



# SCHEDULE OF EVENTS FOR BOARD OF REGENTS' MEETING

**July 11, 2012**  
Austin, Texas

*U. T. System Administration, Ashbel Smith Hall, 9th Floor, 201 West Seventh Street  
Office of the Board of Regents: 512.499.4402*

## **Wednesday, July 11, 2012**

Meeting of the Board - Open Session .....	1:30 p.m.
Meeting of the Board - Executive Session .....	2:45 p.m.
Meeting of the Board - Open Session .....	3:55 p.m.
Adjourn .....	4:00 p.m. <i>approximately</i>



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

July 11, 2012  
Austin, Texas

		<b>Page</b>
A. CONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS	1:30 p.m.	
1. <b>U. T. System Board of Regents: Approval of Consent Agenda items</b> (listed below)	<b>Action</b>	<b>5</b>
1. Approval of Dual Positions of Honor, Trust, or Profit - <b>U. T. System and U. T. Health Science Center - Tyler:</b> Appointment by Secretary of Health and Human Services Sebelius of Executive Vice Chancellor for Health Affairs Shine and U. T. Health Science Center - Tyler President Calhoun to the Council on Graduate Medical Education		
2. Approval of Newly Commissioned Peace Officers - <b>U. T. System</b>		
3. Foreign Contract (funds coming in) - <b>U. T. Dallas:</b> Contract to provide INFOTEC, a Mexican Federal Government Public Trust, with instructional and program support for INFOTEC's Information Communication and Technology Master's Program		
4. License (funds coming in) - <b>U. T. El Paso:</b> Authorization to license approximately 3,148 square feet of space on campus to Ricoh USA, Inc., for copy center and mail services		
5. Emeritus Appointments - <b>U. T. Health Science Center - Houston</b>		
2. <b>U. T. System Board of Regents: Proposed amendment of Regents' Rules and Regulations, Rule 30104, regarding Conflict of Interest, and Rule 30103, regarding Standards of Conduct</b>	1:35 p.m. <b>Action</b>	<b>6</b>
3. <b>U. T. System Board of Regents: Proposed amendment of Regents' Rules and Regulations, Rule 20601 regarding Aircraft Use</b>	1:40 p.m. <b>Action</b>	<b>14</b>
4. <b>U. T. Dallas: Student Housing Living Learning Center, Phase V - Amendment of the FY 2012-2017 Capital Improvement Program to include project; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)</b>	1:45 p.m. <b>Action</b> <i>President Daniel</i>	<b>16</b>
5. <b>U. T. Permian Basin: Student Housing Phase V - Amendment of the FY 2012-2017 Capital Improvement Program to include project; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)</b>	1:55 p.m. <b>Action</b> <i>President Watts</i>	<b>18</b>

- |  |  |                  |
|--|--|------------------|
| <p>6. <b>U. T. Medical Branch - Galveston (UTMB): Discussion and appropriate action concerning the amendment to the agreement between UTMB and the Texas Department of Criminal Justice (TDCJ) for the provision of correctional managed health care services</b></p>  | <p>2:05 p.m.<br/><b>Action</b><br/><i>Dr. Shine</i><br/><i>President Callender</i></p> | <p><b>20</b></p> |
| <p>7. <b>U. T. System Board of Regents: Authorization for KUT Radio at U. T. Austin to purchase KXBT-FM Radio from Border Media Business Trust, a Delaware common law trust</b></p>  | <p>2:15 p.m.<br/><b>Action</b><br/><i>President Powers</i><br/><i>Dr. Reyes</i></p>    | <p><b>21</b></p> |
| <p>8. <b>U. T. System: Announcement of health institution recipients of the 2012 Regents' Outstanding Teaching Awards and remarks by representative faculty</b></p>  | <p>2:20 p.m.<br/><b>Report</b><br/><i>Regent Stillwell</i></p>                         | <p><b>23</b></p> |
| <p>B. RECESS TO EXECUTIVE SESSION PURSUANT TO <i>TEXAS GOVERNMENT CODE</i>, CHAPTER 551</p>  |  |                  |
| <p>1. Negotiated Contracts for Prospective Gifts or Donations – Section 551.073</p>  |  |                  |
| <p>a. <b>U. T. Austin: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features</b></p>  |  |                  |
| <p>b. <b>U. T. Brownsville: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features</b></p>   |  |                  |
| <p>2. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074</p>   |  |                  |
| <p>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 (Chancellor, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees</b></p> |  |                  |
| <p>b. <b>U. T. Brownsville: Discussion and appropriate action regarding individual personnel matters</b></p>   |  |                  |
| <p>3. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072</p>   |  |                  |
| <p>4. Deliberation Regarding Security Devices or Security Audits – Section 551.076</p>   |  |                  |
| <p>5. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071</p>  |  |                  |
| <p>a. <b>U. T. System Board of Regents: Discussion with Counsel on pending legal issues</b></p>  |  |                  |
| <p>b. <b>U. T. Brownsville (UTB): Discussion and appropriate action regarding legal issues related to freestanding UTB campus and dissolution of the UTB/Texas Southmost College partnership</b></p>   |  |                  |

- c. **U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding legal issues related to settlement agreement with Reata Pharmaceuticals, Inc.**
  - d. **U. T. System: Discussion and appropriate action regarding legal issues related to cybersecurity and information security breach**
  - e. **U. T. System Board of Regents: Discussion regarding legal issues related to the review of relationship between U. T. Austin School of Law and Law School Foundation**
- C. RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY,  
ON EXECUTIVE SESSION ITEMS *3:55 p.m.  
approximately*
- D. ADJOURN *4:00 p.m.  
approximately*

1. **U. T. System Board of Regents: Approval of Consent Agenda Items**

The Board will be asked to approve Consent Agenda items located at the [end of the book](#).

2. **U. T. System Board of Regents: Proposed amendment of Regents' Rules and Regulations, Rule 30104, regarding Conflict of Interest, and Rule 30103, regarding Standards of Conduct**

RECOMMENDATION

The Chancellor recommends, and the Interim Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel concur that the Regents' *Rules and Regulations*, Rule 30104, regarding Conflict of Interest, be retitled and amended as set forth on Pages 7 - 9, and that Rule 30103, regarding Standards of Conduct, be amended as set forth on Pages 10 - 13.

BACKGROUND INFORMATION

Proposed changes to the Regents' *Rules* on Conflict of Interest and Standards of Conduct include edits designed to clearly detail the requirement for documentation of disclosure and approval of proposed compensated outside activities and of proposed outside board service.

In addition, the proposed revisions to Rule 30104 on Conflict of Interest incorporate the concept of conflict of commitment related to activities that, even if uncompensated, may present a conflict for faculty and exempt employees. The proposed revision of Rule 30104 includes current language from Rule 30103 along with new language, resulting in a more comprehensive and cohesive policy on potential conflicts.

Proposed changes to Rule 30103 are consistent with revisions to Rule 30104. If this item is approved, relevant U. T. System policies, including U. T. Systemwide Policy UTS123, Policy on Service on Outside Boards, will be amended to be consistent with these Rules changes.

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

**Rule: 30104**

**1. Title**

Conflict of Interest, Conflict of Commitment, and Outside Activities

**2. Rule and Regulation**

Sec. 1 Primary Responsibility. The primary responsibility of employees of the U. T. System Administration and each or any of the U. T. institutions is the accomplishment of the duties and responsibilities assigned to one's position of appointment.  
*from 30103, Sec 5*

Sec. 2 Outside Work or Activity Advisory Positions. Employees may engage in should not be discouraged from accepting appointments of a consultative or advisory capacity work or activity with outside entities and individuals, including governmental agencies, industry, or other educational institutions. ~~The consideration to the System and the institutions of such activity is the improvement of the individual by virtue of his or her continuing contact with nonacademic problems in the nonacademic world, so long as such work or activity complies, as applicable, with the approval and disclosure requirements of Section 5 below and does not violate State laws or U. T. System Administration or U. T. institution rules or policies governing the conduct of employees, including ethics standards and provisions prohibiting conflicts of interest, conflicts of commitment, and the use of State resources.~~  
*from 30103, Sec 4+5*

Sec. 3 4 Conflicts of Interest Prohibited. U. T. System Administration and U. T. institution employees Prohibition. ~~It is the law of this state that a state officer or state employee~~ may not have a direct or indirect interest, including financial and other interests, or engage in a business transaction or professional activity, or incur any obligation of any nature that is in substantial conflict with the proper discharge of the ~~officer's or~~ employee's duties in the public interest.  
*from 30104, Sec 1*

Sec. 4 Conflicts of Commitment Prohibited. Activities on behalf of outside entities or individuals must not interfere with a U. T. System Administration or U. T. institution employee's fulfillment of his/her duties and responsibilities to the University. Such conflicts of commitment may arise regardless of the location of these activities (on or off campus), the type of outside entity (individual, for-profit, not-for-profit, or government), or the level of compensation (compensated or unpaid).  
*new*

Sec. 5 Approval and Disclosure Requirements. U. T. System Administration and each institution shall adopt policies that clearly delineate the nature and amount of permissible outside work or activities. The policies shall include provisions to prevent, identify, and resolve conflicts of interest and conflicts of commitment and shall include specific processes for disclosing such work or outside activities, as well as the procedures for obtaining and documenting institutional approval to carry out such engagements, consistent with this Rule.  
*new*

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

**Rule: 30104**

from 30103, Sec 10

5.1 ~~Filing Requirement. Approval Required for Compensated Outside Work or Activity and for Outside Board Service.~~ No full-time member of the faculty or administrative and professional staff employee employed by the U. T. System or any of the institutions on a 12-month or nine-month basis shall be employed in any outside work or activity or receive from an outside source ~~a regular retainer fee or salary~~ any compensation, or serve on an outside board until a description of the nature and extent of the employment or activity and the range of any compensation has been timely filed with and approved by ~~appropriate administrative officials~~ the president of the institution, or his or her designee(s), or by the Chancellor or his or her designee(s) for U. T. System Administration employees, as set forth in the policies of the U. T. System or the *Handbook of Operating Procedures* of each institution.  Filings and approvals for the presidents will be made to the appropriate Executive Vice Chancellor. Filings and approvals for the Chancellor, the General Counsel to the Board, and the Chief Audit Executive will be made to the Chairman of the Board. For special provisions relating to other State or federal employment, see Section 14 of this Rule.

from 30104, Sec 2

~~Sec. 2-5.2~~ Additional Financial Written Disclosures. ~~Employees~~ All officers and employees shall, in a timely manner, furnish such additional written financial disclosures as may be required by State ~~or~~ and federal authorities or by U. T. System Administration or institutional authorities.

new

5.3 Electronic Database. Disclosure of outside activity, documentation of requests for approval, and subsequent approvals required under Section 5.1, above, shall be maintained in an electronic database, following guidelines provided by U. T. System Administration.

new

5.4 Effective Date. U. T. System Administration and each institution shall have approved policies implementing the provisions of Section 5 in place no later than January 15, 2013.

from 30103, Sec 6

Sec. 6 Free Advice. Even in the case of employees specifically engaged only in residence work, there exists an obligation, usually intermittent, to furnish expert knowledge and counsel for public benefit free of charge, provided that the meeting of this obligation by an employee does not interfere with his or her regular duties, and provided further that in meeting this obligation an employee shall avoid undue competition with legitimate private agencies.

Sec. 7 Separation of Activities. If a U. T. System Administration or U. T. institution ~~the~~ employee ~~does~~ works in a private capacity, the employee must make it clear to those who employ him or her that the work is unofficial and that the name of

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

**Rule: 30104**

from 30103, Sec 8+7 the U. T. System or any of the institutions is not in any way to be connected with the employee's name, except 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 remunerative 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.

modified from 30103, Sec 9 **Sec. 8** Use of University U. T. System Property. U. T. System Administration and U. T. institutional property may only be used for State purposes appropriate to the System or institutional mission. No employee shall accept pay from private persons or corporations for tests, assays, chemical analyses, bacteriological examinations, or other such work that involves the use of property owned by the U. T. System or any of the institutions, unless advance permission has been obtained from the Chancellor or the president of an institution and provision has been made for compensation to System Administration or the institution.

from 30103, Sec 8 **Sec. 9** Opinions for Advertising Purposes. Every employee who gives professional opinions must protect the U. T. System or any of the institutions against the use of such opinions for advertising purposes.

from 30104, Sec 3 **Sec. 10** ~~3~~ Noncompliance. Noncompliance with this Rule subjects an employee to Adherence. All employees should adhere to the laws, rules, regulations, and policies of applicable governmental and institutional authorities and the standards of conduct provided by Section 572.051, Texas Government Code. The failure to do so may be grounds for disciplinary action, including termination, in accord with applicable procedures.

**3. Definitions**

None

Compensation – any form of benefit including but not limited to salary, retainer, or promised, deferred, or contingent interest.

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

**Rule: 30103**

**1. Title**

Standards of Conduct

**2. Rule and Regulation**

Sec. 1 Statutory Compliance. Every employee is expected to obey all federal, State, and local laws, and particularly *Texas Penal Code*, Chapter 42 and Section 46.03 and *Texas Education Code* Section 51.935. Any employee who violates any provision of these statutes is subject to disciplinary action, including dismissal, notwithstanding any action by civil authorities on account of the violation.

Sec. 2 Disruption of Activities. Any employee who, acting singly or in concert with others, obstructs, disrupts, or interferes with any teaching, educational, research, administrative, disciplinary, public service, or other activity, meeting, or event authorized to be held or conducted on campus or on property or in a building or facility owned or controlled by The University of Texas System or any of the institutions is subject to disciplinary action, including dismissal. Obstruction or disruption includes but is not limited to any act that interrupts, modifies, or damages utility service or equipment, communication service or equipment, university computers, computer programs, computer records, or computer networks accessible through University computer resources.

Sec. 3 Channel for Communication. The Board of Regents is the only proper channel through which recommendations concerning the administration of the System or any of the institutions, as a whole or in any of its parts, should reach the Legislature or other State agencies or officials.

Sec. ~~4~~ ~~11~~ Public Office.

*moved up from Sec 11*

4.1 Conflict of Interest. Subject to the other provisions of these Rules ~~this Rule~~, an employee of the U. T. System or any of the institutions may hold other nonelective offices or positions of honor, trust, or profit with the State of Texas or the United States if holding the other offices or positions is of benefit to the State of Texas or is required by State or federal law and if there is no conflict between holding the office or position and holding the office or position with the U. T. System or any of the institutions for which the employee receives salary or compensation.

*moved up from Sec 11*

4.2 11.4 Prior Board Approval. Before an employee of the U. T. System or any of the institutions may accept an offer to serve in other nonelective offices or positions of honor, trust, or profit with the State of Texas or the United States, the employee must obtain from the appropriate administrative officials and the Board a finding via the Consent Agenda

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

**Rule: 30103**

that the requirements of this Section have been fulfilled. The Consent Agenda entry shall also record any compensation the employee is to receive from the nonelective office or position, including salary, bonus, or per diem payment.

Sec. ~~5.13~~ Political Activities.

*moved up from Sec 13*

**5.1 Right of Participation.** The Board of Regents recognizes the right of employees to participate in political activities provided such activities are not conducted during work hours unless the employee uses accrued compensatory or vacation leave; are in compliance with the Constitution and laws of the State of Texas; do not interfere with the discharge and performance of an employee's duties and responsibilities; do not involve the use of equipment, supplies, or services of the U. T. System or any of the institutions; do not involve the impermissible use of University facilities; do not involve the attempt to coerce students, faculty, or staff to participate in or support the political activity; and do not involve the U. T. System or any of the institutions in partisan politics.

*moved up from Sec 13*

**5.2 Leave Without Pay.** With the interest of the U. T. System and any of the institutions being given first consideration, a leave of absence without pay pursuant to Regents' *Rules and Regulations*, Rule 30201, Section 3.1, may but need not be granted to an employee to participate in political activities. However, a leave of absence without pay shall not be granted to an employee of the U. T. System or any of the institutions for the purpose of being a candidate for an elective public office, holding an elective public office, or directing the political campaign of a candidate for an elective public office.

*moved up from Sec 13*

**5.3 Interference with Job Duties.** An employee who wishes to engage in political activity that will interfere with the performance of his or her duties and responsibilities should voluntarily terminate employment. If the president of the institution, the Chancellor, an Executive Vice Chancellor, or the Board of Regents finds that the employee's political activity interferes with the performance of his or her duties and responsibilities or does not comply with the requirements of this Subsection, the employee shall be subject to appropriate disciplinary action, including termination.

*moved to 30104*

~~Sec. 4 — Advisory Positions. Employees should not be discouraged from accepting appointments of a consultative or advisory capacity with governmental agencies, industry, or other educational institutions. The consideration to the System and the institutions of such activity is the improvement of the individual by virtue of his or her continuing contact with nonacademic problems in the nonacademic world.~~

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

**Rule: 30103**

~~Sec. 5 — Primary Responsibility. The primary responsibility of employees of the U. T. System or any of the institutions is the accomplishment of the duties and responsibilities assigned to one's position of appointment; external consulting or other outside employment that interferes with those duties and responsibilities should not be accepted. In connection with any outside employment, employees must comply with State laws governing the conduct of State employees, including ethics standards and provisions prohibiting conflict of interest and use of State resources.~~

*moved to 30104*

~~Sec. 6 — Free Advice. Even in the case of employees specifically engaged only in residence work, there exists an obligation, usually intermittent, to furnish expert knowledge and counsel for public benefit free of charge, provided that the meeting of this obligation by an employee does not interfere with his or her regular duties, and provided further that in meeting this obligation an employee shall avoid undue competition with legitimate private agencies.~~

*moved to 30104*

~~Sec. 7 — Separation of Activities. No employee engaged in outside remunerative 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.~~

*moved to 30104*

~~Sec. 8 — Opinions for Advertising Purposes. Every employee who gives professional opinions must protect the U. T. System or any of the institutions against the use of such opinions for advertising purposes. If the employee does work in a private capacity, 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 institutions is not in any way to be connected with the employee's name, except 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.~~

*moved to 30104*

~~Sec. 9 — Use of U. T. System Property. No employee shall accept pay from private persons or corporations for tests, assays, chemical analyses, bacteriological examinations, or other such work that involves the use of property owned by the U. T. System or any of the institutions, unless advance permission has been obtained from the Chancellor or the president of an institution and provision has been made for compensation to System Administration or the institution.~~

*modified, to 30104*

~~Sec. 10 — Filing Requirement. No full-time employee employed by the U. T. System or any of the institutions on a 12-month or nine-month basis shall be employed in any outside work or activity or receive from an outside source a regular retainer fee or salary until a description of the nature and extent of the employment has been filed with and approved by appropriate administrative officials as set forth~~

*moved to 30104*

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Rules and Regulations of the Board of Regents**

**Rule: 30103**

~~in the policies of the U. T. System or the *Handbook of Operating Procedures* of each institution. For special provisions relating to other State or federal employment, see Section 11 of this Rule.~~

~~Sec. 11—moved to new Sec. 4 above~~

~~Sec. 12—Outside Boards. It is recognized that the Chancellor and other Executive Officers of the System Administration and the presidents of institutions of the U. T. System may be asked to serve on the boards, councils or other governing or advisory bodies (“outside boards”) of various business, civic, professional, and social organizations, both for profit and not-for-profit, and in compensated and non-compensated positions. Such service is generally deemed to be in the best interest of the U. T. System or any of the institutions because it broadens the experience of the individuals involved and exposes the U. T. System or any of the institutions to a larger audience of business, civic, professional, and social leaders.~~

deleted

~~Sec. 13 moved to new Sec. 5 above~~

3. **U. T. System Board of Regents: Proposed amendment of Regents' Rules and Regulations, Rule 20601, regarding Aircraft Use**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs and the Vice Chancellor and General Counsel that Regents' *Rules and Regulations*, Rule 20601, regarding Aircraft Use, be amended as set forth below in congressional style:

Sec. 10 Flight Regulations. The U. T. System aircraft ~~shall will and must~~ be operated at all times in accordance with the provisions of the Federal Aviation Agency approved flight manual and the University Flight Operations Procedures, which is in ~~accordance~~ ~~consonance~~ with the Federal Aviation Act (as amended) and Civil Air Regulations. Texas Government Code Chapter 2205 gives the Texas Department of Transportation oversight of specific aspects of maintenance and operations for U. T. System aircraft.

...

Sec. 12 Minimum Number of Pilots. ~~It shall be the policy of operations for U. T. System aircraft, leased aircraft, and chartered flights that two~~ Two pilots are required on board for each scheduled passenger flight; used in conjunction with conducting official university business. This section is applicable to U. T. System aircraft, leased aircraft, chartered flights, privately owned aircraft, and donor aircraft unless authorized by the Chancellor or his or her designee.

...

Sec. 15 Record Keeping and Reports. The approved reservation requests forms and post-flight passenger manifests will serve as the official record of flights.

15.1 The U. T. System Office of Business Affairs shall prepare and submit the following reports:

...

(b) Reports to the Board. Passenger manifests for U. T. System aircraft, Texas Department of Transportation aircraft flown on behalf of U. T. System, privately owned aircraft, leased, and charter aircraft, including donor or chartered aircraft paid for by outside entities on behalf of the university, will be sent to the General Counsel to the Board of Regents twice a year in April and October for distribution to the Finance and Planning Committee of the U. T. System Board of Regents for review. For donor aircraft, passenger and donor names may be omitted consistent with State law, but will be verbally reported if asked.

....

### BACKGROUND INFORMATION

The proposed Rules revision focuses on having two pilots when transporting university staff to conduct official university business regardless of whether the aircraft is owned by U. T. System or is leased, chartered, privately owned, or donated. A related U. T. System policy will be developed concerning use of donated aircraft in conjunction with the conduct of university business to require advance approval by the Chancellor or his designee, to require the plane to be multiengine, to require that no passenger may serve as a pilot or a copilot, and to address other safety issues.

**4. U. T. Dallas: Student Housing Living Learning Center, Phase V - Amendment of the FY 2012-2017 Capital Improvement Program to include project; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)**

**RECOMMENDATION**

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

<b>Project No.:</b>	302-718	
<b>Project Delivery Method:</b>	Competitive Sealed Proposals	
<b>Substantial Completion Date:</b>	July 2013	
<b>Total Project Cost:</b>	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$31,000,000

**Funding Note:** <sup>1</sup> Revenue Financing System debt is proposed to be repaid from rental income

**Investment Metric:**

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

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$31,000,000 from Revenue Financing System Bond Proceeds; 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. Dallas, 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 \$31,000,000.

## BACKGROUND INFORMATION

### Debt Service

The \$31,000,000 in aggregate Revenue Financing System debt will be repaid from housing revenues. Annual debt service on the \$31,000,000 Revenue Financing System debt is expected to be \$1.9 million. The institution's debt service coverage is expected to be at least 2.3 times and average at least 2.7 times over FY 2012-2017.

### Project Description

This phase of student housing is a site adaptation of the design of three successful previous phases and proposes to add approximately 150,000 gross square feet (GSF) to house 400 students as well as classrooms, gathering spaces, and offices to support living and learning communities. These beds will be reserved for use by incoming freshman students. The project will also include parking, connector roads, outdoor recreational facilities, and minor improvements to the existing food service facility to accommodate these additional full meal plan students.

Current student housing is operating at 100% occupancy. U. T. Dallas provides approximately 2,698 beds and a private provider houses approximately 2,056 beds on campus. The addition of the Student Housing Living Learning Center, Phase III with 400 beds opening in Fall 2012, already has a waiting list of 400 students. The total number of on-campus beds will increase to 5,554 upon completion of Phase V, which is scheduled for July 2013. The completion of Student Housing Living Learning Center Phase IV, with design development approval scheduled for November 2012, and substantial completion scheduled for July 2014, will increase the total number of on-campus beds to 6,154.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP.

### Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 50-75 years
- Building Systems: 25-30 years
- Interior Construction: 10-20 years

The exterior appearance and finish are identical to the Student Housing Living Learning Center Phases I, II, and III and are consistent with the Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility to allow for maintenance without significant disruption to ongoing activities. The interior appearance and finish are also identical to Phases I, II, and III and are consistent with other U. T. System living-learning type student housing.

**5. U. T. Permian Basin: Student Housing Phase V - Amendment of the FY 2012-2017 Capital Improvement Program to include project; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)**

**RECOMMENDATION**

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

<b>Project No.:</b>	501-717	
<b>Project Delivery Method:</b>	Competitive Sealed Proposals	
<b>Substantial Completion Date:</b>	July 2013	
<b>Total Project Cost:</b>	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$8,750,000

**Funding Note:** <sup>1</sup> Revenue Financing System debt is proposed to be repaid from rental income

**Investment Metrics:**

- This student housing will allow for the admission of at least 60 students from outside the Odessa/Midland area who would not otherwise be able to attend UTPB due to the housing shortage.
- Occupancy of proposed units will increase the number of on-campus students by approximately 14% with related increases in tuition and fees, meal plan purchases, and bookstore sales.

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$8,750,000 from Revenue Financing System Bond Proceeds; 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. Permian Basin, 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 \$8,750,000.

## BACKGROUND INFORMATION

### Debt Service

The \$8,750,000 in aggregate Revenue Financing System debt will be repaid from housing revenues. Annual debt service on the \$8,750,000 Revenue Financing System debt is expected to be \$537,000. The institution's debt service coverage is expected to be at least 1.0 times and average 1.0 times over FY 2012-2017.

### Project Description

This proposed project will contain approximately 42,726 gross square feet (GSF) and house a total of 99 students in three apartment buildings. Each apartment building will house 32 students plus one Resident Advisor, and contain a total of 14,242 GSF. The buildings are consistent with the existing Student Housing Phase II apartments which were completed in August 2004. They will be two-story, wood frame, slab on-grade structures with brick and stone exteriors. The buildings are arranged in four-bedroom units with two bathrooms and one living/dining/kitchen area per unit.

Current student housing is operating at 100% occupancy with a waiting list of 35 students. U. T. Permian Basin currently provides 521 beds. The total number of on-campus beds will increase to 615 with the opening of Falcon's Nest Apartments in Fall 2012, and will increase to 714 with the completion of the Student Housing Phase V project, which is projected for July 2013.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP.

### Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 25-35 years
- Building Systems: 25-35 years
- Interior Construction: 15-25 years

The exterior appearance and finish are identical to the Student Housing Phase II apartments and are consistent with the Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility to allow for maintenance without significant disruption to ongoing activities. The interior appearance and finish are identical to Phase II and are consistent with other U. T. System apartment-style student housing.

6. **U. T. Medical Branch – Galveston (UTMB): Discussion and appropriate action concerning the amendment to the agreement between UTMB and the Texas Department of Criminal Justice (TDCJ) for the provision of correctional managed health care services**

**REPORT AND RECOMMENDATION**

Executive Vice Chancellor Shine and President Callender will provide an update on the status of the provision of correctional managed health care services by U. T. Medical Branch - Galveston (UTMB) to the Texas Department of Criminal Justice (TDCJ) and will recommend appropriate action by the Board concerning UTMB's agreement with TDCJ for the delivery of such services.

**BACKGROUND INFORMATION**

On October 31, 2011, the Board of Regents delegated to President Callender, in collaboration with the Chancellor, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel, the authority to

- negotiate and enter into an Amended and Restated Interim Agreement, extending for a single 30-day period the Interim Agreement negotiated with TDCJ on September 1, 2011, for the delivery of correctional health care services until December 1, 2011; and
- negotiate, in the event a new correctional health care services contract for the period through December 31, 2012, is not successfully accomplished prior to December 1, 2011, a transition plan and agreement to limit or terminate the role of UTMB in provision of correctional health care services not later than December 31, 2012.

On December 5, 2011, the Board approved a Second Amended and Restated Interim Agreement between UTMB and the TDCJ for correctional health care services for Fiscal Year 2012. That interim agreement became effective December 1, 2011, and will continue to August 31, 2012. The interim agreement provided that if a new agreement with certain revised terms was not negotiated by February 1, 2012, certain actions to begin the transition of services from UTMB would begin.

After extensive discussions with leadership of the Texas Legislature, a Third Amended and Restated Interim Agreement between UTMB and TDCJ for correctional health care services for Fiscal Year 2012 has been executed. This interim agreement will continue to May 31, 2013. The interim agreement addresses the issues presented to the Board of Regents by Executive Vice Chancellor Shine in his remarks at the May 2, 2012 meeting, with complete resolution of the issues deferred to the legislative discussions that will take place during the upcoming Regular Session of the 83rd Texas Legislature. The interim agreement contains a provision that it will be extended further to August 31, 2013, if adequate funding is provided during the Regular Session. The interim agreement also contains a provision, like the earlier amended versions, that makes it subject to approval by the Board of Regents.

7. **U. T. System Board of Regents: Authorization for KUT Radio at U. T. Austin to purchase KXBT-FM Radio from Border Media Business Trust, a Delaware common law trust**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Interim Executive Vice Chancellor for Academic Affairs, the Vice Chancellor and General Counsel, and President Powers that the Board of Regents approve authorization for KUT Radio at U. T. Austin to purchase KXBT-FM Radio from Border Media Business Trust, a Delaware common law trust, for \$6,000,000, initially funded by unrestricted Unexpended Plant Funds cash reserves.

**BACKGROUND INFORMATION**

U. T. Austin, on behalf of the College of Communication's KUT-FM Radio, is proposing to acquire the license and all assets, properties, permits, interests, and rights of Border Media Business Trust used in the operation of FM radio station KXBT-FM serving the Austin market area. The acquisition is contingent upon Board of Regents' approval as well as final consent by the Federal Communications Commission to the assignment of the FM and related licenses to U. T. Austin for educational purposes. The acquired station will be operated as a noncommercial music station by KUT as a service of the College of Communication.

KUT's purpose is to promote the mission, purpose, and values of U. T. Austin through programming, outreach, and education internship programs. KUT is a self-sufficient service and operates without general revenue support. By differentiating KUT's current mixed format of news and music services across two stations, U. T. Austin has determined that the acquisition would contribute to the long-term public service and sustainability of KUT in a number of ways:

- Create a bigger and broader platform to share the intellectual assets of U. T. Austin and central Texas with the community via a KUT News and Public Affairs station;
- Establish KUTX music as an on-air and digital destination for the Austin music experience and provide a high profile platform for promoting and sharing content from the Cactus Café;
- Expand educational internship opportunities across both stations; and
- Strengthen financial sustainability by increasing net revenues and establishing operating capital and opportunity investment reserves.

It has been the desire, and a core element of KUT's strategic plan, to differentiate and expand its public service across two FM stations serving the Austin market. KUT has worked with the nonprofit group Public Radio Capital, to identify appropriate station opportunities. In the past several years, KUT has considered and made attempts to acquire a station. These transactions have not gone forward, either because of higher bidders or other strategic reasons. Station management believes this is the most viable and attractive opportunity available now or in the foreseeable horizon.

Station management, with the assistance of Public Radio Capital, has analyzed publicly available data on the sale of comparable stations. The most recent sale of a comparable FM station in Austin was in 2010 for the equivalent of \$3.87 per person in the station's coverage area. The offer for KXBT-FM is the equivalent of \$3.83 per person in the station's coverage area.

U. T. Austin will pay \$6,000,000 to Border Media Business Trust to acquire the license and all assets relating to KXBT-FM Radio. Public Media Company, the acquisition arm of Public Radio Capital, will be paid a brokerage fee of \$250,000 at closing for their role in structuring the overall transaction. Because Public Media Company had the exclusive right to negotiate the purchase of the station from Border Media Business Trust, U. T. Austin made a \$25,000 option payment this spring to Public Media Company. The source of funding for these two payments is KUT local funds.

The initial acquisition will be funded from unrestricted Unexpended Plant Funds cash reserves of the University through an internal loan at 4%. These monies will be repaid by KUT to U. T. Austin over 20 years with interest from future revenues generated by KUT from sponsorship revenues and gifts. U. T. Austin leadership has reviewed the historical experience of KUT in generating sponsorship revenues and gift monies, has reviewed the pro forma for the acquisition, and has determined that KUT is very likely to be able to make such repayment. However, in the event that KUT is unable to repay the monies extended by the University for the acquisition in full, the College of Communication, which receives programmatic academic benefit from its association with KUT, has agreed to repay any unpaid balance from unrestricted Gift Fund balances it might have at the time. No restricted funds, including student tuition and fees, will be used to finance this acquisition.

U. T. Austin is optimistic that, over time, revenue from the strengthened services will help KUT build reserves to maintain new studios in the Belo Center for New Media to provide for unforeseen contingencies, and to create opportunity capital for new initiatives.

8. **U. T. System: Announcement of health institution recipients of the 2012 Regents' Outstanding Teaching Awards and remarks by representative faculty**

REPORT

The Board of Regents of the U. T. System established the Regents' Outstanding Teaching Awards on August 14, 2008, to recognize and reward faculty members who serve undergraduate students in an exemplary manner. The Board allocated \$2 million per annum for five years beginning Fiscal Year 2009, for teaching awards at the academic institutions.

On August 25, 2011, the Board of Regents authorized \$6 million to expand the Regents' Outstanding Teaching Awards program to faculty at the six health institutions. The program is funded at \$1 million per year for Fiscal Years 2012 to 2017. Each year the U. T. System will make 40 awards of \$25,000 each to outstanding faculty members at the health institutions.

There are a wide variety of academic programs and settings (classroom, hospital and clinic, community and research lab) in which faculty educate, train and mentor students, residents and fellows. Each of the six health institutions nominate their most deserving faculty and the award recipients are selected by a thorough peer review process.

Two recipients of the 2012 Regents' Outstanding Teaching Awards presenting at the meeting are

- Gail B. Williams, R.N., Ph.D., Professor in the Department of Family and Community Health Systems at U. T. Health Science Center - San Antonio; and
- Jerry W. Shay, Ph.D., Professor in the Department of Cell Biology at U. T. Southwestern Medical Center.



**THE UNIVERSITY OF TEXAS SYSTEM BOARD OF REGENTS'**  
**CONSENT AGENDA**

**Board Meeting: 7/11/2012**  
Austin, Texas

**U. T. SYSTEM ADMINISTRATION**

1. Approval of Dual Positions of Honor, Trust, or Profit - **U. T. System and U. T. Health Science Center - Tyler**: Appointment by Secretary of Health and Human Services Sebelius of Executive Vice Chancellor for Health Affairs Shine and U. T. Health Science Center - Tyler President Calhoun, to the Council on Graduate Medical Education

The following item has been approved by the Chancellor in accordance with the Regents' *Rules and Regulations*, Rule 30103. It has been determined that the holding of these positions is of benefit to the State of Texas and The University of Texas, and there is no conflict between holding these positions and the appointment of Dr. Shine with U. T. System and Dr. Calhoun with U. T. Health Science Center - Tyler. By approval of this item, the Board is also asked to find that holding these positions is of benefit to the State of Texas and The University of Texas, and there is no conflict between the position and the University.

Name: **Kenneth I. Shine, M.D.**  
Title: Executive Vice Chancellor for Health Affairs  
Name: **Kirk A. Calhoun, M.D.**  
Title: President, U. T. Health Science Center - Tyler  
Position: Member, Council on Graduate Medical Education (COGME)  
Period: March 31, 2012 to March 31, 2016  
Compensation: None  
Description: The Secretary of Health and Human Services, Kathleen Sebelius, has appointed Dr. Shine and Dr. Calhoun to serve as members of COGME, an advisory council for the Bureau of Health Professions in the Health Resources and Services Administration.

2. Approval of Newly Commissioned Peace Officers - U. T. System

In accordance with Section 51.203 of the *Texas Education Code*, the Board is asked to approve the Commissioning of the following Peace Officers. The Officers have completed training at the U. T. System Police Training Academy and passed the State of Texas Police Officer Licensing Examination, effective May 18, 2012.

<u>Name</u>	<u>Institution</u>
Rogelio S. Avila	U. T. Austin
Braden A. Bozer	U. T. Arlington
Samantha R. Carter	U. T. Austin
Jeffrey D. Corff	U. T. Austin
Jose L. Cortez, Jr.	U. T. Medical Branch - Galveston
Nathan J. Hish	U. T. Austin
Eric R. Johanson	U. T. Austin
Michael S. Morrison	U. T. Arlington
Dustin M. Oliphant	U. T. Medical Branch - Galveston
Marco A. Rodriguez	U. T. Pan American
Brandon M. Williams	U. T. Medical Branch - Galveston

**ACADEMIC INSTITUTIONS**

3. Foreign Contract (funds coming in) - U. T. Dallas: Contract to provide INFOTEC, a Mexican Federal Government Public Trust, with instructional and program support for INFOTEC’s Information Communication and Technology (ICT) Master’s program

Agency:	INFOTEC, a Mexican Federal Government Public Trust
Funds:	\$620,000 estimated
Period:	August 1, 2012 through December 31, 2013
Description:	Naveen Jindal School of Management Executive Education program will provide instruction and program support for INFOTEC’s Information Communication and Technology (ICT) Master’s program by providing short seminar programs and diploma programs. The ICT Master’s program was previously managed for INFOTEC by a nonacademic third party. Subcontracted instructors will be experienced faculty from other U.S. universities who have provided this training in previous years. They will go to Mexico to provide instruction and program support for U. T. Dallas under the agreement. The limited foreign travel by U. T. Dallas staff and faculty will be approved by the U. T. Dallas International Oversight Committee. Travel security for all participants will be provided by INFOTEC.

4. License (funds coming in) - U. T. El Paso: Authorization to license approximately 3,148 square feet of space on campus to Ricoh USA, Inc., for copy center and mail services

Description: U. T. El Paso is outsourcing the print shop, copy center, and mail delivery functions to reduce net cost. The institution is licensing space on campus to the Licensee, who will operate these services. The licensee was selected through a request for proposal process.

Total Area: Approximately 3,148 total square feet in three separate spaces

Location: Three spaces, one each in the Union Building East, the University Library, and the Carl Hertzog Building on the U. T. El Paso campus

Licensee: Ricoh USA, Inc., an Ohio corporation

Permitted Use: Operation of a print shop, copy center, and mail service center; mail and package delivery services

Term: Seven years, with three one-year extensions at the institution's option; either party may terminate with 120 days' notice.

Consideration: Licensee will pay an annual license fee of \$50,021.72 (equates to \$15.89 per square foot). The annual license fee during the renewal terms will be as negotiated by the parties. Licensee will make one-time payments of \$50,000 towards U. T. El Paso's cost of refurbishing the licensed space and \$159,238.33 to be used by the institution to buy-out leases of outdated printing equipment. As additional consideration, licensee will operate mail and package pick-up and delivery services on the institution's campus.

Operating Expenses: U. T. El Paso will provide and pay for all building maintenance and utilities to the licensed spaces. Licensee will provide and pay for janitorial and insurance costs.

## HEALTH INSTITUTIONS

### 5. Emeritus Appointments - U. T. Health Science Center - Houston

- **Zeb F. Poindexter**, Professor, Department of Restorative Dentistry, Dental Branch, to Professor Emeritus (RBC No. 4518) -- amendment to the 2011-12 budget
- **Julia E. Lever**, Professor (T), Department of Biochemistry and Molecular Biology, Medical School, to Professor Emeritus (RBC No. 4519) -- amendment to the 2011-12 budget
- **Sharon K. Ostwald**, Professor, Isla Carroll Turner Chair in Gerontological Nursing and Coordinator, International Programs (T), Center on Aging, School of Nursing, to Professor Emeritus in the Department of Nursing Systems, Center on Aging (RBC No. 4520) -- amendment to the 2011-12 budget