

DATE: June 23, 2005

TO: Executive Committee Members, Assistant Vice Presidents, Chairs, Directors, Department Heads, Assistants to the Deans and Vice Presidents, and Departmental Administrators

FROM: Harry S. Lynch, Jr.
Executive Vice President for Business Affairs and
Chief Financial Officer

Business Affairs Bulletin No. 01 -- FY 2005 (Revised)

SUBJECT: Lease of Building Space

In an effort to expedite and improve the current lease process and ensure the effective use of institutional resources, we are requesting that all departments who have determined a need to lease outside space initially contact the Office of Academic Space, Allocation, Planning and Scheduling, Mr. Hector Gonzalez at, 567-2658 or gonzalezh@uthscsa.edu. The ASAPS office, in consultation with Dr. Theresa Chiang, Vice President for Academic Affairs, will evaluate office space needs and available alternatives for each request. If a determination is made that a property lease is necessary, Mr. Gonzalez will email the Purchasing Department with approval that the requesting department can proceed with implementing the below referenced procedure to acquire space through a property lease.

While the responsibility and authority for completion of proper arrangements for leased space has been assigned to the Director of Purchasing, it is imperative to involve the Purchasing Department at the beginning of each lease process. The earliest possible involvement by the Purchasing Department will expedite the overall process and reduce any delays that may be encountered. No lease contract should be signed nor lease premises occupied without prior authorization of the Director of Purchasing. The U. T. System Business Procedures Memorandum, **BPM No. 05-03-04 "Processing of Space Lease Agreements"** (*revised*), is now available on the web at: <http://www.utsystem.edu/bpm/05.htm> the relevant regulations related to lease space are outlined below.

Leasing by U. T. Institutions Under Delegated Authority:

- A. If the lease is for other than classroom or instructional space, then the U. T. institution's authority to lease is pursuant to delegation from the TBPC, and the lease must comply with requirements applicable to the TBPC under Texas Government Code Chapter 2167 as identified below:
1. Space may be leased from a private source through competitive bidding competitive sealed proposals; or direct negotiation, but the U. T. institution must use the method providing the best value for the state. UTHSCSA has chosen the direct Negotiation option to fulfill our legal obligation. Final negotiations can only be completed by the Purchasing Department.
 2. The original term of the lease may not exceed 10 years, and may include options to renew for as many terms not exceeding 10 years as the U. T. institution considers this to be in the state's best interest. UTHSCSA has made the decision that outside leases will initially be no longer than forty-eight (48) months with two (2) one year renewal options.
 3. Each lease contract must be contingent on the availability of funds to pay for the lease.
 4. First consideration shall be given to a historic structure or a building designated as a landmark by a local governing authority, if such a building meets requirements and specifications and the costs are not substantially higher.

5. A U. T. institution may not enter a lease under authority delegated from the TBPC unless the institution complies with the architectural barriers law, Texas Revised Civil Statutes Article 9102, dealing with elimination of barriers to persons with disabilities.
 6. A U. T. institution may contract with one or more private brokers or real estate agents to assist with obtaining lease space for the institution.
- B. U. T. institutions may pay for the costs of leases made pursuant to authority delegated by the TBPC with funds appropriated from the General Revenue Fund or from other funds. (Texas Government Code § 2167.0059(a) was amended effective September 1, 2001, to remove the former prohibition on using General Revenue funds to pay for a space lease.)

UTHSCSA procedures to arrange for leased space are as follows:

STEP I:

Department Completes the Lease of Building Space Informational Questionnaire:

All requests for leased office space should be initiated by completing and submitting the following information to the Director of Purchasing by way of email. (The Lease of Building Space Informational Questionnaire may be found at: <http://www.uthscsa.edu/business/purchasing/Forms.html>).

STEP II:

Requesting Department, Purchasing Department and Lessor Engage in Preliminary Review Process:

In consideration of requested lease space, the preliminary review process will be coordinated by the Purchasing Department with the lessor and the requesting department. The review process will routinely include reviews with the following department's designees, prior to processing of the lease request. The Preliminary Review Process includes:

- 1) Director of Computing Resources
- 2) Director of General Services
- 3) Chief of the UTHSCSA Police
- 4) Director of Telecommunications and Networking Services
- 5) Director of Environmental Health and Safety

During the preliminary review process, any issue regarding the desired lease space, from the perspective of any of the previously named offices, shall be clearly communicated to the individual requesting the lease and to the Director of Purchasing, by the office identifying the issues. In the event that a mutually agreeable resolution of these issues cannot be reached, the issues shall be referred to the Executive Vice President for Business Affairs for final resolution.

STEP III:

Requesting Department Submits the PeopleSoft Requisition:

Department submits a PeopleSoft Requisition for the Lease of Building Space request, with the following facts:

Line Item Description: Lease of Building Space for (*Name of Department*), located at (*Name of the Building, Address, Suite #*) for the period of (*Month/Year through Month/Year*), for (*Square Footage Information*)

Quantity = Number of Months; Unit of Measure = MO; Price = Monthly Rental Rate

Comments: Any additional information related to the lease.

Total dollar amount to be encumbered on the Requisition, should only reflect the current Fiscal Year usage. A new PeopleSoft requisition must be prepared at the start of each fiscal year covered by the lease agreement.

STEP IV:

Contract Review and Execution:

Once the preliminary review has been successfully executed, Purchasing will utilize the Office of General Counsel's (OGC) standard Lease Contract exclusively. Any lease content issues will be resolved through the Purchasing Department, with ultimate Contract Review and Execution involving the following:

- 1) Senior Legal Counsel / Legal Affairs
- 2) Executive Vice President for Business Affairs and Chief Financial Officer

The lead time necessary in preparing to occupy building space is based on the complexity of the negotiation process and varies with each space acquisition. Generally a ninety (90) day period should be anticipated for the execution of any new lease situation.

If you have questions about the Lease of Building Space procedures, please contact the Purchasing Department at 2-6200 or purchadmin@uthscsa.edu.