THE UNIVERSITY OF MICHIGAN
STANDARD PRACTICE GUIDE

SECTION:	General University Policies	**Number:**	601.23
		Revised	
SUBJECT:	Real Estate Transactions	**Date Issued:**	4/11/05
		Review Date:	4/11/09
APPLIES TO:	All Employees	**Attachment(s):**	0

ISSUED BY: Executive Vice President and Chief Financial Officer

Policy

Regents Bylaw 3.07 says it is the exclusive province of the Board of Regents to acquire and sell real estate for the University. There are only two exceptions to this requirement: Bylaw 3.05, which allows the Executive Vice President and Chief Financial Officer (EVPCFO) to accept gifts of real estate when the maintenance will not add to the ordinary operating budget of the University, and Bylaw 3.07, which allows the EVPCFO to dispose of gifted real estate not located near one of the three campuses. Chapter III of the Bylaws gives the EVPCFO authority over all other real estate transactions. Under authority given by the Regents in April 2002, the EVPCFO has developed a real estate policy entitled *Policy and Procedure on the Acceptance, Management and Disposition of Real Estate (The Real Estate Policy).* All real estate transactions of the EVPCFO, including all units referenced in this SPG, are governed by the Bylaws and *The Real Estate Policy.*

Real estate transactions are handled on behalf of the EVPCFO through the University's Real Estate Office located within Plant Extension at 326 E. Hoover Street, Ann Arbor, MI 48109-1002, 763-2302. The Real Estate Office reports to the EVPCFO through the Associate Vice President for Facilities and Operations (AVPF&O). The real estate transactions handled by the Real Estate Office include:

- Leases of real property (office, commercial, residential)
  - Management of real properties within the University inventory
  - Build to suit arrangements
  - Execution of contracts for renovations of non-University property for University purposes
  - Capital leases and lease-to-buy arrangements
- Purchases and sales of real estate
- New real estate developments
- Access to University property
  - Easements, licenses, rights-of-way, access agreements and memoranda of understanding involving University real estate
  - Boundary disputes

The EVPCFO has delegated authority to the Real Estate Office for certain matters involving real estate, but any long-term or significant commitment must come to the EVPCFO for a decision upon the recommendation of the Real Estate Office and AVPF&O The EVPCFO has also delegated limited authority concerning real estate to the Hospitals and Health Centers, and the Chancellors at UM-Flint and UM-Dearborn, as described below.

With the exceptions of the Hospitals and Health Centers and U-M Flint and U-M Dearborn discussed below, any unit at the University requesting additional space not owned or managed by the University must first

notify the Real Estate Office with an explanation of (a) the funding source for additional space and (b) the well-established programmatic needs the space will serve. The Real Estate Office, working with the unit and the Provost and Executive Vice President for Academic Affairs, will determine whether space within the University's existing inventory can accommodate the needs (the preferred option) or whether alternatives should be pursued. All negotiations with third parties – developers, landlords, realtors, brokers and the like – are undertaken on behalf of the University only by the Real Estate Office, in consultation with the AVPF&O and EVPCFO. The University will pursue space outside the University only when it is a strategic priority to the University to do so, and only when the property is available for immediate occupancy, or it is a construction project that has obtained all significant governmental approvals.

In deciding whether to lease space outside the University, the Real Estate Office engages in competitive practices, evaluating options based on price, location, square footage, suitability to an academic purpose, University priorities and related considerations.

The Real Estate Office handles all real estate matters except the limited circumstances described below. Faculty or staff who are contacted by an outside entity about real estate must promptly notify their dean or director. If a dean or director becomes aware that an outside entity wishes to offer real estate to the University, he or she must promptly contact the Real Estate Office, which will determine in consultation with the AVPF&O and the EVPCFO whether it is in the University's interest to pursue the matter.

Hospitals and Health Centers

Any unit in the Hospitals and Health Centers requesting additional space not owned or managed by the University must notify the Hospitals and Health Centers Space Needs Committee (Space Needs Committee) at 300 NIB, N14A24, Ann Arbor, MI 48109-0428, 734-763-9908 with an explanation of (a) the funding source for additional space and (b) the well-established programmatic needs the space will serve. The Space Needs Committee, working with the unit, will determine whether space within the University's existing inventory can accommodate the needs (the preferred option) or whether alternatives should be pursued. Before pursuing alternatives, the Real Estate Office of Hospital Financial Services, (Hospital Real Estate Office), which reports to the Hospitals and Health Center's Chief Financial Officer, must consult with and receive prior approval from the University's Real Estate Office. The Hospital Real Estate Office may negotiate with third parties – developers, landlords, realtors, brokers and the like – but such negotiations are subject to the final review and approval of the University's Real Estate Office, working in close consultation with the AVPF&O and the EVPCFO. The Bylaws and *The Real Estate Policy* govern all such negotiations and transactions.

UM-Flint and UM-Dearborn

The EVPCFO has delegated limited authority to the Chancellors at UM-Flint and UM-Dearborn to execute certain short term leases. These leases require prior review and approval of the University's Real Estate Office and the Office of the Vice President and General Counsel. All other real estate transactions for these campuses are handled by the University's Real Estate Office. The Bylaws and *The Real Estate Policy* govern all real estate transactions for UM-Flint and UM-Dearborn.

The Real Estate Policy is available from the Real Estate Office. Faculty and staff with questions about the acceptance, management and disposition of real estate should consult *The Real Estate Policy* or contact the Real Estate Office directly.