

November 21-22, 2013

ITEM 161-1004-R1113

Authorization for of Transfer of Interest in Real Property; The University of Montana

THAT

Pursuant to Board of Regents Policy 1003.6, the Board of Regents of Higher Education authorizes the University of Montana to transfer its interest in real property located at 1519 Woodland Avenue, Kalispell, MT.

EXPLANATION

Sale of Land

The University of Montana owns real property located in Flathead County, Parcel A of Certificate of Survey 19324-1. This is a single-family residence that was devised to the University on September 7, 2010 from the Estate of Ruth Davis. The 80-year old residence is a one-story structure on a concrete slab foundation, 1176 square feet in size.

Subsequent to receiving the September 7, 2010 Deed of Distribution, the University learned that a portion of the residential structure was encroaching on the neighboring property. This led to a 2011 Boundary Line Adjustment survey, appraisal, and payment to the neighbor of \$4,700, the fair market value of the property transferred thereunder.

In June, 2013, the University of Montana attempted to sell the property by the request for proposal process defined in §20-25-307(5) M.C.A., as described below, with no success. The University of Montana then listed this property with a local Kalispell realtor in August 2013. The realtor has shown the property to numerous potential buyers, but has received only one written offer. The University of Montana received a Buy-Sell Agreement in the amount of \$50,000 on November 8, 2013.

The University of Montana is requesting approval of the proposed sale because it is in the best interest of the University to dispose of this property. The property was devised to the University from an individual's estate. The property is not an appropriate type or venue to serve the mission of the University in any reasonable manner. The University has already incurred out-of-pocket expenses in excess of \$17,000 for repairing and maintaining the property, resolving the property line encroachment issue, and preparing the property for sale. Continued ownership of this property by the University will force the University to continue to expend its limited funds for which there is no chance of recovery except by selling the property.

Required Appraisals

BOR Policy 1003.6 (l) addressing land sales 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 disposal. In this instance, the property was appraised by a certified appraiser on two occasions: in October 2012, the property was appraised for \$85,000. A second appraisal, conducted by a certified appraiser in May, 2013, listed the market value at \$90,000.

The University also had two additional inspections: an Asbestos Inspection was conducted on October 9, 2012 and a Home Inspection was conducted on November 8, 2012. The Asbestos Inspection Report reported the presence of asbestos on one plaster wall in the interior of the residence. The Home Inspection Report identified several "poor to marginal" conditions in the roofing, exterior, grounds and drainage,

electrical and interior systems of the house.

Public Notice/Request for Proposal

In accordance with §20-25-307(5) M.C.A., the University of Montana prepared a request for proposals to purchase the land and published a public notice regarding the proposed transaction in the *Daily Interlake* on June 9, 16, 23, and 30, 2013. At the same time, the notice was also posted on the University of Montana website and on Craig's List.com. The notice described the land to be sold, the appraised value of the land, the procedure by which persons could obtain the request for proposals, the terms and conditions of the sale, and the criteria by which each proposal would be evaluated. The University held "Open Houses" at the property on June 22 and 29, and July 6, 2013. The sealed bid opening was set for July 10, 2013. No bids were received.

Full Market Value

After the failure to receive any bids via the request for proposal process described above, the University secured the services of a licensed Realtor in Kalispell, Montana to market the property. The realtor showed the property to many interested buyers. The offer presented to the University on November 8, 2013 is the sole offer made since the property was listed in August, 2013.

Review by Board of Land Commissioners

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

ATTACHMENTS

Buy-Sell Agreement