

## **Policy for Sales or Leases of Assets Including Land CT Gen. Stat. 4-b38(g)**

### **OFFICE OF TREASURY SERVICES State Treasurer Approval of CT Gen. Stat. Sec. 4-b38(g) And**

### **Leases and Other Uses of UConn 2000 Funded Assets by Non-UConn Entities, Including Non-Profits and U.S. Government**

**PURPOSE:** These procedures are to assist with the federal tax-exempt compliance for UConn 2000 funded assets, and also are used for State Treasurer's Office Lease compliance with Section 4b-38(g) of the General Statutes of Connecticut including State bond funded assets.

There are many State and Federal requirements on the use of assets financed with tax-exempt obligations. These Procedures relate to such use such as a private entity utilizing such assets, such as a research company or food vendor leasing space in a UConn 2000 funded building.

**OVERVIEW CONN GEN STAT 4b-38(g):** The State Treasurer approves UConn/UC Health Leases pursuant to Section 4b-38(g) of the General Statutes of Connecticut. Section 4b-38(g) provides that the board of trustees of a constituent unit of the state system of higher education may lease land or buildings provided the Treasurer has determined that such action will not affect the status of any tax exempt obligations issued or to be issued by the State of Connecticut.

**UConn 2000 CONSIDERATIONS:** In addition to UConn Board of Trustee and other approvals as may be the case, UConn 2000 tax-exempt debt financed assets have limitations on their use by the Internal Revenue Service rules and regulations (such as Private Activity/Payments/Use, etc.), and by other debt financing documents, such as indentures, as well as Connecticut State Statutes, as well as University Policies. Additionally the State has requirements for approval of leases including the Office of the Attorney General and Office of the State Treasurer.

### **PROCEDURE STEPS FOR UConn AND UC Health:**

1. Originating entity at UConn/UC Health determines it wishes to have private entity (including U.S. Government) utilize an asset (e.g. lease space in a building)
2. Originating Entity at UConn contacts General Counsel, Attorney General and at UC Health contacts UC Health's AVP of Procurement and Contracts. They work respectively with the originating entity in reviewing unexecuted lease and gathering information.
3. General Counsel obtains from UConn Controller's the accounting asset funding (where UConn2000 or State Bonds used or will be used) and other information (square feet of building, etc., revenue and expense analysis, etc.) from UConn Controllers or other departments as necessary; UC Health's Procurement and Contracts is responsible for the same from UC Health Controllers or other departments as necessary.
4. For UConn's General Counsel or UC Health's Procurement and Contracts sends the required documents and information to Treasury Services including:
  - a. the unexecuted lease;
  - b. the "Project Tax Information Compliance Questionnaire for UConn 2000 Projects Finances with Tax-Exempt Debt"
  - c. From the UConn or UC Health Controller's Office –

- i. A description of the asset to be leased (building description and number, location, square footage, etc.)
      - ii. The entire funding information for the asset (including UConn 2000 bond funding; State debt funding; operation funds; private donations; state or federal grants; etc.)
      - iii. A revenue and expense analysis calculation (sometimes referred to as profitability);
      - iv. Other information
    - d. Other information, as supplied/requested, (diagrams, etc.)
5. OTS reviews the analyses the information so provided and if UConn 2000 tax-exempt debt funded assets are involved provides a letter that: (1) such assets use is accommodated within the UConn 2000 tax-exempt compliance program; (2) is not accommodated; or (3) that UConn 2000 tax-exempt debt does not appear to be used. (If assets funded with State bonds this should be disclosed and also checked on General Counsel's or UC Health's Procurement and Contracts cover sheet to the UConn/UC Health Attorney General).
6. General Counsel or UC Health's Procurement and Contracts compiles the "University of Connecticut General Counsel and Property Risk Management" "Required State Documentation - Must Be Attached To All Leases" checklist (Noting the use of UConn 2000 and/or State Tax-Exempt Debt, etc.) and attaches materials as necessary (including those referenced in (4) and (5) above) to be forwarded to the UConn or UC Health's Attorney General and by them to the State Treasurer's Office with Treasury Services review letter).
7. UConn General Counsel or UC Health's Procurement and Contracts works with the respective Attorney General's Office for their review UConn Property Submission Checklist.
8. UConn and/or UC Health Attorney General submit approved leases to Hartford for review and approval of Associate Attorney General (if value is \$100 K or more). If less than \$100K UConn and UC Health Attorney General's Office approves.
9. Following the UConn or UC Health Attorney General's review the lease package is sent to the Attorney General's Office (Hartford) for submission to the Office of the State Treasurer for their review and consideration and approval.
10. The Office of the State Treasurer reviews the lease, and might contact Treasury Services and others with questions as they deem necessary, and signs off/does not sign off on lease as they determine. State Treasurer returns approved leases to Attorney General's Office (and they forward to UConn and/or UC Health's Attorney General Offices).
11. UConn General Counsel or UC Health's Procurement and Contracts maintain the appropriate records and audit trail. UConn & UC Health and Attorney General does same according to their requirements.




University of Connecticut  
*Office of the President*

Susan Herbst  
*President*

June 28, 2012

TO: Members of the Board of Trustees

FROM: Susan Herbst, President 

RE: Delegation of Authority to Approve Leases for the Technology Incubation Program (TIP) in Specified Circumstances

RECOMMENDATION:

That the Board of Trustees delegate to the President of the University the authority to approve lease agreements between the University as landlord and tenant companies entered into pursuant to the Technology Incubation Program (TIP) provided such lease agreements meet the criteria specified in the Resolution.

BACKGROUND:

The Technology Incubation Program (TIP) utilizes University space at the Storrs and Avery Point campuses and at the Health Center in Farmington. The mission of the TIP is to accelerate the successful establishment and development of entrepreneurial companies by providing state-of-the-art wet and dry laboratories. The TIP also provides office, business development and research and development services, as well as access to University resources.

The areas utilized for the TIP program are designated for that purpose. The area leased by an individual company is relatively small, typically 250 to 1000 square feet, and for a limited duration. The rent rates are standardized and currently start at \$20 per square foot and increase by \$2 per square foot annually. Currently a total of approximately 20,000 square feet is devoted to the program and there are currently 24 tenants.

Companies seeking to lease such facilities from the University often require rapid turnaround in order to begin their projects on time. Such projects are typically funded by investors or federal agencies based on milestones that must be met, including securing space.

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Moreover, there is frequent turnover in TIP space as new tenants join the program, some expand and others move out. TIP leases are terminable by either party on sixty (60) days' notice. The frequent need to enter or amend leases often conflicts with the Board of Trustees' meeting schedule resulting in delay.

The issues have become more acute as the University's Bioscience and Technology Park initiatives gain momentum. It is desirable to attract tenants to the existing TIP space during the period those projects are being constructed.

Incubator facilities need to offer flexibility in their leasing processes to attract startup companies and other desirable tenants. Allowing the Administration to execute leases meeting defined criteria without requiring prior approval by the Board will help to ensure that the University maximizes the full potential of the TIP and meets the needs of its customer base.

All leases entered into pursuant to this delegation will be reported to the Board.

DELEGATION RESOLUTION:

Resolved that the Board of Trustees delegates authority to the President of the University as follows:

1. The President is authorized to approve entering into leases between the University as landlord and tenants of the Technology Incubation Program provided that the leases meet the following criteria:
  - a. The premises being leased have been designated for use in the Technology Incubation Program;
  - b. The rent per square foot and the other financial terms of the lease are consistent with the standard terms for the Technology Incubation Program as approved by the Executive Vice President for Administration and Chief Financial Officer;
  - c. The lease is for a term not exceeding four (4) years, including any optional extensions;
  - d. The lease is terminable at the option of the University upon not more than sixty (60) days' notice.
  - e. A standard lease agreement has been approved by the General Counsel of the University and by the Office of the Attorney General; and
  - f. The lease is approved by the Office of the State Treasurer.

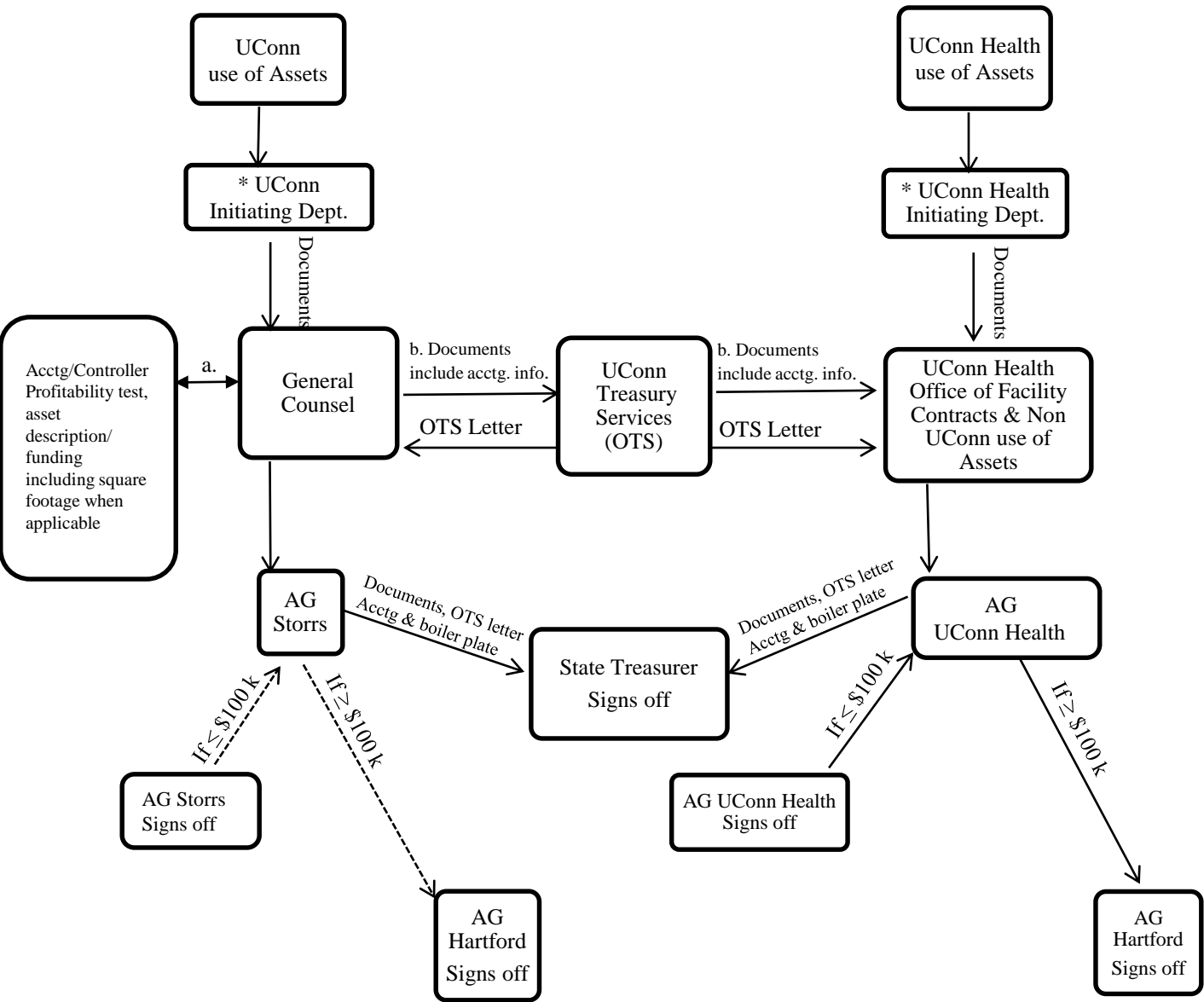
2. The President is authorized to approve entering into amendments to leases in the Technology Incubation program, including those entered into prior to the date of this Resolution, provided that such amendments meet the criteria set forth in Section 1 of this Resolution.

3. The President may re-delegate this authority to approve such leases or amendments to the Vice President for Economic Development or another Vice President of the University.

4. The President shall report to the Board of Trustees no less frequently than at each regular meeting of the Board of Trustees all actions taken pursuant to this delegation of authority which have not been previously reported.

5. The University's signatory on such leases or amendments shall be governed by the President's delegation of contact signing authority then in effect with respect to leases and amendments.

**UConn 2000 Bond C.G.S. 4b-38(g) and C.G.S. 3-20 (d)**  
**Private Activity/Use/Payment for Tax Exempt Funded Assets – (Non UConn use of Assets)**



*\*Note: Initiating departments may include Purchasing, Research, General Counsel, etc.*