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November 10, 2011  
Austin, Texas

## Thursday, November 10, 2011

### A. COMMITTEE MEETINGS

Facilities Planning and Construction Committee.....	8:00 a.m.
Technology Transfer and Research Committee.....	9:00 a.m.
Academic Affairs Committee.....	10:00 a.m.
Health Affairs Committee.....	11:00 a.m.

### B. CONVENE THE BOARD IN OPEN SESSION

12:00 p.m.

1. **U. T. System Board of Regents: Report, discussion, and appropriate action on Deloitte & Touche LLP report on comprehensive information security compliance effectiveness review of the U. T. System and allocation of \$34,872,000 of Available University Funds**

12:00 p.m.

**Action**  
*Mr. Burgdorf*  
*Mr. Raj Mehta,*  
*Deloitte &*  
*Touche LLP*

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### C. RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551 (working lunch)

12:20 p.m.

1. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers - Section 551.071
  - a. **U. T. System Board of Regents: Discussion with Counsel on pending legal issues**
  - b. **U. T. System Board of Regents: Discussion and appropriate action regarding legal issues related to information technology security audit**
  - c. **U. T. Health Science Center - San Antonio: Discussion of legal issues related to accreditation**
  - d. **U. T. Medical Branch - Galveston: Discussion and appropriate action concerning legal issues related to correctional managed care**

2. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property - Section 551.072

a. **U. T. Austin: Discussion and appropriate action regarding authorization to lease approximately 18,800 useable square feet of space in the proposed 2400 Nueces, a commercial and multifamily property to be built at 2400 Nueces Street, Austin, Travis County, Texas, from EDR Austin LLC, a Delaware limited liability company, for a lease rate not to exceed fair market value as determined by an independent appraisal for a 10-year term with renewal options for use by the institution related to its mission**

*President Powers  
Ms. Mayne*

b. **U. T. El Paso: Discussion and appropriate action regarding authorization to ground lease approximately 6.4 to 7.6 acres of unimproved real property located at 3003 North Mesa Drive, El Paso, El Paso County, Texas, to North Campus Investors, LLC, a Texas limited liability company, for the construction and operation of a mixed-use development**

*President Natalicio  
Ms. Mayne*

c. **U. T. San Antonio: Discussion and appropriate action regarding the granting of a conservation easement to establish a karst invertebrate habitat preserve on a portion of the institution's main campus**

*President Romo  
Ms. Mayne*

d. **U. T. San Antonio: Discussion and appropriate action regarding the marketing and sale of the surface estate only of: (1) approximately 640 acres (Ranch 1) in Atascosa County, Texas, Survey No. 73, Certificate No. 15/3101, originally granted to H&GN RR Co. and patented to Joseph A. Bent by Letter Patent No. 567, Vol 23, Abstract 419; (2) approximately 2,275.13 acres (Ranch 2) in Frio County, Texas, being all of the George Troutz Survey 992, Abstract 839, the J.M. Armstrong Survey 23/1, Abstract 932, and the A. Vancleve Survey 1159, Abstract 850, parts of the Larkin Nalls Survey 1, Abstract 964, Larkin Nalls Survey 2, Abstract 1364, and the Jno. W. Thompson Survey 50/5, Abstract 1494, all of the Peter Weber Survey 971, Abstract 659, the Henry Castro Survey 61, Abstract 257, and the S.R. Simmon Survey 61 1/2, Abstract 910, and part of the F.C. McKinney Survey S.F. 14982, Abstract 1511; and (3) approximately 2,310.67 acres (Ranch 3) in Frio County, Texas, consisting of approximately 290.67 acres described in deed recorded in Volume 112, Page 324, approximately 1,280 acres described in deed recorded in Volume 111, Page 599, approximately 600 acres described in deed recorded in Volume 111, Page 613, and approximately 140 acres described in deed recorded in Volume 111, Page 612, all in the Deed Records of Frio County, Texas; with the net sale proceeds to be used for the Felix and Elizabeth McKinney Memorial Scholarship Fund**

*President Romo  
Ms. Mayne*

3. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees - Section 551.074
  - a. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees**
  - b. **U. T. System Board of Regents: Discussion and appropriate action regarding individual personnel issues related to compliance with information technology security audit**
  - c. **U. T. Medical Branch - Galveston: Discussion and appropriate action regarding individual personnel matters related to provision of correctional managed care**

4. Negotiated Contracts for Prospective Gifts or Donations - Section 551.073

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| <ol style="list-style-type: none"> <li>a. <b>U. T. Austin: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features</b></li> <li>b. <b>U. T. Medical Branch - Galveston: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features</b></li> <li>c. <b>U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features</b></li> <li>d. <b>U. T. Health Science Center - Tyler: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features</b></li> </ol> | <p><i>President Powers<br/>Dr. Safady</i></p> <p><i>President Callender<br/>Dr. Safady</i></p> <p><i>President DePinho<br/>Dr. Safady</i></p> <p><i>President Calhoun<br/>Dr. Safady</i></p> |
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5. Deliberation Regarding Security Devices or Security Audits - Section 551.076

**U. T. System Board of Regents: Discussion and appropriate action regarding information technology security audit**

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| <ol style="list-style-type: none"> <li>D. RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS</li> <li>E. RECESS FOR COMMITTEE MEETINGS</li> </ol> <p>Audit, Compliance, and Management Review Committee.....</p> <p>Finance and Planning Committee.....</p> | <p><i>2:20 p.m.</i></p> <p><i>2:30 p.m.</i></p> <p><i>2:30 p.m.</i></p> <p><i>3:15 p.m.</i></p> |
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F.	RECONVENE THE BOARD IN OPEN SESSION	3:45 p.m.	
G.	APPROVAL OF MINUTES		
H.	AGENDA ITEMS		
2.	<b>U. T. System Board of Regents: Annual Meeting with Officers of U. T. System Employee Advisory Council</b>	3:50 p.m. <b>Presentation/ Discussion</b> <i>Mr. Helmke</i>	<b>4</b>
3.	<b>U. T. System Board of Regents: Amendments to the Regents' <i>Rules and Regulations</i>, Rule 31001 (Faculty Appointments and Titles), Rule 31006 (Academic Workload Requirements), and Rule 31007 (Tenure), all regarding U. T. Brownsville technical faculty titles</b>	4:30 p.m. <b>Action</b>	<b>8</b>
4.	<b>U. T. System Board of Regents: Amendment to Regents' <i>Rules and Regulations</i>, Rule 40401 (Assessment, Collection, and Waiver of Tuition and Fees), regarding delegation of vehicle registration fees and other charges associated with parking</b>	4:35 p.m. <b>Action</b>	<b>13</b>
5.	<b>U. T. System Board of Regents: Discussion and appropriate action regarding approval of Procedures for Seeking Relief from Rate and Damage Schedule applicable to easements and other interests on University Lands</b>	4:40 p.m. <b>Action</b>	<b>16</b>
6.	<b>U. T. System: Authorization for the Chancellor to submit Report Concerning Designated Tuition</b>	4:45 p.m. <b>Action</b>	<b>19</b>
7.	<b>U. T. System Board of Regents: Ratification of designation of Bruce A. Beutler, M.D., as Regental Professor [<i>Regents' Rules and Regulations</i>, Rule 31001, Section 2.3(a)] and allocation of funds</b>	4:50 p.m. <b>Action</b>	<b>21</b>
I.	RECESS FOR COMMITTEE REPORTS TO THE BOARD	5:00 p.m.	
J.	ADJOURN	5:30 p.m.	

1. **U. T. System Board of Regents: Report, discussion, and appropriate action on Deloitte & Touche LLP report on comprehensive information security compliance effectiveness review of the U. T. System and allocation of \$34,872,000 of Available University Funds**

RECOMMENDATION

Vice Chancellor and General Counsel Burgdorf will introduce Mr. Raj Mehta, Security Services Engagement Partner, Deloitte & Touche, LLP, who will report on the information security compliance effectiveness review.

After review and acceptance of the Deloitte & Touche LLP information security compliance effectiveness review, the Chancellor, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel recommend that \$34,872,000 of Available University Funds (AUF) be approved for funding of the following to bolster information security compliance across the U. T. System and to secure the U. T. System Research Cyber-infrastructure (UTRC):

- a. Hardware, software, maintenance, and services, in the amount of \$29,255,000, to implement consultant recommendations for improving the state of information security compliance within the U. T. System and U. T. System institutions;
- b. Salary and benefits, in the amount of approximately \$820,000 per year, for addition of eight full-time information security positions at U. T. System Administration to assist with coordination of consultant recommendation implementations, to provide assistance to U. T. institutions in the areas of risk assessment, security technology deployment, monitoring, and targeted training, and to provide ongoing assurance activities related to securing of shared infrastructures and resources;
- c. UTRC perimeter protection hardware funding, in the amount of \$4,046,000, for purchase, installation, and maintenance of border routers and firewalls;
- d. UTRC network intrusion detection system funding, in the amount of \$717,000, for purchase of three intrusion detection appliances to be deployed along the UTRC backbone network to detect cyber attacks and potential data exposures; and
- e. UTRC data center security servers, in the amount of \$34,000, for hosting of configuration management, log management, and related security software.

The Chancellor, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel further recommend that funding be structured for administration of the initiative by the Vice Chancellor and General Counsel to which

U. T. System compliance and information security report. The Vice Chancellor and General Counsel will administer projects by granting money to the institutions and receiving reports on progress, completion, and impact of each project.

## BACKGROUND INFORMATION

**Information Security Technology:** The University of Texas System Board of Regents directed that a highly qualified consulting firm be engaged to perform a comprehensive information security compliance effectiveness review of the U. T. System central information security program and program implementations at each of the U. T. System institutions. The U. T. System Office of General Counsel completed a comprehensive request for proposals (RFP) process and evaluation that resulted in the selection of Deloitte & Touche LLP.

Over a six-month period, three teams of Deloitte & Touche consultants performed employee interviews, policy and process reviews, surveys, walk-throughs, and other assessment activities at U. T. System and all U. T. System institutions. Findings were compiled and individual, as well as summary, reports were created for Board consideration. Compliance and effectiveness gaps of varying degree and scope were identified across the U. T. System. High-risk gaps were identified at different institutions in the following security domains: Identity and Access Management, Data Loss Protection, Mobile Device Security and Encryption, Risk Assessment & Management, Network Segmentation, Network Monitoring, Network Security, Network Access Control, Disaster Recovery and Business Continuity, Physical Security, Encryption, Security Incident & Event Manager (SIEM), and Training. Closing these high-risk gaps will improve the state of information security compliance across the U. T. System and will reduce the likelihood of occurrence of serious information security incidents. Some gaps are most appropriately addressed at the individual institution level; others lend themselves to a more centralized Systemwide approach, which can result in cost savings.

In addition to hardware, software, and services, there are information security staffing needs. Strategically, U. T. System is moving towards increased use of shared data centers and systems. Shared environments result in cost savings; however, they increase information security complexity. Dedicated staff are needed to oversee security of these complex environments to ensure all security tasks are appropriately assigned and performed continuously without fail. Centralization of other security-related tasks such as training strategy and curriculum development also require appropriately qualified staff. U. T. System needs eight full-time employees at a cost of approximately \$820,000 per year to address the initiatives and functions identified in the consultant's information security compliance assessment report and to provide ongoing assistance to U. T. institutions in deployment and monitoring of security controls.

**Research Cyber-infrastructure Network Perimeter Protection Hardware:** UTRC will greatly expand research capabilities for every U. T. System institution through delivery of a 10 gigabit per second research backbone to each institution. These new capabilities will tax current campus network infrastructures in two ways. First, the UTRC

must demark the new UTRC services at the border of each institution to ensure that the complex set of interinstitutional services for researchers is available regardless of the institution's internal networking infrastructure. A border router is used to provide this connectivity. Institutional border routers capable of handling 10 gibabits production plus 10 gibabits for research will cost approximately \$53,000 each. Second, each campus will encounter firewall congestion when both production and research traffic are being monitored by the institutional border firewall. Firewalls are traffic filtering devices essential for thwarting certain cyber attacks and nonsanctioned network traffic. Purchase of firewalls able to accommodate 10 gibabits of throughput is required. Firewalls of this class cost \$185,000 each. Each data center will require connectivity to hosting facilities as well as storage facilities. The storage and high performance computing capability will also reach outside the U. T. System research network for file sharing and collaboration. This exposure to the Internet requires campus-like perimeter protection for the UTRC data centers. Therefore total cost for institutional perimeter devices is  $(\$53,000 + \$185,000) = \$238,000 \times 17 = \$4,046,000$ .

#### **U. T. System Research Cyber-infrastructure Network Intrusion Detection**

**System (IDS):** U. T. System has an established IDS that monitors network traffic between U. T. System institutions. The system consists of three network appliances strategically placed along the network connecting the U. T. System institutions. The IDS has proven very effective at identifying malware attacks and sensitive data mistakenly sent in unencrypted formats. It provides the information necessary for business process owners and information security staff to correct errant processes that pose risk of data exposure to the U. T. System institutions. These same capabilities are essential for securing data transmissions between researchers at U. T. System institutions and the designated UTRC data centers. The three IDS appliances must be replaced with devices that can handle the increased data loads and speed of the UTRC network. The total cost for doing so is \$717,000. These devices will allow for continued monitoring of existing network traffic while expanding capabilities to monitor UTRC research traffic.

**Research Cyber-infrastructure Data Center Security Servers:** The U. T. System has existing Systemwide licenses for configuration management software used to ensure that computing devices are configured to meet regulatory compliance and maintain device security. These existing software licenses will be leveraged to support the UTRC. A server at each of the two UTRC data centers is needed to host the software. Servers with the necessary capacity will cost \$17,000 each, for a total cost of \$34,000.

2. **U. T. System Board of Regents: Annual Meeting with Officers of U. T. System Employee Advisory Council**

REPORT

Representatives of the U. T. System Employee Advisory Council will meet with the Board to discuss the Council's past year activities and plans for the future according to the agenda below. Council members scheduled to attend are:

**Chair 2011:** Mr. Joel Helmke, Division Administrator, Cancer Prevention and Population Sciences, U. T. M. D. Anderson Cancer Center

**Chair 2012:** Mr. Dexter Jones, Public Affairs Representative, Public Affairs and Marketing, U. T. Health Science Center - Tyler

**Vice Chair:** Mr. Benjamin Bond, Training Specialist, Red McCombs School of Business, U. T. Austin

**Secretary:** Ms. Shirley Rowe, Career Counselor, Career Services, U. T. San Antonio

**Historian:** Ms. Brenda Martinez, Assistant Director, Human Resources, U. T. Brownsville

AGENDA

1. Introductions
2. The Chairperson's report on the accomplishments of the past year and plans for the new fiscal year (see the recommendations on Pages 5 - 7).

BACKGROUND INFORMATION

The U. T. System Employee Advisory Council was established in August 2000 to provide a vehicle for communication and to facilitate the flow of ideas and information between and among the Board of Regents, U. T. System Administration, and the institutions. The U. T. System Employee Advisory Council functions to define, analyze, and make recommendations on employee issues to appropriate groups and individuals.

**THE UNIVERSITY OF TEXAS SYSTEM  
EMPLOYEE ADVISORY COUNCIL  
REPORT  
TO THE BOARD OF REGENTS  
THE UNIVERSITY OF TEXAS SYSTEM**

The University of Texas System Employee Advisory Council (EAC) is composed of employees from all 15 institutions and U. T. System Administration, representing a diverse workforce and supporting a diverse collection of institutions. Recognizing the great strengths that exist across our group, five committees were formed this year to review programs that are important to the U. T. System workforce. The five committees explored programs related to reducing costs, promoting employee wellness, improving worklife balance, creating effective human resource (HR) policy, and recruiting and retaining talent. These committees continued work that began last year, which emanated from the development of a 70-point profile for each institution, with a focus on refining specific recommendations for presentation to the Board of Regents and System leaders.

**Recommendations**

*Wellness Committee*

The EAC Wellness Committee remains focused on improving the health status of U. T. employees and their dependents. The EAC recognizes and applauds the efforts taken by the U. T. System Office of Employee Benefits over the past several years to promote healthy lifestyles and more specifically, encouraging access to preventive services by removing financial barriers that inhibit utilization. Recognizing that the U. T. System is self-insured and is at financial risk for the overall health condition of its employee base, this committee recommends that proactive efforts continue to be supported to reduce the financial risk to the U. T. System posed by various disease states.

Specific recommendations include:

- Designating health and wellness improvement as a strategic initiative for the U. T. System
- Increase awareness of Living Well wellness program resources available to employees and dependents at no cost such as the 24 Hour Nurse Hot Line, early detection programs, health screenings, behavioral modification programs, interactive symptom checker, and the Health Risk Assessment
- Improve sharing of health education resources across the U. T. System
- Encourage institution presidents to emphatically endorse and direct resources as may be available to local wellness programs and those facilitated by U. T. System.

*Worklife Committee*

The EAC Worklife Committee continued to focus its efforts on identifying best practices that support individuals as they attempt to balance the needs of career and family. A lack of worklife balance and the inherent personal conflicts that result from that imbalance are often cited in research as contributing to low morale, poor individual productivity, absenteeism and poor mental and physical health. Social scientists have calculated that the average number of hours Americans presently work is the highest in 75 years. When this is considered with reports that 70% of American households are now dual income and that the average commute to work increases in length every year, it would suggest that, for the average American, the ability to juggle work and family obligations is becoming more challenging than ever.

As suggested last year, the committee recommends that each U. T. institution be encouraged to develop guidelines to offer employees flexible work programs to help them meet their many obligations at home and in the workplace. Programs such as alternative work schedules, flextime and telecommuting, have

been successfully implemented at a number of U. T. institutions, while others struggle with the acceptance and adoption of such programs. After a Systemwide review, this committee felt that the U. T. Arlington campus provided the best practice example of how to administer these programs. U. T. Arlington provides clear definitions for each working arrangement, expectations and responsibilities for the employee and manager, as well as written agreements to codify the alterations to the work schedule and the rules governing the arrangement. A link to the U. T. Arlington resource webpage is below:

<http://www.uta.edu/hr/employee-relations/flex-work-arrangement/index.php>

#### *Policy and Procedure Committee*

The EAC Policy and Procedure Committee followed up efforts last year with a focused review of the performance evaluation processes within the U. T. System. This group confirmed that there is a rule, as outlined in Regents' Rule 30501, Sec.1, that performance evaluations for all staff be conducted on an annual basis.

- Rule 30501, Sec.1
  - Annual Evaluations. An annual evaluation program for all employees (administrative, faculty and classified) within The University of Texas System or any of the institutions is to be used for improvement of performance, promotion consideration, and merit salary review.

To ensure that there is widespread compliance with this Rule, this committee recommends that an audit of the various performance appraisal tracking systems in place at each institution be conducted. The focus of this review would be to ensure that each institution can quantify their annual compliance rate with this Rule and take appropriate steps to tighten their processes and protect the integrity of the performance management process. In addition, it is suggested that there be some level of management accountability to ensure that this very important process be conducted on schedule to ensure that it is a meaningful tool to manage employee performance.

#### *Recruitment and Retention Committee*

The EAC Recruitment and Retention Committee once again focused on identifying programs that promote the recognition of U. T. System employees and support their professional development. This committee found a wide variety of programs, independent of each other, aimed at recognizing top performers and retaining talented employees. Additionally, this committee found an assortment of tuition reimbursement and certification programs scattered across the U. T. System institutions, with varying levels of financial support for the ongoing workforce development.

This committee recommends that the U. T. System look at centralizing programs that grow and develop talent, such as tuition reimbursement, creating an equitable floor of support that can be accessed by all U. T. System employees. This basic level of support can then be augmented at the local level to encourage retention of certain employee families, such as nursing, IT or other in-demand technical staff. This committee believes that other disseminated programs, such as employee discount programs, would also benefit from centralization and the resulting increase in buying power.

### *Cost Reduction Committee*

The EAC Cost Reduction Committee is a newly formed group, developed to identify and share cost-saving opportunities and efficiency models across The University of Texas System. The formation of this committee indicates the importance that our employees place on the thoughtful management of resources and the willingness of staff to engage in the development of solutions that improve our effectiveness as an organization.

This committee catalogued a variety of efforts from each U. T. System institution, ranging from high level strategies to evaluate the value of specific programs, to everyday actions that can be taken by every employee to reduce energy or material costs. This committee challenged peers to become a part of the solution, to be innovative and to think outside of the box. The committee produced a 90 page compilation of ideas and approaches that can be found at the link below:

<http://www.utsystem.edu/eac/2011CostReductionResponse.pdf>

We appreciate the continued support of the Board of Regents, using the EAC as a resource to help improve the quality of life for the approximately 86,000 staff that support the mission of the U. T. System.

On behalf of the EAC members, the Chair extends our sincere appreciation for being provided with an opportunity to serve the U. T. System through our roles on the Council. We are encouraged by the progress that we made in FY 2011 and look forward to continuing efforts to serve the U. T. System in FY 2012.

3. **U. T. System Board of Regents: Amendments to the Regents' Rules and Regulations, Rule 31001 (Faculty Appointments and Titles), Rule 31006 (Academic Workload Requirements), and Rule 31007 (Tenure), all regarding U. T. Brownsville technical faculty titles**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor and General Counsel, and President García that Regents' *Rules and Regulations*, Rules 31001, 31006, and 31007, be amended as set forth in congressional style on Pages 9 - 12 to address transition issues incidental to the dissolution of the U. T. Brownsville/Texas Southmost College educational partnership.

**BACKGROUND INFORMATION**

The U. T. Brownsville and Texas Southmost College partnership, which began in 1991, will end no later than August 31, 2015. U. T. Brownsville will no longer use "technical" faculty titles except for a few tenured faculty members. The following changes to the Regents' *Rules* are recommended:

- Rule 31001, Sec. 2.1: technical titles no longer used for tenured positions, except for a few retained faculty members who obtained tenure from U. T. Brownsville
- Rule 31001, Sec. 2.2: "technical instructor" no longer used for nontenure-track appointments
- Rule 31001, Sec. 2.2(b): While individuals appointed to technical titles will no longer be considered in tenure-track positions or be awarded tenure, the titles of Master Technical Instructor, Associate Master Technical Instructor, and Assistant Master Technical Instructor may continue to be used by U. T. Brownsville until the transition period is over, at which time Section 2.2(b) will be deleted.
- Rule 31006, Sec. 6.14: "clock-hour" concept for workload equivalencies, which only applied to technical faculty, no longer relevant
- Rule 31007, Sec. 3: Faculty with technical titles will no longer be able to obtain tenure and time spent with a technical faculty title will no longer be counted toward fulfillment of a required probationary period.

1. Title

Faculty Appointments and Titles

2. Rule and Regulation

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Sec. 2 Academic Titles. To achieve consistency in the use of academic titles among the institutions of the System, the following subsections describe the use of titles to apply in all institutions.

2.1 ~~Tenure and Tenure-Track~~ Titles. Except for the titles Regental Professor, and Regents' Research Scholar, and for individuals who received tenure on or before September 1, 2010, with the additional technical titles of Master Technical Instructor, Associate Master Technical Instructor, ~~and or~~ Assistant Master Technical Instructor as authorized in the U. T. Brownsville *Handbook of Operating Procedures*, the only titles to be used henceforth in which faculty members may hold tenure are as follows:

(a) Professor

(b) Associate Professor

(c) Assistant Professor (Tenure-Track)

2.2 ~~Other Nontenure-Track~~ Titles. The following academic titles may also be used by the institutions of the U. T. System. Tenure may not be awarded to a person appointed to these titles. With the exception of the titles of Instructor ~~and Technical Instructor~~, academic service with these titles may not be counted toward the satisfaction of any maximum probationary period. Appointments to these titles shall be for a period of time not to exceed one academic year except in the case of Lecturer, Senior Lecturer, or a clinical or research position with a title authorized by Section 2.2(j) below when an appointment may be for periods of time not to exceed three academic years. With the exception of the titles of Instructor ~~and Technical Instructor~~, such appointments shall terminate at the expiration of the stated period of appointment without notification of nonrenewal. If an institution determines that it is to the benefit of the institution, it may offer reappointments to these titles in accordance with *Texas Education Code* Section 51.943.

(a) Instructor. This title denotes a probationary appointment.

(b) ~~Technical Instructor~~ Titles: Master Technical Instructor, Associate Master Technical Instructor, Assistant Master Technical Instructor, and Technical Instructor, as authorized in the U. T. Brownsville *Handbook of Operating Procedures*. These ~~This titles denotes a probationary appointment and is~~ are only used at U. T. Brownsville.

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1. Title

Academic Workload Requirements

2. Rule and Regulation

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Sec. 6 Equivalencies. The following equivalencies are available to meet workload requirements:

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~~6.14 Clock hour Basis. Instructional workload equivalents for faculty members holding technical rank may be determined on a clock-hour basis where full-time employment is equivalent to not less than 30 hours of instructionally related activities each week for contact hour courses taught on a quarterly basis.~~

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1. Title

Tenure

2. Rule and Regulation

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Sec. 3 Full-time Service Requirement. Only full-time service in the academic ranks of Professor, Associate Professor, Assistant Professor, and Instructor, or any combination thereof, ~~or in the academic ranks of Master Technical Instructor, Associate Master Technical Instructor, Assistant Master Technical or Technical Instructor, or any combination thereof,~~ shall be counted toward fulfillment of a required probationary period related to the award of tenure or a seven-year term appointment. Periods during which a faculty member is on leave of absence shall not be counted toward fulfillment of a required probationary period.

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4. **U. T. System Board of Regents: Amendment to Regents' Rules and Regulations, Rule 40401 (Assessment, Collection, and Waiver of Tuition and Fees), regarding delegation of vehicle registration fees and other charges associated with parking**

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel that Regents' *Rules and Regulations*, Rule 40401 (Assessment, Collection, and Waiver of Tuition and Fees), regarding delegation of vehicle registration fees and other charges associated with parking, be amended as set forth in congressional style on Pages 14 - 15.

#### BACKGROUND INFORMATION

This Regents' Rule amendment is proposed to delegate to the presidents, with approval from the appropriate Executive Vice Chancellor, the authority to set rates for parking fees and parking fines as authorized by statute.

Reference to *Texas Education Code* Section 54.405 will be added to Regents' Rule 80109 (Parking and Traffic Regulations). The amendment is consistent with the delegation of authority regarding parking and traffic regulations found in Regents' *Rules and Regulations*, Rule 80109, and other fee delegations in Rule 40401.

1. Title

Assessment, Collection, Delegation, and Waiver of Tuition and Fees

2. Rule and Regulation

Sec. 1 Published Fees. Tuition, fees, and other charges will be fixed as prescribed or authorized by statute and the relative debt covenants of the Board and will be published in the institutional catalog with a description of the criteria for any authorized exemptions and waivers.

Sec. 2 Exemptions and Waivers. The authority of the Board of Regents to grant exemptions and waivers from tuition, fees, and other charges in accordance with statute, is delegated to the presidents of the institutions.

Sec. 3 Delegation of Approval of Certain Fees and Charges. Subject to the obligation of the Board to set fees and charges at levels sufficient to comply with the covenants made in the Master Resolution Establishing the Revenue Financing System and in related agreements and debt instruments entered into or issued thereunder, the Board of Regents delegates to the presidents the authority to assess and collect the following fees and other charges, upon a finding by the president that such fees and other charges and changes to such fees and other charges are required for the fee or other charge to reasonably reflect the actual cost to the institution of the materials or services to be provided. Except for the approval of continuing education course fees, which is delegated directly to the president by Rule 40403, the approval authority granted herein is conditioned on prior review and approval by the Executive Vice Chancellor for Academic Affairs or the Executive Vice Chancellor for Health Affairs.

1. Fees for Vehicle Registration and Fees and Other Charges associated with parking, as authorized by *Texas Education Code* Sections 51.202(a) and 54.505
2. Matriculation Fee, as authorized by *Texas Education Code* Section 54.006(a-1)
- ~~3~~2. Fees Associated with the Option to Pay Tuition by Installment, as authorized by *Texas Education Code* Section 54.007(c)
- ~~4~~3. Supplemental Fees for coaching or individual instruction, as authorized by *Texas Education Code* Section 54.051(l)
- ~~5~~4. Laboratory Fees, as authorized by *Texas Education Code* Section 54.501(a)
- ~~6~~5. Incidental Fees, as authorized by *Texas Education Code* Section 54.504 including, but not limited to, course fees

- 76. Charges and Fees for Certain Payments, related to electronic funds transfer or credit card payment, as authorized by *Texas Education Code* Section 54.5011
- 87. Fees and Other Charges for rentals, rates, and charges for certain occupancy, services, use and availability of facilities or services including, but not limited to, student housing room and board rates as authorized by *Texas Education Code* Section 55.16
- 98. Continuing Education Course Fees, as authorized by *Texas Education Code* Section 54.545 and further detailed in Rule 40403.

Sec. 4 Approval of Method of Payment. The Board of Regents delegates to the presidents of the institutions the authority to collect the payment of tuition, fees, and other charges in accordance with those methods prescribed or authorized by statute.

5. **U. T. System Board of Regents: Discussion and appropriate action regarding approval of Procedures for Seeking Relief from Rate and Damage Schedule applicable to easements and other interests on University Lands**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs and the Vice Chancellor and General Counsel that the U. T. System Board of Regents approve the Procedures for Seeking Relief from Rate and Damage Schedule applicable to easements and other interests on University Lands on Pages 17 - 18.

**BACKGROUND INFORMATION**

SB 873, passed during the 82nd Regular Session of the Texas Legislature and codified as Section 66.46(m) of the *Texas Education Code*, requires that the U. T. System Board of Regents establish procedures by which a person seeking an easement or other interest on Permanent University Fund Lands (University Lands) may seek relief from a rate and damage schedule the person believes does not represent the fair market value of the interest being sought.

As authorized by Regents' *Rules and Regulations*, Rule 70301, the Executive Vice Chancellor for Business Affairs has delegated the management of University Lands to the Executive Director of University Lands. The Executive Director establishes the rate and damage schedule for University Lands and has full authority to negotiate rates and damages, including rates that exceed those listed on the schedule.

Upon approval of these procedures, the document will be referenced in and linked to Regents' *Rules and Regulations*, Rule 70301.

PROCEDURES FOR SEEKING RELIEF FROM RATE AND DAMAGE SCHEDULE APPLICABLE TO  
EASEMENTS AND OTHER INTERESTS ON UNIVERSITY LANDS

In accordance with Section 66.46(m), *Texas Education Code*,<sup>1</sup> a person may seek relief from a rate and damage schedule established in accordance with Regents' *Rules and Regulations*, Rule 70301, as provided by this policy.

Sec. 1. Fair Market Value Presumed. The rate and damage schedule is presumed to reflect fair market value for each interest for which a rate or damage amount is listed. To overcome that presumption, a person must show by clear and convincing evidence that the rate or damage amount exceeds fair market value of the interest being sought.

Sec. 2. Determination of Fair Market Value. (a) "Fair market value" means the going rate or damage amount as of the appraisal date that persons pay for a similar interest on substantially similar property in West Texas.

(b) Any market study offered as evidence of fair market value must be prepared in accordance with the Uniform Standards of Appraisal Practice and signed by a person licensed in Texas as a certified general appraiser.

(c) Easements on University Lands are limited by law to term easements not to exceed 10 years.<sup>2</sup> Evidence of market value must include comparisons to the going rate on similar term easements on substantially similar property in West Texas.

Sec. 3. Negotiation with Executive Director Required. (a) The management of University Lands has been delegated to the Executive Director of University Lands with offices at 704 W. Dengar Avenue, Midland, Texas 79705-5319. The Executive Director has full authority to negotiate rates and damages, including rates that exceed those listed on a rate and damage schedule. The Executive Director does not have the authority to approve a rate that is less than fair market value.

(b) A person seeking to obtain an interest or to renew an existing interest who objects to the rate and damage schedule as not reflective of fair market value must first negotiate in good faith with the Executive Director in regard to the fair market value of a specific interest sought to be obtained or renewed.

(c) Good faith negotiation requires presentation by the person seeking to obtain the interest of evidence of the fair market value of the interest being sought.

(d) A person may not seek relief from a rate and damage schedule under these procedures, including any appeal to the Executive Vice Chancellor for Business Affairs or the Board of Regents, in the absence of a proposal to obtain or renew a specific interest.

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<sup>1</sup> "(m) The board of regents shall establish procedures by which a person seeking an easement or other interest under this section may seek relief from a rate or damage schedule that the person believes does not represent the fair market value of the interest being sought."

<sup>2</sup> Sec. 66.46, *Texas Education Code*

Sec. 4. Appeal to Executive Vice Chancellor for Business Affairs. (a) If, after good faith negotiation with the Executive Director, a person seeking to obtain an interest or renew an existing interest believes that the rate and damage schedule does not reflect fair market value of the interest being sought, the person may appeal in writing to the Executive Vice Chancellor for Business Affairs, The University of Texas System, 201 West 7<sup>th</sup> Street, Austin, Texas 78701-2982.

(b) The only issue in an appeal under these procedures is whether a rate or damage amount listed in the applicable schedule reflects the fair market value of the interest sought. The appeal must be accompanied by evidence that the rate and damage schedule does not reflect fair market value.

(c) After considering the written appeal, the Executive Vice Chancellor for Business Affairs may require the person making the appeal to meet with the Executive Vice Chancellor for Business Affairs concerning the matter. That meeting may include representatives of University Lands or other persons, at the discretion of the Executive Vice Chancellor for Business Affairs. The person making the appeal, in his discretion, may be represented by another person at the meeting, including legal counsel.

(d) A meeting with the Executive Vice Chancellor for Business Affairs is not intended as a formal evidentiary hearing, and the Executive Vice Chancellor for Business Affairs may consider any information the Executive Vice Chancellor for Business Affairs deems appropriate in regard to the fair market value of the interest sought and the rates and damages listed in the applicable schedule. However, the Executive Vice Chancellor for Business Affairs may not consider evidence of fair market value that was not previously presented to the Executive Director of University Lands.

(e) The Executive Vice Chancellor for Business Affairs shall communicate his decision in writing to the person making the appeal and to the Executive Director of University Lands.

Sec. 5. Appeal to the Board of Regents. (a) A person who is dissatisfied with the decision of the Executive Vice Chancellor for Business Affairs may appeal that decision in writing to the Board of Regents. The appeal shall be addressed to the Secretary of the Board of Regents, 201 West 7th Street, Suite 820, Austin, Texas 78701.

(b) The only issue in an appeal to the Board of Regents is whether a rate or damage amount listed in the applicable schedule reflects the fair market value of the interest being sought. The appeal must be accompanied by the evidence presented to the Executive Director of University Lands that the rate and damage schedule does not reflect fair market value of the interest being sought. The Board will not consider evidence of fair market value not previously presented to the Executive Director.

(c) The decision of the Board is final.

Sec. 6. Procedure. (a) This procedure is not subject to the Administrative Procedure Act, *Texas Government Code* §§ 2001.001 *et seq.*, but the Executive Vice Chancellor for Business Affairs or the Board of Regents may refer to that Act for guidance in the matters of admission of evidence or testimony of witnesses.

(b) At any stage of the appeal, the evidence of fair market value is limited to that presented to the Executive Director of University Lands. If new evidence is developed after the beginning of the appeal process, it must be submitted to the Executive Director and the process must restart.

6. **U. T. System: Authorization for the Chancellor to submit Report Concerning Designated Tuition**

**RECOMMENDATION**

It is requested that the Board of Regents grant authority to the Chancellor to submit on its behalf, the "Report Concerning Designated Tuition" as required by the current General Appropriations Act, House Bill 1, Article III, Section 50 (set out on Page 20) to the Lieutenant Governor, Speaker of the House, Chair of the Senate Finance Committee, Chair of the House Appropriations Committee, and members of the Legislative Oversight Committee on Higher Education.

**BACKGROUND INFORMATION**

A Report Concerning Designated Tuition is to be filed not later than January 1, 2012, by the governing board of each public institution of higher education that charges students designated tuition under Section 54.0513, *Texas Education Code*. The Report consists of two principal sections. For selected years, the first section identifies the amount of designated tuition collected, the purposes for which it was spent, the amount spent for each purpose, the amounts set aside for resident undergraduate and graduate student assistance as required by Sections 56.011 and 56.012, *Texas Education Code*, and how those amounts are allocated among various types of student assistance. For specific semesters, the second section of the Report includes the total academic cost for resident undergraduates enrolled for 15 semester credit hours as derived from actual fee bills.

Completion of the Report requires certain financial information contained in the pending annual financial report, which will not be completed until December 1, 2011. Upon completion of the Report, a copy will be provided to members of the Board.

**SPECIAL PROVISIONS RELATING ONLY TO  
STATE AGENCIES OF HIGHER EDUCATION**  
(Continued)

**Sec. 50. Report Concerning Designated Tuition.**

- (a) Not later than January 1, 2012, the governing board of each public institution of higher education that charges students designated tuition under § 54.0513, Education Code, shall use the appropriations in the Act to report to the legislature, for the 2010-2011 and 2011-2012 academic years:
  - (1) the amount the institution has collected in designated tuition;
  - (2) the purposes for which the institution spent the money derived from designated tuition and the amount of that money spent for each of those purposes; and
  - (3) the amount set aside from designated tuition for resident undergraduate and graduate student assistance under §§ 56.011 and 56.012, Education Code and how these amounts are allocated under the following categories.
    - (a) grants
    - (b) scholarships,
    - (c) work-study programs,
    - (d) students loans,
    - (e) and student loan repayment assistance.
- (b) In addition to the information reported under Subsection (a), not later than January 1, 2012, the governing board of each institution of higher education shall report to the legislature the total academic cost for resident undergraduates enrolled for 15 semester credit hours. The information reported shall be derived from actual fee bills for the 2010 fall semester and the 2009 spring and fall semesters and must reflect the actual charges, before any adjustments or discounts are applied for waivers, exemptions, or other discounts, in the following categories:
  - (1) statutory tuition;
  - (2) designated tuition;
  - (3) mandatory fees; and
  - (4) average college and course fees, which must include all academic related fees and charges not reported under (1), (2), or (3), such as fees for laboratories, field trips, multimedia, equipment replacement, and instructional technology, but should not include charges for voluntary services ("optional fees").
- (c) Reports required by this section shall be delivered to the Lieutenant Governor, the Speaker of the House, the chair of the Senate Finance Committee, the chair of the House Appropriations Committee, and the members of the Legislative Oversight Committee on Higher Education.

7. **U. T. System Board of Regents: Ratification of designation of Bruce A. Beutler, M.D., as Regental Professor [Regents' Rules and Regulations, Rule 31001, Section 2.3(a)] and allocation of funds**

**RECOMMENDATION**

On October 3, 2011, a member of the faculty of U. T. Southwestern Medical Center was awarded the Nobel Prize in Physiology or Medicine. In recognition of this prestigious achievement, it is recommended that the U. T. System Board of Regents ratify award to Bruce A. Beutler, M.D., Raymond and Ellen Willie Distinguished Chair in Cancer Research in Honor of Laverne & Raymond Willie, Sr., of the title of Regental Professor.

It is further recommended that Nobel laureate Beutler be granted \$500,000 in Permanent University Funds (PUF) for equipment purchases, to be paid \$100,000 annually for five years.

**BACKGROUND INFORMATION**

The designation of Regental Professor is in accordance with the Regents' *Rules and Regulations*, Rule 31001, Section 2.3(a), which states that a faculty member who is awarded the Nobel Prize may be given the title of Regental Professor upon recommendation of the President, the appropriate Executive Vice Chancellor, and the Chancellor.

Dr. Beutler is Professor and Director of the Center for the Genetics of Host Defense at U. T. Southwestern Medical Center. He shares the prize with Dr. Jules A. Hoffmann of Strasbourg University's Institut de Biologie Moléculaire et Cellulaire in France for their discovery of receptor proteins that recognize disease-causing agents and activate innate immunity, the first step in the body's immune response. The other half of the prize was awarded to the late Dr. Ralph M. Steinman of Rockefeller University in New York for his discovery of the dendritic cell and its role in adaptive immunity.

Dr. Beutler graduated from the University of California, San Diego, and was a faculty member and Howard Hughes Medical Institute Investigator at U. T. Southwestern from 1986 to 2000. He currently holds a dual appointment at Scripps Research Institute in La Jolla, California, where he is Chairman of the Genetics Department. Dr. Beutler returned to U. T. Southwestern on September 1, 2011, and began full-time work there on November 1, 2011.

Dr. Beutler received the Shaw Prize on September 28, 2011, in Hong Kong, sharing that honor with two other scientists. In 2008, he was elected to the National Academy of Sciences and was also named to the Institute of Medicine.



# TABLE OF CONTENTS FOR AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE

**Committee Meeting:** 11/10/2011

**Board Meeting:** 11/10/2011  
Austin, Texas

*Brenda Pejovich, Chairman*  
*Paul L. Foster, Vice Chairman*  
*Alex M. Cranberg*  
*Wallace L. Hall, Jr.*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
A. CONVENE	2:30 p.m. <i>Chairman Pejovich</i>		
<p>B. RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551</p> <p>Personnel matters relating to appointment, employment, evaluation, assignment, duties, discipline, or dismissal of officers or employees - <i>Texas Government Code Section 551.074</i></p>			
<b>U. T. System: Discussion with institutional auditors and compliance officers concerning evaluation and duties of individual System Administration and institutional employees involved in internal audit and compliance functions</b>	<i>Mr. Chaffin</i> <i>Mr. Plutko</i>	Not on Agenda	
<p>C. RECONVENE IN OPEN SESSION FOR ACTION ON EXECUTIVE SESSION ITEM, IF ANY, AND TO CONSIDER AGENDA ITEMS</p>			
1. <b>U. T. System Board of Regents: Approval of the U. T. Systemwide Annual Internal Audit Plan for Fiscal Year 2012</b>	2:50 p.m. <b>Action</b> <i>Mr. Chaffin</i>	<b>Action</b> <i>Chairman Pejovich</i>	<b>22</b>
2. <b>U. T. System: Report on Compliance Programs at the U. T. System health institutions</b>	2:55 p.m. <b>Report/Discussion</b> <i>Mr. Plutko</i> <i>Ms. Jessica L. Quinn, UTMDACC</i> <i>Mr. Dieter Lehnortt, UTSMC</i> <i>Ms. Karen K. Parsons, UTHSC-H</i> <i>Mr. Tobin Boenig, UTMB</i> <i>Ms. Gayle Knight, UTHSC-SA</i> <i>Ms. Donna Martin, UTHSC-T</i>	Not on Agenda	<b>25</b>
D. ADJOURN	3:15 p.m.		

1. **U. T. System Board of Regents: Approval of the U. T. Systemwide Annual Internal Audit Plan for Fiscal Year 2012**

RECOMMENDATION

Mr. Charles Chaffin, Chief Audit Executive, recommends approval of the proposed Fiscal Year 2012 U. T. Systemwide Annual Internal Audit Plan (Plan). Development of the Plan is based on risk assessments performed at each institution. Implementation of the Plan will be coordinated with the institutional auditors. The Plan's executive summary is on Pages 23 - 24. The full Plan was mailed to all Regents prior to the meeting, and is available upon request.

BACKGROUND INFORMATION

Institutional audit plans, compiled by the internal audit departments after input and guidance from the U. T. System Audit Office, the Offices of Academic or Health Affairs, and the institution's management and institutional Internal Audit Committee, were submitted to the respective institutional Internal Audit Committee and institutional president for review and comments. Additionally, the institutional audit plans were presented and discussed at the U. T. System Administration Internal Audit Committee meeting held on September 7, 2011. Also, the Chief Audit Executive provided feedback by conducting audit hearings with each institution.

After the review process, each institutional Internal Audit Committee formally approved its institution's audit plan.

**The University of Texas System  
Systemwide Internal Audit Program  
Fiscal Year 2012 Annual Audit Plan  
Executive Summary**

The University of Texas (UT) Systemwide fiscal year (FY) 2012 Internal Audit Plan (FY 2012 Audit Plan) is a blueprint of the internal audit activities that will be performed by the internal audit function throughout the System in FY 2012.

The process of preparing the audit plans is risk-based and ensures that areas and activities specific to each institution with the greatest risk are identified to be audited. Individual annual audit plans were prepared at UT System Administration and each institution in July and August. The System Audit Office, the Office of Academic or Health Affairs, and the institution's management and Audit Committee provided input and guidance on the audit plans. Additionally, the Chief Audit Executive provided direction to the internal audit directors both prior to the preparation of the audit plans and through formal feedback through "audit hearings" with each institution.

The institutional annual audit plans were reviewed for the possibility of assurance work done by external entities during the audit year, such as the State Auditor's Office (SAO), external audit firms, federal auditors, etc. Where appropriate, other assurance work was relied upon to reduce the internal audit resources needed.

After the review process, each institutional Internal Audit Committee formally approved its institution's annual audit plan. At the November 2011 meeting, the FY 2012 Audit Plan will be formally presented to the Audit, Compliance, and Management Review Committee and the UT System Board of Regents for consideration for approval.

The efforts of the internal audit function continue to focus on adding value through performance of audits in high-risk areas, including financial reporting, patient revenue and patient charge capture, construction, information technology and security, and research administration. The internal audit function also provides management value through consulting projects and special investigations.

The FY 2012 Audit Plan directs internal audit resources on priority audits and projects allocated among the categories listed below to address the risks of UT System. However, with potential changes in priorities that may occur during the fiscal year, institutions may request approval from their respective president and/or internal audit committee to change the priority budget for audits and projects or reallocate priority budget hours among the various categories.

<b>Audit Area Categories</b>	<b>Priority Budget Audit Hours</b>	<b>% of Priority Budget Audit Hours</b>
Financial	19,391	16%
Operational	31,501	27%
Compliance	25,241	21%
Information Technology	21,935	19%
Follow-up	6,110	5%
Projects	13,860	12%
<b>Total</b>	<b>118,038</b>	<b>100%</b>

**The University of Texas System  
Systemwide Internal Audit Program  
Fiscal Year 2012 Annual Audit Plan  
Executive Summary**

**FY 2012 Total Budgeted Priority Audit Plan Hours by Institution:**

	Financial	Operational	Compliance	Information Technology	Follow-up	Projects	Total Priority Budget Hours*
<b>U. T. System Administration</b>	3,600	6,025	2,050	3,275	900	1,900	17,750
<b>Large Institutions:</b>							
U. T. Austin	1,000	1,700	4,825	2,175	200	2,131	12,031
U. T. Southwestern Medical Center	1,400	1,400	3,650	2,000	750	1,800	11,000
U. T. Medical Branch at Galveston	1,200	2,350	1,560	1,750	300	1,000	8,160
U. T. Health Science Center - Houston	1,335	1,760	1,655	1,510	300	734	7,294
U. T. Health Science Center - San Antonio	980	2,100	1,260	1,220	600	440	6,600
U. T. M. D. Anderson Cancer Center	3,100	4,982	1,400	2,305	850	475	13,112
Subtotal	9,015	14,292	14,350	10,960	3,000	6,580	58,197
<b>Mid-size Institutions:</b>							
U. T. Arlington	750	775	1,255	1,000	300	1,240	5,320
U. T. Brownsville	520	1,100	751	775	280	750	4,176
U. T. Dallas	1,190	1,700	1,315	1,210	200	275	5,890
U. T. El Paso	1,460	3,044	1,100	2,150	400	310	8,464
U. T. Pan American	700	1,100	1,050	975	250	900	4,975
U. T. San Antonio	1,075	2,325	1,620	780	400	1,080	7,280
Subtotal	5,695	10,044	7,091	6,890	1,830	4,555	36,105
<b>Small Institutions:</b>							
U. T. Permian Basin	310	-	430	180	50	80	1,050
U. T. Tyler	350	680	240	330	150	425	2,175
U. T. Health Science Center - Tyler	421	460	1,080	300	180	320	2,761
Subtotal	1,081	1,140	1,750	810	380	825	5,986
<b>TOTAL</b>	<b>19,391</b>	<b>31,501</b>	<b>25,241</b>	<b>21,935</b>	<b>6,110</b>	<b>13,860</b>	<b>118,038</b>
<b>Percentage of Total</b>	<b>16%</b>	<b>27%</b>	<b>21%</b>	<b>19%</b>	<b>5%</b>	<b>12%</b>	<b>100%</b>

\* Reflects total hours budgeted for priority audits/projects (subject to approval by the Audit, Compliance, and Management Review Committee), which represents approximately 80 - 85% of total budgeted hours for the FY 2012 Systemwide Annual Audit Plan.

2. **U. T. System: Report on Compliance Programs at the U. T. System health institutions**

REPORT

The following presenters will report on the compliance programs at the U. T. System health institutions using the PowerPoint presentation set forth on Pages 26 - 39.

Mr. Larry Plutko, Systemwide Compliance Officer, U. T. System

Ms. Jessica L. Quinn, Assistant Vice President and Chief Compliance Officer,  
U. T. M. D. Anderson Cancer Center

Mr. Dieter Lehnortt, Assistant Vice President and Compliance Officer,  
U. T. Southwestern Medical Center

Ms. Karen K. Parsons, Assistant Vice President and Chief Compliance Officer,  
U. T. Health Science Center - Houston

Mr. Tobin Boenig, Associate Vice President and Chief Compliance Officer,  
U. T. Medical Branch - Galveston

Ms. Gayle Knight, Assistant Vice President for Regulatory Affairs and Compliance,  
U. T. Health Science Center - San Antonio

Ms. Donna Martin, Information Security Officer and Chief Compliance Officer,  
U. T. Health Science Center - Tyler

# Compliance Programs at the U. T. System Health Institutions

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November 2011

Audit, Compliance, and  
Management Review  
Committee



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# Purpose of Compliance Programs

- Compliance Programs are engaged in:
  - identifying risks,
  - developing enhancements to ongoing monitoring efforts, and
  - establishing long-term relationships/partnerships with operational units/departments to ensure risks are appropriately mitigated.
- Compliance is a long-term effort and not a snapshot audit of a particular risk at a given moment in time.



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# Environment - Identification of Risks

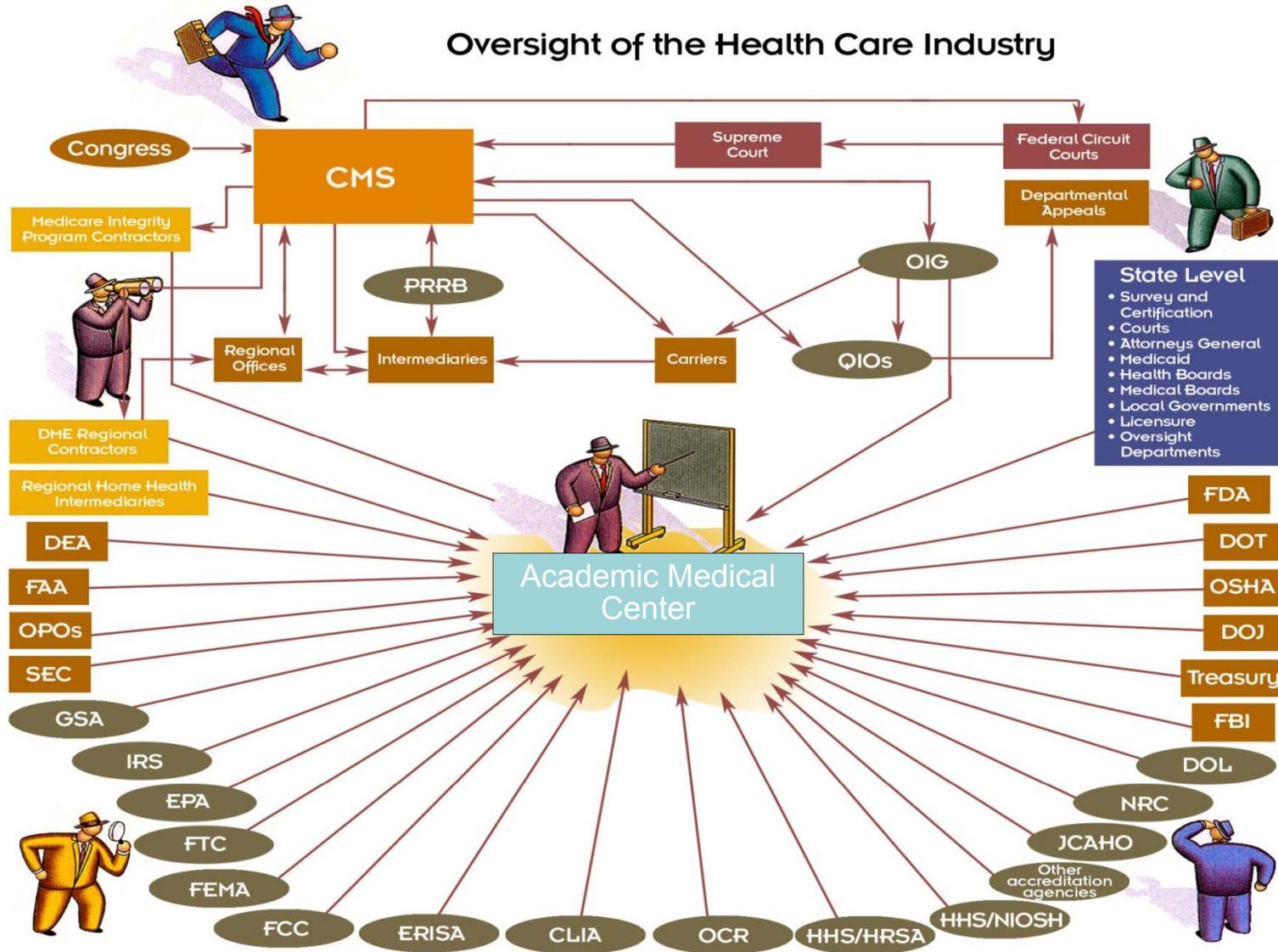
- What is the universe?
  - External factors:
    - Regulatory
    - Enforcement activity
    - Public viewpoint
    - Market area activity
  - Internal factors:
    - Culture
    - Enforcement activity
    - Previous reviews/audits/monitoring
    - Risk assessments



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# Health Care Regulatory Environment

## Oversight of the Health Care Industry





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## Collaborate with Key Departments

Gather information about identified risks:

- Review documents
  - Business operations
  - Enterprise risk assessments
  - Legal and regulatory activities
  - Compliance case logs
  - Industry legal and regulatory trends
  - Employee ethics/compliance awareness surveys
  
- Surveys: validate whether the initial list is correct
  - Identify risk priorities and determine which parts of the business face specific risks
  
- Interviews of key stakeholders throughout the organization provide opportunity to probe and spark insights



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## Medical Billing - Example of High Risk Area

Medical Billing – Key High Risk Area:

- \$7.7 billion in billing claims for six health institutions
- \$4.3 billion annual revenues from clinical enterprise
- 5.2 million outpatient visits
- 1.5 million hospital days
- Over 7,000 providers and 50,000 total employees
- Approximately 10 million billing claims annually



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## Medical Billing - Example of High Risk Area (cont.)

- \$35 million settlement announced in University of Washington billing case on May 1, 2004

*“The settlement is the largest since federal auditors began investigating billing practices throughout the country ten years ago. The University of Pennsylvania paid the second largest penalty, \$30 million, in 1995.”*

*– The Seattle Times*



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## Medical Billing Compliance Advisory Committee

- Executive Vice Chancellor for Health Affairs is responsible party for billing compliance programs
- Established a U. T. System Medical Billing Compliance Advisory Committee
  - U. T. System Office of Health Affairs is actively engaged
  - Directors of billing compliance programs are members
  - Pursues a strategic agenda
  - Develops and follows an annual work plan



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# Billing Compliance Software Solutions

- Leveraged interest in software to facilitate and streamline billing compliance activities for professional services:
  - MDaudit™ Professional billing review software used by all U. T. System health institutions since 2007
    - Board of Regents, through the Office of Health Affairs, covered one-third of the startup costs
    - Systemwide approach reduced license, implementation, and ongoing maintenance fees for every participating institution
  - Development of MDaudit™ Professional Guiding Principles
  - Optimization strategies



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# MDaudit™ Professional

## Results:

- Increased productivity for billing compliance reviews
- Improved education efforts
- Enhanced management of billing review cycle and involved employees
- Quicker identification, escalation, and tracking of potential billing compliance issues
- Improved reporting capabilities with the ability to track metrics from year to year



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## MDaudit™ Professional (cont.)

### Other Benefits:

- Consistency across reports
- Easy identification of “overpayments” and “underpayments”
- Provider expectations being met (e.g., feedback)
- Competitive nature of reviewed providers enhances the culture of compliance for the organization and the U. T. System



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# MDaudit™ Guiding Principles

- *Oct. 5, 2000 Office of Inspector General Compliance Guidance for Physician Practices, Federal Register Vol. 65, No. 194*
- Baseline review conducted within 3 months of provider start-up
- Review of 5-10 encounters for each billing provider
- Review conducted at least annually - more frequent if problems identified
- Targeted sample selection (high \$ / high volume - risk approach)



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## MDaudit™ Guiding Principles (cont.)

- Prompt return (within 60 days) of overpayments (new federal requirements)
- Qualified reviewers and access to medically trained personnel, as needed, during the review
- Documented corrective action plan for repetitive non-compliance
- Appropriate communication of results to supervisors and other accountable parties
- Focused education, including tailored training based on results of the review



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## Looking To The Future

- Continue networking of MDaudit™ “Super Users” to promote best practices and software functional enhancements
- Explore new strategies to leverage technology investment
- Implementation of MDaudit™ Hospital



## TABLE OF CONTENTS FOR FINANCE AND PLANNING COMMITTEE

**Committee Meeting:** 11/10/2011

*Paul L. Foster, Chairman*  
*Printice L. Gary, Vice Chairman*  
*Alex M. Cranberg*  
*Wallace L. Hall, Jr.*  
*Brenda Pejovich*

**Board Meeting:** 11/10/2011  
 Austin, Texas

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>3:15 p.m.</i> <i>Chairman Foster</i>		
<b>1. U. T. System Board of Regents: Discussion and appropriate action related to approval of <i>Docket No. 148</i></b>	<i>3:15 p.m.</i> <b>Discussion</b> <i>Dr. Kelley</i>	<b>Action</b>	<b>40</b>
<b>2. U. T. System: Key Financial Indicators Report</b>	<i>3:20 p.m.</i> <b>Report/Discussion</b> <i>Dr. Kelley</i>	Not on Agenda	<b>40</b>
<b>3. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the fiscal year and quarter ended August 31, 2011</b>	<i>3:35 p.m.</i> <b>Report/Discussion</b> <i>Mr. Zimmerman</i>	<b>Report</b>	<b>49</b>
<b>Adjourn</b>	<i>3:45 p.m.</i>		

1. **U. T. System Board of Regents: Discussion and appropriate action related to approval of Docket No. 148**

RECOMMENDATION

It is recommended that *Docket No. 148* be approved. The Docket is behind the Docket tab.

It is also recommended that the Board confirm that authority to execute contracts, documents, or instruments approved therein has been delegated to appropriate officials of the respective institution involved.

2. **U. T. System: Key Financial Indicators Report**

REPORT

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will discuss the Key Financial Indicators Report, as set forth on Pages 41 - 48. The report represents the consolidated and detailed operating results of the U. T. System institutions.

The Key Financial Indicators Report compares the Systemwide results of operations, key revenues and expenses, reserves, and key financial ratios in a graphical presentation from Fiscal Year 2007 through July 2011. Ratios requiring balance sheet data are provided for Fiscal Year 2006 through Fiscal Year 2010. Results for 2011 will be available at the February 2012 Board meeting.

# THE UNIVERSITY OF TEXAS SYSTEM



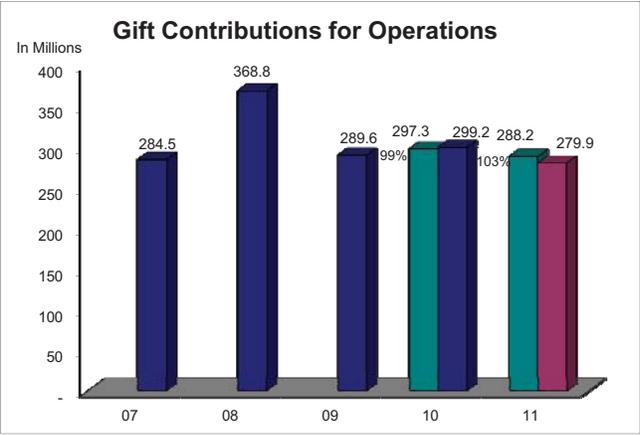
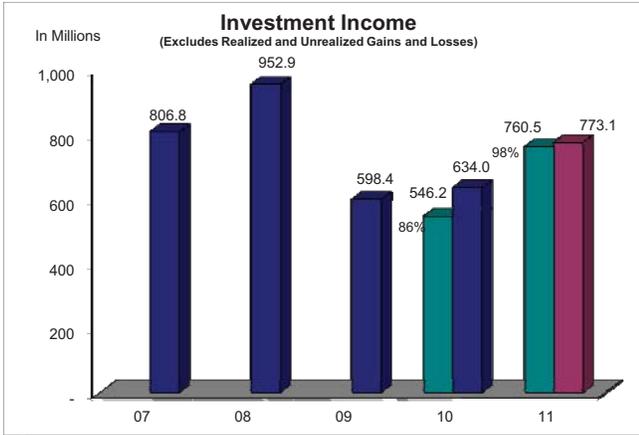
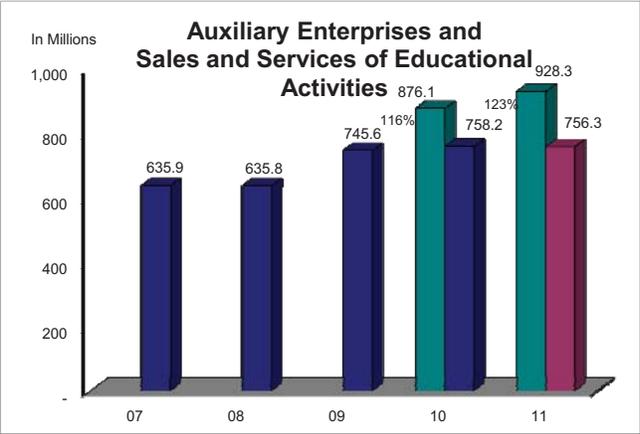
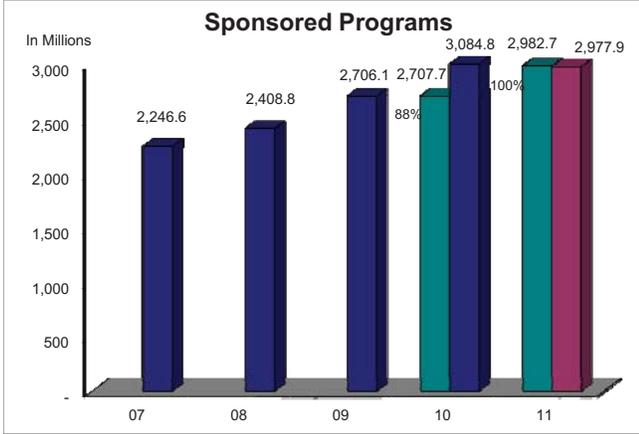
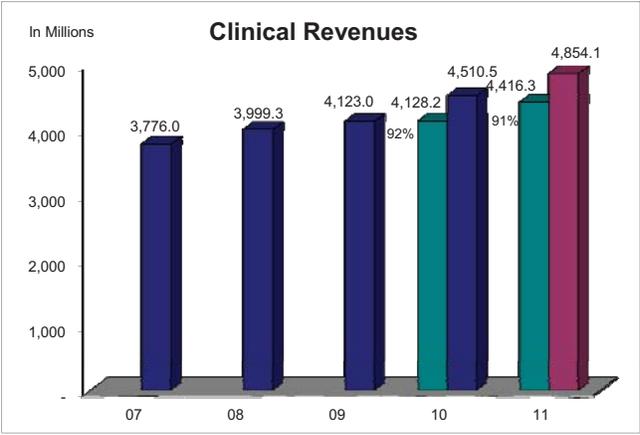
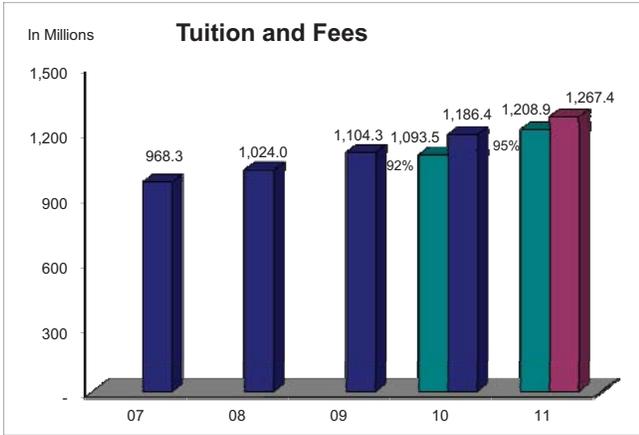
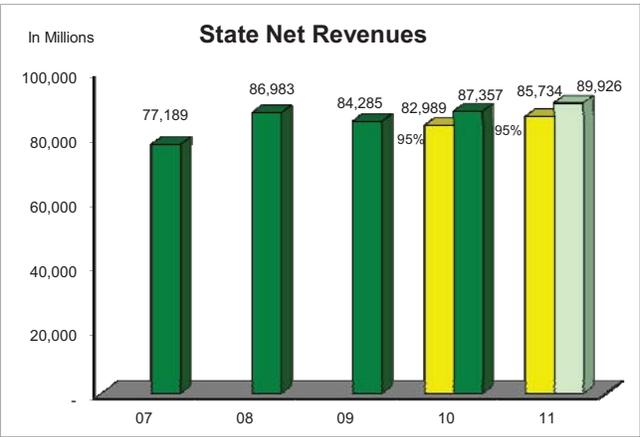
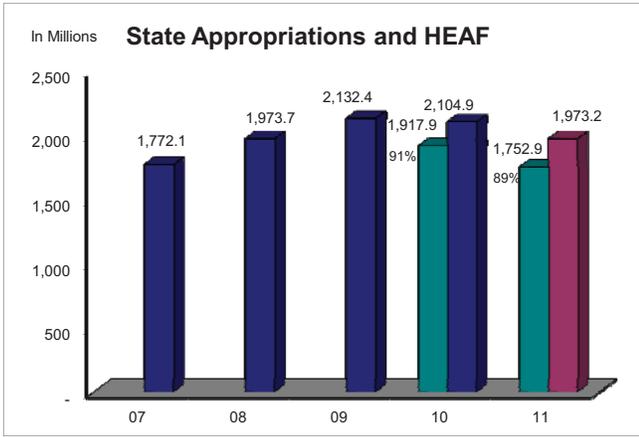
## KEY FINANCIAL INDICATORS REPORT

**JULY 2011**

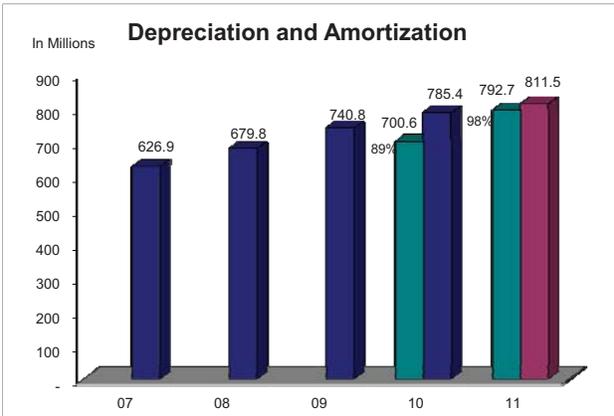
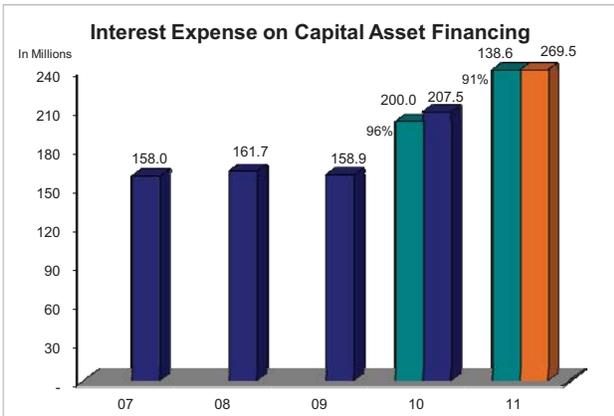
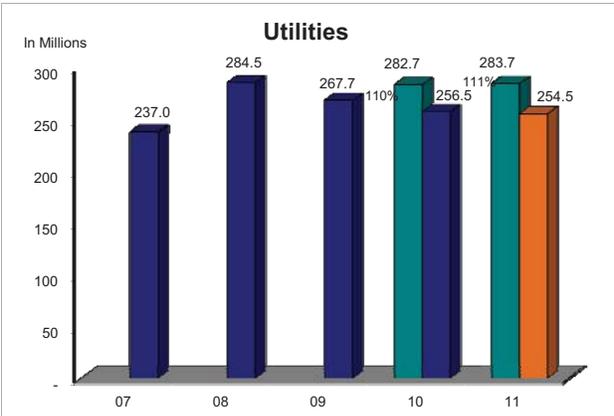
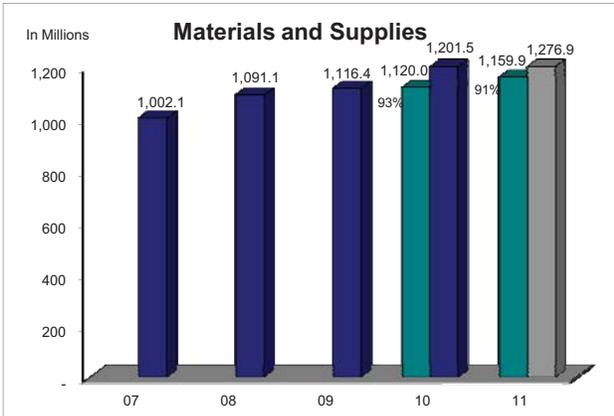
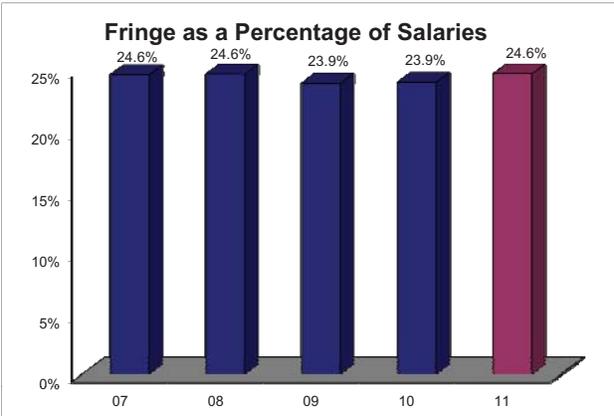
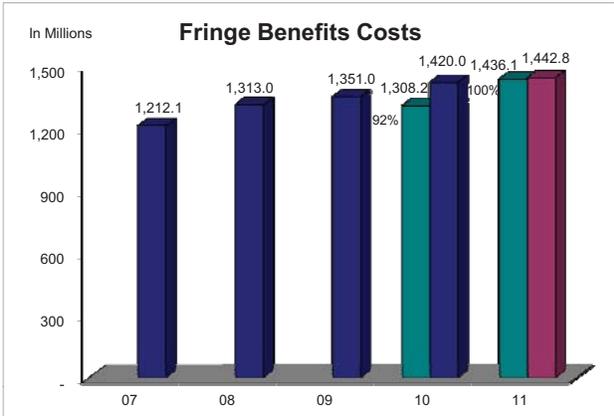
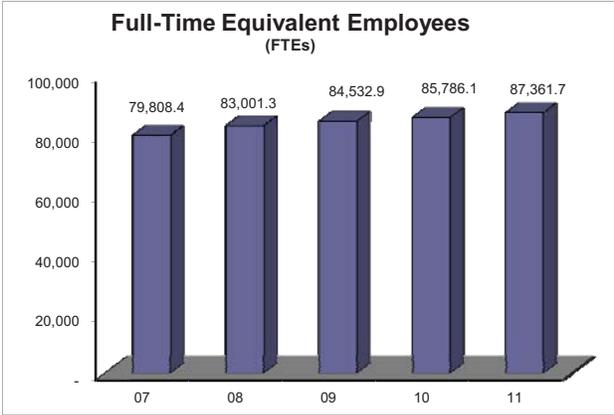
## KEY

	<b>Actual Annual Amounts</b> (SOURCE: Annual Financial Reports)
	<b>Adjustment to Actual Annual Amounts to exclude the Increase in Net OPEB Obligation</b> (SOURCE: Annual Financial Reports)
	<b>Budget amounts</b> (SOURCE: Operating Budget Summary)
	<b>Projected Amounts based on the average change of the previous three years of data</b>
	<b>Monthly Financial Report Year-to-Date Amounts</b>
	<b>Annual State Net Revenue Collections</b> (SOURCE: Texas Revenue History by Source and Texas Net Revenue by Source, State Comptroller's Office)
	<b>Year-to-Date State Net Revenue Collections</b> (SOURCE: State Comptroller's Office)
	<b>Estimated State Revenue Collections</b> (SOURCE: Biennial Revenue Estimate, State Comptroller's Office)
	<b>Annual and Quarterly Average of FTEs</b> (SOURCE: State Auditor's Office Quarterly FTE Report)
	<b>Year-to-Date Margin</b> (SOURCE: Monthly Financial Report)
	<b>Projected Amounts based on Monthly Financial Report</b>
	<b>Year-to-Date Margin</b> (SOURCE: Monthly Financial Report)
	<b>Target Normalized Rates</b>
	<b>Aaa Median</b> (SOURCE: Moody's)
	<b>A2 Median</b> (SOURCE: Moody's)
	<b>Good Facilities Condition Index (Below 5%)</b>
	<b>Fair Facilities Condition Index (5% - 10%)</b>

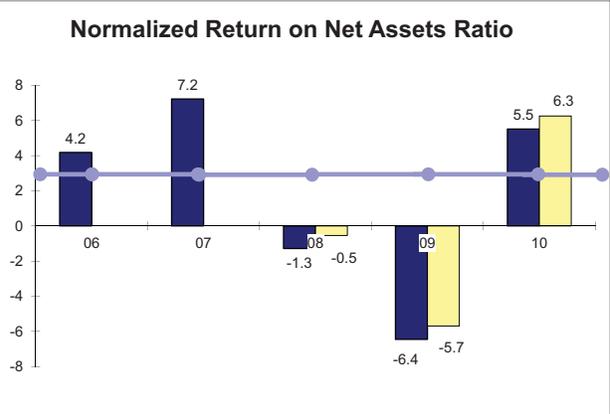
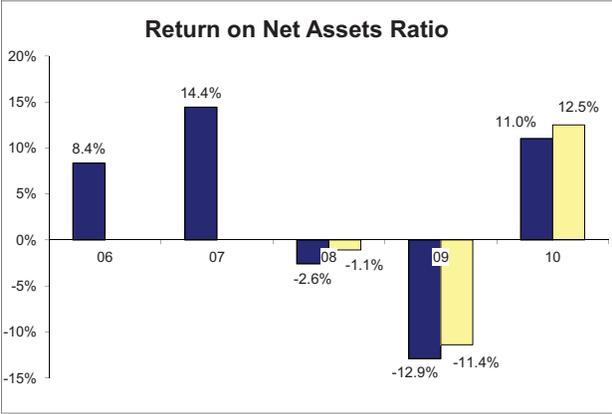
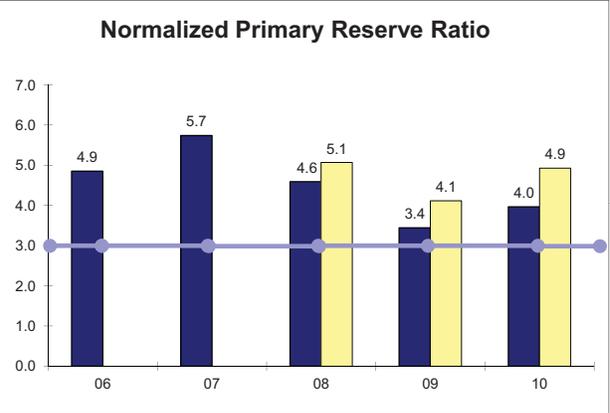
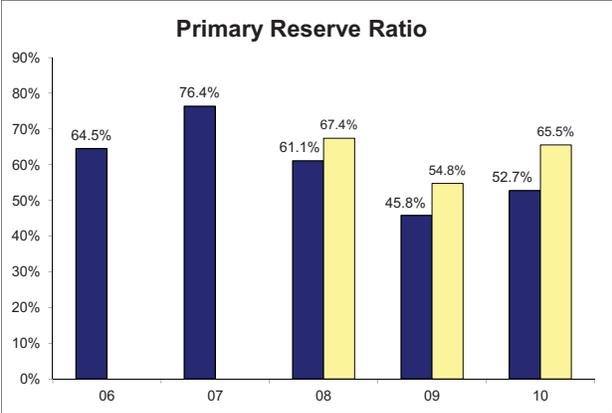
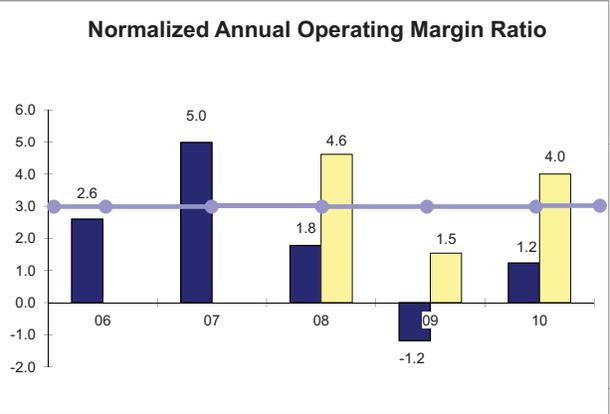
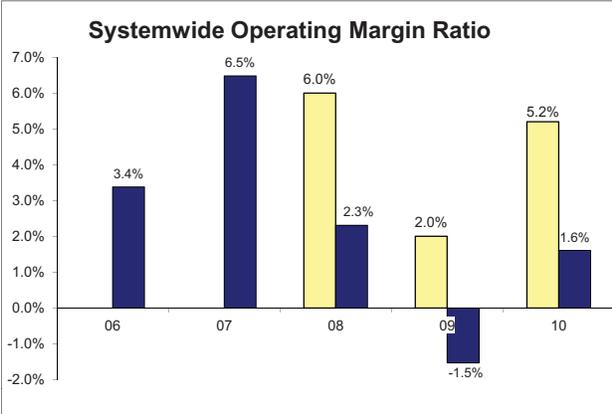
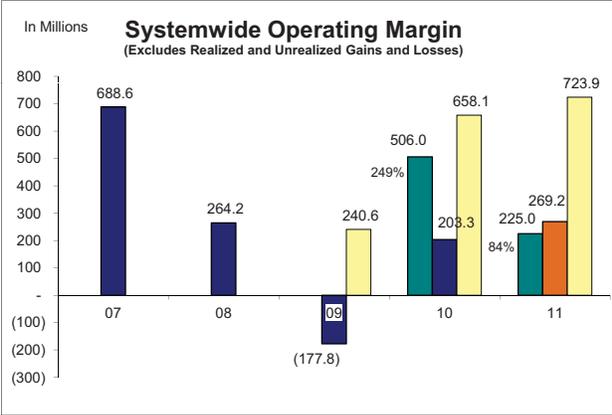
**KEY INDICATORS OF REVENUES  
ACTUAL 2007 THROUGH 2010  
PROJECTED 2011  
YEAR-TO-DATE 2010 AND 2011 FROM JULY MONTHLY FINANCIAL REPORT**



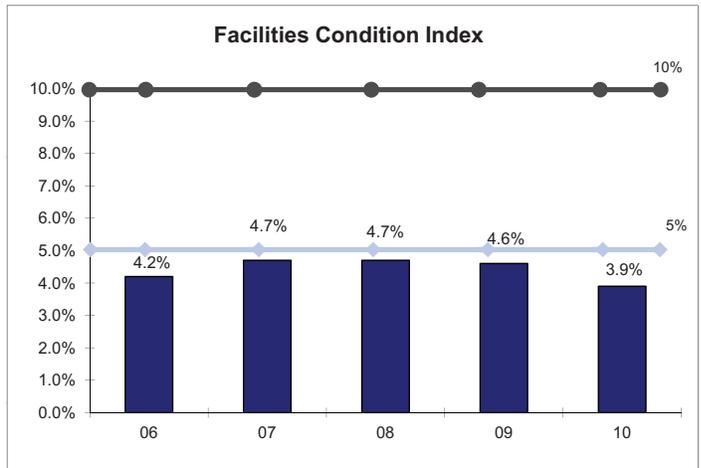
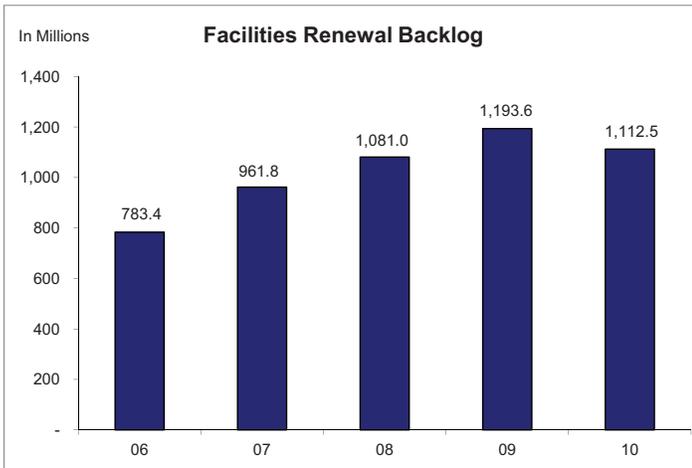
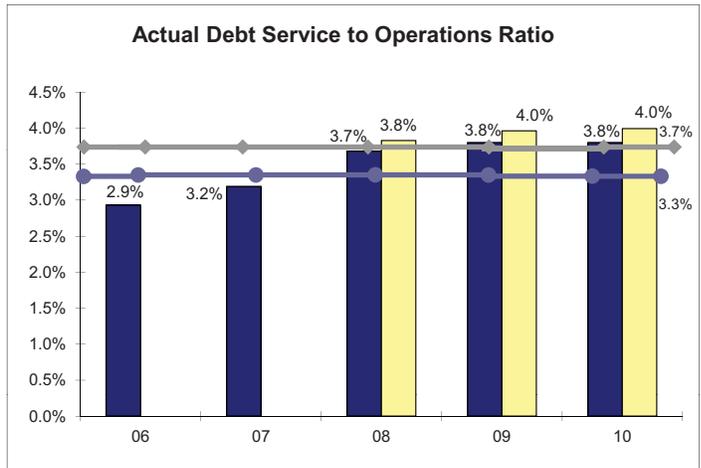
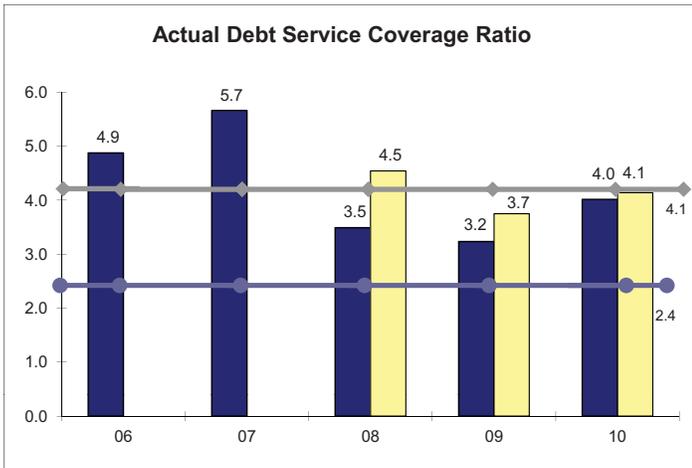
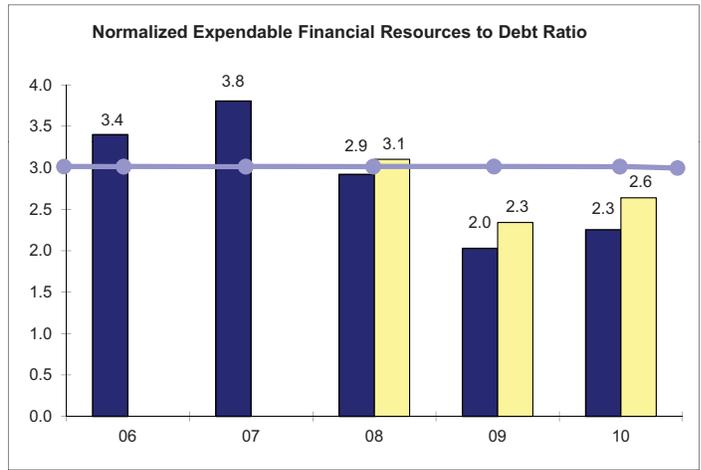
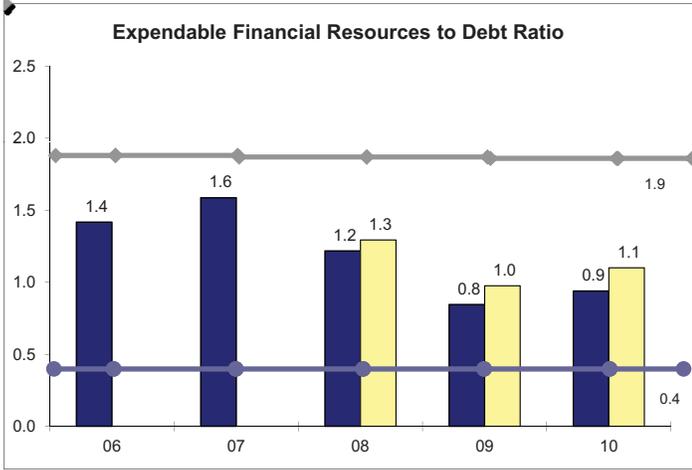
**KEY INDICATORS OF EXPENSES  
ACTUAL 2007 THROUGH 2010  
PROJECTED 2011  
YEAR-TO-DATE 2010 AND 2011 FROM JULY MONTHLY FINANCIAL REPORT**



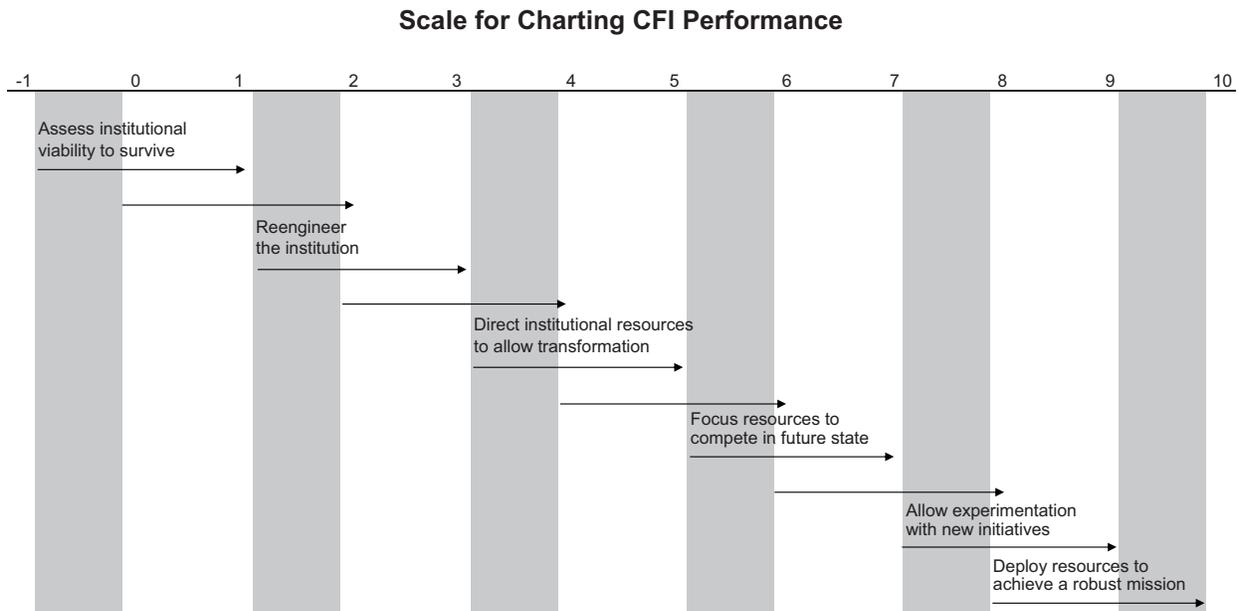
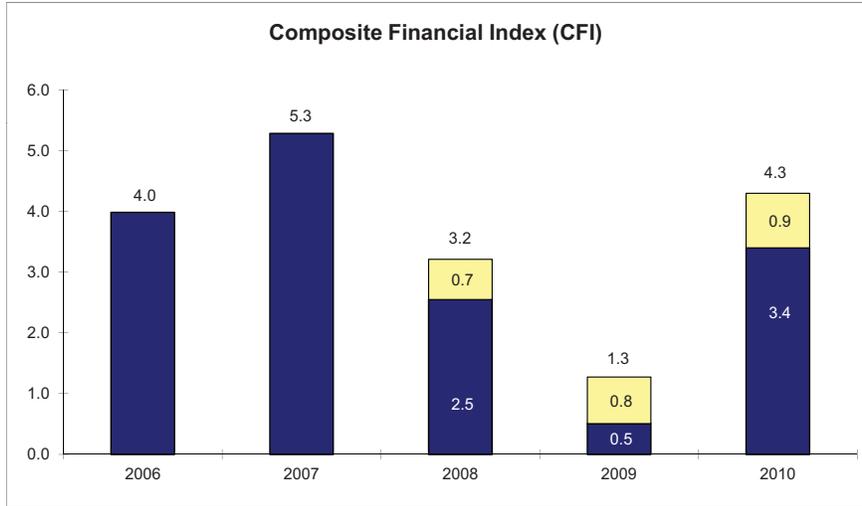
**KEY INDICATORS OF RESERVES**  
**ACTUAL 2006 THROUGH 2010**  
**PROJECTED 2011**  
**YEAR-TO-DATE 2010 AND 2011 FROM JULY MONTHLY FINANCIAL REPORT**



# KEY INDICATORS OF CAPITAL NEEDS AND CAPACITY 2006 THROUGH 2010

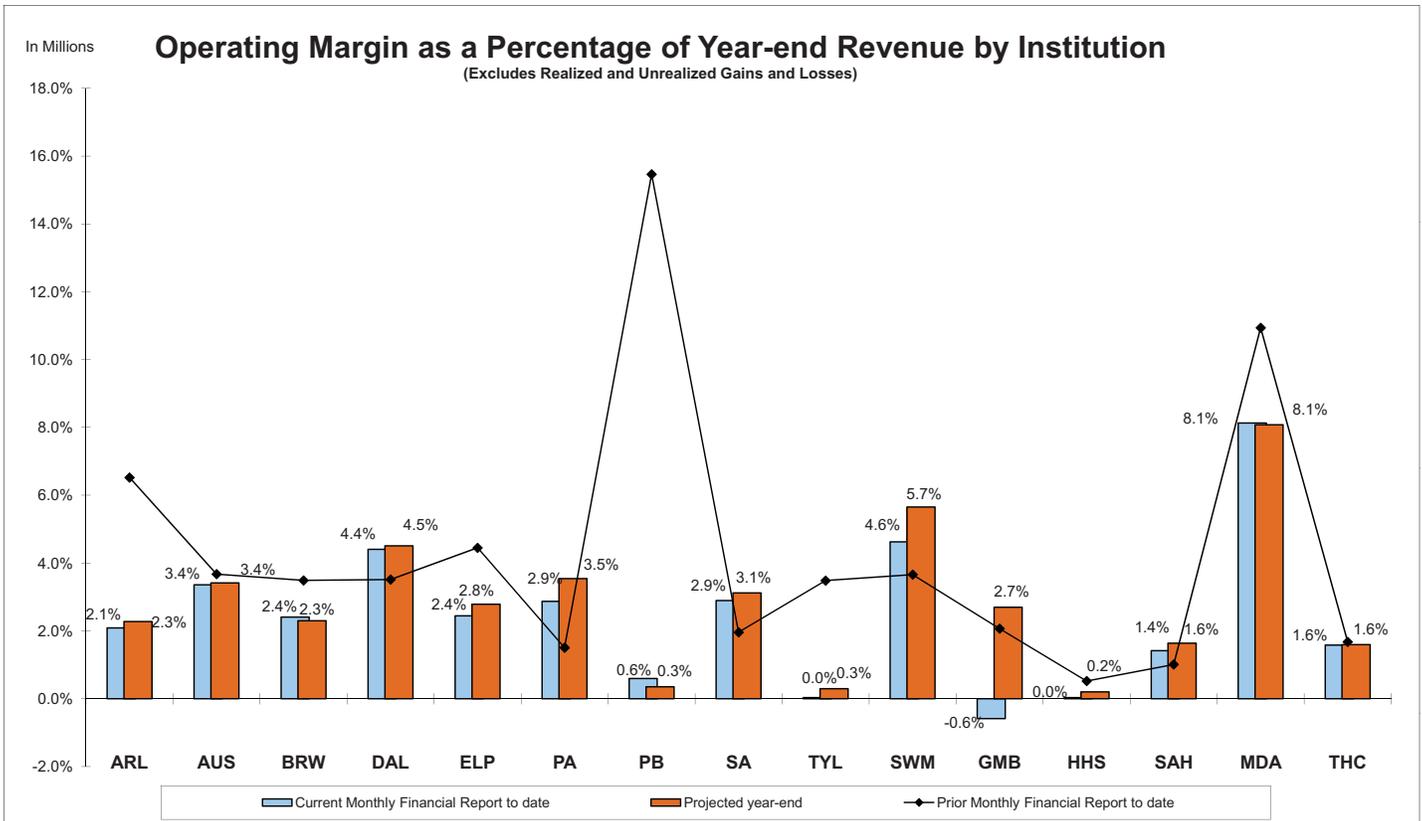
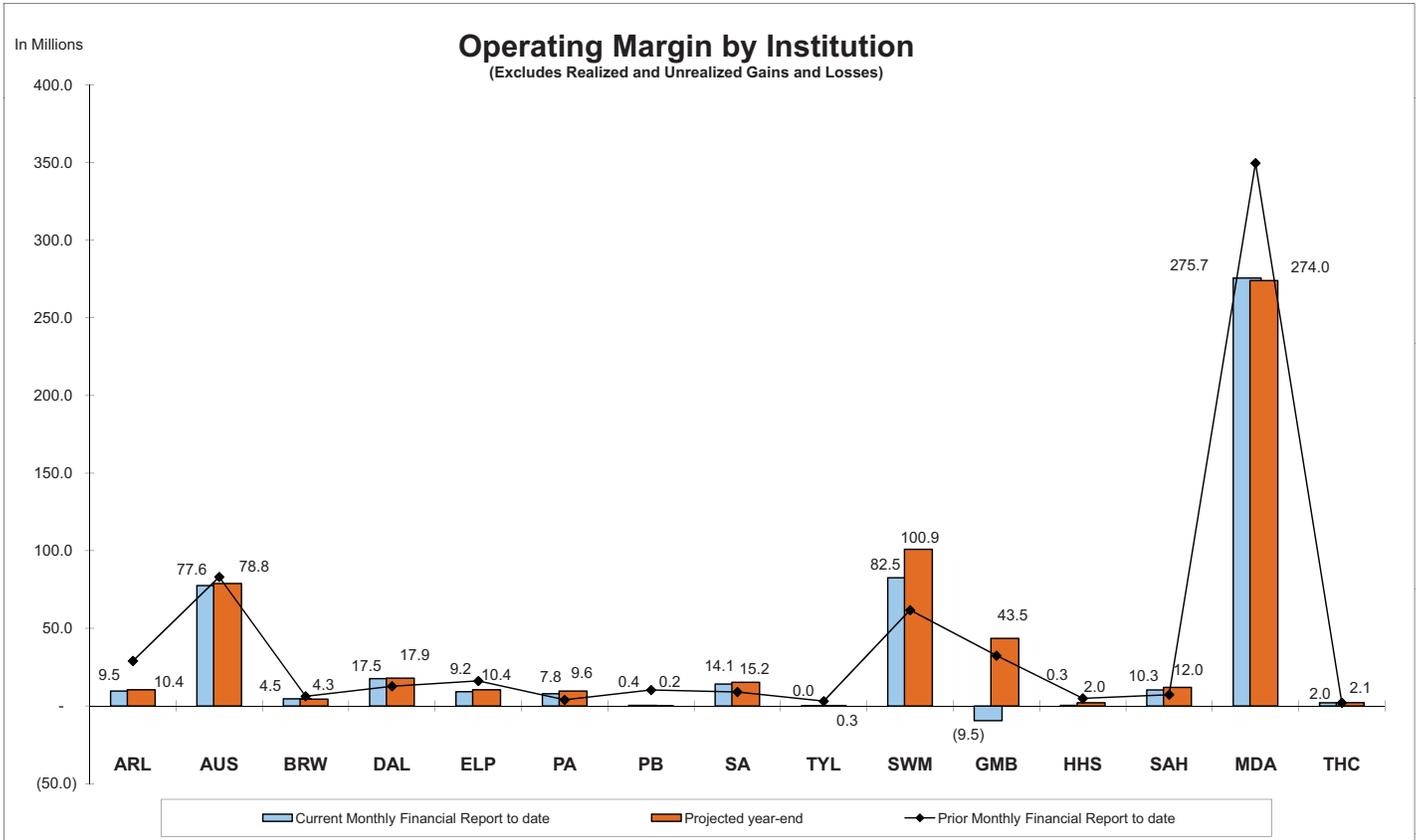


# KEY INDICATORS OF FINANCIAL HEALTH 2006 THROUGH 2010



# KEY INDICATORS OF RESERVES

## YEAR-TO-DATE 2010 AND 2011 FROM JULY MONTHLY FINANCIAL REPORT PROJECTED 2011 YEAR-END MARGIN



3. **U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the fiscal year and quarter ended August 31, 2011**

REPORT

The August 31, 2011 UTIMCO Performance Summary Report is attached on Page 50.

The Investment Reports for the fiscal year and quarter ended August 31, 2011, are set forth on Pages 51 - 54.

Item I on Page 51 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the fiscal year was 14.62% versus its composite benchmark return of 12.00%. The PUF's net asset value increased by \$1,963 million since the beginning of the year to \$12,688 million. The increase was due to \$896 million PUF Land receipts, net investment return of \$1,573 million, less the annual distribution to the Available University Fund (AUF) of \$506 million.

Item II on Page 52 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the fiscal year was 14.74% versus its composite benchmark return of 12.00%. The GEF's net asset value increased by \$1,014 million during the fiscal year to \$7,049 million.

Item III on Page 53 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the fiscal year was 11.39% versus its composite benchmark return of 9.06%. The net asset value increased during the fiscal year to \$4,662 million due to net investment return of \$485 million, net contributions of \$160 million, less distributions of \$139 million.

All exposures were within their asset class and investment type ranges. Liquidity was within policy.

Item IV on Page 54 presents book and market values of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus money market fund, decreased by \$122 million to \$2,175 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$75 million versus \$75 million at the beginning of the period; equities: \$46 million versus \$52 million at the beginning of the period; and other investments: \$5 million versus \$1 million at the beginning of the period.

# UTIMCO Performance Summary

August 31, 2011

		Periods Ended August 31, 2011									
		(Returns for Periods Longer Than One Year are Annualized)									
		Net Asset Value 8/31/2011 (in Millions)		Short Term		Year to Date		Historic Returns			
		1 Mo	3 Mos	Fiscal	Calendar	1 Yr	3 Yrs	5 Yrs	10 Yrs		
<b>ENDOWMENT FUNDS</b>											
Permanent University Fund	\$12,688	(2.33%)	(2.70%)	14.62%	3.83%	14.62%	4.08%	4.68%	7.05%		
General Endowment Fund	993	(2.32)	(2.67)	14.74	3.90	14.74	4.02	4.80	7.23		
Permanent Health Fund	6,057	(2.31)	(2.68)	14.76	3.96	14.76	3.97	4.73	7.14		
Long Term Fund	128	(2.31)	(2.68)	14.77	3.97	14.77	3.97	4.73	7.16		
Separately Invested Funds		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Total Endowment Funds</b>	<b>19,866</b>										
<b>OPERATING FUNDS</b>											
Debt Proceeds Fund	816	0.01	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Short Term Fund	1,356	0.01	0.04	0.22	0.12	0.22	0.55	2.18	2.26		
Intermediate Term Fund	4,662	(2.20)	(2.25)	11.39	2.16	11.39	4.76	N/A	N/A		
<b>Total Operating Funds</b>	<b>6,834</b>										
<b>Total Investments</b>	<b>\$26,700</b>										
<b>VALUE ADDED (Percent)</b>											
Permanent University Fund		0.84%	0.84%	2.62%	2.45%	2.62%	3.08%	2.62%	2.14%		
General Endowment Fund		0.85	0.87	2.74	2.52	2.74	3.02	2.74	2.32		
Debt Proceeds Fund		(0.01)	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Short Term Fund		(0.01)	0.02	0.07	0.02	0.07	0.23	0.35	0.20		
Intermediate Term Fund		0.31	0.60	2.33	1.58	2.33	2.50	N/A	N/A		
<b>VALUE ADDED (\$ IN MILLIONS)</b>											
Permanent University Fund		\$108	\$109	\$290	\$296	\$290	\$1,082	\$1,502	\$2,383		
General Endowment Fund		62	64	171	173	171	597	878	1400		
Intermediate Term Fund		15	29	99	74	99	323	538	N/A		
<b>Total Value Added</b>		<b>\$ 185</b>	<b>\$ 202</b>	<b>\$ 560</b>	<b>\$ 543</b>	<b>\$ 560</b>	<b>\$ 2,002</b>	<b>\$ 2,918</b>	<b>\$ 3,783</b>		

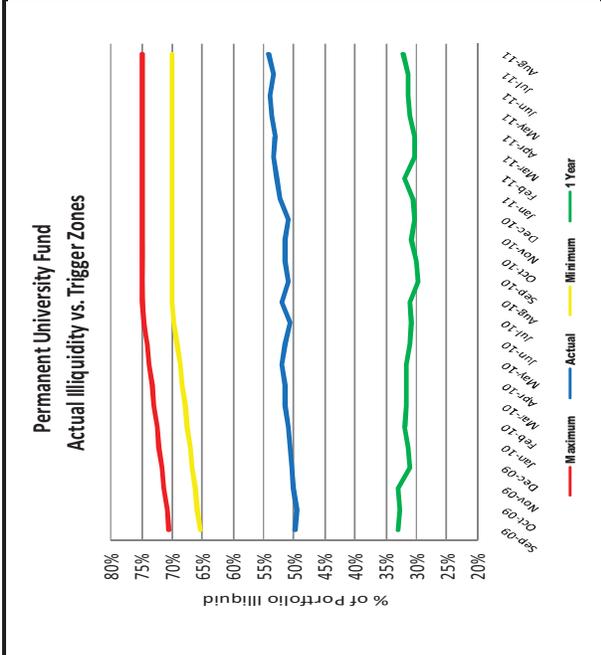
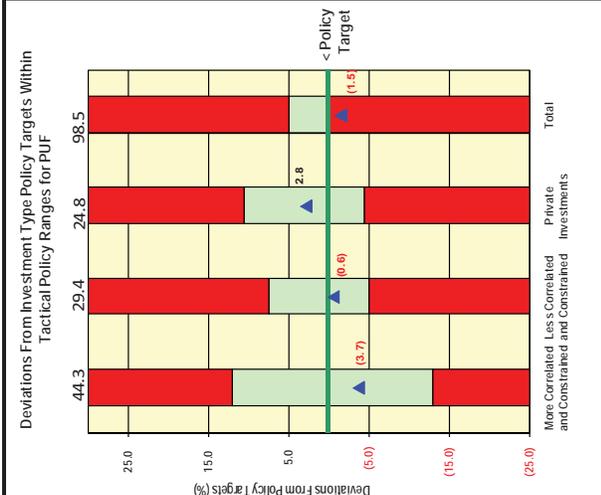
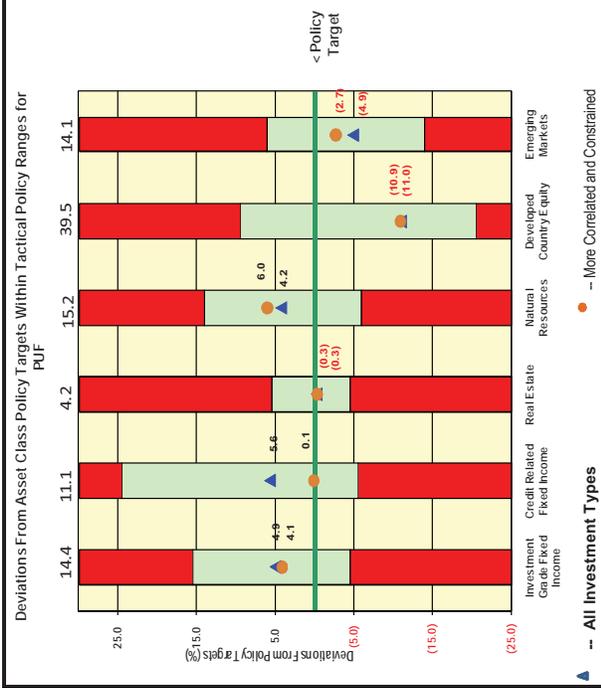
Footnotes available upon request.

# I. PERMANENT UNIVERSITY FUND Investment Reports for Periods Ended August 31, 2011

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
	Fiscal Year Ended August 31, 2010	Quarter Ended August 31, 2011	Fiscal Year Ended August 31, 2011
Beginning Net Assets (\$ millions)	\$ 9,674	\$ 12,908	\$ 10,725
PUF Lands Receipts	338	133	896
Investment Return (Net of Expenses)	1,229	(353)	1,573
Distributions to AUF	(516)	-	(506)
Ending Net Assets	\$ 10,725	\$ 12,688	\$ 12,688

	Fiscal Year to Date				
	Returns	Value Added			
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
<b>More Correlated and Constrained:</b>					
Investment Grade	3.90%	8.96%	-0.33%	-0.41%	-0.74%
Credit-Related	20.13%	9.22%	-0.04%	0.00%	-0.04%
Real Estate	8.82%	15.49%	-0.04%	-0.15%	-0.19%
Natural Resources	35.23%	25.12%	0.89%	0.57%	1.46%
Developed Country	15.16%	14.46%	-0.12%	0.12%	0.00%
Emerging Markets	9.23%	9.07%	0.01%	-0.02%	-0.01%
<b>Total More Correlated and Constrained</b>	<b>14.89%</b>	<b>13.78%</b>	<b>0.37%</b>	<b>0.11%</b>	<b>0.48%</b>
<b>Less Correlated and Constrained</b>					
Private Investments	7.47%	3.03%	-0.17%	1.27%	1.44%
<b>Total</b>	<b>23.26%</b>	<b>19.97%</b>	<b>-0.33%</b>	<b>1.03%</b>	<b>0.70%</b>
	<b>14.62%</b>	<b>12.00%</b>	<b>0.21%</b>	<b>2.41%</b>	<b>2.62%</b>



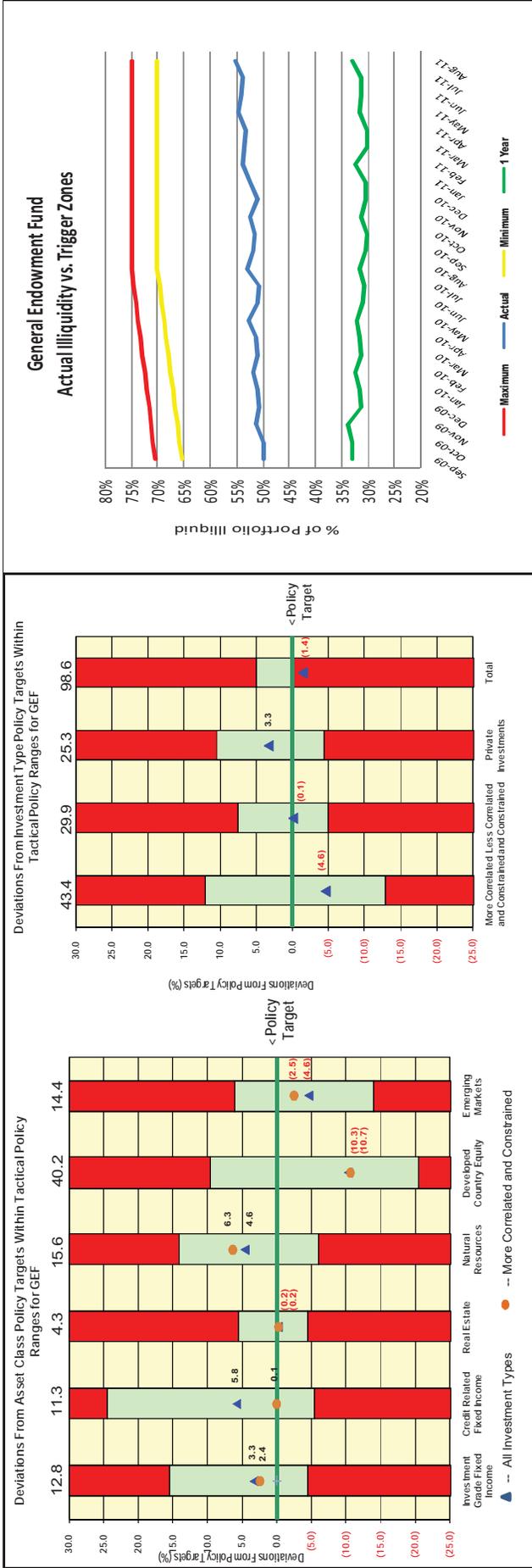
▲ -- All Investment Types      ● -- More Correlated and Constrained

**II. GENERAL ENDOWMENT FUND**  
**Investment Reports for Periods Ended August 31, 2011**  
 Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
	Fiscal Year Ended August 31, 2010	Quarter Ended August 31, 2011	Fiscal Year Ended August 31, 2011
Beginning Net Assets (\$ millions)	\$ 5,359	\$ 7,291	\$ 6,035
Contributions	285	42	432
Withdrawals	(11)	(5)	(12)
Distributions	(298)	(84)	(327)
Investment Return (Net of Expenses)	700	(195)	921
Ending Net Assets	\$ 6,035	\$ 7,049	\$ 7,049

	Fiscal Year to Date		
	Returns	Value Added	
	Portfolio	Policy Benchmark	Total
<b>More Correlated and Constrained:</b>			
Investment Grade	4.85%	8.96%	-0.35%
Credit-Related	20.22%	9.22%	0.00%
Real Estate	8.72%	15.49%	-0.16%
Natural Resources	35.46%	25.12%	0.60%
Developed Country	15.47%	14.46%	0.19%
Emerging Markets	9.32%	9.07%	-0.02%
<b>Total More Correlated and Constrained</b>	<b>15.13%</b>	<b>13.75%</b>	<b>0.26%</b>
<b>Less Correlated and Constrained</b>	<b>7.47%</b>	<b>3.03%</b>	<b>1.32%</b>
<b>Private Investments</b>	<b>23.26%</b>	<b>19.97%</b>	<b>1.03%</b>
<b>Total</b>	<b>14.74%</b>	<b>12.00%</b>	<b>2.61%</b>
			<b>2.74%</b>

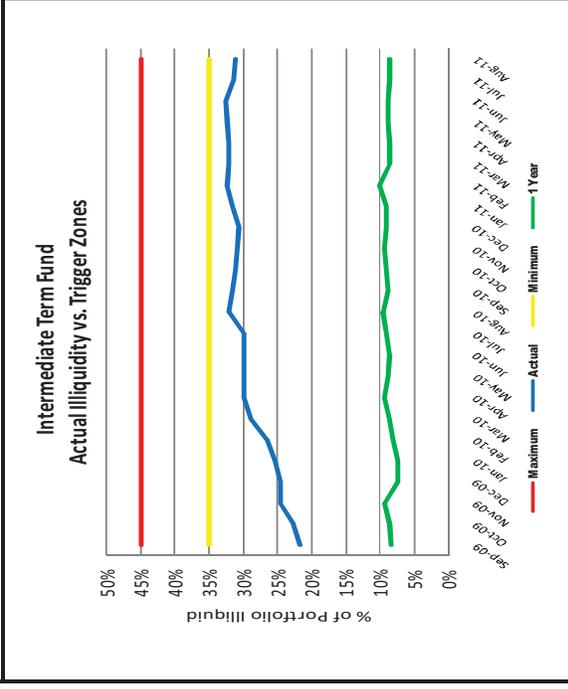
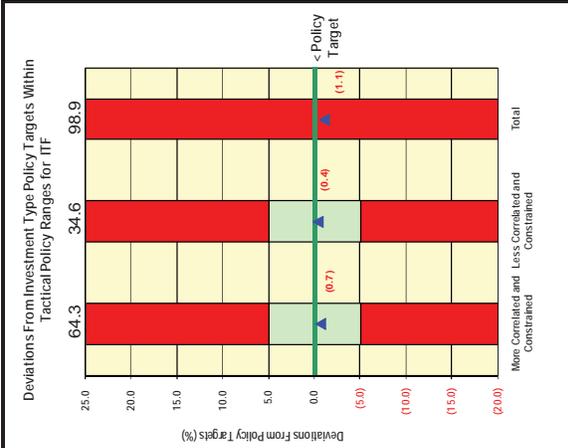
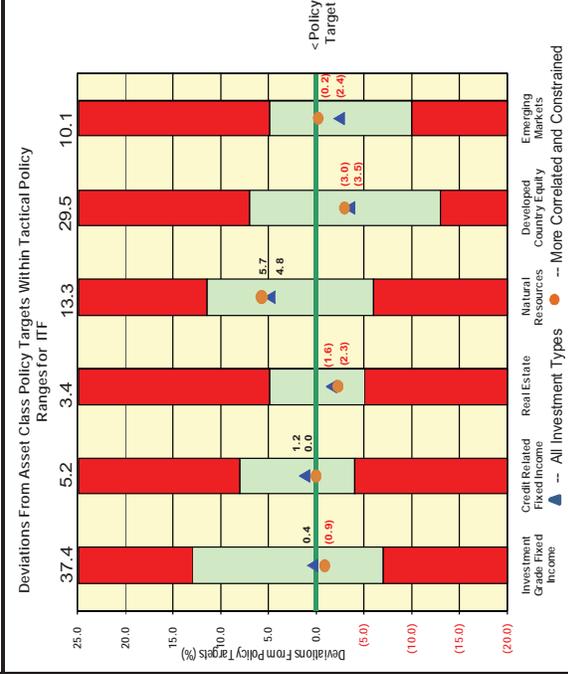


### III. INTERMEDIATE TERM FUND Investment Reports for Periods Ended August 31, 2011

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
	Fiscal Year Ended August 31, 2010	Quarter Ended August 31, 2011	Fiscal Year Ended August 31, 2011
Beginning Net Assets (\$ millions)	\$ 3,572	\$ 4,855	\$ 4,156
Contributions	409	45	328
Withdrawals	(112)	(95)	(168)
Distributions	(119)	(36)	(139)
Investment Return (Net of Expenses)	406	(107)	485
Ending Net Assets	\$ 4,156	\$ 4,662	\$ 4,662

	Fiscal Year to Date			
	Returns		Value Added	
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection
<b>More Correlated and Constrained:</b>				
Investment Grade	8.10%	8.96%	-0.10%	-0.33%
Credit-Related	18.13%	9.22%	0.00%	0.00%
Real Estate	9.62%	15.49%	0.10%	-0.39%
Natural Resources	33.90%	25.12%	0.67%	0.56%
Developed Country	15.42%	14.46%	0.13%	0.08%
Emerging Markets	9.01%	9.07%	-0.03%	-0.06%
<b>Total More Correlated and Constrained</b>	<b>13.49%</b>	<b>12.42%</b>	<b>0.77%</b>	<b>-0.11%</b>
<b>Less Correlated and Constrained</b>				
Private Investments	7.49%	3.03%	0.29%	1.38%
<b>Total</b>	<b>11.39%</b>	<b>9.06%</b>	<b>1.06%</b>	<b>1.27%</b>
				<b>2.33%</b>



**IV. SEPARATELY INVESTED ASSETS**  
**Summary Investment Report at August 31, 2011**  
 Report prepared in accordance with *Texas Education Code Sec. 51.0032*

ASSET TYPES	(\$ thousands)																
	CURRENT PURPOSE DESIGNATED		RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		OPERATING FUNDS				
													DEBT PROCEEDS AND (SHORT TERM FUND)		TOTAL		
	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	
<b>Cash &amp; Equivalents:</b>																	
Beginning value 05/31/11	-	-	2,094	2,094	27,344	27,344	1,407	1,407	16,905	16,905	47,750	47,750	2,249,358	2,249,358	2,297,108	2,297,108	
Increase/(Decrease)	-	-	520	520	16,393	16,393	5	5	(11,967)	(11,967)	4,951	4,951	(126,882)	(126,882)	(121,931)	(121,931)	
Ending value 08/31/11	-	-	2,614	2,614	43,737	43,737	1,412	1,412	4,938	4,938	52,701	52,701	2,122,476	2,122,476	2,175,177	2,175,177	
<b>Debt Securities:</b>																	
Beginning value 05/31/11	-	-	101	101	11,600	12,500	11,931	12,439	51	51	23,683	25,091	49,841	49,831	73,524	74,922	
Increase/(Decrease)	-	-	-	-	88	207	(95)	(77)	(51)	(51)	(58)	79	-	(48)	(58)	31	
Ending value 08/31/11	-	-	101	101	11,688	12,707	11,836	12,362	-	-	23,625	25,170	49,841	49,783	73,466	74,953	
<b>Equity Securities:</b>																	
Beginning value 05/31/11	147	2,963	243	218	30,500	35,482	12,733	13,597	-	-	43,623	52,260	-	-	43,623	52,260	
Increase/(Decrease)	-	(244)	189	190	(926)	(5,327)	-	(1,336)	-	-	(737)	(6,717)	-	-	(737)	(6,717)	
Ending value 08/31/11	147	2,719	432	408	29,574	30,155	12,733	12,261	-	-	42,886	45,543	-	-	42,886	45,543	
<b>Other:</b>																	
Beginning value 05/31/11	-	-	217	217	397	397	431	156	660	660	1,705	1,430	-	-	1,705	1,430	
Increase/(Decrease)	-	-	3,236	3,236	(386)	(386)	(12)	(17)	529	529	3,367	3,362	-	-	3,367	3,362	
Ending value 08/31/11	-	-	3,453	3,453	11	11	419	139	1,189	1,189	5,072	4,792	-	-	5,072	4,792	
<b>Total Assets:</b>																	
Beginning value 05/31/11	147	2,963	2,655	2,630	69,841	75,723	26,502	27,599	17,616	17,616	116,761	126,531	2,299,199	2,299,189	2,415,960	2,425,720	
Increase/(Decrease)	-	(244)	3,945	3,946	15,169	10,887	(102)	(1,425)	(11,489)	(11,489)	7,523	1,675	(126,882)	(126,880)	(119,359)	(125,255)	
Ending value 08/31/11	147	2,719	6,600	6,576	85,010	86,610	26,400	26,174	6,127	6,127	124,284	128,206	2,172,317	2,172,259	2,296,601	2,300,465	

Details of individual assets by account furnished upon request.



## TABLE OF CONTENTS FOR ACADEMIC AFFAIRS COMMITTEE

Committee Meeting: 11/10/2011

**Board Meeting: 11/10/2011**  
Austin, Texas

R. Steven Hicks, *Chairman*  
Robert L. Stillwell, *Vice Chairman*  
Paul L. Foster  
Wallace L. Hall, Jr.  
Brenda Pejovich

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>10:00 a.m.</i> <i>Chairman Hicks</i>		
1. <b>U. T. Austin: Authorization to purchase approximately 0.35 of an acre improved with a convenience store and related gas station fueling pumps located at 304 West Martin Luther King, Jr. Boulevard, Austin, Travis County, Texas, from North Dallas Petroleum, L.P., a Texas limited partnership, at a purchase price not to exceed fair market value as established by independent appraisals for future programmed development of campus expansion or other purposes related to the institution's mission</b>	<i>10:15 a.m.</i> <b>Action</b> <i>President Powers</i> <i>Ms. Mayne</i>	<b>Action</b>	<b>55</b>
2. <b>U. T. Austin: Authorization to acquire approximately 0.82 of an acre improved with a 10,447 square foot warehouse adjacent to The University of Texas Elementary School, located in a portion of Lots 1 and 2, Outlot 9, Division A, Original City of Austin, Travis County, Texas, from Capital Metropolitan Transportation Authority (Capital Metro), a public body organized under Chapter 451, <i>Texas Transportation Code</i>, in exchange for the conveyance to Capital Metro of approximately 0.194 of an acre located in a portion of Lot 1, Outlot 9 and a portion of Lot 2, Outlot 10, Division A, Original City of Austin, Travis County, Texas, plus cash to effectuate an even exchange, for future planned expansion of The University of Texas Elementary School</b>	<i>10:18 a.m.</i> <b>Action</b> <i>President Powers</i> <i>Ms. Mayne</i>	<b>Action</b>	<b>58</b>
3. <b>U. T. Tyler: Approval to a) establish a university charter school, b) pursue a charter school application with the Texas Education Agency and the State Board of Education, and c) delegate authority to operate the charter school to the president</b>	<i>10:21 a.m.</i> <b>Action</b> <i>President Mabry</i> <i>Dr. Prior</i>	<b>Action</b>	<b>62</b>

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
4. <b>U. T. System: Discussion and appropriate action regarding proposed revisions to Mission Statements for U. T. Arlington, U. T. Dallas, U. T. El Paso, U. T. Pan American, U. T. San Antonio, and U. T. Tyler</b>	<i>10:25 a.m.</i> <b>Action</b> <i>President Spaniolo</i> <i>President Daniel</i> <i>President Natalicio</i> <i>President Nelsen</i> <i>President Romo</i> <i>President Mabry</i>	<b>Action</b>	<b>64</b>
5. <b>U. T. System: Academic leadership discussion about research activities, including work at the U. T. Austin J. J. Pickle Research Campus</b>	<i>10:35 a.m.</i> <b>Discussion</b> <i>Dr. Prior</i> <i>President Powers</i>	Not on Agenda	<b>72</b>
<b>Adjourn</b>	<i>11:00 a.m.</i>		

1. **U. T. Austin: Authorization to purchase approximately 0.35 of an acre improved with a convenience store and related gas station fueling pumps located at 304 West Martin Luther King, Jr. Boulevard, Austin, Travis County, Texas, from North Dallas Petroleum, L.P., a Texas limited partnership, at a purchase price not to exceed fair market value as established by independent appraisals for future programmed development of campus expansion or other purposes related to the institution's mission**

### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor and General Counsel, and President Powers that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. Austin, to

- a. purchase approximately 0.35 of an acre of real property improved with a convenience store and related gas station fueling pumps located at 304 West Martin Luther King, Jr. Boulevard in Austin, Travis County, Texas, from North Dallas Petroleum, L.P., a Texas limited partnership, at a purchase price not to exceed fair market value as established by independent appraisals, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition as deemed necessary or advisable by the Executive Director of Real Estate, for future programmed development of campus expansion or other purposes related to the institution's mission; and
- b. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation.

### BACKGROUND INFORMATION

U. T. Austin seeks to purchase the subject property located at 304 West Martin Luther King, Jr. Boulevard (at the corner of Guadalupe Street) for future programmed campus expansion. The subject property is located one-half block from the U. T. Austin campus. The institution's campus already extends along most of the north side of Martin Luther King, Jr. Boulevard between Guadalupe Street and Leona Street.

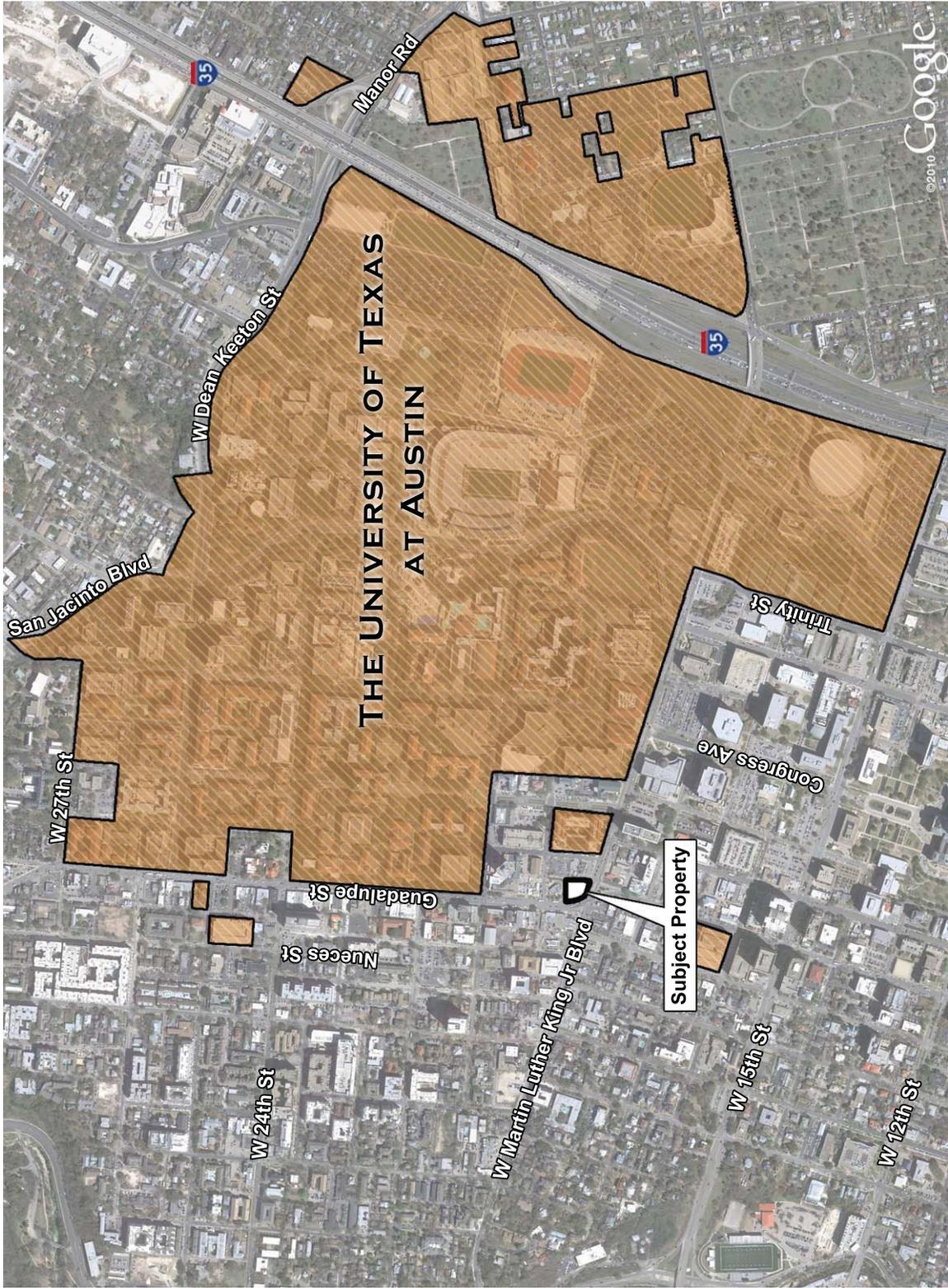
The 0.35 of an acre parcel is improved with a convenience store and fuel station. Both a Phase 1 and a Phase 2 environmental site assessment have been completed on the property. The limited subsurface investigation sampling results report concentrations of hydrocarbons present in the soils and groundwater that are below the Texas

Commission on Environmental Quality (TCEQ) Petroleum Storage Tank Program Action Levels. Prior to U. T. Austin's acquisition of the property, the seller will remove the fuel pumps and storage tanks and obtain a closure letter from the TCEQ.

U. T. Austin will use accumulated cash balances from general unrestricted funds for the purchase. A transaction summary and map showing the location of the subject property follow.

### Transaction Summary

Institution:	U. T. Austin
Type of Transaction:	Purchase
Total Area:	Approximately 0.35 of an acre
Improvements:	An approximately 1,250-square foot convenience store and fuel station
Location:	304 West Martin Luther King, Jr. Boulevard, Austin, Travis County, Texas, see map on the next page
Seller:	North Dallas Petroleum, L.P., a Texas limited partnership
Purchase Price:	Not to exceed fair market value as determined by independent appraisals
Appraised Value:	Confidential pursuant to <i>Texas Education Code</i> § 51.951
Source of Funds:	Accumulated cash balances from general unrestricted funds
Intended Use:	Future programmed development of campus expansion or other purposes related to the institution's mission



2. **U. T. Austin: Authorization to acquire approximately 0.82 of an acre improved with a 10,447 square foot warehouse adjacent to The University of Texas Elementary School, located in a portion of Lots 1 and 2, Outlot 9, Division A, Original City of Austin, Travis County, Texas, from Capital Metropolitan Transportation Authority (Capital Metro), a public body organized under Chapter 451, Texas Transportation Code, in exchange for the conveyance to Capital Metro of approximately 0.194 of an acre located in a portion of Lot 1, Outlot 9 and a portion of Lot 2, Outlot 10, Division A, Original City of Austin, Travis County, Texas, plus cash to effectuate an even exchange, for future planned expansion of The University of Texas Elementary School**

### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor and General Counsel, and President Powers that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. Austin, to

- a. acquire approximately 0.82 of an acre improved with a 10,447 square foot warehouse adjacent to The University of Texas Elementary School, located in a portion of Lots 1 and 2, Outlot 9, Division A, Original City of Austin, Travis County, Texas, from Capital Metropolitan Transportation Authority (Capital Metro), a public body organized under Chapter 451, *Texas Transportation Code*, in exchange for the conveyance to Capital Metro of approximately 0.194 of an acre located in a portion of Lot 1, Outlot 9 and a portion of Lot 2, Outlot 10, Division A, Original City of Austin, Travis County, Texas, plus cash to effectuate an even exchange, for future planned expansion of The University of Texas Elementary School, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition as deemed necessary or advisable by the Executive Director of Real Estate, for future planned expansion of The University of Texas Elementary School; and
- b. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation.

### BACKGROUND INFORMATION

U. T. Austin owns an approximately 0.194 acre unimproved parcel on the east side of The University of Texas Elementary School property that also adjoins the Capital Metro

rail tracks at East 6th Street. Capital Metro owns an approximately 0.82 acre parcel located along the north boundary of the school property and improved with an approximately 10,447 square foot warehouse facility.

U. T. Austin proposes to acquire the approximately 0.82 acre parcel owned by Capital Metro in exchange for conveying the approximately 0.194 acre parcel to Capital Metro, plus \$270,000 to equalize the exchange values, which are supported by appraisals. Cash for the exchange will be provided by gift funds. The exchange would enable U. T. Austin to improve the shape and utility of the Elementary School property and allow for its future expansion. The University of Texas Elementary School currently enrolls approximately 300 students in kindergarten through the 5th grade. The exchange would provide Capital Metro with additional property located immediately adjacent to its rail tracks.

Rude Mechanicals - A Theatre Collective, a Texas nonprofit corporation, leases the warehouse facility located on the Capital Metro property. Although the lease expires in May 2012, the tenant has the right to exercise up to three five-year renewal options at the then market rental rate for a warehouse facility. The rent is currently \$14,400 annually; market rent is currently estimated to range from \$37,000 to \$57,000 annually. The lease is a net lease, with the tenant paying all operating expenses, utility charges, taxes, insurance, repairs, and maintenance. The leased premises may be used for the performing arts and activities related thereto and the tenant may not assign the lease or sublet the space without the landlord's permission.

A transaction summary and map showing the location of the subject property follow.

#### Transaction Summary

##### **Conveyance to the Board of Regents**

Institution:	U. T. Austin
Type of Transaction:	Exchange
Total Area:	Approximately 0.82 of an acre
Improvements:	An approximately 10,447 square foot metal and masonry warehouse building built in 1943
Location:	A portion of Lots 1 and 2, Outlot 9, Division A, Original City of Austin, Travis County, Texas, revised plat of H. & T.C.R.R. addition of record in Book 2, Page 188A, Plat Records, Travis County, Texas; see map on Page 61

Appraised Value: \$500,000 (\$14.00 per square foot of land) (John M. Coleman MAI, SRA, the Aegis Group, August 12, 2011); \$381,000 (\$10.67 per square foot of land) (Larry H. Decovic, MAI, SRA, American Realty Corporation, July 29, 2011)

Grantor: Capital Metropolitan Transportation Authority

Exchange Consideration: Approximately 0.194 acre to be conveyed to Capital Metro, plus \$270,000 in cash to equalize the exchange value

Source of Funds: Gift funds

Intended Use: Future expansion of The University of Texas Elementary School

### **Conveyance to Capital Metropolitan Transportation Authority**

Institution: U. T. Austin

Type of Transaction: Exchange

Total Area: Approximately 0.194 of an acre

Improvements: None

Location: A portion of Lot 1, Outlot 9, Division A, and Lot 2, Outlot 10, Division A, Original City of Austin, Travis County, Texas, revised Plat of H. & T.C.R.R. addition, of record in Book 2, Page 188A, Plat Records, Travis County, Texas; see map on the next page

Appraised Value: \$230,000 (\$27.22 per square foot of land) (John M. Coleman MAI, SRA, the Aegis Group, August 12, 2011); \$135,000 (\$15.97 per square foot of land) (Larry H. Decovic, MAI, SRA, American Realty Corporation, July 29, 2011)

Grantee: Capital Metropolitan Transportation Authority, a public body organized under Chapter 451, *Texas Transportation Code*

Exchange Consideration: Approximately 0.82 of an acre to be conveyed to the Board of Regents



3. **U. T. Tyler: Approval to a) establish a university charter school, b) pursue a charter school application with the Texas Education Agency and the State Board of Education, and c) delegate authority to operate the charter school to the president**

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Mabry that the Board of Regents

- a. authorize the establishment of a university charter school at U. T. Tyler (Tyler, Longview, and Palestine campuses);
- b. authorize U. T. Tyler to pursue a charter school application with the Texas Education Agency (TEA) for submission to the State Board of Education (SBOE) for review and appropriate action; and
- c. delegate authority to operate the charter school to the President of U. T. Tyler, consistent with Regents' *Rules and Regulations*, Rule 40901, regarding charter schools.

#### BACKGROUND INFORMATION

U. T. Tyler requests authorization to establish, apply for, and manage a TEA-approved university charter school designated to meet the needs of home school and private school students for specialized science and mathematics instruction. The school would be named the U. T. Tyler Innovation Academy and would operate on the main U. T. Tyler campus in Smith County and at the satellite campuses in Longview (Gregg County) and Palestine (Anderson County). The school would initially serve students in Grade 3 through Grade 6, adding a higher grade level in each subsequent year of operation until Grade 12 is reached.

Authorization is requested to meet the timeline for SBOE approval at its November 16-18, 2011 meeting, and for the subsequent application for start-up funds from a TEA Charter School Start-up Grant for classes beginning in Fall 2012.

**Unique Focus.** U. T. Tyler's proposed charter school would be unique as a result of its

- a. focus on students already outside the public schools, including home school students;
- b. partnership with private schools to collaboratively provide Science, Technology, Engineering, and Mathematics (STEM) courses;

- c. heavy use of online and hybrid course delivery models;
- d. use of the T-STEM Academy model focusing on college and career readiness standards; and
- e. use of Project-Based Learning (PBL) best practices central in both the UTeach and T-STEM programs.

Charter school students would complete their core curriculum online. In addition to that curriculum, students would attend part-time at one of the U. T. Tyler locations, meeting with teachers in face-to-face, laboratory-like settings to complete science and mathematics projects as part of a PBL approach outlined in the T-STEM Academy Blue Print, an approach that is also one of the hallmarks of UTeach. PBL is minimally utilized in most public and private school settings in the region, and U. T. Tyler wishes to promote its use through a charter school demonstration process.

**Special Expertise.** U. T. Tyler has the expertise and experience to manage a charter school. It is heavily engaged in public education and educator preparation at all levels across East Texas. The Campus' charter school would leverage knowledge gained from two current National Science Foundation (NSF) projects designed to increase the number of STEM graduates. In addition, U. T. Tyler is a UTeach replication site, a major Texas Regional Collaborative for Science and Mathematics, and a funded site for Teacher Quality Projects in Mathematics and Science.

The University is also deeply engaged in K-12 schools. U. T. Tyler currently partners with the Tyler Independent School District for a lab-school in conjunction with the institution's T-STEM initiative. U. T. Tyler also manages after school programs at one elementary school, four middle schools, and one high school. Further, TEA awarded U. T. Tyler a multiyear, \$8.7 million grant for providing aggressive assistance to several low-performing middle schools, in more than one school district, in an effort to raise the performance of those schools.

**Available Facilities.** The University has excellent facilities and advanced technology that would facilitate a hybrid approach to teaching at the campuses in Tyler, Palestine, and Longview. The facilities are on campus at each site and, for different reasons in each instance, charter school classes would fully utilize the space in these facilities, thus increasing efficient use of buildings. Charter school classes could be scheduled in midday so they do not interfere with traditional undergraduate and graduate programs, which are delivered primarily in late afternoon and at night at the satellite campuses, and in a specialized conference center on the main campus that is heavily used, primarily at night.

**Need and Demand.** Since 2008, parent groups have encouraged U. T. Tyler to consider opening a charter school. In early October 2011, public meetings were held in Tyler, Longview, and Palestine, and feedback indicated the need for a charter school alternative to demonstrate PBL, to assist home school students with science and math

instruction, and to promote STEM graduates in private schools. Nonpublic school students comprise more than 10% of all school children in Smith County (approximately 3,000), and Gregg and Anderson Counties have similar patterns (approximately 2,500).

**Program Cost.** The charter school would be funded entirely through the State's Average Daily Attendance reimbursement process, although additional grants and private support will be sought to build further excellence.

Further, the hybrid approach to curriculum deployment will enable the school to operate with fewer personnel than the traditional model. These savings will allow the school to make additional investments in higher quality instruction during the face-to-face time.

In addition to the attendance funding, the charter school would be eligible for start-up funds from a TEA Charter School Start-up Grant. This grant allows for the acquisition of supplies, material, and equipment necessary to begin operations. It would also provide funding for the training of staff, development of curricula, and the recruitment and initial processing of students.

4. **U. T. System: Discussion and appropriate action regarding proposed revisions to Mission Statements for U. T. Arlington, U. T. Dallas, U. T. El Paso, U. T. Pan American, U. T. San Antonio, and U. T. Tyler**

**RECOMMENDATION**

The Chancellor concurs with the recommendation of the Executive Vice Chancellor for Academic Affairs and President Spaniolo, President Daniel, President Natalicio, President Nelsen, President Romo, and President Mabry that proposed changes to the Mission Statements for U. T. Arlington, U. T. Dallas, U. T. El Paso, U. T. Pan American, U. T. San Antonio, and U. T. Tyler as set forth on Pages 66 - 71 be approved by the U. T. System Board of Regents and forwarded to the Texas Higher Education Coordinating Board for approval.

**BACKGROUND INFORMATION**

Section 61.051(e) of the *Texas Education Code* requires the Texas Higher Education Coordinating Board (THECB) to periodically review the role and mission statements of public institutions of higher education. The Mission Statements were last approved by the Board of Regents on the following dates and by the THECB on April 24, 2008, after making nonsubstantive revisions to each statement. The attached mission statements reflect the revised statements approved by the THECB.

U. T. Arlington - August 7, 2003  
U. T. Dallas - August 10, 2006  
U. T. El Paso - November 9, 2007  
U. T. Pan American - April 1, 2005  
U. T. San Antonio - July 11, 2007  
U. T. Tyler - November 9, 2007

U. T. Austin (last approved on May 14, 1998) and U. T. Permian Basin (last approved on November 9, 2007) have no changes.

The recommended changes have been discussed and agreed upon by students, faculty, staff, and administrators at the respective institutions.

Pursuant to a directive by the Board of Regents on March 6, 2008, the revised Mission Statements include a statement regarding the commercialization of university discoveries.

## MISSION STATEMENT

### The University of Texas at Arlington

The University of Texas at Arlington is a comprehensive research, teaching, and public service institution whose mission is the advancement of knowledge and the pursuit of excellence. The University is committed to the promotion of lifelong learning through its academic and continuing education programs and to the formation of good citizenship through its community service learning programs. The diverse student body shares a wide range of cultural values and the University community fosters unity of purpose and cultivates mutual respect.

As a University, we affirm our commitment to the following objectives:

- The University is committed to comprehensive programs of academic research. This research effort requires attracting and retaining scholars who promote a culture of intellectual curiosity, rigorous inquiry, and high academic standards among their fellow faculty and the students they teach.
- The University values intellectual discovery not only as a manifestation of advancing human knowledge for its own sake but also as a vital prerequisite for fostering innovation, developing and transferring new technologies, and supporting the commercialization of products and services that enhance the standard of living and quality of life of the region, the state, the nation and the world.
- The University prepares students for full, productive lives and informed and active citizenship. To that end, we have developed undergraduate and graduate curricula and classroom practices that engage students actively in the learning process. Outside the classroom a wide range of student organizations and activities contribute to the learning environment. Our service learning program offers students the opportunity to supplement their academic study with internships in a variety of community settings, testing their skills and aptitudes and challenging their values. State-of-the-art teaching technologies, distance education, and off-site instruction afford access to off-campus as well as traditional students. Non-degree certificate and continuing education programs offer practical, aesthetic, and intellectually stimulating opportunities for community learners, for individual courses or a sustained program of study.
- ~~The mission of a university~~ University's mission can be achieved only when its students, faculty, staff, and administrators value and promote free expression in an atmosphere of tolerance, responsibility, and trust. The University regards these attributes as prerequisites for any community of learners and vigilantly strives to maintain them.
- Mindful of its role as a resource to the community, locally, nationally, and internationally, the University continually seeks partnerships with public and private concerns in order to advance the economic, social, and cultural welfare of its constituencies. We serve the needs of the North Texas community by sponsoring public lectures and academic symposia, as well as artistic, musical, and dramatic productions.

**MISSION STATEMENT**  
**The University of Texas at Dallas**

**Current Mission Statement**

The University of Texas at Dallas serves the Metroplex and the State of Texas as a global leader in innovative, high quality science, engineering, and business education and research. The University is committed to (1) producing engaged graduates, prepared for life, work, and leadership in a constantly changing world, (2) advancing excellent educational and research programs in the arts and natural and social sciences, engineering, and technology, management, and liberal, creative, and practical arts, and (3) transforming ideas into actions that directly benefit the personal, economic, social, and cultural lives of the citizens of Texas.

**Proposed Revised Mission Statement**

The University of Texas at Dallas provides the State of Texas and the nation with excellent, innovative education and research. The University is committed to graduating well-rounded citizens whose education has prepared them for rewarding lives and productive careers in a constantly changing world; to continually improving educational and research programs in the arts and sciences, engineering, and management; and to assisting the commercialization of intellectual capital generated by students, staff, and faculty.

**MISSION STATEMENT**  
**The University of Texas at El Paso**

The University of Texas at El Paso is dedicated to the advancement of the El Paso region through education, creative and artistic production, and the generation, interpretation, application, and commercialization of key discoveries, and the dissemination of knowledge. UTEP embraces its role as an intellectual, cultural and socioeconomic asset to the region, offering programs to meet human resource needs and contribute to the quality of life.

As a public university, UTEP is committed to providing access and opportunity to the people of the El Paso region and the State of Texas. UTEP's mission of ensuring access is coupled with a commitment to excellence, reflected in rigorous programs, which prepare students to make significant contributions to their professions, their communities and the world.

As a research/doctoral institution, UTEP fosters a climate of scholarly inquiry, with a special focus on applying innovative interdisciplinary approaches to explore and address major issues that confront the multicultural, the United States and U.S.-Mexico border region.

**MISSION STATEMENT**  
**The University of Texas-Pan American**

**Current Mission Statement**

The University of Texas - Pan American (UTPA) serves the higher education needs of a rapidly growing, international, multicultural population in the South Texas Region. The University preserves, transmits and creates knowledge to serve the cultural, civic, and economic advancement of the region and the state. The University provides students advanced instruction in academic programs offered through innovative delivery systems that lead to professional certification, and baccalaureate, master's and doctoral degrees.

**Proposed Revised Mission Statement**

The University of Texas-Pan American serves the social, economic, research and, most importantly, the educational needs of the rapidly growing transnational, culturally diverse population of South Texas. The University creates, preserves, and transmits knowledge that advances the region, state, and nation and that builds prosperity through entrepreneurship and commercialization. In a supportive environment dedicated to student learning, the University provides quality instruction in rigorous academic programs that leads to bachelor's, master's and doctoral degrees as well as professional certificates. Through teaching, research, creative activity, and public service, the University prepares students to be socially conscious citizens and transformative leaders.

**MISSION STATEMENT**  
**The University of Texas at San Antonio**

The University of Texas at San Antonio is dedicated to the advancement of knowledge through research and discovery, teaching and learning, community engagement and public service. As an institution of access and excellence, UTSA embraces multicultural traditions, and serves ~~servi~~ng as a center for intellectual and creative resources as well as a catalyst for socioeconomic development and the commercialization of intellectual property – for Texas, the nation and the world.

**MISSION STATEMENT**  
**The University of Texas at Tyler**

The University of Texas at Tyler is a comprehensive institution of higher education offering undergraduate and graduate degree programs as an institution of the renowned University of Texas System. The University of Texas at Tyler's vision is to be nationally recognized for its high quality education in the professions and in the humanities, arts and sciences, and for its distinctive core curriculum. Guided by an outstanding and supportive faculty, its graduates will understand and appreciate human diversity and the global nature of the new millennium. They will think critically, act with honesty and integrity, and demonstrate proficiency in leadership, communication skills, and the use of technology.

The University is committed to providing a setting for free inquiry and expects excellence in the teaching, research, artistic performances and professional public service provided by its faculty, staff, and students. As a community of scholars, the University develops the individual's critical thinking skills, appreciation of the arts, humanities and sciences, international understanding for participation in the global society, professional knowledge and skills to enhance economic productivity, and commitment to lifelong learning.

Within an environment of academic freedom, students learn from faculty scholars who have nationally recognized expertise in the arts and sciences, and in such professions as engineering, public administration, education, business, health sciences, and technology. The faculty engages in research and creative activity, both to develop and maintain their own scholarly expertise and to extend human knowledge. The results of that research and other creative efforts are made available to students in the classroom and to the general public through publication, ~~technology transfer~~ commercialization, and public service activities. The institution also seeks to serve individuals who desire to enhance their professional development, broaden their perspectives, or enrich their lives.

5. **U. T. System: Academic leadership discussion about research activities, including work at the U. T. Austin J. J. Pickle Research Campus**

DISCUSSION

Executive Vice Chancellor Prior and President Powers will lead a presidential discussion and engagement with the Board of Regents on research activities, including work at the U. T. Austin J. J. Pickle Research Campus.



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**Committee Meeting:** 11/10/2011

Robert L. Stillwell, *Chairman*  
James D. Dannenbaum, *Vice Chairman*  
Paul L. Foster  
Printice L. Gary  
Wallace L. Hall, Jr.

**Board Meeting:** 11/10/2011  
Austin, Texas

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	11:00 a.m. <i>Chairman Stillwell</i>		
1. <b>U. T. Medical Branch - Galveston: Discussion featuring research opportunities, accomplishments, and challenges</b>	11:00 a.m. <b>Discussion</b> <i>Dr. Shine</i> <i>President Callender</i>	Not on Agenda	<b>73</b>
2. <b>U. T. System: Report on the Supply Chain Alliance Strategic Plan</b>	11:12 a.m. <b>Report/Discussion</b> <i>Mr. Richard St. Onge</i> <i>Mr. John Joshua</i>	Not on Agenda	<b>86</b>
3. <b>U. T. Health Science Center - San Antonio: Discussion and appropriate action regarding proposed revisions to Mission Statement</b>	11:22 a.m. <b>Action</b> <i>President Henrich</i>	<b>Action</b>	<b>86</b>
4. <b>U. T. System: Discussion regarding the changing health care environment</b>	11:25 a.m. <b>Discussion</b> <i>Dr. Shine</i> <i>Health Presidents</i>	Not on Agenda	<b>87</b>
<b>Adjourn</b>	12:00 p.m.		

1. **U. T. Medical Branch - Galveston: Discussion featuring research opportunities, accomplishments, and challenges**

DISCUSSION

Executive Vice Chancellor Shine will introduce President Callender for a discussion concerning research opportunities, accomplishments, and challenges at U. T. Medical Branch - Galveston using the PowerPoint presentation on Pages 74 - 85.

The University of Texas System Board of Regents  
November 10, 2011

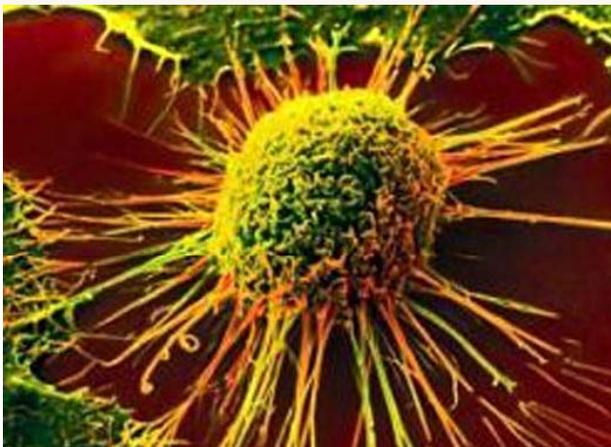
The University of Texas Medical Branch

# Research: Advancing Knowledge, Improving Health

**David L. Callender, MD, MBA, FACS**

President

# Abundant Research Excellence



- Aging
- Chronic diseases
- Infectious diseases/vaccine development
- Neuroscience and degenerative neurological conditions
- Women's health
- Molecular cardiology
- Environmental health and medicine
- Cancer (particularly solid tumors)
- Burns, wound healing, and inflammation

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# National Rankings in NIH Funding

National Rank	School of Medicine Department	\$ Value
4	Microbiology & Immunology	\$9,981,324
8	Obstetrics & Gynecology	\$6,120,297
12	Pathology	\$22,365,061
19	Biochemistry & Molecular Biology	\$11,895,806
20	Neuroscience & Cell Biology	\$5,302,738
23	Anesthesiology	\$3,482,387
24	Surgery	\$6,361,276

Source: Blue Ridge Institute for Medical Research, 2010

# Research Enterprise Highlights

- Galveston National Laboratory - only national laboratory in Texas and only one of its type on a U.S. university campus
- Largest vaccine development program at a U.S. university - testing universal flu vaccine, vaccines for chronic diseases
- Department of OB/Gyn - only one in nation to be included in all four Child Health and Human Development research networks (NIH)
- Named among Top 100 Institutions in Federal Dollars for Science 2009 (*Chronicle of Higher Ed*, Sept. 2011)
- Growing focus on translational research - Clinical and Translational Science Awards (CTSA)

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# CTSA: Excellence in Action

- Transforming the research and training environment to enhance efficiency and quality
- \$24 million (2009-2014) from the National Center for Research Resources (NCRR), with institutional support to:
  - Facilitate translational research as a rigorous discipline
  - Enhance the continuum of translational research training
  - Bridge all three types of translational research:
    1. Turning lab bench results into new treatments
    2. Implementing results of clinical studies in everyday practice and health care decision-making
    3. Integrating evidence-based guidelines into health practice, through delivery and dissemination
  - Collaborate with the 55-member national CTSA Consortium

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# Partnerships Key to Progress

- Sandia National Laboratory
- Texas Medical Center institutions
- Gulf Coast Consortia
- Federal agencies (e.g., NIAID, NASA, DOD)
  - Western Regional Center of Excellence for Biodefense and Emerging Infectious Diseases (lead agency)
- Mission Connect
- Shriners Hospitals for Children
- U. T. System Research Cyberinfrastructure (UTRC)
- Gulf Coast Health Alliance

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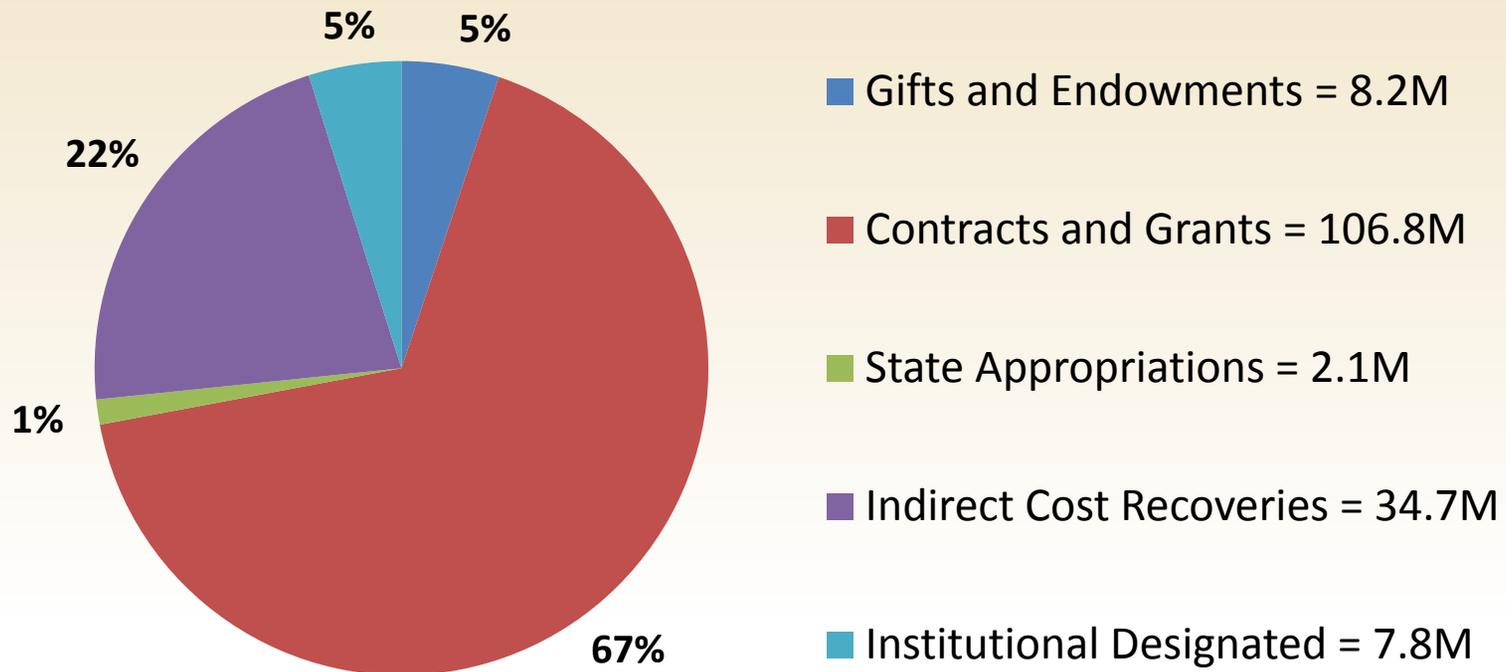
# Growth of Research Programs

- \$159.6 million in FY11 research spending
  - Average annual growth rate: 5.77%
- More than \$125 million grants/contracts; includes \$87 million in NIH awards (FY11)
- Research faculty: 487 full- and part-time



# Research Funding By Source

81



Source: UTMB Research Services, FY11

# Facility Expansion

- 170,000 square feet of research space added since 2001 (33% increase)
- Total of 560,000 square feet



# Recent Discoveries

- Lower levels of ubiquitin found in brains of Alzheimer's sufferers – D. Boehning, J. Barral, A. Oberhauser
- New defense blocks common hospital-acquired infection – T. Savidge
- Experimental vaccine against chikungunya, mosquito-borne emerging virus – S. Weaver
- Previously unknown virus identified as cause of high-mortality Chinese outbreak – X. Yu
- New mouse lungs grown using 'skeletons' of old ones – J. Nichols, J. Cortiella

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# Recent Discoveries (cont.)

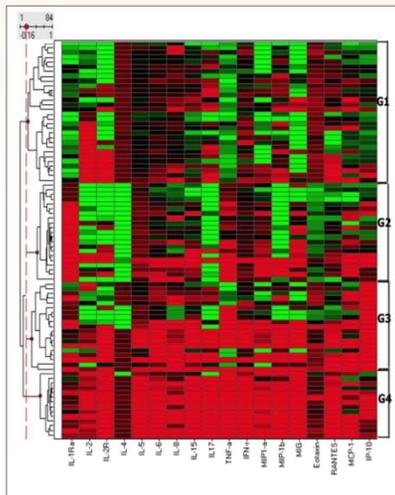
- Muscle loss in aging linked to blood vessels' failure to dilate – E. Volpi
- Development of personalized medicine for asthma – A. Brasier
- Clinical trials of universal flu vaccine show promise – C. Turley
- Many older Americans found to receive unnecessary repeat colonoscopies – J. Goodwin
- Injectable birth control linked to weight gain, body-mass changes – A. Berenson

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# Guiding Principles For Research

- Invest strategically in the people and facilities that drive research excellence
- Sustain and expand partnerships to improve efficiency and accelerate the pace of discovery
- Translate research bench results into patient care practices that improve the health of our state, nation, and world



## Volunteers Needed for a Clinical Study

Participation in clinical research is an important part of the scientific process. It helps researchers understand how new treatments and drugs work, and how to improve patient care. If you are interested in participating in a clinical study, please contact the research team at [redacted] or visit our website at [redacted].

There are many reasons why you should consider participating in a clinical study. You can help advance medical knowledge, receive cutting-edge treatments, and contribute to the health of others. If you are interested in participating in a clinical study, please contact the research team at [redacted] or visit our website at [redacted].

Yes, you can help advance medical knowledge and improve patient care. If you are interested in participating in a clinical study, please contact the research team at [redacted] or visit our website at [redacted].

Volunteers are needed for a clinical study. If you are interested in participating in a clinical study, please contact the research team at [redacted] or visit our website at [redacted].



## **2. U. T. System: Report on the Supply Chain Alliance Strategic Plan**

Mr. Richard St. Onge, the Associate Vice Chancellor for Health Affairs, and Mr. John Joshua, Director of the U. T. System Supply Chain Alliance, will present a report on the U. T. System Supply Chain Alliance Strategic Plan.

### **REPORT**

The U. T. System Supply Chain Alliance ("Alliance") was approved by the U. T. System health institutions and began operations on September 1, 2007. Over the past four years, the Alliance has delivered demonstrative value and cost savings to the U. T. System academic and health institutions by leveraging the purchasing power of the U. T. System on commonly procured equipment, services, and supplies. In October 2011, the Alliance published its five-year strategic plan that focuses on strategic sourcing collaboration, marketing and outreach, historically underutilized businesses, business intelligence, and people. The new objectives, initiatives, and success measures in the 2012 - 2016 Strategic Plan will be augmented by annual work plans to ensure innovative solutions that reduce operating expenses continue to be achieved.

The Strategic Plan is included in the back pocket of the notebooks for members of the Board.

## **3. U. T. Health Science Center - San Antonio: Discussion and appropriate action regarding proposed revisions to Mission Statement**

### **RECOMMENDATION**

The Chancellor concurs with the recommendation of the Executive Vice Chancellor for Health Affairs and President Henrich that proposed changes to the U. T. Health Science Center - San Antonio Mission Statement as set forth below be approved by the U. T. System Board of Regents and forwarded to the Texas Higher Education Coordinating Board for approval.

#### **Proposed Revised Mission Statement**

The mission of The University of Texas Health Science Center at San Antonio is to make lives better through excellence in education, research, health care and community engagement.

Strategies for achieving this mission are:

- Educating a diverse student body to become excellent health care providers and scientists.
- Engaging in research to understand health and disease.
- Commercializing discoveries, as appropriate, to benefit the public.
- Providing compassionate and culturally proficient health care.
- Engaging our community to improve health.
- Influencing thoughtful advances in health policy.

### **Current Mission Statement**

The mission of The University of Texas Health Science Center at San Antonio is to:

- educate a diverse student body to become excellent health care providers and scientists
- engage in biomedical research focused on seeking information fundamental to the prevention, diagnosis and treatment of disease
- provide compassionate and culturally competent state of the art clinical care
- enhance community health awareness, education and practices thereby improving the wellness of the citizenry.

### **BACKGROUND INFORMATION**

Section 61.051(e) of the *Texas Education Code* requires the Texas Higher Education Coordinating Board (THECB) to periodically review the role and mission statements of public institutions of higher education. The U. T. Health Science Center - San Antonio Mission Statement was last approved by the U. T. System Board of Regents on November 9, 2007. The THECB made nonsubstantive revisions and approved the Mission Statement in 2008. Recently, the Mission Statement was extensively discussed among all U. T. Health Science Center - San Antonio's Executive Committee members. The revised Mission Statement reaffirms the U. T. Health Science Center - San Antonio's foci in education, research, health care, and community engagement.

#### **4. U. T. System: Discussion regarding the changing health care environment**

### **DISCUSSION**

Executive Vice Chancellor Shine and the presidents from the six health institutions will lead a panel discussion on the changing health care environment.



## TABLE OF CONTENTS FOR FACILITIES PLANNING AND CONSTRUCTION COMMITTEE

Committee Meeting: 11/10/2011

Board Meeting: 11/10/2011  
Austin, Texas

*Printice L. Gary, Chairman*  
*James D. Dannenbaum, Vice Chairman*  
*Alex M. Cranberg*  
*R. Steven Hicks*  
*Robert L. Stillwell*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>8:00 a.m.</i> <i>Chairman Gary</i>		
<b><u>Report</u></b>			
1. <b>U. T. System: Fiscal Year 2011 Energy Utility Task Force Report</b>	<i>8:00 a.m.</i> <b>Report/Discussion</b> <i>Mr. O'Donnell</i>	Not on Agenda	<b>88</b>
<b><u>Additions to the CIP</u></b>			
2. <b>U. T. Austin: McDonald Observatory Fire Life Safety and Infrastructure Upgrades - Amendment of the FY 2012-2017 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)</b>	<i>8:10 a.m.</i> <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>88</b>
3. <b>U. T. Dallas: Parking Structure Phase I - Amendment of the FY 2012-2017 Capital Improvement Program to include project (Preliminary Board approval)</b>	<i>8:15 a.m.</i> <b>Action</b> <i>President Daniel</i>	<b>Action</b>	<b>90</b>
4. <b>U. T. Dallas: Student Housing Living Learning Center, Phase IV - Amendment of the FY 2012-2017 Capital Improvement Program to include project (Preliminary Board approval)</b>	<i>8:22 a.m.</i> <b>Action</b> <i>President Daniel</i>	<b>Action</b>	<b>91</b>
5. <b>U. T. El Paso: Student Housing Phase III - Amendment of the FY 2012-2017 Capital Improvement Program to include project (Preliminary Board approval)</b>	<i>8:30 a.m.</i> <b>Action</b> <i>President Natalicio</i>	<b>Action</b>	<b>92</b>

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
6. <b>U. T. Health Science Center - San Antonio: South Texas Simulated Teaching Hospital - Amendment of the FY 2012-2017 Capital Improvement Program to include project; appropriation of funds; and authorization of institutional management (Final Board approval)</b>	8:38 a.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>93</b>
<b><u>Design Development Approval</u></b>			
7. <b>U. T. Brownsville: Biomedical Research Facility II - Amendment of the FY 2012-2017 Capital Improvement Program to increase total project cost; approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)</b>	8:45 a.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>94</b>
8. <b>U. T. San Antonio: Athletics Complex - Phase I - Approval of design development and appropriation of funds and authorization of expenditure (Final Board approval)</b>	8:50 a.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>96</b>
<b><u>Modification to the CIP</u></b>			
9. <b>U. T. San Antonio: Bauerle Road Garage - Amendment of the FY 2012-2017 Capital Improvement Program to increase the total project cost; approval to revise funding sources; and appropriation of funds and authorization of expenditure (Final Board approval)</b>	8:55 a.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>98</b>
<b>Adjourn</b>	9:00 a.m.		

1. **U. T. System: Fiscal Year 2011 Energy Utility Task Force Report**

REPORT

Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction, will provide the annual report on the progress of the Energy Utility Task Force for Fiscal Year 2011. The Task Force was created in February 2001 to evaluate and recommend strategies for U. T. System institutions to reduce energy consumption, better manage commodity price risk, and leverage purchasing power to reduce energy costs.

Initial recommendations and energy consumption reduction goals were presented to, and previously endorsed by, the Board on November 8, 2001, and a 10%-15% reduction in energy usage was targeted for Fiscal Year 2011. The estimated reduction in energy usage from baseline levels is 18% for Fiscal Year 2011. Since Fiscal Year 2001, reductions in energy consumption per square foot by U. T. System institutions have resulted in cumulative savings of \$250 million.

Looking a decade forward to 2021, extending the 2001 baseline energy reduction goals an additional 5%-10% is recommended. As most of the low cost energy reduction projects and systems have been installed, what remains is major recapitalization of existing energy inefficient systems to meet the future reduction goals.

With the Board's support and endorsement of the new 5%-10% energy consumption reduction goals for the next 10 years, U. T. System institutions will continue with their successful energy reduction programs.

2. **U. T. Austin: McDonald Observatory Fire Life Safety and Infrastructure Upgrades - Amendment of the FY 2012-2017 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents amend the FY 2012-2017 Capital Improvement Program (CIP) to include the McDonald Observatory Fire Life Safety and Infrastructure Upgrades project at The University of Texas at Austin as follows:

Project No.: 102-649  
Institutionally Managed: Yes  No   
Project Delivery Method: Design/Build

**Substantial Completion Date:** October 2012

<b>Total Project Cost:</b>	<u>Source</u>	<u>Proposed</u>
	Available University Fund	\$5,500,000
	Designated Funds <sup>1</sup>	<u>\$1,000,000</u>
		\$6,500,000

**Funding Note:** <sup>1</sup> Designated Funds is proposed from Designated Tuition

- a. approve a total project cost of \$6,500,000 with funding of \$5,500,000 from the Available University Fund and \$1,000,000 from Designated Funds;
- b. appropriate funds; and
- c. authorize U. T. Austin to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

### BACKGROUND INFORMATION

The project will comprise three phases. Phase 1 will consist of wastewater treatment plant upgrades, including the decommissioning of the upper treatment plant and refurbishing of the lower treatment plant, and bringing the entire wastewater system into Texas Commission on Environmental Quality (TCEQ) compliance. Phase 2 will design and construct a new potable water well on the McDonald Observatory property to provide a more reliable groundwater source for the campus and to provide the required volume of water to fight a potential fire on the mountain. Phase 3 will design and construct a code compliant fire protection network of water storage tanks, water pumps, and water lines to provide the capability to fight a fire at any time or location throughout the McDonald Observatory campus. Phases 2 and 3 are the result of an in-depth study commissioned by U. T. Austin in 2010 to develop a comprehensive plan to bring the fire protection infrastructure up to code requirements.

The original upper and lower wastewater treatment systems were built in the 1970s, and the breakdown of obsolete equipment results in high operation and maintenance costs and difficulty meeting TCEQ discharge permit limits. The proposed water treatment plant upgrades will meet new TCEQ standards as well as reduce operation and maintenance costs. Currently, the only well providing potable water for the campus is seven miles away. The proposed well will provide for drinking water needs as well as fire-fighting capabilities currently not available and is the only alternative available to meet current State Fire Marshal regulations for fighting fire on the mountain.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be presented to the President for approval at a later date. It has been determined that this project would best be managed by U. T. Austin Facility Management personnel who have the experience and capability to manage all aspects of the work.

**3. U. T. Dallas: Parking Structure Phase I - Amendment of the FY 2012-2017 Capital Improvement Program to include project (Preliminary Board approval)**

**RECOMMENDATION**

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Daniel that the U. T. System Board of Regents amend the FY 2012-2017 Capital Improvement Program (CIP) to include the Parking Structure Phase I project at The University of Texas at Dallas as follows:

**Project No.:** 302-680

**Project Delivery Method:** Competitive Sealed Proposals

**Substantial Completion Date:** July 2013

<b>Total Project Cost:</b>	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$10,000,000
	Auxiliary Enterprises Balances <sup>2</sup>	\$ 1,000,000
	Unexpended Plant Funds <sup>3</sup>	<u>\$ 1,000,000</u>
		\$12,000,000

**Funding Notes:** <sup>1</sup> Revenue Financing System debt is proposed to be repaid from parking fees  
<sup>2</sup> Auxiliary Enterprises Balances are from parking fees  
<sup>3</sup> Unexpended Plant Funds are from balance of funds from project close-out

**Investment Metric:** This project will directly support the University's Strategic Plan Imperative of adding 5,000 full-time equivalent students by 2017, creating a total student population of 21,000.

**BACKGROUND INFORMATION**

This project consists of a 750 space parking garage of approximately 251,000 gross square feet. The garage will be five levels and constructed of precast concrete to match the adjacent satellite utility plant and also will be tied to the west wall of that structure.

With rapidly accelerated growth in student enrollment and associated increases in faculty and staff, U. T. Dallas has a growing need for additional parking on campus. This parking structure will accommodate parking for the School of Management and the new Arts and Technology Complex, including the new 1,200 seat lecture hall. The parking structure is aligned with the current Campus Site Development Plan.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

**4. U. T. Dallas: Student Housing Living Learning Center, Phase IV - Amendment of the FY 2012-2017 Capital Improvement Program to include project (Preliminary Board approval)**

**RECOMMENDATION**

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for Business Affairs, and President Daniel that the U. T. System Board of Regents amend the FY 2012-2017 Capital Improvement Program (CIP) to include the Student Housing Living Learning Center, Phase IV project at The University of Texas at Dallas as follows:

**Project No.:** 302-678

**Project Delivery Method:** Construction Manager-at-Risk

**Substantial Completion Date:** July 2013

<b>Total Project Cost:</b>	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$70,000,000
	Auxiliary Enterprises Balances <sup>2</sup>	\$ 3,000,000
	Unexpended Plant Funds <sup>3</sup>	<u>\$ 2,000,000</u>
		<u>\$75,000,000</u>

**Funding Notes:** <sup>1</sup> Revenue Financing System debt is proposed to be repaid from rental income, auxiliary food service revenue, parking fees, and activity center fees  
<sup>2</sup> Auxiliary Enterprises Balances are from parking fees and rental income  
<sup>3</sup> Unexpended Plant Funds are from balance of funds from project close-out

**Investment Metric:** This project will directly support the University's Strategic Plan Imperative of adding 5,000 full-time equivalent students by 2017, creating a total student population of 21,000.

**BACKGROUND INFORMATION**

This residence/dining hall containing approximately 285,000 gross square feet will house 600 students and provide an 800 seat dining hall with a full kitchen and serving area as well as classrooms, gathering spaces, and offices to support living/learning communities within the building. The project will also include a 750 car parking garage, connector roads, and recreation facility. This proposed project is requested due to the rapid growth in enrollment at U. T. Dallas. These beds will be reserved for use by incoming freshman students, with any unused beds being rented to other students.

Current student housing is operating at 100% occupancy. U. T. Dallas provides approximately 2,698 beds, and a private provider houses approximately 2,056 beds on campus. The addition of the Student Housing Living Learning Center, Phase III with 400 beds opening in Fall 2012, already has a waiting list of 550 students. The total number of on-campus beds will increase to 5,754 upon completion of Phase IV.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

**5. U. T. El Paso: Student Housing Phase III - Amendment of the FY 2012-2017 Capital Improvement Program to include project (Preliminary Board approval)**

**RECOMMENDATION**

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Natalicio that the U. T. System Board of Regents amend the FY 2012-2017 Capital Improvement Program (CIP) to include the Student Housing Phase III project at The University of Texas at El Paso as follows:

<b>Project No.:</b>	201-683	
<b>Project Delivery Method:</b>	Construction Manager-at-Risk	
<b>Substantial Completion Date:</b>	April 2014	
<b>Total Project Cost:</b>	<u>Source</u> Revenue Financing System Bond Proceeds <sup>1</sup>	<u>Proposed</u> \$17,200,000
<b>Funding Note:</b>	<sup>1</sup> Revenue Financing System debt is proposed to be repaid from rental income	
<b>Investment Metrics:</b>	<u>By 2016</u> <ul style="list-style-type: none"><li>• Increase campus housing by 63%</li><li>• Achieve full occupancy of 400 beds</li></ul>	

**BACKGROUND INFORMATION**

The new student housing will contain approximately 114,000 gross square feet comprising 145 units. The apartment-style housing will provide a combination of double and single bedroom semi-suite units to house 400 freshman and sophomore students. This proposed project will bring the total number of beds on campus to 1,026. The current student housing occupancy rate is 97%. The waiting list for the 2011-2012 school year was 91 students.

One of the goals stated in the Campus Master Plan is to provide 1,440 beds by 2015. A recently commissioned Campus Housing Feasibility Study found potential demand of 1,300 beds and recommended implementing a first phase of 400 beds. The proposed project is intended to increase student participation in campus programs and to increase student graduation rates.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

**6. U. T. Health Science Center - San Antonio: South Texas Simulated Teaching Hospital - Amendment of the FY 2012-2017 Capital Improvement Program to include project; appropriation of funds; and authorization of institutional management (Final Board approval)**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Henrich that the U. T. System Board of Regents amend the FY 2012-2017 Capital Improvement Program (CIP) to include the South Texas Simulated Teaching Hospital project at The University of Texas Health Science Center at San Antonio as follows:

<b>Project No.:</b>	402-687	
<b>Institutionally Managed:</b>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
<b>Project Delivery Method:</b>	Competitive Sealed Proposals	
<b>Substantial Completion Date:</b>	May 2015	
<b>Total Project Cost:</b>	<u>Source</u>	<u>Proposed</u>
	Permanent University Fund Bond Proceeds <sup>1</sup>	\$ 6,000,000
	Designated Funds <sup>1</sup>	\$ 4,000,000
		\$10,000,000

**Funding Note:** <sup>1</sup> Funding for this project was previously approved by the Board of Regents on August 25, 2011. Funding was previously approved by the Board of Regents on August 25, 2011. Designated Funds include funds that have not been determined but may include funds generated through the U. T. System's interest rate swap portfolio and potential excess returns generated by the Intermediate Term Fund.

- a. appropriate funds of \$10,000,000 with funding of \$6,000,000 from Permanent University Fund Bond Proceeds, and \$4,000,000 from Designated Funds; and
- b. authorize U. T. Health Science Center - San Antonio to manage budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

BACKGROUND INFORMATION

The South Texas Simulated (SMART) Teaching Hospital will be established at the Regional Academic Health Center (RAHC) in Harlingen and operated to serve student

demand in allied health, nursing, and medical students in the Lower Rio Grande Valley (LRGV). The facility will be approximately 15,000 assignable square feet and will include a functional simulated hospital with designated teaching areas. Simulation equipment would include a combination of mannequins for adults, children, babies, newborns, and birthing. This project will be modeled after the highly successful clinical simulation hospital at U. T. Arlington.

The major goal is to lessen health disparities caused by allied health provider shortages and knowledge gaps in health delivery systems. Currently, the number of students that many of the existing programs can competently serve is severely restricted. The simulated teaching hospital will provide undergraduate and graduate students with experiences that simulate care in the real world with learning occurring through planned events that are coordinated with the curricula of the programs involved. Additionally, continuing education activities will be developed and offered on a fee basis to community health providers with training needs.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be presented to the President for approval at a later date. It has been determined that this project would best be managed by U. T. Health Science Center - San Antonio Facility Management personnel who have the experience and capability to manage all aspects of the work.

**7. U. T. Brownsville: Biomedical Research Facility II - Amendment of the FY 2012-2017 Capital Improvement Program to increase total project cost; approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)**

**RECOMMENDATION**

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President García that the U. T. System Board of Regents approve the recommendations for the Biomedical Research Facility II project at The University of Texas at Brownsville as follows:

<b>Project No.:</b>	902-618		
<b>Project Delivery Method:</b>	Construction Manager-at-Risk		
<b>Substantial Completion Date:</b>	May 2013		
<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Grants	\$3,993,085	\$3,993,085
	Higher Education Assistance Fund (HEAF)	\$ 760,591	\$1,000,000
		\$4,753,676	\$4,993,085

**Investment Metrics:**

By 2013

- Increase research by expanding infrastructure laboratories from 12 to 18, including 7,815 gross square feet (GSF)
  - Increase external funding by \$1.5 million on research expenditures
  - Increase student retention by providing approximately 12 part-time positions for students
  - Increase productivity in research by recruitment of two professors
- a. amend the FY 2012-2017 Capital Improvement Program to increase the total project cost from \$4,753,676 to \$4,993,085;
  - b. approve design development plans; and
  - c. appropriate funds and authorize expenditure of \$1,000,000 from the Higher Education Assistance Fund (HEAF) and \$3,993,085 from Grants.

BACKGROUND INFORMATION

Previous Board Action

On February 18, 2011, the project was included in the CIP with a total project cost of \$4,753,676 with funding of \$760,591 from HEAF and \$3,993,085 from Grants.

Project Description

The Biomedical Research Facility II will provide approximately 7,815 gross square feet for six research laboratories; private investigator research offices; support spaces; and mechanical, electrical, and plumbing support systems. This facility, designed to meet minimum Leadership in Energy and Environmental Design (LEED) requirements, is considered the second phase expansion of the existing Biomedical Research and Health Professions Building and is intended to provide additional dedicated biomedical research laboratories to meet the critical need for interdisciplinary research space and allow for recruitment of new professors with research expertise in biomedicine.

The National Institutes of Health (NIH) grant dictates allowable project costs. The Higher Education Assistance Fund will cover costs in excess of or ineligible for NIH grant funding.

U. T. Brownsville has prioritized biomedical research for the investigation of diseases that affect the Lower Rio Grande Valley, a rapidly growing, impoverished and economically depressed region. U. T. Brownsville is positioned to become the leading health-related research institution to address health disparities and growing health needs of the region.

## Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 50-75 years
- Building Systems: 15-25 years
- Interior Construction: 15-25 years

The exterior appearance and finish are consistent with existing campus buildings and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities. The interior appearance and finish are consistent with existing campus buildings.

### **8. U. T. San Antonio: Athletics Complex - Phase I - Approval of design development and appropriation of funds and authorization of expenditure (Final Board approval)**

#### RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Romo that the U. T. System Board of Regents approve the recommendations for the Athletics Complex - Phase I project at The University of Texas at San Antonio as follows:

<b>Project No.:</b>	401-456	
<b>Project Delivery Method:</b>	Construction Manager-at-Risk	
<b>Substantial Completion Date:</b>	June 2013	
<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>
	Grants	\$22,050,000

<b>Investment Metrics:</b>	<u>By 2013</u>
	<ul style="list-style-type: none"><li>• Increase reputation of the athletic program</li><li>• Increase student involvement in athletic events</li><li>• Increase overall student satisfaction with the University</li><li>• Greater alumni involvement in attending sport events</li><li>• Increase alumni giving</li></ul>

- a. approve design development plans; and
- b. appropriate funds and authorize expenditure of \$22,050,000 from Grants.

## BACKGROUND INFORMATION

### Previous Board Action

On November 13, 2008, the project was included in the Capital Improvement Program with a total project cost of \$22,050,000, with funding from Grants.

### Project Description

The project will construct Phase I of the planned Athletics Complex located near the Main Campus on the Park West site. Included in the project scope is a 1,000 seat track stadium and an 1,000 seat soccer stadium with a shared press box; a fan amenities building that includes ticketing, concessions, and public restrooms; a two-lane road extending Kyle Seale Parkway south from Loop 1604 to the complex; a 500-space surface parking lot; and electric power service and connections to other city utilities.

Later phases of the Athletics Complex development will add intercollegiate facilities such as baseball and softball fields, tennis courts, and football practice fields. A multipurpose team and administration building is also planned for the site as well as a two-lane road extending from Hausman Road into the property.

U. T. San Antonio will collaborate with the City of San Antonio to sponsor athletic competitions. In addition to U. T. San Antonio athletic events, the Complex is expected to host University Interscholastic League (UIL) championships, coach/athlete clinics, National Collegiate Athletic Association (NCAA) and conference tournaments, national youth championships, Senior Games, Para Olympics, Special Olympics, international track and soccer events, and professional exhibition matches.

### Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 25-30 years
- Building Systems: 25-30 years
- Interior Construction: 10-15 years

The exterior appearance and finish are consistent with buildings on the main campus and with the existing Campus Master Plan. The mechanical and electrical building systems are designed to commercial standards. The interior appearance and finish are consistent with comparable high-use municipal and educational athletics facilities.

**9. U. T. San Antonio: Bauerle Road Garage - Amendment of the FY 2012-2017 Capital Improvement Program to increase the total project cost; approval to revise funding sources; and appropriation of funds and authorization of expenditure (Final Board approval)**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Romo that the U. T. System Board of Regents approve the recommendations for the Bauerle Road Garage project at The University of Texas at San Antonio as follows:

<b>Project No.:</b>	401-568		
<b>Project Delivery Method:</b>	Construction Manager-at-Risk		
<b>Substantial Completion Date:</b>	June 2012		
<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$22,000,000	\$22,000,000
	Auxiliary Enterprises Balances <sup>1</sup>	\$ 8,000,000	\$ 9,341,319
	Designated Funds <sup>2</sup>	\$ 2,558,679	\$ 3,618,179
	Unexpended Plant Funds <sup>3</sup>	<u>\$ 0</u>	<u>\$ 1,501,622</u>
		\$32,558,679	\$36,461,120

**Funding Notes for Proposed Increases:**

<sup>1</sup> Auxiliary Enterprises Balances consist of parking fees and interest earnings

<sup>2</sup> Designated Funds is from Designated Tuition

<sup>3</sup> Unexpended Plant Funds are from budgeted campus renovations and balance of funds from project close-out

**Investment Metrics:**

By 2012

- Increase number of parking spaces on the Main Campus by a net of approximately 1,200 spaces
- Increase number of parking spaces without a net increase in the land area consumed by parking, leaving land available for other uses

- a. amend the FY 2012-2017 Capital Improvement Program (CIP) to increase the total project cost from \$32,558,679 to \$36,461,120;
- b. revise funding sources to include Unexpended Plant Funds; and
- c. appropriate and authorize expenditure of an additional \$1,341,319 from Auxiliary Enterprises Balances, \$1,059,500 from Designated Funds, and \$1,501,622 from Unexpended Plant Funds.

## BACKGROUND INFORMATION

### Previous Board Actions

On February 5, 2010, the project was included in the CIP as the East Parking Garage with a total project cost of \$30,000,000 with funding of \$22,000,000 from Revenue Financing System Bond Proceeds and \$8,000,000 from Auxiliary Enterprises Balances. On November 11, 2010, the Board approved design development plans and authorized expenditure of funds. On May 12, 2011, the Board approved changing the project name from East Parking Garage to Bauerle Road Garage via the Docket. On July 12, 2011, the Chancellor approved an increase in the total project cost to \$32,558,679 with additional funding of \$2,558,679 from Designated Funds.

### Project Description

The original scope of work consists of a new multistory facility containing approximately 1,200 parking spaces to be located on an existing parking lot. The project also consists of support space including a spirit shop; a coffee kiosk; Welcome Center, Alumni Relations, and University Communications offices that will be located in the garage; and roads and service drives associated with the facility. The garage will increase the number of parking spaces to meet the demands of growth in enrollment without a net increase in the land area consumed by parking, leaving land available for other uses including future buildings.

The proposed increase in total project cost and scope for the project will provide a perimeter loop roadway and campus entry roundabout to improve traffic flow and campus access. The improvements will ease traffic congestion at a busy campus entry intersection and improve safety. Additionally, the perimeter loop roadway will help realize the goal of the Campus Master Plan to reduce vehicular traffic in the pedestrian core of the main campus.



## TABLE OF CONTENTS FOR TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE

**Committee Meeting:** 11/10/2011

**Board Meeting:** 11/10/2011  
Austin, Texas

*James D. Dannenbaum, Chairman*  
*R. Steven Hicks, Vice Chairman*  
*Alex M. Cranberg*  
*Printice L. Gary*  
*Brenda Pejovich*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>9:00 a.m.</i> <i>Chairman Dannenbaum</i>		
<b>1. U. T. System: Report on U. T. Horizon Fund</b>	<i>9:00 a.m.</i> <b>Report/Discussion</b> <i>Mr. Allinson</i>	Not on Agenda	<b>100</b>
<b>2. U. T. System Board of Regents: Amendments to the Regents' <i>Rules and Regulations</i>, Rule 90101, Rule 90102, Rule 90103, Rule 90104, and Rule 90106, concerning intellectual property</b>	<i>9:10 a.m.</i> <b>Action</b> <i>Mr. Burgdorf</i>	<b>Action</b>	<b>106</b>
<b>3. U. T. System: Technology Transfer Review</b>	<i>9:25 a.m.</i> <b>Report/Discussion</b> <i>Dr. Margaret Sampson,</i> <i>Vinson &amp; Elkins LLP</i>	Not on Agenda	<b>120</b>
<b>4. U. T. System: Report on Stampede Supercomputer that will enable petascale computing for science and engineering</b>	<i>9:50 a.m.</i> <b>Report/Discussion</b> <i>Dr. Jay Boisseau,</i> <i>Director, Texas Advanced</i> <i>Computing Center</i>	Not on Agenda	<b>121</b>
<b>Adjourn</b>	<i>10:00 a.m.</i>		

1. **U. T. System: Report on U. T. Horizon Fund**

REPORT

Mr. Bryan Allinson, Executive Director for Technology Commercialization, will provide an update on the status of the U. T. Horizon Fund, which was detailed at the August 2011 Technology Transfer and Research Committee meeting and approved as part of the operating budgets for Fiscal Year 2012.

Mr. Allinson's presentation is set forth on Pages 101 - 105.

# U. T. System

## U. T. Horizon Fund Update

Bryan Allinson, Executive Director for Technology Commercialization

U. T. System Board of Regents' Meeting  
Technology Transfer and Research Committee  
November 2011



# Activities to date

- New Ventures Special Interest Group meeting held September 2011
- Steering Committee on Governance and Peer Review established September 2011
  - Goal to set up process for decision-making
  - Subcommittee on faculty education and student applied learning
  - Subcommittee on business incubation
  - Three meetings held as of October 2011
- Expect to launch application process in December 2011

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# Programs

	Return	Change impact on commercialization	Range	Submission
Maintain equity	Highest	Moderate	Up to \$1M	Rolling
Proof of relevance	High	High	\$150K to \$1M	By deadline
Proof of concept	None	High	\$25K to \$50K	N/A

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# Proposed peer review

- **Ventures Committee** provides external peer review for commercialization
  - Populated by nine experts in early stage academic and health ventures
  - Industry sector experience matched to U. T. strengths
  - Functional experience in strategy, market feasibility, product development and new ventures
- **Scientific and Office of Technology Commercialization (OTC) officers** provide additional peer review
  - Two to three scientists (one external) will be asked to provide peer review
  - OTC officers will provide to U. T. System a copy of diligence associated with each invention disclosure covering market and patent
  - OTC officers from other U. T. institutions can comment on proposals for merit and potential for multi-institutional collaborations

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# Proposed decision process

Order	Step	Activities
1	Applications to U. T. System	<ul style="list-style-type: none"> <li>U. T. System reviews for requirements</li> </ul>
2	Technology Commercialization Committee	<ul style="list-style-type: none"> <li>Consider U. T. Systemwide multi-institutional collaborations</li> <li>Consider opportunities for academic-health partnering</li> <li>Suggest additional considerations</li> </ul>
3	Scientific Advisory	<ul style="list-style-type: none"> <li>Scientific peer review</li> </ul>
4	Present to U. T. System	<ul style="list-style-type: none"> <li>Detailed internal review and diligence</li> </ul>
5	Present to Ventures Committee	<ul style="list-style-type: none"> <li>External commercialization peer review</li> <li>Strategy</li> <li>Market feasibility</li> <li>Product development</li> <li>Return potential</li> <li><b>Funding decision</b></li> </ul>
6	U. T. System	<ul style="list-style-type: none"> <li>Allocate funding according to commercialization plan</li> </ul>

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2. **U. T. System Board of Regents: Amendments to the Regents' Rules and Regulations, Rule 90101, Rule 90102, Rule 90103, Rule 90104, and Rule 90106, concerning intellectual property**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that *Regents' Rules and Regulations*, Rule 90101, Rule 90102, Rule 90103, Rule 90104, and Rule 90106, concerning intellectual property, be amended as set forth in congressional style on Pages 108 - 119.

Rule 90105, though not the subject of proposed amendment, is included for reference.

BACKGROUND INFORMATION

The revised *Regents' Rules and Regulations* concerning intellectual property will clarify language with respect to an inventor's assignment of intellectual property to the Board of Regents, an inventor's disclaimer of royalties, and when U. T. System or any U. T. System institution may receive equity interests. These revisions have received comprehensive review by numerous technology transfer directors and professionals within the U. T. System. Additionally, these revisions have been reviewed by faculty and upper administrative leadership at each U. T. System institution.

Proposed substantive revisions include:

- a. The words "and do hereby assign" and additional clarifying language are proposed to be added to Rule 90101, Section 2 to create an immediate and definitive assignment from the inventor(s) to the Board of Regents. This revision is warranted in light of the recent U.S. Supreme Court decision in *Stanford v. Roche* to ensure that the Board of Regents automatically owns the intellectual property created by an inventor and to ensure that the *Regents' Rules and Regulations* cannot be interpreted as a "promise to assign" intellectual property in the future.
- b. A new Section 10 is proposed for Rule 90101 to permit the Board of Regents (and the U. T. System institutions) to retain a limited license for one year to use, copy, distribute, display, perform, and create derivative works of materials following the loss of a course instructor's services.
- c. Rule 90102, Section 2.5 proposes to include the disclaimer of royalties concept previously found in Rule 90106, Section 2 (which is proposed for deletion), along with additional language to provide a single section of the

Regents' *Rules and Regulations* that refers to the allocation of royalty income and to clarify that the creator is "disclaiming" rather than "assigning" such royalties to the U. T. System institution.

- d. Rule 90102, Section 3.4 proposes to add that in instances where royalty income is to be shared between inventors at two or more U. T. System institutions, but the inventors cannot agree on a royalty sharing arrangement, the presidents of the respective U. T. System institutions will decide. If the presidents cannot agree, then the Chancellor will make the final decision.
- e. Rule 90103, Section 1 proposes to permit a U. T. System institution to receive equity interests in exchange for other contributions made to the business entity, such as business development, clarifying when U. T. System or any U. T. System institution may receive equity interests in a business entity.

1. Title

Rules for Intellectual Property: Purpose, Scope, Authority

2. Rule and Regulation

Sec. 1 Purpose. To balance the interests of the many contributors to the substantial creation of intellectual property at and by the U. T. System, the Board of Regents promulgates these Rules on intellectual property with the purpose to (a) provide certainty in research pursuits and technology-based relationships with third parties; (b) create an optimal environment for research, development, and commercialization opportunities with private industry; and (c) encourage the timely and efficient protection and management of intellectual property.

Sec. 2 Individuals Subject to this Rule. This intellectual property Rule applies (a) to all persons employed by the U. T. System or any U. T. System institution, including, but not limited to, full and part-time faculty and staff and visiting faculty members and researchers, and (b) to anyone using the facilities or resources of the U. T. System or any U. T. System institution, including, but not limited to, students enrolled at a U. T. System institution ~~whether undergraduate or master's and doctoral degrees, such as in an undergraduate or graduate degree program or certificate program,~~ and postdoctoral and predoctoral fellows. ~~All individuals subject to this Rule must assign their rights in intellectual property included under this policy (see Section 3 below) in accordance with the provisions of~~ The Board of Regents automatically owns the intellectual property created by individuals subject to this Rule that is described in Sections 3, 5, and 6 below and in Rule 90102, Sections 2 and 3. Accordingly, all individuals subject to this Rule must assign and do hereby assign their rights in such intellectual property to the Board of Regents. Moreover, individuals subject to this Rule who create such intellectual property (creators) shall promptly execute and deliver all documents and other instruments as are reasonably necessary to reflect the Board of Regents' ownership of such intellectual property. A creator of intellectual property owned by the Board of Regents has no independent right or authority to convey, assign, encumber, or license such intellectual property to any entity other than the Board of Regents.

Sec. 3 Intellectual Property Included. Except as set forth in Sections 4 and 5 below and in Rule 90102 of the Regents' *Rules and*

*Regulations*, this Rule applies to all types of intellectual property, including, but not limited to, any invention, discovery, creation, know-how, trade secret, technology, scientific or technological development, research data, works of authorship, and computer software regardless of whether subject to protection under patent, trademark, copyright, or other laws.

- Sec. 4 Interest in Certain Copyrights. Notwithstanding Section 3 above, the Board of Regents will not assert an ownership interest in the copyright of scholarly or educational materials, artworks, musical compositions, and literary works related to the author's academic or professional field, regardless of the medium of expression. This exemption applies to works authored by students, professionals, faculty, and nonfaculty researchers. The Board of Regents encourages these creators to manage their copyrights in accordance with the guidelines concerning management and marketing of copyrighted works consistent with applicable institutional policies.
- Sec. 5 Copyright Interest in Certain Software. The Board of Regents asserts ownership in software; however, copyright in original software that is content covered by Section 4 above or that is integral to the presentation of such content shall be owned by the creator in accordance with Section 4 above.
- Sec. 6 Works for Hire and Institutional Projects. Notwithstanding the provisions of Sections 4 and 5 above, the Board of Regents shall have sole ownership of all intellectual property created by (a) an employee, student, or other individual or entity commissioned, required, or hired specifically to produce such intellectual property by the U. T. System or any U. T. System institution, and (b) an employee ~~or~~, student, or other individual as part of an institutional project. Except as may be provided otherwise in a written agreement approved by the institution or the U. T. System, the provisions of the Regents' *Rules and Regulations*, Rule 90102, Section 2.5, relating to division of royalties, shall not apply to intellectual property owned solely by the Board of Regents pursuant to this Section.
- Sec. 7 Role of Creator. Any person subject to this Rule who creates intellectual property (other than a work for hire under Section 6 above or on government or other sponsored research projects where the grant agreements provide otherwise) may give reasonable input on commercialization of inventions; provided however, that the president(s) of the applicable institution(s), or

his or her designee(s), in his or her sole discretion, will make final decisions, ~~including determinations under Section 5 above,~~ concerning whether and how to develop and commercialize an invention.

- Sec. 8 Use of Facilities and Resources. Neither the facilities nor the resources of the U. T. System or any U. T. System institution may be used (a) to create, develop, or commercialize intellectual property outside the course and scope of employment of an individual (see Regents' *Rules and Regulations*, Rule 90102, Section 1), or (b) to further develop or commercialize intellectual properties that have been released to an inventor (see Regents' *Rules and Regulations*, Rule 90102, Sections 2.2 and 2.3) except as the institution's president may approve where the U. T. System retains an interest under the terms of the release.
- Sec. 9 Use of Research Data. Research data or results created by an employee are owned by the Board of Regents and, except to the extent that rights to such research data ~~have not been~~ are contractually assigned or licensed to another by the Board of Regents, the creator shall have a nonexclusive license to use such data for nonprofit educational, research, and scholarly purposes within the scope of the employee's employment, subject to adherence to other provisions of this Rule.
- Sec. 10 Limited License to Institution. Notwithstanding Section 4 above and as reasonably required for the limited purpose of continuing an institution's scheduled course offerings, the Board of Regents retains for one year following the loss of a course instructor's services, a fully paid-up, royalty-free, nonexclusive worldwide license to use, copy, distribute, display, perform, and create derivative works of materials prepared by the instructor for use in teaching a course (including lectures, lecture notes, syllabi, study guides, bibliographies, visual aids, images, diagrams, multimedia presentations, examinations, web-ready content, and educational software).

**1. Title**

Intellectual Property Rights and Obligations

**2. Rule and Regulation**

Sec. 1 Intellectual Property Owned by the Creator. Intellectual property developed or created by a U. T. System employee outside the course and scope of employment of the individual which is developed or created on his/her own time and without the support of the U. T. System or any U. T. System institution or use of their facilities or resources, is the exclusive property of the creator.

Sec. 2 Intellectual Property Owned by U. T. System. Intellectual property either developed within the course and scope of employment of the individual or resulting from activities performed on U. T. System time, or with support of State funds, or from using facilities or resources owned by the U. T. System or any U. T. System institution (other than incidental use) is owned by the Board of Regents. To effectively implement this Rule and provide certainty to individuals subject to this Rule, a U. T. System institution may promulgate institutional rules, regulations, or policies defining the course and scope of employment for persons or classes of persons and specifying that authorized (pursuant to existing rules and procedures) outside employment is or is not within an employee's course and scope of employment.

2.1 Determination of U. T. System's Interest. Before intellectual property subject to ownership by the Board of Regents is disclosed to any party outside the U. T. System, to the public generally, or for commercial purposes, and before publishing same, the creator shall submit a reasonably complete and detailed disclosure of such intellectual property to the president of the creator's institution for determination of the U. T. System's interest. The institution will regularly and promptly communicate with the creator during this decision-making process.

2.2 Election Not to Assert Ownership Interest. If the institution's president elects not to assert U. T. System's interest, the U. T. System Office of General Counsel and the primary creator shall be notified in writing within 20 business days after a decision is made not to assert

ownership rights that the institution will offer the released intellectual property to the creator (see Rule 90101, Section 8), except where prohibited by law or contractual obligations or requirements. Thereafter, the creator will be free to obtain and exploit a patent or other intellectual property protection in his or her own right, and the U. T. System and U. T. System institutions shall not have any further rights, obligations, or duties with respect thereto except that, in appropriate circumstances, the institution's president may elect to impose certain limitations or obligations, including, but not limited to, a nonexclusive license for the creator, U. T. System, and any U. T. System institution to use the released invention for patient care, teaching, scholarly and other academically related purposes, and nonprofit research.

- 2.3 Later Release of Invention. Except where prohibited by law or contractual obligations or requirements, the institution's president may elect to release an invention to its creator at any time after asserting U. T. System's interest, with notice to the U. T. System Office of General Counsel (see Rule 90101, Section 8); however, such a release must include provisions for the recovery by U. T. System of patent and licensing expenses, if any, as well as the retention of income rights by U. T. System, and may include certain limitations or obligations, including those set forth in Section 2.2 above.
- 2.4 Protection and Commercialization of Intellectual Property. With respect to intellectual property in which the U. T. System or any U. T. System institution asserts an interest, the institution's president, or his or her designee, shall decide how, when, and where the intellectual property is to be protected and commercialized. Outside counsel services may be contracted with the prior consent of the U. T. System Vice Chancellor and General Counsel and, if required by law, the approval of the Attorney General. U. T. System shall establish an intellectual property data collection system.
- 2.5 Reimbursement of Licensing Costs and Allocation of Income. In those instances where the U. T. System or any U. T. System institution licenses rights in intellectual property to third parties, and other than with regard to elections under Section 2.2 above, the costs of licensing,

including, but not limited to, the costs to operate and support a technology transfer office and the costs of obtaining a patent or other protection for the property on behalf of the Board of Regents must first be recaptured from any royalties or other license payments received by the U. T. System or any U. T. System institution. The remainder of any such income (including but not limited to license fees, prepaid royalties, minimum royalties, running royalties, milestone payments, and sublicense payments) shall be divided as follows:

50% to creator(s)  
50% to U. T. System.

provided, however, that a creator may disclaim his/her interest in such income, in which case the institution shall receive the creator's share and shall decide, in its sole discretion, if, how, and when to disburse such income.

With the prior approval of the Board and after review by the U. T. System Vice Chancellor and General Counsel and the appropriate Executive Vice Chancellor, an institution may adjust the allocation of royalties set forth herein for a creator.

Sec. 3 Intellectual Property Involving Sponsored Research. Intellectual property resulting from research supported by a grant or contract with the ~~federal government,~~ (federal and/or state), or an agency thereof, with a nonprofit or for-profit nongovernmental entity, or by a private gift or grant to the U. T. System or any of the ~~institutions shall be subject to ownership~~ U. T. System institution is owned by the Board of Regents.

3.1 Nonconformance with Intellectual Property Guidelines. Administrative approval of such grants and contracts containing provisions inconsistent with this Rule or other policies and guidelines adopted by the Board imply a decision that the value to the U. T. System or any U. T. System institution of receiving the grant or performing the contract outweighs the impact of any nonconforming provisions on the intellectual property policies and guidelines of the U. T. System or any U. T. System institution (Reference Regents' *Rules and Regulations*, Rule 90105, Section 2).

- 3.2 Conflicting Provisions.—The Subject to approval as described in Subsection 3.1 above, the intellectual property policies and guidelines of the U. T. System or any U. T. System institution are subject to, and thus amended and superseded by, the specific terms pertaining to intellectual property rights included in state and/or federal grants and contracts, or grants and contracts with nonprofit and for-profit nongovernmental entities or private donors, to the extent of any such conflict.
- 3.3 Cooperation with Necessary Assignments. Those persons subject to this Rule whose intellectual property creations result from a grant or contract with the ~~federal government;~~ (federal and/or state), or any agency thereof, or with a nonprofit or for-profit nongovernmental entity, or by private gift to the U. T. System or any U. T. System institution shall ~~make such assignment of such creations and will~~ promptly execute and deliver such documents and other instruments as ~~is~~ are reasonably necessary ~~in each case in order that~~ for the U. T. System or any U. T. System institution to discharge its obligations, expressed or implied, under the particular agreement.
- 3.4 Sharing of Royalty Income. In the event that two or more persons who are entitled to share royalty income pursuant to Section 2.5 of this Rule (or equity pursuant to Regents' *Rules and Regulations*, Rule 90103 concerning equity interests) cannot agree in writing on an appropriate sharing arrangement, the institution's president shall determine that portion of the royalty income to which the creators are entitled under the circumstances and such amount will be distributed to them accordingly. ~~as the institution's president or, in~~ In the event that the creators are located at two or more U. T. System institutions within the U. T. System, and cannot agree, such royalty (or equity) distribution decision shall be made by the involved institutions' presidents (or their respective designees). In the further event that the involved presidents cannot agree, then the Chancellor may deem appropriate under the circumstances and such (or designee) shall decide and his/her decision shall be binding on the creators.

- 3.5 Geographical Scope of Protection. A decision by the U. T. System or any U. T. System institution to seek patent or other available protection for intellectual property covered by Section 2 of this Rule shall not obligate the U. T. System or any U. T. System institution to pursue such protection in all national jurisdictions. The U. T. System's decision relating to the geographical scope and duration of such protection shall be final.

1. Title

Equity Interests

2. Rule and Regulation

Sec. 1 Agreements with Business Entities. In agreements with business entities relating to rights in intellectual property owned by the Board of Regents, the U. T. System or any U. T. System institution may receive equity interests as partial or total compensation for the rights conveyed. In any such instance, the institution where the intellectual property was created may elect, at its option, to share an equity interest, dividend income, or the proceeds of the sale of an equity interest with the creator(s) in the same manner as royalties are shared pursuant to Regents' *Rules and Regulations*, Rule 90102, Section 2.5. The U. T. System or any U. T. System institution may also receive equity interests in a business entity as consideration for the institution's role as a founder, ~~or cofounder of~~ for other contributions made to the business entity other than as a licensor, and institution shall not be obligated to share such equity interests with the creator(s).

Sec. 2 Creator Holding Equity and Managing Conflict of Interest. Employees of the U. T. System or any U. T. System institution who conceive, create, discover, invent, or develop intellectual property may hold an equity interest in a business entity that has an agreement with the U. T. System or any U. T. System institution relating to the research, development, licensing, or exploitation of that intellectual property only so long as the institution where the intellectual property was developed is in full compliance with the requirements to have, implement, and enforce for that employee an effective conflict of interest management plan approved by the institution's president as set forth in the U. T. System's *Procedure for Obtaining Approval of Plan to Manage Conflicts of Interest*. In any case where actual conflict of interest is found, the employee may be required to divest the equity interest or terminate affected research.

Sec. 3 Employee Equity Interests. The U. T. System or any U. T. System institution may, but shall not be obligated to, negotiate an equity interest on behalf of any employee as a part of an agreement between the U. T. System or any U. T. System institution and a business entity relating to intellectual property conceived, created, discovered, invented, or developed by the employee and owned by the Board of Regents.

1. Title

Business Participation and Reporting

2. Rule and Regulation

Sec. 1 Approval to Serve as Officer or Director. Any ~~employee of the U. T. System or any of the institutions~~ individual subject to Rule 90101, Section 2 who conceives, creates, discovers, invents, or develops intellectual property may serve, in his/her individual capacity, as a member of the board of directors or other governing board or as an officer or an employee (other than as a consultant) of a business entity that has an agreement with the U. T. System or any U. T. System institution relating to the research, development, licensing, or exploitation of that intellectual property only so long as the institution where the intellectual property was developed is in full compliance with the requirements to have, implement, and enforce for that ~~employee individual~~ individual an effective conflict of interest management plan approved by the institution's president as set forth in the U. T. System's *Procedure for Obtaining Approval of Plan to Manage Conflicts of Interest*. In any case where actual conflict of interest is found, the ~~employee individual~~ individual may be required to terminate the business relationship or the relevant research.

Sec. 2 Request for Employee to Serve as Officer or Director. When requested by the Board of Regents, an employee may serve on behalf of the Board of Regents as a member of the board of directors or other governing board of a business entity that has an agreement with the U. T. System or any U. T. System institution relating to the research, development, licensing, or exploitation of intellectual property, but may not accept any consideration offered for service on such board.

Sec. 3 Report of Equity Interest and Service as Officer or Director. Any ~~employee covered by individual subject to~~ individual subject to Regents' *Rules and Regulations*, Rule ~~90103~~ 90101, Section 2 ~~concerning conflict of interest, Rule 90103, Section 2,~~ and Sections 1 or 2 above must report in writing to the president of the institution the name of any business entity in which the person has an interest or for which the person serves as a director, officer, or employee and shall be responsible for submitting a revised written report upon any change in the interest or position held by such person in such business entity. The Office of Technology Commercialization will file a report by October 1 of each year with the Board of Regents for transmittal to the Comptroller of Public Accounts as required by Section 51.912 and Section 51.005, *Texas Education Code*.

**1. Title**

Execution of Legal Documents Related to Intellectual Property

**2. Rule and Regulation**

Sec. 1 Execution of Agreements. Agreements that grant an interest in Board intellectual property, including, but not limited to, option and license agreements and contracts with corporate sponsors, may be executed and delivered in accordance with the provisions of the Regents' *Rules and Regulations*, Rule 10501, after any required review by the U. T. System Office of General Counsel.

Sec. 2 Agreements That Do Not Conform to the Rules. Any agreement that deviates substantially from the basic intellectual property Rule of the U. T. System as set out in the Regents' *Rules and Regulations* may be executed and delivered as set forth in Section 1 above if, in the judgment of the institution's president and after any required review by the U. T. System Office of General Counsel, the benefits from the level of funding for proposed research and/or other consideration from a sponsor, licensee, or other party outweigh any potential disadvantage that may result from the Rule deviation.

Sec. 3 Authority to Execute Documents. The Chancellor, the appropriate Executive Vice Chancellor, or the Vice Chancellor and General Counsel may execute, on behalf of the Board of Regents, legal documents relating to the Board's rights in intellectual property, including, but not limited to, applications, declarations, affidavits, powers of attorney, disclaimers, and other such documents relating to patents and copyrights; applications, declarations, affidavits, affidavits of use, powers of attorney, and other such documents relating to trademarks; and corporate documents related to the formation of new companies. In addition, the institution's president may execute, on behalf of the Board, (a) institutional applications for registration or recordation of transfers of ownership and other such documents relating to copyrights and (b) corporate documents related to the formation of new companies if (i) first reviewed and approved by the U. T. System Office of General Counsel or (ii) first reviewed and approved by the institution's outside counsel working under a U. T. System Office of General Counsel-approved outside counsel agreement.

1. Title

Income from Intellectual Property

2. Rule and Regulation

Sec. 1 Use of Income. The portion of the net income the U. T. System or any U. T. System institution retains from royalties and any other intellectual property-related income shall be used by the U. T. System institution where the income-producing ~~creation~~ intellectual property originated.

~~Sec. 2 Income Payable to an Individual Subject to this Policy. With the prior written approval of the institution's president, payments payable to an individual, pursuant to Regents' Rules and Regulations, Rule 90102, Section 2.5 concerning reimbursement of costs and allocation of income, may be assigned to the institution by the individual and designated for use in research to be conducted by that individual.~~

### **3. U. T. System: Technology Transfer Review**

Dr. Margaret Sampson, attorney, Vinson & Elkins LLP, will present the results of her review of technology transfer at U. T. System.

#### **REPORT**

In May 2011, U. T. System asked Vinson & Elkins LLP to review current technology transfer practices of U. T. System institutions on a pro bono basis. Vinson & Elkins LLP worked collaboratively with the U. T. System institutional Offices of Technology Commercialization (OTCs) to identify areas for supporting growth or for change management, such as through making available additional resources, assistance, or other actions.

In particular, best practices were evaluated for the following:

- Improving the identification of commercially viable technologies to optimize efficiency of up-front expenditures by the U. T. System and U. T System institutions, and educating faculty on best practices;
- Developing a strong reputation among potential commercial partners as a source of technology for commercialization, and as a good academic partner;
- Packaging related technologies from various U. T. System institutions together for marketing to potential commercial partners;
- Coordinating communications among U. T. System OTC representatives in related technology areas to cross-sell similar technologies to contacts at potential commercial partners; and
- Streamlining protection and licensing processes to facilitate efficiencies among the U. T. System institutions, for example, by identifying successful resources and programs at individual U. T. System institutions and sharing such knowledge with other U. T. System institutions.

**4. U. T. System: Report on Stampede Supercomputer that will enable petascale computing for science and engineering**

REPORT

Dr. Jay Boisseau, Director of the Texas Advanced Computing Center (TACC) located at U. T. Austin, will report on a new world-class supercomputer called Stampede. Expected to come online in 2013, Stampede will provide comprehensive computing and visualization capabilities to enable petascale computing for science and engineering, as part of a \$27.5 million grant from the National Science Foundation (NSF).

TACC is one of 11 centers across the U.S. providing leadership-class computing resources to the national research community. TACC partners with both the U. T. System Research Cyberinfrastructure Project (UTRC) and in High Performance Computing Across Texas (HiPCAT), a consortium of Texas institutions.

Founded in 2001, TACC is supported by the NSF, U. T. Austin, U. T. System, and grants from other federal agencies. On March 28, 2006, the Board of Regents authorized the purchase of the TACC Lonestar system upgrade to provide high performance computing (HPC) systems and services, which made the TACC Lonestar system one of the most powerful academic HPC systems in the U.S. at that time and provided U. T. System researchers with a unique capability and competitive edge. The TACC operates several of the most powerful supercomputers and visualization systems in the world, as well as the network and data storage infrastructure to support them.

The foundation of Lonestar has enabled Stampede, which will be built in partnership with Dell and Intel and a team of experts at U. T. Austin, U. T. El Paso, Clemson University, University of Colorado at Boulder, Cornell University, Indiana University, and Ohio State University. Stampede will be the most powerful system in the NSF's eXtreme Digital (XD) program, which enables scientists to interactively share computing resources, data, and expertise.

Supporting projects at U. T. Austin and U. T. System and more than 1,000 other projects at institutions across the U.S., Stampede will provide advanced computational power to enable research in a broad array of fields in science and engineering. These projects are expected to lead to commercialization of new technologies ranging from therapeutics to advanced energy.