

September 19-21, 2007

ITEM 136-1502-R0907

Authorization to Exchange Lots Adjacent to the North Campus, Montana Tech of The University of Montana-Missoula

THAT:

Pursuant to Board of Regents Policy 1003.6, the Board of Regents of Higher Education authorizes Montana Tech of The University of Montana to exchange two parcels of land adjacent to the Montana Tech North Campus for two parcels owned by Virginia A. Kebe located just east of Montana Tech's North Campus.

EXPLANATION:

Land Exchange

Montana Tech of The University of Montana owns two parcels of land immediately adjacent to the North Campus of Montana Tech: Lot 12 – Block 5 of the Caplis Heights Addition (“Lot 12”) and the North part of Tract V of Certificate of Survey 832 A (“Tract V”). Lot 12 is a 2,167 sq. ft. triangular parcel located between two parcels owned by Virginia Kebe and would be very difficult for Montana Tech to use for any productive or useful purpose. The Tract V parcel is located at the top of a very steep embankment and would also be very difficult for MT Tech to use. A limited appraisal of the two lots conducted on July 22, 2007 shows a total fair market value of \$11,009.

Virginia A. Kebe owns two parcels of land just east of the North Campus of Montana Tech: Lot 3 of the Lawlor Addition (“Lot 3”) and Lot 11 of the Stanley Addition (“Lot 11”). Lot 3 and Lot 11 are legally two separate parcels, but form one continuous parcel with frontage on Park Street, just east of the Walking Trail and Arch. This parcel could be used by MT Tech as a parking lot. A limited appraisal on these two lots conducted on July 22, 2007 shows a total fair market value of \$15,571.

Required Appraisals

BOR Policy 1003.6 (II) addressing land exchanges and M.C.A. 20-25-307 (3) addressing the disposal of MUS lands both state an appraisal of the property must be conducted prior to its exchange or disposal. Both the BOR policy and the Montana statutes allow use of the lower cost limited appraisal if the market value of the land is less than \$10,000.

In this instance, the appraised value of the property currently owned by MT Tech and the property currently owned by Kebe exceeds the \$10,000 threshold. However, a close examination of the limited appraisals conducted shows a lack of comparable data for these parcels. (*See Exhibit 1*

attached.) Both appraisals clearly state: “Prior sales and current listings are non existent for this type of property. Therefore, no vacant land comparables are used.” Therefore, even if a full appraisal had been used, the valuations would have been very similar, if not identical, to the limited appraisals because the lack of market comparables forced the appraiser to use courthouse records as a basis of determining values.

Based on the cost savings to MT Tech of using a limited appraisal and the fact that the fair market value of the limited appraisals were likely reflective of the fair market value of a full appraisal given the lack of comparable sales data in the Butte market, legal counsel from the Office of the Commissioner of Higher Education and Montana Tech of The University of Montana have accepted the fair market value estimates of the limited appraisals for purpose of meeting the requirements of Board of Regents Policy 1003.6 and M.C.A. 20-25-307.

Public Notice/Request for Hearing

MT Tech published a public notice regarding the proposed transaction in the *Butte Standard* on August 8, 15, 22, and 29th. The notice included contact information at MT Tech in the event any person requested a public hearing on the proposed transaction. As of August 21, 2007, no such request has been received.

Full Market Value

The property being acquired by MT Tech (Lot 3 and Lot 11) have a higher value than the lots being exchanged (Lot 12 and Tract V). Therefore, MT Tech is receiving full market value for the land being conveyed. As noted above, because of the particular “development-unfriendly” nature of the land being conveyed by MT Tech and the potential parking lot use of the land being acquired by MT Tech, the exchange is in the best interest of the Montana University System.

Review by Board of Land Commissioners

Subsequent to Board of Regents approval and prior to closing the proposed land exchange transaction, the proposal will be submitted to the Board of Land Commissioners for review.

ATTACHMENTS:

Exhibit 1 (limited appraisals of the parcels being conveyed and acquired)