

Contact: John Nash

**INSTITUTIONAL AGREEMENTS, LEASES AND EASEMENTS**

**Action Requested:** The University of Iowa requests Board approval of three leases and one lease extension. Iowa State University requests Board approval of four easements.

- *Policy Manual* Chapter §2.3, part 2.E.iv.b requires that leases over 10,000 gross square feet, more than \$150,000 in annual base rent or more than five years in duration receive Board approval.
- *Iowa Code* §262.9 (8) authorizes the Regents to acquire real estate for the proper uses of the institutions and dispose of real estate, when not necessary for their purposes.

UI Lease #1 of 3

**UIHC Urgent Care Lease Extension**

**Executive Summary:** The University of Iowa requests Board approval to extend an UIHC five-year lease by 10 years with Group 411, L.C. of Cedar Rapids for 8,577 square feet of space at 411 10<sup>th</sup> Street in Cedar Rapids for the benefit of UIHC.

**Background:** This space is currently leased by UIHC under a five-year lease signed in 2021. UIHC has recently opened a new urgent care at this location. Given the capital expenditures that went into the facility for the urgent care, UIHC wants to secure the space and extend the lease for an additional 10-year term with multiple renewal options, which would require Board approval.

UIHC currently leases two other clinic spaces in the same building, contributing a total of 75% of the facility under three UIHC leases. UIHC has a long-term commitment to deliver health care from this facility.



Cedar Rapids

**Term:** April 1, 2024 through March 31, 2034

**Cost:** Base rent would be \$10.35 per square foot with an annual 3% escalation. In addition to base rent, UIHC would pay its proportional share of common area maintenance, including landscaping, snow removal, and elevator upkeep. Real estate taxes would be paid the Landlord and are included within the base rent amount.

The renovation costs for the design and construction of the urgent care were done as tenant improvements by the landlord with those costs amortized over the original 5-year lease term. UIHC would continue to pay those renovation costs through August 1, 2026 payment in the amount of \$36,700 per month.

UI Lease #2 of 3  
**UIHC Pharmacy Leases**

**Executive Summary:** The University of Iowa requests Board approval of two 20-year leases for adjoining facilities with ACT Circle Holdings, LLC of Bettendorf. These leases would be for the benefit of UIHC for use by their pharmacy services group.

**Background:** The first building located at 2100 ACT Circle in Iowa City contains 47,760 square feet of conditioned warehouse space that would be used for specialized pharmacy operations and mail order prescription fulfillment. The second building at 2101 ACT Circle in Iowa City contains 18,000 square feet of office and support space.

UIHC would relocate staff to these new facilities from both an existing leased facility (which ends its lease term in 2024) and from within the UIHC main hospital campus.

Combined, the two facilities would house 95 employees, including pharmacists, pharmacy technicians, business managers, and other support staff. The combined facilities would support UIHC pharmacy operations at other health care facilities in the area and provide mail order prescriptions to Iowans across the state.



**Terms:** two 20-year leases

**Cost:**

- Conditioned warehouse = \$7.90/square foot or \$31,442/month
- Office space = \$12.50/square foot or \$18,750/month  
Rent for both buildings would increase with CPI escalations at the start of years 4, 6, 9, 11, 14, 16, and 19.
- UIHC would be responsible for snow removal, landscaping, building maintenance, janitorial, insurance and real estate taxes. ACT would be responsible for the overall building structure, including the roof.
- At UIHC's request, ACT would make necessary improvements to the leased premises and such improvements shall be amortized over the initial term of the lease at an initial interest rate of 7.75% for the first five years of the lease.

Thereafter, the interest rate would be adjusted at the beginning of lease year 6, 11, and 16 to a rate equal to the 5-year Treasury Rate, plus 450 basis points, measured 90 days prior to the adjustment date, provided that in no event would the rate be less than 5.5%.



northeast side of Iowa City

UI Lease #3 of 3  
**REACH Lease**

**Executive Summary:** The University of Iowa requests Board approval of a 10-month lease with Balfour Beatty Communities to master-lease approximately 25 one- and two-bedroom student apartments at the Aspire student housing complex on the University of Iowa campus. This lease would be for the University of Iowa's REACH (Realizing Educational and Career Hopes) Program.

**Background:** The lease would be for a 10-month term commencing August 1, 2024 through May 31, 2025, plus multiple 10-month renewal options. Balfour Beatty operates the Aspire facility under a long-term ground lease with the University of Iowa. The facility is located on the Hawkeye

Campus near the UI Finkbine Golf Course and numerous UI athletic facilities. Aspire primarily serves as student housing for graduate and professional students.

The master-lease would be for the benefit of the University of Iowa REACH Program, which would sub-lease units to students enrolled in this program. The lease would be for a combination of one- and two-bedroom units, with one bedroom apartments at \$1,414 per month and two bedroom apartments at \$1,660 per month. Each unit would be fully furnished, including washers and dryers, and would be fully accessible. The facility is served by Cambus and patrolled by UI Police. The complex includes a community center and Balfour Beatty operates a robust student life and engagement program with the residents.

UI REACH has been at the University of Iowa since 2008. The program is within the UI College of Education and is a comprehensive transition program for college-age students with intellectual, cognitive, learning and developmental disabilities. UI REACH offers an inclusive college experience in a caring and structured environment. The program's acceptance at UI is evidence that the university is a model inclusive community.

Academics, career, transition, social growth and campus life are areas of focus. UI REACH is a four-year program with early graduation options after completion of years two or three. In years one and two, students live in the residence halls and share a room with a UI REACH roommate. In years three and four, students transition to apartment-style living. This environment fosters additional growth in independent living and executive functioning skills as students learn to care for their living space; budget for independent living and practice paying bills; plan for and prepare meals; use public transportation; complete a senior capstone; enroll in integrated courses; and expand internship/work hours (up to 20 hours per week). Student outcomes are evidence that this model works, as 92% of graduates are employed in competitive integrated jobs and 61% live independently in their communities of choice.

UI REACH staff have considered several local apartment communities as residential options for third and fourth-year students. Given that the Aspire community has an existing relationship with UI Housing and Dining, is patrolled by UI Police, and has a Cambus stop on the property, it would make a great environment for students. UI REACH staff would monitor and provide support for students at ASPIRE.

ISU Easements  
**Easements #1 - #4**

**Executive Summary:** Iowa State University requests Board approval of the following four electrical utility easements from ISU to the City of Ames.

**ISU Easement #1:** This would document and support the City of Ames operation and maintenance of an existing overhead electrical distribution line extending from the Veterinary Medicine substation to South 4<sup>th</sup> Street, running on the west side of the G7 RV parking lot. The existing infrastructure provides back up to the university's electrical distribution system.

**ISU Easement #2:** This would support the City of Ames relocation, reconstruction, operation and maintenance of existing overhead electrical transmission and distribution lines, currently located in the US Highway 30 right-of-way.

In anticipation of the Iowa Department of Transportation's long-range plan to widen US Highway 30, the transmission line would be relocated from the right-of-way to adjacent university property and connect to existing infrastructure at the Veterinary Medicine substation, and extend to University Boulevard. The distribution line would serve the CYTown development and back up the university's electrical distribution system.

**ISU Easement #3:** This would document and support the City of Ames operation and maintenance of an existing overhead and underground electrical distribution line located along the north side of Mortensen Road between Welch and State Avenues, and connecting to the City's substation at the intersection of State Avenue and Mortensen Road. The existing infrastructure provides back up to the university's electrical distribution system.

**ISU Easement #4:** This would document and support the City of Ames operation and maintenance of the existing substation located southeast of Patterson Hall at the Veterinary Medicine Complex. The existing infrastructure provides back up to the university's electrical distribution system.

**Costs:** There are no costs. However, ISU is effectively trading the City of Ames' use of these easements for improved electrical service to Iowa State University.