

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

May 10-11, 2006

Austin, Texas

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/s/ Francie A. Frederick
General Counsel to the Board
September 25, 2006

MINUTES
U. T. System Board of Regents
Audit, Compliance, and Management Review Committee
May 11, 2006

The members of the Audit, Compliance, and Management Review Committee of the Board of Regents of The University of Texas System convened at 8:10 a.m. on Thursday, May 11, 2006, 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 Estrada, presiding
Vice Chairman Clements
Vice Chairman Krier
Regent Rowling

Absent

Regent Craven

Also present were Regent Barnhill (for Items 5-6 and Executive Session), Regent Caven (for Items 5-6 and Executive Session), Regent McHugh, and Student Regent Haley.

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

1. U. T. System: Presentation of certificate of appreciation to Mr. Lawrence Warder

Committee Meeting Information

Presenter(s): Chancellor Yudof; Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer

Status: Presented

Discussion at meeting:

Committee Chairman Estrada announced that President Bush has nominated Mr. Lawrence A. Warder as Chief Financial Officer of the U.S. Department of Education. Mr. Warder most recently served as Global Director of Operations for Deloitte Consulting, a company he has worked for since 1969. Earlier in his career, Mr. Warder was supervisor for financial systems at General Tire and Rubber Company. He received his bachelor's degree from the University of Akron and his master's from Kent State University. Mr. Estrada said Mr. Warder has been a member of the U. T. System Administration Internal Audit and Executive Compliance Committee and has served admirably in that role. Committee Chairman Estrada then read the Certificate of Appreciation on Page 2.

Sincere appreciation is expressed to Lawrence A. Warder for his distinguished service and outstanding contributions to The University of Texas System as a member of the Internal Audit and Executive Compliance Committee from 2004 - 2006.

2. U. T. System: Report from State Auditor's Office on results from the federal portion of the Statewide Single Audit Report for the Fiscal Year ended August 31, 2005

Committee Meeting Information

Presenter(s): Ms. Aggie Rasmusen, Texas State Auditor's Office

Status: Reported

Discussion at meeting:

Committee Chairman Estrada welcomed Ms. Carol Smith and Ms. Verma Elliott from the Texas State Auditor's Office. Ms. Aggie Rasmusen stated that reports were issued on the schedule of expenditures of federal awards and compliance with requirements applicable to major programs and internal controls over compliance in accordance with the Office of Management and Budget (OMB) Circular A133 that requires an "A133" Audit be done every year.

Ms. Rasmusen said two clusters of federal programs were audited including student financial assistance -- Pell Grants, Perkins Loans, and Supplemental Education Opportunity Grants -- and research and development programs.

She reported 16 institutions were audited including seven U. T. System institutions. Financial aid was audited at 12 institutions overall and six institutions were audited for research and development compliance requirements. She said there are 13 different federal compliance requirements that are required to be audited including cash management; eligibility; matching level of effort; procurement and suspension and debarment; reporting; and subrecipient monitoring. A catch-all category called special tasks and provisions includes disbursements to or on behalf of students, return of Title IV funds, and student status changes. The Texas State Auditor's Office is required to report reportable conditions, material weaknesses, and material noncompliance with the provisions of regulations, contracts, or grants related to major programs. Whether a condition or an internal control problem is material or simply a reportable condition is relative to the requirements of a specific compliance requirement for the program. The Texas State Auditor's Office is also required to report any known or likely questioned cost equal to or greater than \$10,000. Any known fraud must also be reported.

With respect to student financial assistance, Ms. Rasmussen reported the following:

- U. T. Austin -- reportable conditions were found in control and immaterial noncompliance with respect to the return of Title IV funds and student status changes.*
- U. T. Dallas -- a reportable condition was found in control over eligibility. Material weakness and immaterial noncompliance were found with respect to disbursements to or on behalf of students.*
- U. T. Pan American -- material weakness and material noncompliance were found with respect to the reporting of Pell data.*
- U. T. San Antonio -- reportable conditions in control were found as well as immaterial noncompliance in four areas. In the first area of eligibility, there was a \$600 question cost. In the second area in reporting and the third area in verification, there was a \$17,000 question cost and in the fourth area, in disbursements to or on behalf of students. There was also found a material weakness in control and immaterial noncompliance with respect to eligibility, and in that case there was a \$2,025 question cost.*

With respect to research and development, she reported:

- U. T. Austin -- there was a reportable condition found in control and immaterial noncompliance regarding procurement, suspension and debarment and subrecipient monitoring.*
- U. T. Health Science Center – Houston -- reportable conditions in control were found and immaterial noncompliance regarding procurement, suspension and debarment where there was a \$17,000 question cost and subrecipient monitoring. There was also a material weakness in control over cash management.*
- U. T. Medical Branch – Galveston -- reportable conditions in control were found and immaterial noncompliance over equipment and real property management, procurement, suspension and debarment, and subrecipient monitoring. A material weakness in control and immaterial noncompliance was found regarding an implementation of their people software accounting system. The weaknesses found related to allowable cost, cash management, matching, period of availability of federal funds, and reporting.*
- U. T. Southwestern Medical Center – Dallas -- reportable conditions in control were found and immaterial noncompliance with respect to procurement, suspension and debarment. There were two findings in that area, one of which was a \$13,647 question cost. There was also a reportable condition in control over cash management.*

Follow-up work was performed on findings from the prior year audits:

- U. T. Austin had three findings that were reissued this year including the findings named above.*
- U. T. Southwestern Medical Center – Dallas, U. T. Dallas, and U. T. Health Science Center – San Antonio had corrective action taken on their findings from the prior year.*
- U. T. Austin had four findings on which corrective action had been taken since the prior year.*
- U. T. M. D. Anderson Cancer Center had five findings from the prior year and three of those still had future implementation dates, so they were not able to test them and the other two were implemented too late in the summer last year that there was not an adequate period to test them. Those findings will be followed up on next year.*

There were also audits at nine other institutions, as previously mentioned, outside U. T. System, and the relative proportion of findings was very much the same.

There were 23 total findings at those institutions, five material weaknesses in control, and three instances of material noncompliance. The contact in all cases was the Internal Audit department and the Audit liaison at U. T. Austin.

Ms. Rasmusen reported this year, there will be full compliance and control work done at U. T. San Antonio and U. T. Austin with respect to student financial aid. More limited work will be done at U. T. Tyler and U. T. Southwestern Medical Center – Dallas with respect to student financial assistance. Work will also be done at U. T. Permian Basin. With respect to research and development, full compliance and control work will be done at U. T. Southwestern Medical Center – Dallas, U. T. Austin, and U. T. Health Science Center – San Antonio. Limited work will be done at U. T. El Paso and U. T. Arlington.

Committee Chairman Estrada asked Mr. Chaffin to address what U. T. System is doing to address the weaknesses and noncompliance issues identified in this latest review. Mr. Chaffin stated that the Texas State Auditor's Office covers two areas: student financial aid and research. Research is a high-risk compliance item for U. T. System. The Vice Presidents for Research at the institutions are the responsible party for ensuring compliance. The next presentation will show the complexity of this area and how much time is spent. Mr. Chaffin said the findings by the Texas State Auditor's Office are taken seriously and have been put in the significant findings tracking system and will be followed up to ensure implementation of recommendations.

Committee Chairman Estrada asked Ms. Rasmusen to convey to Mr. John Keel, Texas State Auditor, the Board's appreciation for the fine work and dedication the Texas State Auditor's Office has provided to the U. T. System. Mr. Chaffin also wished to add that Ms. Carol Smith is near retirement. He expressed appreciation for all she has done for the U. T. System.

3. U. T. System: Report on Research Compliance Initiatives

Committee Meeting Information

Presenter(s): Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer;
Mr. Richard St. Onge, Assistant Vice Chancellor for Health Affairs

Status: Reported

Discussion at meeting:

Mr. Chaffin stated that research compliance is receiving the attention of institutions around the country. Mr. St. Onge talked about the complexities associated with time and effort reporting compliance and the importance to U. T. System, including strategies being pursued by the U. T. System. He provided examples of situations that are encountered every day at U. T. System institutions including management of effort commitments and the effort certification process.

He reviewed federal requirements of time and effort reporting for sponsored programs to calculate the institutional base salary since sponsors such as the NIH have a salary cap and the prorated salary expense has to be in compliance. He said institutions must know all about their mandatory and voluntary cost sharing as voluntary cost sharing, if accepted as an award, becomes a binding commitment that must be tracked by the institution. Institutions must control the cost transfers since excessive amounts of cost transfers may indicate control weaknesses.

Mr. St. Onge said there are four reasons for the attention given to time and effort reporting compliance. First, it is a federal requirement. OMB Circular A21 stipulates that payroll systems must exist as well as a verification process that substantiates the salary charges against federal accounts. Second, research enterprise is big business to U. T. System. Fiscal Year 2005 expenditures exceeded \$1.7 billion and of this amount, \$1.053 was federal dollars. When considering the average award has 2/3's of its expenditures for salaries and wages, this quickly becomes a financial risk. Federal enforcement in recent years has increased and there have been several instances of whistle-blowers, resulting in federal lawsuits. In addition, the Inspector General has increased the number of audits.

Mr. St. Onge said given the challenges and the current environment, U. T. System is focusing on the areas of development of policies and procedures, development of an education program, and pursuit of a commercial online effort reporting system. An RFP was issued last summer for an online reporting system and there were four responses, three of which were deemed responsive. However, 14 institutions sent over 60 individuals to a demonstration day and collective consensus from that group was that there was no clear winner and additional due diligence has continued with site visits to Johns Hopkins University and the University of Pennsylvania. To develop guidance on effort reporting policies, half a dozen policy areas have been codified into a draft Business Procedures Memorandum that is being reviewed by the institutions for final comments with issuance proposed for June 2006.

The education program at Johns Hopkins University has been used to build an online effort reporting system that has been rolled out to the institutions via the UT TeleCampus. The goal is to roll out training to all individuals, primarily faculty positions who receive or participate in sponsored programs in conjunction with their year-end certification.

Committee Chairman Estrada thanked Executive Vice Chancellor Shine for his leadership on this compliance issue saying it is an important mandate for U. T. System to maintain that level of integrity in research work.

Dr. Shine said the policy states there must be a single individual on each campus, most commonly the Vice President for Research, who is the responsible individual to record time and effort. He said the risks are not proportional to the size of the research project and there is concern that the smaller institutions have less sophisticated measures and are therefore more vulnerable but the software package Mr. St. Onge referred to is critically important because it would provide a system that could be used by multiple campuses, particularly by smaller campuses. Executive Vice Chancellor Shine agreed a lot of this started out with whistle-blowers, and it has raised increased attention, particularly from Congress. A committee with oversight of the NIH has made it clear that it wants even more attention paid to these issues so U. T. is being proactive. Dr. Shine stated there is a complex matrix of how the research operation works and areas of compliance will be looked at in collaboration with Mr. Chaffin so that the whole research enterprise is examined with respect to vulnerabilities. The bigger U. T. System gets, the higher the probability there will be a problem.

Committee Chairman Estrada asked Mr. St. Onge if he knew of any instances where individual researchers had been sanctioned in this review. Mr. St. Onge responded that he did not know of any instances specifically but guidance indicates that individuals who falsify effort certification reports may have criminal charges brought against them.

4. U. T. System: Report on System-wide Institutional Compliance Activities

Committee Meeting Information

Presenter(s): Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer
Status: Reported

Discussion at meeting:

Mr. Chaffin reported on peer reviews of the compliance functions at U. T. Medical Branch – Galveston and U. T. Austin. He reported the compliance conference held in March was a success with over 230 participants in higher education from around the country from over 75 institutions, including Stanford and Harvard. He said a

significant portion of the program focused on research compliance. There is a 10% per year turnover of faculty, graduate students, and researchers and as a result, it is necessary to continuously educate. The U. T. System is on the leading edge because when a researcher is brought in from elsewhere and does not understand how seriously compliance is taken, that person must go through an educational process and an excellent job is being done in this area.

5. U. T. System: Report on the Healthcare Billing Compliance Program

Committee Meeting Information

Presenter(s): Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer;
Mr. Dieter Lehnortt, Assistant Vice President, Institutional Compliance, U. T. Southwestern Medical Center - Dallas
Status: Reported

Discussion at meeting:

Mr. Chaffin stated medical billing is a high risk area and Mr. Lehnortt talked about the high risk areas of billing and coding activities.

He said some risk areas for physician practices when dealing with residents, students, and fellows is Physicians At Teaching Hospitals (PATH) which becomes a coding issue for both Medicare and Medicaid in that a series of codes is used to tell insurance companies what it is the physician did and wants to be paid for but the code does not match what was done or what was documented by the provider in the medical record.

Mr. Lehnortt reported there are federal regulations dealing with contracting issues such as self-referrals.

Mr. Lehnortt spoke about billing compliance for research as one of the most complex risks. Some concerns are what is really research or patient care, and what can be billed and how it can be billed appropriately. Payers such as Medicare have specific rules about how to do that and this has to be done carefully.

Hospitals have their own way of reporting services to insurance companies through different types of codes. He referred to DRG's (Diagnosis Related Groups) and APC's (Ambulatory Payment Classifications) as a coding mechanism used by a hospital to convey to an insurance company how they want to get paid and what they get paid for. Cost reporting is a key area that continues to be a high risk area for hospitals. Other areas of concern include legal inducements or payments to physicians, credit balances, and research.

PATH settlement monies come from the Practice Plan, not from the overall University funds. By doing this, it does not enable them to hire new faculty, conduct new programs, or hire new staff. This brings across the message of the seriousness

of the situation to the physicians and hospitals. The federal government does not take these mistakes lightly and tends to go after them quickly. The U. T. System health institutions have been fortunate that the lessons have been learned from the case in U. T. Health Science Center – San Antonio and also the guidance from U. T. System in developing and moving the ongoing programs.

Mr. Lehnortt summarized by saying it is important to educate people to know what the rules are and that they understand the consequences. He said a medical billing workgroup that is part of the Institutional Compliance Advisory Committee has met quarterly since 1998 and has received good support from U. T. System. Work needs to be done to identify risks and how to address the risks. Also, better lines of communication need to be developed with the various payer entities such as Medicare, Medicaid, the Blue Shield plans, and other types of managed care plans.

6. U. T. System: Report on System-wide Internal Audit Activity

Committee Meeting Information

Presenter(s): *Mr. J. Richard Dawson, Executive Director of Audit, Compliance, and Risk Services at U. T. San Antonio*

Status: *Reported*

Discussion at meeting:

Mr. Dawson said U. T. San Antonio had an external peer review performed in February 2006 by three team members from Texas Tech University, U. T. El Paso, and Tufts University. Activities were found to be in full compliance with the International Standards for the Professional Practice of Internal Auditing. Improvements were identified such as periodically reviewing with the Audit Committee the Charter and their responsibilities so the role can be fully understood, providing opportunities for team building and knowledge transfer within the office, completion of the policies and procedures manual, and more communication throughout the year and during the audit planning cycle with other management team members other than the Vice President. The group also suggested working more closely with the Vice President for Research to monitor and evaluate risks in research and consider increasing audit coverage. Finally, the group recommended establishing a working relationship with the new Chief Information Officer, who has not yet been hired.

RECESS TO EXECUTIVE SESSION

At 9:00 a.m., the Committee recessed to Executive Session pursuant to *Texas Government Code* Sections 551.071 and 551.074 to consider matters listed on the Executive Session agenda as follows:

1. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – *Texas Government Code* Section 551.074

U. T. System: Discussion with institutional auditors and compliance officers concerning evaluation and duties of individual System and institutional employees involved in internal audit and compliance functions

2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers - *Texas Government Code* Section 551.071

RECONVENE IN OPEN SESSION

The Executive Session ended at 9:15 a.m., and the Committee reconvened in Open Session to adjourn. No action was taken on items discussed in Executive Session.

ADJOURNMENT

Committee Chairman Estrada announced that the purpose for which this meeting was called had been completed, and the meeting was duly adjourned at 9:15 a.m.

MINUTES
U. T. System Board of Regents
Finance and Planning Committee
May 10, 2006

The members of the Finance and Planning Committee of the Board of Regents of The University of Texas System convened at 9:05 a.m. on Wednesday, May 10, 2006, 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 Rowling, presiding
Vice Chairman Krier
Regent Barnhill
Regent Caven
Regent McHugh

Also present were Chairman Huffines, Vice Chairman Clements, Student Regent Haley, and Counsel and Secretary Frederick.

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

1. U. T. System: Discussion and appropriate action related to approval of Docket No. 126

Committee Meeting Information

Presenter(s): *Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs*

Status: *Discussed*

Future Action: *Prepare a compilation of fees on the Docket to be considered with the annual tuition and fees recommendations.*

Discussion at meeting:

Committee Chairman Rowling said the Docket item was for consideration and approval at the Board meeting tomorrow (May 11) but was posted for discussion, if necessary, today (May 10). He said several disclosure statements would be made tomorrow when the Docket is considered and asked if any of the Regents had questions concerning the Docket.

Vice Chairman Krier commented there were several parking fee changes in the Docket and suggested that, in the future, a compilation of fees be considered with the annual tuition and fees recommendations to the extent possible. Committee Chairman Rowling noted several of the parking fee increases were large and Vice Chairman Krier said the percentage of the increases was large, but not the dollar amounts.

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

Committee Meeting Information

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

Discussion at meeting:

Executive Vice Chancellor Kelley corrected the figure in the System-wide operating margin chart from \$423 million to \$310 million to eliminate inclusion of Available University Funds (AUF) transfer. Dr. Kelley said although AUF is considered in the U. T. Austin operating margin, it should not be considered in the System-wide operating margin.

Chancellor Yudof clarified that the deficit shown for U. T. Dallas in the monthly financial report is related to expenditure of existing reserves.

Committee Chairman Rowling noted the patient revenue decline at U. T. Health Center - Tyler. Dr. Kelley said that institution is going through an aggressive self-analysis to determine what it can do to cut expenditures to match whatever revenue it has and find ways to augment its patient volume. He said U. T. Health Center - Tyler is moving in the right direction. Mr. Rowling added that a consultant has been hired to study that institution and there will be more discussion later when the report is finalized.

3. U. T. System Board of Regents: Approval of annual distributions from the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund

Committee Meeting Information

Presenter(s): Ms. Cathy Iberg, Managing Director of Marketable Alternative Investments and Deputy Chief Investment Officer, UTIMCO

Status: Approved

Motion: Made by Regent Barnhill, seconded by Regent Caven, and carried unanimously

4. U. T. System Board of Regents: Investments Report for the quarter ended February 28, 2006, and The University of Texas Investment Management Company (UTIMCO) Performance Summary Report

Committee Meeting Information

Presenter(s): Ms. Cathy Iberg, Managing Director of Marketable Alternative Investments and Deputy Chief Investment Officer, UTIMCO

Status: Reported

Future Action: Continue to track, as an unofficial benchmark, performance of the Intermediate Term Fund (ITF) under the previous investment strategies and report back to the Committee in a few months.

Discussion at meeting:

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, commented that the Intermediate Term Fund (ITF) was set up to centralize the management of operating funds on the campuses. He said it started in February, and although that was not a great month, it rebounded in April and earned above what would have been earned under the previous investment strategies. Vice Chairman Krier said it was helpful to continue to track, as an unofficial benchmark, performance of the ITF under the previous investment strategies and Dr. Kelley said he would report back to the Committee in a few months when they have more data. Committee Chairman Rowling commended The University of Texas Investment Management Company (UTIMCO) staff for getting this money, almost \$2 billion, invested in such a short period of time.

In response to a request by Regent Rowling, Regent Caven said the underperformance of benchmarks really applies only to this fiscal year. He noted the important factor was the positive rate of return and said he expects it to far exceed the objective. Committee Chairman Rowling pointed out part of the underperformance was due to mark to market, which impacts short-term performance. He said the UTIMCO staff manages almost \$19.4 billion and he has been impressed with the tracking and the job they do.

Vice Chairman Krier said the allocations were less in equities and asked if they were still in range? Ms. Iberg confirmed that in terms of investments, the percentage of equities is still within range. Regent Rowling said the only areas significantly off target are private equity and venture capital. He said so much money has come back in from investments made four to five years ago, it has caused a significant underallocation. Regent Caven said U.S. equities are overweighted. Committee Chairman Rowling added the Permanent University Fund (PUF) has completed distributions to the Available University Fund (AUF) and that impacted the totals.

5. U. T. System: Recommendation to select retirement programs vendors to be effective September 1, 2006

Committee Meeting Information

Presenter(s): Ms. Tonya Brown, Vice Chancellor for Administration; Mr. Dan Stewart, Assistant Vice Chancellor for Employee Services

Status: Approved

Motion: Made by Regent McHugh, seconded by Regent Barnhill, and carried unanimously

Discussion at meeting:

Committee Chairman Rowling noted Regent Craven will not be present or voting at the meeting, but asked the Committee to be aware she is a director of AIG VALIC and AIG Sun America and also has interests in Fidelity Investments and MetLife Resources. He said Vice Chairman Krier wishes to abstain from discussion and vote on this Item because of her affiliation with USAA.

Regent Rowling said the following additional disclosures are made, but Mr. Barry D. Burgdorf, Vice Chancellor and General Counsel, and Ms. Francie A. Frederick, Counsel and Secretary to the Board, advise they do not preclude discussion or vote:

- Chairman Huffines Fidelity holdings
- Vice Chairman Clements AIG holdings
- Vice Chairman Krier ING and Fidelity holdings
- Regent Barnhill AIG holdings
- Regent Caven AIG holdings
- Regent Craven Fidelity and MetLife Resources holdings
- Regent Estrada Lincoln Financial Group holdings
- Regent McHugh Fidelity holdings

Assistant Vice Chancellor Stewart said there were several vendors currently receiving contributions, but not selected to contract with the U. T. System. He said these vendors will be permitted to retain the assets they currently have under management and no employees would be forced to liquidate their assets.

Mr. Stewart said a policy will be developed to address whether future contributions should continue to nonauthorized vendors and if so, whether these vendors should be required to meet minimal standards and reporting as a condition of receiving continued contributions. He said U. T. System will develop a grandfather policy to enable previous vendors to continue program participation by meeting essential program requirements.

Assistant Vice Chancellor Stewart recommended that the Board of Regents authorize the U. T. System to enter into contracts with the following vendors to provide retirement products and services for the Optional Retirement Program, UTSaver Tax-Sheltered Annuity Program, UTSaver Deferred Compensation Plan, and The University of Texas System Governmental Retirement Arrangement (UTGRA), as follows:

- 1. to provide mutual funds*
 - a. Fidelity Investments, Boston, Massachusetts;*
- 2. to provide mutual funds, a fixed annuity, and a variable annuity*
 - a. AIG VALIC, Houston, Texas;*
 - b. ING Life Insurance and Annuity Company, Hartford, Connecticut;*
 - c. Lincoln Financial Group, Fort Wayne, Indiana;*
 - d. MetLife Resources, New York, New York; and*
 - e. TIAA-CREF, New York, New York.*

Mr. Stewart also reported that the current contract for administration of UTGRA has been handled by the Physicians Referral Service at U. T. M. D. Anderson Cancer Center, but effective September 1, 2006, U. T. System Administration will serve as trustee and administrator of the program.

Committee Chairman Rowling noted a recent article in the Wall Street Journal related to TIAA-CREF and its historical performance, particularly related to university retirement funds. He said the article mentioned how other systems were branching out to different alternatives and he thanked Mr. Stewart for his work in this area.

Chancellor Yudof said the assets of the employee accounts are approximately \$15 billion and he believes it is important to manage these assets well and counsel employees on getting the best return on their investment. Mr. Stewart said he believes this two-year selection process will result in a lifelong value-added benefit to all employees. Committee Chairman Rowling agreed with the Chancellor's comments and said just a couple hundred basis points difference compounded over an employee's working life can make a substantial difference in retirement.

6. U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Series 20204, regarding determining and documenting the reasonableness of compensation

Committee Meeting Information

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

Status: Approved

Motion: Made by Regent Caven, seconded by Regent McHugh, and carried unanimously

Discussion at meeting:

Committee Chairman Rowling confirmed that other higher education systems in the state do not report employer contributions for retirement programs in their compensation. He said deferred compensation payments will be shown as has been done in the past.

Vice Chairman Krier asked if compensation information will continue to be a public record if requested, and Dr. Kelley responded affirmatively.

7. U. T. System: Overview of U. T. System energy savings initiatives

Committee Meeting Information

Presenter(s): Mr. Philip R. Aldridge, Associate Vice Chancellor for Finance

Status: Reported

Discussion at meeting:

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, said due to fee increases at several campuses attributable to rising utility costs, he thought it was appropriate to update the Committee on steps the campuses are taking to conserve energy.

Regent Barnhill asked if the projected figure in the key indicators of expenses chart on Page 48 of the Agenda Book reflects conservation measures in place. Associate Vice Chancellor Aldridge responded the cost would be much higher if not for the energy savings initiative. He said the focus is on energy utilization since there is no control over the cost of energy with the exception of a number of fixed price contracts. Regent Barnhill asked if the figure would have been 10% higher and Mr. Aldridge responded it would have been 5% higher although a 10% reduction in energy use is targeted for Fiscal Year 2011.

Vice Chairman Krier asked how U. T. System would go about the business of buying electricity. Mr. Aldridge responded legally U. T. System is not prohibited from being a retail electric provider and could purchase electricity at wholesale prices. He said those savings could be passed on to the institutions. Mr. Aldridge said it would be a

significant step but is an idea worth pursuing. Vice Chairman Krier mentioned Mr. Donald Lee, Executive Director of the Texas Conference of Urban Counties, as a possible resource. Associate Vice Chancellor Aldridge added the Texas General Land Office is a retail electric provider and there may be a way to extend savings through them.

Regent Rowling noted although U. T. System has a mineral resource in West Texas, those mineral receipts go into the Permanent University Fund (PUF) and cannot be accessed by the institutions.

ADJOURNMENT

Committee Chairman Rowling announced that the purpose for which this meeting was called had been completed, and the meeting was duly adjourned at 9:50 a.m.

MINUTES
U. T. System Board of Regents
Academic Affairs Committee
May 10, 2006

The members of the Academic Affairs Committee of the Board of Regents of The University of Texas System convened at 1:00 p.m. on Wednesday, May 10, 2006, 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 Krier, presiding
Regent Barnhill
Regent Caven
Regent Estrada
Regent McHugh

Absent

Regent Craven

Also present were Chairman Huffines, Vice Chairman Clements, Regent Rowling, Student Regent Haley, and Counsel and Secretary Frederick.

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

1. **U. T. System: Reports, graduation rate targets, and goals from academic presidents, Executive Vice Chancellor Sullivan, and Academic Affairs Committee members**

Committee Meeting Information

Presenter(s): Institutional presidents; Dr. Teresa A. Sullivan, Executive Vice Chancellor for Academic Affairs

Status: Reported

Future Action: Report on graduation rate updates at each Academic Affairs Committee meeting.

Discussion at meeting:

Committee Chairman Krier said Dr. Rodney H. Mabry, President, U. T. Tyler, was dispatched to the Capitol to testify before a legislative committee regarding formula funding. She noted Dr. Mabry serves on the Formula Advisory Committee for the Texas Higher Education Coordinating Board.

President Diana S. Natalicio reported U. T. El Paso recently completed its Southern Association of Colleges and Schools (SACS) reaccreditation review and received high marks on compliance and on the institution's quality enhancement plan. The plan for student success in the middle years, the attenuated time period for students between the freshman year and graduation, addresses internal reasons such as

grade plan issues and external reasons such as financial aid that cause attenuation. Dr. Natalicio said SACS thought the plan was ambitious and they look forward to it being a model.

Dr. Juliet V. García, President, U. T. Brownsville, reported an article on the institution's physics program was in a Dallas newspaper last week and she will provide more details during her compact presentation.

President Blandina Cárdenas said U. T. Pan American will be graduating a record number of students as well as a record number of students with 4.0 grade point averages. She said she is excited about enrollment growth in the areas of science and engineering.

Mr. William C. Powers, Jr., President, U. T. Austin, reported on the opening of the Jack S. Blanton Museum of Art and extended an invitation to tour the world-class collection of art in the museum. He also reported on receipt of the Pulitzer Prize in history by Dr. David M. Oshinsky, George W. Littlefield Professor in American History, and the election of Dr. Paul F. Barbara, Richard J. V. Johnson - Welch Regents Chair in Chemistry, to the National Academy of Sciences. President Powers said he recently attended the athletics academic awards dinner and progress is being made on academic performance by athletes. He said the curriculum debate is currently a big issue on campus and there has been coalescing among the deans, the Faculty Council, and the Curriculum Task Force on this issue. Mr. Powers also noted two dean selection announcements will be made in the next few days.

At the request of Regent McHugh, President Powers reported the Marine Science Institute (MSI) in Port Aransas has partnered with the National Oceanic and Atmospheric Administration (NOAA) to establish the Mission-Aransas National Estuarine Research Reserve (NERR) to study the coastal environment. He said the reserve opened and was dedicated on May 6, with attendance by dignitaries including Senator Kay Bailey Hutchison and Regent McHugh. He invited Committee members to visit the MSI and emphasized the partnership with NOAA is a significant long-term research effort that will benefit the ecology and be a great asset for the campus.

Committee Chairman Krier noted a tour of the Blanton Museum of Art is being conducted tomorrow (May 11) for members of the Texas Legislature and she invited others to attend.

President James D. Spaniolo, U. T. Arlington, reported on the opening of the Chemistry and Physics Building, which includes a state-of-the-art planetarium. He also reported on the opening of the University Club in the Administration Building and said the faculty and staff helped plan this facility. President Spaniolo said General Tommy Franks, an alumnus of U. T. Arlington, will be the speaker at the

institution's second annual graduation celebration to be held at Maverick Stadium. He also reported the Movin' Mavs, the U. T. Arlington wheelchair basketball team, won the national championship for the seventh time.

U. T. Dallas President David E. Daniel reported on the discovery by Dr. Ray H. Baughman, Robert A. Welch Professor of Chemistry and Director of the U. T. Dallas NanoTech Institute, of the development of artificial muscles built from nanotubes and driven by chemical reactions. He also reported that U. T. Dallas hosted the "Final Four" national chess tournament, with U. T. Dallas finishing second.

Dr. W. David Watts, President, U. T. Permian Basin, said the institution recently graduated its largest class. President Watts reported he met with faculty members from the institution's colleges and schools related to student success and received several innovative and practical suggestions, many of which will be implemented into U. T. Permian Basin's enrollment management strategic plan.

President Ricardo Romo, U. T. San Antonio, announced the appointment of a new Provost, Dr. Rosalie N. Ambrosino, and the opening of a new Child Development Center on the Downtown Campus. He said U. T. San Antonio will hold five graduation ceremonies and will graduate a record number of 2,589 students. Dr. Romo reported on a successful summit focusing on graduation rates and retention held March 24, 2006, which was attended by 300 participants including Regent Haley. He also said U. T. San Antonio is hiring 24 new advisors, three financial aid employees, and a retention specialist for each campus and he reported applications are up 27%.

Committee Chairman Krier noted there were three record graduation totals and asked which campuses did not have adequate facilities to accommodate entire campus graduation ceremonies. Presidents Cárdenas, Daniel, Spaniolo, and Natalicio said U. T. Pan American, U. T. Dallas, U. T. Arlington, and U. T. El Paso hold multiple ceremonies, with some limits on attendance, and Presidents Watts and García said U. T. Permian Basin and U. T. Brownsville have had to move some of their ceremonies outside due to lack of space. Committee Chairman Krier asked the presidents to share with their colleagues any ideas they have on getting more families of graduates into the ceremonies.

In response to a request at the February Academic Affairs Committee meeting, Executive Vice Chancellor Sullivan distributed a handout as set forth on Page 5 summarizing graduation rate targets for the academic institutions. The institutions were given a choice of national criteria to use to develop targets to improve graduation rates: (1) all public four-year institutions or (2) 2000 Carnegie classification, which recognizes school missions.

Committee Chairman Krier asked if the targets were high enough, too high, or realistic. Hearing no comments, Chairman Huffines thanked the presidents for providing specific targets and asked about the anomaly for U. T. Tyler. Executive Vice Chancellor Sullivan explained U. T. Tyler was originally an upper-level

institution. Because the initial freshman class was small and selective, Dr. Sullivan said U. T. Tyler does not think it is realistic to assume the rate will increase by 2010, but does hope to have an increase by 2015. Committee Chairman Krier expressed concern that some institutions have not projected meeting the peer group level of graduation by 2010 and said she would like the institutions to be able to report that they did exceed those goals by 2015.

Chairman Huffines asked for an explanation why U. T. Brownsville has a different definition and Dr. Sullivan said U. T. Brownsville is in a partnership with Texas Southmost College (UTB/TSC) and U. T. Brownsville offers the junior and senior courses. Therefore, in some respects, every junior and senior student is like a transfer student and the national graduation rate definition excludes transfer students. Executive Vice Chancellor Sullivan said by next year, U. T. Brownsville should have an equivalent graduation rate. Committee Chairman Krier noted community college students receiving two-year degrees have a higher graduation rate than students at four-year colleges and asked if that is happening at UTB/TSC as well. President García said some students completing their baccalaureate degrees also request associate degrees, so that might be a reason for the increase.

At the request of Regent McHugh, Committee Chairman Krier reminded the presidents that graduation rates will be discussed at each meeting of the Academic Affairs Committee. She encouraged the presidents to share challenges as well as progress.

Graduation Rates* and Targets for First-time, Full-time, Degree-seeking Undergraduates

*1997 Entering Cohort

Per the U. T. System Board of Regents' resolution approved at the February 2006 meeting, institutions must use a national criterion for developing targets to improve graduation rates. 2015 targets must meet or exceed either the "2000 Carnegie Class Average" or the "All Public 4-year Institution Average".

	Graduation Rate	2000 Carnegie Class Average	All Public 4-year Institution Average	Accountability Peer Group Average (For information only)	2010 Target	2015 Target
Arlington						
Four-year Rate	20%	20%	26%	20%	26%	30%
Five-year Rate	34%	40%	47%	38%	40%	44%
Six-year Rate	37%	46%	53%	46%	46%	50%
Austin						
Four-year Rate	36%	35%	26%	47%	55%	60%
Five-year Rate	64%	58%	47%	71%	73%	75%
Six-year Rate	71%	63%	53%	75%	80%	85%
Brownsville						
Four-year Rate	n/a	18%	26%	11%	10%	26%
Five-year Rate	n/a	37%	47%	23%	20%	47%
Six-year Rate	n/a	44%	53%	28%	25%	53%
Dallas						
Four-year Rate	32%	20%	26%	43%	38%	47%
Five-year Rate	52%	40%	47%	62%	57%	62%
Six-year Rate	57%	46%	53%	67%	65%	72%
El Paso						
Four-year Rate	2%	20%	26%	20%	10%	20%
Five-year Rate	15%	40%	47%	40%	23%	40%
Six-year Rate	26%	46%	53%	44%	34%	53%
Pan American						
Four-year Rate	6%	18%	26%	10%	18%	26%
Five-year Rate	18%	37%	47%	28%	30%	47%
Six-year Rate	26%	44%	53%	36%	35%	53%
Permian Basin						
Four-year Rate	15%	18%	26%	13%	18%	26%
Five-year Rate	26%	37%	47%	29%	35%	47%
Six-year Rate	29%	44%	53%	37%	40%	53%
San Antonio						
Four-year Rate	6%	18%	26%	14%	11%	26%
Five-year Rate	19%	37%	47%	32%	27%	47%
Six-year Rate	28%	44%	53%	39%	37%	53%
Tyler						
Four-year Rate	28%	18%	26%	19%	26%	28%
Five-year Rate	39%	37%	47%	36%	47%	49%
Six-year Rate	44%	44%	53%	42%	53%	55%

Source: IPEDS Graduation Rate Survey data

Notes:

1. Graduation rates are defined as the cumulative percent of first-time, full-time, degree-seeking students who graduated in four, five and six years.
2. Peer institutions are those provided by each U. T. System institution for the 2005-06 Accountability Report.
3. Under the new version of the Carnegie Classification System, released the week of February 27, 2006, Arlington is grouped in a new category with Dallas and El Paso. Therefore, their information is presented with more similar institutions, rather than with Doctoral Research Extensive institutions.
4. Most students at U. T. Brownsville/TSC matriculate at TSC, so graduation rates cannot be accurately calculated for the campus.
5. U. T. Tyler did not admit freshmen until summer/fall 1998, so their graduation rates are based on the 1998 entering cohort.

2. U. T. System: Report on FY 2005 post-tenure review

Committee Meeting Information

Presenter(s): *Dr. Teresa A. Sullivan, Executive Vice Chancellor for Academic Affairs*

Status: *Reported*

Discussion at meeting:

Executive Vice Chancellor Sullivan said U. T. System has a policy that provides for a performance review of tenured faculty members every six years through a peer review process. She said one of the ways post-tenure review is effective is that it encourages some faculty members who might not be performing well to resign or retire prior to the review. Chairman Huffines observed the high number (96%) of faculty members performing well after six years.

3. U. T. System Board of Regents: Adoption of Regents' Rules and Regulations, Series 40602, related to Organized Research Units

Committee Meeting Information

Presenter(s): *Dr. Pedro Reyes, Associate Vice Chancellor for Academic Planning and Assessment*

Status: *Approved*

Motion: *Made by Regent Barnhill, seconded by Regent McHugh, and carried unanimously*

Discussion at meeting:

Committee Chairman Krier said this Item was discussed during the Health Affairs Committee and she recognized Dr. Reyes who drafted this Rule.

4. U. T. Austin: Request to accept the Lady Bird Johnson Wildflower Center, Austin, Texas, as a gift (Deferred)

The item concerning acceptance of the Lady Bird Johnson Wildflower Center, Austin, Texas, as a gift for the benefit of U. T. Austin was deferred.

5. **U. T. Austin: Approval of artist selection for statues of Mr. César Chávez and The Honorable Barbara Jordan**

Committee Meeting Information

Presenter(s): President William C. Powers, Jr., U. T. Austin

Status: Approved, as modified, to delegate approval of the selection of the artists and the locations for the statues to President Powers

Motion: Made by Regent McHugh, seconded, and carried unanimously

Discussion at meeting:

Committee Chairman Krier said this Item has been modified to recommend the Board approve delegation of approval of the selection of the artists and the locations for the statues to President Powers. She said this has been a campus-driven effort originating with the students.

President Powers noted the recommended statue of The Honorable Barbara Jordan will be changed from the version on Page 98 of the Agenda Book. He expressed appreciation for the flexibility to decide the locations for the statues and said the students have been very involved in the process.

Regent Haley asked about the process used to determine the location for the statue of Mr. César Chávez and President Powers responded he has met with the constituency, it has been a cooperative process, and there was a technical issue about whether the proposed location would be compatible with renovations to Battle Hall, but that issue has been resolved and a location has been selected.

[General Counsel's Note: In Fall 2006, following concerns about the Crowley design, a second nationwide search was conducted and the Barbara Jordan Statue Advisory Committee recommended and President Powers selected Mr. Bruce Wolfe as the artist to create a statue of The Honorable Barbara Jordan.]

6. **U. T. Dallas: Approval to expand preliminary planning authority for Ph.D. degrees in Translation Studies and in Arts and Technology**

Committee Meeting Information

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

Status: Approved

Motion: Made by Regent Barnhill, seconded, and carried unanimously

Discussion at meeting:

Regent Barnhill asked about student participation in the degree programs and President Daniel responded there are currently about 150 Master of Science

students in Arts and Technology and he expects about 25-30 students in the related Ph.D. program. He said Translation Studies is a smaller program and anticipates a small number of students obtaining the Ph.D. per year.

7. **U. T. San Antonio: Authorization to establish a doctoral program in Marketing within the Ph.D. in Business Administration degree program**

Committee Meeting Information

Presenter(s): President Ricardo Romo, U. T. San Antonio

Status: Approved

Motion: Made by Regent Caven, seconded by Regent Estrada, and carried unanimously

8. **U. T. San Antonio: Approval to expand preliminary planning authority for a Doctor of Musical Arts in Performance and Pedagogy, Choral Conducting**

Committee Meeting Information

Presenter(s): President Ricardo Romo, U. T. San Antonio

Status: Approved

Motion: Made by Regent Caven, seconded by Regent Estrada, and carried unanimously

9. **U. T. San Antonio: Approval to expand preliminary planning authority for a Ph.D. in Child Development and a Ph.D. in Public Administration and Social Service Professions**

Committee Meeting Information

Presenter(s): President Ricardo Romo, U. T. San Antonio

Status: Approved

Motion: Made by Regent Caven, seconded by Regent Estrada, and carried unanimously

10. **U. T. San Antonio: Approval to expand preliminary planning authority for a M.A. in City/Urban, Community, and Regional Planning and a M.A. in Health and Kinesiology**

Committee Meeting Information

Presenter(s): President Ricardo Romo, U. T. San Antonio

Status: Approved

Motion: Made by Regent Caven, seconded by Regent Estrada, and carried unanimously

11. **U. T. Austin: Computer Sciences Building - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made by Regent McHugh, seconded by Regent Barnhill, and carried unanimously

Discussion at meeting:

Mr. Dixon noted this Item was designated as architecturally significant earlier today (May 10) by the Facilities Planning and Construction Committee. The building will be named Dell Computer Science Hall in accordance with Executive Session Item 3a (see Page 3 of the Board Minutes).

12. **U. T. Austin: Renovation of John W. Hargis Hall with Visitor Center - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved, as modified

Motion: Made by Regent McHugh, seconded by Regent Barnhill, and carried unanimously

Discussion at meeting:

Mr. Dixon noted a correction of repayment of the bond proceeds on Page 108 of the Agenda Book from Designated Tuition rather than indirect cost funds.

13. U. T. Austin: Student Activity Center - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made by Regent McHugh, seconded by Regent Barnhill, and carried unanimously

Discussion at meeting:

Mr. Dixon noted this Item was designated as architecturally significant earlier today (May 10) by the Facilities Planning and Construction Committee.

14. U. T. Austin: Chilling Station Replacement - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project; approval of preliminary project cost; and authorization of institutional management

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made by Regent McHugh, seconded by Regent Barnhill, and carried unanimously

15. U. T. Dallas: Campus Landscape Enhancement Project - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project; approval of total project cost; and appropriation of funds and authorization of expenditure

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Barnhill, seconded by Regent McHugh, and carried unanimously

16. **U. T. El Paso: Basketball Complex - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project; approval of preliminary project cost; and request to name the complex as The Paul Foster and Jeff Stevens Basketball Complex**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made by Regent McHugh, seconded by Regent Barnhill, and carried unanimously

17. **U. T. Pan American: Authorization to purchase approximately 2.42 acres of unimproved land described as the east 40 feet of Lot 4, Section 273, and the west 40 feet of Lot 3, Section 273, out of the Texas-Mexican Railway Company Survey, Edinburg, Hidalgo County, Texas, from Hidalgo County Irrigation District No. 1, at a purchase price not to exceed the fair market value as established by an independent appraisal, for surface parking and other future campus uses**

Committee Meeting Information

Presenter(s): President Blandina Cárdenas, U. T. Pan American

Status: Approved

Motion: Made by Regent Caven, seconded by Regent Estrada, and carried unanimously

18. **U. T. Pan American: Science Building Renovation - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project; approval of total project cost; approval of transfer of funds; and reduction of total project cost for the Education Complex**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Barnhill, seconded by Regent McHugh, and carried unanimously

Discussion at meeting:

President Cárdenas said the Education Complex project was under budget and the money left over would help fund this Science Building Renovation project.

19. U. T. Brownsville: Discussion of compact priorities

Committee Meeting Information

Presenter(s): *President Juliet V. García, U. T. Brownsville; Dr. Teresa A. Sullivan, Executive Vice Chancellor for Academic Affairs*

Status: *Reported*

Future Action: *Presidents are encouraged to explore the option of offering flat-rate tuition for working students taking 12 or more hours*

Discussion at meeting:

President García referenced an article in a recent Federal Reserve Bank of Dallas publication by economist José Joaquin López titled "Dynamic Growth in the Rio Grande Valley." She said the article notes the unemployment rate in Brownsville is going down, but the economy has not caught up with national and state levels of per capita income. Dr. García said although more jobs have come to the Valley, they have been in the lower-paying categories and there is a need to continue investment in education, especially at the higher levels of education.

Using the revised PowerPoint attached on Pages 13 - 17, President García discussed compact priorities for U. T. Brownsville. Dr. García also presented a video on the Bahia Grande Restoration Project and noted the Project recently received a national award for cooperative conservation from the U.S. Department of the Interior.

Chairman Huffines asked what the 30.6% increase in flat-rate tuition was related to and President García responded it was the number of students who took more than 15 hours in response to the offering of flat-rate tuition. She added that next year U. T. Brownsville would offer flat-rate tuition to students taking 12 or more hours. Committee Chairman Krier commended Dr. García for finding a way to meet the challenge of higher course loads for students who need to work and she encouraged the presidents to explore the option of offering flat-rate tuition for working students taking 12 or more hours.

Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs, said he appreciated the slide on biomedical research at U. T. Brownsville and reminded Committee members that the School of Public Health at U. T. Health Science Center - Houston has a regional campus in Brownsville as part of the Regional Academic Health Center (RAHC). He said biomedical research is an exciting development and he was pleased about the collaborative environment created by President García.



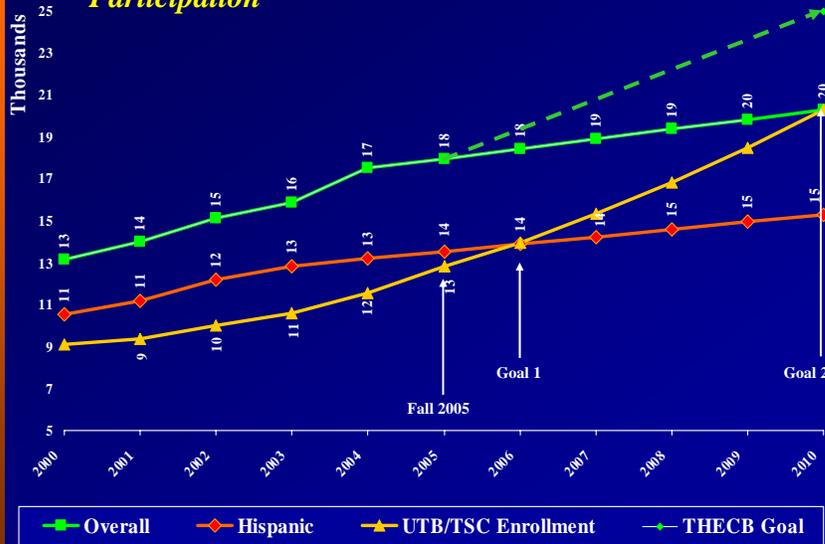
THE UNIVERSITY OF TEXAS AT BROWNSVILLE and TEXAS SOUTHWEST COLLEGE



The University of Texas System
Board of Regents Meeting
Compact Presentation
May 10, 2006



Closing the Gaps: Participation



Source: Texas Higher Education Coordinating Board, and Texas State Data Center and Office of State Demographer
Office of Institutional Research and Planning



Gravitational Wave Astronomy

Center of Excellence



A black-hole breakthrough in Brownsville

By KAREN HASTINGS / Special Contributor to The Dallas Morning News

12:00 AM CDT on Sunday, May 7, 2006



BROWNSVILLE – Compared to Newton's famous apple encounter, astrophysicist Manuela Campanelli's "eureka moment" in gravity science actually took up most of last summer. That's when her supercomputer simulations of colliding black holes finally stopped crashing.

2



Biomedical Studies

Center of Excellence



3



Early Childhood Studies

Center of Excellence

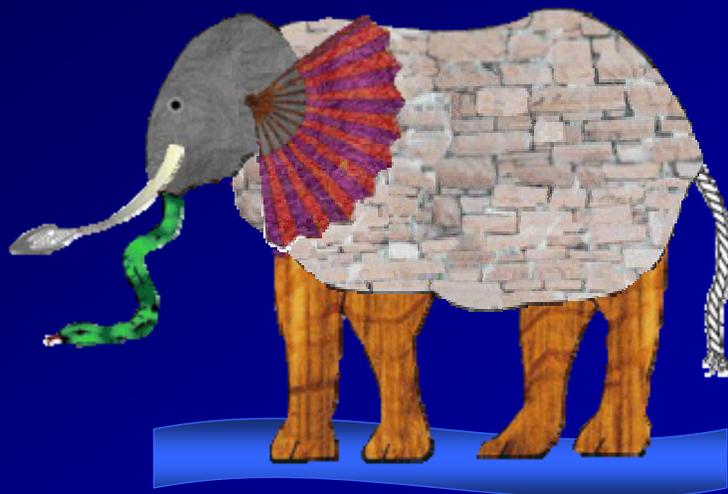
- Accreditation
- \$4.8M Professional development for over 900 childcare providers
- \$4M Early Childhood Center Building



4



Elephant Fable



5



Center for Civic Engagement

- 1,900 university students
- 45 faculty
- 35 projects
- Kids Voting USA



6



Retention Initiatives



7



Bahia Grande Restoration Project



THE UNIVERSITY OF TEXAS AT BROWNSVILLE
AND TEXAS SOUTHMOST COLLEGE

20. U. T. Pan American: Discussion of compact priorities

Committee Meeting Information

Presenter(s): *President Blandina Cárdenas, U. T. Pan American; Dr. Teresa A. Sullivan, Executive Vice Chancellor for Academic Affairs*

Status: *Reported*

Discussion at meeting:

Committee Chairman Krier said she was intrigued by the addition of the concept of stewardship to the compact. She also said she and Chairman Huffines were encouraged to see the issue of graduation rates woven throughout the compact.

ADJOURNMENT

Committee Chairman Krier announced that the purpose for which this meeting was called had been completed, and the meeting was duly adjourned at 2:45 p.m.

MINUTES
U. T. System Board of Regents
Health Affairs Committee
May 10, 2006

The members of the Health Affairs Committee of the Board of Regents of The University of Texas System convened at 11:05 a.m. on Wednesday, May 10, 2006, 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 Clements, presiding
Vice Chairman Krier
Regent Caven
Regent Rowling

Absent

Regent Craven

Also present were Chairman Huffines, Regent Barnhill, Regent McHugh, Student Regent Haley, and Counsel and Secretary Frederick.

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

1. **U. T. Medical Branch - Galveston: Discussion of long-term plan for clinical activities and Jennie Sealy Hospital Replacement project**

Committee Meeting Information

Presenter(s): *Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs; John D. Stobo, M.D., President, U. T. Medical Branch - Galveston*

Status: *Discussed*

Note: See Minutes of the joint meeting of the Facilities Planning and Construction Committee and the Health Affairs Committee for discussion of this item.

2. U. T. System: Quarterly report on health issues by Executive Vice Chancellor Shine

Committee Meeting Information

Presenter(s): Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs
Status: Reported

Discussion at meeting:

Executive Vice Chancellor Shine reported on establishment of the U. T. System-wide Academy of Health Education through the efforts of L. Maximilian Buja, M.D., Executive Vice President for Academic Affairs at U. T. Health Science Center - Houston and the Chancellor's Health Fellow in Medical Education. Dr. Shine said an elite group of 24 members from throughout the U. T. System have been elected to the Academy. Additionally, Chancellor Yudof has established a new program involving significant financial awards to faculty at health and academic campuses who are major innovators in education. Dr. Shine said the awards for the health faculty will be conveyed at the Academy's Fall Symposium and he invited Committee members to attend.

Secondly, Dr. Shine reported that Allan Brasier, M.D., Leon Bromberg, M.D., Professor in Internal Medicine, Senior Scientist at the Sealy Center for Molecular Science, Associate Director at the Proteomics Center at U. T. Medical Branch - Galveston, and the Chancellor's Health Fellow in Science held a statewide symposium on elective medicine last year. A second statewide conference was held in April and was conducted in collaboration with the Texas Academy of Medicine, Science, and Engineering. Executive Vice Chancellor Shine said the Texas Academy will now sponsor an annual midyear statewide conference in different areas of science, and the concept of bringing investigators together throughout the state has resulted in new collaborations as well as information sharing.

Finally, Executive Vice Chancellor Shine noted that a summary of the report "Code Red: The Critical Condition of Health in Texas" had been sent to the Regents. He said the report is divided into three parts and is an important resource document. Dr. Shine said the appendices contain six commissioned papers and the main report supports the recommendations in the summary. Executive Vice Chancellor Shine was pleased to report the summary was in its second printing and he has received several requests to present results of the report. Dr. Shine said the report is in red because it is an alarm, it was prepared by a task force supported by the health campuses in the state, and it does not represent any specific institution. He offered to provide a full copy of the report to anyone who was interested.

3. U. T. Southwestern Medical Center - Dallas: Approval of revisions to U. T. Southwestern Health Systems Bylaws to add a new Article 6 on Affiliated-Physician-Related Committees

Committee Meeting Information

Presenter(s): *Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs*

Status: *Approved*

Motion: *Made by Vice Chairman Krier, seconded, and carried unanimously*

4. U. T. Medical Branch - Galveston: Authorization to purchase real property and improvements located at 1314 Strand, Galveston, Galveston County, Texas, from Ms. Doris Rodriguez, at fair market value as established by an independent appraisal, for parking and for future programmed development of campus expansion

Committee Meeting Information

Presenter(s): *John D. Stobo, M.D., President, U. T. Medical Branch - Galveston; Ms. Florence Mayne, Executive Director of Real Estate*

Status: *Approved*

Motion: *Made by Vice Chairman Krier, seconded, and carried unanimously*

Discussion at meeting:

Ms. Mayne disclosed that the seller, Ms. Doris Rodriguez, is an employee at U. T. Medical Branch - Galveston. Ms. Mayne noted the property was inherited by Ms. Rodriguez, and the seller is not in a decision-making capacity at the University.

5. U. T. M. D. Anderson Cancer Center: Report on quality improvement and patient safety

Committee Meeting Information

Presenter(s): *Ms. Sherry Martin, Vice President for Quality Management, U. T. M. D. Anderson Cancer Center*

Status: *Reported*

Future Actions: *Find creative ways to share the quality improvement and patient safety initiatives information, perhaps through the Public Broadcasting Service (PBS) series or publications*

Discussion at meeting:

Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs, introduced Ms. Martin and said quality of care in the American health care system leaves a great deal to be desired. He noted the other U. T. System health institutions have programs similar to the patient safety program at U. T. M. D. Anderson Cancer Center. Dr. Shine said Dr. Barbara Summers, Vice President, Nursing Practice

and Chief Nursing Officer at U. T. M. D. Anderson Cancer Center was unable to be at today's meeting, but he acknowledged the important leadership role nurses play in quality and safety.

Dr. Shine noted the information in Slide 4 concerning the daily average glucose reading was not about diabetics, but rather was a generalized phenomenon that having lower blood sugar levels increases survival of all patients. He also said the "Good Catch" program, discussed in Slide 23, is an important concept because it prevents similar errors from happening again.

Committee Chairman Clements said Ms. Martin's presentation shows the value of the Chancellor's Health Fellows program and she complimented Ms. Martin on a wonderful job.

Vice Chairman Krier suggested finding creative ways to share quality improvement and patient safety initiatives information, perhaps through the PBS series or publications.

Regent Caven commended Ms. Martin and the U. T. M. D. Anderson Cancer Center staff on the increase in productivity and the reduction in errors. He said this is the kind of good news that should be reported in the media.

Dr. Shine pointed out that Ms. Martin has outlined the challenge of data sharing and she is working on methodology to try to improve communication between intensive care units.

6. **U. T. Health Science Center - San Antonio: Mechanical Electrical Plumbing (MEP) Upgrades, Phase I - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project; approval of total project cost; approval of transfer of funds and authorization of expenditure; authorization of institutional management; and reduction of total project cost for the Children's Cancer Research Institute**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Krier, seconded by Regent Rowling, and carried unanimously

7. U. T. System: Report on FY 2005 post-tenure review

Committee Meeting Information

Presenter(s): *Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs*

Status: *Reported*

Discussion at meeting:

Executive Vice Chancellor Shine said although he was pleased with the relatively small number of individuals needing additional support or performing marginally, it is common for an individual coming up for post-tenure review who is not performing well to decline a tenure review and move into a different track. He said he will try to collect some data since this number is significant. Dr. Shine said one of the reasons data related to ethnicity and gender is collected is so trends related to success rates for any particular subgroup of individuals can be identified. He said mentoring is an important part of how post-tenure individuals progress.

8. U. T. System Board of Regents: Adoption of Regents' Rules and Regulations, Series 40602, related to Organized Research Units

Committee Meeting Information

Presenter(s): *Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs*

Status: *Approved*

Motion: *Made by Regent Caven, seconded by Vice Chairman Krier, and carried unanimously*

Discussion at meeting:

Vice Chairman Krier noted this Item also appears in the Academic Affairs Committee.

Dr. Shine credited Dr. Pedro Reyes, Associate Vice Chancellor for Academic Planning and Assessment, with generating this Rule and said it was important to identify what Organized Research Units (ORUs) were throughout the U. T. System.

In response to a question by Regent Haley, Dr. Shine said it was uncertain how many ORUs there are throughout the U. T. System. He said it was a large number (hundreds) and this Rule provides for the definition and inventory of ORUs.

Chancellor Yudof said the fact that this question cannot be answered is a good reason for adoption of this Rule and an orderly process for establishing and disestablishing ORUs is needed.

9. U. T. M. D. Anderson Cancer Center: Discussion of U. T. M. D. Anderson Cancer Center's proposed participation in investment as a limited partner in The Madelin Fund, L.P.

Committee Meeting Information

Presenter(s): *Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs; Mr. Leon J. Leach, Executive Vice President, U. T. M. D. Anderson Cancer Center*
Status: *Discussed*

Discussion at meeting:

Executive Vice Chancellor Shine said he asked U. T. M. D. Anderson Cancer Center to present this proposal to the Health Affairs Committee to get its perspective on whether this proposed venture is a good approach.

Using the PowerPoint slide on Page 8, Mr. Leach outlined the broad parameters under which the four principals are willing to invest in commercialization of technologies. He said he was asking for the Committee's guidance since it is unusual for U. T. M. D. Anderson Cancer Center to make an investment in a venture capital fund. Dr. Shine asked if the purpose of the venture would be to make money and Mr. Leach responded the primary purpose is to find an outlet and funding for the institution's science that has commercial potential.

Regent Caven noted the provision in which the general partner will provide 20% of its carried interest and asked if that was an incentive to get U. T. M. D. Anderson Cancer Center to participate? Mr. Leach responded that would be compensation for scientific due diligence to be provided by the Cancer Center.

Chairman Huffines expressed concern related to a reputation risk for the institution if this venture does not work. John Mendelsohn, M.D., President, U. T. M. D. Anderson Cancer Center, said the press could criticize a state institution for investing money in a group that is primed to the private sector to make money. He said it was unusual to find a group of venture people interested in cancer and the institution has been looking for this kind of help for some time. Dr. Mendelsohn said the primary goal is mission-driven and the secondary goal is to make money on the inventions.

Chancellor Yudof asked about the general partners and their backgrounds and Mr. Leach said thorough background checks have been conducted on the four partners listed on Page 131 of the Agenda Book. Executive Vice President Leach offered to share that information with anyone interested.

Regent Rowling asked if this would be an appropriate investment for The University of Texas Investment Management Company (UTIMCO). Mr. Leach said although UTIMCO was instrumental in the due diligence conducted on the partners, this venture is too small for UTIMCO to be interested. Dr. Mendelsohn added this is only a very early startup of an idea and UTIMCO does not have the staff to handle

something this small. Regent Caven said use of unrestricted donor funds rather than taxpayer operating funds was admirable and he is supportive of the idea. Additionally, Regent Caven said he would be supportive of an investment in the Intermediate Term Fund, particularly since the main objective of the venture is technology transfer and there is very little money available at this time in the State of Texas for biotechnology. Dr. Shine added UTIMCO feels an investment this small does not fit with its responsibility to generate income. He reiterated this was an opportunity to advance cancer technology rather than a good financial investment.

Regent Haley asked if there were other avenues to promote U. T. System intellectual property. Mr. Leach said considerable work has been done to promote investment opportunities, but there have been few opportunities. Chancellor Yudof added that biotechnology is expensive to develop and can take awhile to get approved. He said venture capital is needed, but the risk levels and duration of the investments do not attract the market.

In response to a question by Committee Chairman Clements, President Mendelsohn said U. T. M. D. Anderson Cancer Center has two inventions that have been licensed by Riata. He asked Kern Wildenthal, M.D., President, U. T. Southwestern Medical Center - Dallas, to comment since Riata is a Dallas group that has worked closely with that institution. President Wildenthal said Riata invested in research projects that have gone further than initial stage funding and were proven enough to attract more money.

Regent Rowling asked if there was any assurance that a set amount of the funds would be invested at U. T. M. D. Anderson Cancer Center and Dr. Mendelsohn said they are betting at least 10% of the funds will be invested in the institution. President Mendelsohn welcomed further feedback since this is a new area and he thanked Dr. Shine for putting this issue on the agenda.

ADJOURNMENT

Committee Chairman Clements announced that the purpose for which this meeting was called had been completed, and the meeting was duly adjourned at 12:15 p.m.

The Madelin Fund, L.P. *Broad Parameters*

- Oncology-focused venture capital fund
- Fund size: \$25-50M
- UTMDACC takes 10% position in fund
 - If General Partner raises \$22.5M, UTMDACC invests \$2.5M; subsequently, for each \$9 raised, UTMDACC matches \$1
 - Maximum UTMDACC investment = \$5M
- Separate contract to provide scientific diligence on fee basis
- Fund's investments would not be limited to UTMDACC technologies
- Fund would not have any preferential rights to UTMDACC technologies

MINUTES
U. T. System Board of Regents
Facilities Planning and Construction Committee
May 10, 2006

The members of the Facilities Planning and Construction Committee of the Board of Regents of The University of Texas System convened at 9:54 a.m. on Wednesday, May 10, 2006, in the Board Meeting Room, 9th Floor, Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Barnhill, presiding
Vice Chairman Clements
Regent Caven
Regent McHugh

Absent

Regent Estrada

Also present were Student Regent Haley and Counsel and Secretary Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Barnhill called the meeting to order. Mr. David Dixon, Interim Associate Vice Chancellor for Facilities Planning and Construction, then presented a PowerPoint presentation on design development plans and the economic impact for Items 2 - 7 as set forth on Pages 8 - 24.

1. U. T. System: Consideration of possible designation of projects as architecturally or historically significant

- U. T. Austin Chilling Station Replacement
- U. T. Austin Dell Computer Science Hall (formerly Computer Sciences Building)
- U. T. Austin Renovation of John W. Hargis Hall with Visitor Center
- U. T. Austin Student Activity Center
- U. T. Dallas Campus Landscape Enhancement Project
- U. T. El Paso Basketball Complex

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved the U. T. Austin Dell Computer Science Hall (formerly Computer Sciences Building) and the U. T. Austin Student Activity Center as architecturally significant

Motion: Made by Regent McHugh, seconded by Vice Chairman Clements, and carried unanimously

Future Action: The U. T. Austin Dell Computer Science Hall (formerly Computer Sciences Building) and the U. T. Austin Student Activity Center were recommended for designation as architecturally significant.

Discussion at meeting:

Chairman Barnhill stated the U. T. Austin Computer Sciences Building and U. T. Austin Student Activity Center were high-profile facilities and might need Regent input. Vice Chairman Clements asked if the Computer Sciences Building was going to be adjacent to the Applied Computational Engineering and Sciences Building (ACES).

Mr. Dixon replied affirmatively. Vice Chairman Clements asked if there was going to be a tie-in. Mr. Dixon said there was going to be a connection both to the ACES building and the T. U. Taylor Hall. Vice Chairman Clements commented that tying in the buildings was going to be a delicate procedure. Mr. Dixon said that was true from a design standpoint and it is achievable, but from a context standpoint, tying those two buildings together with a third would be an interesting architectural and design consideration. Vice Chairman Clements said that under those circumstances, it would be important to have that be designated an architecturally significant project.

Regent Barnhill asked Regent Haley if he had any thoughts about the student facility. Regent Haley replied it will be an important building on campus in a high-profile, highly visible location, so that is something that should be taken into account.

Committee Chairman Barnhill entertained a motion to consider both projects as architecturally or historically significant.

Regent McHugh made a motion to select the Student Activity Center and Dell Computer Science Hall at U. T. Austin as architecturally significant. Vice Chairman Clements seconded the motion, which carried unanimously.

Counsel and Secretary's Note: On May 15, 2006, a negotiated conditional gift in the amount of \$10 million was announced from the Michael & Susan Dell Foundation to assist in funding the Computer Sciences Building to be named the Dell Computer Science Hall.

2. **U. T. Arlington: Student Activities Building Renovation and Expansion - Phase I - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made by Regent McHugh, seconded by Vice Chairman Clements, and carried unanimously

Discussion at meeting:

Regent Haley asked if a fee was passed by the Student Body to repay these bonds or if this was coming from the general academic budget. Mr. John Hall, Vice President for

Administration of Campus Operations at U. T. Arlington, replied the students passed a referendum to increase the student fee last year and Mr. Dixon said the project will be repaid from Campus Recreation fees.

3. **U. T. Austin: Performing Arts Center Infrastructure Upgrades Phase I and II - Request for approval of design development and approval of evaluation of alternative energy economic feasibility**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved, pending review of the material proposed for the windows

Motion: Made by Vice Chairman Clements, seconded by Regent McHugh, and carried unanimously

Future Action: The item related to the Performing Arts Center at U. T. Austin was approved on condition it would be reviewed.

Discussion at meeting:

Vice Chairman Clements wanted to know more about the screen proposed for the windows and Mr. Dixon said it was aluminum mesh in a tight weave that would hang just off the glass. He said it was see-through in both directions, and it would provide shade sufficient to reduce the solar flux into the atrium itself. Vice Chairman Clements wanted to know if there were any other buildings like that. Mr. Dixon said he was not aware of any with the mesh. Most of the buildings tend to have a shading feature of some type to keep out the sun. He said this type of product has been used in some of the open-air facilities in parking garages and open stairways. There is plenty of light coming in but at the same time, it reduces the solar flux. Vice Chairman Clements wanted to know how obvious it was. Mr. Dixon said that it was a fairly fine mesh, not as fine as a solar screen on home windows, but fairly fine.

Regent McHugh expressed concern with the window cleaning process but declined the need to see samples offered by Mr. Dixon.

Vice Chairman Clements said somebody needs to look at a building that has the proposed window mesh and see what it looks like. She cannot envision that it would not be a little bothersome. President Powers said that he would follow up on the request.

Regent Barnhill asked if there was a deadline and Mr. Dixon said that notice to proceed is not scheduled until May 2007, with substantial completion in September 2008.

4. **U. T. Austin: Renovations to UFCU Disch-Falk Field - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Clements, seconded by Regent Caven, and carried unanimously

Discussion at meeting:

Committee Chairman Barnhill asked what the total seating will be and Mr. Dixon replied there would be 7,604 seats; up from 6,549 seats. There would be about 6,000 fixed seats, 128 club seats, 200 seats in the suites, about 400 berm seats, and 900 bleacher seats.

5. **U. T. Health Science Center - San Antonio: Cyclotron Addition - Request for approval of design development; approval of evaluation of alternative energy economic feasibility; and appropriation of funds and authorization of expenditure**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made, seconded, and carried unanimously

6. **U. T. Health Science Center - Houston: Expansion of RAHC Public Health Satellite - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to decrease total project cost; approval of design development plans; approval of evaluation of alternative energy economic feasibility; approval to revise funding sources; appropriation of funds and authorization of expenditure; and authorization of institutional management**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made, seconded, and carried unanimously

7. **U. T. M. D. Anderson Cancer Center: Braeswood Parking Garage - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made, seconded, and carried unanimously

Discussion at meeting:

Regent Caven wanted to know if the garage was being built and suspended over the holding pond. Mr. Dixon said the garage would not be suspended; there will be piles over and through the pond. Mr. Caven said it will be good double use of the property.

Vice Chairman Clements asked if U. T. Health Science Center - Houston will be participating in the cost. Mr. Dixon called on Mr. Leon Leach, Executive Vice President at the U. T. M. D. Anderson Cancer Center, who said they are discussing with Dr. Michael McKinney, Senior Executive Vice President and Chief Operating Officer at U. T. Health Science Center - Houston, arrangements for sharing 300 spaces in the garage. Mr. Dixon said this is a great example of two institutions working together for a common cause. There is not enough parking at the Texas Medical Center and it is a great opportunity.

Committee Chairman Barnhill said that he has heard people say they are using every square inch and this is a good example. Vice Chairman Clements said it was expensive.

8. **U. T. Arlington: Energy Performance Contract - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Clements, seconded by Regent McHugh, and carried unanimously

9. **U. T. Austin: Applied Research Lab Expansion - Phase II - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost and appropriation of funds and authorization of expenditure**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Clements, seconded by Regent McHugh, and carried unanimously

10. **U. T. Austin: Nueces Garage - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to reduce total project cost and redesignate project as the San Antonio Garage Additional Parking Levels**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Clements, seconded by Regent McHugh, and carried unanimously

11. **U. T. Southwestern Medical Center - Dallas: Laboratory Research and Support Building (formerly Biosafety Level Three Laboratory) - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Clements, seconded by Regent McHugh, and carried unanimously

Note: The debt service was changed to read as follows:

The \$36,600,000 in Revenue Financing System debt will be repaid from indirect cost recovery revenues. Annual debt service on the Laboratory Research and Support Building is estimated at \$3.06 million. Overall debt service coverage ratios on projects financed with indirect cost recoveries at U. T. Southwestern Medical Center - Dallas are projected to range from 0.91 times to 2.26 times and average 1.35 times from FY 2006 - FY 2015.

12. **U. T. M. D. Anderson Cancer Center: Bastrop Research and Education Building (Phase I of the Bastrop Facility Strategic Plan) - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; revise funding sources; and appropriation of funds and authorization of expenditure**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Clements, seconded by Regent McHugh, and carried unanimously

13. **U. T. M. D. Anderson Cancer Center: South Campus Vivarium Facility - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost and appropriation of funds and authorization of expenditure**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Clements, seconded by Regent McHugh, and carried unanimously

14. **U. T. Austin: Request to Name the Visitors' Center at McDonald Observatory as the Frank N. Bash Visitors' Center at McDonald Observatory**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made by Regent McHugh, seconded by Regent Caven, and carried unanimously

ADJOURNMENT

Committee Chairman Barnhill announced that the purpose for which this meeting was called had been completed, and the meeting was duly adjourned at 10:35 a.m.

MINUTES
U. T. System Board of Regents
Joint Meeting of the Facilities Planning and Construction Committee
and the Health Affairs Committee
May 10, 2006

The members of the Facilities Planning and Construction Committee and the Health Affairs Committee of the Board of Regents of The University of Texas System convened at 10:35 a.m. on Wednesday, May 10, 2006, 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 Barnhill, presiding
Chairman Huffines
Vice Chairman Clements
Regent Caven
Regent McHugh

Also present were Student Regent Haley and Counsel and Secretary Frederick.

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

U. T. Medical Branch - Galveston: Discussion of long-term plan for clinical activities and Jennie Sealy Hospital Replacement project

Joint Committee Meeting Information

Presenter(s): Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs; John D. Stobo, M.D., President, U. T. Medical Branch – Galveston
Status: Discussed

Discussion at meeting:

Using the handout on Pages 4 - 5, President Stobo described the 15-20 year campus building plan for an inpatient specialty care tower on the site currently occupied by the Jennie Sealy Hospital. He reviewed the proposed financing and governance/ownership structure of this replacement hospital. He also spoke about a proposed ambulatory care facility in League City (Victory Lakes).

Dr. Stobo said the inpatient facility would consist of approximately 600,000 square feet including 25 operating rooms, 100 labor preimposed partem beds, 40 surgical care intensive units, and 150 pediatric and neonatal intensive care unit beds. This is about the same size as the current Hospital, thus is a replacement building, and would not add significant inpatient capacity.

The inpatient facility is part of the overall clinical strategic plan. Interventions to enhance the clinical practice, which brings in significant revenue, include development of a clinical strategic plan, implementation of a new compensation plan in the School of Medicine, analysis of the productivity of clinical faculty, and asking the Navigant Consulting group to help develop a plan for the clinical enterprise. He said the institution wants to increase the proportion of patients who have commercial insurance, increase volumes of clinical productivity without increasing the number of faculty, and increase the case mix index, a Medicare measurement of the severity of illness.

Dr. Stobo described the community to be served by the League City ambulatory care facility, which would be built on 35 acres of land, and he then outlined the timetable for construction of the Replacement Hospital and the League City facility. Construction of the League City facility is expected to begin in December 2007, demolition of the existing Jennie Sealy Hospital will begin in January 2008, and construction of the Replacement Hospital will begin in December 2008 with completion expected in 2010.

In response to a question by Committee Chairman Barnhill related to competition with other facilities in the area, Dr. Stobo said there is a hospital 25 miles north in Richland and another hospital 15-20 miles south, but they are not tertiary facilities. He said the League City facility is currently an outpatient facility.

Chairman Huffines asked if the statute related to leased space is a legislative mandate or part of the Sealy & Smith Foundation. President Stobo replied it was a legislative mandate approved by the Regents in the 1960s. He called on Mr. Richard S. Moore, Vice President for Business and Administration at U. T. Medical Branch - Galveston, who said the initial statute was passed when the Jennie Sealy Hospital was constructed in the 1960s. Mr. Moore said at that time some land was swapped and the statute prohibited the University from owning the building and leasing the property of the Sealy & Smith Foundation. Chairman Huffines suggested approaching the legislature if a change is desired by the Foundation.

In response to a question by Chairman Huffines, Dr. Stobo said the 600,000 square-foot facility is an inpatient facility and the plan would be to shell out 100,000 square feet to build and equip the interior. Chairman Huffines asked how much of the \$250 million would be for equipment and President Stobo responded approximately \$50 million. He said the cost also includes planning and moving individuals from existing facilities into the clinical support building.

Vice Chairman Clements asked if the Sealy & Smith Foundation owns all the property on the map on Page 5. Dr. Stobo said the property is a mixture of land owned by the Foundation and U. T. Medical Branch - Galveston. He said the provision that the Foundation must own the facility and lease to the University only applies to the R. Waverley Smith Building and the Jennie Sealy Hospital.

Chancellor Yudof agreed with Chairman Huffines about revisiting the leasehold as opposed to ownership, even if doing so would require changes to the Regents' Rules or consultation with the legislature. Chancellor Yudof asked about the size of the hospital

and expressed concern about overbuilding the facility. President Stobo said there probably will not be a definitive answer to that question until later this summer.

Executive Vice Chancellor Shine said it was useful for Dr. Stobo to present this information to the Committee at this time because it is an unusual situation in terms of time and scope and because it is a combination of a plan involving construction and buildout by two different entities. Dr. Shine made the following observations:

- a. The culture of the institution has been one directed to care of the underserved, but changing the payor mix with regard to a higher portion of paying patients is critical to the long-term success of the institution. Dr. Stobo has taken a number of steps to make that happen by revising the faculty practice plan to reward incentives and performance and by recruiting outstanding individuals who are able to provide services in high demand.*
- b. President Stobo has identified the importance of ambulatory care. Since 50-55% of all surgery is currently outpatient in most major general hospitals, having the operating room capacity and converting a fair amount of that to ambulatory care over time would provide for a very cost-effective operation.*
- c. Articulation is needed at the health campuses for clear strategic plans with regard to specific product lines so patients can get all their care in one place.*

Dr. Shine also said future changes to the Capital Improvement Program related to the Jennie Sealy Hospital Replacement project will be part of this comprehensive plan.

President Stobo said this has been a difficult discussion at U. T. Medical Branch - Galveston because it differs from the traditional mission of the institution to address the health needs of the underserved. He reiterated having more commercially insured patients will help subsidize other parts of the mission that are not fully funded.

Committee Chairman Barnhill commended Dr. Stobo for looking for ways to improve the financial situation at U. T. Medical Branch - Galveston.

ADJOURNMENT

Committee Chairman Barnhill announced that the purpose for which this meeting was called had been completed, and the meeting was duly adjourned at 11:00 a.m.

**John Sealy
Hospital
Entrance
(complete)**

**University Plaza
(in progress)**

**Jennie Sealy
Hospital
Replacement
(5 years)**

**Diagnostic
Services Center
(10 years)**

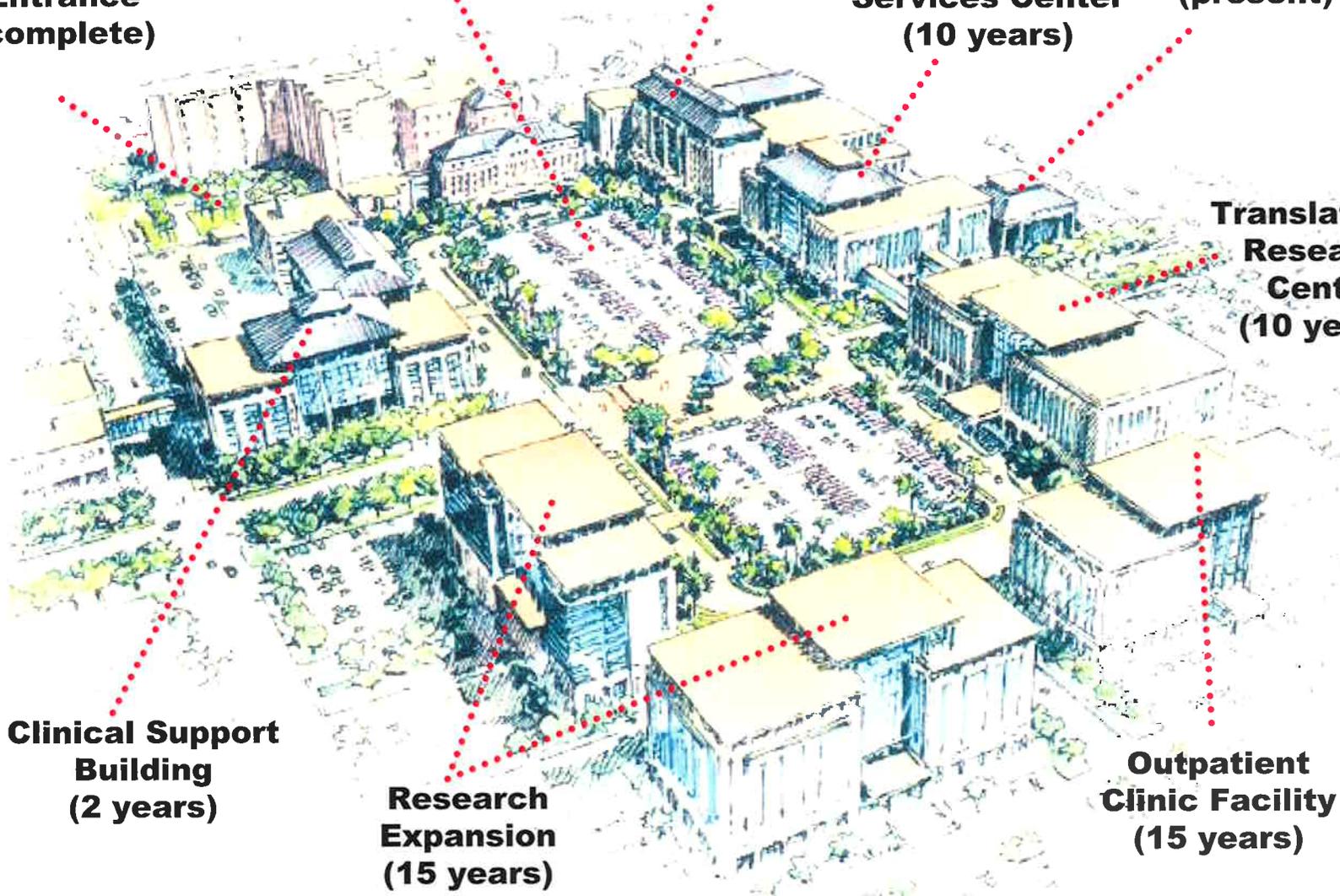
**Basic Research
Expansion
(present)**

**Translational
Research
Center
(10 years)**

**Clinical Support
Building
(2 years)**

**Research
Expansion
(15 years)**

**Outpatient
Clinic Facility
(15 years)**





MINUTES
U. T. System Board of Regents
Student, Faculty, and Staff Campus Life Committee
May 10, 2006

The members of the Student, Faculty, and Staff Campus Life Committee of the Board of Regents of The University of Texas System convened at 12:25 p.m. on Wednesday, May 10, 2006, 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 McHugh, presiding
Vice Chairman Clements
Regent Barnhill
Regent Estrada

Absent

Committee Chairman Craven

Also present were Chairman Huffines; Vice Chairman Krier; Regent Rowling; Student Regent Haley; Mr. Brent Chaney, Chair, Student Advisory Council; Dr. Barry Norling, Chair, Faculty Advisory Council; and Counsel and Secretary Frederick.

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

1. U. T. System: Report on expansion of digital library and new research resources

Committee Meeting Information

Presenter(s): *Dr. Fred M. Heath, Vice Provost and Director of University of Texas Libraries;
Dr. Teresa A. Sullivan, Executive Vice Chancellor for Academic Affairs*
Status: *Reported*

Discussion at meeting:

Dr. Heath said the libraries enhance teaching, learning, and research across the U. T. System and he reported on how traditional libraries have evolved in the digital environment and how they have extended their reach and improved their impact and effectiveness. He said electronic books (e-books) are 18 times more likely to be used than their print counterparts and every book in English printed prior to 1800 has been digitized and is accessible in the system. Dr. Heath's PowerPoint was revised prior to the meeting and a copy is attached on Pages 3 - 11.

Chairman Huffines asked how U. T. System ranks with other systems and universities in the country and Dr. Heath responded the University of California is further along but is different in that it is a large research university and Michigan and Illinois are also peers, but Dr. Heath surmised U. T. is bringing more to Texas.

Chairman Huffines also asked if the investment is sound; could another technology come along to make this technology obsolete? Dr. Heath said there are possible developments in scholarly communication and intellectual property management that could shift the paradigm to more open communications. He said there is a substantial mutual investment between the commercial sector and colleges and universities that would be a difficult paradigm to shift but if a transformation could take place, it would take place in 20-30 years on the platform of the digital library. Chairman Huffines asked if there is anything that could preclude a national digital library and Dr. Heath said over the next five decades, that could be possible if there were extensive sharing of libraries across Texas or California. Executive Vice Chancellor Shine asked about space in the library and about the possibility of a statewide library. On the latter, Dr. Heath said in January 2006, a website on the Texas Digital Library (<http://www.tdl.org/>) was launched, a collaborative between U. T., Texas A&M University, the University of Houston, and Texas Tech University to set the standards and achieve inner operability to make available all dissertations from all institutions. Once the protocol is established, Dr. Heath said other institutions may join the library.

Concerning space needs, A&M and U. T. Austin are jointly storing information at the J. J. Pickle Research Campus and might share dense storage of little used materials, lessening the demand on storage space in buildings.

Regent Rowling asked about the requirements to access the libraries and Dr. Heath said all students, faculty, teachers, and researchers have access but the license allows non-U. T. people to use the library while physically present in the library.

ADJOURNMENT

Regent McHugh announced that the purpose for which this meeting was called had been completed, and the meeting was duly adjourned at 12:50 p.m.

THE UNIVERSITY OF TEXAS AT AUSTIN
WHAT STARTS HERE CHANGES THE WORLD



University of Texas Libraries

THE UNIVERSITY OF TEXAS AT AUSTIN

1

THE UNIVERSITY OF TEXAS AT AUSTIN
WHAT STARTS HERE CHANGES THE WORLD

Benefits of Digital Resources in the 21st Century Research Library



Dr. Fred M. Heath
Vice Provost
and Director of University of Texas Libraries

2



THE UNIVERSITY OF TEXAS AT AUSTIN
WHAT STARTS HERE CHANGES THE WORLD

UT System Digital Library Shared Collection

- Over 300,000 electronic books
- Over 200 digital encyclopedias & other reference materials
- Over 4,600 current electronic full-text scholarly journals
- Available 24 x 7 x 365

3



THE UNIVERSITY OF TEXAS AT AUSTIN
WHAT STARTS HERE CHANGES THE WORLD

Impact of Digital Resources

During 2005, UT System users:

- downloaded more than 6.8 million journal articles—18,000 daily
- used over 1,200 electronic books per month
- from locations convenient to research and study

4

Beyond Books and Journals...

- a collection of 500,000 digital images of architecture, painting, sculpture, photography, and other artistic media
- digital copies of all books published worldwide in English before 1800
- the *New York Times* from 1851 forward
- American film scripts by over 600 writers, together with detailed, fielded information on the scenes, characters and people related to the scripts
- 83,000 pages of early accounts of exploration, travel, environment, peoples, and culture in North America

Impact of Digital Resources

Digital resources have benefited all UT institutions with

- New degree programs
- Research grants
- Faculty recruitment and retention

UT Brownsville



- New Master of Science programs: Nursing, Biological Sciences, and Mathematics
- In Fall 2005, UT Brownsville awarded its first MS in Physics
- New Master of Public Policy and Management

7

UT Brownsville



- Access to the key periodical literature in Physics presented research opportunities to PhD students participating in the collaborative doctoral research between UT Brownsville and UT Dallas.
- Critical factor in the establishment and continued support of The Center for Gravitational Wave Astronomy. This program is one of the first to bring world-class scientific research and collaboration to UT Brownsville.

— Douglas Ferrier,
Dean of Instructional Support, UTB

8



THE UNIVERSITY OF TEXAS AT AUSTIN
WHAT STARTS HERE CHANGES THE WORLD

UT Health Center - Tyler

“UT System Digital Libraries gives us access to thousands of journals that we would otherwise not have. This has been especially important to our Biomedical Research area, supporting the researchers' rapid and significant growth in grant funding.

As a smaller campus, UTSDL provides us with a breadth and depth of resources comparable to much larger universities.”

Tom Craig
Watson W. Wise Medical Research Library
The University of Texas Health Center at Tyler

9



THE UNIVERSITY OF TEXAS AT AUSTIN
WHAT STARTS HERE CHANGES THE WORLD

UT Health Science Center - San Antonio

“A faculty researcher in Radiology said he would be compelled to move to another institution were the ScienceDirect package of journals unavailable to him at UTHSC.”

Rajia Tobia, Associate Library Director
for Collection Development, UTHSCSA

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UT School of Public Health

- Expansion of the UT School of Public Health program to four regional campuses owes a part of its success to the shared access to electronic resources
- Multidisciplinary nature of Public Health programs (behavioral science, occupational health, epidemiology, etc.) requires access to the broad spectrum of journals in the shared collection

LERR Funds



The Academic Libraries Collection Enhancement Program (ALCEP), established in 1997 and funded by PUF Bond Proceeds Reserves for Library, Equipment, Repair and Rehabilitation (LERR) covers for one-time capital expenses for electronic books and journal backfiles

Funding — A Joint Venture

- **Recurring Annual Costs**
 - Shared journal collection
 - Institutional library operating budgets
- **One-time Capital Expenditures**
 - Electronic books, reference materials, journal backfiles
 - LERR: Academic Library Collection Enhancement Program

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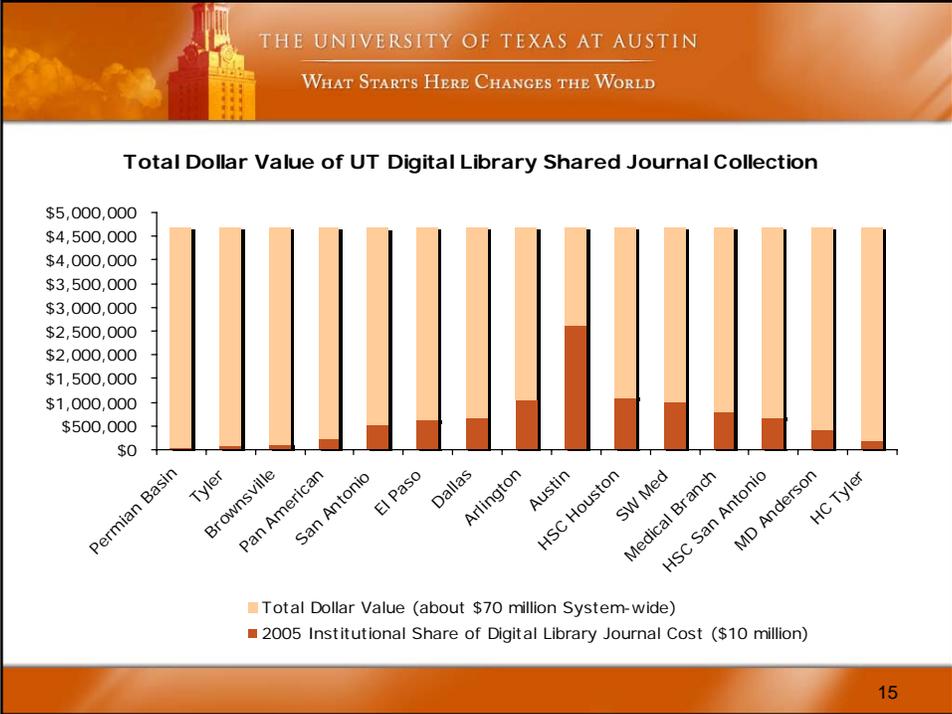
Value of Shared Journal Collections

The 2005 aggregate dollar cost to UT libraries operating budgets for the Digital Library Shared Journal Collection was \$10 million.

Would have cost \$70 million if each institution had acquired the same material separately.



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THE UNIVERSITY OF TEXAS AT AUSTIN
WHAT STARTS HERE CHANGES THE WORLD

Outcomes

With Regental support we have achieved:

- A deep collection of digital resources for **all** UT institutions
- A library collaborative unique in the state and nation, strengthened by the diversity of our institutions

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The University of Texas System ranked **second** among institutions worldwide in a 2001 study of scientific research impact, as measured by the Institute for Scientific Information Essential Science Indicators, a tool based on references by scientific authors published within scholarly journal articles. (Source: *ScienceWatch* July/August 2001)

