

**REQUEST THAT IVY TECH FOUNDATION, INC. PURCHASE 4.58 ACRES OF LAND AND A BUILDINGS IN KOKOMO FOR LEASE TO THE COLLEGE, REGION 5**

**RESOLUTION NUMBER 2005-32**

**WHEREAS**, the long-range planning for the Kokomo campus location includes the acquisition of properties in the vicinity of the Kokomo campus to accommodate additional facilities and parking needs, and

**WHEREAS**, one of the properties within the Region's land acquisition plan at 1697 Touby Pike is available for purchase from the owner for a price not to exceed \$800,000, and

**WHEREAS**, because its principal value exceeds \$300,000, the College cannot purchase the property without prior General Assembly approval, and


**WHEREAS**, Ivy Tech Foundation, Inc. could purchase the property and lease it to the College until the College can purchase the property in some future biennium, and

**WHEREAS**, the Region 5 Board of Trustees has requested the involvement of Ivy Tech Foundation, Inc. in the purchase of the property and subsequent lease to the College;

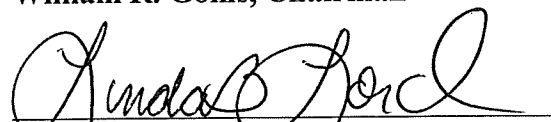
**NOW THEREFORE BE IT RESOLVED**, that the State Trustees do hereby request that Ivy Tech Foundation, Inc. purchase said property for the purpose of leasing the property to the College for a rent not to exceed \$80,000 per year through June 30, 2007 with subsequent two-year renewal periods, and

**FURTHER BE IT RESOLVED**, that the State Trustees do hereby authorize and direct the President and any other appropriate College Officer to enter into said lease with Ivy Tech Foundation, Inc. for said property after the documents have been approved by the College Interim General Counsel.

**State Trustees  
Ivy Tech State College**

  
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**William R. Goins, Chairman**

  
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**Linda B. Lorch, Secretary**

**Dated June 9, 2005**

**Buildings, Grounds, and Capital Committee**

**Region 5 – Request that Ivy Tech Foundation Inc., purchase 4.58 acres of land and the EDS building in Kokomo for lease to the College, \$80,000 per year.**

**June 8 and 9, 2005**

This item will authorize the College to enter into a lease with Ivy Tech Foundation, Inc. for space the Foundation will purchase, at the College's request, in Kokomo.

The College currently leases the EDS Building (owned by Dick Rayl & Associates) at 1697 Touby Pike in Kokomo. The approximately 4.58 acre property contains a 22,976 gross square foot building that is currently being used by the College for a library, Learning Resource Center (LRC), Corporate and Continuing Education Services (CCES), and Certification Center. The renovated facility provides three times the space of the previous library/LRC location. It also brings the library space up to College standards and provides students with additional two-way video distance education labs, private tutoring rooms, and classrooms. The relocation of CCES provides office, conference, computer lab, and classroom space that will enable CCES to better serve the community. During calendar year 2005, 3,061 square feet of warehouse space is being subleased to the previous tenant, Electronic Data Systems (EDS). After the sublease is terminated, the warehouse area could be renovated for use as classroom or teaching lab space.

The property is contiguous to the south east corner of the College's main campus in Kokomo and fronts on Touby Pike (see map on the next page with the EDS building/Rayl property highlighted in yellow). The College started leasing the property on January 1, 2005, for one year at a discounted rent of \$48,000. If the College were to extend the lease for a second year, it would need to pay full rent of \$92,000 per year. The lease contains an option to purchase the property, anytime during the year for \$800,000, and permits the College to assign its option to purchase to Ivy Tech Foundation, Inc. According to a November 2004 appraisal, the fair market value of the property is \$1,275,000. The Foundation has determined that it will be able to obtain a 20-year bank loan to purchase the property with an interest rate near seven percent. The interest rate used for the loan will depend on bank rates at the time of closing on the loan. Approval is being requested at this meeting since it is anticipated that interest rates may increase prior to the August State Trustee meeting.

Since the College cannot purchase property with a principal value greater than \$300,000 without General Assembly approval, the Region 5 Trustees are requesting that the College ask the Ivy Tech Foundation to consider purchasing the land and building and then leasing it to the College. Assuming the land and buildings are purchased by the Foundation subsequent to a State Trustee request that the Foundation does so, the College would enter into a lease with the Foundation for the property. Rent to the Foundation should not exceed \$80,000 per year (actual rent will depend on the interest rate at the time of closing on the bank loan).

Since the lease will be entered into after July 1, 2005 and will not exceed \$150,000 the College does not need to obtain state level approvals

Action Requested: Approval of Resolution 2005-32, requesting that Ivy Tech Foundation, Inc. purchase the EDS property in Kokomo for lease to the College.

# Obermeyer Property

100 E.

CENTER-KOKOMO

## Kokomo Main Campus

20 ac

|      |    |
|------|----|
| L 2  | 51 |
| L 3A | 21 |
| L 3B | 21 |

EDS Building  
Rayl Property

Trialon Bldg.

REPLAT SEC 2  
HAYNES HI TECH  
PARK

CO RD 125 E TOUBY PIKE

CO Rd 200 N

