

Board Communication: Shanon Brooks presents plan for Monticello, and it is acknowledged by a member of the Board

Begin forwarded message:

From: Lyle Mast <email address redacted>

Subject: Fwd: GWF Board Communication - Confidential

Date: May 12, 2016 at 11:26:39 PM MDT

To: Rachel DeMille <email address redacted>

----- Original message -----

From: "Shanon D. Brooks" <sdbrooks@gwc.edu>

April 20, 2007

To: Board of Trustees – GWF

Subject: Purchase of 320 acres in Monticello, Utah

Dear Members of the Board,

The Monticello Project as a secondary campus was planned with 2 phases:

- The donation of 200 acres outside of Monticello
- The purchase of 320 acres adjacent to the donated land

Allow me to begin this communication by informing you that we have completed **Phase One** by securing legal possession of the 200 acres in Monticello, UT. I have attached the Deed to this email.

The letter that follows gives you a detailed summary of the purchase agreement and the plan of execution. Please read it carefully and contact me with any questions.

Shanon

[phone numbers redacted]

GWC – 435 586-6570

sdbrooks@gwc.edu

Terms of the Secondary GWC Campus Purchase

Introduction

The proposed site of the secondary campus of GWC is located 1 mile west of Monticello, Utah, currently just outside of city limits. The annexation process will begin immediately upon contract closing. The City has expressed its willingness to annex this area only if GWC determines to build a campus on the proposed site. I sat in a meeting in the City offices of Monticello just 1 month ago as we discussed the plan to extend utilities to this property and the surrounding areas. The City made it very clear that they planned to secure the funds to build this infrastructure, as this is not the only property being developed in the region.

The south and west boundaries border National Forest, which in hiking terms, goes on for at least two weeks. The north boundary is bordered by the Abajo Road that travels from Monticello proper, to the west up the mountain and over into Canyonlands National Park (less than a ½ hour away). The immediate area has a beautiful combination of alpine terrain (10,000 ft. elevation) to desert elevations of 3,000 ft. One can travel from the top of the evergreen covered mountains to the desert floor below in less than an hour. The actual property has extensive, well-established groves (at least 25) of young Oak (avg. height 15-20 ft), a few groves of Quaking Aspen, a few Maple trees and a number of very mature evergreens (40-60 ft.). There is a quantity of natural or previously cleared open areas perfect for building sights. Most of the terrain is flat with a gentle slope to the east and south. There is enough variety in the terrain to block a view across the site. The property boasts at least 2 significant canyons that are very beautiful and I have identified several spots that would be perfect for creating outdoor classrooms/study areas. On our future campus paintings, we show a number of lakes or ponds; there are 2 beautiful ponds already in use on this property. Initial talks with the county indicate that we will receive permission for building a number of other ponds to be used for additional water storage and fire suppression purposes.

The view is the most spectacular thing of the entire site; it feels like you can see the whole world from there. Landmarks from all Four Corners states are clearly visible from many places on the property, and the view will only be enhanced when we have buildings in place. Aside from all of the natural beauty and solitude that a student could take advantage of on the actual campus site (plenty for 2,000 students), you can reach any number of breath-taking natural “secret place” locations within an 8-minute automobile ride or 30-45 minute bike ride. There are numerous lakes stocked with fish; climbing, canyoneering, rappelling, rafting, (Lake Powell is just over an hour away), water skiing in Colorado (less than an hour away), snow skiing (less than two hours away), and the list goes on. For those students who need a little relief from all of this nature, internationally renown Moab has a lively social environment just 50 miles away.

There is a feeling of majesty on this land that you will have to experience for yourself. We are planning a “hiking time” during our visit to Monticello in just a couple weeks.

This property should be recognized as the phenomenal monetary asset that it is. We secured a contract price that has already been exceeded by recent purchases in the vicinity (a member of our board purchased acreage 8 months ago within 8 miles of our site for \$1,000 an acre. 3 months ago, we locked in a contract price of \$4,000 an acre, and a sale that occurred nearly adjacent to this property just a few weeks ago was for \$5,500 per acre). I firmly believe that the

announcement of this site being selected as the secondary campus of GWC will spark a flurry of interest. Additionally, the ownership of this property, particularly as lot sales commences (we plan to sell off enough land over time to purchase the 320 acres and begin funding the building process), will go along way to show financial stability, greatly increasing our chances for accreditation.

Terms of Purchase

- a Closing date – May 11, 2007
- b Acreage – 320 acres @ \$4,000 (\$1,280,000)
- c Down payment – \$200,000 (\$1,080,000 – Balance Remaining)
- d Interest Payments
 - i Month 12 – 5% interest due on balance of \$1,080,000 (\$54,000)
 - ii Month 24 – 5% interest due on balance of \$1,080,000 (\$54,000)
 - iii Month 36 – 6% interest due on balance of \$1,080,000 (\$64,800)
 - iv Month 48 – 6% interest due on balance of \$1,080,000 (\$64,800)
- e Balloon Payment of \$1,080,000 Due on Month 48
- f Contract Provision – “If in 4 years from the date of closing, Buyer is not operating an educational facility, Seller has the option to purchase the real property at the same price that Seller sold to Buyer, less any outstanding obligation owed to Seller by Buyer.

Operating an educational facility means the existence of buildings and other infrastructure as is necessary for educating students, and the presence of students who are engaged in the education and learning process.”

I have had extensive discussion with the Sellers on this topic. They just want to be sure that a campus is built on the property. They are not dictating to us how—just what. This simply means that we must have a minimum of improvements in place and actually holding classes. This will require some effort but is well within our ability. One 1,500 sq ft. building with roads and utilities will meet the condition.

Payment Strategy

We have sufficient funds to meet the down payment obligation. Below are the resources available in excess of the \$200,000 needed:

- g Down payment
 - i \$125,000 – Savings towards Benito Juarez Perpetual Endowment. Our internal terms for investing these funds in this property are to take \$500,000 of lots sale proceeds and return it to this savings program with in the next 7 years. That is a minimum return of 400% (or \$53,571 return annually), invested in a very safe investment vehicle. Right now these funds are invested in a CD at 5.25% annually (\$6,562 per year) which is probably the most we could expect from very safe institutional investment vehicles.
 - ii \$67,000 – Projected net proceeds from the Wokhsape Pte San

Philanthropic Society Gala 2007.

- iii. \$8,000 – General Fund
- iv. \$50,000 – Backup no-interest lender in place

Contract Payoff

In the event that sufficient property is sold early on, the contract obligation will be fulfilled as soon as possible. Short of early payoff resulting from better than expected lots sales, donations will cover the 1st and 2nd year interest payments and master planning expenses. Once the property is master planned and subdivided (late 2007/early 2008), an effort to sell residentially designated building lots at the highest price the market will bear shall be undertaken. We may have to sell a few (5-10) lots at a price lower than optimal just to jumpstart the process quickly, however, this will be an effort of last resort. There are a few individuals who are purchasing property in Monticello even as I write this, some simply for independent investment purposes, unrelated and unaware of the GWC project until after their purchases were in process. Others are speculating on rumors and are investing in the area as they desire to be near this campus. Many individuals (at least 30 families) have indicated that they desire to own property near or adjacent the new campus, regardless of the location. The idea of purchasing home lots in which the proceeds benefit the building of the college will be very inviting to many.

Once we have groomed some trails and completed other low cost improvements (Summer 07), engaged in an aggressive campus marketing plan and a few lots have sold (by the end of 08), all indications are that the market will endure a periodic increase in lot prices until lot prices are many times our purchase price. Although there are indications of soft real estate markets, the prices we will be asking (much lower than many places in the west in general and Utah, Colorado and Arizona in particular), combined with the allure of building lots close to a campus will compensate for slow downs elsewhere. It is projected that we should be selling property at a rate of \$50,000 to \$60,000 an acre within 5-7 years and \$50,000 to \$70,000 a ¼ acre or ½ acre lot within 15 years.

I am creating a relationship with a developer who will market the residential lots, while GWC promotes the secondary campus. We must create a flow of traffic to the property to ensure donations for building the campus and to secure increasing lot sales.

The plan is to sell enough property within the first 36 months to payoff the contract balance of \$1,080,000 well before the balloon payment date. If this doesn't materialize, the Seller will gladly extend our contact and continue to collect the annual interest.

Simultaneously, I am working with a reputable bond attorney from Salt Lake City to create a special Municipal Revenue Bond that in effect, generates a gift from the county to the college that is supported by sales tax or other county revenue. This bond is not a loan or cash obligation to the college. Once the bond is in place (providing campus-building funds), a stepped-up Public Relations Campaign will ensue leading to increased emotional buy-in from county residents. I project that this bond will be in place within the next 3 years. I am exploring various private options that may take the place of the bond. However, I still want to pursue it to ensure county support even if we don't use it in the end.

Please feel free to contact me for additional details regarding this purchase. Keep in mind that although we are purchasing 320 acres, an additional 200 has already been donated for a total of 520 acres. This puts us in the enviable position of having significant resources in raw land that has the potential of creating as much as \$15,000,000 to \$20,000,000 in lot sales ultimately.

We are poised to begin the process of taking our place in history as the greatest statesmanship training organization in the world. Our goal is to become the best university in the world; this is a significant step in that direction.

Building Statesmen,

Shanon

Attachments: 1- Real Estate Purchase Contract
2 - Donation Deed

Shanon D. Brooks
CEO

GEORGE WYTHE COLLEGE
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Cedar City, UT 84720
Phone: 435 586-6570
Website: www.gwc.edu

Begin forwarded message:

From: "Shawn and Sarah Ercanbrack" <email address redacted>

Subject: Re: GWF Board Communication - Confidential

Date: 20 April, 2007 10:12:36 PM PDT

To: "Shanon D. Brooks" <sdbrooks@gwc.edu>

Cc: "Doug Free" <email address redacted>, "Vicki Jo Anderson" <email address redacted>, "Mark Siljander" <email address redacted>, "Shawn and Sarah Ercanbrack" <email address redacted>, "Rusty Bastian" <email address redacted>, "Oliver Demille" <ovd@gwc.edu>, "Lyle Mast" <email address redacted>, "Ken Krogue" <email address redacted>, "Julie Earley" <jearl@gwc.edu>, "Donald Sills" <email address redacted>, "Andrew Groft" <ajgroft@gwc.edu>, "Allan Burton" <email address redacted>

Excellent work Shanon! 200 acres secured. Very encouraging indeed.

Do you anticipate calling a formal meeting for the board to discuss acquiring the additional 320 acres before the Gala weekend? Or just afterwards?

I imagine a conference call afterwards to discuss openly the merits and risks of acquiring 320 additional acres would be helpful to every board member before calling

for a final vote.

Please forgive me if you've already given a date for such a meeting; I must have missed it but would like to calendar it.

Thank you for your diligence and encouraging news.

***Shawn