



AGENDA
SPECIAL CALLED TELEPHONE MEETING
of
THE UNIVERSITY OF TEXAS SYSTEM
BOARD OF REGENTS
December 15, 2017
Austin, Texas

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CONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO <i>TEXAS GOVERNMENT CODE</i> , CHAPTER 551	2:00 p.m.
1. Individual Personnel Matters Relating to Officers or Employees – Section 551.074	
a. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Deputy Chancellor, Executive Vice Chancellors, and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), members of the Board of Regents, and U. T. System and institutional employees	
b. U. T. System: Discussion and appropriate action regarding proposed continuation of temporary salary supplement for additional duties for Vice Chancellor for Strategic Initiatives	
2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071	
U. T. System Board of Regents: Discussion with Counsel on pending legal issues	
3. Negotiated Contracts for Prospective Gifts or Donations – Section 551.073	
a. U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features	
b. U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features	
RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO CONSIDER AGENDA ITEMS	3:00 p.m. <i>approximately</i>
1. U. T. System Board of Regents: Approval of Consent Agenda items and consideration of any items referred to the full Board	2
2. U. T. Permian Basin: Approval for an allocation of \$9 million over the next three years from funds generated through the U. T. System Internal Lending Program to support institutional operations	3
3. U. T. San Antonio: Approval for an allocation of \$4.75 million over the next four years from funds generated through the U. T. System Internal Lending Program to launch an online degree program	4
ADJOURN	3:30 p.m. <i>approximately</i>

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

RECOMMENDATION

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

2. **U. T. Permian Basin: Approval for an allocation of \$9 million over the next three years from funds generated through the U. T. System Internal Lending Program to support institutional operations**

RECOMMENDATION

The Chancellor, with the concurrence of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president, recommends an allocation to U. T. Permian Basin of \$9 million over the next three years from funds generated through the U. T. System Internal Lending Program to support institutional operations, with disbursement of funds as follows: \$4.5 million for FY 2018; \$3 million for FY 2019; and \$1.5 million for FY 2020.

BACKGROUND INFORMATION

U. T. Permian Basin President Sandra Woodley has analyzed the operations and management of the institution and identified significant institutional challenges in most operational areas. Based on that assessment, President Woodley intends to implement an aggressive plan to revitalize the institution over the next three years. The plan includes several pressing strategic initiatives as follows:

- Enrollment management and student success and retention;
- Technology/business process reengineering;
- Bridge funding to transition from Academic Partners to a new platform for online programs; and
- Capital investments for student services.

President Woodley would like to initiate the plan immediately, in time for the Fall 2018 enrollment.

Executive Vice Chancellor Kelley has determined that, following distribution of funds based on Board approval of this item and [Item 3](#) below, revenues generated through the Internal Lending Program will exceed amounts needed to maintain a sufficient interest rate buffer, to meet principal and interest due on external debt, and to provide necessary liquidity.

3. **U. T. San Antonio: Approval for an allocation of \$4.75 million over the next four years from funds generated through the U. T. System Internal Lending Program to launch an online degree program**

RECOMMENDATION

The Chancellor, with the concurrence of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president, recommends an allocation to U. T. San Antonio of \$4.75 million over the next four years from funds generated through the U. T. System Internal Lending Program to launch an online degree program, with disbursement of funds as follows: \$895,641 for FY 2018; \$1,216,266 for FY 2019; \$1,316,266 for FY 2020; and \$1,316,266 for FY 2021.

BACKGROUND INFORMATION

U. T. San Antonio is committed to building innovative online programs that deliver engaging educational experiences and superior outcomes to students across Texas and beyond. These efforts require considerable amounts of talent and financial investment to grow enrollments and build a sustainable, high-performing online operation.

The decision to launch its first fully online degree program in Fall 2018 -- a B.B.A. degree in Cyber Security -- was based in part on the commitment of the Institute for Transformational Learning (ITL) to provide high levels of staffing and funding for multiple years. The value of ITL's support was expected to average approximately \$1.78 million annually over the next four years, with additional upfront investments in technical infrastructure.

U. T. San Antonio is confident it can achieve high-quality student experiences and outcomes using a lower cost operating model more closely aligned with its current environment and capabilities. The minimum cost to replace the ITL deliverables using the institutional model is expected to average approximately \$1.18 million annually over the next four years across core functional areas, with disbursement of funds as described above.

The core functional areas include:

- Marketing (attract students, build brand);
- Enrollment Coaching (guide potential students through the enrollment process);
- Journey Coaching (help students manage learning journey to improve success);
- Help Desk (technical support, after hours support);
- Course Development (build new courses, hire staff to meet future needs);
- Course Updates (refresh content, correct issues);
- Faculty Development Reimbursement (pay faculty for time spent building new courses);
- Faculty Training (train faculty on new course designs, best practices for teaching online);
- and
- Learning Analytics (replace ITL's Totelic data dashboard, provide early student alerts to improve service and outcomes).

This four-year runway will allow U. T. San Antonio to continue to build an efficient online operation, strengthen the online brand, grow enrollments to a level that supports sustainable operations, and expand access to top-quality higher education to students across the State of Texas.

Executive Vice Chancellor Kelley has determined that, following distribution of funds based on Board approval of this item and [Item 2](#) above, revenues generated through the Internal Lending Program will exceed amounts needed to maintain a sufficient interest rate buffer, to meet principal and interest due on external debt, and to provide necessary liquidity.



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MEETING OF THE BOARD

1. Resolution - U. T. System Board of Regents: Adoption of resolution regarding the list of Key Management Personnel authorized to have access to classified government contracts (Managerial Group) to reflect appointment of Helen T. Mohrmann as Chief Information Security Officer and to reflect appointment of new officers of the Board

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 have access to classified government contracts. The revision reflects the appointment of a new Chief Information Security Officer at The University of Texas System, effective December 12, 2016 and to reflect appointment of new officers of the Board.

A Resolution amending the Managerial Group list was last adopted by the Board of Regents on August 24, 2017.

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):

William H. McRaven, 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

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 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:

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
Jaciel M. Castro, Student Regent from June 1, 2017 to May 31, 2018 (nonvoting)

ACADEMIC AFFAIRS COMMITTEE

2. Contract (funds going out) - U. T. Arlington: Purchase from Illumina, Inc. (leasing through Meridian Leasing) of genomic sequencing equipment and services

Agency: Illumina, Inc. through Meridian Leasing

Funds: Not to exceed \$4,100,000

Period: 48 months beginning October 1, 2017

Description: Lease/purchase of genomic sequencing equipment and services to allow U. T. Arlington to engage in genome sequencing research. This initial purchase is intended to support the potential establishment of a genome center at U. T. Arlington. Under this agreement, U. T. Arlington will lease one DNA sequencer and secure additional required hardware, software, and maintenance services from Illumina, Inc. through Meridian Leasing for an amount not to exceed \$4,100,000. U. T. Arlington has the option to purchase the equipment, including the additional required hardware and software, for \$1 at the end of the lease term.

This contract was competitively procured.

HEALTH AFFAIRS COMMITTEE

3. Purchase - U. T. Medical Branch - Galveston: Authorization to purchase up to approximately 29.4 acres of unimproved land located on the west side of Walker Street and immediately north of the institution's League City Campus, City of League City, Galveston County, Texas, from LC Partners L.P., for future programmed campus expansion

Description: Purchase of up to approximately 29.4 acres of unimproved land located on the west side of Walker Street and immediately north of the institution's League City Campus, City of League City, Galveston 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. The institution's 65-acre League City Campus has experienced substantial growth. The property will be used for future programmed campus expansion.

Seller: LC Partners L.P., an Illinois limited partnership

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

4. Contract (funds coming in) - U. T. Health Science Center - San Antonio: To provide reference laboratory testing services to Bexar County Hospital District, dba University Health System

Agency: Bexar County Hospital District, dba University Health System

Funds: Approximately \$4,500,000

Period: August 12, 2017 through August 11, 2020

Description: U. T. Health Science Center - San Antonio will provide reference laboratory testing services to University Health System's patients at University Hospital and its ambulatory facilities.