

Lease Property Presentation



December 18, 2019

Business Manager's Office

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- 105 Jessup Hall – Part of Finance & Operations Group with enterprise wide responsibility.....including.....
- All University real estate and leasing transactions and development projects across the University enterprise (UI, UIHC, Research Park) – including all deeds and land records
- All capital project construction contracts (architects & engineers, bids, construction contracts)
- Campus master-planning and space planning
- UI Town/Gown relationships with IC, Coralville, North Liberty
- Non-procurement University contracts and agreements

Commercial Property Lease

- *A commercial property lease is a contract outlining the terms under which one party agrees to rent: 1) defined non-residential property owned by another party; 2) for a specified term; 3) for a specified price; and 4) under specified terms and conditions.*

- Vacant Land
- Office Building
- Warehouse

Entire building...

.....or just a floor....

.....or just a room

Commercial versus Residential

- Unlike a residential lease, a commercial lease is not subject to State and local landlord/tenant laws, regulations, and ordinances.
- The law views a commercial lease like any other contractual relationship. There are no special protections for commercial tenants.

Commercial versus Residential

- Most commercial leases are *triple net leases*.....The landlord provides the shell/superstructure of the leased premises but all upkeep, maintenance and repair (including HVAC, plumbing, electrical), janitorial, and groundcare/snow removal are the responsibility of the **TENANT**.....*one way or the other.*

Make-Up of a Commercial Lease

- Residential leases typically have a flat rental fee (perhaps an additional cost for parking) and specifies which utilities are paid for by landlord and which are paid for by tenant.
- Triple net commercial leases have multiple rental cost components: Base Rent / Common Area Maintenance(CAM) – may or may not include utilities, depending on how building is divided and metered / Insurance / Real Estate Taxes (ugh!)...and this still may not cover janitorial, maintenance, and capital costs (i.e HVAC system) in someone else's building. **NO TWO LEASES ARE ALIKE.**

Why am I in leased space?

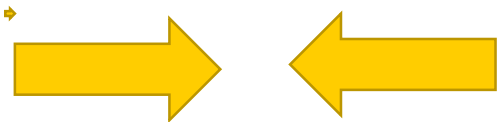
- Emergency
- Swing Space/Flexibility
- Out of space in main campus building
- Concern about quality/safety of previous campus space
- Out of town location
- Part of the UI master-plan/strategic plan

Why am I in leased space?

- Rarely is it a cost savings move.....taxes
- Constantly assessing off-campus leases that are paid with the general fund to see if group can relocate back to on-campus space (i.e RVAP)

Service Issues

- Building/space not designed/constructed to UI standards....
- Not serviced by UI Facilities Management - Building & Landscape Services (maintenance, janitorial, snow removal).....
- Not have AMAG door access....



- Balancing of Capital Investment costs as it relates to anticipated lease duration in a building we do not own.

University of Iowa Leases

- Under Iowa law, the University, including UIHC, is prohibited from entering into leases (as either landlord or tenant) in the name of the University. All leases must be in the name of the *Board of Regents, State of Iowa*.
- Under Board of Regents policy and UI Operations Manual, all leases must be reviewed and signed by the University of Iowa Business Manager, including for UIHC. Colleges and Departments and UIHC are strictly prohibited from signing any lease.

Lease Approval Thresholds

- The Board of Regents has set certain threshold parameters for lease approvals:
 - Leases for over 10,000 s/f must be approved by the Board of Regents as a formal docket item at a Board meeting
 - Leases for over a five-year term must be approved by the Board of Regents as a formal docket item at a Board meeting
 - A majority of UI and UIHC leases fall under these parameters, and only require “local” approval within UI/UIHC leadership.
 - “Local” approval must include UI Business Manager, UI Planning Team, VP and/or Dean, and must include an approved source of funds to pay the rent and lease terms.

Leases – UI as Tenant

→ Approximately 85 leases where UI is the tenant, 3 out of state

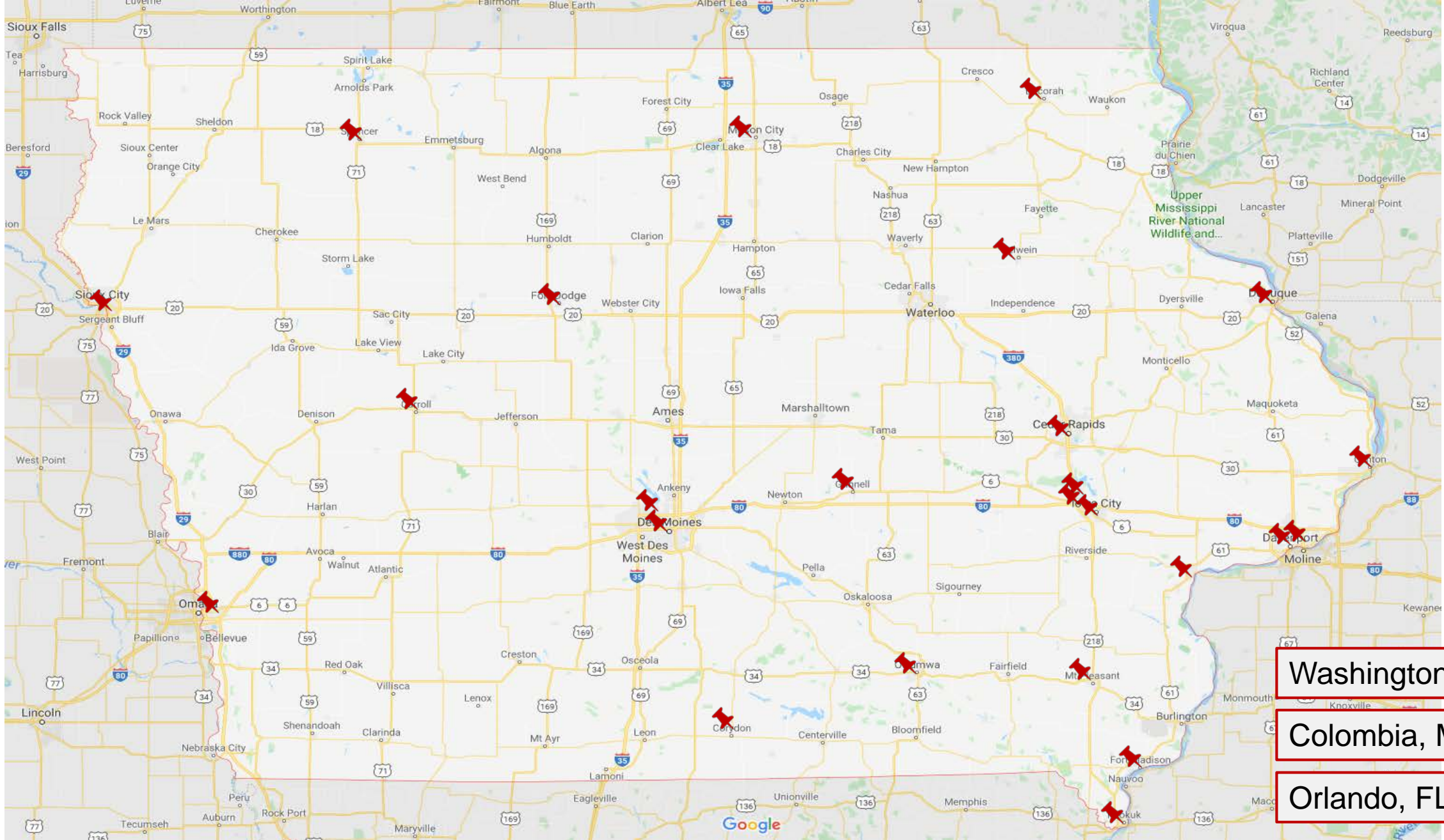
- 18 in Iowa City
- 13 in Coralville
- 7 in Cedar Rapids
- 4 in North Liberty

- Far less than 2008!

Does not include many UIHC shared use agreements

→ Lease Types

- Patient Care
- Office
- Research
- Storage
- Classroom
- Housing



Washington, DC

Columbia, MO

Orlando, FL

Leases – UI as Landlord

- ➔ Approximately 30 lease where UI is the landlord for 3rd parties (BioVentures, Hills Bank, IDT, HawkShop)
- ➔ Approximately 20 long term ground leases (UI Research Park, Aspire, Coralville Fire Station, Ronald McDonald House, Hope Lodge)
- ➔ Approximately 10 equipment leases for cell antenna's on UI property (residents halls and athletic facilities) with AT&T, Verizon, and US Cellular



BioVentures



Independence Road Annex



Continuing Education Facility (US Bank)

Development Leases

- University wants to build a new building somewhere, but does not want to build the facility as a University project using its own upfront capital funds...prefer paying a lease payment over time from operating funds/expense.
- Site and developer selected thru University process
- Building is planned, programmed and designed by a joint University/Developer process. Once the building is completed and occupied, building looks like a standard University owned facility (but in reality is owned by 3rd party developer/landlord)



Health Care Support Services Building



Scott Blvd Clinic



North Dodge Clinic