

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Institutional Agreements, Leases and Easements  
**Date:** April 12, 2004

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**Recommended Action:**

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

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**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 have been reviewed by the Attorney General's Office and are recommended for approval.

Approval is requested for the following:

University of Iowa	Tenant property rental rates for FY 2005 for the University's residences and child care centers, reflecting proposed rate increases ranging from 2.3 percent to 5.0 percent for the majority of the rental units.
Iowa State University	Lease agreement with Vibroacoustics Solutions, Inc., for its use of business incubator space at the ISU Research Park.
University of Northern Iowa	Lease agreement with Tower Asset Sub, Inc., for the University's use of tower space in Mitchellville, Iowa, for KUNI Radio.
Iowa Braille and Sight Saving School	Lease agreements with the Arc of East Central Iowa and Vinton-Shellsburg Community School District for their use of space on the Iowa Braille and Sight Saving School campus.

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**Background and Analysis:**

UNIVERSITY OF IOWA

TENANT PROPERTY RENTAL RATES, FY 2005

Background

The Board annually approves the rental rates charged by the University for single family residences, apartments, duplexes, and child care properties, which are owned for the University's benefit on and around the campus.

Many of these properties were purchased for future expansion of the campus within boundaries approved by the Board.

Rental rates are based on comparable rental rates, as determined by a University survey of rental properties in the Iowa City and Coralville area.

The University's survey results compare favorably with the fair market rental rates obtained from the City of Iowa City Housing Assistance Office.

Other criteria used to set rental rates include the proximity of the property to the campus, the size of the unit, the general condition of the property, and whether the owner or the tenant is responsible for utilities, lawn care and snow removal.

In general, the University intends for the rental rates to represent fair market value.

Proposed FY 2005  
Rental Rate Summary

A total of 57 units will be rented in FY 2005, an increase of one unit from FY 2004.

- The increase is the result of the University's purchase of one additional single-family residential property.

The University proposes rate increases ranging from approximately 1.0 percent to 10.0 percent for 43 units (the majority of these increases range from 2.3 percent to 5.0 percent), and larger rate increases of 16.2 percent and 18.9 percent for two units.

To attain full occupancy, the University proposes no rate changes for eight of the single-family residences and rate decreases for three single family residences ranging from -6.3 percent to -11.8 percent from the FY 2004 rates.

Single-Family  
Residences

The single-family residences are the University's most expensive rental units; the proposed FY 2005 rental rates range from \$975 to \$1,875 per month.

The University's FY 2005 tenant property rental schedule lists a total of 17 single-family residences, which includes the one new property acquired in FY 2004.

- For the remaining 16 residences, the University proposes no rate increases for eight of the properties (which currently rent at \$1,000 to \$1,600 per month), rate increases of 2.6 percent to 18.9 percent for five properties (which would rent at \$975 to \$1,100 per month), and rate decreases of -6.3 percent to -11.8 percent for three properties (which would rent at \$1,300 to \$1,875 per month).

Duplexes/Apartments

The proposed rental rates for the University's 16 duplexes range from \$750 to \$800 per month, with increases ranging from 3.3 percent to 4.6 percent.

The University's FY 2005 tenant property rental schedule lists a total of 17 apartment units.

- The proposed rents for the apartments (including efficiencies) range from \$450 to \$600 per month, with increases ranging from 1.0 percent to 4.3 percent for all but two of the units, which would receive rate increases of 9.1 percent and 16.2 percent.

Child Care Facilities

The University's tenant property rental schedule lists a total of seven pre-school/day care facilities.

The proposed rental rate for five of the child care facilities is \$840 per month, an increase of 2.4 percent.

The proposed rental rates for the two remaining facilities are \$740 and \$650 per month.

- The facility proposed to rent at \$740 per month, an increase of 2.8 percent, consists of a smaller home and lot which is used only for a half-day program.
- The facility proposed to rent at \$650 per month, an increase of 8.3 percent, is a child care facility acquired by the University in FY 2002.
  - The University has been increasing the rate at a larger percentage than for the other child care centers since the University acquired the facility.
  - The initial rental rate of \$500 per month was consistent with the rental rate charged to the tenant prior to the University's acquisition. The rent was increased to \$600 for FY 2003.

- The larger rate increases will bring the rate closer to the rates for the University's other child care centers.

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IOWA STATE UNIVERSITY

LEASES

Tenant	<b>Vibroacoustics Solutions, Inc. (new)</b>
Area/Location	110 square feet of space in the Iowa State Innovation System at the ISU Research Park.
Lease Term	Approximately a six-month period commencing February 20, 2004, through August 31, 2004.
Lease Rate	\$175 per month (\$19.09 per square foot, \$2,100 per year).
Use of Space	Vibroacoustics designs and fabricates systems for sound/vibration control. The systems are integrated into specific products or parts for its customers. The space will be used to accelerate the product development.
Liability	The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.
Principal Information	Dr. Kenneth Budke, President, has no affiliation with the University; Dr. Atul Kelkar, Co-president, is a professor of Mechanical Engineering at Iowa State University.

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UNIVERSITY OF NORTHERN IOWA

Landlord	<b>Tower Asset Sub, Inc., DBA SpectraSite (new)</b>
Area/Location	Tower space located at 3414 West 140 <sup>th</sup> Street South, Mitchellville, Iowa.
Lease Term	Ten-year period commencing on the Site Commencement date.
Lease Rate	\$950 per month (\$11,400 per year).
Lease Payments	The source of funds for the lease payments will be gift donations from Friends of KUNI.
Use of Space	Tower space to house radio antennas and ground space for transmitting equipment for KUNI Radio. Use of the tower would provide new service to areas of Jasper and Polk counties including the cities of Mitchellville, Bondurant, Valeria, Mingo and Colfax, and enhance the KUNI signal in the Des Moines area.
Liability	The University agrees to be responsible for claims arising from its use and occupancy of the space in accordance with <u>Iowa Code Chapter 669</u> .

Principal Information Tower Asset Sub, Inc., DBA SpectraSite has no affiliation with the University.

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Iowa Braille and Sight Saving School

LEASES

Tenant **Vinton-Shellsburg Community Schools (renewal)**

Area/Location 3,118 square feet of office space on the ground floor west of Palmer Hall.

Lease Term One-year period commencing July 1, 2004, through June 30, 2005.

Lease Rate \$2,728.25 per quarter (\$3.50 per square foot, \$10,913 per year).

Use of Space Office space for the school district.

Space/Rate Comparison Rate increase of 3 percent per square foot; the amount of space is unchanged.

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

Principal Information Dr. Randy Braden, Superintendent, and Jo Sainsbury, Board of Education President, have no affiliation with the School.

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Tenant **Arc of East Central Iowa (renewal)**

Area/Location 77 square feet of storage space on the first floor of the Cottage.

Lease Term One-year period commencing July 1, 2004, through June 30, 2005.

Lease Rate \$269.50 per year (\$3.50 per square foot).

Use of Space Storage of supplies for the Arc of East Central Iowa's summer day care program.

Space/Rate Comparison Rate increase of 3 percent per square foot; the amount of space is unchanged.

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

Principal Information Randy Rings, President, Kristen Larson, Vice President, Doug Neumann, Secretary, and Sam Houston, Treasurer, have no affiliation with the School.

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Tenant	<b>Arc of East Central Iowa (new)</b>
Area/Location	2,312 square feet of space on the first floor of the Cottage.
Lease Term	Six-week period commencing June 11, 2004, through July 23, 2004.
Lease Rate	\$2,713.04 for lease term.
Use of Space	<p>The Arc of East Central Iowa is a not-for-profit agency which provides comprehensive services for individuals with developmental disabilities.</p> <p>The space would provide a summer day care program for children in Benton County with mental retardation and related developmental disabilities.</p>
Liability	The tenant agrees to indemnify, defend, and hold harmless the School as customarily required.
Principal Information	Randy Rings, President, Kristen Larson, Vice President, Doug Neumann, Secretary, and Sam Houston, Treasurer, have no affiliation with the School.

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Jean A. Friedrich

Approved:   
Gregory S. Nichols