

**MORGAN STATE UNIVERSITY  
POLICY ON ACQUISITION, DISPOSITION, ENCUMBRANCE, AND LEASING OF  
REAL PROPERTY**

1. Pursuant to Section 14-104(p)(6) of the Education Article, subject to the approval of the Board of Public Works, the Board of Regents ("Board") may acquire, lease, encumber, sell, or otherwise dispose of real property held by the State for the use of Morgan State University ("University").
  2. For purposes of this Policy, an "Acquisition" is a conveyance of real property or an interest therein to the University. Acquisition of real property may occur by gift, purchase, exchange, or other grant or transfer. Acquisition may be accomplished by deed, easement, Capital Lease (as defined in Paragraph 4), right-of-way, right-of entry, or contract (other than a Lease as defined in Paragraph 5) giving the University a right of first refusal or option to purchase, or the exercise of any such right or option. If a transaction conveys to the University any interest in real property, the transaction is an Acquisition regardless of the title given the document(s), unless this Policy provides otherwise, and provided that "Acquisition" does not include entering into a Lease as defined in Paragraph 5 of this policy.
  3. For purposes of this Policy, a "Disposition" is a conveyance of real property or an interest therein from the University. Disposition of real property may occur by gift, sale, exchange, or other grant or transfer. Disposition may be accomplished by deed, Capital Lease (as defined in paragraph 4), easement, right-of-way, right-of-entry, restrictive covenant, or contract giving another party a right of first refusal or an option to purchase. If a transaction conveys from the University an ownership interest in real property, the transaction is a Disposition subject to this Policy regardless of the title given the document(s), unless this Policy provides otherwise, and provided that "Disposition" does not include entering into a Lease as defined in Paragraph 5 of this policy and does not include an "Encumbrance" as defined in paragraph 7 below.
  4. For purposes of this Policy, a "Capital Lease" is a lease-lease back, sale-lease back, ground lease, or any other method of acquiring, disposing of, and/or financing real property (including improvements) that creates University or State debt. All leases shall be reviewed by the Vice President for Finance and Management ("VPFM") and the Office of the Attorney General ("OAG") to determine whether or not it is a Capital Lease. Capital Leases shall include:
    - A. a lease pursuant to which the present value of all of the rent payments thereunder is equal to or greater than 90% of the fair market value of the leased property (at the inception of the lease);
    - B. a lease in which the term of the tenancy equals or exceeds 75% of the estimated economic life of the leased property;
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- C. a lease in which a bargain purchase option is given to the lessee;
- D. a lease that provides for title to the property to pass to the lessee without further payment at the end of the lease term;
- E. any other transaction with a structure consistent with the definition of Capital Lease in this Policy.

5. For purposes of this Policy, a "Lease" is an agreement, in which the University either grants or receives the exclusive right to use, occupy, or possess real property for a certain, limited period of time in exchange for the payment of money or other consideration provided in such agreement. Capital Leases are not Leases under this Policy. Subleases, and Lease assignments to, and Lease assumptions by, the University are Leases covered by this Policy. A Lease that includes a provision giving the University an option to purchase or right of first refusal to purchase is nevertheless a Lease under this Policy. Any Lease in which the University gives an option to purchase or right of first refusal to another party is a Disposition under this policy.

6. When the University is the lessee of real property, the University shall ascertain, by application of appropriate due diligence, that the cost is reasonable and consistent with market values of any comparable leased properties that may be available. Competitive proposals shall be sought if practicable.

7. For purposes of this Policy, an "Encumbrance" is a mortgage, deed of trust, lien, easement, restrictive covenant, or any other real property right, claim, or liability, which is attached to real property, which is not an ownership interest, which remains after title to the property is transferred, and which may lessen the value of such property. If a transaction involves any of the foregoing, the transaction is an Encumbrance subject to this Policy regardless of the title given the document(s), unless this Policy provides otherwise, and provided that "Encumbrance" does not include entering into a Lease as defined in Paragraph 5 of this policy.

8. All Acquisitions, Dispositions, and Encumbrances shall be approved Board of Public Works. All Leases shall be approved by the Board of Public Works unless specifically exempted or delegated in this Policy.

9. Review and approval by the Board of Public Works is not required for any Lease of real property having a value of \$50,000 or less per year, provided the lease payments, in whole or in part, are not paid from the General Fund.

10. All Acquisitions, Dispositions, Encumbrances, and Leases shall be reviewed by the Board of Regents unless specifically exempted or delegated in this Policy.

11. Review and approval by the Board of Regents is not required for the following Leases:

- (a) Leases in which the University is lessee and (i) the consideration is \$500,000 or less in any year, or (ii) the initial term is ten years or less and the aggregate rent is \$2 million or less;
- (b) Leases in which the University is lessor and (i) the consideration is \$500,000 or less in any year, or (ii) the term (including renewal options) is ten years or less.

12. The University shall consult with OAG for assistance in determining the amount of consideration for any Lease not involving cash consideration. Leases not requiring Board of Regents approval shall be approved and signed by the President of the University. All Leases shall be reviewed and approved for legal form and sufficiency by OAG.

13. Upon approval of the Acquisition, Disposition, Encumbrance, or Lease by the Board of Regents, it may delegate to the President the authority to negotiate such terms and conditions as are necessary and appropriate to implement such approval consistent with the action of the Board, and sign all documents required following review and approval for form and legal sufficiency by the Office of the Attorney General.

14. The Board delegates to the President the authority to (i) grant or accept easements, rights-of-way, and rights of entry without review and approval by the Board, if in the President's judgment, the proposed agreement is not of such significance as to warrant Board review, and (ii) enter into agreements giving the University options and rights of first refusal to acquire real property. All easements are Encumbrances within the meaning of Paragraph 7 of this Policy and as such must be approved by the Board of Public Works. OAG shall be consulted as to whether a right-of-way or right of entry is an Encumbrance within the meaning of Paragraph 7 (and therefore subject to Board of Public Works review and approval). All easements, rights-of-way, and rights of entry shall be reviewed and approved for legal form and sufficiency by OAG.

15. This Policy does not apply to naming rights or similar sponsorship agreements, signage agreements, student housing agreements, revocable or temporary licenses.

16. The President shall develop procedures, including appropriate due diligence practices, for the implementation of this Policy.

17. The Board of Regents may require the President to provide reports on Acquisitions, Dispositions, Encumbrances, and Leases (in particularly those Encumbrances and Leases not being reviewed by the Board of Regents) at times and in formats determined by the Board of Regents.

18. This Policy shall be effective upon its approval by the Board of Regents and the Board of Public Works.

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