1. PURPOSE

This administrative memorandum provides guidance and direction regarding the execution of construction projects, such as tenant build-outs or construction of new facilities on University of Houston land by means of a ground lease, by private corporations, State of Texas organizations, or non-University organizations on the University’s campus or property.

On occasion, the University allows third-party organizations such as private corporations, State of Texas organizations, University-affiliated foundations, or non-university organizations to execute new construction projects on the campus or other lands owned by the System. Third-Party construction projects are typically associated with ground lease transactions, but may occur as a result of other real estate transactions, in accordance with applicable System, state and federal rules. The purpose of these projects is to enable these third-party organizations to support and enhance the System’s mission. Such projects represent a major commitment by the System to allow its property and real estate, one of its most valuable resources, to be used in this manner.

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 construct new facilities through a third-party.

2.2. All proposed Third-Party Construction Projects will support the System’s mission and shall be appropriate in terms academic and research mission and will not increase the University’s liabilities, or place the University out of compliance with relevant state and local laws and guidelines.

2.3 All Third-Party Construction Projects shall be executed in a well-planned, professional, and high-quality manner as determined by the UHS Office of Facilities Planning and Construction.

2.4. All Third-Party Construction Projects shall be designed with sound architectural and engineering principles and practices and comply with national life safety, fire
protection, electrical, and other building codes intended to ensure and maintain safety; as well as binding declarations and covenants.

2.5 All Third-Party Construction Projects shall comply with the appropriate component university’s master plan.

2.3 All Third-Party Construction Projects shall comply with UHS Design and Construction Standards, or shall be required to obtain written approval from the UHS Office of Facilities Planning and Construction to deviate from such standards.

2.4 All Third-Party Construction Projects comply with applicable national, state, and local environmental and/or storm water management regulations.

3. PROCEDURES

3.1 The UHS Office of Facilities Planning and Construction (FPC) shall share joint responsibility with the Office of Real Estate Services for enforcement of the requirements of this policy and the terms of the lease agreement. Facilities Planning and Construction shall have primary oversight of the Third-Party’s management and delivery of the Project in accordance with the following:

3.1.1 Facilities Planning and Construction shall review and approve the proposed site location and facility orientation of any Third-Party Construction Project to ensure conformance with the Campus Master Plan. Facilities Planning and Construction shall also check to verify that the proposed project and contract complies with any covenants or declarations attached to the land upon which the project shall be undertaken.

3.1.2 Facilities Planning and Construction shall provide the design standards for Third-Party Construction Projects. Compliance with assigned design standards will be a key element of the Facilities Planning and Construction’s design review approval.

3.1.3 Facilities Planning and Construction shall review the proposed design and construction documents of all Third-Party Construction Projects and shall coordinate reviews by other UHS regulatory authorities at all stages of design and project development, including but not limited to, schematic design, design development, and construction document completion. The project design shall not progress beyond any of the designated milestones until the University’s design review comments for that specific milestone are incorporated into the revised design.

3.1.4 Facilities Planning and Construction shall make the final determination as to whether the proposed Third-Party Construction Project meets the University of Houston System design and construction standards and also whether all other University interests regarding the proposed design have
been satisfied. No project will begin without written approval of the final design by the designated Facilities Planning and Construction project manager.

3.1.5. Facilities Planning and Construction shall issue a written “Notice to Proceed” prior to allowing construction operations to start on any Third-Party Construction Project.

3.1.6. During the construction phase of any Third-Party Construction Project, Facilities Planning and Construction shall act as the “owner’s representative” on behalf of the University and shall participate in the construction oversight of the project.

3.1.7. Facilities Planning and Construction shall ensure the University’s interests are protected regarding, without limitation, the following aspects of the project:

- Coordination with other University organizations;
- Minimizing impact on campus operations and environment;
- Project safety;
- Project quality;
- Site utilities and infrastructure; and
- Construction site storm water management and other regulatory requirements.

3.2 The Third-Party Organization shall at all times be solely and exclusively responsible for designing and constructing the project properly and safely in full compliance with all applicable laws, regulations, ordinances, standards, and other rules, whether federal, state, or local. The University’s role on Third-Party Construction Projects is not to supervise, superintend, inspect, oversee, or direct how the work is done but rather, through Facilities Planning and Construction, to verify that the Third-Party Organization fulfills its duty and contractual obligations to construct the project in a consistent manner and in full compliance with University policies, as well as any local, state, and federal laws and regulations.

3.3 The Third-Party Organization responsible for the project will reimburse Facilities Planning and Construction for the actual cost of the project development, design review, and construction observation work undertaken by Facilities Planning and Construction during performance of the Third-Party Construction Project. Prior to the start of any Third-Party Construction Project, Facilities Planning and Construction will estimate the cost of its work. Based on this estimate, funds to cover Facilities Planning and Construction’s costs must be received from the Third-Party Organization prior to a Notice to Proceed being issued.
3.4 Facilities Planning and Construction may decide to suspend construction operations if problems exist with any of the issues listed above. If such a suspension is issued, the Third-Party Organization shall correct the issue prior to commencing construction operations.

3.5 All real estate transactions associated with Third-Party Construction Projects shall be submitted to the Office of Real Estate Services, and this department is responsible for ensuring that appropriate approvals are obtained for such transactions. This department is also responsible for ensuring appropriate System reviews are undertaken, including but not limited to review by Facilities Planning and Construction, System Office of Risk Management, System Office of Contract Administration, and the UHS Board of Regents.

4. REVIEW AND RESPONSIBILITIES

Responsible Party: Associate Vice Chancellor for Administration

Review: Every three years on or before March 1

4. APPROVAL

Approved: 
Interim Vice Chancellor for Administration and Finance

Chancellor

Date:

5. REFERENCES

System Administrative Memorandum (SAM) 01.B.02 – Selection of Architectural and Engineering Firms
SAM 01.B.05 – Signature Authority for Construction Contracts
SAM 01.B.07 – Facilities Acquisition, Construction, or Renovation
SAM 03.A.05 – Contract Administration
SAM 03.C.03 – Repair and Construction Funds
SAM 03.F.05 – Sale, Lease, Purchase or Conveyance of Real Property
SAM 03.F.08 – Requests for Services from the Office of Real Estate Services
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