



**AGENDA
FOR MEETING
OF
THE UNIVERSITY OF TEXAS SYSTEM
BOARD OF REGENTS**

**February 23-24, 2022
Austin, Texas**

Wednesday, February 23, 2022

Page

CONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO *TEXAS GOVERNMENT CODE*, CHAPTER 551

1:30 p.m.

1. Individual Personnel Matters Relating to Officers or Employees – Section 551.074
 - a. **U. T. Rio Grande Valley: Consideration, discussion, and appropriate action regarding recommendation of Faculty Hearing Tribunal concerning termination of Roberto Pena, Ph.D., a tenured faculty member**
 - b. **U. T. Medical Branch - Galveston: Discussion and appropriate action regarding individual personnel matters associated with John Sealy Hospital Modernization construction project**

2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071

U. T. Medical Branch - Galveston: Discussion and appropriate action regarding legal issues associated with John Sealy Hospital Modernization construction project

RECONVENE THE BOARD IN OPEN SESSION FOR ACTION ON EXECUTIVE SESSION ITEM, IF ANY, AND TO CONVENE COMMITTEE MEETINGS

*2:30 p.m.
approximately*

COMMITTEE MEETINGS

2:45 p.m. – 5:30 p.m.

RECESS

5:30 p.m.

Thursday, February 24, 2022

CONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS

9:00 a.m.

STANDING COMMITTEE RECOMMENDATIONS AND REPORTS TO THE BOARD

9:05 a.m.

1. **U. T. System Board of Regents: Approval of Consent Agenda and consideration of any item referred to the full Board** **5**
2. **U. T. System Board of Regents: Discussion and appropriate action regarding amendments to Regents' *Rules and Regulations*, Rule 10402 (Committees and Other Appointments) and Rule 20401 (Audit, Compliance, and Risk Management Programs) regarding systemwide audit principles and practices** **6**

<u>Thursday, February 24, 2022 (cont.)</u>	Page
3. U. T. System Board of Regents: Discussion and appropriate action regarding proposed revisions to Regents' <i>Rules and Regulations</i>, Rule 10501 (Delegation to Act on Behalf of the Board), Section 2, regarding contracts related to athletic conference membership	11
4. U. T. System: Discussion and appropriate action to authorize ownership documents related to securities to be held in a digital format	13
5. U. T. System: Report on development performance for the U. T. Institutions	14
6. U. T. Austin: Discussion and appropriate action regarding a request for an allocation of Available University Fund (AUF) proceeds to support the William P. Clements, Jr. Center for National Security	26

RECESS TO EXECUTIVE SESSION PURSUANT TO *TEXAS GOVERNMENT CODE*, CHAPTER 551 10:45 a.m.

1. Individual Personnel Matters Relating to 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 including interim presidents); U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors); other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive); Board members; and U. T. System and institutional employees**
 - b. **U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding proposed compensation for Deborah A. Kuban, M.D., Vice President, Cancer Network Clinical Operations, Department of the Senior Vice President for Cancer Network Clinical and Academic Development, and Professor, Department of Radiation Oncology (Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees)**
2. Negotiated Contracts for Prospective Gifts or Donations – Section 551.073
 - a. **U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features**
 - b. **U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features**
3. 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**

Thursday, February 24, 2022 (cont.)

Page

b. U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U. T. System

4. Deliberation Regarding Security Devices or Security Audits – Sections 551.076 and 551.089

U. T. System Board of Regents: Discussion and appropriate action regarding safety and security issues, including security audits and the deployment of security personnel and devices

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

RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS

*12:00 p.m.
approximately*

ADJOURN

*12:15 p.m.
approximately*

1. **U. T. System Board of Regents: Approval of Consent Agenda and consideration of any item referred to the full Board**

RECOMMENDATION

The Board will be asked to approve the Consent Agenda beginning on [Page 278](#).

2. **U. T. System Board of Regents: Discussion and appropriate action regarding amendments to Regents' *Rules and Regulations*, Rule 10402 (Committees and Other Appointments) and Rule 20401 (Audit, Compliance, and Risk Management Programs) regarding systemwide audit principles and practices**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Audit, Compliance, and Risk Management Committee Chairman, the U. T. System Chief Audit Executive, and the General Counsel to the Board of Regents that the U. T. System Board of Regents approve amendments to Regents' *Rules and Regulations*, Rule 10402 (Committees and Other Appointments) and Rule 20401 (Audit, Compliance, and Risk Management Programs) as set out on the following pages.

BACKGROUND INFORMATION

Regents' Rule 10402 (Committees and Other Appointments) and Rule 20401 (Audit, Compliance, and Risk Management Programs) set forth guiding principles and practices for the Board's Audit, Compliance, and Risk Management Committee and U. T. System's internal audit program.

The proposed revisions clarify provisions regarding the duties of the Audit, Compliance, and Risk Management Committee and the administration of the internal audit program and memorialize recommended best practices that have already been implemented in U. T. System operations. The two-tier audit committee structure is designed to position the Chief Audit Executives to provide assurance and consulting services with maximum independence, and the proposed revisions reinforce these goals.

The proposed amendments are budget-neutral and were reviewed by the U. T. institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

a. Amend *Regents' Rule* 10402, Section 1.6 as set forth below:

1. Standing Committees.

.....

1.6 Duties of the Audit, Compliance, and Risk Management Committee.
The Audit, Compliance, and Risk Management Committee (ACRMC) shall:

~~(a) Be primarily responsible for the Systemwide risk oversight function of the Board of Regents. Provide relevant information from risk management activities, risk assessments and reviews, and reports both internal and external to the Board of Regents.~~

(a) Provide strategic oversight and direction to Systemwide internal audit activities, (b) Direct, advise, and review the U. T. System Audit Office in the exercise of Systemwide internal audit, a primary source of independent and objective risk information.

(b) Conduct appointment, evaluation, and dismissal duties, specifically: By extension, each institution's audit committee chair is considered a risk advisor to the chair of this committee and their authority is derived from the Board of Regents. The ACRMC Chairman approves the appointment of institutional audit committee chairs.

i. Approve the appointment of System Administration and institutional audit committee chairs. By extension, this recognizes the role of the System Administration and institutional audit committees as risk advisors to the ACRMC and their authority derived from the Board of Regents.

ii. Take personnel actions regarding appointment and dismissal of the U. T. System Chief Audit Executive following recommendations by the General Counsel to the Board of Regents and the Chancellor. The U. T. System Chief Audit Executive shall hold office subject to the pleasure of the ACRMC.

iii. Perform the annual evaluation of the U. T. System Chief Audit Executive.

iv. Provide concurrence with any president's appointment and dismissal of institutional chief audit executives with advice and recommendation from the U. T. System Chief Audit Executive.

(c) Consider, review, and when appropriate refer to the full Board of Regents matters regarding the activities of the Office of Systemwide Compliance, as an integral component of Systemwide risk oversight.

(d) Be primarily responsible for the Systemwide risk oversight function of the Board of Regents. Provide relevant information from risk management activities, risk assessments and reviews, and reports both internal and external to the Board of Regents.

(e) Consider, review, and when appropriate refer to the full Board of Regents matters regarding the activities of the Office of Risk Management, Office of Information Security, ~~the External Auditor,~~ and any other management function with a significant Systemwide risk oversight role.

~~(e)~~(f) Consider, review, and recommend to the full Board of Regents factors to be considered in establishing Board and Board Committee risk tolerance and risk mitigation strategies.

...

b. Revise Regents' *Rules and Regulations*, Rule 20401, Section 1 as set forth below:

Sec. 1 Audit Program. The Chancellor, as chief executive officer of the U. T. System, is responsible for ensuring the implementation of appropriate audit procedures for the U. T. System. Accordingly, the U. T. System Chief Audit Executive (CAE) prepares an executive summary of all internal audit activity by the U. T. System internal auditors and the institutional internal auditors for the Chancellor, and functions as a primary source of independent and objective information to the Audit, Compliance, and Risk Management Committee (ACRMC) of the Board of Regents.

1.1 The U. T. System CAE plays an important role in enabling the ACRMC to achieve its objectives for oversight of the Audit Program through:

(a) Providing information regarding risks and issues identified through audit activities.

~~(a)~~(b) Facilitating, ~~as needed,~~ the ACRMC Chairman's interactions with Institutional Audit Committee Chairs ~~and enabling robust sharing of risk and issue information.~~

~~(b)~~(c) Assisting the ACRMC in following leading practices through the establishment of necessary formal meetings, executive sessions, and other important protocols.

~~(c) Recommending practices to improve the ACRMC.~~

1.2 U. T. System Chief Audit Executive's Responsibilities. The U. T. System CAE is charged with assuring that an effective internal audit

function is in place Systemwide. The U. T. System CAE accomplishes this ~~through oversight by performing of~~ the following ~~activities at U. T. System Administration and all U. T. System institutions:~~

~~(a) Establishing methodologies that support conformance with required professional standards. This guidance includes, but is not limited to, annual plan development, prioritization and communication of findings, reporting, audit committee support, and quality assurance activities.~~

~~(a)(b) Developing a Systemwide internal audit plan based on a comprehensive risk assessment and coordinating the implementation of the audit plan with the chief audit executives at all U. T. System institutions.~~

~~(c) Participating with the institution's president in the selection of any institution's CAE to provide recommendation and advice to the ACRMC Chair prior to appointment.~~

~~(d) Assessing circumstances surrounding proposed termination of any institution's CAE to provide recommendation and advice to the ACRMC Chair prior to dismissal.~~

~~(e) Participating in the annual performance review for each institution's CAE.~~

~~(e)(f) Providing audit assistance to the Chancellor, the Executive Vice Chancellors, and the Vice Chancellors in the exercise of their responsibilities.~~

~~(b) Providing support and advice to each institution's internal audit committee. This includes:~~

~~(i) interviewing all candidates for an open institutional CAE position;~~

~~(ii) participating in the annual performance review for each institution's CAE, and~~

~~(iii) participating, with the institution's president and chair of the institution's audit committee, in any decision to terminate the employment of an institution's CAE.~~

~~(c) Establishing the standards and methodology to be followed by all U. T. System internal auditors in:~~

~~(i) preparation of the annual institutional audit plan;~~

~~(ii) documentation required for all internal audit work papers;~~

~~(iii) establishment of a standard internal audit reporting format, and~~

~~(iv) provision of direction concerning findings that must be reported to the ACRMC.~~

~~(d) Establishing a quality assurance and improvement program that includes monitoring and assessments, to the extent considered necessary by the CAE, to evaluate the internal auditors' conformance with prescribed standards.~~

~~(f) Providing information to the ACRMC in Executive Session concerning personnel matters relating to appointment, employment, evaluation, assignment, duties, discipline, or dismissal of individual U. T. System employees involved in internal audit functions.~~

~~1.3 Appointment and Evaluation of the CAE. The CAE shall be appointed by the ACRMC after nomination by the Chancellor. The CAE shall hold office subject to the pleasure of the ACRMC and the Chancellor. The Chancellor's actions regarding the CAE are subject to review and approval by the ACRMC.~~

~~1.4 The U. T. System internal auditors are the internal auditors for the U. T. System and augment the audit work of the institutional internal auditor and the State Auditors at the institutions of the U. T. System.~~

3. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed revisions to Regents' Rules and Regulations, Rule 10501 (Delegation to Act on Behalf of the Board), Section 2, regarding contracts related to athletic conference membership**

RECOMMENDATION

The Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel recommend that the U. T. System Board of Regents add a new Regents' *Rules and Regulations*, Rule 10501 (Delegation to Act on Behalf of the Board), Subsection 2.2.13 on Athletic Conference Memberships as follows and renumber the remaining portions of the Rule:

Delegation to Act on Behalf of the Board

...

Sec. 2 Delegation

...

2.2 Contracts Not Requiring Board Approval. The following contracts or agreements, including purchase orders and vouchers, do not require prior approval by the Board of Regents.

...

2.2.12 Athletic employment agreements. Contracts, contract revisions, and contract extensions with athletic directors and coaches except those with total annual compensation of \$1 million or greater or those with proposed multiyear contracts totaling \$1 million or greater.

(a) Contracts, contract revisions, and contract extensions for individuals with total annual compensation of \$1 million or greater or those with proposed multiyear contracts totaling \$1 million or greater may be negotiated and executed by the President following consultation with the Chancellor, the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor and General Counsel, and the Chairman of the Board of Regents and additional consultation, as requested by the Chairman, to determine if special circumstances require an offer or contract change to be made prior to a scheduled meeting of the Board and if the proposed offer or contract change is in the best interest of the institution.

(b) Such special circumstance contracts shall be submitted to the Board for formal approval via the Consent Agenda at

the next appropriate meeting of the Board as required by [Rule 20204](#) of these Rules.

- (c) Alternatively, the President may seek prior approval of the Board to negotiate with a slate of identified individuals within defined contract terms and proceed, if authorized, to hire an athletic director or coach and submit a contract for formal approval by the Board as set out in (b) above.
- (d) It is the expectation of the Board, the Chancellor, and the Executive Vice Chancellor for Academic Affairs that each President will assure the Chairman, the Chancellor, and the Executive Vice Chancellor for Academic Affairs are provided advance notice of proposed hirings and potential terms of employment related to such contracts in advance of an offer or publication or public distribution of information to allow for meaningful consultations and/or approvals.

2.2.13 [Athletic conference memberships. Contracts related to joining or changing an institution's athletic conference membership may be negotiated and executed by the President following consultation as required by Subsection 2.2.12, above, for the determination of special circumstances. Following such consultation, such special circumstance contracts shall be submitted to the Board for formal approval via the Consent Agenda at the next appropriate meeting of the Board.](#)

....

BACKGROUND INFORMATION

The proposed new Regents' Rule 10501, Section 2.2.13 provides an additional Board delegation that would allow a President to negotiate and execute a contract related to joining or changing athletics conferences if it is determined that special circumstances require a contract to be negotiated or executed prior to the next scheduled meeting of the Board.

The special circumstances process has been successfully utilized to enable institutions to be responsive to athletic employment opportunities and to negotiate contracts in a time frame that is standard in that industry. Similar circumstances apply in the context of athletic conference membership, warranting Board consideration of a Rule amendment that would allow use of this process for those transactions.

This revision does not impact the full-time equivalent (FTE) employee count Systemwide and is budget neutral. The proposed Rules change was reviewed by the institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

4. U. T. System: Discussion and appropriate action to authorize ownership documents related to securities to be held in a digital format

RECOMMENDATION

The Chancellor, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel recommend that the U. T. System Board of Regents:

- a. Allow ownership documents related to securities such as stock certificates and convertible promissory notes to be held in digital format; and
- b. Direct the General Counsel to the Board to revise Regents' *Rules and Regulations*, Rule 70101 (Authority to Accept and Manage Assets) to effect the above authorization.

BACKGROUND INFORMATION

UTIMCO currently holds stock certificates of securities managed by, or held on behalf of, an institutional president.

There has been an accelerating migration by portfolio companies toward online management of stock certificates by third party vendors. With online management, the stock ledger is managed virtually on behalf of the company issuer, and the stockholder logs in to see and manage its certificates.

The proposed authorizations allow flexibility for an institutional president to hold stock certificates in a digital format without obtaining an additional paper certificate to provide to UTIMCO.

5. **U. T. System: Report on development performance for the U. T. Institutions**

REPORT

Vice Chancellor Safady will report on development performance of the U. T. Institutions for Fiscal Year 2021 and make recommendations for advancing philanthropic support, using the PowerPoint presentation set forth on the following pages.

Philanthropic Performance and Outcomes Across U. T. Institutions, FY 2021

Dr. Randa Safady, Vice Chancellor for External Relations, Communications and Advancement Services

U. T. System Board of Regents Meeting
February 2022



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

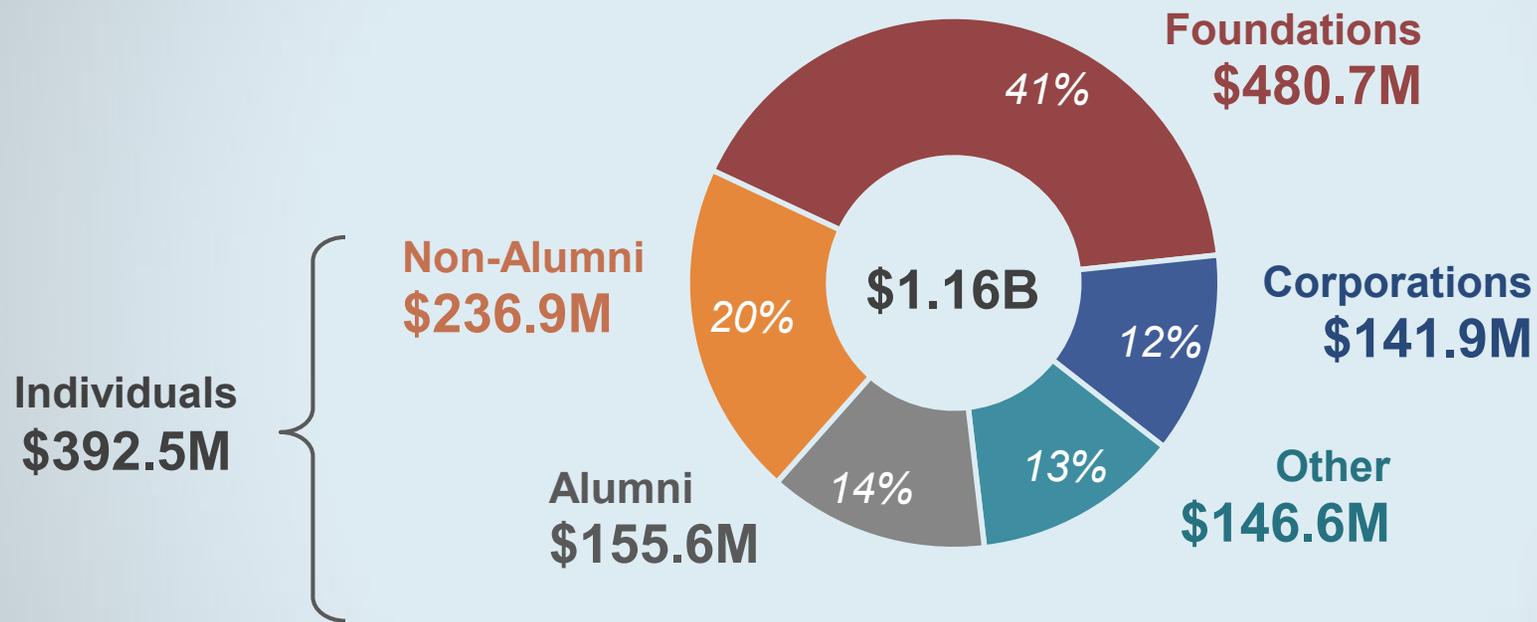
Overall Giving and Cash Received FY 2017-2021



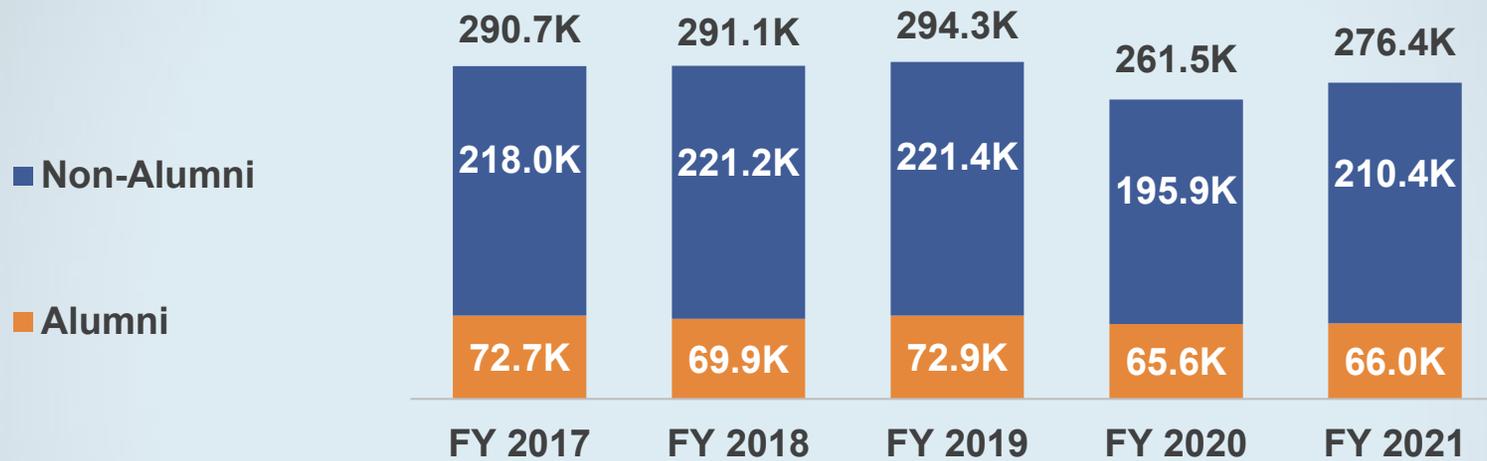
**Overall Giving = cash, pledges and new testamentary commitments at present value*



Sources of Cash Gifts in FY 2021



Total Individual Donor Count FY 2017-2021



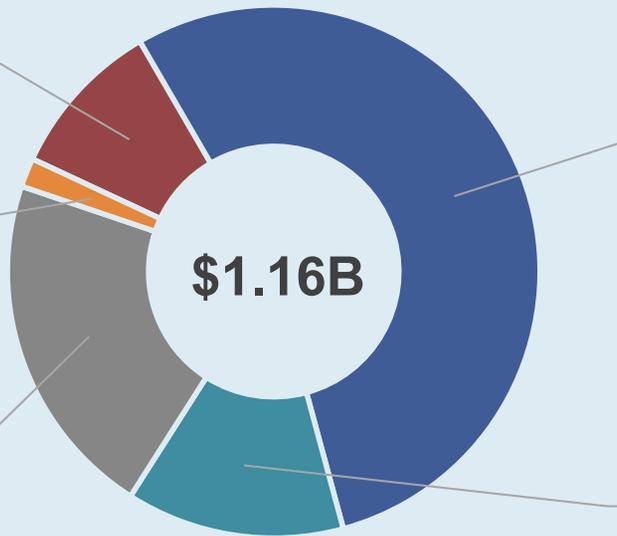
<i>Alumni of Record:</i>	1,278,090	1,394,619	1,457,555	1,514,106	1,549,281
<i>Participation Rate:</i>	5.69%	5.01%	5.00%	4.33%	4.26%

Designation of Cash Gifts in FY 2021

**Current Operations
Unrestricted
\$114.3M**

**Deferred Other
Purposes
\$702.5K**

**Endowment
\$250.0M**

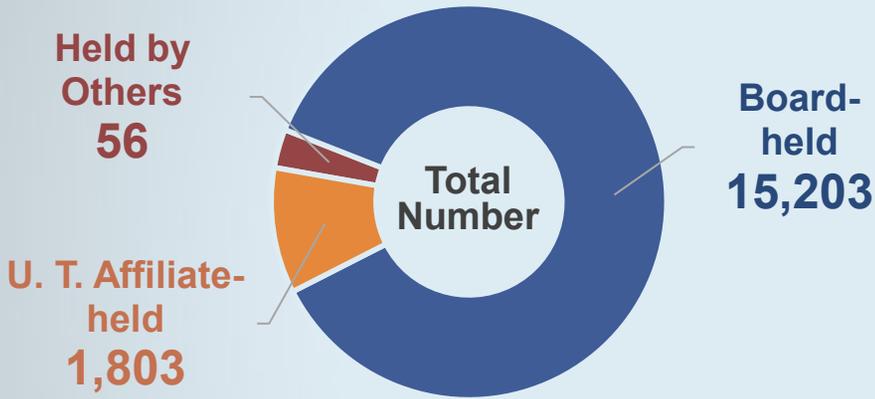


**Current Operations
Restricted
\$640.2M**

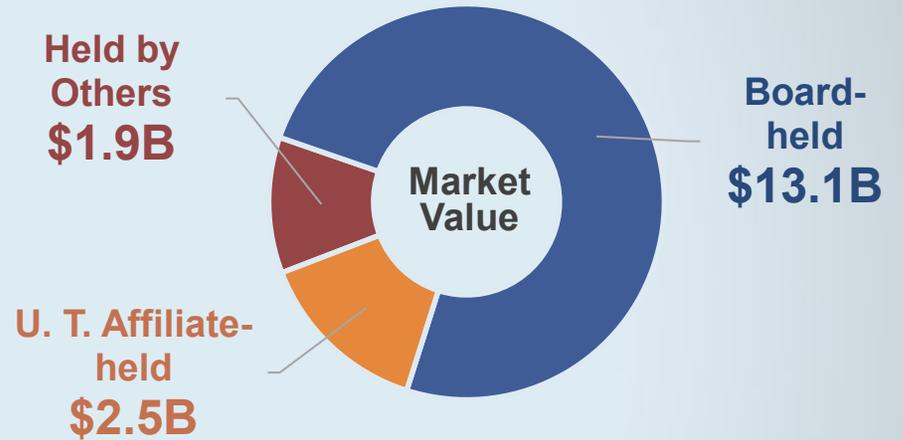
**Property, Buildings
and Equipment
\$156.6M**



Endowment Status FY 2021

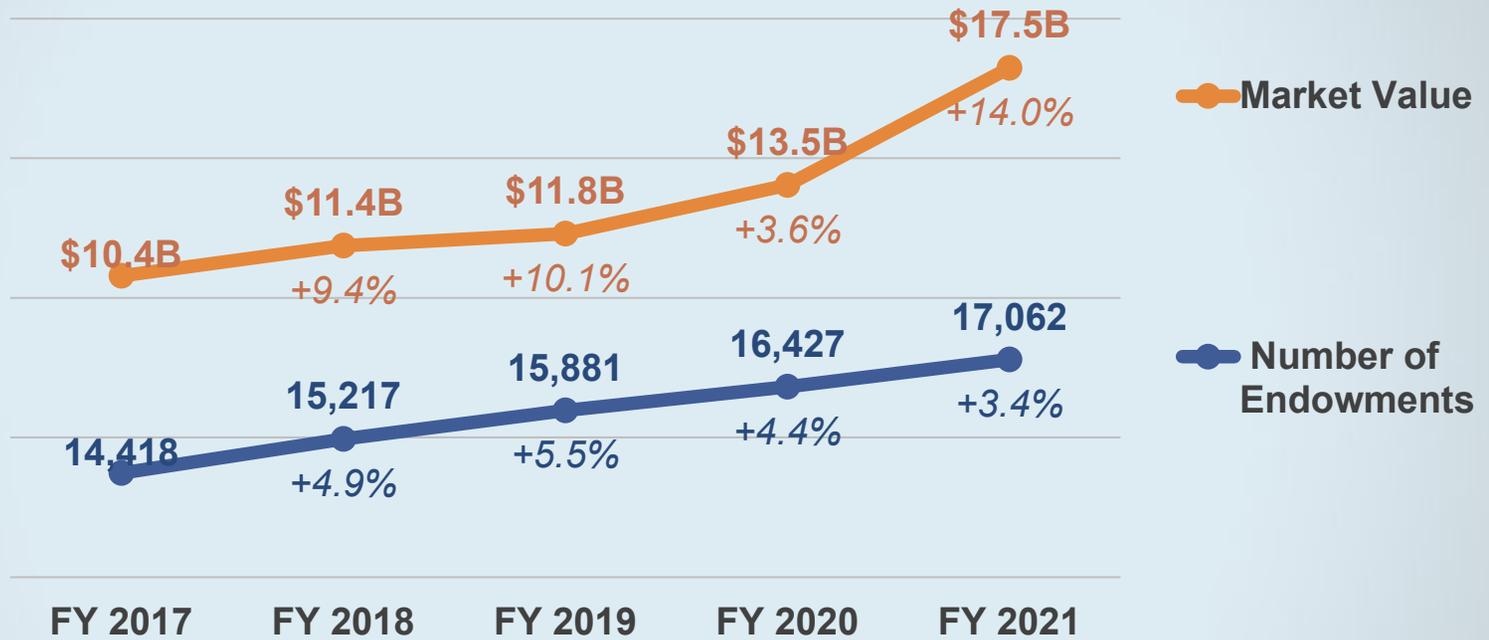


17,062 total endowments held by Board and external entities

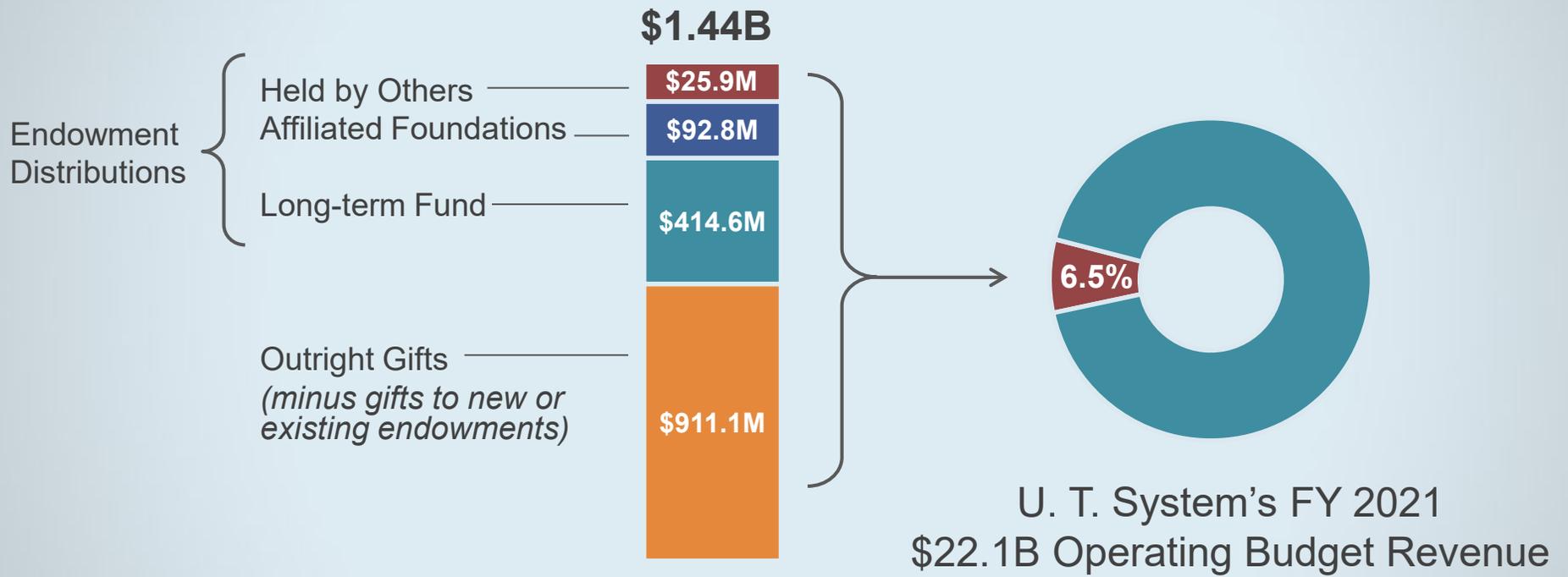


\$17.5 billion in total market value

Endowment Growth FY 2020-2021

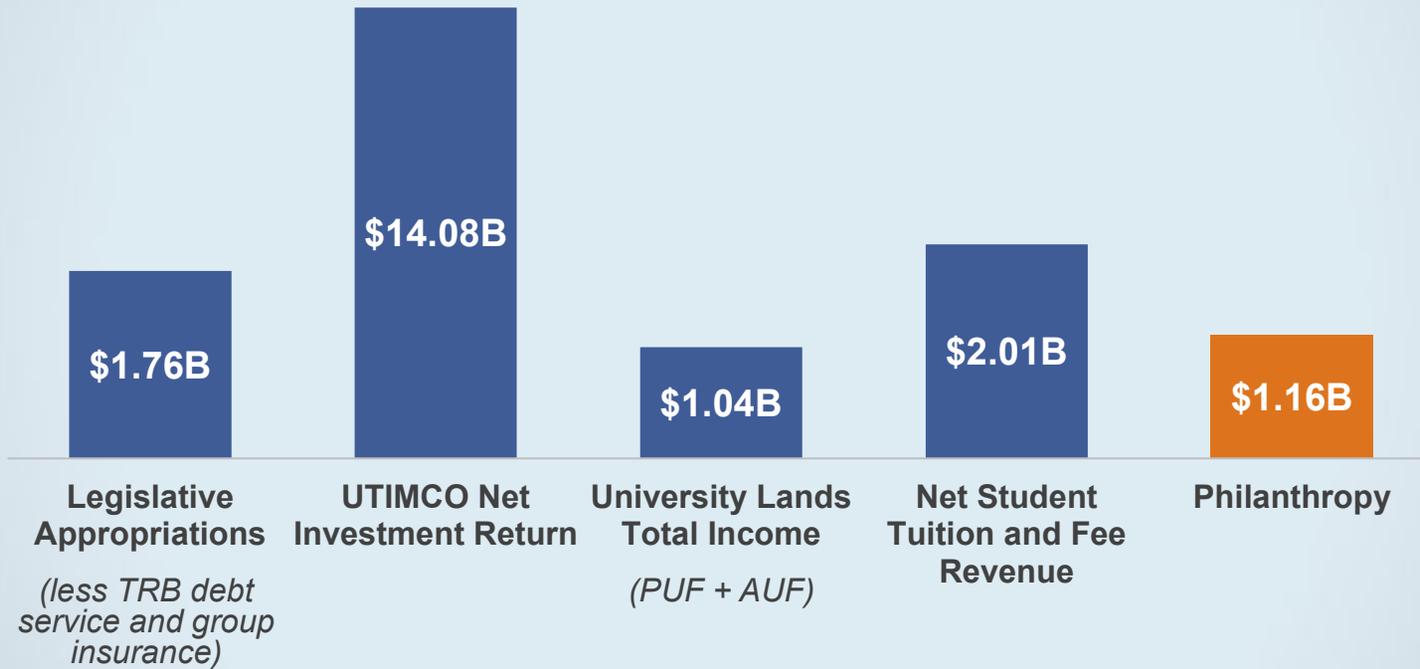


Impact of Philanthropy in FY 2021



Select Revenue Sources in FY 2021

Philanthropy is a major revenue source for U. T. institutions



THE UNIVERSITY of TEXAS SYSTEM
THIRTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Philanthropy in Higher Education – Nationally

- Traditional revenue sources are no longer predictable.
- Competition for donors and philanthropic dollars has increased.
- Solutions are becoming more complex and challenging.
- Communication landscape is exploding.



Going Forward in Philanthropy – U. T. Institutions

- Root fundraising strategy in data
- Modernize our outreach
- Personalize donor engagement
- Enhance donor relations
- Focus on Key Performance Indicators for fundraising



6. **U. T. Austin: Discussion and appropriate action regarding a request for an allocation of Available University Fund (AUF) proceeds to support the William P. Clements, Jr. Center for National Security**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the interim Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents approve an annual allocation of \$2 million of Available University Fund (AUF) proceeds to U. T. Austin for the William P. Clements, Jr. Center for National Security for Fiscal Years 2023-2027.

BACKGROUND INFORMATION

U. T. Austin requests additional support for the William P. Clements, Jr. Center for National Security for continued operations in Fiscal Years 2023-2027. Established in 2013 with the support of distinguished policymakers and scholars, the Clements Center is a nonpartisan research and policy center uniquely positioned in the Office of the President at U. T. Austin and draws on the best insights of diplomatic and military history to train the next generation of national security leaders.

On November 10, 2016, the Board appropriated \$10 million of AUF to U. T. Austin for the National Security Network (NSN) to support both the William P. Clements, Jr. Center for National Security and The Robert S. Strauss Center for International Security and Law. An additional \$8.2 million of AUF approved in the FY 2018 U. T. System Administration Operating Budget was later transferred to U. T. Austin for NSN. On August 10, 2018, the Board appropriated an additional \$3 million of AUF, increasing total AUF support of the NSN to \$21.2 million.