



May 19, 2022

University of Utah – Lease Renewal for American Plaza

Board Policy R705, *Lease Space*, requires the Board to approve institutional leases with state-appropriated funds that are more than \$500,000 per year or commit the institution for ten or more years. The University of Utah seeks Board approval to renew the lease in the American Plaza III building located at 47 West 200 South in Salt Lake City, UT, for the David Eccles School of Business (DESB), which has occupied this space since 2017.

- 26,533 square feet
- Average annual rent of \$483,000 (full service) (4th & 5th years exceed \$500,000 annual rent)
- Total lease term commitment of \$2,688M
- Extension Term: Five (5) years and seven (7) months (July 1, 2022 – January 31, 2028)

The DESB provides entry-level business experience, including training in customer product sets, customer service operations, and the opportunity to learn about consumer-focused companies. DESB tailors' hours to the students' schedule, compensate employment for up to 200 students, and award scholarships based on work and student achievement.

The lease extension was approved by the University of Utah Board of Trustees in their April 12, 2022 meeting. Additional information about this request may be found in the attached letter from the University; representatives from the University will be in attendance at the meeting to provide additional information and respond to questions from the Board.

Commissioner's Recommendations

The Commissioner recommends the Board authorize the University of Utah to renew the American Plaza lease for an additional five (5) years and seven (7) months.

Attachments

April 27, 2022

Commissioner Dave R. Woolstenhulme
Utah System of Higher Education
Board of Regents Building, The Gateway
60 South 400 West
Salt Lake City, Utah 84101-1284

Dear Commissioner Woolstenhulme:

The University of Utah hereby requests approval from the Utah Board of Higher Education for the following summarized extension of lease for space in the American Plaza III building located at 47 West 200 South in Salt Lake City:

- 26,553 square feet
- Average annual rent of \$482k (full service)
- Total lease term commitment of \$2.688M
- Extension Term: Five (5) years and seven (7) months (July 1, 2022 – January 31, 2028)

The David Eccles School of Business (DESB) has leased this space since April of 2017 which is utilized to support a partnership with Education@Work to accomplish the following:

- Provide entry level business experience, including training in customer product sets and customer service operations, for DESB students.
- Opportunity for DESB students to learn about consumer-focused companies.
- Offer work hours tailored to student schedules.
- Compensate employment for up to 200 students.
- Award scholarships based on work and student achievement.
- Leadership and advancement opportunities for students.

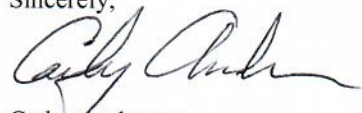
The DESB agreement with Education@Work includes provisions that scholarship/tuition assistance funded to the University will exceed the rental obligations outlined above.

The Education@Work program has been very successful. Since the program's inception, it has provided \$3.1M in student tuition assistance and \$8.4M in student wages. In 2021, the program provided \$874k in student tuition assistance and \$1.6M in student wages. In order to accommodate forecasted growth and further opportunities for DESB students, the University of Utah is requesting approval to extend the existing Lease Agreement.

The University of Utah's Board of Trustees reviewed and approved this matter on April 12, 2022. We would welcome an opportunity to present this proposed lease extension at the May 19, 2022 meeting of the Board of Higher Education.

Thank you, as always, for your consideration and support.

Sincerely,



Cathy Anderson
Chief Financial Officer

cc: Taylor Randall
Malin Francis
John Creer

FOURTH AMENDMENT TO LEASE

This Fourth Amendment to Lease (the “**Fourth Amendment**”) is made as of this 29th day of March 2022 by and between Bay Pacific American Plaza III, LLC, a Utah Limited Liability Company (“**Landlord**”) and The University of Utah (“**Tenant**”) with reference to the following facts:

- A. Landlord and Tenant entered into a certain Lease Agreement dated March 14, 2017, a First Amendment to Lease dated June 1, 2017, a Second Amendment to Lease dated August 25, 2017 and a Third Amendment to Lease dated March 28, 2018 (collectively the “**Lease**”);
- B. Landlord and Tenant desire to further amend the Lease by extending the lease term and modifying other terms and conditions hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

- 1. Definitions. Each capitalized term used in this Fourth Amendment to Lease shall have the same meaning as is ascribed to such capitalized term in the Lease, as amended by the Fourth Amendment, unless otherwise provided for herein.
- 2. Premises. Effective July 1, 2022, the Premises shall consist of the following suites:
 Suite 101: 2,769 RSF
 Suite 300: 12,090 RSF
 Suite 500: 11,694 RSF
TOTAL RSF 26,553 RSF
- 3. Lease Commencement and Termination Dates. Effective July 1, 2022, the Term of this Lease shall be extended by sixty-seven months and shall terminate on January 31, 2028.
- 4. Base Rent. Effective July 1, 2022, Base Rent shall be according to the following rent schedule:

Period	Space (sf)	Rate psf	Monthly Rent	Less Free Rent	Free Rent Mo.	# of Mo.	Period Rent
7/1/2022 - 6/30/2023	26,553	\$19.00	\$42,042.25	(\$42,042.25)	Jul-22	12	\$462,464.75
7/1/2023 - 6/30/2024	26,553	\$19.52	\$43,198.41	(\$86,396.82)	Aug-23; Jun-24	12	\$431,984.10
7/1/2024 - 6/30/2025	26,553	\$20.06	\$44,386.37	(\$44,386.37)	May-25	12	\$488,250.07
7/1/2025 - 6/30/2026	26,553	\$20.61	\$45,606.99	(\$45,606.99)	Jun-26	12	\$501,676.89
7/1/2026 - 6/30/2027	26,553	\$21.18	\$46,861.19	(\$46,861.19)	Apr-27	12	\$515,473.09
7/1/2027 - 1/31/2028	26,553	\$21.76	\$48,149.87	(\$48,149.87)	Jan-28	7	\$288,899.22

- 5. Refurbishment Allowance, Landlord’s Work. Effective July 1, 2022, Landlord shall provide a refurbishment allowance equal to \$25,000 for Tenant’s desired refurbishment of its Premises. Landlord’s preferred contractor shall perform the work.
- 6. Termination Option. Tenant shall be given a one-time option to terminate the lease after the 36th month of the lease extension by providing Landlord six (6) month’s prior written notice (“Termination Notice”) and paying to Landlord a termination fee (“Termination Fee”) equal to the unamortized leasing costs (TIs and commissions and free rent) plus two (2) month’s rent penalty as due in month

36, which Termination Fee shall be due with the Termination Notice. Failure to provide notice and payment as outlined above will negate this Termination Option in its entirety.

7. Binding. The Lease, as amended, shall continue in full force and effect, subject to the terms and provisions thereof and hereof. In the event of any conflict between the terms of the Lease and the terms of this Fourth Amendment, the terms of this Fourth Amendment shall control. This Fourth Amendment shall be binding upon and inure to the benefit of Landlord, Tenant and their respective successors and permitted assigns.
8. Broker and Commission. Tenant represents to Landlord that except for Newmark, Tenant has not dealt with any real estate broker, salesperson or finder in connection with this Fourth Amendment, and no other such person initiated or participated in the negotiation of this Fourth Amendment or is entitled to any commission in connection herewith. Tenant hereby agrees to indemnify, defend and hold Landlord and their respective employees harmless from and against any and all liabilities, claims, demands, actions, damages, costs and expenses (including attorney's fees) arising from either (a) a claim for a fee or commission made by any broker, other than the Broker, claiming to have acted by or on behalf of Tenant in connection with this Fourth Amendment, or (b) a claim of, or right to lien under the statutes of Utah relating to real estate broker liens with respect to any such broker retained by Tenant.

The parties agree that Collin Perkins of Newmark ("Broker") represents the Landlord and Tenant represents themselves. Landlord agrees to pay Broker a commission of 3% of the gross value of the lease for the first sixty months in which rent is to be paid. Landlord shall pay directly to the University's Real Estate Administration an amount equal to 3% of the gross value of the lease for the first sixty months in which rent is to be paid. Fifty percent (50) is due at the signing of the lease and 50% at lease commencement.

9. Full force and effect. All other terms and conditions of the Lease shall remain in full force and effect.
10. No Offer. No contractual or other rights shall exist between Landlord and Tenant with respect to this Fourth Amendment until both have executed and delivered this Fourth Amendment, notwithstanding that Landlord has delivered to Tenant an unexecuted copy of this Fourth Amendment. The submission of this Fourth Amendment to Tenant shall be for examination purposes only and does not and shall not constitute a reservation of or any option for the Tenant to surrender, or otherwise create an additional interest by Tenant in the Premises or any other Premises situated in the Building. Execution of this Fourth Amendment by Tenant and return to Landlord shall not be binding upon Landlord, notwithstanding any time interval, until Landlord has in fact executed and delivered this Fourth Amendment to Tenant.

IN WITNESS WHEREOF, this Fourth Amendment is executed as of the day and year aforesaid.

TENANT:

The University of Utah

By: _____
Cathy Anderson
Chief Financial Officer

Date: _____

LANDLORD:

Bay Pacific American Plaza III, LLC

By: _____

Date: _____