

EXECUTIVE SUMMARY

ACTION ITEM: **Request for Authority to Extend an Existing Lease Agreement with Sky View Apartments at a Total Cost that Exceeds \$500,000 Per Year**

ISSUE:

The University of Arizona requests Board permission to extend a current lease with Sky View Apartments for an additional two years in order to supplement on-campus housing for undergraduate students. Pursuant to Board Policy 7-207, ABOR approval is required for any leases with an annual rental over \$500,000.

BACKGROUND:

- At the February 24-25, 2000, meeting, the Board approved the rental of the Sky View Apartment complex for a total of six years (years 2000 - 2006) to address limited on-campus housing options. The subject property consists of 76 apartment units and is owned by 8th Street Apartments, L.P. It is located at 1050 E. 8th Street and currently serves as student housing.
- At the August 16-17, 2005, meeting, the Board approved and ratified an amendment to the lease executed on January 24, 2004, which extended the term for two additional years through June 30, 2008. The annual lease cost for this term is \$778,800.00 per year. This lease was expedited in 2004 to take advantage of an immediate opportunity, at the owner's request, to lease the property at a reduced rate for the remaining four years of the amended term.
- The negotiated annual lease cost for the proposed two-year lease extension, July 1, 2008, through July 31, 2010, is \$932,200 per year. Funding is provided by Residence Life.

RECOMMENDATION:

RESOLVED: That the lease of the property known as Sky View Apartments located at 1050 E. 8th Street by The University of Arizona be, and hereby is, approved for an additional two years at a fixed rate of \$932,200 per year.

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