

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Institutional Agreements, Leases and Easements  
**Date:** March 2, 2005

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**Recommended Action:**

Approve the leases for the benefit of the institutions as summarized below.

**(ROLL CALL VOTE)**

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**Executive Summary:**

The Iowa Code requires that agreements, leases and easements involving real property be approved by the Board of Regents by roll call vote.

The leases have been reviewed by the Attorney General's Office and are recommended for approval.

Approval is requested for the following:

University of Iowa Tenant property rental rates for FY 2006 for the University's residences and child care centers, reflecting proposed rate increases ranging from 1.3 percent to 7.7 percent.

Lease renewals with Applied Fullerene and IAgem, LLC, for their use of business incubator space in the Technology Innovation Center on the Oakdale Campus.

Lease renewal with Riverfront Property, LLC, for the University's use of office space in Muscatine, Iowa, for the Department of Pediatrics Coronary Risk Factor Project.

Lease renewal with AP Maguiness Properties for the University's use of office space in Davenport, Iowa, for the Department of Pediatrics Fomon Infant Nutrition Unit.

Lease agreement with Gregory J. Downes for the University's use of office and shop space in Iowa City, Iowa, for the temporary relocation of Utilities and Energy Management staff to accommodate construction of the East Campus Recreation Center and the East Campus Chilled Water Plant.

Lease amendment with Methodist Medical Plaza II Limited Partnership for the University's continued use of office space in Des Moines, Iowa, for the College of Public Health.

Iowa State University

New lease with Istituto Pasteur – Fondazione Cenci Bolognetti for the University's use of space in Rome, Italy, for programs for the College of Design.

New lease with Alliance Technologies Group, Inc., for its use of business incubator space in the ISU Research Park.

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**Background and Analysis:**

TENANT PROPERTY RENTAL RATES, FY 2006

Background

The Board annually approves the rental rates charged by the University for single family residences, apartments, duplexes, and child care properties, which are owned for the University's benefit on and around the campus.

Many of these properties were purchased for future expansion of the campus within boundaries approved by the Board.

Rental rates are based on comparable rental rates, as determined by a University survey of rental properties in the Iowa City and Coralville area.

The University's survey results compare favorably with the fair market rental rates obtained from the City of Iowa City Housing Assistance Office.

Other criteria used to set rental rates include the proximity of the property to the campus, the size of the unit, the general condition of the property, and whether the owner or the tenant is responsible for utilities, lawn care and snow removal.

In general, the University intends for the rental rates to represent fair market value.

Proposed FY 2006  
Rental Rate Summary

A total of 59 units will be rented in FY 2006, an increase of two units from FY 2005. The increase is the result of the University's addition of two additional single-family residential properties.

The University proposes rate increases ranging from approximately 1.3 percent to 7.7 percent.

Single-Family  
Residences

The single-family residences are the University's most expensive rental units; the proposed FY 2006 rental rates range from \$900 to \$2,000 per month.

The University's FY 2006 tenant property rental schedule lists a total of 19 single-family residences, which includes one new property acquired in FY 2005, and one property acquired in FY 2003 and added to the list in FY 2005 following the completion of renovations.

- For the remaining 17 residences, the University proposes rate increases ranging from 1.3 percent to 3.8 percent for 14 properties (which would rent from \$1,010 to \$1,900 per month), and no rate increases for three of the properties (which currently rent from \$1,260 to \$1,600 per month) in order to attain full occupancy of the units.

Duplexes/Apartments

The proposed rental rates for the University's 16 duplexes range from \$760 to \$830 per month, which represent increases ranging from 1.3 percent to 3.8 percent.

The University's FY 2006 tenant property rental schedule lists a total of 17 apartment units.

- The proposed rental rates for the apartments (including efficiencies) range from \$470 to \$625 per month, which represent increases ranging from 3.5 percent to 5.0 percent.

Child Care Facilities

The University's tenant property rental schedule lists a total of seven pre-school/day care facilities.

The proposed rental rate for five of the child care facilities is \$860 per month, an increase of 2.4 percent.

The proposed rental rates for the two remaining facilities are \$700 and \$755 per month.

- The facility proposed to rent at \$700 per month, an increase of 7.7 percent, is a child care facility acquired by the University in FY 2002.
  - The initial rental rate of \$500 per month was consistent with the rate charged to the tenant prior to the University's acquisition.
  - Since that time, the University has been increasing the rental rate by a larger percentage than for the other child care centers to bring it in line with the other rental rates; the FY 2005 rental rate was \$650.
- The facility proposed to rent at \$755 per month, an increase of 2.0 percent, consists of a smaller home and lot which is used only for a half-day program.

UNIVERSITY OF IOWA LEASES

Tenant	<b>Applied Fullerene (renewal)</b>
Area/Location	362 square feet of space in the Technology Innovation Center at the Oakdale Research Park.
Lease Rate	\$256.42 per month (\$8.50 per square foot, \$3,077 per year).
Space/Rate Comparison	The amount of space is unchanged; rate increase of \$75.42 per month, (\$2.50 per square foot, \$905 per year).
Additional Information	The Technology Innovation Center serves as a business incubator by providing access to the University's research and technology and business support systems. The rents for the space are based on years of occupancy with the plan being to move the business through the program. The rent is typically the same for the first three years and increases in succeeding years. Residencies may be in the Center for only one year, but the typical business remains for three to four years and sometimes longer.
Lease Term	One-year period commencing April 1, 2005, through March 31, 2006.
Use of Space	Applied Fullerene develops new nanotechnology-based instruments for use in biotechnology and other fields requiring extremely precise measurements.
Liability	The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.
Principal Information	The principal, Thomas Bahns, has no affiliation with the University.

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Tenant	<b>IAgen, LLC (renewal)</b>
Area/Location	130 square feet of office space and 180 square feet of laboratory space in the Technology Innovation Center at the Oakdale Research Park.
Lease Rate	\$215 per month (\$6 per square foot for office space, \$10 per square foot for lab space, \$2,580 per year).
Lease Term	One-year period commencing April 1, 2005, through March 31, 2006.
Space/Rate Comparison	The amount of space and the rental rate are unchanged.
Use of Space	The space will be used to develop biocatalysts from microbial and plants sources for use in the growing bioproducts industry. The bioindustry looks to harness the molecular building blocks of biomass (crops, trees, grasses, and crop and forest residues) to create products that are now primarily manufactured from petroleum.

Liability	The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.
Principal Information	The principal, Eric Zirbes, is a staff pharmacist at the University of Iowa Hospitals and Clinics.
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Landlord	<b>Riverfront Property, LLC (formerly owned by 101 West Mississippi, LLC) (renewal)</b>
Area/Location	1,762 square feet of office space located in Muscatine, Iowa.
Lease Rate	\$1,557 per month (\$10.60 per square foot, \$18,684 per year).
Space/Rate Comparison	The amount of space and the rental rate are unchanged.
Lease Term	Two-year period commencing March 1, 2005, through February 28, 2007, with two additional two-year extensions through February 28, 2011.
Use of Space	Offices and clinics for use by the Department of Pediatrics Coronary Risk Factor Project.
Liability	The University agrees to be responsible for claims arising from its use and occupancy of the space in accordance with Chapter 669 of the <u>Iowa Code</u> .
Principal	The principal, Tom Meeker, has no affiliation with the University.
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Landlord	<b>AP Maguiness Properties (formerly owned by George McDowell) (renewal)</b>
Area/Location	847 square feet of office space located in Davenport, Iowa.
Lease Rate	\$865 per month (\$12.25 per square foot, \$10,380 per year).
Space/Rate Comparison	The amount of space and the rental rate are unchanged.
Lease Term	One-year period commencing April 1, 2005, through March 31, 2006, with four one-year extension options through March 31, 2010.
Use of Space	Offices and clinics for use by the Department of Pediatrics Fomon Infant Nutrition Unit.
Liability	The University agrees to be responsible for claims arising from its use and occupancy of the space in accordance with Chapter 669 of the <u>Iowa Code</u> .
Principal	The principal, Peter Britt, has no affiliation with the University.
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Landlord	<b>Gregory J. Downes (new)</b>
Area/Location	6,250 square feet of office and shop space located at 866 South Capitol Street in Iowa City, Iowa.
Lease Rate	\$5,470 per month (\$10.50 per square foot, \$65,640 per year).
Lease Term	Three-year period commencing April 1, 2005, through March 31, 2008, with three one-year extension options through March 31, 2011.
Use of Space	Office and shop space for the temporary relocation of Utilities and Energy Management staff currently housed at the proposed site for construction of the East Campus Recreation Center and East Campus Chilled Water Plant. This property, which is located approximately two blocks south of the University Services Building, was selected because of its close proximity to campus and the favorable rental rate.
Liability	The University agrees to be responsible for claims arising from its use and occupancy of the space in accordance with Chapter 669 of the <u>Iowa Code</u> .
Principal	The principal, Gregory J. Downes, is the owner of Downes and Associates, Inc., which periodically provides appraisal and consulting services for the University.

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Landlord	<b>Methodist Medical Plaza II Limited Partnership (amendment)</b>
Area/Location	930 square feet of office space located in Des Moines, Iowa.
Lease Rate	\$1,830.55 per month (\$23.62 per square foot, \$21,966.60 per year).
Space/Rate Comparison	Space decrease of 1,420 square feet; rental rate increase of \$3.21 per square foot.
Amendment Term	Two-year period commencing May 1, 2005, through April 30, 2007, with two one-year renewal options through April 30, 2009.
Use of Space	Office space for the Preventive Intervention Center of the College of Public Health. The space was previously used by the College of Public Health for the Women's Health Initiative Research Study. The University reports that less space is needed for the operations of the Preventive Intervention Center.
Liability	The University agrees to be responsible for claims arising from its use and occupancy of the space in accordance with Chapter 669 of the <u>Iowa Code</u> .
Principal	The principal, Richard Hein, Vice President, has no affiliation with the University.

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IOWA STATE UNIVERSITY

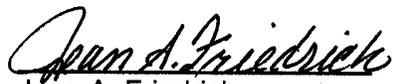
LEASES

Landlord	<b>Istituto Pasteur – Fondazione Cenci Bolognetti, Rome, Italy, (new)</b>
Area/Location	Space located at Piazza della Cinque Scole 23, Rome, Italy.
Lease Rate	10,000 euros per month (\$13,020.99 per month, \$156,251.88 per year).
Lease Term	Six-year period commencing January 1, 2005, through December 31, 2010.
Use of Space	Space for use by the University's College of Design Rome program.
Additional Information	In April 1999, the Board approved a resolution authorizing Iowa State University to conduct educational programs in Rome, Italy, for students enrolled in the College of Design. The resolution authorized Iowa State University to utilize space in Rome under a cooperative agreement with Pennsylvania State University and delegated authority for operation of the program to ISU's Vice President for Business and Finance. The University has now identified another location in Rome for the College of Design program, at a comparable rental rate, that is far superior to the space previously leased for the program. The University was required to agree to the lease agreement in December for the program beginning January 1.
Liability	The University agrees to be responsible for claims arising from its use and occupancy of the space.
Principal	The principal, Maurizio Brunori, has no affiliation with the University.

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Tenant	<b>Alliance Technologies Group, Inc. (new)</b>
Area/Location	134 square feet of space in the Iowa State Innovation System at the ISU Research Park.
Lease Rate	\$225 per month (\$20.15 per square foot, \$2,700 per year).
Lease Term	Approximately a six-month period commencing January 15, 2005, through July 31, 2005, with an option to renew on a month-to-month basis.
Use of Space	Alliance Technologies Group, Inc., provides core radio frequency communication algorithms for end-of-line testing of wireless products.
Liability	The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.
Principal Information	Craig Rupp, President, has no affiliation with the University. Denise Rupp, Vice President, is employed on an hourly basis at Reiman Gardens.

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 Approved:   
Jean A. Friedrich Gregory S. Nichols

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