

Contact: Jean Friedrich

IOWA STATE UNIVERSITY PROPOSED PROPERTY SALE

Action Requested: Consider recommending to the Board authorizing Iowa State University, in consultation with the Board Office, to implement a competitive process for the possible sale of the warehouse property located at 205 Southeast 5th Street in Ames, Iowa.

Executive Summary: Iowa State University wishes to sell the Central Stores Warehouse located at 205 Southeast 5th Street in Ames. This property was acquired in 1986; revenue for the purchase came from charging University users for storage space.

The site consists of approximately 3.89 acres and a 23,140 square foot building. The area where the warehouse is located is immediately east of Duff Avenue adjacent to the new Target store. The land immediately to the south is in the process of becoming the site of a new Super Wal-Mart store. The land to the east of the University property is not developed. As additional retail, commercial and box stores are locating along the south Duff Avenue corridor, the University has been approached by several developers regarding their possible acquisition of the warehouse site as part of other commercial or retail development.

Although this site has worked well for the University for the past 20 years, it is not part of the campus, and the retail development has increased the traffic congestion. Additionally, a number of repairs and improvements, including a new roof, painting, and possible exterior repairs, would need to be done should the building continue to be used as a warehouse. Developers are interested in the land, not the building.

The University continues to have a need for warehouse storage space. During the past two years, ISU has been using the old decommissioned indoor ice facility located south of the campus for warehouse space. The space can be accessed off of Mortenson Road and Highway 30. It is a functional warehouse site and with improvements and some expansion could serve the University's future warehousing needs, and provide for consolidation and improved operating efficiencies adjacent to the campus.

Based upon the apparent commercial interest in the existing 5th Street warehouse site, the University is seeking Board approval to proceed with the possible sale of the warehouse site. This would be accomplished by publicly advertising the University's interest in seeking proposals. The University would then retain local experienced legal counsel to negotiate with the interested buyers to achieve the best price that would equal or exceed the appraised value, reserving the right to reject all bids if satisfactory terms cannot be reached. The Board Office and Attorney General's office staff would be involved in this process. The final terms and conditions would be subject to the Board of Regents, State of Iowa approval and provisions in the Iowa Code for the sale of real estate.

If the property is sold, the proceeds from the sale would be used to improve and develop alternative warehouse space consistent with the Board's capital procedures. ISU does not foresee the proceeds exceeding the amount needed for the development and improvement of warehouse space.