



## SCHEDULE OF EVENTS FOR BOARD OF REGENTS' MEETING

**November 14-15, 2018**  
Richardson, Texas

U. T. Dallas, 2501 Drive G, Richardson, Texas 75080

- Davidson-Gundy Alumni Center
  - Ballrooms A&B (Open Session)
  - Redeker Executive Boardroom 2.110 (Executive Session)
- Main Telephone: (972) 883-2111

### Wednesday, November 14, 2018

Academic Affairs Committee .....	10:00 a.m.
Finance and Planning Committee .....	11:00 a.m.
Lunch Break .....	12:00 p.m.
<i>Inspiration Hall, Davidson-Gundy Alumni Center</i>	
Audit, Compliance, and Risk Management Committee .....	12:30 p.m.
Health Affairs Committee .....	1:30 p.m.
Facilities Planning and Construction Committee .....	2:15 p.m.
Meeting of the Board - Open Session .....	3:15 p.m.
<i>Including meeting with the Faculty Advisory Council</i>	
Recess to Executive Session .....	3:45 p.m. <i>approximately</i>
Meeting of the Board - Open Session .....	5:15 p.m. <i>approximately</i>
Recess .....	5:30 p.m. <i>approximately</i>

### Thursday, November 15, 2018

Meeting of the Board - Open Session .....	8:30 a.m.
Recess to Executive Session (Working Lunch) .....	10:00 a.m. <i>approximately</i>
Meeting of the Board - Open Session .....	2:00 p.m. <i>approximately</i>
Adjourn .....	3:00 p.m. <i>approximately</i>



## DIRECTIONS

FROM THE SOUTH ON US-75N

Take Exit 26 towards Collins Blvd./Campbell Rd.  
Turn left on Campbell Rd.

FROM THE NORTH ON US-75S

Take Exit 26 towards Galatyn Pkwy./Campbell Rd.  
Turn right on Campbell Rd.

EASTBOUND BUSH TURNPIKE/TX-190

Exit at Independence Pkwy./Waterview Pkwy. Turn  
right on Waterview Pkwy. Turn left on Campbell Rd.

WESTBOUND BUSH TURNPIKE/TX-190

Exit at Independence Pkwy./Waterview Pkwy. Turn  
left on Waterview Pkwy. Turn left on Campbell Rd.

- 1 From Campbell Rd. take University Pkwy. and enter campus at the main entrance.
- 2 Turn right at the fork onto Armstrong Dr.
- 3 Turn right onto Loop Rd.
- 4 Turn left onto Drive A.
- 5 Turn right onto Drive G.

Proceed on Drive G to the Davidson-Gundy Alumni Center (DGA) if being dropped off or turn right into Parking Structure 1 (PS1) to self-park.



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

**November 14-15, 2018**  
Richardson, Texas

**Wednesday, November 14, 2018**

	<b>Page</b>
COMMITTEE MEETINGS ( <i>Lunch break at noon</i> )	<i>10:00 a.m. - 3:15 p.m.</i>
CONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEM	<i>3:15 p.m.</i>
<b>1. U. T. System: Annual Meeting with Officers of the U. T. System Faculty Advisory Council</b>	<b>Report/Discussion 7</b> <i>Chair Dan Cavanagh, U. T. Arlington</i>
RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551	<i>3:45 p.m. approximately</i>
1. Negotiated Contracts for Prospective Gifts or Donations – Section 551.073	
<b>a. U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features</b>	
<b>b. U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features</b>	
2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071	
<b>a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues</b>	
<b>b. U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U. T. System</b>	
<b>c. U. T. Health Science Center - Houston: Discussion and appropriate action regarding legal issues related to possible resolution of federal government review of National Institutes of Health grant funds</b>	
<b>d. U. T. System: Discussion and appropriate action regarding legal issues concerning underpayment of oil and gas royalties and hiring of outside legal counsel on a contingent fee basis to provide representation associated with the matter</b>	

**Wednesday, November 14, 2018** (continued)

3. 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); U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors); other officers reporting directly to the Board (such as Chancellor, General Counsel to the Board, and Chief Audit Executive); task force members and advisory council members; and U. T. System and institutional employees**
  - b. **U. T. Southwestern Medical Center: Discussion and appropriate action regarding proposed new hire with tenure and compensation for Dai H. Chung, M.D., as Division Chief of Pediatric Surgery and Executive Vice Chair in the Department of Surgery (Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees)**
  - c. **U. T. Medical Branch - Galveston: Discussion and appropriate action regarding proposed compensation for Donna K. Sollenberger, Executive Vice President and Chief Executive Officer, Health Systems (Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees)**
  - d. **U. T. System: Discussion and appropriate action regarding approval of proposed incentive compensation for Mark A. Houser, Chief Executive Officer of University Lands**

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

*5:15 p.m.  
approximately*

RECESS

*5:30 p.m.  
approximately*

**Thursday, November 15, 2018**

		<b>Page</b>
WELCOME TO CHANCELLOR MILLIKEN	<i>8:30 a.m.</i>	
RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS	<i>8:45 a.m.</i>	
2. <b>U. T. System Board of Regents: Approval of Consent Agenda and consideration of any items referred to the full Board</b>	<i>8:50 a.m.</i> <b>Action</b>	<b>17</b>
3. <b>U. T. System Board of Regents: Discussion and appropriate action regarding proposed amendments to Regents' <i>Rules and Regulations</i>, Rule 30104 (Conflict of Interest, Conflict of Commitment, and Outside Activities), Section 7, regarding separation of activities</b>	<i>8:55 a.m.</i> <b>Action</b>	<b>18</b>
4. <b>U. T. System Board of Regents: Discussion and appropriate action regarding proposed amendments to Regents' <i>Rules and Regulations</i>, Rule 31001 (Faculty Appointments and Titles), Section 2, regarding academic titles, to ensure consistency in use</b>	<i>9:00 a.m.</i> <b>Action</b>	<b>19</b>
5. Item intentionally left blank		
6. <b>U. T. System: Discussion and appropriate action regarding participation in the TMC3 collaborative research development project</b>	<i>9:10 a.m.</i> <b>Action</b>	<b>27</b>
7. <b>U. T. Dallas: Appointment of Dr. David E. Daniel as President Emeritus</b>	<i>9:15 a.m.</i> <b>Action</b>	<b>28</b>
8. <b>U. T. System: Recognition of Nobel Prize recipient, Dr. James P. Allison, and ratification of designation as Regental Professor [Regents' <i>Rules and Regulations</i>, Rule 31001, Section 2.3(a)] and allocation of funds</b>	<i>9:20 a.m.</i> <b>Action</b>	<b>29</b>
STANDING COMMITTEE RECOMMENDATIONS AND REPORTS TO THE BOARD	<i>9:35 a.m.</i>	
RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551 (Working Lunch at noon)	<i>10:00 a.m.</i> <i>approximately</i>	
1. Individual Personnel Matters Relating to Officers or Employees – Section 551.074		
a. <b>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 (such as Chancellor, General Counsel to the Board, and Chief Audit Executive); task force members and advisory council members; and U. T. System and institutional employees</b>		

**Thursday, November 15, 2018** (continued)

**Page**

- b. **U. T. System: Discussion with Vice Chancellor for Strategic Initiatives regarding assignment and duties, including responsibilities associated with providing information and data to the Board and U. T. System leadership**
  - c. **U. T. Permian Basin: Discussion with president regarding assignment and duties, including individual responsibilities associated with outlining a vision and plans for the future of the institution**
  - d. **U. T. System: Discussion with Chancellor regarding responsibilities associated with organization and structure of U. T. System Administration**
2. 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. Austin: Discussion and appropriate action regarding legal issues related to the utilization of the Brackenridge Tract, including land bounded by Exposition Boulevard, Lake Austin Boulevard, and Enfield Road, Austin, Travis County, Texas, and associated leases and agreements**
3. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072
- U. T. Austin: Discussion and appropriate action regarding the lease, uses, or value of property related to the Brackenridge Tract, including land bounded by Exposition Boulevard, Lake Austin Boulevard, and Enfield Road, Austin, Travis County, Texas**
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**

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

*2:00 p.m.  
approximately*

- 9. **U. T. System: Discussion regarding support of U. T. institutions** **Discussion** **30**
- 10. **U. T. System: Chancellor’s update related to U. T. System Administration organization and structure** **Report** **30**

ADJOURN

*3:00 p.m.  
approximately*

1. **U. T. System: Annual Meeting with Officers of the U. T. System Faculty Advisory Council**

**REPORT**

The U. T. System Faculty Advisory Council will meet with the Board to discuss accomplishments of the Council and plans for the future. The Council's PowerPoint presentation is set forth on the following pages. Council members scheduled to attend are:

**Chair: Dan Cavanagh, M.M.**, U. T. Arlington, Music

**Academic Affairs and Faculty Quality Committee: Elena Izquierdo, Ph.D.**, U. T. El Paso, Teacher Education

**Governance Committee: Charlotte Canning, Ph.D.**, U. T. Austin, Department of Theatre and Dance, Center for Women's and Gender Studies, Department of African and African Diaspora Studies

**Health Affairs Committee: Ramon Cestero, M.D.**, U. T. Health Science Center - San Antonio, Clinical and Trauma Surgery

**BACKGROUND INFORMATION**

The University of Texas System Faculty Advisory Council was established in 1989 to facilitate the flow of ideas and information between and among the Board of Regents, the System Administration, and the institutions of the System. Council guidelines require that recommendations have a multi-institutional focus and that the Council explore individual campus issues with institutional administrators prior to any consideration.

The Faculty Advisory Council consists of two faculty representatives from each U. T. System institution and meets quarterly. The Standing Committees of the Council are: Academic Affairs and Faculty Quality, Governance, and Health Affairs.

# Faculty Advisory Council

Dan Cavanagh, Chair  
Professor and Chair, Department of Music, U. T. Arlington

U. T. System Board of Regents' Meeting  
November 2018



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# U. T. System Faculty Advisory Council (FAC)



- Elected faculty leaders from each campus, representing 20K+ faculty
- Designated by Regents' Rule 30401  
 "...to facilitate the flow of ideas and information between and among the Board of Regents, the System Administration, and the institutions of the System."
- Our charge:
  - Identify issues of concern to the faculty, Board of Regents, or well-being of the U. T. System
  - Respond to issues at the request of the Board of Regents, Chancellor, U. T. System Administration, and/or FAC membership
  - Conduct fact-finding, background exploration, exposition, analysis, and deliberation on issues and develop recommendations and/or action plans for review by the FAC
  - Disseminate information to the FAC, Board of Regents, and faculty and administrators of U. T. System institutions



# Faculty Advisory Council Structure

- Elected faculty leaders from each U. T. institution
  - Campus senate presidents, past presidents, other elected members
  - 16 academic representatives, 12 health representatives
- Officers
  - Dan Cavanagh, M.M., Chair (U. T. Arlington)
  - Jonathan Cheng, M.D., Past Chair (U. T. Southwestern Medical Center)
  - Gurur Biliciler-Denktaş, M.D., Chair-Elect (U. T. Health Science Center - Houston)
  - Emily Bonner, Ph.D., Secretary (U. T. San Antonio)
- Standing committees
  - Governance
  - Academic Affairs and Faculty Quality
  - Health Affairs
- FAC liaison, Associate Vice Chancellor Tony Cucolo



# FAC 2017-18 Academic Year Accomplishments

- Physician Burnout Symposium
  - Systemwide Steering Committee
  - National Symposium held at M. D. Anderson
  - Beyond Capacity Registration – over 300 attendees from 43 institutions nationally
  - Support from and partnership with Dr. Greenberg and the Health Affairs team
- Post-Symposium Think Tank with renown medical leaders
  - President of Association of American Medical Colleges (AAMC), Deans of Medical Schools, etc.
- White paper presented to Chancellor McRaven outlining findings and proposed next steps



Ann Killary, Ph.D.



Jonathan Cheng, M.D.



# FAC 2017-18 Academic Year Accomplishments (cont.)



## ACADEMIC AFFAIRS

- White paper on Nontenure System faculty and student/institutional success
- Involved with revision of Regents' Rule 31006 - Faculty Workload and Reporting Requirements
- Provided guidance document on Free Speech to Chancellor McRaven



“More than half of American doctors burned out, a new national survey suggests”

- CBS News Article, July 10, 2018

<https://www.cbsnews.com/news/doctor-burnout-widespread-and-behind-many-medical-errors-study-finds/>, accessed 7/12/2018



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## Student Success

- Participated in Student Success Summit as presenters
- Faculty Representation on Student Success Affinity Groups
- Worked closely with Dr. Rebecca Karoff and members of Student Success Summit planning committee for upcoming Summit



## Additional Projects

- Dual Credit Task Force participation with Dr. Wanda Mercer
- Input into U. T. System Policy 189, Institutional Conflicts of Interest



## Continuing Projects

- Association of College and University Educators (ACUE) Pilot Project across U. T. System to increase teaching effectiveness
- Shared Governance Report to U. T. System leadership
- Physician Burnout
- Parental Leave



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

RECOMMENDATION

The Board will be asked to approve the [Consent Agenda](#) and may discuss any items referred for consideration by the full Board.

3. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed amendments to Regents' Rules and Regulations, Rule 30104 (Conflict of Interest, Conflict of Commitment, and Outside Activities), Section 7, regarding separation of activities**

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 30104 (Conflict of Interest, Conflict of Commitment, and Outside Activities), Section 7, regarding separation of activities, be amended as set forth in congressional style:

Sec. 7 Separation of Activities. If a U. T. System Administration or U. T. ~~System~~ institution employee engages in any outside activity, the employee must make it clear to those who employ him or her that the work is unofficial and that the name of the U. T. System or any ~~of the~~ U. T. institutions is not in any way to be connected with the employee's name, except for identification purposes in a way that avoids the appearance of endorsement or support by U. T. System or any U. T. institution when used to identify the member as the author of work related to the employee's academic or research area as more fully described in Rule 90101 of the Regents' Rules and Regulations concerning general rules for intellectual property. No employee engaged in outside activities shall use in connection therewith the official stationery of the System, give as a business address any building or department of the U. T. System or any of the institutions, or any University telephone extension.

BACKGROUND INFORMATION

The purpose of the revision is to (i) conform the text of the Rule to existing practice, (ii) prohibit the improper appearance of endorsement by U. T. of private activities, and (iii) preserve the rights of employees to provide appropriate reference to their U. T. service.

These revisions do not impact the full-time equivalent (FTE) employee count Systemwide and are budget neutral. The proposed amendments were reviewed by the U. T. institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

4. **U. T. System Board of Regents: Discussion and appropriate action regarding amendments to Regents' Rules and Regulations, Rule 31001 (Faculty Appointments and Titles), Section 2, regarding academic titles, to ensure consistency in use**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Rule 31001 (Faculty Appointments and Titles), Section 2, regarding academic titles, be amended as set forth in congressional style on the following pages.

BACKGROUND INFORMATION

Regents' Rule 31001 outlines the permissible faculty titles to be used by U. T. institutions. The proposed amendments to Sections 2.2, (i), (j), (l), and (m) eliminate redundant language pertaining to reappointments.

Another proposed amendment to Section 2.2(l) reflects the way the titles of Professor of Practice, Associate Professor of Practice, and Assistant Professor of Practice are used at U. T. institutions and other major university systems nationally to reflect a faculty member's experience and achievements in nonacademic careers, rather than through the attainment of typical academic credentials.

On November 10, 2016, Section 2.2(m) was added to Rule 31001 to authorize the use of three new titles for full-time, nontenured faculty primarily engaged in instruction: Professor of Instruction, Associate Professor of Instruction, and Assistant Professor of Instruction. Removing the reference to "full-time" will provide flexibility to award these titles to part-time faculty likewise primarily engaged in instruction.

The proposed amendment to Section 2.3(b) eliminates the requirement for System-level approval of the honorific title "Distinguished Teaching Professor." Existing institutional nomination and review processes ensure that faculty who are selected to be members of an institutional academy of distinguished teachers meet the highest standards of teaching excellence.

Finally, the proposed amendment to Section 2.3(d) eliminates the requirement for Board approval of Emeritus titles for Dean, Chair, and Professor appointments. Existing institutional processes ensure appropriate award of these Emeritus titles.

These revisions will reduce paperwork, do not impact the full-time equivalent (FTE) employee count Systemwide, and are budget neutral. The proposed amendments were reviewed by the U. T. institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

**The University of Texas System  
Rules and Regulations of the Board of Regents**

**Rule: 31001**

**1. Title**

Faculty Appointments and Titles

**2. Rule and Regulation**

...

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.

...

2.2 Other 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 title of 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(g) below when an appointment may be for periods of time not to exceed three academic years. With the exception of the title of Instructor, such appointments shall terminate at the expiration of the stated period of appointment without notification of nonrenewal. Except for the titles described in Sections 2.2(n) and 2.2(o), 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* and may provide annual renewability of two- and three-year appointments.

...

- (i) Adjunct Professor, Adjunct Associate Professor, and Adjunct Assistant Professor. One of these titles may be used when a qualified person from business, industry, government, private practice, or another institution of higher education may be teaching a course or participating in the teaching of a course at one of the institutions. For the health institutions, this prefix should be used only for those persons not involved in patient care who otherwise satisfy the above criteria. Appointments to the faculty with an adjunct title may be with or without pay and shall be for a stated period of time not to exceed one academic year. Such appointments shall terminate upon expiration of the stated period of appointment without notification of nonrenewal. ~~If an institution determines that it~~

**The University of Texas System  
Rules and Regulations of the Board of Regents**

**Rule: 31001**

~~is to the benefit of the institution, it may offer reappointment to an adjunct faculty member in accordance with the Texas Education Code Section 51.943.~~

- (j) Clinical Professor, Clinical Associate Professor, Clinical Assistant Professor, and Clinical Instructor. These titles may be used by the institutions of the U. T. System to designate regular part-time or full-time service on the faculty while involved in a professional clinical experience program. Appointments to the faculty with a clinical title may be with or without pay and shall be for a period of time not to exceed three academic years. Such appointments shall terminate upon 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 reappointment to a clinical faculty member in accordance with the Texas Education Code Section 51.943.~~

...

- (l) Professor of Practice, Associate Professor of Practice, and Assistant Professor of Practice. These titles may be used by the institutions of the U. T. System to designate regular part-time or full-time service for faculty ~~involved in a professional experience program~~ qualified to teach by virtue of professional experience in lieu of typical academic credentials. Appointments to the faculty with a Professor of Practice title may be with or without pay and shall be for a period of time not to exceed three academic years. Such appointments shall terminate upon 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 reappointment to a faculty member in accordance with the Texas Education Code Section 51.943.~~

- (m) Professor of Instruction, Associate Professor of Instruction, and Assistant Professor of Instruction. These titles may be used by the institutions of the U. T. System to designate ~~full-time,~~ nontenure-track faculty primarily engaged in instruction. Appointments to the faculty with a Professor of Instruction title may be with or without pay and shall be for a period of time not to exceed three academic years. Such appointments shall terminate upon 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 reappointment to a faculty member in accordance with the Texas Education Code Section 51.943.~~

**The University of Texas System  
Rules and Regulations of the Board of Regents**

**Rule: 31001**

(n) Assistant Instructor or Graduate Teaching Associate. These titles may be used interchangeably for:

- certain graduate students teaching on a part-time or full-time basis who are in the last phase of their doctoral programs and who are unconditionally enrolled in graduate study, or
- persons who, because of the nature of their duties, such as in a laboratory or hospital, do not qualify for one of the usual academic titles and do not hold the academic training or professional distinction usually required for attaining tenured positions.

(o) Teaching Assistant. This title usually applies to graduate students who assist faculty and who are employed on a part-time basis.

2.3 Honoric Titles

...

(b) Distinguished Teaching Professor. In recognition of their significant contributions to education, members of an institutional academy of distinguished teachers, ~~approved by the Chancellor, the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, or the Executive Vice Chancellor for Health Affairs,~~ may use the honorific title Distinguished Teaching Professor ~~to recognize faculty members who have made significant contributions to education.~~ The use of this title may be conferred only upon approval by the president of the institution or by another official in accordance with procedures included in the institutional *Handbook of Operating Procedures*.

...

(d) Honorary Titles. Honorary titles such as Dean Emeritus, Chair Emeritus, Professor Emeritus, and similar honorary designations may be given to a retired faculty member or in anticipation of the retirement of a faculty member, effective upon retirement. The conferring of one of these titles is not automatic upon retirement and may be conferred only upon approval by the president of the institution or by another official in accordance with procedures included in the institutional *Handbook of Operating Procedures* ~~and final approval by the Board of Regents.~~

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6. **U. T. System: Discussion and appropriate action regarding participation in the TMC3 collaborative research development project**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel that the Board approve modification to its March 19, 2018 approval for U. T. Health Science Center - Houston and U. T. M. D. Anderson Cancer Center to participate in the TMC3 collaborative research development project by removing the requirement for the recruitment and hiring of a Chief Executive Officer (CEO) for the project.

**BACKGROUND INFORMATION**

On March 19, 2018, the Board of Regents approved participation by U. T. Health Science Center - Houston and U. T. M. D. Anderson Cancer Center in the TMC3 project in Houston. The motion approving that participation included the required hiring of an experienced CEO for the project with experience and involvement in biomedical technology development and academic industry partnerships.

Following discussions regarding a TMC3 governance agreement, the parties agree a CEO for the TMC3 project is not needed.

**7. U. T. Dallas: Appointment of Dr. David E. Daniel as President Emeritus**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents appoint David Daniel as President Emeritus at U. T. Dallas. Approval of this recommendation is being requested in accordance with the Regents' *Rules and Regulations*, Rule 20301.

**BACKGROUND INFORMATION**

In 2005, Dr. Daniel became the fourth President of U. T. Dallas, serving in that position until 2015. He began a decade of surging enrollment growth and increasing prominence for the University. He believed that the prosperity of the State of Texas was tied to the strength of its university system, and he drafted the plan for U. T. Dallas to achieve top-tier research status.

Throughout his career, Dr. Daniel has been closely aligned with the U. T. System, earning his bachelor's, master's, and doctoral degrees in engineering from U. T. Austin before joining the faculty in 1981. He then moved to the University of Illinois in 1996, serving as the head of the Department of Civil Engineering, and later, as the Dean of the College of Engineering. He returned to Texas when appointed President of U. T. Dallas in 2005, and he served at U. T. System as Deputy Chancellor from July 1, 2015 to August 30, 2018.

Dr. Daniel advocated widely for developing and cultivating world-class research universities. He focused on hiring exceptional faculty, attracting top students, delivering quality education, improving outcomes such as graduation rates, expanding diversity, and partnering with the community in research, education, outreach, the arts, and technology commercialization.

Dr. Daniel's tenure at U. T. Dallas was marked by a number of accomplishments. Enrollment at the University increased significantly, growing from 14,500 to 24,500 students. Fifty academic programs were added during his presidency, research expenditures nearly tripled, and more than \$1 billion in construction of new buildings and infrastructure was initiated and/or completed. Dr. Daniel pointed U. T. Dallas on its path to becoming a Tier One research university. His strategy directly led to more than \$600 million of state funding to be earmarked for the creation of more top-tier research universities in the state.

A member of the National Academy of Engineering, Dr. Daniel was frequently called upon for his civil engineering expertise. He led a panel for the American Society of Civil Engineers from 2005 to 2008 that analyzed the performance of New Orleans' levees during Hurricane Katrina. Dr. Daniel was also appointed by the National Academy of Engineering and the National Research Council in 2010 to a committee that investigated the Deepwater Horizon explosion and oil spill in the Gulf of Mexico.

8. **U. T. System Board of Regents: Recognition of Nobel Prize recipient, Dr. James P. Allison, and ratification of designation as Regental Professor [Regents' Rules and Regulations, Rule 31001, Section 2.3(a)] and allocation of funds**

RECOMMENDATION

On October 1, 2018, Dr. James P. Allison, Chair of Immunology and Executive Director of the Immunotherapy Platform at U. T. M. D. Anderson Cancer Center, was awarded the Nobel Prize in Physiology or Medicine. In recognition of this prestigious achievement, the Chancellor, the Executive Vice Chancellor for Health Affairs, and President Pisters recommend that the U. T. System Board of Regents ratify award to Dr. Allison of the title of Regental Professor.

It is further recommended that Nobel laureate Allison 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 allows a faculty member awarded the Nobel Prize to be given the title of Regental Professor upon recommendation of the President, the appropriate Executive Vice Chancellor, and the Chancellor.

Dr. Allison shares the Nobel Prize with Dr. Tasuku Honjo of Kyoto University for "for their discovery of cancer therapy by inhibition of negative immune regulation." Dr. Allison was selected for his basic research discoveries that launched a revolutionary new way to attack cancer -- by treating the immune system rather than the tumor. A drug based on his research was the first to extend the lives of people with late-stage melanoma, some for 10 years and beyond.

Dr. Allison received his bachelor's and doctoral degrees in biological science from U. T. Austin. He started his career at M. D. Anderson in 1977 as one of the first employees of a new basic science research center and was recruited in November 2012 to lead the Immunology Department and to establish an immunotherapy research platform for M. D. Anderson's Moon Shots Program.

He is a 2012 recipient of a Science and Technology Acquisition and Retention (STARs) award and was recognized by the Board for his Breakthrough Prize in Life Sciences award for T-Cell Research in 2014. He is a member of the National Academies of Science and Medicine and has received other prestigious awards, including the Canada Gairdner International Award and the Lasker-DeBakey Clinical Medical Research Award.

9. **U. T. System: Discussion regarding support of U. T. institutions**
  
10. **U. T. System: Chancellor's update related to U. T. System Administration organization and structure**



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FOR  
AUDIT, COMPLIANCE, AND RISK MANAGEMENT  
COMMITTEE**

**Committee Meeting:** 11/14/2018

**Board Meeting:** 11/15/2018  
Richardson, Texas

*David J. Beck, Chairman  
Ernest Aliseda  
Kevin P. Eltife  
R. Steven Hicks  
Janiece Longoria  
Rad Weaver*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>12:30 p.m. Chairman Beck</i>		
 <b>RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551</b>			
 Deliberation Regarding Security Devices or Security Audits – Sections 551.076 and 551.089			
 <b>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</b>			
 <b>RECONVENE IN OPEN SESSION</b>			
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<i>12:45 p.m. Discussion</i>	<b>Action</b>	<b>33</b>
2. <b>U. T. System: Report on Audits of the Systemwide Cancer Prevention and Research Institute of Texas Grants</b>	<i>12:46 p.m. Report/Discussion Mr. Peppers</i>	Not on Agenda	<b>34</b>
3. <b>U. T. System: Report on the Systemwide internal audit activities, including the FY 2018 Annual Report</b>	<i>12:50 p.m. Report/Discussion Mr. Peppers</i>	Not on Agenda	<b>35</b>

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
4. <b>U. T. System: Discussion and presentation of Systemwide Compliance Risk Assessment</b>	1:05 p.m. <b>Report/Discussion</b> <i>Mr. Dendy</i> <i>Mr. King</i>	Not on Agenda	<b>47</b>
5. <b>U. T. System: Report and discussion on Information Security Program</b>	1:15 p.m. <b>Report/Discussion</b> <i>Ms. Mohrmann</i>	Not on Agenda	<b>54</b>
6. <b>U. T. System: Discussion and appropriate action regarding request for additional funding of \$16,900,000 from Available University Funds (AUF) to expand the capabilities of the Intrusion Detection System (IDS), upgrade the vulnerability scanning service, and license a suite of other information security-related products</b>	1:25 p.m. <b>Action</b> <i>Mr. Dendy</i> <i>Ms. Mohrmann</i>	<b>Action</b>	<b>66</b>
<b>Adjourn</b>	1:30 p.m.		

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration**

RECOMMENDATION

No [Consent Agenda](#) items are assigned for review by this Committee.

2. **U. T. System: Report on Audits of the Systemwide Cancer Prevention and Research Institute of Texas Grants**

REPORT

Chief Audit Executive Peppers will report on the audit work conducted on the Cancer Prevention and Research Institute of Texas (CPRIT) grants at U. T. institutions. A summary of the results was provided to the Audit, Compliance, and Risk Management Committee members prior to the meeting.

BACKGROUND INFORMATION

The engagement of Deloitte & Touche LLP to conduct the external financial statement audit of U. T. System also includes the performance of audits of Fiscal Year (FY) 2017 CPRIT grant activity for seven U. T. institutions. Four other U. T. institutions engaged Weaver & Tidwell to perform agreed upon procedures of FY 2017 CPRIT grant activity.

3. **U. T. System: Report on the Systemwide internal audit activities, including the FY 2018 Annual Report**

REPORT

Chief Audit Executive Peppers will present the FY 2018 Systemwide Annual Report of internal audit activities, using a PowerPoint presentation set forth on the following pages. He will also discuss the status of the external financial audit. The annual audit plan status was provided to Audit, Compliance, and Risk Management Committee members prior to the meeting.

BACKGROUND INFORMATION

Internal audit across the U. T. System uses a consistent findings classification process to evaluate audit results to identify Priority, High, Medium, or Low level reportable findings. A Priority Finding is defined as “an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a U. T. institution or the U. T. System as a whole.” All reportable findings are rated based on an assessment of applicable risk factors and the probability of a negative outcome occurring if the risk is not adequately mitigated. The standard risk factors considered are: Qualitative (evaluates the probability and consequences across seven areas), Operational Control (evaluates operational vulnerability to risks by considering the existence of management oversight and effective alignment of operations), and Quantitative (evaluates the level of financial exposure or lost revenue).

# FY 2018 Systemwide Internal Audit Annual Report

Mr. J. Michael Peppers, U. T. System Chief Audit Executive

U. T. System Board of Regents' Meeting  
Audit, Compliance, and Risk Management Committee  
November 2018



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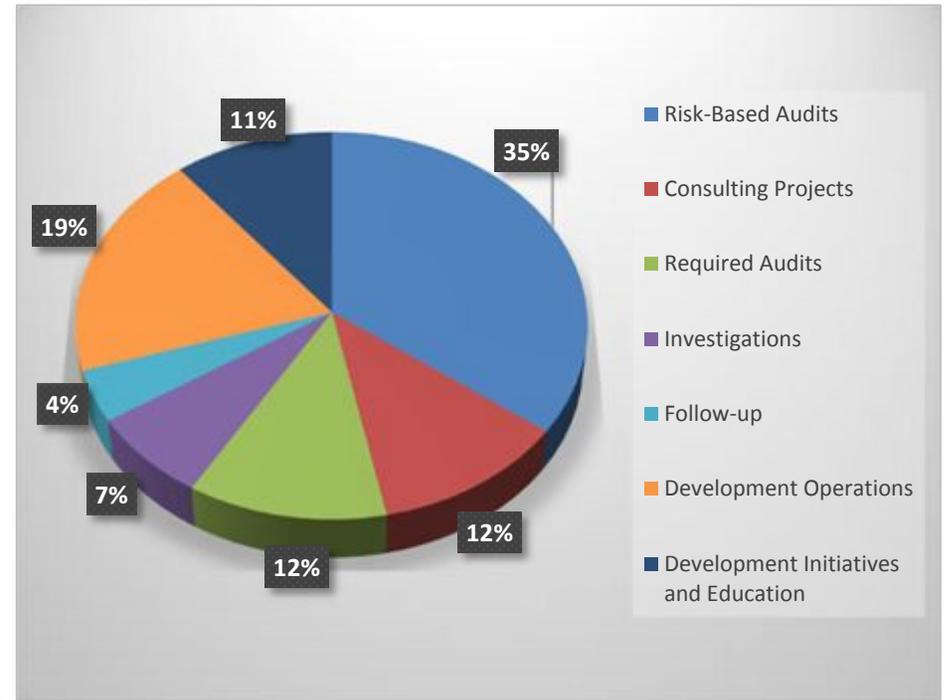
## Systemwide Internal Audit Strategic Items

- Strengthen governance practices through discussions with audit committee members and chief audit executives
- Increase collaboration with risk partners
- FY 2019 Initiatives
  - Expand IT auditing capabilities
  - Enhance advisory and consulting services



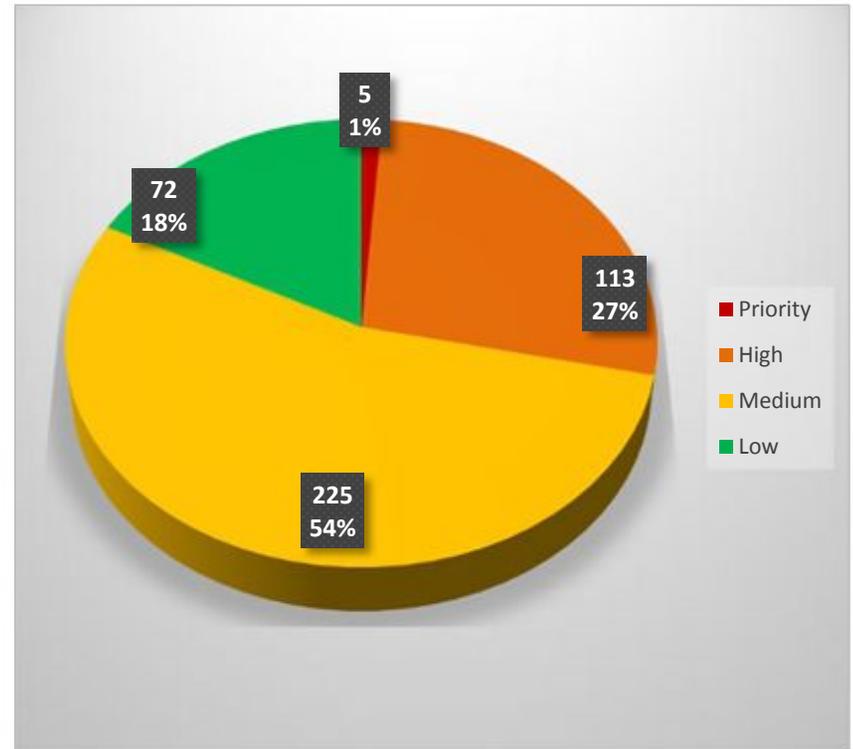
## Systemwide Internal Audit Hours

- During Fiscal Year (FY) 2018, approximately 161k hours were incurred to complete the Systemwide Annual Audit Plan.
- Of these hours, 70% was spent on Risk-Based, Required, Consulting, Investigation, and Follow-up engagements.



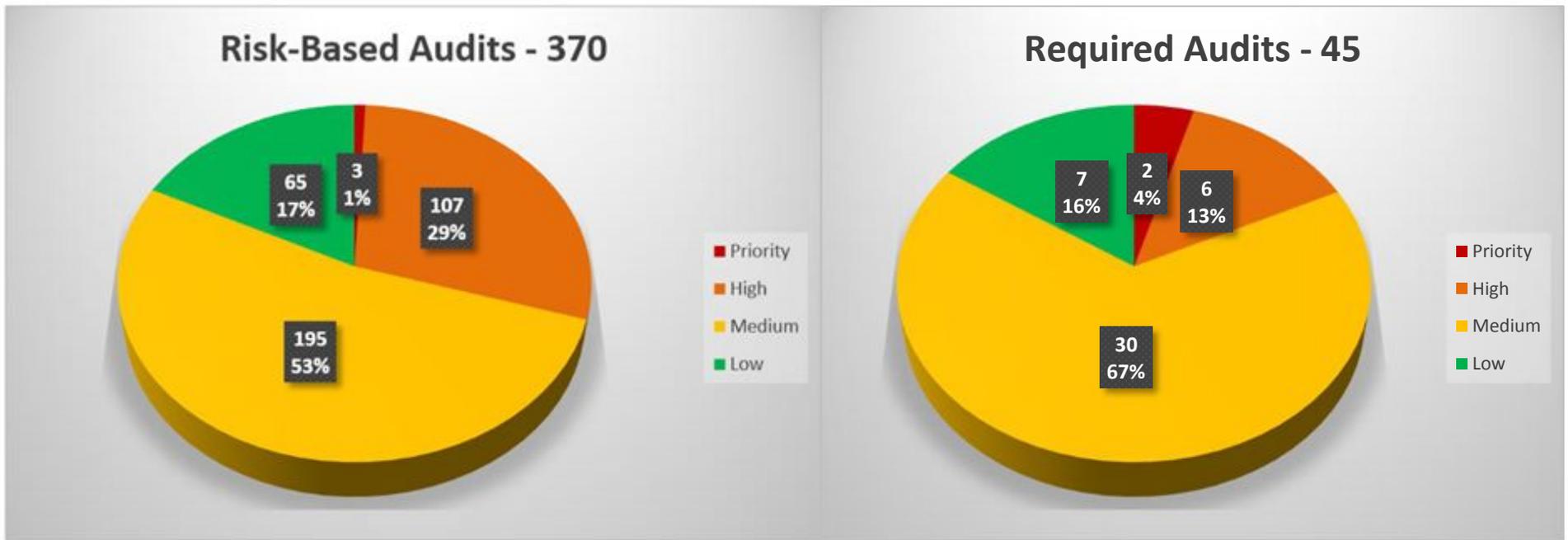
## Systemwide Internal Audit – Reports and Findings

- During FY 2018, 231 engagement reports and memos were issued.
- 104 of the 231 reports resulted in 415 findings ranked as follows:
  - 5 Priority level findings
  - 113 High level findings
  - 225 Medium level findings
  - 72 Low level findings
- The average client survey score for these audits was 4.63 out of a range of 1 (strongly dissatisfied) to 5 (strongly satisfied).

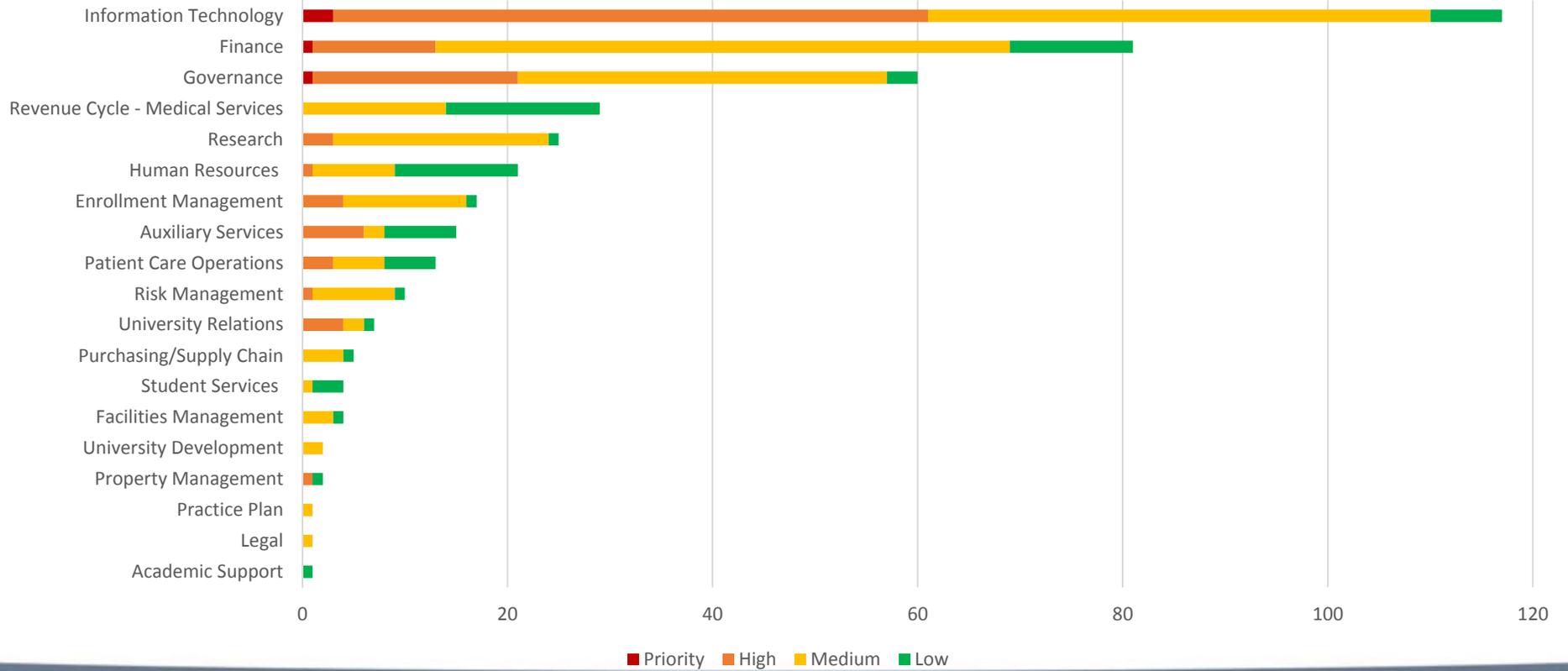


# Findings from Risk-Based and Required Audits

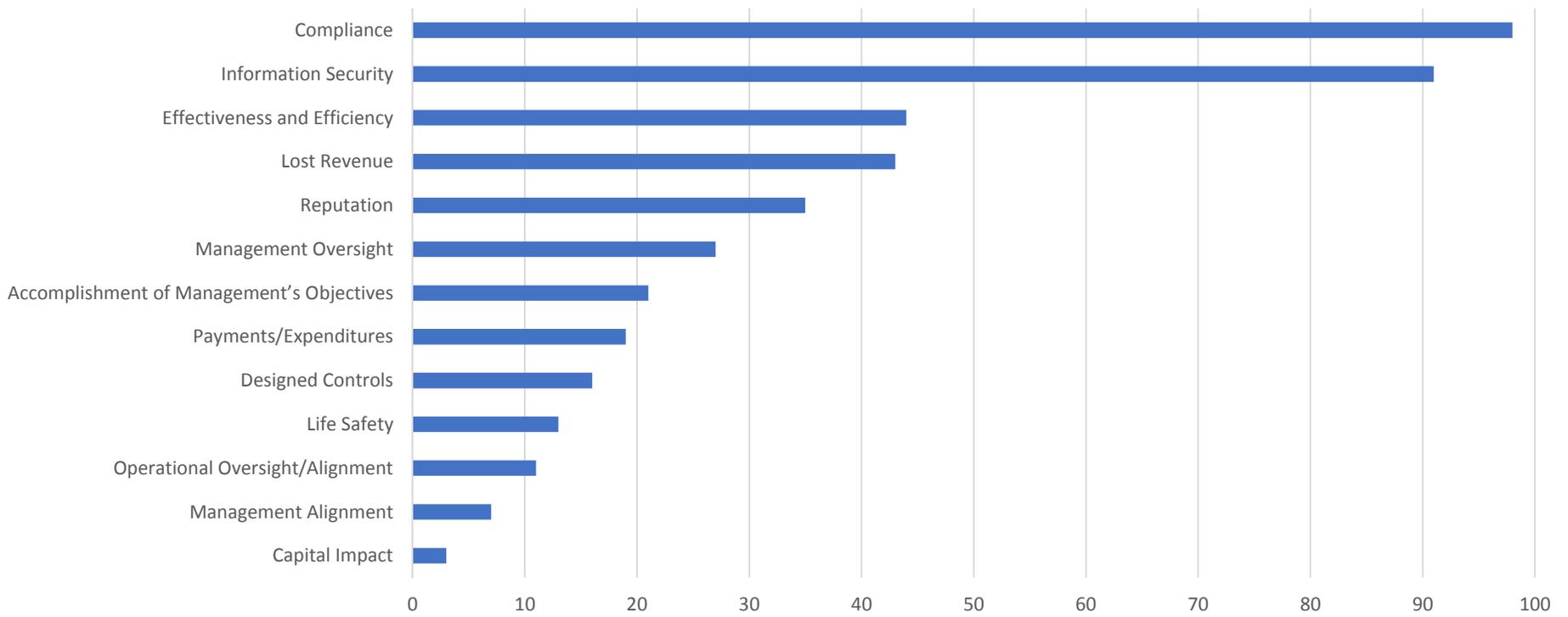
Risk-based audits result in greater numbers and higher levels of recommendations.



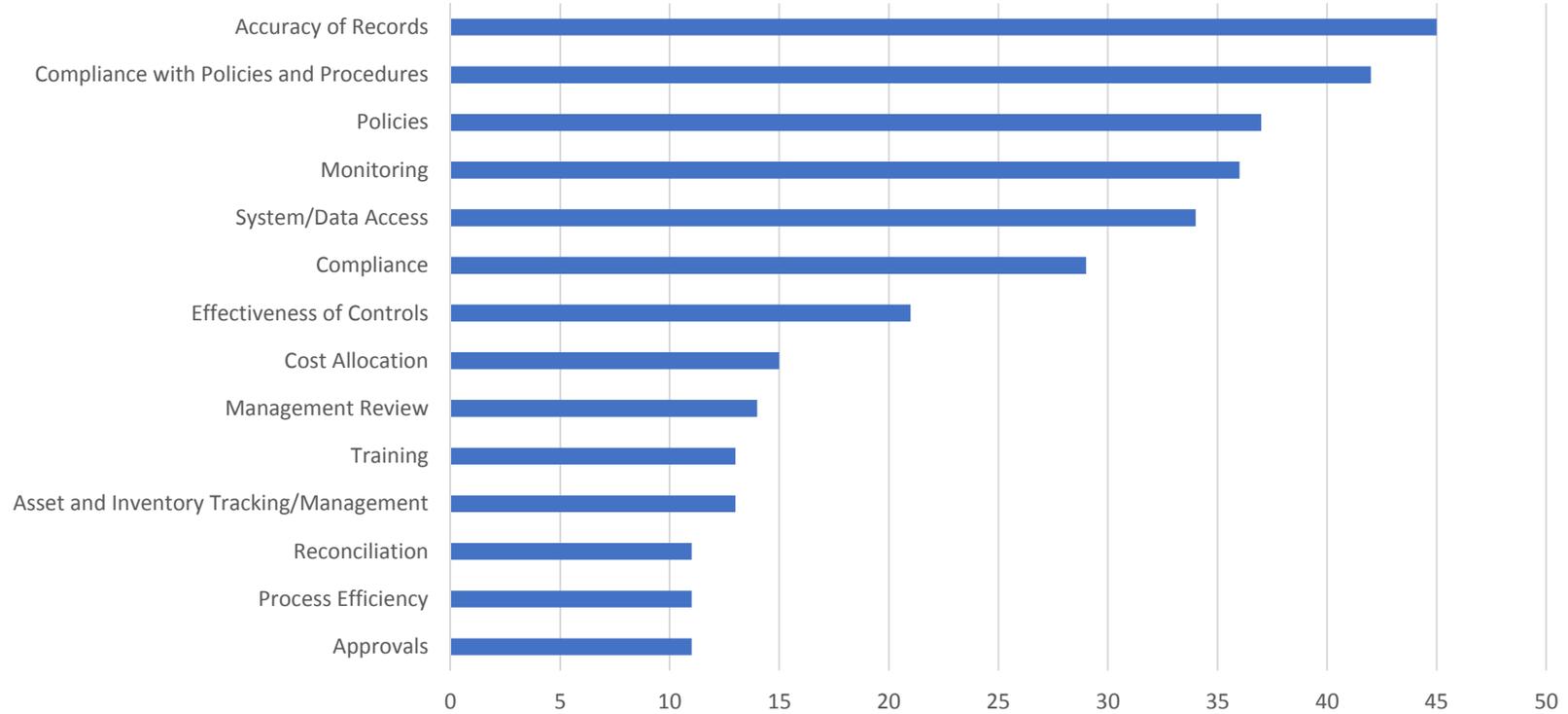
# Findings by Subject Area (Taxonomy)



# Findings by Risk Factors

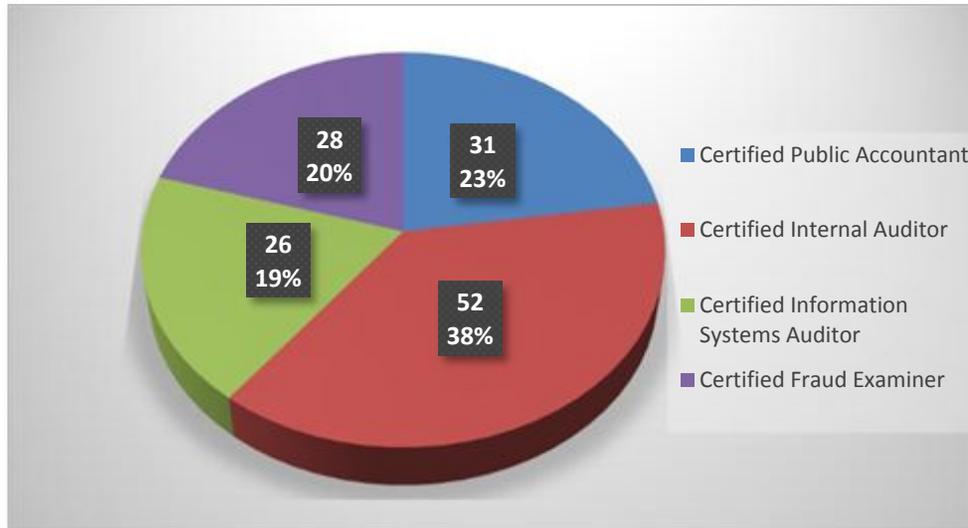


# Findings By Categories



## Internal Audit Competencies as of FYE 2018

- 74% of the professional employees hold the following professional certifications:



- 34% of the professional employees hold advanced degrees
- Average number of years of relevant and U. T. experience is 17 and 9 years, respectively
- Professional employees participated in an average of 55 hours of continuing professional education during the fiscal year



## Professional Contributions by Internal Audit Staff

- Held several board and other leadership positions on professional organizations and advisory boards at the local, national, and global levels
- Presented at various conferences to provide continued professional education trainings
- Served as part-time adjunct and guest lecturers, participated in student mentorship program, and made presentations to auditing classes
- Contributed in various roles to multiple professional publications



## Student Opportunities in Internal Audit

Through educational partnerships, internships, and other activities, provided professional auditing experience to students at:

- U. T. Austin
- U. T. Dallas
- U. T. El Paso
- U. T. San Antonio
- U. T. Tyler
- U. T. Southwestern Medical Center
- U. T. System Administration



**4. U. T. System: Discussion and presentation of Systemwide Compliance Risk Assessment**

REPORT

Chief Compliance and Risk Officer Dendy and Executive Director of Systemwide Compliance and Ethics Officer King will report on the results of the recently concluded Systemwide Risk Assessment. A PowerPoint presentation is set forth on the following pages.

BACKGROUND INFORMATION

As a part of a comprehensive approach to a Systemwide compliance program, and as required by Article V, Subpart (f) of The University of Texas System Systemwide Compliance Charter, the Office of Systemwide Compliance conducted a Systemwide Compliance Risk Assessment in Summer 2018.

The Chief Compliance and Risk Officer and the Executive Director of Systemwide Compliance and Ethics Officer will briefly discuss:

- The methodology of the risk assessment
- Scope and limitations of the assessment
- Primary Systemwide compliance risks:
  - Research
  - Medical billing/operations
  - Title IX/student & minor safety
  - Privacy
  - Ethics
  - Information security

# Systemwide Compliance Risk Assessment

Mr. Jason King, Executive Director of Systemwide  
Compliance and Ethics Officer

U. T. System Board of Regents' Meeting  
Audit, Compliance, and Risk Management Committee  
November 2018



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# Overview

- Methodology
- Scope and limitations
- Primary Systemwide compliance risks



# Methodology

- Built upon institutional risk assessments
  - Utilize existing resources
  - Generate a minimum of additional work at the institutional level
  - Ensure accuracy



# Scope and Limitations

- Compliance risks
- Quantification challenges
- Varying institutional methodologies



# Primary Risk Areas

- Research
- Medical billing/operations
- Title IX/student & minor safety
- Privacy
- Ethics
- Information security



# Continued Engagement

- Aligning Systemwide Compliance personnel to our risks
- Leveraging institutional expertise
- Systemwide procurement
- Best practice reviews



**5. U. T. System: Report and discussion on Information Security Program**

REPORT

Ms. Helen Mohrmann, Chief Information Security Officer, will report on activities of the Office of Information Security and various initiatives. A PowerPoint presentation is set forth on the following pages.

BACKGROUND INFORMATION

The Office of Information Security oversees security for information systems managed by U. T. System Administration and provides a stewardship and service function to U. T. institutions. This Office also administers funds allocated by the Board for information security. This annual report will review use of those funds and current projects.

# Information Security Annual Report

Ms. Helen Mohrmann, Chief Information Security Officer

U. T. System Board of Regents' Meeting  
Audit, Compliance, and Risk Management Committee  
November 2018



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# The Role of the U. T. System Chief Information Security Officer (CISO)

- Regularly communicate with institution CISOs and CIOs
- Identify gaps at individual institutions on a periodic basis and advocate for strategies and resources to address them
- Establish policies (UTS 165); identify and promote best practices
- Create focus by defining and collecting metrics
- Leverage expertise across institutions
- Serve as primary contact for discussions with the U. T. System Board of Regents and the Texas Department of Information Resources (DIR)



# Institution CISOs

- Actively engage in business process and information technology planning
- Actively monitor network and system traffic
- Investigate incidents
- Conduct awareness training
- Conduct risk assessments
- Fulfill institutional, System, and DIR reporting requirements



# Previous Systemwide Work

- 2009 - U. T. System commissions U. T. Austin to provide an intrusion detection service to all institutions
- 2010 - Deloitte study identifies 102 high and medium priority recommendations
- 2011 - The Board allocates \$29.255M to address the Deloitte recommendations



# Selected Systemwide Improvements

- Service subscription assists with third party risk assessment
- Laptops encrypted
- Patient privacy monitoring software implemented
- Back up capabilities were expanded
- Physical security of data centers was improved
- Software to identify confidential data on users' workstations implemented



# Current Major Risks

- Existing network architectures
- Visibility of the cybersecurity issues and trade-offs to senior leadership
- Theft of intellectual property
- Technical controls in decentralized IT
- Capabilities to track sensitive data
- Vendors and third-party services
- Budget and resource pressures
- Internet of Things, particularly medical devices



# Projects Currently In Progress

Projects in Progress	Cost	Estimated End Date
Institution audit committee reporting package	\$ 140,000	December 2018
Third-party study of institution networks	\$ 700,000	March 2019



# Third-Party Study of Institution Networks

- Networks are a key component of an institution's security program
- Study will develop minimum baseline of capabilities as well as specific recommendations for each institution
- Periodic replacement of network equipment is essential and difficult to fund



# Institution Audit Committee Reporting Package

- Creates a framework for consistent reporting on information security at each institution
- Enables a view across the System of key risks
- Will create a common security risk register



# What is Planned Next

Project	Estimated Cost	Estimated Schedule
Penetration tests and red team exercises provided to institutions by U. T. Austin	\$ 500,000	FY19-20
Information security risk assessment process development	\$ 1,000,000	FY19-20
Renewal of various services	\$ 900,000	FY20
Comprehensive third-party assessment of security program and technical controls at each institution	\$ 2,000,000	FY20



# AUF Funding Request

Product/Service	Cost	Coverage Period
Improve and extend coverage of U. T. Austin Intrusion Detection Service	\$10,000,000	Four years
Upgrade Microsoft license to include important new security features	\$6,000,000	Three years
Upgrade the vulnerability scanning service provided by U. T. Austin	\$900,000	Three years



6. **U. T. System: Discussion and appropriate action regarding request for additional funding of \$16,900,000 from Available University Funds (AUF) to expand the capabilities of the Intrusion Detection System (IDS), upgrade the vulnerability scanning service, and license a suite of other information security-related products**

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Chief Compliance and Risk Officer, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel that the U. T. System Board of Regents approve additional funding in the amount of \$16,900,000 from Available University Funds (AUF) for Systemwide security services and applications.

In addition, the Board is asked to find that expenditure of AUF for this purpose is appropriate under the U. T. System's responsibilities to oversee and coordinate the activities and operations of the U. T. institutions, with the intent that the expenditure will benefit all academic and health institutions.

#### BACKGROUND INFORMATION

Information security is a significant high-risk area within the U. T. System. The Systemwide Intrusion Detection System (IDS) has reliably served U. T. institutions in detecting and reporting system compromises, high-risk vulnerabilities, and data exfiltration events but has only covered portions of the data traffic generated by the institutions. Of the requested \$16,900,000, \$10,000,000 will be added to the amount approved by the Board at the May 1, 2018 meeting to expand the coverage of the intrusion detection system provided by U. T. Austin on behalf of U. T. System; \$900,000 will be used to upgrade the software to enhance the vulnerability scanning service provided by U. T. Austin on behalf of U. T. System, and \$6,000,000 will fund the license of security applications available from Microsoft.



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FOR  
FINANCE AND PLANNING COMMITTEE**

**Committee Meeting:** 11/14/2018

**Board Meeting:** 11/15/2018  
Richardson, Texas

*Jeffery D. Hildebrand, Chairman  
David J. Beck  
Kevin P. Eltife  
Paul L. Foster  
Janiece Longoria  
Rad Weaver*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	11:00 a.m. <i>Chairman Hildebrand</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	11:00 a.m. <b>Discussion</b>	<b>Action</b>	<b>68</b>
2. <b>U. T. System: Key Financial Indicators Report</b>	11:05 a.m. <b>Report/Discussion</b> <i>Dr. Kelley</i>	Not on Agenda	<b>69</b>
3. <b>U. T. System Board of Regents: Approval of the Annual Budget for FY 2019, including the capital expenditures budget and other external direct charges to the Funds, and the Annual Fee and Allocation Schedule for The University of Texas/Texas A&amp;M Investment Management Company (UTIMCO)</b>	11:15 a.m. <b>Action</b> <i>Mr. Harris</i>	<b>Action</b>	<b>78</b>
4. <b>U. T. System Board of Regents: Update on University Lands</b>	11:30 a.m. <b>Report/Discussion</b> <i>Mr. Houser</i>	Not on Agenda	<b>96</b>
5. <b>U. T. System Board of Regents: Approval of an Incentive Compensation Plan for University Lands Employees</b>	11:45 a.m. <b>Action</b> <i>Dr. Kelley Mr. Houser</i>	<b>Action</b>	<b>111</b>
6. <b>U. T. System Board of Regents: Adoption of Resolution amending the Permanent University Fund Commercial Paper Note Program</b>	11:55 a.m. <b>Action</b> <i>Dr. Kelley</i>	<b>Action</b>	<b>123</b>
<b>Adjourn</b>	12:00 p.m.		

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 6 - 16](#).

**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 the following pages. The report represents the consolidated and individual operating detail of the U. T. institutions.

The Key Financial Indicators Report compares the Systemwide results of operations and key revenues and expenses in a graphical presentation.

# THE UNIVERSITY OF TEXAS SYSTEM

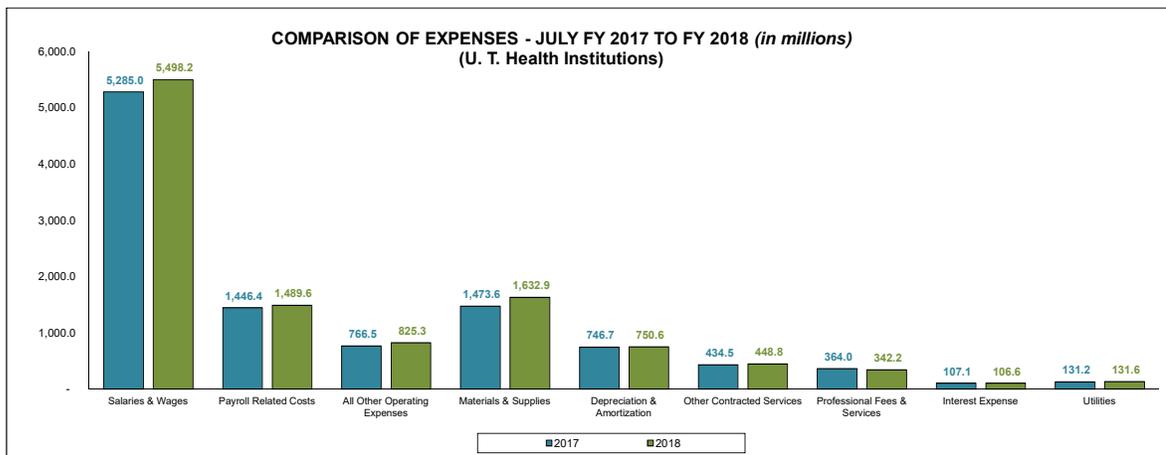
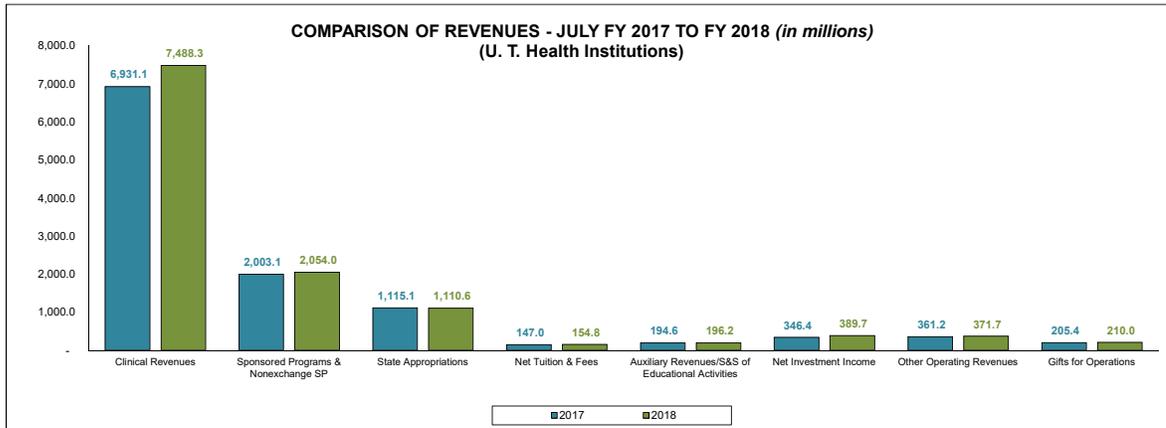


## KEY FINANCIAL INDICATORS REPORT

### U. T. SYSTEM BOARD OF REGENTS' MEETING FINANCE AND PLANNING COMMITTEE NOVEMBER 2018

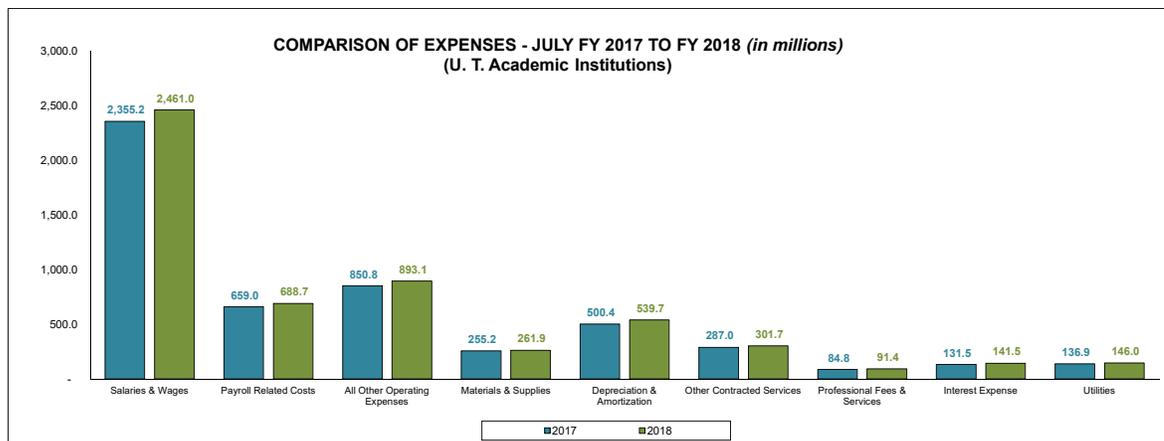
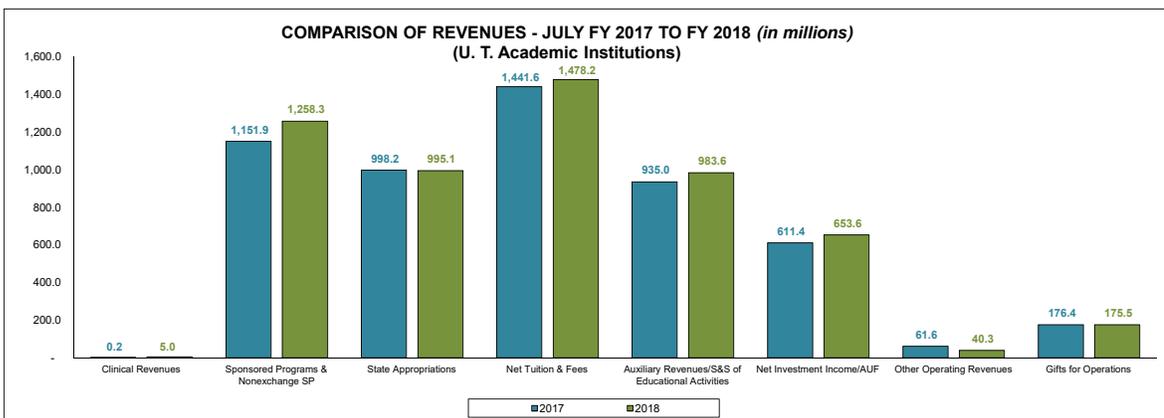
**KEY INDICATORS OF FINANCIAL RESULTS  
YEAR-TO-DATE 2017 AND 2018 FROM JULY MONTHLY FINANCIAL REPORT,  
ACTUAL YEAR-END FROM 2017 ANNUAL FINANCIAL REPORT  
AND PROJECTED 2018 YEAR-END**

<i>(in millions)</i>	U. T. Health Institutions			
	July	July	Actual Year-	Projected
	FY 2017	FY 2018	End 2017	FY 2018
Clinical Revenues	\$ 6,931.1	7,488.3	7,595.7	8,171.2
Sponsored Programs	2,003.1	2,054.0	2,189.8	2,256.4
State Appropriations	1,115.1	1,110.6	1,225.0	1,210.2
Net Tuition and Fees	147.0	154.8	162.9	167.7
Auxiliary Revenues/Sales & Services of Educational Activities	194.6	196.2	201.4	217.1
<b>Net Investment Income</b>	<b>346.4</b>	<b>389.7</b>	411.8	469.1
Other Operating Revenues	361.2	371.7	431.5	420.0
Gift Contributions for Operations	205.4	210.0	237.4	224.7
<b>Total Revenues</b>	<b>11,303.8</b>	<b>11,975.2</b>	<b>12,455.4</b>	<b>13,136.4</b>
Salaries and Wages	5,285.0	5,498.2	5,775.7	6,003.2
Payroll Related Costs	1,446.4	1,489.6	1,551.8	1,614.6
All Other Operating Expenses	766.5	825.3	891.9	926.3
<b>Materials and Supplies</b>	<b>1,473.6</b>	<b>1,632.9</b>	1,595.7	1,776.8
Depreciation and Amortization	746.7	750.6	824.2	824.8
Other Contracted Services	434.5	448.8	559.4	563.1
Professional Fees and Services	364.0	342.2	378.8	338.7
Interest Exp. on Cap. Asset Financing	107.1	106.6	111.7	116.6
Utilities	131.2	131.6	144.8	146.3
<b>Total Expenses</b>	<b>10,754.9</b>	<b>11,225.9</b>	<b>11,834.1</b>	<b>12,310.5</b>
<b>Adjusted Income (Loss)</b>	<b>548.9</b>	<b>749.3</b>	<b>621.4</b>	<b>825.9</b>



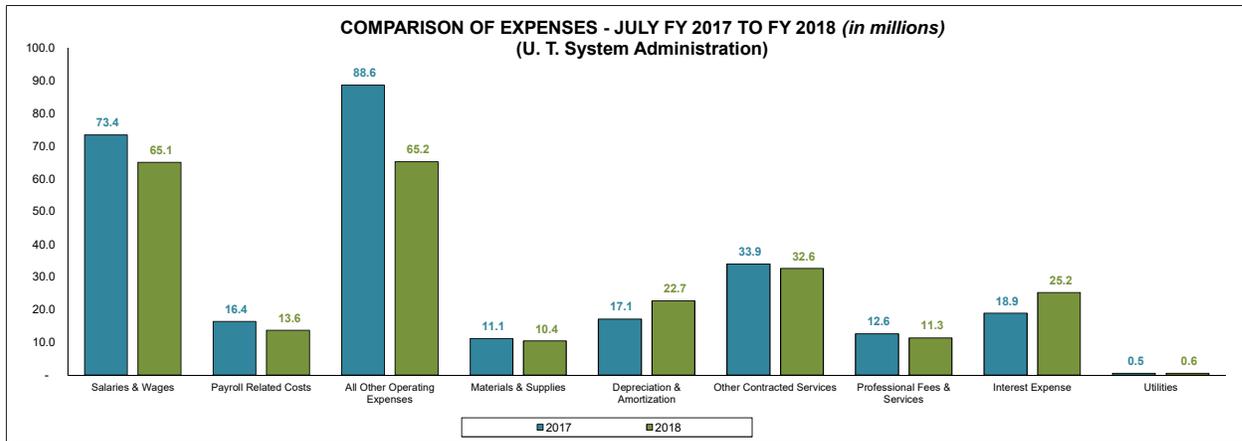
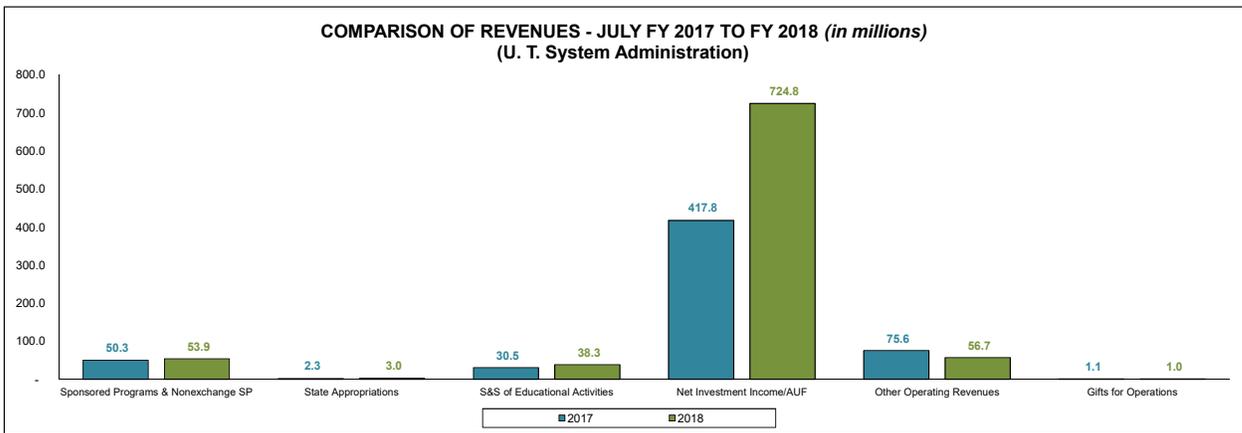
**KEY INDICATORS OF FINANCIAL RESULTS**  
**YEAR-TO-DATE 2017 AND 2018 FROM JULY MONTHLY FINANCIAL REPORT,**  
**ACTUAL YEAR-END FROM 2017 ANNUAL FINANCIAL REPORT**  
**AND PROJECTED 2018 YEAR-END**

<i>(in millions)</i>	<b>U. T. Academic Institutions</b>			
	<b>July FY 2017</b>	<b>July FY 2018</b>	<b>Actual Year- End 2017</b>	<b>Projected FY 2018</b>
Clinical Revenues	\$ 0.2	5.0	2.9	5.8
Sponsored Programs	1,151.9	1,258.3	1,405.7	1,444.1
State Appropriations	998.2	995.1	1,082.8	1,085.7
Net Tuition and Fees	1,441.6	1,478.2	1,555.5	1,613.0
Auxiliary Revenues/Sales & Services of Educational Activities	935.0	983.6	826.4	881.3
Net Investment Income/Available University Fund (AUF)	611.4	653.6	673.1	723.1
<b>Other Operating Revenues</b>	<b>61.6</b>	<b>40.3</b>	67.0	43.1
Gift Contributions for Operations	176.4	175.5	207.0	215.4
<b>Total Revenues</b>	<b>5,376.2</b>	<b>5,589.4</b>	<b>5,820.3</b>	<b>6,011.4</b>
Salaries and Wages	2,355.2	2,461.0	2,492.1	2,618.9
Payroll Related Costs	659.0	688.7	702.9	744.4
All Other Operating Expenses	850.8	893.1	970.5	1,014.3
Materials and Supplies	255.2	261.9	273.1	281.5
Depreciation and Amortization	500.4	539.7	551.9	592.2
Other Contracted Services	287.0	301.7	321.5	327.1
Professional Fees and Services	84.8	91.4	92.6	100.2
Interest Exp. on Cap. Asset Financing	131.5	141.5	126.2	154.4
Utilities	136.9	146.0	130.7	138.3
<b>Total Expenses</b>	<b>\$ 5,260.7</b>	<b>5,525.1</b>	<b>5,661.4</b>	<b>5,971.2</b>
<b>Adjusted Income (Loss)</b>	<b>115.5</b>	<b>64.4</b>	<b>158.9</b>	<b>40.2</b>



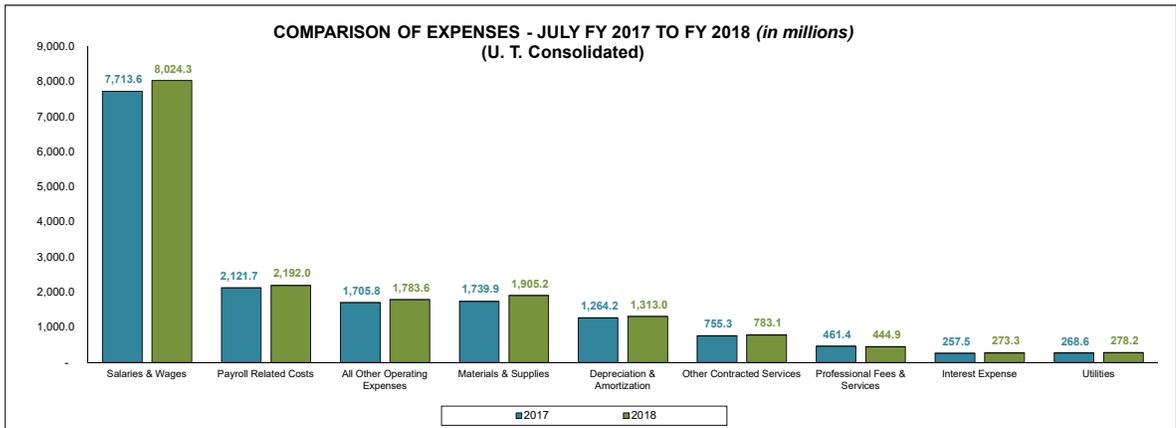
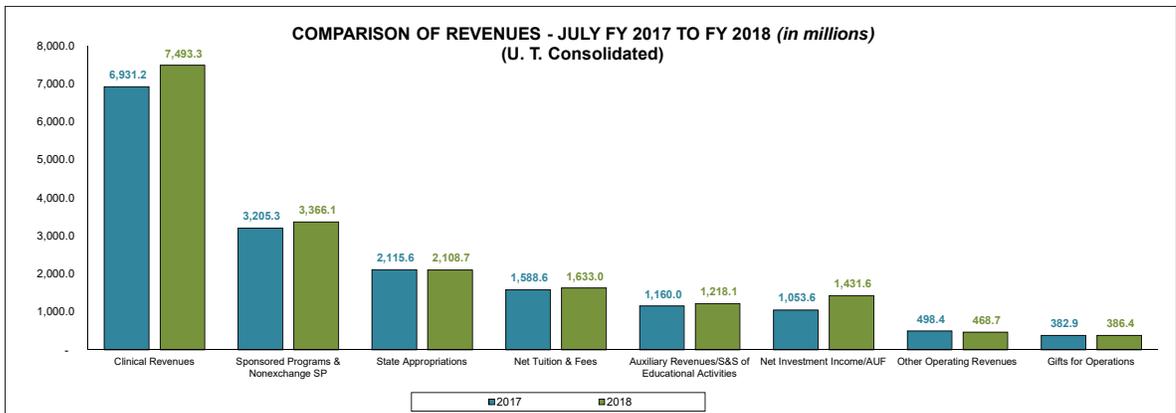
## KEY INDICATORS OF FINANCIAL RESULTS YEAR-TO-DATE 2017 AND 2018 FROM JULY MONTHLY FINANCIAL REPORT, ACTUAL YEAR-END FROM 2017 ANNUAL FINANCIAL REPORT AND PROJECTED 2018 YEAR-END

(in millions)	U. T. System Administration			
	July FY 2017	July FY 2018	Actual Year- End 2017	Projected FY 2018
Sponsored Programs	\$ 50.3	53.9	49.0	55.7
State Appropriations	2.3	3.0	9.1	3.3
Sales & Services of Educational Activities	30.5	38.3	42.2	41.8
Net Investment Income/AUF	417.8	724.8	598.0	733.8
Other Operating Revenues	75.6	56.7	86.1	61.8
Gift Contributions for Operations	1.1	1.0	2.2	1.0
<b>Total Revenues</b>	<b>577.7</b>	<b>877.7</b>	<b>786.6</b>	<b>897.5</b>
Salaries and Wages	73.4	65.1	75.2	71.0
Payroll Related Costs	16.4	13.6	(245.7)	14.9
All Other Operating Expenses	88.6	65.2	8.6	71.0
Materials and Supplies	11.1	10.4	16.4	11.4
Depreciation and Amortization	17.1	22.7	19.7	24.7
Other Contracted Services	33.9	32.6	41.3	35.5
Professional Fees and Services	12.6	11.3	15.9	12.4
Interest Exp. on Cap. Asset Financing	18.9	25.2	24.6	27.5
Utilities	0.5	0.6	0.7	0.6
<b>Total Expenses</b>	<b>\$ 272.6</b>	<b>246.7</b>	<b>(43.3)</b>	<b>268.9</b>
<b>Adjusted Income (Loss) - Excluding Other Postemployment Benefits (OPEB), Pension Expense, &amp; Elimination of AUF Transfer to U. T. Austin</b>	<b>305.0</b>	<b>631.1</b>	<b>829.9</b>	<b>628.5</b>
OPEB Expense	648.1	1,001.7	934.2	1,092.7
Pension Expense	229.5	231.0	367.7	252.0
Elimination of AUF Transfer to U. T. Austin	322.0	336.4	339.8	367.0
<b>Adjusted Income (Loss)</b>	<b>(894.6)</b>	<b>(938.0)</b>	<b>(811.9)</b>	<b>(1,083.2)</b>

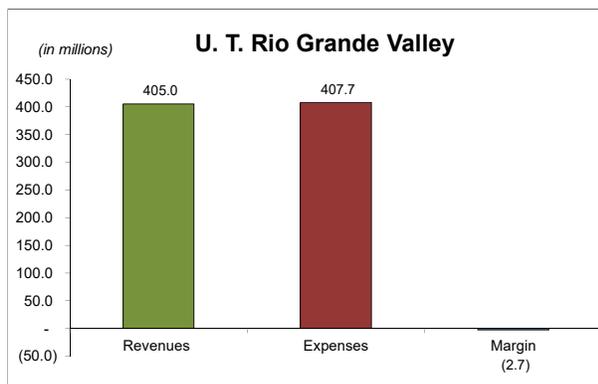
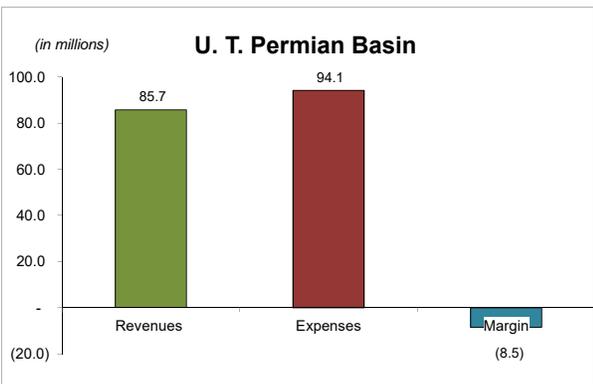
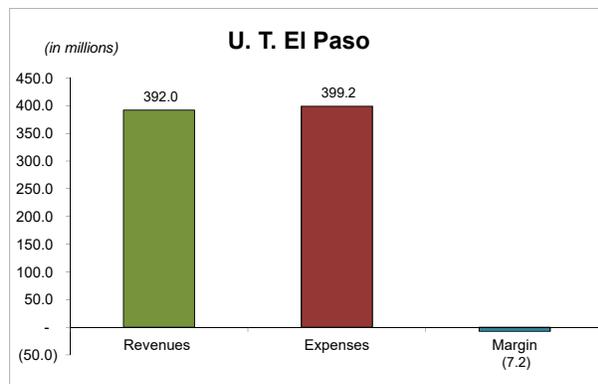
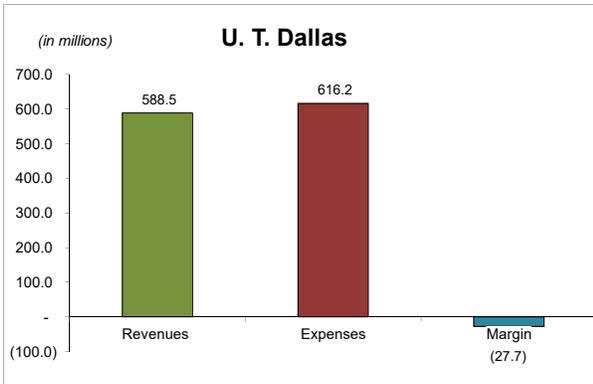
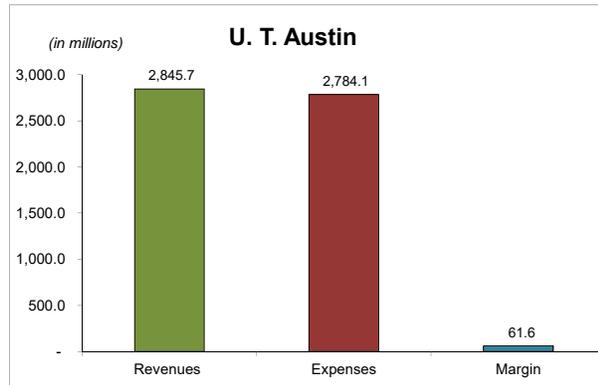
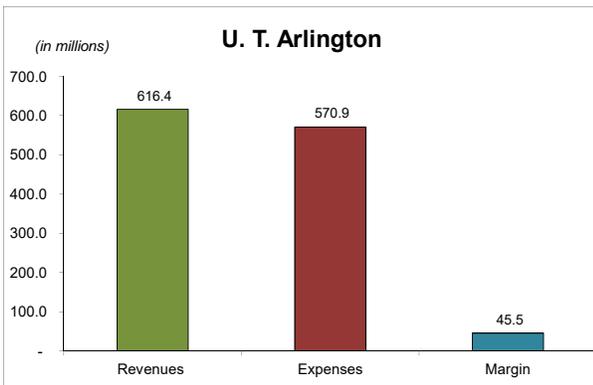
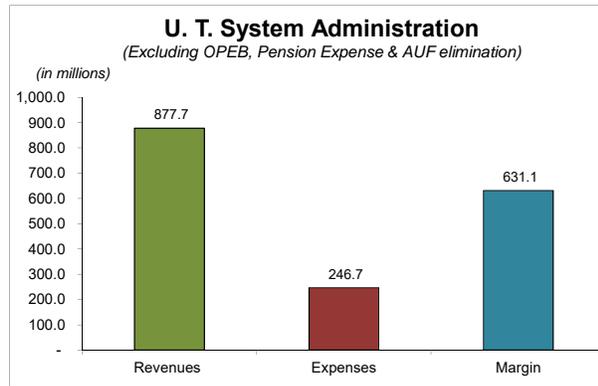
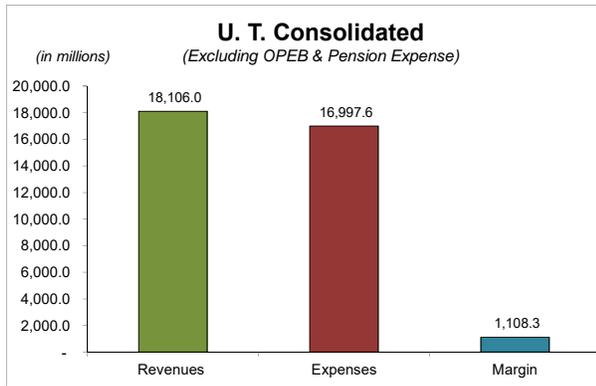


**KEY INDICATORS OF FINANCIAL RESULTS  
YEAR-TO-DATE 2017 AND 2018 FROM JULY MONTHLY FINANCIAL REPORT,  
ACTUAL YEAR-END FROM 2017 ANNUAL FINANCIAL REPORT  
AND PROJECTED 2018 YEAR-END**

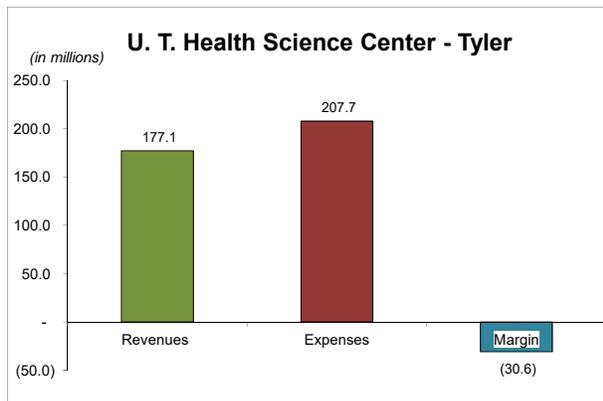
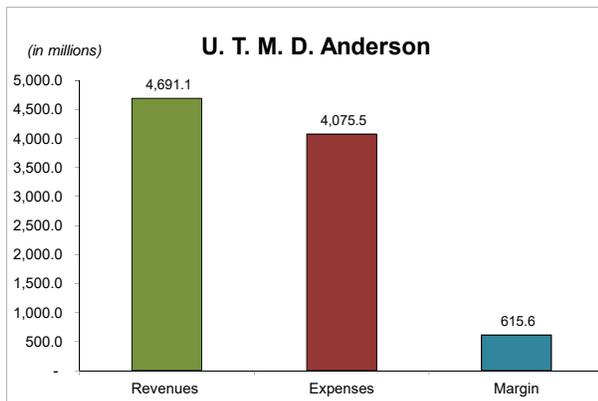
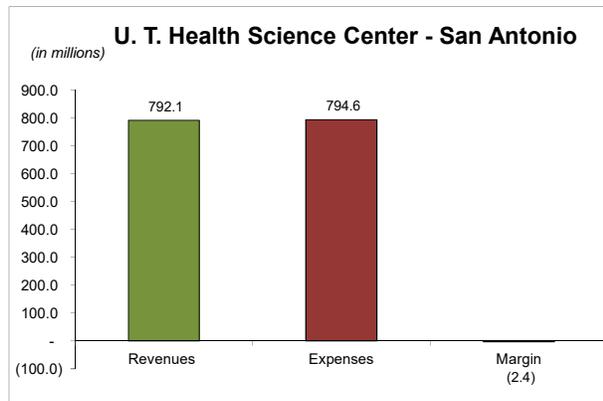
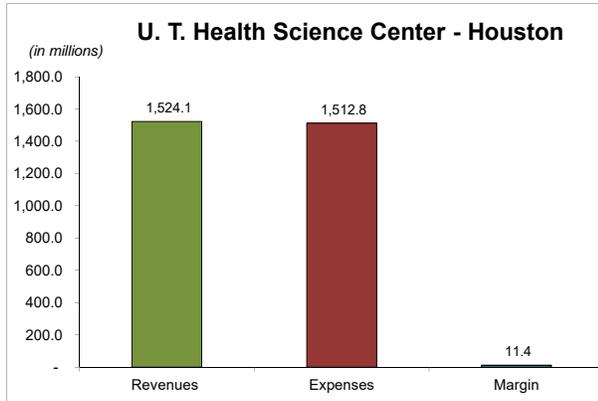
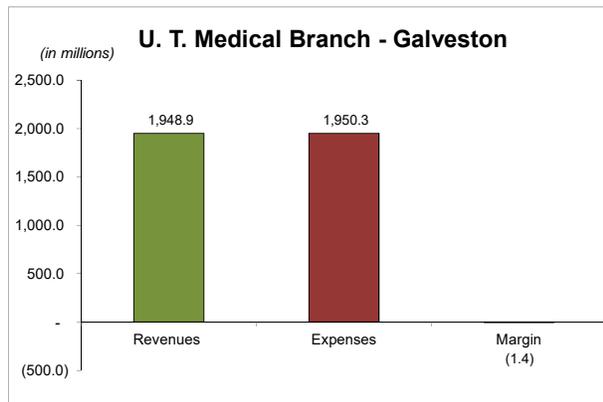
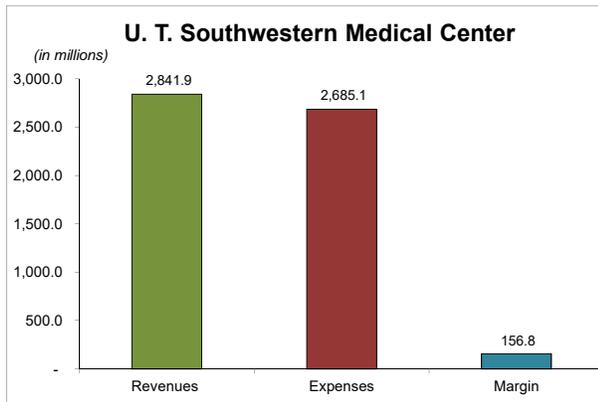
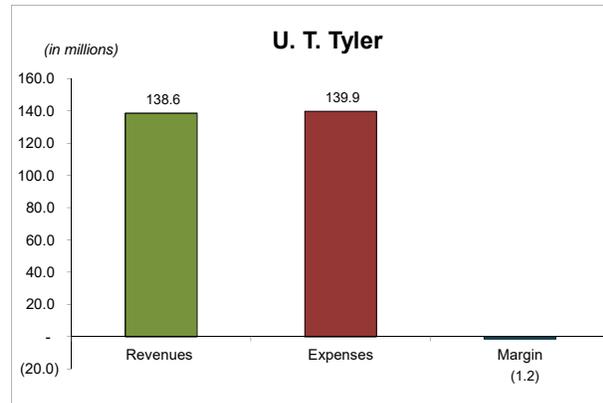
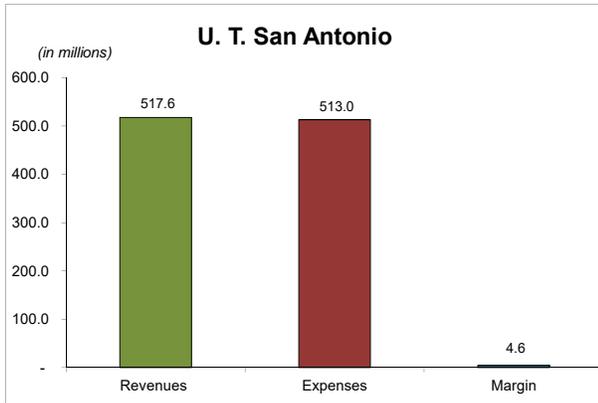
<i>(in millions)</i>	U. T. Consolidated			
	July FY 2017	July FY 2018	Actual Year- End 2017	Projected FY 2018
Clinical Revenues	\$ 6,931.2	7,493.3	7,598.6	8,177.0
Sponsored Programs	3,205.3	3,366.1	3,644.5	3,756.2
State Appropriations	2,115.6	2,108.7	2,316.8	2,299.2
Net Tuition and Fees	1,588.6	1,633.0	1,718.4	1,780.7
Auxiliary Revenues/Sales & Services of Educational Activities	1,160.0	1,218.1	1,070.0	1,140.2
<b>Net Investment Income/AUF</b>	<b>1,053.6</b>	<b>1,431.6</b>	1,343.1	1,559.0
Other Operating Revenues	498.4	468.7	584.6	525.0
Gift Contributions for Operations	382.9	386.4	446.6	441.1
<b>Total Revenues</b>	<b>16,935.7</b>	<b>18,106.0</b>	<b>18,722.5</b>	<b>19,678.2</b>
Salaries and Wages	7,713.6	8,024.3	8,343.0	8,693.1
Payroll Related Costs	2,121.7	2,192.0	2,009.0	2,373.9
All Other Operating Expenses	1,705.8	1,783.6	1,871.0	2,011.5
Materials and Supplies	1,739.9	1,905.2	1,885.2	2,069.7
Depreciation and Amortization	1,264.2	1,313.0	1,395.8	1,441.7
Other Contracted Services	755.3	783.1	922.2	925.7
Professional Fees and Services	461.4	444.9	487.3	451.3
Interest Exp. on Cap. Asset Financing	257.5	273.3	262.6	298.5
Utilities	268.6	278.2	276.2	285.2
<b>Total Expenses</b>	<b>\$ 16,288.2</b>	<b>16,997.6</b>	<b>17,452.2</b>	<b>18,550.6</b>
<b>Adjusted Income (Loss) - Excluding OPEB &amp; Pension Exp.</b>	<b>647.5</b>	<b>1,108.3</b>	<b>1,270.4</b>	<b>1,127.6</b>
OPEB Expense	648.1	1,001.7	934.2	1,092.7
Pension Expense	229.5	231.0	367.7	252.0
<b>Adjusted Income (Loss)</b>	<b>(230.1)</b>	<b>(124.3)</b>	<b>(31.6)</b>	<b>(217.1)</b>



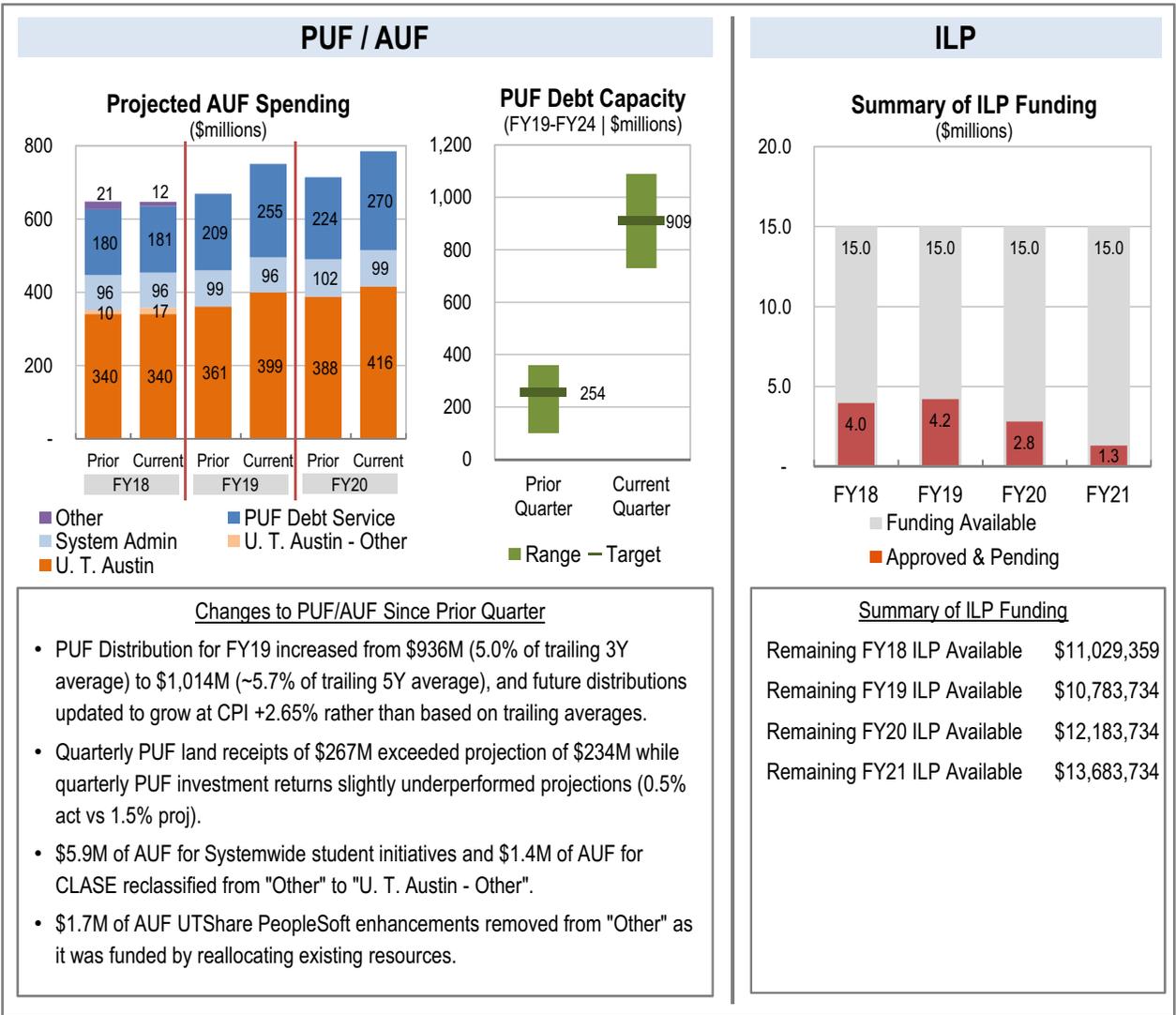
**KEY INDICATORS OF FINANCIAL RESULTS  
YEAR-TO-DATE 2018 FROM JULY MONTHLY FINANCIAL REPORT**



**KEY INDICATORS OF FINANCIAL RESULTS  
YEAR-TO-DATE 2018 FROM JULY MONTHLY FINANCIAL REPORT**



## PUF / AUF / ILP Update For Quarter Ending August 31, 2018



PUF - Permanent University Fund  
 AUF - Available University Fund  
 ILP - Internal Lending Program

3. **U. T. System Board of Regents: Approval of the Annual Budget for FY 2019, including the capital expenditures budget and other external direct charges to the Funds, and the Annual Fee and Allocation Schedule for The University of Texas/Texas A&M Investment Management Company (UTIMCO)**

RECOMMENDATION

The Chancellor and the Executive Vice Chancellor for Business Affairs concur in the recommendation of The University of Texas/Texas A&M Investment Management Company (UTIMCO) Board of Directors that the U. T. System Board of Regents approve the proposed Annual Budget for the year ending August 31, 2019, as set forth in the PowerPoint presentation on the following pages, which includes the capital expenditures budget and other external direct charges to the Funds on [Page 82](#), and the Annual Fee and Allocation Schedule on [Page 85](#).

BACKGROUND INFORMATION

The proposed Total Budgeted Costs consist of \$43.8 million for UTIMCO services (18.0% increase over FY 2018 budget) and \$11.5 million (31.3% increase from FY 2018 budget) for Fund Direct Costs (external non-investment manager services such as custodial, legal, audit, and consulting services), for a total of \$55.3 million. These Total Budgeted Costs represent only a portion of total investment costs as they exclude external manager fees. The proposed Total Budgeted Costs was approved by the UTIMCO Board on September 20, 2018.

The 18.0% increase in UTIMCO services is mostly attributable to the creation of new investment groups and an increase in depreciation and lease expenses related to the office move to the U. T. System Building in 2017. The 31.3% increase in Fund Direct Costs is mostly attributable to an increase in custodian-related costs due to considerable asset base appreciation, especially in the emerging markets.

The proposed capital expenditures budget totaling \$.3 million is included in the total Annual Budget. The proposed Annual Fee and Allocation Schedule shows the allocation of the proposed budgeted expenses among U. T. System funds in total.

UTIMCO projects that there will be no surplus cash reserves available to be distributed back to U. T. System per the Master Investment Management Services Agreement (IMSA) between the U. T. System Board of Regents and UTIMCO.

The U. T. System Office of Business Affairs has prepared a memorandum for the purpose of reviewing budgeted expenses, which is included as a part of this Agenda Item on [Pages 86 - 95](#).



# The University of Texas/Texas A&M Investment Management Company

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## **UTIMCO Budget**

Mr. Britt Harris

President, CEO and Chief Investment Officer

U. T. System Board of Regents' Meeting

Finance and Planning Committee

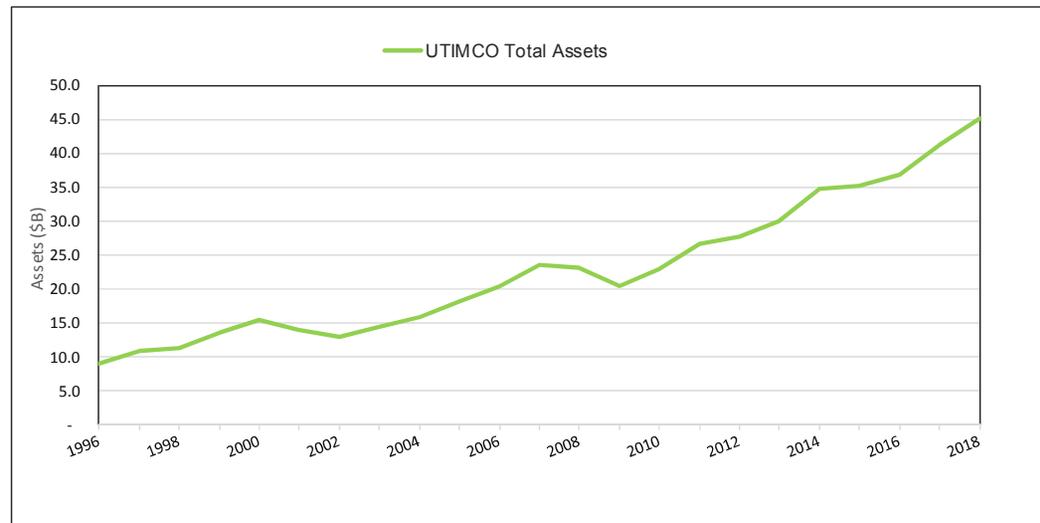
November 2018



# UTIMCO Asset Growth

As of Aug 31, 2018, \$ in Mill

	1 Year	3 Year
Total Asset Growth	+\$3,774	+\$9,870
UTIMCO Value-Added	+\$354	+\$966

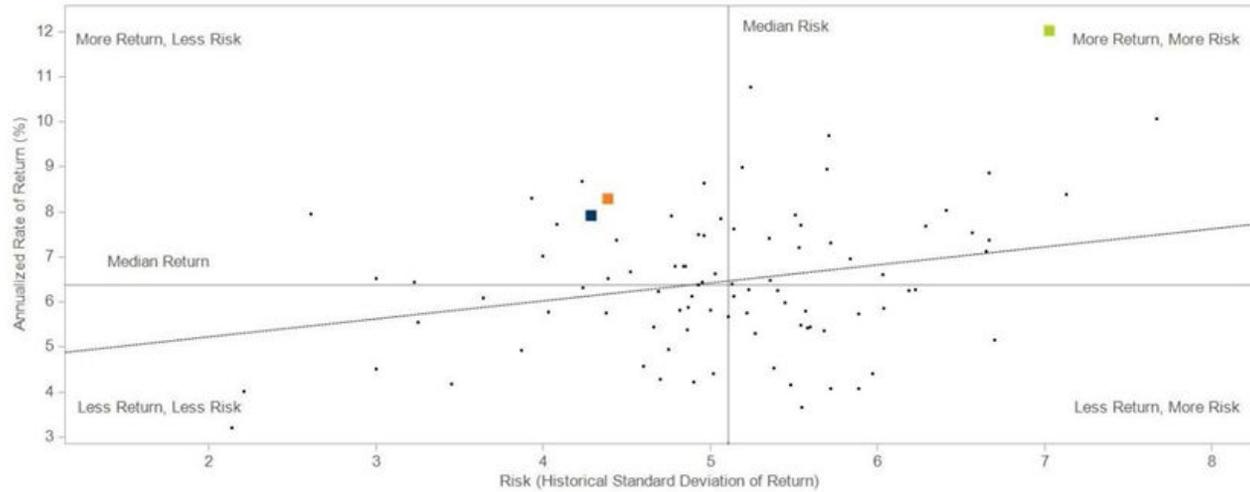


Source: UTIMCO



# Risk vs. Total Returns

Three Years Ending June 30, 2018



Alpha: 4.43  
Beta: 0.4  
R-Squared: 0.07

	Risk Value	Risk Rank	Return Value	Return Rank
GEF TOTAL FUND	4.41	79	8.19	13
PUF TOTAL FUND	4.31	82	7.82	19
S&P 500	7.05	3	11.93	1
Median	5.11		6.37	

Source: Wilshire Trust Universe Comparison Service



# UTIMCO Annual Budget

\$ in thousands	FY 2018	FY 2019	FY 2019 Budget v FY 2018 Budget	
	Budget	Budget	\$	%
Salaries, Benefits & Taxes	\$17,680	\$19,760	\$2,080	11.8%
Incentive Compensation	9,316	12,908	3,592	38.6%
Total Compensation	26,996	32,668	5,672	21.0%
Other Expenses	10,106	11,121	1,015	10.0%
<b>Total UTIMCO Services</b>	<b>\$37,102</b>	<b>\$43,789</b>	<b>\$6,687</b>	<b>18.0%</b>
<b>Other Direct Costs to Funds</b>	<b>\$8,777</b>	<b>\$11,525</b>	<b>\$2,748</b>	<b>31.3%</b>

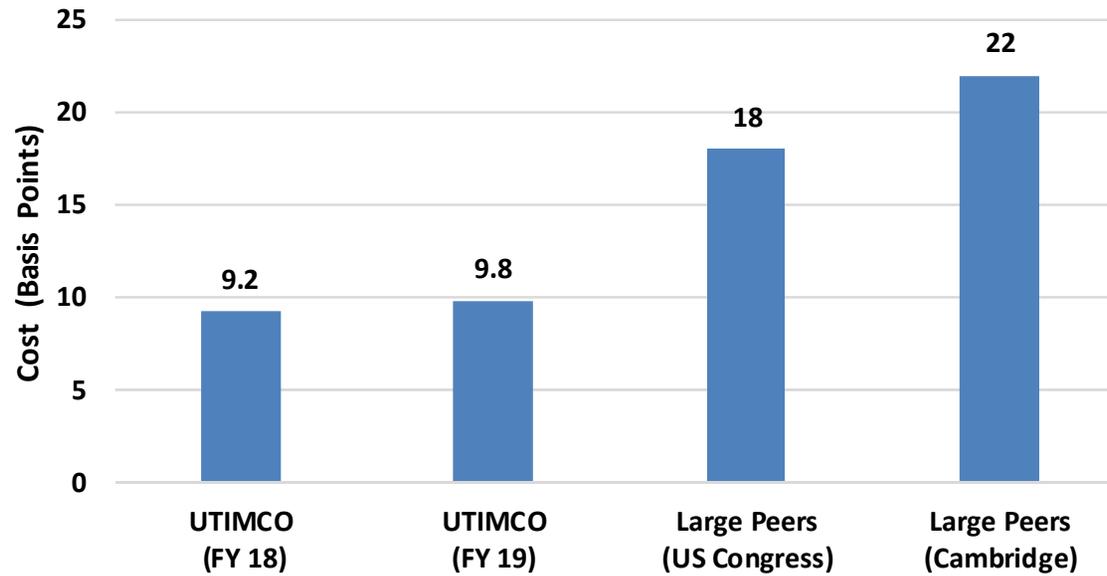


# Summary of FY 2019 Budget

Actual FY18	Baseline Increase	Incremental Budget 5.7%	Approved FY19
<b>\$37.1 M</b>	<b>\$4.3 M</b>	<b>\$2.4 M</b>	<b>\$43.8 M</b>
	<b>New capabilities/ Senior Investors:</b> <ul style="list-style-type: none"> <li>• CEO</li> <li>• Asset Allocation</li> <li>• Stable Value Hedge Funds</li> <li>• Deputy CIO</li> <li>• Strategic Partnership</li> </ul>	<b>Results:</b> <ul style="list-style-type: none"> <li>• Changes to current employee compensation</li> <li>• 4 Additional employees</li> <li>• Contractors to help IT improve cyber security and address infrastructure system issues</li> </ul>	



# UTIMCO Services Budget In Context



Source: Cambridge Associates, UTIMCO

# UTIMCO Annual Fee and Allocation Schedule



## UTIMCO Management Fee and Direct Budgeted Investment Expenses

For the fiscal year ending August 31, 2019

<u>Proposed Budget</u>	<u>Fund Name</u>						Separate Funds 	Debt Proceeds 	Total
	PUF	PHF	LTF	GEF	ITF	STF			
<b><u>Market Value 6/30/18 (\$ millions)</u></b>	21,519			10,416	9,944	1,861	309	515	44,564
<b><u>UTIMCO Management Fee</u></b>									
Dollars	22,500,436			10,891,051	10,397,525				43,789,012
Basis Points	10.5			10.5	10.5				9.8
<b><u>Direct Expenses to the Fund, excluding UT System Direct Expenses to the Fund</u></b>									
Dollars	5,708,565	26,478	28,828	3,001,345	2,759,958				11,525,174
Basis Points	2.7	0.2	0.0	2.9	2.8				2.6

**Fiscal Year 2019**

**Review of UTIMCO Services Budget and  
Other Direct Costs to Funds Budget  
Excluding External Investment Manager Fees**

**The University of Texas System  
Office of Finance**

**Presented by:**

**Terry Hull – Associate Vice Chancellor for Finance**

**Allen Hah – Assistant Vice Chancellor for Finance**

**October 9, 2018**

*Based on UTIMCO Board approval on September 20, 2018*

# Fiscal Year 2019

## Review of UTIMCO Services Budget and Other Direct Costs to Funds Budget Excluding External Investment Manager Fees

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## Executive Summary

This report reviews the UTIMCO Services Budget and other budgeted investment management expenses (“Direct Costs to Funds”) for fiscal year 2019 that the UTIMCO Board approved on September 20, 2018 and the U. T. System Board of Regents will consider at its November 14-15, 2018 meeting. The “UTIMCO Services Budget” includes corporate expenses paid directly by UTIMCO, and the “Direct Costs to Funds” budget includes costs related to custody, consulting, risk measurement, and Funds related legal and audit costs. The proposed budget for FY19 is:

	<b>FY19</b> <b>(\$ millions)</b>
UTIMCO Services Budget	43.8
Direct Costs to Funds Budget	11.5
Total Budgeted Costs	<u>\$ 55.3</u>

The Total Budgeted Costs exclude external manager fees that are paid by the funds and netted from asset values as well as external investment manager fees paid directly by UTIMCO. The total investment costs for UTIMCO managed funds, comprising Investment Manager Fees paid directly and fees netted against asset values, are reviewed in a separate report.

### Highlights:

- **Total Budgeted Costs for FY19:** The FY19 budget is \$55.3 million, a 20.6% increase from the FY18 budget.
- **Total Forecast Costs for FY18:** Total costs for FY18 are forecast at \$47.7 million, which is 4.0% higher than what was budgeted.
- **The UTIMCO Services Budget:** The FY19 budget includes \$43.8 million for the “operating” budget of UTIMCO, an 18.0% increase from the FY18 budget. The increase is primarily due to the creation of new investment groups and additional support (6 net FTEs created during FY18 and 4 new FTEs budgeted for FY19) and an increase in depreciation and lease expense resulting from the office move.
- **The Total Direct Costs to Funds Budget:** The FY19 budget of \$11.5 million for direct fund costs is up \$2.7 million, a 31.3% increase from the FY18 budget. The increase is primarily due to increases in custodian related costs because of considerable asset base appreciation, especially in the emerging markets.
- **UTIMCO Reserves:** There are no reserves available to be distributed at fiscal year-end 2018 as the reserve balances are at the recommended levels to cover appropriate levels of the budget and capital expenditures.

## Budget Analysis and Trends

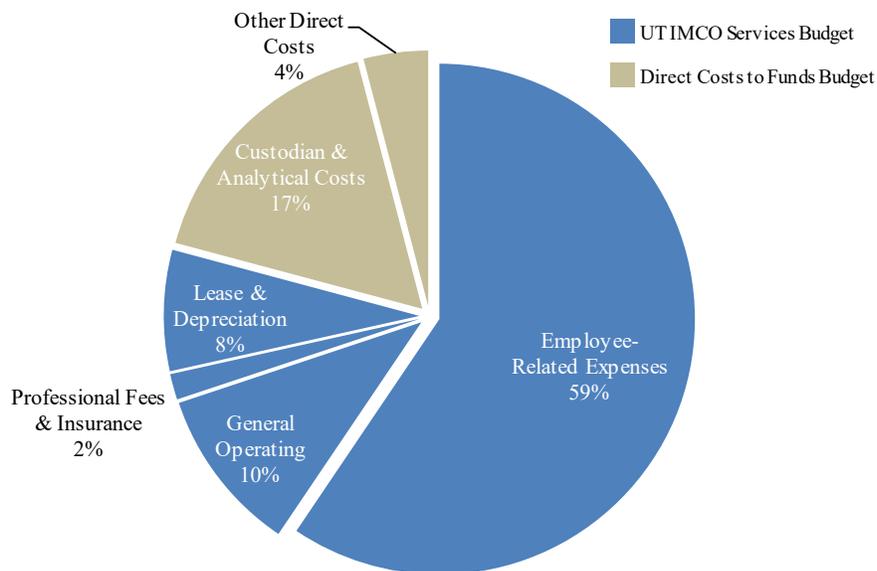
UTIMCO proposes Total Budgeted Costs for FY19 of \$55.3 million. Table 1 shows the Total Budgeted Costs (Direct Costs to Funds and UTIMCO Services Budget) as a percent of average Assets Under Management (“AUM”) for FY19 and the Total Actual Costs as a percent of average AUM from FY14 to FY18.

**Table 1: Total Actual Costs Trend FY14-FY18 and Total Budgeted Costs FY19**  
(\$ millions)

	Actual				Forecast	Budget
	FY14	FY15	FY16	FY17	FY18	FY19
Average Total AUM <sup>1</sup>	32,363	34,957	36,016	39,063	43,173	45,511
% Change in AUM	12%	8%	3%	8%	11%	5%
Direct Costs to Funds	7.1	8.1	8.2	8.4	11.0	11.5
% Change in Direct Costs to Funds	-1.6%	14.0%	1.7%	2.2%	31.5%	4.7%
Direct Costs to Funds % of AUM	0.02%	0.02%	0.02%	0.02%	0.03%	0.03%
UTIMCO Services	24.9	25.7	26.8	33.2	36.7	43.8
% Change in UTIMCO Services	-5.1%	3.2%	4.5%	23.6%	10.5%	19.3%
UTIMCO Services % of AUM	0.08%	0.07%	0.07%	0.08%	0.08%	0.10%
Total Costs	32.0	33.7	35.0	41.6	47.7	55.3
% Change in Total Costs	-4.3%	5.6%	3.8%	18.6%	14.8%	16.0%
Total Costs % of AUM	0.10%	0.10%	0.10%	0.11%	0.11%	0.12%

<sup>1</sup> FY18 and FY19 Average Total AUM assumes projected balances based on moderate returns, projected West Texas Land and gift income, and projected distributions.

**FY 19 Total Budgeted Costs**  
**\$55.3 million**



The UTIMCO Services Budget (blue shade in the pie chart above) represents 79% of the total budget, with employee-related expenses being the largest component at 59%. Direct Costs to Funds include Custodian & Analytical Costs (17%) and Other Direct Costs (4%).

Management fees and performance fees paid to external investment managers, which are either paid directly by UTIMCO or netted against asset values by the external managers, are not included in these amounts. UTIMCO retains external managers for approximately 90% of the AUM, with UTIMCO staff directly managing approximately 10% of assets as well as an internal derivatives portfolio.

Table 2 compares the Total Budgeted Costs for FY18 and FY19. Refer to Exhibits A and B at the end of this memo for a detailed budget comparison for FY18-FY19 and actual trend history for FY14-FY18.

**Table 2: FY18 Forecast and FY19 Budget Overview**  
(\$ millions)

	FY18 Forecast				FY19 Budget			
	\$ Budget	\$ Projected	\$ Change vs FY18 Budget	% Change vs FY18 Budget	\$ Budget	\$ Change vs FY18 Projected	% Change vs FY18 Projected	% Change vs FY18 Budget
<b>UTIMCO Services</b>	37.1	36.7	-0.4	-1.1%	43.8	7.1	19.3%	18.0%
<b>Direct Costs to Funds</b>	8.8	11.0	2.2	25.4%	11.5	0.5	4.7%	31.3%
<b>Total Budgeted Costs</b>	45.9	47.7	1.8	3.9%	55.3	7.6	16.0%	20.6%

## UTIMCO Services Budget

For FY19, total personnel-related expenses including employee benefits account for 75% of the UTIMCO Services Budget (or 59% of Total Budgeted Costs). Trends in staffing and total compensation in relation to assets under management are shown in Table 3. Highlights from these tables include:

- Staffing increased 6 budgeted positions to 89 positions during FY18. Actual positions at the end of FY18 were 94, and the FY19 budget includes an additional 4 positions for a total of 98 budgeted positions by the fiscal year-end.
  - There were 6 additional positions created that were not budgeted in FY18 because of the creation of new investment groups (2 FTEs for Tactical Asset Allocation and a Stable Value Hedge Funds director), and the addition of 3 positions to support existing operations (a help desk technician for Information Services, an administrative assistant in the CEO office, and a Natural Resources analyst).
  - There was one position removed during FY18 due to the departure of a senior investment managing director.
  - There are an additional 4 positions included in FY19 (an investment counsel position, a Public Equity analyst, an HR generalist, and an Operations specialist).
- With the additional staffing, average AUM per employee in FY19 has decreased to \$464 million, which is the lowest it has been over the past 5 years, when it has ranged from \$471 to \$515 million.
- Total Compensation has grown by 7.6% annually from FY14 to FY18 primarily because of the addition of new positions. Total Compensation for FY19 is budgeted 18.6% above FY18 projected levels, which would equate to a 12.5% growth rate on an average annual basis over a five-year period.

- Since FY14, Total Compensation per employee has decreased 2.3% (annualized) from \$283k to \$258k forecast in FY18 but is budgeted to be at \$294k in FY19.

**Table 3: UTIMCO Compensation and Headcount FY14-FY19 (excluding benefits)**

	Actual				Forecast FY18	% Change Since FY14 (annual)	Budget FY19	% Change From FY18
	FY14	FY15	FY16	FY17				
Employees (as of year end)	64	72	70	83	94	10.1%	98	4.3%
Average Total AUM (\$ millions)	32,363	34,957	36,016	39,063	43,173	7.5%	45,511	5.4%
Average AUM/Employee (\$ millions)	506	486	515	471	459	-2.4%	464	1.1%
Salaries (\$ millions)	8.7	9.4	10.4	10.9	13.5	11.6%	15.9	18.0%
Performance Compensation (\$ millions)	9.4	8.5	7.2	10.3	10.8	3.4%	12.9	19.3%
Total Compensation (\$ millions)	18.1	17.9	17.6	21.2	24.3	7.6%	28.8	18.6%
Total Compensation per Employee (\$)	283,135	248,920	251,857	255,552	258,289	-2.3%	293,712	13.7%
Perf. Comp. as % of Salaries	109%	91%	70%	94%	80%		81%	
Perf. Comp. as % of Total Compensation	52%	48%	41%	49%	45%		45%	

Investment staff compensation increases in recent years are a result of peer benchmarking studies conducted in 2013, 2015, and again in 2017 that detailed UTIMCO's staff compensation to be lower than the compensation plans' objective of paying staff at median levels compared to peers. The FY18 budget included the increases to meet these objectives. The FY19 budget includes increases related to the creation of the new investment groups, new positions, promotions and normal salary increases.

**Lease and Depreciation Expenses:** Lease expenses are budgeted to increase 12% compared to FY18 forecasted amounts, due primarily to the impact of a full-year's lease taking effect in FY19. UTIMCO moved into the new building in February 2018, leasing 68% more space than was being leased in the Frost Tower to accommodate future growth. Although the move to the UTS building resulted in significant savings on a per square foot basis due to both reduced operating expenses and property tax savings, overall lease expenses were higher in FY18 compared to FY17 due to the additional space leased. The City of Austin has seen tremendous growth since UTIMCO's original lease was executed and rent rates have increased accordingly. Table 4 shows the lease expense trends from FY14-FY19.

Depreciation Expense is budgeted to increase 50% to \$1.6 million compared to the FY18 forecasted amount of \$1.1 million because of new equipment, furniture, and leasehold improvement purchases related to the office move.

**Table 4: UTIMCO Lease Expenses FY14-FY19**

	Actual				Forecast FY18	Budget FY19
	FY14	FY15	FY16	FY17		
Property Lease	\$518,373	\$518,373	\$518,373	\$1,136,800	\$1,762,827	\$2,047,589
Operating Lease	606,703	632,036	661,948	860,630	587,718	624,000
Parking Expenses	146,272	149,819	154,348	169,335	196,818	216,600
Other Expenses	8,102	7,050	9,497	14,150	5,416	6,000
Amortization (Deferred Rent Credit)	(170,344)	(170,344)	(170,344)	(108,267)	(208,054)	(263,865)
<b>Total Lease Expenses (net)</b>	<b>\$1,109,106</b>	<b>\$1,136,934</b>	<b>\$1,173,822</b>	<b>\$2,072,648</b>	<b>\$2,344,725</b>	<b>\$2,630,324</b>

**Other General Operating Expenses, Professional Fees, and Insurance (non-employee):** includes office expenses, insurance, travel, professional fees, contract services and maintenance costs and are forecast to be \$5.5 million, which is \$0.63 million or 10% lower than the FY18 budget of \$6.1 million. The decrease is due to lower than expected costs for online data providers and subscriptions as well as lower than expected travel expenses.

General operating expenses for FY19 are budgeted to increase by \$0.57 million, or 9%, from \$6.1 million to \$6.7 million. The increase is primarily attributable to

- several new online data providers and subscription additions along with additional license purchases due to new hires (\$338k);
- an increase in travel costs due to the new hires and more international travel (\$172k).
- an increase in other contract services for contractors to assist with IT projects (\$200k) partially offset by a decrease due to the removal of moving costs incurred in FY18 (\$135k).

## Direct Costs to Funds

Direct Costs to Funds for FY19 are budgeted at \$11.5 million, a \$2.7 million or 31.3% increase from the FY18 budget. This is primarily because of increases in custodian related costs due to considerable asset base appreciation, especially in the emerging markets (\$2.6 million).

## UTIMCO Capital Expenditures

The trend for Capital Expenditures for FY14-FY19 is summarized in Table 5 below. Capital expenditures were high but below budget in FY18 due to the move to the UTS Building. For FY19, capital expenditures are budgeted to return to historically low levels due to reduced costs associated with a new building.

**Table 5: UTIMCO Capital Expenditures FY14-FY19**

	Actual				Forecast FY18	Budget FY19
	FY14	FY15	FY16	FY17		
<b>Ongoing: Technology and Software Upgrades</b>	\$46,623	\$107,810	\$179,345	\$56,488	\$17,758	\$40,000
<b>Ongoing: Office Equipment and Fixtures</b>	-	107,135	4,241	5,374	77,585	-
<b>Expansion: Technology Initiatives / Video Conferencing</b>	1,035,190	1,076,643	91,580	-	1,238,149	123,000
<b>Expansion: Leasehold Buildout (net of TI allowance in FY18)</b>	-	150,085	-	-	6,498,972	50,000
<b>Expansion: Furniture and Fixtures</b>	-	-	-	-	2,669,179	50,000
<b>Total Capital Expenditures (net)</b>	\$1,081,813	\$1,441,673	\$275,166	\$61,862	\$10,501,643	\$263,000

## EXHIBIT A

### Total Budgeted Costs FY18-FY19

	FY18		Change from FY18 Budget		FY19		Change from FY18 Forecast		Change from FY18 Budget	
	Budget	Forecast	\$	%	Budget	\$	%	%		
<b>UTIMCO Services</b>										
Salaries	14,474,000	13,459,359	-1,014,641	-7.0%	15,876,073	2,416,714	18.0%	9.7%		
Performance Compensation + Earnings	9,316,000	10,819,849	1,503,849	16.1%	12,907,738	2,087,889	19.3%	38.6%		
<b>Total Compensation</b>	<b>23,790,000</b>	<b>24,279,208</b>	<b>489,208</b>	<b>2.1%</b>	<b>28,783,811</b>	<b>4,504,603</b>	<b>18.6%</b>	<b>21.0%</b>		
Total Payroll taxes	846,369	1,029,484	183,115	21.6%	1,101,784	72,300	7.0%	30.2%		
403(b) Contributions	964,036	925,972	-38,064	-3.9%	1,193,023	267,051	28.8%	23.8%		
Insurance & Cell Phone	1,289,582	1,231,896	-57,686	-4.5%	1,425,603	193,707	15.7%	10.5%		
<b>Employee Benefits</b>	<b>2,253,618</b>	<b>2,157,868</b>	<b>-95,750</b>	<b>-4.2%</b>	<b>2,618,626</b>	<b>460,758</b>	<b>21.4%</b>	<b>16.2%</b>		
Recruiting and Relocation Expenses	101,000	235,985	134,985	133.6%	162,000	-73,985	-31.4%	60.4%		
Employee Education	151,747	100,769	-50,978	-33.6%	215,706	114,937	114.1%	42.1%		
Other Employee Related Expenses	252,747	336,754	84,007	33.2%	377,706	40,952	12.2%	49.4%		
<b>Total Employee Related Expenses</b>	<b>27,142,734</b>	<b>27,803,314</b>	<b>660,580</b>	<b>2.4%</b>	<b>32,881,927</b>	<b>5,078,613</b>	<b>18.3%</b>	<b>21.1%</b>		
On-Line Data & Subscriptions	2,941,043	2,707,036	-234,007	-8.0%	3,279,505	572,469	21.1%	11.5%		
Contract Services & Maintenance	837,882	792,885	-44,997	-5.4%	900,296	107,411	13.5%	7.4%		
Travel & Meetings, Including BOD	1,129,072	948,981	-180,091	-16.0%	1,313,020	364,039	38.4%	16.3%		
Phone and Telecommunications	44,412	48,239	3,827	8.6%	56,412	8,173	16.9%	27.0%		
Computer & Office Supplies	103,596	154,714	51,118	49.3%	69,176	-85,538	-55.3%	-33.2%		
Other Office Expenses	157,524	147,938	-9,586	-6.1%	156,228	8,290	5.6%	-0.8%		
<b>Total Office Expense</b>	<b>305,532</b>	<b>350,891</b>	<b>45,359</b>	<b>14.8%</b>	<b>281,816</b>	<b>-69,075</b>	<b>-19.7%</b>	<b>-7.8%</b>		
<b>Total Lease Expense</b>	<b>2,449,242</b>	<b>2,344,725</b>	<b>-104,517</b>	<b>-4.3%</b>	<b>2,630,324</b>	<b>285,599</b>	<b>12.2%</b>	<b>7.4%</b>		
Board, Comp., & Hiring Consultants	429,000	325,900	-103,100	-24.0%	411,000	85,100	26.1%	-4.2%		
Legal Expenses	200,004	102,572	-97,432	-48.7%	215,004	112,432	109.6%	7.5%		
Accounting fees	60,600	58,625	-1,975	-3.3%	60,600	1,975	3.4%	0.0%		
<b>Total Professional Fees</b>	<b>689,604</b>	<b>487,097</b>	<b>-202,507</b>	<b>-29.4%</b>	<b>686,604</b>	<b>199,507</b>	<b>41.0%</b>	<b>-0.4%</b>		
Total Insurance	207,192	191,883	-15,309	-7.4%	215,520	23,637	12.3%	4.0%		
Depreciation of Equipment	1,400,000	1,067,131	-332,869	-23.8%	1,600,000	532,869	49.9%	14.3%		
<b>Total Non-Employee Related Expenses</b>	<b>9,959,567</b>	<b>8,890,629</b>	<b>-1,068,938</b>	<b>-10.7%</b>	<b>10,907,085</b>	<b>2,016,456</b>	<b>22.7%</b>	<b>9.5%</b>		
<b>Total UTIMCO Services</b>	<b>37,102,301</b>	<b>36,693,943</b>	<b>-408,358</b>	<b>-1.1%</b>	<b>43,789,012</b>	<b>7,095,069</b>	<b>19.3%</b>	<b>18.0%</b>		
<b>Direct Costs to Funds</b>										
Custodian Fees and Other Direct Costs	6,361,445	8,832,035	2,470,590	38.8%	8,947,724	115,690	1.3%	40.7%		
Risk Measurement	324,001	312,499	-11,501	-3.5%	324,000	11,501	3.7%	-0.0%		
<b>Custodian and Analytical Costs</b>	<b>6,685,445</b>	<b>9,144,534</b>	<b>2,459,089</b>	<b>36.8%</b>	<b>9,271,724</b>	<b>127,190</b>	<b>1.4%</b>	<b>38.7%</b>		
Consultant Fees	527,500	477,500	-50,000	-9.5%	527,500	50,000	10.5%	0.0%		
Auditing	790,000	790,000	0	0.0%	811,750	21,750	2.8%	2.8%		
Legal Fees	250,000	103,931	-146,069	-58.4%	250,000	146,069	140.5%	0.0%		
Background Searches & Other	524,203	487,597	-36,606	-7.0%	664,200	176,603	36.2%	26.7%		
<b>Other Direct Costs Total</b>	<b>2,091,703</b>	<b>1,859,028</b>	<b>-232,675</b>	<b>-11.1%</b>	<b>2,253,450</b>	<b>394,422</b>	<b>21.2%</b>	<b>7.7%</b>		
<b>Total Direct Costs to Funds</b>	<b>8,777,148</b>	<b>11,003,562</b>	<b>2,226,414</b>	<b>25.4%</b>	<b>11,525,174</b>	<b>521,612</b>	<b>4.7%</b>	<b>31.3%</b>		
<b>Total Budgeted Costs</b>	<b>45,879,449</b>	<b>47,697,505</b>	<b>1,818,056</b>	<b>4.0%</b>	<b>55,314,186</b>	<b>7,616,681</b>	<b>16.0%</b>	<b>20.6%</b>		

## EXHIBIT B

### Total Actual Costs FY14-FY18

	FY14	FY15	FY16	FY17	FY18	FY19
	Actual	Actual	Actual	Actual	Forecast	Budget
<b>UTIMCO Services</b>						
Salaries	8,670,689	9,394,865	10,394,021	10,919,643	13,459,359	15,876,073
Performance Compensation + Earnings	9,449,922	8,527,380	7,235,982	10,291,209	10,819,849	12,907,738
<b>Total Compensation</b>	<b>18,120,611</b>	<b>17,922,244</b>	<b>17,630,003</b>	<b>21,210,852</b>	<b>24,279,208</b>	<b>28,783,811</b>
<b>Total Payroll taxes</b>	<b>674,824</b>	<b>690,884</b>	<b>701,081</b>	<b>843,661</b>	<b>1,029,484</b>	<b>1,101,784</b>
403(b) Contributions	650,111	696,658	748,756	749,882	925,972	1,193,023
Insurance & Cell Phone	853,864	861,002	891,694	1,126,193	1,231,896	1,425,603
<b>Employee Benefits</b>	<b>1,503,975</b>	<b>1,557,659</b>	<b>1,640,450</b>	<b>1,876,075</b>	<b>2,157,868</b>	<b>2,618,626</b>
Recruiting and Relocation Expenses	39,886	65,609	86,701	161,814	235,985	162,000
Employee Education	43,996	62,452	170,253	82,904	100,769	215,706
<b>Other Employee-Related Expenses</b>	<b>83,883</b>	<b>128,061</b>	<b>256,954</b>	<b>244,718</b>	<b>336,754</b>	<b>377,706</b>
<b>Total Employee Related Expenses</b>	<b>20,383,292</b>	<b>20,298,848</b>	<b>20,228,487</b>	<b>24,175,306</b>	<b>27,803,314</b>	<b>32,881,927</b>
<b>On-Line Data &amp; Subscriptions</b>	<b>1,053,346</b>	<b>1,118,283</b>	<b>1,285,682</b>	<b>1,935,118</b>	<b>2,707,036</b>	<b>3,279,505</b>
<b>Contract Services &amp; Maintenance</b>	<b>295,933</b>	<b>414,417</b>	<b>572,156</b>	<b>425,494</b>	<b>792,885</b>	<b>900,296</b>
<b>Travel &amp; Meetings, Including BOD</b>	<b>531,618</b>	<b>706,348</b>	<b>669,207</b>	<b>688,498</b>	<b>948,981</b>	<b>1,313,020</b>
Phone and Telecommunications	51,757	44,263	38,233	40,540	48,239	56,412
Computer & Office Supplies	46,945	62,271	57,638	60,836	154,714	69,176
Other Office Expenses	110,688	108,060	151,632	147,974	147,938	156,228
<b>Total Office Expense</b>	<b>209,389</b>	<b>214,595</b>	<b>247,503</b>	<b>249,349</b>	<b>350,891</b>	<b>281,816</b>
<b>Total Lease Expense</b>	<b>1,109,105</b>	<b>1,136,934</b>	<b>1,173,823</b>	<b>2,072,648</b>	<b>2,344,725</b>	<b>2,630,324</b>
Board, Compensation, & Hiring Consultants	285,917	295,519	609,327	762,181	325,900	411,000
Legal Expenses	77,795	100,462	145,157	188,846	102,572	215,004
Accounting fees	51,934	60,045	53,520	56,950	58,625	60,600
<b>Total Professional Fees</b>	<b>415,646</b>	<b>456,027</b>	<b>808,005</b>	<b>1,007,977</b>	<b>487,097</b>	<b>686,604</b>
<b>Total Insurance</b>	<b>219,163</b>	<b>213,576</b>	<b>204,428</b>	<b>187,348</b>	<b>191,883</b>	<b>215,520</b>
<b>Depreciation of Equipment</b>	<b>676,524</b>	<b>1,129,717</b>	<b>1,657,536</b>	<b>2,453,498</b>	<b>1,067,131</b>	<b>1,600,000</b>
<b>Total Non-Employee Related Expenses</b>	<b>4,510,724</b>	<b>5,389,895</b>	<b>6,618,339</b>	<b>9,019,930</b>	<b>8,890,629</b>	<b>10,907,085</b>
<b>Total UTIMCO Services</b>	<b>24,894,016</b>	<b>25,688,744</b>	<b>26,846,826</b>	<b>33,195,236</b>	<b>36,693,943</b>	<b>43,789,012</b>
<b>Direct Costs to Funds</b>						
Custodian Fees and Other Direct Costs	4,796,883	5,766,874	5,686,948	6,221,234	8,832,035	8,947,724
Analytical Tools	395,504	395,581	412,156	399,568	0	0
Risk Measurement	292,000	292,000	292,000	286,501	312,499	324,000
<b>Custodian and Analytical Costs</b>	<b>5,484,387</b>	<b>6,454,455</b>	<b>6,391,103</b>	<b>6,907,303</b>	<b>9,144,534</b>	<b>9,271,724</b>
Consultant Fees	353,500	292,193	359,041	320,000	477,500	527,500
Auditing	526,865	718,663	789,873	770,000	790,000	811,750
Legal Fees	272,735	229,987	156,126	83,715	103,931	250,000
Background Searches & Other	427,044	357,264	489,539	287,165	487,597	664,200
<b>Other Direct Costs Total</b>	<b>1,580,144</b>	<b>1,598,107</b>	<b>1,794,579</b>	<b>1,460,880</b>	<b>1,859,028</b>	<b>2,253,450</b>
<b>Total Direct Costs to Funds</b>	<b>7,064,531</b>	<b>8,052,562</b>	<b>8,185,683</b>	<b>8,368,183</b>	<b>11,003,562</b>	<b>11,525,174</b>
<b>Total Budgeted Costs</b>	<b>31,958,547</b>	<b>33,741,306</b>	<b>35,032,509</b>	<b>41,563,419</b>	<b>47,697,505</b>	<b>55,314,186</b>

**EXHIBIT C**  
**UTIMCO Reserve Analysis for August 31, 2018**

<u>Cash Reserves at August 31, 2018</u>		
Cash		\$ 20,112,598
Prepaid Expenses		1,500,000
Less: Accounts Payable (Includes incentive compensation & earnings payable)		(12,000,000)
Cash Reserves at August 31, 2017		\$ 9,612,598
FY19 Proposed Operating Budget	43,789,012	
Applicable Percentage	25%	10,947,253
FY19 Proposed Capital Expenditures	263,000	263,000
Required Cash Reserves at August 31, 2018		\$ 11,210,253
Balance Available for Distribution		\$ -
Recommended Distribution		\$ -

4. **U. T. System Board of Regents: Update on University Lands**

REPORT

Mr. Mark Houser, Chief Executive Officer - University Lands, will report on matters related to University Lands using the PowerPoint presentation set forth on the following pages.



# University Lands Update

Mr. Mark Houser, Chief Executive Officer – University Lands

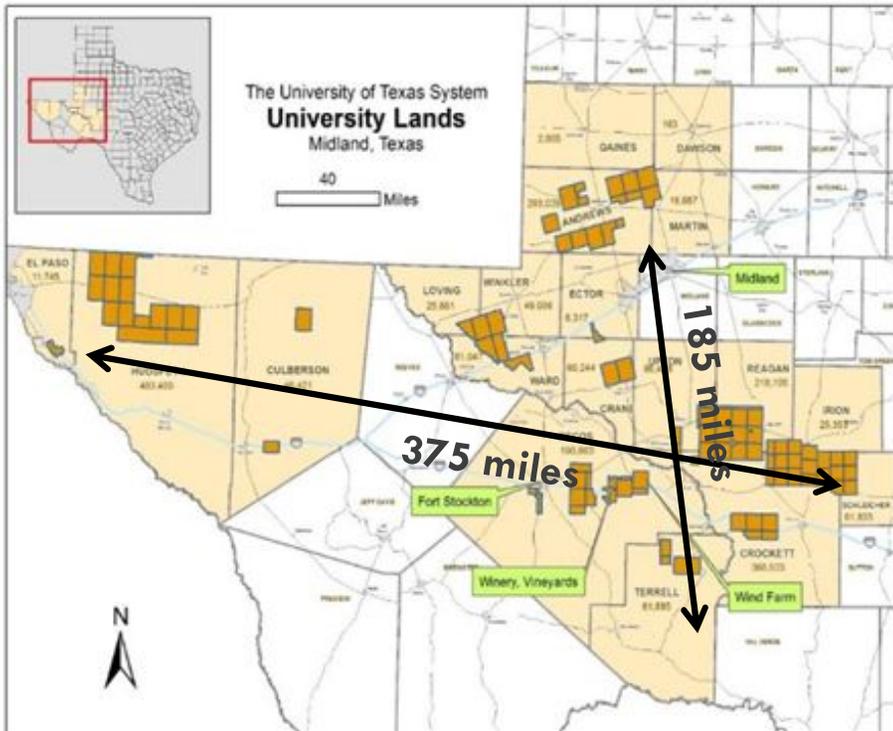
U. T. System Board of Regents' Meeting  
Finance and Planning Committee  
November 2018



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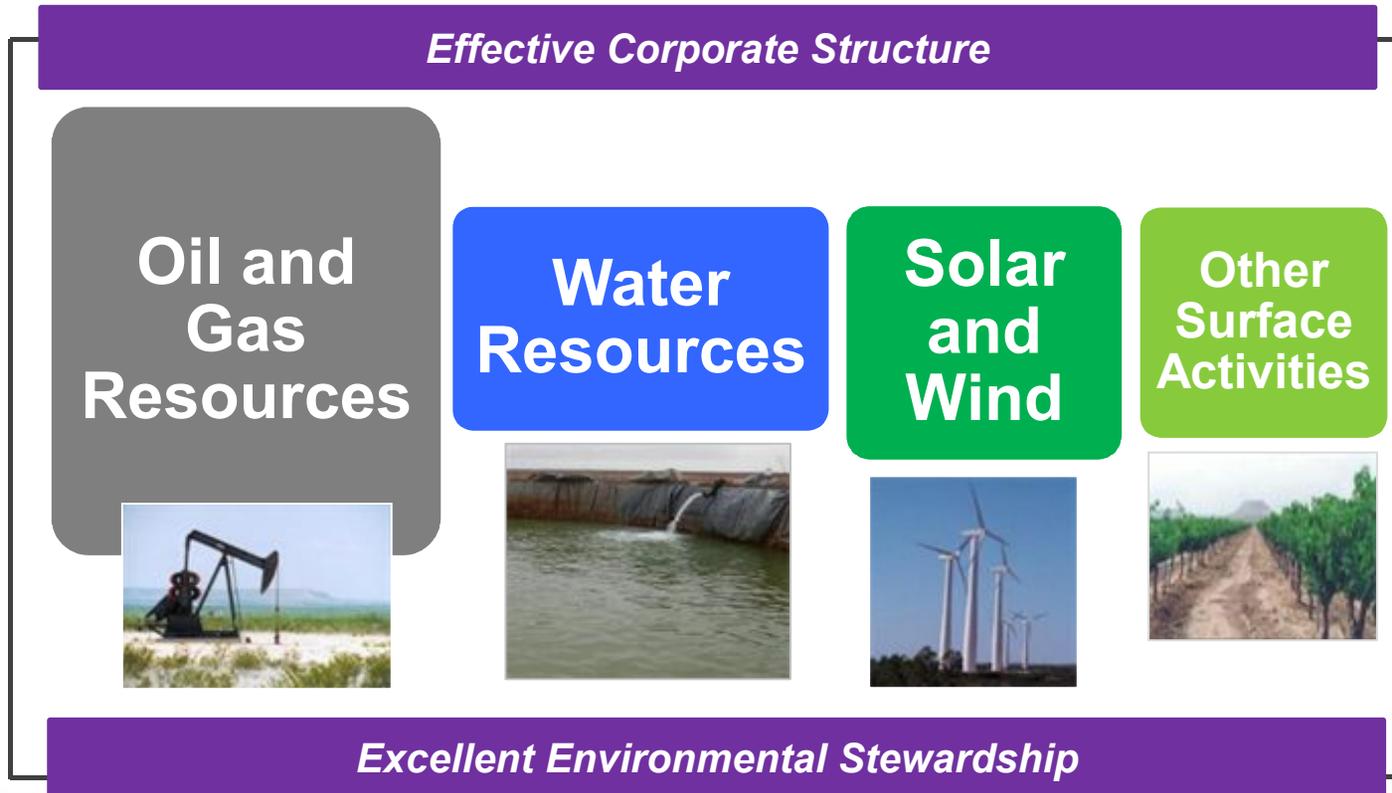
# University Lands (UL): 20-Year Vision



- Oil and gas production will be predominant revenue source
  - Drilling inventory of 50+ years at normalized rates
  - Assuming ***consistent and increasing development activity*** and continued technical momentum, production levels could increase 50-100% over the next 10-15 years
  - Technology advancements will continue in all areas of operating activity, including environmental performance
  - While increasing modestly in market share, other energy sources will not satisfy long-term worldwide energy demand
- Water resources will be a significant contributor to infrastructure improvement and development in West Texas
- Renewable energy will be developed across University Lands acreage



# UL: Economic Development Opportunities



## UL: Overarching Strategy

- Create a more commercial, forward-looking organization
- Increase technical knowledge of the resources
- Work with operators to promote continuous development through commodity swings by diversifying, incentivizing and enforcing contractual rights
- Better integrate water and renewable energy into business model
- Collaborate with operators and regulatory bodies to enhance environmental stewardship
- Assess internal organizational structure and statutory framework to determine best structure for land management, stewardship and value-creation



# Accomplishments/Progress on Key FY2018 Initiatives

- Ended FY2018 on track with majority of organizational goals accomplished, including strong revenue, production and reserves performance, and expenses on target with budget
- Multiple transactions executed to ensure continued development in economics-challenged Southern Midland Basin, as well as high-performing Delaware Basin
- Multiple initiatives implemented to expand water management business line
- Renewables business continues with four solar leases and two wind leases now active
- Expansion of environmental stewardship initiatives with launch of cost-share program, new environment-focused employee and new thermal imaging camera
- Expansion of internal oil and gas product marketing and pricing expertise
- University Lands Advisory Board membership expanded to a “5 / 3 / 1” makeup



# FY2018: Key Agreement Negotiations

- Recent lease sale generates revenue and promotes continued development
  - \$138 million in lease sale bonuses and revenue from contracts for development in FY2018
  - ~\$34 million in early FY2019
  - Requirements for significant drilling increases under new form agreement
- Working to ensure contractual obligations are being fulfilled by operators
  - Enforcing our statutory and contractual rights on offset wells:
    - Protects against drainage and promotes full-field development
    - Requiring operators to re-start activity in dormant areas by drilling protection wells or satisfying the drilling requirement through payment of compensatory royalty
  - Negotiations due to favorable assignment language has resulted in improved agreements on three large acreage positions, resulting in an increase of 3-4 million lateral feet over next 5+ years (300 - 400 wells)
  - Development and use of production sharing agreements (PSAs) replace pooled unit agreements
    - PSA is an updated agreement with modern terms in line with current state of the industry and our goals to fully develop PUF Lands
    - 52 agreements signed with 53 well drilling commitments
    - 31 wells already drilled in FY2019

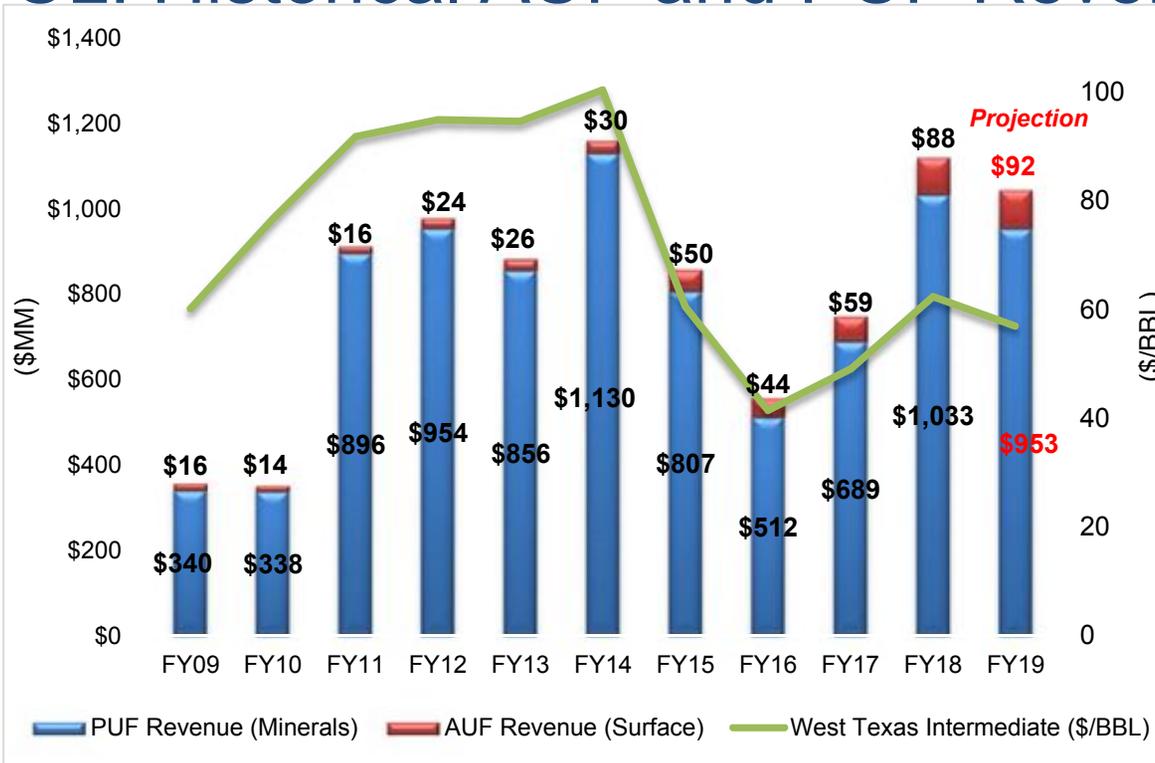


# Environmental Stewardship Update

- UL invited to share “best environmental practices” of U.S. operators to Environmental Defense Fund-sponsored workshop in China in June 2018
  - ~300 attendees, including Chinese government officials and oil and gas companies
- New infrared imaging camera for use during inspections
  - Resulting imagery is qualitative, not quantitative
- New Environmental Stewardship Initiatives Program
- Alignment with and promotion of The Environmental Partnership initiative
- Increased focus on specific operator performance
- Exploring initiatives that reduce truck traffic and promote shared infrastructure across operators



# UL: Historical AUF and PUF Revenue vs. Oil Price



	Pre-University Lands Advisory Board 2009 - 2013	Post-University Lands Advisory Board 2014 - 2018	% Change
AUF Revenue (\$millions)	96	271	182%
PUF Revenue (\$millions)	3,384	4,171	23%
Total Revenue (\$millions)	3,480	4,443	28%
WTI, \$/Barrel	85	63	-26%



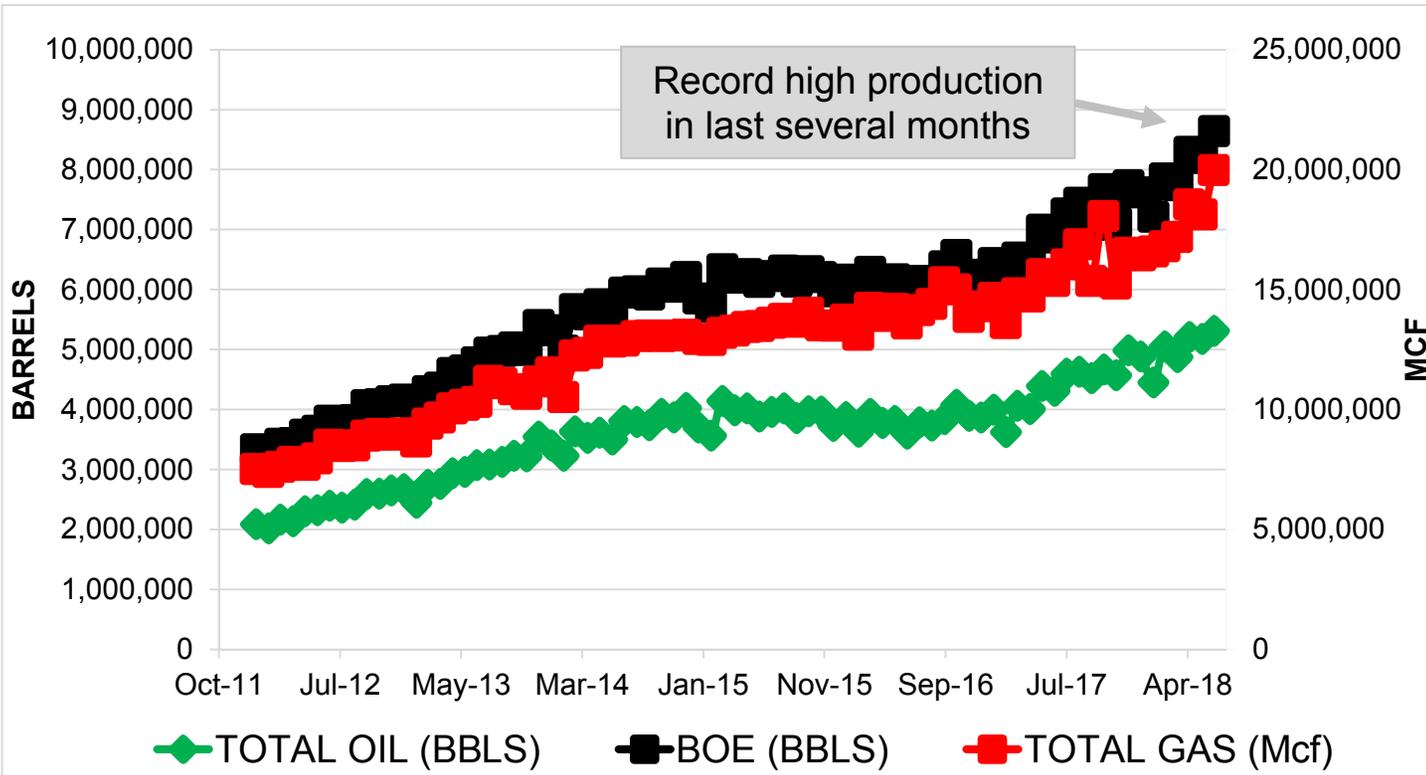
# FY2019 Pro-Forma Net Revenue Projections

\$ Millions	2017 Actuals	2018			2019 Budget
		Budget	Actuals	Variance	
<b>Annual Volumes</b>					
Oil (MMBL)	10,300	10,800	12,620	17%	13,539
Gas + NGLs (MMCF)	40,000	48,000	39,702	-17%	47,013
Million Barrels of Oil Equivalent (MBOE)	16,967	18,800	19,237	2%	21,375
West Texas Intermediate (WTI)	\$49.04	\$50.00	\$62.45	25%	\$66.30
Avg. Oil Price Received	<b>\$44.85</b>	<b>\$47.00</b>	<b>\$58.00</b>	23%	<b>\$56.91</b>
Avg. Gas Price Received (including NGLs)	<b>\$3.52</b>	<b>\$2.90</b>	<b>\$3.65</b>	26%	<b>\$3.03</b>
<b>PUE</b>					
Oil Revenue	462	508	717	41%	771
Gas Revenue	141	139	178	28%	142
Water, Caliche, Damages	2.0				
Bonuses	84	120	138	15%	40
	<b>\$689</b>	<b>\$767</b>	<b>\$1,033</b>	35%	<b>\$953</b>
<b>AUF</b>					
Water, Caliche, Damages	17	20	26	30%	30
Grazing	4	5	6	20%	6
Easements & Salt Water Disposal	33	35	54	54%	53
Interest, Penalty, Assignment Fees	5	5	2	-66%	3
	<b>\$59</b>	<b>\$65</b>	<b>\$88</b>	35%	<b>\$92</b>
<b>Total Revenue</b>	<b>\$748</b>	<b>\$832</b>	<b>\$1,121</b>	35%	<b>\$1,045</b>
General & Administrative + Operating Costs	20.8	24.8	24.7	0%	24.5
\$/Barrel of Oil Equivalent	1.23	1.32	1.28	-3%	1.15
<b>Net Revenue</b>	<b>\$728</b>	<b>\$807</b>	<b>\$1,096</b>	36%	<b>\$1,020</b>

- Overall, FY2018 was the second highest revenue year ever for University Lands, behind FY2014 when oil averaged >\$100/bbl
- Unit Expenses at \$1.28/BOE are significantly below industry peers
- For FY2019, we're projecting ~10% increases in oil and gas production and WTI growth to ~\$66/bbl, but with a ~\$57 "received price" due to expected increase in differentials
  - Differential due to lack of takeaway pipeline capacity, which is expected to be resolved by late 2019
- Most significant impact to year-over-year revenue is lower expectations for FY2019 lease sale revenue



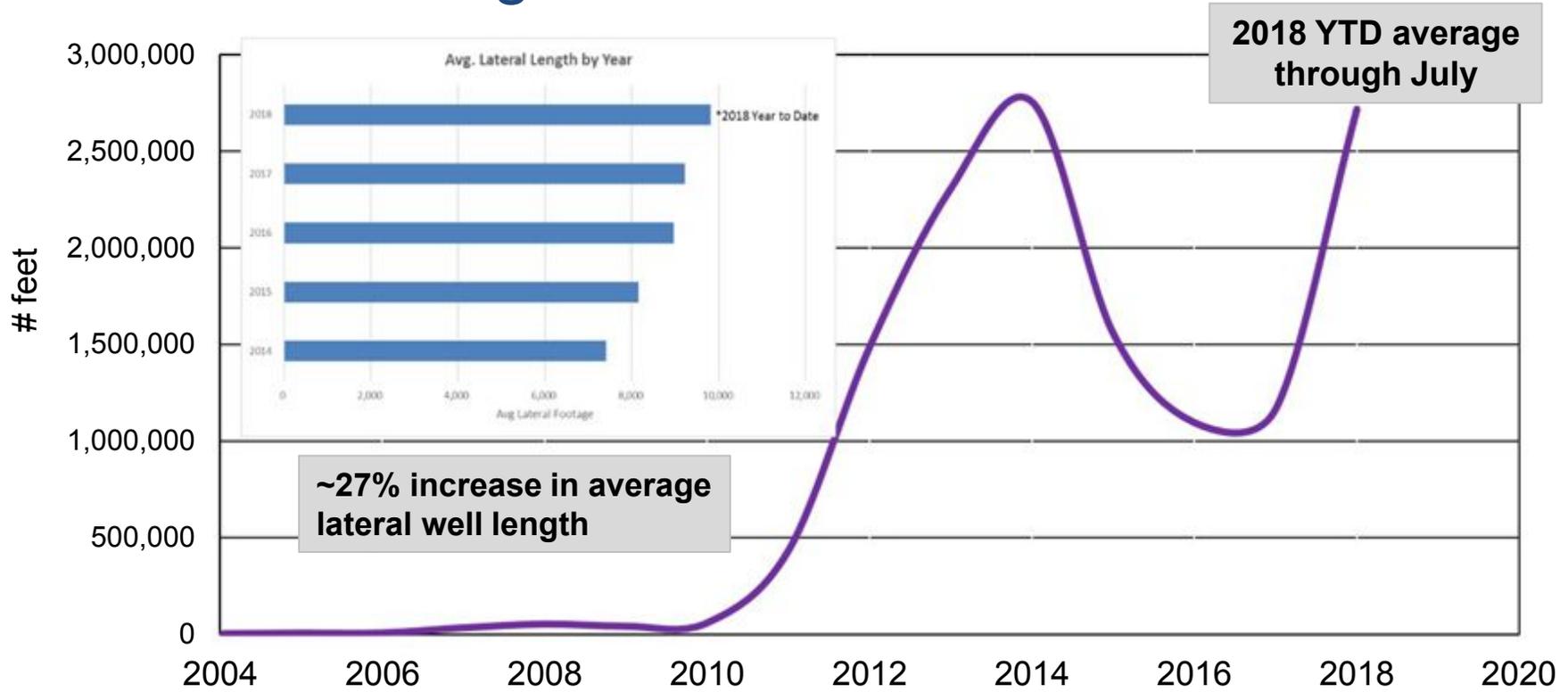
# PUF Lands Gross Monthly Production (2012 - July 2018)



- Record oil production of 5.3 million barrels in July 2018
- July 2018 production +21% over July 2017

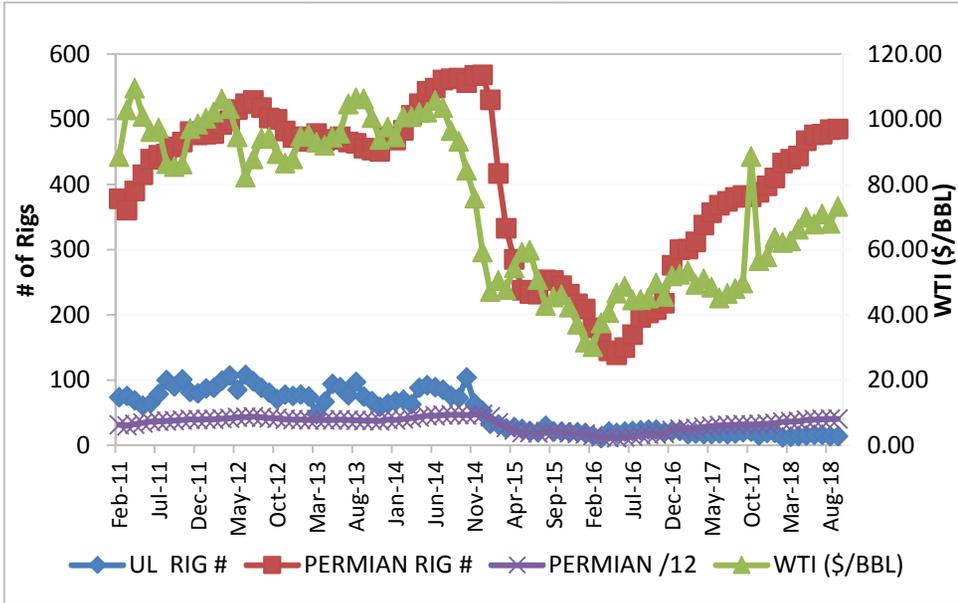


# Horizontal Footage Drilled Per Year



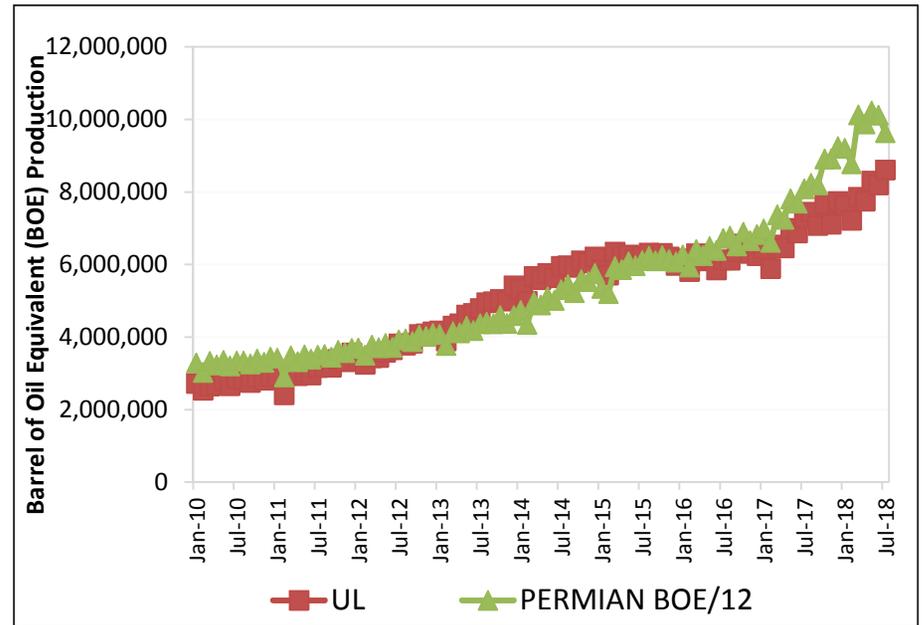
# Strong Correlations Between Permian Basin and PUF Lands

## Permian Rig Count vs. Rig Count on PUF Lands



Sources: Baker Hughes, EIA, University Lands

## Permian Production vs. PUF Lands Production



Sources: DrillingInfo, University Lands

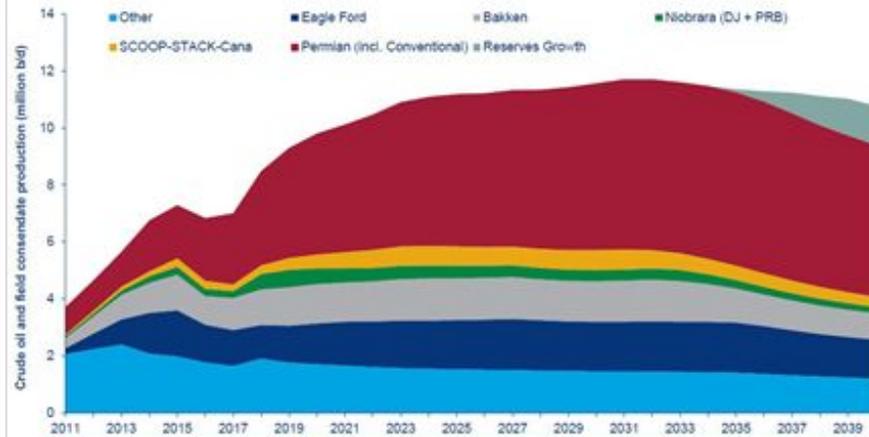


# Permian Basin: Projections for Growth Remain

## US Lower 48 crude oil: Permian growth drives production

Peak production only changed slightly, but production stable into the 2030s

### US Lower 48 crude and condensate production

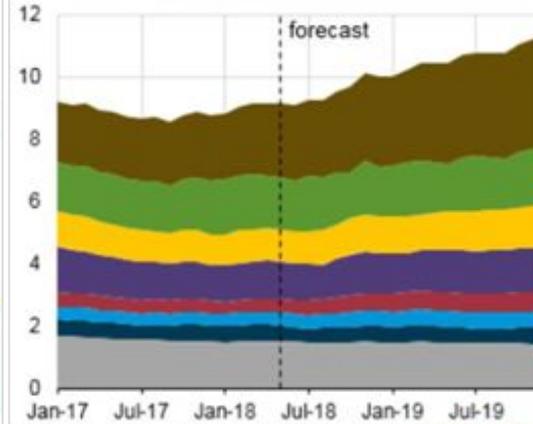


Source: Wood Mackenzie

## Permian region is expected to drive U.S. crude oil production growth through 2019

### Monthly U.S. crude oil production (Jan 2017-Dec 2019)

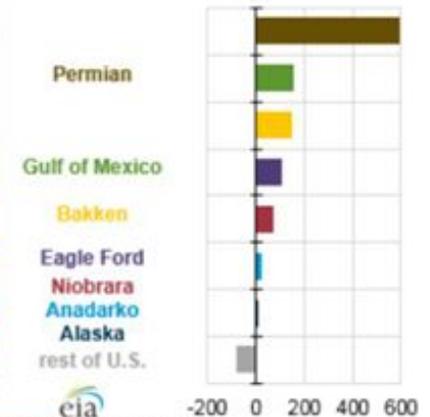
million barrels per day



Source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, August 2018

### Projected change 2018-2019

thousand barrels per day



## UL: Key FY2019 Organizational Goals

1. Meet or exceed projected production and revenue goals within budgeted expense levels
2. Capitalize on emergence of growth of water use in oil and gas development
3. Improve internal ability to put data to use to capture dollars
4. Execute contractual rights related to lease compliance and enforcement
5. Promote development in economics-challenged Southern Midland Basin
6. Continue to increase focus on emissions and environment and work to better tell UL's stewardship story
7. Make decision on path forward for ULandCo concept
8. Continue alignment with UTIMCO where synergies exist



**5. U. T. System Board of Regents: Approval of an Incentive Compensation Plan for University Lands Employees**

**RECOMMENDATION**

The Chancellor and the Executive Vice Chancellor for Business Affairs recommend approval of an Incentive Compensation Plan (Plan) for University Lands Employees as set forth on the following pages.

**BACKGROUND INFORMATION**

Section III.C. of the Employment Agreement between The University of Texas System and Mark Allen Houser, approved by the Board of Regents on March 19, 2018, states Mr. Houser will work with the University Lands Advisory Board (ULAB) and U. T. System staff to obtain Board of Regents' approval of an Incentive Compensation Plan for University Lands Employees. The attached Plan has been reviewed and endorsed by the ULAB. Additionally, University Lands employee compensation has been independently reviewed by Mercer (US) Inc.

The methodology for the Plan payout is two-fold. It is based on the following:

**Eligibility**

**Award Opportunity (% of Salary)**

<b>Employee Group</b>	<b>Number of Employees*</b>	<b>Minimum</b>	<b>Target</b>	<b>Maximum</b>
CEO	1	0%	100%	200%
Executive	3	0%	75%	150%
Management	9	0%	30%	60%
Professional	14	0%	15%	30%
Team**	~40	0%	5%	10%

\* Numbers include open positions.

\*\*Team includes all remaining employees, who are eligible to receive awards based on CEO recommendation.

Quantitative vs. Qualitative Performance

The following proportions will be used in determining the breakdown between quantitative and qualitative performance.

<b>Employee Group</b>	<b>Quantitative</b>	<b>Qualitative</b>
CEO	80%	20%
Executive	70%	30%
Management	50%	50%
Professional	40%	60%
Team**	80%	20%

The quantitative component is based on following four value-added measures:

1. Production -- Barrels of Oil Equivalent (BOE) (30%);
2. Proved Reserves (30%);
3. Costs (General and Administrative) per BOE (15%); and
4. Revenue Generated (25%)
  - i) PUF (10%); and
  - ii) AUF (15%).

·  
· THE UNIVERSITY OF TEXAS SYSTEM  
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# INCENTIVE COMPENSATION PLAN

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FOR  
UNIVERSITY LANDS EMPLOYEES

EFFECTIVE UPON APPROVAL BY THE  
U. T. SYSTEM BOARD OF REGENTS

## **INCENTIVE COMPENSATION PLAN FOR UNIVERSITY LANDS EMPLOYEES**

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### **I. BACKGROUND**

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The Incentive Compensation Plan for University Lands Employees (UL Incentive Plan) is designed to provide structure for the annual review and consideration of incentive reward for University Lands employees based upon predetermined performance goals. This plan is consistent with the strategy endorsed by the U. T. System Board of Regents originally in 2013 which recommended several changes in the management of University Lands, including “funding a competitive compensation plan” to attract and retain individuals to assist in maximizing the long-term value of the Permanent University Fund (PUF) Lands.

The UL Incentive Plan was developed over the past three years, with its current form endorsed by the University Lands Advisory Board (ULAB) in October 2018. This plan served as guidance for determining the incentive compensation for the Chief Executive Officer (CEO) of University Lands for Fiscal Years 2016 and 2017 and to determine the merit payments granted to University Lands employees for their performance in Fiscal Years 2016 and 2017.

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### **II. UL INCENTIVE PLAN OBJECTIVES**

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The UL Incentive Plan supports the strategy implemented by the U. T. System Board of Regents with respect to changes implemented with the University Lands organization in the following ways:

- Supports the strategic mission of University Lands to maximize the value of the PUF Lands over the long-term by setting annual performance objectives aligned with the strategic goals recommended by the ULAB and supported by the U. T. System Board of Regents.
- Provides a mechanism to enhance the ability of University Lands to attract and retain high quality professionals in the energy sector with competitive compensation in a structure that is generally consistent with other companies also seeking their services.
- Focuses the attention and efforts of key employees on the issues that are most important to the mission of University Lands by placing a significant, meaningful portion of the employee’s compensation “at risk” based on attainment of specific goals.

In addition, the plan is designed to be reasonably consistent with UTIMCO’s incentive plan.

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### III. THE PLAN DESIGN

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#### **Eligibility**

All University Lands employees who are in good standing will be eligible to participate in the UL Incentive Plan. Those eligible for the four upper-tier levels of the five-tier plan will be presented by the CEO of University Lands to the ULAB for review, and if there are no objections, the recommended awards will be brought forward to the Chancellor, or the Chancellor's designee for approval. Awards for eligible participants at the fifth-tier "Team" level will be determined and approved by the CEO of University Lands.

Generally, employees who are newly-hired or promoted into an Eligible Position on or before March 1 of a given year may participate on a prorated basis. The Chancellor, or the Chancellor's designee, has discretionary authority to designate the employment position of a newly-hired or promoted employee as eligible to participate in the full UL Incentive Plan for any performance period or remainder of a performance period.

An employee will cease to be a Participant in the UL Incentive Plan on the earliest to occur of:

- the date such employee is no longer employed in an Eligible Position;
- the date of termination of the UL Incentive Plan;
- the date such employee commences a leave of absence;
- any date designated by the Chancellor, or the Chancellor's designee as the date on which said employee is no longer a Participant.

#### **Setting Performance Goals**

Performance goals for the upcoming fiscal year will typically be finalized by August 31 of the current fiscal year and will be based on key performance measures. Individual performance goals for newly-eligible Participant levels will normally be finalized within 60 days of eligibility. The performance period for Participants will be from September 1 through August 31 of each fiscal year.

Performance goals for University Lands will be established annually by the CEO and the ULAB with final approval by the Chancellor, or the Chancellor's designee. Performance goals should be realistic, but aggressive, and should address the highest-level issues of greatest priority in advancing the long-term value of the PUF Lands. The goals will be easily measurable and focused on key value drivers within the energy industry. Presently, quantitative measures such as oil and gas production growth, proved reserves and/or proved reserves value growth, AUF and PUF revenue growth and cost efficiency are considered key industry drivers. Additionally, individual qualitative measures will be developed for each plan participant, consistent with each individual's contribution and each team's contribution to the overall strategic and budgetary objectives.

#### **Assessing goal attainment**

Assessing attainment of team and individual performance goals will include holistic consideration of the degree to which an individual effectively executed their duties and addressed issues of greatest priority,

and, as appropriate, may include quantitative and qualitative goals. Performance metrics will be benchmarked and reviewed against a combination of industry performance metrics in the greater Permian Basin. The assessments will typically be completed for the prior fiscal year in October of the following fiscal year by the ULAB and the Executive Vice Chancellor for Business Affairs, with input from the CEO. Recommendations for total incentive-based compensation for University Lands, excluding the CEO's incentive-based compensation award which is determined separately under the terms of the CEO's employment contract, will typically be considered by the Chancellor, or the Chancellor's designee, as soon as reasonably possible after review and recommendation by the ULAB. Upon approval by the Chancellor, or the Chancellor's designee, payments will be made to University Lands employees by November 1 if possible, but in any event, no later than November 30 of each year consistent with IRS rules.

As a guide, three levels will be used to assess performance for eligible Participants in the UL Incentive Plan based on performance goals established for University Lands by the ULAB:

1. **Target** – Participant fully met established objectives
2. **Maximum** – Participant significantly exceeded some or all Target objectives
3. **Minimum** – Participant performed below Target because the Participant did not meet some or all established objectives

Primary assessors of performance goal attainment and corresponding award levels for Participants in the UL Incentive Plan will be the Executive Vice Chancellor for Business Affairs with input from the ULAB. The Chancellor will conduct a final review of the assessments and is authorized to approve the UL Incentive Plan awards each year.

### **Incentive Award Specifics**

University Lands will target total direct compensation for Participants in the UL Incentive Plan at the market median for oil and gas industry professionals, with potential upside to the 75<sup>th</sup> percentile if performance is outstanding. A specific group of peer companies will be identified and reviewed at least bi-annually by a third-party consultant with expertise in oil and gas industry compensation to ensure this objective is met.

All employees are eligible for participation in the UL Incentive Plan at five levels. Specific recommendations will be made each year by the CEO of University Lands and with input from the ULAB for Levels 1 – 4. The targets and ranges for all five levels of employees eligible for the UL Incentive Plan are listed in **Table A**. As stated above, the Chancellor, or the Chancellor's designee, will have discretionary authority to approve incentive compensation awards based on the recommendation of the ULAB.

The incentive award covered within this UL Incentive Plan is a percentage of a Participant's base salary as highlighted below.

**Table A  
Award Opportunity (% of Salary)**

<b>Employee Group</b>	<b>Number of Employees*</b>	<b>Minimum</b>	<b>Target</b>	<b>Maximum</b>
CEO	1	0%	100%	200%
Executive	3	0%	75%	150%
Management	9	0%	30%	60%
Professional	14	0%	15%	30%
Team**	~40	0%	5%	10%

\* Numbers include open positions.

\*\*Team includes all remaining employees, who are eligible to receive awards based on CEO recommendation.

Award opportunity levels, within the total incentive pool award available, will be adjusted to reflect each individual Participant’s success in attaining performance goals. Based upon annual performance assessment, the awards will be provided as follows:

1. **If the Participant’s performance meets Target**, the Participant will earn 100% of the potential Target award.
2. **If the Participant’s performance significantly exceeds Target**, the Participant will earn 200% of the potential Target award.
3. **If the Participant fails to meet Target**, the Participant’s award will be a discretionary amount, with the award range to be between 0% and a number below the Participant’s Target, taking into account incremental performance measures and goals met if appropriate.

The ranges listed in Table A will be reviewed annually and may be adjusted by up to 33% with the endorsement of the ULAB and with the Chancellor’s approval. Increases in target ranges should include a portion of deferred compensation, consistent with the framework of the UTIMCO incentive compensation plan. The Chancellor, or the Chancellor’s designee, has full discretion over adjustments to ranges, within the limit noted above, and the total amount of the approved award. For clarification, neither the Chancellor nor U. T. System is obligated to grant awards under the UL Incentive Plan in any given year.

**Quantitative and Qualitative Measures**

The Plan will also provide for both quantitative and qualitative measures, which helps to recognize both overall performance and individual performance. These proportional measures are highlighted in **Table B**.

**Table B**  
**Proportional Measures**

<b>Employee Group</b>	<b>Quantitative</b>	<b>Qualitative</b>
CEO	80%	20%
Executive Management	70%	30%
Professional	50%	50%
Team**	40%	60%
	80%	20%

### **Incentive Award Payments**

Incentive awards will be considered annually following the performance period, and a recommendation will normally be reviewed for endorsement at the ULAB October meeting, with final approval given by the Chancellor, or the Chancellor's designee, and payments made as soon as practical thereafter, in compliance with current Internal Revenue Service regulations. Incentive award payments will be made in lump sum.

Calculation of prorated incentive awards, if applicable, will be based on the Participant's attainment of performance goals and the length of time a Participant was eligible to receive an incentive award during the performance period. Rules for payment of incentive awards upon termination of employment follow.

All incentive awards will be subject to any deductions as noted:

1. for tax withholding required by federal, state, or local law at the time such tax and withholding is due (irrespective of whether such incentive award is deferred and not payable at such time), and
2. for any and all amounts owed by the Participant to The University of Texas System at the time of payment of the incentive award. The University of Texas System will not be obligated to advise an employee of the existence of the tax or the amount that The University of Texas System will be required to withhold.

### **Payment of Incentive Award upon Termination of Employment**

Except as otherwise noted below, any Participant who ceases to be a Participant, either because of termination of employment with The University of Texas System (specifically employed on behalf of University Lands), or for any other reason stated below, prior to the end of a performance period will not be eligible to receive payment of any incentive award for that or any subsequent performance periods.

If a Participant ceases to be a Participant in the UL Incentive Plan prior to the end of the performance period because he or she commences an approved leave of absence or retires, such Participant's incentive award for the current performance period, if any, will be calculated on a prorated basis from the first day of the performance period to the date coinciding with the date the Participant commence such leave of absence or retirement, and such individual will not be entitled to any incentive awards for any performance period thereafter (unless he or she again become a Participant as previously described)

If a Participant transitions from one level to another during a fiscal year, by default, the award will be calculated by prorating performance and ranges for time spent during the fiscal year in each level. However, calculation for an award in this situation is within the sole discretion of the CEO of University Lands.

The following chart outlines the treatment of the incentive award upon termination of a Participant's employment:

Termination reason	Forfeit	Prorated	Discretion of Board of Regents
Death		X	
Disability		X	
Retirement		X	
Quit	X		
Termination			X

**Annual Due Dates**

Annual Due Date	Action
<p>July 31</p> <p><b>Propose Goals for Upcoming Year to the ULAB</b></p> <p><b>Third party assessment of compensation performance</b></p>	<p>Proposed University Lands goals for upcoming fiscal year are developed by University Lands management and endorsed by the ULAB. Individual goals are developed and reviewed by the CEO. CEO goals are reviewed with both the ULAB and the Executive Vice Chancellor for Business Affairs.</p> <p>Retain third party at least bi-annually to assist the ULAB, CEO and Executive Vice Chancellor for Business Affairs in determining peer group, industry compensation trends, etc.</p>
<p>August 31</p> <p><b>Goal Review Process and Final Approval</b></p> <p><b>Identify Eligible Participants for next year's plan</b></p>	<p>Performance goals for University Lands and for individual employees for the upcoming fiscal year are finalized. University Lands goals are reviewed by the ULAB and approved as part of the U. T. System budget process. CEO goals are reviewed and endorsed by the ULAB and the Executive Vice Chancellor for Business Affairs. Eligible employees are identified, and goals are established and reviewed with CEO of University Lands.</p>

<p>September 30</p> <p><b>Assessment of Prior Year's Goal Attainment</b></p>	<p>University Lands provides an assessment of performance to third party and appropriate stakeholders.</p> <p>Third party conducts assessment of performance, qualitative and quantitative, through analysis and interview with key stakeholders</p>
<p>Early October</p> <p><b>Recommended Incentive Payments</b></p>	<p>The ULAB (including the Executive Vice Chancellor for Business Affairs) receives recommendation from the CEO and/or a third party for the total compensation pool for University Lands employees.</p> <p>The ULAB makes recommendation to the Chancellor for final UL Incentive Pay awards.</p>
<p>Mid-October</p> <p><b>Incentive Award Recommendations for UL Employees under the UL Incentive Plan (non-CEO)</b></p>	<p>For the UL Incentive Plan, the Chancellor, or the Chancellor's designee reviews the ULAB's recommendations for UL Incentive Pay Awards, and if approved by the Chancellor, awards are paid as soon as possible following the Chancellor's approval.</p>
<p>November</p> <p><b>Incentive Award Recommendation for CEO</b></p>	<p>Based upon the ULAB's recommendation, the Chancellor makes a recommendation to the U. T. System Board of Regents for approval and payment of the University Lands CEO's incentive award. The CEO's award will be paid as soon as possible following the Board of Regents' approval.</p>

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**IV. UL INCENTIVE PLAN AUTHORITY, RESPONSIBILITY AND INTERPRETATION**

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**Authority**

Except as otherwise specifically provided, this Incentive Plan will be administered by the Chancellor, or the Chancellor's designee, upon recommendations from the ULAB.

The U. T. System Board of Regents and the Chancellor have all powers specifically vested herein and all powers necessary or advisable to administer or direct administration of the UL Incentive Plan as the Board and the Chancellor determine in their discretion, including without limitation, the authority to:

1. establish the conditions for the determination and payment of compensation by establishing the provisions of the UL Incentive Plan,
2. select the employees who are eligible to be Participants in the UL Incentive Plan, and

3. designate to any other person, committee, or entity any of its ministerial powers and/or duties under the UL Incentive Plan, as long as any such delegation is in writing and complies with Regents' Rules.

### **Responsibility/Rights**

The Board of Regents has the right in its discretion to amend the UL Incentive Plan or any portion thereof from time to time, to suspend it for a specified period or to terminate it entirely, or any portion thereof.

If the UL Incentive Plan is suspended or terminated during a performance period, Participants are eligible to be considered to receive a prorated incentive award based on performance achieved through the performance measurement date immediately preceding such suspension or termination. The UL Incentive Plan will be in effect until suspension or termination by the Board of Regents.

All records for the UL Incentive Plan will be maintained by the Office of the Chancellor.

### **Interpretation**

Consistent with the provisions of the UL Incentive Plan, the Chancellor, or the Chancellor's designee, or the U. T. System Board of Regents has the discretion to interpret the UL Incentive Plan and may from time to time adopt such rules and regulations that it may deem advisable to carry out the UL Incentive Plan. All decisions made by the Chancellor in selecting the Participants approved to receive incentive awards, including the amount thereof, and in construing the provisions of the UL Incentive Plan, including without limitation the terms of any incentive awards, are final.

# ATTACHMENT A

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## LIST OF POSITIONS IN LEVELS 1-5 FOR FISCAL YEARS 2018 & 19

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### **CEO (Level 1)**

Chief Executive Officer of University Lands

### **Executive Level Positions (Level 2)**

Senior Vice President & General Counsel

Senior Vice President, Operations

Vice President, Land ~(67% of target levels)

### **Management Level Positions (Level 3)**

Budget & Revenue Manager

Director, Accounting, Audit and Regulatory

Director, Corporate Strategy & Development

Land Manager\*

Engineering Manager

Geoscience Manager

Information Systems Manager

Right of Way Manager

Surface Interests Manager

### **Professional Level Positions (Level 4)**

Assistant to the CEO

Attorney

Landman (2)

Network Infrastructure Supervisor

O&G Operator Technical/Operations Data Management

Oil & Gas Accounting Supervisor

Reservoir Engineer

Senior Engineering Advisor

Senior Engineering Analyst

Senior Geoscience Technician

Senior Landman – Surface

Senior Reservoir Engineer\*

Software Development Supervisor

### **Team Level Positions (Level 5)** - Remaining eligible staff (~40)

\* Positions currently open and unfilled

**6. U. T. System Board of Regents: Adoption of Resolution amending the Permanent University Fund Commercial Paper Note Program**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents adopt the Resolution set out on the following pages

- a. amending the Resolution adopted by the Board of Regents on August 14, 2008, and amended by the Board of Regents on February 6, 2014, authorizing the issuance, sale, and delivery of the Board of Regents of The University of Texas System Permanent University Fund (PUF) Commercial Paper Notes, Series A, and Taxable Commercial Paper Notes, Series B, to increase the aggregate principal amount of such Commercial Paper Notes that may be outstanding at any time from \$750 million to \$1.25 billion; and
- b. authorizing appropriate officers and employees of the U. T. System as set forth in the Resolution to take any and all actions necessary or desirable to carry out the terms and provisions of the Resolution, the Commercial Paper Notes, and the agreements relating to the Commercial Paper Notes.

BACKGROUND INFORMATION

On August 14, 2008, the Board of Regents approved a resolution authorizing the PUF Commercial Paper Note Program not to exceed \$500 million outstanding at any one time. On February 6, 2014, the Board of Regents adopted a resolution which, among other matters, amended the original resolution to increase the aggregate principal amount of PUF Commercial Paper Notes that may be outstanding thereunder at any time from \$500 million to \$750 million.

Adoption of this Resolution would increase the maximum authorization of the PUF Commercial Paper Note Program from \$750 million to \$1.25 billion. The increase in the PUF Commercial Paper Note Program will provide additional capacity for the U. T. System to provide efficient interim financing and additional timing flexibility in accessing the long-term capital markets.

Liquidity for the Commercial Paper Note Program will continue to be provided by the U. T. System through the existing arrangement with The University of Texas/Texas A&M Investment Management Company (UTIMCO).

The proposed Resolution has been reviewed by outside bond counsel and the U. T. System Office of General Counsel.

**RESOLUTION AMENDING THAT CERTAIN RESOLUTION ADOPTED BY THE BOARD OF REGENTS ON AUGUST 14, 2008 AUTHORIZING THE ISSUANCE FROM TIME TO TIME OF THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM PERMANENT UNIVERSITY FUND COMMERCIAL PAPER NOTES, SERIES A AND TAXABLE COMMERCIAL PAPER NOTES, SERIES B; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**

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**WHEREAS**, Section 18 of Article VII of the Constitution of the State of Texas, as amended (the “Constitutional Provision”), authorizes the Board of Regents (the “Board”) of The University of Texas System (the “System”) to issue bonds and notes not to exceed a total amount of 20% of the cost value of investments and other assets of the Permanent University Fund, exclusive of real estate, at the time of issuance thereof and to pledge all or any part of its two-thirds interest in the Available University Fund to secure the payment of the principal of and interest on those bonds and notes, for the purpose of acquiring land, constructing and equipping buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, acquiring capital equipment and library books and library materials, and refunding bonds or notes issued under the Constitutional Provision or prior law, at or for the System administration and component institutions of the System as listed in the Constitutional Provision; and

**WHEREAS**, on August 14, 2008, the Board adopted a resolution (the “Original Resolution”) authorizing the issuance, pursuant to the Constitutional Provision, of its Permanent University Fund Commercial Paper Notes, Series A and its Permanent University Fund Taxable Commercial Paper Notes, Series B (collectively, the “Commercial Paper Notes”), in an aggregate principal amount outstanding at any time not to exceed \$500,000,000, which are secured by a pledge of the Interest of the System in the Available University Fund; and

**WHEREAS**, on February 6, 2014, the Board adopted a resolution (the “First Amendment”) which, among other matters, amended the Original Resolution to increase the aggregate principal amount of Commercial Paper Notes that may be outstanding thereunder at any time from \$500,000,000 to \$750,000,000; and

**WHEREAS**, the Original Resolution, as amended by the First Amendment, is referred to herein as the Authorizing Resolution; and

**WHEREAS**, capitalized terms used in this resolution (this “Resolution”) and not otherwise defined shall have the meaning given to such terms in the Authorizing Resolution; and

**WHEREAS**, the Board issues Commercial Paper Notes from time to time for its interim financing needs for eligible projects under the Constitutional Provision; and

**WHEREAS**, the Board desires to amend the Authorizing Resolution for the purpose of increasing the aggregate principal amount of Commercial Paper Notes that may be outstanding at any time from \$750,000,000 to \$1,250,000,000; and

**WHEREAS**, pursuant to its terms, the Authorizing Resolution may be amended at any time without notice to or the consent of any Holders of the Commercial Paper Notes for the purpose, among others, of increasing the amount of Commercial Paper Notes which may be outstanding thereunder.

**NOW, THEREFORE BE IT RESOLVED**, that the Authorizing Resolution is hereby amended to increase the aggregate principal amount of Commercial Paper Notes that may be outstanding thereunder at any time from \$750,000,000 to \$1,250,000,000, and, therefore, all references in the Authorizing Resolution to \$750,000,000 are hereby deleted and replaced with \$1,250,000,000; and

**BE IT FURTHER RESOLVED**, that the Chairman of the Board, the General Counsel to the Board, each Authorized Representative and all other officers, employees, and agents of the Board, and each of them, shall be and they are hereby expressly severally authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver, in the name and under the seal and on behalf of the Board, all such agreements, documents and instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Commercial Paper Notes, each Dealer Agreement, the Issuing and Paying Agent Agreement, the Trust Agreement, the Offering Memorandum, the Master Notes and any other agreement, document or instrument relating to the Commercial Paper Notes; and

**BE IT FURTHER RESOLVED**, that each Authorized Representative is hereby severally authorized to approve, subsequent to the date of the adoption of this Resolution, any technical amendments to this Resolution as may be required by any rating agency as a condition to the granting of a rating on the Commercial Paper Notes and as may be required by the office of the Attorney General of the State of Texas as a condition to the approval of this Resolution and any other agreements and proceedings as required in connection therewith; and

**BE IT FURTHER RESOLVED**, the Board hereby reaffirms the Authorizing Resolution, and the Authorizing Resolution shall remain in full force and effect, as amended by this Resolution; and

**BE IT FURTHER RESOLVED**, that this Resolution shall become effective upon the approval of this Resolution, and any other agreements and proceedings as may be required in connection therewith, by the Attorney General of the State of Texas.

[Execution Page Follows]

**ADOPTED AND APPROVED** this the \_\_\_\_ day of \_\_\_\_\_, 2018.

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Chairman  
Board of Regents of  
The University of Texas System

Attest:

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General Counsel to the  
Board of Regents of  
The University of Texas System

[SEAL]



## TABLE OF CONTENTS FOR ACADEMIC AFFAIRS COMMITTEE

**Committee Meeting:** 11/14/2018

**Board Meeting:** 11/15/2018  
Richardson, Texas

*Ernest Aliseda, Chairman*  
*Kevin P. Eltife*  
*Paul L. Foster*  
*R. Steven Hicks*  
*Janiece Longoria*  
*Rad Weaver*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>10:00 a.m.</i> <i>Chairman Aliseda</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<i>10:00 a.m.</i> <b>Discussion</b>	<b>Action</b>	<b>128</b>
2. <b>U. T. Dallas: Discussion and appropriate action regarding approval of an update to the Campus Master Plan</b>	<i>10:02 a.m.</i> <b>Action</b> <i>President Benson</i>	<b>Action</b>	<b>129</b>
3. <b>U. T. Rio Grande Valley: Approval of preliminary authority for an Occupational Therapy Doctorate</b>	<i>10:25 a.m.</i> <b>Action</b> <i>President Bailey</i>	<b>Action</b>	<b>145</b>
4. <b>U. T. San Antonio: Approval of preliminary authority for a Doctor of Philosophy degree program in Molecular Microbiology and Immunology</b>	<i>10:30 a.m.</i> <b>Action</b> <i>President Eighmy</i>	<b>Action</b>	<b>146</b>
5. <b>U. T. Permian Basin: Authorization to change the official name of the institution to The University of Texas Permian Basin</b>	<i>10:35 a.m.</i> <b>Action</b> <i>President Woodley</i>	<b>Action</b>	<b>147</b>
6. <b>U. T. El Paso: Discussion and appropriate action regarding proposed revisions to the Mission Statement</b>	<i>10:40 a.m.</i> <b>Action</b> <i>President Natalicio</i>	<b>Action</b>	<b>148</b>
<b>Adjourn</b>	<i>11:00 a.m.</i>		

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 17 - 50](#).

2. **U. T. Dallas: Discussion and appropriate action regarding approval of an update to the Campus Master Plan**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve the update to the Campus Master Plan for U. T. Dallas as set forth on the following pages.

**BACKGROUND INFORMATION**

President Benson will present a proposed Campus Master Plan Update that will support the University's 2018 Strategic Plan and overall long-term growth. The update integrates the 2003 Master Plan, the 2009 North Campus Transit Oriented Development Plan, and the 2010 Campus Site Development Plan. A significant effort, with extensive involvement of the campus community, was made to develop the Master Plan Update. The update had the goal of ensuring that the ongoing physical evolution of U. T. Dallas provides an environment that supports student success and excellence in teaching, learning, research, and service, while enhancing the campus' distinctive sense of place and community.

The proposed Master Plan Update creates an urban pedestrian-friendly campus infrastructure that is supported by distinctive academic, research, and living spaces. These are augmented by the introduction of additional art spaces, additional phases of landscaping that have softened the campus feel, and the continued development of a transit-oriented development adjacent to the campus that strengthens the investment in multimodal access to the campus. Some of the additional results of the planning exercise are illustrated in President Benson's PowerPoint presentation set forth on the following pages.



THE UNIVERSITY OF TEXAS AT DALLAS

# 2018 Campus Master Plan Update

*Based upon the 2018 strategic plan*

Dr. Richard C. Benson, President

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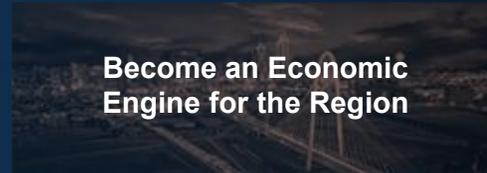
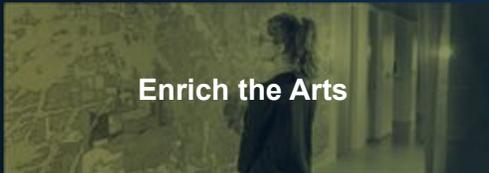
U. T. System Board of Regents' Meeting  
Academic Affairs Committee  
November 2018



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U. T. DALLAS 2018 CAMPUS MASTER PLAN UPDATE

# Strategic Plan Themes



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# Measuring Progress (from 2017-2018 to 2022-2023)

**INCREASE**  
undergraduate  
enrollment

FROM

18,388 to 23,000



**INCREASE**  
graduate  
enrollment

FROM

9,254 to 12,000



**INCREASE**  
academic  
space

FROM

1,781,065 SF to  
2,300,000 SF



**INCREASE**  
tenure-system  
faculty

FROM

580 to 710



## Purpose of the Master Plan Update

*The Master Plan Update **articulates** the vision/mission for the campus and **supports** the University's 2018 Strategic Plan.*

### **Projected Program Details for 30,000 Full-time Equivalent (FTE)/35,000 Head Count**

Based on the Texas Higher Education Coordinating Board space requirements formula, the University has significant space deficits. **To support a student population of 30,000 FTE/35,000 head count, the University needs to provide a total of 720,162 assignable square feet (ASF) which equals 1,107,942 gross square feet (GSF).**



# Campus Plan Strategies

## Strategy 1

Provide an integrated environment for teaching, living, learning, and research.

## Strategy 2

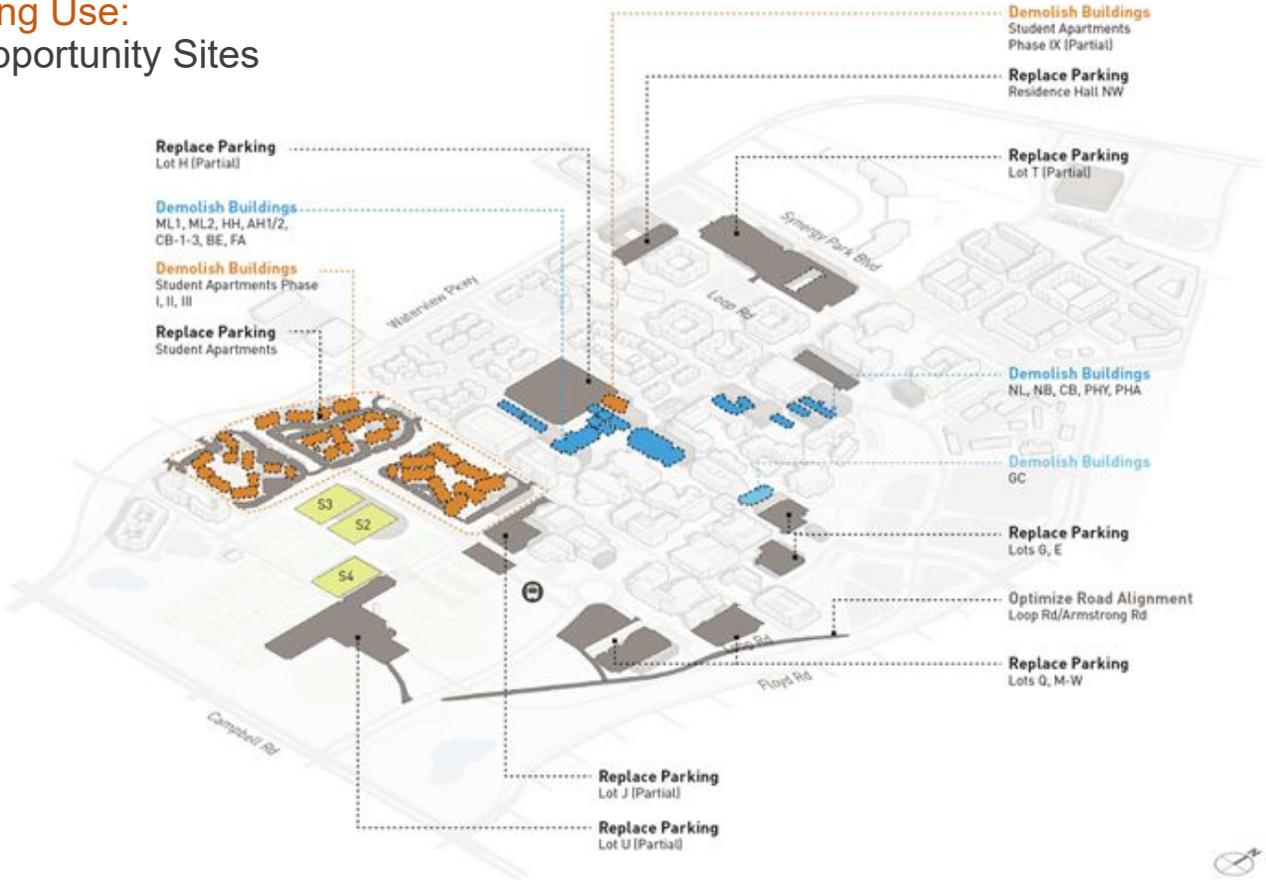
Increase accessibility and efficiency through smart growth principles.

## Strategy 3

Enhance the campus' distinctive sense of place.



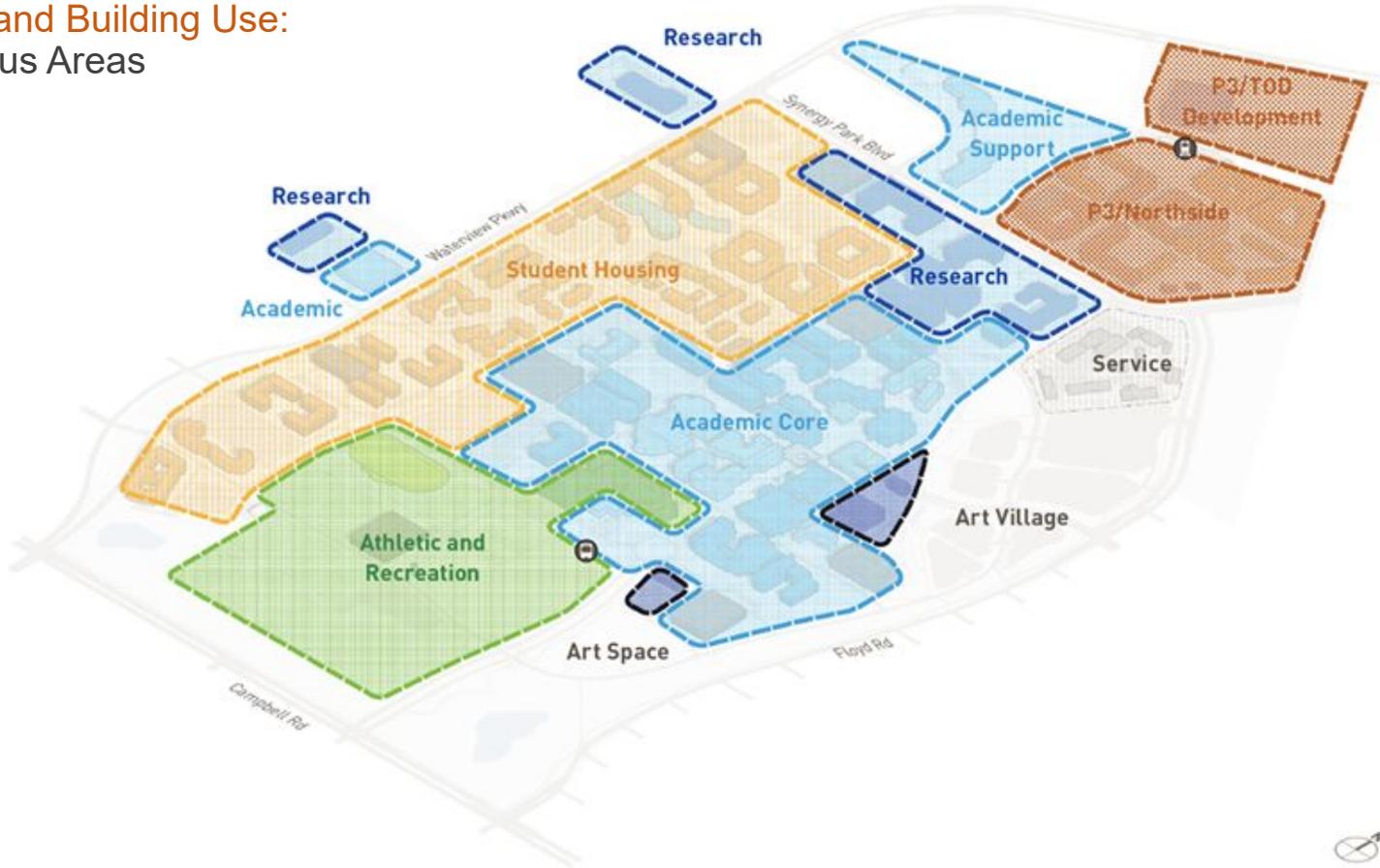
# Land and Building Use: Repurposing/Opportunity Sites



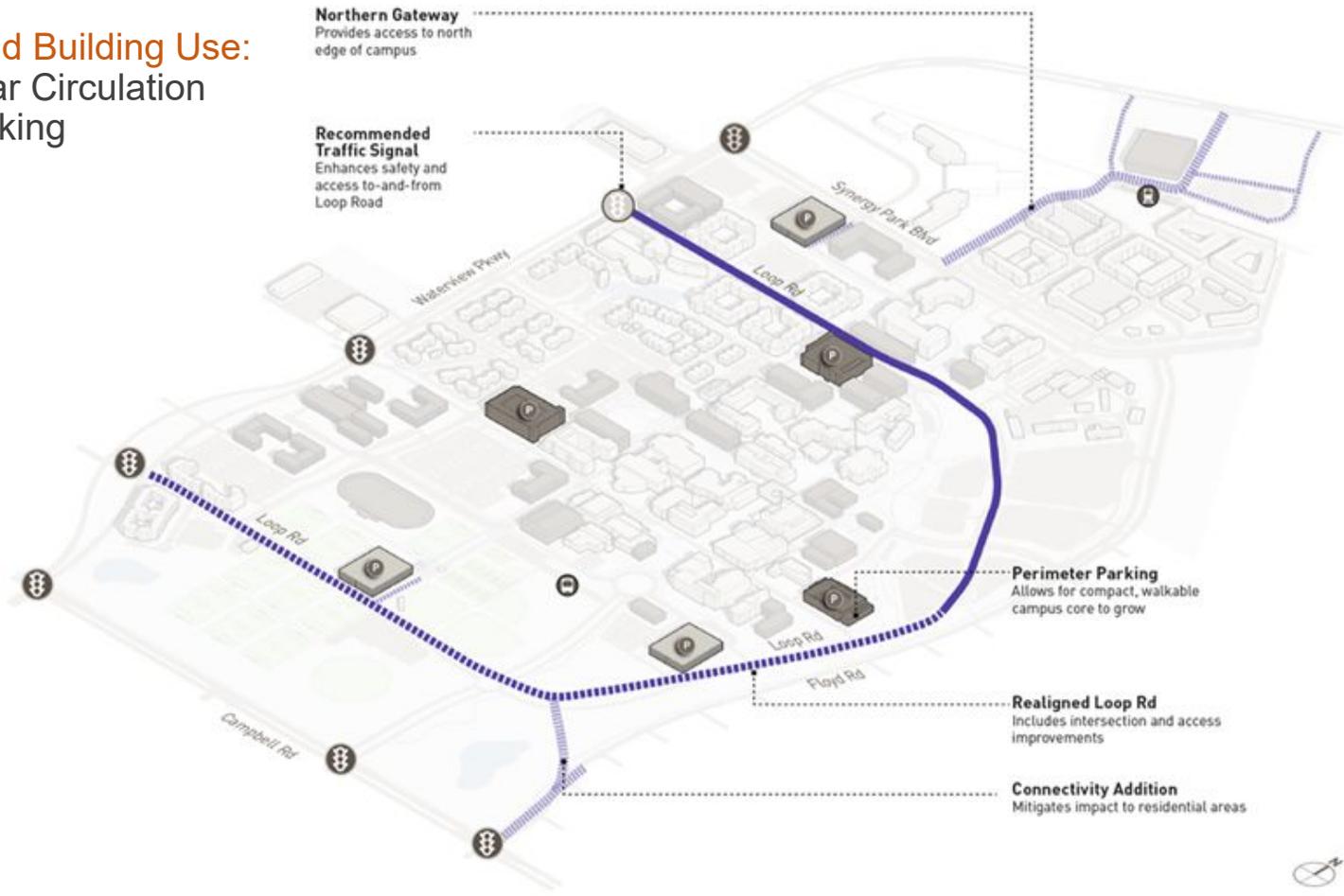
**Land and Building Use:**  
**Proposed Adjacencies/Building Locations**



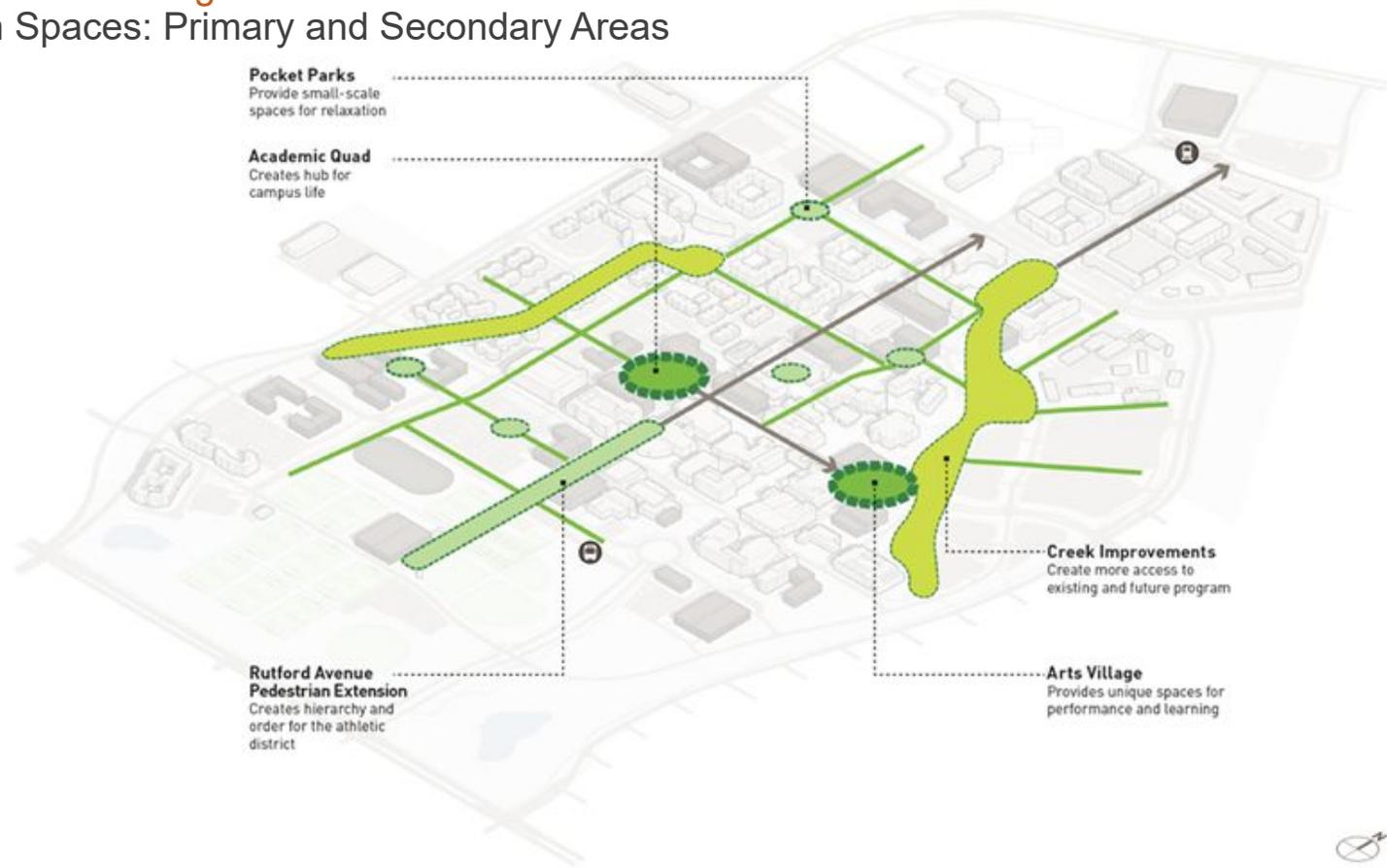
# Land and Building Use: Campus Areas



## Land and Building Use: Vehicular Circulation and Parking



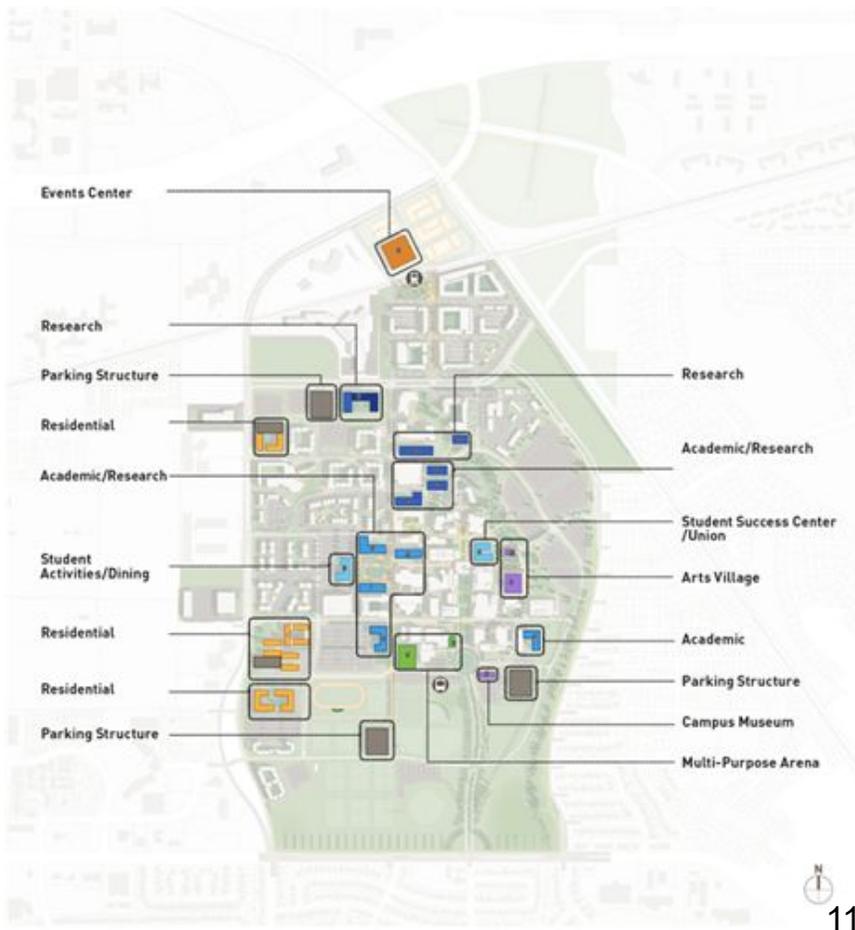
## Land and Building Use: Open Spaces: Primary and Secondary Areas



# New Building Program: Locations



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New Open Space Program: Academic Quadrangle



New Open Space Program: Arts Village



New Open Space Program: Athletics District

# Long-Term Growth: North Campus Framework



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3. **U. T. Rio Grande Valley: Approval of preliminary authority for an Occupational Therapy Doctorate**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve

- a. preliminary authority for U. T. Rio Grande Valley to create an Occupational Therapy Doctorate; and
- b. notification of the proposal to the Texas Higher Education Coordinating Board.

**BACKGROUND INFORMATION**

U. T. Rio Grande requests preliminary authority to amass the resources needed to offer an Occupational Therapy Doctorate (OTD). The proposed OTD program would prepare graduates who can demonstrate professional autonomy, increase practice-based scholarship and research, and allow increased focus on primary care, interprofessional care teams, and specialization in practice. The institution currently offers a master's degree in occupational therapy and has graduated 43 students since 2015 (the year U. T. Rio Grande Valley was established). The Accreditation Council for Occupational Therapy Education (ACOTE) has mandated that the entry-level degree requirement for occupational therapists will move to the doctoral level by July 1, 2027. Only doctoral-level occupational therapy programs will be eligible to receive or maintain ACOTE accreditation as of July 2027.

Nationally, the U.S. Bureau of Labor Statistics projects that by 2026 the number of occupational therapist jobs will increase by 24% (from 130,400 to 161,400). In Texas, the number of jobs is expected to increase by 34%, going from 8,170 to 10,920. At Texas public institutions of higher education, there are eight master's programs and three doctoral programs. Since 2014, approximately 300 master's degrees and 10 doctoral degrees have been awarded annually by public universities and public health-related institutions in Texas.

Once preliminary authority has been approved, U. T. Rio Grande Valley will submit the full degree program proposal for approval by the U. T. System Board of Regents and the Texas Higher Education Coordinating Board.

**4. U. T. San Antonio: Approval of preliminary authority for a Doctor of Philosophy degree program in Molecular Microbiology and Immunology**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents approve

- a. preliminary authority for U. T. San Antonio to create a Doctor of Philosophy degree program in Molecular Microbiology and Immunology; and
- b. notification of the proposal to the Texas Higher Education Coordinating Board.

**BACKGROUND INFORMATION**

U. T. San Antonio requests preliminary authority to amass the resources needed to offer a Doctor of Philosophy (Ph.D.) in Molecular Microbiology and Immunology. The program would complement the existing doctoral program in cell and molecular biology, but with a focus on infectious diseases. Faculty in the proposed Ph.D. program will partner with scientists at the Texas Biomedical Research Institute (TBRI) to co-train Ph.D. students. This partnership would allow the program to prepare students for high-level positions in the academic, government, and private sectors.

The institution currently has 18 faculty members within the Department of Biology who are affiliated with the Molecular Microbiology and Immunology track. These faculty members currently have national and international recognition, laboratory infrastructure, and support required for a successful Ph.D. program.

The U.S. Bureau of Labor Statistics (BLS) projects that an employment increase of 8.2% for microbiologists from 23,200 to 25,100 by 2026. The Texas Workforce Commission (TWC) also projects an increase of 18.1% from 830 to 980 by 2024. In addition to working as microbiologists, these graduates will have substantial opportunities to work in an array of health care industry occupations (e.g., microbiological laboratories, research scientists, etc.) that are not captured by either the BLS or TWC. It is unlikely that the current production of Ph.D. graduates in Texas will alone meet the various types of occupations available to these graduates. From 2014 to 2017, approximately 35 annual doctoral degrees have been awarded by Texas public academic and health-related institutions in either microbiology, immunology, or microbiology and immunology.

After preliminary authority has been approved, U. T. San Antonio will submit the full degree program proposal for approval by the U. T. System Board of Regents and the Texas Higher Education Coordinating Board.

5. **U. T. Permian Basin: Authorization to change the official name of the institution to The University of Texas Permian Basin**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor and General Counsel, and the institutional president that approval be granted to

- a. change the official name of The University of Texas of the Permian Basin to The University of Texas Permian Basin; and
- b. amend the Regents' *Rules and Regulations*, Rule 40601, Section 1.3(e), concerning institutions comprising The University of Texas System, as set forth below in congressional style:

Sec. 1 Official Titles of Institutions. The U. T. System is composed of the institutions set forth below. To ensure uniformity and consistency of usage throughout the U. T. System, the institutions shall be listed in the following order and the following titles (short form of title follows) shall be used:

...

1.3 Academic Institutions of the U. T. System are:

...

(e) The University of Texas ~~of the~~ Permian Basin (U. T. Permian Basin)

....

BACKGROUND INFORMATION

This proposed amendment to the Regents' *Rules and Regulations*, Rule 40601, is to reflect the name change of The University of Texas of the Permian Basin to The University of Texas Permian Basin.

Much like U. T. Rio Grande Valley, U. T. Permian Basin is situated in a geographic region known as the Permian Basin, rather than in a city-specific location like other U. T. institutions. In addition, because the University's official name is lengthy, it is difficult to find a visual balance in its marketing efforts. The shortened name will help to enhance the University's outreach and marketing efforts.

*Texas Education Code* Section 65.11 authorizes the Board of Regents to provide for the "administration, organization, and names of the institutions and entities in The University of Texas System in such a way as will achieve the maximum operating efficiency of such institutions and entities."

Once the name change is approved, the Office of Academic Affairs will notify the Texas Higher Education Coordinating Board. Texas statute will also need to be amended to reflect the new name.

6. **U. T. El Paso: Discussion and appropriate action regarding proposed revisions to the Mission Statement**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that proposed changes to the Mission Statement for U. T. El Paso, as set forth in congressional style on the following page, be approved by the U. T. System Board of Regents.

BACKGROUND INFORMATION

Each public institution of higher education is required to have a mission statement under *Texas Education Code* Section 51.359. Section 51.352 of the Code, regarding the Responsibility of Governing Boards, requires governing boards to insist on clarity of focus and mission of each institution under its governance. Regents' *Rules and Regulations*, Rule 10402 states that the Academic Affairs Committee or the Health Affairs Committee, as appropriate, must review proposed changes to institutional mission statements.

Approval of this item will also help to ensure compliance with the Southern Association of Colleges and Schools (SACS) requirements regarding the periodic review and approval of each institution's mission statement by its governing board.

The U. T. El Paso Mission Statement was last approved on November 10, 2011.

### Proposed Revised Mission Statement

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

As a public university, UTEP is committed to providing access and opportunity ~~to the people for~~ social mobility to residents 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 academic programs and enhanced experiences for personal and professional growth programs, which that 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 binational and multicultural, U.S.-Mexico border region.



## TABLE OF CONTENTS FOR HEALTH AFFAIRS COMMITTEE

**Committee Meeting:** 11/14/2018

**Board Meeting:** 11/15/2018  
Richardson, Texas

*Paul L. Foster, Chairman  
Ernest Aliseda  
David J. Beck  
R. Steven Hicks  
Jeffery D. Hildebrand  
Janiece Longoria*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>1:30 p.m. Chairman Foster</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<i>1:30 p.m. <b>Discussion</b></i>	<b>Action</b>	<b>151</b>
2. <b>U. T. Health Science Center - San Antonio: Approval to establish a Doctor of Philosophy degree program in Health Sciences</b>	<i>1:35 p.m. <b>Action</b> <i>President Henrich</i></i>	<b>Action</b>	<b>152</b>
3. <b>U. T. System: Report on the U. T. System Virtual Health Network Infrastructure</b>	<i>1:45 p.m. <b>Report/Discussion</b> <i>President Callender Alexander Vo, Ph.D. UTMB</i></i>	Not on Agenda	<b>157</b>
<b>Adjourn</b>	<i>2:15 p.m.</i>		

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 51 - 74](#).

**2. U. T. Health Science Center - San Antonio: Approval to establish a Doctor of Philosophy degree program in Health Sciences**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and the institutional president that authorization, pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, be granted to

- a. establish a Doctor of Philosophy degree program in Health Sciences in the Graduate School of Biomedical Sciences, in collaboration with the School of Health Professions at U. T. Health Science Center - San Antonio; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

The Graduate School of Biomedical Sciences, in collaboration with the School of Health Professions at U. T. Health Science Center - San Antonio, proposes to offer a Doctor of Philosophy (Ph.D.) degree program in Health Sciences. The proposed program is designed to prepare allied health professionals to assume major leadership, research, and educational positions within their professions as well as providing preparation for career advancement opportunities at colleges and universities, research institutions, clinical agencies, governmental and health care organizations, and in industry. The Ph.D. in Health Sciences is intended to be a broad-based, interprofessional degree that will allow graduates to place their individual health field in the context of the allied health disciplines, the health care delivery system as a whole, and the larger issues of health and wellness across the continuum of the health care system.

For students entering with a master's or professional doctoral degree (e.g., Doctor of Occupational Therapy or Doctor of Physical Therapy), the minimum number of additional semester credit hours (SCH) required for completion of the Ph.D. in Health Sciences will be 68 SCH for a total of 98 SCH; such students may transfer up to 30 SCH towards fulfillment of Ph.D. program requirements. Students entering the program with a bachelor's degree will be required to complete a master's degree in an allied health-related discipline or complete 30 SCH of other acceptable graduate credit. Including the master's degree course work (30 SCH), a total of 98 SCH is required for award of the Ph.D.

The Ph.D. in Health Sciences consists of four major core areas: Education (12 SCH), Research and Statistics (16 SCH), Leadership (10 SCH), and Professional Track (9 SCH). In addition to the four core areas, 12 SCH of electives and 9 SCH of dissertation research hours and successful defense of the dissertation research project is required. The nine hours of Professional Track credit provides advanced cognate courses in specific allied health disciplines offered at U. T. Health Science Center - San Antonio. The 12 SCH of elective course work may include the advanced biomedical sciences, clinical sciences, education, management and

supervision, leadership principles, measurement and statistics, and additional research courses that are available at U. T. Health Science Center - San Antonio. Courses will be offered online, and in face-to-face/blended formats integrating distance technology, where appropriate.

The goals of the program are to: (1) prepare competent Health Science professionals at the doctoral level to assume leadership roles as educators, researchers, and leaders; (2) provide leadership training in specific clinical-related specialty areas; and (3) develop individuals who can formulate appropriate questions, organize and test hypotheses, and apply research results to improve health care.

### Need and Student Demand

Allied health may be broadly defined as those health professions that are distinct from medicine and nursing. Allied health workers in the U.S. represent approximately 60% of the health care workforce. Allied health professionals are trained at colleges and universities and according to the Bureau of Labor Statistics (BLS) and the Texas Workforce Commission, there will be large workforce shortages in almost all allied health fields in Texas and the U.S. As seen in the below chart, BLS projects that the workforce demand for the allied health disciplines specifically addressed by the proposal range from a 12.7% to 37.4% increase for the period 2016 to 2026.

Occupation	Employment Numbers			Replacement Total
	2016	2026	%	
Clinical laboratory technologist and technicians	335,700	378,300	12.7%	42,700
Emergency medical technicians and paramedics	248,000	285,400	15.1%	37,400
Occupational Therapists	130,400	158,000	27.7%	21,200
Physical Therapists	239,800	299,800	25.0%	60,000
Physicians Assistants	106,200	145,900	37.4%	39,700
Respiratory Therapist	130,200	160,600	23.4%	30,400
Speech-language Pathologist	145,100	170,500	17.5%	25,400

Due to the large workforce demand, optimization of training program enrollments at colleges and universities requires sufficient numbers of well-qualified faculty in the allied health disciplines available for hiring. Many allied health programs report faculty shortages that have persisted for many years.

Many current allied health faculty members are approaching retirement age and the availability of qualified, doctorally-prepared individuals to assume roles as allied health faculty members is at risk. There is also a significant need for researchers prepared to conduct outcomes research in the allied health disciplines to ensure care provided continues to be cost-effective and appropriate and to evaluate new forms of care as they emerge.

There are many practicing allied health professionals interested in completing a doctoral degree in health sciences to prepare them for faculty and leadership positions. This is most evident in colleges and universities that have allied health training programs. Often, faculty teaching in these college and university programs have professional master's degrees (e.g., Master of

Occupational Therapy, Master of Science in Medical Laboratory Sciences, Master of Science in Respiratory Care, Master of Science in Physician Assistant Studies, Master of Science in Speech Language Pathology), but lack a terminal doctoral degree. Regional accrediting bodies such as the Commission on Colleges of the Southern Association of Colleges and Schools (SACSCOC) are increasingly reluctant to allow allied health faculty without a terminal doctoral degree in a health sciences-related discipline to teach allied health graduate students. The proposed program would allow faculty currently teaching in allied health programs to obtain the requisite doctoral degree.

In 2016, according to the National Science Foundation National Center for Science and Engineering Statistics Survey of Earned Doctorates, there were 11,183 doctorate recipients in the life sciences (biological, biomedical, and health sciences) nationwide and of those, 3,976 were in Texas. Currently, there are only two programs awarding the Ph.D. in Health Sciences in Texas and only a small number of such programs in the U.S. Not only is there demand for doctorally-prepared faculty to succeed current allied health faculty, but there is also a significant need for faculty to conduct outcomes research in the allied health disciplines.

Over the past five years, public four-year universities across the state have increased annual baccalaureate degrees awarded to students with majors in the biological sciences (e.g., general biology, microbiology, molecular biology, cell biology) by 11.7%. Thus, in 2013, over 4,000 students graduated from these biological sciences programs, providing one indicator of the level of interest present in students to pursue a bachelor's degree that prepares students for graduate programs in the health sciences (including research). Each year, many graduates earn a bachelor's or master's degree in an allied health discipline.

#### Texas Public University Allied Health Graduates in Selected Fields, 2014-2015

<b>Discipline</b>	<b>2014-15 Graduates</b>
Audiology and Speech-Language Pathologist	230
Community Health Services	122
Dietetics and Nutrition	85
Health and Wellness, General	786
Health Care Management	444
Health Services	278
Medical Laboratory Sciences	158
Occupational Therapist	164
Physical Therapist	201
Physician Assistant	79
Rehabilitation Sciences	382
Respiratory Therapist	101
Speech-Language Pathologist	239
<b>Total</b>	<b>3,269</b>

Thus, there is a large pool of individuals completing graduate professional degrees in the allied health sciences, and many of these may choose to go on and pursue the Ph.D. in Health Sciences.

### Program Quality

Fourteen (14) core faculty and nine (9) supporting faculty from the U. T. Health Science Center - San Antonio School of Health Professions will support the program. New faculty to be hired include one individual to serve as program director to manage the program. The remainder of the core and support faculty will be drawn from existing faculty who currently teach in their disciplines and bring significant experience in allied health, the biosciences, research, leadership, and education. These core and support faculty have the requisite research and scholarly productivity needed and current or past funding in various areas including community service learning, rehabilitation outcomes, education, the biosciences, and medicine.

An existing Program Review and Outcomes Assessment system will be used to evaluate program resources (i.e., faculty, support staff, facilities, library, learning resources, and web-based instructional services) and program outcomes (job placement, graduate satisfaction, employer satisfaction). Program evaluation will occur annually and will include multiple inputs: resource assessment surveys completed by students; standardized course and instructor evaluations completed at the conclusion of each course; graduate exit and follow up surveys to assess achievement of program goals and objectives; program applicant pools, entering students, attrition, and graduation success; curriculum review; teaching and learning artifacts (e.g., course syllabi, instructional materials); and review of student dissertation research projects completed and resultant peer-reviewed publications.

U. T. Health Science Center - San Antonio's Academic Learning and Teaching Center (ALTC) opened in February 2016, adding 33 state-of-the-art classrooms and the ability to accommodate variable configurations. The 130,000-square-foot building also features strategic learning spaces and cutting-edge technology in the digital anatomy laboratory. In addition to the ALTC, three programs in the School of Health Professions (Occupational Therapy, Physical Therapy, and Speech-Language Pathology) recently moved into 46,000 square feet of renovated space in the Dental School. The move, which occurred upon completion in Fall 2018, enables the School of Health Professions to operate in a consolidated, contiguous area on the Long Campus, where the administrative offices of the Graduate School of Biomedical Sciences are located. The School of Health Professions gains dedicated research space, expanded faculty office space, a student lounge, study areas, and two large flex labs for classroom instruction. The physical environment will further promote interprofessional research and learning the proposed Ph.D. program aims to cultivate.

Revenue and Expenses

<b>Projected Enrollment</b>	<b>5-Year Total</b>
Number of Students Used for Formula Funding Calculation	30
Total Number of Students	30
<b>Expenses</b>	<b>5-Year Total</b>
<i>Faculty</i>	
Salaries	\$1,084,005
Benefits	
<i>Graduate Students</i>	
TA Salaries	\$0
TA Benefits	\$0
GRA Salaries	\$0
GRA Benefits	\$0
<i>Staff and Administration</i>	
Graduate Coordinator Salary	\$0
Administrative Staff Salaries	\$167,345
Staff Benefits	
SCC Operating Benefits	
<i>Other Expenses</i>	
Supplies and Materials	\$82,500
Equipment	\$25,000
Other (Travel)	\$15,000
<b>Total Expenses</b>	<b>\$1,373,850</b>
<b>Revenue</b>	<b>5-Year Total</b>
<i>From Student Enrollment</i>	
Formula Funding	\$684,833
Tuition and Fees	\$756,024
<i>From Institutional Funds</i>	
Reallocation of Existing Resources	\$500,000
<b>Total Revenue</b>	<b>\$1,940,857</b>

Coordinating Board Criteria

The proposed program meets all applicable Coordinating Board criteria for new doctoral degree programs.

**3. U. T. System: Report on the U. T. System Virtual Health Network Infrastructure**

REPORT

President Callender and Alexander Vo, Ph.D., Vice President of Telemedicine and Health Innovations at U. T. Medical Branch - Galveston, will report on the U. T. System Virtual Health Network Infrastructure.

A PowerPoint presentation is set forth on the following pages.

BACKGROUND INFORMATION

At the November 4, 2015 meeting of the Board of Regents' Health Affairs Committee, President Callender and Dr. Vo reported on the status of telemedicine in Texas and introduced a proposal to create a U. T. System Virtual Health Network Infrastructure, including the implementation of a pilot telemedicine project across the U. T. System health institutions.

On February 11, 2016, the Board of Regents approved \$10.8 million from the Available University Fund or the Permanent University Fund to support a new U. T. System Virtual Health Network Infrastructure.

# The University of Texas System Virtual Health Network Infrastructure

**David L. Callender, M.D., MBA, FACS**  
President  
U. T. Medical Branch - Galveston

**Alexander H. Vo, Ph.D.**  
Vice President, Telemedicine and  
Health Innovations  
U. T. Medical Branch - Galveston

U. T. System Board of Regents' Meeting  
Health Affairs Committee  
November 2018

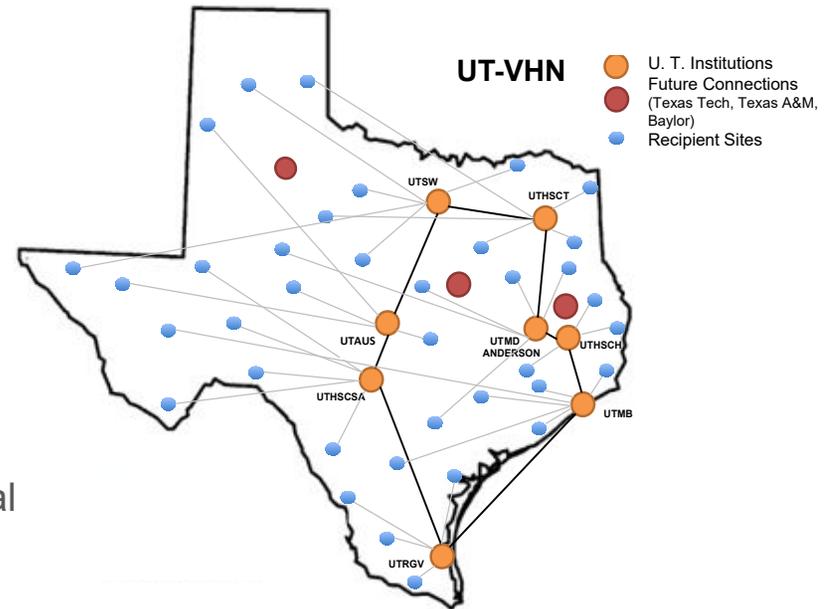


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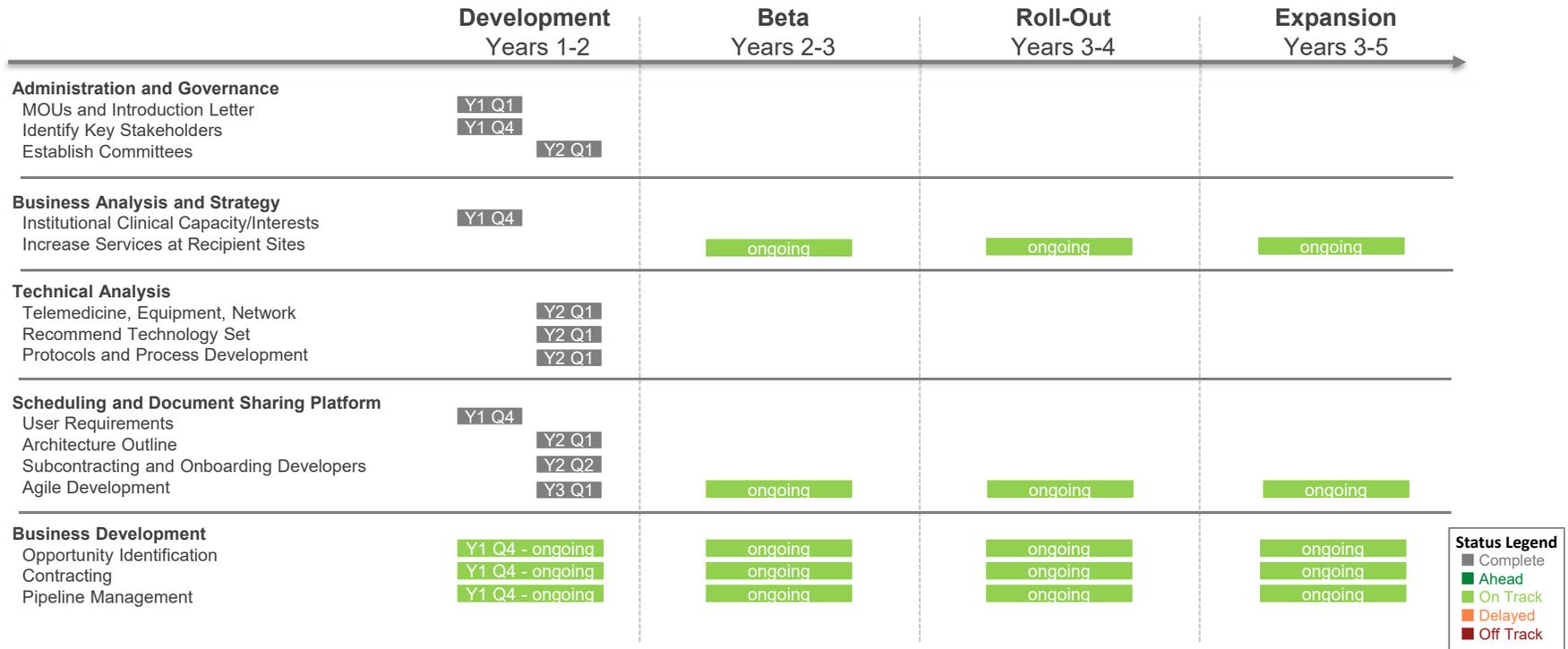
# Taking the Lead in Telehealth: The U. T. Virtual Health Network (UT-VHN)

U. T. System is leveraging technology to create a model for care delivery that:

- Expands current programs
- Initiates innovations
- Facilitates virtual centers of excellence
- Provides access to every citizen
- Serves as a conduit for coordinated care
- Bridges access to specialty services for rural providers and their patients
- Invites collaborations across institutions



# Major Milestones: Status as of Year 3, Quarter 1

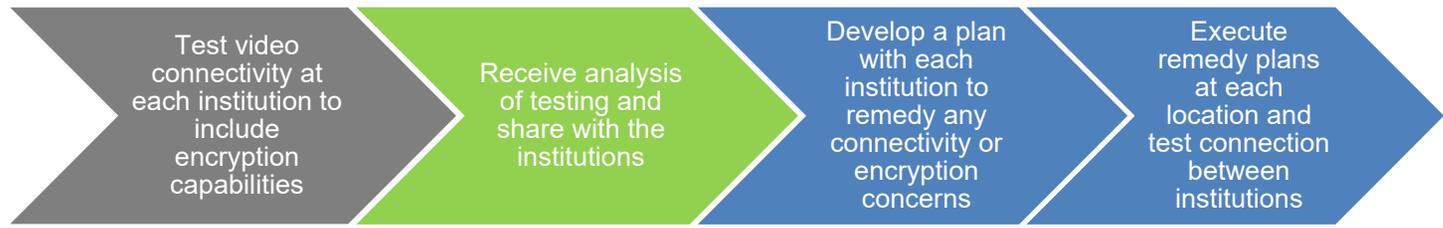


# UT-VHN Technical Progress

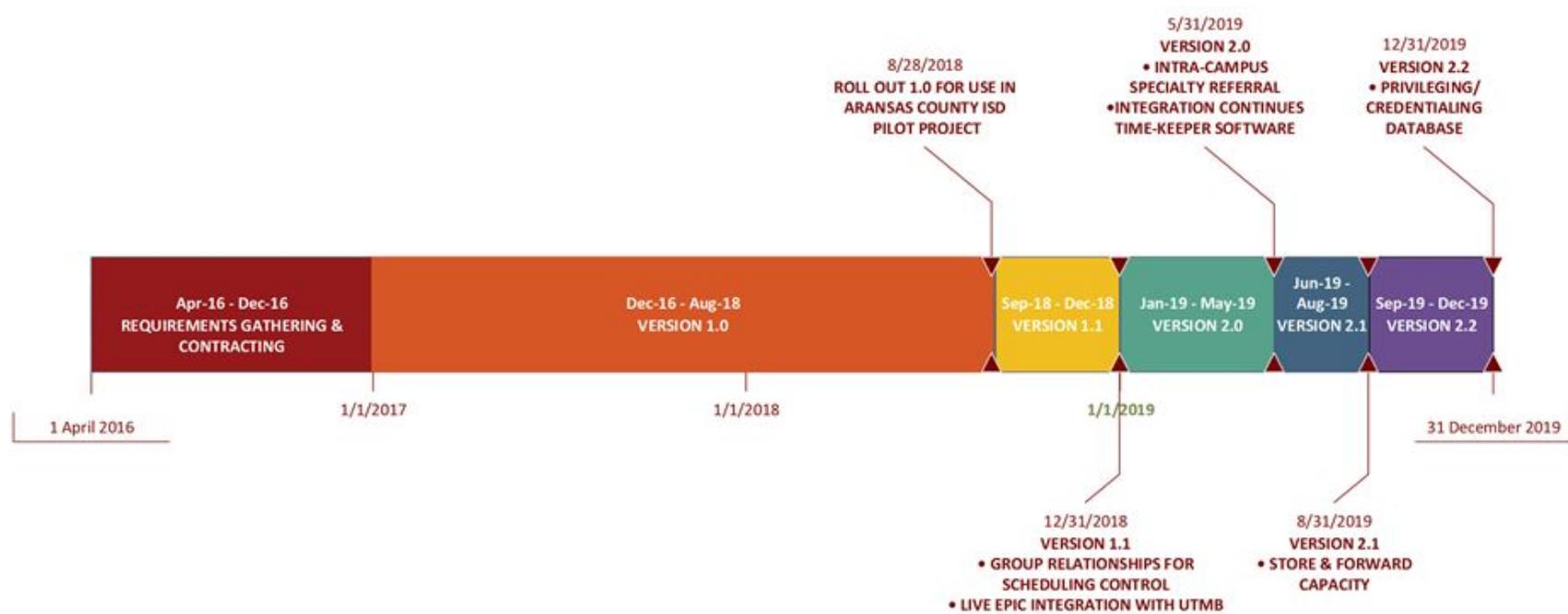
- > Video Communications Platform
- > Scheduling Platform



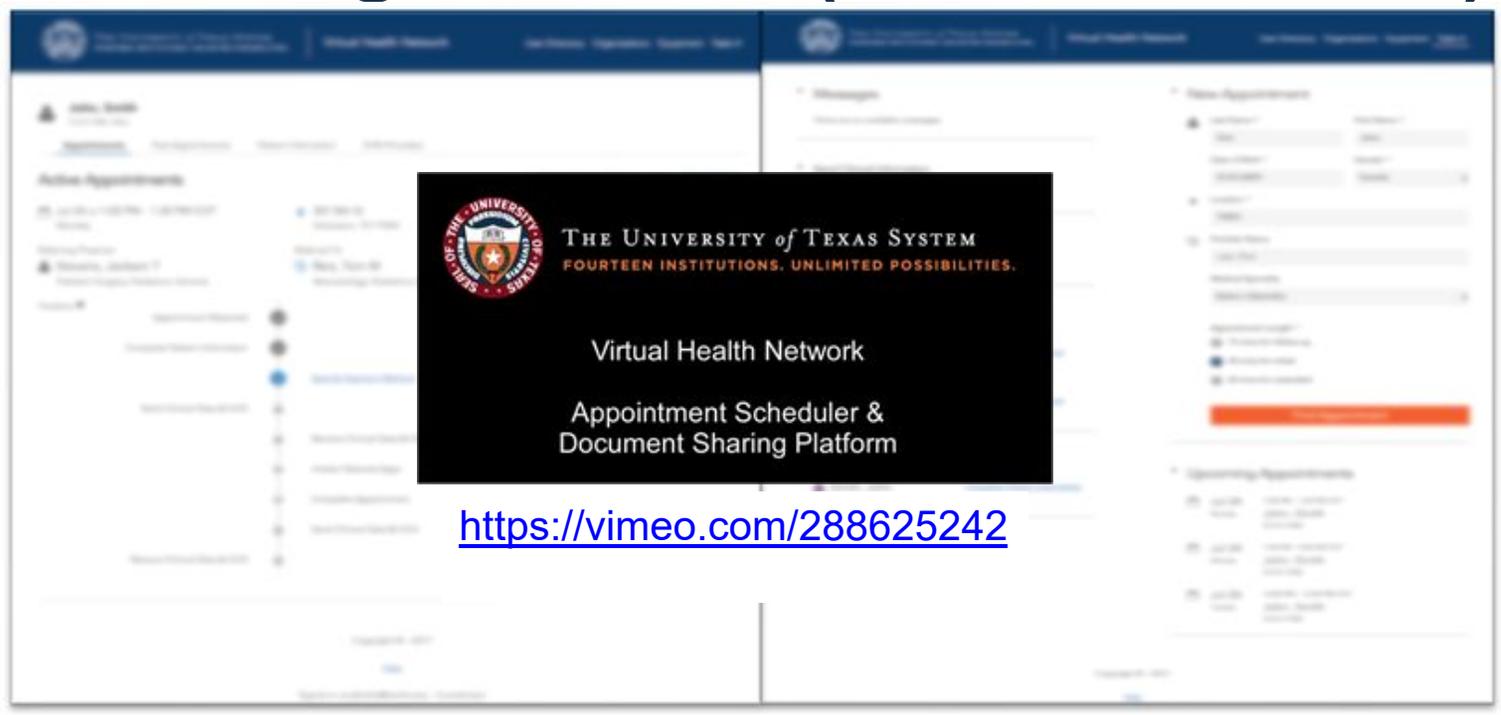
# Video Communications Platform



# Scheduling Platform: Future Milestones



# Scheduling Platform (Demonstration)



# UT-VHN Clinical Expansion

- Overview of Active Projects
- Statewide Possibilities
- Facilitated Revenue



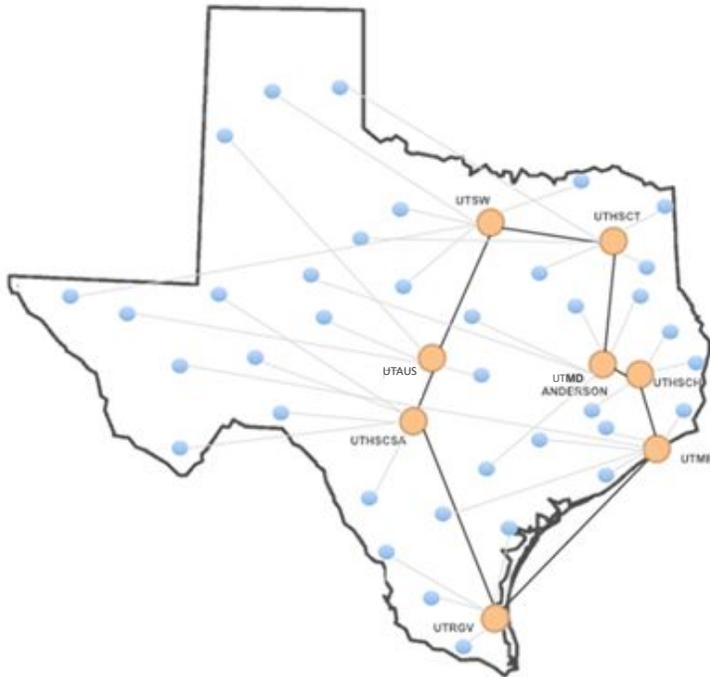
# Telemedicine Project Pipeline



	Initial Discussion	Key Stakeholders Identified	Expression of Intent/ Potential Pilot	Expansion Pending	Contracting and Operational
<b>UTHSCSA</b>			Care coordination with UTMDACC's Pediatrics, HIV, Nephrology, and Hepatitis C		
<b>UTAUS Dell Medical School</b>	Identifying best programs and area				
<b>UTRGV School of Medicine</b>		Identifying best programs in local school districts		San Carlos, La Victoria Primary Care, Bob Clark, and Laguna Vista Clinics	
<b>UTSWMC</b>		Pre/post-operative care for transplant patients		HB1697 Pilot with Texas Health and Human Services Commission (HHSC), Navarro Regional Hospital, and Children's Medical Center Dallas	
<b>UTHSCT</b>			Link to Athens Hospital; Genetic Counseling with UTMDACC		Link Riter Center to North Tyler Clinic (behavioral health and nutrition)
<b>UTMDACC</b>			Care coordination with UTHSCSA and UTHSCT – Genetics (Legal Review)		Infectious Disease care at satellite centers (Bay Area Clinic moving to League City)
<b>UTHSCH</b>			Fetal Diagnosis and Treatment (Austin Maternal Medicine); Joint Project: Houston Independent School District (ISD) Psych Care and Spring Branch Community Health Center	HB1697 Pilot with HHSC and Matagorda Regional Medical Center	Psych services: Oct 2017 Wichita Falls; Psych services: Jan 2018 Vernon; HHSC Expansion in FY2019
<b>UTMB</b>			FQHC partnership for HIV subspecialty care; Joint Project: Galveston ISD Psych Care	Staff health clinic services: expansion plans	Primary care services: Mexia State Supported Living Center (SSLC); Behavioral Health: Aransas County ISD; U. T. System Administration Employee Health (pending expansion plans)



# Statewide Possibilities for UT-VHN Projects



## Disaster Recovery

Proposed Program: Partner with the Texas Guard/Texas Department of Public Safety and leverage UT-VHN to bring multi-specialty care providers online in times of disaster

- Details: A grant proposal for a proof of concept exercise was submitted in mid-August 2018 to the federal office of the Assistant Secretary for Preparedness and Response

## HHSC State Living Facilities Specialty Care

Proposed Program: Contract to provide care in various specialties to the multitude of SSLCs around the state

- Details: Initial discussions with HHSC have occurred

## Texas Department of Family and Regulatory Services

Proposed Program: Contract to provide assessments and care to underserved areas of the state

- Details: Meeting for preliminary discussions pending



# Facilitated Revenue to U. T. Institutions from Contracts

Contract	Worth	Estimated Value
UTHSC-Houston – HHSC Telepsychiatry – State Mental Health Hospitals	\$547,400	\$2.636 million with provision of additional six providers expansion
UTMB – HHSC Telemedicine – Primary Care – Long Term State-Assisted Living	\$330,561	\$991,683 with provision of two additional sites
Rebuild Texas – Aransas Pass ISD – Telepsychiatry	\$280,000	\$280,000
U. T. System Admin Employee Health Pilot	\$75,000	\$75,000
<b>Total Facilitated Revenue</b>	<b>\$1.232 million</b>	<b>\$3.983 million</b>



# Acknowledgment

## UT-VHN Staff

Mari Robinson, J.D. – VHN Team Lead  
Oliver Black

William Posey  
Sue Stramblad  
Patricia Mitrovich

## UT-VHN Steering Committee

Raymond Greenberg, M.D., Ph.D. – U. T. System  
David Lakey, M.D. – U. T. System  
Leslie Carruth – U. T. System  
Rex McCallum, M.D. – UTMB  
George Gaddie – UTMB  
Rebecca Kaul – UTMDACC  
Duwayne Willet, M.D. – UTSWMC  
Seth Toomey, M.D. – UTSWMC

John Yoder – UTHSCT  
Don Hunt – UTHSCT  
David Ring, M.D. – UTAUS Dell Medical School  
Bobby Nix, M.D. – UTHSCH  
Rebecca Girardet, M.D. – UTHSCH  
Yemen Collier – UTHSCSA  
Tim Barker, M.D. – UTHSCSA  
Linda Nelson, Ph.D. – UTRGV





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FOR  
FACILITIES PLANNING AND CONSTRUCTION  
COMMITTEE**

**Committee Meeting:** 11/14/2018

**Board Meeting:** 11/15/2018  
Richardson, Texas

*R. Steven Hicks, Chairman*  
*Ernest Aliseda*  
*David J. Beck*  
*Kevin P. Eltife*  
*Jeffery D. Hildebrand*  
*Rad Weaver*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>2:15 p.m.</i> <i>Chairman Hicks</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<i>2:15 p.m.</i> <b>Discussion</b>	<b>Action</b>	<b>171</b>
<b><u>Additions to the CIP</u></b>			
2. <b>U. T. M. D. Anderson Cancer Center: Renovate Head and Neck Center - Main Building - Floor 10 - Amendment of the current Capital Improvement Program to include project; approval of total project cost; and appropriation of funds</b>	<i>2:16 p.m.</i> <b>Action</b> <i>President Pisters</i>	<b>Action</b>	<b>172</b>
3. <b>U. T. Austin: Applied Research Laboratories New Office Building - Amendment of the current Capital Improvement Program to include project</b>	<i>2:30 p.m.</i> <b>Action</b> <i>President Fenves</i>	<b>Action</b>	<b>174</b>
<b><u>Design Development Approval</u></b>			
4. <b>U. T. Austin: Energy Engineering Building - Amendment of the current Capital Improvement Program to increase the total project cost; approval of design development; and appropriation of funds and authorization of expenditure</b>	<i>2:45 p.m.</i> <b>Action</b> <i>President Fenves</i>	<b>Action</b>	<b>177</b>
5. <b>U. T. Rio Grande Valley: School of Medicine Team Based Learning Center - Amendment of the current Capital Improvement Program to increase total project cost; approval of design development; and appropriation of funds and authorization of expenditure</b>	<i>2:55 p.m.</i> <b>Action</b> <i>President Bailey</i>	<b>Action</b>	<b>180</b>
6. <b>U. T. Southwestern Medical Center: North Campus Phase VI - Brain Institute and Cancer Center - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt</b>	<i>3:05 p.m.</i> <b>Action</b> <i>President Podolsky</i>	<b>Action</b>	<b>184</b>
<b>Adjourn</b>	<i>3:15 p.m.</i>		

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration**

RECOMMENDATION

No [Consent Agenda](#) items are assigned for review by this Committee.

**2. U. T. M. D. Anderson Cancer Center: Renovate Head and Neck Center - Main Building - Floor 10 - Amendment of the current Capital Improvement Program to include project; approval of total project cost; and appropriation of funds**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the Renovate Head and Neck Center - Main Building - Floor 10 project at The University of Texas M. D. Anderson Cancer Center as follows:

- a. approve a total project cost of \$11,500,000 with funding from Hospital Revenues; and
- b. appropriate funds.

BACKGROUND INFORMATION

Previous Actions

On March 14, 2018, the Chancellor approved this project for Definition Phase.

Project Description

The project involves the renovation of ambulatory clinical space to include the relocation of the sterile processing function, expansion of audiology space, and centralization of the patient waiting, check-in, and check-out areas. The project will involve architectural renovations as well as modifications and upgrades to mechanical, electrical, plumbing, and information technology infrastructure systems. The renovations are needed to increase clinical capacity, improve the overall patient experience, and bring the sterile processing area into compliance with accreditation requirements promulgated by The Joint Commission.

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. Pursuant to a Memorandum of Understanding effective September 1, 2007, U. T. M. D. Anderson Cancer Center has delegated authority for institutional management of construction projects under the continued oversight of the Office of Facilities Planning and Construction.

**The University of Texas M. D. Anderson Cancer Center  
Renovate Head and Neck Center - Main Building - Floor 10**

**Project Information**

Project Number	703-1175
CIP Project Type	Repair and Renovation
Facility Type	Healthcare Facility, Clinic
Management Type	Institutional Management
Institution's Project Advocates	Ehab Hanna, Medical Director for Head and Neck Center Judy Moore, Clinical Administrative Director for Head and Neck Center
Project Delivery Method	Competitive Sealed Proposal
Gross Square Feet (GSF)	32,800

**Project Funding**

	<u>Proposed</u>
Hospital Revenues	<u>\$11,500,000</u>
Total Project Cost	\$11,500,000

**Project Cost Detail**

Building Cost	\$7,271,200
Fixed Equipment	126,200
Site Development	-
Furniture and Moveable Equipment	1,975,000
Institutionally Managed Work	407,700
Architectural/Design Services	484,700
Project Management Fees	-
Insurance	117,700
Other Professional Fees	223,800
Project Contingency	655,500
Other Costs	<u>238,200</u>
Total Project Cost	<u>\$11,500,000</u>

**Project Planning**

Definition Phase Completed	Yes
Owner's Project Requirements	Yes
Basis of Design	Yes
Schematic Design	Yes
Detailed Cost Estimate	Yes

**Project Milestones**

Definition Phase Approval	March 2018
Addition to CIP	November 2018
Design Development Approval	November 2018
Construction Notice to Proceed	April 2019
Substantial Completion	October 2020

3. **U. T. Austin: Applied Research Laboratories New Office Building - Amendment of the current Capital Improvement Program to include project**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the Applied Research Laboratories New Office Building project at The University of Texas at Austin.

BACKGROUND INFORMATION

Previous Actions

On January 9, 2018, the Chancellor approved this project for Definition Phase.

Project Description

The Applied Research Laboratories complex located at the J. J. Pickle Research Campus is at capacity and limits anticipated workload and growth. The proposed project will provide needed additional office and work space in a three-story building located adjacent to and connected with the existing building. This project will also include replacement and expansion of existing utility equipment and infrastructure necessary to support the new building and provide reliable service to the rest of the campus.

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. Pursuant to Board of Regents' approval on May 10, 2017, U. T. Austin has delegated authority for institutional management of construction projects under the continued oversight of the Office of Facilities Planning and Construction.

**The University of Texas at Austin  
Applied Research Laboratories New Office Building**

**Project Information**

Project Number	102-1049
CIP Project Type	New Construction
Facility Type	Office, General
Management Type	Institutional Management
Institution's Project Advocate	Timothy W. Hawkins, Deputy Executive Director, Applied Research Laboratories, Vice-President for Research
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	75,000
Shell Space (GSF)	16,600

**Project Funding**

	<u>Proposed</u>
Revenue Financing System Bond Proceeds <sup>1</sup>	\$40,400,000
Total Project Cost	\$40,400,000

<sup>1</sup> RFS to be repaid with ongoing research contract with the U.S. Armed Forces

**Project Cost Detail**

Building Cost	\$23,500,000
Fixed Equipment	500,000
Site Development	6,500,000
Furniture and Moveable Equipment	750,000
Institutionally Managed Work	1,000,000
Architectural/Design Services	2,900,000
Project Management Fees	950,000
Insurance	1,160,000
Other Professional Fees	1,650,000
Project Contingency	1,490,000
Other Costs	-
<b>Total Project Cost</b>	<b>\$40,400,000</b>

**Building Cost per GSF Benchmarks (escalated to midpoint of construction)**

Applied Research Laboratories New Office Building (with 22% Shell Space)	\$313
Applied Research Laboratories New Office Building (Estimated Total Finish-Out)	\$358
Texas Higher Education Coordinating Board Average - Office, General	\$350
	Low Quartile      Median      High Quartile
Other U. T. System Projects	\$244      \$362      \$418
Other National Projects	\$375      \$553      \$579

**The University of Texas at Austin**  
**Applied Research Laboratories New Office Building**  
(continued)

**Investment Metric**

- Add 160 offices allowing for 100 additional staff by 2025

**Project Planning**

Definition Phase Completed	Yes
Owner's Project Requirements	Yes
Basis of Design	Yes
Schematic Design	Yes
Detailed Cost Estimate	Yes

**Project Milestones**

Definition Phase Approval	January 2018
Addition to CIP	November 2018
Design Development Approval	February 2019
Construction Notice to Proceed	April 2019
Substantial Completion	May 2021

**Basis of Design**

The planned building life expectancy includes the following elements:

Enclosure: 75 years  
Building Systems: 25 years  
Interior Construction: 25 years

**4. U. T. Austin: Energy Engineering Building - Amendment of the current Capital Improvement Program to increase the total project cost; approval of design development; and appropriation of funds and authorization of expenditure**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents approve the recommendations for the Energy Engineering Building project at The University of Texas at Austin as follows:

- a. amend the current Capital Improvement Program (CIP) to increase the total project cost from \$165,000,000 to \$168,000,000;
- b. approve design development plans; and
- c. appropriate funds and authorize expenditure of \$168,000,000 with funding of \$100,000,000 from Permanent University Fund (PUF) Bond Proceeds, \$60,000,000 from Gifts, and \$8,000,000 from Unexpended Plant Funds.

BACKGROUND INFORMATION

Previous Actions

On August 1, 2016, the Chancellor approved this project for Definition Phase. On November 10, 2016, the Board approved \$100 million in PUF Bond Proceeds for this project. On May 1, 2018, the project was included in the CIP with a total project cost of \$165,000,000 with funding of \$100,000,000 from PUF Bond Proceeds, \$60,000,000 from Gifts, and \$5,000,000 from Unexpended Plant Funds.

Project Description

The Energy Engineering Building will provide critically needed education and research space for the Cockrell School of Engineering. The project is central to achieving the Cockrell School of Engineering's vision to be a globally recognized leader in multidisciplinary innovation dedicated to solving the pressing societal problems of the 21st century and beyond, driving future economic progress, and improving the quality of life. This project will address both the insufficiency of space for energy research and the dated nature of the current space, allow hiring of future faculty with an energy focus, and allow for more collaboration with industrial partners.

Significant flexibility is planned into the building to allow interdisciplinary teams to occupy a space for a definite period of time with the space subsequently modified for other programs or projects. New teaching laboratories and classrooms will allow innovations in the curriculum that are not possible with the current facilities, thereby improving the ability to attract top undergraduate students and enhance student learning outcomes.

The increase in the total project cost will support air quality improvements to the J. T. Patterson Laboratories Building adjacent to the project site.

**The University of Texas at Austin  
Energy Engineering Building**

**Project Information**

Project Number	102-853
CIP Project Type	New Construction
Facility Type	Laboratory, General
Management Type	Institutional Management
Institution's Project Advocate	John Ekerdt, Associate Dean for Research, Cockrell School of Engineering
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	184,300

**Project Funding**

	<u>Current</u>	<u>Proposed</u>
Permanent University Fund Bond Proceeds	\$100,000,000	\$100,000,000
Gifts <sup>1</sup>	\$ 60,000,000	\$ 60,000,000
Unexpended Plant Funds	\$ 5,000,000	\$ 8,000,000
Total Project Cost	\$165,000,000	\$168,000,000

<sup>1</sup> Gift funding authorized for expenditure not fully collected or committed at this time; U. T. System Finance has confirmed institution has sufficient local funds to cover any shortfalls; Institution anticipates committed Gift funding no later than 11/3/2018

**Project Cost Detail**

Building Cost	
Energy Engineering Building	\$ 93,996,846
J. T. Patterson Labs	1,744,397
Fixed Equipment	4,895,249
Site Development	8,163,849
Furniture and Moveable Equipment	12,053,564
Institutionally Managed Work	4,925,000
Architectural/Design Services	17,203,034
Project Management Fees	7,371,095
Insurance	3,363,250
Other Professional Fees	9,025,983
Project Contingency	5,207,733
Other Costs	50,000
Total Project Cost	\$168,000,000

**Building Cost per GSF Benchmarks (escalated to midpoint of construction)**

Energy Engineering Building		\$510	
Texas Higher Education Coordinating Board Average - Laboratory, General		\$521	
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$446	\$492	\$545
Other National Projects	\$419	\$621	\$736

**The University of Texas at Austin  
Energy Engineering Building**  
(continued)

**Investment Metrics**

- Increase research expenditures incrementally \$2,000,000 per year by 2026
- Six-year graduation rates for engineering students entering as freshmen to exceed 75% by 2023-2024 academic year

**Project Planning**

Definition Phase Completed	Yes
Owner's Project Requirements	Yes
Basis of Design	Yes
Schematic Design	Yes
Detailed Cost Estimate	Yes

**Project Milestones**

Definition Phase Approval	August 2016
Addition to CIP	May 2018
Design Development Approval	November 2018
Construction Notice to Proceed	November 2018
Substantial Completion	May 2021

**Basis of Design**

The planned building life expectancy includes the following elements:

Enclosure: 50 years  
Building Systems: 25 years  
Interior Construction: 25 years

**5. U. T. Rio Grande Valley: School of Medicine Team Based Learning Center - Amendment of the current Capital Improvement Program to increase total project cost; approval of design development; and appropriation of funds and authorization of expenditure**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents approve the recommendations for the School of Medicine Team Based Learning Center project at The University of Texas Rio Grande Valley as follows:

- a. amend the current Capital Improvement Program (CIP) to increase the total project cost from \$12,200,000 to \$13,700,000;
- b. approve design development plans; and
- c. appropriate funds and authorize expenditure of \$13,700,000 from Permanent University Fund (PUF) Bond Proceeds.

BACKGROUND INFORMATION

Previous Actions

On November 19, 2017, the Chancellor approved this project for Definition Phase in the amount of \$12,200,000. On December 6, 2012, the Board approved \$100 million over the next 10 years of unspecified resources to be used for start-up costs for the School of Medicine. To date, the Board has fulfilled this commitment through multiple appropriations of PUF Bond Proceeds totaling \$50 million.

On February 6, 2014, the Board authorized construction of the South Texas Medical Academic Building (STMAB) with funding of \$54,000,000 from PUF Bond Proceeds. On October 2, 2017, the Chancellor approved a transfer of \$5,002,268 of unspent PUF Bond Proceeds from the STMAB project to this proposed project. On August 20, 2015, the Board approved \$10,000,000 in PUF Bond Proceeds to be used in support of eligible capital expenses associated with the start-up of the Medical School, of which \$7,197,732 will be transferred to this proposed project.

On February 27, 2018, the project was included in the CIP with a total project cost of \$12,200,000 with funding from PUF Bond Proceeds.

Project Description

The proposed project will be an extension of the existing Medical Education Building (formerly the South Texas Medical Academic Building) located on the Edinburg Campus. This facility is necessary to accommodate current and expected growth in the School of Medicine (SOM) while maintaining the mission of the school as a catalyst for education in health care. The building will

house faculty and administrative offices, small group study spaces for the growing medical student population, flexible and general-purpose classrooms, conference rooms, and support spaces.

The facility will provide additional teaching space to help the SOM meet its expected enrollment growth. Existing classrooms, offices, and study spaces are currently at full capacity. The design will feature flexible classrooms with modern technology needed to provide the educational experience mandated for accreditation by The Joint Commission. This facility will continue to support innovative pedagogies including problem-based instruction and critical thinking exercises. The new building will strengthen and expand the distance learning program. This facility will allow the institution to efficiently and effectively serve the needs of the South Texas medical students.

The request for increase in the total project cost is due to the SOM's continued growth and subsequent need for additional square footage and to provide additional offices and work areas to support the academic programs.

**The University of Texas Rio Grande Valley  
School of Medicine Team Based Learning Center**

**Project Information**

Project Number	903-1159
CIP Project Type	New Construction
Facility Type	Office, General
Management Type	Office of Facilities Planning and Construction
Institution's Project Advocates	Marta Salinas-Hovar, AIA, Associate Vice President for Facilities Planning and Operations Michael Patriarca, Senior Associate Vice President of Finance and Administration for Health Affairs and Executive Vice Dean School of Medicine Sofia Hernandez, Chief of Staff for the School of Medicine
Project Delivery Method	Competitive Sealed Proposals
Gross Square Feet (GSF)	26,652

**Project Funding**

	<u>Current</u>	<u>Proposed</u>
Permanent University Fund Bond Proceeds <sup>1</sup>	<u>\$12,200,000</u>	<u>\$13,700,000</u>
Total Project Cost	<u>\$12,200,000</u>	<u>\$13,700,000</u>

<sup>1</sup> Permanent University Fund (PUF) Bond Proceeds include \$5,002,268 transferred from previously approved funding for the Medical Education Building and \$8,697,732 committed to the project from the Board's previously awarded PUF support for the School of Medicine

**Project Cost Detail**

Building Cost	\$ 9,531,106
Fixed Equipment	-
Site Development	523,667
Furniture and Moveable Equipment	787,746
Institutionally Managed Work	418,000
Architectural/Design Services	773,494
Project Management Fees	511,765
Insurance	286,561
Other Professional Fees	343,403
Project Contingency	500,000
Other Costs	24,258
<b>Total Project Cost</b>	<b>\$13,700,000</b>

**Building Cost per GSF Benchmarks** (escalated to midpoint of construction)

School of Medicine Team Based Learning Center	\$358		
Texas Higher Education Coordinating Board Average - Office, General	\$349		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$234	\$348	\$402
Other National Projects	\$361	\$532	\$558

**The University of Texas Rio Grande Valley  
School of Medicine Team Based Learning Center  
(Continued)**

**Investment Metric**

- Increase enrollment from 100 to 110 students per year by 2021

**Project Planning**

Definition Phase Completed	Yes
Owner's Project Requirements	Yes
Basis of Design	Yes
Schematic Design	Yes
Detailed Cost Estimate	Yes

**Project Milestones**

Definition Phase Approval	November 2017
Addition to CIP	February 2018
Design Development Approval	November 2018
Construction Notice to Proceed	January 2019
Substantial Completion	March 2020

**Basis of Design**

The planned building life expectancy includes the following elements:

Enclosure: 50 years  
Building Systems: 50 years  
Interior Construction: 25 years

**6. U. T. Southwestern Medical Center: North Campus Phase VI - Brain Institute and Cancer Center - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents approve the recommendations for the North Campus Phase VI - Brain Institute and Cancer Center project at The University of Texas Southwestern Medical Center as follows:

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$453,757,000 with funding of \$313,757,000 from Revenue Financing System (RFS) Bond Proceeds, \$39,000,000 from Permanent University Fund (PUF) Bond Proceeds, \$51,000,000 from Gifts, and \$50,000,000 from Designated Funds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt; sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and U. T. Southwestern Medical Center, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$313,757,000.

BACKGROUND INFORMATION

Debt Service

The \$313,757,000 in RFS debt will be repaid from Hospital Revenues. Annual debt service on the \$313,757,000 in RFS debt is expected to be \$18.7 million. The institution's debt service coverage is expected to be at least 2.2 times and average 2.4 times over FY 2019-2024.

Previous Actions

On November 10, 2016, the Board approved \$39,000,000 in PUF Bond Proceeds for this project. On August 3, 2017, the Chancellor approved this project for Definition Phase. On August 9, 2018, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$453,757,000 with funding of \$313,757,000 from RFS Bond Proceeds, \$39,000,000 from PUF Bond Proceeds, \$51,000,000 from Gifts, and \$50,000,000 from Designated Funds.

### Project Description

The Harold C. Simmons Comprehensive Cancer Center builds on the research strengths of U. T. Southwestern and a broad network of scientific and clinical partners to develop new cancer insights and treatments. The Simmons Cancer Center's scientific programs and disease-oriented teams work hand-in-hand to advance cancer research and patient care by focusing on a major type or area of cancer and are instrumental in shaping and conveying basic and translational findings for use in the clinic.

The Peter O'Donnell Jr. Brain Institute encompasses both research and clinical programs including brain health in sports, the military, and the aging population. The Brain Institute provides advanced diagnostic capabilities and treatment options for brain, spine, muscle, nerve, and psychiatric disorders.

The proposed North Campus Phase VI - Brain Institute and Cancer Center project is essential to the growth of patient care and research for both the Cancer Center and the Brain Institute. The project will add a nine-floor tower to provide clinic and research space and shared support space. The major cost drivers include infusion bays, exam rooms, research labs, and imaging facilities. The project will also include a parking structure with approximately 1,200 parking spaces.

**The University of Texas Southwestern Medical Center  
North Campus Phase VI - Brain Institute and Cancer Center**

**Project Information**

Project Number	303-1099
CIP Project Type	New Construction
Facility Type	Healthcare Facility, Clinic
Management Type	Institutional Management
Institution's Project Advocate	Dwain Thiele, M.D., Interim Executive Vice President for Academic Affairs, Provost and Dean of U. T. Southwestern Medical School
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	590,342
Shell Space (GSF)	241,928

**Project Funding**

	<u>Current</u>
Revenue Financing System Bond Proceeds <sup>1</sup>	\$313,757,000
Permanent University Fund Bond Proceeds	\$39,000,000
Gifts <sup>2</sup>	\$51,000,000
Designated Funds	<u>\$50,000,000</u>
Total Project Cost	\$453,757,000

<sup>1</sup> Revenue Financing System (RFS) Bond Proceeds to be repaid from Hospital Revenues

<sup>2</sup> Gift funding authorized for expenditure not fully collected or committed at this time; U. T. System Finance has confirmed institution has sufficient local funds to cover any shortfalls; Institution anticipates committed Gift funding no later than 12/1/20

**Project Cost Detail**

Building Cost	
North Campus Phase VI - Brain Institute and Cancer Center	\$301,027,326
Parking Garage	30,188,152
Fixed Equipment	34,698,160
Site Development	-
Furniture and Moveable Equipment	7,153,480
Institutionally Managed Work	-
Architectural/Design Services	22,845,754
Project Management Fees	8,590,000
Insurance	5,609,647
Other Professional Fees	-
Project Contingency	33,250,000
Other Costs	10,394,481
Total Project Cost	\$453,757,000

**The University of Texas Southwestern Medical Center  
North Campus Phase VI - Brain Institute and Cancer Center**  
(continued)

**Building Cost per GSF Benchmarks** (escalated to midpoint of construction)

North Campus Phase VI - Brain Institute and Cancer Center (with 41% Shell Space)	\$510		
North Campus Phase VI - Brain Institute and Cancer Center (Estimated Total Finish-Out)	\$686		
Texas Higher Education Coordinating Board Average - Healthcare Facility, Clinic	\$426		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$443	\$487	\$590
Other National Projects	\$440	\$635	\$836

**Investment Metrics**

- Provide best-in-class facility to improve patient care and save lives through treatment
- Expand basic molecular brain research to provide prevention and treatment of brain, spine, nerve, and muscle disorders

**Project Planning**

Definition Phase Completed	Yes
Owner's Project Requirements	Yes
Basis of Design	Yes
Schematic Design	Yes
Detailed Cost Estimate	Yes

**Project Milestones**

Definition Phase Approval	August 2017
Addition to CIP	August 2018
Design Development Approval	November 2018
Construction Notice to Proceed	January 2019
Substantial Completion	June 2022

**Basis of Design**

The planned building life expectancy includes the following elements:

- Enclosure: 30 years
- Building Systems: 30 years
- Interior Construction: 30 years



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**FACILITIES PLANNING AND CONSTRUCTION COMMITTEE**

No items for Consent Agenda

**NEW ITEM**

75. Sale - <b>U. T. System</b> : Authorization to sell or lease tracts of land generally located south of West Bellfort Avenue, north of Holmes Road, and in the vicinity of Buffalo Speedway and Willowbend Boulevard, Houston, Harris County, Texas, to to-be-determined third-party buyers/lessees	<b>252</b>
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## MEETING OF THE BOARD

1. Minutes - U. T. System Board of Regents: Approval of Minutes of the regular meeting held on August 9-10, 2018; and special called meetings held on August 4, August 20, August 27, and September 6, 2018
2. Resolution - U. T. System Board of Regents: Adoption of resolution regarding the list of Key Management Personnel authorized to negotiate, execute, and administer classified government contracts (Managerial Group) to reflect current personnel

To comply with the Department of Defense National Industrial Security Program Operating Manual (NISPOM) requirements, it is recommended that the Board of Regents approve the revised resolution set forth below regarding the list of Key Management Personnel (KMP) authorized to negotiate, execute, and administer classified government contracts. The revision adds the name of Chancellor James B. Milliken.

A Resolution amending the Managerial Group list was last adopted by the Board of Regents on June 20, 2018.

NISPOM defines KMP as "officers, directors, partners, regents, or trustees." The Manual requires that the senior management official and the Facility Security Officer must always be designated as part of the Managerial Group and be cleared at the level of the Facility Clearance. Other officials or KMPs, as determined by the Defense Security Service, must be granted Personal Security Clearances or be formally excluded by name from access to classified material.

### RESOLUTION

BE IT RESOLVED:

- a. That those persons occupying the following positions at The University of Texas System and The University of Texas at Austin shall be known as the Managerial Group, having the authority and responsibility for the negotiation, execution, and administration of Department of Defense (DoD) or User Agency contracts, as described in DoD 5220.22-M, "National Industrial Security Program Operating Manual" (NISPOM):

James B. Milliken, J.D., Chancellor, The University of Texas System

David E. Daniel, Ph.D., Deputy Chancellor, The University of Texas System

Gregory L. Fenves, Ph.D., President, The University of Texas at Austin

Daniel T. Jaffe, Ph.D., Vice President for Research, The University of Texas at Austin

Francis J. Landry III, Facility Security Officer (FSO), The University of Texas System/Security Manager, Applied Research Labs, The University of Texas at Austin

Patrick H. Vetter, Insider Threat Program Senior Official (ITPSO), The University of Texas System/Assistant Security Director, Applied Research Labs, The University of Texas at Austin

James R. (Trey) Atchley III, Chief Inquiry Officer, The University of Texas System  
Helen T. Mohrmann, Chief Information Security Officer, The University of Texas System  
Michael J. Heidingsfield, Director of Police, The University of Texas System

The Chief Executive Officer (i.e., the Chancellor) and the members of the Managerial Group have been processed, or will be processed, for a personnel security clearance for access to classified information to the level of the facility security clearance granted to this institution, as provided for in the NISPOM.

The Managerial Group is hereby delegated all of the Board's duties and responsibilities pertaining to the protection of classified information under classified contracts of the DoD or User Agencies of the NISPOM awarded to U. T. System, including U. T. Austin.

- b. That the U. T. System Chancellor and the following named members of the U. T. System Board of Regents shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of U. T. System, including U. T. Austin, and do not occupy positions that would enable them to affect adversely the policies and practices of the U. T. System, including U. T. Austin, in the performance of classified contracts for the Department of Defense or User Agencies of the NISPOM awarded to the U. T. System, including U. T. Austin, and need not be processed for a personnel security clearance:

~~Chancellor *ad interim* Larry R. Faulkner~~

Members of the U. T. System Board of Regents:

Sara Martinez Tucker, Chairman  
Jeffery D. Hildebrand, Vice Chairman  
Paul L. Foster, Vice Chairman  
Ernest Aliseda  
David J. Beck  
Kevin P. Eltife  
R. Steven Hicks  
Janiece Longoria  
James Conrad Weaver  
Brittany E. Jewell, Student Regent from June 1, 2018 to May 31, 2019 (nonvoting)

3. Resolution - U. T. System Board of Regents: Adoption of resolution related to bequest from Estate of Christine Brooke-Rose to confirm that funds from the bequest will be used to create an endowment for benefit of the Harry Ransom Humanities Research Center at The University of Texas at Austin, as set out in the terms of the Will of Christine Brooke-Rose and her Letter of Instruction

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and the Vice Chancellor and General Counsel that the Board of Regents accept, on behalf of the Harry Ransom Humanities Research Center at U. T. Austin, the gift of the estate of Christine Brooke-Rose and commit to use such funds to create an endowment as specified in the Will of Christine Brooke-Rose and her Letter of Instruction.

#### RESOLUTION

WHEREAS, Ms. Christine Brooke-Rose died in France on March 21, 2012, and a Succession for Christine Brooke-Rose has been opened in France;

WHEREAS, Ms. Brooke-Rose left a holographic will creating a fund with the Harry Ransom Humanities Research Center for “research, colloquia, etc. focusing on problems of the experimental novel, not only mine, but others (the Christine Brooke-Rose Fund for the Experimental Novel), the particulars of which are to be determined;”

WHEREAS, by Letter of Instruction to the Board of Regents of The University of Texas System dated March 19, 2003, Ms. Brooke-Rose acknowledged that she would leave a bequest to the Board of Regents of The University of Texas System to create and fund the Christine Brooke-Rose Endowment, as a permanent endowment for the benefit of the Harry Ransom Humanities Research Center at The University of Texas at Austin “to support the study of the experimental novel through the sponsorship of fellowships and lectures;”

WHEREAS, the Harry Ransom Humanities Research Center is part of The University of Texas at Austin;

WHEREAS, pursuant to *Texas Education Code* Section 65.12, The University of Texas at Austin is a component institution of The University of Texas System;

WHEREAS, pursuant to *Texas Education Code* Section 65.11, the Board of Regents is the governing body of The University of Texas System;

WHEREAS, pursuant to *Texas Education Code* Section 65.36(a), the Board of Regents is authorized to accept donations of property for The University of Texas System and its component institutions including The University of Texas at Austin; and

WHEREAS, the Ministry of Interior of the French Republic in settling the Succession of Christine Brooke-Rose has requested a resolution from the Board of Regents committing to use the funds received from the Succession to create an endowed fund per the intent of the decedent.

THEREFORE, the Board of Regents of The University of Texas System, on behalf of The University of Texas at Austin for the use and benefit of the Harry Ransom Humanities Research Center, hereby adopts the following resolutions:

1. The Board of Regents of The University of Texas System, on behalf of The University of Texas at Austin for the use and benefit of the Harry Ransom Humanities Research Center, with regard to any funds received from the Succession of Christine Brooke-Rose, commits to use such funds to create an endowment which will be used to support research, conferences, fellowships and lectures focusing on the study and the problems of the experimental novel as specified in the Will of Christine Brooke-Rose and her Letter of Instruction.
2. The Board of Regents reaffirms its prior resolution dated May 14, 2015, accepting the bequest from the Succession of Christine Brooke-Rose and appointing Dr. Stephen Enniss, Director of the Harry Ransom Humanities Research Center, as its representative to collect and receive any and all sums of money, property or effects payable to the Board of Regents from the Succession of Christine Brooke-Rose and to execute any and all necessary or proper receipts, releases, and discharges and any other instruments as may be necessary or appropriate relating the sale of the house, receipt, handling, management, control and disposition of any asset acquired by bequest from the Succession of Christine Brooke-Rose.

4. Employment Agreement - U. T. System: Approval of Terms of Employment for James B. Milliken, as Chancellor

Proposed terms of employment for James B. Milliken as Chancellor are summarized below and are recommended for approval by The University of Texas System Board of Regents.

Funds: \$900,000 per year

Period: Beginning September 17, 2018

Description: Agreement for employment of James B. Milliken as Chancellor. The employment agreement is attached on the following pages.



THE UNIVERSITY of TEXAS SYSTEM  
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Sara Martinez Tucker, Chairman  
U. T. System Board of Regents  
210 West Seventh Street  
Austin, Texas 78701  
Phone: (512) 499-4402 Fax: (512) 499-4425  
<http://www.utssystem.edu/board-of-regents>

September 10, 2018

Mr. James B. Milliken  
[REDACTED]  
[REDACTED]

Dear J.B.:

This is to officially convey great enthusiasm on behalf of my colleagues on the Board of Regents and myself on your acceptance of the position of Chancellor of The University of Texas System. The appointment will be effective September 17, 2018, with your service as Chancellor at the pleasure of the Board. You have also been appointed to the non-salaried employee position of Chancellor-Designate, effective August 27, 2018, to assure an efficient transition in U. T. System leadership. This letter sets forth additional terms and conditions associated with your acceptance of the position.

Your annual salary is \$900,000.00. Increases in base salary shall be determined by the Board of Regents. In addition to the annual salary, all other State-paid fringe benefits required to be provided to higher education employees by State law and for which you are eligible are included. Among these benefits are State-paid OASI, longevity pay, workers' compensation, liability insurance coverage, retirement plan, insurance premium sharing, and leave entitlement.

The Board may also provide merit-based pay or a deferred compensation plan in the future, based upon its evaluation of progress toward objectives and performance criteria agreed to in advance by you and the Board.

As discussed, you are required, as a condition of employment, for the benefit and convenience of the System, and without personal tax liability to you, to live in Bauer House in Austin, Texas ("Residence"). Residence at Bauer House is required to assist the Chancellor in the proper performance of the duties of employment and to serve the best interests of the System. This requirement results from the nature of the System's responsibilities and the need for the Chancellor to accommodate student, faculty and staff meetings; System events; and other official functions at the Residence in the performance of the assigned duties. The System shall provide adequate clerical and custodial staff and shall provide or pay for all reasonable maintenance and operating expenses, including without limitation, grounds keeping, housekeeping for public areas, and repair on the Residence.

You may use Bauer House for entertaining community groups, associations, individuals, alumni, prospective university friends, donors, and anyone else judged by you to advance the System and its mission. Costs associated with such events shall be paid by the System. Use of Bauer House for personal entertainment is permissible, with the understanding that you will be responsible for any associated costs.

As Bauer House and most of its contents are defined as state property, the System will perform an annual physical inventory as required by State law. We will expect you to make Bauer House and the state property therein available to the System to conduct this inventory, at times determined to be mutually convenient. System will ensure that personal non-state property owned by you and your family is not included in the inventory.

As Chancellor, you agree to serve, to oversee, and to administer the activities and operations of the System with maximum application of effort, experience, and ability consistent with Board and System policies. As Chancellor, you agree to devote your time and attention and to use your talents and best efforts to perform the duties assigned to you as Chancellor.

Additional elements of your compensation/employment package are:

- (a) Appointment as holder of the Lee Hage and Joseph D. Jamail Regents Chair in Higher Education Leadership during your service as Chancellor.
- (b) Payment for or reimbursement for reasonable moving expenses, for which you will be held harmless for any personal tax liability.
- (c) The System shall allocate sufficient funds for travel, official entertainment expenses, and other official activities. Reasonable travel, entertainment and other business expenses incurred in your capacity as Chancellor shall be paid directly or reimbursed to you, as appropriate, from an appropriate source of funds.
- (d) Expenses for official travel for your spouse, pursuant to approved policy on Spousal Travel, will be paid directly or reimbursed as appropriate.
- (e) The cost of club memberships for you as Chancellor, as agreed to by the Chairman of the Board.

Should you be terminated at any time, without cause, you will be entitled to payment of one year's salary at the then current rate, discounted to present value as required by state law, as liquidated damages in lieu of any other remedies. This liquidated damages provision does not guarantee employment for a specific period of time.

Elements of this compensation package may be subject to withholding and reported on the W-2 form. You should, of course, consult your tax advisor as to the handling of business or other offsetting deductions.

The other members of the Board and I look forward to the opportunity to work with you as Chancellor of The University of Texas System and stand ready to support your service to the State of Texas.

Sincerely,

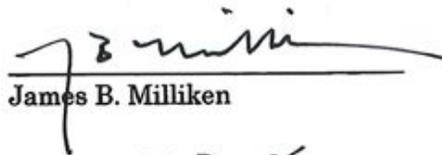


Sara Martinez Tucker  
Chairman

SMT:em

c: Members of the Board of Regents  
General Counsel to the Board of Regents  
Office of the Controller

Accepted:



James B. Milliken

9.17.18

Date

5. Employment Agreement - U. T. System: Approval of Terms of Employment for Stacey Napier, J.D. as Vice Chancellor for Governmental Relations

Proposed terms of employment for Stacey Napier are summarized below, have been approved by the Chancellor, and are recommended for approval by the Board.

Item:	Vice Chancellor for Governmental Relations
Funds:	\$298,000 annual salary rate
Period:	Beginning November 2, 2018
Description:	Agreement for employment of Stacey Napier as Vice Chancellor for Governmental Relations. The employment agreement is set forth on the following pages.



THE UNIVERSITY of TEXAS SYSTEM  
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Office of the Chancellor  
210 West 7th Street  
Austin, Texas 78701  
512-499-4201  
WWW.UTSYSTEM.EDU

October 17, 2018

Ms. Stacey Napier, J.D.  
[Redacted]  
[Redacted]

Dear Stacey:

I am delighted to offer you the position of Vice Chancellor for Governmental Relations at The University of Texas System, effective November 2, 2018, at an annual salary rate of \$298,000. You are entitled to other State-paid fringe benefits required to be provided to higher education employees by State law and for which you are eligible. Among these benefits are State-paid OASI, longevity pay, workers' compensation, liability insurance coverage, retirement plan, insurance premium sharing, and leave entitlement. This offer will remain contingent upon the successful completion of a criminal background check as required by U. T. System policy, as well as formal approval by the U. T. System Board of Regents. I look forward to working with you on your transition period and having you fully engaged with our team upon your arrival in November.

The Vice Chancellor for Governmental Relations reports to the Chancellor and shall hold office without fixed term, subject to the pleasure of the Chancellor. You will be provided an office at the U. T. System headquarters as well as dedicated administrative support.

The cost of club membership(s) approved by the Chancellor will be paid, including initial fees for joining the club and all properly documented and reasonable business-related expenses. Business-related travel and entertainment expenses shall be in accordance with Regents' Rule 20205, and reasonable expenses will be paid directly or reimbursed as appropriate.

Elements in this compensation package may be subject to federal income tax and reported on the W-2 form. You should consult your tax adviser as to the handling of business or other offsetting deductions.

I look forward to working with you as we work together to advance the interests of the entire U. T. System. With your background and expertise, I am certain you will be successful in your new role. To indicate your acceptance of this offer, please sign this letter and return it to my office. We will coordinate an announcement to be made as soon as possible.

Sincerely,

James B. Milliken  
Chancellor

/jbm

cc: Alan Werchan, Budget Director

Accepted:

Stacey Napier, J.D.

10/18/18  
Date

The University of Texas at Arlington • The University of Texas at Austin • The University of Texas at Dallas • The University of Texas at El Paso  
The University of Texas of the Permian Basin • The University of Texas Rio Grande Valley • The University of Texas at San Antonio  
The University of Texas at Tyler • The University of Texas Southwestern Medical Center • The University of Texas Medical Branch at Galveston  
The University of Texas Health Science Center at Houston • The University of Texas Health Science Center at San Antonio  
The University of Texas MD Anderson Cancer Center • The University of Texas Health Science Center at Tyler

## **AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE**

No items for Consent Agenda

## **FINANCE AND PLANNING COMMITTEE**

6. Disclosure Report for the Record- **U. T. System Board of Regents**: Citizens 1st Bank to provide depository banking services in support of U. T. Health Science Center - Tyler

Agency: Citizens 1st Bank

Funds: No cost agreement

Period: November 15, 2018; depository agreements are non-terminating based on the Office of General Counsel approved depository agreement template and may be terminated by the Board of Regents or the bank with notice to the other party

Description: Depository Agreement to support U. T. Health Science Center - Tyler depository banking services related to an off-campus clinic, University Health Clinic. While the contract does not require Board approval as it falls within delegated authority, it is included in the Consent Agenda as a report documenting disclosure by Regent Eltife of his service on the Citizens 1st Bank Board of Directors.

7. Other Fiscal Matters - U. T. System Board of Regents: Approval of aggregate amount of \$6,000,000 of supplemental equipment financing for Fiscal Year 2019; and resolution regarding parity debt

The Executive Vice Chancellor for Business Affairs recommends approval of an additional \$6,000,000 of supplemental equipment financing for Fiscal Year 2019 for U. T. Arlington to finance ultra-high throughput genomic sequencers and related equipment to be repaid with revenues derived from the sales of educational activities. U. T. Arlington therefore requests that the Board resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (RFS) the findings that are stated below:

- parity debt shall be issued to fund all or a portion of the project, including any costs prior to the issuance of such parity debt;
- sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the RFS Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System;
- U. T. Arlington, which is a "Member" as such term is used in the RFS Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of parity debt in an aggregate amount of \$6,000,000; and
- this resolution satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations* that evidences the Board's intention to reimburse project expenditures with bond proceeds.

8. Other Fiscal Matters - U. T. System Board of Regents: Amendments to the Intermediate Term Fund Investment Policy Statement

The Intermediate Term Fund (ITF) Investment Policy Statement has been amended, as shown in congressional style on the following page, to correct an error in Exhibit A, Asset Class Targets, Ranges, and Performance Objectives. The minimum and maximum ranges for Total Stable Value were reported as 13.0% and 23.0%, respectively. The correct amounts are 36.0% and 52.0%, respectively. In addition, the minimum range for Total Global Equity was changed from 47.5% to 45.0% and the maximum range for Cash in Stable Value was increased from 5.0% to 8.0%. The UTIMCO Board approved the corrected amendment to the ITF Policy on September 20, 2018.

**EXHIBIT A**  
**ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES**  
**EFFECTIVE SEPTEMBER 1, 2018**

Asset Class	FYE 2019			Benchmark
	Min	Target	Max	
<b>Global Equity:</b>				
U.S. Public Equity	0.7%	5.7%	10.7%	MSCI U.S. with Net Dividends
Non-U.S. Developed Public Equity	0.0%	3.4%	8.4%	MSCI EAFE and Canada with Net Dividends
Global Developed Public Equity	1.6%	6.6%	11.6%	MSCI World Index with Net Dividends
<i>Total Developed Public Equity</i>	7.5%	15.7%	22.5%	
Emerging Markets Public Equity	2.1%	7.1%	12.1%	MSCI Emerging Markets Index with Net Dividends
<i>Total Public Equity</i>	15.8%	22.8%	29.8%	
Directional Hedge Funds	25.0%	31.6%	38.0%	HFRI Fund of Funds Composite
<b>Total Global Equity</b>	<del>47.5</del> <b>45.0%</b>	54.4%	62.0%	
<b>Stable Value:</b>				
Investment Grade Fixed Income	20.0%	28.7%	35.0%	Bloomberg Barclays Global Aggregate Index - Hedged
Cash	0.0%	3.0%	<del>5.0</del> <b>8.0%</b>	3 month Tbills
Stable Value Hedge Funds	5.0%	10.2%	15.0%	HFRI Fund of Funds Conservative
<b>Total Stable Value</b>	<del>43.0</del> <b>36.0%</b>	41.9%	<del>23.0</del> <b>52.0%</b>	
<b>Real Return:</b>				
Inflation Linked Bonds	0.0%	0.0%	5.0%	Bloomberg Barclays Global Inflation Linked TR Index
Gold	0.0%	2.4%	7.5%	Gold Spot Price (XAU)
Commodities	0.0%	1.2%	6.0%	Bloomberg Commodity TRI
<i>Total Commodities</i>	0.0%	3.6%	8.5%	
Public Real Estate	0.0%	0.1%	5.0%	FTSE EPRA/NAREIT Developed Index Net TRIUSD
<b>Total Real Return</b>	0.0%	3.7%	10.0%	
<b>Total All Asset Classes</b>		100.0%		

The total Asset Class exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 100% of the Asset Class exposure excluding the amount of derivatives exposure not collateralized by Cash.

POLICY/TARGET RETURN/RISKS	FYE 2019
(Benchmark)	2.10%
One Year Downside Volatility	5.36%
Risk Bounds	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%

9. Contract (funds going out) - U. T. System: Duo Security, Inc. to provide Systemwide Duo Enterprise platform subscriptions and additional information security software products

Agency: Duo Security Inc.

Funds: Not to exceed \$2,600,000

Period: September 25, 2015 through September 28, 2021

Description: This Systemwide software services agreement provides Duo Enterprise platform subscriptions via annual U. T. institution order forms. The three-year extension and additional funding of \$2,600,000 is part of the expanded scope of the project being supported by the U. T. System Information Security Office. This contract was competitively bid.

10. Contract (funds going out) - U. T. System: Pamir Consulting, LLC to provide security advisory services

Agency: Pamir Consulting, LLC

Funds: Paid by U. T. institutions requesting services as needed. Board approval is requested as the contract is likely to go over the \$1,500,000 delegation threshold due to the need for these services.

Period: May 14, 2018 through May 31, 2019

Description: This nonexclusive Systemwide agreement allows each U. T. institution to obtain services as needed. The purpose of the security advisory services is to enhance the security posture of U. T. institutions by providing investigation measures, establishing additional precautions, and deploying tools to further minimize the threats to information. The U. T. System Information Security Office will closely monitor the spend over the life of the agreement. This agreement was competitively bid.

11. Contract (funds going out) - U. T. System: ComTec Information Systems to provide PeopleSoft information technology staff augmentation services to support the Office of Shared Information Services

Agency: ComTec Information Systems

Funds: Not to exceed \$2,000,000

Period: December 1, 2018 through November 30, 2023

Description: Staff augmentation services for PeopleSoft information technology resources to support UTShare institutions PeopleSoft projects for campuses Shared Information Services supports. This contract is one of four that will partially replace two expiring contracts currently in place for the Office of Shared Information Services. This contract was competitively bid.

12. Contract (funds going out) - U. T. System: ERP Analysts, Inc. to provide PeopleSoft information technology staff augmentation services to support the Office of Shared Information Services

Agency: ERP Analysts, Inc.

Funds: Not to exceed \$2,000,000

Period: December 1, 2018 through November 30, 2023

Description: Staff augmentation services for PeopleSoft information technology resources to support UTShare institutions PeopleSoft projects for campuses Shared Information Services supports. This contract is one of four that will partially replace two expiring contracts currently in place for the Office of Shared Information Services. This contract was competitively bid.

13. Contract (funds going out) - U. T. System: r2 Technologies, Inc. to provide PeopleSoft information technology staff augmentation services to support the Office of Shared Information Services

Agency: r2 Technologies, Inc.

Funds: Not to exceed \$2,000,000

Period: November 14, 2018 through November 30, 2023

Description: Staff augmentation services for PeopleSoft information technology resources to support UTShare institutions PeopleSoft projects for campuses Shared Information Services supports. This contract is one of four that will partially replace two expiring contracts currently in place for the Office of Shared Information Services. This contract was competitively bid.

14. Contract (funds going out) - U. T. System: Teksystems to provide PeopleSoft information technology staff augmentation services to support the Office of Shared Information Services

Agency: Teksystems

Funds: Not to exceed \$2,000,000

Period: December 1, 2018 through November 30, 2023

Description: Staff augmentation services for PeopleSoft information technology resources to support UTShare institutions PeopleSoft projects for campuses Shared Information Services supports. This contract is one of four that will partially replace two expiring contracts currently in place for the Office of Shared Information Services. This contract was competitively bid.

15. Other Fiscal Matters - U. T. System: Results of the 2018 Group Purchasing Organization (GPO) Accreditation Program

On February 11, 2016, the Board of Regents approved a Group Purchasing Organization (GPO) Accreditation Program. The Program is designed to ensure that U. T. institutions utilize contracts offered by GPOs, including Texas state agencies performing GPO functions, only if the GPOs use sourcing processes accredited by U. T. System as meeting minimum procurement standards. The approval delegated authority to the Executive Vice Chancellor for Business Affairs to determine whether any applicant for accreditation meets such standards. Results from the first two years of operation of the Program were reported to the Board of Regents at the August 25, 2016 and August 24, 2017 meetings.

In 2017, the Program's Operating Procedures were revised to incorporate a "value component" requirement. This requires a GPO to meet specified quantitative or qualitative criteria to become accredited or maintain accreditation. This is intended to focus usage of GPOs on those entities that (a) have the resources and scale in the marketplace sufficient to optimize the value of master agreements they procure, or (b) otherwise meet unique needs of the institutions. This value component requirement was applied for the first time in the 2018 Program.

With assistance from the U. T. System Office of Collaborative Business Services, an additional three applications for accreditation were considered in the 2018 Program, with one being approved and two being rejected. The newly accredited GPO is:

- HealthTrust

Rejected applicants have been informed of the reasons for rejection, and of their right to reapply for accreditation in next year's Program.

In addition, reviews of the ten GPOs previously accredited were conducted to ensure ongoing compliance with accreditation standards and to review institutional use of GPO contracts. As a result of these reviews, the accreditation of the following GPO has been revoked, for failure to meet the Program's value component requirement:

- Brazos Valley Council of Governments, dba Purchasing Solutions Alliance (PSA)

The accreditations of the other GPOs previously accredited have been continued.

As a result, the following are the GPOs that are accredited at the conclusion of the 2018 Program:

- The University of Texas System Supply Chain Alliance
- E&I Cooperative Services, Inc.
- Education Service Center - Region 19 Allied States Cooperative
- The Local Government Purchasing Cooperative, dba BuyBoard
- Premier Health Alliance, LP
- Texas Comptroller of Public Accounts (Statewide Procurement Division) (TPASS/TXMAS)
- Texas Department of Information Resources (DIR)

- HealthTrust
- National Cooperative Purchasing Alliance (NCPA)
- Sourcewell, formerly known as National Joint Powers Alliance (NJPA)

All accreditations will expire August 31, 2021, unless terminated earlier under U. T. System procedures.

16. Real Estate Report - U. T. System: Summary Report of Separately Invested Assets Managed by U. T. System

**THE UNIVERSITY OF TEXAS SYSTEM  
SEPARATELY INVESTED ASSETS  
Managed by U. T. System  
Summary Report at August 31, 2018**

	FUND TYPE							
	Current Purpose Restricted		Endowment and Similar Funds		Annuity and Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
<b>Land and Buildings:</b>								
Ending Value 5/31/2018	\$ 1,666,061	\$ 9,703,167	\$ 97,243,479	\$ 245,911,865	\$ 253,270	\$ 388,286	\$ 99,162,810	\$ 256,003,318
Increase or Decrease	-	1,391,934	(151,994)	407,371,441	-	1,250	(151,994)	408,764,625
Ending Value 8/31/2018	\$ 1,666,061	\$ 11,095,101	\$ 97,091,485	\$ 653,283,306	\$ 253,270	\$ 389,536	\$ 99,010,816	\$ 664,767,943
<b>Other Real Estate:</b>								
Ending Value 5/31/2018	\$ 4	\$ 4	\$ 6	\$ 6	\$ -	\$ -	\$ 10	\$ 10
Increase or Decrease	-	-	-	-	-	-	-	-
Ending Value 8/31/2018	\$ 4	\$ 4	\$ 6	\$ 6	\$ -	\$ -	\$ 10	\$ 10

Report prepared in accordance with Sec. 51.0032 of the *Texas Education Code*. Details of individual assets by account furnished on request.

Note: Surface estates are managed by the U. T. System Real Estate Office. Mineral estates are managed by U. T. System University Lands. The royalty interests received from the Estate of John A. Jackson for the John A. and Katherine G. Jackson Endowed Fund in Geosciences are managed by the U. T. Austin Geology Foundation, with the assistance of the Bureau of Economic Geology.

**ACADEMIC AFFAIRS COMMITTEE**

17. Contract (funds coming in) - U. T. System: Amendment No. 1 to Master Agreement between U. T. System and edX Inc.

Entity: edX Inc. (edX)

Funds: Amendment No. 1 outlines potential revenue streams for U. T. System institutions offering courses and online master's degree programs on the edX platform. Revenue from courses and online master's degree programs will be shared by the applicable U. T. System institution and edX with a 60/40 split in favor of the U. T. System institution. Increased enrollments in online master's degree programs can increase the revenue share for the applicable U. T. System institution for that specific program.

Period: Initial term of October 4, 2018 through October 15, 2021, with annual renewal terms following, unless either party gives notice of intent not to renew. U. T. System may exercise the option not to renew beginning in 2021. edX may exercise the option not to renew beginning in 2023.

Description: U. T. System entered into a Master Agreement with edX in 2012 under which U. T. System invested in the development of the edX platform and joined a consortium of other institutions of higher education, X University Consortium, advising edX on the best practices in online and blended education. The Master Agreement along with a series of schedules regarding revenue, copyright, and trademark also permitted U. T. System institutions to provide online education courses on the edX platform. Across seven U. T. institutions, there are currently 33 courses open for enrollment, ranging from introduction to engineering to foundations of computer science for teachers. The breakdown of courses are as follows:

School	Open for Enrollment	Not Available	Total
U. T. Austin	13	3	16
U. T. Arlington	10	6	16
U. T. Permian Basin	2	0	2
U. T. San Antonio	0	1	1
U. T. Health Houston	2	0	2
U. T. Medical Branch	1	0	1
U. T. M. D. Anderson	5	0	5

This First Amendment to the Master Agreement adjusts the revenue schedule and course development requirements for new courses, changes the term and termination provisions of the Master Agreement, and establishes an opportunity for U. T. System institutions to launch online master's degree programs (OMD Programs) on the edX platform.

Online Master Degree Program Appendix for Computer Science between U. T. System, U. T. Austin and edX, Inc.

The first proposed OMD Program is U. T. Austin's Master of Science in Computer Science (MSCS) program, an Option III (self-funded) track to the existing MSCS degree program. Courses for the (Option III) program will be delivered to working professionals in a combination of synchronous and asynchronous online formats via the edX platform. The program seeks to address shortfalls in available computer science education by producing a larger volume of graduates than can be accommodated through traditional brick and mortar delivery. The MSCS online (Option III) program will provide working professionals with an opportunity to develop technical expertise in areas (e.g., algorithm design, cybersecurity, computer systems, artificial intelligence, machine learning, high performance computing, and quantum computing) that have broad relevance within the computer science field and across a wide variety of industries. Enrollment for the first cohort is planned for Fall 2019.

The proposed OMD Program has been reviewed and approved by the U. T. Austin Graduate Studies Committee of the Department of Computer Science; the Graduate Assembly; and the Executive Vice President and Provost. The proposal has also been approved by the U. T. System Executive Vice Chancellor for Academic Affairs and will be submitted to the Texas Higher Education Coordinating Board following approval by the Board of Regents.

Per the OMD Program Appendix for U. T. Austin, it is estimated there will be \$8,000,000 total projected revenue (net profit of approximately \$2 - 2.5 million) through end of three-year initial term, assuming cohort enrollment in 2019 of 100 students, enrollment of 500 students in 2020, and enrollment of 1,000 students in 2021. Program tuition will be \$10,000 per student.

18. Contract (funds coming in) - U. T. Austin: Amendment 2 to Master Physician Services Agreement with Tri-County Clinical, Seton/U. T. Austin Dell Medical School University Physicians Group, Pediatric Surgical Subspecialists (dba Pediatric Specialty Services), Seton Family of Doctors, and 'Specially for Children Children's Hospital Subspecialists of Central Texas related to the provision of clinical and other related administrative services

Agency: Tri-County Clinical, Seton/U. T. Austin Dell Medical School University Physicians Group, Pediatric Surgical Subspecialists (dba Pediatric Specialty Services), Seton Family of Doctors, and 'Specially for Children Children's Hospital Subspecialists of Central Texas (collectively, "Seton 162b Entities")

Funds: U. T. Austin will be paid approximately \$7,906,000 per year (\$8,091,000 after all program personnel have transferred) for clinical services provided under Amendment 2

Period: Initial term beginning October 22, 2018 through December 31, 2020, with renewal periods of two years each, unless a 12-month notice of non-renewal or termination is given

Description: This Amendment 2 adds the terms of a joint hospitalist program to the Master Physician Services Agreement approved by the Board on May 10, 2017, and amended with Board approval on August 9, 2018. Dell Medical School will provide the Dell Seton Medical Center at The University of Texas with all needed hospital medicine, medicine consult, and infectious disease consult physician and clinical services, with coverage 24-hrs/day, 365 days/year, as well as hospital medicine/surgical elective service. To provide this coverage, U. T. Austin will hire the hospitalist physicians and advance practice providers who currently provide this service as employees of various Seton entities.

19. Contract (funds coming in and going out) - U. T. Austin: Second Amendment to Academic and Educational Experience Director Services Agreement between The University of Texas at Austin on behalf of Dell Medical School, Seton Family of Hospitals, and ESP Payroll Services, P.A. for the administration of academic services related to the Dell Medical School's Emergency Medicine Residency and Pediatric Emergency Medicine Fellowship programs

Agency: Seton Family of Hospitals and ESP Payroll Services, P.A.

Funds: Funds from Seton Family of Hospitals as contemplated in the master affiliation agreement entered into by and between Seton Healthcare Family, U. T. System, and U. T. Austin on January 1, 2015

Funds coming into U. T. Austin from Seton Family of Hospitals (per contract):

- \$1,009,008 each year; \$2,018,016 over two-year term

Funds going out to ESP Payroll Services:

- \$1,009,008 each year; \$2,018,016 over two-year term, to be paid to ESP on a quarterly basis; 20% of this amount may be withheld by U. T. Austin, dependent upon satisfactory evaluation of services provided

Period: Renewal Term from October 1, 2018 through September 30, 2019, with one automatic renewal period of 12 months

Description: Physicians or other pertinent personnel employed by or under contract with ESP Payroll Services, P.A. will dedicate a portion of their professional time to providing academic services for the Dell Medical School's Emergency Medicine Residency and Pediatric Emergency Medicine Fellowship programs. The services provided by ESP Payroll Services, P.A. will be evaluated by a Department Chair employed by the Dell Medical School. Seton Family of Hospitals will pay U. T. Austin an amount to cover the cost of services to be provided by ESP Payroll Services, P.A. and U. T. Austin will pay ESP Payroll Services for the services rendered, up to 20% of which will be subject to a satisfactory performance evaluation by the Department Chair.

The initial agreement was approved by the Board of Regents on November 10, 2016.

20. Contract (funds going out) - U. T. Austin: Alpha Building Corporation to provide job order contracting services to McDonald Observatory facilities

Agency: Alpha Building Corporation

Funds: Expected to exceed \$2,500,000 over the maximum five-year contract period

Period: December 1, 2015 through November 30, 2018 (one-year contract with option to renew for up to four additional one-year periods, two renewal options remaining)

Description: Alpha Building Corporation to provide general construction job order contracting services, with projects varying in scope and size, for McDonald Observatory facilities. Separate service agreements will be executed for individual projects. Services were competitively procured.

21. Contract (funds going out) - U. T. Austin: Walker Engineering, Inc. to provide job order contracting services to campus facilities

Agency: Walker Engineering, Inc.

Funds: Expected to exceed \$2,500,000 over the maximum five-year contract period

Period: August 24, 2015 through August 23, 2020 (one-year contract with option to renew for up to four additional one-year periods, one renewal option remaining)

Description: Walker Engineering, Inc. to provide electrical services with projects varying in scope and size. Separate service agreements will be executed for individual projects. Services were competitively procured.

22. Contract (funds going out) - U. T. Austin: Page Southerland Page, Inc. to provide professional engineering/architectural services to campus facilities

Agency: Page Southerland Page, Inc.

Funds: Expected to exceed \$2,500,000 over the maximum six-year contract period

Period: June 1, 2017 through May 30, 2019 (one-year contract with option to renew for up to five additional one-year periods, four renewal options remaining)

Description: Page Southerland Page, Inc. to perform professional engineering/architectural services with projects varying in scope and size. Separate service agreements will be executed for individual projects. Services were competitively procured.

23. Interagency Agreement (funds coming in) - U. T. Austin: Amendment to Interagency Cooperation Contract between U. T. Austin on behalf of Dell Medical School and the Texas Health and Human Services Commission concerning Austin State Hospital

Agency: Texas Health and Human Services Commission (HHSC)

Funds: \$15,717,817

Period: February 1, 2018 through November 30, 2020

Description: The initial agreement, which was approved by the Board of Regents on May 1, 2018, provides that U. T. Austin Dell Medical School will provide HHSC with planning and related services focused on the creation of a mental health plan that defines the vision for the replacement of Austin State Hospital (ASH), incorporating a continuum of inpatient and outpatient psychiatric services on the ASH campus to serve the existing ASH catchment area. This amendment adds the planning phase of the ASH project, increases the contract value by \$13,000,000, and extends the termination date, which was previously December 31, 2018.

24. Interagency Agreement (funds coming in) - U. T. Austin: Interagency cooperation contract between Texas Department of Transportation and U. T. Austin's Texas Engineering Executive Education to provide education services

Agency: Texas Department of Transportation

Funds: \$2,857,181

Period: September 1, 2018 through August 31, 2021

Description: U. T. Austin, through its Texas Engineering Executive Education, will provide education services to the Texas Department of Transportation.

25. Interagency Agreement (funds going out) - U. T. Austin: Contracting Services with Capital Metropolitan Transportation Authority

Agency: Capital Metropolitan Transportation Authority

Funds: \$19,500,000

Period: September 1, 2018 through August 31, 2021

Description: Capital Metropolitan Transportation Authority will provide the shuttle bus transportation services, referred to as the "U. T. Shuttle Service" for students, faculty and staff. This was procured through an exclusive acquisition justification.

26. Request for Budget Change - U. T. Austin: New Hires with Tenure -- amendment to the 2017-2018 budget

The following Requests for Budget Change (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>Dell Medical School</b>					
Dept. of Population Health					
Professor					
Elizabeth Matsui (T)	7/1-8/31	100	12	250,000	9461
	7/1-5/31	0	9	250,000	9461
<b>Dell Medical School</b>					
Dept. of Population Health					
Professor					
Paul J. Rathouz (T)	8/13-8/31	100	12	264,000	9464

27. Request for Budget Change - U. T. Austin: Tenure Appointments -- amendment to the 2018 - 2019 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>School of Architecture</b>					
Associate Professor					
Phoebe Lickwar (T)	9/1/18	100	9	100,000	9457
<b>Moody College of Communication</b>					
Dept. of Communication Studies					
Professor					
Shivendranath Ganesh (T)	1/16/19	100	9	165,000	9455
Dept. of Radio, Television, Film					
Professor					
Noah Isenberg (T)	1/1/19	100	9	180,000	9456

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>College of Fine Arts</b>					
School of Design and Creative Technologies					
Associate Professor					
Monica Penick (T)	9/1/18	100	9	85,000	9463
Dept. of Theatre and Dance					
Associate Professor					
Gesel Mason (T)	9/1/18	100	9	100,000	9460
<b>College of Liberal Arts</b>					
Dept. of English					
Associate Professor					
Tanya E. Clement (T)	9/1/18	100	9	91,607	9453
Associate Professor					
Samantha N. Pinto (T)	1/16/19	100	9	110,000	9466
Dept. of Linguistics					
Professor					
Jenny L. Singleton (T)	9/1/18	100	9	140,000	9465
<b>College of Natural Sciences</b>					
Dept. of Mathematics					
Associate Professor					
Kateryna Iushchenko (T)	9/1/18	100	9	145,000	9458
Professor					
Samuel Payne (T)	9/1/18	100	9	230,000	9462
Dept. of Physics					
Professor					
Katherine Freese (T)	1/16/19	100	9	240,000	9454
Dept. of Nutritional Sciences					
Associate Professor (primary appointment)					
Heather J. Leidy (T)	1/16/19	100	9	115,000	9459
<b>Dell Medical School</b>					
Dept. of Pediatrics					
Associate Professor (0% joint appointment)					
Heather J. Leidy (T)	1/16/19	0	9	115,000	9459

28. Request for Budget Change - U. T. Austin: Approval of Emeritus Titles

**Barbara G. Dodd**, from Professor to Pearson Endowed Professor Emerita in Psychometrics, Department of Educational Psychology in the College of Education (RBC No. 9467) -- amendment to the 2018-2019 budget

**Robert W. Jensen**, from Professor to Professor Emeritus, School of Journalism in the Moody College of Communication (RBC No. 9471) -- amendment to the 2018-2019 budget

**Ellen R. Spiro**, from Professor to Professor Emerita, Department of Radio TV Film in the Moody College of Communication (RBC No. 9468) -- amendment to the 2018-2019 budget

**George Sylvie**, from Associate Professor to Associate Professor Emeritus, School of Journalism in the Moody College of Communication (RBC No. 9470) -- amendment to the 2018-2019 budget

**Russell G. Todd**, from Professor to Professor Emeritus, School of Journalism in the Moody College of Communication (RBC No. 9469) -- amendment to the 2018-2019 budget

29. Request for Budget Change - U. T. Austin: Transfer \$5,000,000 from Athletics – Intercollegiate Athletics Operating Income to Athletics – Intercollegiate Athletics Operating for salaries and departmental operating costs (RBC No. 9422) -- amendment to the 2017-2018 budget for over-realized income

30. Request for Budget Change - U. T. Austin: Transfer \$15,000,000 from VPBA – Reserve for Academic Enhancement Initiatives to VPBA – Designated Tuition Construction Control – for funding of Designated Tuition Construction Control (RBC No. 9423) -- amendment to the 2017-2018 budget

31. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for Head Track and Field Coach Edrick B. Floréal

The following Head Track and Field Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents. If the Agreement is approved, total compensation for the contract period for Edrick B. Floréal will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, the Big 12 conference, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12, Athletic Employment Agreements; and Rule 20204, Section 3, Board Approval). Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Item: Head Track and Field Coach Edrick B. Floréal

Proposed: **Guaranteed compensation:**

Annual Salary:

FY 2017-18: \$ 93,750

FY 2018-19: \$450,000

FY 2019-20: \$450,000

FY 2020-21: \$450,000

FY 2021-22: \$450,000

FY 2022-23: \$450,000

Automobile: One dealer car [or \$7,500 annually in lieu of one dealer car]

Social club memberships: In accordance with Athletics Department's policies and procedures, and based on availability and business need.

Speaking: \$0 annually

Tickets: None provided under the Agreement

**Nonguaranteed compensation:**

Sports Camps and Clinics: Determined By Vice President and Athletics Director

Incentives:

Team performance incentives: Up to 30% of annual salary

Team academic performance Incentives: \$0

National Coach of the Year: Up to 5% of annual salary

Conference Coach of the Year: Up to 2% of annual salary

Top 5 ranking in final poll: N/A

Top 10 ranking in final poll: N/A

Description: Employment agreement Head Track and Field Coach Edrick B. Floréal

Source of Funds: Intercollegiate Athletics

Period: June 15, 2018 through August 31, 2023

32. Employment Agreement - U. T. Austin: Approval of Terms of Employment Agreement for Head Women's Softball Coach Michael White

The following Head Women's Softball Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and recommended for formal approval by the U. T. System Board of Regents. If this Agreement is approved, total compensation for the contract period for Michael White will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, the Big 12 Conference, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12, Athletic Employment Agreements; and Rule 20204, Section 3, Board Approval). Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Item: Head Women's Softball Coach Employment Agreement for Michael White

Proposed: **Guaranteed compensation:**

Annual Salary:

- FY 2017-18: \$ 94,686
- FY 2018-19: \$505,000
- FY 2019-20: \$530,000
- FY 2020-21: \$555,000
- FY 2021-22: \$580,000
- FY 2022-23: \$605,000

Automobile: One dealer car [or \$7,500 annually in lieu of one dealer car]

Social club memberships: In accordance with Athletics Department's policies and procedures, and based on availability and business need.

Speaking: \$0 annually

Tickets: None provided under the Agreement

**Nonguaranteed compensation:**

Sports camps and clinics: Discretion of Vice President and Athletics Director

Incentives:

- Team performance incentives: 30% of annual salary
- Team academic performance Incentives: \$0
- National Coach of the Year: 5% of annual salary
- Conference Coach of the Year: 2% of annual salary
- Top 5 ranking in final poll: N/A
- Top 10 ranking in final poll: N/A

Description: Employment agreement for Head Women's Softball Coach Michael White

Source of Funds: Intercollegiate Athletics

Period: June 26, 2018 through August 31, 2023

33. Employment Agreement - U. T. Austin: Approval of Terms of Employment Agreement for Head Women's Soccer Coach Angela Kelly

The following Head Women's Soccer Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and recommended for formal approval by the U. T. System Board of Regents. If this Agreement is approved, total compensation for the contract period for Angela Kelly will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, the Big 12 Conference, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12, Athletic Employment Agreements; and Rule 20204, Section 3, Board Approval). Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Item: Head Women's Soccer Coach Employment Agreement for Angela Kelly

Proposed: **Guaranteed compensation:**

Annual Salary:

FY 2018-19: \$205,135

FY 2019-20: \$205,135

FY 2020-21: \$205,135

FY 2021-22: \$205,135

FY 2022-23: \$205,135

FY 2023-24: \$102,568 (through February 28, 2024)

Automobile: One dealer car [or \$7,500 annually in lieu of one dealer car]

Social club memberships: In accordance with Athletics Department's policies and procedures, and based on availability and business need.

Speaking: \$0 annually

Tickets: None provided in the Agreement

**Nonguaranteed compensation:**

Sports camps and clinics: Sole discretion of Vice President and Athletics Director

Incentives:

- Team performance incentives: 30% of annual salary
- Team academic performance Incentives: \$0
- National Coach of the Year: 5% of annual salary
- Conference Coach of the Year: 2% of annual salary
- Top 5 ranking in final poll: N/A
- Top 10 ranking in final poll: N/A

Description: Employment agreement for Head Women’s Soccer Coach Angela Kelly

Source of Funds: Intercollegiate Athletics

Period: September 1, 2018 through February 28, 2024

34. Lease - U. T. Austin: Authorization to lease approximately 16,893 rentable square feet of space located at 3102 Oak Lawn Avenue, Dallas, TX, from Turtle Creek Property Owner 1, L.P., a Delaware limited partnership, for future programmed expansion, including use by the McCombs School of Business Texas MBA at Dallas/Fort Worth

Description: Lease of approximately 16,893 rentable square feet of space located at 3102 Oak Lawn Avenue, Dallas, TX, from Turtle Creek Property Owner 1, L.P., a Delaware limited partnership, for future programmed expansion, including use by the McCombs School of Business Texas MBA at Dallas/Fort Worth.

Lessor: Turtle Creek Property Owner 1, L.P., a Delaware limited partnership

Term: Eighty-eight months, which consists of a seven-year term plus four months with abated rent. There will be two renewal options of five years each at then fair market value. There will also be an option to terminate early after 62 months of the term with 12 months’ notice and the payment for unamortized costs and six months’ rent. The estimated penalty for early termination is \$940,559.

Lease Cost: Initial annual base rent is \$32 per rentable square foot and will escalate \$0.75 per year during the term. Initial annual operating expenses are estimated at \$15 per rentable square foot. Landlord will provide a \$70 per square foot Tenant Improvement Allowance, and U. T. Austin has the right to amortize an additional \$10 per square foot for improvements over the term. Total rent over the term, including operating expenses and amortized tenant improvements is approximately \$6,072,833. Total lease value including landlords tenant improvement allowance is \$7,436,098.

35. Approval of Dual Position of Honor, Trust, or Profit - U. T. Austin: Appointment by Governor Abbott of John Salsman, U. T. Austin Environmental Health and Safety Director, as a Member of the Texas Low-Level Radioactive Waste Disposal Compact Commission

The following item has been approved by the Executive Vice Chancellor for Academic Affairs in accordance with Regents' *Rules and Regulations*, Rule 30103.

It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas at Austin, and there is no conflict between holding this position and the appointment with the University.

The Board is also asked to find that holding this position is of benefit to the State of Texas and the University and that there is no conflict between the position and the University.

Name: John Salsman

Title: Environmental Health and Safety Director

Position: Member, Texas Low-Level Radioactive Waste Disposal Compact Commission

Period: August 24, 2018 through September 1, 2023

Compensation: Reimbursement of reasonable travel and related out of pocket expenses

Description: Mr. Salsman has been appointed by Governor Abbott as a Member of the Texas Low-Level Radioactive Waste Disposal Compact Commission and will work with the Governing Board to manage and dispose of low-level radioactive waste, while maintaining the health, safety, and welfare of citizens.

36. Request for Budget Change - U. T. Dallas: Approval of Emeritus Title

**Brian Ratchford**, from Professor to Professor Emeritus, Marketing in the Naveen Jindal School of Management (RBC No. 9397) -- amendment to the 2017-2018 budget

37. Contract (funds coming in) - U. T. El Paso: Bottling Group LLC, operating as Pepsi Beverage Company, to provide beverage vending and pouring services on campus

Agency: Bottling Group LLC, operating as Pepsi Beverages Company, an indirect subsidiary of PepsiCo, Inc.

Funds: \$2,840,000 for the initial seven-year term and \$1,215,000 for the one three-year renewal option

Period: September 1, 2018 through August 31, 2025 with one three-year renewal option

Description: Bottling Group LLC, operating as Pepsi Beverage Company will provide beverage, products and services on University's campus for the benefit and convenience of the student, faculty, staff and visitors by means of vending machines, retail single serve coolers and fountain machines. Pursuant to *Texas Education Code* Section 51.945, students were provided an opportunity to comment prior to determination that this food services provider should be selected by the institution.

38. Contract (funds coming in) - U. T. El Paso: Bottling Group LLC, operating as Pepsi Beverage Company to serve as official sponsor for the U. T. El Paso Intercollegiate Athletics

Agency: Bottling Group, LLC, operating as Pepsi Beverages Company, an indirect subsidiary of PepsiCo. Inc.

Funds: \$1,435,000 for the initial seven-year term and \$615,000 for the one three-year renewal option

Period: September 1, 2018 through August 31, 2025 with one three-year renewal option

Description: Bottling Group LLC, operating as Pepsi Beverage Company will serve as official sponsor of U. T. El Paso Athletics in exchange for sponsorship payments described above.

39. Contract (funds coming in) - U. T. Rio Grande Valley: Approval of First Amendment to Annual Operating Agreement with Doctors Hospital at Renaissance, Ltd.

Agency: Doctors Hospital at Renaissance, Ltd. (DHR)

Funds: Monthly payments of \$1,595,602 from January 1, 2018 through December 31, 2018, unless revised by agreement of the parties, \$19,147,224 total amount subject to reconciliation.

Period: January 1, 2018 through December 31, 2018

Description: The Calendar Year 2018 Amendment to Annual Operating Agreement to the Affiliation Agreement between Doctors Hospital at Renaissance, Ltd. and U. T. Rio Grande Valley documents the payment for services flowing between the parties in connection with graduate and undergraduate medical education programs, and describes the commitment of the parties related to educational, clinical, structural, financial, and administrative needs of the graduate and undergraduate medical education programs and other collaboration efforts as contemplated in the related Affiliation Agreement between the parties.

40. Contract (funds coming in and going out) - U. T. Rio Grande Valley: Athenahealth, Inc., Master Services Agreement to provide electronic medical records and practice management system

Agency: Athenahealth, Inc.

Funds: Amount to be paid will be 7.49% of the collected amounts or a minimum monthly fee of \$30,038

Period: March 29, 2018 through March 28, 2019

Description: Master Services Agreement for AthenaOne Service: Cloud-based platform for practice management, electronic health records, care coordination and patient portal for UTRGV's owned/managed clinics. Services include: Payer Enrollment, Contracting and Credentialing, Insurance Package, Management, Quality Program, Billing, Insurance Eligibility Verification, Patient Workflow, and Credit Card Payment processing.

41. Contract (funds going out) - U. T. Rio Grande Valley: Blackboard, Inc., to provide services for online course delivery

Agency: Blackboard, Inc.

Funds: \$2,450,000

Period: June 25, 2018 through June 24, 2021

Description: Extension of current Blackboard License and Services Agreement for three years and Third Amendment of such contract to update terms and conditions. Contract for Online Course Delivery including: Platinum Hosting, Intel Hosting Bundle, Intelligence Managed Hosting VPN, Intelligence Managed Hosting up to 2 modules, Additional Hosting Service Unit, Learning Insight Package, Course Delivery, Content and Community Engagement, Web Conferencing, Intelligence Analytics for learning, Outcomes Assessment, Pyramid Analytics for learning, Mobile Solutions, Course Delivery Developer, and Course Delivery Test.

42. Foreign Contract - U. T. Rio Grande Valley: The City of Heroica Matamoros in Tamaulipas, Mexico, will provide rent-free office space at Avenida Constitución 57, Matamoros, Tamaulipas, México, to U. T. Rio Grande Valley for the purpose of engaging in educational activities; and approval of formation of a Mexican civil association

Agency: City of Heroica Matamoros, Tamaulipas, México

Funds: No funds will be exchanged under this agreement.

Period: Initial term of one year; in addition, three one-year renewal options

Description: U. T. Rio Grande Valley seeks approval to enter into an agreement with the City of Heroica Matamoros, Tamaulipas, México, a foreign governmental entity. The City of Heroica Matamoros will provide the use of approximately 1,607 square feet of rent-free office space at a cultural building at Avenida Constitución 57, Matamoros, Tamaulipas, México. The City will provide utilities and services to the space at no cost to the institution. U. T. Rio Grande Valley will utilize the space to engage in educational activities, such as providing information to prospective students and advising services to current students.

Entity Formation: U. T. Rio Grande Valley seeks authorization for the formation of a Mexican civil association, if required or prudent to obtain insurance or for other purposes.

43. Request for Budget Change - U. T. Rio Grande Valley: Approval of Emeritus Titles

**Subhash Bose**, from Professor to Professor Emeritus, Department of Manufacturing and Industrial Engineering in the College of Engineering and Computer Science (RBC No. 10492) -- amendment to the 2018-2019 budget

**Kenneth L. Buckman**, from Professor to Professor Emeritus, Department of Philosophy in the College of Liberal Arts (RBC No. 10501) -- amendment to the 2018-2019 budget

**Jerry Polinard**, from Professor to Professor Emeritus, Department of Political Science in the College of Liberal Arts (RBC No. 9374) -- amendment to the 2018-2019 budget

44. Purchase - U. T. Rio Grande Valley: Authorization to purchase approximately 3,039 square feet of condominium office space located at 6900 North 10th Street, Suite 3, McAllen, Hidalgo County Texas, from Oscar Sotelo, M.D. for future programmed expansion, including medical and clinical uses

Description: Purchase of a condominium unit containing approximately 3,039 square feet of medical and clinical office space located at 6900 North 10th Street, Suite 3, McAllen, Hidalgo County Texas; and authorization for 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 purchase the property. This property is located approximately four miles from U. T. Rio Grande Valley's Edinburg campus and approximately two miles from the institution's teaching hospital and is in a commercial and medical services-oriented area of McAllen. The property will be used for future programmed expansion, including clinical and educational use by the UTRGV School of Medicine.

Seller: Oscar Sotelo, M.D.

Purchase Price: Not to exceed fair market value as determined by an independent appraisal performed by Aguirre & Patterson, Inc.; appraisal confidential pursuant to *Texas Education Code* Section 51.951

45. Purchase - U. T. Rio Grande Valley: Authorization to purchase a building containing approximately 7,426 square feet of shelled space on approximately 0.75 acres of land located at 7012 North 10th Street, McAllen, Hidalgo County Texas, from Oscar Sotelo, M.D. for future programmed expansion, including medical and clinical uses

Description: Purchase of a vacant, one-story shelled office building containing approximately 7,426 square feet of space on approximately 0.75 acres located at 7012 North 10th, McAllen, Hidalgo County Texas; and authorization for 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 purchase the property. This property is located approximately four miles from U. T. Rio Grande Valley's Edinburg campus and approximately two miles from the institution's teaching hospital and is in a commercial and medical services-oriented area of McAllen. The property will be used for future programmed expansion, including clinical and educational use by the UTRGV School of Medicine.

Seller: Oscar Sotelo, M.D.

Purchase Price: Not to exceed fair market value as determined by an independent appraisal performed by Robinson, Duffy & Barnard, LLP.; appraisal confidential pursuant to *Texas Education Code* Section 51.951

46. Request for Budget Change - U. T. Rio Grande Valley: Transfer \$3,525,000 from designated tuition, local, auxiliary, and restricted funds to salaries and benefits to fund merit-based faculty and staff increases effective December 1, 2018 (RBC No.10469) -- amendment to the 2018-2019 budget

47. Logo - U. T. Rio Grande Valley: Approval of new UT Health Rio Grande Valley logo

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, the Vice Chancellor and the General Counsel and President Bailey that the U. T. System Board of Regents approve the use of a new logo for U. T. Health Rio Grande Valley in accordance with Regents' *Rules and Regulations*, Rule 40801.

The proposed UT Health Rio Grande Valley logo combines three main elements: The Ollin, Tree of Life, and the Caduceus. The Ollin, which means "Movement of the Sun", in Aztec mythology, represents the advancement and continuous change of the medical field. The Tree of Life branches represent knowledge and life. This symbol has been used in science, religion, and mythology to symbolize the interconnection of all life on our planet and serves as a metaphor for growth and evolution. The Caduceus represents healing and the field of medicine. Its symmetrical look is a close resemblance to the DNA helix.

In addition, the elements in the logo are similar to the patterns within the lattice structures on the new Medical Education Building in Edinburg.

The color palette represents the university branding combined with nature colors to denote the nature and organic feel of the medical profession.

The proposed Pantone Marking System colors are PMS 1655 C, PMS Cool Gray 10 C, PMS 2748 C, PMS 7549 C, PMS 375 C, PMS 2935 C and PMS 2975 C.

PRIMARY LOGO LAYOUT



SECONDARY LOGO LAYOUT



# COLOR PALETTE



**PANTONE**  
1655 C

Hex: #F05023

C: 0  
M: 84  
Y: 100  
K: 0

R: 240  
G: 85  
B: 35



**PANTONE**  
Cool Gray 10 C

Hex: #646469

C: 61  
M: 53  
Y: 48  
K: 19

R: 100  
G: 100  
B: 105



**PANTONE**  
2748 C

Hex: #001a70

C: 100  
M: 93  
Y: 24  
K: 23

R: 0  
G: 26  
B: 112



**PANTONE**  
7549 C

Hex: #ffb600

C: 0  
M: 31  
Y: 100  
K: 0

R: 255  
G: 182  
B: 0



**PANTONE**  
375 C

Hex: #92D500

C: 31  
M: 0  
Y: 100  
K: 16

R: 146  
G: 213  
B: 100



**PANTONE**  
2935 C

Hex: #0055b8

C: 100  
M: 68  
Y: 4  
K: 0

R: 0  
G: 85  
B: 184



**PANTONE**  
2975 C

Hex: #95d4e9

C: 39  
M: 2  
Y: 5  
K: 0

R: 149  
G: 212  
B: 233

48. Request for Budget Change - U. T. San Antonio: Transfer \$7,200,000 from prior year balances of Designated Tuition Revenue to multiple accounts in support of various initiatives, including research support, academic and administrative support, strategic enrollment efforts, student success efforts, and new faculty startup (RBC No. 10499) -- amendment to the 2018-2019 budget

The following Request for Budget Change has been administratively approved by the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

Description	\$ Amount	RBC #
Account or Project		
Amount of Transfer:		10499
From: Designated Tuition Revenue	\$7,200,000	
To: New Faculty Startup	\$2,300,000	
Research Support	\$1,100,000	
Academic and Administrative Support	\$1,700,000	
Inclusive Excellence	\$100,000	
Strategic Enrollment Initiatives	\$1,000,000	
Student Success Initiatives	\$1,000,000	

49. Request for Budget Change - U. T. San Antonio: Transfer \$4,538,000 from Designated Tuition Revenue account to UTSA Financial Aid Awards account to remain competitive with financial aid award packages (RBC No. 9253) -- amendment to the 2017-2018 budget

50. Request for Budget Change - U. T. San Antonio: Transfer \$2,765,000 from Central Auxiliary Operations account to Athletics Operation and Athletics Administration accounts to provide institutional support to cover various costs for the Athletics program for FY 2018 (RBC No. 9269) -- amendment to the 2017-2018 budget

The following Request for Budget Change to cover costs for the Athletics program for FY 2018 has been administratively approved by the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

Description	\$ Amount	RBC #
Athletics program accounts		
Amount of Transfer:	\$2,765,000	9269
From: Central Auxiliary Operations		
To: Athletics Operations	\$1,650,000	
Athletics Administration	\$1,115,000	

## HEALTH AFFAIRS COMMITTEE

51. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide physician and other health services to Parkland Health and Hospital System for Dallas County Hospital District

Agency: Dallas County Hospital District

Funds: \$227,246,435

Period: October 1, 2018 through September 30, 2019

Description: U. T. Southwestern Medical Center to provide physician services to Parkland Health and Hospital System for Dallas County Hospital District.

52. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide multi-specialty professional medical services as well as medical supervision and administrative services to Texas Health Presbyterian Hospital Dallas

Agency: Texas Health Presbyterian Hospital Dallas

Funds: \$9,951,000

Period: October 1, 2018 through September 30, 2023, with the option to renew for five additional one-year terms

Description: U. T. Southwestern Medical Center to provide multi-specialty professional medical services (e.g., neurological surgery call coverage) as well as medical supervision and administrative services.

53. Contract (funds going out) - U. T. Southwestern Medical Center: Amendment to contract with IQVIA RDS, Inc., formerly known as Quintiles, Inc., to provide clinical trial management services

Agency: IQVIA RDS, Inc., formerly known as Quintiles, Inc.

Funds: First amendment to existing contract for additional \$378,018; bringing total for the initial contract and first amendment to \$2,808,736

Period: February 1, 2016 through March 31, 2021

Description: IQVIA RDS, Inc. to provide clinical trial management services. The initial contract was for a four-year term beginning February 1, 2016 for \$2,430,717 that includes a pass-through provision whereas funding is provided by Biogen, Inc. The first amendment increases the study enrollment period by one year and extends the contract term to end March 31, 2021, for an additional \$378,018. The agreement has not previously been submitted for Board consideration because the total contract amount was below the delegated approval threshold.

54. Contract (funds going out) - U. T. Southwestern Medical Center: Lanier Parking Meter Services LLC to provide valet services on the U. T. Southwestern Medical Center campus

Agency: Lanier Parking Meter Services LLC

Funds: \$8,400,000

Period: July 23, 2018 through July 22, 2021, with the option to renew for five additional one-year terms

Description: Lanier Parking Meter Services LLC to provide valet services on the U. T. Southwestern Medical Center campus.

55. Contract (funds going out) - U. T. Southwestern Medical Center: Amendment to contract with Philips Healthcare Informatics to provide an IntelliSpace image distribution and display system, and related software services

Agency: Philips Healthcare Informatics

Funds: \$6,304,982

Period: August 1, 2018 through July 31, 2023

Description: Amendment to existing contract with Philips Healthcare Informatics to provide an IntelliSpace image distribution and display system, and related software services. The initial master contract for purchase of hardware, software and services was effective September 1, 2007 through August 30, 2010 and approved via capital budget. The first amendment added per-study fees through August 31, 2011, for an estimated \$114,000 plus six years of annual maintenance at \$424,757 per year. The second amendment extended the term through August 31, 2012, for an estimated \$114,000 per-study fees. The third amendment added additional Cardiology studies and prior studies through 2016 and adds \$216,085. That amendment changes payment to a "per-study" pricing model from a 99.99% Capital iSite Services model. This fourth amendment adds five years effective August 1, 2018, and an estimated \$6,304,982 in fees.

56. Purchase Order - U. T. Southwestern Medical Center: Purchase a Krios electron microscope and equipment from FEI Company

Agency: FEI Company

Funds: \$7,290,000

Description: Request for approval to purchase a Krios electron microscope and equipment from FEI Company. Purchase of the Krios electron microscope and equipment is designed to take U. T. Southwestern Medical Center to the next level in studying structures of biological samples.

Authorization is also requested for President Podolsky or his delegate to execute all necessary documents and agreements, subject to approval as to legal form by the Office of General Counsel.

57. Approval of Dual Position of Honor, Trust, or Profit - U. T. Southwestern Medical Center: Appointment by Governor Abbott of Jennifer Flanagan, Radiologist Assistant, to the Texas Board of Medical Radiologic Technology

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with Regents' *Rules and Regulations*, Rule 30103.

It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas Southwestern Medical Center and there is no conflict between holding this position and the appointment with the University.

The Board is also asked to find that holding this position is of benefit to the State of Texas and the University and that there is no conflict between the position and the University.

Name: Jennifer Flanagan

Title: Radiologist Assistant

Position: Member, Texas Board of Medical Radiologic Technology

Period: September 6, 2018 through February 1, 2023

Compensation: None

Description: Governor Abbott has appointed Jennifer Flanagan to the Texas Board of Medical Radiologic Technology. The Texas Board of Medical Radiological Technology is a new advisory board to the Texas Medical Board. The primary duties of this advisory board are to establish a certification program for radiology technologists, oversee approval and renewal of radiology technologist certification applicants, establish requirements for certificate holders to submit to substance abuse screening or examination of physical or mental health, and establish and oversee disciplinary proceedings for certificate holders in violation of board requirements.

58. Approval of Dual Position of Honor, Trust, or Profit - U. T. Southwestern Medical Center: Appointment by Governor Abbott of Jeffrey Barnard, M.D., Professor of Pathology, to the Texas Forensic Science Commission

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with Regents' *Rules and Regulations*, Rule 30103.

It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas Southwestern Medical Center and there is no conflict between holding this position and the appointment with the University.

The Board is also asked to find that holding this position is of benefit to the State of Texas and the University, and that there is no conflict between the position and the University.

Name: Jeffrey Barnard, M.D.

Title: Professor of Pathology

Position: Member, Texas Forensic Science Commission

Period: August 23, 2018 through September 1, 2019

Compensation: None

Description Governor Abbott has appointed Jeffrey Barnard, M.D. to the Texas Forensic Science Commission. The commission provides oversight over Texas crime laboratories and other entities conducting forensic analyses for use in criminal proceedings and provides an accreditation mandate responsible for establishing procedures, policies, and practices to improve the quality of forensic analyses conducted in Texas.

59. Contract (funds coming in) - U. T. Medical Branch - Galveston: Amendment to contract with Health and Human Services Commission WIC, administered by U. T. Medical Branch - Galveston's Regional Maternal Child Health Program WIC Program, to provide supplemental food benefits, nutrition education, and counseling to enhance good health care at no cost to low-income pregnant and postpartum women, infants and children identified to be at nutritional risk

Agency: Health and Human Services Commission (HHSC)

Funds: \$23,463,915, total contract value

Period: October 1, 2018 through September 30, 2019

Description: U. T. Medical Branch - Galveston's Regional Maternal Child Health Program (RMCHP) WIC Program administers the HHSC WIC to provide supplemental food benefits, nutrition education, and counseling to enhance good health care at no cost to low-income pregnant and postpartum women, infants and children identified to be at nutritional risk. The Fiscal Year 2017 Contract in the amount of \$7,637,723 was approved at the February 9, 2017 Board of Regents' meeting. The First Amendment to increase the dollar amount to \$15,321,734 and extend the term from October 1, 2017 through September 30, 2018 was approved at the August 24, 2017 Board of Regents' meeting. The Second Amendment extends the contract through Fiscal Year 2019 and increases the total contract value to \$23,463,915.

60. Contract (funds going out) - U. T. Medical Branch - Galveston: Acadian Ambulance Service of Texas, LLC to provide ambulance transportation for Texas Department of Criminal Justice inmates and Texas Juvenile Justice Department wards from prison units to and from specific health care institutions

Agency: Acadian Ambulance Service of Texas, LLC

Funds: \$14,500,000

Period: September 1, 2018 through August 31, 2019

Description: Ambulance transportation services are required to support the Correctional Managed Care contract between U. T. Medical Branch - Galveston and the Texas Department of Criminal Justice. The original agreement in the amount not to exceed \$6,600,000 was approved at the November 5, 2015 Board of Regents' meeting for the term September 1, 2015 through August 31, 2018, with two optional 12-month renewal periods. The First Amendment will exercise the first of two options to extend the contract from September 1, 2018 through August 31, 2019, and increase the total dollar value from \$6,100,000 to \$14,500,000, due to the extended term and higher utilization of this vendor than was originally anticipated.

61. Contract (funds going out) - U. T. Medical Branch - Galveston: AT&T Corp. to upgrade the service provisioning network for UTMB Correctional Managed Care Clinics

Agency: AT&T Corp.

Funds: \$5,228,404

Period: August 13, 2018 through August 12, 2023

Description: The Master Agreement with AT&T Corp governs the bandwidth and circuit term services and VPN services Order Forms to upgrade the service provisioning network for all UTMB Correctional Managed Care clinics that presently utilize the OTS WAN Backbone.

62. Request for Budget Change - U. T. Medical Branch - Galveston: Tenure Appointments -- amendment to the 2018-2019 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>School of Medicine</b>					
Department of Surgery					
Professor					
Steven Wolf (T)	3/19-8/31	100	12	525,000	9380
<b>School of Health Professions</b>					
Division of Rehabilitation Sciences					
Associate Professor					
Amol Karmarkar (T)	9/1-8/31	100	12	96,000	9425

63. Request for Budget Change - U. T. Medical Branch - Galveston: Approval of Emeritus Title

**Steven Lieberman**, from Professor to Professor Emeritus, Department of Internal Medicine in the School of Medicine (RBC No. 10493) -- amendment to the 2018-2019 budget

64. Lease - U. T. Medical Branch - Galveston: Authorization to extend the lease of approximately 4606 rentable square feet of space located at 400 N. Texas Avenue, Suite A, Webster, Harris County, Texas from Heritage Erectors Development, Inc., for future campus expansion, including clinical use

Description: Lease of approximately 4606 rentable square feet of space located at 400 N. Texas Avenue, Suite A, Webster, Harris County, Texas for use as a psychiatric clinic

Lessor: Heritage Erectors Development, Inc., a Texas corporation

Term: Extended term commences August 1, 2019, and expires on July 31, 2023, with two 5-year renewal options at the institution's option

Lease Cost: Annual base rent for years 1 and 2 of the extended term is \$94,422.96 (\$20.50/rentable square foot). Annual base rent for years 3 and 4 of the extended term is \$96,219.36 (\$20.89/rentable square foot). Annual base rent for the first 5-year renewal term is \$100,456.86 (\$21.81/rentable square foot) and annual base rent for the second 5-year renewal term is \$110,497.94 (\$24.00/rentable square foot).

Total cost to U. T. Medical Branch from lease commencement through lease expiration, assuming both renewals are exercised is \$2,511,124.24.

Tenant Improvements: Landlord will perform, at Landlord's cost, improvements to the premises in accordance with institution approved site plans and specifications. The estimated cost of the improvements is \$56,650.24

65. Contract (funds coming in) - U. T. Health Science Center - Houston: Memorial Hermann Health System to provide financial support for U. T. Health Science Center - Houston's academic, research, and community service programs

Agency: Memorial Hermann Health System

Funds: Approximately \$304,000,000

Period: July 1, 2018 through June 30, 2019

Description: Memorial Hermann Health System to provide financial support to U. T. Health Science Center - Houston for academic support, program support, contracted services, and clinical support. All amounts paid for clinical support are to be used for the recruitment, retention, or engagement of physicians as agreed separately in writing.

Authorization is also requested for President Colasurdo or his delegate to execute all necessary documents and agreements, subject to approval by the Executive Vice Chancellor for Health Affairs and the Vice Chancellor and General Counsel.

66. Request for Budget Change - U. T. Health Science Center - Houston: Tenure Appointment -- amendment to the 2018-2019 budget

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>School of Public Health</b>					
Department of Epidemiology, Human Genetics and Environmental Sciences					
Professor					
Sarah Messiah (T)	12/1-8/31	100	12	210,000	10496

67. Request for Budget Change - U. T. Health Science Center - San Antonio: New Hire with Tenure -- amendment to the 2017-2018 budget

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>School of Medicine</b>					
Medicine					
Professor					
Madesh Muniswamy (T)	6/1-8/31	100	12	200,000	9442

68. Request for Budget Change - U. T. Health Science Center - San Antonio: New Hire with Tenure -- amendment to the 2018-2019 budget

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>School of Nursing</b>					
Office of Faculty Excellence					
Professor and Vice Dean					
Jacqueline McGrath (T)	10/1-8/31	100	12	200,000	9443

69. Request for Budget Change - U. T. Health Science Center - San Antonio: Approval of Emeritus Titles

**Joel Baseman**, from Professor to Professor Emeritus, Microbiology, Immunology, and Molecular Genetics in the School of Medicine (RBC No. 9444) -- amendment to the 2018-2019 budget

**Charles Bowden**, from Professor to Professor Emeritus, Psychiatry in the School of Medicine (RBC No. 9447) -- amendment to the 2018-2019 budget

**Pamela Wood**, from Professor to Professor Emeritus, Pediatrics in the School of Medicine (RBC No. 9448) -- amendment to the 2018-2019 budget

**Birgit Glass**, from Associate Dean to Professor Emeritus, Comprehensive Dentistry in the School of Dentistry (RBC No. 9445) -- amendment to the 2018-2019 budget

70. Request for Budget Change - U. T. M. D. Anderson Cancer Center: New Hires with Tenure -- amendment to the 2018-2019 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>Medical Staff</b>					
Veterinary Sciences					
Professor					
William D. Hopkins (T)	11/1-8/31	100	12	200,000	9441
Health Disparities Research					
Professor					
Shastri Surendranath (T)	8/27-8/31	100	12	295,000	9438

71. Request for Budget Change - U. T. M. D. Anderson Cancer Center: Tenure Appointments -- amendment to the 2018-2019 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>Medical Staff</b>					
Neurosurgery					
Professor					
Laurence Rhines (T)	9/1-8/31	100	12	714,566	9435
Neurosurgery					
Associate Professor					
Claudio E. Tatsui (T)	9/1-8/31	100	12	666,000	9437
Neurosurgery					
Professor					
Ganesh Rao (T)	9/1-8/31	100	12	688,000	9436

72. Other Matters - U. T. M. D. Anderson Cancer Center: Proposed revisions to comprehensive leave program

U. T. M. D. Anderson Cancer Center seeks approval to amend its comprehensive leave program to as described below, with the final policy details to be developed in cooperation with and subject to approval by the U. T. System Office of General Counsel and Office of Health Affairs. Authorization is also sought for the U. T. System Office of Business Affairs and Office of General Counsel, acting on behalf of the Board of Regents, to take all steps necessary to meet any requirements of *Texas Education Code* Section 51.961(h) for governing board action, including execution of documents with other state agencies.

The proposed changes to the comprehensive leave program would allow M. D. Anderson to: (1) provide limited grants of additional Paid Time Off (PTO) to permanent employees in the interest of recruiting and retaining highly-qualified individuals and of ensuring hiring into hard-to-fill positions; (2) offer to buy back a designated portion of accrued PTO at a discounted rate, at M. D. Anderson's discretion determined annually and based on M. D. Anderson's financial status; (3) expand Extended Illness Bank (EIB) and unpaid leave related to child birth and adoption for non-birth parents and surrogate births; (4) grant four hours of paid bereavement leave to allow employees to attend a funeral or memorial service of an individual who was an active M. D. Anderson employee at the time of death; (5) grant paid emergency leave upon a showing of good cause and with the good faith belief the employee will return at the end of leave; (6) place employees on paid administrative leave as necessary and desirable for safe and efficient operation, in furtherance of institutional interests, and/or for the health and safety of M. D. Anderson employees; (7) grant up to 15 days paid leave for Red Cross certified disaster volunteers and trainees for specialized disaster relief services upon the request of the Red Cross; (8) require employees to use accrued PTO that exceeds 80 hours prior to being granted Reduced-Salary Paid Leave (RPL) benefits; (9) allow direct access to EIB in certain circumstances without required prior use of PTO; and (10) grant a designated amount of vacation and sick leave to educational employees at the start of their appointment period.

*Texas Education Code* Section 51.961 authorizes the governing board of a university system to adopt a comprehensive leave policy on behalf of employees working within the system's medical or dental units. A leave policy adopted by the governing board may combine state authorized vacation, sick, and holiday leave into a paid leave system that does not distinguish or separate the types of leave to be awarded and may award leave in an amount determined by the governing board to be appropriate and cost effective.

On August 7, 2003, the U. T. System Board of Regents approved M. D. Anderson's proposal to create a comprehensive leave program comprised of three primary components: (1) a bank of PTO days; (2) an Extended Illness Bank of days; and (3) an RPL feature. In accordance with this approval, M. D. Anderson Cancer Center implemented a comprehensive leave program in September 2004.

No appreciable cost impact is anticipated with implementation of the proposed changes to M. D. Anderson's comprehensive leave program. The proposed changes are intended, among other things, to address societal changes, to ensure that M. D. Anderson remains competitive with national and local markets, to enhance M. D. Anderson's ability to retain

and recruit highly qualified employees, to ensure M. D. Anderson remains an employer of choice, and to simplify the administration of leave and provide M. D. Anderson with greater flexibility in the application of leave.

73. Contract (funds coming in) - U. T. Health Science Center - Tyler: Amendment to Health and Human Services Commission contract to provide Zika reporting for Hidalgo County

Agency: Health and Human Services Commission

Funds: \$4,000,000, including amendment

Period: August 31, 2018 through August 31, 2020

Description: U. T. Health Science Center - Tyler will continue to provide Zika reporting for Hidalgo County. The initial two-year contract's termination date will be extended from August 31, 2018 to August 31, 2020, and the contract cap will be increased from \$2,000,000 to \$4,000,000. The agreement has not previously been submitted for Board consideration because the total contract amount was below the delegated approval threshold.

74. Contract (funds coming in) - U. T. Health Science Center - Tyler: Third amendment to reimbursement contract with the Health and Human Services Commission to provide mental health services

Agency: Health and Human Services Commission

Funds: \$9,216,250, for a total contract value of \$36,858,750

Period: September 1, 2018 through August 31, 2019

Description: U. T. Health Science Center - Tyler will continue to provide residential behavioral health services for up to 30 individuals transferred to U. T. Health Science Center - Tyler from state mental health facilities and will provide acute behavioral health services for up to 14 individuals from a five-county area.

On February 11, 2016, the Board of Regents approved the original contract that provided beds for local behavioral health services. The First Amendment updated reporting procedures. The Second Amendment clarified and updated reimbursable rates, raising the total to \$27,642,500.

**FACILITIES PLANNING AND CONSTRUCTION COMMITTEE**

No items for Consent Agenda

**NEW ITEM**

75. Sale - U. T. System: Authorization to sell or lease tracts of land generally located south of West Bellfort Avenue, north of Holmes Road, and in the vicinity of Buffalo Speedway and Willowbend Boulevard, Houston, Harris County, Texas, to to-be-determined third-party buyers/lessees

Description: On November 4, 2015 the Board authorized the purchase of up to 332 acres of mostly vacant land in Houston, Texas for mission use. U. T. System has acquired or is contracted to acquire approximately 307 acres. Other than one site with a small building and a cell tower, the property consists of vacant land. On March 1, 2017, then Chancellor McRaven announced he was ceasing any additional efforts to launch a U. T. project on that land and recommended to the Board of Regents that the U. T. System real estate office develop a plan to divest the System of the land.

U. T. System is seeking formal authorization to sell or enter into leases with yet to-be-determined buyers or lessees at market terms, for sale prices or rental rates no less than the prevailing fair market as supported by independent appraisals or other evidence of value for comparable properties in Houston, Texas. U. T. System anticipates selling or leasing all of the property.

Specific Board authorization is also requested to allow portions of the land to be dedicated for road, detention, park, or other uses that would enhance the overall value of the property.

Buyers/Lessees: To be determined; the property may be subdivided into an unknown number of tracts; each may be sold or ground leased to separate third-party entities

Terms/Revenue: Based on market, as appropriate for sale or ground lease transactions. Anticipated revenue may vary, based on market conditions, as well as the size of parcels sold or leased in each transaction.

Cost: Following a competitive process, U. T. System may hire commercial land brokers to market the property on its behalf and will pay customary market-based commissions, closing costs, and other transaction costs. In addition, U. T. System may pay consultants to assist in the planning and marketing of the property.