

Contact: Jean Friedrich

IOWA STATE UNIVERSITY – OFF CAMPUS HOUSING AGREEMENTS

Action Requested: Consider recommending to the Board approval of one lease amendment and one lease for the benefit of Iowa State University, subject to approval of the final documents by the Board Office:

- 1) Amendment #1 to Off-Campus Housing Agreement with The Ridge at Fountainview, L.C. (Jensen Properties) dated May 15, 2013, for the benefit of Iowa State University.
- 2) Off-Campus Housing Agreement with The Ridge at Fountainview, L.C. (Jensen Properties) for the benefit of Iowa State University for the 2014-15 academic year for 16 apartment buildings (564 beds) located on Walton Drive and Maricopa Drive in west Ames from August 1, 2014 to July 31, 2015 for an annual amount of \$2,932,308.

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 documents are subject to approval by the Attorney General's Office and the Board Office. An indemnification clause is included in the lease.

In April 2013, the Board approved two housing agreements to add 503 beds to the residence system at Iowa State University for the 2013-14 academic year. Iowa State University enrollments continue to increase, and the University has requests for beds above the Department of Residence system's capacity. Even with the addition of 720 beds in Frederiksen Court, the University will still not meet the existing demand for space. Graduation and retention data support that for entering students the Department of Residence support structure, learning communities, and other services are important and preferred by many freshman and their parents.

To address the need for additional university operated housing, the University has identified additional off campus housing (564 beds) adjacent to the existing units rented in west Ames for student housing for the 2014 -15 academic year. The traditional lease period in Ames for student housing is August 1 through July 31. The buildings will permit university standards and expectations to be part of the living arrangements. Housing in Ames for the coming fall appears to be very tight. Leasing for the next school year begins in January.

The University is proposing to amend the original Off-Campus Housing Agreement with The Ridge at Fountainview, L.C. dated May 15, 2013. The amendment adds a second option to renew for one year, and sets the monthly rate for the first and second annual renewal options. The University has notified the Owner that it wishes to renew the lease for the 2014-15 academic year.

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

The Ridge at Fountainview, L.C. (Jensen Properties)

Amendment #1 would:

- Add a second additional one-year term, commencing on August 1, 2015 at 12:00 p.m. (noon), and ending July 31, 2016 at 12:00 p.m. (noon). If the University intends to exercise this option, the University must provide written notice of the exercise of this option prior to December 31, 2014.
- Change the determination of the monthly rate for the renewal options from a calculation based on an average of rate increases to other properties owned or managed by the Owner, Jensen Property Management or affiliated entities, to a set monthly rate of \$88,385 during the first extended term and \$92,804 per month during the second extended term.

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

The Ridge at Fountainview, L.C. (Jensen Properties)

The Jensen property is located south of the campus, south of Mortensen Road, east of South Dakota Avenue, at Walton Drive and Maricopa Drive. The property consists of 16 apartment buildings currently under construction that would accommodate 564 beds at a monthly rate of \$244,359 (annual rental rate of \$2,932,308). There is an option to renew the lease for one additional year at a monthly rate of \$256,577. The units predominately consist of 2 and 3 bedroom units with some 4 and 1 bedroom units. CyRide serves the area. The Department of Residence would staff this complex with a hall director and community advisers (see location in Attachment A). The lease is consistent with the terms and conditions of the original lease dated May 15, 2013, and proposed Amendment #1 with The Ridge at Fountainview, L.C. (Jensen Properties).

A resident must be 19 years of age or in their second year of college (as determined by calendar year, not credits achieved) to be eligible to live in either the Frederiksen Court or Schilletter-University Village on-campus apartment communities. The same qualifications would be applied to these leased facilities, resulting in occupancy by returning ISU students, and newly admitted transfer and graduate students.

The University would furnish all the units similar to on-campus apartments at an estimated cost of \$1.4 million to be paid from the residence system's improvement fund. The furniture would be relocated to other on-campus facilities at the end of the leases.

Terms of Agreements

The University is proposing a one year agreement for the traditional lease year for student housing in Ames from August 1, 2014 through July 31, 2015 with one option to renew for an additional year. Funding for the leases will be from University Housing and Dining Operating Funds.

University representatives will be present at the Committee meeting to answer questions. Additional information is available from the Board Office.

