

Agenda Item No. 16

**AGENDA ITEM BRIEFING**

**Submitted by:** R. Bowen Loftin, President  
Texas A&M University

**Subject:** Authorization to Negotiate and Execute an Amendment to a Lease Agreement with Midway T&C Land Investors, L.P. for Instructional and Event Space in the CityCentre Three Building in Houston, Texas

**Proposed Board Action:**

Authorize the negotiation and execution of an amendment to a lease with Midway T&C Land Investors, L.P. for the addition of approximately 6,300 square feet of usable space in CityCentre Three, Houston, Texas.

**Background Information:**

Pursuant to a lease dated August 24, 2011 (Lease), approved by the Board of Regents at its March 24, 2011 board meeting, The Texas A&M University System (A&M System) is leasing Suite 200, consisting of approximately 23,565 square feet, from Midway T&C Land Investors, L.P. for use by the Mays Business School's Executive MBA Program. The program is targeted at young professionals who desire an MBA, but do not wish to leave their current positions to pursue the degree full-time. An additional 6,300 square feet on the first floor of the CityCentre Three building has come available and Texas A&M University (Texas A&M) desires to expand into this new space. The proposed expansion is planned for fall 2013.

The CityCentre Three building is located in Houston's CityCentre development, a functioning mixed-use development with a high level of amenities at the junction of Beltway 8 and I-10 on the west side of Houston.

The leased space will also be available for other Texas A&M graduate programs and continuing education programs, as well as available to host alumni or public educational events and facilitate student recruiting events. The location will also increase Texas A&M's and Mays Business School's corporate outreach. The facility provides Texas A&M with a continuing highly visible presence in Houston.

The base rent for the space is \$29.50 per usable square foot with estimated operating costs of \$12.50 per usable square foot for the first year. The base rent escalates 3% annually. Tenant improvements, to be funded by Texas A&M, are anticipated to cost approximately \$756,000, less the landlord's improvement allowance of \$220,500, for a net estimated build-out cost of \$535,500. All other material terms of the Lease remain the same.

**A&M System Funding or Other Financial Implications:**

Initial tenant improvements, as well as recurring rent and operational costs, will be funded by internal reallocation, program fees and other revenues from the Executive MBA and outreach programs of the Mays Business School at Texas A&M. Future opportunities to enhance revenues from possible expansions in other Texas A&M programs and third party events will also offset recurring expenses.