

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Property Acquisition and Lease
Date: August 30, 2001

Recommended Actions:

1. Approve the purchase of property located at 3 Oak Park Court, Iowa City, Iowa, from Gregg A. Gerdes and Mary M. Murphy, at the purchase price of \$180,000, subject to approval of the Executive Council of Iowa.
(ROLL CALL VOTE)
2. Authorize the University to add the dwelling to its tenant property inventory to be leased at the rate of \$1,200 per month through the remainder of FY 2002.
(ROLL CALL VOTE)

Executive Summary:

The University requests approval to purchase the property located at 3 Oak Park Court in Iowa City. The property consists of a 1,264 square foot single-family, ranch-style home on a 15,750 square foot lot. The home was constructed in 1953, has been renovated, and is in excellent condition. The property is located near the University's west campus to the south of the Boyd Law Building. (A map showing the location of the property is included as Attachment A.)

The purchase price for the property of \$180,000 is consistent with Board policy for the purchase of property. The purchase agreement has been reviewed by the Attorney General's Office and is recommended for approval. The University proposes to utilize Income from Treasurer's Temporary Investments for the property purchase.

Following acquisition, the University proposes to lease the property at the rate of \$1,200 per month for the remainder of FY 2002.

Background and Analysis:

The property is the former residence of the homeowners, Gregg Gerdes and Mary Murphy. The proposed purchase price of \$180,000 is based on two appraisals which each estimated the value of the property at \$180,000. The purchase price is consistent with Procedural Guide §7.10, which requires that property be purchased at not more than 5 percent over the average of two appraisals.

While the closing date for the sale of the property is October 1, 2001, the purchase agreement allows the University to take possession effective August 13, 2001. The University would pay the sellers \$1,100 per month, plus utilities, taxes, insurance, maintenance, lawn care and repairs, for use of the property prior to the closing date.

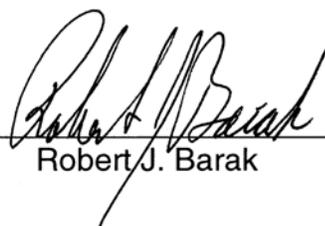
Should the property purchase not be finalized by the closing date and the property purchase not occur, the sellers may allow the University to continue its use of the property through August 1, 2002. After that time, the University would be required to return the property to the sellers in its present condition.

Following acquisition, the University wishes to use the property as a rental unit and proposes to lease the property at the rate of \$1,200 per month for the remainder of FY 2002. This is a higher rate than the University's other single-family residences which are currently leased at no more than \$1,000 per month. The proposed rental rate is based on the excellent condition of the house and the relatively large size of the lot compared with the University's other single-family residences.

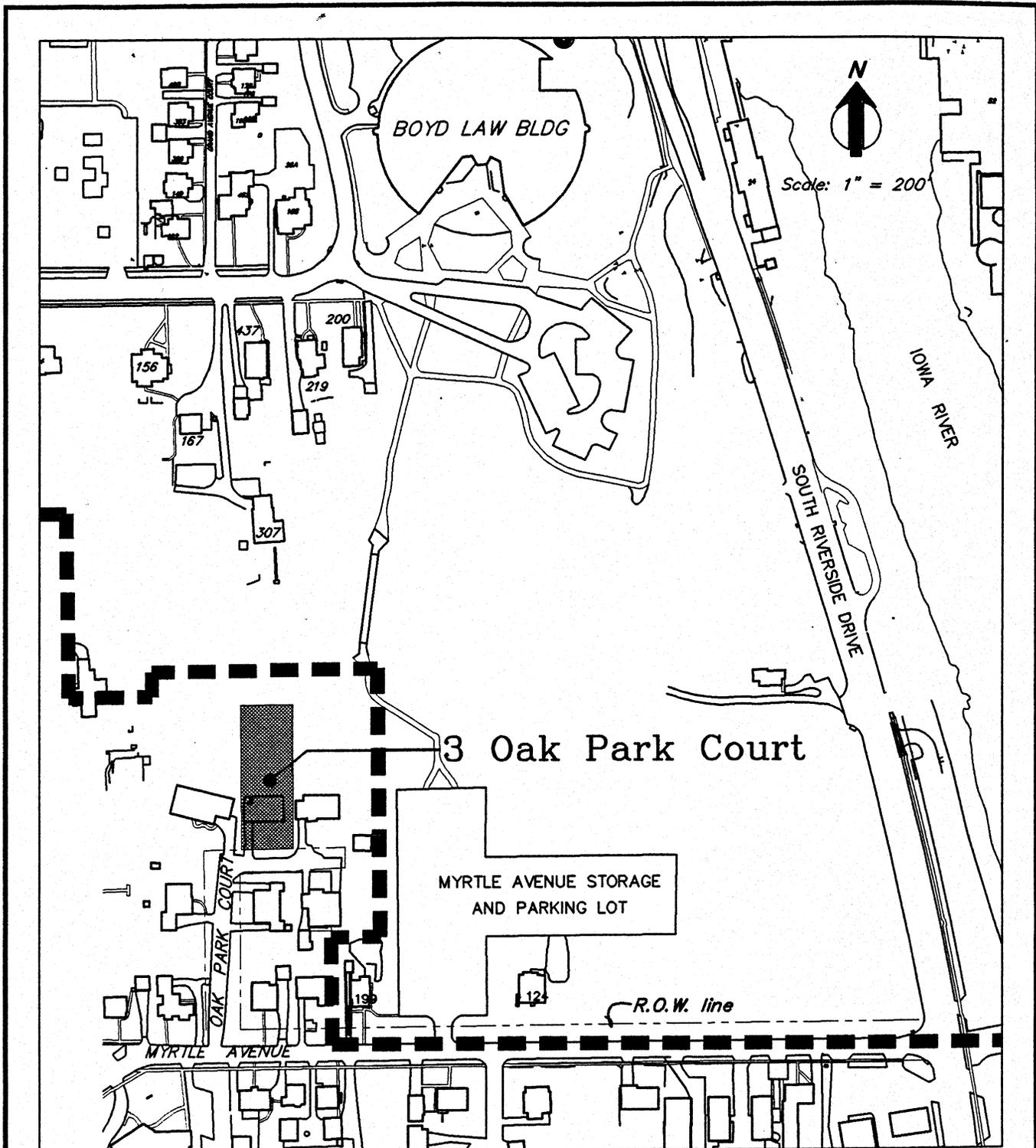
Since the property would be added to the University's tenant property inventory, the rental rate for each subsequent fiscal year would be presented for Board approval once a year (normally in May) along with the rental rates for the University's other tenant properties.



Sheila Lodge

Approved: 

Robert J. Barak



Plotted 8-17-01
3OakPark.dwg



THE UNIVERSITY OF IOWA

LOCATION MAP

3 Oak Park Court

Legend

-  = University Property Line
-  = Proposed University Property Purchase