

Contact: Jean Friedrich

INSTITUTIONAL AGREEMENTS, LEASES AND EASEMENTS

Action Requested: Consider recommending to the Board approval of the lease and agreement for the benefit of the universities as summarized below, subject to approval of the documents by the Board Office and Attorney General's Office.

Executive Summary: Iowa Code 262.11 requires that certain leases be approved by the Board of Regents by roll call vote. Indemnification clauses are included in the lease and agreement.

UNIVERSITY OF IOWA

With the Board as Tenant for the following lease:

Ryan Companies US, Inc.

Approximately 35,153 square feet of rentable area of a new approximately 90,629 gross square foot facility to be constructed by Ryan Companies US, Inc. on Lot One of the Oakdale Research Park in Coralville, Iowa, for a fifteen year period at a base rental rate estimated at \$8.30 per square foot per year for the first five years; \$9.00 per square foot per year for the fifth through tenth years, and \$9.80 per square foot per year for the tenth through the fifteenth year. The space will be used as a Technology Innovation Center (business incubator) and will include wet and dry laboratories, as well as offices and support spaces to serve start-up companies which will sub-lease the space from the University.

In an effort to keep lease rates low for the start-up companies, the University proposes to invest up to \$5 million upfront for tenant improvements, leaving approximately \$2 million of the cost of this portion of the facility for Ryan to finance and build into the University's rental rate. Funding for the University's upfront investment will come from the Vice President for Research Office's Grow Iowa Values Funds and Battelle Infrastructure Funds. In addition to base rental, the University, and in turn the start-up business occupants, will be responsible for its share of common area space, and normal operating costs such as taxes, utilities, building operations, maintenance, etc.

The new facility will include two wings: one to house the University of Iowa's Technology Innovation Center and a second wing to house the emerging biotechnology company National Genecular Institute, Inc. (NGI) – a subsidiary of Newport Beach, California based, Dermacia, Inc. The building is expected to be completed in spring 2008.

The University will have the option to purchase the proposed building (both wings) at a formula-based price during a window within the forty-second month of the lease term. After this time, the University will have a right of first offer which gives the University the first option to buy the building if Ryan decides to sell. The purchase price will take into consideration the upfront investment made in the building by the University as well as the upfront payments by NGI.

The University plans to execute an agreement with the Oakdale Research Park Corporation allowing the Oakdale Research Park Corporation to operate and manage the incubator facility.

IOWA STATE UNIVERSITY AND THE UNIVERSITY OF NORTHERN IOWA

Shared Use Agreement with:

Iowa Public Television (IPTV)

A radio and television tower has been constructed under a federal grant of \$602,464 awarded by the United States Department of Commerce. The federal share was seventy-five percent of the total grant (\$451,848), and Iowa State University and the University of Northern Iowa shared the recipient share of twenty-five percent (\$150,616).

IPTV constructed the new radio and television tower on its property, and Iowa State University and the University of Northern Iowa paid IPTV \$181,366 to reimburse them for the construction costs (\$136,024.50 from the Federal Grant and \$45,341.50 split evenly between Iowa State University and the University of Northern Iowa). The new tower replaced an existing tower that had been owned by Iowa Public Television and is located on real property owned by Iowa Public Television at 5291 53rd Street, Ottumwa, Iowa. The balance of the project, \$421,098 (\$315,823.50 from the Federal Grant and \$105,274.50 split evenly between Iowa State University and the University of Northern Iowa) will pay the cost of the transmitter building, two transmitters, transmission feed lines, antennas, and other transmission equipment to make the two stations functional. These expenditures are planned for the summer of 2007.

The agreement among the parties provides that Iowa Public Television has allowed Iowa State University and the University of Northern Iowa to place their new tower on IPTV property in return for the universities allowing IPTV to use the tower for its broadcast use. Under the terms of the agreement, there will be no payment of funds among the parties for their mutual use and occupancy of the broadcast tower and the premises upon which it is constructed.

The agreement has an initial term of 25 years and may be renewed for an additional 25 year period upon mutual agreement of the parties. It also assigns responsibilities concerning the installation, maintenance and alteration of equipment, access, and lighting and develops a formula for sharing of any expenses and revenues associated with the agreement.

Additional information is available from the Board Office.