Memorandum

TO: Board of Trustees, School and Institutional Trust Lands Administration
FROM: Kyle Pasley, Deputy Assistant Director - P&DG Utah South
DATE: March 28, 2017
BENE: Schools
RE: Notice of Minor Development Transaction—Sale of 12.5 acre +/- parcel to Development Solutions Group Inc for 15 lot subdivision and possible church site.

Introduction and Background

The proposed purchase parcel is located in St. George City, Washington County, Utah (Section 2, Township 43 South, Range 16 West Salt Lake Base & Meridian). The Property is generally known as Tonaquint and is located southwest of Tonaquint Intermediate School and west of Tonaquint Terrace Phase 2 (Exhibit A).

Development Solutions group or its affiliates have previously developed a number of residential lots in the Tonaquint area. The Tonaquint Valley and Tonaquint Terrace subdivisions, consisting of about 200 single family lots, have been developed and sold out. As part of the development of the Tonaquint area a DSG affiliate, Quality Development, entered into a development lease with the Trust on an area known as Tonaquint Heights in 2008. The original plan for Tonaquint Heights called for 75 lots. The neighborhood was platted through the City process and as development began the City of St. George informed the developer that there was insufficient water pressure to complete the entire project. As such Quality purchased land from the Trust for 19 lots of the 75 platted and a site for an LDS Church in 2010 and 2011 that had adequate pressure to initiate development and has been working with the City since that time to work out an adequate solution for the culinary water issue. For the last several years the only solution found was the construction of a new water tank that would facilitate completion of the 56 lots left in Tonaquint Heights.

Current Offer

DSG has made an offer to buy a 12.5 acre +/- parcel within the Tonaquint planning area as the first step in a two step process (Exhibit B) to bring the needed water infrastructure to the Tonaquint Heights project. As development has occurred around Trust property in Tonaquint a private developer has brought water to the west of the Trust Property that has sufficient pressure to feed the Tonaquint Heights lease allowing it to be finished and to sustain future development of the remainder of the Trusts Tonaquint development area. This initial purchase will provide for phase
one with an anticipated request for additional land to the west of this take down for another approximate 45 lots to be requested by years end. At that point the tie into an adequate water pressure zone will be had for DSG to finish development of the remaining 56 lots in Tonaquint Heights.

An appropriate purchase price for the first take down shall be determined by the Trust and DSG at the conclusion of preliminary due diligence by DSG and an appraisal report completed by an appraiser retained by the Trust. The purchase price of subsequent development parcels will be determined at the appropriate time.

DSG anticipates developing an LDS church site as part of the first phase of development. The preferred size and location of the church is depicted on the attached maps (Exhibits B and C), however, the exact size and location may need to deviate from what is shown based on soils conditions or other constraints not currently known. If DSG is unable to identify a church site that is both feasible for development and substantially adjacent to the Step 1 residential property, DSG will not purchase the church parcel with the first take down and will likely place the church site in a subsequent phase of development.

**Intended Action**

Due to the utility of selling this property for the completion of an existing Trust lease it is the intent of Trust staff to sell the 12.5 acres +/- in accordance with the parameters set forth previously in this memo. This transaction was reviewed by the Real Estate Committee and has been recommended for approval by the committee to the full board of Trustees.

**Compliance with Rule**

This memorandum informs the Board of Trustees about a proposed minor transaction, for which Board approval is not required pursuant to Utah Admin. Rule 850-140-500.
Exhibit C – Initial Purchase Area