

**UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM**

SECTION: Fiscal Affairs

NUMBER: 03.F.05

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 (“UHS”) and its universities are provided exclusively by the Office of Real Estate Services (“ORES”). ORES is responsible for ensuring that all requirements for approvals and reporting to the Board of Regents prescribed in [Board Policy 55.01.1](#) are satisfied. In concert with these responsibilities, UHS universities are responsible for the timely notification of any and all potential real estate transactions to ORES.

2. POLICY

2.1. The acquisition, disposition, or conveyance of real property or any interest in real property by UHS shall be fair and transparent and in accordance with all statutory and regulatory requirements.

2.2. Board Policy [55.01.1](#) requires Board approval in an open meeting of any contract for the purchase, sale, lease, or conveyance of a real property interest (which includes the conveyance of any rights in real property), with certain exceptions, including but not limited to:

2.2.1. Utility easements for a utility involving the supply of water, gas, electricity, telephone service, or other communication systems by a governmental entity or utility provider.

2.2.2. Leases where UHS is the lessee and/or tenant and the obligation of the lease is under \$1,000,000. Obligation of the lease shall include all rent, tenant improvement costs and other expenses payable by the system or a member.

2.2.3. Oil and gas leases with an expected bonus equal to or less than \$100,000.

3. PROCEDURES

3.1. [Board Policy 51.01](#) requires at least two appraisals to demonstrate fair market value for the acquisition or sale of real property with a market value of \$300,000 or more;

such appraisals will be obtained by ORES. The most recent appraisal of the local property tax appraisal district may be used for one of these reports, so long as such report was produced within the last twelve (12) months and is accepted by the Senior Vice Chancellor for Administration and Finance. Real property with a reasonably anticipated fair market value of less than \$300,000 may be demonstrated by approved documentation other than by appraisal.

- 3.2. All sales of real property shall either be competitively bid or listed by ORES with a real estate brokerage firm. 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 Senior Vice Chancellor for Administration and Finance.
 - 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. All sales shall be for cash or cash equivalent.
 - 3.5. Contracts for sale, purchase, lease, or conveyance of real property or any interest in real property shall be approved by the Senior Vice Chancellor for Administration and Finance.
 - 3.6. Leases 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 UHS considers to be in its best interest. Consideration should also be given to negotiating an early termination right on the part of UHS.
 - 3.7. All sales, leases, purchases, conveyances of real property or any interest in real property must be reviewed and approved by the Office of General Counsel (“OGC”) as to form and reviewed by ORES as to business terms.
4. ADDITIONAL INFORMATION
- 4.1 Universities are required to involve ORES in the negotiations of all real property transactions. ORES will consult with the institution, at the institution’s request, on any such transaction.
 - 4.2. If required, documentation of Board approval shall be submitted with the contract to OGC 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 Table, which is published by the Office of Contract Administration on their website.

- 4.4. Proceeds of the sale shall be allocated for the purposes authorized in the current operating budget or, if donated, in accordance with donor specifications.
- 4.5. If real property received as a gift is sold within three years of the donation, the UHS Office of Stewardship shall be notified so the given university and the donor can file the proper forms with the Internal Revenue Service.

5. REVIEW AND RESPONSIBILITY

Responsible party: Associate Vice Chancellor for Finance

Review: Every five years

6. APPROVAL

Approved: / Raymond Bartlett /
Senior Vice Chancellor for Administration and Finance

 / Renu Khator /
Chancellor

Date: October 27, 2023