



# Expense Lease Process Guidelines

The expense lease process guide is intended to provide departments a general overview of the leasing process, required resources, and steps necessary to acquire lease space. Each lease initiative is unique containing any number of specification variables requiring significant monetary and resource investments by the Institution.

## Planning

When considering a lease, first call Procurement Services and speak to either the Director of Contracting (806) 743-7386 or the Director of Procurement Services (806) 743-7387 as your first action. This initial dialogue will focus on several areas to get a clear idea of needs and help to develop a strategy to meet those needs.

Thought should be given to:

- Location and all potential available properties
- Timeline
- Budget and funding source
- Space requirements
- Services (Custodial, Security, etc.)
- Network requirements
- Accessibility requirements

Prior to soliciting or contracting for new leases or expansion to existing leases, the department must provide evidence that a written space submission has been approved by the Campus Space Committee in compliance with [OP 61.21 Institutional Space Policy](#).

Upon receipt of a request for a new lease, a request to change or amend an existing lease, a request to terminate an existing lease or at the expiration of an existing lease, notifications must be made in compliance with [OP 72.06 Leasing of Space and Facilities](#).

The department is responsible for all cost associated with the lease including utilities, custodial, moving, and operating costs.

As the above components are more formalized and documented, it becomes appropriate to begin forming your Leasing Team. In addition to departmental stakeholders, invitation should also be made to Physical Plant, IT, General Counsel, and Compliance personnel.

## Acquisition

Once the acquisition plan has been finalized and the Leasing Team formed, there are three general options afforded to TTUHSC Departments in choosing a lease property or location.

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## 1. Direct Negotiation

As a Texas state agency, TTUHSC has the authority to directly negotiate with other federal, state, and local government entities located in Texas. Typically, this is a preferred option for its efficiency in process and lease contract familiarity between the parties.

Benefits may include:

- Lower total cost
- Accessibility compliance
- Governmental form contract
- Established in-house services

## 2. Competitive Solicitation

In most cases, a competitive Request for Proposal is the required vehicle to acquire leased space from a nongovernmental or private entity. Leases in the commercial space can be complex and expensive. Most commercial landlords require longer term leases (>5 years), variable triple-net fees, build-out cost sharing, broker commissions and commercial form lease contracts with terms unacceptable to a Texas state agency. Understanding those potential challenges is important when embarking on a lease initiative.

Steps and timeline associated include the following:

- [Development and issuance of an RFP](#) (4-8 weeks)
- Proposal evaluation and property site visits (2-4+ weeks)
- Contract initiation and negotiation (4-12+ weeks)
- Renovation, preparation, service acquisition (varies)

## 3. Sole Source Justification

In a few unique situations, TTUHSC may be afforded the option to defend selection of a property through sole source justification. Most typically, this relates to a department's need to be adjacent to, or located within, an affiliated hospital. On rare occasion, grant funding may be earmarked for a specific location or within a limited medically underserved geographic area offering few, if any, adequate properties.

Sole source consideration requires:

- Formal letter explaining the circumstances and requesting sole source approval
- Completed [Sole Source and Proprietary Justification Form](#)
- Acceptance and written approval from the Managing Director of Purchasing

## Lease Contract

Lease contracts vary considerably depending on the type of property, landlord, and contract template utilized. Familiarity between parties is often the most critical element in a successful agreement. Government entities and affiliated hospitals are more typically involved as partners with TTUHSC in larger initiatives, where both parties tend to be

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invested in a successful lease to meet greater community goals. Private entities, on the other hand, (often represented by brokers) are primarily interested in profit or financial return to shareholders resulting in difficult negotiations and little understanding of the TTUHSC mission.

The typical lease contracting process is as follow:

- Submission of lease contract to the [TTUHSC Contracting System](#)
- Landlord/TTUHSC party given initial opportunity to review and redline
- Contract routes in system for TTUHSC reviews (Physical Plant, IT, General Counsel, Compliance, Purchasing)
- Direct negotiation between the parties (typically phone with counsel)
- Department submits TechBuy Requisition to cover current fiscal year costs
- Board of Regents approval (as required)
- Finalized lease contract is routed for signatures

## Ongoing

A lease is a living and often changing contractual business relationship. It is critical that the TTUHSC Department assign a location manager and lease contract manager to ensure ongoing best value outcomes for the Department and TTUHSC as an institution.

In addition to relationship management, regular actions may include:

- Establishing annual TechBuy PO's
- Issuing maintenance service orders
- Reengaging members of the Leasing Team to support changes to space, services, term, etc.

Additional Resource:

[HSC OP 72.06 Leasing of Space and Facilities](#)

If you have additional questions, contact Contracting at [contracting@ttuhsc.edu](mailto:contracting@ttuhsc.edu).