Regulations for Acquisition of Real Property by Lease

I. General

A. A source of funds must be identified and secured for 100 percent (100 %) of the required funding for the term of the proposed lease. Funds must be used in strict compliance with state statute.

B. Model lease documents consistent with G.S. 116-31.12 shall be used for delegated transactions. Completed lease documents must be reviewed and approved by the constituent institution's attorney.

C. The functional composition of the campus property review committee shall be proposed by the constituent institution, approved by UNC General Administration and appointed by the chancellor. Changes to the approved functional composition shall be approved by UNC General Administration.

D. The campus property review committee, the vice chancellor for business affairs, the chancellor or designee, the president or designee, and the board of governors shall approve all transactions according to the appropriate delegation as described below.

Required Clearances for the Acquisition of Real Property by Lease Transactions using Delegated Authority

Annual Rent	Term	Campus 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		

E. A lease shall be classified as routine or strategic. A lease may only be classified as strategic with the prior approval of UNC General Administration.

F. All lease agreements shall be in the name of the constituent institution or UNC General Administration.

G. The availability of funds clause is required in all leases. This clause shall not be invoked without the written permission of the president.

H. A lease produced under this delegation shall be reported by the campus property officer to the North Carolina Secretary of Administration and UNC General Administration within thirty (30) calendar days of the lease being fully executed.

II. The Campus Property Review Committee Shall Have the Following Responsibilities

A. Approve delegated transactions and set priorities, establish standards, and provide direction for delegated activities.

B. Review the space needs analysis and lease specifications for a delegated transaction.

C. Review lease proposals submitted to and/or negotiated by the campus property office.

D. Review lease transactions to ensure compliance with established procedures and protocols.

E. Review requests to enter strategic leases as defined herein. 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 vice president for finance at UNC General Administration.

III. The Campus Property Officer and the Campus Property Office Shall Have the Following Responsibilities

A. Establish and enforce procedures that ensure delegated transactions are executed in accordance with the North Carolina General Statute 116-31.12, with Policy 600.1.3.1, and with these regulations.

B. Establish and enforce procedures that ensure transactions shall be executed in accordance with space standards established by the institution and UNC General Administration.

C. Develop a comprehensive set of specifications to be used for delegated activities.

D. Secure, in accordance with applicable state law and regulation, the technical and professional services needed to assist with the delegated transaction.

E. Perform a space analysis consistent with the "University of North Carolina Space Planning Standards," which was prepared in October 1998, and using an updated organizational chart for those to be housed in the space.

F. Develop a detailed set of specifications that addresses all lease requirements including detailed lessor and lessee responsibilities and report the specifications to the campus property review committee prior to obtaining proposals.

G. Negotiate leases.

H. Conduct an internal review of acquisition by lease practices to ensure compliance with these regulations and to incorporate best practices.

I. Schedule and coordinate a building code/occupancy inspection by the North Carolina Department of Insurance or other code enforcement official certified by the North Carolina Code Officials Qualification Board to ensure that the proposed lease shall provide space that is in compliance with applicable local, state, and federal codes.

J. Coordinate with North Carolina Department of Insurance to ensure that property acquired under the constituent institution's delegated authority is properly insured.

K. Coordinate with the campus attorney's office to ensure complete legal review of all agreements, leases, or contracts related to the delegated transaction.

L. Report the transaction to the North Carolina Secretary of Administration and UNC General Administration within thirty (30) calendar days of the lease being fully executed.

IV. The Lease Process

A. Routine Lease. The constituent institution shall acquire space by lease for routine administrative, office, laboratory, and/or storage space utilizing a formal, advertised, sealed proposal process if the annual cost of the lease is greater than $50,000. An informal proposal process may be used if the annual cost of the lease is $50,000 or less.

1. For leases that have an annual cost of no more than $50,000 per year, informal, written proposals may be obtained using a process that details the terms and conditions of the proposed lease.

a. Once the proposal is selected, approved by the campus property review committee, and approved by the chancellor or designee, a lease shall be prepared.

b. The prepared lease shall be reviewed and approved by the campus attorney.

c. The chancellor or designee shall execute the lease, and the original fully executed lease shall be retained by the campus property office.

d. The transaction shall be reported to the North Carolina Secretary of Administration and UNC General Administration within thirty (30) calendar days of the lease being fully executed.

2. For leases that have an annual cost of more than $50,000 per year, formal, advertised, written proposals shall be obtained.

a. The campus property 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 available to the campus or UNC General Administration.

b. The advertisement shall run for at least five (5) consecutive days and shall provide that proposals shall be received in the campus property office at a specified time and on a date that is no less than five (5) days beyond the last day the lease is publicly advertised.

c. In the event that no acceptable proposals are received, the campus property office may negotiate in the open market for the needed lease. Once negotiated, the proposal and detailed justification is submitted to the campus property review committee and the UNC General Administration property officer for approval.

d. Once approved, a lease shall be prepared.

e. The prepared lease shall be reviewed and approved by the campus attorney.

f. The campus property office shall seek the approval of the chancellor or designee.

g. If the lease cost and term are not within the delegation set by the board of trustees of the constituent institution, the campus property office shall seek approval of the proposed lease by the board of trustees via a request by the vice chancellor for business affairs.

h. The chancellor or designee shall execute the lease and the fully executed lease shall be retained by the campus property office.

i. The transaction shall be reported to the North Carolina Secretary of Administration and UNC General Administration within thirty (30) calendar days of the lease being fully executed.

B. Strategic Lease. The constituent institution may acquire space by lease for strategic, unique, or site-specific space that is necessary and appropriate to take full advantage of opportunities of strategic importance to the constituent institution or the university. The strategic lease process may commence only with the prior approval of the campus property review committee and UNC General Administration.

1. The requesting entity shall provide a detailed written justification that shall include the specific reasons for seeking to acquire by lease strategic, unique or site-specific space. The justification shall be submitted to and approval shall be obtained from the campus property review committee, the chancellor, and the vice president for finance at UNC General Administration. At a minimum, the justification shall include the following:

a. The specific reason that needed space cannot be obtained utilizing the routine competitive-lease process.

b. A description of the methodology used and the analysis performed to determine that acquiring the required space outside of the routine-lease process is in the best interest of the university.

c. Evidence that the constituent institution has sought consultation with the North Carolina Department of Administration (State Property Office) together with any other available resources to gather information which may be relevant to making an informed decision on the special nature of the proposed acquisition.

2. The campus property office shall obtain written proposals that detail the terms and conditions of the proposed lease.

a. Once the proposal is selected, approved by the campus property review committee, the chancellor, and the board of trustees, a lease shall be prepared.

b. The prepared lease shall be reviewed and approved by the campus attorney.

c. The chancellor or designee shall execute the lease, and the original fully executed lease shall be retained by the campus property office.

d. The transaction shall be reported to the North Carolina Secretary of Administration and UNC General Administration within thirty (30) calendar days of the lease being fully executed.