

Meeting No. 1,220

THE MINUTES OF THE BOARD OF REGENTS  
OF  
THE UNIVERSITY OF TEXAS SYSTEM

Pages 1 - 7

October 5, 2021

Austin, Texas

MEETING NO. 1,220

TUESDAY, OCTOBER 5, 2021.--The members of the Board of Regents of The University of Texas System convened a special called meeting in Open Session on Tuesday, October 5, 2021 at 9:00 a.m. via telephone conference call, in the Board Room, Second Floor, The University of Texas System Building, 210 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present

- Chairman Eltife
- Vice Chairman Longoria
- Vice Chairman Weaver
- Regent Crain
- Regent Hicks
- Regent Jiles
- Regent Perez
- Regent Stedman
- Regent Nguyen, Student Regent, nonvoting

Absent

- Regent Warren

CONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION.--

At 9:00 a.m., in accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Eltife called the meeting to order in Open Session, then recessed the Board to Executive Session, pursuant to *Texas Government Code* Sections 551.071, 551.072, 551.073, 551.074, 551.076, and 551.089 to consider the matters listed on the Executive Session agenda.

RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER ACTION ON EXECUTIVE SESSION ITEMS AND AGENDA ITEMS.--Chairman Eltife reconvened the Board in Open Session at 9:35 a.m. to consider action on the following items.

- 1a. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions including interim presidents); U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors); other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive); Board members; and U. T. System and institutional employees

No action was taken on this item.

- 1b. U. T. Medical Branch - Galveston: Discussion and appropriate action regarding change in terms of employment to name Ben G. Raimer, M.D., as President

See related Agenda Item 3 for action taken in Open Session.

2. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

3. 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

No action was taken on this item.

4a. U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features

No action was taken on this item.

4b. U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features

No action was taken on this item.

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

No action was taken on this item.

AGENDA ITEMS

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

Chairman Eltife noted the following related to the Consent Agenda:

- Item a requests approval to renew a contract with the Texas Higher Education Coordinating Board for U. T. System Administration to administer and oversee funding to support the Texas Child Mental Health Care Consortium. In approving this item, the Board is asked to make a finding that the proposed interagency contract (1) supports the public mission of and serves public purposes appropriate to the function of U. T. System, (2) is structured with adequate safeguards and controls in place to ensure the public purpose will continue to be met on an ongoing basis, and (3) will result in adequate consideration and benefits to the U. T. System and to the State of Texas.

- Item b requests approval for U. T. Arlington to enter into a new contract for Academic Partnerships, LLC to provide online educational services for specific academic programs.

Vice Chairman Longoria moved approval, which was seconded by Regent Crain. The Board then approved the Consent Agenda, which is set forth on Pages 6 - 8.

In approving the Consent Agenda, the Board expressly authorized that any contracts or other documents or instruments approved therein may be executed by officials of The University of Texas System or respective U. T. institution involved, as appropriate.

2. U. T. System Board of Regents: Approval of proposed amendments to the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor and the *Interim* Executive Vice Chancellor for Business Affairs concur in the recommendation by The University of Texas/Texas A&M Investment Management Company (UTIMCO) that the U. T. System Board of Regents approve proposed amendments to the Exhibits of the Investment Policy Statements for the Permanent University Fund (PUF), General Endowment Fund (GEF), Permanent Health Fund (PHF), Long Term Fund (LTF), and Intermediate Term Fund (ITF) to change the benchmark for public real estate investments from the MSCI US REIT Index (RMZ) to the MSCI US REIT Gross Total Return Index (RMSG). The effective date of this change will be September 1, 2021.

BACKGROUND INFORMATION

Upon subsequent review of benchmarks approved by the U. T. System Board of Regents on August 19, 2021, UTIMCO determined that the MSCI US REIT Index (RMZ) is a price only REIT benchmark, which neglects to include the impact of dividends received from REIT investments. Historically, REIT dividends have been a meaningfully positive component of an investor's return associated with REIT holdings, accounting for an additional return of 4-5% annually over the last one, three, and five year periods. As such, UTIMCO is recommending that the Board approve a correction to the public real estate benchmark by changing it from the price only MSCI US REIT Index (RMZ) to the MSCI US REIT Gross Total Return Index (RMSG), which measures the total return of both the price movements and dividends received.

UTIMCO recommends changing the benchmark for public real estate investment trusts in the PUF, GEF, PHF, LTF, and ITF Investment Policy Statements and making this change effective September 1, 2021.

3. U. T. Medical Branch - Galveston: Discussion and appropriate action regarding change in terms of employment to name Ben G. Raimer, M.D., as President

Chairman Eltife asked for a motion regarding consideration of changes to the terms of employment to name Dr. Ben Raimer as President of U. T. Medical Branch - Galveston.

Regent Crain made the following motion:

I move that Dr. Ben Raimer, currently President *ad interim* of The University of Texas Medical Branch at Galveston, be named President of The University of Texas Medical Branch at Galveston effective immediately, with compensation commensurate with the responsibilities of the office and as recommended in accordance with University of Texas System policies by Chancellor Milliken and submitted to the Board for approval via the Consent Agenda at a future meeting.

I also move that the Minutes reflect, by approval of this motion, the Board has made a finding, as required by State law, that this appointment is in the best interest of U. T. Medical Branch - Galveston.

The motion was seconded by Vice Chairman Longoria and carried unanimously.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 9:38 a.m.

/s/

Tina E. Montemayor  
Secretary to the Board of Regents  
October 5, 2021



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

**Special Called Board Meeting:**

October 5, 2021  
Austin, Texas

- a. Interagency Agreement (funds coming in) - U. T. System: Renewal of Interagency Contract with Texas Higher Education Coordinating Board to administer and oversee funding to support the Texas Child Mental Health Care Consortium, and related finding of public purpose

Agency: Texas Higher Education Coordinating Board

Funds: \$975,000 for FY 2022 and \$975,000 for FY 2023, for a total of \$1,950,000

Period: September 1, 2021 through August 31, 2023

Description: Under this contract renewal, U. T. System will continue to administer and oversee funding to support the efforts and mission of the Texas Child Mental Health Care Consortium (Consortium). The Consortium was established by the 86th Texas Legislature to leverage the expertise and capacity of Texas health-related institutions of higher education to address urgent mental health challenges and improve the mental health care system in Texas in relation to children and adolescents and to enhance the state's ability to address mental health care needs of children and adolescents through collaboration of those health-related institutions. The initial Agreement was approved by the Board of Regents on September 27, 2019, following selection of U. T. System Administration as the administrator of the Consortium by the Consortium's Executive Committee.

House Bill 1, *The General Appropriations Act* of the 87th Texas Legislature, Regular Session, appropriated \$600,000 for FY 2022 and \$600,000 for FY 2023 to the Higher Education Coordinating Board to fund the continued administration and oversight of the Consortium, which is administratively attached to the Coordinating Board.

In addition, the Coordinating Board will disburse \$375,000 for FY 2022 and \$375,000 for FY 2023 for U. T. System Administration to procure services for an independent, external evaluation of the programs of the Consortium. Thus, under this renewal agreement, U. T. System Administration will receive \$975,000 in FY 2022 and \$975,000 in FY2023, for a total of \$1,950,000.

Finding of Public Purpose:

If approved, the activities proposed above are ensured to serve a public purpose based on the following:

1. The proposed renewal of the interagency contract has a predominantly public purpose as the administrative and oversight services to be provided are in support of the legislature's stated purposes for the Consortium: to address urgent mental health challenges and improve the mental health care system in Texas in relation to children and adolescents, and to enhance the state's ability to address mental health care needs of children and adolescents.
2. Under the terms of the interagency contract, U. T. System Administration will retain sufficient control over its contributions to the Consortium to ensure the public purpose is accomplished. Each of the U. T. health institutions, as well as the Dell Medical School at U. T. Austin and the U. T. Rio Grande Valley School of Medicine, have two representative members on the Consortium Executive Committee, the Consortium's governing body. In addition, U. T. System Vice Chancellor for Health Affairs and Chief Medical Officer David Lakey serves as its Presiding Officer.
3. U. T. System Administration will receive adequate consideration and benefits through its support of the Consortium as the Consortium includes the six U. T. health institutions, as well as the Dell Medical School at U. T. Austin and the U. T. Rio Grande Valley School of Medicine.

b. Contract (funds going out) - U. T. Arlington: Academic Partnerships, LLC, to provide online educational services

Agency: Academic Partnerships, LLC

Funds: \$350,000,000 dependent upon the number of programs and enrollment

Period: September 1, 2021 through August 31, 2028; with one optional two-year extension

Description: In 2011, U. T. System executed an Online Education Services Agreement with Academic Partnerships, LLC, under which U. T. institutions could enter orders for online education services. In 2012, U. T. Arlington entered such an order. Since that time, Academic Partnerships has provided U. T. Arlington with education services for numerous online programs. For these services, Academic Partnerships is paid a percentage of the total tuition received.

On November 9, 2017, the Board of Regents approved an extension to the Agreement, which is set to expire in November 2022. U. T. Arlington recently issued a Request for Proposal for academic online services to provide U. T. Arlington a wider selection of service providers. Academic Partnerships was one of three vendors selected through that RFP process.

Under this new Agreement, Academic Partnerships, LLC, will provide online educational services for specific academic programs under a nonexclusive Master Agreement. Academic Partnerships will be paid a fee ranging between 25% to 40% for continuation of any U. T. Arlington academic online programs currently provided through Academic Partnerships. For any new programs, Academic Partnerships will be paid a per student flat fee ranging between \$308 and \$844 per three credit hour course, with U. T. Arlington retaining between \$463 and \$1,118 per three credit hour course. U. T. Arlington is not required to continue any current programs or award any new programs to Academic Partnerships, LLC.