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Austin, Texas
Board Meeting: 11/5/2004
Austin, Texas

Rita C. Clements, Chairman
H. Scott Caven, Jr.
Judith L. Craven, M.D.
Cyndi Taylor Krier
Robert B. Rowling

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U. T. Health Science Center - Houston - Proposed settlement of medical liability claim	<i>Mr. Collins</i>		
C. RECONVENE IN OPEN SESSION TO CONSIDER ACTION ON EXECUTIVE SESSION ITEM	<i>3:25 p.m.</i>		
Adjourn	<i>3:30 p.m.</i>		

1. **U. T. Health Center - Tyler: Honorific naming of the Ambulatory Care Center as The Riter Center for Advanced Medicine**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, the Vice Chancellor for External Relations, and President Calhoun that the U. T. Health Center - Tyler Ambulatory Care Center be renamed The Riter Center for Advanced Medicine.

BACKGROUND INFORMATION

The Ambulatory Care Center consists of four floors with 132,670 square feet of space for patient waiting areas, patient exam rooms, physician and nurse work areas, diagnostic testing areas, a primary health clinic, a senior assessment clinic and exam rooms, and a diabetes education area. The fourth floor will be complete in 2005, and will house the Women's Wellness Center, a surgery suite, the breast care center, a community conference room, and additional exam and physician work areas.

A. W. "Dub" Riter, Jr., former Vice-Chairman of the U. T. Board of Regents, served Tyler and the State of Texas in a multitude of ways. At the time of his death in September 2003, Mr. Riter had been a member of the U. T. Health Center - Tyler Development Board since 1982, serving as chair from 1992 until 2003. In February 2003, he completed a six-year term as a member of the Board of Regents of the U. T. System and was asked by Governor Perry to extend his term through the 2003 legislative session.

Mr. Riter was chairman of the U. T. Health Center - Tyler Development Board during the capital campaign to raise funds to finish out the empty third and fourth floors of the Ambulatory Care Center. This allowed U. T. Health Center - Tyler to reorganize and reconfigure the first two floors to better meet the needs of current patients and allow for future growth. Along with devoting countless hours of service to U. T. Health Center - Tyler, Mr. Riter, his wife B.J., and the Riter family have donated generously to various U. T. Health Center - Tyler causes.

Mr. Riter served on the Governor's Select Task Force on Public Education and various boards and committees at the local level, among them the U. T. Tyler Development Board, Tyler Independent School District Foundation, Junior Achievement, East Texas Hospital Foundation, and Tyler Economic Development Council.

The naming is consistent with the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3, Subdivision 1.32 relating to honorific namings of facilities and institutional guidelines on the naming of facilities.

2. **U. T. Southwestern Medical Center - Dallas: Approval to establish the U. T. Southwestern Health System Board of Visitors**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, the Vice Chancellor for External Relations, and President Wildenthal that the U. T. Board of Regents authorize the Chancellor, on behalf of U. T. Southwestern Medical Center - Dallas, to establish the U. T. Southwestern Health System Board of Visitors to be composed of business and community leaders who will serve in a non-voting advisory capacity and provide strategic advice to U. T. Southwestern Medical Center - Dallas regarding its operation of Zale Lipshy University Hospital, St. Paul University Hospital, and U. T. Southwestern's outpatient facilities. Approval of establishment of this entity is consistent with the requirements of establishment of a development board (Regents' Rules and Regulations, Part One, Chapter VII, Section 5).

It is further recommended that the Board recognize that U. T. Southwestern's operation of its clinical services can best be achieved by the continued participation and active support from business and community leaders who have been instrumental in the establishment and operation of Zale Lipshy University Hospital and St. Paul University Hospital prior to acquisition of these university hospitals by U. T. Southwestern.

Further, it is recommended that the Board delegate to the President of U. T. Southwestern the authority to direct the organization and utilization of the Board of Visitors.

BACKGROUND INFORMATION

On August 12, 2004, the Board of Regents authorized the Chancellor, on behalf of U. T. Southwestern, to (a) direct that final agreements covering acquisition of Zale Lipshy University Hospital and St. Paul University Hospital by U. T. Southwestern be negotiated and submitted for Board approval at a future meeting, and (b) direct the preparation and filing of any required submittals to other governmental agencies in connection with the proposed transaction.

The Board approved acquisition of the assets of Zale Lipshy University Hospital and St. Paul University Hospital by U. T. Southwestern on October 12, 2004.

It is anticipated that the closing of this transaction will occur on or before December 31, 2004, and U. T. Southwestern Medical Center - Dallas will begin operation of Zale Lipshy University Hospital and St. Paul University Hospital in conjunction with U. T. Southwestern outpatient facilities on January 1, 2005. It is the intention of U. T. Southwestern Medical Center - Dallas to establish the Board of Visitors effective January 1, 2005.

3. **U. T. Southwestern Medical Center - Dallas: Approval of a deferred compensation plan pursuant to Section 457(f) of the Internal Revenue Code of 1986, as amended**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, the Interim Vice Chancellor and General Counsel, and President Wildenthal that the U. T. Board of Regents authorize establishment and implementation of a deferred compensation plan pursuant to Section 457(f) of the Internal Revenue Code of 1986, as amended, subject to review and approval of the General Counsel.

BACKGROUND INFORMATION

U. T. Southwestern Medical Center - Dallas is proposing to establish a deferred compensation plan (the "Plan") for selected individuals as identified by the president with approval of the Executive Vice Chancellor for Health Affairs. The purpose of the Plan is to encourage retention of individuals key to the success of U. T. Southwestern Medical Center - Dallas. The structure of the Plan would allow for the deferral of compensation pursuant to Section 457(f) of the Internal Revenue Code, similar to the U. T. System Deferred Compensation Plan.

The details of the Plan are as follows:

- a. Certain individuals ("Eligible Employees") as designated by the president, with the approval of the Executive Vice Chancellor for Health Affairs, would be determined to be eligible for deferral of compensation under the Plan on an annual basis.
- b. The deferrals would be for a minimum of three (3) years and a maximum of five (5) years (the "Operative Period") as determined by the president.
- c. During the Operative Period, U. T. Southwestern Medical Center - Dallas will contribute the approved deferred amounts on an annual basis to an account which will be credited or debited with deemed earnings or losses.
- d. At the end of the Operative Period assuming the Eligible Employee is still employed by U. T. Southwestern Medical Center - Dallas, the Eligible Employee will become vested in the contributed amounts, including earnings or losses to that date. At that time, the balance in the participant's account will be considered taxable income to the Eligible Employee.

- e. The eligible employee must be employed and satisfactorily performing in an eligible position at the end of the Operative Period in order to receive the balance in the participant's account.
- f. As soon as practicable, the Eligible Employee will receive distribution of the balance in the participant's account, subject to all deductions required by law.

4. **U. T. M. D. Anderson Cancer Center: Approval of Amended and Restated Articles of Incorporation for M. D. Anderson Services Corporation and delegation to amend Articles and Bylaws**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Interim Vice Chancellor and General Counsel, and President Mendelsohn that the U. T. Board of Regents approve Amended and Restated Articles of Incorporation for the M. D. Anderson Services Corporation as set out on Pages 42 - 48.

It is further recommended that, consistent with the proposed Amended Articles, authority to amend the Corporation's Articles and Bylaws be delegated to the Member of the Services Corporation (the president of U. T. M. D. Anderson Cancer Center), provided that any such amendment shall have received the prior approval of the U. T. System Executive Vice Chancellor for Health Affairs and the Vice Chancellor and General Counsel.

BACKGROUND INFORMATION

M. D. Anderson Services Corporation (formerly M. D. Anderson Cancer Center Outreach Corporation) was established in 1989 as a not-for-profit corporation to enhance revenues of U. T. M. D. Anderson Cancer Center by establishing joint ventures in selected markets, providing additional referrals to the institution, contracting for delivery of inpatient and outpatient management, utilizing existing U. T. M. D. Anderson Cancer Center reference laboratory services, and fostering additional philanthropy in distant areas.

Pursuant to Bylaws approved by the Board of Regents on February 15, 2001, M. D. Anderson Services Corporation shall be managed by a seven person Board of Directors. Three of the Directors, one of whom shall be a Regent and two of

whom shall be administrative officers of The University of Texas System, may be appointed by the Board of Regents. Currently, the following serve as Directors:

- Mr. Leon Leach
- Dr. David Callender
- Dr. Margaret Kripke
- Dr. Martin Raber
- Vice-Chairman Rita Clements
- Executive Vice Chancellor for Health Affairs Kenneth Shine
- Associate Vice Chancellor for Finance Philip Aldridge.

Upon approval of amendments proposed in Article VII of the Articles attached on Page 44, the Regent and the two U. T. System Administration officers will be as follows and will serve by virtue of their position:

- the Chairman of the U. T. Board of Regents' Health Affairs Committee,
- the Executive Vice Chancellor for Health Affairs, and
- the Executive Vice Chancellor for Business Affairs.

In an effort to respond to emerging corporate governance and corporate responsibility initiatives, the U. T. System requested that members of the governing boards of the certified nonprofit health corporations of the System's six component health institutions attend a one-day educational seminar focusing on the roles and responsibilities of nonprofit board members. The Boards of Directors of the two U. T. M. D. Anderson Cancer Center nonprofit health corporations, M. D. Anderson Services Corporation and M. D. Anderson Physicians Network, were invited to participate in the June 10, 2003, Corporate Governance Training session conducted by The University of Texas at Austin Red McCombs School of Business.

Based on the information provided at the Governance Seminar, M. D. Anderson Services Corporation ("Services Corporation") initiated an internal review of practices and procedures pertaining to corporate governance issues. The internal review resulted in a determination that the Corporation's Articles of Incorporation (the "Articles") and Bylaws should be revised with respect to (a) the right to indemnification by the Corporation and (b) the liability of Directors to the Corporation. These recommendations are in accordance with good corporate practices as presented at the U. T. System Governance Seminar. Amendment of the Articles of Incorporation and Bylaws of the Corporation currently requires Regental approval. Accordingly, it is recommended that the Amended and Restated Articles be approved to address these issues and provide greater flexibility to amend Articles and Bylaws in the future.

The current Articles require the Corporation to indemnify any person who is or was a Director, officer, employee, or agent of the Corporation, subject to certain limitations. Proposed substantive changes are as follows:

- New Article VII would simplify appointment of Directors.
- New Article XII would be amended to
 - (a) require the Corporation to indemnify only Directors and officers of the Corporation and (b) permit, but not require, the Corporation to indemnify employees and agents of the Corporation,
 - permit, but not require, the Corporation to indemnify and advance expenses to persons (other than Directors, officers, employees, or agents of the Corporation) who are or were serving at the Corporation's request as a Director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation or other enterprise against any liability asserted against him or her in such a capacity,
 - incorporate the language of the Texas Non-Profit Corporation Act with respect to the procedures for indemnification,
 - (a) exclude indemnification for only medical malpractice (and not other forms of professional malpractice, such as legal malpractice) and (b) apply the exclusion for medical malpractice claims to all persons (such as employees of the Corporation),
 - exclude indemnification for the acts of any person with respect to such person's personal capacity,
 - permit the Corporation to pay or reimburse the reasonable expenses of a Director, Member, officer, employee or agent of the Corporation in connection with his or her appearance as a witness or other participation in a proceeding, and
 - provide in accordance with the Texas Miscellaneous Corporation Laws Act that a Director of the Corporation shall not be liable to the Corporation for any act or omission in the individual's capacity as a Director except for (a) a breach of a Director's duty of loyalty to the Corporation, (b) an act that is not in good faith, constitutes a breach of duty to the Corporation, or involves intentional misconduct or a knowing violation of the law, (c) a transaction in which a Director received an improper benefit, or (d) an act for which the liability of a Director is expressly provided by law.

- New Article XIII would allow the Member (president of U. T. M. D. Anderson Cancer Center) to amend the Articles and Bylaws in the future, provided that any such amendment shall have received the prior approval of the U. T. System Executive Vice Chancellor for Health Affairs and the Vice Chancellor and General Counsel.

The U. T. System Office of General Counsel has held discussions with the other corporations affiliated with or established for the benefit of U. T. System health institutions and will propose revisions to the Articles and Bylaws of those entities for appropriate consideration by the Board in the future.

AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF

M. D. ANDERSON SERVICES CORPORATION

Pursuant to the provisions of Article 1396-4.06 of the Texas Non-Profit Corporation Act, the President of The University of Texas M. D. Anderson Cancer Center, the sole member of M. D. Anderson Services Corporation (the "Corporation"), adopts the following Amended and Restated Articles of Incorporation of the Corporation pursuant to the recommendations of the Corporation's Board of Directors and the prior approval of the Board of Regents of The University of Texas System:

ARTICLE I

The name of the Corporation is M. D. ANDERSON SERVICES CORPORATION.

ARTICLE II

The Corporation is a nonprofit corporation.

ARTICLE III

References to the "Code" in these Articles of Incorporation are references to sections of the Internal Revenue Code of 1986 and corresponding provisions of any subsequent federal tax laws.

ARTICLE IV

The period of the Corporation's duration is perpetual.

ARTICLE V

The purposes for which the Corporation is organized and to be operated are charitable, educational, and scientific. In accomplishment of such purposes, the Corporation is to be administered solely for the benefit of The University of Texas M. D. Anderson Cancer Center (the "Beneficiary"), by providing, directly or indirectly, assistance and benefit, financial or otherwise, to the Beneficiary through whatever means are determined by the Board of Directors, including, but not limited to, making distributions or providing services to the Beneficiary. In accomplishment of such purposes, the Corporation will emphasize clinical, educational, and scientific aspects of cancer care throughout the United States and in foreign countries, and will

- (a) Establish and maintain comprehensive outpatient centers for cancer care, including without limitation general clinics and specialty clinics, offering ambulatory chemotherapy, diagnostic radiology, therapeutic radiology, clinical and pathology laboratories, and pharmacy;
- (b) Establish and maintain inpatient cancer centers in various settings (such as a unit in an acute-care facility or as a freestanding unit on an acute-care campus);
- (c) Enter into cooperative agreements with local medical centers, providing institutional services with respect to inpatient care for cancer patients;
- (d) Enter into educational agreements with local medical centers or other institutions to enhance the training of technicians and allied health professionals in the care of cancer patients;
- (e) Enter into agreements with The University of Texas M. D. Anderson Cancer Center for the use of necessary or appropriate services, facilities, equipment, personnel, programs, names, service marks, trademarks, intellectual property, and such other items that would further the purposes of the Corporation;
- (f) Establish and maintain programs, including educational programs and services for physicians, educational programs for the public, and marketing programs, for the purposes of generating and enhancing referrals with respect to the services and facilities offered by The University of Texas M. D. Anderson Cancer Center; and
- (g) Perform such other activities or functions that the Board deems appropriate or necessary for the accomplishment of the purposes of the Corporation.

The broadest discretion is vested in and conferred upon the Board of Directors for the accomplishment of these purposes, provided, however, that no contribution shall be made or distributed to or for any person, firm, corporation, or other entity that shall apply, directly or indirectly, such contributed funds for any purpose or purposes in violation of the Constitution and statutes of the United States or the State of Texas.

If (a) the Beneficiary ceases to be an organization described in Section 509(a)(1) or 509(a)(2) of the Code or (b) the Beneficiary is dissolved or otherwise ceases to exist, the Board of Directors shall by written notice (evidencing at least a majority determination of the Board of Directors) administer the Corporation for the sole benefit of The University of Texas System (the "First Substitute Beneficiary"). If (a) the First Substitute Beneficiary is not or thereafter ceases to be an organization described in Section 509(a)(1) or 509(a)(2) of the Code or (b) the First Substitute Beneficiary is dissolved or otherwise ceases to exist, the Board of Directors shall by written notice (evidencing at least a majority determination of the Board of Directors) administer the Corporation for the sole benefit of the State of Texas (the "Second Substitute Beneficiary").

ARTICLE VI

The street address of the registered office of the Corporation is 811 Dallas Avenue, Houston, Texas 77002, and the name of its registered agent at such address is CT Corporation System.

ARTICLE VII

The Board of Directors of the Corporation shall consist of seven (7) Directors. The number of Directors may be increased or decreased (provided such decrease does not have the effect of shortening the term of any incumbent Director) from time to time by amendment of these Articles of Incorporation in accordance with the provisions of Article XIII, provided that the number of Directors shall never be less than three (3). The Directors shall be selected as follows:

- (a) The Member, in its sole discretion, may appoint four (4) Directors; and
- (b) The remaining three (3) Directors shall be as follows:
 - (i) One Director shall be the Chairman of The University of Texas System (the "System") Board of Regents' Health Affairs Committee, whoever shall hold that position from time to time;
 - (ii) One Director shall be the System's Executive Vice Chancellor for Health Affairs, whoever shall hold that position from time to time; and

- (iii) One Director shall be the System's Executive Vice Chancellor for Business Affairs, whoever shall hold that position from time to time.

ARTICLE VIII

The sole member of the Corporation (the "Member") shall be the President of the Beneficiary.

ARTICLE IX

Regardless of any other provisions of these Articles of Incorporation or the laws of the State of Texas, the Corporation shall not:

- (1) Permit any part of the net earnings of the Corporation to inure to the benefit of any private individual (except that reasonable compensation may be paid for personal services rendered to or for the Corporation affecting one or more of its purposes);
- (2) Devote more than an insubstantial part of its activities to attempting to influence legislation by propaganda or otherwise;
- (3) Participate in, or intervene in (including the publication or distribution of statements), any political campaign on behalf of any candidate for public office; or
- (4) Attempt to influence the outcome of any specific public election or to carry on, directly or indirectly, any voter registration drives.

ARTICLE X

If the Corporation is a private foundation within the meaning of Section 509(a) of the Code, the Corporation:

- (1) Shall distribute its net income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Code;
- (2) Shall not engage in any act of self-dealing as defined in Section 4941(d) of the Code;
- (3) Shall not retain any excess business holdings as defined in Section 4943(c) of the Code;
- (4) Shall not make any investments in such manner as to subject it to tax under Section 4944 of the Code; and

(5) Shall not make any taxable expenditures as defined in Section 4945(d) of the Code.

ARTICLE XI

Upon the dissolution of the Corporation, after payment or provision for payment of the Corporation's liabilities has been made, the Corporation's remaining assets shall be distributed exclusively to the Beneficiary or to the First Substitute Beneficiary in the event the First Substitute Beneficiary is selected pursuant to the provisions of ARTICLE V or to the Second Substitute Beneficiary in the event the Second Substitute Beneficiary is selected pursuant to the provisions of ARTICLE V. The amount of any distribution made under this ARTICLE XI shall be determined by the Board of Directors.

ARTICLE XII

Section 1. Right to Indemnification. Subject to the limitations and conditions as provided in this ARTICLE XII, each person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative, or investigative (hereinafter a "proceeding"), or any appeal in such a proceeding, or any inquiry or investigation that could lead to such a proceeding, by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a Director or officer of the Corporation or while a Director or officer of the Corporation is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, limited liability company, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise shall be indemnified by the Corporation to the fullest extent permitted by the Texas Non-Profit Corporation Act (the "Act"), as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements, and reasonable expenses (including, without limitation, attorneys' fees) actually incurred by such person in connection with such proceeding.

Section 2. Advance Payment. The right to indemnification conferred in this ARTICLE XII shall include the right to be paid or reimbursed by the Corporation the reasonable expenses incurred by a person of the type entitled to be indemnified under Section 1 of this ARTICLE XII who was, is, or is threatened to be made a named defendant or respondent in a proceeding in advance of the final disposition of the proceeding and without any determination as to the person's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any such person in advance of the final disposition of a proceeding shall be made only upon delivery to the Corporation of a written affirmation by such Director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for

indemnification under the Act and a written undertaking, by or on behalf of such person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified person is not entitled to be indemnified under the Act or otherwise.

Section 3. Indemnification of Employees and Agents. The Corporation, by adoption of a resolution by the Board of Directors, may indemnify and advance expenses to an employee or agent of the Corporation to the same extent and subject to the same conditions under which it may indemnify and advance expenses to Directors and officers under this ARTICLE XII.

Section 4. Indemnification of Other Persons. The Corporation, by adoption of a resolution of the Board of Directors, may indemnify and advance expenses to persons who are not or were not Directors, officers, employees, or agents of the Corporation but who are or were serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, limited liability company, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise against any liability asserted against him or her and incurred by him or her in such a capacity or arising out of his or her status as such a person to the same extent that it may indemnify and advance expenses to Directors and officers under this ARTICLE XII.

Section 5. Limitation. Notwithstanding any other provision of this ARTICLE XII to the contrary, the Corporation shall not provide indemnification to a person in respect of (i) the alleged medical malpractice of such person or (ii) the acts or omissions of such person in such person's personal capacity.

Section 6. Appearance as a Witness. The Corporation may pay or reimburse reasonable expenses incurred by a Director, Member, officer, employee, or agent of the Corporation in connection with his or her appearance as a witness or other participation in a proceeding at a time when he or she is not a named defendant or respondent in the proceeding.

Section 7. Insurance. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any person who is or was serving as a Director, officer, employee, or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, limited liability company, partnership, joint venture, proprietorship, employee benefit plan, trust, or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability, or loss under this ARTICLE XII.

Section 8. Liability of Directors. A Director of the Corporation shall not be liable to the Corporation for monetary damages for any act or omission in the Director's capacity as a Director, except that this ARTICLE XII does not eliminate or limit the liability of a Director for: (a) a breach of a Director's duty of loyalty to the Corporation; (b) an act or omission not in good faith or that constitutes a breach of duty of the Director to the Corporation, or an act or omission that involves intentional misconduct or a knowing violation of the law; (c) a transaction from

which a Director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the Director's office; or (d) an act or omission for which the liability of a Director is expressly provided by an applicable statute.

If the Texas Miscellaneous Corporation Laws Act or the Act is amended to authorize action further eliminating or limiting the personal liability of Directors, then the liability of a Director of the Corporation shall be eliminated or limited to the fullest extent permitted by such statutes, as so amended. Any repeal or amendment of such statutes or of the foregoing paragraph shall not adversely affect any right of protection of a Director of the Corporation existing at the time of such repeal or amendment.

ARTICLE XIII

These Articles of Incorporation may be amended by the Member, provided, however, that any such amendment shall have received the prior approval of the U. T. System Executive Vice Chancellor for Health Affairs and Vice Chancellor and General Counsel.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 200__.

MEMBER

By: _____

Name: John Mendelsohn, M.D.

Title: President

The University of Texas

M. D. Anderson Cancer Center

Executing as the Corporation's

Sole Member

5. **U. T. M. D. Anderson Cancer Center: Authorization to acquire real property and improvements located at 6602 Mapleridge Road, Houston, Harris County, Texas**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Mendelsohn that authorization be granted by the U. T. Board of Regents, on behalf of U. T. M. D. Anderson Cancer Center, to

- a. acquire the real property and improvements located at 6602 Mapleridge Road, Houston, Harris County, Texas;
- b. submit a request to the Texas Higher Education Coordinating Board for approval of the transaction, if necessary; and
- c. authorize the Executive Vice Chancellor for Business Affairs, subject to review and approval by the Office of General Counsel, to execute documents, instruments, and other agreements, and to take all further actions, with the approval of the Office of General Counsel, deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendations.

BACKGROUND INFORMATION

U. T. M. D. Anderson Cancer Center leases the subject property, Bellaire Cancer Treatment Center, to operate a radiation treatment center which provides radiation oncology consultations, treatment planning, and treatment for 25-30 patients per day. Monthly rent averages \$53,580, and is based on 25% of the Cancer Center's gross technical charges at the Bellaire Cancer Treatment Center. The lease will expire in December 2006, and calls for the landlord to make a gift of the property to U. T. M. D. Anderson Cancer Center at that time.

U. T. M. D. Anderson Cancer Center wishes to buy out the existing lease from the current owner, General Electric Company, for the appraised fair market value of \$760,000. When the lease is bought out, General Electric Company will gift the property to the institution. Because M. D. Anderson estimates the minimum amount to be paid for rent through December 2006 would be \$1,285,920, prepaying the lease now for the fair market value of the property and acquiring the property by gift from the landlord will generate a cost savings of approximately \$525,000 for the U. T. M. D. Anderson Cancer Center.

M. D. Anderson also wishes to acquire certain equipment, furniture, and other personal property owned by General Electric and associated with the Bellaire Cancer Treatment Center for its appraised fair market value of \$241,000.

The terms and conditions of this purchase are as reflected in the transaction summary below:

Transaction Summary

Institution:	U. T. M. D. Anderson Cancer Center
Transaction Type:	Lease Buy-Out; Real Estate Gift/Acquisition
Property Type:	Radiation Treatment Clinic
Property Address:	6602 Mapleridge Road, Houston, Texas
Lessor/Owner:	General Electric Company
Contract Price:	\$760,000
Appraised Value:	\$760,000 (Thomas Bearden Company, 6/18/04)
Improvements:	5,062 square feet, Medical/Professional office
Construction:	Single story tilt-wall structure built in 1993
Property Size:	0.4913 acres (21,400 square feet)
Parking:	25 surface parking spaces, including rights under parking easement on adjacent land
<u>Equipment:</u>	Being purchased separately by U. T. M. D. Anderson Cancer Center from General Electric Company
Description:	Medical equipment, including linear accelerator, office furniture, and equipment
Contract Price:	\$241,000
Valuation:	Medical equipment - \$235,000 (Oncology Services International 3/18/04) Office furniture and equipment - \$6,000 (Shattuck & Associates Auctioneers 3/5/04)

6. **U. T. M. D. Anderson Cancer Center: Honorific naming of the Science Park veterinary facility near Bastrop, Texas, as The Michale E. Keeling Center for Comparative Medicine and Research**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, the Vice Chancellor for External Relations, and President Mendelsohn that the U. T. M. D. Anderson Cancer Center Science Park veterinary facility near Bastrop, Texas, be renamed The Michale E. Keeling Center for Comparative Medicine and Research.

BACKGROUND INFORMATION

The Department of Veterinary Sciences at the Bastrop site is known throughout the world for contributions to the field of laboratory animal science and comparative medicine. Its well-deserved reputation is due in large measure to the visionary leadership of the late Michale E. Keeling, D.V.M., who was the department's only full-time administrative director for almost three decades until his untimely death on December 21, 2003.

Dr. Keeling was a native Texan who earned two degrees from Texas A&M University. After joining the U. T. M. D. Anderson Cancer Center faculty, Dr. Keeling moved to the unbuilt Bastrop site in August 1974. A few months later, the Science Park's veterinary resource program was formally established to provide specialized animals needed for research. Over the years, 15 animal species ranging from mice to nonhuman primates have been bred and raised to support diverse biomedical research studies conducted in multiple departments at U. T. M. D. Anderson Cancer Center and 29 other institutions and agencies.

It was his creative approach to housing, breeding, and resocializing chimpanzees that earned Dr. Keeling an international reputation. In 1977, his proposal to protect the then-endangered chimpanzees was the first funded by the National Institutes of Health (NIH). Today, about 150 chimpanzees live at the Bastrop campus in social groups divided among seminatural compounds. The complex was expanded recently through a \$19 million NIH grant awarded in 2000 to enhance the program.

Throughout his career, Dr. Keeling had a profound influence on assuring that animals bred and used for biomedical research were cared for humanely. In addition to being active in organizations devoted to accrediting and regulating research animals, he was an advocate for appropriate use of animals to help scientists gain knowledge that continues to improve treatment and prevention of disease. He was a long-time member of the Council on Accreditation for the International Association for Assessment and Accreditation of Laboratory Animal Care. In addition, he served as president of the

Association of Primate Veterinarians, the American Society of Laboratory Animal Practitioners, and the Texas Branch of the American Association of Laboratory Animal Science. His bibliography included more than 50 scientific articles and 13 textbook chapters, and he shared two patents for innovative animal housing.

The proposal to rename the Bastrop veterinary facility has the enthusiastic support of U. T. M. D. Anderson Cancer Center faculty, employees, and members of Cattlemen for Cancer Research, an organization inspired by Dr. Keeling's desire to support bio-medical research and help patients access care provided by U. T. M. D. Anderson Cancer Center in Houston. In only five years, this coalition of volunteers from the agriculture and livestock industries has raised more than \$350,000 for research conducted at the Department of Veterinary Sciences and for assistance with travel expenses incurred by cancer patients from a five-county area in central Texas.

Dr. Keeling was a gifted administrator who was devoted to his profession and to the research-driven mission of U. T. M. D. Anderson Cancer Center. Renaming the Bastrop veterinary facility would honor his far-reaching contributions to the field of laboratory animal science and comparative medicine.

The proposed naming is consistent with the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3, Subdivision 1.32 relating to honorific namings of facilities and institutional guidelines on the naming of facilities.

7. **U. T. Health Science Center - San Antonio: Update on the Medical Education Division and the Medical Research Division of the Regional Academic Health Center**

REPORT

Dr. Cigarroa will make a presentation on the current status of the Medical Education Division and the Medical Research Division of the U. T. Health Science Center - San Antonio Regional Academic Health Center (RAHC) and the future goals using the PowerPoint presentation attached on Pages 52.1 - 52.10.



*Presentation to the
UT System Board of Regents*

Progress Report: Regional Academic Health Center

*Francisco G. Cigarroa, M.D., President
The University of Texas Health Science Center at San Antonio*

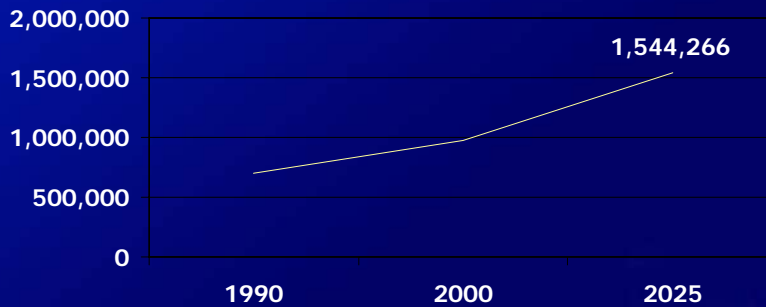
1997 – Texas Legislature authorizes the RAHC in order to ...

- Provide medical education
- Develop research programs
- Serve the Lower Rio Grande Valley (LRGV)



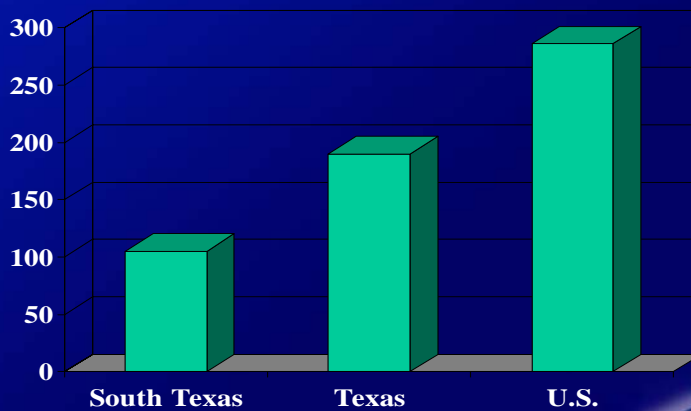
The LRGV is one of the fastest growing areas in the state ...

LRGV Population Growth



SOURCE: U.S. Bureau of the Census
Texas State Comptroller's Office (state projections)

Number of Physicians per 100,000 residents



RAHC Components

- Medical Education Division
(Harlingen):
UTHSC – San Antonio
- Medical Research Division
(Edinburg):
UTHSC – San Antonio
- Public Health Division
(Brownsville):
UTHSC – Houston



RAHC Medical Education Division



Building Dedication
June 2002



RAHC

Medical Education Division

- Extension Campus of UTHSCSA
- Based in Harlingen
- Provides training for:
 - 24 Full-Time 3rd-Year Medical Students
 - 24 Full-Time 4th-Year Medical Students
 - Primary Care Residents
- Serves community through Med/Ed and Mini Med School programs



Residency Programs



- Internal Medicine
 - 3-year program
 - Provides residents with comprehensive inpatient/outpatient skills in internal medicine
- Developing new programs in surgery, obstetrics/gynecology and psychiatry

RAHC Faculty



- 300 highly qualified community physicians
- Most are volunteers
- Throughout the Valley

First RAHC Graduates



First class of medical students trained at RAHC graduated in June 2004

First class of RAHC residents graduated in July 2004



RAHC Student Success



- 100% pass rate on Step 2 Board Exam
- 100% success in residency match
- Graduates secured residencies at nationally renowned institutions, including Mass General, Emory, Baylor College of Medicine, Univ. of Iowa

RAHC Clinical Partners



**Valley Baptist
Medical Center**



Su Clinica Familiar

RAHC Medical Research Division



Groundbreaking Ceremony
December 2002



Construction Progress
October 2004

RAHC Medical Research Division



- Located adjacent to UT Pan American
- Joint recruiting of scientists – RAHC and UT Pan American
- VP for Research – leveraging/collaborating research projects
- UT Pan American and UT Austin cooperative pharmacy program
- Joint programs with Harlingen and Edinburg RAHC Components

RAHC Medical Research Division

Areas of Research Emphasis:

- **Obesity/Diabetes/Nutrition** – Collaborating with Hispanic Nutrition Research Center
- **Infectious Diseases**– BSL 3 lab: MDR TB, Chlamydia, dengue fever
- **Genetic studies into mental illness** – Dr. Michael Escamilla – genetic predisposition in border population
- **Prostate Cancer Prevention Study** – Dr. Ian Thompson – nation's largest prostate cancer trial



Success in External Funding

Communities have already invested \$42.5 million.

We have also secured:

- Hispanic Nutrition Research Center – \$1.1 M (First of its kind in nation)
- Kleberg Medical Scholars Program – \$1.5 M
- Agency for Toxic Substances and Disease Registry (ATSDR) – \$400 K
- City of Edinburg – \$1 M



UTHSCSA, ATSDR join forces in environmental health education

Valley Council for Collaborations in Health Education, Research and Patient Care

- Consortium of presidents of UTHSC-San Antonio, UTHSC-Houston, UT Brownsville and UT Pan American
- Designed to improve collaboration and leverage funding opportunities

Kudos to Dr. Vela



**RAHC Regional Dean
Dr. Leo Vela**

Legendary Leadership



Dr. Mario Ramirez

The University of Texas Health Science Center at San Antonio Regional Academic Health Center: Educating the Future for a Healthier Texas



8. **U. T. Health Science Center - Houston: Update on the Public Health Division of the Regional Academic Health Center**

REPORT

Dr. Willerson will report on the current status of the Public Health Division of the U. T. Health Science Center - Houston Regional Academic Health Center (RAHC) and the future goals. Dr. García will also be asked to comment.