

Contact: Jean Friedrich

UNIVERSITY OF IOWA PROPOSED PROPERTY PURCHASE

Action Requested: Consider approval to purchase the John & Mary Pappajohn Higher Education Center (JMPEC) located at 1200 Grand Avenue, Des Moines, Iowa, at the purchase price of \$2,000,000.

(ROLL CALL VOTE)

Executive Summary: The property consists of approximately 16,037 square feet of land located at 12th Street and Grand Avenue in downtown Des Moines and includes a 34,873 gross square foot, three-story building known as the John and Mary John Pappajohn Higher Educational Center (JMPEC).

The JMPEC was constructed in 2004 to house the Des Moines Higher Education Collaborative to offer higher education, professional development, and corporate training opportunities for central Iowa learners. (The University of Iowa has leased space within the facility since September 2004 for its School of Social Work.) The owner, the John and Mary Pappajohn Higher Education Center Foundation, indicates that the original cost of development was between \$9 and \$10 million.

The University has been working with the John and Mary Pappajohn Higher Education Center Foundation to acquire the JMPEC facility through a combination gift/purchase. The University would pay \$2 million to the John and Mary Pappajohn Higher Education Center Foundation for the property. The University's discounted purchase price translates into less than \$58 per square foot and reflects John and Mary Pappajohn's continuing generosity and commitment to providing educational opportunities for Iowans and to the University of Iowa.

The property is proposed to be acquired through a \$1 million master lease with Wells Fargo Brokerage Services LLC, and \$1 million from the University's Division of Continuing Education. The master lease term would be for ten years at approximately \$10,400 per month with no pre-payment penalty.

The master lease payments as well as operations and maintenance expenses would be funded through building user fees and other revenue from the University of Iowa Division of Continuing Education.

The acquisition of the John and Mary Pappajohn Education Center facility would allow the University to coordinate existing continuing education activities and allow for consolidation and further development of University programs and services. In concert with the initial mission of the JMPEC and the Des Moines Higher Education Collaborative, space would be provided to Collaborative members for individual and consortia activities and to the greater Des Moines community on a cost recovery basis.

The real estate contract for the proposed purchase will be reviewed by both the Attorney General's office and Board Office personnel. Additional information is available from the Board Office.