

Meeting No. 935

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

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December 6, 2000

Austin, Texas

MEETING NO. 935

WEDNESDAY, DECEMBER 6, 2000.--The members of the Board of Regents of The University of Texas System convened via telephone conference call at 11:05 a.m. on Wednesday, December 6, 2000, on the ninth floor of Ashbel Smith Hall at 201 West Seventh Street in Austin, Texas, with the following in attendance:

ATTENDANCE.--

Present _____
Chairman Evans, presiding
Vice-Chairman Clements
Regent Hunt
Regent Miller
Regent Oxford
Regent Riter
Regent Romero
Regent Sanchez

Absent _____
*Vice-Chairman Loeffler

Counsel and Secretary Frederick

In accordance with notices being duly posted with the Secretary of State and there being a quorum present, Chairman Evans called the meeting to order. He announced that the purpose of this special meeting was to deliberate matters related to the naming of a Chancellor for The University of Texas System, a lease at The University of Texas Southwestern Medical Center at Dallas, and three personnel items in Executive Session.

These items were of sufficient urgency to require immediate consideration by the Board prior to the next regularly scheduled meeting of the U. T. Board of Regents on February 14-15, 2001.

*Vice-Chairman Loeffler was not able to participate due to previous commitments.

1. U. T. System: Appointment of Mr. Robert Daniel (R. D.) Burck as Chancellor Effective Immediately

Regent Miller moved that Mr. Robert Daniel (R. D.) Burck, currently Chancellor-Elect of The University of Texas System, be elected Chancellor effective immediately, with compensation commensurate with the responsibilities of the office to be negotiated between Mr. Burck and Chairman Evans and submitted to the Board via the usual budgetary procedures.

Regent Miller further moved that the Board find, as required by State law, that this appointment is in the best interest of the U. T. System.

Regent Hunt seconded the motions which carried by unanimous vote.

Chairman Evans offered the Board's sincere congratulations to Chancellor Burck and noted Mr. Burck is a great leader and that he will be a great chancellor who will leave a tremendous legacy. Chancellor Burck was the sole finalist for the position.

Mr. Burck stated that he was honored by the appointment and expressed appreciation to the Board for its confidence in his leadership ability. He said he is looking forward to working with all U. T. System employees and the people of the State of Texas.

2. U. T. Southwestern Medical Center - Dallas: Authorization to Lease Campus Land and Equipment to St. Paul Medical Center, Dallas, Dallas County, Texas, or an Entity Controlling, Controlled by, or Under Common Control with Zale Lipshy University Medical Center, Inc.; Finding of Public Purpose; and Authorization for the President of U. T. Southwestern Medical Center - Dallas to Execute All Documents Related Thereto

Upon motion of Regent Hunt, duly seconded, the Board:

- a. Authorized The University of Texas Southwestern Medical Center at Dallas to enter into a lease with St. Paul Medical Center, Dallas, Dallas County, Texas, a Texas nonprofit corporation, or an entity controlling, controlled by, or under common control with Zale Lipshy University Medical Center, Inc., a Texas nonprofit corporation, to occupy land and improvements on the U. T. Southwestern Medical Center - Dallas campus for the purpose of operating a hospital

- b. Authorized U. T. Southwestern Medical Center - Dallas to enter into a lease with St. Paul Medical Center or an entity controlling, controlled by, or under common control with Zale Lipshy University Medical Center, Inc., to use personal property and equipment owned by U. T. Southwestern Medical Center - Dallas for the operation of the hospital
- c. Determined that the lease of the land and improvements to St. Paul Medical Center or an entity controlling, controlled by, or under common control with Zale Lipshy University Medical Center, Inc., for the stated purposes, will serve a public purpose appropriate to the function of U. T. Southwestern Medical Center - Dallas, and that the consideration to The University of Texas System and U. T. Southwestern Medical Center - Dallas from the lessee will be adequate
- d. Authorized the President of U. T. Southwestern Medical Center - Dallas, or his delegate, to negotiate the leases and to take all steps necessary and execute all documents required to complete the transactions outlined above, subject to approval of all such documents as to legal form by the Office of General Counsel.

At its meeting on October 2, 2000, the U. T. Board of Regents approved the acquisition by U. T. Southwestern Medical Center - Dallas of approximately 25.94 acres of land and improvements known as St. Paul Medical Center in Dallas, Dallas County, Texas, and associated equipment items. As part of that approval, the U. T. Board of Regents approved in concept the lease of a portion of the land and improvements and the equipment for hospital purposes to St. Paul Medical Center, a Texas nonprofit corporation, or an entity controlling, controlled by, or under common control with Zale Lipshy University Medical Center, Inc., a Texas nonprofit corporation.

U. T. Southwestern Medical Center - Dallas will enter into an affiliation agreement with St. Paul Medical Center and possibly one or more entities controlling, controlled by, or under common control with Zale Lipshy University Medical Center, Inc. The affiliation agreement will provide for, among other things, the governance and operation of the hospital facility as a teaching hospital fully integrated with the medical education programs of U. T. Southwestern Medical Center - Dallas. The affiliation agreement will also make the hospital facility available as a full-time teaching facility of U. T. Southwestern Medical Center - Dallas. The leases of the land, improvements, and equipment will be ancillary to the affiliation agreement.

Zale Lipshy University Medical Center, Inc., is the sole member of Zale Lipshy University Hospital, Inc., which currently operates Zale Lipshy University Hospital at U. T. Southwestern Medical Center - Dallas. Simultaneously with Southwestern Medical Center's acquisition of the 25.94-acre hospital complex, Zale Lipshy University Medical Center, Inc., will become the sole member of St. Paul Medical Center. The lessee will operate the hospital as a primary facility for the hospitalization of patients of the faculty of U. T. Southwestern Medical Center - Dallas. Lease of the land, improvements, and equipment for hospital purposes will provide inpatient facilities that will constitute an important clinical teaching venue for U. T. Southwestern Medical Center - Dallas, thus furthering the mission and educational purpose of that institution and the U. T. System.

In lieu of regular installments of rental payments for the use of the land and improvements, the lessee will maintain the leased land and improvements, continuously operate a hospital in the leased improvements, and provide to U. T. System and U. T. Southwestern Medical Center - Dallas other benefits and consideration, including use of the hospital facility by U. T. Southwestern Medical Center - Dallas faculty as a full-time teaching facility. Lease of the equipment will be at market value.

The Attorney General of the State of Texas in Opinion No. MW-373 (1981) has advised that, for the use of space in university facilities without cash rental payments to comply with the Texas Constitution, three requirements must be met: (1) the use of the property must serve a public purpose, appropriate to the function of the university; (2) adequate consideration must be received by the university; and (3) the university must maintain controls over the user's activities to ensure that the public purpose is achieved.

In order to implement this project, the U. T. Board of Regents was required to make a determination that the lease will serve a public purpose appropriate to the function of U. T. Southwestern Medical Center - Dallas and that the consideration for the lease is adequate.

RECESS TO EXECUTIVE SESSION.--At 11:10 a.m., Chairman Evans announced that the Board would recess to convene in Executive Session pursuant to Texas Government Code Section 551.074 to consider personnel matters listed on the Executive Session agenda.

RECONVENE.--At 11:20 a.m., the Board reconvened in open session for action on the items discussed in Executive Session.

EXECUTIVE SESSION OF THE BOARD OF REGENTS

Chairman Evans reported that the Board met in Executive Session to discuss matters in accordance with Texas Government Code Section 551.074. In response to an inquiry from Chairman Evans regarding the wishes of the Board, the following actions were taken:

1. U. T. System: Appointment of Mr. Kerry L. Kennedy as Executive Vice Chancellor for Business Affairs

Upon motion of Regent Riter, seconded by Regent Oxford, the Board appointed Mr. Kerry L. Kennedy, currently Interim Executive Vice Chancellor for Business Affairs, Executive Vice Chancellor for Business Affairs of The University of Texas System effective at a date and compensation, commensurate with the responsibilities of the office, to be negotiated by Chancellor Burck and submitted to the Board via the usual budgetary procedures.

He further moved that the Board find, as required by State law, that this appointment is in the best interest of the U. T. System.

Both motions carried by unanimous vote.

Note from the Counsel and Secretary to the Board: Following the meeting, Chancellor Burck stated that this appointment is effective immediately.

2. U. T. System: Approval to Appoint Mr. Tom A. Scott as Vice Chancellor for Governmental Relations

Regent Oxford moved that Mr. Tom A. Scott, currently Interim Vice Chancellor for Governmental Relations, be appointed Vice Chancellor for Governmental Relations of The University of Texas System effective at a date and compensation, commensurate with the responsibilities of the office, to be negotiated by Chancellor Burck and submitted to the Board via the usual budgetary procedures.

He further moved that the Board find, as required by State law, that this appointment is in the best interest of the U. T. System.

The motions were seconded by Regent Hunt and prevailed by unanimous vote.

Note from the Counsel and Secretary to the Board: Following the meeting, Chancellor Burck stated that this appointment is effective immediately.

3. U. T. System: Authorization to Name Mr. Armando Diaz as Vice Chancellor for Community Relations

Upon motion of Regent Sanchez, duly seconded, Mr. Armando Diaz, currently Associate Vice Chancellor for Governmental and Community Relations, was named Vice Chancellor for Community Relations of The University of Texas System effective at a date and compensation, commensurate with the responsibilities of the office, to be negotiated by Chancellor Burck and submitted to the Board via the usual budgetary procedures.

Further, the Board found, as required by State law, that this appointment is in the best interest of the U. T. System and authorized the Counsel and Secretary to the Board to amend the Regents' Rules and Regulations accordingly.

Note from the Counsel and Secretary to the Board: Following the meeting, Chancellor Burck stated that this appointment is effective immediately.

ADJOURNMENT.--Chairman Evans announced that the purposes for which this meeting was called had been completed and the meeting was duly adjourned at 11:25 a.m.

/s/ Francie A. Frederick
Counsel and Secretary to the Board

December 18, 2000