Regulation on Acquisition and Disposition of Real Property Authority

I. Authority. Pursuant to its authority under G.S. 116-3, 116-11(13), 116-12, 116-13, 116-31.12, and other North Carolina law, the Board of Governors adopted Section 600.1.3 of the UNC Policy Manual, *Policy on Authority for Real Property*, regarding the delegation of authority to acquire and dispose of real property. This regulation provides requirements for transactions entered into using general and additional delegated authority provided for under Section 600.1.3 of the UNC Policy Manual.

II. Definitions.

A. Annual Rental. Annual Rental shall mean the annual rental Value for the first year of the Lease, provided however, that such Value is not artificially lowered in the first year to circumvent authorizations as required by this regulation and should not take into account rental concessions and other incentives that reduce the first-year rental Value.

B. Deed. A Deed is a permanent conveyance of a real property interest. For the purposes of this regulation, a demolition or permanent easement shall be considered an acquisition or disposition by Deed.

C. Designated Real Property Representative. The Designated Real Property Representative is the person responsible for representing the institution in real property transactions in compliance with this regulation. For institutions with general delegated authority, the institution's Designated Real Property Representative shall be a representative from the State Property Office. For institutions with additional delegated authority, the institution's Designated Real Property Representative shall be appointed as provided in Section IV.A.3 here.

D. Market Value. Market Value shall mean the true value of the real property, that is the price estimated in terms of money at which the property would change hands between a willing and financially able buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of all the uses to which the property is adapted and for which it is capable of being used. Market Value may be demonstrated through an appraisal or assessment, tax valuation, or other quantitative assessment of the value of the property.

E. Lease. A Lease shall mean a lease, temporary easement, rental, or other time-limited rights to have exclusive possession and control of real property. A Lease shall not include (i) non-exclusive use agreements or other similar instruments, or (ii) freely revocable, non-transferable licenses or agreements that have a term of one-year or less (including renewals).

F. Millennial Campus. A Millennial Campus shall mean a property designated as a Millennial Campus property as defined in Section 600.1.6 of the UNC Policy Manual, *Policy on Millennial Campuses*.

G. Public Entity. Public Entity means a constituent institution, endowment fund, county, municipal corporation, local board of education, community college, special district or other political subdivision of the State and the United States or any of its agencies.

H. Value. Value for the purposes of acquisitions and dispositions of real property shall be the actual monetary value of the transaction. The Value of an asset to be demolished shall be defined as its actual insured replacement value, except that the Value of any asset that has been condemned by the Department of Administration shall be deemed to be $0.

III. General Requirements.

A. All instruments involving acquisition or disposition of an interest in real property are entered into in the name of the constituent institution or UNC System by and on behalf of the state, regardless of whether executed by the governor, president, chancellor, or other official. Except for Leases executed by the governor, all Lease instruments shall be executed by the chancellor or designee following receipt of required authorization(s) as provided in Appendix A, Tables 1 – 8, of this regulation.

B. All instruments involving acquisition or disposition of an interest in real property must be timely filed with the Department of Administration.

C. Real property may not be sold, leased, or rented at less than Market Value to any private entity that operates, or is established to operate for profit.

1. Real property may be sold, leased, or rented at less than Market Value to a Public Entity.

2. Real property may be sold, leased, or rented at less than Market Value to a private, nonprofit corporation, association, organization or society (including an Associated Entity organized pursuant to G.S. 116-30.20) where the transaction is in consideration of public service rendered or to be rendered by the nonprofit consistent with the mission of the constituent institution or the University of North Carolina and the property will be used in connection with the nonprofit's tax-exempt purpose and not in connection with its unrelated trade or business.

3. The chancellor shall approve all proposed below Market Value acquisitions and dispositions by Deed or Lease. This approval may not be further delegated.

D. Constituent institutions shall make reasonable efforts to determine whether there is state-owned or state-leased land suitable for their need prior to leasing premises from non-state entities.

E. This regulation applies to Millennial Campus property, provided however, that acquisitions of real property by Lease on a Millennial Campus for a period of 10 years or less and dispositions of real property on a Millennial Campus for a period of 99 years or less shall not require the approval of the governor and the North Carolina Council of State. All provisions of the Centennial Campus, the Horrace Williams Campus, and the Millennial Campuses Financing Act shall apply to transactions on a Millennial Campus.

F. This regulation pertains to real property transactions of the constituent institutions, but does not govern transactions by the board of trustees of the endowment fund of the institution, organized pursuant to G.S. 116-36, or Associated Entities, organized pursuant to G.S. 116-30.20. Notwithstanding the foregoing, unless approved by the Board of Governors, any acquisition disposition of real property undertaken by an endowment fund or Associated Entity shall not materially alter the value or functionality of any State property; further, any real property transaction undertaken by an endowment fund or Associated Entity that will require an increase of state funds, tuition revenue, or student fees must be approved in advance by the Board of Governors.

G. This regulation does not apply to real property transactions that are authorized pursuant to applicable state law, including those authorities provided under G.S. 116-360.35 and G.S. 116-350.50.

H. A source of funds must be identified and secured to fully fund the proposed acquisitions of real property by a constituent institution. Funds must be used in strict compliance with state law.

I. All legal documents must be reviewed and approved by the constituent institution's attorney, an attorney for the UNC System Office, an attorney from the Attorney General's Office, or properly engaged outside counsel.

J. The availability of funds clause is required in all Leases. This clause shall not be invoked to initiate a termination or material modification of a Lease without the written approval of the president.

K. All real property transactions that require State Property Office approval shall be documented and submitted for approval using the State Property Office forms. All real property transactions that require president or Board of Governors approval shall be submitted in a manner as prescribed by the UNC System Office. All real property transactions that require governor and Council of State approval must first be approved by the chancellor, board of trustees, president (or designee) and the Board of Governors, as may be applicable in accordance with Appendix A, before being submitted for approval from the governor and Council of State.

L. Acquisitions or dispositions of real property by Lease with an Annual Rental Value less than $100,000 and a term of no more than three years may be undertaken, subject to any required authorizations in Appendix A, Tables 1 – 6, of this regulation, without the necessity of advertising for the required premises. The process for acquisitions or dispositions of real property by Lease is provided in Section V of this regulation.

M. Subject to Section VI below, acquisitions or dispositions of real property by Lease with an Annual Rental Value of $100,000 or more or a term of more than three years must comply with advertising and proposal requirements. The process for acquisitions or dispositions of real property by Lease is provided in Section V of this regulation.

N. No permanent improvements on leased premises may be made by the constituent institution without the prior approval of the Board of Governors and the Department of Administration. Notwithstanding the foregoing, for the purposes of this prohibition, permanent improvements shall not include tenant improvements to customize, upfit, or alter the interior of the tenant's leased space for the tenant's specific needs and where the useful valuable life of the improvement is intended to be for the term of the Lease. Examples of non-permanent tenant improvements include interior walls, built-in furniture, lighting, signage, telecommunications, security access systems, information technology conduit and infrastructure, fiber conduit and cabling, paint, interior finishes, and finish carpentry. Examples of permanent improvements include roof repairs; elevator lobby upgrades; renovations to shared restrooms, common areas, and other spaces shared with other tenants; window replacements; HVAC replacements that are for the building or that include other leased spaces; structural building walls; parking lot resurfacing; and other building improvements outside of the leased area, not directly required or necessary to support the tenant improvements, or for the benefit other tenants.

IV. Authorization of Additional Delegated Authority for Real Property Transactions. Upon request by the chancellor and recommendation of the UNC System staff, the president may delegate to the board of trustees of a constituent institution or the chancellor additional delegated authority to acquire and dispose of an interest in real property as provided herein. The president may revoke or suspend the additional delegated authority of a constituent institution or take other remedial action as the president deems necessary and appropriate in the president's discretion.

A. The senior vice president for finance and administration, in consultation with the senior vice president and general counsel, shall establish the process for requesting additional delegated real property authority. The minimum criteria a constituent institution must meet to receive and maintain additional delegated authority shall include, but not be limited to, the following:

1. The constituent institution has performed a written, comprehensive assessment and demonstrates that it has the administrative, technical, and support resources necessary to properly carry out the additional delegated authority and the chancellor has certified this in writing.

2. The constituent institution has a properly constituted and active Campus Property Review Committee with responsibility for real property transactions executed under additional delegated authority.

a) The Campus Property Review Committee shall be comprised of individuals with sufficient technical expertise, strategic perspective, and executive authority to perform the following duties:

i. Review and approve real property transactions that will be executed by the institution utilizing additional delegated authority, including review of proposed terms, Market Value, and determination of need.

ii. Establish standards and procedures for real property transactions that will be executed utilizing additional delegated authority.

iii. Ensure compliance with applicable state law and leasing policies, including UNC System policies and regulations and constituent institution policies, regulations, and rules.

b) The functional composition of the Campus Property Review Committee shall be proposed by the chancellor and approved by the senior vice president for finance and administration at the UNC System Office.

c) Changes to the composition or individual personnel comprising the Campus Property Review Committee shall be approved by the senior vice president for finance and administration at the UNC System Office before proceeding with the execution of any real property transaction that exceeds the general delegated real property authority.

3. The constituent institution has appointed a Designated Real Property Representative that is a staff member with substantial experience in managing commercial real estate transactions. The Designated Real Property Representative shall have the following responsibilities:

a) Establish and enforce procedures that ensure compliance with applicable state law and policies, regulations, and rules, including procedures addressing the following:

i. Review the space needs analysis, Lease specifications, and proposed terms for acquisitions by Lease

ii. Review the space needs analysis, Value, and proposed purchase price for acquisitions by Deed

iii. Review the Value, justification, and proposed bids or pricing for dispositions by Deed or by easement

iv. Review the proposed Lease terms, Value or Market Value for all dispositions by Lease

b) Ensure a space analysis consistent with the *University of North Carolina Space Planning Standards* or the most current applicable space planning standards adopted by the constituent institution is performed, and using an updated organizational chart for those to be housed in the space, develops the space needs analysis and lease specifications.

c) Ensures approval is obtained from the Campus Property Review Committee prior to soliciting or obtaining proposals.

d) Following the review of responses to solicitations for compliance with the specified requirements, conducts or oversees negotiations of real property transactions and makes recommendations to the Campus Property Review Committee.

e) Obtains necessary approvals from the Campus Property Review Committee and such other persons and entities as required by Appendix A, Tables 1 - 8.

f) Coordinates or oversees the preparation of the real property transactional documents. Coordinate with the campus attorney's office to ensure complete legal review of all agreements, leases, or contracts related to real property transactions.

g) Coordinates any required building code and occupancy inspections by the appropriate entities, or otherwise verifies that the proposed space is in compliance with applicable local, state, and federal codes.

h) Ensures that property acquired is properly insured prior to acceptance by the institution.

4. The constituent institution has appropriate and sufficient technical and professional staff with demonstrated capability in the development, evaluation, and execution of commercial real property transactions.

5. An assessment team, assembled and led by the senior vice president for finance and administration, including the senior vice president for legal affairs and general counsel (or designee), has reviewed the constituent institution's assessment, has performed an on-site or virtual review of the capabilities appraisal, and has recommended delegation to the president.

6. Constituent institutions will be reviewed for re-authorization pursuant to this regulation at least every five years.

V. Process for Acquisitions and Dispositions of Real Property by Routine Lease.

A. Acquisition of Property by Lease with an Annual Rental Value less than $100,000 and term of three years or less.

1. The institution will develop the space needs and proposed rental terms and obtain informal written proposals that respond to the requirements.

2. The institution will review the written responses and make a recommendation to the chancellor, or designee with signature authority.

3. The institution will review the rental terms, verify the funding, and coordinate the preparation of the Lease.

4. The prepared Lease shall be reviewed and approved by a constituent institution or UNC System Office attorney.

5. The chancellor or designee, or president or designee for UNC System Office, shall execute the Lease.

B. Acquisition of Property by Lease of $100,000 or more in Annual Rental Value and term of ten years or less.

1. The Designated Real Property Representative will develop the space requirements, specifications, and other proposed rental requirements for the solicitation.

2. The Designated Real Property Representative will advertise the solicitation on the State of North Carolina electronic vendor portal website. The solicitation shall run for at least five (5) consecutive days and shall provide that proposals shall be received by the Designated Real Property Representative at a specified time and on a date that is no less than five (5) days beyond the last date the solicitation was posted.

a) For Leases with a proposed Annual Rental Value of $1 million or less, the Designated Real Property Representative will review the written responses and make a recommendation to the Campus Property Review Committee.

b) For Leases with a proposed Annual Rental Value of more than $1 million, the Designated Real Property Representative will review the proposals and select one or more proposals for further review and consideration. The submitters of the selected proposal(s) will be notified and asked to submit a best and final proposal. The Designated Real Property Representative will review the final proposal(s) and make a recommendation to the Campus Property Review Committee.

3. In the event that no acceptable proposals are received through online open solicitation, the Designated Real Property Representative may solicit proposals through the open market. Prior to acceptance of any open market proposal, a detailed justification shall be submitted to the Campus Property Review Committee for approval.

4. Upon approval of the Campus Property Review Committee and other authorizations as required by Appendix A, Tables 1 - 8, the Designated Real Property Representative will review the rental terms, verify the funding, and coordinate the negotiation and preparation of the Lease.

5. The prepared Lease shall be reviewed and approved by a constituent institution or UNC System Office attorney.

6. Except for Leases executed by the governor, the chancellor or designee shall execute the Lease following receipt of all required authorizations.

VI. Process for Acquisition of Real Property by Strategic Lease.

A. Strategic Lease. Upon request of the chancellor, Section V of this regulation may be waived by the president where there is a strategic, unique, or site-specific property and acquisition of the property is necessary and appropriate to take full advantage of opportunities of strategic importance to the constituent institution or the university. Leases executed pursuant to this process are subject to the authorizations as provided in Appendix A of this regulation.

B. The chancellor’s request to waive Section V of this regulation must be submitted to the senior vice president for finance with a written justification that includes the reasons for using the strategic lease process. At a minimum, the justification shall include the following:

1. The specific reason that the additional needed space is of strategic importance and the circumstances supporting the waiver of the routine lease process.

2. A description of the methodology used to determine the additional space need and available options 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. If approved by the president, the constituent institution may proceed with the acquisition of real property by Lease under the informal process as provided in Section V of this regulation; provided however, the Lease must still be authorized in accordance with Appendix A, Tables 1 – 4, of this regulation.

VII. Process for Disposition of Real Property by Lease.

A. The constituent institution may dispose of real property by Lease contingent upon full compliance with applicable procedures and required approvals described herein as well as other relevant processes not inconsistent with these regulations.

B. Any proposed disposition of real property by Lease must be approved by the chancellor or designee. At a minimum, any proposal for disposition by Lease shall contain the following:

1. A written justification that details the reason(s) for leasing the space to an external lessee.

2. A description of any improvements or alterations (if any) to be made to the leased space at the request of the potential lessee.

C. Any disposition of real property by Lease shall be at or above Market Value, except as provided in Section III.C above.

D. Once authorized in accordance with Appendix A, Tables 1 – 2 and 5 – 6, of this regulation, a Lease will be prepared.

E. The prepared Lease shall be reviewed and approved by the constituent institution or a UNC System Office attorney.

F. Except for Leases executed by the governor, the chancellor or designee shall execute the Lease.

VIII. Process for Acquisition of Real Property by Deed.

A. The constituent institution may acquire real property by Deed contingent upon full compliance with applicable procedures and required approvals in accordance with Appendix A, Tables 7 and 8.

B. The Designated Real Property Representative, in coordination with the State Property Office, shall contact or cause to be contacted the property owner in writing to express the State's interest in purchasing the property and obtain permission to conduct an appraisal and necessary due diligence.

C. The constituent institution shall be responsible for securing its own appraisal to determine the Market Value of the property. The Designated Real Property Representative shall coordinate or cause to be coordinated the appraisal of the property by a certified land appraiser.

D. Upon approval of the Campus Property Committee, the Designated Real Property Representative shall make or cause to be made an offer to purchase based on the just compensation value. If accepted, the Designated Real Property Representative shall prepare or cause to be prepared an option agreement or letter of intent to purchase.

E. The Designated Real Property Representative shall obtain other necessary approvals as provided in Appendix A prior to the transfer of title.

F. The Designated Real Property Representative shall coordinate with the State Property Office and other appropriate stakeholders to obtain a title opinion and conduct customary due diligence and for the preparation and execution of the Deed and other applicable closing documents.

IX. Process for Permanent Disposition of Real Property.

A. Disposition of real property by Deed shall be approved in accordance with Appendix A, Tables 7 and 8, based on Market Value. The institution shall be responsible for obtaining a reasonable and defensible estimate of the Market Value for a proposed disposition, which may include obtaining an appraisal for the determination of Market Value.

B. Disposition of real property by permanent easement shall be for Market Value except easements may be granted below Market Value or without consideration when the easement is for the benefit of the institution and is otherwise permitted in accordance with state laws and regulations.

C. Disposition of real property by demolition shall be approved in accordance with Appendix A, Tables 7 and 8, based on its Value.

D. The Designated Real Property Representative shall coordinate with the State Property Office and other appropriate stakeholders for the preparation and execution of the Deed and other applicable closing documents.

X. Reporting Requirements.

A. Constituent institutions shall report to the UNC System Office on all real property transactions executed under their delegated authority on an annual basis. The reports shall be submitted to the senior vice president for finance and administration by August 1 of each year.

The UNC System Office will annually submit a compiled report to the Department of Administration of all real property transactions. The report shall include the following:

1. Property description including physical address, acreage, size, site improvements, and other relevant details.

2. Information on parties to the transaction including name of the person, business, or entity; address; contact person, and contact information.

3. Information on the transaction including the date of sale or execution date, Lease terms including initial term, Annual Rental Value, optional terms, escalation, and other details.

B. In addition to the annual report, constituent institutions without additional delegated authority shall report quarterly all real property transactions executed under general delegated authority to the senior vice president for finance and administration.

C. Constituent institutions shall also comply with any applicable reporting requirements as may be required by the Department of Administration.

XI. Other.

A. Effective Date. The requirements of this regulation shall be effective on November 24, 2025.

B. Relation to Federal and State Laws and Policies. The foregoing regulation as adopted by the president is meant to supplement, and does not purport to supplant or modify, those statutory enactments, regulations, and policies which may govern or relate to the subject matter of this regulation.

APPENDIX A
Authority Tables

Table 1. Acquisition or Disposition of Real Property by Lease Constituent Institutions with General Delegated Authority							
Annual Rental	**Term (including renewals)**	**Chancellor**	**Board of Trustees**	**President (or designee)**	**Board of Governors**	**State Property Office**	**Governor and Council of State**
Less than $100,000	3 years or less	X					
Less than $100,000	More than 3 years and 10 years or less	X	X			X	X
$100,000 to $999,999	10 years or less	X	X			X	X
$1,000,000 to $1,999,999	10 years or less	X	X	X			
$2,000,000 or more	10 years or less	X	X	X	X		
$0 or more	More than 10 years	X	X	X	X	X	X

Table 2. Acquisition or Disposition of Real Property by Lease Constituent Institutions with Additional Delegated Authority							
Annual Rental	**Term (including renewals)**	**Chancellor**	**Board of Trustees**	**President (or designee)**	**Board of Governors**	**State Property Office**	**Governor and Council of State**
Less than $100,000	3 years or less	X					
Less than $100,000	More than 3 years and 10 years or less	X	X				
$100,000 to $999,999	10 years or less	X	X				
$1,000,000 to $1,999,999	10 years or less	X	X				
$2,000,000 or more	10 years or less	X	X	X	X		
$0 or more	More than 10 years	X	X	X	X	X	X

Table 3. Acquisition of Real Property by Lease on Millennial Campus Property Constituent Institutions with General Delegated Authority							
Annual Rental	**Term (including renewals)**	**Chancellor**	**Board of Trustees**	**President (or designee)**	**Board of Governors**	**State Property Office**	**Governor and Council of State**
Less than $100,000	3 years or less	X					
Less than $100,000	More than 3 years and 10 years or less	X	X				
$100,000 to $999,999	10 years or less	X	X				
$1,000,000 to $1,999,999	10 years or less	X	X	X			
$2,000,000 or more	10 years or less	X	X	X	X		
$0 or more	More than 10 years	X	X	X	X	X	X

Table 4. Acquisition of Real Property by Lease on Millennial Campus Property Constituent Institutions with Additional Delegated Authority							
Annual Rental	**Term (including renewals)**	**Chancellor**	**Board of Trustees**	**President (or designee)**	**Board of Governors**	**State Property Office**	**Governor and Council of State**
Less than $100,000	3 years or less	X					
Less than $100,000	More than 3 years and 10 years or less	X	X				
$100,000 to $1,999,999	10 years or less	X	X				
$2,000,000 or more	10 years or less	X	X	X	X		
$0 or more	More than 10 years	X	X	X	X	X	X

Table 5. Disposition of Real Property by Lease on Millennial Campus Property Constituent Institutions with General Delegated Authority							
Annual Rental	**Term (including renewals)**	**Chancellor**	**Board of Trustees**	**President (or designee)**	**Board of Governors**	**State Property Office**	**Governor and Council of State**
Less than \$100,000	3 years or less	X					
Less than \$100,000	More than 3 years and 10 years or less	X	X				
Less than \$100,000	More than 10 years and 99 years or less	X	X	X	X		
\$100,000 to \$999,999	10 years or less	X	X				
\$1,000,000 to \$1,999,999	10 years or less	X	X	X			
\$1,000,000 to \$1,999,999	More than 10 years and 99 years or less	X	X	X	X		
\$2,000,000 or more	99 years or less	X	X	X	X		
\$0 or more	More than 99 years	X	X	X	X	X	X

Table 6. Disposition of Real Property by Lease on Millennial Campus Property Constituent Institutions with Additional Delegated Authority							
Annual Rental	**Term (including renewals)**	**Chancellor**	**Board of Trustees**	**President (or designee)**	**Board of Governors**	**State Property Office**	**Governor and Council of State**
Less than $100,000	3 years or less	X					
Less than $100,000	More than 3 years and 10 years or less	X	X				
Less than $100,000	More than 10 years and 99 years or less	X	X	X	X		
$100,000 to $1,999,999	10 years or less	X	X				
$100,000 to $1,999,999	More than 10 years and 99 years or less	X	X	X	X		
$2,000,000 or more	99 years or less	X	X	X	X		
$0 or more	More than 99 years	X	X	X	X	X	X

Table 7. Acquisition and Disposition of Real Property by Deed Constituent Institutions with General Delegated Authority						
Value	**Chancellor**	**Board of Trustees**	**President (or designee)**	**Board of Governors**	**State Property Office**	**Governor and Council of State**
Less than $100,000	X				X	X
$100,000 to $999,999	X	X			X	X
$1,000,000 to $1,999,999	X	X	X		X	X
$2,000,000 or more	X	X	X	X	X	X

Table 8. Acquisition and Disposition of Real Property by Deed Constituent Institutions with Additional Delegated Authority						
Value	**Chancellor**	**Board of Trustees**	**President (or designee)**	**Board of Governors**	**State Property Office**	**Governor and Council of State**
Less than $100,000	X				X	X
$100,000 to $1,999,999	X	X			X	X
$2,000,000 or more	X	X	X	X	X	X