

Contact: Jean Friedrich

INSTITUTIONAL AGREEMENTS, LEASES AND EASEMENTS

Action Requested: Consider approval of one lease and sub-lease for the benefit of the University of Iowa 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 certain agreements, leases, and easements be approved by the Board of Regents by roll call vote. The lease and sub-lease 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 lease and sub-lease.

University of Iowa

The University requests approval of the following leases:

With the Board as Tenant:

Frank and Judy Rohret

Approximately 30,000 square feet of farmstead property along with associated driveways, parking areas, and septic tank and field areas for a five-year period commencing October 1, 2008, through September 30, 2013, at the rate of \$333.33 per month. The Tenant is also responsible for taxes, insurance, maintenance and utility costs. The lease provides for three five-year renewal options.

The Landlord agrees to construct leasehold improvements consisting of site, security, utility and building improvements in accordance with plans and specifications provided by the University. The University's costs for these improvements, which are funded through a grant from the Iowa Department of Economic Development (IDED), are anticipated not to exceed \$570,615.

The University of Iowa has received an award from the IDED for the purpose of supporting a collaboration to develop models of human disease, starting with a model of cystic fibrosis developed by Dr. Michael Welsh in the Carver College of Medicine. This award to the University, in the amount of almost \$1 million over three years, includes three parts: 1) develop a disease model facility (\$570,000), 2) establish a genetics research and development laboratory (\$180,000), and 3) develop the first model(s) (\$250,000).

Part 1 involves the leasing of land from Frank and Judy Rohret and having the Rohrets make improvements to the property; the ownership of the leasehold improvements will pass to the University. The University will then sub-lease the land and improved property to Exemplar Genetics (see the item below).

This collaboration of the IDED, Exemplar Genetics, Inc., and the University hopes to provide new models of human disease to researchers nationwide, creating a new high tech business and jobs in Iowa.

Exemplar Genetics, Inc. (sub-lease)

Approximately 30,000 square feet of farmstead property along with associated driveways, parking areas, and septic tank and field areas for a five-year period commencing October 1, 2008, through September 30, 2013, at the rate of \$333.33 per month. Exemplar agrees to pay the University an additional amount of \$3,165 per month (\$37,980 per year), equal to 6.7 percent of the total costs for all leasehold improvements, as compensation for use of the Leasehold Improvements. Exemplar will also be responsible for taxes, insurance, maintenance and utility costs.

The University agrees to provide Exemplar with an option to purchase all leasehold improvements at a cost equal to the depreciated value of the improvements based upon straight line depreciation calculated over a twenty-year period.

Additional information is available from the Board Office.

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