

Meeting No. 1,107

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

Pages 1 - 23

September 12, 2013

Austin, Texas

MEETING NO. 1,107

THURSDAY, SEPTEMBER 12, 2013.--The members of the Board of Regents of The University of Texas System convened this special called meeting at 9:35 a.m. on Thursday, September 12, 2013, in the Board Room on the Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Foster
Vice Chairman Powell
Vice Chairman Hicks
Regent Aliseda
Regent Cranberg
Regent Hall
Regent Hildebrand
Regent Pejovich
Regent Stillwell
Regent Horne, 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.

Chairman Foster welcomed Dr. Raymond S. Greenberg as the new Executive Vice Chancellor for Health Affairs. Chairman Foster also thanked Chancellor Cigarroa, outgoing Executive Vice Chancellor for Health Affairs Dr. Kenneth I. Shine, and all those involved in the search and recruitment process.

AGENDA ITEM

1. U. T. System Board of Regents: Approval of Chairman's recommended Committee Chairmen and Regental Representatives to the Board for Lease of University Lands (Regents' Rules and Regulations, Rule 10402, regarding Committees and Other Appointments)

In accordance with Regents' *Rules and Regulations*, Rule 10402 (Committees and Other Appointments), the Board approved Chairman Foster's recommended appointments of Committee Chairmen and appointments of Regental Representatives to the Board for Lease of University Lands as set forth on the following pages.

Committee membership on all committees is listed below for the record. Chairman Foster asked that if Committee Chairmen desired to appoint a Vice

Chairman to their committee to notify General Counsel to the Board Frederick. All appointments are effective immediately and will remain in effect until new appointments are made.

Committees

Academic Affairs Committee

R. Steven Hicks, Chairman
Ernest Aliseda
Alex M. Cranberg
Brenda Pejovich
Robert L. Stillwell

Audit, Compliance, and Management Review Committee

Brenda Pejovich, Chairman
Wallace L. Hall, Jr.
R. Steven Hicks
Jeffery D. Hildebrand
Robert L. Stillwell

Facilities Planning and Construction Committee

Alex M. Cranberg, Chairman
Ernest Aliseda
R. Steven Hicks
Wm. Eugene Powell
Robert L. Stillwell

Finance and Planning Committee

Jeffery D. Hildebrand, Chairman
Alex M. Cranberg
Wallace L. Hall, Jr.
Brenda Pejovich
Wm. Eugene Powell

Health Affairs Committee

Robert L. Stillwell, Chairman
Ernest Aliseda
Jeffery D. Hildebrand
Brenda Pejovich
Wm. Eugene Powell

Technology Transfer and Research Committee

Wallace L. Hall, Jr., Chairman
Ernest Aliseda
Alex M. Cranberg
R. Steven Hicks
Jeffery D. Hildebrand

Board for Lease of University Lands

Ernest Aliseda
Brenda Pejovich
R. Steven Hicks, alternate

In addition, the following appointments did not require approval but are included for the record:

Regental Representatives

Liaison to Governor's Office on Technology Transfer and Commercialization Issues

Wallace L. Hall, Jr.

M. D. Anderson Services Corporation Board of Directors

Robert L. Stillwell

Special Advisory Committee on the Brackenridge Tract

Jeffery D. Hildebrand
Brenda Pejovich
Wm. Eugene Powell

Special Liaison on South Texas Projects

Wm. Eugene Powell

2. U. T. System Board of Regents: Possible proposed appointments of Regental Representative to the U. T. Austin Intercollegiate Athletics Council for Men and Regental Representative to the U. T. Austin Intercollegiate Athletics Council for Women effective immediately (Deferred)

This item was deferred.

3. U. T. System Board of Regents: Reappointment of Vice Chairman Hicks and appointment of Regent Cranberg and Regent Hildebrand to the Board of Directors of The University of Texas Investment Management Company (UTIMCO) effective immediately

The Board approved Chairman Foster's recommended reappointment of Vice Chairman R. Steven Hicks and appointment of Regent Alex M. Cranberg and Regent Jeffery D. Hildebrand to serve on The University of Texas Investment Management Company (UTIMCO) Board of Directors effective immediately.

Texas Education Code Section 66.08 and Regents' *Rules and Regulations*, Rule 10402, Section 4 require that the U. T. System Board of Regents appoint seven members to the UTIMCO Board of Directors of whom three must be members of the Board of Regents, three must have a substantial background and expertise in investments, and one must be a qualified individual who may be the Chancellor.

4. U. T. Austin: Engineering Education and Research Center – Amendment of the FY 2014-2019 Capital Improvement Program to revise funding; appropriation of funds and authorization of expenditures; and resolution regarding parity debt (Final Board approval)

Chairman Foster called on Executive Vice Chancellor Reyes to introduce the item related to the Engineering Education Research Center at The University of Texas at Austin. Dr. Reyes stated that this was a high priority item for U. T. Austin, and the goal of the building is to advance excellence in engineering education for both undergraduate and graduate students. He said that engineers are critical to the well-being of Texas and to maintaining a vibrant, globally-competitive state economy. The EERC will provide that competitive advantage and help to maintain the Cockrell School of Engineering as a top producer of new talent for the State and the nation. Dr. Reyes also noted that the engineering faculty are some of the most productive members at the University in obtaining funding for research, and collaborate with industry in developing and commercializing new devices. He then introduced President Powers for remarks.

President Powers presented the proposed change in funding of \$55 million from gifts to an additional \$55 million in RSF funding. He said the University had not been able to raise the \$105 million for the matching funds from the Permanent University Fund (PUF). President Powers stated that fundraising would continue, and that he understood the funds had to be raised by 2017. He stated that the University felt confident in its ability to do so, and he emphasized the importance of the project. He said that approval of this item would encourage the growth and health of teaching and research, as well as research expenditures estimated at \$33 million. The project would also allow growth in the undergraduate student body by 1,000 students, and waiting would likely mean increased costs.

Chairman Foster emphasized the importance of the project, and Regent Cranberg expressed appreciation to President Powers and Dean Fenves for their work in trying to achieve a variety of objectives with this project, most notably an increase in the number of undergraduate students in the program. He also recognized the significant involvement of the Engineering Advisory Board, Engineering alumni, and the Board. Regent Cranberg noted plans to add faculty that would not rely upon any tuition increases.

Vice Chairman Powell recognized the efforts to identify funding for this project, and he moved approval of the recommended project. Regent Cranberg seconded the motion, which carried unanimously.

Recommendations for the Engineering Education and Research Center project at U. T. Austin are set forth below.

Project No.: 102-556
 Project Delivery Method: Construction Manager-at-Risk
 Substantial Completion Date: December 2017

Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Gifts	\$ 105,000,000	\$ 50,000,000
	Permanent University Fund Bond Proceeds	\$ 105,000,000	\$105,000,000
	Revenue Financing System Bond Proceeds ¹	\$ 95,000,000	\$150,000,000
	Unexpended Plant Funds ²	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
		<u>\$ 310,000,000</u>	<u>\$310,000,000</u>

Funding Notes: ¹ The proposed Revenue Financing System (RFS) debt is to be repaid from Designated Tuition and Facilities and Administrative cost return earned on sponsored research. To the extent Gifts in excess of \$50 million are raised for the construction of the EERC as described below, the need for RFS funding may be decreased by a corresponding amount.

² Unexpended Plant Funds from construction from various sources including investment income, rental income and indirect cost balances

Investment Metrics: By 2019-2020:

- Increase of 1,000 undergraduate engineering students above the current baseline of the immediate past academic year. New teaching labs will allow innovations in curriculum, improve ability to attract top undergraduate students, and improve graduation rates.
- Increase in interdisciplinary research space, with an estimated annual increase of \$14M in research expenditures.
- Increase the number of faculty from 65 faculty to 74 faculty and from 300 Ph.D. students to 480 Ph.D. students. Double the current level of \$18.3M of annual research expenditure in the Electrical and Computer Engineering Department.

a. amend the FY 2014-2019 Capital Improvement Program (CIP) to revise the project funding to reduce Gift funding by \$55,000,000 and increase Revenue Financing System (RFS) by \$55,000,000;

- b. appropriate and authorize expenditure of an additional \$55,000,000 from RFS Bond Proceeds;
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$55,000,000.

Emphasis Points:

1. Modification of Financing of the EERC as outlined in text above: U. T. Austin is still required to raise a total of \$105 million in philanthropy specifically for either EERC bricks and mortar or Cockrell School of Engineering excellence and scholarships to match PUF. Philanthropy may be accepted either for bricks and mortar or in support of excellence in the Cockrell School of Engineering. If philanthropy is not for bricks and mortar over the next four years, it must be over and above the steady state of philanthropy for the Cockrell School of Engineering.

Note: "Steady state" means the normal philanthropy the Cockrell School receives every year without fundraising efforts for the EERC. This will be determined in consultation with U. T. Austin by the Vice Chancellor for External Relations.

2. If \$105 million in philanthropy is not garnered in gifts and pledges in support of the EERC and the Cockrell School of Engineering by August 2017, PUF will be repaid to the U. T. System by U. T. Austin in an amount equal to the shortfall.
3. Undergraduate enrollment will be increased by 1,000 students over the immediate past academic undergraduate enrollment (Fall 2012), and this will be accomplished by the 2019-2020 academic year.

Note: The baseline enrollment will be the actual enrollment and not adjusted enrollment or reprojected enrollment.

4. An excerpt of the Minutes of a discussion at the January 23, 2013 Board meeting concerning building the EERC is attached as Exhibit A, on Pages 10 - 11.

Debt Service

The \$55,000,000 in additional Revenue Financing System (RFS) debt will be repaid from local funds. Annual debt service on the additional \$55,000,000 RFS debt is expected to be \$3,578,000. The institution's debt service coverage is expected to be at least 1.7 times and average 1.9 times over FY 2014-2019.

Previous Board Actions

On February 5, 2010, the Engineering Education and Research Building project was included in the CIP with a total project cost of \$290,000,000 with funding of \$100,000,000 from Gifts, \$185,000,000 from Revenue Financing System (RFS) Bond Proceeds, and \$5,000,000 from Unexpended Plant Funds.

On April 2, 2010, the Associate Vice Chancellor for Facilities Planning and Construction approved the project renaming to the Engineering Education and Research Center (EERC).

On August 12, 2010, the Board approved \$30,000,000 in PUF on a 2 for 1 match where \$2 of Gifts will be matched by \$1 of PUF and on October 7, 2010, the Chancellor approved the revision in funding to \$30,000,000 in PUF, \$155,000,000 in RFS, \$100,000,000 in Gifts, and \$5,000,000 in Unexpended Plant Funds.

On August 25, 2011, the Chancellor revised the funding to \$105,000,000 from Gifts, \$105,000,000 in PUF, \$75,000,000 in RFS, and \$5,000,000 in Unexpended Plant Funds to reflect the Board's allocation on the same date of \$75,000,000 in PUF funds subject to a 1 for 1 match.

On August 23, 2012, the Board approved an additional \$20,000,000 in RFS funds, and approved conditional design development.

Project Description

This project will replace the obsolete Engineering-Science Building, temporary facilities in the Computer Sciences Annex, and the Academic Annex. The project will provide the University with a new eight-level, approximate 432,794 gross square foot (GSF) engineering facility with an additional approximate 36,243 GSF of renovation and remodel in select areas of Ernest Cockrell, Jr. Hall.

This project will also provide a new 2,850 GSF Material Transfer Center to accommodate a displaced Environmental Health and Safety campus operation for a total of approximately 471,887 GSF of construction.

The EERC is central to achieving the Cockrell School of Engineering's vision to become a global center for technology innovation, engineering education, and entrepreneurship. Through the integration of undergraduate education, and especially project-based learning, interdisciplinary graduate research, and modern collaborative facilities for the Department of Electrical and Computer Engineering, the EERC will bring a new paradigm for engineering education and research to U. T. Austin. This transformative facility is absolutely critical to U. T. Austin's ability to continue to provide excellence in engineering education.

The Cockrell School of Engineering is currently ranked 8th among graduate programs and 11th among undergraduate programs (*U.S. News & World Report*), placing it as one of the highest ranked schools at the University. Peer engineering schools have built significant new education and research facilities over the past decade, making the Cockrell School less competitive in attracting faculty and graduate student talent, delivering quality education to students in engineering, and providing modern laboratory space for sponsored research. To address this competitive disadvantage, the University conducted an extensive strategic planning study for engineering, assessing the current facilities, incorporating the academic strategic plan, and identifying options within the University-wide master plan.

As the first step and highest priority project in the master plan, the EERC will provide urgently needed space to increase research and graduate education for the rapidly changing trends in engineering and technology and provide a high-quality learning environment for undergraduate students with multidisciplinary design and project space. The original design will be modified to increase space for undergraduate education before construction begins. In addition, there will be new facilities for entrepreneurship and commercialization of technology, as well as for outreach and diversity programs to interest K-12 students in engineering. Included in the project are proposal alternates for shell space finish-out of 19,708 GSF of interdisciplinary research laboratories and 5,280 GSF for a network operations center facilitating campus data management and communication services.

The project will be constructed in two separate stages. Stage One will commence December 2013 and encompass partial site utilities, select portions of renovation, and remodel work in Ernest Cockrell, Jr. Hall and the Material Transfer Center with expected completion in December 2014. Stage Two will commence in December 2014 with demolition of the Engineering-Science Building followed by construction of the EERC and the remaining portions of the Ernest Cockrell, Jr. Hall renovation and remodel, reaching operational occupancy in December 2017.

U. T. Austin currently has more than \$35,000,000 in gifts and written pledge commitments and another \$30,000,000 in verbal commitments for the EERC for which written pledge transactions are underway. Over the next four years, additional philanthropic gifts and pledges to achieve a total of \$105,000,000 will still be required to complete the PUF match. New funds designated for construction of the EERC facility will be applied toward the PUF match. Additionally, any new unrestricted funds over and above the School's steady stream of annual philanthropy (averaging \$26,000,000 per year), or funds designated to support students, faculty, programs, research, or equipment in the Cockrell School of Engineering will be counted toward the match. With respect to any gift pledges made in the four-year period of this new funding plan, amounts paid out up to six years, or until August 31, 2023 (for gift pledges made in 2017), will count toward the PUF match. Only irrevocable planned gifts that will be realized by August 31, 2023, will count toward the match. Should enough gifts and pledges not be garnered over four years to achieve \$105,000,000 as defined above, U. T. Austin will reimburse the U. T. System Administration for the PUF dollars that were not matched at the completion of this time period.

Transcription of Chairman's Discussion on TRBs
U. T. System Board of Regents' Meeting
January 23, 2013

U. T. System: Approval of academic institutions' list of projects as submitted to the Texas Legislature for Tuition Revenue Bond funding

U. T. Austin: Engineering Education and Research Center (previously approved by the Board)

Chairman Powell: President Powers, good morning.

President Powers: Good morning.

Chairman Powell: I want to preface these questions and comments. I have seen the engineering building, and you definitely need an engineering building. I have no question about that. The questions I have go back to very early June of 2011. As I remember it, Dean Fenves and you had gone to the Legislature in an attempt to get a TRB at that time of roughly \$100 million, and I'm going to make these in round numbers. No TRBs were granted that Session. The Chancellor and I called and visited with you and said we'd be willing to discuss with the Board \$105 million, and we understood at that time that the funding of this building was to be as follows:

\$105 million of our money given to U. T. Austin to replace the TRB;

\$100 million of RFS money from U. T. Austin; and

\$100 million of donations.

So today, the RFS money has gone away and we're replacing that with TRB money. So my question is if there was \$100 million available in June of 2011, why are we not using that \$100 million of RFS today? Where has that money gone?

President Powers: Well, if we don't get a TRB, that money will go to this project. But if we are going to ask for a TRB, we think this is a project that would do well in the Legislature if the Legislature is going to fund some TRBs. Part of that is from the experience we had last time this project had a great deal of interest among a lot of Legislators. I think it fell through in the end, not on the project but on the problems some of the people from the Legislature. Understand that we had just had a couple of TRBs and not a broader TRB program. So, there are other construction and needs on the campus that the RFS funding could help put forward at an earlier date rather than coming back to the Board for more PUF

funding. So there are needs on the campus. This project is the one that is the furthest along that we've done the most education and frankly, is right now the highest priority project on the campus.

Chairman Powell: My concern was that, and I think you've answered that. If TRBs are not in favor this Session, if you don't get a TRB for this building, you do have the RFS funds available. Where are you in the fundraising for the building?

President Powers: We're about a third; we are in the \$30 some odd million. We have a number of requests out for a lead gift. It is hard to raise money for bricks and mortar and these are difficult times.

Chairman Powell: In talking to the Board previously, the Chancellor and I made the case that the building was badly needed, that you had \$100 million in RFS. If we put up \$100 million, then that would replace your TRB and you would be able to go out and raise the \$100 million. And I just want to be sure that if the TRBs are not granted or you don't get a TRB, you still have the ability to produce this building, because I know it's really important.

President Powers: It's very helpful. Absolutely, absolutely. We've got that available and we can use it. That doesn't mean that if we got a TRB there are other projects and needs both in construction and elsewhere on the campus. This project will go forward when we get the fundraising done, even if the Legislature says we're not going to have any TRBs.

Chairman Powell: Thank you.

President Powers: Thank you, Mr. Chairman.

5. U. T. System: Approval to establish an expanded search advisory committee for the presidential search for the new University of Texas in South Texas

The Board granted an exception to Regents' *Rules and Regulations*, Rule 20201, regarding the presidential selection process, and approved establishment of an expanded search advisory committee for the presidential search for the new University of Texas in South Texas.

Committee membership is as follows:

- (a) Two Regents to be appointed by the Chairman of the Board.
- (b) Two presidents from the U. T. System to be appointed by the Chairman of the Board.
- (c) The Executive Vice Chancellor for Academic Affairs.
- (d) Five faculty members, two from each of the institutions involved and one from the faculty of a health institution identified by the Chancellor. At least four of the faculty members shall have the rank of associate professor or higher. The method of selection for all faculty members shall be determined by the faculty governance of the institutions.
- (e) Three Deans, one from each of the institutions involved and one from a health institution identified by the Chancellor. The academic Deans will be selected by the Deans' Council and the Dean from the health institution will be the Dean of the Medical School.
- (f) Two students, in good academic standing, one from each of the institutions involved. The method of selection shall be determined by the student governance of each institution.
- (g) Two presidents of the alumni associations of the involved institutions.
- (h) Two nonfaculty employees of the institutions involved. The method of selection shall be determined by the staff or employee council of the involved institutions.
- (i) Four representatives of the institutions' external constituencies who have demonstrated a deep interest in and support of the institution, its programs, and its role in community activities to be appointed by the Chairman of the Board.

The change increases the Committee by one Regent, two faculty members, two Deans, one student, one alumni association President, one nonfaculty employee, and two representatives of the institutions' external constituencies.

In June 2013, Governor Rick Perry signed into law Senate Bill 24, which approved the creation of a new University of Texas in South Texas. On July 10, 2013, the Board approved goals and guiding principles for the new University and medical school to be established in the Rio Grande Valley. The new University will combine the resources and assets of The University of Texas at Brownsville and The University of Texas-Pan American and the future South Texas School of Medicine into a single institution that will span the entire Rio Grande Valley.

The new combined university, unlike the individual institutions, will be eligible for participation in the Permanent University Fund. As additional support, the Board of Regents approved \$100 million in funding over the next decade to accelerate the pace of establishing the new school of medicine.

Regents' Rule 20201 establishes the composition of a Presidential Search Advisory Committee's membership and provides direction for the search of a president for an established University of Texas System institution. The expanded committee membership proposed acknowledges the innovative nature of the new U. T. System institution in South Texas and incorporates members of both of the involved institutions and a health institution, as well as the entire region.

6. U. T. Southwestern Medical Center: Honorific naming of Inner Campus Drive in honor of former U.S. Senator Kay Bailey Hutchison and honorific naming of The Plaza in honor of Dr. Donald Seldin

The Board approved the honorific namings of Inner Campus Drive as Senator Kay Bailey Hutchison Drive and The Plaza as the Dr. Donald Seldin Plaza, both at The University of Texas Southwestern Medical Center.

The intra-south campus street, currently designated "Inner Campus Drive," intersects with Harry Hines Boulevard and serves as the vehicular entrance to the Administrative Buildings on the South Campus of U. T. Southwestern Medical Center.

Former U.S. Senator Kay Bailey Hutchison has been instrumental in gathering support for many critical research programs at U. T. Southwestern Medical Center. While a senator, she secured \$81 million in federal funding for campus programs from 2001 to 2010. Senator Hutchison received her Bachelor of Arts degree from The University of Texas at Austin in 1962 at the age of 19 and her Doctor of Jurisprudence from the U. T. Austin School of Law in 1967.

The area currently designated simply as “The Plaza” is a tree-lined area at the edge of Inner Campus Drive that serves as the pedestrian entrance to the Visitor Information Center and the Administrative Buildings on the South Campus of U. T. Southwestern Medical Center. The Plaza serves effectively as the ‘front door’ for the U. T. Southwestern Medical Center campus

Donald Seldin, M.D., has had a great impact in setting the academic course of U. T. Southwestern Medical Center. His foresight drove U. T. Southwestern to universal prominence as an academic medical center. Dr. Seldin is appropriately called a true icon of American academic medicine. He received his Bachelor of Arts degree from New York University and his Doctor of Medicine from Yale University School of Medicine. Dr. Seldin’s residency in Internal Medicine was at New Haven Hospital. He was appointed to the faculty at Yale from 1944 to 1951, when he was recruited to the U. T. Southwestern Medical School. Dr. Seldin was appointed Chairman of Internal Medicine from 1952 to 1988, at which time he became Chairman Emeritus.

RECESS TO EXECUTIVE SESSION.--At 9:52 a.m., Chairman Foster announced a quorum present and said 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 the matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION.--At 3:11 p.m., the Board reconvened in open session.

1. U. T. Austin: Approval to negotiate and execute an interlocal agreement with the City of Austin, Texas, regarding the relocation of Red River Street between 15th Street and Martin Luther King, Jr. Boulevard in Austin, Travis County, Texas, the related exchange of land in and near that current Red River Street segment, and the construction of the relocated road for the new teaching hospital

Vice Chairman Hicks moved that the Board take the following actions on behalf of The University of Texas at Austin:

- a. authorize the completion of negotiations for an interlocal agreement with the City of Austin, Texas, regarding the relocation of Red River Street between 15th Street and Martin Luther King, Jr. Boulevard in Austin, Travis County, Texas, the related exchange of land in and near that current Red River Street segment, and the construction of the relocated road and utilities for the new teaching hospital, on terms in accordance with the parameters discussed in Executive Session; and

- b. authorize the Executive Director of Real Estate to execute the interlocal agreement and all related deeds and other documents, instruments, and agreements, and to take all further actions deemed necessary or advisable to complete the transactions contemplated by the interlocal agreement in accordance with the parameters discussed in Executive Session.

The motion was seconded by Regent Stillwell and carried unanimously.

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

No action was taken on this item.

2b. U. T. System Board of Regents: Discussion regarding legal issues related to matters to be considered by the Select Committee on Transparency in State Agency Operations of the Texas House of Representatives, including discussion with outside counsel

No action was taken on this item.

2c. U. T. Austin: Discussion and appropriate action regarding legal issues related to employee compensation under recruitment or retention programs administered by the Law School Foundation

No action was taken on this item.

2d. U. T. Austin: Discussion with Counsel and possible appropriate action related to legal issues concerning the U.S. Supreme Court ruling in *Fisher v. State of Texas, University of Texas at Austin, et al.*

No action was taken on this item.

3. U. T. M. D. Anderson Cancer Center: Approval of proposed negotiated gifts with potential naming features

Regent Stillwell moved that the Board authorize the President of The University of Texas M. D. Anderson Cancer Center and the Vice Chancellor for External Relations to conduct and/or conclude negotiations necessary to finalize and accept gifts to benefit those institutions with potential naming features consistent with the terms and conditions outlined in Executive Session.

The motion was seconded by Regent Hildebrand and carried unanimously.

- 4a. 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), and U. T. System and institutional employees

No action was taken on this item.

- 4b. U. T. System: Discussion 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), and U. T. System and institutional employees and related personnel aspects of the operating budget for Fiscal Year 2014

See Item 7 below for action taken on related personnel aspects of the Fiscal Year 2014 Operating Budget.

- 4c. U. T. Austin: Discussion regarding compensation of individual Law School employees who received loans or other benefits under recruitment or retention programs administered by the Law School Foundation

No action was taken on this item.

AGENDA ITEM

7. U. T. System: Approval of the personnel aspects of the operating budgets for Fiscal Year 2014 related to Presidents, U. T. System Executive Officers, Chancellor, General Counsel to the Board, and Chief Audit Executive

The Board approved the portions of The University of Texas System Operating Budgets for Fiscal Year 2014 that relate to compensation for the Chancellor, U. T. System Executive Officers, Presidents, General Counsel to the Board, and U. T. System Chief Audit Executive, as recommended and considered during the Executive Sessions held on August 22, 2013 and at this meeting (September 12, 2013), with delegation to the Chancellor to authorize modifications to deferred compensation agreements, with the concurrence of the appropriate Executive Vice Chancellor, consistent with the Board's discussions in Executive Session.

See also the Executive Session item related to the personnel aspects of the U. T. System Operating Budgets (Item 4b above).

Approved salaries for U. T. System Executive Officers and Presidents are set forth on Pages 18 - 22. Salaries for the Presidents were effective September 1, 2013, and Executive Officer salaries were effective September 12, 2013.

THE UNIVERSITY OF TEXAS SYSTEM
Compensation - Executive Officers U. T. System Administration
Approved for Fiscal Year Ending August 31, 2014

	Approved 2013 Rate	Approved 2014 Rate
<u>U. T. SYSTEM ADMINISTRATION</u>		
Chancellor		
<i>Francisco G. Cigarroa</i>		
Salary Rate	\$ 750,000	750,000
One-time Merit	-	112,500
Total Compensation	<u>750,000</u>	<u>862,500</u>
Executive Vice Chancellor for Academic Affairs		
<i>Pedro Reyes</i>		
Salary Rate	\$ 360,900	360,900
Total Compensation	<u>\$ 360,900</u>	<u>360,900</u>
Executive Vice Chancellor for Business Affairs		
<i>Scott C. Kelley</i>		
Salary Rate	\$ 420,900	420,900
Total Compensation	<u>\$ 420,900</u>	<u>420,900</u>
Executive Vice Chancellor for Health Affairs		
<i>Raymond S. Greenberg</i>		
Salary Rate	\$	700,000
Total Compensation	<u>\$ -</u>	<u>700,000</u>
Vice Chancellor for External Relations		
<i>Randa S. Safady</i>		
Salary Rate	\$ 430,746	550,000
Supplement	25,000	-
Total Compensation	<u>\$ 455,746</u>	<u>550,000</u>
Vice Chancellor and General Counsel		
<i>Dan Sharphorn (ad interim)</i>		
Salary Rate	\$ 202,908	215,000
Supplement	100,000	100,000
Total Compensation	<u>\$ 302,908</u>	<u>315,000</u>
Vice Chancellor and Chief Governmental Affairs Officer		
<i>Barry McBee</i>		
Salary Rate	\$ 280,900	280,900
Total Compensation	<u>\$ 280,900</u>	<u>280,900</u>

Annual salary rates for Fiscal Year 2014 effective 9/12/2013, date approved by the Board of Regents.

THE UNIVERSITY OF TEXAS SYSTEM
Compensation - Executive Officers U. T. System Administration
 Approved for Fiscal Year Ending August 31, 2014

	Approved 2013 Rate	Approved 2014 Rate
<u>U. T. SYSTEM ADMINISTRATION (Cont'd)</u>		
Vice Chancellor for Federal Relations		
<i>William Shute</i>		
Salary Rate	\$ 276,500	276,500
Total Compensation	<u>\$ 276,500</u>	<u>276,500</u>
Vice Chancellor for Strategic Management		
<i>Stephanie Huie</i>		
Salary Rate	\$ 265,000	265,000
Total Compensation	<u>\$ 265,000</u>	<u>265,000</u>
Vice Chancellor for Health Affairs		
<i>Amy Shaw Thomas</i>		
Salary Rate	\$ 287,900	287,900
Supplement	56,000	56,000
Total Compensation	<u>\$ 343,900</u>	<u>343,900</u>
Vice Chancellor for Research & Innovation Health Affairs		
<i>Patricia Hurn</i>		
Salary Rate	\$ 285,085	315,000
Total Compensation	<u>285,085</u>	<u>315,000</u>
General Counsel to the Board of Regents		
<i>Francie A. Frederick</i>		
Salary Rate	\$ 420,900	420,900
One-time Merit	-	63,135
Total Compensation	<u>\$ 420,900</u>	<u>484,035</u>
Chief Audit Executive		
<i>Mike Peppers</i>		
Salary Rate	\$ 365,900	365,900
One-time Merit	-	18,295
Total Compensation	<u>\$ 365,900</u>	<u>384,195</u>

Annual salary rates for Fiscal Year 2014 effective 9/12/2013, date approved by the Board of Regents.

THE UNIVERSITY OF TEXAS SYSTEM

Compensation - Academic Institution Presidents

Salary Rates Effective 9.1.2013 for Fiscal Year Ending August 31, 2014

	Approved 2013 Rate	Approved 2014 Rate
<u>ACADEMIC INSTITUTION PRESIDENTS</u>		
U. T. Arlington		
<i>Vistasp M. Karbhari</i>		
Salary Rate	\$ 485,000	485,000
Total Compensation	<u>\$ 485,000</u>	<u>485,000</u>
U. T. Austin		
<i>William C. Powers, Jr.</i>		
Salary Rate	\$ 624,350	624,350
Deferred Compensation ¹	50,000	-
Total Compensation	<u>\$ 674,350</u>	<u>624,350</u>
U. T. Brownsville		
<i>Juliet V. Garcia</i>		
Salary Rate	\$ 311,783	311,783
Deferred Compensation ²	35,000	35,000
Total Compensation	<u>346,783</u>	<u>346,783</u>
U. T. Dallas		
<i>David E. Daniel</i>		
Salary Rate	\$ 514,919	514,919
Deferred Compensation ³	50,000	50,000
Total Compensation	<u>\$ 564,919</u>	<u>564,919</u>
U. T. El Paso		
<i>Diana S. Natalicio</i>		
Salary Rate	\$ 391,755	391,755
Deferred Compensation ³	35,000	35,000
Total Compensation	<u>\$ 426,755</u>	<u>426,755</u>
U. T. Pan American		
<i>Robert S. Nelsen</i>		
Salary Rate	\$ 307,500	307,500
Deferred Compensation ³	25,000	25,000
Total Compensation	<u>\$ 332,500</u>	<u>332,500</u>

Note: Presidents are paid \$65,945 from General Revenue with the difference paid from other institutional fund sources

¹Vests 8/31/2013

²Vests 8/31/2014

³Vests 8/31/2015

THE UNIVERSITY OF TEXAS SYSTEM

Compensation - Academic Institution Presidents

Salary Rates Effective 9.1.2013 for Fiscal Year Ending August 31, 2014

	Approved 2013 Rate	Approved 2014 Rate
<u>ACADEMIC INSTITUTION PRESIDENTS (Continued)</u>		
U. T. Permian Basin		
<i>W. David Watts</i>		
Salary Rate	\$ 310,193	310,193
Deferred Compensation ³	15,000	15,000
Sub-Total Compensation	<u>325,193</u>	<u>325,193</u>
One-time Merit	25,000	-
Total Compensation	<u>\$ 350,193</u>	<u>325,193</u>
U. T. San Antonio		
<i>Ricardo Romo</i>		
Salary Rate	\$ 381,291	381,291
Deferred Compensation ²	25,000	25,000
Total Compensation	<u>\$ 406,291</u>	<u>406,291</u>
U. T. Tyler		
<i>Rodney H. Mabry</i>		
Salary Rate	\$ 355,749	355,749
Deferred Compensation ¹	30,000	-
Sub-Total Compensation	<u>385,749</u>	<u>355,749</u>
One-time Merit	-	30,000
Total Compensation	<u>\$ 385,749</u>	<u>385,749</u>

Note: Presidents are paid \$65,945 from General Revenue with the difference paid from other institutional fund sources

¹Vests 8/31/2013

²Vests 8/31/2014

³Vests 8/31/2015

THE UNIVERSITY OF TEXAS SYSTEM

Compensation - Health Institution Presidents

Salary Rates Effective 9/1/2013 for Fiscal Year Ending August 31, 2014

	Approved 2013 Rate	Approved 2014 Rate
HEALTH INSTITUTION PRESIDENTS		
U. T. Medical Branch - Galveston		
<i>David L. Callender</i>		
Salary Rate	\$ 671,720	671,720
Deferred Compensation ^{1,2}	175,000	200,000
Practice Plan	182,640	182,640
Total Compensation	<u>\$ 1,029,360</u>	<u>1,054,360</u>
U. T. Health Science Center - Houston		
<i>Giuseppe Colasurdo</i>		
Salary Rate	\$ 750,500	750,500
Practice Plan	199,500	199,500
Total Compensation	<u>\$ 950,000</u>	<u>950,000</u>
U. T. Health Science Center - San Antonio		
<i>William Henrich</i>		
Salary Rate	\$ 698,163	698,163
Practice Plan	188,015	188,015
Total Compensation	<u>\$ 886,178</u>	<u>886,178</u>
U. T. Southwestern Medical Center		
<i>Daniel K. Podolsky</i>		
Salary Rate	\$ 944,316	944,316
Deferred Compensation ³	100,000	100,000
Practice Plan	259,239	259,239
Total Compensation	<u>\$ 1,303,555</u>	<u>1,303,555</u>
U. T. M. D. Anderson Cancer Center		
<i>Ronald A. DePinho</i>		
Salary Rate	\$ 1,439,100	1,439,100
Practice Plan	405,900	405,900
Total Compensation	<u>\$ 1,845,000</u>	<u>1,845,000</u>
U. T. Health Science Center - Tyler		
<i>Kirk Calhoun</i>		
Salary Rate	\$ 409,451	409,451
Deferred Compensation ³	150,000	150,000
Practice Plan	105,503	105,503
Total Compensation	<u>\$ 664,954</u>	<u>664,954</u>

Note: All Presidents are paid \$65,945 from General Revenue with the difference paid from other institutional fund sources

¹Vests 8/31/2013

²Recommend New 3-Year Agreement

³Vests 8/31/2015

ADJOURNMENT.--There being no further business, the meeting was adjourned at 3:14 p.m.

/s/ Carol A. Felkel
Secretary to the Board of Regents

September 20, 2013