

**Subject:** Authorize negotiation and execution of a one-month renewal of a lease for 49,911 square feet of office space and a new 72-month lease with a one-year extension option for 71,806 square feet of office space at 811 Barton Springs Road with T-C Barton Springs LLC for an amount not to exceed \$12,167,173 with an extension option for an amount not to exceed \$2,208,034, for a total new lease amount not to exceed \$14,375,207.

The table below illustrates projected rental costs, including an estimated pass-through of approximately \$12 per square foot annually of operating expenses such as utilities, janitorial and maintenance, over the extended lease period and the new lease periods. The new lease will include a space improvement allowance of \$12 per square foot.

**EXTENSION OF EXISTING LEASE:**

One month extension Period	Base Rent per RSF	Estimated Operating Expense per RSF	Total RSF	Monthly Cost
Oct. 2011	\$0	\$12.00	49,911.00	\$49,911.00

**NEW LEASE:**

Year	Base Rent per RSF	Estimated Operating Expense per RSF	Gross rental rate	Total RSF	Annual Cost
1	\$14.25	\$12.00	\$26.25	71,806	\$1,884,907.50
2	\$15.00	\$12.00	\$27.00	71,806	\$1,938,762.00
3	\$15.75	\$12.00	\$27.75	71,806	\$1,992,616.50
4	\$16.50	\$12.00	\$28.50	71,806	\$2,046,471.00
5	\$17.25	\$12.00	\$29.25	71,806	\$2,100,325.50
6	\$18.00	\$12.00	\$30.00	71,806	\$2,154,180.00
<b>Total cost over primary lease term:</b>					<b>\$12,117,262.50</b>
Optional one year extension					
7	\$18.75	\$12.00	\$30.75	71,806	\$2,208,034.50
<b>Total cost over lease term plus 1-year option period:</b>					<b>\$14,325,297.00</b>