

Acquisition and Disposition of Real Property by Lease

The University of North Carolina at Greensboro

*Adopted by the University Space and
Property Review Committee
December 22, 2020*

Introduction:

This policy provides guidelines for acquiring and disposing of real property by lease to ensure coordinated compliance with applicable laws, regulations, and governing policies. Leases are governed by state statutes and require varying levels of approval. Depending on the annual rent amount, leases may require approval up to and including the Council of State and execution by the Governor. All lease requests must be evaluated by the University's Real Estate Office and approved by the University Space and Property Review Committee. If the need for leased space is appropriately justified, funded, and approved, the Director of Real Estate will process the request to seek the approvals required by applicable State Law and UNC System policies and procedures. The UNC Greensboro Procedures Manual for Delegated Authority: Acquisition and Disposition of Real Property by Lease and Other Real Property Transactions serves as supplemental instruction for this policy and provides detailed procedures.

Purpose:

The purpose of this policy is to provide guidelines for acquiring and disposing of real property by lease to ensure coordinated compliance with applicable laws, regulations, and governing policies. Leases are governed by state statutes and require varying levels of approval.

Definitions:

Lease: A written agreement in which the owner of real property (lessor) grants the right of possession and use of that property to another (lessee) for a specified period of time (term) for specific periodic payments (rent) under specific terms and conditions.

License: A revocable grant of right by the owner of real property to enter and use that property for a specific purpose and duration

Departmental Sponsor: The department head responsible for approval of funding associated with leased space (i.e. rent, utilities etc.).

Space/Lease Request Form: The online administrative form utilized by the Office of Space Utilization and Planning to manage and initiate a divisional level request for space and by the Real Estate Office to manage and initiate a divisional level request for off-campus spaces. This form provides a means to initiate the lease request and a method to document internal funding approval.

Property Officer: The Chancellor has appointed the Director of Real Estate as the Property Officer. This individual is charged with evaluating, developing, negotiating and managing lease and other real property transactions within the laws, regulations, and procedures of the State of North Carolina.

Millennial Campus: A Millennial Campus, established by the UNC Board of Governors pursuant to NCGS 116.198.34(8b), enhances the institution's research, teaching, and service missions as well as the economic development of the region served by the institution.

Procedures Manual for Delegated Authority: Acquisition and Disposition of Real Property by Lease: This Manual provides detailed instructions to ensure coordinated compliance with applicable laws, regulations, and governing policies to acquire or dispose of real property by lease. The Manual provides information on approval thresholds, advertising requirements, procedures, and steps to acquire or to dispose of real property. The Procedures Manual is available on the [UNC Greensboro Real Estate website](#).

Applicability

This policy applies to any University unit desiring to acquire or dispose of real property by Lease or a License which is not governed by the [University's Facility Use Policy](#).

Roles and Responsibilities

- a. Sponsoring Unit: The administrative unit of the University requesting a lease or license.
- b. University Space and Property Review Committee (USPRC):
 1. Approve delegated transactions and set priorities, establish standards, and provide direction for delegated activities.
 2. Review the space needs analysis and lease specifications for additional delegated authority transactions.
 3. Review lease and license proposals submitted to and/or negotiated by the Real Estate Office.
 4. Review lease and license transactions to ensure compliance with established procedures and protocols.
 5. Review requests to enter strategic acquisition leases as defined by UNC Policy 600.1.3[R]. If the committee concurs with the request, the committee chairperson shall provide written rationale and request approval to classify the lease as strategic from the chief operating officer at the UNC System Office.
 6. Review requests to enter less than fair market value disposition leases as defined by UNC Policy 600.1.3[R]. If the committee concurs with the request, the committee chairperson shall provide written rationale and request approval to lease at less than fair market value from the chief operating officer at the UNC System Office.
- c. University Real Estate Office:
 1. Establishes and enforces procedures and protocols to ensure coordinated compliance with applicable laws, regulations, and governing policies and incorporates best practices to acquire or dispose of real property by lease or license.
 2. When appropriate, coordinates with the Director of Space Utilization and Planning to establish and enforce procedures that ensure transactions are in accordance with State and

University of North Carolina Space Planning Standards.

3. In accordance with applicable state law and regulations, secures the technical and professional services needed to assist with real estate transactions. (e.g. attorneys, brokers, architects, surveyors etc.)
 4. Negotiates leases and licenses.
 5. Schedules and coordinates a building code/occupancy inspection by the Department of Insurance or other code enforcement official certified by the North Carolina Code Officials Qualification Board to ensure that the proposed space is in compliance with applicable local, state, and federal codes.
 6. Coordinates with North Carolina Department of Insurance to ensure that leased property is insured.
 7. Coordinates with the Office of General Counsel to ensure complete legal review of all agreements, leases, or contracts.
 8. Reports delegated transactions to the Secretary of Administration and UNC System Office or coordinates with the State Property Office and/or UNC System Office on leases and other real property transactions where required.
 9. When appropriate, coordinates with the Sponsoring Unit to establish and enforce procedures to ensure statutory compliance with fair-market rents, requests for proposals (RFPs), purchasing and contract award guidelines, reporting and advertising requirements.
- d. Office of General Counsel: As required by applicable State and UNC System Office policies and procedures, coordinates with the University Real Estate Office, State Property Office (SPO) and the Attorney General's office to review and/or draft all leases and related real property agreements.
- e. Office of Space Utilization and Planning (OSM):
1. Coordinates with the University Real Estate Office to ensure acquisition leases of off-campus space are justified and required by the requesting unit. The office also investigates and proposes alternatives to leasing off-campus property.
 2. Once the decision has been made to seek off-campus space, OSM may assist the University Real Estate Office with a space analysis, conduct test fits for units, and confirm the accuracy of floorplans provided by landlords.

General Procedures

- a. Acquisition Leases (or Licenses)
1. Space needs should be accommodated within existing divisional assets whenever possible.
 2. If divisional assets are unavailable or otherwise inadequate, the Sponsoring Unit should submit a space/lease request to the Office of Space Utilization and Planning.

- i. The appropriate 1) department, school or college head and 2) vice chancellor or vice provost (if Sponsoring Unit is academic) must sign off on the proposed lease request and associated funding source(s) prior to the Sponsoring Unit submitting it.
3. The Director of Space Utilization and Planning will examine to see if alternative space is available within University assets throughout campus and will consult with University Facilities and the Real Estate Office to jointly make a recommendation to the USPRC on how to best accommodate the space/lease request, with consideration of alternatives such as reassignment of campus space, renovation of existing space, construction of new space, or lease of space.
4. Lease requests will be presented to the USPRC by the Director of Real Estate. The USPRC shall consider requested lease acquisitions and staff recommendations prior to directing the Real Estate Office to proceed with negotiating lease terms or publicly advertising lease proposals, with the following exceptions:
 - i. Leases not exceeding \$5,000 in annual value and less than or equal to a 10-year term
 - ii. New leases for space where the University has an existing, active lease may be placed by staff co-leads on the USPRC's consent agenda or submitted to the USPRC members and voted on electronically outside of a regularly scheduled meeting
5. Once it is determined a lease will be used, the Real Estate Office will calculate the Sponsoring Unit's space needs in accordance with State and University space planning standards and determine the most appropriate approval path for the lease - whether delegated, and if so, routine or strategic. If University Central Overhead funds were requested, the Director of Real Estate will obtain written approval from the Vice Chancellor for Finance and Administration.
6. As required by state law, the Director of Real Estate will first try to find the appropriate space within another State agency. If no appropriate space is available the University Real Estate Office will coordinate efforts with the divisional representative and Sponsoring Unit representative to publicly advertise and receive bids, as required, or otherwise locate appropriate space within the local real estate market and negotiate lease terms with a private landlord.
7. The Real Estate Office will consult with subject matter experts within the University to ensure that leased spaces meet agreed upon minimum standards with regard to safety, security, and property management, including sanitation, and pest control.
8. The Director of Real Estate presents the proposed lease terms to the University Space and Property Review Committee for approval, including those with annual value not exceeding \$5,000.
9. In accordance with North Carolina law, and dependent on the annual rent amount, the Real Estate Office will coordinate and seek the required statutory approvals beyond the University Space and Property Review Committee, and coordinate with the State Property Office as warranted.
10. Once approved, the Real Estate Office coordinates with the Office of General Council to draft the lease in accordance with the approved lease terms and State standards.

11. Once fully executed, the Director of Real Estate reports the lease to the Secretary of Administration and UNC System Office, and if greater than three years (including any renewal options), records a Memorandum of Lease with the Register of Deeds in the county where the leased premises are located.
12. Divisional occupants (tenants) are not authorized to alter leased spaces or negotiate with the lessor (or its designee) to make alterations, improvements or modifications to the leased premises on behalf of the University. Requests for non-permanent renovations must be routed through the Real Estate Office for approval and then coordinated through the Office of Space Utilization and Planning.

b. Disposition Leases (or Licenses)

1. Sponsoring Units desiring to lease out or license State property allocated to the University to a third party (governmental, nonprofit, or private entity) must first submit a Space/Lease Request Form and consult with the Director of Space Utilization and Planning and the Director of Real Estate.
2. When appropriately justified, the Real Estate Office will calculate space requirements, estimate the value, verify funding (if applicable) and prepare specifications for the lease or license with the prospective Tenant or user and present the request to the University Space and Property Review Committee for review and approval. Disposition leases and licenses must be in the best interest of the University, as determined by the University Space and Property Review Committee.
3. Upon University Space and Property Review Committee approval, the Real Estate Office will negotiate terms and process the lease or license documents through the Office of General Counsel, and obtain State and UNC System Office approvals, as required.
4. Consistent with UNC Policy 600.1.3[R], instruments granting revocable, non-transferrable, time-limited licenses to use real property for specific purposes may be executed by the Chancellor or their designee.

c. Supplemental Instructions: [Procedures Manual for Delegated Authority: Acquisition and Disposition of Real Property by Lease and other Real Property Transactions](#).

Responsible Office: Finance and Administration

Related Resources:

- [University Space and Property Review Committee Membership, Charge and Principles](#)
- [University Facility Use Policy](#)
- [NCGS § 146-29.1](#). Lease or sale of real property for less than fair market value.
- [NCGS § 146-30](#). Application of net proceeds.
- [NCGS § 116-31.12](#). Acquisition and disposition of real property by lease.
- [NCGS § 116-198.33](#). Definitions (Millennial Campuses Financing Act)
- [NCGS § 116-198.34 \(8b\)](#). General powers of Board of Governors.
- [UNC Board of Governors Policy 600.1.3. Policy on Authority for Real Property Transactions](#)
- [UNC Board of Governors Policy 600.1.3. \[R\], Regulations on Acquisition and Disposition of Real Property Authority](#)