

UNIVERSITY OF HOUSTON SYSTEM



Space Lease Agreement

1. **PARTIES:**

This Lease Agreement ("Lease") is made effective on _____ by:

a. **LESSOR**, _____

Address: _____

County: _____, Texas

Phone: _____ Fax: _____

Contact Person: _____

b. **LESSEE**, The Board of Regents of the University of Houston System, for the use and benefit of _____ [name of component]

Address: _____

County: _____, Texas

Phone: _____ Fax: _____

Contact Person: _____

In consideration of the mutual covenants and conditions herein contained, Lessor and Lessee agree as follows:

2. **PROPERTY LEASED:**

Lessor hereby leases unto Lessee, the following prescribed land and improvements thereon ("Leased Premises") or ("Premises"):

Square feet of net usable space _____ (more fully shown on site plan and floor plan attached as **Exhibit "A"**) located in the Building ("Building") located at _____ [Street Address] in the City of _____, _____ County, Texas.

[Enter a brief legal description of the Leased Premises below and a complete legal description attached as **Exhibit "B"**.]

Lessee has a non-exclusive right to use all common areas ("Common Areas") of Building, related improvements, and the land where Premises are situated. Lessee also has the right to use all parking, roadways, sidewalks, and other improvements appurtenant to Building, unless otherwise limited herein. Lessor will also furnish the following requirements related to the Premises: _____

and any additional requirements, all as set out and described more fully in Exhibit "C" attached hereto. [Include here and on **Exhibit "C"**, all finish-out obligations of Lessor, and special utilities or space needs.]

3. **MONTHLY RENTAL:**

Lessee will pay Lessor a rental of not more than \$_____ per month during the term of this Lease. All additions or deletions of net usable space to this Lease will be based upon a charge of _____ cents [pro rata or other] per square foot per month. Lessor must

submit monthly statements for rent to Lessee. Lessee will pay monthly rentals in advance on the 5th day of the month for which rentals are due, or within 25 days thereafter without penalty. If this Lease is terminated for any reason, rental will be prorated through the day of termination and any sums deposited by Lessee with Lessor shall be refunded to Lessee within 10 days after notice of termination.

4. **TERMS OF THE LEASE:**

- a. Initial Term. The initial term of this Lease is _____ months commencing on _____ (“Commencement Date”) and ending at 5 p.m. on _____ unless sooner terminated as hereinafter provided. [The term of this Lease cannot exceed 10 years.]
- b. Renewal of Term. Lessee, at its option, may renew this Lease for _____ renewal periods of _____ year(s) [no renewal period shall exceed 10 years] upon the terms and conditions herein stated. To renew this Lease, Lessee must give written notice to Lessor no later than 30 days prior to the termination date of the initial term or any then-current renewal period.
- c. Funding Contingency. This Lease contract is made in accordance with the authority delegated by the General Service Commission under Section 2167, Texas Government Code, and Title 1, Texas Administrative Code §115.40, and is contingent upon continuation of federally funded programs and availability of funds other than appropriations from the general revenue fund of the State of Texas to cover the full term and cost of this Lease. Pursuant to the provisions of this statute, if federal funds, or funds other than appropriations from the general revenue fund of the State of Texas become unavailable, Lessee shall have the right to terminate this Lease, upon written notice to Lessor.
- d. Accessibility Inspection. Lessor and Lessee acknowledge that the Premises are subject to Article 9102, Texas Civil Statutes, concerning accessibility for the disabled, and agree to comply with the requirements thereof, including the following:
 - (1) The Texas Department of Licensing and Regulation (“TDLR”) is required to perform an on-site inspection of the Premises, before occupancy by Lessee, to ensure compliance with the standards and specifications adopted by TDLR (Title 16, Texas Administrative Code, Chapter 68) under authority of Article 9102.
 - (2) If inspection by TDLR discloses any condition not in compliance with TDLR accessibility standards and specifications, Lessee shall have a right to cancel and shall cancel this Lease, unless Lessor corrects noncomplying conditions no later than the 60th day after TDLR delivers the inspection results to Lessor or its agent, or by a later date set by TDLR, if circumstances justify a later compliance date.

Lessor and Lessee shall provide to TDLR all necessary cooperation and information concerning inspection of the Premises and any corrective action required. Lessee shall pay any fees charged by TDLR for its inspection of the Premises under Article 9102. Cancellation of the Lease for noncompliance with TDLR accessibility standards shall be effective on written notice to Lessor, and shall not subject Lessee to any claim by Lessor for damages or liability arising therefrom, which are hereby expressly waived by Lessor.

- e. Delayed Occupancy. If Lessor is unable to give Lessee possession of the Premises on Commencement Date for any reason, Lessee may terminate this Lease and seek other leased space. Except as provided in Paragraph 4.c, Lessee may not terminate the Lease if the delay of occupancy is caused by Lessee, or by conditions beyond Lessor’s control, such as strikes, lockouts, fire, unusual delay in transportation, unavoidable casualties, inclement weather, or any cause beyond Lessor’s control that constitutes a justifiable delay. If occupancy of the Premises will be delayed beyond Commencement Date for any reason, Lessor shall give Lessee immediate written notice of the cause for delay and the date the Premises will be ready for occupancy. If occupancy of the Premises is delayed

for any reason, justified or not, this Lease shall not remain in effect, without full occupancy by Lessee, for more than 120 days following Commencement Date, and shall automatically terminate at the end of the 120-day period. If termination occurs under this paragraph, Lessor will be liable in damages for any rents Lessee pays for other leased space substantially equal to the Premises and for any other related losses sustained by Lessee.

Lessee is not obligated to pay rent and other sums under this Lease until the Premises are available to Lessee for full occupancy. The Lease term will be extended due to delays in occupancy unless Lessee chooses not to extend the term by giving notice to Lessor in writing within 15 days after Lessee receives written notice from Lessor of the delay.

5. **GENERAL TERMS AND CONDITIONS:**

- a. Utilities. Lessor must furnish at Lessor's costs all customary and necessary utilities to the Premises, including but not limited to, electricity, water, gas, heat, and air conditioning.
- b. Additional Space. If Lessee requests additional space during the term of this Lease, Lessor shall furnish the space requested by Lessee, if available, adjacent to the Premises, at a rental not more than the monthly cost per square foot shown in Paragraph 3 above, and for a term concurrent with the balance of the term of this Lease. If Lessor and Lessee agree that market conditions have changed since Commencement Date, or the start of any renewal period then in effect, the monthly cost per square foot applicable to the space to be added may be adjusted by mutual agreement, to reflect then-current market conditions. Lessor shall furnish to the additional space all services furnished by Lessor to the Premises. A lease of additional space must be evidenced in a separate writing or a written amendment to this Lease and signed by both parties.
- c. Taxes and Maintenance. Lessor must pay all taxes and governmental charges of whatever nature, now or subsequently levied and assessed on or against the Premises during the term of the Lease by any governmental or government related entity. Lessor must keep the Premises, the Building, and all appurtenant improvements in good repair and condition during the term of this Lease. Lessor's obligation to maintain includes, without limitation, the following services:

Repair and patch wall, ceiling, door, and floor surfaces; painting as needed; replacement of broken window glass; repair of window shades, blinds and/or drapes, fasteners and sash cord or chains; roof and ceiling leaks; building exterior, interior; plumbing, heating, air conditioning and ventilating equipment; fire protection equipment; miscellaneous valves; woodwork, locks, floor surface and coverings; light fixtures, and the replacement of all defective or burned-out light bulbs, fluorescent tubes, ballasts and starters; maintenance and repair of driveways, parking areas, and sidewalks.

If Lessor does not maintain the Premises and all appurtenances thereto in reasonably good repair, reasonable wear and tear excepted, Lessee shall notify Lessor in accordance with Paragraph 5.x. If, within 10 days after Lessee gives notice, Lessor has not repaired any defects as requested, or fails to promptly take all reasonable and necessary actions to effect such repairs, and thereafter work diligently and without unnecessary delays toward timely completion of repairs, then Lessor will be in default under the terms of this Lease and Lessee may take action in accordance with Paragraph 5.n. Any repairs related to safety of Lessee's employees and property, such as broken locks, doors, windows, and other defects creating security or health risks, shall be completed by Lessor as quickly as possible after oral or written notice. Lessee has a right to make emergency repairs, if necessary, and is entitled to offset the costs of repairs against rents.

- d. Use of Premises. Lessee may use the Premises only for purposes related to the operation of an institution of higher education, including but not limited to offices, laboratories,

- e. Non-Disturbance. During the term of this Lease, Lessor must not rent, lease or otherwise furnish space in the Building or adjacent buildings under its control to any enterprise which, in the usual exercise of business, could be expected to create noise or odors injurious or disruptive to Lessee's normal activities.
- f. Quiet Enjoyment and Assurance of Title. Lessor warrants and represents that it has good and sufficient title to the Leased Premises, and has full power and authority to execute this Lease and to place Lessee in possession of the Premises in full satisfaction of and compliance with the terms and conditions herein. Lessor may not impose upon Lessee any requirements of other legal instruments related to these Premises not referred to herein or made a part hereof. Lessor warrants and defends unto Lessee, Lessee's possession against the claims of all persons to the leasehold interests of the Lessee. Any person or entity executing this Lease as agent for Lessor must attach to this Lease evidence of authority to act in the capacity shown, sufficient to satisfy Lessee.
- g. No Conflict. Lessor warrants that the proposed operations of the Lessee on the Premises are not in violation of any city ordinance or statute or any restriction imposed against the Premises and that Lessor will indemnify Lessee for any direct or indirect loss sustained by Lessee as a result of the existence of a restriction, ordinance, or statute.
- h. Improvements and Alterations by Lessee. After Commencement Date, Lessee, at its sole cost and expense, has the right to install within the Premises any fixtures, equipment, facilities, and other improvements required by Lessee for conduct of Lessee's business on the Premises. But Lessee may not use the Premises for any purpose except as stated in Paragraph 5.d, or make a major alteration or physical addition in or to the Premises, without Lessor's prior written consent. Lessee shall not install, without written consent from Lessor, any devices in the Premises that create an unusually heavy load on floors, or require unusual demand for electrical power. On termination of the Lease, by lapse of time or otherwise, Lessee at its option and expense may remove from the Premises all improvements, equipment, appliances or other property owned by it. Lessee shall deliver the Premises to Lessor in good order and condition, and will make reasonable repairs as necessitated by removal of Lessee's property. Lessee will have no liability for damages from reasonable use, ordinary wear and tear, depreciation, destruction by fire or the elements or unavoidable casualty. Any holding over by Lessee after expiration of the Lease term shall be on a month-to-month basis and all other terms of this Lease shall continue to apply during any holdover period.
- i. Signs. Lessee may install any signs desired by Lessee to indicate Lessee's name, location, and purpose. But all signs must be prepared and installed in conformity with Lessor's rules and regulations and must be consistent with Building decor. Any special signage requirements of Lessee contrary to the above must be mutually agreed in writing.
- j. Condemnation. If during the term of this Lease, the Premises, or any portion thereof, is condemned for any public purpose, Lessee may terminate this Lease upon 30 days notice to Lessor. Lessee is entitled to receive an award for the fair market value of its leasehold interest upon any condemnation.
- k. Destruction of Premises. If the Premises, during the term of this Lease or prior to Commencement Date, are damaged by fire or any other cause or causes, Lessor shall repair the Premises, within 30 days after the damage. During repair, if the Premises cannot be fully utilized by Lessee, rent due hereunder may be at Lessee's option either proportionately reduced or withheld in accord with the degree of non-use. But, if the Premises are so damaged that they are unfit for occupancy, then from the date of damage, this Lease shall be void; and rent and other obligations hereunder shall be due and payable only to the date of the damage. If Lessor has available other space that meets Lessee's needs and Lessor offers the space to Lessee, then Lessee may, at its option, occupy that space under the same terms and conditions of this Lease, otherwise Lessee is free to contract for space elsewhere.

1. Assignment. Lessee may assign or sublet its rights under this Lease to any related entity or agency of State government to occupy all or any part of the Leased Premises. Lessee may not assign or sublet all or any part of the Leased Premises to any private parties without prior written approval of Lessor, which must not be unreasonably withheld or delayed.
- m. Default of Lessee. If Lessee fails to pay rentals or other charges hereunder or otherwise fails to perform its obligations hereunder and this failure is not cured within 30 days after written notice from Lessor to Lessee of such failure, then Lessee is in default, and Lessor may terminate this Lease and may enter and take possession of Premises, and will have the remedies now or hereafter provided by law for recovery of rent, repossession of Premises and damages occasioned by Lessee's default. The dispute resolution provisions of Paragraph 5.y will apply in the event of default by Lessee.
- n. Default of Lessor. If Lessor fails to perform any of the obligations imposed upon Lessor by this Lease or by law, and this failure is not cured within 30 days after written notice from Lessee, then Lessor is in default and Lessee may terminate this Lease, and Lessee will have the remedies now or hereafter provided by law for recovery of damages occasioned by Lessor's default. The dispute resolution provisions of Paragraph 5.y will apply in the event of default by Lessor. In lieu of a formal declaration of termination for default as provided above, and in "special cases," Lessee may withhold payment of rent from Lessor until Lessor's default has been cured. "Special Cases" include situations wherein the violations of this Lease create an emergency situation and threaten Lessee's ability to use the Premises for State purposes. Lessee may correct all or any part of Lessor's violations and offset the cost of corrective actions against rentals. These extraordinary remedies will only be undertaken in the best interest of the State when a relocation following termination would be disruptive to Lessee and detrimental to its statutory functions.
- o. Hazardous Substances. Lessor warrants and represents that any use, storage, treatment, or transportation of Hazardous Substances that has occurred in or on the Premises prior to Commencement Date of this Lease has been in compliance with all applicable federal, state, and local laws, regulations, and ordinances. Lessor additionally warrants and represents that no release, leak, discharge, spill, disposal, or emission of Hazardous Substances has occurred in, on, or under the Premises, and that the Premises are free of Hazardous Substances as of Commencement Date.

Lessor shall indemnify Lessee from any and all claims, damages, fines, judgments, penalties, costs, liabilities, or losses (including, without limitation, any and all sums paid for settlement of claims and for fees of attorneys, consultants, and experts) arising during or after the Lease term from or in connection with the presence or suspected presence of Hazardous Substances in or on the Premises, unless the Hazardous Substances are present solely as a result of negligence, willful misconduct, or other acts of Lessee or Lessee's agents, employees, contractors, or invitees. Without limitation of the foregoing, this indemnification includes any and all costs incurred due to any investigation of the site or any cleanup, removal, or restoration mandated by a federal, state, or local agency or political subdivision, unless the Hazardous Substances are present solely as a result of negligence, willful misconduct, or other acts of Lessee, Lessee's agents, employees, contractors, or invitees. This indemnification shall specifically include any and all costs due to Hazardous Substances that flow, diffuse, migrate, or percolate into, onto, or under the Premises after the Lease term commences.

As used herein, "Hazardous Substance" means any substance that is toxic, ignitable, reactive, or corrosive and that is regulated by any local government, the State of Texas, or the United States Government. "Hazardous Substance" includes any and all material or substances that are defined as "hazardous waste," "extremely hazardous waste," or a "hazardous substance" pursuant to state, federal, or local governmental law. "Hazardous Substance" includes but is not restricted to asbestos, polychlorobiphenyls ("PCBs"), solvents, pesticides, and petroleum.

- p. Insurance. At all times during the Lease term, Lessor must maintain a policy of fire and extended coverage insurance, issued by and bonded upon an insurance company licensed

in the State of Texas, covering the Leased Premises and leasehold improvements (exclusive of contents), in an amount equal to not less than 80% percent of the replacement cost thereof. Lessee shall have no interest in the policy or policy proceeds and Lessor shall not be obligated to insure any furnishings, equipment, trade fixtures, or other personal property which Lessee may place or cause to be placed upon the Leased Premises. Lessor must also maintain a policy or policies of comprehensive general liability insurance insuring Lessor against loss of life, bodily injury and/or property damage with respect to Common Areas, operation of the Building, parking lots and other improvements associated with the land upon which the Leased Premises are located, and any other losses caused by or related to the duties and obligations of Lessor under this Lease.

Lessor acknowledges that, because Lessee is an agency of the State of Texas, liability for the tortious conduct of the agents and employees of Lessee (other than medical liability of medical staff physicians) or for injuries caused by conditions of tangible state property is provided for solely by the provisions of the Texas Tort Claims Act (Texas Civil Practice and Remedies Code, Chapters 101 and 104), and that Workers' Compensation Insurance coverage for employees of Lessee is provided by Lessee as mandated by the provisions of Texas Labor Code, Chapter 503. Lessor further acknowledges that State agencies are prohibited, by the General Appropriations Act, from expending any funds appropriated by that Act for purchasing policies of insurance covering claims arising under the Texas Tort Claims Act. Lessee shall therefore have no obligation under this Lease to purchase policies of insurance which cover claims arising under the Texas Tort Claims Act. No insurance carrier of either party shall have a right of subrogation against the other party to this Lease.

- q. Compliance with Laws. Lessor shall maintain the Building and all appurtenant improvements in compliance with all applicable Federal, State, municipal or other laws, ordinances, rules and regulations, including, without limitation, the Americans with Disabilities Act of 1990 (Public Law 101-336), Article 9102, Texas Civil Statutes, and the administrative rules and regulations adopted by the Texas Department of Licensing and Regulation (Title 16, Texas Administrative Code, Chapter 68) under authority of Article 9102, as amended from time to time.
- r. Waiver. Failure by Lessee or Lessor to insist in any one or more instances on a strict performance of any of the provisions of this Lease shall not constitute a waiver or relinquishment of the right to enforce the provisions in future instances, but this right shall continue and remain in full force and effect.
- s. Binding on Successors. This Lease and each and all of its covenants, obligations and conditions hereof shall inure to the benefit of and be binding upon the heirs, personal representatives, successors and assigns of Lessor, and the successors and assignees of Lessee.
- t. Effective Date and Amendments. This Lease is effective as of the date of execution by the last to sign of the Lessor and Lessee. All proposals, negotiations, notices, and representations with reference to matters covered by this Lease are merged in this instrument and no amendment or modification of this instrument shall be valid unless evidenced in writing and signed by authorized representatives of Lessor and Lessee.
- u. Lessor's Rules and Regulations. Lessee will abide by all reasonable rules promulgated by Lessor for the proper operation of the Leased Premises and the Building which do not unreasonably interfere with Lessee's use of the Premises and are equally applicable to all Building lessees. Any rule promulgated by Lessor after Commencement Date shall be effective as to Lessee no earlier than 30 days after Lessee has received a written copy of the rule.
- v. Texas Law. This Lease has been prepared, is being executed and delivered, and it is intended to be performed in the State of Texas, and the substance of laws of Texas as well as the applicable Federal laws of the United States of America shall govern the validity, construction, and enforceability of this Lease.

- w. Entirety. This Lease embodies the entire agreement between the parties and supersedes all prior agreements and understandings, if any, relating to the subject matter hereof.
- x. Notice. Any notice required or permitted to be delivered under this Lease shall be deemed received when sent by United States mail, postage prepaid, certified mail, return receipt requested, addressed to Lessor or Lessee, as the case may be, at the address stated in Paragraph 1 and to Lessor's and Lessee's attorneys or agents as set forth below:

Lessor's Representative:

Lessee's Attorney:

Office of the General Counsel
 University of Houston System
 4800 Calhoun Street, Suite 212
 Houston, TX 77204-2162

with a copy to:

with a copy to: [VP for Administration & Finance of UH Component]

and with a copy to:

and with a copy to:

Dr. John Rudley
 Vice Chancellor, Administration & Finance
 University of Houston System
 4800 Calhoun Street
 Houston, Texas 77204-2162

- y. Dispute Resolution Provisions. If at any time there is a dispute between Lessor and Lessee regarding this Lease and the performance hereunder, the parties will, within 10 days following mailing of written notice of a dispute, engage in face-to-face negotiations in an attempt to resolve the dispute and shall, upon failing to negotiate a resolution, choose a mutually agreeable third party neutral, who shall mediate the dispute between the parties. The mediator shall be a person qualified under the Texas Alternative Dispute Resolution Procedures Act and shall be appointed by a state district judge or the American Arbitration Association if the parties are unable to agree upon a qualified person. Mediation shall be non-binding and shall be confidential. The parties shall refrain from court proceedings during the mediation process insofar as they can do so without prejudicing their legal rights. The parties shall participate in good faith in accordance with the recommendations of the mediator and shall follow the procedures for mediation as suggested by the mediator. All expenses of mediation except expenses of the individual parties, shall be shared equally by the parties. Each party shall be represented in the mediation by a person with authority to settle the dispute. If the parties are unable to resolve the dispute in mediation, then the default remedy provisions of Paragraphs 5.m and 5.n above shall be applicable. In no case shall the provisions of this Paragraph delay any other time periods set forth in this Lease except by the written agreement of the parties. This Lease is effective as of the year and date first above written.

LESSEE:

Board of Regents of the University of Houston
System for the use and benefit of:

Signature _____ Date _____
Name: _____
Title: _____

LESSOR:

Signature _____ Date _____
Name: _____
Title: _____

State of Texas
County of _____

State of Texas
County of _____

This instrument was acknowledged and sworn
before me on the _____ day of _____
20____, by _____,
on behalf of the Board of Regents
of The University of Houston System.

This instrument was acknowledged and sworn
before me on the _____ day of _____
20____, by _____,
on behalf of _____,
Lessor.

Notary Public, State of Texas

Notary Public, State of Texas

Note: Modification of this Form requires approval of OGC

UNIVERSITY OF HOUSTON SYSTEM

Exhibit "A" to the University of Houston System Space Lease Agreement



Site Plan and Floor Plan of Leased Space:

UNIVERSITY OF HOUSTON SYSTEM

Exhibit "B" to the University of Houston System Space Lease Agreement



Legal Description of the Leased Premises:

UNIVERSITY OF HOUSTON SYSTEM

Exhibit "C" to the University of Houston System Space Lease Agreement



Description of **Finish-out Improvements** and **Special Services** (including parking) to be provided to the Leased Space:

1. **Finish-out Improvements:**

2. **Special Services Including Parking:**