

The University of North Carolina at Greensboro

# Board of Trustees Meeting

## Business Affairs Committee

### 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

Type of Lease	Annual Rent	Term	Chancellor	BOT	BOG	DOA	Council of State	Average Time
Agency	No more than \$5k	No longer than 3 years	X					1 - 2 Months
Department of Administration	> \$5k ≤ \$25k	No longer than 3 years	X			X		2 - 3 Months
State Property Advertised	\$25k or more*	> 3 years*	X	X	X	X	X	9 - 12 Months

\* - 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**.

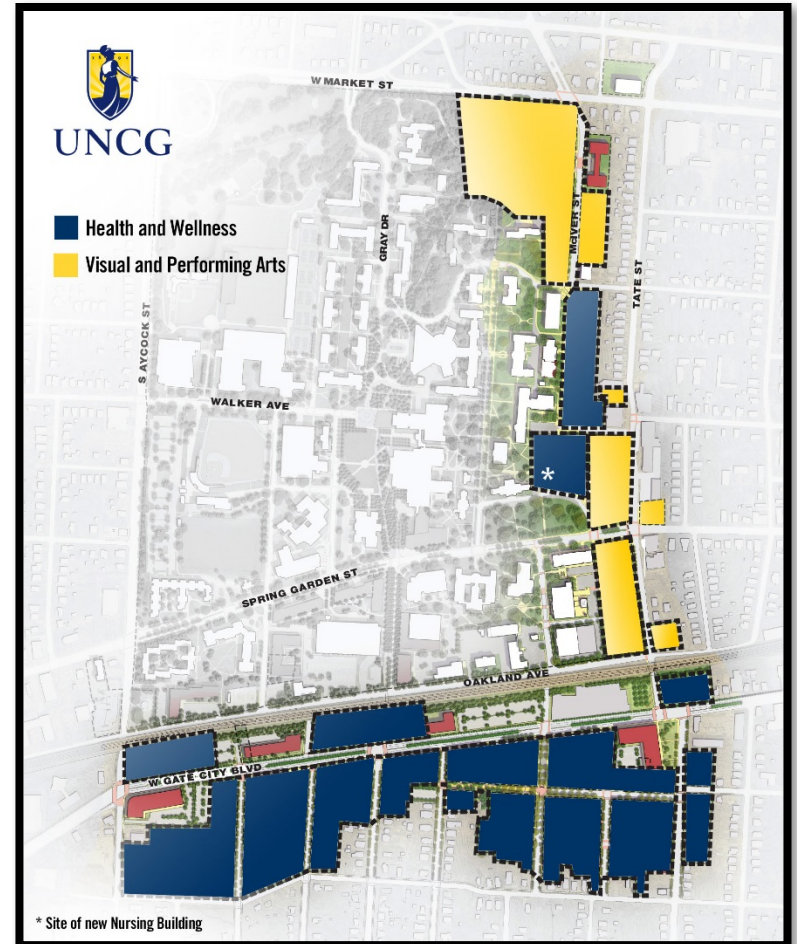
# Benefit is Increased Thresholds

Annual Rent	Term	Campus Property Review Committee	VCBA	Chancellor	BOT	President	BOG	DOA	Council of State
\$0 to \$150k	No longer than 10 years	X	X	X					
\$150,001 to \$350,000	No longer than 10 years	X	X	X	X				
\$350,001 to \$500,000	No longer than 10 years	X	X	X	X	X			
> \$500,000	No longer than 10 years	X	X	X	X	X	X		
Any Amount	More than 10 years				X		X	X	X

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



September 12, 2017



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