

National Institutes of Health  
Executive Officer Meeting Minutes  
December 3, 2002, 10:30am-12:00pm  
Main Campus, Building 1, Room 151, Bethesda, MD

**UPDATE ON SPACE LEASING (Leonard Taylor and Maria Joyce)**

Melissa Richardson was introduced as the Chief Contracting Officer of leasing.

- Before 1996, all leasing used GSA and was paid for by GSA. GSA charged 8% service fee.
- In 1996, delegation was granted to NIH to lease administrative space.
- The process involved moving all facility operations into one rent program. This included a revolving fund basis. Each Institute made a case to the review board for space. This streamlined payment processing, and facilitated risk management.
- The benefits of the rent program were that it was: more equitable, not penalized by rate variability, provided maximum flexibility, and better budget capabilities.
- In 1999 there were 14 paid for from the Management Fund, and 17 paid by IC's, today there are 49 paid from the revolving fund and 6 paid by IC's.

Maria Joyce provided overview of TIA-

- TIA= Tenant improvement allowance. There are two parts to the lease rent- one is base rent \$ one is TIA \$. TIA is the funding source provided by the building owner enabling the space to be built out or fitted out for occupancy to meet customer requirements. This is not free money- it is included in the rental rate. Funds must be used for a fixture to the building.
- The benefits of TIA include it meets tenant needs, allows cash flow management, and is a best practice in government and private sector.
- There are two streams of payments over the term of the lease. One for space- being able to occupy the space, one is for the allowance to spend on fixing.
- We pay back over length of lease for the \$ per square foot of allowance actually used, in annual payments. Tenants can opt to take less of the TIA or none at all.
- DHHS plays a role in leasing. They review and provide approval of all leases and SLA's where government funds would be obligated.
- The leasing process is: IC submits SJD, SRB approval, then DES and OAS work
- Leasing Management & Oversight process (LeMOP) has been implemented- for tracking critical decisions, defining roles, ensuring due diligence, and it applies to all lease contract actions. Ensures that people in high leadership are included in decision-making.
- LeMOP has 5 critical decisions including: approve programmatic need, approve lease strategy, approve detailed lease strategy, approval to contractually bind NIH, affirm need is satisfied.