INSTITUTIONAL AGREEMENTS, LEASES AND EASEMENTS

Action Requested: Consider three easements for the benefit of the University of Iowa and one lease for the benefit of Iowa State University, 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. The easements for the University of Iowa and the lease for Iowa State University have been reviewed by the Attorney General’s Office. Indemnification clauses are included in the easements and lease.

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

City of Coralville

    The University of Iowa requests permission to grant the following easements to the City of Coralville:

    1. Temporary construction easement allowing for the construction of sanitary sewer and trail facilities;

    2. Permanent easement for the construction, operation and maintenance of sanitary sewer facilities with the easement varying in width from twenty feet to forty feet with the majority of the easement being thirty feet wide;

    3. Permanent fifteen feet wide easement for the construction, operation and maintenance of trail facilities.

The easements are located across undeveloped University property at the University Research Park and are shown on Attachment A.

The easements provide for access, construction, repairing, reconstructing, operating, and maintenance of sanitary sewer lines and associated pedestrian trails to serve the University’s Research Park.

The easements will benefit the University by providing a sewer service to portions of the University Research Park and a trail connection from an existing trail in the University’s Research Park to a recently developed residential area in Coralville. Trail connections have been considered an important amenity for the Research Park. The University and the City are each paying fifty percent of the cost for construction of the sewer and trail facilities – estimated at $200,000 each.
Iowa State University with the Board as Owner for the following ground lease:

Avello Bioenergy, Inc.

Avello Bioenergy, Inc., a private company formed in early 2009 by ISU graduate students, is seeking to commercialize a pyrolysis based process to convert non-food biomass sources into petroleum replacement products, including asphalt, fuel and chemical and soil amendment applications. Avello desires to construct a demonstration plant to test its processes and products on a larger scale using a $2.5 million grant received from the U.S. Department of Energy and a $2.5 million grant received from the Iowa Power Fund for the design, construction, and operation of the facility.

As part of ISU’s economic development initiatives, Iowa State University requests permission to lease approximately 0.68 acres of land on ISU’s BioCentury Research Farm in Boone, Iowa (see Attachment B) for the site location for Avello’s demonstration plant. The BioCentury Research Farm is an integrated research and demonstration facility dedicated to biomass production and processing and regularly collaborates with industry to accelerate innovation and production capacity associated with biobased fuels, chemicals, and products.

The three year lease term would begin on the commencement of the construction of Avello’s demonstration facility with Avello’s option to extend the lease for an additional three-year term. Upon expiration of the lease, the demonstration facility would become the property of ISU at no charge to the University.

In exchange for receiving a fully-constructed building at the end of the lease term, ISU would waive rent during the first three-year term of the lease. During the second three-year term (if Avello elects that option), ISU would charge a rental rate to be agreed upon by Avello and ISU, but not less than the University facilities’ rate. Avello is responsible for all construction costs (except for any add-ons requested by ISU) and utilities.

Avello has the potential of becoming a significant private sector success in processing biomass material, creating significant private sector jobs. The development of the proposed facility is an excellent example of a public private partnership utilizing the strengths of both entities.

Additional information is available from the Board Office.