

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Purchase and Lease of Property Located at 1215 West 23rd Street, Cedar Falls, Iowa
Date: April 12, 2004

Recommended Actions:

1. Approve the purchase of property located at 1215 West 23rd Street, Cedar Falls, Iowa, from the Epsilon Theta-Alpha Phi Fraternity, at the purchase price of \$152,500, subject to approval of the Executive Council of Iowa.
2. Subject to approval of the property purchase, approve the lease agreement with Epsilon Theta-Alpha Phi Fraternity for its use of the property for a five-year term.

(ROLL CALL VOTE)

Executive Summary:

The property located at 1215 West 23rd Street consists of a two-story home with 2,324 gross square feet on a 12,540 square foot lot.

The property, which is currently utilized as the Alpha Phi sorority house, is located in the northern area of campus and is surrounded by University property. (A map showing the location of the property is included as Attachment A.)

The purchase price for the property of \$152,500 is consistent with Board policy for the purchase of property.

The purchase agreement has been reviewed by the Attorney General's Office and is recommended for approval.

The University proposes to utilize Income from Treasurer's Temporary Investments for the property purchase.

Following acquisition, the University proposes to lease the property to the Epsilon Theta-Alpha Phi Fraternity (aka Alpha Phi sorority) for a five-year term.

Background and Analysis:

The Fraternity contacted the University to see if it would be interested in purchasing the property. The University believes it is in its best interest to acquire the property since it is the only property in this area of 23rd Street that is not owned by the University.

The University currently owns two properties that are leased as fraternity and sorority houses (the Tau Kappa Epsilon Fraternity and Gamma Phi Beta Sorority). These properties, which are also located on 23rd Street, are identified on the attached map.

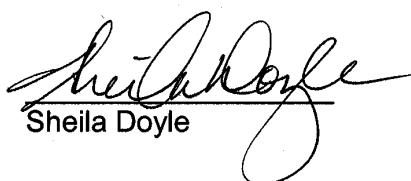
The proposed purchase price of \$152,500 is based on two appraisals which estimated the value of the property at \$150,000 and \$155,000.

- The purchase price is consistent with the Board's Policy Manual which requires that property be purchased at not more than 5 percent over the average of two appraisals.

Following acquisition, the University wishes to lease the property to the Epsilon Theta-Alpha Phi Fraternity (aka Alpha Phi sorority) for its continued use of the house.

The house would be leased for a five-year term commencing July 1, 2004, through June 30, 2009, at the initial rate of \$1,180 per month (\$14,160 per year) for FY 2005.

The rental rate for each subsequent fiscal year would be presented for Board approval once a year (normally in May) along with the rental rates for the University's existing sorority and fraternity leases and other tenant properties.


Sheila Doyle

Approved: 
Gregory S. Nichols

