

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Institutional Agreements, Leases and Easements
Date: May 12, 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.

A report of the Attorney General's Office review of the leases will be made at the May Board meeting.

Approval is requested for the following:

University of Iowa	<p>Lease agreement with the Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-Day Saints for its use of 42.61 acres of land on the University's far west campus for the Iowa Handcart Park Monument.</p> <p>Lease agreements with InnoMatix, Digital Artefacts, Essential Sciences and The Human Capital Company for their use of business incubator space in the Technology Innovation Center at the Oakdale Campus.</p> <p>Lease renewal with the University of Nebraska Medical Center, Omaha, Nebraska, for the University's use of apartment space by UI Health Care students/residents.</p> <p>Tenant property rental rates for FY 2004 for the University's residences and child care centers, reflecting proposed rate increases ranging from 1.4 percent to 9.1 percent for the majority of the rental units.</p>
Iowa State University	<p>Lease renewal with AmerUs Life Holdings for the University's continued use of space in downtown Des Moines for its evening MBA program.</p>

Iowa School for the Deaf	Lease renewals with Children's Choice Country, the University of Iowa, and Loess Hills Alliance, for their continued use of space on the Iowa School for the Deaf campus. Tenant property rental rates for FY 2004 for the School's residences and apartments, reflecting proposed rate increases of 5.3 percent.
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.

Background and Analysis:

UNIVERSITY OF IOWA

LEASES

Tenant	Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-Day Saints (new)
Area/Location	42.61 acres of University land located in the far west campus area west of the Hawkeye Court Apartments. (A map indicating the location of the land is included as Attachment A.)
Use of Space	The area consists of the Iowa Handcart Park Monument and provides a public walking trail. <ul style="list-style-type: none">• The site is a historical marker which commemorates the Mormon trek to Salt Lake City in the mid-1850s.• Thousands of Mormons camped in Coralville during this time period, building handcarts and securing provisions for their journey.
Lease Rate/Other Terms	The land would be leased to the tenant at no cost. The tenant would be responsible for all maintenance, ground care, snow removal, utilities and improvements. The University would be responsible for patrolling and policing the area.
Lease Term	Ten-year period commencing June 1, 2003, through May 31, 2013.
Liability	The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.
Principal Information	The principals have no affiliation with the University.

Tenant	InnoMatix, LLC (new)
Area/Location	319 square feet of space in the Technology Innovation Center at the Oakdale Research Park.
Lease Term	One-year period commencing June 1, 2003, through May 31, 2004.
Lease Rate	\$159 per month (\$6 per square foot, \$1,908 per year).
Use of Space	InnoMatix is a software technology company that will develop creative and functional software applications for the transportation industry.
Liability	The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.
Principal Information	James C. Griffin, Jr., President, has no affiliation with the University.

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, 2003, through May 31, 2004.
Lease Rate	\$561 per month (\$8.50 per square foot, \$6,732 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 \$2.50 per square foot consistent with the rental rate schedule for the Research Park; the amount of space is unchanged.
Liability	The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.
Principal Information	Joan Severson, President, is a graduate student in the Department of Computer Science.

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, 2003, through May 31, 2004.
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.
Principal Information	Richard Ney, President, received a Ph.D. in Civil and Environmental Engineering in 2001. He currently has no affiliation with the University.

Tenant	The Human Capital Company (renewal)
Area/Location	1,320 square feet of space in the Technology Innovation Center at the Oakdale Research Park.
Lease Term	One-year period commencing June 1, 2003, through May 31, 2004.
Lease Rate	\$660 per month (\$6 per square foot, \$7,920 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 792 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.

Principal Information Kenneth Klein, President/CEO; Jason Happel and Todd Schoeder, Vice Presidents; and Andy McNamara, Director of Sales and Marketing. The principals have no affiliation with the University.

Landlord **University of Nebraska Medical Center (renewal)**

Area/Location 460 square feet of apartment space located at 4104 Emile Street, Apartment #7, Omaha, Nebraska.

Lease Rate \$400 per month (\$10.43 per square foot, \$4,800 per year).

Lease Term One-year term commencing June 1, 2003, through May 31, 2004.

Use of Space Housing for UI Health Care Anesthesia Nursing students during their rotation at the University of Nebraska Medical Center in Omaha.

Space/Rate Comparison Rate increase of 6.6 percent per square foot; the amount of space is unchanged.

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.

Additional Information This rotation provides obstetrical anesthesia experience which is not available at the UIHC medical facilities.

Principal Information Esther Collins, Property Manager, has no affiliation with the University.

TENANT PROPERTY RENTAL RATES, FY 2004

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 2003 Rental Rate Summary

A total of 56 units will be rented in FY 2004, an increase of ten units from FY 2003.

- The increase is the result of the University's purchase of additional single-family residential properties and an apartment residence.

The University proposes rate increases ranging from approximately 1.4 percent to 9.1 percent for all but one unit, which would receive a 41.7 percent increase.

Single-Family Residences

The single-family residences are the University's most expensive rental units; the proposed FY 2004 rental rates range from \$925 to \$2,000 per month.

The University's FY 2004 tenant property rental schedule lists a total of 16 single-family residences.

- Included are six new properties; four are newly-acquired residences which were added to the tenant property inventory in FY 2003, and two are residences for which Board approval of the purchases is requested this month (see SUI-2).

- The University proposes rental rates ranging from \$925 to \$1,700 for the four newly-acquired residences; this represents rate increases of 1.4 percent to 8.8 percent for all but one of the properties, which will increase 41.7 percent to better reflect market value following the University's scheduled improvements to the property.
- The proposed rental rate for the two properties for which purchase approvals are requested this month in SUI-2 is \$1,000 per month.
- For the remaining ten residences, the University proposes no rate increases for six of the properties (which currently rent at \$1,200 to \$2,000 per month), and rate increases of 1.4 percent to 2.7 percent for the four remaining properties (which would rent at \$950 to \$1,400 per month).

Duplexes/Apartments

The proposed rental rates for the University's 16 duplexes range from \$720 to \$765 per month, with increases ranging from 1.4 percent to 3.4 percent.

The University's FY 2004 tenant property rental schedule lists a total of 17 apartment units, including four additional apartment units in the newly-acquired apartment residence.

- The proposed rents for the apartments (including efficiencies) range from \$440 to \$575 per month, with increases of 1.4 percent to 4.5 percent for those units receiving rate increases (all but two efficiency apartments).

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 \$820 per month, an increase of 2.5 percent.

The proposed rental rates for the two remaining facilities are \$720 and \$600 per month.

- The facility proposed to rent at \$720 per month, an increase of 2.9 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 \$600 per month, an increase of

9.1 percent, is a child care facility acquired by the University in FY 2002.

- The initial rental rate of \$500 per month was consistent with the rental rate charged to the tenant prior to the University's acquisition.
- This unit is proposed to receive a larger percentage increase in FY 2004 to bring the rental rate closer to the rates for the University's other child care centers.

IOWA STATE UNIVERSITY

LEASE

Landlord	AmerUs Life Holdings (renewal)
Area/Location	AmerUs Conference Center, 699 Walnut Street, Des Moines, Iowa.
Lease Term	2003-2004 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> .
Principal Information	Jonna M. La Toure, Senior Vice President, has no affiliation with the University.

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, 2003, through June 30, 2004.
Lease Rate	\$2,320 per month (\$6.18 per square foot for the first floor space, \$4.16 per square foot for the basement level space, \$27,840 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 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	Margaret Nielsen has no affiliation with the School.

Tenant	University of Iowa (renewal)
Area/Location	735 square feet of space on the second floor of the Infirmary Building.
Lease Rate	\$757 per month (\$12.36 per square foot, \$9,084 per year).
Lease Term	One-year period commencing July 1, 2003, through June 30, 2004.
Use of Space	Iowa Child Health Specialty Clinic.
Space/Rate Comparison	Increase of 150 square feet of space to accommodate the tenant's growth; rate increase of 3 percent per square foot.
Liability	The University agrees to indemnify, defend, and hold harmless the School as customarily required.
Principal Information	Bill Bowden has no affiliation with the School.

Tenant	Loess Hills Alliance (renewal)
Area/Location	156 square feet of office space on the second floor of the Old Infirmary Building.
Lease Term	One-year period commencing July 1, 2003, through June 30, 2004.
Lease Rate	\$166 per month (\$12.77 per square foot, \$1,992 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	Reduction of 156 square feet of space; rate increase of 3.2 percent per square foot.
Liability	The tenant agrees to indemnify, defend, and hold harmless the School as customarily required.
Principal Information	Phyllis Reimer has no affiliation with the School.

TENANT PROPERTY RENTAL RATES, FY 2004

Background	<p>The Iowa School for the Deaf requests approval of its tenant property rental schedule for FY 2004.</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 2004 Rental Rates	<p>The rates and terms for the tenant property leases will remain in effect for all such leases the School initiates in FY 2004, with each agreement subject to approval of the Executive Director.</p>

Single-Family Residences	The two residences are proposed to lease at the rate of \$178 per month, an increase of 5.3 percent.
Apartments	The apartments are proposed to lease at the rate of \$318 per month, an increase of 5.3 percent. Garages, which are also available for rent with the apartments, are proposed to lease at the rate of \$22 per month, which is the same as the current rate.

IOWA BRAILLE AND SIGHT SAVING SCHOOL

LEASES

Tenant	Arc of East Central Iowa (new)
Area/Location	2,312 square feet of space on the first floor of the Cottage.
Lease Term	Six-week period commencing June 13, 2003, through July 25, 2003.
Lease Rate	\$2,634 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> <ul style="list-style-type: none">• In the summer of 2002, the agency rented space in Palmer Hall for the program.
Liability	The tenant agrees to indemnify, defend, and hold harmless the School as customarily required.
Principal Information	Dodie Easton, President, Randy Rings, Vice President, Kristen Larson, Vice President, and David Graham, Treasurer, have no affiliation with the School.

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

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

Lease Term One-year period commencing July 1, 2003, through June 30, 2004.

Lease Rate \$262 per year (\$3.40 per square foot).

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

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

Principal Information Dodie Easton, President, Randy Rings, Vice President, Kristen Larson, Vice President, and David Graham, Treasurer, have no affiliation with the School.

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 July 1, 2003, through June 30, 2004.

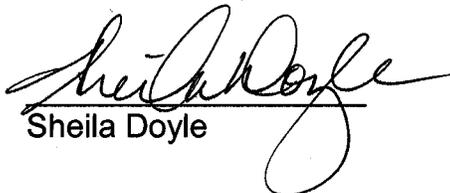
Lease Rate \$2,650.30 per quarter (\$3.40 per square foot, \$10,601.20 per year).

Use of Space Office space for the school district.

Space/Rate Comparison Rate increase of 5 percent per square foot; the amount of space is unchanged.

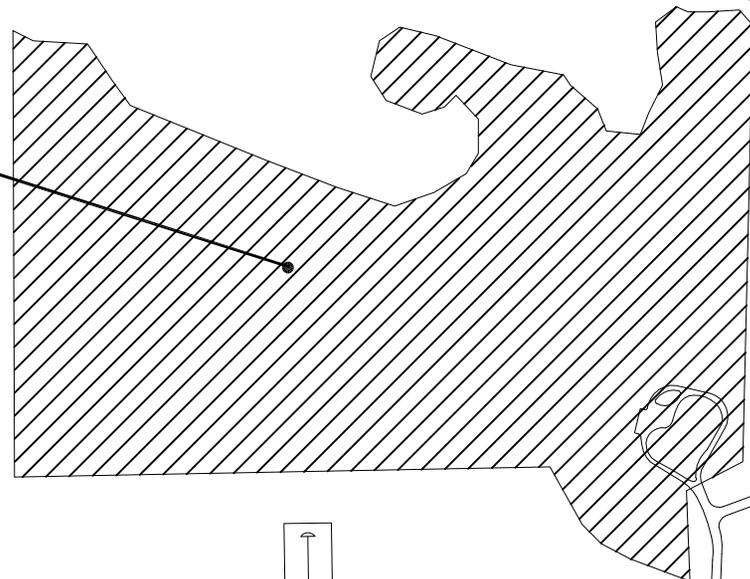
Liability The tenant agrees to indemnify, defend, and hold harmless the School as customarily required.

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


Sheila Doyle

Approved: 
Gregory S. Nichols

Mormon
Handcart
Lease Area



Legend

— — — University
Property Line

 Mormon Handcart
Lease Area

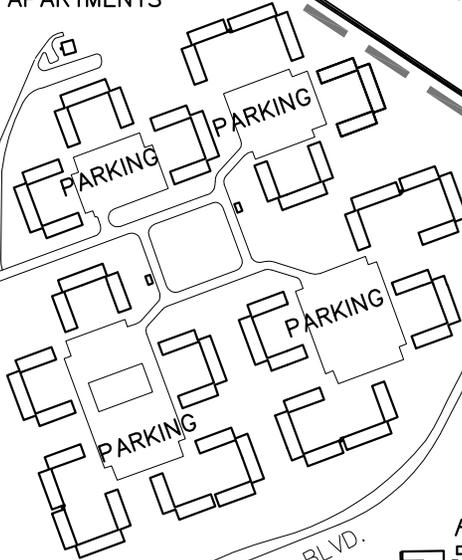
HAWKEYE PARKING
SERVICE BLDG.

FACULTY
ART
STUDIOS

HAWKEYE PARK ROAD

HAWKEYE CT.

HAWKEYE COURT
APARTMENTS



MACHINE
SHED

FINKBINE STORAGE
DIRT STORAGE SHED

MORMON TREK BLVD.

CORALVILLE

IOWA INTERSTATE RAILROAD

HIGHWAY 6 (2ND ST.)

FIRST ST.



**THE UNIVERSITY
OF IOWA**

LOCATION MAP

Iowa Handcart Park Monument

