

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Institutional Agreements, Leases and Easements
Date: March 3, 2003

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 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 Farm lease renewals with Tom Williams and Scott Ogden for their use of University farm land at the Hawkeye Farm and Oakdale Farm in Johnson County, Iowa.

Lease agreements for the College of Public Health with:

Myriad Developers for space at the Oakdale Research Park to house the Department of Occupational and Environmental Health during the renovation of the Department's existing facility.

Gary Bain and SilverTree Investments for space in Sigourney, Iowa, and Lone Tree, Iowa, for research projects of the College.

Towncrest Investment Associates (amendment) for additional space in Iowa City for a research study of the College.

Lease agreements with Innovative Software Engineering, Goldfinch Diagnostics, and Market Technology Systems for their use of business incubator space at the Oakdale Research Park.

Iowa State
University

Farm lease agreements with the Committee for Agricultural Development (CAD) and the Iowa State University Foundation for the College of Agriculture's use of various parcels of farm land located in Story, Boone and Marshall Counties.

Lease agreements with the Carroll Community School District, Carroll, Iowa, for the University's use of space to house transmission equipment for KWOI in Carroll, and for the School District's use of WOI studio equipment to be installed in Carroll.

Lease agreement with BioForce Nanosciences for its use of business incubator space at the ISU Research Park.

Background and Analysis:

UNIVERSITY OF IOWA

FARM LEASES

Background

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 are managed by Joe Trumm of U.S. Bank (formerly Trumm Farm Management and Firststar Farm Management) of Cedar Rapids, 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.

Lease Terms

One-year period commencing March 1, 2003, through February 29, 2004.

Liability

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.

Farm Operator **Tom Williams**

Area/Location 59.2 acres of farm land known as the Hawkeye Area Farm.

Lease Rate Cash rent in the amount of \$4,781 per year (an average of \$80.76 per acre) payable in equal installments on or before March 1, 2003 and December 1, 2003.

All costs including operations, seed, fertilizer, lime and chemicals are to be paid by the tenant.

Crop Mix/Lease Rate The mix of the crop land and rental rates per acre are as follows:

	<u>Acres</u>	<u>Rate</u>	<u>Amount</u>
Corn or set-aside	23.8	\$ 110	\$ 2,618
Soybeans	24.9	70	1,743
Hay	<u>10.5</u>	40	<u>420</u>
TOTAL	59.2		\$ 4,781

The quality of land at the Hawkeye Farm is below average for Johnson County.

Acreage/Rate Comparison Compared to the 2002 lease, the proposed terms represent a decrease of 43.8 acres, and a corresponding decrease in rental income of \$4,862.

The rental rate for each crop is unchanged.

Changes in crop mix and total average from 2002 to 2003 are summarized below:

	<u>2002 Acres</u>	<u>2003 Acres</u>
Corn or set-aside	68.7	23.8
Soybeans	23.8	24.9
Hay	<u>10.5</u>	<u>10.5</u>
TOTAL	103.0	59.2

The decrease in total acreage is due to the development of a cross country track at the Hawkeye Athletic/Recreation Facilities Complex on the University's far west campus.

Additional Information Mr. Williams has been leasing land at the Hawkeye Farm since 1986.

Farm Operator **Scott Ogden**

Area/Location 34.2 acres of farm land known as the Oakdale Farm.

Lease Rate Cash rent in the amount of \$1,150.50 per year (an average of \$33.64 per acre) payable on or before December 1, 2003.

 All costs including operations, seed, fertilizer, lime and chemicals are to be paid by the tenant.

Crop Mix/Lease Rate The mix of the crop land and rental rates per acre are as follows:

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

 The quality of land at the Oakdale Farm is below average for Johnson County.

Acreage/Rate Comparison The proposed rental terms are identical to the 2002 lease.

Additional Information Mr. Ogden has been leasing land at the Oakdale Farm since 1990.

OTHER LEASES

Landlord **Myriad Developers (new)**

Area/Location 10,000 square feet of laboratory and office space located at 2660 Crosspark Road in the Oakdale Research Park.

Lease Rate \$9,167.00 per month (\$11 per square foot, \$110,004 per year).

Lease Term 33-month period commencing March 1, 2003, through November 30, 2005.

Use of Space Transitional space for faculty and staff of the Department of Occupational and Environmental Health of the College of Public Health during the renovation of the Department's existing space in the Institute for Rural and Environmental Health building on the Oakdale Research Campus.

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 **Gary Bain (new)**

Area/Location 350 square feet of office space located at 108 East Washington Street, Sigourney, Iowa.

Lease Rate \$350 per month (\$12 per square foot, \$4,200 per year).

Lease Term 19-month period commencing March 1, 2003, through September 30, 2004.

Use of Space College of Public Health federally-funded research project to improve the health of rural Iowans through nutrition and exercise.

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 **SilverTree Investments (renewal)**

Area/Location 210 square feet of office space located in Lone Tree, Iowa.

Lease Rate \$125 per month (\$7.14 per square foot, \$1,500 per year).

Space/Rate Comparison The amount of space and the rental rate are unchanged.

Lease Term One-year period commencing December 1, 2002 through November 30, 2003.

Use of Space College of Public Health federally-funded research project to study asthma in children from rural communities.

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.

Tenant	Innovative Software Engineering (new)
Area/Location	713 square feet of space in the Technology Innovation Center at the Oakdale Research Park.
Lease Rate	\$356.50 per month (\$6 per square foot, \$4,278 per year).
Lease Term	One-year period commencing March 1, 2003, through February 29, 2004.
Use of Space	Innovative Software Engineering will provide custom software development and system integration services for the transportation, wireless communication, and education industries.
Liability	The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.

Tenant	Goldfinch Diagnostics (new)
Area/Location	180 square feet of laboratory space in the Technology Innovation Center at the Oakdale Research Park.
Lease Rate	\$210 per month (\$14 per square foot, \$2,520 per year).
Lease Term	One-year period commencing April 1, 2003, through March 31, 2004.
Use of Space	Goldfinch Diagnostics is a biomedical research company which focuses on the development of diagnostic testing for infectious diseases, particularly parasitic infections.
Additional Information	<p>The firm is relocating from the Bowen Science Building where it has been leasing a total of 170.3 square feet of space (100.2 square feet of laboratory space and 70.1 square feet of office space) since November 2000.</p> <ul style="list-style-type: none">• This space was leased to the firm as business incubator space since, at the time the lease was initiated, the Technology Innovation Center could not provide suitable space to support the firm's research initiatives.• The space was leased at the rate of \$12.50 per square foot for laboratory space, and \$8.50 per square foot for office space.• The tenant is relocating since suitable space is now available at the Research Park.
Liability	The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.

Tenant	Market Technology Systems (renewal)
Area/Location	286 square feet of space in the Technology Innovation Center at the Oakdale Research Park.
Lease Rate	\$143 per month (\$6 per square foot, \$1,716 per year).
Space/Rate Comparison	The amount of space and the rental rate are unchanged.
Lease Term	One-year period commencing March 1, 2003, through February 29, 2004.
Use of Space	Market Technology Systems seeks commercial applications for and promotes prediction markets as a decision analysis tool; the development of prediction markets is the result of research on political futures markets conducted by the College of Business.
Liability	The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.

Landlord	Towncrest Investment Associates (amendment)
Area/Location	With the amendment, an increase from 2,500 square feet to 9,000 square feet of office space located at 2405-B Towncrest Drive, Iowa City, Iowa.
Lease Rate	\$9,375 per month (\$12.50 per square foot, \$112,500 per year).
Lease Term	15-month period commencing April 1, 2003, through June 30, 2004.
Use of Space	This space is used for an osteoarthritis research study to be conducted by the Preventive Intervention Center of the College of Public Health.
Lease Amendment	The amendment would add 6,500 square feet of space at the same rate per square foot. <ul style="list-style-type: none">• The University reports that the additional space was not available when the lease was approved in January 2003.
Liability	All other terms of the agreement would remain in effect, including the requirement for the University 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

FARM LEASES

Background

Iowa State University seeks approval of cash rent farm leases as operator with the Iowa State University Committee for Agricultural Development (CAD) and the Iowa State University Foundation.

The leases provide for the College of Agriculture's use of various parcels of farm land in Story, Boone and Marshall Counties.

The farm land, which is critical to the College of Agriculture programs, was acquired or leased by CAD and the Foundation for the specific use and benefit of the instructional and research activities of the College of Agriculture.

- The farms are located near University-owned farms and fit within the University's overall land and farm management plans.

The University's specific use of each farm depends upon established research protocols, crop rotation, conservation projects, and the College's current instructional, research and outreach programs.

The specific rental rate paid by the University at each farm is determined by a number of factors including the productivity of the land, programming use (research, teaching, or production), farming use (cropland, pasture, or hay), and current local rental rates.

- The University's total lease payments may vary from year to year depending on the amount of crop acres planted by the College.

Lease Terms

One-year period commencing March 1, 2003, through February 29, 2004.

The University is responsible for the maintenance of buildings, fences, and other improvements at the farms at its expense.

Farm Owner

Iowa State University Committee for Agricultural Development

Area/Location

Ten parcels of farm land located in Story, Boone and Marshall Counties totaling 759.6 acres (719.6 acres of crop land, 40 acres of pasture).

Lease Rate

Cash rent in the amount of \$86,001 per year (an average of \$118 per acre for the crop land and \$30 per acre for pasture) payable on or before March 1, 2003.

Crop Mix/Lease Rate The mix of the crop land and rental rates per acre are as follows:

	<u>Acres</u>	<u>Average Rate (Approx.)</u>	<u>Amount</u>
Crop Land	719.6	\$ 118	\$ 84,801
Pasture	<u>40.0</u>	30	<u>1,200</u>
TOTAL	759.6		\$ 86,001

Farm Owner **Iowa State University Foundation**

Area/Location Eight parcels of farm land located in Story County totaling 716.6 acres of crop land.

Lease Rate Cash rent in the amount of \$58,761 per year (an average of \$82 per acre) payable on or before March 1, 2003.

Crop Mix/Lease Rate The mix of the crop land and rental rates per acre are as follows:

	<u>Acres</u>	<u>Average Rate</u>	<u>Amount</u>
Total Crop Land	716.6	\$ 82	\$ 58,761

OTHER LEASES

Carroll Community School District (new)

Background In December 2002, the WOI Radio Group at Iowa State University activated a non-commercial FM station, KWOI, in Carroll, Iowa.

The KWOI transmitter is located in rural farm land a few miles northeast of the city of Carroll.

The University wishes to improve the existing interconnection system between its Ames radio operations and the KWOI transmitter to further develop KWOI broadcasting in the Carroll area.

The University proposes to enter into a cooperative arrangement with the Carroll Community School District, for the University's use of space to house equipment for a digital studio-to-transmitter link (STL) to convey programming from the Ames studios to the Carroll transmitter.

- The equipment would be housed in the high school facility located on the northern edge of the city of Carroll, which would serve as a strategic location for the transmitter link.

- The University reports that use of the digital STL would be more cost effective than the existing transmitter link, which is provided via an ICN connection from the Ames studios to the high school.

Under this arrangement, the University plans to provide equipment for a small radio production studio for use by the Carroll School District.

- The studio would provide limited community access to the production equipment for the purpose of creating special programming to be aired exclusively on KWOI; the University envisions that some of the programming would be produced by Carroll students.
- The equipment would also be available for use by the School District for its educational programs in communications.

Both components of this arrangement are subject to the University's receipt of a federal grant for the purchase of the digital transmitter equipment; the University expects award of the grant later this year.

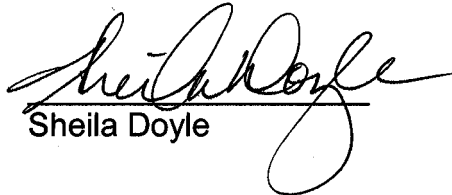
Lease Terms

The University's arrangement with the Carroll Community School District is documented in two separate lease agreements; the space and equipment would be provided for the mutual benefit of the parties at no cost.


- The ICN Node and STL System lease agreement would provide for the University's use of electronic rack equipment space in the School District's ICN equipment room, and roof space for the installation of an antenna.
 - The University agrees to acknowledge the School District's support of KWOI in on-air acknowledgments, and to be responsible for claims arising from its use and occupancy of the space in accordance with Iowa Code Chapter 669.
- The Studio Equipment lease agreement would provide for the School District's use of University studio equipment necessary for the production of non-commercial radio programming. (The School District would provide the space to house the equipment.)
 - The School District agrees to provide its students with educational opportunities in radio station operations through the studio facility; students would also have educational opportunities in the form of internships, workshops, and the potential for part-time employment at WOI.

- The School District agrees to acknowledge the University's support of the studio in on-air acknowledgments, and to indemnify and hold harmless the University for claims arising from the District's use of the equipment.
- Each lease agreement would be effective for a five-year period.

Tenant	BioForce Nanosciences (new)
Area/Location	458 square feet of space in the Iowa State Innovation System at the ISU Research Park.
Lease Term	Monthly, effective February 1, 2003.
Lease Rate	\$700 per month (\$18.34 per square foot, \$8,400 per year).
Use of Space	<p>BioForce Nanosciences is a genome analysis and molecular screening firm that has developed a revolutionary new biochip technology to drastically miniaturize and increase the speed of molecular detection and analysis.</p> <p>This technology, which would allow genes to be mapped and analyzed in a period of weeks or months instead of years, has application for disease screening, DNA identification, and pharmaceutical development.</p>
Additional Information	The space would be leased on a monthly basis since the tenant plans to relocate to new space at the Research Park.
Liability	The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.



Sheila Doyle

Approved: 

Gregory S. Nichols

Attachment A

Listing of Principals for Leases

March 2003

<u>Lease</u>	<u>Principals</u>
University of Iowa	
<u>Hawkeye Area Farm</u>	<u>Tom Williams</u>
The principal has no affiliation with the University.	
<u>Oakdale Farm</u>	<u>Scott Ogden</u>
The principal has no affiliation with the University.	
<u>Myriad Developers</u>	<u>Patrick Murphy, Assistant Vice President</u>
Myriad Developers has a land lease with the University of Iowa Research Park on which the property to be leased to the University is located.	
<u>Gary Bain</u>	<u>Gary Bain, Owner</u>
The principal has no affiliation with the University.	
<u>SilverTree Investments</u>	<u>Rich Burr, Owner</u>
The principal has no affiliation with the University.	
<u>Towncrest Investment Associates</u>	<u>Ernest Stoppelmoor, Partner</u>
The principal has no affiliation with the University.	
<u>Innovation Software Engineering</u>	<u>Hass Machlab, President</u>
The principal has no affiliation with the University.	
<u>Goldfinch Diagnostics</u>	<u>Dr. Louis V. Kirchhoff, President</u>
The principal is a professor of Internal Medicine at the University.	
<u>Market Technology Systems</u>	<u>Forest Nelson</u>
The principal and thee other founding members, Joyce Berg, George Neumann and Tom Rietz, are professors in the Tippie College of Business.	

Iowa State University

Farm Leases

The Iowa State University Committee for Agricultural Development and Foundation are affiliated organizations of the University.

Carroll Community School District

Steve Schulz, Superintendent

The principal has no affiliation with the University. In accordance with established procurement procedures, the University has provided reimbursement to the Carroll Community School District for the shipping of books to campus following a training session.

BioForce Nanosciences

Gary Alianell, President and CEO
Dr. Eric Henderson, Chief Technology Officer

Dr. Henderson is a professor in Zoology and Genetics at the University. Mr. Alianell has no affiliation with the University.