



MICHIGAN STATE UNIVERSITY
BOARD OF TRUSTEES
Executive Action Summary

Budget and Finance-Attachment 4

APPROVED
OCTOBER 25, 2024
BOARD OF TRUSTEES
MICHIGAN STATE UNIVERSITY

Committee Name: Budget & Finance

Date: October 25, 2024

Agenda Item: Revisions to BOT 614, *Real Estate Policy*

☐

Information

☐

Review

☒

Action

Resolution:

BE IT RESOLVED that the Board of Trustees hereby approves revisions to BOT 614, *Real Estate Policy*, as indicated in Attachment A.

Recommendation:

The Trustee Committee on Budget and Finance recommends that the Board of Trustees approve revisions to BOT 614, *Real Estate Policy*, as indicated in Attachment A.

Prior Action by BOT:

BOT 614, *Real Estate Policy*, was last amended in January 2013.

Responsible Officers:

Thomas Glasmacher, Interim Executive Vice President for Administration

Dan Bollman, Vice President for Strategic Infrastructure Planning and Facilities

Summary:

Board of Trustees (BOT) Policy 614, *Real Estate Policy*, was previously revised in January 2013. The revisions proposed for adoption as part of this policy action are as follows:

- Expands the flexibility for the president to make real estate acquisitions or sales without board approval under the following circumstances denoted in the policy:
 - a. Avoid the loss of life, health, safety, or property;
 - b. Meet time limits established by a person or entity external to the university; or
 - c. Obtain cost savings for the university.
- Permits the administration to acquire or sell real estate without board approval under certain defined circumstances. If the circumstances are met, the administration must still consult with the chair of the Budget and Finance Committee and the chair of the board prior to the acquisition or

sale of property. The chairs may request a full board consultation before acquisition of real estate. A report must be provided to the full board at or before its next regularly scheduled meeting if real estate is sold or acquired without board approval. If there is a conflict of interest for the board chair or the chair of the Budget and Finance Committee that precludes either trustee from consulting with the president on a specific transaction, the vice chair serves as an alternate for purposes of consultation.

- Clarifies the administration's ability to obtain rights to acquire and sell real estate pending board approval.
- Streamlines delegation authority under the policy. The president is the only listed officer delegated authority to by the board and the president may delegate to others in written form. This revision recognizes that organizational changes in the president's administrative team affecting delegations should be managed by the president as opposed to changing policy language each time.
- Clarifies policy around accepting gifts of real estate whereby board approval is required if the gift incurs construction, operating, maintenance expenses, or otherwise affect the University's operating budget. Allows the administration to otherwise accept gifts in accordance with guidelines established by the administration. Requires the administration to report all accepted gifts at next scheduled board meeting.
- Authorizes the administration to establish guidelines and procedures for acquisition, sale, and management of real estate consistent with the bylaws and policies of the board.
- The policy has been put into the standard policy template approved by the board at its September 2023 meeting.

Background Information:

Board of Trustees Policy 614, *Real Estate Policy*, was established in April 1982. The policy outlines provisions that guide university administration and Infrastructure Planning and Facilities on the process of acquisition, lease, and disposition of real estate for university purposes. The policy was amended in April 1986, February 2004, January 2013 to, among other things, change the responsible officer from the Vice President of Finance and Operations and Treasurer to the Vice President for Strategic Infrastructure Planning and Facilities. Peer benchmarking of other governing boards' real estate policies was conducted for Big Ten universities to inform the recommended policy revisions.

Source of Funds:

Not applicable.

Resource Impact:

Allows the president and university administration to make real estate decisions in a timely manner to capitalize on potential cost savings in real estate acquisitions or disposition.



Board of Trustees Policy

POLICY NUMBER: BOT 614

POLICY NAME: Real Estate

Effective Date:	October 25, 2024
Last Review Date:	January 25, 2013
Next Scheduled Review Date:	October 2029

Formatted Table

I. POLICY STATEMENT

This Real Estate Policy supplements Article 12 of the Bylaws of the Board of Trustees of Michigan State University ("board") with respect to real estate and other property transactions. ("Board"). "Real Estate" means interests in land (surface or subsurface), buildings, air rights, water rights, and mineral rights.

Formatted: Font: 12 pt

II. RESPONSIBLE OFFICE

Office of Infrastructure Planning and Facilities.

III. SCOPE

This policy applies to existing real estate and other property governed by the Board of Trustees and real estate and other property that the University wishes to acquire, sell, or lease on behalf of the board.

IV. DEFINITIONS

Real Estate: Interests in land (surface or subsurface), buildings, air rights, water rights, and mineral rights.

V. POLICY

Purposes: University real estate should:

- (i) serve the University's instructional, research, or outreach missions;
- (ii) provide protection for other University real estate; or
- (iii) be held for future such uses ("University Purposes").

1. Acquisition or Sale: Based upon its assessment of the University's needs and suitability, independent appraisal of real estate suitable for University Purposes that becomes available for purchase, the administration may recommend that the Board acquire or dispose of purchase the real estate. Except as provided in this policy, acquisitions, sales, and other dispositions of real estate will require approval by the Board of Trustees. The Board's approval. The administration may obtain rights to acquire or sell real estate such as purchase agreements or options, contingent on approval by the Board of Trustees. If necessary, the administration may obtain options to purchase real estate pending final action by the Board with respect to the purchase, preferably after obtaining independent appraisal of the real estate to be optioned.

The president may acquire or sell real estate without prior approval by the board if such an acquisition or sale is necessary for the University to:

- (a) Avoid the loss of life, health, safety, or property;
- (b) Meet time limits established by a person or entity external to the university; or
- (c) Obtain cost savings for the university.

Any acquisition or sale of real estate without prior board approval shall be reported at or before the next regularly scheduled board meeting. Before proceeding with such an acquisition or sale, the president must consult with a minimum of two trustees. Ideally, these consultations will include the chair of the board and the chair of the Budget and Finance Committee. The board chair and the chair of the Budget and Finance Committee may request that the president consult with the full board before the acquisition of real estate proceeds. The vice chair of the board shall serve as an alternate for purposes of consultation under this subsection if the board chair or the chair of the Budget and Finance Committee has a conflict of interest that precludes either trustee from consulting with the president.

2. Gifts: Gifts of Real Estate to be used for University purposes and that will incur construction, operating, or maintenance expenses, or otherwise affect the University's operating budget, will require approval and acceptance by the Board of Trustees. Other gifts of Real Estate, including Real Estate designated for sale, may be accepted and sold by the administration in accordance with guidelines established by the administration. All gifts accepted by the administration shall be reported at the next regularly scheduled meeting of the Board of Trustees.

The Board may accept gifts of real estate to be used for University Purposes, including gifts subject to restrictions that do not render such use impractical. Gifts of real estate also may be accepted for sale. **Sale:** When University real estate is not needed for University Purposes, the real estate may be publicly offered for sale, with the terms of the offer, such as asking price and inclusion or exclusion of mineral rights, to be based

Formatted: Normal, No bullets or numbering

Formatted: Font: (Default) Arial

Formatted: Font color: Custom Color(RGB(68,68,68))

Formatted: Font: 12 pt

Formatted: Font: (Default) Arial, Font color: Custom Color(RGB(68,68,68))

Formatted: Font: 12 pt

Formatted: Font: (Default) Arial, Font color: Custom Color(RGB(68,68,68))

~~upon independent appraisal and upon consultation with the Board Finance Committee. Any sale of University real estate will require Board approval.~~

~~**3. Easements:** The ~~p~~President and the Vice President for Strategic Infrastructure Planning and Facilities are each ~~s~~ authorized to grant easements and similar rights in University-owned real estate that do not materially affect its use for University ~~Purposes~~ purposes or its value. The president may delegate authority under this subsection to other university officials. The delegation shall be made in writing and a copy of the delegation shall be kept in the Office of the President.~~

~~**4. Real Estate Leases:** The ~~p~~President and Vice President for Strategic Infrastructure Planning and Facilities are each ~~s~~ authorized to execute on behalf of the ~~Board~~board, as lessor or lessee, leases of real estate for terms of less than ten years. ~~The president is authorized to execute on behalf of the board, as lessor, oil and gas mineral rights leases. and to execute on behalf of the Board, as lessor, oil and gas leases in accordance with the Board's prior separate delegation of authority concerning such leases. The president may delegate-~~ authority under this subsection to other university officials. The delegation shall be made in writing and a copy of the delegation shall be kept in the Office of the President. ~~Board approval will be~~s required for execution of any other real estate leases. Leases entered into on behalf of the university must be registered with the Real Estate Office.~~

~~**5. Administrative Policies and Guidelines:** The administration is authorized to establish administrative policies, procedures and guidelines for the acquisition, sale, disposition and management of University Real Estate consistent with the bylaws and policies of the Board of Trustees.~~

VI. HISTORY

Enacted: April 2, 1982

Amended: April 4, 1986
February 13, 2004
January 25, 2013
October 25, 2024

Retired Policy No. 02-06-05

Formatted: Font: 12 pt

Formatted: Font: (Default) Arial, Font color: Custom Color(RGB(68,68,68))

Formatted: Font: 12 pt

Formatted: Font: 12 pt

Formatted: Font: (Default) Arial, Font color: Custom Color(RGB(68,68,68))

Formatted: Font: 12 pt

Formatted: Font: (Default) Arial, Font color: Custom Color(RGB(68,68,68))

Formatted: Font: (Default) Arial, Font color: Custom Color(RGB(68,68,68))

Formatted: Font: 12 pt

Formatted: Font: (Default) Arial, Font color: Custom Color(RGB(68,68,68))

Formatted: Font: 12 pt

Formatted: Font: 12 pt

Formatted: Font: (Default) Arial, Font color: Custom Color(RGB(68,68,68))

Formatted: Font: 12 pt

Formatted: Font: (Default) Arial, Font color: Custom Color(RGB(68,68,68))

Formatted: Font: 12 pt

Formatted: Font: (Default) Arial, Font color: Custom Color(RGB(68,68,68))

Formatted: Font: (Default) Arial, Font color: Custom Color(RGB(68,68,68))

Formatted: Font: 12 pt

Formatted: Font: (Default) Arial, Font color: Custom Color(RGB(68,68,68))

Formatted: Space Before: Auto, After: Auto

Formatted: Font: (Default) Arial, Font color: Custom Color(RGB(68,68,68))