiss Executive Director, Public Relations and Marketing

MEDIA PRESENT

Kim Burgess *The Herald Journal*

Chairman Shipley conducted the Special Meeting. Roll was called.

I. Proposed Disposal of Buildings Located at 1747 (RP2) and 1787 (RP1) Research Park Way at the Utah State University Innovation Campus

Trustees were given a copy of the Proposed Disposal of Buildings Located at 1747 (RP2) and 1787 (RP1) Research Park Way at the Utah State University Innovation Campus (Appendix A).

President Albrecht asked Vice President Weinshenker to give a quick overview. He said Trustees were aware of this issue since it had been discussed in a previous Executive Session. If they had any questions for Vice President Weinshenker or legal issues for Craig Simper, they would be prepared to respond.

Chairman Shipley added that he, President Albrecht, and Vice President Weinshenker had reviewed this very carefully with Commissioner Richard Kendell last week.

President Albrecht said that since that time it had been reviewed at several levels with the Commissioner's office and the Regents. The Regents have a conference call scheduled for Friday afternoon to approve this project, assuming that the Trustees approve it today.

Vice President Weinshenker reviewed the proposal. He indicated that the Woodbury Corporation has proposed to buy both buildings, RP1 and RP2, and to renovate RP2, divide it approximately in half; the north half for the addition of the high school and the south half potentially for multi-tenant office space. The appraised value for RP1 is \$1.23 million and for RP2 is \$710,000. The reason that RP2 has a lower appraisal value, even though it is a larger building, is that it needs extensive renovation, not only to bring it into compliance for the high school, but also in compliance for general safety issues associated with the other space. The total comes to a little more than \$2 million for the two buildings.

There will be new ground leases for the two buildings. They will be the standard forty-year plus ten-year option to renew, and the price for the ground lease will be \$15,700 an acre. The last ground lease at the Innovation Campus was approximately \$10,400.

President Albrecht asked Vice President Weinshenker to explain the advantages of this to USTAR.

Vice President Weinshenker indicated that we still have a bond payment for the next seven years or so to finish paying for the 620 Building that we are using as the USTAR match. We will use some of this money to make those payments over the next couple of years. We also want to use some of the money for additional upgrades on the Innovation Campus, to expand the campus to the east and to the south into the areas that have already been designated for that purpose, and lastly, we will use some of the money to help

support the Technology Commercialization Office. Right now that is almost solely supported by the Vice President for Research Office. By taking over some of those expenses, it will free up money for other activities in that office.

Chairman Shipley said his understanding is that the annual land rent is approximately \$55,000 per year. Vice President Weinshenker thought it would be \$50,000 to \$55,000 per year. He said we had been talking about giving some rebate to the high school. There was a commitment to give them space on the Innovation Campus by President Hall, and we thought the best way to do that was to rebate some rent to them as a gift.

Vice President Weinshenker said that overall, these buildings have been a losing proposition. We have not managed them well. It is not our expertise within the University to do that. We do not have the money for renovation, so this transaction to get these buildings up to modern code and attractiveness, particularly the interior, is good for the University. We will continue to receive the ground leases on them, and we will have no further financial risk associated with them.

Trustee Pierce-Moore asked Vice President Weinshenker about the healthy balance of private buildings and the University buildings on the Innovation Campus.

Vice President Weinshenker said all of the buildings, except for the SDL building, were built by private developers and then they revert back to the University. When they revert back they are older buildings and they need a lot of work. By reselling them we are much safer and in a more profitable position than trying to manage and renovate them ourselves.

President Albrecht indicated that we really do have some balance. The next major building project on the Innovation Campus will be the USTAR building. By using some of this money to finish 620 and completing our match obligation it will allow us, as soon as next spring or next summer, to begin work on the first USTAR building to be built there.

Trustee Pierce-Moore wanted to know if the USTAR building would be ours.

President Albrecht said the enabling legislation for both the University of Utah and Utah State University requires that the buildings constructed under the USTAR Authority are controlled by the USTAR Authority.

Action: Trustee Foley moved approval of Resolution 06-5-1, Proposed Disposal of Buildings Located at 1747 and 1787 Research Park Way at the Utah State University Campus. Trustee Pierce-Moore seconded the motion, and it passed unanimously.

The Special Meeting adjourned at 10:15 a.m.

Richard L. Shipley, Chairman

Lisa Christensen

Date Approved