

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Institutional Agreements, Leases and Easements  
**Date:** March 4, 2002

**Recommended Action:**

Approve the leases and easement for the benefit of the institutions as summarized below. **(ROLL CALL VOTE)**

**Executive Summary:**

Requirements	The <u>Iowa Code</u> requires that agreements, leases and easements involving real property be approved by the Board of Regents by roll call vote.
Legal Review	The leases and easement presented this month have been reviewed by the Attorney General's Office and are recommended for approval.
Principal Information	A listing of principals is included as Attachment A to this docket memorandum.
Requested Approvals	Approval is requested for the following:
<i>University of Iowa</i>	<p>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.</p> <p>Lease agreements with Market Technology Systems, Solltech/Caviforce, and The Patient Education Institute, for their use of business incubator space at the Oakdale Research Park.</p> <p>Easement agreement with the Cedar Rapids and Iowa City Railway (CRANDIC) for its use of a portion of University property for the maintenance of an existing CRANDIC signal house building.</p>
<i>University of Northern Iowa</i>	Lease agreement with Cedar Skyline Corporation dba Main Street Waterloo for the University's use of office space in Waterloo to house the UNI Regional Business Center.
<i>Iowa School for the Deaf</i>	Farm lease renewal with Keith Husz for his use of farm land at the Iowa School for the Deaf farm in Pottawattamie County, Iowa.

**Background and Analysis:**

A. UNIVERSITY OF IOWA LEASES

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 Trumm Farm Management (formerly Firststar Farm Management) of Cedar Rapids, and are leased annually to tenant farmers.

- The same firm has managed the farms since 1967; the University reports that the firm provides excellent management services for a reasonable fee.
- The University currently pays a total of 5 percent of gross farm income to the farm manager; the University reports that the standard regional fee for these services is 7 percent.

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

The leases will be renewed for a one-year period commencing March 1, 2002, through February 28, 2003.

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 103 acres of farm land known as the Hawkeye Area Farm.

Lease Rate Cash rent in the amount of \$9,643 per year (an average of \$93.62 per acre) payable in equal installments on or before March 1, 2002 and December 1, 2002.

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	68.7	110	\$ 7,557
Soybeans	23.8	70	1,666
Hay	<u>10.5</u>	40	<u>420</u>
TOTAL	103.0		\$ 9,643

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

Acreage/Rate Comparison The proposed annual rental income represents a decrease of approximately 16 percent (\$1,846) from the 2001 lease although the rental rate for each crop is unchanged.

Changes in crop mix and total average from 2001 to 2002 are summarized below:

	<u>2001 Acres</u>	<u>2002 Acres</u>
Corn or set-aside	50.8	68.7
Soybeans	78.3	23.8
Hay	<u>10.5</u>	<u>10.5</u>
	139.6	103.0

The decrease in total acreage is due to the University's plans for future development in the area.

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, 2002.

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 2001 lease.

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

#### OTHER LEASES

Tenant **Market Technology Systems, L.L.C. (MarTek) (new)**

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).

Lease Term One-year period commencing March 1, 2002, through February 28, 2003.

Use of Space MarTek will seek commercial applications for and promote prediction markets as a decision analysis tool.

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

Tenant	<b>Solltech/Caviforce (renewal)</b>
Area/Location	694 square feet of space in the Technology Innovation Center at the Oakdale Research Park.
Lease Rate	\$867.50 per month (\$15 per square foot, \$10,410 per year).
Lease Term	One-year period commencing April 1, 2002, through March 31, 2003.
Space/Rate Comparison	Rental rate increase of 25 percent per square foot over the rate paid under the current lease agreement. (The amount of space is unchanged.)  The rate increase is consistent with the University's rate schedule for business incubator tenants of the Technology Innovation Center.
Use of Space	Research conducted by Dr. David Soll and the University has led to the development of specialized computer hardware and software systems for the medical field which Solltech/Caviforce markets under exclusive rights from the University of Iowa Research Foundation.
Liability	The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.

Tenant	<b>The Patient Education Institute (renewal)</b>
Area/Location	823 square feet of space (624 square feet of office space and 199 square feet of storage space) in the Technology Innovation Center at the Oakdale Research Park.
Lease Rate	\$586.33 per month (\$10 per square foot for the office space and \$4 per square foot for the storage space, \$7,035.96 per year).
Lease Term	One-year period commencing March 1, 2002, through February 28, 2003.
Use of Space	The Patient Education Institute develops multimedia software for use by patients in clinical settings. The software utilizes text, graphics, animation, narration and video to educate patients on their diagnosis and treatment, as well as the benefits, risks and complications of their recommended surgical procedures. The space is used by the firm for research, product development and new business marketing.
Liability	The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.

Comparison Space/Rate                      Reduction of 1,540 square feet of office space (the tenant is reducing its operating expenses). The rental rate per square foot for each type of space is unchanged.

EASEMENT

Grantee    **Cedar Rapids and Iowa City Railway (CRANDIC)**

Description/ Location                      Permanent easement, in a 3 feet wide perimeter on each of the north, west and south sides of the existing CRANDIC signal house building, which is located on University property east of the University Power Plant.

Purpose    Access to and maintenance of the signal house building and fixtures by CRANDIC.

Cost     The easement would be provided to CRANDIC at no cost.

Consideration                                    CRANDIC agreed to sell three parcels of land to the University (approved by the Board in November 2000) with the condition that the University would provide the easement for access to the signal house.

Liability    The easement agreement requires CRANDIC to indemnify, defend and save the University, the Board of Regents, and the State of Iowa harmless from damages resulting from use of the easement area.

B. UNIVERSITY OF NORTHERN IOWA LEASE

LEASE

Landlord     **Cedar Skyline Corporation dba Main Street Waterloo (new)**

Area/Location                                 5,000 square feet of office space located at 212 East Fourth Street, Waterloo, Iowa.

Lease Term                                       Six-year period commencing April 1, 2002, through March 31, 2008.

Lease Rate                                       \$600 per month (\$1.44 per square foot, \$7,200 per year).

Use of Space                      UNI Regional Business Center, which includes outreach programs of the Business and Community Service Division of the College of Business Administration. (The Center was approved by the Board in July 2000.)

- The Center's programs include the Small Business Development Center, John Pappajohn Entrepreneurial Center, and Service Core of Retired Executives.

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

C. IOWA SCHOOL FOR THE DEAF LEASE

FARM LEASE

Farm Operator                      **Keith Husz (renewal)**

Area/Location                      52.5 acres of farm land known as the Iowa School for the Deaf Farm located in Pottawattamie County, Iowa.

Lease Term                              Five-year period commencing March 1, 2002, through February 28, 2007.

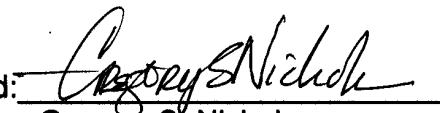
Lease Rate                              The lease provides for a crop share agreement in which the School and the operator share equally all crops and operating expenses.

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

Additional Information                      Mr. Husz has been leasing the farm land for more than ten years.

Liability                                      The lease contains 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.

  
Sheila Lodge

Approved:   
Gregory S. Nichols

Attachment A

Listing of Principals for Leases and Easements

March 2002

Lease \_\_\_\_\_ Principals \_\_\_\_\_

**University of Iowa**

Hawkeye Area Farm

Tom Williams

The principal has no affiliation with the University.

Oakdale Farm

Scott Ogden

The principal has no affiliation with the University.

Market Technology Systems

Forest Nelson, Principal

The principal and three other founding members (Joyce Berg, George Neumann and Tom Rietz) are professors in the Tippie College of Business.

Solltech/Caviforce

David Soll, Founder/Vice President  
Carl Langren, President/CEO

David Soll is a professor of Biology at the University of Iowa; Carl Langren is not employed by the University. The University has purchased Solltech products, and Solltech/Caviforce funds research contracts at the University.

The Patient Education Institute

Moe Ajam, Director

The principal has no affiliation with the University.

Cedar Rapids and Iowa City Railway (CRANDIC)

Paul H. Treangen, Vice President

The principal has no affiliation with the University.

**University of Northern Iowa**

Cedar Skyline Corporation dba Main Street Waterloo

Mary Ellen Warren, President

The principal has no affiliation with the University.

**Iowa School for the Deaf**

Farm Lease

Keith Husz

The principal has no affiliation with the School.