INSTITUTIONAL AGREEMENTS, LEASES AND EASEMENTS

Action Requested: Consider recommending to the Board approval of one lease for the benefit of the University of Iowa, two leases and one easement for the benefit of Iowa State University, and one easement for the benefit of the University of Northern Iowa subject to approval of the final documents by the Board Office and Attorney General’s Office.

Executive Summary: Iowa Code §262.11 requires that certain agreements, leases and easements be approved by the Board of Regents by roll call vote.

The University of Iowa with the Board as Tenant for the following lease:

Hubbard Warehouse I, LLC & Hubbard Warehouse II, LLC (Tenants in Common)

The University of Iowa requests Board approval to enter into a lease with Hubbard Warehouse I, LLC & Hubbard Warehouse II, LLC (Hubbard) of Coralville, Iowa to lease 27,000 square feet of warehouse space (see “UIHC Management Warehouse” in Attachment A) to be constructed at 3400 2nd Street in Coralville to store medical supplies for UIHC Processed Stores. Processed Stores centrally manages the inventory and distribution of clinical supplies and equipment throughout UIHC.

The building, to be located in Coralville, would be built to a higher standard (food-grade quality) than typical warehouse spaces. Medical supplies used at the main UIHC hospital, Iowa River Landing and multiple other off-site clinics would be consolidated with this lease.

A majority of the supplies of Processed Stores would be relocated to this off-site warehouse from its current location on the lower level of the John Colloton Pavilion. All other supplies, mainly for emergencies, would be located to the second and third floors of the Shipping & Receiving Facility as part of a separate project approved by the Board at the February 2016 meeting.

The initial lease term is 15 years with three five-year renewal options. The lease rate is estimated at $8.24 per square foot; this rate may vary slightly as UIHC works through specific fit-out needs. Lease payments would be made from UIHC operating funds. The lease includes an Option to Purchase at the end of the first 15 years at an agreed-upon price at that time. There is also a Right of First Refusal clause if the Landlord elects to sell at any time during the lease term.

The University is responsible for all utilities, taxes, insurance and maintenance. Hubbard is responsible for maintaining the roof, walls and overall structure.
Iowa State University with the Board as Tenant for the following two leases:

Dickson Jensen and Luann Jensen

Iowa State University requests Board approval to enter into a lease with Dickson Jensen and Luann Jensen (Jensen) of Ames, Iowa to lease a 16,000 square foot Tennis Performance Center to be constructed for the use by ISU’s intercollegiate women’s tennis program. The tennis facility currently used for indoor tennis practices and competitions has been sold to a local church and would no longer suitable for a Big 12 women’s tennis program.

After seeking requests for proposals from developers and land owners to provide a Tennis Performance Center and to negotiate a lease agreement, Jensen was selected. Jensen's proposed site is one acre west of the campus and immediately south of the Sukup Basketball Complex (see Attachment B). This site is near the CyRide bus line and benefits the University through shared parking, maintenance, custodial services and snow removal with the Sukup Basketball Complex. Also, nearby storm sewer and site utilities would reduce overall construction costs.

The proposed lease term is five years at a rental rate of $540,000 per year with an Option to Buy at the end of those five years for $1. Lease payments would come from the operating revenues of the Athletic Department. Upon completion, the property value is estimated to be $2,500,000 ($2 million construction cost + $500,000 land). The $2 million construction cost would be verified by an independent consultant. If the construction cost is determined to be less than $2 million, Jensen would credit the University rental payments accordingly.

The University has received a lead naming-rights gift of $500,000 for the facility. Jensen shall not sell the Leased Premises during the lease. The University would be responsible for all utilities, taxes, insurance and maintenance.

SBA Steel II, LLC

Iowa State University requests Board approval to enter into a lease with SBA Steel II, LLC (SBA) of Henderson, Nevada to lease space at SBA's radio tower in Knoxville, Iowa for new radio equipment. This equipment includes radio antennas on the tower and transmitters on the ground.

In 2011, the University purchased radio station KICL in Pleasantville, Iowa (east of Des Moines) and radio station KICP in Patterson, Iowa (southwest of Des Moines) to better serve the Des Moines-metro area. In 2015, Iowa Public Radio, who manages 24 radio stations on behalf of the three Universities, was awarded $100,000 from the State of Iowa to replace KICL’s transmitter, antenna, and transmission line. As a result of a feasibility study conducted by Iowa Public Radio in late 2015, SBA’s Knoxville tower was identified as the best location for this new radio equipment.

The proposed lease term is five years at a rental rate of $16,500 per year with an option to extend the term up to four additional five-year periods.
Iowa State University with the Board as Owner for the following easement:

**Dakota Access, LLC**

Iowa State University requests authority to negotiate and delegate to the Executive Director approval of easements with Dakota Access, LLC’s (Dakota Access) to allow Dakota Access to install a crude oil pipeline across portions of University property.

These easements include a permanent easement approximately 50 feet wide for the pipeline and various temporary easements. The temporary easements would be for the construction itself and any necessary land restorations, which Dakota Access has indicated would be completed in accordance with an Approved Agricultural Impact Mitigation Plan. Insofar as practicable, Dakota Access would restore any disturbed ground, construct and maintain soil conservation practices, and restore all field tile drainage systems, roadways and fences.

Approximately 34 acres of University property, located in Buena Vista and Story counties, would be affected by this project. A majority of this land is in Story County near the ISU Dairy Farm two miles south of the ISU campus. The pipeline route is not near agricultural buildings, but rather through agricultural land used for large-scale research projects and teaching activities.

As consideration for the easements, the University would be fairly compensated using market values. The University is in the process of determining appropriate market values and estimating any costs incurred by relocating ongoing agricultural research and teaching projects. The University would also determine whether the proposed easement agreement complies with the terms outlined by the Iowa Utilities Board and Board of Regents policies. University operations would not be negatively impacted by this project in the future. Dakota Access has indicated it wants to work out a mutually satisfactory agreement as soon as possible.

The University of Northern Iowa with the Board as Owner for the following easement:

**First United Methodist Church**

The University of Northern Iowa requests Board approval to enter into a utility easement agreement with First United Methodist Church of Cedar Falls. This easement would allow the church to construct new storm and sanitary sewer lines from its adjacent 20 acre site to the nearest connection points on University property (see Attachment C). The church would pay the University $9,000 and would replace any trees lost with an equal species and caliper of trees. The church would also inspect, operate, maintain and repair these utilities. A temporary easement is included in this agreement to allow for the construction and would terminate upon project completion.

Construction shall comply with all City of Cedar Falls and University standards. The easement would not negatively impact University property.
UNIVERSITY OF NORTHERN IOWA
FIRST UNITED METHODIST CHURCH UTILITY EASEMENT MAP