



REVISED 10/26/04

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FOR
MEETING OF THE BOARD**

Board Meeting: 11/4 - 5/2004
Austin, Texas

November 4

A. CONVENE IN OPEN SESSION

11:00 a.m.
Chairman Huffines

B. RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551 (Working Lunch)

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

Possible litigation concerning The University of Texas Investment Management Company (UTIMCO)

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

a. **U. T. Dallas: Consideration of personnel matters related to presidential search** (Discussion only)

Dr. Sullivan

b. **U. T. System: Consideration of personnel matters relating to evaluation of presidents and U. T. System officers and employees**

c. **U. T. System: Consideration of personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents, U. T. System officers and employees**

3. Deliberations Regarding the Purchase, Exchange, Lease or Value of Real Property - Texas Government Code Section 551.072

a. **U. T. Austin: Authorization to complete negotiations to acquire certain parcels of land with improvements described as follows that are proposed to be incorporated as part of the site of a hotel and conference center and a parking garage to be located immediately south of the main campus in Austin, Travis County, Texas**

*Dr. Faulkner
Mr. Wilson
Mr. Collins*

i) **Seven parcels of land and improvements legally described as Lots 27-32 and the south 46 feet of Lot 33, Block 20, Louis Horst's Subdivision out of Outlot 20, Division "D", City of Austin, Travis County, Texas**

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<p>ii) Through condemnation proceedings if necessary, seven parcels of land and improvements in the City of Austin, Travis County, Texas legally described as follows:</p> <ul style="list-style-type: none"> • The North 24 feet of Lot 33 and South 24 feet of Lot 34, Block 20, Division “D”; • Forty feet, more or less, off the north side of Lot 34, Outlot 20, Division “D”; • Lots 11 and 12, Block 20, Louis Horst’s Outlots in Division “D” and Division “E”; and • Lots 13 and 14, Block 20, Louis Horst’s Outlots in Division “D” and Division “E” <p>(See also Item 3 on Page 23 and Item 1 on Page 54.)</p>	
<p>b. U. T. Medical Branch – Galveston: Authorization to negotiate the acquisition of unimproved land described as 35.43 acres of vacant land along IH 45, just north of FM 646, League City, Galveston County, Texas</p>	<p><i>Mr. Pederson Mr. Moore Ms. Mayne Mr. Collins</i></p>
<p>C. RECONVENE IN OPEN SESSION TO CONSIDER ACTION ON EXECUTIVE SESSION ITEM(S)</p>	<p>12:15 p.m. 1</p>
<p>D. CONSIDER AND TAKE APPROPRIATE ACTION ON DOCKET ITEM (Reference Item 2 on Page Docket - 1 related to a time-sensitive contract with JPMorgan Securities, Inc.)</p>	
<p>E. SPECIAL REPORT</p> <p>U. T. System: Report and discussion of the institutional compact process</p>	<p>12:25 p.m. Discussion 1 <i>Chancellor Yudof Dr. Malandra Dr. Mabry Dr. Willerson</i></p>
<p>F. RECESS TO MEETINGS OF STANDING COMMITTEES</p> <p>Academic Affairs Committee</p> <p>Health Affairs Committee</p> <p>Facilities Planning and Construction Committee</p> <p>Audit, Compliance, and Management Review Committee</p> <p>Finance and Planning Committee</p>	<p>1:00 p.m.</p> <p>2:00 p.m.</p> <p>3:30 p.m.</p> <p>4:30 p.m.</p> <p>5:30 p.m.</p>
<p>G. RECESS</p>	<p>6:00 p.m.</p>

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3.	U. T. System: Approval of the U. T. System Executive Compensation Philosophy Policy	10:15 a.m. Action <i>Chancellor Yudof</i>	4
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N.	OTHER MATTER U. T. Board of Regents: Presentation of certificate of appreciation to President Jenifer	11:20 a.m. Action	72
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THURSDAY, NOVEMBER 4

E. SPECIAL REPORT

U. T. System: Report and discussion of the institutional compact process

REPORT

Chancellor Yudof, President Willerson, President Mabry, and Associate Vice Chancellor Malandra will provide an update and lead a discussion on the institutional compact process following the PowerPoint presentations on Pages 1.1 – 1.14.

BACKGROUND INFORMATION

The U. T. System Institution Compacts were sent to the Board of Regents in early September 2004. The compact process was first introduced by Chancellor Yudof at the December 2002 meeting of the Board. The compacts have been integrated into the accountability and strategic framework for the U. T. System.

The compacts are written agreements, between the Chancellor and the presidents of each of the academic and health institutions, that summarize the institution's major goals and priorities, strategic directions, and specific tactics to achieve its goals.

These compacts reflect the unique goals and character of each institution, highlighting action plans, progress, and outcomes. Faculty, staff, and students helped to create these compacts, so that a shared plan and vision resulted. The U. T. System Administration's commitment of resources and time to support each institution's initiatives is included in every compact.

Covering the fiscal years ending 2005 and 2006, the compacts were completed in the Summer 2004. They will be updated annually; updates for the second year of the cycle will be completed by August 2005.



The University of Texas System Compact Process

Board of Regents' Meeting
November 4, 2004



What Is a Compact?

A succinct written agreement between the Chancellor and a president that summarizes an institution's major goals and priorities, strategic directions, tactics, measurable outcomes, and critical issues for an 18 to 24 month period.



Why Use Compacts?

Contrast with strategic plans:

- Shorter term
- Emphasize alignment to broad campus and system goals
- Process is interactive – results from discussions and agreements about reciprocal obligations between institution and campus
- Emphasize specific mechanisms to achieve priorities – more tactical, less aspirational
- Articulate specific, measurable outcomes
- Update annually

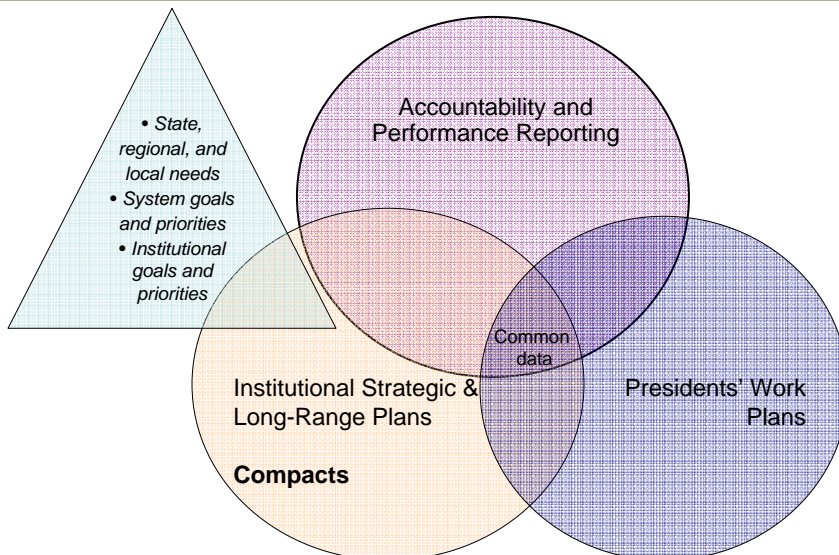


Uses of Compacts

- Tactical documents: provide a specific and operational view of an institution's key activities over the period of one to two years.
- Management tools: provide a context for review of academic program proposals, capital requests, and other opportunities an institution may encounter alone or jointly.
- Communication tools: collect information in one place, and shows the relationship among all key goals and issues.



U. T. System Planning Context



What Does a Compact Contain?

1. Institution mission
2. Major short-term and ongoing priorities and initiatives, and measures of progress
3. Future initiatives of high strategic importance
4. Impact of initiatives
5. Connections to institutional, System, and State priorities
6. Compact development and consultation process
7. System contributions
8. Budget and key statistical information



Examples of Compact Measures: Academic Institutions

UT Arlington

Priority: **Excellence Initiative**
Objective: Enhance UTA's academic profile, overall reputation, research
Strategy: Invest in faculty – new hires, Academy of Distinguished Scholars
Measures: Increase from 2004 to 2006 in # research proposals per faculty, and in research expenditures

UT El Paso

Priority: **Enrollment management**
Objective: Increase 6-year graduation rates
Strategy: Improve academic advising; create alternative and streamlined degree paths
Measure: Increase 6-year graduation rate to 50% in 10 years

UT Permian Basin

Priority: **Growth**
Objective: Increase enrollment above current 2,130 full-time equivalent students
Strategy: New degree programs; expand student housing, enhance services
Measure: Increase semester credit hour enrollment by 5.5% each year



Examples of Compact Measures: Health-Related Institutions

UT Southwestern Medical Center - Dallas

Priority: **Consolidate hospital operations into patient care mission of university**
Objective: Ensure future growth and excellence of clinical referral practice
Strategy: Obtain experienced management; financial consolidation; consolidate information technology systems
Measures: Positive financial performance of hospitals and national recognition for quality

UT Health Science Center - San Antonio

Priority: **Enhance Excellence in Education**
Objective: Establish Center for Effective Teaching and Learning
Strategy: Provide umbrella support to 5 colleges for curriculum development, teaching skill development
Measures: Client satisfaction; improved student performance; accreditation results

UT M. D. Anderson Cancer Center

Priority: **Increase collaborative research and outreach**
Objective: Leverage strengths of MDACC faculty to enhance scientific discoveries
Strategy: Seed funding for new collaborations; improve existing partnerships
Measure: Number of extramurally-funded research collaborations



Improving the Process

- Streamline and align with institution planning processes and with preparation for U. T. System budget hearings
- Emphasize consultation
- Increase understanding of resources for reciprocity
- Increase consistency in description of specific tactics and measurable outcomes
- Compact updates will be drafted in Spring 2005 and finalized in August.
- For more information, visit:

<http://www.utsystem.edu/news/wag/homepage.htm#compacts>



From a Promise to a Plan Our Compact with UT System

*Presented by:
James T. Willerson, M.D., President*



THE UNIVERSITY of TEXAS
HEALTH SCIENCE CENTER at HOUSTON



Compact as Both Challenge and Opportunity

Challenge:

Chancellor Yudof tasks each UT institution
with development of a compact

Opportunity:

UT Health Science Center at Houston would use
the compact as a cornerstone for short-term
and longer-term planning





Criteria for the Compact

- Focus on next two years
- Reflect Health Science Center-wide goals
- Secure buy-in from all levels of personnel
- Utilize as a management tool



Compact Development

- Step 1: Deans and EVPs provide top three short-term goals and three long-term goals
- Step 2: Input consolidated into a matrix
- Step 3: Deans and EVPs determine top three institution-wide short-term and long-term goals





Compact Development continued

Step 4: Secure parallel input from across the campus

- Town hall meetings with any/all interested personnel
- Interfaculty Council
- Student InterCouncil
- University Classified Staff Council
- Academic Council
- Research Council
- Administrative Council



Compact Development continued

Step 5: Deans/EVPs consider input, revise goals

- Add goal related to creation of bridge funding to support research
- Add goal related to planning for integrated marketing efforts





Compact Development continued

Step 6: Finalize draft compact document

- Add resource needs and constraints
- Add subordinate tasks
- Add metrics



Compact Development continued

Step 7: Review and approval by President

- Compact finalized
- Ownership of each goal established
- Quarterly reviews established
- Communication launched





Quarterly Review Process

- Two reviews conducted to date (May 2004, September 2004)
- Each “owner” reports on assigned goal(s)
- Issues discussed and worked
- Status updated in the compact document



Ongoing Communication

- Web site created, updated periodically
- Publications to report progress
- Leadership Summit (September 2004)
- Celebration of goals achieved!





"I like the compact very much. One of the reasons is that you really have to set priorities. We're asking, 'What can I do that would make the biggest impact this year?'"

– *Dr. Patricia Starck, dean, School of Nursing,
quoted in Distinctions*



"...I have been impressed with how much we share the common goal of supporting our university's research enterprise. I think that the prominent place that research occupies in both the short-term and long-term goals of the university speaks to the shared goal of our faculty and our administration in ensuring that excellence in research remains one of the key missions of the institution."

– *Dr. Peter Davies, executive vice president for research,
as quoted in Distinctions*





"I thought it was wonderful that executive leadership considered our opinions, concerns and priorities. I've heard nothing but compliments from staff. The compact is a good way to keep track of the health science center's goals and priorities, especially making specific people responsible – accountability is a big issue with UCSC."

*– Ms. Tiffany Sheffield-Lopez, immediate past chair,
University Classified Staff Council,
as quoted in The Leader*





THE UNIVERSITY OF TEXAS AT TYLER

Compact Presentation

Rodney Mabry, PhD



Who We Are

THE UNIVERSITY OF TEXAS AT TYLER

- Mission and Scope
- Students and Faculty
- Growth and Success



Major Compact Goals

THE UNIVERSITY OF TEXAS AT TYLER

- Increase Enrollment
- Increase Research
- Larger Role in Economic Development of East Texas



Comments

THE UNIVERSITY OF TEXAS AT TYLER

- Aligned Closely with Strategic Plan
- Monitoring Accomplishment
- Extensive Consultation Process

FRIDAY, NOVEMBER 5

- I. RECONVENE MEETING OF THE BOARD
- J. APPROVAL OF MINUTES
- K. CONSIDER AGENDA ITEMS
- 1. **U. T. Board of Regents: Resolution to honor former Regent Jenkins Garrett**

RECOMMENDATION

It is recommended that the Board approve the following resolution to recognize the contributions of former Regent Jess Jenkins Garrett, LLB, to The University of Texas System on the occasion of his 90th birthday:

Resolution

WHEREAS, The Honorable Jenkins Garrett was appointed to the Board of Regents of The University of Texas System by Governor John Connally on January 10, 1969;

WHEREAS, Regent Garrett served on the Board of Regents until his term expired in January 1975 with the highest sense of integrity and honor;

WHEREAS, Regent Garrett's love of Texas, its history, and of The University of Texas, throughout his adult life, brought countless benefits to all of the people of our State;

WHEREAS, Regent Garrett, with his keen knowledge of Texas history and bibliography, was instrumental in bringing many significant and prestigious book collections to The University of Texas System. In 1974, he and his wife, Virginia, donated his world-renowned Texana book collection to The University of Arlington, which became the impetus for The University of Texas at Arlington to build an outstanding Special Collections area;

WHEREAS, Regent Garrett is best known for his service to higher education in Texas, serving on the Board of Trustees of Southwestern Baptist Theological Seminary, Governor's Committee on Education Beyond the High School Level, and the Board of Trustees of Tarrant County Junior College District; and

WHEREAS, The University of Texas at Austin named Regent Garrett a Distinguished Alumnus in 1995 and acknowledging numerous awards for his collecting pursuits and philanthropy, including the Philanthropic Award of the Texas Library Association, Sir Thomas More Medal of the University of San Francisco's Gleeson Library, and the Award of Excellence in Preserving History sponsored by the Texas Historical Commission.

NOW THEREFORE, BE IT RESOLVED by the Board of Regents that appreciation be extended to Jenkins Garrett for his six years of invaluable and unselfish service to this Board and that it further commend him for his hard work and fairness in performing his duties; and be it further

RESOLVED that an official copy of this resolution be prepared for Jenkins Garrett as an expression of highest esteem and warmest regards on the occasion of his 90th birthday on December 14, 2004.

2. **U. T. Board of Regents: Report on Major George W. Littlefield, a former Regent, and the Littlefield Doors and introduction of guests**

REPORT

Dr. David B. Gracy II, Governor Bill Daniel Professor in Archival Enterprise in the School of Information at The University of Texas at Austin, will present a report on the contributions of Major George W. Littlefield to The University of Texas System, including an introduction to the Littlefield Doors on display in the lobby of Ashbel Smith Hall in Austin, Texas. Major Littlefield was a member of the Board of Regents from 1911 to 1920. An excerpt from the Handbook of Texas Online providing a short biography of Major Littlefield is attached on Pages 3.1 – 3.3.

An informational PowerPoint will be presented at the meeting. Descendants of Major Littlefield and his business partners have been invited to the presentation.

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LITTLEFIELD, GEORGE WASHINGTON (1842-1920). George Washington Littlefield, cattleman, banker, and member of the Board of Regents of the University of Texas, son of Fleming and Mildred Terrell (Satterwhite) White Littlefield, was born in Panola County, Mississippi, on June 21, 1842. The family moved to Texas in 1850 after a confrontation between Fleming Littlefield and his wife's family. In marrying Fleming, her overseer, after the death of her first husband, Mildred in her family's eyes had married beneath her station, an action to which her family objected. George grew to young manhood on the family plantation near Belmont, Gonzales County, helping his mother to manage the place after Fleming's death in 1853. George received a basic education in Gonzales College and Baylor University, 1853-55 and 1857. With the outbreak of the Civil War^{qv} in 1861 George enlisted in Company I, Eighth Texas Cavalry^{qv} (Terry's Texas Rangers), which fought in the Army of Tennessee. Before his military career was ended at Mossy Creek, Tennessee, on December 26, 1863, by an exploding cannon shell, George rose to the rank of company commander, the youngest in his regiment, and fought at Shiloh, Perryville, and Chickamauga. At Mossy Creek he was promoted to major, a title by which he was addressed after the mid 1880s. Back in Texas after being discharged in 1864, he took control of a plantation belonging to himself and his brother, and "went to work to make the best, as he thought, of a miserable life, having to carry his crutches everywhere." During the war, on January 14, 1863, George married Alice Payne Tillar, with whom he had two children, both of whom died in infancy. In his business ventures thereafter, George Littlefield, who had a highly developed sense of family, utilized nephews and the husbands of nieces as managers.

George's first years farming after the war ended in disaster caused by three years of worm infestation and flood. Even the road-side store he opened, which prospered because George accepted barter, in particular cattle, could not make up for the losses. In 1871 he gathered a herd of cattle, half of which were his and the rest belonging to his brother, bought more, and drove the herd to Abilene, Kansas, where he sold the animals for enough to discharge all of his debts and leave him with \$3,600 "to begin business." Over the next several years entrepreneur Littlefield opened a dry goods store in partnership with J. C. Dilworth in Gonzales, bought and trailed cattle, bought ranches in Caldwell and Hays counties, and developed his plantations. In the trailing business, Littlefield commonly bought his cattle, rather than, as most trailing contractors did, trailing them for a fee. He took the greater risk, but reaped the greater

reward in their sale. In 1877 Littlefield bought water rights along the Canadian River near Tascosa and established the LIT Ranch,^{qv} which he sold in 1881 for \$248,000. Littlefield rejoiced that he had obtained "far more money than he had ever expected to have" and thought of retiring at thirty-nine years of age. But he did not retire, as "he learned. . .that the more money a man makes, the more he has to make, that a man's world opens up a little bit wider with each deal, and demands become heavier."

In 1882 Littlefield followed the advice of his principal ranch manager, half-nephew J. Phelps White, and purchased water interests sufficient to control some four million acres of land in New Mexico east of the Pecos River between Fort Sumner and Roswell, on which he established the Bosque Grande Ranch. In 1883 he bought the site of the first windmill on the New Mexico plains at the Four Lakes north of Tatum and developed the Four Lakes Ranch with windmills and barbed wire to control access to water and permit upgrading of stock. His cattle after 1882 carried his LFD brand on their right side. In 1887 Littlefield began acquiring land in Mason County, that soon spread over some 120,000 acres in adjacent Kimble and Menard counties, a ranch he put under management of half-nephew John Will White.^{qv} In the 1890s Littlefield assembled acreage that came to be known as the LFD Farm in Roswell, New Mexico, on which he established an apple grove, grew forage for cattle, recruited his horses prior to the spring round-up, and maintained the pure-bred bulls that he used to upgrade his herds. Littlefield climaxed his ranching operation in 1901 with the purchase for two dollars per acre of the 312,000-acre Yellow House (southern) Division of the XIT Ranch^{qv} in Lamb and Hockley counties. To reach the prevailing wind above the escarpment at the ranch headquarters, Littlefield put up a windmill 130 feet tall to the top of the fan, claimed at the time to be the world's tallest windmill. In 1912 he established the Littlefield Lands Company^{qv} under Arthur Pope Duggan^{qv} (husband of niece Sallie Elisabeth Harral) to sell some 64,000 acres in the northeast corner (Lamb County) for farms and opened the town of Littlefield. The town lay beside the mainline of the Atchison, Topeka and Santa Fe Railway between Galveston, Texas, and Clovis, New Mexico.

Littlefield moved to Austin in 1883 and shortly accepted a position on the board of the State National Bank. In 1890 he organized the American National Bank, which he served as president until 1918, when he relinquished the post to the nephew who had been his mainstay in the bank, Hiram Augustus Wroe. For his bank Littlefield in 1910-11 built the nine-story Littlefield Building and decorated the lobby with oil paintings of scenes from his ranches. The doors of the bank, which also depicted ranch scenes, were bronze, cast by the Tiffany Company of New York. Littlefield proved to be a master at sizing up the quality of potential loans. As one cowboy said of him, Littlefield "could look in your eye and tell you what you was up to." He made loans to various political figures, giving him a basis for exercising influence with them. Through the bank Littlefield gained interests in a number of businesses, in particular the

Driskill Hotel^{qv} of Austin in which the bank was first housed. Littlefield owned the hotel 1895-1903, during which time he installed the first electric lighting system. Littlefield took an active interest in political affairs but declined to run for political office. Though no drinker himself, he warmly supported the wet forces against prohibition.^{qv} In 1911 Governor Oscar B. Colquitt^{qv} appointed Littlefield to the Board of Regents of the University of Texas. When Littlefield complained of Northern bias in the text books used in teaching American history, Eugene C. Barker^{qv} of the university's History Department, with whom Littlefield, by appointment of Governor Thomas M. Campbell,^{qv} had served a year, 1909-10, on the first Texas Library and Historical Commission, replied that better history could not be written without adequate archival resources. Littlefield in 1914 established the Littlefield Fund for Southern History to collect such material, and during the remaining six years of his life he gave well over \$100,000 to the fund. In 1918 he gave \$225,000 to purchase the John Henry Wrenn Library. Including benefactions such as the Littlefield Fountain, Alice P. Littlefield Dormitory for freshman women, and his home, Littlefield gave more than any other single individual to the university during its first fifty years and before oil money significantly increased personal wealth. George Washington Littlefield died at his home in Austin on November 10, 1920, and is buried in Oakwood Cemetery in Austin. His wife outlived him by fifteen years and is buried beside him.

BIBLIOGRAPHY: Lewis E. Daniell, *Types of Successful Men in Texas* (Austin: Von Boeckmann, 1890). David B. Gracy II, *George Washington Littlefield: A Biography in Business* (Ph.D. dissertation, Texas Tech University, 1971). J. Evetts Haley, *George W. Littlefield, Texan* (Norman: University of Oklahoma Press, 1943). *George W. Littlefield Papers*, Barker Texas History Center, University of Texas at Austin. *San Antonio Express*, June 4, 1916.

David B. Gracy II

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3. **U. T. System: Approval of the U. T. System Executive Compensation Philosophy Policy**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Vice Chancellor for Administration that the Board of Regents approve adoption of a new rule entitled Compensation for Key Executives as found on Pages 4.1 - 4.2 for inclusion in the Regents' Rules and Regulations.

BACKGROUND INFORMATION

As discussed at the August 11, 2004 meeting of the Board, the Regents requested development of an executive compensation philosophy. The proposed philosophy is intended to clarify the principles to be considered when determining executive compensation for key executives within the U. T. System Administration and the academic and health institutions. Key executives are defined as the Chancellor, Counsel and Secretary to the Board, Audit Director, Executive Vice Chancellors, Vice Chancellors, and presidents of each of the U. T. System academic and health institutions. The proposed philosophy has been reviewed and approved as to form by the Office of General Counsel and the Counsel and Secretary to the Board.

1. **Title**

Compensation for Key Executives

2. **Rule and Regulation**

- Sec. 1 Compensation Philosophy. To attract, retain, and motivate the top talent needed to lead The University of Texas System and accomplish its mission and to recognize and reward performance, the Board of Regents seeks to compensate key executives at levels that are competitive in the marketplace, cost effective, and, to the extent possible, internally equitable.
- Sec. 2 Market Review. To align executive compensation with the relevant market, the Office of the Board of Regents will oversee the conduct of a comprehensive survey and analysis to obtain current and reliable market data on total compensation of key executives in comparable positions at peer institutions. The survey will be conducted every three years. In non-survey years, the Office of the Board of Regents will obtain information concerning general changes in executive compensation in the marketplace, and the comprehensive survey will be adjusted accordingly.
- Sec. 3 Elements of Compensation. The elements of compensation may include base salary; short and long-term incentive pay; supplemental retirement plans, such as deferred compensation plans; and perquisites such as housing, vehicle allowance, and memberships. All compensation set pursuant to this Rule must comply with all applicable state and federal laws.
- Sec. 4 Peer Institutions. Peer institutions or groups of institutions will be selected through an interactive, consultative process between the Chancellor, Executive Vice Chancellors, presidents, and the organization engaged to conduct the comprehensive survey. To the extent possible, the same institutions will be surveyed during each comprehensive survey. Peer institutions may be changed based on sound business decisions; such changes will be fully disclosed to the Board of Regents. The Executive Vice Chancellors will maintain the list of peer institutions. Factors to consider in selecting peer institutions include size, purpose, institutions used in assessing U. T. System performance, and institutions with which U. T. System competes for key executives.
- Sec. 5 Presentation to Board of Regents. Compensation data will be presented to the Board of Regents in advance of the annual budgeting process. Taxable and non-taxable elements of compensation will be reported to the Board of Regents.
- Sec. 6 Determining Compensation. In setting a key executive's initial compensation, the following factors should be considered: relevant market data, current compensation, internal equity, and the U. T. System budget. Where appropriate, U. T. System may target the 75th percentile of the market rate of a key executive's peer institutions.

Factors to consider in making future adjustments to a key executive's compensation include relevant market data, key executive performance, the

institution's progress on key performance indicators, internal equity, and the U. T. System budget.

Sec. 7 The presidents will implement appropriate policies and procedures concerning executive compensation for their direct reports at each U. T. System academic and health institution.

3. Definitions

Key executive(s). The terms, "key executive" or "key executives," as used in this Rule, include the Chancellor, Counsel and Secretary to the Board, Audit Director, Executive Vice Chancellors, presidents of each of the U. T. System academic and health institutions, and Vice Chancellors.

4. Relevant Federal and State Statutes

Texas Education Code Section 65.31 – General Powers and Duties

5. Relevant System Policies, Procedures, and Forms

Regents' *Rules and Regulations* – Series 20202 – Presidential Cash Compensation

6. Who Should Know

Chancellor
Counsel and Secretary to the Board
Audit Director
Executive Vice Chancellors
Presidents
Vice Chancellors

7. System Administration Office(s) Responsible for Rule

Vice Chancellor for Administration

8. Dates Approved or Amended

Month XX, 2004

9. Date Rules Last Reviewed

N/A

10. Contact Information

Questions or comments regarding this Rule should be directed to bor@utsystem.edu

4. **U. T. Board of Regents: Approval of revised Regents' Rules and Regulations**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Counsel and Secretary to the Board of Regents and the Interim Vice Chancellor and General Counsel that the Board of Regents adopt the revised Regents' Rules and Regulations as included in a separate notebook mailed with this Agenda Book and as available on the Internet at <http://www.utsystem.edu/bor/regentsrules/>.

The proposed significant changes are summarized in a chart as set forth on Pages 6.1 – 6.11.

A PowerPoint presentation is included on Pages 6.12 – 6.14.

BACKGROUND INFORMATION

The Office of the Board of Regents has been working since Summer 2003 on simplifying the Regents' Rules and Regulations and Regental Policies to ease the administrative burden of overregulation and to provide the proper degree of autonomy to each institution of the U. T. System while assuring accountability. Chancellor Yudof also charged that such a review should encompass input from all stakeholders in the rules and policies.

Currently, the Regents' Rules and Regulations and Regental Policies contain 191 topics, including significant items such as investment policies and less significant topics such as the requirement that each institutional chief business officer have the combinations to all safes and vaults on campus.

The current Regents' Rules and Regulations and Regental Policies may be found at:

- <http://www.utsystem.edu/bor/rules/MasterRRR.htm>
- <http://www.utsystem.edu/bor/policies.htm>

With the assistance of the Employee Advisory Council, Faculty Advisory Council, Student Advisory Council, the Office of General Counsel, and subject matter experts at U. T. System Administration and institutions of the U. T. System, each rule and each

policy was scrutinized with the aim of providing the appropriate degree of institutional autonomy and accountability. In addition, the revisions suggested by these groups were shared with each officer in the U. T. System who works with the rules and policies with the request for review and comment.

In addition to asking how the rules and policies could provide more local control, the Board Office asked which provisions were procedural in nature, rather than policy, such that their modification could be approved by the Chancellor rather than by the Board. This new type of rule format proposed is referred to as an Administrative Rule.

Another significant improvement to the rules comes in the development of a new format. The new format identifies related policies, procedures, forms, and statutes that the reader should consider as well as definitions, what office at U. T. System Administration is responsible for updating the rule, and who in the U. T. System is most familiar with the rule. There is also guidance concerning how new rules should be developed.

In summary, the proposed revisions call for the following:

- All policies established by the Board of Regents will be contained in the Regents' Rules and Regulations. Regental Policies will no longer exist, with all relevant current policies put into the format of a Regents' Rule.
- Conversion of 13 Regents' Rules into Administrative Rules requiring the Chancellor's approval to modify or rescind
- Elimination of 40 of the 191 topics covered in the Regents' Rules and Policies primarily due to dated subject matter or questionable initial placement as a Regents' Rule or policy
- Revised rules that are more easily understood.

The chart on Pages 6.1 – 6.11 summarizes 30 significant changes to the Regents' Rules and Regulations. Twenty of these changes concern delegation of authority.

**SUMMARY OF SIGNIFICANT CHANGES
TO
PROPOSED REVISIONS OF REGENTS' RULES AND REGULATIONS**

No.	Citation – Current Rule	Current Rule Requirement	Substance of Change	Citation – Proposed Rule
1	Part One, Chapter I, Section 7	Lists the Executive Committee as one of the standing committees of the Board. The Executive Committee is composed of the Chairman, Vice-Chairmen of the Board and additional voting members appointed by the Chairman.	Eliminates the Executive Committee. The Committee was originally created as a means of taking Board action without convening in an open meeting, using what was referred to as an Executive Committee Letter process. Passage of the Texas Open Meetings Act prohibited the use of this process.	Regents' Rule, Series 10402
2	New Rule	Not Applicable	Specifies what may be considered to be a disruption of a Board or Committee meeting and sets guidelines for the display of signs at meetings.	Regents' Rule, Series 10403, Number 2, Section 7
3	New Rule	Not Applicable	Delegates the approval of all coaches' contracts with the exception of contracts with athletic directors and head coaches. This is not a change in policy but the delegation was covered in Docket guidelines only.	Regents' Rule, Series 10501, Number 2, Section 4.12
4	Part One, Chapter I, Section 9.23	All contracts for consulting services for more than \$250,000 must be approved by the Board.	Increased the dollar limit from \$250,000 to \$1,000,000, which is consistent with the limit for other contracts.	Regents' Rule, Series 10501, Number 2, Section 3.1

**SUMMARY OF SIGNIFICANT CHANGES
TO
PROPOSED REVISIONS OF REGENTS' RULES AND REGULATIONS**

No.	Citation – Current Rule	Current Rule Requirement	Substance of Change	Citation – Proposed Rule
5	Part Two, Chapter XI, Section 2.2	The Board delegates to the Executive Vice Chancellor for Business Affairs the authority to approve contracts for the benefit of all or a majority of the U. T. System institutions.	Changed to include contracts between any two institutions to streamline business operations.	Regents' Rule, Series 10501, Number 2, Section 5.1
6	Part One, Chapter II, Section 3.2(12)	This Section lists the Chancellor's responsibilities related to UTIMCO.	Added the following sentence to the list of responsibilities: <i>Recommending to the Board of Regents, in its fiduciary role, an effective oversight system for the proper management of UTIMCO including, but not limited to clear procedures for the selection of UTIMCO directors; process for budget review; and periodic review of the Investment Management Services Agreement. (Consistent with Board action on 4/29/04.)</i>	Regents' Rule, Series 20101, Number 2, Section 3.13

**SUMMARY OF SIGNIFICANT CHANGES
TO
PROPOSED REVISIONS OF REGENTS' RULES AND REGULATIONS**

Citation – Current Rule	Current Rule Requirement	Substance of Change	Citation – Proposed Rule
7	Part One, Chapter II, Section 3.22 The current statement regarding strategic planning is included in the Chancellor's duties: <i>Preparing for recommendation to the Board a strategic plan for The University of Texas System, revised periodically, setting forth recommendations for academic programs, capital expenditures, and the allocation of other financial resources.</i>	Changed the Section to read as follows: <i>Strategic Planning. Preparing a strategic plan for the U. T. System for recommendation to the Board of Regents in consultation with the institutional presidents. The proposed plan should include periodic adjustments to the mission statement; assessments of the internal and external environment; and recommendations for U. T. System goals, priorities, and benchmarks of progress in academic programs, service, capital expenditures, and the allocation of financial resources.</i>	Regents' Rule, Series 20101, Number 2, Section 3.2
8	Part One, Chapter II, Sections 4 through 16	Deleted these Sections to allow the Chancellor flexibility to assign duties without the need to amend the Regents' Rules.	Not Applicable
9	Part One, Chapter II, Section 18	Deleted this Section because it is not needed in the Regents' Rules.	Not Applicable

**SUMMARY OF SIGNIFICANT CHANGES
TO
PROPOSED REVISIONS OF REGENTS' RULES AND REGULATIONS**

No.	Citation – Current Rule	Current Rule Requirement	Substance of Change	Citation – Proposed Rule
10	Part One, Chapter II, Section 20.1	This Section requires the Chancellor and appropriate Executive Vice Chancellor to approve appointments of institutional vice presidents, deans, directors, and their equivalents.	Deleted the requirement that directors and their equivalents have to be approved by the Executive Vice Chancellor.	Regents' Rule, Series 20102, Number 2, Section 1
11	Part Two, Chapter V, Section 1	This Section mandates the existence of a System-wide classified pay plan.	Eliminates the requirement of a System-wide pay plan and delegates to each institution the development of pay plans subject to minimum requirements set by the U. T. System.	Regents' Rule, Series 30101 Administrative Rule, Series 30113
12	New Rule	Not Applicable	The Board delegates to the Chancellor the authority to approve the Optional Retirement Program rates recommended each year that are submitted by every institution.	Regents' Rule, Series 30202, Number 2, Section 1.1
13	Part One, Chapter III, Section 34.4	If a faculty, staff, or student organization fails to update required information within 10 days after being notified of the deficiency, the organization's registration shall be cancelled.	Added provision for an extension of the deadline if good cause is shown.	Regents' Rule, Series 40201
14	Part One, Chapter VII, Section 1.3	Gifts having a value of more than \$500,000 and not administered by the Office of External Relations must be approved by the Board of Regents.	Changed the dollar limit from \$500,000 to \$1,000,000, which is consistent with other delegated authority.	Regents' Rule, Series 60101, Number 2, Section 2

**SUMMARY OF SIGNIFICANT CHANGES
TO
PROPOSED REVISIONS OF REGENTS' RULES AND REGULATIONS**

No.	Citation – Current Rule	Current Rule Requirement	Substance of Change	Citation – Proposed Rule
15	Part One, Chapter VII, Section 3.1	This Section states that: No endowment will be established or announced without prior approval by the Board. Also, no negotiations or commitments implying the establishment of the endowment of an academic position will be undertaken by any faculty member or officer of the component institution until the proposal has been formally approved by the president.	Eliminated and replaced with the following: <i>Negotiations and fund raising for an endowment are permitted prior to its formal approval and establishment by the Board or its designee. However, the establishment of an endowment will not be announced prior to its formal approval.</i>	Regents' Rule, Series 60202, Number 2, Section 1
16	Part One, Chapter VII, Section 5.43	This Section states that all activities of development boards and internal foundations must be coordinated through the office of the president and the director of the institution's development board.	Eliminated this requirement as it is redundant because the president of the institution has express authority over these boards and foundations.	Regents' Rule, Series 60301, Number 2, Section 4.2
17	Part One, Chapter VII, Section 5.6	This Section states that an ex-students' association will not participate in any organized fund-raising effort without consulting with the president and the Chancellor and receiving the approval of the Board of Regents.	Changed to confirm the actual practice requiring only approval from the president and the Chancellor.	Regents' Rule, Series 60301, Number 2, Section 6

**SUMMARY OF SIGNIFICANT CHANGES
TO
PROPOSED REVISIONS OF REGENTS' RULES AND REGULATIONS**

No.	Citation – Current Rule	Current Rule Requirement	Substance of Change	Citation – Proposed Rule
18	Part One, Chapter VI, Section 6.6	This Section prohibits solicitation on campus unless permitted by a specific exception.	<p>Added the following additional exception to the solicitation prohibition to provide information on employee benefits to enhance employee recruitment and retention:</p> <p><i>Employee Discount Programs.</i></p> <p><i>The distribution or presentation to employees of the U. T. System and any of its institutions of material related to products and services offered by companies that provide employee discount programs, merchandise membership programs, credit union and banking programs, or other benefits that are available to such officers and employees through discount plans or programs approved by the U. T. System or any of its institutions. (continued on next page.)</i></p>	Regents' Rule, Series 80103, Number 2, Section 2.17

**SUMMARY OF SIGNIFICANT CHANGES
TO
PROPOSED REVISIONS OF REGENTS' RULES AND REGULATIONS**

No.	Citation – Current Rule	Current Rule Requirement	Substance of Change	Citation – Proposed Rule
18			<p>(continued from prior page) Such material may be distributed or presented by the Office of Human Resources of the U. T. System or any of its institutions, with the approval of the institution's president, and placed on institutional Web pages for the purpose of providing education, product and service information, and participant enrollment, in accordance with guidelines promulgated by the Executive Vice Chancellor for Business Affairs.</p>	
19	Part Two, Chapter VIII, Section 2.3	<p>Inclusion of a project in the Capital Improvement Program provides authority to expend up to 3% of the anticipated preliminary project cost to develop preliminary project plans. Requests for expenditures greater than 3% and up to 10% shall be reviewed and approved by the Chancellor.</p>	<p>This is currently delegated by the Chancellor to the Executive Vice Chancellor for Business Affairs. While the Executive Vice Chancellor for Business Affairs would continue to monitor the contracts, this would allow the delegation of authority to the Assistant Vice Chancellor for Facilities Planning and Construction.</p>	Regents' Rule, Series 80301, Number 2, Section 4

**SUMMARY OF SIGNIFICANT CHANGES
TO
PROPOSED REVISIONS OF REGENTS' RULES AND REGULATIONS**

No.	Citation – Current Rule	Current Rule Requirement	Substance of Change	Citation – Proposed Rule
20	Part Two, Chapter VIII, Section 1.5	Unexpected naming opportunities of buildings not covered in the annual report shall be reviewed and approved in advance of negotiations with potential donors.	Changed so the approval to negotiate may come from either the Chairman of the Board or the Chairman of the Facilities Planning and Construction Committee.	Regents' Rule, Series 80307, Section 5
21	Part Two, Chapter VIII, Section 1.6	Non-honoric renaming and re-designation of projects in the Capital Improvement Program shall be reviewed and approved by the Chancellor.	Changed so the approval may come from the Assistant Vice Chancellor for Facilities Planning and Construction who is most familiar with the specific facts of a request.	Regents' Rule, Series 80307, Number 2, Section 6
22	Part Two, Chapter VIII, Section 4.11	The Chancellor, with the advice of the appropriate Executive Vice Chancellor and the institutional president, is authorized to appoint architects for all new construction and major repair and rehabilitation projects authorized by the Board in the Capital Improvement Program.	Changed so the approval may come from the Assistant Vice Chancellor for Facilities Planning and Construction who is most familiar with the specific situation and the project details. This authority is currently delegated by the Chancellor to the Executive Vice Chancellor for Business Affairs.	Regents' Rule, Series 80402, Number 2, Section 1

**SUMMARY OF SIGNIFICANT CHANGES
TO
PROPOSED REVISIONS OF REGENTS' RULES AND REGULATIONS**

No.	Citation – Current Rule	Current Rule Requirement	Substance of Change	Citation – Proposed Rule
23	Part Two, Chapter VIII, Section 4.22	The facility program for a major construction project must be approved by the Chancellor.	Changed so the approval may come from the institution's president who is most familiar with the specific situation and the project details. The president can also review it with regard to the respective Campus Master Plan and programmatic needs.	Regents' <u>Rule</u> , Series 80402, Number 2, Section 7
24	Part Two, Chapter VIII, Section 4.24	After approval of the facility program for a major construction project, the Chancellor is authorized to give the project architect, engineer, or design-build contractor the facility program and the Campus Master Plan and to direct the preparation of schematic plans, exterior design, site plans, cost estimates, and other necessary documents.	Changed so the approval can come from the Assistant Vice Chancellor for Facilities Planning and Construction who is most familiar with the specific situation and the project details. This is currently delegated by the Chancellor to the Executive Vice Chancellor for Business Affairs.	Regents' <u>Rule</u> , Series 80402, Number 2, Section 9
25	Part Two, Chapter VIII, Section 4.25	The Executive Officers and presidents shall be responsible for identifying to the Chancellor architecturally or historically significant major repair and rehabilitation projects.	In practice this is handled by the Facilities Planning and Construction Committee (FPCC) and its Chairman in consultation with the institution's president. Therefore, the revised <u>Rule</u> substitutes the FPCC and its Chairman for the Chancellor.	Regents' <u>Rule</u> , Series 80402, Number 2, Section 11

**SUMMARY OF SIGNIFICANT CHANGES
TO
PROPOSED REVISIONS OF REGENTS' RULES AND REGULATIONS**

No.	Citation – Current Rule	Current Rule Requirement	Substance of Change	Citation – Proposed Rule
26	Part Two, Chapter VIII, Section 4.27	After approval of the Design Development Plans, the Chancellor is authorized to direct the preparation of the working drawings and specifications.	Substituted the Assistant Vice Chancellor for Facilities Planning and Construction for the Chancellor because the Assistant Vice Chancellor is most familiar with the specific situation and the project details. This is currently delegated by the Chancellor to the Executive Vice Chancellor for Business Affairs.	Regents' Rule, Series 80402, Number 2, Section 12
27	Part Two, Chapter VII, Section 3.2	The terms of any insurance policies, other than life, disability and health shall be negotiated by the Director of Risk Management. The purchase or renewal of policies with premiums in excess of \$100,000 shall be approved by the Vice Chancellor for Business Affairs.	Increased the dollar limit from \$100,000 to \$500,000 to streamline business and administrative operations.	Regents' Rule, Series 80601, Number 2, Section 1
28	Part Two, Chapter VII, Section 3.3	(Insurance) Settlements over \$500,000 and up to \$1,000,000 shall be approved by the Vice Chancellor for Business Affairs and shall be reported to the Board for ratification. Settlements in excess of \$1,000,000 must have the approval of the Board.	Changed so that only settlements in excess of \$1,000,000 require approval by the Board to be consistent with the limit on contracts that have to be approved by the Board.	Regents' Rule, Series 80601, Number 2, Section 2

**SUMMARY OF SIGNIFICANT CHANGES
TO
PROPOSED REVISIONS OF REGENTS' RULES AND REGULATIONS**

No.	Citation – Current Rule	Current Rule Requirement	Substance of Change	Citation – Proposed Rule
29	Part Two, Chapter VII, Section 3.4	In the case of a catastrophic occurrence where the loss is so extensive that partial payments in excess of \$1,000,000 are necessary, the Chancellor is delegated authority to execute all documents related to the partial payment or adjustment. The Board will be notified by the Chancellor of all partial payments received in excess of \$500,000. Final settlement of claims in excess of \$1,000,000 will require approval from the Board.	Changed so that only partial payments in excess of \$1,000,000 must be reported to the Board to be consistent with the limit on contracts that have to be approved by the Board.	Regents' Rule, Series 80601, Number 2, Section 3
30	Part Two, Chapter XII, Section 4.22	If a president elects not to assert and exploit System's interest in intellectual property, the Office of General Counsel and the creator shall be notified within 180 days of the date of a complete submission that the invention will be released to the creator of the invention ...	Changed so that the creator is notified within 30 days after a decision is made. The rule now reads: <i>If the institution's president elects not to assert and exploit U. T. System's interest, the Office of General Counsel and the creator shall be notified within 30 days after a decision is made to assert ownership rights that the invention will be released to the creator.</i>	Regents Rule, Series 90102, Number 2, Section 2.2



THE UNIVERSITY OF TEXAS SYSTEM

Revisions to the Regents' *Rules and Regulations*

November 5, 2004

Office of the Board of Regents



Revisions to the Regents' *Rules and Regulations*

Reasons for Revisions

- Deregulation
- Outdated provisions
- Clarity
- Importance to users



Revisions to the Regents' *Rules and Regulations*

Revision Process

First Stage:

- Established a philosophy for what the *Rules* should encompass

Second Stage:

- Drafted first revision
- Solicited feedback from Advisory Councils, Office of General Counsel, and subject matter experts at System Administration and institutions

Third Stage:

- Requested comment from all interested stakeholders



Revisions to the Regents' *Rules and Regulations*

What Has Changed

Format:

- Segmented according to topic
- Reference applicable statutes and policies
- Historical record of amendments
- Definitions
- Identification of subject matter experts
- Identification of who should be aware of the *Rules*
- Who can help in making amendments to the *Rules*

Creation of a Rule on *Rules*

Creation of *Administrative Rules*

Summary of Significant Changes



THE UNIVERSITY OF TEXAS SYSTEM

**With the approval of the Board, the
revised Regents' *Rules and
Regulations* will be effective
immediately
and posted at
<http://www.utsystem.edu/bor/rules>**

L. RECESS FOR MEETINGS OF THE STANDING COMMITTEES AND
COMMITTEE REPORTS TO THE BOARD

The Standing Committees of the Board of Regents of The University of Texas System will meet as set forth below to consider recommendations on those matters on the agenda for each Committee listed in the Agenda Book. At the conclusion of each Standing Committee meeting, the report of that Committee will be formally presented to the Board for consideration and action.

Executive Committee: Chairman Huffines
No items

Audit, Compliance, and Management Review Committee: Chairman Estrada
Agenda Book Page 8

Finance and Planning Committee: Chairman Hunt
Agenda Book Page 16

Academic Affairs Committee: Chairman Krier
Agenda Book Page 21

Health Affairs Committee: Chairman Clements
Agenda Book Page 35

Facilities Planning and Construction Committee: Chairman Barnhill
Agenda Book Page 54