



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

July 11, 2018
Austin, Texas

		Page
CONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEM	<i>10:00 a.m.</i>	
1. U. T. Health Science Center - Tyler: School of Community and Rural Health - Amendment of the FY 2018-2023 Capital Improvement Program to increase total project cost; and appropriation of funds and authorization of expenditure	Action	4
RECESS TO EXECUTIVE SESSION PURSUANT TO <i>TEXAS GOVERNMENT CODE</i> , CHAPTER 551 (with working lunch)	<i>10:10 a.m.</i>	
1. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072		
a. U. T. Austin: Discussion and appropriate action regarding expansion of the sublease of the proposed office building with related parking facilities on Block 164 of the original City of Austin Subdivision, Austin, Travis County, Texas, from The 2033 Fund, or an affiliated entity controlled by The 2033 Fund, and prepayment of a portion of the sublease; and resolution regarding parity debt		
b. U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston: Discussion regarding the lease of land and common facilities at the TMC3 collaborative research development located on approximately 28 acres bounded by Old Spanish Trail, South Braeswood Boulevard, and bisected by William C. Harvin Boulevard, from Texas Medical Center, Inc., for research and related uses		
2. Individual Personnel Matters Relating to Officers or Employees – Section 551.074		
a. 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		
b. U. T. M. D. Anderson Cancer Center: Discussion with president regarding assignment and duties, including individual responsibilities associated with outlining a vision and plans for the future of the institution		
c. U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston: Discussion regarding individual personnel matters related to TMC3 collaborative research development		

- d. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees including employees covered by Regents' *Rules and Regulations*, Rule 20204 and Rule 20203, regarding compensation**
 - e. **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**
 - f. **U. T. San Antonio: Discussion with president regarding assignment and duties, including individual responsibilities associated with outlining a vision and plans for the future of the institution**
 - g. **U. T. System Board of Regents: Discussion with Chancellor and Deputy Chancellor concerning assignment and duties including individual personnel issues associated with proposed U. T. System budget**
 - h. **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 (such as Chancellor, General Counsel to the Board, and Chief Audit Executive); Board members, task force members, and advisory council members; and U. T. System and institutional employees**
 - i. **U. T. System Board of Regents: Discussion and appropriate action related to identification of candidates to be invited to interview for the position of Chancellor**
3. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071
- a. **U. T. System Board of Regents: Discussion with Counsel on pending legal issues**
 - b. **U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston: Discussion regarding legal issues related to TMC3 collaborative research development**
 - c. **U. T. System Board of Regents: Discussion regarding legal issues associated with proposed U. T. System budget**
4. Negotiated Contracts for Prospective Gifts or Donations – Section 551.073
- a. **U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features**
 - b. **U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features**

5. 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

4:00 p.m.

- | | | | |
|----|---|-------------------------------------|-----------|
| 2. | U. T. System Board of Regents: Approval of Consent Agenda and consideration of any items referred to the full Board | Action | 7 |
| 3. | U. T. System Board of Regents: Update from Houston Land Task Force | <i>Vice Chairman
Hildebrand</i> | 8 |
| 4. | U. T. System Board of Regents: Update from System Review and Structure Task Force | <i>Regent Eltife</i> | 9 |
| 5. | U. T. System: Discussion and possible appropriate action regarding preparation of the proposed Fiscal Year 2019 Budget | | 10 |
| 6. | U. T. System Board of Regents: Discussion and appropriate action regarding proposed recipient for the Santa Rita Award | Action | 11 |

ADJOURN

*4:30 p.m.
approximately*

1. **U. T. Health Science Center - Tyler: School of Community and Rural Health - Amendment of the FY 2018-2023 Capital Improvement Program to increase total project cost; and appropriation of funds and authorization of expenditure**

RECOMMENDATION

The Chancellor *ad interim* concurs in the recommendation of the Deputy Chancellor, 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 School of Community and Rural Health project at The University of Texas Health Science Center at Tyler as follows:

- a. amend the Fiscal Year 2018-2023 Capital Improvement Program (CIP) to increase the total project cost from \$39,000,000 to \$47,000,000; and
- b. appropriate funds and authorize expenditure of \$8,000,000 in additional funding from previously approved Permanent University Fund (PUF) Bond Proceeds.

BACKGROUND INFORMATION

Previous Actions

On October 31, 2016, the Chancellor approved the School of Community and Rural Health project for Definition Phase. On November 10, 2016, the Board approved an allocation of \$30,000,000 in PUF Bond Proceeds for this project. On May 10, 2017, the Board approved inclusion of the project in the CIP and design development and authorized expenditure of \$39,000,000 with funding of \$30,000,000 from PUF Bond Proceeds, \$6,750,000 from Revenue Financing System Bond Proceeds, \$1,250,000 from Gifts, and \$1,000,000 from Hospital Revenues.

In a separate action on November 10, 2016, the Board approved an allocation of \$45,000,000 in PUF Bond Proceeds for a Cancer Collaboration project between U. T. M. D. Anderson Cancer Center and four other U. T. institutions, \$10,000,000 of which was designated for a collaboration with U. T. Health Science Center -Tyler. This allocation included \$8,000,000 to provide an electronic health record (EHR) system to facilitate communication between the institutions. The EHR system will now be provided as part of a separate third-party agreement, freeing those funds for recommended use by the School of Community and Rural Health project.

Project Description

The School of Community and Rural Health is designed to impact the region by educating and training the next generation of practitioners, researchers, and community and public health officials to address public health challenges and health disparities in Northeast Texas. The project will include classrooms, collaborative education spaces, conference rooms, and faculty and administrative offices. The project, as currently approved, has 40% shelled space for future growth to support comprehensive health services research.

The School of Community and Rural Health has established the Center for Population Health, Analytics and Quality Advancement program to improve the health status in Northeast Texas by concentrating on cancer reduction. The professionals who comprise the Center's team currently work in multiple locations. The proposed reallocation of the \$8,000,000 from the Cancer Collaboration project would fund completion of the shelled space and allow the Center's personnel to relocate to a contiguous space within the School of Community and Rural Health building.

Project Information

Project Number	801-1096
CIP Project Type	New Construction
Facility Type	Classroom, General
Management Type	Office of Facilities Planning and Construction
Institution's Project Advocate	Joseph F. Woelkers, Executive Vice President, Chief Operating Officer, and Chief Business Officer
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	89,038

Project Funding

	<u>Current</u>	<u>Proposed</u>
Permanent University Fund Bond Proceeds	\$30,000,000	\$38,000,000
Revenue Financing System Bond Proceeds ¹	\$ 6,750,000	\$ 6,750,000
Gifts ²	\$ 1,250,000	\$ 1,250,000
Hospital Revenues	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Total Project Cost	\$39,000,000	\$47,000,000

¹ Revenue Financing System Bond Proceeds (RFS) to be repaid from clinical revenue

² Gifts are fully collected

Project Cost Detail

Building Cost	\$ 34,100,987
Fixed Equipment	50,000
Site Development	1,380,310
Furniture and Moveable Equipment	1,875,000
Institutionally Managed Work	1,475,000
Architectural/Design Services	2,544,357
Project Management Fees	1,497,773
Insurance	659,729
Other Professional Fees	1,877,903
Project Contingency	1,388,941
Other Costs	150,000
Total Project Cost	\$ 47,000,000

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

School of Community and Rural Health			\$383
Texas Higher Education Coordinating Board Average - Classroom, General			\$410
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$180	\$342	\$455
Other National Projects	\$266	\$378	\$522

Investment Metrics

- Meet criteria to apply for Council on Education for Public Health accreditation review by 2019
- Increase student enrollment from 18 to 100 students by 2022
- Recruit 15 faculty by 2022

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	October 2016
Addition to CIP	May 2017
Design Development Approval	May 2017
Construction Notice to Proceed	November 2017
Substantial Completion	February 2019

Basis of Design

The planned building life expectancy includes the following elements:

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

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 will discuss any items referred for consideration by the full Board.

3. **U. T. System Board of Regents: Update from the Houston Land Task Force**

REPORT

Vice Chairman Hildebrand may provide a progress report from the Houston Land Task Force.

4. **U. T. System Board of Regents: Update from System Review and Structure Task Force**

REPORT

Regent Eltife may provide a progress report from the System Review and Structure Task Force.

5. **U. T. System: Discussion and possible appropriate action regarding preparation of the proposed Fiscal Year 2019 Budget**

6. U. T. System Board of Regents: Discussion and appropriate action regarding proposed recipient for the Santa Rita Award

RECOMMENDATION

Chairman Tucker may recommend a recipient of the Santa Rita Award, the highest honor bestowed by the Board of Regents.

Regents' Rule 10601, concerning the Award, is set forth below:

1. Title

Guidelines for the Santa Rita Award

2. Rule and Regulation

Sec. 1 Standards. A Systemwide award that may be made annually to an individual who has made valuable contributions over an extended period to The University of Texas System in its developmental efforts. An individual is defined as a person, as opposed to a corporation, charitable trust, foundation, and like entities. The recipient may be judged on the basis of a broad list of criteria, primary among which will be a demonstrated concern for the principles of higher education generally, as well as deep commitment to the furtherance of the purposes and objectives of The University of Texas System specifically.

1.1 Participation by the recipient in the affairs of the U. T. System shall be of such character and purpose to serve as a high example of selfless and public-spirited service. Of particular interest will be the effect that such individual activity may have engendered similar motivation from other public and private areas toward the U. T. System.

Sec. 2 General Conditions. The following general conditions apply to the award:

2.1 The award, to be known as the "Santa Rita Award," will consist of a medallion to be presented no more frequently than annually.

2.2 The award shall be made on behalf of the Board of Regents of The University of Texas System.

2.3 An individual may receive the award only once.

2.4 Posthumous awards may be given.

2.5 No member of the Board of Regents shall be eligible to receive the Santa Rita Award until the termination of the member's service.

Sec. 3 Nominations for Awards. Nominations for the award shall be forwarded to the Chairman of the Board of Regents or the General Counsel to the Board (Office of the Board of Regents, The University of Texas System, 210 West Seventh

Street, Austin, Texas 78701). The nominator shall provide such supporting information and documentation as may be requested by the Chairman or the General Counsel to the Board.

- Sec. 4 Selection of Awardees. Awards shall be made, upon recommendation of the Chairman of the Board following consultation with others including the Chancellor and other appropriate U. T. System officials, by a majority vote of members present at a Board of Regents' meeting at which a quorum is present.



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Austin, Texas

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ACADEMIC AFFAIRS COMMITTEE

1. Contract (funds going out) - U. T. Austin: First Amendment to Agreement with Huron Consulting Services, LLC to provide implementation services related to Workday human resources and payroll system

Agency: Huron Consulting Services, LLC

Funds: \$5,000,000

Period: November 19, 2017 through March 1, 2019

Description: Huron Consulting Services will provide services in targeted areas for the final stages of the Workday human resources and payroll system rollout on November 1, 2018. The agreement was procured through the U. T. System Supply Chain Alliance contract.

The initial contract has a total value of \$2,250,000, which is below the institution's delegated contracting authority, and the first amendment will add \$2,750,000, bringing the total to \$5,000,000.

2. Lease - U. T. Austin: Authorization to lease approximately 2,889 square feet of space located in U. T. Austin's Health Transformation Building at 1601 Trinity Street, Austin, Travis County, Texas, to HEB Grocery Company, LP, for the operation of a licensed pharmacy

Description: Lease of approximately 2,889 square feet of space on the 1st floor of the Health Transformation Building located at 1601 Trinity Street, Austin, Travis County, Texas, within the institution's campus, to HEB Grocery Company, LP, a Texas limited partnership, for the operation of a licensed pharmacy

Lessee: HEB Grocery Company, LP, a Texas limited partnership

Term: Five-year initial term, with two renewal options of three years each upon mutual agreement

Lease Value: \$2,514,102 gross rental income for the initial five-year term and two three-year renewal terms. The initial term will begin with an annual per-square-foot rate of \$35 and will increase to a \$72.50 annual per-square-foot rate by the end of the final three-year renewal term. Lessee will be responsible for their pro rata portion of operating expenses, initially estimated at \$17 per square foot. Lessor will provide a one-time tenant improvement allowance of \$144,450 for the cost of a mutually agreed build-out of the space.

3. Purchase - U. T. Austin: Authorization to purchase the leasehold estate and improvements located at 2400 Nueces Street, Austin, Travis County, Texas, from EDR Austin LLC for future programmed campus expansion, including student housing and office space

Description: Purchase of the leasehold estate in a ground lease located at 2400 Nueces Street, Austin, Travis 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 leasehold improvements consist of a 16-story residential facility holding approximately 600 beds in over 300 units, with about 20,560 square feet of ground and mezzanine-level commercial space and related structured parking for over 560 vehicles. The purchase is made pursuant to an option stipulated in the ground lease. The property will be used for future programmed campus expansion, including student housing and U. T. Austin's International Office.

Seller: EDR Austin LLC, a Delaware limited liability company; this entity is controlled by Education Realty Trust, Inc.

Purchase Price: \$74,759,241; this price is supported by an independent appraisal performed by Paul Hornsby & Company; appraisal confidential pursuant to *Texas Education Code* Section 51.951

Source of Funds: Revenue Financing System bonds will be repaid from rental income. The Project's debt service coverage ratio is expected to be at least 1.3 times and to average 1.8 times during the period from Fiscal Year 2020 through Fiscal Year 2025. In approving this item, the Board will be making the findings required under Section 5 of the Amended and Restated Master Resolution establishing the Revenue Financing System relating to the issuance of parity debt on behalf of U. T. Austin in an aggregate amount not to exceed fair market value as established by independent appraisal, and this action satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations*.

4. Purchase - U. T. Rio Grande Valley: Authorization to purchase approximately 3,481 square feet of condominium space located at 512 Victoria Lane, Unit 13, Harlingen, Cameron County, Texas, from Lone Star National Bank for future programmed expansion, including medical and clinical uses

Description: Purchase of a condominium unit containing approximately 3,481 square feet of medical and clinical office space located at 512 Victoria Lane, Unit 13, Harlingen, Cameron 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 one mile from U. T. Rio Grande Valley's Harlingen campus and is in a medically oriented area of Harlingen. The property will be used for future programmed campus expansion, including clinical and educational use by the institution's doctorate program in clinical psychology.

Seller: Lone Star National Bank, a privately held bank holding company headquartered in McAllen, Texas

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

5. Purchase - U. T. Rio Grande Valley: Authorization to purchase approximately 0.90 acres improved with a one-story medical and clinical office building located at 615 Camelot Drive, Harlingen, Cameron County, Texas, from Phillips Investments, LTD, for future programmed campus expansion, including medical and clinical uses

Description: Purchase of approximately 0.90 acres improved with a one-story medical office building located at 615 Camelot Drive, Harlingen, Cameron 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 improvements consist of a 3,576 square foot one-story medical office and clinical office building, and related surface parking facilities. This property is located approximately one mile from U. T. Rio Grande Valley's Harlingen campus and is in a medically oriented area of Harlingen. The 0.90-acre tract includes a contiguous pad site for future expansion of the facility. The property will be used for future programmed campus expansion, including medical office and clinical uses.

Seller: Phillips Investments, LTD, a Texas Limited Partnership

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

6. Approval of Dual Position of Honor, Trust, or Profit - U. T. Rio Grande Valley: Appointment by Governor Abbott of Lilia Garcia, Adjunct History Lecturer, as a member of the Texas Historical 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 Rio Grande Valley, 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:	Lilia Garcia
Title:	Adjunct Faculty, History Department
Position:	Member, Texas Historical Commission
Period:	April 12, 2018 through February 1, 2021
Compensation:	Reimbursement of reasonable travel and related out-of-pocket expenses
Description:	Ms. Garcia has been appointed by Governor Abbott as a member of the Texas Historical Commission and will work with the Commission in their efforts toward the preservation and promotion of Texas' historic assets to create economic opportunities, educational benefits, and to keep Texas history alive.

HEALTH AFFAIRS COMMITTEE

7. Other Matters - U. T. System: Appointment of a member to The University of Texas System Health Care Advisory Committee

In accordance with The University of Texas System Health Care Advisory Committee bylaws, approval by the U. T. System Board of Regents is recommended for the appointment of Stephen J. Rohleder to the Advisory Committee. The initial appointment term would commence upon approval and expire May 31, 2021. Mr. Rohleder has significant experience in the health industry. He has been the principal owner of SGR Equity Investments since 2015. Prior to that, he served as the Group Chief Executive of North America at Accenture PLC.

On August 20, 2015, the U. T. System Board of Regents approved the creation of the U. T. System Health Care Advisory Committee (HCAC), which serves in an advisory and review capacity on behalf of the U. T. System Board of Regents. The Advisory Committee's bylaws provide that each member serve for a three-year term, with the option for reappointment for one additional three-year term. The Executive Vice Chancellor for Health Affairs appoints the members, subject to approval by the U. T. System Board of Regents. The HCAC membership is not limited to a specific number, and the current members who were approved by the Board of Regents on February 11, 2016, are Carrol Aulbaugh, Charles J. Barnett, Douglas D. Hawthorne, and Eduardo Sanchez, M.D.

8. Purchase Order - U. T. Medical Branch - Galveston: Purchase of electron microscope from FEI Company

Agency: FEI Company

Funds: \$5,809,945

Description: Request for approval to purchase an electron microscope for the Sealy Center for Structural Biology (SCSB) from FEI Company. SCSB has set the goal of establishing a state-of-the-art, high resolution, high throughput electron microscopy facility. Purchase of the Krios Titan microscope is designed to take U. T. Medical Branch - Galveston to the next level in studying structures of biological samples.

Authorization is also requested for President Callender or his delegate to execute all necessary documents and agreements, subject to approval as to legal form by the Office of General Counsel.

9. Other Fiscal Matters - U. T. Medical Branch - Galveston: Approval of settlement of property insurance claim related to fire at John Sealy Hospital on January 4, 2017, and delegation of authority to Chief Compliance and Risk Officer to execute all related Proofs of Loss and settlement documents

Chancellor Faulkner concurs in the recommendation of the Chief Compliance and Risk Officer and the institutional president that the Board approve final settlement of the property insurance claim related to a fire at John Sealy Hospital at U. T. Medical Branch - Galveston (UTMB) on January 4, 2017, in the amount of \$15,090,253.99, in accordance with Regents' *Rules and Regulations*, Rule 80601. In approving this item, the Board is also asked to delegate authority to the Chief Compliance and Risk Officer to execute all related Proofs of Loss and settlement documents.

On January 4, 2017, a fire occurred in the John Sealy Hospital at UTMB, causing damage to property, disrupted operations, and necessitating the evacuation of more than 100 patients. No injuries were reported as a result of this event.

The total for the loss, including business interruption, clean up, property damage, claim preparation fees, and other nonspecified expenses, is \$15,340,253.99, of which \$6,847,999.01 is attributed to business interruption. The Comprehensive Property Protection Plan (CPPP) Fire and All Other Perils (AOP) covers the \$5,000,000 deductible, less a \$250,000 institutional deductible.

Total for loss	\$15,340,253.99
Institutional deductible	\$250,000.00
Net to UTMB	\$15,090,253.99
CPPP* AOP Fund Advance Payment to UTMB	\$4,750,000.00
Insurance Advance	\$3,000,000.00
Net Insurance Due	\$7,340,253.99

*\$2,500,000 of the CPPP payment will be replenished over the next five years (\$1,250,000 by UTMB and \$1,250,000 by all UT institutions, including UTMB)

This settlement amount has been approved by President Callender at UTMB and by the Risk Management Executive Committee at System Administration.

10. Interagency Agreement (funds coming in) - U. T. Health Science Center - Tyler: Interagency agreement between U. T. Health Science Center - Tyler and the Texas Higher Education Coordinating Board to provide operational support services for the Northeast Texas Initiative of the Northeast Texas Consortium of Colleges and Universities (NETnet)

Agency: Texas Higher Education Coordinating Board (THECB)

Funds: \$2,500,000

Period: September 1, 2017 through August 31, 2019

Description: THECB has contracted with U. T. Health Science Center - Tyler to provide operational support for the Northeast Texas Initiative of the Northeast Texas Consortium of Colleges and Universities (NETnet), as directed by General Appropriations Act, SB 1, 85th Texas Legislature, Article III, Higher Education Coordinating Board, Rider 57.