

**STATE OF COLORADO
OFFICE OF THE STATE ARCHITECT
REAL ESTATE PROGRAM - POLICIES AND PROCEDURES MANUAL**

CHAPTER 5. TENANT-BUYER BROKER CONTRACTS

AS PER C.R.S. § 24-30-1303 and § 24-82-102

In furtherance of the fulfillment of its statutorily assigned responsibilities, the Real Estate Program uses the services of private sector real estate brokerage firms to provide services to State agencies and institutions of higher education in various counties. This has been the case for a number of years, and subsequently most of the affected 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.

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 and institutions expecting to acquire an interest in real estate.

For more information, please contact:

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Real Estate Specialist
VACANT

Principal Points of the State Real Estate Brokerage Contracts

The present State real estate brokers:

Jones Lang LaSalle Brokerage (JLL)
1225 17th Street, Suite 1900
Denver, CO 80202
Tel: 303-260-6500
Contact: Patrick Bolick, Eric Carlborn, Kurt Liss

Quantum Commercial Group, Inc
101 N. Cascade Avenue, Suite 200
Colorado Springs, CO 80903-1413
Tel: 719-590-1717
Contact: Mary Frances Cowan, Russell Stroud

Specific counties for which the real estate brokers are contracted:

Jones Lang LaSalle (JLL) is the State real estate broker in the Denver metro area which comprises the seven counties of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson. Quantum Commercial Group, Inc., is the State's real estate broker for El Paso and Pueblo counties. Copies of the contracts with these real estate services providers can be obtained from the Real Estate Program.

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

Any state agency or institution of higher education 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/institutions 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 the Real Estate Program 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 counties covered by the real estate vendors' contracts. In turn, when requested by an agency or institution, the broker **MUST** provide the service. Regardless of the contractual obligation to utilize the brokers' services, the Real Estate Program 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/institution 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/institution, 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 and all institutions of higher education. The only exceptions are rights-of-way acquisitions by the Department of Transportation (DOT), certain rights-of-ways and easements, and vacant land leases and acquisitions by the Department of Natural Resources (DNR), Colorado Parks and Wildlife (CPW), and all transactions by the State Land Board.

Exceptions to use of brokers within the contracted counties:

The Real Estate Program 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/institution **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 a property from the federal government or a local government entity), 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, agency/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 may occur when, by prior negotiated agreement, the agency/institution agrees to pay the State's real estate broker consulting fee.

Existing State real estate brokerage contract terms:

Each contract commences on July 1st for a three-year term that expires June 30th on the third year. The State retains an option to renew each contract for two (2) successive one-year terms.