

Contact: John Nash

**INSTITUTIONAL AGREEMENTS, LEASES AND EASEMENTS**

**Action Requested:** Consider recommending to the Board approval of two leases for the benefit of the University of Iowa and one lease amendment for the benefit of the University of Northern Iowa, subject to approval of the final documents by the Board Office and Attorney General's Office.

**Executive Summary:** Iowa Code §262.11 requires that certain agreements, leases, and easements be approved by the Board of Regents by roll call vote. An indemnification clause is included in both leases and the lease amendment for which approval is requested.

University of Iowa with the Board as Tenant for the following two leases:

**Newblood Development, LLC**

The University of Iowa requests Board approval to enter into a lease with Newblood Development, LLC (Newblood) to lease 5,000 square feet of medical clinic and office space in a new facility to be constructed by Newblood in Polk County at 8605 Chambery Boulevard in Johnston, Iowa. The location was chosen by UIHC after an extensive search of the area to find a clinic location that is suitable and inviting to UIHC patients with easy access to major roadways in the Des Moines area. The facility would include ample surface parking to meet City code and the needs and expectations of UIHC patients.

The space would be used by UIHC for a Workers Compensation Clinic (2,500 square feet) and a Pediatric Nephrology and Urology Clinic (2,500 square feet). In addition, other UIHC specialists would see children and adults from the central Iowa area in this clinic on an as-needed basis as part of UIHC's outreach program. The clinic is replacing an existing 4,800 square foot clinic in Clive, Iowa that has a lease ending early next year.

The lease term is for seven years and four months commencing on February 1, 2017 with one additional three-year option-to-renew. UIHC would occupy the building for the first four months without any rental payment owed.

UIHC's base rent would be \$110,000 for year one (\$22.00 per square foot per year), \$115,000 per year (\$23.00 per square foot per year) for years two through five, and \$120,000 per year (\$24.00 per square foot per year) for years six and seven. As is customary with most commercial leases in Iowa, UIHC also would be responsible for the property taxes, insurance and operating expenses including general maintenance, utilities, ground care, and snow removal. This lease would be funded from UIHC patient revenues.

**Medical Oncology Partners, LLC**

The University of Iowa requests Board approval to enter into a lease with Medical Oncology Partners, LLC to lease 7,080 square feet of medical clinic and office space in Scott County at 1351 Kimberly Road, Unit #2 in Bettendorf, Iowa.

This facility would be used by UIHC for an off-site Hematology Oncology Clinic to serve the patient population in the Quad Cities area. This facility would allow cancer patients to receive infusion therapy at the same location as their evaluation and follow-up clinic appointments. The clinic and its physicians would be a part of UIHC's Holden Comprehensive Cancer Center.

The lease term is for ten years and seven days, commencing on September 23, 2016 with one additional five-year option-to-renew.

UIHC would pay base rent of \$141,600 per year (\$20.00 per square foot per year) for years one through five and \$153,990 per year (\$21.75 per square foot per year) for years six through ten. As is customary with most commercial leases in Iowa, UIHC would also be responsible for the property taxes, insurance and operating expenses including general maintenance, utilities, ground care, snow removal and other Common Area Maintenance (CAM) charges. This lease would be funded from UIHC patient revenues.

The University of Northern Iowa with the Board as Tenant for the following lease amendment:

### **Caines Investments**

The University of Northern Iowa requests Board approval to enter into a lease amendment with Caines Investments (Caines). The lease amendment is to lease the property at 6114 Chancellor Drive in the Cedar Falls Industrial Park on the west side of Cedar Falls, Iowa.

This facility would continue to provide painter training and certification through the Iowa Waste Reduction Center (IWRC) and the STAR4 Defense Training Program contracted with the United States Department of Defense. This program offers research and hands-on training for military personnel in the application of chemical-resistant coatings, aerospace finishes, virtual reality based paints and hazardous waste reduction.

The original lease included the properties at 6112 and 6114 Chancellor Drive for a total of 18,354 square feet and had a term of five years commencing on October 1, 2006 at a rental rate of \$127,296 per year (\$6.94 per square foot per year). The first lease amendment term was five years commencing on October 1, 2011 at a rental rate of \$133,656 per year (\$7.28 per square foot per year).

The second lease amendment term includes only the property at 6114 Chancellor Drive for a total of 15,920 square feet and has a term of five years commencing on October 1, 2016 at a rental rate of \$79,600 per year (\$5.00 per square foot per year). There is an option-to-renew for an additional five years at \$87,560 per year (\$5.50 per square foot per year). Under the terms of the lease amendment, the University would be responsible for utilities, snow removal, lawn care, janitorial services, and reimbursement of property taxes. Caines and the University would mutually agree to insure their respective property and equipment. Lease costs would be paid from STAR4 Defense Training Program and other IWRC funding, if applicable.