

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Institutional Agreements, Leases and Easements  
**Date:** January 31, 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 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 lease renewals with Tom Williams and Scott Ogden for their use of University farm land located Johnson County.

Iowa State University requests approval of a lease agreement with N8 Digital for its use of business incubator space at the ISU Research Park.

**Background and Analysis:**

A. UNIVERSITY OF IOWA

1. FARM LEASES—The University seeks approval to renew its cash rent farm leases as owner for the Hawkeye Area Farm and the Oakdale Farm located in Johnson County, Iowa. The properties have been managed by Firststar Farm Management of Cedar Rapids since 1967 and are leased annually to tenant farmers.

The primary goal of the University and the farm manager is asset preservation through a strict program of soil conservation and maximum farm rental income. Given that consideration, the University believes the leases provide a reasonable return to the University with minimal risk while maintaining sound conservation practices.

The farm operators are required to comply with the cropping plan set forth by the farm manager, protect trees and shrubbery, and control noxious weeds. In addition, the operators are required to provide copies of soil tests and to fertilize in accordance with soil test recommendations. The operators are also required to furnish receipts indicating actual fertilizer, lime and trace minerals applied.

The leases will be renewed for a one-year period commencing March 1, 2000 through February 28, 2001. The leases contain the Board's standard indemnification clause for farm leases which protects the owner by requiring the operator to indemnify, defend and hold harmless the owner against liability due to operator's negligence or failure to perform.

- a. TOM WILLIAMS (Operator)—The University is seeking to renew its lease as owner with Tom Williams for his use of approximately 142.6 acres of farm land known as the Hawkeye Area Farm. Mr. Williams has been leasing land at the Hawkeye Farm since 1986. The lease agreement provides for cash rent in the amount of \$12,964 per year (an average of \$90.91 per acre) payable in equal installments on or before March 1, 2000 and December 1, 2000. All costs including operations, seed, fertilizer, lime and chemicals are to be paid by the tenant.

The quality of land at the Hawkeye Farm is below average for Johnson County. The Hawkeye Farm is divided into 13 relatively small fields, eight of which are less than ten acres each. All fields are of odd shapes and most have steep slopes with highly erodible soil.

The mix of the crop land and rental rates is as follows:

	<u>Acres</u>	<u>Rate</u>	<u>Amount</u>
Corn or set-aside	81.3	\$110	\$ 8,943
Soybeans	52.3	70	3,661
Hay	<u>9.0</u>	40	<u>360</u>
	142.6		\$ 12,964

The proposed annual rental income represents a decrease of approximately 8 percent from the 1999 lease. The decrease reflects the loss of 21.8 acres due to the planned development of the Hawkeye Athletic/Recreation Facilities Complex in the area. However, the average rental rate per acre of \$90.91 represents an increase of approximately 6 percent due to changes in the crop mix. The rental rates by crop land are identical to the 1999 lease.

- b. SCOTT OGDEN (Operator)—The University is seeking to renew its lease as owner with Scott Ogden for his use of approximately 34.2 acres of farm land located on the Oakdale Campus and known as the Oakdale Farm. Mr. Ogden has been leasing land at the Oakdale Farm since 1990. The lease agreement provides for cash rent in the amount of \$1,150.50 per year (an average of \$33.64 per acre) payable on or before December 1, 2000. All costs including operations, seed, fertilizer, lime and chemicals are to be paid by the tenant.

The most productive crop land on the Oakdale property has been eliminated due to the Oakdale Research Park. The remaining crop land is split into four fields suitable for row crops ranging in size from 2.2 acres to 12.9 acres. Crop fields and pasture land are widely scattered and separated by highways, roads, a microwave tower railroad right-of-way, the Oakdale Research Park and the Oakdale Campus. The quality of the remaining fields is considerably below average for the region, and the proposed rental rates reflect that fact.

The mix of the crop land and rental rates is as follows:

	<u>Acres</u>	<u>Rate</u>	<u>Amount</u>
Corn	12.9	\$60	\$ 774.00
Oats	5.7	25	142.50
Pasture	<u>15.6</u>	15	<u>234.00</u>
	34.2		\$1,150.50

The proposed rental terms are identical to the 1999 lease.

B. IOWA STATE UNIVERSITY

1. N8 DIGITAL (Tenant)—The University requests approval to enter into a lease agreement as lessor with N8 Digital for its use of 129 square feet of business incubator space at the Iowa State Innovation System at the ISU Research Park. The space will be leased at the rate of \$205 per month (\$19.07 per square foot, \$2,460 per year), on a monthly basis commencing January 12, 2000.

N8 Digital is a spin-off company of Engineering Animation Incorporated, which owns its own building at the Research Park. The University has indicated that the lease with N8 Digital will provide temporary space for the company until it moves [into regular space in one of the Research Park's other buildings; this will occur as soon as the space is finished and other tenants are relocated.](#) The proposed rental rate represents the full cost for use of the space and does not reflect the standard business incubator rate for the Research Park space.

N8 Digital develops medical and scientific multi-media products for many of the world's top pharmaceutical, educational and medical device companies. This includes interactive training and educational software, websites to deliver health-related information via the Internet, and other educational materials.

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

\_\_\_\_\_  
Sheila Lodge

Approved: \_\_\_\_\_  
Frank J. Stork

Attachment

Listing of Principals for Leases

February 2000

<u>Lease</u>		<u>Principals</u>
	<b>University of Iowa</b>	
<u>Hawkeye Area Farm</u>		<u>Tom Williams</u>
The principal is not affiliated with the University.		
<u>Oakdale Farm</u>		<u>Scott Ogden</u>
The principal is not affiliated with the University.		
	<b>Iowa State University</b>	
<u>N8 Digital</u>		<u>Carol Jacobson</u>

Carol Jacobson was employed as a faculty member in the College of Veterinary Medicine from September 1980 through May 1998. The University has indicated that Ms. Jacobson has no residual or active relationships with the University.