

REAL ESTATE ACQUISITION POLICY

Name:

This policy shall be called the Real Estate Acquisition Policy

Purpose:

To provide management with the criteria and framework by which the HSU Sponsored Programs Foundation may acquire, sell, trade, exchange and develop real property (or any interest therein) in support of the University's mission. As an auxiliary organization of Humboldt State University, Humboldt State University Sponsored Programs Foundation seeks to comply with various federal and state regulations including CSU Board of Trustees policy, Title V, and Humboldt State University policies.

Effective Date:

This new policy shall be effective May 15, 2003.

Amendments:

This policy may be amended by a majority vote of the Board of Directors.

Background and Purpose:

Title V of the California Code of Regulations, Section 42500(a) lists essential functions the CSU Trustees have determined are appropriate for auxiliary organizations. Subsection 12 lists:

"Acquisition, development, sale, and transfer of real and personal property including financing transactions related to these activities. Authority for the Foundation to acquire real estate is set forth in University policy and master operating agreements between these entities". The provisions of this policy shall be interpreted consistent with these policy statements and agreements. California Corporations Code Section 5230 et seq. sets certain standards of conduct of the Foundation Board of Directors, its officers and management in the performance of duties and transactions, including: "those involving real property, requiring good faith, in a manner believed to be in the best interest of the organization, and with such care, including reasonable inquiry, as an ordinary prudent person in a like position under similar circumstances".

The HSU Sponsored Programs Foundation Board of Directors has adopted this policy statement in order to apply to the following broad real property transaction purposes by the Sponsored Programs Foundation.

Policy Statement:

It shall be policy in regards to the acquisition, development, sale and transfer of real and personal property to:

Meet HSU Sponsored Programs Foundation and Humboldt State University facility needs and support HSU Sponsored Programs Foundation and University program needs.

Only real and personal property which are designated for the use of (in trust for) the University or the Sponsored Programs Foundation for University or Sponsored Programs Foundation programs or projects may be considered for acquisition.

The HSU Sponsored Programs Foundation Board of Directors will approve all acquisitions. As part of the approval process, the HSU Sponsored Programs Foundation Executive Director or his (her) designee, will provide the HSU Sponsored Programs Foundation Board of Directors with written findings that the following applicable criteria have been met:

- a. The transaction has been preceded by an appropriate and documented "due diligence" review that includes, but is not limited to: an appraisal, feasibility studies, and written reviews/reports that can include legal, financial, environmental, land-use, return on investment, funding, property management plans and the pledging of general fund assets.
- b. The proposed real property transaction and its intended purpose and result shall be consistent with laws, regulations, policy and procedures applicable to the transaction.
- c. The University President has formally approved the proposed real property transaction with a finding that such transaction is in support of the University's mission.
- d. The proposed transaction is on an "arms length" and equitable basis.

HSU Sponsored Programs Foundation will not acquire real property that would jeopardize its tax-exempt status, or expose it to expenses for which no source of funds has been readily identified. Particular attention will be taken during the due diligence process to ensure that all real property is free and clear of any legal, environmental, or marketability issues.

To fund real property acquisitions for the HSU Sponsored Programs Foundation, the HSU Sponsored Programs Foundation Executive Director or his (her) designee may establish appropriate written asset transfer procedures using generally accepted accounting principles and practices. Such procedures shall be reported to the HSU Sponsored Programs Foundation Board of Directors.