

“Space/Property Lease CruzBuy/Requisition Procedure”

Leases are somewhat complex instruments. Getting started early in obtaining all required information during the negotiations and approval process will be key to a successful transaction. The following guidelines and check list will help you through the entire process (Requisition to Purchased Order to Payment).

Entering property lease information into CruzBuy will require knowledge of several important elements. Each of these required elements can be found in your lease so **read thoroughly**. Below is a check list of the items you will need to enter a workable requisition into CruzBuy. A properly structured requisition will transfer/roll all of the information into our Banner system (UCSC Financial System) when processed by Procurement that will allow for timely payments, proper posting of FOAPAL information and track-ability. *It is critical that the initial purchase order established be used throughout the term of a lease agreement as these leases are tracked by our Plant Accounting Division.*

Read the Lease and “Summary of Lease Obligations” REO provides a copy of the lease and for complex leases, also provides a document summarizing the important obligations under the lease. If you don’t have a Summary of Lease Obligations, it is even more important that you **read the lease** and complete this Check List for the needed information before you begin:

____ Lease Period: 1 yr, 5yrs or 10yrs (etc.) _____
____ Option Periods (number, term): _____
____ Payment Term: Monthly, Quarterly or Annually
____ Annual Rental Amount: \$ _____ Effective Date: _____
____ Annual NNN Amount: \$ _____ Effective Date: _____
____ Annual Tenant Improvement Amount: \$ _____ Effective Date: _____

(You should include the dates of increases in the line item text for the PO). Annual increases in monthly rent are specified in the lease, and are usually effective on the anniversary date of the lease. Annual increases in monthly NNN rates are usually provided after the close of the Landlord’s fiscal year, and so are usually received in March. Tenant improvement costs are constant over the amortized term specified in the lease, usually the base lease period, and end at the end of this period.)

____ Is the Landlord a “Vendor” currently setup in our financial system or do we need to a 204 Form filled out by the vendor? (Vendor must be in Banner before any Purchase Order can be created or a payment made). Use the following link to access the 204 form/instructions.

http://financial.ucsc.edu/Financial_Affairs_Forms/Payee_Setup_204.pdf. Please work with Procurement and Business Contracts to get them set up in the CruzBuy system.

____ Do you have a **spreadsheet detailing the annual costs to include anticipated increases, operating expenses/obligations**. If not *it is advisable to create one*.

____ A Certificate of Insurance, naming the Regents of the University of California, will be required before issuing the Purchasing Order. REO is responsible for obtaining the

required documentation, and will provide a copy to the unit for inclusion in the pre-requisition.

When the check list and all the questions have been answered you can begin to enter the Requisition by Logging into CruzBuy.

1. Follow the instructions found at <http://purchasing.ucsc.edu/howto/cruzbuy/index.html>
 - a. Choose the “Services” Form:
2. Search for your Landlord (vendor) in CruzBuy. If not, you will need to manually enter the vendor information on the form. Here is the link to the reference manual for more information on this step.
<http://purchasing.ucsc.edu/howto/cruzbuy/suppliersearch.html#search>
3. Enter one line for each of the Rent, NNN and Tenant Improvements with a total for 1 year. Quantity is 1 each at full year’s total (this line will be flipped to allow each monthly payment required). Be sure to add the line item text for any specifics, such as any increases, the percentage of and when they will occur. Some NNN go up at different times than the annual rent increases.
4. Be sure to add any lines to pay specific one time charges for move-in, one-time tenant improvement costs or other payments to the Landlord..
5. Add one “rollover” line for \$10.00, to roll the PO into the new fiscal year of the lease, to accommodate change orders required as the annual increases are made. **Please get the change order in process the month before the anniversary date of the lease.**
6. Be sure to attach all documents (everything that constitutes the contract): electronic copy of the lease (must be a .pdf file to send with the PO to the Landlord), articles, amendments and/or exhibits, approvals (required authority levels having signed & approved), REO worksheets (if any) and check list. If you neglect to add the attachment to the requisition before you submit it, you may ass them via the comments tab of the requisition. More information on how to use comments can be found @ <http://purchasing.ucsc.edu/howto/cruzbuy/92cruzbuynewfeatures.html#Comments>. Be sure to add the buyer (if known) to the email notification on the comment.
7. “Review” the requisition in CruzBuy, add your FOAPAL(s)
8. “Submit” the requisition.

If all of the needed components are included in Requisition when 1st submitted then purchasing can “turn” the PO fairly quickly and it can go into the appropriate approval queues.

For Payments:

Many Landlords do *not* send invoices for rent, therefore the best method to be sure monthly rent is paid on time, REO and FAST recommend that a *Direct Payment form* be completed for each

month's rent/obligations. In the "Explanation of Payment:" portion of the DP form, state the PO Number in **bold** (or highlighted), location of the space, the month and year being paid. In the FOAPAL section clearly list each PO line to be paid, the full FOAPAL, including activity code, to be charged (as a double check for FAST) and the amount to be paid on that specific line.

If you do receive Invoices, please attach these to the completed, approved DP, or clearly write the information, referenced in the paragraph above on the face of the invoice. *Continuing to submit the DP provides a back-up.* It is very important that the FOAPAL split be listed exactly as it should be paid. Most Landlord's invoices will only show the total amount of the lease/rent payment due for the month. **Be sure the correct PO number is referenced** also.

Keep a copy, for your records, before sending the Original DP/Invoice to FAST for payment.