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To Whom it May Concern:

The legislature is interested in exploring new ways to partner with private industry to lower certain operating costs to the state. One of those ways is via Public-Private Partnerships in the commercial real estate sector, particularly office space for state agencies outside of Austin and the Capitol Complex. The legislature understands that, if an agency is interested in a long term office project, financing options may be available to private developers to dramatically reduce the cost of the project, and those savings, when passed along to the state, can dramatically reduce the operating costs of the agency.

According to the Texas Government Code, Title 10, Subtitle D, Section 2167.055, the State of Texas, via the Texas Facilities Commission, may enter into real estate leases of up to ten years in length, and may also enter into options to renew the lease in ten year increments "for as many terms….the commission considers to be in the state's best interest."

Furthermore, this section states that any lease contract is contingent on the availability of funds to pay for the lease. The Facilities Commission includes language in its' leases that reserves the right to cancel a lease if the legislature or executive branch do not provide funds for that lease.

The Facilities Commission regularly executes its option to extend a lease prior to the end of the initial lease term. Is there any limitation on how early the option can be executed and if multiple options may be executed concurrently?

Sincerely,

Angie Chen Button
AB/aw