

Contact: Jean Friedrich

IOWA STATE UNIVERSITY PROPOSED PROPERTY PURCHASE

Action Requested: Consider approval of the purchase, for the benefit of Iowa State University, of approximately 40 acres of land located in Story County, Iowa, from Friedrich Iowa Realty at the price of \$14,500 per acre or approximately \$580,000, subject to completion of an acceptable environmental survey and approval of the final documents by the Board Office and Attorney General's Office.

(ROLL CALL VOTE)

Executive Summary: Iowa State University requests approval for the purchase of property located in Story County, adjacent to the ISU Animal Science Teaching Farm and other existing ISU properties, from Friedrich Iowa Realty. This property consists of 40 acres of land located south of Highway 30 and west of University Boulevard adjacent to property owned by the University. The land is in a strategic location for future campus expansion and for the College of Agriculture and Life Sciences' master plan for future expansion and consolidation of animal activities in this area. Consolidation of the activities can lead to reduced operating expenses. This land is located within the animal science corridor south of the main campus within the area that the Board has previously reviewed as part of the effort to consolidate animal science teaching and research activities. A map showing the location of the property is included as Attachment A.

The land was acquired by Friedrich Iowa Realty in 2004 to be part of a residential development known as the Ringgenberg Estates. Based upon the current economic conditions and changed relationship with central Iowa developers, the Friedrichs have indicated a willingness to sell the south 40 acres of land to Iowa State University.

It is part of the campus and College of Agriculture and Life Sciences master plans for future expansion and consolidation of animal activities in this area. Acquisition of the land would assist in controlling potential development that might be in conflict with animal activities in the area. This is a unique opportunity to acquire this parcel for future university use over the next 50 plus years.

The proposed purchase price of \$580,000 is consistent with Board policy for the purchase of property, based on two appraisals which used the valuation cost, income capitalization, and sales comparison approach. However, since one of the appraisals is not current, a third appraisal is underway and is scheduled to be received prior to the Board meeting. The purchase would be funded from Overhead Use of Facility funds.

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. The Board Office has two appraisals on file. Approval of the requested property purchase is subject to receipt and review of the third appraisal prior to the Board meeting.

Additional information is available from the Board Office.