SECTION: Fiscal Affairs

AREA: Asset Management

SUBJECT: Sale, Lease, Purchase or Conveyance of Real Property

1. PURPOSE

This administrative memorandum establishes procedures for the sale, lease, purchase or conveyance of real property or any interest in real property.

All real estate services for the University of Houston System component universities are provided exclusively by the Office of Real Estate Services (ORES), which is also responsible for coordinating the real estate activities of the System and its component universities with the various entities that form part of a particular real estate transaction. The UHS Office of Real Estate Services is responsible for ensuring the fulfillment of the requirements for approvals and reporting to the UHS Board of Regents prescribed in Board Policy 55.01.1. In concert with these responsibilities, UHS component universities shall be responsible for timely notification of potential real estate transactions to the UHS Office of Real Estate Services.

2. POLICY

2.1. Real property or any interest in real property shall be sold when it is determined to be in excess of the needs of the University of Houston System or when it is determined to have no value for the purpose for which it was originally intended, or for other purposes deemed to be consistent with System mission and business affairs.

2.2. The System recognizes the fiduciary responsibility to conduct a market analysis and to sell real property at fair market value. Property may be sold for less than fair market value at the discretion of the Board of Regents.

2.3. Board Policy 55.01.1 states that Board approval in an open meeting is required for any contract for the purchase, sale, lease or conveyance of real property, which includes the conveyance of any rights in real property.

3. PROCEDURES

3.1. Two designated appraisals shall be obtained on the real property in order to ascertain a fair market value.

3.2. All sales of real property shall either be competitively bid or listed by ORES with a local realtor. If a transaction involves another public agency or other
circumstances that warrant, the transaction may be negotiated directly between
the parties, if approved by the Interim Vice Chancellor for Administration and
Finance in advance.

3.3. Sales by competitive bidding shall provide for sufficient public notice of the sale,
timely solicitation of sealed bids (when applicable), accurate legal description of
the property or property interest, adequate and convenient time for public
inspection prior to the sale, and a provision for rejection of any and all bids.

3.4. Sale by sealed bid shall be advertised at least one time in at least one newspaper
of general circulation in the county where the property or property interest is
located.

3.5. All sales shall be for cash or bankable equivalent.

3.6. Contracts for sale, lease or conveyance of real property or any interest in real
property shall be reviewed by the Interim Vice Chancellor for Administration and
Finance.

3.7. The lease must provide for an initial term of a specified duration and may include
options to renew for as many terms (each term must be of specified duration) as
the University of Houston System institution considers to be in its best interest.
Consideration should also be given to negotiating an early termination right on the
part of the UH System institution.

3.8. Leases must be reviewed and approved by ORES.

4. ADDITIONAL INFORMATION

4.1 UH System institutions are strongly encouraged to involve ORES in the early
negotiations of all leases. ORES will consult with the institution, at the
institution’s request, on any lease.

4.2. If required, documentation of Board approval shall be submitted with the contract
to General Counsel for review and approval.

4.3. The Chancellor shall execute Board approved contracts for the sale, purchase,
lease, or conveyance of real property or any interest in real property, unless noted
by the Chancellor’s Delegation of Authority.

4.4. Proceeds of the sale shall be allocated for the purposes authorized in the current
operating budget or, if endowed, in accordance with donor specifications.

4.5. If real property received as a gift is sold within three years of the donation, the
System Office of Stewardship shall be notified so the component university and
the donor can file the proper forms with the Internal Revenue Service (IRS).
5. REVIEW AND RESPONSIBILITY

Responsible party: Interim Vice Chancellor for Administration and Finance

Review: Every three years, on or before December 1

6. APPROVAL

Approved: Jim McShan
Interim Vice Chancellor for Administration and Finance

Renu Khator
Chancellor

Date: December 4, 2015

REVISION LOG

<table>
<thead>
<tr>
<th>Revision Number</th>
<th>Approval Date</th>
<th>Description of Changes</th>
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<tbody>
<tr>
<td>1</td>
<td>10/26/1993</td>
<td>Initial issue</td>
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<tr>
<td>2</td>
<td>05/27/2010</td>
<td>Applied revised SAM template to meet current documentation standards. Added other purposes consistent with System mission and business affairs in Section 2.1. Changed Board Policy number from 01.04 to 55.01.01 in Section 2.3. Updated Section 3.2 on transaction negotiation. Changed Vice Chancellor for Administration and Finance to Executive Vice Chancellor for Administration and Finance throughout text. Changed University Counsel to General Counsel throughout text. Added Section 3.10 on the System Office of Stewardship being informed of gifts of real property. Changed review period from annually on or before May 1st to Every three years on or before December 1st. Added Executive Vice Chancellor for Administration and Finance to approval process. Removed Section 5, Indexing Terms</td>
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<td>3</td>
<td>12/04/2015</td>
<td>Applied revised SAM template and added new Revision Log. Changed title from Conveyance of Real Property to Sale, Lease, Purchase or Conveyance or Real Property. Added information to Section 1 about the responsibilities of the Office of Real Estate Services (ORES). Added lease of real property to Section 2.3. Added Section 3.7 on leases including options to renew and termination rights. Removed original Section 3.8, and added Section 3.8 on requirement for ORES to review and approve leases. Added Section 4.0, Additional Information. Added Section 4.1 on involving ORES early in negotiation of all leases, and Section 4.2 on possible requirement for General Counsel to review and approve documentation and contract for Board approval. Updated Section 4.3 with information on deviation from Chancellor executing Board approved contracts unless noted by the Chancellor’s Delegation of Authority</td>
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