

Summary and Guidance for Evaluation of Proposed Policy Changes

REGENTS' POLICY
PART V – FINANCE AND BUSINESS MANAGEMENT
Chapter 05.11 – Real Property

The policy changes are meant to address statute changes and improve clarity:

PO5.11.010. Purpose.

investigating soils, incidental filling, drilling water wells, constructing driveways, installing utilities, landscaping, ~~and or~~ minor construction; and ~~“Development project” also does not include~~ environmental remediation or other actions ~~that are~~ specifically required by government agencies.

- C. “disposal plan” means a brief, general description of university real property including location, acreage, property map, minimum price and the terms and conditions of the disposal, if available, of the real property for which a sale, lease, exchange or transfer of interest, excluding easements and rights-of-way, is proposed by the university, which

~~includes location, acreage, property map, minimum price, if appropriate, the terms and conditions of the disposal, and any amendments to the disposal plan.~~

- D. “educational facilities” means campus facilities, buildings, improvements, fixtures and major equipment items situated on educational property.
- E. “educational property” means all university real property designated for education, research, related support, or administrative purposes.
- F. “investment property” means all university real property not designated as educational property.
- G. “trust land” means all land and interests in land directly or indirectly acquired in connection with federal grants under the March 4, 1915 and January 29, 1929 Acts of Congress ~~and pursuant to AS 14.40.365~~, or otherwise received by or granted to the board for purposes of funding the land-grant endowment ~~trust fund~~ established pursuant to the 1929 Act of Congress and AS 14.40.400. For purposes of this definition, “indirectly acquired” land and interests in land include replacement land acquired from the State of Alaska and land exchanged for trust land. The ~~board~~Board of Regents, as a constitutionally created instrumentality of the State of Alaska, has been named by the legislature as trustee and holds such land in trust for the exclusive benefit of the university.
- H. “university real property” means all land and interests in land of any kind or nature, including all appurtenances, where title is held by either the board or the university, whether acquired through purchase, grant, gift, exchange, or other means.

(06-08-06)

P05.11.030. Fiduciary Responsibility.

- A. The board affirms its fiduciary responsibility to prudently manage all university real property for the exclusive benefit of the university, subject to restrictions imposed by law, conveyance documents or gift instruments.
- B. All trust land shall be managed in accordance with sound trust management principles,
Tha

P05.11.041.

~~B. As used in this section, “offers a parcel of land for sale” means the offer to sell the fee title interest in the surface estate of a parcel of land. It does not include the offer to lease or develop such land, or the sale, lease, or development of natural resources, including without limitation timber, sand, gravel or other materials, coal, ores, minerals, fissionable materials, geothermal resources, and fossils, oil and gas on or in such land. It also does not include the issuance of any permit, easement, license, contract, right of way, or other partial interest in the surface estate of such land.~~

~~(06-08-06)~~

P05.11.044. Fair Market Value and Other Considerations.

In exercising its fiduciary responsibility, the board must administer university real property for the exclusive benefit of the university. In the absence of conflict with the board’s fiduciary duties and responsibilities, the ~~chief finance officer~~administration will consider the following principles in managing and developing university real property:

A. Fair Market Value.

Disposals of university real property interests shall be at not less than fair market value, and acquisitions of real property or interests shall be at not more than fair market value, unless a direct and substantial benefit to the university can be documented, such as when adjacent university property will become more accessible, marketable, or valuable due to increased availability of utilities or access, or when the transaction offers other tangible benefits to the university. Reasonable fees may be established for routine transactions such as permits and temporary uses of university real property.

B. Economic Feasibility.

Development projects shall not be undertaken unless the estimated return exceeds the estimated cost of development in an amount commensurate with the risk involved or the project will position the university to benefit from future opportunities.

C. Legally and Environmentally Sound Development.

University real property shall be developed consistent with local zoning and platting ordinances and in an environmentally responsible manner, consistent with applicable environmental laws and regulations, including those governing wetlands, water and wastewater, forests, wildlife and habitat, and the coastal zone.

D. Jobs for Alaskans.

To the extent economically feasible and prudent, development projects will provide an opportunity for the creation of jobs for Alaskans by encouraging development of in-state value-added industries.

E. Access Through University Real Property.

Subject to receipt of acceptable indemnification or tort immunity, the chief finance officer shall:

1. recognize, or provide alternative access

3. enhances or diversifies the university real property portfolio; and/or
4. has potential for residential, recreational or commercial development, timber harvesting, materials extraction, oil and gas development or mineral development.

C. Other Real Property Acquisitions.

The chief finance officer shall consider acquisitions or exchanges of property adjacent to existing university real property, when such property consolidates university real property holdings or enhances the access or development potential of other university real property. When economically feasible, and in the university's best interests, the chief finance officer may acquire or invest in real property that will enhance the university real property portfolio.

(06-08-06)

P05.11.060. Negotiation, Approval, and Execution of University Real Property Transactions.

All university real property transactions and agreements are subject to the following:

- A. Only individuals authorized under AS 36.30 to execute space leases or in writing by the chief finance officer to negotiate real property transactions may do so on behalf of the university or the board. These real property transactions include, without limitation, any transaction involving lease, sale, cooperative development, right of occupancy, use, permit, license, or contract relating to any real property, or any other real property transaction whether or not similar to the foregoing. All other persons or university officials discussing prospective real property transactions with potential third part

4. real property transactions that have not been approved as part of a development plan and are expected to result in receipts or disbursements of \$1,000,000 or more in value; and
 5. Real property transactions that require the subordination of an interest in university real property of \$1,000,000 or more in value.
- C. The chief finance officer or the officer's designee shall approve the following:
1. disposal plans;
 2. development plans that do not require the approval of the board ;
 3. development projects that are expected to result in disbursements of not more than \$1,000,000 in value;
 4. real property transactions that have been approved by the board as part of a development plan or are expected to result in receipts or disbursements of not more than \$1,000,000 in value;
 5. Real property transactions that require the subordination of an interest in university real property of not more than \$1,000,000 in value; and
 6. Project cost increases for development projects previously approved by the board, not to exceed 20 percent of the original project cost estimate.
- D. The chief finance officer is authorized to execute all properly approved real property transactions and may delegate signatory authority to other university officials.

REGENTS' POLICY
PART V – FINANCE AND BUSINESS MANAGEMENT
Chapter 05.11 – Real Property

P05.11.010. Purpose and Scope.

- A. This chapter establishes guidelines for the prudent management, including trust management, and use of all university real property.
- B. Except as provided in C. of this section, this policy applies to all real property owned by the university or in which the university has a substantial beneficial interest.
- C. This policy does not apply to university acquisitions of certain space leasehold interests that are administered in accordance with university regulation relating to procurement or

- D. “educational facilities” means campus facilities, buildings, improvements, fixtures and major equipment items situated on educational property.
- E. “educational property” means all university real property designated for education, research, related support, or administrative purposes.
- F. “investment property” means all university real property not designated as educational property.
- G. “trust land” means all land and interests in land directly or indirectly acquired in connection with federal grants under the March 4, 1915 and January 29, 1929 Acts of Congress, or otherwise received by or granted to the board for purposes of funding the land-grant endowment established pursuant to the 1929 Act of Congress and AS 14.40.400. For purposes of this definition, “indirectly acquired” land and interests in land include replacement land acquired from the State of Alaska and land exchanged for trust land. The Board of Regents,

- B. The board shall approve:
1. strategic plans for the management and development of Investment Property;
 2. development plans that consist of:
 - a. subdivisions that will result in the development of 10 or more lots;
 - b. timber sales, unless the president determines the sale will have minimal impact;
 - c. material extractions that are anticipated to result in the sale of 100,000 cubic yards or more of material from a new source; or
 - d. oil and gas leases and mining leases encompassing 5,000 or more acres;
 3. development projects that are expected to result in disbursements of \$1,000,000 or more in value;
 4. real property transactions that have not been approved as part of a development plan and are expected to result in receipts or disbursements of \$1,000,000 or more in value; and
 5. Real property transactions that require the subordination of an interest in university real property of \$1,000,000 or more in value.
- C. The chief finance officer or the officer's designee shall approve the following:
1. disposal plans;
 2. development plans that do not require the approval of the board ;
 3. development projects that are expected to result in disbursements of not more than \$1,000,000 in value;
 4. real property transactions that have been approved by the board as part of a development plan or are expected to result in receipts or disbursements of not more than \$1,000,000 in value;
 5. Real property transactions that require the subordination of an interest in university real property of not more than \$1,000,000 in value; and
 6. Project cost increases for development projects previously approved by the board, not to exceed 20 percent of the original project cost estimate.
- D. The chief finance officer is authorized to execute all properly approved real property transactions and may delegate signatory authority to other university officials, provided

that any such delegation shall be in writing. Any further delegation must be approved, in writing, by the chief finance officer.

(06-08-06)