

Contact: Jean Friedrich

INSTITUTIONAL AGREEMENTS, LEASES AND EASEMENTS

Action Requested: Consider approving the easements for the benefit of the University of Iowa and the lease agreements for the benefit of Iowa State University as summarized below, 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 easements involving real property and certain leases be approved by the Board of Regents by roll call vote. The easement and lease agreements have been reviewed by the Attorney General's Office and are subject to approval of the final documents by the Board Office and Attorney General's Office.

Indemnification clauses are included in the easements and leases.

UNIVERSITY OF IOWA

With the Board as Owner for the following easements:

Dickinson County Trails Association

A permanent easement consisting of a continuous 20 foot wide strip of land 1,040 feet long, and a temporary construction easement of a continuous 40 foot wide strip of land 1,040 feet long through Lakeside Lab Regents Resource Center property immediately adjacent to the right of way for State Highway 86 in Dickinson County near West Okoboji Lake.

The completion of the recreational trail will provide pedestrian and bicycling access for students and employees of the Lakeside Lab Regents Resource Center, and local residents and visitors. The construction easement will terminate 24 months after the execution of the easement document. The project will be undertaken with no costs to the Lakeside Laboratory. The University, which is responsible for administrative oversight responsibility for the Center, proposes to grant each easement for \$1.00.

IOWA STATE UNIVERSITY

With the Board as Tenant for the following lease:

Greater Des Moines Partnership

Iowa State University requests Board approval to enter into a lease with the Des Moines Partnership Building for classroom/office space to be used by the College of Business' MBA program and ISU Extension.

With the recently announced changes in the use of the Pappajohn Education Center, it has become necessary to identify new classroom space for the Des Moines evening MBA classes offered by the University, as well as space for ISU Extension's Des Moines central administrative office.

The College of Business and ISU Extension are looking at sharing space in the Des Moines Partnership Building. There are natural synergies and economies with the sharing; Extension could use the classroom space during the daytime, and the MBA students and faculty would have access to Extension's office equipment during the evening.

Although still in the discussion/negotiation stage, the anticipated details of the lease are listed below:

- 5,000 square feet (of which about 2,000 would be classroom space) for a seven-year period with options to extend.
- Rent would be approximately \$11.50 per square foot per year on average. (Rent would start at approximately \$10 per square foot and would increase to approximately \$13.50 per square foot in the last year.) The average annual rental cost would be approximately \$57,500 (to be shared equally between ISU Extension and the College of Business).

The College of Business would like to begin offering MBA classes mid-summer; however, that may not be feasible given that remodeling will take 45-60 days. The University requests approval to enter into negotiations with owners of the space in the Des Moines Partnership Building to enter into a lease as outlined above and subject to approval of the documents by the Board Office and Attorney General's Office.

CPMI-CRE Coralville Limited Partnership

Subject to Board approval of the establishment of the CyberInnovation Institute (see Agenda Item 8), Iowa State University requests Board approval to enter into a lease with the CPMI-CRE Coralville Limited Partnership for research space in the Iowa State University Research Park for the CyberInnovation Institute. The location is the former Engineering Animation Incorporated (EAI) building at 2321 North Loop Drive, Ames, Iowa.

In response to the Battelle Report, the CyberInnovation Institute is being proposed to strengthen ISU's research in information sciences and information technologies (IST) and leverage it to grow Iowa's economy. If establishment of the CyberInnovation Institute is approved, it will be necessary to contract for additional off-campus space to accommodate the personnel and equipment needed for this Institute.

The terms of the lease are for approximately 17,250 square feet for a term beginning on May 7, 2007, and ending on June 30, 2010, with an option for an additional five-year period. The base rental rate would increase from \$7.50 per square foot (\$10,781.25 per month) in the initial period to \$11.25 per square foot (\$16,171.88 per month) in the last year of the initial lease period. The tenant would also be responsible for additional rent if the tenant's percentage of direct expenses is greater than the \$6.00 per square foot included in the base rent for these expenses.

Under the proposed terms of the lease, the Tenant would have the right to lease and a right of first refusal to lease additional available space in the building. The lease also includes an option to purchase; exercising the option to purchase would require specific approval of the Board of Regents.

The Institute is being funded by:

- \$1,000,000 from the state's Battelle program;
- ISU's match of in-kind faculty and administrative time;
- industry matches committed to IST in the amount of \$2,355,072; and
- other matches from the National Science Foundation (NSF), U.S. Department of Justice, and the U.S. Air Force totaling \$5,460,000.

These funds are sufficient to pay the rent during the term of the lease.

Additional information is available from the Board Office.