

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

November 10, 2011

Austin, Texas

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Carol A. Felkel
Secretary to the Board of Regents
January 18, 2012

MINUTES
U. T. System Board of Regents
Audit, Compliance, and Management Review Committee
November 10, 2011

The members of the Audit, Compliance, and Management Review Committee of the Board of Regents of The University of Texas System convened at 2:00 p.m. on Thursday, November 10, 2011, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Pejovich, presiding
Vice Chairman Foster
Regent Cranberg
Regent Hall

Also present were Chairman Powell, Vice Chairman Dannenbaum, Regent Gary, Regent Rutkauskas, Regent Stillwell, and Associate General Counsel to the Board Rabon.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Pejovich called the meeting to order.

1. **U. T. System Board of Regents: Approval of the U. T. Systemwide Annual Internal Audit Plan for Fiscal Year 2012**

Committee Meeting Information

Presenter(s): Mr. Charles Chaffin, Chief Audit Executive

Status: Approved

Motion: Made by Vice Chairman Foster, seconded by Regent Hall, and carried unanimously

Discussion at meeting:

Mr. Chaffin noted the handouts on Pages 4 - 5 were distributed to members of the Committee and other Board members present at the meeting.

2. U. T. System: Report on Compliance Programs at the U. T. System health institutions

Committee Meeting Information

Presenter(s): Mr. Larry Plutko, Systemwide Compliance Officer, U. T. System; Ms. Jessica L. Quinn, Assistant Vice President and Chief Compliance Officer, U. T. M. D. Anderson Cancer Center; Mr. Dieter Lehnortt, Assistant Vice President and Compliance Officer, U. T. Southwestern Medical Center; Ms. Karen K. Parsons, Assistant Vice President and Chief Compliance Officer, U. T. Health Science Center - Houston; Mr. Tobin Boenig, Associate Vice President and Chief Compliance Officer, U. T. Medical Branch - Galveston; Ms. Gayle Knight, Assistant Vice President for Regulatory Affairs and Compliance, U. T. Health Science Center - San Antonio; Ms. Donna Martin, Information Security Officer and Chief Compliance Officer, U. T. Health Science Center - Tyler

Status: Reported/Discussed

Discussion at meeting:

Mr. Plutko identified the following four areas of greatest risk in U. T. System compliance programs that will be addressed beginning with this meeting. He noted these areas were identified by asking two questions: where do the greatest percentage of revenues come from and where are the greatest regulatory hurdles and liabilities for being in noncompliance.

- 1. Academic medical center risks, e.g., medical billing compliance requirements (This topic was presented at this meeting.)*
- 2. Research compliance risks involving NIH, export controls, Institutional Review Boards (IRB), and financial conflicts of interest*
- 3. Security compliance risks (reference presentation by Deloitte & Touche, Item 1 on Page 1 of the November 10 Board Minutes)*
- 4. Privacy compliance risks, e.g., HIPAA and the relationship with security*

Mr. Plutko and Mr. Lehnortt presented portions of the PowerPoint presentation included in the agenda materials. Mr. Plutko then called on the institutional compliance officers at the U. T. System health institutions to report on the administrative structure of the individual compliance offices and to speak about an aspect of addressing risks unique to their institution.

Mr. Boenig spoke about the quality assurance program for clinical trials that strengthen the research compliance program at U. T. Medical Branch - Galveston.

Ms. Martin reported on the compliance aspects of new programs at U. T. Health Science Center - Tyler, such as patient safety, staff training, new protocols, and medical billing.

Ms. Parsons spoke about the automated conflict of interest management program at U. T. Health Science Center - Houston and discussed the benefits of receiving an increasing number of financial disclosures from faculty.

Ms. Quinn discussed efforts to increase expertise in the U. T. M. D. Anderson Cancer Center compliance program. She reported on progress made in controls and security of local media and in encryption for desktops and laptops, which are part of a new information security initiative.

Ms. Knight, U. T. Health Science Center - San Antonio, reported on facilitating implementation of new rules and regulations and on the focus on the research compliance program, including the automated conflict of interest disclosure process.

Mr. Lehnortt, U. T. Southwestern Medical Center, spoke about building the resource aspect of the compliance office.

Mr. Plutko noted that an additional two compliance officers will be hired in the U. T. System Compliance Office; a health compliance officer and a research compliance officer.

Vice Chairman Dannenbaum asked if the regulations and laws that apply to the compliance field are separate from the federal qui tam claims, and Mr. Plutko answered no, they are related since the compliance regulations are an extension of the federal qui tam laws. He said if an organization would stymie or obstruct any investigation or attempt to bring forward a misbilling, an inaccurate billing, or fraud, a qui tam could result in a relator to the federal government, so U. T.'s ability to do that quite well limits the chances of a relator coming to the federal government.

Vice Chairman Dannenbaum further asked if there is a system in place to encourage individual employees to report potential violations to the institutional compliance staff rather than going externally and filing a qui tam claim. Ms. Quinn spoke about an anonymous hotline in place at U. T. M. D. Anderson Cancer Center, although there is not a rewards program associated with the hotline. She noted the complaints from the hotline are investigated, and there have been corrections made. She also mentioned the robust exit interview process during which departing employees are asked specific questions about knowledge of incidents of fraud, and answers are tracked.

In reply to a question from Regent Cranberg about the conflict of interest management security software, Ms. Parsons said it was developed in-house. Mr. Plutko added U. T. Arlington also has a program that is available.

ADJOURNMENT

No Executive Session was held, and Committee Chairman Pejovich adjourned the meeting at 2:51 p.m.

The University of Texas System
Systemwide Internal Audit Program
Annual Audit Plan Allocation of Hours
Fiscal Year Ending August 31, 2012

	Gross FTEs	Gross Hours	FTE Vacancies	Net Hours	G&A Hours	Total Audit Hrs	% Total Audit Hrs of Net Hrs	Proposed Hrs for Board Approval*	% Priority of Total Audit Hrs
UT System	15.2	31,616	1	29,536	8,038	21,498	73%	17,750	83%
UT Arlington	5.00	10,400	0.50	9,360	3,130	6,230	67%	5,320	85%
UT Austin	13.00	27,040	2.00	22,880	8,699	14,181	62%	12,030	85%
UT Brownsville	4.00	8,320	0.50	7,280	2,384	4,896	67%	4,176	85%
UT Dallas	5.00	10,400	0.33	9,714	2,671	7,043	73%	5,890	84%
UT El Paso	8.55	17,784	1.40	14,872	4,508	10,364	70%	8,464	82%
UT Pan American	5.00	10,400	1.00	8,320	2,245	6,075	73%	4,975	82%
UT Permian Basin	1.90	3,952	0.78	2,340	1,125	1,215	52%	1,050	86%
UT San Antonio	6.25	13,000	0.30	12,376	4,146	8,230	66%	7,280	88%
UT Tyler	2.20	4,576	0.12	4,337	1,797	2,540	59%	2,175	86%
UT Southwestern	11.00	22,880	2.00	18,720	5,244	13,476	72%	11,000	82%
UT Medical Branch	8.00	16,640	0.75	15,080	5,020	10,060	67%	8,160	81%
UTHSC Houston	7.00	14,560	0.65	13,208	4,147	9,061	69%	7,294	80%
UTHSC San Antonio	7.00	14,560	1.50	11,440	3,440	8,000	70%	6,600	83%
UT MD Anderson**	12.60	26,208	1.20	23,712	7,265	16,447	69%	13,112	80%
UTHSC Tyler	2.30	4,784	0.08	4,611	1,360	3,251	70%	2,761	85%
	114	237,120	14	207,786	65,219	142,567		118,037	

* Steps to Calculate Proposed Audit Hours for Approval by the UT System Board of Regents

- 1 Calculate gross hours by multiplying gross FTEs by 2,080 hours
- 2 Estimate vacancies for the fiscal years (in FTEs or hours)
- 3 Calculate net hours by subtracting vacancy hours from gross hours
- 4 Estimate hours per position for general and administrative activities (e.g., holidays, vacation/sick leave, training, administrative tasks, etc.)
- 5 Calculate total audit hours by subtracting G&A hours from net hours
- 6 Determine priority audits and related budgeted hours
- 7 Ensure that priority audit hours are approximately 80% - 85 % of total audit hours
- 8 Submit priority audit hours for approval by the ACMR Committee

** Gross FTEs number includes co-source FTEs (MDACC only is gross 11 FTEs)

**The University of Texas System
Systemwide Internal Audit Program
Annual Audit Plan Status
Fiscal Year Ended August 31, 2011**

	Financial Actual Hours	Operational Actual Hours	Compliance Actual Hours	Information Technology Actual Hours	Follow-up Actual Hours	Projects Actual Hours	Total Actual Hours (NOTE 1)	Board Approved Total Budgeted Hours (NOTE 2)	Percent Completion
U. T. System Administration	4,560	4,209	1,941	2,138	850	3,615	17,312	17,675	98%
Large Institutions:									
U. T. Austin	2,650	1,970	1,920	1,307	475	4,325	12,647	13,900	91%
U. T. Southwestern	3,160	2,132	912	2,160	500	4,400	13,264	15,150	88%
U. T. Medical Branch at Galveston	1,275	1,309	670	1,850	400	2,124	7,628	8,389	91%
U. T. HSC - Houston	1,945	1,219	695	706	450	1,316	6,331	6,970	91%
U. T. HSC - San Antonio	940	951	280	837	400	2,950	6,358	7,191	88%
U. T. MDA Cancer Center	2,370	3,248	2,010	2,338	600	2,895	13,460	13,565	99%
Subtotal	12,340	10,829	6,486	9,197	2,825	18,010	59,687	65,165	92%
Mid-size Institutions:									
U. T. Arlington	1,270	686	1,020	365	452	1,043	4,836	5,265	92%
U. T. Brownsville	736	990	365	360	200	1,570	4,221	4,459	95%
U. T. Dallas	666	1,935	556	695	52	630	4,533	5,820	78%
U. T. El Paso	810	893	935	1,574	900	2,371	7,483	8,951	84%
U. T. Pan American	840	350	1,150	503	200	1,472	4,515	4,862	93%
U. T. San Antonio	1,340	1,245	1,137	1,235	350	1,401	6,708	6,930	97%
Subtotal	5,662	6,099	5,163	4,732	2,154	8,487	32,296	36,287	89%
Small Institutions:									
U. T. Permian Basin	721	248	320	231	85	218	1,823	2,128	86%
U. T. Tyler	750	375	230	325	120	472	2,272	2,272	100%
U. T. HSC - Tyler	690	600	508	250	140	563	2,751	2,751	100%
Subtotal	2,161	1,223	1,058	806	345	1,253	6,846	7,151	96%
TOTAL	24,723	22,359	14,648	16,872	6,174	31,365	116,141	126,278	92%
Percentage of Total	21%	19%	13%	15%	5%	27%	100%		

NOTE 1:
The "Total Actual Hours" reflects the budgeted hours for priority audits/projects apportioned based on the completion status of the audits/projects as of August 31, 2011.

NOTE 2:
The original "Board Approved Total Budgeted Hours", approved by the ACMRC and the full UT System Board of Regents for priority audits/projects, was 127,376 hours. However, due to changes in priorities and staffing levels during the fiscal year, some institutions requested and obtained approval from their respective internal audit committees to change the total hours and/or the allocation of hours among the various categories, so that "Board Approved Total Budgeted Hours" is now 126,278, as reflected above. These hours represent approximately 80-85% of total audit hours available for the fiscal year 2011 annual audit plan.

MINUTES
U. T. System Board of Regents
Finance and Planning Committee
November 10, 2011

The members of the Finance and Planning Committee of the Board of Regents of The University of Texas System convened at 3:00 p.m. on Thursday, November 10, 2011, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Vice Chairman Foster, presiding
Regent Cranberg
Regent Gary
Regent Hall
Regent Pejovich

Also present were Chairman Powell, Regent Dannenbaum, Regent Rutkauskas, Regent Stillwell, and General Counsel to the Board Frederick.

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

1. U. T. System Board of Regents: Discussion and appropriate action related to approval of Docket No. 148

Committee Meeting Information

Presenter(s): Committee Chairman Foster
Status: Discussed

Discussion at meeting:

Committee Chairman Foster called attention to the following docket items:

- *An additional Docket item as before the Committee on yellow paper (see Page 4) for a proposed U. T. San Antonio contract with the City of San Antonio to provide locations for 10 electric vehicle charging equipment stations. He said the Board would be asked to find that the station host agreement serves a public purpose specific to the mission of the institution and to authorize the agreement.*
- *New logos proposed for U. T. Brownsville on Docket Page 14*
- *Two significant agreements for U. T. M. D. Anderson Cancer Center on Docket Pages 40 and 41, related to replacement of the 20-year old patient management and accounting systems.*

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

Committee Meeting Information

Presenter(s): Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs
Status: Reported/Discussed

Discussion at meeting:

Dr. Kelley commented on the financial soundness of the U. T. System, and credited the staff and the Board for supporting a culture of “living within your means.”

Dr. Kelley noted an error in the “Interest Expense on Capital Asset Financing” graph on Page 44 of the Agenda Book. The \$138.6 million actual interest expense through July 2011 should be \$246.5 million; the bar shown is too high but the 91% figure is accurate.

3. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the fiscal year and quarter ended August 31, 2011

Committee Meeting Information

Presenter(s): Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer, UTIMCO
Status: Reported/Discussed

Discussion at meeting:

Mr. Zimmerman reported for the last three and five years, endowments were up 4% and 4.7%, respectively. For the last decade, the endowments were up over 7%, thus meeting the purchasing parity objective. He said \$560 million of value add for the last fiscal year compares to an average of \$666 million over the past three years and \$583 million over the past five years.

Mr. Zimmerman reported that endowment returns for the first two months of this fiscal year are down -1.45%; 1.35% of that decline is tactical allocation. He said this indicates active managers have not been adding value, and UTIMCO’s defensive positioning has worked against UTIMCO in these volatile times. Committee Chairman Foster, who is UTIMCO Board Chairman, later commented on the intentional defensive positioning of the portfolio.

Mr. Zimmerman reported on hedging activities, including hedging against inflation in the form of higher treasury yields in four to six years; a slowdown of emerging markets; sovereign default in Europe, particularly in Japan; and lower growth or the recession; all indications that the endowments may not return as much as desired.

He commented on

- *the strong Permanent University Fund (PUF) Land receipts;*
- *the Intermediate Term Fund (ITF) being within all asset classes and investment type range strategy and liquidity policy; and*
- *the receipt by UTIMCO staff of an award from an endowment foundation magazine as the large endowment of the year.*

Committee Chairman Foster commented that UTIMCO has adopted a defensive strategy to protect against a hit(s) when the market is down.

ADJOURNMENT

Committee Chairman Foster adjourned the meeting at 3:20 p.m.

MINUTES
U. T. System Board of Regents
Academic Affairs Committee
November 10, 2011

The members of the Academic Affairs Committee of the Board of Regents of The University of Texas System convened at 10:05 a.m. on Thursday, November 10, 2011, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Vice Chairman Hicks, presiding
Vice Chairman Foster
Regent Hall
Regent Pejovich
Regent Stillwell

Also present were Regent Gary and General Counsel Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Hicks called the meeting to order.

1. **U. T. Austin: Authorization to purchase approximately 0.35 of an acre improved with a convenience store and related gas station fueling pumps located at 304 West Martin Luther King, Jr. Boulevard, Austin, Travis County, Texas, from North Dallas Petroleum, L.P., a Texas limited partnership, at a purchase price not to exceed fair market value as established by independent appraisals for future programmed development of campus expansion or other purposes related to the institution's mission**

Committee Meeting Information

Presenter(s): Ms. Florence Mayne, Executive Director of Real Estate; President William Powers, Jr., U. T. Austin

Status: Approved

Motion: Made by Vice Chairman Foster, seconded by Regent Hall, and carried unanimously

Discussion at meeting:

Vice Chairman Foster asked if the proper due diligence on the environmental site assessment is underway, and Executive Director Mayne said yes, the tanks have been removed and further studies could be scheduled. President Powers explained the restrictions placed by the current owners.

2. **U. T. Austin: Authorization to acquire approximately 0.82 of an acre improved with a 10,447 square foot warehouse adjacent to The University of Texas Elementary School, located in a portion of Lots 1 and 2, Outlot 9, Division A, Original City of Austin, Travis County, Texas, from Capital Metropolitan Transportation Authority (Capital Metro), a public body organized under Chapter 451, Texas Transportation Code, in exchange for the conveyance to Capital Metro of approximately 0.194 of an acre located in a portion of Lot 1, Outlot 9 and a portion of Lot 2, Outlot 10, Division A, Original City of Austin, Travis County, Texas, plus cash to effectuate an even exchange, for future planned expansion of The University of Texas Elementary School**

Committee Meeting Information

Presenter(s): Ms. Florence Mayne, Executive Director of Real Estate; President William Powers, Jr., U. T. Austin

Status: Approved

Motion: Made by Regent Stillwell, seconded by Vice Chairman Foster, and carried unanimously

Discussion at meeting:

President Powers noted that only gift funds would be used for this transaction, and Vice Chairman Hicks noted that the source of funds from gifts made the transaction more attractive.

3. **U. T. Tyler: Approval to a) establish a university charter school, b) pursue a charter school application with the Texas Education Agency and the State Board of Education, and c) delegate authority to operate the charter school to the president**

Committee Meeting Information

Presenter(s): President Rodney H. Mabry, U. T. Tyler ; Executive Vice Chancellor for Academic Affairs David B. Prior

Status: Approved

Motion: Made by Regent Hall, seconded by Regent Pejovich, and carried unanimously

Discussion at meeting:

Committee Chairman Hicks noted the school would be financially self-supporting and would address utilization of physical assets in response to the Chancellor's Framework for Advancing Excellence Action Plan (presented by Chancellor Cigarroa at the August 25, 2011 Board of Regents' meeting).

Chancellor Cigarroa pointed out that the program will support the College of Education by giving those cohorts of future teachers more experience. Dr. Mabry agreed, and, in response to a request from Dr. Prior, he elaborated on using currently owned equipment for the charter school.

Regent Gary asked if there will be a private pay element or if the school will be subsidized, and Dr. Mabry said the school will be operated like a normal public school so there will be money from the State based on the average daily attendance. In addition, there will be private and grant monies. In reply to a question from Vice Chairman Hicks, Dr. Mabry said the school will be free to students.

4. U. T. System: Discussion and appropriate action regarding proposed revisions to Mission Statements for U. T. Arlington, U. T. Dallas, U. T. El Paso, U. T. Pan American, U. T. San Antonio, and U. T. Tyler

Committee Meeting Information

Status: *Approved*

Motion: *Made by Vice Chairman Foster, seconded by Regent Hall, and carried unanimously*

5. U. T. System: Academic leadership discussion about research activities, including work at the U. T. Austin J. J. Pickle Research Campus

Committee Meeting Information

Presenter(s): *Executive Vice Chancellor for Academic Affairs David B. Prior; President William Powers, Jr., U. T. Austin*

Status: *Discussed*

Discussion at meeting:

Dr. Prior introduced the following themes in technology transfer work going on at the J. J. Pickle Research Campus:

- *Importance of research in a Tier One university*
- *Competitive position*
- *Collaboration within the disciplines and externally with agencies and industries*
- *Satisfying the local needs and applying to local development.*

President Powers' presentation was not included in the Agenda Book and is set forth on Pages 4 - 14.

ADJOURNMENT

Committee Chairman Hicks adjourned the meeting at 10:50 a.m.

Overview of the J.J. Pickle Research Campus

William Powers, Jr.
President

The University of Texas at Austin
November 10, 2011

The History of the J.J. Pickle Research Campus

- During WWII: Plant to produce magnesium from ore mined in Texas.
- September 21, 1946: Contract between U. T. Austin and the War Assets Administration for a 20 year lease with an option to purchase.
- Lease contract value of \$14,754,936 to be made “in performance of research for the public good.” The facility is named the “Off Campus Research Center” (OCRC) by President T. S. Painter.
- On December 20, 1949, U. T. Austin exercises its option to buy the property.
- On May 1953, Judge James Hart (first U. T. System Chancellor) renames the OCRC the “Balcones Research Center” (BRC).
- In 1974, U. T. Austin purchased 83 additional acres west of Mopac and build facilities for U. T. Austin-Industry projects and the Microelectronics Computer Corporation (MCC).
- On March 30, 1994, the BRC is renamed the J.J. Pickle Research Campus (after Congressman J.J. “Jake” Pickle).

R&D Awards to PRC Units Over the Last Five Years (in Thousands of Dollars)

<i>Research Unit</i>	<i>FY 2007</i>	<i>FY 2008</i>	<i>FY 2009</i>	<i>FY 2010</i>	<i>FY 2011</i>	<i>5 Years Total</i>
Applied Research Laboratories	117,268	82,914	129,761	106,197	52,001	488,140
Bureau of Economic Geology	16,132	25,487	37,755	44,974	31,318	155,666
Texas Advanced Computing Center	33,724	15,860	14,475	29,716	5,890	99,666
Institute for Advanced Technology	16,506	20,129	21,955	9,597	7,641	75,828
Center for Electromechanics	9,681	13,302	7,582	10,486	7,038	48,089
Center for Energy and Environmental Resources	5,226	8,285	6,199	12,639	7,196	39,545
Center for Space Research	4,167	8,958	8,692	9,370	6,997	38,184
IC2 Institute	6,482	6,148	6,515	9,256	7,844	36,245
Microelectronics Research Center	4,783	9,173	8,034	6,468	7,586	36,045
Construction Industry Institute	5,706	6,319	6,950	6,309	6,660	31,943
Center for Research in Water Resources	2,508	4,024	3,446	4,113	4,023	18,114
Nuclear Engineering Teaching Laboratory	1,568	1,418	7,561	2,020	2,131	14,698
Ferguson Structural Engineering Laboratory	2,042	736	2,007	3,466	1,452	9,703
Institute for Classical Archaeology	2,181	2,671	1,500	1,052	1,395	8,800
Imaging Research Center	0	0	273	4,248	2,293	6,814
Total Awards	227,974	205,424	262,705	259,913	151,464	1,107,480

Federal and Industry R&D Expenditures at Universities

WITHOUT a Medical School for FY 2009

(in Thousand of Dollars)

<i>Ranked By FEDERAL Funding</i>			<i>Ranked By Industry Funding</i>		
k	Institution	Federal	Rank	Institution	Industry
1	MA Institute of Technolog	532,618	1	MA Institute of Technol	102,894
2	GA Tech (all campuses)	322,452	2	SUNY Albany	77,442
3	U. T. Austin	309,125	3	U. CA, Berkeley	71,386
4	CA Institute of Technolog	305,682	4	Purdue U. (all campus	66,631
5	Scripps Research Institu	288,388	5	U. T. Austin	49,059
6	U. IL Urbana-Champaigr	288,013	6	GA Tech (all campuses	43,885
7	U. CA, Berkeley	262,069	7	UT MD Anderson	43,689
8	TX A&M U.	261,491	8	NC State U.	40,531
9	U. MD College Park	246,985	9	TX A&M U.	34,622
10	CO State U.	211,890	10	Scripps Research Insti	23,563
11	UT M.D. Anderson	194,633	11	VA Polytechnic	20,444
12	Purdue U. (all campuses	175,302	12	U. IL Urbana-Champai	19,312
13	Carnegie Mellon U.	170,260	13	Carnegie Mellon U.	19,254
14	Rutgers (all campuses)	161,877	14	CO State U.	19,090
15	VA Polytechnic	148,411	15	AZ State U.	17,696
16	NC State U.	135,318	16	IA State U.	15,805
17	AZ State U.	134,598	17	U. CA, Santa Barbara	15,522
18	Princeton U.	128,876	18	Clemson U.	14,821
19	Woods Hole	127,378	19	Rutgers (all campuses	12,647
20	OR State U.	118,252	20	U. MD College Park	11,235

SOURCE: National Science Foundation/Division of Science Resources Statistics,
Survey of Research and Development Expenditures at Universities and Colleges, FY 2009.

The Impact of a Medical School

Ranked By Federal Funding

Ranked By Industry Funding

Rank	Institution	Federal government	Rank	Institution	Industry
1	Johns Hopkins U.	1,587,547	1	Duke U.	183,515
2	U. MI all campuses	636,216	2	OH State U. all campuses	119,600
3	U. WA	619,353	3	MA Institute of Technology	102,894
4	MA Institute of Technology	532,618	4	PA State U. all campuses	102,871
5	U. CA, San Diego	511,428	5	SUNY Albany	77,442
6	U. WI Madison	507,898	6	U. WA	76,834
7	U. CO all campuses	500,123	7	U. Southern CA	72,815
8	U. PA	499,498	8	U. CA, Berkeley	71,386
9	U. CA, San Francisco	483,667	9	Purdue U. all campuses	66,631
10	Columbia U.	483,111	10	U. CA, San Francisco	65,069
11	Stanford U.	477,507	11	U. CA, San Diego	62,081
12	U. CA, Los Angeles	467,505	12	Stanford U.	58,491
13	U. Pittsburgh all campus	463,192	13	U. T. Austin	49,059
14	PA State U. all campuses	439,193	14	U. CA, Los Angeles	47,329
15	Duke U.	438,767	15	U. PA	46,886
16	U. NC Chapel Hill	431,837	16	U. MD Baltimore	45,471
17	Washington U. St. Louis	414,045	17	GA Tech (all campuses)	43,885
18	U. MN all campuses	390,602	18	UT MD. Anderson	43,689
19	Harvard U.	385,704	19	U. MI all campuses	41,182
20	Yale U.	378,914	20	NC State U.	40,531
21	U. Southern CA	375,024	21	U. CO all campuses	40,385
22	Cornell U. all campuses	363,144	22	Johns Hopkins U., The ^a	37,113
23	OH State U. all campuses	339,820	23	U. FL	35,839
24	Vanderbilt U.	336,405	24	Washington U. St. Louis	35,730
25	GA Tech (all campuses)	322,452	25	U. CA, Davis	35,383
26	Case Western Reserve U.	313,044	26	TX A&M U.	34,622
27	U. T. Austin	309,125	27	U. MN all campuses	32,559
28	CA Institute of Technology	305,682	28	U. HI Manoa	29,758
29	U. Chicago	301,159	29	Cornell U. all campuses	27,481
30	Northwestern U.	300,619	30	U. Miami	24,686

The Texas Landscape

Ranked By Federal Funding

Ranked By Industry Funding

Rank	Institution	Federal	Rank	Institution	Industry
1	U. T. Austin	309,125	1	U. T. Austin	49,059
2	Baylor C. of Medicine	267,130	2	TX A&M U.	34,622
3	TX A&M U.	261,491	3	UT Southwestern	24,109
4	UT Southwestern	207,216	4	UT Health Science Ctr. Sar	19,237
5	UT Health Science Ctr.	135,087	5	Baylor C. of Medicine	18,399
6	UT Health Science Ctr.	129,399	6	U. TX Dallas	11,474
7	U. TX Medical Branch	126,703	7	UT Health Science Ctr. Hou	7,210
8	U. Houston	40,020	8	TX Tech U.	6,353
9	U. TX El Paso	29,386	9	U. TX Arlington	6,035
10	TX A&M Health Science	26,984	10	U. Houston	5,730
11	U. TX San Antonio	26,393	11	U. TX El Paso	4,606
12	U. TX Dallas	25,651	12	U. TX Medical Branch	4,345
13	U. TX Arlington	24,290	13	TX Tech U. Health Science	1,759
14	TX Tech U.	24,184	14	TX Christian U.	1,525
15	U. North TX Health Scie	20,215	15	U. North TX	1,469
16	TX Tech U. Health Scier	11,274	16	U. North TX Health Science	1,177
17	U. North TX	9,045	17	U. TX San Antonio	1,075
18	TX A&M U. Corpus Chri:	6,966	18	TX A&M Health Science Ctr	815
19	TX State U. San Marcos	6,323	19	West TX A&M U.	369
20	TX A&M U. Kingsville	5,288	20	U. TX-Pan American	304
21	U. TX-Pan American	4,662	21	TX State U. San Marcos	267
22	U. TX Brownsville	4,641	22	TX A&M U. Kingsville	249
23	TX Southern U.	4,228	23	TX A&M U. Corpus Christi	138
24	TX Christian U.	2,558	24	TX A&M U. Commerce	107
25	U. TX Tyler	1,930	25	U. TX Tyler	35
26	West TX A&M U.	1,898	26	TX Woman's U.	16
27	TX A&M International U.	1,169	27	U. TX Brownsville	0
28	TX Woman's U.	982	28	TX Southern U.	0
29	TX A&M U. Commerce	750	29	TX A&M International U.	0

Research Drivers at PRC

Focus on:

- National and Regional Needs
- Large Scale Projects
- Collaborations with Industry and Academia
- Impact

(examples follow)

Applied Research Laboratories

- Founded in 1945 and one of the five Navy's University Affiliated Research Centers (Others: John Hopkins, Penn State, University of Washington and University of Hawaii)

Technology Areas

- Submarine Sonar
- Undersea Surveillance
- Global Positioning System
- Mine Countermeasures
- Communications and Telemetry for Sensor Networks
- Waterside Security Systems

Center for Electromechanics

Primary Focus

- Designs, builds, and tests first-of-a-kind devices and systems
- Provides technology and advice to the government
- Transfers products and technology to industry

Technology Areas

- Electric Power: Advanced generators, electric grid control, electromagnetic launch
- Defense: Aircraft launcher, all electric ships
- Transportation: Advanced trains, active suspension vehicles, intelligent highways
- Biotechnology: electromechanical cell manipulation

Bureau of Economic Geology

Oldest Organized Research Unit at U. T. Austin (founded in 1909)

Industry Partnerships:

- **Industrial Affiliate Programs**
 - 10 basic research programs led by researchers with international reputations
 - ~ 100 global companies as members providing \$5 million of total annual support
- **Advanced Energy Consortium (AEC)**
 - Leading international program on pre-competitive research on micro- and nano-sensors for oil and gas
 - Collaborating and supporting 25 universities worldwide with over 100 students involved
 - 10 major corporate members providing \$10 million a year
- **Gulf Coast Carbon Center**
 - Major integrated program studying geologic carbon sequestration
 - Actual injection of more than 2 million tons of CO₂ in several US sites
 - \$50 million federal funding and major industrial funding
 - 25 international university and industrial partners
 - Research involves student and Post Doc education

Center for Space Research

GRACE (Gravity Recovery and Climate Experiment)



Making detailed measurements of Earth's gravity field which lead to discoveries about Earth's natural systems.

MAGIC (Mid-American Geospatial Information Center)



Monitors in real time wildfires, flashfloods, tornadoes, dust storms, oil spills, red tide outbreaks, and other natural and man-made disasters that affect the region.

Three antennas at the Center for Space Research provide downlink capability and deliver multiple real-time remote sensing data to users.

MINUTES
U. T. System Board of Regents
Health Affairs Committee
November 10, 2011

The members of the Health Affairs Committee of the Board of Regents of The University of Texas System convened at 10:57 a.m. on Thursday, November 10, 2011, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Stillwell, presiding
Vice Chairman Foster
Vice Chairman Dannenbaum
Regent Gary
Regent Hall

Also present were Chairman Powell, Vice Chairman Hicks (for Item 2), Regent Cranberg, Regent Pejovich, Regent Rutkauskas, and General Counsel to the Board Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Stillwell called the meeting to order.

1. U. T. Medical Branch - Galveston: Discussion featuring research opportunities, accomplishments, and challenges

Committee Meeting Information

Presenter(s): Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs; David L. Callender, M.D., President, U. T. Medical Branch - Galveston
Status: Discussed

Discussion at meeting:

(This item was considered after Item 2.)

Following both introductory remarks by Dr. Shine on Hurricane Ike three years ago and Dr. Callender's presentation, Committee Chairman Stillwell remarked on the full support of the Board of Regents, the U. T. System, elected representatives, and others towards the recovery of U. T. Medical Branch - Galveston. Noting that some services have been exported to the mainland, he said opportunities have resulted in efficiencies and changes to "right-size" the institution on Galveston Island.

On a historical note, President Callender spoke to why the national laboratory is located on the Island and said Ashbel Smith, M.D., first Chairman of the U. T. System Board of Regents from 1881 - 1886, wrote about a yellow fever treatment in Texas, and the institution has been involved in infectious diseases, especially tropical diseases, ever since.

2. U. T. System: Report on the Supply Chain Alliance Strategic Plan

Committee Meeting Information

Presenter(s): Mr. Richard St. Onge, Associate Vice Chancellor for Health Affairs
Status: Reported/Discussed

Discussion at meeting:

Committee Chairman Stillwell asked Mr. St. Onge if the Alliance will continue to concentrate in the same areas that have been successful over the past five years. Mr. St. Onge replied that accomplishments to date are the tip of the iceberg. He said business intelligence is critical to better understand what and how much is bought, and a comprehensive business analysis will be done. He noted especially opportunities in the big ticket items, and he said the process continues to be automated. He said an analysis has been conducted to review improvements that can be made. Noting the program is voluntary, he said the rigor with which institutional chief business officers can opt out of the program has increased.

Mr. St. Onge and Executive Vice Chancellor Shine explained that the Alliance averages a net 15% in savings for an item of the same or similar quality after all costs, including a 1% administrative fee. In response to a question from Regent Stillwell about participation by outside entities, Mr. St. Onge described the affiliate program with other Texas higher education institutions, such as Baylor and Texas Tech, that will help spread savings opportunities and may also apply additional leverage spending in the marketplace. Dr. Shine noted a future opportunity may exist in negotiating service contracts.

A [brochure on the Strategic Plan Alliance](#) was handed out and is on file in the Office of the Board of Regents.

3. U. T. Health Science Center - San Antonio: Discussion and appropriate action regarding proposed revisions to Mission Statement

Committee Meeting Information

Presenter(s): William L. Henrich, M.D., President, U. T. Health Science Center - San Antonio
Status: Approved
Motion: Made, seconded, and carried unanimously

4. U. T. System: Discussion regarding the changing health care environment

Committee Meeting Information

Presenter(s): *Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs; Kirk A. Calhoun, M.D., President, U. T. Health Science Center - Tyler; Ronald A. DePinho, M.D., President, U. T. M. D. Anderson Cancer Center*

Status: *Discussed*

Discussion at meeting:

Committee Chairman Stillwell welcomed Dr. DePinho to his first Health Affairs committee meeting. He said the topic of the changing health care environment will be a recurring theme at Health Affairs Committee meetings.

Dr. Shine stated the following:

- *A significant portion (30%) of the overall budget for the U. T. System and over half of the budget for the health institutions comes from hospital, clinic, and professional fees and from contracts for clinical care.*
- *The income supports clinical activities and cross-subsidizes other activities such as tuition for medical students and loans on facilities.*
- *The principle sources of income include Medicaid, Medicare, private insurance, and contracts with hospitals and counties.*
- *Regarding pressures on income sources at the State level, he introduced the topic of changes in Medicaid (see Dr. Calhoun's remarks below).*
- *Regarding income sources at the federal level, he reported on possible cuts in the health care budget.*
- *In introducing the discussions reported below, he posed the question of how to adapt as funding sources decrease.*

President Calhoun, U. T. Health Science Center - Tyler

- *The State of Texas has a significant Medicaid program, and Section 1115 of the Social Security Act allows for states to apply to the federal government to amend their state plan as a demonstration project.*
- *The issue is upper payment limits (UPL) that provide the funding difference between Medicare and Medicaid. All U. T. System faculty practice plans participate in the Medicaid program, and all U. T. System institutions participate in the UPL program. Current federal rules do not allow for Medicaid patients in managed care plans to participate in UPL.*

- *If the whole State of Texas moved to Medicaid managed care, money could be saved; however, the desire has been to preserve the UPL program, which has been coming under attack due to some lack of transparency and accountability.*
- *The State of Texas has applied for a waiver to do away with the UPL program, and to replace it with a new program to preserve federal funding over the next five years. Under the terms of the waiver, the State would expand to Medicaid managed care, regional health care partnerships would be created, and each region would be led by an anchor institution. There would be a transition to a quality-based payment system and the anchors would lead in development of health care reforms and ways to decrease costs. Savings would be ploughed back into a program and hospitals, physicians, and health care professionals could apply for assistance to help cover uncompensated care costs. Two pools would be created: an uncompensated care pool and a delivery assistance reform incentive pool.*
- *The goal is to protect supplemental payments from the federal government, to expand access to uncompensated care, to allow the regional health partnerships to focus on the regions, and to incentivize the delivery system reforms.*
- *Concerns include*
 - *a radical change in the previously reliable stream of funding; and*
 - *what role will U. T. System institutions play as anchor institutions or other support entities in the development of the regional health partnerships?*
- *The program has been tentatively approved by the Centers for Medicare and Medicaid Services (CMS); final approval and negotiations are taking place. Dr. Calhoun noted some uncertainties associated with the approval and with the program. Dr. Shine discussed U. T. System's potential role in the reorganization of the way Medicaid is provided, suggesting U. T. campuses could be the anchor partnership coordinator.*

Vice Chairman Dannenbaum asked about the role of Congress, and Dr. Shine replied there is no role since it is an administrative matter at the moment.

Regent Gary asked about the dimensions of the economic impact if the waiver is not granted, and Dr. Calhoun said the hospitals would be carved out of Medicaid-managed care, and the State would not achieve the full planned savings, which has already been considered in the State budget. He said payments to hospitals will be cut to make up the difference of the managed care estimates not being achieved. Dr. Shine added that if this plan fails, there needs to be another solution or U. T. System would lose Medicaid funding and potential UPL money in the order of \$40-\$50 million a year.

President DePinho, U. T. M. D. Anderson Cancer Center

- *He described increases in revenues and operations, and cost containment efforts while maintaining quality by looking at full-time equivalent (FTE) costs, capital expenditures, and programmatic activities.*

Board Chairman Powell said the Board is pleased with the leadership of the six health presidents and the academic presidents. He welcomed President DePinho to his first regularly scheduled Board meeting.

ADJOURNMENT

Committee Chairman Stillwell adjourned the meeting at 11:59 a.m.

MINUTES
U. T. System Board of Regents
Facilities Planning and Construction Committee
November 10, 2011

The members of the Facilities Planning and Construction Committee of the Board of Regents of The University of Texas System convened at 8:00 a.m. on Thursday, November 10, 2011, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Gary, presiding
Vice Chairman Dannenbaum
Vice Chairman Hicks
Regent Cranberg
Regent Stillwell

Also present were Chairman Powell, Vice Chairman Foster, Regent Hall, Regent Pejovich, Regent Rutkauskas, and General Counsel Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Gary called the meeting to order. The PowerPoint presentation concerning all items is set forth on Pages 6 - 44.

1. U. T. System: Fiscal Year 2011 Energy Utility Task Force Report and approval of energy consumption reduction goals

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made, seconded, and carried unanimously

Discussion at meeting:

Mr. O'Donnell used the slides on Pages 7 - 15 to report on the reduction of energy consumption, better manage energy price risk, and leverage the purchasing power of the U. T. System to the benefit of the U. T. System institutions.

In response to a question from Committee Chairman Gary, Mr. O'Donnell clarified that the recommendation is to extend the energy reduction goals set in 2001 by an additional 5-10% over the next 10 years. Noting that the average building age across the U. T. System is 30 years, Mr. O'Donnell said energy efficient initiatives in construction projects, such as improvements in HVAC systems, will significantly help to fill the gap in recapitalization of existing energy inefficient systems to meet future reduction goals.

2. **U. T. Austin: McDonald Observatory Fire Life Safety and Infrastructure Upgrades - Amendment of the FY 2012-2017 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Stillwell, seconded by Regent Cranberg, and carried unanimously

Discussion at meeting:

Mr. O'Donnell reported that wildfires in April 2011 burned approximately 200,000 acres close to the McDonald Observatory.

Regent Stillwell asked if groundwater is available and accessible, and Mr. O'Donnell answered affirmatively. It was stated this will bring the infrastructure up to code requirements set by the State Fire Marshal.

3. **U. T. Dallas: Parking Structure Phase I - Amendment of the FY 2012-2017 Capital Improvement Program to include project (Preliminary Board approval)**

Committee Meeting Information

Presenter(s): President David E. Daniel, U. T. Dallas

Status: Approved

Motion: Made by Regent Stillwell, seconded by Regent Cranberg, and carried unanimously

Discussion at meeting:

Dr. Daniel said he is trying to keep the project cost-effective, and he reported the cost per parking space is \$16,000 or 8% below the average cost of U. T. System parking garages. Vice Chairman Hicks asked if the bond funds will be repaid from parking fees, and President Daniel confirmed the project is self-supporting. He also addressed a question from Regent Rutkauskas, saying that students will be the major users of the garage.

4. U. T. Dallas: Student Housing Living Learning Center, Phase IV - Amendment of the FY 2012-2017 Capital Improvement Program to include project (Preliminary Board approval)

Committee Meeting Information

Presenter(s): President David E. Daniel, U. T. Dallas

Status: Approved

Motion: Made by Regent Stillwell, seconded by Regent Cranberg, and carried unanimously

Discussion at meeting:

Regent Stillwell commented on the substantial enrollment growth at U. T. Dallas, and asked about expected enrollment in 2015. Dr. Daniel responded that while there was 10% growth this year, a 5% per year enrollment growth is more desirable, and enrollment could be at 21,000 - 22,000 students by 2015.

President Daniel discussed the food service proposed for the facility in reply to a question from Regent Stillwell. He said the service is not subsidized; the desire is to break even. Committee Chairman Gary asked about a target for on-campus living, and President Daniel replied approximately 25% of students are living on campus, which is a good balance. He noted residential living is especially important for freshman and sophomore students.

5. U. T. El Paso: Student Housing Phase III - Amendment of the FY 2012-2017 Capital Improvement Program to include project (Preliminary Board approval)

Committee Meeting Information

Presenter(s): President Diana S. Natalicio, U. T. El Paso

Status: Approved

Motion: Made by Regent Stillwell, seconded by Regent Cranberg, and carried unanimously

Discussion at meeting:

Vice Chairman Foster mentioned student housing at U. T. El Paso was badly needed.

6. U. T. Health Science Center - San Antonio: South Texas Simulated Teaching Hospital - Amendment of the FY 2012-2017 Capital Improvement Program to include project; appropriation of funds; and authorization of institutional management (Final Board approval)

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Stillwell, seconded by Regent Cranberg, and carried unanimously

7. U. T. Brownsville: Biomedical Research Facility II - Amendment of the FY 2012-2017 Capital Improvement Program to increase total project cost; approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Hicks, seconded Regent Stillwell, and carried unanimously

Discussion at meeting:

Vice Chairman Hicks asked if the facility is on land owned by the University, and Mr. O'Donnell responded affirmatively.

See the discussion of Leadership in Energy and Environmental Design (LEED) on Page 5 of these Minutes.

8. U. T. San Antonio: Athletics Complex - Phase I - Approval of design development and appropriation of funds and authorization of expenditure (Final Board approval)

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Stillwell, seconded Vice Chairman Dannenbaum, and carried unanimously

Follow-up action: Send financial pro forma to Regent Cranberg.

Discussion at meeting:

Regent Cranberg asked for a cash flow formula that reflects operation of the Complex over time and the revenues associated with uses. Mr. O'Donnell said he would get the financial pro forma to Regent Cranberg. Mr. Kerry Kennedy, Vice

President for Business Affairs, said the grant will pay for the facility, and there will be a revenue source that will cover operating costs. He indicated that while the project is a joint project with the city and the county, students will have access for a good price.

9. U. T. San Antonio: Bauerle Road Garage - Amendment of the FY 2012-2017 Capital Improvement Program to increase the total project cost; approval to revise funding sources; and appropriation of funds and authorization of expenditure (Final Board approval)

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Stillwell, seconded by Vice Chairman Dannenbaum, and carried unanimously

Discussion at meeting:

Vice Chairman Hicks asked if the Designated Funds is tuition revenue, and the answer was affirmative.

ADJOURNMENT

Prior to adjourning, Committee Chairman Gary asked if in general, funding sources will cover the increased cost of the Leadership in Energy and Environmental Design (LEED) certification. Mr. O'Donnell explained LEED is a qualification that a building is energy and environmentally sustainable and efficient. He noted LEED certification was required by the NIH grant and led to a higher project cost for the U. T. Brownsville Biomedical Research Facility II portion of the project (see Item 7 on Page 4 of these Minutes). Vice Chairman Hicks asked if a certain level of certification was needed, and Mr. O'Donnell replied a basic LEED certification is necessary, and is obtainable with the existing, basic energy design standards. Mr. O'Donnell said the policy is to build to LEED certified-equivalent standards, but campuses can apply monies to put the paperwork in place to get the plaque for higher levels of certification. He added the certification includes inspections. Executive Vice Chancellor Kelley said the LEED-equivalent is a cost-effective investment.

Regent Cranberg asked if consistent economic thresholds are applied Systemwide, and Mr. O'Donnell said the standards are regionally based so that designs can be modified for efficiencies in areas of, for instance, local utility rates and climate.

Committee Chairman Gary commented that most STEM projects that began in 2006-2007 under the U. T. System Competitiveness Initiative are complete.

Committee Chairman Gary adjourned the meeting at 8:48 a.m.

Agenda Items

9

**Mr. Michael O'Donnell, Associate Vice Chancellor
for Facilities Planning and Construction**

U. T. System Board of Regents' Meeting
November 2011



The University of Texas System

Fiscal Year 2011

Energy Utility Task Force Report

7



Energy Utility Task Force (EUTF)

- February 2001: The Board of Regents created the EUTF to evaluate and recommend strategies for U. T. System institutions to reduce energy consumption and cost.
- November 2001: The Board of Regents endorsed goals of 5%-10% reduction in energy use per square foot by FY 2006 and 10%-15% reduction by FY 2011.
- 8 ➤ 2002: Energy Management Plans were completed by each institution. These plans serve as the road map for accomplishing the objectives of the EUTF.
- 2005: The Governor's Office issued Executive Order RP-49 requiring each State agency to develop a plan for conserving energy and to provide an update to the plan on a quarterly basis. Institution reports are available online in the "Reports to the State of Texas" section of the U. T. System website.

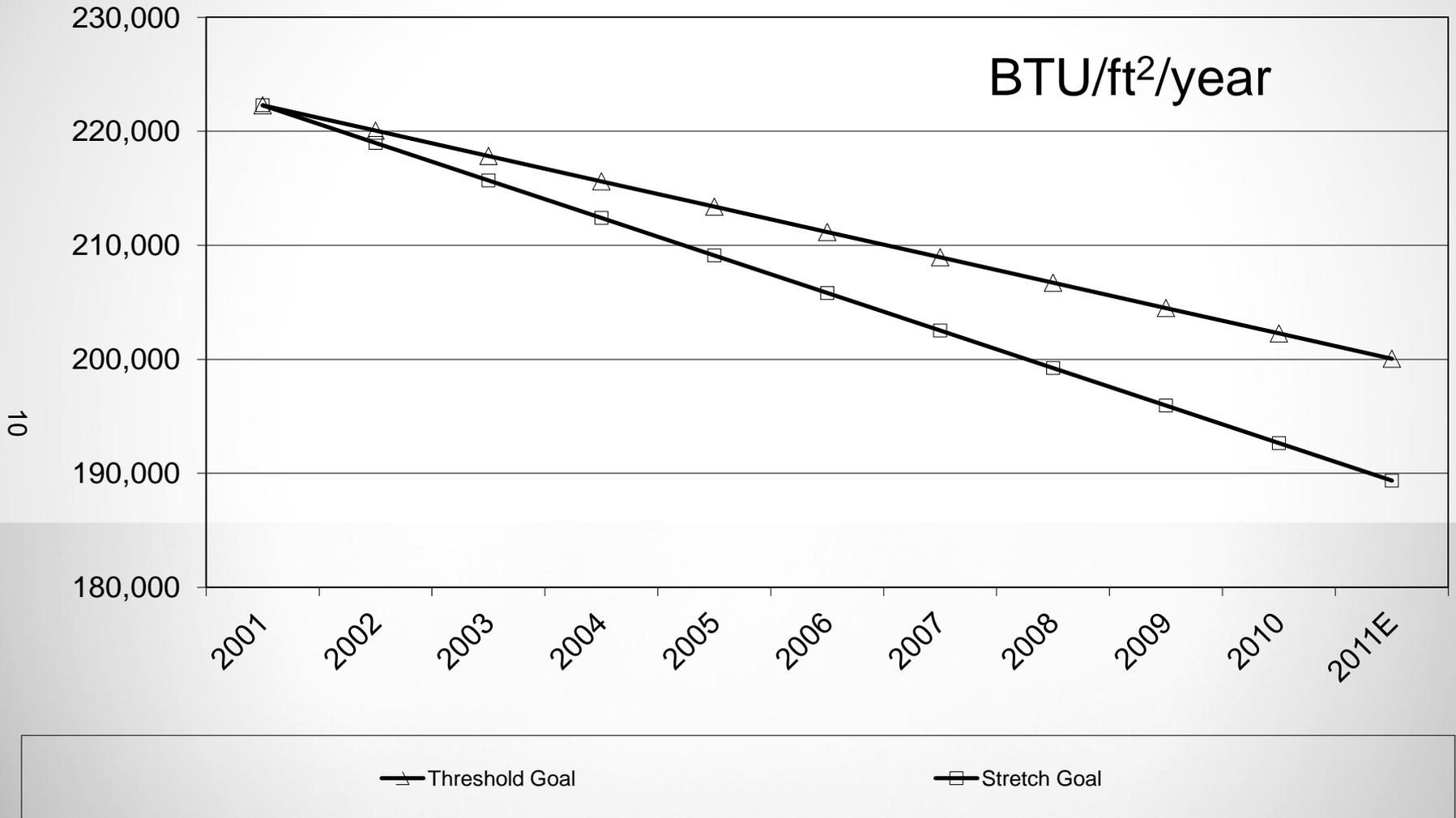


Improving Energy Efficiency - Examples

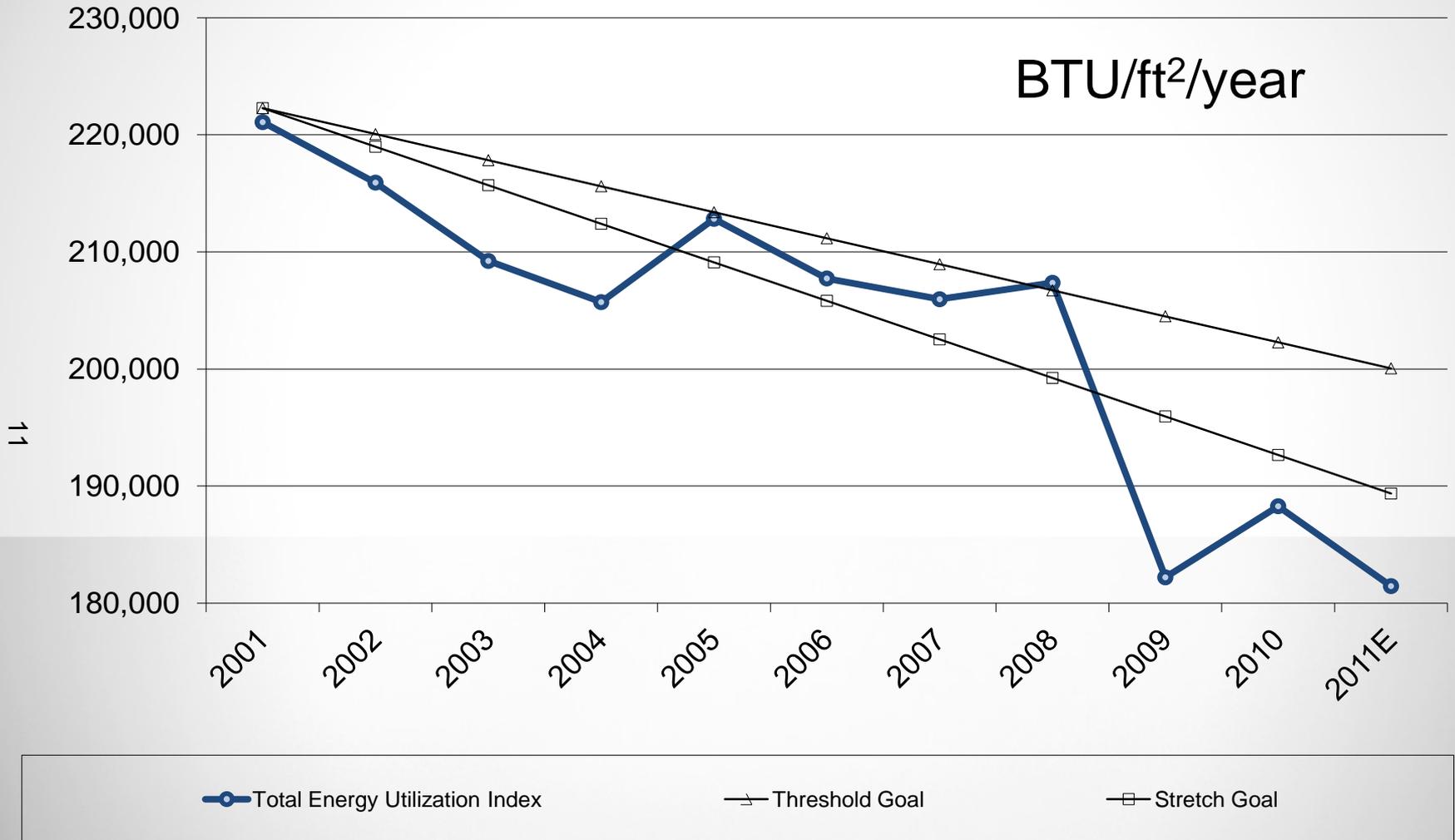
- Energy audits and performance contracts
- Improved metering and controls
- Retro-Commissioning of complex building systems
- Lighting and motor retrofits, variable frequency drives
- Building envelope and roof insulation upgrades
- 6 ➤ Higher efficiency chiller replacements
- Daylighting of perimeter zones
- Reduced air changes for fume hoods
- Campus energy education programs
- Cooling with unconditioned outside air



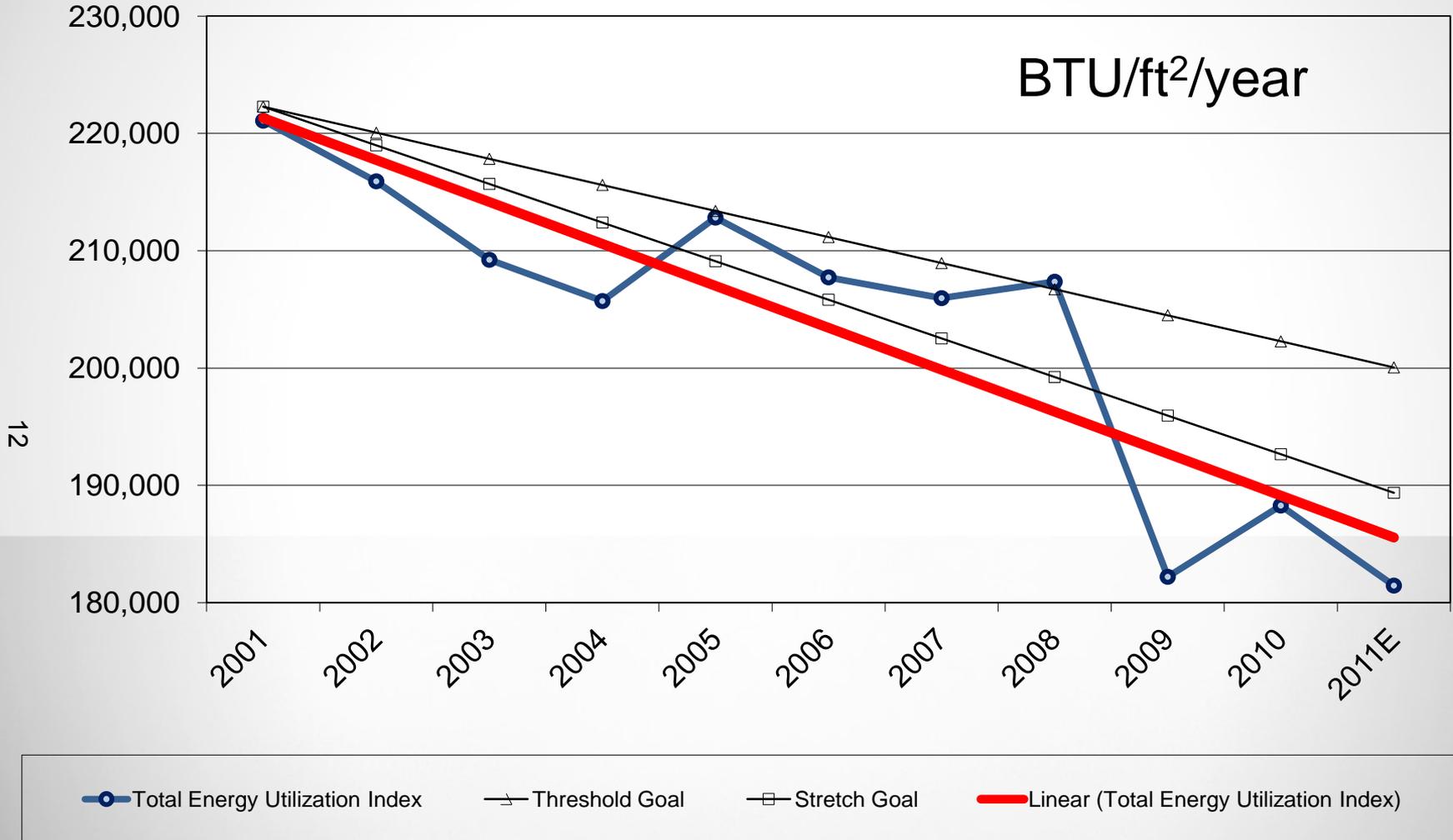
Energy Utilization Index (EUI)



Energy Utilization Index (EUI)



Energy Utilization Index (EUI)



FY 2011 EUTF Headlines

- Current FY 2011 estimates show an 18% reduction from baseline levels.
- The cumulative reduction in energy consumption per square foot since 2001 has saved U. T. System \$250 million.
- While energy consumption has declined on a per square foot basis since 2001, the cost of energy has increased.
 - 13 ■ Electricity: from \$0.057 to \$0.075/Kwh avg.
 - Natural Gas: from \$5.95 to \$6.22/Mcf avg.
- Total inventory has increased by 57% and includes more high-energy-use space (research, engineering, and health care).
- Total Annual Energy Costs have increased from \$149 million to \$248 million.

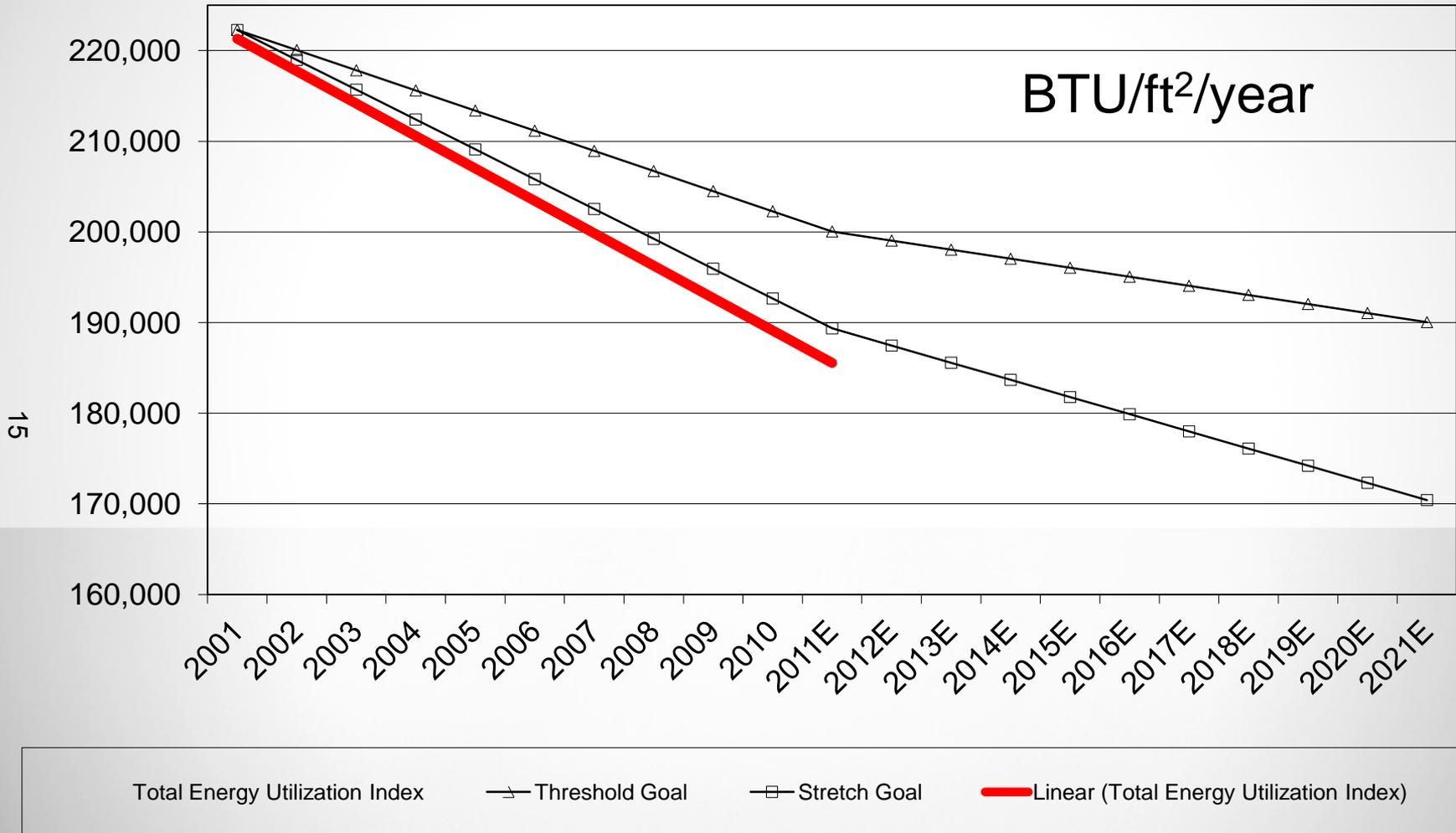


Future Energy Reduction Goals

- Most of the low-cost energy reduction projects and systems have been installed.
- Major recapitalization of existing energy inefficient systems is needed.
- ¹⁴➤ Extending the 2001 baseline energy reduction goals an additional 5% - 10% by 2021 is recommended.
- The Board's support and approval is requested.



Future Energy Reduction Goals



Consideration of Project Additions to the FY 2012-2017 Capital Improvement Program

Four Academic Projects

- U. T. Austin McDonald Observatory
Fire Life Safety and Infrastructure Upgrades \$ 6,500,000
- U. T. Dallas Parking Structure Phase I \$12,000,000
- U. T. Dallas Student Housing Living Learning
Center, Phase IV \$75,000,000
- U. T. El Paso Student Housing Phase III \$17,200,000

One Health Project

- U. T. H. S. C. - San Antonio
South Texas Simulated Teaching Hospital \$10,000,000



U. T. Austin

McDonald Observatory Fire Life Safety and Infrastructure Upgrades

- Includes wastewater treatment plant upgrades, a new potable water well, and a code compliant fire protection network
- ➔ Institutional Management
- Total Project Cost of \$6,500,000 with funding of \$5,500,000 from the Available University Fund and \$1,000,000 from Designated Funds

Addition to FY 2012-2017 CIP



U. T. Dallas

Parking Structure Phase I

- Design and construct a new five level, 750 space parking garage of approximately 251,000 gross square feet
- Importance to the overall University plan
 - Significant enrollment growth (10% in 2011, 27% growth over the past four years).
 - Parking support for the School of Management including the Phase II Addition, and the new Arts and Technology Complex including the 1,200 seat Lecture Hall.
- Institution's current utilization of space
 - Current surface parking lots are full with significant parking issues especially during class transitions at the School of Management from daytime classes to nighttime Business Curricula.

Addition to FY 2012-2017 CIP



U. T. Dallas

Parking Structure Phase I

- Optimal building strategy
 - Aligns with current U. T. Dallas Campus Site Development Plan.
- Total Project Cost of \$12,000,000 with funding of \$10,000,000 from Revenue Financing System Bond Proceeds, \$1,000,000 from Auxiliary Enterprises Balances, and \$1,000,000 from Unexpended Plant Funds.

19

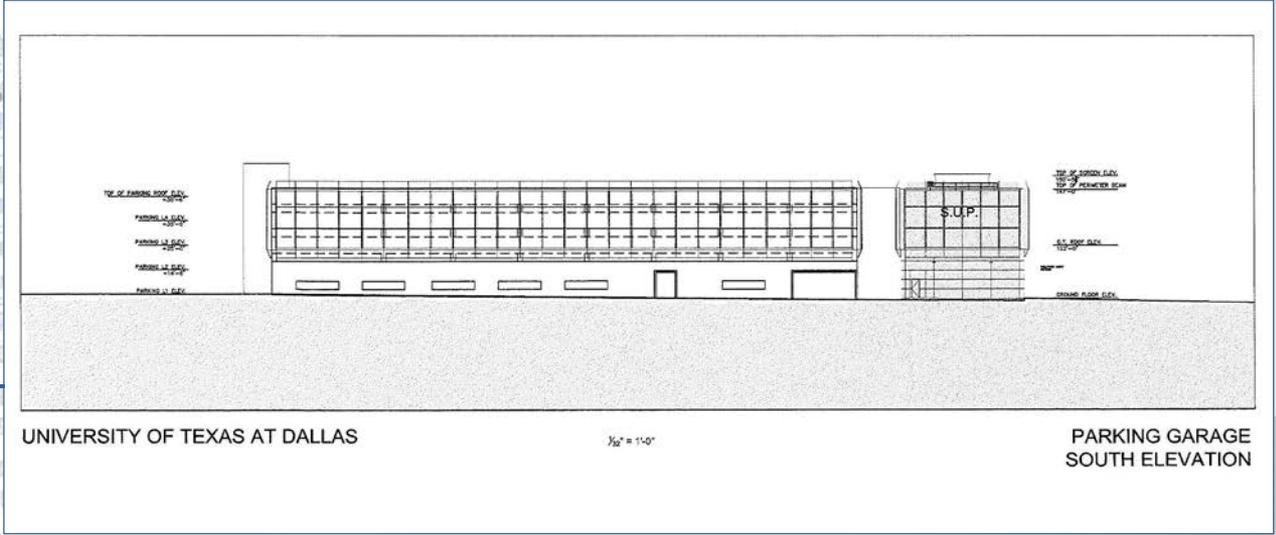
Addition to FY 2012-2017 CIP



U. T. Dallas Parking Structure Phase I



P = Existing Surface Parking Lot



UNIVERSITY OF TEXAS AT DALLAS

1/8" = 1'-0"

PARKING GARAGE
SOUTH ELEVATION

Preliminary Schematic Design completed as Part of the Satellite Utility Plant Design

Addition to FY 2012-2017 CIP



THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.

U. T. Dallas

Student Housing Living Learning Center, Phase IV

- Design and construct a new facility with approximately 285,000 gross square feet (GSF), to house 600 students, including roughly 10,000 GSF of classrooms, Living/Learning gathering spaces, and offices. The project also contains an 800 seat dining hall with kitchen and serving area, a stand-alone 750 car Parking Garage and Recreational Activity Facilities.

21

Importance to the overall University plan

- In a focused effort to promote and expand campus life to enhance the student experience, to encourage and support academic learning, and to decrease the time to graduation; U. T. Dallas encourages freshman students to live on Campus in dedicated Living/Learning Centers.
- Help address overcrowding in the Activity Center and Food Service Dining Hall on Central Campus.

Addition to FY 2012-2017 CIP



U. T. Dallas

Student Housing Living Learning Center, Phase IV

- Institution's current utilization of space
 - With a 27% growth in student enrollment over the past four years, and 100% occupancy of current campus housing, there was a 550 bed shortfall in Fall Semester 2011.
- Optimal building strategy
 - 22 • Aligns with current U. T. Dallas Campus Site Development Plan.
- Total Project Cost of \$75,000,000 with funding of \$70,000,000 from Revenue Financing System Bond Proceeds, \$3,000,000 from Auxiliary Enterprises Balances, and \$2,000,000 from Unexpended Plant Funds.

Addition to FY 2012-2017 CIP



U. T. Dallas

Student Housing Living Learning Center, Phase IV

- Site Location for Student Housing Living Learning Center, Phase IV is aligned with the current 2008 – 2050 Campus Site Development Plan dated December 17, 2009, by Peter Walker Partners.

- Proposed Total Project Cost Breakdown:

• 600 Bed Residence Hall	\$44.5M
• 800 Seat Food Service Facility	\$12.5M
• 750 Car Parking Garage	\$12.0M
• Recreational Facilities	<u>\$ 6.0M</u>
TOTAL	\$75.0M

- Housing Phase IV Cost per Bed = \$74,167

- U. T. Dallas Housing Phase I, II and III average Cost per Bed = \$76,733
- The average of five other recent U. T. System Housing Projects Cost per Bed = \$78,945

- Food Service Facility including Kitchen, Serving Area, and 800 Seat Dining Room

- UTD Housing Phase I Dining Hall Total Project Cost \$9,126,700
 - Renovation of Existing Kitchen, new Serving Area, new 550 Seat Dining Hall, all utilities in the existing building
- Housing Phase IV Food Service Facility Budgeted Total Project Cost \$12,500,000
 - New Kitchen, Serving Area, and 800 Seat Dining Hall, must bring all utilities to the site

- Housing Phase IV Parking Garage

- 750 Car Parking Garage = \$16,000 per car
- The average of eight recent U. T. System Parking Garages (on various Campuses), Cost per Car = \$17,305

Addition to FY 2012-2017 CIP



U. T. Dallas

Student Housing Living Learning Center, Phase IV

Phase III Under Construction

Proposed Phase IV Site

Existing Phase II

Existing Phase I



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Addition to FY 2012-2017 CIP



U. T. Dallas

Student Housing Living Learning Center, Phase IV

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Additional Background Information Backup Slide

Addition to FY 2012-2017 CIP



Student Housing Living Learning Center, Phase IV

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UT Dallas Enrollment/Housing Growth						
YEAR	ENROLLMENT	STUDENTS LIVING ON CAMPUS	NEW FRESHMEN	1ST YEAR FRESHMEN LIVING IN FRESHMAN HOUSING	FRESHMEN WAITING LIST	TOTAL WAITING LIST
2007	14,556	2,646	1,354	651	0	324
2008	14,944	2,614	1,349	692	41	294
2009	15,783	2,947	1,518	790	18	186
2010	17,128	3,360	1,779	791	61	154
2011	19,005	3,800	2,127	902	250	550
2012	19,625	4,200	2210 (+4%)	1200*	?	?
2013	20,400	4,800	2300 (+4%)	1750*	?	?

* Will recapture apartments for upper class use.

Addition to FY 2012-2017 CIP



U. T. El Paso

Student Housing Phase III

- Design and construct a new housing facility with approximately 114,000 gross square feet (GSF)
- Combination of double and single bedroom semi-suites to house approximately 400 students
- 27 U. T. El Paso enrollment of 22,640. Current housing inventory provides 626 beds, accommodating 3% of student population.
- Current occupancy at capacity with a waiting list of 91 students.

Addition to FY 2012-2017 CIP



U. T. El Paso

Student Housing Phase III

- Project increases student housing capacity by 63%.
- Marketing and feasibility study indicates a need for 1,300 additional beds and recommends a first phase of 400 beds.
- Stucco/wood frame construction. Cost of \$43k per bed or \$151 per gross square foot.
- Financial pro forma indicates sustainability with a debt service coverage ratio of 1.2 or better from FY 2012-2021.

Addition to FY 2012-2017 CIP



U. T. El Paso

Student Housing Phase III

- Total Project Cost of \$17,200,000 with funding from Revenue Financing System Bond Proceeds repayable from rental income

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Addition to FY 2012-2017 CIP



U. T. Health Science Center - San Antonio South Texas Simulated Teaching Hospital

- Provide a facility of approximately 15,000 assignable square feet to include a functional simulated hospital with designated teaching areas
- Institutional Management
- Total Project Cost of \$10,000,000 with funding of \$6,000,000 from Permanent University Fund Bond Proceeds and \$4,000,000 from Designated Funds as approved by Board on August 25, 2011

Addition to FY 2012-2017 CIP



CIP Additions

Four Academic Projects	\$ 110,700,000
One Health Project	<u>\$ 10,000,000</u>
Total CIP Additions	\$ 120,700,000

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Consideration of Design Development

- U. T. Brownsville
Biomedical Research Facility II
- U. T. San Antonio
Athletics Complex - Phase I

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U. T. Brownsville Project Biomedical Research Facility II

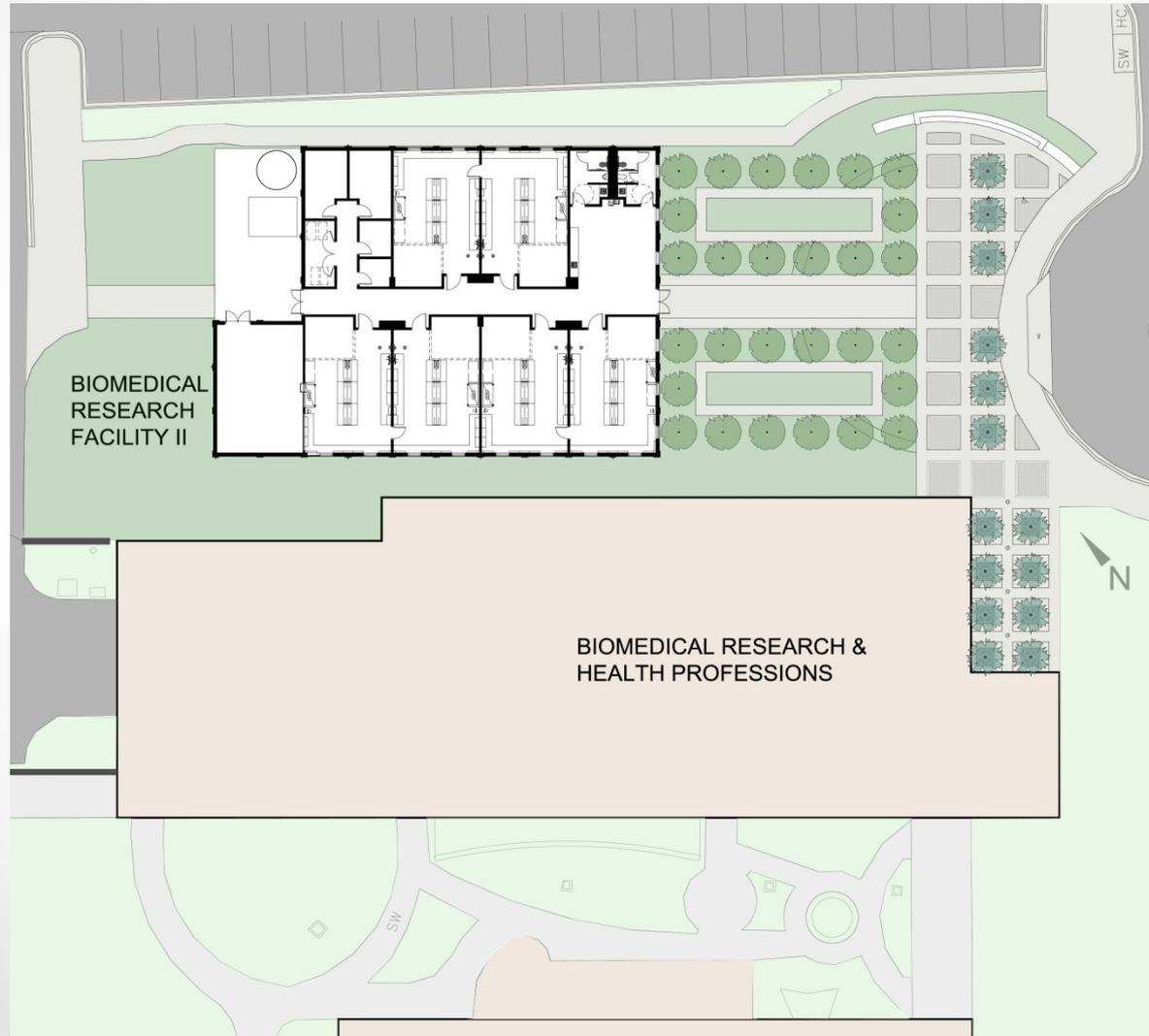


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U. T. Brownsville Project

Biomedical Research Facility II



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U. T. Brownsville Biomedical Research Facility II

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U. T. Brownsville

Biomedical Research Facility II

- Total Project Cost of \$4,993,085 with funding of \$3,993,085 from Grants and \$1,000,000 from the Higher Education Assistance Fund
- Investment Metrics
 - By 2013
 - Increase research by expanding infrastructure laboratories from 12 to 18, including 7,815 gross square feet
 - Increase external funding by \$1.5 million on research expenditures
 - Increase retention by providing approximately 12 part-time positions for students
 - Increase productivity in research by recruitment of two professors

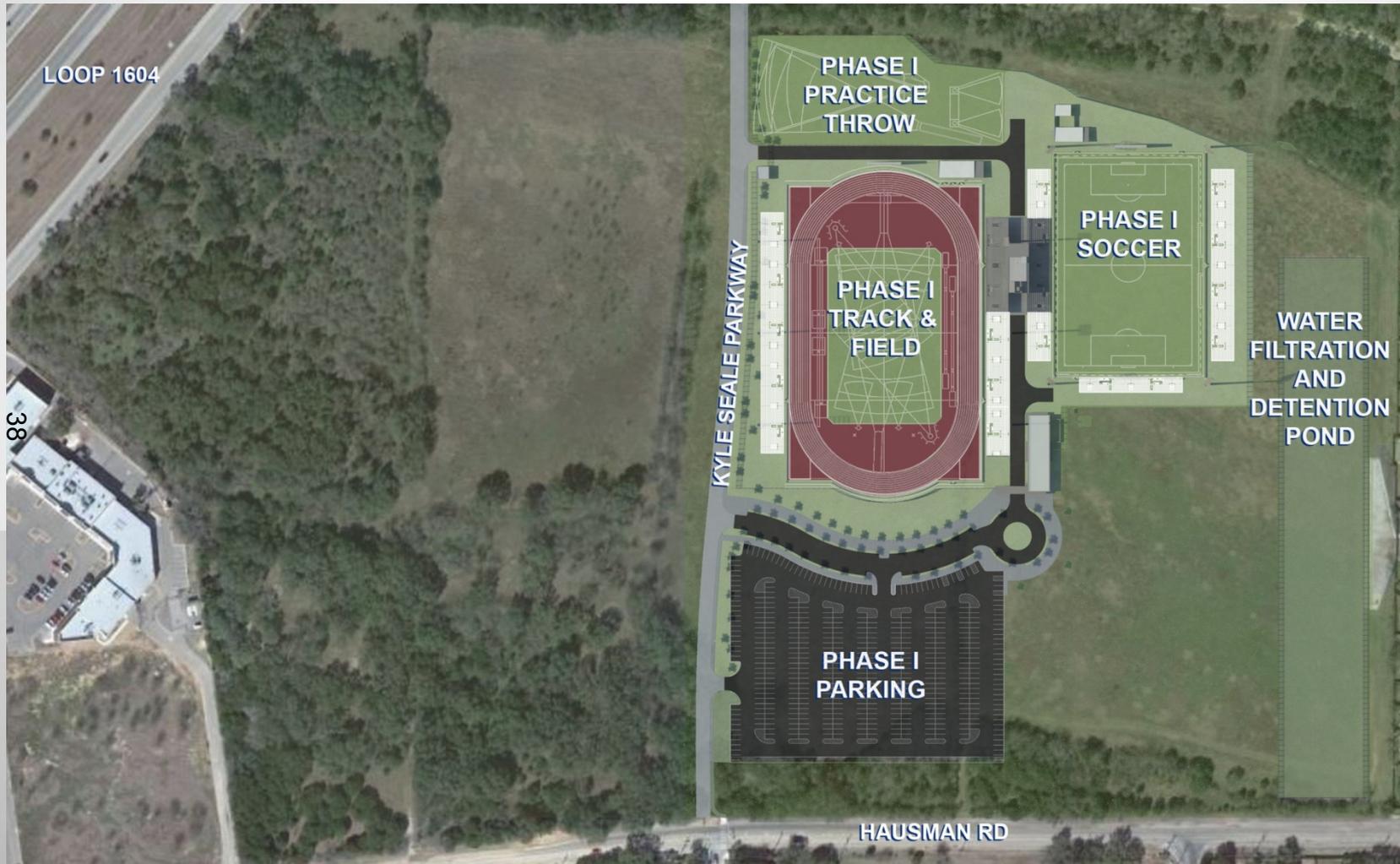
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U. T. San Antonio Athletics Complex - Phase I



U. T. San Antonio Athletics Complex - Phase I



TRUE
NORTH



U. T. San Antonio Athletics Complex - Phase I

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U. T. San Antonio Athletics Complex - Phase I

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U. T. San Antonio

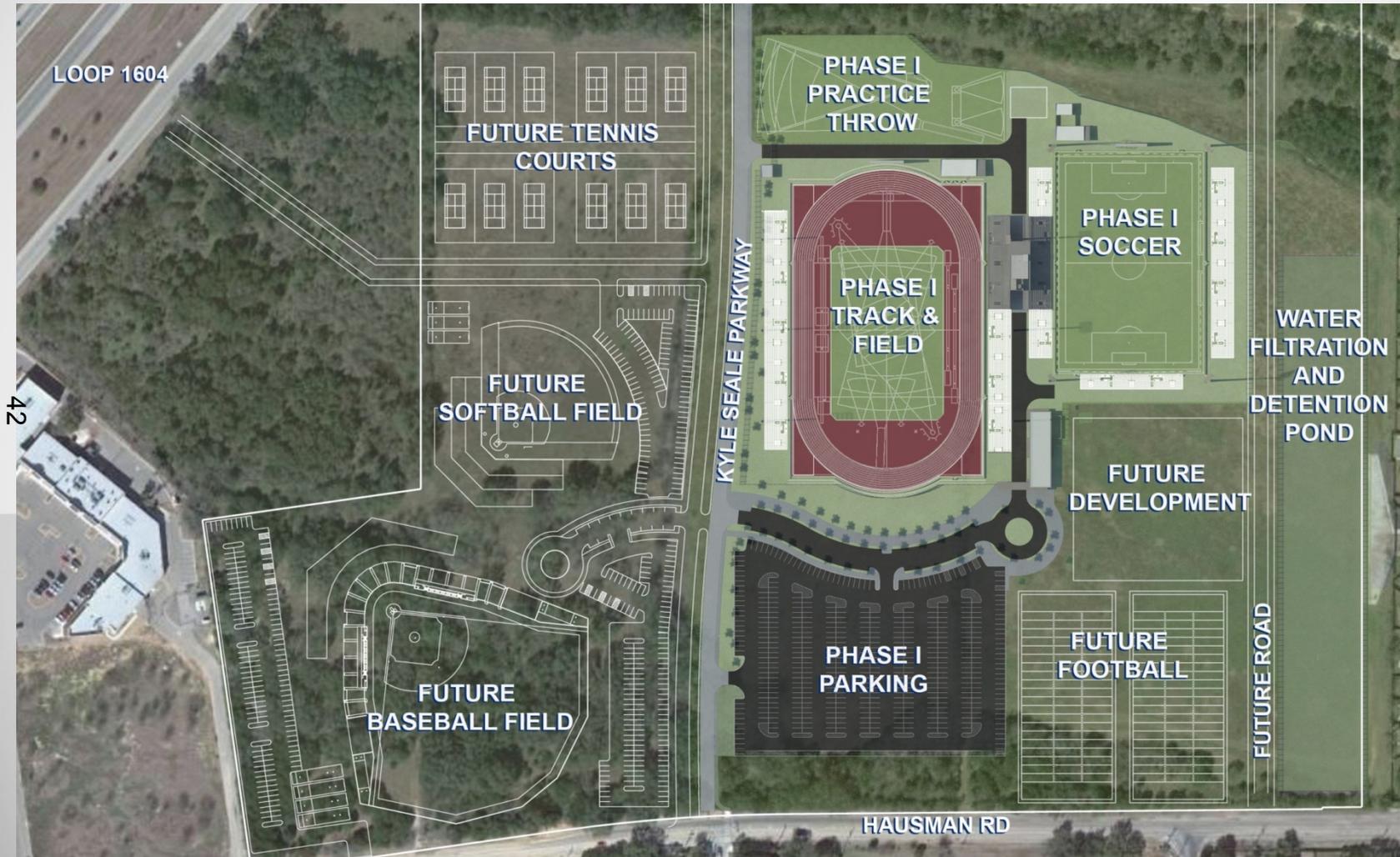
Athletics Complex - Phase I

- Total Project Cost of \$22,050,000 with funding from Grants
- Investment Metrics
 - By 2013
 - Increase reputation of the athletic program
 - Increased student involvement in athletic events
 - Increased overall student satisfaction with the university
 - Greater alumni involvement in attending sport events
 - Increased alumni giving

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U. T. San Antonio Athletics Complex – Future Phases



U. T. San Antonio

Bauerle Road Garage

- Proposed increase of \$3,902,441 will provide a perimeter loop roadway and campus entry roundabout to improve traffic flow and campus access.
- 43 Total Project Cost of \$36,461,120 with funding of \$22,000,000 from Revenue Financing System Bond Proceeds, \$9,341,319 from Auxiliary Enterprises Balances, \$3,618,179 from Designated Funds and \$1,501,622 from Unexpended Plant Funds

Modification to FY 2012-2017 CIP



MINUTES
U. T. System Board of Regents
Technology Transfer and Research Committee
November 10, 2011

The members of the Technology Transfer and Research Committee of the Board of Regents of The University of Texas System convened at 9:00 a.m. on Thursday, November 10, 2011, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Vice Chairman Dannenbaum, presiding
Vice Chairman Hicks
Regent Cranberg
Regent Gary
Regent Pejovich

Also present were Chairman Powell, Vice Chairman Foster, Regent Hall, Regent Rutkauskas, Regent Stillwell, and General Counsel to the Board Frederick.

1. U. T. System: Report on U. T. Horizon Fund

Committee Meeting Information

Presenter(s): Mr. Bryan Allinson, Executive Director of Technology Commercialization and Advisory Services

Status: Reported/Discussed

Follow-up action: Provide the history of the levels of co-investment opportunities available over the past several years and, if possible, what the investment returns would have been.

Discussion at meeting:

Regent Cranberg asked if the maintain equity program (mentioned on Slide 3 of the presentation in the Agenda Book) is subject to the sixth step of the decision process (per Slide 5), which is to allocate funding according to the commercialization plan, and Mr. Allinson responded affirmatively. Mr. Allinson described the fast-track, special meeting process if a decision needs to be made outside of the normal process.

Regent Cranberg asked about the level required to maintain equity-type opportunities, and Mr. Allinson said a consultant will be engaged to quantify the amount more definitively. He said he estimates the amount will be at least \$25-\$30 million, and possibly into the \$100 million range. Regent Cranberg noted that since the markets are volatile right now, private equity opportunities are probably attractively priced. He said he is interested in seeing the history of the levels of co-investment opportunities available over the past several years and, if possible, what the investment returns would have been. He stated that it seems to him the Horizon

program is small compared to the numerous objectives it has and the magnitude of the maintain equity-type investments. He suggested there may be alternative ways to take advantage of the opportunities. Mr. Allinson said part of the objective of the Fund is to provide leverage.

In response to a suggestion by Regent Cranberg, Mr. Allinson gave the example of a venture firm that is working with a number of U.S. universities to provide U. T. with a small carry if they make an investment on U. T.'s behalf.

2. U. T. System Board of Regents: Amendments to the Regents' Rules and Regulations, Rule 90101, Rule 90102, Rule 90103, Rule 90104, and Rule 90106, concerning intellectual property

Committee Meeting Information

Presenter(s): Mr. Barry Burgdorf, Vice Chancellor and General Counsel

Status: Approved

Motion: Made by Vice Chairman Hicks, seconded by Regent Gary, and carried unanimously

3. U. T. System: Technology Transfer Review

Committee Meeting Information

Presenter(s): Dr. Margaret Sampson, Vinson & Elkins LLP

Status: Reported/Discussed

Discussion at meeting:

Dr. Sampson's presentation was not included in the Agenda materials and is set forth on Pages 5 - 14.

Regent Cranberg suggested that payment of leaves of absences for inventors to work in early stage companies might be considered an investment by the Horizon Fund, and Dr. Sampson agreed that might be an appropriate expenditure of the Fund. While Fund monies are limited, she said any way U. T. can facilitate inventors to commercialize inventions will be beneficial in the long term.

Vice Chairman Hicks asked about the recommendation to hire more professionals, and Dr. Sampson said they could be consultants or full-time employees; the important point is the right person can make things happen.

Regent Hall said the notion of providing an online portal that would facilitate education of inventors regarding commercialization processes sounded cumbersome. Dr. Sampson explained there are resources to draw from to educate inventors on the process of commercialization, such as publications, and a central repository of information would be efficient. She noted a few institutions that do this well, including the Wisconsin Alumni Research Foundation (WARF), Stanford, and the

University of California System. She remarked these resources would be available to U. T. as a starting point. Mr. Burgdorf said a field trip has been scheduled to WARF, and he noted the similarities of the University of Wisconsin campuses and System offices with the U. T. System.

Suggesting a possible mix of internal managers and external consultants, Regent Stillwell asked if there is an industry of professional consultants that would be interested in helping. Dr. Sampson answered affirmatively, saying companies have formed based on the concept of partnering with an academic institution and focusing on commercializing the technologies. Noting the significant internal resources available at the U. T. System institutions, Vice Chairman Dannenbaum said the Committee is looking at a mix of both internal and external consultants. He then asked Chancellor Cigarroa to address the recommendations and give his ideas on how to proceed.

Chancellor Cigarroa indicated that U. T. System officials will be reviewing the recommendations provided by Dr. Sampson, and he noted field trips are planned to learn about improvements that can be made at the U. T. System. He also commented on the creation of a high-level Chancellor's Industry Council, with experienced members from across the U.S. to help with what can be done better. He said he is not yet prepared to give the names of the 15 individuals who will sit on the cabinet.

Committee Chairman Dannenbaum and Chancellor Cigarroa thanked Dr. Sampson for her work, done on a pro bono basis, to provide a framework of issues that will be considered to enhance the success of technology commercialization across the U. T. System.

4. U. T. System: Report on Stampede Supercomputer that will enable petascale computing for science and engineering

Committee Meeting Information

Presenter(s): Dr. Jay Boisseau, Director, Texas Advanced Computing Center, U. T. Austin
Status: Reported/Discussed

Discussion at meeting:

Dr. Boisseau spoke about the competitive advantages that will be offered by the Stampede Supercomputer.

In response to a question from Vice Chairman Hicks about the ranking of the supercomputing capabilities if Stampede was online today, Dr. Boisseau said the capability would rank as Number 2 in the world. He clarified the system would actually be ranked first based on doing science. Regent Stillwell commented that 10 years from now, the academic, scientific, and financial results will be beyond anything considered in the realm of possibility today.

Dr. Boisseau commented that research is turning towards societal applications, such as in the life sciences, material sciences, and energy sciences.

Committee Chairman Dannenbaum asked about information security safeguards in place, and Chancellor Cigarroa responded that will be the subject of a report by Deloitte & Touche later today (November 10) regarding enhancing cyber security issues across the U. T. System (see Item 1 on Page 1 of the Board Minutes).

Dr. Cigarroa noted the importance of developing a path for the future as to what is the adequate computational power for state-of-the-art research, and how this high-performance computing is needed to enhance the educational mission (strategic plan).

ADJOURNMENT

Committee Chairman Dannenbaum adjourned the meeting at 9:55 a.m.

Review of Technology Transfer at The University of Texas System

Margaret Sampson
Partner, Vinson & Elkins LLP

U. T. System Board of Regents' Meeting
Technology Transfer and Research Committee
November 2011

Purpose

- In May 2011, the U. T. System commissioned Vinson & Elkins LLP (on a pro bono basis) to review Technology Transfer (“Tech Transfer”) practices at U. T. institutions and to define goals and recommendations for the U. T. System’s consideration to further facilitate Tech Transfer
- We have reviewed the status of Tech Transfer both within the U. T. System and at various academic institutions across the U.S.
- We have had discussions regarding Tech Transfer with the Offices of Technology Commercialization (“OTCs”) at each of the following:
 - U. T. Austin
 - U. T. M. D. Anderson Cancer Center
 - U. T. Southwestern Medical Center
- Based on this review and discussions, we present the following Short Term Goals and Long Term Recommendations

Overview

- The U. T. System is among the top academic institutions in the country in protecting Intellectual Property (patents), commercializing inventions (licensing), and establishing start-ups
- But the U. T. System is middle of the pack for “return on investment” (license income divided by research funding)
 - Reflects that above metrics are not the whole story
- Trends show significant improvement in U. T. metrics over last 10 years
- The U. T. System may continue to build this upward trend by implementing the Goals and Recommendations set forth today
- Facilitating Tech Transfer at the U. T. System fulfills its academic mission of benefiting society, particularly at the local and state levels
- External limitations that impact Tech Transfer: Economy and availability of venture capital (VC) or government funding

Short-Term Goals (1-2 years)

∞

- **Goal: Mine Tech Transfer opportunities within the U. T. System**
- **Recommended Action: Hire more technology managers with business expertise in specific industry sectors to:**
 - Provide advice and assistance in evaluating research for commercial potential
 - Oversee developing technologies
 - Leverage contacts/know-how in industry
 - Raise the U. T. System's Tech Transfer profile both nationally and internationally in targeted sectors
 - Improve Tech Transfer marketing materials

∞

Short-Term Goals (1-2 years) (cont.)

- **Goal**: Empower researchers in the Tech Transfer process
- **Recommended Action**: Provide a central portal for education and actively involve researchers in commercialization
 - Educate interested researchers on
 - Types of inventions that can be commercialized and the evaluation process
 - Marketing inventions and targeting industry needs
 - Effective protection of inventions, including timing issues and costs
 - Promote inventor involvement in commercialization efforts
 - Inventors are most knowledgeable about the invention
 - Inventors can credibly leverage commercial contacts and memberships in professional societies to market inventions
 - Establish a centralized Customer Relationship Management (CRM) to centralize industry contacts
 - Evaluate how to appropriately pursue leaves of absence for faculty to work at start-ups

Short-Term Goals (1-2 years) (cont.)

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- **Goal: Facilitate licensing of U. T. copyrighted materials**
- **Recommended Action: Provide on-line portal to download U. T. copyrighted materials**
 - Clarify ownership of copyrighted materials developed by faculty, staff and students
 - Educational materials
 - Educational videos
 - Click license agreement
 - Pay with credit card
 - Promotes distribution of copyrighted educational materials, thereby raising U. T.'s Tech Transfer profile

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Short-Term Goals (1-2 years) (cont.)

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- **Goal: Remove potential road blocks for increasing inventor participation in commercialization**
 - Provide freedom for inventors to participate in the development and commercialization of their inventions
- **Recommended Action: Review and update conflict of interest policies**
 - U. T. institutions requesting guidance
 - Ensure conformity with federal guidelines
 - Provide guidance for situations where conflict policies may be misinterpreted (e.g., public stockholder example)

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Short-Term Goals (1-2 years) (cont.)

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- **Goal: Create consistent incentives for technology managers at U. T. institutions**
 - Consistent acknowledgement that technology managers are critical for successful Tech Transfer programs
- **Recommended Action: Prepare a white paper by the U. T. System on Structured Bonus Programs**
 - Evaluate and establish uniform metrics for incentivizing Tech Transfer
 - Review incentives that are currently in place, and associated track records
 - Establish uniform guidelines to insulate from political pressure
 - Allow for special circumstances

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Long-Term Recommendations (5 years)

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- **Provide a significant fund to commercialize U. T. technologies**
 - Establish \$50-\$100 million fund (e.g., U. T. Horizon Fund, Phase II)
 - Targeted investment in promising early-stage U. T. technologies based on industry and market opportunities
- **Increase investment in Offices of Technology Commercialization**
 - Consider adequate funding mechanisms to support technology transfer
 - Review options including:
 - Support from indirect costs
 - Support from royalty revenue to reward success
 - Structures to control distribution of revenue

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Long-Term Recommendations (5 years) (cont.)

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- **Invest in strategic partnerships**
 - Create a beachhead to industry
 - Establish a high-profile relationship, e.g., the University of California at San Francisco and Pfizer partnership that established the Center for Therapeutic Innovation

- **Invest in globalization and international branding**
 - Foreign investors look to U.S. academic institutions for cutting-edge technology to commercialize
 - Open a beachhead to foreign investors, e.g., in Singapore
 - Not a zero sum gain to U.S. and Texas interests: foreign stakeholders likely to result in a net gain for commercializing U. T. technologies

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