STANDING COMMITTEES

Finance and Asset Management Committee

Actions Taken Under Delegated Authority

INFORMATION ITEM

This item is for information only.

BACKGROUND

1. Pursuant of the Standing Orders of the Board of Regents on delegation of authority, Chapter 1, Section 6.B, 6.F, and 6.G, the Administration may approve and execute all instruments to take action for projects or contracts that exceed $5,000,000 in value or cost and are less than $15,000,000, and report such actions to the Board on a quarterly basis. One such contract was executed in the Quarter April-June 2016.

2. Pursuant to the Standing Orders of the Board of Regents on delegation of authority, Chapter 1, Section 6.H.14, the Administration may execute time-critical instruments requiring action between scheduled Board of Regents meetings, with approval of the chair or vice chair of the appropriate standing committee, and report such activity at the next regularly scheduled meeting.

With approval of the Chair of the Board of Regents and the Vice Chair of the Finance & Asset Management Committee, and also with approval of the Chief Executive Officer of UW Medicine and Dean of the School of Medicine, amendments to the leases for South Lake Union Phases 1 and 2 were executed in August 2016.

South Lake Union Phase 1 and Phase 2 are located at 850 Republican Street in Seattle. The owner of the underlying interest in the land entered into a contract for sale with a closing date of August 31. During the due diligence period, the buyer approached the University with a proposal for lease amendments, particularly to extend the lease term.

The lease amendments extend the terms for both Phase 1 and Phase 2 (23 and 20 years respectively) to expire on May 31, 2063. Each lease will also have a 5-year extension option to 2068. In consideration for these lease extensions, the University obtained the right to sublease at its discretion, limitations on the amount of potential ground rent increases at ten year intervals, and first right of opportunity to purchase. The total increased University obligation for
STANDING COMMITTEES

Finance and Asset Management Committee

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the two lease extensions from 2040-63 is $515M in nominal value and $108M in net present value.

Attachments
Actions Taken Under Delegated Authority
### Execution of Instruments $5-$15M for Quarter Ended 6/30/2016

<table>
<thead>
<tr>
<th>ITEM</th>
<th>DESCRIPTION</th>
<th>MAX CONTRACT VALUE (millions)</th>
<th>OTHER INFO</th>
<th>TERM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Master Term Agreement</td>
<td>Architectural Services Contract for projects valued less than $5M. Term is 2+2 years: first two years is based on negotiated rates and terms of original contract; the second two years are subject to negotiations.</td>
<td>$15</td>
<td>NBBJ was founded in 1943 and is headquartered in Seattle with over 700 employees and locations throughout the world. They specialize in healthcare, corporate, hospitality, government, retail, urban design and higher education.</td>
<td>2+2 years</td>
</tr>
</tbody>
</table>

### Execution of Time-Critical Instruments

<table>
<thead>
<tr>
<th>ITEM</th>
<th>DESCRIPTION</th>
<th>COST/VALUE (millions)</th>
<th>OTHER INFO</th>
<th>TERM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amendment to Facility Lease &amp; Ground Lease</td>
<td>South Lake Union Phase 1 850 Republican St, Seattle Extension from November 2039 to May 2063</td>
<td>$145</td>
<td>Also includes 5-year extension option, right to sublease, limitation on ground rent increases at 10-year intervals, and right of first opportunity to purchase.</td>
<td>23 years</td>
</tr>
<tr>
<td>Amendment to Facility Lease &amp; Ground Lease</td>
<td>South Lake Union Phase 2 850 Republican St, Seattle Extension from May 2043 to May 2063</td>
<td>$370</td>
<td>Also includes 5-year extension option, right to sublease, limitation on ground rent increases at 10-year intervals, and right of first opportunity to purchase.</td>
<td>20 years</td>
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