

CONFIDENTIAL

Agenda Item: 3.2
Paper Title: The Adelaide Research Centre – Lease Proposal
Paper Type: Submission - for decision
Author: [Name and Title]

Draft Resolution: *That Finance Committee recommend to Council that it:*

- i. authorise the Vice-Chancellor (or sub-delegate) to negotiate and commit the University to a lease of space in [identify building] to accommodate the Adelaide Research Centre, with the initial term not to exceed XX years and at a cost of not more than \$XX million; and*
- ii. authorise the Chancellor to execute an Instrument of Delegation substantially in the form set out in Attachment 2 to this paper.*

1. Executive Summary

The Committee is asked to give consideration to the Business Case for the leasing of space in [identify building] to accommodate the Adelaide Research Centre; and, if considered appropriate, to recommend to Council that it authorise final negotiations and the execution of a lease with [lessor's name] for this purpose.

2. Background

The existing lease for the Adelaide Research Centre at [address] expires on [date]. At its meeting on [date], the Finance Committee endorsed the commencement of lease negotiations with [lessor's name] to provide space for the relocation of the Adelaide Research Centre to a new building situated at [new address]. The University engaged property specialist Alpha to undertake negotiations on its behalf to ensure the lease proposal delivered the best commercial outcomes.

3. Discussion

The attached business case (Attachment 1) outlines the options considered for the Adelaide Research Centre leasing requirements, and the benefits and costs of securing space in the [new address]. In summary:

- the option of staying in the current premises is not recommended as [insert reasons]
- the option of moving to alternative premises at [alternative addresses considered] is not recommended as [insert reasons]
- the option of moving to the [new address] is recommended as [insert reasons].

4. Issues

Strategy implications

The lease proposal is aligned with the University's strategic plan as follows:

- Research that Shapes the Future – [insert details eg enabling the University to conduct world-class research in the relevant area]
- Magnet for Talent – [insert details eg attract and retain top talent researchers and HDR students]

The proposal is aligned with the Values and Behaviours Framework.

Financial implications

The proposed lease terms are:

- a term of [XX] years, with the University having the option to renew for an additional [XX] years
- a net lettable area of [XX] sqm
- after taking into account the rent incentive, rent / sqm of \$xx, for a total rent of \$XX per annum, with rent reviews on [XX] based on [CPI and market review]

The expenditure is currently unbudgeted.

Risk Analysis

The following table is a high level analysis of the risks to the University from implementing the proposal.

Risk identified	Risk Likelihood (H,M,L)	Impact of Risk (H,M,L)	Strategy to Manage Risk
Financial risk of additional leasing costs	L	L	The expected financial benefits will significantly exceed the leasing costs.
Long-term financial commitment to leased accommodation	L	L	The University can sub-lease its tenancy providing approval from the building owner is obtained. Incorporate exit clauses into the lease (will likely require repayment of any upfront incentive payments received and may not be acceptable to the lessor)

Governance and Compliance

This proposal is within the Terms of Reference (e) of the Finance Committee ie. oversee and monitor the assessment of significant commercial activities and undertakings of the University, including a financial decision pertaining to infrastructure not within the delegated financial authority of the Vice-Chancellor and President and for which the financial implications for the University are material

The estimated cumulative value of the lease exceeds the Vice-Chancellor's existing financial delegated authority of \$XX million. It is recommended that Council delegates to the Vice-Chancellor (or sub-delegate) the authority (Attachment 2) to negotiate and execute the relevant lease arrangements with [the lessor].

In formulating the business case for the proposal, the following people were consulted:

- [Director of the Adelaide Research Centre – who has reviewed and confirmed the expected benefits of the proposal]
- [CFO – who has reviewed and confirmed the financial analysis]
- [Executive Director – Infrastructure – who has reviewed and confirmed the overall business case]
- [General Counsel – who has reviewed and confirmed there are no significant legal issues of concern]
- [others - names / details]

The Vice-Chancellor and President will report in writing to the first meeting of Council after the lease has been signed.

The [Director of the Adelaide Research Centre] will be responsible for monitoring and reporting on the benefits and costs of the proposal as part of the standard management reporting process.

Management Responsibility

The COO will have overall responsibility for the proposal, with the support of:

- [Director of the Adelaide Research Centre for operational matters including the relocation of staff and equipment];
- [CFO – for financial matters]
- [Executive Director – Infrastructure – for infrastructure matters including the fitout of the new premises]
- [General Counsel – for legal matters]
- [others - names / details]

Following Council approval, it is expected:

- that the lease will be finalised and executed on or about [XX]
- communication to relevant stakeholders including staff and students will occur via [XX]
- [other details]

-Ends-

Attachments:

1. Business Case
2. Instrument of Delegation

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