

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

August 22-23, 2007

Austin, Texas

Minutes of Committee meetings are taken as a convenience for research purposes and may be verified by tape recordings kept in the Office of the Board of Regents or webcasts available at <http://www.utsystem.edu/bor/meetings/minutes.htm>.

/s/ Francie A. Frederick
General Counsel to the Board of Regents
September 27, 2007

MINUTES
U. T. System Board of Regents
Audit, Compliance, and Management Review Committee
August 22, 2007

The members of the Audit, Compliance, and Management Review Committee of the Board of Regents of The University of Texas System convened at 11:35 a.m. on Wednesday, August 22, 2007, 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 Craven
Regent Rowling

Also present were Chairman Huffines, Regent Barnhill, Regent Camarillo, Regent Caven, Regent McHugh, and General Counsel to the Board Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Estrada called the meeting to order. Although scheduled to be held at The University of Texas – Pan American, the meeting was relocated to Austin due to the threat of Hurricane Dean.

1. **U. T. System: Report on the status of the Proposed Plan for the Fiscal Year 2007 U. T. System Financial Statements Audit**

Committee Meeting Information

Presenter(s): Ms. Amy Barrett, Assistant Director of Audits
Status: Reported

Ms. Barrett reported that historical events have resulted in an audit approach of the U. T. System financial statements that involves coordination of multiple auditors of those financial statements. The approach consists of internal audit-led financial audits for all U. T. System institutions except U. T. M. D. Anderson Cancer Center and The University of Texas Investment Management Company (UTIMCO) funds for FY 2007. She said reliable financial reporting is important to ensure transparency and accountability to stakeholders and the internal audit-led approach will help ensure the integrity and reliability of financial reporting.

2. U. T. System Board of Regents: Approval of the Audit, Compliance, and Management Review Committee Charter and Responsibilities Checklist

Committee Meeting Information

Presenter(s): Mr. Charles Chaffin, Director of Audits and System-wide Compliance Officer

Status: Approved

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

3. U. T. System: Review of System-wide Annual Audit Plan Process

Committee Meeting Information

Presenter(s): Mr. Charles Chaffin, Director of Audits and System-wide Compliance Officer

Status: Reported

4. U. T. System: Report on System-wide Institutional Compliance Activities, including System-wide Information Security

Committee Meeting Information

Presenter(s): Mr. Lewis Watkins, Chief Information Security Officer; Mr. Charles Chaffin, Director of Audits and System-wide Compliance Officer; and Mr. Dick Dawson, Executive Director of Audit, Compliance, and Risk Services, U. T. San Antonio

Status: Reported

Discussion at meeting:

Mr. Watkins stated FY 2007 was a year of discovery and preparation; FY 2008 will be one of implementation. The Chief Information Security Office function was launched in November 2006 and the first assignment was to conduct a System-wide assessment. He said this resulted in the following observations, which are being addressed and will be vigorously pursued in FY 2008:

- The first observation confirmed the need for a uniform risk assessment process and tool. Risk assessment is fundamental to information security but U. T. System institutions have no uniform methodology or tool for performing information technology risk assessments, and practices vary significantly from campus to campus. Chancellor Yudof has given preliminary funding approval to purchase licenses for continued development of a risk assessment software that is being used by The Texas A&M University System and other institutions around the state. This tool will be rolled out in January or February 2008.*
- The second observation is the need for a uniform security program at the campuses. Information security programs vary from campus to campus in terms of design and maturity. A uniform program, which will take into consideration international, national, and state standards of information security is being developed and will determine what must be included at each campus, defining metrics for measuring program implementation and*

effectiveness and providing standard templates for required reports that will be submitted to U. T. System and to the presidents. The program is in the vetting process and expected launch date is mid-October.

- *The third observation identifies three situations that make up a vast majority of information security incidents in the U. T. System. Each is being addressed.*
 - *Lost or stolen mobile devices, such as laptop computers are often found to contain confidential data. A System-wide policy went into effect in June 2007 requiring encryption on all mobile devices that contain confidential University data. The U. T. institutions are now deploying encryption solutions.*
 - *The second cause for security breaches is poorly written computer applications. Many business applications were written in a time when information security was simpler than it is today. Chancellor Yudof has given preliminary approval for funding to help U. T. institutions provide high-quality information security training for programmers. This online training will be available for qualified staff at all U. T. institutions starting in Fall 2007 and will enable staff to remediate existing programs and to write secure programs going forward.*
 - *Poorly secured or misconfigured computers across the campuses, both desktops and servers, are problematic because of the distributed nature of the institutions. The information security officers are responsible for securing computers across campuses; however, often they do not have visibility into the computers and servers in departments outside central information technology. Security incidents occur within these distributed departments. Software will be deployed that constantly monitors the configurations of computers and identifies vulnerabilities.*

Regent Estrada asked about the status of a uniform system for the medical institutions to protect patient records and medical billing, with a low risk of disclosure. In terms of security measures on the campuses, Mr. Watkins responded the health institutions are the leaders in the U. T. System. These institutions have a culture that for a long time has had to be protective of patient information whereas many of the privacy issues that have arisen at the academic campuses are more recent. Dr. Shine added the Chancellor has asked that information technology security be incorporated into the institutional compacts.

In response to a question from Regent Rowling, Mr. Watkins outlined the costs of the initiative, noting costs will vary from campus to campus. Referencing the operating budget item (revised Item 10 on Page 42 of Meeting of the Board), Vice Chairman Krier wanted to understand the impact of removing \$4.083 million for the purchase of Enterprise Compliance and Configuration Manager (ECCM) software and maintenance from the budget. Mr. Watkins responded the ECCM, a vulnerability tool, has been removed and will impact the timeline of configuration of computers described in the third point above, but the risk assessment will go forward.

Chancellor Yudof stated there are still negotiations to take place with the campuses and it is not clear whether all the campuses wish to avail themselves of this particular software package at this time. There is a threshold point where if there is not sufficient participation, campuses will have to go their own way on this type of software and it will be monitored and compliance will be sought. He clarified the whole \$4 million may not be used.

With regard to compliance activities, Mr. Chaffin commented the System Administration self-assessment is complete; an action plan is being developed to implement the related recommendations, and the System-wide report is just completed but not yet vetted.

Mr. Dawson then reported that the quality assurance review conducted of the compliance program at U. T. San Antonio was based on the U. T. System action plan for institutional compliance and the Federal Sentencing Guidelines. The U. T. San Antonio compliance program was found to generally be in conformance with the action plan and Guidelines. Positive comments made regarding the program included a clear distinction between the Audit Office and the Compliance Office, a proactive and professional staff, an excellent risk assessment process, and software tools used to assess and track risk. While the general compliance training and the management certification process was complimented, the following recommendations for improvement were mentioned:

- make sure all areas of high risk assessment and monitoring plans are completed
- step up compliance monitoring and inspections in some areas
- improve the training program by, for instance, shortening the refresher training so people are not required to take long training over again
- take a leadership role in research and compliance training and in the area of conflict of interest.

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

Committee Meeting Information

Presenter(s): Mr. Charles Chaffin, Director of Audits and System-wide Compliance Officer

Status: Reported

Discussion at meeting:

Mr. Charles Chaffin reported that an additional 12 significant findings have been implemented since the Agenda Books were mailed. Value-added audits continue to be done and issues needing to be resolved are taken seriously.

RECESS TO EXECUTIVE SESSION

At 12:22 p.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 12:30 p.m., and the Committee reconvened in Open Session to adjourn. No action was taken on items discussed in Executive Session.

ADJOURNMENT

Committee Chairman Estrada adjourned the meeting at 12:30 p.m.

MINUTES
U. T. System Board of Regents
Finance and Planning Committee
August 22, 2007

The members of the Finance and Planning Committee of the Board of Regents of The University of Texas System convened at 3:00 p.m. on Wednesday, August 22, 2007, 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 Vice Chairman Clements, Regent Camarillo, Regent Craven, Regent Estrada, and General Counsel to the Board Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Rowling called the meeting to order. Although scheduled to be held at The University of Texas - Pan American, the meeting was relocated to Austin due to the threat of Hurricane Dean.

1. **U. T. System: Discussion and appropriate action related to approval of Docket No. 131**

Committee Meeting Information

Presenter(s): Committee Chairman Rowling
Status: Discussed

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:

Chairman Rowling said the picture is good, with the \$479 million operating margin being the best U. T. System has had since he has been on the Board. He noted the

operating margin does not include realized and unrealized investment gains of almost \$2.5 billion and includes depreciation of \$497 million for the year. Chairman Rowling also noted that eight or nine of the institutions, including all the health institutions, have increased their operating margins this year.

Executive Vice Chancellor Kelley said all campuses were positive except for U. T. Pan American. Regent Barnhill commented that changes at U. T. Medical Branch - Galveston and U. T. Health Center - Tyler were paying off.

3. U. T. System: Approval of transfer of funds between Legislative Appropriation items during the biennium beginning September 1, 2007

Committee Meeting Information

Presenter(s): Mr. Randy Wallace, Associate Vice Chancellor, Controller and Chief Budget Officer

Status: Approved

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

4. U. T. System: Approval to exceed the full-time equivalent limitation on employees paid from appropriated funds

Committee Meeting Information

Presenter(s): Mr. Randy Wallace, Associate Vice Chancellor, Controller and Chief Budget Officer

Status: Approved

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

Discussion at meeting:

Associate Vice Chancellor Wallace said per a rider in the Appropriations Bill, the Board is required to request permission to exceed limitations on full-time equivalent (FTE) employees paid from appropriated funds. He said similar approvals have been requested since 1999. Mr. Wallace explained the FTE count used in the legislative process typically lags 12 to 18 months behind budget approval. He said FTE counts are not adjusted for increases in appropriations for general revenue and other appropriated funds such as hospital income at U. T. M. D. Anderson Cancer Center.

Committee Chairman Rowling noted the institutions that exceeded the FTE limitation were also the most profitable institutions.

5. **U. T. System: Approval of Optional Retirement Program employer contribution rates for Fiscal Year 2008**

Committee Meeting Information

Presenter(s): Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs; Mr. Randy Wallace, Associate Vice Chancellor, Controller and Chief Budget Officer

Status: Approved

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

Discussion at meeting:

Associate Vice Chancellor Wallace said on August 15, 2007, the Chief Business Officers discussed standardizing the 8.5% rate across the board based on the fact that 11 of the 15 U. T. System institutions are either at 8.5% or have plans to reach that percentage. He said the four institutions currently at the minimum rate agreed to move to 8.5% in an incremental fashion.

Committee Chairman Rowling commented that the amount paid by U. T. System at the 6.5% rate is approximately \$9 million.

6. **U. T. System: Discussion regarding estimated costs associated with the U. T. System-wide common chart of accounts initiative**

Committee Meeting Information

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

Status: Discussed

Discussion at meeting:

Committee Chairman Rowling said when he joined the Board of Regents he was surprised that the U. T. System did not already have a common chart of accounts. He said it is a critical element of the Shared Services Initiative.

7. **U. T. System Board of Regents: Adoption of a Resolution authorizing the issuance, sale, and delivery of Permanent University Fund Bonds not to exceed \$300,000,000, adoption of Liquidity Resolution, and authorization to complete all related transactions**

Committee Meeting Information

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

Status: Approved

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

Discussion at meeting:

Committee Chairman Rowling said due to the market, there would not be much refinancing opportunity this year. He said most of the bonds would likely be issued for projects approved in August 2006 for major initiatives in science, technology, and math.

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, said adoption of the Resolution enables Office of Finance staff to respond quickly to opportunities in the market.

8. U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Series 70202, concerning the Interest Rate Swap Policy, and adoption of resolutions authorizing certain bond enhancement agreements for Revenue Financing System debt and Permanent University Fund debt

Committee Meeting Information

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

Status: Approved

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

Future Action: The resolutions are under routine review by the Attorney General's Office and if there are any material changes, they will be brought back to the Board.

Discussion at meeting:

Associate Vice Chancellor Aldridge said the two resolutions authorizing swap authority are the result of approval by the 80th Texas Legislature of Senate Bill 968, codified as Texas Government Code Section 1371.001, to use swaps with Permanent University Funds (PUF). He said the resolutions are under routine review by the Attorney General's Office and if there are any material changes, the resolutions will be brought back to the Board.

Committee Chairman Rowling said tomorrow (August 23, 2007) the Board will be asked to approve the U. T. System Operating Budgets for Fiscal Year 2008 (see Item 10 on Page 42 of the Agenda Book). Per a request by Committee Chairman Rowling, Mr. Aldridge explained a recent constant maturity (CMS) basis swap transaction that resulted in an additional \$6.2 million from termination proceeds. Mr. Aldridge's PowerPoint presentation is on Pages 8 - 12.

Regent Estrada commented that getting 22.1 basis points in addition to the 67% LIBOR (London Interbank Offered Rate) was an outstanding achievement that required negotiating expertise by U. T. System staff. Committee Chairman Rowling added that U. T. System staff does a good job in initiating forward swaps.

9. **U. T. System: Approval of aggregate amount of \$102,957,000 of equipment financing for Fiscal Year 2008 and resolution regarding parity debt**

Committee Meeting Information

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

Status: Approved

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

10. **U. T. System Board of Regents: Adoption of Eighteenth Supplemental Resolution authorizing Revenue Financing System Bonds in an amount not to exceed \$675,000,000; adoption of a standard provisions resolution; authorization to complete all related transactions; and resolution regarding parity debt**

Committee Meeting Information

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

Status: Approved

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

11. **U. T. System Board of Regents: Report on Treasury Working Group**

Committee Meeting Information

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

Status: Reported

Discussion at meeting:

Mr. Philip R. Aldridge, Associate Vice Chancellor for Finance, said he was excited about the potential savings for the institutions and about setting a new standard at a higher level for treasury policies and practices throughout the U. T. System. Committee Chairman Rowling added that the potential savings will be several million dollars.

12. **U. T. System Board of Regents: Approval of amendments to the Allocation Policy for Non-Endowment Funds**

Committee Meeting Information

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

Status: Approved

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

13. U. T. System Board of Regents: Investment Reports for the fiscal quarter ended May 31, 2007, and The University of Texas Investment Management Company (UTIMCO) Performance Summary Report

Committee Meeting Information

Presenter(s): Mr. Bruce Zimmerman, President, Chief Executive Officer, and Chief Investment Officer, UTIMCO

Status: Reported

Discussion at meeting:

Committee Chairman Rowling welcomed Mr. Zimmerman to his first Finance and Planning Committee meeting and asked him for an update on UTIMCO's performance over the last few weeks.

Mr. Zimmerman provided an update through July 2007, noting the figures were almost identical to the figures through May 2007. He also provided an update through August 21, 2007.

Regent Estrada said UTIMCO is performing well considering the market volatility over the last 30 days.

Committee Chairman Rowling noted that even though the percentages discussed are small (2% and 15%), the corresponding dollar amounts are large (\$200 million and \$1.5 billion, respectively). He also expressed appreciation for the frequent updates on fund performance provided by Mr. Zimmerman during the recent market fluctuation.

14. U. T. System Board of Regents: Approval of the Annual Budget, including the capital expenditures budget, and Annual Fee and Allocation Schedule for The University of Texas Investment Management Company (UTIMCO)

Committee Meeting Information

Presenter(s): Mr. Bruce Zimmerman, President, Chief Executive Officer, and Chief Investment Officer, UTIMCO

Status: Approved

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

Discussion at meeting:

Regent Estrada noted the bonus compensation budget for next year was 82% higher than this year and Mr. Zimmerman explained two reasons for the increase. First, the forecast is lower than the budget for this year because a certain amount of the

bonus is a function of the total endowments return relative to its peer group, placing that portion of the bonus lower than the target. Second, there are many unfilled positions and the budget for the bonus payout is roughly a target.

Committee Chairman Rowling complimented Ms. Cathy Swain, Director of Investment Oversight, and Mr. William Huang, Senior Financial Analyst, for an excellent job in analyzing the budget. Mr. Rowling also said this is the first time he has seen the total fees being paid to manage the funds and said he appreciated the full disclosure.

Regent Caven, Chairman of the UTIMCO Board, and Committee Chairman Rowling said it is advantageous to pay more performance fees because that means the funds are growing exponentially.

ADJOURNMENT

Committee Chairman Rowling adjourned the meeting at 3:56 p.m.

MINUTES
U. T. System Board of Regents
Academic Affairs Committee
August 22, 2007

The members of the Academic Affairs Committee of the Board of Regents of The University of Texas System convened at 4:37 p.m. on Wednesday, August 22, 2007, 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 Craven (for Items 2-9)
Regent Estrada (for Items 3-9)
Regent McHugh

Also present were Chairman Huffines (for Items 3-9), Vice Chairman Clements, Regent Camarillo, Regent Rowling, and General Counsel to the Board Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Krier called the meeting to order. Although scheduled to be held at The University of Texas - Pan American, the meeting was relocated to Austin due to the threat of Hurricane Dean.

1. **U. T. Arlington: Authorization to establish a Doctor of Nursing Practice (DNP) degree in the School of Nursing**

Committee Meeting Information

Presenter(s): President James D. Spaniolo, U. T. Arlington

Status: Approved

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

Discussion at meeting:

Committee Chairman Krier noted that revenues were expected to exceed the cost of delivering the program.

2. U. T. Dallas: Honoric naming of the NanoTech Institute as the Alan G. MacDiarmid NanoTech Institute

Committee Meeting Information

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

Status: Approved

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

Discussion at meeting:

Committee Chairman Krier mentioned a Web site, <http://Nobelprize.org>, that contains biographies or autobiographies of each Nobel Prize winner, including several U. T. System faculty members. She encouraged Committee members to access the site and read the autobiography for Dr. MacDiarmid.

3. U. T. Dallas: Center for BrainHealth - Request for approval of acceptance of gifts of outdoor works of art

Committee Meeting Information

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

Status: Approved

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

Discussion at meeting:

President Daniel said the three sculptures have an appraised value of \$550,000. He said bases will need to be constructed for two of the three pieces at a total cost of \$40,050.

Chairman Huffines asked how much money the Center for BrainHealth has raised in the last 18 to 24 months. President Daniel responded approximately \$8 million and prospects for further fund raising are strong.

In response to questions from Committee Chairman Krier, Dr. Daniel said the untitled sculpture referenced on Page 180 of the Agenda Book is now called the "Sun" and the donor does not wish to cover installation costs for the three sculptures.

4. **U. T. Permian Basin: Authorization to accept a \$2 million gift from the Helen Greathouse Charitable Trust and to name the multiuse recital hall in The Wagner Noël Performing Arts Center as the Helen Greathouse Hall**

Committee Meeting Information

Presenter(s): President W. David Watts, U. T. Permian Basin
Status: Approved
Motion: Made by Regent Estrada, seconded, and carried unanimously

Discussion at meeting:

Chairman Huffines said success in raising money for The Wagner Noël Performing Arts Center has been unparalleled, and he requested a summary of progress since March 2007. President Watts said pledges of \$19 million have been received and he credited Mr. Grant Billingsley and Mr. Don Wood, Chairman and Vice Chairman, respectively, of the Special Community Advisory Committee, with the success. Dr. Watts noted the cooperation between the cities of Midland and Odessa and said each city contributed 50%.

Committee Chairman Krier asked if there is a similar facility nearby and President Watts responded the closest one is in Amarillo.

5. **U. T. San Antonio: Honorific naming of an outdoor area adjacent to the Biotechnology, Sciences and Engineering Building as the Robert J. Kleberg, Jr. and Helen C. Kleberg Commons (Kleberg Commons)**

Committee Meeting Information

Presenter(s): President Ricardo Romo, U. T. San Antonio
Status: Approved
Motion: Made by Regent Craven, seconded by Regent McHugh, and carried unanimously

6. **U. T. Arlington: Authorization to purchase approximately 2.58 acres and improvements located at 700 and 808 South Center Street, Arlington, Tarrant County, Texas, from the Hong Family Trust for a purchase price of \$2.9 million for initial use as open space and for future programmed development of campus expansion**

Committee Meeting Information

Presenter(s): President James D. Spaniolo, U. T. Arlington
Status: Approved
Motion: Made by Regent Craven, seconded by Regent Estrada, and carried unanimously

Discussion at meeting:

Committee Chairman Krier asked if the housing to be demolished was no longer needed. President Spaniolo responded that the housing was older student housing that was operated privately and newer student housing is being built nearby. Committee Chairman Krier asked if consideration was given to leaving the old housing for future expansion and President Spaniolo said the condition of the housing was such that considerable renovation would be needed to bring it up to the same standard as other campus student housing.

7. **U. T. Dallas: Authorization to ground lease approximately 13.8 acres located on Waterview Parkway, south of the Dallas Area Rapid Transit right-of-way, consisting of approximately 12.8 acres out of U. T. D. Synergy Park - Phase I plus approximately one acre at the rear of 17919 Waterview Parkway, Dallas, Collin County, Texas, to the Dallas International School, a Texas nonprofit corporation, for a term not to exceed 75 years plus an initial construction period not to exceed 30 months, for construction and operation of a prekindergarten through secondary private school**

Committee Meeting Information

Presenter(s): *President David E. Daniel, U. T. Dallas; Ms. Florence Mayne, Executive Director of Real Estate*

Status: *Approved*

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

Discussion at meeting:

In response to an inquiry by Vice Chairman Clements, President Daniel said the Dallas International School is a private school founded by an organization in France. He said the school now has an international focus and approximately 30 campuses worldwide.

Ms. Mayne said the lease is still under negotiation, but based on market conditions, rent will be increased every five years rather than annually, with periodic adjustments based on property appraisals to bring it to market value. Committee Chairman Krier asked about leaving the lease as is to allow flexibility for annual increases should market conditions change, but noted that five-year increases give the School more predictability.

Chairman Huffines noted this is the first transaction resulting from recommendations made by the Regental Task Force on U. T. Dallas Lands and he asked where the money will go. President Daniel said the top priority is completion of the economic development initiative known as Project Emmitt.

8. **U. T. San Antonio: Authorization to purchase approximately 2.70 acres and improvements located at 402 West Nueva Street, San Antonio, Bexar County, Texas, from Mr. and Mrs. Bob W. Coleman at a purchase price not to exceed fair market value as determined by independent appraisals for use as an academic facility**

Committee Meeting Information

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

Status: Approved

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

Discussion at meeting:

Chairman Huffines expressed concern about possible commutes for undergraduate students between the 1604 Campus and downtown. President Romo said almost all classes needed by undergraduates are offered at the downtown location as well as the 1604 Campus. Committee Chairman Krier noted there are not as many class time choices downtown, but this has not been a problem thus far.

Chairman Huffines asked about the cost effectiveness and President Romo responded that the Art Department would only be moved downtown if it were agreeable to doing so. In response to a question by Committee Chairman Krier, Dr. Romo said U. T. San Antonio spends \$100,000 per year for buses to transport students between the two campuses. Committee Chairman Krier noted that conversion of a downtown building rather than construction of a new one keeps costs down, but she asked President Romo to keep Chairman Huffines' concerns in mind.

Regent Estrada asked for clarification on the location and noted it was close to several art studios.

Note: At the August 23, 2007 Board meeting, President Romo and Ms. Mayne reported a third appraisal of \$3,600,000 (Richard Dugger, MAI, CRE, Dugger, Canaday, Grafe, Inc., August 14, 2007) was received and a verbal agreement of \$3,100,000 between the parties was reached on the purchase price.

9. U. T. System Board of Regents: Reports from academic presidents, Executive Vice Chancellor Prior, and Academic Affairs Committee members

Committee Meeting Information

Presenter(s): Institutional academic presidents; Dr. David B. Prior, Executive Vice Chancellor for Academic Affairs

Status: Reported

Discussion at meeting:

Committee Chairman Krier called on President Rodney H. Mabry, U. T. Tyler, and said she had just learned of the campuses in Palestine and Longview. Dr. Mabry reported on a GEAR UP grant with the Tyler Independent School District; addition of a Center related to Texas Science, Technology, Engineering, and Math initiative for recruiting and retaining engineering and science-oriented students; and designation by the Texas Higher Education Coordinating Board as a Texas Regional Collaboratives for Excellence in Science and Teaching.

President Juliet V. García said U. T. Brownsville celebrated its 15th year in partnership with Texas Southmost College by being named Collegiate Chess College of the Year by the National Collegiate Association of America; by receipt of a Centers of Research Excellence in Science and Technology (CREST) grant; by enrollment of 30 students in the Math and Science Academy; by offering the first doctoral program in Curriculum Instruction; and by starting the first soccer team, which played its inaugural game.

Committee Chairman Krier noted President García was soon to become a 2007 U. T. Austin Distinguished Alumnus and President William C. Powers, Jr., offered his congratulations. President Powers reported U. T. Austin was ranked 44th by U.S. News & World Report in its America's Best Colleges 2008, and 19th in peer assessment of academic quality. The Princeton Review's 2008 Best 366 Colleges ranked U. T. Austin first in its career services category and as overperforming its profile in its graduation rates category. President Powers said a troubling statistic was U. T. Austin's ranking of 110 out of 256 in financial resources and in response to a question from Chairman Huffines, said although the methodology is unknown, the ranking appears to be based on per student funding from all sources. Committee Chairman Krier asked if U. T. Austin participated in the peer ranking of other schools and President Powers responded affirmatively.

President Diana S. Natalicio said U. T. El Paso has identified success and impediment factors related to graduation rates and has designed intervention measures to overcome the two primary impediment factors: working more than 30 hours per week and failing a course in the first semester. She remarked this is the first time a direct connection can be seen between the data being gathered on students and the interventions in which U. T. El Paso is engaged. Committee Chairman Krier noted 70% of U. T. El Paso 2005-2006 graduates did not count

as degree recipients because of the way they are tabulated and she hopes U. T. System can work with the Texas Higher Education Coordinating Board to get more realistic numbers.

President W. David Watts reported U. T. Permian Basin received accreditation from the Council on Social Work Education. He also reported the naming of Dr. Douglas F. Hale, Professor of Mathematics and Computer Science, as a Minnie Stevens Piper Professor.

President James D. Spaniolo, U. T. Arlington, reported on the August 24, 2007, grand opening of the School of Nursing's Smart Hospital, a 13,000 square foot simulated hospital environment. He said the Smart Hospital was made possible through partnerships with Hill-Rom, who provided the hospital furnishings and equipment, and Laerdal, who made the simulators. President Spaniolo said this facility will help address the critical need for nurses.

President Ricardo Romo said U. T. San Antonio has been qualified by the Carnegie classification as a doctoral institution and has hired 62 new faculty members. He reported as a result of research increasing 37% from last year, a research magazine, UTSA Discover, was created and the Board members would receive the inaugural issue.

President David E. Daniel noted the U. T. Dallas cheerleaders won a national cheerleading competition. He reported graduation rates are up to 41% due to tuition policies and incentives, and students taking more classes. Dr. Daniel also reported private fund raising has increased to \$28 million this year, and alumni are becoming more engaged with their giving up from 2% to 7.1% this year.

Note: There was no report by President Blandina Cárdenas, U. T. Pan American, who was unable to attend the meeting.

Executive Vice Chancellor Prior said the academic affairs team has visited the campuses and briefing materials cannot adequately capture what goes on at the campuses without personal observation. Dr. Prior noted each of the presidents introduced his or her leadership team and emphasized teamwork is responsible for the delivery of excellence on the campuses. Executive Vice Chancellor Prior said his first impression is that each institution is served by dedicated and talented individuals who support the presidents in their work.

ADJOURNMENT

Committee Chairman Krier adjourned the meeting at 5:30 p.m.

MINUTES
U. T. System Board of Regents
Health Affairs Committee
August 23, 2007

The members of the Health Affairs Committee of the Board of Regents of The University of Texas System convened at 9:10 a.m. on Thursday, August 23, 2007, 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 (for Items 2-5)
Regent Caven
Regent Craven
Regent Rowling

Also present were Chairman Huffines (for Item 5), Regent Barnhill, Regent Camarillo, Regent Estrada (for Item 5), Regent McHugh, and General Counsel to the Board Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Clements called the meeting to order. Although scheduled to be held at The University of Texas - Pan American, the meeting was relocated to Austin due to the threat of Hurricane Dean.

1. **U. T. System: Approval to set The University of Texas System Professional Medical Liability Benefit Plan premium rates for Fiscal Year 2008 and distribute a portion of Plan premium returns**

Committee Meeting Information

Presenter(s): Mr. Barry D. Burgdorf, Vice Chancellor and General Counsel; Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs

Status: Approved

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

Discussion at meeting:

Regent Rowling reported there has been a 70% decline in premiums since 2003. He said even with the \$100 million rebate back to the health institutions in the last three to four years, there is still \$140 million in the Plan.

Mr. Burgdorf said with the liability caps, it is easier to predict with greater certainty when money will be needed to pay claims. Additionally, he said The University of Texas Investment Management Company (UTIMCO) investment returns have been strong, adding additional money to the Plan balance. Regent Rowling noted the funds are invested in the Intermediate Term Fund (ITF).

2. U. T. Health Science Center - San Antonio: Honorific naming of the library at the Regional Academic Health Center (RAHC) in Harlingen, Texas, as the Mario E. Ramirez, M.D. Library

Committee Meeting Information

Presenter(s): Francisco G. Cigarroa, M.D., President, U. T. Health Science Center - San Antonio; Dr. Randa S. Safady, Vice Chancellor for External Relations

Status: Approved

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

Discussion at meeting:

President Cigarroa said it was a privilege to propose this honorific naming as it was Dr. Ramirez who inspired him to go into the field of surgery.

3. U. T. Health Science Center - San Antonio: Honorific naming of the cyclotron wing of the Research Imaging Center on the Greehey Academic and Research Campus as The Ruth McLean Bowman Bowers Cyclotron Wing

Committee Meeting Information

Presenter(s): Francisco G. Cigarroa, M.D., President, U. T. Health Science Center - San Antonio; Dr. Randa S. Safady, Vice Chancellor for External Relations

Status: Approved

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

4. **U. T. M. D. Anderson Cancer Center: Authorization to ground lease approximately 0.5430 of an acre of unimproved land located at Braeswood Boulevard and Pressler Street from the Texas Medical Center, a Texas nonprofit corporation, and to convey an excavation and access easement covering approximately 0.4697 of an acre of unimproved land adjacent to Brays Bayou between Braeswood Boulevard and Holcombe Boulevard to the Harris County Flood Control District, a political subdivision, both tracts being located in the P. W. Rose Survey, Abstract 645, Houston, Harris County, Texas, to facilitate construction of a parking garage**

Committee Meeting Information

Presenter(s): John Mendelsohn, M.D., President, U. T. M. D. Anderson Cancer Center; Ms. Florence Mayne, Executive Director of Real Estate

Status: Approved

Motion: Made by Regent Caven, seconded by Regent Rowling, and carried, with Regent Craven abstaining

Discussion at meeting:

Committee Chairman Clements called on Regent Craven, who indicated she would abstain from vote on this item as she serves on the Texas Medical Center Board.

5. **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; Institutional health presidents

Status: Reported

Discussion at meeting:

Executive Vice Chancellor Shine reported that *The Scientist* magazine named U. T. M. D. Anderson Cancer Center as the number one institution in the country for post-doctoral degrees. Dr. Shine introduced Raymond N. DuBois, M.D., who was in attendance and who was recently appointed as Provost and Executive Vice President of that institution.

Dr. Shine noted the appointment of two new Chancellor's Health Fellows: Gregory H. Botz, M.D., Professor, Critical Care, U. T. M. D. Anderson Cancer Center, and Dr. Patricia A. Stout, John P. McGovern Regents Professor in Health and Medical Science Communication, U. T. Austin. Executive Vice Chancellor Shine also reported on the appointment of John D. Stobo, M.D., as Executive Director for Academic Programs in the U. T. System Office of Health Affairs effective September 1, 2007.

Executive Vice Chancellor Shine reminded the Regents of their approval of \$5 million for the ENTER (Enrich Nursing Through Exceptional Recruitment) Program for recruiting nursing faculty to U. T. System health and academic campuses. He said U. T. Arlington has used some of those funds to recruit three nursing faculty members for its virtual hospital and the remaining funds are close to being allocated.

Dr. Shine gave an update on the Washington Advisory Group (WAG) report related to strengthening research activities on campus. He said one of the WAG recommendations was for more collaboration between the health and academic institutions. Executive Vice Chancellor Shine provided a brief overview of some of those collaborations and observed that the U. T. System is unique because the health and academic institutions are separate. He called on the presidents for comments on the impact and evolution of collaborative relationships.

Kern Wildenthal, M.D., President, U. T. Southwestern Medical Center - Dallas, said to have a competitive advantage, 21st century medical technology breakthroughs will rely on collaboration with academic institutions for computation, engineering, and physics. He said the academic institutions also need medical science. Dr. Wildenthal reported the associate dean for public health at U. T. Health Science Center - Houston has also been appointed as the allied health school dean at U. T. Southwestern Medical Center - Dallas, with half the salary coming from each institution.

Dr. Shine said the U. T. System provided funds for computing capability at U. T. Austin with the provision that access to that capability would be available to all the U. T. System campuses.

U. T. Health Science Center - Houston President James T. Willerson, M.D., said academic institutions without access to medical institutions are at a disadvantage, and vice versa, because students need to be exposed to broad educational opportunities.

John D. Stobo, M.D., President, U. T. Medical Branch - Galveston, noted that in addition to U. T. System institutions, collaboration with other institutions such as the National Aeronautics and Space Administration's (NASA) Johnson Space Center is important.

President Kirk Aquilla Calhoun, U. T. Health Center - Tyler, said many of the advances in increased life expectancy are due to collaborative efforts outside the field of traditional medicine in the areas of public health, engineering, and safety. He said the Health Center is fortunate to have U. T. Tyler nearby.

John Mendelsohn, M.D., President, U. T. M. D. Anderson Cancer Center, emphasized the importance of global collaboration to find the best way to quickly move science forward. He said he hopes to see funds targeted toward collaboration and Dr. Shine agreed that 21st century science requires major capital investment and the combination of resources is an efficient use of funds.

President Francisco G. Cigarroa, M.D., said U. T. Health Science Center - San Antonio has collaborated with U. T. San Antonio for some time. He noted the importance of having funds available for collaborative programs and said it was also important to collaborate with K-12 programs. Executive Vice Chancellor Shine reminded the Regents that U. T. Health Science Center - San Antonio worked out an arrangement with U. T. Pan American to provide space at its Regional Academic Health Center (RAHC).

Executive Vice Chancellor Shine said there will be a reprise of the Code Red report on October 22, 2007, and the task force will revise its findings and recommendations.

Dr. Shine reported that an individual has been hired in the Office of Health Affairs to address healthcare funding. At the request of Chairman Huffines, Executive Vice Chancellor Shine discussed costs associated with indigent care. Dr. Shine said each campus is required to annually report the amount of indigent care provided. He said it is challenging to determine the actual cost of the care as opposed to the amount charged, especially with regard to faculty since they do multiple things at the same time. Hospital charges are not as difficult to determine because costs for supplies or staffing the operating room are easier to quantify. Dr. Shine said a series of analyses will be done to get some consistency in cost reporting across the campuses.

In response to an inquiry from Vice Chairman Krier, Dr. Shine observed the U. T. System is unique as no other system in the U.S., with the possible exception of the University of California, San Francisco, has health institutions separate from academic institutions. He said despite the geographical separation and administrative burdens, collaborations and interactions between the academic and health campuses are being fostered.

ADJOURNMENT

Committee Chairman Clements closed by saying she was on the search committee when John D. Stobo, M.D., was appointed President of U. T. Medical Branch - Galveston. Vice Chairman Clements said she was pleased that Dr. Stobo, who is retiring as President effective August 31, 2007, was remaining with the U. T. System and she thanked him for his contributions to U. T. Medical Branch - Galveston. Following a round of applause, Committee Chairman Clements adjourned the meeting at 10:05 a.m.

MINUTES
U. T. System Board of Regents
Facilities Planning and Construction Committee
August 22, 2007

The members of the Facilities Planning and Construction Committee of the Board of Regents of The University of Texas System convened at 4:00 p.m. on Wednesday, August 22, 2007, 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
Vice Chairman Clements
Regent Caven
Regent Estrada
Regent McHugh

Also present were Vice Chairman Krier, Regent Camarillo, Regent Craven, Regent Rowling, and General Counsel Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Barnhill called the meeting to order. Although scheduled to be held at The University of Texas – Pan American, the meeting was relocated to Austin due to the threat of Hurricane Dean. Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction, presented a PowerPoint presentation concerning all items as set forth on Pages 10 - 35.

1. U. T. Pan American: Consideration of selection of architect for the Fine Arts Academic and Performance Complex

Committee Meeting Information

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

Status: Moved by Regent McHugh, seconded by Vice Chairman Clements, and carried unanimously to select Holzman Moss Architecture with PBS&J as architect

Discussion at meeting:

Regent McHugh commented she was delighted to not only have so many applications but that the quality of the architectural groups and others who wanted to build in South Texas was quite impressive. She further complimented the staff and those who participated in the initial review.

2. U. T. System: Request for approval of fee recommendations for the Office of Facilities Planning and Construction effective immediately

Committee Meeting Information

Presenter(s): Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs; Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

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

Discussion at meeting:

Dr. Kelley commented that in just over a year's time, Mr. O'Donnell has been involved in a massive review, reorganization, and restructuring of policies and staff within the Office of Facilities Planning and Construction (OFPC). He believes this reorganization will help U. T. System deliver services more effectively to the campuses. He said he believes there is general acceptance, and in some instances great support, of recognizing the services provided by OFPC.

3. U. T. Austin: Library and Artifact High-Density Repository (formerly Library Storage Facility) - Request for approval of design development; appropriation of funds and authorization of expenditure; and approval of evaluation of alternative energy economic feasibility (Deferred)

Committee Meeting Information

Status: Deferred

4. U. T. El Paso: University Bookstore - Request for approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt

Committee Meeting Information

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

Status: Approved

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

5. **U. T. Permian Basin: Science and Technology Complex - Request for approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt**

Committee Meeting Information

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

Status: Approved

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

6. **U. T. Southwestern Medical Center - Dallas: North Campus Phase 5 - Request for approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt**

Committee Meeting Information

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

Status: Approved

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

7. **U. T. Health Science Center - Houston: U. T. Research Park Complex - Request for approval of design development of the Biomedical Research and Education Facility portion of the project; appropriation of funds and authorization of expenditure; and approval of evaluation of alternative energy economic feasibility**

Committee Meeting Information

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

Status: Approved

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

8. **U. T. Health Science Center - San Antonio: South Texas Research Facility - Request for approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt**

Committee Meeting Information

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

Status: Approved

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

Discussion at meeting:

Committee Chairman Barnhill asked Francisco G. Cigarroa, M.D., President, U. T. Health Science Center - San Antonio, for his thoughts on the South Texas Research Facility. President Cigarroa commented on the design that will connect all of the research facilities on the Greehey Academic and Research Campus. He said the building will be highly energy efficient. He is also looking forward to the facility as a good recruitment tool for scientists.

9. **U. T. M. D. Anderson Cancer Center: Alkek Expansion - Request for approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt**

Committee Meeting Information

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

Status: Approved

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

10. **U. T. Austin: The Dell Pediatric Research Institute, The University of Texas at Austin - Approve the revision of funding sources to include \$30 million of Permanent University Fund (PUF) Bond Proceeds and to increase Revenue Financing System Bond Proceeds pending receipt of Gift and Grant funding for construction; authorize and approve a separate allocation of \$15 million of Available University Funds (AUF) and \$5 million of Science and Technology Acquisition and Retention (STARS) Program funding; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

Committee Meeting Information

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

Status: Approved

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

Discussion at meeting:

This item was revised as set forth on Pages 7 - 9 and available on yellow paper.

Vice Chairman Krier asked if the funding sources were a recommendation of the campus and Mr. O'Donnell and William C. Powers, Jr., President, U. T. Austin, replied affirmatively.

Additional Remarks:

Committee Chairman Barnhill said he had visited several higher profile projects and asked Mr. O'Donnell for a report.

- *U. T. Arlington - Maverick Activities Center - Rain caused some overtime but the project will be delivered within 2 to 3 weeks of the original schedule. Full occupancy will be October 1, 2007.*
- *U. T. Austin - Darrell K Royal - Texas Memorial Stadium - 80,600 seats will be available for 2007. When completed in September 2008, the capacity will be over 90,000.*
- *U. T. Austin - AT&T Executive Education and Conference Center - Scheduled occupancy date is July 2008. Vice Chairman Krier cautioned against the use of the shortened name "AT&T Center" as there is an AT&T Center in San Antonio.*
- *U. T. Austin - The Dell Pediatric Research Institute - Occupancy and operational date is December 2008, but the project will be completed in November 2008, ahead of the scheduled finish date of May 2009. Dr. Kelley added that \$5 million of the Dell gift is contingent on completing by the May 2009 date.*

- *U. T. El Paso - Sun Bowl Parking Facility - The facility was just completed and is wrapping up this month for full operation.*
- *U. T. San Antonio - Laurel Village Phase II and the Road Runner Café Addition - Operational occupancy date is July 21, 2007.*
- *U. T. Medical Branch - Galveston - Galveston National Laboratory - Operational occupancy date is August 15, 2008.*

ADJOURNMENT

Committee Chairman Barnhill adjourned the meeting at 4:35 p.m.

**SUBSTITUTE AGENDA ITEM
FACILITIES PLANNING AND CONSTRUCTION COMMITTEE
August 23, 2007**

10. **U. T. Austin: The Dell Pediatric Research Institute, The University of Texas at Austin - Authorize and approve the use of \$25 million of Permanent University Fund (PUF) Bond Proceeds; \$15 million of Available University Funds (AUF) and \$5 million of Science and Technology Acquisition and Retention (STARs) Program funding; revise funding sources to increase Revenue Financing System Bond Proceeds pending receipt of Gift and Grant funding; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents approve the recommendations for The Dell Pediatric Research Institute, The University of Texas at Austin project as follows:

Project No.: 102-257
Project Delivery Method: Design/Build
Substantial Completion Date: November 2008

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Grants	\$38,000,000	\$ 8,000,000
	Gifts	\$38,000,000	\$ 8,000,000
	Revenue Financing System Bond Proceeds	<u>\$21,000,000</u>	\$56,000,000
	Permanent University Fund Bond Proceeds		<u>\$25,000,000</u>
		\$97,000,000	\$97,000,000

- a. revise the funding sources from \$38,000,000 from Grants, \$38,000,000 from Gifts, and \$21,000,000 from Revenue Financing System Bond Proceeds to \$8,000,000 from Grants, \$8,000,000 from Gifts, \$56,000,000 from Revenue Financing System Bond Proceeds, and \$25,000,000 from Permanent University Fund Bond (PUF) Proceeds;
- b. authorize a separate allocation of \$15,000,000 from Available University Funds (AUF) and \$5,000,000 from the Science and Technology Acquisition and Retention (STARs) Program to fund faculty start-up costs and operations;
- c. appropriate funds and authorize expenditure of funds of \$56,000,000 from Revenue Financing System Bond Proceeds and \$25,000,000 from PUF (see related Item 8 on Page 14); and

- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
- parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$56,000,000.

BACKGROUND INFORMATION

Debt Service

Revenue Financing System debt of \$56,000,000 will be issued as short-term commercial paper repayable from Gifts, Grants, and indirect cost return from research revenues. The Michael and Susan Dell Foundation has committed \$38,000,000 towards construction, subject to the receipt of an equal amount of matching Gifts. This interim debt financing is necessary to facilitate the accelerated construction timeline and bridge the timing of receipt of the Gifts and Grants. The \$25,000,000 of Permanent University Fund debt will be repaid from the Available University Fund.

Previous Board Actions

On June 20, 2006, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$97,000,000 with funding of \$21,000,000 from Revenue Financing System Bond Proceeds, \$38,000,000 from Gifts, and \$38,000,000 from Grants. On August 10, 2006, the Board approved design development plans. On October 13, 2006, the Associate Vice Chancellor for Facilities Planning and Construction approved the nonhonorific name change to The Dell Pediatric Research Institute, The University of Texas at Austin.

Project Description

Located on the site of the former Robert Mueller Municipal Airport and adjacent to the new Dell Children's Medical Center of Central Texas, the 150,000 gross square foot Dell Pediatric Research Institute will establish Austin as a center of excellence for children's health issues.

The Dell Pediatric Research Institute will comply with the guidelines of the Master Development Agreement and the approved master plan established for the redevelopment of the 700 acre former airport site. This facility will provide research, laboratory, and office space that will facilitate interdisciplinary collaboration between academic research, medical research, and clinical initiatives supporting the health and welfare of children. The design for the facility provides flexible research space with open floor area fully served by mechanical, electrical, plumbing, and architectural environments supporting the anticipated research program. The flexibility of the building will support research-specific build-out and incorporates moveable casework, overhead utility carrier services, internationally recognized requirements for laboratory support space, and additional support and service spaces for the administrative requirements of the research program, and for building maintenance and operations.

The request to revise previously approved funding is required to allow construction activity to proceed on schedule for a November 2008 completion pending the extended schedule for the collection of Gift funds.

The \$15,000,000 from Available University Funds and \$5,000,000 from the Science and Technology Acquisition and Retention (STARs) Program are proposed to fund faculty start-up costs and operations. The STARs monies would be used primarily for equipment while the AUF balances could be used for any eligible operating costs associated with start-up operations.

Agenda Items Included in FPCC August 22, 2007



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

Office of Facilities
Planning and
Construction



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

U. T. Pan American Fine Arts Academic and Performance Complex

Selection of architect

- Total project cost: \$49,750,000
- Project designated of special interest on May 9, 2007
- 13 qualification packages received on July 19, 2007
- Qualifications reviewed and short listed to five on August 7, 2007:
 - Barnes Gromazky Kosarek Architects with Michael Dennis, Austin, Texas
 - HMS Architects, New Orleans, Louisiana
 - Holzman Moss Architecture with PBS&J, New York, New York
 - Kell Muñoz Architects with Antoine Predock, San Antonio, Texas
 - SolkaNavaTorno Architects & Pfeiffer Partners Architects, Corpus Christi, Texas



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

OFPC Fee Recommendations

- OFPC Scope of Services
- Funding Mechanism¹
- Changes to CIP
- Studies

¹Current model approved by U. T. System Board of Regents in May 1996



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

OFPC Fee Recommendations

CIP Strategic Initiatives:

- CIP Accountability
- CIP Performance
- OFPC Organization



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

OFPC Fee Recommendations

Data Considered

- Organizational structure
- Services, mission and vision statement, and core processes budgets
- Financial history
- Quality improvement
- Fixed and variable costs in project management
- Indirect costs
- Optimization of project management
- Cost differentials in management of new construction and renovation projects
- External rate survey of both higher education and private sector services
- Fee options
- Current and projected unfunded liability for completion of projects under construction



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

OFPC Fee Recommendations

OFPC Fee Structure

New Projects Cost Range	Dormitories Garages Warehouses	Classrooms Offices Other Buildings	Health Research Special Education
Over \$150,000,000	2.50%	2.75%	3.00%
Over 100,000,000	2.75%	3.00%	3.25%
Over 50,000,000	3.00%	3.25%	3.50%
Over 25,000,000	3.25%	3.50%	3.75%
Over 15,000,000	3.50%	3.75%	4.00%
Over 10,000,000	3.75%	4.00%	4.25%
Over 1,000,000	4.00%	4.25%	4.50%
Renovation and Renewal			
Over \$150,000,000	3.00%	3.33%	3.66%
Over 100,000,000	3.33%	3.66%	3.99%
Over 50,000,000	3.66%	3.99%	4.33%
Over 25,000,000	3.99%	4.33%	4.66%
Over 15,000,000	4.33%	4.66%	4.99%
Over 10,000,000	4.66%	4.99%	5.32%
Over 2,000,000	4.99%	5.32%	5.66%



OFPC Fee Recommendations

- Authorize new fee structure based on total project cost
- Approve the implementation of the new fee structure
- Approve collection points
- Authorize Chancellor to grant exceptions to the new fee for projects presently in design for which a hardship can be demonstrated



Consideration of Design Development

- U. T. El Paso University Bookstore
- U. T. Permian Basin Science and Technology Complex
- U. T. Southwestern Medical Center–Dallas North Campus Phase 5
- U. T. Health Science Center–Houston Biomedical Research and Education Facility portion of the U. T. Research Park Complex
- U. T. Health Science Center–San Antonio South Texas Research Facility
- U. T. M. D. Anderson Cancer Center Alkek Expansion



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

U. T. El Paso University Bookstore

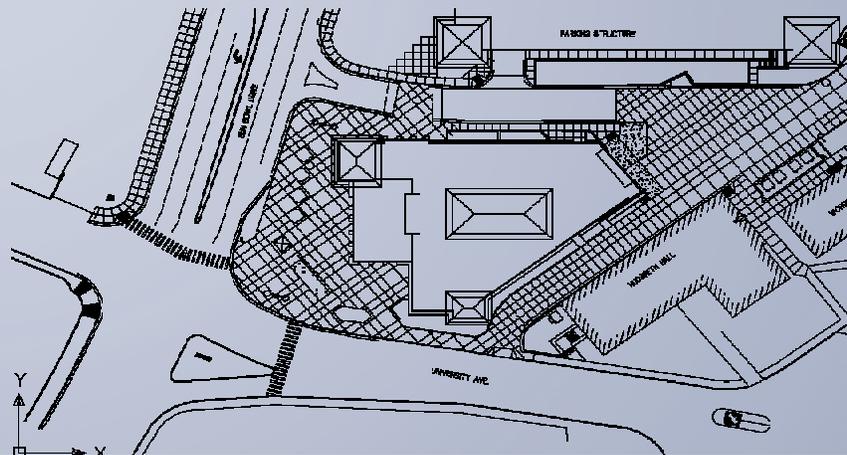
Campus Plan



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

U. T. El Paso University Bookstore

Site Plan





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

U. T. El Paso University Bookstore

View from Sun Bowl Drive and University Avenue



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

U. T. El Paso University Bookstore

View from Parking Garage





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

U. T. El Paso University Bookstore

Estimated Economic Impact

Total Project Cost: \$5,900,000

- **Construction economic impact** **\$ 10,620,000**
- **10-year earnings economic impact** **\$ 13,972,800**

Total estimated economic impact **\$ 24,592,800**
(first 10 years of operation)



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

U. T. Permian Basin Science and Technology Complex

Campus Plan





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

U. T. Permian Basin Science and Technology Complex

Site Plan



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

U. T. Permian Basin Science and Technology Complex

View from the West



U. T. Permian Basin Science and Technology Complex

Estimated Economic Impact

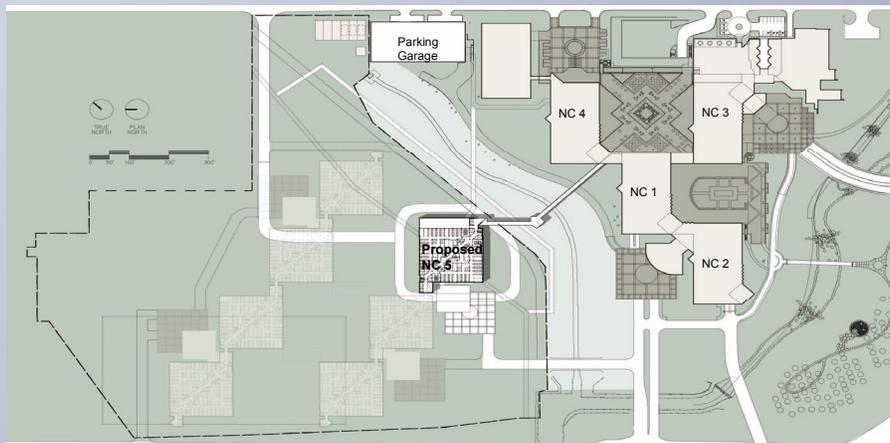
Total Project Cost: \$56,000,000

- **Construction economic impact** **\$ 100,800,000**
- **10-year earnings economic impact** **\$ 49,605,600**

Total estimated economic impact **\$ 150,405,600**
 (first 10 years of operation)

U. T. Southwestern Medical Center – Dallas North Campus Phase 5

Campus Plan





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

U. T. Southwestern Medical Center – Dallas North Campus Phase 5

Site Plan



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

U. T. Southwestern Medical Center – Dallas North Campus Phase 5

View from the Southwest





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

U. T. Southwestern Medical Center – Dallas North Campus Phase 5

Estimated Economic Impact

Total Project Cost: \$156,000,000	
• Construction economic impact	\$280,800,000
• 10-year earnings economic impact	\$334,282,892
Total estimated economic impact (first 10 years of operation)	\$615,082,892



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

U. T. Health Science Center Houston U. T. Research Park Complex

Campus Plan

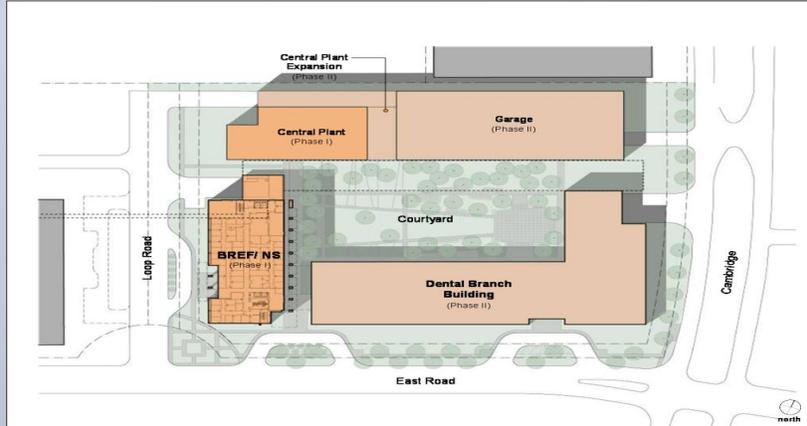




THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.

U. T. Health Science Center Houston U. T. Research Park Complex

Site Plan



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

U. T. Health Science Center Houston U. T. Research Park Complex

View from the Southeast





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

U. T. Health Science Center Houston U. T. Research Park Complex

View from the Southwest



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

U. T. Health Science Center Houston U. T. Research Park Complex

Estimated Economic Impact

Total Project Cost: \$161,500,000

- **Construction economic impact** **\$290,700,000**
- **10-year earnings economic impact** **\$517,397,440**

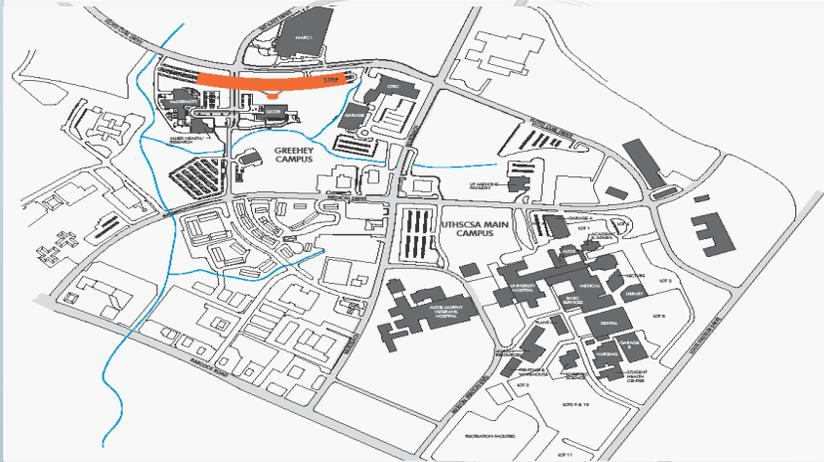
Total estimated economic impact **\$808,097,440**
(first 10 years of operation)



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

U. T. Health Science Center – San Antonio South Texas Research Facility

Campus Plan



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

U. T. Health Science Center – San Antonio South Texas Research Facility

Laboratory Floor Plan





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

U. T. Health Science Center – San Antonio South Texas Research Facility

Aerial Perspective - Greehey North Campus



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

U. T. Health Science Center – San Antonio South Texas Research Facility

Site Plan/First Floor Plan





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

U. T. Health Science Center – San Antonio South Texas Research Facility

Vivarium Floor Plan



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

U. T. Health Science Center – San Antonio South Texas Research Facility

View from Northwest





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

U. T. Health Science Center – San Antonio South Texas Research Facility

Aerial Perspective - Floyd Curl Drive



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

U. T. Health Science Center – San Antonio South Texas Research Facility

Estimated Economic Impact

Total Project Cost: \$150,000,000

- **Construction economic impact** **\$270,000,000**
- **10-year earnings economic impact** **\$374,160,000**

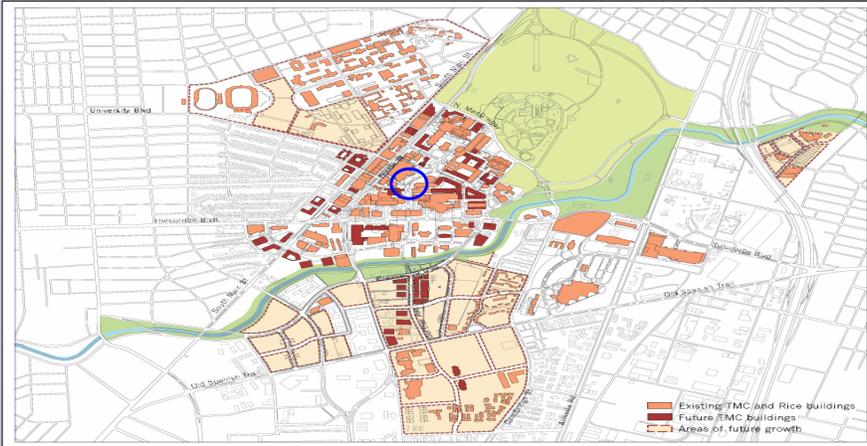
Total estimated economic impact **\$644,160,000**
(first 10 years of operation)



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

U. T. M. D. Anderson Cancer Center Alkek Expansion

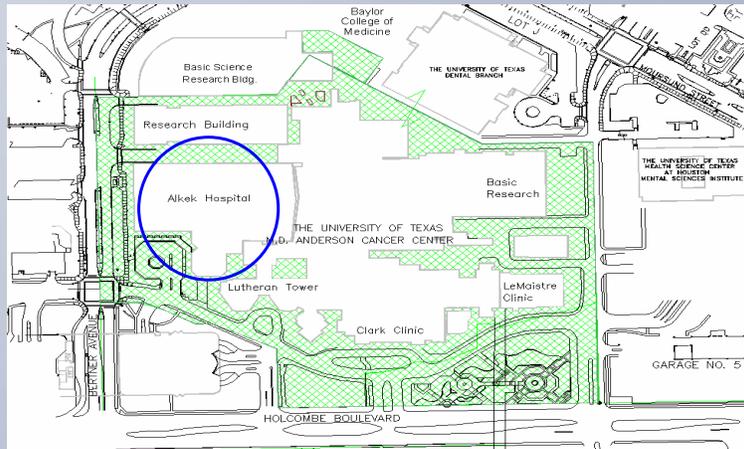
Campus Plan



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

U. T. M. D. Anderson Cancer Center Alkek Expansion

Site Plan





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

U. T. M. D. Anderson Cancer Center Alkek Expansion

Aerial Perspective



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

U. T. M. D. Anderson Cancer Center Alkek Expansion

View from the South





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

U. T. M. D. Anderson Cancer Center Alkek Expansion

View from the Southwest



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

U. T. M. D. Anderson Cancer Center Alkek Expansion

Estimated Economic Impact

Total Project Cost: \$293,200,000

- **Construction economic impact** \$ 527,760,000
- **10-year earnings economic impact** \$ 601,607,600

Total estimated economic impact \$1,129,367,600
(first 10 years of operation)



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

U. T. Austin The Dell Pediatric Research Institute

- Scope: Approve funding revisions and approve use of:
 - \$25 million of Permanent University Fund Bond Proceeds
 - \$15 million of Available University Funds
 - \$5 million of Science and Technology Acquisition and Retention (STARs) Program funding
- Total project cost \$97 million



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

Progress Photo U. T. Arlington Maverick Activities Center





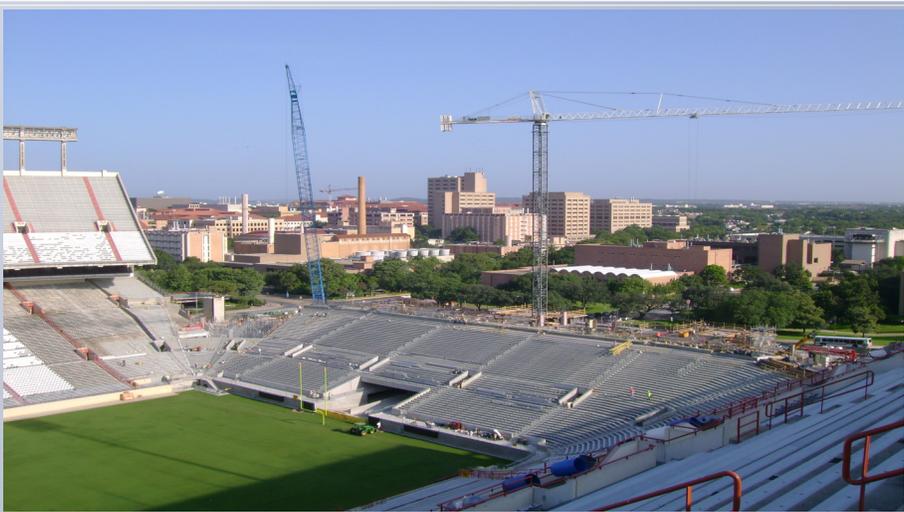
THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.

Progress Photo U. T. Arlington Maverick Activities Center



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

Progress Photo U. T. Austin Darrell K Royal – Texas Memorial Stadium Expansion





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

Progress Photo U. T. Austin Darrell K Royal – Texas Memorial Stadium Expansion



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

Progress Photo U. T. Austin AT&T Executive Education and Conference Center





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

Progress Photo U. T. Austin The Dell Pediatric Research Institute



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

Progress Photo U. T. Austin The Dell Pediatric Research Institute





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

Progress Photo
U.T. El Paso
Sun Bowl Parking Facility



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

Progress Photo
U. T. San Antonio
Laurel Village





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

Progress Photo U. T. M. B. Galveston Galveston National Laboratory



MINUTES
U. T. System Board of Regents
Student, Faculty, and Staff Campus Life Committee
August 23, 2007

The members of the Student, Faculty, and Staff Campus Life Committee of the Board of Regents of The University of Texas System convened at 8:06 a.m. on Thursday, August 23, 2007, 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 Craven, presiding
Vice Chairman Clements
Regent Barnhill
Regent Estrada
Regent McHugh

Also present were Vice Chairman Krier; Regent Camarillo; Regent Caven; Regent Rowling; Mr. Tommy Thompson, Chair, Student Advisory Council (SAC); Dr. Ted Pate, Chair, Faculty Advisory Council (FAC); Dr. Michael Swindle, Chair, Employee Advisory Council (EAC).

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Craven called the meeting to order. Although scheduled to be held at The University of Texas – Pan American, the meeting was relocated to Austin due to the threat of Hurricane Dean.

1. **U. T. Pan American: Overview of the institution (Deferred)**

Committee Meeting Information

Status: *Deferred*

2. **U. T. System: Annual meeting with officers of the U. T. System Faculty Advisory Council**

Committee Meeting Information

Presenter(s): *Dr. Ted Pate, Chair, Faculty Advisory Council (FAC), U. T. Health Science Center - Houston; Dr. Dennis Reinhartz, U. T. Arlington; Dr. Joel Dunnington, U. T. M. D. Anderson Cancer Center*

Status: *Reported*

Discussion at meeting:

One of the recommendations in Dr. Pate's presentation was to explore the feasibility of a faculty Regent.

Dr. Dennis Reinhartz, immediate Past Chair of the FAC, presented the PowerPoint on graduation rates for Dr. Formanowicz who was not in attendance. He said Ms. Cynthia Brown, U. T. Pan American, also contributed to the presentation.

Vice Chairman Krier commended the FAC members for their focus on approaches to retaining and graduating students, a matter of great interest to the Board, and she clarified that approaches to learning about the issues are not the same for all the institutions, thus a “one size fits all” strategy would not work. She did, however, encourage the FAC to work at the campus level on this matter rather than at the U. T. System level, all the while encouraging the sharing of ideas.

In response to a request by Vice Chairman Krier about the context-specific learning outcome (Slide 8), Dr. Reinhartz replied it is important to reframe the dialog away from numbers. He discussed such an outcome as one that is not essentially based on knowledge gained but more on what has been learned in terms of skills, such as learning to problem-solve and learning to think.

Chancellor Yudof reiterated the diversity of the campuses and said U. T. System has gone to great lengths to differentiate between the campuses. He discussed efforts addressed in the U. T. System accountability report to gain a better set of data by, for instance, looking at transfer students. In conjunction with the Texas Higher Education Coordinating Board, there is an interest in looking at how Pell grant student recipients fare on different campuses. Chancellor Yudof said development of analytic and cognitive skills are important and he asked Dr. Reinhartz what the FAC would suggest to be an efficient approach to improve those analytical skills. Dr. Reinhartz said that research would start at the campus level, interviewing those who have daily contact with students, including those students highly geared towards standardized tests. He posed several rhetorical questions, including, “Are there better ways to achieve this in the classroom?” and “What is the role of the personal interaction?”

Regent Barnhill then asked Dr. Reinhartz to expand on the process used to refocus on the knowledge gained and the ability to use that knowledge rather than learning specific content and factual outcomes (Slide 16). Dr. Reinhartz responded by saying factual knowledge is sterile until one begins to understand what that sets off in terms of skills and abilities.

Following the report given by Dr. Dunnington regarding the faculty shortages in the health professions, Regent Krier asked for the possibility of having statistics drawn up for student-faculty levels and progress which had been made.

ADJOURNMENT

Committee Chairman Craven adjourned the meeting at 9:06 a.m.