

Contact: Jean Friedrich

IOWA STATE UNIVERSITY PROPOSED PROPERTY PURCHASE

Action Requested: Consider recommending to the Board approval to purchase a warehouse and the associated 6.14 acres of property at 1102 Southern Hills Drive in Ames, Iowa, from the Marguerite and Richard Sevde Trust at the price of \$2,100,000, contingent upon closing on the University's sale of warehouse property at 205 Southeast 5th Street in Ames, Iowa.

Executive Summary: Iowa State University requests approval to purchase a warehouse and 6.14 acres located at 1102 Southern Hills Drive in Ames, Iowa. The property would replace the warehouse property at 205 Southeast 5th Street, which is in the process of being sold, as previously approved by the Board. The University considered several possibilities to replace the 5th Street warehouse facility, including the renovation and expansion of the decommissioned indoor ice facility it is currently using for warehouse space, construction of a new warehouse on University land, long-term leasing of a warehouse facility, or the purchase of existing warehouse property.

After reviewing these options, the University determined that its best option was to purchase the warehouse and property at 1102 Southern Hills Drive. A Purchase and Sale Agreement was developed and reviewed by legal counsel, Board Office personnel and the Attorney General's office prior to agreement being reached with the seller on price. The Agreement includes as contingencies the closing on the sale of the 5th Street warehouse and receipt of Board approval for the purchase.

The property is zoned commercial, general industrial with the 6.14 acres containing a 30,490 square foot warehouse and office building. The facility would provide 24,120 square feet of warehouse storage and nearly 4,000 square feet of finished office space.

With the projected demand for warehouse and storage space and the University's consideration of implementing central receiving to reduce campus traffic congestion, the University believes that this site, located near the intersection of Highway 30 and Highway 69 (Duff Avenue), would be ideal to serve the University's needs. The University also indicated that the finished office space could, in the future, house a small center. A map showing the location of the property is included as Attachment A.

The proposed purchase price of \$2,100,000 is consistent with Board policy for the purchase of property, based on two appraisals. The purchase would be funded from the sale of warehouse property at 205 Southeast 5th Street in Ames, Iowa (\$1,600,000) and warehouse reserves from operations (\$500,000).

Additional information is available from the Board Office.