



AGENDA
SPECIAL CALLED TELEPHONE MEETING
of
THE UNIVERSITY OF TEXAS SYSTEM
BOARD OF REGENTS
September 23, 2016
Austin, Texas

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CONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS	<i>10:00 a.m.</i>	
1. U. T. System: Report on agreements with Salesforce.com, Inc. and Salesforce.org for the development of Total Educational Experience (TEEx) version 2.0	<i>10:00 a.m.</i> Report <i>Dr. Kelley</i>	3
2. U. T. System Board of Regents: Approval of Consent Agenda items	<i>10:15 a.m.</i> Action	4
RECESS TO EXECUTIVE SESSION PURSUANT TO <i>TEXAS GOVERNMENT CODE</i> , CHAPTER 551	<i>10:20 a.m.</i>	
1. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072		
U. T. Rio Grande Valley: Discussion and appropriate action regarding the lease of approximately 85,000 square feet of space in a building to be constructed at 2300 East Dove Avenue, McAllen, Hidalgo County, Texas, from DHR Real Estate Management, L.L.C., for medical research, educational, and clinical uses		
2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071		
a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues		
b. U. T. System Board of Regents: Discussion and appropriate action regarding pending litigation styled <i>Glass, Moore, and Carter v. State of Texas, University of Texas at Austin, et al.</i>		
3. Negotiated Contracts for Prospective Gifts or Donations – Section 551.073		
U. T. Austin: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features		
4. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074		
a. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), members of the Board of Regents, and U. T. System and institutional employees		

- b. U. T. Tyler: Discussion and appropriate action concerning individual personnel matters related to the appointment of a president, including discussion of individual candidates to be invited to interview**

RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS

*11:25 a.m.
approximately*

ADJOURN

*11:30 a.m.
approximately*

1. **U. T. System: Report on agreements with Salesforce.com, Inc. and Salesforce.org for the development of Total Educational Experience (TEEx) version 2.0**

REPORT

Executive Vice Chancellor Kelley will report on the proposed agreements with Salesforce.com, Inc. and Salesforce.org for the development of Total Educational Experience (TEEx) version 2.0, the Institute for Transformational Learning's future learning platform, as set forth in Consent Agenda Item 2 on [Page 8](#).

2. **U. T. System Board of Regents: Approval of Consent Agenda items**

RECOMMENDATION

The Board will be asked to approve the Consent Agenda items located under the [Consent Agenda tab](#).



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CONSENT AGENDA**

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September 23, 2016
Austin, Texas

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AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE

No items for Consent Agenda

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FACILITIES PLANNING AND CONSTRUCTION COMMITTEE

No items for Consent Agenda

TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE

No items for Consent Agenda

MEETING OF THE BOARD

1. Approval of Dual Position of Honor, Trust, or Profit - U. T. System: Appointment by U.S. Secretary of Commerce Penny Pritzker of Julie Goonewardene, Associate Vice Chancellor for Innovation and Strategic Investment, as Council Member of the National Advisory Council on Innovation and Entrepreneurship

The following item has been approved by the Deputy Chancellor in accordance with Regents' *Rules and Regulations*, Rule 30103.

It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas System, and there is no conflict between holding this position and the appointment with the U. T. System.

The Board is also asked to find that holding this position is of benefit to the State of Texas and the U. T. System, and that there is no conflict between the position and the U. T. System.

Name:	Julie Goonewardene
Title:	Associate Vice Chancellor for Innovation and Strategic Investment
Position:	Council Member, National Advisory Council on Innovation and Entrepreneurship (NACIE)
Period:	October 6, 2016 through October 5, 2018
Compensation:	None
Description:	The NACIE is charged with identifying and recommending solutions to issues critical to driving the innovation economy. Council members will focus on making recommendations for policies and programs aimed at helping U.S. communities, businesses, and the workforce to be more globally competitive.

AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE

No items for Consent Agenda

FINANCE AND PLANNING COMMITTEE

2. Contract (funds going out) - U. T. System: Salesforce to provide software licenses and development services

Agency: Salesforce.com, Inc., a Delaware corporation with its principal place of business in San Francisco, California; and Salesforce.org, a California nonprofit corporation

Funds: This item requests approval of the three agreements described below totaling \$5,444,447. This includes the software subscriptions through September 30, 2017, and the development services through December 31, 2016.

The total projected expenditures under the three interrelated umbrella agreements are estimated to be \$12,000,000 for the next five years.

The development services through December 31, 2016, will be determined through a Statement of Work (SOW) and development services beyond December 31, 2016, will be determined through Change Orders to that SOW. The Institute for Transformational Learning (ITL) will present the Change Orders at upcoming Board meetings for approval.

Source of Funds: Available University Fund

Period: See Description below

Description: Salesforce will provide a bundle of development services and software subscriptions to U. T. System's ITL to support the development of ITL's future learning environment, referred to as the Total Educational Experience (TEEx) version 2.0. This combination includes the following umbrella agreements and proposed SOWs and Orders:

- Competitively procured Professional Services Agreement with Salesforce.com, Inc., with estimated SOW of \$2,091,836 for development services, plus \$313,717 in expenses for the time period October 1, 2016 through December 31, 2016;
- Exclusive Acquisition of a Master Services Agreement with Salesforce.com, Inc., with Orders for a non-refundable, one-year subscription to Heroku (\$376,000) and a nonrefundable, one-year subscription to the Innovation & Transformation Center (\$1,892,400, plus \$325,000 in expenses for the time period October 1, 2016 through September 30, 2017);
- Exclusive Acquisition of a Master Services Agreement with Salesforce.org, with a nonrefundable, one-year subscription to multiple Salesforce products (\$445,494).

3. Contract (funds going out) - U. T. System: GSD&M and Interbrand, Omnicom sister companies joined as "Team Texas", will engage in a branding initiative for the U. T. System, providing strategic assistance, market research, materials development, and training

Agency: GSD&M and Interbrand

Funds: \$1,461,380

Source of Funds: Available University Funds

Period: September 16, 2016 through September 16, 2017

Description: GSD&M and Interbrand will engage in a branding initiative, providing market research, materials development, training, and the development of a stronger brand platform for the U. T. System. This work will complement the existing communications, marketing, and public relations initiatives of U. T. System institutions with oversight by a Brand Steering Committee currently composed of the communications and marketing leaders from all 14 U. T. System institutions.

The work will be divided into six phases:
Phase 1: Discovery & Assessment, which includes stakeholder interviews and campus visits
Phase 2: Development of Brand Framework/Platform
Phase 3: Creative Brand Concepts, which includes development and testing of creative concepts
Phase 4: Brand Guidelines, Brand Architecture, Toolkit
Phase 5: Brand training program
Phase 6: Materials development--e.g., print, digital, outdoor, etc.

ACADEMIC AFFAIRS COMMITTEE

4. Contract (funds going out) - U. T. Austin: Amendment to contract with Measurement Inc. to provide the online platform for the Write for Texas Project of the College of Education's Meadows Center for Preventing Educational Risk

Agency: Measurement Inc.

Funds: \$1,568,996 through the life of the agreement

Source of Funds: Texas Education Agency grant funds

Period: Initial Term: September 1, 2015 through August 31, 2016
Renewal Term: September 1, 2016 through May 31, 2017

Description: The Texas Education Agency (TEA) issued a grant to the U. T. Austin College of Education's Meadows Center for Preventing Educational Risk. Under the grant, the Meadows Center created the Write for Texas Project, which provides online writing skills instruction to Texas students in Grades 6 through 12. TEA chose Measurement Inc. as the online platform and the online vendor to deliver the writing project. There are over 116,000 student accounts in the Write for Texas Project.

The original Agreement was entered into on September 1, 2015, with a term ending August 31, 2016, and a value of \$999,996. The proposed Amendment will extend the term through May 31, 2017, and increase the value by \$569,000, for a total value of \$1,568,996. The proposed amendment was procured through an exclusive acquisition justification as TEA required the use of this vendor.

5. Contract (funds going out) - U. T. Austin: Capital Metropolitan Transportation Authority to provide shuttle bus transportation services to and from campus for U. T. Austin students

Agency: Capital Metropolitan Transportation

Funds: \$18,500,000

Source of Funds: Student Fees

Period: September 1, 2016 through August 31, 2019

Description: Capital Metropolitan Transportation Authority will provide shuttle bus transportation services for U. T. Austin students. Capital Metro will have advertising on the U. T. Austin shuttle service as long as advertisements are preapproved by U. T. Austin. The proposed contract was not competitively bid, but was instead procured through an exclusive acquisition justification.

6. Employment Agreement - U. T. Austin: Approval of amendment to terms of Employment Agreement for Head Volleyball Coach Jerritt Elliott

The following Head Volleyball Coach Amendment No. 1 has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents. If the Amendment is approved, total compensation for the contract period for Jerritt Elliott may be in excess of \$1 million. Such employment under the Agreement, as amended by Amendment No. 1, is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12, Athletic Employment Agreements; and Rule 20204, Section 3, Board Approval). Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay and/or dismissal.

Item: Amendment to terms of Employment Agreement for Head Volleyball Coach Jerritt Elliott

From: **Guaranteed compensation:**
Annual Salary: \$225,000
Automobile: \$7,500
Product Endorsement:
FY 2016-2017, \$60,000
FY 2017-2018, \$60,000

Nonguaranteed compensation:

Sports Camps: Based upon net and Athletics Director Approval
Team Wins Big 12 conference championship: \$15,000
Team qualifies for post-season NCAA Tournament competition: \$5,000
Team participates in NCAA Tournament round of 16: \$5,000
Team participates in NCAA Tournament round of 8: \$5,000
Team participates in NCAA Tournament Championship Semifinals: \$10,000
Team participates in NCAA Tournament Championship Final: \$15,000
Team participates in NCAA Tournament Championship: \$30,000
Team Academic Performance Incentives: \$10,000
Coach of the Year Honors:
Coach is named Big 12 Coach of the Year (Coaches' Vote): \$2,000
Coach is named AVCA Coach of the Year (Coaches' Vote): \$5,000

To:

Guaranteed compensation:

Annual Salary: \$262,500
Automobile: \$7,500
Product Endorsement:
FY 2016-2017, \$65,000;
FY 2017-2018, \$65,000;
FY 2018-2019, \$65,000
Speaking Engagements: \$20,000

Nonguaranteed compensation:

Sports Camps: Based upon net and Athletics Director Approval
Team Wins Big 12 conference championship: \$20,000
Team qualifies for postseason NCAA Tournament competition: \$5,000
Team participates in NCAA Tournament round of 32: \$10,000
Team participates in NCAA Tournament round of 16: \$10,000
Team participates in NCAA Tournament round of 8: \$15,000
Team participates in NCAA Tournament Championship Semifinals: \$20,000
Team participates in NCAA Tournament Championship Final: \$20,000
Team participates in NCAA Tournament Championship: \$30,000
Team Academic Performance Incentives: \$0 (now in base salary)
Coach of the Year Honors:
Coach is named Big 12 Coach of the Year (Coaches' Vote): \$2,000
Coach is named National Coach of the Year (Coaches' Vote): \$5,000

Guaranteed
Compensation
Percent Change: 21.4%

Nonguaranteed
Compensation
Change: 34.3%

Source of funds: Intercollegiate Athletics

Description: Amendment No. 1 to the Agreement for employment of Head
Volleyball Coach Jerritt Elliott

Period: September 1, 2016 through August 31, 2020

7. Employment Agreement - U. T. Austin: Approval of second amendment to terms of
Employment Agreement for Head Women's Basketball Coach Karen Aston

The following Head Women's Basketball Coach Amendment No. 2 has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents. If the Amendment is approved, total compensation for the contract period for Karen Aston may be in excess of \$1 million. Such employment under the Agreement, as amended by Amendment No. 2, is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12, Athletic Employment Agreements; and Rule 20204, Section 3, Board Approval). Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay and/or dismissal.

Item: Amendment to terms of Employment Agreement for Head Women's
Basketball Coach Karen Aston

From: **Guaranteed compensation:**
Annual Salary: \$349,313
Automobile: \$7,500
Product Endorsement: \$82,500
Speaking: \$100,000
Sports Camps: \$80,000

Nonguaranteed compensation:
Team Academic Performance Incentives:
Academic Performance: \$27,500
Team Wins Big 12 tournament championship: \$32,500
Team Wins Big 12 conference championship: \$32,500
Team participates in Top 16 Seed NCAA Tournament
round of 16: \$15,000
Team participates in 1st Game of NCAA Tournament: \$10,000
Team participates in 2nd Game of NCAA Tournament: \$10,000
Team participates in 3rd Game of NCAA Tournament: \$15,000
Team participates in 4th Game of NCAA Tournament: \$15,000

Team participates in NCAA Tournament Championship
Semifinals: \$25,000
Team participates in NCAA Tournament Championship
Final: \$25,000
Coach of the Year Honors:
Coach is named Big 12 Coach of the Year (Coaches' Vote): \$5,000
Coach is named National Coach of the Year (Coaches' Vote): \$5,000
WBCA Coach of the Year Honors (cumulative): \$5,000

To: **Guaranteed compensation:**
Annual Salary: \$480,000
Automobile: \$7,500
Product Endorsement: \$100,000
Speaking Engagements: \$110,000
Sports Camps: \$80,000

Nonguaranteed compensation:
Team Academic Performance Incentives: \$0 (now in base salary)
Remaining nonguaranteed compensation terms remain the same

Guaranteed
Compensation
Percent Change: 25.5%

Nonguaranteed
Compensation
Change: -13.25%

Source of funds: Intercollegiate Athletics

Description: Amendment No. 2 to the Agreement for employment of Head
Women's Basketball Coach Karen Aston

Period: September 1, 2016 through August 31, 2020

8. Purchase - U. T. Austin: Authorization to purchase approximately 0.0881 acre of improved property located at 2911 Medical Arts Square, Building 8, Austin, Travis County, Texas, from ATX Bluebonnet Properties, LLC, for future programmed campus expansion

Description: Purchase of approximately 0.0881 acre of improved property located at 2911 Medical Arts Square, Building 8, Austin, Travis County, Texas, together with the easement estate appurtenant thereto, and authorization for the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to purchase the property. The improvements consist of a 4,254 square foot, two-story, brick medical office building. This property is anticipated to be valued under \$1 million, but is outside of U. T. Austin's Board-approved Campus Master Plan.

Seller: ATX Bluebonnet Properties, LLC, a Texas limited liability company

Purchase Price: Not to exceed fair market value as determined by an independent appraisal; currently being performed by Paul Hornsby and Company.

Source of Funds: Available University Funds and Investment Income

9. Other Matters - U. T. Dallas: Authorization to rezone approximately 49.4 acres located between Synergy Park Drive and Waterview Parkway and bounded to the east by the Gulf, Colorado and Santa Fe Railway in Richardson, Collin County, Texas, from Technical Office-Manufacturing zoning to Planned Development zoning, allowing for office, residential, retail, hotel, and events center development

Description: Request for authorization to rezone approximately 49.4 acres located between Synergy Park Drive and Waterview Parkway and bounded to the east by the Gulf, Colorado and Santa Fe Railroad in Richardson, Collin County, Texas, from Technical Office-Manufacturing zoning to Planned Development zoning, allowing for office, residential, retail, hotel, and events center uses. The property is located adjacent to the U. T. Dallas main campus and is adjacent to land leased to a private party for retail and residential uses. The institution anticipates more potential private development and seeks zoning that allows uses that complement U. T. Dallas and provide amenities to the institution. Furthermore, Dallas Area Rapid Transit (DART) may in the future develop a rail station adjacent to the property, at which time this area will act as a transportation gateway to U. T. Dallas.

Reservation of Rights: The zoning documents contain a provision wherein the zoning does not apply to development by a State entity for mission purposes.

10. Contract (funds coming in) - U. T. Tyler: Sodexo Services of Texas Limited Partnership to provide operation and management of campus food services

Agency: Sodexo Services of Texas Limited Partnership

Funds: Food service revenues based on a 22% commission on gross sales for meal plans and 9% commission on gross sales for all other sales. Total return to U. T. Tyler over the initial term (based on projected commission income, capital commitment, and signing bonus; and other consideration) is estimated at \$11,035,786.

Period: Initial Term: June 27, 2016 through August 31, 2026; with an option to renew for up to five additional one-year terms

Description: Sodexo Services of Texas Limited Partnership will provide complete operation and management of all campus food services, including dining hall operations, branded retail food service outlets, convenience store, catering, and athletics and special event concessions. This contract was competitively bid.

Pursuant to *Texas Education Code* Section 51.945, students were provided an opportunity to comment prior to determination that this food services provider should be selected by the institution.

11. Contract (funds going out) - U. T. Tyler: ETEX EnviroCare, Inc. to provide grounds maintenance services

Agency: ETEX EnviroCare, Inc.

Funds: \$1,485,940 over the 24-month initial term, and \$742,970 for each of three optional one-year renewal terms

Source of Funds: Designated Tuition

Period: July 1, 2016 through August 31, 2018; with option to renew for up to three additional one-year terms

Description: ETEX EnviroCare, Inc. will provide grounds maintenance services for U. T. Tyler, including at its satellite campuses in Palestine and Longview, Texas. This contract was competitively bid.

12. Purchase - U. T. Tyler: Authorization to purchase a 484-unit apartment complex on approximately 14.76 acres of land located at 3400 Varsity Drive, Tyler, Smith County, Texas, from MF BLUE VALLEY APARTMENTS, LLC, a Delaware Limited Liability Company, for student housing; and resolution regarding parity debt

Description: Purchase of a partially leased 484-unit apartment complex on approximately 14.76 acres of land located at 3400 Varsity Drive, Tyler, Smith County, Texas, and authorization for the Executive Director of Real Estate to execute all documents, instruments, and other agreements and to take all further actions deemed necessary or advisable to purchase the property. This property is adjacent to the institution's main campus and will be used for student housing. In addition to the purchase price, U. T. Tyler estimates that approximately \$10,000,000 will be spent to renovate the property. This property is not within the Board-approved Campus Master Plan.

Seller: MF BLUE VALLEY APARTMENTS, LLC, a Delaware Limited Liability Company

Purchase Price: A price not to exceed fair market value, as established by independent appraisal being performed by Valbridge Property Advisors, The Gerald A. Teel Company, Inc.

Source of Funds: Revenue Financing System bonds repaid out of rental income. The project's debt service coverage ratio is expected to be at least 1.3 times and to average 1.3 times during the period from Fiscal Year 2018 through Fiscal Year 2023. In approving this item, the Board will be making the findings required under Section 5 of the Amended and Restated Master Resolution establishing the Revenue Financing System relating to the issuance of parity debt on behalf of U. T. Tyler in an aggregate amount not to exceed fair market value as established by independent appraisals, and this action satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations*.

HEALTH AFFAIRS COMMITTEE

13. Lease - U. T. Medical Branch - Galveston: Authorization to relocate, expand, and extend the lease of approximately 6,319 square feet of space located at 6300 La Calma Drive, Austin, Travis County, Texas, from 6300 La Calma Property, L.P., for office and clinical use

Description: Relocation, expansion, and extension of existing leased space from approximately 2,714 square feet to 6,319 square feet located at 6300 La Calma Drive, Austin, Travis County, Texas, for office and clinical use. The leased space is currently serving the Correctional Managed Care, Psychiatry, and Telemedicine groups at U. T. Medical Branch - Galveston. Those groups have outgrown the existing space in the building and are relocating within the building to a space that fits the current needs.

Lessor: 6300 La Calma Property, L.P., a Texas limited partnership

Term: 61 additional months, commencing approximately December 1, 2016; and continuing through December 31, 2021

Lease Costs: Approximately \$1,535,034 in rent and operating expenses accrued to date since the lease commencement and becoming due during the extension term. The initial annual base rental rate for the extension term is \$120,060 (\$19 per square foot). The initial annual operating expenses for the extension term are \$55,038.

Source of Funds: Health Systems

14. Lease - U. T. Health Science Center - Houston: Authorization to extend the lease of approximately 1,239 square feet of space and a drive-in teller easement area located at 7000 Fannin Street, Houston, Harris County, Texas, to Primeway Federal Credit Union, a federally chartered credit union, for commercial banking use

Description: Extension of lease for 1,239 square feet of space and a drive-in teller easement area located at 7000 Fannin Street, Houston, Harris County, Texas, for commercial banking use.

Lessee: Primeway Federal Credit Union, a federally chartered credit union

Term: The term of the lease extension is for an additional five years and 18 days commencing June 13, 2016, and expiring June 30, 2021.

Lease Income: Lessee will pay lessor annual base rent of \$82,290 during the initial term of the lease extension with annual escalations based on Consumer Price Index (CPI). Lessee will also pay operating expenses. The lease has been in effect since 1999, and with this amendment, the total base rent, additional rent, and tenant improvement expenditures are estimated to be \$2,009,985. This lease exceeds the transaction value threshold requiring Board of Regents' approval. The amendment includes contingency language, terminating the lease if that approval is not obtained.

FACILITIES PLANNING AND CONSTRUCTION COMMITTEE

No items for Consent Agenda

TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE

No items for Consent Agenda