

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Institutional Agreements, Leases and Easements
Date: April 10, 2000

Recommended Action:

Approve the leases for the benefit of the institutions as summarized below.
(ROLL CALL VOTE)

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 and agreements presented this month have been reviewed by the Attorney General's Office and are recommended for approval. A listing of principals is included as an attachment to this docket memorandum.

The University of Iowa requests approval of a lease renewal with Veridical, L.L.C., for its use of business incubator space in the Technology Innovation Center at the Oakdale Campus.

Iowa State University requests approval to renew its agreement with AmerUs Life Holdings for the University's continued use of space in downtown Des Moines for its evening MBA program. The University also requests approval to enter into an agreement with Epsilon Investment for the University's use of space in Urbandale, Iowa, to house the Central Iowa Area Extension Office/Outreach Center.

The Iowa School for the Deaf requests approval of its tenant property rental rates for FY 2001; the rental rates reflect increases of 5.6 percent for residences and 5.0 percent for apartments. The School also requests approval to renew leases with Children's Choice Country and the Iowa Association of the Deaf for their use of space on the Iowa School for the Deaf campus.

Background and Analysis:

A. UNIVERSITY OF IOWA

1. VERIDICAL, L.L.C. (Tenant)—The University requests approval to renew its lease agreement with Veridical, L.L.C., for the firm's continued use of 275 square feet of business incubator space in the Technology Innovation Center at the Oakdale Campus. The space will be leased at the rate of \$137.50 per month (\$6 per square foot, \$1,650 per year) for a one-year period commencing May 1, 2000, through April 30, 2001. This is the same rate as paid under the current lease agreement.

Veridical is a full-service technology company that utilizes advanced computer graphics and simulation technology to develop interactive, "walk-through" simulations of planned construction and real estate projects.

The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.

B. IOWA STATE UNIVERSITY

1. EPSILON INVESTMENT, L.L.C. (Landlord)—The University requests approval to enter into a new lease agreement as lessee with Epsilon Investment for the University's use of 2,672 square feet of office space located in Urbandale, Iowa, for the Central Iowa Area Extension Office/Outreach Center. The space will be leased at the rate of \$2,672 per month (\$12 per square foot, \$32,064 per year) for a five-year period commencing May 1, 2000, through April 30, 2005.

The University has been leasing 4,500 square feet of space at the Des Moines Area Community College (DMACC) in Ankeny since February 1995 for the Central Iowa Area Extension Office/Outreach Center. This space is leased at the rate of \$3,150 per month (\$8.40 per square foot, \$37,800 per year). The Extension director, staff, field specialists and three hotlines are housed at the Center.

In December 1999, the University was notified that the lease agreement would not be renewed due to DMACC's need for the space for its printing program. The lease agreement expired on January 31, 2000, and DMACC agreed to continue the lease with the University on a monthly basis until May 31, 2000.

The proposed lease agreement with Epsilon Investment will reduce by 1,828 square feet the space available for the Central Iowa Area Extension Office/Outreach Center. The University has indicated that the reduction will require more shared use of space in the short term. The University's future plans include relocation of a portion of the Extension functions to space at or near the Des Moines Higher Education Center. It is envisioned that the site to be selected would provide 1,000 to 2,000 square feet of space to house the Extension director and staff, thereby allowing better integration of Extension activities with those of the Higher Education Center. Since the leased space in Urbandale (2,672 square feet) would continue to be utilized to house field specialists and three hotlines, the total space leased at both locations for Extension Office operations would be more comparable to the amount currently being leased at DMACC (4,500 square feet). Therefore, the University did not wish to enter into a long-term lease for additional space at this time to address a short-term need.

The reduction in space will also help to offset the additional lease cost per square foot, which will increase from \$8.40 to \$12 with the relocation. With the reduction in space, the proposed agreement will provide savings of approximately \$5,700 per year in the Extension Office's lease payments.

In addition to the DMACC space currently used for the Extension Office, the University also utilizes space at DMACC to house an academic coordinator with the University's Office of Extended and Continuing Education. The academic coordinator deals with articulation issues of DMACC students transferring to the University, and schedules University courses on the DMACC campus. This function is not part of the operations of the Extension Office; the academic coordinator is housed in a separate area which is provided by DMACC at no charge to the University. The academic coordinator will remain on the DMACC campus and will continue this function until the Des Moines Higher Education Center is operational.

The University agrees to be responsible for claims arising from its use and occupancy of the space in accordance with Iowa Code §669.

2. AMERUS LIFE HOLDINGS (Landlord)—The University requests approval to renew its agreement with AmerUs Life Holdings for the University's continued use of space in the AmerUs Conference Center located at 699 Walnut Street, Des Moines, Iowa. The University began utilizing the space for its evening MBA program during the 1999-2000 academic year. The renewal will provide expanded use of the space for the MBA program during the 2000-2001 academic year.

The University currently utilizes the space two evenings each week (Monday and Wednesday), at the rate of \$135 per evening. The proposed agreement will increase the University's use to four evenings each week (Monday through Thursday), at the rate of \$220 per evening (an increase of \$85 per evening). Based on the estimated use of 140 evenings for the academic year, the cost under the proposed agreement would total \$30,800. This amount, which is approximately three times the total estimated cost for the current academic year (\$9,720), results from the rate increase and the expanded use of the space. The University hopes to relocate the evening MBA program to the Des Moines Higher Education Center when the location has been determined.

The AmerUs space provides a main conference room which accommodates 50 individuals, high technology audio-visual equipment, and computer connectivity capability. In addition, the conference center includes a creativity room, small meeting room, video conference room, and a lounge area with telephone access. Catering, fax, and photocopying are also available on the site. In addition to the highly accessible downtown location on the skywalk, the facility provides a high quality, excellent learning environment.

The University agrees to be responsible for claims arising from its use and occupancy of the space in accordance with Iowa Code §669.

C. IOWA SCHOOL FOR THE DEAF

1. TENANT PROPERTY RENTAL SCHEDULE, FY 2001—The Iowa School for the Deaf requests approval of its tenant property rental schedule for FY 2001. The rental rate for the residences leased by the Director of Facilities and the Director of Student Life will increase 5.6 percent from \$144 per month to \$152 per month. Rates for the apartments, which are made available to staff personnel, will increase 5.0 percent from \$260 per month to \$273 per month. The rental cost for garages will remain at \$20 per month.

The Director of Facilities and the Director of Student Life are key administrators for campus programs and are on call 24 hours a day, seven days a week. The School's experience has been that these individuals are contacted to resolve problems at all times. The tenants pay for electricity while the School provides heat and water.

The rates and terms for the tenant property leases will remain in effect for all such leases the School initiates in FY 2001, with each agreement subject to approval of the Executive Director.

2. CHILDREN'S CHOICE COUNTRY (Tenant)—The School requests approval to renew its lease as lessor with Children's Choice Country for its use of 2,889 square feet of space on the first floor and 2,400 square feet of space on the basement level for a day care center in the Infirmary Building on the Iowa School for the Deaf campus. The space will be leased at the rate of \$2,104 per month (\$5.60 per square foot on the first floor, \$16,178 per year; and \$3.78 per square foot on the basement level, \$9,072 per year) for a one-year period commencing July 1, 2000, through June 30, 2001. This is an increase of 4.2 percent over the monthly lease rate paid under the current agreement.

Children's Choice Country is a day care provider which gives priority acceptance to the children of Iowa School for the Deaf staff.

The tenant agrees to indemnify, defend, and hold harmless the School as customarily required.

3. IOWA ASSOCIATION OF THE DEAF (Tenant)—The School requests approval to renew its lease as lessor with the Iowa Association of the Deaf for its use of 1,120 square feet of space located on the first floor of the Administration Building. The space will be leased for a one-year period commencing July 1, 2000, through June 30, 2001.

In lieu of rental payments, the Iowa Association of the Deaf will continue to provide various in-kind services for the School including: co-sponsoring a summer student leadership program on campus; overseeing the operation of the ISD Hall of History; assisting with the development of a Hall of Fame; providing for an ISD column in each issue of its publication Sign Language; facilitating positive public relations for the School through various activities including the President's Sign Language Article and Iowa Association of the Deaf board meetings; and maintaining an ongoing dialogue with the School superintendent through a liaison.

The tenant agrees to indemnify, defend, and hold harmless the School as customarily required.

Sheila Lodge

Approved: _____
Frank J. Stork

Attachment

Listing of Principals for Leases

April 2000

Lease

Principals

University of Iowa

Veridical, LLC

Steve Zellers, Chief Technical Officer

The principal is not affiliated with the University.

Iowa State University

Epsilon Investment

Paul R. Reed

The principal is not affiliated with the University.

AmerUs Life Holdings

Jonna M. La Toure

The principal is not affiliated with the University.

Iowa School for the Deaf

Children's Choice Country

Margaret Nielsen

The principal is not affiliated with the School.

Iowa Association of the Deaf

Lester Ahls

The principal is not affiliated with the School.