

University of North Carolina at Charlotte

Procedures Manual for Delegated Authority:  
Acquisition and Disposition of  
Real Property by Lease



## TABLE OF CONTENTS

### Procedures Overview

- I. Introduction ..... 3
- II. Policy ..... 3

### Real Estate Office

- III. Policy ..... 3
- IV. Procedure ..... 3

### Property Review Committee

- V. Policy ..... 4
- VI. Procedure ..... 4

### Acquisition of Space by Lease

- VII. Policy ..... 5
- VIII. Approval Overview ..... 5
- IX. Procedures for Preparation of Lease Specifications ..... 6
- X. Procedures for Acquisition of *Routine Space* by Lease ..... 6
- XI. Procedures for Acquisition of *Strategic Space* by Lease ..... 7

## PROCEDURES OVERVIEW

### I. INTRODUCTION

Within the authorization of the [North Carolina General Statute Section 116-31.12](#), the University of North Carolina at Charlotte (hereafter UNC Charlotte or the University) establishes a structure and process that addresses the acquisition and disposition of real property by lease for the University, its operating units, and its affiliates. The property acquisition and disposition process shall comply with all applicable local, state, and federal laws and regulations, and will function in a manner consistent with the values of fairness, openness, and ethical business practices as set forth in UNC Charlotte's Policy 804, Standards of Ethical Conduct.

Property transactions for acquisition and disposition of leased space will be further defined as either *strategic* or *routine* space. As described in subsequent sections of this document, this classification will dictate which structure and process to follow. Those transactions falling into the *strategic* category will enable the University to take full advantage of opportunities of strategic importance, such as the creation or expansion of programs, alliances, affiliations, acquisitions, and joint ventures. In addition, this category includes the ability to negotiate directly with owners for site-specific locations when advertisement for space needs would prematurely disclose competitive information about an opportunity of strategic importance in accordance with the North Carolina General Statute Section 116-31.12. Every effort to obtain competitive and equivalent proposals shall be made, and those efforts and rationale for strategic approach shall be reported to the Board of Trustees for transactions in excess of **\$50,000**. Property acquisition and disposition transactions for real property other than lease are subject to the existing policies and regulations of the North Carolina State Property Office (SPO).

### II. POLICY

1. The University will utilize a single property office to administer the program for the acquisition and disposition of real property of the University, its operating units, and its affiliates.
2. The Property Review Committee (PRC) will oversee the acquisition and disposition of real property of the University, its operating units, and affiliates, and will set priorities, establish standards, and provide direction for property acquisitions and dispositions by lease.
3. The University will lease *routine* space for administrative, office, and storage purposes utilizing a formal, advertised, sealed bid process.
4. The University will lease *strategic* space necessary and appropriate to take full advantage of opportunities of strategic importance, such as the creation or expansion of programs, alliances, affiliations, acquisitions, and joint ventures.

## REAL ESTATE OFFICE

### III. POLICY

The University will utilize its existing Real Estate Office, which resides in the UNC Charlotte Division of Business Affairs, to administer the program for the acquisition by lease of real property for the University, its operating units, and its affiliates. The Associate Vice Chancellor of Facilities Management will serve as the director of the Real Estate Office and the Manager of Real Estate, who serves under the VC for Facilities Management, will be the designated property officer.

#### IV. PROCEDURE

1. Under the supervision of the manager, the Real Estate Office will have the following responsibilities on behalf of the University, its operating units, and its affiliates:
  - a. Acquisition and disposition by lease of all routine space and strategic space;
  - b. Establishment and enforcement of procedures that strictly adhere to the policy in accordance with the North Carolina General Statute 116-31.12, which allows for increased flexibility for acquisition of real property by lease;
  - c. Establishment and enforcement of the specifications for the acquisition by lease of real property;
  - d. Formal Lease negotiation;
  - e. Internal review of acquisition by lease practices to ensure compliance with established procedures and to incorporate best practices;
  - f. Review of real property acquisition practices to ensure compliance with operating rules and procedures established by the Real Estate Office;
  - g. Coordination of a safety inspection by the Department of Insurance and the University's Environmental Health and Safety Office will ensure that the proposed lease will provide space that is in compliance with applicable local, state and federal codes;
  - h. Ensuring that all applicable building, life, and safety codes are met and all property is properly insured with assistance from the Department Risk Management, Safety and Security.
2. The Real Estate Office will develop a comprehensive set of specifications that are intended for the acquisition of all real property by lease for use by the University, its operating units, and its affiliates.
3. The director of the Real Estate Office will be advised by the PRC and work under the direction of the Chancellor or designee.
4. Through its Real Estate Office, UNC Charlotte shall retain, on an as-needed basis, the services of a real estate attorney(s), appraisal firm(s), and/or environmental review firm(s) to assist with the acquisition of real property by lease. The University's attorney shall prepare or oversee the preparation of all agreements/contracts related to the acquisition of real property by lease in accordance with UNC Charlotte and Board of Governors' policies and procedures.

#### **PROPERTY REVIEW COMMITTEE**

#### V. POLICY

The PRC of UNC Charlotte will oversee the acquisition and disposition of real property by lease for the University, its operating units, and its affiliates, and will set priorities, establish standards, and provide direction for such acquisitions.

#### VI. PROCEDURE

1. The functional composition of the Property Review Committee is appointed by the Chancellor and will be approved by the UNC General Administration assessment team. The PRC will be comprised of at least five members and will include senior staff from the following functional areas:
  - a. Academic Affairs
  - b. Research and Economic Development
  - c. Business Affairs
  - d. Legal Affairs

- e. Student Affairs
  - f. University Advancement
  - g. Chancellor's Office
2. Others involved in facility planning for the University, its operating units, and its affiliates may attend meetings and serve as resources to the committee as deemed necessary by the committee chairperson.
  3. Oversight by the PRC will include but not be limited to setting priorities, establishing standards, and providing direction for leasing activities.
  4. The PRC will review the justification for the lease of space, review Real Estate Office information on bid results for routine space or negotiated results for strategic space, review Real Estate Office information on due diligence performed, and make recommendations to the Chancellor or designee regarding an acquisition by lease.
  5. The PRC will develop standards for the acquisition of real property by lease in order to ensure consistency, standardization, and the most advantageous location for the University's operations.
  6. The PRC will develop a process for addressing the concerns of property owners with regard to compliance with contractual terms, and for the formal sealed and informal bid processes by which the University will lease strategic and routine space.
  7. Substantial changes in committee membership must be reported to UNC General Administration.

#### **ACQUISITION AND DISPOSITION OF SPACE BY LEASE**

#### **VII. POLICY**

1. UNC Charlotte will lease space classified as routine utilizing a formal, advertised, and sealed bid process when the transaction exceeds the informal transaction limit, \$50,000.
2. Prior approval by UNC General Administration is required when classifying a lease as strategic. The strategic classification allows the University to negotiate directly with owners for site-specific locations.
3. All lease agreements shall be in the name of the State of North Carolina on behalf of the University of North Carolina at Charlotte.
4. The availability of funds clause is required in all leases. This clause will not be exercised without the written permission of the Director of the State Property Office.
5. All transactions must be reviewed by the PRC.
6. All property instruments must be prepared by, or under the supervision of, the Office of Legal Affairs.
7. Any proposed transaction requiring approval by the UNC Charlotte Board of Trustees must be pre-approved by the Chancellor or his/her designee via the Vice Chancellor for Business Affairs.
8. Leases produced under this delegated authority will be reported by the Manager of Real Estate to the Secretary of Administration, the UNC General Administration, and the UNC Charlotte Controller within ten (10) working days of the lease being fully executed.

#### **VIII. APPROVAL OVERVIEW**

The University, its operating units and its affiliates may acquire and dispose of space by lease contingent upon full compliance with applicable procedures and required approvals described herein as well as other relevant processes documented and maintained by the Real Estate Office. Transactions will be classified into two categories: strategic and routine. This designation will determine which structured processes and procedures must be followed for acquisition of respective space.

The table below summarizes the required clearances for real property by lease regardless of strategic or routine designation.

REQUIRED CLEARANCES FOR THE ACQUISITION AND DISPOSITION OF REAL PROPERTY BY LEASE TRANSACTIONS USING DELEGATED AUTHORITY									
Annual Rent	Term	Property Review Committee	Vice Chancellor Business Affairs	Chancellor or Designee	Board of Trustees	President or Designee	Board of Governors	Dept of Admin	Council of State
≤\$150,000	≤ 10 years	X	X	X					
\$150,001 - ≤\$350,000	≤ 10 years	X	X	X	X				
\$350,001 - ≤\$500,000	≤ 10 years	X	X	X	X	X			
>\$500,000	≤ 10 years	X	X	X	X		X	X	X

**IX. PROCEDURES FOR PREPARATION OF LEASE SPECIFICATIONS**

1. The Real Estate Officer shall have a space analysis performed using the University of North Carolina General Administration-established space requirements.
2. An updated organizational chart for those to be housed in the leased facility shall support the request for space, whether it is routine or strategic.
3. A detailed set of specifications shall be developed under the guidance of the Manager of the Real Estate Office to address all facility requirements. Lessor and lessee responsibilities shall be identified in specific detail.
4. A source of funds must be identified and secured for the total cost of the lease and for the entire term of the lease. Funds utilized under this policy must be in strict compliance with state statute, federal grant requirements, and University policies regarding Institutional Trust Funds, as applicable.
5. The lease specifications shall be reviewed by the PRC prior to obtaining bids for routine space or informal proposals for strategic space.

**X. PROCEDURES FOR ACQUISITION OF ROUTINE SPACE BY LEASE**

1. For leases not more than \$50,000 per year and not exceeding a 10-year term, informal, written proposals may be obtained using approved bid documents, detailing the terms and conditions of the proposal.

- a. Once the best-value proposal is selected based on a recommendation of the PRC, a lease will be prepared by Legal Affairs for execution. The lease agreement will incorporate all terms and conditions of the bid document in the lease agreement.
  - b. The Chancellor or designee will execute the lease agreement. Executed agreements, will be retained by the Real Estate Office.
  - c. The transaction will be reported to UNC General Administration, the Secretary of Administration, and the University's Controller within ten (10) working days of the lease being fully executed.
2. For leases costing in excess of \$50,000 per year, formal, advertised, written proposals shall be obtained.
    - a. The Real Estate Office shall place a public advertisement in the legal notice section of a newspaper of general circulation in the county where the lease shall be located and in other public electronic media.
    - b. The advertisement shall run for at least 5 consecutive days and shall provide that proposals will be received at least 7 days from the date of the last advertisement. Proposals will be due in the Real Estate Office at a date and time to be specified in the advertisement.
    - c. In the event that no proposal or no acceptable proposal is received after advertising pursuant to the above, the Real Estate Office may negotiate in the open market for the leasing of property.
    - d. Once negotiated, the best value proposal and detailed justification is submitted to the PRC and to UNC General Administration's Property Officer for review and recommendation.
    - e. The lease shall be prepared by Legal Affairs and will specifically reference the terms and conditions of the bid/proposal.
    - f. If the lease exceeds \$150,000 per year, approval by the UNC Charlotte Board of Trustees will be requested via the Vice Chancellor of Business Affairs for submittal to the Chancellor.
    - g. The transaction will be reported to UNC General Administration, the Secretary of Administration, and the University's Controller within ten (10) working days of the lease being fully executed.

#### XI. PROCEDURES FOR ACQUISITION OF STRATEGIC SPACE BY LEASE

1. Provide detailed justification for seeking to acquire by lease strategic, site-specific space to, and obtain approval from, the Property Review Committee and UNC General Administration's Vice President of Finance.
2. For leases costing less than \$50,000 per year, informal, written proposals may be obtained using the approved bid documents, detailing the terms and conditions of the proposal.
  - a. The best-value proposal will be selected based on a recommendation of the PRC.
  - b. Legal Affairs will prepare a lease for execution. The lease agreement will incorporate all terms and conditions of the bid document in the lease agreement.
  - c. The Chancellor or designee will execute the lease agreement, and it will be retained in the property file by the Manager of Real Estate.
  - d. The transaction will be reported to UNC General Administration, the Secretary of Administration, and the University's Controller within ten (10) working days of the lease being fully executed.
3. For leases that have an annual cost of more than \$50,000 per year, written proposals shall be obtained.
  - a. Advertising for proposals is not required but every reasonable effort shall be made to promote competitive proposals.

- b. In the event that competitive proposals cannot be obtained due to the strategic nature of the acquisition, the Real Estate Office shall negotiate in the open market in accordance with the facility specifications, and those specifications shall become part of the lease agreement. The best-value proposal will be approved by the Property Review Committee.
- c. Legal Affairs will prepare a lease for execution. The lease agreement will incorporate all terms and conditions of the bid document in the lease agreement.
- d. The Chancellor or designee will execute the lease agreement, and it will be retained in the property file by the Manager of Real Estate.
- e. If the lease exceeds \$150,000 per year, approval by the UNC Charlotte Board of Trustees will be requested via the Vice Chancellor of Business Affairs for submittal to the Chancellor.
- f. The transaction will be reported to UNC General Administration, the Secretary of Administration, and the University's Controller within ten (10) working days of the lease being fully executed.