

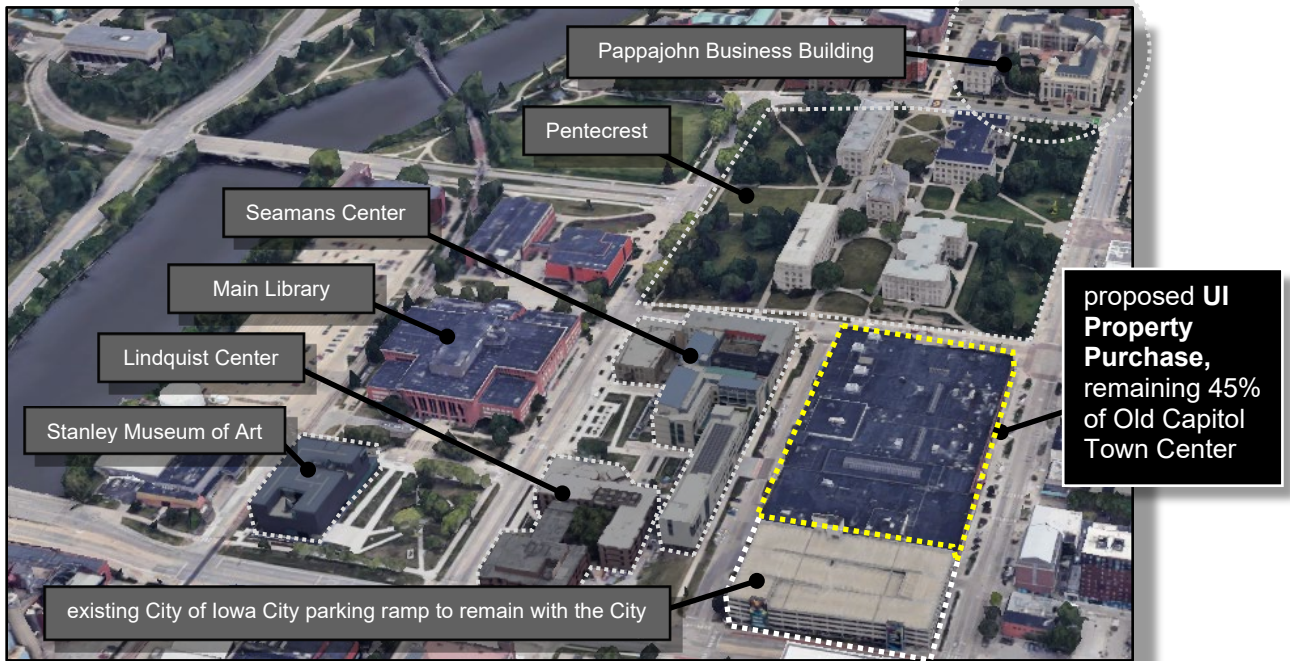
Contact: John Nash

UNIVERSITY OF IOWA PROPERTY PURCHASE

Action Requested: The University of Iowa requests Board approval of a proposed property purchase that would allow the UI to acquire the remaining 45 percent of Old Capitol Town Center, immediately south of the UI’s Pentecrest. The \$20.6 million purchase price would be funded by University Funds.

- *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.

Executive Summary: As presented to the Board in January 2022 as part of the *10-Year University of Iowa Facilities Master Plan*, the University of Iowa has an option agreement to acquire the remaining 45 percent interest, mainly the first floor in the Old Capitol Town Center mall in downtown Iowa City. The university already owns a 55 percent stake in the mall which is mainly on the second floor and used for UI administrative and student services.



University of Iowa, East Campus

The option to purchase agreement required the university to provide notice to the mall’s ownership group of the university’s intent to exercise its purchase option by October 1, 2024, and then close on the transaction no later than October 1, 2025.



The notice provision was timely provided, and the parties have now entered into a formal *Exercise of Option and Purchase Agreement* that sets the financial terms of the acquisition and further extends the closing and occupancy dates until October 1, 2027. The agreement is subject to approval by the Iowa Board of Regents.

Proposed Purchase Agreement highlights:

- Purchase price established at \$20.6 million based on a recently commissioned appraisal.
- The university would pay 10 percent of the purchase price upon approval by the Iowa Board of Regents, but the final closing would not occur until October 1, 2027, at which time the remaining 90 percent of the payment would be paid and the university would take ownership of the space. No price escalation would occur during this three-year period.
- The seller may accelerate the closing by providing the university with a minimum of six months advance notice of its intent to accelerate the closing date.
- All existing commercial leases would be assigned to the university at the time of transfer of ownership on October 1, 2027, and all rents received would be prorated to the date of the sale.
- The university would be required to approve any new commercial leases or change in terms of existing leases in the mall if the lease extends beyond October 1, 2027.

The purchase agreement has been reviewed by general counsels for the University of Iowa and the Iowa Board of Regents.

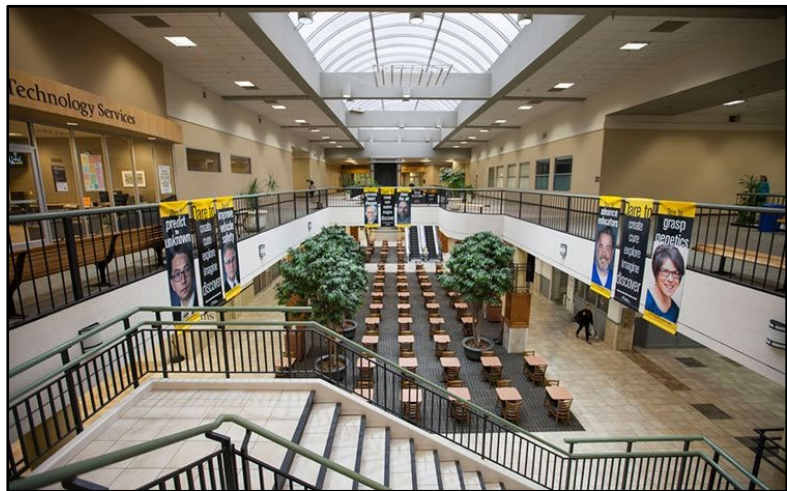
The mall contains 375,000 square feet of space across almost two city blocks in the center of the university campus. The university already owns 55 percent of the space and leases additional space in parts of the building it does not own. The building also has a strong retail presence that serves the UI and Iowa City communities.

Acquiring the remaining 45 percent of the building is an important strategic purchase.

The university has been programming and using the building as a UI student and staff transaction hub.

As the university secures ownership of the balance of the building, it would continue to develop spaces to serve student and operational needs that benefit from immediate adjacency to the UI campus core.

The university's long-term plan is to retain a retail presence in the building, which also helps offset the operational costs of maintaining the facility. The university would continue to update the Board, the university community, existing tenants and the public on its long-term plans for the facility.



Old Capitol Town Center