

Contact: Joan Racki

POLICY MANUAL REVISIONS – DELEGATION OF APPROVAL OF LEASES

Action Requested: Consider recommending to the Board the following policies related to the delegation of authority for approval of leases.

Executive Summary: SF 2358 of the 2006 General Assembly, which has been signed into law by the Governor, amends Iowa Code §262.11. Effective July 1, 2006, the Board may delegate authority to the universities to approve leases. (Prior to this change, agreements, leases and easements involving real property needed to be approved by the Board of Regents by roll call vote.)

Consistent with the statutory change and the Board's desire to delegate certain responsibilities to the universities, the following recommendations regarding the delegation of lease approvals are provided for consideration of the Property and Facilities Committee.

1. Authority for approval of leases for the special schools would be delegated to Iowa State University, following the parameters outlined below. (Iowa State University is currently responsible for the overall administration of capital projects at the special schools – Regent Policy Manual, §9.11.)
2. Approval of tenant property rental rates would be delegated to the universities.
3. Lease approval delegations to the universities would include:
 - a) Those with the Board as both lessee and lessor as further outlined in this section, including individual subleases within the SUI – Technology Innovation Center and ISU – Iowa State Innovation System, and farm leases;
 - b) Those for less than 10,000 gross square feet, and with less than \$100,000 in annual rental costs, and for five years or less duration, including renewal periods within the lease. (Leases for more than 10,000 gross square feet, or more than \$100,000 in annual rental costs, or for greater than five years duration would require Board approval.) (The Board Office may annually increase the \$100,000 annual rental threshold by the Consumer Price Index – All Urban Consumers.);
 - c) Lease addenda increasing the amount of leased space, as long as the lease and addenda (in total) fall within the parameters of (b);
 - d) Lease addenda decreasing the amount of leased space; and
 - e) Lease renewals where there are no substantial changes in terms from the original lease or previous renewal, and the lease percentage rate increase (from the original lease or previous renewal) does not exceed the Consumer Price Index – All Urban Consumers.

4. Each university would report annually on the new leases and lease renewals into which it has entered during the last fiscal year (excluding renewal periods provided for in the original lease), as well as the approved tenant property rental rates. The reporting format would be developed by the Board Office, in conjunction with the universities.
5. Universities would identify one institutional office with authority to approve leases and inform the university community and Board Office of that identification.
6. Lease agreements to be approved at the universities would continue to use the standard Regent form; deviations from this form would require the approval of the university's general counsel office.
7. A university or special school may opt, at its discretion, to submit a request for approval of a specific lease to the Board even if it were to fall within the parameters of delegated leases.
8. All leases which include an option to purchase, a right of first refusal to purchase, or other right or option to purchase the improvements or the land on which the improvements are located, would require Board approval.
9. Land leases, excluding farm leases which would be delegated as per 3a above, would require Board approval.

Subsequent to Board approval of these policies regarding delegation, they will be incorporated into Chapter 9 of the Regent Policy Manual and presented for final reading at a subsequent meeting.