

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Lease of Land at South 16th Street to Walter/Randall Associates
Date: February 12, 2001

Recommended Action:

Approve the lease of approximately 46 acres of University land located east of Elwood Drive and north of South 16th Street to Walter/Randall Associates for development of a public golf course.

(ROLL CALL VOTE)**Executive Summary:**

Iowa State University requests approval to enter into a lease agreement with Walter/Randall Associates of Ames, Iowa, for the firm's use of a 46 acre parcel of University land located east of Elwood Drive and Jack Trice Stadium and north of South 16th Street. Walter/Randall Associates wishes to use the lease area, which is located adjacent to a 148 acre parcel of property owned by the firm, to develop an 18-hole public golf course. A map of the area and a diagram of the proposed golf course are included as Attachments A and B.

The University land, which is located primarily in the flood plain of Squaw Creek, is either undeveloped or used for limited agriculture crop production; the University reports that future development in this area beyond green space is unlikely. Since the adjacent land owned by Walter/Randall Associates is also undeveloped and located in the flood plain, the University believes the project would substantially improve the aesthetic appearance of this major campus entryway. The University does not anticipate that the lease would impact the existing intramural fields and stadium parking areas located to the west of the site. In addition, the University believes the golf course would provide an additional community amenity that would assist in recruiting and retaining faculty, staff, and students.

The proposed lease agreement would be in effect for a 30-year period. Annual lease payments to the University are currently estimated at approximately \$7,300. The University believes the proposed rate is reasonable for the property since the majority of the land is located in the flood plain and is currently generating no income to the University.

The lease may be terminated by the University with 60 days written notice upon material default by the tenant. This would include a change in the use of the property where it is no longer substantially used for the operation of a public golf course.

The lease agreement has been reviewed by the Attorney General's Office and is recommended for approval.

Background and Analysis:

The proposed golf course would be part of a residential and office park development currently under construction by Walter/Randall Associates north of South 16th Street near the southeast area of campus. Feasibility and marketing studies completed by Walter/Randall Associates indicate that the Ames community can support an additional golf course.

The lease agreement would be in effect for a 30-year period commencing March 1, 2001, through February 28, 2031. The lease would provide payment to the University, currently estimated at \$7,300, based upon the estimate of 46 acres of land, which would be leased at the rate of 125 percent of the annual average Story County farm land rental rate, currently \$158.75 per acre. The exact amount of land to be leased would be determined following completion of a land survey and legal description, and the average cost per acre would be adjusted annually. In addition, the lease requires Walter/Randall Associates to assume all the liability and maintenance of the area, including the installation of fences and mowing of adjacent University land, if requested, which would relieve the University of that responsibility and associated costs.

The University reports that the proposed lease would not impact its use of land located to the west of the site. This includes a 23 acre parcel which houses University intramural fields, and a second 23 acre parcel adjoining the leased property which has received limited use for overflow stadium parking. While the proposed lease area is currently not used for parking, the agreement with Walter/Randall Associates would allow the University to use designated areas of

the property for stadium-related parking if the seating capacity at Jack Trice Stadium is expanded to greater than 50,000. As reported to the Board in July 2000, the Jack Trice Stadium—South End Zone Expansion project will provide approximately 7,400 new seats to increase the permanent seating capacity of the stadium to approximately 50,000. Even with the proposed lease of the land, the University estimates it would still retain sufficient parking areas in the vicinity of the stadium to meet the parking demand for a stadium seating capacity of up to 70,000.

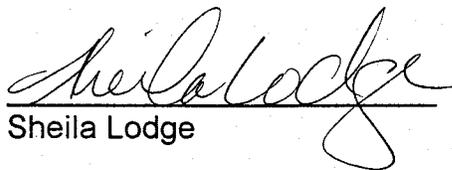
The University reports that the proposed golf course would provide a less-challenging course than the University's Veenker Golf Course located in the north campus area. Therefore, the University does not believe that the new golf course would be directly competitive with Veenker's operations. In addition, the lease agreement specifies that Walter/Randall Associates would not seek to attract events that have been traditionally held at Veenker Golf Course.

The University anticipates that a portion of the lease proceeds would be directed to the College of Veterinary Medicine since a portion of the College's existing hay and alfalfa production in the lease area would be lost with development of the golf course. The remaining revenue would be placed in a reserve fund for the continued maintenance and development of the University green space in the southeast campus area.

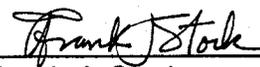
Development of the golf course in the flood plain area is subject to approval of the Department of Natural Resources. Walter/Randall Associates would request this approval, which is required to ensure that the project would not alter the water flow volumes or storage capacity of Squaw Creek.

The University reports that the principals with Walter/Randall Associates, Marvin J. Walter and Scott Randall, have no affiliation with the University.

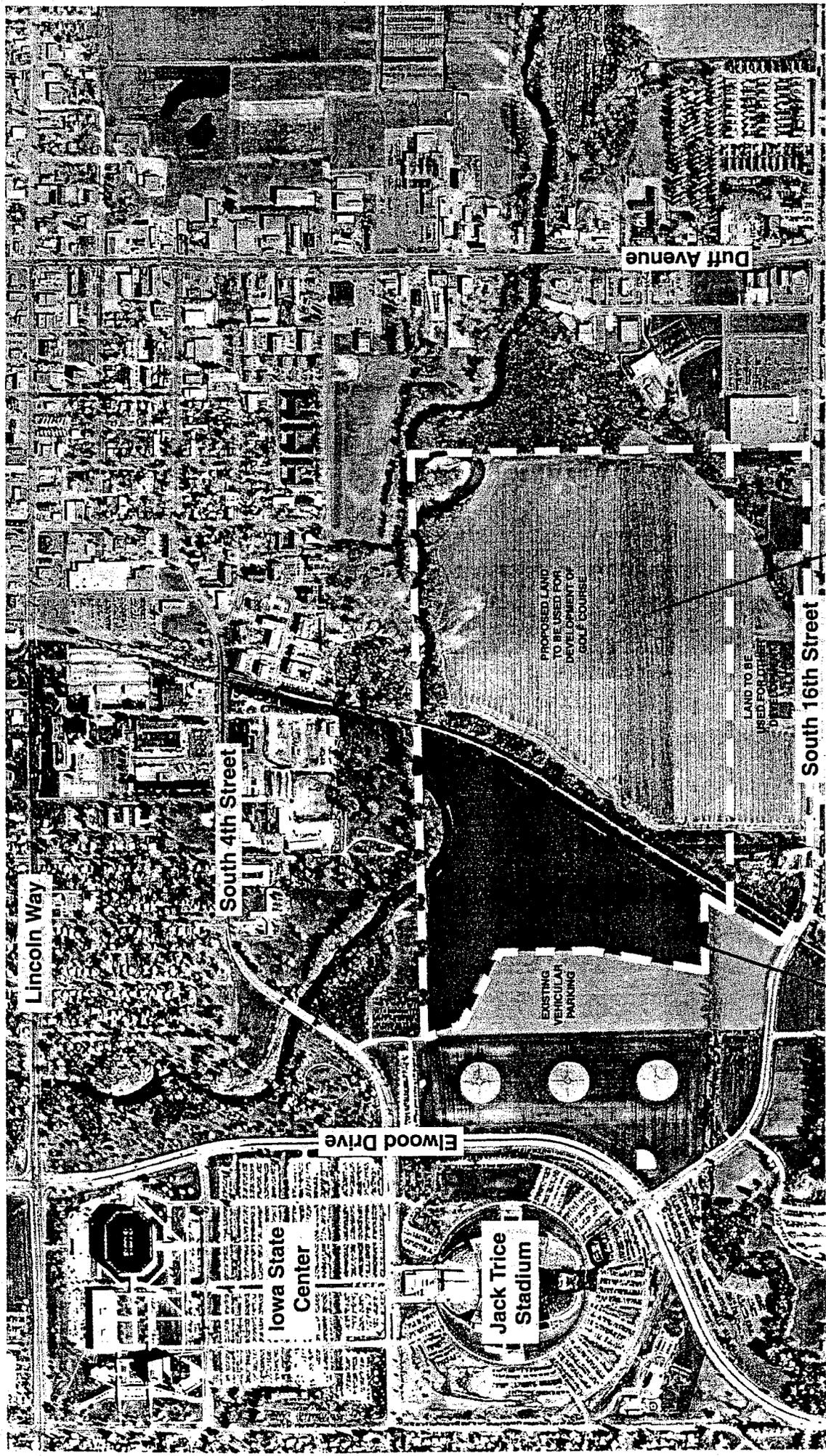
Approval of the lease is requested at this time since Walter/Randall Associates would like to begin development of the golf course this construction season.



Sheila Lodge

Approved: 

Frank J. Stork



Walter/Randall Associates
Land for Golf Course

ISU Land to be Leased
for Golf Course



WALTER/RANDALL ASSOCIATES LAND

ISU LAND

LAYOUT OF PROPOSED SOUTH 16TH GOLF COURSE