

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Institutional Agreements, Leases and Easements  
**Date:** July 8, 2002

**Recommended Action:**

Approve the agreements, leases and easements 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 agreements, leases and easements presented this month have been reviewed by the Attorney General's Office and are recommended for approval.

A listing of principals is included as Attachment A to this docket memorandum.

Approval is requested for the following:

University of Iowa      Lease renewals with Optimal Electronics Corporation, AudioNet International, and Vertex (formerly Quorum Sciences), for their use of business incubator space at the Oakdale Research Park.

Sublease amendment with the Quad Cities Graduate Study Center for the University's use of space at Augustana College, Rock Island, Illinois, by the School of Social Work.

Lease agreement with the University of Iowa Facilities Corporation for the University's use of a vacant lot located at 530 North Clinton Street, Iowa City, immediately south of the President's Residence.

Iowa State University	<p>Lease agreement with Phytodyne for its use of laboratory space in the Molecular Biology Building while new laboratory space is being constructed at the ISU Research Park.</p> <p>Lease renewal with Dayton Road Development Corporation for the University's use of space in Ames for the Small Business Development Center.</p> <p>Easement agreement with Qwest Corporation for the installation of fiber optic cable along State Avenue in Ames.</p>
University of Northern Iowa	<p>Farm lease renewals with Fruchtenicht and Fruchtenicht and Charles J. Murphy for their continued use of University farmland located in Cedar Falls, Iowa.</p>

---

**Background and Analysis:**

UNIVERSITY OF IOWA

LEASES

Tenant	<b>Optimal Electronics Corporation (renewal)</b>
Area/Location	1,219 square feet of space in the Technology Innovation Center at the Oakdale Research Park.
Lease Term	One-year period commencing August 1, 2002, through July 31, 2003.
Lease Rate	\$1,015.83 per month (\$10 per square foot, \$12,190 per year).
Use of Space	The property will continue to be used for research and development of computer-aided, concurrent, and logistics engineering and related software development, marketing and consulting services.
Space/Rate Comparison	<p>Increase of 275 square feet of space to accommodate the tenant's growth; rental rate increase of 17.6 percent per square foot.</p> <p>The increase is consistent with the rental rate schedule for the Research Park.</p>
Liability	The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.

---

Tenant	<b>AudioNet International (renewal)</b>
Area/Location	1,272 square feet of space (1,180 square feet of office space and 92 square feet of storage space) in the Technology Innovation Center at the Oakdale Research Park.
Lease Term	One-year period commencing August 1, 2002, through July 31, 2003.
Lease Rate	\$620.66 per month (\$6 per square foot for the office space, \$4 per square foot for the storage space, \$7,447.92 per year).
Use of Space	AudioNet combines telephone communication with specially designed web sites on the Internet to deliver speeches, seminars or presentations to business associates and/or organization members. The AudioNet system was developed as a convenient, efficient, cost-effective and user-friendly approach for delivering high-quality training and professional/continuing education programs to a wide range of professions.
Space/Rate Comparison	Increase of 139 square feet of office space to accommodate the tenant's growth; the rental rate per square foot for the office and storage space is unchanged.
Liability	The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.

---

Tenant	<b>Vertex, L.L.C. (renewal)</b>
Area/Location	1,816 square feet of space (1,560 square feet of laboratory space and 256 square feet of office space) in the Multi-Tenant Facility at the Oakdale Research Park.
Lease Term	One-year period commencing August 1, 2002, through July 31, 2003.
Lease Rate	\$1,806.33 per month (\$12.50 per square foot for the laboratory space, \$8.50 per square foot for the office space, \$21,676 per year).
Space/Rate Comparison	Increase of 580 square feet of space (531 square feet of laboratory space and 49 square feet of office space) to accommodate the tenant's growth; rental rate increase of 25 percent per square foot for the laboratory space and 41.6 percent per square foot for the office space.  The increase is consistent with the rental rate schedule for the Research Park.
Use of Space	Vertex is a biomedical research company involved in the

development of therapeutics to treat bacterial infections.

**Additional Information** The tenant, previously known as Quorum Sciences prior to its purchase by Aurora BioSciences and then Vertex, has leased business incubator space at the Research Park since October 1998 for the same research initiatives.

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

---

**Landlord** **Quad Cities Graduate Study Center (sublease amendment)**

**Area/Location** 140 square feet of space on the Augustana College campus in Rock Island, Illinois. (The Quad Cities Graduate Study Center leases the space from Augustana College.)

**Lease Term** One-year period commencing September 1, 2002, through August 31, 2002.

**Lease Rate** Up to \$141.23 per month (\$12.11 per square foot, \$1,694.76 per year).

**Use of Space** School of Social Work's Education Center at the Quad Cities Graduate Center.

**Space/Rate Comparison** Rate increase of up to 4 percent; the amount of space is unchanged.

**Additional Information** All other terms of the existing agreement will remain in effect.

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

---

Landlord	<b>University of Iowa Facilities Corporation (new)</b>
Area/Location	7,050 square foot vacant lot located at 530 North Clinton Street, Iowa City, Iowa (the southeast corner of the intersection of North Clinton and Church Streets).
Lease Term	One-year period commencing July 1, 2002, through June 30, 2002.
Lease Rate	\$1 per year plus operating expenses, including ground care.
Use of Space	The property, which is located immediately to the south of the President's Residence, will be landscaped and maintained as open green space.
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> .

---

## IOWA STATE UNIVERSITY

### LEASES

Tenant	<b>Phytodyne (new)</b>
Area/Location	600 square feet of laboratory space in the Molecular Biology Building.
Lease Rate	\$1,200 per month (\$24 per square foot, \$14,400 per year).
Lease Term	Nine-month period commencing August 1, 2002, through April 30, 2003.
Use of Space	Phytodyne has developed unique proprietary technologies for plant biotechnology research, which simplify the production of genetically-modified crop plants and offer new methods for plant genome manipulation.  Market opportunities for Phytodyne are driven by an expanding need for genetically-modified crop plants for the farm, industry and consumer.
Additional Information	Phytodyne has leased 129 square feet of business incubator space in the Iowa State Innovation System at the ISU Research Park since May of 2000.  The University has been planning to relocate the tenant to larger space within the Research Park to accommodate the firm's expanding research initiatives; however, this space is still under construction.

The proposed lease agreement for the Molecular Biology Building space would supplement the firm's existing lease until additional space is available at the Research Park.

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

---

Landlord                      **Dayton Road Development Corporation (renewal)**

Area/Location              2,401 square feet of office space located at 137 Lynn Avenue, Ames, Iowa.

Lease Term                      One-year period commencing October 1, 2002, through September 30, 2003.

Lease Rate                      \$2,653 per month (\$13.25 per square foot, \$31,836 per year).

Use of Space                      Small Business Development Center.

Space/Rate Comparison      Rate increase of 4 percent; the amount of space is unchanged.

Additional Information      The University has indicated that the recent budget reductions for the Small Business Development Center will not impact funding for the lease payments. (The majority of the budget reductions impact the Center's regional offices.)

The Center, which has been located off campus since 1986, plans to relocate to the Gerdin Business Building when it is completed.

The University believes it is more cost-effective to renew the lease at this time rather than incur additional costs to relocate the Center to another location prior to its move to the Gerdin Building.

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

---

## EASEMENT

Grantee	<b>Qwest Corporation</b>
Description/ Location	<p>Five permanent easement areas parallel to State Avenue located west of the main campus.</p> <p>The easement areas, each 10 feet in width, total 4,000 feet in length to the east of the roadway, and 4,750 feet in length to the west of the roadway.</p>
Purpose	<p>Installation of fiber optic cable along the east side of State Avenue along the Southwest Athletic Complex and Plant Introduction Farm.</p> <ul style="list-style-type: none"><li>• Qwest is installing fiber optic cable from its west Ames facilities to the ISU Research Park.</li><li>• Installation of the cable would not adversely affect University operations.</li><li>• Qwest would restore the site following installation of the cable.</li></ul> <p>Incorporation of existing fiber optic cable, located along the west side of State Avenue, into an easement area. (This cable had not been included in any previous easements.)</p>
Consideration	<p>Qwest Corporation would compensate the University in the amount of \$750. (The cable would be installed at no cost to the University.)</p> <p>The fiber optic cable may also serve future University requirements.</p>
Liability	<p>The easement agreement requires Qwest Corporation to indemnify and save the Board of Regents and the University from damages resulting from use of the easement area.</p>

---



Attachment A

Listing of Principals for Leases

July 2002

<u>Lease</u>	<u>Principals</u>
	<b>University of Iowa</b>
<u>Optimal Electronics Corporation</u>	<u>Ranko Vujosevic, Chief Technology Officer</u>
The principal has no affiliation with the University.	
<u>AudioNet International, LLC</u>	<u>John Beck , Chief Executive Officer</u> <u>Michael Garvin, Chief Operating Officer</u>
Mr. Beck has no affiliation with the University. Mr. Garvin is employed as a UIHC safety engineer.	
<u>Vertex</u>	<u>Al Vaz, Vice President of Operations</u>
Vertex has licensed several patents from the University of Iowa Research Foundation and maintains a collaborative relationship with Professor E. P. Greenberg of the Department of Microbiology of the College of Medicine.	
<u>Quad Cities Graduate Study Center</u>	<u>Charles E. Laws, Director</u>
The principal has no affiliation with the University.	
<u>University of Iowa Facilities Corporation</u>	<u>Michael J. New, President</u>
	<b>Iowa State University</b>
<u>Phytodyne</u>	<u>Jonathan Leafstedt</u>
The principal has no affiliation with the University.	
<u>Dayton Road Development Corporation</u>	<u>Marvin J. Walter</u>
The principal has no affiliation with the University.	
<u>Qwest Corporation</u>	<u>Charles W. Geneser</u>
The principal is not employed by the University. Payments have been made to Qwest for University telephone and internet services.	
	<b>University of Northern Iowa</b>
<u>Farm Leases</u>	<u>Gerald Fruchtenicht</u> <u>Charles J. Murphy</u>

The principals have no affiliation with the University.