

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

February 7-8, 2007

Austin, Texas

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/s/Francie A. Frederick
General Counsel to the Board of Regents
March 12, 2007

MINUTES
U. T. System Board of Regents
Academic Affairs Committee
February 7, 2007

The members of the Academic Affairs Committee of the Board of Regents of The University of Texas System convened at 9:40 a.m. on Wednesday, February 7, 2007, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Vice Chairman Krier, presiding
Regent Barnhill
Regent Caven
Regent McHugh

Absent

Regent Craven
Regent Estrada

Also present were Chairman Huffines, Vice Chairman Clements, Regent Haley, Regent Rowling (for Item 10), and General Counsel to the Board Frederick.

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

1. **U. T. Austin: Authorization to establish M.A. and Ph.D. degree programs in Italian Studies**

Committee Meeting Information

Presenter(s): President William C. Powers, Jr., U. T. Austin

Status: Approved with the understanding that the Interim Executive Vice Chancellor for Academic Affairs will certify on behalf of the Board of Regents that relevant Coordinating Board criteria for approval by the Commissioner of Higher Education have been met

Discussion at meeting:

Committee Chairman Krier said Dr. Geri H. Malandra, Interim Executive Vice Chancellor for Academic Affairs, informed her that all the degree program requests before the Committee are within the institutional missions and strategic plans and meet Coordinating Board qualifications.

2. U. T. El Paso: Authorization to establish a Ph.D. degree program in Teaching, Learning and Culture

Committee Meeting Information

Presenter(s): President Diana S. Natalicio, U. T. El Paso

Status: Approved with the understanding that the Interim Executive Vice Chancellor for Academic Affairs will certify on behalf of the Board of Regents that relevant Coordinating Board criteria for approval by the Commissioner of Higher Education have been met

Committee Chairman Krier said Dr. Geri H. Malandra, Interim Executive Vice Chancellor for Academic Affairs, informed her that all the degree program requests before the Committee are within the institutional missions and strategic plans and meet Coordinating Board qualifications.

Vice Chairman Krier said she was impressed with the multicultural, bilingual, urban, and binational focus of the program.

3. U. T. San Antonio: Authorization to establish a Ph.D. degree program in Interdisciplinary Learning and Teaching

Committee Meeting Information

Presenter(s): President Ricardo Romo, U. T. San Antonio

Status: Approved with the understanding that the Interim Executive Vice Chancellor for Academic Affairs will certify on behalf of the Board of Regents that relevant Coordinating Board criteria for approval by the Commissioner of Higher Education have been met

Discussion at meeting:

Committee Chairman Krier said Dr. Geri H. Malandra, Interim Executive Vice Chancellor for Academic Affairs, informed her that all the degree program requests before the Committee are within the institutional missions and strategic plans and meet Coordinating Board qualifications.

President Romo said there is a demand for individuals who have completed this program and Vice Chairman Krier said the opportunity for a job is a pragmatic approach to an academic degree.

4. **U. T. Tyler: Authorization to establish a Ph.D. degree program in Human Resource Development**

Committee Meeting Information

Presenter(s): President Rodney H. Mabry, U. T. Tyler

Status: Approved with the understanding that the Interim Executive Vice Chancellor for Academic Affairs will certify on behalf of the Board of Regents that relevant Coordinating Board criteria for approval by the Commissioner of Higher Education have been met

Committee Chairman Krier said Dr. Geri H. Malandra, Interim Executive Vice Chancellor for Academic Affairs, informed her that all the degree program requests before the Committee are within the institutional missions and strategic plans and meet Coordinating Board qualifications.

In response to questions from Vice Chairman Krier, President Mabry said he was confident funding for the program would be available and that the program will involve collaboration with corporations that could lead to jobs.

5. **U. T. Permian Basin: Request to name streets on the U. T. Permian Basin campus**

Committee Meeting Information

Presenter(s): President W. David Watts, U. T. Permian Basin

Status: Approved

Discussion at meeting:

Regent Barnhill asked if the streets previously had no names and President Watts answered affirmatively and said the names will help emergency personnel know where to go.

6. **U. T. Arlington: Authorization to lease approximately 1.12 acres of land and improvements located at 202 East Border Street, Arlington, Tarrant County, Texas, to the Arlington Business Accelerator, LLC, a Texas limited liability company, for use as a technology transfer and business incubator operated by the tenant; authorization to sublease back from the Arlington Business Accelerator, LLC, 9,421 square feet of space in the improvements for the U. T. Arlington Office of Grants and Contracts; and finding of public purpose**

Committee Meeting Information

Presenter(s): *President James D. Spaniolo, U. T. Arlington*
Status: *Approved*

Discussion at meeting:

Committee Chairman Krier noted that during the presidential search in which President Spaniolo was named, the Chamber of Commerce and City of Arlington were interested in a president who would focus on this issue and she said the lease will foster a good community relationship.

7. **U. T. Arlington: Authorization to ground lease approximately 0.654 of an acre located at 1115 Greek Row Drive, Arlington, Tarrant County, Texas, to Arlington Delta Upsilon Foundation for a term of 30 years with two 10-year renewal options, for construction and operation of a fraternity house; and finding of public purpose**

Committee Meeting Information

Presenter(s): *President James D. Spaniolo, U. T. Arlington; Ms. Florence Mayne, Executive Director of Real Estate*
Status: *Approved with the correction of the name of the tenant from Delta Upsilon Foundation to Arlington Delta Upsilon Foundation*

Discussion at meeting:

Regent Haley said the Greek students are excited about moving forward with the lease and they appreciate the efforts involved.

Ms. Mayne corrected the name of the tenant from Delta Upsilon Foundation to Arlington Delta Upsilon Foundation.

In response to a question by Regent Caven, President Spaniolo said several fraternities and sororities do not have houses and those students either live off campus or in residence halls or houses.

8. U. T. System: (a) Report on restructuring the tuition process for the Bill Archer Center, Washington, D.C., and (b) adoption of an extension program fee

Committee Meeting Information

Presenter(s): Dr. Geri H. Malandra, Interim Executive Vice Chancellor for Academic Affairs; Mr. William H. Shute, Vice Chancellor for Federal Relations

Status: Reported/Approved

Future Action: Health presidents are encouraged to work with students who would like to explore an Archer Center fellowship.

Discussion at meeting:

Dr. Malandra acknowledged the help of U. T. Dallas Associate Provost and Dean of Undergraduate Education Michael Coleman in developing the fee proposal.

Regent Haley thanked Mr. Shute and Dr. Malandra for the financial aid incentives and asked if the program fee will be a flat-rate fee. Interim Executive Vice Chancellor Malandra confirmed the fee will be a program extension (flat) fee and said campuses can waive mandatory fees. Regent Haley encouraged the presidents to do so to make the program more affordable.

In response to a question by Committee Chairman Krier, Mr. Shute said they would like to pursue offering fellowships to health students, and Vice Chairman Krier encouraged the health presidents to work with students who would like to explore an Archer Center fellowship.

9. U. T. System: Report from academic presidents, Interim Executive Vice Chancellor Malandra, and Academic Affairs Committee members on graduation rates

Committee Meeting Information

Presenter(s): President James D. Spaniolo, U. T. Arlington; President William C. Powers, Jr., U. T. Austin; President Juliet V. García, U. T. Brownsville; President Blandina Cárdenas, U. T. Pan American; President Ricardo Romo, U. T. San Antonio; Dr. Geri H. Malandra, Interim Executive Vice Chancellor for Academic Affairs

Status: Reported

Future Action: There will be an opportunity to summarize and share progress on graduation rates at the May 2007 meeting.

Discussion at meeting:

Committee Chairman Krier said the campus presidents who did not have an opportunity to report at the November 2006 meeting would report today.

President Spaniolo said U. T. Arlington recently began flat-rate tuition that offers a rebate to students who complete 28 or more hours and as a result, students are taking more credits per semester. He spoke about a new academic success course required for beginning freshman students who receive lower than a 2.0 grade point average their first semester. President Spaniolo said the impact of this course can be measured to see if these at-risk students are led to greater academic success. Chairman Huffines and Vice Chairman Krier said they look forward to hearing about the results. In response to Regent McHugh's concern that students might be surprised to learn they are not performing well in their first semester, President Spaniolo said U. T. Arlington is improving its orientation to help students get a good start.

President Powers said U. T. Austin is continuing its successful programs in advising, flat-rate tuition, and informing students of cost savings for not taking a fifth or sixth year. He said the campus is focusing on cohorts, freshman interest groups, freshman seminars, and first-year curriculum reform. President Powers noted living on campus helps retention rates, so the focus is on culture and cohort groups. Chairman Huffines asked if there was a waiting list for housing and President Powers responded there is a demand, particularly in the private sector of West campus. Committee Chairman Krier asked for clarification on the correlation between campus housing and graduation rates and President Powers responded that students involved in campus life tend to remain in school longer and students who live in dorms perform better academically.

President García discussed several successful programs and initiatives at U. T. Brownsville measured over the last few years: the Leadership and Mentoring Program (LAMP), the College Assistance Migrant Program (CAMP), the STEAM program for students who need developmental work, Scorpion Scholars for top 10% students, an employment initiative that allows students to work on campus, flat-rate tuition, and the Imagine College! initiative for low income students. Dr. García also encouraged Regents to read the February 2007 issue of The Texas Monthly, which features an article on the faculty research about a correlation between being bilingual and learning chess. In response to a question by Committee Chairman Krier, President García said statistics are not yet available on a required freshman speech course that has been modified to make all the assignments relative to college survival.

President Cárdenas reviewed U. T. Pan American graduation rate data previously distributed to the Regents and discussed an outreach strategy in which freshmen are beginning college with credits. Vice Chairman Krier noted Texas is meeting or exceeding national graduation rates in higher education even though Texas has a higher K-12 dropout rate than the national average.

President Romo focused on U. T. San Antonio's newest initiative, its Office of Graduation Initiatives, which contacts seniors not enrolled in the spring and offers incentives such as financial aid and priority enrollment in classes to encourage these students to return and graduate in four years. Additionally, Dr. Romo discussed a

graduation initiative summit that focuses on the faculty role in helping students graduate on time, and a requirement for students to have semester-by-semester degree plans on file with their academic advisors.

Chairman Huffines said he was impressed with the progress each president has made and the initiative to improve graduation rates has been successful. He noted Governor Perry's proposal on financial aid and Senate funding will likely be tied to graduation rates and said U. T. System schools are ahead of other schools because of the presidents' efforts.

Interim Executive Vice Chancellor Malandra said there will be an opportunity to summarize and share progress on graduation rates at the May 2007 meeting. Committee Chairman Krier said a follow-up report, the tuition innovations report, will be circulated more widely.

Chancellor Yudof welcomed the challenge of performance measures proposed by the Texas Legislature and Governor Perry and said it will bring more money to higher education. He said Dr. Malandra's staff is continuing to look for more refined measures such as students who transfer and graduate from another college and he noted there is no adequate database.

Regent McHugh complimented the presidents for focusing on students, the U. T. System's most precious resource.

10. U. T. System Board of Regents: Update regarding admissions policies of U. T. System academic institutions

Committee Meeting Information

Presenter(s): *Dr. Geri H. Malandra, Interim Executive Vice Chancellor for Academic Affairs*

Status: *Reported*

Future Action: *By May, each academic president, with the exception of U. T. Austin and U. T. Dallas, is to provide Dr. Malandra a preliminary sense of where admission standards could be and this information will be on the Board's Summer or Fall 2007 agenda.*

Discussion at meeting:

Interim Executive Vice Chancellor Malandra said Chairman Huffines requested that admissions standards be increased in the coming year. The goals are to ensure well-prepared students are enrolled to take advantage of new facilities, to increase graduation rates, and to prepare for employment and success after graduation.

Dr. Malandra discussed current admissions requirements and said by May, each academic president, with the exception of U. T. Austin and U. T. Dallas, is to provide a preliminary sense of where admission standards could be and this information will be incorporated in the enrollment management outlines and plans due in Fall 2007.

She said the compact process is also being revised to require documentation on improving graduation rates and development of enrollment management plans, including admission standard revisions.

Chairman Huffines said the Board would like to review admissions requirement data by Summer or Fall 2007, and he asked the presidents to improve and strive for greater excellence in this area. Dr. Malandra noted some of the campuses have already changed their admissions standards.

Regent Caven noted that admission of quality students will help attract professors and research dollars.

Committee Chairman Krier thanked Regent Haley for his contributions to the Academic Affairs Committee meetings during his Board service, saying he has reached out to students and has accomplished the goal of the legislation to appoint a student Regent.

ADJOURNMENT

Committee Chairman Krier adjourned the meeting at 10:40 a.m.

MINUTES
U. T. System Board of Regents
Facilities Planning and Construction Committee
February 7, 2007

The members of the Facilities Planning and Construction Committee of the Board of Regents of The University of Texas System convened at 10:47 a.m. on Wednesday, February 7, 2007, in the Board Meeting Room, 9th Floor, Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Barnhill, presiding
Vice Chairman Clements
Regent Caven
Regent McHugh

Absent

Regent Estrada

Also present were Chairman Huffines, Regent Haley, Regent Rowling, and General Counsel to the Board Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Barnhill called the meeting to order. Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction, then presented a PowerPoint presentation for Items 1 - 18 as set forth on Pages 8 - 37.

1. U. T. System: 2007 Office of Facilities Planning and Construction Strategic Initiatives

Committee Meeting Information

Presenter(s): *Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs; Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction*

Status: *Reported*

Future Action: *Forward to Board a reorganization plan for the Office of Facilities Planning and Construction*

Discussion at meeting:

Executive Vice Chancellor Kelley reviewed the current Capital Improvement Program (CIP) process. He said when the Board approves the projects, 3% is authorized for the initial planning. The 3% can be expanded to 10% with the Chancellor's approval. The second point of approval is the design development in which the Board approves the projects, the budget, and authorizes debt to be issued. The system has been strained at times, so enhancements to the process are reviewed.

Associate Vice Chancellor O'Donnell also reviewed the CIP process. He said the three categories of initiatives are accountability, performance, and the Office of Facilities

Planning and Construction (OFPC) organization. He gave examples of a summary process map for CIP approval, design development approval, the approvals and phases of each project, and the architect/engineer selection process. He recommended that U. T. System institutions define project requirements earlier and in greater detail prior to coming before the Board. OFPC needs to be accountable earlier in the process for this to work. He proposes a checklist to make sure all of the decision-making components have taken place before a project goes before the Board.

Chairman Huffines asked if some project management responsibilities are outsourced and Mr. O'Donnell replied affirmatively. Regent McHugh asked if there is going to be a threshold decision if, for example, a president wants to build a dormitory on campus. Mr. O'Donnell said the scope of a project has to be pushed back a little further, but one of the things that could be done is to decentralize project management. The project managers are deployed to individual campuses, but still report back to OFPC. Project managers become more intimately familiar with the specific issues that a campus is facing. Executive Vice Chancellor Kelley added that identification funding is a key indicator to separate out those projects that are ready to move forward.

Committee Chairman Barnhill commended Mr. O'Donnell for his work, agreeing that decisions made earlier help answer some concerns expressed by the Regents.

Chairman Huffines reiterated there has been concern about scope changes and cost overruns, particularly with the magnitude of the construction budget. He said he is comfortable with this new process and believes the Regents will have a greater degree of confidence that what is approved will not come back to the Board of Regents for scope or cost changes in a short period of time.

Vice Chairman Clements also commented the new process is a huge step forward.

2. **U. T. System: Consideration of possible designation of the University Bookstore project at U. T. El Paso as architecturally or historically significant and selection of architect for the Dell Computer Science Hall project at U. T. Austin**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved as below

Motion: A motion was made, seconded, and carried unanimously to select Pelli Clark Pelli with Susman Tisdale Gayle Architects as the architect for the U. T. Austin Dell Computer Science Hall (formerly Computer Sciences Building).

Future Action: Regent Haley requested assurance that students are involved in the planning process for the U. T. El Paso University Bookstore project.

Discussion at meeting:

Regent Haley said the campus bookstore is important to student life and encouraged the campus to make sure the students are involved in the planning process.

3. **U. T. Arlington: Engineering Lab Building Addition - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to include project**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Barnhill, seconded, and carried unanimously

4. **U. T. Austin: Center for Physical Culture and Sports - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to include project at Darrell K Royal - Texas Memorial Stadium North End Zone; approval of total project cost; appropriation of funds and authorization of expenditure; and approval of naming as the H. J. Lutcher Stark Center for Physical Culture and Sports**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Barnhill, seconded, and carried unanimously

5. **U. T. Austin: 1616 Guadalupe Regional Data Center Study - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to include project; appropriation of funds and authorization of expenditure; and authorization of institutional management**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Barnhill, seconded, and carried unanimously

6. **U. T. Dallas: Major Renovation and Repair Projects - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to include project; authorization of institutional management; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Barnhill, seconded, and carried unanimously

7. **U. T. El Paso: University Bookstore - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to include project**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Barnhill, seconded, and carried unanimously

8. **U. T. San Antonio: Expansion to Parking Lot 12 - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to include project; authorization of institutional management; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Barnhill, seconded, and carried unanimously

9. **U. T. Health Center - Tyler: Campus Electrical Distribution System Upgrade and Expansion - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to include project; approval of total project cost; approval of transfer of funds and authorization of expenditure; authorization of institutional management; and reduction of total project cost for Biomedical Research Wing Addition**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Barnhill, seconded, and carried unanimously

10. **U. T. Austin: Chilling Station Replacement - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to increase total project cost; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Barnhill, seconded, and carried unanimously

11. **U. T. Pan American: Student Health Clinic - Request for approval of design development; approval to revise funding sources; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Barnhill, seconded, and carried unanimously

Discussion at meeting:

Regent Haley said he knows there was a vote on building of the Wellness Center, but asked if there was an independent vote on this building.

Mr. Philip R. Aldridge, Associate Vice Chancellor for Finance, responded this is an existing fee approved by the Board of Regents in February 2006.

12. **U. T. Austin: Experimental Science Building - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to combine projects; approval of total project cost; approval to revise funding sources; approval to redesignate the project as Experimental Science Building/Vivarium/Phase I - Robert A. Welch Hall; and approval to reduce the total project cost for the Robert A. Welch project and redesignate as Phase 2 - Robert A. Welch Hall**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Barnhill, seconded, and carried unanimously

13. **U. T. Permian Basin: Science and Technology Complex - Request for appropriation of funds and authorization of expenditure for renovation portion of the project and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Barnhill, seconded, and carried unanimously

14. **U. T. San Antonio: Engineering Building, Phase II - Request for appropriation of funds and authorization of expenditure and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Barnhill, seconded, and carried unanimously

15. **U. T. Tyler: Completion/Renovation/Expansion of the Engineering, Science and Technology Building - Request for appropriation of funds and authorization of expenditure; authorization of partial institutional management; and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Barnhill, seconded, and carried unanimously

16. U. T. Health Science Center - Houston: Expansion of RAHC Public Health Satellite - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to increase the total project cost and appropriation of funds and authorization of expenditure

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Barnhill, seconded, and carried unanimously

17. U. T. Health Science Center - San Antonio: Cyclotron Addition - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to increase total project cost; approval to revise funding sources; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Barnhill, seconded, and carried unanimously

18. U. T. M. D. Anderson Cancer Center: Bastrop Facility Strategic Plan - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to increase total project cost and appropriation of funds and authorization of expenditure

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Barnhill, seconded, and carried unanimously

ADJOURNMENT

Committee Chairman Barnhill adjourned the meeting at 11:50 a.m.



THE UNIVERSITY OF TEXAS SYSTEM

Agenda Items Included in
FPCC

February 7, 2007

Office of Facilities Planning and Construction



THE UNIVERSITY OF TEXAS SYSTEM

2007 OFPC Strategic
Initiatives

February 7, 2007

Office of Facilities Planning and Construction

The University of Texas System Capital Improvement Program (CIP)

- 2005 CIP for UT System: \$4.1B
- 2006 CIP increased 61%: \$6.6B
- Current CIP consists of 190 projects
- Current Active Projects: 101
- Active Projects Increased from \$3.0B to \$4.0B during 2006
- Project Management Staff deployed: - 16%

3

The University of Texas System Capital Improvement Program (CIP) Present External Environment – *2006 Davis Langdon Construction Industry Market Report:*

- Regionalized 2005 escalation has become pervasive
- Conditions not expected to abate over the next year
- Escalation in 2007 expected in the 8-10% range except Gulf Coast where 12-15% expected
- New construction activity remains high in Texas
- Competition impacted in highly constrained trades
- Regional increases in labor and material prices continuing
- Significant budget pressures with bidders selective
- Bid overages continue to occur
- Increased competition for experienced professional staff

4



OFPC Strategic Initiatives

February 2007 Board of Regents FPCC Presentation

1. Existing systems for approving and managing The University of Texas System Capital Improvement Program are:
 - o Comprehensive
 - o Functioning effectively
2. Improvements are however needed for volatile, high-risk environments:
 - o *Significant growth in CIP*
 - o *Greater project complexity*
 - o *Market volume / escalation*
3. Information Item – Further evaluative and alignment discussions with Institution and System staff required
4. Board of Regents' approvals will be needed for some issues

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OFPC Strategic Initiatives

February 2007 Board of Regents FPCC Presentation

Targeted Initiatives: 3 major categories

- I. Capital Improvement Program Accountability
- II. Capital Improvement Program Performance
- III. OFPC Organization

6



Capital Improvement Program Accountability

February 2007 Board of Regents FPCC Presentation

I. Capital Improvement Program Accountability

- *Enhanced, evaluative project review prior to Board of Regents' approvals*

7



Capital Improvement Program Accountability

February 2007 Board of Regents FPCC Presentation

Major Board of Regents' Approval Points for CIP:

- *CIP Inclusion*
- *Design Development (DD) Approval*

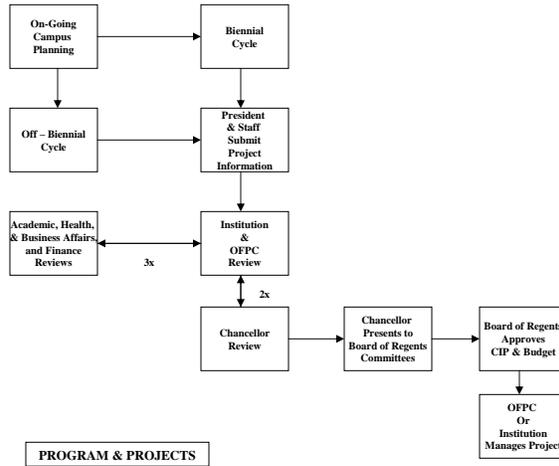
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Capital Improvement Program Accountability

February 2007 Board of Regents FPCC Presentation

CIP Approval – Summary Process Map:



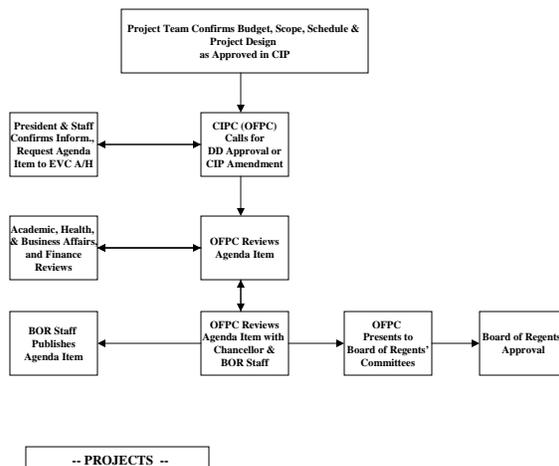
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Capital Improvement Program Accountability

February 2007 Board of Regents FPCC Presentation

Project DD Approval -- Summary Process Map:



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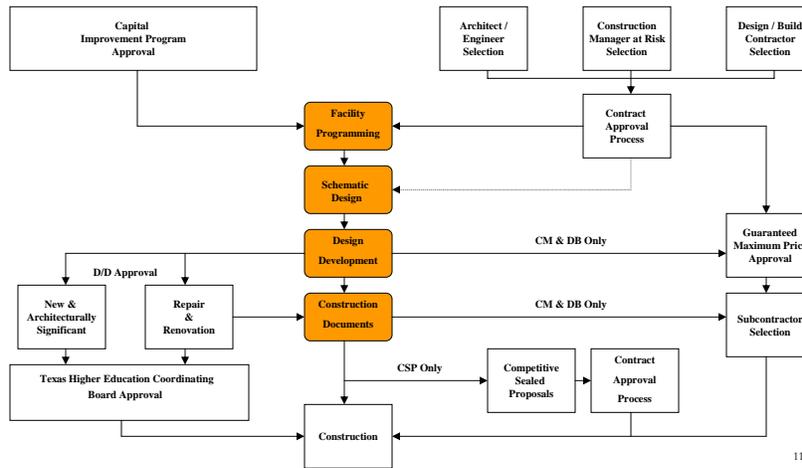


Capital Improvement Program Accountability

February 2007 Board of Regents FPCC Presentation

Project Approvals & Phases

A/E & Contractor Selection



11



Capital Improvement Program Accountability

February 2007 Board of Regents FPCC Presentation

Recommendation:

- Institutions & System define project requirements *earlier & more thoroughly* -- prior to adding to CIP (Front End Loading)
- *Enhanced & accountable* OFPC support – *earlier*
- That a point of project definition be clearly identified, emphasized, and institutionalized:
 - *Increased Program Transparency*
 - *Strategic Program Alignment*
 - *Complete Understanding of the Project - earlier*

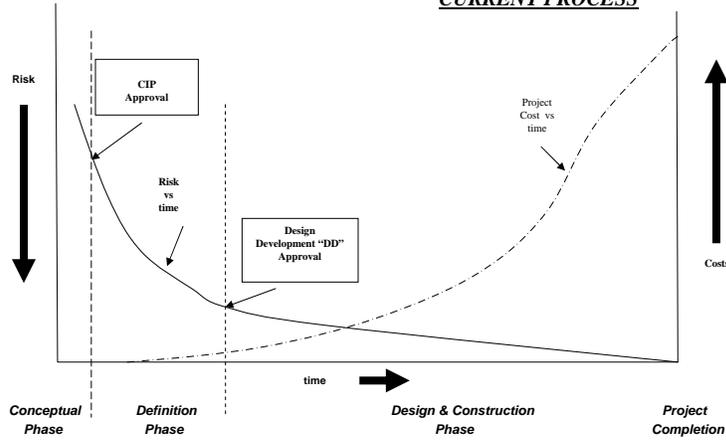
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Capital Improvement Program Accountability

February 2007 Board of Regents FPCC Presentation

3 PROJECT PHASES: CURRENT PROCESS



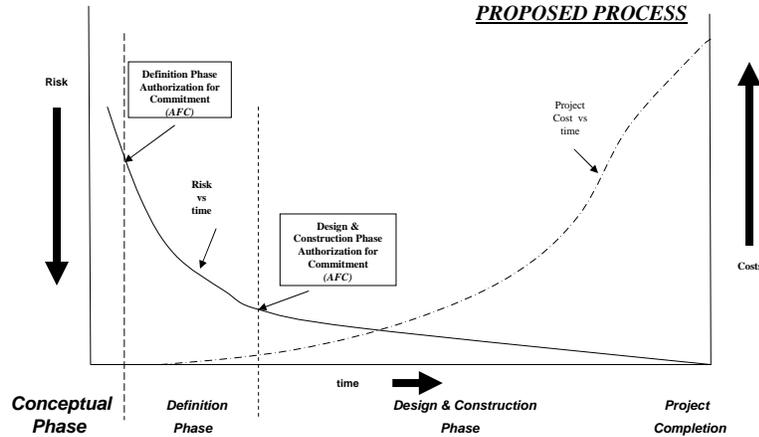
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Capital Improvement Program Accountability

February 2007 Board of Regents FPCC Presentation

3 PROJECT PHASES: PROPOSED PROCESS



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Capital Improvement Program Accountability

February 2007 Board of Regents FPCC Presentation

Conceptual Phase

- Institutional Planning w/Support from OFPC
- Identification of Funds
- Outlines the Parameters of the Project
- Facility Programmatic / Business Outcomes
- Impact Metrics
- Initial Cost / Schedule / Studies / Funding
- Determination Made to Seek Inclusion in CIP

- *Final Activity is Definition Phase AFC -
Preparation by Institution /OFPC*

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Capital Improvement Program Accountability

February 2007 Board of Regents FPCC Presentation

Definition Phase AFC (authorization for commitment):

- Work Planned during Definition Phase
- Project Description
- Facility Programmatic / Business Outcomes
- Impact Metrics
- Initial Cost / Schedule / Funding
- Budget / Schedule / Planned Studies w/
milestones
- Special Issues: funding / donor / zoning /
environmental
- Project Contracting Plan
- *---partial list---*
- Project Manager's Charter

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Capital Improvement Program Accountability

February 2007 Board of Regents FPCC Presentation

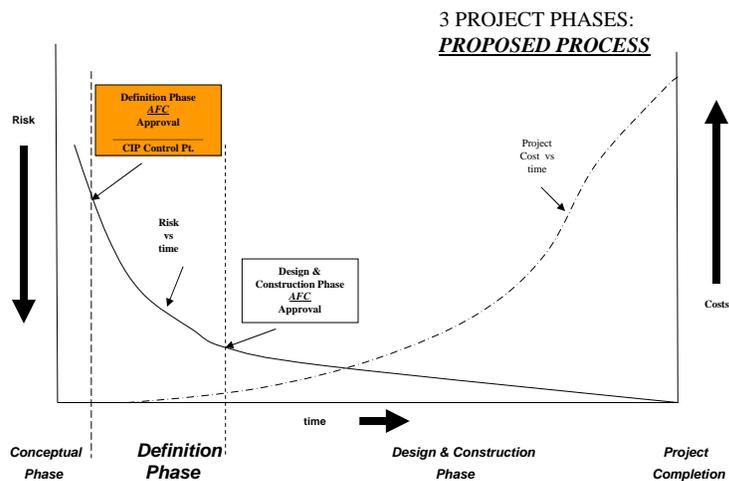
- **Project Manager's Charter:**
 - One-Page Document / Best Practice / PM Accountability
 - Describes:
 - The Project
 - Responsibilities
 - Direct / Support Functions
 - Client Representative
 - Authorities & Limitations
 - Prepared By: Project Manager
 - Approved By: OFPC/Institution/System Management

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Capital Improvement Program Accountability

February 2007 Board of Regents FPCC Committee



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Capital Improvement Program Accountability

February 2007 Board of Regents FPCC Presentation

Definition Phase: Produces a **Project Plan** against which the **Design & Construction Phase** is implemented:

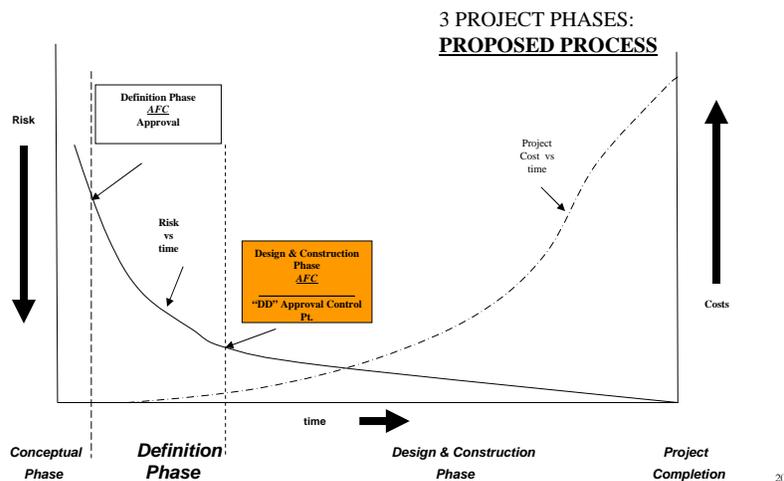
- **Project Manager's Charter** for **Design & Construction Phase**
- Work Scope Description / Design Basis
- Work Breakdown Structure / Control Estimate & Schedule
- Contracting Plan / Labor Requirements / Availability
- Funding Plan / Special Issues
- Facility Programmatic / Business Outcomes
- Impact Metrics
- partial list---
- Final Activity is **Design & Construction Phase AFC**

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Capital Improvement Program Accountability

February 2007 Board of Regents FPCC Committee



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Capital Improvement Program Accountability

February 2007 Board of Regents FPCC Presentation

Present Process:

- Complete Project Definition can lag traditional A/E design processes – issue more volatile in high-risk environments
- More risk of late scope development / impacts
- Increased risk for post-approval augmentations

Enhanced Process:

- Earlier & more complete project vetting
- Increased accountability for performance:
Institution & OFPC
- Increased Program Transparency
- Strategic Program Alignment
- Complete understanding of the project - earlier ²¹



Capital Improvement Program Performance

February 2007 Board of Regents FPCC Presentation

II. Capital Improvement Program Performance

- Formalized Scope Change Management Process
- Increased Cost Estimating Precision – Risk
- Enhanced Project Control / Reporting Systems
- Focused, Concise Project Management Training

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Capital Improvement Program Performance

February 2007 Board of Regents FPCC Presentation

- Scope Change Management Process:
 - A Single Page / Best Practice
 - Purpose: Document & Obtain Approvals for Scope Additions and Deletions w/Estimated Total Costs in Excess of \$25,000 (*approval level varies by cost impact*)
 - Explanation of Change
 - Alternatives Considered
 - Justification: User benefit, safety, schedule improvement, reduction in operating costs, regulatory requirements,...
 - Documents / Areas Affected /Schedule & Budget Impact
 - Approvals: Institution /OFPC/System Management

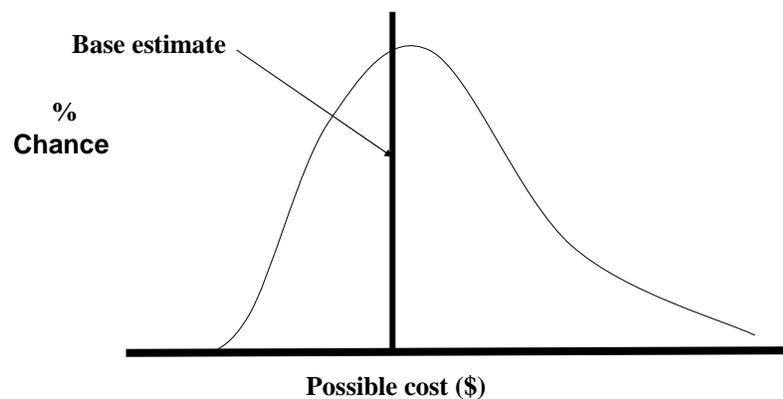
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Capital Improvement Program Performance

February 2007 Board of Regents FPCC Presentation

Estimate Precision:

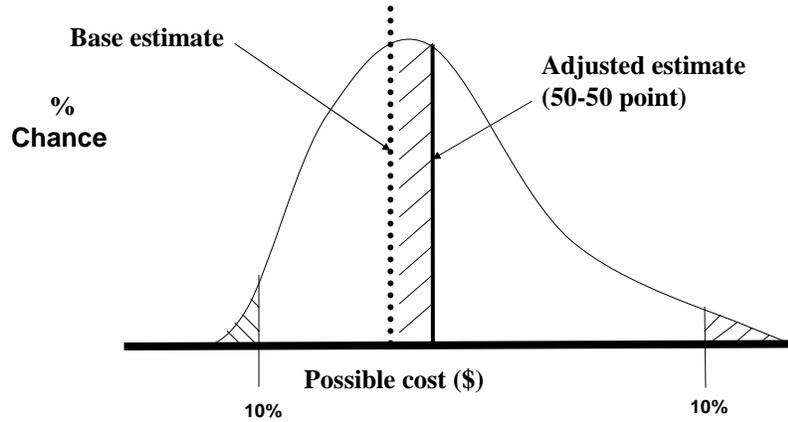


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Capital Improvement Program Performance

February 2007 Board of Regents FPCC Presentation

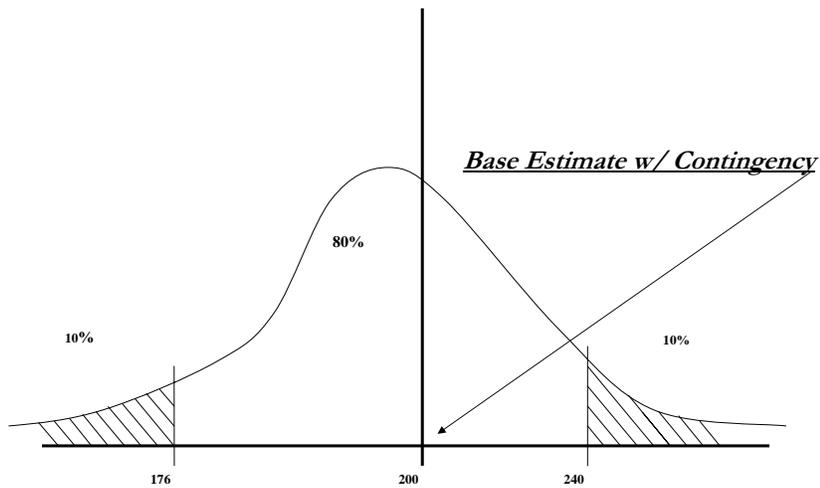


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Capital Improvement Program Performance

February 2007 Board of Regents FPCC Presentation

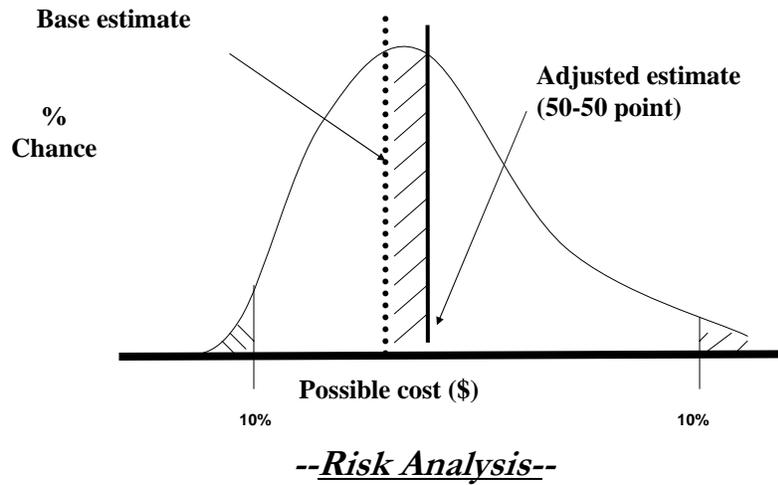


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Capital Improvement Program Performance

February 2007 Board of Regents FPCC Presentation



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Capital Improvement Program Performance

February 2007 Board of Regents FPCC Presentation

Project Control Cycle:

Definition Phase

Initial Project Plan
Definition &
Organization

Design & Construction
Phase

Detailing
&
Budgeting

Status
& Variance
Reporting

Activity
& Progress
Monitoring

Performance
Analysis &
Forecasting

28



Capital Improvement Program Performance

February 2007 Board of Regents FPCC Presentation

Project Management Training:

- **Focused**
- **Concise**
- **Internally Reinforced**
- **Continuously Improved - Externally**

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OFPC Organization

February 2007 Board of Regents FPCC Presentation

III. OFPC Organization:

- **Realignment**
 - **Centralized Program Management**
 - **Decentralized Project Management**
 - **Outsourced Augmentation Model**
 - **Rotation**
- **Retention / Recruitment Model, Career Ladders, Compensation Strategies, Incentives**

30

Consideration of Possible Designation of Project as Architecturally or Historically Significant

- **U. T. El Paso University Bookstore**

31

Consideration to approve the selection of architect for the Dell Computer Science Hall – U. T. Austin

- Project with total project cost of \$67,000,000 approved in May 2006 with a goal to bring all of the University's computer science faculty together in a new building with laboratory and office space; linked to ACES Building and to Taylor Hall
- 8 qualification packages received December 15, 2006
- Qualifications reviewed and short listed to three on January 12, 2007, interviewed on January 31, 2007 and the recommended firm is bolded
 - PGAL associated with Michael Graves & Associates
 - **Pelli Clarke Pelli Architects associated with Susman Tisdale Gayle Architects**
 - Graeber, Simmons & Cowan associated with Lake Flato Architects

32

Consideration of Project Additions to the FY 2006-2011 Capital Improvement Program (CIP)

33



The University of Texas at Arlington Engineering Lab Building Addition

- **Adds 44,640 gross square feet of space (new third floor and basement) to provide needed office and lab space for the College of Engineering**
- **Total Project Cost is \$10,450,000 with funding from Revenue Financing System Bond Proceeds**

Amendment of FY 2006-2011 CIP

34



The University of Texas at Austin Center for Physical Culture and Sports

- **Build-out 7,000 gross square feet of the fifth floor shell space in North End Zone for exhibits on competitive sports, strength training, alternative medicine, other physical fitness subjects, research, administrative, and storage space**
- **Total Project Cost is \$5,500,000 with funding from Gifts**
- **Naming change to H. J. Lutcher Stark Center for Physical Culture and Sports**

Amendment of FY 2006-2011 CIP

35



The University of Texas at Austin 1616 Guadalupe Regional Data Center Study

- **Engineering and architectural study of the facility required to refine the scope and costs of the Data Center project in advance of any consideration by the Board**
- **Total Project Cost is \$500,000 with funding from Unexpended Plant Funds**
- **Campus is requesting institutional management**

Amendment of FY 2006-2011 CIP

36



The University of Texas at Dallas Major Renovation and Repair Projects

- **Project involves roofing repairs, office space remodeling, and traffic improvements**
- **Total Project Cost is \$2,408,000 with funding from Revenue Financing System Bond Proceeds**
- **Campus is requesting institutional management**

Amendment of FY 2006-2011 CIP

37



The University of Texas at El Paso University Bookstore

- **Project involves a 25,000 GSF building located on the corner of Sun Bowl Drive and University Avenue**
- **Total Project Cost is \$5,500,000 with funding from Revenue Financing System Bond Proceeds**

Amendment of FY 2006-2011 CIP

38



The University of Texas at San Antonio Expansion of Parking Lot 12

- **Project will add 300 spaces to existing 220 space Lot 12 located on the western portion of the campus it will also include additional lighting, sidewalks, and retention basins for storm water pollution prevention**
- **Total Project Cost is \$1,500,000 with funding from Revenue Financing System Bond Proceeds**
- **Campus is requesting institutional management**

Amendment of FY 2006-2011 CIP

39



The University of Texas Health Center - Tyler Upgrade and Expansion for Campus Electrical Distribution System

- **Project improves power reliability, redundancy, and safety to the Biomedical Research Wing Addition and entire campus**
- **Total Project Cost is \$950,000 with funding \$460,000 from PUF LERR Funding and \$490,000 from Tuition Revenue Bond Proceeds**

Amendment of FY 2006-2011 CIP

40

CIP Additions

• Six Academic projects	\$25,858,000
• One Health project	<u>\$ 950,000</u>
Total change in CIP Additions	\$26,808,000

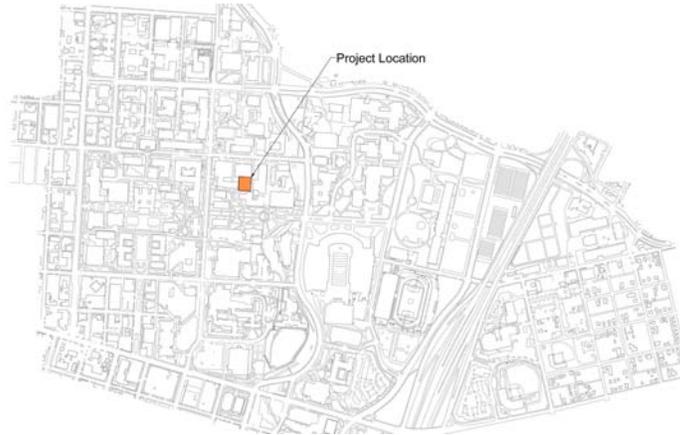
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Consideration of Design Development Approval

42



University of Texas at Austin Chilling Station Replacement



**Chilling Station Replacement
Campus Plan**

43



**Chilling Station Replacement
Site Plan**

44



**Chilling Station Replacement
Aerial View from the Southwest**

45



**Chilling Station Replacement
View from the Southwest Corner**

46

Estimated Economic Impact

The University of Texas at Austin Chilling Station Replacement

Total project cost: \$37,700,000*

- Construction economic impact \$ 67,860,000
- 10-year earnings economic impact \$ 0

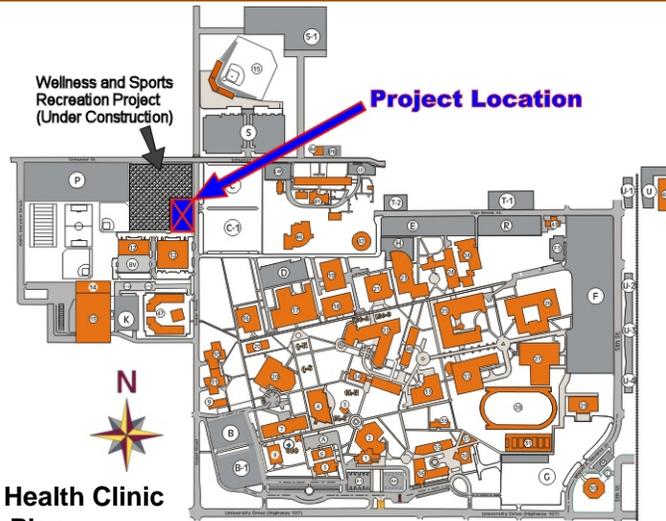
Total estimated economic impact \$ 67,860,000
(first 10 years of operation)

* Includes an increase in Total Project Cost of \$2,700,000

47



University of Texas - Pan American Student Health Clinic



Student Health Clinic
Campus Plan

48



**Student Health Clinic
View From the East**

49



**Student Health Clinic
Site Plan**

50



**Student Health Clinic
View From the Interior Lobby**

51

Estimated Economic Impact

The University of Texas – Pan American Student Health Clinic

Total project cost: \$1,500,000

- **Construction economic impact** \$ 2,700,000
- **10-year earnings economic impact** \$ 4,137,600

Total estimated economic impact \$ 6,837,600
(first 10 years of operation)

52



The University of Texas at Austin Experimental Science Building/Vivarium/Phase I – Robert A. Welch Hall

- Scope – Combining three projects will take advantage of various schedule and cost benefits
- Notice to Proceed – TBD
- Substantial Completion - TBD
- Action – Request that the Experimental Science Building, Vivarium project and part of Robert A. Welch Hall be combined into two projects, designated the Experimental Science Building/Vivarium/Phase I – Robert A. Welch Hall with a total project cost of \$175,000,000 and Phase 2 – Robert A. Welch with a total project cost of \$25,000,000
- Justification – Increase in programmatic and scheduling synergies



53

Combining Projects



The University of Texas of the Permian Basin Science and Technology Complex

- Scope – To allow the start of renovations to the Mesa Building and the Industrial Technology Building
- Notice to Proceed – May 15, 2007
- Substantial Completion – May 23, 2008
- Action – Request partial appropriation of funding and authorization of expenditure and resolution regarding parity debt of \$4,000,000 from Tuition Revenue Bond Proceeds and \$2,000,000 from Permanent University Bond Proceeds for a total of \$6,000,000
- Justification – To start the repair and renovation portion of this project to make way for the new construction phase (Total TPC \$56,000,000)



54

Appropriation of Funds



The University of Texas at San Antonio Engineering Building, Phase II

- Scope – To start the 150,000 gross square feet of research and teaching labs, classrooms, conference space, office space, and support, which will be adjacent to Phase I
- Notice to Proceed – June 1, 2007
- Substantial Completion – May 1, 2009
- Action – Request appropriation of funding and authorization of expenditure and resolution regarding parity debt of \$74,250,000 from Tuition Revenue Bond Proceeds and \$8,250,000 from Permanent University Fund Bond Proceeds for a total project cost of \$82,500,000
- Justification – Project Design Development was approved in May 2005



55

Appropriation of Funds



The University of Texas at Tyler Completion/Renovation/Expansion of the Engineering Science and Technology Building

- Scope – Includes six projects - renovation of old Engineering, 1st floor, Science/Math/HPR renovation, Art Studio renovation, Completion of ESTB, renovation of University Center and Campus access & safety improvements
- CIP – August 11, 2006
- Substantial Completion -TBD
- Action – Request appropriation of funds and authorization of expenditure; authorization of partial institutional management; and resolution regarding parity debt for \$43,200,000 from Tuition Revenue Bond Proceeds and \$4,800,000 from Permanent University Fund Bond Proceeds for a total project cost of \$48,000,000
- Justification – Appropriation of funds so that project can start



56

Appropriation of Funds



The University of Texas Health Science Center - Houston Expansion of RAHC Public Health Satellite

- Scope – Project located on The University of Texas at Brownsville campus which consists of 7,600 gross square feet of build – out and new square footage to include a BSL - 3 area
- CIP – August 7, 2003
- Design Development – May 11, 2006
- Substantial Completion - TBD
- Action – Request increase of \$1,200,000 from Unexpended Plant Funds for a total project cost increase from \$3,000,000 to \$4,200,000
- Justification – Increase in total project cost to cover escalating construction costs



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Increase Total Project Cost



The University of Texas Health Science Center - San Antonio Cyclotron Addition

- Scope – Project will add 3,000 gross square feet to the Robert F. McDermott Clinical Science Building to house a state-of-the-art dual beam negative ion cyclotron
- Notice to Proceed – February 8, 2007
- Substantial Completion – August 17, 2007
- Action – Request increase of \$1,400,000 from Revenue Financing System Bond Proceeds for a total project cost increase from \$3,000,000 to \$4,400,000
- Justification – Increase in total project cost to cover escalating construction costs



58

Increase Total Project Cost



The University of Texas M. D. Anderson Cancer Center Bastrop Facility Strategic Plan

- **Scope** – Project is to complete build – out of the Bastrop Research and Education Building of 33,280 gross square feet
- Notice to Proceed – TBD
- Substantial Completion - TDB



- **Action** – Request increase of \$17,000,000 from Hospital Revenues for a total project cost increase from \$33,000,000 to \$50,000,000
- **Justification** – Increase in total project cost is to cover scope changes and price escalation

59

Increase Total Project Cost

CIP Changes as Presented by Campus

• UT Austin	\$ 2,700,000 ¹
• UT HSC Houston	\$ 1,200,000 ¹
• UT HSC San Antonio	\$ 1,400,000 ¹
• UT M. D. Anderson Cancer Center	<u>\$ 17,000,000 ²</u>
Change in 2006-2011 CIP	\$ 22,300,000
 CIP Additions	 <u>\$ 26,808,000</u>
 Total change in 2006-2011 CIP	 \$ 49,108,000

This represents a 0.74% increase for a total of \$6.72 billion

¹ - Price Escalation

² - Price Escalation / Scope Development

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MINUTES
U. T. System Board of Regents
Health Affairs Committee
February 7, 2007

The members of the Health Affairs Committee of the Board of Regents of The University of Texas System convened at 11:55 a.m. on Wednesday, February 7, 2007, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Vice Chairman Clements, presiding
Vice Chairman Krier
Regent Caven
Regent Rowling

Absent

Regent Craven

Also present were Chairman Huffines (for Items 6 and 7), Regent Barnhill, Regent Haley, Regent McHugh (for Items 2-7), and General Counsel to the Board Frederick.

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

1. U. T. Southwestern Medical Center - Dallas: Request to approve revised Mission Statement

Committee Meeting Information

Presenter(s): Kern Wildenthal, M.D., President, U. T. Southwestern Medical Center – Dallas

Status: Approved

Motion: Made, seconded, and carried unanimously

2. U. T. Southwestern Medical Center - Dallas: Authorization to purchase approximately 1.549 acres improved with a building located at 5641 Medical Center Drive, Dallas, Dallas County, Texas, from Ronald McDonald House of Dallas Family Assistance Foundation, a Texas nonprofit corporation, for a purchase price of \$3.2 million, for future use as the site for the main entrance to the U. T. Southwestern University Hospital - St. Paul campus; authorization to lease back the property to Ronald McDonald House of Dallas Family Assistance Foundation, for a term not to exceed three years; finding of public purpose; and resolution regarding parity debt

Committee Meeting Information

Presenter(s): Kern Wildenthal, M.D., President, U. T. Southwestern Medical Center – Dallas;

Ms. Florence Mayne, Executive Director of Real Estate

Status: Approved

Motion: Made, seconded, and carried unanimously

Discussion at meeting:

The following is a discussion for Items 2 and 3.

Executive Director Mayne noted that the correct name of Ronald McDonald House of Dallas, Inc., is Ronald McDonald House of Dallas Family Assistance Foundation. Vice Chairman Clements asked if the Family Assistance Foundation is the group that has been running the program and President Wildenthal answered yes, that is the legal name.

Regent Rowling asked if there was only one appraisal obtained and Ms. Mayne replied affirmatively. She said the requirement for two appraisals comes from the Texas Higher Education Coordinating Board whenever purchases are over \$300,000. Both of these properties are within a legislatively approved acquisition zone that was authorized by the legislature several years ago. The U. T. System's rules only require one appraisal, thus only one appraisal was obtained. Regent Rowling remarked the cost is high for this property and President Wildenthal replied that unfortunately, expansion in that area has driven up prices, costing more to acquire land now than it did 5 or 10 years ago. Ms. Mayne added the appraisals were given a value of about \$12 per square foot for the Ronald McDonald site and \$7.50 for the convent. The appraiser then had to use the cost approach on the improvements because of the odd nature of the improvements.

- 3. U. T. Southwestern Medical Center - Dallas: Authorization to purchase approximately 0.651 of an acre improved with a building located at 1942 Chattanooga Place, Dallas, Dallas County, Texas, from Ronald McDonald House of Dallas Family Assistance Foundation, a Texas nonprofit corporation, for a purchase price of \$810,000 for future expansion of U. T. Southwestern University Hospitals; and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Kern Wildenthal, M.D., President, U. T. Southwestern Medical Center – Dallas;
Ms. Florence Mayne, Executive Director of Real Estate

Status: Approved

Motion: Made, seconded, and carried unanimously

4. **U. T. M. D. Anderson Cancer Center: Authorization to purchase approximately 28.8008 acres of unimproved real property located at the southeast corner of Corder Street and the I. & G.N.R.R. Co. railway line, Houston, Harris County, Texas, and undivided interests in Lots 3 and 4, Block 38, Institute Place Subdivision, Lot 7, Block 11, Institute Place Subdivision, and Lot 2, Block 23, Institute Place Subdivision, Houston, Harris County, Texas, from Institute Place Partners, Ltd., a Texas limited partnership, for a purchase price not to exceed fair market value as established by independent appraisals for future use as a location for buildings for campus administrative and support functions**

Committee Meeting Information

Presenter(s): John Mendelsohn, M.D., President, U. T. M. D. Anderson Cancer Center;
Ms. Florence Mayne, Executive Director of Real Estate

Status: Approved

Motion: Made by Regent Caven, seconded by Regent Rowling, and carried unanimously

Discussion at meeting:

The following is a discussion for Items 4 and 5.

Vice Chairman Clements asked how far away the property is from campus and President Mendelsohn replied it is about two blocks.

Vice Chairman Clements asked about relocating administrative and support staff. President Mendelsohn replied some administrative functions might be located at the hospital but the most active administrative functions will be placed in the mid-campus between the Research Park and the main Texas Medical Center.

Ms. Mayne added the purchase price per square foot is \$28.

5. **U. T. M. D. Anderson Cancer Center: Authorization to purchase approximately 2.2497 acres described as Blocks 24 and 25, Institute Place Subdivision, Houston, Harris County, Texas, and improvements located thereon from Hepburn Estates, L.P., a Texas limited partnership, for a purchase price not to exceed fair market value as established by independent appraisals for future use as a location for buildings for campus administrative and support functions**

Committee Meeting Information

Presenter(s): John Mendelsohn, M.D., President, U. T. M. D. Anderson Cancer Center;
Ms. Florence Mayne, Executive Director of Real Estate

Status: Approved

Motion: : Made by Regent Caven, seconded by Regent Rowling, and carried unanimously

Discussion at meeting:

Ms. Mayne added the purchase price per square foot is \$47.

6. U. T. System: Quarterly report on health issues by Executive Vice Chancellor Shine

Committee Meeting Information

Presenter(s): *Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs*

Status: *Reported*

Discussion at meeting:

Executive Vice Chancellor Shine reported on the following activities.

U. T. M. D. Anderson Cancer Center President John Mendelsohn, M.D., had an opportunity to give a speech about initiatives in cancer research led by Ms. Cathy Bonner and Mr. John Sharp who are interested in moving the agenda of cancer research around a statewide initiative in which they proposed a \$3 billion investment over 10 years. He is impressed by the speed with which many organizations including the Lance Armstrong Foundation and the Susan G. Komen Breast Cancer Foundation have mobilized behind this effort. He credited Dr. Mendelsohn for moving this agenda forward at a time when California and New York have been putting major State investments into research.

Joseph McCormick, M.D., Dean of the School of Public Health, Regional Academic Health Center (RAHC) at Brownsville and the Chancellor's Health Fellow in Public Health, formed a steering committee to move the U. T. System forward in the area of public health. This group has articulated a plan to provide leadership for wellness as a major goal and objective of the U. T. System. He mentioned the Wellness Symposium scheduled for March 19 - 20 on the U. T. Austin campus to address various aspects of wellness. Chancellor's Health Fellow, Sharon Martin, M.Ed., MT (ASCP) SC, has presented information on efforts of U. T. M. D. Anderson Cancer Center to reduce ventilator infections and cardiac arrests and she has put together over the last year and a half a consortium of intensive care units around U. T. System. She, along with the directors of those intensive care units, have organized the first-ever clinical study of a large number of patients in intensive care units. Dr. Shine said this study is an example of how U. T. System can network and use its resources for larger programs that otherwise would not be possible.

Dr. Shine reported on the U. T. System Science and Technology Acquisition and Retention (STARs) Program, which is designed to recruit individuals who are members of national academies. A committee consisting of two Nobel Laureates, three members of the national academies, and a member of the Institute of Medicine, have in the last year funded 9 out of 10 applicants. Dr Shine said the STARs funds are intended for a higher standard of applicant.

He said the Regents have raised questions about ethics and health care and in response, the U. T. campuses have formed an ethics consortium to review ethics in terms of curriculum, research opportunities, and networking for educational purposes.

7. U. T. Southwestern Medical Center - Dallas: Presentation on approaches to research facilities

Committee Meeting Information

Presenter(s): Kern Wildenthal, M.D., President, U. T. Southwestern Medical Center – Dallas; Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs

Status: Reported

Future Action: Regent McHugh encouraged presidents and others to address issues raised in President Wildenthal's analysis of research space. Dr. Willerson suggested an editorial be submitted to the Austin American-Statesman.

Discussion at meeting:

Dr. Shine said the Regents have been supportive of providing funds for construction and for the health institutions, much of which is committed to research activities. He said he asked President Wildenthal to provide his perspective on the acquisition of research space, how it is used, and the relationship of that space to faculty and to research funding. Dr. Shine noted there are significant shortages if U. T. is going to be competitive on the national and international scale.

President Wildenthal said his belief is that research space is essential for moving forward in improvement and retention of top-ranked faculty to emerge as a top-tier institution. He then walked the Regents through data and statistics included in the Agenda materials (Pages 33-46 of Volume 2 of the Agenda Book).

Regent Barnhill asked if there was an explanation about dollars allocated for research space at the University of Colorado. Dr. Wildenthal replied that Colorado had stopped building until they could move to their new campus, which would be larger.

Executive Vice Chancellor Shine emphasized the importance of funding sources and the need for space to attract a high level of faculty who are likely to bring research funding to the institution.

Chairman Huffines noted one observation on Page 36 of Volume 2 of the Agenda Book. He said total State appropriations on a constant basis are about flat and on academics are probably down. He asked President Wildenthal for observations on that and Dr. Wildenthal replied that enrollment growth is never going to be an enormous part of the health institutions' needs for extra space, and most of the formula funding for all institutions is enrollment-driven. He believes that if the State embraces the idea that research plays a major role, the formulas will have to change or find some sort of mechanisms such as programs for investments in cancer

research and other special items. As long as the State looks at trying to maintain funding with enrollment growth, the health institutions will never be financed significantly. Chairman Huffines said he thinks it emphasizes the important role mentioned by Dr. Shine of the Permanent University Fund (PUF) money and U. T. System Science and Technology Acquisition and Retention (STARs) Program to accelerate competition for the U. T. System. President Wildenthal said because enrollment is such a small part of the institutional budget, tuition flexibility will not be sufficient to transform U. T. Southwestern Medical Center - Dallas. Dr. Shine added that the other implication is special items that provide funding for programs for certain kinds of facilities that do not have a high density of students become rather important as opposed to only tuition increases.

Regent McHugh encouraged Dr. Shine, the presidents, and members of the Board to accelerate the process of addressing the issues that Dr. Wildenthal has raised.

Dr. Shine reminded the Committee to visit the Code Red Report online (Codedredtexas.org) for related legislation.

John Mendelsohn, M.D., President, U. T. M. D. Anderson Cancer Center, thanked Dr. Wildenthal for the analysis and spoke about the impact of universities in health care and research that will improve health, and he noted the economic impact.

Dr. Shine said he would provide President Mendelsohn with a copy of the recent state-by-state analysis of the impact of medical schools on the economy of the state. U. T. institutions turned out to be 5th in terms of total amount of money.

James T. Willerson, M.D., President, U. T. Health Science Center - Houston, suggested an editorial be submitted to the Austin American-Statesman and other major papers around the state. Vice Chairman Clements agreed.

ADJOURNMENT

Committee Chairman Clements adjourned the meeting at 12:48 p.m.

MINUTES
U. T. System Board of Regents
Finance and Planning Committee
February 7, 2007

The members of the Finance and Planning Committee of the Board of Regents of The University of Texas System convened at 1:15 p.m. on Wednesday, February 7, 2007, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Rowling, presiding
Vice Chairman Krier
Regent Barnhill
Regent Caven
Regent McHugh

Also present were Chairman Huffines (for Items 3-7), Vice Chairman Clements, Regent Haley, and General Counsel to the Board Frederick.

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

1. **U. T. System: Discussion and appropriate action related to approval of Docket No. 129**

Committee Meeting Information

Presenter(s): *Committee Chairman Rowling*
Status: *Discussed*

2. **U. T. System: Report on the Analysis of Financial Condition for Fiscal Year 2006**

Committee Meeting Information

Presenter(s): *Mr. Randy Wallace, Associate Vice Chancellor, Controller and Chief Budget Officer*
Status: *Reported*

Discussion at meeting:

Committee Chairman Rowling asked if the decline in the Composite Financial Index (CFI) for all the institutions except U. T. Tyler, U. T. M. D. Anderson Cancer Center, and U. T. Health Center - Tyler was a cause for concern. Mr. Wallace said the CFI is one factor in how institutions are rated and Dr. Scott C. Kelley, Executive

Vice Chancellor for Business Affairs, said trends are reviewed and watched over time, but the overall decline is not a cause for concern. Regent Rowling asked if the CFI was an accurate indicator since the balance sheet is strong and Dr. Kelley responded the combined assets of the U. T. System provide protection for the institutions.

3. U. T. System: Key Financial Indicators Report and Monthly Financial Report

Committee Meeting Information

Presenter(s): *Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs*

Status: *Reported*

Discussion at meeting:

Chairman Huffines asked why U. T. San Antonio was so far ahead of its budget and Executive Vice Chancellor Kelley responded that a significant surplus was budgeted this year. Mr. Randy Wallace, Associate Vice Chancellor, Controller and Chief Budget Officer, added that a positive margin is projected for FY 2007, primarily due to receipt of a large gift.

In response to a question by Regent Barnhill, Dr. Kelley said utility expenses will be at or under budget due to a reduction in rates and to conservation measures, and the utility budget will be expanded for FY 2007 to include new buildings. Chancellor Yudof remarked that depreciation and amortization expenses will increase with the addition of new buildings.

Committee Chairman Rowling noted a difference in the graphs from previous months due to audit adjustments related to the Permanent University Fund (PUF). He said detailed information on the institutions can be found in the Monthly Financial Report and complimented President Kirk Aquilla Calhoun for U. T. Health Center - Tyler's improvement from "unsatisfactory" to "watch."

Dr. Kelley said he would like to see how comparable institutions are reporting and based on that information, the Key Financial Indicators Report may be restated.

4. U. T. System Board of Regents: Adoption of Seventeenth Supplemental Resolution authorizing Revenue Financing System Bonds in an amount not to exceed \$500,000,000; authorization to complete all related transactions; and resolution regarding parity debt

Committee Meeting Information

Presenter(s): Mr. Philip R. Aldridge, Associate Vice Chancellor for Finance

Status: Approved

Motion: Made by Regent McHugh, seconded by Vice Chairman Krier, and carried unanimously

Discussion at meeting:

Committee Chairman Rowling complimented Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, and Mr. Aldridge for their timing and the resulting cost savings. Dr. Kelley remarked on the speed with which the U. T. System is able to act by having advance approval for debt financing.

Chancellor Yudof noted the Office of Finance saved more money last year than the total U. T. System general revenue budget.

5. U. T. System: Approval of additional aggregate amount of \$18,160,000 of Revenue Financing System Equipment Financing for Fiscal Year 2007 and resolution regarding parity debt

Committee Meeting Information

Presenter(s): Mr. Philip R. Aldridge, Associate Vice Chancellor for Finance

Status: Approved

Motion: Made by Regent Barnhill, seconded by Regent Caven, and carried unanimously

6. U. T. System Board of Regents: Investment Reports for the fiscal quarter ended November 30, 2006, and The University of Texas Investment Management Company (UTIMCO) Performance Summary Report

Committee Meeting Information

Presenter(s): Ms. Cathy Iberg, Interim President, Chief Executive Officer, and Chief Investment Officer, UTIMCO

Status: Reported

Discussion at meeting:

Ms. Iberg provided updates through December 2006.

Chairman Huffines asked if the underperformance in the last two years was caused by the collar/spread added last year and Ms. Iberg responded affirmatively.

Chancellor Yudof remarked on the positive performance of the Intermediate Term Fund (ITF). Regent Caven complimented Ms. Iberg on managing The University of Texas Investment Management Company (UTIMCO) staff and funds and said taking more risk has resulted in greater returns. Committee Chairman Rowling also complimented Ms. Iberg for management of the funds totaling \$21-22 billion.

7. U. T. System: Report on the Fiscal Year 2006 Annual Financial Report including the report on the U. T. System Financial Statement Audit performed by Deloitte & Touche LLP

Note: See Minutes of the joint meeting of the Audit, Compliance, and Management Review Committee and the Finance and Planning Committee for discussion of this item.

ADJOURNMENT

Committee Chairman Rowling adjourned the meeting at 1:55 p.m.

MINUTES
U. T. System Board of Regents
Joint Meeting of the Audit, Compliance, and Management Review Committee
and the Finance and Planning Committee
February 7, 2007

The members of the Audit, Compliance, and Management Review Committee and the Finance and Planning Committee of the Board of Regents of The University of Texas System convened at 2:00 p.m. on Wednesday, February 7, 2007, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Rowling, presiding
Vice Chairman Clements
Vice Chairman Krier
Regent Barnhill
Regent Caven
Regent McHugh

Absent

Regent Estrada
Regent Craven

Also present were Chairman Huffines, Regent Haley, and General Counsel to the Board Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Finance and Planning Committee Chairman Rowling called the joint meeting to order.

U. T. System: Report on the Fiscal Year 2006 Annual Financial Report including the report on the U. T. System Financial Statement Audit performed by Deloitte & Touche LLP

Joint Committee Meeting Information

Presenter(s): Mr. Randy Wallace, Associate Vice Chancellor – Controller and Chief Budget Officer; Mr. Rodney Lenfant, Deloitte & Touche; Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer; Ms. Amy Barrett, Assistant Audit Director
Status: Reported

Discussion at meeting:

In response to a question from Regent Rowling, Mr. Lenfant said if a donor restricted a certain amount of a gift to the corpus and said that only a certain amount could be used, the corpus amount would be nonexpendable. He said that restriction is not contained in the standard gift instrument of U. T. System, and Regent Rowling clarified his question was related to the Permanent University Fund (PUF) rather than gifts.

Chancellor Yudof gave two scenarios: (1) using funds from a gift given for a specific purpose for a different purpose, and (2) using a portion of the PUF corpus to repay debt obligations. Mr. Lenfant said under the second scenario, U. T. System would be in compliance with the law. Chancellor Yudof said it seems the first category would be considered nonexpendable funds, while the second category would be considered expendable funds. Mr. Lenfant said gifts instruments that specify use for certain purposes are classified as expendable restricted, and gifts that specify in perpetuity the amount or a percentage of the appreciation are nonexpendable, but still within restricted.

Regent Rowling asked if constitutional restrictions apply to the increased categorization of the PUF funds as expendable, and Mr. Lenfant responded affirmatively. Mr. Wallace noted the balance sheet change was only a change between net assets and did not affect the bottom line.

Mr. Lenfant commented that U. T. System's large public university peers are not near U. T.'s highly leveraged ratios.

Mr. Chaffin thanked Ms. Barrett for her leadership and thanked the audit directors and their staff at the institutions for their support. Regent Rowling also thanked Deloitte & Touche, Ms. Barrett, and the audit staff for the report and said the low number of items uncovered is a real credit to the U. T. System.

ADJOURNMENT

Regent Rowling adjourned the meeting at 2:30 p.m.

MINUTES
U. T. System Board of Regents
Audit, Compliance, and Management Review Committee
February 7, 2007

The members of the Audit, Compliance, and Management Review Committee of the Board of Regents of The University of Texas System convened at 2:30 p.m. on Wednesday, February 7, 2007, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Rowling, presiding
Vice Chairman Clements
Vice Chairman Krier

Absent

Regent Estrada
Regent Craven

Also present were Chairman Huffines, Regent Barnhill, Regent Haley, Regent McHugh, and General Counsel to the Board Frederick.

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

1. **U. T. System: Report on the Fiscal Year 2006 Annual Financial Report including the report on the U. T. System Financial Statement Audit performed by Deloitte & Touche LLP**

Note: See Minutes of the joint meeting of the Audit, Compliance, and Management Review Committee and the Finance and Planning Committee for discussion of this item.

2. **U. T. System: Approval to renew the contract with Ernst & Young, LLP, as the external auditor for the 2007 audit of funds managed by The University of Texas Investment Management Company (UTIMCO) and to negotiate for additional audit services related to UTIMCO**

Committee Meeting Information

Presenter(s): Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer

Status: Approved

Motion: Made by Vice Chairman Krier, seconded by Vice Chairman Clements, and carried unanimously

Discussion at meeting:

Regent Rowling mentioned this is the fourth and final year of this contract. The audit is expected to cost about \$300,000 and will be charged to the various funds audited.

3. U. T. System: Report on System-wide Information Security

Committee Meeting Information

Presenter(s): Mr. Lewis Watkins, Chief Information Security Officer and Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer

Status: Reported

Discussion at meeting:

Mr. Watkins stated he met with campus executives, chief information officers, information security officers, and audit and compliance directors throughout the U. T. System to get an initial assessment of the security posture. He said surveys conducted in 2003 and 2004 helped determine what people were doing in relation to information security and much progress has been made; however, the threat environment continues to change and there is still a long way to go. He mentioned the reliance on computers of over 250,000 staff, faculty, and students and said almost all processes, not just administrative processes, but instruction management and delivery, research, and patient care, rely on computers. Mr. Watkins said the decentralization of the University also plays a factor in that there is not a single, but dozens of, information technology (IT) organization on the campuses, and standards vary considerably.

Mr. Watkins spoke about the culture of higher education in general whereby people are focused on their mission of teaching and research and do not always appreciate the importance of information security. He said it is important to work with the institutional presidents to ensure the proper tone is set from the top. He remarked that all University employees need to be trained in the fundamentals of information security.

Mr. Watkins said information security has been underfunded and securing the systems is going to be costly. He mentioned that a single incident can result in a cost of a half a million dollars and that does not include lost goodwill. Competitive salaries will need to be paid as he said many System institutions are having difficulty attracting and retaining people with these skills. Faculty will need to be provided with tools to help them achieve the security they need, including encrypting laptops. He suggested exploring shared services in the security arena as the University is doing in other IT operations. Some institutions are small and may need resources leveraged by the power of the U. T. System as a whole.

Mr. Watkins said he is meeting with the institutional information security officers on a quarterly basis and a number of initiatives are underway, one of which is a foundation to define what is expected from each institution's information security program, including defining the elements of a program and the reporting requirements for compliance. He stated an information security compliance roadmap will outline deadlines as to when various facets of the program would be deployed.

Vice Chairman Krier asked Mr. Watkins if he was working with the Office of Governmental Relations to review bills filed this legislative session as they might impact the campuses and Mr. Watkins responded he was. Regent Krier also asked about the problem of spam at the campuses. Mr. Watkins said that most U. T. System institutions have spam filtering software in place but the effectiveness of that software tends to go up and down as spammers change techniques. He said a new kind of spam peaked in the past two months that some of the tools have not been able to address. He remarked it is a cyclical battle but is being addressed. Vice Chairman Krier asked if institutions share solutions they might find and Mr. Watkins responded affirmatively but stated it is the vendors who come up with the solutions.

4. U. T. System: Report on System-wide Internal Audit Activity

Committee Meeting Information

Presenter(s): Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer
Status: Reported

Discussion at meeting:

Mr. Chaffin reported on the three areas of concentration in internal audit this fall:

1. Participating in the financial audit and assisting Deloitte & Touche in that process, which, he reported, was successfully accomplished.
2. Auditing presidential travel and entertainment. He reported there were no excesses for Fiscal Year 2006.
3. Auditing the non-salaried portion of the practice plans. Mr. Chaffin reported work has been completed at all the institutions and there were no exceptions to policy. He said those funds are institution-generated and in some institutions around the country, those funds have been abused but in the U. T. System health institutions, this was not found to be the case.

5. U. T. System: Report on System-wide Institutional Compliance Activities

Committee Meeting Information

Presenter(s): Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer
Status: Reported

Discussion at meeting:

Mr. Chaffin stated information technology was the main focus area for compliance. He introduced two institutional compliance officers in attendance: Ms. Carrie Lyons, Vice President and Chief Compliance Officer, U. T. M. D. Anderson Cancer Center, and Ms. Arlene Staller, Chief Legal and Compliance Officer, U. T. Health Science Center – Houston.

Mr. Chaffin commented on the System-wide peer review, stating outside vendors were requested to come forward with proposals. He said he did not participate in the selection process; however, of the 5 responses received, 3 were deemed good and 2 missed the mark. He said the selection committee recommended an independent firm look at the System-wide program and contract negotiations are in process. He indicated it may also be possible to use this firm to perform reviews of individual institutions. Mr. Chaffin said that around the country, U. T. System is deemed to be the gold standard in compliance in higher education and he is looking forward to the independent assessments.

RECESS TO EXECUTIVE SESSION

At 2:40 p.m., the Committee recessed to Executive Session pursuant to *Texas Government Code* Sections 551.071 and 551.074 to consider matters listed on the Executive Session agenda as follows:

1. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – *Texas Government Code* Section 551.074

U. T. System: Discussion with institutional auditors and compliance officers concerning evaluation and duties of individual System and institutional employees involved in internal audit and compliance functions

2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers - *Texas Government Code* Section 551.071

RECONVENE IN OPEN SESSION

The Executive Session ended at 3:25 p.m., and the Committee reconvened in Open Session to adjourn. No action was taken on items discussed in Executive Session.

ADJOURNMENT

Acting Committee Chairman Rowling adjourned the meeting at 3:30 p.m.

MINUTES
U. T. System Board of Regents
Student, Faculty, and Staff Campus Life Committee
February 8, 2007

The members of the Student, Faculty, and Staff Campus Life Committee of the Board of Regents of The University of Texas System convened at 9:15 a.m. on Thursday, February 8, 2007, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent McHugh, presiding
Vice Chairman Clements
Regent Barnhill
Regent Estrada

Absent

Committee Chairman Craven

Also present were Chairman Huffines; Vice Chairman Krier; Regent Caven; Regent Haley; Regent Rowling; Ms. Crystal Gonzalez, Chair, Student Advisory Council (SAC); Dr. Dennis Reinhartz, Chair, Faculty Advisory Council; and General Counsel to the Board Frederick.

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

1. U. T. System: Report on the U. T. Service & Civic Participation Program

Committee Meeting Information

Presenter(s): *Mr. John de la Garza, Director of Business Relations, Office of External Relations*

Status: *Reported*

Future action: *Help institutions match up with areas of volunteerism.*

Discussion at meeting:

Mr. de la Garza gave an overview of the program and its achievements highlighting that it promotes volunteerism in the community as well as personal achievements. Vice Chairman Krier complimented this project and said it was a great idea. Regent McHugh suggested that each campus eventually be set up with this program and Mr. de la Garza assured her that by mid-fall, all campuses would be set up. Regent Haley encouraged the presidents to use this program to make sure campuses have polling stations. Regent Estrada asked if there were volunteer programs at the health institutions and Mr. de la Garza said yes, especially at U. T. M. D. Anderson Cancer Center. Vice Chairman Krier wanted to know if eventually the number of participants System-wide who were using this program could be calculated and Mr. de la Garza responded affirmatively.

Chancellor Yudof stated there were two important issues with this program: a) showing personal achievements and b) increasing volunteerism. Vice Chairman Krier wanted to know if the program provided ways to volunteer. Mr. de la Garza said at the moment, they do not have that active but over time, he wants to allow for that. Vice Chairman Krier suggested a referral service be placed on the website. Mr. de la Garza said that would be a good idea on a local basis.

2. U. T. System Board of Regents: Report on the National Survey of Student Engagement (NSSE)

Committee Meeting Information

Presenter(s): Dr. Edward Baldwin, Research and Policy Analyst, Office of Academic Affairs
Status: Reported

Discussion at meeting:

Dr. Baldwin highlighted four main points of NSSE:

- a. *Benchmarking gives continuing, consistent sources of national comparisons to gauge U. T. System progress.*
- b. *Research shows core benchmarks are strongly correlated with student success.*
- c. *U. T. System institutions tend to meet, but in some cases lag, the national NSSE average on specific benchmarks.*
- d. *Where significant differences occur, institutions can look at individual components of a benchmark to identify areas of improvement.*

Dr. Baldwin also pointed out that these benchmarks are based on student perceptions and he suggested that each institution should look in detail at these benchmarking results to decide what, if any, action needs to be taken.

ADJOURNMENT

Regent McHugh adjourned the meeting at 9:50 a.m.