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for
BOARD MEETING**

**February 14, 2013
Austin, Texas**

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4. U. T. System Board of Regents: Proposed repeal of Regents' Rules and Regulations, Rule 80501, regarding underground easements	10:02 a.m. Action <i>Ms. Mayne</i>	27
5. U. T. System: Musical performance by a student	10:05 a.m. Performance <i>Mr. Ivan Hernandez, U. T. Brownsville</i>	28
STANDING COMMITTEE RECOMMENDATIONS AND REPORTS TO THE BOARD	10:15 a.m.	
RECONVENE THE BOARD TO RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551 (Working lunch)	10:30 a.m.	
1. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property - Section 551.072		
a. U. T. Brownsville: Report on evaluation of proposed sites submitted in response to the request for proposals for the acquisition of property to be used as the site for the new campus of U. T. Brownsville, which sites are located in the city limits or extraterritorial jurisdiction of the City of Brownsville in Cameron County, Texas, and are listed in the order that the responses were received:		
(1) approximately 38.2 acres bounded on the north by East University Boulevard and being out of the Veterans International Trade Center Phase IV; plus Lots 1-5, Block 1, Bella Vista Third Addition; plus approximately 6.73 acres known as the Veterans Trade Center at 2400-2500 Courage Road;		
(2) approximately 370 acres bounded on the west by the U.S. 77/83 frontage road and on the north by Iowa Gardens Road or, alternatively, between approximately 212 and 432 acres in various configurations, with the western boundary approximately one mile east of the intersection of Texas 100 and the U.S. 77/83 frontage road and the southern boundary along Texas 100;		

- (3) approximately 240 acres bounded on the west by Old Alice Road and located at the easternmost terminus of Sports Park Boulevard;
 - (4) approximately 400 to 700 acres bounded on the west by the U.S. 77/83 frontage road and located at the easternmost terminus of Rancho Viejo Drive;
 - (5) approximately 321.687 acres out of a 568.836-acre tract bounded on the north by Farm to Market Road 1732 and located approximately one mile west of U.S. 77/83 and within Share 14 of the Espiritu Santo Grant;
 - (6) approximately 200 to 372 acres in Amigoland Subdivision, Section II, Units E, J, and I, and in University Plaza Subdivision, Phase I;
 - (7) approximately 11.43 acres consisting of Lots 1-5, 8-10, Block 4, and Lot 3, Block 3, University Park Subdivision, Section 1;
 - (8) approximately 292 acres consisting of multiple parcels located on Alton Gloor Boulevard/Dr. Hugh Emerson Road between Paredes Line Road and Cavazos Road;
 - (9) approximately 400 to 450 acres in various configurations out of a 1,350-acre tract located at the southeast corner of Texas 100 and the U.S. 77/83 frontage road;
 - (10) approximately 200 acres out of a 434.69-acre tract of land in Rincon Subdivision and bounded on the west by Old Alice Road;
 - (11) approximately 201.2 acres consisting of: 47.96 acres out of Banco 122 Lozano Banco 137 and bounded on the north by West University Boulevard; 84.70 acres out of Jeronimo Banco 131 and bounded on the north by East University Boulevard; 21.5 acres out of Espiritu Santo Grant Share 19 and bounded on the north by West University Boulevard; Lot 15, Block 1, Veterans International Trade Center Phase I; Reserve A, Veterans International Trade Center Phase IV; Lot 3, Block 4, Veterans International Trade Center Phase IV; and 7.188 acres located at the westernmost terminus of Ringgold Road and formerly known as 340 and 344 Porter Drive; and
 - (12) 533 E. 13th Street and 1350 E. Washington Street, Brownsville, Texas
- b. **U. T. Dallas: Discussion and appropriate action regarding authorization to acquire the tenant's leasehold interest, including the ground tenant's interest in all improvements, under four ground leases in and to approximately 32.88 acres and all improvements located at 2200, 2400, and 2600 Waterview Parkway, Richardson, Dallas and Collin Counties, Texas, from Waterview Park Apartments, LLC, a Texas limited liability company, for a purchase price in accordance with parameters to be discussed in Executive Session for use as student housing, and resolution regarding parity debt**
2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers - Section 551.071
 - a. **U. T. System Board of Regents: Discussion with Counsel on pending legal issues**
 - b. **U. T. Brownsville: Discussion and appropriate action regarding legal issues related to possible sites for the new campus of U. T. Brownsville (see Item 1a above)**

- c. **U. T. Medical Branch - Galveston: Discussion of legal issues related to application of overtime provisions of the federal Fair Labor Standards Act**
3. Negotiated Contracts for Prospective Gifts or Donations - Section 551.073
 - a. **U. T. Austin: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
 - b. **U. T. San Antonio: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
 - c. **U. T. Medical Branch - Galveston: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
 - d. **U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
4. Deliberation Regarding Security Devices or Security Audits - Section 551.076

U. T. System Board of Regents: Discussion and appropriate action regarding safety and security issues, including security audits and the deployment of security personnel and devices
5. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees - Section 551.074
 - a. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees**
 - b. **U. T. Arlington: Discussion and appropriate action regarding individual personnel matters related to the presidential search, including individual candidate interviews and possible naming of finalists**
 - c. **U. T. Medical Branch - Galveston: Discussion of individual personnel issues related to compensation concerning application of overtime provisions of federal Fair Labor Standards Act**

RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS

5:30 p.m.

ADJOURN

5:45 p.m.

1. **U. T. System Board of Regents: Approval of Consent Agenda items and referral of any items to the full Board or to Committee**

The Board will be asked to approve Consent Agenda items located at the back of the book under the Consent Agenda tab.

2. **U. T. System Board of Regents: Remarks from Texas Education Agency Commissioner Michael Williams on Agency goals**

REPORT

Commissioner of Education Michael Williams has been invited to address the Board on the work and goals of the Texas Education Agency.

3. **U. T. System: Report on development performance for the U. T. System institutions**

REPORT

Vice Chancellor Safady will report on development performance of U. T. System institutions for Fiscal Year 2012 and make recommendations for advancing philanthropic support, using the PowerPoint presentation set forth on the following pages.

In 2004, Dr. Safady initiated an annual review of campus development/fundraising operations and the preparation of a report to offer each institution a customized assessment and framework for performance measurement and continuous improvement. This service is designed to assist each institution to achieve its strategic philanthropic objective. The annual review is aligned with the U. T. System's goals of efficiency, transparency, and accountability.

U. T. System Development Assessment FY 2012

Dr. Randa Safady
Vice Chancellor for External Relations

U. T. System Board of Regents' Meeting
February 2013



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

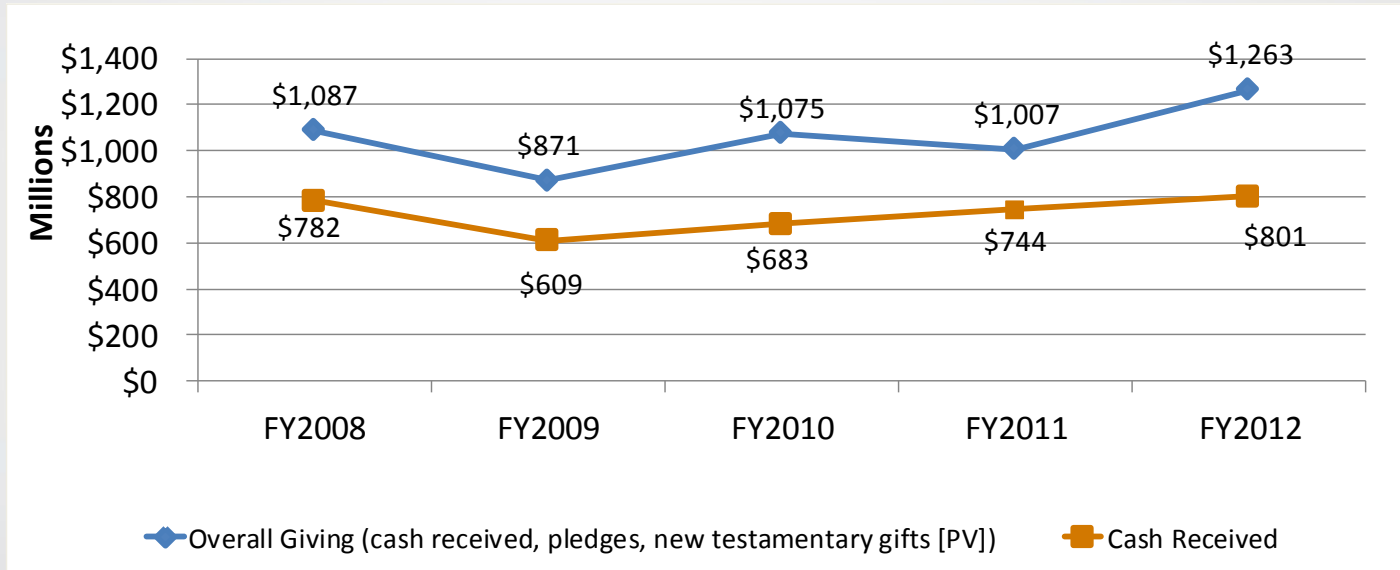
WWW.UTSYSTEM.EDU

Fundraising Environment in FY 2012

- Continued slow economic recovery
- Top 400 nonprofits raising the most from private sources forecasted a median gain of less than 1% growth
- Council for Advancement and Support of Education (CASE) Fundraising Index estimated a 4.9% growth for higher education in FY 2012
- Initial data from Voluntary Support of Education/Council for Aid to Education (VSE/CAE) reveals cash received for public higher education down 0.1% and private higher education down 1.0%
- Fidelity Charitable was the second largest recipient of charitable gifts in FY 2012



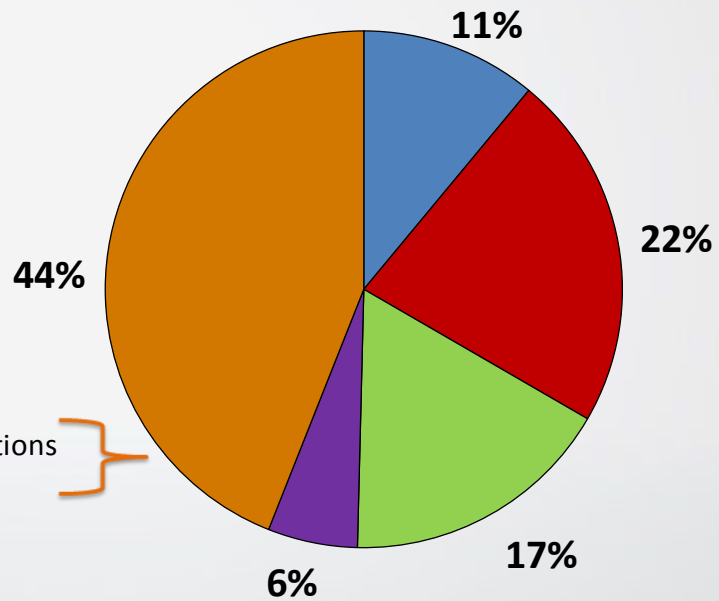
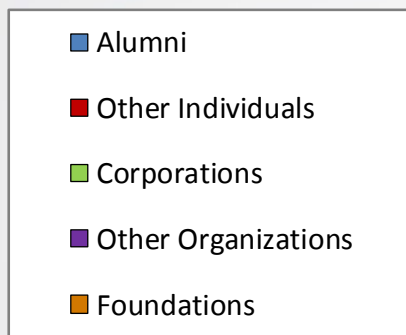
Fundraising Summary and Five-Year Trend



- FY 2012 was the highest year for overall giving and cash received
- Overall giving increased 25.4% while cash received increased 7.7% from FY 2011



Sources of Giving FY 2012

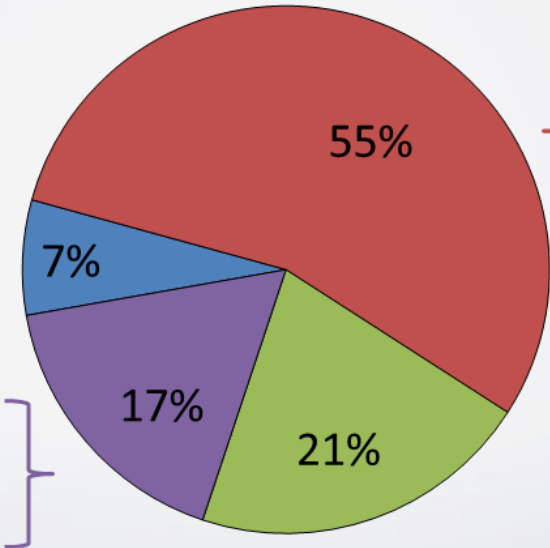


20% Personal/Family Foundations
24% Private Foundations



Purpose of Gifts

- Current Operations Unrestricted
- Current Operations Restricted
- Property, buildings, equipment
- Endowment



54% Research
 20% Academic Programs, Faculty/Staff
 10% Athletics
 4% Student Financial Aid

39% Academic Programs, Faculty/Staff
 29% Research
 11% Student Financial Aid

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Individual Donors

	Average FY 2007–2011	FY 2012	Percent Change
Alumni donors	81,936	79,141	-3.4%
Non-alumni donors	141,124	140,720	-0.3%
All individual donors	223,060	219,861	-1.4%

- FY 2012 represents a slight decrease in number of alumni and non-alumni donors
- Number of alumni donors declined for the first time in four years
- Maintaining the donor base during these economic times is a significant accomplishment
- Non-alumni donors account for 64% of all individual donors

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Alumni Giving

	Average FY 2007–2011	FY 2012	Percent Change
Alumni Participation*	8.0%	7.1%	-12.6%
Alumni Giving Amount	\$78.9M	\$88.2M	11.8%

*Alumni Participation = alumni donors divided by alumni of record

- 1,107,208 alumni of record
- Cash received from alumni remained flat in FY 2012



Planned Giving

	Average FY 2007–2011	FY 2012	Percent Change
New Testamentary Gifts (present value)	\$41.7M	\$64.3M	54.3%
New Testamentary Gifts #	154	202	31.2%
Realized Bequests	\$44.3M	\$75.2M	69.9%
Realized Bequests #	169	203	20.1%

- Planned giving continues to grow in importance for donors and institutions
- Realized bequests represent 28.2% of gifts from individuals in FY 2012



Impact of Larger Gifts

	Average FY 2007–2011	FY 2012	Percent Change
Top 12* gifts as a percentage of cash received	20.5%	23.2%	13.2%

* Top 12 gifts = 3 largest gifts from individuals, foundations, corporations, and bequests

- Of the more than 220,000 gifts, the top 12 account for more than 20% of all cash received
- 59 gifts of \$1M or more; up from 54 gifts in FY 2011



Academic Institutions FY 2012

Institutions	Overall Giving* (in millions)	Cash Received (in millions)	Cash Received as a % change from 5-year avg. FY 2007-2011	Cash Received as a % of Educational & General (E&G) Expenditures
U. T. Arlington	↑ \$23.7	↑ \$16.0	134.4%	3.5%
U. T. Austin	↑ \$335.3	↑ \$258.3	10.3%	12.9%
U. T. Brownsville	\$2.3	↑ \$2.0	42.3%	1.2%
U. T. Dallas	\$32.4	\$20.6	-11.6%	6.1%
U. T. El Paso	↑ \$40.9	↑ \$27.0	25.7%	7.5%
U. T. Pan American	\$6.3	\$3.7	-8.9%	1.8%
U. T. Permian Basin	↑ \$7.9	\$6.0	13.6%	19.3%
U. T. San Antonio	\$20.7	\$12.2	-27.4%	2.9%
U. T. Tyler	\$3.5	↑ \$3.5	-10.7%	3.9%

*Overall Giving = testamentary commitments, pledges, and cash received ↑ = increase from FY 2011



Health Institutions FY 2012

Institutions	Overall Giving* (in millions)	Cash Received (in millions)	Cash Received as a % change from 5-year avg. FY 2007-2011	Cash Received as a % of Educational & General (E&G) Expenditures
UTSWMC	\$150.8	\$120.8	-15.8%	9.5%
UTMB	↑ \$236.2	↑ \$55.9	71.8%	9.6%
UTHSC - Houston	↑ \$54.6	↑ \$48.6	27.4%	6.3%
UTHSC - San Antonio	\$50.2	↑ \$36.6	-34.5%	4.9%
UTMDACC	↑ \$294.2	↑ \$186.7	51.1%	13.1%
UTHSC - Tyler	↑ \$2.0	\$1.0	-25.0%	2.6%

*Overall Giving = testamentary commitments, pledges, and cash received ↑ = increase from FY 2011



Fundraising Campaigns

- Six fundraising campaigns underway and all at various stages
 - Combined campaign goals \$4.0B
 - Amount raised toward campaign goals \$2.6B
- Campaigns aligned with Framework and CASE guidelines

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Strength in Numbers \$10 Million

- Each U. T. System institution applied for and received Strength in Numbers support for a three-year period (FY 2012-FY 2014) to enhance development, provided certain criteria were met
- Initial allocation of Strength in Numbers resulted in
 - 23 frontline officers hired
 - 15 infrastructure positions filled
 - 10 programs supported



Observations from FY 2012

- For the most part, U. T. System institutions effectively worked with donors who provided exceptional financial support during the most difficult fundraising period of this generation
- Individual donor count leveled off
- Number of large gifts increased but gifts of appreciated assets decreased
- Planned giving was important to fundraising success
- Philanthropy among U. T. System institutions collectively reached 8.4% of Education and General (E&G) expenditures and is tracking toward 10%



Forecast for FY 2013

- Philanthropy for the next 2-3 years is likely to be challenging
- Donor confidence in the economy is still shaky making major gifts more challenging to secure
- Planned gifts will increasingly be part of large gift commitments



Going Forward – Strategy

- Align philanthropy and communications with institutional priorities
- Importance of recruiting and retaining exceptional development leadership and staff members
- Balanced fundraising programs with a focus on donor cultivation and stewardship

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Going Forward – Strategy (cont.)

- Innovative and strategic development business planning is essential
- With slight decline in donor count, new strategies are in order for annual giving programs
- Implement recommendations from development audit



Going Forward – Strategy (cont.)

- Continued investments in development may be warranted as performance improves and innovation is needed
 - Development budgets nationally are 1.4% of E&G expenditures and the median for U. T. System institutions is 0.8%



Going Forward – Strategy (cont.)

- At the heart of our strategy is the Center for Enhancing Philanthropy
 - Training and Workshops
 - Best practice – alumni, annual giving, major gifts, stewardship, etc.
 - Vice Presidents of Research and Development forums
 - Systemwide and customized workshops
 - Talent Management
 - Collaborative services and projects
 - Assessments, campaign planning, and strategic thinking



4. **U. T. System Board of Regents: Proposed repeal of Regents' *Rules and Regulations*, Rule 80501, regarding underground easements**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Vice Chancellor and General Counsel that Regents' *Rules and Regulations*, Rule 80501, regarding underground easements, be repealed.

BACKGROUND INFORMATION

Regents' *Rules and Regulations*, Rule 80501 provides, in its entirety: "All utility easements shall be put underground unless it is absolutely necessary to have an overhead line. In such cases, the easement will contain a provision that the grantee will relocate the line underground." This rule was adopted by the Board of Regents at its meeting on December 7, 1973.

While utilities are typically placed underground on U. T. System institution campuses, there may arise good reasons for not placing easements underground: cost may be prohibitive (a significant issue when it is a U. T. institution requesting the utility service), geography may not permit it (such as solid rock, mountainous terrain), or utility facilities (such as transformers) may not be of the type that can be placed underground. Each easement is handled on a case-by-case basis by the U. T. System Real Estate Office working with campus representatives and the utility provider. The Executive Director of Real Estate, pursuant to Regents' *Rules and Regulations*, Rule 70301, has delegated authority to sign easements.

Staff's conclusion is that the rule is not necessary and that the rule's allowance of overhead lines only if they are "absolutely necessary" is a standard that is not easily defined. Both aesthetics and ease of long-term maintenance will typically dictate placement of utilities underground, and campus and Real Estate Office personnel are in the best position to determine on a case-by-case basis when placement of utilities underground is not the most prudent course of action. There are currently more than 50 active easement files in the Real Estate Office; on average, between 35 and 50 new easement matters are opened each year.

5. **U. T. System: Musical performance by a student**

Mr. Ivan Hernandez, a student at U. T. Brownsville, will perform a short musical piece for the Board.