1. PURPOSE

This administrative memorandum describes the procedures to be followed by all institutions governed by the University of Houston System seeking authorization to lease facilities; or to acquire property, to construct new facilities, or to expand or renovate existing academic or auxiliary buildings at a cost of $1,000,000 or more.

2. POLICY

2.1. This administrative memorandum applies to all institutions governed by the University of Houston System including any campus, division, college/school, foundation or other entity requesting authorization to lease facilities; or acquire property, to construct new facilities, or to expand or renovate existing academic or auxiliary buildings at a cost of $1,000,000 or more.

2.2. BOR Policy 55.01.3 outlines the general guidelines to be followed in negotiating, executing, and administering all contracts and related necessary legal documents and instruments not requiring board approval. For the UH Main Campus, all projects regardless of size or cost will be reviewed and managed by Plant Operations—Facilities Management or Facilities Planning and Construction. All projects will be governed by the policies and procedures established by these departments and more information on process and projects can be obtained by following the process outlined in the University of Houston Plant Operations—Facilities Services Project Delivery Processes as posted on the UH web site http://www.uh.edu/facilities-services/projdel/pd-references/FM%20PD%20Manual%202012.pdf http://www.uh.edu/plantops/projdel/.

2.3. Request for authorization to acquire or lease property, or to construct new facilities, or to expand or renovate existing academic or auxiliary buildings shall include:

a. A needs assessment analysis
Each analysis shall clearly define the purpose of the facility and how it relates to the mission of the institution or entity.

Both degree and non-degree offerings, where applicable, must be consistent with the institution’s role and scope mission statement and must comply with the guidelines for offering academic courses as set forth by the Texas Higher Education Coordinating Board.

b. Evidence of the academic programs ability to meet Southern Association of College and Schools standards.

c. The total initial cost to acquire the capital asset.

d. A five (5) year projected budget for continued operations.

e. Ability to establish a capital renewal fund for all new construction.

2.4. Prior to discussions with client groups, preliminary investigations and discussions must be approved by the dean or director of the division or college, the appropriate Vice President, and the CFO and President of the component in which the project will be located.

2.5. Projects shall be assigned an institutional project ranking in the submitted MP1.

2.6. Projects shall conform to the master plan for the component university campus where the project will be located.

2.7. All System components will record and track capital and renovation projects in plant funds.

   a. Components will establish procedures for the review and approval of cost centers and budgets to be created for capital and renovation projects to ensure appropriate designation of funding source and compliance with restrictions on funding.

   b. Components will establish procedures for the regular review of funding of construction and renovation projects to help ensure that deficits are identified and appropriate modifications planned.

2.8. Funding of construction and renovation projects

   a. Construction and renovation projects funded by bonds and commercial paper proceeds, as well as the related income from investment of proceeds, must be approved by the Senior Vice Chancellor for Administration and Finance or his designee. Components will develop
guidelines for the request for use of bond and commercial paper funds, including unutilized proceeds and investment income.

b. All components will identify responsibility for the collection of gifts designated for the funding of construction and renovation projects if gifts have not been fully realized and transferred to plant funds before project commencement.

c. Components will develop guidelines to help ensure that funding sources for construction and renovation projects are identified prior to project commencement. Components will develop guidelines to help ensure that project funding that is not fully available at the commencement of the project is monitored to ensure that funding occurs as scheduled.

d. Components will develop oversight procedures for the funding of construction, renovation and other projects by internal component loans. These procedures will include the requirement for a signed Memorandum of Understanding and an agreed upon repayment schedule.

e. Component departments requesting and benefitting from construction and renovation projects are responsible for cost overruns.

f. Work on construction and renovation projects will not begin until funding commitments are agreed upon and documented.

g. All components will define spending priorities, including the return of funds, for construction and renovation projects funded by multiple sources. Spending priorities will be based on the conditions associated with each funding source.

2.79. In addition to the general guidelines listed above, projects that have a fundraising component, including those projects under $1 million, shall provide the following:

a. A funding plan which contains:

   • Proposed specified amounts of institutional funds by category, including HEAF allocation and/or other sources (e.g., bonding).

   • Identified fundraising prospects, gift chart and a fundraising business plan that has been approved by the Associate Vice Chancellor for University Advancement.

b. An approved project scope, description of the facility, and identified naming opportunities.
2.810. All requests contemplated in this policy are required to follow the process outlined in the University of Houston Plant Operations, Facilities Management Project Delivery Processes as posted on the UH web site http://www.uh.edu/facilities-services/projdel/pd-references/FM%20PD%20Manual%202012.pdf http://www.uh.edu/plantops/projdel.

2.911. This policy is being established to determine the feasibility of projects and their priority in meeting the mission of the University of Houston System and its individual component universities and affiliated entities.

2.12. Courses and program delivery by joint institutions shall be determined by written agreement between participating institutions and approved by the Chancellor.

2.13. Proposals for the establishment of new off-campus centers shall be forwarded to the Board for approval.

2.14. The System-wide Office of Plant Operations, Facilities and Construction Management shall provide project evaluation services for the administration. These services are to be provided according to guidelines noted in the Project Evaluation Procedures Delivery Program manual.

3. REVIEW AND RESPONSIBILITIES

Responsible Party: Executive Director, Facilities Management, Associate Vice Chancellor for Facilities and Construction Management

Executive Director, Facilities Planning and Construction

Review: Every three years on or before March 1

4. APPROVAL

Approved: Carl P. Carlucci

Executive Senior Vice Chancellor for Facilities and Construction Management

Renu Khator

Vice Chancellor for Administration and Finance

Date: September 7, 2011
# REVISION LOG

<table>
<thead>
<tr>
<th>Revision Number</th>
<th>Approval Date</th>
<th>Description of Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim</td>
<td>09/10/2007</td>
<td>Initial interim version. This policy describes the process for gaining approval of a project which cost $1,000,000 or more. The purpose of this MAPP is to provide a process that will fairly assess, justify, and prioritize major projects.</td>
</tr>
<tr>
<td>1</td>
<td>01/31/2008</td>
<td>Applied revised SAM template to meet current documentation standards. Updated documentation numbers and revised formatting</td>
</tr>
<tr>
<td>2</td>
<td>09/07/2011</td>
<td>Applied revised SAM template and added new Revision Log. The following changes were incorporated as part of Audit Issue #AR2009-22: Revised Section 2.2 and 2.8, including addition of a web site to use for project delivery processes. Removed specified approval parties from Section 2.4. Added Section 2.5.e on the ability to establish a capital renewal fund for all new construction projects. Changed the responsible party from the AVC for Plant Operations to the Executive Directors of Plant Operations.</td>
</tr>
<tr>
<td>3</td>
<td>TBD</td>
<td>Updated Plant Operations to Facility Management organizations throughout text. Corrected Project Delivery Processes web site in Section 2.2 and 2.10. Added Section 2.7 in recording and tracking capital and renovation projects. Added Section 2.8 on funding of construction and renovation projects. Changed responsible party to Associate Vice Chancellor for Facilities and Construction Management.</td>
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