



**AGENDA
SPECIAL CALLED MEETING
U. T. SYSTEM BOARD OF REGENTS**

April 16, 2007
Austin, Texas

		Page
A.	CALL TO ORDER IN OPEN SESSION	
		9:15 a.m. <i>Chairman Huffines</i>
B.	CONSIDER AGENDA ITEMS	
1.	U. T. System Board of Regents: Discussion and appropriate action related to renewal of agreement with Deloitte & Touche LLP to provide independent financial audit services for the U. T. System for the fiscal year ending August 31, 2007	9:15 a.m. Action <i>Regent Estrada Mr. Wallace</i> 1
2.	U. T. Pan American: Consideration of possible designation of the Starr County Upper Level Center project as architecturally or historically significant	9:35 a.m. Action <i>Mr. O'Donnell</i> 2
3.	U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Series 10402 to add new Section 2 regarding a Special Compensation Committee	9:40 a.m. Action 4
4.	U. T. System Board of Regents: Proposed reappointment of Regent H. Scott Caven, Jr., Regent Colleen McHugh, and Regent Robert B. Rowling to the Board of Directors of The University of Texas Investment Management Company (UTIMCO) effective immediately	9:50 a.m. Action 4
5.	U. T. M. D. Anderson Cancer Center: Authorization to purchase approximately 7.5 acres improved with a recreation center and a vacant group residential complex located at 6425 Chimney Rock Road, Houston, Harris County, Texas, from the County of Harris for a purchase price of \$5,222,250 for use as a multipurpose clinical facility and possible future use as a replacement radiation treatment center	9:55 a.m. Action <i>Mr. Leon J. Leach, Executive Vice President, U. T. M. D. Anderson Cancer Center Ms. Mayne</i> 5
6.	U. T. Austin: Discussion and appropriate action regarding the State's Top 10 percent law and admissions issues, programs and initiatives	10:05 a.m. Action 9
C.	RECESS TO EXECUTIVE SESSION	10:15 a.m.
1.	Negotiated Contracts for Prospective Gifts or Donations – <i>Texas Government Code Section 551.073</i>	
	U. T. Austin: Discussion regarding a proposed negotiated gift with potential naming opportunities	<i>President Powers Dr. Safady</i>

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

a. **U. T. Austin: Discussion and request for approval of increase in compensation for Head Men's Basketball Coach Richard D. Barnes (Regents' *Rules and Regulations*, Series 20204, regarding compensation for highly compensated employees)** 10:30 a.m.
President Powers

b. **U. T. Medical Branch – Galveston: Discussion regarding individual personnel matters related to presidential search, including candidate interviews and possible naming of finalists** 10:45 a.m.
Dr. Shine
Ira J. Isaacson, M.D.,
SpencerStuart

c. **U. T. System: Consideration of individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents, U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board of Regents, and Director of Audits), and U. T. System employees**

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

D. RECONVENE IN OPEN SESSION TO CONSIDER ACTION ON EXECUTIVE SESSION ITEM(S), IF ANY 5:45 p.m.
approximately

E. ADJOURN 6:00 p.m.
approximately

1. **U. T. System: Discussion and appropriate action related to renewal of agreement with Deloitte & Touche LLP to provide independent financial audit services for the U. T. System for the fiscal year ending August 31, 2007**

RECOMMENDATION

Regent Estrada, on behalf of the Audit, Compliance, and Management Review Committee, will lead a discussion related to the Board's decision concerning whether to renew the contract with Deloitte & Touche LLP to provide independent financial audit services for the U. T. System for the fiscal year ending August 31, 2007, preliminary to a Board vote concerning the issue of possible renewal and identification of a source of funding for a renewal, if directed.

BACKGROUND INFORMATION

A contract with Deloitte & Touche was negotiated to provide an audit of the U. T. System Annual Financial Report for the fiscal year ending August 31, 2005. The contract commenced on August 30, 2004, and terminated on April 1, 2006. On March 28, 2006, the Board authorized a renewal of the contract for the fiscal year ending August 31, 2006. The contract commenced on April 1, 2006, and terminates on April 1, 2007. Subject to *Texas Government Code* Section 321.020 and Article IX, Section 6.34 of the 2006-2007 General Appropriations Act, and the approval by the State Auditor for the delegation of authority to U. T. System to contract with a private auditor, the current contract gives U. T. System the option to renew the contract for one additional one-year term with exercise of the option conditioned upon U. T. System and Deloitte & Touche reaching agreement of the renewal terms.

On July 16, 2004, the U. T. System Board of Regents selected Deloitte & Touche's proposal to perform an audit of the consolidated System-wide financial statements excluding the stand-alone audit of The University of Texas Investment Management Company (UTIMCO) financial statements. On December 20, 2005, Deloitte & Touche issued an unqualified opinion.

The contract for the System-wide financial statement audit of FY 2005 was negotiated at \$1,800,000 plus reimbursement for expenses not to exceed \$140,000. U. T. System paid \$1,800,000 plus expense reimbursements totaling \$109,882.

The contract was renewed effective April 1, 2006, for the independent audit of the U. T. System Annual Financial Statements for the fiscal year ending August 31, 2006. On December 4, 2006, Deloitte & Touche issued an unqualified opinion stating that the financial statements presented fairly, in all material respects, the financial position of the U. T. System as of August 31, 2006, and its changes in net assets and its cash flows for

the year in conformity with accounting principles generally accepted in the U.S. Deloitte & Touche reported on the audit report at the February 7, 2007 joint meeting of the Audit, Compliance, and Management Review Committee and the Finance and Planning Committee.

The contract for the System-wide financial statement audit of FY 2006 was negotiated at \$2,171,800 plus reimbursement for expenses not to exceed \$145,000, for a cumulative fee cap of \$2,316,800. To date, U. T. System has paid \$2,171,800 plus expense reimbursements totaling \$96,272.

Deloitte's proposed fee for a contract for the System-wide audit of FY 2007 is \$2,330,000 plus expenses not to exceed \$145,000 (approximately 6.8% increase over the previous year and 22.8% over the first year of the contract).

The FY 2005 audit was paid by the institutions and U. T. System Administration based on budgeted expenditures and the hours Deloitte & Touche estimated spending at each institution. The FY 2006 audit was funded by U. T. System Administration from Available University Funds.

If a decision is made to engage Deloitte & Touche, subject to the State Auditor's approval and delegation of authority, the Board will need to determine the source of funding for the contract.

2. **U. T. Pan American: Consideration of possible designation of the Starr County Upper Level Center project at U. T. Pan American as architecturally or historically significant**

RECOMMENDATION

It is recommended that the U. T. System Board of Regents review the following project scheduled for architectural selection to determine if this project should be designated as architecturally or historically significant. Regents' *Rules and Regulations*, Series 80302, requires that all proposed projects be reviewed to determine if any are of special interest because of proposed building site, historical or cultural significance, proposed use, or other unique characteristics. For projects designated to be of special interest, the Facilities Planning and Construction Committee will select the architect.

U. T. Pan American

Starr County Upper Level Center

Proposed Project Cost: \$7,500,000

Anticipated Delivery Method: Construction Manager at Risk

Starr County Upper Level Center U. T. Pan American

Project Description. The Starr County Upper Level Center is shown on the FY 2006-2011 Capital Improvement Program at a total project cost of \$7,500,000. This project will construct a new satellite facility for graduate programs and academic studies in support of the University programs, functions, and outreach efforts for the Lower Rio Grande Valley. This project will construct a new building of approximately 21,000 gross square feet.

Proposed Site. The Starr County Upper Level Center will be located in Rio Grande City, Starr County, Texas. This location supports the long-term goals, values, and mission of The University of Texas – Pan American.

Age. This proposed building is a new facility.

Current/Past Use of the Building, and Compliance with the Campus Master Plan.

The new remote site is currently under selection by the campus and will be Master Planned for this facility and for future projects located on this satellite campus.

Other Relevant Information. The University of Texas – Pan American is using the Construction Manager at Risk project delivery method for this effort. In developing the new facility, the campus will focus on developed programs to establish the remote presence away from the main campus while creating a facility that promotes future growth and development as satellite programs develop and increase.

3. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Series 10402 to add new Section 2 regarding a Special Compensation Committee**

RECOMMENDATION

Chairman Huffines recommends that the Regents' *Rules and Regulations*, Series 10402, regarding committees and other appointments, be amended to add a new Section 2 related to a special compensation committee as follows in congressional style and to renumber remaining sections:

Sec. 2 Special Compensation Committee. In addition to the standing committees, a special committee shall oversee the evaluation and assessment of key executives, as defined in Series 20203 of these Rules, and shall review and report to the Board on compensation issues. The Committee will be composed of the Chairman of the Board, the Chairman of the Finance and Planning Committee, the Chairman of the Academic Affairs Committee, the Chairman of the Health Affairs Committee, and another member or members of the Board as may be appointed by the Chairman.

BACKGROUND INFORMATION

This proposed amendment to the Regents' *Rules* will establish a compensation committee with primary oversight for review of individual compensation issues.

4. **U. T. System Board of Regents: Proposed reappointment of Regent H. Scott Caven, Jr., Regent Colleen McHugh, and Regent Robert B. Rowling to the Board of Directors of The University of Texas Investment Management Company (UTIMCO) effective immediately**

RECOMMENDATION

Chairman Huffines recommends that Regent H. Scott Caven, Jr., Regent Colleen McHugh, and Regent Robert B. Rowling be reappointed to The University of Texas Investment Management Company (UTIMCO) Board of Directors effective immediately for terms to expire April 1, 2009, or until their successors are named.

Regents Caven, McHugh, and Rowling will abstain from discussion and voting on this item.

BACKGROUND INFORMATION

Pursuant to *Texas Education Code* Section 66.08, the Board of Regents shall appoint the nine directors of UTIMCO. At least three members of The University of Texas System Board of Regents and the Chancellor shall be appointed to the UTIMCO Board of Directors by the Chairman of the Board of Regents, by and with the consent of the Board of Regents.

Regents Caven and Rowling were appointed to the UTIMCO Board in February 2005; Regent McHugh was appointed in November 2005.

5. **U. T. M. D. Anderson Cancer Center: Authorization to purchase approximately 7.5 acres improved with a recreation center and a vacant group residential complex located at 6425 Chimney Rock Road, Houston, Harris County, Texas, from Harris County for a purchase price of \$5,222,250 for use as a multipurpose clinical facility and possible future use as a replacement radiation treatment center**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Mendelsohn that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. M. D. Anderson Cancer Center, to

- a. purchase approximately 7.5 acres improved with a recreation center and a vacant group residential complex located at 6425 Chimney Rock Road, Houston, Harris County, Texas, from Harris County for a purchase price of \$5,222,250, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition of the property as deemed necessary or advisable by the Executive Director of Real Estate, for use as a multipurpose clinical facility and possible future use as a replacement radiation treatment center; and
- b. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

The property is partially improved with a recreation center and a vacant group residential complex, totaling 59,825 square feet. Harris County previously used the facilities as a youth center, but has moved the program to another location.

The property is located one-half block north of U. T. M. D. Anderson Cancer Center's Bellaire Radiation Treatment Center at 6602 Maple Ridge Street, Houston, Texas; this facility was acquired by the institution on March 31, 2005. The U. T. M. D. Anderson Cancer Center has been seeking property near the Bellaire Radiation Treatment Center for a pilot multipurpose clinical facility. Harris County is offering the property for sale in an auction scheduled to occur on May 3, 2007. In the course of discussions between the institution and the county, Harris County offered to cancel the auction of the property if U. T. M. D. Anderson Cancer Center purchases the property for \$5,222,250 by May 30, 2007.

U. T. M. D. Anderson Cancer Center proposes to demolish the improvements and construct a multipurpose clinical facility that will offer services such as infusion therapy and basic diagnostics. It is also anticipated that the radiation treatment services now offered by the Bellaire Radiation Treatment Center will be consolidated into the new facility. The institution will then reassess its need for the current Bellaire Radiation Treatment Center and determine whether to market those facilities for sale.

Institutional funds from operations will be used to fund the purchase, the terms and conditions of which are reflected in the summary of the transaction below:

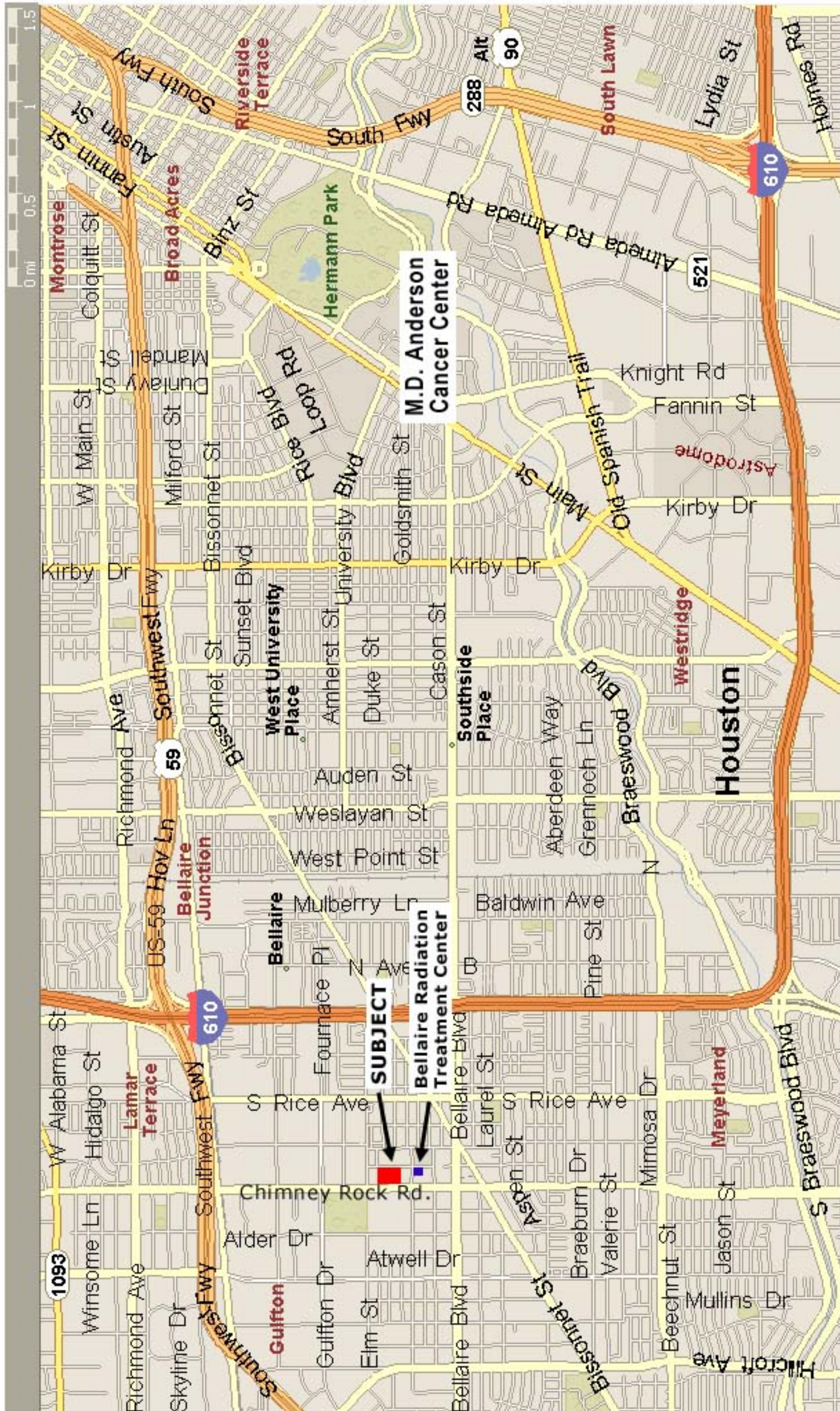
Transaction Summary

Institution:	U. T. M. D. Anderson Cancer Center
Type of Transaction:	Purchase
Total Area:	Approximately 7.5 acres
Improvements:	A recreation center and a vacant group residential complex, totaling 59,825 square feet
Location:	6425 Chimney Rock Road, Houston, Harris County, Texas; see attached map
Seller:	Harris County
Purchase Price:	\$5,222,250

Appraised Values: \$5,222,250 (Michael J. Urban, Real Estate Appraisers and Consultants, March 16, 2007);
\$5,400,000 (Edward B. Schulz & Co., March 14, 2007)

Source of Funds: Institutional funds from operations

Intended Use: A multipurpose clinical facility



6. **U. T. Austin: Discussion and appropriate action regarding the state's Top 10% law and admissions issues, programs and initiatives**