



## SCHEDULE OF EVENTS FOR BOARD OF REGENTS' MEETING

**November 9-10, 2016**  
Austin, Texas

*U. T. System Administration, Ashbel Smith Hall, 9th Floor, 201 West Seventh Street  
Office of the Board of Regents: 512.499.4402*

### **Wednesday, November 9, 2016**

Health Affairs Committee .....	9:00 a.m.
Academic Affairs Committee .....	9:45 a.m.
Technology Transfer and Research Committee .....	10:15 a.m.
Audit, Compliance, and Management Review Committee .....	10:45 a.m.
Meeting of the Board - Executive Session (Working Lunch) .....	11:45 a.m.
Meeting of the Board - Open Session .....	1:15 p.m.
<i>Including meeting with the Employee Advisory Council</i>	
Finance and Planning Committee .....	2:15 p.m.
Facilities Planning and Construction Committee .....	3:15 p.m.
Recess .....	4:30 p.m. <i>approximately</i>

### **Thursday, November 10, 2016**

Meeting of the Board - Open Session .....	8:30 a.m.
Meeting of the Board - Executive Session (Working Lunch) .....	10:30 a.m. <i>approximately</i>
Meeting of the Board - Open Session .....	1:30 p.m. <i>approximately</i>
Adjourn .....	2:00 p.m. <i>approximately</i>



**AGENDA  
FOR MEETING OF  
THE UNIVERSITY OF TEXAS SYSTEM  
BOARD OF REGENTS**

**November 9-10, 2016**  
Austin, Texas

	<b>Board Meeting</b>	<b>Page</b>
<b><u>Wednesday, November 9, 2016</u></b>		
COMMITTEE MEETINGS	9:00 a.m. - 11:45 a.m.	
CONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO <i>TEXAS GOVERNMENT CODE</i> , CHAPTER 551 (Working lunch at noon)	11:45 a.m.	
<p>Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074</p> <ul style="list-style-type: none"> <li>a. <b>U. T. Rio Grande Valley: Discussion with president regarding assignment and duties, including individual responsibilities associated with outlining a vision and plans for the future of the institution (Regents' <i>Rules and Regulations</i>, Rule 20201, Section 5, regarding Evaluation of Presidents)</b></li> <li>b. <b>U. T. Medical Branch - Galveston: Periodic comprehensive performance review of institutional president (Regents' <i>Rules and Regulations</i>, Rule 20201, Section 5, regarding Evaluation of Presidents)</b></li> <li>c. <b>U. T. Health Science Center - Tyler: Periodic comprehensive performance review of institutional president (Regents' <i>Rules and Regulations</i>, Rule 20201, Section 5, regarding Evaluation of Presidents)</b></li> </ul>		
RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS	1:15 p.m.	
1. <b>U. T. Rio Grande Valley: President's report on the Strategic Vision and Institutional Priorities</b>	1:15 p.m. <b>Report/Presentation</b> <i>President Bailey</i>	<b>7</b>
2. <b>U. T. System: Annual Meeting with Officers of the U. T. System Employee Advisory Council</b>	1:30 p.m. <b>Report/Discussion</b> <i>Mr. Ryan Baldwin,</i> <i>Chair</i>	<b>10</b>
RECESS TO COMMITTEE MEETINGS	2:15 p.m. - 4:30 p.m.	

	<b>Board Meeting</b>	<b>Page</b>
<b><u>Thursday, November 10, 2016</u></b>		
RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS	<i>8:30 a.m.</i>	
3. <b>U. T. System Board of Regents: Approval of Consent Agenda items and consideration of any items referred to the full Board</b>	<i>8:31 a.m.</i> <b>Action</b>	<b>14</b>
4. <b>U. T. System Board of Regents: Certificate of appreciation to U. T. Tyler President Rodney H. Mabry</b>	<i>8:35 a.m.</i> <b>Presentation</b>	<b>15</b>
5. <b>U. T. System Board of Regents: Discussion and appropriate action regarding proposed amendments to Regents' <i>Rules and Regulations</i>, Rule 31001 (Faculty Appointments and Titles), Section 2, regarding academic titles</b>	<i>8:45 a.m.</i> <b>Action</b>	<b>16</b>
6. <b>U. T. System: Discussion and appropriate action concerning proposed amendments to Regents' <i>Rules and Regulations</i>, Rule 80101 (Category of Facilities and Authorized Users), Section 3, regarding individuals authorized to verify identification on U. T. System property or in U. T. System buildings</b>	<i>8:50 a.m.</i> <b>Action</b>	<b>18</b>
7. <b>U. T. System Board of Regents: Discussion and appropriate action regarding proposed amendment of Regents' <i>Rules and Regulations</i>, Rule 90101 (Intellectual Property)</b>	<i>8:55 a.m.</i> <b>Action</b>	<b>20</b>
8. <b>U. T. System: Appropriation of \$392.2 million of Permanent University Fund Bond Proceeds for nine capital projects at the academic and health institutions</b>	<i>9:00 a.m.</i> <b>Action</b>	<b>35</b>
9. <b>U. T. System: Report on strategic Quantum Leaps initiatives: The American Leadership Program, Enhancing Fairness and Opportunity, and Enhancing Student Success</b>	<i>9:15 a.m.</i> <b>Report</b> <i>Chancellor McRaven</i> <i>Mr. Cucolo</i> <i>Ms. Shaw Thomas</i> <i>Dr. Karoff</i>	<b>38</b>
10. <b>U. T. System: Update on the Systemwide after-hours mental health crisis line and bystander intervention initiative and the alcohol education, intervention, and recovery programs</b>	<i>9:45 a.m.</i> <b>Report</b> <i>Dr. Mercer</i> <i>Dr. Christopher Brownson, U. T. Austin</i>	<b>39</b>
11. <b>U. T. System: 85th Texas Legislative Session Preview</b>	<i>10:05 a.m.</i> <b>Report</b> <i>Mr. McBee</i>	<b>43</b>
STANDING COMMITTEE RECOMMENDATIONS AND REPORTS TO THE BOARD	<i>10:15 a.m.</i>	

RECESS TO EXECUTIVE SESSION PURSUANT TO *TEXAS GOVERNMENT CODE*, CHAPTER 551 (working lunch at noon)

10:30 a.m.

1. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072
  - a. **U. T. El Paso: Discussion and appropriate action regarding the purchase of approximately 458 acres of land out of the J. Baker Survey #10 and the I. F. Harrison Survey #54, located on Paisano Drive and Interstate Highway 10 in El Paso, El Paso County, Texas, commonly known as the former ASARCO smelter site, from ASARCO Texas Custodial Trust, for future programmed campus expansion**
  - b. **U. T. System: Discussion and appropriate action regarding the lease of approximately 1.75 acres of improved land consisting of Block 71 of the original City of Austin Subdivision, and bounded by West 6th, West 7th, Colorado and Lavaca Streets, Austin, Travis County, Texas, to an entity related to the Trammell Crow Company, a subsidiary of CBRE Group, Inc., for commercial use**
2. Negotiated Contracts for Prospective Gifts or Donations – Section 551.073
  - a. **U. T. Austin: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
  - b. **U. T. Rio Grande Valley: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
  - c. **U. T. Tyler: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
  - d. **U. T. Health Science Center - Houston: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
  - e. **U. T. Health Science Center - San Antonio: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
  - f. **U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
3. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071
  - a. **U. T. System Board of Regents: Discussion with Counsel on pending legal issues**
  - b. **U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U. T. System**
  - c. **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.***

- d. **U. T. System Board of Regents: Discussion and appropriate action regarding pending litigation styled *The Board of Regents of The University of Texas System v. HOK/BFW-SA, L.L.C., Hellmuth, Obata & Kassabaum, Inc. and Skanska USA Building Inc.***
4. Deliberation Regarding Security Devices or Security Audits – Section 551.076
  - U. T. System Board of Regents: Discussion and appropriate action regarding safety and security issues, including security audits and the deployment of security personnel and devices**
5. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074
  - a. **U. T. Tyler: Discussion and appropriate action on individual personnel matters related to consideration of the appointment of Dr. Michael V. Tidwell as President**
  - b. **U. T. Southwestern Medical Center: Discussion and appropriate action regarding proposed increases in compensation for**
    - **Neelan S. Doolabh, M.D.**, Associate Professor of Cardiovascular and Thoracic Surgery and Director of the Minimally Invasive Valve Surgery Program;
    - **Joseph M. Forbess, M.D.**, Professor of Cardiovascular and Thoracic Surgery, Division of Pediatric Cardiothoracic Surgery;
    - **Bruce A. Meyer, M.D.**, Executive Vice President Health Systems Affairs;
    - **John J. Warner, M.D.**, Vice President and Chief Executive Officer, University Hospitals; and
    - **Ms. Marianne R. Williams**, Senior Executive Officer, Market Relations, Southwestern Health Resources**(Regents' Rules and Regulations, Rule 20204, regarding compensation for highly compensated employees)**
  - c. **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**
  - d. **U. T. System: Discussion and appropriate action concerning individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees including employees covered by Regents' Rules and Regulations, Rule 20204, regarding compensation for highly compensated employees, and Rule 20203, regarding compensation for key executives**

	<b>Board Meeting</b>	<b>Page</b>
<p>e. <b>U. T. System: Discussion and appropriate action regarding individual personnel matters relating to compensation including achievement of goals for performance incentive compensation for Presidents, Executive Officers, and other highly compensated employees</b></p>		
<p>f. <b>U. T. System: Discussion and appropriate action regarding individual personnel matters relating to assignment and duties of the Chancellor with regard to the process for presidential search and selection</b></p>		
<p>RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO CONSIDER AGENDA ITEM</p>	<p>1:30 p.m.</p>	
<p><b>12. U. T. System Board of Regents: Discussion and possible action regarding the process for presidential search and selection (Regents' Rules and Regulations, Rule 20201, Presidents), including the roles of the Board and the Chancellor</b></p>	<p><b>Discussion/Action</b></p>	<p><b>44</b></p>
<p>ADJOURN</p>	<p>2:00 p.m.</p>	

1. **U. T. Rio Grande Valley: President's report on the Strategic Vision and Institutional Priorities**

REPORT

President Bailey will report on the strategic plan for U. T. Rio Grande Valley, using a Stat Sheet on Fall 2016 Enrollment set forth on the following page.

BACKGROUND INFORMATION

Pursuant to Regents' *Rules and Regulations*, Rule 20201, Section 5.1, President Bailey will present his vision and plans for U. T. Rio Grande Valley to the Board of Regents.

U. T. Rio Grande Valley's priorities and strategies include:

1. Enhancing Student Success
  - Focus recruiting on students who have a reasonable chance of graduating
  - Create a tuition mechanism that encourages graduation in four years
  - Expand advising and support mechanisms for students
  - Develop innovative mechanisms for program and course delivery
  - Increase the proportion of faculty able to design and deliver high quality courses/programs in a variety of platforms
2. Increasing Educational Opportunities for Students
  - Selectively develop new graduate, professional, and certificate programs that meet workforce needs and that align with our strategic vision
  - Expand internship, experiential learning, and research opportunities for undergraduates
  - Expand access to educational programs through the development and implementation of innovative technologies that address barriers of distance, scheduling, language, and culture
  - Strategically increase high quality educational opportunities for Pre-K to 12 students
  - Expand engaged-learning opportunities for students locally and globally
3. Expanding Medical and Health-Related Educational Opportunities to Improve Access to Health Care in the Rio Grande Valley
  - Continue to build a medical school of the first order by recruiting top-notch students and first-class faculty
  - Increase access to health education programs at the undergraduate, master's, and doctoral-levels and develop new programs where needed
  - Strengthen the relationships both among our existing health programs and also with hospitals, clinics, government agencies, and the biomedical industry to maximize the impact of our health science programs
  - Develop a research infrastructure that will support world-class researchers in selected fields
  - Support the Middle School to Medical School (M2M) initiative by establishing health and educational partnerships with school districts

4. Growing Our Research Efforts, Especially on Issues Affecting the Rio Grande Valley
  - Attract and retain faculty who produce nationally competitive research and creative works
  - Build a research enterprise, including shared equipment, infrastructure, and facilities, to support these nationally competitive faculty
  - Streamline and develop internal processes and support programs for researchers
  - Develop new graduate programs with an eye towards our strategic research directions, our unique geographic location, and our faculty strengths
  - Incorporate research and experiential learning opportunities for students at all levels
  
5. Engaging with Our Communities to Provide Sustainable Relationships That Support Both the Needs of the University and the Public Good
  - Expand and strengthen community outreach programs
  - Increase internships, experiential learning opportunities, and employment opportunities with local businesses, governmental, and community organizations
  - Become an anchor institution that contributes to community wealth building



# Fall 2016 Enrollment:

## Quick Look Stat Sheet



More than

# 50%

entering freshmen who graduated in top 25% of their high school class



# 13%

more valedictorians and salutatorians in entering freshman class compared to 2015



# 1 in 5

entering freshmen graduated in top 10% of their high school class

# 27,551

## Headcount Enrollment



# 80%

first-second year retention rates (state average: 72.4% national average: 78.6%)



# 21%

increase in applications compared to 2015



# 272

more transfer students compared to 2015



# 32.5%

students enrolled in 15 or more credit hours compared to 24.3% in 2015

2. **U. T. System: Annual Meeting with Officers of U. T. System Employee Advisory Council**

REPORT

Representatives of the U. T. System Employee Advisory Council will meet with the Board to discuss the Council's activities from the past year, as set forth on the following pages. Council members scheduled to attend are:

**Chair 2016: Mr. Ryan Baldwin**, Senior Information Technology Manager, U. T. Austin

**Vice Chair and Secretary: Ms. Karla Iscapa**, Program Coordinator/Manager for the College of Liberal Arts, U. T. El Paso

**Historian: Ms. Rochelle Peña**, Fiscal Officer for the Eric Jonsson School of Engineering and Computer Science, U. T. Dallas

**Chair 2017: Mr. James Smiley**, Director of Parking and Shuttle Services, U. T. Health Science Center - Houston

BACKGROUND INFORMATION

The U. T. System Employee Advisory Council (EAC) was established in August 2000 to provide a vehicle for communication and to facilitate the flow of ideas and information between and among the Board of Regents, U. T. System Administration, and the institutions. The EAC functions to define, analyze, and make recommendations on employee issues to the Board through the Chancellor.

**THE UNIVERSITY OF TEXAS SYSTEM  
EMPLOYEE ADVISORY COUNCIL  
REPORT  
TO THE BOARD OF REGENTS  
THE UNIVERSITY OF TEXAS SYSTEM**

The following is a brief listing of the recommendations submitted by the U. T. System Employee Advisory Council (EAC) to the U. T. System Board of Regents.

**Recommendation No. 1: Assess Campus Safety**

The EAC recommends that U. T. System initiate an assessment of campus security at each U. T. System institution similar to the campus security assessment performed at U. T. Austin by the Texas Department of Public Safety.

In his 2015 letter responding to campus carry legislation to Governor Abbott, Lieutenant Governor Patrick, and Speaker Straus, Chancellor McRaven stated that “As Chancellor of a system educating over 210,000 students, and with over 90,000 faculty and staff, my utmost concern is their safety.” Safety in the workplace is paramount for the ability of U. T. System to win the talent war in recruiting and retaining quality employees.

In Fall 2015, the EAC representatives identified campus safety as a concern for their respective campuses. This concern came, in part, as a result of campus carry legislation and enactment. In response, EAC requested in the November 2015 Board of Regents meeting that training and education be a focus as the U. T. System made preparations to comply with the campus carry legislation.

After the tragic death of a student at U. T. Austin in Spring 2016, campus safety was again brought under the spotlight. The EAC invited U. T. System Director of Police, Mike Heidingsfield, to a subsequent meeting. He addressed a number of topics including the events at U. T. Austin. Director Heidingsfield spoke about the efforts U. T. Austin had undertaken to improve campus safety. In particular, the Texas Department of Public Safety was requested by President Fenves to assess the safety of the U. T. Austin campus. As a result of this assessment, efforts to improve campus lighting, building access and security, and evening transportation programs are some areas of campus safety that are being addressed. EAC believes these improvements could be realized at all U. T. System institutions.

## **Recommendation No. 2: Establish a Regents' Outstanding Employee Awards**

EAC recommends the creation of a Regents' Outstanding Employee Awards that would recognize the significant contributions of the staff of U. T. System.

Employee recognition programs can be a positive influence in attracting and retaining talented staff. The Board of Regents annually recognizes outstanding efforts by our faculty and students. Unfortunately, there is no Systemwide recognition for staff. The staff represent just under 80% of all U. T. System employees. EAC suggests there should be Regents' Outstanding Employee Awards. The EAC recognition committee has worked diligently over the past year to develop a framework for such awards. The proposed Regents' Outstanding Employee Awards would annually recognize 20 non-teaching employees from across the U. T. System with a one-time gift of \$5,000 for those who demonstrate outstanding contributions for the U. T. System. EAC believes this would serve as a way to recognize deserving employees, who otherwise would not be recognized in our other Systemwide awards programs. The EAC would work with the designated U. T. System office to facilitate the awards program.

### **Budget Impact**

The proposed awards program would require an allocation of \$100,000 per year for awards for all U. T. System institutions and U. T. System Administration. The maximum number of awards permitted for all institutions would be 20 awards. There also may be additional costs for an awards ceremony and other incidentals.

The following is a possible framework for implementing the awards program.

### **The Nominations Process**

#### **Eligibility Criteria**

All U. T. System full-time benefits eligible non-teaching staff must have two years of consecutive university service to be eligible. Individuals must be in good standing with their current performance evaluation reflecting high ratings. The candidate must not have previously received this award and must be employed as of the date of the award.

The call for nominations for the 2017 Regents' Outstanding Employee Awards would be issued in October 2017. Nominations would be due on or before January 31, 2018. Candidate selection would be a rigorous institutional-based process, relying heavily on peer staff evaluations within all departments followed by various stages of evaluation at the department and college/division levels. Each institution's president would determine the internal process required, including whether the nomination process begins at the department level, college/division level, or an alternative access point. Recommendation from the campus president would be required for all candidates.

The number of nominations per institution would be based on the size of the staff population relative to the size of the other institutions. Each campus president would submit the following number of nominations:

UT Arlington	2
UT Austin	3
UT Dallas	2
UT El Paso	2
UT Permian Basin	1
UT Rio Grande Valley	2
UT San Antonio	2
UT System Administration	1
UT Tyler	1
UTHSC Houston	2
UTHSC San Antonio	2
UTHSC Tyler	1
UT Medical Branch	3
UT MD Anderson Cancer Center	3
UT Southwestern	3
<b>Total Nominations</b>	<b>30</b>

Nomination Materials Required

Each packet would include the completed Regents’ Outstanding Employee Award Nomination form. Packets would also include evidence of employee contributions in the following (but not limited to) areas, along with letters of support from key individuals.

- Superior Performance
- Outstanding Customer Service
- Outstanding Contributions to the Institution or Beyond
- Acts that Enhance the Image of the University and/or Community Outreach
- Teamwork

The Selection Process

A designated committee would oversee the selection process on behalf of the U. T. System Board of Regents. The committee would consist of members of appropriate U. T. System offices and executive officers of the EAC. The committee would review nominations and determine the award recipients. A maximum of 20 award recipients would be selected from the 30 nominations. Actual awards would be made on the strength of individual employees, not proportionally by campus. The evaluation of candidates would be complete by late March, and institutions and candidates would be notified of award decisions in late April. The award recipients would be acknowledged at a future U. T. System Board of Regents meeting. If deemed necessary, a reception would be held to honor the recipients who would also receive a small gift to commemorate this special event.

3. **U. T. System Board of Regents: Approval of Consent Agenda items and consideration of any items referred to the full Board**

RECOMMENDATION

The Board will be asked to approve the Consent Agenda items and will discuss any items referred for consideration by the full Board.

4. **U. T. System Board of Regents: Certificate of appreciation to U. T. Tyler President Rodney H. Mabry**

5. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed amendments to Regents' *Rules and Regulations*, Rule 31001 (Faculty Appointments and Titles), Section 2, regarding academic titles**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that proposed amendments to Regents' *Rules and Regulations*, Rule 31001 (Faculty Appointments and Titles), Section 2, regarding academic titles, be approved as set forth below in congressional style:

Sec. 2 Academic Titles. To achieve consistency in the use of academic titles among the institutions of the System, the following Subsections describe the use of titles to apply in all institutions.

...

2.2 Other Titles. The following academic titles may also be used by the institutions of the U. T. System. Tenure may not be awarded to a person appointed to these titles. With the exception of the title of Instructor, academic service with these titles may not be counted toward the satisfaction of any maximum probationary period. Appointments to these titles shall be for a period of time not to exceed one academic year except in the case of Lecturer, Senior Lecturer, or a clinical or research position with a title authorized by Section 2.2(g) below when an appointment may be for periods of time not to exceed three academic years. With the exception of the title of Instructor, such appointments shall terminate at the expiration of the stated period of appointment without notification of nonrenewal. If an institution determines that it is to the benefit of the institution, it may offer reappointments to these titles in accordance with *Texas Education Code* Section 51.943 and may provide annual renewability of two- and three-year appointments.

...

(l) Professor ~~in~~ of Practice, Associate Professor ~~in~~ of Practice, and Assistant Professor ~~in~~ of Practice. These titles may be used by the institutions of the U. T. System to designate regular part-time or full-time service for faculty involved in a professional experience program. Appointments to the faculty with a Professor ~~in~~ of Practice title may be with or without pay and shall be for a period of time not to exceed three academic years. Such appointments shall terminate upon expiration of the stated period of appointment without notification of nonrenewal. If an institution determines that it is to the benefit of the institution, it may offer reappointment to a faculty member in accordance with ~~the~~ *Texas Education Code* Section 51.943.

- (m) Professor of Instruction, Associate Professor of Instruction, and Assistant Professor of Instruction. These titles may be used by the institutions of the U. T. System to designate full-time, nontenure-track faculty primarily engaged in instruction. Appointments to the faculty with a Professor of Instruction title may be with or without pay and shall be for a period of time not to exceed three academic years. Such appointments shall terminate upon expiration of the stated period of appointment without notification of nonrenewal. If an institution determines that it is to the benefit of the institution, it may offer reappointment to a faculty member in accordance with Texas Education Code Section 51.943.

....

Lettering for current (m) and (n) will be revised.

### BACKGROUND INFORMATION

Regents' Rule 31001 contains all of the permissible academic titles to be used by U. T. System institutions to ensure consistency in use. The proposed language adds three new titles under the section related to nontenure-track positions. These positions are Professor of Instruction, Associate Professor of Instruction, and Assistant Professor of Instruction. All are full-time, nontenure-track positions primarily engaged in instruction.

Additionally, the proposed addition to Subsection 2.2 to authorize annual renewability for two- and three-year appointments is recommended by the Faculty Advisory Council (FAC). The FAC also recommends the minor amendment from Professor in Practice to Professor of Practice to track with terminology in use at other institutions.

This agenda item was reviewed by the U. T. System institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

6. **U. T. System: Discussion and appropriate action concerning proposed amendments to Regents' *Rules and Regulations*, Rules 80101 (Category of Facilities and Authorized Users), Section 3, regarding individuals authorized to verify identification on U. T. System property or in U. T. System buildings**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that Regents' *Rules and Regulations*, Rule 80101 (Category of Facilities and Authorized Users), Section 3, regarding individuals authorized to verify identification on U. T. System property or in U. T. System buildings, be amended as set forth below in congressional style:

Sec. 3 Identification Required. Pursuant to the authority conferred upon the Board of Regents by *Texas Education Code* [Section 51.209](#), in order to protect the safety and welfare of students, employees, patients, and other participants in the programs and activities of the U. T. System and the institutions and to protect the property and buildings of the U. T. System and the institutions, it shall be unlawful for any person who is on any property or in a building owned or controlled by the U. T. System or any of the institutions to refuse to identify himself or herself in response to a request by an institutional authorized representative or any peace officer of the U. T. System acting pursuant to authority of Texas law. For purposes of this Section, authorized representative is any member of the Board of Regents, any executive or administrative officer of the U. T. System Administration or U. T. System institutions, public safety officers, and any secondary delegate as determined by the rules promulgated by U. T. System or each institution. For the purpose of this Section, a A person identifies himself or herself by stating truthfully: (1) giving his or her name and complete address, as substantiated by a current driver's license, ~~voter registration card~~, or other official documentation; and (2) his or her legitimate business on U. T. System property stating truthfully whether he or she is a student or employee of the U. T. System or any of the institutions. For the purpose of this Section, an "institutional representative" is:

~~3.1—Any member of the Board of Regents or the General Counsel to the Board;~~

~~3.2—Any executive officer or administrative officer of the U. T. System or any of the institutions;~~

~~3.3—Any attorney of the U. T. System or the institutions; and~~

~~3.4—Any peace officer or security officer of the U. T. System or any of the institutions acting pursuant to authority of Texas law.~~

- Sec. 4 Refusal to Identify. ~~Any person who refuses to identify himself or herself in accordance with this Rule may be convicted of a misdemeanor punishable by a fine of not more than \$200. Pursuant to Section 51.209 of the *Texas Education Code*, authorized representatives may refuse to allow individuals who do not identify themselves or who have no legitimate business to enter or remain on U. T. System property and may eject such individuals on their refusal to leave peaceably on request.~~ Students, faculty, or staff who refuse to identify themselves in accordance with this Rule are also subject to disciplinary action.

### BACKGROUND INFORMATION

Section 51.209 of the *Texas Education Code* permits authorized representatives of a governing board of an institution of higher education to request identification and to refuse entry onto campus property to certain persons. Section 3 of Regents' Rule 80101 defines those representatives and requires any person who is on property or in a building owned or controlled by U. T. System to identify himself or herself in response to a request by those representatives.

In response to a campus request, seeking to better protect the safety and welfare of students, employees, patients, and other visitors on U. T. System campuses, a clarification of the language regarding individuals who may ask for identification is proposed. Specifically, individuals identified as authorized representatives for the institutions permitted to request identification would be authorized to delegate their authority, in writing, to a secondary delegate who has the ability to enforce provisions on a day-to-day basis. The recommended language will promote efficiency and provide a clear path for a delegation of authority.

The revised Rule also removes voter registration cards from the example of identification; however, that and other official documentation are still permissible forms of identification. In addition, Section 4 has been revised to more closely align the language with Section 51.209 of the *Texas Education Code*.

This agenda item was reviewed by the U. T. System institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

7. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed amendment of Regents' Rules and Regulations, Rule 90101 (Intellectual Property)**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that Regents' *Rules and Regulations*, Rule 90101 (Intellectual Property) be amended as set forth in congressional style on the following pages.

**BACKGROUND INFORMATION**

On February 12, 2015, the U. T. System Task Force on Intellectual Property made recommendations to the Board. As a result, the Regents' Rules on intellectual property were revised, clarified, and condensed into Regents' Rule 90101 and approved by the Board on August 20, 2015. A new advisory group, which included faculty and technology commercialization and sponsored research experts, was subsequently charged with providing input into policies to implement the Rule.

The advisory group has recommended additional substantive changes to the Rule, including

- a. adding "*grant appropriate access to*" in Section 2 and in Section 12.1 to conform these sections to the explicit language in Section 1.3 regarding industry expectations of ownership rights in, or appropriate access to, intellectual property resulting from sponsored research; and
- b. revising Section 12.1 (a) regarding consideration of needs and preferences in the negotiation of any agreement pertaining to intellectual property resulting from privately sponsored research to reference both parties.

Separately and as part of the ongoing effort to streamline operations, the Office of General Counsel recommends an additional amendment. Under current Rule 90101, every research-related conflicts of interest management plan must be reviewed and approved by the respective Executive Vice Chancellor and the Office of General Counsel, in addition to the full review and approval done at each institution. Changes to Sections 13.2 and 14.1 are proposed to eliminate redundant reviews and allow the decision to be made at the institutional level. Conflicts of interest management plans for presidents, however, will still require review according to Office of General Counsel guidelines.

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**1. Title**

Intellectual Property

**2. Rule and Regulation**

Sec. 1 Preamble. This intellectual property Rule is intended to serve the public good, promote partnerships with the private sector, encourage innovation, promote the engagement of faculty, staff, and students in research, and foster economic development. The Board of Regents recognizes the high importance of discovery commercialization as a core mission. U. T. System recognizes that it will attract more collaborative research supported by industry if timely and efficient processes exist to manage intellectual property.

This Rule is intended to be adaptable to the highly varied circumstances that characterize the private sector and the portfolio of research at U. T. System institutions. In all cases, U. T. System institutions will strive to enable the ease of intellectual property creation, protection, management, and transfer to the private sector and society within an environment that promotes the highest quality and integrity of academic activity, teaching, and research.

U. T. System is guided by the following fundamental principles on intellectual property:

- 1.1 The successful deployment of intellectual property developed through teaching, research, discovery, creative activities, and application of knowledge, whether through sponsored research, licensing, or other types of transactions or arrangements, allows for knowledge and technology to be disseminated to benefit the broad public and comports with the mission of the U. T. System;
- 1.2 Sponsored research is very important to the vitality and competitiveness of U. T. System institutions, the State of Texas, and our nation. All U. T. System institutions shall (a) encourage and strengthen

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university-industry partnerships, (b) efficiently and expeditiously manage intellectual property created from these partnerships, and (c) remain understanding, flexible, and open to the varied circumstances and needs of potential industry sponsors;

- 1.3 U. T. System institutions should expect that when industry is underwriting sponsored research, industry commences negotiations with the expectation of speed in the execution of critical agreements, clear financial outcomes, and ownership rights in, or appropriate access to, intellectual property resulting from the work;
- 1.4 Sponsored research is frequently tightly integrated with the educational mission at many U. T. System institutions but must not abridge publication and research rights, impinge upon the dissemination of research results, including student theses and dissertations, nor diminish an environment of academic and research integrity;
- 1.5 The primary research-related duties of members of the faculty at U. T. System institutions are to teach, study, investigate, discover, create, disseminate, develop professionally, and infuse new knowledge into their classes and student interaction;
- 1.6 Commercialization of technology enhances the reputation of the U. T. System and enables transformation of knowledge into the marketplace; and
- 1.7 Compliance with all applicable federal laws and regulations, the Texas Constitution, and applicable laws of the State of Texas is essential for successful U. T. System technology commercialization.

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- Sec. 2 Ownership of Intellectual Property. Except as set forth in Section 5, the Board of Regents automatically owns the intellectual property created by individuals subject to this Rule, yet recognizes the importance of discovery commercialization. In appropriate circumstances concerning intellectual property resulting from research supported by (a) an entirely private, nongovernmental grant or contract with a nonprofit or for-profit entity, or (b) an entirely private gift or grant to the U. T. System or any U. T. System institution, as set forth in Section 12.1, the U. T. System or a U. T. System institution may enter into an agreement to transfer or grant appropriate access to the Board of Regents' rights in intellectual property to third parties. For purposes of this Rule, intellectual property includes, but is not limited to, any invention, discovery, creation, know-how, trade secret, technology, scientific or technological development, research data, work of authorship and software, regardless of whether subject to protection under patent, trademark, copyright, or other laws.
- Sec. 3 Individuals Subject to this Rule. While students are governed by Section 6, this Rule applies to all persons employed by the U. T. System or any U. T. System institution, as well as to anyone using the facilities or resources of the U. T. System or any U. T. System institution. All individuals subject to this Rule must assign, and do hereby assign, their rights in such intellectual property to the Board of Regents, and such individuals shall promptly execute and deliver all documents and other instruments as are reasonably necessary to reflect the Board of Regents' ownership of such intellectual property. A creator of intellectual property owned by the Board of Regents has no independent right or authority to convey, assign, encumber, or license such intellectual property other than to the Board of Regents. U. T. System institutions may promulgate institutional rules, regulations, or policies defining the course and scope of employment for persons or classes of persons and specifying that authorized outside employment is or is not within an employee's course and scope of employment.
- Sec. 4 Intellectual Property Subject to this Rule. Intellectual property (a) developed within the course and scope of employment of the individual, (b) resulting from activities performed on U. T.

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System time or with support of State funds, or (c) resulting from using facilities or resources owned by the U. T. System or any U. T. System institution (other than incidental use) is owned by the Board of Regents.

- Sec. 5 Intellectual Property Not Subject to this Rule. Intellectual property developed or created by a U. T. System employee outside the course and scope of employment of the individual that is developed or created on his/her own time and without the support of the U. T. System or any U. T. System institution or use of U. T. System facilities or resources, is the exclusive property of the creator.
- Sec. 6 Students and Intellectual Property. A student enrolled at a U. T. System institution, such as in an undergraduate or graduate degree program or certificate program, including a postdoctoral and predoctoral fellow, owns the intellectual property he or she creates (a) in courses, (b) during extracurricular activities, and (c) while using the resources and facilities of U. T. System institutions commonly provided for a student's use and for which a student has paid tuition and fees, unless:
- 6.1 The student is also an employee of the U. T. System or any U. T. System institution and the intellectual property is developed within the course and scope of his or her employment, in which case the provisions of this Rule relating to employees shall apply;
  - 6.2 The student works on a work-for-hire or institutional project as described by Section 8, in which case Section 8 governs that work;
  - 6.3 The student participates in a research project where any intellectual property created under that project has already been committed to, or encumbered by an agreement with, a governmental, philanthropic, corporate or other sponsor, including a sponsor as described in Section 12.1; or
  - 6.4 The student jointly creates the intellectual property with a non-student, in which case this Rule (other

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than Section 6) and applicable law dictate ownership of the intellectual property as if the student was a non-student described in Section 3.

- Sec. 7 Interest in Certain Copyrights. Notwithstanding Section 2 but subject to Section 12, the Board of Regents will not assert an ownership interest in the copyright of scholarly or educational materials, artworks, musical compositions, and literary works related to the author's academic or professional field, regardless of the medium of expression. Such creators are encouraged to manage their copyrights in accordance with the guidelines concerning management and marketing of copyrighted works consistent with applicable institutional policies.

As the Board of Regents has done historically, as reasonably required for the limited purpose of continuing an institution's scheduled course offerings, the Board of Regents retains for one year following the loss of a course instructor's services a fully paid-up, royalty-free, nonexclusive worldwide license to use, copy, distribute, display, perform, and create derivative works of materials prepared by the instructor (including lectures, lecture notes, syllabi, study guides, bibliographies, visual aids, images, diagrams, multimedia presentations, examinations, web-ready content, and educational software) for use in teaching a course.

- Sec. 8 Works for Hire and Institutional Projects. Notwithstanding any provisions of Sections 6 or 7 to the contrary, the Board of Regents shall have sole ownership of all intellectual property created by (a) an employee, student, or other individual or entity commissioned, required, authorized, or hired specifically to produce such intellectual property by the U. T. System or any U. T. System institution, and (b) an employee, student, or other individual as part of an institutional project. The provisions of Section 11.5 shall not apply to intellectual property governed by this Section unless approved by the institution or U. T. System Administration in a written agreement.
- Sec. 9 Use of Research Data. Research data or results created by an employee are owned by the Board of Regents and except to the extent that rights to such research data are contractually

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assigned or licensed to another by the Board of Regents, the creator shall have a nonexclusive license to use such data for patient care, teaching, scholarly, and other academically related purposes and nonprofit research, provided such activities are within the scope of the employee's employment.

Sec. 10 Use of Facilities and Resources. Other than in connection with student-owned intellectual property governed by Section 6, U. T. System and U. T. System institution facilities and resources may not be used (a) to create, develop, or commercialize intellectual property outside the course and scope of employment of an individual, or (b) to further develop or commercialize intellectual properties that have been released to an inventor by the Board of Regents under Section 11.2, except as the institution's president may approve in writing where the U. T. System retains an interest under the terms of the release.

Sec. 11 Invention Disclosure and Commercialization.

11.1 Determination of the Board of Regents' Interest. Before intellectual property owned by the Board of Regents is disclosed to any party outside the U. T. System, to the public generally, or for commercial purposes, and before publishing same, the creator shall submit a reasonably complete and detailed invention disclosure of such intellectual property to the president (or designee) of his or her institution for determination of the Board of Regents' interest. The institution will regularly and promptly communicate with the creator during this decision-making process and commercialization ~~the creator~~ shall not proceed ~~with any disclosure, commercialization, or publication~~ until that decision is made.

11.2 Election Not to Assert Ownership Interest. If the institution's president elects not to assert the Board of Regents' ownership interest, the institution's president shall notify the U. T. System Office of General Counsel and the primary creator in writing within 20 business days after the decision is made that the institution will release the intellectual property to the

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creator, except where prohibited by law or contractual obligations or requirements. Thereafter, the creator will be free to obtain and exploit a patent or other intellectual property protection in his or her own right and the U. T. System and U. T. System institutions shall not have any further rights, obligations, or duties with respect thereto except that, in appropriate circumstances, the institution's president may elect to (a) retain income rights, and (b) impose certain limitations or obligations, including, but not limited to, a nonexclusive license for the creator, U. T. System, and any U. T. System institution to use the released invention for patient care, teaching, scholarly, and other academically related purposes, nonprofit research, and to comply with United States government reporting and license requirements.

- 11.3 Later Release of Invention. Except where prohibited by law or contractual obligations or requirements, the institution's president may elect to release an invention to its creator at any time after asserting the Board of Regents' ownership interest, with notice to the U. T. System Office of General Counsel; however, such release must include provisions for the recovery by U. T. System of any patent and licensing expenses as well as the retention of income rights by U. T. System, and may include certain limitations or obligations, including those set forth in Section 11.2.
- 11.4 Protection and Commercialization of Intellectual Property. With respect to intellectual property in which the Board of Regents asserts an interest, the institution's president, or his or her designee, shall decide how, when, and where the intellectual property is to be protected and commercialized. The institution may contract with outside counsel for legal services with the prior consent of the Vice Chancellor and General Counsel and, if required by law, the approval of the Attorney General.

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- 11.5 Reimbursement of Licensing Costs and Allocation of Income. In those instances where the U. T. System or any U. T. System institution licenses rights in intellectual property to third parties, the costs of licensing, including, but not limited to, the costs to operate and support a technology transfer office and the costs of obtaining a patent or other protection for the property on behalf of the Board of Regents must first be recaptured from any royalties or other license payments received by the U. T. System or any U. T. System institution. The remainder of any such income (including, but not limited to, license fees, prepaid royalties, minimum royalties, running royalties, milestone payments, and sublicense payments) shall be divided as follows:

30-50% to creator(s), and  
50-70% to U. T. System institutions.

The U. T. System or the U. T. System institution ~~licensing rights in intellectual property to third parties~~ shall decide on a case-by-case basis the allocation of income within these ranges for all creators, with the remainder to be disbursed to and/or retained by the U. T. System or the applicable U. T. System institution. A creator may, however, disclaim his/her interest in such income, in which case the institution shall receive and/or retain the creator's share and shall decide, in its sole discretion, if, how and when to disburse such income. Income received and/or retained by the U. T. System or any U. T. System institution from any intellectual property shall be used by the U. T. System institution where the intellectual property originated.

Sec. 12 Sponsored Research.

- 12.1 Private Sources. Intellectual property resulting from research supported by private sources is owned by the Board of Regents. However, with respect to intellectual property resulting from research entirely supported by

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(a) a private, nongovernmental grant or contract with a nonprofit or for-profit entity, or (b) a private gift or grant to the U. T. System or any U. T. System institution, if otherwise permitted by this Rule, applicable law and Section 12.3, the U. T. System and U. T. System institutions are permitted and encouraged to negotiate an agreement acceptable to U. T. System Administration or applicable U. T. System institution to transferring or grant appropriate access to the Board of Regents' ownership rights or other rights in the intellectual property resulting from such arrangements to the sponsor or the sponsor's designee. Any such agreement shall be negotiated:

- (a) In accordance with the sponsor's needs and preferences of the parties, as best may be accomplished;
- (b) With flexibility and adaptability in mind; and
- (c) In a timely, cooperative, and efficient manner; and
- (d) In a manner which identifies the benefits that accrue to U. T. System institutions as set forth by Section 15.2.

12.2 Public Sources. Intellectual property resulting from research supported by a grant or contract with the government (federal and/or state) or an agency thereof is owned by the Board of Regents.

12.3 Nonconformance with Intellectual Property Guidelines. Approval by a U. T. System institution under Section 15.2 of grants and contracts containing ownership and other provisions inconsistent with this Rule and other policies and guidelines adopted by the Board of Regents, including, but not limited to, The University of Texas Systemwide Policy UTS125, Processing of Intellectual Property Agreements is permissible, as it implies a decision that the benefit and value to the U. T. System or any U. T. System institution from receiving the grant or

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performing the contract outweighs the impact of any nonconforming provisions on the intellectual property policies and guidelines of the U. T. System or any U. T. System institution, such as The University of Texas Systemwide Policy [UTS125, Processing of Intellectual Property Agreements](#).

- 12.4 Conflicting Provisions. Subject to approval as described in Section 12.3, the intellectual property policies and guidelines of the U. T. System or any U. T. System institution are subject to, and thus amended and superseded by, the specific terms pertaining to intellectual property rights included in state and/or federal grants and contracts, or grants and contracts with nonprofit and for-profit nongovernmental entities or private donors, to the extent of any such conflict.
- 12.5 Cooperation with Necessary Assignments. Those persons subject to this Rule whose intellectual property creations result from (a) a grant or contract with the government (federal and/or state), or any agency thereof, (b) a grant or contract with a nonprofit or for-profit nongovernmental entity, or (c) private gift to the U. T. System or any U. T. System institution, shall promptly execute and deliver such documents and other instruments as are reasonably necessary for the U. T. System or any U. T. System institution to discharge its obligations, expressed or implied, under the particular agreement.
- 12.6 Sharing of Royalty Income. In the event that two or more persons who are entitled to share royalty income or equity cannot agree in writing on an appropriate sharing arrangement, the institution's president shall determine that portion of the royalty income (or equity) to which the creators are entitled under the circumstances and such amount will be distributed (or issued) to them accordingly. In the event that the creators are located at two or more U. T. System institutions and cannot agree, such royalty (or equity) distribution decision shall be made by the involved institutions' presidents (or their

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respective designees). In the further event that the involved presidents cannot agree, then the Chancellor shall decide and his/her decision shall be binding on the creators.

- 12.7 Geographical Scope of Protection. A decision by the U. T. System or any U. T. System institution to seek patent or other available protection for intellectual property covered by Section 9 shall not obligate the U. T. System or any U. T. System institution to pursue such protection in all national jurisdictions. The U. T. System's decision relating to the geographical scope and duration of such protection shall be final.

Sec. 13 Equity Interests.

- 13.1 Agreements with Business Entities. The U. T. System or any U. T. System institution may receive equity interests as partial or total compensation for the conveyance of intellectual property rights. The institution where the intellectual property was created may elect, at its sole option and discretion, to share an equity interest, dividend income, or a percentage of the proceeds of the sale of an equity interest with the creator(s). The U. T. System or any U. T. System institution may also receive equity interests in a business entity as consideration for the institution's role as a founder, or for other contributions made to the business entity other than as a licensor, and the institution shall not be obligated to share such equity interests with the creator(s). The U. T. System or any U. T. System institution may also, but shall not be obligated to, negotiate an equity interest on behalf of any employee who conceived, created, discovered, invented, or developed intellectual property owned by the Board of Regents that is the subject of an agreement between the U. T. System or any U. T. System institution and a business entity relating thereto.
- 13.2 Creator Holding Equity and Managing Conflict of Interest. Employees of the U. T. System Administration or any U. T. System institution who conceive, create, discover,

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invent, or develop intellectual property may hold an equity interest in a business entity that has an agreement with the U. T. System or any U. T. System institution relating to the research, development, licensing, or exploitation of that intellectual property only so long as the institution where the intellectual property was developed is in full compliance with the requirement to have, implement, and enforce for that employee an effective conflict of interest management plan ~~approved by the institution's president, the Office of General Counsel, and the appropriate Executive Vice Chancellor~~ as set forth in the U. T. System Office of General Counsel's [Procedure for Managing Conflicts of Interest](#). In any case where an actual conflict of interest is found, the employee may be required to divest the equity interest or terminate affected research.

Sec. 14 Conflicts of Interest.

- 14.1 Approval to Serve as Officer or Director. Any individual subject to Sections 2, 3, 4, or 8 who conceives, creates, discovers, invents, or develops intellectual property may serve, in his/her individual capacity, as a member of the board of directors or other governing board or as an officer or an employee (other than as a consultant) of a business entity that has an agreement with the U. T. System or any U. T. System institution relating to the research, development, licensing, or exploitation of that intellectual property only so long as the institution where the intellectual property was developed is in full compliance with the requirement to have, implement, and enforce for that individual an effective conflict of interest management plan ~~approved by the institution's president, the Office of General Counsel, and the appropriate Executive Vice Chancellor~~ as set forth in the U. T. System Office of General Counsel's [Procedure for Managing Conflicts of Interest](#). In any case where an actual conflict of interest is found, the individual may be required to terminate the business relationship or the relevant research.

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- 14.2 Request for Employee to Serve as Officer or Director. When requested by the Board of Regents, an employee may serve on behalf of the Board of Regents as a member of the board of directors or other governing board of a business entity that has an agreement with the U. T. System or any U. T. System institution relating to the research, development, licensing, or exploitation of intellectual property, but may not accept any consideration offered for service on such board.
- 14.3 Report of Equity Interest and Service as Officer or Director. Any individual subject to this Rule ~~or this Section~~ must report in writing to the president of the institution the name of any business entity in which the person has an interest or for which the person serves as a director, officer, or employee, and shall be responsible for submitting a revised written report upon any change in the interest or position held by such person in such business entity. The U. T. System institution or its office of technology commercialization will file a report by October 1 of each year with the Office of the Board of Regents for transmittal to the Comptroller of Public Accounts as required by Section 51.912 and Section 51.005, *Texas Education Code*.

Sec. 15 Execution of Documents Related to Intellectual Property.

- 15.1 Execution of Agreements. Agreements that grant an interest in the Board of Regents' intellectual property, including, but not limited to, option and license agreements and contracts with corporate sponsors, may be executed and delivered in accordance with the provisions of Regents' [Rule 10501](#), after any required review by the U. T. System Office of General Counsel.
- 15.2 Agreements That Do Not Conform to the Rules. Any agreement that deviates substantially from this Rule or other policies and guidelines adopted by the Board of Regents, including, but not limited to, The University of Texas Systemwide Policy [UTS125, Processing of Intellectual Property Agreements](#) may be executed and

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delivered as set forth above if, in the judgment of the institution's president and after any required review by the U. T. System Office of General Counsel, the benefits from the level of funding for proposed research and/or other consideration from a sponsor, licensee, or other party outweigh any potential disadvantage that may result from the deviation.

- 15.3 Delegation of Authority. The Chancellor, the Deputy Chancellor, the appropriate Executive Vice Chancellor, or the Vice Chancellor and General Counsel may execute, on behalf of the Board of Regents, legal documents relating to the Board of Regents' rights in intellectual property, including, but not limited to, assignments of ownership, applications, declarations, affidavits, powers of attorney, disclaimers, and other such documents relating to patents and copyrights; applications, declarations, affidavits, affidavits of use, powers of attorney, and other such documents relating to trademarks; and corporate documents related to the formation of new companies. In addition, the institution's president may execute, on behalf of the Board of Regents, (a) institutional applications for registration or recordation of transfers of ownership and other such documents relating to copyrights, and (b) corporate documents related to the formation of new companies if first reviewed and approved by (i) the U. T. System Office of General Counsel, or (ii) [the](#) institution's outside counsel working under a U. T. System Office of General Counsel-approved outside counsel agreement.

**8. U. T. System: Appropriation of \$392.2 million of Permanent University Fund Bond Proceeds for nine capital projects at the academic and health institutions**

RECOMMENDATION

The Chancellor, the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Business Affairs recommend that the U. T. System Board of Regents approve the appropriation of \$392,200,000 of Permanent University Fund (PUF) Bond Proceeds for nine capital projects as follows:

U. T. Austin Energy Engineering Building	\$100,000,000
U. T. Dallas Math and Science Building	89,000,000
U. T. Permian Basin Kinesiology Building	14,200,000
U. T. Southwestern O'Donnell Brain Institute/Simmons Cancer Center	39,000,000
U. T. Medical Branch - Galveston Behavioral Health Treatment, Research, and Education Center	15,000,000
U. T. Health Science Center - Houston Research Building	30,000,000
U. T. Health Science Center - San Antonio Barshop Institute	30,000,000
U. T. Health Science Center - Tyler School of Community and Rural Health	30,000,000
Cancer Collaboration (U. T. M. D. Anderson Cancer Center, U. T. Health Science Center - San Antonio, U. T. Health Science Center - Tyler, U. T. Medical Branch - Galveston, U. T. Austin Dell Medical School)	<u>45,000,000</u> Total \$392,200,000

Projects with a Total Project Cost of \$10 million or more will proceed as Major Projects pursuant to Regents' Rule 80301. Projects with a Total Project Cost of less than \$10 million will proceed as Minor Projects pursuant to Regents' Rule 80403 and will be institutionally managed.

BACKGROUND INFORMATION

**U. T. Austin: Energy Engineering Building**

This is the top priority for U. T. Austin and is strategic for the positioning of the Cockrell School of Engineering to move from its current Top Ten status nationally to the very top of engineering programs nationally. Since engineering is core to the reputation of U. T. Austin, funding of this capital project will also position the campus for advancement into the very top tier of public research universities in the United States. The Chancellor approved this project for Definition Phase on August 8, 2016, with an anticipated total project cost of \$160 million with funding of \$100 million from PUF, \$50 million from Gifts, and \$10 million from Unexpended Plant Funds.

### **U. T. Dallas: Math and Science Building**

This request is for funding for a 175,000 gross square foot building that is critically needed for the U. T. Dallas campus. This building will allow the campus to continue to recruit and retain outstanding Science, Technology, Engineering, and Mathematics (STEM) faculty to support the advancement toward Tier One status. This building will also have needed classroom space to support planned increases in enrollment. The Chancellor approved this project for Definition Phase on September 21, 2016. This project is under consideration for addition to the CIP in the Facilities Planning and Construction Committee (FPCC) with an anticipated total project cost of \$101 million with funding of \$89 million in PUF and \$12 million of Revenue Financing System (RFS) debt (see FPCC Item 3 on [Page 147](#)).

### **U. T. Permian Basin: Kinesiology Building**

Over the past several years, Kinesiology has been among the most popular degree programs, ranking as the third most popular major on campus in 2015. Many of the U. T. Permian Basin's Kinesiology majors plan to attend physical therapy school, medical school, or graduate school upon completion of their undergraduate experience. The 43,000 square foot Kinesiology building will house the Kinesiology Department's classrooms, labs, offices, and storage areas, Athletic Training Manager's classrooms, labs, training room, storage, and office spaces, and house a Strength and Conditioning Center for kinesiology, athletics, and student recreational use. The Chancellor approved this project for Definition Phase on September 8, 2016, with an anticipated total project cost of \$16.2 million with funding of \$14.2 million in PUF and \$2 million in Gifts that have been fully raised.

### **U. T. Southwestern Medical Center: O'Donnell Brain Institute/Simmons Cancer Center**

Two areas of prioritization for U. T. Southwestern in the years ahead are brain health and cancer. The Peter O'Donnell Jr. Brain Institute is in its first year of operation and the Harold C. Simmons Comprehensive Cancer Center was recognized this past year as a National Cancer Institute-designated comprehensive cancer center. Neither program can grow further without new space. U. T. Southwestern proposes a 300,000 square foot mixed use (research, academic, clinical) facility at a total cost of \$245 million. The \$39 million in PUF represents less than 16% of the total project cost. The balance of the project is expected to be funded with \$133 million of RFS debt, \$49 million of philanthropy, and \$25 million of institutional funds.

### **U. T. Medical Branch - Galveston: Behavioral Health Treatment, Research, and Education Center**

The State of Texas faces a shortage of mental health providers and facilities, and there is an inadequate pipeline of providers-in-training to care for the existing and future needs. The proposed facility is intended to address this crisis by combining within a single facility, education, research, and treatment services. The 33,000 square foot facility will be located within the John Sealy Hospital, which is about to undergo complete renovation. The total estimated cost of \$30 million will be funded with \$15 million in PUF and \$15 million from local sources.

### **U. T. Health Science Center - Houston: Research Building**

The greatest limiting factor for continued growth at U. T. Health Science Center - Houston is a shortage of research space for current and future faculty. Either as part of the TMC3 project, or if that is delayed, as an independent project, U. T. Health Science Center - Houston proposes to build a 187,000 square foot research building at a total cost of \$136 million. Research to be conducted within the building includes medical, public health, informatics, and interprofessional work. The institution proposes to finance \$106 million of the cost with RFS debt and \$30 million in PUF with the balance paid with the requested PUF funds.

### **U. T. Health Science Center - San Antonio: Barshop Institute**

One of the centers of excellence at U. T. Health Science Center - San Antonio and in the nation for research on aging is the Sam and Ann Barshop Institute for Longevity and Aging Studies. Located 23 miles from the main campus, the Institute is not sited ideally for maximum efficiency and interaction with other programs. Increasingly, the Institute is being surrounded by residential and commercial property. The Board approved the marketing and sale of the present facility and associated undeveloped land via the Consent Agenda on May 12, 2016, thereby allowing the flexibility to build a replacement facility on the main campus. The Chancellor approved this project for Definition Phase on May 24, 2016, with an anticipated total project cost of \$60 million. Currently, the project is anticipated to be funded by \$30 million in PUF and \$30 million in RFS debt to be repaid from proceeds of the sale of the present facility and land.

### **U. T. Health Science Center - Tyler: School of Community and Rural Health**

On February 11, 2016, the Board approved the creation of the first school at U. T. Health Science Center - Tyler, and preparations are underway to welcome the first students in January 2017. The focus of the new school will be on educating a workforce to address the considerable health challenges facing Northeast Texas and other rural parts of the state. The 67,000 square foot building would be constructed at a total cost of \$30 million (PUF funds) and primarily would include offices and classrooms.

### **Cancer Collaboration (MDACC, UTHSC-SA, UTHSC-T, UTMB, Dell Medical School)**

One of the pillars of the Quantum Leap for Advancing the Health Care Enterprise is to develop U. T. Systemwide service lines, starting with cancer and building upon the expertise and reputation of U. T. M. D. Anderson Cancer Center. Four separate collaborations are being developed between U. T. M. D. Anderson Cancer Center and sister U. T. entities, each of which leverages the unique strengths of both parties. The \$45 million in PUF funds will be divided roughly equally between the five locales, targeted at the most critical capital needs in each setting. Examples of potential uses of these funds include renovation of existing facilities; construction of new facilities; and purchasing of equipment and information systems, including those enabling digital health services such as telepathology and teleradiology.

9. **U. T. System: Report on strategic Quantum Leaps initiatives: The American Leadership Program, Enhancing Fairness and Opportunity, and Enhancing Student Success**

REPORT

Chancellor McRaven will report on implementation of strategic Quantum Leaps initiatives at the U. T. System, including

1. The American Leadership Program – Associate Vice Chancellor Anthony Cucolo
2. Enhancing Fairness and Opportunity – Vice Chancellor Amy Shaw Thomas
3. Enhancing Student Success – Associate Vice Chancellor Rebecca Karoff

BACKGROUND INFORMATION

On November 5, 2015, Chancellor McRaven presented his strategic vision and mission for the U. T. System following a presentation, Leading in a Complex World, a Strategic Approach, 2015-2020. He outlined the following eight Quantum Leaps for the U. T. System:

1. Texas Prospect Initiative
2. The American Leadership Program
3. Winning the Talent War
4. Enhancing Fairness and Opportunity
5. The U. T. Health Care Enterprise
6. Leading the Brain Health Revolution
7. The U. T. Network for National Security
8. U. T. System Expansion in Houston

A ninth Quantum Leap on Student Success was subsequently added.

The Chancellor presented an update to the Board on the status of implementation of the initiatives on February 11, 2016. A report on the Houston Advisory Task Force created to advance the U. T. System's Expansion in Houston Quantum Leap was made to the Board on July 13, 2016, and a report on the U. T. Health Care Enterprise Quantum Leap was presented to the Health Affairs Committee on August 24, 2016.

10. **U. T. System: Update on the Systemwide after-hours mental health crisis line and bystander intervention initiative and the alcohol education, intervention, and recovery programs**

REPORT

Dr. Wanda Mercer, Associate Vice Chancellor for Student Affairs in the U. T. System Office of Academic Affairs, and Dr. Christopher Brownson, Associate Vice President for Student Affairs at U. T. Austin, will provide an update on the Systemwide after-hours mental health crisis line and bystander intervention initiative and the alcohol education, intervention, and recovery programs. Related materials are set forth on the following pages.

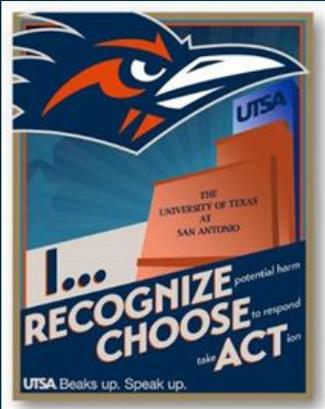
The Mental Health Crisis and Bystander Intervention Initiative provides an after-hours mental health crisis line for students at all U. T. System institutions and this report will provide information on costs, usage, and specific types of interventions. The progress of the implementation and results of the three-year Bystander Intervention Initiative will also be reported.

The Alcohol Education initiative provides online training to combat high-risk drinking and education to prevent sexual assaults. The program also includes alcohol intervention for problem drinkers and the award winning Systemwide initiative to establish Centers for Students in Recovery. This report will include information on funding and usage of these programs.

BACKGROUND INFORMATION

On August 21, 2014, the U. T. System Board of Regents accepted the recommendations in the report of the U. T. System Task Force on Student Mental Health and Safety. The Board approved the proposal to fund after-crisis counseling services for five years and the implementation of a Systemwide bystander intervention initiative for a three-year time period with a total allocation to U. T. Austin for both programs of \$2,552,268.

# U. T. System Bystander Intervention Initiative



The University of Texas at Dallas

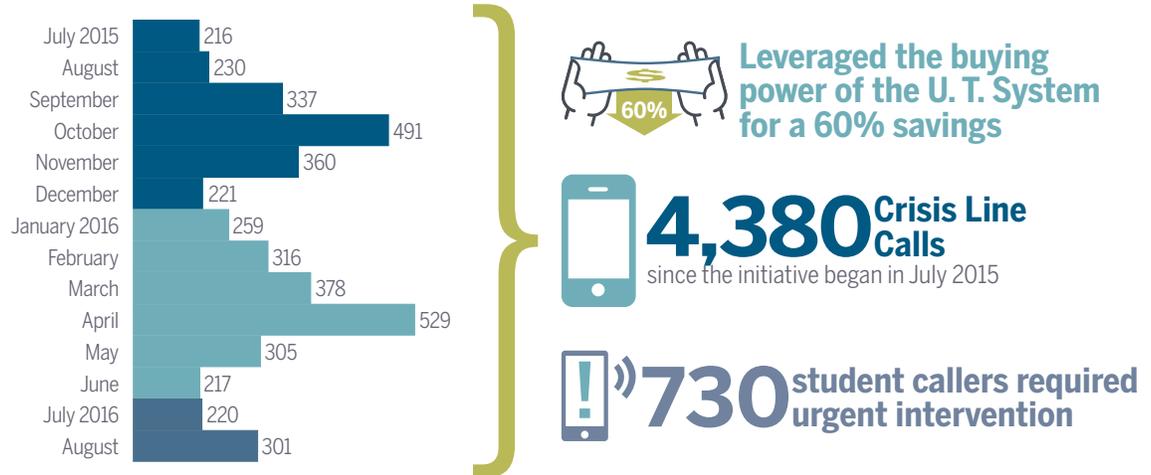


THE UNIVERSITY of TEXAS SYSTEM  
**Mental Health Crisis and Bystander Intervention Initiatives**

## After Hours Mental Health Crisis Line

**Funds Allocated:** \$1,111,000    **Project Duration:** 2015-2020

Students at all 14 U. T. System academic and health institutions now have after hours and weekend access to crisis counseling services staffed by mental health professionals who respond according to the unique needs of each campus. This initiative has prevented suicides and homicides on multiple campuses across the U. T. System.



## The U. T. System Bystander Intervention Initiative

**Funds Allocated:** \$1,441,268    **Project Duration:** 2015-2018

This initiative provides funding and technical assistance to all 14 U. T. System academic and health institutions, enabling them to create campus-specific bystander intervention initiatives that help to create a safer campus and empower students, faculty, and staff to recognize and reduce harmful situations. The U. T. System's approach applies three simple steps to help reduce suicide, sexual assault, interpersonal violence, incidents of bias, high-risk drinking, hazing, and academic dishonesty:

### Recognize. Choose. Act.

Bystander intervention is recognizing a potentially harmful situation or interaction and choosing to respond in a way that could positively influence the outcome.

Arlington [Mavs Standup](#) • Austin [BeVocal](#) • Dallas [Comet Voice](#) • El Paso [Do One Thing](#)  
 Permian Basin [Falcon Family](#) • Rio Grande Valley [Super Hero Project](#) • San Antonio [Beaks Up Speak Up](#) • Tyler [Swoop In](#)

#### Creating Leaders

A peer health educator from U. T. Dallas was selected to be on the White House's *It's On Us* Student Advisory Committee.

#### Innovation

Each institution creates a shareable project each year, creating a library of resources for the sister institutions, and ultimately the entire higher education community.



#### Collaboration

The U. T. System hosts campus leaders from each institution every January to share successes and challenges and to learn from national experts in bystander intervention.

**546**  
Bystander intervention campus activities

**77,392**  
Participants at activities and trainings



**15**  
Student scholarships given



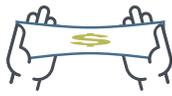
**177**  
Campus partnerships created

THE UNIVERSITY of TEXAS SYSTEM  
**Alcohol Education, Intervention, and Recovery Initiatives**

## AlcoholEdu/Haven

**Funds Allocated:** \$598,500 **Project Duration:** 2015-2018 2019

This program provides online high-risk drinking and sexual assault prevention education to incoming students under the age of 21 at all U. T. System academic institutions as part of a comprehensive plan to address these risk behaviors. AlcoholEdu/Haven has been proven to reduce dangerous alcohol use and alcohol-related harm and increase the use of protective behaviors. It is Title IX compliant and fulfills educational requirements found in the Violence Against Women Act (VAWA).



Secured a contract for AlcoholEdu/Haven that resulted in **significant cost-savings to pay for an extra year.**



**Negotiated the option to implement Haven Plus**

(sexual assault prevention program) for all graduate students at no additional cost and at health institutions for a reduced rate.



In a randomized controlled study, at one-month follow-up, students who completed AlcoholEdu demonstrated a **reduction in negative alcohol related consequences.**



**Over 33,000 incoming first year and transfer students**

were given AlcoholEdu/Haven to complete this fall.

## Brief Alcohol Screening & Intervention for College Students (BASICS)

**Funds Allocated:** \$601,800 **Project Duration:** 2015-2018

BASICS is an evidence-based program designed for college students 18 to 24 years old who drink heavily and have experienced negative consequences as a result. The program has been shown to successfully reduce high-risk drinking behaviors and related consequences in this population.



Experts facilitated a 2-day BASICS training in Austin in August 2015 and August 2016.

**34 staff from U. T. System academic campuses**

have been trained in BASICS facilitation and motivational interviewing skills.



During just the first semester, **450 students participated in BASICS** across the U. T. System.



A U. T. Austin campus evaluation demonstrated **decrease in peak blood alcohol concentration** among participants 3 months after attending BASICS and a **reduction in negative consequences.**

## Centers for Students in Recovery

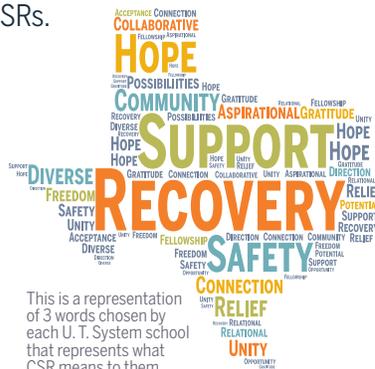
**Funds Allocated:** \$1,198,500 **Project Duration:** 2015-2018

The U. T. System became the first university system in the U.S. to fund the establishment of centers for students in recovery (CSRs) at all academic institutions in 2012, and this funding was extended in 2015. U. T. System students in recovery or in hope of recovery from addiction can now enjoy a genuine college experience free from alcohol and other drugs in the safe spaces and supportive communities provided by U. T. System CSRs.

In 2015-16, CSRs in the U. T. System interacted with



**8,685** students, faculty, staff, and community members.



This is a representation of 3 words chosen by each U. T. System school that represents what CSR means to them.

**Each campus has stories of students who have benefitted and campus cultures that have begun to shift:**

“Being able to merge [my recovery and education] paths has been a great benefit to me.” Matty M., U. T. Dallas

“I’ve taken part in almost everything this college has to offer, always feeling safe in knowing that the fellowship of people at [CSR] had my back.” Dewayne T. U. T. Austin

11. **U. T. System: 85th Texas Legislative Session Preview**

REPORT

Mr. Barry McBee, Vice Chancellor and Chief Governmental Relations Officer, will present a preview of the 85th Texas Legislative Session, including a summary of the System's and institutions' budget requests and legislative priorities, proposals affecting higher education that the Legislature may consider, and the major budgetary and substantive issues facing the Legislature.

12. **U. T. System Board of Regents: Discussion and possible action regarding the process for presidential search and selection (Regents' *Rules and Regulations*, Rule 20201, Presidents), including the roles of the Board and the Chancellor**

#### DISCUSSION

The Board will discuss the presidential search and selection process, including the roles of the Board and the Chancellor. The related excerpt from the Regents' *Rules and Regulations*, Rule 20201, is set forth on the following pages as background for the discussion. Sections 1.7 to 1.10 address Board action following receipt of recommendations from the Presidential Search Advisory Committee.

**The University of Texas System  
Rules and Regulations of the Board of Regents**

**Rule: 20201**

**1. Title**

Presidents

**2. Rule and Regulation**

Sec. 1 Presidential Selection. The Board of Regents selects the president of each institution.

1.1 Presidential Search Advisory Committee. When there is to be a vacancy in the office of a president, an Advisory Committee shall be established to recommend candidates to the Board. No person who elects to be a candidate for the vacancy may serve on the Advisory Committee. The Chancellor, the Deputy Chancellor, the Executive Vice Chancellor for Health Affairs, or the Executive Vice Chancellor for Academic Affairs shall serve as Chairman of the Advisory Committee unless the Chairman of the Board makes another appointment. Committee membership is as follows:

- (a) At least one Regent to be appointed by the Chairman of the Board.
- (b) Two presidents from the U. T. System to be appointed by the Chairman of the Board.
- (c) The Executive Vice Chancellor for Academic or Health Affairs.
- (d) Three faculty members from the institution involved. At least two of the members shall have the rank of associate professor or higher. The method of selection for faculty members shall be determined by the faculty governance of the campus.
- (e) One Dean to be selected by the Deans' Council of the institution involved for academic institutions. At health institutions, the member will be the Dean of the Medical School or in the absence of that position the member will be a senior representative of the teaching program of the institution selected by the Chairman of the Board.

**The University of Texas System  
Rules and Regulations of the Board of Regents**

**Rule: 20201**

- (f) One student, in good academic standing, from the institution involved. The method of selection shall be determined by the student governance of the campus or, if there is no student governance, by the Chairman of the Board. If the institution does not have students, this category of representation shall be omitted.
  - (g) The President of the alumni association of the campus involved. If the institution does not have an active alumni organization, an alumnus of the institution may be selected by the Chairman of the Board.
  - (h) One nonfaculty employee of the institution involved. The method of selection shall be determined by the staff or employee council of the institution involved. If there is no staff or employee council, selection will be by the Chairman of the Board.
  - (i) At least two representatives of the institution's external constituency who have demonstrated a deep interest in and support of the institution, its programs, and its role in community activities to be appointed by the Chairman of the Board.
- 1.2 Diversity of Members. Campus constituent groups with responsibility for selection of Advisory Committee representatives are expected to consider diversity, particularly as it relates to minority and female representation. Unless there are unusual delays in faculty, staff, or student representative selection that postpone initiation of the committee process, the Chairman of the Board will make his or her appointments to the Advisory Committee after campus selections to maximize the prospect that the total committee composition reflects diversity. The Chairman's appointments to the Advisory Committee will be made following due consideration of input from members of the Board, the institutional leadership, and community leaders.
- 1.3 Selection Criteria. Selection criteria for the president shall relate to the needs of the individual institution.
- 1.4 Responsibilities of the Committee Chairman. The Committee Chairman shall develop a timetable for the

**The University of Texas System  
Rules and Regulations of the Board of Regents**

**Rule: 20201**

Committee's work, in consultation with the Chancellor and the Chairman of the Board, and shall initiate mechanisms to develop an appropriate candidate pool and to seek information on several candidates.

- 1.5 Responsibilities of the Advisory Committee. Following an introduction and charge by the Chancellor, the Advisory Committee shall inquire from competent sources as to the candidates' academic, administrative, and business abilities.
- 1.6 Interviews. The Advisory Committee may interview candidates as a part of its selection process. Interviews should be conducted on the basis that the confidentiality of the process is critical to its ultimate success.
- 1.7 Recommendation. The Advisory Committee shall submit to the Board, through its Chairman, a list of no more than 10 recommended candidates with no preference indicated. Candidates recommended shall have received a majority vote of the Committee.

The Committee shall strive to include candidates with diverse professional backgrounds and experiences. In making its recommendation, the Committee shall follow the [U. T. Systemwide Policy UTS187, \*Interviews of Executive Administrators and Other Senior Administrators\*](#), to provide the Board with a diverse candidate pool. If it is not possible or practical to provide such a pool, the search committee chair shall identify for the Board efforts made to achieve a diverse candidate pool.

- 1.8 Finalists. The Board determines which candidates will be further interviewed prior to naming a finalist or finalists. If none of the names submitted by the Advisory Committee is satisfactory to the Board of Regents, the Board in its discretion may either name a new committee or proceed to select a president under such other procedures as in its discretion it may deem proper and appropriate.
- 1.9 Alternate Process. When the Board of Regents has candidate(s) from recent searches at other institutions, from within the U. T. System, and/or of national prominence from outside the U. T. System to advance for

**The University of Texas System  
Rules and Regulations of the Board of Regents**

**Rule: 20201**

consideration, the Chairman of the Board of Regents shall appoint a Special Committee to provide the Board with advice and evaluation consistent with that usually provided by an Advisory Committee. The Special Committee shall be composed as specified above for the Advisory Committee but will not include members of the Board of Regents. The Special Committee shall not extend its consideration beyond those candidates referred to it by the Board of Regents without specific concurrence from the Board.

- 1.10 Confidentiality. The presidential selection process must be conducted in a manner that protects the identity of all candidates. Information about the process, other than statements or releases by the Chairman of the Board, the Chancellor, or the Deputy Chancellor, will be distributed only as required by the Texas Public Information Act (TPIA). Each individual participating in the search process, including U. T. System employees, members of the Board, search firm representatives, members of a Presidential Search Advisory Committee, and individuals asked to meet with candidates, must sign a confidentiality agreement in a form approved by the General Counsel to the Board and the U. T. System Vice Chancellor and General Counsel prior to participation.

An individual found to have violated the confidentiality agreement may be removed from the search process. A U. T. System employee found to have violated the confidentiality agreement is subject to disciplinary action, up to and including termination. A member of the Board found to have violated the confidentiality agreement is subject to sanctions.



**TABLE OF CONTENTS  
FOR  
AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW  
COMMITTEE**

**Committee Meeting:** 11/9/2016

**Board Meeting:** 11/10/2016  
Austin, Texas

*Jeffery D. Hildebrand, Chairman  
Ernest Aliseda  
David J. Beck  
R. Steven Hicks  
Brenda Pejovich*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>10:45 a.m. Chairman Hildebrand</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<i>10:30 a.m. <b>Discussion</b></i>	<b>Action</b>	<b>50</b>
2. <b>U. T. System: Annual Report on the Information Security Compliance Program</b>	<i>10:47 a.m. <b>Report/Discussion</b> Mr. William Taylor</i>	Not on Agenda	<b>51</b>
3. <b>U. T. Southwestern Medical Center: Presentation on using data analytics for charge capture reviews</b>	<i>11:04 a.m. <b>Report/Discussion</b> Ms. Valla Wilson, U. T. Southwestern Medical Center</i>	Not on Agenda	<b>64</b>
4. <b>U. T. System: Report on the Systemwide internal audit activities, including the FY 2016 Annual Report</b>	<i>11:21 a.m. <b>Report/Discussion</b> Mr. Peppers</i>	Not on Agenda	<b>77</b>
5. <b>U. T. System Board of Regents: Approval of the System Audit Office Internal Audit Activity Charter</b>	<i>11:38 a.m. <b>Action</b> Mr. Peppers</i>	Not on Agenda	<b>89</b>
<b>Adjourn</b>	<i>11:45 a.m.</i>		

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration**

RECOMMENDATION

No Consent Agenda items are assigned for review by this Committee. The Consent Agenda begins on [Page 184](#).

**2. U. T. System: Annual Report on the Information Security Compliance Program**

REPORT

Mr. William Taylor, Chief Information Security Officer *ad interim*, will report on Information Security Compliance initiatives across the U. T. System. A PowerPoint presentation is set forth on the following pages.

BACKGROUND INFORMATION

Information security is a significant high risk compliance area within the U. T. System. Following a November 10, 2011 report to the Board by Deloitte & Touche LLP on its comprehensive information security compliance effectiveness review of the U. T. System, the Board approved an allocation of \$29,255,000 of Available University Funds to invest in Systemwide information security compliance enhancements.

The Information Security Office administers the investment of these funds through a centrally managed program and submits an annual progress report to the Chancellor and to the Board. This is the fifth annual report.

# Annual Report on Information Security

Mr. William Taylor, U. T. System Chief Information Security Officer *ad interim*

U. T. System Board of Regents' Meeting  
Audit, Compliance, and Management Review Committee  
November 2016



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# Agenda

- Information Security Office Vision, Mission, and Objectives
- U. T. System Information Security Incidents - Trends
- Information Security Assurance Initiative - Update
- Information Security Office Initiatives - Update
- Questions



## Information Security Office Vision

- Enable the business of U. T. System
- Protect the business of U. T. System
- Promote a positive information security culture



## Information Security Office Mission

- Implement a Systemwide information security program
- Provide guidance and support to U. T. System institutions
- Maintain a high level of confidentiality, availability, and integrity in critical information systems



## Information Security Office Objectives

- Improve information security situational awareness
- Improve protection technologies and response procedures
- Provide cost-effective collaboration systems, consulting services, and security-as-a-service offerings
- Improve information security through education and training

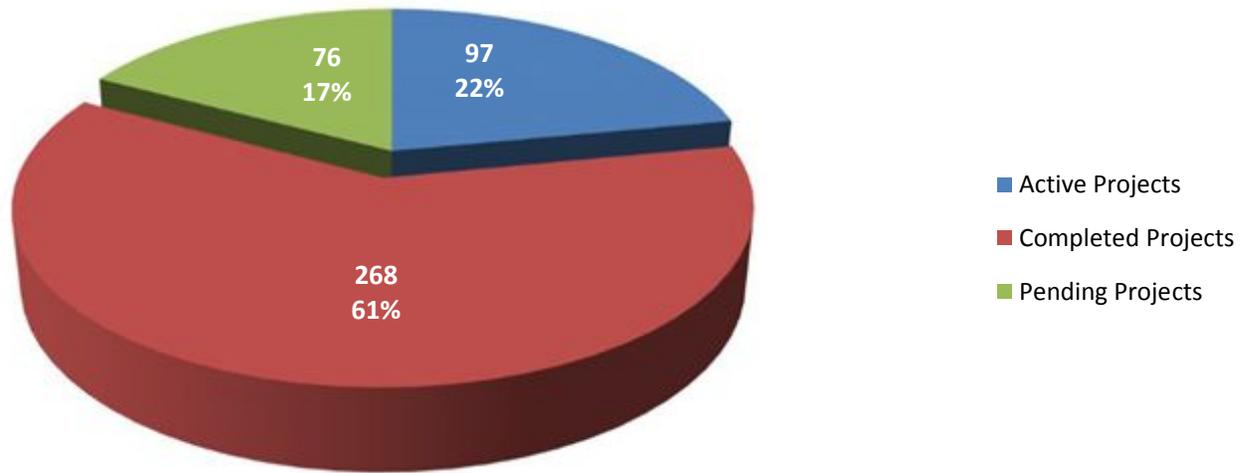


## U. T. System Information Security Incidents - Trends

- Human error
- Loss or theft of computing devices
- Unauthorized access
- Phishing / social engineering
- Malware / ransomware
- Denial of service attacks



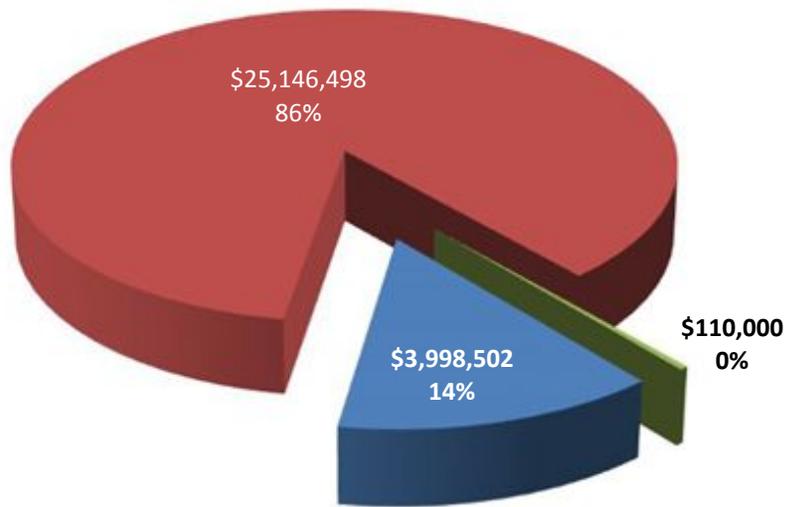
# Information Security Assurance Initiative (ISAI) Progress Summary



**Total Identified Projects: 441**



# Funding Status

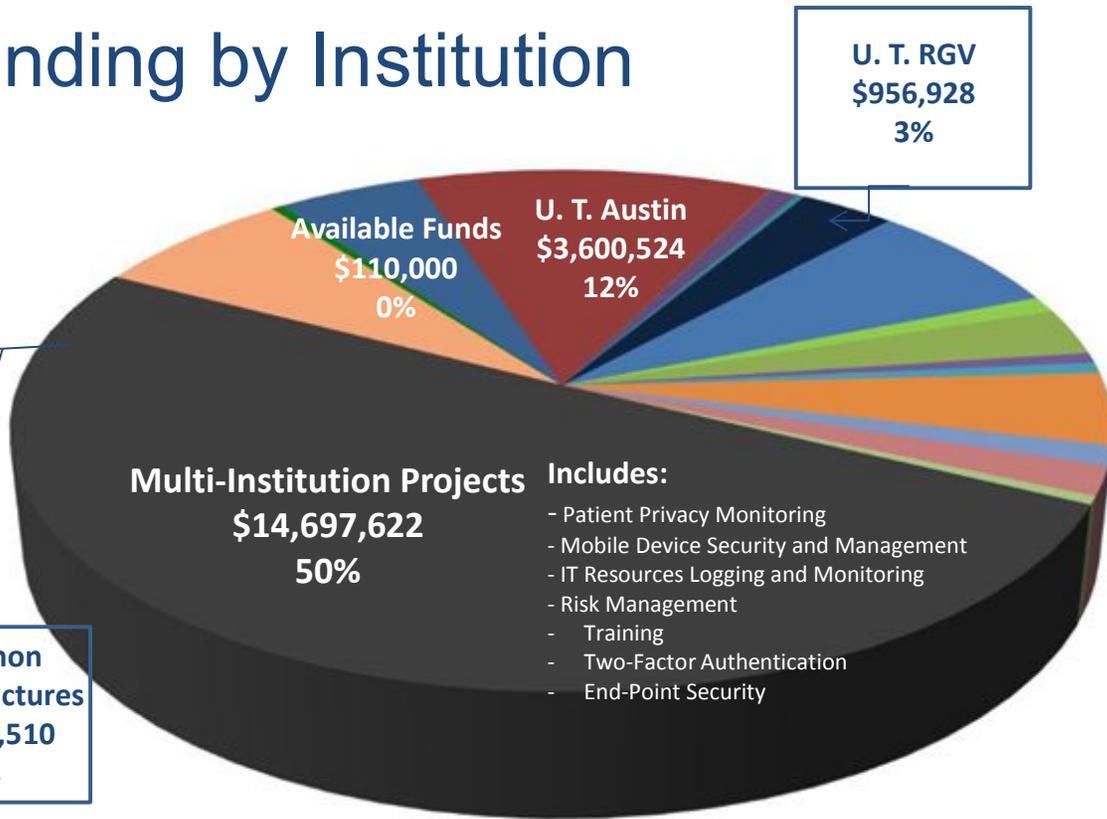


**ISAI Budget: \$29.3 M**

- Funds Encumbered for Approved Projects
- Funds Expended to Date for Completed and Active Projects
- Available Funds



# Funding by Institution



ISAI Funds Earmarked and Used for Approved Projects	Amount	Percentage
ISAI Funds Earmarked and Used for Approved Projects	\$29,255,000	100.0%
U. T. Arlington	\$1,446,170	5%
U. T. Austin	\$3,600,524	12%
U. T. Dallas	\$11,535	0%
U. T. El Paso	\$277,763	1%
U. T. Permian Basin	\$80,373	0%
U. T. Rio Grande Valley	\$956,928	3%
U. T. San Antonio	\$2,078,027	7%
U. T. Tyler	\$294,183	1%
U. T. Southwestern Medical Center	\$842,608	3%
U. T. Medical Branch - Galveston	\$185,592	1%
U. T. Health Science Center - Houston	\$193,450	1%
U. T. Health Science Center - San Antonio	\$1,298,766	4%
U. T. M. D. Anderson Cancer Center	\$360,000	1%
U. T. Health Science Center - Tyler	\$521,450	2%
U. T. System Administration	\$264,500	1%
Multi-Institution Projects	\$14,697,622	50%
UTIMCO	\$0	0%
Common Infrastructures	\$2,035,510	7%
ISAI Funds Balance	\$110,000	0%

Agenda Book - 60



# Funding by Risk Area



## Information Security Office Initiatives – Update

- **Initiative 1:** Two-Factor Authentication (**Completed**)  
(Considering opportunities for expanded use)
- **Initiative 2:** Splunk-as-a-Service (**Ongoing**)
- **Initiative 3:** U. T. Cybersecurity Dashboard (**Upcoming**)
- **Initiative 4:** Vulnerability-Scanning Service (**Ongoing**)
- **Initiative 5:** Third-Party Vendor Risk Management (**Ongoing**)



## Information Security Office Initiatives – Update (cont.)

- **Initiative 6:** Risk Assessment and Management (Ongoing)
- **Initiative 7:** Learning Management Portal (Completed)
- **Initiative 8:** Mobile Device Management (Ongoing)
- **Initiative 9:** Unstructured Data Classification Project (Ongoing)
- **Initiative 10:** Enterprise Incident Management (Upcoming)



3. **U. T. Southwestern Medical Center: Presentation on using data analytics for charge capture reviews**

REPORT

Ms. Valla Wilson, Associate Vice President and Chief Audit Executive at U. T. Southwestern Medical Center, will make a presentation on using data analytics for charge capture reviews. A PowerPoint presentation is set forth on the following pages.

# Using Data Analytics for Charge Capture Reviews

Ms. Valla Wilson, Associate Vice President and Chief Audit Executive, U. T. Southwestern Medical Center

U. T. System Board of Regents' Meeting  
Audit, Compliance, and Management Review Committee  
November 2016



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## Background – Why was this area reviewed?

- Charge capture is commonly a high-risk area for health care institutions due to the manual and automatic processes involved; the reliance on providers and staff to complete documentation and correctly record charges for supplies and services provided to the patients; and the multiple departments responsible for charge reviews, reconciliation, and corrections.
- Charge capture reviews were included on the U. T. Southwestern Medical Center (UTSW) Office of Internal Audit Plan as risk based recurring annual audits of various departments.
- The Orthopaedic Surgery Department was selected for review based on a risk assessment performed for all clinics and is the first of the series of charge capture reviews performed by the Office of Internal Audit.

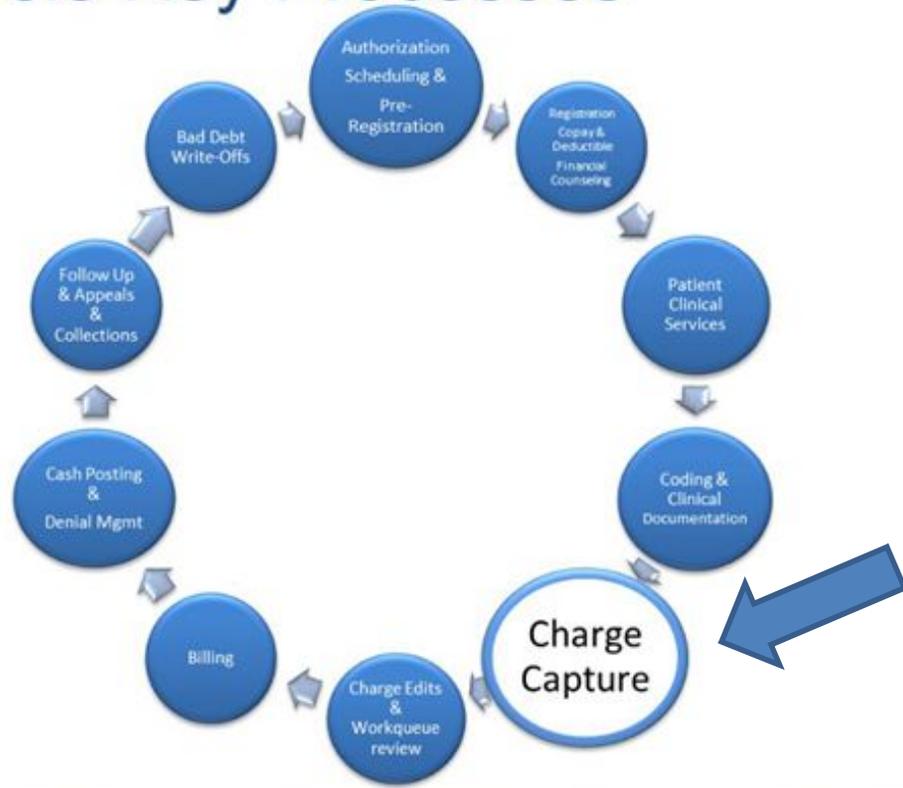


## Background – What is Charge Capture?

- Health care providers use standard medical and billing codes to classify a patient's diagnosis, treatment, and related medical supplies.
- These codes are necessary to bill the services provided by the hospital and by health care providers to the patient's insurance company or guarantor for reimbursement.
- The UTSW charge capture processes include documentation of care, posting, and reconciliation of charges for professional and hospital services rendered to patients in the Epic (Electronic Medical Record and billing) system and involves the routing of charges through Epic and reviews by functional areas including monitoring of activities.



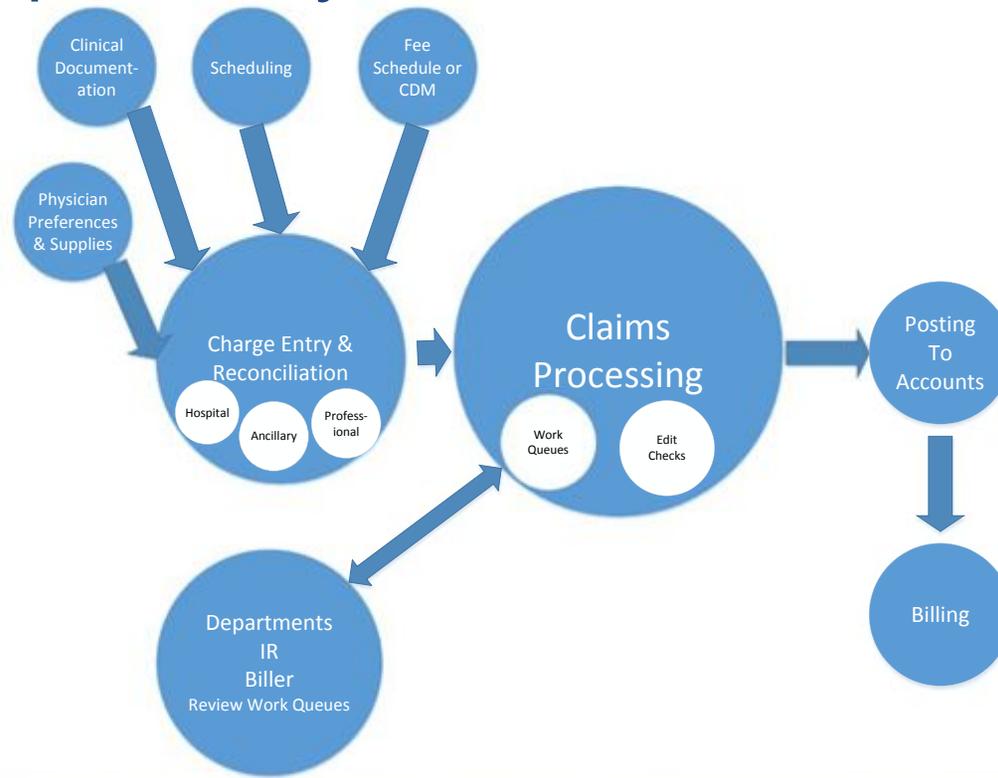
# Revenue Cycle Key Processes



The charge capture process is described in greater detail on the following slide



# Charge Capture Key Processes



## Key Objectives and Procedures

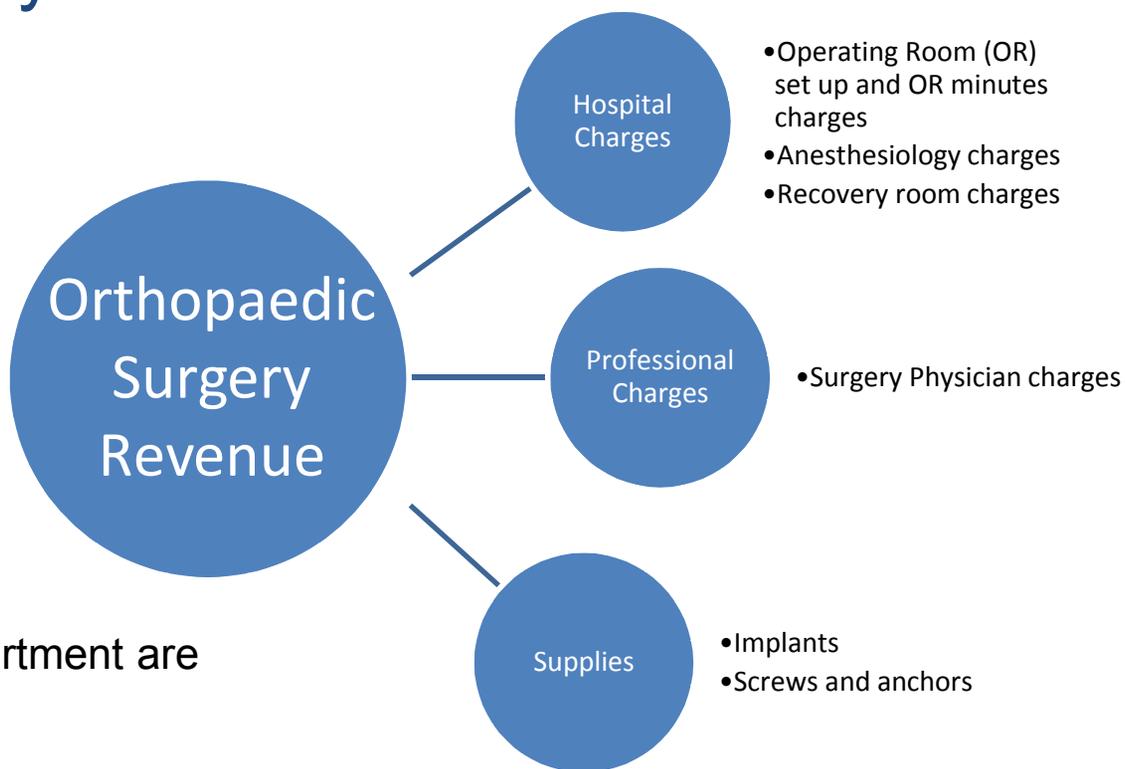
- The primary objectives of the audit were to assess:
  - Effectiveness of controls (ensuring timeliness and completeness of professional and hospital charge capture)
  - Compliance with institutional policies and regulations
  - Timely identification and resolution of exceptions
- Audit procedures included:
  - Interviews and evaluation of processes
  - Data analytics of hospital and professional charges and work queues
  - Testing of key controls



# Orthopaedic Surgery

Faculty members see patients and perform procedures at various UTSW clinics and perform surgeries at University Hospitals and affiliated hospitals.

Annualized revenues for the department are approximately \$24 million.



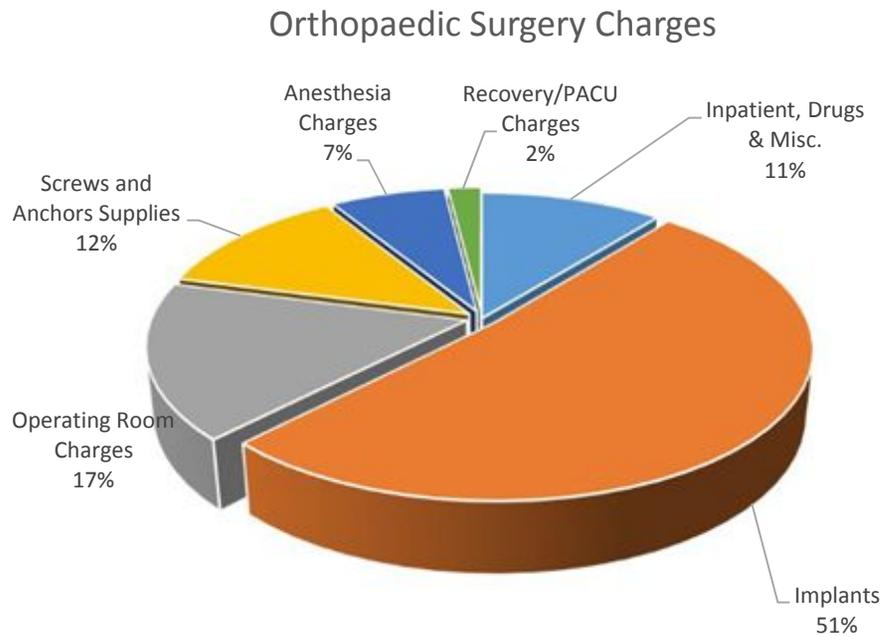
# Key Data Analytics Performed

Identify missing or duplicate charges or other anomalies

Data Analysis Test	Expected Charge Completeness and Accuracy
OR set-up and minutes	Set-up fee and per minute charge
Anesthesiology charges	Anesthesiology charge billed in 15 minute increments
Recovery room charges	Recovery room charges
Supplies/equipment charges	Implants and/or screws, anchors for surgeries requiring implants
Therapy charges	Associated therapy evaluation for total replacement surgeries
Professional/surgery charges	Physician professional charges for surgeries



# Volume of Charges for Surgery Cases



The use of data analytics provides the ability to inspect and draw conclusions based on analysis of 100% of the data.

Assurance that would not be available by traditional audit sampling techniques.



## Key Analytics Performed

- Work queue data analysis procedures were designed to evaluate:
  - Total volume and aging of items in work queues
  - Types of errors included in work queues
  - Timeliness of review and resolution of flags to ensure accounts are billed to payors and patients in a timely manner



# Key Analytics Performed in Work Queues

## Total Number and Aging

- Identify trends
- Identify potential process gaps

## Types of Flags

- Identify productivity issues
- Identify missed billing opportunities

## Timeliness of Review

- Identify process improvements, such as additional system edits
- Assign proper accountability and monitoring of resolution



## Results Identified

- The system flags, processes, and controls were working effectively since there were minimal missing charges.
- Opportunities identified were related to the review and resolution of the charges in work queues.
- Going forward, a multidisciplinary committee will be formed to collaborate and redefine work queue monitoring. Training of department leaders on monitoring of dashboards in Epic will continue.



4. **U. T. System: Report on the Systemwide internal audit activities, including the FY 2016 Annual Report**

REPORT

Chief Audit Executive Peppers will present the FY 2016 Systemwide Annual Report of internal audit activities, including Priority Findings, using a PowerPoint presentation set forth on the following pages. The annual audit plan status was provided to the Audit, Compliance, and Management Review Committee members prior to the meeting.

BACKGROUND INFORMATION

A Priority Finding is defined as “an issue identified by an audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a U. T. System institution or the U. T. System as a whole.” A Priority Findings Matrix is used by the chief audit executives to aid in the determination of a Priority Finding. The matrix provides three categories of standard factors to consider, each alone with the potential to result in a Priority Finding. They are: Qualitative Risk Factors (evaluates the probability and consequences across seven high risks), Operational Control Risk Factors (evaluates operational vulnerability to risks by considering the existence of management oversight and effective alignment of operations), and Quantitative Risk Factors (evaluates the level of financial exposure or lost revenue).

# FY 2016 Systemwide Internal Audit Annual Report

Mr. J. Michael Peppers, U. T. System Chief Audit Executive

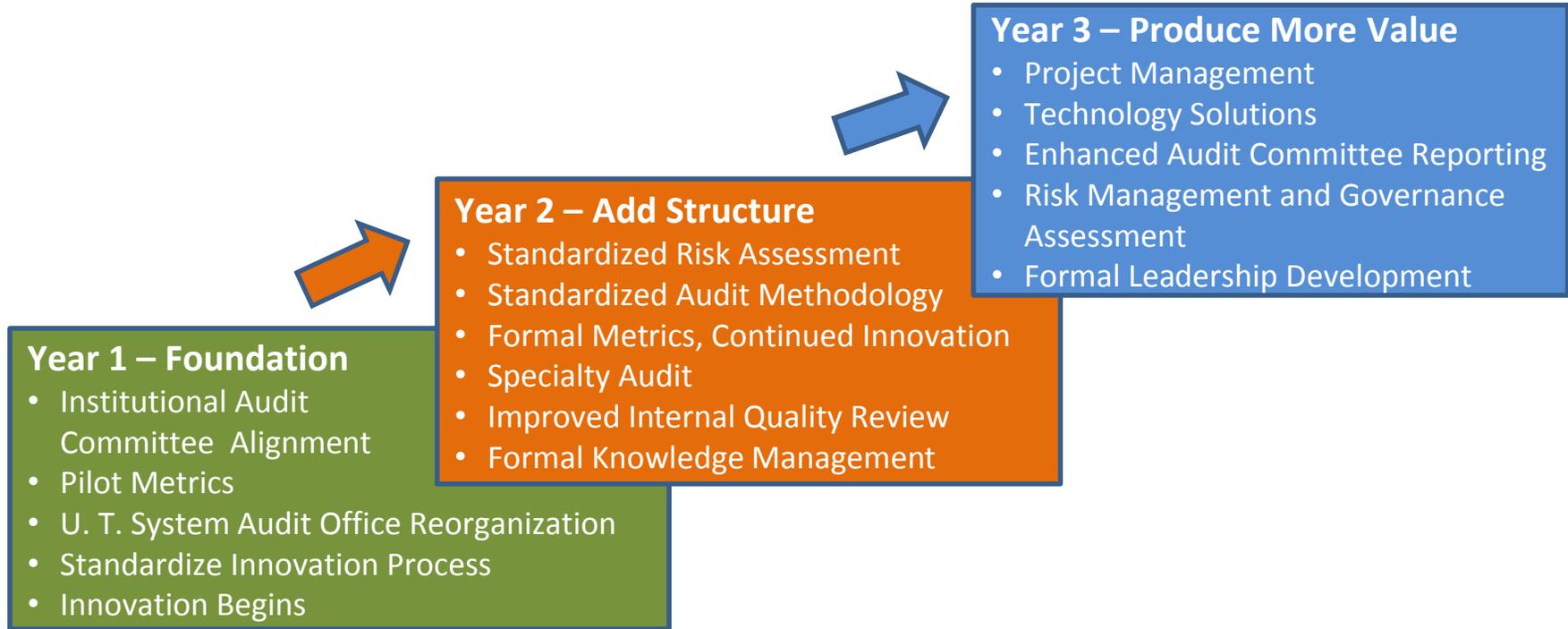
U. T. System Board of Regents' Meeting  
Audit, Compliance, and Management Review Committee  
November 2016



THE UNIVERSITY of TEXAS SYSTEM  
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

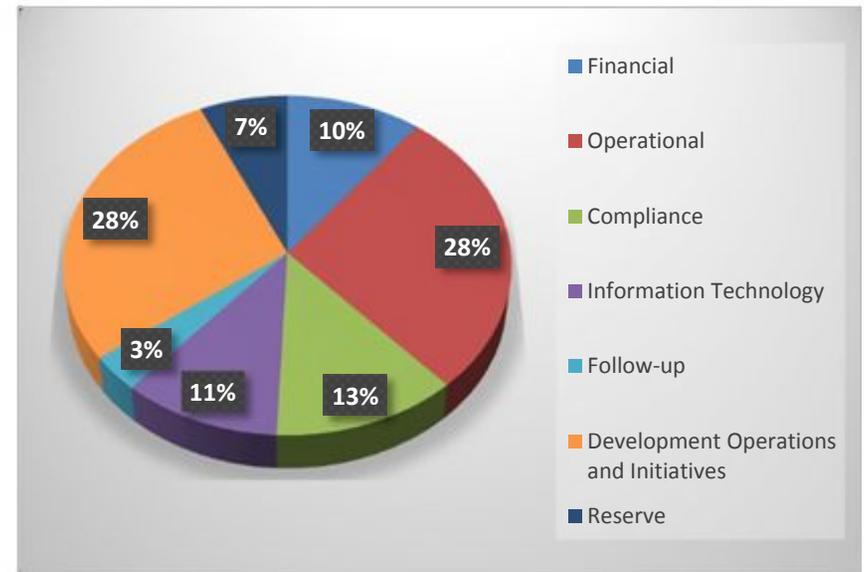
[WWW.UTSYSTEM.EDU](http://WWW.UTSYSTEM.EDU)

# Strategic Plan for Systemwide Internal Audit



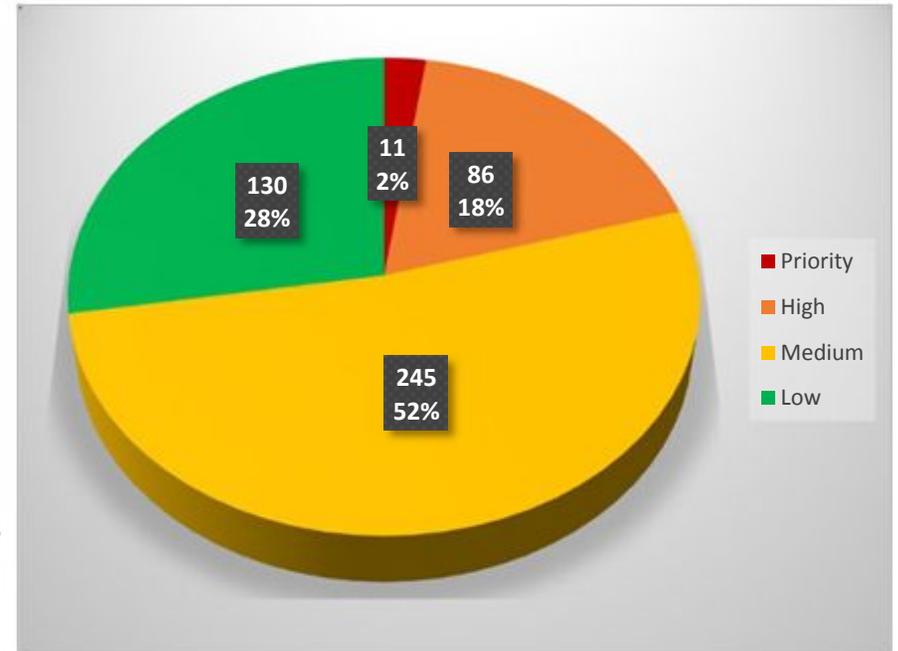
## Systemwide Internal Audit Hours

- During Fiscal Year (FY) 2016, approximately 180K hours were incurred to complete the Systemwide Annual Audit Plan.
- Of these hours, 69% was spent on Financial, Operational, Compliance, and Information Technology engagements (includes Reserve).



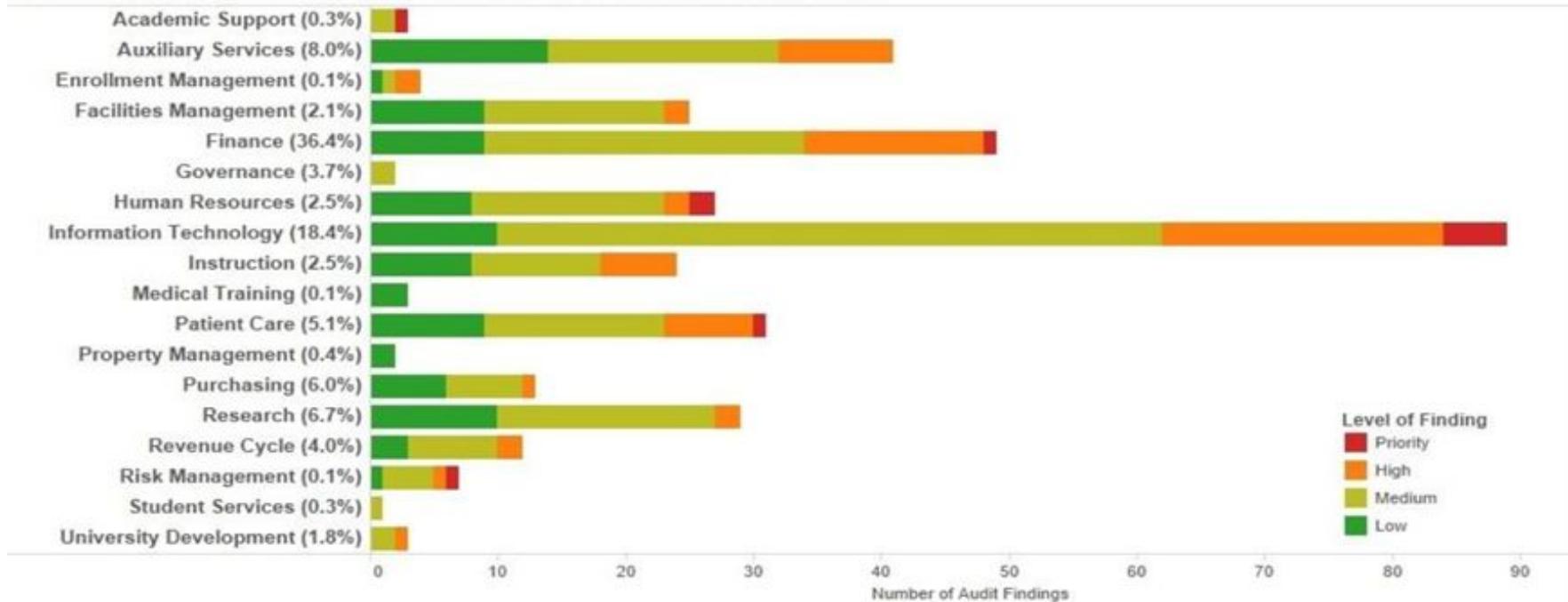
# Systemwide Internal Audit Reports and Recommendations

- During FY 2016, 176 audit reports were issued, resulting in 472 recommendations.
- The 472 recommendations were made to address Priority (11), High (86), Medium (245), and Low (130) level findings.
- The average client survey score for these audits was 4.55 out of a range of 1 (Strongly Dissatisfied) to 5 (Strongly Satisfied).



# Systemwide Internal Audit Findings

FY 2016 Findings by Subject Area and Percentage of Related Audit Hours



NOTE: There were no finding in some of the subject areas in which audit hours were spent. Those subject areas, which are not depicted above, make up 1.5% of expended audit hours.



# Priority Findings – Summary as of August 31, 2016

INSTITUTION	General				Health	TOTAL		PAST DUE	REPUTATION	INFORMATION SECURITY	COMPLIANCE	LIFE SAFETY	DESIGNED CONTROLS	EFFECTIVENESS AND EFFICIENCY	ACCOMPLISHMENT OF OBJECTIVES	OPERATIONAL OVERSIGHT	MANAGEMENT OVERSIGHT
	INFORMATION TECHNOLOGY	RISK MANAGEMENT	HUMAN RESOURCES	RESEARCH	PATIENT CARE OPERATIONS												
U. T. Arlington	2	0	0	0	0	2	0		X								X
U. T. Austin	3	1	0	1	0	5	1	X	X	X	X						
U. T. Dallas	1	0	0	0	0	1	0		X								
U. T. El Paso	1	0	0	1	0	2	0		X	X							
U. T. Permian Basin	0	0	0	0	0	0	0										
U. T. Rio Grande Valley	0	0	0	0	0	0	0										
U. T. San Antonio	0	0	0	0	0	0	0										
U. T. Tyler	0	0	0	0	0	0	0										
U. T. Southwestern Medical Center	0	0	0	0	0	0	0										
U. T. Medical Branch - Galveston	0	0	2	0	1	3	0					X	X	X			X
U. T. Health Science Center - Houston	0	0	0	0	0	0	0										
U. T. Health Science Center - San Antonio	0	0	0	0	0	0	0										
U. T. M. D. Anderson Cancer Center	6	0	0	1	0	7	0		X	X							
U. T. Health Science Center - Tyler	0	0	0	0	0	0	0										
U. T. System Administration	0	0	0	0	1	1	0	X		X				X	X		
<b>TOTALS</b>	<b>13</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>21</b>	<b>1</b>										



## Priority Findings – Changes Since Last Report

	<u>Reported Aug 2016</u>	<u>Implemented</u>	<u>New</u>	<u>Reported Nov 2016</u>
<b>IT related Priority Findings</b>	8	(0)	5	13
<b>Non-IT related Priority Findings</b>	<u>5</u>	<u>(1)</u>	<u>4</u>	<u>8</u>
<b>Total Priority Findings</b>	13	(1)	9*	21
<b>Past due Priority Findings</b>	0			1**

New Priority Findings\*: U. T. Austin - IT (2) and Risk Management (1); U. T. Medical Branch at Galveston - Human Resources (2) and Patient Care Operations (1); U. T. M. D. Anderson Cancer Center - IT (3)

Past Due Priority Findings\*\*: U. T. Austin - Research (1)



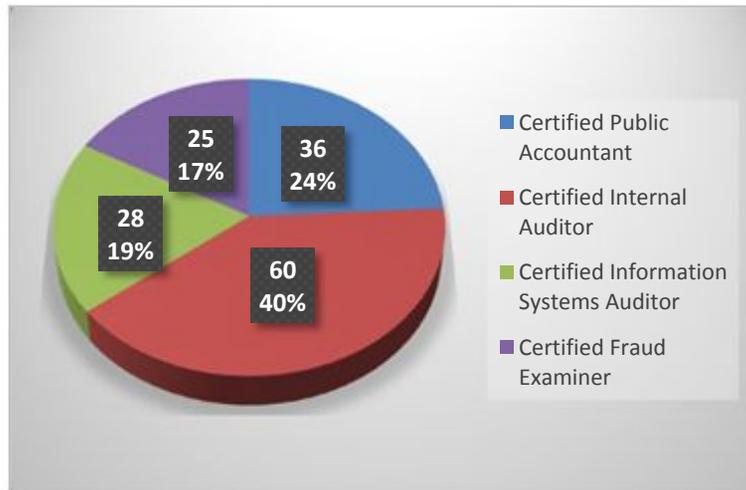
## Internal Audit Staffing Resources as of FYE 2016

- Systemwide internal audit has 143 budgeted FTEs:
  - 132 (92%) filled positions
  - 11 (8%) vacant positions
- The 143 budgeted FTEs are composed of:
  - 52 (36%) professional management employees (5 vacancies)
  - 77 (54%) professional staff employees (6 vacancies)
  - 14 (10%) administrative staff employees (0 vacancies)



## Internal Audit Staffing Resources as of FYE 2016 (cont.)

- 87 of the 118 current professional employees hold 149 professional certifications



- 43 of the 118 current professional employees have advanced degrees
- Average number of years of relevant and U. T. experience is 16 and 9 years, respectively
- Professional employees participated in an average of 52 hours of continuing professional education during the fiscal year



## Professional Contributions by Internal Audit Staff

- Held several board and other leadership positions on professional organizations and advisory boards at the local, national, and global levels (including the Institute of Internal Auditors, Association of College and University Auditors, Association of Healthcare Internal Auditors, Association of Certified Fraud Examiners, Information Systems Audit and Control Association, and others)
- Presented at various conferences to provide continued professional education trainings
- Served as part-time adjunct and guest lecturers, and made presentations to auditing classes
- Received multiple professional awards



## Student Opportunities in Internal Audit

- Formally established Internal Audit Education Partnership program at U. T. Austin, U. T. El Paso, and U. T. Dallas (also supported by U. T. Southwestern Medical Center) that provides various internship and student project opportunities
- Sponsored student projects for professional experience and/or auditing courses at U. T. Austin, U. T. Dallas, U. T. El Paso, U. T. Permian Basin, and U. T. System
- Employed part-time student interns at U. T. Arlington, U. T. Austin, U. T. Dallas, and U. T. San Antonio



**5. U. T. System Board of Regents: Approval of the System Audit Office Internal Audit Activity Charter**

RECOMMENDATION

On a periodic basis, the System Audit Office reviews its charter to ensure that any changes in regulatory requirements, authoritative guidance, and evolving oversight practices are reflected. Chief Audit Executive Peppers recommends that the Audit, Compliance, and Management Review Committee (ACMRC) review and approve the proposed System Audit Office Internal Audit Activity Charter as set forth on the following pages.

BACKGROUND INFORMATION

The Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing require that the internal audit activity have a formal charter that defines its purpose, authority, and responsibility. The charter must be periodically reviewed and presented to the organization's board for approval.

Historically, updates to this charter have been reviewed and approved only by the System Administration Internal Audit Committee (IAC). However, during the last external quality assessment, it was recommended that the charter also be reviewed by the ACMRC since it is charged with functional responsibility for the audit activity.

The System Audit Office Internal Audit Activity Charter was last updated and approved on September 7, 2010, by the System Administration IAC. The proposed draft included on the following pages has been reviewed and agreed upon by key members of the System Administration IAC and will be formally submitted for approval by the full committee at the IAC's next meeting on November 14, 2016. The changes made are not substantive to the core elements of the charter and reflect adaptations to the recently revised IIA model charter.



## THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION SYSTEM AUDIT OFFICE INTERNAL AUDIT ACTIVITY CHARTER

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### INTRODUCTION

Internal Auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of The University of Texas (UT) System. The general mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Internal audit assists UT System Administration in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management, and internal control.

### ROLE

The internal audit activity is established by the Texas Internal Auditing Act and The University of Texas (UT) System Board of Regents. The UT System Board of Regents' Audit, Compliance, and Management Review Committee (ACMRC) and the UT System Administration audit committee provide oversight responsibilities. In that role, internal audit works to be a trusted advisor to management in the areas of governance, risk management, and internal controls.

### PROFESSIONALISM

The internal audit activity will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, the Core Principles, the *International Standards for the Professional Practice of Internal Auditing (Standards)*, and Generally Accepted Governmental Auditing Standards as required by the Texas Internal Auditing Act. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to UT System Administration's relevant policies and procedures and the internal audit activity's standard operating procedures manual.

### AUTHORITY

The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all UT System records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the UT System Administration audit committee and ACMRC.

### ORGANIZATION

Internal audit is a vital part of the University and functions in accordance with the policies established by the Chancellor, UT System Administration, and the UT System Board of



## THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION SYSTEM AUDIT OFFICE INTERNAL AUDIT ACTIVITY CHARTER

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Regents. To provide for the independence of the internal auditing activity, the UT System Chief Audit Executive (CAE) reports functionally to the UT System Administration audit committee and the ACMRC. The CAE reports administratively to the UT System General Counsel to the Board of Regents and has an indirect reporting relationship to the Chancellor.

The CAE will communicate and interact directly with the UT System Administration audit committee, including in executive sessions and between committee meetings, as appropriate. Responsibilities of the UT System Administration audit committee are outlined in its charter.

### INDEPENDENCE AND OBJECTIVITY

The internal audit activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor's judgment. Internal auditors may provide assurance services where they have previously performed consulting services provided the nature of the consulting did not impair objectivity, and provided individual objectivity is managed when assigning resources to the engagement.

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The CAE will confirm, at least annually, the organizational independence of the internal audit activity and its staff members to the UT System Administration audit committee. The CAE will annually confirm the organizational independence of Systemwide internal audit to the ACMRC.

### RESPONSIBILITY

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. This includes:

- Developing a flexible, annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management and the ACMRC Chairman, and submitting that plan to the UT System Administration audit committee for review and approval on an annual basis.
- Providing guidance and coordination for the risk assessment methodology and development of the institutional annual audit plans and presenting the Systemwide annual audit plan, including assessed risks, for review and approval by the UT System Board of Regents.
- Developing relationships throughout the organization to become a trusted advisor to management on risk management and internal control matters.



## THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION SYSTEM AUDIT OFFICE INTERNAL AUDIT ACTIVITY CHARTER

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- Maintaining a professional audit staff with sufficient knowledge, skills, abilities, experience, and professional certifications.
- Evaluating risk exposure relating to achievement of the organization's strategic objectives.
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations, which could have a significant impact on the organization.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Monitoring and evaluating governance processes.
- Monitoring and evaluating the effectiveness of the organization's risk management processes.
- Evaluating the quality of performance of external auditors and the degree of coordination with internal audit, as applicable.
- Performing consulting and advisory services related to governance, risk management, and control as appropriate for the organization. Such services include management requests, participation on UT System Administration committees, and participation on implementation teams for information technology projects and business process improvements.
- Evaluating specific operations at the request of the UT System Administration audit committee or management, as appropriate.
- Conducting investigations of significant suspected fraudulent activities, as requested by management and in accordance with [UTS118 - Dishonest or Fraudulent Activities](#).
- Developing audit programs and methodologies and coordinating approaches used for Systemwide audits.
- Developing tools, knowledge sharing, training, and other professional best practices for the internal audit function Systemwide.
- Providing support and advice to the institutional audit committees, including but not limited to, assisting in finding external members to serve as chairs for the committees, coordinating periodic communication among the chairs, and providing training forums for committee members.
- Administering internal audit at seven academic institutions (excluding UT Austin), including but not limited to, overseeing human resource activities (i.e., recruiting, hiring, compensation, and termination) and budgeting and expense processes. This also involves performing the annual performance evaluations of the CAEs at these institutions.
- Providing general oversight over Systemwide internal audit activities, as appropriate.

### INTERNAL AUDIT PLAN

At least annually, the CAE will submit to the UT System Administration audit committee an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next fiscal year. The CAE will communicate the impact of any resource limitations or significant interim changes to the UT System Administration audit committee.



## THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION SYSTEM AUDIT OFFICE INTERNAL AUDIT ACTIVITY CHARTER

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The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input from senior management and the UT System Administration audit committee. The CAE will review and adjust the plan, as necessary, in response to changes in the internal audit resource levels or the organization's business, risks, operations, programs, systems, and controls. Any significant deviation from the internal audit plan will be communicated to and approved by the UT System Administration audit committee through periodic activity reports.

### REPORTING AND MONITORING

The CAE or designee will communicate the results of each internal audit engagement to the appropriate individuals. Internal audit results will also be communicated to the UT System Administration audit committee.

Communication of the engagement results may vary in form and content depending upon the nature of the engagement and the needs of the client. A formal internal audit report will include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The internal audit activity will be responsible for appropriate follow-up on management's action plans to address engagement findings and recommendations and reporting the results to appropriate management members and the UT System Administration audit committee. All significant findings will remain as open issues until reviewed and cleared by internal audit.

Internal audit will fulfill reporting requirements for audit reports and the annual report, including the annual audit plan, as prescribed by the Texas Internal Auditing Act.

The CAE will periodically report to the UT System Administration audit committee on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the UT System Administration audit committee.

In addition, various reporting of Systemwide internal audit activities will be provided to the UT System Administration audit committee and the ACMRC. This may include annual audit plan completion status, Priority Findings and their implementation status, results of Systemwide audits, external audit results, and other items as requested by the UT System Administration audit committee or ACMRC.



**THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION  
SYSTEM AUDIT OFFICE INTERNAL AUDIT ACTIVITY CHARTER**

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**QUALITY ASSURANCE AND IMPROVEMENT PROGRAM**

The internal audit activity will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing, the Core Principles, and the *Standards*, and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

Additionally, the program will include an element of quality oversight of the internal audit functions at the institutions. This may include coordination of periodic quality assurance reviews conducted by an external entity.

The CAE will communicate to the UT System Administration audit committee on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every three years.

**RELEVANT STATUTES AND POLICIES**

- [Texas Internal Auditing Act, Government Code Chapter 2102](#)
- [UT System Board of Regents' Rule 20401: Audit and Compliance Programs](#)
- [UT System Policy UTS129 Internal Audit Activities](#)

**APPROVAL**

The Internal Audit Activity Charter was approved on \_\_\_\_\_ by the UT System Administration Internal Audit Committee.



**TABLE OF CONTENTS  
FOR  
FINANCE AND PLANNING COMMITTEE**

**Committee Meeting:** 11/9/2016

**Board Meeting:** 11/10/2016  
Austin, Texas

*R. Steven Hicks, Chairman  
David J. Beck  
Wallace L. Hall, Jr.  
Jeffery D. Hildebrand  
Sara Martinez Tucker*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>2:15 p.m. Chairman Hicks</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<i>2:15 p.m. Discussion</i>	<b>Action</b>	<b>96</b>
2. <b>U. T. System: Key Financial Indicators Report</b>	<i>2:20 p.m. Report/Discussion Dr. Kelley</i>	Not on Agenda	<b>97</b>
3. <b>Item Deferred</b>			<b>106</b>
4. <b>U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the year and quarter ended August 31, 2016</b>	<i>2:35 p.m. Report/Discussion Mr. Mark Warner, Interim CEO and CIO</i>	<b>Report</b>	<b>107</b>
5. <b>U. T. System: Report and discussion on Public Private Partnership Financing</b>	<i>2:50 p.m. Report/Discussion Dr. Kelley</i>	Not on Agenda	<b>113</b>
6. <b>U. T. System Board of Regents: Discussion of matters related to University Lands</b>	<i>3:05 p.m. Report/Discussion Regent Cranberg Mr. Houser</i>	Not on Agenda	<b>123</b>
<b>Adjourn</b>	<i>3:15 p.m.</i>		

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda is located at the back of the book. Consent Agenda items assigned to this Committee are on [Pages 190 - 195](#).

**2. U. T. System: Key Financial Indicators Report**

REPORT

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will discuss the Key Financial Indicators Report as set forth on the following pages. The report represents the consolidated and individual operating detail of the U. T. System institutions.

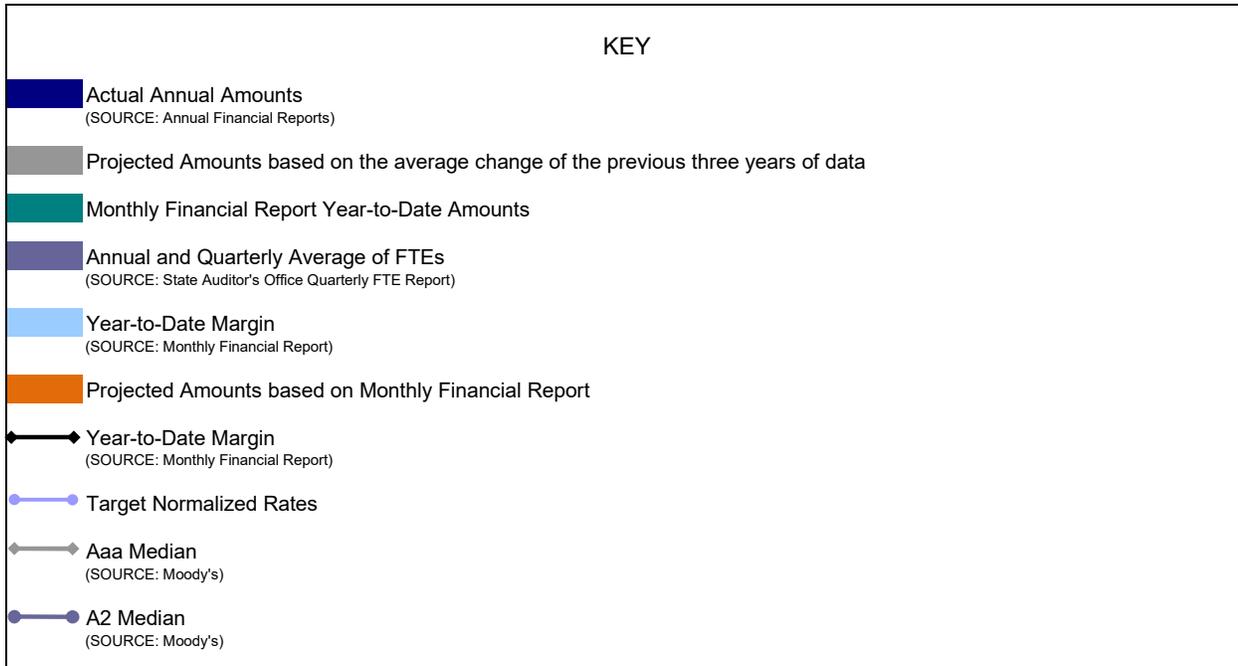
The Key Financial Indicators Report compares the Systemwide quarterly results of operations, key revenues and expenses, reserves, and key financial ratios in a graphical presentation from Fiscal Year 2012 through July 2016. Ratios requiring balance sheet data are provided for Fiscal Year 2011 through Fiscal Year 2015.

# THE UNIVERSITY OF TEXAS SYSTEM

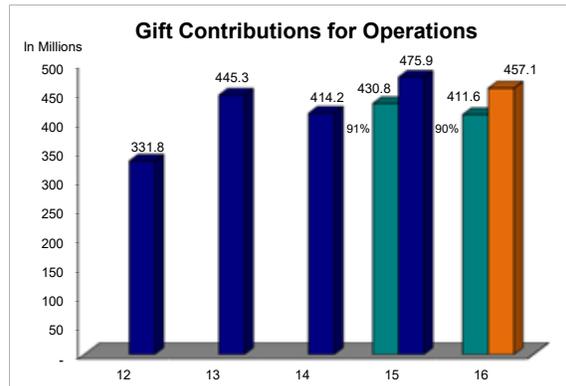
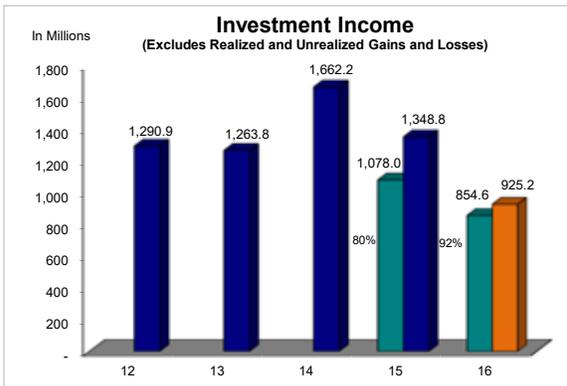
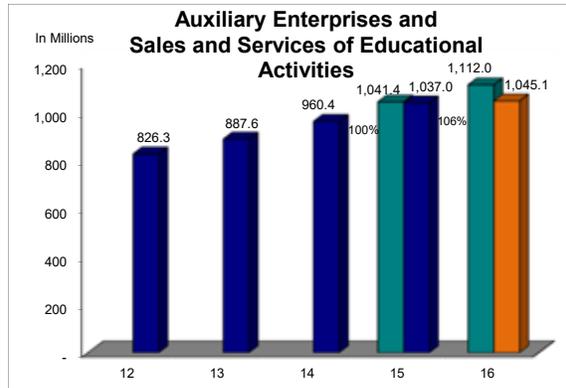
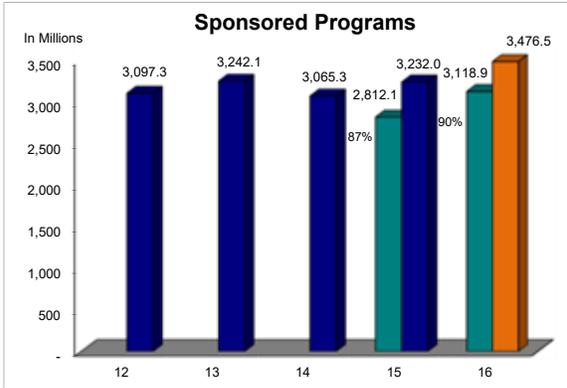
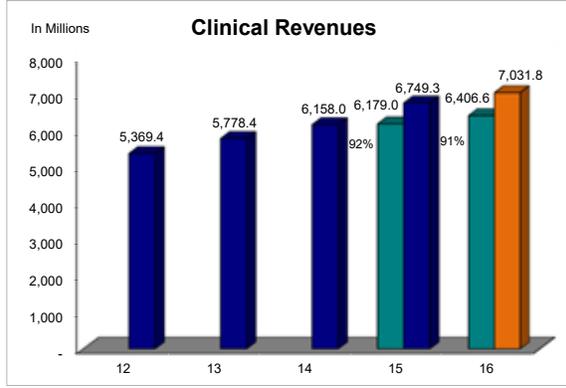
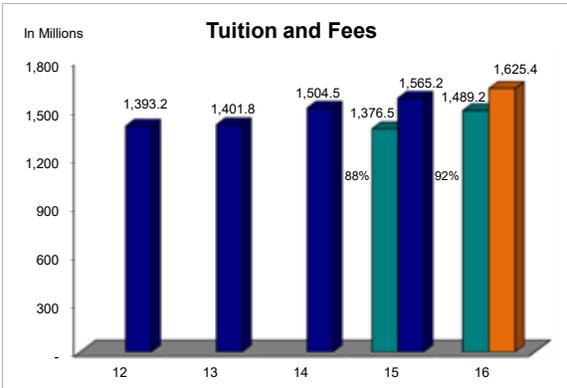
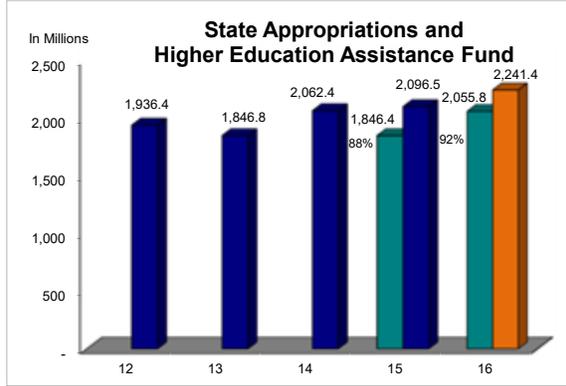
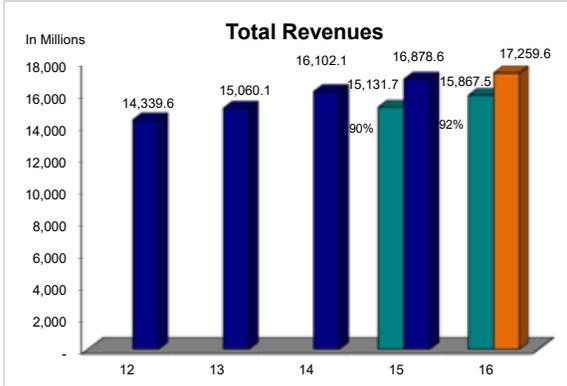


## KEY FINANCIAL INDICATORS REPORT

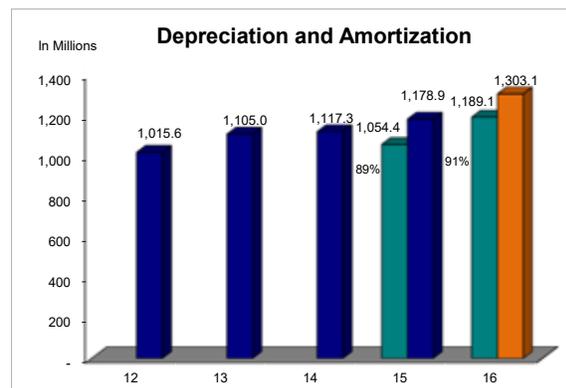
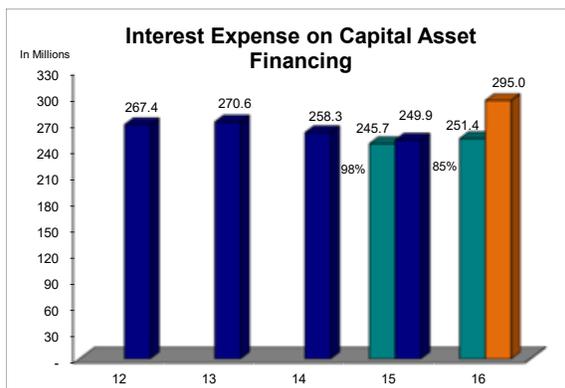
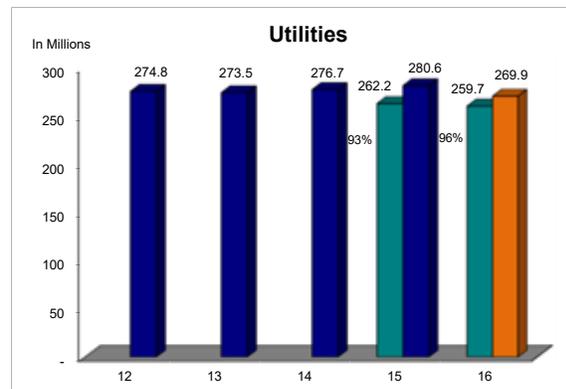
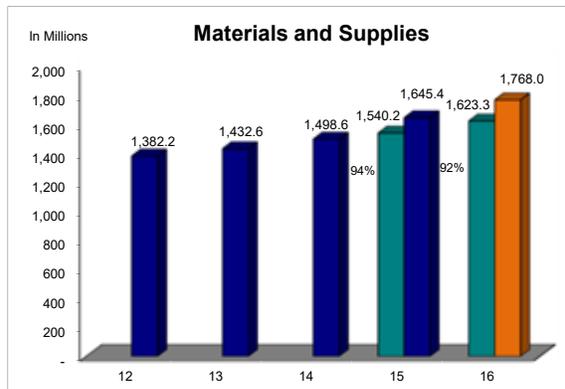
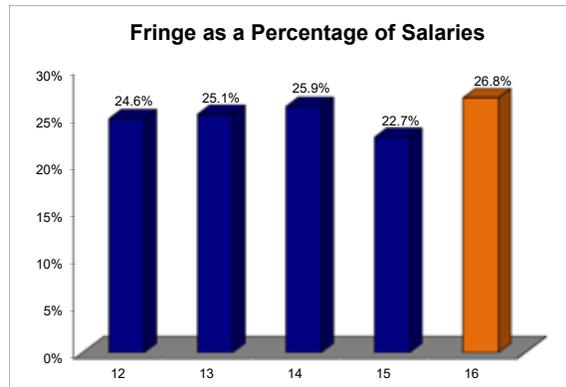
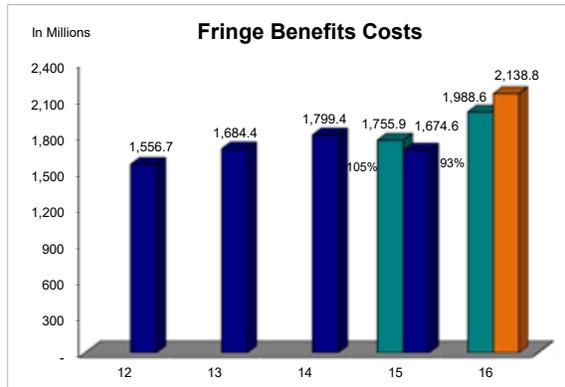
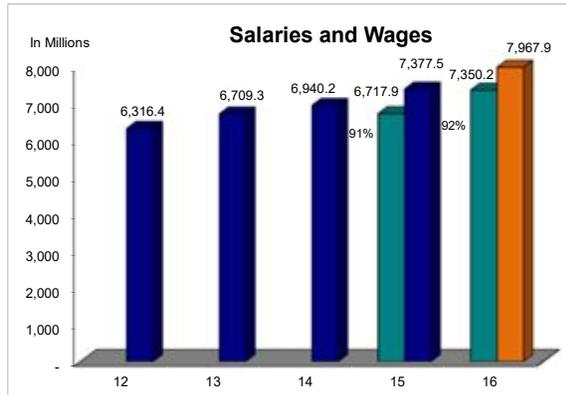
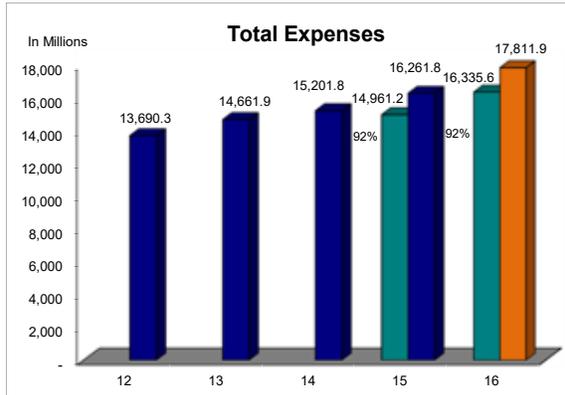
THROUGH JULY 2016



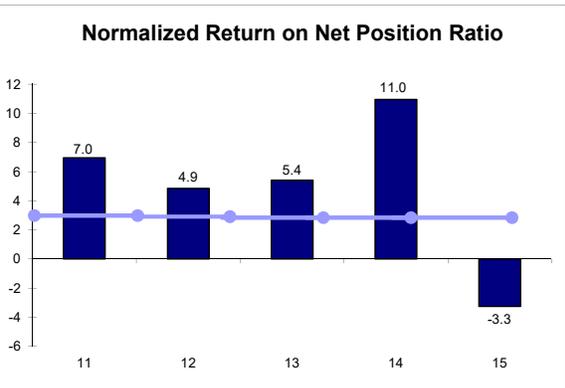
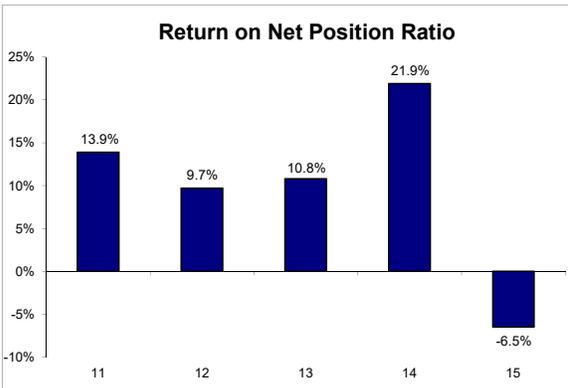
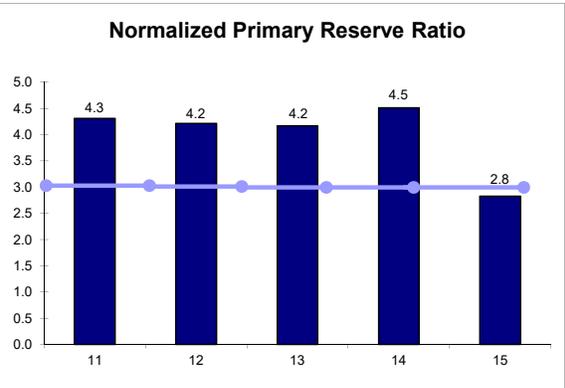
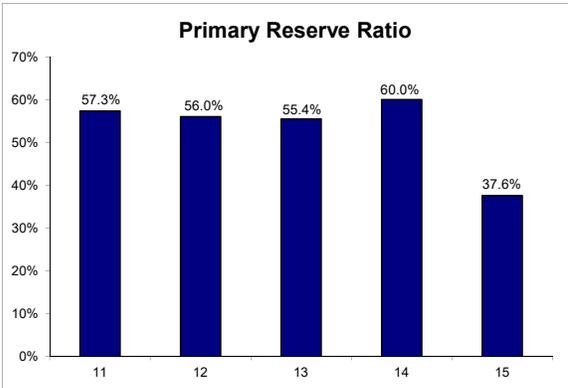
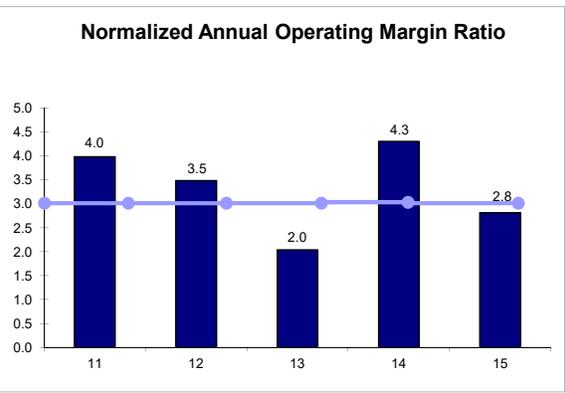
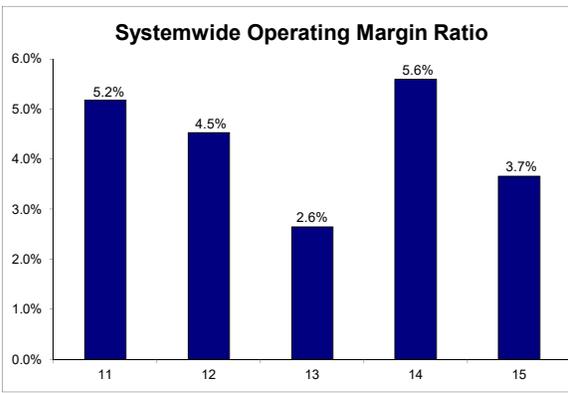
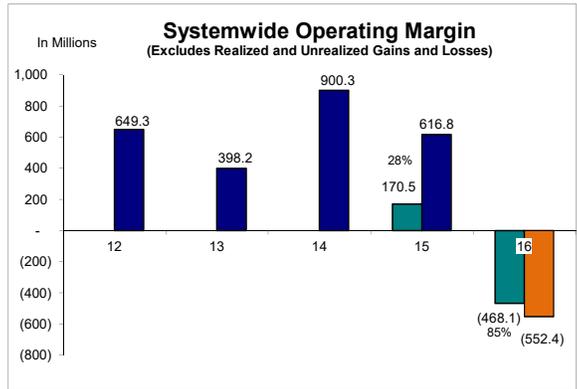
**KEY INDICATORS OF REVENUES**  
**ACTUAL 2012 THROUGH 2015**  
**PROJECTED 2016**  
**YEAR-TO-DATE 2015 AND 2016 FROM JULY MONTHLY FINANCIAL REPORT**



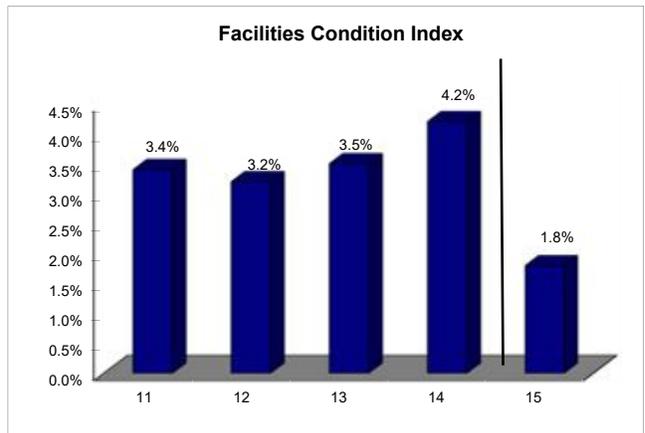
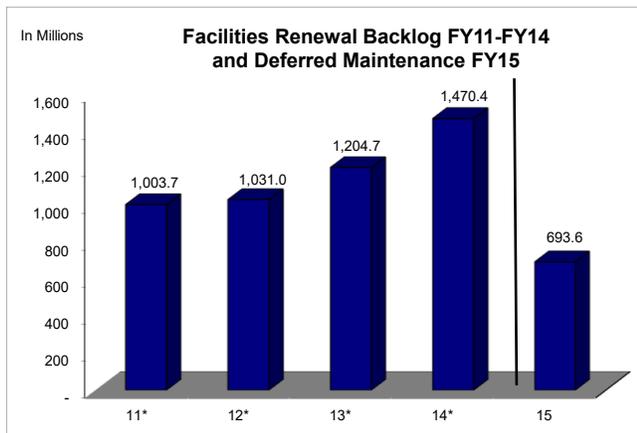
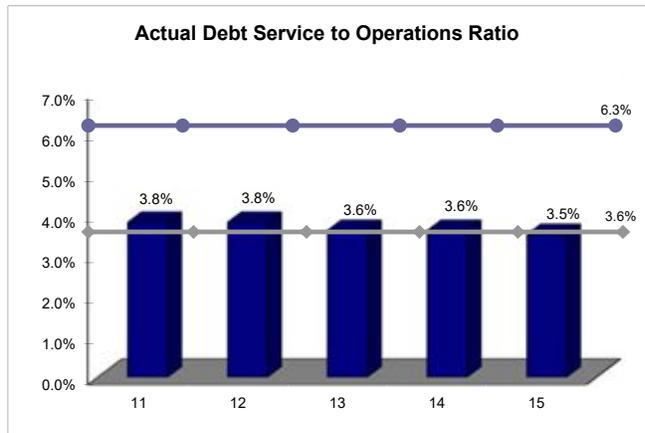
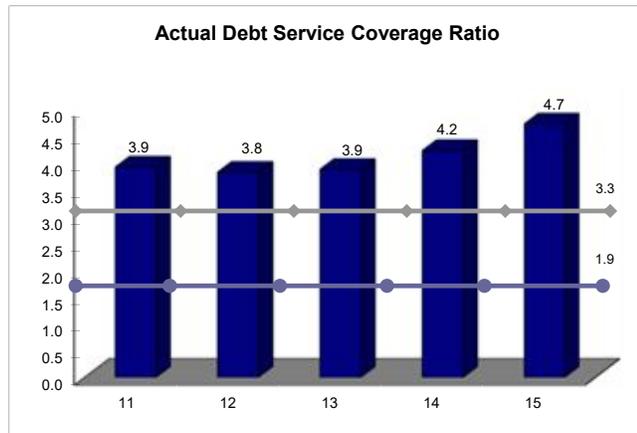
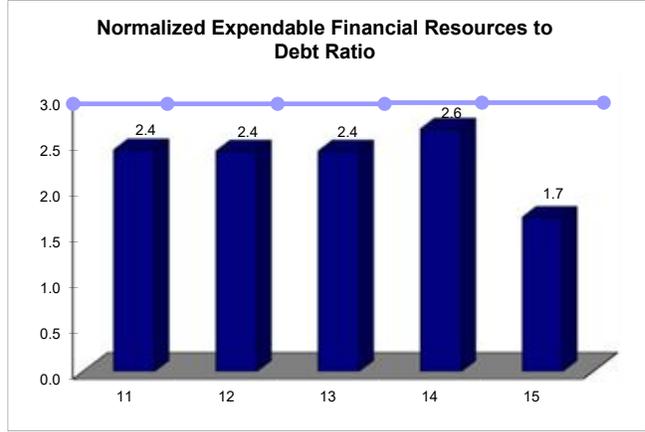
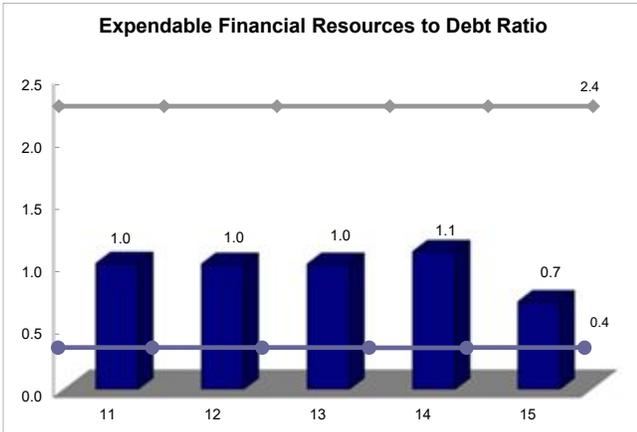
**KEY INDICATORS OF EXPENSES**  
**ACTUAL 2012 THROUGH 2015**  
**PROJECTED 2016**  
**YEAR-TO-DATE 2015 AND 2016 FROM JULY MONTHLY FINANCIAL REPORT**



**KEY INDICATORS OF RESERVES**  
**ACTUAL 2011 THROUGH 2015**  
**PROJECTED 2016**  
**YEAR-TO-DATE 2015 AND 2016 FROM JULY MONTHLY FINANCIAL REPORT**



## KEY INDICATORS OF CAPITAL NEEDS AND CAPACITY 2011 THROUGH 2015

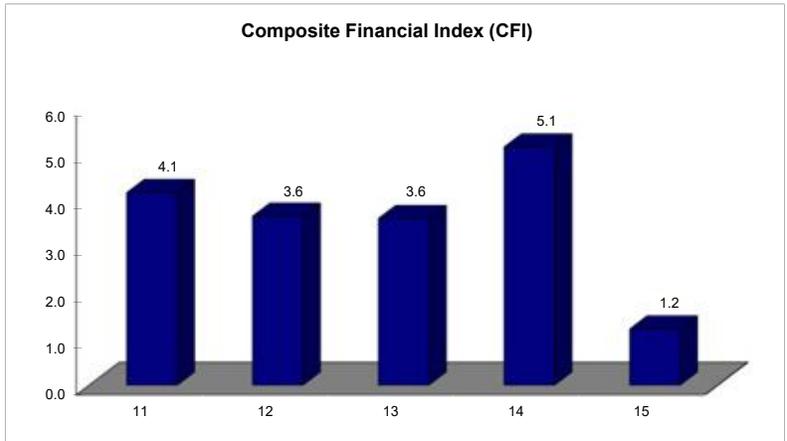


\*For FY 2011 through 2014 the source of backlog data is the Facilities' Renewal Model (FRRM) and those systems that have exceeded their Life Cycle Age. Beginning in FY 2015, the deferred maintenance data is taken from the new annual BOR Campus Condition Report and the facilities' executives assessment of those systems that have failed or will fail within the current budget cycle (within one year).

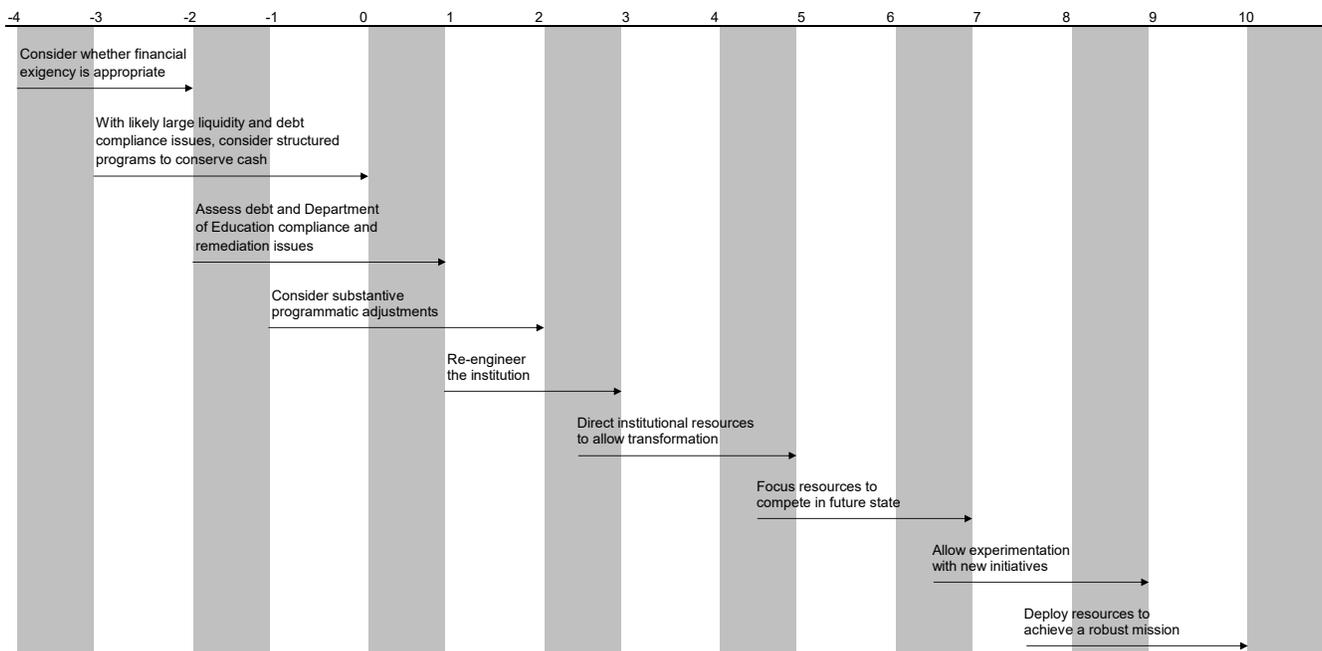
Note: Line between FY 2014 and 2015 indicates a change in the source data.

Note: Line between FY 2014 and 2015 indicates a change in the source data.

**KEY INDICATORS OF FINANCIAL HEALTH  
2011 THROUGH 2015**

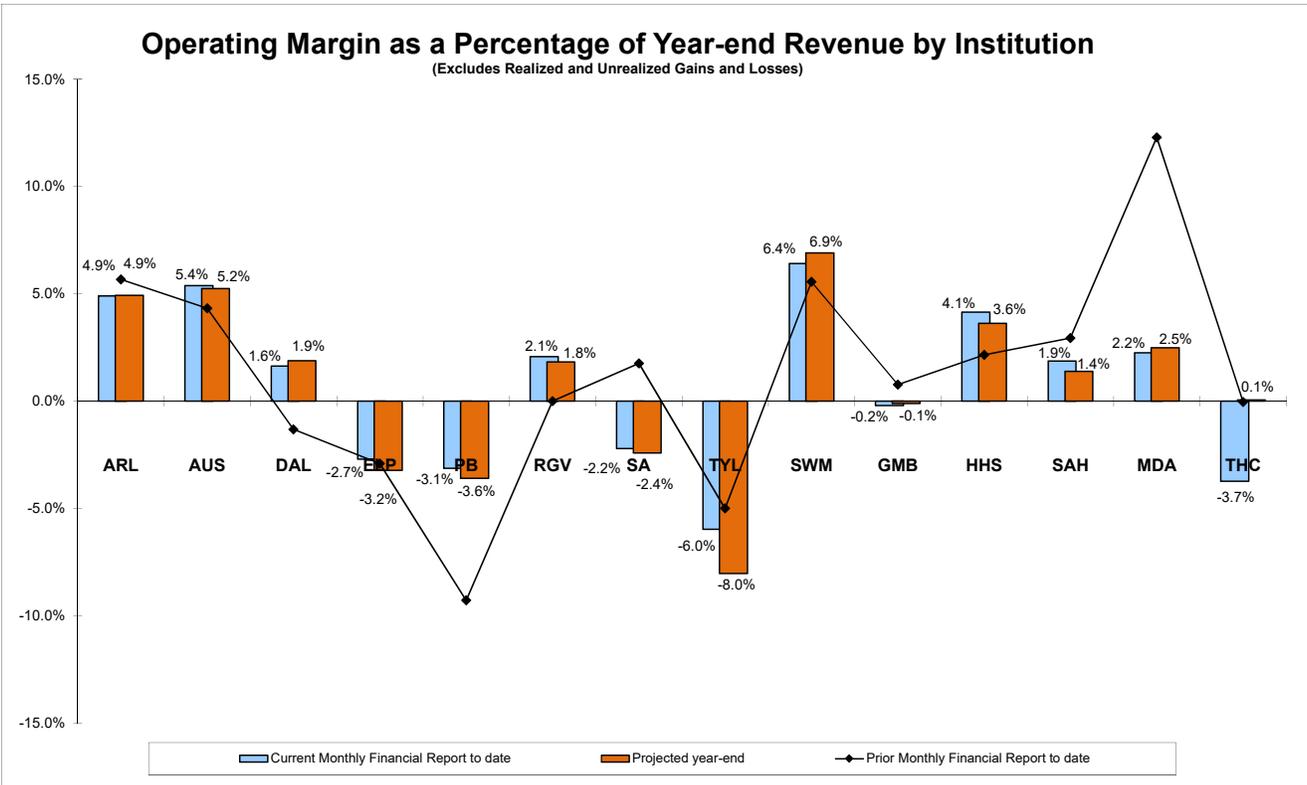
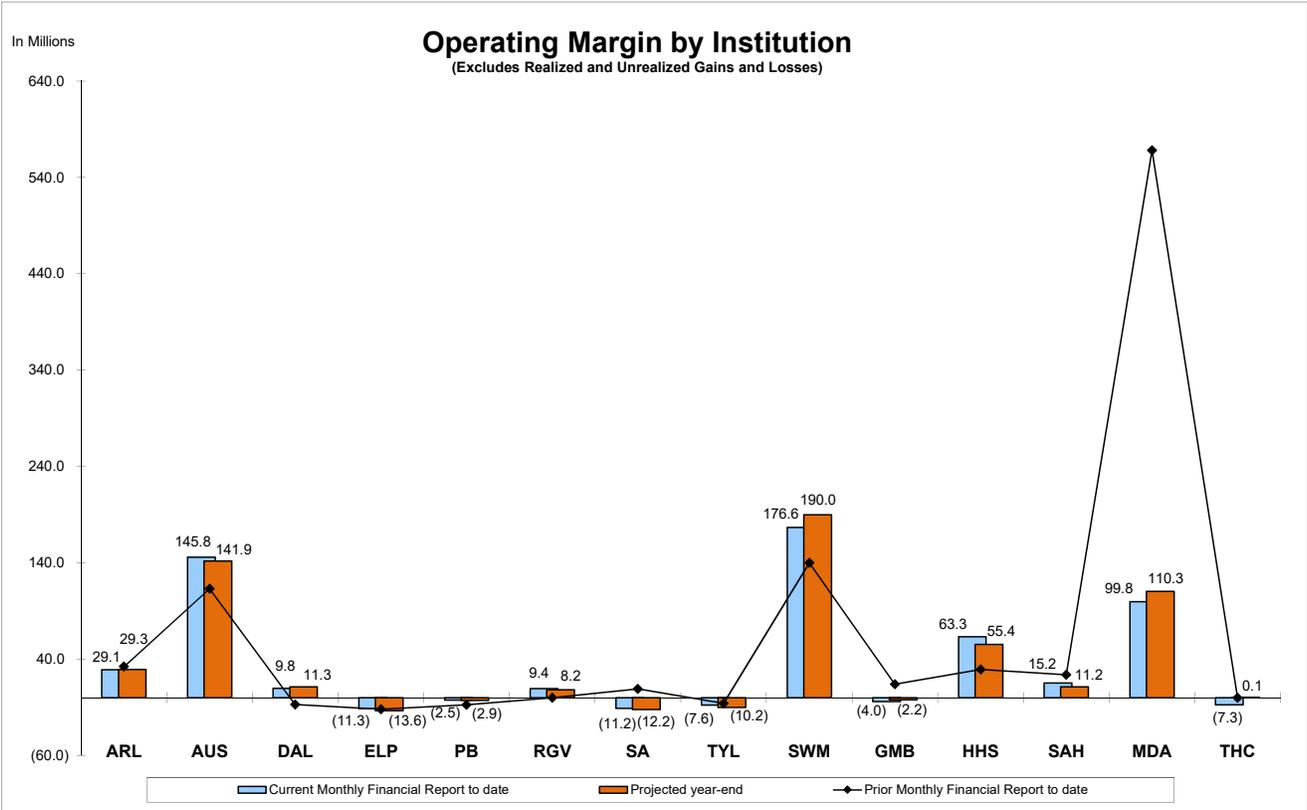


**Scale for Charting CFI Performance**



Source: Strategic Financial Analysis for Higher Education, Seventh Edition

## KEY INDICATORS OF RESERVES YEAR-TO-DATE 2015 AND 2016 FROM JULY MONTHLY FINANCIAL REPORT PROJECTED 2016 YEAR-END MARGIN



**3. Item Deferred**

4. **U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the year and quarter ended August 31, 2016**

REPORT

The August 31, 2016 UTIMCO Performance Summary Report is set forth on [Page 108](#).

The Investment Reports for the fiscal year and quarter ended August 31, 2016, are set forth on [Pages 109 - 112](#).

Item I on [Page 109](#) reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the fiscal year was 3.94%. The PUF's net asset value increased by \$390 million since the beginning of the year to \$17,880 million. The increase was due to \$512 million PUF Lands receipts, plus a net investment return of \$651 million, less the annual distribution to the Available University Fund (AUF) of \$773 million.

Item II on [Page 110](#) reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the fiscal year was 4.03%. The GEF's net asset value increased by \$263 million during the fiscal year to \$8,500 million.

Item III on [Page 111](#) reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the fiscal year was 3.27% versus its composite benchmark return of 4.24%. The net asset value increased during the fiscal year to \$7,836 million due to net contributions of \$761 million, less net investment return of \$258 million and distributions of \$220 million.

All exposures were within their asset class and investment type ranges. Liquidity was within policy.

Item IV on [Page 112](#) presents book and market values of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus and Fidelity money market fund, increased by \$239 million to \$2,518 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$20 million versus \$20 million at the beginning of the period; equities: \$74 million versus \$78 million at the beginning of the period; and other investments: \$12 million versus \$5 million at the beginning of the period.

**UTIMCO Performance Summary**  
August 31, 2016

	Net Asset Value 8/31/2016 (in Millions)	Periods Ended August 31, 2016 (Returns for Periods Longer Than One Year are Annualized)							
		Short Term		Year to Date		Historic Returns			
		1 Mo	3 Mos	Fiscal	Calendar	1 Yr	3 Yrs	5 Yrs	10 Yrs
<b><u>ENDOWMENT FUNDS</u></b>									
Permanent University Fund	\$ 17,880	1.97%	4.04%	3.94%	5.37%	3.94%	6.31%	6.17%	5.42%
Permanent Health Fund	1,065								
Long Term Fund	<u>7,435</u>								
General Endowment Fund	<u>8,500</u>	1.85%	4.12%	4.03%	5.46%	4.03%	6.45%	6.30%	5.55%
Separately Invested Funds	<u>177</u>								
Total Endowment Funds	<u>26,557</u>								
<b><u>OPERATING FUNDS</u></b>									
Intermediate Term Fund	7,836	0.34%	3.08%	3.27%	4.80%	3.27%	3.33%	3.58%	4.17%
Short Term Fund and Debt Proceeds Fund	<u>2,448</u>								
Total Operating Funds	<u>10,284</u>								
<b>Total Assets Under Management</b>	<b><u>\$ 36,841</u></b>								

Footnote available upon request

UTIMCO 10/5/2016

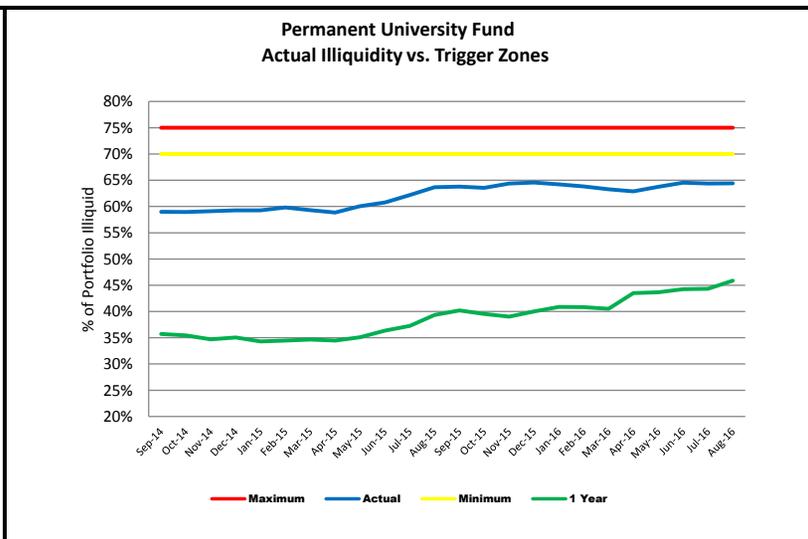
**I. PERMANENT UNIVERSITY FUND**  
**Investment Reports for Periods Ended August 31, 2016**

Prepared in accordance with Texas Education Code Sec. 51.0032

	Fiscal Year to Date							
	Asset Allocation		Returns		Value Added			Total
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management		
<b>More Correlated and Constrained:</b>								
Investment Grade	7.5%	6.5%	4.49%	8.79%	-0.03%	-0.27%	-0.30%	
Credit-Related	0.1%	0.0%	17.69%	10.13%	0.00%	0.00%	0.00%	
Real Estate	1.6%	2.5%	7.22%	17.33%	-0.04%	-0.23%	-0.27%	
Natural Resources	6.3%	7.5%	5.73%	4.61%	-0.12%	0.14%	0.02%	
Developed Country	12.4%	14.0%	0.41%	6.68%	-0.04%	-0.85%	-0.89%	
Emerging Markets	<u>9.7%</u>	<u>9.5%</u>	<u>12.47%</u>	<u>11.83%</u>	<u>-0.08%</u>	<u>0.01%</u>	<u>-0.07%</u>	
<b>Total More Correlated and Constrained</b>	<b>37.6%</b>	<b>40.0%</b>	<b>5.22%</b>	<b>8.82%</b>	<b>-0.31%</b>	<b>-1.20%</b>	<b>-1.51%</b>	
<b>Less Correlated and Constrained</b>	<b>26.2%</b>	<b>29.0%</b>	<b>-0.82%</b>	<b>-1.45%</b>	<b>-0.05%</b>	<b>0.30%</b>	<b>0.25%</b>	
<b>Private Investments</b>	<b><u>36.2%</u></b>	<b><u>31.0%</u></b>	<b><u>6.43%</u></b>	<b><u>n/a</u></b>	<b><u>n/a</u></b>	<b><u>n/a</u></b>	<b><u>n/a</u></b>	
<b>Total</b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>3.94%</u></b>	<b><u>n/a</u></b>	<b><u>n/a</u></b>	<b><u>n/a</u></b>	<b><u>n/a</u></b>	

*n/a - not available*

	Summary of Capital Flows		
(\$ millions)	Fiscal Year Ended August 31, 2015	Quarter Ended August 31, 2016	Fiscal Year Ended August 31, 2016
Beginning Net Assets	\$17,365	\$17,432	\$17,490
PUF Lands Receipts	807	150	512
Investment Return (Net of Expenses)	82	685	651
Distributions to AUF	(764)	(387)	(773)
Ending Net Assets	<u>\$17,490</u>	<u>\$17,880</u>	<u>\$17,880</u>

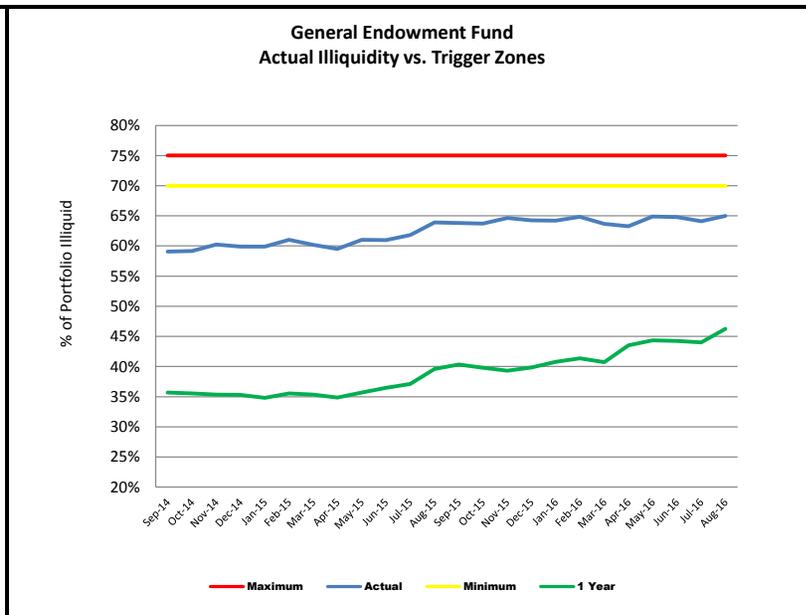


**II. GENERAL ENDOWMENT FUND**  
**Investment Reports for Periods Ended August 31, 2016**

Prepared in accordance with *Texas Education Code Sec. 51.0032*

	Fiscal Year to Date						
	Asset Allocation		Returns		Value Added		
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total
<b>More Correlated and Constrained:</b>							
Investment Grade	6.7%	6.5%	5.85%	8.79%	-0.01%	-0.18%	-0.19%
Credit-Related	0.1%	0.0%	17.69%	10.13%	0.00%	0.00%	0.00%
Real Estate	1.6%	2.5%	7.27%	17.33%	-0.02%	-0.23%	-0.25%
Natural Resources	6.3%	7.5%	5.78%	4.61%	-0.14%	0.14%	0.00%
Developed Country	12.5%	14.0%	0.61%	6.68%	-0.07%	-0.79%	-0.86%
Emerging Markets	<u>9.8%</u>	<u>9.5%</u>	<u>12.39%</u>	<u>11.83%</u>	<u>-0.05%</u>	<u>0.00%</u>	<u>-0.05%</u>
<b>Total More Correlated and Constrained</b>	<b>37.0%</b>	<b>40.0%</b>	<b>5.56%</b>	<b>8.82%</b>	<b>-0.29%</b>	<b>-1.06%</b>	<b>-1.35%</b>
<b>Less Correlated and Constrained</b>	<b>26.4%</b>	<b>29.0%</b>	<b>-0.82%</b>	<b>-1.45%</b>	<b>-0.06%</b>	<b>0.27%</b>	<b>0.21%</b>
<b>Private Investments</b>	<b><u>36.6%</u></b>	<b><u>31.0%</u></b>	<b><u>6.41%</u></b>	<b><u>n/a</u></b>	<b><u>n/a</u></b>	<b><u>n/a</u></b>	<b><u>n/a</u></b>
<b>Total</b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>4.03%</u></b>	<b><u>n/a</u></b>	<b><u>n/a</u></b>	<b><u>n/a</u></b>	<b><u>n/a</u></b>

	Summary of Capital Flows		
(\$ millions)	Fiscal Year Ended August 31, 2015	Quarter Ended August 31, 2016	Fiscal Year Ended August 31, 2016
Beginning Net Assets	\$8,325	\$8,192	\$8,237
Contributions	230	86	361
Withdrawals	(43)	(12)	(21)
Distributions	(366)	(105)	(411)
Investment Return (Net of Expenses)	<u>91</u>	<u>339</u>	<u>334</u>
Ending Net Assets	<u>\$8,237</u>	<u>\$8,500</u>	<u>\$8,500</u>

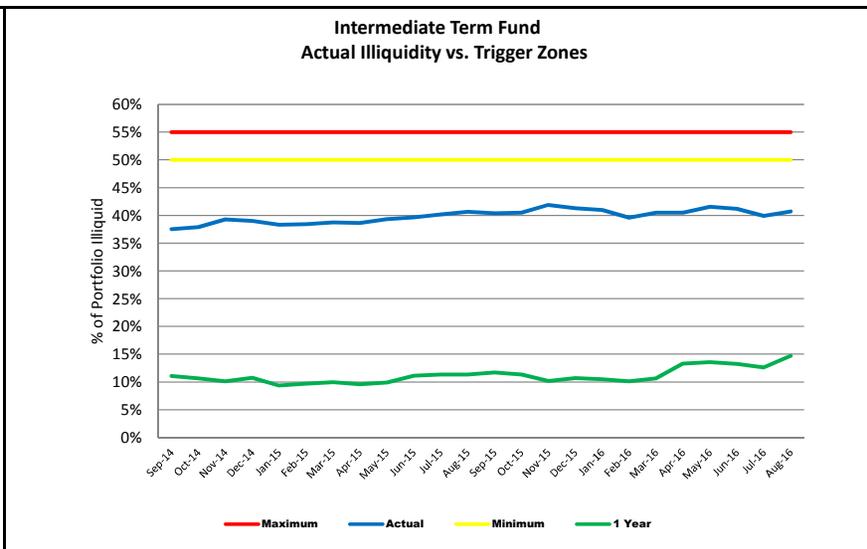


### III. INTERMEDIATE TERM FUND Investment Reports for Periods Ended August 31, 2016

Prepared in accordance with Texas Education Code Sec. 51.0032

	Fiscal Year to Date							
	Asset Allocation		Returns		Value Added			
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total	
<b>More Correlated and Constrained:</b>								
Investment Grade	30.2%	30.0%	7.38%	8.79%	0.05%	-0.42%	-0.37%	
Credit-Related	0.0%	0.0%	0.00%	0.00%	0.00%	0.00%	0.00%	
Real Estate	2.6%	3.0%	7.63%	17.33%	-0.02%	-0.25%	-0.27%	
Natural Resources	5.7%	7.0%	5.77%	4.61%	-0.17%	0.11%	-0.06%	
Developed Country	9.2%	9.0%	0.54%	6.68%	0.01%	-0.54%	-0.53%	
Emerging Markets	<u>6.6%</u>	<u>6.0%</u>	<u>12.56%</u>	<u>11.83%</u>	<u>0.03%</u>	<u>0.01%</u>	<u>0.04%</u>	
<b>Total More Correlated and Constrained</b>	<b>54.3%</b>	<b>55.0%</b>	<b>6.79%</b>	<b>9.01%</b>	<b>-0.10%</b>	<b>-1.09%</b>	<b>-1.19%</b>	
<b>Less Correlated and Constrained</b>	<b>45.7%</b>	<b>45.0%</b>	<b>-0.85%</b>	<b>-1.45%</b>	<b>-0.29%</b>	<b>0.51%</b>	<b>0.22%</b>	
<b>Private Investments</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	
<b>Total</b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>3.27%</u></b>	<b><u>4.24%</u></b>	<b><u>-0.39%</u></b>	<b><u>-0.58%</u></b>	<b><u>-0.97%</u></b>	

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2015	Quarter Ended August 31, 2016	Fiscal Year Ended August 31, 2016
Beginning Net Assets	\$6,665	\$7,504	\$7,037
Contributions	1,448	176	1,009
Withdrawals	(627)	(17)	(248)
Distributions	(210)	(57)	(220)
Investment Return (Net of Expenses)	<u>(239)</u>	<u>230</u>	<u>258</u>
Ending Net Assets	<u>\$7,037</u>	<u>\$7,836</u>	<u>\$7,836</u>



**IV. SEPARATELY INVESTED ASSETS**  
**Summary Investment Report at August 31, 2016**  
 Report prepared in accordance with *Texas Education Code Sec. 51.0032*

ASSET TYPES	(\$ thousands)															
	FUND TYPE															
	CURRENT PURPOSE DESIGNATED		RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		OPERATING FUNDS (DEBT PROCEEDS AND SHORT TERM FUND)		TOTAL	
	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
<b>Cash &amp; Equivalents:</b>																
Beginning value 05/31/16	1	1	12,181	12,181	63,084	63,084	1,428	1,428	1,091	1,091	77,785	77,785	2,201,424	2,201,424	2,279,209	2,279,209
Increase/(Decrease)	(1)	(1)	(7,505)	(7,504)	(2,750)	(2,750)	1,404	1,404	861	861	(7,991)	(7,990)	246,426	246,426	238,435	238,436
Ending value 08/31/16	-	-	4,676	4,677	60,334	60,334	2,832	2,832	1,952	1,952	69,794	69,795	2,447,850	2,447,850	2,517,644	2,517,645
<b>Debt Securities:</b>																
Beginning value 05/31/16	-	-	7	6	11,441	11,686	9,150	8,737	-	-	20,598	20,429	-	-	20,598	20,429
Increase/(Decrease)	-	-	-	-	(558)	(469)	(100)	27	-	-	(658)	(442)	-	-	(658)	(442)
Ending value 08/31/16	-	-	7	6	10,883	11,217	9,050	8,764	-	-	19,940	19,987	-	-	19,940	19,987
<b>Equity Securities:</b>																
Beginning value 05/31/16	4,175	14,577	609	614	41,875	50,244	12,519	12,329	-	-	59,178	77,764	-	-	59,178	77,764
Increase/(Decrease)	(4,175)	(14,577)	(448)	1,707	7,953	9,392	(387)	114	-	-	2,943	(3,364)	-	-	2,943	(3,364)
Ending value 08/31/16	-	-	161	2,321	49,828	59,636	12,132	12,443	-	-	62,121	74,400	-	-	62,121	74,400
<b>Other:</b>																
Beginning value 05/31/16	-	-	4,895	4,897	-	-	5	5	376	376	5,276	5,278	-	-	5,276	5,278
Increase/(Decrease)	-	-	1,367	1,365	2	2	(2)	(2)	5,040	5,040	6,407	6,405	-	-	6,407	6,405
Ending value 08/31/16	-	-	6,262	6,262	2	2	3	3	5,416	5,416	11,683	11,683	-	-	11,683	11,683
<b>Total Assets:</b>																
Beginning value 05/31/16	4,176	14,578	17,692	17,698	116,400	125,014	23,102	22,499	1,467	1,467	162,837	181,256	2,201,424	2,201,424	2,364,261	2,382,680
Increase/(Decrease)	(4,176)	(14,578)	(6,586)	(4,432)	4,647	6,175	915	1,543	5,901	5,901	701	(5,391)	246,426	246,426	247,127	241,035
Ending value 08/31/16	-	-	11,106	13,266	121,047	131,189	24,017	24,042	7,368	7,368	163,538	175,865	2,447,850	2,447,850	2,611,388	2,623,715

Details of individual assets by account furnished upon request.

5. **U. T. System: Report and discussion on Public Private Partnership Financing**

REPORT/DISCUSSION

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will lead a discussion on Public Private Partnership Financing using the PowerPoint presentation on the following pages.

# Public Private Partnership Financing at U.T. System

Dr. Scott Kelley, Executive Vice Chancellor for Business Affairs

U. T. System Board of Regents' Meeting  
Finance and Planning Committee  
November 2016



THE UNIVERSITY of TEXAS SYSTEM  
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

[WWW.UTSYSTEM.EDU](http://WWW.UTSYSTEM.EDU)

## Capital Improvement Program (CIP)

- The term “Public Private Partnership” (P3) means a contract between a governmental entity and a private party in which the private party provides a public service or project and assumes substantial financial, technical and operational risk in the project.
- Per the *Texas Education Code*, the U. T. System Board of Regents has authority to build and operate facilities directly or through private entities and to lease land and improvements to or from private entities.



## Capital Improvement Program (CIP) (cont.)

The CIP is

- managed by the U. T. System Office of Facilities Planning and Construction, Regents' Rule 80301;
- a six-year projection of major new projects developed under each institution's strategic planning process;
- consists of 69 projects at all U. T. System institutions;
- has an aggregate total project cost (TPC) of \$6.32 billion; and
- is 59.0% funded with debt.



# CIP Funding Status

Funding Source	CIP TPC (millions)	% of Total
<b><u>Bond Proceeds</u></b>		
Permanent University Fund (PUF) Bonds	\$ 483.9	7.6%
Revenue Financing System (RFS) Bonds	\$2,172.9	34.4%
Tuition Revenue Bonds (TRBs)	<u>\$1,072.6</u>	<u>17.0%</u>
Subtotal Bond Proceeds	\$3,729.5	59.0%
<b><u>Institutional Funds</u></b>		
Available University Fund (AUF)	\$ 36.9	0.6%
Cash Balances	\$ 401.0	6.3%
FEMA and Insurance Claims	\$ 575.2	9.1%
General Revenue	\$ 102.0	1.6%
Gifts and Grants	\$ 601.1	9.5%
Hospital Revenues	<u>\$ 876.6</u>	<u>13.9%</u>
Subtotal Institutional Funds	\$2,592.8	41.0%
<b>CIP Total Funding Sources</b>	<b>\$6,322.2</b>	<b>100.0%</b>



# PUF Constitutional Debt Capacity

- The Texas Constitution limits the amount of PUF debt that can be issued by the U. T. System Board of Regents to an amount not to exceed 20% of the cost value of PUF investments

PUF Book Value as of August 31, 2016	\$15,170,775,299
U. T. Constitutional Debt Limit (20% of PUF Book Value)	3,034,155,060
U. T. PUF Debt Outstanding as of September 1, 2016	<u>(2,568,505,000)</u>
Remaining Constitutional U. T. PUF Debt Capacity	465,650,060
Authorized but Unissued PUF Debt as of August 31, 2016	719,610,414
Additional PUF expected to be allocated in November 2016	397,800,000



## CIP Debt Financing

- Debt is managed by the U. T. System Office of Finance, Regents' Rule 80305.
- Each of the U. T. System debt programs are rated AAA/Aaa/AAA.
- Debt is issued through two primary programs
  - RFS bonds (includes TRBs)
  - PUF bonds
- All projects requesting debt financing must meet a minimum 1.30x Debt Service Coverage, consistent with private industry standards.



## P3 Projects at the U. T. System

- U. T. System institutions have executed numerous P3 projects.
- Examples include student housing at various campuses, research buildings, a fitness center, and specialized clinical facilities.



# Pros and Cons of P3 Projects

Pros of P3 Projects	Cons of P3 Projects
<ul style="list-style-type: none"> <li>• Potentially off-balance sheet</li> <li>• Potentially lower TPC</li> <li>• Preservation of capital</li> <li>• Faster time to completion</li> <li>• Reduced bureaucracy</li> </ul>	<ul style="list-style-type: none"> <li>• Higher cost of financing</li> <li>• Incurrence of property taxes</li> <li>• Projects not built to state standards</li> <li>• Projects not required to follow state procurement, Historically Underutilized Business (HUB), and prevailing wage laws</li> <li>• Misalignment of interests</li> <li>• Less institutional control</li> </ul>



## Situations Conducive to P3 Projects

- Projects that are off campus or sufficiently removed from the main campus.
- Projects that are not limited to student or faculty use (e.g., shared research space).
- Projects that are not critical to the success of the campus mission (e.g., administrative office space).
- Projects with large gifts or donations of land and specific donor requirements.
- Projects with complex or unusual characteristics.
- Projects that require specialized expertise in construction and/or operation.
- Projects that are expected to generate revenue for the university.



**6. U. T. System Board of Regents: Discussion of matters related to University Lands**

REPORT/DISCUSSION

Regent Cranberg, Chairman of the University Lands Advisory Board, and Mr. Mark Houser, Chief Executive Officer - University Lands, will report to the Board on matters related to University Lands.



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FOR  
ACADEMIC AFFAIRS COMMITTEE**

**Committee Meeting:** 11/9/2016

**Board Meeting:** 11/10/2016  
Austin, Texas

*Ernest Aliseda, Chairman  
Alex M. Cranberg  
R. Steven Hicks  
Brenda Pejovich  
Sara Martinez Tucker*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>9:45 a.m. Chairman Aliseda</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<i>9:45 a.m. Discussion</i>	<b>Action</b>	<b>125</b>
2. <b>U. T. Austin: Report and discussion concerning student success, degree attainment, and enrollment levels</b>	<i>9:47 a.m. Report/Discussion President Fenves</i>	Not on Agenda	<b>126</b>
<b>Adjourn</b>	<i>10:15 a.m.</i>		

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda is located at the back of the book. Consent Agenda items assigned to this Committee are on [Pages 196 - 227](#).

2. **U. T. Austin: Report and discussion concerning student success, degree attainment, and enrollment levels**

REPORT/DISCUSSION

President Fenves will provide an update concerning student success, degree attainment, and enrollment levels at U. T. Austin.



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FOR  
HEALTH AFFAIRS COMMITTEE**

**Committee Meeting:** 11/9/2016

**Board Meeting:** 11/10/2016  
Austin, Texas

*Alex M. Cranberg, Chairman  
Ernest Aliseda  
David J. Beck  
Jeffery D. Hildebrand  
Sara Martinez Tucker*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	9:00 a.m. <i>Chairman Cranberg</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	9:00 a.m. <b>Discussion</b>	<b>Action</b>	<b>128</b>
2. <b>U. T. M. D. Anderson Cancer Center: Report on the Graduate School of Biomedical Sciences, a unique partnership between U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston</b>	9:03 a.m. <b>Report/Discussion</b> <i>Dr. Michelle Barton, UTM DACC Dr. Michael Blackburn, UTHSC-H</i>	Not on Agenda	<b>129</b>
3. <b>U. T. System: Report on developing a clinical service line approach to health care</b>	9:23 a.m. <b>Report/Discussion</b> <i>President DePinho President Henrich</i>	Not on Agenda	<b>142</b>
<b>Adjourn</b>	9:45 a.m.		

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda is located at the back of the book. Consent Agenda items assigned to this Committee are on [Pages 228 - 243](#).

2. **U. T. M. D. Anderson Cancer Center: Report on the Graduate School of Biomedical Sciences, a unique partnership between U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston**

REPORT

Michelle Barton, Ph.D., Dean, U. T. M. D. Anderson Cancer Center, and Michael Blackburn, Ph.D., Dean, U. T. Health Science Center - Houston, will report on the Graduate School of Biomedical Sciences at Houston. A PowerPoint presentation is set forth on the following pages.

BACKGROUND INFORMATION

The University of Texas Graduate School of Biomedical Sciences at Houston (GSBS) is a unique partnership between U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston, formed over 50 years ago. The goals of GSBS's shared governance are to capitalize on the strengths of the respective institutions and to develop a strong and unified graduate school. The collaborations and scientific opportunities derived from the unique partnership enable the GSBS to reach great heights in research and education.

# A partnership in graduate education: The University of Texas M. D. Anderson Cancer Center and The University of Texas Health Science Center at Houston

Michelle Barton, Ph.D., U. T. M. D. Anderson Cancer Center

Michael Blackburn, Ph.D., U. T. Health Science Center - Houston

Deans, Graduate School of Biomedical Sciences at Houston

U. T. System Board of Regents' Meeting

Health Affairs Committee

November 2016



THE UNIVERSITY of TEXAS SYSTEM  
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[www.UTSYSTEM.EDU](http://www.UTSYSTEM.EDU)

# History of cooperation

- 1963 – The University of Texas Graduate School of Biomedical Sciences (GSBS) is established by Texas House Bill 500 and activated by the U. T. System Board of Regents on September 28, 1963
  - The inaugural class of 24 students included 13 U. T. Austin physics students doing Ph.D. research at U. T. M. D. Anderson Cancer Hospital and Tumor Center, now The University of Texas M. D. Anderson Cancer Center (UTMDACC)
  - The stipend is \$1,600 per year
- 1970 – founding of The University of Texas Medical School at Houston, today's John P. and Kathrine G. McGovern Medical School, under the administration of UTMDACC
  - Scientists at the McGovern Medical School join faculty from UTMDACC, as faculty of the GSBS



## History of cooperation (cont.)

- 1972 – U. T. System established The University of Texas Health Science Center at Houston (UTHSCH) to administer all six U. T. System schools at the Texas Medical Center, including the GSBS
  - UTMDACC shares financial support for these services and the stipends of GSBS students through an inter-institutional agreement
- 2002 – House Bill 71 joins UTMDACC and UTHSCH in awarding graduate degrees through the GSBS
  - Ph.D. and M.S. degrees are granted in 12 specific areas of Biomedical Sciences in addition to a combined M.D./Ph.D. degree and Specialized M.S. degrees in Medical Physics and Genetic Counseling



## After 50 years: A true partnership

- The GSBS is jointly administered by UTMDACC and UTHSCH
- 2012 – Presidents Giuseppe Colasurdo and Ronald DePinho propose an innovative plan of shared leadership of the GSBS by appointment of two deans
- The two deans, one from UTMDACC and the other from UTHSCH, will share the position and all decision making in the administration of the GSBS
- Professors Michael Blackburn (UTHSCH) and Michelle Barton (UTMDACC) accept the position as deans of the GSBS



## After 50 years: A true partnership (cont.)

- Deans Blackburn and Barton propose a plan to enhance the quality of the GSBS
  - In-depth, external review and assessment to shape a strategic plan
  - Enhance faculty and student participation in education
  - Evaluate and improve the curriculum
  - Promote career development
  - Improve process of recruitment and admissions
  - Focus on retention and recruitment of diverse students
  - Improve cooperative efforts in administration, fundraising, and communications between the two institutions
- Presidents Colasurdo and DePinho are fully supportive of the strategic plan



# A true partnership: The approach

Over the last four years, built and worked with a great team

- Organized recruitment efforts, centrally and across both institutions
  - Pipelines with Texas and other top institutions
  - Increased underrepresented minority recruitment
- Increased rigor and faculty/student participation in admissions
  - Holistic review including data, relevant experience, and drive
  - Strengthened programs overall with particular impact on clinical/translational programs and quantitative/genomic sciences



## A true partnership: The approach (cont.)

- Developed a foundational “core course” that emphasizes fundamentals of biomedical sciences, team work, critical thinking, training in ethics, and quantitative rigor/reproducibility (statistics)
- Focused on the student community: peer mentoring, support groups for diverse students, and empowered student governance
- Organized career development mentoring and opportunities, such as internships and entrepreneurial experiences



## A true partnership: The approach (cont.)

- Success in joint development efforts between UTMDACC and UTHSCH
- Improved inter-institutional communications to enhance branding and marketing
  - Leverage each institution's reputation and school brand
  - Change name to reflect the partnership



## A true partnership:

- Current name: The University of Texas Graduate School of Biomedical Sciences at Houston
- Proposed new name: The University of Texas MD Anderson Cancer Center UTHealth Graduate School of Biomedical Sciences
- Marketed name: MD Anderson UTHealth GSBS

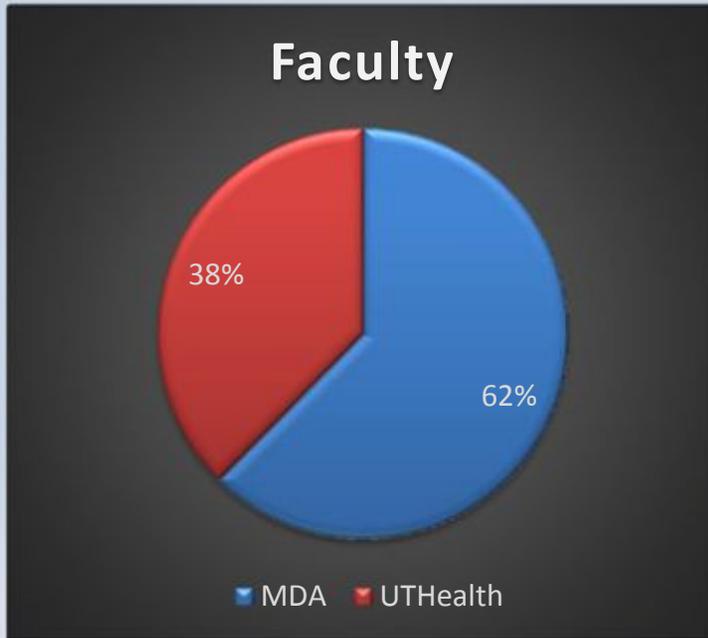


# Today's GSBS

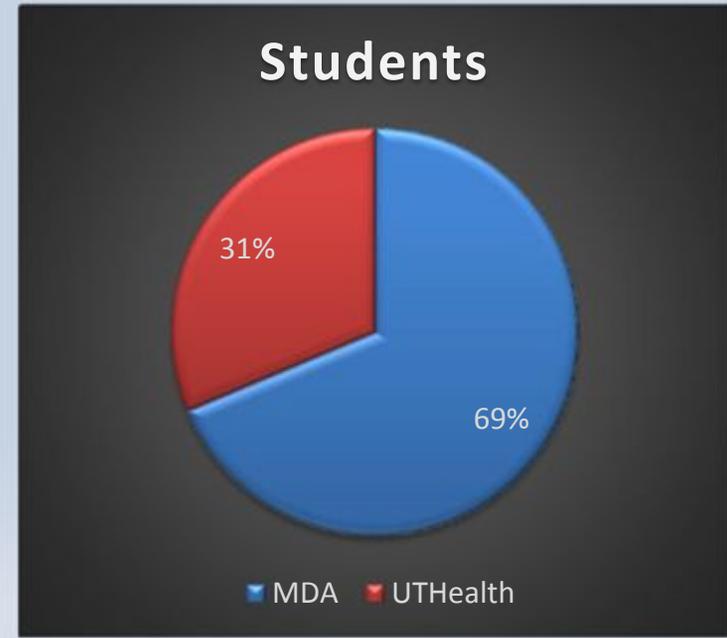
- 2,600 alumni
  - Leaders in academic, industrial, and government research settings
- 3 degree programs
  - M.S. and Specialized M.S. Degree Programs – 34 students currently
  - Ph.D. Program – 305 current students
  - M.D./Ph.D. Program – 39 current students



# Institutional distribution of GSBS faculty and students



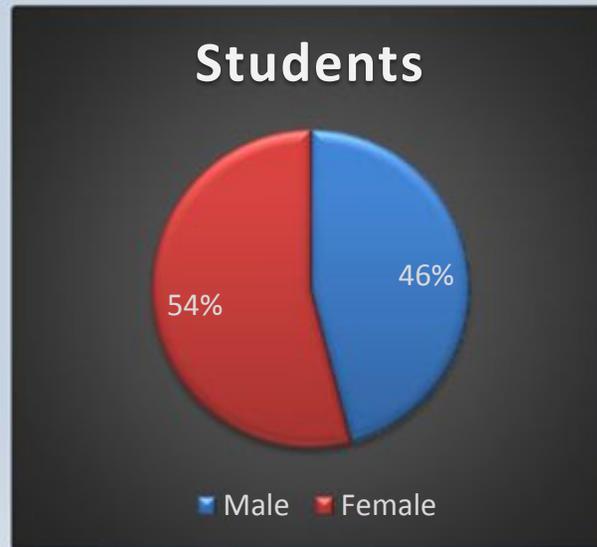
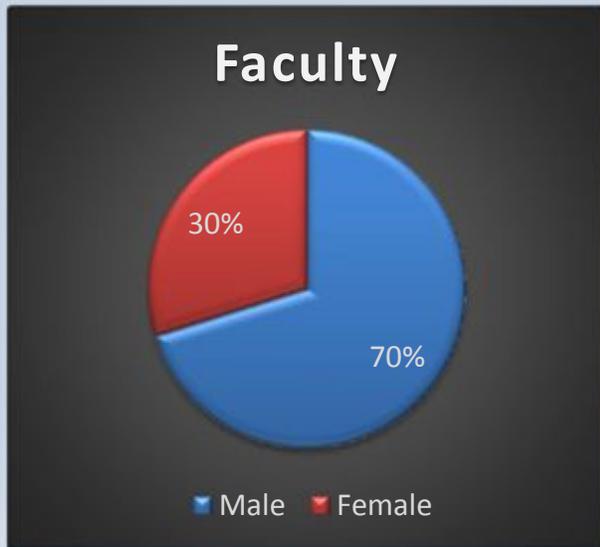
Total number of faculty = 587



Total number of students = 378



# GSBS faculty and students



**38% students from Texas**  
**30% from across the U.S.**  
**32% international students**  
**14.5% underrepresented minority**



**3. U. T. System: Report on developing a clinical service line approach to health care**

REPORT

Ronald DePinho, M.D., President, U. T. M. D. Anderson Cancer Center, and William Henrich, M.D., President, U. T. Health Science Center - San Antonio, will report on developing a clinical service line approach to health care.

BACKGROUND INFORMATION

In Chancellor McRaven's November 2015 strategic vision and Quantum Leaps for The University of Texas System, titled, "Leading in a Complex World," he called for constructing collaborative, Systemwide teams that serve the State of Texas with the highest standards of excellence. Drawing upon the Chancellor's vision, U. T. Health Science Center - San Antonio and U. T. M. D. Anderson Cancer Center signed a letter of intent in May 2016 to explore a cancer service line partnership in San Antonio.

After assessing the oncology services available in the market, U. T. Health Science Center - San Antonio and U. T. M. D. Anderson Cancer Center identified an opportunity to further elevate and enhance the already excellent services provided at U. T. Health Science Center - San Antonio's Cancer Therapy and Research Center (CTRC). In September 2016, the two institutions formalized a cancer service line affiliation agreement. Through the creation of this unique U. T. System partnership, the two institutions will draw upon the expertise of their faculty and staff, bringing to life Chancellor McRaven's vision as they work to build a differentiated oncology destination for patients and families in South Texas.



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FOR  
FACILITIES PLANNING AND CONSTRUCTION  
COMMITTEE**

**Committee Meeting:** 11/9/2016

**Board Meeting:** 11/10/2016  
Austin, Texas

*Brenda Pejovich, Chairman*  
*David J. Beck*  
*Alex M. Cranberg*  
*Wallace L. Hall, Jr.*  
*R. Steven Hicks*

		<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>		3:15 p.m. <i>Chairman Pejovich</i>		
1.	<b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	3:15 p.m. <b>Discussion</b>	<b>Action</b>	<b>145</b>
	<b><u>Discussion Item</u></b>			
2.	<b>U. T. System: Update on Program Cost Savings Measures and Hybrid Project Delivery Initiative</b>	3:20 p.m. <b>Discussion</b> <i>Deputy Chancellor Daniel</i> <i>Mr. O'Donnell</i>	Not on Agenda	<b>146</b>
	<b><u>Additions to the CIP</u></b>			
3.	<b>U. T. Dallas: Math and Science Building - Amendment of the FY 2017-2022 Capital Improvement Program to include project (Preliminary Board approval)</b>	3:55 p.m. <b>Action</b> <i>President Benson</i>	<b>Action</b>	<b>147</b>
4.	<b>U. T. Medical Branch - Galveston: League City Infrastructure Expansion - Amendment of the FY 2017-2022 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; authorization of institutional management; and resolution regarding parity debt (Final Board approval)</b>	4:00 p.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>149</b>
5.	<b>U. T. Arlington: Residence Hall - West Campus (Phase I) - Amendment of the FY 2017-2022 Capital Improvement Program to include project (Preliminary Board approval)</b>	4:05 p.m. <b>Action</b> <i>President Karbhari</i>	<b>Action</b>	<b>152</b>

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b><u>Design Development Approval</u></b>			
6.	<b>U. T. Arlington: Parking Garage - West Campus - Amendment of the FY 2017-2022 Capital Improvement Program to include project; approval of total project cost; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)</b>	4:10 p.m. <b>Action</b> <i>President Karbhari</i> <i>Mr. O'Donnell</i>	<b>Action</b> <b>154</b>
7.	<b>U. T. El Paso: Interdisciplinary Research Building - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)</b>	4:15 p.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b> <b>157</b>
8.	<b>U. T. San Antonio: Science and Engineering Building - Amendment of the FY 2017-2022 Capital Improvement Program to decrease total project cost; approval to revise funding sources; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)</b>	4:20 p.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b> <b>160</b>
9.	<b>U. T. Medical Branch - Galveston: Health Education Center - Approval of design development; approval to revise funding sources; approval of institutional management; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)</b>	4:25 p.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b> <b>163</b>
<b>Adjourn</b>		4:30 p.m.	

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda is located at the back of the book. The Consent Agenda item assigned to this Committee is on [Page 243](#).

2. **U. T. System: Update on Program Cost Savings Measures and Hybrid Project Delivery Initiative**

DISCUSSION

Since 2015, progress has been made in implementing the Hybrid Project Delivery Initiative in the planning and construction of the previously designated pilot projects as well as other major projects within the Capital Improvement Program (CIP). Use of these private-sector best practices can improve early project definition, align stakeholder and service provider efforts, drive solutions-focused behavior, and ultimately reduce initial and long-term costs. Associate Vice Chancellor O'Donnell will summarize progress to date in these areas.

**3. U. T. Dallas: Math and Science Building - Amendment of the FY 2017-2022 Capital Improvement Program to include project (Preliminary Board approval)**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Benson that the U. T. System Board of Regents amend the FY 2017-2022 Capital Improvement Program (CIP) to include the Math and Science Building project at U. T. Dallas as follows:

<b>Project No.:</b>	302-906	
<b>Project Delivery Method:</b>	Construction Manager-at-Risk	
<b>Milestone Dates:</b>	Definition Phase Approved	September 2016
	Addition to CIP	November 2016
	Design Development	May 2017
	Notice to Proceed	February 2018
	Substantial Completion	April 2020
<b>Total Project Cost:</b>	<u>Source</u>	<u>Proposed</u>
	Permanent University Fund Bond Proceeds <sup>1</sup>	\$ 89,000,000
	Revenue Financing System Bond Proceeds <sup>2</sup>	\$ <u>12,000,000</u>
		\$101,000,000
<b>Funding Notes:</b>	<sup>1</sup> See Item 8 on <a href="#">Page 35</a> regarding allocation of Permanent University Fund (PUF) Bond Proceeds <sup>2</sup> Revenue Financing System (RFS) to be repaid from Designated Tuition	
<b>Investment Metrics:</b>	<ul style="list-style-type: none"> <li>• Increase tenured and tenure-track faculty members by 40 from 566 to 606 and senior lecturers by 32 from 690 to 722 by 2026</li> <li>• Increase external research funding by approximately \$6 million annually from \$106 million to \$112 million by 2026</li> <li>• Directly support the University's Strategic Plan imperative of increasing enrollment to more than 27,500 students by 2022</li> </ul>	
<b>Project Advocate:</b>	Bruce Novak, Dean, School of Natural Sciences and Mathematics	
<b>Definition Phase Completed:</b>	Yes	
<b>Project Planning:</b>	Owner's Project Requirements	Yes
	Basis of Design	Yes
	Schematic Plans	Yes
	Detailed Cost Estimate	Yes
	Facilities Program	Yes

**Cost Per Gross Square Foot Benchmarks\***

Math and Science Building (with 9% Shell Space)	\$464
Math and Science Building (Estimated Total Finish-Out)	\$487
Texas Higher Education Coordinating Board Average for Laboratory, General	\$501

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$483	\$527	\$575
Other National Projects	\$536	\$593	\$781

\* All benchmark costs escalated to midpoint of construction

**BACKGROUND INFORMATION**

Previous Action

On September 21, 2016, the Chancellor approved this project for Definition Phase.

Project Description

The proposed Math and Science Building will be located at the center of the campus, just north of the current Science Learning Center building. This building will contain approximately 175,000 gross square feet (GSF), including 15,000 GSF of shelled space, with classrooms, laboratories, offices, and support space primarily for mathematics, physics, and other designated university programs. This building will provide efficiently designed space to support productivity of the Departments of Physics and Mathematical Sciences faculty and staff. Mathematical Sciences and Physics have closely correlated teaching missions and have considerable synergy in their research activities. These departments also provide “service courses” to other units, such as Management and Engineering. The space planned is highly flexible, permitting convenient reconfiguration of internal space to meet specific course or student learning needs. Additionally, investigation will be conducted on the possible options for replacement and enhancement of services provided in the Visual Arts Building, such as studio and gallery space, which currently occupies the site for the proposed project.

This project is contingent upon approval of \$89,000,000 of PUF requested in Item 8 on [Page 35](#).

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

**4. U. T. Medical Branch - Galveston: League City Infrastructure Expansion - Amendment of the FY 2017-2022 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; authorization of institutional management; and resolution regarding parity debt (Final Board approval)**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Callender that the U. T. System Board of Regents amend the FY 2017-2022 Capital Improvement Program (CIP) to include the League City Infrastructure Expansion project at U. T. Medical Branch - Galveston (UTMB) as follows:

<b>Project No.:</b>	601-1039	
<b>Institutionally Managed:</b>	Yes	
<b>Project Delivery Method:</b>	Construction Manager-at-Risk	
<b>Milestone Dates:</b>	Definition Phase Approved	June 2016
	Addition to CIP	November 2016
	Design Development	December 2016
	Notice to Proceed	January 2017
	Substantial Completion	September 2017
<b>Total Project Cost:</b>	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$ 18,500,000
	Hospital Revenues	<u>\$ 4,200,000</u>
		\$ 22,700,000
<b>Funding Note:</b>	<sup>1</sup> Revenue Financing System (RFS) to be repaid from Hospital Revenues	
<b>Project Advocate:</b>	Cheryl Sadro, Executive Vice President and Chief Business and Finance Officer	
<b>Definition Phase Completed:</b>	Yes	
<b>Project Planning:</b>	Owner's Project Requirements	Yes
	Basis of Design	Yes
	Schematic Plans	Yes
	Detailed Cost Estimate	Yes
	Facilities Program	Yes

- a. approve a total project cost of \$22,700,000 with funding of \$18,500,000 from RFS Bond Proceeds and \$4,200,000 from Hospital Revenues;
- b. appropriate funds;

- c. authorize UTMB to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - UTMB, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$18,500,000.

### BACKGROUND INFORMATION

#### Debt Service

The \$18,500,000 in RFS debt will be repaid from Hospital Revenues. Annual debt service on the \$18,500,000 RFS debt is expected to be \$1.13 million. The institution's debt service coverage is expected to be at least 2.1 times and average 2.6 times over FY 2018-2023.

#### Previous Action

On June 6, 2016, the Chancellor approved this project for Definition Phase.

#### Project Description

This project will provide the necessary infrastructure framework to support the League City Campus growth in accordance with the Master Plan. The project will increase the capacity of the chilled water plant by 2,000 tons by installing a modular packaged plant and will extend underground utilities by 3,000 feet to support the M. D. Anderson Cancer Center - League City clinic and planned facilities for UTMB. The production equipment is modular in design to accommodate the immediate installation of high efficiency centrifugal chillers, space and infrastructure for additional chillers as the campus grows, associated centrifugal chilled water pumps, cooling towers, and centrifugal condenser water pumps. The design will include a refrigerant leak detection and purge system. Additionally, the hot water production will also be modular in design and the boilers will be high efficiency natural gas fired condensing hot water boilers and associated distribution pumps.

UTMB's League City Campus is a strategic growth area between Houston and Galveston. In planning for the future, projections show the Houston/Galveston area population will grow by 1.7 million people in the next 10 to 15-year timeframe. The planned growth over the next five years will result in a campus size of 1 million gross square feet (GSF) with an eventual build out to 3 million GSF. This growing footprint comes with an increasing demand for utilities. To meet the projected demands and immediate needs to support the strategic partnership with U. T. M. D. Anderson Cancer Center, the utilities and infrastructure must be expanded. This project will provide the immediate need for additional services and will be designed and built scalable and modular to support additional growth.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the President for approval at a later date. It has been determined that this project would best be managed by UTMB Facility Management personnel who have the experience and capability to manage all aspects of the work.

**5. U. T. Arlington: Residence Hall - West Campus (Phase I) - Amendment of the FY 2017-2022 Capital Improvement Program to include project (Preliminary Board approval)**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Karbhari that the U. T. System Board of Regents amend the FY 2017-2022 Capital Improvement Program (CIP) to include the Residence Hall - West Campus (Phase I) project at U. T. Arlington as follows:

<b>Project No.:</b>	301-914	
<b>Project Delivery Method:</b>	Construction Manager-at-Risk	
<b>Milestone Dates:</b>	Definition Phase Approved	July 2016
	Addition to CIP	November 2016
	Design Development	February 2017
	Notice to Proceed	April 2017
	Substantial Completion	July 2018

<b>Total Project Cost:</b>	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$34,500,000
	Auxiliary Enterprises Balances <sup>2</sup>	<u>\$ 1,500,000</u>
		\$36,000,000

**Funding Notes:** <sup>1</sup> Revenue Financing System (RFS) to be repaid from rental income  
<sup>2</sup> Auxiliary Enterprises Balances from housing reserves

**Investment Metric:** • Directly support the University's Strategic Plan imperative of increasing enrollment to more than 43,000 students by 2020

**Project Advocate:** Don Lange, Director of Auxiliary Operations and Logistics

**Definition Phase Completed:** Yes

<b>Project Planning:</b>	Owner's Project Requirements	Yes
	Basis of Design	Yes
	Schematic Plans	Yes
	Detailed Cost Estimate	Yes
	Facilities Program	Yes

**Cost Per Bed Benchmarks\***

Residence Hall - West Campus (Phase I)	\$50,373
College Planning & Management National Average for Residence Halls	\$91,436

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$66,997	\$84,951	\$100,467
Other Texas Projects	\$59,477	\$90,452	\$97,650

\* All benchmark costs escalated to midpoint of construction

**BACKGROUND INFORMATION**

**Previous Action**

On July 12, 2016, the Chancellor approved this project for Definition Phase.

**Project Description**

U. T. Arlington's Housing Master Plan indicates that the aging housing facilities have become functionally obsolete and should be replaced with new residence halls that offer high levels of living-learning experiences. The University currently has 3,819 beds on campus and is operating at 99% occupancy with a waiting list of 344 students. Concurrent with completion of this project, two dormitories, Brazos House and Trinity House offering 333 beds, will be closed and demolition is scheduled for FY 2019, resulting in a total of 4,343 beds provided by the institution. There are an additional 1,077 beds provided by private development on campus.

The proposed four-story residence hall will offer approximately 536 beds in double-occupancy rooms and is intended for freshmen and sophomore students. Study suites, social areas with kitchens, a classroom and other amenities that encourage educational opportunities through living-learning environments are included.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

**6. U. T. Arlington: Parking Garage - West Campus - Amendment of the FY 2017-2022 Capital Improvement Program to include project; approval of total project cost; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Karbhari that the U. T. System Board of Regents amend the FY 2017-2022 Capital Improvement Program (CIP) to include the Parking Garage - West Campus project and approve the recommendations for the project at U. T. Arlington as follows:

<b>Project No.:</b>	301-1047	
<b>Project Delivery Method:</b>	Design-Build	
<b>Milestone Dates:</b>	Definition Phase Approved	July 2016
	Addition to CIP	November 2016
	Design Development	November 2016
	Notice to Proceed	January 2017
	Substantial Completion	December 2017
<b>Total Project Cost:</b>	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$30,000,000
<b>Funding Note:</b>	<sup>1</sup> Revenue Financing System (RFS) to be repaid from parking income	
<b>Investment Metric:</b>	<ul style="list-style-type: none"> <li>• Directly support the University's Strategic Plan imperative of increasing enrollment to more than 43,000 students by 2020</li> </ul>	
<b>Project Advocate:</b>	Bill Poole, Assistant Vice President for Facilities Management and Campus Operations	
<b>Definition Phase Completed:</b>	Yes	
<b>Project Planning:</b>	Owner's Project Requirements	Yes
	Basis of Design	Yes
	Schematic Plans	Yes
	Detailed Cost Estimate	Yes
	Facilities Program	Yes

**Cost Per Parking Space Benchmarks\***

Parking Garage - West Campus	\$16,334
Carl Walker Parking Structure Cost Outlook for 2017, Dallas	\$17,070

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$14,502	\$18,442	\$22,270
Other National Projects	\$17,357	\$21,002	\$29,520

\* All benchmark costs escalated to midpoint of construction

- a. approve a total project cost of \$30,000,000;
- b. approve design development plans;
- c. appropriate funds and authorize expenditure of \$30,000,000 with funding from RFS Bond Proceeds; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - U. T. Arlington, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$30,000,000.

BACKGROUND INFORMATION

Debt Service

The \$30,000,000 in RFS debt will be repaid from parking income. Annual debt service on the \$30,000,000 RFS debt is expected to be \$1.83 million. The institution's debt service coverage is expected to be at least 2.2 times and average 2.7 times over FY 2017-2022.

Previous Action

On July 12, 2016, the Chancellor approved this project for Definition Phase.

### Project Description

The proposed five-story, cast-in-place, post-tensioned garage containing approximately 502,575 gross square feet will provide an estimated 1,500 parking spaces on the west side of campus and accommodate parking for students, faculty, and staff. This garage will be constructed on a surface lot, supplementing the 1,100 spaces in Lot 33 that are being eliminated for the construction of two residence halls and a dining facility. The project will open in two stages with the first stage scheduled to open August 2017 to provide 750 spaces and the second stage will open in December 2017.

The rapidly accelerating annual growth in enrollment has necessitated a balanced response in the growth of supporting students, faculty, staff, and infrastructure. In addition to supporting the increased student enrollment, the proposed project also supports the institution's Strategic Plan and conforms to the current, approved Campus Master Plan. An update of the University's Campus Master Plan, presented to the Board on May 9, 2007, recommended reducing the amount of surface parking lots from 111 acres to 57 acres to make better use of the campus land.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP.

### Basis of Design

The planned building life expectancy is 50 years.

The exterior appearance and finish are consistent with similar urban parking garages and with the existing Campus Master Plan.

**7. U. T. El Paso: Interdisciplinary Research Building - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Natalicio that the U. T. System Board of Regents approve the recommendations for the Interdisciplinary Research Building project at U. T. El Paso as follows:

<b>Project No.:</b>	201-942	
<b>Project Delivery Method:</b>	Construction Manager-at-Risk	
<b>Milestone Dates:</b>	Addition to CIP	August 2015
	Design Development	November 2016
	Notice to Proceed	March 2017
	Substantial Completion	March 2019
<b>Total Project Cost:</b>	<u>Source</u>	<u>Proposed</u>
	Tuition Revenue Bond Proceeds	\$70,000,000
	Permanent University Fund Bond Proceeds	\$10,000,000
	Revenue Financing System Bond Proceeds <sup>1</sup>	<u>\$ 5,000,000</u>
		\$85,000,000
<b>Funding Note:</b>	<sup>1</sup> Revenue Financing System (RFS) to be repaid from Designated Tuition	
<b>Investment Metrics:</b>	<u>By 2025</u>	
	<ul style="list-style-type: none"> <li>• Recruit and retain 60 additional top-tier faculty members</li> <li>• Attract 500 doctoral and 2,000 undergraduate students</li> <li>• Increase of \$30 million in external research funding from \$90 million to \$120 million</li> <li>• Add \$5 million in commercialization revenue</li> </ul>	
<b>Project Advocates:</b>	William Hargrove, Director of the Center for Environmental Resource Management Roberto Osegueda, Vice President for Research Greg McNicol, Associate Vice President for Business Affairs	
<b>Definition Phase Completed:</b>	N/A	
<b>Project Planning:</b>	Owner's Project Requirements	Yes
	Basis of Design	Yes
	Schematic Plans	Yes
	Detailed Cost Estimate	Yes
	Facilities Program	Yes

**Cost Per Gross Square Foot Benchmarks\***

Interdisciplinary Research Building (with 40% Shell Space)	\$349
Interdisciplinary Research Building (Estimated Total Finish-Out)	\$441
Texas Higher Education Coordinating Board Average for Laboratory, General	\$500

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$458	\$544	\$586
Other National Projects	\$446	\$500	\$648

\* All benchmark costs escalated to midpoint of construction

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$85,000,000 with funding of \$70,000,000 from Tuition Revenue Bond (TRB) Proceeds, \$10,000,000 from Permanent University Fund (PUF) Bond Proceeds, and \$5,000,000 from RFS Bond Proceeds, and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - U. T. El Paso, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$5,000,000.

BACKGROUND INFORMATION

Debt Service

The \$5,000,000 in RFS debt will be repaid from Designated Tuition. Annual debt service on the \$5,000,000 RFS debt is expected to be \$380,000 and begin in FY 2019. The institution's debt service coverage is expected to be at least 1.7 times and average 2.0 times over FY 2019-2024.

Previous Actions

On July 10, 2014, President Natalicio presented this project to the Board of Regents for approval to submit the project for consideration by the Texas Legislature for TRB funding.

The 84th Legislature passed, and Governor Greg Abbott signed into law House Bill 100, allowing for the issuance of \$922,632,000 in TRB Proceeds for U. T. System institutions effective September 1, 2015. On August 20, 2015, the project was included in the CIP with a total project cost of \$85,000,000 with funding of \$70,000,000 from TRBs, \$10,000,000 from PUF Bond Proceeds, and \$5,000,000 from RFS Bond Proceeds.

#### Project Description

This five-story, 158,800 gross square foot (GSF) facility represents an essential building block in the University's strategic plan to expand the research teams, attract competitive doctoral students, and increase capacity to generate additional research revenues. It will provide critically needed space to continue expanding the number of fast-growing, multidisciplinary research initiatives that are aligned with the priorities articulated in the University's Research Strategic Plan by providing integrated core research facilities, research labs, collaborative spaces, and research team suites. Approximately 63,520 GSF on the third and fourth floors will be flexible shell space.

This project will also expand the thermal plant infrastructure, extend electrical and communication duct banks, and include anticipated site preparation costs. The building will occupy the space of two former dormitory buildings, Barry Hall and Burges Hall, which were previously demolished.

#### Basis of Design

The planned building life expectancy includes the following elements:

Enclosure: 40 years

Building Systems: 20 years

Interior Construction: 10-20 years

The interior and exterior appearance and finish are consistent with other campus buildings and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities.

**8. U. T. San Antonio: Science and Engineering Building - Amendment of the FY 2017-2022 Capital Improvement Program to decrease total project cost; approval to revise funding sources; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Romo that the U. T. System Board of Regents approve the recommendations for the Science and Engineering Building project at U. T. San Antonio as follows:

<b>Project No.:</b>	401-946		
<b>Project Delivery Method:</b>	Construction Manager-at-Risk		
<b>Milestone Dates:</b>	Addition to CIP	August 2015	
	Design Development	November 2016	
	Notice to Proceed	December 2017	
	Substantial Completion	May 2020	
<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Tuition Revenue Bond Proceeds	\$ 70,000,000	\$ 70,000,000
	Permanent University Fund Bond Proceeds	\$ 10,000,000	\$ 10,000,000
	Designated Funds <sup>1</sup>	\$ 20,000,000	\$ 10,000,000
	Revenue Financing System Bond Proceeds <sup>2</sup>	\$ 0	\$ 5,000,000
		<u>\$100,000,000</u>	<u>\$ 95,000,000</u>
<b>Funding Notes:</b>	<sup>1</sup> Designated Funds from Designated Tuition		
	<sup>2</sup> Revenue Financing System (RFS) to be repaid from Designated Tuition		
<b>Investment Metrics:</b>	<ul style="list-style-type: none"> <li>• Increase Student Credit Hours in the College of Engineering by 20% from 45,000 to 54,000</li> <li>• Increase Student Credit Hours in the Chemistry Department by 37% from 29,200 to 40,000</li> <li>• Increase Student Credit Hours in the Biology Department by 84% from 51,400 to 94,600</li> </ul>		
<b>Project Advocates:</b>	Joann Browning, Dean, College of Engineering George Perry, Dean, College of Science		
<b>Definition Phase Completed:</b>	N/A		
<b>Project Planning:</b>	Owner's Project Requirements	Yes	
	Basis of Design	Yes	
	Schematic Plans	Yes	
	Detailed Cost Estimate	Yes	
	Facilities Program	Yes	

**Cost Per Gross Square Foot Benchmarks\***

Science and Engineering Building (with 7% Shell Space)	\$426
Science and Engineering Building (Estimated Total Finish-Out)	\$437
Texas Higher Education Coordinating Board Average for Laboratory, General	\$501

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$483	\$527	\$575
Other National Projects	\$536	\$593	\$781

\* All benchmark costs escalated to midpoint of construction

- a. amend the FY 2017-2022 Capital Improvement Program (CIP) to decrease the total project cost from \$100,000,000 to \$95,000,000;
- b. revise funding sources to include RFS Bond Proceeds;
- c. approve design development plans;
- d. appropriate funds and authorize expenditure of \$95,000,000 with funding of \$70,000,000 from Tuition Revenue Bond (TRB) Proceeds, \$10,000,000 from Permanent University Fund (PUF) Bond Proceeds, \$10,000,000 from Designated Funds, and \$5,000,000 from RFS Bond Proceeds; and
- e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - U. T. San Antonio, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$5,000,000.

BACKGROUND INFORMATION

Debt Service

The \$5,000,000 in RFS debt will be repaid from Designated Tuition. Annual debt service on the \$5,000,000 RFS debt is expected to be \$380,000 and will begin in FY 2020. The institution's debt service coverage is expected to be at least 2.2 times and average 2.4 times over FY 2020-2025.

### Previous Actions

On July 10, 2014, President Romo presented this project to the Board of Regents for approval to submit the project for consideration by the Texas Legislature for TRB funding. The 84th Legislature passed, and Governor Greg Abbott signed into law House Bill 100, allowing for the issuance of \$922,632,000 in TRB Proceeds for U. T. System institutions effective September 1, 2015. On August 20, 2015, the project was included in the CIP with a total project cost of \$100,000,000 with funding of \$70,000,000 from TRBs, \$10,000,000 from PUF, and \$20,000,000 from Designated Funds.

### Project Description

This proposed four-story Science and Engineering Building will provide an approximately 148,251 gross square foot (GSF) facility to provide needed instructional lab space, multiple collaboration areas, classrooms, faculty offices, and research laboratories to support Science, Technology, Engineering, and Mathematics (STEM) disciplines. Research labs will be dedicated to the newly established curriculum for Chemical Engineering and will also support the Brain Health Initiative as part of the University's strategic plan for state-of-the-art space to support STEM education and research. The proposed structure will also contain a 17,000 GSF "Maker Space" for interdisciplinary engineering senior-design projects, creating synergies and opportunities between Engineering, Science, and corporate partners. It is intended to be a transformative showcase for the campus supporting new pedagogies and associated technologies that are both flexible and adaptable over time. Two additional engineering-focused instructional labs will bring multiple disciplines into a single space to teach concepts of instrumentation and controls, and fluids principles. In addition, critically-needed updates to biology and chemistry instructional laboratories will provide opportunities for a large portion of the student body to experience the spaces as part of the core curriculum requirements.

Shell space of approximately 10,700 GSF has been included on the 4th level of the facility. The shell areas proposed represent one-half of programmed space allocated for Chemical Engineering and the Brain Health Initiative.

### Basis of Design

The planned building life expectancy includes the following elements:

Enclosure: 50 years  
Building Systems: 50 years  
Interior Construction: 20 years

The interior and exterior appearance and finish are consistent with other campus buildings and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities.

**9. U. T. Medical Branch - Galveston: Health Education Center - Approval of design development; approval to revise funding sources; approval of institutional management; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Callender that the U. T. System Board of Regents approve the recommendations for the Health Education Center project at U. T. Medical Branch - Galveston (UTMB) as follows:

<b>Project No.:</b>	601-949		
<b>Institutionally Managed:</b>	Yes		
<b>Project Delivery Method:</b>	Construction Manager-at-Risk		
<b>Milestone Dates:</b>	Addition to CIP	August 2015	
	Design Development	November 2016	
	Notice to Proceed	January 2017	
	Substantial Completion	March 2019	
<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Tuition Revenue Bond Proceeds	\$ 67,800,000	\$ 67,800,000
	Gifts	\$ 22,600,000	\$ 0
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$ 0	\$ 22,600,000
		\$ 90,400,000	\$ 90,400,000
<b>Funding Note:</b>	<sup>1</sup> Revenue Financing System (RFS) to be repaid from Gifts and Hospital Revenues		
<b>Investment Metrics:</b>	<u>By 2020</u>		
	<ul style="list-style-type: none"> <li>• Improve participation in student interprofessional education by 2%, from 86% in 2016 to 88% in 2020</li> <li>• Improve student appreciation of the value of interprofessional teamwork by 2%, from 84% in 2016 to 86% in 2020</li> <li>• Improve faculty satisfaction with simulation activities by 2% over baseline (to be measured by a new tool with baseline in FY 2017)</li> </ul>		
<b>Project Advocate:</b>	Danny Jacobs, Executive Vice President, Provost and Dean of Medicine		
<b>Definition Phase Completed:</b>	N/A		
<b>Project Planning:</b>	Owner's Project Requirements	Yes	
	Basis of Design	Yes	
	Schematic Plans	Yes	
	Detailed Cost Estimate	Yes	
	Facilities Program	Yes	

**Cost Per Gross Square Foot Benchmarks\***

Health Education Center (with 3% Shell Space)	\$353
Health Education Center (Estimated Total Finish-Out)	\$357
Texas Higher Education Coordinating Board Average for Classroom, Medical/Healthcare	\$393

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$375	\$443	\$466
Other National Projects	\$421	\$552	\$743

\* All benchmark costs escalated to midpoint of construction

- a. approve design development plans;
- b. revise funding sources to include RFS Bond Proceeds;
- c. authorize UTMB to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts;
- d. appropriate funds and authorize expenditure of \$90,400,000 with funding of \$67,800,000 from TRB Proceeds and \$22,600,000 from RFS Bond Proceeds; and
- e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - UTMB, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$22,600,000.

**BACKGROUND INFORMATION**

Debt Service

The \$22,600,000 in RFS debt is expected to be repaid from Gifts and supplemented with institutional funds to the extent necessary. Annual debt service on the \$22,600,000 RFS debt is expected to be \$1.38 million. The institution's debt service coverage is expected to be at least 2.2 times and average 2.7 times over FY 2019-2024.

### Previous Actions

On July 10, 2014, President Callender presented this project to the Board of Regents for approval to submit the project for consideration by the Texas Legislature for TRB funding. The 84th Legislature passed, and Governor Greg Abbott signed into law House Bill 100, allowing for the issuance of \$922,632,000 in TRB Proceeds for U. T. System institutions effective September 1, 2015. On August 20, 2015, the project was included in the CIP with a total project cost of \$90,400,000 with funding of \$67,800,000 from TRBs and \$22,600,000 from Gifts.

### Project Description

The project will consist of 161,811 gross square feet (GSF) of resilient and advanced technology education space and will promote interprofessional education in the Schools of Medicine, Nursing, Health Professions and Graduate Biomedical Sciences. The facility will feature standardized patient and simulation areas, classroom space, conference rooms, and office and administrative space, and will provide opportunities for ad hoc learning by creating teaching and learning spaces in the building's public areas. Approximately 5,000 GSF will be shell space.

Texas is experiencing critical shortages in the number of physicians, nurses, and other health professionals needed to care for its diverse, growing, and aging population. For more than 120 years, UTMB has been a leader in educating and training the state's health care workforce, and the lack of adequate physical space that is appropriately equipped for today's interprofessional learning and training is a significant barrier to increasing enrollment.

The design standards call for all critical functions to be constructed at a minimum of 20 feet above sea level in existing facilities or 25 feet above sea level in new facilities. First floor space for the project has been designed to accept flood water, with the higher technology and specialized classrooms located on the second floor or above to ensure a rapid return to service after any future flooding event.

UTMB plans to raise \$22.6 million in Gifts over a five-year period. RFS debt will be issued to provide interim financing pending the receipt of Gifts and will be repaid as gifts are received. Institutional funds will be used to supplement gift receipts, if necessary.

It has been determined that this project would best be managed by UTMB Facilities Management personnel who have the experience and capability to manage all remaining aspects of the work.

### Basis of Design

The planned building life expectancy includes the following elements:

Enclosure: 50 years  
Building Systems: 50 years  
Interior Construction: 20 years

The interior and exterior appearance and finish are consistent with other campus buildings and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities.



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FOR  
TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE**

**Committee Meeting:** 11/9/2016

**Board Meeting:** 11/10/2016  
Austin, Texas

*Wallace L. Hall, Jr., Chairman  
Ernest Aliseda  
Alex M. Cranberg  
Brenda Pejovich  
Sara Martinez Tucker*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>10:15 a.m. Chairman Hall</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<i>10:16 a.m. <b>Discussion</b></i>	<b>Action</b>	<b>167</b>
2. <b>U. T. System: Update on the U. T. Horizon Fund</b>	<i>10:17 a.m. <b>Report/Discussion</b> Ms. Goonewardene</i>	Not on Agenda	<b>167</b>
3. <b>U. T. System: Report on Alafair Biosciences, Inc., a U. T. Horizon Fund portfolio company</b>	<i>10:22 a.m. <b>Report/Discussion</b> Ms. Goonewardene Daniel Peterson, M.D., CEO, Alafair Biosciences, Inc.</i>	Not on Agenda	<b>168</b>
<b>Adjourn</b>	<i>10:45 a.m.</i>		

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration**

**RECOMMENDATION**

No Consent Agenda items are assigned for review by this Committee. The Consent Agenda begins on [Page 184](#).

2. **U. T. System: Update on the U. T. Horizon Fund**

3. **U. T. System: Report on Alafair Biosciences, Inc., a U. T. Horizon Fund portfolio company**

REPORT

Ms. Julie Goonewardene, Associate Vice Chancellor for Innovation and Strategic Investment and Managing Director of the U. T. Horizon Fund, will introduce Daniel Peterson, M.D., Chief Executive Officer of Alafair Biosciences, Inc., a U. T. Horizon Fund portfolio company.

Dr. Peterson will report on the activities and progress of Alafair Biosciences, Inc. A PowerPoint presentation is set forth on the following pages.

BACKGROUND INFORMATION

The dual-purpose mission of the U. T. Horizon Fund is to 1) help move novel technologies to the marketplace to impact the world, and 2) create a positive financial return. To achieve its dual-purpose mission, the U. T. Horizon Fund invests both (i) in companies utilizing U. T. System innovations, and (ii) in companies in which U. T. System holds an existing equity interest, but which may not necessarily be utilizing U. T. System innovations.

Alafair Biosciences, Inc., is a U. T. Horizon Fund portfolio company that embodies the Fund's dual-purpose mission. Alafair Biosciences is a medical device company developing hydrogel products that reduce the incidence of unwanted postoperative internal scarring, a common problem with most surgeries that costs the U.S. health care system \$3.4 billion annually. The research applicable to this company started in 2007 at U. T. Austin, in the lab of Dr. Christine Schmidt. Two graduate students, Drs. Scott Zawko and Sarah Mayes, were critical to this research and are now key employees of the company. Alafair has received numerous grants to fund the commercialization of its hydrogel technology, including grants from the National Science Foundation and an award from the Texas Ignition Fund in 2008, which was a U. T. System proof-of-concept fund. Since founding the company in 2011, Dr. Peterson and his team have significantly benefited from U. T. Austin entrepreneurial and commercialization resources, including the Austin Technology Incubator, Texas Venture Labs, and the McCombs School of Business Master of Science in Technology Commercialization (MSTC) program. Alafair received clearance for its first product, VersaWrap Tendon Protector, from the U.S. Food and Drug Administration in June 2016 and is currently preparing its launch.

Dr. Peterson is a neurosurgeon and an adjunct professor in biomedical engineering at U. T. Austin. He has over 20 years of experience and leadership in the surgical and health care industries. Dr. Peterson received his M.D. from the University of Colorado Health Science Center School of Medicine and completed both his internship and residency at U. T. Health Science Center - San Antonio.

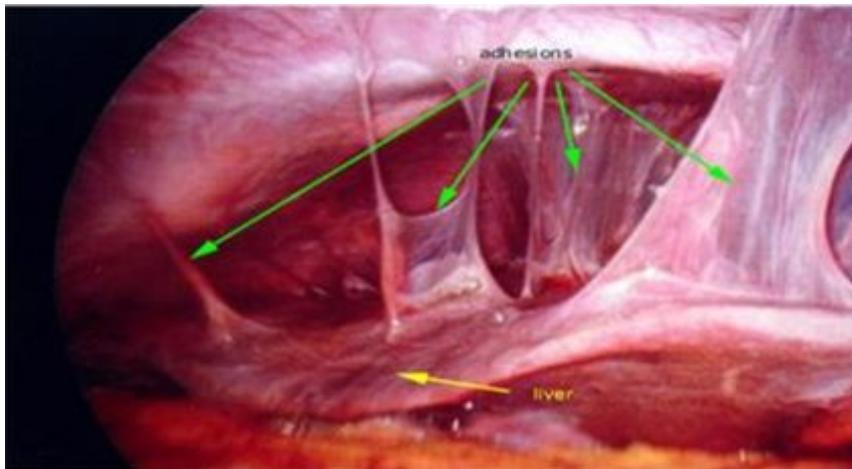
# A Bench to Bedside Success with U. T. Austin Patented Technology

Daniel Peterson, M.D.  
CEO, Alafair Biosciences, Inc.

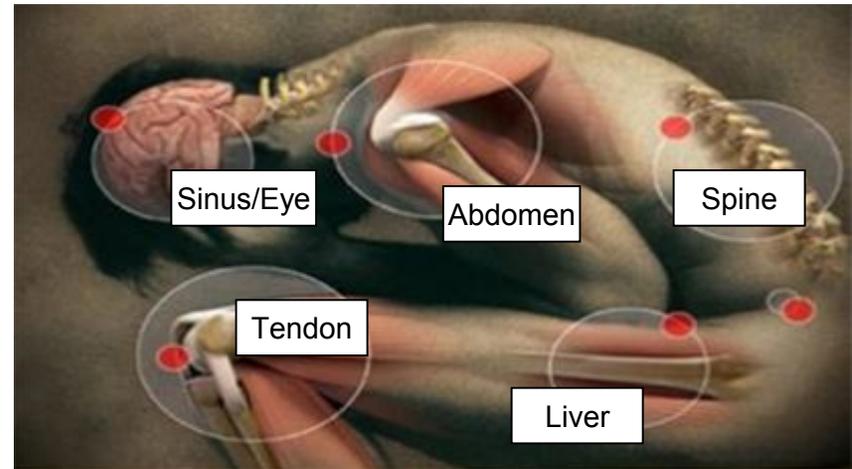
U. T. System Board of Regents' Meeting  
Technology Transfer and Research Committee  
November 2016



Alafair Biosciences was formed in 2011 to commercialize a U. T. Austin technology that would solve the problem of unwanted postoperative scar tissue formations, known as adhesions



Adhesions occur after any surgical procedure



Adhesions permanently tether tissues that should normally glide against one another



## Adhesions result in a \$3.4B annual burden to the U.S. health care system, including hospitalizations and reoperations

The worldwide market for adhesions prevention products is \$2.2B, growing at 7% annually

Procedure type	Rate of scar tissue related issues	Procedures in the U.S. (per year)
Tendon	28%	500,000
Abdomen	85%	10,000,000
Ear, Nose, and Throat	36%	350,000
Spine	83%	1,400,000
Eye	42%	1,600,000

Patients suffer

- Tendon contractures
- Bowel obstruction
- Infertility
- Chronic pain
- Blindness
- Immobility
- Reoperation
- Loss of function



## A novel solution was discovered at the U. T. Austin Department of Biomedical Engineering

- Dr. Christine Schmidt previously licensed AVANCE nerve graft to AxoGen
- Detergent treated peripheral cadaver nerve for bridging nerve gaps
- Greater than 30,000 grafts used to date
  
- Hydrogel film developed prior to Alafair (2008-2010)
- Lab development supported by Texas Ignition Fund (TIF)
- Hyaluronic acid (HA) and alginate blended hydrogels (2009)



In February 2011, Alafair Biosciences was formed to license the technology and further develop it into a medical device

- Working prototype
- Proof-of-concept results
- Intellectual property filed
- Team: clinical perspective, science, entrepreneur
- Enthusiasm



## In addition to receiving U. T. Horizon Fund (UTHF) investment, Alafair Biosciences has significant U. T. roots

- ✓ U. T. Austin licensed technology
- ✓ Texas Venture Labs Company, 2011
- ✓ Sponsored Research Agreement, 2011-2013
- ✓ Member, Austin Technology Incubator, 2012-present
- ✓ Member lab in Utech Dorm Room, 2013-present
- ✓ TIF proof-of-concept funding
- ✓ Texas Higher Education Fund proof-of-concept funding
- ✓ All employees hold U. T. degrees
- ✓ Preclinical testing done at U. T. Austin
- ✓ Foundational technologies included in the doctoral theses of two U. T. Austin Ph.D. graduates



## The Alafair team is comprised of U. T. Austin alumni

### **Daniel Peterson, M.D.: Founder, CEO**

- Neurosurgeon, Austin Brain and Spine, P.A.
- Adjunct Professor, U. T. Austin

### **John Joyoprayitno: Founder, COO**

- Seasoned entrepreneur with 15 years of experience
- M.S. Technology Commercialization from U. T. Austin

### **Sarah Mayes, Ph.D.: Founder, Director of Research and Development (R&D)**

- Co-inventor of the Alafair Technology
- Ph.D. in biomedical engineering from U. T. Austin

### **Scott Zawko, Ph.D.: Chief of Science Officer**

- Co-inventor of the Alafair Technology
- Ph.D. in chemical engineering from U. T. Austin

### **Ben Walthall, Ph.D.: Chief Regulatory Officer**

- Ph.D. in biochemistry from U. T. Austin
- Former VP of R&D at Zimmer
- Former Director of R&D at Johnson & Johnson

### **Bhushan Hole, M.S., M.B.A.: VP Product Development**

- 10 years of R&D, manufacturing, and marketing experience
- M.B.A. from McCombs School of Business at U. T. Austin



Left to right: Dan Peterson, Scott Zawko, Bhushan Hole, John Joyoprayitno, Sarah Mayes, Ben Walthall, Nancy Beckham



## Non-dilutive funding from bench to technology licensing in 2011

Year	Pre-clinical investigator	Funding entity	Amount	Title
2008	Christine Schmidt	National Science Foundation (NSF)	\$655,000	Crystal-templated hydrogels
2008	Christine Schmidt	Texas Higher Education Coordinating Board	\$150,000	In-situ crystallization of hydrogels
2008	Christine Schmidt	Texas Ignition Fund (TIF)	\$50,000	Engineered hyaluronic acid scaffolds

## Non-dilutive funding after technology licensing to Alafair Biosciences in 2011

Year	Pre-clinical investigator	Funding entity	Amount	Title
2011	Daniel Peterson	University Medical Center-Brackenridge	\$45,000	Proof of concept (POC) animal model
2012	Daniel Peterson	National Institutes of Health (NIH)	\$508,000	Adhesion prevention development



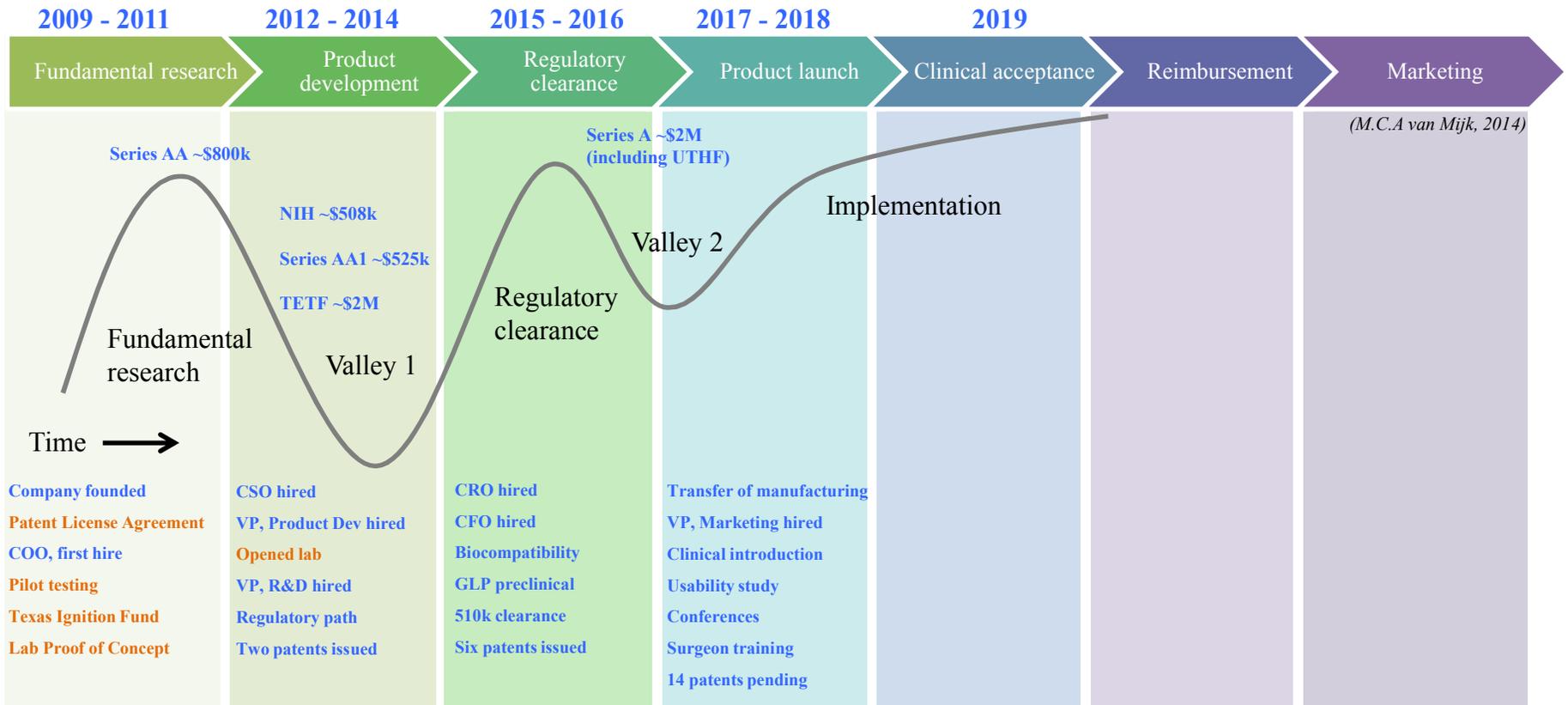
## Dilutive funding requirements to take the technology from a U. T. Austin lab to an FDA-cleared medical device

Date	Type	Share Price	Amount of raise
July 2011	Series AA (Angel investors)	\$1.40000	\$886,400
August 2012	Series AA-1 (Angel investors)	\$1.77295	\$525,001
July 2016	Series A (Angels and institutions)	\$3.08979	\$1,999,993 <sup>1</sup>
July 2016	Texas Emerging Technology Fund (TETF) convertible debt financing	\$3.08979	\$2,262,919

1. UTHF invested \$400,000 in Series A, July 2016



# The history of Alafair: A 10-year project



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## Milestones

Event	Timeframe	Dilutive funds	Non-dilutive funds	Valuation
Founded	Feb. 2011			\$2.8M
License agreement established	Mar. 2011			
Hired COO	Mar. 2011			
Series AA Financing	Feb. 2012	\$875k		\$3.675M
Hired CSO	Jun. 2012			
STTR NIH Phase I Awarded	Sept. 2012		\$100k	
Hired VP Product Development and Marketing	Sept. 2012			
Opened lab	May 2013			
Hired VP R&D	Jun. 2013			
Series AA-1 Financing	Aug. 2013	\$525k		\$6.025M
STTR NIH Phase II Awarded	Sept. 2013		\$408k	
TETF Tranche 1	Feb. 2014	\$1M		
First patent issued (US 8,668,863)	Mar. 2014			
Second patent issued (US 8,728,499)	May 2014			
TETF Tranche 2	Nov. 2014	\$500k		
Third patent issued (US 8,946,194)	Feb. 2015			
TETF Tranche 3	Mar. 2015	\$500k		
Hired CRO	Jun. 2015			
Fourth patent issued (US 9,095,558)	Aug. 2015			\$10.5
First 510k submission	Feb. 2016			
Fifth patent issued (US 9,320,827)	Apr. 2016			
Received first 510k clearance	Jun. 2016			
Sixth patent issued (AU 2013359344)	Jul. 2016			
Series A Financing	Jul. 2016	\$2M (including UTHF)		\$14.75M



## Alafair technology provides ultrathin, sutureless, animal-free tissue protection from unwanted postsurgical scarring



**1** Ultrathin, translucent, repositionable membrane protects injured tissues



**2** Touchless, aqueous solution relaxes membrane onto delicate surfaces and geometries

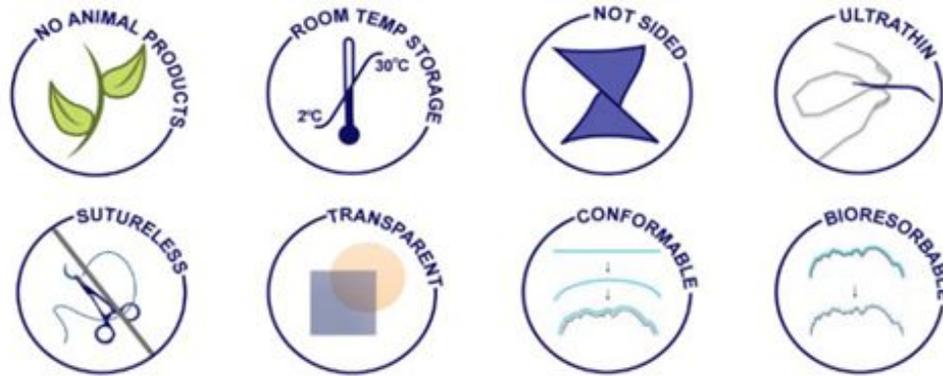
Sutureless delivery



**3** Strong tissue adherence and high conformability  
Bioresorbable protective layer is animal product free



## Alafair technology offers unique advantages

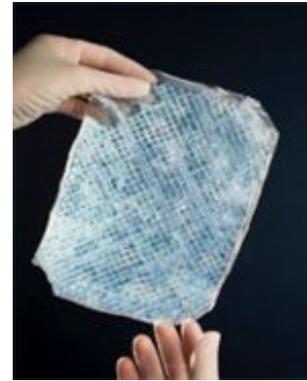
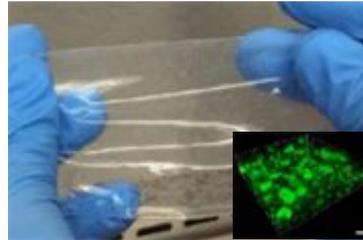
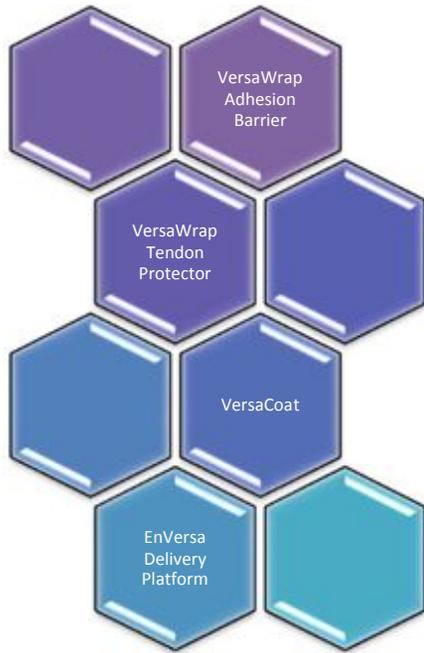


### Key Features

- |  |   |   |
|--|---|---|
| <ul style="list-style-type: none"> <li>• Low-cost raw materials</li> <li>• Low-cost manufacturing</li> <li>• No special storage conditions</li> <li>• Biocompatible (ISO 10993)</li> <li>• Bioresorbable</li> <li>• No animal products or by-products</li> </ul> | <ul style="list-style-type: none"> <li>• Translucent</li> <li>• Implanted wet or dry</li> <li>• Implanted in any orientation</li> <li>• Ultrathin profile for placement between confined tissues</li> <li>• Easily cut to size</li> </ul> | <ul style="list-style-type: none"> <li>• Repositionable</li> <li>• Compatible with minimally invasive techniques</li> <li>• Highly conformable</li> <li>• Sutureless delivery</li> <li>• Non-swelling / non-constricting</li> </ul> |
|--|---|---|



The Alafair technology presents a versatile platform to protect tissue, to protect devices, and to optimize delivery of powders or small molecules



## Alafair technology licensed from U. T. is protected by a robust IP portfolio

	Patent Number	Status	Title
Issued Patents	US 8,668,863	Issued 3/11/2014	Dendritic macroporous hydrogels prepared by crystal templating
	US 8,728,499	Issued 5/20/2014	Dendritic macroporous hydrogels prepared by crystal templating (continuation)
	US 9,320,827	Issued 4/26/2016	Dendritic macroporous hydrogels prepared by crystal templating (continuation)
	US 8,946,194	Issued 2/03/2015	One-step processing of hydrogels for mechanically robust and chemically desired features
	US 9,095,558	Issued 8/04/2015	Anti-adhesive barrier membrane using alginate and hyaluronic acid for biomedical applications
	AU 2013359344	Issued 7/14/2016	Hydrogel membrane for adhesion prevention
Patent Applications	US 14/758,873	Filed 12/11/2013	Hydrogel membrane for adhesion prevention
	US 14/604,298	Filed 1/23/2015	One-step processing of hydrogels for mechanically robust and chemically desired features (continuation)
	US 14/803,258	Filed 7/20/2015	Anti-adhesive barrier membrane using alginate and hyaluronic acid for biomedical applications (continuation)
	US 15/135,978	Filed 4/22/2016	Dendritic macroporous hydrogels prepared by crystal templating (continuation)
	PCT/US2011/55469	Nationalized in EU and JP	Anti-adhesive barrier membrane using alginate and hyaluronic acid for biomedical applications
	PCT/US2013/74388	Nationalized in BR, CA, CN, EU, IN, JP, KR, MX	Hydrogel membrane for adhesion prevention





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Austin, Texas

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**TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE**

No items for Consent Agenda

## MEETING OF THE BOARD

1. Minutes - U. T. System Board of Regents: Approval of Minutes of the regular meeting held on August 24-25, 2016; and the special called meetings held on September 23, 2016, and October 11, 2016

### AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE

No items for Consent Agenda

### FINANCE AND PLANNING COMMITTEE

2. Other Fiscal Matters - U. T. System Board of Regents: Authorization to deposit all University Lands surface income into the Available University Fund (AUF)

The Chancellor and Deputy Chancellor concur in the recommendation of the Executive Vice Chancellor for Business Affairs and the Vice Chancellor and General Counsel that the U. T. System Board of Regents authorize the deposit of all University Lands surface income, including income from the sale of water, brine, caliche, and sand and income from surface damage payments, into the Available University Fund (AUF).

#### Background

Article VII, Section 18(e) of the Texas Constitution states, in part, that “[T]he available university fund consists of the distributions made to it from the total return on all investment assets of the permanent university fund, *including the net income attributable to the surface of permanent university fund land* (emphasis added). . . .”

The practice at U. T. System has been to credit to the PUF income from nonrenewable materials such as sand, gravel, and caliche. This practice is in contrast to the treatment of those materials in private party transactions dividing the surface and mineral estates, in which “minerals” such as sand, gravel, and caliche, as well as water, belong to the surface estate as a matter of law. In addition, the practice at U. T. System has been to credit surface damage payments to the PUF, whereas surface damage payments in a private party transaction are paid to the surface owner.

Legal counsel have reviewed this matter and concluded that the Board of Regents, as the constitutional authority that manages and invests the PUF and makes distributions to the AUF, has the responsibility in the first instance to interpret the Constitution and determine what constitutes the “net income attributable to the surface” for this purpose. Although the System has historically credited some types of surface income to the PUF, counsel find ample case law and constitutional language to support a Board decision to credit all surface income to the AUF.

Absent a decline in the value of PUF investment assets, the proposed change in accounting for these payments will effectively increase total distributions to the AUF without increasing the default rate of distribution from the total return (currently 4.75%). Based on recent history and current market conditions, the normalized annual increase to the AUF would be between \$8 million and \$15 million.

The proposed change does not limit the ability of the Board to determine the total amount distributed to the AUF. If the Board wishes to retain a greater amount in the PUF, the Board may account for the increased deposits in the AUF by reducing the distribution on the total return.

The proposed change in accounting for these payments also does not affect the constitutional limit on distributions to the AUF, which is an amount equal to 7% of the average net fair market value of PUF investment assets.

3. Contract (funds going out) - U. T. System: Beecher Carlson Insurance Services, LLC to assist in placing Comprehensive Property Protection Program Insurance and Builder's Risk Insurance coverage

Agency:	Beecher Carlson Insurance Services, LLC
Funds:	\$6,000,000 over the life of the contract
Source of Funds:	Service Department
Period:	Initial term is September 30, 2016 to September 30, 2019; with the option to renew for three additional one-year terms
Description:	Beecher Carlson Insurance Services, LLC will provide insurance broker and risk management services related to property and builder's risk insurance programs for U. T. System Administration and U. T. System institutions. Services include risk assessments, program design/placement, and claims handling. This contract was competitively bid.

4. Contract (funds going out) - U. T. System: Contract with SciQuest, Inc. to license and implement software to equip six U. T. System institutions with an eCommerce solution for commonly purchased goods and services

Agency: SciQuest, Inc.

Funds: Three-year software subscription service (proportionally paid by institutions) and related software implementation work (paid for by U. T. System Administration) in an aggregate amount not to exceed \$1,400,000.

Source of Funds: Approximately \$370,000 in Available University Funds for U. T. System's contribution of implementation charges; approximately \$1,030,000 in institutional funds for software subscription costs

Period: September 28, 2016 through September 27, 2019

Description: U. T. System recently executed an agreement with SciQuest to license and implement eCommerce tools that will facilitate online shopping for goods and services commonly purchased by the six institutions (U. T. System Administration, U. T. Arlington, U. T. Permian Basin, U. T. Tyler, U. T. Health Science Center - San Antonio, and U. T. Health Science Center - Tyler) that presently do not have eCommerce capabilities. The value of the existing agreement is under \$1,000,000, but the parties contemplate an amendment for the licensing and implementation of related software functionality (such as eInvoicing), which would support administration of the eCommerce tools. The amendment is expected to increase the value of the existing contract to no more than \$1,400,000.

The six institutions are projected to realize cost savings, personnel cost avoidances, and purchasing efficiencies estimated at \$6,000,000 annually when fully matured. The U. T. System Office of Shared Services executed an exclusive acquisition justification to leverage the collective experience and knowledge from the eight U. T. System institutions who have utilized the SciQuest software for many years.

5. Request for Budget Change - U. T. System: Modification to approved project funding of \$59,486,085, including Available University Funds, Permanent University Fund Bond Proceeds, Institutional Funds, and Professional Medical Liability Benefit Plan Funds

At the direction of Chancellor McRaven, a process was conducted to review the status of 40 current projects and to recommend reprioritizing some unspent project balances to address higher-priority initiatives such as the Quantum Leaps Initiatives. The 40 projects were categorized as critical, essential, or enhancing with essential and enhancing categorized projects undergoing a detailed review. Projects included Regents' Outstanding Teaching Awards, Health Research Scholars, Engineering STARS, Neuroscience STARS, Institute for Transformational Learning (ITL) Projects, and several other minor projects. The Regents' Outstanding Teaching Awards will continue annually as an on-going program. Costs for the program will be incorporated in the annual U. T. System budget beginning in Fiscal Year 2018. All projects reviewed had previously been authorized by the U. T. System Board of Regents. The review process resulted in a recommendation to reduce the budgets of 16 projects by a total of \$59,486,085, with source of funds as follows:

Available University Funds	\$28,535,419
Permanent University Fund Bond Proceeds	\$21,229,246
Institutional Funds	\$ 2,334,668
Professional Medical Liability Benefit Plan Funds	\$ 7,386,752
<b>TOTAL</b>	<b>\$59,486,085</b>

6. Request for Budget Change - U. T. System: Grant budget authority of \$41,339,740 by reprioritizing funds previously appropriated and allocating them in support of Quantum Leaps Initiatives, with source of funds from Available University Funds, Permanent University Fund Bond Proceeds, and Institutional Funds (RBC No. 8099) -- amendment to the 2016-2017 budget

Request for budget authority of \$41,339,740 by reprioritizing funds previously appropriated and allocating them in support of Quantum Leaps Initiatives. In total, \$13,793,988 of Available University Funds (AUF), \$20,000,000 of Permanent University Fund (PUF) Bond Proceeds, and \$7,545,752 of Institutional Funds will be repurposed in support of the projects outlined below.

	<b>AUF</b>	<b>PUF</b>	<b>Institutional Funds</b>
Project Management	\$ 635,411	-	\$ 4,000
Texas Prospect Initiative	\$ 1,832,968	-	\$ 35,000
The American Leadership Program	\$ 456,307	-	\$ 50,000
Winning the Talent War	-	\$20,000,000	-
Enhancing Fairness and Opportunity	\$ 105,802	-	-
The U. T. Health Care Enterprise	-	-	\$7,386,752
Leading the Brain Health Revolution	\$ 15,000	-	-
The U. T. Network for National Security	\$10,000,000	-	-
U. T. System Expansion in Houston	\$ 525,000	-	-
Student Success	\$ 223,500	-	\$ 70,000
<b>TOTAL</b>	<b>\$13,793,988</b>	<b>\$20,000,000</b>	<b>\$7,545,752</b>

7. Real Estate Report - U. T. System: Summary Report of Separately Invested Assets Managed by U. T. System

**THE UNIVERSITY OF TEXAS SYSTEM  
SEPARATELY INVESTED ASSETS  
Managed by U. T. System  
Summary Report at August 31, 2016**

	FUND TYPE							
	Current Purpose Restricted		Endowment and Similar Funds		Annuity and Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
<b>Land and Buildings:</b>								
Ending Value 05/31/2016	\$ 2,226,654	\$ 19,076,804	\$ 97,248,376	\$ 262,425,598	\$ 789,727	\$ 1,649,088	\$ 100,264,457	\$ 283,151,490
Increase or Decrease	(1)	(1,466,766)	(4,999)	(4,208,575)	-	(3,664)	(5,000)	(5,679,005)
Ending Value 08/31/2016	\$ 2,226,653	\$ 17,610,038	\$ 97,243,377	\$ 258,217,023	\$ 789,427	\$ 1,645,424	\$ 100,259,457	\$ 277,472,485
<b>Other Real Estate:</b>								
Ending Value 05/31/2016	\$ 1,005	\$ 1,005	\$ 8	\$ 8	\$ -	\$ -	\$ 1,013	\$ 1,013
Increase or Decrease	-	-	-	-	-	-	-	-
Ending Value 08/31/2016	\$ 1,005	\$ 1,005	\$ 8	\$ 8	\$ -	\$ -	\$ 1,013	\$ 1,013

Report prepared in accordance with Sec. 51.0032 of the *Texas Education Code*.  
Details of individual assets by account furnished on request.

Note: Surface estates are managed by the U. T. System Real Estate Office. Mineral estates are managed by U. T. System University Lands. The royalty interests received from the Estate of John A. Jackson for the John A. and Katherine G. Jackson Endowed Fund in Geosciences are managed by the U. T. Austin Geology Foundation, with the assistance of the Bureau of Economic Geology.

**ACADEMIC AFFAIRS COMMITTEE**

8. Contract (funds coming in) - U. T. Arlington: Sorrells Enterprises LLC to provide services for all concession operations at College Park Center and Maverick Stadium and other catering services as requested

Agency: Sorrells Enterprises LLC

Funds: Commissions or revenue expected to exceed \$1,000,000 over the contract period

Period: August 19, 2016 through May 31, 2026; with option to extend the term for one additional five-year period

Description: Sorrells Enterprises LLC will provide full-service food, alcoholic beverage, and nonalcoholic beverage services for all concession operations at College Park Center and Maverick Stadium and other catering services as requested. For all other campus locations, U. T. Arlington reserves the right to offer for sale products and services that may be competitive or similar in nature to products and services offered by Sorrells Enterprises LLC through any of U. T. Arlington's present or future facilities.

9. Contract (funds coming in) - U. T. Arlington: Cooperative reimbursement contract with the Texas Commission on Environmental Quality (TCEQ) to provide services to assist with compliance requirements under the federal Safe Drinking Water Act

Agency: Texas Commission on Environmental Quality (TCEQ)

Funds: \$2,000,000

Period: September 1, 2016 through August 31, 2017

Description: U. T. Arlington will provide technical support staff to assist the TCEQ with compliance requirements associated with the State's implementation of the federal Safe Drinking Water Act. Activities include data entry, records management, database maintenance, and staff training.

10. Contract (funds coming in) - U. T. Arlington: Amendment to contract with the Texas Commission on Environmental Quality (TCEQ) to provide services to assist with compliance requirements of the Environmental Protection Agency under the federal Energy Policy Act of 2005

Agency: Texas Commission on Environmental Quality (TCEQ)

Funds: \$1,312,000

Period: September 1, 2016 through August 31, 2017

Description: U. T. Arlington will provide services to assist the TCEQ with compliance requirements of the Environmental Protection Agency under the federal Energy Policy Act of 2005 concerning petroleum storage tank investigations, records management, and staff training.

11. Request for Budget Change - U. T. Arlington: New Hires with Tenure -- amendment to the 2016-2017 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>College of Engineering</b>					
Bioengineering					
Associate Professor					
Jun Liao (T)	1/1-8/31	100	09	105,000	7946
Materials Science and Engineering					
Professor					
Pelagia-Irene Gouma (T)	9/26-8/31	100	09	180,000	8120

12. Purchase Order - U. T. Arlington: Purchase from Benjamin Diversification Corporation, dba CoMark Direct, of multichannel communication flows, reporting, and analytics for student recruitment

Agency: Benjamin Diversification Corporation, dba CoMark Direct

Funds: \$4,090,728 over the entire five-year maximum term of the purchase order (PO)

Source of Funds: Designated Tuition

Period: September 1, 2016 through August 31, 2017; with three additional one-year renewal options

Description: CoMark Direct will provide labor, resources, and services to manage multichannel communication plans and event invitations for prospective students. This PO is the first renewal of a multiyear PO procured through an Invitation for Bid in 2015. The initial PO expenditure, with a term from September 1, 2015 to August 31, 2016, was \$806,207.56, which is included in the total cost listed above.

13. Other Matters - U. T. Arlington: Appropriation of \$5,600,000 of Permanent University Fund Bond Proceeds to address deferred maintenance and capital renewal needs in the Life Sciences Building

Agency: U. T. Arlington

Funds: \$5,600,000

Source of Funds: Permanent University Funds (PUF) Bond Proceeds

Description: U. T. Arlington is requesting \$5,600,000 from the PUF to address deferred maintenance and capital renewal needs in the Life Sciences Building, which is an urgent need given the condition of the building and the need to include instructional classrooms and labs, research labs and support spaces, and building infrastructure (mechanical, electrical, and plumbing). Although select improvements have been made over the last two years with utility savings and Library, Equipment, Repair and Rehabilitation (LERR) funding, the total budgeted requirements still exceed \$70,000,000. U. T. Arlington requested Tuition Revenue Bond funding during the 84th Legislative Session as well as PUF funding, both of which were denied. The \$5,600,000 of PUF allocations will be used to address the most critical areas such as building safety issues and to ensure that building system failures that could impact the delivery of instruction and research will be avoided.

14. Contract (funds coming in and going out) - U. T. Austin: Academic and Educational Experience Director Services Agreement with Seton Family of Hospitals and ESP Payroll Services, P.A. for the administration of academic services related to the Dell Medical School's Emergency Medicine Residency and Pediatric Emergency Medicine Fellowship programs

Agency: Seton Family of Hospitals and ESP Payroll Services, P.A.

Source of Funds: Funds from Seton Family of Hospitals as contemplated in the master affiliation agreement entered into by and between Seton Healthcare Family, U. T. System, and U. T. Austin on January 1, 2015

Funds: Funds coming into U. T. Austin from Seton Family of Hospitals (per contract):

- \$969,808 each year

Funds going out to ESP Payroll Services:

- \$969,808 each year; to be paid to ESP on a quarterly basis; 20% of this amount may be withheld by U. T. Austin, dependent upon satisfactory evaluation of services provided

Period: Initial term from October 1, 2016 through September 30, 2018; with two automatic renewal periods of 12 months each

Description: Physicians or other pertinent personnel employed by or under contract with ESP Payroll Services will dedicate a portion of their professional time to providing academic services for the Dell Medical School's Emergency Medicine Residency and Pediatric Emergency Medicine Fellowship programs. The services provided by ESP Payroll Services will be evaluated by a Department Chair employed by the Dell Medical School. Seton Family of Hospitals will pay U. T. Austin an amount to cover the cost of services to be provided by ESP Payroll Services and U. T. Austin will pay ESP Payroll Services for the services rendered, up to 20% of which will be subject to a satisfactory performance evaluation by the Department Chair.

15. Request for Budget Change - U. T. Austin: Transfer \$6,560,000 from Master of Business & Science - Dr. Wei Yang - Governor's University Research Initiative (GURI) - Designated Funds, Operating Income to Master of Business & Science - Dr. Wei Yang - Governor's University Research Initiative - Expenses to fund Dr. Wei Yang's GURI Award, which is to assist eligible institutions in recruiting distinguished researchers to the State of Texas (RBC No. 8007) -- amendment to the 2015-2016 budget
16. Request for Budget Change - U. T. Austin: Tenure Appointments -- amendment to the 2015-2016 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>Dell Medical School</b>					
Surgery and Perioperative Care					
Professor					
James Wolf (T)	7/1-8/31	100	12	440,300	7979
<b>College of Natural Sciences</b>					
Molecular Biosciences					
Professor					
Daniel J. Leahy (T)	1/16-8/31	100	09	234,000	7977

17. Request for Budget Change - U. T. Austin: Tenure Appointments -- amendment to the 2016-2017 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>Dell Medical School</b>					
Women's Health					
Professor					
Radek K. Bukowski (T)	9/1-8/31	100	12	460,000	8003
<b>College of Liberal Arts</b>					
Spanish and Portuguese					
Professor					
Jorge Perez (T)	1/16-8/31	100	09	140,000	7993

18. Request for Budget Change - U. T. Austin: Approval of Emeritus Titles

**James W. Deitrick**, from Professor to Professor Emeritus, Department of Accounting in the McCombs School of Business (RBC No. 7995) -- amendment to the 2016-2017 budget

**James D. Garrison**, from Professor to Archibald A. Hill Regents Professor Emeritus in American and English Literature as well as Distinguished Teaching Professor Emeritus, Department of English in the College of Liberal Arts (RBC No. 7996) -- amendment to the 2016-2017 budget

**Romeo Rolando Hinojosa-Smith**, from Professor to Ellen Clayton Garwood Centennial Professor Emeritus in Creative Writing #1, Department of English in the College of Liberal Arts (RBC No. 7997) -- amendment to the 2016-2017 budget

**Dorothy J. Lovett**, from Associate Professor to Associate Professor Emerita, Department of Kinesiology and Health Education in the College of Education (RBC No. 8005) -- amendment to the 2002-2003 budget.

*Note: Professor Lovett's emeritus appointment was to be effective September 1, 2002. Approval was received from the Provost's Office on April 12, 2002, but the title change was not submitted for approval at that time. The honorary title designation is being submitted now for approval.*

**Paul S. Rascoe**, from Librarian III to Librarian Emeritus, University of Texas Libraries (RBC No. 7998) -- amendment to the 2016-2017 budget

**Thomas B. Whitbread**, from Professor to Professor Emeritus, Department of English in the College of Liberal Arts (RBC No. 7999) -- amendment to the 2016-2017 budget

*Note: Professor Whitbread passed away on October 1, 2016, and this request is for a posthumous award of emeritus status.*

**Molly T. White**, from Librarian III to Librarian Emerita, University of Texas Libraries (RBC No. 8000) -- amendment to the 2016-2017 budget

19. Contract (funds going out) - U. T. Austin: Assignment agreement with The Administrators of the Tulane Educational Fund regarding the assignment of David R. Pierce's employment agreement

Agency: The Administrators of the Tulane Educational Fund, a Louisiana nonprofit corporation

Funds: \$1,000,000 (one-time assignment fee)

Source of Funds: Intercollegiate Athletics

Effective: October 6, 2016

Description: U. T. Austin accepts assignment of David R. Pierce's employment agreement with The Administrators of the Tulane Educational Fund. U. T. Austin is paying The Administrators of the Tulane Educational Fund an assignment fee of \$1,000,000 to acquire the opportunity to hire Coach Pierce as the head baseball coach at U. T. Austin.

20. Employment Agreement - U. T. Austin: Approval of terms of Restated Employment Agreement for Head Baseball Coach David R. Pierce

The following Head Baseball Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for formal approval by the U. T. System Board of Regents. Total compensation for the contract period for David R. Pierce will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, the Big 12 Conference, 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 may be grounds for suspension without pay and/or dismissal.

Item: Head Baseball Coach Agreement for David R. Pierce

Proposed: **Guaranteed compensation:**

Annual Salary:

- FY 2016-2017 - \$500,000
- FY 2017-2018 - \$550,000
- FY 2018-2019 - \$600,000
- FY 2019-2020 - \$600,000
- FY 2020-2021 - \$600,000
- FY 2021-2022 - \$600,000

Participation in media programs, appearance, shoe and/or apparel sponsorships, consulting, U. T. Austin promotions and other services requested by U. T. Austin:

- FY 2016-2017 - \$0
- FY 2017-2018 - \$0
- FY 2018-2019 - \$150,000
- FY 2019-2020 - \$150,000
- FY 2020-2021 - \$150,000
- FY 2021-2022 - \$150,000

Licensing/propriety rights related to use of name, likeness, image, nickname, voice, signature, and photograph:

- FY 2016-2017 - \$0
- FY 2017-2018 - \$0
- FY 2018-2019 - \$100,000
- FY 2019-2020 - \$100,000
- FY 2020-2021 - \$100,000
- FY 2021-2022 - \$100,000

Sports camps and clinics: \$50,000 annually

Automobile: option of two dealer cars (or \$7,500 in lieu of one of the cars annually)

Social club memberships: The University of Texas Club,  
The University of Texas Golf Club

Tickets:

Twelve home baseball season tickets  
Up to eight away game baseball tickets  
Two home football season tickets  
Two away game football tickets  
Two women's volleyball season tickets  
Two home basketball season tickets (men's and women's)

Relocation allowance: \$75,000 one-time payment

Reasonable moving expenses and temporary housing

**Nonguaranteed compensation:**

Sports Camps and Clinics:

Up to 15% of annual net proceeds payable at the discretion of  
the Men's Athletics Director

Incentives:

Team performance incentives: maximum of \$195,000 annually  
Coach of the Year (Big 12 Conference, Regional, or  
National) award: maximum of \$25,000 annually

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of David R. Pierce as Head Baseball  
Coach. Approved pursuant to Regents' *Rules and Regulations*,  
Rule 10501, Section 2.2.12(a).

Period: October 7, 2016 through August 31, 2022

21. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for Head Women's Swimming Coach Carol Capitani

The following Head Women's Swimming Coach Employment Agreement 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 Agreement is approved, total compensation for the contract period for Carol Capitani will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, the Big 12 Conference, 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 may be grounds for suspension without pay and/or dismissal.

Item: Head Women's Swimming Coach Agreement for Carol Capitani

Proposed: **Guaranteed compensation:**

Annual Salary:

FY 2016-17: \$151,058 annually

FY 2017-18: \$151,058 annually

FY 2018-19: \$151,058 annually

FY 2019-20: \$151,058 annually

Automobile: option of two dealer cars or \$7,500 in lieu of one of the cars annually

Club memberships: The University of Texas Club, The University of Texas Golf/Tennis Club, and Headliners Club

Product Endorsement: \$2,000 annually

Tickets:

One suite ticket and six outside season football tickets

Four season tickets to other men's sports

Four season tickets to women's sports

**Nonguaranteed compensation:**

Sports Camps and Clinics: Based upon Annual Net Income and the Women's Athletics Director's approval

Incentives:

Team performance incentives: maximum of \$35,000 annually

Coach of the Year (Big 12 Conference, National): maximum of \$7,000 annually

Source of funds: Intercollegiate Athletics

Description: Agreement for Employment of Head Women's Swimming Coach  
Carol Capitani

Period: September 1, 2016 through August 31, 2020 (Coach Capitani has  
been Head Women's Swimming Coach since May of 2012 under a  
previous employment agreement.)

22. Employment Agreement - U. T. Austin: Approval of Agreement to terms of Employment Agreement for Head Women’s Soccer Coach Angela Kelly

The following Head Women’s Soccer Coach Angela Kelly Employment Agreement 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 Agreement is approved, total compensation for the contract period for will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, the Big 12 Conference, 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 may be grounds for suspension without pay and/or dismissal.

Item: Head Women’s Soccer Coach Agreement for Angela Kelly

Proposed: **Guaranteed compensation:**

Annual Salary:

FY 2016-17: \$175,135 annually

FY 2017-18: \$175,135 annually

FY 2018-19: \$175,135 annually

Automobile: option of two dealer cars or \$7,500 in lieu of one of the cars annually

Club memberships: The University of Texas Club, The University of Texas Golf/Tennis Club, and Headliners Club

Product Endorsement: \$30,000 annually

**Nonguaranteed compensation:**

Sports Camps and Clinics: Based upon Annual Net Income and the Women’s Athletics Director’s approval

Incentives:

Team performance incentives: maximum of \$35,000 annually

Coach of the Year (Big 12 Conference, National): maximum of \$7,000 annually

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Head Women’s Soccer Coach Angela Kelly

Period: September 1, 2016 through August 31, 2019 (Coach Kelly has been Head Women’s Soccer Coach since December 2011 under a previous employment agreement.)

23. Employment Agreement - U. T. Austin: Approval of amendments to terms of Employment Agreement for Head Women's Golf Coach Ryan Murphy

The following Head Women's Golf 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 Ryan Murphy 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, the Big 12 Conference, 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 may be grounds for suspension without pay and/or dismissal.

Item: Amendment to Head Women's Golf Coach Agreement for Ryan Murphy

From: **Guaranteed compensation:**

Annual Salary: \$122,500

Automobile: \$7,500 in lieu of use of dealer car

Product Endorsement: \$2,000

**Nonguaranteed compensation:**

Sports Camps and Clinics: Based upon Annual Net Income and Women's Athletics Director's approval

Team Performance Incentives: maximum \$30,000 annually

Team Academic Performance Incentive: \$5,000 annually

Coach of the Year (Big 12 Conference, National): maximum \$7,000 annually

To: **Guaranteed compensation:**

Annual Salary: \$146,000

Automobile: \$7,500 in lieu of use of dealer car

Product Endorsement: \$2,000

**Nonguaranteed compensation:**

Sports Camps and Clinics: Based upon Annual Net Income and Women's Athletics Director's Approval

Incentives:

Team Performance Incentives: maximum of \$30,000 annually

Team Academic Performance Incentives: Now included in annual salary

Coach of the Year (Big 12 Conference, National): maximum \$7,000 annually

Guaranteed

Compensation

Percent Change: 17%

Nonguaranteed

Compensation

Change: 20%

Source of funds: Intercollegiate Athletics

Description: Amendment No. 1 to the Agreement for Employment of Head Women's Golf Coach Ryan Murphy

Period: September 1, 2016 through August 31, 2020

24. Other Matters - U. T. Austin: Approval of the Amended and Restated Bylaws of The University of Texas at Austin Dell Medical School MSRDP (Medical Service, Research and Development Plan) Faculty Practice Plan

The Bylaws describe the membership, organization and governance of the faculty practice plan and establish an institutional trust fund for the receipt and disbursement of plan income. The Bylaws were based on the Amended and Restated Model Bylaws of the Medical Service, Research and Development Plan/Physicians Referral Service (MSRDP/PRS) Faculty Practice Plan approved by the Board of Regents on February 7, 2008 for health institutions.

Due to the limited size of the School's employed faculty members, the structure was modified from the model bylaws in the following manner. All the MSRDP standing committees become subcommittees to the MSRDP Executive Committee. The Executive Committee maintains responsibility for all functions and duties of the subcommittees. The Executive Committee convenes subcommittees on an as needed basis as determined by the President or the President's designee; the Executive Vice Chancellor (EVC) for Health Affairs, on call of the Chair; or at the request of twenty-five percent (25%) of the Board of Directors. This change is to address the concern by the School that almost the entire current faculty would have to be enlisted to serve on committees, creating inefficiencies within the School. Proper oversight is provided by mandating that the EVC for Health Affairs, the President, or the Board of Directors can constitute these subcommittees. As the number of faculty members grows, standing committees will be constituted.

Since the President of U. T. Austin will not necessarily be a physician or administrator with direct experience running clinical operations, where the model bylaws provide for presidential leadership (such as chair of the MSRDP Board of Directors) or presidential decisions, the School's MSRDP Bylaws read as President "or the President's designee" (normally Vice President for Medical Affairs or Medical School Dean). This allows the President to decide who holds the expertise necessary for the management and operations of the practice plan bylaws. However, since the alternative for the President is the President's designee, the President remains responsible for the activities of the plan.

25. Other Matters - U. T. Austin: Approval of the formation of a joint not-for-profit, non-operational holding company [Texas Health Innovators] and a subsidiary not-for-profit healthcare organization [Waller Creek Healthcare]

Texas Health Innovators will have as its members U. T. Austin (50% member) and Ascension Texas, formerly known as Seton Health Family (Seton) (50% member). Texas Health Innovators will function as a joint non-operational holding company to serve as a platform under which a variety of collaborations with Seton, and possibly with third parties in the future, are envisioned to provide value-based care delivery models that can be replicated.

Waller Creek Healthcare, the not-for-profit health care organization (NPHO), will have Texas Health Innovators as its sole member and will be governed by a board consisting of six physician directors, three from U. T. Austin Dell Medical School and three from Seton. Dell Medical School and Seton envision that the NPHO will provide a financial vehicle to develop, validate, and disseminate value-based care delivery models focused on achieving outcomes that patients want using sustainable financing mechanisms and will serve as a teaching and research venue for all of U. T. Austin. Activities include: (1) designing new approaches to clinical problems that may be ineffectively addressed in Central Texas and elsewhere; and (2) improving the cost of existing models of care, outcomes, and experiences for patients and clinicians for clinical problems in which the fee for service system is not optimal.

Service by U. T. Austin employees on the boards of either of these not-for-profit entities will be approved pursuant to Regents' *Rules and Regulations*, Rule 60306.

26. Foreign Contract (funds coming in) - U. T. Dallas: New contract to continue to provide instructional and program support for the Communication and Technology Master's program of INFOTEC, a Mexican Federal Government Public Trust

Agency: INFOTEC, a Mexican Federal Government Public Trust

Funds: \$245,690 estimated

Period: September 1, 2016 through December 31, 2017

Description: The Naveen Jindal School of Management Executive Education program will provide continued instruction and program support for INFOTEC's Information Communication and Technology (ICT) Master's program by providing short seminar programs and diploma programs. The ICT Master's program has been managed for INFOTEC by the U. T. Dallas Naveen Jindal School of Management Executive Education Program since 2012-2013. Subcontracted instructors will be experienced faculty from U. T. Dallas and other U.S. universities who have provided this training in previous years. They will go to Mexico to provide instruction and program support for U. T. Dallas under the agreement. Travel security for all participants will be provided by INFOTEC.

27. Request for Budget Change - U. T. Dallas: Approval of Emeritus Titles

**Gerald Burnham**, from Associate Professor to Associate Professor Emeritus, Department of Electrical Engineering in the Erik Jonsson School of Engineering and Computer Science (RBC No. 8088) -- amendment to the 2016-2017 budget

**Austin Cunningham**, from Professor to Professor Emeritus, Department of Physics in the School of Natural Sciences and Mathematics (RBC No. 8090) -- amendment to the 2016-2017 budget

28. Lease - U. T. Dallas: Authorization to lease approximately 12.3 acres of land located on the edge of the institution's campus north of Synergy Park Boulevard, Richardson, Texas, to Northside Campus Partners 2, LP, a Texas limited partnership, for the development and operation of market housing and retail uses

Description: Ground lease of approximately 12.3 acres of unimproved land. The ground lessee will construct two four-story residential apartment buildings along with two-story townhomes holding in aggregate approximately 900 beds in roughly 275 units, with about 6,000 square feet of single-story retail space on pad sites, and related surface and structured parking for approximately 850 vehicles at an estimated development cost of approximately \$63,000,000. The ground lease will also contain provisions in which the lessee indemnifies the lessor for all matters arising from the lessee's use or occupancy of, or activities on, the premises. The Board of Regents' interest in the real property will not be subordinated to the lien of any mortgagee of the lessee's leasehold interest.

This project is the second private residential and retail development located on the north side of the U. T. Dallas campus. The initial phase of Northside was recently completed, with over 98% of the residential units leased, and all but two of the retail suites either under lease or with leases under active negotiations. These privately-held facilities represent the closest off-campus amenities serving U. T. Dallas.

Lessee: Northside Campus Partners 2, LP, a Texas limited partnership, or another entity related to Balfour Beatty Campus Solutions, LLC, a Delaware limited liability company, and Wynne Jackson, Inc., a Texas corporation; the lessee was selected through an RFQ/RFP process.

Term: 61 years, with no options to extend

- Total Area: Approximately 12.3 gross acres; the lease area includes driveway easements serving the institution's adjacent vacant land. A portion of the site, the extension of Rutford Avenue, may be dedicated to the City of Richardson.
- Lease Income: The initial annual base rent of \$192,000 will increase over the term by 3% annually. The lessee will also receive 10% of the portion of gross revenues that are in excess of an annual percentage rent threshold, initially set at 93% of expected gross revenues, and 50% of the portion of gross revenues that are in excess of an annual percentage rent threshold, initially set at 95% of expected gross revenues. The base rent and percentage rent thresholds will increase over the term by 3% annually. On the 31st anniversary of the lease, the base rent will be adjusted to market based on an independent appraisal, and the percentage rent thresholds will be adjusted based on actual gross revenue performance, with both adjustments subject to a floor of 90% and a ceiling of 200% of the prior year's annual base rent or percentage rent thresholds. The lease is a net lease to lessor; the lessee pays all expenses, including property taxes.
- Purchase Rights: Lessor will retain a right of first offer should the lessee elect to market the leasehold estate. In addition, the lessor will have the right to purchase the leasehold estate with improvements on the 8th and 18th anniversaries of the lease for stipulated sums. Lessor will have the right to purchase the leasehold estate with improvements at fair market value on the 28th, 38th, and 48th anniversaries of the lease, subject to a lessee right to delay such purchase by up to 30 months.
- Appraisal: \$227,400 initial annual ground rent, with a 10% increase every 5th anniversary; Butler Berger Group, Inc., October 10, 2016; the net present value of the ground lease's base rent, when discounted at the appraisal's capitalization rate, exceeds that of the appraised rent.
- Guarantee: Construction of the project will be guaranteed by Balfour Beatty Campus Solutions, LLC or an equivalent guarantor in favor of the lender; and if there is no lender, in favor of the Board. Alternatively, lessee may obtain payment and performance bonds in lieu of a guarantee.

29. Lease - U. T. Dallas: Authorization to expand and extend the term of the lease of space at 3000-3020 Waterview Parkway, Richardson, Collin County, Texas, from GI DC Richardson LLC, for office and research uses

Description: Expansion of the leased premises at 3020 Waterview Parkway, Richardson, Texas, adding approximately 84,425 square feet to the existing leased premises and the extension of the term of the existing premises for office and research uses. Upon completion of the expansion, U. T. Dallas will lease a total of approximately 174,056 square feet. The premises are located in a building that is across the street from the institution's main campus. U. T. Dallas unsuccessfully attempted to purchase the building in Fall 2015.

Lessor: GI DC Richardson LLC, a Delaware limited liability company

Term: The term for the expansion premises is estimated to commence on January 1, 2017, and shall continue for 150 months. The lease of the original premises commenced on October 1, 2013, and the term shall be extended by five years to be coterminous with the expansion premises term. Additionally, the institution will have one five-year renewal option.

Lease Cost: Approximately \$24,675,715 in base rent over the 150-month initial term. Base rent starts at \$16.00 per square foot and increases \$0.50 per square foot each year. U. T. Dallas will also pay increases in operating expenses. Rent for the renewal option period will be at then-fair market value. The lessor is providing a tenant allowance of \$20.00 per square foot and U. T. Dallas will contribute the remainder, approximately \$80.00 per square foot.

Source of Funds: Designated Tuition

30. Contract (funds coming in and going out) - U. T. Permian Basin: Food Service Agreement with Compass Group

Agency: Compass Group

Source of Funds: Auxiliary Funds - Student Meal Plans

Funds: Food service agreement based on royalty from a 3% commission of gross sales. Estimated \$2,500,000 in gross sales and \$75,000 in royalty payments over the life of the contract, including all renewal options.

Period: August 1, 2016 through July 31, 2021; with option to extend for five additional one-year terms

Description: Compass Group to provide full-service food, alcoholic beverage, and non-alcoholic beverage services. 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.

31. Contract (funds coming in) - U. T. Rio Grande Valley: Assignment, Assumption, and Amendment of Agreements under which Coca-Cola Refreshments USA, Inc., dba Valley Coca-Cola Bottling, provides beverage vending and products, as well as sponsorship support to U. T. Rio Grande Valley in exchange for certain exclusive rights

Agency: Coca-Cola Refreshments USA, Inc., dba Valley Coca-Cola Bottling

Funds: \$3,853,000 for Beverage Vending and Pouring Rights Agreement  
\$753,000 Sponsorship and License Agreement

Period: August 16, 2011 through August 15, 2021

Description: Assignment, Assumption, and Amendment of Beverage Vending and Pouring Rights Agreement transfers the Agreement from U. T. Pan American to U. T. Rio Grande Valley effective August 16, 2015, adds former U. T. Brownsville facilities to the Agreement, and increases benefits to U. T. Rio Grande Valley under the Agreement.

The original vending and pouring rights agreement and the original sponsorship agreement were solicited through a competitive request for proposal awarded in 2011. U. T. Rio Grande Valley determined that the assignment, assumption, and amendment of these agreements provides best value to U. T. Rio Grande Valley.

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.

32. Contract (funds going out) - U. T. Rio Grande Valley: Amendment to agreement with PricewaterhouseCoopers Advisory Services LLC to perform additional services related to Information Technology Enterprise Resource Planning (ERP) systems and to the continuation of assessment and advisory services related to the School of Medicine

Agency: PriceWaterHouseCoopers Advisory Services LLC (PWC)

Funds: \$7,465,000

Source of Funds: Original Agreement for School of Medicine:  
100% General Revenue

For PeopleSoft Implementation:  
50% General Revenue  
50% Designated Tuition

Second Amendment:  
100% Designated Tuition

Period: January 4, 2016 through December 21, 2016

Description: Under the initial Agreement, signed in January 2016, PricewaterhouseCoopers Advisory Services LLC provided a number of advisory services and deliverables related to U. T. Rio Grande Valley's School of Medicine.

The parties entered into a first amendment to the Agreement effective March 7, 2016. Under the First Amendment, PWC will provide additional services supporting operational readiness as it relates to U. T. Rio Grande Valley's Information Technology Enterprise Resource Planning systems, which includes PeopleSoft Human Capital Management and Supply Chain Financial Management systems. This amendment increased the total fee and expense cap from \$2,500,000 to \$5,000,000. The initial Agreement and first amendment were approved by the Chancellor under authority delegated by the Board to approve contracts with a value of less than \$5,000,000, which authority expired on August 31, 2016.

Effective August 1, 2016, the parties have now entered into a Second Amendment. This latest amendment represents a continuation of the assessment and advisory services related to the School of Medicine, as contemplated under the initial Agreement. It is anticipated that services will be provided under the Second Amendment through December 31, 2016, and the total fee and expense cap for the entire Agreement has increased from \$5,000,000 to \$7,465,000.

33. Contract (funds going out) - U. T. Rio Grande Valley: Gubener Plastinate GmbH to provide plastination services for medical specimens

Agency: Gubener Plastinate GmbH

Funds: \$1,171,396

Source of Funds: Permanent University Fund

Period: April 27, 2016 to December 31, 2017

Description: The contractor will provide plastination services for medical specimens for use in the Medical School curriculum. This contract was competitively bid.

34. Admissions Criteria - U. T. Rio Grande Valley: Changes to Admission Criteria to the M.A. in School Psychology, M.A. in Spanish, M.A. in Spanish Translation and Interpreting, M.S. in Mathematics, Teacher Certification - Principal Credential (M.Ed. Educational Leadership), and Teacher Certification - Principal Credential (M.Ed. in another field) programs

U. T. Rio Grande Valley requests approval for changes to the criteria for admission to the M.A. in School Psychology, M.A. in Spanish, M.A. in Spanish Translation and Interpreting, M.S. in Mathematics, Teacher Certification - Principal Credential (M.Ed. Educational Leadership), and Teacher Certification - Principal Credential (M.Ed. in another field) programs as described below.

The changes, which are underlined below, have been reviewed and administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents. Of note, the changes to the GPA criterion for the Teacher Certification - Principal Credential (M.Ed. Educational Leadership), and Teacher Certification - Principal Credential (M.Ed. in another field) are consistent with similar programs at other institutions, and it has been determined by the institution that a higher GPA was not a reliable predictor of student success.

**Summary of Changes to Admission Criteria**

<b>Current Unconditional Admission Criteria</b>	<b>Proposed Unconditional Admission Criteria</b>
<b>42.2805.00 Master of Arts in School Psychology</b>	
<ol style="list-style-type: none"> <li>1. If applicant does not meet the minimum undergraduate GPA criterion, GRE general test with minimum scores of 150 Verbal, 141 Quantitative, and 4.0 Analytical are required for conditional admission</li> <li>2. Bachelor's or master's degree in a related field preferred</li> <li>3. Submission of three letters of recommendation from individuals in a position to judge the professional and academic potential of the applicant. At least one should be from a university professor in the applicant's major area of study</li> <li>4. Submission of a letter of intent indicating reasons for pursuing the degree</li> </ol>	<ol style="list-style-type: none"> <li>1. <u>Official Graduate Record Examination (GRE) test scores</u></li> <li>2. If applicant does not meet the minimum undergraduate GPA criterion, GRE general test with minimum scores of 150 Verbal, 141 Quantitative, and 4.0 Analytical are required for conditional admission</li> <li>3. Bachelor's or master's degree in a related field preferred</li> <li>4. Submission of three letters of recommendation from individuals in a position to judge the professional and academic potential of the applicant. At least one should be from a university professor in the applicant's major area of study</li> <li>5. Submission of a letter of intent indicating reasons for pursuing the degree</li> </ol>

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<b>16.0905.00 Master of Arts in Spanish</b>	
<ol style="list-style-type: none"> <li>1. Official Graduate Record Examination (GRE) test scores</li> <li>2. Submission of an academic paper written in Spanish for an upper-level undergraduate course</li> <li>3. Submission of three letters of recommendation</li> <li>4. Submission of a letter of intent</li> <li>5. Personal interview</li> </ol>	<ol style="list-style-type: none"> <li>1. <u>Bachelor's degree in Spanish from a regionally accredited institution in the United States or a recognized international equivalent. Applicants that do not hold a B.A. in Spanish must have completed a minimum of 12 hours of Spanish at the advanced undergraduate level with a GPA of 3.0 in those 12 hours.</u></li> <li>2. Official Graduate Record Examination (GRE) test scores</li> <li>3. Submission of an academic paper written in Spanish for an upper-level undergraduate course</li> <li>4. Submission of three letters of recommendation</li> <li>5. Submission of a letter of intent</li> <li>6. Personal interview</li> </ol>

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<b>16.0103. Master of Arts in Spanish Translation and Interpreting</b>	
<ol style="list-style-type: none"> <li>1. GRE general test. Minimum scores: 146 Verbal and 4.0 Analytical Writing. A GRE waiver may be granted if the applicant holds a U. T. Rio Grande Valley graduate certificate in the field (translation, medical interpreting, court interpreting) with a minimum GPA of 3.0.</li> <li>2. Submission of three academic or professional letters of recommendation</li> <li>3. Satisfactory performance on the translation of a document from English to Spanish and from Spanish to English, a short essay in Spanish, and an interview either in person or online</li> </ol>	<ol style="list-style-type: none"> <li>1. GRE general test. Minimum scores: 146 Verbal and 4.0 Analytical Writing. A GRE waiver may be granted if the applicant holds a U. T. Rio Grande Valley graduate certificate in the field (<u>translation, health care interpreting, court interpreting, literary translation, localization and audiovisual translation</u>) with a minimum GPA of 3.0.</li> <li>2. Submission of three academic or professional letters of recommendation</li> <li>3. Satisfactory performance on the Translation of a document from English to Spanish and from Spanish to English, a short essay in Spanish, and an interview either in person or online</li> </ol>

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<b>27.0101 Master of Science in Mathematics – Accelerated BS/MS 5 Year Program (4+1)</b>	
New Program in 4+1 Format	<ol style="list-style-type: none"> <li>1. <u>Apply for admission after completing 60 hours (45 hours General Education core including 3 hours of Calculus I and 15 hours of mathematics) of undergraduate coursework with at least a 3.2 GPA and minimum 3.5 GPA from at least 15 hours in mathematics courses.</u></li> <li>2. <u>GRE general test scores with a minimum Quantitative score of 150 submitted before the start of the 2nd semester of the fourth year.</u></li> </ol>

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<b>13.0401 Teacher Certification – Principal Credential (M.Ed. Educational Leadership)</b>	
<ol style="list-style-type: none"> <li>1. Master’s degree in Educational Leadership</li> <li>2. 3.5 GPA</li> <li>3. Three (3) years teaching experience</li> <li>4. Presentation of the following to the Faculty Admissions Committee. (1 hour)               <ol style="list-style-type: none"> <li>A. Evidence of Teaching Effectiveness                   <ol style="list-style-type: none"> <li>1. Presentation of how you use student performance data to improve instruction</li> </ol> </li> <li>B. Evidence of Leadership Activities                   <ol style="list-style-type: none"> <li>1. Presentation of End-product from M.Ed. program</li> <li>2. Presentation of school site leadership roles/responsibilities</li> <li>3. Evidence of Teaching certificate (Updated)</li> <li>4. Evidence of Teacher Service Record</li> <li>5. Criminal Background Check</li> </ol> </li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. Master’s degree in Educational Leadership</li> <li>2. <u>3.0 GPA</u></li> <li>3. Three (3) years teaching experience</li> <li>4. Presentation of the following to the Faculty Admissions Committee. (1 hour)               <ol style="list-style-type: none"> <li>A. Evidence of Teaching Effectiveness                   <ol style="list-style-type: none"> <li>1. Presentation of how you use student performance data to improve instruction</li> </ol> </li> <li>B. Evidence of Leadership Activities                   <ol style="list-style-type: none"> <li>1. Presentation of End-product from M.Ed. program</li> <li>2. Presentation of school site leadership roles/responsibilities</li> <li>3. Evidence of Teaching certificate (Updated)</li> <li>4. Evidence of Teacher Service Record</li> <li>5. Criminal Background Check</li> </ol> </li> </ol> </li> </ol>

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<b>13.0401 Teacher Certification – Principal Credential (M.Ed. in another field)</b>	
<ol style="list-style-type: none"> <li>1. Master’s degree in a related field</li> <li>2. 3.5 GPA</li> <li>3. Five (5) years teaching experience</li> <li>4. Presentation of the following to the Faculty Admissions Committee. (1 hour)               <ol style="list-style-type: none"> <li>A. Evidence of Teaching Effectiveness                   <ol style="list-style-type: none"> <li>1. Presentation of how you use student performance data to improve instruction</li> </ol> </li> <li>B. Evidence of Leadership Activities                   <ol style="list-style-type: none"> <li>1. Presentation of End-product from M.Ed. program</li> <li>2. Presentation of school site leadership roles/responsibilities</li> <li>3. Evidence of Teaching certificate (Updated)</li> <li>4. Evidence of Teacher Service Record</li> <li>5. Criminal Background Check</li> </ol> </li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. Master’s degree in a related field</li> <li>2. <u>3.0 GPA</u></li> <li>3. Five (5) years teaching experience</li> <li>4. Presentation of the following to the Faculty Admissions Committee. (1 hour)               <ol style="list-style-type: none"> <li>A. Evidence of Teaching Effectiveness                   <ol style="list-style-type: none"> <li>1. Presentation of how you use student performance data to improve instruction</li> </ol> </li> <li>B. Evidence of Leadership Activities                   <ol style="list-style-type: none"> <li>1. Presentation of End-product from M.Ed. program</li> <li>2. Presentation of school site leadership roles/responsibilities</li> <li>3. Evidence of Teaching certificate (Updated)</li> <li>4. Evidence of Teacher Service Record</li> <li>5. Criminal Background Check</li> </ol> </li> </ol> </li> </ol>

35. Request for Budget Change - U. T. Rio Grande Valley: New Hires with Tenure -- amendment to the 2016-2017 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>School of Medicine</b>					
Biomedical Sciences					
Professor, Chair and Associate Dean for Research					
Andrew Tsin (T)	9/1-8/31	100	12	320,000	8119
Surgery					
Professor and Chair					
Samuel K. Snyder (T)	11/1-8/31	100	12	777,000	8121

36. Request for Budget Change - U. T. Rio Grande Valley: Approval of Emeritus Titles

**Stella Behar**, from Professor to Professor Emeritus, Department of Modern Languages and Literature in the College of Liberal Arts (RBC No. 8125) -- amendment to the 2016-2017 budget

**Lokenath Debnath**, from Professor to Professor Emeritus, School of Mathematics and Statistical Sciences in the College of Sciences (RBC No. 8124) -- amendment to the 2016-2017 budget

37. Other Matters - U. T. Rio Grande Valley: Approval of the Amended and Restated Bylaws of U. T. Rio Grande Valley School of Medicine MSRDP (Medical Service, Research and Development Plan) Faculty Practice Plan

The bylaws describe membership, organization and governance of the faculty practice plan and establish an institutional trust fund for the receipt and disbursement of plan income. The bylaws were based on the Amended and Restated Model Bylaws of the Medical Service, Research and Development Plan/Physicians Referral Service (MSRDP/PRS) Faculty Practice Plan approved by the Board of Regents on February 7, 2008 for health institutions.

Due to the limited size of the School's employed faculty members, the structure was modified from the model bylaws in the following manner. All the MSRDP standing committees become subcommittees to the MSRDP Executive Committee. The Executive Committee maintains responsibility for all functions and duties of the subcommittees. The Executive Committee convenes subcommittees on an as needed basis as determined by the President or the President's designee; the Executive Vice Chancellor (EVC) for Health Affairs, on call of the Chair; or at the request of twenty-five percent (25%) of the Board of Directors. This change is to address the concern by the School that almost the entire current faculty would have to be enlisted to serve on committees, creating inefficiencies within the School. Proper oversight is provided by mandating that the EVC for Health Affairs, the President, or the Board of Directors can constitute these subcommittees. As the number of faculty members grows, subcommittees will be constituted.

Since the President of U. T. Rio Grande Valley will not necessarily be a physician or administrator experienced in running clinical operations, where the model bylaws provide for presidential leadership (such as chair of the MSRDP Board of Directors) or presidential decisions, the School's MSRDP Bylaws read as President "or the President's designee" (the Medical School Dean). This allows the President to decide who holds the expertise necessary for the management and operations of the practice plan bylaws. However, since the alternative for the President is the President's designee, the President remains responsible for the activities of the plan.

38. Request for Budget Change - U. T. Tyler: New Hire with Tenure -- amendment to the 2016-2017 budget

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>College of Business and Technology</b>					
Technology					
Associate Professor					
Mohammed Ali (T)	9/1/16	100	9	85,000	8057

## HEALTH AFFAIRS COMMITTEE

39. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide physician services to Parkland Health and Hospital System for Dallas County Hospital District

Agency: Dallas County Hospital District

Funds: \$87,560,893

Period: October 1, 2016 through September 30, 2017

Description: U. T. Southwestern Medical Center will provide physician services to Parkland Health and Hospital System for Dallas County Hospital District.

40. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide physicians and other health care services to the indigent population of Dallas County at Parkland Health and Hospital System for the Dallas County Indigent Care Corporation

Agency: Dallas County Indigent Care Corporation (DCICC)

Funds: \$146,336,545

Period: October 1, 2016 through September 30, 2017

Description: U. T. Southwestern Medical Center will provide physician and other health care services at Parkland Health and Hospital System to the indigent population in and around Dallas County, Texas.

41. Contract (funds coming in) - U. T. Southwestern Medical Center: Interagency agreement with the Texas Health and Human Services Commission for participation in Health and Human Services Commission's Network Access Improvement Program

Agency: Texas Health and Human Services Commission

Funds: \$10,800,000

Period: August 1, 2016 through August 31, 2017

Description: Interagency agreement is for participation in Health and Human Services Commission's Network Access Improvement Program that includes federal matching funds. This program is focused on serving Managed Medicaid patients. U. T. Southwestern Medical Center will receive project payments.

42. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide physician and medical administrative services to Texas Scottish Rite Hospital for Children

Agency: Texas Scottish Rite Hospital for Children

Funds: \$5,144,310

Period: September 1, 2016 through August 31, 2021

Description: U. T. Southwestern Medical Center will provide physician and medical administrative services.

43. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide professional and technical services to support the operations of UT Southwestern Moncrief Cancer Center

Agency: UT Southwestern Moncrief Cancer Center

Funds: \$8,626,336

Period: September 1, 2016 through August 31, 2017

Description: U. T. Southwestern Medical Center will provide professional and technical services. UT Southwestern Moncrief Cancer Center (MCI) will reimburse U. T. Southwestern Medical Center for the cost of leasing employees. These services and leased employees will support the general operations of MCI.

44. Contract (funds going out) - U. T. Southwestern Medical Center: UT Southwestern Moncrief Cancer Center will provide personnel, administrative oversight, and clinical services to operate the Mobile Cancer Survivorship Care Program

Agency: UT Southwestern Moncrief Cancer Center, dba Moncrief Cancer Institute

Funds: \$4,898,620

Source of Funds: MSRDP/DSRDP/PRS Practice Plan Professional Fees and Hospital Patient Income

Period: September 1, 2016 through December 31, 2017

Description: U. T. Southwestern Medical Center is engaging the UT Southwestern Moncrief Cancer Center to provide Mobile Cancer Survivorship Care to underserved cancer survivors in Tarrant County, including cancer screening (breast and colorectal), and medical consultations with a variety of health professionals. UT Southwestern Moncrief Cancer Center is also providing personnel, administrative oversight, and clinical services to operate the program.

45. Contract (funds going out) - U. T. Southwestern Medical Center: TEMPEG, LLP will provide physician and other health care provider coverage services at Parkland Health and Hospital System

Agency: TEMPEG, LLP

Funds: \$22,000,000

Source of Funds: MSRDP/DSRDP/PRS Practice Plan Professional Fees

Period: September 1, 2016 through August 31, 2020

Description: TEMPEG, LLP will provide physician and other health care provider coverage services at Parkland Health and Hospital System. This procurement was not competitively bid because it is for professional services. Under the *Texas Government Code*, Chapter 2254.003, a government entity may not select a provider of professional services on the basis of competitive bids, but instead will make the selection based on the demonstrated competence and qualifications to perform the services and for a fair and reasonable price.

46. Request for Budget Change - U. T. Southwestern Medical Center: New Hires with Tenure -- amendment to the 2015-2016 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>Southwestern Medical School</b>					
Internal Medicine					
Professor					
Trish Peri-DeLisle (T)	7/1-8/31	100	12	275,000	7906
Molecular Biology					
Professor					
Elizabeth Chen (T)	6/13-8/31	100	12	210,000	7792
Physiology					
Professor and Chairman					
Duojia Pan (T)	6/1-8/31	100	12	76,000	7793

47. Request for Budget Change - U. T. Southwestern Medical Center: Approval of Emeritus Title

**George Buchanan**, from Professor to Professor Emeritus, Department of Pediatrics in the Medical School (RBC No. 8021) -- amendment to the 2016-2017 budget

48. Lease - U. T. Southwestern Medical Center: Authorization to expand the lease of approximately 4,797 square feet of space at 6300 Harry Hines Boulevard, Bass Center III, Suite BK 130, Dallas, Dallas County, Texas, to The Fresh Market, Inc., a Texas corporation, for a restaurant to serve its staff, tenants, and invitees at the institution's Bass Clinic Center

Description: Lease of approximately 4,797 square feet to The Fresh Market, Inc., a Texas corporation, for a restaurant at 6300 Harry Hines Boulevard, Bass Center III, Suite BK 130, Dallas, Dallas County, Texas. The restaurant provides food service to the institution's staff, faculty, students, tenants, and invitees. The Board of Regents approved an expansion of the lease to this tenant on August 20, 2015 and this is a further expansion of the lease.

Lessee: The Fresh Market, Inc., a Texas corporation

Term: The term is anticipated to commence on January 1, 2017, and continues for 123 months with one five-year option to renew.

Lease Income: Approximately \$1,000,337 for an average rent of \$20.34 per rentable square foot over the initial term with tenant improvement allowance provided by landlord not to exceed \$496,701 and owned by landlord, but used by lessee. The rent amount and value of tenant improvements are supported by a memorandum from Cameron Tapley with Swearingen.

49. Request for Budget Change - U. T. Medical Branch - Galveston: New Hire with Tenure -- amendment to the 2015-2016 budget

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>School of Medicine</b>					
Department of Surgery					
Professor					
Abe DeAnda, Jr. (T)	8/1-8/31	100	12	\$550,000	7984

50. Lease - U. T. Medical Branch - Galveston: Authorization to lease approximately 2,385 square feet of medical office space located at 109 E. Toronto Avenue, McAllen, Hidalgo County, Texas, from G. J. Palmer, Jr., for clinical and related uses

Description: Lease of approximately 2,385 square feet of medical office space located at 109 E. Toronto Avenue, McAllen, Hidalgo County, Texas, for clinical and related uses

Lessor: G. J. Palmer, Jr.

Term: The lease for approximately 2,385 square feet is estimated to commence on May 1, 2017, and the initial term is for a period of 120 months. U. T. Medical Branch - Galveston will have two renewal option periods, each for five years, exercisable in its discretion.

Lease Cost: Approximately \$27.12 per square foot annually in the first year and approximately \$646,812 in rent during the initial term. It is estimated that approximately \$12 per square foot annually is attributable to base rental and approximately \$15.12 per square foot annually is attributable to amortized tenant improvement expense. Rent for the renewal option periods will not exceed the then-current market base rate. In addition to the rent, U. T. Medical Branch - Galveston will pay for the cost of the operating expenses, which U. T. Medical Branch - Galveston estimates to initially be approximately \$6.50 per square foot or \$15,502.50 annually.

Tenant Improvements: The landlord will build and initially pay the expense of the tenant improvements. It is estimated that the tenant improvements will cost approximately \$360,455.62 (\$151 per square foot).

Source of Funds: Health System

51. Contract (funds coming in) - U. T. Health Science Center - Houston: Memorial Hermann Health System to provide financial support for U. T. Health Science Center - Houston's academic, research, and community service programs

Agency: Memorial Hermann Health System

Funds: Approximately \$288,000,000

Period: July 1, 2016 through June 30, 2017

Description: Memorial Hermann Health System will make payments to U. T. Health Science Center - Houston for Academic Support, Program Support, Contracted Services, and Clinical Support. All amounts paid for Clinical Support are to be used for the recruitment, retention, or engagement of physicians as agreed separately in writing.

A review committee with three executives from each party will oversee the administration of Program Support and Clinical Support payments and establish a monthly ratable distribution and a reconciliation process. The committee will also review department performance data and may consider adjustment of continued program support based on that review.

This agreement is in lieu of an Operating Agreement for Fiscal Year 2017 and satisfies obligations under the current Affiliation Agreement between the parties.

52. Request for Budget Change - U. T. Health Science Center - Houston: Tenure Appointments -- amendment to the 2016-2017 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>School of Dentistry</b>					
Diagnostic and Biomedical Sciences					
Professor					
Mary Farach-Carson (T)	9/1-8/31	100	12	250,000	8053
Department of Nursing Systems					
Professor					
Constance Johnson (T)	10/1-8/31	100	12	205,000	8031

53. Request for Budget Change - U. T. Health Science Center - Houston: Approval of Emeritus Title

**Jerry S. Wolinsky**, from Professor to Professor Emeritus, Department of Neurology in the McGovern Medical School (RBC No. 8006) -- amendment to the 2016-2017 budget

54. Request for Budget Change - U. T. Health Science Center - San Antonio: Approval of Emeritus Title

**Spencer Redding**, from Professor and Chair to Professor Emeritus, Department of Comprehensive Dentistry in the School of Dentistry (RBC No. 8004) -- amendment to the 2016-2017 budget

55. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Amendment to agreement with Lonza Biologics Tuas Pte, Ltd to provide construction of a cell line for the creation of a master cell bank

Agency: Lonza Biologics Tuas Pte, Ltd

Funds: Amendment 5 increases the cap amount to \$8,000,000. Total fees under this contract, including all available renewal periods, will not exceed \$10,000,000.

Source of Funds: Hospital Patient Income

Period: The term of the initial agreement was for a period of 24 months, commencing on September 1, 2014 and continuing through August 31, 2016, with the option of two 12-month renewals. Amendment 4 extended the term to August 31, 2018. No renewal options remain.

Description: Vendor will provide services to construct a cell line for the creation of a master cell bank. The cell line to be purchased under this agreement and the product produced using the cell line will be subject to the terms of a separate license agreement covering Lonza Biologics Tuas Pte, Ltd intellectual property incorporated into the cell line.

The initial agreement was approved by the Board of Regents on August 21, 2014. Amendments 1-4 were not previously submitted because they did not exceed the contract approval threshold value. The original agreement was sourced via an Exclusive Acquisition Justification (EAJ), and another EAJ was approved prior to execution of Amendment 3 to cover the expanded scope.

56. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Amendment to agreement with Viracor-IBT Laboratories, Inc. to provide lab testing and reporting services

Agency: Viracor-IBT Laboratories, Inc.

Funds: The total cost of services under this agreement, including all renewals, will not exceed \$7,000,000.

Source of Funds: Hospital Patient Income

Period: The term of the existing agreement is for a period of 36 months, commencing on December 15, 2013, and continuing through December 14, 2016 with two renewal options of 12-months each. Amendment 3 extends the term to December 14, 2018. No renewal options remain. The 2013 agreement and Amendments 1 and 2 were submitted to the Board for approval on November 5, 2015, as the second amendment increased the value of the agreement over the institution's \$2,500,000 delegated contract authority.

Description: U. T. M. D. Anderson Cancer Center cares for a significant patient population of severely immunocompromised patients who are at high risk of morbidity resulting from opportunistic and unusual infections. Rapid lab testing and reporting is required for early diagnosis and intervention. Viracor-IBT Laboratories, Inc. provides lab testing and reporting services that meet these turnaround requirements. The contract was sourced via an Exclusive Acquisition Justification for "Meets Unique Specifications" and it was approved because the vendor met the unique specifications.

57. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: PricewaterhouseCoopers Services LLC to assist with continued development and expansion of the Translational Research Accelerator

Agency: PricewaterhouseCoopers Services LLC

Funds: Total fees under this contract, including all available renewal periods, will not exceed \$52,000,000.

Source of Funds: Local Hospital Revenue

Period: The term of the initial agreement will be for a period of 36 months, commencing on November 11, 2016 and continuing through November 10, 2019, with the option for two additional 12-month renewals.

Description: This is a new contract resulting from the Translational Research Accelerator RFP. U. T. M. D. Anderson Cancer Center, with the assistance of PricewaterhouseCoopers, has previously created a Translational Research Accelerator platform. The Translational Research Accelerator is an integrated hardware/software environment designed to allow the full integration of longitudinal, patient-level clinical and research data to facilitate acceleration of investigator and large-scale analytic driven translation research. The Translational Research Accelerator platform is central to developing innovative tools and processes to close the translational gaps between research and patient care. U. T. M. D. Anderson Cancer Center seeks to continue the development and expansion of the Translational Research Accelerator with support from PricewaterhouseCoopers pursuant to this contract. This agreement was competitively bid.

58. Request for Budget Change - U. T. M. D. Anderson Cancer Center: New Hire with Tenure -- amendment to the 2016-2017 budget

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>Department of Molecular and Cellular Oncology</b>					
Professor					
Xiaodong Cheng (T)	9/1-8/31	100	12	315,000	7967

59. Request for Budget Change - U. T. M. D. Anderson Cancer Center: Tenure Appointment -- amendment to the 2016-2017 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>Medical Staff</b>					
Cancer Medicine					
Gastrointestinal Medical Oncology					
Professor					
Gauri Varadhachary (T)	9/1-8/31	100	12	320,664	7913
Cancer Medicine					
Neuro Oncology					
Neuropsychology					
Associate Professor					
Shelli Kesler (T)	9/1-8/31	100	12	159,908	7966

60. Lease - U. T. M. D. Anderson Cancer Center: Authorization to increase the area and the total lease cost for a previously-approved medical office and clinic building to be constructed on a site located at the southwest corner of State Highway 242 and Fellowship Drive, The Woodlands, Montgomery County, Texas, from The Woodlands MDA, LLC, or a related entity, for use as a medical clinic

Description: Lease of approximately 203,257 square feet in a single-tenant medical clinic building to be constructed by lessor at a site located at the southwest corner of State Highway 242 and Fellowship Drive, The Woodlands, Montgomery County, Texas, for relocation and expansion of a regional care clinic.

U. T. M. D. Anderson Cancer Center requested and received Board approval on February 11, 2016, for the lease of a 155,000 square foot building. Since the initial Board consideration and approval, the institution has increased the scope of the clinic to add additional procedure space (including chemotherapy) and to accommodate future clinic growth and expansion. Initially, the landlord will construct and deliver 171,000 square feet of space; the remaining approximately 32,257 square feet of space in the building will remain in shell condition until such time as the institution determines the need to expand the clinic, estimated to be on or before five years after the commencement of the lease. U. T. M. D. Anderson Cancer Center projects a 36% increase in cancer cases in The Woodlands market area over the next 10 years. The institution will construct the improvements to the shell space in its entirety or in increments as supported by market demand.

Lessor: The Woodlands MDA, LLC, a Texas limited partnership, or a related entity

Term: The term commences on the date that lessor substantially completes the construction of the project and continues for 20 years, plus two five-year renewal options. The estimated commencement date is February 2019. The lease will provide the Cancer Center two termination options:

(1) an option to terminate on or before March 31, 2017; with 60-days' advanced notice in the event that the institution learns of the applicability of adverse changes to Medicare reimbursements. The fee for termination in this instance shall be equal to the lessor's then-accrued development costs plus a fee in the amount of \$500,000; and

(2) an option to terminate on the last day of the 180th month with 12-months' notice and the payment of then unamortized tenant improvement costs plus an amount equal to six months of base rent

**Lease Cost:** The base rent will be calculated using a rent constant of 6.5% applied to the total project development cost (including the cost of land acquisition, and hard and soft costs of construction, and financing costs). Based on preliminary plans and current construction cost estimates, the year one base rental rate would be \$25.30 per square foot per year and will escalate annually by 2.5%; the projected total lease cost will be approximately \$205,000,000 in base rent and estimated operating expenses over the initial 20-year term. Base rent for each of the renewal option periods will be 95% of the then-prevailing market rental rate.

**Tenant Improvements:** For the initial tenant improvements to be constructed in approximately 171,000 square feet, the Lessor is providing a tenant improvement allowance of \$9,880,000 (\$48.61 per square foot); the institution will fund additional improvements to the leased premises of approximately \$30,700,000 (\$151 per square foot). For the remaining approximately 32,257 square feet of shell expansion space, U. T. M. D. Anderson Cancer Center will pay the cost of all tenant improvements, currently estimated to be approximately \$6,451,400.

**Source of Funds:** Patient Revenue

61. Purchase - U. T. M. D. Anderson Cancer Center: Authorization to purchase a tract of unimproved land consisting of approximately 8.713 acres located at the intersection of the U.S. Highway 59 frontage road and Taborwood Avenue, Sugar Land, Fort Bend County, Texas, from NNP-Telfair, LLC for development, construction, and operation of clinical facilities

Description: Purchase of a tract of unimproved land consisting of approximately 8.713 acres located at the intersection of the U.S. Highway 59 frontage road and Taborwood Avenue, Sugar Land, Fort Bend County, Texas (the "Property"), 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 Property will be used by U. T. M. D. Anderson Cancer Center for the development, construction, and operation of clinical facilities.

U. T. M. D. Anderson Cancer Center received Board of Regents approval on November 5, 2015, to lease a 90,000 square foot building to be constructed on the Property by a private developer. The institution has changed its strategy in Sugar Land and will no longer enter into the previously approved build-to-suit lease, but will rather renew its existing space lease in Sugar Land through 2024 and purchase the Property for future development.

The purchase contract permits U. T. M. D. Anderson Cancer Center to terminate the agreement on or before February 25, 2017, if changes in Medicare reimbursements to the institution adversely affect clinic revenues.

Seller: NNP-Telfair, LLC, a Texas limited liability company

Purchase Price: Not to exceed fair market value as determined by an independent appraisal performed by Valbridge Property Advisors; appraisal confidential pursuant to *Texas Education Code* Section 51.951

Source of Funds: Local Hospital Margins

62. Other Matters - U. T. M. D. Anderson Cancer Center: Authorization to amend the lease of land located at the southwest corner of Bertner Avenue and Old Spanish Trail in Houston, Harris County, Texas, to provide for the construction of a parking lot at the southeast corner of Fannin Street/Knight Road and Old Spanish Trail by the institution in exchange for the payment of a fee by The Proton Therapy Center-Houston LTD., L.L.P., for parking related to the expansion of clinical facilities

Description: On August 20, 2015, the Board of Regents authorized the expansion by 1.25 acres of a ground lease to The Proton Therapy Center-Houston LTD., L.L.P (PTC). The additional premises will accommodate expanded clinical facilities. PTC is a joint endeavor with U. T. M. D. Anderson Cancer Center.

Portions of the expansion land are presently used as a surface parking lot by the institution. So as to replace the parking that the institution will lose when the PTC expands its clinical facility, PTC has agreed to pay a fee to reimburse U. T. M. D. Anderson Cancer Center for the cost of constructing a replacement surface parking lot. Other aspects of the ground lease remain as authorized by the Board.

Tenant: The Proton Therapy Center-Houston LTD., L.L.P.

Proposed Improvements: The institution will build at its cost a surface parking lot with approximately 175 parking spaces and a related storm water detention pond. These improvements will be located on approximately two acres located at the southeast corner of Fannin Street/Knight Road and Old Spanish Trail.

Additional Income: PTC will pay the institution an annual fee of up to approximately \$150,000 for 17 years to reimburse the institution for its cost of building the proposed new parking facilities. This fee is based on an estimated development cost of \$1,600,000. The annual fee will adjust for actual development costs. U. T. M. D. Anderson Cancer Center will make no less than 50 parking spaces available to PTC's employees. In addition to the fee to be paid by PTC, the institution anticipates that, like at its other parking facilities, individuals may contract with the institution for the right to park in the parking lot.

63. Contract (funds coming in) - U. T. Health Science Center - Tyler: Reimbursement contract with the Texas Department of State Health Services to provide mental health services

Agency: Department of State Health Services (DSHS), an agency of the State of Texas

Funds: Approximately \$9,200,000 for the one year remaining under contract term

Period: September 1, 2016 through August 31, 2017

Description: U. T. Health Science Center - Tyler will continue to provide residential behavioral health services for up to 30 individuals transferred to U. T. Health Science Center - Tyler from state mental health facilities and will provide acute behavioral health services for up to 14 individuals from a five-county area.

**FACILITIES PLANNING AND CONSTRUCTION COMMITTEE**

64. Contract (funds going out) - U. T. System: Sebesta, Inc. to perform technical commissioning services

Agency: Sebesta, Inc.

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis

Source of Funds: Various funds approved for individual Capital Improvement Program (CIP) projects

Period: May 1, 2014 through April 30, 2020  
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 delegation threshold)

Description: Sebesta, Inc. to perform miscellaneous technical commissioning services on a job order basis. Services were competitively procured.

**TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE**

No items for Consent Agenda