

**UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM**

SECTION: Fiscal Affairs

NUMBER: 03.F.10

AREA: Asset Management

SUBJECT: Environmental Review for Acquisition of Real Property

1. PURPOSE

This administrative memorandum establishes Asset Management procedures for acquiring real property.

2. POLICY

To avoid environmental risks, the University of Houston System must thoroughly screen real property for the presence of hazardous waste or contamination, hazardous materials of any sort located on/in structures or on/in equipment or improvements, visible or undetected, prior to acquisition.

3. PROCEDURES

3.1. When acquiring real property, the due diligence process must be coordinated through the System Office of Real Estate Services, Facilities/Construction Management, Risk Management, and General Counsel and the applicable university Environmental Health and Safety office. The grantor/donor should be requested to provide as much information as possible about the real property (e.g. property descriptions, surveys, deeds, title policies, appraisals, environmental assessments, etc.) to enable these offices to evaluate the proposed acquisition, including consideration of the cost-effectiveness of proceeding with further due diligence analysis.

3.2. The grantor/donor should allow an appropriate length (at least 90 days) of time for the System to consult with the applicable offices noted above regarding the receipt of real property.

3.3. The grantor/donor should be encouraged to provide a current appraisal of the property concurrent with IRS guidelines. The System shall obtain a second appraisal to adhere to [Board of Regent Policy 51.01](#).

3.4. The System Office of Real Estate Services, Facilities/Construction Management, and Risk Management and the applicable university Environmental Health and Safety office will conduct a site inspection of the property and review all

available documentation relating to the nature and condition of the property, including any improvements, use restrictions, or continuing costs or fees associated with the property.

- 3.5. The System must be allowed to verify the environmental assessment during the gift diligence process to ensure the property is free of environmental hazards.
- 3.6. If possible, the grantor/donor must certify to the System that the property is free of hazardous material or contaminants and submit a Phase I Environmental Site Assessment conducted in accordance with [ASTM Practice E1527-21](#) and [AAI Final Rule 40 CFR Part 312](#). If there is an indication of subsurface contamination, asbestos or other environmental concerns, subsequent assessments must be conducted to quantify the extent of contamination and cost of remediation prior to the transfer of ownership. All environmental assessment reports must be reviewed by the applicable university Environmental Health and Safety office and approved by the Risk Management Department prior to transfer of ownership.
- 3.7. The certification must be prepared by a company licensed, registered, or otherwise qualified under existing professional practices in the state where the property resides.
- 3.8. If the grantor/donor is unable to provide an environmental assessment of the property, the System will contract with a company licensed to provide this service.
- 3.9. The System must also consider additional factors prior to acquisition, including but not limited to marketability, existence of liens or other indebtedness on the property, and other potential liability or future costs associated with the property.
- 3.10. If environmental hazards are determined to be non-existent or *de minimis*, and other due diligence assessments have been conducted, the System Office of Real Estate Services can proceed with its recommendation to acquire the property.

4. REVIEW AND RESPONSIBILITY

Responsible Parties: Associate Vice Chancellor for Finance
Vice Chancellor for Legal Affairs and General Counsel

Review: Every five years

5. APPROVAL

Approved: /Dona Cornell/
Vice Chancellor for Legal Affairs and General Counsel

 /Raymond Bartlett/
Senior Vice Chancellor for Administration and Finance

 /Renu Khator/
Chancellor

Date: May 16, 2023

6. REFERENCES

[Board of Regent Policy 51.01](#)
[ASTM Practice E1527-21](#)
[AAI Final Rule 40 CFR Part 312](#)