UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Finance and Administration

ITEM: Approval is requested to delegate the authority to the Chancellor to negotiate and execute contracts associated with the sale of approximately 22.7 acres of land with improvements located in Ingleside, Texas.

DATE PREVIOUSLY SUBMITTED: N/A

SUMMARY: Approval is requested to delegate the authority to the Chancellor to negotiate and execute contracts associated with the sale of approximately 22.7 acres of land, including improvements, located in Ingleside, Texas. This land includes two tracts. The largest tract of 12.88 acres is on the west side of FM 1069 with a 1,670 linear foot bulkhead fronting on the Jewell Fulton Canal.

This property was a gift to University of Houston System from BP America made in April 2009. Sale will be subject to receiving bids exceeding appraised value.

FISCAL NOTE: Property will be professionally marketed for sale at current market value.

SUPPORTING DOCUMENTATION: Gift Deeds and May 2009 Appraisal by Dugger, Cannady, Grafe, Inc. and Site Maps

ACTION REQUESTED: Administration recommends approval of this item

COMPONENT: University of Houston System

EXECUTIVE VICE CHANCELLOR

Carl Carlucci 1/30/2012

CHANCELLOR

Renu Khator 1/31/12

02/15/12
CONSENT DOCKET – F&A-S137
This Gift Deed ("Deed") is executed effective April 1st, 2009 ("Effective Date"), by and between BP AMERICA PRODUCTION COMPANY ("Grantor"), a Delaware corporation, whose mailing address is P. O. Box 3092, Houston, Texas 77253, and the University of Houston System ("Grantee"), whose mailing address is 4800 Calhoun Road, Houston, Texas 77204.

Grantor hereby gifts, grants and conveys to Grantee all of Grantor’s title, right, title and interest in and to the real property described in the attached Exhibit A ("Property") situated in San Patricio County, Texas, and Nueces County, Texas, to have and to hold the Property, together with all and singular the rights and appurtenances thereto in any wise belonging unto Grantee, its successors and assigns, forever, and the Grantor hereby binds itself, its successors and assigns, to warrant and forever defend all and singular the Property unto Grantee, its successors and assigns, against every person whomsoever, lawfully claiming or to claim the same, or any part thereof by, through, or under Grantor, but not otherwise.

Grantor represents that as of the Effective Date of this Deed, all applicable taxes that are owed and due on the Property have been paid by Grantor to the applicable taxing agency/entity. Upon the Effective Date of this Deed, Grantee agrees that, if required by law to do so, Grantee will timely advise the applicable taxing agency/entity of the change in ownership of the Property to Grantee. This conveyance is made as a gift as a charitable contribution under applicable income tax laws and regulations without any consideration by Grantee to Grantor and is made and accepted SUBJECT TO any and all easements, rights of way, and prescriptive rights, whether of record or not; all restrictions, reservations, covenants, conditions, oil and gas leases, mineral severances and other encumbrances, if any, shown of record; rights of adjoining owners in any walls and fences situated on a common boundary; any discrepancies, conflicts, or shortages in area or boundary lines; any encroachments or overlapping of improvements but only to the extent that the foregoing are still in effect.

This donation is subject to the following restrictions and/or conditions, and to no others:

Description of restrictions/conditions:
The Property shall only be used for activities related to renewable energy, such activities to be conducted either by Grantee individually or conducted by Grantee in collaboration with public, private, non-profit or other entity(ies) ("Intended Use"). Grantor and Grantee agree that the Property shall only be required to be used for the Intended Use for the shorter of the following periods: three (3) years from the Effective Date of this Deed, or the time that the Property is owned by Grantee. This restriction does not prohibit the Property from being sold by the Grantee to any entity, public, non-profit, or private, for any and all purposes.

TO THE MAXIMUM EXTENT PERMITTED BY LAW, AND SUBJECT TO THE ABOVE EXPRESSED PROVISIONS OF THIS DEED, GRANTEE IS ACCEPTING THE PROPERTY IN AN "AS IS, WHERE IS," CONDITION "WITH ALL FAULTS" AND SPECIFICALLY AND EXPRESSLY WITHOUT ANY WARRANTIES, REPRESENTATIONS OR GUARANTEES, OF ANY KIND, ORAL OR WRITTEN, EXPRESS, IMPLIED, OR STATUTORY, FROM OR

02/15/12
CONSENT DOCKET – F&A-S138
ON BEHALF OF THE GRANTOR, CONCERNING THE PROPERTY OR THIS DEED. WITHOUT LIMITING THE FOREGOING, GRANTOR HAS NOT, DOES NOT, AND WILL NOT MAKE ANY REPRESENTATIONS OR WARRANTIES WITH REGARD TO COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS (COLLECTIVELY REFERRED TO AS "ENVIRONMENTAL REQUIREMENTS"). "ENVIRONMENTAL REQUIREMENTS" ARE FURTHER IDENTIFIED TO INCLUDE, BUT ARE NOT LIMITED TO: 1) COMPLIANCE WITH ALL FEDERAL, STATE, AND LOCAL STATUTES, LAWS, RULES, ORDERS, AND REGULATIONS PERTAINING TO A) THE PROTECTION, MAINTENANCE AND USE OF THE AIR, SOIL, SURFACE WATER, GROUNDWATER, AND VEGETATION, INCLUDING, WITHOUT LIMITATION, THE CLEAN WATER ACT (33 U.S.C. SECTION 466 ET SEQ.), THE SAFE DRINKING WATER ACT (14 U.S.C. SECTIONS 1401-1450), THE HAZARDOUS MATERIALS TRANSPORTATION ACT (49 U.S.C. SECTION 1801 ET SEQ.), AND THE TOXIC SUBSTANCE CONTROL ACT (15 U.S.C. SECTIONS 2601-2629), AND B) THE HANDLING, GENERATING, TREATING, STORING OR DISPOSING OF ANY HAZARDOUS WASTES OR SUBSTANCES, INCLUDING, WITHOUT LIMITATION, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT (42 U.S.C. SECTION 9601, ET SEQ.) AND THE RESOURCE CONSERVATION AND RECOVERY ACT (42 U.S.C. SECTION 6901, ET SEQ.), AND 2) THE AVOIDANCE OF TORTIOUS ACTS APPLICABLE TO THE DEGRADATION OR ALTERATION OF THE AIR, SOIL, SURFACE WATER, GROUNDWATER AND VEGETATION. ACCORDINGLY, GRANTOR HEREBY SPECIFICALLY DISCLAIMS ANY WARRANTY, GUARANTEE, OR REPRESENTATION, ORAL OR WRITTEN, PAST, PRESENT, OR FUTURE, OF, AS TO, OR CONCERNING: 1) THE NATURE AND CONDITION OF THE PROPERTY AND SURROUNDING AREA, INCLUDING, WITHOUT LIMITATION, THE SOIL, SURFACE WATER, AND GROUNDWATER AND THE SUITABILITY THEREOF FOR ANY AND ALL ACTIVITIES AND USES WHICH GRANTEE MAY ELECT TO CONDUCT ON THE PROPERTY, 2) EXISTENCE OR NON-EXISTENCE OF ANY ENVIRONMENTAL HAZARDS OR CONDITIONS ON THE PROPERTY OR SURROUNDING AREA, AND 3) COMPLIANCE OF THE PROPERTY OR SURROUNDING AREA OR OPERATIONS THEREON WITH ALL APPLICABLE LAWS, ORDINANCES, RULES, AND REQUIREMENTS OF ANY GOVERNMENT OR OTHER BODY, INCLUDING ALL "ENVIRONMENTAL REQUIREMENTS." SUBJECT TO THE ABOVE EXPRESSED PROVISIONS OF THIS DEED, AND WITHOUT WAIVING ANY RIGHTS THAT IT MAY POSSESS PURSUANT TO FEDERAL AND STATE LAW, GRANTEE EXPRESSLY ACKNOWLEDGES THAT, IN CONSIDERATION OF THE AGREEMENTS OF THE GRANTOR HEREIN, GRANTOR MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF CONDITION, HABITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR COMPLIANCE WITH "ENVIRONMENTAL REQUIREMENTS", WITH RESPECT TO THE PROPERTY OR SURROUNDING AREA.

GRANTEE WARRANTS THAT IT HAS INSPECTED THE PROPERTY AND SURROUNDING AREA AND IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY TO DETERMINE THE CONDITION OF THE PROPERTY AND

02/15/12
CONSENT DOCKET – F&A-S139
SURROUNDING AREA, AND NOT ON ANY INFORMATION PROVIDED BY GRANTOR. GRANTEE ACKNOWLEDGES THAT ALL INFORMATION PROVIDED BY GRANTOR WITH RESPECT TO THE PROPERTY AND SURROUNDING AREA HAS BEEN FURNISHED AS A CONVENIENCE ONLY TO GRANTEE AND THAT GRANTOR MAKES NO WARRANTIES AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. GRANTEE FURTHER ACKNOWLEDGES THAT THE PROPERTY AND SURROUNDING AREA MAY HAVE BEEN USED FOR THE PURPOSE OF EXPLORATION, DEVELOPMENT, PRODUCTION, AND TRANSPORTATION OF HYDROCARBONS AND/OR PRODUCED WATER. THIS USE MAY HAVE INCLUDED, WITHOUT LIMITATION, THE INSTALLATION OF UNDERGROUND PIPELINES AND THE EXCAVATION AND USE OF RESERVE AND WORKOVER PITS. HISTORICAL FILE INFORMATION AND RECORDS OF THE TEXAS RAILROAD COMMISSION ARE, TO THE BEST OF GRANTOR’S KNOWLEDGE, AVAILABLE TO GRANTEE REGARDING EXPLORATION AND PRODUCTION ACTIVITIES ON THE PROPERTY AND SURROUNDING AREA.

Executed on the date(s) shown in the acknowledgments below, but effective as of the date first above written.

Grantor:

BP AMERICA PRODUCTION COMPANY

By: [Signature]

Name: [Name]

Its Attorney-in-Fact

Grantee:

UNIVERSITY OF HOUSTON SYSTEM

By: ________________________________

Name: ________________________________

Title: ________________________________

02/15/12
CONSENT DOCKET – F&A-S140
ACKNOWLEDGEMENTS

THE STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me this ___ day of __________, 2009, by Melanie B. Bell, as Attorney-in-Fact for BP AMERICA PRODUCTION COMPANY, a Delaware corporation, on behalf of said corporation.

Valerie Vescio Holeman
Notary Public, State of Texas

My Commission Expires:

August 01, 2010

STATE OF TEXAS §

COUNTY OF ______ §

This instrument was acknowledged before me this ___ day of __________, 2009, by ______________, ______________ for the University of Houston System, on behalf of said ______________.

_______________
Notary Public, State of Texas

My Commission Expires:

02/15/12
CONSENT DOCKET – F&A-S141
SURROUNDING AREA, AND NOT ON ANY INFORMATION PROVIDED BY GRANTOR. GRANTEE ACKNOWLEDGES THAT ALL INFORMATION PROVIDED BY GRANTOR WITH RESPECT TO THE PROPERTY AND SURROUNDING AREA HAS BEEN FURNISHED AS A CONVENIENCE ONLY TO GRANTEE AND THAT GRANTOR MAKES NO WARRANTIES AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. GRANTEE FURTHER ACKNOWLEDGES THAT THE PROPERTY AND SURROUNDING AREA MAY HAVE BEEN USED FOR THE PURPOSE OF EXPLORATION, DEVELOPMENT, PRODUCTION, AND TRANSPORTATION OF HYDROCARBONS AND/OR PRODUCED WATER. THIS USE MAY HAVE INCLUDED, WITHOUT LIMITATION, THE INSTALLATION OF UNDERGROUND PIPELINES AND THE EXCAVATION AND USE OF RESERVE AND WORKOVER PITS. HISTORICAL FILE INFORMATION AND RECORDS OF THE TEXAS RAILROAD COMMISSION ARE, TO THE BEST OF GRANTOR’S KNOWLEDGE, AVAILABLE TO GRANTEE REGARDING EXPLORATION AND PRODUCTION ACTIVITIES ON THE PROPERTY AND SURROUNDING AREA.

Executed on the date(s) shown in the acknowledgments below, but effective as of the date first above written.

Grantor:

BP AMERICA PRODUCTION COMPANY

By: ______________________

Name: ____________________

Its Attorney-in-Fact

Grantee:

UNIVERSITY OF HOUSTON SYSTEM

By: Renu Khator

Name: Renu Khator

Title: Chancellor, University of Houston System

APPROVED AS TO FORM BY:

OFFICE OF THE GENERAL COUNSEL
UNIVERSITY OF HOUSTON SYSTEM

02/15/12
CONSENT DOCKET – F&A-S142
ACKNOWLEDGEMENTS

THE STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me this ___ day of ____________, 2009, by ______________________, as Attorney-in-Fact for BP AMERICA PRODUCTION COMPANY, a Delaware corporation, on behalf of said corporation.

____________________________
Notary Public, State of Texas

My Commission Expires:

____________________________

STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me this 24th day of April, 2009, by Professor, Chancellor for the University of Houston System, on behalf of the University of Houston System.

____________________________
Notary Public, State of Texas

My Commission Expires:

July 26, 2010

02/15/12
CONSENT DOCKET – F&A-S143
TRACT ONE: 12.88 acres of land, more or less, and being out of the F. T. WILLIAMSON Survey, A-295, San Patricio County, Texas, and being parts of that certain submerged lands patented to the Nueces County Navigation District No. 1 dated 31 July 1951 and being of record in Volume 522, Page 201 of the Deed Records of Nueces County, Texas; and some 12.88 acres being all or parts of Lots 1 through and including 6, Block 1; all of Lots 1 and 2, Block 2; and part of Block 3 MARINA HEIGHTS ADDITION, San Patricio County, Texas; Lots Seven and Eight (7 & 8), Block One (1) MARINA HEIGHTS ADDITION, San Patricio County, Texas; and the most northerly 50.0 feet of Tract 10, block "A" of CARUTHERS COVE as shown on map or plat of same of record in Volume 4, Page 31 of the Map Records of San Patricio County, Texas; and described by metes and bounds as follows, to-wit:

BEGINNING at a 3/4 inch iron rod (replaced with a 2 inch iron pipe, lead capped, and marked "Prop. Cor.") found at the northeast corner of a 1.841 acre tract (said tract described in deed Volume 592, Page 416 et seq Deed Records of San Patricio County, Texas), same being the southeast corner of a 1.859 acre tract described in Deed dated 16 December 1978 to Lamar Fuller (North Shore Boat Works) from Vida Lee Conner Little and Dolores Brown recorded in Volume 600, Page 99 et seq Deed Records of San Patricio County, Texas, in the western right-of-way line of Farm-to-Market Highway #1059:

THENCE, with the eastern line of the tract herein described and the western right-of-way line of said Farm-to-Market Highway #1059, S 15° 30' 27" W, at 652.27 feet pass a 3/4 inch iron rod (found in place) at the southeast corner of said 9.841 acre tract, being the southeast corner of said Marine Heights Addition and the northeast corner of Tract #10, Block "A" Caruthers Cove Subdivision; in all a total distance of 702.27 feet to a point for the southeast corner of this tract, same being the northeast corner of that certain 5.782 acre tract conveyed by Ingleside Marine, Inc. to Milchem Incorporated by Deed dated 28 December 1978 and being of record in Volume 600, Page 424 of the Deed Records of San Patricio County, Texas;

THENCE, with the north line of said Milchem Incorporated tract, S 87° 30' 27" W, 711.76 feet to an angle point in said north line;

THENCE, continuing with the north line of said Milchem Incorporated tract, N 58° 34' 56" W, 320.66 feet to a point in the west line of the Nueces County Navigation District No. 1 southeast bulkhead line along the east side of the Jewel Fulton Channel, for the southwest corner of this tract;

THENCE, N 50° 41' 10" E, with said southeast bulkhead line, 1034.61 feet to a point for the northwest corner of this tract, same being the southwest corner of that certain tract in the name of North Shore Boat Works and the northwest corner of the hereinabove referred to 9.841 acre tract;

THENCE, with the common line between said 9.841 acre tract and North Shore Boat Works tract, S 43° 05' 56" W, 169.66 feet to an "X" chisled in the top of existing bulkhead, found in place;

THENCE, N 88° 01' 12" E, continuing with said common line, 256.27 feet to the PLACE OF BEGINNING, containing 12.88 acres, more or less.

TRACT TWO: A 10.00 acre, more or less, tract of land being a portion of Blocks C, D and E, CARUTHERS COVE, as shown by plats of same of record in Volume 4, Page 31 and Volume 4, Page 84 of the Map Records of San Patricio County, Texas, together with a portion of a 50.0 foot roadway known as Coleman Road thereon and all of the 25.0 foot access road bordering the northerly and easterly sides of this 10.0 acre tract, and being more particularly described as follows, to-wit:
EXHIBIT A (Continued)

BEGINNING at a concrete monument found at the intersection of the northerly boundary line of said subdivision with the easterly right-of-way line of Farm-to-Market Road #1069, for the northwest corner and POINT OF BEGINNING of this tract;

THEN, S 47° 00’ 00” E, along said northerly boundary line, 1,356.44 feet to a concrete monument found at the northeast corner of said subdivision for the northeast corner of this tract;

THEN, S 58° 57’ 07” W, along the easterly boundary line of said subdivision, 371.95 feet to a point for the southeast corner of this tract;

THEN, E 47° 00’ 00” W, 1,079.59 feet to a point on said easterly right-of-way line of Farm-to-Market Road #1069 for the southwest corner of this tract;

THEN, N 16° 58’ 29” E, along said right-of-way line of Farm-to-Market Road #1069, 397.99 feet to the POINT OF BEGINNING.

STATE OF TEXAS
COUNTY OF NUECES

I hereby certify that this instrument was FILED in file number sequence on the date and at the time stamped herein by me, and was duly RECORDED in the Official Public Records of Nueces County, Texas

Diana T. Barrera
NUECES COUNTY, TEXAS

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of Race, Color, Religion, Sex, Handicap, Familial Status, or National Origin is invalid and unenforceable under FEDERAL LAW, 3/12/89.

Doc#: 20009016281
4 Pages 8
04/30/2009 10:01AM
Official Records of NUECES COUNTY
DIANA T. BARRERA
COUNTY CLERK
Fees $43.00

ORIGINAL
MARKET VALUE APPRAISAL
BRITISH PETROLEUM COMPANY
INGLESIDE SHORE BASE SITE
F.M. 1069 AT JEWELL FULTON CANAL
INGLESIDE, SAN PATRICIO COUNTY, TEXAS

DATE OF APPRAISAL: APRIL 23, 2009
APPRAISAL FILE NO.: 0904065

Prepared For:

MS. DURONDA SMITH, PORTFOLIO MANAGER DISCONTINUED OPERATIONS
BRITISH PETROLEUM COMPANY
1701 SUMMIT AVENUE, SUITE 2
PLANO, TEXAS 75074-8415

Prepared By:

DUGGER, CANADAY, GRAFE, INC.
Real Estate Consultants and Appraisers
111 Soledad, Suite 800
San Antonio, Texas 78205

02/15/12
CONSENT DOCKET – F&A-S146
May 6, 2009

Ms. Duronda Smith, Portfolio Manager
Discontinued Operations
British Petroleum Company
1701 Summit Avenue, Suite 2
Plano, Texas 75074-8415

Re: British Petroleum Ingleside Shore Base Site, FM 1069 at Jewell Fulton Canal, Ingleside, San Patricio County, Texas.

Dear Ms. Smith:

As requested, Dugger, Canaday, Grafe, Inc. (hereafter referred to as Dugger/Canaday) has prepared a market value appraisal of the above-referenced property. The property is developed as a shore base site and is owned by British Petroleum. The property includes 12.88 acres of land along the west side of FM 1069 also fronting the east side of the Jewell Fulton Canal as well as 9.817 acres of land located along the east side of FM 1069 across the road from the main shore base site.

The shore base site has approximately 1,670 feet of bulkhead frontage along the east side of the Jewell Fulton Canal and is improved with a vacant 17,520 square foot metal office warehouse building developed circa 1980. The building exterior and basic structure is in average condition. Approximately 53% of the building is office finish; the office finish is in “worn” condition that would likely require complete renovation for office utilization. Additional site improvements include asphalt and concrete paving, older metal bulkheading and two dredged boat docking slips. The site is chain link fenced plus there is an electric gate and a metal radio tower. The vacant 9.817 acres located across FM 1069 features chain link fencing and approximately one and one-half acres of caliche/gravel base.
The purpose of the appraisal is to conclude an opinion of the market value of the appraised property as of our most recent date of inspection, April 23, 2009. The property is valued primarily utilizing the Cost and Income Capitalization Approaches. The Sales Comparison Approach is incorporated into the Cost Approach. An extensive search for sales and rentals of similar shore base facilities along the Texas Gulf Coast has been conducted.

The concluded “as is” market value of the appraised British Petroleum Company Ingleside shore base property located along FM 1069 at the Jewell Fulton Canal including the 12.88 acre site fronting the Jewell Fulton Canal and the 9.817 acre site located across FM 1069 from the main shore base site, as of April 23, 2009, is:

TWO MILLION FIVE HUNDRED THOUSAND DOLLARS ($2,500,000)

The attached report highlights the appraisers' findings and market value conclusion. Thank you for consideration of our firm in this important valuation assignment.

Respectfully submitted,
Dugger, Canaday, Grafe, Inc.

Richard L. Dugger, MAI, CRE
State Certified General
Real Estate Appraiser
TX-1321050-G

Franklin L. Flato, MAI
State Certified General
Real Estate Appraiser
TX-1321148-G

02/15/12
CONSENT DOCKET – F&A-S148
UNIVERSITY OF HOUSTON SYSTEM
Ingleside, Texas
Location and Site Maps

02/15/12
CONSENT DOCKET – F&A-S149