

Contact: John Nash

**INSTITUTIONAL AGREEMENTS, LEASES AND EASEMENTS**

**Action Requested:** The University of Iowa requests Board approval of a 15-year lease for the benefit of University of Iowa Health Care with **Urbandale Medical, LLC** for a 24,540 square foot medical office building at 2901 86<sup>th</sup> Street in Urbandale, Iowa for \$14.50 per square foot.

- *Policy Manual* Chapter §2.3, part 2.E.iv.b requires that leases over 10,000 gross square feet, more than \$150,000 in annual base rent or more than five years in duration receive Board approval.

**Background:** The lease would consolidate care at multiple locations in central Iowa to better coordinate services. Functions from other UI Health Care locations in the area would be relocated to this location. Additional subspecialty services would be identified to add to this site for patients who currently must travel to Iowa City for care.

The buildings consist of 32 exam rooms, 5 procedure rooms, lab x-ray, offices and sufficient staff space. The property would be renovated to add functions as well as update spaces to accommodate new technologies. The X-ray room would be fully renovated for new equipment. The lab would receive minor renovations. Additional space for equipment, a new telecommunications room and associated wiring is included. The owner is providing a \$750,000 tenant improvement allowance toward renovation costs.



North

proposed lease at 2901 86<sup>th</sup> Street in Urbandale, looking northwest

Lease of this space would support the UI Health Care goals of 1) increasing access to complex care to all Iowans regardless of their ability to pay; 2) educating and training the next generation of health care professionals for Iowa; and 3) Providing shared services for regional provider sustainability.

**Term:** 15-year lease with two five-year renewal options

**Cost:** Initial base rent is \$14.50 per square foot, plus \$10.50 per square foot for annual building operating expenses and real estate taxes. The base rent would have an annual 2% escalation and the building operating expenses would be reconciled and adjusted annually based on actual pass-through expenses incurred.