

ADMINISTRATIVE DIVISION Administration and Finance
POLICY NUMBER FCMN 1.03
POLICY TITLE Leasing of Real Property
SCOPE OF POLICY USC System
DATE OF REVISION June 1, 2021
RESPONSIBLE OFFICER Chief Operating Officer
ADMINISTRATIVE OFFICE Facilities Planning, Design and Construction

PURPOSE

This policy sets forth procedures for leasing property wherein the university leases space from an external entity.

DEFINITIONS

Lessor is the external party identified as the landlord in a lease.

Lessee is the university party identified as the tenant in a lease.

FPDC: Facilities Planning, Design and Construction Department

FMPS: South Carolina Department of Administration, Division of Facilities Management and Property Services

POLICY STATEMENT

The Office of Facilities, Planning Design and Construction (FPDC) is responsible for securing all leased property for the University system. The University will follow procedures consistent with internal policies and requirements of the South Carolina Department of Administration, Division of Facilities Management and Property Services (FMPS), and the Commission on Higher Education.

PROCEDURES

A. New Leases

1. All lease requests shall be forwarded in writing to the Associate Vice President of FPDC. The request shall be from the Dean of a college, the Vice President or Director of a campus unit, or the Chancellor or Dean of a system campus (the Lessee) and shall include the following information:
 - a. Amount of space desired
 - b. Purpose or justification of space need
 - c. Proposed date of occupancy
 - d. Proposed term of occupancy

- e. Proposed source of funds
 - f. Special requirements
2. After receiving the written request, FPDC will forward a “Space Allocation Form” and a “Budget Approval Form” to be completed by the requesting college, campus unit or system campus. Once these forms have been returned to FPDC, the requesting party (the Lessee) and FPDC will discuss the process for lease solicitation, the physical, financial and legal aspects of the anticipated lease, and applicable regulatory approvals. FPDC will forward the completed Budget Approval Form to the Division of Administration and Finance to review and confirm that the prospective Lessee is approved to fund the lease cost.
 3. Acquisition of lease space will require consideration of multiple lease sites to ensure the University (Lessee) receives the most advantageous lease site and lease terms. The solicitation process is administered by FPDC and the Division of Facilities Management and Property Services (FMPS) depending on the anticipated lease cost. FMPS or FPDC will prepare a “Standard Governmental Lease” draft for review by the lessor and lessee. The draft lease is forwarded to the university Office of General Counsel with a “Contract Approval Form” for legal review.
 4. Applicable regulatory approvals are dependent upon the annual and total lease cost. All leases are ultimately executed by a university representative authorized by the Board of Trustees.
 - a. Leases that do not exceed \$100,000 annual cost are considered “exempt” leases and do not require FMPS approval. Leases that commit less than \$250,000 term cost do not require University Board of Trustee approval. FPDC administers the identification of the most advantageous lease site and drafts the Standard Governmental Lease. The lease is reviewed by the Office of General Counsel and is executed by the representative authorized by the Board of Trustees and returned to FPDC. A fully executed copy is returned to FPDC and provided to FMPS.
 - b. Leases that exceed \$100,000 annual cost are considered “standard” and must be publicly advertised, solicited, and approved by FMPS. To identify the most advantageous lease site, this process is administered by FMPS with FPDC interaction to review and rate lessor offers. A Standard Governmental Lease is drafted by FMPS or FPDC and is reviewed by the Office of General Counsel before execution by an authorized University representative. Leases that commit less than \$250,000 term cost do not require University Board of Trustees approval. A fully executed copy is returned to FPDC and provided to FMPS.
 - c. Leases that exceed \$100,000 annual cost and commit over \$250,000 term cost must be publicly advertised, solicited, and approved by FMPS and approved by the University Board of Trustees. To identify the most advantageous lease site, this process is administered by FMPS with FPDC interaction to review and rate lessor offers. A Standard Governmental Lease is drafted by FMPS or FPDC and is reviewed by the Office of General Counsel. Approval by the University Board of Trustees is required

before execution by an authorized University representative. A fully executed copy is returned to FPDC and provided to FMPS.

- d. Leases that exceed \$200,000 annual cost, or more than \$1,000,000 in payments in a five-year period, are considered “Major Leases.” Major leases follow the procedures outlined in policy section A.4.c. Following approval by the Board of Trustees, state regulatory approvals are required from the Commission on Higher Education and the State Fiscal Accountability Authority before they can be executed by a university representative authorized by the Board of Trustees.
- 5. The Office of FPDC will forward a copy of the executed lease and a “Lease Payment Authorization Form” to the Lessee. The Lessee shall prepare a purchase requisition to establish a purchase order.
- 6. The Office of FPDC will forward a copy of the executed lease to the University Controllers office to facilitate systematic payments to compensate the lessor in accordance with the lease terms.

B. Lease Renewal

- 1. The University Lessee will notify the Associate Vice President of FPDC, in writing, of their intent to renew a lease six months prior to expiration of the current lease contract or well in advance of the conditions in the lease for renewal notification to the lessor.
- 2. The process to renew a lease follows actions A.3-6 as described above.

C. To request a lease, or related information, contact the Associate Vice-President of FPDC at 777-1184 or the Administrative Coordinator of FPDC at 777-9155.

RELATED UNIVERSITY, STATE AND FEDERAL POLICIES

- 1. Chapter 11 – Department of Administration; Section 1-11-55 Leasing of real property for governmental bodies.
- 2. Chapter 19 State Budget and Control Board; Section 19-447.1000 Leasing of Real Property
- 3. Manual for Planning and Execution of State Permanent Improvements; Chapter 10 Real Property, paragraph 10.8.

HISTORY OF REVISIONS

DATE OF REVISION	REASON FOR REVISION
June 01, 2021	Agency name changes, clarification of state processes.