

APPROVAL OF REAL PROPERTY TRANSACTIONS

The University of Louisville is responsible for most of the management of real property inventories under House Bill 622 (1982 General Assembly). However, the Secretary of the Finance and Administration Cabinet retains some oversight over certain transactions pursuant to KRS 164A.575(6) and (7) and KRS 56.806(1):

- KRS 164A.575(6) requires the Secretary of the Finance and Administration Cabinet to approve each instance of acquisition or real property by a university. The University of Louisville complies with this requirement by providing the Finance Secretary the details of the transaction, including any appraisals, title reports, environmental surveys and any other assessment of the property.
- KRS 164A.575(7) requires the approval of the appraised value utilized by universities as a part of the disposal of any surplus real property.
- KRS 56.806(1) requires the approval of the Finance Secretary of any term of a lease agreement deviating from the lease terms set forth in the statute whenever the university is leasing an interest in real property from another party.

See attached letter dated October 3, 2016 to the University of Louisville from the Commonwealth of Kentucky



Commonwealth of Kentucky
Finance and Administration Cabinet
OFFICE OF THE SECRETARY

Room 383, Capitol Annex
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(502) 564-4240
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October 3, 2016

Matthew G. Bevin
Governor

William M. Landrum III
Secretary

OFFICE OF THE PRESIDENT

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ACTION INFORMATION

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Dr. Neville Pinto, Acting President
University of Louisville
Office of the President
Grawemeyer Hall
2301 South 3rd Street
Louisville, Kentucky 40292

RE: Approval of real property transactions by the Kentucky Finance and Administration Cabinet

Dear President Pinto:

It has come to our attention that some confusion exists concerning the role of the Finance and Administration Cabinet in regard to oversight of real property acquisitions, dispositions and some leasing transactions entered into by universities that have elected to perform financial management functions under KRS 164A.550-164A.630. Hopefully, this correspondence will help to clarify some of the issues surrounding the role of Finance in these transactions.

While we concur that most responsibility for management of real property inventories was transferred to the University of Louisville under House Bill 622 (1982 General Assembly), the Secretary of the Finance and Administration Cabinet retains some oversight over certain transactions pursuant to KRS 164A.575(6) and (7) and KRS 56.806(1).

Specifically, KRS 164A.575(6) requires the approval of the Secretary of the Finance and Administration Cabinet in each instance of acquisition of real property by a university. To obtain this approval, the university simply transmits to the Finance Secretary the details of the transaction, including any appraisals, title reports, environmental surveys and any other assessments of the property. KRS 164A.575(7) also requires the approval of the appraised value utilized by universities as a part of the disposal of any surplus real property. Finally, KRS 56.806(1) requires the approval of the Finance Secretary of any term of a lease agreement deviating from the lease terms set forth in the statute whenever the university is leasing an interest in real property from another party.

We hope this explanation has been informative in describing which university transactions must still be reviewed by the Finance and Administration Cabinet notwithstanding the adoption of House Bill 622. I want to emphasize that it is not my intention, or the intention of the Finance Cabinet, to unnecessarily hinder or delay land acquisitions, dispositions or leases approved by your Board of Trustees and presented for my review. My goal in this process is to insure that the General Assembly's intent is carried out in regard to proper oversight of property transactions. I appreciate your anticipated assistance to and cooperation with my office to enable us to successfully fulfill the legislative mandate.

If you have any questions or wish to discuss further, please do not hesitate to contact me.

Sincerely,



William M. Landrum III

Secretary