

Contact: Jean Friedrich

UNIVERSITY OF IOWA PROPOSED PROPERTY PURCHASE

Actions Requested: Consider:

1. Approval of the purchase, for the benefit of the University of Iowa, of a property located at 325 South Clinton Street in Iowa City, Iowa, from MidwestOne Bank at the purchase price of \$4,600,000, plus actual relocation costs and actual business interruption costs, subject to approval of the final documents by the Board Office and Attorney General's Office.
2. Approval of a real estate option contract with Midwest Bank for property at 509 South Dubuque Street, Iowa City, Iowa for \$80 per square foot (University's cost), subject to approval of the final documents by the Board Office and Attorney General's Office.
3. Approval of the demolition of buildings at 301 South Clinton Street and 325 South Clinton Street subsequent to the completion of the University's acquisition of the properties.

(ROLL CALL VOTE)

Executive Summary: The University of Iowa requests approval for the purchase of property located at 325 South Clinton Street in Iowa City from MidwestOne Bank. The property consists of a 28,550 square foot commercial lot and includes a two-story concrete and steel building on the property. The facility of 5,062 square feet is currently used as a home loan mortgage center and drive-thru bank branch and is in good condition. It is anticipated that the sale would close in the summer of 2012. A map showing the location of the property is included as Attachment A.

Since the seller is an unwilling seller, the proposed purchase price of \$4,600,000 represents approximately 28% over the highest appraised value and is an exception to Board policy for the purchase of property, which provides that property 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 premium purchase price and the relocation and business interruption payments are needed to make the seller whole. The purchase would be funded by State and Federal flood recovery grants, with required matching support from University flood recovery funding.

The property is in a key location near campus in an area that has been designated for the construction of a new School of Music facility and recital halls replacing flood damaged facilities.

Real Estate Option Contract

The University will, subject to Board approval, enter into a separate Real Estate Option Contract with MidwestOne Bank, the terms of which allow the bank to purchase from the University the Iowa City Community School District Administration Building parcel, or portions thereof, at 509 S. Dubuque Street, Iowa City, Iowa for \$80 per square foot (University's cost), subject to approval of the final documents by the Board Office and Attorney General's Office. The Board approved the purchase of property at 509 South Dubuque at its August 2010 Board meeting. The purpose of the option is to facilitate the bank relocating its home loan mortgage center and drive-thru branch bank.

Permission to Proceed with Demolition

At its December 2010 meeting, the Board of Regents approved the purchase of the adjoining property at 301 N. Clinton Street (Bank of the West). If the Board approves the purchase of the MidwestOne Bank parcel, the University will have completed its acquisition of the property needed for the construction of the replacement facility for the flood damaged recital hall component of the Voxman Music Building. In preparation for future construction at the site, the University seeks approval to demolish the existing branch bank structures at 301 South Clinton Street and at 325 South Clinton Street, subsequent to the completion of the University's acquisition.

Additional information is available from the Board Office.

