

Meeting No. 1,217

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

Pages 1 - 12

June 24, 2021

Austin, Texas

MEETING NO. 1,217

THURSDAY, JUNE 24, 2021.--The members of the Board of Regents of The University of Texas System convened in Open Session on Thursday, June 24, 2021 at 3:00 p.m. via Zoom conference, with the below meeting participation. This special called meeting of the Board was held via video conference call and without any in-person participation as authorized by Governor Abbott’s Executive Order temporarily suspending certain provisions of the Texas Open Meetings Act, effective March 16, 2020.

ATTENDANCE.--

Present

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

Absent

- Regent Hicks

CONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION.-- At 3:02 p.m., in accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Eltife called the meeting to order in Open Session, then recessed the Board to Executive Session, pursuant to *Texas Government Code* Sections 551.071 through 551.074, 551.076, and 551.089 to consider the matters listed on the Executive Session agenda.

RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER ACTION ON EXECUTIVE SESSION ITEMS AND AGENDA ITEMS.--Chairman Eltife reconvened the Board in Open Session at 3:09 p.m. to consider action on the following items.

1. U. T. Rio Grande Valley: Discussion and appropriate action regarding the purchase of approximately 37.82 acres of unimproved land along the south side of Pecan Boulevard between Jackson Road and McColl Road and bisected by Commerce Center Street, located within a development known as 495 Commerce Center, in McAllen, Hidalgo County, Texas from 495 Commerce Center Partners, Ltd. and 495-McColl Partners, Ltd., for future campus expansion and other mission related purposes, including use by UTRGV's School of Medicine

Vice Chairman Weaver made the following motion:

I move that the U. T. System Board of Regents, on behalf of U. T. Rio Grande Valley, authorize the purchase of approximately 37.82 acres of unimproved land located along

the south side of Pecan Boulevard between Jackson Road and McColl Road and bisected by Commerce Center Street and located within a development known as 495 Commerce Center, in McAllen, Hidalgo County, Texas, from 495 Commerce Center Partners, Ltd. and 495-McColl Partners, Ltd. for future campus expansion and other mission related purposes, including use by the School of Medicine on terms in accordance with the parameters outlined in Executive Session.

The motion was seconded by Regent Perez and carried unanimously.

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

No action was taken on this item.

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

No action was taken on this item.

4. U. T. System Board of Regents: Discussion and appropriate action regarding safety and security issues, including security audits and the deployment of security personnel and devices

No action was taken on this item.

AGENDA ITEMS

1. U. T. System Board of Regents: Approval of Consent Agenda items and referral of any items to the full Board

Chairman Eltife noted the following related to the Consent Agenda:

- Item 1a requests approval of the appointment of Vice Chancellor David Lakey to serve on the Board of Scientific Counselors to the Center for Preparedness and Response at the Centers for Disease Control and Prevention.

In approving this item, the Board is asked to make a finding that holding of the position is of benefit to the State of Texas and U. T. System and that there is no conflict between the position and the System.

- Item 1b seeks authorization for U. T. Southwestern Medical Center to lease land and to sell the improvements on the land to the Dallas Independent School District (DISD).

Regent Crain moved approval of the Consent Agenda, which was seconded by Vice Chairman Weaver. The Board then approved the Consent Agenda, which is set forth on Pages 11 - 13.

2. U. T. System Board of Regents: Approval of Chairman’s recommended Committee Chairmen and Regental representatives; and notification of appointments to Standing Committees and Liaison roles for the record (Regents’ Rules and Regulations, Rule 10402, regarding Committees and Other Appointments)

The Board approved the following recommendation:

RECOMMENDATION

In accordance with the requirements of the Regents’ *Rules and Regulations*, Rule 10102, Chairman Eltife requests concurrence of the U. T. System Board of Regents on the appointments of the Committee Chairmen, Representatives of the Board, and Liaison roles as underlined below.

Committee membership and other appointments are listed below for the record. All appointments will be effective immediately and will remain in effect until new appointments are made.

Committees

Academic Affairs Committee

James C. “Rad” Weaver, Chairman
Christina Melton Crain
R. Steven Hicks
Janiece Longoria
Nolan E. Perez, M.D.
Stuart W. Stedman

Audit, Compliance, and Management Review Committee

Nolan E. Perez, M.D., Chairman
Christina Melton Crain
Jodie Lee Jiles
Janiece Longoria
Kelcy L. Warren
James C. “Rad” Weaver

Facilities Planning and Construction Committee

R. Steven Hicks, Chairman
Christina Melton Crain
Nolan E. Perez, M.D.
Stuart W. Stedman
Kelcy L. Warren
James C. “Rad” Weaver

Finance and Planning Committee

Janiece Longoria, Chairman
R. Steven Hicks
Jodie L. Jiles
Stuart W. Stedman
Kelcy L. Warren
James C. “Rad” Weaver

Health Affairs Committee

Christina Melton Crain, Chairman
R. Steven Hicks
Jodie Lee Jiles
Janiece Longoria
Nolan E. Perez, M.D.
Stuart W. Stedman

Regental Representatives

Athletic Liaison(s)

James C. “Rad” Weaver
Jodie Lee Jiles

Board for Lease of University Lands

Christina Melton Crain
Nolan E. Perez, M.D.
R. Steven Hicks (Alternate)

University Lands Advisory Board

James C. “Rad” Weaver, Chairman
Stuart W. Stedman

The University of Texas/Texas A&M Investment Management Company (UTIMCO)
Board of Directors

Janiece Longoria
James C. “Rad” Weaver
Jodie Lee Jiles

Texas Medical Center Advisory Board of Directors
Jodie Lee Jiles

M. D. Anderson Services Corporation Board of Directors
Jodie Lee Jiles

System Review and Structure Task Force
Kevin P. Eltife, Chairman
Janiece Longoria
James C. “Rad” Weaver
R. Steven Hicks

3. U. T. Rio Grande Valley: Discussion and appropriate action regarding authorization to establish and assess an intercollegiate athletics fee and to reduce the Student Services Fee

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the institutional president that the U. T. System Board of Regents authorize U. T. Rio Grande Valley to

- 1) establish and assess an intercollegiate athletics fee of up to \$15 per semester credit hour, to support the intercollegiate athletics program at U. T. Rio Grande Valley; and
- 2) reduce the Student Services Fee currently charged to students by a like amount (up to \$15 per semester credit hour) for the first semester in which the intercollegiate athletics fee is charged.

BACKGROUND INFORMATION

When U. T. Rio Grande Valley began operations in Fall 2015, it was statutorily authorized to collect the intercollegiate athletics fee authorized for U. T. Brownsville, one of its legacy institutions. The \$7 per semester credit hour (SCH) statutory fee cap in the U. T. Brownsville legislation, however, would not have provided sufficient funds to operate the new institution’s intercollegiate athletics program. To ensure sufficient support for the intercollegiate athletics program, the institution instead funded the program through Student Services Fee revenue, as it is statutorily authorized to do.

Currently, the Student Services Fee is set at \$20.83 per SCH and is capped at 12 hours per semester. Roughly 70% of Student Services Fee revenue is now used to support the intercollegiate athletics program, with the remaining revenue being used for student-life

related endeavors such as student government, student publications, the chess club, international trips, civic engagement, and student entertainment.

Moving forward, U. T. Rio Grande Valley would like to support its intercollegiate athletics program using a separately imposed intercollegiate athletics fee, which will promote greater transparency with students. To support this effort, U. T. Rio Grande Valley requested revision to the state statute authorizing the U. T. Brownsville intercollegiate athletics fee, and legislation was passed during the 87th Legislative Session. Specifically, the amendment raised the statutory fee cap to \$15 per semester credit hour; deleted outdated references to U. T. Brownsville and Texas Southmost College; updated the name to U. T. Rio Grande Valley; and made related conforming changes. The amendment also provides that the intercollegiate athletics fee may not be increased by more than 10% unless approved by a majority vote of students participating in a general election called for that purpose.

To ensure the initial imposition of the intercollegiate athletic fee would not increase the total amount of fees currently imposed on U. T. Rio Grande Valley students, the statutory amendment included a requirement to reduce the Student Services Fee by an equivalent amount per SCH for the first semester in which the intercollegiate athletics fee is charged. As a result, the imposition of the intercollegiate athletics fee will not increase the total amount of fees currently imposed on any U. T. Rio Grande Valley student. If approved by the Board of Regents, the fee charge will be reflected on students' Fall 2021 statements.

4. U. T. System: Authorization to settle builder's risk insurance claims for U. T. Southwestern Medical Center and U. T. Medical Branch - Galveston, delegation of authority to Chief Compliance and Risk Officer

The Board approved the following recommendation:

RECOMMENDATION

The Chancellor concurs in the recommendation of the Chief Compliance and Risk Officer and the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents:

- a. approve, in accordance with Regents' Rule 80601, final settlement of the U. T. Southwestern Medical Center (UTSWMC) builder's risk insurance claim covered under the Master Builder's Risk Program in the amount of \$2,442,202.39; and
- b. approve, in accordance with Regents' Rule 80601, final settlement of the U. T. Medical Branch - Galveston (UTMB) builder's risk insurance claim covered under the Master Builder's Risk Program in the amount of \$1,221,938; and

- c. delegate authority to Chief Compliance and Risk Officer to execute all related Proofs of Loss and other settlement documents

BACKGROUND INFORMATION

The Master Builder’s Risk Program provides property insurance coverage for Major Capital Improvement Program (CIP) projects. The insurance includes coverage for project work, equipment, damage to existing property, and delay in completion losses when the delay is caused by physical damage to the project.

On May 23, 2020, UTSWMC construction project 303-1035, Clements University Hospital Tower 3 Expansion at 6201 Harry Hines Blvd, Dallas, TX 75390 sustained water damages from a failed high pressure water line. Several finished floors and surgical suites were impacted by the incident.

The general contractor completed repairs totaling \$2,442,202.39 minus a \$25,000 deductible. Salvage values totaling \$5,152.15 were also deducted resulting in a net settlement of \$2,412,050.24. UTSWMC agrees with this settlement.

On August 22, 2019, UTMB construction project 601-1093, League City Expansion Phase II at 2240 Gulf Freeway South, League City, TX 77573 sustained damages when a worker on a lift broke a sprinkler line that sprayed water onto electrical equipment.

The general contractor completed repairs totaling \$818,259 minus a \$25,000 deductible. Delay costs were also incurred totaling \$403,679 minus a \$161,471.60 deductible. Total claim for this loss is \$1,221,938 minus salvage values totaling \$1,697.13 with a net settlement of \$1,033,769.27. UTMB agrees with this settlement.

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

The Board approved Kenneth M. Jastrow, II and Susan Thomas Jastrow as recipients of the Santa Rita Award. Chairman Eltife’s remarks about the award are set forth below.

Remarks and Recommendation by Chairman Eltife

The last item concerns the Santa Rita award, the highest honor bestowed by the Board of Regents. The award is made to recognize extraordinary contributions to the U. T. institutions, coupled with a deep commitment to higher education and service to the U. T. community.

Since the creation of the award in 1968, the Board has presented the Santa Rita Award to 27 individuals and one entity, with the most recent award to Mr. Mike Myers in 2018.

This year, I am pleased to recommend Kenneth Jastrow and his wife Susan Thomas Jastrow for the receipt of the Santa Rita Award. They have a long-standing history of support for higher education in Texas and are dedicated advocates for improving access to and the quality of the State's educational opportunities. Their generous contributions have included the establishment of numerous endowments and the support of capital projects and major development campaigns.

Kenny Jastrow has served The University of Texas at Austin on most major boards, commissions, and committees and has provided valuable advice and counsel to Presidents and Chancellors on University matters. He chaired the historic work of the Commission of 125 and served as Chairman of the Campaign for Texas in 2013. He most recently chaired the Special Advisory Committee for the presidential search that resulted in the Board's selection of U. T. Austin President Jay Hartzell.

Susie Jastrow was instrumental in the establishment of the Nutrition Institute at U. T. Austin and served as co-director of its Advisory Board. She has also served on the Blanton Museum National Leadership Board, the Natural Sciences Advisory Council, and the Human Ecology Advisory Council.

A graduate of U. T. Austin with a BBA in Finance and an MBA, Mr. Jastrow had a very successful career as the Chairman and CEO of Temple-Inland Inc. He is a Distinguished Alumnus of U. T. Austin, a member of the McCombs School of Business Hall of Fame, and the recipient of a U. T. Austin Presidential Citation. He is also a recipient of the Mirabeau B. Lamar Medal from the Association of Texas Colleges and Universities.

Mrs. Jastrow received her first undergraduate degree in Home Economics and a teaching certificate from U. T. Austin. After receiving a second degree in Nutrition and becoming a Registered Dietitian, she created the Nutrition Services department in the People's Community Clinic and continued her work as a diabetes educator. She received the Community Service Award from the Texas Exes in Human Ecology and was named their Alum of the Year in 2006. The Susan Jastrow Teaching Kitchen, dedicated in her honor in 2017 and known on campus as "Susie's Kitchen", hosts summer nutrition and fitness camp sessions for children of all ages.

Together, Kenny and Susie Jastrow have made the State of Texas a better place for the next generation of students and provided support for their alma mater as well as the U. T. System and the U. T. institutions. I can think of no two people more deserving of this award.

If approved, I recommend the award be formally presented at an appropriate ceremony to be held on the U. T. Austin campus in the fall.

The motion was seconded by Vice Chairman Longoria. Several members of the Board spoke in support of the nomination, and the motion carried unanimously.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 3:18 p.m.

/s/

Tina E. Montemayor
Secretary to the Board of Regents
June 24, 2021



THE UNIVERSITY OF TEXAS SYSTEM
BOARD OF REGENTS
CONSENT AGENDA

Special Called Board Meeting:

June 24, 2021
Austin, Texas

- a. Approval of Dual Position of Honor, Trust, or Profit - **U. T. System:** Appointment by Xavier Becerra, Secretary of the U.S. Department of Health and Human Services, of David L. Lakey, M.D., Vice Chancellor for Health Affairs and Chief Medical Officer, as Member of the Board of Scientific Counselors, Center for Preparedness and Response, Centers for Disease Control and Prevention

The following item has been approved by the Chancellor in accordance with Regents' *Rules and Regulations*, Rule 30103.

It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas System and that there is no conflict between holding this position and the appointment with the U. T. System.

The Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas System and that there is no conflict between the position and the U. T. System.

Name:	David L. Lakey, M.D.
Title:	Vice Chancellor for Health Affairs and Chief Medical Officer
Position:	Member, Board of Scientific Counselors, Center for Preparedness and Response, Centers for Disease Control and Prevention
Period:	Immediately through September 30, 2024
Compensation:	Reimbursement of travel expenses
Description:	U.S. Department of Health and Human Services Secretary Becerra appointed Dr. Lakey to serve as one of 11 members on the Board of Scientific Counselors, Center for Preparedness and Response (CPR), to provide advice and guidance to Secretary Becerra, the Assistant Secretary for Health, the Director of the Centers for Disease Control and Prevention, and to the Director of the CPR concerning

strategies and goals for preparedness and response activities pertaining to programs and research within the divisions and to monitor the overall strategic direction and focus of the divisions and offices. The Board may also administer and oversee peer-review of CPR scientific programs, and perform second-level peer review of applications for grants-in-aid for research and research training activities, cooperative agreements, and research contract proposals relating to the broad areas within CPR. Dr. Lakey will not be involved in review of grant applications associated with any U. T. institutions. As a state employee, Dr. Lakey will also follow all applicable laws and U. T. System policies related to conflicts of interest, conflicts of commitment, and outside activities.

- b. Sale and Lease - U. T. Southwestern Medical Center: Authorization to lease an unimproved parcel of land consisting of approximately 1.85 acres and an adjacent improved parcel consisting of approximately 0.681 acres, totaling approximately 2.531 acres of land, and to sell the improvements on the 0.681 acres of land consisting of an approximately 16,291 square foot building and site improvements, located at 6516 Forest Park Road, Dallas, Dallas County, Texas, to the Dallas Independent School District (DISD), for renovation, addition, construction, operation, maintenance, repair, and use as the DISD STEM Transformation School and related uses

Description: Lease of an unimproved parcel of land consisting of approximately 1.85 acres and an adjacent improved parcel consisting of approximately 0.681 acres, totaling approximately 2.531 acres of land, and sale of the improvements located on the 0.681 acres of land consisting of an approximately 16,291 square foot building and site improvements, located at 6516 Forest Park Road, Dallas, Dallas County, Texas, to the Dallas Independent School District (DISD) for renovation, addition, construction, operation, maintenance, repair, and use as a DISD STEM Transformation School and related uses.

The Lease will convey use of two parcels of land. One improved parcel totaling approximately 0.681 acres containing an approximately 16,291 square foot commercial building built in approximately 1971 and recently acquired by U. T. Southwestern Medical Center. U. T. Southwestern Medical Center will retain ownership of the 0.681 acres of land, but will sell the building and site improvements. DISD plans to renovate the building and construct additional improvements on the tracts of land at its cost and expense. DISD will be responsible for the operation and expenses relating to the use and upkeep of all improvements and the land. At the end of the

lease period, any improvements on the land will revert to U. T. Southwestern Medical Center. The improvements may or may not be demolished prior to reversion of the land. The lease will not subordinate the Board's fee simple interest in the land.

Lessee/Purchaser:

Dallas Independent School District, a public independent school district and political subdivision of the State of Texas

Term:

Initial term of 40 years with one, five-year option to renew. The DISD has an ongoing right to terminate the lease if funding is not appropriated.

Income:

DISD will purchase the existing commercial building and site improvements for \$1,030,000 at the commencement of the ground lease. Base rental income is estimated to total approximately \$17,456,173.14 from commencement date of the lease through expiration of the 40-year term assuming an annual Consumer Price Index (CPI) increase of 2.0%. Base rental will increase annually by actual CPI and results will vary depending on actual CPI fluctuations and whether market rate adjustments occur during the primary term of the lease, which may or may not be included in the lease. Initial annual rental for the ground lease will be approximately \$289,000 (approximately \$2.62 per square foot). Ground rent is subject to adjustment based on actual square footage leased.

Rent for the extension term will be at a market rate at the time of renewal. If tenant should elect to exercise the five-year extension term, it is estimated that total additional income could result in additional revenue of approximately \$3,320,820.13 depending on CPI fluctuations and the market rate at the time of exercise of the lease extension.

Enrollment:

DISD was selected as the tenant for this site through direct negotiation due to consideration given to children of U. T. Southwestern Medical Center employees for enrollment in the STEM Transformation School. The project will be similar to a magnet school, but without academic entry requirements. Students are selected for enrollment through a randomized lottery, and transportation is provided within district boundaries. DISD plans to establish priority lotteries for parents living or working in the Medical District with first priority as to 50% of the seats given to the parents working for U. T. Southwestern Medical Center and 50% of the seats will always be reserved for economically disadvantaged children. U. T. Southwestern Medical Center believes a convenient, accessible, nearby quality school will help it recruit and retain faculty and staff.