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Applies To: Colleges and System Office
Procedure Responsibility: Facilities Management

Real Property Management

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Section 2.11.1 – Purpose

The purpose of this procedure is to ensure that KCTCS complies with Kentucky statutes controlling the purchase, lease, or disposition of public property.

Section 2.11.2 – Lease of Real Property

A. The Kentucky Community and Technical College System (KCTCS) may lease state-owned or private property within the guidelines of KRS 56.800-823.

B. All leases involving annual rental of $100,000 or more shall be reported to the Capital Projects and Bond Oversight Committee after the proposed lease terms have been negotiated, but before execution in conformity with KRS 56.823.

C. All leases that include a cost per square foot and/or utility-maintenance costs must have the KCTCS Vice President of Finance's prior approval.

D. AKCTCS lease agreement must be completed for new leased space, whether it is publicly or privately owned. A Memorandum of Agreement (MOA) is only permissible for public entities. Further, MOA's are only allowable for renewal of existing space that has always governed by an MOA and shall be reviewed by the KCTCS property Management Division prior to signing and occupying the space. Privately owned space requires advertising in a local paper and a sealed bid opening by the KCTCS Property Management Division. Contact with a private owner concerning potential space is not permitted prior to the bid opening.

E. Each college shall submit space request form FM83 to the KCTCS property Management division, prior to occupying new space either from a state agency or private owner and whether for free or at cost. Form FM83 shall be submitted at least 12 months before the space is needed. This is the required time to complete the lease agreement. Alternations, renovation, or redecorating of the lease facility to suit the needs of the college must be anticipated. The KCTCS Director of the Property Management Division may approve exceptions to the 12-month requirement.

F. All leases will be conveyed to the KCTCS Board of Regents on an annual basis in the form of a report detailing the county, square footage rate, annual rental amount, occupying College, vendor, and type of lease.

G. All leases will be reported annually to the Finance and Administration Cabinet, Division of Real Properties for real property inventory purposes in conformity with KRS 56.8135.

F. Any college requiring additional office or classroom space, either from a state agency or privately held, shall submit a space request at least 12 months before the space is needed to the KCTCS Property Management Division. This is the required time to complete the lease agreement. Alterations, renovation, or redecorating of the lease facility to suit the needs of the college must be anticipated. This must be completed before the premises can be occupied. The KCTCS Director of the Property Management Division may approve exceptions to the 12-month requirement.

H. When the lease is executed, payment is processed monthly, quarterly, per semester, or annually as per the lease agreement. At the end of each fiscal year, the KCTCS Property Management Division will review active leases to determine those to be renegotiated or canceled. KCTCS Property Management will encumber funding for those leases to be extended through the next fiscal year to guarantee payment to lessors.

I. A lease shall be automatically extended with the same terms and conditions for periods of twelve (12) months, not to exceed 6 (12) month renewal periods, unless KCTCS gives the lessor written notice thirty- (30) days prior to the expiration of the lease period.

J. KCTCS has the right to terminate a lease at any time upon thirty- (30) days written notice. The thirty- (30 days) are to be computed from the date the notice is mailed. Termination of the agreement under the

provision is not effective until the last day of the month in which the thirty-(30) day notice period ends.

K. If fire or other casualty destroys the property, the lease immediately terminates. In case of partial destruction so as to render the premises untenantable, the KCTCS may terminate the lease by giving written notice to the lessor within fifteen (15) days after such partial destruction. When a lease is so terminated, the lease shall not accrue to the lessor after the date of such partial destruction

Section 2.11.3 – Acquisition of Real Property

A. The Kentucky Community and Technical College System (KCTCS) may acquire state-owned or private property within the guidelines of KRS with request for purchases being completed through the KCTCS Office of Facilities Management, Division for Property Management.

B. The appraised value of the property will determine the price KCTCS may pay for a property. If the property is sold at a price lower than the appraise value, the Secretary of the Finance and Administration Cabinet must approve in writing the lower price before the acquisition may be executed.

C. All real property acquisitions will be reported quarterly to the KCTCS Board of Regents.

D. All acquisitions shall be in conformity with KRS 45A.045 and related statutes and regulations.

E. A lease with option to purchase shall be reported to the Capital Projects and Bond Oversight Committee after the proposed lease terms have been negotiated, but before execution in conformity with KRS 56.823 (3).

Section 2.11.4 – Easements on Real Property

A. The Kentucky Community and Technical College System (KCTCS) may execute easements on state-owned or private property within the guidelines of KRS with request for easements being completed through the KCTCS Office of Facilities Management, Division for Property Management.

B. Any and all Community College property under the jurisdiction of the University of Kentucky will be handled as a written formal request from the KCTCS Office of Facilities Management, Division of Real Property Management to the University of Kentucky's General Counsel's office and UK will on behalf of KCTCS, grant or deny the easement.

C. If in the best interest of KCTCS or other public use, easements and/or a Right-of-Entry shall be granted across property.

Section 2.11.5 – Deeds on Real Property

A. The Kentucky Community and Technical College System (KCTCS) may execute deeds for state-owned or private property within the guidelines of KRS with request for deeds being completed through the KCTCS Office of Facilities Management, Division for Property Management.

B. Any and all Community College property under the jurisdiction of the University of Kentucky will be handled as a written formal request from the KCTCS Office of Facilities Management, Division of Real Property Management to the University of Kentucky's General Counsel's office and UK will on behalf of KCTCS, sign and execute the deed.

Section 2.11.6 – Disposition of Real Property

A. The KCTCS President shall approve the disposal of any surplus real property by Official Order. A request will be submitted to the Finance and Administration Cabinet declaring the property surplus to KCTCS's needs and available to disposition for a property survey to be completed to advise state and local government KCTCS has declared the property surplus.

B. The proceeds from the sale of real property, purchased in whole or in part with capital construction funds, shall be returned to the source of the funds utilized for their purchase in a pro rata manner.

END OF PROCEDURE