

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Sale of Farmland
Date: December 4, 2000

Recommended Action:

Authorize the sale of the following farmland to Jeffery A. Mentzer and Ray Mentzer, Early, Iowa, subject to approval of the Executive Council of Iowa.

University of Iowa's share of the Pocahontas County Farm, 86 acres at the selling price of \$211,560 (\$2,460 per acre) and

Iowa State University's share of the Pocahontas County Farm, 80.9 acres at the selling price of \$200,227.50 (\$2,475 per acre).

(ROLL CALL VOTE)**Executive Summary:**

In September 2000, the University of Iowa and Iowa State University received notice of land title transfers of parcels of farmland located in northwest Pocahontas County, Iowa. Under the last will and testament of Wilbert L. Hanke, the University of Iowa was bequeathed 86 acres of the farmland and Iowa State University was bequeathed 80.9 acres.

The University of Iowa and Iowa State University collaboratively agreed that under current economic conditions, the donated land should be sold and the proceeds invested to provide a higher rate of return to implement the objectives of the donor. The universities coordinated their activities to sell these farmland parcels.

In accordance with established procedures, the parcels of farmland were separately appraised. A public auction was held on November 21, 2000, conducted by the Hertz Real Estate Services. The same buyers, Jeffery A. Mentzer and Ray Mentzer of Early, Iowa, were the high bidders for both pieces of farmland.

The University of Iowa requests Board approval to sell its share of the Pocahontas County Farm at the selling price of \$211,560 (\$2,460 per acre); the property was appraised at \$2,450 per acre and \$2,477 per acre.

The Iowa State University requests Board approval to sell its share of the Pocahontas County Farm at the selling price of \$200,227.50 (\$2,475 per acre); the property appraisals were \$2,350 per acre and \$2,427 per acre.

Background and Analysis:

Iowa Code §262.9 and Procedural Guide §7.10 authorize the Board, with approval of the Executive Council of Iowa, to dispose of real estate belonging to the Regent institutions when the real estate is not necessary for the institutions' purposes. The disposal of real estate is to be made upon such terms, conditions, and consideration as the Board may recommend, subject to Executive Council approval. Procedural Guide §7.10 further states that it is the basic policy of the Board to convey real estate for monetary consideration based on appraisal.

Under the Last Will and Testament of Wilbert L. Hanke, separate parcels of his Pocahontas County farmland were bequeathed to the University of Iowa and Iowa State University. A tract of 86 acres was willed to the University of Iowa and a tract of 80.9 acres was willed to Iowa State University. Upon the death of Mr. Hanke's widow, who had a life estate in the property, the land titles were transferred to the two universities. The universities received notice of the land title transfers in September 2000.

Given the current economic conditions, the University of Iowa and Iowa State University agreed that the donated farmland should be sold and the proceeds invested to provide a higher rate of return to implement the objectives of the donor. The universities coordinated their activities regarding the sale of the farmland. The current tenant was given an opportunity to purchase the parcels at the appraised value, but he was not interested.

In accordance with established procedures, there were two appraisals for each parcel of farmland. The University of Iowa parcel was appraised at \$2,450 per acre and \$2,477 per acre and the Iowa State University parcel was appraised at \$2,350 per acre and \$2,427 per acre.

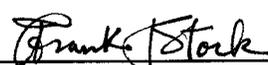
The universities jointly selected the Hertz Real Estate Services to conduct a public auction, which was held on November 21, 2000. The same buyers, Jeffery A. Mentzer and Ray Mentzer of Early, Iowa, were the high bidders for both pieces of farmland. The selling price for the University of Iowa's 86 acres of the farmland is \$211,560 (\$2,460 per acre) and the selling price for Iowa State University's 80.9 acres is \$200,227.50 (\$2,475 per acre).

The University of Iowa proposes to use the proceeds from the sale to supplement funds for acquisition of strategically located property within or near University boundaries. Iowa State University proposes to commit the proceeds to the endowment program for scholarships.

The sale agreements have been forwarded to the Attorney General's Office. A report of this review will be made at the Board meeting.



Joan Racki

Approved: 

Frank J. Stork