MEMORANDUM

To: Board of Regents

From: Board Office

Subject: Institutional Agreements, Leases and Easements

Date: January 19, 2005

Recommended Action:

Approve the leases for the benefit of the institutions as summarized below.

(ROLL CALL VOTE)

Executive Summary:

The Iowa Code requires that agreements, leases and easements involving real property be approved by the Board of Regents by roll call vote.

The leases have been reviewed by the Attorney General's Office and are recommended for approval.

Approval is requested for the following:

University of Iowa

Consistent with Board action at the December meeting regarding revised plans to implement economic development projects with monies provided by the Grow Iowa Values Fund, lease agreement and lease amendment with Myriad Developers L.C. for the University's use of space at the Oakdale Research Park.

Lease renewals with Pharmacom Corporation, Innovative Software Engineering, Market Technology Systems, and American Institute of Sustainable Science and Technology for their use of business incubator space in the Technology Innovation Center on the Oakdale Campus.

Farm lease renewals with Tom Williams and Scott Ogden for their use of University farm land at the Hawkeye Farm and Oakdale Farm in Johnson County, Iowa.

Iowa State University

Lease renewal with Epsilon Investment L.L.C. for the University's use of office space in Urbandale, Iowa, for the ISU Extension Iowa Concerns Hotline.

Background and Analysis:

UNIVERSITY OF IOWA LEASES

<table>
<thead>
<tr>
<th>Landlord</th>
<th>Myriad Developers L.C. (new)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area/Location</td>
<td>7,200 square feet of laboratory and office space at 2656 Crosspark Road in the Oakdale Research Park.</td>
</tr>
<tr>
<td>Lease Rate</td>
<td>$6,208.35 per month ($10.35 per square foot, $74,500 per year).</td>
</tr>
<tr>
<td>Lease Term</td>
<td>Three–year period commencing March 1, 2005, through February 29, 2008.</td>
</tr>
<tr>
<td>Use of Space</td>
<td>The University will use the space as a cGMP production suite for the SUI Center for Biocatalysis and Bioprocessing. This is one component of the Economic Development projects set forth by the University of Iowa and discussed and approved by the Economic Development Committee and the Board at the December 2004 Board meeting.</td>
</tr>
<tr>
<td>Purchase Option</td>
<td>The lease includes an option for the University to purchase the entire Building #2 (14,400 square feet) at the purchase price of $1,300,000, anytime during the first three years of the lease. The option grants a right, but not an obligation for the University to purchase the property. Exercise of the purchase option would require future action by the Board of Regents.</td>
</tr>
<tr>
<td>Liability</td>
<td>The University agrees to be responsible for claims arising from its use and occupancy of the space in accordance with Iowa Code Chapter 669.</td>
</tr>
<tr>
<td>Principal Information</td>
<td>The principal, Patrick Murphy, Manager, has no affiliation with the University.</td>
</tr>
</tbody>
</table>

**Landlord**

**Myriad Developers L.C. (amendment)**

**Area/Location**

The University is currently leasing 10,000 square feet of office space at 2660 Crosspark Road in the Oakdale Research Park at the rate of $9,167 per month ($11 per square foot, $110,004 per year).

**Amendment Terms**

The amendment would add an option for the University to purchase the building (10,000 square feet) at the purchase price of $1,100,000, anytime between January 1, 2005, and December 31, 2005. The option grants a right, but not an obligation for the University to purchase the property. Exercise of the purchase option would require future action by the Board of Regents.

**Additional Information**

All other terms of the lease agreement would remain in effect.

**Principal Information**

The principal, Patrick Murphy, Manager, has no affiliation with the University.
Tenant | Pharmacom Corporation (renewal)
---|---
Area/Location | 264 square feet of office space in the Technology Innovation Center at the Oakdale Research Park.
Lease Rate | $132 per month ($6 per square foot, $1,584 per year).
Space/Rate Comparison | The amount of space and the rental rate are unchanged.
Lease Term | One–year period commencing February 1, 2005, through January 31, 2006.
Use of Space | Pharmacom, a semiconductor-based microelectronic biosensing technology company, uses the space to develop improved detecting and monitoring systems that have application for electronic, optical, chemical and biochemical technologies.
Liability | The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.
Principal Information | The principal, Dr. William Wang, has no affiliation with the University.

Tenant | Innovative Software Engineering (renewal)
---|---
Area/Location | 1,261 square feet of space in the Technology Innovation Center at the Oakdale Research Park.
Lease Rate | $630.50 per month ($6 per square foot, $7,566 per year).
Space/Rate Comparison | Increase of 308 square feet and $154 per month ($1,848 per year).
Lease Term | One-year period commencing March 1, 2005, through February 28, 2006.
Use of Space | Innovative Software Engineering provides custom software development and system integration services for the transportation, wireless communication, and education industries.
Liability | The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.
Principal Information | The principal, Hass Machlab, has no affiliation with the University.
<table>
<thead>
<tr>
<th>Tenant</th>
<th>Market Technology Systems (renewal)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area/Location</td>
<td>286 square feet of space in the Technology Innovation Center at the Oakdale Research Park.</td>
</tr>
<tr>
<td>Lease Rate</td>
<td>$202.58 per month ($8.50 per square foot, $2,430.96 per year).</td>
</tr>
<tr>
<td>Space/Rate Comparison</td>
<td>The amount of space is unchanged; rate increase of $59.58 per month ($2.50 per square foot, $714.96 per year).</td>
</tr>
<tr>
<td>Lease Term</td>
<td>One-year period commencing March 1, 2005, through February 28, 2006.</td>
</tr>
<tr>
<td>Use of Space</td>
<td>Market Technology Systems seeks commercial applications for and promotes prediction markets as a decision analysis tool; the development of prediction markets results from research on political futures markets conducted by the College of Business.</td>
</tr>
<tr>
<td>Liability</td>
<td>The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.</td>
</tr>
<tr>
<td>Principal Information</td>
<td>The principals, Forest Nelson, Joyce Berg, George Neumann, and Tom Rietz are professors in the Tippie College of Business.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tenant</th>
<th>American Institute of Sustainable Science and Technology (AISST) (renewal)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area/Location</td>
<td>Approximately 129 square feet of business incubator space in the Technology Innovation Center at the Oakdale Research Park.</td>
</tr>
<tr>
<td>Lease Term</td>
<td>One-year period commencing February 1, 2005, through January 31, 2006.</td>
</tr>
<tr>
<td>Lease Rate</td>
<td>$129 per month ($12 per square foot, $1,548 per year).</td>
</tr>
<tr>
<td>Space/Rate Comparison</td>
<td>The amount of space is unchanged; rate increase of $21.50 per month ($2 per square foot, $258 per year).</td>
</tr>
<tr>
<td>Use of Space</td>
<td>This space is used by AISST for engineering research, development, design, software and manufacturing consultancy. AISST promotes sustainability for finite resources and environmental balance by creating technological innovations.</td>
</tr>
<tr>
<td>Liability</td>
<td>The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.</td>
</tr>
<tr>
<td>Principal Information</td>
<td>The principal, I. Al Khattat, President, was a former Adjunct Associate Professor in the University Department of Civil and Environmental Engineering.</td>
</tr>
</tbody>
</table>
Farm Operator  
Tom Williams (renewal)

Area/Location  
49.5 acres of farm land known as the Hawkeye Area Farm.

Lease Rate  
Cash rent in the amount of $4,815 per year (an average of $97.27 per acre) payable in equal installments on or before March 1, 2005, and December 1, 2005.

All costs including operations, seed, fertilize, lime and chemicals are to be paid by the tenant.

Lease Term  
One-year period commencing March 1, 2005, through February 28, 2006.

Crop Mix/Lease Rate  
The mix of the crop land and rental rates per acre are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Acres</th>
<th>Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>40.5</td>
<td>$110</td>
<td>$4,455</td>
</tr>
<tr>
<td>Hay</td>
<td>9.0</td>
<td>40</td>
<td>360</td>
</tr>
<tr>
<td>TOTAL</td>
<td>49.5</td>
<td></td>
<td>$4,815</td>
</tr>
</tbody>
</table>

The quality of land at the Hawkeye Area Farm is below average for Johnson County.

Acreage/Rate Comparison  
An increase of 15.6 acres for corn, decrease of 1.5 acres for hay, and removal of soybeans (23.8 acres); decrease in rental income of $10 due to changes in the crop mix.

Changes in crop mix and total acres from 2004 to 2005 are summarized below:

<table>
<thead>
<tr>
<th></th>
<th>2004 Acres</th>
<th>2005 Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn or set-aside</td>
<td>24.9</td>
<td>40.5</td>
</tr>
<tr>
<td>Soybeans</td>
<td>23.8</td>
<td>0</td>
</tr>
<tr>
<td>Hay</td>
<td>10.5</td>
<td>9.0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>59.2</td>
<td>49.5</td>
</tr>
</tbody>
</table>

Liability  
The leases contain the Board's standard indemnification clause for farm leases which protects the owner by requiring the operator to indemnify, defend and hold harmless the owner against liability due to operator's negligence or failure to perform.

Principal Information  
The principal, Tom Williams, has no affiliation with the University. Mr. Williams has been leasing land at the Hawkeye Area Farm since 1986.
### Farm Operator

**Scott Ogden (renewal)**

### Area/Location

34.2 acres of farm land known as the Oakdale Farm.

### Lease Rate

Cash rent in the amount of $1,150.50 per year (an average of $33.64 per acre) payable on or before December 1, 2005.

All costs including operations, seed, fertilizer, lime and chemicals are to be paid by the tenant.

### Lease Term

One-year period commencing March 1, 2005, through February 28, 2006.

### Crop Mix/Lease Rate

The mix of the crop land and rental rates per acre are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Acres</th>
<th>Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>12.9</td>
<td>$60</td>
<td>$774.00</td>
</tr>
<tr>
<td>Hay</td>
<td>5.7</td>
<td>25</td>
<td>142.50</td>
</tr>
<tr>
<td>Pasture</td>
<td>15.6</td>
<td>15</td>
<td>234.00</td>
</tr>
<tr>
<td>TOTAL</td>
<td>34.2</td>
<td></td>
<td>$1,150.50</td>
</tr>
</tbody>
</table>

The quality of land at the Oakdale Farm is below average for Johnson County.

### Acreage/Rate Comparison

No changes in the total acres or the rental rate for each crop.

### Liability

The leases contain the Board's standard indemnification clause for farm leases which protects the owner by requiring the operator to indemnify, defend and hold harmless the owner against liability due to operator's negligence or failure to perform.

### Principal Information

The principal, Scott Ogden, has no affiliation with the University. Mr. Ogden has been leasing land at the Oakdale Farm since 1990.

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### IOWA STATE UNIVERSITY LEASES

### Landlord

**Epsilon Investment, L.L.C. (renewal)**

### Area/Location

Approximately 3,922 square feet of office space at 10861 Douglas Avenue, Urbandale, Iowa.

### Lease Term

Five–year period commencing May 1, 2005, through April 30, 2010.

### Lease Rate

$3,922 per month ($12 per square foot, $47,064 per year).

### Space/Rate Comparison

Increase in space of 250 square feet; lease rate is unchanged.

### Use of Space

Office space for the ISU Extension Office Iowa Concerns Hotline.
Liability
The University agrees to be responsible for claims arising from its use and occupancy of the space in accordance with Iowa Code Chapter 669.

Principal Information
The principal, Paul R. Reed, has no affiliation with the University.

Jean A. Friedrich

Approved: Greg Nichols

Gregory S. Nichols