

MEMORANDUM

TO: Board of Trustees, School and Institutional Trust Lands Administration

FROM: Kyle Pasley – Deputy Assistant Director Planning & Development Group

DATE: September 22, 2016

RE: Board Consent request – Exercise of Option on 10.4 acres +/- included in Amendment #4 to DEVL 729 – Sun River St. George Development, L.C. (Sun River Active Adult Retirement Community)

BENEFICIARY: Schools

This transaction has been reviewed for recommendation by the subcommittee

Background:

The Trust Lands Administration (the "Trust") entered into a seven-year Development Lease, DEVL 729, (the "Lease") with Sun River St. George Development L.C. ("Sun River") on December 5, 2005, for approximately 191 total acres of Trust property, of which approximately 160 acres were designated as developable and approximately 31 acres as open space, adjacent to and now a part of Sun River Active Adult Retirement Community west of Milepost 2 on I-15 in the City of St. George, Washington County, Utah.

The Lease was amended September 5, 2007 (Amendment #1) to clarify the manner in which Developable Land may be purchased for other uses. These other uses subsequently included the selling of parcels for a fire station and LDS Church site.

The Lease was further amended April 30, 2011 (Amendment #2) to recast the Base Payment and Reconciliation Payments to reflect the dramatic change in land values resulting from the global down turn in the real estate residential market. This amendment also extended the term of the Lease to June 30, 2014.

The Lease was amended October 8, 2013 (Amendment #3) to add approximately 48.7 acres of property to the lease and extend the term of the Lease to June 30, 2018.

The Lease was last amended December 23, 2014 to add approximately 48.97 acres of property to the existing development lease and extend the lease term to October of 2021. As depicted in Exhibit "A" 10.4 acres +/- of the adjoining area was left with the temporary usage of commercial and outside the lease with an option to add the parcel to the lease, once further planning on the parcel could be completed. Once best usage for the parcel was determined between lessee and Trust staff, the option of requesting the addition of the 10.4 acres to the lease could be exercised. As per the procedures outlined in the 4th amendment

to DEVL 729 approval from the Board of Directors must be obtained to proceed with annexation and development of the 10.4 acres +/- by the lessee

Current Conditions:

After thorough analysis of the 10.4 acre +/- piece aforementioned, it has been determined that the parcel is best suited for inclusion into the residential master plan that it abuts. As such and in accordance with provisions set out in section 4.2 of the fourth amendment to DEVL 729, approval of the Board of Trustees is being sought for the purpose of including the said acreage in the current lease. According to the option agreement for said property once approval by the board is attained the 10.4 acres +/- will be assimilated into DEVL 729 under the same structure and obligations as other residential property heretofore accepted.

Recommendation:

In the opinion of SITLA staff, this transaction represents the most appropriate land use for the 10.4 +/- acres. Accordingly, we are asking the board of Trustees, under provisions in the fourth amendment to DEVL 729, section 4.2, for approval to annex the 10.4 acres +/- of option property into the lease.

Exhibit A – Option Area

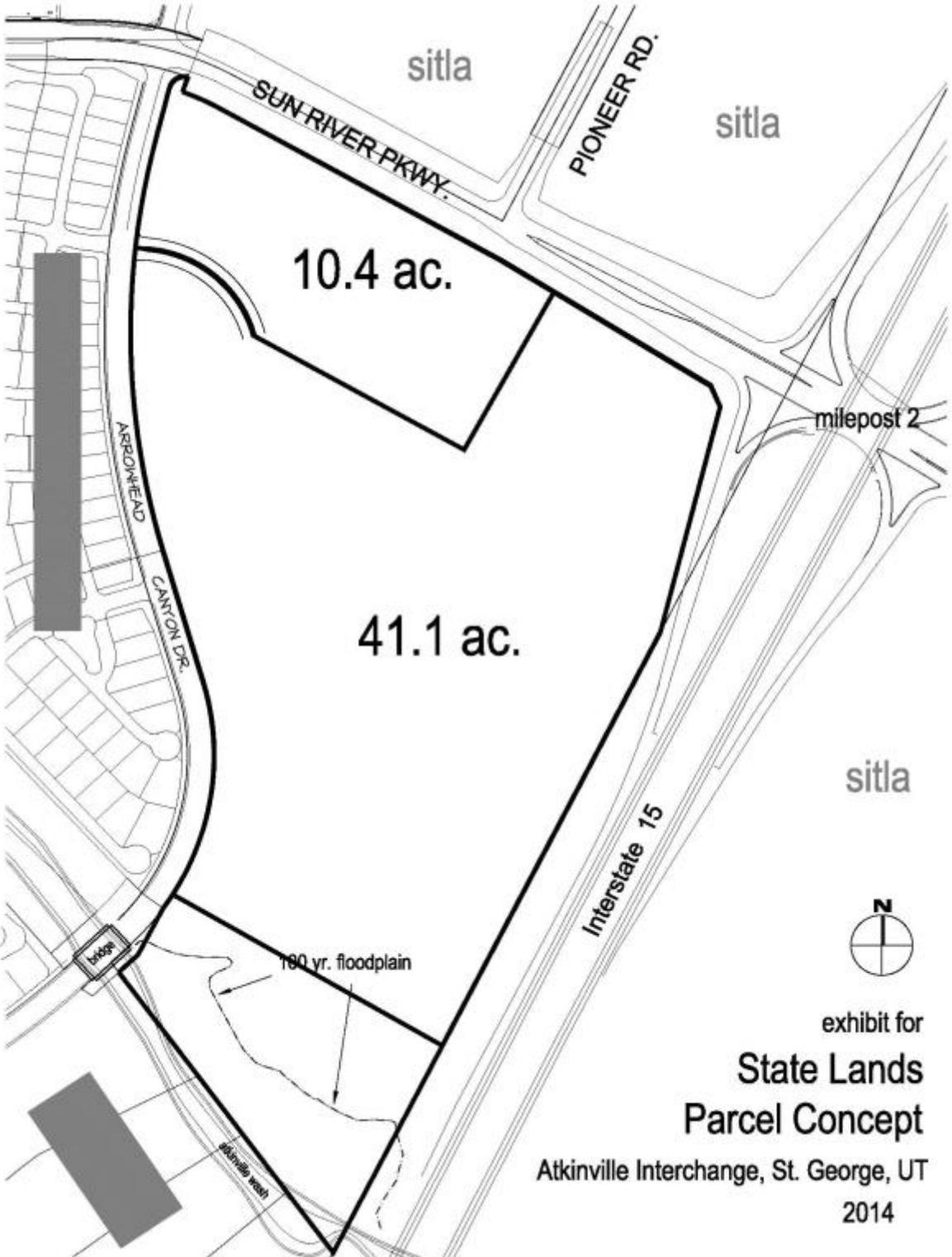


exhibit for
**State Lands
Parcel Concept**
Atkinville Interchange, St. George, UT
2014