

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Institutional Agreements, Leases and Easements
Date: October 9, 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 Attachment A to this docket memorandum.

The University of Iowa requests approval of lease agreements with Selim Laboratories and SportVu, Inc., for their use of business incubator space in the Technology Innovation Center at the Oakdale Campus, and with Goldfinch Diagnostics for its use of business incubator space in the Bowen Science Building. The University also requests approval to renew its lease agreement with the United Way of Central Iowa for the University's use of space in Des Moines for the School of Social Work, and to enter into a new lease agreement with GenVentures, Inc., for the University's use of space in Davenport for a pediatric cardiology outreach clinic.

Iowa State University requests approval to enter into a new lease agreement with HMG Parking Company for the University's use of space in downtown Des Moines. The space will be leased to house a portion of the Central Iowa Area Extension Office/Outreach Center, and to provide a variety of other, primarily non-credit University programs and services.

Background and Analysis:

A. UNIVERSITY OF IOWA

1. The University requests approval of the following lease agreements as lessor for business incubator space in the Technology Innovation Center at the Oakdale Campus. In all cases the tenants agree to indemnify, defend, and hold harmless the University as customarily required.

- a. SELIM LABORATORIES, INC. (Tenant)--The University requests approval to enter into a new lease agreement with Selim Laboratories for its use of 319 square feet of space at the rate of \$159.50 per month (\$6.00 per square foot, \$1,914 per year) for a one-year period commencing November 1, 2000 through October 31, 2001.

Selim Laboratories will use the space to develop technologies to protect human health against illnesses and diseases caused by exposure to chemicals, particularly those used in the agricultural industry.

- b. SPORTVU, INC. (Tenant)—The University requests approval to renew its lease agreement with SportVu, Inc., for its use of 306 square feet of space at the rate of \$153 per month (\$6.00 per square foot, \$1,836 per year) for a one-year period commencing November 1, 2000, through October 31, 2001. The renewal reflects an increase of 135 square feet of space. The rental rate per square foot is the same rate paid under the current lease agreement.

SportVu produces audio/visual informational, training and educational materials for Olympic and other sports competitions, which are disseminated via the Internet.

- c. **GOLDFINCH DIAGNOSTICS, Inc. (Tenant)**—The University requests approval to enter into a new lease agreement with Goldfinch Diagnostics for its use of 107 square feet of space in the Bowen Science Building at the rate of \$118.55 per month (\$10 per square foot for laboratory space, \$6 per square foot of office space, \$1,422.60 per year) for a one-year period commencing November 1, 2000, through October 31, 2001.

Goldfinch Diagnostics is a biomedical research company which focuses on the development of diagnostic testing for infectious diseases, particularly parasitic infections; the president of Goldfinch Diagnostics is Dr. Louis V. Kirchhoff, a professor of Internal Medicine at the University. Since April 1998, the tenant has leased laboratory space in the Eckstein Building (at the rate of \$10 per square foot) since there has been no suitable space available in the Technology Innovation Center to support its research. Dr. Kirchhoff is in the process of relocating his academic functions from the Eckstein Building to the Bowen Science Building, and therefore the research operations of Goldfinch Diagnostics will also relocate to the Bowen Science Building. The University has indicated that adequate space is still not available at the Technology innovation Center to accommodate the research efforts of Goldfinch Diagnostics.

2. **UNITED WAY OF CENTRAL IOWA (Landlord)**--The University requests approval to renew its lease as lessee with the United Way of Central Iowa for the University's use of 3,640 square feet of classroom and office space at the United Way Human Services Campus in Des Moines, Iowa. The space will be leased at the rate of \$3,910 per month (\$12.89 per square foot, \$46,920 per year) for a 32 month period commencing November 1, 2000 through June 30, 2003. The proposed rental rate is an increase of approximately 5.5 percent over the current lease rate.

The lease provides classroom and office space for the instruction of applied social work practice and as a social work training center

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

3. GENVENTURES, INC. (Landlord)—The University requests approval to enter into a new lease agreement as lessee with GenVentures, Inc., for the University's use of 1,569 square feet of office and clinic space at the Genesis Heart Institute, Davenport, Iowa. The space will be leased at the rate of \$2,222.75 per month (\$17 per square foot, \$26,673 per year), plus a proportionate share of operating costs, for an approximate five-year period commencing March 21, 2001, through March 31, 2006.

The space will provide an outreach clinic in pediatric cardiology for use by the University's Clinical Outreach Department. The building to house the leased space is currently under construction; the landlord has required that the lease agreement be approved prior to finishing the space for the clinic. Approval of the agreement at this time will allow the space to be available for occupancy by the March 2001 effective date. The determination of the University's share of operating costs for the leased space will be made following completion of the facility.

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

B. IOWA STATE UNIVERSITY

1. HMG PARKING COMPANY, L.L.C. (Landlord)--The University requests approval to enter into a lease agreement as lessee with HMG Parking Company for the University's use of 8,000 gross square feet (5,850 net square feet) of office space located in the Partnership Building, 700 Locust Street, in Des Moines, Iowa. The space will be leased for a five-year period commencing January 1, 2001 through December 31, 2005, at an annual rate of \$112,000 per year for the first two years of the lease (\$14 per square foot), and increasing to \$128,000 per year (\$16 per square foot) for the remainder of the lease term.

A portion of the space (approximately 500 square feet) will be used to house functions of the Central Iowa Area Extension Office/Outreach Center, since all of the Center's functions cannot be adequately housed in the space it leases in Urbandale. The University indicated in June 2000 its future plans to relocate a portion of the Extension Office/Outreach Center functions to space at or near the Des Moines Higher Education Center to free up space at the Urbandale location to facilitate development of a multi-county Extension Office in the western part of Polk County. The proposed lease in Des Moines will provide office space for the Extension Director, one support staff, and an Extension field specialist. The University has indicated that this site will offer expanded access to existing ISU Extension programs.

The space will provide approximately 1,500 net square feet of office space for other University programs and services. The space will also provide training and conference rooms totaling approximately 2,500 net square feet, and public spaces totaling approximately 1,350 net square feet. These areas will be available for use by the Extension program as well as selected ISU programs.

A variety of University non-credit programs and services will be offered in the space to give the Des Moines community greater access to the University's educational and technical assistance programs; this effort is consistent with the University's strategic plan that emphasizes the integration of learning, discovery and engagement. The programs to be offered initially are those that are currently ongoing in the Des Moines area or will be offered in a pilot format. The location of these programs in downtown Des Moines will also be complementary to the University's participation in the Downtown Higher Education Center.

The location will be named "ISU Learning Connections" and will house the Extension functions along with offices for WOI Radio, programs and services of Extended and Continuing Education, and the Colleges of Agriculture, Veterinary Medicine, Design, Family and Consumer Sciences, Business, and Liberal Arts and Sciences. Additional University colleges and units (the Colleges of Engineering and Education, Admissions, and Graduate Studies) have also been contacted regarding possible utilization of the facilities. The main emphasis of the educational and technical assistance activity will be on life-long learning and not-for-credit education. Examples include the following:

WOI radio will relocate its Des Moines-based reporters from another Des Moines location to the facility, host quarterly meetings of media in the conference room, and strengthen relationships with K-12 school districts in the metro area.

The Colleges of Veterinary Medicine and Agriculture will use the facility to expand delivery of continuing education to area veterinarians, as well as provide informal educational opportunities ("lunch and learns") in areas such as entomology, water quality, and small pet care.

The College of Design will enhance its relationships with the landscape architecture and design community, which is one of the largest concentrations in the state. Additionally, the College will examine the potential for offering continuing education through studios and providing on-site support for the NonProfit Management Institute.

The College of Family and Consumer Sciences plans to use the space to provide financial counseling services (bill paying program), and to offer internships in marriage and family therapy programs, child care selection, nutrition counseling, and parenting tips.

The College of Liberal Arts and Sciences will use the space to support its Des Moines MPA program and the College of Business will support its Des Moines MBA program.

Extended and Continuing Education will network with learners, employers, and learning providers to provide local delivery of training, not-for-credit courses, conferences, and workshops.

An ISU gift store will provide University merchandise and publications. The University may also hold special events such as book signings or book readings of University publications in conjunction with the WOI Book Club since some operations of WOI Radio will be housed in the space.

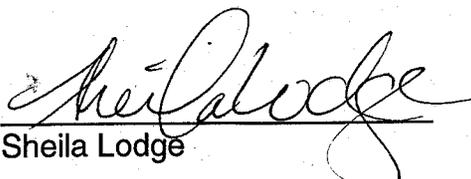
The University has indicated that if any for-credit course work is offered in this location, it will be closely coordinated with the Des Moines Higher Education Center and the appropriate academic college of the University. The training rooms at the leased space would be available to accommodate for-credit courses offered through the Downtown Des Moines Higher Education Center, but only on an overflow basis.

Funding for the lease agreement would be provided by General University funds from the various University colleges and units, ISU Extension, and the Provost's Office. Most of the funds will be from ISU Extension and from fees developed from short course meetings. This is consistent with the mission of ISU Extension and the University's strategic plan. The college funds will be used to serve the Des Moines area through the college outreach programs.

In addition to the monthly rental payments, the University will make an initial payment of \$40,000 for leasehold improvements for the space. This cost has been amortized over the first 12 months of the lease and will reduce the annual rental payment from \$112,000 to \$72,000 for the first year of the lease.

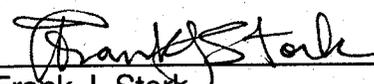
The lease includes termination language which would allow the University to vacate the space after three years; this will provide flexibility for the University to take advantage of the facilities in the Downtown Des Moines Higher Education Center once it is constructed.

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



Sheila Lodge

Approved:



Frank J. Stork

Attachment

Listing of Principals for Leases

October 2000

Lease _____ Principals _____

University of Iowa

Selim Laboratories

Dr. Mustafa I. Selim

Dr. Selim is a former associate professor in the Department of Occupational and Environmental Health.

SportVu, Inc.

Norm Wilkerson

The principal has no affiliation with the university.

Goldfinch Diagnostics

Dr. Louis V. Kirchhoff, President

The principal is a professor of Internal Medicine in the College of Medicine.

United Way of Central Iowa

Sunnie Richer, Martha Willits

The principal has no affiliation with the university.

GenVentures, Inc.

Mark Kleinschmidt

The principal has no affiliation with the university.

Iowa State University

HMG Parking Company

Thomas G. Hotz, Managing Member

The principal has no affiliation with the university.