

Contact: John Nash

UNIVERSITY OF IOWA PROPOSED PROPERTY SALE

Action Requested: Recommend the Board approve:

- the sale of the Iowa Center for Higher Education (old AIB campus) which is 13.88 acres and eight buildings in Des Moines to The Village at Grays Lake, LLC for the price of **\$7,500,000**, subject to Board Office approval of final documents.
- a waiver of Board *Policy Manual* Chapter 2.3.2.C.ii (real estate conveyed for monetary consideration to be based upon two appraisals). The university received five proposals.

Iowa Code §262.11 and the Board's *Policy Manual* Chapter 2.3.2.B.ii require the Board approve all acts relating to the management, purchase, disposition or use of land and property.

Property Location



Executive Summary: Recommend the Board approve the sale of two parcels of land totaling 13.88 acres with eight buildings on the corner of Fleur Drive and Bell Avenue in Des Moines for the price of \$7,500,000, subject to Board Office approval of the final documents.

Background:

- **October 2015:** The Board approved the gifting of this property from the American Institute of Business to the University of Iowa.
- **June 2016:** The university acquired the property and operated it as the Iowa Center for Higher Education (ICHE) campus.
- **2018:** The university made the programmatic and financial decision to close the campus and sell the property. Following that decision, the university issued a "Request for Qualifications" (RFQ) for a commercial realtor to assist with the sale. Six firms submitted proposals.
- **October 2018:** The university selected CBRE-Hubbell Commercial. Subsequently, the property was listed for sale through an extensive advertising and marketing campaign. Numerous prospective buyers toured the campus and facilities last winter and this spring.
- **Mid-March 2019:** The university issued a "Call for Offers" with an April 5, 2019 deadline. The university received proposals from five firms. When considering price, contingencies, earnest money and other factors leading to a successful close on the transaction, the top three firms were all close. To those top three firms, the university then issued a "Best and Final" notice letting them know they were in final contention to purchase the property, and that they were to submit their best and final offer by April 19, 2019.

The Village at Grays Lake, LLC submitted the best and highest value offer including a purchase price of \$7,500,000. The university subsequently entered into contract negotiations with them resulting in a signed purchase agreement.

Along with the purchase price, there are several contingencies to be addressed by The Village at Grays Lake, LLC during a 45-day due diligence time period, including inspections of the facilities and land, and financing arrangements with their lender. Based on the five proposals received and additional research, the university is confident the \$7,500,000 price is indicative of the fair market value for this unique Des Moines property.

The university would comply with the stipulation in the October 2015 Gift Agreement that says, *".....any proceeds of a sale of this real estate by the University of Iowa would be used for student financial aid or for continued support of Des Moines area academic programming."*

The university anticipates closing on the sale in the summer of 2019.