

Contact: Jean Friedrich

**UNIVERSITY OF IOWA PROPOSED PROPERTY PURCHASE AT
120 NORTH CLINTON STREET AND 124-126 NORTH CLINTON STREET
IN IOWA CITY, IOWA**

Action Requested: Consider recommending to the Board approval of the purchase of two apartment buildings in Iowa City, Iowa, for the benefit of the University of Iowa, subject to approval of the final documents by the Board Office and Attorney General's Office: 120 North Clinton Street from PP One, Inc. and 124-126 North Clinton Street from PP Two, Inc. at a price of \$1,800,000.

Executive Summary: The University of Iowa requests approval for the purchase of property at 120 North Clinton Street consisting of a 50' x 70' lot with a large 2-story rooming house (built in 1890) with 6 rental units and the purchase of 124-126 North Clinton Street consisting of a 30' x 58' main lot with two sub lots with a large 3-story rooming house (built in 1910) which contains 16 units. Both buildings are in good condition. The properties are located across from the John Pappajohn Business Building and near the Pentacrest and University residence halls. A map showing the location is included as Attachment A.

These two buildings are owned as housing cooperatives under Iowa Code 499A. The University will purchase all the issued and outstanding membership interests in the two cooperatives. The purchase price is \$1,800,000, plus an annual 3% CPI adjustment until closing. The closing will occur no later than August 1, 2018. The University does not have an immediate need for the property, but wants to get the property under contract while the owner is willing to sell at appraised value.

Subject to Board approval of the purchase, the University will pay \$250,000 as an initial down payment on June 1, 2014, followed by annual payments in the amount of \$200,000 per year due on August 1, 2015, 2016, and 2017. The final balance will be due on or before August 1, 2018, at which time the final closing will occur. The owner may accelerate the closing date with 60 days' notice to the University. The owner will continue to own, operate and maintain the properties until the final closing date, and assumes all liability for the properties until the final closing.

The proposed purchase price of \$1,800,000 is consistent with Board policy for the purchase of property, based on two appraisals. The Board policy provides that property purchased 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. Funding for the purchase would be provided from Treasurer's Temporary Investment income (TTI).

Upon the University obtaining all membership interests in the two housing cooperatives, the University will dissolve the cooperatives and hold title to the property in fee simple, similar to all other University real estate.

This property is in a key location immediately adjacent to the central University campus, including the Pentacrest, numerous academic buildings and residence halls.

Additional information is available from the Board Office.

