

Minnesota State Colleges and Universities  
System Procedures  
Chapter 6 | Facilities Management

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## Procedures 6.7.1 Acquisition and Disposition of Real Estate

Part 1. General Information. The State of Minnesota, by and through the Board of Trustees of Minnesota State Colleges and Universities (MnSCU), owns state college and university real estate. Board Policy 6.7, Real Estate Transactions, provides for a procedure to govern all acquisition and disposition of MnSCU real estate, regardless of funding source. The Carpentry program real estate acquisition and disposition process is governed by [Procedure 6.7.4, Carpentry Program Administration](#).

The system office provides system-wide leadership of Minnesota State Colleges and Universities' real estate and advises campuses on all real estate management issues including tactics and strategies used in acquiring and disposing of real estate, leasing, and negotiating easements and permits. The system office also has responsibility for the system's real estate inventory and mapping of real estate assets.

Part 2. Acquiring Real Estate. Board Policy 6.7 delegates authority to the Chancellor to review and approve all real estate transactions and includes the authority to execute and deliver all documents relating to the acquisition of real property. The Board of Trustees approval shall be required for the acquisition of real estate when campus operating funnt2(n c)74( )TÆToring I.3 598.18 Tm(7)]TJ T

- c. any known or available information about buildings and improvements on the property ;
- d. an owner's and encumbrances report describing any known or suspected encumbrances on the property such as utility easements or access rights; and
- e. the size of the parcel and improvements.
2. Sale Price. Sale price and purchase price being discussed
3. Funding source. Identify the anticipated source of funding for the purchase. If the campus anticipates using its operating funds to buy the property, state whether the expected purchase price would exceed 1% of the campus's fiscal year operating budget.
4. Master Plan confirmation. Confirm whether the property to be acquired is part of the latest version of the campus's master plan, including the following:
  - a. reference to the relevant section(s) of the Master Plan identifying the acquisition parcel;
  - b. the master plan illustration showing the proposed acquisition and highlighting the property, and
  - c. if the acquisition was not included in the latest campus master plan, include a short explanation regarding the circumstances and rationale for the acquisition.
5. Planned use. Identify the expected short- and long-term use(s) of the real estate by the campus (e.g., future parking, student housing, land banking for future campus expansion, etc.).
6. Campus Student Association consultation. Proof that the campus's student association was consulted regarding the planned purchase of real estate in accordance with Procedure 2.3.1. [See Procedure 2.3.1 Student Involvement in Decision-Making.](#)
7. Environmental condition of property. Identify general conditions of property, including whether Seller has provided any environmental reports about the property.
8. Other details. Any other relevant details such as an expected closing date or any special circumstances pertaining to the property.

Subpart C. Appraisals and Environmental Investigations. The system office shall review the information provided, and if appropriate, provide a notice to proceed with appraisal(s) and a Phase I environmental investigation.

1. Obtaining a Real Estate Appraisal. An appraisal shall be obtained from an independent real estate appraiser, preferably an appraiser with Members of Appraisal Institute (MAI) status, for every parcel to be acquired. The campus shall:
  - a. obtain at least two appraisals when the real estate value is anticipated to exceed \$1 million;
  - b. obtain at least one appraisal when the real estate value is anticipated to exceed \$40,000, but is less than \$1 million;
  - c. obtain at least one appraisal or use recent sale or appraisal data from similar properties when the value is anticipated to be less than \$40,000.
2. Obtaining a Phase I Environmental Assessment. The campus shall obtain a Phase I environmental assessment to evaluate the condition of the property to be acquired, including any buildings, structures or improvements on the property, prior to acquisition. If environmental contamination is suspected or identified, the campus



campus shall close the transaction, utilizing a local title insurance company for closing services. If the campus closes the transaction, they shall provide the system office with copies of the deed, closing statement, title policy, survey, and any additional relevant documents. The system office shall maintain and update the real estate inventory with the new acquisition and report the acquisition in its annual report to the Board of Trustees as required Board Policy 6.7.

Part 3. Selling Real Estate. Board Policy 6.7, Real Estate Transactions, requires Board of Trustee approval for all sales of real property valued at or greater than \$250,000. The system office shall review and prepare each real estate disposition for Board consideration.

Subpart A. Authority. The Board of Trustees shall approve all sales of real estate valued at or greater than \$250,000. Easement grants shall be approved by the system office. All sales of real estate shall require Vice Chancellor-Chief Financial Officer signature of transaction documents or a delegation of authority from the Vice Chancellor-Chief Financial Officer to a MnSCU designee to sign such documents. The Vice Chancellor-Chief Financial Officer shall sign all deeds for the sale of real estate.

Subpart B. Identification of Real Estate. Before being offered for sale, real estate must be identified as "Surplus Real Estate" by the system office.

Subpart C. Obtain a Real Estate Appraisal. Surplus Real Estate with an anticipated value of more than \$40,000 shall have a current appraisal from an independent real estate appraiser, preferably an appraiser with Member of Appraisal Institute status. Surplus Real Estate with an anticipated value of \$40,000 or less shall be valued through the use of an appraisal or recent sale or appraisal data from similar properties.

Subpart D. Offer Surplus Real Estate to Local Governmental Entities. MnSCU must offer the Surplus Real Estate to the city, county, town, school district, and any other local public body corporate ("Local Governmental Entities") where the Surplus Real Estate is located before offering it for public sale. [See Minn. Stat. §136.60, Subd. 5](#). The system office shall provide a written notice to the Local Governmental Entities, which then shall have two weeks from receipt of notice in which to express interest in acquiring the property. A Local Governmental Entity may purchase the Surplus Real Estate for no less than the appraised value plus costs incurred for appraisals and surveying.

Subpart E. Public Sale Offering. If Local Governmental Entities decline or fail to express interest in acquiring the Surplus Real Estate within two weeks after receipt of notification, then the property shall be offered to the public. Public sales shall be for no less than the appraised value plus costs incurred for surveying and appraisal reports.

1. Advertisement. MnSCU shall advertise the real estate for sale at least once a week for four consecutive weeks in a legal newspaper and newspaper of general distribution in the city or county in which the Surplus Real Estate is situated.
2. No acceptable offers. In the event that no acceptable offers are generated, MnSCU may hire a real estate broker to market the real estate, auction the property, reappraise the property or withdraw it from sale. The Surplus Real Estate may be sold to anyone agreeing to pay the appraised value plus costs.



#### Subpart A. Definitions.

1. Easement. An easement is a right given to individuals or entities other than the owner to use a property for a specific purpose. An easement can be granted by deed, by separate agreement, or by plat, and is often recorded in the county's land records. Easements are commonly granted for utility lines or roads.
2. Permit. A permit is typically for a shorter period of time than an easement, is for limited, non-exclusive uses, and is not meant to be recorded with the county recorder. Permits may be used in lieu of a lease or easement, where limited use of the real estate is needed (such as for temporary construction staging, telecommunications, geotechnical or environmental investigations).
3. Termination provision. MnSCU may terminate any easement or permit for any reason during the term of agreement upon providing 90 days notice to the easement or permit holder. This right to terminate shall be included in all agreements. [See Minn. Stat. §136F.60, subd. 3\(b\).](#)

Subpart B. Authority. The Chancellor has delegated authority to the Vice-Chancellor-Chief Financial Officer for the approval authority of all real estate transactions and signature authority for all necessary transaction documents. All real estate easements or permits shall require Vice Chancellor-Chief Financial Officer approval and signature of documents or the delegation of signature authority from the Vice Chancellor-Chief Financial Officer to a MnSCU designee to sign such documents.

Subpart C. Requirements When an Easement or Permit is Requested to Use MnSCU real estate. A party requesting an easement or permit should provide the following:

1. Fee. The campus or system office may charge a one-time, non-refundable administrative fee to cover the cost of review of the easement or permit, including staff time, attorneys fees, and consultation with a surveyor or other professionals. The fee shall be based on reasonable expenses incurred.
2. Survey. A survey prepared by a registered land surveyor that identifies the area to be impacted by the easement or permit. At a minimum, the survey shall identify
  - a. The campus impacted,
  - b. Legal description of the easement or permit area(s), and
  - c. Acreage or square footage of the easement or permit area.

Complete legal descriptions shall be provided for all easements. The system office may consult with a registered land surveyor to confirm the survey and legal description provided. The system office may waive the survey requirement for permits, but a sketch that identifies the permit area is required.

3. Valuation and Payment.
  - a. Easement. The recipient of an easement shall pay the fair market value for any easement granted, which shall be based on at least one current appraisal if the anticipated value is expected to exceed \$40,000. The appraisal should be no more than 6 months old. The campus may obtain its own appraisal.
  - b. Permits. The recipient of a permit may be charged a permit fee.

