

Meeting No. 1,152

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

Pages 1 - 21

September 23, 2016

Austin, Texas

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OF  
THE UNIVERSITY OF TEXAS SYSTEM  
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MEETING NO. 1,152

FRIDAY, SEPTEMBER 23, 2016.--The members of the Board of Regents of The University of Texas System convened a special called meeting at 10:03 a.m. via telephone conference call on Friday, September 23, 2016, in the Board Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Foster  
Vice Chairman Hildebrand  
Vice Chairman Hicks  
Regent Aliseda  
Regent Beck  
Regent Cranberg  
Regent Hall  
Regent Pejovich  
Regent Tucker  
Regent Joseph, Student Regent, nonvoting

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

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

Executive Vice Chancellor Kelley reported on the proposed agreements with Salesforce.com, Inc. and Salesforce.org for the development of Total Educational Experience (TEEx) version 2.0, The University of Texas System's Institute for Transformational Learning's (ITL) future learning platform, as set forth in Consent Agenda Item 2 on Page 9.

Noting the entrepreneurial-type role of the ITL to develop innovative solutions to the delivery of course work to support students in a unique way, Dr. Kelley described the proposed bundle of development services and software subscriptions, the costs as outlined in the Consent Agenda Item, and the challenges of this new and creative process, which includes an agile delivery process. He described how U. T. would own only newly created intellectual property and where the risks and accountability reside. He said that new requests for funding to continue the project are expected to be brought before the Board at future meetings.

Regent Beck asked if the proposed agreements have been approved by the Office of General Counsel, and Dr. Kelley answered affirmatively.

Regent Hall expressed his support for the arrangement and Chairman Foster agreed, noting no action was needed on this item as it would be approved as part of the Consent Agenda.

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

Chairman Foster noted the following related to the Consent Agenda:

- Item 1 requests approval of the appointment of Associate Vice Chancellor Goonewardene as a member of the National Advisory Council on Innovation and Entrepreneurship. The Board is asked to make a finding that service on the Council is of benefit to the State of Texas and The University of Texas System and that there is no conflict of interest between the position and the U. T. System.
- Item 2 seeks approval of the agreements with Salesforce to provide software licenses and development services to the U. T. System. Vice Chairman Hildebrand abstained from vote on this item because of stockholdings. (See Dr. Kelley's report on this proposal at Item 1 on Page 1.)
- Item 3 proposes a contract with GSD&M and Interbrand for a U. T. System branding initiative.
- Item 8 is deferred.
- Item 9 is a request by The University of Texas at Dallas for approval to seek rezoning for approximately 49.4 acres from Technical Office-Manufacturing to Planned Development.

With regard to Item 3, members of the Board asked about a comprehensive plan for the branding campaign, including funding, and about how the campaign will help the key stakeholders promote their individual agendas. Vice Chancellor Safady responded that the initiative was requested by Chancellor McRaven to enhance the understanding and reputation of all things U. T. She explained the extensive communications with institutional and U. T. System Administration representatives who provided feedback on the proposal. She said this effort will allow the autonomy of the institutions to continue with their current marks but connect with the bigger U. T brand.

Chancellor McRaven also commented on the initiative as a way to maximize the messaging and tell the U. T. story, enhance philanthropy, and have consistency in the U. T. brand.

Vice Chairman Hildebrand asked for accountability and suggested a five-year implementation plan that includes a holistic look at what the effort will achieve, what it will cost over the five years, and what is the value add.

Chairman Foster suggested that the item be deferred, and Chancellor McRaven and Dr. Safady commented that more long-term planning information will be incorporated into a proposal that will be brought back to the Board for consideration. (See Minutes for October 11, 2016, for approval of the branding and marketing initiative.)

The Board then approved the Consent Agenda, which is set forth on Pages 6 - 21, with deferral of Items 3 and 8.

In approving the Consent Agenda, the Board expressly authorized that any contracts or other documents or instruments approved therein may be executed by the appropriate officials of the respective University of Texas System institution involved.

RECESS TO EXECUTIVE SESSION.--At 10:41 a.m., the Board recessed to convene in Executive Session pursuant to *Texas Government Code* Sections 551.071 through 551.074 to consider the matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION.--At 11:38 a.m., the Board reconvened in Open Session to consider action on the following Executive Session items.

1. U. T. Rio Grande Valley: Discussion and appropriate action regarding the lease of approximately 85,000 square feet of space in a building to be constructed at 2300 East Dove Avenue, McAllen, Hidalgo County, Texas, from DHR Real Estate Management, L.L.C., for medical research, educational, and clinical uses

Regent Pejovich moved that the Board take the following actions on behalf of The University of Texas Rio Grande Valley:

- a. authorize the lease of approximately 86,150 square feet of space in a building to be constructed at 2300 East Dove Avenue, McAllen, Hidalgo County, Texas, from DHR Real Estate Management, L.L.C., for medical research, educational, and clinical uses on terms in accordance with the parameters outlined in Executive Session; and
- b. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, subject to the approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary to carry out the purpose and intent of the foregoing actions within the parameters outlined in Executive Session.

The motion was seconded by Vice Chairman Hicks and carried unanimously.

2a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

2b. U. T. System Board of Regents: Discussion and appropriate action regarding pending litigation styled *Glass, Moore, and Carter v. State of Texas, University of Texas at Austin, et al.*

No action was taken on this item.

3. U. T. Austin: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features

Vice Chairman Hicks moved that the Board authorize the Vice Chancellor for External Relations, the Chancellor or Deputy Chancellor, and the President of The University of Texas at Austin to conclude negotiations necessary to finalize, approve, and accept a gift and to finalize and execute an agreement with potential naming features for the benefit of U. T. Austin consistent with the terms and conditions outlined and recommended in Executive Session.

The motion was seconded by Regent Beck. Regents Cranberg, Hall, and Pejovich voted nay, and the motion passed 6 to 3 with Chairman Foster voting aye.

4a. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), members of the Board of Regents, and U. T. System and institutional employees

No action was taken on this item.

4b. U. T. Tyler: Discussion and appropriate action concerning individual personnel matters related to the appointment of a president, including discussion of individual candidates to be invited to interview

Regent Aliseda moved that the Board authorize the Chairman, the Chancellor or the Deputy Chancellor, and the Executive Vice Chancellor for Academic Affairs to take action, as recommended and discussed in Executive Session, to invite candidates for The University of Texas at Tyler presidency to interview with the Board at a future

Board meeting. He said this motion is premised on the understanding that the names of finalists for the presidency will be made public at least 21 days before a vote to name a president.

The motion was seconded by Regent Pejovich and carried unanimously.

ADJOURNMENT.--At 11:41 a.m., there being no further business, the meeting was adjourned.

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

November 9, 2016





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No items for Consent Agenda

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No items for Consent Agenda

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No items for Consent Agenda

## MEETING OF THE BOARD

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

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

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

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

Name: Julie Goonewardene

Title: Associate Vice Chancellor for Innovation and Strategic Investment

Position: Council Member, National Advisory Council on Innovation and Entrepreneurship (NACIE)

Period: October 6, 2016 through October 5, 2018

Compensation: None

Description: The NACIE is charged with identifying and recommending solutions to issues critical to driving the innovation economy. Council members will focus on making recommendations for policies and programs aimed at helping U.S. communities, businesses, and the workforce to be more globally competitive.

## AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE

No items for Consent Agenda

## FINANCE AND PLANNING COMMITTEE

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

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

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

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

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

Source of Funds: Available University Fund

Period: See Description below

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

- Competitively procured Professional Services Agreement with Salesforce.com, Inc., with estimated SOW of \$2,091,836 for development services, plus \$313,717 in expenses for the time period October 1, 2016 through December 31, 2016;

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

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

Agency: GSD&M and Interbrand

Funds: \$1,461,380

Source of Funds: Available University Fund

Period: September 16, 2016 through September 16, 2017

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

The work will be divided into six phases:

Phase 1: Discovery & Assessment, which includes stakeholder interviews and campus visits

Phase 2: Development of Brand Framework/Platform

Phase 3: Creative Brand Concepts, which includes development and testing of creative concepts

Phase 4: Brand Guidelines, Brand Architecture, Toolkit

Phase 5: Brand training program

Phase 6: Materials development--e.g., print, digital, outdoor, etc.

## ACADEMIC AFFAIRS COMMITTEE

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

Agency: Measurement Inc.

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

Source of Funds: Texas Education Agency grant funds

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

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

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

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

Agency: Capital Metropolitan Transportation Authority

Funds: \$18,500,000

Source of Funds: Student Fees

Period: September 1, 2016 through August 31, 2019

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

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

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

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

From: **Guaranteed compensation:**

Annual Salary: \$225,000

Automobile: \$7,500

Product Endorsement:

FY 2016-2017, \$60,000

FY 2017-2018, \$60,000

**Nonguaranteed compensation:**

Sports Camps: Based upon net and Athletics Director Approval

Team Wins Big 12 conference championship: \$15,000

Team qualifies for post-season NCAA Tournament competition: \$5,000

Team participates in NCAA Tournament round of 16: \$5,000

Team participates in NCAA Tournament round of 8: \$5,000

Team participates in NCAA Tournament Championship Semifinals: \$10,000

Team participates in NCAA Tournament Championship  
Final: \$15,000  
Team participates in NCAA Tournament Championship: \$30,000  
Team Academic Performance Incentives: \$10,000  
Coach of the Year Honors:  
Coach is named Big 12 Coach of the Year (Coaches' Vote): \$2,000  
Coach is named AVCA Coach of the Year (Coaches' Vote): \$5,000

To:

**Guaranteed compensation:**

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

**Nonguaranteed compensation:**

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

Guaranteed  
Compensation  
Percent Change: 21.4%

Nonguaranteed  
Compensation  
Change: 34.3%

Source of  
Funds: Intercollegiate Athletics



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

Period: September 1, 2016 through August 31, 2020

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

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

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

From: **Guaranteed compensation:**

Annual Salary: \$349,313

Automobile: \$7,500

Product Endorsement: \$82,500

Speaking: \$100,000

Sports Camps: \$80,000

**Nonguaranteed compensation:**

Team Academic Performance Incentives: \$27,500

Team Wins Big 12 tournament championship: \$32,500

Team Wins Big 12 conference championship: \$32,500

Team participates in Top 16 Seed NCAA Tournament round of 16: \$15,000

Team participates in 1st Game of NCAA Tournament: \$10,000

Team participates in 2nd Game of NCAA Tournament: \$10,000

Team participates in 3rd Game of NCAA Tournament: \$15,000

Team participates in 4th Game of NCAA Tournament: \$15,000

Team participates in NCAA Tournament Championship Semifinals: \$25,000

Team participates in NCAA Tournament Championship

Final: \$25,000

Coach of the Year Honors:

Coach is named Big 12 Coach of the Year (Coaches' Vote): \$5,000

Coach is named National Coach of the Year (Coaches' Vote): \$5,000

WBCA Coach of the Year Honors (cumulative): \$5,000

To:

**Guaranteed compensation:**

Annual Salary: \$480,000

Automobile: \$7,500

Product Endorsement: \$100,000

Speaking Engagements: \$110,000

Sports Camps: \$80,000

**Nonguaranteed compensation:**

Team Academic Performance Incentives: \$0 (now in base salary)

Remaining nonguaranteed compensation terms remain the same

Guaranteed

Compensation

Percent Change: 25.5%

Nonguaranteed

Compensation

Change: -13.25%

Source of

Funds:

Intercollegiate Athletics

Description:

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

Period:

September 1, 2016 through August 31, 2020

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

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

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

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

Source of Funds: Available University Funds and Investment Income

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

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

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

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

Agency: Sodexo Services of Texas Limited Partnership

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

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

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

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

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

Agency: ETEX EnviroCare, Inc.

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

Source of Funds: Designated Tuition

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

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

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

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

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

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

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

### HEALTH AFFAIRS COMMITTEE

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

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

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

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

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

Source of Funds: Health Systems

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

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

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

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

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

**FACILITIES PLANNING AND CONSTRUCTION COMMITTEE**

No items for Consent Agenda

**TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE**

No items for Consent Agenda