



**AGENDA**  
**SPECIAL CALLED TELEPHONE MEETING**  
of  
**THE UNIVERSITY OF TEXAS SYSTEM**  
**BOARD OF REGENTS**  
**November 27, 2017**  
Austin, Texas

CONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO *TEXAS GOVERNMENT CODE*, CHAPTER 551

3:30 p.m.

1. Individual Personnel Matters Relating to Officers or Employees – Section 551.074
  - a. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Deputy Chancellor, Executive Vice Chancellors, and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), members of the Board of Regents, and U. T. System and institutional employees**
  - b. **U. T. System: Discussion and appropriate action regarding individual personnel matters related to development of a bid for management of Los Alamos National Laboratory**
2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071
  - a. **U. T. System Board of Regents: Discussion with Counsel on pending legal issues**
  - b. **U. T. Southwestern Medical Center: Discussion and appropriate action regarding legal issues related to proposed acquisition of North Texas Specialty Physicians through Southwestern Health Resources**
  - c. **U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston: Discussion regarding legal issues related to proposed TMC3 collaborative research development**
  - d. **U. T. System: Discussion and appropriate action regarding legal issues related to development of a bid for management of Los Alamos National Laboratory**
3. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072

**U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston: Discussion regarding the lease and/or exchange of land and lease of common facilities at the proposed TMC3 collaborative research development located on approximately 28 acres bounded by Old Spanish Trail, South Braeswood Boulevard, and bisected by William C. Harvin Boulevard, from Texas Medical Center, Inc., for research and related uses**

RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO CONSIDER AGENDA ITEMS

4:30 p.m.  
approximately

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<b>1. U. T. System Board of Regents: Approval of Consent Agenda items and consideration of any items referred to the full Board</b>	<b>3</b>
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ADJOURN

*5:00 p.m.  
approximately*

1. **U. T. System Board of Regents: Approval of Consent Agenda items and consideration of any items referred to the full Board**

RECOMMENDATION

The Board will be asked to approve the Consent Agenda items and will discuss any items referred for consideration by the full Board.

2. **U. T. Southwestern Medical Center: Discussion and appropriate action regarding proposed acquisition of North Texas Specialty Physicians through Southwestern Health Resources**

**RECOMMENDATION**

President Podolsky will outline the proposed acquisition, through Southwestern Health Resources (SWHR), of North Texas Specialty Physicians (NTSP), a Texas nonprofit corporation, to expand SWHR's physician network, provide advanced population health capabilities and infrastructure, and afford access to a health care plan.

**BACKGROUND INFORMATION**

On October 2, 2015, the Board of Regents approved the formation of a health care network, including a physician network and a hospital network, with Texas Health Resources (THR), a Texas nonprofit corporation. The health care network, known as Southwestern Health Resources, was intended to enable U. T. Southwestern Medical Center to enhance its abilities to serve its multiple public purposes and specifically to deliver high quality health care across the entire care continuum. The Board also approved allocation and expenditure of \$63 million of unrestricted institutional funds over three years to support the new clinical health network.

3. **U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston: Discussion and possible appropriate action regarding proposed TMC3 collaborative research development**

DISCUSSION

Chancellor McRaven will introduce a discussion and may make recommendations concerning the proposed TMC<sup>3</sup> collaborative research development project.

4. **U. T. System: Discussion and appropriate action regarding development of a bid for management of Los Alamos National Laboratory**

RECOMMENDATION

Chancellor McRaven and Deputy Chancellor Daniel will introduce a discussion concerning the proposed bid for management of the Los Alamos National Laboratory.



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## MEETING OF THE BOARD

1. Contract (funds going out) - U. T. System: Amendment to contract with Netherland, Sewell & Associates, Inc. to perform reserve studies for University Lands

Agency: Netherland, Sewell & Associates, Inc.

Funds: Third amendment to existing contract for an additional \$600,000; bringing total for the initial contract and three amendments to \$1,900,000

Period: September 1, 2017 through January 1, 2018

Description: Amendment of existing agreement with Netherland, Sewell & Associates, Inc. to perform analysis of oil and gas reserves and provide reserve estimates to University Lands. The initial contract was for a one-year term beginning June 16, 2014, for \$375,000. The first amendment was for another one-year term beginning May 11, 2015, for \$350,000. The second amendment raised the total contract amount to \$1,300,000, with a term beginning May 11, 2016, and ending August 31, 2016. The second amendment was approved by the Board on July 13, 2016.

## ACADEMIC AFFAIRS COMMITTEE

2. Lease - U. T. El Paso: Authorization to lease approximately 21,800 square feet of space for the University Bookstore located at 2201 Sun Bowl Drive and two ancillary locations in El Paso, El Paso County, Texas, to Follett Higher Education Group, Inc., for the operation of a campus bookstore

Description: Lease of approximately 21,800 square feet of space; 20,000 square feet in the University Bookstore located at 2201 Sun Bowl Drive, and an additional 1,800 square feet to be leased during events at the Sun Bowl Stadium and Don Haskins Center in El Paso, El Paso County, Texas, for the operation of a campus bookstore. Lessee has operated a bookstore in these locations since 2006. The institution recently solicited competitive bids for a new operator and awarded the new contract to Follett Higher Education Group, Inc.

Lessee: Follett Higher Education Group, Inc., an Illinois corporation



- Term: 84 months commencing approximately January 1, 2018, with three one-year options to renew at the institution's sole discretion
- Lease Income: Annual base rent for the initial term is \$550,000 (\$25.23 per square foot), for a total base rental income of \$3,850,000 over the initial term of the lease. Lessee will pay Lessor annual percentage rent in an amount ranging from 20% to 24% of annual gross sales, excluding sales of academic materials. Annual gross percentage rent is estimated to be \$339,763, based on historical sales data, for a total percentage rental income of approximately \$2,378,338 over the initial term. Lessee will pay a one-time cash contribution of \$250,000, to be amortized over the initial term of the lease.
- Tenant Improvements: Lessee will contribute \$1,050,000 in improvements to the lease space, to be amortized over the initial term of the lease.
- Total Lease Income: Over the initial and renewal terms, Lessee will pay to Lessor an estimated \$9,754,364 in base rent, percent rent, and operating expenses.

### HEALTH AFFAIRS COMMITTEE

3. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide physician services to Parkland Health and Hospital System for Dallas County Hospital District

- Agency: Dallas County Hospital District
- Funds: \$218,154,244
- Period: October 1, 2017 through September 30, 2019
- Description: U. T. Southwestern Medical Center will provide physician services to Parkland Health and Hospital System for Dallas County Hospital District.