

**Contact: Jean Friedrich**

**IOWA STATE UNIVERSITY PROPOSED PROPERTY PURCHASES**

**Action Requested:** Consider approval of the following property purchases for the benefit of Iowa State University, subject to approval of the final documents by the Board Office and Attorney General's Office:

1. A waiver of Board Policy, which requires two appraisals, to purchase the property at 250 Hyland Avenue, Ames, Iowa, based on one appraisal from the Estate of Virgil Clifford Dice at a price of \$148,000; and
2. 2121 State Avenue, Story Country from John Wiley and Sons at a purchase price of \$950,000.

**(ROLL CALL VOTE)**

**Executive Summary:** Iowa State University requests approval for the purchase of a property located at 250 Hyland Avenue, Ames, Iowa, from the Estate of Virgil Clifford Dice at a price of \$148,000; and a property located at 2121 State Avenue in Story Country from John Wiley and Sons at a price of \$950,000. Maps showing the locations of the properties are included as Attachment A and Attachment B.

250 Hyland Avenue

The first property consists of a three unit apartment structure on approximately a 5,000 square foot site on the west side of campus. The University owns the southeast corner of the block currently used as a parking lot for the Thielen Student Health Center and the west side of the campus.

With the current construction of the Agriculture and Biosystems Engineering Building, there are no longer building sites on the west side of the campus. Acquiring real estate in the 200 block of Hyland Avenue, when it becomes available, is part of the University's current campus master plan to accommodate possible future campus expansion due to the growth in enrollment and programs of the Colleges of Engineering and Design. The University believes it will be possible to acquire, over time, some of the remaining older residential houses or apartment buildings in the block to permit future expansion on the west side of the campus.

The proposed purchase price of \$148,000 is based on one appraisal; the University did not feel it was necessary to expend additional funds to obtain a second appraisal, given the consistency of similar sales and the relatively low overall cost of the property. The purchase would be funded from the Overhead Use of Facilities funds. The use of one appraisal requires a waiver of Board policy which requires that the purchase price of property to be based on two appraisals. The Board policy is that property purchased shall be purchased at no more than the highest appraisal, or not more than 5 percent over the average of two appraisals, whichever is the lower figure. This policy is not intended to limit negotiation for a price lower than the appraised value.

2121 State Avenue

The second property consists of approximately 3.75 acres of land including an 8,953 square foot office building and an 18,200 square foot warehouse building (constructed in 1970) located at 2121 State Avenue. The parcel is surrounded by land owned by Iowa State University and its affiliated organizations. These facilities were previously the site of the ISU Press which was sold in 2000 to Blackwell Publishing when a decision was made to cease operating a university press. As the book publishing business continued to change, Blackwell was acquired by John Wiley and Sons who first listed the property for sale in 2008. The University did not see the need to purchase at that time. Since then, the property has continued to be available. The University retained the right of first refusal to reacquire the real estate as part of the 2000 sales agreement if the subsequent owners determined they no longer were interested in owning the facilities.

Based upon continued expansion of university activities, a critical shortage of both warehouse and office space, and the fact that the University owns all of the surrounding land on the west side of State Avenue, Wiley is willing to sell at the price of \$950,000 or approximately 70% of its asking price. The office building was extensively remodeled in 2005 and the warehouse is in excellent condition, with a portion being environmentally controlled. The University has determined the reacquisition of the site and buildings is a good business decision and would enable the University to control the activities that occur adjacent to the University's agricultural research plots in this area. The remaining economic life of the buildings is over 25 years and can meet a number of campus space needs.

The office building would accommodate the relocation of the offices of the Iowa State University Research Foundation, currently housed in the Lab of Mechanics Building located on campus. That space would be reassigned to the Colleges of Engineering and/or Design to accommodate their enrollment and program growth. It may also assist in serving as surge space to accommodate temporary relocations as space is renovated. The warehouse space would become part of the Central Stores operation which is supported by user charges. Because of enrollment growth and expanded student housing and dining needs, the warehouse would be utilized by those operations for the foreseeable future.

Two appraisals were completed for this property. The purchase price complies with the Board policy that property purchased shall be purchased at no more than the highest appraisal, or not more than 5 percent over the average of two appraisals, whichever is the lower figure. The purchase would be funded from ISU's Central Stores operations and Overhead Use of Facilities funds.

Additional information is available from the Board Office.



