

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Institutional Agreements, Leases and Easements
Date: May 6, 2002

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 Attachment A to this docket memorandum.

Approval is requested for the following:

University of Iowa	Lease renewals with The Human Capital Company, Essential Sciences, and Digital Artefacts, for their use of business incubator space in the Technology Innovation Center at the Oakdale Campus.
	Tenant property rental rates for FY 2003 for the University's residences and child care centers, reflecting proposed rate increases ranging from 2.6 percent to 6.1 percent for the majority of the rental units.
Iowa State University	Lease renewal with AmerUs Life Holdings for the University's continued use of space in downtown Des Moines for its evening MBA program.
University of Northern Iowa	Tenant property rental rates for FY 2003 for the University's residences, fraternity and sorority houses, reflecting proposed rate increases ranging from 4.6 percent to 4.9 percent for the majority of the rental units.
Iowa School for the Deaf	Lease renewals with Children's Choice Country, Iowa Association of the Deaf, and Loess Hills Alliance, for their continued use of space on the Iowa School for the Deaf campus.

Tenant property rental rates for FY 2003 for the School's residences and apartments, reflecting proposed rate increases ranging from 5.2 percent to 5.6 percent.

Iowa Braille and
Sight Saving
School

Lease renewals with the Arc of East Central Iowa and Vinton-Shellsburg Community School District for their continued use of space on the Iowa Braille and Sight Saving School campus.

Background and Analysis:

UNIVERSITY OF IOWA

LEASES

Tenant	The Human Capital Company (renewal)
Area/Location	528 square feet of space in the Technology Innovation Center at the Oakdale Research Park.
Lease Term	One-year period commencing June 1, 2002, through May 31, 2003.
Lease Rate	\$264 per month (\$6 per square foot, \$3,168 per year).
Use of Space	The Human Capital Company utilizes the space to develop and deliver proprietary educational programs for small businesses and new entrepreneurial firms. The programs provide training in the areas of organizational development and human resource management.
Space/Rate Comparison	Increase of 264 square feet of space to accommodate the tenant's growth; the rental rate per square foot is unchanged.
Liability	The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.

Tenant	Essential Sciences, Inc. (renewal)
Area/Location	275 square feet of space in the Technology Innovation Center at the Oakdale Research Park.
Lease Term	One-year period commencing June 1, 2002, through May 31, 2003.
Lease Rate	\$137.50 per month (\$6 per square foot, \$1,650 per year).
Use of Space	Essential Sciences utilizes the space to develop science-based solutions to environmental challenges faced by government, industry and agriculture. The firm's work focuses on developing new techniques, processes, products and services that reduce gas emissions.

Space/Rate
Comparison

The proposed rental terms are identical to those in the existing lease agreement.

Liability	The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.
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Tenant	Digital Artefacts (renewal)
Area/Location	792 square feet of space in the Technology Innovation Center at the Oakdale Research Park.
Lease Term	One-year period commencing June 1, 2002, through May 31, 2003.
Lease Rate	\$396 per month (\$6 per square foot, \$4,752 per year).
Use of Space	Digital Artefacts is an information visualization company which provides real-time graphics and simulation solutions for emerging non-traditional markets. Application areas include virtual historical exhibits, liberal arts education, industrial plant and data visualization, and city and regional planning. The space is used primarily to develop visual databases, models, and modeling software and tools.
Space/Rate Comparison	Increase of 264 square feet of space to accommodate the tenant's growth; the rental rate per square foot is unchanged.
Liability	The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.

TENANT PROPERTY RENTAL RATES, FY 2003

Background	<p>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.</p> <p>Many of these properties were purchased for future expansion of the campus within boundaries approved by the Board.</p> <p>Rental rates are based on comparable rental rates, as determined by a University survey of rental properties in the Iowa City and Coralville area.</p> <p>The University's survey results compare favorably with the fair market rental rates obtained from the City of Iowa City Housing Assistance Office.</p> <p>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.</p>
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In general, the University intends for the rental rates to represent fair market value.

Proposed FY 2003
Rental Rate Summary

A total of 46 units will be rented in FY 2003; the University proposes rate increases ranging from approximately 2.6 percent to 6.1 percent for all but one unit, which would receive a 10 percent increase.

Single-Family
Residences

The single family residences are the University's most expensive rental units.

The University's tenant property rental schedule lists a total of ten single family residences; this includes six properties acquired in FY 2002.

The University proposes rental rates ranging from \$1,200 to \$2,000 per month for the newly acquired properties; the University reports that these rates are consistent with the rental rates charged prior to the University's ownership.

The University proposes rental rates for the four remaining properties ranging from \$925 to \$1,260; these rates represent increases of 2.6 percent to 5.0 percent.

Apartments/Duplexes

The proposed rental rate for six duplexes in Oakdale is \$700 per month, which is an increase of 4.5 percent over the FY 2002 rental rate.

The rents for the other apartments and duplexes are proposed at \$550 and \$740 per month, respectively, and the rents for two efficiency apartments are proposed at \$445 and \$475 per month.

- These rates represent increases ranging from 2.8 percent to 3.5 percent (with the exception of the more expensive efficiency apartment which would receive no rental rate increase).

Child Care Facilities

The University's tenant property rental schedule lists a total of seven pre-school/day care facilities; this includes one new facility acquired by the University in FY 2002.

The proposed rental rate for five of the child care facilities is \$800 per month, an increase of 5.3 percent.

The proposed rental rates for the two remaining facilities are \$700 and \$550 per month.

- The facility proposed to rent at \$700 per month, an increase of 6.1 percent, consists of a smaller home and lot which is used only for a half-day program.

- The rental rate is less than the rate for the majority of the other child care facilities since this program generates less income.
- The facility proposed to rent at \$550 per month, an increase of 10 percent, is the child care facility acquired in FY 2002.
- The initial rental rate of \$500 per month, approved by the Board in September 2001, was consistent with the rental rate charged to the tenant prior to the University's acquisition.

IOWA STATE UNIVERSITY

LEASE

Landlord	AmerUs Life Holdings (renewal)
Area/Location	AmerUs Conference Center, 699 Walnut Street, Des Moines, Iowa.
Lease Term	2002-2003 academic year.
Lease Rate	\$220 per evening, for an estimated 72 evenings per academic year (two evenings each week), for an estimated total of \$15,840.
Use of Space	Evening MBA program; space includes main conference room which accommodates 50 individuals, creativity room, small meeting room, video conference room, lounge area, high technology audio-visual equipment, and computer connectivity capability.
Space/Rate Comparison	The proposed rental terms are identical to those in the existing lease agreement.
Additional Information	<p>The University wishes to continue the use of this space for the evening MBA program since the Des Moines Higher Education Center, located in Capitol Square in downtown Des Moines, cannot accommodate all of the University's MBA classes.</p> <p>In addition to the highly accessible downtown location on the skywalk, the facility provides a high quality, excellent learning environment.</p>
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> .

UNIVERSITY OF NORTHERN IOWA

TENANT PROPERTY RENTAL RATES, FY 2003

Background	<p>The Board annually approves the fiscal year rental rates charged by the University for its tenant properties which include single family residences, a fraternity house, and a sorority house.</p> <p>The proposed rental rates are established based on market rates, residence hall rate increases, and operating costs.</p> <p>The University's lease agreements provide for annual increases of not more than 10 percent per year.</p>
Proposed FY 2003 Rental Rate Summary	<p>A total of eight units will be rented in FY 2003; included are two single family residences acquired by the University in FY 2002, for which the University requests approval of an initial rental rate.</p> <p>For the six remaining properties, the University proposes rate increases ranging from approximately 4.6 percent to 4.9 percent.</p>
Single-Family Residences	<p>The University's tenant property rental schedule lists a total of four faculty/staff rental properties.</p> <ul style="list-style-type: none">• The existing property at 2115 Merner Avenue would be rented at the rate of \$890 per month, an increase of 4.7 percent.• The newly acquired property at 3204 Panther Lane would be rented at the rate of \$750 per month. (This home is smaller than the Merner Avenue property.)• Two short-term rental properties, which are rented by the month for a period not to exceed one year, would be rented at the rate of \$640 per month, an increase of 4.9 percent. <p>The University's tenant property rental schedule also lists two student rental properties.</p> <ul style="list-style-type: none">• The existing property at 1233 West 22nd street would be rented at the rate of \$565 per month, an increase of 4.6 percent.• The newly acquired property at 2604 College Street would be rented at the rate of \$600 per month. (This home is larger than the West 22nd Street property.) <p>The agreement with each tenant is subject to approval of the Executive Director.</p>
Fraternity/Sorority	<p>The properties leased to Tau Kappa Epsilon Fraternity and Gamma Phi Beta Sorority would be rented at the rate of \$1,065 per month, an increase of 4.9 percent.</p>

IOWA SCHOOL FOR THE DEAF

LEASES

Tenant	Children's Choice Country (renewal)
Area/Location	5,289 square feet of space in the Infirmary Building (2,889 square feet of space on the first floor, 2,400 square feet of space on the basement level).
Lease Term	One-year period commencing July 1, 2002, through June 30, 2003.
Lease Rate	\$2,252 per month (\$6 per square foot for the first floor space, \$4.04 per square foot for the basement level space, \$27,024 per year).
Use of Space	Children's Choice Country is a day care provider which gives priority acceptance to the children of Iowa School for the Deaf staff.
Space/Rate Comparison	Rate increase of 3.4 percent for the first floor space and 3.1 percent for the basement level space; the amount of space is unchanged.
Liability	The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.

Tenant	Iowa Association of the Deaf (renewal)
Area/Location	1,120 square feet of space located on the first floor of Giangreco Hall.
Lease Term	One-year period commencing July 1, 2002, through June 30, 2003.
Lease Rate	In lieu of rental payments, the Iowa Association of the Deaf will continue to provide various in-kind services for the School.
Use of Space	The services provided by the Iowa Association of the Deaf include: 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, <u>Sign Language</u> ; 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.
Space/Rate Comparison	The proposed rental terms are identical to those in the existing lease agreement.
Liability	The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.

Tenant	Loess Hills Alliance (renewal)
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Area/Location	312 square feet of office space on the second floor of the Old Infirmary Building.
Lease Term	One-year period commencing July 1, 2002, through June 30, 2003.
Lease Rate	\$322 per month (\$12.38 per square foot, \$3,864 per year).
Use of Space	Loess Hills Alliance provides educational services for the preservation of the Loess Hills along the Missouri River.
Space/Rate Comparison	Rate increase of 3.2 percent; the amount of space is unchanged.
Liability	The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.

TENANT PROPERTY RENTAL RATES, FY 2003

Background	<p>The Iowa School for the Deaf requests approval of its tenant property rental schedule for FY 2003.</p> <p>Included are the rental rates for two single family residences which are leased to the Director of Facilities and the Director of Student Life.</p> <ul style="list-style-type: none">• These individuals 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. <p>Also included are the proposed rental rates for apartments, which are made available to staff personnel.</p>
Proposed FY 2003 Rental Rates	The rates and terms for the tenant property leases will remain in effect for all such leases the School initiates in FY 2003, with each agreement subject to approval of the Executive Director.
Single-Family Residences	The two residences are proposed to lease at the rate of \$169 per month, an increase of 5.6 percent.
Apartments	<p>The apartments are proposed to lease at the rate of \$302 per month, an increase of 5.2 percent.</p> <p>Garages, which are also available for rent with the apartments, are proposed to lease at the rate of \$22 per month, an increase of 10 percent.</p>

IOWA BRAILLE AND SIGHT SAVING SCHOOL

LEASES

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

Area/Location 2,164 square feet of space in Palmer Hall.

Lease Term Six-week period commencing June 7, 2002, through July 19, 2003.

Lease Rate \$2,055 for lease term.

Use of Space The Arc of East Central Iowa is a not-for-profit agency which provides comprehensive services for individuals with developmental disabilities.

The space would provide a summer day care program for children in Benton County with mental retardation and related developmental disabilities.

Space/Rate Comparison Decrease of 223 square feet of space; rate increase of 2.8 percent.

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

Tenant **Vinton-Shellsburg Community School District (renewal)**

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

Lease Term One-year period commencing June 1, 2002, through May 31, 2003.

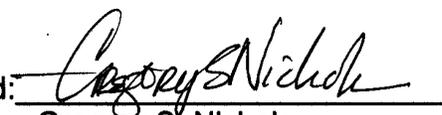
Lease Rate \$2,525.58 per quarter (\$3.24 per square foot, \$10,102.32 per year).

Use of Space Office space for the school district.

Space/Rate Comparison Decrease of 2,555 square feet of space (which was previously used for an early childhood program); rate increase of 4.9 percent.

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


Sheila Lodge

Approved: 
Gregory S. Nichols

Attachment A

Listing of Principals for Leases

May 2002

Lease

Principals

University of Iowa

The Human Capital Company

Kenneth Klein, President/CEO
Jason Happel, Vice President
Todd Schoeder, Vice President

Kenneth Klein and Jason Happel are MBA students at the University. The company has contracted with the University to provide training services.

Essential Sciences

Richard Ney, President

Mr. Ney received a Ph.D. in Civil and Environmental Engineering from the University in 2001. The company is a subcontractor on two research grants awarded to the Department of Civil and Environmental Engineering.

Digital Artefacts

Joan Severson, President
James Cremer, Chief Technology Officer

The Joan Severson is a graduate student and James Cremer is a professor in the Computer Science Department of the University. The company has contracted with the University to provide technical information visualization services to the Public Policy Center, UIHC Operative Performance Laboratory, and the College of Medicine Department of Neurology.

Iowa State University

AmerUs Life Holdings

Jonna M. La Toure

The principal has no affiliation with the University.

Iowa School for the Deaf

Children's Choice Country

Margaret Nielsen

The principal has no affiliation with the School.

Iowa Association of the Deaf

Lester Ahls

The principal has no affiliation with the School.

Loess Hills Alliance

Lynn Ford

The principal has no affiliation with the School.

Iowa Braille and Sight Saving School

Arc of East Central Iowa

Dodie Easton, President
Randy Rings, Vice President
Kristen Larson, Vice President
David Graham, Treasurer

The principals have no affiliation with the School.

Vinton-Shellsburg Community School District

Dr. Randy Braden, Superintendent
Jo Sainsbury, President

The principals have no affiliation with the School.