Overview of Delegated Authority for Property Leasing
Background

- University leasing review and approval involves many parties:
  - Chancellor
  - Board of Trustees
  - UNC General Administration
  - UNC Board of Governors
  - NC Department of Administration
    - State Property Office
  - NC Council of State
- The parties that must approve a lease differ depending on the campus, the annual rent of the lease, the sources of BOG authority, and the term of the lease.
## Background

<table>
<thead>
<tr>
<th>Type of Lease</th>
<th>Annual Rent</th>
<th>Term</th>
<th>Chancellor</th>
<th>BOT</th>
<th>BOG</th>
<th>DOA</th>
<th>Council of State</th>
<th>Average Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency</td>
<td>No more than $5k</td>
<td>No longer than 3 years</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1 - 2 Months</td>
</tr>
<tr>
<td>Department of Administration</td>
<td>&gt; $5k ≤ $25k</td>
<td>No longer than 3 years</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>2 - 3 Months</td>
</tr>
<tr>
<td>State Property Advertised</td>
<td>$25k or more*</td>
<td>&gt; 3 years*</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>9 - 12 Months</td>
</tr>
</tbody>
</table>

* - either annual rent or term triggers
BOG Authority to Delegate

- **Alternative approach** specific to leases that requires report to, but not prior approval from, Division of State Property. – G.S 116-31.12
- **Result of recommendation** from President’s Advisory Committee on Efficiency and Effectiveness (PACE).
- General Assembly empowered by the Board to authorize constituent institutions to acquire (2007) and dispose of (2012) real property by lease.
- **Limited to lease terms of 10 years or less**, subject to policies adopted by the Board.
- Board established a **review and certification process** through UNC Policy 600.1.3.1, adopted in 2011 and amended in 2012.
- **Four campuses** (ECU, NCSU, UNC-CH and UNCW) and the President authorized to exercise the authority.
Delegated Acquisition by Lease Approval

• Minimum Criteria to Receive Delegated Leasing Authority
  – Campus must establish, in a written rigorous assessment, that it has the necessary resources to properly carry out the delegated authority.
  – Chancellor certifies in writing that the campus has the necessary administrative, technical, and support resources.
  – Campus constitutes a campus property review committee comprised of individuals with technical expertise, strategic perspective and executive authority to perform the required duties.
Delegated Acquisition by Lease Approval

Minimum Criteria to Receive Delegated Leasing Authority (continued)

– Chancellor designates a campus property officer with substantial experience in managing commercial real estate transactions.
– Campus has appropriate technical and professional staff with demonstrated capability in the development, evaluation and execution of commercial leasing transactions.
– A UNC GA assessment team, assembled and led by the VP for Finance, has reviewed the institution’s assessment, has performed an on-site capabilities appraisal, and has recommended delegation to the President.

September 12, 2017
## Benefit is Increased Thresholds

<table>
<thead>
<tr>
<th>Annual Rent</th>
<th>Term</th>
<th>Campus Property Review Committee</th>
<th>VCBA</th>
<th>Chancellor</th>
<th>BOT</th>
<th>President</th>
<th>BOG</th>
<th>DOA</th>
<th>Council of State</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 to $150k</td>
<td>No longer than 10 years</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$150,001 to $350,000</td>
<td>No longer than 10 years</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$350,001 to $500,000</td>
<td>No longer than 10 years</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; $500,000</td>
<td>No longer than 10 years</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any Amount</td>
<td>More than 10 years</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Schools routinely save six to eight months with larger leases and smaller leases can be executed in weeks.
Future Steps

- Our desire is to return to the Board at the December meeting to present a proposal to seek delegated authority for property leasing.
Overview of Delegated Authority for Property Leasing

QUESTIONS