

Policy Number: 7-201	Policy Name: Use of University Real Property and Infrastructure
Policy Revision Dates: 6/05, 4/99 (Previous 7-201 Use of University Buildings and Lands 6/92, 12/85)	Page 1

**B. OWNERSHIP, MANAGEMENT AND USE OF
REAL PROPERTY**

7-201 Use of Real Property and Infrastructure

- A. Title to the grounds and properties of the three universities shall be held by the Arizona Board of Regents, a body corporate, for and on behalf of each university. Such grounds and properties are devoted to and maintained for the sovereign function of providing higher education to the people, and are not places of unrestricted public access.
- B. Leases of real property shall be entered into in the name of the Arizona Board of Regents, a body corporate, for and on behalf of each university.
- C. Each university shall adopt and publish such reasonable regulations as it deems appropriate, and as are consistent with law and Board policy, for the maintenance of the peaceful conduct and operation of the university and university property.

Policy Number: 7-202	Policy Name: Ownership and Procedures
Policy Revision Dates: 4/99 (Previous 7-301 Ownership and Procedures 6/93, 6/92)	Page 1

7-202 Ownership and Procedures

Real property utilized by the state universities shall be legally owned by or leased to the Arizona Board of Regents. Where deeds or leases have named a university as grantee or lessee, they shall be understood to mean the Arizona Board of Regents for and on behalf of such university. Each university is authorized to acquire, to dispose of, or to lease property under the conditions of this chapter, although the Board may alter the procedure or waive any requirement or other condition for any individual transaction upon application by a university. Prior Board approval shall be required only when specified herein, or when alteration or waiver is desired.

Policy Number: 7-203	Policy Name: Purchase of Real Property
Policy Revision Dates: 6/05, 4/99 (Previous 7-303 Purchase of Real Property (6/92, 1/88))	Page 1

7-203 Purchase of Real Property

Except as noted below, purchases of real property by a university require prior review by the Capital Committee and approval of the Board, and compliance with all requirements of this section not explicitly waived by the Board.

- A. A request for authorization to purchase property shall be accompanied by:
1. the legal description of the property,
 2. the name of the sellers or other person having an interest in the property,
 3. a statement detailing the reason for such purchase,
 4. the amount and source of funds for the purchase,
 5. any other pertinent information,
 6. a notice to Board Counsel of the results of any appraisals(s) required which shall remain confidential until the purchase is either completed or canceled.
- B. Board approval is not required for a purchase if:
1. the property is located within the university planning boundary as defined in the master plan; and
 2. the purchase price is less than Five Hundred Thousand Dollars (\$500,000)
- C. The Capital Committee shall have the authority to grant approval for purchases when the purchase price is Five Hundred Thousand Dollars (\$500,000) or greater but does not exceed One Million Dollars (\$1,000,000). At the Committee's discretion, any request to purchase property may be presented to the Board as circumstances warrant.
- D. The Central Office shall be notified of all purchases regardless of purchase price in accordance with procedures developed by the Executive Director.

(Rev. 9/05)

Policy Number: 7-204	Policy Name: Sale of Real Property
Policy Revision Dates: 6/05, 4/99 (Previous 7-304 Sale of Real Property 6/92, 1/88)	Page 1

7-204 Sale of Real Property

- A. Except as described below, real property which the university anticipates to be worth Two Hundred Fifty Thousand Dollars (\$250,000) or more may be sold only with prior review by the Capital Committee and authorization from the Board and requires a public auction. A request for authorization to sell shall contain:
1. The legal description of the property;
 2. The name of the buyers or other person having an interest in the property;
 3. A detailed description of any offers to purchase received by the university;
 4. The terms of sale (including the price or proposed minimum auction bid, if any is specified); and
 5. The proposed use of the proceeds from the sale.
- B. Real property anticipated to be worth less than Two Hundred Fifty Thousand Dollars (\$250,000) may be sold without Capital Committee review and Board approval:
1. By listing it with a licensed broker who is a member of any multiple listing service, or
 2. By public auction.
 - a. No contract to sell real property through a broker shall be entered into until it has been listed for at least fourteen (14) days;
 - b. The university may pay a commercially reasonable brokerage commission; and
 - c. The Central Office shall be notified of all sales in accordance with procedures developed by the Executive Director.

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Policy Revision Dates: 6/05, 4/99 (Previous 7-304 Sale of Real Property 6/92, 1/88)	Page 2

- C. Any residential real property may be sold without Board approval by listing it with a licensed broker who is a member of a multiple listing service.
 - 1. No contract to sell residential real property through a broker shall be entered into until it has been listed for at least fourteen (14) days;
 - 2. The university may pay a commercially reasonable brokerage commission; and
 - 3. The Central Office shall be notified of all sales in accordance with procedures developed by the Executive Director.

- D. If the university receives an offer to purchase, the offer shall contain:
 - 1. A description of the property sought to be purchased,
 - 2. The name and address of the person desiring to purchase the property, and
 - 3. If such person is not an individual or individuals, the offer shall include the name and address of any stockholder, beneficiary, or other person who will own a beneficial interest in the property equaling or exceeding ten percent (10%) of its value or owns ten percent (10%) or more of the stock of any corporation making the offer.

- E. No real property for which an appraisal is required under these rules may be sold for less than the lowest appraised value of the property (refer to section on Appraisals in this chapter).

- F. Sales may be for all cash at the time of closing, or may be on terms which the university deems to be commercially reasonable.

- G. All sales by public auction shall comply with the following procedures:
 - 1. A notice of sale shall be prepared which includes:

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- a. A legal description of the property and other description of the property sufficient to enable the public to ascertain its location.
 - b. The nature, time, place, and terms of the proposed sale,
 - c. A minimum auction bid if applicable; and
 - d. The notice of sale may incorporate by reference additional instructions, contractual terms, and other information which shall be made available for inspection by inquirers at an office identified in the notice of sale. The university may charge a reasonable fee for copies of any such material.
2. The notice of sale shall be published not less than once a week for four (4) successive weeks in a newspaper of general circulation published regularly in the county in which the property (or a major portion thereof) is located.
 3. The notice of sale shall be posted not less than ten (10) days before the date set for sale on the property (if reasonably accessible), at the courthouse in the county in which the property (or a major portion thereof) is located; and at the Purchasing Office or other conspicuous place at the university.
 4. The auction shall be held between the hours of 10 a.m. and 4 p.m., at a location designated in the notice of sale, in the county in which the property (or a major portion thereof) is located.
 5. The property shall be sold to the responsive and responsible bidder making the highest and best offer, but in no case will it be sold for less than the lowest appraised value or for less than any minimum price stated in the notice of sale. Every bid shall be deemed to be an irrevocable offer until the sale is completed, and the sale shall not be deemed completed until the purchaser pays the price bid.
 6. The officer designated to conduct the auction may for any reason deemed in the interest of the university reject all bids and cancel the sale, or postpone and continue the sale from time to time, or

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change the place of the sale to any other location authorized pursuant to this chapter, by giving notice of the new date, time and place by public declaration at the time and place last appointed for the sale. Any postponed or continued sale date shall be a fixed date within sixty (60) calendar days of the date of the declaration. No other notice of the postponed, continued or relocated sale is required.

7. Other procedures for sale, not inconsistent with the foregoing, may be included in the notice of sale, the instructions to bidders, or the form of agreement prescribed for the sale.

Policy Number: 7-205	Policy Name: Exchanges of Real Property
Policy Revision Dates: 6/05, 4/99 (Previous 7-302 Exchanges of Real Property Requiring Approval by the Board)	Page 1

7-205 Exchanges of Real Property

- A. Insofar as is practical, an exchange of real property shall be deemed both a sale and a purchase and subject to the requirements of this chapter; provided however, that due to the inherent nature of such exchanges provisions relating to public auction shall not apply.
- B. All exchanges of real property in which either parcel has a value of Two Hundred Fifty Thousand Dollars (\$250,000) or more shall require Capital Committee review and Board approval.
- C. A university may enter into an exchange, notwithstanding a differential in the appraised values of the properties, if (a) the differential is paid in cash or other consideration acceptable to the university, or (b) the differential is less than Twenty percent (20%), and the university determines that the value given by the university is within the foreseeable range of possible outcomes if the property to be acquired by the university were to be taken under the power of eminent domain.

Policy Number: 7-206	Policy Name: Appraisals
Policy Revision Dates: 6/05, 4/99 (Previous 7-305 Appraisals 6/92, 5/89, 1/88)	Page 1

7-206 Appraisals

- A. Each university shall establish guidelines for an annual prequalification process consistent with the university procurement code to maintain a pool of appraisers to be selected for appraisals under this section. Each appraiser shall possess an affiliation with a recognized appraisal association such as The Appraisal Institute or the American Society of Farm Managers and Rural Appraisers and shall possess certification from the Arizona State Board of Appraisal appropriate for the type of appraisal being obtained. The affiliation requirement may be waived where there are insufficient affiliates in a reasonable geographical area surrounding the property to be appraised. In selecting an appraiser from the pool who the university deems to be qualified for the particular assignment, the university may give consideration to the location of the real property and its probable value, and may, if it deems appropriate, select an appraiser from the prequalification list of one of the other universities.
- B. One appraisal shall be obtained for any sale, purchase or exchange of real property with an anticipated sale price of One Hundred Thousand Dollars (\$100,000) or more but less than One Million Dollars (\$1,000,000). Two (2) appraisals shall be obtained for any sale, purchase or exchange of real property with an anticipated sale price of One Million Dollars (\$1,000,000) or more. All appraisals shall be independent, unilaterally requested and paid for by the university.
- C. No appraisal shall be required in connection with a sale, purchase or exchange of property with an anticipated sale price of less than One Hundred Thousand Dollars (\$100,000).
- D. No appraisal may be used for any purchase, sale or exchange unless the appraisal has been made within six (6) months of the time of Board or university action approving the transaction. In instances in which a fluctuating market makes real property values change more rapidly than usual, a more current appraisal shall be required.
- E. When prior Board approval is required or sought for a transaction, the Appraiser's opinion of value shall be reported to Board Counsel, and upon request the entire appraisal shall be provided.

Policy Number: 7-206	Policy Name: Appraisals
Policy Revision Dates: 6/05, 4/99 (Previous 7-305 Appraisals 6/92, 5/89, 1/88)	Page 2

- F. Appraisals shall not be made public until close of escrow on the real property transaction, unless the university elects otherwise.

Policy Number: 7-207	Policy Name: Leases of Real Property
Policy Revision Dates: 6/2009, 6/05, 4/99 (Previous 7-306 Leases of Real Property 1/94, 3/92, 9/90, 1/88 - 7-403 Lease-Back Agreements)	Page 1

7-207 Leases of Real Property

- A. All lease agreements and amendments of lease agreements of real property, including lease agreements in connection with any development of capital projects, as defined in Board policy 7-102(B)(3) shall be reviewed by the Capital Committee and approved by the Board before becoming effective, except as provided below:
1. A university may enter into a lease or lease amendments as Landlord or Lessor without Board approval (except for use of athletic facilities by professional teams), provided all of the following criteria are met:
 - a. The lease term including all renewals shall not exceed 120 months;
 - b. The annual base lease amount does not exceed \$500,000; and
 - c. The rental rate meets or exceeds the fair rental value of the property.
 2. A university may enter into leases or lease amendments as tenant or lessee without Board approval provided all of the following criteria are met:
 - a. The original lease term shall not exceed a total of 60 months;
 - b. Renewal options in total shall not exceed an additional 60 months;
 - c. The total annual rental including tax, insurance and maintenance payable to, through, or on behalf of the landlord shall not exceed \$500,000;
 - d. The rental rate does not exceed fair rental value; and

Policy Number: 7-207	Policy Name: Leases of Real Property
Policy Revision Dates: 6/2009, 6/05, 4/99 (Previous 7-306 Leases of Real Property 1/94, 3/92, 9/90, 1/88 - 7-403 Lease-Back Agreements)	Page 2

- e. Funds are available.

- B. A university shall report to the Capital Committee on its intent to solicit proposals for commercial development on university property, where the majority of the project's business is anticipated to come from a non-university population, and involving a lease or lease amendments that will require review by the Capital Committee and approval by the Board pursuant to Subsection A. above. A university also shall report to the Capital Committee on negotiating parameters after a proposal has been selected. As applicable, reports may be provided in executive session.

- C. All leases entered into shall be reported to the Central Office annually in accordance with procedures developed by the Executive Director.

Policy Number: 7-208	Policy Name: Use of Athletic Facilities by Professional Teams
Policy Revision Dates: 4/99 (Previous 7-202 Use of Athletic Facilities by Professional Teams 6/93, 9/92)	Page 1

7-208 Use of Athletic Facilities by Professional Teams

Each university may authorize the use of university athletic facilities by professional teams. All such uses shall meet the following standards:

- A. The use must be consistent with all applicable rules of the National Collegiate Athletic Association (NCAA) and the Athletic Conference in which the university holds membership;
- B. The university shall adhere to Board Policy regarding Rental Rates;
- C. There shall be a written agreement approved as to form by university counsel; and
- D. The term of the agreement (including any renewals) shall not exceed three (3) years.

Policy Number: 7-209	Policy Name: Rental Rates
Policy Revision Dates: 4/99 (Previous 7-203 Rental Rates 6/92, 5/89, 12/85, 3/83)	Page 1

7-209 Rental Rates

The rental rates for use of university facilities and properties by off-campus organizations shall be approved by the president of each institution. Rental rates should reflect considerations of the fair market value rates charged by comparable facilities, actual expenses incurred in providing the space (operations, maintenance, and deferred maintenance), and inflation. Each university shall review its established rates annually. A university may offer reduced rental rates to affiliated non-profit organizations.

Policy Number: 7-210	Policy Name: Easements and Rights-of-Way
Policy Revision Dates: 4/99 (Previous 7-307 Easements and Rights-of-Way 3/92, 5/89, 10/88, 8/88)	Page 1

7-210 Easements and Rights-of-Way

- A. Each university may grant or amend easements/rights-of-way to other public entities and public service corporations or to private entities without prior Board approval.
- B. Documents granting easements and rights-of-way shall include the following provisions:
 - 1. A clause where applicable providing that the grantee agrees to hold and save the Board harmless of all damages, including those damages and injuries to third persons arising out of the grantee's use and enjoyment of the property interest conveyed;
 - 2. A reversionary clause providing that the property interest conveyed shall revert to the Board in the event the use contemplated by the easement is abandoned;
 - 3. A termination clause in instances where granting of the easement is for a temporary purpose; and
 - 4. Legal description of easement and/or right-of-way and its purpose.
- C. All grants of rights-of-way or easements shall be reviewed and approved as to form by university legal counsel.
- D. The decision to grant a right-of-way or easement shall be supported by a written assessment of:
 - 1. Anticipated impact on future development plans, and
 - 2. Any anticipated economic impact.

Policy Number: 7-211	Policy Name: Accepting Gifts of Real Property
Policy Revision Dates: 6/05, 4/99 (Previous 7-308 Accepting Gifts of Real Property)	Page 1

7-211 Accepting Gifts of Real Property

- A. A university may accept gifts or bequests of real property. Prior to or concurrently with the acceptance, the university shall
 - 1. examine the property to determine environmental and other liability risks associated with ownership, and
 - 2. determine that the intention of the donor is documented in sufficient detail to provide the basis for the future managing or sale of the property.
- B. To the extent it is consistent with the intention of the donor, the terms of the document of conveyance shall provide that the real property is not intended to be part of any perpetual fund maintained by or for the benefit and support of any of the universities, or any of the colleges or schools maintained at any of the universities.
- C. A university may decline any gift or bequest for any reason, including but not limited to environmental or other liability risks or unacceptable restrictions on use or disposition of the property or the proceeds thereof.

Policy Number: 7-212	Policy Name: Naming of Buildings and Improvements - Repealed
Policy Revision Dates: 6/99, 4/99 (Previous 7-401 Naming of Buildings and Improvements 6/92, 6/99)	Page 1

7-212 Naming of Buildings and Improvements

Repealed

Policy Number: 7-213	Policy Name: Small Group Student Housing
Policy Revision Dates: 6/05, 4/99 (Previous 7-402 Small Group Student Housing 12/93 - 7-404 Student Housing Leases 3/83)	Page 1

7-213 Small Group Student Housing

- A. The universities may, subject to approval by the Board, finance the construction of small group student housing projects, such as fraternity and sorority houses, through revenue bond issues on lands owned by the Board.
- B. The facilities constructed under the terms of Subsection A may be leased for a term of forty (40) years or less to non-profit corporations organized by local alumni of the respective fraternities and sororities occupying the facilities. The rental rates shall include a down payment of an amount equal to the annual bond obligations on the portion of the aggregate bond issue apportioned to the particular project and monthly rental payments, in advance, of an amount equal to one-twelfth of the annual bond debt obligation.
- C. A lease in default may be terminated by the institution upon the giving of thirty (30) days written notice to the lessee, which notice shall provide an opportunity to cure the default during the thirty (30) day period. The lease agreement may provide that any subsequent default within twelve (12) months following the initial notice may result in termination of the lease without the right to cure the default.
- D. A lease shall provide that the lessee has an option to renew the lease for an additional term not exceeding forty (40) years, and an option to purchase the leased premises after the lapse of ten (10) years from the date of the lease, provided the full amount of the rent prescribed in the lease has been paid by the lessee for the entire term of the lease. The purchase price shall be based upon the fair value of the land exclusive of improvements. The rental for an additional term beyond the original forty (40) years, or the purchase price, shall be agreed upon by the Board and the lessee, or shall be determined by three (3) real estate appraisers, one to be selected by the Board, one by the lessee, and one by the president of the realtor's association of the city or town in which the institution is located.
- E. In the event of the purchase of the property, the deed of conveyance granted by the Board shall contain a restriction limiting any subsequent conveyance of the property, the vesting of title therein, or the use thereof, to an incorporated grantee for the use of a student organization approved by the Board and in good standing at the institution.

Policy Number: 7-213	Policy Name: Small Group Student Housing
Policy Revision Dates: 6/05, 4/99 (Previous 7-402 Small Group Student Housing 12/93 - 7-404 Student Housing Leases 3/83	Page 2

- F. Project facilities leased shall be leased only for the use of those fraternities and sororities that have no anti-integration clause in their constitutions or are in the process of taking action to delete such clauses from their constitutions.