

**University of Illinois System**  
**Surplus Property**  
**Procedure for the Identification, Lease or Sale and**  
**Use of Proceeds for Surplus Property**

On August 7, 2019 the Governor signed Public Act 101-0213, amending the State Property Control act. The amendment authorizes Illinois public universities to sell, lease or otherwise convey their “surplus” real estate. The Board of Trustees must determine on a case by case basis whether the real estate in question is “surplus.” Surplus means real estate that is “vacant, unoccupied, or unused and which has no foreseeable use” by the university.

The Act allows the university to retain the proceeds from such sale or lease so long as such proceeds are held in a separate account and utilized for funding deferred maintenance and emergency repair work.

This memo provides guidelines for initiating and completing the sale or lease of any surplus property currently owned by any unit of the University of Illinois System in accordance with this law.

**Objectives**

The new Act is a significant change from current practice and, for the first time, enables the sale of surplus property for the benefit of the university. The objectives of this proposed guideline are to:

1. Ensure that all actions and transactions are performed in accordance with the guidelines within the Act.
2. Assure fair market value for all assets and ensure sale or lease terms that are in the university's best interest.
3. Utilize a sale process that is open, transparent, and consistent with state/federal regulations and professional real estate standards.
4. Assure compliance with conditions for the use of funds and maintain appropriate financial records.
5. Follow relevant Board of Trustees directives.

**Procedure:**

1. The Chancellor of any university can initiate the process for the sale of surplus real estate by providing a written request to the Comptroller. Such request should include the location, address and other details of the said property, current condition and occupancy, and the rationale for

considering the property as surplus and the potential eligible use of funds on that University, if known at the time.

2. In consultation with appropriate university officials, the Comptroller may make the initial determination whether the property qualifies as surplus property. The Comptroller may request additional due diligence analysis by the University Real Estate Services office (Real Estate Services).
3. If the property is deemed to be “surplus,” the Board of Trustees will be briefed, and approval sought to designate the property as surplus.
4. Once the Board of Trustees designates the property, Real Estate Services will arrange the property to be appraised by at least one MAI appraiser. The real estate office will also undertake any additional due diligence research necessary to determine fair market value or fair market rent for the subject property.
5. Any sale of the property will be transacted through Real Estate Services. The method of sale will be through an auction, use of sales brokers, or open RFP process as determined by the Comptroller in consultation with Real Estate Services. Alternatively, the property may be traded for other real estate assets.
6. Irrespective of the method of sale, the potential sale or lease of property will be advertised in at least one publication of general circulation in the county in which the property is to be sold or leased.
7. All proceeds from the sale or lease of surplus property will be deposited in a separate “Surplus Property” plant fund designated by University Accounting and Financial Reporting (UAFR) on the System’s office chart of accounts.
8. Requests for the use of surplus property funds shall be directed to the System Office of Capital Programs (UOCP) via the respective university’s capital construction unit (CCU). UOCP will review each request to determine if the proposed use of funds is consistent with the authorizations and restrictions of the Act. All projects must adhere to the appropriate State procurement and University policies and shall be limited to deferred maintenance or emergency repairs consistent with the Act.

9. Upon UOCP approval, UAFR will establish a banner project fund on the appropriate campus chart and transfer funds to said account. To the extent there are unspent project funds at the end of the project mandate, such funds will be transferred back to the System Surplus Property plant fund. From time to time, the Comptroller will submit a report or otherwise inform the Board of Trustees on the use of funds from surplus property account. Real Estate Services and UOCP shall provide the Comptroller all documentation required to complete the annual State Surplus Property compliance.