

Policy Number: 7-201	Policy Name: University Property
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B. OWNERSHIP, MANAGEMENT AND USE OF REAL PROPERTY

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A. Ownership and Procedures

1. 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 the board and its universities and of the provision of higher education to the people, and its properties are not places of unrestricted public access.
2. Real property utilized by the state universities shall be legally owned by or leased to the Arizona Board of Regents, a body corporate, for and on behalf of each university. 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.
3. Each university shall maintain a listing of land parcels owned by the board for and behalf of the university maintaining the list that includes, if known and/or applicable:
 - a. Parcel number;
 - b. Parcel name;
 - c. Parcel address;
 - d. Parcel size;

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- e. Date acquired;
- f. Acquisition method;
- g. Parcel use or planned use;
- h. Use restrictions;
- i. Lessee and/or sublessee, for properties that are commercial in nature;
- j. Improvements completion date, for properties that are commercial in nature;
- k. Improvements leasehold interest, for properties that are commercial in nature; and
- l. Improvements title, for properties that are commercial in nature.

- 4. Universities shall maintain appropriate documentation of ownership for each land parcel.
- 5. Universities shall provide an updated land parcel listing to the board office annually in accordance with procedures developed by the executive director of the board.
- 6. Each university shall adopt and publish such reasonable policies and 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.

B. Purchase of Real Property

- 1. Except as noted below, purchases of real property by a university require prior review by the University Governance and Operations Committee and approval of the board, and compliance with all requirements of this section not explicitly waived by the board.

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- 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; and
 - 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 state of Arizona; and
 - 2. The purchase price is \$1,000,000 or less.
- c. The board office shall be notified of all purchases regardless of purchase price in accordance with procedures developed by the executive director of the board office.

C. Sale of Real Property

- 1. Except as described below, real property that the university anticipates to be worth \$250,000 or more may be sold only with prior review by the University Governance and Operations Committee and authorization from the board and requires a public auction. A request for authorization to sell shall contain:

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- a. The legal description of the property;
 - b. The name of the buyers or other person having an interest in the property;
 - c. A detailed description of any offers to purchase received by the university;
 - d. The terms of sale (including the price or proposed minimum auction bid, if any is specified); and
 - e. The proposed use of the proceeds from the sale.
2. Real property anticipated to be worth less than \$250,000 may be sold without University Governance and Operations Committee review and board approval:
- a. By listing it with a licensed broker who is a member of any multiple listing service; or
 - b. By public auction.
 1. No contract to sell real property through a broker shall be entered into until it has been listed for at least 14 days;
 2. The university may pay a commercially reasonable brokerage commission; and
 3. The board office shall be notified of all sales in accordance with procedures developed by the executive director of the board.
3. 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.

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- a. No contract to sell residential real property through a broker shall be entered into until it has been listed for at least 14 days;
 - b. The university may pay a commercially reasonable brokerage commission; and
 - c. The board office shall be notified of all sales in accordance with procedures developed by the executive director of the board.
4. If the university receives an offer to purchase, the offer shall contain:
 - a. A description of the property sought to be purchased;
 - b. The name and address of the person desiring to purchase the property; and
 - c. 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 10 percent of its value or owns 10 percent or more of the stock of any corporation making the offer.
5. 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 board policy), unless granted a waiver by the board.
6. Sales may be for all cash at the time of closing, or may be on terms that the university deems to be commercially reasonable.
7. All sales by public auction shall comply with the following procedures:
 - a. A notice of sale shall be prepared which includes:

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1. A legal description of the property and other description of the property sufficient to enable the public to ascertain its location;
 2. The nature, time, place, and terms of the proposed sale;
 3. A minimum auction bid if applicable; and
 4. The notice of sale may incorporate by reference additional instructions, contractual terms, and other information that 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.
- b. The notice of sale shall be published not less than once a week for four successive weeks in a newspaper of general circulation published regularly in the county in which the property (or a major portion thereof) is located.
 - c. The notice of sale shall be posted not less than 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.
 - d. 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.
 - e. 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

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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.

- f. 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 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 60 calendar days of the date of the declaration. No other notice of the postponed, continued or relocated sale is required.
- g. 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.

D. Exchanges of Real Property.

- 1. 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.
- 2. All exchanges of real property in which either parcel has a value of \$250,000 or more shall require University Governance and Operations Committee review and board approval.
- 3. 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

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- b. The differential is less than 20 percent, 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.

E. Accepting Gifts of Real Property

- 1. A university may accept gifts or bequests of real property. Prior to or concurrently with the acceptance, the university shall:
 - a. Examine the property to determine environmental and other liability risks associated with ownership; and
 - b. 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.
- 2. 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.
- 3. 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.

F. Appraisals

- 1. 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

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and shall possess certification from the Arizona Department of Financial Institutions 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.

2. One appraisal shall be obtained for any sale, purchase or exchange of real property with an anticipated sale price of \$100,000 or more but less than \$1,000,000. Two appraisals shall be obtained for any sale, purchase or exchange of real property with an anticipated sale price of \$1,000,000 or more. All appraisals shall be independent, unilaterally requested and paid for by the university.
3. No appraisal shall be required in connection with a sale, purchase or exchange of property with an anticipated sale price of less than \$100,000.
4. No appraisal may be used for any purchase, sale or exchange unless the appraisal has been made within six 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.
5. 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.
6. Appraisals shall not be made public until close of escrow on the real property transaction, unless the university elects otherwise.

G. Easements and Rights-of-Way

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1. 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.
 2. Documents granting easements and rights-of-way shall include the following provisions:
 - a. 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;
 - b. 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;
 - c. A termination clause in instances where granting of the easement is for a temporary purpose; and
 - d. Legal description of easement and/or right-of-way and its purpose.
 3. All grants of rights-of-way or easements shall be reviewed and approved as to form by university legal counsel.
 4. The decision to grant a right-of-way or easement shall be supported by a written assessment of:
 - a. Anticipated impact on future development plans; and
 - b. Any anticipated economic impact.
- H. Waivers: A university may request a waiver of this board policy as long as it is in the best interest of the university and it complies with applicable state laws.