



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

Procedures 6.7.4 Carpentry Program Administration

Part 1. Authority. Board Policy 6.7 delegates to the chancellor authority to acquire, develop, and sell real property and to contract for the development of real property owned by other parties in conjunction with technical college carpentry programs. M.S. 136F.36, Subd. 2, requires the development of policies for leasing requirements and construction supervision.

Part 2. Approval for the Acquisition of Real Property

Subpart A. Approval for the Acquisition of Real Property. The college shall submit to the Vice Chancellor - Chief Financial Officer as soon as possible a description and anticipated costs of the real property the college is planning to acquire for use in its student carpentry program. The college may proceed with the acquisition after receiving a written memorandum from the Vice Chancellor - Chief Financial Officer approving the acquisition. The approval memorandum will include delegation authority to the president of the college to execute all legal documents required to acquire the specific property, a copy of which will be forwarded to the Attorney General's Office. All legal documents must be reviewed by the Attorney General's Office.

Subpart B. Procedures for Acquiring Real Property. After the president has received approval from the Vice Chancellor - Chief Financial Officer to acquire a specific piece of real property for a college carpentry program project, the following procedures are to be followed by the college:

1. Funds needed may be obtained from any authorized source including, but not limited to, General Fund appropriations for instructional expenditures, non-instructional expenditures, money carried forward, and non-Treasury sources of money.
2. Real property may be acquired by any authorized means, including gift or purchase. A college may, at its discretion, determine if purchase acquisition should be by quit claim deed, warranty deed, or limited warranty deed. Acquisitions may not be made by contract for deed. A college may, however, enter into a written agreement giving the college an option to acquire a parcel of land within a specified time period.
3. All documents related to an acquisition or acquisition option shall be prepared or approved by the Office of the Attorney General.
4. All taxes and special assessments constituting a lien on any real property received and accepted as a gift, grant, bequest, devise, or endowment shall be paid in full by the landowner before title is transferred to the State.
5. The college may locally purchase title insurance.

6. A title review must be undertaken by the Office of the Attorney General before title to any property passes to the State.
7. The college may mandate that environmental assessments or other environmental investigations be done prior to any or all acquisitions of real property for instructional construction.

Part 3. Approval for Selling a Student Constructed Structure on Real Property Purchased by the College or Student Construction Improvements to Real Property Owned by a Party Other than the College. All student constructed structures to be sold on real property purchased by the college (see Part 2 for obtaining approval to acquire real property) or student construction improvements to real property owned by a party other than the college (including real property owned by a college foundation) require the written approval of the Vice Chancellor - Chief Financial Officer. The approval memo will include a paragraph delegating to the president of the college the authority to sign all legal documents for that particular structure and, if a part of the sale, the real property. A copy of the approval memorandum will be forwarded to the Attorney General's Office which will serve as official notice of delegation of authority for the property or improvements cited in the memorandum.

Subpart A. Student Constructed Structures on Real Property Purchased by the College. Before a college sells a student constructed structure on real property purchased by the college, the president must submit for approval a written memorandum to the Vice Chancellor - Chief Financial Officer which shall include:

1. The name(s) of the proposed buyer(s);
2. The proposed purchase price;
3. The appraised value of the real property (if an appraisal is required or has been obtained);
4. An itemization of the closing costs to be paid by the college;
5. The anticipated gross expenditure for the acquisition or net proceeds for sale;
6. The anticipated closing date;
7. Proposed contingencies, if any; and
8. A statement as to whether the college wishes to extend to the buyer(s) warranties similar to those appearing in MS Chapter 327A. If the college wishes to extend warranties, this statement should include:
 - a. A description of the warranties to be offered (i.e., a listing of the warranties and limitations/exclusions); and
 - b. A statement that the college either carries insurance which specifically covers the warranties or has encumbered the amount necessary to cover the maximum liability under the warranties until the warranties expire.

The college must have the proposed purchase agreement or other appropriate legal document prepared or approved by the Office of the Attorney General.

Subpart B. Student Construction Improvements to Real Property the College Does Not Own. Before a colleges signs a contract related to a carpentry program development of real property owned by a party other than a college (including real property owned by a college foundation), the president must submit for approval a written memorandum to the Vice Chancellor - Chief Financial Officer which shall include:

1. The name(s) of the land owner(s);

2. A general description of the improvements to be done by the college;
3. The proposed amount the landowner(s) will pay to the college to compensate the college for the fair market value of its contributions to the improvements;
4. A statement as to whether the college wishes to extend to the landowner(s) warranties similar to those appearing in MS Chapter 327A. If the college wishes to extend warranties, this statement should include:
 - a. A description of the warranties to be offered (i.e., a listing of the warranties and limitations/exclusions); and
 - b. A statement that the college either carries insurance which specifically covers the warranties or has encumbered the amount necessary to cover the maximum liability under the warranties until the warranties expire.
5. A list (if known) of the co-contractors and/or subcontractors and a description of their work.

The college must have the proposed contract or other appropriate legal document prepared or approved by the Office of the Attorney General.

Part 4. Requirements for the Sale of Houses or Improvements Made to Real Property Owned by a Party other than the College.

1. Houses or improvements must be sold at fair market value. The college may obtain an appraisal to assist in determining fair market value.
2. Real property acquired under an instructional construction program may be sold upon the terms and conditions established by the college, in accordance with applicable law. "For sale by owner" sales may be conducted by the college. All documents related to sales of houses or improvements shall be prepared or approved by the Office of the Attorney General.
3. Where sale is by public auction, the auction must, unless special approval is received from the chancellor, be conducted by a duly licensed auctioneer. The contract with the auctioneer shall be prepared or approved by the Office of the Attorney General. Sale shall be to the highest responsible bidder. The auction may not be held unless at least two weeks' notice has been provided in at least one newspaper of general circulation in the area where the property is located. The notice shall state the name(s) address(es), and license number(s) of the auctioneer(s) conducting the sale. The auctioneer fees and other administrative costs of the auction may be included in the sale price, paid from the proceeds of the sale, or paid from any other available funds not otherwise restricted or encumbered. A list of the conditions of sale must be available to potential bidders before or at the auction. The college must state in the conditions of sale whether it reserves the right to reject any bid or to withdraw the property from sale.
4. Where sale is by sealed bid, sale may not be made unless at least two weeks' published notice has been provided in at least one newspaper of general circulation in the area where the property is located. The notice shall state the time and place for receiving bids and shall contain a brief description of the real property for sale. The real property shall be sold to the highest responsible bidder. The college may at its discretion refuse to sell real property where no acceptable bid is presented.
5. Where sale is by a real estate agent, sale shall be conducted only by a duly licensed agent. The contract with the agent shall be prepared or approved by the Office of the Attorney General. The real estate agent's fees and other administrative costs of the sale may be included in the sale price, paid from the proceeds of the sale, or paid from any other available funds that are not otherwise restricted or encumbered.

6. Sale may, in the discretion of the college, be with or without warranties similar to those which appear in MS Chapter 327A. The college may modify the warranties which appear in Chapter 327A. Should warranties not be offered, the college shall give clear notice of this fact to the buyer. If warranties are offered, the college must obtain insurance which specifically covers the warranties or must encumber the amount necessary to cover the maximum liability under the warranties until the warranties expire.
7. Net proceeds of the sale of real property through instructional construction programs will be retained by the college.
8. Where real property acquired through an instructional construction program cannot be sold for fair market value the college may at its discretion lease the real property under the terms and conditions it prescribes, in accordance with applicable law. Proceeds from the lease of real property will be retained by the college.

Part 5. Development and Construction Supervision

1. The college may contract with any responsible person, firm, corporation, association, or governmental agency as necessary for the instructional construction program. Contracts must be prepared or approved by the Office of the Attorney General.
 2. The college may specify in its instructional construction contract that supervision and control of instructional construction shall lie exclusively with the college.
 3. Instructional construction shall be conducted subject to the State and local building codes.
 4. In contracts for sale of improvements or real property, the college may, at its discretion, offer warranties similar to those which appear in MS Chapter 327A. The college may modify the warranties which appear in Chapter 327A. Should warranties not be offered, the college shall give clear notice of this fact to the buyer or landowner. If warranties are offered, the college must obtain insurance which specifically covers the warranties or must encumber the amount necessary to cover the maximum liability under the warranties until the warranties expire.
 5. The college must require that those providing services to the college during the construction of a house must comply with all applicable licensing requirements, including MS Chapter 326.
 6. The college may require the escrowing of funds or the posting of performance and payment bonds in connection with any or all instructional construction contracts.
 7. The college may require that any or all subcontractors involved in instructional construction waive their right to place a lien on the property.
 8. The college must collect and keep on file lien waivers, on forms prepared or approved by the Office of the Attorney General, for all materials, labor, skills, and machinery paid for by the college in connection with an instructional construction project.
 9. The college should normally competitively bid contracts related to instructional construction, but may negotiate contracts without competitive bidding when it deems appropriate.
 10. The college will pay any building permit fees and surcharges customarily imposed by the municipality in which the construction takes place.
 11. The college may, using forms prepared or approved by the Office of the Attorney General, choose to conduct an inquiry into the creditworthiness of a landowner before entering into a contract for use of the landowner's property for an instructional construction project.
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