

Meeting No. 987

THE MINUTES OF THE BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

Pages 1 - 22

December 9-10, 2004

Dallas, Texas

MEETING NO. 987

THURSDAY, December 9, 2004.--The members of the Board of Regents of The University of Texas System convened this health retreat at 10:35 a.m. on Thursday, December 9, 2004, in the Governor's Room, 21st Floor, the Westin Galleria Hotel, 13340 Dallas Parkway, Dallas, Texas, with the following in attendance and absent:

ATTENDANCE.--

Present
Chairman Huffines, presiding
Vice-Chairman Clements
Vice-Chairman Hunt
Vice-Chairman Krier
Regent Barnhill
Regent Caven
Regent Estrada
Regent Rowling

Absent
Regent Craven

Counsel and Secretary Frederick

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Huffines called the health retreat to order.

The Board discussed topics according to the following agenda, and supporting materials are on file in the Office of the Board of Regents:

- A. Health Conversations: Crosscutting Themes (Executive Vice Chancellor Shine)
Educating an adequately-sized and well-prepared health workforce
Building Research Skills and Capacity
The Challenges of Uncompensated Healthcare
Enhancing Technology Transfer

- B. [Health Workforce](#) (President Cigarroa, Chair - Nursing; President Wildenthal - Physicians/Allied Health; and President Willerson - Public Health)
 - Shortage Areas
 - Educational Innovation
 - Multiprofessional Education
 - Graduate Medical Education
 - Dramatic Growth Funds/Nursing
 - Distance Learning

- C. [Health Care Issues](#) (President Stobo, Chair; President Calhoun; and President Willerson)
 - Medically Indigent Care: Uninsured/Underinsured
 - Correctional Health Care
 - Rural Care
 - Role of Public Health
 - Prevention vs. Therapy
 - Underserved Populations
 - Telemedicine

- D. [Research Capacity, Recruiting, Retention, and Clinical Trials](#) (President Wildenthal, Chair; President Calhoun; and President Mendelsohn)
 - Research Growth and Limitations
 - Recruitment/Retention Challenges
 - Collaborative Efforts - Obstacles and Opportunities
 - Excellence Funds

- E. [Achieving Diversity – Outreach/Discussion of Programs and Opportunities](#) (President Willerson, Chair; President Cigarroa; and President Stobo)
 - Faculty Diversity
 - Student Diversity
 - Outreach Programs

- F. [Health/Academic Collaborations – Experiences](#) (President Calhoun, Chair; President Cigarroa; and President Mendelsohn)
 - Obstacles/Opportunities/Experiences Between Health Institutions
 - Academic/Health Interaction

RECESS.--At 4:30 p.m., Chairman Huffines announced the Board would recess to reconvene the retreat at 8:30 a.m. on Friday, December 10, 2004.

FRIDAY, December 10, 2004.--The members of the Board of Regents of The University of Texas System reconvened this health retreat at 8:35 a.m. on Friday, December 10, 2004, in the Governor's Room, 21st Floor, the Westin Galleria Hotel, 13340 Dallas Parkway, Dallas, Texas, with the following in attendance:

ATTENDANCE.--

Present

Chairman Huffines, presiding
Vice-Chairman Clements
Vice-Chairman Hunt
Vice-Chairman Krier
Regent Barnhill
Regent Caven
Regent Estrada
Regent Rowling

Absent

Regent Craven

Counsel and Secretary Frederick

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Huffines called the meeting to order.

G. Special report on Texas Academy of Medicine, Science, and Engineering

Chairman Huffines introduced The Honorable Kay Bailey Hutchison, saying Senator Hutchison has been the number one promoter of The University of Texas in Washington and that she is unique in the U.S. Senate for promoting higher education research within her state. Four years ago, she began hosting "Education Summits" in D.C. The Presidents and Chancellors from Texas universities were invited to attend day-long sessions in the Capitol Complex. Each summit had a different theme and focused on a different federal agency. The agency head and several program managers attend the sessions and make presentations about where research funding opportunities lie and how to apply for such opportunities. These summits have also been helpful to promote unique Texas projects within the agencies.

The Honorable Kay Bailey Hutchison addressed the members of the Board, reporting on the Texas Academy of Medicine, Science, and Engineering. Chairman Huffines thanked Senator Hutchison for her remarks.

- H. [Technology Transfer](#) (President Mendelsohn, Chair; President Wildenthal; and President Stobo)
Success Stories
Obstacles/Opportunities
Potential Strategies
- I. [Performance Target Discussion/The Role of Compacts](#) (Executive Vice Chancellor Shine)
General Discussion

ADJOURN.--At 11:05 a.m., Vice-Chairman Clements, Chairman of the Health Affairs Committee, adjourned the health retreat.

CONVENE MEETING OF THE BOARD.--At 11:05 a.m., in accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Huffines called the Special Called Meeting to order.

1. U. T. Board of Regents: Approval of revised Regents' *Rules and Regulations*

The Board adopted the revised Regents' *Rules and Regulations*, as presented at the November 5, 2004 Board meeting, with the exception of the following three changes:

- Series 30101 - concerning the elimination of a System-wide pay plan
- Series 30202 - concerning the authority to approve Optional Retirement Program rates
- Series 80601 - concerning the approval of insurance settlements

More information is being prepared on these three reserved items for possible further consideration by the Board at the February 2005 Board meeting.

2. U. T. System: Approval of Affiliation Agreement with Texas Heart Institute

The Executive Vice Chancellor for Health Affairs, with approval by the Office of General Counsel, was authorized to complete the negotiation and to execute an affiliation agreement between The University of Texas System Administration and the Texas Heart Institute, Houston, Texas, in substantially the form attached on Pages 7 - 18.

The Texas Heart Institute (THI) was established in 1962 in Houston, Texas, as a research and educational institution for cardiovascular disease for which, in partnership with St. Luke's Episcopal Hospital, it is recognized as a world-wide leader.

The purpose of the affiliation agreement is to establish a new collaborative effort to be named "The Texas Heart Institute, affiliated with The University of Texas in Research and Education" for the public purpose of furthering research and education in cardiovascular disease. Dr. James T. Willerson, President of The University of Texas Health Science Center at Houston, has been named President-Elect of the Texas Heart Institute with written approval of the Executive Vice Chancellor for Health Affairs.

The significant terms of the agreement are as follows:

- a. Seven year term with renewal for two more years.
- b. U. T. System Administration, with the assistance of U. T. Health Science Center - Houston, shall, upon request, help the THI recruit scientists, including physicians, to the research and education staff of U. T. Health Science Center - Houston.
- c. U. T. System Administration, with the assistance of U. T. Health Science Center - Houston, shall participate in the fundraising activities of the THI for research and education programs that are mutually beneficial to each of the parties.
- d. U. T. System Administration, with the assistance of U. T. Health Science Center - Houston, shall upon request, provide technical, financial, and administrative expertise to the THI.
- e. There are 30 authorized members of the THI Board of Trustees, including one "Founding Trustee", three "Special Trustees" and 26 "Other Trustees". At least 6 of the 26 "Other Trustees" shall be designated annually by the Executive Vice Chancellor for Health Affairs as representing U. T. System Administration interests, although as Trustees they are also entrusted with THI interests. To avoid displacing current Trustees or immediately increasing the size of the Board, initially two new Trustees will be designated by System Administration and four others will be designated from existing members. Following the 2006 annual election, the "Other Trustees" would thereafter always include at least six persons who at the date of initial election to the THI board were designated by System Administration.

- f. THI shall have no control of the Available University Fund, the Permanent University Fund, or any funds appropriated to the U. T. System or its institutions.
- g. THI may continue its current affiliation with St. Luke's Episcopal Hospital and may continue to allow the THI professional medical staff to include physicians/scientists from the Baylor College of Medicine.
- h. THI will provide the Executive Vice Chancellor for Health Affairs with an annual report, including audited financial statements, and a report of fundraising and recruitment efforts. At least every three years a peer review will be conducted to review research activities. A written report of the peer review will be provided to the Executive Vice Chancellor for Health Affairs.

DRAFT

AFFILIATION AGREEMENT

This Affiliation Agreement (“Agreement”), effective the _____ day of _____, 2004 is made and entered into by and between the Texas Heart Institute, hereinafter “THI”, a nonprofit corporation organized under the laws of the State of Texas and located in Houston, Harris County, Texas and The University of Texas System, hereinafter “System Administration”, a governmental unit.

I. PREAMBLE

The Texas Heart Institute was established in 1962 as a research and educational institution for cardiovascular disease. The THI is recognized as a worldwide leader in research and education related to cardiovascular disease, a primary cause of premature death in our society. In partnership with St. Luke’s Episcopal Hospital, the THI has established itself as a leader in the treatment of cardiovascular disease.

The University of Texas System operates six health institutions with a focus on education, research and patient care. Within the System's six health institutions, there are four medical schools, two dental schools, and three nursing schools, as well as schools of allied health science, biomedical sciences, health information sciences, and public health. Patient care is provided through hospitals and clinics that are of central importance to programs of teaching, scholarship, research, and service associated with medicine and related health sciences.

The University of Texas System Administration and the Texas Heart Institute desire to enter into this Agreement to express their common interest in research and education relating to cardiovascular disease by joining in the recruitment of world-class scientists and cardiac specialists and to expand cardiovascular research opportunities at the Texas Heart Institute.

II. PURPOSE

The purpose of this Agreement is to establish a new collaborative effort to be named “The Texas Heart Institute, affiliated with The University of Texas in Research and Education”, hereinafter “THI/UT” for the purpose of furthering research and education in cardiovascular disease. Patient care activities shall not be provided through or under this Agreement. This Agreement shall not prevent or preclude the THI from fulfilling its current commitments to St. Luke’s Episcopal Hospital in Houston, Texas, nor does it preclude individuals from other institutions, including the Baylor College of Medicine, from being members of the professional staff of the THI and engaging in collaborative research and educational activities with THI. This Agreement shall not preclude the System Administration, U. T. institutions, or the THI from engaging in any other collaborative research, education and patient care activities.

The collaborative effort established under this Agreement is determined to serve a public purpose.

In consideration of the foregoing promises and of the covenants made hereinafter, the parties hereto agree to the following provisions:

III. TERM AND TERMINATION

The primary term of this Agreement is for a seven (7) year period beginning _____ and ending _____, except either party may terminate this Agreement at any time with 90 days written notice to the other by delivering such notice as indicated in Section VII below. Upon expiration of the primary term, the agreement shall automatically renew for an additional two year term, during which either party may terminate this Agreement at any time for any reason with 90 days written notice to the other by delivering such notice as indicated in Section VII below.

IV. THE SYSTEM ADMINISTRATION'S RIGHTS AND RESPONSIBILITIES

A. Recruitment. Upon request of the THI, the System Administration, with the assistance of The University of Texas Health Science Center at Houston, shall help the THI recruit scientists, including physicians, to the research and education staff of The University of Texas Health Science Center at Houston. The scientists recruited shall be faculty members of The University of Texas Health Science Center at Houston but shall provide part-time or full-time professional services to the THI. The scientists shall be subject to the terms and provisions of the Affiliation Agreement between The University of Texas Health Science Center at Houston and the THI that was originally executed on September 30, 1976, restated on June 8, 1988 and June 30, 1998, re-executed on September 1, 2003 and any subsequent agreements (collectively known as

“THI/UTHSC-H Agreements”) for the provision of professional, research and administrative services. Further, the scientists shall be listed in the Exhibits to the THI/UTHSC-H Agreements such that THI shall reimburse, either financially or in-kind, The University of Texas Health Science Center at Houston for services provided to THI in the same manner that other services provided to THI are reimbursed. In addition, upon request of the THI, the System Administration, with the assistance of The University of Texas Health Science Center at Houston, may also assist in the recruitment to the THI of scientists, including physicians, who have medical or faculty appointments at other Texas Medical Center institutions and who will not be faculty members at The University of Texas Health Science Center at Houston.

B. Fundraising. The System Administration, with the assistance of The University of Texas Health Science Center at Houston, shall participate in the fundraising activities of the THI that are mutually beneficial to each of the parties for research and education programs. Fundraising activities shall include seeking support for funding at the local, state, federal, and international levels and from public and private sources. Mutually beneficial fundraising activities require prior written approval of the Executive Vice Chancellor for Health Affairs of the System Administration (hereafter “Executive Vice Chancellor”), or a delegate, and the Chairman of the Board of Trustees of THI, or a delegate. Fundraising efforts in support of research by a faculty member of an institution of the System Administration for the joint benefit of the THI and any System Administration institution shall require approval of the Executive Vice Chancellor, or a delegate. In all joint fundraising efforts, particular care shall be taken to clearly document

the party which is to be the recipient of the funds at the commencement of such joint fundraising efforts. In joint fundraising efforts, prior determination shall be made of the percentage benefit to inure to each party.

C. Administrative Expertise. Upon request of the THI, the System Administration, with the assistance of The University of Texas Health Science Center at Houston, shall provide technical, financial and administrative expertise to the THI in managing the THI. Such expertise may relate to, but shall not be limited to, the THI program structure, organizational structure, management, and other operational expertise. The System Administration shall not employ additional personnel nor incur additional expense for the purpose of providing such expertise to the THI.

D. The System Administration shall maintain complete control over funds in the Available University Fund, the Permanent University Fund and any and all state funds appropriated to System Administration and its U. T. institutions.

E. The System Administration assumes no responsibility of any kind for the fiscal condition of the THI, including any losses or indebtednesses of the THI.

F. The System Administration assumes no responsibility for the operation and oversight of the THI and assumes no costs related to maintenance, construction, operation and equipping of the space currently occupied by the THI.

G. Within ninety days of the effective date of this Agreement, the Executive Vice Chancellor, or a delegate, shall provide to the Chairman of the Board of THI a list of at least six recommended individuals to serve as members of the THI Board of Trustees. This list may include current members of the THI Board of Trustees.

H. This Agreement does not intend to nor shall it be deemed to alter the terms of any currently existing agreement between the parties or related institutions. To the extent that any provisions of any currently existing agreement between the parties or related institutions conflicts with any provision of this Agreement, the provisions of this Agreement shall control for the purposes of activities relating to this Agreement.

I. This Agreement does not prevent or preclude the System Administration and U. T. institutions or the THI from engaging in any other collaborative research, education and patient care activities.

J. No use of the name, logo, seal or other trademark of The University of Texas System or any of its institutions is permitted without the prior written approval of the Executive Vice Chancellor, or a delegate, in consultation with the Office of Trademark Licensing for the U. T. System.

V. THI'S RIGHTS AND RESPONSIBILITIES

A. THI, through its Board of Trustees, shall maintain exclusive control and oversight of the property, business and operations of the THI, including the THI endowment.

B. This Agreement does not preclude the THI from fulfilling contractual commitments in effect on the date of this Agreement to St. Luke's Episcopal Hospital in Houston, Texas.

C. This Agreement does not preclude THI from permitting individuals from other institutions, including the Baylor College of Medicine, from being members of the professional staff of the THI and engaging in collaborative research and educational activities with THI.

D. The Articles of Incorporation, including all amendments thereto, and/or the Bylaws, including all amendments thereto, of THI shall be amended to provide that at least six of the trustees known as “Other Trustees,” as that term is used in the THI Bylaws, shall be elected from a list of eligible individuals designated annually by the Executive Vice Chancellor or a delegate as having a close affiliation with System Administration and who would be expected to represent the interests of the System Administration as well as those of THI on the THI board. Eligible individuals may include persons presently incumbent on the THI board as well as persons having had no prior association with the governance of THI; however, to the end that the THI board should not be immediately expanded beyond its present size of 26 authorized “Other Trustees” and so as not to disrupt continuing board functioning by requiring immediate resignations of incumbent trustees, it would be expected that initially two eligible persons would be elected to the THI board to fill existing vacancies and at least four other presently incumbent trustees would be elected from eligible individuals identified by the Executive Vice Chancellor. Thereafter, as THI trustees retire from service and/or as terms expire, at least two persons elected to each class of trustees would be eligible persons, such that following the 2006 annual election of trustees the “Other Trustees” would thereafter for the term of this Agreement always include at least six persons who at the date of initial appointment to the THI board were eligible persons, some or all of

whom may have had no association with THI prior to their respective initial appointments as Other Trustees. The initial election of these THI trustees shall be made within thirty days of the receipt of the designation from the Executive Vice Chancellor. The THI Board of Trustees shall take such actions as may be necessary to cause such individuals and their successors and replacements to be elected to the THI Board of Trustees. The members of the Board of Trustees designated by the Executive Vice Chancellor shall have the same voting and other rights as the other members of the THI Board of Trustees. If the total membership of the THI Board of Trustees is expanded from its current number of thirty (30), the THI shall elect 25%, or as near as practicable to 25%, of its total Board membership from eligible individuals designated annually by the Executive Vice Chancellor.

E. The THI Board of Trustees, in consultation with the Executive Vice Chancellor, or a delegate, shall appoint the President, the Medical Director, and the Chief Operating Officer of the THI. The Articles of Incorporation of the THI, including any amendments thereto, and/or the Bylaws of the THI, including any amendments thereto, shall be amended as necessary to provide that the appointment of such officers by the THI shall be in consultation with the Executive Vice Chancellor.

F. The THI Medical Director shall be eligible for appointment to the faculty of a U. T. institution. Such appointment shall be within the sole and exclusive discretion of the designated U. T. institution. The President of the THI may be eligible for appointment to the faculty of a designated U. T. institution; however, such appointment shall be within the sole and exclusive discretion of the designated U. T. institution. The granting of a faculty appointment to the Medical Director and/or President of THI under

this Agreement alone is not intended to, nor shall it be deemed to constitute employment by the System Administration or any U. T. institution nor shall any legal rights or employee benefits result solely from such faculty appointment.

G. THI shall provide an annual written report, including, but not limited to, a comprehensive financial report with audited financial statements and a report of fundraising and recruitment efforts, which details THI's progress in research and education to the Executive Vice Chancellor. The System Administration shall determine the contents or the form of the contents of such annual written report. All records relating to this Agreement, including THI's related financial data shall be subject to the review and audit by the System Administration during normal business hours and upon advance written notice to the THI.

H. At least every three (3) years, the THI shall conduct a peer review of all research and education activities, including a review of personnel, of the THI. This peer review shall be conducted by a team of extramural scientists and educators which shall be selected by a team that will be mutually agreed upon by the THI and the Executive Vice Chancellor. At the conclusion of its review, the peer review team shall produce a written report which shall be simultaneously provided to the Board of Trustees of the THI and to the Executive Vice Chancellor. No cost associated with the peer review shall be borne by the System Administration or any of its component institutions.

I. No use of the name, logo or trademark of the THI is permitted without the prior written approval of the Chairman of the Board of Trustees of the THI or President of the THI.

VI. GENERAL PROVISIONS

A. By entering into this Agreement, the parties do not intend to create, nor shall they be deemed to have created any partnership, joint venture, joint enterprise or any other legal entity.

B. This agreement may not be assigned without the written consent of the other party hereto.

C. This agreement shall be governed by, and construed in accordance with, the laws of the State of Texas.

D. Except as otherwise required by law or regulation, neither party shall release or distribute any press release or information for use in the public media containing the name of the other party or any of its employees without prior written approval by an authorized representative of the non-releasing party but such approval shall not be unreasonably withheld. Either party, however, shall have the right to acknowledge the other party's support of the research and investigations under this Agreement in scientific or academic publications and other scientific or academic communications without that party's prior approval. In any such statements, the parties shall describe the scope and nature of their participation accurately and appropriately. Both parties recognize that their names, marks and logo designs are registered trademarks and may not be used without the express written consent of the other party as provided by this Agreement.

E. The headings used in this Agreement do not constitute part of the Agreement of the parties, but are used for convenience of reference only.

F. No amendment, modification, or alteration of the terms of this Agreement shall be binding upon the parties unless mutually agreed in writing by the Executive Vice Chancellor and the Chairman of the Board of Trustees of the THI.

G. Each party represents and warrants that this Agreement has been approved by its governing board and is a valid, binding and enforceable obligation of such party.

H. This Agreement supersedes any and all discussions, negotiations and representations of any kind and represents the entire agreement of the parties concerning the subject hereinabove mentioned.

VII. NOTICE

Any notices to be given hereunder by either party to the other shall be effected in writing either by personal delivery or delivery by mail, registered or certified, postage prepaid with return receipt requested. Notices shall be addressed to the parties at the addresses appearing in the following paragraph of this Agreement, until and unless such party changes the specified address by written notice to the other.

Notice shall be given to each of the parties at the following addresses:

If to THI: Texas Heart Institute
1101 Bates
Houston, Texas 77030
Attention: Chairman of the Board

If to System: The University of Texas System
601 Colorado Street
Austin, Texas 78701
Attention: Executive Vice Chancellor for Health Affairs

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first written above.

TEXAS HEART INSTITUTE

THE UNIVERSITY OF TEXAS SYSTEM
ADMINISTRATION

By: _____

By: _____

NAME: Denton A. Cooley, M.D.

NAME: Kenneth I. Shine, M.D.

TITLE: President & Surgeon-in-Chief

TITLE: Executive Vice Chancellor for
Health Affairs

DATE: _____

DATE: _____

RECESS TO EXECUTIVE SESSION.--At 11:15 a.m., Chairman Huffines announced that the Board would recess to convene in Executive Session pursuant to Texas Government Code Sections 551.071 and 551.074 to consider those matters listed on the Executive Session agenda.

RECONVENE.--At 2:20 p.m., the Board reconvened in open session.

EXECUTIVE SESSION OF THE BOARD OF REGENTS

Chairman Huffines reported that the Board met in Executive Session to discuss legal and personnel matters as listed on the Executive Session agenda. In response to an inquiry from Chairman Huffines regarding the wishes of the Board, the following actions were taken:

1. U. T. System: Discussion and appropriate action regarding legal issues related to disclosure of private investment information under the Texas Public Information Act including pending litigation related to such disclosure

There was no action taken related to legal issues concerning disclosure of private investment information under the Texas Public Information Act.

2. U. T. System - Discussion of medical liability litigation on basis of U. T. Medical Branch - Galveston: Estate of Betty Jane Howard, et al. vs. Dr. Rayman Lee, et al.

There was no action taken regarding general discussion of medical liability litigation at The University of Texas System or The University of Texas Medical Branch - Galveston.

3. U. T. System, U. T. Southwestern Medical Center - Dallas, U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding legal issues associated with deferred compensation plans and anticipated Internal Revenue Service guidelines regarding revised Section 409A of the Internal Revenue Code

Vice-Chairman Hunt moved that the Executive Vice Chancellor for Business Affairs, with the approval of the Office of General Counsel, be authorized to negotiate revised agreements with current participants in the Deferred Compensation Plan of The University of Texas System pursuant to Section 457(f) of the Internal Revenue Code of 1986, as amended, including changes as necessary to comply with anticipated Internal Revenue Service guidelines

interpreting revised Section 409A of the Internal Revenue Code of 1986, as amended, and to take all steps necessary to execute all documents required to evidence and complete such agreements.

Regent Hunt further moved that the President of The University of Texas Southwestern Medical Center at Dallas, with the approval of the Executive Vice Chancellor for Health Affairs and the Office of General Counsel, be authorized to negotiate revised agreements with current participants in The University of Texas Southwestern Medical Center at Dallas Deferred Compensation Plan as necessary to comply with the anticipated IRS guidelines and to take all steps necessary to execute all documents required to evidence and complete such agreements.

Vice-Chairman Hunt also moved that the President of The University of Texas M. D. Anderson Cancer Center, with the approval of the Executive Vice Chancellor for Health Affairs and the Office of General Counsel, be authorized to negotiate revised agreements with current participants in The University of Texas M. D. Anderson Cancer Center Deferred Compensation Plan as necessary to comply with the anticipated IRS guidelines and to take all steps necessary to execute all documents required to evidence and complete such agreements.

The motions were duly seconded and carried by acclamation.

4. U. T. Dallas: Approval of finalists for president

Upon motion of Vice-Chairman Clements, Dr. David Daniel, Dean of Engineering and Professor of Civil Engineering at the University of Illinois at Urbana-Champaign, was added as an additional finalist for the position of President of The University of Texas at Dallas.

Mrs. Clements further moved that the review and selection process proceed with an opportunity for a campus visit by Dr. Daniel prior to interview of the finalists and their consideration by the Board at a special called meeting of the Board at a time no earlier than 21 days from today (December 10).

The motions were seconded and carried unanimously.

Chairman Huffines expressed appreciation for the interest and the hard work of the Presidential Search Advisory Committee, campus leaders, and the community related to this ongoing search process. The search has been a priority of those groups and of this Board since President Jenifer announced his intended departure.

Although pleased with the credentials and commitment of the two finalists, Dr. Thomas J. Barton and Dr. Daniel, who he said will be interviewed, the process has taken longer than expected.

In an effort to assure the most effective and efficient practices are followed for future presidential searches, Chairman Huffines instructed Counsel and Secretary Frederick and Interim General Counsel Collins to review legal requirements related to the search and appointment process, to study best practices related to the presidential search process, and to make recommendations for consideration by the Board related to the process for future searches. He said he wants to make this process more efficient and timely while at the same time preserving the high degree of disclosure and transparency. He also asked for this study to be done at the earliest possible time frame.

5. U. T. System: Consideration of personnel matters relating to appointment, employment, evaluation, assignment, and duties of officers or employees

There was no action taken related to general personnel matters of The University of Texas System.

6. U. T. System, U. T. Southwestern Medical Center - Dallas, U. T. M. D. Anderson Cancer Center: Consideration of personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents, U. T. System officers and employees

Authorize the Executive Vice Chancellor for Business Affairs and institutional presidents to negotiate revised agreements with current participants in deferred compensation plans pursuant to Section 457(f) of the Internal Revenue Code as necessary to comply with anticipated Internal Revenue Service guidelines regarding revised Section 409A of the Internal Revenue Code

No discussion was held on general personnel matters of The University of Texas System and discussion on deferred compensation is outlined under Item 3 on Page 19.

ADJOURNMENT.--Chairman Huffines announced that the purpose for which this meeting was called had been completed, and the meeting was duly adjourned at 2:25 p.m.

/s/ Francie A. Frederick
Counsel and Secretary to the Board

December 14, 2004