

Contact: Jean Friedrich

INSTITUTIONAL AGREEMENTS, LEASES, AND EASEMENTS

Action Requested: Consider recommending to the Board approval of one lease, two permanent right of ways, and one easement for the benefit of the University of Iowa and one lease and one easement for the benefit of Iowa State University, 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. The leases, property conveyances, and easements have been reviewed by the Attorney General's Office. An indemnification clause is included in the leases and easements.

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

BSW Development, LLC

The University of Iowa requests approval to lease approximately 180,000 gross square feet of office space in a new facility to be constructed by BSW Development, LLC on Lots 4 and 5 of the Forevergreen Business Park in Coralville, Iowa. The facility will include surface parking and a two level parking deck with the number of parking spaces to meet City of Coralville code. See location on Attachment A.

The lease term is for fifteen years, commencing upon final completion of the new building and certificate of occupancy, with three additional five-year extension options.

This building is being designed jointly by the landlord and University (UIHC) to meet the specific needs of up to 900 UIHC employees who provide services for Health Care Information Systems, Financial Operations and Planning, Joint Office of Patient Financial Services, and a number of other departments, programs, and services. The University (UIHC) will be the major tenant in the facility that will be constructed to UIHC specifications. The UI Foundation's Information Technology department may move a small group to the facility (20 people). Since both the building design, and the fit and finishes are still being developed, the University and Landlord have agreed to a *cost plus contract*. Each major building component will be competitively bid. In accordance with industry practice, the University will pay a 15 year lease rate to the developers based on the actual costs (land, construction, architect and engineer fees, permit fees) for the Lessor to construct and complete the facility, plus a Capitalization Rate (cost of borrowing money, plus profit margin). The University will lock into a Cap Rate with the developers 12 months prior to the scheduled lease commencement date when Lessor obtains permanent financing on the building. The Cap Rate will be tied to the 10 year Treasury rate, plus 5.27% for the 15 year lease. A Cap Rate floor and ceiling has been established at 7.6% and 8.25%. Based on current rates, the Cap Rate would be 7.89%.

An exhaustive search by University staff for off-campus buildings of the size needed to accommodate these functions determined there were no available buildings or combination of suitably sized buildings in locations that would provide the level of required space. As a result, the University solicited proposals earlier this year from qualified parties to either construct or provide, through a long-term lease agreement, a

suitably sized office building, or several office buildings, in a defined geographic location, convenient to UI Health Care's main campus, per University specifications. The University received proposals from 11 developer teams. After an extensive evaluation of each proposal, the final developer team and building site were selected.

The lease of the facility to be constructed would free-up space on the main UI Health Care campus to accommodate the continued growth in new or expanded clinical, research and educational programs and services, along with providing office and work space for new faculty and support staff that are associated with this growth. It would also permit the relocation of clinical and hospital departmental offices, conference rooms and other support facilities to non-patient care locations within the hospital to provide the space for the expansion of clinical programs.

University of Iowa with the Board as Owner for the following right of ways:

City of Coralville

The University of Iowa requests approval to convey two permanent right of ways to the City of Coralville. These two conveyances would provide for the design, construction, maintenance, and ownership of public streets across parts of the Research Park, completing the road system in the Research Park: 1) conveyance of the northern extension of Cross Park Road between lots 6 & 7 of the Research Park; and 2) conveyance of the final extension (Phase III) of University Parkway commencing at the end point of Phase II and continuing to a connection point with Oakdale Boulevard. See location on Attachment B.

The City of Coralville will hold the construction contracts for the roadway installation and improvements, and upon completion, the roadways will be dedicated public streets with the City being responsible for all maintenance and liability. A subdivision agreement plat will be submitted to the City detailing the roadway improvements.

There is no cost to the University for the extension of Cross Park Road. This project is being funded by a private developer; the roadway construction and completion were part of the University's purchase agreement with the developer when the University acquired additional land north of lot 6 from the developer in 2012.

The City, with cooperation from the University, has been granted Revitalize Iowa's Sound Economy (RISE) funding for a small portion of the final University Parkway extension. The University and the UI Research Park Corporation will be responsible for the remaining construction costs, which will ultimately be funded by lease revenues from adjacent development lots. This roadway is needed for the STEM facility now under construction at the UI Research Park by Kirkwood Community College in a partnership agreement between the University and the College, and will also provide access to five additional lots in the Park.

University of Iowa with the Board as Owner for the following easement:

Linn County Rural Electric Cooperative (LCREC)

The University of Iowa requests approval to grant a standard 15 foot permanent utility easement to Linn County Rural Electric Cooperative (LCREC) to install and maintain underground utility lines across lots 6 and 7 in the Research Park. The easements are for the construction, accessing, repairing, operation, and maintenance of electric lines which serve the University and its tenants in the Research Park. The easement, along with the completion of Cross Park Road between lots 6 and 7, will make both lots "shovel ready" for development.

The permanent easement is non-exclusive and limited to fifteen feet in width. See Attachment B for location.

Iowa State University with the Board as Owner for the following land lease, and related terms and conditions for the construction of a Sensitive Instrument Facility by the Ames Laboratory:

United States Department of Energy (DOE)

Iowa State University requests approval, subject to completing the legal description, terms and conditions, to authorize the Executive Director to approve a land lease with the federal government together with related easements for the benefit of the Ames Laboratory to construct a Sensitive Instrument Facility on the University campus.

Iowa State University is the contractor operating the Ames Laboratory for the U.S. Department of Energy (DOE). The Ames Laboratory facilities are federal government owned buildings located on University land leased to the federal government. This arrangement has existed since the Ames Laboratory was established in the 1940s. The Department of Energy is providing approximately \$10 million to construct a Sensitive Instrument Facility to support research. It is a critically needed facility, which will benefit the Ames Laboratory and University research programs. A site has been identified at the Applied Science Center which meets the low vibration conditions the instrumentation requires. The lease will provide the necessary site for the construction of the facility. (See Attachment C for location.)

Representatives of the Department of Energy, Ames Laboratory staff, University Facilities Planning and Management, and University legal counsel are in the process of completing the specific terms of the lease, easements and a related memorandum of understanding that will assure access, parking and maintenance of vibration free space in the adjacent area. The lease would be long term and contain provisions for the DOE to operate the facilities or eventually for ISU to acquire the facilities, consistent with existing Ames Laboratory land leases. The federal funds to construct the facility are committed, and the DOE has indicated a desire to proceed expeditiously with the project. Since this facility is an important component of federal and University research and economic development initiatives, the University wishes to fully cooperate. Negotiations and reviews are underway for all of the specific details and legal property descriptions to be completed and approved by the DOE.

Subject to approval of the final documents by the Board Office and Attorney General's Office, the University requests that the Executive Director be authorized to approve the lease and easements when completed to facilitate the work of the Ames Laboratory and to meet desired schedules.

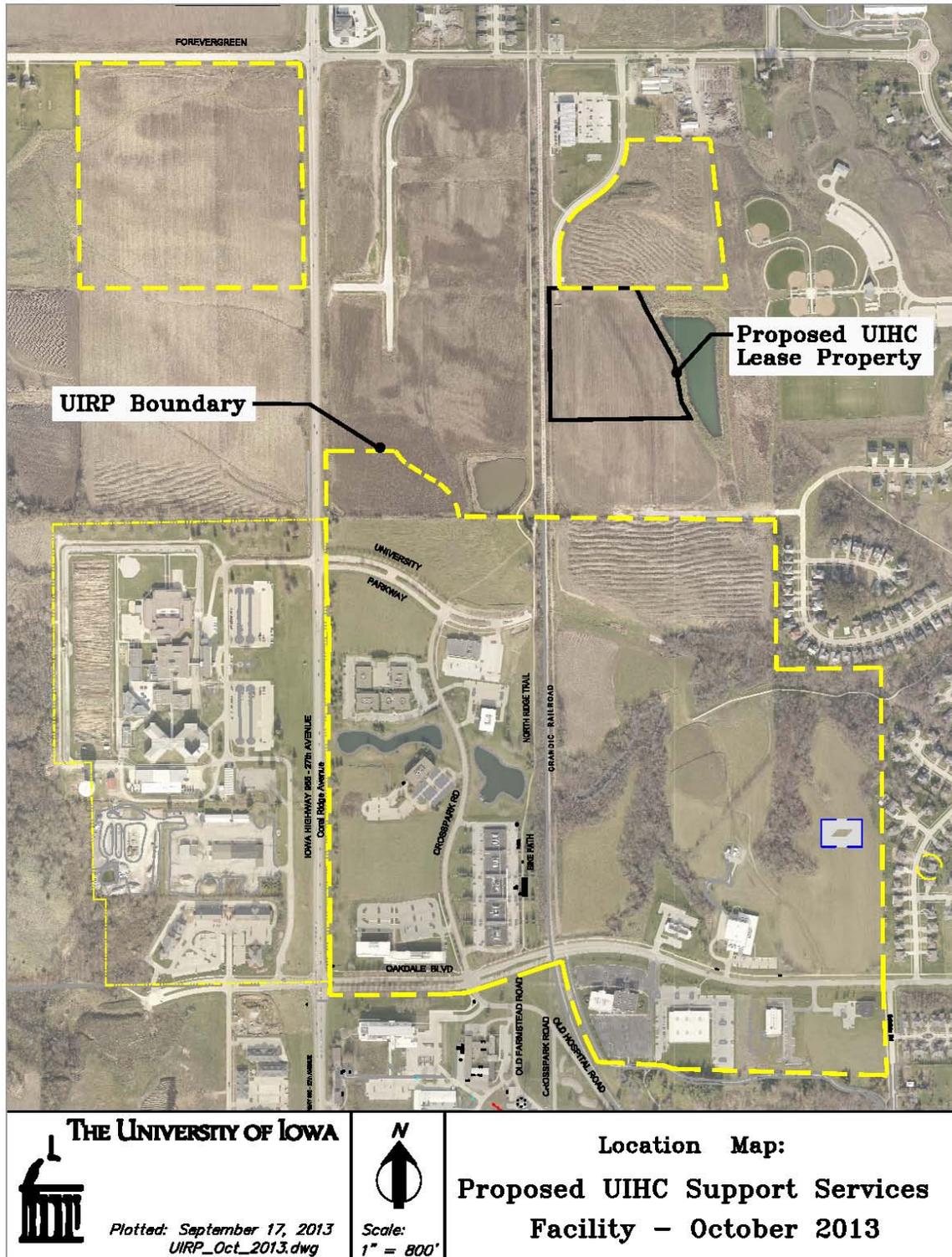
Iowa State University with the Board as Owner for the following easement:

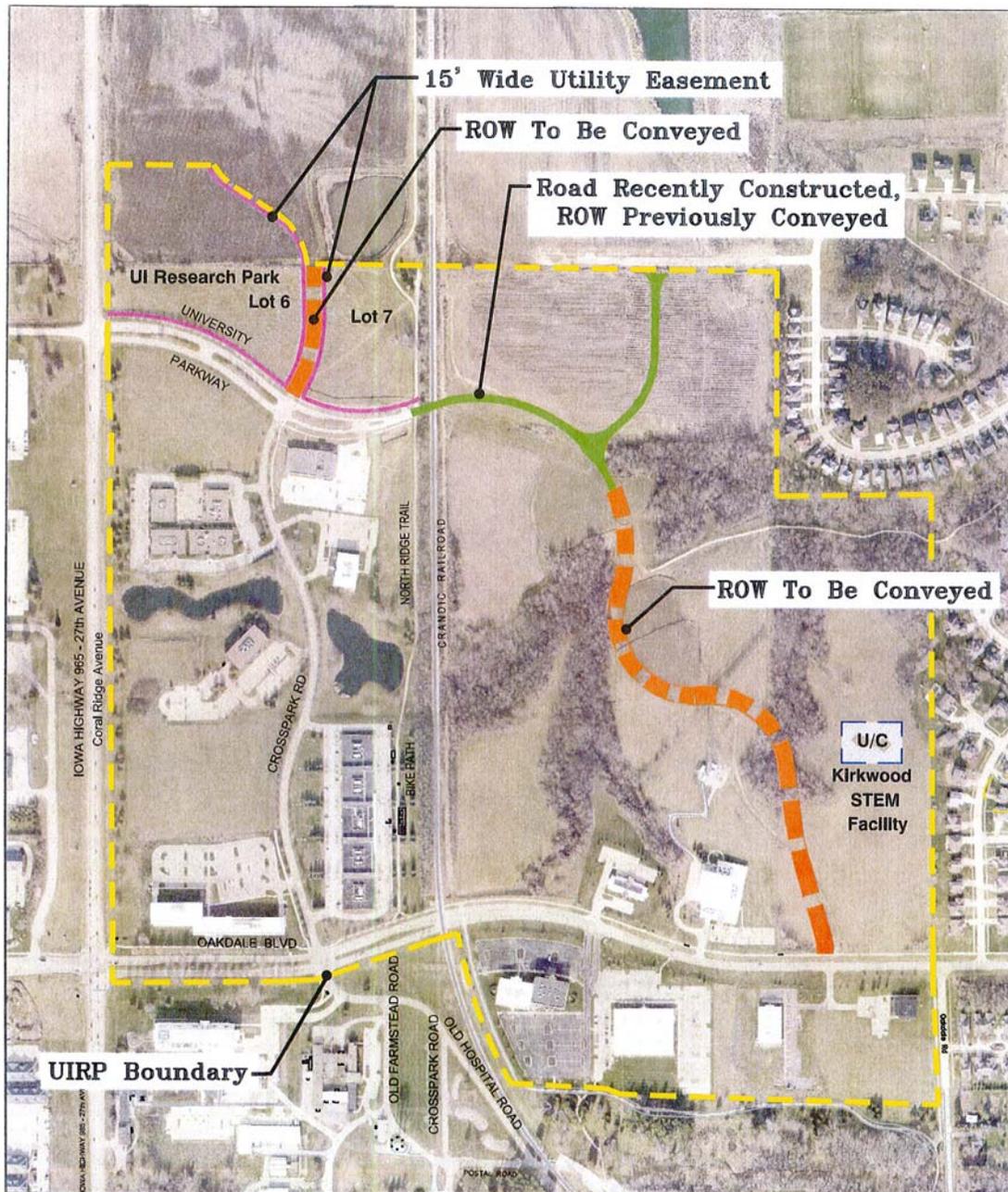
Interstate Power and Light Company

Iowa State University requests approval to grant a standard 15 foot utility easement to Interstate Power and Light Company to construct, access, repair, operate, and maintain a gas pipeline at Iowa State University along Haber Road South of University Boulevard, Ames, Iowa. (See Attachment D for location.)

The utility will be assessed \$1.00 for this easement. The gas pipeline easement would also benefit the University's utility operations.

Additional information is available from the Board Office.





THE UNIVERSITY OF IOWA



Plotted: September 16, 2013
OakdaleResearchPark2013_Conv&Ease.dwg

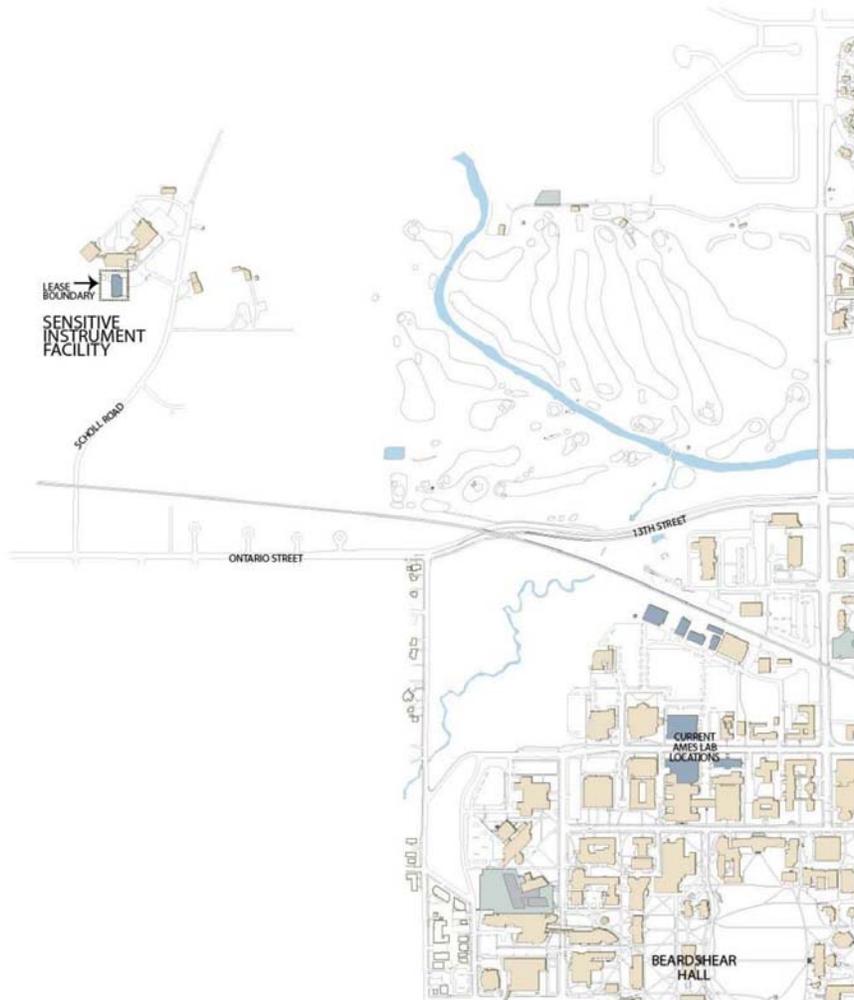
N



Scale:
1" = 500'

Location Map:
Conveyances & Easements
At Research Park October 2013

Exhibit A
Iowa State University Land Lease with
Ames Laboratory and the Department of Energy
Sensitive Instruments Facility



IOWA STATE UNIVERSITY

PREPARED BY &
RETURN TO: SCHNOOR-BONIFAZI ENGINEERING & SURVEYING, LC, 431 FIFTH AVENUE SW, CEDAR RAPIDS, IA, 52404 PH. 319-298-8888

