

Policy 3-110: Lease or Rental of Property for University Use

I. Purpose and Scope

To outline university policy regarding the lease or rental of property for university use.

II. Definitions

[reserved]

III. Policy

A. Leases of Real Property

1. No lease or rental of real property, including any interest in land, buildings, office space, laboratory space, storage space, or water or mineral rights, may be entered into or will be binding upon the university unless the provisions of this policy and Procedure are satisfied.
2. Any request for leasing, or for the extension or renewal of a lease, of real property for university purposes must be submitted and processed as follows:
 - a. A written request shall be submitted by the requesting department head, principal investigator, director or other officer through the direct line of administrative authority to the cognizant vice president. This request must include or be accompanied by the following information:
 - i. A description of the real property proposed to be leased or of its general location and character.
 - ii. An explanation of the need for such space.
 - iii. A detailed factual justification for entering into the lease.

- iv. A statement addressing the adequacies of power supplies, air handling equipment and general physical structure and floor plan. Estimated costs of any modifications or remodeling necessary to meet user needs should also be included, indicating proposed sources of funding for any such modifications or remodeling.
- v. A letter from the director of Space Planning and Management or designee commenting upon and making recommendations relative to the proposed lease and the availability of space in existing facilities to meet the described need in a timely manner.
- vi. A proposed lease agreement (a standard lease form used by landlord may be acceptable) which includes, among other things, the following:
 - Term of lease
 - Monthly rental
 - Responsibility for utilities, maintenance, snow removal, custodial, grounds care, etc.
 - Parking arrangements
 - Responsibility for structural and roof maintenance and repairs
 - Responsibility for insurance of structure, operation and general liability insurance
 - Responsibility for property taxes, other taxes and assessments, ownership of any improvements made.
- b. Upon approval by the cognizant vice president of any lease or extension or renewal of any lease, the cognizant vice president shall forward to the vice president for administrative services for review and evaluation, the following information:

- i. The initial request and other information required under paragraph (a) above.
 - ii. A letter of approval from the cognizant vice president, including a statement identifying the proposed source of funding for lease costs, if the lease is approved.
- c. If the vice president for administrative services, after review and evaluation of the request and supporting justification and documentation, approves the proposed lease, appropriate implementation steps shall be undertaken pursuant to subsection (d) below. If the vice president for administrative services concludes that the proposed lease is not in the best interests of the university, the vice president for administrative services shall discuss the reasons for that conclusion with the vice president who originally approved the request. If the two vice presidents are unable to agree on the disposition of the request, it shall be submitted to the president for decision. The request to lease space must reach the vice president for administrative services at least 30 days before the commencement of the proposed lease term.
- d. Any lease duly authorized under subsection (c) above shall be negotiated and executed, under the direction of the vice president for administrative services, in accordance with applicable requirements of the Utah Procurement Code, 1953 Utah Code Annotated sections 63-56-1 et seq., as amended, and implementing university regulations. The lease shall be signed by the vice president for administrative services or designee for and on behalf of the university, and thereafter shall be binding on the university.
- e. The vice president for administrative services may prescribe forms and operating instructions relative to leases of real property as may be necessary or appropriate to carry out the purposes of this policy and Procedures statement.

B. Leases of Equipment or Other Types of Property

1. Lease agreements relating to equipment or other types of personal property, and for which the total of all lease payments to be made from university funds during any fiscal year included in whole or in part within the stated term of the lease (exclusive of any extension) does not exceed \$45,000, may be entered into by Procurement & Contracting Services (Procurement) on an informal basis pursuant to regular requisition and purchase order Procedures. See [Policy 3-191, Section IV.C](#). Departments other than Procurement are not authorized to enter into such lease agreements.
2. Requests for lease agreements relating to equipment or other types of personal property, and providing for total payments of more than \$45,000 during any fiscal year included in whole or in part within the stated term of the lease, must be submitted and processed as follows:
 - a. All such requests, together with the written approval of the cognizant vice president, shall be forwarded to Procurement.
 - b. A written statement must accompany the request, setting forth the following information:
 - i. The need for the equipment, together with a declaration that after reasonable investigation, the requesting officer has determined that similar equipment, or equipment of equivalent capability, is not currently available for use elsewhere within the university (see [Policy 3-045](#), Equipment Inventory Screening and Requisitioning).
 - ii. Justification for the proposed lease, including a comparison of lease costs with purchase costs, and stating the estimated interest cost associated with leasing, calculated on a simple interest basis.
 - iii. Alternate methods of financing, other than leasing, which have been investigated, and the relative merits of such methods.

- c. After evaluating the request, the purchasing agent will forward it to the vice president for administrative services, together with comments and recommendations. If the vice president for administrative services concludes that the proposed lease is in the best interests of the university, implementing steps shall be taken pursuant to subsection (d) below. If the vice president for administrative services concludes that the proposed lease is not in the best interests of the university, the vice president for administrative services shall discuss the reasons for that conclusion with the vice president who originally approved the request. If the two vice presidents are unable to agree on the disposition of the request, it shall be submitted to the president for decision.
- d. Any lease of equipment or other personal property duly authorized under subsection (c) above shall be negotiated and executed under the direction of the vice president for administrative services, in accordance with applicable requirements of the Utah Procurement Code, 1953 Utah Code Annotated sections 63-56-1 et seq., as amended, and implementing university regulations.

C. General Provisions Relating to Leases

1. All leases for which payments are or may be made, in whole or in part, from funds controlled by the university, including funds derived from federal grants and contracts, shall include the following clause:
2. It is understood and agreed that this agreement does not obligate Lessee to make any payments hereunder except from funds currently available for the purpose, or from time to time appropriated to Lessee by the Utah State Legislature, or allocated by the federal government in the form of grants or contracts for such purpose. This agreement shall not in any way be construed to create a general obligation of the state or federal government, nor to impose any obligation upon either the state, the federal government or the Lessee not authorized by law.

3. Unless authorized by the vice president for administrative services, or designee, longterm (one year or longer) leases to own, or lease purchase plans, are not permitted as substitutes for capital equipment purchases made with general funds provided through regular academic and administrative operating budgets. When funded through federal grants or contracts, an acquisition of capital equipment through a lease purchase plan requires the prior written approval of the funding agency, the vice president for research and the vice president for administrative services.
4. Requests for renewals and extensions of leases that provide for total payments of more than \$45,000 during any fiscal year included in whole or in part within the stated term of the lease shall be submitted and reviewed by the vice president for administrative services in the same manner and under the same standards as original lease requests.
5. The vice president for administrative services shall maintain a complete file of all real property leases entered into by the university. Procurement shall maintain a file of all leases of other property.
6. University operating units other than Procurement are not authorized to enter into leases of real or personal property unless express prior authorization to do so is given in writing by the vice president for administrative services.

IV. Rules, Procedures, Guidelines, Forms and other Related Resources

A. Rules

[R3-110A, Equipment Leasing](#); 1/24/2011

B. Procedures *[reserved]*

C. Guidelines *[reserved]*

D. Forms *[reserved]*

E. Other related resource materials

[Buying & Payment Guide](#)

V. References

[Policy 3-190](#), Requisition Preparation and Processing

[Policy 3-191](#), Small Purchases and Expedited Procurement

[Policy 3-101](#), Solicitation of Bids, Proposals and the Award of Procurement
Contracts

[Policy 3-045](#), Equipment Inventory Screening and Requisitioning

VI. Contacts

Acting as the Policy Owner, the [Office of the Director of Procurement & Contracting Services](#) is responsible for answering questions and providing information regarding the application of this policy. Acting as the Policy Officer, [Chief Financial Officer](#) has the authority to allow exceptions to this policy.

VII. History

Added Reference to Rule R3-110A, Equipment Leasing; February 10, 2011

Revision 8: Editorially changed to update format, owner, officer; February 10, 2011

Editorially revised April 5, 2022 to replace gender-specific pronouns.

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Approved: Institutional Council: 11/10/80