

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Institutional Agreements, Leases and Easements  
**Date:** January 8, 2001

**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 on the review of the leases by the Attorney General's Office will be made at the January Board meeting. A listing of principals is included as an attachment to this docket memorandum.

The University of Iowa requests approval of a lease agreement with the University of Iowa Facilities Corporation for the University's use of space located in Plaza Centre 1, Iowa City, which will be used to help consolidate operations currently housed in off-campus leased space. Iowa State University requests approval of a lease agreement with Atanasoft for its use of business incubator space in the Iowa State Innovation System.

**Background and Analysis:**

A. UNIVERSITY OF IOWA

1. UNIVERSITY OF IOWA FACILITIES CORPORATION (Landlord)—  
The University of Iowa requests approval to enter into a lease agreement with the University of Iowa Facilities Corporation for the University's use of 24,114 square feet of office space and 3,000 square feet of finished basement space located in the Plaza Centre One Building, 125 South Dubuque Street, in Iowa City. The office space will consist of commercial condominium units 2 and 3 which occupy the second and third floors of the facility. The building is located on the downtown Pedestrian Mall, facing the Sheraton Hotel

(previously known as the City Plaza and Holiday Inn). A map showing the location of the facility is included as Attachment A to this memorandum.

The property will be acquired by the Facilities Corporation at a cost of \$1.8 million, with financing provided through a bank loan with the Wells Fargo Public Finance Brokerage Services, Minneapolis, Minnesota, for a 15-year period.

The term of the lease will be for a period of 15 years, co-terminus with the Facilities Corporation financing, beginning March 1, 2001, the date of possession by the Facilities Corporation. The University's rental payments, which would equal the Facilities Corporation's scheduled loan repayments, are estimated at \$105,000 semi-annually, the equivalent of \$7.75 per square foot per year.

According to the University, approximately 70% of the space will be available for University occupancy immediately or soon after March 1, 2001; the remaining 30% will be transferred subject to the expiration or termination of the existing leases.

Acquisition of the property by the Facilities Corporation and its lease by the University will enable the University to reduce the amount of other off-campus leased office space. Currently, the University leases a total of 50,300 square feet of space in the US West Building, the Old Public Library and Brewery Square Building. Annual rents paid by the University for these properties total approximately \$323,000. The University also pays property taxes, utilities and maintenance for some or all of the spaces. These amounts total approximately \$137,000 annually.

Since the University would be leasing the two units in their entirety from the Facilities Corporation, the current tenants would, in effect, become subtenants of the University until their leases expire. The income from the leases would accrue to the University, which would be responsible for all operations, maintenance and improvement costs related to the two units, and a proportionate share of common area expenses. These costs are estimated at \$100,000 annually.

B. IOWA STATE UNIVERSITY

1. ATANASOFT (Tenant)—The University requests approval to enter into a lease agreement as lessor with Atanasoft for its use of 129 square feet of business incubator space in the Iowa State Innovation System. The space will be leased at the rate of \$175 per month (\$16.28 per square foot, \$2,100 per year) for a one-year period commencing December 1, 2000, through December 31, 2001.

Atanasoft is a start-up software company whose mission is to develop, market, sell and support software components for e-business market segments and enterprise data warehousing. The company will initially focus on developing web-based components for use with high-end parallel database systems.

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

  
Sheila Lodge

Approved:   
Frank J. Stork

Attachment

Listing of Principals for Leases

January 2001

Lease

Principals

**University of Iowa**

University of Iowa Facilities Corporation

Michael New, President  
Alan Swanson, Secretary

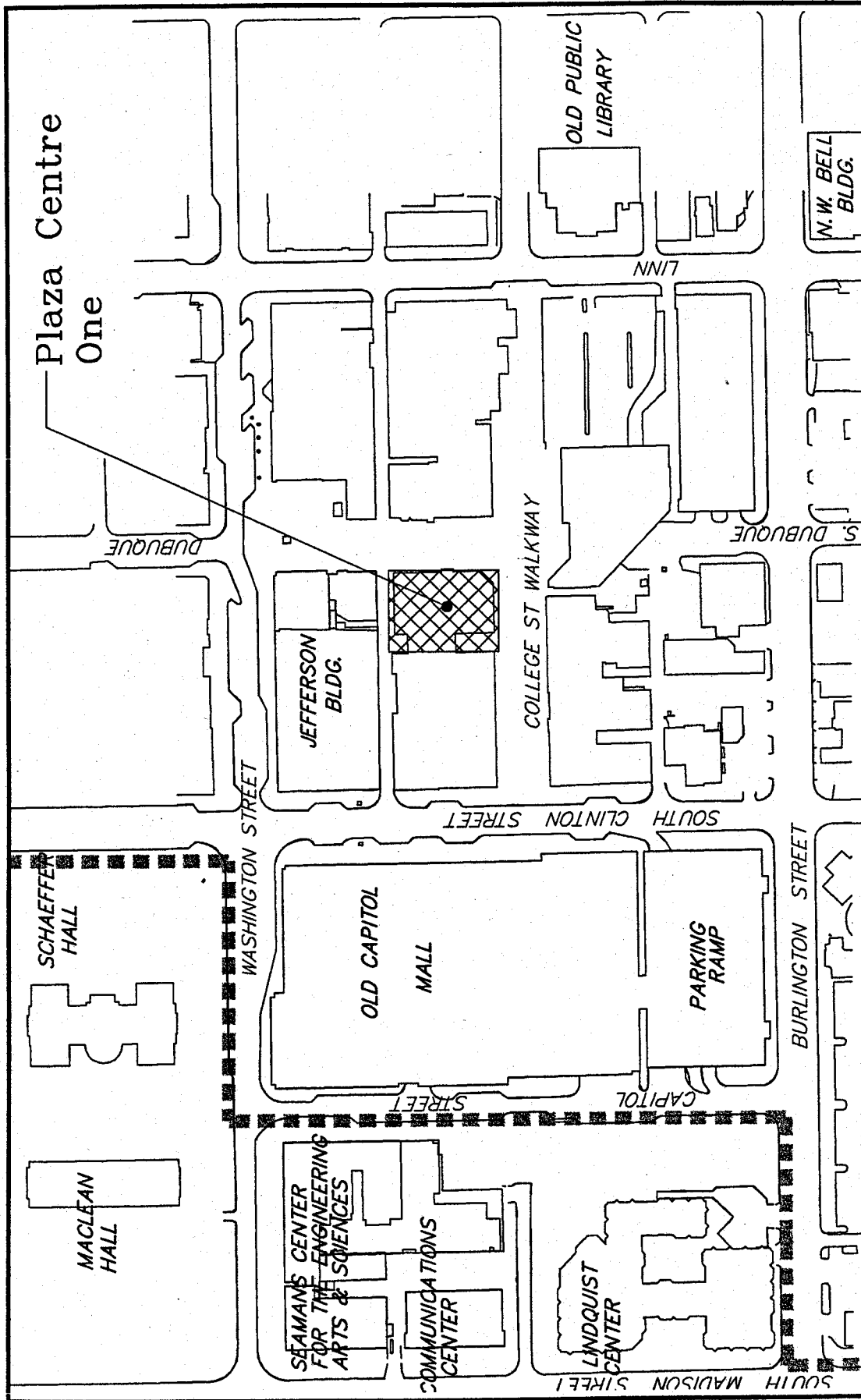
The Facilities Corporation is a supporting organization for the University of Iowa Foundation and assists in the scientific and educational mission of the University by maintaining, developing, increasing, and extending the facilities and services of the University. The Facilities Corporation, which is governed by a Board of Directors elected by the Board of the University of Iowa Foundation, acquires and holds property for the benefit and use of the University.

**Iowa State University**

Atanasoft

David B. Richardson, Co-Founder  
James L. Richardson, Co-Founder



The principals have no affiliation with the University.



THE UNIVERSITY OF IOWA



Key

-  = Property in Acquisition Process
-  = University Boundary



Scale: 1" = 200'