

Meeting No. 1,001

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

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December 5, 2005

Austin, Texas

MEETING NO. 1,001

MONDAY, DECEMBER 5, 2005.--The members of the Board of Regents of The University of Texas System convened this special called meeting via telephone conference call at 10:07 a.m. on Monday, December 5, 2005, on the Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Huffines, presiding (in person)  
Vice Chairman Clements  
Vice Chairman Krier  
Regent Barnhill  
Regent Caven  
Regent Craven  
Regent Estrada  
Regent McHugh  
Regent Rowling

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.

RECESS TO EXECUTIVE SESSION.--At 10:08 a.m., Chairman Huffines announced the Board would recess to convene in Executive Session pursuant to *Texas Government Code* Sections 551.071, 551.072, 551.073, and 551.074 to consider those matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION.--At 11:35 a.m., the Board reconvened in open session and took the following action on matters discussed in Executive Session.

1. U. T. Austin: Selection and employment of Dean William C. Powers, Jr., as president

Regent Caven moved that The Honorable William C. Powers, Jr., currently Dean of the School of Law at The University of Texas at Austin, be selected President of The University of Texas at Austin effective at a date and

compensation, commensurate with the responsibilities of the office, to be negotiated in accordance with University of Texas System policies by Executive Vice Chancellor Sullivan, approved by Chancellor Yudof, and submitted to the Board for approval via the usual budgetary procedures.

He further moved that the *Minutes* reflect that, by approval of this motion, the Board has made a finding that this appointment is in the best interest of U. T. Austin, as required by State law.

Regent Craven seconded the motions, which carried by acclamation.

President-Designate Powers was in attendance and President Faulkner endorsed the choice of Dean Powers as President and commended members of the Board, Chancellor Yudof, and Executive Vice Chancellor Sullivan for the quality and speed with which the search process was conducted. President Faulkner reported he had directed the Tower at U. T. Austin be lit orange to celebrate the appointment of President-Designate Powers and Chairman Huffines made a friendly amendment that the Tower lighting include recognition of the Board's appreciation of Dr. Faulkner's many years of dedicated service to the University.

2. U. T. Arlington: Discussion and appropriate action regarding litigation involving patent infringement matters

No action was taken on the item related to litigation involving patent infringement matters at The University of Texas at Arlington.

3. U. T. Health Science Center - Houston: Authorization to market and sell the real property and improvements located at 3028 South MacGregor Way, Houston, Harris County, Texas, with the net sale proceeds to be used for future construction of a new facility by U. T. Health Science Center - Houston to replace the current Mental Sciences Institute building

Regent Barnhill moved that the Executive Director of Real Estate for The University of Texas System be authorized to

- a. market and sell the real property and improvements located at 3028 South MacGregor Way, Houston, Harris County, Texas, through the use of a commercial broker, with the sale proceeds, net of all closing costs and other costs and expenses to complete the sale as deemed necessary by the Executive Director of Real Estate, to be used for future construction of a new facility by The University of Texas Health Science Center at Houston to replace the Mental Sciences Institute; and

- b. execute all documents, instruments, and other agreements, with the concurrence of the Vice Chancellor and General Counsel and take all further actions deemed necessary or advisable to market and sell the real property and improvements in accordance with the parameters outlined in Executive Session.

The motion was seconded by Regent Caven and carried unanimously.

- 4a. U. T. System: Discussion and appropriate action of legal issues related to Katrina Emergency Tax Relief Act of 2005 (KETRA) and negotiated gift features of proposed donations to U. T. System institutions

No action was taken on the item concerning legal issues related to Katrina Emergency Tax Relief Act of 2005 (KETRA) and negotiated gift features of proposed donations to University of Texas System institutions. This additional item, available on yellow paper, was not included in the Agenda Book but was posted with the Secretary of State.

- 4b. U. T. M. D. Anderson Cancer Center: Acceptance of negotiated gift and approval to name the Ambulatory Clinical Building as the Lowry and Peggy Mays Ambulatory Clinical Building

Upon motion by Vice Chairman Clements, seconded by Regent Barnhill, the Board accepted a negotiated gift and approved the naming of the Ambulatory Clinical Building at The University of Texas M. D. Anderson Cancer Center as the Lowry and Peggy Mays Ambulatory Clinical Building in accordance with the parameters presented in Executive Session.

The motion carried by acclamation. (Although Chairman Huffines did not vote, he is formally noted as abstaining because of stock holdings.)

This additional item, available on yellow paper, was not included in the Agenda Book but was posted with the Secretary of State.

- 4c. U. T. Austin: Discussion and appropriate action regarding negotiated gifts involving naming opportunities

Regarding Executive Session discussion concerning potential gifts to The University of Texas at Austin, Regent McHugh moved that the President of U. T. Austin be authorized to negotiate and conclude arrangements to accept potential gifts to benefit U. T. Austin in accordance with the proposals presented in Executive Session with the understanding the gifts will be announced at a future date if successfully completed.

The motion was seconded by Regent Craven and carried unanimously.

This additional item, available on yellow paper, was not included in the Agenda Book but was posted with the Secretary of State.

## SPECIAL ITEMS

1. U. T. System: Approval to negotiate with Deloitte & Touche LLP, to provide non-audit services for U. T. System Administration and to exceed the five percent cap on aggregate fees

Vice Chancellor Brown reported The University of Texas System Administration last conducted a comprehensive compensation study in 1996. A Request for Proposals (RFP) was developed for a compensation and classification plan and a model pay structure that would include an evaluation of the current pay plan and structure, job classifications and titles, conducting a market and internal pay equity analysis, evaluating current policies and guidelines against best practices, and facilitating development of a compensation philosophy. An RFP was issued to 35 human resource and compensation consulting firms and 9 responses were received. Following review and analysis, Deloitte & Touche LLP, was determined to present the best value.

Regent Estrada moved approval to authorize entering into a contract with Deloitte & Touche to provide non-audit services as part of a compensation study for U. T. System Administration. The contract will terminate on August 31, 2006.

Pursuant to Regents' *Rules and Regulations*, Series 20402, Section 3.1, Board approval is required since the aggregate amount of the fees paid to an external audit firm for the performance of audit services exceeds five percent of the total amount of fees anticipated to be paid to the external audit firm for the performance of audit services provided during any fiscal year in which non-audit services will be provided.

2. U. T. System: Report on planned request for proposals for entities to participate in U. T. System retirement programs

Vice Chancellor Brown reported The University of Texas System Administration administers four defined retirement contribution plans, the largest two of which are the Optional Retirement Program (ORP) and the U. T. Saver Tax Sheltered Annuity (TSA) Program. There are eight

authorized vendors under the ORP serving over 14,000 participants and the contracts expire in August 2006. The TSA Program is a voluntary, 401(3)b program with 140 vendors serving 17,000 participants. Vice Chancellor Brown reported a Request for Proposals (RFP) is being prepared to competitively and comparatively select a common set of vendors for employee retirement programs with the objectives to improve accountability, make objective investment counseling available, achieve better investment options, leverage the size of the U. T. System in pricing services, and develop education and communication to build awareness and encourage participation. She said the plan is to issue the RFP in December 2005, evaluate responses in the Spring, and bring a recommendation to the Board in May 2006.

Chancellor Yudof emphasized the retirement program is important to U. T. System employees and their families, yielding a program valued at \$15 billion. He also emphasized the importance of making investment counseling available.

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ADJOURNMENT.--There being no further business, the meeting was adjourned at 11:45 a.m.

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

January 4, 2006