



## Campus Administrative Policy

**Policy Title: Real Estate Management-Space Acquisition and Use**

Policy Number: 2042                      Functional Area: **Finance**

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Effective: April 22, 2002  
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Date Scheduled for Review: July 1, 2009  
Supersedes: N/A, New Policy

Approved by:

Prepared by:  
Reviewing Office: Executive Vice Chancellor for Administration and Finance  
and Chief Financial Officer

Responsible Officer:

Applies to: University of Colorado Anschutz Medical Campus

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### A. INTRODUCTION

The purpose of this policy is to establish the University of Colorado Anschutz Medical Campus (CU Anschutz) real estate guidelines for the acquisition of lab, office, classroom, or storage space on the 9<sup>th</sup> & Colorado Campus, Downtown Campus, or the Anschutz Medical Campus or from third party vendors. Leases for any space must be negotiated through the CU Anschutz Division of Real Estate. It is the responsibility of every level of both academic and administrative personnel to ensure compliance with this policy. This policy applies to all CU Anschutz departments and programs that currently occupy space or are in need of space at the 9<sup>th</sup> & Colorado Campus, CU Denver, the Anschutz Medical Campus, or at any off campus location. (See Campus Policy 2027, Fiscal Policy for Facilities and Administrative Costs, Exhibit D for a list of on-campus and off-campus buildings.) The CU Anschutz Real Estate Division must be consulted before any department or program acquires additional space or vacates currently occupied space. This policy does not apply to acquisition of space by University Physicians, Inc., or in situations where CU Anschutz is the Landlord and is leasing its property to others.

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**C. DEFINITIONS**

1. Back-fill – The process of releasing space by identifying a new tenant prior to the current tenant vacating the space. Buyer – One to whom a grant of property or property rights is made. In the case of a lease, this is the tenant.
2. Grant (used as a verb) – To transfer an interest in real property, either the fee, or a lesser interest such as a lease or an easement.
3. Landlord – One who grants a property right. In the case of a lease, this the Landlord
4. Lease(s) – An agreement(s) whereby the owner of a real property (i.e., landlord) gives the right of possession to another (i.e., tenant) for a specified period of time (i.e., term) and for a specified consideration (i.e., rent).
5. Real Property – (1) land and anything permanently affixed to the land, such as buildings, fences and those things attached to the buildings, such as light fixtures, plumbing and heating fixtures, or other items that would be personal property if not attached. (2) may refer to rights in real property as well as the property itself.
6. Tenant – One who holds possession of a premise by permission of the landlord with a written agreement.
7. Tenant at Will – One who holds possession of a premise by permission of the landlord without a written agreement.
8. Tenant Improvements – Improvements made to leased premises for the benefit of the tenant. May be paid for by the landlord and amortized over the term of the lease, or may be paid for by the tenant, usually a one-time cash payment at lease commencement.
9. Top Set - The maximum amount of money available to be spent per the terms of a purchase order (P.O.) or contract.

**D. POLICY**

1. Facilities and space available at CU Anschutz exists for the purpose of supporting the

campus missions of education, research and public service. The Chancellor has authority and control over the assignment of facilities and space.

2. The State of Colorado Department of Personnel & Administration, through the State Buildings and Real Estate Program (SBREP) oversees all third party leases entered into by any of the agencies within the executive branch of state government, including higher education.
3. SBREP must assure that the leases in which the state engages not only will serve the needs of the agencies occupying the space, but that they also fulfill all of the specific requirements set out in the state constitution and statutes regarding what the state must do and what the State is forbidden to do in its leases, and that such leases represent fair value to the State in the prevailing market conditions.
4. Leases involving third party landlords are accomplished through the use of the State's contracted real estate broker, who is under contract with the state to provide tenant representation services. In the Denver metro area, CU Anschutz must use the State's contractor broker for any leasing activities (new lease, extension, or expansion). The only exceptions to this requirement are those leases, which the SBREP elects to exempt, in advance. Such exemptions are rarely granted and usually only in those instances when the lease is either inter-governmental or interagency.
5. In some instances CU Anschutz may wish to engage the State contracted real estate broker as a consultant for services such as a needs assessment or market research prior to program approval or appropriation of funds for a specific lease. CU Anschutz should contact the CU Anschutz Division of Real Estate for assistance in engaging the broker. An agreement for consulting services must be set out in a written document, either a state contract as defined in State of Colorado Fiscal Rule 3-1, or a fully executed State of Colorado purchase order which has attached to it a detailed proposal that describes the services to be provided, the applicable hourly rate, a "top set" or maximum amount and specific wording as follows, "*Execution of this document by or on behalf of the stated buyer constitutes the affirmation of such buyer that all funds required for payment of this purchase order during the current fiscal year are and will be available for such payment, and that buyer will make every good faith effort to see to it that such funds are also available for any further payments required on this purchase order in subsequent fiscal years.*"
6. State of Colorado Fiscal Rule 3-1.02 provides that a state agency shall negotiate and process a state contract when entering into a lease or a license involving payment by the State for the use of land, building, or other office or meeting space when the term is for more than 30 days. Exhibit A defines real estate terminology commonly found in real estate leases and contracts.
7. Among the provisions contained in the State of Colorado Fiscal Rules is the stipulation that the state controller shall execute all state contracts and that such contracts are not valid or binding without the state controller's or their designee's

signature. If an attempt is made to execute a lease or license without following these procedures, every person involved in incurring the obligation shall be jointly and severally liable for the obligation.

CCHE Requirements

1. Any acquisition or utilization of real property by a state supported institution of higher education, which is conditional upon or requires expenditures of State controlled funds or federal funds shall be subject to the approval of the commission, whether acquisition is by lease, lease-purchase, purchase, gift or otherwise. C.R.S. 23-1-106(8). This policy does not apply to property acquired by UPI, nor does it apply in the sale or disposition of property by CU Anschutz.
  
2. The dollar amount of each lease determines the requirement for CCHE review and approval. The categories and their requirement are: (1) leases of less than \$75,000 annually require the institution to report biannually, via an electronic filing. CCHE staff will review the information submitted for the waiver request and electronically transmit the waiver approval or denial to the Institution. Once CCHE approves such leases, they must be included in the appropriate biannual lease report. (2) leases greater than \$75,000 annually will need to be submitted as electronic program plans. The Office of Institutional Planning (OIP) writes the program plan. The Division of Real Estate will provide the OIP with the necessary real estate information and a departmental contact, who will be responsible for providing the programmatic information to the OIP. The OIP will forward the program plan to the President’s Office to forward to CCHE for approval.
  
3. The institution may not execute any lease until approval is received from the CCHE Executive Director or his designee per the procedure outlined above. Once CCHE approves them, the institution must include them in the appropriate biannual report.

**E. PROCEDURE FOR OBTAINING SPACE ON CU ANSCHUTZ CAMPUSES**

Department	Departments that have need for additional space must complete a Space Request Form (SRF). See Exhibit B. The appropriate Dean’s Office, Office of Academic Affairs, or Central Services and Administration <u>must</u> approve all space requests. Completed SRF’s will be returned to the CU Anschutz Division of Real Estate for review and allocation of space.
CU Anschutz Division of Real Estate	The CU Anschutz Division of Real Estate, in conjunction with the appropriate Dean’s Office, will review and assign the appropriate space for the Department’s needs. A copy of the SRF identifying the assigned space will be returned to the Department. If it is determined that space on campus is not available, off campus options will be reviewed.

Department	The CU Anschutz Division of Real Estate will forward a copy of the completed SRF identifying the assigned space to: Facilities Operations, Campus Police, Finance/Budget, Grants and Contracts, Telecom/IS, Facilities Projects, Graphic Information Systems, Space/Asset Management, Planning (OIP).
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**F. PROCEDURES FOR OBTAINING SPACE OFF CAMPUS (THIRD PARTY LANDLORD)**

Department	Complete a Space Request Form (SRF). The appropriate Dean's Office, Office of Academic Affairs, or Central Services and Administration must approve all space requests. The CU Anschutz Division of Real Estate will review the completed SRF and contact the State's contracted Real Estate Broker.
CU Anschutz Division of Real Estate	Forward a copy of the completed SRF to: Finance/ Budget, Space/Asset Management; Grants and Contracts, and Telecom/IS
	Coordinate the activities of the State's real estate broker on behalf of the Department. An initial meeting will be scheduled to review the Department's needs and expectations. The State's real estate broker will research the availability of space alternatives, discuss with the Department and schedule tours of the most appropriate locations. Concurrently the CU Anschutz Division of Real Estate will estimate the annual cost of the lease to determine if the lease requires pre-approval by CCHE. Any lease with an annual rent of \$75,000 or greater must be pre-approved by CCHE.
	Once the program plan has been approved by CCHE, the CU Anschutz Division of Real Estate will notify the State's broker to finalize the lease.
	The State's broker will then prepare the necessary copies of the lease agreement, obtain the landlord's and CU Anschutz signatures and route the lease for approval by CU Anschutz legal counsel, SBREP and the State Controller or designee. The CU Anschutz Division of Real Estate will track the lease routing and disperse copies of
	the fully executed lease to the appropriate parties. The tenant may not occupy the space prior to full execution of the lease agreement by the State Controller.

**G. PROCEDURE FOR MAKING CHANGES TO OCCUPIED PREMISES (TENANT IMPROVEMENTS)**

<b>CU Anschutz Owned Property:</b>	
Department	Complete a Project Request Form (PRF), Exhibit C, and submit it to Facilities Projects.
Facilities Project Manager	Coordinate construction of the requested changes.
<b>Non-CU Anschutz Owned Property: (Third Party Landlord)</b>	

Department	Departments that occupy space under a lease agreement with a third party landlord are bound by the terms of that lease. If any tenant improvements are contemplated subsequent to occupancy, the department should contact the Division of Real Estate for assistance. The lease agreement will address the procedure required by the landlord for any tenant improvements to the premises.
	Note: Any tenant improvements undertaken without following the terms of the lease will expose the CU Anschutz tenant to liability as well as endanger other tenants in the property.

**H. PROCEDURE FOR VACATING SPACE**

Department	Notify the CU Anschutz Division of Real Estate immediately. The CU Anschutz Division of Real Estate will be able to assist in coordinating the back-fill of that space on either campus. The Department is not allowed to make arrangements for the backfill of the space without first notifying the CU Anschutz Division of Real Estate.
	Departments that find that they no longer have a need for occupied space leased from a third party landlord must notify the CU Anschutz Division of Real Estate immediately. CU Anschutz is legally bound to the terms of the lease, including the payment of rent; however the Division of Real Estate may be able to backfill the space with another CU Anschutz tenant or negotiate a settlement with the landlord for early termination. CU Anschutz tenants that vacate third party leased space, prior to the lease expiration, are responsible for any liability incurred.

**Notes**

1. Dates of official enactment and amendments:

April 22, 2002: Adopted  
 April 3, 2019: Modified

2. History:

April 3, 2019: Modified to reflect a Campus-wide effort to recast and revitalize various Campus policy sites into a standardized and more coherent set of chaptered policy statements organized around the several operational divisions of the university. University branding and links verified

3. Initial Policy Effective Date: April 22, 2002

4. Cross References/Appendix:

- Campus Policy 2027, Fiscal Policy for Facilities and Administrative Costs
- Colorado Revised Statutes
- State of Colorado Fiscal Rules
- State Building and Real Estate Programs Policies and Procedures
- CCHE Leasing Policy
- Exhibit A, Real Estate Terminology Commonly Found in Leases and Contracts
- Exhibit B, University of Colorado Denver Space Request Form
- Exhibit C, University of Colorado Denver Facilities Department Project Request Form

**Real Estate Terminology Commonly Found in Leases and Contracts**

1. Affiliated Entity – An external entity that has a formal relationship with the University of Colorado Health Sciences Center documented with an Affiliation Agreement.
2. Affiliation Agreement – is a written agreement with UCHSC and an external entity that formalizes a programmatic relationship of mutual benefit related to the missions of education, research or service. The agreement must be approved and signed by the Chancellor of the UCHSC.
3. Appraisal - The estimation and opinion of value placed upon a property based upon a factual analysis by a qualified professional including the process of estimation and the report itself.
4. “As is” Condition - Premises accepted by a tenant or buyer in the condition existing at the time of the lease or sale including all physical defects.
5. Assignable Area (ASF) – Assignable area is measured in square feet and consists of all areas assigned to, or available for assignment to an occupant, including every type of space functionally usable by an occupant except those spaces included in “non-assignable area”. Some times called Useable Area.
6. Base Rent - A set amount used as a minimum rent in a lease. Base Rent may remain the same over the term of the lease, or be increased each year over the term of the lease.
7. Base Year – The initial year of a lease agreement. The baseline used for determining rent increases, either in the base rent amount or in the operating expenses.
8. Build Out - The cost of reconfiguring and finishing new or released space in accordance with a tenant’s specifications.
9. C.A.M.- Common Area Maintenance
10. Common Area – The total area within a building that is not designed for rental to tenants but that is available for common use by all tenants. Restrooms, hallways, elevator lobbies, and service facilities, such as fitness facilities, are examples of common areas.
11. Core Factor – The percentage of common area in a building that, when added to the net useable square footage equals the net rentable square footage. May be computed for a building or a floor of a building. A “Loss Factor” is calculated by dividing the rentable square footage by the useable square footage.
12. Default – The general failure to perform a promised task or to pay an obligation when due. Specific examples are: (1) failure to make a payment of rent when due, or (2) the breach or failure to perform any of the terms of a lease.



13. Demising Walls – The boundaries that separate a tenant’s space from another tenant’s space and from a public corridor.
14. Direct Costs – Are those costs that can be identified with a specific UCHSC activity, or that can be assigned to such activities relatively easily with a high degree of accuracy.
15. Easement – A right to use the property of another created by grant, reservation, agreement, prescription or necessary implication. It is either for the benefit of land “appurtenant” such as the right to cross A to get to B, or “in gross”, such as a public utility easement. Since an Easement transfers a property right, Board of Regent approval is required for the UCHSC to grant an easement.
16. Efficiency Factor – The number resulting from dividing the “Useable Area” by the “Gross Building Area” in an office building, producing a benchmark measurement for that building’s use as an office building.
17. Estoppel Certificate – A statement concerning the status of an agreement and the performance of obligations under the agreement relied upon by a third party in the context of a lease, a statement by the tenant stating that the lease is in effect and certifying that no rent has been prepaid and that there are no known outstanding defaults by the landlord (except those specified).
18. Expense stop -Provision in a lease establishing the maximum level of operating expenses to be paid by the landlord. Expenses beyond this level are to be reimbursed by the tenant.
19. Facility Costs – Are cost incurred to pay for physical space including utilities, routine maintenance and repairs, and custodial services.
20. Facilities and Administrative Cost Recovery – (also referred to as indirect cost recovery) is the reimbursement (by external sponsors) of the facilities and administrative costs of sponsored projects.
21. Force Majeure – A force that cannot be controlled or resisted; something beyond the control of the parties involved. Includes acts of God (e.g., flood, tornadoes, etc.) and acts of man (e.g., riot, strikes, arson, etc.).
22. Full Service Rent – A rental rate that includes operating expenses and real estate taxes for the first year. The tenant is generally still responsible for any increases in operating expenses over the Base Year amount.
23. Grant – To transfer an interest in real property, either the fee, or a lesser interest such as a lease or an easement.
24. Grantee/ Lessee/ Tenant/ Buyer – One to whom a grant of property or property rights is made. In the case of a lease, this is the tenant.

25. Grantor/ Lessor/ Landlord/ Seller – One who grants a property right. In the case of a lease, this the Landlord
26. Gross Building Area – The total floor area of a building measured in square feet. The area extends to the outer surface of exterior walls and windows.
27. Gross Lease – A lease which provides that the landlord pay all expenses of the leased property including taxes, insurance, maintenance and utilities.
28. Hold Over Tenant – A tenant who retains possession of the premises after the expiration of the lease.
29. HVAC – The acronym for heating, ventilating and air conditioning. Refers to the equipment used to heat and cool a building.
30. Lease – An agreement whereby the owner of a real property (i.e., landlord) gives the right of possession to another (i.e., tenant) for a specified period of time (i.e., term) and for a specified consideration (i.e., rent).
31. Lease Commencement Date – The date on which beneficial occupancy commences and the legal terms of the lease go into effect.
32. Leasehold Improvements – Improvements made to leased premises for the benefit of the tenant. May be paid for by the landlord and amortized over the term of the lease, or may be paid for by the tenant, usually a one time cash payment at lease commencement. (Sometimes called Tenant Improvements)
33. Legal Description – A method of geographically identifying a parcel of land (or building) that is acceptable in a court of law.
34. Letter of Attornment – A letter from a landlord to a tenant stating that the property has been sold and directing rent to be paid to the new owner.
35. Letter of Intent – A formal method through which a prospective tenant/buyer expresses their interest in a property.
36. Long Term Lease – A lease whose term exceeds ten years from the mutual signing until the date of expiration or renewal option.
37. Net Lease – A lease in which the tenant pays, in addition to Base Rent, certain costs associated with a leased property, including property taxes, insurance premiums, repairs, utilities and maintenance.
38. Net Rentable Area – Floor area of a building less any vertical penetration of the floors such as elevator shafts and stairways.

39. Non-Assignable Area – Non-assignable area is the sum of all areas used for custodial services, corridors, elevators, escalators, stairways, lobbies, mechanical equipment, utility services, public toilets, and loading platforms (except when required for operational reasons and thus, included in assignable area). See Common Area.
40. Off-Campus Project – is a project in which more than 50% effort of the project (excluding sub-contractors) is conducted at an off campus location by University employees. Off campus is defined as locations other than University owned or operated facilities, and the costs of physical plant and library are not applicable to the project as indirect costs. See Exhibit for a list of off campus locations.
41. On- Campus Project – is a project where 50% effort or more of the UCHSC’s employee’s time and effort on the project is conducted at locations in University owned or operated facilities such that University physical plant, library and /or related costs are applicable as indirect cost. See Exhibit for a list of on-campus locations.
42. Operating Expenses – The actual costs of operating a property, including utilities, repairs, maintenance, property taxes and insurance premiums.
43. Pass Throughs - Building and operating expenses that are paid by the tenant under the terms of the lease.
44. Punch list –An itemized list noting incomplete or unsatisfactory construction. Usually prepared by the tenant after the contractor has notified the tenant that the space is substantially complete.
45. Real Property – (1) land and anything permanently affixed to the land, such as buildings, fences and those things attached to the buildings, such as light fixtures, plumbing and heating fixtures, or other items that would be personal property if not attached. (2) May refer to rights in real property as well as the property itself.
46. Renewal Option – The right of a tenant to renew (i.e., extend the terms of) a lease for a stated period of time and rent at an amount that can be determined.
47. Rent – Consideration paid for the occupancy and use of real property. A general term covering any consideration (not only money).
48. Rent Commencement Date – The date on which a tenant begins paying rent. It may be on or after the lease commencement date, but never before the lease commencement date.
49. Rentable Square Feet – Useable square feet plus a percentage (the Core Factor) of the common areas on the floor, including hallways, bathrooms and telecommunications closets, and elevator lobby. Rentable square footage is the number of square feet on which a tenant’s rent is based.

## Exhibit A

50. Rentable/Useable Ratio – The number resulting from dividing the total Rentable Area in a building by the Useable Area. The inverse of this ratio describes the proportion of space that an occupant can expect to utilize.
51. Space Plan – A graphic representative of a tenant’s office space requirement showing wall and door locations, room sizes, and some furniture layouts.
52. Tenant – See Grantee.
53. Tenant at Will – One who holds possession of a premise by permission of the landlord without a written agreement.

University of Colorado Denver  
Space Request Form (SRF)

Exhibit B

Date of Request:  SRF #:

Requesting Department:  Requesting Division:

Dept./Division Head:  Name:  Signature:

Dept./Division Contact:  Name:  Signature:

Current Location:  Building:  Floor:  Room Number(s):

Vacating Current Location:  Yes  No

Additional Space Request

Reason for Request: New:  Expansion:  Other:

Permanent Request:  Temporary Request:  Duration:

Preferred Location: 9th Ave.:  Fitz:  Leased:

Leased Address:

	FUNCTION					Total Request
	Education	Research Wet	Research Dry	Clinical	Admin/ Office	
Assignable Square Feet:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Special Needs:  Air  DI Water  Gas  Steam  Vacuum  Other

# of FTEs:  Current  Future

Justification: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Funding Sources: \_\_\_\_\_

**OFFICIAL USE ONLY**

Recommendations: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

School/CSA/OAA Approval: \_\_\_\_\_ Date: \_\_\_\_\_

CSA Approval: \_\_\_\_\_ Date: \_\_\_\_\_

Space Assigned: \_\_\_\_\_

**UNIVERSITY OF COLORADO DENVER  
FACILITIES DEPARTMENT  
PROJECT REQUEST FORM**

**REQUESTING UCD SCHOOL/SECTION:** (i.e., SOM, SOD, SON, SOP, CPH, CS&A)

**REQUESTING DEPARTMENT:**  **REQUESTING DIVISION:**

**DEPT/DIV REPRESENTATIVE:**  EXT.  BOX #

**REQUESTING DEPARTMENT/DIVISION REPRESENTATIVE LOCATION:** BLDG:  ROOM #

**LOCATION OF PROPOSED PROJECT:** BLDG:  ROOM #

**BRIEF DESCRIPTION OF PROPOSED PROJECT:**

**PROPOSED CHANGE IN SPACE UTILIZATION:** YES:  NO:

IF YES, PLEASE COMPLETE:			
CURRENT USE		PROPOSED USE	
CLASSROOM	<input type="checkbox"/>	STUDY ROOM	<input type="checkbox"/>
LAB	<input type="checkbox"/>	FACIL. SUPPORT	<input type="checkbox"/>
HEALTH CARE	<input type="checkbox"/>	GENERAL USE	<input type="checkbox"/>
OFFICE	<input type="checkbox"/>	SPECIAL USE	<input type="checkbox"/>

**ESTIMATED PROJECT FUNDS AVAILABLE:** \$

**PROJECT "WINDOW":** FROM:  TO:   
mm/dd/yy mm/dd/yy

**FUND ADMINISTRATOR APPROVAL:**

**RETURN COMPLETED FORM TO: FACILITIES, BOX A-059**

<b>FACILITIES USE ONLY</b>	<b>DATE REC'D:</b>	<b>PROJECT TITLE:</b>
	<b>ASSIGNED TO:</b>	<b>DATE:</b>

- |                      |  |
|----------------------|--|
| DISTRIBUTION: WHITE: | FACILITIES-ADMIN. & FINANCIAL SERVICES |
| YELLOW:              | FACILITIES-PROJECT & CONST. MGMT.      |
| PINK:                | FACILITIES-FACILITIES OPERATIONS       |
| GREEN:               | FACILITIES-HEALTH & SAFETY             |
| GOLDENROD:           | ORIGINATOR                             |