

## **Guidelines for Purdue University Leasing and Real Estate Transactions** **April 2007**

### Approval Process

These guidelines establish the appropriate roles and responsibilities in regard to the University's leasing, purchasing and sale of real estate. The guidelines apply across all campuses to all leases, whether leasing in or leasing out, all purchases and all sales of real estate. Attachment 1 summarizes the Board of Trustees approval process and Attachment 2 summarizes the State approval process.

Prior to the University entering into a new lease or the purchase or sale of real estate, the Executive Vice President and Treasurer (EVP&T) must review and approve the conceptual plan documented by the Leasing and Real Estate Transaction Request (Attachment 3) This review will include a check of available University space. At that time the appropriate University and State approvals should be outlined.

With the review and approval to proceed under the conceptual plan, the areas below are assigned the following responsibilities:

1. Unit Seeking Approval

Develop business and financial plan to support the transaction and complete Section A of the Leasing and Real Estate Transaction Request (Attachment 3). Units should consult Purdue Research Foundation (PRF) Real Estate Office and Physical Facilities University Architect Office as appropriate in developing this plan and secure appropriate unit-level approvals. The completed forms and information should be sent to the University Contracting Group in Freehafer Hall for further processing. It should be recognized that some lease transactions and all real estate purchase or sale transactions take considerable time to complete.

The Vice Chancellor for Administration or Finance on the regional campuses should coordinate the process on their campus. Documents should continue to flow through the University Contracting Group upon completion.

2. Purdue Research Foundation (PRF) Real Estate Office

Review and recommend leasing or real estate options, including providing benchmarks for comparison purposes. Manage negotiations for purchase or sale of real estate based on constraints approved by the EVP&T.

3. Physical Facilities University Architect Office

Physical Facilities will inspect the proposed leased premises to assure compliance with environmental, health, and safety requirements as well as building and ADA codes.

4. University Contracting Group

Review and complete Section B of the Leasing and Real Estate Transaction Request. Upon completion, submit to the Vice President for Physical Facilities (VPPF), Vice President for Business Services and Assistant Treasurer (VPBS&AT) and Senior Vice President and Treasurer of PRF (SVP&T/PRF) for review prior to submission to the EVP&T.

Upon approval by the EVP&T, obtain and review contractual terms of leasing transactions after conceptual approval has been provided. Work with legal counsel as necessary on terms and conditions. Coordinate with units the preparation of appropriate State forms for real estate or leasing transactions as needed for the State approval process.

5. Vice President for Business Services and Senior Vice President and Treasurer of PRF  
Present negotiated terms of the transaction and summary documentation for approval by the EVP&T.

With approval of the EVP&T, prepare materials as appropriate for Purdue University Board of Trustees and assist with transmittal letter to the State as needed by the Treasurer.

6. Governmental Relations  
Advise on State approval process and schedule. Manage requests through the approval process, serving as point of contact for the Indiana Commission for Higher Education, State Budget Committee, State Budget Agency, and the Governor.

### Renewals

Renewals of existing leases for facilities or land use with annual costs of less than \$50,000 will be reviewed by the University Contracting Group and executed by the Director, University Contracting Group or the VPBS&AT as appropriate. Renewals requiring the approval of the EVP&T will be forwarded for signature as required.

### Small Lease Transactions

New leasing transactions that are minor in nature will be initiated by the unit and reviewed by the University Contracting Group. As appropriate, Physical Facilities, PRF and the VPBS&AT will be involved in the review and approvals based on the facts and circumstances of the transaction. A small lease transaction is defined as less than \$10,000 per year and less than four years in duration.

### Attachments:

- 1) Board of Trustees Approval Process/Summary of Approval Process for Construction, Repair, Purchase, Lease-Purchase, Lease or Sale of Land, Buildings or Facilities
- 2) State Approval Process/Summary of Approval Process for Construction, Repair, Purchase, Lease-Purchase, Lease or Sale of Land, Buildings or Facilities
- 3) Leasing and Real Estate Transaction Request
- 4) Review Process for New Real Estate or Leasing Transactions

**BOARD OF TRUSTEES APPROVAL PROCESS**

**SUMMARY OF APPROVAL PROCESS FOR CONSTRUCTION, REPAIR, PURCHASE, LEASE-PURCHASE, LEASE OR SALE OF LAND, BUILDINGS OR FACILITIES**

TYPE OF PROJECT	DOLLAR AMOUNT	SOURCE OF FUNDS	VP PHYSICAL FACILITIES	EVP/ TREASURER	PHYSICAL FACILITIES COMMITTEE	BOARD OF TRUSTEES
<b>Authorization for Construction</b> <sup>1</sup>	Under \$50,000	Any	Approve	N/A	N/A	N/A
	\$50,000 - \$2.0 million	Any	Recommend	Approve	N/A	N/A
	> \$2.0 million - \$5.0 million	Any	Review	Recommend	Approve	N/A
	> \$5.0 million	Any	Review	Recommend	Recommend	Approve
	Demolition of Significant Structure	Any	Review	Recommend	Recommend	Approve
Article VII, Section I. b.						
<b>Awards of Contracts for Construction</b> <sup>2</sup>	Under \$50,000	Any	Approve	N/A	N/A	N/A
	\$50,000 - \$2.0 million	Any	Recommend	Approve	N/A	N/A
	> \$2.0 million - \$5.0 million	Any	Review	Recommend	Approve	N/A
	> \$5.0 million	Any	Review	Recommend	Recommend	Approve
	In Excess of \$250,000	Any			Reported to PFC (next meeting)	
Article VII, Section I. b. Article VII, Section I. b.						
<b>Purchase of Real Estate</b>	Up to \$500,000	Any	N/A	Approve	N/A	N/A
	\$500,001 - \$1.0 million	Any	N/A	Recommend	Approve	N/A
	\$1.0 million +	Any	N/A	Recommend	Recommend	Approve
Article VII, Section I. a. iii. & iv.						
<b>Lease</b>	Up to \$150,000	Any	N/A	Approve	N/A	N/A
	\$150,001 - \$399,999	Any	N/A	Recommend	Approve	N/A
	\$400,000 +	Any	N/A	Recommend	Recommend	Approve
Article VII, Section I. a. i. & ii.						
<b>Change Orders</b>	Up to \$149,999	Any	Approve	N/A	N/A	N/A
	\$150,000 - \$250,000	Any	Recommend	Approve	Reported to PFC (next meeting)	N/A
	\$250,001 - \$1.0 million	Any	Recommend	Recommend	Approve	N/A
	> \$1.0 million	Any	Recommend	Recommend	Recommend	Approve
Article VII, Section I. c.						
<b>Other Contracts</b>	Up to \$999,999	Any	N/A	Approve	N/A	N/A
	\$1 million to \$2.0 million	Any	N/A	Approve	Reported to PFC (next meeting)	N/A
	> \$2.0 million	Any	N/A	Recommend	Recommend	Approve
Article VII, Section I. e.						
<b>Licenses, Grants, Easements and Rights-of-Way</b> Article VII, Section I. a. 5.	Any	Any	N/A	Approve	N/A	N/A
<b>Create, Award or Revoke Trusts</b> Article VII, Section I. d.	Any	Any	N/A	Recommend	Recommend	Approve

<sup>1</sup> - Includes the construction of new buildings, additions to existing buildings, or improvements, major alterations, repairs or rehabilitation of existing buildings or other capital plant assets.

<sup>2</sup> - Includes the construction of new buildings, additions to existing buildings, or improvements, major alterations, repairs, rehabilitation or demolition of existing buildings or other capital plant assets.

## STATE APPROVAL PROCESS

## SUMMARY OF APPROVAL PROCESS FOR CONSTRUCTION, REPAIR, PURCHASE, LEASE-PURCHASE, LEASE OR SALE OF LAND, BUILDINGS OR FACILITIES

TYPE OF PROJECT	DOLLAR AMOUNT	SOURCE OF FUNDS	COMMISSION for HIGHER ED.	BUDGET COMMITTEE	BUDGET AGENCY	GOVERNOR	GENERAL ASSEMBLY
<b>Construction</b> (IC20-12-5.5-2)	Under \$50,000	Any	Can use own labor - no approvals required				
	\$50,000 - \$500,000	Any	<b>Cannot</b> use own labor - no approvals required				
	\$500,000 +	Approp., 1929 & 1965 Bonding or Mandatory Student Fees	Review	Recommend	Recommend	Approve	Authorize
	\$500,000 +	Non-appropriation or <b>not</b> 1929 & 1965 Bonding	Review	Recommend	Recommend	Approve	N/A
<b>Repair &amp; Rehabilitation</b> (IC20-12-5.5-2)	Under \$50,000	Non-appropriation	Can use own labor - no approvals required				
	Under \$750,000	State R&R Appropriation	Review	N/A	Admin. Action	Approve	N/A
	Only for quarterly draw of dollars, claim voucher(s) should accompany request						
	\$50,000 - \$1,000,000	<b>Other</b> than State Appr. or Mandatory Student Fees	No approval required				
	\$750,000 +	State Appropriation or Mandatory Student Fees	Review	Recommend	Recommend	Approve	N/A
\$1,000,000 +	<b>Other</b> than State Appr. or Mandatory Student Fees	Review	Recommend	Recommend	Approve	N/A	
<b>Purchase or Lease- Purchase Land, Buildings or Facilities</b> (IC20-12-5.5-2)	Under \$250,000	Any	No approval required				
	\$250,000 +	Any	Review	Recommend	Recommend	Approve	N/A
	\$300,000 +	State Appropriation or Mandatory Student Fees	Review	Recommend	Recommend	Approve	Authorize
<b>Lease as Lessee</b> (IC20-12-5.5-2)	Under \$150,000	Any	No approval required				
	\$150,000 +	Any	Review	Recommend	Recommend	Approve	N/A
<b>Lease as Lessor</b> (IC20-12-1-2)	Any amount or source of funds, 4 or under year term		No approval required				
	Any amount or source of funds, term exceeding 4 years		Review	Recommend	Approve	Approve	N/A
<b>Sale of Property</b> (IC20-12-11-2)	The value of real estate to be sold shall be determined by three disinterested appraisers appointed by the governor, and shall not be sold for less than the appraised value. Property may be conveyed to the state, a state agency, or a political subdivision for any or no consideration (\$) without the appointment of appraisers						
<b>Sale of Property Received by Gift or Bequest</b> (IC20-12-5-3)	Under \$500,000 (as determined by independent appraisor)		No further authorization is required.				
	\$500,000 +	The value of real estateshall be determined by three disinterested appraisers appointed by the governor, and shall not be sold for less than the appraised value.					
<b>Qualified Energy Savings</b> (IC20-12-5.5-7)	\$500,000 +	Bonding repaid through savings Max. of \$10,000,000/Institution	Recommend	Recommend	Approve	Approve	
<b>ISSUANCE OF DEBT</b> (IC20-12-6-16)	Any	Any	N/A	Approve	Approve	Approve	N/A

While not required by statute, the practice of review and approval by the State Budget Committee will continue (statute requires Budget \*Agency\* recommendation only). (IC20-12-5.5-6)  
While no longer required by statute, the practice of review and recommendation by the Commission for Higher Education of Authorized capital projects will continue. (IC20-12-5.5-2.5)  
Signature of the Budget Committee members and/or the Governor on Budget Committee Agendas or Budget Agency Administrative Action minutes constitutes official approval.

**PURDUE UNIVERSITY  
LEASING AND REAL ESTATE TRANSACTION REQUEST**

Property: \_\_\_\_\_

Date Submitted: \_\_\_\_\_

Address: \_\_\_\_\_

The following information and authorizations are needed in order to enter into a lease or the purchase or sale of real estate. Please complete Section A and forward to the University Contracting Group in Freehafer Hall for review and submission to the Executive Vice President and Treasurer.

This request is for:

- |                          |                                     |                          |                                      |
|--------------------------|-------------------------------------|--------------------------|--------------------------------------|
| <input type="checkbox"/> | Lease In (University is the Lessee) | <input type="checkbox"/> | Lease Out (University is the Lessor) |
| <input type="checkbox"/> | Purchase                            | <input type="checkbox"/> | Sale                                 |

**A. Justification:**

Please explain how this property will be used. Include any review of available University space. Please specify the term (length of the lease) and cost (asking price of real estate or cost per square foot/annual lease cost). Attach any supporting materials.

**Approval recommended:**

Requesting Unit or Individual (name/phone/email): \_\_\_\_\_ Date: \_\_\_\_\_

Department Head: \_\_\_\_\_ Date: \_\_\_\_\_

Chancellor/Dean: \_\_\_\_\_ Date: \_\_\_\_\_

Vice Chancellor/Fiscal Officer: \_\_\_\_\_ Date: \_\_\_\_\_

Campus:    West Lafayette    Calumet    Fort Wayne    North Central

Proposed Source of Funds:

- |                          |                  |                          |             |
|--------------------------|------------------|--------------------------|-------------|
| <input type="checkbox"/> | Department Funds | <input type="checkbox"/> | Gift Funds  |
| <input type="checkbox"/> | Federal Funds    | <input type="checkbox"/> | Grant Funds |

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**B. To be completed by the University Contracting Group. Check applicable approvals based upon the cost and term (see attached approval grid):**

- Executive Vice President and Treasurer
- Purdue University Board of Trustees
- Review by Commission for Higher Education
- State Budget Committee
- State Budget Agency
- Governor

**Leasing and Real Estate Transactions  
Authorization to Proceed**

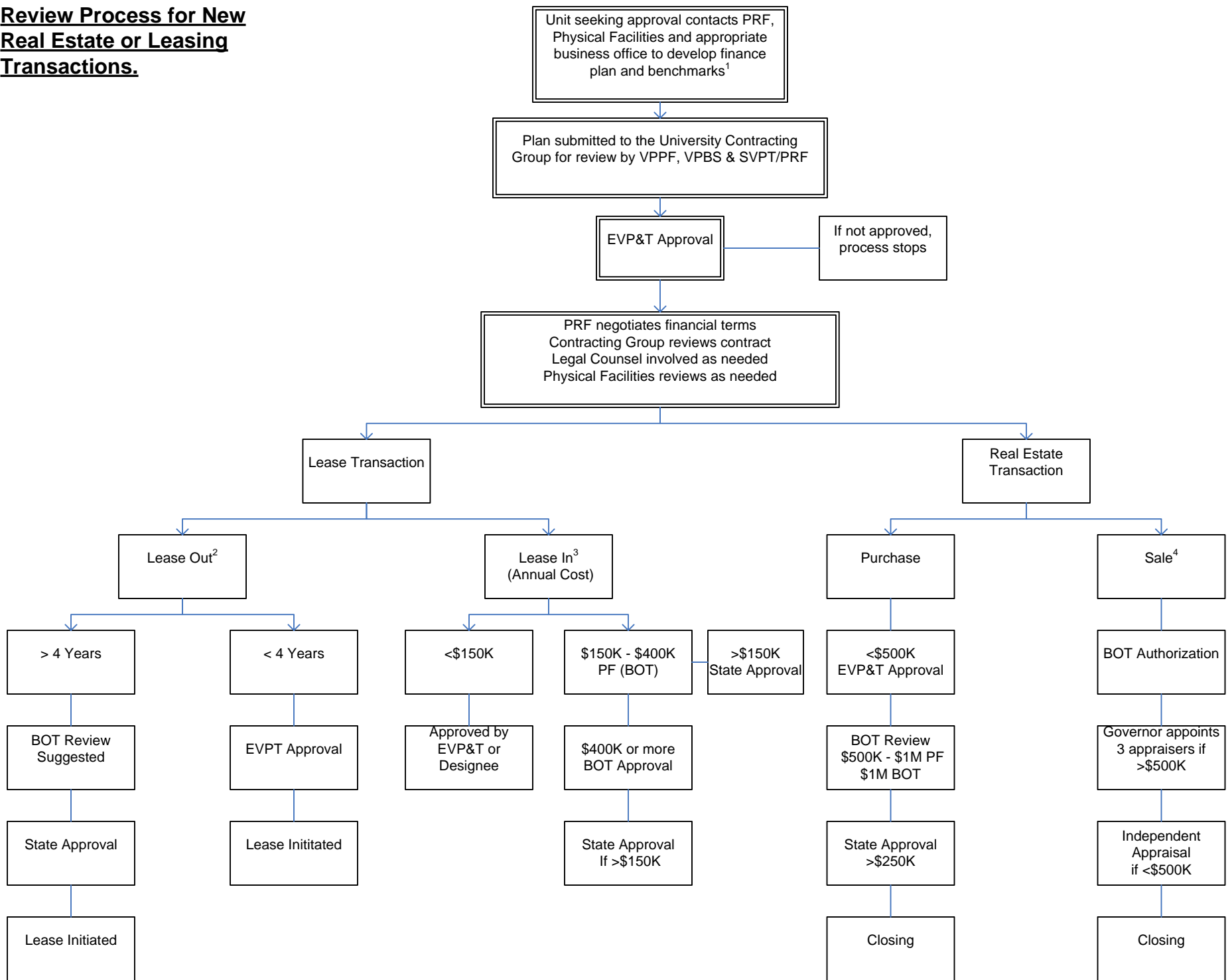
Executive Vice President and Treasurer:

\_\_\_\_\_

Date: \_\_\_\_\_

Approved Copies:   Dean/Department Head  
                          Requesting Unit  
                          Unit Business Manager

**Review Process for New Real Estate or Leasing Transactions.**



Renewals to existing leases should be coordinated through the University Contracting Group

Footnotes to “Guidelines for Purdue University Leasing and Real Estate Transactions”

1. PRF will provide assistance regarding market comparisons, financial considerations and options. Consideration for custodial, grounds, building maintenance, trash removal and utility expansion should be considered as part of the lease costs. For assistance, call the Real Estate Office at PRF.
2. Lease Out – When the University leases space to a third party. In this case, the University is the lessor.
3. Lease In – When the University leases space from a third party.
4. Sale of Land – If the land was obtained by gift or demise and is worth less than \$500,000 and has been appraised by an independent appraiser, no further appraisal is required. If the land is worth \$500,000 or more, the Governor must appoint three disinterested appraisers and the Governor must approve the sale at not less than the appraised value.

For all other Purdue land, the Governor must appoint three appraisers regardless of value, unless the sale is to the state, a state agency or a political subdivision. In those instances the sale price can be established based on agreement between the parties without regard to the appraised value and may even take the form of a gift.