

Meeting No. 1,154

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

Pages 1 - 135

November 9 - 10, 2016

Austin, Texas

TABLE OF CONTENTS  
THE MINUTES OF THE BOARD OF REGENTS  
OF  
THE UNIVERSITY OF TEXAS SYSTEM  
NOVEMBER 9-10, 2016  
AUSTIN, TEXAS

MEETING NO. 1,154

	<u>Page No.</u>
<u>November 9, 2016</u>	
I. ATTENDANCE	1
II. RECESS TO EXECUTIVE SESSION	1
III. RECONVENE IN OPEN SESSION	1
a. U. T. Rio Grande Valley: Discussion with president regarding assignment and duties, including individual responsibilities associated with outlining a vision and plans for the future of the institution ( <i>Regents' Rules and Regulations</i> , Rule 20201, Section 5, regarding Evaluation of Presidents)	1
b. U. T. Medical Branch - Galveston: Periodic comprehensive performance review of institutional president ( <i>Regents' Rules and Regulations</i> , Rule 20201, Section 5, regarding Evaluation of Presidents)	2
c. U. T. Health Science Center - Tyler: Periodic comprehensive performance review of institutional president ( <i>Regents' Rules and Regulations</i> , Rule 20201, Section 5, regarding Evaluation of Presidents) (Deferred)	2
IV. AGENDA ITEMS	
1. U. T. Rio Grande Valley: President's report on the Strategic Vision and Institutional Priorities	2
2. U. T. System: Annual Meeting with Officers of the U. T. System Employee Advisory Council	4
V. RECESS TO COMMITTEE MEETINGS	4

November 10, 2016

VI.	ATTENDANCE	5
VII.	AGENDA ITEMS (continued)	5
3.	U. T. System Board of Regents: Approval of Consent Agenda Items and consideration of any items referred to the full Board	5
4.	U. T. System Board of Regents: Certificate of appreciation to U. T. Tyler President Rodney H. Mabry	6
5.	U. T. System Board of Regents: Discussion and appropriate action regarding proposed amendments to Regents' <i>Rules and Regulations</i> , Rule 31001 (Faculty Appointments and Titles), Section 2, regarding academic titles	7
6.	U. T. System: Discussion and appropriate action concerning proposed amendments to Regents' <i>Rules and Regulations</i> , Rule 80101 (Category of Facilities and Authorized Users), Sections 3 and 4, regarding individuals authorized to verify identification on U. T. System property or in U. T. System buildings	9
7.	U. T. System Board of Regents: Discussion and appropriate action regarding proposed amendment of Regents' <i>Rules and Regulations</i> , Rule 90101 (Intellectual Property)	10
8.	U. T. System: Appropriation of \$392.2 million of Permanent University Fund Bond Proceeds for nine capital projects at the academic and health institutions	26
9.	U. T. System: Report and appropriate action on strategic Quantum Leaps initiatives: The American Leadership Program, Enhancing Fairness and Opportunity, and Enhancing Student Success	30
10.	U. T. System: Update and appropriate action on the Systemwide after-hours mental health crisis line and bystander intervention initiative and the alcohol education, intervention, and recovery programs	31
11.	U. T. System: Discussion and appropriate action regarding a preview of the 85th Texas Legislative Session	32

VIII.	STANDING COMMITTEE REPORTS AND RECOMMENDATIONS TO THE BOARD	32
A.	REPORT OF THE AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE	33
1.	U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	33
2.	U. T. System: Annual Report on the Information Security Compliance Program (Committee Meeting Only)	33
3.	U. T. Southwestern Medical Center: Presentation on using data analytics for charge capture reviews (Committee Meeting Only)	33
4.	U. T. System: Report on the Systemwide internal audit activities, including the FY 2016 Annual Report (Committee Meeting Only)	33
5.	U. T. System Board of Regents: Approval of the System Audit Office Internal Audit Activity Charter (Committee Meeting Only)	33
B.	REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE	34
1.	U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	34
2.	U. T. System: Key Financial Indicators Report (Committee Meeting Only)	34
3.	Item Deferred	34
4.	U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the year and quarter ended August 31, 2016	34
5.	U. T. System: Report and discussion on Public Private Partnership Financing (Committee Meeting Only)	41

6.	U. T. System Board of Regents: Discussion of matters related to University Lands (Committee Meeting Only)	41
C.	REPORT OF THE ACADEMIC AFFAIRS COMMITTEE	42
1.	U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	42
2.	U. T. Austin: Report and discussion concerning student success, degree attainment, and enrollment levels (Committee Meeting Only)	42
D.	REPORT OF THE HEALTH AFFAIRS COMMITTEE	43
1.	U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	43
2.	U. T. M. D. Anderson Cancer Center: Report and appropriate action on the Graduate School of Biomedical Sciences, a unique partnership between U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston (Committee Meeting Only)	43
3.	U. T. System: Report and appropriate action on developing a clinical service line approach to health care (Committee Meeting Only)	43
E.	REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE	44
1.	U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	44
2.	U. T. System: Update on Program Cost Savings Measures and Hybrid Project Delivery Initiative (Committee Meeting Only)	44
3.	U. T. Dallas: Math and Science Building - Amendment of the FY 2017-2022 Capital Improvement Program to include project (Preliminary Board approval)	44

4.	U. T. Medical Branch - Galveston: League City Infrastructure Expansion - Amendment of the FY 2017-2022 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; authorization of institutional management; and resolution regarding parity debt (Final Board approval)	46
5.	U. T. Arlington: Residence Hall - West Campus (Phase I) - Amendment of the FY 2017-2022 Capital Improvement Program to include project (Preliminary Board approval)	48
6.	U. T. Arlington: Parking Garage - West Campus - Amendment of the FY 2017-2022 Capital Improvement Program to include project; approval of total project cost; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)	50
7.	U. T. El Paso: Interdisciplinary Research Building - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)	52
8.	U. T. San Antonio: Science and Engineering Building - Amendment of the FY 2017-2022 Capital Improvement Program to decrease total project cost; approval to revise funding sources; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)	55
9.	U. T. Medical Branch - Galveston: Health Education Center - Approval of design development; approval to revise funding sources; approval of institutional management; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)	58

F.	REPORT OF THE TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE	62
	1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	62
	2. U. T. System: Update on the U. T. Horizon Fund (Committee Meeting Only)	62
	3. U. T. System: Report on Alafair Biosciences, Inc., a U. T. Horizon Fund portfolio company (Committee Meeting Only)	62
IX.	APPROVAL OF STANDING COMMITTEE RECOMMENDATIONS	63
X.	RECESS TO EXECUTIVE SESSION	63
XI.	RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO CONSIDER AGENDA ITEMS	63
	1a. U. T. El Paso: Discussion and appropriate action regarding the purchase of approximately 458 acres of land out of the J. Baker Survey #10 and the I. F. Harrison Survey #54, located on Paisano Drive and Interstate Highway 10 in El Paso, El Paso County, Texas, commonly known as the former ASARCO smelter site, from ASARCO Texas Custodial Trust, for future programmed campus expansion	63
	1b. U. T. System: Discussion and appropriate action regarding the lease of approximately 1.75 acres of improved land consisting of Block 71 of the original City of Austin Subdivision, and bounded by West 6th, West 7th, Colorado, and Lavaca Streets, Austin, Travis County, Texas, to an entity related to the Trammell Crow Company, a subsidiary of CBRE Group, Inc., for commercial use	64
	2a. U. T. Austin: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features (Deferred)	64
	2b. U. T. Rio Grande Valley: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features	64

2c.	U. T. Tyler: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features	65
2d.	U. T. Health Science Center - Houston: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features	65
2e.	U. T. Health Science Center - San Antonio: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features	65
2f.	U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features	65
3a.	U. T. System Board of Regents: Discussion with Counsel on pending legal issues	65
3b.	U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U. T. System	65
3c.	U. T. System Board of Regents: Discussion and appropriate action regarding pending litigation styled <i>Glass, Moore, and Carter v. State of Texas, University of Texas at Austin, et al.</i>	65
3d.	U. T. System Board of Regents: Discussion and appropriate action regarding pending litigation styled <i>The Board of Regents of The University of Texas System v. HOK/BFW-SA, L.L.C., Hellmuth, Obata &amp; Kassabaum, Inc. and Skanska USA Building Inc.</i>	66
4.	U. T. System: Discussion and appropriate action regarding safety and security issues, including security audits and the deployment of security personnel and devices	66
5a.	U. T. Tyler: Discussion and appropriate action on individual personnel matters related to consideration of the appointment of Dr. Michael V. Tidwell as President	66

5b.	U. T. Southwestern Medical Center: Discussion and appropriate action regarding proposed increases in compensation for <ul style="list-style-type: none"><li>• Neelan S. Doolabh, M.D., Associate Professor of Cardiovascular and Thoracic Surgery and Director of the Minimally Invasive Valve Surgery Program;</li><li>• Joseph M. Forbess, M.D., Professor of Cardiovascular and Thoracic Surgery, Division of Pediatric Cardiothoracic Surgery;</li><li>• Bruce A. Meyer, M.D., Executive Vice President Health Systems Affairs;</li><li>• John J. Warner, M.D., Vice President and Chief Executive Officer, University Hospitals; and</li><li>• Ms. Marinan R. Williams, Senior Executive Officer, Market Relations, Southwestern Health Resources</li></ul> (Regents' <i>Rules and Regulations</i> , Rule 20204, regarding compensation for highly compensated employees)	67
5c.	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), members of the Board of Regents, and U. T. System and institutional employees	68
5d.	U. T. System: Discussion and appropriate action concerning individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees including employees covered by Regents' <i>Rules and Regulations</i> , Rule 20204, regarding compensation for highly compensated employees, and Rule 20203, regarding compensation for key executives	68
5e.	U. T. System: Discussion and appropriate action regarding individual personnel matters relating to compensation including achievement of goals for performance incentive compensation for Presidents, Executive Officers, and other highly compensated employees	68
5f.	U. T. System: Discussion and appropriate action regarding individual personnel matters relating to assignment and duties of the Chancellor with regard to the process for presidential search and selection	68

XII.	AGENDA ITEMS (continued)	74
8.	U. T. System: Appropriation of \$392.2 million of Permanent University Fund Bond Proceeds for nine capital projects at the academic and health institutions	74
12.	U. T. System Board of Regents: Discussion and possible action regarding the process for presidential search and selection ( <i>Regents' Rules and Regulations</i> , Rule 20201, Presidents), including the roles of the Board and the Chancellor	74
XIII.	REPORT FOR THE RECORD	74
	U. T. Tyler: Report concerning appointment of the Presidential Search Advisory Committee	74
XIV.	SCHEDULED MEETING	75
XV.	ADJOURNMENT	75

MEETING NO. 1,154

WEDNESDAY, NOVEMBER 9, 2016.--The members of the Board of Regents of The University of Texas System convened in Standing Committee meetings on Wednesday, November 9, 2016, from 9:03 a.m. - 11:56 a.m. in the Board Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with participation as more specifically referenced in the Committee Minutes.

CONVENE THE BOARD IN OPEN SESSION.--At 11:57 a.m., in accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Foster called the meeting of the Board to order in Open Session with the following participation:

ATTENDANCE.--

Present

Chairman Foster  
Vice Chairman Hicks  
Vice Chairman Hildebrand  
Regent Aliseda  
Regent Beck  
Regent Cranberg  
Regent Hall  
Regent Pejovich  
Regent Tucker  
Regent Joseph, Student Regent, nonvoting

RECESS TO EXECUTIVE SESSION.--At 11:58 a.m., the Board recessed to Executive Session pursuant to *Texas Government Code* Section 551.074 to consider the matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION.--The Board reconvened in Open Session at 1:34 p.m. Chairman Foster stated that no action was taken on the following items discussed in Executive Session.

- a. U. T. Rio Grande Valley: Discussion with president regarding assignment and duties, including individual responsibilities associated with outlining a vision and plans for the future of the institution (Regents' *Rules and Regulations*, Rule 20201, Section 5, regarding Evaluation of Presidents)

- b. U. T. Medical Branch - Galveston: Periodic comprehensive performance review of institutional president (Regents' *Rules and Regulations*, Rule 20201, Section 5, regarding Evaluation of Presidents)
  
- c. U. T. Health Science Center - Tyler: Periodic comprehensive performance review of institutional president (Regents' *Rules and Regulations*, Rule 20201, Section 5, regarding Evaluation of Presidents) (Deferred)

This item was deferred.

## AGENDA ITEMS

- 1. U. T. Rio Grande Valley: President's report on the Strategic Vision and Institutional Priorities

Pursuant to Regents' *Rules and Regulations*, Rule 20201, Section 5.1, President Bailey presented his vision and plans for The University of Texas Rio Grande Valley, using a slide on Fall 2016 enrollment statistics included in the Agenda materials and the list of priorities and opportunities set forth below.

In reply to a question from Regent Aliseda about accessibility for students in the Valley, President Bailey spoke about dual credit courses with a number of school districts; programs such as the Hispanic Engineering, Science and Technology (HESTEC); and the Mathematics and Science Academy that help students at an early age understand the possibility of going to college and what they need to do to accomplish that goal.

U. T. Rio Grande Valley's priorities and strategies include:

- 1. Enhancing Student Success
  - Focus recruiting on students who have a reasonable chance of graduating
  - Create a tuition mechanism that encourages graduation in four years
  - Expand advising and support mechanisms for students
  - Develop innovative mechanisms for program and course delivery
  - Increase the proportion of faculty able to design and deliver high quality courses/programs in a variety of platforms
  
- 2. Increasing Educational Opportunities for Students
  - Selectively develop new graduate, professional, and certificate programs that meet workforce needs and that align with our strategic vision
  - Expand internship, experiential learning, and research opportunities for undergraduates

- Expand access to educational programs through the development and implementation of innovative technologies that address barriers of distance, scheduling, language, and culture
  - Strategically increase high-quality educational opportunities for Pre-K to 12 students
  - Expand engaged-learning opportunities for students locally and globally
3. Expanding Medical and Health-Related Educational Opportunities to Improve Access to Health Care in the Rio Grande Valley
- Continue to build a medical school of the first order by recruiting top-notch students and first-class faculty
  - Increase access to health education programs at the undergraduate, master's, and doctoral-levels and develop new programs where needed
  - Strengthen the relationships both among our existing health programs and also with hospitals, clinics, government agencies, and the biomedical industry to maximize the impact of our health science programs
  - Develop a research infrastructure that will support world-class researchers in selected fields
  - Support the Middle School to Medical School (M2M) initiative by establishing health and educational partnerships with school districts
4. Growing Our Research Efforts, Especially on Issues Affecting the Rio Grande Valley
- Attract and retain faculty who produce nationally competitive research and creative works
  - Build a research enterprise, including shared equipment, infrastructure, and facilities, to support these nationally competitive faculty
  - Streamline and develop internal processes and support programs for researchers
  - Develop new graduate programs with an eye towards our strategic research directions, our unique geographic location, and our faculty strengths
  - Incorporate research and experiential learning opportunities for students at all levels
5. Engaging with Our Communities to Provide Sustainable Relationships That Support Both the Needs of the University and the Public Good
- Expand and strengthen community outreach programs
  - Increase internships, experiential learning opportunities, and employment opportunities with local businesses, governmental, and community organizations
  - Become an anchor institution that contributes to community wealth building

2. U. T. System: Annual Meeting with Officers of the U. T. System Employee Advisory Council

Associate Vice Chancellor Stewart introduced the following officers of The University of Texas System Employee Advisory Council (EAC) who discussed the Council's activities from the past year:

Chair 2016: Mr. Ryan Baldwin, The University of Texas at Austin

Vice Chair and Secretary: Ms. Karla Iscapa, The University of Texas at El Paso

Chair 2017: Mr. James Smiley, The University of Texas Health Science Center at Houston

The EAC was established in August 2000 to provide a vehicle for communication and to facilitate the flow of ideas and information between and among the Board of Regents, U. T. System Administration, and the institutions. The EAC functions to define, analyze, and make recommendations on employee issues to the Board through the Chancellor.

The EAC officers presented the following recommendations:

Recommendation No. 1: Assess Campus Safety

The EAC recommends that U. T. System initiate an assessment of campus security at each U. T. System institution similar to the campus security assessment performed at U. T. Austin by the Texas Department of Public Safety.

Recommendation No. 2: Establish a Regents' Outstanding Employee Awards

The EAC recommends the creation of a Regents' Outstanding Employee Awards that would recognize the significant contributions of the staff of U. T. System.

Mr. Smiley spoke about areas of focus for the Council's work over the next year, noting support for the Quantum Leaps initiatives as the common thread. Chancellor McRaven offered support for the proposed employee awards program, expressed interest in employees' insights into campus safety, and said he looks forward to working with Chair Smiley over the next year. Chairman Foster also expressed his support of the recommendations and the Board's appreciation of the relationship with the EAC.

RECESS TO COMMITTEE MEETINGS.--The Board recessed for Standing Committee meetings from 2:04 p.m. - 4:30 p.m. with participation as more specifically referenced in the Committee Minutes.

THURSDAY, NOVEMBER 10, 2016.--The members of the Board of Regents of The University of Texas System reconvened at 8:45 a.m. on Thursday, November 10, 2016, in the Board Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Foster  
Vice Chairman Hicks  
Vice Chairman Hildebrand  
Regent Aliseda  
Regent Beck  
Regent Cranberg  
Regent Hall  
Regent Pejovich  
Regent Tucker  
Regent Joseph, Student Regent, nonvoting

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Foster called the meeting to order in Open Session.

AGENDA ITEMS (continued)

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

Chairman Foster noted the following related to the Consent Agenda:

- Item 2 recommends authorization to deposit University Lands surface income into the Available University Fund (AUF).
- Item 5 recommends budget reductions of approximately \$59.4 million in unspent project balances for higher-priority initiatives, and Item 6 seeks budget authority of approximately \$41.3 million in support of Quantum Leaps Programs by the reallocation of previously appropriated funds.
- Item 13 recommends appropriation of \$5.6 million of Permanent University Fund (PUF) Bond Proceeds to address deferred maintenance and capital renewal needs in the Life Sciences Building at The University of Texas at Arlington.
- Item 15 is deferred.

- Items 20 and 21 request approval of an agreement between The University of Texas at Austin and the Tulane Educational Fund regarding the assignment of Head Baseball Coach David Pierce's employment agreement and approval of terms of his employment agreement.
- Approval of bylaws for the Medical Service, Research and Development Faculty Practice Plans for U. T. Austin and The University of Texas Rio Grande Valley is requested at Items 24 and 37.
- Item 25 proposes approval of U. T. Austin's participation in the formation of two not-for-profit organizations to pilot value-based health care delivery models.
- Item 51 seeks approval of an agreement with Memorial Hermann Health System to provide \$288 million to The University of Texas Health Science Center at Houston for academic, research, and community service programs for Fiscal Year 2017.
- At Item 57, The University of Texas M. D. Anderson Cancer Center requests approval of a contract with PricewaterhouseCoopers to assist with continued development and expansion of the Translational Research Accelerator. The contract amount is capped at \$52 million over the three-year initial term and two one-year renewal options.
- Vice Chairman Hildebrand will abstain from vote on Item 30 because of equity interests, and Regent Beck will abstain from vote on Item 51.

The Board then approved the Consent Agenda, which is set forth on Pages 76 - 135.

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

4. U. T. System Board of Regents: Certificate of appreciation to U. T. Tyler President Rodney H. Mabry

Chairman Foster recognized and thanked Dr. Rodney H. Mabry for his outstanding service as President of The University of Texas at Tyler. Dr. Mabry became President of U. T. Tyler in 1998 and planned to return to the faculty after retiring on December 31, 2016.

Dr. Mabry served the field of higher education for more than four decades, having held positions at the University of Tulsa, Clemson University, and the University of Louisiana-Monroe. He has been active in the leadership of several national higher education commissions and in the Tyler community.

President Mabry provided brief remarks and received a standing ovation and the following certificate of appreciation:

CERTIFICATE OF APPRECIATION

The Board of Regents  
Expresses to

RODNEY H. MABRY, Ph.D.

Its Sincere Appreciation for His  
Distinguished Service and Outstanding Contributions  
to  
The University of Texas System  
as  
President  
The University of Texas at Tyler  
1998 - 2016

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

The Board approved amendments to Regents' *Rules and Regulations*, Rule 31001 (Faculty Appointments and Titles), Section 2, regarding academic titles, to read as set forth below:

Sec. 2 Academic Titles. To achieve consistency in the use of academic titles among the institutions of the System, the following Subsections describe the use of titles to apply in all institutions.

...

2.2 Other Titles. The following academic titles may also be used by the institutions of the U. T. System. Tenure may not be awarded to a person appointed to these titles. With the exception of the title of Instructor, academic service with these titles may not be counted toward the satisfaction of any maximum probationary period. Appointments to these titles shall be for a period of time not to exceed one academic year except in the case of Lecturer, Senior Lecturer, or a clinical or research position with a title authorized by Section 2.2(g)

below when an appointment may be for periods of time not to exceed three academic years. With the exception of the title of Instructor, such appointments shall terminate at the expiration of the stated period of appointment without notification of nonrenewal. If an institution determines that it is to the benefit of the institution, it may offer reappointments to these titles in accordance with *Texas Education Code* Section 51.943 and may provide annual renewability of two- and three-year appointments.

...

- (l) Professor of Practice, Associate Professor of Practice, and Assistant Professor of Practice. These titles may be used by the institutions of the U. T. System to designate regular part-time or full-time service for faculty involved in a professional experience program. Appointments to the faculty with a Professor of Practice title may be with or without pay and shall be for a period of time not to exceed three academic years. Such appointments shall terminate upon expiration of the stated period of appointment without notification of nonrenewal. If an institution determines that it is to the benefit of the institution, it may offer reappointment to a faculty member in accordance with *Texas Education Code* Section 51.943.
  
- (m) Professor of Instruction, Associate Professor of Instruction, and Assistant Professor of Instruction. These titles may be used by the institutions of the U. T. System to designate full-time, nontenure-track faculty primarily engaged in instruction. Appointments to the faculty with a Professor of Instruction title may be with or without pay and shall be for a period of time not to exceed three academic years. Such appointments shall terminate upon expiration of the stated period of appointment without notification of nonrenewal. If an institution determines that it is to the benefit of the institution, it may offer reappointment to a faculty member in accordance with *Texas Education Code* Section 51.943.

.....

Lettering for former (m) and (n) was revised.

Regents' Rule 31001 contains all of the permissible academic titles to be used by The University of Texas System institutions to ensure consistency in use. The new language added three new titles under the Section related to nontenure-track positions. These positions are Professor of Instruction, Associate Professor of Instruction, and Assistant Professor of Instruction. All are full-time, nontenure-track positions primarily engaged in instruction.

Further, the addition to Subsection 2.2 to authorize annual renewability for two- and three-year appointments was recommended by the Faculty Advisory Council (FAC), which also recommended the minor amendment from Professor in Practice to Professor of Practice to track with terminology in use at other institutions.

This Agenda Item was reviewed by the U. T. System institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

6. U. T. System: Discussion and appropriate action concerning proposed amendments to Regents' Rules and Regulations, Rule 80101 (Category of Facilities and Authorized Users), Sections 3 and 4, regarding individuals authorized to verify identification on U. T. System property or in U. T. System buildings

The Board authorized amendments to the Regents' *Rules and Regulations*, Rule 80101 (Category of Facilities and Authorized Users), Sections 3 and 4, regarding individuals authorized to verify identification on University of Texas System property or in U. T. System buildings, to read as set forth below:

- Sec. 3 Identification Required. Pursuant to the authority conferred upon the Board of Regents by *Texas Education Code* [Section 51.209](#), in order to protect the safety and welfare of students, employees, patients, and other participants in the programs and activities of the U. T. System and the institutions and to protect the property and buildings of the U. T. System and the institutions, it shall be unlawful for any person who is on any property or in a building owned or controlled by the U. T. System or any of the institutions to refuse to identify himself or herself in response to a request by an authorized representative or any peace officer of the U. T. System acting pursuant to authority of Texas law. For purposes of this Section, authorized representative is any member of the Board of Regents, any executive or administrative officer of the U. T. System Administration or U. T. System institutions, public safety officers, and any secondary delegate as determined by the rules promulgated by U. T. System or each institution. A person identifies himself or herself by stating truthfully: (1) his or her name and complete address, as substantiated by a current driver's license or other official documentation; and (2) his or her legitimate business on U. T. System property.
- Sec. 4 Refusal to Identify. Pursuant to [Section 51.209](#) of the *Texas Education Code*, authorized representatives may refuse to allow individuals who do not identify themselves or who have no legitimate business to enter or remain on U. T. System property and may eject such individuals on their refusal to leave peaceably on request. Students, faculty, or staff who refuse to identify themselves in accordance with this Rule are also subject to disciplinary action.

Section 51.209 of the *Texas Education Code* permits authorized representatives of a governing board of an institution of higher education to request identification and to refuse entry onto campus property to certain persons. Section 3 of Regents' Rule 80101 defines those representatives and requires any person who is on property or in a building owned or controlled by the U. T. System to identify himself or herself in response to a request by those representatives.

In response to a campus request seeking to better protect the safety and welfare of students, employees, patients, and other visitors on U. T. System campuses, a clarification of the language regarding individuals who may ask for identification was proposed. Specifically, individuals identified as authorized representatives for the institutions permitted to request identification are authorized to delegate their authority, in writing, to a secondary delegate who has the ability to enforce provisions on a day-to-day basis. The revised language promotes efficiency and provides a clear path for a delegation of authority.

The revised Rule also removes voter registration cards from the example of identification; however, that and other official documentation are still permissible forms of identification. In addition, Section 4 was revised to more closely align the language with Section 51.209 of the *Texas Education Code*.

This Agenda Item was reviewed by the U. T. System institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

(Secretary's Note: The caption has been amended to reflect both Sections 3 and 4 of the Regents' Rule that were amended. The agenda materials inadvertently listed that amendments were only to Section 3.)

7. U. T. System Board of Regents: Discussion and appropriate action regarding proposed amendment of Regents' *Rules and Regulations*, Rule 90101 (Intellectual Property)

The Board authorized amendments to the Regents' *Rules and Regulations*, Rule 90101 (Intellectual Property) to read as set forth on the following pages.

On February 12, 2015, The University of Texas System Task Force on Intellectual Property made recommendations to the Board. As a result, the Regents' Rules on intellectual property were revised, clarified, and condensed into Regents' Rule 90101, which was approved by the Board on August 20, 2015. A new advisory group, which included faculty and technology commercialization and sponsored research experts, was subsequently charged with providing input into policies to implement the Rule.

The advisory group recommended additional substantive changes to the Rule, including

- a. adding "*grant appropriate access to*" in Section 2 and Section 12.1 to conform these Sections to the explicit language in Section 1.3 regarding industry expectations of ownership rights in, or appropriate access to, intellectual property resulting from sponsored research; and
- b. revising Section 12.1(a) regarding consideration of needs and preferences in the negotiation of any agreement pertaining to intellectual property resulting from privately sponsored research to reference both parties.

Separately, and as part of the ongoing effort to streamline operations, the Office of General Counsel recommended an additional amendment. Under the previous Rule 90101, every research-related conflicts of interest management plan required review and approval by the respective Executive Vice Chancellor and the Office of General Counsel, in addition to the full review and approval done at each institution. Changes to Sections 13.2 and 14.1 eliminated the redundant reviews and allowed the decision to be made at the institutional level. Conflicts of interest management plans for presidents, however, still require review according to Office of General Counsel guidelines.

This Agenda Item was reviewed by the U. T. System institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

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

**Rule: 90101**

**1. Title**

Intellectual Property

**2. Rule and Regulation**

Sec. 1 Preamble. This intellectual property Rule is intended to serve the public good, promote partnerships with the private sector, encourage innovation, promote the engagement of faculty, staff, and students in research, and foster economic development. The Board of Regents recognizes the high importance of discovery commercialization as a core mission. U. T. System recognizes that it will attract more collaborative research supported by industry if timely and efficient processes exist to manage intellectual property.

This Rule is intended to be adaptable to the highly varied circumstances that characterize the private sector and the portfolio of research at U. T. System institutions. In all cases, U. T. System institutions will strive to enable the ease of intellectual property creation, protection, management, and transfer to the private sector and society within an environment that promotes the highest quality and integrity of academic activity, teaching, and research.

U. T. System is guided by the following fundamental principles on intellectual property:

- 1.1 The successful deployment of intellectual property developed through teaching, research, discovery, creative activities, and application of knowledge, whether through sponsored research, licensing, or other types of transactions or arrangements, allows for knowledge and technology to be disseminated to benefit the broad public and comports with the mission of the U. T. System;
- 1.2 Sponsored research is very important to the vitality and competitiveness of U. T. System institutions, the State of Texas, and our nation. All U. T. System institutions shall (a) encourage and strengthen university-industry partnerships, (b) efficiently and expeditiously manage

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

**Rule: 90101**

- intellectual property created from these partnerships, and (c) remain understanding, flexible, and open to the varied circumstances and needs of potential industry sponsors;
- 1.3 U. T. System institutions should expect that when industry is underwriting sponsored research, industry commences negotiations with the expectation of speed in the execution of critical agreements, clear financial outcomes, and ownership rights in, or appropriate access to, intellectual property resulting from the work;
  - 1.4 Sponsored research is frequently tightly integrated with the educational mission at many U. T. System institutions but must not abridge publication and research rights, impinge upon the dissemination of research results, including student theses and dissertations, nor diminish an environment of academic and research integrity;
  - 1.5 The primary research-related duties of members of the faculty at U. T. System institutions are to teach, study, investigate, discover, create, disseminate, develop professionally, and infuse new knowledge into their classes and student interaction;
  - 1.6 Commercialization of technology enhances the reputation of the U. T. System and enables transformation of knowledge into the marketplace; and
  - 1.7 Compliance with all applicable federal laws and regulations, the Texas Constitution, and applicable laws of the State of Texas is essential for successful U. T. System technology commercialization.
- Sec. 2 Ownership of Intellectual Property. Except as set forth in Section 5, the Board of Regents automatically owns the intellectual property created by individuals subject to this Rule, yet recognizes the importance of discovery commercialization. In appropriate circumstances concerning intellectual property resulting from research supported by (a) an entirely private, nongovernmental grant or contract with a nonprofit or for-profit entity, or (b) an entirely private gift or grant to the U. T. System

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

**Rule: 90101**

or any U. T. System institution, as set forth in Section 12.1, the U. T. System or a U. T. System institution may enter into an agreement to transfer or grant appropriate access to the Board of Regents' rights in intellectual property to third parties. For purposes of this Rule, intellectual property includes, but is not limited to, any invention, discovery, creation, know-how, trade secret, technology, scientific or technological development, research data, work of authorship and software, regardless of whether subject to protection under patent, trademark, copyright, or other laws.

- Sec. 3 Individuals Subject to this Rule. While students are governed by Section 6, this Rule applies to all persons employed by the U. T. System or any U. T. System institution, as well as to anyone using the facilities or resources of the U. T. System or any U. T. System institution. All individuals subject to this Rule must assign, and do hereby assign, their rights in such intellectual property to the Board of Regents, and such individuals shall promptly execute and deliver all documents and other instruments as are reasonably necessary to reflect the Board of Regents' ownership of such intellectual property. A creator of intellectual property owned by the Board of Regents has no independent right or authority to convey, assign, encumber, or license such intellectual property other than to the Board of Regents. U. T. System institutions may promulgate institutional rules, regulations, or policies defining the course and scope of employment for persons or classes of persons and specifying that authorized outside employment is or is not within an employee's course and scope of employment.
- Sec. 4 Intellectual Property Subject to this Rule. Intellectual property (a) developed within the course and scope of employment of the individual, (b) resulting from activities performed on U. T. System time or with support of state funds, or (c) resulting from using facilities or resources owned by the U. T. System or any U. T. System institution (other than incidental use) is owned by the Board of Regents.
- Sec. 5 Intellectual Property Not Subject to this Rule. Intellectual property developed or created by a U. T. System employee outside the course and scope of employment of the individual

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

**Rule: 90101**

that is developed or created on his/her own time and without the support of the U. T. System or any U. T. System institution or use of U. T. System facilities or resources, is the exclusive property of the creator.

Sec. 6 Students and Intellectual Property. A student enrolled at a U. T. System institution, such as in an undergraduate or graduate degree program or certificate program, including a postdoctoral and predoctoral fellow, owns the intellectual property he or she creates (a) in courses, (b) during extracurricular activities, and (c) while using the resources and facilities of U. T. System institutions commonly provided for a student's use and for which a student has paid tuition and fees, unless:

- 6.1 The student is also an employee of the U. T. System or any U. T. System institution and the intellectual property is developed within the course and scope of his or her employment, in which case the provisions of this Rule relating to employees shall apply;
- 6.2 The student works on a work-for-hire or institutional project as described by Section 8, in which case Section 8 governs that work;
- 6.3 The student participates in a research project where any intellectual property created under that project has already been committed to, or encumbered by an agreement with, a governmental, philanthropic, corporate or other sponsor, including a sponsor as described in Section 12.1; or
- 6.4 The student jointly creates the intellectual property with a non-student, in which case this Rule (other than Section 6) and applicable law dictate ownership of the intellectual property as if the student was a non-student described in Section 3.

Sec. 7 Interest in Certain Copyrights. Notwithstanding Section 2 but subject to Section 12, the Board of Regents will not assert an ownership interest in the copyright of scholarly or educational materials, artworks, musical compositions, and literary works

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

**Rule: 90101**

related to the author's academic or professional field, regardless of the medium of expression. Such creators are encouraged to manage their copyrights in accordance with the guidelines concerning management and marketing of copyrighted works consistent with applicable institutional policies.

As the Board of Regents has done historically, as reasonably required for the limited purpose of continuing an institution's scheduled course offerings, the Board of Regents retains for one year following the loss of a course instructor's services a fully paid-up, royalty-free, nonexclusive worldwide license to use, copy, distribute, display, perform, and create derivative works of materials prepared by the instructor (including lectures, lecture notes, syllabi, study guides, bibliographies, visual aids, images, diagrams, multimedia presentations, examinations, web-ready content, and educational software) for use in teaching a course.

- Sec. 8 Works for Hire and Institutional Projects. Notwithstanding any provisions of Sections 6 or 7 to the contrary, the Board of Regents shall have sole ownership of all intellectual property created by (a) an employee, student, or other individual or entity commissioned, required, authorized, or hired specifically to produce such intellectual property by the U. T. System or any U. T. System institution, and (b) an employee, student, or other individual as part of an institutional project. The provisions of Section 11.5 shall not apply to intellectual property governed by this Section unless approved by the institution or U. T. System Administration in a written agreement.
- Sec. 9 Use of Research Data. Research data or results created by an employee are owned by the Board of Regents and except to the extent that rights to such research data are contractually assigned or licensed to another by the Board of Regents, the creator shall have a nonexclusive license to use such data for patient care, teaching, scholarly, and other academically related purposes and nonprofit research, provided such activities are within the scope of the employee's employment.
- Sec. 10 Use of Facilities and Resources. Other than in connection with student-owned intellectual property governed by Section 6, U. T.

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

**Rule: 90101**

System and U. T. System institution facilities and resources may not be used (a) to create, develop, or commercialize intellectual property outside the course and scope of employment of an individual, or (b) to further develop or commercialize intellectual properties that have been released to an inventor by the Board of Regents under Section 11.2, except as the institution's president may approve in writing where the U. T. System retains an interest under the terms of the release.

**Sec. 11 Invention Disclosure and Commercialization.**

11.1 Determination of the Board of Regents' Interest. Before intellectual property owned by the Board of Regents is disclosed to any party outside the U. T. System, to the public generally, or for commercial purposes, and before publishing same, the creator shall submit a reasonably complete and detailed invention disclosure of such intellectual property to the president (or designee) of his or her institution for determination of the Board of Regents' interest. The institution will regularly and promptly communicate with the creator during this decision-making process and commercialization shall not proceed until that decision is made.

11.2 Election Not to Assert Ownership Interest. If the institution's president elects not to assert the Board of Regents' ownership interest, the institution's president shall notify the U. T. System Office of General Counsel and the primary creator in writing within 20 business days after the decision is made that the institution will release the intellectual property to the creator, except where prohibited by law or contractual obligations or requirements. Thereafter, the creator will be free to obtain and exploit a patent or other intellectual property protection in his or her own right and the U. T. System and U. T. System institutions shall not have any further rights, obligations, or duties with respect thereto except that, in appropriate circumstances, the institution's president may elect to (a) retain income rights, and (b) impose certain limitations or obligations, including, but not limited to, a nonexclusive license for the creator, U. T.

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

**Rule: 90101**

System, and any U. T. System institution to use the released invention for patient care, teaching, scholarly, and other academically related purposes, nonprofit research, and to comply with United States government reporting and license requirements.

- 11.3 Later Release of Invention. Except where prohibited by law or contractual obligations or requirements, the institution's president may elect to release an invention to its creator at any time after asserting the Board of Regents' ownership interest, with notice to the U. T. System Office of General Counsel; however, such release must include provisions for the recovery by U. T. System of any patent and licensing expenses as well as the retention of income rights by U. T. System, and may include certain limitations or obligations, including those set forth in Section 11.2.
- 11.4 Protection and Commercialization of Intellectual Property. With respect to intellectual property in which the Board of Regents asserts an interest, the institution's president, or his or her designee, shall decide how, when, and where the intellectual property is to be protected and commercialized. The institution may contract with outside counsel for legal services with the prior consent of the Vice Chancellor and General Counsel and, if required by law, the approval of the Attorney General.
- 11.5 Reimbursement of Licensing Costs and Allocation of Income. In those instances where the U. T. System or any U. T. System institution licenses rights in intellectual property to third parties, the costs of licensing, including, but not limited to, the costs to operate and support a technology transfer office and the costs of obtaining a patent or other protection for the property on behalf of the Board of Regents must first be recaptured from any royalties or other license payments received by the U. T. System or any U. T. System institution. The remainder of any such income (including, but not limited to, license fees, prepaid royalties, minimum royalties, running

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

**Rule: 90101**

royalties, milestone payments, and sublicense payments) shall be divided as follows:

30-50% to creator(s), and  
50-70% to U. T. System institutions.

The U. T. System or the U. T. System institution shall decide on a case-by-case basis the allocation of income within these ranges for all creators, with the remainder to be disbursed to and/or retained by the U. T. System or the applicable U. T. System institution. A creator may, however, disclaim his/her interest in such income, in which case the institution shall receive and/or retain the creator's share and shall decide, in its sole discretion, if, how and when to disburse such income. Income received and/or retained by the U. T. System or any U. T. System institution from any intellectual property shall be used by the U. T. System institution where the intellectual property originated.

**Sec. 12 Sponsored Research.**

12.1 Private Sources. Intellectual property resulting from research supported by private sources is owned by the Board of Regents. However, with respect to intellectual property resulting from research entirely supported by (a) a private, nongovernmental grant or contract with a nonprofit or for-profit entity, or (b) a private gift or grant to the U. T. System or any U. T. System institution, if otherwise permitted by this Rule, applicable law and Section 12.3, the U. T. System and U. T. System institutions are permitted and encouraged to negotiate an agreement acceptable to U. T. System Administration or applicable U. T. System institution to transfer or grant appropriate access to the Board of Regents' ownership rights or other rights in the intellectual property resulting from such arrangements to the sponsor or the sponsor's designee. Any such agreement shall be negotiated:

- (a) In accordance with the needs and preferences of the parties, as best may be accomplished;

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

**Rule: 90101**

- (b) With flexibility and adaptability in mind;
  - (c) In a timely, cooperative, and efficient manner; and
  - (d) In a manner which identifies the benefits that accrue to U. T. System institutions as set forth by Section 15.2.
- 12.2 Public Sources. Intellectual property resulting from research supported by a grant or contract with the government (federal and/or state) or an agency thereof is owned by the Board of Regents.
- 12.3 Nonconformance with Intellectual Property Guidelines. Approval by a U. T. System institution under Section 15.2 of grants and contracts containing ownership and other provisions inconsistent with this Rule and other policies and guidelines adopted by the Board of Regents, including, but not limited to, The University of Texas Systemwide Policy [UTS125, Processing of Intellectual Property Agreements](#) is permissible, as it implies a decision that the benefit and value to the U. T. System or any U. T. System institution from receiving the grant or performing the contract outweighs the impact of any nonconforming provisions on the intellectual property policies and guidelines of the U. T. System or any U. T. System institution, such as The University of Texas Systemwide Policy [UTS125, Processing of Intellectual Property Agreements](#).
- 12.4 Conflicting Provisions. Subject to approval as described in Section 12.3, the intellectual property policies and guidelines of the U. T. System or any U. T. System institution are subject to, and thus amended and superseded by, the specific terms pertaining to intellectual property rights included in state and/or federal grants and contracts, or grants and contracts with nonprofit and for-profit nongovernmental entities or private donors, to the extent of any such conflict.

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

**Rule: 90101**

- 12.5 Cooperation with Necessary Assignments. Those persons subject to this Rule whose intellectual property creations result from (a) a grant or contract with the government (federal and/or state), or any agency thereof, (b) a grant or contract with a nonprofit or for-profit nongovernmental entity, or (c) private gift to the U. T. System or any U. T. System institution, shall promptly execute and deliver such documents and other instruments as are reasonably necessary for the U. T. System or any U. T. System institution to discharge its obligations, expressed or implied, under the particular agreement.
- 12.6 Sharing of Royalty Income. In the event that two or more persons who are entitled to share royalty income or equity cannot agree in writing on an appropriate sharing arrangement, the institution's president shall determine that portion of the royalty income (or equity) to which the creators are entitled under the circumstances and such amount will be distributed (or issued) to them accordingly. In the event that the creators are located at two or more U. T. System institutions and cannot agree, such royalty (or equity) distribution decision shall be made by the involved institutions' presidents (or their respective designees). In the further event that the involved presidents cannot agree, then the Chancellor shall decide and his/her decision shall be binding on the creators.
- 12.7 Geographical Scope of Protection. A decision by the U. T. System or any U. T. System institution to seek patent or other available protection for intellectual property covered by Section 9 shall not obligate the U. T. System or any U. T. System institution to pursue such protection in all national jurisdictions. The U. T. System's decision relating to the geographical scope and duration of such protection shall be final.

Sec. 13 Equity Interests.

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

**Rule: 90101**

- 13.1 Agreements with Business Entities. The U. T. System or any U. T. System institution may receive equity interests as partial or total compensation for the conveyance of intellectual property rights. The institution where the intellectual property was created may elect, at its sole option and discretion, to share an equity interest, dividend income, or a percentage of the proceeds of the sale of an equity interest with the creator(s). The U. T. System or any U. T. System institution may also receive equity interests in a business entity as consideration for the institution's role as a founder, or for other contributions made to the business entity other than as a licensor, and the institution shall not be obligated to share such equity interests with the creator(s). The U. T. System or any U. T. System institution may also, but shall not be obligated to, negotiate an equity interest on behalf of any employee who conceived, created, discovered, invented, or developed intellectual property owned by the Board of Regents that is the subject of an agreement between the U. T. System or any U. T. System institution and a business entity relating thereto.
- 13.2 Creator Holding Equity and Managing Conflict of Interest. Employees of the U. T. System Administration or any U. T. System institution who conceive, create, discover, invent, or develop intellectual property may hold an equity interest in a business entity that has an agreement with the U. T. System or any U. T. System institution relating to the research, development, licensing, or exploitation of that intellectual property only so long as the institution where the intellectual property was developed is in full compliance with the requirement to have, implement, and enforce for that employee an effective conflict of interest management plan as set forth in the U. T. System Office of General Counsel's [Procedure for Managing Conflicts of Interest](#). In any case where an actual conflict of interest is found, the employee may be required to divest the equity interest or terminate affected research.

Sec. 14 Conflicts of Interest.

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

**Rule: 90101**

- 14.1 Approval to Serve as Officer or Director. Any individual subject to Sections 2, 3, 4, or 8 who conceives, creates, discovers, invents, or develops intellectual property may serve, in his/her individual capacity, as a member of the board of directors or other governing board or as an officer or an employee (other than as a consultant) of a business entity that has an agreement with the U. T. System or any U. T. System institution relating to the research, development, licensing, or exploitation of that intellectual property only so long as the institution where the intellectual property was developed is in full compliance with the requirement to have, implement, and enforce for that individual an effective conflict of interest management plan as set forth in the U. T. System Office of General Counsel's [Procedure for Managing Conflicts of Interest](#). In any case where an actual conflict of interest is found, the individual may be required to terminate the business relationship or the relevant research.
- 14.2 Request for Employee to Serve as Officer or Director. When requested by the Board of Regents, an employee may serve on behalf of the Board of Regents as a member of the board of directors or other governing board of a business entity that has an agreement with the U. T. System or any U. T. System institution relating to the research, development, licensing, or exploitation of intellectual property, but may not accept any consideration offered for service on such board.
- 14.3 Report of Equity Interest and Service as Officer or Director. Any individual subject to this Rule must report in writing to the president of the institution the name of any business entity in which the person has an interest or for which the person serves as a director, officer, or employee, and shall be responsible for submitting a revised written report upon any change in the interest or position held by such person in such business entity. The U. T. System institution or its office of technology commercialization will file a report by October 1 of each

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

**Rule: 90101**

year with the Office of the Board of Regents for transmittal to the Comptroller of Public Accounts as required by Section 51.912 and Section 51.005, *Texas Education Code*.

Sec. 15 Execution of Documents Related to Intellectual Property.

- 15.1 Execution of Agreements. Agreements that grant an interest in the Board of Regents' intellectual property, including, but not limited to, option and license agreements and contracts with corporate sponsors, may be executed and delivered in accordance with the provisions of Regents' [Rule 10501](#), after any required review by the U. T. System Office of General Counsel.
- 15.2 Agreements That Do Not Conform to the Rules. Any agreement that deviates substantially from this Rule or other policies and guidelines adopted by the Board of Regents, including, but not limited to, The University of Texas Systemwide Policy [UTS125, Processing of Intellectual Property Agreements](#) may be executed and delivered as set forth above if, in the judgment of the institution's president and after any required review by the U. T. System Office of General Counsel, the benefits from the level of funding for proposed research and/or other consideration from a sponsor, licensee, or other party outweigh any potential disadvantage that may result from the deviation.
- 15.3 Delegation of Authority. The Chancellor, the Deputy Chancellor, the appropriate Executive Vice Chancellor, or the Vice Chancellor and General Counsel may execute, on behalf of the Board of Regents, legal documents relating to the Board of Regents' rights in intellectual property, including, but not limited to, assignments of ownership, applications, declarations, affidavits, powers of attorney, disclaimers, and other such documents relating to patents and copyrights; applications, declarations, affidavits, affidavits of use, powers of attorney, and other such documents relating to trademarks; and corporate documents related to the

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

**Rule: 90101**

formation of new companies. In addition, the institution's president may execute, on behalf of the Board of Regents, (a) institutional applications for registration or recordation of transfers of ownership and other such documents relating to copyrights, and (b) corporate documents related to the formation of new companies if first reviewed and approved by (i) the U. T. System Office of General Counsel, or (ii) the institution's outside counsel working under a U. T. System Office of General Counsel-approved outside counsel agreement.

8. U. T. System: Appropriation of \$392.2 million of Permanent University Fund Bond Proceeds for nine capital projects at the academic and health institutions

In reply to Chairman Foster's call for questions or comments on the proposed appropriation of \$392.2 million of Permanent University Fund (PUF) Bond Proceeds for nine capital projects at The University of Texas System academic and health institutions, Vice Chairman Hicks asked Executive Vice Chancellors Leslie and Greenberg to outline the proposed projects. Chancellor McRaven first spoke about the disciplined project selection process, which took into consideration each president's five-year plan and the desire to put money where it will generate the greatest return on the investment.

In response to questions from Regent Beck, Deputy Chancellor Daniel said the number of project requests were between three and seven for each campus, with a total request of \$4 billion.

Vice Chairman Hildebrand emphasized that philanthropy has to play an integral part in the funding of these projects, and he asked the Chancellor to create a vehicle to hold the presidents accountable for raising money for these signature buildings that should attract significant philanthropy dollars to contribute to the overall cost of the project. Regent Hall asked Chancellor McRaven to present a proposal to the Board that would codify a systematic approach to incorporating fundraising into the projects for the institutional presidents.

Regent Cranberg discussed the importance of knowing the sources of funding, including contributions from philanthropy to the total project cost, and he suggested a possible allocation to those projects that will serve more students and effect higher graduation rates. Chancellor McRaven confirmed that detailed information on each project will be presented to the Board at the appropriate time, but the intent at this meeting was to give the presidents authority to move forward with planning for these projects, including fundraising. Deputy Chancellor Daniel agreed there will be opportunities for multiple reviews by the Board for each project, and he pointed out the addition of the Math and Science Building project at The University of Texas at Dallas to the Capital Improvement Program (CIP) was included on the agenda of the Facilities Planning and Construction Committee (FPCC) for this meeting (see Item 3 on Page 44, which was approved).

Regent Cranberg suggested the term "appropriation" may not be the appropriate term and discussion followed regarding the best way to explain what the Board is being asked to approve. Executive Vice Chancellor Kelley explained that allocating a source of funds for these projects would allow the institutions confidence in bringing projects forward for addition to the CIP.

Regent Tucker cautioned the Board not to look at this Agenda Item in isolation of the historical allocation of resources to all the U. T. System institutions over time, and Regent Aliseda requested the Board be provided with that historical allocation information. Chancellor McRaven suggested providing a report at a future quarterly Board meeting regarding a historical look at PUF funding for capital projects.

Following a detailed presentation of the health institution projects by Executive Vice Chancellor Greenberg, Chairman Foster called on Vice Chairman Hicks for a motion, and Vice Chairman Hicks read the following motion:

Motion by Vice Chairman Hicks

I move that the Board vote to authorize the identification of PUF Bond Proceeds as a source of funding for the nine capital projects as recommended by the Chancellor, Deputy Chancellor, and Executive Vice Chancellors when the projects are considered for addition to the Capital Improvement Program.

The motion was seconded and carried unanimously.

Following discussion of the breakdown of the proposed \$45 million Cancer Collaboration project (see below and on Page 30), Vice Chairman Hicks modified the motion above to read as set forth on Page 74.

The nine capital projects referenced in Vice Chairman Hicks' initial motion are:

U. T. Austin Energy Engineering Building	\$100,000,000
U. T. Dallas Math and Science Building	89,000,000
U. T. Permian Basin Kinesiology Building	14,200,000
U. T. Southwestern O'Donnell Brain Institute/ Simmons Cancer Center	39,000,000
U. T. Medical Branch - Galveston Behavioral Health Treatment, Research, and Education Center	15,000,000
U. T. Health Science Center - Houston Research Building	30,000,000
U. T. Health Science Center - San Antonio Barshop Institute	30,000,000
U. T. Health Science Center - Tyler School of Community and Rural Health	30,000,000
Cancer Collaboration	<u>45,000,000</u>
(U. T. M. D. Anderson Cancer Center, U. T. Health Science Center - San Antonio, U. T. Health Science Center - Tyler, U. T. Medical Branch - Galveston, U. T. Austin Dell Medical School)	Total \$392,200,000

As noted in the Agenda materials before the Board, projects with a Total Project Cost of \$10 million or more will proceed as Major Projects pursuant to Regents' *Rules and Regulations*, Rule 80301. Projects with a Total Project Cost of less than \$10 million will proceed as Minor Projects pursuant to Regents' Rule 80403 and will be institutionally managed.

The University of Texas at Austin: Energy Engineering Building

This is the top priority for U. T. Austin and is strategic for the positioning of the Cockrell School of Engineering to move from its current Top Ten status nationally to

the very top of engineering programs nationally. Since engineering is core to the reputation of U. T. Austin, funding of this capital project will also position the campus for advancement into the very top tier of public research universities in the United States. The Chancellor approved this project for Definition Phase on August 8, 2016, with an anticipated total project cost of \$160 million with funding of \$100 million from PUF, \$50 million from Gifts, and \$10 million from Unexpended Plant Funds.

#### The University of Texas at Dallas: Math and Science Building

This request is for funding for a 175,000 gross square foot building that is critically needed for the U. T. Dallas campus. This building will allow the campus to continue to recruit and retain outstanding Science, Technology, Engineering, and Mathematics (STEM) faculty to support the advancement toward Tier One status. This building will also have needed classroom space to support planned increases in enrollment. The Chancellor approved this project for Definition Phase on September 21, 2016. This project is under consideration for addition to the CIP in the Facilities Planning and Construction Committee (FPCC) with an anticipated total project cost of \$101 million with funding of \$89 million in PUF and \$12 million of Revenue Financing System (RFS) debt (see FPCC Item 3 on Page 44).

#### The University of Texas of the Permian Basin: Kinesiology Building

Over the past several years, Kinesiology has been among the most popular degree programs, ranking as the third most popular major on campus in 2015. Many of the U. T. Permian Basin's Kinesiology majors plan to attend physical therapy school, medical school, or graduate school upon completion of their undergraduate experience. The 43,000 square foot Kinesiology building will house the Kinesiology Department's classrooms, labs, offices, and storage areas, Athletic Training Manager's classrooms, labs, training room, storage, and office spaces, and house a Strength and Conditioning Center for kinesiology, athletics, and student recreational use. The Chancellor approved this project for Definition Phase on September 8, 2016, with an anticipated total project cost of \$16.2 million with funding of \$14.2 million in PUF and \$2 million in Gifts that have been fully raised.

#### The University of Texas Southwestern Medical Center: O'Donnell Brain Institute/Simmons Cancer Center

Two areas of prioritization for U. T. Southwestern in the years ahead are brain health and cancer. The Peter O'Donnell Jr. Brain Institute is in its first year of operation and the Harold C. Simmons Comprehensive Cancer Center was recognized this past year as a National Cancer Institute-designated comprehensive cancer center. Neither program can grow further without new space. U. T. Southwestern proposes a 300,000 square foot mixed use (research, academic, clinical) facility at a total cost of \$245 million. The \$39 million in PUF represents less than 16% of the total project cost. The balance of the project is expected to be funded with \$133 million of RFS debt, \$49 million of philanthropy, and \$25 million of institutional funds.

The University of Texas Medical Branch at Galveston: Behavioral Health Treatment, Research, and Education Center

The State of Texas faces a shortage of mental health providers and facilities, and there is an inadequate pipeline of providers-in-training to care for the existing and future needs. The proposed facility is intended to address this crisis by combining within a single facility, education, research, and treatment services. The 33,000 square foot facility will be located within the John Sealy Hospital, which is about to undergo complete renovation. The total estimated cost of \$30 million will be funded with \$15 million in PUF and \$15 million from local sources.

The University of Texas Health Science Center at Houston: Research Building

The greatest limiting factor for continued growth at U. T. Health Science Center - Houston is a shortage of research space for current and future faculty. Either as part of the TMC3 project, or if that is delayed, as an independent project, U. T. Health Science Center - Houston proposes to build a 187,000 square foot research building at a total cost of \$136 million. Research to be conducted within the building includes medical, public health, informatics, and interprofessional work. The institution proposes to finance \$106 million of the cost with RFS debt and \$30 million in PUF with the balance paid with the requested PUF funds.

The University of Texas Health Science Center at San Antonio: Barshop Institute

One of the centers of excellence at U. T. Health Science Center - San Antonio and in the nation for research on aging is the Sam and Ann Barshop Institute for Longevity and Aging Studies. Located 23 miles from the main campus, the Institute is not sited ideally for maximum efficiency and interaction with other programs. Increasingly, the Institute is being surrounded by residential and commercial property. The Board approved the marketing and sale of the present facility and associated undeveloped land via the Consent Agenda on May 12, 2016, thereby allowing the flexibility to build a replacement facility on the main campus. The Chancellor approved this project for Definition Phase on May 24, 2016, with an anticipated total project cost of \$60 million. Currently, the project is anticipated to be funded by \$30 million in PUF and \$30 million in RFS debt to be repaid from proceeds of the sale of the present facility and land.

The University of Texas Health Science Center at Tyler: School of Community and Rural Health

On February 11, 2016, the Board approved the creation of the first school at U. T. Health Science Center - Tyler, and preparations are underway to welcome the first students in January 2017. The focus of the new school will be on educating a workforce to address the considerable health challenges facing Northeast Texas and other rural parts of the state. The 67,000 square foot building would be constructed at a total cost of \$30 million (PUF funds) and primarily would include offices and classrooms.

Cancer Collaboration (The University of Texas M. D. Anderson Cancer Center, The University of Texas Health Science Center at San Antonio, The University of Texas Health Science Center at Tyler, The University of Texas Medical Branch at Galveston, The University of Texas at Austin Dell Medical School)

One of the pillars of the Quantum Leap for Advancing the Health Care Enterprise is to develop U. T. Systemwide service lines, starting with cancer and building upon the expertise and reputation of U. T. M. D. Anderson Cancer Center. Four separate collaborations are being developed between U. T. M. D. Anderson Cancer Center and sister U. T. entities, each of which leverages the unique strengths of both parties. The \$45 million in PUF funds will be divided roughly equally between the five locales, targeted at the most critical capital needs in each setting. Examples of potential uses of these funds include renovation of existing facilities; construction of new facilities; and purchasing of equipment and information systems, including those enabling digital health services such as telepathology and teleradiology.

9. U. T. System: Report and appropriate action on strategic Quantum Leaps initiatives: The American Leadership Program, Enhancing Fairness and Opportunity, and Enhancing Student Success

Chancellor McRaven introduced a report on implementation of the following three strategic Quantum Leaps initiatives at The University of Texas System, using a presentation [on file](#) in the Office of the Board of Regents:

1. The American Leadership Program – Associate Vice Chancellor Anthony Cucolo
2. Enhancing Fairness and Opportunity – Vice Chancellor Amy Shaw Thomas
3. Enhancing Student Success – Associate Vice Chancellor Rebecca Karoff

Regent Beck encouraged the U. T. System to be at the forefront in leadership with respect to national security, and he asked about efforts to collaborate with other institutions both domestically and abroad. Chancellor McRaven and Deputy Chancellor Daniel spoke about progress to date on this Quantum Leap initiative, and Chancellor McRaven suggested that Dr. William Inboden, Executive Director of the William P. Clements, Jr. Center for National Security, and Mr. Robert M. Chesney, Director of the Robert S. Strauss Center for International Security and Law at The University of Texas at Austin, present on this initiative at a future meeting.

On November 5, 2015, Chancellor McRaven presented his strategic vision and mission for the U. T. System following a presentation, *Leading in a Complex World, a Strategic Approach, 2015-2020*. He outlined the following eight Quantum Leaps for the U. T. System:

1. Texas Prospect Initiative
2. The American Leadership Program

3. Winning the Talent War
4. Enhancing Fairness and Opportunity
5. The U. T. Health Care Enterprise
6. Leading the Brain Health Revolution
7. The U. T. Network for National Security
8. U. T. System Expansion in Houston

A ninth Quantum Leap on Student Success was subsequently added.

The Chancellor presented an update to the Board on the status of implementation of the initiatives on February 11, 2016. A report on the Houston Advisory Task Force created to advance the U. T. System's Expansion in Houston Quantum Leap was made to the Board on July 13, 2016, and a report on the U. T. Health Care Enterprise Quantum Leap was presented to the Health Affairs Committee on August 24, 2016.

10. U. T. System: Update and appropriate action on the Systemwide after-hours mental health crisis line and bystander intervention initiative and the alcohol education, intervention, and recovery programs

Dr. Wanda Mercer, Associate Vice Chancellor for Student Affairs in The University of Texas System Office of Academic Affairs, and Dr. Christopher Brownson, Associate Vice President for Student Affairs at The University of Texas at Austin, provided an update on the Systemwide after-hours mental health crisis line and bystander intervention initiative and the alcohol education, intervention, and recovery programs.

Members of the Board expressed sincere appreciation to those at the U. T. System institutions working with students through these programs and encouraged continued support of these efforts. Dr. Brownson explained how the crisis hotline call centers and campus protocols are managed. He noted that the crisis line was implemented a few months after the Tower shooting on the U. T. Austin campus 50 years ago, and while the Systemwide contract is managed at U. T. Austin, the counseling center directors at each institution work directly with the contractor to ensure the program is working as it should for each campus. Dr. Mercer also elaborated on the cost benefits of the Systemwide approach to these programs.

The Mental Health Crisis and Bystander Intervention Initiative provides an after-hours mental health crisis line for students at all U. T. System institutions.

The Alcohol Education initiative provides online training to combat high-risk drinking and education to prevent sexual assaults. The program also includes alcohol intervention for problem drinkers and the award winning Systemwide initiative to establish Centers for Students in Recovery.

On August 21, 2014, the U. T. System Board of Regents accepted the recommendations in the report of the U. T. System Task Force on Student Mental Health and Safety and approved a proposal to fund after-crisis counseling services for five years and the implementation of a Systemwide bystander intervention initiative for a three-year time period with a total allocation to U. T. Austin for both programs of \$2,552,268.

11. U. T. System: Discussion and appropriate action regarding a preview of the 85th Texas Legislative Session

Mr. Barry McBee, Vice Chancellor and Chief Governmental Relations Officer, presented a preview of the 85th Texas Legislative Session, including a summary of The University of Texas System's and U. T. System institutions' budget requests and legislative priorities, proposals affecting higher education that the Legislature may consider, and the major budgetary and substantive issues facing the Legislature. The list of priorities for the Session is [on file](#) in the Office of the Board of Regents, and Regent Cranberg requested that the Board be kept apprised of any material changes from this list.

STANDING COMMITTEE REPORTS AND RECOMMENDATIONS TO THE BOARD.--  
At 10:54 a.m., Chairman Foster announced the Board would hear the reports and recommendations of the Standing Committees, which are set forth on Pages 33 - 62.

REPORT OF THE AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE  
(Page 33).--Committee Chairman Hildebrand stated there were no items from the Audit, Compliance, and Management Review Committee to report in Open Session.

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

There were no items referred from the Consent Agenda.

2. U. T. System: Annual Report on the Information Security Compliance Program

This item was for consideration only by the Committee (see Committee Minutes).

3. U. T. Southwestern Medical Center: Presentation on using data analytics for charge capture reviews

This item was for consideration only by the Committee (see Committee Minutes).

4. U. T. System: Report on the Systemwide internal audit activities, including the FY 2016 Annual Report

This item was for consideration only by the Committee (see Committee Minutes).

5. U. T. System Board of Regents: Approval of the System Audit Office Internal Audit Activity Charter

This item was for consideration only by the Committee (see Committee Minutes).

REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE (Pages 34 - 41).--Committee Chairman Hicks reported that the Finance and Planning Committee met in Open Session to consider the matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Finance and Planning Committee and approved in Open Session by the U. T. System Board of Regents.

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

There were no items referred from the Consent Agenda.

2. U. T. System: Key Financial Indicators Report

This item was for consideration only by the Committee (see Committee Minutes).

3. Item Deferred

4. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the year and quarter ended August 31, 2016

The University of Texas Investment Management Company (UTIMCO) Performance Summary Report at August 31, 2016, is set forth on Page 36.

The Investment Reports for the fiscal year and quarter ended August 31, 2016, were revised and were before the Board as set forth on Pages 37 - 40.

Item I on Page 37 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the fiscal year was 3.94% versus its composite benchmark return of 3.94%. The PUF's net asset value increased by \$390 million since the beginning of the year to \$17,880 million. The increase was due to \$512 million PUF Lands receipts, plus a net investment return of \$651 million, less the annual distribution to the Available University Fund (AUF) of \$773 million.

Item II on Page 38 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the fiscal year was 4.03% versus its composite benchmark return of 3.94%. The GEF's net asset value increased by \$263 million during the fiscal year to \$8,500 million.

Item III on Page 39 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the fiscal year was 3.27% versus its composite benchmark return

of 4.24%. The net asset value increased during the fiscal year to \$7,836 million due to net contributions of \$761 million, less net investment return of \$258 million and distributions of \$220 million.

All exposures were within their asset class and investment type ranges. Liquidity was within policy.

Item IV on Page 40 presents book and market values of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus and Fidelity money market fund, increased by \$239 million to \$2,518 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$20 million versus \$20 million at the beginning of the period; equities: \$74 million versus \$78 million at the beginning of the period; and other investments: \$12 million versus \$5 million at the beginning of the period.

**UTIMCO Performance Summary**

August 31, 2016

	Net Asset Value 8/31/2016 (in Millions)	Periods Ended August 31, 2016 (Returns for Periods Longer Than One Year are Annualized)							
		Short Term		Year to Date		Historic Returns			
		<u>1 Mo</u>	<u>3 Mos</u>	<u>Fiscal</u>	<u>Calendar</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
<b>ENDOWMENT FUNDS</b>									
Permanent University Fund	\$ 17,880	1.97%	4.04%	3.94%	5.37%	3.94%	6.31%	6.17%	5.42%
Permanent Health Fund	1,065								
Long Term Fund	<u>7,435</u>								
General Endowment Fund	<u>8,500</u>	1.85%	4.12%	4.03%	5.46%	4.03%	6.45%	6.30%	5.55%
Separately Invested Funds	<u>177</u>								
Total Endowment Funds	<u>26,557</u>								
<b>OPERATING FUNDS</b>									
Intermediate Term Fund	7,836	0.34%	3.08%	3.27%	4.80%	3.27%	3.33%	3.58%	4.17%
Short Term Fund and Debt Proceeds Fund	<u>2,448</u>								
Total Operating Funds	<u>10,284</u>								
Total Assets Under Management	<u>\$ 36,841</u>								
<b>VALUE ADDED (Percent)</b>									
Permanent University Fund		1.94%	1.67%	0.00%	0.29%	0.00%	0.92%	0.79%	1.71%
General Endowment Fund		1.82%	1.75%	0.09%	0.38%	0.09%	1.06%	0.92%	1.84%
Intermediate Term Fund		0.29%	(0.01%)	(0.97%)	(0.56%)	(0.97%)	0.54%	1.17%	1.89%
<b>VALUE ADDED (\$ IN MILLIONS)</b>									
Permanent University Fund		\$340	\$287	(\$8)	\$39	(\$8)	\$464	\$665	\$2,616
General Endowment Fund		154	145	7	31	7	258	381	1,522
Intermediate Term Fund		23	0	(69)	(39)	(69)	103	332	938
Total Value Added		<u>\$517</u>	<u>\$432</u>	<u>(\$70)</u>	<u>\$31</u>	<u>(\$70)</u>	<u>\$825</u>	<u>\$1,378</u>	<u>\$5,076</u>

November 10, 2016 Meeting of the U. T. System Board of Regents – Finance and Planning Committee

Minutes - 36

Footnote available upon request

UTIMCO 11/4/2016

**I. PERMANENT UNIVERSITY FUND**  
**Investment Reports for Periods Ended August 31, 2016**

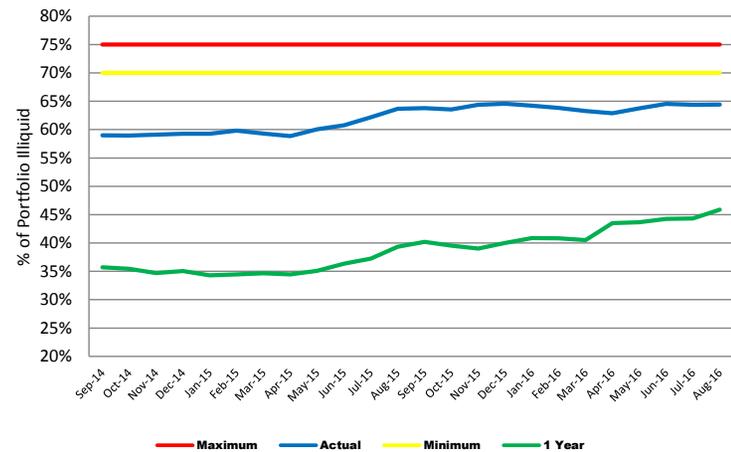
Prepared in accordance with *Texas Education Code Sec. 51.0032*

	Fiscal Year to Date							
	Asset Allocation		Returns		Value Added			
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total	
<b>More Correlated and Constrained:</b>								
Investment Grade	7.5%	6.5%	4.49%	8.79%	-0.02%	-0.27%	-0.29%	
Credit-Related	0.1%	0.0%	17.69%	10.13%	0.00%	0.00%	0.00%	
Real Estate	1.6%	2.5%	7.22%	17.33%	-0.05%	-0.23%	-0.28%	
Natural Resources	6.3%	7.5%	5.73%	4.61%	-0.14%	0.13%	-0.01%	
Developed Country	12.4%	14.0%	0.41%	6.68%	-0.05%	-0.84%	-0.89%	
Emerging Markets	<u>9.7%</u>	<u>9.5%</u>	<u>12.47%</u>	<u>11.83%</u>	<u>-0.08%</u>	<u>0.02%</u>	<u>-0.06%</u>	
<b>Total More Correlated and Constrained</b>	<b>37.6%</b>	<b>40.0%</b>	<b>5.22%</b>	<b>8.82%</b>	<b>-0.34%</b>	<b>-1.19%</b>	<b>-1.53%</b>	
<b>Less Correlated and Constrained</b>	<b>26.2%</b>	<b>29.0%</b>	<b>-0.82%</b>	<b>-1.45%</b>	<b>-0.08%</b>	<b>0.29%</b>	<b>0.21%</b>	
<b>Private Investments</b>	<b><u>36.2%</u></b>	<b><u>31.0%</u></b>	<b><u>6.43%</u></b>	<b><u>2.53%</u></b>	<b><u>-0.06%</u></b>	<b><u>1.38%</u></b>	<b><u>1.32%</u></b>	
<b>Total</b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>3.94%</u></b>	<b><u>3.94%</u></b>	<b><u>-0.48%</u></b>	<b><u>0.48%</u></b>	<b><u>0.00%</u></b>	

**Summary of Capital Flows**

(\$ millions)	Fiscal Year Ended August 31, 2015	Quarter Ended August 31, 2016	Fiscal Year Ended August 31, 2016
Beginning Net Assets	\$17,365	\$17,432	\$17,490
PUF Lands Receipts	807	150	512
Investment Return (Net of Expenses)	82	685	651
Distributions to AUF	<u>(764)</u>	<u>(387)</u>	<u>(773)</u>
Ending Net Assets	<u>\$17,490</u>	<u>\$17,880</u>	<u>\$17,880</u>

**Permanent University Fund**  
**Actual Illiquidity vs. Trigger Zones**



Minutes - 37

November 10, 2016 Meeting of the U. T. System Board of Regents – Finance and Planning Committee

## II. GENERAL ENDOWMENT FUND

### Investment Reports for Periods Ended August 31, 2016

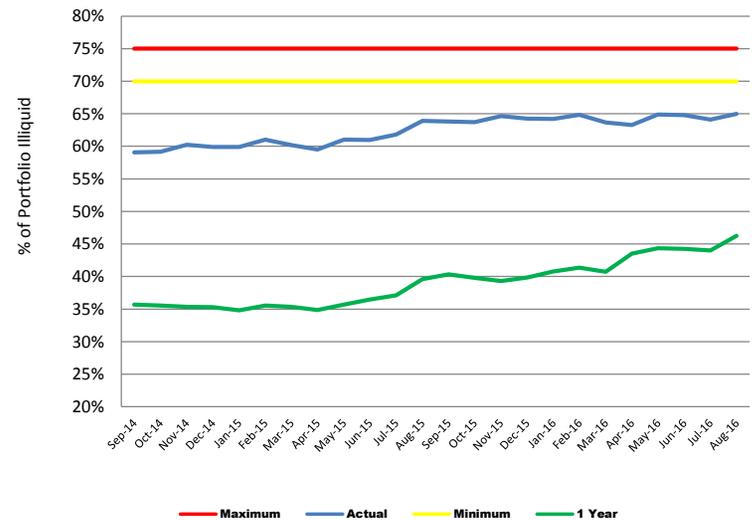
Prepared in accordance with *Texas Education Code Sec. 51.0032*

	Fiscal Year to Date						
	Asset Allocation		Returns		Value Added		
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total
<b>More Correlated and Constrained:</b>							
Investment Grade	6.7%	6.5%	5.85%	8.79%	0.01%	-0.18%	-0.17%
Credit-Related	0.1%	0.0%	17.69%	10.13%	0.00%	0.00%	0.00%
Real Estate	1.6%	2.5%	7.27%	17.33%	-0.03%	-0.23%	-0.26%
Natural Resources	6.3%	7.5%	5.78%	4.61%	-0.16%	0.13%	-0.03%
Developed Country	12.5%	14.0%	0.61%	6.68%	-0.08%	-0.80%	-0.88%
Emerging Markets	<u>9.8%</u>	<u>9.5%</u>	<u>12.39%</u>	<u>11.83%</u>	<u>-0.05%</u>	<u>0.02%</u>	<u>-0.03%</u>
<b>Total More Correlated and Constrained</b>	<b>37.0%</b>	<b>40.0%</b>	<b>5.56%</b>	<b>8.82%</b>	<b>-0.31%</b>	<b>-1.06%</b>	<b>-1.37%</b>
<b>Less Correlated and Constrained</b>	<b>26.4%</b>	<b>29.0%</b>	<b>-0.82%</b>	<b>-1.45%</b>	<b>-0.10%</b>	<b>0.27%</b>	<b>0.17%</b>
<b>Private Investments</b>	<b><u>36.6%</u></b>	<b><u>31.0%</u></b>	<b><u>6.41%</u></b>	<b><u>2.53%</u></b>	<b><u>-0.06%</u></b>	<b><u>1.35%</u></b>	<b><u>1.29%</u></b>
<b>Total</b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>4.03%</u></b>	<b><u>3.94%</u></b>	<b><u>-0.47%</u></b>	<b><u>0.56%</u></b>	<b><u>0.09%</u></b>

#### Summary of Capital Flows

(\$ millions)	Fiscal Year Ended August 31, 2015	Quarter Ended August 31, 2016	Fiscal Year Ended August 31, 2016
Beginning Net Assets	\$8,325	\$8,192	\$8,237
Contributions	230	86	361
Withdrawals	(43)	(12)	(21)
Distributions	(366)	(105)	(411)
Investment Return (Net of Expenses)	<u>91</u>	<u>339</u>	<u>334</u>
Ending Net Assets	<u>\$8,237</u>	<u>\$8,500</u>	<u>\$8,500</u>

#### General Endowment Fund Actual Illiquidity vs. Trigger Zones



### III. INTERMEDIATE TERM FUND

#### Investment Reports for Periods Ended August 31, 2016

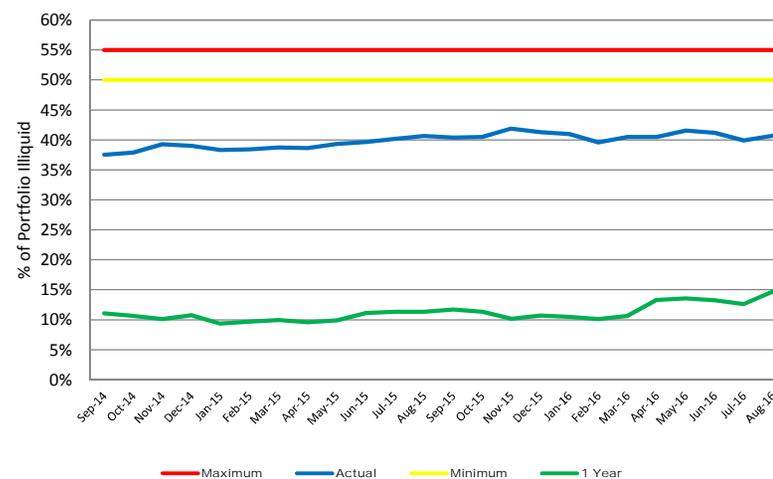
Prepared in accordance with Texas Education Code Sec. 51.0032

	Fiscal Year to Date							
	Asset Allocation		Returns		Value Added			
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total	
<b>More Correlated and Constrained:</b>								
Investment Grade	30.2%	30.0%	7.38%	8.79%	0.05%	-0.42%	-0.37%	
Credit-Related	0.0%	0.0%	0.00%	0.00%	0.00%	0.00%	0.00%	
Real Estate	2.6%	3.0%	7.63%	17.33%	-0.02%	-0.25%	-0.27%	
Natural Resources	5.7%	7.0%	5.77%	4.61%	-0.17%	0.11%	-0.06%	
Developed Country	9.2%	9.0%	0.54%	6.68%	0.01%	-0.54%	-0.53%	
Emerging Markets	<u>6.6%</u>	<u>6.0%</u>	<u>12.56%</u>	<u>11.83%</u>	<u>0.03%</u>	<u>0.01%</u>	<u>0.04%</u>	
<b>Total More Correlated and Constrained</b>	<b>54.3%</b>	<b>55.0%</b>	<b>6.79%</b>	<b>9.01%</b>	<b>-0.10%</b>	<b>-1.09%</b>	<b>-1.19%</b>	
<b>Less Correlated and Constrained</b>	<b>45.7%</b>	<b>45.0%</b>	<b>-0.85%</b>	<b>-1.45%</b>	<b>-0.29%</b>	<b>0.51%</b>	<b>0.22%</b>	
<b>Private Investments</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	
<b>Total</b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>3.27%</u></b>	<b><u>4.24%</u></b>	<b><u>-0.39%</u></b>	<b><u>-0.58%</u></b>	<b><u>-0.97%</u></b>	

#### Summary of Capital Flows

(\$ millions)	Fiscal Year Ended August 31, 2015	Quarter Ended August 31, 2016	Fiscal Year Ended August 31, 2016
Beginning Net Assets	\$6,665	\$7,504	\$7,037
Contributions	1,448	176	1,009
Withdrawals	(627)	(17)	(248)
Distributions	(210)	(57)	(220)
Investment Return (Net of Expenses)	<u>(239)</u>	<u>230</u>	<u>258</u>
Ending Net Assets	<u>\$7,037</u>	<u>\$7,836</u>	<u>\$7,836</u>

#### Intermediate Term Fund Actual Illiquidity vs. Trigger Zones



Minutes - 39

November 10, 2016 Meeting of the U. T. System Board of Regents – Finance and Planning Committee

**IV. SEPARATELY INVESTED ASSETS**  
**Summary Investment Report at August 31, 2016**  
 Report prepared in accordance with *Texas Education Code Sec. 51.0032*

ASSET TYPES	(\$ thousands)															
	FUND TYPE															
	CURRENT PURPOSE DESIGNATED		RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		OPERATING FUNDS (DEBT PROCEEDS AND (SHORT TERM FUND))		TOTAL	
	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
<b>Cash &amp; Equivalents:</b>																
Beginning value 05/31/16	1	1	12,181	12,181	63,084	63,084	1,428	1,428	1,091	1,091	77,785	77,785	2,201,424	2,201,424	2,279,209	2,279,209
Increase/(Decrease)	(1)	(1)	(7,505)	(7,504)	(2,750)	(2,750)	1,404	1,404	861	861	(7,991)	(7,990)	246,426	246,426	238,435	238,436
Ending value 08/31/16	-	-	4,676	4,677	60,334	60,334	2,832	2,832	1,952	1,952	69,794	69,795	2,447,850	2,447,850	2,517,644	2,517,645
<b>Debt Securities:</b>																
Beginning value 05/31/16	-	-	7	6	11,441	11,686	9,150	8,737	-	-	20,598	20,429	-	-	20,598	20,429
Increase/(Decrease)	-	-	-	-	(558)	(469)	(100)	27	-	-	(658)	(442)	-	-	(658)	(442)
Ending value 08/31/16	-	-	7	6	10,883	11,217	9,050	8,764	-	-	19,940	19,987	-	-	19,940	19,987
<b>Equity Securities:</b>																
Beginning value 05/31/16	4,175	14,577	609	614	41,875	50,244	12,519	12,329	-	-	59,178	77,764	-	-	59,178	77,764
Increase/(Decrease)	(4,175)	(14,577)	(448)	1,707	7,953	9,392	(387)	114	-	-	2,943	(3,364)	-	-	2,943	(3,364)
Ending value 08/31/16	-	-	161	2,321	49,828	59,636	12,132	12,443	-	-	62,121	74,400	-	-	62,121	74,400
<b>Other:</b>																
Beginning value 05/31/16	-	-	4,895	4,897	-	-	5	5	376	376	5,276	5,278	-	-	5,276	5,278
Increase/(Decrease)	-	-	1,367	1,365	2	2	(2)	(2)	5,040	5,040	6,407	6,405	-	-	6,407	6,405
Ending value 08/31/16	-	-	6,262	6,262	2	2	3	3	5,416	5,416	11,683	11,683	-	-	11,683	11,683
<b>Total Assets:</b>																
Beginning value 05/31/16	4,176	14,578	17,692	17,698	116,400	125,014	23,102	22,499	1,467	1,467	162,837	181,256	2,201,424	2,201,424	2,364,261	2,382,680
Increase/(Decrease)	(4,176)	(14,578)	(6,586)	(4,432)	4,647	6,175	915	1,543	5,901	5,901	701	(5,391)	246,426	246,426	247,127	241,035
Ending value 08/31/16	-	-	11,106	13,266	121,047	131,189	24,017	24,042	7,368	7,368	163,538	175,865	2,447,850	2,447,850	2,611,388	2,623,715

Details of individual assets by account furnished upon request.

5. U. T. System: Report and discussion on Public Private Partnership Financing

This item was for consideration only by the Committee (see Committee Minutes).

6. U. T. System Board of Regents: Discussion of matters related to University Lands

This item was for consideration only by the Committee (see Committee Minutes).

REPORT OF THE ACADEMIC AFFAIRS COMMITTEE (Page 42).--Committee Chairman Aliseda stated there were no items from the Academic Affairs Committee to report in Open Session.

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

There were no items referred from the Consent Agenda.

2. U. T. Austin: Report and discussion concerning student success, degree attainment, and enrollment levels

This item was for consideration only by the Committee (see Committee Minutes).

REPORT OF THE HEALTH AFFAIRS COMMITTEE (Page 43).--Committee Chairman Cranberg stated there were no items from the Health Affairs Committee to report in Open Session.

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

There were no items referred from the Consent Agenda.

2. U. T. M. D. Anderson Cancer Center: Report and appropriate action on the Graduate School of Biomedical Sciences, a unique partnership between U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston

This item was for consideration only by the Committee (see Committee Minutes).

3. U. T. System: Report and appropriate action on developing a clinical service line approach to health care

This item was for consideration only by the Committee (see Committee Minutes).

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 44 - 61).--Committee Chairman Pejovich reported that the Facilities Planning and Construction Committee met in Open Session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Facilities Planning and Construction Committee and approved in Open Session by the U. T. System Board of Regents.

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

There were no items referred from the Consent Agenda.

2. U. T. System: Update on Program Cost Savings Measures and Hybrid Project Delivery Initiative

This item was for consideration only by the Committee (see Committee Minutes).

3. U. T. Dallas: Math and Science Building - Amendment of the FY 2017-2022 Capital Improvement Program to include project (Preliminary Board approval)

The Board amended the Fiscal Year 2017-2022 Capital Improvement Program (CIP) to include the Math and Science Building project at The University of Texas at Dallas as follows:

Project No.:	302-906	
Project Delivery Method:	Construction Manager-at-Risk	
Milestone Dates:	Definition Phase Approved	September 2016
	Addition to CIP	November 2016
	Design Development	May 2017
	Notice to Proceed	February 2018
	Substantial Completion	April 2020
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Permanent University Fund Bond Proceeds <sup>1</sup>	\$ 89,000,000
	Revenue Financing System Bond Proceeds <sup>2</sup>	<u>\$ 12,000,000</u>
		\$101,000,000

Funding Notes: <sup>1</sup> See Item 8 on Page 26 regarding allocation of Permanent University Fund (PUF) Bond Proceeds  
<sup>2</sup> Revenue Financing System (RFS) to be repaid from Designated Tuition

- Investment Metrics:
- Increase tenured and tenure-track faculty members by 40 from 566 to 606 and senior lecturers by 32 from 690 to 722 by 2026
  - Increase external research funding by approximately \$6 million annually from \$106 million to \$112 million by 2026
  - Directly support the University's Strategic Plan imperative of increasing enrollment to more than 27,500 students by 2022

Project Advocate: Bruce Novak, Dean, School of Natural Sciences and Mathematics

Definition Phase Completed: Yes

Project Planning:	Owner's Project Requirements	Yes
	Basis of Design	Yes
	Schematic Plans	Yes
	Detailed Cost Estimate	Yes
	Facilities Program	Yes

Cost Per Gross Square Foot Benchmarks\*

Math and Science Building (with 9% Shell Space)	\$464
Math and Science Building (Estimated Total Finish-Out)	\$487
Texas Higher Education Coordinating Board Average for Laboratory, General	\$501

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$483	\$527	\$575
Other National Projects	\$536	\$593	\$781

\* All benchmark costs escalated to midpoint of construction

Previous Action

On September 21, 2016, the Chancellor approved this project for Definition Phase.

Project Description

The Math and Science Building will be located at the center of the campus, just north of the current Science Learning Center building. This building will contain approximately 175,000 gross square feet (GSF), including 15,000 GSF of shelled space, with classrooms, laboratories, offices, and support space primarily for mathematics, physics, and other designated university programs. This building will provide efficiently designed space to support productivity of the Departments of Physics and Mathematical Sciences faculty and staff. Mathematical Sciences and Physics have closely correlated teaching missions and have considerable synergy in their research activities. These departments also provide “service courses” to other units, such as Management and Engineering. The space planned is highly flexible, permitting convenient reconfiguration of internal space to meet specific course or student learning needs. Additionally, investigation will be conducted on the possible

options for replacement and enhancement of services provided in the Visual Arts Building, such as studio and gallery space, which currently occupies the site for the project.

This project was contingent upon approval of \$89,000,000 of PUF requested in Item 8 on Page 26. Under that item, the Board authorized identification of PUF Bond Proceeds as a source of funding for this project.

This project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

4. U. T. Medical Branch - Galveston: League City Infrastructure Expansion - Amendment of the FY 2017-2022 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; authorization of institutional management; and resolution regarding parity debt (Final Board approval)

The Board amended the Fiscal Year 2017-2022 Capital Improvement Program (CIP) to include the League City Infrastructure Expansion project at The University of Texas Medical Branch at Galveston as follows:

Project No.:	601-1039	
Institutionally Managed:	Yes	
Project Delivery Method:	Construction Manager-at-Risk	
Milestone Dates:	Definition Phase Approved	June 2016
	Addition to CIP	November 2016
	Design Development	December 2016
	Notice to Proceed	January 2017
	Substantial Completion	September 2017
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$ 18,500,000
	Hospital Revenues	\$ 4,200,000
		\$ 22,700,000
Funding Note:	<sup>1</sup> Revenue Financing System (RFS) to be repaid from Hospital Revenues	
Project Advocate:	Cheryl Sadro, Executive Vice President and Chief Business and Finance Officer	
Definition Phase Completed:	Yes	

Project Planning:	Owner's Project Requirements	Yes
	Basis of Design	Yes
	Schematic Plans	Yes
	Detailed Cost Estimate	Yes
	Facilities Program	Yes

- a. approve a total project cost of \$22,700,000 with funding of \$18,500,000 from RFS Bond Proceeds and \$4,200,000 from Hospital Revenues;
- b. appropriate funds;
- c. authorize U. T. Medical Branch - Galveston to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts; and
- d. 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. Medical Branch - Galveston, 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 \$18,500,000.

### Debt Service

The \$18,500,000 in RFS debt will be repaid from Hospital Revenues. Annual debt service on the \$18,500,000 RFS debt is expected to be \$1.13 million. The institution's debt service coverage is expected to be at least 2.1 times and average 2.6 times over FY 2018-2023.

### Previous Action

On June 6, 2016, the Chancellor approved this project for Definition Phase.

### Project Description

This project will provide the necessary infrastructure framework to support the League City Campus growth in accordance with the Master Plan. The project will increase the capacity of the chilled water plant by 2,000 tons by installing a modular packaged plant and will extend underground utilities by 3,000 feet to support the M. D. Anderson Cancer Center - League City clinic and planned facilities for U. T. Medical Branch - Galveston. The production equipment will be modular in design to accommodate the immediate installation of high efficiency centrifugal chillers, space and infrastructure for additional chillers as the campus grows, associated centrifugal chilled water pumps, cooling towers, and centrifugal condenser water pumps. The design will include a refrigerant leak detection and purge system. Additionally, the hot water production will also be modular in design and the boilers will be high efficiency natural gas fired condensing hot water boilers and associated distribution pumps.

U. T. Medical Branch - Galveston's League City Campus is a strategic growth area between Houston and Galveston. In planning for the future, projections show the Houston/Galveston area population will grow by 1.7 million people in the next 10 to 15-year timeframe. The planned growth over the next five years will result in a campus size of 1 million gross square feet (GSF) with an eventual build out to 3 million GSF. This growing footprint comes with an increasing demand for utilities. To meet the projected demands and immediate needs to support the strategic partnership with U. T. M. D. Anderson Cancer Center, the utilities and infrastructure must be expanded. This project will provide the immediate need for additional services and will be designed and built scalable and modular to support additional growth.

This repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the President for approval at a later date. It has been determined that this project would best be managed by U. T. Medical Branch - Galveston Facilities Management personnel who have the experience and capability to manage all aspects of the work.

5. U. T. Arlington: Residence Hall - West Campus (Phase I) - Amendment of the FY 2017-2022 Capital Improvement Program to include project (Preliminary Board approval)

The Board amended the Fiscal Year 2017-2022 Capital Improvement Program (CIP) to include the Residence Hall - West Campus (Phase I) project at The University of Texas at Arlington as follows:

Project No.: 301-914

Project Delivery Method: Construction Manager-at-Risk

Milestone Dates:	Definition Phase Approved	July 2016
	Addition to CIP	November 2016
	Design Development	February 2017
	Notice to Proceed	April 2017
	Substantial Completion	July 2018

Total Project Cost:	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$34,500,000
	Auxiliary Enterprises Balances <sup>2</sup>	<u>\$ 1,500,000</u>
		\$36,000,000

Funding Notes:                   <sup>1</sup> Revenue Financing System (RFS) to be repaid from rental income  
<sup>2</sup> Auxiliary Enterprises Balances from housing reserves

Investment Metric:               • Directly support the University's Strategic Plan imperative of increasing enrollment to more than 43,000 students by 2020

Project Advocate:               Don Lange, Director of Auxiliary Operations and Logistics

Definition Phase Completed:   Yes

Project Planning:	Owner's Project Requirements	Yes
	Basis of Design	Yes
	Schematic Plans	Yes
	Detailed Cost Estimate	Yes
	Facilities Program	Yes

Cost Per Bed Benchmarks\*

Residence Hall - West Campus (Phase I)	\$50,373
College Planning & Management National Average for Residence Halls	\$91,436

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$66,997	\$84,951	\$100,467
Other Texas Projects	\$59,477	\$90,452	\$97,650

\* All benchmark costs escalated to midpoint of construction

Previous Action

On July 12, 2016, the Chancellor approved this project for Definition Phase.

Project Description

U. T. Arlington's Housing Master Plan indicates that the aging housing facilities have become functionally obsolete and should be replaced with new residence halls that offer high levels of living-learning experiences. The University currently has

3,819 beds on campus and is operating at 99% occupancy with a waiting list of 344 students. Concurrent with completion of this project, two dormitories, Brazos House and Trinity House offering 333 beds, will be closed and demolition is scheduled for FY 2019, resulting in a total of 4,343 beds provided by the institution. There are an additional 1,077 beds provided by private development on campus.

The four-story residence hall will offer approximately 536 beds in double-occupancy rooms and is intended for freshmen and sophomore students. Study suites, social areas with kitchens, a classroom and other amenities that encourage educational opportunities through living-learning environments are included.

This project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

6. U. T. Arlington: Parking Garage - West Campus - Amendment of the FY 2017-2022 Capital Improvement Program to include project; approval of total project cost; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

The Board amended the Fiscal Year 2017-2022 Capital Improvement Program (CIP) to include the Parking Garage - West Campus project and approved the recommendations for the project at The University of Texas at Arlington as follows:

Project No.:	301-1047	
Project Delivery Method:	Design-Build	
Milestone Dates:	Definition Phase Approved	July 2016
	Addition to CIP	November 2016
	Design Development	November 2016
	Notice to Proceed	January 2017
	Substantial Completion	December 2017
Total Project Cost:	<u>Source</u> Revenue Financing System Bond Proceeds <sup>1</sup>	<u>Current</u> \$30,000,000
Funding Note:	<sup>1</sup> Revenue Financing System (RFS) to be repaid from parking income	
Investment Metric:	<ul style="list-style-type: none"> <li>Directly support the University's Strategic Plan imperative of increasing enrollment to more than 43,000 students by 2020</li> </ul>	

Project Advocate: Bill Poole, Assistant Vice President for Facilities Management and Campus Operations

Definition Phase Completed: Yes

Project Planning:	Owner's Project Requirements	Yes
	Basis of Design	Yes
	Schematic Plans	Yes
	Detailed Cost Estimate	Yes
	Facilities Program	Yes

Cost Per Parking Space Benchmarks\*

Parking Garage - West Campus	\$16,334
Carl Walker Parking Structure Cost Outlook for 2017, Dallas	\$17,070

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$14,502	\$18,442	\$22,270
Other National Projects	\$17,357	\$21,002	\$29,520

\* All benchmark costs escalated to midpoint of construction

- a. approve a total project cost of \$30,000,000;
- b. approve design development plans;
- c. appropriate funds and authorize expenditure of \$30,000,000 with funding from RFS Bond Proceeds; and
- d. 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. Arlington, 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 \$30,000,000.

### Debt Service

The \$30,000,000 in RFS debt will be repaid from parking income. Annual debt service on the \$30,000,000 RFS debt is expected to be \$1.83 million. The institution's debt service coverage is expected to be at least 2.2 times and average 2.7 times over FY 2017-2022.

### Previous Action

On July 12, 2016, the Chancellor approved this project for Definition Phase.

### Project Description

The five-story, cast-in-place, post-tensioned garage containing approximately 502,575 gross square feet will provide an estimated 1,500 parking spaces on the west side of campus and accommodate parking for students, faculty, and staff. This garage will be constructed on a surface lot, supplementing the 1,100 spaces in Lot 33 that are being eliminated for the construction of two residence halls and a dining facility. The project will open in two stages with the first stage scheduled to open in August 2017 to provide 750 spaces, and the second stage will open in December 2017.

The rapidly accelerating annual growth in enrollment has necessitated a balanced response in the growth of supporting students, faculty, staff, and infrastructure. In addition to supporting the increased student enrollment, the project also supports the institution's Strategic Plan and conforms to the current, approved Campus Master Plan. An update of the University's Campus Master Plan, presented to the Board on May 9, 2007, recommended reducing the amount of surface parking lots from 111 acres to 57 acres to make better use of the campus land.

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

7. U. T. El Paso: Interdisciplinary Research Building - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the Interdisciplinary Research Building project at The University of Texas at El Paso as follows:

Project No.: 201-942  
Project Delivery Method: Construction Manager-at-Risk

Milestone Dates:	Addition to CIP	August 2015
	Design Development	November 2016
	Notice to Proceed	March 2017
	Substantial Completion	March 2019

Total Project Cost:	<u>Source</u>	<u>Current</u>
	Tuition Revenue Bond Proceeds	\$70,000,000
	Permanent University Fund Bond Proceeds	\$10,000,000
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$ 5,000,000
		\$85,000,000

Funding Note: <sup>1</sup> Revenue Financing System (RFS) to be repaid from Designated Tuition

- Investment Metrics: By 2025
- Recruit and retain 60 additional top-tier faculty members
  - Attract 500 doctoral and 2,000 undergraduate students
  - Increase of \$30 million in external research funding from \$90 million to \$120 million
  - Add \$5 million in commercialization revenue

Project Advocates: William Hargrove, Director of the Center for Environmental Resource Management  
Roberto Osegueda, Vice President for Research  
Greg McNicol, Associate Vice President for Business Affairs

Definition Phase Completed: N/A

Project Planning:	Owner's Project Requirements	Yes
	Basis of Design	Yes
	Schematic Plans	Yes
	Detailed Cost Estimate	Yes
	Facilities Program	Yes

Cost Per Gross Square Foot Benchmarks\*

Interdisciplinary Research Building (with 40% Shell Space)	\$349
Interdisciplinary Research Building (Estimated Total Finish-Out)	\$441
Texas Higher Education Coordinating Board Average for Laboratory, General	\$500

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$458	\$544	\$586
Other National Projects	\$446	\$500	\$648

\* All benchmark costs escalated to midpoint of construction

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$85,000,000 with funding of \$70,000,000 from Tuition Revenue Bond (TRB) Proceeds, \$10,000,000 from Permanent University Fund (PUF) Bond Proceeds, and \$5,000,000 from RFS 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. El Paso, 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 \$5,000,000.

### Debt Service

The \$5,000,000 in RFS debt will be repaid from Designated Tuition. Annual debt service on the \$5,000,000 RFS debt is expected to be \$380,000 and begin in Fiscal Year 2019. The institution's debt service coverage is expected to be at least 1.7 times and average 2.0 times over FY 2019-2024.

### Previous Actions

On July 10, 2014, President Natalicio presented this project to the Board of Regents for approval to submit the project for consideration by the Texas Legislature for TRB funding. The 84th Legislature passed, and Governor Greg Abbott signed into law House Bill 100, allowing for the issuance of \$922,632,000 in TRB Proceeds for U. T. System institutions effective September 1, 2015. On August 20, 2015, the project was included in the CIP with a total project cost of \$85,000,000 with funding of \$70,000,000 from TRBs, \$10,000,000 from PUF Bond Proceeds, and \$5,000,000 from RFS Bond Proceeds.

Project Description

This five-story, 158,800 gross square foot (GSF) facility represents an essential building block in the University's strategic plan to expand the research teams, attract competitive doctoral students, and increase capacity to generate additional research revenues. It will provide critically needed space to continue expanding the number of fast-growing, multidisciplinary research initiatives that are aligned with the priorities articulated in the University's Research Strategic Plan by providing integrated core research facilities, research labs, collaborative spaces, and research team suites. Approximately 63,520 GSF on the third and fourth floors will be flexible shell space.

This project will also expand the thermal plant infrastructure, extend electrical and communication duct banks, and include anticipated site preparation costs. The building will occupy the space of two former dormitory buildings, Barry Hall and Burges Hall, which were previously demolished.

8. U. T. San Antonio: Science and Engineering Building - Amendment of the FY 2017-2022 Capital Improvement Program to decrease total project cost; approval to revise funding sources; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the Science and Engineering Building project at The University of Texas at San Antonio as follows:

Project No.:	401-946		
Project Delivery Method:	Construction Manager-at-Risk		
Milestone Dates:	Addition to CIP	August 2015	
	Design Development	November 2016	
	Notice to Proceed	December 2017	
	Substantial Completion	May 2020	
Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Tuition Revenue Bond Proceeds	\$ 70,000,000	\$ 70,000,000
	Permanent University Fund Bond Proceeds	\$ 10,000,000	\$ 10,000,000
	Designated Funds <sup>1</sup>	\$ 20,000,000	\$ 10,000,000
	Revenue Financing System Bond Proceeds <sup>2</sup>	\$ 0	\$ 5,000,000
		\$100,000,000	\$ 95,000,000

Funding Notes: <sup>1</sup> Designated Funds from Designated Tuition  
<sup>2</sup> Revenue Financing System (RFS) to be repaid from Designated Tuition

- Investment Metrics:
- Increase Student Credit Hours in the College of Engineering by 20% from 45,000 to 54,000
  - Increase Student Credit Hours in the Chemistry Department by 37% from 29,200 to 40,000
  - Increase Student Credit Hours in the Biology Department by 84% from 51,400 to 94,600

Project Advocates: Joann Browning, Dean, College of Engineering  
George Perry, Dean, College of Science

Definition Phase Completed: N/A

Project Planning:	Owner's Project Requirements	Yes
	Basis of Design	Yes
	Schematic Plans	Yes
	Detailed Cost Estimate	Yes
	Facilities Program	Yes

Cost Per Gross Square Foot Benchmarks\*

Science and Engineering Building (with 7% Shell Space)	\$426
Science and Engineering Building (Estimated Total Finish-Out)	\$437
Texas Higher Education Coordinating Board Average for Laboratory, General	\$501

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$483	\$527	\$575
Other National Projects	\$536	\$593	\$781

\* All benchmark costs escalated to midpoint of construction

- a. amend the Fiscal Year 2017-2022 Capital Improvement Program (CIP) to decrease the total project cost from \$100,000,000 to \$95,000,000;
- b. revise funding sources to include RFS Bond Proceeds;
- c. approve design development plans;
- d. appropriate funds and authorize expenditure of \$95,000,000 with funding of \$70,000,000 from Tuition Revenue Bond (TRB) Proceeds, \$10,000,000 from Permanent University Fund (PUF) Bond Proceeds, \$10,000,000 from Designated Funds, and \$5,000,000 from RFS Bond Proceeds; and
- e. 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. San Antonio, 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 \$5,000,000.

### Debt Service

The \$5,000,000 in RFS debt will be repaid from Designated Tuition. Annual debt service on the \$5,000,000 RFS debt is expected to be \$380,000 and will begin in FY 2020. The institution's debt service coverage is expected to be at least 2.2 times and average 2.4 times over FY 2020-2025.

### Previous Actions

On July 10, 2014, President Romo presented this project to the Board of Regents for approval to submit the project for consideration by the Texas Legislature for TRB funding. The 84th Legislature passed, and Governor Greg Abbott signed into law House Bill 100, allowing for the issuance of \$922,632,000 in TRB Proceeds for U. T. System institutions effective September 1, 2015. On August 20, 2015, the project was included in the CIP with a total project cost of \$100,000,000 with funding of \$70,000,000 from TRBs, \$10,000,000 from PUF, and \$20,000,000 from Designated Funds.

### Project Description

This four-story Science and Engineering Building will provide an approximately 148,251 gross square foot (GSF) facility to provide needed instructional lab space, multiple collaboration areas, classrooms, faculty offices, and research laboratories to support Science, Technology, Engineering, and Mathematics (STEM) disciplines. Research labs will be dedicated to the newly established curriculum for Chemical Engineering and will also support the Brain Health Initiative as part of the University's strategic plan for state-of-the-art space to support STEM education and research. The structure will also contain a 17,000 GSF "Maker Space" for interdisciplinary engineering senior-design projects, creating synergies and opportunities between Engineering, Science, and corporate partners. It is intended to be a transformative showcase for the campus supporting new pedagogies and associated technologies that are both flexible and adaptable over time. Two additional engineering-focused instructional labs will bring multiple disciplines into a single space to teach concepts

of instrumentation and controls, and fluids principles. In addition, critically-needed updates to biology and chemistry instructional laboratories will provide opportunities for a large portion of the student body to experience the spaces as part of the core curriculum requirements.

Shell space of approximately 10,700 GSF has been included on the 4th level of the facility. The shell areas represent one-half of programmed space allocated for Chemical Engineering and the Brain Health Initiative.

9. U. T. Medical Branch - Galveston: Health Education Center - Approval of design development; approval to revise funding sources; approval of institutional management; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the Health Education Center project at The University of Texas Medical Branch at Galveston as follows:

Project No.:	601-949		
Institutionally Managed:	Yes		
Project Delivery Method:	Construction Manager-at-Risk		
Milestone Dates:	Addition to CIP	August 2015	
	Design Development	November 2016	
	Notice to Proceed	January 2017	
	Substantial Completion	March 2019	
Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Tuition Revenue Bond Proceeds	\$ 67,800,000	\$ 67,800,000
	Gifts	\$ 22,600,000	\$ 0
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$ 0	\$ 22,600,000
		\$ 90,400,000	\$ 90,400,000
Funding Note:	<sup>1</sup> Revenue Financing System (RFS) to be repaid from Gifts and Hospital Revenues		
Investment Metrics:	<u>By 2020</u>		
	<ul style="list-style-type: none"> <li>• Improve participation in student interprofessional education by 2%, from 86% in 2016 to 88% in 2020</li> <li>• Improve student appreciation of the value of interprofessional teamwork by 2%, from 84% in 2016 to 86% in 2020</li> <li>• Improve faculty satisfaction with simulation activities by 2% over baseline (to be measured by a new tool with baseline in Fiscal Year 2017)</li> </ul>		

Project Advocate: Danny Jacobs, Executive Vice President, Provost and Dean of Medicine

Definition Phase Completed: N/A

Project Planning:	Owner's Project Requirements	Yes
	Basis of Design	Yes
	Schematic Plans	Yes
	Detailed Cost Estimate	Yes
	Facilities Program	Yes

Cost Per Gross Square Foot Benchmarks\*

Health Education Center (with 3% Shell Space)	\$353
Health Education Center (Estimated Total Finish-Out)	\$357
Texas Higher Education Coordinating Board Average for Classroom, Medical/Healthcare	\$393

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$375	\$443	\$466
Other National Projects	\$421	\$552	\$743

\* All benchmark costs escalated to midpoint of construction

- a. approve design development plans;
- b. revise funding sources to include RFS Bond Proceeds;
- c. authorize U. T. Medical Branch - Galveston to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts;
- d. appropriate funds and authorize expenditure of \$90,400,000 with funding of \$67,800,000 from TRB Proceeds and \$22,600,000 from RFS Bond Proceeds; and
- e. 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. Medical Branch - Galveston, 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 \$22,600,000.

### Debt Service

The \$22,600,000 in RFS debt is expected to be repaid from Gifts and supplemented with institutional funds to the extent necessary. Annual debt service on the \$22,600,000 RFS debt is expected to be \$1.38 million. The institution's debt service coverage is expected to be at least 2.2 times and average 2.7 times over FY 2019-2024.

### Previous Actions

On July 10, 2014, President Callender presented this project to the Board of Regents for approval to submit the project for consideration by the Texas Legislature for TRB funding. The 84th Legislature passed, and Governor Greg Abbott signed into law House Bill 100, allowing for the issuance of \$922,632,000 in TRB Proceeds for U. T. System institutions effective September 1, 2015. On August 20, 2015, the project was included in the CIP with a total project cost of \$90,400,000 with funding of \$67,800,000 from TRBs and \$22,600,000 from Gifts.

### Project Description

The project will consist of 161,811 gross square feet (GSF) of resilient and advanced technology education space and will promote interprofessional education in the Schools of Medicine, Nursing, Health Professions, and Graduate Biomedical Sciences. The facility will feature standardized patient and simulation areas, classroom space, conference rooms, and office and administrative space, and will provide opportunities for ad hoc learning by creating teaching and learning spaces in the building's public areas. Approximately 5,000 GSF will be shell space.

Texas is experiencing critical shortages in the number of physicians, nurses, and other health professionals needed to care for its diverse, growing, and aging population. For more than 120 years, U. T. Medical Branch - Galveston has been a leader in educating and training the state's health care workforce, and the lack of adequate physical space that is appropriately equipped for today's interprofessional learning and training is a significant barrier to increasing enrollment.

The design standards call for all critical functions to be constructed at a minimum of 20 feet above sea level in existing facilities or 25 feet above sea level in new facilities. First floor space for the project has been designed to accept flood water, with the higher technology and specialized classrooms located on the second floor or above to ensure a rapid return to service after any future flooding event.

U. T. Medical Branch - Galveston plans to raise \$22,600,000 in Gifts over a five-year period. RFS debt will be issued to provide interim financing pending the receipt of Gifts and will be repaid as gifts are received. Institutional funds will be used to supplement gift receipts, if necessary.

It has been determined that this project would best be managed by U. T. Medical Branch - Galveston Facilities Management personnel who have the experience and capability to manage all remaining aspects of the work.

REPORT OF THE TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE  
(Page 62).--Committee Chairman Hall stated there were no items from the Technology Transfer and Research Committee to report in Open Session.

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

There were no items referred from the Consent Agenda.

2. U. T. System: Update on the U. T. Horizon Fund

This item was for consideration only by the Committee (see Committee Minutes).

3. U. T. System: Report on Alafair Biosciences, Inc., a U. T. Horizon Fund portfolio company

This item was for consideration only by the Committee (see Committee Minutes).

APPROVAL OF STANDING COMMITTEE RECOMMENDATIONS.--At 10:56 a.m., the Board voted and unanimously approved the Standing Committee recommendations.

RECESS TO EXECUTIVE SESSION.--At 10:57 a.m., the Board recessed to Executive Session pursuant to *Texas Government Code* Sections 551.071, 551.072, 551.073, 551.074, and 551.076 to consider those matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO CONSIDER AGENDA ITEMS.--The Board reconvened in Open Session at 1:22 p.m. to consider the following actions on Executive Session items and to consider the following Agenda Items. Vice Chairman Hicks chaired a portion of the Executive Session and the beginning of the Open Session (action on Items 1a and 1b below) during the brief absence of Chairman Foster.

- 1a. U. T. El Paso: Discussion and appropriate action regarding the purchase of approximately 458 acres of land out of the J. Baker Survey #10 and the I. F. Harrison Survey #54, located on Paisano Drive and Interstate Highway 10 in El Paso, El Paso County, Texas, commonly known as the former ASARCO smelter site, from ASARCO Texas Custodial Trust, for future programmed campus expansion

Regent Beck moved that the Board take the following actions on behalf of The University of Texas at El Paso:

- a. authorize the purchase of approximately 458 acres of land out of the J. Baker Survey #10 and the I. F. Harrison Survey #54, located on Paisano Drive and Interstate Highway 10 in El Paso, El Paso County, Texas, commonly known as the former ASARCO smelter site, for future programmed campus expansion, on terms in accordance with the parameters outlined in Executive Session; and
- b. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary to carry out the purpose and intent of the foregoing actions within the parameters outlined in Executive Session.

The motion was duly seconded and carried, with Regent Hall voting “nay.” Regent Hall remarked that the campus being landlocked was not sufficient reason to spend the funds to purchase this property, and he questioned how the purchase would fit into the mission of teaching more students or improving the graduation rate at U. T. El Paso.

[Secretary’s Note: Changes in the estimated clean-up and remediation required for the site resulted in an institutional decision in 2020 not to proceed with purchase of the entire tract but to continue to explore possible purchase of the part of the land located to the east of Interstate Highway 10.]

- 1b. U. T. System: Discussion and appropriate action regarding the lease of approximately 1.75 acres of improved land consisting of Block 71 of the original City of Austin Subdivision, and bounded by West 6th, West 7th, Colorado, and Lavaca Streets, Austin, Travis County, Texas, to an entity related to the Trammell Crow Company, a subsidiary of CBRE Group, Inc., for commercial use

Upon motion by Regent Pejovich, seconded by Regent Beck, the Board took the following actions on behalf of The University of Texas System:

- a. authorize the ground lease of approximately 1.75 acres of improved land consisting of Block 71 of the original City of Austin plat, and bounded by West 6th, West 7th, Colorado, and Lavaca Streets in Austin, Travis County, Texas, for commercial use; and
- b. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary to carry out the purpose and intent of the foregoing actions within the parameters outlined in Executive Session.

The motion carried unanimously.

- 2a. U. T. Austin: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features (Deferred)

This item was deferred.

- 2b. U. T. Rio Grande Valley: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features

Regent Tucker moved that the Board authorize the Vice Chancellor for External Relations, the Chancellor or Deputy Chancellor, and the Presidents of The University of Texas Rio Grande Valley, The University of Texas at Tyler, The University of Texas Health Science Center at Houston, The University of Texas Health Science Center at San Antonio, and The University of Texas M. D. Anderson Cancer Center to conclude negotiations necessary to finalize, approve, and accept gifts and to finalize and execute agreements with potential naming features for the benefit of the named institutions consistent with the terms and conditions outlined and recommended in Executive Session.

Regent Beck seconded the motion, which carried by acclamation.

- 2c. U. T. Tyler: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features

See Item 2b for action taken on this item.

- 2d. U. T. Health Science Center - Houston: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features

See Item 2b for action taken on this item.

- 2e. U. T. Health Science Center - San Antonio: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features

See Item 2b for action taken on this item.

- 2f. U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features

See Item 2b for action taken on this item.

- 3a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

- 3b. U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U. T. System

No action was taken on this item.

- 3c. U. T. System Board of Regents: Discussion and appropriate action regarding pending litigation styled *Glass, Moore, and Carter v. State of Texas, University of Texas at Austin, et al.*

No action was taken on this item.

- 3d. U. T. System Board of Regents: Discussion and appropriate action regarding pending litigation styled *The Board of Regents of The University of Texas System v. HOK/BFW-SA, L.L.C., Hellmuth, Obata & Kassabaum, Inc. and Skanska USA Building Inc.*

Upon motion by Regent Hall, duly seconded, the Board authorized the Vice Chancellor and General Counsel, with approval of the Chancellor or Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, and the President of The University of Texas at San Antonio to conclude negotiations and settle issues related to pending litigation posted under this Item within the parameters recommended to the Board in Executive Session.

The motion carried unanimously.

4. U. T. System: 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.

- 5a. U. T. Tyler: Discussion and appropriate action on individual personnel matters related to consideration of the appointment of Dr. Michael V. Tidwell as President

Regent Aliseda moved that Dr. Michael V. Tidwell, currently Dean of the College of Business at Eastern Michigan University, be selected President of The University of Texas at Tyler effective on January 1, 2017, at a compensation commensurate with the responsibilities of the office, to be negotiated in accordance with University of Texas System policies by Executive Vice Chancellor Leslie, approved by Chancellor McRaven, and submitted to the Board for approval via the usual budgetary procedures.

He further moved that the Minutes reflect that, by approval of this motion, the Board has made a finding that, as required by state law, this appointment is in the best interest of U. T. Tyler.

Regent Pejovich seconded the motion, which carried unanimously.

- 5b. U. T. Southwestern Medical Center: Discussion and appropriate action regarding proposed increases in compensation for
- Neelan S. Doolabh, M.D., Associate Professor of Cardiovascular and Thoracic Surgery and Director of the Minimally Invasive Valve Surgery Program;
  - Joseph M. Forbess, M.D., Professor of Cardiovascular and Thoracic Surgery, Division of Pediatric Cardiothoracic Surgery;
  - Bruce A. Meyer, M.D., Executive Vice President Health Systems Affairs;
  - John J. Warner, M.D., Vice President and Chief Executive Officer, University Hospitals; and
  - Ms. Marinan R. Williams, Senior Executive Officer, Market Relations, Southwestern Health Resources
- (Regents' Rules and Regulations, Rule 20204, regarding compensation for highly compensated employees)

Regent Cranberg moved that the Board approve the proposed increases in compensation for the following five individuals at The University of Texas Southwestern Medical Center within the parameters outlined and recommended in Executive Session:

- Dr. Neelan Doolabh, Associate Professor of Cardiovascular and Thoracic Surgery and Director of the Minimally Invasive Valve Surgery Program;
- Dr. Joseph Forbess, Professor of Cardiovascular and Thoracic Surgery, Division of Pediatric Cardiothoracic Surgery;
- Dr. Bruce Meyer, Executive Vice President Health Systems Affairs;
- Dr. John Warner, Vice President and Chief Executive Officer, University Hospitals; and
- Ms. Marinan Williams, Senior Executive Officer, Market Relations, Southwestern Health Resources.

He further moved that the Board find that these proposed compensation changes are in the best interest of U. T. Southwestern Medical Center as required by state law.

Regent Tucker seconded the motion, which carried by acclamation.

- 5c. 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), members of the Board of Regents, and U. T. System and institutional employees

Regarding Items 5c - 5e, Vice Chairman Hildebrand moved that the Board approve compensation recommendations as proposed and discussed by the Board in Executive Session and find that these recommendations are in the best interest of The University of Texas System.

The motion was duly seconded and carried by acclamation.

Approved changes to compensation for U. T. System Presidents, Vice Chancellor Huie, and Mr. Mark A. Houser, Chief Executive Officer of University Lands, are set forth on Pages 69 - 73.

- 5d. U. T. System: Discussion and appropriate action concerning 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, regarding compensation for highly compensated employees, and Rule 20203, regarding compensation for key executives

See Item 5c above for action taken on this item.

- 5e. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to compensation including achievement of goals for performance incentive compensation for Presidents, Executive Officers, and other highly compensated employees

See Item 5c above for action taken on this item.

- 5f. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to assignment and duties of the Chancellor with regard to the process for presidential search and selection

No action was taken on this item.

## THE UNIVERSITY OF TEXAS SYSTEM

### Compensation - Academic Institution Presidents

Approved FY 2017 Salary Rates Effective September 1, 2016 for Fiscal Year Ending August 31, 2017

Proposed Incentive Compensation for approval

	Approved 2016	Approved 2017 Incentive Compensation
<b>ACADEMIC INSTITUTION PRESIDENTS</b>		
<b>U. T. Arlington</b>		
<i>Vistasp M. Karbhari</i>		
Salary Rate	\$ 485,000	485,000
<b>Incentive Compensation</b>		
Qualitative	41,225	41,225
Quantitative	33,649	36,375
Subtotal Incentive Compensation	<u>74,874</u>	<u>77,600</u>
<b>Total Compensation</b>	<b><u>\$ 559,874</u></b>	<b><u>562,600</u></b>
<b>U. T. Austin</b>		
<i>Gregory L. Fenves</i>		
Salary Rate	\$ 750,000	750,000
Deferred Compensation <sup>1</sup>	<u>50,000</u>	<u>50,000</u>
Subtotal Compensation	<u>800,000</u>	<u>800,000</u>
<b>Incentive Compensation</b>		
Qualitative	-	- /3
Quantitative	-	- /3
Subtotal Incentive Compensation	-	-
<b>Total Compensation</b>	<b><u>\$ 800,000</u></b>	<b><u>800,000</u></b>
<b>U. T. Dallas</b>		
<i>Richard C. Benson</i> <sup>2</sup>		
Salary Rate	\$ 525,000	525,000
<b>Total Compensation</b>	<b><u>\$ 525,000</u></b>	<b><u>525,000</u></b>
<b>U. T. El Paso</b>		
<i>Diana S. Natalicio</i>		
Salary Rate	\$ 426,755	426,755
<b>Incentive Compensation</b>		
Qualitative	31,340	- /4
Quantitative	15,425	- /4
Subtotal Incentive Compensation	<u>46,765</u>	-
<b>Total Compensation</b>	<b><u>\$ 473,520</u></b>	<b><u>426,755</u></b>

Note: Presidents are paid \$65,945 from General Revenue with the difference paid from other institutional fund sources

<sup>1</sup>Vests 8/31/2020

<sup>2</sup>Appointed as President effective July 15, 2016

<sup>3</sup>It was recommended that President Fenves receive \$75,000 for both Qualitative and Quantitative incentive compensation but he has requested to opt out for FY 2017.

<sup>4</sup>Qualitative and Quantitative incentive compensation for Dr. Natalicio were declined for FY 2017. Incentive Compensation for FY 2016: Qualitative portion was paid in October 2015 and quantitative portion was paid in March 2016.

## THE UNIVERSITY OF TEXAS SYSTEM

### Compensation - Academic Institution Presidents

Approved FY 2017 Salary Rates Effective September 1, 2016 for Fiscal Year Ending August 31, 2017

Proposed Incentive Compensation for approval

	Approved 2016	Approved 2017 Incentive Compensation
<b>ACADEMIC INSTITUTION PRESIDENTS (continued)</b>		
<b>U. T. Permian Basin</b>		
<i>W. David Watts</i>		
Salary Rate	\$ 310,193	310,193
<b>Incentive Compensation</b>		
Qualitative	21,713	20,163
Quantitative	26,318	20,163
Subtotal Incentive Compensation	48,031	40,326
<b>Total Compensation</b>	<b>\$ 358,224</b>	<b>350,519</b>
<b>U. T. Rio Grande Valley</b>		
<i>Guy H. Bailey</i>		
Salary Rate	\$ 600,000	600,000
<b>Incentive Compensation</b>		
Qualitative	54,000	54,000
Quantitative	-	48,000
Subtotal Incentive Compensation	54,000	102,000
<b>Total Compensation</b>	<b>\$ 654,000</b>	<b>702,000</b>
<b>U. T. San Antonio</b>		
<i>Ricardo Romo</i>		
Salary Rate	\$ 406,291	406,291
<b>Incentive Compensation</b>		
Qualitative	30,472	26,409
Quantitative	27,423	24,377
Subtotal Incentive Compensation	57,895	50,786
<b>Total Compensation</b>	<b>\$ 464,186</b>	<b>457,077</b>
<b>U. T. Tyler</b>		
<i>Rodney H. Mabry</i>		
Salary Rate	\$ 355,749	355,749
<b>Incentive Compensation</b>		
Qualitative	23,123	21,345
Quantitative	18,900	23,124
Subtotal Incentive Compensation	42,023	44,469
<b>Total Compensation</b>	<b>\$ 397,772</b>	<b>400,218</b>

Note: Presidents are paid \$65,945 from General Revenue with the difference paid from other institutional fund sources

<sup>1</sup>Vests 8/31/2020

<sup>2</sup>Appointed as President effective July 15, 2016

Incentive Compensation for FY 2016: Qualitative portion was paid in October 2015 and quantitative portion was paid in March 2016.

## THE UNIVERSITY OF TEXAS SYSTEM

### Compensation - Health Institution Presidents

Approved FY 2017 Salary Rates Effective September 1, 2016 for Fiscal Year Ending August 31, 2017  
Proposed Incentive Compensation for approval

	Approved 2016	Approved 2017 Rate
		Incentive Compensation
<b>HEALTH INSTITUTION PRESIDENTS</b>		
<b>U. T. Medical Branch - Galveston</b>		
<i>David L. Callender</i>		
Salary Rate	\$ 671,720	854,360
Deferred Compensation <sup>1</sup>	200,000	200,000
Practice Plan	182,640	-
Subtotal Compensation	1,054,360	1,054,360
<b>Incentive Compensation</b>		
Qualitative	53,738	73,889
Quantitative	50,379	73,049
Subtotal Incentive Compensation	104,117	146,938
<b>Total Compensation</b>	<b>\$ 1,158,477</b>	<b>1,201,298</b>
<b>U. T. Health Science Center - Houston</b>		
<i>Giuseppe Colasurdo</i>		
Salary Rate	\$ 750,500	750,500
Practice Plan	199,500	199,500
Subtotal Compensation	950,000	950,000
<b>Incentive Compensation</b>		
Qualitative	22,515	37,525
Quantitative	61,916	69,421
Subtotal Incentive Compensation	84,431	106,946
<b>Total Compensation</b>	<b>\$ 1,034,431</b>	<b>1,056,946</b>
<b>U. T. Health Science Center - San Antonio</b>		
<i>William Henrich</i>		
Salary Rate	\$ 698,163	698,163
Deferred Compensation <sup>2</sup>	200,000	200,000
Practice Plan	188,015	188,015
Subtotal Compensation	1,086,178	1,086,178
<b>Incentive Compensation</b>		
Qualitative	48,871	52,362
Quantitative	56,553	66,500
Subtotal Incentive Compensation	105,424	118,862
<b>Total Compensation</b>	<b>\$ 1,191,602</b>	<b>1,205,040</b>

Note: All Presidents are paid \$65,945 from General Revenue with the difference paid from other institutional fund sources

<sup>1</sup>Vests 9/30/2016. New agreement for FY 2017 vests 8/31/2019.

<sup>2</sup>Vests 8/31/2018

Incentive Compensation for FY 2016: Qualitative portion was paid in October 2015 and quantitative portion was paid in March 2016.

## THE UNIVERSITY OF TEXAS SYSTEM

### Compensation - Health Institution Presidents

Approved FY 2017 Salary Rates Effective September 1, 2016 for Fiscal Year Ending August 31, 2017  
Proposed Incentive Compensation for approval

	Approved 2016	Approved 2017 Rate  Incentive Compensation
<b>HEALTH INSTITUTION PRESIDENTS</b>		
<b>U. T. Southwestern Medical Center</b>		
<i>Daniel K. Podolsky</i>		
Salary Rate	\$ 944,316	944,316
Deferred Compensation <sup>2</sup>	100,000	100,000
Practice Plan	259,239	259,239
Subtotal Compensation	1,303,555	1,303,555
<b>Incentive Compensation</b>		
Qualitative	106,236	94,432
Quantitative	58,430	92,071
Subtotal Incentive Compensation	164,666	186,503
<b>Total Compensation</b>	\$ <b>1,468,221</b>	<b>1,490,058</b>
<b>U. T. M. D. Anderson Cancer Center</b>		
<i>Ronald A. DePinho</i>		
Salary Rate	\$ 1,439,100	1,439,100
Deferred Compensation	-	-
Practice Plan	405,900	405,900
Subtotal Compensation	1,845,000	1,845,000
<b>Incentive Compensation</b>		
Qualitative	50,369	86,346
Quantitative	133,192	122,324
Subtotal Incentive Compensation	183,561	208,670
<b>Total Compensation</b>	\$ <b>2,028,561</b>	<b>2,053,670</b>
<b>U. T. Health Science Center - Tyler</b>		
<i>Kirk Calhoun</i>		
Salary Rate	\$ 409,451	537,000
Deferred Compensation <sup>2</sup>	150,000	150,000
Practice Plan	105,503	105,503
Subtotal Compensation	664,954	792,503
<b>Incentive Compensation</b>		
Qualitative	30,709	42,992
Quantitative	33,701	30,710
Subtotal Incentive Compensation	64,410	73,702
<b>Total Compensation</b>	\$ <b>729,364</b>	<b>866,205</b>

Note: All Presidents are paid \$65,945 from General Revenue with the difference paid from other institutional fund sources

<sup>1</sup>Vests 9/30/2016. New agreement for FY 2017 vests 8/31/2019.

<sup>2</sup>Vests 8/31/2018

Incentive Compensation for FY 2016: Qualitative portion was paid in October 2015 and quantitative portion was paid in March 2016.

## THE UNIVERSITY OF TEXAS SYSTEM

### Compensation - Executive Officers U. T. System Administration

Approved Salary Rates Effective September 1, 2016 for Fiscal Year Ending August 31, 2017

Proposed Incentive Compensation for approval

	Approved 2016	Approved 2017 Supplement and Incentive Compensation
<b>Vice Chancellor for Strategic Initiatives</b>		
<i>Stephanie Bond Huie</i>		
Salary Rate	\$ 280,000	280,000
Administrative Supplement	-	30,000 <sup>/3</sup>
<b>Incentive Compensation</b>		
Qualitative	15,900	-
Quantitative - Short Term	11,925	-
Quantitative - Long Term	14,575	-
Subtotal Incentive Compensation	42,400	-
<b>Total Compensation</b>	<b>\$ 322,400</b>	<b>310,000</b>
<b>Chief Executive Officer, University Lands</b>		
<i>Mark Houser</i>		
Salary Rate	\$ 750,000 <sup>/2</sup>	765,000
Deferred Compensation	375,000	400,000
Annual Retention Payment	350,000	382,500
Subtotal Compensation	1,475,000	1,547,500
Incentive Compensation <sup>1</sup>	-	841,500
<b>Total Compensation</b>	<b>\$ 1,475,000</b>	<b>2,389,000</b>

Incentive Compensation is based on a plan originally approved by the Board on August 23, 2012 and modified and approved on August 25, 2016. Long term quantitative incentive compensation is calculated based on the achievement of long term goals over a three-year period.

<sup>1</sup>Incentive Compensation for Mark Houser is based on his employment contract where he can earn up to 200% of base salary.

<sup>2</sup>For FY 2016, Mr. Houser's 9/1/2015 salary was \$700,000; he is receiving a mid-year increase of \$50,000 based on his employment contract.

<sup>3</sup>This supplement recognizes the added duties and responsibilities that Dr. Huie has taken on in her role as Project Champion for Quantum Leaps. This work is being performed as an overload above and beyond her responsibilities as Vice Chancellor for Strategic Initiatives.

AGENDA ITEMS (continued)

8. U. T. System: Appropriation of \$392.2 million of Permanent University Fund Bond Proceeds for nine capital projects at the academic and health institutions

Chairman Foster advised that additional action was needed with regard to Item 8 on Page 26, and he called on Vice Chairman Hicks for a motion.

Motion by Vice Chairman Hicks

I move that the Board modify action taken earlier today concerning projects identified for potential Permanent University Fund (PUF) Bond Funding to authorize the allocation and expenditure of funds for the cancer collaborative projects involving five U. T. health institutions, as the projects are integral and four of the projects are in amounts below the threshold for required Capital Improvement Program approval.

The motion was seconded by Regent Cranberg and carried unanimously.

12. U. T. System Board of Regents: Discussion and possible action regarding the process for presidential search and selection (Regents' Rules and Regulations, Rule 20201, Presidents), including the roles of the Board and the Chancellor

Chairman Foster noted that no discussion was needed on this item.

REPORT FOR THE RECORD.--

U. T. Tyler: Report concerning appointment of the Presidential Search Advisory Committee

The membership of the Presidential Search Advisory Committee for The University of Texas at Tyler is reported for the record. This Committee has been constituted pursuant to the Regents' *Rules and Regulations*, Rule 20201.

Presidential Search Advisory Committee  
for U. T. Tyler

Executive Vice Chancellor for Academic Affairs Steven W. Leslie  
Regent Brenda Pejovich  
Regent Ernest Aliseda  
Gregory L. Fenves, Ph.D., President, The University of Texas at Austin  
Kirk A. Calhoun, M.D., President, The University of Texas Health Science Center at Tyler  
James R. Lumpkin, Ph.D., Dean of the College of Business and Technology, U. T. Tyler  
Catherine Ross, Ph.D., Associate Professor of English, U. T. Tyler  
Mary Fischer, Ph.D., Professor of Accounting, U. T. Tyler

Kouider Mokhtari, Ph.D., Professor of Education, U. T. Tyler  
Mr. Josiah Shipley, Political Science and Economics Student, U. T. Tyler  
Ms. Jessica Brown, Marketing Coordinator, College of Business and Technology, U. T. Tyler  
Mr. David King, U. T. Tyler Alumni Association Representative  
Ms. Dawn Franks  
Mr. James I. Perkins  
Mr. A. W. “Whit” Riter, III

SCHEDULED MEETING.--The next regularly scheduled meeting will be held on February 8-9, 2017, in Austin.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 1:32 p.m.

/s/ Carol A. Felkel  
Secretary to the Board of Regents

February 8, 2017



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

**Committee and Board Meetings:**  
November 9-10, 2016  
Austin, Texas

**Page**

**MEETING OF THE BOARD**

- 1. Minutes - **U. T. System Board of Regents:** Approval of Minutes of the regular meeting held on August 24-25, 2016; and the special called meetings held on September 23, 2016, and October 11, 2016 **82**

**AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE**

No items for Consent Agenda

**FINANCE AND PLANNING COMMITTEE**

- 2. Other Fiscal Matters - **U. T. System Board of Regents:** Authorization to deposit all University Lands surface income into the Available University Fund (AUF) **82**
- 3. Contract (funds going out) - **U. T. System:** Beecher Carlson Insurance Services, LLC to assist in placing Comprehensive Property Protection Program Insurance and Builder’s Risk Insurance coverage **83**
- 4. Contract (funds going out) - **U. T. System:** Contract with SciQuest, Inc. to license and implement software to equip six U. T. System institutions with an eCommerce solution for commonly purchased goods and services **84**
- 5. Request for Budget Change - **U. T. System:** Modification to approved project funding of \$59,486,085, including Available University Funds, Permanent University Fund Bond Proceeds, Institutional Funds, and Professional Medical Liability Benefit Plan Funds **85**
- 6. Request for Budget Change - **U. T. System:** Grant budget authority of \$41,339,740 by reprioritizing funds previously appropriated and allocating them in support of Quantum Leaps Initiatives, with source of funds from Available University Funds, Permanent University Fund Bond Proceeds, and Institutional Funds (RBC No. 8099) -- amendment to the 2016-2017 budget **86**
- 7. Real Estate Report - **U. T. System:** Summary Report of Separately Invested Assets Managed by U. T. System **87**

**ACADEMIC AFFAIRS COMMITTEE**

- 8. Contract (funds coming in) - **U. T. Arlington:** Sorrells Enterprises LLC to provide services for all concession operations at College Park Center and Maverick Stadium and other catering services as requested **88**
  
- 9. Contract (funds coming in) - **U. T. Arlington:** Cooperative reimbursement contract with the Texas Commission on Environmental Quality (TCEQ) to provide services to assist with compliance requirements under the federal Safe Drinking Water Act **88**
  
- 10. Contract (funds coming in) - **U. T. Arlington:** Amendment to contract with the Texas Commission on Environmental Quality (TCEQ) to provide services to assist with compliance requirements of the Environmental Protection Agency under the federal Energy Policy Act of 2005 **89**
  
- 11. Request for Budget Change - **U. T. Arlington:** New Hires with Tenure -- amendment to the 2016-2017 budget **89**
  
- 12. Purchase Order - **U. T. Arlington:** Purchase from Benjamin Diversification Corporation, dba CoMark Direct, of multichannel communication flows, reporting and analytics for student recruitment **90**
  
- 13. Other Matters - **U. T. Arlington:** Appropriation of \$5,600,000 of Permanent University Fund Bond Proceeds to address deferred maintenance and capital renewal needs in the Life Sciences Building **91**
  
- 14. Contract (funds coming in and going out) - **U. T. Austin:** Academic and Educational Experience Director Services Agreement with Seton Family of Hospitals and ESP Payroll Services, P.A. for the administration of academic services related to the Dell Medical School's Emergency Medicine Residency and Pediatric Emergency Medicine Fellowship programs **92**
  
- 15. Request for Budget Change - **U. T. Austin:** Transfer \$6,560,000 from Master of Business & Science - Dr. Wei Yang - Governor's University Research Initiative (GURI) - Designated Funds, Operating Income to Master of Business & Science - Dr. Wei Yang - Governor's University Research Initiative - Expenses to fund Dr. Wei Yang's GURI Award, which is to assist eligible institutions in recruiting distinguished researchers to the State of Texas (RBC No. 8007) -- amendment to the 2015-2016 budget (Deferred) **93**
  
- 16. Request for Budget Change - **U. T. Austin:** Tenure Appointments -- amendment to the 2015-2016 budget **93**
  
- 17. Request for Budget Change - **U. T. Austin:** Tenure Appointments -- amendment to the 2016-2017 budget **94**
  
- 18. Request for Budget Change - **U. T. Austin:** Approval of Emeritus Titles **94**

	<b>Page</b>
19. Contract (funds going out) - <b>U. T. Austin:</b> Assignment agreement with The Administrators of the Tulane Educational Fund regarding the assignment of David R. Pierce's employment agreement	<b>95</b>
20. Employment Agreement - <b>U. T. Austin:</b> Approval of terms of Restated Employment Agreement for Head Baseball Coach David R. Pierce	<b>96</b>
21. Employment Agreement - <b>U. T. Austin:</b> Approval of terms of Employment Agreement for Head Women's Swimming Coach Carol Capitani	<b>98</b>
22. Employment Agreement - <b>U. T. Austin:</b> Approval of Agreement to terms of Employment Agreement for Head Women's Soccer Coach Angela Kelly	<b>99</b>
23. Employment Agreement - <b>U. T. Austin:</b> Approval of amendments to terms of Employment Agreement for Head Women's Golf Coach Ryan Murphy	<b>100</b>
24. Other Matters - <b>U. T. Austin:</b> Approval of the Amended and Restated Bylaws of The University of Texas at Austin Dell Medical School MSRDP (Medical Service, Research and Development Plan) Faculty Practice Plan	<b>102</b>
25. Other Matters - <b>U. T. Austin:</b> Approval of the formation of a joint not-for-profit, non-operational holding company [Texas Health Innovators] and a subsidiary not-for-profit healthcare organization [Waller Creek Healthcare]	<b>103</b>
26. Foreign Contract (funds coming in) - <b>U. T. Dallas:</b> New contract to continue to provide instructional and program support for the Communication and Technology Master's program of INFOTEC, a Mexican Federal Government Public Trust	<b>103</b>
27. Request for Budget Change - <b>U. T. Dallas:</b> Approval of Emeritus Titles	<b>104</b>
28. Lease - <b>U. T. Dallas:</b> Authorization to lease approximately 12.3 acres of land located on the edge of the institution's campus north of Synergy Park Boulevard, Richardson, Texas, to Northside Campus Partners 2, LP, a Texas limited partnership, for the development and operation of market housing and retail uses	<b>104</b>
29. Lease - <b>U. T. Dallas:</b> Authorization to expand and extend the term of the lease of space at 3000-3020 Waterview Parkway, Richardson, Collin County, Texas, from GI DC Richardson LLC, for office and research uses	<b>106</b>
30. Contract (funds coming in and going out) - <b>U. T. Permian Basin:</b> Food Service Agreement with Compass Group	<b>107</b>
31. Contract (funds coming in) - <b>U. T. Rio Grande Valley:</b> Assignment, Assumption, and Amendment of Agreements under which Coca-Cola Refreshments USA, Inc., dba Valley Coca-Cola Bottling, provides beverage vending and products, as well as sponsorship support to U. T. Rio Grande Valley in exchange for certain exclusive rights	<b>108</b>

	<b>Page</b>
32. Contract (funds going out) - <b>U. T. Rio Grande Valley</b> : Amendment to agreement with PricewaterhouseCoopers Advisory Services LLC to perform additional services related to Information Technology Enterprise Resource Planning (ERP) systems and to the continuation of assessment and advisory services related to the School of Medicine	<b>109</b>
33. Contract (funds going out) - <b>U. T. Rio Grande Valley</b> : Gubener Plastinate GmbH to provide plastination services for medical specimens	<b>110</b>
34. Admissions Criteria - <b>U. T. Rio Grande Valley</b> : Changes to Admission Criteria to the M.A. in School Psychology, M.A. in Spanish, M.A. in Spanish Translation and Interpreting, M.S. in Mathematics, Teacher Certification - Principal Credential (M.Ed. Educational Leadership), and Teacher Certification - Principal Credential (M.Ed. in another field) programs	<b>111</b>
35. Request for Budget Change - <b>U. T. Rio Grande Valley</b> : New Hires with Tenure -- amendment to the 2016-2017 budget	<b>115</b>
36. Request for Budget Change - <b>U. T. Rio Grande Valley</b> : Approval of Emeritus Titles	<b>115</b>
37. Other Matters - <b>U. T. Rio Grande Valley</b> : Approval of the Amended and Restated Bylaws of U. T. Rio Grande Valley School of Medicine MSRDP (Medical Service, Research and Development Plan) Faculty Practice Plan	<b>116</b>
38. Request for Budget Change - <b>U. T. Tyler</b> : New Hire with Tenure -- amendment to the 2016-2017 budget	<b>117</b>

**HEALTH AFFAIRS COMMITTEE**

39. Contract (funds coming in) - <b>U. T. Southwestern Medical Center</b> : To provide physician services to Parkland Health and Hospital System for Dallas County Hospital District	<b>117</b>
40. Contract (funds coming in) - <b>U. T. Southwestern Medical Center</b> : To provide physicians and other health care services to the indigent population of Dallas County at Parkland Health and Hospital System for the Dallas County Indigent Care Corporation	<b>118</b>
41. Contract (funds coming in) - <b>U. T. Southwestern Medical Center</b> : Interagency agreement with the Texas Health and Human Services Commission for participation in Health and Human Services Commission's Network Access Improvement Program	<b>118</b>
42. Contract (funds coming in) - <b>U. T. Southwestern Medical Center</b> : To provide physician and medical administrative services to Texas Scottish Rite Hospital for Children	<b>119</b>

	<b>Page</b>
43. Contract (funds coming in) - <b>U. T. Southwestern Medical Center</b> : To provide professional and technical services to support the operations of UT Southwestern Moncrief Cancer Center	<b>119</b>
44. Contract (funds going out) - <b>U. T. Southwestern Medical Center</b> : UT Southwestern Moncrief Cancer Center will provide personnel, administrative oversight, and clinical services to operate the Mobile Cancer Survivorship Care Program	<b>120</b>
45. Contract (funds going out) - <b>U. T. Southwestern Medical Center</b> : TEMPEG, LLP will provide physician and other health care provider coverage services at Parkland Health and Hospital System	<b>120</b>
46. Request for Budget Change - <b>U. T. Southwestern Medical Center</b> : New Hires with Tenure -- amendment to the 2015-2016 budget	<b>121</b>
47. Request for Budget Change - <b>U. T. Southwestern Medical Center</b> : Approval of Emeritus Title	<b>121</b>
48. Lease - <b>U. T. Southwestern Medical Center</b> : Authorization to expand the lease of approximately 4,797 square feet of space at 6300 Harry Hines Boulevard, Bass Center III, Suite BK 130, Dallas, Dallas County, Texas, to The Fresh Market, Inc., a Texas corporation, for a restaurant to serve its staff, tenants, and invitees at the institution’s Bass Clinic Center	<b>122</b>
49. Request for Budget Change - <b>U. T. Medical Branch - Galveston</b> : New Hire with Tenure -- amendment to the 2015-2016 budget	<b>122</b>
50. Lease - <b>U. T. Medical Branch - Galveston</b> : Authorization to lease approximately 2,385 square feet of medical office space located at 109 E. Toronto Avenue, McAllen, Hidalgo County, Texas, from G. J. Palmer, Jr., for clinical and related uses	<b>123</b>
51. Contract (funds coming in) - <b>U. T. Health Science Center - Houston</b> : Memorial Hermann Health System to provide financial support for U. T. Health Science Center - Houston's academic, research, and community service programs	<b>124</b>
52. Request for Budget Change - <b>U. T. Health Science Center - Houston</b> : Tenure Appointments -- amendment to the 2016-2017 budget	<b>125</b>
53. Request for Budget Change - <b>U. T. Health Science Center - Houston</b> : Approval of Emeritus Title	<b>125</b>
54. Request for Budget Change - <b>U. T. Health Science Center - San Antonio</b> : Approval of Emeritus Title	<b>125</b>
55. Contract (funds going out) - <b>U. T. M. D. Anderson Cancer Center</b> : Amendment to agreement with Lonza Biologics Tuas Pte, Ltd to provide construction of a cell line for the creation of a master cell bank	<b>126</b>

	<b>Page</b>
56. Contract (funds going out) - <b>U. T. M. D. Anderson Cancer Center</b> : Amendment to agreement with Viracor-IBT Laboratories, Inc. to provide lab testing and reporting services	<b>127</b>
57. Contract (funds going out) - <b>U. T. M. D. Anderson Cancer Center</b> : PricewaterhouseCoopers Services LLC to assist with continued development and expansion of the Translational Research Accelerator	<b>128</b>
58. Request for Budget Change - <b>U. T. M. D. Anderson Cancer Center</b> : New Hire with Tenure -- amendment to the 2016-2017 budget	<b>129</b>
59. Request for Budget Change - <b>U. T. M. D. Anderson Cancer Center</b> : Tenure Appointment -- amendment to the 2016-2017 budget	<b>129</b>
60. Lease - <b>U. T. M. D. Anderson Cancer Center</b> : Authorization to increase the area and the total lease cost for a previously-approved medical office and clinic building to be constructed on a site located at the southwest corner of State Highway 242 and Fellowship Drive, The Woodlands, Montgomery County, Texas, from The Woodlands MDA, LLC, or a related entity, for use as a medical clinic	<b>130</b>
61. Purchase - <b>U. T. M. D. Anderson Cancer Center</b> : Authorization to purchase a tract of unimproved land consisting of approximately 8.713 acres located at the intersection of the U.S. Highway 59 frontage road and Taborwood Avenue, Sugar Land, Fort Bend County, Texas, from NNP-Telfair, LLC for development, construction, and operation of clinical facilities	<b>132</b>
62. Other Matters - <b>U. T. M. D. Anderson Cancer Center</b> : Authorization to amend the lease of land located at the southwest corner of Bertner Avenue and Old Spanish Trail in Houston, Harris County, Texas, to provide for the construction of a parking lot at the southeast corner of Fannin Street/Knight Road and Old Spanish Trail by the institution in exchange for the payment of a fee by The Proton Therapy Center-Houston LTD., L.L.P., for parking related to the expansion of clinical facilities	<b>133</b>
63. Contract (funds coming in) - <b>U. T. Health Science Center - Tyler</b> : Reimbursement contract with the Texas Department of State Health Services to provide mental health services	<b>134</b>

**FACILITIES PLANNING AND CONSTRUCTION COMMITTEE**

64. Contract (funds going out) - <b>U. T. System</b> : Sebesta, Inc. to perform technical commissioning services	<b>134</b>
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**TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE**

No items for Consent Agenda

## MEETING OF THE BOARD

1. Minutes - U. T. System Board of Regents: Approval of Minutes of the regular meeting held on August 24-25, 2016; and the special called meetings held on September 23, 2016, and October 11, 2016

### AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE

No items for Consent Agenda

### FINANCE AND PLANNING COMMITTEE

2. Other Fiscal Matters - U. T. System Board of Regents: Authorization to deposit all University Lands surface income into the Available University Fund (AUF)

The Chancellor and Deputy Chancellor concur in the recommendation of the Executive Vice Chancellor for Business Affairs and the Vice Chancellor and General Counsel that the U. T. System Board of Regents authorize the deposit of all University Lands surface income, including income from the sale of water, brine, caliche, and sand and income from surface damage payments, into the Available University Fund (AUF).

#### Background

Article VII, Section 18(e) of the Texas Constitution states, in part, that “[T]he available university fund consists of the distributions made to it from the total return on all investment assets of the permanent university fund, *including the net income attributable to the surface of permanent university fund land* (emphasis added). . . .”

The practice at U. T. System has been to credit to the PUF income from nonrenewable materials such as sand, gravel, and caliche. This practice is in contrast to the treatment of those materials in private party transactions dividing the surface and mineral estates, in which “minerals” such as sand, gravel, and caliche, as well as water, belong to the surface estate as a matter of law. In addition, the practice at U. T. System has been to credit surface damage payments to the PUF, whereas surface damage payments in a private party transaction are paid to the surface owner.

Legal counsel have reviewed this matter and concluded that the Board of Regents, as the constitutional authority that manages and invests the PUF and makes distributions to the AUF, has the responsibility in the first instance to interpret the Constitution and determine what constitutes the “net income attributable to the

surface” for this purpose. Although the System has historically credited some types of surface income to the PUF, counsel find ample case law and constitutional language to support a Board decision to credit all surface income to the AUF.

Absent a decline in the value of PUF investment assets, the proposed change in accounting for these payments will effectively increase total distributions to the AUF without increasing the default rate of distribution from the total return (currently 4.75%). Based on recent history and current market conditions, the normalized annual increase to the AUF would be between \$8 million and \$15 million.

The proposed change does not limit the ability of the Board to determine the total amount distributed to the AUF. If the Board wishes to retain a greater amount in the PUF, the Board may account for the increased deposits in the AUF by reducing the distribution on the total return.

The proposed change in accounting for these payments also does not affect the constitutional limit on distributions to the AUF, which is an amount equal to 7% of the average net fair market value of PUF investment assets.

3. Contract (funds going out) - U. T. System: Beecher Carlson Insurance Services, LLC to assist in placing Comprehensive Property Protection Program Insurance and Builder’s Risk Insurance coverage

Agency:	Beecher Carlson Insurance Services, LLC
Funds:	\$6,000,000 over the life of the contract
Source of Funds:	Service Department
Period:	Initial term is September 30, 2016 to September 30, 2019; with the option to renew for three additional one-year terms
Description:	Beecher Carlson Insurance Services, LLC will provide insurance broker and risk management services related to property and builder’s risk insurance programs for U. T. System Administration and U. T. System institutions. Services include risk assessments, program design/placement, and claims handling. This contract was competitively bid.

4. Contract (funds going out) - U. T. System: Contract with SciQuest, Inc. to license and implement software to equip six U. T. System institutions with an eCommerce solution for commonly purchased goods and services

Agency: SciQuest, Inc.

Funds: Three-year software subscription service (proportionally paid by institutions) and related software implementation work (paid for by U. T. System Administration) in an aggregate amount not to exceed \$1,400,000.

Source of Funds: Approximately \$370,000 in Available University Funds for U. T. System's contribution of implementation charges; approximately \$1,030,000 in institutional funds for software subscription costs

Period: September 28, 2016 through September 27, 2019

Description: U. T. System recently executed an agreement with SciQuest to license and implement eCommerce tools that will facilitate online shopping for goods and services commonly purchased by the six institutions (U. T. System Administration, U. T. Arlington, U. T. Permian Basin, U. T. Tyler, U. T. Health Science Center - San Antonio, and U. T. Health Science Center - Tyler) that presently do not have eCommerce capabilities. The value of the existing agreement is under \$1,000,000, but the parties contemplate an amendment for the licensing and implementation of related software functionality (such as eInvoicing), which would support administration of the eCommerce tools. The amendment is expected to increase the value of the existing contract to no more than \$1,400,000.

The six institutions are projected to realize cost savings, personnel cost avoidances, and purchasing efficiencies estimated at \$6,000,000 annually when fully matured. The U. T. System Office of Shared Services executed an exclusive acquisition justification to leverage the collective experience and knowledge from the eight U. T. System institutions who have utilized the SciQuest software for many years.

5. Request for Budget Change - U. T. System: Modification to approved project funding of \$59,486,085, including Available University Funds, Permanent University Fund Bond Proceeds, Institutional Funds, and Professional Medical Liability Benefit Plan Funds

At the direction of Chancellor McRaven, a process was conducted to review the status of 40 current projects and to recommend reprioritizing some unspent project balances to address higher-priority initiatives such as the Quantum Leaps Initiatives. The 40 projects were categorized as critical, essential, or enhancing with essential and enhancing categorized projects undergoing a detailed review. Projects included Regents' Outstanding Teaching Awards, Health Research Scholars, Engineering STARS, Neuroscience STARS, Institute for Transformational Learning (ITL) Projects, and several other minor projects. The Regents' Outstanding Teaching Awards will continue annually as an on-going program. Costs for the program will be incorporated in the annual U. T. System budget beginning in Fiscal Year 2018. All projects reviewed had previously been authorized by the U. T. System Board of Regents. The review process resulted in a recommendation to reduce the budgets of 16 projects by a total of \$59,486,085, with source of funds as follows:

Available University Funds	\$28,535,419
Permanent University Fund Bond Proceeds	\$21,229,246
Institutional Funds	\$ 2,334,668
Professional Medical Liability Benefit Plan Funds	\$ 7,386,752
<b>TOTAL</b>	<b>\$59,486,085</b>

6. Request for Budget Change - U. T. System: Grant budget authority of \$41,339,740 by reprioritizing funds previously appropriated and allocating them in support of Quantum Leaps Initiatives, with source of funds from Available University Funds, Permanent University Fund Bond Proceeds, and Institutional Funds (RBC No. 8099) -- amendment to the 2016-2017 budget

Request for budget authority of \$41,339,740 by reprioritizing funds previously appropriated and allocating them in support of Quantum Leaps Initiatives. In total, \$13,793,988 of Available University Funds (AUF), \$20,000,000 of Permanent University Fund (PUF) Bond Proceeds, and \$7,545,752 of Institutional Funds will be repurposed in support of the projects outlined below.

	<b>AUF</b>	<b>PUF</b>	<b>Institutional Funds</b>
Project Management	\$ 635,411	-	\$ 4,000
Texas Prospect Initiative	\$ 1,832,968	-	\$ 35,000
The American Leadership Program	\$ 456,307	-	\$ 50,000
Winning the Talent War	-	\$20,000,000	-
Enhancing Fairness and Opportunity	\$ 105,802	-	-
The U. T. Health Care Enterprise	-	-	\$7,386,752
Leading the Brain Health Revolution	\$ 15,000	-	-
The U. T. Network for National Security	\$10,000,000	-	-
U. T. System Expansion in Houston	\$ 525,000	-	-
Student Success	\$ 223,500	-	\$ 70,000
<b>TOTAL</b>	<b>\$13,793,988</b>	<b>\$20,000,000</b>	<b>\$7,545,752</b>

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

**THE UNIVERSITY OF TEXAS SYSTEM  
SEPARATELY INVESTED ASSETS  
Managed by U. T. System  
Summary Report at August 31, 2016**

**FUND TYPE**

	Current Purpose Restricted		Endowment and Similar Funds		Annuity and Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
<b>Land and Buildings:</b>								
Ending Value 05/31/2016	\$ 2,226,654	\$ 19,076,804	\$ 97,248,376	\$ 262,425,598	\$ 789,727	\$ 1,649,088	\$ 100,264,457	\$ 283,151,490
Increase or Decrease	(1)	(1,466,766)	(4,999)	(4,208,575)	-	(3,664)	(5,000)	(5,679,005)
Ending Value 08/31/2016	\$ 2,226,653	\$ 17,610,038	\$ 97,243,377	\$ 258,217,023	\$ 789,427	\$ 1,645,424	\$ 100,259,457	\$ 277,472,485
<b>Other Real Estate:</b>								
Ending Value 05/31/2016	\$ 1,005	\$ 1,005	\$ 8	\$ 8	\$ -	\$ -	\$ 1,013	\$ 1,013
Increase or Decrease	-	-	-	-	-	-	-	-
Ending Value 08/31/2016	\$ 1,005	\$ 1,005	\$ 8	\$ 8	\$ -	\$ -	\$ 1,013	\$ 1,013

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

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

**ACADEMIC AFFAIRS COMMITTEE**

8. Contract (funds coming in) - U. T. Arlington: Sorrells Enterprises LLC to provide services for all concession operations at College Park Center and Maverick Stadium and other catering services as requested

Agency: Sorrells Enterprises LLC

Funds: Commissions or revenue expected to exceed \$1,000,000 over the contract period

Period: August 19, 2016 through May 31, 2026; with option to extend the term for one additional five-year period

Description: Sorrells Enterprises LLC will provide full-service food, alcoholic beverage, and nonalcoholic beverage services for all concession operations at College Park Center and Maverick Stadium and other catering services as requested. For all other campus locations, U. T. Arlington reserves the right to offer for sale products and services that may be competitive or similar in nature to products and services offered by Sorrells Enterprises LLC through any of U. T. Arlington's present or future facilities.

9. Contract (funds coming in) - U. T. Arlington: Cooperative reimbursement contract with the Texas Commission on Environmental Quality (TCEQ) to provide services to assist with compliance requirements under the federal Safe Drinking Water Act

Agency: Texas Commission on Environmental Quality (TCEQ)

Funds: \$2,000,000

Period: September 1, 2016 through August 31, 2017

Description: U. T. Arlington will provide technical support staff to assist the TCEQ with compliance requirements associated with the State's implementation of the federal Safe Drinking Water Act. Activities include data entry, records management, database maintenance, and staff training.

10. Contract (funds coming in) - U. T. Arlington: Amendment to contract with the Texas Commission on Environmental Quality (TCEQ) to provide services to assist with compliance requirements of the Environmental Protection Agency under the federal Energy Policy Act of 2005

Agency: Texas Commission on Environmental Quality (TCEQ)

Funds: \$1,312,000

Period: September 1, 2016 through August 31, 2017

Description: U. T. Arlington will provide services to assist the TCEQ with compliance requirements of the Environmental Protection Agency under the federal Energy Policy Act of 2005 concerning petroleum storage tank investigations, records management, and staff training.

11. Request for Budget Change - U. T. Arlington: New Hires with Tenure -- amendment to the 2016-2017 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>College of Engineering</b>					
Bioengineering					
Associate Professor					
Jun Liao (T)	1/1-8/31	100	09	105,000	7946
Materials Science and Engineering					
Professor					
Pelagia-Irene Gouma (T)	9/26-8/31	100	09	180,000	8120

12. Purchase Order - U. T. Arlington: Purchase from Benjamin Diversification Corporation, dba CoMark Direct, of multichannel communication flows, reporting, and analytics for student recruitment

Agency: Benjamin Diversification Corporation, dba CoMark Direct

Funds: \$4,090,728 over the entire five-year maximum term of the purchase order (PO)

Source of Funds: Designated Tuition

Period: September 1, 2016 through August 31, 2017; with three additional one-year renewal options

Description: CoMark Direct will provide labor, resources, and services to manage multichannel communication plans and event invitations for prospective students. This PO is the first renewal of a multiyear PO procured through an Invitation for Bid in 2015. The initial PO expenditure, with a term from September 1, 2015 to August 31, 2016, was \$806,207.56, which is included in the total cost listed above.

13. Other Matters - U. T. Arlington: Appropriation of \$5,600,000 of Permanent University Fund Bond Proceeds to address deferred maintenance and capital renewal needs in the Life Sciences Building

Agency: U. T. Arlington

Funds: \$5,600,000

Source of Funds: Permanent University Funds (PUF) Bond Proceeds

Description: U. T. Arlington is requesting \$5,600,000 from the PUF to address deferred maintenance and capital renewal needs in the Life Sciences Building, which is an urgent need given the condition of the building and the need to include instructional classrooms and labs, research labs and support spaces, and building infrastructure (mechanical, electrical, and plumbing). Although select improvements have been made over the last two years with utility savings and Library, Equipment, Repair and Rehabilitation (LERR) funding, the total budgeted requirements still exceed \$70,000,000. U. T. Arlington requested Tuition Revenue Bond funding during the 84th Legislative Session as well as PUF funding, both of which were denied. The \$5,600,000 of PUF allocations will be used to address the most critical areas such as building safety issues and to ensure that building system failures that could impact the delivery of instruction and research will be avoided.

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

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

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

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

- \$969,808 each year

Funds going out to ESP Payroll Services:

- \$969,808 each year; to be paid to ESP on a quarterly basis; 20% of this amount may be withheld by U. T. Austin, dependent upon satisfactory evaluation of services provided

Period: Initial term from October 1, 2016 through September 30, 2018; with two automatic renewal periods of 12 months each

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

- 15. Request for Budget Change - U. T. Austin: Transfer \$6,560,000 from Master of Business & Science - Dr. Wei Yang - Governor’s University Research Initiative (GURI) - Designated Funds, Operating Income to Master of Business & Science - Dr. Wei Yang - Governor’s University Research Initiative - Expenses to fund Dr. Wei Yang’s GURI Award, which is to assist eligible institutions in recruiting distinguished researchers to the State of Texas (RBC No. 8007) -- amendment to the 2015-2016 budget (Deferred)
  
- 16. Request for Budget Change - U. T. Austin: Tenure Appointments -- amendment to the 2015-2016 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>Dell Medical School</b>					
Surgery and Perioperative Care					
Professor					
James Wolf (T)	7/1-8/31	100	12	440,300	7979
<b>College of Natural Sciences</b>					
Molecular Biosciences					
Professor					
Daniel J. Leahy (T)	1/16-8/31	100	09	234,000	7977

17. Request for Budget Change - U. T. Austin: Tenure Appointments -- amendment to the 2016-2017 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>Dell Medical School</b>					
Women's Health					
Professor					
Radek K. Bukowski (T)	9/1-8/31	100	12	460,000	8003
<b>College of Liberal Arts</b>					
Spanish and Portuguese					
Professor					
Jorge Perez (T)	1/16-8/31	100	09	140,000	7993

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

**James W. Deitrick**, from Professor to Professor Emeritus, Department of Accounting in the McCombs School of Business (RBC No. 7995) -- amendment to the 2016-2017 budget

**James D. Garrison**, from Professor to Archibald A. Hill Regents Professor Emeritus in American and English Literature as well as Distinguished Teaching Professor Emeritus, Department of English in the College of Liberal Arts (RBC No. 7996) -- amendment to the 2016-2017 budget

**Romeo Rolando Hinojosa-Smith**, from Professor to Ellen Clayton Garwood Centennial Professor Emeritus in Creative Writing #1, Department of English in the College of Liberal Arts (RBC No. 7997) -- amendment to the 2016-2017 budget

**Dorothy J. Lovett**, from Associate Professor to Associate Professor Emerita, Department of Kinesiology and Health Education in the College of Education (RBC No. 8005) -- amendment to the 2002-2003 budget

*Note: Professor Lovett's emeritus appointment was to be effective September 1, 2002. Approval was received from the Provost's Office on April 12, 2002, but the title change was not submitted for approval at that time. The honorary title designation is being submitted now for approval.*

**Paul S. Rascoe**, from Librarian III to Librarian Emeritus, University of Texas Libraries (RBC No. 7998) -- amendment to the 2016-2017 budget

**Thomas B. Whitbread**, from Professor to Professor Emeritus, Department of English in the College of Liberal Arts (RBC No. 7999) -- amendment to the 2016-2017 budget

*Note: Professor Whitbread passed away on October 1, 2016, and this request is for a posthumous award of emeritus status.*

**Molly T. White**, from Librarian III to Librarian Emerita, University of Texas Libraries (RBC No. 8000) -- amendment to the 2016-2017 budget

19. Contract (funds going out) - U. T. Austin: Assignment agreement with The Administrators of the Tulane Educational Fund regarding the assignment of David R. Pierce's employment agreement

Agency:	The Administrators of the Tulane Educational Fund, a Louisiana nonprofit corporation
Funds:	\$1,000,000 (one-time assignment fee)
Source of Funds:	Intercollegiate Athletics
Effective:	October 6, 2016
Description:	U. T. Austin accepts assignment of David R. Pierce's employment agreement with The Administrators of the Tulane Educational Fund. U. T. Austin is paying The Administrators of the Tulane Educational Fund an assignment fee of \$1,000,000 to acquire the opportunity to hire Coach Pierce as the head baseball coach at U. T. Austin.

20. Employment Agreement - U. T. Austin: Approval of terms of Restated Employment Agreement for Head Baseball Coach David R. Pierce

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

Item: Head Baseball Coach Agreement for David R. Pierce

Proposed: **Guaranteed compensation:**

Annual Salary:

FY 2016-2017 - \$500,000  
FY 2017-2018 - \$550,000  
FY 2018-2019 - \$600,000  
FY 2019-2020 - \$600,000  
FY 2020-2021 - \$600,000  
FY 2021-2022 - \$600,000

Participation in media programs, appearance, shoe and/or apparel sponsorships, consulting, U. T. Austin promotions and other services requested by U. T. Austin:

FY 2016-2017 - \$0  
FY 2017-2018 - \$0  
FY 2018-2019 - \$150,000  
FY 2019-2020 - \$150,000  
FY 2020-2021 - \$150,000  
FY 2021-2022 - \$150,000

Licensing/propriety rights related to use of name, likeness, image, nickname, voice, signature, and photograph:

FY 2016-2017 - \$0  
FY 2017-2018 - \$0  
FY 2018-2019 - \$100,000  
FY 2019-2020 - \$100,000  
FY 2020-2021 - \$100,000  
FY 2021-2022 - \$100,000

Sports camps and clinics: \$50,000 annually

Automobile: option of two dealer cars (or \$7,500 in lieu of one of the cars annually)

Social club memberships: The University of Texas Club,  
The University of Texas Golf Club

Tickets:

- Twelve home baseball season tickets
- Up to eight away game baseball tickets
- Two home football season tickets
- Two away game football tickets
- Two women's volleyball season tickets
- Two home basketball season tickets (men's and women's)

Relocation allowance: \$75,000 one-time payment

Reasonable moving expenses and temporary housing

**Nonguaranteed compensation:**

Sports Camps and Clinics:\*

- Up to 15% of annual net proceeds payable at the discretion of the Men's Athletics Director

Incentives:

- Team performance incentives: maximum of \$195,000 annually
- Coach of the Year (Big 12 Conference, Regional, or National) award: maximum of \$25,000 annually

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of David R. Pierce as Head Baseball Coach. Approved pursuant to Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12(a).

Period: October 7, 2016 through August 31, 2022

[\*Secretary's Note: Terms of the nonguaranteed compensation for Sports Camps and Clinics were revised on April 4, 2018, via a contract amendment effective as of November 1, 2017.]

21. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for Head Women's Swimming Coach Carol Capitani

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

Item: Head Women's Swimming Coach Agreement for Carol Capitani

Proposed: **Guaranteed compensation:**

Annual Salary:

FY 2016-17: \$151,058 annually

FY 2017-18: \$151,058 annually

FY 2018-19: \$151,058 annually

FY 2019-20: \$151,058 annually

Automobile: option of two dealer cars or \$7,500 in lieu of one of the cars annually

Club memberships: The University of Texas Club, The University of Texas Golf/Tennis Club, and Headliners Club

Product Endorsement: \$2,000 annually

Tickets:

One suite ticket and six outside season football tickets

Four season tickets to other men’s sports

Four season tickets to women’s sports

**Nonguaranteed compensation:**

Sports Camps and Clinics: Based upon Annual Net Income and the Women’s Athletics Director’s approval

Incentives:

Team performance incentives: maximum of \$35,000 annually

Coach of the Year (Big 12 Conference, National): maximum of \$7,000 annually

Source of funds: Intercollegiate Athletics

Description: Agreement for Employment of Head Women’s Swimming Coach Carol Capitani

Period: September 1, 2016 through August 31, 2020 (Coach Capitani has been Head Women’s Swimming Coach since May of 2012 under a previous employment agreement.)

22. Employment Agreement - U. T. Austin: Approval of Agreement to terms of Employment Agreement for Head Women’s Soccer Coach Angela Kelly

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

Item: Head Women’s Soccer Coach Agreement for Angela Kelly

Proposed: **Guaranteed compensation:**

Annual Salary:

FY 2016-17: \$175,135 annually

FY 2017-18: \$175,135 annually

FY 2018-19: \$175,135 annually

Automobile: option of two dealer cars or \$7,500 in lieu of one of the cars annually

Club memberships: The University of Texas Club, The University of Texas Golf/Tennis Club, and Headliners Club

Product Endorsement: \$30,000 annually

**Nonguaranteed compensation:**

Sports Camps and Clinics: Based upon Annual Net Income and the Women’s Athletics Director’s approval

Incentives:

Team performance incentives: maximum of \$35,000 annually  
Coach of the Year (Big 12 Conference, National): maximum of \$7,000 annually

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Head Women’s Soccer Coach Angela Kelly

Period: September 1, 2016 through August 31, 2019 (Coach Kelly has been Head Women’s Soccer Coach since December 2011 under a previous employment agreement.)

23. Employment Agreement - U. T. Austin: Approval of amendments to terms of Employment Agreement for Head Women’s Golf Coach Ryan Murphy

The following Head Women’s Golf Coach Amendment No. 1 has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents. If the Amendment is approved, total compensation for the contract period for Ryan Murphy may be in excess of \$1 million. Such employment under the Agreement, as amended by Amendment No. 1, is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, the Big 12 Conference, the Regents’ *Rules and Regulations*, and the policies of The University of Texas at Austin (Regents’ *Rules and Regulations*, Rule 10501, Section 2.2.12, Athletic Employment Agreements, and Rule 20204, Section 3, Board Approval). Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies may be grounds for suspension without pay and/or dismissal.

Item: Amendment to Head Women’s Golf Coach Agreement for Ryan Murphy

From: **Guaranteed compensation:**  
Annual Salary: \$122,500

Automobile: \$7,500 in lieu of use of dealer car

Product Endorsement: \$2,000

**Nonguaranteed compensation:**

Sports Camps and Clinics: Based upon Annual Net Income and Women's Athletics Director's approval

Team Performance Incentives: maximum \$30,000 annually

Team Academic Performance Incentive: \$5,000 annually

Coach of the Year (Big 12 Conference, National): maximum \$7,000 annually

To:

**Guaranteed compensation:**

Annual Salary: \$146,000

Automobile: \$7,500 in lieu of use of dealer car

Product Endorsement: \$2,000

**Nonguaranteed compensation:**

Sports Camps and Clinics: Based upon Annual Net Income and Women's Athletics Director's Approval

Incentives:

Team Performance Incentives: maximum of \$30,000 annually

Team Academic Performance Incentives: Now included in annual salary

Coach of the Year (Big 12 Conference, National): maximum \$7,000 annually

Guaranteed  
Compensation  
Percent Change: 17%

Nonguaranteed  
Compensation  
Change: 20%

Source of funds: Intercollegiate Athletics

Description: Amendment No. 1 to the Agreement for Employment of Head Women's Golf Coach Ryan Murphy

Period: September 1, 2016 through August 31, 2020

24. Other Matters - U. T. Austin: Approval of the Amended and Restated Bylaws of The University of Texas at Austin Dell Medical School MSRDP (Medical Service, Research and Development Plan) Faculty Practice Plan

The Bylaws describe the membership, organization and governance of the faculty practice plan and establish an institutional trust fund for the receipt and disbursement of plan income. The Bylaws were based on the Amended and Restated Model Bylaws of the Medical Service, Research and Development Plan/Physicians Referral Service (MSRDP/PRS) Faculty Practice Plan approved by the Board of Regents on February 7, 2008 for health institutions.

Due to the limited size of the School's employed faculty members, the structure was modified from the model bylaws in the following manner. All the MSRDP standing committees become subcommittees to the MSRDP Executive Committee. The Executive Committee maintains responsibility for all functions and duties of the subcommittees. The Executive Committee convenes subcommittees on an as needed basis as determined by the President or the President's designee; the Executive Vice Chancellor (EVC) for Health Affairs, on call of the Chair; or at the request of twenty-five percent (25%) of the Board of Directors. This change is to address the concern by the School that almost the entire current faculty would have to be enlisted to serve on committees, creating inefficiencies within the School. Proper oversight is provided by mandating that the EVC for Health Affairs, the President, or the Board of Directors can constitute these subcommittees. As the number of faculty members grows, standing committees will be constituted.

Since the President of U. T. Austin will not necessarily be a physician or administrator with direct experience running clinical operations, where the model bylaws provide for presidential leadership (such as chair of the MSRDP Board of Directors) or presidential decisions, the School's MSRDP Bylaws read as President "or the President's designee" (normally Vice President for Medical Affairs or Medical School Dean). This allows the President to decide who holds the expertise necessary for the management and operations of the practice plan bylaws. However, since the alternative for the President is the President's designee, the President remains responsible for the activities of the plan.

25. Other Matters - U. T. Austin: Approval of the formation of a joint not-for-profit, non-operational holding company [Texas Health Innovators] and a subsidiary not-for-profit healthcare organization [Waller Creek Healthcare]

Texas Health Innovators will have as its members U. T. Austin (50% member) and Ascension Texas, formerly known as Seton Health Family (Seton) (50% member). Texas Health Innovators will function as a joint non-operational holding company to serve as a platform under which a variety of collaborations with Seton, and possibly with third parties in the future, are envisioned to provide value-based care delivery models that can be replicated.

Waller Creek Healthcare, the not-for-profit health care organization (NPHO), will have Texas Health Innovators as its sole member and will be governed by a board consisting of six physician directors, three from U. T. Austin Dell Medical School and three from Seton. Dell Medical School and Seton envision that the NPHO will provide a financial vehicle to develop, validate, and disseminate value-based care delivery models focused on achieving outcomes that patients want using sustainable financing mechanisms and will serve as a teaching and research venue for all of U. T. Austin. Activities include: (1) designing new approaches to clinical problems that may be ineffectively addressed in Central Texas and elsewhere; and (2) improving the cost of existing models of care, outcomes, and experiences for patients and clinicians for clinical problems in which the fee for service system is not optimal.

Service by U. T. Austin employees on the boards of either of these not-for-profit entities will be approved pursuant to Regents' *Rules and Regulations*, Rule 60306.

26. Foreign Contract (funds coming in) - U. T. Dallas: New contract to continue to provide instructional and program support for the Communication and Technology Master's program of INFOTEC, a Mexican Federal Government Public Trust

Agency: INFOTEC, a Mexican Federal Government Public Trust

Funds: \$245,690 estimated

Period: September 1, 2016 through December 31, 2017

Description: The Naveen Jindal School of Management Executive Education program will provide continued 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 has been managed for INFOTEC by the U. T. Dallas Naveen Jindal School of Management Executive Education Program since 2012-2013. Subcontracted instructors will be experienced faculty from U. T. Dallas and 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. Travel security for all participants will be provided by INFOTEC.

27. Request for Budget Change - U. T. Dallas: Approval of Emeritus Titles

**Gerald Burnham**, from Associate Professor to Associate Professor Emeritus, Department of Electrical Engineering in the Erik Jonsson School of Engineering and Computer Science (RBC No. 8088) -- amendment to the 2016-2017 budget

**Austin Cunningham**, from Professor to Professor Emeritus, Department of Physics in the School of Natural Sciences and Mathematics (RBC No. 8090) -- amendment to the 2016-2017 budget

28. Lease - U. T. Dallas: Authorization to lease approximately 12.3 acres of land located on the edge of the institution's campus north of Synergy Park Boulevard, Richardson, Texas, to Northside Campus Partners 2, LP, a Texas limited partnership, for the development and operation of market housing and retail uses

Description:

Ground lease of approximately 12.3 acres of unimproved land. The ground lessee will construct two four-story residential apartment buildings along with two-story townhomes holding in aggregate approximately 900 beds in roughly 275 units, with about 6,000 square feet of single-story retail space on pad sites, and related surface and structured parking for approximately 850 vehicles at an estimated development cost of approximately \$63,000,000. The ground lease will also contain provisions in which the lessee indemnifies the lessor for all matters arising from the lessee's use or occupancy of, or activities on, the premises. The Board of Regents' interest in the real property will not be subordinated to the lien of any mortgagee of the lessee's leasehold interest.

This project is the second private residential and retail development located on the north side of the U. T. Dallas campus. The initial phase of Northside was recently completed, with over 98% of the residential units leased, and all but two of the retail suites either under lease or with leases under active negotiations. These privately-held facilities represent the closest off-campus amenities serving U. T. Dallas.

- Lessee:** Northside Campus Partners 2, LP, a Texas limited partnership, or another entity related to Balfour Beatty Campus Solutions, LLC, a Delaware limited liability company, and Wynne Jackson, Inc., a Texas corporation; the lessee was selected through an RFQ/RFP process.
- Term:** 61 years, with no options to extend
- Total Area:** Approximately 12.3 gross acres; the lease area includes driveway easements serving the institution's adjacent vacant land. A portion of the site, the extension of Rutford Avenue, may be dedicated to the City of Richardson.
- Lease Income:** The initial annual base rent of \$192,000 will increase over the term by 3% annually. The lessee will also receive 10% of the portion of gross revenues that are in excess of an annual percentage rent threshold, initially set at 93% of expected gross revenues, and 50% of the portion of gross revenues that are in excess of an annual percentage rent threshold, initially set at 95% of expected gross revenues. The base rent and percentage rent thresholds will increase over the term by 3% annually. On the 31st anniversary of the lease, the base rent will be adjusted to market based on an independent appraisal, and the percentage rent thresholds will be adjusted based on actual gross revenue performance, with both adjustments subject to a floor of 90% and a ceiling of 200% of the prior year's annual base rent or percentage rent thresholds. The lease is a net lease to lessor; the lessee pays all expenses, including property taxes.
- Purchase Rights:** Lessor will retain a right of first offer should the lessee elect to market the leasehold estate. In addition, the lessor will have the right to purchase the leasehold estate with improvements on the 8th and 18th anniversaries of the lease for stipulated sums. Lessor will have the right to purchase the leasehold estate with improvements at fair market value on the 28th, 38th, and 48th anniversaries of the lease, subject to a lessee right to delay such purchase by up to 30 months.
- Appraisal:** \$227,400 initial annual ground rent, with a 10% increase every 5th anniversary; Butler Berger Group, Inc., October 10, 2016; the net present value of the ground lease's base rent, when discounted at the appraisal's capitalization rate, exceeds that of the appraised rent.

Guarantee: Construction of the project will be guaranteed by Balfour Beatty Campus Solutions, LLC or an equivalent guarantor in favor of the lender; and if there is no lender, in favor of the Board. Alternatively, lessee may obtain payment and performance bonds in lieu of a guarantee.

29. Lease - U. T. Dallas: Authorization to expand and extend the term of the lease of space at 3000-3020 Waterview Parkway, Richardson, Collin County, Texas, from GI DC Richardson LLC, for office and research uses

Description: Expansion of the leased premises at 3020 Waterview Parkway, Richardson, Texas, adding approximately 84,425 square feet to the existing leased premises and the extension of the term of the existing premises for office and research uses. Upon completion of the expansion, U. T. Dallas will lease a total of approximately 174,056 square feet. The premises are located in a building that is across the street from the institution's main campus. U. T. Dallas unsuccessfully attempted to purchase the building in Fall 2015.

Lessor: GI DC Richardson LLC, a Delaware limited liability company

Term: The term for the expansion premises is estimated to commence on January 1, 2017, and shall continue for 150 months. The lease of the original premises commenced on October 1, 2013, and the term shall be extended by five years to be coterminous with the expansion premises term. Additionally, the institution will have one five-year renewal option.

Lease Cost: Approximately \$24,675,715 in base rent over the 150-month initial term. Base rent starts at \$16.00 per square foot and increases \$0.50 per square foot each year. U. T. Dallas will also pay increases in operating expenses. Rent for the renewal option period will be at then-fair market value. The lessor is providing a tenant allowance of \$20.00 per square foot and U. T. Dallas will contribute the remainder, approximately \$80.00 per square foot.

Source of Funds: Designated Tuition

30. Contract (funds coming in and going out) - U. T. Permian Basin: Food Service Agreement with Compass Group

Agency: Compass Group

Source of Funds: Auxiliary Funds - Student Meal Plans

Funds: Food service agreement based on royalty from a 3% commission of gross sales. Estimated \$2,500,000 in gross sales and \$75,000 in royalty payments over the life of the contract, including all renewal options.

Period: August 1, 2016 through July 31, 2021; with option to extend for five additional one-year terms

Description: Compass Group to provide full-service food, alcoholic beverage, and non-alcoholic beverage services. This contract was competitively bid.

Pursuant to *Texas Education Code* Section 51.945, students were provided an opportunity to comment prior to determination that this food services provider should be selected by the institution.

31. Contract (funds coming in) - U. T. Rio Grande Valley: Assignment, Assumption, and Amendment of Agreements under which Coca-Cola Refreshments USA, Inc., dba Valley Coca-Cola Bottling, provides beverage vending and products, as well as sponsorship support to U. T. Rio Grande Valley in exchange for certain exclusive rights

Agency: Coca-Cola Refreshments USA, Inc., dba Valley Coca-Cola Bottling

Funds: \$3,853,000 for Beverage Vending and Pouring Rights Agreement

\$753,000 Sponsorship and License Agreement

Period: August 16, 2011 through August 15, 2021

Description: Assignment, Assumption, and Amendment of Beverage Vending and Pouring Rights Agreement transfers the Agreement from U. T. Pan American to U. T. Rio Grande Valley effective August 16, 2015, adds former U. T. Brownsville facilities to the Agreement, and increases benefits to U. T. Rio Grande Valley under the Agreement.

The original vending and pouring rights agreement and the original sponsorship agreement were solicited through a competitive request for proposal awarded in 2011. U. T. Rio Grande Valley determined that the assignment, assumption, and amendment of these agreements provides best value to U. T. Rio Grande Valley.

Pursuant to *Texas Education Code* Section 51.945, students were provided an opportunity to comment prior to determination that this food services provider should be selected by the institution.

32. Contract (funds going out) - U. T. Rio Grande Valley: Amendment to agreement with PricewaterhouseCoopers Advisory Services LLC to perform additional services related to Information Technology Enterprise Resource Planning (ERP) systems and to the continuation of assessment and advisory services related to the School of Medicine

Agency: PriceWaterHouseCoopers Advisory Services LLC (PWC)

Funds: \$7,465,000

Source of Funds: Original Agreement for School of Medicine:  
100% General Revenue

For PeopleSoft Implementation:  
50% General Revenue  
50% Designated Tuition

Second Amendment:  
100% Designated Tuition

Period: January 4, 2016 through December 31, 2016

Description: Under the initial Agreement, signed in January 2016, PricewaterhouseCoopers Advisory Services LLC provided a number of advisory services and deliverables related to U. T. Rio Grande Valley's School of Medicine.

The parties entered into a first amendment to the Agreement effective March 7, 2016. Under the First Amendment, PWC will provide additional services supporting operational readiness as it relates to U. T. Rio Grande Valley's Information Technology Enterprise Resource Planning systems, which includes PeopleSoft Human Capital Management and Supply Chain Financial Management systems. This amendment increased the total fee and expense cap from \$2,500,000 to \$5,000,000. The initial Agreement and first amendment were approved by the Chancellor under authority delegated by the Board to approve contracts with a value of less than \$5,000,000, which authority expired on August 31, 2016.

Effective August 1, 2016, the parties have now entered into a Second Amendment. This latest amendment represents a continuation of the assessment and advisory services related to the School of Medicine, as contemplated under the initial Agreement. It is anticipated that services will

be provided under the Second Amendment through December 31, 2016, and the total fee and expense cap for the entire Agreement has increased from \$5,000,000 to \$7,465,000.

33. Contract (funds going out) - U. T. Rio Grande Valley: Gubener Plastinate GmbH to provide plastination services for medical specimens

Agency: Gubener Plastinate GmbH

Funds: \$1,171,396

Source of Funds: Permanent University Fund

Period: April 27, 2016 to December 31, 2017

Description: The contractor will provide plastination services for medical specimens for use in the Medical School curriculum. This contract was competitively bid.

34. Admissions Criteria - U. T. Rio Grande Valley: Changes to Admission Criteria to the M.A. in School Psychology, M.A. in Spanish, M.A. in Spanish Translation and Interpreting, M.S. in Mathematics, Teacher Certification - Principal Credential (M.Ed. Educational Leadership), and Teacher Certification - Principal Credential (M.Ed. in another field) programs

U. T. Rio Grande Valley requests approval for changes to the criteria for admission to the M.A. in School Psychology, M.A. in Spanish, M.A. in Spanish Translation and Interpreting, M.S. in Mathematics, Teacher Certification - Principal Credential (M.Ed. Educational Leadership), and Teacher Certification - Principal Credential (M.Ed. in another field) programs as described below.

The changes, which are underlined below, have been reviewed and administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents. Of note, the changes to the GPA criterion for the Teacher Certification - Principal Credential (M.Ed. Educational Leadership), and Teacher Certification - Principal Credential (M.Ed. in another field) are consistent with similar programs at other institutions, and it has been determined by the institution that a higher GPA was not a reliable predictor of student success.

**Summary of Changes to Admission Criteria**

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<b>42.2805.00 Master of Arts in School Psychology</b>	
<ol style="list-style-type: none"> <li>1. If applicant does not meet the minimum undergraduate GPA criterion, GRE general test with minimum scores of 150 Verbal, 141 Quantitative, and 4.0 Analytical are required for conditional admission</li> <li>2. Bachelor’s or master’s degree in a related field preferred</li> <li>3. Submission of three letters of recommendation from individuals in a position to judge the professional and academic potential of the applicant. At least one should be from a university professor in the applicant’s major area of study</li> <li>4. Submission of a letter of intent indicating reasons for pursuing the degree</li> </ol>	<ol style="list-style-type: none"> <li>1. <u>Official Graduate Record Examination (GRE) test scores</u></li> <li>2. If applicant does not meet the minimum undergraduate GPA criterion, GRE general test with minimum scores of 150 Verbal, 141 Quantitative, and 4.0 Analytical are required for conditional admission</li> <li>3. Bachelor’s or master’s degree in a related field preferred</li> <li>4. Submission of three letters of recommendation from individuals in a position to judge the professional and academic potential of the applicant. At least one should be from a university professor in the applicant’s major area of study</li> <li>5. Submission of a letter of intent indicating reasons for pursuing the degree</li> </ol>

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<b>16.0905.00 Master of Arts in Spanish</b>	
<ol style="list-style-type: none"> <li>1. Official Graduate Record Examination (GRE) test scores</li> <li>2. Submission of an academic paper written in Spanish for an upper-level undergraduate course</li> <li>3. Submission of three letters of recommendation</li> <li>4. Submission of a letter of intent</li> <li>5. Personal interview</li> </ol>	<ol style="list-style-type: none"> <li>1. <u>Bachelor's degree in Spanish from a regionally accredited institution in the United States or a recognized international equivalent. Applicants that do not hold a B.A. in Spanish must have completed a minimum of 12 hours of Spanish at the advanced undergraduate level with a GPA of 3.0 in those 12 hours.</u></li> <li>2. Official Graduate Record Examination (GRE) test scores</li> <li>3. Submission of an academic paper written in Spanish for an upper-level undergraduate course</li> <li>4. Submission of three letters of recommendation</li> <li>5. Submission of a letter of intent</li> <li>6. Personal interview</li> </ol>

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<b>16.0103. Master of Arts in Spanish Translation and Interpreting</b>	
<ol style="list-style-type: none"> <li>1. GRE general test. Minimum scores: 146 Verbal and 4.0 Analytical Writing. A GRE waiver may be granted if the applicant holds a U. T. Rio Grande Valley graduate certificate in the field (translation, medical interpreting, court interpreting) with a minimum GPA of 3.0.</li> <li>2. Submission of three academic or professional letters of recommendation</li> <li>3. Satisfactory performance on the translation of a document from English to Spanish and from Spanish to English, a short essay in Spanish, and an interview either in person or online</li> </ol>	<ol style="list-style-type: none"> <li>1. GRE general test. Minimum scores: 146 Verbal and 4.0 Analytical Writing. A GRE waiver may be granted if the applicant holds a U. T. Rio Grande Valley graduate certificate in the field (<u>translation, health care interpreting, court interpreting, literary translation, localization and audiovisual translation</u>) with a minimum GPA of 3.0.</li> <li>2. Submission of three academic or professional letters of recommendation</li> <li>3. Satisfactory performance on the Translation of a document from English to Spanish and from Spanish to English, a short essay in Spanish, and an interview either in person or online</li> </ol>

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<b>27.0101 Master of Science in Mathematics – Accelerated BS/MS 5 Year Program (4+1)</b>	
New Program in 4+1 Format	<ol style="list-style-type: none"> <li>1. <u>Apply for admission after completing 60 hours (45 hours General Education core including 3 hours of Calculus I and 15 hours of mathematics) of undergraduate coursework with at least a 3.2 GPA and minimum 3.5 GPA from at least 15 hours in mathematics courses.</u></li> <li>2. <u>GRE general test scores with a minimum Quantitative score of 150 submitted before the start of the 2nd semester of the fourth year.</u></li> </ol>

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<b>13.0401 Teacher Certification – Principal Credential (M.Ed. Educational Leadership)</b>	
<ol style="list-style-type: none"> <li>1. Master’s degree in Educational Leadership</li> <li>2. 3.5 GPA</li> <li>3. Three (3) years teaching experience</li> <li>4. Presentation of the following to the Faculty Admissions Committee. (1 hour)               <ol style="list-style-type: none"> <li>A. Evidence of Teaching Effectiveness                   <ol style="list-style-type: none"> <li>1. Presentation of how you use student performance data to improve instruction</li> </ol> </li> <li>B. Evidence of Leadership Activities                   <ol style="list-style-type: none"> <li>1. Presentation of End-product from M.Ed. program</li> <li>2. Presentation of school site leadership roles/responsibilities</li> <li>3. Evidence of Teaching certificate (Updated)</li> <li>4. Evidence of Teacher Service Record</li> <li>5. Criminal Background Check</li> </ol> </li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. Master’s degree in Educational Leadership</li> <li>2. <u>3.0 GPA</u></li> <li>3. Three (3) years teaching experience</li> <li>4. Presentation of the following to the Faculty Admissions Committee. (1 hour)               <ol style="list-style-type: none"> <li>A. Evidence of Teaching Effectiveness                   <ol style="list-style-type: none"> <li>1. Presentation of how you use student performance data to improve instruction</li> </ol> </li> <li>B. Evidence of Leadership Activities                   <ol style="list-style-type: none"> <li>1. Presentation of End-product from M.Ed. program</li> <li>2. Presentation of school site leadership roles/responsibilities</li> <li>3. Evidence of Teaching certificate (Updated)</li> <li>4. Evidence of Teacher Service Record</li> <li>5. Criminal Background Check</li> </ol> </li> </ol> </li> </ol>

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<b>13.0401 Teacher Certification – Principal Credential (M.Ed. in another field)</b>	
<ol style="list-style-type: none"> <li>1. Master’s degree in a related field</li> <li>2. 3.5 GPA</li> <li>3. Five (5) years teaching experience</li> <li>4. Presentation of the following to the Faculty Admissions Committee. (1 hour)               <ol style="list-style-type: none"> <li>A. Evidence of Teaching Effectiveness                   <ol style="list-style-type: none"> <li>1. Presentation of how you use student performance data to improve instruction</li> </ol> </li> <li>B. Evidence of Leadership Activities                   <ol style="list-style-type: none"> <li>1. Presentation of End-product from M.Ed. program</li> <li>2. Presentation of school site leadership roles/responsibilities</li> <li>3. Evidence of Teaching certificate (Updated)</li> <li>4. Evidence of Teacher Service Record</li> <li>5. Criminal Background Check</li> </ol> </li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. Master’s degree in a related field</li> <li>2. <u>3.0 GPA</u></li> <li>3. Five (5) years teaching experience</li> <li>4. Presentation of the following to the Faculty Admissions Committee. (1 hour)               <ol style="list-style-type: none"> <li>A. Evidence of Teaching Effectiveness                   <ol style="list-style-type: none"> <li>1. Presentation of how you use student performance data to improve instruction</li> </ol> </li> <li>B. Evidence of Leadership Activities                   <ol style="list-style-type: none"> <li>1. Presentation of End-product from M.Ed. program</li> <li>2. Presentation of school site leadership roles/responsibilities</li> <li>3. Evidence of Teaching certificate (Updated)</li> <li>4. Evidence of Teacher Service Record</li> <li>5. Criminal Background Check</li> </ol> </li> </ol> </li> </ol>

35. Request for Budget Change - U. T. Rio Grande Valley: New Hires with Tenure -- amendment to the 2016-2017 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>School of Medicine</b>					
Biomedical Sciences					
Professor, Chair and Associate Dean for Research					
Andrew Tsin (T)	9/1-8/31	100	12	320,000	8119
Surgery					
Professor and Chair					
Samuel K. Snyder (T)	11/1-8/31	100	12	777,000	8121

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

**Stella Behar**, from Professor to Professor Emeritus, Department of Literatures and Cultural Studies in the College of Liberal Arts (RBC No. 8125) -- amendment to the 2016-2017 budget

**Lokenath Debnath**, from Professor to Professor Emeritus, School of Mathematics and Statistical Sciences in the College of Sciences (RBC No. 8124) -- amendment to the 2016-2017 budget

37. Other Matters - U. T. Rio Grande Valley: Approval of the Amended and Restated Bylaws of U. T. Rio Grande Valley School of Medicine MSRDP (Medical Service, Research and Development Plan) Faculty Practice Plan

The bylaws describe membership, organization and governance of the faculty practice plan and establish an institutional trust fund for the receipt and disbursement of plan income. The bylaws were based on the Amended and Restated Model Bylaws of the Medical Service, Research and Development Plan/Physicians Referral Service (MSRDP/PRS) Faculty Practice Plan approved by the Board of Regents on February 7, 2008 for health institutions.

Due to the limited size of the School's employed faculty members, the structure was modified from the model bylaws in the following manner. All the MSRDP standing committees become subcommittees to the MSRDP Executive Committee. The Executive Committee maintains responsibility for all functions and duties of the subcommittees. The Executive Committee convenes subcommittees on an as needed basis as determined by the President or the President's designee; the Executive Vice Chancellor for Health Affairs, on call of the Chair; or at the request of twenty-five percent (25%) of the Board of Directors. This change is to address the concern by the School that almost the entire current faculty would have to be enlisted to serve on committees, creating inefficiencies within the School. Proper oversight is provided by mandating that the Executive Vice Chancellor for Health Affairs, the President, or the Board of Directors can constitute these subcommittees. As the number of faculty members grows, subcommittees will be constituted.

Since the President of U. T. Rio Grande Valley will not necessarily be a physician or administrator experienced in running clinical operations, where the model bylaws provide for presidential leadership (such as chair of the MSRDP Board of Directors) or presidential decisions, the School's MSRDP Bylaws read as President "or the President's designee" (the Medical School Dean). This allows the President to decide who holds the expertise necessary for the management and operations of the practice plan bylaws. However, since the alternative for the President is the President's designee, the President remains responsible for the activities of the plan.

38. Request for Budget Change - U. T. Tyler: New Hire with Tenure -- amendment to the 2016-2017 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>College of Business and Technology</b>					
Technology					
Associate Professor					
Mohammed Ali (T)	9/1/16	100	9	85,000	8057

**HEALTH AFFAIRS COMMITTEE**

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

Agency: Dallas County Hospital District

Funds: \$87,560,893

Period: October 1, 2016 through September 30, 2017

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

40. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide physicians and other health care services to the indigent population of Dallas County at Parkland Health and Hospital System for the Dallas County Indigent Care Corporation

Agency: Dallas County Indigent Care Corporation (DCICC)

Funds: \$146,336,545

Period: October 1, 2016 through September 30, 2017

Description: U. T. Southwestern Medical Center will provide physician and other health care services at Parkland Health and Hospital System to the indigent population in and around Dallas County, Texas.

41. Contract (funds coming in) - U. T. Southwestern Medical Center: Interagency agreement with the Texas Health and Human Services Commission for participation in Health and Human Services Commission's Network Access Improvement Program

Agency: Texas Health and Human Services Commission

Funds: \$10,800,000

Period: August 1, 2016 through August 31, 2017

Description: Interagency agreement is for participation in Health and Human Services Commission's Network Access Improvement Program that includes federal matching funds. This program is focused on serving Managed Medicaid patients. U. T. Southwestern Medical Center will receive project payments.

42. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide physician and medical administrative services to Texas Scottish Rite Hospital for Children

Agency: Texas Scottish Rite Hospital for Children  
Funds: \$5,144,310  
Period: September 1, 2016 through August 31, 2021  
Description: U. T. Southwestern Medical Center will provide physician and medical administrative services.

43. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide professional and technical services to support the operations of UT Southwestern Moncrief Cancer Center

Agency: UT Southwestern Moncrief Cancer Center  
Funds: \$8,626,336  
Period: September 1, 2016 through August 31, 2017  
Description: U. T. Southwestern Medical Center will provide professional and technical services. UT Southwestern Moncrief Cancer Center (MCI) will reimburse U. T. Southwestern Medical Center for the cost of leasing employees. These services and leased employees will support the general operations of MCI.

44. Contract (funds going out) - U. T. Southwestern Medical Center: UT Southwestern Moncrief Cancer Center will provide personnel, administrative oversight, and clinical services to operate the Mobile Cancer Survivorship Care Program

Agency: UT Southwestern Moncrief Cancer Center, dba Moncrief Cancer Institute

Funds: \$4,898,620

Source of Funds: MSRDP/DSRDP/PRS Practice Plan Professional Fees and Hospital Patient Income

Period: September 1, 2016 through December 31, 2017

Description: U. T. Southwestern Medical Center is engaging the UT Southwestern Moncrief Cancer Center to provide Mobile Cancer Survivorship Care to underserved cancer survivors in Tarrant County, including cancer screening (breast and colorectal), and medical consultations with a variety of health professionals. UT Southwestern Moncrief Cancer Center is also providing personnel, administrative oversight, and clinical services to operate the program.

45. Contract (funds going out) - U. T. Southwestern Medical Center: TEMPEG, LLP will provide physician and other health care provider coverage services at Parkland Health and Hospital System

Agency: TEMPEG, LLP

Funds: \$22,000,000

Source of Funds: MSRDP/DSRDP/PRS Practice Plan Professional Fees

Period: September 1, 2016 through August 31, 2020

Description: TEMPEG, LLP will provide physician and other health care provider coverage services at Parkland Health and Hospital System. This procurement was not competitively bid because it is for professional services. Under the *Texas Government Code*, Chapter 2254.003, a government entity may not select a provider of professional services on the basis of competitive bids, but instead will make the selection based on the demonstrated competence and qualifications to perform the services and for a fair and reasonable price.

46. Request for Budget Change - U. T. Southwestern Medical Center: New Hires with Tenure -- amendment to the 2015-2016 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>Southwestern Medical School</b>					
Internal Medicine					
Professor					
Trish Peri-DeLisle (T)	7/1-8/31	100	12	275,000	7906
Molecular Biology					
Professor					
Elizabeth Chen (T)	6/13-8/31	100	12	210,000	7792
Physiology					
Professor and Chairman					
Duojia Pan (T)	6/1-8/31	100	12	76,000	7793

47. Request for Budget Change - U. T. Southwestern Medical Center: Approval of Emeritus Title

**George Buchanan**, from Professor to Professor Emeritus, Department of Pediatrics in the Medical School (RBC No. 8021) -- amendment to the 2016-2017 budget

48. Lease - U. T. Southwestern Medical Center: Authorization to expand the lease of approximately 4,797 square feet of space at 6300 Harry Hines Boulevard, Bass Center III, Suite BK 130, Dallas, Dallas County, Texas, to The Fresh Market, Inc., a Texas corporation, for a restaurant to serve its staff, tenants, and invitees at the institution’s Bass Clinic Center

Description: Lease of approximately 4,797 square feet to The Fresh Market, Inc., a Texas corporation, for a restaurant at 6300 Harry Hines Boulevard, Bass Center III, Suite BK 130, Dallas, Dallas County, Texas. The restaurant provides food service to the institution’s staff, faculty, students, tenants, and invitees. The Board of Regents approved an expansion of the lease to this tenant on August 20, 2015 and this is a further expansion of the lease.

Lessee: The Fresh Market, Inc., a Texas corporation

Term: The term is anticipated to commence on January 1, 2017, and continues for 123 months with one five-year option to renew.

Lease Income: Approximately \$1,000,337 for an average rent of \$20.34 per rentable square foot over the initial term with tenant improvement allowance provided by landlord not to exceed \$496,701 and owned by landlord, but used by lessee. The rent amount and value of tenant improvements are supported by a memorandum from Cameron Tapley with Swearingen.

49. Request for Budget Change - U. T. Medical Branch - Galveston: New Hire with Tenure -- amendment to the 2015-2016 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>School of Medicine</b>					
Department of Surgery					
Professor					
Abe DeAnda, Jr. (T)	8/1-8/31	100	12	\$550,000	7984

50. Lease - U. T. Medical Branch - Galveston: Authorization to lease approximately 2,385 square feet of medical office space located at 109 E. Toronto Avenue, McAllen, Hidalgo County, Texas, from G. J. Palmer, Jr., for clinical and related uses

Description: Lease of approximately 2,385 square feet of medical office space located at 109 E. Toronto Avenue, McAllen, Hidalgo County, Texas, for clinical and related uses

Lessor: G. J. Palmer, Jr.

Term: The lease for approximately 2,385 square feet is estimated to commence on May 1, 2017, and the initial term is for a period of 120 months. U. T. Medical Branch - Galveston will have two renewal option periods, each for five years, exercisable in its discretion.

Lease Cost: Approximately \$27.12 per square foot annually in the first year and approximately \$646,812 in rent during the initial term. It is estimated that approximately \$12 per square foot annually is attributable to base rental and approximately \$15.12 per square foot annually is attributable to amortized tenant improvement expense. Rent for the renewal option periods will not exceed the then-current market base rate. In addition to the rent, U. T. Medical Branch - Galveston will pay for the cost of the operating expenses, which U. T. Medical Branch - Galveston estimates to initially be approximately \$6.50 per square foot or \$15,502.50 annually.

Tenant Improvements: The landlord will build and initially pay the expense of the tenant improvements. It is estimated that the tenant improvements will cost approximately \$360,455.62 (\$151 per square foot).

Source of Funds: Health System

51. Contract (funds coming in) - U. T. Health Science Center - Houston: Memorial Hermann Health System to provide financial support for U. T. Health Science Center - Houston's academic, research, and community service programs

Agency: Memorial Hermann Health System

Funds: Approximately \$288,000,000

Period: July 1, 2016 through June 30, 2017

Description: Memorial Hermann Health System will make payments to U. T. Health Science Center - Houston for Academic Support, Program Support, Contracted Services, and Clinical Support. All amounts paid for Clinical Support are to be used for the recruitment, retention, or engagement of physicians as agreed separately in writing.

A review committee with three executives from each party will oversee the administration of Program Support and Clinical Support payments and establish a monthly ratable distribution and a reconciliation process. The committee will also review department performance data and may consider adjustment of continued program support based on that review.

This agreement is in lieu of an Operating Agreement for Fiscal Year 2017 and satisfies obligations under the current Affiliation Agreement between the parties.

52. Request for Budget Change - U. T. Health Science Center - Houston: Tenure Appointments -- amendment to the 2016-2017 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>School of Dentistry</b>					
Diagnostic and Biomedical Sciences					
Professor					
Mary Farach-Carson (T)	9/1-8/31	100	12	250,000	8053
Department of Nursing Systems					
Professor					
Constance Johnson (T)	10/1-8/31	100	12	205,000	8031

53. Request for Budget Change - U. T. Health Science Center - Houston: Approval of Emeritus Title

**Jerry S. Wolinsky**, from Professor to Professor Emeritus, Department of Neurology in the McGovern Medical School (RBC No. 8006) -- amendment to the 2016-2017 budget

54. Request for Budget Change - U. T. Health Science Center - San Antonio: Approval of Emeritus Title

**Spencer Redding**, from Professor and Chair to Professor Emeritus, Department of Comprehensive Dentistry in the School of Dentistry (RBC No. 8004) -- amendment to the 2016-2017 budget

55. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Amendment to agreement with Lonza Biologics Tuas Pte, Ltd to provide construction of a cell line for the creation of a master cell bank

Agency: Lonza Biologics Tuas Pte, Ltd

Funds: Amendment 5 increases the cap amount to \$8,000,000. Total fees under this contract, including all available renewal periods, will not exceed \$10,000,000.

Source of Funds: Hospital Patient Income

Period: The term of the initial agreement was for a period of 24 months, commencing on September 1, 2014 and continuing through August 31, 2016, with the option of two 12-month renewals. Amendment 4 extended the term to August 31, 2018. No renewal options remain.

Description: Vendor will provide services to construct a cell line for the creation of a master cell bank. The cell line to be purchased under this agreement and the product produced using the cell line will be subject to the terms of a separate license agreement covering Lonza Biologics Tuas Pte, Ltd intellectual property incorporated into the cell line.

The initial agreement was approved by the Board of Regents on August 21, 2014. Amendments 1-4 were not previously submitted because they did not exceed the contract approval threshold value. The original agreement was sourced via an Exclusive Acquisition Justification (EAJ), and another EAJ was approved prior to execution of Amendment 3 to cover the expanded scope.

56. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Amendment to agreement with Viracor-IBT Laboratories, Inc. to provide lab testing and reporting services

Agency: Viracor-IBT Laboratories, Inc.

Funds: The total cost of services under this agreement, including all renewals, will not exceed \$7,000,000.

Source of Funds: Hospital Patient Income

Period: The term of the existing agreement is for a period of 36 months, commencing on December 15, 2013, and continuing through December 14, 2016 with two renewal options of 12-months each. Amendment 3 extends the term to December 14, 2018. No renewal options remain. The 2013 agreement and Amendments 1 and 2 were submitted to the Board for approval on November 5, 2015, as the second amendment increased the value of the agreement over the institution’s \$2,500,000 delegated contract authority.

Description: U. T. M. D. Anderson Cancer Center cares for a significant patient population of severely immunocompromised patients who are at high risk of morbidity resulting from opportunistic and unusual infections. Rapid lab testing and reporting is required for early diagnosis and intervention. Viracor-IBT Laboratories, Inc. provides lab testing and reporting services that meet these turnaround requirements. The contract was sourced via an Exclusive Acquisition Justification for “Meets Unique Specifications” and it was approved because the vendor met the unique specifications.

57. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: PricewaterhouseCoopers Services LLC to assist with continued development and expansion of the Translational Research Accelerator

Agency: PricewaterhouseCoopers Services LLC

Funds: Total fees under this contract, including all available renewal periods, will not exceed \$52,000,000.

Source of Funds: Local Hospital Revenue

Period: The term of the initial agreement will be for a period of 36 months, commencing on November 11, 2016 and continuing through November 10, 2019, with the option for two additional 12-month renewals.

Description: This is a new contract resulting from the Translational Research Accelerator RFP. U. T. M. D. Anderson Cancer Center, with the assistance of PricewaterhouseCoopers, has previously created a Translational Research Accelerator platform. The Translational Research Accelerator is an integrated hardware/software environment designed to allow the full integration of longitudinal, patient-level clinical and research data to facilitate acceleration of investigator and large-scale analytic driven translation research. The Translational Research Accelerator platform is central to developing innovative tools and processes to close the translational gaps between research and patient care. U. T. M. D. Anderson Cancer Center seeks to continue the development and expansion of the Translational Research Accelerator with support from PricewaterhouseCoopers pursuant to this contract. This agreement was competitively bid.

58. Request for Budget Change - U. T. M. D. Anderson Cancer Center: New Hire with Tenure -- amendment to the 2016-2017 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>Department of Molecular and Cellular Oncology</b>					
Professor					
Xiaodong Cheng (T)	9/1-8/31	100	12	315,000	7967

59. Request for Budget Change - U. T. M. D. Anderson Cancer Center: Tenure Appointment -- amendment to the 2016-2017 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>Medical Staff</b>					
Cancer Medicine					
Gastrointestinal Medical Oncology					
Professor					
Gauri Varadhachary (T)	9/1-8/31	100	12	320,664	7913
Cancer Medicine					
Neuro Oncology					
Neuropsychology					
Associate Professor					
Shelli Kesler (T)	9/1-8/31	100	12	159,908	7966

60. Lease - U. T. M. D. Anderson Cancer Center: Authorization to increase the area and the total lease cost for a previously-approved medical office and clinic building to be constructed on a site located at the southwest corner of State Highway 242 and Fellowship Drive, The Woodlands, Montgomery County, Texas, from The Woodlands MDA, LLC, or a related entity, for use as a medical clinic

Description: Lease of approximately 203,257 square feet in a single-tenant medical clinic building to be constructed by lessor at a site located at the southwest corner of State Highway 242 and Fellowship Drive, The Woodlands, Montgomery County, Texas, for relocation and expansion of a regional care clinic.

U. T. M. D. Anderson Cancer Center requested and received Board approval on February 11, 2016, for the lease of a 155,000 square foot building. Since the initial Board consideration and approval, the institution has increased the scope of the clinic to add additional procedure space (including chemotherapy) and to accommodate future clinic growth and expansion. Initially, the landlord will construct and deliver 171,000 square feet of space; the remaining approximately 32,257 square feet of space in the building will remain in shell condition until such time as the institution determines the need to expand the clinic, estimated to be on or before five years after the commencement of the lease. U. T. M. D. Anderson Cancer Center projects a 36% increase in cancer cases in The Woodlands market area over the next 10 years. The institution will construct the improvements to the shell space in its entirety or in increments as supported by market demand.

Lessor: The Woodlands MDA, LLC, a Texas limited partnership, or a related entity

Term: The term commences on the date that lessor substantially completes the construction of the project and continues for 20 years, plus two five-year renewal options. The estimated commencement date is February 2019. The lease will provide the Cancer Center two termination options:

(1) an option to terminate on or before March 31, 2017; with 60-days' advanced notice in the event that the institution learns of the applicability of adverse changes to Medicare reimbursements. The fee for termination in this instance shall be equal to the lessor's then-accrued development costs plus a fee in the amount of \$500,000; and

(2) an option to terminate on the last day of the 180th month with 12-months' notice and the payment of then unamortized tenant improvement costs plus an amount equal to six months of base rent

Lease Cost:

The base rent will be calculated using a rent constant of 6.5% applied to the total project development cost (including the cost of land acquisition, and hard and soft costs of construction, and financing costs). Based on preliminary plans and current construction cost estimates, the year one base rental rate would be \$25.30 per square foot per year and will escalate annually by 2.5%; the projected total lease cost will be approximately \$205,000,000 in base rent and estimated operating expenses over the initial 20-year term. Base rent for each of the renewal option periods will be 95% of the then-prevailing market rental rate.

Tenant Improvements:

For the initial tenant improvements to be constructed in approximately 171,000 square feet, the Lessor is providing a tenant improvement allowance of \$9,880,000 (\$48.61 per square foot); the institution will fund additional improvements to the leased premises of approximately \$30,700,000 (\$151 per square foot). For the remaining approximately 32,257 square feet of shell expansion space, U. T. M. D. Anderson Cancer Center will pay the cost of all tenant improvements, currently estimated to be approximately \$6,451,400.

Source of Funds:

Patient Revenue

61. Purchase - U. T. M. D. Anderson Cancer Center: Authorization to purchase a tract of unimproved land consisting of approximately 8.713 acres located at the intersection of the U.S. Highway 59 frontage road and Taborwood Avenue, Sugar Land, Fort Bend County, Texas, from NNP-Telfair, LLC for development, construction, and operation of clinical facilities

Description: Purchase of a tract of unimproved land consisting of approximately 8.713 acres located at the intersection of the U.S. Highway 59 frontage road and Taborwood Avenue, Sugar Land, Fort Bend County, Texas (the “Property”), 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 Property will be used by U. T. M. D. Anderson Cancer Center for the development, construction, and operation of clinical facilities.

U. T. M. D. Anderson Cancer Center received Board of Regents approval on November 5, 2015, to lease a 90,000 square foot building to be constructed on the Property by a private developer. The institution has changed its strategy in Sugar Land and will no longer enter into the previously approved build-to-suit lease, but will rather renew its existing space lease in Sugar Land through 2024 and purchase the Property for future development.

The purchase contract permits U. T. M. D. Anderson Cancer Center to terminate the agreement on or before February 25, 2017, if changes in Medicare reimbursements to the institution adversely affect clinic revenues.

Seller: NNP-Telfair, LLC, a Texas limited liability company

Purchase Price: Not to exceed fair market value as determined by an independent appraisal performed by Valbridge Property Advisors; appraisal confidential pursuant to *Texas Education Code* Section 51.951

Source of Funds: Local Hospital Margins

62. Other Matters - U. T. M. D. Anderson Cancer Center: Authorization to amend the lease of land located at the southwest corner of Bertner Avenue and Old Spanish Trail in Houston, Harris County, Texas, to provide for the construction of a parking lot at the southeast corner of Fannin Street/Knight Road and Old Spanish Trail by the institution in exchange for the payment of a fee by The Proton Therapy Center-Houston LTD., L.L.P., for parking related to the expansion of clinical facilities

Description: On August 20, 2015, the Board of Regents authorized the expansion by 1.25 acres of a ground lease to The Proton Therapy Center-Houston LTD., L.L.P (PTC). The additional premises will accommodate expanded clinical facilities. PTC is a joint endeavor with U. T. M. D. Anderson Cancer Center.

Portions of the expansion land are presently used as a surface parking lot by the institution. So as to replace the parking that the institution will lose when the PTC expands its clinical facility, PTC has agreed to pay a fee to reimburse U. T. M. D. Anderson Cancer Center for the cost of constructing a replacement surface parking lot. Other aspects of the ground lease remain as authorized by the Board.

Tenant: The Proton Therapy Center-Houston LTD., L.L.P.

Proposed Improvements: The institution will build at its cost a surface parking lot with approximately 175 parking spaces and a related storm water detention pond. These improvements will be located on approximately two acres located at the southeast corner of Fannin Street/Knight Road and Old Spanish Trail.

Additional Income: PTC will pay the institution an annual fee of up to approximately \$150,000 for 17 years to reimburse the institution for its cost of building the proposed new parking facilities. This fee is based on an estimated development cost of \$1,600,000. The annual fee will adjust for actual development costs. U. T. M. D. Anderson Cancer Center will make no less than 50 parking spaces available to PTC's employees. In addition to the fee to be paid by PTC, the institution anticipates that, like at its other parking facilities, individuals may contract with the institution for the right to park in the parking lot.

63. Contract (funds coming in) - U. T. Health Science Center - Tyler: Reimbursement contract with the Texas Department of State Health Services to provide mental health services

Agency: Department of State Health Services (DSHS), an agency of the State of Texas

Funds: Approximately \$9,200,000 for the one year remaining under contract term

Period: September 1, 2016 through August 31, 2017

Description: U. T. Health Science Center - Tyler will continue to provide residential behavioral health services for up to 30 individuals transferred to U. T. Health Science Center - Tyler from state mental health facilities and will provide acute behavioral health services for up to 14 individuals from a five-county area.

**FACILITIES PLANNING AND CONSTRUCTION COMMITTEE**

64. Contract (funds going out) - U. T. System: Sebesta, Inc. to perform technical commissioning services

Agency: Sebesta, Inc.

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis

Source of Funds: Various funds approved for individual Capital Improvement Program (CIP) projects

Period: May 1, 2014 through April 30, 2020  
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 delegation threshold)

Description: Sebesta, Inc. to perform miscellaneous technical commissioning services on a job order basis. Services were competitively procured.

**TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE**

No items for Consent Agenda