

Meeting No. 946

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

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December 10, 2001

Austin, Texas

MEETING NO. 946

MONDAY, DECEMBER 10, 2001.--The members of the Board of Regents of The University of Texas System convened via telephone conference call at 10:05 a.m. on Monday, December 10, 2001, on the Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following in attendance:

ATTENDANCE.--

Present
Chairman Miller, presiding
Vice-Chairman Clements
Vice-Chairman Riter
Regent Craven
Regent Estrada
Regent Hunt
Regent Krier
Regent Oxford
Regent Sanchez

Absent

Counsel and Secretary Frederick

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Miller called the meeting to order. He announced that the purpose of this special called meeting was to consider several matters of sufficient urgency to require immediate consideration by the Board prior to the next regularly scheduled meeting on February 13-14, 2002.

[On November 29, 2001, Governor Rick Perry named Mr. Robert A. Estrada, Dallas, Texas, to the Board of Regents of The University of Texas System for a term to expire on February 1, 2005. Mr. Estrada succeeds Mr. Raul R. Romero, Houston, Texas, who resigned from the Board on August 6, 2001.

Mr. Estrada took his oath of office on December 4, 2001, and his appointment is subject to Senate confirmation when the Legislature is in Session in 2003.]

Chairman Miller welcomed Mr. Robert A. Estrada, Dallas, Texas, as a new member of the Board of Regents and stated the Board looked forward to Mr. Estrada's advice and counsel in the governance of The University of Texas System.

1. U. T. Board of Regents: Appointment of Member to the Board of Directors of The University of Texas Investment Management Company (UTIMCO)

The Board approved the appointment of Mr. R. H. (Steve) Stevens, Jr., Houston, Texas, to The University of Texas Investment Management Company (UTIMCO) Board of Directors to serve the remainder of the term of Mr. Robert H. Allen which expires on April 1, 2002, and for a three-year term thereafter ending April 1, 2005, or until his successor has been chosen and qualified, or until his earlier death, resignation, or removal.

Section 66.08 of the Texas Education Code requires that the U. T. Board of Regents appoint all members of the Board of Directors of UTIMCO. Mr. Stevens was formally recommended for the UTIMCO Board from a list of nominees submitted by The Texas A&M University System Board of Regents on December 7, 2001.

Mr. Stevens is a consultant on business, financial, and tax matters for a number of businesses in various industries including oil and gas, real estate, and agriculture. He was appointed to The Texas A&M University System Board of Regents in 1999 where he is chairman of the Committee of Finance, a member of various other committees, and is the Board's special liaison to the Board for Lease of University Lands.

2. U. T. M. D. Anderson Cancer Center: Authorization to Negotiate and Enter into an Electrical Service Contract and Approval for President Mendelsohn or His Designee to Execute All Documents Related Thereto

Mr. Leon Leach, Executive Vice President at The University of Texas M. D. Anderson Cancer Center, gave an overview of the energy situation at that institution and said that entering into a fixed price contract with Reliant Energy, for instance, could save approximately \$300,000 per month.

He reported that U. T. M. D. Anderson Cancer Center had issued a Request for Proposals (RFP) for an electrical service provider, and two suppliers, Reliant Energy (Houston, Texas) and TxU Energy Services (Dallas, Texas), indicated they are willing to supply electricity on terms and conditions which will be substantially less than U. T. M. D. Anderson Cancer Center's current electricity costs and significantly less than discounts available to the institution under State law.

Upon motion of Regent Oxford, duly seconded, the Board authorized President Mendelsohn or his designee:

- a. To negotiate and to enter into an electrical service contract on the best terms for the institution
- b. To execute any and all documents necessary for completion of said transactions
- c. To take all actions deemed necessary or desirable to carry out the purpose and intent of the foregoing actions.

The University of Texas at Austin negotiated a gas sale contract in June 2001. Chairman Miller encouraged other University of Texas System component institutions to seek their own energy contracts.

Counsel and Secretary's Note: Following the motion, Mr. Leach asked that authorization be granted to allow the term of this contract to extend for up to five years. Although Mr. Oxford amended his motion accordingly, Chairman Charles Miller asked that the President contact him to discuss any proposed agreement of longer than two years.

RECESS TO EXECUTIVE SESSION.--At 10:15 a.m., Chairman Miller announced that the Board would recess to convene in Executive Session pursuant to Texas Government Code Section 551.074 to consider matters listed on the Executive Session agenda.

RECONVENE.--At 10:45 a.m., the Board reconvened in open session for action on the matter considered in Executive Session.

EXECUTIVE SESSION OF THE BOARD OF REGENTS

Chairman Miller reported that the Board met in Executive Session to discuss matters in accordance with Texas Government Code Section 551.074 and stated there would not be any action taken on any other matter discussed in Executive Session. In response to an inquiry from Chairman Miller regarding the wishes of the Board, the following action was taken:

U. T. Board of Regents: Election of Vice-Chairman in Accordance with the Regents' Rules and Regulations, Part One, Chapter I, Section 4 Related to the Election of Officers and Approval of Chairman's Committee and Other Representative Appointments (Regents' Rules and Regulations, Part One, Chapter I, Section 7 Related to Committees and Other Appointments)

Vice-Chairman Clements moved that, in accordance with the Regents' Rules and Regulations, Part One, Chapter I, Section 4, Regent Woody L. Hunt be elected Vice-Chairman of the Board effective immediately.

She further moved that, in accordance with Section 7, Subsection 7.2 of Chapter I, Part One of the Regents' Rules, the Board approve the appointment of Regent Robert A. Estrada as an additional alternate member of the Board for Lease of University Lands as recommended by Chairman Miller.

Both motions were duly seconded.

Chairman Miller reported that he had appointed Regent Estrada to serve on the Academic Affairs Committee and the Finance and Planning Committee, and had appointed both Vice-Chairman Hunt and Regent Estrada to serve on the Special Committee on Minorities and Women.

Current appointments are listed below and will remain in effect until the succeeding Board Chairman shall reconstitute the committees in 2003.

a. STANDING COMMITTEES

Executive Committee

Charles Miller, Chairman
Rita C. Clements, Vice-Chairman
Woody L. Hunt, Vice-Chairman
A. W. "Dub" Riter, Jr., Vice-Chairman

Note: Chairman Miller chairs the Executive Committee and is a voting member of that Committee. He is a nonvoting *ex officio* member of the following standing committees:

Finance and Planning Committee

Woody L. Hunt, Chairman
Robert A. Estrada
Cyndi Taylor Krier
Patrick C. Oxford
A. W. "Dub" Riter, Jr.

Academic Affairs Committee

Cyndi Taylor Krier, Chairman
Robert A. Estrada
Woody L. Hunt
Patrick C. Oxford

Health Affairs Committee

Patrick C. Oxford, Chairman
Rita C. Clements
Judith L. Craven, M.D.
A. R. (Tony) Sanchez, Jr.

Facilities Planning and Construction Committee

Rita C. Clements, Chairman
Judith L. Craven, M.D.
A. W. "Dub" Riter, Jr.
A. R. (Tony) Sanchez, Jr.

b. SPECIAL COMMITTEE

Special Committee on Minorities and Women

Judith L. Craven, M.D., Chairman
Rita C. Clements
Robert A. Estrada
Woody L. Hunt
Cyndi Taylor Krier

Note: Chairman Miller is a nonvoting *ex officio* member of this special committee.

c. REGENTAL REPRESENTATIVES

Board for Lease of University Lands

Judith L. Craven, M.D.
Cyndi Taylor Krier
Robert A. Estrada, Alternate
Charles Miller, Alternate

The University of Texas Investment Management Company (UTIMCO)
Board of Directors (to serve until April 1, 2003, or until their successors
are chosen and qualified, or until their earlier resignation or removal)

Rita C. Clements
Woody L. Hunt
A. W. "Dub" Riter, Jr.

Texas Growth Fund Board of Directors

A. W. "Dub" Riter, Jr.

M. D. Anderson Services Corporation

Patrick C. Oxford

ADJOURNMENT.--Chairman Miller announced that the purpose for which this meeting was called had been completed and the meeting was duly adjourned at 10:50 a.m.

/s/ Francie A. Frederick
Counsel and Secretary to the Board

December 19, 2001