

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

August 24-25, 2011

Austin, Texas

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/s/ Carol A. Felkel
Secretary to the Board of Regents
October 18, 2011

MINUTES
U. T. System Board of Regents
Audit, Compliance, and Management Review Committee
August 24, 2011

The members of the Audit, Compliance, and Management Review Committee of the Board of Regents of The University of Texas System convened at 8:35 a.m. on Wednesday, August 24, 2011, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Pejovich, presiding
Vice Chairman Foster
Regent Cranberg
Regent Hall

Also present were Vice Chairman Dannenbaum, Regent Rutkauskas, Regent Stillwell, Executive Director Martinez, and Associate General Counsel to the Board Rabon.

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

1. **U. T. System: Report on the Systemwide internal audit activities, including the results of the System Audit Office's External Quality Assurance Review Report**

Committee Meeting Information

Presenter(s): Mr. Charles Chaffin, Chief Audit Executive
Status: Reported/Discussed

Discussion at meeting:

Mr. Chaffin reported that the Texas governmental accounting standards require an external quality assurance review every three years. He noted a recommendation of the recent External Quality Assurance Review was to have at least one in-person meeting per year with the institutional auditors, and he reported that meeting was held yesterday (August 23). Mr. Chaffin introduced the following institutional internal auditors who were in attendance, and Committee Chairman Pejovich thanked the auditors for their service:

*U. T. Arlington -- Mr. Ken Schroeder, Director of Internal Audit
U. T. Austin -- Mr. Mike Vandervort, Director of Internal Audits
U. T. Brownsville -- Ms. Norma L. Ramos, Director of Internal Audits*

- U. T. Dallas -- Ms. Toni Messer, Executive Director of Audit and Compliance*
- U. T. El Paso -- Mr. Bill Peters, Director, Auditing and Consulting Services*
- U. T. Pan American -- Mr. Eloy Alaniz, Executive Director, Audit, Compliance and Consulting Services; and Ms. Isabel Benavides, Director, Audit and Consulting Services*
- U. T. Permian Basin -- Ms. Narita Holmes, Internal Audit Director*
- U. T. San Antonio -- Mr. Richard Dawson, Executive Director, Audit, Compliance and Risk Services; and Mr. Paul Tyler, Audit Director*
- U. T. Tyler -- Ms. Lou Ann Viergever, Audit Director*
- U. T. Southwestern Medical Center -- Mr. Robert Rubel, Director of Internal Audit*
- U. T. Medical Branch - Galveston -- Ms. Kimberly Hagara, Associate Vice President, Audit Services*
- U. T. Health Science Center - Houston -- Mr. Dan Sherman, Director, Auditing and Advisory Services*
- U. T. Health Science Center - San Antonio - Ms. Carla Cashio, Assistant Vice President for Internal Audit and Consulting Services*
- U. T. M. D. Anderson Cancer Center -- Mr. J. Michael Peppers, Associate Vice President and Chief Audit Officer*
- U. T. Health Science Center - Tyler -- Ms. Kris Kavasch, Director of Internal Audit*

Committee Chairman Pejovich emphasized the importance and the thoroughness of the External Quality Assessment (or Assurance) Review and said the U. T. System Audit Office should be highly commended for reaching the highest standard in the review.

She asked about the percentage completion of the internal audits as reported on Page 16 of the Agenda Book. Mr. Chaffin explained that some of the uncompleted audits were due to a hiring freeze or to a count issue, but the number of uncompleted audits reported is unusual, and he has asked the audit directors to keep to the audit plan throughout the year. He agreed with Committee Chairman Pejovich that any exceptions to the plan will be brought to his attention.

2. U. T. System: Overview of the Systemwide annual audit plan process, including details on U. T. Dallas and U. T. M. D. Anderson Cancer Center internal audit departments' specific processes

Committee Meeting Information

Presenter(s): *Mr. Charles Chaffin, Chief Audit Executive; Ms. Toni Messer, Executive Director of Audit and Compliance, U. T. Dallas; Mr. Mike Peppers, Executive Director of Internal Audit, U. T. M. D. Anderson Cancer Center*

Status: *Reported/Discussed*

Follow-up action: *The Systemwide annual audit plan will be brought to the Board for approval at the November meeting.*

Discussion at meeting:

Committee Chairman Pejovich noted the Board will be asked to approve the Systemwide annual audit plan at the November meeting.

Vice Chairman Dannenbaum asked if emergency procedures are in place to deal with the aftermath of major catastrophes such as earthquakes, hurricanes, or fires. Mr. Chaffin described the U. T. System risk management group that has business continuity plans in place, and he said his office has the ability to audit all operations and ask the necessary questions.

3. U. T. System: Update on the progress of the external audit of the Fiscal Year 2011 U. T. System Consolidated Annual Financial Report

Committee Meeting Information

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

Status: Reported/Discussed

Discussion at meeting:

Committee Chairman Pejovich noted preliminary results of the external audit will be provided at the November 2011 Committee meeting, and the final report will be provided at the February 2012 meeting.

4. U. T. System: Student opportunities provided by U. T. System internal audit offices

Committee Meeting Information

Presenter(s): Ms. Paige Buechley, Assistant Director of Audits, U. T. System; Mr. Nick Saleh, Student Intern, U. T. Austin

Status: Discussed

Discussion at meeting:

Committee Chairman Pejovich asked Mr. Saleh if it was true that through the audit experience, one gets to know an organization, and Mr. Saleh said he could not agree more. She also asked if this work experience was valuable and if prospective employers would look favorably upon this experience, and Mr. Saleh agreed again.

RECESS TO EXECUTIVE SESSION

At 9:10 a.m., the Committee recessed to Executive Session pursuant to Texas Government Code Section 551.074 to consider the matter listed on the Executive Session agenda as follows:

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 Administration and institutional employees involved in internal audit and compliance functions

RECONVENE IN OPEN SESSION

The Executive Session ended at 9:18 a.m., and the Committee reconvened in Open Session to adjourn. No action was taken on items discussed in Executive Session.

ADJOURNMENT

Committee Chairman Pejovich adjourned the meeting at 9:20 a.m.

MINUTES
U. T. System Board of Regents
Finance and Planning Committee
August 24, 2011

The members of the Finance and Planning Committee of the Board of Regents of The University of Texas System convened at 10:35 a.m. on Wednesday, August 24, 2011, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

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

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

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

1. **U. T. System Board of Regents: Discussion and appropriate action related to approval of Docket No. 147**

Committee Meeting Information

Presenter(s): Committee Chairman Foster

Status: Discussed

Discussion at meeting:

Committee Chairman Foster called attention to the following docket items:

- *Admissions criteria at U. T. Arlington and U. T. Brownsville -- changes to U. T. Arlington's graduate program are on Page Docket - 7, and an additional item regarding U. T. Brownsville's move from open admissions is attached on Pages Docket 27a-b (the latter was an additional docket item and is attached to these Minutes on Pages 7 - 8).*
- *On Page Docket - 1 for U. T. System:*
 - *A contract with the City of Andrews, Texas, for projected revenues of \$4.5 million to add acreage in West Texas for use as a municipal water supply (Item 1)*

- *A six-year contract with NextJob, Inc. to pay \$5.34 million to provide outplacement services for certain departing employees Systemwide (Item 3)*
- *A proposal for U. T. Dallas to lease youth soccer fields to the Lake Highlands Girls Classic League for up to 20 years (Item 1 on Page Docket - 28)*
- *Proposed U. T. San Antonio lease to the City of San Antonio, at no charge, of 700 square feet on the U. T. San Antonio Downtown Campus to house certain city operations. On August 25, 2011, the Board will be asked to find that the lease serves a public purpose specific to the mission of the institution and to authorize the lease (Item 1 on Page Docket - 41).*
- *Approval of a contract between U. T. Southwestern Medical Center and Krause Advertising for approximately \$4.8 million to provide brand image campaign services (Page Docket - 49)*
- *A proposed contract with Speridian Technologies not to exceed \$20 million to provide information technology services to U. T. M. D. Anderson Cancer Center (Item 1 on Page Docket - 69).*
- *The proposed employment agreement with Dr. DePinho as President of U. T. M. D. Anderson Cancer Center effective September 1, 2011. Advance notice of this agreement has been provided to the Legislative Budget Board as required by State law (Page Docket - 72).*

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/Discussed*

3. U. T. System: Approval of transfer of funds between Legislative Appropriation items during the biennium beginning September 1, 2011

Committee Meeting Information

Presenter(s): *Mr. Randy Wallace, Associate Vice Chancellor - Controller and Chief Budget Officer*
Status: *Approved*
Motion: *Made by Regent Gary, seconded by Regent Hall, 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 Regent Hall, seconded by Regent Gary, and carried unanimously

Discussion at meeting:

Mr. Wallace reported that the total number of full-time equivalent (FTE) employees requested to exceed the cap is 1,306 and includes a correction to the number of FTEs requested by U. T. M. D. Anderson Cancer Center from 3,462 to 862. A revised FTE chart and justification pages are set forth on Pages 9 - 12.

5. U. T. System Board of Regents: Adoption of a Resolution authorizing the issuance, sale, and delivery of Permanent University Fund Bonds and authorization to complete all related transactions

Committee Meeting Information

Presenter(s): Mr. Terry Hull, Assistant Vice Chancellor for Finance

Status: Approved

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

6. U. T. System Board of Regents: Adoption of a Supplemental Resolution authorizing the issuance, sale, and delivery of Revenue Financing System Bonds and authorization to complete all related transactions

Committee Meeting Information

Presenter(s): Mr. Terry Hull, Assistant Vice Chancellor for Finance

Status: Approved

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

7. U. T. System Board of Regents: Adoption of resolutions authorizing certain bond enhancement agreements for Revenue Financing System debt and Permanent University Fund debt, including ratification of U. T. System Interest Rate Swap Policy

Committee Meeting Information

Presenter(s): Mr. Terry Hull, Assistant Vice Chancellor for Finance

Status: Approved

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

8. **U. T. System: Approval of aggregate amount of \$179,550,000 of equipment financing for Fiscal Year 2012 and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. Terry Hull, Assistant Vice Chancellor for Finance

Status: Approved

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

Discussion at meeting:

Regent Gary noted the amount of the request is relatively small in terms of the overall capital financing. Mr. Hull agreed, and he and Executive Vice Chancellor Kelley clarified that this request is only for capital equipment purchases, such as clinical equipment, computers, and vehicles that can be purchased at lower interest rates than if purchased through a third-party vendor.

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

Committee Meeting Information

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

Status: Reported/Discussed

Discussion at meeting:

Mr. Zimmerman referenced the August 15, 2011 joint meeting of the U. T. System and the UTIMCO Boards, noting he gave a more extensive summary of the investment portfolio at that meeting. He estimated the endowments are down about 4% to date. Putting that figure into perspective, he said the general equity markets are down around 11%.

Mr. Zimmerman reported UTIMCO staff is continuing to de-risk the portfolio by reducing equity exposure and putting on more hedges.

Regent Gary said the joint meeting last week was not a knee-jerk reaction to the market; UTIMCO has been in a posture of reducing exposure particularly to public equity for the past two to four years. Committee Chairman Foster agreed, noting the collective position of the two Boards (U. T. System and UTIMCO) was to be as defensive as practical.

10. **U. T. System Board of Regents: Approval of proposed amendments to the Investment Policy Statements for the Permanent Health Fund and the Long Term Fund, and proposed amendments to the Liquidity Policy**

Committee Meeting Information

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

Status: Approved

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

Discussion at meeting:

In answer to a question from Committee Chairman Foster, Mr. Zimmerman explained that if the illiquidity in the Intermediate Term Fund is more than 55%, UTIMCO would have to request approval from the U. T. System Board to exceed that limitation.

11. **U. T. System Board of Regents: Approval of amendments to The University of Texas Investment Management Company (UTIMCO) Bylaws**

Committee Meeting Information

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

Status: Approved

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

12. **U. T. System Board of Regents: Approval to negotiate with HSBC Bank for custodian services as deemed necessary by The University of Texas Investment Management Company (UTIMCO) to perform investment management services for The University of Texas System**

Committee Meeting Information

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

Status: Approved

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

Discussion at meeting:

Mr. Zimmerman said he thought HSBC Bank is a world-class custodian, and Committee Chairman Foster remarked on the need to have a good relationship and feel comfortable with the custodian selected to guard the assets, especially gold. Mr. Zimmerman noted HSBC is the subcustodian for BNY Mellon, and Deloitte & Touche, in its annual external audit of UTIMCO, plans to count each bar of gold owned by UTIMCO.

Regent Hall provided some management advice in recommending there be as few parties as possible in between the assets. Vice Chairman Foster said UTIMCO's gold holdings are 5-6% of the assets.

13. U. T. System Board of Regents: Approval of the Annual Budget, including the capital expenditures budget, invoiced external investment manager fees, and other external direct charges to the Funds, and the Annual Fee and Allocation Schedule for The University of Texas Investment Management Company (UTIMCO)

Committee Meeting Information

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

Status: Approved

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

ADJOURNMENT

Committee Chairman Foster adjourned the meeting at 11:18 a.m.

U. T. BROWNSVILLE
August 24-25, 2011

CHANGES TO ADMISSIONS CRITERIA

The following changes to the admission criteria are proposed for inclusion in the Undergraduate Catalog at The University of Texas at Brownsville. The changes have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

Summary of Changes to Admissions Criteria

The University of Texas at Brownsville in Partnership with Texas Southmost College was established as an open admissions institution. Going forward, The University of Texas at Brownsville proposes to install undergraduate admissions requirements that include indicators from high school class rank, Texas Success Initiative (TSI) scores, and ACT or SAT scores as set out on Docket - 27b.

The effective semester for the new criteria is Fall 2013. The goal is to work with the community, particularly the school districts, over the next two academic years to help them to prepare their campuses and students for the new entrance requirements. The premise of the recommended policy is to increase student success and to signal to the community that students must be prepared to succeed in the new U. T. Brownsville.

U. T. BROWNSVILLE
August 24-25, 2011

CHANGES TO ADMISSIONS CRITERIA (CONTINUED)

	High School Rank	SAT Score Math & Verbal (max: 1600)*	ACT Score (max: 36)*	SAT/ACT Required
UTB	Top Quarter (Fall 2012)	Guaranteed Admission		No**
	Top Quarter (Fall 2013)			Yes
	Top Quarter (Fall 2014)			
	Second Quarter (Fall 2012)	Must be College Ready**		No
	Second Quarter (Fall 2013)	790	16	Yes
	Second Quarter (Fall 2014)	830	17	
	Third Quarter (Fall 2012)	Must be College Ready**		No
	Third Quarter (Fall 2013)	830	17	Yes
	Third Quarter (Fall 2014)	870	18	
	Fourth Quarter (Fall 2012)	Must be College Ready**		No
	Fourth Quarter (Fall 2013)	870	18	Yes
	Fourth Quarter (Fall 2014)	910	19	
	Holistic Review	Selected applicants who do not meet the above criteria may be eligible for holistic review.		

Special consideration has been given for Fall 2012 due to its transition nature.

*SAT/ACT Scores will increase as feeder districts are equipped to assist in implementing the new requirements (<http://www.act.org/aap/concordance/>).

**For the transition year 2012 only, passing TSI exam scores (Math, 42 or higher; Writing, 6 or higher; Reading, 81 or higher) will be required for regular admission; students with non-passing scores may be considered in exceptional cases under the holistic review provision.

The University of Texas System
Request to Exceed Full-time Equivalent Limitation on Employees Paid From Appropriated Funds
For Period September 1, 2011 through August 31, 2012

Request to Exceed Cap - by Function

	<u>Faculty</u>	<u>Staff</u>	<u>Total</u>
Instruction	177.00	26.00	203.00
Academic Support	-	41.00	41.00
Research	112.00	24.00	136.00
Public Service	1.00	12.00	13.00
Hospitals and Clinics	224.00	295.00	519.00
Institutional Support	-	46.00	46.00
Student Services	-	20.00	20.00
Operations and Maintenance of Plant	-	327.00	327.00
Scholarships and Fellowships	-	1.00	1.00
Total	<u>514.00</u>	<u>792.00</u>	<u>1,306.00</u>

Request to Exceed Cap - by Institution

	<u>FY 2012 Cap</u>	<u>Request to Exceed Cap</u>			
		<u>Faculty</u>	<u>Staff</u>	<u>Total</u>	
U. T. Arlington	2,227.50	-	-	-	*
U. T. Austin	6,520.60	-	-	-	*
U. T. Brownsville	591.20	97.00	87.00	184.00	
U. T. Dallas	1,370.60	30.00	-	30.00	
U. T. El Paso	1,826.90	48.00	22.00	70.00	
U. T. Pan American	1,509.30	-	-	-	*
U. T. Permian Basin	335.80	-	-	-	*
U. T. San Antonio	2,321.90	30.00	90.00	120.00	
U. T. Tyler	474.00	-	-	-	*
Total Academic Institutions	<u>17,177.80</u>	<u>205.00</u>	<u>199.00</u>	<u>404.00</u>	
U. T. Southwestern Medical Center	2,006.80	-	-	-	*
U. T. Medical Branch - Galveston	5,008.90	-	-	-	*
U. T. Health Science Center - Houston	1,797.90	-	-	-	*
U. T. Health Science Center - San Antonio	2,450.00	-	-	-	*
U. T. M. D. Anderson Cancer Center	12,565.10	306.00	556.00	862.00	
U. T. Health Science Center - Tyler	619.20	3.00	37.00	40.00	
Total Health Institutions	<u>24,447.90</u>	<u>309.00</u>	<u>593.00</u>	<u>902.00</u>	
U. T. System Administration	229.00	-	-	-	*
U. T. System Total	<u>41,854.70</u>	<u>514.00</u>	<u>792.00</u>	<u>1,306.00</u>	

*U. T. Arlington, U. T. Austin, U. T. Pan American, U. T. Permian Basin, U. T. Tyler, U. T. Southwestern Medical Center, U. T. Medical Branch - Galveston, U. T. Health Science Center - Houston, U. T. Health Science Center - San Antonio, and U. T. System Administration will not exceed their cap.

The University of Texas System
Fiscal Year 2012 Request to Exceed Full-time Equivalent Limitation on Appropriated Funds

Function	Faculty FTE Increase	Staff FTE Increase	Total FTE Increase from Appropriated Funds	Source of Funds	Justification
U. T. Brownsville					
Instruction	96.00	19.00	115.00	Education and General	Request authorization to exceed the limit for FTEs associated and paid with the Texas Southmost College contract.
Academic Support	-	18.00	18.00	Education and General	Request authorization to exceed the limit for FTEs associated and paid with the Texas Southmost College contract.
Public Service	1.00	2.00	3.00	Education and General	Request authorization to exceed the limit for FTEs associated and paid with the Texas Southmost College contract.
Institutional Support	-	31.00	31.00	Education and General	Request authorization to exceed the limit for FTEs associated and paid with the Texas Southmost College contract.
Student Support	-	12.00	12.00	Education and General	Request authorization to exceed the limit for FTEs associated and paid with the Texas Southmost College contract.
Operations and Maintenance of Plant	-	4.00	4.00	Education and General	Request authorization to exceed the limit for FTEs associated and paid with the Texas Southmost College contract.
Scholarships and Fellowships	-	1.00	1.00	Education and General	Request authorization to exceed the limit for FTEs associated and paid with the Texas Southmost College contract.
TOTAL	97.00	87.00	184.00		
U. T. Dallas					
Instruction	30.00	-	30.00	Education and General	Allow for additional faculty, retain quality of education, and maintain faculty/student ratio.
TOTAL	30.00	-	30.00		
U. T. El Paso					
Instruction	20.00	2.00	22.00	Education and General	Additional full-time faculty are needed to meet the increased demand as a result of increased enrollment.
Academic Support	-	8.00	8.00	Education and General	Additional full-time staff required to assist faculty members with increased administrative functions due to increased enrollment.
Research	28.00	12.00	40.00	Education and General	Increase in research faculty and full-time staff to support the continued commitment to strategic research initiatives.
TOTAL	48.00	22.00	70.00		

Function	Faculty FTE Increase	Staff FTE Increase	Total FTE Increase from Appropriated Funds	Source of Funds	Justification
U. T. San Antonio					
Instruction	30.00	5.00	35.00	Education and General	Faculty hiring has increased relative to enrollment as a critical priority to allow sufficient course sections and support research initiatives. Assumes vacant positions funded are filled during FY 2012.
Academic Support	-	12.00	12.00	Education and General	Staffing levels increased to keep up with growth in enrollment and support research initiatives. Assumes vacant positions funded are filled during FY 2012.
Research	-	12.00	12.00	Education and General	Staffing levels increased to keep up with growth in enrollment and other university missions: public service, research, and new facilities. Assumes vacant positions funded are filled during FY 2012.
Public Service	-	10.00	10.00	Education and General	Staffing levels increased to keep up with growth in enrollment and other university missions: public service, research, and new facilities. Assumes vacant positions funded are filled during FY 2012.
Institutional Support	-	15.00	15.00	Education and General	Staffing levels increased to keep up with growth in enrollment and other university missions: public service, research, and new facilities. Assumes vacant positions funded are filled during FY 2012.
Student Support	-	8.00	8.00	Education and General	Staffing levels increased to keep up with growth in enrollment and other university missions: public service, research, and new facilities. Assumes vacant positions funded are filled during FY 2012.
Operations and Maintenance of Plant	-	28.00	28.00	Education and General	Staffing levels increased to keep up with growth in enrollment and other university missions: public service, research, and new facilities. Assumes vacant positions funded are filled during FY 2012.
TOTAL	30.00	90.00	120.00		

U. T. M. D. Anderson Cancer Center					
Research	84.00	-	84.00	Patient Income	Increase is required to provide research programs with support and resources needed to fulfill the research mission of U. T. M. D. Anderson Cancer Center.
Hospitals and Clinics	222.00	288.00	510.00	Patient Income	Increase is required to provide U. T. M. D. Anderson Cancer Center's standard of care and service to increasing number of patients and to improve the capacity to deliver cancer care.
Operations and Maintenance of Plant	-	268.00	268.00	Patient Income	Increase is required to provide support for additional facilities and infrastructure that support growth in the institution's missions of instruction, patient care, and research.
TOTAL	306.00	556.00	862.00		

Function	Faculty FTE Increase	Staff FTE Increase	Total FTE Increase from Appropriated Funds	Source of Funds	Justification
U. T. Health Science Center - Tyler					
Instruction	1.00	-	1.00	Education and General	Addition of a Program Director for new Internal Medicine Residency Program, which is expected to double Medical Residency slots.
Academic Support	-	3.00	3.00	Education and General	Additional staff needed to implement and maintain new Academic/Degree Granting Initiative.
Hospitals and Clinics	2.00	7.00	9.00	Education and General	Additional faculty and staff needed to serve additional patients as new Radiation Oncology Program becomes operational on 9/1/2011.
Operations and Maintenance of Plant	-	27.00	27.00	Education and General	Transfer from contract to in-house FTEs due to bringing Physical Plant and Power Plant operations in-house. This move is expected to save approximately \$500,000 per year.
TOTAL	3.00	37.00	40.00		

MINUTES
U. T. System Board of Regents
Health Affairs Committee
August 24, 2011

The members of the Health Affairs Committee of the Board of Regents of The University of Texas System convened at 2:45 p.m. on Wednesday, August 24, 2011, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

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

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

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

1. U. T. Health Science Center - Houston: Discussion featuring research opportunities, accomplishments, and challenges

Committee Meeting Information

Presenter(s): *Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs;
Giuseppe N. Colasurdo, M.D., Interim President, U. T. Health Science Center - Houston*
Status: *Reported*

Discussion at meeting:

In addition to the PowerPoint presentation, Dr. Colasurdo showed a video to demonstrate the growth of the campus and that the institution is committed to clinical and translational sciences.

2. U. T. Medical Branch - Galveston: Report on the Jennie Sealy Replacement Hospital project

Committee Meeting Information

Presenter(s): David L. Callender, M.D., President, U. T. Medical Branch - Galveston

Status: Reported

Discussion at meeting:

Dr. Callender's presentation at the meeting is on Pages 5 - 20. (A longer version of the presentation set forth on Pages 21 - 51 was included in the back pocket of the Agenda Book only for members of the Board.)

Executive Vice Chancellor Shine commented that the most significant, single outcome of the disaster of Hurricane Ike is the recognition that U. T. Medical Branch - Galveston is not simply a hospital for Galveston, but is a regional resource with effects to the Houston area.

3. U. T. Southwestern Medical Center: Approval to a) enter into an affiliation agreement with Children's Health Services of Texas to create the Children's Medical Center Research Institute at U. T. Southwestern, and b) enter into a Facility Use and Services Contract with Children's Medical Center Research Institute at U. T. Southwestern

Committee Meeting Information

Presenter(s): Daniel K. Podolsky, M.D., President, U. T. Southwestern Medical Center

Status: Approved

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

Discussion at meeting:

Committee Chairman Stillwell noted that Children's Health Services of Texas is fully committed to funding their portion of the arrangement.

4. U. T. M. D. Anderson Cancer Center: Approval of a) expenditures of up to \$108,000,000 to fund the overall marketing plan for FY 2012 through FY 2016, b) authority to award marketing-related contracts, and c) appropriation of \$108,000,000 from Local Hospital Revenues

Committee Meeting Information

Presenter(s): John Mendelsohn, M.D., President, and Mr. Leon Leach, Executive Vice President, U. T. M. D. Anderson Cancer Center

Status: Approved

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

Discussion at meeting:

Committee Chairman Stillwell said he was surprised to learn that the patient preference for U. T. M. D. Anderson Cancer Center is low (Slide 4 on Page 207 of the Agenda Book). Commenting that patient care drives the institution's engine, he said advertising is important for the institution to compete for patients. He suggested that revisiting the proposed expenditure in marketing may be necessary after two or three years.

Dr. Shine commented that research done on this subject by U. T. M. D. Anderson Cancer Center has been beneficial. Other cancer institutes, as well as the academic institutions, are spending a significant amount on public awareness. He then asked Mr. Leach where patients who receive care at the institution come from.

Mr. Leach explained that approximately two-thirds of the institution's patients come from Texas, and the other one-third come from the other states and internationally. Responding to a question from Vice Chairman Foster, Mr. Leach said the terrorist attacks on the U.S. on September 11, 2001, temporarily reduced the number of foreign patients to M. D. Anderson and other cancer institutes in the U.S. due to restrictions on visas and travel. Mr. Leach noted that foreign patients more than pay for themselves.

Mr. Leach said 14% of new patients chose U. T. M. D. Anderson Cancer Center because of advertising.

5. **U. T. System: Approval to a) establish a Doctor of Translational Science degree program proposed jointly by U. T. Health Science Center - San Antonio, U. T. San Antonio, U. T. Austin, and in cooperation with U. T. Health Science Center - Houston, and b) submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action**

Committee Meeting Information

Presenter(s): *Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs; Michael J. Lichtenstein, M.D., Professor, Institute for Integration of Medicine and Science, U. T. Health Science Center - San Antonio*

Status: *Approved*

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

Discussion at meeting:

In response to a question from Vice Chairman Foster, Dr. Michael Lichtenstein, Chief for University Clinical Programs at U. T. Health Science Center - San Antonio, replied that a diploma from any of the three full participating institutions would indicate the degree as being from the institution in which the student is enrolled in collaboration with the other two institutions.

Dr. Lichtenstein introduced his colleagues in attendance:

- *David S. Burgess, PharmD, Division Head-Pharmacotherapy, College of Pharmacy, U. T. Austin*
- *Carlton K. Erickson, Ph.D., Associate Dean for Research and Graduate Studies, College of Pharmacy, U. T. Austin*
- *Dorothy Flannagan, Ph.D., Vice Provost and Dean, Graduate School, U. T. San Antonio*
- *Susan Stappenbeck, M.Ed., Senior Project Coordinator, Institute for Integration of Medicine and Science, U. T. Health Science Center - San Antonio*

Regent Cranberg noted that studies reflect the need for this program in that graduates are expected to quickly find employment in their discipline at a good salary.

6. U. T. System: Approval to a) distribute a portion of The University of Texas System Professional Medical Liability Benefit Plan premium returns for Fiscal Year 2012, and b) amend the Plan

Committee Meeting Information

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

Status: Approved

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

Discussion at meeting:

Committee Chairman Stillwell asked if the distributions are made in cash, and Mr. Burgdorf replied affirmatively, adding that the funds are unrestricted.

7. U. T. System: Update on the Transformation in Medical Education (TIME) projects

Committee Meeting Information

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

Status: Reported/Discussed

ADJOURNMENT

Committee Chairman Stillwell adjourned the meeting at 4:10 p.m.

The Jennie Sealy Replacement Hospital

The University of Texas System Board of Regents' Meeting

David L. Callender, MD, MBA, FACS
President, UTMB Health

August 24, 2011

The Imperatives

- The new era in health care reimbursement will be driven not primarily by volume, but by a focus on quality, safety and efficiency
- Rapidly changing technology and regulations require highly adaptable facilities
- Patients have more choices than ever and expect the latest in patient-centered design
- UTMB's Health System is the “financial engine” for all mission areas

The proposed Jennie Sealy Replacement Hospital, with state-of-the-art ORs, ICU rooms and infrastructure, is critical to attracting patients, ensuring adaptability, and securing appropriate reimbursement.

A Historic Window of Opportunity

- Texas population projected to increase 16.1% by 2020
- UTMB target service area projected to grow by 24.17% by 2020
- Estimated shortage of physicians in region projected to exceed 1,000 by 2015
- Patient population largely commercially insured or covered by Medicare
- Proximity of growing population to UTMB closer than ever before

If UTMB does not capitalize on this unprecedented opportunity, other health care providers surely will. The time is now.

Unique Market Opportunity



Performance to Date

After Hurricane Ike, expanding the clinical enterprise off-island in a deliberate and coordinated way has:

- Increased efficiency through consolidation of clinic locations
- Increased annual outpatient encounters to near pre-Ike levels
- Doubled admissions from mainland clinics in past 18 months
- Demonstrated increase in new patients from the target market in FY11

Percentage of patients new to UTMB*	
Dermatology	19.0%
Victory Lakes Day Surgeries	15.0%
South Shore Orthopaedics	12.6%
Pediatric Urgent Care	10.4%
Pediatric Specialty Clinic	9.1%
Primary Care and Family Health Clinic	8.0%
Victory Lakes Clinic Visits	7.4%
Ear, Nose and Throat Clinic	6.4%
Women's Health Center	6.2%

*Sept. 2010-May 2011

Bed Summary

The proposed Jennie Sealy Replacement Hospital:

- Restores bed capacity with appropriate mix of ICU and med-surg beds
- Provides flexibility for growth if volumes require additional inpatient beds

Inpatient Bed Resources			
	Pre-Ike	Post Phase I Modernization	Post Jennie Sealy Replacement
Rebecca Sealy / Children's	118	0	0
John Sealy Hospital	324	311	118
Jennie Sealy Replacement Hospital	<u>0</u>	<u>0</u>	<u>246</u>
Galveston patient beds	442	311	364
Other beds (TDCJ, Infant, GCRC, Austin Women's)	<u>238</u>	<u>233</u>	<u>233</u>
Total UTMB Inpatient Resources	680	544	597

10

Positioned for Success

- Strong financial performance in FY10 and FY11
 - Steady increases in unrestricted cash and investments since FY08
 - Capacity exists to assume additional \$300M+ in debt and maintain required financial ratios
 - Key U. T. System financial ratios continue to improve
- Institutional agility in the face of adversity
 - Adjusted operations to offset a \$38.2M general revenue reduction in FY10-11 and still exceeded budgeted margins
 - Implemented \$30M in cost savings in Correctional Managed Care to match the appropriation

UTMB's executive leadership has a proven track record of operating successful, financially stable academic health centers.

Financial Impact Analysis

UTMB financial ratios over the projection time horizon:

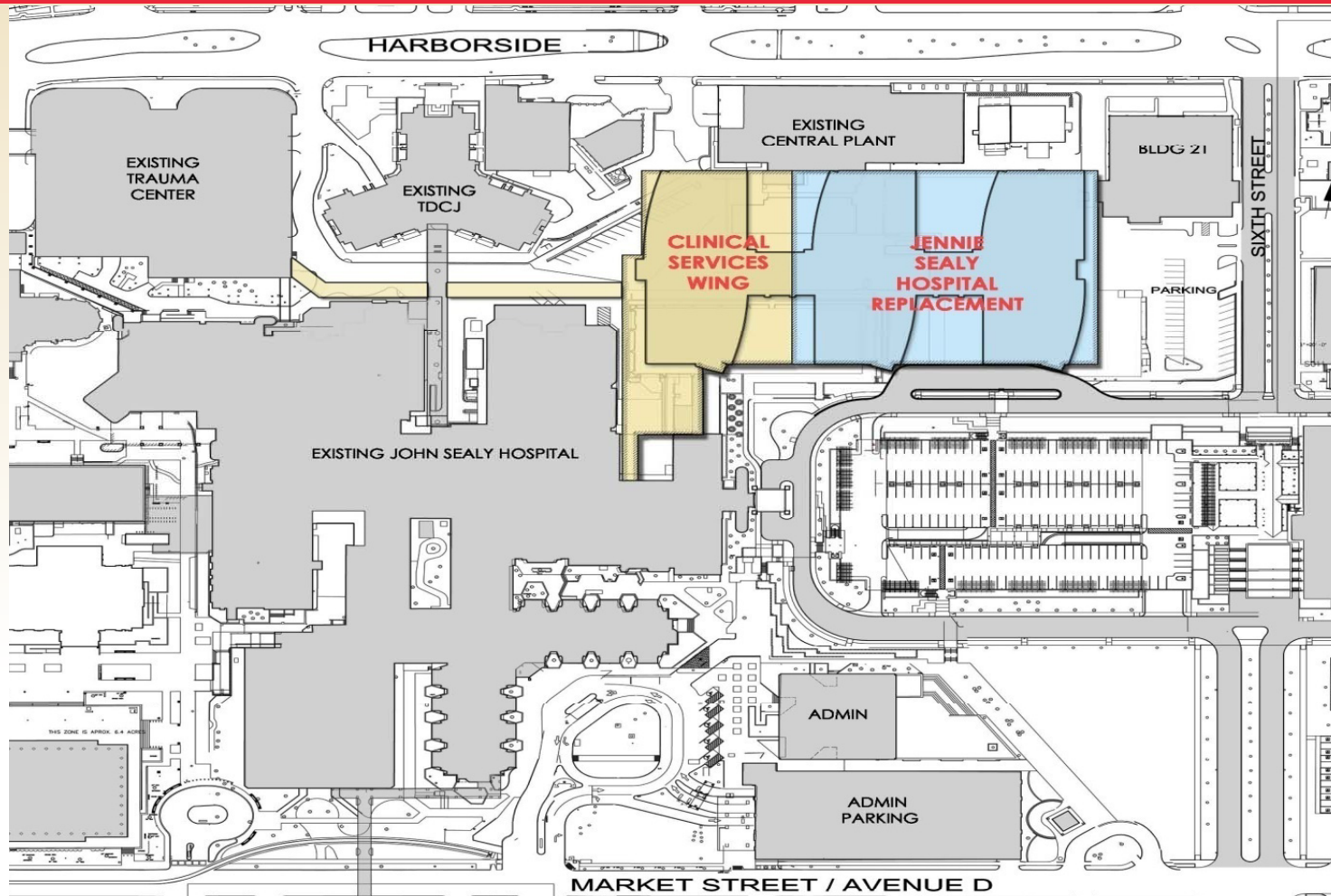
UTMB Financial Ratios	<u>FY10</u>	<u>FY12</u>	<u>FY14</u>	<u>FY16</u>	<u>FY18</u>	<u>FY20</u>
Profitability						
Net Income (\$M)	\$37.5	\$2.5	\$14.3	\$(11.4)	\$12.9	\$60.3
Liquidity						
Unrestricted Cash and Short Term Investments(\$M)	\$284	\$222	\$202	\$321	\$493	\$782
Days Cash on Hand	70.7	56.7	47.5	69.5	98.6	144.5

UTMB meets required U. T. System key ratios in all years of the projection period:

UT System Key Ratios	<u>Target</u>	<u>FY10</u>	<u>FY12</u>	<u>FY14</u>	<u>FY16</u>	<u>FY18</u>	<u>FY20</u>
Debt Service Coverage	> 1.8	4.7	2.6	2.7	2.5	4.1	6.2
Debt Service to Operations	<5.0%	1.6%	2.6%	3.2%	3.9%	2.8%	2.0%
Expendable Resources to Debt	>0.8	2.3	1.5	0.8	1.2	1.8	3.0

PROPOSED

Jennie Sealy Replacement Hospital



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Proposed Jennie Sealy Replacement Hospital

State-of-the-Art Operating Rooms



Current OR size and function are inadequate

Replacement ORs offer flexible, configurable space



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Limitations of Current John Sealy Hospital

- OR size and infrastructure do not support state-of-the-art patient care; half were built before Dr. DeBakey's first pump case in 1966
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 - Patient rooms only half the size of current standards
 - Limited storage on inpatient units creates inefficiencies and extra costs
- Separation of prisoners from other patients is impossible in certain areas
- Modernization of existing inpatient rooms results in insufficient number of beds to serve anticipated market growth

The Jennie Sealy Replacement Hospital resolves these issues and is the key to the successful implementation of UTMB's business plan.

Over 75% of Proposed Funding Secured

Funding Sources	
The Sealy & Smith Foundation	\$174.5M
Tuition Revenue Bond	\$150.0M
Additional philanthropy/debt	\$100.0M
Other/Local funds	\$13.5M
Total Cost	\$438.0M

17

Strong Legislative Support

There is significant support from state and legislative leadership for the Jennie Sealy Replacement Hospital project at UTMB as evidenced by:

- \$150M Tuition Revenue Bond approved in 81st Legislative Session
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I am happy to say that this Legislature understands the importance of UTMB to the region and to the state as a whole, and honored the commitment to rebuild and continue this valued institution.

Representative Larry Taylor
Texas House of Representatives, May 29, 2011

Timeline for Progress

Summer 2010	UT Board of Regents approves planning and preliminary design
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August 2011	UTMB seeks UT Board of Regents' approval to proceed with construction
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19

Summary

The proposed Jennie Sealy Replacement Hospital:

- Will enable UTMB to capitalize upon an unprecedented market opportunity
- Is the most appropriate facility for training the future health care workforce
- Can adapt to meet the complex, ever-changing patient care environment

UTMB has demonstrated:

- Tremendous growth since Ike
- Strong performance and achievable projections
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- Leadership excellence

***The Jennie Sealy Replacement Hospital
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The Jennie Sealy Replacement Hospital

The University of Texas System Board of Regents' Meeting

David L. Callender, MD, MBA, FACS
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Unique Market Opportunity



24

A Mission-Critical Facility

- Best positions UTMB for reimbursement changes associated with health reform
- Addresses critical tertiary/quaternary care needs
- Attracts health care consumers with choice in the market
- Complements growing ambulatory care network for a fully integrated health care delivery system
- Matches the caliber of the faculty, staff and students we must recruit and retain
- Affords flexibility to support innovations in health care delivery
- Provides contemporary facilities for health sciences education and research

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Performance to Date

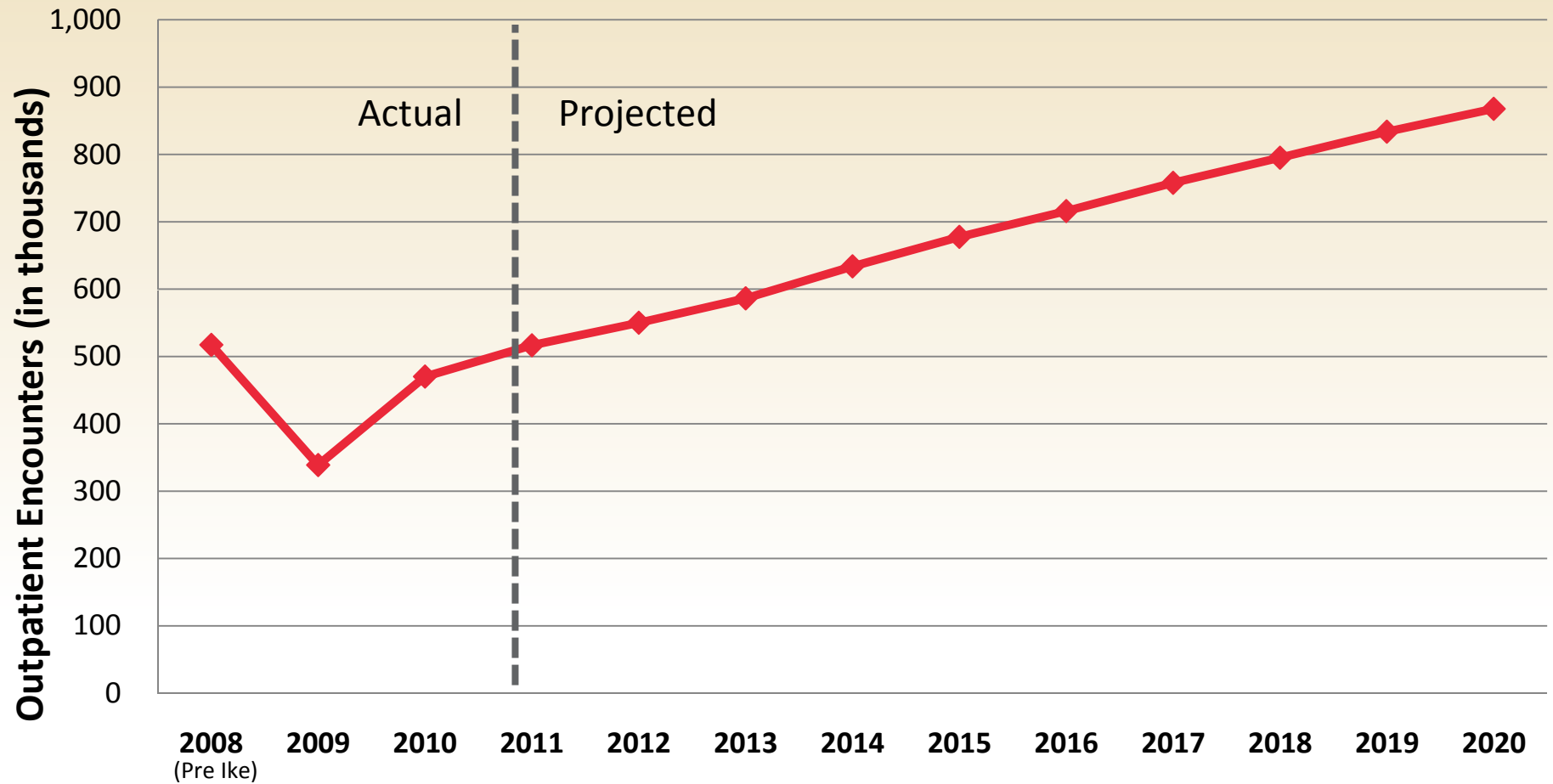
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*Sept. 2010-May 2011

Performance to Date



Excludes Newborn Nursery, AWH & TDCJ

Building on Success

- FY11 outpatient encounters approaching pre-Ike levels with a much-improved payor mix
- Projected FY12 through FY20 clinic volumes are consistent with recent experience
- As anticipated, outpatient encounters have leveled out in Galveston but have increased by more than 120,000 on the mainland since Ike
- Adult medical surgical admissions are trended to increase from FY12 through FY20 at the same rate of growth UTMB has experienced this past biennium
- An adaptable, patient-centered facility is needed to attract referrals for admissions from the primary target markets

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Plan Assumptions

- Historical (pre-Ike) data not predictive; assumptions based on new reality
- Conservative volume projections through FY20:
 - Inpatient Volume: Average annual increase of 3.5% from FY10 to FY20
 - Outpatient Volume: Average annual increase of 6.3% from FY10 to FY20
- Average Length of Stay reduction of 0.5 days by the end of FY12, for savings of \$5.5M annually; *reduction of 0.3 days already achieved*
- Recruitment of 167 Physician FTEs with 3-year ramp-up period for practice growth
- UTMB Health system will manage FTEs to the rate of growth
- Assumed volume at 50% of clinical strategic plan growth in first year; 75% in subsequent years
- Volume growth reflects improved demographics in target markets
- Base General Revenue will continue to decline as a percent of operations from 16% in FY11 to ~10% in 2020
- CMC/TDCJ operates at break-even levels

Bed Assumptions

The proposed Jennie Sealy Replacement Hospital:

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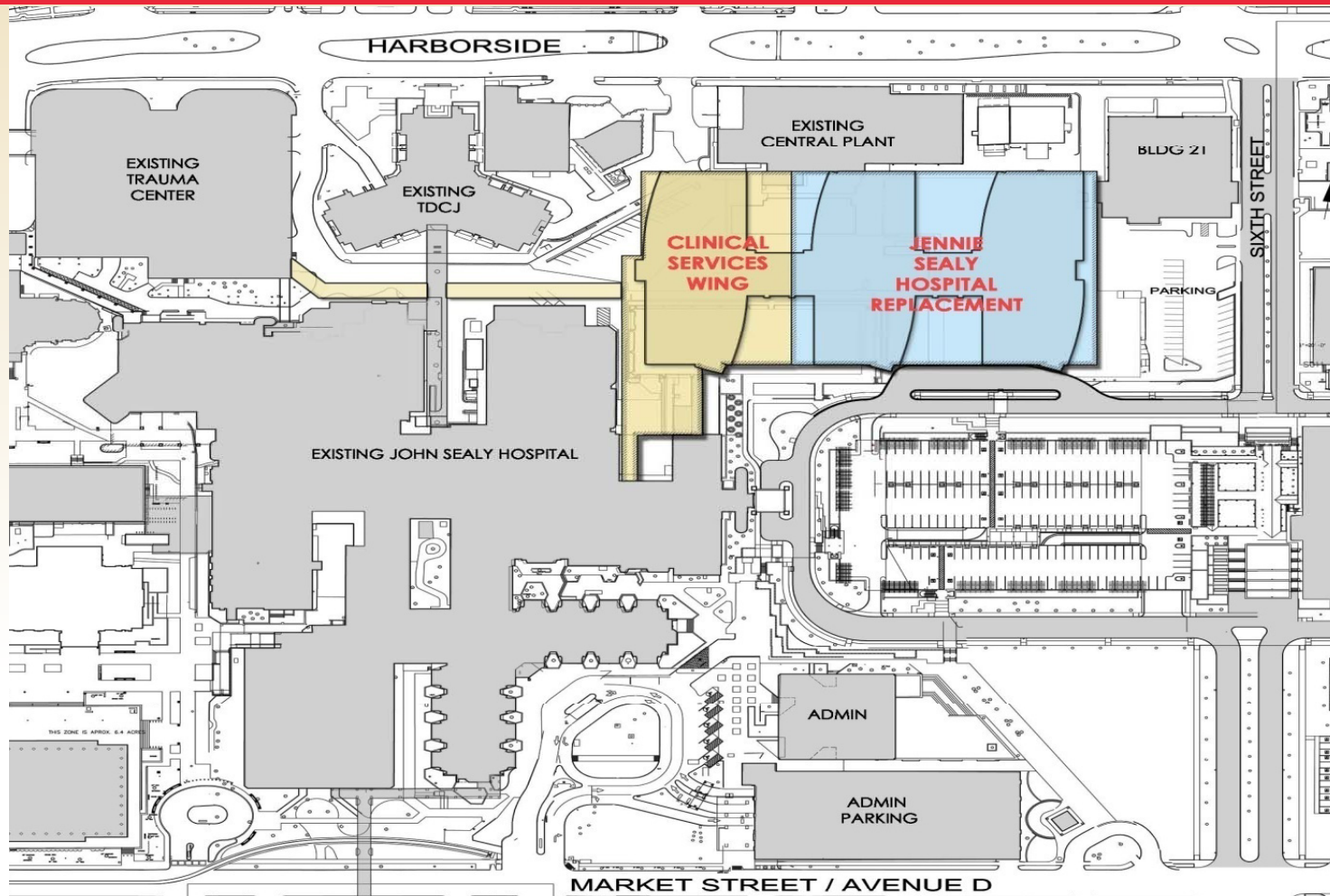
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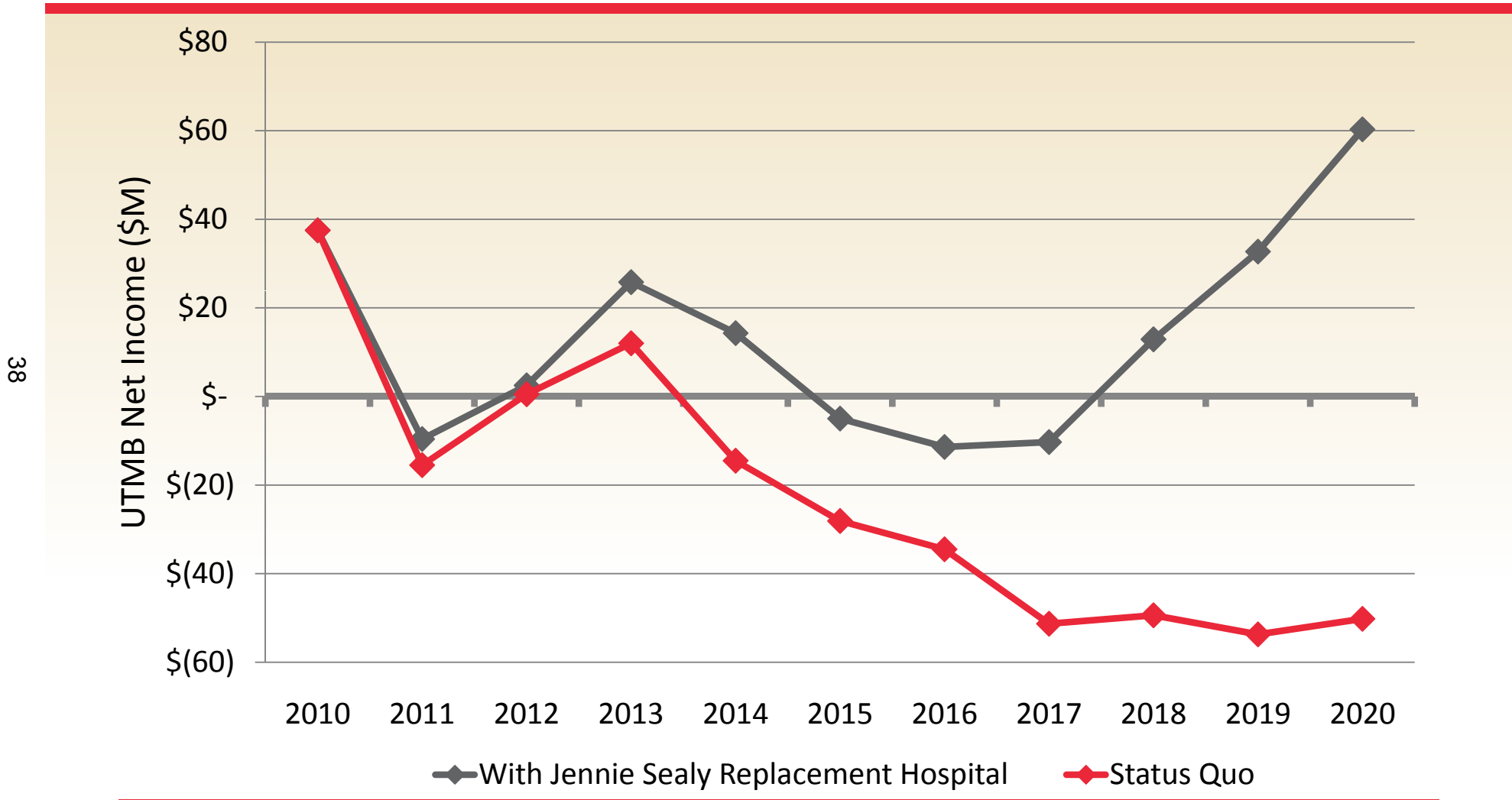
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Building Highlights

- 12 floors; 758,677 sq. ft.
- 20 replacement operating rooms including:
 - Intraoperative MRI
 - 2 hybrid ORs
- Day Surgery Unit
- 54 ICU rooms with adjacent CT scanner on unit
- 192 medical-surgical, acuity-adaptable inpatient rooms provide flexibility
- Two shelled floors for future growth needs:
 - Procedural floor
 - 64-bed inpatient floor
- Increased operational efficiency through connection with Clinical Services Wing:
 - Pharmacy
 - Blood Bank
 - Laboratories
 - Kitchen

Status Quo Produces Mounting Losses



Over 75% of Proposed Funding Secured

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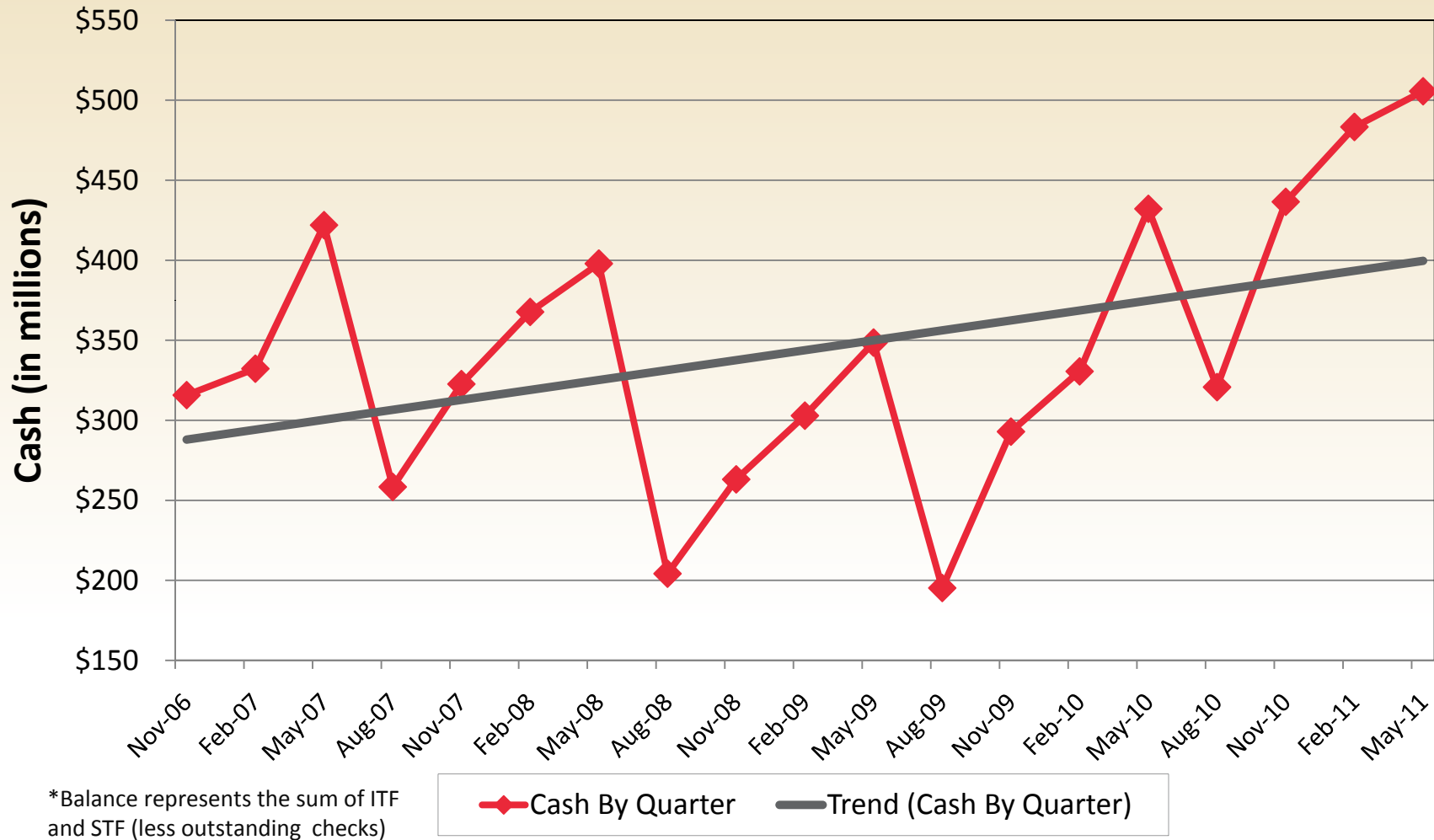
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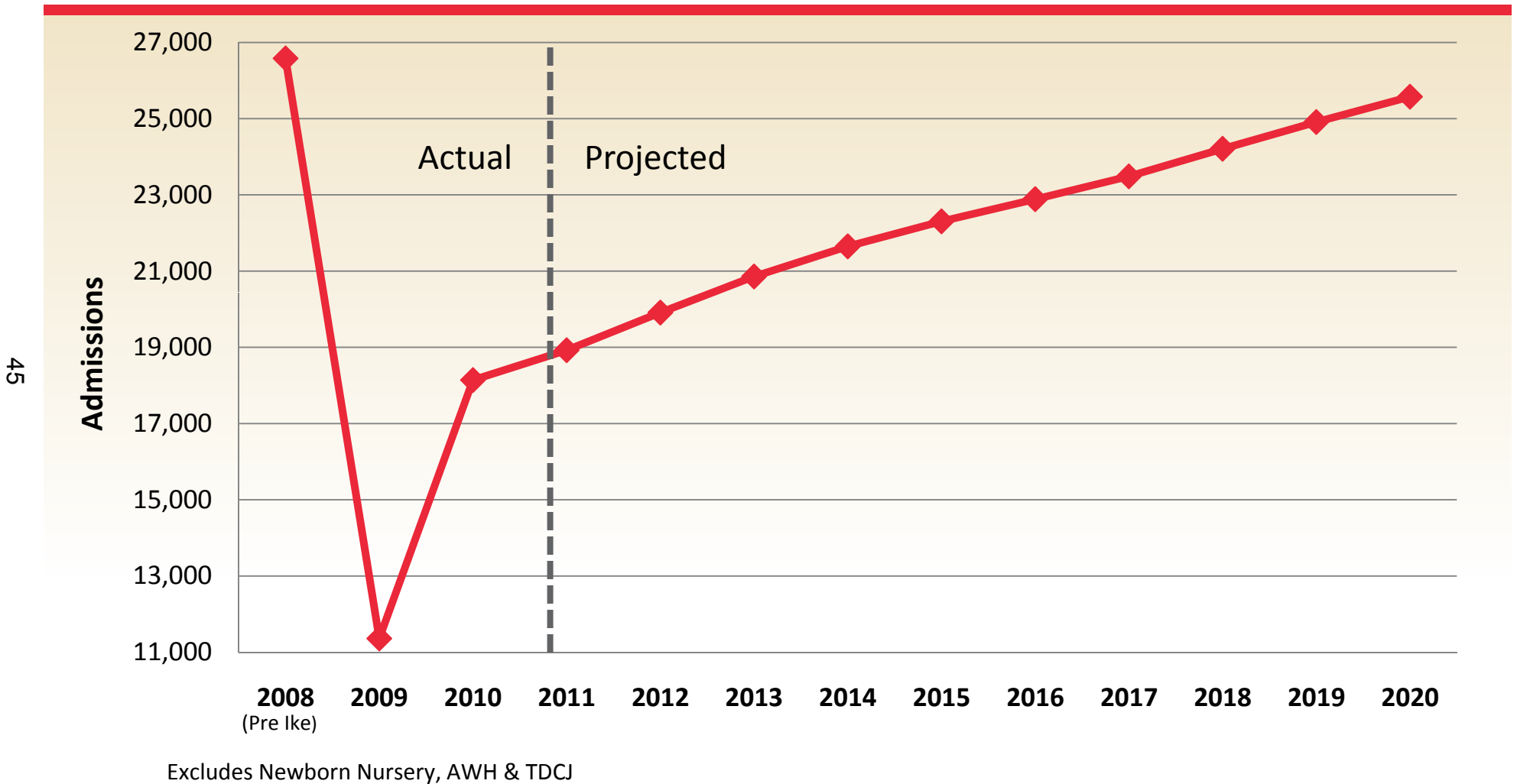
Appendix

UTMB Quarterly Cash & Investment Trend Positive

44

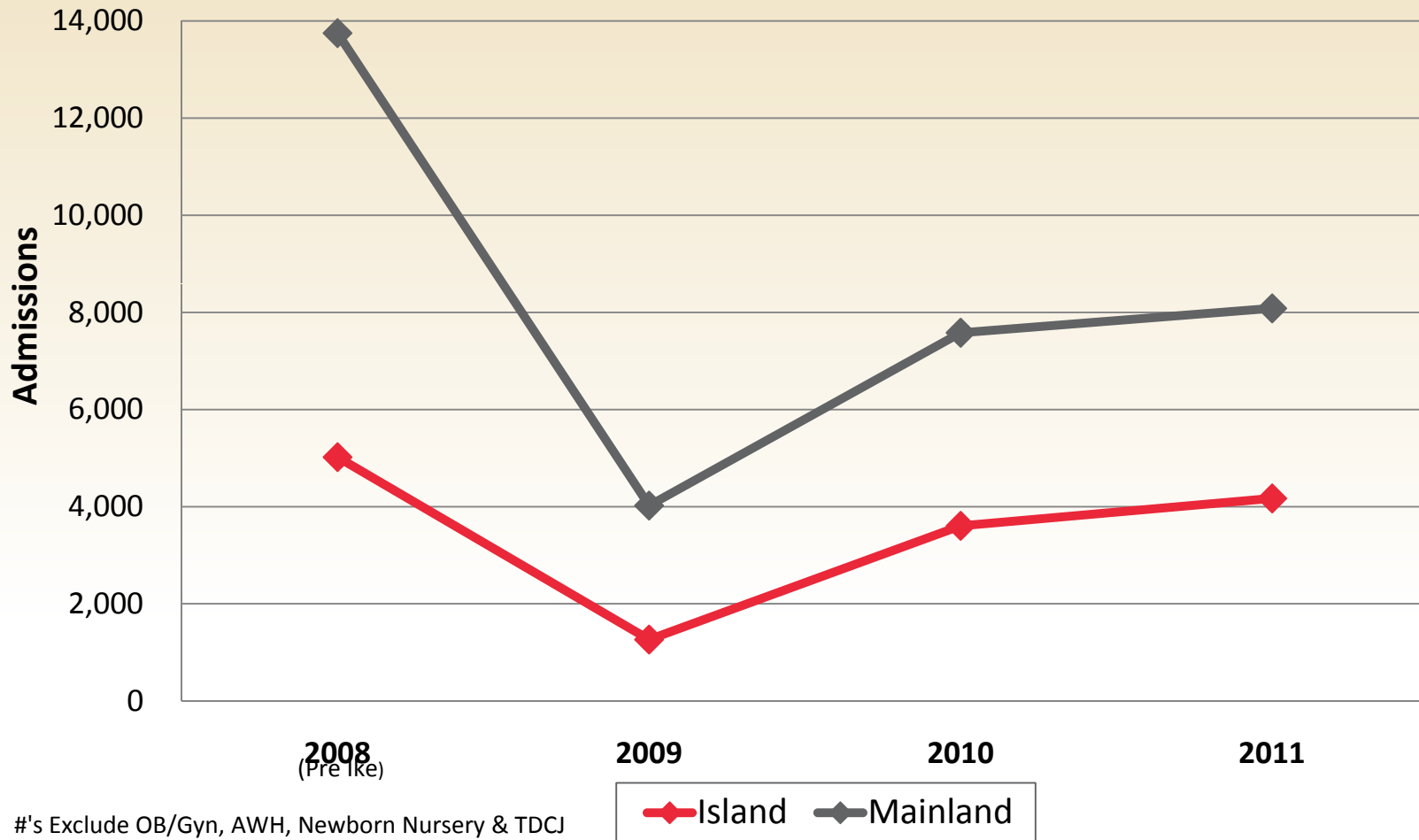


Admissions by Year: UTMB Hospital

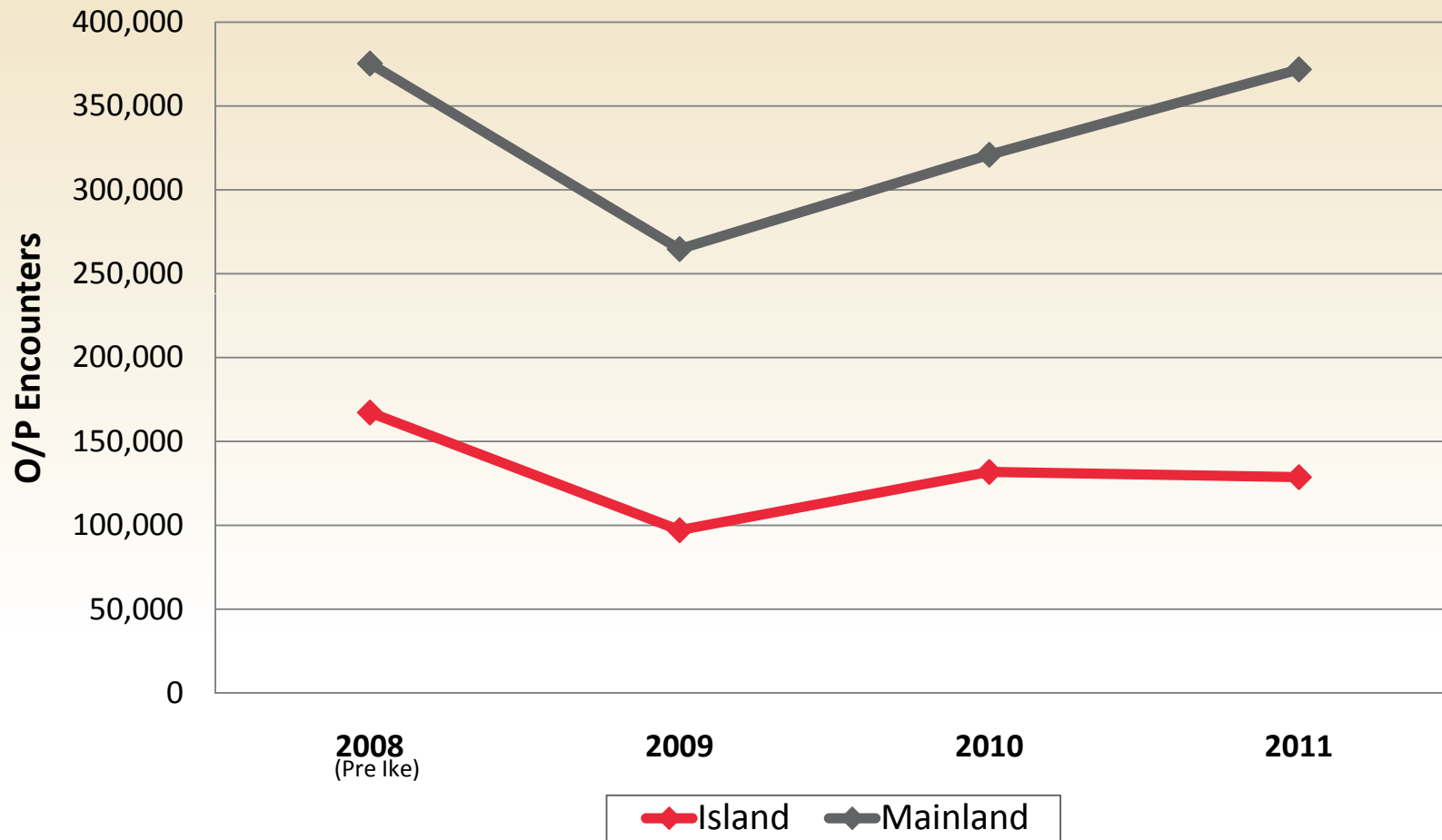


Admissions by Market

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Outpatient Encounters by Market



#'s Exclude OB/Gyn, AWH, Newborn Nursery & TDCJ

Market Area Projected Growth

Target Market	Total Population Change			Median Income Change		
	2010	2015	Change	2010	2015	Change
Galveston Island	56,956	53,077	-6.8%	\$40,683	\$44,888	10.3%
Mainland / Texas City	126,353	137,477	8.8%	\$48,183	\$51,866	7.6%
League City / Clear Lake	222,405	245,208	10.3%	\$76,537	\$82,197	7.4%
Pearland	388,295	436,541	12.4%	\$61,883	\$67,325	8.8%

48

Physician Shortage in the Market

Physician Need (Total Service Area)		
	2010 Shortage	2015 Shortage
Primary Care Specialties	(340.5)	(637.8)
Medical Sub-Specialties	0.8	(200.8)
Surgical Sub-Specialties	(75.0)	(216.2)
Total	(414.7)	(1,054.8)
Source: Huron Clinical Plan		

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Health Reform Readiness

- Building on successful programs:
 - Community Health Program: integrated care and chronic disease management
 - Multi-Share Program: collaborative initiative with local government and private entities to provide affordable coverage to 500+ employees
 - Chronic disease management program for indigent diabetic patients shows 50% improvement in blood sugar control
- Bundled payment pilots
- Value-based purchasing
 - Progress on 17 quality measures indicates UTMB on track to maintain reimbursement
 - Patient satisfaction scores show significant continuous improvement; Inpatient (IP) scores now exceed 90th percentile
- Electronic Medical Record (EMR) Meaningful Use on track to meet government incentive goals
- Reduction in care variability
 - Implementation of 50 clinical protocols within Electronic Health Record (EHR) by end of 2011

Health Reform Impact Analysis

- 75% of uninsured patients convert to Medicaid through Health Reform
 - Results in increase of ~\$15M to net income annually beginning in 2014
- Hospital re-admissions computed at 1% reduction in 2013 to 3% by 2015
- Quality/value-based purchasing payments offset reduction in Diagnosis Related Group (DRG) payments
- No disproportionate share payments
- No impact on managed care rates

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MINUTES
U. T. System Board of Regents
Facilities Planning and Construction Committee
August 24, 2011

The members of the Facilities Planning and Construction Committee of the Board of Regents of The University of Texas System convened at 4:15 p.m. on Wednesday, August 24, 2011, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

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

Also present were Vice Chairman Foster, Regent Pejovich, Regent Rutkauskas, and Associate General Counsel Rabon.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Gary called the meeting to order. The PowerPoint presentation concerning all items is set forth on Pages 10 - 47.

1. U. T. System: Capital Improvement Program Update

Committee Meeting Information

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

Status: Reported/Discussed

Discussion at meeting:

Mr. O'Donnell reported on the Fiscal Year 2012-2017 Capital Improvement Program (CIP), including the following points:

- *Regarding CIP totals over the last five years, there was a significant increase through 2008 due in large part to the growth in science, health care, math, technology, and engineering projects associated with the Competitiveness Initiative. The decrease over the past three years reflects completion of many of those projects partially offset by CIP additions at some institutions.*
- *Over the past 12-month period, the Office of Facilities Planning and Construction completed 18 projects totaling \$761 million and \$1 billion in institutionally managed projects. In that same period, projects totaling \$295 million were added to the CIP.*

- *Approximately two-thirds of the CIP consists of health care projects on a total dollar basis.*
 - *Tuition Revenue Bonds and Permanent University Funds have each decreased slightly over the past two years, again largely reflecting science, technology, engineering, and mathematics (STEM) project completions. To expand on that point, of the original \$2.5 billion in STEM projects approved by the Board under the Competiveness Initiative in 2005/2006, 38 of the original 44 projects are complete and approximately 86% of the projects are complete overall on a total dollar basis; that number will rapidly approach 90% complete over the next six to eight months.*
2. **U. T. Austin: FY 12 High Priority Fire and Life Safety Projects and FY 13 High Priority Fire and Life Safety Projects - Amendment of the FY 2012-2017 Capital Improvement Program to include projects; approval of total project costs; appropriation of funds; and authorization of institutional management (Final Board approval)**

Committee Meeting Information

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

Status: *Approved*

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

Discussion at meeting:

Committee Chairman Gary asked about the impact of any new fire and life safety regulations on U. T. System projects, and Mr. O'Donnell responded that the National Fire Protection Association (NFPA) 101: Life Safety Code has amendments being considered, but there are no items that affect the current path of the fire and life safety projects.

Committee Chairman Gary also asked if U. T. System had been cited by any regulatory agency, and Mr. O'Donnell replied that if there is indication that an activity is not in compliance with current code, an interim control measure such as inspections or additional education drills are worked out with the State Fire Marshal until the repairs or modifications can proceed.

3. **U. T. Health Science Center - San Antonio: FY 12 Fire and Life Safety Projects and FY 13 Fire and Life Safety Projects - Amendment of the FY 2012-2017 Capital Improvement Program to include projects; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)**

Committee Meeting Information

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

Status: Approved

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

Discussion at meeting:

See Item 2 that included discussion of this item.

4. **U. T. Dallas: National Science Foundation (NSF) Engineering Research Center - Amendment of the FY 2012-2017 Capital Improvement Program to include project (Preliminary Board approval)**

Committee Meeting Information

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

Status: Approved

Motion: Made, seconded, and carried unanimously

5. **U. T. Dallas: School of Management Phase II - Amendment of the FY 2012-2017 Capital Improvement Program to include project (Preliminary Board approval)**

Committee Meeting Information

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

Status: Approved

Motion: Made, seconded, and carried unanimously

Discussion at meeting:

Mr. O'Donnell reported that U. T. Dallas is securing two gifts of significant magnitude, both of which qualify for \$2.5 million in Permanent University Fund (PUF) matching funds under a continuation of the Research Incentive Program approved by the Board in August 2010, for a total of \$5 million. Regent Cranberg asked if the

gift funds would be used to replace some of the Revenue Financing System Bond Proceeds, but Mr. O'Donnell said the PUF would be used for construction, and the gifts would be used for operations/research.

6. **U. T. San Antonio: Administrative Office Building - Amendment of the FY 2012-2017 Capital Improvement Program to include project (Preliminary Board approval)**

Committee Meeting Information

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

Status: Approved

Motion: Made, seconded, and carried unanimously

Discussion at meeting:

In response to a question from Committee Chairman Gary about the economics of the proposed financing, Mr. O'Donnell explained there would not be debt service since the project would be funded with Designated Funds. Regent Cranberg asked about Designated Funds, and Executive Vice Chancellor Kelley explained those Funds are from institutional reserves. Regent Cranberg also asked about the cost of capital, and Regent Gary commented the returns appear reasonable in today's market.

7. **U. T. M. D. Anderson Cancer Center: Mid-Campus Building 1 (1MC) Tenant Buildout - Amendment of the FY 2012-2017 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)**

Committee Meeting Information

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

Status: Approved

Motion: Made, seconded, and carried unanimously

8. **U. T. M. D. Anderson Cancer Center: Katy Regional Care Center - Amendment of the FY 2012-2017 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)**

Committee Meeting Information

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

Status: Approved

Motion: Made, seconded, and carried unanimously

9. **U. T. M. D. Anderson Cancer Center: Campus Telecomm Master Plan - Amendment of the FY 2012-2017 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)**

Committee Meeting Information

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

Status: Approved

Motion: Made, seconded, and carried unanimously

Discussion at meeting:

Committee Chairman Gary asked about institutional management of projects by U. T. M. D. Anderson Cancer Center, and Mr. O'Donnell explained that since 2004, the institution manages its own capital construction projects.

10. **U. T. Austin: High Performance Computing Facility Expansion - Approval of design development and appropriation of funds and authorization of expenditure (Final Board approval)**

Committee Meeting Information

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

Status: Approved

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

Discussion at meeting:

Chancellor Cigarroa asked about the status of the grant funds, and President Powers said the grant has not been announced yet.

Committee Chairman Gary asked if this is a tilt-wall building, and Mr. O'Donnell replied no, because the structure has to be very heavy and thick.

11. **U. T. Pan American: Fine Arts Academic and Performance Complex - Amendment of the FY 2012-2017 Capital Improvement Program to reduce the total project cost; approval to revise the funding sources; approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)**

Committee Meeting Information

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

Status: Approved

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

Discussion at meeting:

Committee Chairman Gary asked President Nelsen for comments. Dr. Nelsen thanked the members of the Board for moving the project forward, and he explained the need for the building.

12. **U. T. M. D. Anderson Cancer Center: Sheikh Zayed Bin Sultan Al Nahyan Building for Personalized Cancer Care - Amendment of the FY 2012-2017 Capital Improvement Program to revise funding sources; approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)**

Committee Meeting Information

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

Status: Approved

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

Discussion at meeting:

Executive Vice Chancellor Shine noted this building will be where President Mendelsohn will work when he retires as President of the institution at the end of August 2011.

13. **U. T. Medical Branch - Galveston: Jennie Sealy Replacement Hospital - Amendment of the FY 2012-2017 Capital Improvement Program to increase the total project cost; approval to revise the funding sources; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)**

Committee Meeting Information

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

Status: Approved

Motion: Made, seconded, and carried unanimously

Discussion at meeting:

Mr. O'Donnell noted that a comprehensive update on this project including the background history was provided during the Health Affairs Committee earlier that afternoon (Item 2 on Page 2 of the Health Affairs Committee Minutes). He noted that issuance of Tuition Revenue Bonds for the project is subject to Legislative Budget Board approval that is expected imminently.

Mr. O'Donnell described the proposed design of the building for hurricanes. Replying to a question from Regent Stillwell about the drainage, Mr. O'Donnell explained water can flow right under the building without loss of operations of the hospital.

Vice Chairman Foster asked about the word "Replacement" in the name of the project, and Mr. O'Donnell replied the existing Jennie Sealy Hospital is located on the site and will be demolished. Executive Vice Chancellor Shine said the hospital will be known as the Jennie Sealy Hospital.

14. U. T. Austin: Belo Center for New Media - Amendment of the FY 2012-2017 Capital Improvement Program to increase the total project cost; approval to revise funding sources; and appropriation of funds and authorization of expenditure (Final Board approval)

Committee Meeting Information

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

Status: Approved

Motion: Made, seconded, and carried unanimously

Discussion at meeting:

Committee Chairman Gary noted that the requests to increase the total project cost for Items 14 - 16 were anticipated for modifications and were not cost overruns.

In response to Regent Cranberg's comment on the apparent high cost per square foot to finish out the KUT Radio space, Mr. O'Donnell said there were sufficient project savings for the bulk of the fitout of that space. He explained the cost for the additional fitout space in the buildings that were built in 1974.

15. **U. T. Austin: Dell Computer Science Hall/Bill and Melinda Gates Computer Science Complex - Amendment of the FY 2012-2017 Capital Improvement Program (CIP) to increase the total project cost; approval to revise funding sources; and appropriation of funds and authorization of expenditure (Final Board approval)**

Committee Meeting Information

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

Status: Approved

Motion: Made, seconded, and carried unanimously

Discussion at meeting:

Committee Chairman Gary noted that the requests to increase the total project cost for Items 14 - 16 were anticipated for modifications and were not unanticipated, new costs. Vice Chairman Hicks asked if the additional money is to finish out the space in the shell, and Mr. O'Donnell replied affirmatively.

16. **U. T. Austin: Darrell K Royal - Texas Memorial Stadium - Athletics Offices Infill and Stadium Maintenance and Renovation project - Amendment of the FY 2012-2017 Capital Improvement Program to increase the total project cost; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)**

Committee Meeting Information

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

Status: Approved

Motion: Made, seconded, and carried unanimously

Discussion at meeting:

Committee Chairman Gary noted that the requests to increase the total project cost for Items 14 - 16 were anticipated for modifications and were not unanticipated, new costs.

Vice Chairman Hicks noted that the move of the intercollegiate athletics offices will open up additional academic space. Committee Chairman Gary received clarification regarding the Olympic sports directed by the Title IX law and gender equity policies referenced by Mr. O'Donnell.

Excerpt from Mr. O'Donnell's script

The original scope of work includes infill of the North End Zone seventh floor at the Darrell K Royal – Texas Memorial Stadium to provide office

space for Intercollegiate Athletics. This proposed increase in funding is to provide expanded indoor strength and conditioning/sports performance training areas and expanded sports medicine, health care, and rehabilitation areas, primarily for student athletes in Olympic sports. All of these student athlete service areas will be located in a portion of the lower level shell space of the North End Zone. These areas must be ready for the Spring 2013 semester. These areas are needed to continue to provide first-class, equitable, and serviceable areas to student athletes under Title IX law and gender equity policies, which also cover sports program offices, compliance staff offices, and student athlete academic service areas already constructed in the North End Zone of the Stadium.

ADJOURNMENT

Committee Chairman Gary adjourned the meeting at 4:55 p.m.

Agenda Items

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

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



The University of Texas System

FY 2012-2017

Capital Improvement Program Update

11



The University of Texas System FY 2012-2017 Capital Improvement Program Update

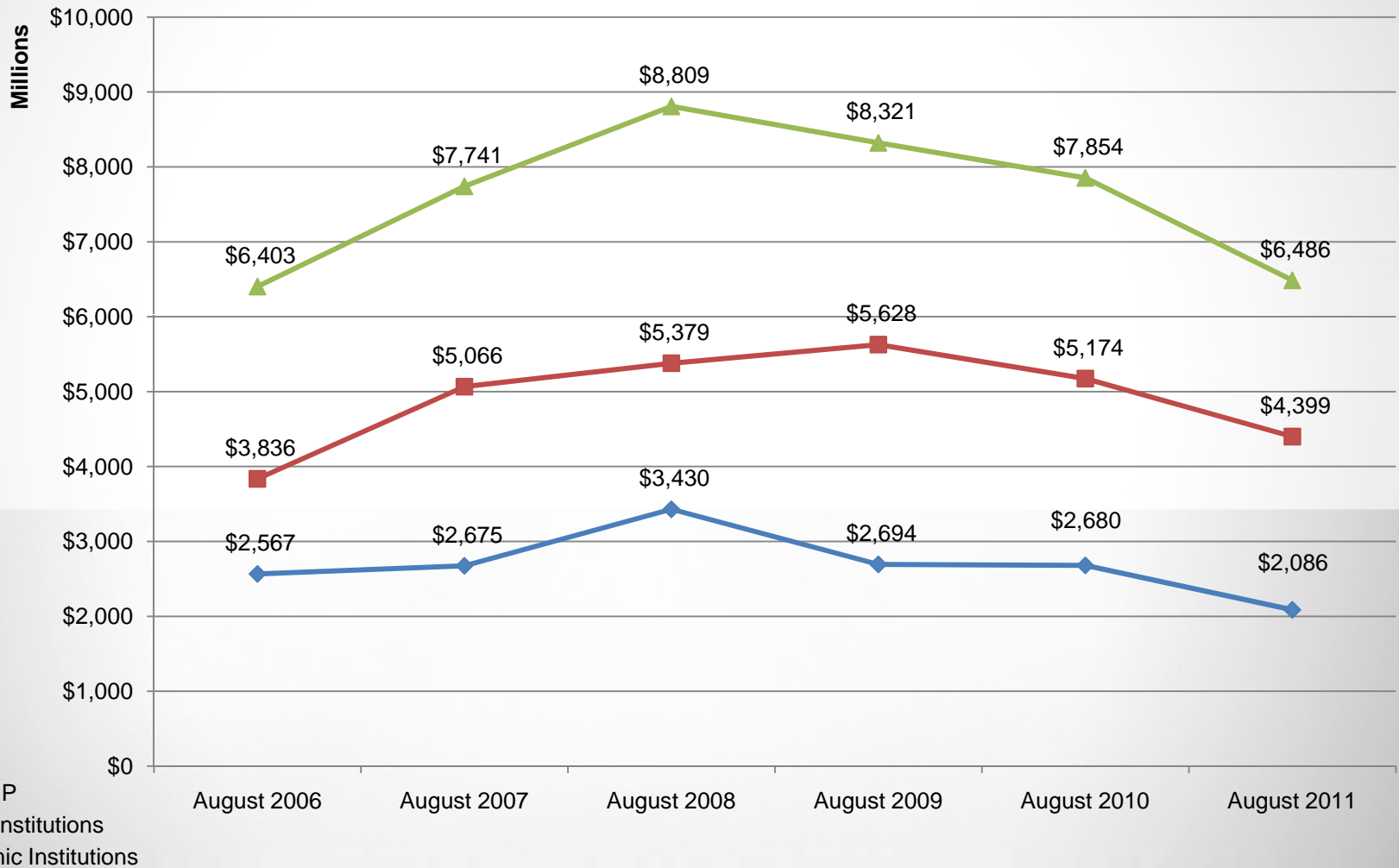
- The current CIP totals \$6.5 billion.
- Totals include all projects on the August 25, 2011 FPCC Agenda.
- The CIP currently includes 115 projects with 56 managed by OFPC and 59 managed by the institutions.

12



FY 2012-2017 Capital Improvement Program Update

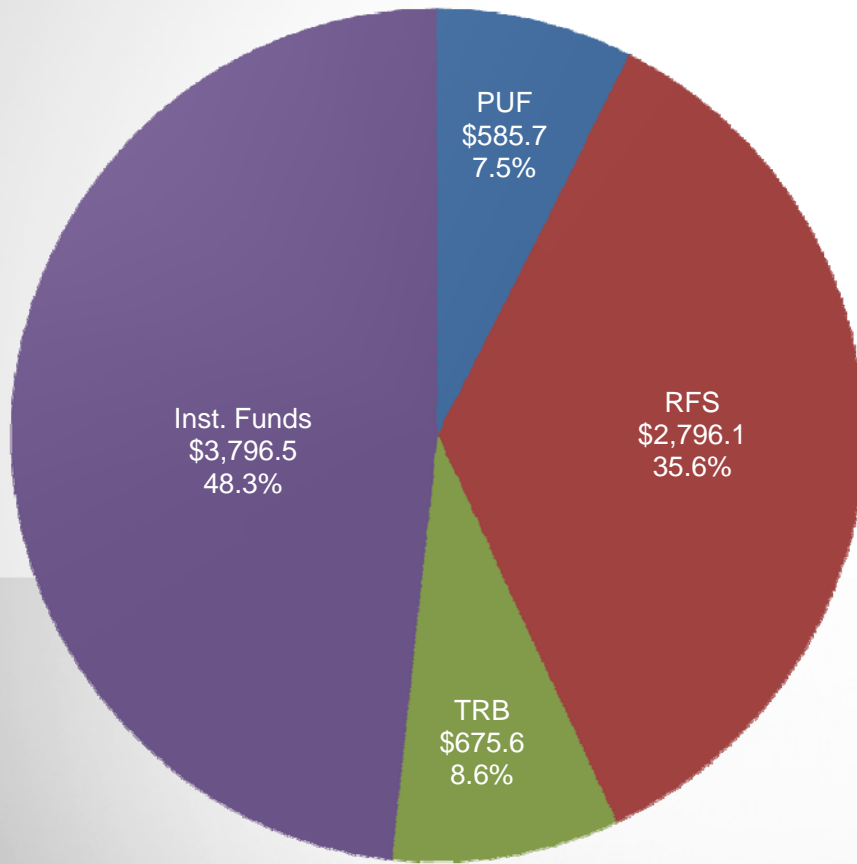
Recent Trends in CIP (\$ Million)



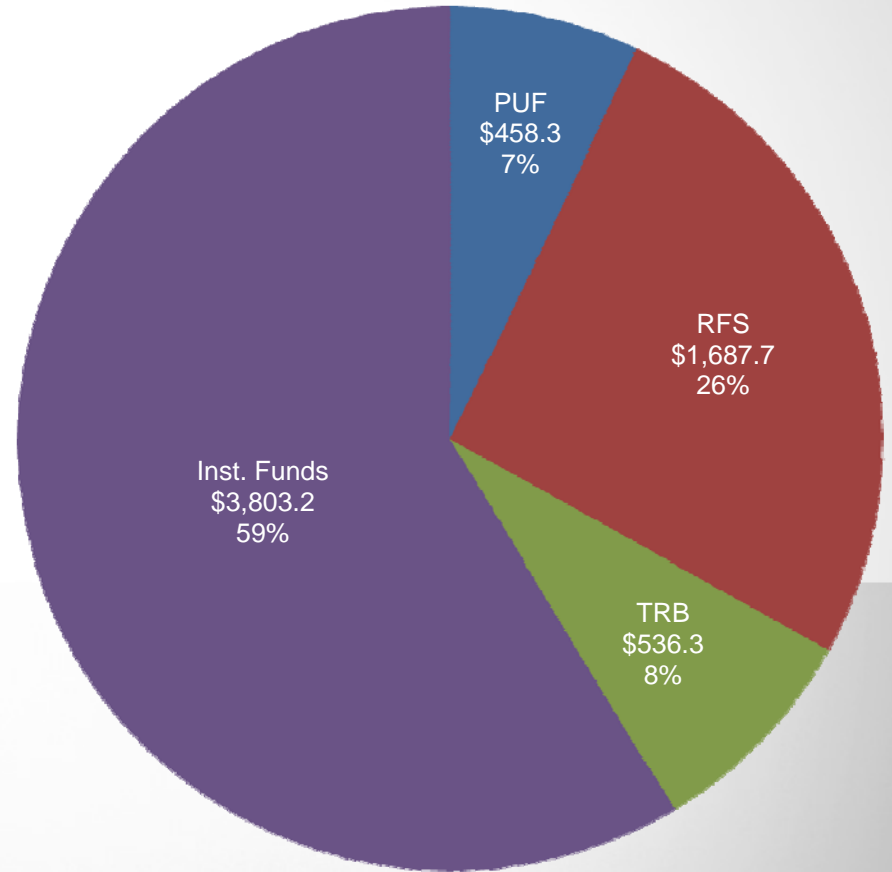
13



FY 2012-2017 Capital Improvement Program Update Funding Comparison to August 2010 CIP (\$ Million)



FY 2011-2016 CIP August 2010



FY 2012-2017 CIP August 2011

Total CIP \$6,485,591,355



FY 2012 and FY 2013 High Priority Fire and Life Safety Projects

- Second and third allocation of PUF approved in August 2010 for high priority fire and life safety projects.
 - U. T. Austin – FY 2012 \$3,400,000
 - U. T. Austin – FY 2013 \$3,300,000
 - U. T. H. S. C. San Antonio – FY 2012 \$8,000,000
 - U. T. H. S. C. San Antonio – FY 2013 \$5,500,000
- Projects include fire protection and fire alarm systems, correction of egress deficiencies, and other identified high priority fire and life safety issues.

Additions to FY 2012-2017 CIP



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

Three Academic Projects

- U. T. Dallas NSF Engineering Research Center \$20,000,000
- U. T. Dallas School of Management Phase II \$25,000,000
- U. T. San Antonio Administrative Office Building \$21,500,000

Three Health Projects

- U. T. M. D. Anderson Cancer Center
1MC Tenant Buildout \$51,000,000
- U. T. M. D. Anderson Cancer Center
Katy Regional Care Center \$5,000,000
- U. T. M. D. Anderson Cancer Center
Campus Telecomm Master Plan \$9,700,000

16



U. T. Dallas

NSF Engineering Research Center

- 50,000 gross square feet (GSF) facility to house the National Science Foundation Engineering Research Center (Center) for nanostructured materials for macroelectronic systems.
- The Total Project Cost is \$20,000,000 with funding of \$18,000,000 from Revenue Financing System Bond Proceeds and \$2,000,000 from Unexpended Plant Funds.

Addition to FY 2012-2017 CIP



U. T. Dallas

School of Management Phase II

- 100,000 gross square feet (GSF) addition to the School of Management building.
- Total Project Cost is \$25,000,000 with funding of \$20,000,000 from Revenue Financing System Bond Proceeds and \$5,000,000 from Permanent University Fund Bond Proceeds.

Addition to FY 2012-2017 CIP



U. T. San Antonio

Administrative Office Building

- Design and construct a five-story 90,000 gross square foot (GSF) building to house various administrative functions currently leasing space off campus. By relocating administrative functions currently housed off campus in leased office space, the University will save approximately \$1,300,000 per year in rent.
- Total Project Cost is \$21,500,000 with funding from Designated Funds.

Addition to FY 2012-2017 CIP



U. T. M. D. Anderson Cancer Center 1MC Tenant Buildout

- Build out shelled floors 11 through 16 within the Mid-Campus Building (1MC) for occupancy by employees currently housed in the Priority 3 leases.
- Institutional Management.
- Total Project Cost is \$51,000,000 with funding from Hospital Revenues.

Addition to FY 2012-2017 CIP



U. T. M. D. Anderson Cancer Center Katy Regional Care Center

- Outpatient imaging center in the West Houston/Katy area.
- Institutional Management.
- Total Project Cost is \$5,000,000 with funding from Hospital Revenues.

Addition to FY 2012-2017 CIP



U. T. M. D. Anderson Cancer Center Campus Telecomm Master Plan

- Install and relocate underground fiber optic systems to connect current and future buildings located on the main campus.
- Institutional Management
- Total Project Cost is \$9,700,000 with funding from Hospital Revenues.

Addition to FY 2012-2017 CIP



CIP Additions

PUF Fire and Life Safety Projects	\$ 20,200,000
Three Academic Projects	66,500,000
Three Health Projects	<u>65,700,000</u>
Total CIP Additions	\$152,400,000

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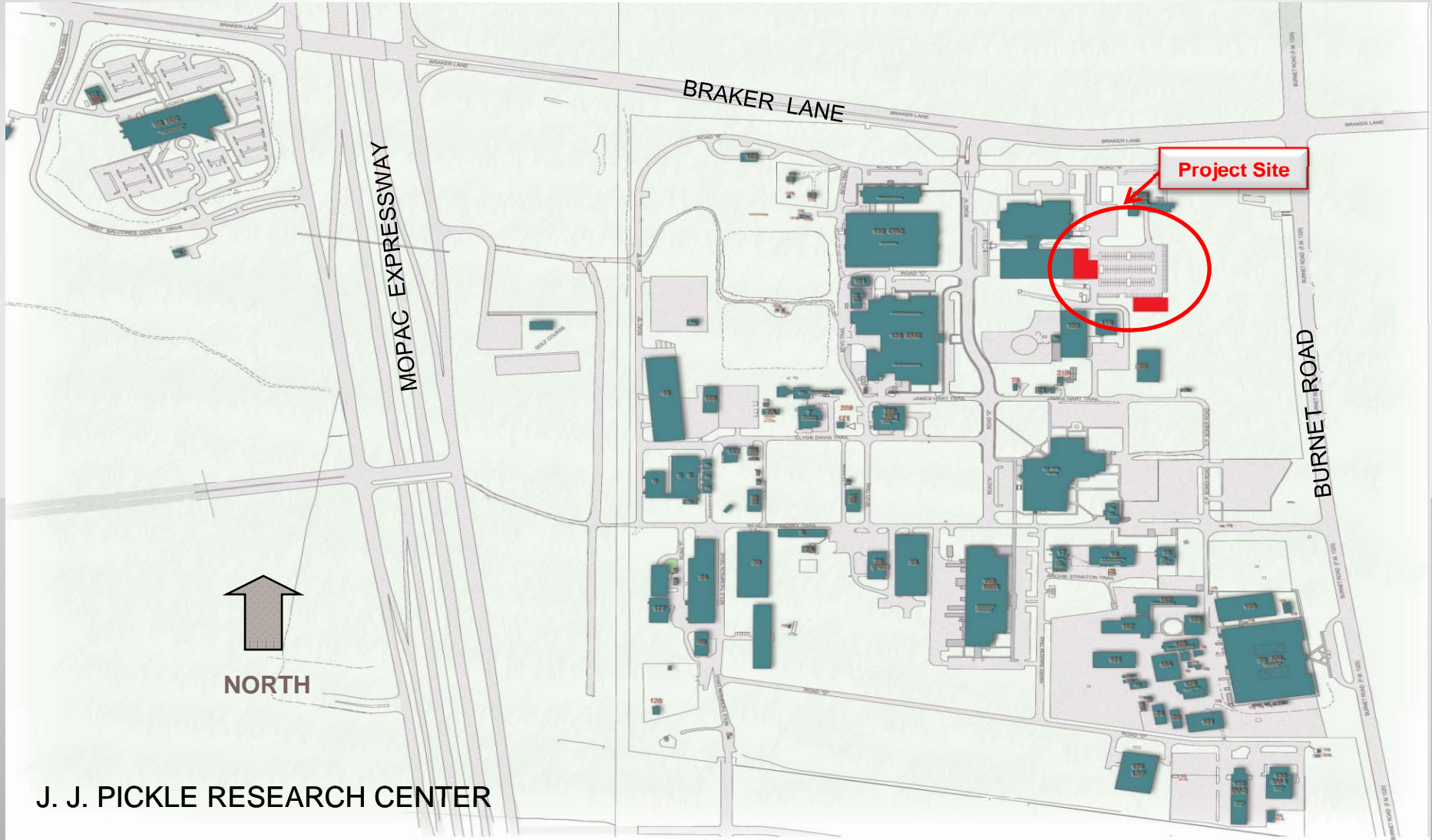


Consideration of Design Development

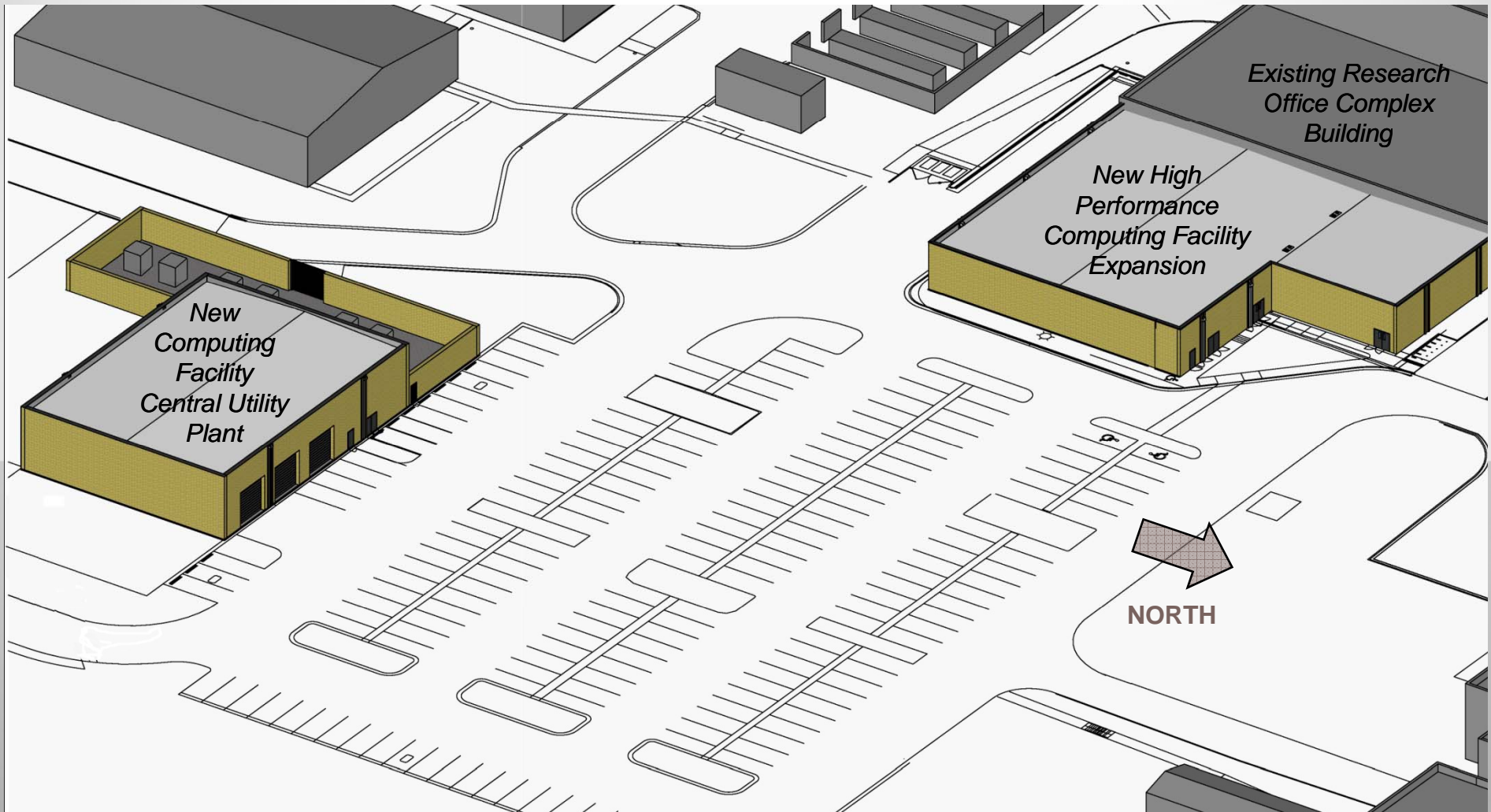
- U. T. Austin
High Performance Computing Facility Expansion
- U. T. Pan American
Fine Arts Academic and Performance Complex
- U. T. M. D. Anderson Cancer Center
Sheikh Zayed Bin Sultan Al Nahyan Building for
Personalized Cancer Care
- U. T. Medical Branch at Galveston
Jennie Sealy Replacement Hospital



U. T. Austin High Performance Computing Facility Expansion



U. T. Austin High Performance Computing Facility Expansion



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U. T. Austin High Performance Computing Facility Expansion



27



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View from Northeast

18

U. T. Austin

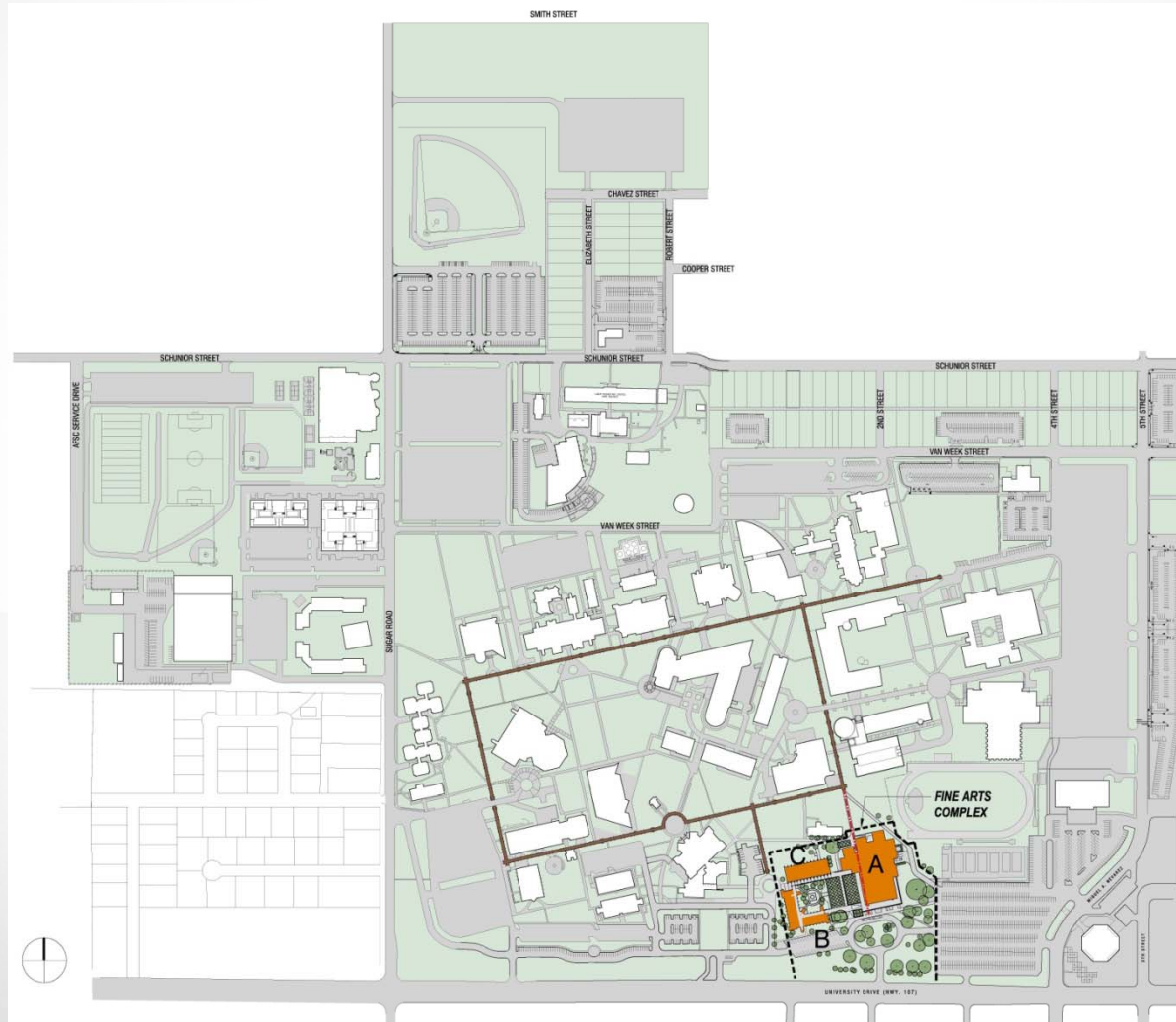
High Performance Computing Facility Expansion

- Total Project Cost is \$56,000,000 with funding of \$55,000,000 from Unexpended Plant Funds and \$1,000,000 from the Available University Fund.
- Investment Metrics
 - Leverage existing systems to compete for National Science Foundation grant with potential of \$54,000,000 over next four years with potential for renewal by 2015
 - Maintain computing capacity at the highest levels to remain competitive in one of the University's highest strategic priorities
 - Continue to recruit the best faculty and graduate students
 - Increase national and international exposure by retaining the Top 10 ranking in supercomputing systems

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



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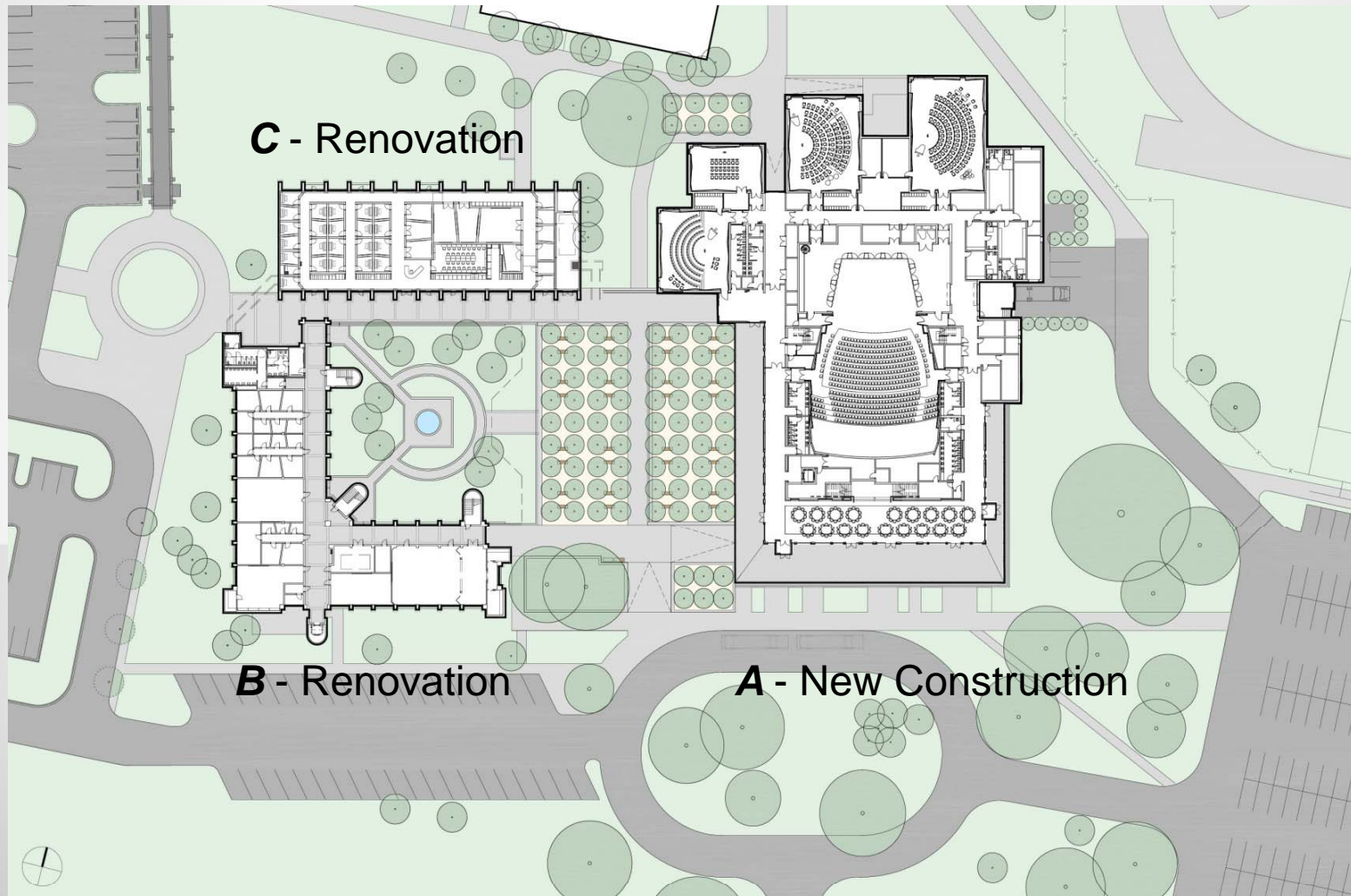


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Campus Plan

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



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



31



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View from West Courtyard

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



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Lobby

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



33



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



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View from South

25

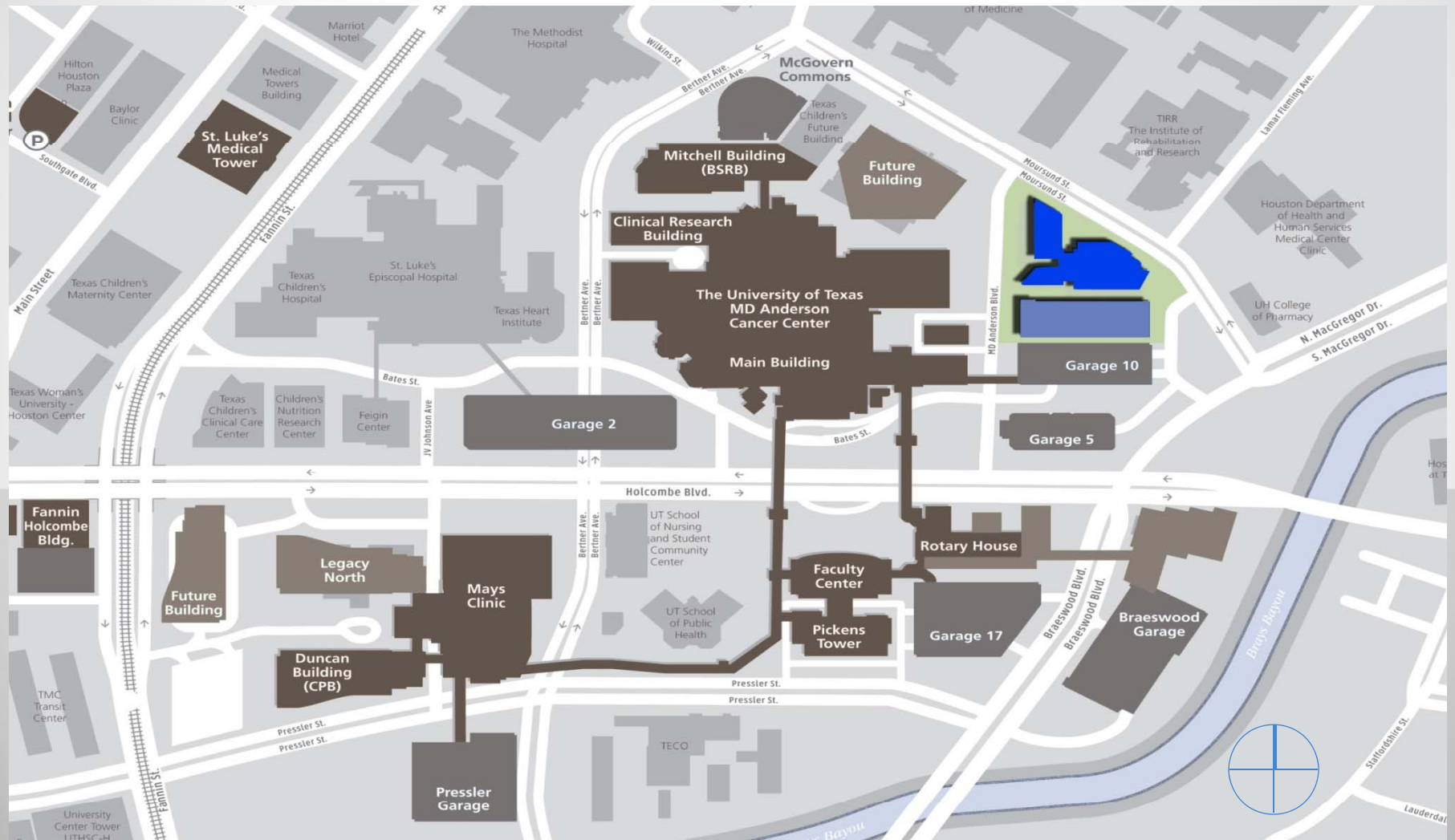
U. T. Pan American Fine Arts Academic and Performance Complex

- Total Project Cost is \$42,696,000 with funding of \$39,796,000 from Tuition Revenue Bond Proceeds and \$2,900,000 from the Higher Education Assistance Fund.
- Investment Metrics
 - By 2015
 - Increase net assignable space by 14,405 net assignable square feet
 - Increase Music and Dance majors from 320 to 453
 - Increase faculty from 38 to 44
 - Increase yearly graduates from 30 to 35

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U. T. M. D. Anderson Cancer Center Sheikh Zayed Bin Sultan Al Nahyan Building for Personalized Cancer Care



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Campus Plan

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U. T. M. D. Anderson Cancer Center Sheikh Zayed Bin Sultan Al Nahyan Building for Personalized Cancer Care

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U. T. M. D. Anderson Cancer Center Sheikh Zayed Bin Sultan Al Nahyan Building for Personalized Cancer Care



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View from Northwest

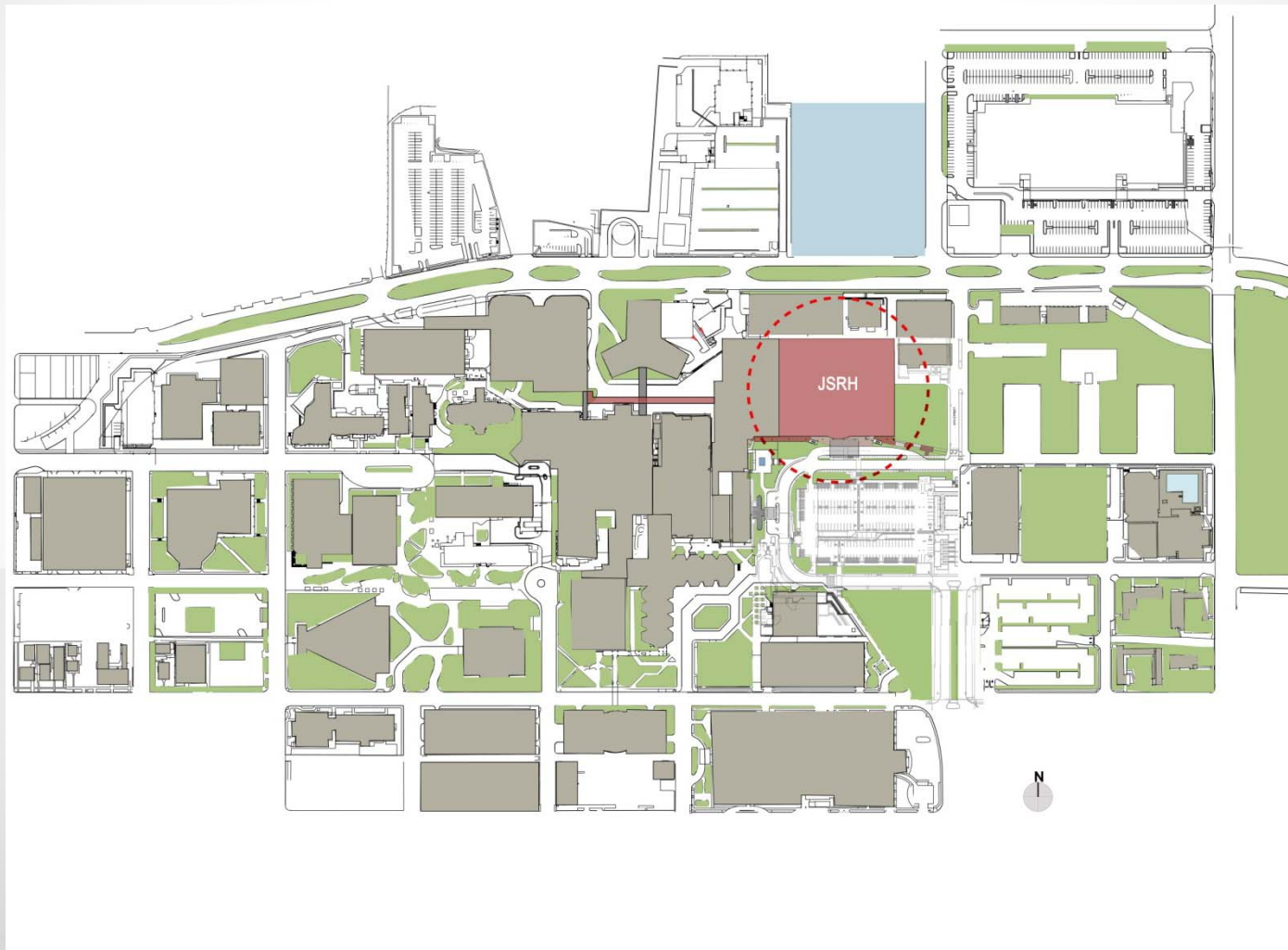
U. T. M. D. Anderson Cancer Center Sheikh Zayed Bin Sultan Al Nahyan Building for Personalized Cancer Care

- Total Project Cost is \$254,800,000 with funding of \$100,000,000 from Gifts and \$154,800,000 from Hospital Revenues.
- Investment Metrics
 - By 2014
 - Create 40 lab modules of approximately 53,000 GSF
 - Create approximately 200 office seats to support lab research
 - Create space for the Institute for Personalized Cancer Therapy, the Center for Pancreatic Cancer, a Clinical Laboratory Improvements Amendments (CLIA) molecular diagnostics laboratory, and a CLIA compliant histo-compatibility laboratory

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U. T. Medical Branch - Galveston Jennie Sealy Replacement Hospital



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Campus Plan

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U. T. Medical Branch - Galveston Jennie Sealy Replacement Hospital



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View from Southeast

32

U. T. Medical Branch - Galveston Jennie Sealy Replacement Hospital



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View from Southeast

33

U. T. Medical Branch at Galveston Jennie Sealy Replacement Hospital

- Total Project Cost is \$438,000,000 with funding of \$174,500,000 from Gifts, \$100,000,000 from Revenue Financing System Bond Proceeds, \$150,000,000 from Tuition Revenue Bond Proceeds, and \$13,500,000 from Hospital Revenues.
- Investment Metrics
 - By 2020
 - Exceed 122,000 hospital patient days
 - Exceed 26,000 hospital inpatient admissions

43



U. T. Austin

Belo Center for New Media

- Proposed increase of \$6,545,000 will complete the finish out of approximately 20,000 GSF for KUT Radio and will renovate spaces vacated by the College of Communication, following occupancy of the completed Belo Center for New Media.
- Total Project Cost is \$62,270,000 with funding of \$17,956,000 from Gifts, \$10,120,000 from Unexpended Plant Funds, \$30,094,000 from Revenue Financing System Bond Proceeds and \$4,100,000 from Designated Funds.

Modification to FY 2012-2017 CIP



U. T. Austin Dell Computer Science Hall/Bill and Melinda Gates Computer Science Complex

- Proposed increase of \$23,000,000 will finish out the remaining interior space of approximately 89,000 NASF.
- Total Project Cost is \$121,480,000 with funding of \$40,000,000 from Gifts, \$20,000,000 from Permanent University Fund Bond Proceeds, \$38,480,000 from Revenue Financing System Bond Proceeds and \$23,000,000 from Designated Funds.

Modification to FY 2012-2017 CIP



U. T. Austin

Darrell K Royal – Texas Memorial Stadium – Athletics Offices Infill and Stadium Maintenance and Renovation

- Original scope of work includes infill of the North End Zone seventh floor at the Darrell K Royal – Texas Memorial Stadium to provide office space for the Intercollegiate Athletics. Proposed increase of \$16,000,000 will provide indoor training and rehabilitation areas in the lower level of the North End Zone.
- The Total Project Cost is \$33,700,000 with funding of \$5,700,000 from Gifts and \$28,000,000 from Revenue Financing System Bond Proceeds.

Modification to FY 2012-2017 CIP



U. T. System FY 2012-2017 Capital Improvement Program

CIP Total prior to today's meeting	\$6,106,695,355
CIP Additions	152,400,000
CIP Modifications including DD	<u>226,496,000</u>
Total Change in CIP	378,896,000
CIP Total as of today	\$6,485,591,355

This represents a 6.2% increase in the CIP.



MINUTES
U. T. System Board of Regents
Technology Transfer and Research Committee
August 24, 2011

The members of the Technology Transfer and Research Committee of the Board of Regents of The University of Texas System convened at 9:35 a.m. on Wednesday, August 24, 2011, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

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

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

1. U. T. System: Report on Technology Commercialization

Committee Meeting Information

Presenter(s): Richard Miller, M.D., Chief Commercialization Officer, U. T. Austin

Status: Reported/Discussed

Follow-up action: Committee Chairman Dannenbaum suggested there is a need to refine guidelines that could be fine-tuned for each institution that in addition to licensing, could generate and nourish a commercialization platform. If an invention is big enough, U. T. System could create companies to produce and commercialize inventions in Texas and share ownership with the U. T. System to produce even greater net economic returns and create jobs in Texas and economic opportunities.

Discussion at meeting:

In reply to a question from Vice Chairman Hicks about the terms and conditions of the licenses for the lithium ion battery invention with HydroQuebec and the tamper-proof oxycontin invention with Abbott/Purdue Pharma, Dr. Miller addressed the terms, but said the specifics remain confidential. Regent Cranberg asked if the upfront payment for the lithium ion battery invention is shared with the inventor, and Dr. Miller answered affirmatively. He added that the inventor donated the proceeds back to the University, and Mr. Allinson clarified that was after patent costs.

In response to a request from Chancellor Cigarroa, Dr. Miller said the usual revenue sharing between an institution and the inventor after expenses is 50/50, and departments do not usually share in that. He said there are special circumstances

where some money comes back to a department or to a school. Vice Chairman Foster asked if revenue sharing is negotiated, and Dr. Miller said the royalty split is firm, but the negotiations are unique to each deal.

Committee Chairman Dannenbaum suggested there is a need to refine guidelines that could be fine-tuned for each institution and that in addition to licensing, could generate and nourish a commercialization platform so that if an invention is big enough, companies could be created to produce and commercialize inventions in Texas and share ownership with the U. T. System to produce even greater net economic returns and create jobs in Texas and economic opportunities.

2. U. T. System: U. T. Horizon Fund update

Committee Meeting Information

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

Status: Reported/Discussed

Discussion at meeting:

Vice Chairman Hicks asked how long the process will take from application to funding, and Mr. Allinson said there will normally be a six-month review time, plus maybe a 60-day implementation time. Mr. Allinson described that process, and said there will also be a fast-track process for special circumstances.

Regent Gary asked Mr. Allinson for a typical profile of a co-investment partner. Mr. Allinson said that preemptive rights, maturity, and equity dilutive parts will come through the existing set of investors that have a term sheet or letter of intent to a U. T. equity startup. Without the Fund, a dilution of equity may be realized that would degrade the value. The co-investor in that case would be the investors already on board or that would come on board with this Fund. For the seed fund, which is a normal startup fund, work would begin even in advance of the six-month process with early stage capital investor firms and angel investors who would be credible and appropriate.

Vice Chairman Foster asked if the investments are limited to inventions or research from U. T., and Mr. Allinson said yes, the focus will be on U. T.-owned intellectual property (IP). Vice Chairman Foster asked about third-party research, and Mr. Allinson said if the IP became owned by U. T., that would meet the criteria. Vice Chairman Foster said he agreed with that approach.

Regent Cranberg asked if the IP requirement would be patentability or if it will be insight or knowledge that is not necessarily patentable, and Mr. Allinson said IP assets owned by U. T. are mostly patents, but include copyrights, technology, or know-how.

In reply to a question from Regent Rutkauskas about the split of proceeds, Mr. Allinson said the royalties from license agreements will fall under the 50/50 split, but the equity policy will be up to the institution's policy since the U. T. System does not have an equity policy. Regent Rutkauskas applauded the involvement of students in any learning opportunities.

Committee Chairman Dannenbaum said the procedures are drafts and the Committee is seeking input on processes.

3. U. T. System: Research and Commercialization Search Engine update

Committee Meeting Information

Presenter(s): *Mr. Bryan Allinson, Executive Director of Technology Commercialization; Dr. Ronald Elsenbaumer, Vice President for Research and Federal Relations, U. T. Arlington*

Status: *Reported/Discussed*

Follow-up action: *Consider distributing the reports on research capabilities and patents that were not presented at the meeting due to time constraints.*

Discussion at meeting:

Mr. Allinson said the message is that "U. T. is open for business." Committee Chairman Dannenbaum indicated that reports on research capabilities and patents that were not presented at the meeting due to time constraints could be distributed.

4. U. T. System: Report on Academic Industry Roundtable "Fresh AIR"

Committee Meeting Information

Presenter(s): *Dr. Patricia Hurn, Associate Vice Chancellor for Research*

Status: *Reported/Discussed*

Discussion at meeting:

Dr. Hurn proposed to establish a Chancellor's Fresh AIR Industry Council to seek 15 Texas-based industry leaders to serve as an advisory cabinet to the Chancellor and the institutions. The Council would have a regional focus and would

- *conduct quarterly reviews of research and technology portfolios to connect industry and campuses;*
- *provide counsel on the portfolios, such as on the concept, venture capital, strategy, and product market feasibility;*
- *strengthen access between the business community and campus researchers;*

- *form long-term partnerships;*
- *serve as an advisor to the U. T. Horizon Fund;*
- *serve as a steering panel for a Fresh AIR kick-off to promote visibility of the strategy; and*
- *create regional councils.*

Board Chairman Powell expressed support for the Fresh AIR proposal, including the formation of a Chancellor's Council and regional councils. He noted the Technology Transfer and Research Committee had been in existence for approximately six months, and noting it will be a benefit to the U. T. System and institutions, he remarked that the activities of the Committee were moving in the direction of the Chancellor's Framework for Advancing Excellence Action Plan (see related Item 3 on Page 8 of the Board Minutes).

ADJOURNMENT

Committee Chairman Dannenbaum adjourned the meeting at 10:33 a.m.