



TABLE OF CONTENTS FOR MEETING OF THE BOARD

Board Meeting: 2/3 - 2/4/2004
U. T. Brownsville

TUESDAY, FEBRUARY 3

COMMITTEE MEETINGS

10:30 a.m. - 12:00 p.m.

A. CALL TO ORDER

12:00 noon
Chairman Miller

B. RECESS TO EXECUTIVE SESSION

1. U. T. Board of Regents: Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers - Texas Government Code Section 551.071

a. U. T. Board of Regents: Consultation with Attorney on legal matters

b. U. T. Board of Regents: Legal issues regarding performance of Investment Management Services Agreement with UTIMCO

2. U. T. Board of Regents: 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. System: Consideration of personnel matters relating to appointment, employment, evaluation, assignment, and duties of officers or employees

b. U. T. System: Consideration of personnel matters relating to evaluation of Presidents, U. T. System Executive Officers, and employees

c. U. T. Dallas and U. T. Pan American: Consideration of individual personnel matters related to Presidential Searches

d. U. T. Board of Regents: Discussion and appropriate action regarding election of a Vice-Chairman

C. RECONVENE IN OPEN SESSION

1:00 p.m.

a. Consider action on Executive Session Item(s)

1:00 p.m.

b. U. T. System: Discussion and review of The University of Texas Investment Management Company (UTIMCO) issues including the ongoing review of Board oversight, contractual relationship, and the structure of UTIMCO

1:05 p.m.

2

D. RECESS FOR COMMITTEE MEETINGS

1:30 - 5:30 p.m.

2

WEDNESDAY, FEBRUARY 4

Page

MEETING OF THE FINANCE AND PLANNING COMMITTEE	8:00 - 9:30 a.m.	
E. RECONVENE IN OPEN SESSION		
U. T. System: Annual meeting with officers of the U. T. System Faculty Advisory Council	9:30 a.m. Discussion <i>Dr. Verklan</i>	3
F. APPROVAL OF MINUTES	10:30 a.m. Action	4
G. SPECIAL ITEMS		
1. U. T. System: Discussion and appropriate action regarding the U. T. System Administration Mission and Goals Statement and U. T. System Mission Statement	10:31 a.m. Action <i>Chancellor Yudof</i> <i>Dr. Malandra</i>	5
2. U. T. System: Presentation and appropriate action regarding possible bid to manage Los Alamos National Laboratory	10:36 a.m. Report/Action <i>Mr. Burck</i>	6
H. SPECIAL REPORTS		
1. U. T. System: Quarterly report on gift acceptance	10:50 a.m. Report	6
2. U. T. Board of Regents: Update on Regents' <u>Rules</u> review and revision project	10:51 a.m. Report <i>Mr. Martinez</i>	7
3. U. T. System: Introduction of consultants for Executive Compensation Study	10:53 a.m. Report <i>Mr. Martinez</i> <i>Dr. Thomas</i> <i>Flannery and</i> <i>Ms. Cathleen</i> <i>Chambliss,</i> <i>Mellon</i> <i>Consultants, Inc.</i>	7
I. RECESS FOR MEETINGS OF STANDING COMMITTEES	11:15 a.m.	8
J. OTHER MATTERS		
U. T. Dallas: Report concerning appointment of Presidential Search Advisory Committee	11:50 a.m. Report	62
Adjourn	12:00 noon <i>approximately</i>	

TUESDAY, FEBRUARY 3

C. RECONVENE IN OPEN SESSION

- a. Consider action on Executive Session item(s)
- b. **U. T. System: Discussion and review of The University of Texas Investment Management Company (UTIMCO) issues including the ongoing review of Board oversight, contractual relationship, and the structure of UTIMCO**

Chairman Miller will lead a discussion of the planned review process of UTIMCO issues including the ongoing review of Board oversight, contractual relationship, and the structure of UTIMCO and will introduce Mr. Charles Szalkowski of Baker Botts, LLP.

D. RECESS FOR COMMITTEE MEETINGS

WEDNESDAY, FEBRUARY 4

E. RECONVENE IN OPEN SESSION

U. T. System: Annual Meeting with Officers of the U. T. System Faculty Advisory Council

The University of Texas System Faculty Advisory Council will meet with the Board to discuss accomplishments of the Council and plans for the future according to the following agenda:

AGENDA

1. Introductions
2. Chairperson's Report and Overview
3. Executive Committee and Standing Committee Remarks and Recommendations
 - a. Internal Faculty Development Leave
Dr. James Bartlett, U. T. Dallas, Chair-Elect
 - b. Long-Term Contracts for Nontenure Track Clinical Faculty
David Lakey, M.D., U. T. Health Center - Tyler, Health Affairs Committee
 - c. Part-time Appointments for Tenured Full-Time Faculty
Dr. Regina Lederman, U. T. Medical Branch - Galveston, Health Affairs Committee
 - d. Peer Review Process for Determination of Merit Raises
Dr. Cynthia Brown, U. T. Pan American, Academic Affairs Committee

BACKGROUND INFORMATION

The University of Texas System Faculty Advisory Council was established in 1989 to provide a forum for communicating ideas and information between faculty, the Board of Regents, and the Executive Officers of U. T. System. Council guidelines require that recommendations have a multicomponent focus and that the Council explore individual campus issues with component administrators prior to any consideration. The Faculty Advisory Council consists of two faculty representatives from each U. T. System component institution enrolling students and meets quarterly, usually in Austin. The Standing Committees of the Council are: Academic Affairs, Faculty Quality, Governance, and Health Affairs.

Council members scheduled to attend the meeting are:

Chair: Terese Verklan, Ph.D., U. T. Health Science Center - Houston

Past Chair: Robert S. Nelsen, Ph.D., U. T. Dallas

Chair-Elect: James Bartlett, Ph.D., U. T. Dallas

Academic Affairs Co-Chair: Cynthia Brown, Ph.D., U. T. Pan American

Health Affairs Co-Chairs: David Lakey, Ph.D., U. T. Health Center - Tyler
Regina Lederman, Ph.D., U. T. Medical Branch -
Galveston

F. APPROVAL OF MINUTES OF REGULAR MEETING HELD
NOVEMBER 12-13, 2003, AND SPECIAL MEETINGS HELD
NOVEMBER 18-19 AND DECEMBER 19, 2003 (Available on-line at
<http://www.utsystem.edu/bor/meetings/minuteslistinghomepage.htm>)

G. SPECIAL ITEMS

1. **U. T. System: Discussion and appropriate action regarding the U. T. System Administration Mission and Goals Statement and U. T. System Mission Statement**

RECOMMENDATION

The Chancellor recommends the Board approve the U. T. System Administration Mission and Goals Statement on Pages 5.1 - 5.3 and approve, for the record, the U. T. System Mission Statement attached on Page 5.4.

BACKGROUND INFORMATION

Dr. Geri Malandra, Associate Vice Chancellor for Accountability and Institutional Improvement, will lead a discussion of the proposed U. T. System Administration Mission and Goals Statement.

The U. T. System Mission Statement, prepared in 1998, has been used and circulated broadly but has not received formal approval by the Board.

The University of Texas System Administration

Mission and Goals

Mission. The University of Texas System Administration leads and serves our academic and health institutions to create and sustain excellence in educational opportunities, research, and health care.

Vision. The vision of the U. T. System Administration is to be the national model in system leadership of academic and health care institutions.

Role. The U. T. System Administration adds value on behalf of U. T. institutions by undertaking certain central responsibilities that result in greater efficiency or higher quality than could be achieved by individual institutions or that fulfill legal requirements. In these activities, the U. T. System Administration:

- Facilitates achievement of component institution goals;
- Serves as the agent of the U. T. Board of Regents;
- Exerts leadership on national and state higher education policies; and
- Provides oversight of and assistance for institution operations.

Values. In support of the System's broad mission, the U. T. System Administration values excellence, innovation, integrity, focus on results, accountability, service, inclusion, collaboration, and resource stewardship.

Scope. To achieve its mission, U. T. System Administration offices perform the following roles and add value to the operations and achievements of U. T. institutions:

Facilitating achievement of component institution goals

- Enhancing the quality of academic and health programs and expanding the research capability of U. T. institutions.
- Developing communications and development strategies to foster greater public understanding, increased private support, and statewide advocacy at the institutional and System-wide level.
- Leveraging the System’s collective size and diversity to facilitate opportunities for growth and efficient operations at academic and health institutions.
- Helping to secure and increase federal funding and support.
- Assisting in development and fundraising initiatives and training.
- Offering consulting, problem-solving services, and best practice models.

Serving as the agent of the Board of Regents

- Implementing Board policies.
- Facilitating Board decision making.
- Implementing federal and state legal requirements.
- Developing and coordinating the System’s public policy agenda and communications.
- Reporting to the Board of Regents on behalf of component institutions.

Exerting leadership on national and state higher education policies

- Leading and fostering understanding and support for higher education and for the U. T. System through comprehensive, strategic, and timely communications with the public.

Providing oversight of and assistance for institution operations

- Managing the System-wide facilities inventory, the Capital Improvement Program, and project-specific facilities planning, property acquisitions, and design/construction management services.
- Providing investment funds management, debt financing, consolidation accounting, endowment asset management, and employee benefits.
- Providing legal services and managing the Medical Liability Benefit Plan and the Directors and Officers Liability and Employment Practices Liability Plan.
- Facilitating information technology collaborations to obtain products and services and develop System-wide standards and guidelines.
- Continuously improving the quality, productivity, and efficiency at System Administration.
- Assuring accountability, compliance, and quality processes.

U. T. System Administration Goals

- Lead the national and state debate on key policy issues in public higher education including access, affordability, accountability, and economic value.

- Establish a nationally recognized comprehensive plan to create and disseminate knowledge on key public higher education issues of access, affordability, accountability, research, and economic value.

- Foster public understanding about the value and contributions of the U. T. System.

- Improve student access, success, and patient outcomes.

- Foster more strategic collaborations among U. T. institutions.

- Build more research institutions and enhance the research presence for all U. T. institutions.

- Create a risk-tolerant creative culture.

- Simplify policies and procedures.

- Create a desirable workplace.

The University of Texas System

Mission Statement

The mission of The University of Texas System is to provide high-quality educational opportunities for the enhancement of the human resources of Texas, the nation, and the world through intellectual and personal growth.

This comprehensive mission statement applies to the varied elements and complexities of a large group of academic and health institutions. Individually, these institutions have distinct missions, histories, cultures, goals, programs, and challenges. Collectively, these institutions share a common vision and a fundamental commitment to enhance the lives of individuals and to advance a free society. Through one or more of its individual institutions, The University of Texas System seeks:

- To provide superior, accessible, affordable instruction and learning opportunities to undergraduate, graduate, and professional school students from a wide range of social, ethnic, cultural, and economic backgrounds, thereby preparing educated, productive citizens who can meet the rigorous challenges of an increasingly diverse society and an ever-changing global community;
- To cultivate in students the ethical and moral values that are the basis of a humane social order;
- To engage in high-quality, innovative research that entails the discovery, dissemination, and application of knowledge;
- To render service to the public that produces economic, technical, social, cultural, and educational benefits through interactions with individuals and with local, Texas, national, and international organizations and communities;
- To provide excellent, affordable, and compassionate patient care through hospitals and clinics that are of central importance to programs of teaching, scholarship, research, and service associated with medicine and related health sciences;
- To enrich and expand the appreciation and preservation of our civilization through the arts, scholarly endeavors, and programs and events which demonstrate the intellectual, physical, and performance skills and accomplishments of individuals and groups;
- To serve as a leader of higher education in Texas and to encourage the support and development of a superior, seamless system of education – from pre-kindergarten through advanced post-graduate programs, and encompassing life-long learning and continuing education.

To accomplish its mission, The University of Texas System must:

- Attract and support serious and promising students from many cultures who are dedicated to the pursuit of broad, general educational experiences, in combination with the pursuit of areas of personal, professional, or special interest;
- Acquire, retain, and nourish a high-quality, dedicated, diverse faculty of competence, distinction, and uncompromising integrity;
- Recruit and appropriately recognize exemplary administrators and staff members who provide leadership and support of the educational enterprise in an energetic, creative, caring, and responsible manner.
- Create and sustain physical environments that enhance and complement educational goals, including appropriate classrooms, libraries, laboratories, hospitals, clinics, computer and advanced technological facilities, as well as university centers, museums, performance facilities, athletic spaces, and other resources consistent with institutional objectives;
- Encourage public and private-sector support of higher education through interaction and involvement with alumni, elected officials, civic, business, community and educational leaders, and the general public.

[1998]

2. U. T. System: Presentation and appropriate action regarding possible bid to manage Los Alamos National Laboratory

REPORT

Mr. R. D. Burck, Special Advisor to the Chancellor, will make a presentation on a possible bid to manage the Los Alamos National Laboratory.

H. SPECIAL REPORTS

1. U. T. System: Quarterly report on gift acceptance

REPORT

The Summary of Gift Acceptance for U. T. System for the period September 1, 2003 through November 30, 2003, is set forth below. The report includes 82 items conforming to Board policy including the acceptance of \$11,392,330 in gifts and other transfers of previously accepted funds totaling \$651,351. The report includes only those funds that relate to endowments, estates, and other funds administered through the U. T. System Office of External Relations and does not include additional funds that may have been added to previously established endowments.

<u># ALL ITEMS</u>	<u>COMPONENT INSTITUTION</u>	<u>TOTAL VALUE</u>
3	U. T. System Administration	\$ 30,035
5	U. T. Arlington	40,165
35	U. T. Austin	4,137,382 *
2	U. T. Brownsville	111,020
---	U. T. Dallas	---
3	U. T. El Paso	150,000
---	U. T. Pan American	---
---	U. T. Permian Basin	---
2	U. T. San Antonio	115,000
3	U. T. Tyler	110,000
9	U. T. Southwestern Medical Center - Dallas	2,369,273
5	U. T. Medical Branch - Galveston	1,672,953
8	U. T. Health Science Center - Houston	453,010
4	U. T. Health Science Center - San Antonio	671,000
3	U. T. M. D. Anderson Cancer Center	1,532,491
---	U. T. Health Center - Tyler	---
82	TOTAL	\$ 11,392,330

* Not included in total:

U. T. Austin: \$651,351 transfers of previously accepted funds.

2. **U. T. Board of Regents: Update on Regents' Rules review and revision project**

REPORT

Assistant Secretary Martinez will update the Board on the progress to revise the Regents' Rules and Regulations.

3. **U. T. System: Introduction of consultants for Executive Compensation Study**

PURPOSE

The Office of the Board of Regents will introduce members of the project team from Mellon Consultants, Inc. These members, Dr. Thomas P. Flannery and Ms. Cathleen Chambliss, will be conducting an executive compensation study of the Executive Officers at U. T. System Administration and the presidents of the component institutions. The study is scheduled for completion in time to present the results at the May Board meeting. Dr. Flannery and Ms. Chambliss will provide a short briefing on the methodology they propose to use to conduct the study, as well as the expected outcomes from the study.

BACKGROUND INFORMATION

The Board of Regents has relied in the past on an outside consultant to assist in determining appropriate executive compensation levels for the Chancellor and Executive Vice Chancellors. In 1997, Buck Consultants prepared a survey instrument to collect compensation information from peer institutions used to arrive at a compensation model placing those positions at the 75th percentile. Every year after that, Buck updated that survey information collected from 1997 using industry data.

To have current market data available for the Board's use in preparing the Fiscal Year 2005 budget, the Office of the Board of Regents issued a Request for Proposals (RFP) to perform a study to provide this data for the Chancellor, Executive Officers, Counsel and Secretary to the Board, Director of Audits, and the presidents of the component institutions. In response to the RFP, 10 national and regional consulting firms submitted proposals. After evaluating the proposals, it was determined that Mellon Consultants, Inc., provided the best value to the U. T. System.

The contract with Mellon has a term of three years. In the first year, a comprehensive survey will be developed and used to determine comparable compensation ranges. In the second and third years of the contract, the consultant will update that survey information using industry data.

I. 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 Miller
No items

Audit, Compliance, and Management Review Committee: Chairman Estrada
Agenda Book Page 9

Finance and Planning Committee: Chairman Hunt
Agenda Book Page 15

Academic Affairs Committee: Chairman Krier
Agenda Book Page 30

Health Affairs Committee: Chairman Clements
Agenda Book Page 42

Facilities Planning and Construction Committee: Chairman Huffines
Agenda Book Page 47