

**STATE OF COLORADO
STATE BUILDINGS AND REAL ESTATE PROGRAMS
REAL ESTATE PROGRAMS POLICIES AND PROCEDURES MANUAL**

CHAPTER 5. TENANT-BUYER BROKER CONTRACTS

AS PER §24-30-1303, C.R.S. and §24-80-102

In furtherance of the fulfillment of its statutorily assigned responsibilities Real Estate Programs uses the services of private sector real estate brokerage firms to provide services to State agencies in various counties. This has been the case for a number of years, and subsequently most concerned State employees are well aware of these firms and the services they provide. However, the number of brokers, the counties in which they operate, and the assignments they carry out in accordance with their contracts may vary from time to time.

The following summary will help clarify the principal points set out in the real estate brokerage contracts, including the State's relationship with its contracted real estate brokers and the resulting rights and responsibilities of those State agencies expecting to acquire interest in real estate. **For more information, please contact either Mike Karbach, Real Estate Asset Manager, 303-866-4564, mike.karbach@state.co.us, Brandon Ates, Real Estate Specialist, 303-866-5458, brandon.ates@state.co.us.**

Principal Points of the State Real Estate Brokerage Contracts

The present State real estate brokers:

Jones Lang LaSalle Americas, Inc.
1225 Seventeenth Street Suite 1900
Denver, CO 80202
Tel: 303-260-6500
Fax: 303-572-0914
Contact: Joe Hollister or Patrick Bolick

Grubb & Ellis/
Quantum Commercial Group
101 N. Cascade Avenue 2d Floor
Colorado Springs, CO 80903-1413
Tel: 719-228-3606
Fax: 719-634-0404
Contact: Mary Frances Cowan or
Russell Stroud

Specific counties for which the real estate brokers are contracted:

JLL is the State real estate broker in the Denver metro area which comprises the seven counties of Adams, Arapahoe, Broomfield, Boulder, Denver, Douglas and Jefferson. Grubb & Ellis is the State's real estate broker for El Paso and Pueblo Counties.

Appropriate real estate broker arrangements in counties other than those listed above:

Any agency may, within the confines of the usual guidelines applicable to the general procurement of personal services, contract with a Colorado licensed real estate broker for required real estate brokerage services in counties other than those previously noted. The previously mentioned brokerage firms are within that category, so, on an assignment-by-assignment basis, State agencies can and do occasionally request one of the State brokers noted above to perform brokerage services in a county not covered by the brokerage contact. *This is often a beneficial choice because these brokers are already thoroughly familiar with the State's relatively unique (compared to private sector) real estate leasing acquisition procedures.* Contact Real Estate Programs for assistance or guidance.

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Real estate brokerage services provided by the State's real estate brokers:

With limited exceptions, all State agencies and institutions **MUST** utilize contracted real estate brokerage services when leasing or purchasing property in any of the eight counties covered by the contracts. In turn, when requested by a state agency, the broker **MUST** provide the service. Regardless of the contractual obligation to utilize the brokers' services, Real Estate Programs has found that assistance from professional real estate brokers provides significant advantages to State agencies and institutions.

In a leasing situation the broker's assistance up-front can save the agency time, money and frustration by assisting with needs assessment and space programming. In addition, the brokers' knowledge of the real estate market can help agencies find locations that meet their needs while assuring that State dollars are spent wisely. The brokers, in collaboration with the tenant agency, will conduct the negotiations with the landlord and/or its agent. In addition, the brokers will draft the lease agreement.

Agencies to which the State's real estate brokerage contracts apply:

Generally, the brokerage contracts apply to real estate acquisition by all executive division State agencies, including all institutions of higher learning. The only exceptions are rights-of-way acquisitions by Department of Transportation ("DOT"), certain rights-of-ways and easements, and vacant land leases and acquisitions by Department of Natural Resources ("DONR") Division of Wildlife and Division of Parks and Recreation, and all transactions by the State Land Board.

Exceptions to use of brokers within the contracted counties:

Real Estate Programs has the authority to exempt from the real estate brokerage contract any real estate acquisition assignment covered by the contract, if requested by the relevant agency **in advance** of any activity on the assignment. An exemption will be considered, if, from a business judgment perspective or from a practical standpoint, it would be appropriate to do so.

As a matter of working reality, real estate acquisitions involving two State agencies (such as interagency leases) or two levels of government, (such as the State's agreement to lease/purchase part of the Lowery Air Force base from the Federal government), are nearly always exempted from the real estate brokerage contracts. Any other acquisition transactions are virtually never exempted from the contracts.

When such exceptions are made, no other real estate broker may be retained to represent the State, institution, and the State entity must accomplish the transaction with no real estate brokerage service. (See Sample Brokerage Exemption Letter in Appendix.)

Compensation for the State's real estate brokers:

In nearly all instances, **the State pays no fee to real estate brokers for negotiating leases**, but rather, as is the customary practice in the real estate business, the broker is paid a commission by the seller/lessor of the property where an interest in real estate is being acquired. The only exception to this procedure when, by prior negotiated agreement, the agency will sometimes agree to pay the State's real estate broker consulting fee.

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Existing State real estate brokerage contract terms:

Each contract commenced July 1, 2009 for a three (3) year term that expires June 30, 2012. The State retains an option to renew each contract for two successive one-year terms.

END CHAPTER 5 POLICY/SBREP/ TENANT BUYER BROKER CONTRACTS