

Meeting No. 1,190

THE MINUTES OF THE BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

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December 20, 2018

Austin, Texas

MEETING NO. 1,190

THURSDAY, DECEMBER 20, 2018.--The members of the Board of Regents of The University of Texas System convened a special called meeting at 2:00 p.m. via telephone conference call on Thursday, December 20, 2018, in the Board Room, Second Floor, The University of Texas System Building, 210 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Tucker
Vice Chairman Hildebrand
Vice Chairman Foster
Regent Aliseda
Regent Beck
Regent Eltife
Regent Hicks
Regent Longoria
Regent Weaver
Regent Jewell, Student Regent, nonvoting

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present on the telephone, Chairman Tucker called the meeting to order in Open Session.

RECESS TO EXECUTIVE SESSION.--At 2:01 p.m., the Board recessed to Executive Session, pursuant to *Texas Government Code* Sections 551.071, 551.072, 551.073, and 551.074 to consider the matters listed on the Executive Session agenda.

RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO CONSIDER AGENDA ITEMS.--The Board reconvened in Open Session at 2:13 p.m. to consider the following action on Executive Session Agenda Item 4a and to consider the following Agenda Items.

1a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

- 1b. U. T. Austin: Discussion and appropriate action related to legal issues concerning potential short-term ground lease of approximately 6.64 acres of land located south of Mike A. Myers Stadium between Red River Street and Robert Dedman Drive for construction of an events arena; acceptance of ownership of the arena upon completion; and potential long-term services and/or management agreement for the management of an events arena to replace the Frank C. Erwin Special Events Center

No action was taken on this item. See related Executive Session Item 2 below and related Agenda Item 1 on Page 4 for action taken in Open Session.

2. U. T. Austin: Discussion and appropriate action related to real property matters associated with the potential short-term ground lease to Oak View Group, LLC of approximately 6.64 acres of land located south of Mike A. Myers Stadium between Red River Street and Robert Dedman Drive and such incidental land contiguous to the acreage identified as determined needed for construction of an events arena to replace the Frank C. Erwin Special Events Center

No action was taken on this item. See related Executive Session Item 1b above and related Agenda Item 1 on Page 4 for action taken in Open Session.

- 3a. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions); U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors); other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive); Board members, and U. T. System and institutional employees

No action was taken on this item.

- 3b. U. T. System Board of Regents: Discussion regarding individual personnel matters associated with the election of Board officers

No action was taken on this item. See related Agenda Item 2 on Page 5 for action taken in Open Session.

- 4a. U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features, including a gift with associated finding of public purpose

Regent Aliseda moved that the U. T. System Board of Regents authorize the Vice Chancellor for External Relations, the Chancellor, and the President of U. T. Dallas to conclude negotiations necessary to finalize, approve, and accept gifts and to

finalize and execute agreements with potential naming features for the benefit of U. T. Dallas consistent with the terms and conditions outlined and recommended in Executive Session.

He also moved that, to the extent determined necessary to effectuate the above approval, the Board

- a. authorize the U. T. System Executive Director of Real Estate, following appropriate institutional and System review and approval, to execute any leases with a cumulative term exceeding 10 years; and
- b. authorize the Vice Chancellor for External Relations and the President of U. T. Dallas, following review and approval by the Chancellor and the U. T. System Executive Director of Real Estate as to real property interests, to conclude negotiations necessary to finalize and execute any leases with a cumulative term of less than 10 years.

Finally, he moved that the Board find that

1. any related contributions by U. T. Dallas, as recommended to the Board, serve a public purpose appropriate to the function of U. T. Dallas;
2. the potential benefit received by U. T. Dallas in return is adequate; and
3. that U. T. Dallas has a plan to assure adequate safeguards and controls are in place to ensure the public purpose is achieved and maintained.

The motion was seconded by Regent Longoria and carried unanimously.

- 4b. U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features

No action was taken on this item.

AGENDA ITEMS

1. U. T. Austin: Discussion and appropriate action related to potential short-term ground lease to Oak View Group, LLC (OVG) of approximately 6.64 acres of land located south of Mike A. Myers Stadium between Red River Street and Robert Dedman Drive for construction of an events arena; acceptance of ownership of the arena upon completion; and execution of a long-term services and/or management agreement with OVG for management of an events arena to replace the Frank C. Erwin Special Events Center

Chairman Tucker said that the Board had an opportunity to discuss real estate and legal issues concerning this item in Executive Session. She called on President Fenves to summarize his recommendations. President Fenves reported that the request before the Board is to approve a short-term ground lease on the U. T. Austin property with the purpose to build a new basketball arena and events center. This new center will replace the 40-year-old Erwin Center. A Request For Proposal (RFP) was issued in February 2018 for respondents to build and operate a new arena on the University's behalf. The RFP closed in June 2018 and there was one respondent, known as the Oak View Group, LLC (OVG), that was determined to be responsive and qualified. The University is now seeking approval from the Board to issue a short-term ground lease to OVG and associates to build a modern arena. Upon completion of that arena, the improvements will be conveyed back to the University and then will be operated by OVG.

Regent Beck moved that The University of Texas System Board of Regents authorize President Fenves to conclude negotiations with OVG or a majority-owned subsidiary thereof, following review and approval by the Chancellor, the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor and General Counsel, and the System Executive Director of Real Estate, as necessary to effect the short-term ground lease of approximately 6.64 acres of land located on the campus of The University of Texas at Austin, south of Mike A. Myers Stadium between Red River Street and Robert Dedman Drive and such incidental land contiguous to the acreage identified, as determined by U. T. Austin to be needed for the project, to OVG, and other documents as necessary for the construction and operation of a first-class public venue, community event center, and basketball arena for the benefit of the University and related public uses, within the parameters recommended in Executive Session.

He further moved that the Board

- a. delegate authority to the U. T. System Executive Director of Real Estate, following review and approval by President Fenves, the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel, to execute a short-term lease to OVG for construction of the arena on the property described above; and

- b. delegate authority to President Fenves, following review and approval by the Chancellor, the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor and General Counsel, and the System Executive Director of Real Estate, to take steps necessary to effect this authorization, including the authority to execute a long-term services and/or management agreement with OVG for the management of the facility for the use, benefit, and enjoyment of the University and related public uses with both delegations on terms deemed most beneficial to the University and both delegations to include the authority to execute other ancillary documents as necessary or appropriate to implement this authorization.

The motion was seconded by Regent Longoria. Regent Hicks commented on what a great day it was for U. T. Austin and the City of Austin as this has been a long-term project, and he thanked all involved. The motion carried unanimously.

2. U. T. System Board of Regents: Discussion and appropriate action regarding election of Board officers

The Board considered and voted on the election of officers for the Board of Regents, at the request of the Chairman, pursuant to Regents' *Rules and Regulations*, Rule 10102.

When Chairman Tucker announced her intention to step down as Chairman and from the Board of Regents earlier this year, she provided a 90-day notice period to assure the new Chancellor had the support needed for a smooth transition into The University of Texas System. Last week, after acknowledging Chancellor Milliken's quick transition and effective leadership, she notified members of the Board that she will step down as Chairman at the conclusion of the December 20, 2018 meeting to allow the U. T. System to have Board leadership identified and in place for the entire Legislative Session.

Chairman Tucker asked if there was a motion concerning election of the Chairman. Regent Longoria moved to nominate Regent Kevin Eltife as Chairman of the Board.

Vice Chairman Hicks seconded the motion, which carried unanimously. Regent Eltife abstained from the vote.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 2:21 p.m.

/s/ Tina E. Montemayor
Assistant Secretary to the Board of Regents

January 3, 2019