

Contact: Jean Friedrich

**INSTITUTIONAL AGREEMENTS, LEASES AND EASEMENTS**

**Action Requested:** Consider ratification of Executive Director approval of four leases for the benefit of the University of Iowa as summarized below, subject to approval of the final documents by the Board Office and Attorney General's Office.

**(ROLL CALL VOTE)**

**Executive Summary:** Iowa Code §262.11 requires that certain agreements, leases, and easements be approved by the Board of Regents by roll call vote. On July 11, 2008, the University requested Executive Director approval for four leases related to the flood recovery and requests Board ratification of these leases. The leases have been reviewed by the Attorney General's Office and are subject to approval of the final documents by the Board Office and Attorney General's Office. Indemnification clauses are included in the leases.

University of Iowa

The University requests approval of four leases with the Board as Tenant to provide temporary offices, classrooms, and studios for the University's School of Art and Division of Performing Arts, replacing facilities devastated by recent Iowa River flooding. The landlords will install leasehold improvements as required by the University. The University will reimburse the landlords upon final acceptance of the improvements. The cost for these improvements is being determined and will be submitted to the Board Office for approval by the Executive Director when these costs are known.

**Hodge Commercial Management**

Approximately 144,074 square feet of space in a former Menards building with associated parking areas and grounds (12.77 total acres), located at 1375 Highway 1 West in Iowa City, Iowa, as shown on Attachment A.

The term is for one year commencing September 1, 2008, and ending August 31, 2009. The lease includes renewal options for three additional sequential terms of two, three and five year periods respectively, allowing for extension of the lease through August 31, 2020, at the rate of \$57,500 per month for the first year (\$4.79 per square foot, \$690,000 per year). The rental rate for any term extensions will increase three percent per year. The University will also be responsible for operating costs including real estate taxes; insurance premiums; outside maintenance, including snow removal and lawn care; and utilities.

**Three Guys Holdings**

Approximately 4,000 square feet of space located on the first floor of 375 South Clinton Street in Iowa City, Iowa, and 4,000 square feet of space located on the first floor of 60 East Court Street in Iowa City, Iowa, each for a one-year period commencing August 1, 2008, through July 31, 2009, each at the rate of \$7,083 per month, including real estate taxes, [\$21 per square foot (including \$4.25 per square foot for real estate taxes), each at \$85,000 per year].

The University will pay for all utilities at each location. Each lease provides for two renewal options – either a one-year renewal period or a four-year renewal period.

**Center City Partners**

Approximately 8,250 square feet of space, located on the first floor of 376 South Clinton Street, Iowa City, Iowa, for a one-year period, commencing August 1, 2008, through July 31, 2009, at the rate of \$14,610 per month [\$21 per square foot (including \$4.25 per square foot for real estate taxes), \$175,325 per year]. The University will pay for all utilities.

The lease provides for two renewal options – either a one-year renewal period or a four-year renewal period.

Additional information is available from the Board Office.