

Meeting No. 1,156

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

Pages 1 - 11

December 15, 2016

Austin, Texas

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OF
THE UNIVERSITY OF TEXAS SYSTEM
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MEETING NO. 1,156

THURSDAY, DECEMBER 15, 2016.--The members of the Board of Regents of The University of Texas System convened a special called meeting at 2:03 p.m. via telephone conference call on Thursday, December 15, 2016, in the Board Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Foster
Vice Chairman Hicks
Vice Chairman Hildebrand
Regent Aliseda
Regent Beck
Regent Cranberg (in person)
Regent Hall
Regent Pejovich
Regent Tucker
Regent Joseph, Student Regent, nonvoting

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

RECESS TO EXECUTIVE SESSION.--At 2:04 p.m., the Board recessed to convene in Executive Session pursuant to *Texas Government Code* Sections 551.071, 551.072, 551.073, and 551.074 to consider the matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION.--The Board reconvened in Open Session at 2:31 p.m. to consider the following actions on Executive Session items and to consider the following agenda items.

1. U. T. Austin: Discussion regarding the lease or value of property related to the Brackenridge Tract, including Lions Municipal Golf Course, Austin, Travis County, Texas

No action was taken on this item.

- 2a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

- 2b. U. T. Austin: Discussion regarding legal issues related to the utilization of the Brackenridge Tract, including Lions Municipal Golf Course, Austin, Travis County, Texas

No action was taken on this item.

- 2c. U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning purchasing and procurement, including implementation of Senate Bill 20 (State Agency Contracting)

No action was taken on this item.

- 3a. U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features

No action was taken on this item.

- 3b. U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features

No action was taken on this item.

4. 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

No action was taken on this item.

AGENDA ITEMS

1. U. T. System Board of Regents: Approval of Consent Agenda items

Chairman Foster noted the following related to the Consent Agenda:

- Item 1 relates to a proposed contract with Dr. Leon Leach to provide services in support of The University of Texas System Health Care Enterprise Quantum Leap project.

- Item 3 requests approval of the terms of the Employment Agreement with Dr. Michael Tidwell as President of The University of Texas at Tyler. In approving this item, the Board is also asked to make a finding, as required by state law, that the proposed appointment is in the best interest of U. T. Tyler and The University of Texas System. Chairman Foster also noted that appropriate advance notice was provided to the Legislative Budget Board.

The Board approved the Consent Agenda, which is set forth on Pages 5 - 11.

Further, the Board expressly authorized that any contracts or other documents or instruments approved therein may be executed by the appropriate officials of the respective U. T. System institution involved.

2. U. T. System Board of Regents: Discussion and appropriate action related to rules and policies including Regents' *Rules and Regulations*, Rule 20901 (Procurement of Goods and Services; Contract Management Handbook) associated with Senate Bill 20 (State Agency Contracting)

No action was taken on this item.

3. U. T. System: Approval of \$3,506,589 from Available University Funds for Change Order No. 1 to the Professional Services Agreement with Salesforce.com, Inc. for software development services related to Total Educational Experience (TEEx) version 2.0

Following brief remarks by Executive Vice Chancellor Kelley, the Board approved \$3,506,589 from Available University Funds (AUF) for Change Order No. 1 to the Professional Services Agreement (PSA) with Salesforce.com, Inc. for software development services related to Total Educational Experience (TEEx) version 2.0, with an amount not to exceed \$3,049,960 for development services and an amount not to exceed \$456,629 for expenses. Vice Chairman Hildebrand abstained from discussion and vote on this item because of equity interests.

On September 23, 2016, the Board of Regents approved agreements with Salesforce to provide a bundle of development services and software subscriptions to The University of Texas System's Institute for Transformational Learning (ITL) to support the development of a future learning environment, referred to as the Total Educational Experience (TEEx) version 2.0. This approval included three umbrella agreements and related Statements of Work totaling \$5,444,447 for software subscriptions through September 30, 2017, and for software development services through December 31, 2016.

The total projected expenditures under the three interrelated umbrella agreements are estimated to be \$12,000,000 over the next five years through a series of change orders. A condition of the September 23, 2016 approval was for each change order for software development services beyond December 31, 2016, to be presented to the Board of Regents for approval.

Change Order No. 1 to the Salesforce PSA adds an additional \$3,049,960 for software development services plus \$456,629 in expenses for the time period January 1, 2017 through March 15, 2017, bringing total spending to \$8,951,036.

ADJOURNMENT.--At 2:40 p.m., there being no further business, the meeting was adjourned.

/s/ Tina E. Montemayor
Assistant Secretary to the Board of Regents

February 7, 2017



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CONSENT AGENDA**

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1. Contract (funds going out) - U. T. System: Leon J. Leach, Ph.D., to provide services to support Chancellor McRaven's U. T. Health Care Enterprise Quantum Leap Project

Agency: Leon J. Leach, Ph.D.

Funds: \$1,728,000, reasonable travel and other expenses, and a \$15,000 one-time supplemental payment

Source of Funds: Available University Funds

Period: January 1, 2017 through December 31, 2019

Description: Dr. Leach will provide services to include strategic planning, business management, health plan and insurance strategic assistance, and other initiatives as assigned in support of Chancellor McRaven's U. T. Health Care Enterprise Quantum Leap Project. Dr. Leach will conclude employment at U. T. M. D. Anderson Cancer Center prior to the start date of this contract. He will work directly with Executive Vice Chancellor Greenberg and Executive Vice Chancellor Kelley, and in conjunction with the health institution presidents and their leadership teams, to transform the U. T. Health Care Enterprise into an integrated health care system to improve health and health care within Texas and beyond. This contract was obtained through an Exclusive Acquisition Justification.

(Assistant Secretary's Note: The agenda materials inadvertently indicated the contract term would end on December 21, 2019.)

2. Contract (funds going out) - U. T. System: Engineered Air Balance Co., Inc. to perform technical services

Agency: Engineered Air Balance Co., 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: September 20, 2016 through September 19, 2018 (Contract is being brought forward for Board approval as it is nearing the \$1,000,000 delegation threshold)

Description: Engineered Air Balance Co., Inc. to perform miscellaneous technical support services, including testing, adjusting, and air balance services, on a job order basis. Services were competitively procured.

3. Employment Agreement - U. T. Tyler: Approval of terms of Employment Agreement with Michael V. Tidwell, Ph.D., as President of U. T. Tyler

The following agreement has been approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs, has been signed by Dr. Tidwell, and is recommended for approval by the U. T. System Board of Regents. Terms of employment under this agreement are subject to Regents' *Rules and Regulations*, Rules 10501 and 20201, and *Texas Education Code* Section 51.948.

Item: President

Funds: \$400,000 annually

Period: Beginning January 1, 2017

Description: Agreement for employment of Dr. Michael V. Tidwell as President of The University of Texas at Tyler. The President reports to the Chancellor and the Executive Vice Chancellor for Academic Affairs and will hold office without fixed term, subject to the pleasure of the Executive Vice Chancellor for Academic Affairs and approval by the Chancellor and Board of Regents. During his presidency, Dr. Tidwell will hold an appointment as Professor, with tenure, in the College of Business at U. T. Tyler without compensation. The employment agreement is on the following pages.



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Office of Academic Affairs
601 Colorado Street, 3rd Floor
Austin, Texas 78701-2980
512-499-4233
WWW.UTSYSTEM.EDU

November 10, 2016

Dr. Michael Tidwell
[REDACTED]
[REDACTED]

Dear Michael:

On behalf of the Board of Regents of The University of Texas System, it is my pleasure to offer you the position of President of The University of Texas at Tyler, effective January 1, 2017. Your annual salary rate as of that date will be \$400,000. You are entitled to other State-paid fringe benefits required to be provided to higher education employees by State law and for which you are eligible. Among these benefits are State-paid OASI, longevity pay, workers' compensation liability, insurance coverage, retirement, insurance premium sharing, and paid leave.

Pursuant to the Regents' Rules and Regulations, Rule 20201, the presidents of The University of Texas academic institutions are selected by the Board of Regents of The University of Texas System and serve without fixed term, subject to the pleasure of the Executive Vice Chancellor for Academic Affairs and approval by the Chancellor and the Board of Regents. Also, your performance as President of U. T. Tyler will be evaluated in accordance with Rule 20201 and you will be asked to make a presentation to the Board on your vision and goals for U. T. Tyler within 12 to 18 months of taking office.

Additional elements of your compensation package are:

- a. You are eligible to participate in the Board of Regents' "Incentive Plan for The University of Texas System Presidents and System Administration Executive Officers" subject to the requirements and terms specified therein. The compensation earned from this incentive plan will vary depending on your attainment of certain specific performance goals.
- b. The cost of club membership(s) approved by the Executive Vice Chancellor for Academic Affairs will be paid, including initial fees for joining the club and all properly documented and reasonable business-related expenses. All personal expenses, including the portion of dues related to personal use, is calculated based on the personal expenses for that month as a percent of total expenses. That percentage is applied to the dues owed to determine the personal amount.
- c. Appointment as Professor, with tenure, in the College of Business at U. T. Tyler, with a beginning academic rate of \$204,959. During your presidency, you will not be paid your salary as Professor. When your administrative appointment as President ends you will be entitled to return to your tenured faculty position as

November 10, 2016

professor, consistent with Regents' Rule 31007, which governs tenured appointments at U. T. Tyler, and to be compensated at your academic salary rate. *Texas Education Code*, Section 51.948, states that if a university administrator is reassigned to a faculty or other position at the institution, the institution cannot pay that person a salary that exceeds the salary of other persons with similar qualifications performing similar duties.

- d. State law allows the granting of a development leave at the individual's academic salary rate for one academic year to a faculty member who has held an administrative position at the institution for more than four years. An administrator who receives development leave must return to work (as a faculty member) at a U.T. System institution for an amount of time equal to the amount of time the administrator received development leave or repay the institution for all the costs of the development leave. To the extent required by law, these provisions will apply in your situation. The specific length of the development leave will be negotiated dependent on your term of service as President and other pertinent considerations should you leave the presidency and return to the faculty.

Please note that the benefits described in (c) may, at the discretion of the Board, be denied should you be terminated from the position of President for good cause, as determined by the Board.

Business-related travel and entertainment expenses shall be in accordance with the Regents' Rules 20205, and with current travel and entertainment budgets of the institution. Reasonable expenses will be paid directly or reimbursed as appropriate.

Appropriate and timely submission of documentation required for reimbursement of travel and entertainment expenditures is required by Regents' Rules 20205. Quarterly reports on travel and entertainment shall be filed with the Executive Vice Chancellor for Academic Affairs.

Full-time faculty and administrative and professional staff employed by the U. T. System may not be employed in any outside work or activity or receive from an outside source any compensation or serve on an outside board until a description of the nature and extent of the employment or activity and the range of any compensation has been approved by the Chancellor.

Your base salary is all inclusive and there are no additional allowances provided for housing or automobile consistent with the Regents' *Rules and Regulations* on compensation for chief administrative officers. Reimbursement will be made for mileage associated with business use of a vehicle in accordance with the latest published Internal Revenue Service guidelines, the State Travel Regulations Act (*Texas Government Code*, Chapter 660) and applicable institutional policies. There is no separate provision for the use of a cellular telephone or other wireless device. Such use shall follow the policy for wireless devices at your institution.

The University of Texas System will also make direct payments for the actual costs of reasonable expenses related to moving and storage, if needed, of household, personal, and professional possessions from Ann Arbor, Michigan to Tyler, Texas. Please contact William O'Donnell, V.P. for Business Affairs at U. T. Tyler before making any arrangements related to relocation.

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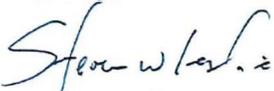
The University will reimburse you for commuting costs incurred by you and your wife including airfare, accommodations, and meals associated with your transition, consistent with IRS guidelines. The University will compensate you for temporary housing costs during the first year of your Presidency prior to the arrival of your family to establish permanent residence.

Information about benefits including health insurance, disability, life insurance and retirement has been transmitted under separate cover.

Some elements in this compensation package will be subject to federal income tax and as such will be subject to withholding and reported on the W-2 form along with base salary paid. You should consult your tax adviser as to the handling of business or other offsetting deductions.

I look forward to the opportunity to work with you as President of The University of Texas at Tyler. If you have any questions, please let me know.

Sincerely,



Steven W. Leslie
Executive Vice Chancellor for Academic Affairs



Accepted: _____ Date: November 11, 2016

SWL/smr

cc: Chancellor William H. McRaven
Randy Wallace, Associate Vice Chancellor – Controller and Chief Budget Officer
William O'Donnell, V.P. for Business Affairs
Francie Frederick, General Counsel to the Board of Regents

4. Other Matters - U. T. Medical Branch - Galveston: Approval of the formation of a not-for-profit, non-operational holding company [Medical Branch Innovations, Inc.] to assist in the development of public-private partnerships to commercialize technology

U. T. Medical Branch - Galveston (UTMB) requests approval of the formation of a not-for-profit, non-operational holding company to assist in the development of public-private partnerships to commercialize technology in furtherance of UTMB's public purpose. Medical Branch Innovations, Inc. (MBI) was formed as a Texas nonprofit corporation in which UTMB is the sole member. Through its formational documents, UTMB has reserved substantial powers to preserve control over the future development of technology and other assets transferred to MBI by UTMB. MBI will serve as a platform under which a variety of collaborations with private parties will be sought to commercialize medical inventions and innovations discovered by UTMB. MBI will also act as a subcontractor of UTMB for The University of Texas Systemwide Virtual Health Network. MBI does not have employees and its Board members and officers are UTMB employees serving in their official capacity as UTMB employees.

Subject to approval by the Vice Chancellor and General Counsel, MBI will also seek an agreement with U. T. System to utilize The University of Texas Investment Management Company (UTIMCO) for the purpose of investing funds consistent with the investment policies of the U. T. System Board of Regents. In addition, Board of Regents' approval for future transactions will be sought in accordance with the Regents' *Rules and Regulations*.