



# The Hermes



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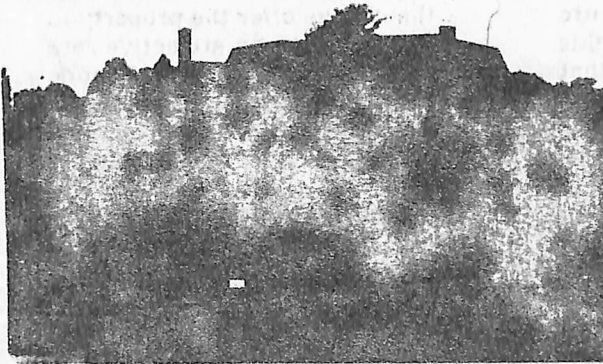
## KALLAS PALACE SOLD Dr. Kallas Purchases Presidential Residence

by Bret O'Reilly

Nearly two years ago, Dana purchased the H. Hansen property outside Blair as part of a purchase-gift transaction. The gift amounted to just over half the appraised value of that property. Dana put up the rest in cash. Last month, that property was sold to Dr. Kallas at a substantial amount off that appraisal.

This writer went to the county clerk's office and made copies of the registered deeds of the original purchase, the recent purchase, and the mortgage of that recent purchase. Such information is public record. These documents describe the real estate, give a tax description, and bear a documentary stamp tax--from which this writer derived the dollar amount of the purchases.

On Feb. 10, 1983, Dana purchased the mentioned property, hereafter referred to as exhibit "A", for \$484,000 cash up front. The cash was obtained from three sources: (1) the sale of land in Utah, granted to the school by Dr. Reed; land



designated for the purpose of buying or building a presidential residence. (2) from the Mezoff property, and (3) from the College Building Development Fund.

On Sept. 16, 1984, exhibit "A" was sold to Dr. James Kallas Ltd., a Delaware Corp., for \$226,000. Dana received approximately \$59,000 down, and financed the balance due, \$167,560, at 8 percent interest per annum. Exhibit "A" is now the property of D.J.K. Ltd.. Though he is the College President, it is no longer the official College Presidential Residence.

In an interview with Dr. Kallas, this writer asked exactly who made the decision to sell exhibit "A" to his Corp., and who decided how much the property would be sold for. He replied that the Board of Regents made those decisions, and that they considered the sale to him compensation for a job well done. When asked about

the actual value of exhibit "A", as to the generous terms of the sale and mortgage, he was vague... He did say that he was not involved in the decision in any way.

Dr. Kallas produced a statement, authorized by the chairman of the Board of Regents, Dr. Reed, that explains the circumstances of the sale from their point of view. That statement is printed elsewhere on this page.

In an interview with Keith Hansen, Dana Business Manager, this writer asked for verification of the figures in the President's release. Mr. Hansen was reluctant to say anything directly for the record, but he did agree with this writer that the figures cited in the authorized statement are incorrect. He agreed with this writer that the original purchase price of exhibit "A", stated as \$400,000, was underestimated. He also agreed with this writer that the stated purchase price for Dr. Kallas, \$250,000, was slightly exaggerated.

When asked if Dana usually gives real estate mortgages to employees, he said no; but added that some time ago the College loaned Dr. Mezoff the money to build a home.

When asked about the original value of exhibit "A", Mr. Hansen pointed out that property values are set by buyers and sellers, and  
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The *Hermes* is the official student newspaper of the Dana College Student Body. Any comments, criticisms or suggestions may be sent to *Hermes*, Box 1250 Campus Mall.

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# Statement From Board

In 1982 the college purchased the former Howard Hanson property for \$400,000. Approximately \$300,000 was provided for by a gift the college had received some years earlier restricted for the purchase or construction of a residence for the president. The college expended out of its own resources approximately \$100,000.

In the letter offering the property to the college Mr. Hanson wrote in part "...I take particular pride in the fact that it was during my term as a member of the Board of Regents that Dr. James Kallas agreed to become President of this institution, and I am also personally aware of the fact that in doing so, he and his family have made personal and economic sacrifices... We understand this offer is unconditional and that upon acceptance of the same, the future disposition of the property will be in your hands. However, without intending to restrict our gift, we would suggest that the Board of Regents consider, in the future, offering a portion of that real estate to Dr. Kallas at an attractive rate in recognition of the sacrifices he and his family have made for the betterment of Dana College and our community."

The Board of Regents agreed with Mr. Hanson's assessment of Dr. Kallas' contribution to the college and community at great personal sacrifice. When he came in 1978 the college was

close to bankrupt, faced by \$1,000,000 in actual and threatened deficits. Since then the deficit has been paid off in entirety, a \$6,000,000 fundraising effort has been successfully completed, one entirely new building put up, Old Main is being renovated, Borup Coliseum was completed, and last year, the staff was given the largest single pay raise in Dana College's 100 year history. It is the conviction of the Board that Dr. Kallas' competent leadership saved the college. It no doubt would have closed at least four years ago without him.

Therefore the Board of Regents concurred in the suggestion of Mr. Hanson that the college offer the property to Dr. Kallas at an attractive rate for the sacrifices he has made and the contributions he has achieved, selling him the property for approximately \$250,000.

This was not only an appropriate act of appreciation for all that Dr. Kallas has done for the college. It was also a prudent and beneficial financial transaction for the college. As noted, the college committed only \$100,000 of its own resources to the original purchase. That original investment has now been returned at an increase of 150 per cent. The college has been able to compensate capable leadership and simultaneously improve its own financial position.

Statement authorized by the  
Chairman of the Dana College  
Board of Regents, October 11,  
1984.

(cont. from front page)

therefore are not etched in stone. But he also agreed with this writer that the combination of the H. Hansen gift(\$500,000), and Dana's purchase price(\$484,000), equals at least \$900,000...

These are the facts: (1) exhibit "A" was worth \$900,000. (2) Dana bought exhibit "A" for \$484,000. (3) Dana sold exhibit "A" to the President's Corp. for \$226,000. (4) Dana mortgaged the unpaid balance to D.J.K. Ltd. at a monthly payment of 465.44, plus 8 percent per annum, for 30 years... There may be grounds for a conflict of interest, but this writer found nothing illegal in the documentation.

Lastly, The President's statement points out that Dana "...committed only \$100,000 of its own resources to the original purchase. That original investment has been returned at an increase of 150 percent..." This true. Over 30 years Dana may make money on the deal. However, in putting up the original investment for the property, the College exhausted certain granted resources. These monies were gifted to Dana to buy or build a presidential residence. That money is now gone--and Dana still does not have an official presidential residence.