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CONSENT AGENDA**

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February 21-22, 2024
Austin, Texas

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FACILITIES PLANNING AND CONSTRUCTION COMMITTEE

No items for Consent Agenda

MEETING OF THE BOARD

1. Minutes - U. T. System Board of Regents: Approval of Minutes of the regular meeting held on November 15 - 16, 2023; and the special called meeting held November 28, 2023
2. Employment Agreement - U. T. System: Approval of terms of Employment Agreement with Julia Jeffrey Rathgeber, as Vice Chancellor for Governmental Relations

The employment agreement summarized below has been approved by the Chancellor and is recommended for approval by the U. T. System Board of Regents.

Item:	Vice Chancellor for Governmental Relations
Funds:	\$435,000
Period:	Beginning February 1, 2024
Description:	Agreement for employment of Julia Jeffrey Rathgeber, as Vice Chancellor for Governmental Relations. The Vice Chancellor for Governmental Relations reports to the Chancellor and holds office without fixed term, subject to the pleasure of the Chancellor. The employment agreement is on the following pages.



The University of
Texas System

Office of Talent and Innovation
210 West Seventh Street
Austin, Texas 78701
512-499-4587
WWW.UTSYSTEM.EDU

January 19, 2024

Ms. Julia Jeffrey Rathgeber
[REDACTED]

Dear Ms. Rathgeber,

I am pleased to offer you the position of Vice Chancellor for Governmental Relations at The University of Texas System, effective February 1, 2024.

As Vice Chancellor for Governmental Relations, you will report directly to the Chancellor. Your gross annual salary will be \$435,000, paid in monthly installments minus taxes and deductions. You will be eligible for all standard UT System fringe benefits under state law, including retirement plan contributions, health and dental insurance, and paid leave. The Office of Talent and Innovation will provide details on these benefits; for additional information, see <https://www.utsystem.edu/offices/human-resources/prospective-employees/benefits-summary>.

Once we have received your acceptance of this offer, the Office of Talent and Innovation will contact you to initiate your new hire process. This offer is contingent on the completion of standard pre-employment requirements, including a criminal background check and approval of compensation by the UT System Board of Regents. Your employment will be at will, and this letter is not a contract for a defined period of time.

If these terms of employment are agreeable, please sign and date this letter and return it to my office. We are exceedingly pleased that you will be joining the UT System family, and we stand ready to assist you in your transition to the UT System Administration and the Office of Governmental Relations.

Sincerely,

Handwritten signature of James B. Milliken in blue ink.

James B. Milliken
Chancellor

Lee Hage and Joseph D. Jamail Regents Chair in Higher Education Leadership

Handwritten signature of Ms. Julia Jeffrey Rathgeber in blue ink.
Accepted by: Ms. Julia Jeffrey RathgeberHandwritten date "Jan 19, 2024" in blue ink.
Date

AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE

3. Other Fiscal Matters - U. T. System: Authorization to settle builder's risk insurance claims for U. T. Austin; and delegation of authority

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs and the Chief Risk Officer that the U. T. System Board of Regents:

- a. approve, in accordance with Regents' Rule 80601, final settlement of the U. T. Austin builder's risk insurance claim covered under the Master Builder's Risk Program in the amount of \$2,308,494; and
- b. delegate authority to the Executive Vice Chancellor for Business Affairs to execute all related Proofs of Loss and other settlement documents.

BACKGROUND INFORMATION

The Master Builder's Risk Program provides property insurance coverage for Major Capital Improvement Program (CIP) projects. The insurance includes coverage for project work, equipment, damage to existing property, and delay in completion losses when the delay is caused by physical damage to the project.

On July 30, 2021, U. T. Austin construction project 102-782, South End Zone Addition at 2100 San Jacinto Boulevard, Austin, Texas 78712, discovered pitting damages to the glass panels caused by grinding/welding activities during construction.

The general contractor replaced the windows at a total cost of \$2,308,494. After application of the \$25,000 deductible, the final net settlement is \$2,283,494. U. T. Austin agrees with this settlement.

FINANCE AND PLANNING COMMITTEE

4. Other Fiscal Matters - U. T. System Board of Regents: Approval of aggregate amount of \$10,000,000 of supplemental equipment financing for Fiscal Year 2024; and resolution regarding parity debt

The Executive Vice Chancellor for Business Affairs recommends approval of an additional \$10,000,000 for U. T. Austin to finance a new video display and ribbon retrofit and related costs for Darrell K Royal-Texas Memorial Stadium. U. T. Austin expects to repay the debt as gifts are collected. U. T. Austin therefore requests that the Board resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (RFS) that:

- parity debt shall be issued to fund all or a portion of the project, including any costs prior to the issuance of such parity debt;
- sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the RFS Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System;
- U. T. Austin, which is a “Member” as such term is used in the RFS Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of parity debt in an aggregate amount of \$10,000,000; and
- this resolution satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations* that evidences the Board’s intention to reimburse project expenditures with bond proceeds.

5. Contract (funds going out) - U. T. System: Crowe LLP to provide tax preparation and advisory services

Agency: Crowe LLP

Funds: Estimated \$2,949,364 over the full term of the contract inclusive of optional renewals

Period: September 1, 2023 through August 31, 2025; with option of two two-year renewals

Description: Crowe LLP will provide professional tax and accounting services related to the preparation of the annual Form 990-T Unrelated Business Income Tax return, and related tax advisory services. This contract is being brought forward for Board approval as it is projected to reach U. T. System's \$2,000,000 delegation threshold during the second renewal period. The total costs under this contract are broken down as follows: initial term spend is not expected to exceed \$886,750; first two-year renewal is estimated to be \$981,554; and second two-year renewal is estimated to be \$1,081,060. This Agreement was competitively bid.

6. Contract (funds going out) - U. T. System: Fisher Scientific Company LLC to provide research lab products and distribution services

Agency: Fisher Scientific Company LLC

Funds: Total spend estimated to be \$1,235,944,905 over the maximum eight-year contract period

Period: November 1, 2023, through October 31, 2029, with two, optional one-year renewals

Description: Throughout calendar year 2023, the U. T. System Supply Chain Alliance conducted a competitive solicitation for comprehensive research lab products and distribution services. This competitive solicitation included a Request for Proposal, supplier presentations, tours of the research lab distribution centers, a best and final offer and agreement on all key business and legal issues. The evaluation committee that recommended a contract award to Fisher Scientific Company LLC was comprised of research lab subject matter experts from U. T. institutions.

The Agreement between U. T. System and Fisher Scientific Company LLC, subject to the approval of the Board of Regents, has been fully executed with an effective date of November 1, 2023. Estimated product cost savings and incremental, new administrative fees over the next three years are \$9,956,456 and \$3,376,178, respectively.

Regents' Rule 10501, Section 2.2.7, exempts purchases made under a group purchasing program that follow all applicable statutory and regulatory procurement standards from required Board approval. Due to the size of the anticipated contract spend, the Executive Vice Chancellor for Business Affairs has asked that this contract be presented to the Board for approval via the Consent Agenda.

7. Contracts (funds going out) - U. T. System: Master Service Agreements with five prequalified firms to provide IT Staff Augmentation Services for PeopleSoft projects

- Agency: 1. ERP Analysts, Inc.
 2. r2 Technologies, Inc.
 3. SpearMC Consulting, Inc.
 4. TEKSystems, Inc.
 5. Zencon Group Inc.
- Funds: Total spend for each contractor under each Master Service Agreement has the potential to exceed \$2,000,000 over the term of the Agreement.
- Period: An initial three-year term, November 1, 2023 through October 31, 2026; with option to renew for two one-year periods, upon mutual written agreement of both parties
- Description: The proposed agreements are Master Service Agreements with firms that have been selected following an Invitation to Bid process.
- The Master Service Agreements provide staff augmentation services to support PeopleSoft-related projects on an as-needed basis. U. T. System Administration uses these services to provide additional short-time staffing support to large PeopleSoft related projects.
- The U. T. System Office of Shared Information Services will closely monitor the spend over the life the agreements.

8. Contracts (funds going out) - U. T. System: Master Service Agreements with seven prequalified firms to provide services to support communications, public relations, and media relations activities at U. T. institutions

Agencies:

1. CKP Communications Group, LLC
2. Elmore Public Relations, Inc.
3. JODesign, LLC, dba J.O. Agency
4. One Sixty Over Ninety, LLC
5. Satori Marketing LLC
6. Sue Ellen Jackson Marketing and Communications
7. talkStrategy, LLC

Funds: Total spend for each contractor under each Master Service Agreement has the potential to exceed \$2,000,000 over the term of the Agreement.

Period: An initial three-year term, with the option to renew for one two-year period, upon mutual written agreement of both parties

Description: This nonexclusive Systemwide Agreement allows each U. T. institution to obtain services on an as-needed basis through a Project Addendum that will designate the project scope of work, schedule, and fees, which will be paid by the U. T. institution requesting services under the Agreement. Services may include communications planning and assessments, crisis communications, issue management, writing services, reputational enhancement, social media, collateral design and development, video and photography services, serving as institution's media buy agent, website design, and all aspects of communication and public relations training and professional development.

Authorization is requested to raise the expense cap from not to exceed \$1,000,000 to an unspecified cost or monetary value with a term greater than four years and is being placed on the Consent Agenda as the total spend has or is expected to exceed \$2,000,000, which is U. T. System's contract delegation threshold. As a result, the U. T. System Office of External Relations, Communications and Advancement Services will monitor the spend by the institutions over the life of the agreements. These contracts were competitively procured.

9. Contracts (funds going out) - U. T. System: Master Service Agreements with five prequalified firms to provide services to support fundraising and advancement services at U. T. institutions

- Agencies:
1. Bentz Whaley Flessner
 2. Community Counseling Service CO., LLC
 3. Grenzebach Glier and Associates, Inc.
 4. Marts & Lundy, Inc.
 5. Ruffalo Noel Levitz LLC
- Funds: Total spend for each contractor under each Master Service Agreement has the potential to exceed \$2,000,000 over the term of the Agreement.
- Period: An initial three-year term, with the option to renew for one two-year period, upon mutual written agreement of both parties
- Description: This nonexclusive Systemwide Agreement allows each U. T. institution to obtain services on an as-needed basis through a Project Addendum that will designate the project scope of work, schedule, and fees, which will be paid by the U. T. institution requesting services under the Agreement. Services may include annual giving services, alumni, grateful patient, and constituent relations services, gift planning services, advancement services, strategic planning and organizational structure services, training and professional development services, fundraising feasibility studies, campaign consulting services and artificial intelligence for advancement programs services.
- Authorization is requested to raise the expense cap from not to exceed \$1,000,000 to an unspecified cost or monetary value with a term greater than four years and is being placed on the Consent Agenda as the total spend has or is expected to exceed \$2,000,000, which is U. T. System's contract delegation threshold. As a result, the U. T. System Office of External Relations, Communications and Advancement Services will monitor the spend by the institutions over the life of the agreements. These contracts were competitively procured.

10. Contracts (funds going out) - U. T. System: Master Service Agreements with 10 prequalified firms to provide services to support marketing and branding programs at U. T. institutions

- Agencies:
1. Accenture, LLP
 2. Gilbreath Communications, Inc.
 3. JODesign, LLC, dba J.O. Agency
 4. One Sixty Over Ninety, LLC
 5. Outreach Strategists LLC
 6. Satori Marketing, LLC
 7. Steel Digital Studios, Inc., dba Steel Advertising
 8. talkStrategy, LLC
 9. TradeMark Media Corporation, dba Mighty Citizen
 10. TXC Texas Creative LLC, dba Texas Creative
- Funds: Total spend for each contractor under each Master Service Agreement has the potential to exceed \$2,000,000 over the term of the Agreement.
- Period: An initial three-year term, with the option to renew for one two-year period, upon mutual written agreement of both parties
- Description: This nonexclusive Systemwide Agreement allows each U. T. institution to obtain services on an as-needed basis through a Project Addendum that will designate the project scope of work, schedule, and fees, which will be paid by the U. T. institution requesting services under the Agreement. Services may include comprehensive branding and rebranding services, developing and implementing marketing campaigns and strategic marketing plans and assessments, serving as a media buying agent, creating social media and digital marketing services, developing messaging and written content, collateral design and development (print and digital), website design, marketing training and professional development.
- Authorization is requested to raise the expense cap from not to exceed \$1,000,000 to an unspecified cost or monetary value with a term greater than four years. It is being placed on the Consent Agenda as the total spend has or is expected to exceed \$2,000,000, which is U. T. Systems contract delegation threshold. As a result, the U. T. System Office of External Relations, Communications and Advancement Services will monitor the spend by the institutions over the life of the agreements. These contracts were competitively procured.

11. Other Matters - U. T. System: Approval of the Fiscal Year 2025 Budget Preparation Policies including the Calendar for budget operations, and the Annual Operating Budget Rules and Procedures

With the concurrence of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and the Executive Vice Chancellor for Health Affairs, the Chancellor recommends that the U. T. System Board of Regents approve the Budget Preparation Policies set out on the following pages, including the Calendar for budget operations, and the Annual Operating Budget Rules and Procedures, which follows the Calendar, for use in preparing the Fiscal Year (FY) 2025 Annual Operating Budget for the U. T. System.

The U. T. System FY 2025 Budget Preparation Policies are consistent with the regulations and directives included in the General Appropriations Act and other general law enacted by the 88th Texas Legislature. Proposed changes would clarify sources of funding within the budget and conform to language for faculty merit increases or advances in rank in Regents' Rule 31002 (Evaluation of Tenured Faculty). As written, this policy provides general direction to the U. T. System institutions.

Proposed changes to the Annual Operating Budget Rules and Procedures for FY 2025 (Budget Rules) would authorize U. T. System Administration to approve all changes to Library, Equipment, Repair and Rehabilitation (LERR) projects within the approved LERR budget and clarify authority within the Budget Rules for reappropriation of Educational and General Fund balances.

U. T. System Fiscal Year 2025 Budget Preparation Policies

1. **General Guidelines** - The regulations and directives included in the *General Appropriations Act* enacted by the 88th Texas Legislature serve as the basis for these guidelines and policies. In preparing the draft of the FY 2025 Operating Budget, the president of each institution should adhere to guidelines and policies as detailed below and as included in the *General Appropriations Act*. The Associate Vice Chancellor, Budget and Planning will issue detailed instructions regarding the implementation of those regulations and directives into the institutional budget process.

The president of each institution should examine the resources used at the institution and, where possible, redirect resources toward high priority mission critical activities and strategic competitive investments that are consistent with the goals and objectives included in the institution's Strategic and Long Range Financial Plans.

Overall budget totals, including retaining reasonable reserves for potential future financial shortfall, must be limited to the funds available for the year from General Revenue Appropriations, Estimates of Educational and General Income, other anticipated institutional revenue sources, and limited use of institutional unappropriated balances.

2. **Maintenance of Operating Margin and Use of Prior Year Balances** - Institutions should make all reasonable efforts to maintain a favorable operating margin within the FY 2025 Operating Budget. Use of prior year balances should be limited to critical items, unique opportunities, or projects funded from prior year income committed for that purpose. Generally, balance usage should be reserved for nonrecurring activities. Balance usage cannot be recommended to the U. T. System Board of Regents for approval without the consent of the Chancellor, the appropriate Executive Vice Chancellor, and the Associate Vice Chancellor, Budget and Planning.
3. **Salary Guidelines** - Recommendations regarding salary policy are subject to the following directives:

Salaries Proportional by Fund - Unless otherwise restricted, payment for salaries, wages, and benefits paid from appropriated funds, including local funds and educational and general funds as defined in *Texas Education Code* Section 51.009 (a) and (c), shall be proportional to the source of funds.

Merit Increases and Promotions - Institutions should consider available resources and resolution of any major salary inequities when implementing merit salary increases for faculty and staff.

U. T. System Fiscal Year 2025 Budget Preparation Policies (continued)

As defined in *Texas Education Code* Section 51.962, an employee must have been employed by the institution for the six months immediately preceding the effective date of the increase to be eligible for a merit increase, and at least six months must have elapsed since the employee's last merit salary increase. These limitations also apply to one-time merit payments.

Merit increases or advances in rank for faculty are to be on the basis of teaching effectiveness, research, public service, patient care, and administration.

Merit increases or promotions for administrative and professional staff and classified staff are to be based on evaluation of performance in areas appropriate to work assignments.

In accordance with *Regent's Rules and Regulations*, performance appraisals are to be conducted annually for all employees of the U. T. System. The U. T. System Administration Office of Talent and Innovation will issue specific guidance related to this requirement.

Other Increases - Equity adjustments, competitive offers, and increases to accomplish contractual commitments should also consider merit where appropriate, subject to available resources. Subject to guidance issued by the Associate Vice Chancellor, Budget and Planning, such increases should be noted and explained in the supplemental data accompanying the budget.

New Positions - Subject to available resources, new administrative and professional staff, classified staff, and faculty positions are to be requested only when justified by workloads or to meet needs for developing new programs.

Reporting - The Associate Vice Chancellor, Budget and Planning will issue guidance on reporting of compensation changes and amounts. It is expected that required reports will encompass highly compensated and high-ranking personnel covered by *Regents' Rules and Regulations*, Rules 20203 and 20204.

- 4. Staff Benefits Guidelines** - Recommendations regarding the State contribution for employee staff benefits such as group insurance premiums, teacher retirement, and optional retirement are subject to legislative determination via the *General Appropriations Act*. Payments for benefits, including for retirees, should comply with the provisions of Accounting Policy Statements No. 11, "Benefits Proportional by Fund" and the *General Appropriations Act*. The Associate Vice Chancellor, Budget and Planning will issue instructions regarding the implementation of the benefits into the budget process.

U. T. System Fiscal Year 2025 Budget Preparation Policies (continued)

5. **Other Employee Benefits** - Employer contributions to the self-insured Unemployment Compensation Fund are based on an actuarial study. Workers' Compensation Insurance rates are experience-rated for each institution. Appropriate instructions will be issued regarding the implementation of the Unemployment Compensation Fund and Workers' Compensation Insurance Benefits.
6. **Other Operating Expenses Guidelines** - Increases in Maintenance, Operation, Equipment, and Travel are to be justified by expanded workloads, for developing new programs, or for correcting past deferrals or deficiencies.
7. **Calendar** - Authority is delegated to the Associate Vice Chancellor, Budget and Planning to modify the Calendar as needed.



THE UNIVERSITY OF TEXAS SYSTEM

FISCAL YEAR 2025 OPERATING BUDGET CALENDAR

February 22, 2024	Board of Regents takes appropriate action on budget preparation policies and budget rules
April 19, 2024	Request for Library, Equipment, Repair and Rehabilitation new project instructions and information on balances subject to lapse are sent to institutions
May 1-10, 2024	Institution Budget Meetings with U. T. System Administration
May 1, 2024	Budget instructions issued by U. T. System Administration
June 3, 2024	New Library, Equipment, Repair and Rehabilitation project requests due to U. T. System Administration
June 24, 2024	Draft budget due to U. T. System Administration
July 2-8, 2024	Technical budget review with U. T. System Administration
July 12, 2024	Final budget due to U. T. System Administration
July 17, 2024	Reports on highly compensated staff covered by Regents' Rule 20204, institutional top ten salaries and high-ranking staff salaries due to U. T. System Administration
August 9, 2024	Operating Budget Summaries provided to the Office of the Board of Regents
August 22, 2024	Board of Regents takes appropriate action on Operating Budget and compensation of Presidents and Executive Officers

THE UNIVERSITY OF TEXAS SYSTEM

OPERATING BUDGET RULES AND PROCEDURES

For Fiscal Year Ending August 31, 2024⁵

A. INITIAL BUDGET

1. Any transfers subsequent to the approval of the initial budget shall be made only after careful consideration of the allocations, transfer limitations, and general provisions of the current general appropriations act. (See B. Budget Amendments)
2. All appointments are subject to the provisions of the U. T. System Board of Regents' *Rules and Regulations* ("Regents' Rules") for the governance of The University of Texas System.
3. The established merit policy will be observed in determining salary rates.
4. All academic salary rates in the instructional departments of the academic institutions are nine-month rates (September 1 - May 31) unless otherwise specified. In the health-related institutions, all salary rates are twelve-month rates unless otherwise specified.
5. All appointments of classified personnel are based on twelve-month rates and are made within appropriate salary ranges as defined by the classified personnel Pay Plan approved by the president or Chancellor. All appointments of administrative and professional personnel are based on twelve-month rates.
6. Compensation for continuing personnel services (for a period longer than one month), though paid for on an hourly basis, is not to be paid out of maintenance and equipment, or like appropriations, except upon specific approval of the president of the institution or the Chancellor.
7. All maintenance and operation, equipment, and travel appropriations are for twelve months (September 1 - August 31) and should be budgeted and expended accordingly.

B. BUDGET AMENDMENTS

1. Items requiring approval of the U. T. System Administration and subsequent approval by the U. T. System Board of Regents ~~through~~ via the Consent Agenda
 - a. New appointments of tenured faculty (Regents' Rule 31007).
 - b. Award of tenure to any faculty member (Regents' Rule 31007).
 - c. New appointments as Regental Professor (Regents' Rule 31001). Titles set forth in Regents' Rule 20301 including Chancellor Emeritus, President Emeritus and similar honorary designations are conferred by the U. T. System Board of Regents.
 - d. Appointments, promotions, and salary increases involving the president (Regents' Rules 20201, 20202, and 20203).
 - e. New contracts or contract changes involving athletic directors or ~~head~~ coaches whose total annual compensation equals or exceeds the amounts specified by Regents' Rule 10501 Section 2.2.12.
 - f. Compensation changes for Key Executives as defined by Regents' Rule 20203.
 - g. Compensation for Highly Compensated Personnel whose total annual compensation for the first time exceeds or may exceed the amount set as the approved institutional contract threshold discussed in Regents' Rules and Regulations, Rule 10501, Subsection 2.2.17 during the year and who are not subject to B.1.e or B.2.f (Regents' Rules 10501 and 20204).
 - h. Compensation changes greater than five percent for Highly Compensated Personnel whose total annual compensation exceeds the amount set as the approved institutional contract threshold discussed in Regents' Rules and Regulations, Rule 10501, Subsection 2.2.17 and who are not subject to B.1.e or B.2.f (Regents' Rules 10501 and 20204).
 - i. Increases in budgeted amounts from income or unappropriated balances for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds, subject to the thresholds established in B.5 below.
 - j. Increases to Plant Funds which result from transfers from Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds, subject to the thresholds established in B.5 below.
2. Items requiring approval of U. T. System Administration (no Consent Agenda approval required)
 - a. Reappropriation of prior year Educational and General Fund balances, subject to the thresholds established in B.5 below.
 - b. Increases in budgeted amounts from income or unappropriated balances for Educational and General, Auxiliary Enterprises, Designated Funds, Service Departments, Revolving Funds, and Plant Funds, subject to the thresholds established in B.5 below.

- c. Increases to Plant Funds which result from transfers from Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds, subject to the thresholds established in B.5 below.
 - d. Compensation changes for Highly Compensated Personnel other than those subject to B.1.e or B.2.f with total annual compensation in excess of the amount set as the approved institutional contract threshold discussed in Regents' Rules and Regulations, Rule 10501, Subsection 2.2.17, whose change in total annual compensation is five percent or less and whose initial compensation was previously approved by the U. T. System Board of Regents (Regents' Rules 10501 and 20204).
 - e. Appointments and compensation changes for Highly Compensated Personnel (\$1 million or more) who are not subject to B.1.a, B.1.b, B.1.c, B.1.d, B.1.e, B.1.f, B.1.g, B.1.h or B.2.d (Regents Rule 20204).
 - f. Appointments and promotions involving administrative and professional personnel reporting directly to the president.
3. Items requiring approval of the president only (Chancellor for U. T. System Administration)
- a. All interdepartmental transfers.
 - b. All budget transfers between line-item appropriations within a department.
 - c. Increases in budgeted amounts from income or unappropriated balances for Educational and General Funds, Auxiliary Enterprises, Designated Funds, Service Departments, and Revolving Funds, subject to the thresholds established in B.5 below.
 - ~~d. Reallocation of unallocated Faculty Salaries. All unfilled and uncommitted line-item faculty salary positions will lapse to the institutional "Unallocated Faculty Salaries" account.~~
 - de. Reappropriation of Prior Year Educational and General Fund Balances, subject to the thresholds established in B.5 below.
 - ef. Promotions involving tenured faculty (Regents' Rule 20201).
 - fg. New honorary title appointments as Dean Emeritus, Chair Emeritus, Professor Emeritus, and similar honorary designations (Regents' Rule 31001).
 - gh. Transactions involving all other personnel except those specified in B.1.a, B.1.b, B.1.c, B.1.d, B.1.e, B.1.f, B.1.g, B.1.h, B.2.d, B.2.e and B.2.f as defined above.
 - hi. Changes in sources of funds, changes in time assignments, and other changes in status for personnel categorized in Item B.1, provided no change in the individual's salary rate is involved. In the case of Medical Faculty, this provision applies to "Total Compensation."
 - ~~j. Summer Session Budgets.~~

- i.k. Clinical faculty appointments or changes, including medical or hospital staff, without salary provided the clinical faculty member is not considered to be Highly Compensated Personnel.

4. Effective date of appointments and compensation increases

- a. Any increase in approved compensation for the current fiscal year without a change in classification or position is not to be effective prior to the first day of the month in which the required final approval of the rate change is obtained.
- b. A compensation increase resulting from an appointment to another classification or to a position involving new and different duties may be made effective to the time of the first performance of duties under the new appointment.
- c. The effective date of an appointment is the date on which the individual is first to perform service for the institution under that appointment.
- d. The original appointment during a fiscal year of a person not in a budget for that year or not under an existing appointment for that year may relate back to the first performance of duties during the fiscal year although such person may have been employed in a previous fiscal year and although increased compensation for the same classification or position is involved.

5. Budget amendment criteria

- a. Institutions other than U. T. System Administration with budgeted revenue, including transfers from the Available University Fund, of \$1 billion or more will have a threshold of:
 - i. For B.1i and B.1j – Equal to or greater than \$10,000,000 (budget increase approval ~~on~~ via the Consent Agenda)
 - ii. For B.2a – Equal to or greater than \$10,000,000 (reappropriation of E&G balances approval by U. T. System Administration)
 - iii. For B.2b and B.2c – Equal to or greater than \$5,000,000 and less than \$10,000,000 (budget increase approval by U. T. System Administration)
 - iv. For B.3c ~~and B.3e~~ – Less than \$5,000,000 (budget increase approval by president)
 - v. For B.3.d – Less than \$1,000,000 (reappropriation of E&G balances approval by the president)
- b. Institutions other than U. T. System Administration with budgeted revenue, including transfers from the Available University Fund, between \$250 million and \$1 billion will have a threshold of:
 - i. For B.1i and B.1j – Equal to or greater than \$5,000,000 (budget increase approval ~~on~~ via the Consent Agenda)
 - ii. For B.2a – Equal to or greater than \$5,000,000 (reappropriation of E&G balances approval by U. T. System Administration)
 - iii. For B.2b and B.2c – Equal to or greater than \$2,500,000 and less than \$5,000,000 (budget increase approval by U. T. System Administration)
 - iv. For B.3c ~~and B.3e~~ – Less than \$2,500,000 (budget increase approval by the president)
 - v. For B.3.d – Less than \$5,000,000 (reappropriation of E&G balances approval by the president)

- c. Institutions other than U. T. System Administration with budgeted revenue, including transfers from the Available University Fund, less than \$250 million will have a threshold of:
 - i. For B.1i and B.1j – Equal to or greater than \$2,500,000 (budget increase approval ~~on~~ via the Consent Agenda)
 - ii. For B.2a – Equal to or greater than \$2,500,000 (reappropriation of E&G balances approval by U. T. System Administration)
 - iii. For B.2b and B.2c – Equal to or greater than \$500,000 and less than \$2,500,000 (budget increase approval by U. T. System Administration)
 - iv. For B.3c ~~and B.3e~~ – Less than \$500,000 (budget increase approval by president)
 - v. For B.3.d – Less than \$2,500,000 (reappropriation of E&G balances approval by the president)

- d. U. T. System Administration will have a threshold of:
 - i. For B.1i and B.1j – Equal to or greater than \$2,500,000 (budget increase approval ~~on~~ via the Consent Agenda)
 - ii. For B.2a and B.3e – All amounts may be approved by the Chancellor (reappropriation of E&G balances)
 - iii. For B.2b, B.2c, and B.3c – All amounts less than \$2,500,000 may be approved by the Chancellor (budget increase approval)
 - iv. Notwithstanding i., ii., and iii., the Chancellor may authorize any budget amendment in the U. T. System revolving insurance or revolving systemwide information technology funds without limitation.

- e. Notwithstanding a., b., and c. of this section, the president of an institution may authorize any budget amendment related to hospital patient care activities or Medical, Dental, Nursing, and Faculty Services Research and Development Plans, the Allied Health Faculty Services Plan or the Physicians Referral Service Plan without limitation if the budget increase is supported by a corresponding increase in revenue. This exception does not apply to increases from unappropriated balances.

C. OTHER CONSIDERATIONS

1. All appropriations not actually expended or encumbered by August 31 will automatically lapse to the Unappropriated Balance Account except for those reallocated pursuant to Item B.2a and Item B.3d.
2. Compensation from the Medical Service Research and Development Plan, Dental Service Research and Development Plan, Physicians Referral Service Plan, Faculty Services Research and Development Plan, Allied Health Faculty Services Plan, or Nursing Clinical Enterprise Health Services Research and Development Plan indicated as "~~MSRDP Funds," "DSRDP Funds," "PRS Funds," "FSRDP Funds," "Allied Health Faculty Services Plan" or "Nursing Clinical Enterprise Health Services, Research and Development Plan"~~ is contingent upon its being earned or available in accordance with the regulations applicable to the appropriate plan ~~Medical Service Research and Development Plan, Dental Service Research and Development Plan, Physicians Referral Service Plan, Faculty Services Research and Development Plan, Allied Health Faculty Services Plan, or Nursing Clinical Enterprise Health Services Research and Development Plan.~~
3. Budgeted expenditures authorized from sources of funds other than Educational and General Funds

are contingent upon receipt of such funds. Appointments from such fund sources will not become an obligation of the institution in the event the supplemental or grant funds are not realized.

4. Leaves of Absence may be granted only in accordance with provisions contained in Regents' Rule 30201.
5. In these Rules, Compensation means total annual compensation as defined by Regents' Rule 20204 or total compensation under a multiyear contract.
6. Appropriations of the Available University Fund are subject to the appropriation limitations and notice requirements found in the General Appropriations Act.

THE UNIVERSITY OF TEXAS SYSTEM

FACULTY WORKLOAD REQUIREMENTS FOR ACADEMIC INSTITUTIONS

For Fiscal Year Ending August 31, 2024⁵

FACULTY WORKLOAD REQUIREMENTS FOR ACADEMIC INSTITUTIONS

The general workload policy for faculty employed at U. T. System academic institutions is set forth in Regents' Rule 31006. Through established shared governance processes, each academic institution has been authorized by the U. T. System Board of Regents to establish a faculty workload policy that adheres to the provisions and reporting requirements of Rule 31006 and the *Texas Education Code* Section 51.402.

THE UNIVERSITY OF TEXAS SYSTEM

MEDICAL, DENTAL, NURSING, FACULTY SERVICES RESEARCH AND DEVELOPMENT PLANS,
ALLIED HEALTH FACULTY SERVICES PLAN AND PHYSICIANS REFERRAL SERVICE

For Fiscal Year Ending August 31, 2024⁵

RULES AND PROCEDURES

1. These Rules and Procedures are to be used for the Medical, Dental, Nursing, and Faculty Services Research and Development Plans, the Allied Health Faculty Services Plan and Physicians Referral Service (“the Plans”) Budgets in conjunction with the Rules and Procedures for the General Operating Budget.
2. Budgeted expenditures authorized from the Plans are contingent upon receipt of such funds. Appointments and other budget transactions from such fund sources shall not become an obligation of any institution in the event the funds are not realized.
3. All income for professional services earned by members of the plans, except royalties, payments for editing scientific publications, and consultation fees as a regional or national consultant to any branch of the U.S. Government as approved by the U. T. System Board of Regents shall be deposited in the appropriate institution’s institutional Trust Fund Account.
4. Administration, operation, and disbursement of funds shall be in accordance with each institutional plan approved by U. T. System Administration and the U. T. System Board of Regents.
5. At U. T. M. D. Anderson Cancer Center, associate members’ earnings will be contingent upon the earned income of the member in accordance with the services rendered to the patient assigned to the member’s specialty by the chief of the major service. All payments will be approved by the Executive Council of the Physicians Referral Service.
6. Budgeted funds can be used for staff retirement and insurance benefits, for actual travel or supplemental travel expenses for attending meetings for the benefit of any institution, for memberships and dues in medical organizations, for official entertainment, and for such other disbursements as may be authorized by the president consistent with the policies approved by the U. T. System Board of Regents and the U. T. System Administration. These expenditures must be in the best interests of the research, educational and patient care activities of any institution and in the best interest of maintaining a distinguished scientific staff for such purposes and activities.

THE UNIVERSITY OF TEXAS SYSTEM

PERMANENT UNIVERSITY FUND (PUF) BOND PROCEEDS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION (LERR) AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARS) AND SIMILAR FUNDED PROGRAMS BUDGET RULES AND PROCEDURES

For Fiscal Year Ending August 31, 2024⁵

A. INITIAL BUDGET

1. U. T. System institutions are authorized to purchase approved Library and Equipment items and to contract for Repair and Rehabilitation projects following standard purchasing and contracting procedures. This includes expenditures for STARS (including Faculty and Rising STARS), or similar funded programs.
2. Transfers by the U. T. System Administration of allocated funds to institutional control or to vendors will coincide with vendor payment requirements.
3. Final approval of specific Repair and Rehabilitation projects will be in accordance with U. T. System Board of Regents established procedures for construction projects.
4. All expenditures are subject to the provisions of the Texas *Constitution* of the State of Texas and the U. T. System Board of Regents' Rules and Regulations for the governance of The University of Texas System.
5. All expenditures are subject to the guidance established by the U. T. System Board of Regents in the *Permanent University Fund (PUF) Bond Proceeds for Library, Equipment, Repair and Rehabilitation (LERR) and Faculty Science and Technology Acquisition and Retention (STARS) and Similar Funded Programs Expenditure Guidelines*.

B. BUDGET AMENDMENTS

- ~~1. U. T. System institutions are authorized to purchase approved Library and Equipment items and to contract for Repair and Rehabilitation projects following standard purchasing and contracting procedures. This includes expenditures for STARS (including Faculty and Rising STARS), or similar funded programs.~~
 - ~~a. Substitute Library or Equipment purchases in excess of \$1 million that are not on the approved list.~~
 - ~~b. Substitute Repair and Rehabilitation projects in excess of \$1 million that are not on the approved list.~~

2. ~~Items requiring approval of U. T. System Administration (no Consent Agenda approval required)~~

- a. ~~Substitute Library or Equipment purchases of \$1 million or less that are not on the approved list.~~
- b. ~~Substitute Repair and Rehabilitation projects of \$1 million or less that are not on the approved list.~~
- c. ~~Transfers of appropriated funds between approved Library, Equipment, Repair and Rehabilitation items.~~

C. OTHER CONSIDERATIONS

1. All LERR appropriations must be expended within 36 months from the date of the award or the appropriation will lapse and be made available for future Systemwide reallocation.
2. All STARs or similar program appropriations must be expended within 36 months from the time the retained faculty member accepts the award, or the new faculty member arrives ~~on campus~~ at the institution, or the appropriation will lapse and be made available for future Systemwide reallocation.
3. U. T. System ~~academic~~ institutions receiving block STARs allocations have 36 months from the beginning of the fiscal year in which funds are allocated to award the funds to a specific faculty member or the appropriation will lapse and be made available for future Systemwide reallocation.
4. Notwithstanding the limitations adopted at the time LERR, STARs, or other similar funding was authorized, these *Budget Rules and Procedures* apply to all previously authorized LERR, STARs and similar funding.
5. In accordance with the *UTS 168 Capital Expenditure Policy*, LERR and STARs funding that is incorporated into a Major Project will be defined as PUF and will be subject to rules applicable to all Major Projects. Major Projects are defined by Regents' Rule 80301.

THE UNIVERSITY OF TEXAS SYSTEM

PERMANENT UNIVERSITY FUND (PUF) BOND PROCEEDS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION (LERR) AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARS) AND SIMILAR FUNDED PROGRAMS EXPENDITURE GUIDELINES

For Fiscal Year Ending August 31, 2024⁵

A. AUTHORIZATION OF PUF BOND PROCEEDS FOR LERR, STARS, OR SIMILARLY FUNDED PROGRAMS

Article VII, Section 18 (b) of the Texas *Constitution* authorizes the U. T. System Board of Regents to issue bonds and notes secured by the U. T. System's interest in the Permanent University Fund for the purpose of:

- acquiring land, with or without permanent improvements;
- constructing and equipping buildings or other permanent improvements;
- major repair and rehabilitation of buildings and other permanent improvements;
- acquiring capital equipment; and
- acquiring library books and library materials.

It is for the last three purposes noted above that the U. T. System Board of Regents has established the LERR, STARS (including Faculty and Rising STARS), and similarly funded programs.

B. RETENTION OF RECORDS

The Internal Revenue Service requires that invoice documentation supporting capital expenditures, including LERR, STARS and similar programs funded with proceeds of tax-exempt bonds, be maintained for a period ending three (3) years after the complete extinguishment of the bonds. Pursuant to the Texas *Constitution*, PUF bonds may be structured with a maximum maturity of 30 years. In order to comply with the IRS requirement and *UTS 181 Policy for Post Bond Issuance Federal Tax Compliance*, U. T. institutions shall maintain invoice documentation for 35 years for any capital expenditures funded with tax-exempt proceeds.

C. ELIGIBILITY FOR PROGRAM FUNDS

Eligibility for LERR, STARS, or other similar funded programs is the same as eligibility for PUF bond proceeds as set forth in the Texas *Constitution*.

D. GENERAL GUIDELINES FOR USE OF PROGRAM FUNDS

In addition to meeting the constitutional requirements outlined above, the general guideline to determine whether an item is eligible for LERR, STARS, or similar funded programs, is that it must have a useful life of at least one year. The following sections are provided to assist with that determination. These guidelines are not intended to be exhaustive and any questions regarding LERR, STARS, or similar funded program eligibility should be directed to the U. T. System Administration Office of Budget and Planning.

Repair and Rehabilitation of Buildings or Other Permanent Improvements

Major repairs or rehabilitation of buildings or other permanent improvements include, but are not limited to, repairs, renovations, replacements, or betterments that are normally expected to extend the useful life, improve operating efficiency, eliminate health and safety hazards, correct structural or mechanical defects, upgrade the quality of existing facilities, or convert these assets to more useful functions, but that are not considered routine maintenance.

The cost of major repairs or rehabilitation of buildings or other improvements can include the contract price or cost of construction and other costs that would be applicable to make the building or improvement suitable for its intended use.

Acquisition of Capital Equipment

Capital equipment is generally regarded as nonexpendable, tangible personal property having a useful life of more than one year. The acquisition cost for equipment includes the net invoice price, including any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. In addition, taxes, duty, in-transit insurance, freight, and installation charges are also included as part of the acquisition cost. Capital equipment, including software, that will be used Systemwide, or between and among U. T. institutions and System Administration, is eligible for LERR, STARS, or similar program funds.

Warranties and Similar Service Features

The cost of warranties and similar service features related to a purchase of capital equipment (such as maintenance agreements and loaner programs) are not eligible for LERR, STARS, or similar program funds as these are considered operating expenses. This ineligibility also applies to warranty and similar service feature costs separately identified during original purchase. For example, a warranty agreement charge that is separately identified on a laptop purchase is not allowed.

Software

Any capitalized costs associated with the development or implementation of software, including personnel costs (salaries), are eligible for LERR, STARS, or similar funded programs if they are incurred in the Application Development Stage as defined by *Statement No. 51 of the Governmental Accounting Standards Board* "Accounting and Financial Reporting for Intangible Assets." This principle applies whether the salaries are paid to employees of the institution or to outside parties. Training costs related to software usage are discussed below.

The purchase of bundled software included as part of the initial acquisition of computer hardware is capitalizable regardless of threshold and therefore eligible for LERR, STARS, or similar program funds.

Software maintenance costs are considered operating expenses and therefore are not eligible for LERR, STARS, or similar program funds as these are considered operating expense.

Costs for software licenses with a useful life extending beyond one year that will be owned are eligible for LERR, STARS, or similar program funds. Leased or licensed software that requires the payment of an annual fee (i.e., does not have a useful life extending beyond one year) and that will not be owned when the license expires is not eligible for LERR, STARS, or similar program funds.

Employee Training and Travel Costs

Employee training and travel costs are not eligible for LERR or STARS program funds as these are considered operating expenses.

Operating Expenses

Consumables, which generally include those items that have an expected useful life of less than one year, are not eligible for LERR or STARS program funds as these are considered operating expenses. Some examples include, but are not limited to: chemicals, gases, paper, staplers and other office supplies, toner cartridges, medical supplies, disposal services, and laboratory supplies.

Examples of other operating expenses that are not eligible for LERR or STARS program funds include, but are not limited to: monthly telephone services, animals, software maintenance cost, and routine maintenance.

Acquisition of Library Books and Library Materials

The acquisition of library books and library materials is eligible for LERR. A library book is generally defined as a literary composition bound into a separate volume and identifiable as a separate copyrighted unit. Library materials are information sources other than books, including journals, periodicals, microforms, audio/visual media, computer-based information, manuscripts, maps, documents, and similar items that provide information essential to the learning process or enhance the quality of university library programs. [A The](#) purchase of a license for library materials is allowable if the license period is in excess of one year. Annual license subscriptions and payments are not eligible for LERR.

The acquisition cost of library books and library materials can include the invoice price, freight-in, handling and insurance, binding, electronic access charges, reproduction, and other like costs required to put these assets in place, except for library salaries.

Prohibition for Student Housing, Athletics, and Auxiliary Enterprises

Article VII, Section 18 (d) of the Texas *Constitution* prohibits the use of PUF bond proceeds, and therefore the use of LERR, STARS, and similar program funds, for student housing, intercollegiate athletics, or auxiliary enterprises.

E. SPECIAL PROGRAM FUNDING

Allocations of STARS funding by the Board of Regents are for the Faculty STARS program. With appropriate approvals those funds can be redirected to the Rising STARS program. U. T. System academic institutions receiving block STARS allocations can elect to use them as either Faculty STARS or Rising STARS without further approval being required.

Faculty STARS Program

The Faculty STARS program funded by PUF bond proceeds supports the recruitment and retention of the best-qualified faculty at both academic and health institutions by providing additional resources to build and enhance research infrastructure. Because the Faculty STARS program is funded in the same manner as LERR, the same guidelines apply, and each item must have a useful life of more than one year. Faculty STARS funds are available for laboratory renovation and equipment purchases; however, faculty and other staff salaries cannot be paid from Faculty STARS funds.

There are three related program goals that form the basis of the Faculty STARS program:

- recruit senior faculty with national prominence; and
- improve the quality of new faculty and research capacity of the institutions by augmenting the start-up packages for tenure and tenure-track faculty; and
- retain high quality faculty who have had offers from another research institution or have the potential to leave because of limited access to quality equipment or laboratories.

Rising STARS Program

The Rising STARS program makes up to \$300,000 available for recruitment of promising faculty members who are recruited in a tenure track position at any academic level, i.e., assistant, associate, or full professor. Rising STARS funding is limited to the same equipment and renovation expenditure restrictions as Faculty STARS.

ACADEMIC AFFAIRS COMMITTEE

12. Contract (funds coming in) - U. T. Arlington: Fidis Logistics Solutions, LLC, to provide snack vending machine service

Agency: Fidis Logistics Solutions, LLC

Funds: Estimated total revenue is \$300,000 over the life of the contract. Royalties paid by the contractor's vending machines is approximately \$5,000 per month.

Period: December 1, 2023 through November 30, 2026; with one five-year renewal option

Description: The purpose of this Agreement is for the provision of snack vending machines across U. T. Arlington's campus. U. T. Arlington will receive a royalty on the revenue generated by vending machine sales.

Pursuant to *Texas Education Code* Section 51.945, students were provided an opportunity to comment prior to determination that this vending machine provider should be selected. Board approval for this Agreement is sought in accordance with *Texas Government Code* Section 2203.005(a) and The University of Texas Systemwide Policy UTS 130 pertaining to Vending Machine Contracts.

13. Request for Budget Change - U. T. Arlington: New Hire with Tenure -- amendment to the 2023-2024 budget

The following Request for Budget Changes (RBC) has been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
College of Education					
Curriculum and Instruction					
Dean and Professor					
Tim Jacobbe (T)	1/17-8/31	100	12	265,000	13085

14. Lease - U. T. Arlington: Authorization to lease approximately 5,585 square feet of indoor space, approximately 3,200 square feet of outdoor space, and parking located at 841 West Mitchell Street, Arlington, Tarrant County, Texas, to DAY 1 ACADEMIES, dba Bezos Academy, a Delaware nonprofit corporation, for a tuition-free preschool education program; and finding of a public purpose

Description: Lease to DAY 1 ACADEMIES, dba Bezos Academy, of approximately 5,585 square feet of indoor space, approximately 3,200 square feet of outdoor space, and parking located on the edge of the main campus at 841 West Mitchell Street, Arlington, Tarrant County, Texas, for a tuition-free preschool education program for the nearby community. U. T. Arlington will be provided priority enrollment of up to 20% of the preschool capacity for the children of U. T. Arlington faculty, staff, and students, which is estimated to be between 8-12 students. The total capacity of the preschool is estimated to be between 40-60 students. Tenant will work closely with U. T. Arlington to directly market the program to the U. T. Arlington community, which may lead to additional enrollment by U. T. Arlington faculty, staff, and students, above the 8-12 prioritized slots.

The City of Arlington will be providing a separate encroachment easement to U. T. Arlington to expand the exterior play area to approximately 3,200 square feet and this play area will be included in the leased premises to the Tenant. The exterior play area will be exclusive to the Tenant during Tenant's operating hours but will be open to the public after business hours and on weekends.

This matter previously received Board approval on August 24, 2023. However, the item is being brought back for approval due to the additional approximately \$700,000 in Tenant Improvement Allowance to be provided by U. T. Arlington for Tenant's buildout. U. T. Arlington anticipates that the City of Arlington will be gifting approximately \$250,000 and the Sid Richardson Foundation will be gifting approximately \$450,000 to U. T. Arlington for the restricted purpose of funding the Landlord's construction allowance.

Tenant: DAY 1 ACADEMIES, dba Bezos Academy, a Delaware nonprofit corporation

Term: The Agreement will be for an initial term of approximately 10 years from the commencement date of the lease, with one five-year renewal option on the same terms and conditions as the lease. Tenant will have the option to terminate the lease with 180 days written notice.

Lease Cost: Annual rent of \$1.00, which will be prepaid by Tenant.

Tenant will be responsible for cost and expense of janitorial services, utilities serving the premises, security systems, and maintenance services for the premises; including but not limited to telephone and communication equipment, office equipment, and repair of damage caused to the premises by its staff, employees, representatives, clients, and/or visitors. Tenant will be responsible for costs related to the maintenance and repair of the HVAC system. If Tenant has properly maintained and repaired the HVAC system, Landlord will be responsible for the replacement of the units.

Landlord, at Landlord's sole cost and expense, will provide grass mowing, landscaping, fire monitoring, and shared security for the premises.

Tenant Improvements: Tenant will be responsible for performing any work necessary to bring the premises into the condition suitable for Tenant's use. The estimated cost of Tenant improvements is approximately \$270 per square foot or approximately \$1,500,000. Landlord agrees to provide the Tenant approximately \$700,000 towards Tenant's actual construction costs. U. T. Arlington anticipates that the City of Arlington will be gifting approximately \$250,000 and the Sid Richardson Foundation will be gifting approximately \$450,000 to U. T. Arlington for the restricted purpose of funding the Landlord's construction allowance.

Public Purpose: The annual rent described above constitutes a below market rate. In consideration for the below market rate and the approximately \$700,000 construction allowance, U. T. Arlington will be provided priority, tuition-free enrollment of a minimum of 20% of the preschool capacity for the children of U. T. Arlington faculty, staff, and students, which U. T. Arlington estimates carries a total value of approximately \$81,408 to \$122,112 per year, depending on the actual capacity of the preschool. In addition, the parties will work on facilitating experiential learning opportunities at the preschool for students in U. T. Arlington's College of Education.

The Attorney General of the State of Texas has advised in Opinion No. MW-373 (1981) that to comply with the Texas Constitution, the use of space in university facilities at below market rental must meet three requirements: (1) the use of the property must serve a public purpose appropriate to the function of the university, (2) adequate consideration must be received by the university, and (3) the university must maintain controls over the user's activities to ensure that the public purpose is achieved.

Accordingly, the U. T. System Board of Regents is also asked to find that:

(1) the Agreement serves a public purpose appropriate to the function of U. T. Arlington, in requiring that the Tenant continuously operate the preschool facility and provide priority, tuition-free enrollment for a minimum of 20% of the school capacity for U. T. Arlington faculty, staff, and students, as well as possibly providing experiential learning opportunities for students in U. T. Arlington's College of Education. Free tuition preschool will be an important benefit and assist with recruitment and retention of university students and employees and enhances the desirability of the institution as a place to work and study and contribute to student success.

(2) Pursuant to the Agreement, the consideration received by U. T. Arlington is adequate, in obligating the Tenant to provide a 20% priority enrollment to U. T. Arlington staff, faculty, students, and their families.

(3) U. T. Arlington will have sufficient safeguards in place to ensure the public purpose will continue to be met on an ongoing basis by maintaining controls over the Tenant to ensure that the public purpose is achieved, which include U. T. Arlington having the ability to terminate the lease or charge fair market value for the space if (a) the use of the premises changes during the term of the lease or (b) if the minimum 20% prioritized enrollment provided by the Tenant to U. T. Arlington is ever decreased.

15. Contract (funds coming in) - U. T. Austin: Amendment to Gastroesophageal Reflux Disease (GERD) Professional Services Agreement with Seton Family of Doctors related to the provision of clinical and other related administrative services by physicians employed by U. T. Austin's Dell Medical School

Agency: Seton Family of Doctors

Funds: \$1,518,000 for the extension term, \$5,675,000 over the full contract term

Period: September 30, 2023 through September 30, 2024

Description: Amendment 2 updates the terms of the Gastroesophageal Reflux Disease (GERD) Professional Services Agreement to extend the term and increase the annual value of the Agreement to continue the provision of inpatient, surgical, and clinical care of patients experiencing GERD by U. T. Austin employed faculty providers at Ascension clinics and facilities. The initial Professional Services Agreement was effective October 1, 2020. Amendment 1 was executed effective May 1, 2021, adding additional providers and increasing the payments to U. T. Austin for professional services. Amendment 2 extends the term from September 30, 2023, to continue until September 30, 2024. This Amendment is being submitted because the value for the overall term will now exceed the threshold requiring approval by the Board of Regents.

16. Contract (funds going out) - U. T. Austin: Agreement with Tejas Elevator Co. to provide repair and maintenance for campus elevators

Agency: Tejas Elevator Co.

Funds: \$15,300,000

Period: September 1, 2023 through August 31, 2024; with option to extend four additional one-year periods

Description: Tejas Elevator Co. will provide elevator repair and maintenance for all U. T. Austin elevators as needed. This Agreement was procured pursuant to a competitive procurement.

17. Contract (funds going out) - U. T. Austin: Amendment to Agreement with The Davis Group to provide communication and advertising services for U. T. Austin's Center for Health Communication

Agency: The Davis Group

Funds: \$5,017,613 over the full contract term

Period: September 1, 2023 through August 31, 2024

Description: The Davis Group will provide communication and advertising services for U. T. Austin's Center for Health Communication.

The original Agreement had a total value of \$3,500,000 and a term of June 1, 2022 through August 31, 2023. The First Amendment updated the Agreement's end date to August 31, 2024, and increased the total value to \$4,900,000. This Second Amendment does not extend the term of the Agreement, but does add additional funds of \$117,613, to increase the total to \$5,017,613.

The Agreement was procured pursuant to a competitive procurement.

18. Contract (funds going out) - U. T. Austin: Amendment to Agreement with Universal Protection Services LP, dba Allied Universal Security Services, to provide armed security services at the Lyndon Baines Johnson Presidential Library

Agency: Universal Protection Services LP, dba Allied Universal Security Services

Funds: \$7,500,000 over the full contract term

Period: November 1, 2023 through October 31, 2024; with one additional one-year renewal term.

Description: Allied Universal Security Services provides security officers at the Lyndon Baines Johnson Presidential Library. The original Agreement had a term of November 1, 2020 through October 31, 2023, with a contract cap of \$4,500,000 and an option to renew for two one-year terms. The First Amendment updated payment terms for the Agreement, and this Second Amendment utilizes the first renewal option to extend the term to October 31, 2024, and increases the total value of the Agreement from \$4,500,000 to \$7,500,000.

This Master Services Agreement was procured through a competitive procurement, namely an invitation to bid.

19. Contract (funds going out) - U. T. Austin: Amendment to Agreement with athenahealth, Inc., to provide electronic medical record services at Dell Medical School / UT Health Austin

Agency: athenahealth, Inc.

Funds: \$6,430,000 over the full contract term

Period: From date of execution through December 31, 2024

Description: Under this Tenth Amendment, athenahealth, Inc., will continue to provide a cloud-based electronic health record system that is used by Dell Medical School's U. T. Health Austin clinics and Ambulatory Surgery Center.

The Master Services Agreement was initially procured pursuant to an Exclusive Acquisition Justification in 2017. This Tenth Amendment increases the total value of the Agreement from \$4,740,000 to \$6,430,000.

20. Foreign Contract (funds going out) - U. T. Austin: Agreement with Marine Institute, an Irish State Agency, to obtain services of an offshore services vessel to conduct sponsored research

Agency: The Marine Institute, an Irish State Agency

Funds: \$990,861

Period: From the date of execution of the Agreement through September 1, 2024

Description: The Agreement would allow U. T. Austin's Institute for Geophysics, a division of the College of Natural Sciences, to obtain use of an offshore services vessel to conduct sponsored research off the shore of Western Greenland.

21. Interagency Agreement (funds coming in) - U. T. Austin: Interagency Agreement with Texas Education Agency to provide funds for OnRamps Reimbursement Program

Agency: Texas Education Agency

Funds: \$9,750,000 over the full contract term

Period: September 1, 2023 through August 31, 2024; with option to extend for two two-year periods

Description: The Interagency Agreement will provide access to legislated funds for the OnRamps Reimbursement Program. The program includes reimbursement for online educator and student resources related to Texas high school students taking OnRamps Dual Enrollment courses for college credit.

22. Request for Budget Change - U. T. Austin: New Hire with Tenure -- amendment to the 2023-2024 budget

The following Request for Budget Change (RBC) has been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
College of Pharmacy					
Pharmacy					
Associate Professor					
Nayun Kim (T)	9/5-5/31	100	09	118,000	13096

23. Employment Agreement - U. T. Austin: Approval of amendment to terms of Employment Agreement for Head Football Coach Steve Sarkisian and related Services and Intellectual Property Agreement with Sark Enterprises, Inc.

The following terms of the amended Employment Agreement for Head Football Coach Steve Sarkisian and related Services and Intellectual Property Agreement with Sark Enterprises, Inc. have been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel and are recommended for approval by the U. T. System Board of Regents. The terms of the Agreement were previously reviewed pursuant to Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12(a). If the terms are approved, total annual compensation will be in excess of \$1 million. The amended Agreement references 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. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

From: **Guaranteed compensation:**

Annual Salary and payment to Sark Enterprises, Inc.:
Contract Year 4 (January 1 - December 31, 2024): \$5,800,000
Contract Year 5 (January 1 - December 31, 2025): \$6,000,000
Contract Year 6 (January 1 - December 31, 2026): \$6,200,000

The University will pay 60% of the guaranteed compensation directly to Sark Enterprises, Inc. on a bi-monthly basis and 40% for base salary on a monthly basis.

Automobile: Two dealer cars

Club membership: In accordance with Athletics Department's policies and procedures, and based on availability and business need

Private Airplane Use: University to provide 20 hours of private aircraft flight time for personal use each year and unused hours will not carryover

Relocation and Temporary Housing Allowance: \$250,000

Tickets available upon request for use in accordance with Athletics Department's policies and procedures:

- (a) One suite for all home football games; and
- (b) Six tickets to all home games for all other University sports

Nonguaranteed compensation:

Sports camps and clinics

Incentives:

Performance incentives: maximum of \$825,000 annually, to include:

- (1) Team performance incentives: maximum of \$675,000 annually
- (2) National Coach of the Year: \$100,000 annually
- (3) Conference Coach of the Year: \$50,000 annually

To: **Guaranteed compensation (Increase of 78%):**

Annual Salary and payment to Sark Enterprises, Inc.:

- Contract Year 4 (January 1 - December 31, 2024): \$10,300,000
- Contract Year 5 (January 1 - December 31, 2025): \$10,400,000
- Contract Year 6 (January 1 - December 31, 2026): \$10,500,000
- Contract Year 7 (January 1 - December 31, 2027): \$10,600,000
- Contract Year 8 (January 1 - December 31, 2028): \$10,700,000
- Contract Year 9 (January 1 - December 31, 2029): \$10,800,000
- Contract Year 10 (January 1 - December 31, 2030): \$10,900,000

The University will pay 60% of the guaranteed compensation directly to Sark Enterprises, Inc. on a bi-monthly basis and 40% for base salary on a monthly basis

Automobile: Two dealer cars

Club membership: In accordance with Athletics Department's policies and procedures, and based on availability and business need

Private Airplane Use: University to provide 20 hours of private aircraft flight time for personal use each year and unused hours will not carryover

Special one-time payment of \$300,000 on or before April 1, 2024

Tickets available upon request for use in accordance with Athletics Department's policies and procedures:

- (a) Up to 12 tickets to all home football games, opportunity to purchase up to 20 tickets to all home football games; and one suite for use at all home football games (including commensurate premium parking passes);
- (b) Up to eight tickets at away football games, and opportunity to purchase up to 20 tickets to all football away games;
- (c) Up to eight tickets to Conference Championship Game and all post-season football games, and one suite for use at all post-season football games, and opportunity to purchase up to 20 tickets;
- (d) Up to six tickets to all home games for all other U. T. Austin sports

Nonguaranteed compensation (Increase of 124%):

Incentives:

Performance incentives: maximum of \$1,850,000 annually:

- (1) Conference Champion (not cumulative - not to exceed \$300,000): \$150,000 in any contract year in which the team participates in the Conference Championship Game; or \$300,000 in any contract year in which team wins such Conference Championship Game; and
- (2) The highest following Post-Season Bowl/College Football Playoff achievement (not cumulative – not to exceed \$1,250,000);
 - (a) \$100,000 in the post-season of any contract year in which the team participates in a Bowl Game that is not part of the College Football Playoff; or
 - (b) \$250,000 in the post-season of any contract year in which the team participates in the College Football Playoff First Round Game; or
 - (c) \$500,000 in the post-season of any contract year in which the team participates in the College Football Playoff Quarterfinal Game; or
 - (d) \$750,000 in the post-season of any contract year in which the team participates in the College Football Playoff Semifinal Game; or
 - (e) \$1,000,000 in the post-season of any contract year in which the team participates in the College Football Playoff National Championship Game; or
 - (f) \$1,250,000 in the post-season of any contract year in which the team wins the College Football Playoff National Championship Game; and
- (3) Coaching Recognition (not to exceed \$300,000):
 - (a) \$200,000 in any contract year for which Head Coach is named a National Coach of the Year for one (or more) of the following: Eddie Robinson Coach of the Year, George Monger Coach of the Year, Bear Bryant Coach of the Year, Home Depot Coach of the Year, Associated Press Coach of the Year, Walter Camp Football Foundation Coach of the Year; and Gene Stallings Coach of the Year. Only one \$200,000 incentive payment per year will be made even if Head Coach is recognized with more than one of these national coaching awards in such year; and
 - (b) \$100,000 in any contract year in which Head Coach is named Conference Coach of the Year (Coaches' Vote)

Source of Funds: Intercollegiate Athletics

Period: January 2, 2024 through December 31, 2030

24. Employment Agreement - U. T. Austin: Approval of amendments to terms of Employment Agreement for current Assistant Football Coach Jeff Banks

The following terms of the amended Employment Agreement for Assistant Football Coach Jeff Banks have been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel and are recommended for approval by the U. T. System Board of Regents. If the terms are approved, total annual compensation will be in excess of \$1 million. The amended Agreement references 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. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

From: **Guaranteed compensation:**

Annual Salary:

Contract Year 4 (March 1, 2024 - February 28, 2025): \$1,150,000

Automobile: One dealer car

Club membership: In accordance with Athletics Department's policies and procedures and based on availability and business need

Relocation and Temporary Housing Allowance: One-time payment of \$29,000

Tickets: In accordance with Athletics Department's policies and procedures and based on availability

Assumption of Previous Contractual Obligation: \$407,813

Nonguaranteed compensation:

Performance Incentives: Maximum of 19% of annual base salary

To: **Guaranteed compensation (Increase of 4.3%):**

Annual Salary:

Contract Year 4 (March 1, 2024 - February 28, 2025): No Change

Contract Year 5 (March 1, 2025 - February 28, 2026): \$1,200,000

Contract Year 6 (March 1, 2026 - February 28, 2027): \$1,250,000

Automobile: One dealer car

Club membership: In accordance with Athletics Department's policies and procedures and based on availability and business need

Tickets: In accordance with Athletics Department's policies and procedures, and based on availability

Nonguaranteed compensation (No change):

Performance Incentives: Maximum of 19% of annual base salary

Source of Funds: Intercollegiate Athletics

Period: March 1, 2024 through February 28, 2027

25. Employment Agreement - U. T. Austin: Approval of amendments to terms of Employment Agreement for current Assistant Football Coach Kyle Flood

The following terms of the amended Employment Agreement for Assistant Football Coach Kyle Flood have been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel and are recommended for approval by the U. T. System Board of Regents. If the terms are approved, total annual compensation will be in excess of \$1 million. The amended Agreement references 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. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

From: **Guaranteed compensation:**

Annual Salary:

Contract Year 4 (March 1, 2024 - February 28, 2025): \$1,325,000

Contract Year 5 (March 1, 2025 - February 28, 2026): \$1,400,000

Automobile: One dealer car

Club membership: In accordance with Athletics Department's policies and procedures and based on availability and business need

Relocation and Temporary Housing Allowance: One-time payment of \$29,000

Tickets: In accordance with Athletics Department's policies and procedures and based on availability

Nonguaranteed compensation:

Performance Incentives: Maximum of 19% of annual base salary

To: **Guaranteed compensation (Increase of 5.4%):**

Annual Salary:

Contract Year 4 (March 1, 2024 - February 28, 2025): No Change

Contract Year 5 (March 1, 2025 - February 28, 2026): No Change

Contract Year 6 (March 1, 2026 - February 28, 2027): \$1,475,000

Automobile: One dealer car

Club membership: In accordance with Athletics Department's policies and procedures and based on availability and business need

Tickets: In accordance with Athletics Department's policies and procedures, and based on availability

Nonguaranteed compensation (No change):

Performance Incentives: Maximum of 19% of annual base salary

Source of Funds: Intercollegiate Athletics

Period: March 1, 2024 through February 28, 2027

26. Employment Agreement - U. T. Austin: Approval of amendment to terms of Employment Agreement for current Assistant Football Coach Pete Kwiatkowski

The following terms of the amended Employment Agreement for Assistant Football Coach Pete Kwiatkowski have been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel and are recommended for approval by the U. T. System Board of Regents. If the terms are approved, total annual compensation will be in excess of \$1 million. The amended Agreement references 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. A violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

From: **Guaranteed compensation:**

Annual Salary:

Contract Year 4 (March 1, 2024 - February 28, 2025): \$680,000

Annual Payment to PK Enterprises LLC:

Contract Year 4 (March 1, 2024 - February 28, 2025): \$1,020,000

Automobile: One dealer car

Club membership: In accordance with Athletics Department's policies and procedures and based on availability and business need

Relocation and Temporary Housing Allowance: One-time payment of \$29,000

Tickets: In accordance with Athletics Department's policies and procedures and based on availability

Nonguaranteed compensation:

Performance Incentives: Maximum of 19% of that year's total annual salary

To: **Guaranteed compensation (Increase of 5.9%):**

Annual Salary:

Contract Year 4 (March 1, 2024 - February 28, 2025): \$720,000

Contract Year 5 (March 1, 2025 - February 28, 2026): \$760,000

Contract Year 6 (March 1, 2026 - February 28, 2027): \$800,000

Annual Payment to PK Enterprises LLC:

Contract Year 4 (March 1, 2024 - February 28, 2025): \$1,080,000

Contract Year 5 (March 1, 2025 - February 28, 2026): \$1,140,000

Contract Year 6 (March 1, 2026 - February 28, 2027): \$1,200,000

Automobile: One dealer car

Club membership: In accordance with Athletics Department's policies and procedures and based on availability and business need

Tickets: In accordance with Athletics Department's policies and procedures, and based on availability

Nonguaranteed compensation (No change):

Performance Incentives: Maximum of 19% of that year's total annual salary

Source of Funds: Intercollegiate Athletics

Period: March 1, 2024 through February 28, 2027

27. Lease - U. T. Austin: Authorization to sublease approximately 53,254 square feet of office space located at 1300 Red River Street, Travis County, Austin, Texas, commonly known as Innovation Tower, to the Texas Permanent School Fund Corporation, a special purpose governmental corporation (Texas PSF)

Description: Authorization to sublease approximately 53,254 square feet of office space located at 1300 Red River Street, Travis County, Austin, Texas, commonly known as Innovation Tower, to the Texas Permanent School Fund Corporation, a special purpose governmental corporation (Texas PSF).

Landlord: The 2033 Higher Education Development Foundation, a Texas nonprofit corporation

Master Tenant: Board of Regents of The University of Texas System, for the use and benefit of The University of Texas at Austin

Subtenant: Texas Permanent School Fund Corporation, a special-purpose governmental corporation

Term: The initial term will be for approximately 10 years from the lease commencement date. Subtenant will be provided with two renewal options of five years each, which will be at fair market value.

Subtenant shall be provided an ongoing right of first refusal with respect to any available vacant space on the eighth or ninth floor of the building.

Lease Cost: Estimated base rent for the initial term and potential renewal terms is approximately \$48,369,803.

Initial annual base rent is estimated to be approximately \$35.00 per square foot with 3% annual escalations. Total estimated base rent for the initial term is approximately \$19,651,943. Master Tenant is providing abated rent equal to approximately \$1,715,466. The base rent for the potential renewal periods will be at the then determined Fair Market Value.

Subtenant will be responsible for its share of the operating expenses and real estate taxes during the term of the lease, which are initially estimated at \$15.00 per square foot for operating expenses and \$11.50 per square foot for real estate taxes. Assuming 3% annual operating expense and real estate tax increases, the total estimated operating expenses and real estate taxes for the initial term and potential renewal terms is approximately \$37,920,305.

Tenant Improvements: The Master Tenant will provide a tenant improvement allowance of approximately \$100.00 per square foot, which is approximately \$5,325,400.

Parking: The Subtenant will be provided with approximately 159 parking spaces, which will provide initial parking fees of approximately \$257,700 per year.

Total Cost: Total estimated lease revenue over the initial term and potential renewal periods is approximately \$89,785,612, which includes all estimated rent, estimated operating expenses, real estate commissions paid by the Master Tenant, and parking revenue, but does not include the provided tenant improvement allowance of approximately \$5,325,400. The Master Tenant will be responsible to pay all real estate commissions due per a separate written agreement.

28. Gift - U. T. Austin: Authorization to accept a gift of approximately 68 acres of land located on Carlos G Parker Boulevard SW (US Hwy 79), near the intersection of FM 973, Taylor, Williamson County, Texas, and approximately \$200,000 in cash assets from Temple College at Taylor Foundation Inc., for the future development of a programmed education and research facility

Description: Gift of two adjacent tracts of unimproved land, totaling approximately 68 acres, located on Carlos G Parker Boulevard SW (US Hwy 79), near the intersection of FM 973, Taylor, Williamson County, Texas, and approximately \$200,000 in cash assets. The properties are in close proximity to Taylor High School and the future Samsung plant. U. T. Austin shall make good-faith and reasonable efforts to utilize and maintain the property consistent with its teaching, education, innovation, health care, and research mission.

If University fails to begin construction of an education and research facility before the five-year anniversary of the transfer of the title to the Board of Regents, the donor by written notice to the University may begin tolling an 18-month cure period during which the University must begin or cause such construction to begin, and failing to do so within that cure period, may require the property to revert to the donor or its designated successor organization. Once construction begins on the property, the reversionary right shall automatically terminate.

Donor: Temple College at Taylor Foundation Inc., a Texas nonprofit corporation

Estimated Value: \$1,483,070 per the Williamson Central Appraisal District 2023 valuation

29. Request for Budget Change - U. T. Dallas: New Hires with Tenure -- amendment to the 2023-2024 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
School of Behavioral and Brain Sciences					
Psychology					
Professor					
Jennifer Callahan (T)	1/1-5/31	100	09	150,000	13075
Professor					
Camilo Ruggero (T)	1/1-5/31	100	09	150,000	13076

30. Gift - U. T. Permian Basin: Authorization to accept a loan of outdoor art to be placed in the center of the U. T. Permian Basin Bright Star Memorial Plaza

Description: The Bright Star Memorial will be a tribute to individuals from Midland and Odessa who lost their lives in the August 31, 2019, mass casualty shooting. The artwork is an 11-foot tall, five-foot wide cylinder composed of bronze, curved sheets, with perforated text of lyrics and the victims' names and dates of life. The text on the cylinder may be read directly from the perforations and from the paving on which the letters are projected by the sun. At night, the bright pinpoint light (symbolic of the Lone Star) at the center of the cylinder will illuminate through the perforated text. The artwork will be anchored to a concrete platform in the center of the Bright Star Memorial Plaza, which will be built in proximity to the southeast corner of U. T. Permian Basin's Odessa campus.

Artist: Jim Sanborn is an artist who has public artworks located in Japan, Taiwan, and various United States locations. He has had solo exhibitions in Washington, D.C.; Denver, CO; and New York, NY. Mr. Sanborn holds a double-major in art history and sociology from Randolph-Macon College (1969) and a Master of Fine Arts degree in sculpture from Pratt Institute (1971).

Lender: The City of Odessa and Odessa Art (a nonprofit partner with the City of Odessa) own the artwork, but are loaning it to U. T. Permian Basin until 2046 to be displayed at a prominent space for people to experience. The 25-year loan went into effect on April 13, 2021. At the end of the term, the City of Odessa, Odessa Art, and U. T. Permian Basin will have the option to renew for a one-year term.

Value: The artwork and installation are valued at \$200,000, which the City of Odessa will fund via private fundraising. There is no cost to the University to receive the loan and installation of artwork. The cost to build the Bright Star Memorial Plaza, the grounds which the artwork will be located, were included in the University's campus transformation project previously approved by the Board of Regents on August 24, 2022. Minimal continuing maintenance includes dust and debris removal. Depending on conditions, cleaning could be done once a year.



31. Contract (funds coming in) - U. T. Rio Grande Valley: Campus Food Services Agreement and Trademark License Agreement with Compass Group USA through its Chartwells Division

Agency: Compass Group USA through its Chartwells Division

Funds: Approximately \$20,268,162

Period: July 16, 2023 through July 15, 2033

Description: Compass Group to provide Campus Food Operation and Management services based on a percentage commission of gross sales. Services include full-service food, alcoholic beverage, and nonalcoholic beverage. Contract was awarded through a Request for Proposal.

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.

A related Trademark License Agreement grants Compass Group USA through its Chartwells Division a license to the institution's logos for use in connection with services to be provided under the Campus Food Services Agreement.

32. Purchase - U. T. Rio Grande Valley: Authorization to purchase approximately 4.24 acres of land improved with a vacant elementary school campus totaling approximately 45,852 square feet, located at 2400 East Van Buren Street, Brownsville, Cameron County, Texas, from the Brownsville Independent School District, for future campus expansion

Description: Authorization to purchase approximately 4.24 acres of land improved with a vacant elementary school campus totaling approximately 45,852 square feet, located at 2400 East Van Buren Street, Brownsville, Cameron County, Texas, from the Brownsville Independent School District (BISD), for future campus expansion. All areas are estimates and may change once surveyed.

The property consists of a vacant elementary school on an entire elongated city block containing approximately 14 buildings connected with open and covered walkways. The buildings are mostly faced with masonry and were built from 1927 to 1999. The original school building may be considered of historical significance by the Texas Historical Commission. The site also includes a limited amount of surface parking. The campus, known as Longoria Elementary, was closed by BISD in 2019 primarily because of declining enrollment.

The institution will initially use the buildings for educational purposes, including its Visual Arts Department. U. T. Rio Grande Valley estimates it may spend approximately \$33,800,000 to renovate the buildings to make them suitable for such use, subject to future Board authorization as appropriate. Acquisition of the property will reduce U. T. Rio Grande Valley's reliance on leased space to accommodate its core academic mission in Brownsville.

The property is located in a residential neighborhood and is approximately two city blocks from the institution's Brownsville campus.

Seller: Brownsville Independent School District

Purchase Price: Not to exceed fair market value as determined by independent appraisal; appraisal confidential pursuant to *Texas Education Code* Section 51.951

HEALTH AFFAIRS COMMITTEE

33. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide multi-specialty professional medical services, medical administrative services, and certain graduate medical education services to Texas Health Presbyterian Hospital Dallas

Agency: Texas Health Presbyterian Hospital Dallas

Funds: \$50,000,000

Period: September 1, 2023 through August 31, 2028; with an automatic five-year renewal option

Description: The U. T. Southwestern Medical Center will provide multi-specialty professional medical services, medical administrative services, and graduate medical education (GME) related administrative and supervision services to Texas Health Presbyterian Hospital Dallas.

34. Lease - U. T. Southwestern Medical Center: Authorization to lease approximately 10,524 rentable square feet of space located at 1300 East Lookout Drive, Richardson, Dallas County, Texas, from Exeter 1300 Lookout, L.P, a Texas limited partnership, for ophthalmology and medical office use

Description: Authorization to lease approximately 10,524 rentable square feet of space located at 1300 East Lookout Drive, Richardson, Dallas County, Texas, from Exeter 1300 Lookout, L.P, a Texas limited partnership, for ophthalmology and medical office use

Lessor: Exeter 1300 Lookout, L.P.

Term: The term of the lease will be for approximately 120 months, which will commence on the delivery date of the proposed space with all Landlord's required work completed. Tenant will also have the option to further extend the term of the lease for two renewal periods of approximately 60 months each. The base rent will be conditionally abated for the initial nine months following the commencement date.

Lease Cost: Base Rent over the initial period will be approximately \$20.00 per square foot annually for year one then will increase by 2.5% annually thereafter.

The base rent for the potential renewal periods will be at the then determined fair market value. Lessee will be responsible for any additional operating expense, which is initially estimated to be approximately \$9.02 per square foot. Assuming 3% annual operating expense increases, the operating expenses during the initial period are estimated to be approximately \$1,066,527 and the renewal period is estimated to be approximately \$1,462,484. Lessee will be responsible to pay utility charges and janitorial service, which cost is estimated to be approximately \$52,620 per year and may be paid directly to the utility company and janitorial provider for the Lessee's premises. Tenant will also be provided with an optional six reserved parking spaces, which will be an additional parking fee of approximately \$3,960 per year.

Tenant Improvements: The Lessor will contribute approximately \$73.00 per square foot, which is estimated to be approximately \$768,252, as a tenant improvement allowance. Additionally, the institution will contribute approximately \$127.00 per square foot, which is estimated to be \$1,336,548 towards improvements to the leased space.

Total Cost: Total estimated lease expense over the initial lease term and potential renewal periods is approximately \$10,176,609, which includes estimated rent, estimated operating expenses, proposed tenant improvement expense, and potential parking fees.

35. Contract (funds coming in) - U. T. Medical Branch - Galveston: Texas Department of Criminal Justice (TDCJ) to provide funding for the repair and restoration of Hospital Galveston

Agency: Texas Department of Criminal Justice (TDCJ)

Funds: \$20,000,000

Period: September 1, 2023 through August 31, 2024

Description: Texas Department of Criminal Justice (TDCJ) will reimburse U. T. Medical Branch - Galveston (UTMB) no more than \$20,000,000 for the repair and restoration of the TDCJ-UTMB Hospital Galveston. Funding has been provided to TDCJ by the 88th Legislature of the State of Texas to fund UTMB Deferred Maintenance Projects.

36. Purchase - U. T. Medical Branch - Galveston: Authorization to purchase approximately 3.40 acres of land improved with an approximately 2,418 square foot single-family residential building, located at 402 Orchard Street, Webster, Harris County, Texas, from The Estate of Floyd H. Myers, deceased, heirs, executor, successors or assigns, for future growth of the institution's ambulatory network

Description: Authorization to purchase approximately 3.40 acres of land improved with an approximately 2,418 square foot single-family residential building, located at 402 Orchard Street, Webster, Harris County, Texas, from The Estate of Floyd H. Myers, deceased, heirs, executor, successors or assigns, for future growth of U. T. Medical Branch - Galveston's ambulatory network.

Seller: The Estate of Floyd H. Myers, deceased heirs, executor, successors or assigns

Purchase Price: Not to exceed fair market value as determined by independent appraisal; appraisal confidential pursuant to *Texas Education Code* Section 51.951

37. Request for Budget Change - U. T. Health Science Center - Houston: Tenure Appointments -- amendment to the 2023-2024 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Chancellor and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
McGovern Medical School					
Institute of Molecular Medicine					
Professor Long-Jun Wu (T)	3/1-8/31	100	12	220,000	13110
Neurology					
Professor Hung Wen Lin (T)	1/2-8/31	100	12	215,000	13107
Psychiatry and Behavioral Sciences					
Professor Wen Li (T)	12/1-8/31	100	12	200,623	13106
Professor Jeffrey R. Temple (T)	11/16-8/31	100	12	316,246	13109
Surgery					
Professor Hassan N. Ibrahim (T)	11/16-8/31	100	12	416,667	13108
Cizik School of Nursing					
Research					
Professor Jennifer Kawi (T)	12/18-8/31	100	12	200,125	13104

38. Contract (funds coming in) - U. T. Health Science Center - San Antonio: Anesthesiology Provider Agreement with Community Medicine Associates, dba University Medicine Associates

Agency: Community Medicine Associates, dba University Medicine Associates (UMA)

Funds: \$41,999,676

Period: September 1, 2023 through August 31, 2024

Description: This Agreement continues a long-standing clinical coverage arrangement between U. T. Health Science Center - San Antonio and UMA, in support of the Bexar County Hospital District, dba University Health, U. T. Health Science Center - San Antonio's primary clinical affiliate for inpatient activity, under which U. T. Health Science Center - San Antonio provides medical care of patients requiring anesthesia services and/or hospitalization in University Health facilities.

39. Contract (funds coming in) - U. T. Health Science Center - San Antonio: Annual Operating Agreement for General Services to provide non-physician medical and administrative services for Bexar County Hospital District, dba University Health

Agency: Bexar County Hospital District, dba University Health

Funds: \$10,522,765

Period: October 1, 2023 through September 30, 2024

Description: This Agreement continues a long-standing arrangement between U. T. Health Science Center - San Antonio and Bexar County Hospital District, dba University Health under which U. T. Health Science Center - San Antonio provides non-professional medical and administrative support services for University Health. These services include program development support, administration and management of residency programs, and patient care services by non-physicians.

40. Contract (funds coming in) - U. T. Health Science Center - San Antonio: Annual Operating Agreement for Medical Director Services to provide non-physician medical and administrative services for Bexar County Hospital District, dba University Health

Agency: Bexar County Hospital District, dba University Health

Funds: \$9,288,090

Period: October 1, 2023 through September 30, 2024

Description: This Agreement continues a long-standing arrangement between U. T. Health Science Center - San Antonio and Bexar County Hospital District, dba University Health, under which U. T. Health Science Center - San Antonio provides Medical Director services for University Health.

41. Contract (funds coming in) - U. T. Health Science Center - San Antonio: To provide comprehensive professional medical services, administrative support, and non-emergency, and emergency coverage services for Bexar County Hospital District, dba University Health

Agency: Bexar County Hospital District, dba University Health

Funds: \$157,425,568

Period: October 1, 2023 through September 30, 2024

Description: This Agreement continues a long-standing annual coverage arrangement between U. T. Health Science Center - San Antonio and Bexar County Hospital District, dba University Health, under which U. T. Health Science Center - San Antonio provides comprehensive professional medical services, and non-emergency, and emergency coverage services for University Health.

42. Request for Budget Change - U. T. Health Science Center - San Antonio: Tenure Appointments -- amendment to the 2023-2024 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Chancellor and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
School of Nursing					
Office for Faculty Excellence					
Professor					
Fayron Epps (T)	1/2-8/31	100	12	260,000	13067
School of Public Health					
Environmental and Occupational Health					
Chair and Professor					
David Gimeno Ruiz de Porras (T)	10/15-8/31	100	12	250,000	13080
Academic Affairs					
Associate Dean and Associate Professor					
William Anthony Garner (T)	11/1-8/31	100	12	150,000	13078
Quantitative and Qualitative Health Sciences					
Chair and Associate Professor					
Tracey Elaine Barnett (T)	11/14-8/31	100	12	260,000	13079
Environmental and Occupational Health					
Associate Professor					
Emmanuel A. Iyiegbuniwe (T)	9/1-8/31	100	12	190,000	13077
Department of Neurology					
Professor					
Robin C. Hilsabeck (T)	12/1-8/31	100	12	217,000	13091

43. Lease - U. T. Health Science Center - San Antonio: Authorization to lease approximately 22,000 rentable square feet of space located at 5109 Medical Drive, San Antonio, Bexar County, Texas, from PPH Real Estate, LLC, for clinical research office uses

Description: Authorization to lease approximately 22,000 rentable square feet on the 1st and 3rd Floor at 5109 Medical Drive in San Antonio, Bexar County, Texas, for clinical research office uses.

Lessor: PPH Real Estate, LLC, a Texas limited liability company

Term: The term of the lease will be for approximately 60 months from the lease commencement date, which is estimated to be April 1, 2024. Tenant will also have the option to extend the term of the lease for approximately 60 months.

Lease Cost: Estimated base rent for the initial term and potential renewal term is approximately \$4,924,543.

Base Rent over the initial period will be \$20.00 per square foot annually with 2% annual increases thereafter. The base rent for the potential renewal period will start at the lesser of \$22.08 per square foot annually or fair market value, with 2% annual increases thereafter. Tenant will be responsible for any future operating expenses over the base year of 2023 (which is approximately \$12.12 per square foot). Assuming 3% annual operating expense increases, estimated operating expenses during the initial term will be approximately \$33,466 and estimated operating expenses for the renewal period will be approximately \$47,799. All utility charges for the premises are included in the base rent for the lease, subject to increases above the base year.

Tenant Improvements: The Lessor is contributing approximately \$880,000 as a tenant improvement allowance. Additionally, the institution will contribute approximately \$3,520,000 towards improvements to the leased space.

Total Cost: Total estimated lease expense over the initial lease term and potential renewal period is approximately \$8,444,543, which includes all operating expenses, proposed tenant improvement paid by U. T. Health Science Center - San Antonio, and all additional costs outlined above.

44. Lease - U. T. Health Science Center - San Antonio: Authorization to lease approximately 26,370 rentable square feet of medical office space located at 3846 Medical Drive, San Antonio, Bexar County, Texas, from Serac Fountainhead San Antonio Owner, LLC, for clinical use

Description: Authorization to lease approximately 26,370 rentable square feet of medical office space located at 3846 Medical Drive, San Antonio, Bexar County, Texas, for clinical use.

Lessor: Serac Fountainhead San Antonio Owner, LLC

Term: The initial term of the lease will be for approximately 87 months from the lease commencement date, which is estimated to be August 1, 2024. U. T. Health Science Center - San Antonio will receive three months of abated base rent. Tenant will also have the option to extend the term of the lease for approximately 60 months.

Lease Cost: Estimated base rent for the initial term and potential renewal term is approximately \$9,938,139.

Initial base rent during the initial term will be \$28.00 per square foot with \$0.50 annual increases each year thereafter. The base rent for the renewal period will be the then current fair market value. Tenant is responsible for operating expenses. Total estimated operating expenses for the initial term are approximately \$2,629,100. The initial annual operating expense is estimated to be approximately \$12.51 per square foot. The three months of abated base rent totals approximately \$184,590. Assuming 3% annual operating expense escalations, operating expenses during the renewal term are estimated to be approximately \$2,154,030.

Tenant Improvements: The Lessor is contributing approximately \$1,845,900 (\$70 per square foot). Additionally, the institution will contribute funds not covered by tenant improvement allowance, which is currently estimated to be \$5,274,000.

Total Cost: Total estimated lease expense over the initial term and potential renewal term is approximately \$19,995,414, which includes base rent, operating expenses, and proposed tenant improvements paid by U. T. Health Science Center - San Antonio.

45. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Anne Lewis Strategies LLC, dba MissionWired, to provide offline direct mail marketing fundraising and online direct marketing fundraising programs and other related services

Agency: Anne Lewis Strategies LLC, dba MissionWired

Funds: Approximately \$18,500,000 over the full contract term, including all renewal options

Period: November 20, 2023 through November 19, 2026; with two 12-month renewal options

Description: Anne Lewis Strategies LLC, dba MissionWired, will provide services for offline direct mail marketing fundraising and online direct marketing fundraising programs and other related services, including: support in developing strategy to optimize fundraising; guide overall strategic planning process; provide quality control of content, reporting, and alignment within core direct marketing program campaigns; coordinate services with external suppliers; develop integrated digital fundraising program strategy; manage budget oversight and manage marketing campaigns. The Agreement was competitively bid.

46. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Amendment to Agreement with JB York Construction, Inc., to provide job order contracting services

Agency: JB York Construction, Inc.

Funds: The total contract value, including the renewal periods, is estimated to be \$90,000,000, although the maximum amount is indeterminable at this time.

Period: January 1, 2024 through December 31, 2025; with no remaining renewals

Description: Under this job order contracting Agreement, JB York Construction, Inc. (JB York), will function as a general contractor to provide general and specific construction services for projects on a per-project basis. JB York will provide all material, labor, equipment, and services necessary for completion of each project. Services are on a nonexclusive, indefinite quantity basis, and there is no minimum amount of work required. On November 14, 2019, the initial contract, with an estimated value of \$23,500,000, was approved by the Board. On February 23, 2023, an increased estimated value of \$50,000,000 and an amendment to extend the term to December 31, 2023, was

approved by the Board. This Second Amendment extends the term to December 31, 2025. There are no remaining renewals. The contract value is now estimated to be \$90,000,000, although the maximum amount is undeterminable at this time. This Master Agreement was competitively bid.

47. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Amendment to Agreement with J.T. Vaughn Construction, LLC, to provide job order contracting services

Agency: J.T. Vaughn Construction, LLC

Funds: The total contract value, including the renewal periods, is estimated to be \$70,000,000, although the maximum amount is indeterminate at this time.

Period: January 1, 2024 through December 31, 2025; with no remaining renewals

Description: Under this job order contracting Agreement, J.T. Vaughn Construction, LLC (JT Vaughn), will function as a general contractor to provide general and specific construction services for projects on a per-project basis. J.T. Vaughn will provide all material, labor, equipment, and services necessary for completion of each project. Services are on a nonexclusive, indefinite quantity basis, and there is no minimum amount of work required. On November 14, 2019, the initial contract, with an estimated value of \$23,500,000, was approved by the Board. On May 4, 2023, an increased estimated value of \$50,000,000 and an amendment to extend the term to December 31, 2023, was approved by the Board. This Second Amendment extends the term to December 31, 2025. There are no remaining renewals. The contract value is now estimated to be \$70,000,000, although the maximum amount is indeterminate at this time. This Master Agreement was competitively bid.

48. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Amendment to Agreement with Provation Software, Inc., to provide enterprise software licenses, services, travel, and maintenance

Agency: Provation Software, Inc.

Funds: The total value of the services under the Agreement is approximately \$6,000,000.

Period: January 1, 2024 through February 17, 2025

Description: Provation Software, Inc. (Provation), provides procedure management software that gives structured documentations for providers and technologists to assist in performing endoscopy procedures and automated coding functionality that streamlines the backend coding process and expedites the final charges to U. T. M. D. Anderson Cancer Center's electronic health record system (Epic) for billing to the payor. The initial Agreement was effective December 31, 2014 through December 30, 2017 and had a cap amount of \$2,499,000. The initial Agreement and Amendments One through Fourteen did not require Board approval as the cap amount was within the institution's delegated approval threshold. This Fifteenth Amendment, effective January 1, 2024, increases the cap amount and amends the Agreement to extend the term to February 17, 2025. The initial Agreement was acquired via an Exclusive Acquisition Justification.

49. Contract - U. T. M. D. Anderson Cancer Center: The International Atomic Energy Agency to designate U. T. M. D. Anderson Cancer Center as an International Atomic Energy Agency Collaborating Centre

Agency: The International Atomic Energy Agency

Funds: No exchange of funds

Period: Date of last signature through four years

Description: The International Atomic Energy Agency will designate U. T. M. D. Anderson Cancer Center as an International Atomic Energy Agency Collaborating Centre to help further develop The International Atomic Energy Agency Member States' capabilities in the fight against cancer, cardiovascular diseases, malnutrition, and other diseases using nuclear and nuclear-related techniques including cancer radiotherapy treatment and diagnostic imaging projects.

50. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Harbour Antibodies BV to grant U. T. M. D. Anderson Cancer Center a nonexclusive license and access to Harbour Technology and certain Harbour Intellectual property

Agency: Harbour Antibodies BV

Funds: The total contract value is estimated to be \$11,900,000 plus a \$1,000 fee for every mouse delivered to U. T. M. D. Anderson Cancer Center

Period: November 7, 2023 through November 6, 2033

Description: License Agreement to collaborate with Harbour Antibodies BV (Harbour) as Harbour will grant U. T. M. D. Anderson Cancer Center a nonexclusive license and access to Harbour Technology and certain Harbour Intellectual property. In addition, Harbour will grant U. T. M. D. Anderson Cancer Center with access to (and the right to use) certain mice on a \$1,000 per mouse basis for the purpose of generating antibodies. As consideration for the right to use certain Harbour Intellectual Property and Harbour mice, U. T. M. D. Anderson Cancer Center will pay Harbour certain development milestone payments and a percentage of sublicensing income if U. T. M. D. Anderson Cancer Center is successful in developing and/or commercializing an antibody product created through the use of the Harbour mice.

51. Request for Budget Change - U. T. M. D. Anderson Cancer Center: Tenure Appointment -- amendment to the 2023-2024 budget

The following Request for Budget Change (RBC) has been administratively approved by the Chancellor and the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
Medical Staff					
Department of Therapeutics					
Discovery					
Vice President, Head of Clinical Development					
Timothy A. Yap (T)	9/1-8/31	100	12	500,000	13086

52. Request for Budget Change - U. T. M. D. Anderson Cancer Center: New Hires with Tenure -- amendment to the 2023-2024 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Chancellor and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
Medical Staff					
Department of Abdominal Imaging Chair and Professor Jeffrey J. Brown (T)	11/1-8/31	100	12	540,000	13087
Department of Graduate School of Biomedical Sciences Dean and Professor Alejandro Aballay (T)	1/2-8/31	100	12	335,000	13088
Department of Experimental Therapeutics Associate Professor Xi Chen (T)	2/1-8/31	100	12	196,000	13099
Department of Head and Neck Surgery Associate Professor Yu Leo Lei (T)	3/1-8/31	100	12	290,000	13089

53. Lease - U. T. M. D. Anderson Cancer Center: Authorization to amend three existing leases and extend the lease terms for Suites 100, 202, and 400 containing approximately 42,345 rentable square feet of space located at 1327 Lake Pointe Parkway, Sugar Land, Fort Bend County, Texas, from Sugar Land Medical Plaza, LLC, for medical and office uses

Description: Authorization to amend three existing leases and extend the lease terms for Suites 100, 202, and 400 containing approximately 42,345 rentable square feet of space located at 1327 Lake Pointe Parkway, Sugar Land, Fort Bend County, Texas, from Sugar Land Medical Plaza, LLC, for medical and office uses

Lessor: Sugar Land Medical Plaza, LLC

Current Term: The current term of the three existing leases commenced on the following dates: June 20, 2019 (Suite 400), June 29, 2019 (Suite 202), and August 31, 2019 (Suite 100) with an initial base rental rate of \$20.67. The three existing leases are scheduled to expire on August 31, 2024. The current term was approved during the May 22-23, 2019 Board of Regents meeting.

Term: The initial term of the lease extension will be for approximately 62 months from the lease commencement date, which is estimated to be September 1, 2024. Tenant will also have the option to extend the term of the lease for approximately 60 months.

Lease Cost: Estimated base rent for the initial extension term and potential renewal term is approximately \$10,531,930.

Initial base rent during the initial extension term will be \$21.70 per square foot with 2.75% annual increases each year thereafter. The base rent for the potential renewal term will be the then current fair market value rental rate. Tenant is responsible for operating expenses. Total estimated operating expenses for the initial extension term are approximately \$2,817,493. The initial operating expense is estimated to be approximately \$11.83 per square foot. Assuming 3% annual operating expense escalations, operating expenses during the renewal term are estimated to be approximately \$3,151,554.

Tenant Improvements: The Lessor is contributing approximately \$423,345 (\$10 per square foot).

Total Cost: Approximately \$16,459,124, which includes base rent and operating expenses over the initial extension and potential renewal terms.

54. Other Matters - U. T. M. D. Anderson Cancer Center: Approval of the Amended and Restated Certificate of Formation for M. D. Anderson Services Corporation to update the composition of its Board of Directors

It is recommended that the Board of Regents approve the proposed Amended and Restated Certificate of Formation for the M. D. Anderson Services Corporation, which removes the requirement for an M. D. Anderson Services Corporation Director to be appointed by the Chairman of the Board of Regents, and deletes references to M. D. Anderson Services Corporation Director names and addresses.

The M. D. Anderson Services Corporation (formerly M. D. Anderson Cancer Center Outreach Corporation) was established in 1989 to enhance revenues by establishing joint ventures in selected markets, providing additional referrals to the institution, contracting for delivery of inpatient and outpatient management, utilizing existing U. T. M. D. Anderson Cancer Center reference laboratory services, and fostering additional philanthropy in distant areas. The M. D. Anderson Services Corporation is managed by a seven-person Board of Directors. Under the current Articles of Incorporation and Regents' Rule 10402 (Committees and Other Appointments), the Chairman of the Board of Regents is required to appoint a Regent to serve as one of the Directors. In the absence of an appointment by the Chairman of the Board of Regents, the Chairman of the Board of Regents' Health Affairs Committee shall serve. The Executive Vice Chancellors for Health Affairs and Business Affairs both serve on the Board of Directors, and the President of U. T. M. D. Anderson Cancer Center appoints the other four Directors.

Under the proposed Amended and Restated Certificate of Formation, the Executive Vice Chancellors for Health Affairs and Business Affairs will continue to serve as Directors, with the other five Directors appointed by the President of U. T. M. D. Anderson Cancer Center. If approved, Regents' Rule 10402 (Committees and Other Appointments) will be amended accordingly.

FACILITIES PLANNING AND CONSTRUCTION COMMITTEE

No items for Consent Agenda