

Contact: Jean Friedrich

INSTITUTIONAL AGREEMENTS, LEASES AND EASEMENTS

Action Requested: Consider recommending to the Board approval of one lease agreement with the ISU Research Park Corporation and one lease agreement with Jensen Five L.C. for the benefit of Iowa State University, 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 lease agreements have been reviewed by the Attorney General's Office. An indemnification clause is included in each lease.

Iowa State University with the Board as Tenant for the following lease:

ISU Research Park Corporation

Approve the lease between the ISU Research Park Corporation and the Board on behalf of Iowa State University for the Hub Square Facility (Facility) being constructed in Phase III of the Research Park.

The Iowa General Assembly appropriated \$12,000,000 in 2013 for the development of a core economic development facility to be located in the ISU Research Park. The initial phases of the improvements for road, utility and site work are underway to be completed when the Hub Square Facility is occupied next year. The building will be approximately 42,000 gross square feet. (See Attachment A for images of the building). The major University tenants of the facility will include CyBiz, Pappajohn Center, Iowa Small Business Development Center, the Office of Economic Development and Industry Relations, the Center for Industrial Research and Service, the Office of Intellectual Property and Technology Transfer, the ISU Research Foundation and a number of meeting and conference room spaces available to all of the Park tenants.

Phase III involves the development of approximately 176 acres, eventually \$31 million in infrastructure improvements supported by the City of Ames, Story County, Iowa Department of Transportation, State of Iowa, Iowa State University Foundation and Iowa State University.

The lease provides for the construction of the Facility and its operating costs when completed. The University will reimburse the Research Park for eligible expenses incurred in the construction of the Facility, up to a maximum of \$12,000,000. The Research Park will own the building and will lease 16,979 rentable square feet on levels one and two of the facility to the University for a term of 20 years, commencing on the first day of the month following the month of the substantial completion date. There are four five-year renewal options. During the initial 20-year term of the lease, the University will not pay base rent as the \$12,000,000 appropriation is considered to be pre-paid base rent. If any of the renewal options are exercised, an annualized base rental rate would be negotiated with Iowa State University similar to the rates paid by other tenants located in the Research Park. When occupied, the University will pay its share of the actual operating costs excluding capital depreciation since the project is funded by the state appropriation.

Iowa State University's share of the estimated annual Operating Expenses is \$504,446 and payable at the monthly rate of \$42,037. Services for electricity will be paid directly by the University, while other utilities and services are included in the Operating Expenses.

The ISU Research Park continues to grow and expand. Existing tenants need more space, several new organizations are developing buildings and support services such as a restaurant are planned. The Hub Square Facility will serve as a focal point for the continued growth and development of the Park and the Cultivation Corridor in central Iowa.

The University will be prepared to answer questions and provide additional information at the Property and Facilities Committee meeting.

Iowa State University with the Board as tenant for the following lease agreement:

Jensen Five L.C.

Iowa State University requests approval to enter into an off-campus housing agreement with Jensen Five L.C. for the 2015-16 academic year, with terms and conditions similar to those currently in place for other off-campus housing leases.

The University wishes to rent 12 units in an apartment building (48 beds) located on 3732 Tripp Street (Apartments #511-514, #521-524, #531-534) in Ames, Iowa, from Jensen Five L.C. for the period of August 6, 2015 to July 31, 2016 for \$21,836.16 per month (prorated for the period August 6, 2015 to August 31, 2015 at \$18,314.20). The annual total rent payments would be \$258,511.96, which can be accommodated from the increased revenue. The University also requests approval to pay \$10,918.08 as a security deposit for the property.

The rental rates for the units would follow the FY 2016 academic year student apartment rates for off-campus interim housing rooms that were approved in April 2015 by the Board.

Iowa State University enrollment continues to increase. As of the week of July 27, 2015, the University is forecasting demand for university owned/managed housing to exceed Department of Residence capacity by 50 or more contracts due to lower than projected cancellation and withdrawal rates. Historically, Iowa State has accommodated all students requesting university operated housing. Jensen Five L.C. has offered an additional 48 bed apartment building on 3732 Tripp Street that can be rented for the coming year under the same terms and conditions as the nine apartment buildings west of campus that were approved in February 2015 by the Board. In response to student requests, the University wants to remove temporary housing of bed spaces in dens and other residence system gathering spaces when contracts exceed demand. This apartment building will assist in meeting this additional demand while the new Buchanan Residence Hall Building is under construction. The department intends that the occupants of this apartment building will be older upper-class students providing the opportunity for incoming freshman to live in traditional campus residence halls.

Additional information is available from the Board Office.

Below are images of the proposed Hub Square Facility.

