



**Minnesota State Colleges and Universities
System Procedures
Chapter 6 – Facilities Management
Procedure 6.7.3 - Use of Non-College and University
Facilities (College or University as Lessee/Tenant)**

Checklist 6.7.3.1 Leasing and Using Off-Campus Facilities

This checklist is provided to supplement System Procedure 6.7.3. This checklist offers major deal points to consider when negotiating a Facilities Agreement. It is not meant to be exhaustive, but merely a tool to ensure compliance with Board of Trustee policy, system procedure and state statute.

Use: When leasing space owned by any third party. (MnSCU as a Lessee).

APPROVAL THRESHOLDS FOR LEASES OR USE AGREEMENTS

Approvals Required

Thresholds:

**Vice Chancellor -
Chief Financial Officer**

**Lease > \$100,000
Lease > 5 years**

Board of Trustees

Lease > \$2 million

LEASING CHECKLIST: Off Campus Use

General

1. Campus _____
2. Property Address/Location _____

3. Gross Sq. Ft. _____
4. Rentable Sq. Ft. _____
5. Rent per square foot _____

Owner/Landlord

1. Name _____
2. Address: _____

3. Legal Entity _____
4. Business _____

Term

Start Date: _____ **End Date:** _____

1. Is there an option to renew? ___ yes ___ no
2. What are the terms of the option(s)? _____
3. What is the rent for each renewal period? _____
4. How must the option to renew be exercised? _____

Use

1. What is the space availability on campus? _____

2. What is the current space used by the program on campus? _____

3. What is the academic program or project that benefits from the location of the party off campus? _____

4. Will this space be affected by any pending or planned capital improvement to campus? _____

5. What is the proposed use of the space? _____

6. How does the proposed use of space meet the strategic goals of the system? _____

7. Is the proposed use consistent with the Facilities Master Plan for the campus? If not, what has changed? _____

8. If this is a new program, has Academic Affairs been consulted? _____
9. Is there excess space available at other campuses to accommodate this need? _____
10. Are there covenants or restrictions that may impact the campus's use of the property? Easements? _____
11. Is 24/7 access available? _____

Rent

1. Amount of rent per month _____
All rent must be paid in arrears (at the end of the month). Minn. Stat. §16A.138.
2. Rent per square foot _____
3. Are there annual increases? _____ Amount? _____
4. In addition to the basic rental charge, what is included in the rent amount? (Gas, electricity, trash, water, sewer, maintenance, other) _____
5. When is rent due? _____
6. How is it payable? (check, EFT, wire, other) _____
7. What are comparable rental rates for property of this type? _____
8. Other: _____

Terms

1. Is there a right of first refusal if additional space becomes available?
2. Is there a 30-day termination right in lease? _____
(MnSCU has a statutory right to terminate leases with 30 days notice to the Landlord, provided we do not replace the property with other non-state owned property for the same purpose or use. See Minn. Stat. §16B.24, Subd. 6)

3. Option to renew? _____ How many? _____
4. Option to Purchase? _____ Purchase Price _____
Notice required _____ (**Note: Board and Legislative approval required prior to entering into leases with options to purchase.**)
5. What is the estimated economic life of the property?
 - a. Is the lease term equal to 75% or more of the estimated economic life of the property? ___ yes ___ no
 - b. What is the current estimated fair market value of the property?

 - c. Is the present value at the beginning of the lease term greater than or equal to 90% of the fair market value of the property? ___ yes ___ no

Leasehold Improvements

1. Are leasehold improvements required? _____
2. Who will construct them? _____
3. Who will pay for them? _____
4. What is the estimated cost? _____
5. Leasehold Improvement Cost psf: _____
6. How will they be funded? _____
7. Is the facility ADA Compliant? _____
8. Are there plans for any major structural work to occur during the lease term (such as roof replacement, windows, etc.?) _____

Subleasing

1. Is MnSCU entitled to sublease the property or to assign the lease?
___ yes ___ no
2. Does the landlord have to agree in writing?
___ yes ___ no

Taxes and Operating Expenses.

1. Who pays property taxes? _____
(MnSCU is not real estate tax exempt when leasing an off-campus facility (unless in another tax exempt property))
2. Who pays utilities? _____
3. Who is obligated to clean and maintain space? _____

4. Who is obligated to repair the facility (major repairs, such as roof, walls, etc.) _____

5. Does User of space have any specific telecommunication requirements? What are they? _

Liability and insurance.

1. Has OOC Risk Management been notified of the lease? _____
The current Risk Management contact is: Marlys Williamson, Underwriting/Marketing Manager, 651.201.2591, marlys.williamson@state.mn.us
2. Has the standard liability language been included in the Lease? _____
“Each party shall be responsible for its own acts and behavior and the results thereof. The Minnesota Tort Claims Act, Minn. Stat. §3.736 and other applicable laws govern the state’s liability.”
3. Is the college or university agreeing to defend or indemnify Landlord for anything? _____

4. Is landlord required to rebuild if property is destroyed? _____

5. What constitutes “destruction”? _____

6. Will rent be abated if property is destroyed? _____
7. May the tenant terminate the lease following total or partial destruction of the property? _____

Conflict of Interest

1. Does any MNSCU employee, their relative, or anyone affiliated with MnSCU, have a financial interest in this property? _____

2. If so, list their name and affiliation. _____

Approval Date: 04/07/09,
Effective Date: 04/07/09,
Date and Subject of Revision: