



**SCHEDULE OF EVENTS  
FOR  
BOARD OF REGENTS' MEETING**

**November 5-6, 2014**  
El Paso, Texas

*The University of Texas at El Paso, 500 West University Avenue*

- *Templeton Suite, Union Building East, Third Floor (Executive Sessions)*
- *Tomás Rivera Conference Center, Union Building East, Third Floor (Open Sessions)*
- *Office of President Natalicio 915/747-5555*

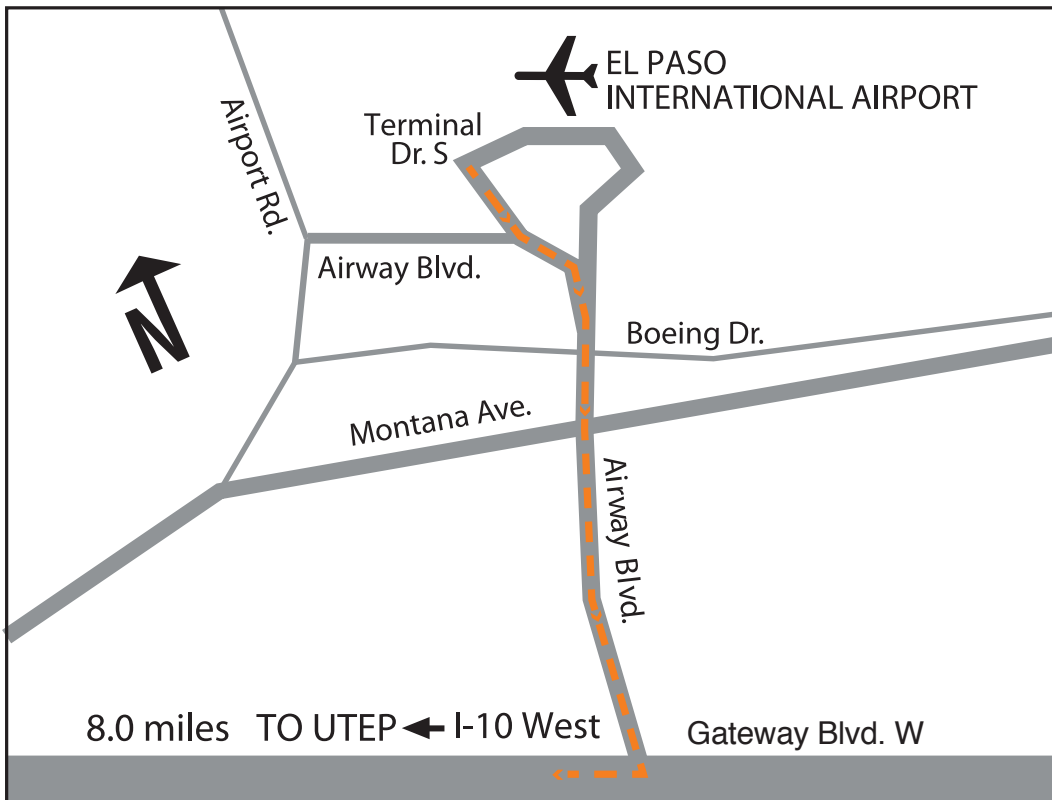
**All times are Mountain Standard Time**

**Wednesday, November 5, 2014**

Audit, Compliance, and Management Review Committee .....	10:30 a.m.
Academic Affairs Committee .....	11:30 a.m.
Lunch .....	12:30 p.m.
Health Affairs Committee .....	1:00 p.m.
Technology Transfer and Research Committee .....	2:00 p.m.
Facilities Planning and Construction Committee .....	3:00 p.m.
Finance and Planning Committee .....	4:00 p.m.
Recess .....	5:00 p.m.

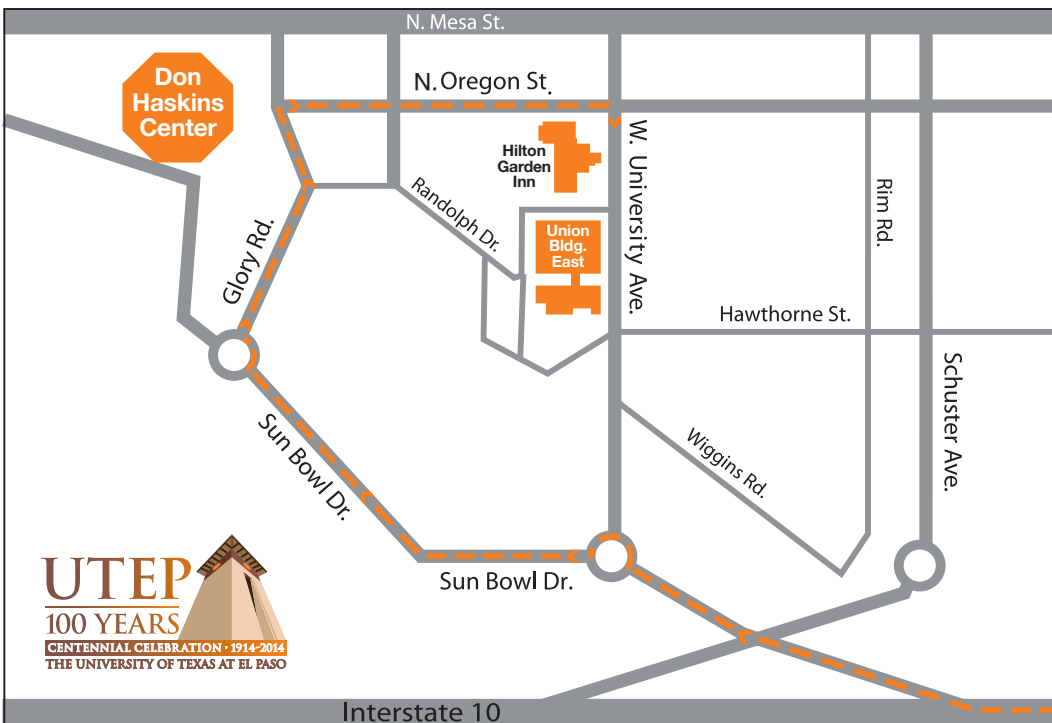
**Thursday, November 6, 2014**

Meeting of the Board - Open Session .....	8:30 a.m.
<i>Includes meeting with the U. T. System Employee Advisory Council</i>	
Recess to Executive Session and Working Lunch .....	10:45 a.m.
Meeting of the Board - Open Session .....	1:45 p.m.
	<i>approximately</i>
Adjourn .....	2:00 p.m.
	<i>approximately</i>



Exit El Paso International Airport to **Airway Blvd.**  
Travel **south** approximately 2 mi. to **I-10 West**

Turn **right** onto **Gateway Blvd. W**  
Take the ramp on the **left** onto **I-10 West**



Take exit **18A** toward **Schuster Ave./ UT El Paso**  
Keep **left**, follow signs for **W. University Ave.**  
Slight **right** toward **Sun Bowl Dr.**  
At the traffic circle, take the **3rd** exit onto **Sun Bowl Dr.**

Turn **right** onto **Glory Rd.**  
Take the second **right** onto **N. Oregon St.**  
Turn **right** onto **W. University Ave.**  
**Hilton Garden Inn** and the **Union Bldg. East** are on the **right**

# U. T. System Board of Regents' Meeting November 5 - 6, 2014

## Parking

Meetings take place in the Union Building East, 3rd floor.

- Lot IC-7 for Regents and UT Staff
- Lot HGI for other Guests

UTEP Centennial Dinner takes place in the Don Haskins Center.

- Lot IC-11 for Regents and UT Staff

\*Hilton Garden Inn El Paso/University (HGI)  
111 W. University Ave.  
El Paso, TX 79902  
(915) 351-2121

-  **Event Locations**
-  **Meeting Parking**
-  **Dinner Parking**





**AGENDA  
FOR MEETING OF  
THE UNIVERSITY OF TEXAS SYSTEM  
BOARD OF REGENTS**

**November 5-6, 2014**  
El Paso, Texas

	<b>Board Meeting</b>	<b>Page</b>
<b><u>November 5, 2014</u></b>		
COMMITTEE MEETINGS	<i>10:30 a.m. - 5:00 p.m.</i>	
RECESS	<i>5:00 p.m.</i>	
<b><u>November 6, 2014</u></b>		
CONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS	<i>8:30 a.m.</i>	
1. <b>U. T. El Paso: Overview of the institution, including Centennial celebration</b>	<i>8:30 a.m.</i> <b>Report/Presentation</b> <i>President Natalicio</i>	<b>7</b>
2. <b>U. T. System Board of Regents: Annual Meeting with Officers of the U. T. System Employee Advisory Council</b>	<i>9:00 a.m.</i> <b>Report/Discussion</b> <i>Ms. JoAnn Rios, Chair</i>	<b>8</b>
3. <b>U. T. System Board of Regents: Approval of Consent Agenda items and referral of any items to the full Board or to Committee</b>	<i>9:30 a.m.</i> <b>Action</b>	<b>12</b>
4. <b>U. T. System Board of Regents: Discussion and appropriate action regarding additions to Regents' <i>Rules and Regulations</i>, Rule 10402, Section 1.7 (Duties of the Academic Affairs Committee) and Section 1.8 (Duties of the Health Affairs Committee) related to review and approval of mission statements</b>	<i>9:35 a.m.</i> <b>Action</b>	<b>13</b>
5. <b>U. T. System Board of Regents: Discussion and appropriate action regarding changes to Regents' <i>Rules and Regulations</i>, Rule 10501 (Delegation to Act on Behalf of the Board), Section 2.2.13 (Bowl Games) to expand the delegation of authority to U. T. System institutions to negotiate and execute agreements related to athletic games</b>	<i>9:37 a.m.</i> <b>Action</b>	<b>14</b>
6. <b>U. T. System Board of Regents: Discussion and appropriate action regarding amendment of Regents' <i>Rules and Regulations</i>, Rule 20201, Presidents, to add a new Section 5 on evaluations</b>	<i>9:39 a.m.</i> <b>Action</b>	<b>15</b>
7. <b>U. T. System Board of Regents: Discussion and appropriate action regarding changes to Regents' <i>Rules and Regulations</i>, Rule 20601, regarding Aircraft Use, to revise reporting requirements, to incorporate former University of Texas Systemwide Policy UTS179 Donor Aircraft Policy with revisions, and to require additional review for potential conflicts of interest</b>	<i>9:41 a.m.</i> <b>Action</b>	<b>16</b>
8. <b>U. T. System: Presentation on seekUT</b>	<i>9:43 a.m.</i> <b>Report</b> <i>Dr. Huie</i>	<b>26</b>

	<b>Board Meeting</b>	<b>Page</b>
9. <b>U. T. System: Discussion and appropriate action related to use of group purchasing contracts through the Texas Department of Information Resources and other sources and issues related to competitive bidding, justification for exclusive acquisitions, and requirements for Board approval</b>	10:00 a.m. <b>Action</b> <i>Chancellor Cigarroa</i> <i>Dr. Kelley</i>	27
10. <b>U. T. System Board of Regents: Certificate of appreciation to Chancellor Cigarroa and recognition of his service</b>	10:15 a.m. <b>Presentation</b>	28
STANDING COMMITTEE RECOMMENDATIONS AND REPORTS TO THE BOARD	10:30 a.m.	
RECESS TO EXECUTIVE SESSION PURSUANT TO <i>TEXAS GOVERNMENT CODE</i> , CHAPTER 551 (working lunch at noon)	10:45 a.m.	
1. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074		
a. <b>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>		
b. <b>U. T. Austin: Discussion and appropriate action, if any, of individual personnel matters related to presidential search</b>		
c. <b>U. T. System: Discussion and appropriate action related to the hiring of a Chief Executive Officer for University Lands (Regents' <i>Rules and Regulations</i>, Rule 20204, regarding compensation for highly compensated employees)</b>		
d. <b>U. T. Pan American: Consideration of recommendation of Faculty Hearing Tribunal regarding faculty member</b>		
2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071		
a. <b>U. T. System Board of Regents: Discussion with Counsel on pending legal issues</b>		
b. <b>U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning settlement of claims and litigation</b>		
c. <b>U. T. System Board of Regents: Discussion and appropriate action regarding legal issues related to ongoing independent investigation of admissions practices at U. T. Austin by Kroll Associates</b>		
d. <b>U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding legal issues involved with a patent license dispute and the hiring of outside legal counsel on a contingent fee basis to provide representation associated with the matter</b>		

**Board Meeting**

- e. **U. T. Brownsville: Discussion and appropriate action regarding legal issues related to authorization to acquire by gift and bargain purchase from the City of Brownsville, a tract of land improved with park facilities and consisting of approximately 47.96 acres currently known as Lincoln Park, located immediately southwest of the 21.2-acre tract at the southwest corner of West University Boulevard and U.S. Highways 77/83 in Brownsville, Cameron County, Texas, for future programmed development of campus expansion; lease back of said land to the City of Brownsville; resolution regarding parity debt; and finding pursuant to Chapter 26 of the *Texas Parks and Wildlife Code***
  
- 3. **Negotiated Contracts for Prospective Gifts or Donations – Section 551.073** *Dr. Safady*
  - 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. Health Science Center - Houston: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
  - e. **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. **Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072**
  - a. **U. T. Brownsville: Discussion and appropriate action regarding the purchase of approximately 8.438 acres of vacant and submerged land at the southeast corner of Monroe Street and Marina Drive, Port Isabel, Cameron County, Texas, for a price not to exceed fair market value as established by an independent appraisal, for coastal research and future programmed campus expansion; and resolution regarding parity debt** *President Bailey*  
*Mr. Tames*
  
  - b. **U. T. El Paso: Discussion and appropriate action regarding the purchase of approximately 443 acres of land out of the J. Baker Survey #10 and the I. F. Harrison Survey #54, located on Paisano Drive and Interstate Highway 10 in El Paso, El Paso County, Texas, commonly known as the former ASARCO smelter site, from ASARCO Texas Custodial Trust, for future programmed campus expansion** *Mr. Tames*

	<b>Board Meeting</b>	<b>Page</b>
<p>c. <b>U. T. Brownsville: Discussion and appropriate action regarding authorization to acquire by gift and bargain purchase from the City of Brownsville, a tract of land improved with park facilities and consisting of approximately 47.96 acres currently known as Lincoln Park, located immediately southwest of the 21.2-acre tract at the southwest corner of West University Boulevard and U.S. Highways 77/83 in Brownsville, Cameron County, Texas, for future programmed development of campus expansion; lease back of said land to the City of Brownsville; resolution regarding parity debt; and finding pursuant to Chapter 26 of the <i>Texas Parks and Wildlife Code</i></b></p>	<p><i>Mr. Tames</i></p>	
<p>RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO CONSIDER AGENDA ITEMS</p>	<p><i>1:45 p.m. approximately</i></p>	
<p>11. <b>U. T. El Paso: Discussion and appropriate action regarding the purchase of approximately 443 acres of land out of the J. Baker Survey #10 and the I. F. Harrison Survey #54, located on Paisano Drive and Interstate Highway 10 in El Paso, El Paso County, Texas, commonly known as the former ASARCO smelter site, from ASARCO Texas Custodial Trust, for future programmed campus expansion</b></p>	<p><b>Action</b></p>	<p><b>28</b></p>
<p>12. <b>U. T. System: Discussion and appropriate action concerning U. T. System legislative priorities for the 84th Regular Session</b></p>	<p><b>Discussion/Action</b> <i>Mr. McBee</i></p>	
<p>ADJOURN</p>	<p><i>2:00 p.m. approximately</i></p>	

1. **U. T. El Paso: Overview of the institution, including Centennial Celebration**

REPORT

President Natalicio will provide an overview of U. T. El Paso and the Centennial Celebration.



2. **U. T. System Board of Regents: Annual Meeting with Officers of the U. T. System Employee Advisory Council**

REPORT

Representatives of the U. T. System Employee Advisory Council will meet with the Board to discuss the Council's activities from the past year, as set forth on the following pages.

Council members scheduled to attend are:

**Chair 2014:** Ms. JoAnn Rios, Senior Administrative Health Care Assistant, U. T. Health Science Center - San Antonio

**Vice Chair:** Mr. Gerald Cleveland, Director, Health Promotions, U. T. Medical Branch - Galveston

**Secretary:** Mrs. Tara Andrews, Operations Manager of Parking Services, U. T. Southwestern Medical Center

**Historian:** Mr. Ronnie Garcia, Assistant Director, Career Services, U. T. Pan American

BACKGROUND INFORMATION

The U. T. System Employee Advisory Council (EAC) was established in August 2000 to provide a vehicle for communication and to facilitate the flow of ideas and information between and among the Board of Regents, U. T. System Administration, and the institutions. The EAC functions to define, analyze, and make recommendations on employee issues to the Board through the Chancellor.

**THE UNIVERSITY OF TEXAS SYSTEM  
EMPLOYEE ADVISORY COUNCIL  
REPORT  
TO THE BOARD OF REGENTS  
THE UNIVERSITY OF TEXAS SYSTEM**

**Introduction**

The Employee Advisory Council (EAC) worked to achieve excellence this past year through establishing a culture of engagement, accountability, and collaboration among the committee membership and throughout the institutions that they represent. Highlights of the EAC's achievements this year include:

1. **Engagement** – EAC Standards of Conduct were developed and awareness of the role of EAC was increased at the institutional level.
2. **Accountability** – The EAC has self-examined its role and purpose in order to best utilize its resources for making recommendations that benefit U. T. System institution employees. The recommendations in this report are intended to meet this objective by promoting increased manager effectiveness, efficiency, and productivity.
3. **Collaboration** – The EAC strategically engaged its membership to work cooperatively with institutional leadership as well as with executive committees of the Faculty Advisory Council (FAC) and the Student Advisory Council (SAC).

**Executive Summary of Recommendations**

1. We recommend the Board of Regents support institutional initiatives that provide employee assessment tools to new and current managers to improve key management skills. In addition, we recommend the use of surveys to determine training needs and preparedness of new and current managers. The EAC further recommends the use of standards of performance for assessing managerial skills. The EAC has developed survey tools that can be shared with institutions for the purpose of determining training needs for managers.
2. We recommend that institutions consider the use of the Career Resources Toolkit, which is housed on the EAC webpage at (<https://www.utsystem.edu/sites/employee-advisory-council/resources-and-historical-information>). If each institution prefers to create their own toolkit, the EAC recommends the following items be considered for inclusion:
  - Individual development plan – a resource to aid employees in aligning their career growth and objectives with those of the department and institution.
  - Formal training within the institution

- Coaching/mentoring resources
  - Educational and motivational literature
  - External education (i.e., collegiate curriculum, SkillSoft)
3. We ask for the support of the Board of Regents and the Chancellor in communicating and endorsing the U. T. System Founders Day and recommend introductory communication of this event be provided by the Board of Regents' Chairman and the Chancellor annually, with a communication from institutional presidents to follow.

## **Background for Recommendations**

### **Professional Results in Dedication to Excellence in Management and Development Committee**

The committee created the EAC Standards of Conduct by which future EAC Committee members will be held accountable. The committee created a targeted survey and self-evaluation rubric to provide to new and current managers to help them assess and improve their management skills. As U. T. System continues to advance higher learning and the quality of life, it is crucial to recruit, retain, and develop a high-quality team of leaders. Management training can greatly impact the productivity, engagement, and success of employees across the U. T. System. The tools created by this committee are available on the EAC website for use by U. T. System institutions and U. T. System Administration to assist in the process of training and developing high-quality leadership.

### **Career Development Committee**

In May 2013, the Society for Human Resource Management (SHRM) Workplace Forecast reported one of the top ten workplace trends for 2013 and beyond includes "Greater economic uncertainty and market volatility." With over 216,000 students and 87,000 faculty and staff, such a forecast has the potential to dramatically impact the workforce of U. T. System. The objective of the Career Development Committee is to promote workforce career development plans to support and encourage satisfaction, retention, and growth as opportunities avail themselves.

A Systemwide survey was conducted to assess which institutions offered development and leadership programs. Based on survey results, the Career Development Committee created a Career Resources Toolkit. The Career Resources Toolkit is available for all on the EAC website and includes:

- A sample individual development plan – A resource to aid employees in aligning their career growth and objectives with those of the department and institution
- Available leadership programs throughout the U. T. System
- Coaching/mentoring resources
- Educational and motivational literature

- Available external educational tools (i.e., collegiate curriculum, SkillSoft)
- A sample “how to” manual on creating a management and leadership development program

### **Team Unity Committee**

In the spirit of collaboration, Team Unity was created to connect students, faculty, and staff at all U. T. System institutions to develop a more unified culture of family throughout the U. T. System.

Accomplishments of this committee include:

- U. T. System Founders Day, approved by the Board of Regents in FY 2013, was successfully launched on November 8, 2013.
- A Campus Collage was created with pictures, names, and mascots of all U. T. System institutions. Each institutional president and System Administration was presented with a copy to remind them that we are a collective system of higher education.
- Interviews with long-standing U. T. System employees were conducted to exhibit the dedication and commitment of these employees to their respective campus and U. T. System.

The EAC will continue supporting the U. T. System Founders Day to be held the 2nd Friday of November of each year. In collaboration with the FAC and SAC, the EAC will provide annual assistance in the planning and celebration of U. T. System Founders Day. To assist the institutions with planning this event, the EAC created a helpful *U. T. System Founders Day Preparation Task List*, which can be found on the EAC website.

### **Best Practices Committee**

The Best Practices Committee created a best practices document, housed on the EAC website and available to all employees. Change in the workplace allows for better utilization of an organization’s assets, both financial and human, if implemented effectively. By focusing on growth in the areas of inclusiveness, communication, training, and cost estimation, change participants can become ardent supporters and leaders. We encourage U. T. System institutions to use the best practices document as appropriate when implementing change initiatives.

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

RECOMMENDATION

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

4. **U. T. System Board of Regents: Discussion and appropriate action regarding additions to Regents' *Rules and Regulations*, Rule 10402, Section 1.7 (Duties of the Academic Affairs Committee) and Section 1.8 (Duties of the Health Affairs Committee) related to review and approval of mission statements**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Rule 10402, Section 1.7 (Duties of the Academic Affairs Committee) and Section 1.8 (Duties of the Health Affairs Committee) be amended as set forth in congressional style below:

1.7 Duties of Academic Affairs Committee. The Academic Affairs Committee shall:

...

(i) Review proposed changes to academic institution mission statements and make recommendations to the Board for approval.

1.8 Duties of the Health Affairs Committee. The Health Affairs Committee shall:

...

(i) Review proposed changes to health institution mission statements and make recommendations to the Board for approval.

**BACKGROUND INFORMATION**

The recommended revisions clarify the existing requirement that U. T. System institutions submit changes to institutional mission statements to the Board of Regents for approval.

The proposed additions to Sections 1.7 and 1.8 of Rule 10402 require review of mission statements by either the Academic Affairs Committee or Health Affairs Committee, as appropriate.

In 2013, the Texas Legislature repealed *Texas Education Code* Section 61.051(e), which directed the Texas Higher Education Coordinating Board to review the mission statements of public institutions, typically, every four years. However, each institution is still required to have a mission statement under *Texas Education Code* Section 51.359. Additionally, Section 51.352 of the Code, regarding the Responsibility of Governing Boards, requires governing boards to "insist on clarity of focus and mission of each institution under its governance."

5. **U. T. System Board of Regents: Discussion and appropriate action regarding changes to Regents' Rules and Regulations, Rule 10501 (Delegation to Act on Behalf of the Board), Section 2.2.13 (Bowl Games) to expand the delegation of authority to U. T. System institutions to negotiate and execute agreements related to athletic games**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Rule 10501 (Delegation to Act on Behalf of the Board), Section 2.2.13 (Bowl Games) be amended to expand the delegation of authority to U. T. System institutions to negotiate and execute agreements related to athletic games as set forth in congressional style below:

2.2 Contracts Not Requiring Board Approval. The following contracts or agreements, including purchase orders and vouchers, do not require prior approval by the Board of Regents.

...

2.2.13 ~~Athletic Bowl~~ Games. Contracts or agreements related to athletic games, including postseason bowl games, if the contract or agreement exceeds \$1 million in value, subject to a requirement that the contract or agreement must be approved by ~~has been submitted to~~ the Executive Vice Chancellor for Academic Affairs and ~~be is~~ in a form acceptable to the Vice Chancellor and General Counsel.

....

BACKGROUND INFORMATION

The recommended change to Section 2.2.13 of Rule 10501 will provide greater latitude to U. T. System academic institutions to negotiate and execute contracts related to athletic games. Currently, the Rule only delegates the authority to execute contracts related to postseason bowl games, subject to review and approval by the Executive Vice Chancellor for Academic Affairs. The change will expand the authority to other contracts for athletic games that would otherwise require Board approval. This delegation will allow greater flexibility in negotiation and timing.

6. **U. T. System Board of Regents: Discussion and appropriate action regarding amendment of Regents' Rules and Regulations, Rule 20201, Presidents, to add a new Section 5 on evaluations**

**RECOMMENDATION**

The Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel recommend that the Regents' *Rules and Regulations*, Rule 20201 be amended to include a new Section 5 setting out a process for annual and comprehensive periodic performance reviews of the institutional presidents as set forth below in congressional style:

**Sec. 5 Evaluation**

- 5.1 Within 12 months of beginning service as president, the new president will provide a statement outlining a vision and plans for the future of the institution. The presentation may be deferred for 6 months, if deemed appropriate by the Chancellor and the appropriate Executive Vice Chancellor after consultation with the Chairman of the Board.**
- 5.2 Each president will have an annual performance evaluation each year, conducted by the Chancellor and the appropriate Executive Vice Chancellor, and presented to the Board for discussion.**
- 5.3 Each president will receive a comprehensive performance review by the appropriate Executive Vice Chancellor, the Chancellor, and the Board at the conclusion of each five-year period, beginning after the first year of service as president. The review will include an interview with the Board in Executive Session during which the president will outline his or her renewed vision and plans for the future of the institution.**

**BACKGROUND INFORMATION**

The proposed addition of language to Regents' Rule 20201 outlines the process for a new president's initial presentation of vision and goals to the Board within 12 months of becoming president. The new language also outlines the annual evaluation process and provides for a new comprehensive review of all presidents involving a strategic discussion of each president's goals and vision every five years.



7. **U. T. System Board of Regents: Discussion and appropriate action regarding changes to Regents' *Rules and Regulations*, Rule 20601, regarding Aircraft Use, to revise reporting requirements, to incorporate former University of Texas Systemwide Policy UTS179 Donor Aircraft Policy with revisions, and to require additional review for potential conflicts of interest**

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel that Regents' *Rules and Regulations*, Rule 20601, regarding aircraft use, be amended as set forth in congressional style on the following pages.

#### BACKGROUND INFORMATION

The recommended changes to Regents' Rule 20601, regarding Aircraft Use, will clarify and consolidate existing policies and procedures related to State and private aircraft use for University purposes. These changes will make the language consistent with current statutory language and will incorporate existing provisions of University of Texas Systemwide Policy UTS179, regarding Donor Aircraft, for ease of reference.

Proposed changes include eliminating the requirement of an annual report on operating costs to the Legislative Budget Board, consistent with a change in State law. The Board of Regents' Finance and Planning Committee will continue to receive a report on flights twice a year. Proposed new language requires an assurance that the use of a donor aircraft is in furtherance of University business, will not create a conflict of interest, and is subject to appropriate levels of review. Institutional Presidents, or their designees, shall review donor plane use for institutional employees, and the Chancellor, or his or her designee, will review such use by Presidents and System Administration employees. Finally, the Rule provides a uniform standard for review of the proposed travel.

**The University of Texas System  
Rules and Regulations of the Board of Regents**

**Rule: 20601**

**1. Title**

Aircraft Use

**2. Rule and Regulation**

Sec. 1 Official Use. The U. T. System aircraft or any leased or chartered aircraft will be used only in the scope and conduct or furtherance of official State business and only in compliance with the travel regulations contained in *Texas Government Code* Section 2205.001 et seq. and any other laws applicable to the use of State-owned or leased aircraft. Donor aircraft used in the scope and conduct or furtherance of official University business is also covered by this Rule.

Sec. 2 Passengers. In accordance with Texas Attorney General Opinion H-1089, the Board of Regents finds that attendance of the spouses of members of the Board of Regents and officials of the Office of the Board of Regents; spouses of the Executive Officers and the Administrative Officers of the U. T. System; and spouses of the presidents of the institutions of the U. T. System at official functions may be in furtherance of official State business. Whether the spouse's attendance is in furtherance of official State business is dependent in part on the nature of the employee's office, the spouse's role, the purpose of the particular trip, and the spouse's connection with that purpose. Examples of instances in which the spouse's attendance is in furtherance of official State business include, but are not limited to, attendance at U. T. System Board of Regents' meetings when there is an official function hosted by an institution and retirement functions honoring long-time key employees of the U. T. System or the institutions.

Sec. 3 Justification for Passenger Use.

3.1 Consistent with State law, ~~The~~ U. T. System aircraft or leased or chartered aircraft will be used to carry passengers only when the destination is not served by commercial carriers, ~~or~~ the time required to use such a carrier interferes with other obligations, or the number of authorized passengers traveling makes the use of State aircraft cost effective.

**The University of Texas System  
Rules and Regulations of the Board of Regents**

**Rule: 20601**

3.2 Use of a leased or chartered aircraft, including Texas Department of Transportation (TxDOT) aircraft, will be approved only when the U. T. System aircraft is unavailable.

~~Sec. 4 — Scheduling Flights for Regents. Requests for use of the U. T. System aircraft and leased or chartered aircraft by members of the Board of Regents will generally be arranged through the General Counsel to the Board. Leased or chartered aircraft will be provided when the U. T. System aircraft is not available. If circumstances occur that require flight arrangements for Board members to be made through the Chancellor or his or her designee, the General Counsel to the Board will be advised of such arrangements by copy of the completed flight reservation form.~~

Sec. ~~54~~ Priority for Use. ~~Except for r~~Requests by the U. T. System Board of Regents shall be arranged through the General Counsel to the Board. ~~a~~All other flights of U. T. System aircraft or requests for leased or chartered aircraft, including TxDOT aircraft, will be requested from and approved in advance by the Chancellor or ~~his or her~~ designee. Up until 24 hours before a the flight is scheduled to begin, requests for the use of U. T. System aircraft will be approved upon the following order of priority:

1. Chairman of the U. T. System Board of Regents
2. A Vice Chairman of the U. T. System Board of Regents (in order of request)
3. Members of the U. T. System Board of Regents (in order of request)
4. Chancellor and Executive Vice Chancellors (in order of request)
5. Vice Chancellors and other System officers (in order of request)
6. Institutional Presidents (in order of request)
7. Other staff of the U. T. System Administration (in order of request)
8. Other faculty and staff personnel of the institutions of the U. T. System (in order of request)

Sec. ~~65~~ Assignment of Aircraft by Chancellor. ~~The following steps will be taken for assigning the aircraft.~~

- 5.1 During the 24-hour period prior to the beginning of a flight, if the U. T. System aircraft has not been previously

**The University of Texas System  
Rules and Regulations of the Board of Regents**

**Rule: 20601**

scheduled, the Chancellor ~~will~~ may assign the U. T. System aircraft to any person on the priority list on a first-come first-served basis without regard to the order of priority.

~~65.2~~ If a U. T. System aircraft flight that is scheduled before the beginning of the 24-hour period is cancelled, ~~insofar as practicable,~~ the Chancellor ~~will~~ may assign, ~~as practicable,~~ the aircraft to the person requesting the aircraft that is next in order of priority. If a U. T. System aircraft flight ~~that is~~ scheduled during the 24-hour period is cancelled, the Chancellor or ~~his or her~~ designee ~~will~~ may assign the aircraft to the next person requesting it on a first-come first-served basis without regard to the order of priority.

Sec. ~~76~~ Use by Other State Agencies. In accordance with the expressed intent of the Legislature that State-owned aircraft be utilized by all agencies of the State, use of U. T. System aircraft by other State officials and ~~state~~ personnel on official State business is encouraged and will be authorized by the Chancellor on a space available and first-come first-served basis after the individuals on the priority list indicated in Section ~~64~~ above.

Sec. ~~87~~ Direction of Pilots. The pilots of U. T. System aircraft will report to and act under the direction of the Office of the Controller ~~Chancellor or his or her designee~~. Regents may direct an itinerary or passenger change to an approved flight, provided that the purpose of the flight and the passengers on the flight are in accordance with Section 2205.036 of the *Texas Government Code*. ~~Either the~~ Chancellor or ~~his or her~~ designee must approve all other requests that would substantially change an approved itinerary or passengers. Notwithstanding the foregoing sentence, ~~in the event of an emergency,~~ the pilot may authorize a change of itinerary or passengers in the event of an emergency. ~~All flights must be approved by the Chancellor or his or her designee.~~

**The University of Texas System  
Rules and Regulations of the Board of Regents**

**Rule: 20601**

- Sec. ~~98~~ Rates Charged. Excluding compensation for contract pilot services, charges to applicable U. T. System departments and the institutions for use of the U. T. System aircraft shall be equal to the rate approved by TxDOT for comparable interagency aircraft services.
- Sec. ~~409~~ Flight Regulations. The U. T. System aircraft shall be operated at all times in accordance with the provisions of the Federal Aviation Agency Administration approved flight manual and the University U. T. System Flight Operations Procedures, which is are in accordance with the Federal Aviation Act (as amended) and Civil Air Regulations. *Texas Government Code* Chapter 2205 gives TxDOT oversight of specific aspects of maintenance and operations for U. T. System aircraft.
- Sec. ~~4110~~ Control of Aircraft in Flight. Under Federal Regulations, the pilot of any aircraft is responsible for and is the final authority as to the flight operation of that aircraft. All decisions concerning the flight itself will rest solely with the pilot. However, the pilot should keep the priority person informed.
- Sec. ~~4211~~ Minimum Number of Pilots. Two pilots are required for each scheduled all passenger flights used in conjunction with conducting official University business. This Section is applicable to U. T. System aircraft, leased aircraft, chartered flights, privately owned aircraft, and donor aircraft.
- Sec. ~~4312~~ Reservation Form Flight Reservations. All flight reservations for the U. T. System aircraft shall be entered on a into the U. T. System Aircraft Reservation form System. Information which should must include, but is not necessarily limited to, the following:
1. departure/estimated arrival, date, time, and place,
  2. name of each passenger,
  3. destination(s) including intermediate stops and return information with date and time, and
  4. purpose of trip for each passenger, and
  5. benefit to the State and university.

**The University of Texas System  
Rules and Regulations of the Board of Regents**

**Rule: 20601**

Sec. ~~44~~13 Passenger Manifests. For each flight, the pilot will complete a Passenger Manifest showing the following:

1. flight number and duration,
2. date,
3. aircraft number,
4. flight plan,
5. destination and intermediate stops of flight,
6. names of pilot and copilot, and
7. passenger information
  - name of each passenger
  - department or institution
  - signature of each passenger.

Sec. ~~45~~14 Record Keeping and Reports. The approved reservation requests forms and post-flight passenger manifests will serve as the official record of flights.

~~45~~14.1 The U. T. System Office of ~~Business Affairs~~ the Controller shall prepare and submit the following reports:

- (a) Travel Log. In accordance with *Texas Government Code* Section 2205.039, the passenger manifests for the month will be sent to TxDOT each month following the month in which travel occurred.
- (b) Reports to the Board. Passenger manifests for U. T. System aircraft, TxDOT aircraft flown on behalf of U. T. System, privately owned aircraft, and leased, and charter aircraft, including donor or chartered aircraft paid for by outside entities on behalf of the University, will be sent to the General Counsel to the Board ~~of Regents~~ twice a year in April and October for distribution to the Board's Finance and Planning Committee ~~of the U. T. System Board of Regents~~ for review. For donor aircraft, passenger and donor names may be omitted consistent with State law, but will be provided, upon request, to the Board, to the Chancellor, the appropriate Executive Vice Chancellor, the Vice Chancellor for External Relations, the Vice Chancellor and General

**The University of Texas System  
Rules and Regulations of the Board of Regents**

**Rule: 20601**

Counsel, and/or the General Counsel to the Board.

~~(c) Annual Aircraft Use Form. In accordance with Texas Government Code Section 2205.041, passenger manifests for the year and the aircraft costs summary will be submitted to the Legislative Budget Board with copies to the General Counsel to the Board of Regents and the Chancellor by November 15th.~~

Sec. ~~4615~~ Leased and Privately Owned Aircraft. No U. T. System employees ~~holding a private or commercial aircraft license~~ may ~~not~~ operate leased or privately owned aircraft in conjunction with official University business unless authorized in writing by the Chancellor or ~~his or her~~ designee.

Sec. ~~4716~~ Chartered Aircraft. The following steps will be taken when securing charter aircraft.

~~4716.1~~ ~~In accordance with~~ Section 2205.035 of the *Texas Government Code* provides that TxDOT ~~must provide~~ requires advance approval by the State Aircraft Pooling Board of charter flights secured with appropriated funds.

~~4716.2~~ Charter operators must meet U. T. System insurance and operator requirements.

~~4716.3~~ If more than one of the priority persons listed in Section ~~54~~ requests the use of the U. T. System aircraft more than 24 hours before the flight is scheduled to begin, the Chancellor will assign the U. T. System aircraft to the person with the highest priority, and will, ~~insofar as necessary and practicable,~~ provide leased aircraft or a chartered flight for the use of the person or persons with the lower priority if necessary and feasible, ~~if scheduled commercial aircraft will not permit the trip.~~

~~4716.4~~ During the 24-hour period prior to the beginning of a flight, if the U. T. System aircraft has been previously scheduled and an additional request for its use is made by a person on the priority list, the Chancellor will, insofar as necessary and practicable, provide a

**The University of Texas System  
Rules and Regulations of the Board of Regents**

**Rule: 20601**

leased aircraft or a chartered flight for the use of the person making the subsequent request.

Sec. 17 Donor Aircraft.

*(Section 17 language taken from current U. T. Systemwide Policy UTS179, Donor Aircraft Policy; new language noted)*

- 17.1 Usage. Approval to use donor aircraft in the scope and conduct or furtherance of official University business is conditioned upon the confirmation of the following requirements prior to the acceptance of flight:
- (a) Use of donor aircraft must be approved in writing and in advance by the Chancellor or designee following submission of a request using a Donor Aircraft Request for Approval form. In evaluating whether to allow the use of a donor aircraft, an individual should first assure that such use does not create a conflict of interest under Regents' Rule 30104. For such travel by U. T. System Administration employees, officers, and institutional presidents, any potential conflict of interest shall be evaluated by the U. T. System Vice Chancellor and General Counsel or designee prior to approval of the use. For other institution employees, the conflict of interest analysis may be performed by the institution's legal counsel and/or ethics advisor. In addition to the conflict of interest review, the Chancellor or designee shall review and approve such proposed travel by U. T. System institutional Presidents and System Administration employees. Presidents shall review and approve such proposed travel of their employees. In every instance, the decision to approve shall be based upon the totality of the circumstances. The reviewing parties may request additional information to assist them in review.
  - (b) U. T. System insurance requirements must be met with a minimum of \$1,000,000 per seat/passenger.
  - (c) Donor aircraft must be multiengine turboprop or jet.
  - (d) Each flight must have 2 current and qualified pilots.
  - (e) The aircraft owner may not serve as pilot or copilot.



**The University of Texas System  
Rules and Regulations of the Board of Regents**

**Rule: 20601**

- (f) No passenger may enter the cockpit or distract pilots during flight, takeoff, or landing.
- (g) Students must be accompanied by a University staff member for the duration of any flight.
- (h) Donor is not a registered lobbyist.
- (i) Donor flight information (date of flight, aircraft tail number, origin/destination) along with a passenger list and emergency contact for each must be maintained by a responsible University individual on the ground.

17.2 Reporting. For each donor flight, the following will be provided:

- (a) Donor Aircraft Request for Approval form will be forwarded to U. T. System Aircraft Operations prior to departure.
- (b) Detailed flight information will be reported as required by Section 17.1 of this Rule.

**3. Definitions**

Donor Aircraft – aircraft and crew provided at reduced or no cost to transport passengers or cargo to/from a predetermined departure location to a specific destination. Donor Aircraft does not include a reduced or no cost airline ticket on a noncharter commercial airline flight.

None

**4. Relevant Federal and State Statutes**

*Texas Government Code, Chapter 2205 – Aircraft Pooling*

**5. Relevant System Policies, Procedures, and Forms**

~~The University of Texas System Administration Policy UTS179 Donor Aircraft Policy~~

Donor Aircraft Request for Approval

**The University of Texas System  
Rules and Regulations of the Board of Regents**

**Rule: 20601**

[Aircraft Reservation System: https://www.utsystem.edu/air/](https://www.utsystem.edu/air/)

~~None~~

**6. Who Should Know**

~~Administrators-All employees~~

**7. System Administration Office(s) Responsible for Rule**

~~Controller's Office~~

~~Chancellor's Office~~

**8. Dates Approved or Amended**

November 6, 2014

December 12, 2013

July 11, 2012

May 12, 2011

Editorial amendments to Sec. 6 and new Sec. 16 made April 27, 2011

Editorial amendment to Sec. 15.1(b) made September 17, 2010

Editorial amendment to Sec. 15.1 made September 1, 2010

December 10, 2004

**9. Contact Information**

Questions or comments regarding this Rule should be directed to:

- [bor@utsystem.edu](mailto:bor@utsystem.edu)

**8. U. T. System: Presentation on seekUT**

REPORT

Vice Chancellor for Strategic Initiatives Huie will present a report on seekUT.

U. T. System recently launched an exciting update to seekUT, a first-of-its-kind website, interactive data tool, and app that provides salary and debt statistics of actual graduates working in Texas one year, five years, and, now, ten years after receiving their degree. The tool now presents data by major for master's, doctoral, and professional degrees, as well as bachelor's degrees. It also provides important data on industries where graduates are working and future job projections for Texas by region.

The project evolved from recommendations by the Student Debt Reduction Task Force, with the express purpose of helping prospective students and their families make informed decisions about their academic careers. seekUT uses data obtained through its partnerships with the Texas Workforce Commission, the Texas Higher Education Coordinating Board, the National Student Clearinghouse, and the Employment Projections program at the U.S. Bureau of Labor Statistics.

For more information, please visit the seekUT website at <http://www.utsystem.edu/seekut/>.

9. **U. T. System: Discussion and appropriate action related to use of group purchasing contracts through the Texas Department of Information Resources and other sources and issues related to competitive bidding, justification for exclusive acquisitions, and requirements for Board approval**

**RECOMMENDATION**

Chancellor Cigarroa will introduce Executive Vice Chancellor Kelley for a discussion regarding the use of group purchasing contracts through the Texas Department of Information Resources and other sources and issues related to competitive bidding, justification for exclusive acquisitions, and requirements for Board approval.

10. **U. T. System Board of Regents: Presentation of Certificate of Appreciation to Chancellor Cigarroa and recognition of his service**
  
11. **U. T. El Paso: Discussion and appropriate action regarding the purchase of approximately 443 acres of land out of the J. Baker Survey #10 and the I. F. Harrison Survey #54, located on Paisano Drive and Interstate Highway 10 in El Paso, El Paso County, Texas, commonly known as the former ASARCO smelter site, from ASARCO Texas Custodial Trust, for future programmed campus expansion**

**RECOMMENDATION**

A recommendation on this item may be made at the meeting.



**TABLE OF CONTENTS  
FOR  
AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW  
COMMITTEE**

**Committee Meeting:** 11/5/2014

**Board Meeting:** 11/6/2014  
El Paso, Texas

*Brenda Pejovich, Chairman  
Wallace L. Hall, Jr.  
R. Steven Hicks  
Jeffery D. Hildebrand  
Robert L. Stillwell*

	<b>Committee Meeting</b>	<b>Board Meeting</b>
<b>A. CONVENE</b>		
<i>Templeton Suite, Union Building East, Third Floor, U. T. El Paso</i>	10:30 a.m. Chairman Pejovich	
<b>B. RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551</b>		
1. Personnel matters relating to appointment, employment, evaluation, assignment, duties, discipline, or dismissal of officers or employees - <i>Texas Government Code</i> Section 551.074		
<b>U. T. System: Discussion with the Chief Audit Executive or Assistant Systemwide Compliance Officer concerning personnel matters relating to appointment, employment, evaluation, assignment, duties, discipline, or dismissal of individual System Administration and institutional officers or employees involved in internal audit and compliance functions</b>		
2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071		
<b>U. T. System: Discussion with Counsel regarding legal issues related to Special Review of the U. T. Austin Procurement of Consulting Services from Accenture, LLP</b>		

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>C. RECONVENE IN OPEN SESSION TO CONSIDER AGENDA ITEMS</b> <i>Tomás Rivera Conference Center, Union Building East, Third Floor, U. T. El Paso</i>	10:50 a.m.		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration</b>	10:50 a.m. <b>Action</b>	<b>Action</b>	<b>31</b>
2. <b>U. T. System: Report on special review of U. T. Austin's procurement of consulting services from Accenture, LLP</b>	10:51 a.m. <b>Report/Discussion</b> <i>Mr. Peppers</i>	Not on Agenda	<b>32</b>
3. <b>U. T. System: Report on the results of the Systemwide External Quality Assessment of internal audit activities</b>	11:01 a.m. <b>Report/Discussion</b> <i>Mr. Frank Saputo and Mr. Andy Dahle, PricewaterhouseCoopers</i>	Not on Agenda	<b>33</b>
4. <b>U. T. System: Report on Systemwide audit activities, including an update on the Cancer Prevention Research Institute of Texas Grant Audits, Proportionality of Higher Education Benefits Audits, Physician Quality Reporting System Consulting Engagements, and Presidential and Executive Travel and Entertainment Audits</b>	11:16 a.m. <b>Report/Discussion</b> <i>Mr. Peppers</i>	Not on Agenda	<b>43</b>
5. <b>U. T. System: Annual Report on the Information Security Compliance Program</b>	11:20 a.m. <b>Report/Discussion</b> <i>Mr. Watkins</i>	Not on Agenda	<b>45</b>
<b>D. ADJOURN</b>	11:30 a.m.		

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda is located at the back of the book.



2. **U. T. System: Report on special review of U. T. Austin's procurement of consulting services from Accenture, LLP**

REPORT

Chief Audit Executive Peppers will present a report on the special review of U. T. Austin's procurement of consulting services from Accenture, LLP.

3. **U. T. System: Report on the results of the Systemwide External Quality Assessment of internal audit activities**

REPORT

Mr. Frank Saputo and Mr. Andy Dahle, PricewaterhouseCoopers (PwC), will report on the external quality assessments (EQA) conducted of the internal audit functions across the U. T. System.

The EQAs performed by PwC included an assessment of the level of conformance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing (IIA Standards)*, the Generally Accepted Government Auditing Standards (GAGAS), and the relevant requirements of the *Texas Government Code*, Chapter 2102, Texas Internal Auditing Act (TIAA).

The EQA reports were distributed to the appropriate institutional chief audit executive, president, internal audit committee (IAC) members, the U. T. System Chief Audit Executive, and the Chairman of the Audit, Compliance, and Management Review Committee. PwC made formal presentations of the individual EQA results at the respective institutional IAC meetings.

A summary of the EQA results may be found on the following pages.

BACKGROUND INFORMATION

The internal audit profession is guided by the *IIA Standards*, within which there is a requirement for all internal audit functions to have external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization.

For state agencies within the State of Texas, the TIAA establishes guidelines for state agencies' internal audit functions. The TIAA requires all state agencies to adhere to the U.S. Government Accountability Office Government Auditing Standards, which require a review at least once every three years by reviewers independent of the audit organization.

On May 9, 2013, the U. T. System Board of Regents authorized using an external provider to conduct EQAs of the U. T. System internal audit functions through the request for proposals process. PwC was selected.

# The University of Texas System

## Report on Systemwide Internal Audit Functions External Quality Assessments

U. T. System Board of Regents' Meeting  
Audit, Compliance, and Management Review Committee  
November 2014



# Project objectives, scope and approach

## Objectives:

- Professional Auditing Standards and State Auditing Requirements Assessment
- Leading practices assessment and recommendations
- Identification of Systemwide strengths and enhancement opportunities

## Scope:

- Separate External Quality Assessments (EQA) of 15 institutional Internal Audit functions and the System Audit Office (includes both audit execution and Systemwide oversight roles)

## Approach

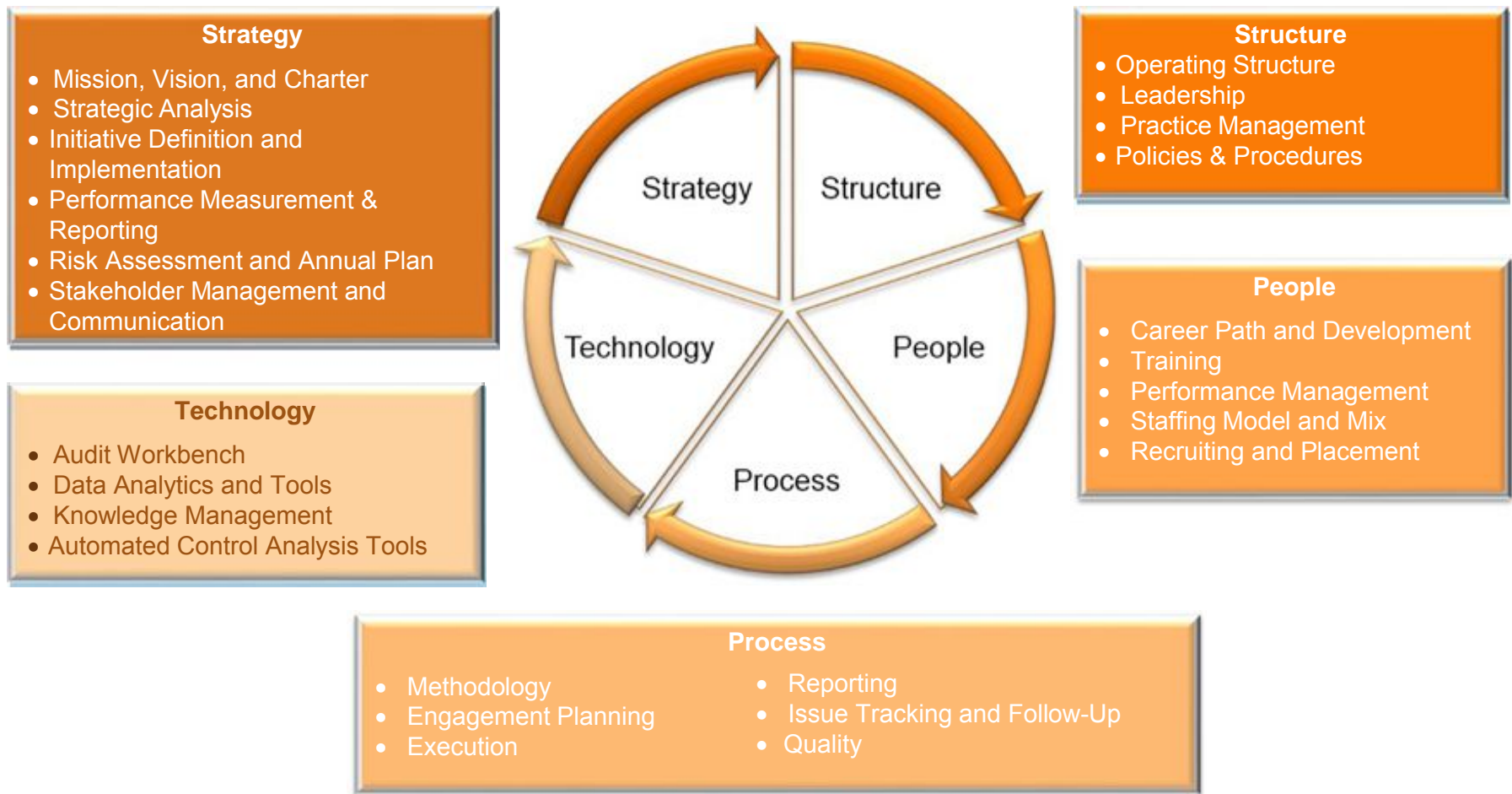
- Interviewing stakeholders and Internal Audit (IA) resources
- Surveying other management
- Analyzing a sample of IA reports & documents
- Comparison of U. T. System Internal Audit processes against leading practices

## By the Numbers



# EQA Methodology Framework

Using PwC's proprietary Profiler™ software tool, compared to U. T. System IA practices against leading practices and data from other high performing internal audit functions. The following illustration depicts the framework utilized.



# Positive Attributes and/or Leading Practices

Examples identified across the U. T. System IA functions are noted below:

## Strategy

- System Audit Office strategic plan and oversight initiatives are developed to enhance the value of Internal Audit

## Structure

- Stakeholders view Internal Audit as independent and objective
- Planned /hired System Audit resources will better support the institutions and enhance audit quality

## People

- Internal auditors are considered collaborative in their interactions with stakeholders
- Professional and experienced teams have various certifications

## Process

- Audit follow-up and issue tracking processes are robust

## Technology

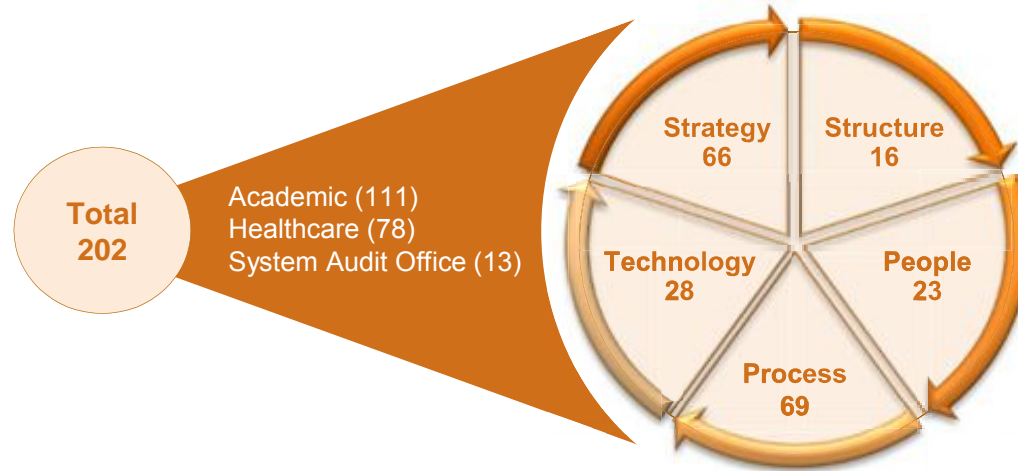
- Data analytic tools are successfully used at some of the institutions
- Use of Teammate for electronic work papers promotes effective use of information gathered during the audit

# Summary of Results

Auditing Standard / State Requirement	Observation
IIA Standards	No conformance issues identified
Generally Accepted Government Auditing Standards (GAGAS)	One conformance issue noted – 5 institutions deferred their triennial external peer review as directed by the U. T. System Audit Office in order to coordinate the process Systemwide
TIAA	No conformance issues were noted other than one observation related to an <i>interim</i> Chief Audit Executive's credentials, which has been addressed subsequent to the EQA review

## Systemwide Opportunities for Enhancement

The categorizations of recommendations across all IA functions is summarized in the illustration below:



**General conformance with Standards and State Auditing Requirements & Value-added performance improvement opportunities across the System**

# Key Enhancement Opportunities

39

STRATEGY	
1.	Strategic Plan ★
2.	Risk Assessment Process ★
3.	Organizational Reporting
4.	Performance Measurement
5.	Relationship Management
6.	Executive Sessions
7.	Stakeholder Communication

TECHNOLOGY	
8.	Data Analytics and Continuous Auditing ★
9.	Knowledge Management and Sharing



Legend:
Limited opportunities for enhancement
Moderate opportunities for enhancement
Significant opportunities for enhancement

STRUCTURE	
10.	Role Definition

PEOPLE	
11.	Talent Management and Use of Specialists ★

PROCESS	
12.	Risk/Finding Prioritization and Root Cause ★
13.	Quality Improvement Program
14.	AC and Reporting Presentations
15.	GAGAS Required Audits

★ = Details on next slide

Strategy, People, Process and Technology contain the greatest opportunities



# Top 5 Enhancement Opportunities

Enhancement Opportunities	Value to U. T. System	# IA Functions
<b>Strategic Plan</b> <ul style="list-style-type: none"> <li>Formalize IA strategic plans to align with key objectives, goals and risk profile of the institutions and Systemwide initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced focus on building high-performing IA functions - adding value across the institutions</li> </ul>	13
<b>Risk Assessment Process</b> <ul style="list-style-type: none"> <li>More frequently update enterprise-wide view of changing / emerging risks</li> </ul>	<ul style="list-style-type: none"> <li>Timely identification of risks that may impact attaining goals/objectives of the institutions and System</li> </ul>	10
<b>Data Analytics &amp; Continuous Auditing</b> <ul style="list-style-type: none"> <li>Identify trends, anomalies or higher risk transactions on a real-time or frequent basis</li> </ul>	<ul style="list-style-type: none"> <li>100% population coverage - identification of revenue enhancement, cost reduction and potential fraud</li> </ul>	16
<b>Talent Management and Use of Specialists</b> <ul style="list-style-type: none"> <li>Leverage specialized expertise across the System</li> <li>Co-source subject matter expertise to supplement skillsets</li> </ul>	<ul style="list-style-type: none"> <li>Increased efficiency and ability to provide cost-effective audits of high risk and technical areas</li> </ul>	15
<b>Risk/Finding Prioritization &amp; Root Cause</b> <ul style="list-style-type: none"> <li>Enhance reporting of risk exposure, root cause of issues and prioritization of findings in reports</li> </ul>	<ul style="list-style-type: none"> <li>Increases relevance of reported issues and focuses management &amp; audit committee on higher risk areas</li> </ul>	13

40

# The Path Forward

High performing Audit functions are expanding from value protection to value enhancement.



System Audit Office strategic plan and initiatives are moving the Internal Audit functions in the right direction

## Disclaimer

Our services were performed and this report was developed in accordance with our contract dated February 18, 2014 and are subject to the terms and conditions included therein. Our Services were performed in accordance with the Standards for Consulting Services established by the American Institute of Certified Public Accountants ("AICPA"). Accordingly, we are providing no opinion, attestation or other form of assurance with respect to our work and we did not verify or audit any information provided to us.

Our work was limited to the specific procedures and analysis described herein and was based only on the information made available through June 17, 2014, when field work was substantially completed. Accordingly, changes in circumstances after this date could affect the findings outlined in this report.

This information has been prepared solely for the use and benefit of, and pursuant to a client relationship exclusively with The University of Texas System Administration. PwC disclaims any contractual or other responsibility to others based on its use and, accordingly, this information may not be relied upon by anyone other than The University of Texas System Administration.

4. **U. T. System: Report on Systemwide audit activities, including an update on the Cancer Prevention Research Institute of Texas Grant Audits, Proportionality of Higher Education Benefits Audits, Physician Quality Reporting System Consulting Engagements, and Presidential and Executive Travel and Entertainment Audits**

REPORT

Chief Audit Executive Peppers will report on the status of the following Systemwide engagements. Summaries of these engagements were provided to the Regents prior to the meeting.

- Cancer Prevention Research Institute of Texas (CPRIT) Grant Audits
- Proportionality of Higher Education Benefits Audits
- Physician Quality Reporting System Consulting Engagements (health institutions only)
- Presidential Travel and Entertainment Expenses Audits
- Executive Travel and Entertainment Expenses Audits

Chief Audit Executive Peppers will report on the FY 2014 annual internal audit plan status as of August 31, 2014, which is set forth on the next page.

## The University of Texas System Internal Audit FY 2014 Systemwide Audit Plan Status

	Financial	Operational	Compliance	Information Technology	Follow-up	Projects	Reserve (Note 3)	Total Actual Hours (Note 1)	Total Budget Hours (Note 2)	Variance (Hours)	Percentage Completion	Tickmark
U. T. System Administration	3,018	1,966	1,637	2,215	319	933	-	10,087	9,795	(292)	103%	*
<b>Academic:</b>												
U. T. Arlington	1,122	508	1,387	882	563	1,467	757	6,684	6,600	(84)	101%	
U. T. Austin	14	4,626	5,788	3,563	228	2,748	-	16,966	18,554	1,588	91%	
U. T. Brownsville	552	189	123	291	65	812	355	2,387	2,760	374	86%	
U. T. Dallas	1,191	4,175	936	1,608	456	1,222	390	9,978	10,602	624	94%	
U. T. El Paso	2,595	2,045	1,371	726	276	2,219	943	10,175	11,708	1,533	87%	
U. T. Pan American	988	1,928	1,014	597	266	1,193	21	6,006	6,111	105	98%	
U. T. Permian Basin	42	718	213	467	169	660	375	2,642	3,342	700	79%	A
U. T. San Antonio	1,066	892	1,187	1,148	209	1,500	558	6,560	7,895	1,335	83%	B
U. T. Tyler	390	1,274	392	565	192	1,473	51	4,337	4,530	193	96%	
<b>Subtotal</b>	<b>7,958</b>	<b>16,355</b>	<b>12,410</b>	<b>9,846</b>	<b>2,423</b>	<b>13,294</b>	<b>3,449</b>	<b>65,735</b>	<b>72,102</b>	<b>6,367</b>	<b>91%</b>	
<b>Health:</b>												
U. T. Southwestern	2,587	1,060	375	642	214	2,387	-	7,264	9,433	2,169	77%	C
U. T. Medical Branch - Galveston	695	2,730	1,187	3,044	476	1,152	893	10,177	11,874	1,697	86%	
U. T. HSC - Houston	1,200	3,032	1,664	1,575	587	1,569	-	9,625	10,490	865	92%	
U. T. HSC - San Antonio	1,315	3,218	1,000	1,249	479	1,197	-	8,457	9,750	1,293	87%	
U. T. MDA Cancer Center	4,014	4,927	1,292	2,815	1,299	1,636	583	16,566	14,092	(2,474)	118%	
U. T. HSC - Tyler	361	1,423	177	327	174	763	-	3,223	3,002	(221)	107%	
<b>Subtotal</b>	<b>10,171</b>	<b>16,389</b>	<b>5,694</b>	<b>9,652</b>	<b>3,228</b>	<b>8,703</b>	<b>1,476</b>	<b>55,312</b>	<b>58,641</b>	<b>3,330</b>	<b>94%</b>	
<b>TOTAL</b>	<b>21,146</b>	<b>34,710</b>	<b>19,741</b>	<b>21,712</b>	<b>5,969</b>	<b>22,930</b>	<b>4,925</b>	<b>131,133</b>	<b>140,538</b>	<b>9,405</b>	<b>93%</b>	
<b>Percentage of Total</b>	<b>16%</b>	<b>26%</b>	<b>15%</b>	<b>17%</b>	<b>5%</b>	<b>17%</b>	<b>4%</b>	<b>100%</b>				

**NOTE 1**

Total Actual Hours are for the time period from 9/1/2013 through 8/31/2014, which represents 100% of the annual audit plan year.

**NOTE 2**

The FY 2014 Total Budget Hours originally approved by the ACMRC were amended during the fiscal year since institutions may alter the number of budgeted hours and/or the allocation of budgeted hours among the various categories due to changes in priorities and staffing resources. These changes are communicated to/approved by the institution's respective president and/or internal audit committee.

**NOTE 3**

Reserve hours were originally budgeted for TBD engagements (e.g., unknown special requests, investigations, consulting, etc.). As the fiscal year progresses and engagements become known, these hours are sometimes re-allocated to the applicable categories (e.g., financial, operational, compliance, etc.).

\* - These hours represent only the Engagements section of U. T. System Administration's Annual Audit Plan. Additional hours for Operations and Initiatives that are part of the annual audit plan are not shown above.

A - U. T. Permian Basin's lower percent completion was due to time spent on the administrative set-up of the internal audit function with the transition on new audit leadership and additional training required for new audit staff.

B - U. T. San Antonio's lower percent completion was due to higher than expected vacancies throughout the year, but were filled in August 2014.

C - U. T. Southwestern's lower percent completion was due to higher than expected staff vacancies, assistance on several investigations, and significant resources greater than expected required for the FY15 risk assessment & audit planning.

5. **U. T. System: Annual Report on the Information Security Compliance Program**

REPORT

Chief Information Security Officer Watkins will report on Information Security Compliance Enhancements across the U. T. System, and how those investments are helping address current cyber threats. A PowerPoint presentation is set forth on the following pages.

BACKGROUND INFORMATION

Following a November 10, 2011, report to the Board by Deloitte on its comprehensive information security compliance effectiveness review of the U. T. System, the Board approved the allocation of \$34,872,000 of Available University Funds to invest in information security compliance enhancements across the U. T. System and to secure the U. T. Research Cyberinfrastructure. The Office of Systemwide Compliance administers the investment of these funds through a centrally managed program and is to submit annual reports on progress to the Chancellor and to the Board. This is the third annual report.

# Annual Report on Information Security

Mr. Lewis Watkins, U. T. System Chief Information Security Officer

U. T. System Board of Regents' Meeting  
Audit, Compliance, and Management Review Committee  
November 2014

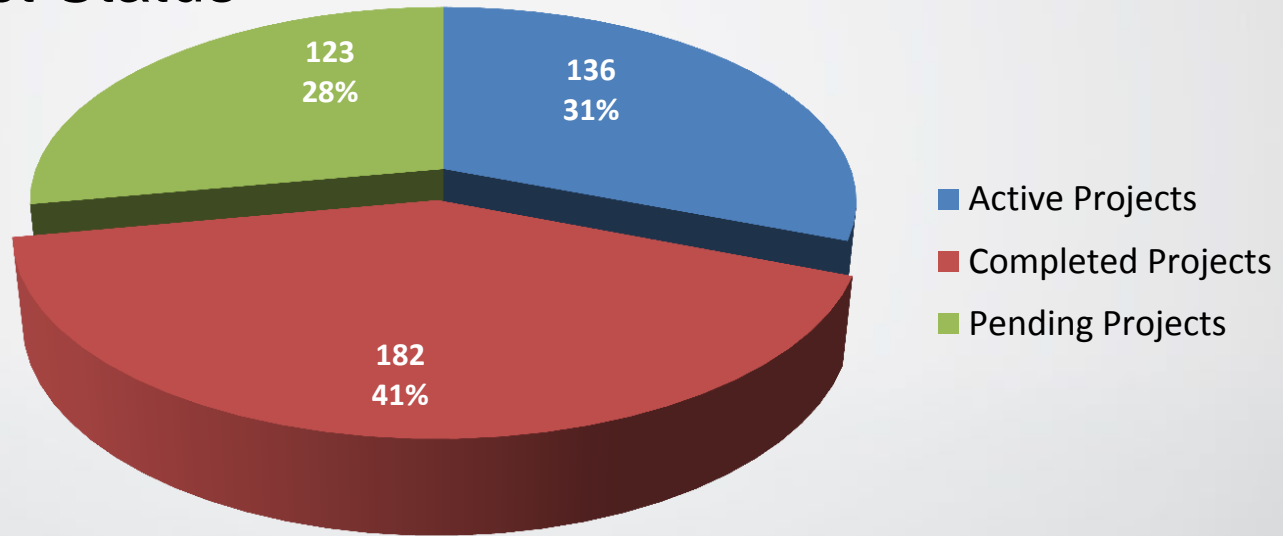


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# Information Security Assurance Initiative (ISAI) Progress Summary

## Current Project Status



Total Identified Projects: 441

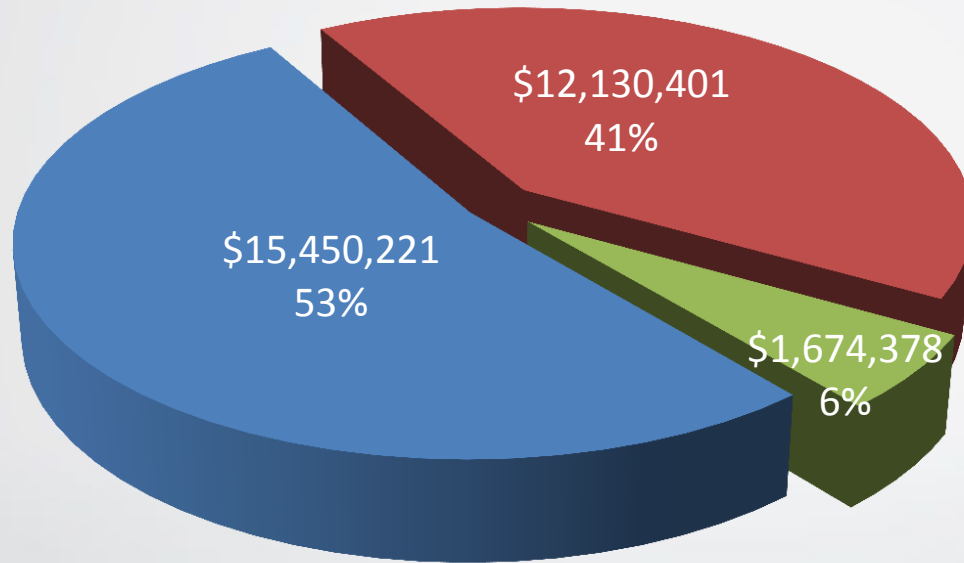
47





# Funding Status

**ISAI Budget: \$29.3 M**

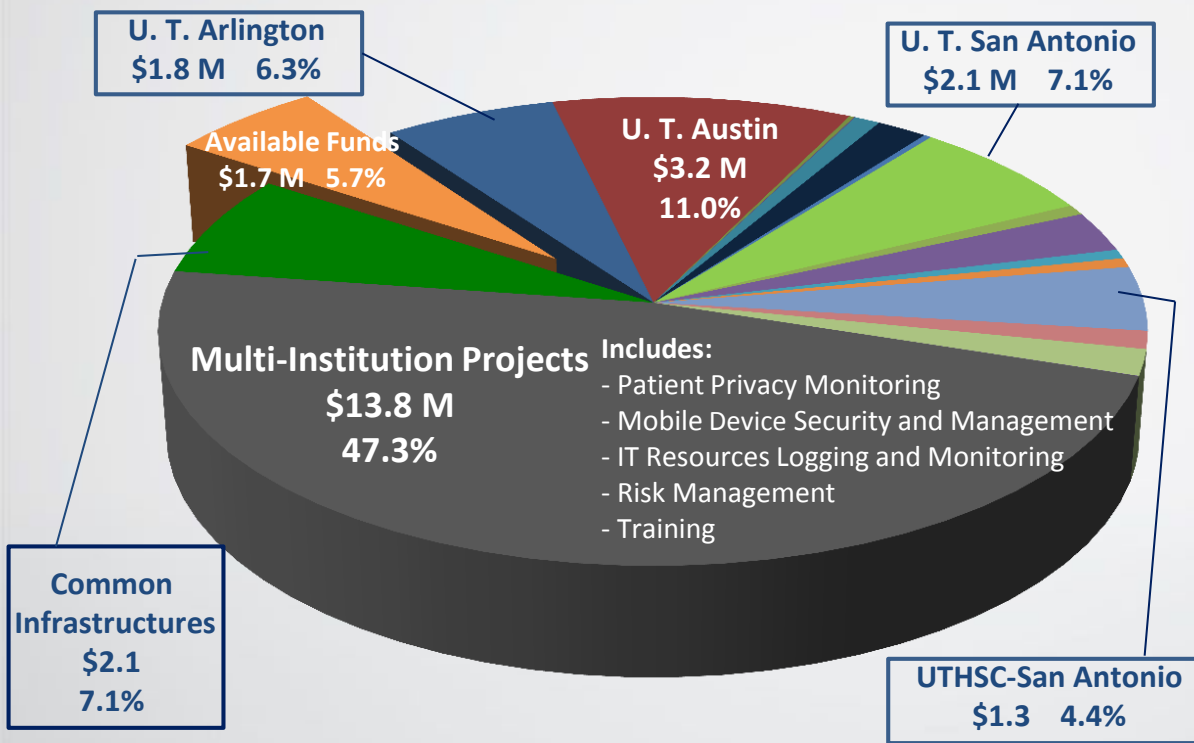


- Funds Expended to Date for Completed and Active Projects
- Funds Currently Encumbered for Completed and Active Projects
- Funds Available for Pending Projects

48



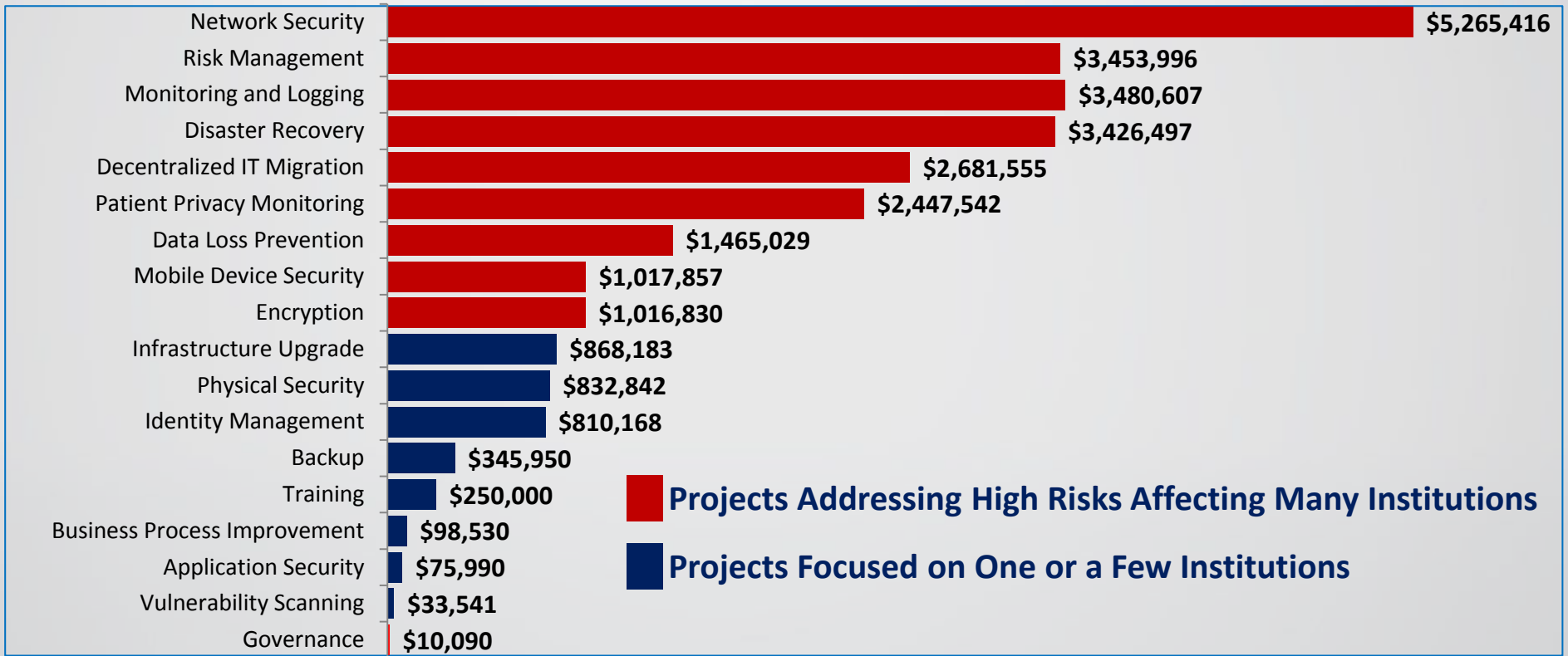
# Funding by Institution



U. T. Arlington .....	\$1,842,885	6.3%
U. T. Austin.....	\$3,218,032	11.0%
U. T. Brownsville.....	\$54,000	0.2%
U. T. Dallas.....	\$11,535	0.0%
U. T. El Paso.....	\$277,763	0.9%
U. T. Pan American .....	\$549,204	1.9%
U. T. Permian Basin.....	\$80,373	0.3%
U. T. San Antonio .....	\$2,069,307	7.1%
U. T. Tyler.....	\$208,110	0.7%
U. T. Southwestern Medical..	\$818,831	2.8%
U. T. Medical Branch.....	\$156,992	0.6%
U. T. HSC-Houston.....	\$186,091	0.6%
U. T. HSC-San Antonio .....	\$1,298,766	4.4%
U. T. MDACC.....	\$360,000	1.2%
U. T. HSC-Tyler.....	\$521,450	1.8%
U. T. System Administration.....	\$3,996	0.0%
Multi-Institution Project....	\$13,828,471	47.3%
UTIMCO.....	\$0	0.0%
Common Infrastructures.....	\$2,066,214	7.1%
Funds Balance.....	\$1,674,378	5.7%

49

# Funding by Risk Area



50



# Significant Trends Impacting Information Security

- Complexity of IT Environments
  - From one organization, one data center, one computer, to multiple of all of these. Add to this a myriad of device types, ownerships, and regulations and multiple layers of software.
- Outsourcing
  - Mission-critical applications are increasingly being hosted by third-party service providers.
- Access to data at anytime from anywhere on any device
- Criminalization of the Internet
  - Fraud schemes are launched from all over the world.

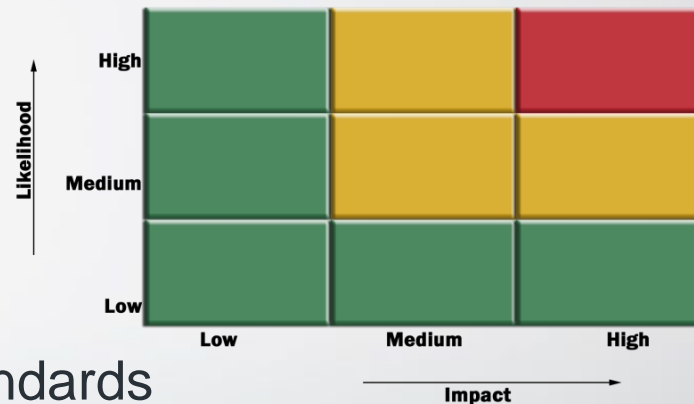


# A Risk Management Framework to Deal with Complexity of IT Environments

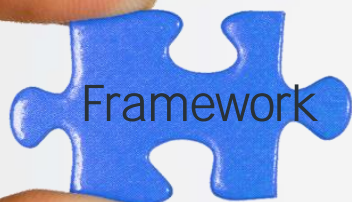
- Definition of Risk:  
Impact x Likelihood of Occurrence

- Method of Assigning Risk

- Integrated Controls Catalog:  
Foundation is National Institute of Standards and Technology (NIST) publication:  
*Security and Privacy Controls for Federal Information Systems and Organizations (NIST SP 800-53, Revision 4)*



**A common framework alone  
does not ensure consistency**



**You need a tool that  
helps guide consistent  
application of the  
framework**



# Outsourcing: Do Third-Party Partners Measure Up?

## Third-Party Security Risk Assessment

- A Component of the U. T. System Information Security Risk Management Framework
- Provides a method of assessing and defining the risk to the institution of outsourcing a service or function prior to engaging a third-party service provider
- Ensures that adequate security controls are in place prior to finalizing any contract agreement

54



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## Addressing Data Mobility

- Most security incidents involve lost or stolen portable devices (e.g., laptops, USB drives, smartphones)
- Work is no longer performed solely at the office during business hours with institutional devices
  - Also performed at home or on-the-road at all times using personal devices

**Challenge: How to protect university data regardless of location and device?**

**Answer: Encryption and mobile device management**





## Encryption and Mobile Device Management

- Completed laptop encryption Systemwide
- Deployed encrypted thumb drives to U. T. System faculty and staff using/maintaining confidential information
- Require minimum security controls for portable device
- Contracted for mobile device management software for Systemwide use to enforce iPad, iPhone, and Android encryption and configuration management



## Addressing Cybercrime

- Criminals use phishing and other techniques to steal User credentials (Logon ID and password)
- Criminals then:
  - Redirect bank deposits to fraudulent accounts
  - Submit bogus tax returns to steal refunds
  - Submit bogus financial aid applications
  - Submit bogus unemployment claims



## Keep In Mind

- Most online fraud is performed using stolen logon credentials
- Most online fraud is initiated from remote locations – mostly from overseas

**Challenge: How to prevent use of stolen credentials?**

**Answer: Two-factor authentication**





**TABLE OF CONTENTS  
FOR  
FINANCE AND PLANNING COMMITTEE**

**Committee Meeting:** 11/5/2014

**Board Meeting:** 11/6/2014  
El Paso, Texas

*Jeffery D. Hildebrand, Chairman  
Alex M. Cranberg  
Wallace L. Hall, Jr.  
Brenda Pejovich  
Wm. Eugene Powell*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>4:00 p.m. Chairman Hildebrand</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration</b>	<i>4:01 p.m. <b>Action</b></i>	<b>Action</b>	<b>60</b>
2. <b>U. T. System: Key Financial Indicators Report</b>	<i>4:02 p.m. <b>Report/Discussion</b> Dr. Kelley</i>	Not on Agenda	<b>61</b>
3. <b>U. T. System Board of Regents: Update on activities of the University Lands Advisory Board</b>	<i>4:15 p.m. <b>Report/Discussion</b> Regent Cranberg Dr. Kelley</i>	Not on Agenda	<b>70</b>
4. <b>U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the year and quarter ended August 31, 2014</b>	<i>4:40 p.m. <b>Report/Discussion</b> Mr. Zimmerman</i>	<b>Report</b>	<b>71</b>
<b>Adjourn</b>	<i>5:00 p.m.</i>		

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda is located at the back of the book.

**2. U. T. System: Key Financial Indicators Report**

INTRODUCTION

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will discuss the Key Financial Indicators Report, as set forth on the following pages. The report represents the consolidated and individual operating detail of the U. T. System institutions.

REPORT

The Key Financial Indicators Report compares the Systemwide quarterly results of operations, key revenues and expenses, reserves, and key financial ratios in a graphical presentation from Fiscal Year 2010 through July 2014. Ratios requiring balance sheet data are provided for Fiscal Year 2009 through Fiscal Year 2013.


















# **THE UNIVERSITY OF TEXAS SYSTEM**



## **KEY FINANCIAL INDICATORS REPORT**

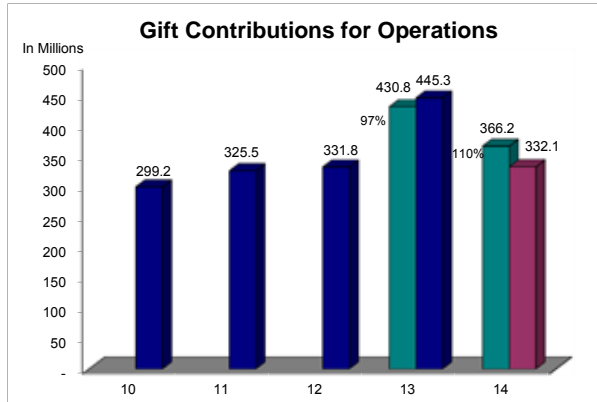
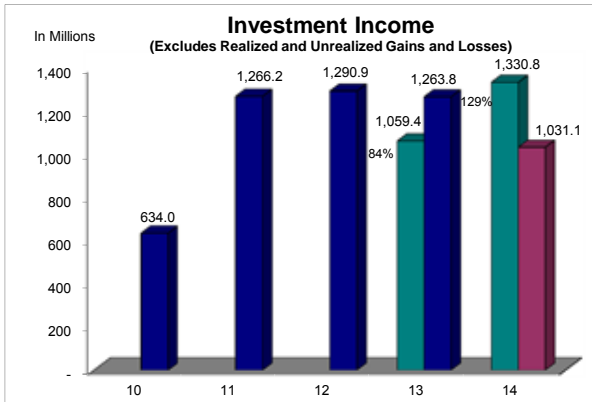
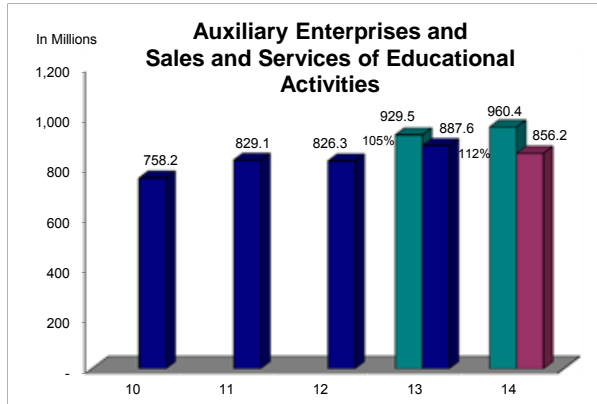
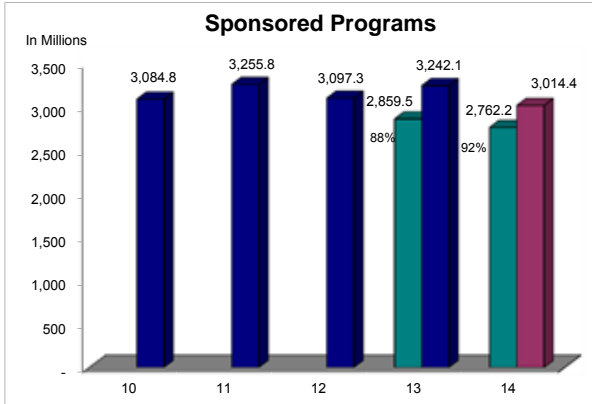
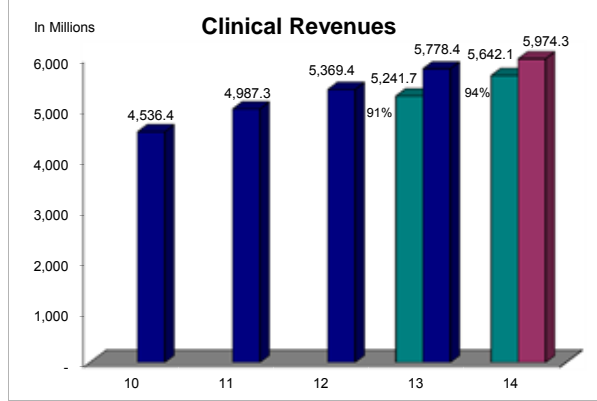
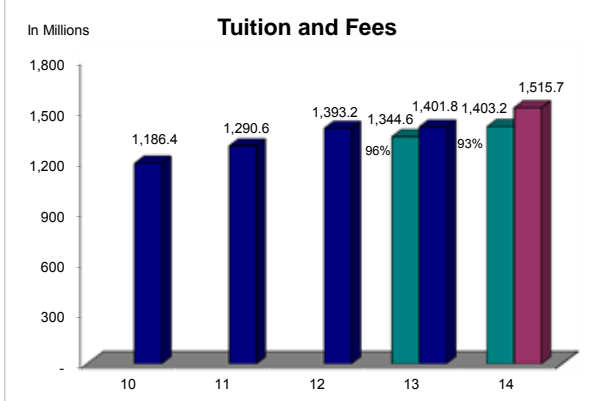
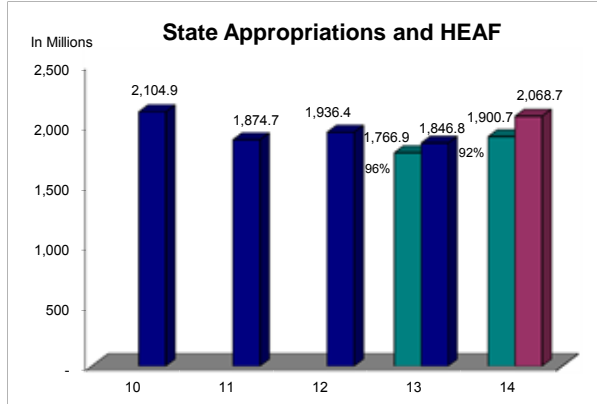
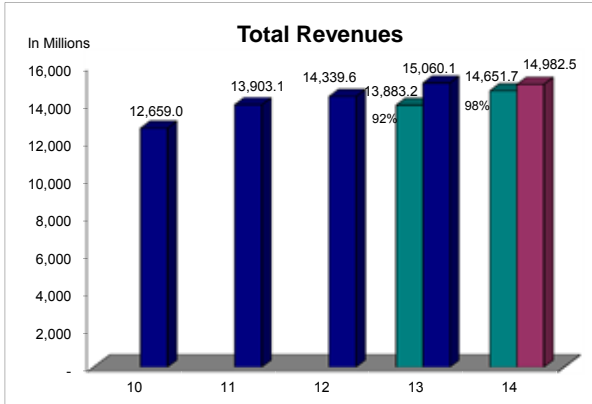
**JULY 2014**

KEY

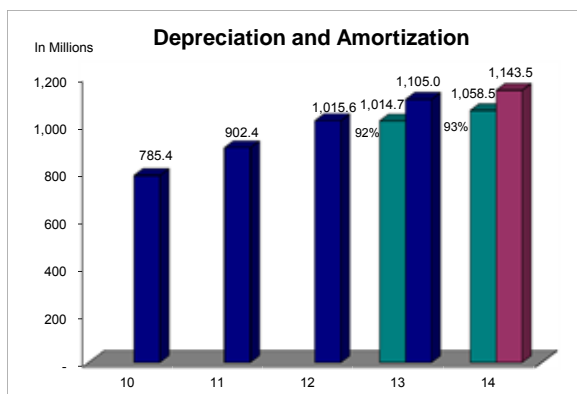
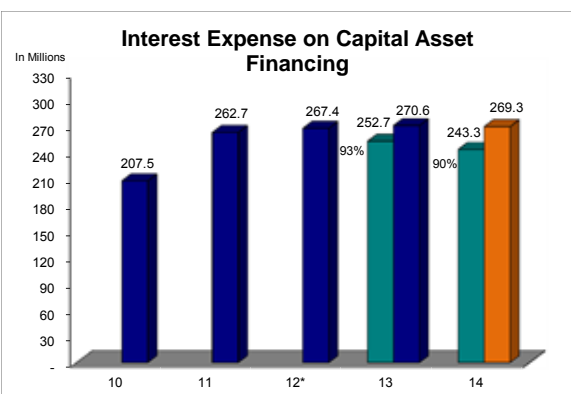
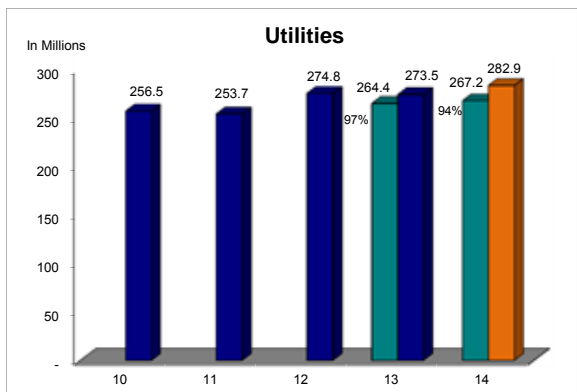
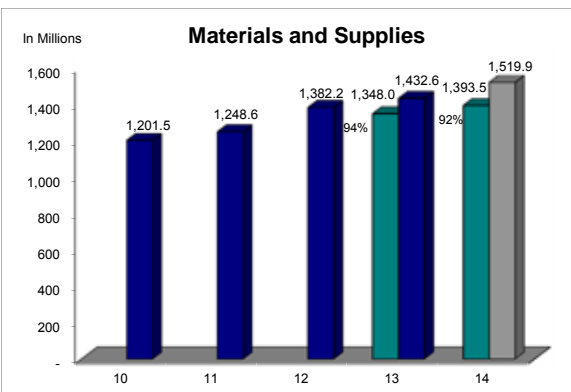
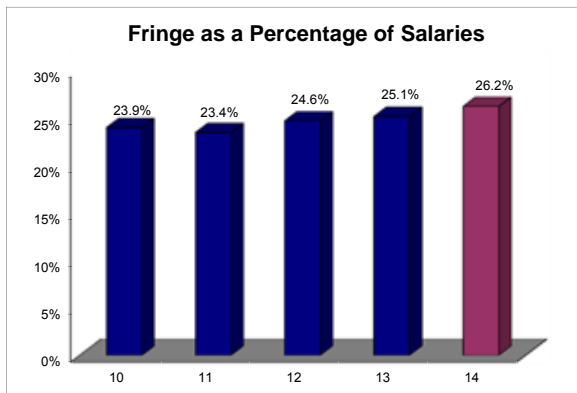
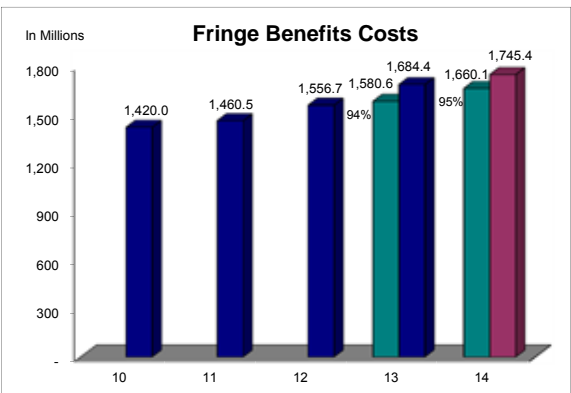
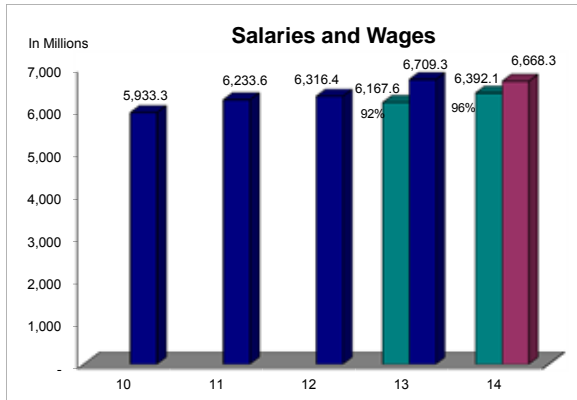
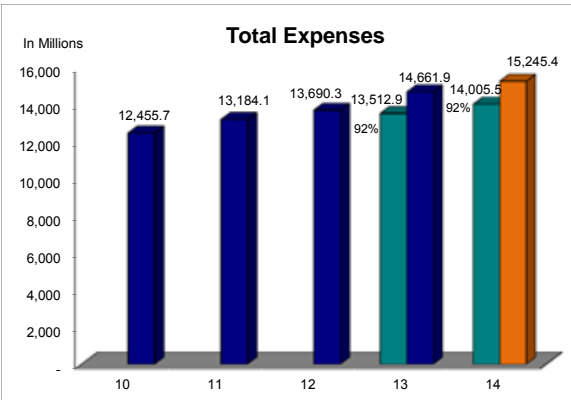
-  **Actual Annual Amounts**  
(SOURCE: Annual Financial Reports)
-  **Adjustment to Actual Annual Amounts to exclude the Increase in Net OPEB Obligation**  
(SOURCE: Annual Financial Reports)
-  **Budget amounts**  
(SOURCE: Operating Budget Summary)
-  **Projected Amounts based on the average change of the previous three years of data**
-  **Monthly Financial Report Year-to-Date Amounts**
-  **Annual State Net Revenue Collections**  
(SOURCE: Texas Revenue History by Source and Texas Net Revenue by Source, State Comptroller's Office)
-  **Year-to-Date State Net Revenue Collections**  
(SOURCE: State Comptroller's Office)
-  **Estimated State Revenue Collections**  
(SOURCE: Biennial Revenue Estimate, State Comptroller's Office)
-  **Annual and Quarterly Average of FTEs**  
(SOURCE: State Auditor's Office Quarterly FTE Report)
-  **Year-to-Date Margin**  
(SOURCE: Monthly Financial Report)
-  **Projected Amounts based on Monthly Financial Report**
-  **Year-to-Date Margin**  
(SOURCE: Monthly Financial Report)
-  **Target Normalized Rates**
-  **Aaa Median**  
(SOURCE: Moody's)
-  **A2 Median**  
(SOURCE: Moody's)
-  **Good Facilities Condition Index (Below 5%)**
-  **Fair Facilities Condition Index (5% - 10%)**



**KEY INDICATORS OF REVENUES**  
**ACTUAL 2010 THROUGH 2013**  
**PROJECTED 2014**  
**YEAR-TO-DATE 2013 AND 2014 FROM JULY MONTHLY FINANCIAL REPORT**

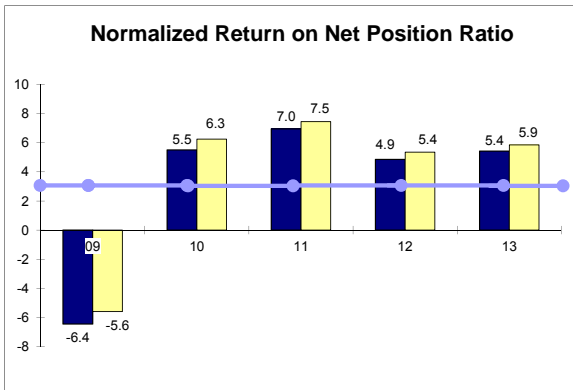
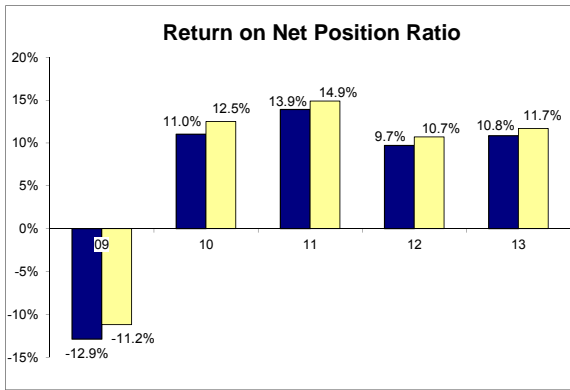
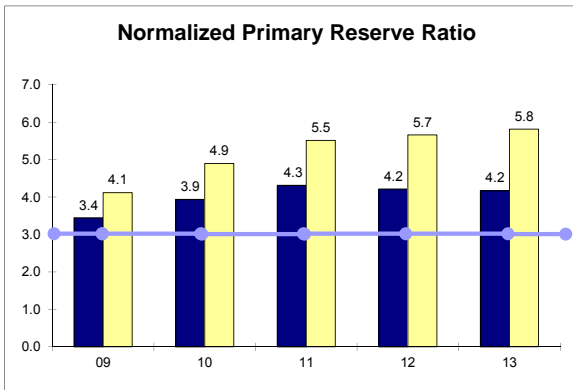
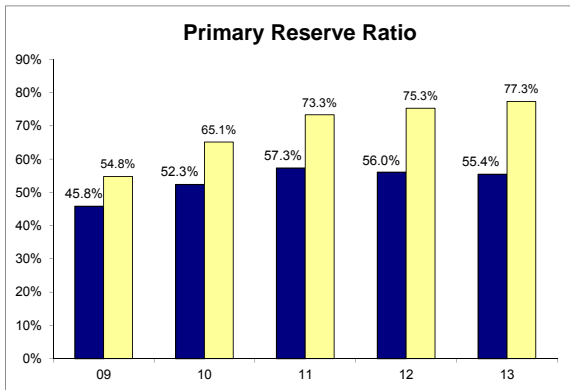
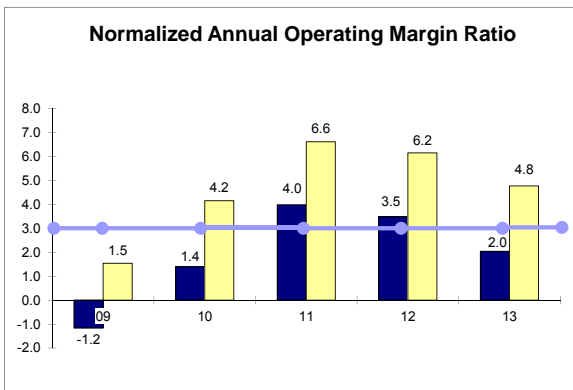
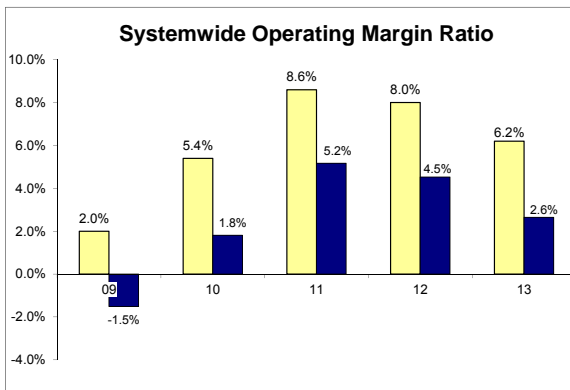
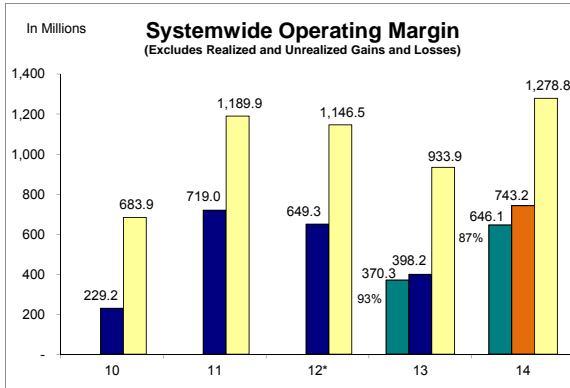


**KEY INDICATORS OF EXPENSES**  
**ACTUAL 2010 THROUGH 2013**  
**PROJECTED 2014**  
**YEAR-TO-DATE 2013 AND 2014 FROM JULY MONTHLY FINANCIAL REPORT**



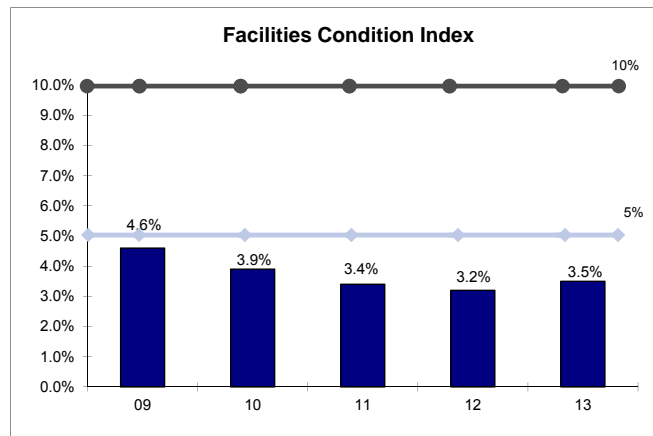
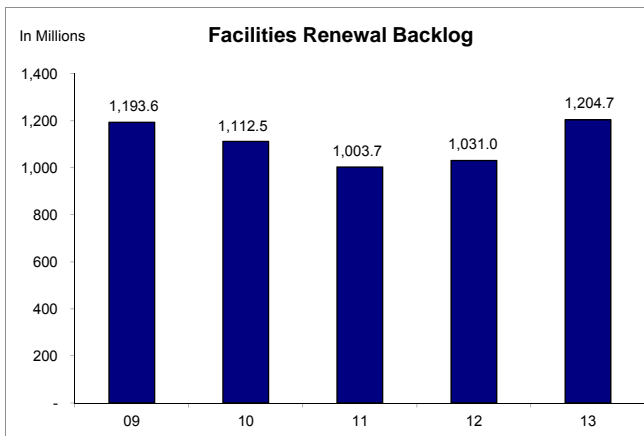
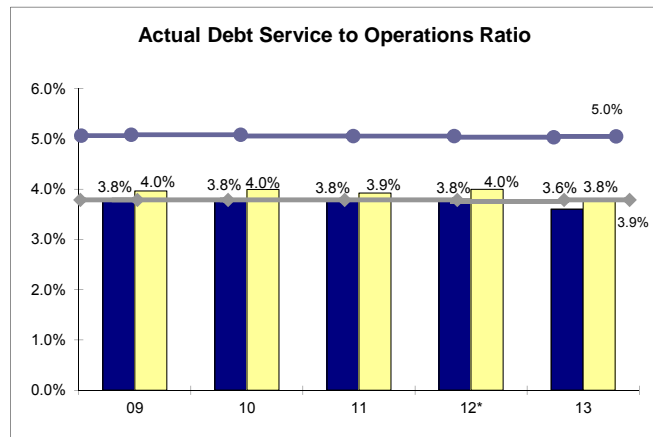
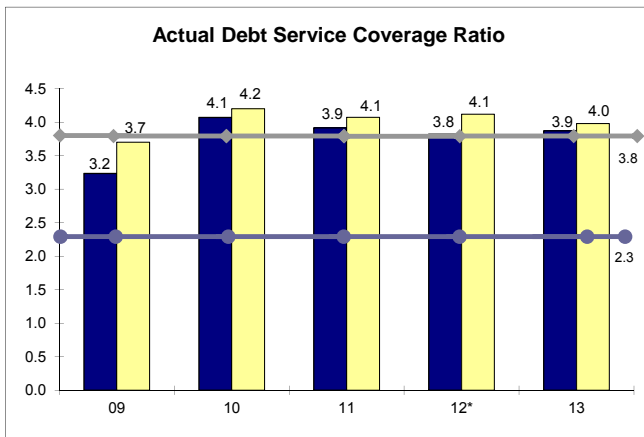
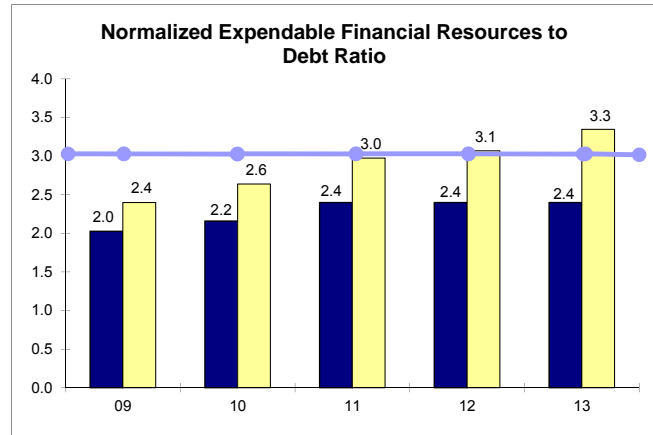
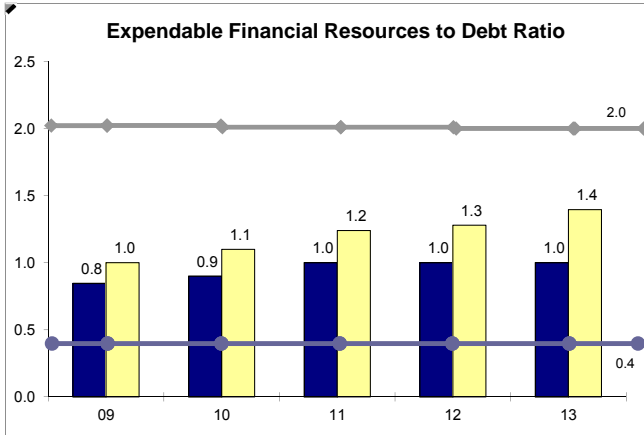
\*Restated from prior year reports.

**KEY INDICATORS OF RESERVES**  
**ACTUAL 2009 THROUGH 2013**  
**PROJECTED 2014**  
**YEAR-TO-DATE 2013 AND 2014 FROM JULY MONTHLY FINANCIAL REPORT**



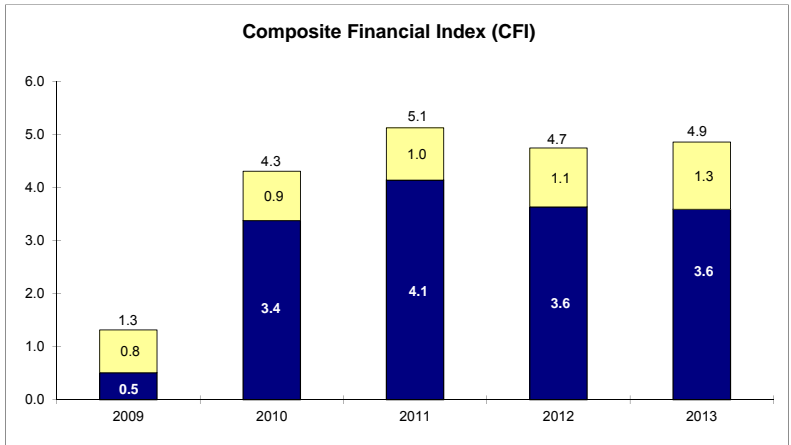
\*Restated from prior year reports.

## KEY INDICATORS OF CAPITAL NEEDS AND CAPACITY 2009 THROUGH 2013

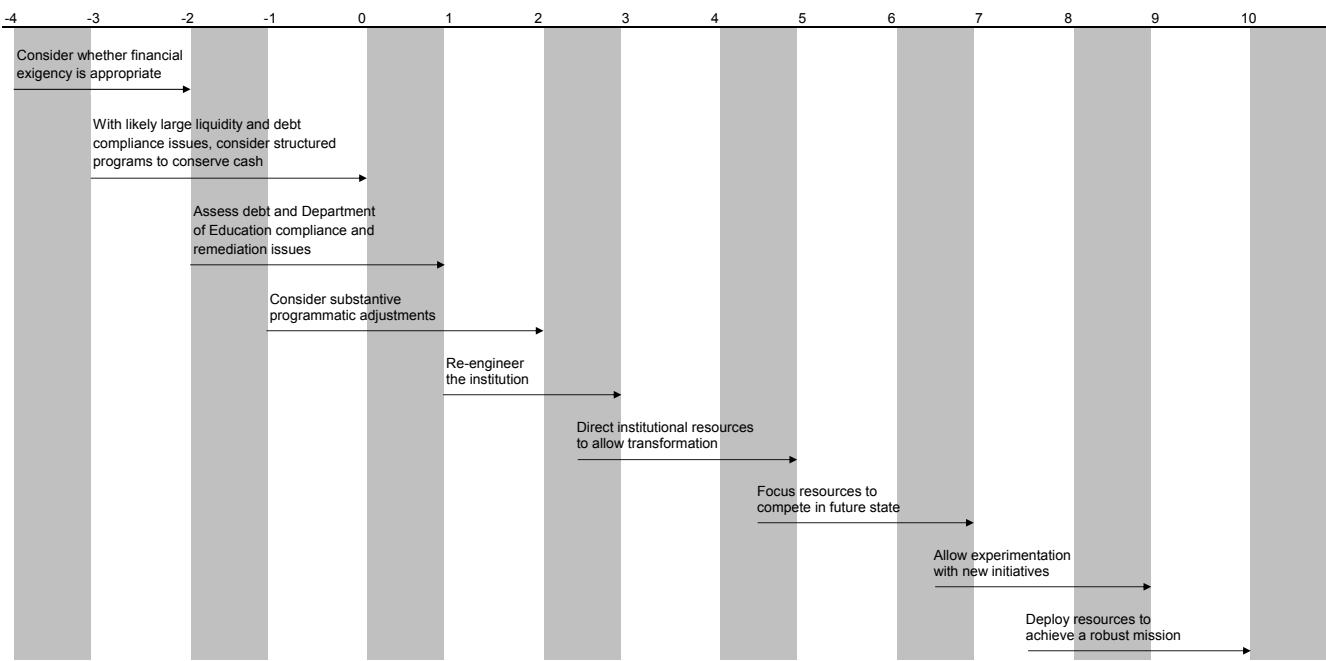


\*Restated from prior year reports.

**KEY INDICATORS OF FINANCIAL HEALTH  
2009 THROUGH 2013**

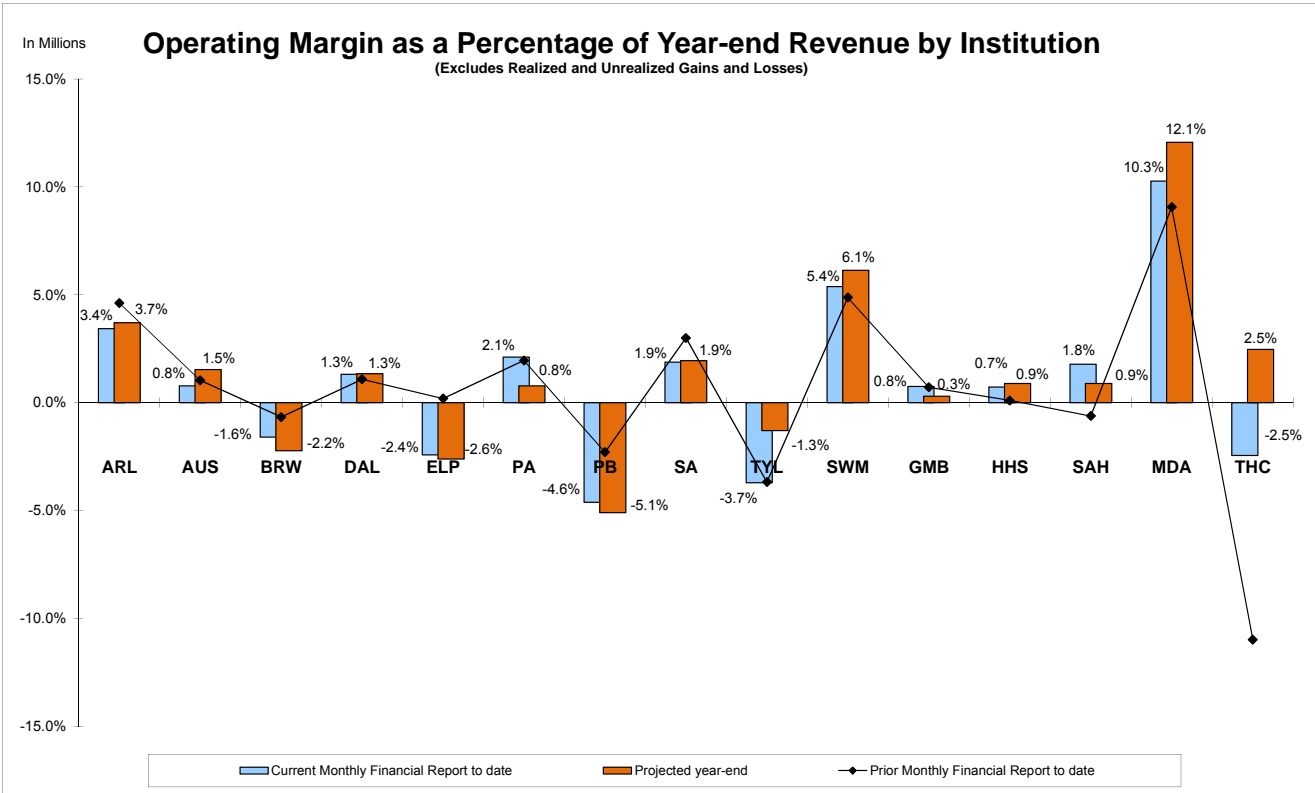
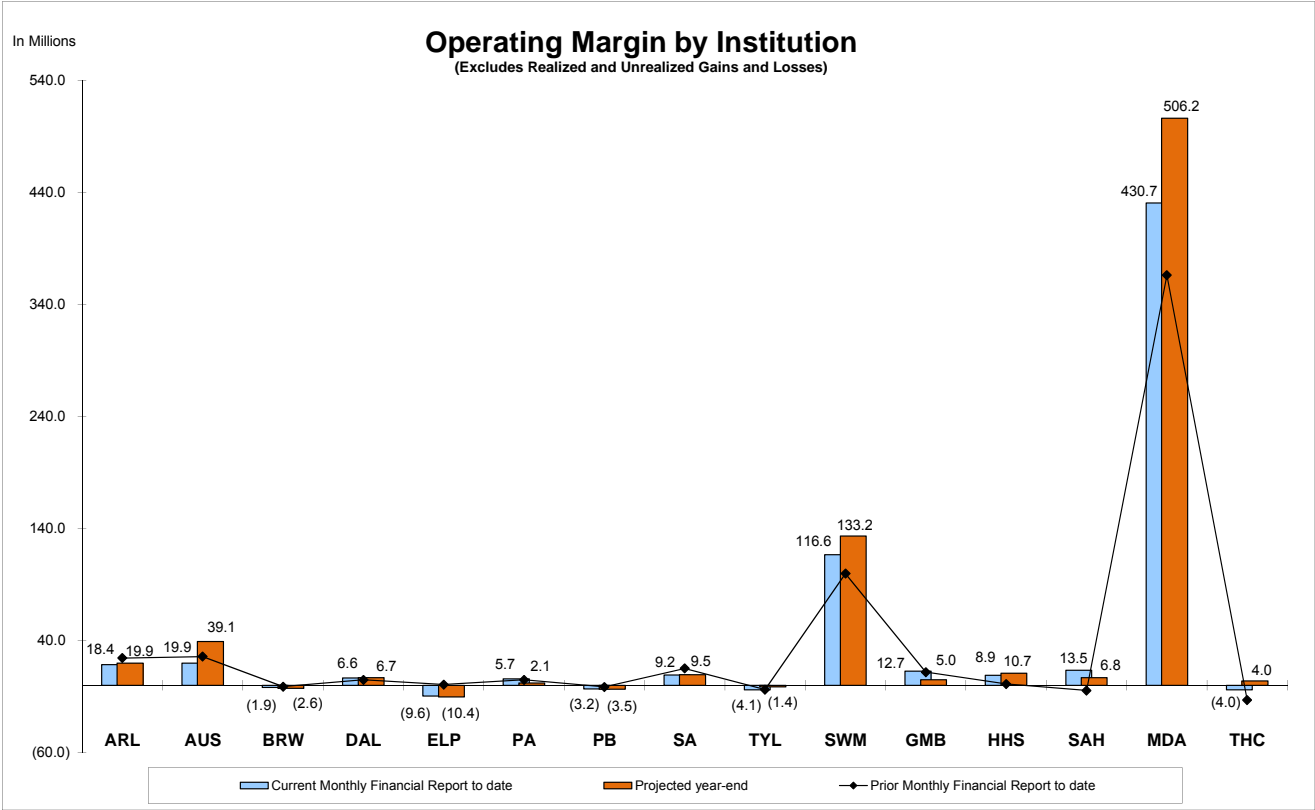


**Scale for Charting CFI Performance**



Source: Strategic Financial Analysis for Higher Education, Seventh Edition

## KEY INDICATORS OF RESERVES YEAR-TO-DATE 2013 AND 2014 FROM JULY MONTHLY FINANCIAL REPORT PROJECTED 2014 YEAR-END MARGIN



3. **U. T. System Board of Regents: Update on activities of the University Lands Advisory Board**

REPORT

Regent Cranberg, Chairman of the University Lands Advisory Board (ULAB), and Executive Vice Chancellor Kelley will present an update on activities related to the ULAB.

BACKGROUND INFORMATION

The ULAB was established by the Board of Regents on May 15, 2014, and the Regents' *Rules and Regulations*, Rule 10402, regarding Committees and Other Appointments, was subsequently editorially amended to include the ULAB.

On July 10, 2014, the U. T. System Board of Regents appointed the following members to the ULAB:

For terms of two years:

- Regent Cranberg, who has agreed to serve as Chairman;
- Regent Hildebrand; and
- The Texas A&M University System Regent Morris Foster.

For terms of three years:

- Mr. Thomas L. Carter, Jr., President, CEO, and Chairman of Black Stone Minerals Company LP; and
- Mr. Frank D. Tsuru, CEO and President of M3Midstream LLC.

Executive Vice Chancellor for Business Affairs Scott Kelley serves as an ex officio, nonvoting member.

ULAB members advise the Board on operations and management of the University Lands Office, including hiring the University Lands Chief Executive, reviewing and recommending budgets to the Board, and providing strategic direction.

4. **U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports the year and quarter ended August 31, 2014**

REPORT

The August 31, 2014 UTIMCO Performance Summary Report is attached on [Page 72](#).

The Investment Reports for the fiscal year and quarter ended August 31, 2014, are set forth on [Pages 73 - 76](#).

Item I on [Page 73](#) reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the fiscal year was 15.11% versus its composite benchmark return of 14.19%. The PUF's net asset value increased by \$2,512 million since the beginning of the year to \$17,365 million. The increase was due to \$1,129 million PUF Lands receipts, plus a net investment return of \$2,260 million, less the annual distribution to the Available University Fund (AUF) of \$877 million.

Item II on [Page 74](#) reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the fiscal year was 14.73% versus its composite benchmark return of 14.19%. The GEF's net asset value increased by \$929 million during the fiscal year to \$8,325 million.

Item III on [Page 75](#) reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the fiscal year was 10.45% versus its composite benchmark return of 9.79%. The net asset value increased during the fiscal year to \$6,665 million due to net investment return of \$610 million, plus net contributions of \$721 million, less distributions of \$186 million.

All exposures were within their asset class and investment type ranges. Liquidity was within policy.

Item IV on [Page 76](#) presents book and market values of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus and Fidelity money market fund, increased by \$47 million to \$2,257 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$21 million versus \$21 million at the beginning of the period; equities: \$81 million versus \$89 million at the beginning of the period; and other investments: \$10 million versus \$1 million at the beginning of the period.



## UTIMCO Performance Summary

August 31, 2014

	Net Asset Value 8/31/2014 (in Millions)	Periods Ended August 31, 2014 (Returns for Periods Longer Than One Year are Annualized)							
		Short Term		Year to Date		Historic Returns			
		1 Mo	3 Mos	Fiscal	Calendar	1 Yr	3 Yrs	5 Yrs	10 Yrs
<b><u>ENDOWMENT FUNDS</u></b>									
Permanent University Fund	\$ 17,365	1.94%	2.86%	15.11%	8.28%	15.11%	8.93%	10.86%	7.93%
Permanent Health Fund	1,113								
Long Term Fund	<u>7,212</u>								
General Endowment Fund	<u>25,690</u>	1.86%	2.79%	14.73%	7.78%	14.73%	8.89%	10.86%	7.98%
Separately Invested Funds	<u>170</u>								
<b>Total Endowment Funds</b>	<b><u>25,860</u></b>								
<b><u>OPERATING FUNDS</u></b>									
Intermediate Term Fund	6,665	1.30%	1.69%	10.45%	5.11%	10.45%	6.07%	8.10%	N/A
Short Term Fund and Debt Proceeds Fund	<u>2,199</u>								
<b>Total Operating Funds</b>	<b><u>8,864</u></b>								
<b>Total Assets Under Management</b>	<b><u>\$ 34,724</u></b>								
<b><u>VALUE ADDED (1) (Percent)</u></b>									
Permanent University Fund		0.61%	0.29%	0.92%	0.87%	0.92%	0.71%	1.79%	1.78%
General Endowment Fund		0.53%	0.22%	0.54%	0.37%	0.54%	0.67%	1.79%	1.83%
Intermediate Term Fund		0.28%	0.21%	0.66%	0.41%	0.66%	1.64%	2.44%	N/A
<b><u>VALUE ADDED (\$ IN MILLIONS)</u></b>									
Permanent University Fund		\$105	\$49	\$139	\$141	\$139	\$334	\$1,285	\$2,535
General Endowment Fund		44	18	39	29	39	159	701	1,424
Intermediate Term Fund		19	13	41	27	41	272	616	-
<b>Total Value Added</b>		<b><u>\$168</u></b>	<b><u>\$80</u></b>	<b><u>\$219</u></b>	<b><u>\$197</u></b>	<b><u>\$219</u></b>	<b><u>\$765</u></b>	<b><u>\$2,602</u></b>	<b><u>\$3,959</u></b>

Footnote available upon request.

UTIMCO 10/28/2014

Meeting of the U. T. System Board of Regents - Finance and Planning Committee

**I. PERMANENT UNIVERSITY FUND**  
**Investment Reports for Periods Ended August 31, 2014**

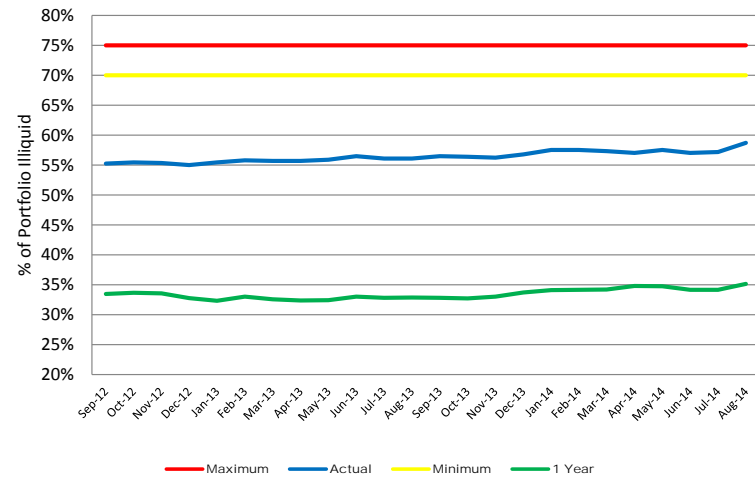
Prepared in accordance with *Texas Education Code Sec. 51.0032*

	Fiscal Year to Date						
	Asset Allocation		Returns		Value Added		
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total
<b>More Correlated and Constrained:</b>							
Investment Grade	6.6%	7.5%	2.69%	6.24%	-0.22%	-0.15%	-0.37%
Credit-Related	0.1%	0.0%	18.55%	11.24%	0.01%	-0.01%	0.00%
Real Estate	2.5%	2.5%	18.77%	19.41%	0.00%	-0.02%	-0.02%
Natural Resources	7.9%	7.5%	2.79%	8.29%	-0.80%	0.12%	-0.68%
Developed Country	15.2%	14.0%	21.44%	21.10%	0.04%	0.07%	0.11%
Emerging Markets	<u>10.1%</u>	<u>10.0%</u>	<u>29.01%</u>	<u>19.98%</u>	<u>-0.03%</u>	<u>0.70%</u>	<u>0.67%</u>
<b>Total More Correlated and Constrained</b>	<b>42.4%</b>	<b>41.5%</b>	<b>15.16%</b>	<b>15.87%</b>	<b>-1.00%</b>	<b>0.71%</b>	<b>-0.29%</b>
<b>Less Correlated and Constrained</b>	<b>29.6%</b>	<b>30.0%</b>	<b>10.61%</b>	<b>7.73%</b>	<b>-0.02%</b>	<b>0.94%</b>	<b>0.92%</b>
<b>Private Investments</b>	<b><u>28.0%</u></b>	<b><u>28.5%</u></b>	<b><u>20.04%</u></b>	<b><u>18.61%</u></b>	<b><u>-0.02%</u></b>	<b><u>0.31%</u></b>	<b><u>0.29%</u></b>
<b>Total</b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>15.11%</u></b>	<b><u>14.19%</u></b>	<b><u>-1.04%</u></b>	<b><u>1.96%</u></b>	<b><u>0.92%</u></b>

**Summary of Capital Flows**

(\$ millions)	Fiscal Year Ended August 31, 2013	Quarter Ended August 31, 2014	Fiscal Year Ended August 31, 2014
Beginning Net Assets	\$13,470	\$16,912	\$14,853
PUF Lands Receipts	857	279	1,129
Investment Return (Net of Expenses)	1,170	483	2,260
Distributions to AUF	(644)	(309)	(877)
<b>Ending Net Assets</b>	<b><u>\$14,853</u></b>	<b><u>\$17,365</u></b>	<b><u>\$17,365</u></b>

**Permanent University Fund  
Actual Illiquidity vs. Trigger Zones**

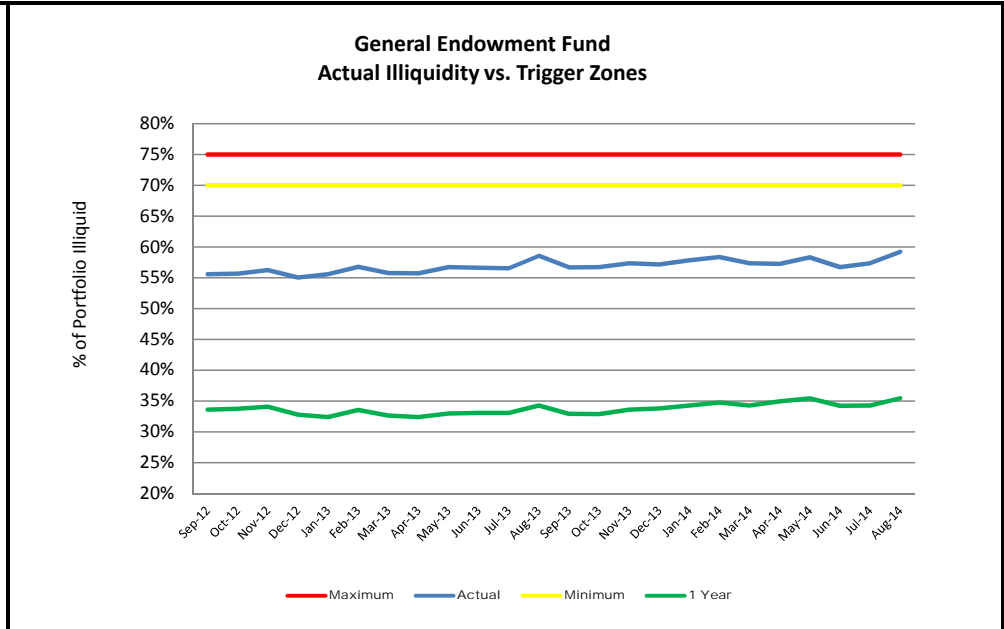


**II. GENERAL ENDOWMENT FUND**  
**Investment Reports for Periods Ended August 31, 2014**  
 Prepared in accordance with *Texas Education Code Sec. 51.0032*

	Fiscal Year to Date						
	Asset Allocation		Returns		Value Added		
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total
<b>More Correlated and Constrained:</b>							
Investment Grade	5.6%	7.5%	3.70%	6.24%	-0.18%	-0.03%	-0.21%
Credit-Related	0.1%	0.0%	18.55%	11.24%	0.00%	0.00%	0.00%
Real Estate	2.5%	2.5%	18.83%	19.41%	0.00%	-0.02%	-0.02%
Natural Resources	8.1%	7.5%	2.86%	8.29%	-0.84%	0.14%	-0.70%
Developed Country	15.4%	14.0%	21.44%	21.10%	0.02%	0.06%	0.08%
Emerging Markets	<u>10.3%</u>	<u>10.0%</u>	<u>22.84%</u>	<u>19.98%</u>	<u>0.05%</u>	<u>0.09%</u>	<u>0.14%</u>
<b>Total More Correlated and Constrained</b>	<b>42.0%</b>	<b>41.5%</b>	<b>14.26%</b>	<b>15.87%</b>	<b>-0.95%</b>	<b>0.24%</b>	<b>-0.71%</b>
<b>Less Correlated and Constrained</b>	<b>29.8%</b>	<b>30.0%</b>	<b>10.61%</b>	<b>7.73%</b>	<b>0.02%</b>	<b>0.90%</b>	<b>0.92%</b>
<b>Private Investments</b>	<b><u>28.2%</u></b>	<b><u>28.5%</u></b>	<b><u>20.05%</u></b>	<b><u>18.61%</u></b>	<b><u>0.02%</u></b>	<b><u>0.31%</u></b>	<b><u>0.33%</u></b>
<b>Total</b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>14.73%</u></b>	<b><u>14.19%</u></b>	<b><u>-0.91%</u></b>	<b><u>1.45%</u></b>	<b><u>0.54%</u></b>

74

<u>Summary of Capital Flows</u>			
(\$ millions)	Fiscal Year Ended August 31, 2013	Quarter Ended August 31, 2014	Fiscal Year Ended August 31, 2014
Beginning Net Assets	\$7,105	\$8,113	\$7,396
Contributions	166	88	225
Withdrawals	(152)	(10)	(13)
Distributions	(360)	(94)	(371)
Investment Return (Net of Expenses)	<u>637</u>	<u>228</u>	<u>1,088</u>
Ending Net Assets	<u>\$7,396</u>	<u>\$8,325</u>	<u>\$8,325</u>



### III. INTERMEDIATE TERM FUND

#### Investment Reports for Periods Ended August 31, 2014

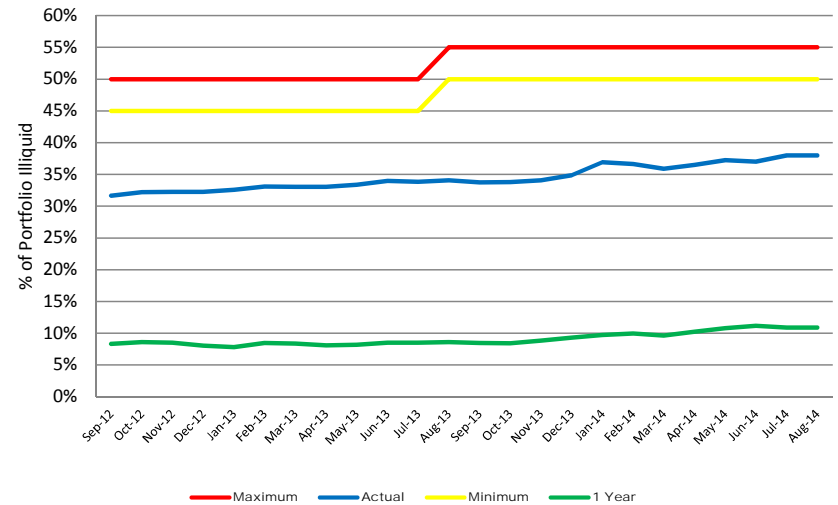
Prepared in accordance with *Texas Education Code Sec. 51.0032*

	Fiscal Year to Date						
	Asset Allocation		Returns		Value Added		
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total
<b>More Correlated and Constrained:</b>							
Investment Grade	28.5%	30.0%	6.48%	6.24%	-0.06%	0.17%	0.11%
Credit-Related	0.0%	0.0%	0.00%	0.00%	0.00%	0.00%	0.00%
Real Estate	3.1%	3.0%	18.75%	19.41%	-0.04%	-0.03%	-0.07%
Natural Resources	7.7%	7.0%	3.06%	8.29%	-0.65%	0.12%	-0.53%
Developed Country	9.6%	9.0%	21.41%	21.10%	0.00%	0.06%	0.06%
Emerging Markets	<u>6.2%</u>	<u>6.0%</u>	<u>20.67%</u>	<u>19.98%</u>	<u>-0.06%</u>	<u>0.03%</u>	<u>-0.03%</u>
<b>Total More Correlated and Constrained</b>	<b>55.1%</b>	<b>55.0%</b>	<b>10.52%</b>	<b>11.16%</b>	<b>-0.81%</b>	<b>0.35%</b>	<b>-0.46%</b>
<b>Less Correlated and Constrained</b>	<b>44.9%</b>	<b>45.0%</b>	<b>10.56%</b>	<b>7.73%</b>	<b>0.01%</b>	<b>1.11%</b>	<b>1.12%</b>
<b>Private Investments</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total</b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>10.45%</u></b>	<b><u>9.79%</u></b>	<b><u>-0.80%</u></b>	<b><u>1.46%</u></b>	<b><u>0.66%</u></b>

#### Summary of Capital Flows

(\$ millions)	Fiscal Year Ended August 31, 2013	Quarter Ended August 31, 2014	Fiscal Year Ended August 31, 2014
Beginning Net Assets	\$4,893	\$6,560	\$5,520
Contributions	694	1,350	2,111
Withdrawals	(158)	(1,306)	(1,390)
Distributions	(158)	(50)	(186)
Investment Return (Net of Expenses)	<u>249</u>	<u>111</u>	<u>610</u>
Ending Net Assets	<u>\$5,520</u>	<u>\$6,665</u>	<u>\$6,665</u>

#### Intermediate Term Fund Actual Illiquidity vs. Trigger Zones



**IV. SEPARATELY INVESTED ASSETS**  
**Summary Investment Report at August 31, 2014**  
 Report prepared in accordance with *Texas Education Code Sec. 51.0032*

ASSET TYPES	(\$ thousands)															
	FUND TYPE															
	CURRENT PURPOSE DESIGNATED		RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		OPERATING FUNDS (DEBT PROCEEDS AND (SHORT TERM FUND))		TOTAL	
	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
<b>Cash &amp; Equivalents:</b>																
Beginning value 05/31/14	-	-	2,351	2,352	92,772	92,772	1,861	1,861	319	319	97,303	97,304	2,112,450	2,112,450	2,209,753	2,209,754
Increase/(Decrease)	-	-	(87)	(88)	(40,295)	(40,295)	123	123	637	637	(39,622)	(39,623)	86,984	86,984	47,362	47,361
Ending value 08/31/14	-	-	2,264	2,264	52,477	52,477	1,984	1,984	956	956	57,681	57,681	2,199,434	2,199,434	2,257,115	2,257,115
<b>Debt Securities:</b>																
Beginning value 05/31/14	-	-	20	21	11,268	11,931	8,516	8,723	-	-	19,804	20,675	-	-	19,804	20,675
Increase/(Decrease)	-	-	(2)	(3)	65	193	68	92	-	-	131	282	-	-	131	282
Ending value 08/31/14	-	-	18	18	11,333	12,124	8,584	8,815	-	-	19,935	20,957	-	-	19,935	20,957
<b>Equity Securities:</b>																
Beginning value 05/31/14	1,160	19,841	3,818	3,809	41,068	49,466	12,825	15,520	-	-	58,871	88,636	-	-	58,871	88,636
Increase/(Decrease)	-	(9,907)	(2,017)	(2,012)	3,438	4,290	1,297	(109)	-	-	2,718	(7,738)	-	-	2,718	(7,738)
Ending value 08/31/14	1,160	9,934	1,801	1,797	44,506	53,756	14,122	15,411	-	-	61,589	80,898	-	-	61,589	80,898
<b>Other:</b>																
Beginning value 05/31/14	-	-	724	724	6	6	527	111	200	200	1,457	1,041	-	-	1,457	1,041
Increase/(Decrease)	-	-	6,144	6,144	-	-	8	(2)	2,851	2,851	9,003	8,993	-	-	9,003	8,993
Ending value 08/31/14	-	-	6,868	6,868	6	6	535	109	3,051	3,051	10,460	10,034	-	-	10,460	10,034
<b>Total Assets:</b>																
Beginning value 05/31/14	1,160	19,841	6,913	6,906	145,114	154,175	23,729	26,215	519	519	177,435	207,656	2,112,450	2,112,450	2,289,885	2,320,106
Increase/(Decrease)	-	(9,907)	4,038	4,041	(36,792)	(35,812)	1,496	104	3,488	3,488	(27,770)	(38,086)	86,984	86,984	59,214	48,898
Ending value 08/31/14	1,160	9,934	10,951	10,947	108,322	118,363	25,225	26,319	4,007	4,007	149,665	169,570	2,199,434	2,199,434	2,349,099	2,369,004

Details of individual assets by account furnished upon request.



## TABLE OF CONTENTS FOR ACADEMIC AFFAIRS COMMITTEE

**Committee Meeting:** 11/5/2014

**Board Meeting:** 11/6/2014  
El Paso, Texas

*R. Steven Hicks, Chairman*  
*Ernest Aliseda*  
*Alex M. Cranberg*  
*Brenda Pejovich*  
*Robert L. Stillwell*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>11:30 a.m.</i> <i>Chairman Hicks</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration</b>	<i>11:30 a.m.</i> <b>Action</b>	<b>Action</b>	<b>79</b>
2. <b>U. T. System Board of Regents: Amendment of the Regents' <i>Rules and Regulations</i>, Rule 40601, Section 1.3(c), to reflect the reorganization and change the name of the College of Education and Health Professions at U. T. Arlington to the College of Education and Section 1.3(h) to reflect the reorganization and change the name of the College of Nursing to the College of Nursing and Health Innovation</b>	<i>11:32 a.m.</i> <b>Action</b> <i>President Karbhari</i> <i>Dr. Reyes</i>	<b>Action</b>	<b>80</b>
3. <b>U. T. System Board of Regents: Approval to create an Honors College at U. T. Dallas and amendment of the Regents' <i>Rules and Regulations</i>, Rule 40601, Section 1.6 to add new Subsection (f) to include the Honors College and to revise Regents' Rule to include current names of two schools</b>	<i>11:37 a.m.</i> <b>Action</b> <i>President Daniel</i> <i>Dr. Reyes</i>	<b>Action</b>	<b>82</b>
4. <b>U. T. System: Discussion regarding student learning assessment and outcomes</b>	<i>11:42 a.m.</i> <b>Discussion</b> <i>Dr. Reyes</i>	Not on Agenda	<b>84</b>
5. <b>U. T. Rio Grande Valley: Request to a) approve athletics nickname, colors, and mascot pursuant to Regents' <i>Rules and Regulations</i>, Rule 40801, and b) authorize that the NCAA Division I athletics program at U. T. Pan American be converted to the athletics program at U. T. Rio Grande Valley with continued membership in the Western Athletic Conference (WAC)</b>	<i>11:52 a.m.</i> <b>Action</b> <i>President Bailey</i> <i>Dr. Safady</i>	<b>Action</b>	<b>85</b>

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
6. <b>U. T. Austin: Approval to establish a Doctor of Nursing Practice degree program</b>	11:57 a.m. <b>Action</b> <i>President Powers</i> <i>Dr. Reyes</i>	<b>Action</b>	<b>86</b>
7. <b>U. T. System: Discussion of support programs for Veteran students</b>	12:05 p.m. <b>Discussion</b> <i>Dr. Reyes</i> <i>President Karbhari</i> <i>President Natalicio</i> <i>President Powers</i> <i>President Romo</i>	Not on Agenda	<b>90</b>
<b>Adjourn</b>	12:30 p.m.		

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda is located at the back of the book.



2. **U. T. System Board of Regents: Amendment of the Regents' Rules and Regulations, Rule 40601, Section 1.3(c), to reflect the reorganization and change the name of the College of Education and Health Professions at U. T. Arlington to the College of Education and Section 1.3(h) to reflect the reorganization and change the name of the College of Nursing to the College of Nursing and Health Innovation**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor and General Counsel, and President Karbhari that the Regents' *Rules and Regulations*, Rule 40601, Sections 1.3(c) and 1.3(h), concerning institutions comprising The University of Texas System, be amended as set forth below in congressional style:

- Sec. 1 Official Titles. The U. T. System is composed of the institutions and entities set forth below. To ensure uniformity and consistence of usage throughout the U. T. System, the institutions and their respective entities shall be listed in the following order and the following titles (short form of title follows) shall be used:

...

1.3 The University of Texas at Arlington (U. T. Arlington)

- (a) The University of Texas at Arlington School of Architecture
- (b) The University of Texas at Arlington College of Business
- (c) The University of Texas at Arlington College of Education ~~and Health Professions~~
- (d) The University of Texas at Arlington College of Engineering
- (e) The University of Texas at Arlington Graduate School
- (f) The University of Texas at Arlington Honors College
- (g) The University of Texas at Arlington College of Liberal Arts
- (h) The University of Texas at Arlington College of Nursing ~~and Health Innovation~~
- (i) The University of Texas at Arlington College of Science
- (j) The University of Texas at Arlington School of Social Work
- (k) The University of Texas at Arlington School of Urban and Public Affairs
- (l) The University of Texas at Arlington University College

### BACKGROUND INFORMATION

The proposed amendments to the Regents' *Rules and Regulations*, Rule 40601, to change the name of the College of Education and Health Professions to the College of Education and the College of Nursing to the College of Nursing and Health Innovation reflects a reorganization of subunits across two colleges. The new College of Education will continue to administer graduate programs in curriculum and instruction, education, educational leadership, educational leadership and policy studies, music education, and teaching English to speakers of other languages. The new College of Nursing and Health Innovation will place under one administrative unit undergraduate and graduate programs in nursing and programs in kinesiology, exercise science, and athletic training.

The name changes have been approved by the Executive Vice Chancellor for Academic Affairs pending approval by the Board. Upon approval from the Board of Regents, the Office of Academic Affairs will notify the Texas Higher Education Coordinating Board of the changes so that U. T. Arlington's administrative unit structure can be updated.

*Texas Education Code* Section 65.11 authorizes the Board of Regents to provide for the "administration, organization, and names of the institutions and entities in The University of Texas System in such a way as will achieve the maximum operating efficiency of such institutions and entities[.]"

3. **U. T. System Board of Regents: Approval to create an Honors College at U. T. Dallas and amendment of the Regents' Rules and Regulations, Rule 40601, Section 1.6 to add new Subsection (f) to include the Honors College and to revise Regents' Rule to include current names of two schools**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor and General Counsel, and President Daniel that approval be granted for U. T. Dallas to create an Honors College and that the Regents' *Rules and Regulations*, Rule 40601, Section 1.6, concerning institutions comprising The University of Texas System, be amended to add new Subsection (f) to include the Honors College, to renumber remaining schools, and to amend the names of two schools to acknowledge names currently in use, as set forth below in congressional style:

Sec. 1 Official Titles. The U. T. System is composed of the institutions and entities set forth below. To ensure uniformity and consistence of usage throughout the U. T. System, the institutions and their respective entities shall be listed in the following order and the following titles (short form of title follows) shall be used:

...

1.6 The University of Texas at Dallas (U. T. Dallas)

(a) The University of Texas at Dallas School of Arts and Humanities

(b) The University of Texas at Dallas School of Behavioral and Brain Sciences

(c) The University of Texas at Dallas Callier Center for Communication Disorders

(d) The University of Texas at Dallas Erik Jonsson School of Engineering and Computer Science

(e) The University of Texas at Dallas School of Interdisciplinary ~~General~~ Studies

(f) The University of Texas at Dallas Honors College

~~(f)~~(g) The University of Texas at Dallas Naveen Jindal School of Management

~~(g)~~(h) The University of Texas at Dallas School of Natural Sciences and Mathematics

~~(h)~~(i) The University of Texas at Dallas School of Economic, Political and Policy Sciences ~~Social Sciences~~

....

### BACKGROUND INFORMATION

This proposed amendment to the Regents' *Rules and Regulations*, Rule 40601 is to reflect the creation of the U. T. Dallas Honors College, which has been approved by the Executive Vice Chancellor for Academic Affairs pending approval by the Board.

U. T. Dallas proposes to create an Honors College, which would more formally institutionalize several programs, including the Collegium V Honors Program, Terry Foundation Scholarship, and National Merit Scholars Program, under the direction of the Dean of the Honors College. The designation of an Honors College would align the institution with best practices at other universities.

During review of the proposed agenda item related to the Honors College, U. T. Dallas discovered that name changes for two schools, thought to be approved earlier and in open use for many years, had not been approved by the Board of Regents. Accordingly, formal approval of name changes for the School of Interdisciplinary Studies (from School of General Studies) and School of Economic, Political and Policy Sciences (from School of Social Sciences) are also recommended.

*Texas Education Code* Section 65.11 authorizes the Board of Regents to provide for the "administration, organization, and names of the institutions and entities in The University of Texas System in such a way as will achieve the maximum operating efficiency of such institutions and entities[.]"

4. **U. T. System: Discussion regarding student learning assessment and outcomes**

DISCUSSION

Executive Vice Chancellor for Academic Affairs Reyes will lead a discussion regarding student learning assessment and outcomes at U. T. System institutions and will outline a possible future recommendation for a Regents' Rule in this topic.

5. **U. T. Rio Grande Valley: Request to a) approve athletics nickname, colors, and mascot pursuant to Regents' Rules and Regulations, Rule 40801, and b) authorize that the NCAA Division I athletics program at U. T. Pan American be converted to the athletics program at U. T. Rio Grande Valley with continued membership in the Western Athletic Conference (WAC)**

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and President Guy Bailey that the U. T. System Board of Regents approve

- a. the new athletics nickname, colors, and mascot for U. T. Rio Grande Valley, pursuant to Regents' *Rules and Regulations*, Rule 40801 as will be recommended at the meeting; and
- b. that the NCAA Division I athletics program at U. T. Pan American be converted to the athletics program at U. T. Rio Grande Valley with continued membership in the Western Athletic Conference (WAC).

#### BACKGROUND INFORMATION

Over the past four months, the U. T. System Office of External Relations, U. T. Rio Grande Valley President Guy Bailey, and an external agency with significant national experience in developing collegiate and professional sports athletics branding have worked with students, faculty, staff, alumni, and community members to gather input for ideas on an athletics nickname, colors, and mascot for the new university. The outside agency is Rickabaugh Graphics, led by Eric Rickabaugh, which has helped develop numerous university brands and collegiate logos including U. T. San Antonio, Texas A&M University, The Ohio State University, and the University of Central Florida, in addition to working with the NFL, NBA, and NHL.

The communications efforts were done through small focus groups, broader open forums, a day-long student leader retreat, the formation of a presidential steering committee representative of all constituencies, and four widely promoted online surveys created by student government leaders and by the athletics branding expert. Email blasts and media advisories were also distributed to inform the public of the opportunity to participate. To date, more than 15,000 responses have been received through those venues.

The consideration of a new athletics nickname, colors, and mascot has stimulated a tremendous amount of passion and feelings about whether to preserve existing U. T. Brownsville or U. T. Pan American nicknames and mascots and carry them forward to U. T. Rio Grande Valley. To address those concerns, a new and final survey was distributed broadly to the public on October 1, 2014, to ensure that one last effort was made to be inclusive and sensitive to all interested individuals and organizations. After considering all feedback, President Guy Bailey's athletics branding steering committee will consult with him, and he will make a final recommendation to the Board of Regents.

U. T. Pan American joined the WAC in July 1, 2013. U. T. Rio Grande Valley will have the same opportunities within the conference that were given to U. T. Pan American.

**6. U. T. Austin: Approval to establish a Doctor of Nursing Practice degree program**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Powers that authorization, pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, be granted to

- a. establish a Doctor of Nursing Practice degree at U. T. Austin; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

U. T. Austin's School of Nursing has designed an innovative Doctor of Nursing Practice (DNP) program targeted specifically to meet the needs of employed nurses in Central Texas. The program which will be offered using a combination of online delivery with clustered or blocked face-to-face monthly seminars is designed to prepare graduates to function at the most advanced level of nursing practice using evidence-based research and scientific knowledge to implement and direct care, as well as serve as administrative leaders and faculty in schools of nursing.

The DNP program (45 semester credit hours, 15 courses) is for post-master's advanced practice nurses and post-master's clinical administrative leaders and educators. The curriculum is based on *The Essentials of Doctoral Education for Advanced Nursing Practice* developed by the American Association of Colleges of Nursing, and courses include philosophy and scientific methods in nursing science, ethics, policy, informatics, management of health services organizations, health economics, epidemiology, and health sciences information services. The students will also complete 540 clinical practice hours and a final project that culminates in the development of a scholarly manuscript.

Need and Student Demand

Since the DNP is a relatively new nursing degree, it is difficult to gauge demand for these graduates with traditional data sources such as governmental labor projections and local workforce boards. Both report a high demand for all levels of nurses and nursing faculty. The Texas Workforce Commission expects the demand for registered nurses to increase by 33% from 2010 through 2020, which is much faster than the average for all occupations. The DNP program will provide additional doctoral prepared nurses who can serve as clinical faculty in nursing programs across Texas. Nationwide, only 14% of nurses have a master's degree or

higher. In Texas, less than 10% have graduate degrees. The national nurse faculty vacancy rate is expected to grow substantially in the next few years with impending retirements as 60% of nurse faculty are age 50 or older. In Texas, 57% of nurse educators will be older than 65 in the next five years.

The proposal for this DNP program has evolved following extensive conversations with multiple employers in the Central Texas region regarding the need for nurses with additional post-master's skills and competencies including health economics, health policy, epidemiology, interdisciplinary teamwork, and biostatistics. Employers are confident that nurses with these advanced skills can contribute meaningfully to an increasingly complex interdisciplinary health care delivery system. Employers have indicated that their systems will provide support (flexible scheduling and tuition reimbursement) to employees who enroll in the U. T. Austin DNP program.

In early 2014, more than 1,400 nurses employed in the major health care systems in Central Texas (Seton Healthcare Family, St. David's HealthCare System, Scott & White Healthcare System, and CommUnityCare) responded to an online survey regarding interest in graduate education. Seventy-four percent indicated they were interested in seeking graduate education in the next five years, with most indicating they wished to pursue advanced education to expand their career opportunities as a nurse practitioner, nurse educator, and nurse administrator. Among the respondents, 247 nurses indicated that they specifically wanted to enroll in a DNP program. The key factors influencing their decision to return to school included cost, location of the program, the reputation of the School of Nursing, and the distance they would have to travel. Nationally, there are more than 240 DNP programs, 11 of which are presently offered in Texas. Five of the 11 DNP programs in Texas are at U. T. System institutions: U. T. Arlington, U. T. El Paso, U. T. Medical Branch - Galveston, U. T. Health Science Center - Houston, and U. T. Health Science Center - San Antonio. The eight DNP programs at public universities in Texas have 77 graduates to date. There are no DNP programs in Central Texas.

U. T. Austin's analysis and plan assumes initial enrollment of 12 students in the first cohort in Fall 2015. Enrollment is expected to grow each consecutive semester for the first several years (15 in the second cohort and 20 in subsequent cohorts). Due to the substantial advising and mentoring required for the DNP projects, cohort size will be limited to 20 students.

### Program Quality

The U. T. Austin School of Nursing has a strong cadre of tenured/tenure-track and clinical faculty to lead research and education efforts for both the existing Ph.D. and the new DNP. During the previous five years, the 13 core faculty had 260 peer-reviewed publications (average of 20 per faculty member). The five named support faculty had similar productivity with 78 peer-reviewed publications, an average of 15.6 per support faculty member during the five-year period. Core faculty have served as Principal Investigator for external grants totaling \$28.9 million during the last five years. The majority of funding was obtained for research projects from the National Institutes of Health and other federal sources, including the U.S. Department of Labor; Health Resources and Services Administration (HRSA), an agency of the U.S. Department of Health and Human Services; and the Administration on Aging. Ten of



the 13 core faculty have served in significant administrative leadership positions, 10 of the 13 are fellows in the American Academy of Nursing, and four of the 13 are recognized as advanced practice nurses by the Texas Board of Nursing. The faculty serve on multiple advisory boards and committees for agencies and organizations in the region, state, and the nation. U. T. Austin does not anticipate hiring any new faculty specifically for this program.

It is clear that safe and high quality care depends on an effective and well-educated team of collaborative providers. The DNP program complements the existing Ph.D. in Nursing as well as the new M.D. degree at the Dell Medical School and the Pharmacy Doctorate (PharmD) at the College of Pharmacy. Deans of these programs have expressed strong support. Faculty in an ongoing \$1 million HRSA grant awarded to the School of Nursing are developing infrastructure to facilitate interprofessional education that can be used by all related programs and schools.

In a needs assessment with over 1,400 nurses employed in Central Texas health care systems, 70% indicated that the preferred educational programming was a combination of face-to-face and online instruction. The DNP program will be delivered in a “hybrid” model to allow nursing professionals to continue in their current career positions and attend classes through online platforms and compressed monthly classroom seminars. The program will have between 40-50% of course content delivered in an online format, consistent with the DNP programs at other highly-ranked public institutions. Additionally, by developing hybrid courses, the program will strengthen the ability of the School of Nursing to offer future online options to other graduate and undergraduate students.

The U. T. Austin School of Nursing is one of the leading nursing schools in the nation, with a history of excellence in academics, research, practice, and service. The delivery of a quality program that is consistent with the standards of excellence at U. T. Austin is the highest priority. Current technology and instructional methods will support the development of an outstanding educational experience in a flexible format. The U. T. Austin DNP program has faculty members, practice resources, and an academic infrastructure to support a high-quality educational program and provide students with the opportunities to develop expertise in focused areas of nursing practice and leadership.

Revenue and Expenses

The proposed DNP program will be offered in the Option III format (i.e., self-supporting) at U. T. Austin and be tailored to the specific needs of full-time employed nurses. This format requires that the program fees support all costs associated with the program, and the program will not receive State formula funding. Program revenues are projected to cover all costs associated with the program, including faculty and staff compensation, materials, and required university and student fees.

<b>Projected Enrollment</b>	<b>5-Year Total</b>
Number of Students Used for Formula Funding Calculation	0
Total Number of Students	107
<b>Expenses</b>	<b>5-Year Total</b>
<i>Faculty</i>	
Salaries	\$1,107,000
Benefits	\$255,000
<i>Staff &amp; Administration</i>	
Graduate Coordinator Salary	\$358,087
Administrative Staff Salaries	\$295,221
Staff Benefits	\$163,327
<i>Other Expenses</i>	
Supplies, Equipment, Facilities, Fees for Course Development, Marketing	\$776,276
<b>Total Expenses</b>	<b>\$2,954,911</b>
<b>Revenue</b>	<b>5-Year Total</b>
<i>From Student Enrollment</i>	
Formula Funding	0
Tuition and Fees – Program	\$2,970,000*
<i>From Institutional Funds</i>	
Start Up Funds – Provost and School	\$350,000
<i>From Grant Funds</i>	
[Enter Description]	0
<i>From Other Revenue Sources</i>	
	0
<b>Total Revenue</b>	<b>\$3,320,000</b>

\*Cost per student for the program is \$30,000 (or \$6,000 per semester for five consecutive semesters).

Coordinating Board Criteria

The proposed program meets all applicable Coordinating Board criteria for new doctoral degree programs.

7. **U. T. System: Discussion of support programs for Veteran students**

DISCUSSION

Executive Vice Chancellor Reyes will lead a presidential discussion and engagement with the Board of Regents on topics relating to support programs for Veteran students at the U. T. System academic institutions.



**TABLE OF CONTENTS  
FOR  
HEALTH AFFAIRS COMMITTEE**

**Committee Meeting:** 11/5/2014

**Board Meeting:** 11/6/2014  
El Paso, Texas

*Robert L. Stillwell, Chairman  
Ernest Aliseda  
Jeffery D. Hildebrand  
Brenda Pejovich  
Wm. Eugene Powell*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>1:00 p.m. Chairman Stillwell</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration</b>	<i>1:00 p.m. <b>Action</b></i>	<b>Action</b>	<b>93</b>
2. <b>U. T. System: Approval of \$5 million from the Available University Fund to support Phase 1 of the U. T. Systemwide Diabetes Obesity Control Initiative and delegation to the Office of Health Affairs and the Office of General Counsel the authority to contract with selected entities to create a Technology Core</b>	<i>1:03 p.m. <b>Action</b> <i>Dr. Greenberg</i></i>	<b>Action</b>	<b>94</b>
3. <b>U. T. Southwestern Medical Center: Request to approve the honorific naming of the Biomedical Research Building on the North Campus as the C. Kern Wildenthal Research Building, in honor of C. Kern Wildenthal, M.D., Ph.D.</b>	<i>1:08 p.m. <b>Action</b> <i>Dr. Podolsky</i></i>	<b>Action</b>	<b>96</b>
4. <b>U. T. System: Report on activities and accomplishments of the institutional Clinical and Translational Science Institutes at U. T. System</b>	<i>1:13 p.m. <b>Report/Discussion</b> <i>Dr. Hurn Dr. Allan Brasier, UTMB Dr. Robert Clark, UTHSC-SA Dr. David McPherson, UTHSC-H Dr. Robert Toto, UTSWMC</i></i>	Not on Agenda	<b>97</b>
5. <b>U. T. Southwestern Medical Center: Report on the William P. Clements, Jr. University Hospital</b>	<i>1:38 p.m. <b>Report/Discussion</b> <i>President Podolsky Dr. John Warner, UTSWMC</i></i>	Not on Agenda	<b>99</b>

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
6. <b>U. T. Health Science Center - San Antonio: Authorization to purchase 2.841 acres of land and improvements at 8431 Fredericksburg Road, San Antonio, Bexar County, Texas, from WNLV, LTD., H5 Properties, L.P., and EZJ Management, LLC for future campus expansion; and resolution regarding parity debt</b>	1:48 p.m. <b>Action</b> <i>President Henrich</i> <i>Mr. Tames</i>	<b>Action</b>	<b>117</b>
7. <b>U. T. System: Update on infectious diseases, including provision of specialized health care and current state of preparedness</b>	1:53 p.m. <b>Report/Discussion</b> <i>President Callender</i> <i>President Podolsky</i>	Not on Agenda	<b>120</b>
<b>Adjourn</b>	2:00 p.m.		

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda is located at the back of the book.

2. **U. T. System: Approval of \$5 million from the Available University Fund to support Phase 1 of the U. T. Systemwide Diabetes Obesity Control Initiative and delegation to the Office of Health Affairs and the Office of General Counsel the authority to contract with selected entities to create a Technology Core**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs and the Vice Chancellor for Research and Innovation that the U. T. System Board of Regents approve \$5 million from the Available University Fund to support Phase 1 of the U. T. Systemwide Diabetes Obesity Control initiative (Project DOC) and delegation of authority for the Office of Health Affairs and the Office of General Counsel to contract with selected entities to create a Technology Core. Funds would provide operational project support within the U. T. System Office of Health Affairs and the contract for hire of an external multifunction consultant team to implement this initiative.

BACKGROUND INFORMATION

Goals of the Initiative:

- To support and further U. T. System institutions' ability to care for patients with or at risk for diabetes and obesity in Texas. Specifically, the project will leverage social, mobile, and cloud technologies, as well as big data and cognitive analytics, to augment and accelerate effective management and care for these patients.
- To enhance U. T. System's research and education missions by developing novel types of access to patient big data and leveraging other U. T. System initiatives, such as U. T. Research Cyberinfrastructure and the Institute for Transformative Learning (ITL).

Deliverables:

- A demonstration of feasibility and scalability of a technology-enabled and data-driven patient and consumer-centric model of value-based healthcare for diabetes
- Measurable improvement in patient outcome and health economics.

General Approach to the Project:

Through a Technology Core made up of industry leaders with cutting-edged capabilities and assets, Project DOC will develop and implement a suite of provider-enabling and patient empowering technology solutions. These capabilities fall into three main anchor platforms: (1) cognitive analytics and expert system, (2) personal connected mobile health solution, and (3) cloud-based information interchange.

In addition, as the fourth component of the Technology Core, a diversified and experienced System Integration Team will incorporate these solutions into local health care delivery systems to create a disease management framework for providing patient-centric and value-based diabetes care. Phase 1 is the Design Phase, where the Technology Core will identify the business, technical, and user requirements for the diabetes management solutions. Such requirements will guide the design of the solutions, which will in turn drive a set of budgets, timelines with milestones, and deliverables supported by work plans. Phase 1 will also include development and negotiation of a sharing model for intellectual property, risk, and revenue between the Technology Core and the U. T. System. Phase 1 includes collaboration among the Technology Core, U. T. System institutions, and U. T. System Administration to develop plans to leverage the capabilities, technology solutions, and data of Project DOC to enhance the research and educational mission of all U. T. System institutions.

The Project will initially target the Rio Grande Valley, which has a well-documented high incidence of diabetes and obesity, and then systematically be extended to other regions of Texas. Phase 1 will include a systematic analysis specific to communities that will define the business, technical, and user requirements for the technology solutions. Success of Phase 1, as determined by evaluation of the Phase 1 deliverables, will determine whether subsequent phases of the project will be recommended to the Board of Regents for approval and funding.

This action item is to seek approval for a budget capped at \$5 million for Phase 1 of Project DOC and seek delegation of authority to the Office of Health Affairs and the Office of General Counsel to contract with selected entities to create the Technology Core. The budget will support contracts with Technology Core members for Phase 1 activities, as well as operating funds to direct and manage this project under the direction of the Office of Health Affairs.

Use of the Available University Fund:

Phase 1 of the initiative is eligible for funding from the Available University Fund under the statutory authority of System Administration to provide technical assistance through development of technology that when deployed offers coordination of institutional activities related to diabetes health care and management. The technology will offer a coordinated enhancement of diabetes research and education and a coordinated element in the training of health professionals. The initiative will develop technology that can facilitate, augment, and enable more effective and efficient diabetes care delivery across System health care institutions. In addition, the scientific and medical big data of the initiative's Information Interchange will be available to all System institutions, including the several academic institutions that are actively engaged in diabetes research and education (Sections 51.353 and 65.16, *Texas Education Code*).



3. **U. T. Southwestern Medical Center: Request to approve the honorific naming of the Biomedical Research Building on the North Campus as the C. Kern Wildenthal Research Building, in honor of C. Kern Wildenthal, M.D., Ph.D.**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor for External Relations, and President Podolsky that the U. T. System Board of Regents approve the honorific naming of the Biomedical Research Building on the North Campus at U. T. Southwestern Medical Center as the C. Kern Wildenthal Research Building. This recommendation is in honor of C. Kern Wildenthal, M.D., Ph.D., President Emeritus and Professor of Medicine Emeritus to recognize his extraordinary accomplishments as both Dean of the Medical School and President of U. T. Southwestern.

BACKGROUND INFORMATION

Dr. Wildenthal served in senior leadership roles at U. T. Southwestern Medical Center for nearly 40 years. He joined the Southwestern faculty as an Assistant Professor of Medicine and Physiology in 1970. In 1971, he became an Associate Professor and a full Professor in 1975. From 1976 to 1980, he served as Dean of the Graduate School, and from 1980 to 1986, as Dean of the Medical School. In addition, Dr. Wildenthal was the second President of U. T. Southwestern, serving in that capacity for more than 20 years, from 1986 to 2008.

During Dr. Wildenthal's tenure as President, U. T. Southwestern more than quintupled in size and emerged as one of the leading medical institutions in the world. Four of its faculty won Nobel Prizes, 19 were elected members of the National Academy of Sciences, and 50 were named as presidents of national societies of their clinical and research specialties. During his time as President, research expenditures grew more than tenfold to nearly \$400 million per year. The size of the campus grew from 65 acres to 300 acres; two referral hospitals and outpatient facilities totaling one million square feet were added to the campus; and the first half of a planned four million square foot research complex (the North Campus) was completed.

The Biomedical Research Building, also referred to as the NL Building, is located at 6000 Harry Hines Boulevard, on the North Campus of U. T. Southwestern Medical Center in Dallas. The NL Building has a contemporary design and offers state-of-the-art laboratories. The 12-story, 331,400 square foot building also houses the Departments of Dermatology, Cell Biology, and Microbiology, as well as the U. T. Southwestern Graduate School of Biomedical Sciences' Rolf and Ute Haberecht Administration and Academic Center. In addition, the Children's Medical Center Research Institute occupies the top floors of the Building. The NL Building opened in 2011 and has a current replacement cost of \$216 million.

This naming proposal is consistent with the Regents' *Rules and Regulations*, Rule 80307, relating to the honorific naming of facilities to recognize an individual who has left an unforgettable impact on U. T. Southwestern Medical Center.

4. **U. T. System: Report on activities and accomplishments of the institutional Clinical and Translational Science Institutes at U. T. System**

REPORT

Patricia D. Hurn, Ph.D., Vice Chancellor for Research and Innovation at U. T. System, and the principal investigators of the four NIH-funded institutional Clinical and Translational Science Institutes will report on activities and accomplishments of these entities. Dr. Hurn will introduce the following panel of presenters:

- **Allan R. Brasier, M.D.**, Director of the Institute of Translational Science, U. T. Medical Branch - Galveston
- **Robert A. Clark, M.D.**, Director of the Institute for Integration of Medicine and Science, U. T. Health Science Center - San Antonio
- **David D. McPherson, M.D.**, Executive Director, Center for Clinical and Translational Sciences, U. T. Health Science Center - Houston
- **Robert Toto, M.D.**, member of the Translational Science and Technology Acquisition and Retention (STARs) Program, U. T. Southwestern Medical Center

BACKGROUND INFORMATION

Presenters are principal investigators and directors of four NIH-funded clinical and translational research institutes/centers within the U. T. System. These include:

- **Center for Clinical and Translational Sciences**, comprised of U. T. Health Science Center - Houston, U. T. M. D. Anderson Cancer Center, and Memorial Hermann Hospital System;
- **North and Central Texas Clinical and Translational Science Initiative** at U. T. Southwestern Medical Center;
- **Institute for Integration of Medicine and Science** at U. T. Health Science Center - San Antonio; and
- **Institute for Translational Sciences** at U. T. Medical Branch - Galveston

The funding for these institutes/centers is awarded from the national Clinical and Translational Science Award (CTSA) program launched in 2006 by the NIH with the goal of transforming the way biomedical research is conducted. The goals of these institutes are to accelerate the translation of laboratory discoveries into treatment of patients, to engage communities in clinical research efforts, and to train a new generation of clinical and translational researchers. Each CTSA-funded institute/center is reauthorized for NIH funding every four years on a highly competitive basis.

Each CTSA-funded institute provides tremendous resources to researchers, faculty, and students of all disciplines who conduct clinical and translational research. In addition, the four CTSA's collaborate as part of the newly formed Texas Regional CTSA Consortium (TRCC). The goal of the TRCC is to facilitate clinical and translational research and dissemination among the Texas CTSA institutions and other interested Texas and national biomedical research institutions.

5. **U. T. Southwestern Medical Center: Report on the William P. Clements, Jr. University Hospital**

REPORT

President Podolsky will introduce John Warner, M.D., Vice President and Chief Executive Officer of U. T. Southwestern University Hospitals, who will report on the new William P. Clements, Jr. University Hospital at U. T. Southwestern Medical Center. President Podolsky briefly presented the status of the project at the August 20, 2014 Health Affairs Committee meeting. Dr. Warner's presentation is set forth on the following pages.

BACKGROUND INFORMATION

On November 15, 2014, the William P. Clements, Jr. University Hospital at U. T. Southwestern Medical Center will open its doors to the public, transforming medical care in North Texas and serving as a model for academic medical centers across the country. The goal of the new hospital is to bring together innovative hospital design, state-of-the-art technology, and industry best practices to create an environment that seamlessly integrates patient care with leading-edge research and medical education.

In 2009, former Texas Governor William P. Clements, Jr., made an unprecedented \$100 million gift to U. T. Southwestern Medical Center, the largest single gift in the institution's history. In the spirit of Governor Clements' intentions, the institution chose to use the funds to support construction of a new university hospital (approved by the Board on November 11, 2009) to replace the aging St. Paul University Hospital. The new university hospital broke ground in March 2011 on the West Campus, immediately northwest of the existing St. Paul Hospital building. The hospital is comprised of 460 patient beds, 24 operating rooms, 40 emergency rooms, endoscopy and catheterization/interventional rooms, and imaging services. The total cost for the hospital and related components was \$800 million.

On April 12, 2012, the Board of Regents approved the honorific naming of the new university hospital as the William P. Clements, Jr. University Hospital.

# U.T. Southwestern Medical Center William P. Clements, Jr. University Hospital

John Warner, M.D.

Vice President and CEO, U. T. Southwestern University Hospitals

U. T. System Board of Regents' Meeting

Health Affairs Committee

November 2014



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# William P. Clements, Jr. University Hospital

- 460-bed acute care hospital
- Patient-centered design focused on the optimal care and experience of patients and families
- Multidisciplinary, team-based care incorporated into every element of architecture and technology
- Seamless integration of patient-oriented research and education into every care environment
- Flexible design that accommodates advances in technology and care-delivery models



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# William P. Clements, Jr. University Hospital



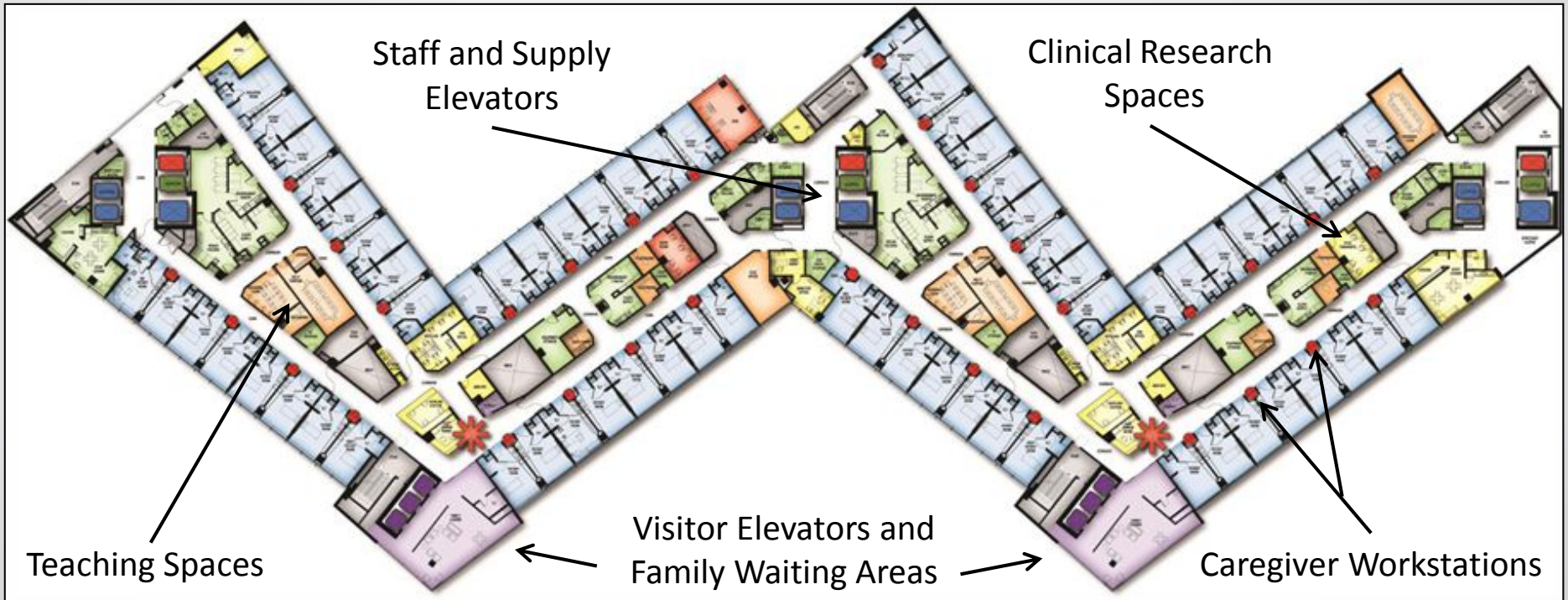
102

Meeting of the U. T. System Board of Regents - Health Affairs Committee



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# “W” Design of Patient Care Unit



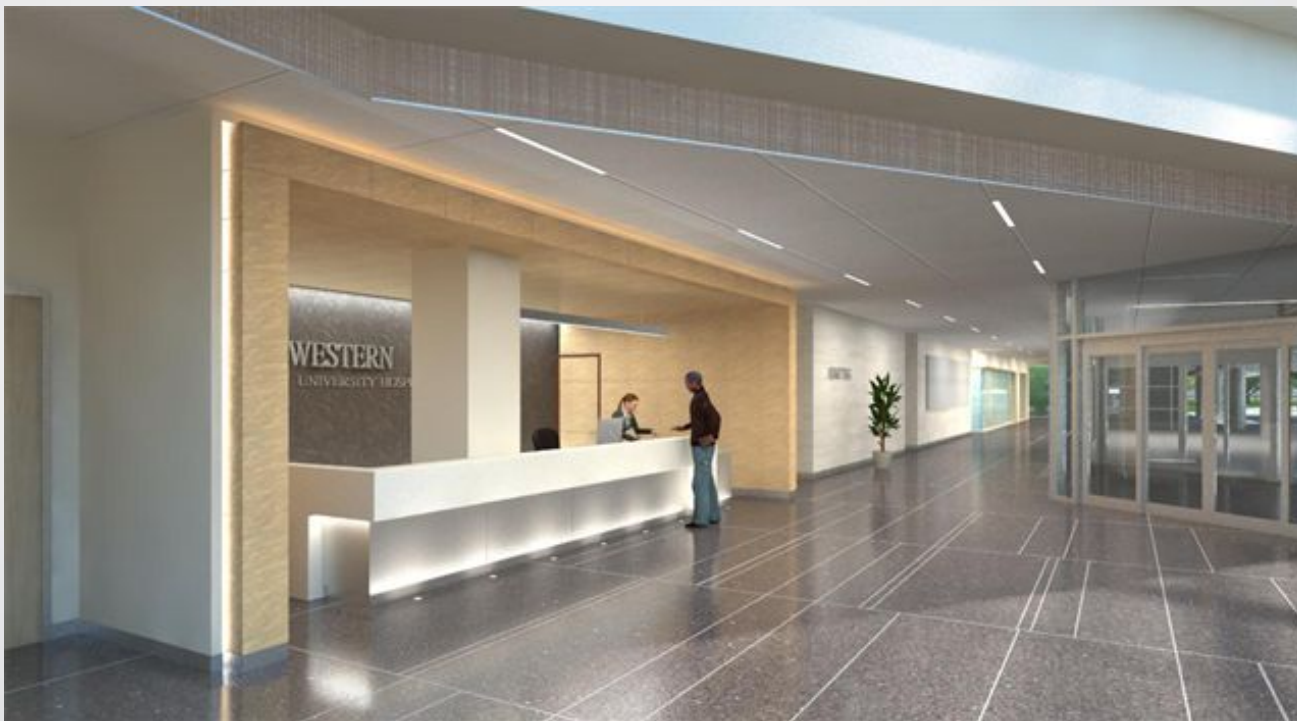
103

Meeting of the U. T. System Board of Regents - Health Affairs Committee





# William P. Clements, Jr. University Hospital



104

Meeting of the U. T. System Board of Regents - Health Affairs Committee

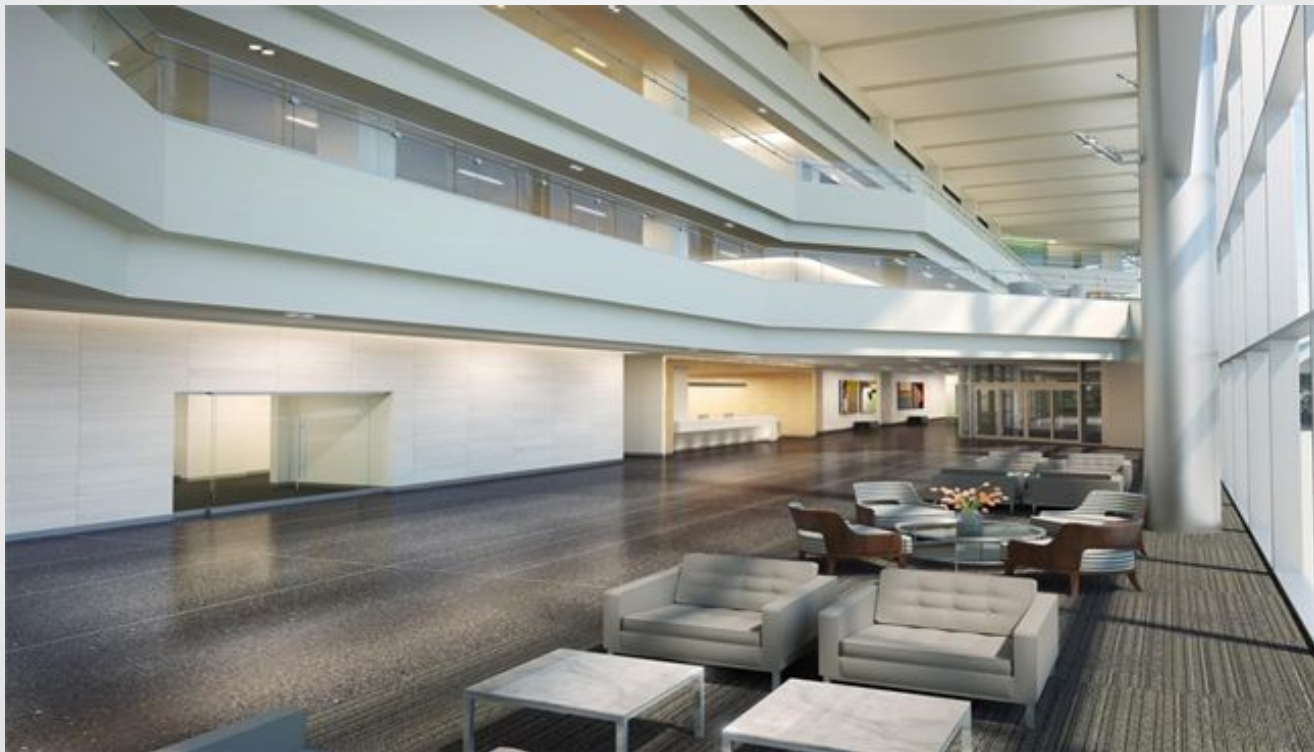


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# William P. Clements, Jr. University Hospital



105

Meeting of the U. T. System Board of Regents - Health Affairs Committee



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# William P. Clements, Jr. University Hospital



106

Meeting of the U. T. System Board of Regents - Health Affairs Committee



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# William P. Clements, Jr. University Hospital



107

Meeting of the U. T. System Board of Regents - Health Affairs Committee



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# William P. Clements, Jr. University Hospital



108

Meeting of the U. T. System Board of Regents - Health Affairs Committee



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# William P. Clements, Jr. University Hospital



# William P. Clements, Jr. University Hospital



# William P. Clements, Jr. University Hospital





# William P. Clements, Jr. University Hospital



112

Meeting of the U. T. System Board of Regents - Health Affairs Committee



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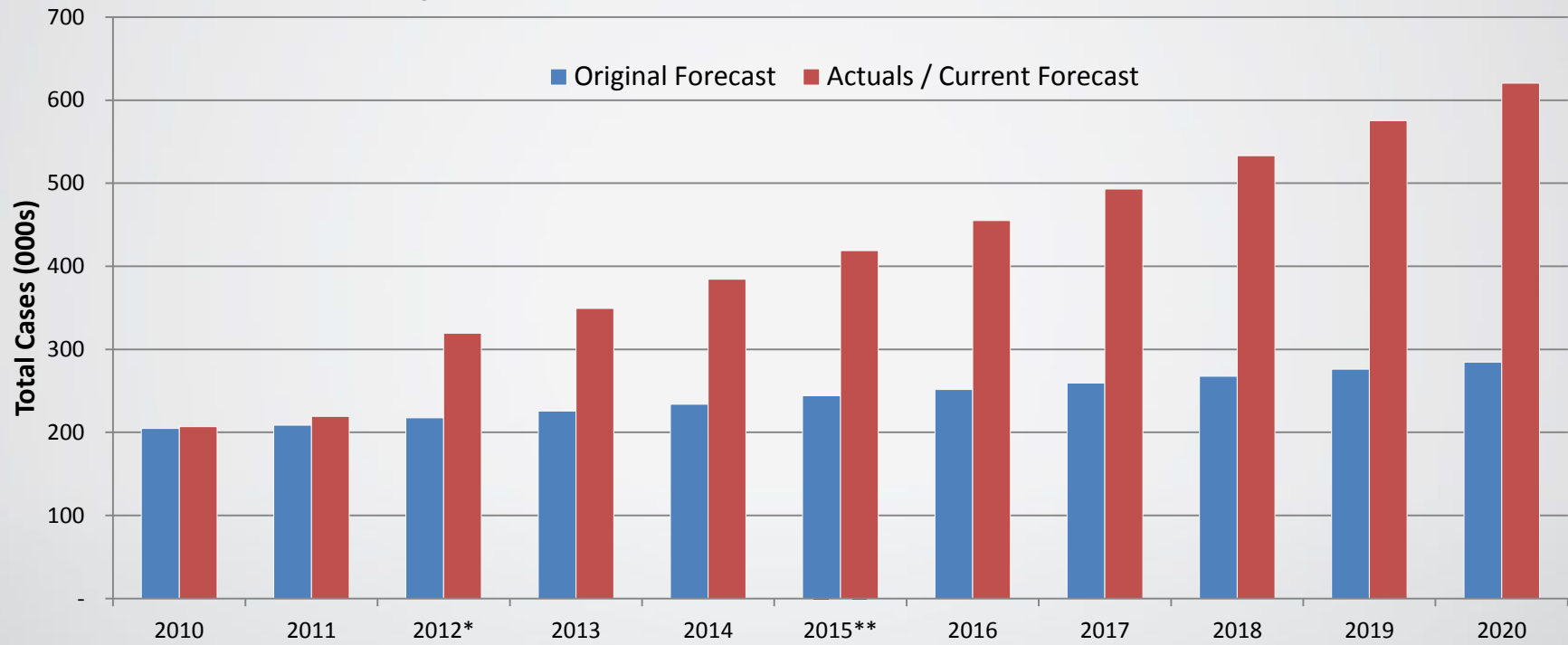
# William P. Clements, Jr. University Hospital



# William P. Clements, Jr. University Hospital



# University Hospital's Total Cases

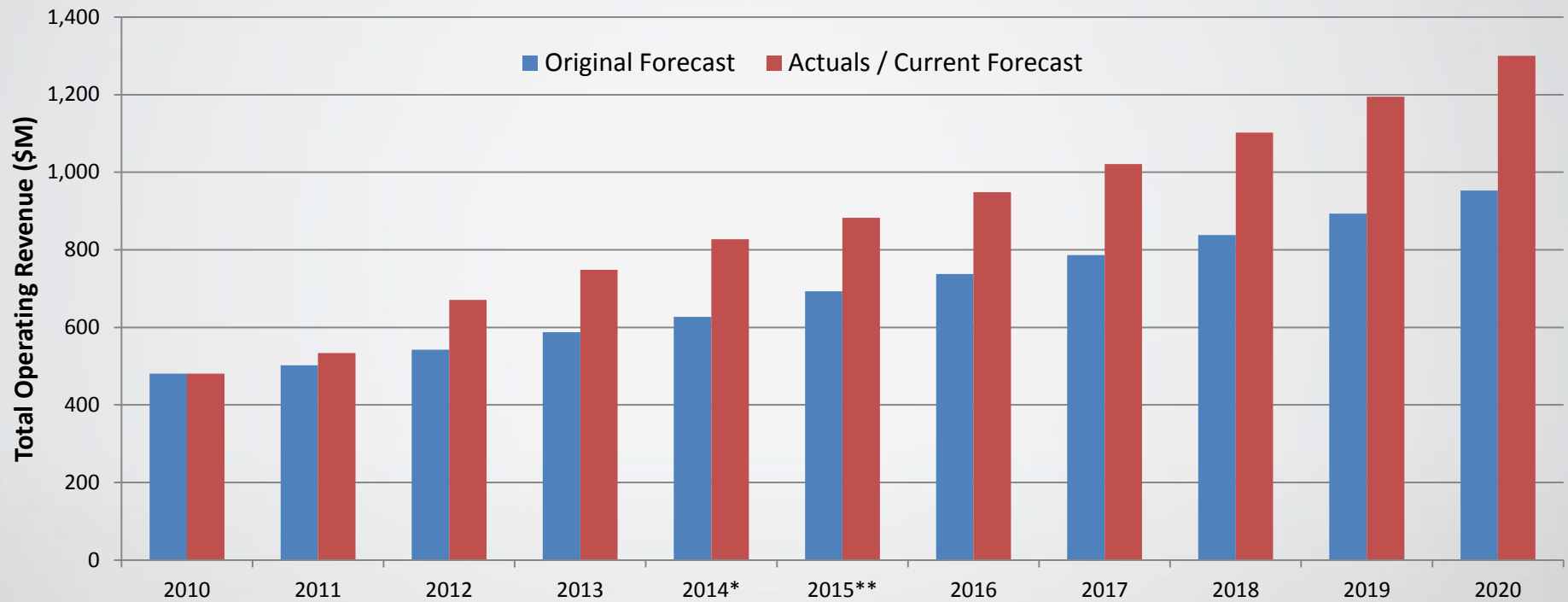


\* Magnitude of increase driven by several clinics becoming hospital-based

\*\*FY2015 Original Forecast is based on first full year of Clements University Hospital, originally expected to open in FY2016



# University Hospital's Total Operating Revenue



\* FY2014 Current Forecast is based on year to date activity

\*\*FY2015 Original Forecast is based on first full year of Clements University Hospital, originally expected to open in FY2016



6. **U. T. Health Science Center - San Antonio: Authorization to purchase 2.841 acres of land and improvements at 8431 Fredericksburg Road, San Antonio, Bexar County, Texas, from WNLV, LTD., H5 Properties, L.P., and EZJ Management, LLC for future campus expansion; and resolution regarding parity debt**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, and President Henrich that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. Health Science Center - San Antonio, to:

- a. purchase approximately 2.841 acres of land together with improvements at 8431 Fredericksburg Road, San Antonio, Bexar County, Texas, from WNLV, LTD.; H5 Properties, L.P.; and EZJ Management, LLC for future campus expansion;
- b. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendations; and
- c. resolve in accordance with Section 5 of the Amended and Restated Maser Resolution Establishing The University of Texas System Revenue Financing System that:
  - Parity debt shall be issued to fund all or a portion of the purchase price, including any costs prior to the issuance of such parity debt;
  - Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the RFS Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System;
  - U. T. Health Science Center - San Antonio, which is a "Member" as such term is used in the RFS Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of parity debt in an aggregate amount of \$15,000,000; and
  - This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations* that evidences the Board's intention to reimburse project expenditures with bond proceeds

BACKGROUND INFORMATION

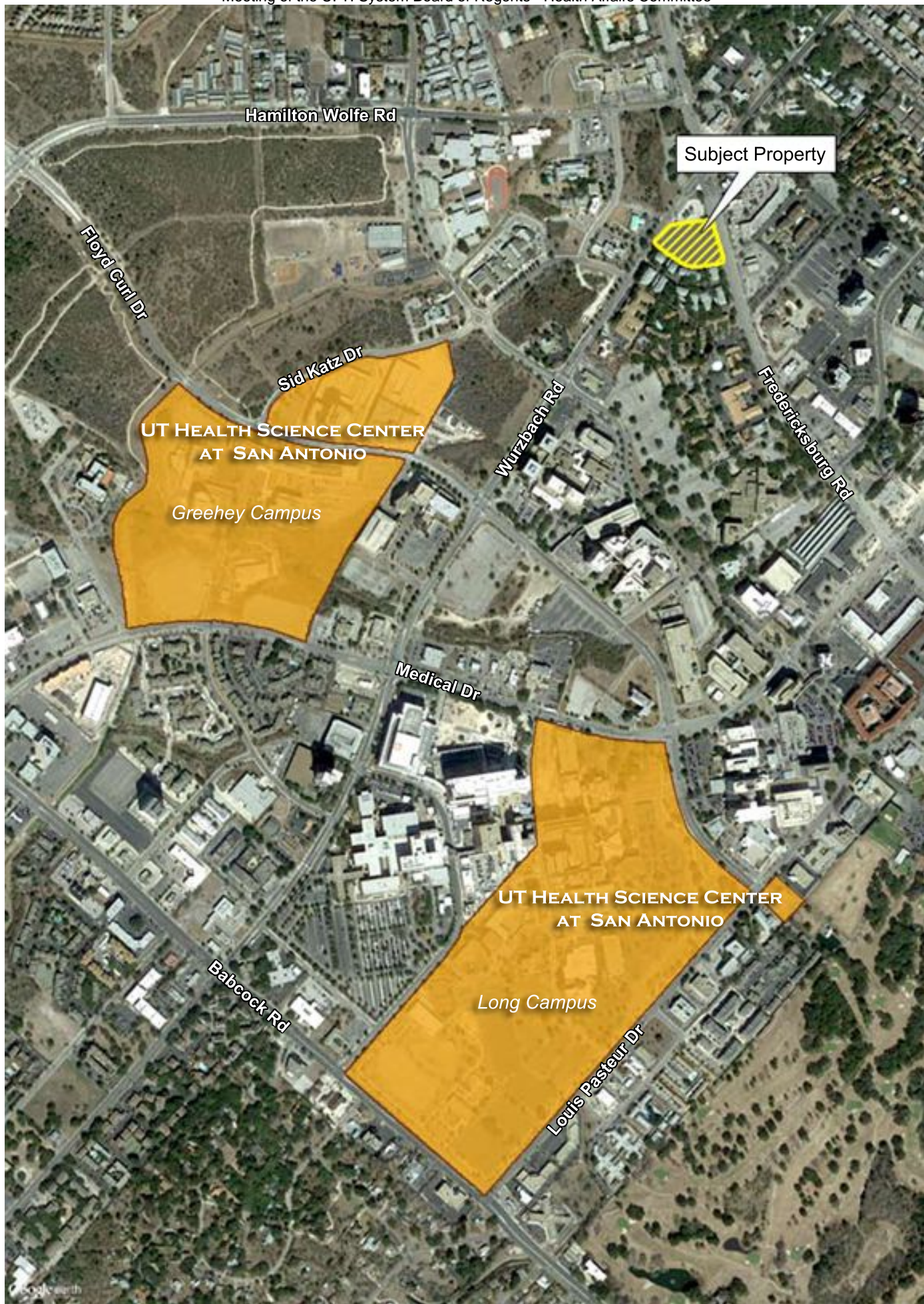
The property U. T. Health Science Center - San Antonio wishes to purchase consists of approximately 2.841 acres of land together with improvements at 8431 Fredericksburg Road, San Antonio, Bexar County, Texas. The improvements consist of a five-story office building built in 1986 containing approximately 93,000 rentable square feet and a paved surface parking lot and parking garage with a combined capacity for 398 vehicles. The office building is currently 73% occupied. The institution's information technology staff occupies 17,327 rentable square feet of space; the balance of the space, 54% of the total rentable area, is occupied by various third-party tenants. Only one tenant occupying 3,971 square feet holds a lease with a remaining term greater than one year.

This building is located approximately one mile from the institution's main campus at 7703 Floyd Curl Drive, San Antonio, Texas. The institution plans to use the property for future relocation of administrative offices as third party leases expire. The institution estimates the building will require capital replacement costs of \$6 million over the next 10 years. With the purchase of this property, U. T. Health Science Center - San Antonio forecasts that it will obtain net savings in occupancy costs in excess of \$11 million over the 20-year life of the Revenue Financing System debt to be issued for the acquisition.

Transaction Summary

Institution:	U. T. Health Science Center - San Antonio
Type of Transaction:	Purchase
Total Area:	Approximately 2.841 acres
Improvements:	Approximately 93,000 square foot, five-story office building with surface and structured parking facilities accommodating 398 vehicles
Location:	8431 Fredericksburg Road, San Antonio, Bexar County, Texas
Seller:	WNLV, LTD., a Texas limited partnership, H5 Properties, L.P.; a Texas limited partnership; and EZJ Management, LLC, a Texas limited liability company
Purchase Price:	Not to exceed fair market value as established by independent appraisals.
Appraised Value:	The appraisals are confidential pursuant to <i>Texas Education Code</i> Section 51.951.
Source of Funds:	Revenue Financing System bonds repaid out of clinical practice plan revenue.
Intended Use:	Future campus expansion

Please see map on the following page.





7. **U. T. System: Update on infectious diseases, including provision of specialized health care and current state of preparedness**

REPORT

Executive Vice Chancellor Greenberg will introduce this update.



**TABLE OF CONTENTS  
FOR  
FACILITIES PLANNING AND CONSTRUCTION COMMITTEE**

**Committee Meeting:** 11/5/2014

**Board Meeting:** 11/6/2014  
El Paso, Texas

*Alex M. Cranberg, Chairman  
Ernest Aliseda  
R. Steven Hicks  
Wm. Eugene Powell  
Robert L. Stillwell*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>3:00 p.m. Chairman Cranberg</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration</b>	<i>3:00 p.m. <b>Action</b></i>	<b>Action</b>	<b>123</b>
2. <b>U. T. System: Report of the Task Force on Facility Planning for the 21st Century</b>	<i>3:05 p.m. <b>Report/Discussion</b> Mr. O'Donnell Mr. Harris</i>	Not on Agenda	<b>124</b>
<b><u>Additions to the CIP</u></b>			
3. <b>U. T. Austin: High-Density Storage Addition - Amendment of the FY 2015-2020 Capital Improvement Program to include project; approval of total project cost; and appropriation of funds (Final Board approval)</b>	<i>3:20 p.m. <b>Action</b> Mr. O'Donnell</i>	<b>Action</b>	<b>125</b>
4. <b>U. T. Southwestern Medical Center: Transplant Services Building Renovation and Expansion - Amendment of the FY 2015-2020 Capital Improvement Program to include project (Preliminary Board approval)</b>	<i>3:25 p.m. <b>Action</b> President Podolsky</i>	<b>Action</b>	<b>127</b>
5. <b>U. T. Health Science Center - San Antonio: Clinical Transformation, Phase I - Amendment of the FY 2015-2020 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)</b>	<i>3:30 p.m. <b>Action</b> Mr. O'Donnell</i>	<b>Action</b>	<b>128</b>
6. <b>U. T. Health Science Center - San Antonio: Renovations to Strengthen Research and Salvage Infrastructure - Amendment of the FY 2015-2020 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)</b>	<i>3:35 p.m. <b>Action</b> Mr. O'Donnell</i>	<b>Action</b>	<b>129</b>

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b><u>Design Development Approval</u></b>			
7. <b>U. T. Austin: Texas Advanced Computing Center Office Building - Approval of design development; and appropriation and authorization of expenditure of funds (Final Board approval)</b>	3:40 p.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>131</b>
8. <b>U. T. Dallas: Student Services Building Addition - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)</b>	3:45 p.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>133</b>
<b><u>Modification to the CIP</u></b>			
9. <b>U. T. Tyler: Music Building Addition - Amendment of the FY 2015-2020 Capital Improvement Program to revise funding sources; and appropriation of funds and authorization of expenditure (Final Board approval)</b>	3:50 p.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>135</b>
<b>Adjourn</b>	4:00 p.m.		

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda is located at the back of the book.

**2. U. T. System: Report of the Task Force on Facility Planning for the 21st Century**

REPORT

As Co-Chairmen of the Task Force on Facility Planning for the 21st Century, Associate Vice Chancellor Michael O'Donnell and Mr. Stephen Harris, Director of Facilities Space Initiatives, will provide an update on the activities of the Task Force.

BACKGROUND INFORMATION

On November 15, 2012, Board Chairman Powell recommended the creation of the Task Force on Academic and Facility Planning for the 21st Century as a joint task force of the Facilities Planning and Construction Committee and the Academic Affairs Committee to prepare recommendations regarding the best metrics for use in the design and planning process for academic infrastructure support for universities.

On December 12, 2013, Regent Cranberg and U. T. Dallas President Daniel as Co-Chairmen of the Task Force on Engineering Education for Texas in the 21st Century recommended the transition from the Task Force on Academic and Facility Planning for the 21st Century to the formation and kick-off of the Task Force on Facility Planning for the 21st Century, which would address four primary study areas:

- Planning Considerations for the 21st Century Campus
- Optimal Use of Existing and Future Space
- Facility Construction Cost Optimization
- Consideration of Alternate Delivery Methodologies

**3. U. T. Austin: High-Density Storage Addition - Amendment of the FY 2015-2020 Capital Improvement Program to include project; approval of total project cost; and appropriation of funds (Final Board approval)**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents amend the FY 2015-2020 Capital Improvement Program (CIP) to include the High-Density Storage Addition project at U. T. Austin as follows:

<b>Project No.:</b>	102-841	
<b>Project Delivery Method:</b>	Design-Build	
<b>Substantial Completion Date:</b>	May 2017	
<b>Total Project Cost:</b>	<u>Source</u> Unexpended Plant Funds <sup>1</sup>	<u>Proposed</u> \$8,000,000

**Funding Note:** <sup>1</sup> Unexpended Plant Funds from Intermediate Term Fund realized gain

- a. approve a total project cost of \$8,000,000 with funding from Unexpended Plant Funds; and
- b. appropriate funds.

BACKGROUND INFORMATION

The High-Density Storage Addition will consist of approximately 12,500 gross square feet (GSF) of building and be connected to the existing Library Storage Facility (LSF) located on the J. J. Pickle Research Campus. The building will provide digitizing and high-density storage and retrieval system capabilities. The existing LSF is a shared facility between U. T. Libraries, Texas A&M University Libraries, the Dolph Briscoe Center for American History, the Harry Ransom Humanities Research Center, and the Joseph D. Jamail Center for Legal Research. Portions are currently filled to capacity.

This facility will be a warehouse style building with tilt-up insulated concrete wall panels and a concrete floor slab. The high-density area will have no windows, no floor penetrations, and as few penetrations of walls and roof as possible. Other spaces in the building will include a consultation area for users, a charging room for the order picker equipment, restroom facilities, hallways, and a freezer room with deep freeze capabilities for preservation-related work. The building will have a separate heating, ventilation, and air conditioning (HVAC) and dehumidification system with particulate and gas filters to maintain constant temperature and relative humidity levels appropriate for print matter preservation.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be presented to the Chancellor for approval at a later date.

**4. U. T. Southwestern Medical Center: Transplant Services Building Renovation and Expansion - Amendment of the FY 2015-2020 Capital Improvement Program to include project (Preliminary Board approval)**

**RECOMMENDATION**

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Podolsky that the U. T. System Board of Regents amend the FY 2015-2020 Capital Improvement Program (CIP) to include the Transplant Services Building Renovation and Expansion project at U. T. Southwestern Medical Center as follows:

<b>Project No.:</b>	303-X01	
<b>Institutionally Managed:</b>	Yes	
<b>Project Delivery Method:</b>	Construction Manager-at-Risk	
<b>Substantial Completion Date:</b>	November 2016	
<b>Total Project Cost:</b>	<u>Source</u> Designated Funds <sup>1</sup>	<u>Proposed</u> \$10,740,000
<b>Funding Note:</b>	<sup>1</sup> Designated Funds from Transplant Services Revenues	
<b>Investment Metric:</b>	<ul style="list-style-type: none"> <li>• Grow operations with increased regulations and volume demands</li> </ul>	

**BACKGROUND INFORMATION**

This proposed project will renovate and expand the Transplant Services Building to accommodate current and future operations and increased regulatory and accreditation requirements. The project will add approximately 11,000 gross square feet (GSF) to the existing building, including additional laboratory space, office space, and mechanical space to house equipment.

The Transplant Services Center is a clinical and academic service center that provides care from donation to transplantation. The number of tissue donors has increased 155% from 1994 to 2013 and the number of tissues distributed has increased 70% from 2003 to 2013. The combination of growth in volume and equipment needs, along with new federal regulations and accreditation standards, necessitates this project.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. It has been determined that this project would best be managed by U. T. Southwestern Medical Center Facilities Management personnel, who have the experience and capability to manage all aspects of the work.



**5. U. T. Health Science Center - San Antonio: Clinical Transformation, Phase I - Amendment of the FY 2015-2020 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)**

**RECOMMENDATION**

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Henrich that the U. T. System Board of Regents amend the FY 2015-2020 Capital Improvement Program (CIP) to include the Clinical Transformation, Phase I project at U. T. Health Science Center - San Antonio as follows:

<b>Project No.:</b>	402-894	
<b>Institutionally Managed:</b>	Yes	
<b>Project Delivery Method:</b>	Competitive Sealed Proposals	
<b>Substantial Completion Date:</b>	December 2016	
<b>Total Project Cost:</b>	<u>Source</u> Permanent University Fund Bond Proceeds	<u>Proposed</u> \$18,485,000

- a. approve a total project cost of \$18,485,000 with funding from Permanent University Fund (PUF) Bond Proceeds;
- b. appropriate funds; and
- c. authorize U. T. Health Science Center - San Antonio to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

**BACKGROUND INFORMATION**

U. T. Health Science Center - San Antonio has developed a plan to transform and grow the clinical enterprise in San Antonio and generate sufficient cash flow to enhance clinical, research, and educational missions. By changing the 7th and 8th floors of the Medical Arts and Research Center from office space to clinical space, this project will expand clinical services, improve the distinctiveness of service lines, and broaden affiliations with health care partners.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be presented to the President for approval at a later date. It has been determined that this project would best be managed by U. T. Health Science Center - San Antonio Facility Management personnel, who have the experience and capability to manage all aspects of the work, as the project requires extensive coordination with the building occupants.

**6. U. T. Health Science Center - San Antonio: Renovations to Strengthen Research and Salvage Infrastructure - Amendment of the FY 2015-2020 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)**

**RECOMMENDATION**

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Henrich that the U. T. System Board of Regents amend the FY 2015-2020 Capital Improvement Program (CIP) to include the Renovations to Strengthen Research and Salvage Infrastructure project at U. T. Health Science Center - San Antonio as follows:

<b>Project No.:</b>	402-896	
<b>Institutionally Managed:</b>	Yes	
<b>Project Delivery Method:</b>	Competitive Sealed Proposals	
<b>Substantial Completion Date:</b>	December 2016	
<b>Total Project Cost:</b>	<u>Source</u> Permanent University Fund Bond Proceeds	<u>Proposed</u> \$19,000,000

- a. approve a total project cost of \$19,000,000 with funding from Permanent University Fund (PUF) Bond Proceeds;
- b. appropriate funds; and
- c. authorize U. T. Health Science Center - San Antonio to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

**BACKGROUND INFORMATION**

U. T. Health Science Center - San Antonio aspires to become one of the leading centers for health care education and research in the United States. To become a world-class academic health center, significant investments are needed to improve facilities and building systems to attract and retain talent. Recently, the institution has experienced deterioration of its facilities and power outages that must be addressed to properly safeguard students, faculty, staff, patients, and visitors. This project includes renovation of existing labs to aid in the recruitment of new researchers, major electrical infrastructure replacement, and addressing fire and life safety issues identified by the State Fire Marshal.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be presented to the President for approval at a later date.

It has been determined that this project would best be managed by U. T. Health Science Center - San Antonio Facility Management personnel, who have the experience and capability to manage all aspects of the work, as the project requires extensive coordination with the building occupants.

**7. U. T. Austin: Texas Advanced Computing Center Office Building - Approval of design development; and appropriation and authorization of expenditure of funds (Final Board approval)**

**RECOMMENDATION**

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents approve the recommendations for the Texas Advanced Computing Center Office Building project at U. T. Austin as follows:

<b>Project No.:</b>	102-831	
<b>Project Delivery Method:</b>	Design-Build	
<b>Substantial Completion Date:</b>	March 2016	
<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>
	Permanent University Fund Bond Proceeds	\$10,000,000
	Gifts	<u>\$10,000,000</u>
		\$20,000,000
<b>Investment Metrics:</b>	<ul style="list-style-type: none"> <li>• Increase staff to 150 with additional space for visiting researchers</li> <li>• Provide for 1,500 square foot Visualization Lab on the J. J. Pickle Research Campus</li> </ul>	

- a. approve design development plans; and
- b. appropriate and authorize expenditure of funding in the amount of \$20,000,000 with funding of \$10,000,000 from Permanent University Fund (PUF) Bond Proceeds and \$10,000,000 from Gifts.

**BACKGROUND INFORMATION**

**Previous Board Action**

On February 6, 2014, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$20,000,000 with funding of \$10,000,000 from PUF Bond Proceeds and \$10,000,000 from Gifts.

**Project Description**

The Texas Advanced Computing Center (TACC), located on the J. J. Pickle Research Campus, serves as a resource and service to the research and educational capabilities of U. T. Austin, U. T. System, and the nation through National Science Foundation funding. TACC conducts research in the field of advanced computing while conducting outreach to increase the awareness of the importance of advanced computing and computational science.

The TACC Office Building will consist of an approximately 38,000 gross square feet (GSF) three-story, freestanding building connected to the existing offices within the Research Office Complex building by way of an enclosed, pedestrian walkway. The first level of the building will

house a public open lobby space, reception area, 1,500 GSF visualization lab (an environment of large flat panel monitors offering an extremely high level of detail and quality for scientists to visualize and analyze data), an auditorium for 260, a flexible training room for 50, and a break room/catering kitchen to be shared by TACC staff and public users. The first level will also house required mechanical and electrical spaces. The two upper levels will consist of private office spaces for TACC. The second level will provide 28 offices with a large reconfigurable conference room, including an open student work area, and the third level will provide 30 offices with two conference rooms for 16 each and necessary support spaces.

The Gift funding authorized for expenditure is fully collected or committed at this time, and the institution has sufficient local funds to cover any shortfall.

### Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 50-75 years
- Building Systems: 25-30 years
- Interior Construction: 15-20 years

The interior and exterior appearance and finish are consistent with other campus buildings on the J. J. Pickle Research Campus. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities.

**8. U. T. Dallas: Student Services Building Addition - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Daniel that the U. T. System Board of Regents approve the recommendations for the Student Services Building Addition project at U. T. Dallas as follows:

**Project No.:** 302-784

**Project Delivery Method:** Competitive Sealed Proposals

**Substantial Completion Date:** September 2016

<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$17,000,000
	Auxiliary Enterprises Balances <sup>2</sup>	<u>\$ 9,000,000</u>
		\$26,000,000

**Funding Notes:** <sup>1</sup> Revenue Financing System (RFS) debt to be repaid from existing student fees  
<sup>2</sup> Auxiliary Enterprises Balances from existing student fees

**Investment Metric:**

- Directly support the University's Strategic Plan Imperative of adding 5,000 full-time equivalent students, creating a total student population of 25,000

- a. approve design development plans;
- b. appropriate and authorize expenditure of funding in the amount of \$26,000,000 with funding of \$17,000,000 from RFS Bond Proceeds and \$9,000,000 from Auxiliary Enterprises Balances; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and

- U. T. Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$17,000,000.

## BACKGROUND INFORMATION

### Debt Service

The \$17,000,000 in aggregate RFS debt will be repaid from existing student fees. Annual debt service on the \$17,000,000 RFS debt is expected to be \$1,105,875. The debt service coverage for the institution is expected to be at least 1.3 times and average 1.6 times over FY 2015-2020.

### Previous Board Action

On August 22, 2013, the project was included in the CIP with a total project cost of \$26,000,000 with funding of \$17,000,000 from RFS Bond Proceeds and \$9,000,000 from Auxiliary Enterprises Balances.

### Project Description

This project will add a new expansion of approximately 68,700 gross square feet (GSF) to the existing Student Services Building. The proposed space will include office space for student services and support staff, individual and group study space, meeting rooms, a 500-seat multiuse lecture hall, and flexible programming space for student services to include an international student services office, new student programs, and the career center.

The requested space is critical to the institution's ability to provide additional service support to address its rapid enrollment growth and to meet the needs of new and existing student services and organizations. These activities improve graduation rates and student success as stated in the Framework for Advancing Excellence throughout the U. T. System. Without the requested space, the ability of U. T. Dallas to accomplish these objectives will be significantly impaired.

### Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 40-50 years
- Building Systems: 20-30 years
- Interior Construction: 10-20 years

The interior and exterior appearance and finish are consistent with other campus buildings and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities.

**9. U. T. Tyler: Music Building Addition - Amendment of the FY 2015-2020 Capital Improvement Program to revise funding sources; and appropriation of funds and authorization of expenditure (Final Board approval)**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Mabry that the U. T. System Board of Regents approve the recommendations for the Music Building Addition project at U. T. Tyler as follows:

<b>Project No.:</b>	802-838		
<b>Institutionally Managed:</b>	Yes		
<b>Project Delivery Method:</b>	Competitive Sealed Proposals		
<b>Substantial Completion Date:</b>	August 2015		
<b>Total Project Cost:</b>	<u>Source:</u>	<u>Current</u>	<u>Proposed</u>
	Designated Funds <sup>1</sup>	\$6,500,000	\$ 500,000
	Permanent University Fund Bond Proceeds	<u>\$ 0</u>	<u>\$6,000,000</u>
		\$6,500,000	\$6,500,000

**Funding Note:** <sup>1</sup> Designated Funds from Excess University Reserves

- Investment Metric:**
- Increase enrollment by 180 students by 2016
- a. amend the FY 2015-2020 Capital Improvement Program (CIP) to include Permanent University Fund (PUF) Bond Proceeds as a funding source; and
  - b. appropriate funds and authorize expenditure of \$6,000,000 from PUF Bond Proceeds.

BACKGROUND INFORMATION

Previous Board Actions

On May 15, 2014, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$6,500,000 with funding from Designated Funds. On August 21, 2014, the Board approved design development plans and authorization of expenditure of funds.

Project Description

This proposed change in funding will address critical space needs to mitigate safety concerns without depleting University reserves. The previously approved project will consist of an approximately 15,681 gross square foot (GSF) addition to the R. Don Cowan Fine and Performing Arts Center to meet the academic needs of the music program. The building will



provide space for a band/orchestra rehearsal room, a choir rehearsal room, multiple one-on-one teaching studios, a music library, faculty offices, and secure storage space for musical instruments. Also, approximately 1,285 GSF will be renovated in adjacent existing space.

Enrollment in the School of Performing Arts has seen a 69% increase in music majors in the past six years and a 48% increase in student credit hours in music and theater courses in the last four years. The National Association of Schools of Music cited inadequate space issues in recent accreditation reviews, and this building addition would resolve the deficit.



**TABLE OF CONTENTS  
FOR  
TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE**

**Committee Meeting:** 11/5/2014

**Board Meeting:** 11/6/2014  
El Paso, Texas

*Wallace L. Hall, Jr., Chairman  
Ernest Aliseda  
Alex M. Cranberg  
R. Steven Hicks  
Jeffery D. Hildebrand*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	2:00 p.m. <i>Chairman Hall</i>		
1. <b>U. T. System: Report and discussion on the Institute for Transformational Learning’s vision, mission, and status of current projects</b>	2:00 p.m. <b>Report/Discussion</b> <i>Dr. Mintz Dr. Baker Stein</i>	Not on Agenda	<b>138</b>
2. <b>U. T. System: Update on the U. T. Horizon Fund portfolio</b>	2:20 p.m. <b>Report/Discussion</b> <i>Mr. Vijay</i>	Not on Agenda	<b>147</b>
3. <b>U. T. System: Allocation of \$12.5 million of Available University Funds for the U. T. Horizon Fund and for associated administrative activities of the Office of Technology Commercialization</b>	2:35 p.m. <b>Action</b> <i>Dr. Hurn Mr. Vijay</i>	<b>Action</b>	<b>158</b>
4. <b>U. T. System: Report on Aeglea BioTherapeutics, a commercialization success story</b>	2:40 p.m. <b>Report/Discussion</b> <i>Mr. Vijay Dr. David G. Lowe, Aeglea BioTherapeutics</i>	Not on Agenda	<b>159</b>
<b>Adjourn</b>	3:00 p.m.		

1. **U. T. System: Report and discussion on the Institute for Transformational Learning's vision, mission, and status of current projects**

REPORT

Dr. Steven Mintz, Executive Director of the U. T. System Institute for Transformational Learning (ITL), and Dr. Marni Baker Stein, Chief Innovation Officer, will report on the ITL's vision, mission, and status of current projects.

BACKGROUND INFORMATION

Established in Fall 2012, and endowed with \$50 million, the ITL has a bold mandate to make higher education more affordable, accessible, and effective by leading transformational initiatives powered by technology. The ITL seeks to dramatically increase student success through the design and delivery of breakthrough programming models that are student-centered, competency-based, and industry-aligned; and through the development of the next generation learning environments and student lifecycle management technologies, analytics, and services needed to power the future of higher education at scale. The initiatives being implemented by the ITL are summarized in the presentation on the following pages.

# The Institute for Transformational Learning (ITL)

Steven Mintz, Ph.D., Executive Director  
Marni Baker Stein, Ph.D., Chief Innovation Officer

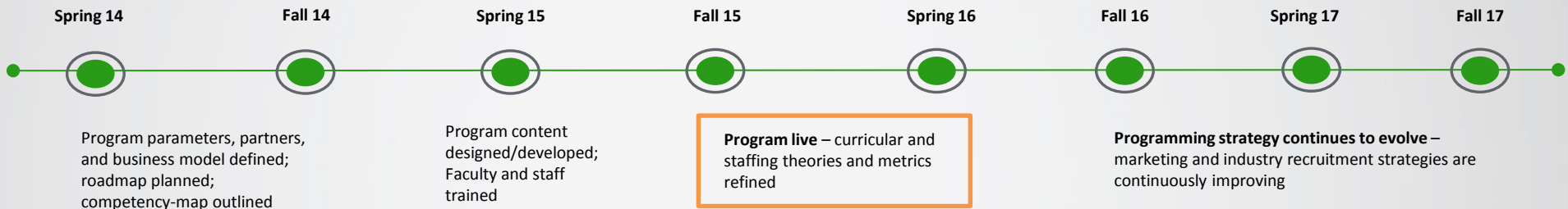
U. T. System Board of Regents' Meeting  
Technology Transfer and Research Committee  
November 2014



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# Competency-based, Cross-Institutional Programming at Scale: In Progress: Competency-based Education BS in Biomedical Science



## Opportunities

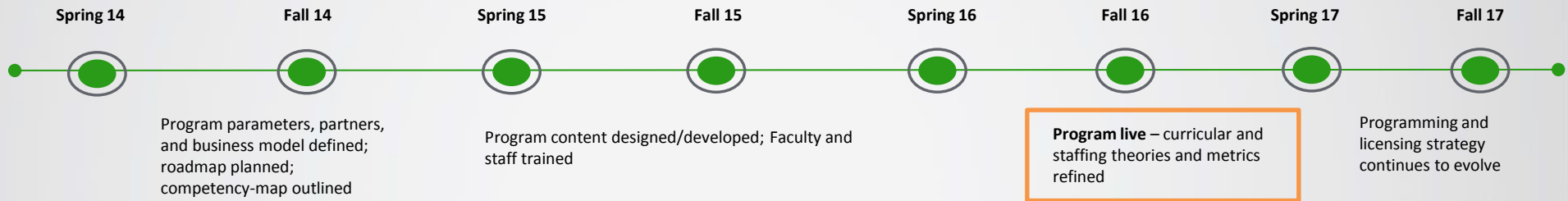
- Significantly increase program completion rates across all student profiles
- Significantly increase student engagement and accelerate time to degree
- Increase total enrollments to: 2500+ FTE (through programming and licensing “curriculum as a service” partnerships)
- ITL operated in partnership with U. T. Rio Grande Valley (UTRGV)
- Tuition Revenue flows into UTRGV (ITL program operation expense allocated)
- Licensing revenue flows into U. T. System and is distributed through partnership model

## Challenges

- Partner institution context and commitment
- Ambitious schedule/small team
- Contracting complexity (ITL is serving as general contractor in partnership with multiple private sector partners)
- Culture change



# Competency-based, Cross-Institutional Programming at Scale: In Progress: Next Generation Medical School



## Opportunities

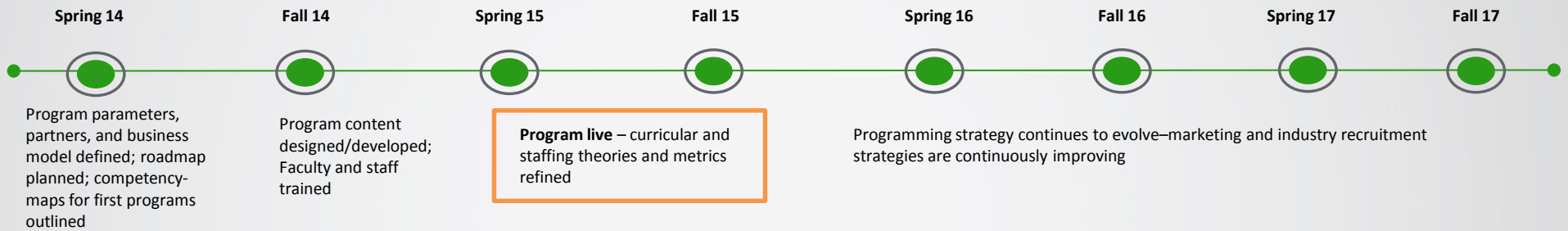
- Significantly increase student engagement and accelerate time to degree
- Increase total enrollments to: 1000+ FTE (through licensing “curriculum as a service” and program partnerships)
- ITL operated in partnership with UTRGV School of Medicine and U. T. Health Science Center - San Antonio
- Tuition Revenue flows into academic partners (ITL program operation expense allocated)
- Licensing revenue flows into U. T. System and is distributed through partnership model

## Challenges

- Partner institution context and commitment
- Ambitious schedule/small team
- Contracting complexity (ITL is serving as general contractor in partnership with multiple private sector partners)
- Culture change



# Competency-based, Cross-Institutional Programming at Scale: In Progress: Global and Professional Health Marketplace



## Opportunities

- Grow total marketplace enrollments to: 8000+ FTE (through retail, industry partnerships, and licensing)
- ITL operated in partnership with U. T. Health Science Center - Houston, U. T. M. D. Anderson Cancer Center, and U. T. Health Science Center - San Antonio. Recruiting more institutional partners once UTxHealth Director is on board
- Tuition and licensing revenue flows into U. T. System and is distributed through partnership model

## Challenges

- Partner institution context and commitment
- Ambitious schedule/small team
- Contracting complexity (ITL is serving as general contractor in partnership with multiple private sector partners)
- Culture change



# Competency-based, Cross-Institutional Programming at Scale: On the Horizon: UTxEngineering

Estimated timeline - dependent on initiative roadmap and formation of strong supporting campus partnerships



## Opportunities

- Significantly increase program completion across all student profiles
- Significantly increase student engagement and accelerate time to degree
- Grow total enrollments to: 10,000+ FTE (through “licensing” and program partnerships)
- ITL operated in partnership with participating academic campuses
- Tuition Revenue flows into participating academic campuses (ITL program operation expense allocated)
- Licensing revenue flows into U. T. System and is distributed through partnership model

## Challenges

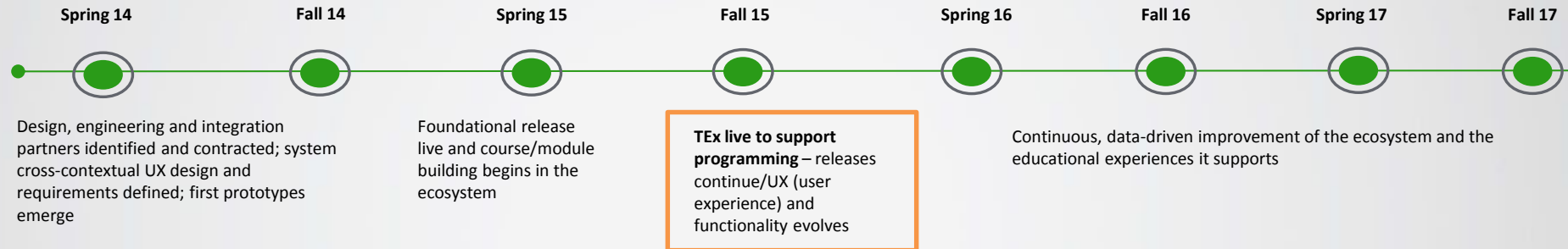
- Partner institution context and commitment
- Ambitious schedule/small team
- Contracting complexity (ITL is serving as general contractor in partnership with multiple private sector partners)
- Culture change





# Total Educational Experience for Competency-based Education (CBE):

## TE<sub>x</sub>



### Opportunities

- Develop first-of-its-kind ecosystem to support mobile first, personalized, and adaptive learning capable of delivering high impact Competency-Based Education (CBE) initiatives across the U. T. System and beyond (programming and curriculum as a service)
- Define next generation methodologies for student lifecycle management and instructional design
- Collaborate (within Texas and nationally) with innovation-minded systems and institutions interested in growing CBE or outcomes-driven education at scale
- Internet of Things partnerships to enhance the student experience (Apple, Google, Samsung)
- Engine next generation operations, academic, and learning research

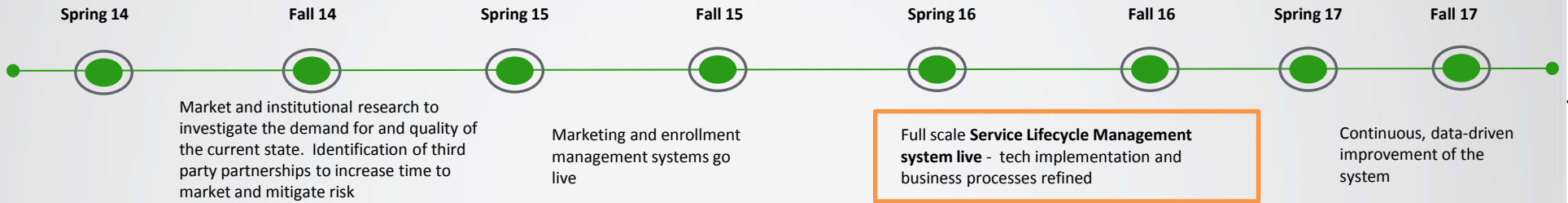
### Challenges

- Speed of Request for Proposals/contracting
- Coordination of complex project involving subject matter experts, design, engineering, and integration partners
- Careful selection and continual alignment of partners



# Infrastructure and Services:

## In Progress: U. T. Online Consortium (UTOC) Reimagined



### Opportunities

- Strategic enrollment management in UTOC can lead to increased enrollments across all programs, certificates, and courses
- Portfolio management approach to UTOC can lead to increased efficiencies for curriculum development, instructional staffing, and program administration – and will allow windows into quality, avenues for continuous improvement, and the context for scale
- Significant enrollment upside for undergraduate courses marketplace, which can result in shortened time to degree and increased student satisfaction
- Portfolio management approach to UTOC allows for bundling, packaging, and partnership opportunities

### Challenges

- Partner institution context and commitment
- Partner resistance to cross-institutional collaboration, and recommendations for program growth or sun-setting
- Investment in UTOC requires non-trivial ITL resources: staff, technology, vendor agreements, etc.
- Culture change

145



## Updates:

- Shared Services Alliance for Distance Education
- UTx Strategic Communications Strategy Development
- Systemwide Content Services Initiative

146



2. **U. T. System: Update on the U. T. Horizon Fund portfolio**

REPORT

Mr. Jeet Vijay, Assistant Vice Chancellor for Investments and Entrepreneurship, will provide an update on the U. T. Horizon Fund portfolio. Mr. Vijay's presentation is set forth on the following pages.

# U. T. Horizon Fund Update

Mr. Jeet Vijay

Assistant Vice Chancellor for Investments and Entrepreneurship

U. T. System Board of Regents' Meeting  
Technology Transfer and Research Committee  
November 2014



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# Agenda

- Recent fund activity
- Fund performance
- Portfolio performance
- Solutions performance

149



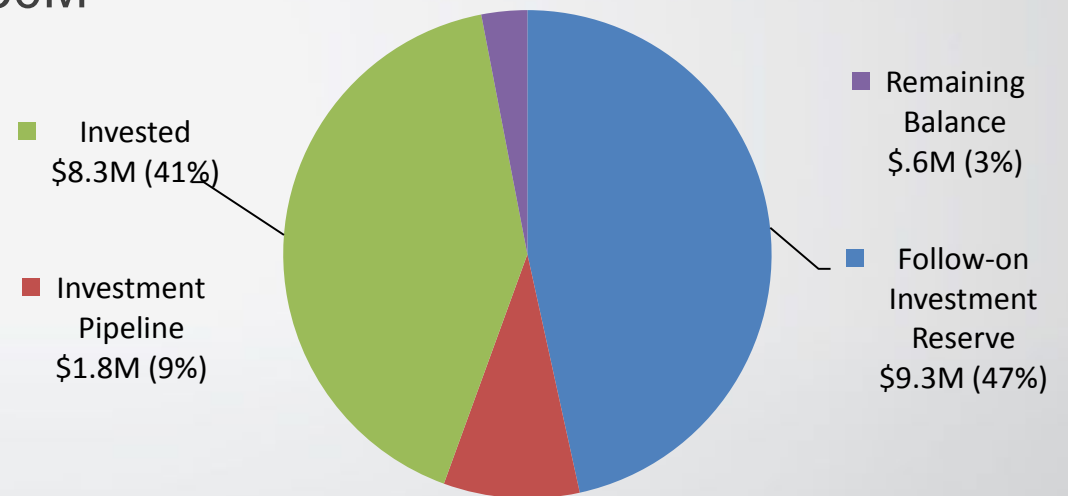
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# Fund Statistics

- Fund vintage: 2012
- Committed (Part A) Capital: \$50M
- Contributed Capital: \$20M
- Investment portfolio: 14
- Investment pipeline: 4
- Investment universe: 160+




## Contributed Capital Allocation



150



# U. T. Horizon Fund (UTHF): Recent Transactions

Company Highlight	Major Investors	\$ Raised
 <p>“Revolutionizing patient care through the development of endoscopic surgery”</p>	PTV II Allergan U. T. Horizon Fund (\$2.5M)	\$130M
 <p>“Exploiting Errors in Metabolism to Advance Treatment of Human Disease”</p>	Lilly Ventures Fund I, LLC Novartis Bioventures Ltd. U. T. Horizon Fund (\$1M)	\$11M
 <p>“The Right Drug for the Right Patient”</p>	Jack Gill* Rice University U. T. Horizon Fund (\$593K)	\$3.6M

\*Founder of Vanguard Ventures



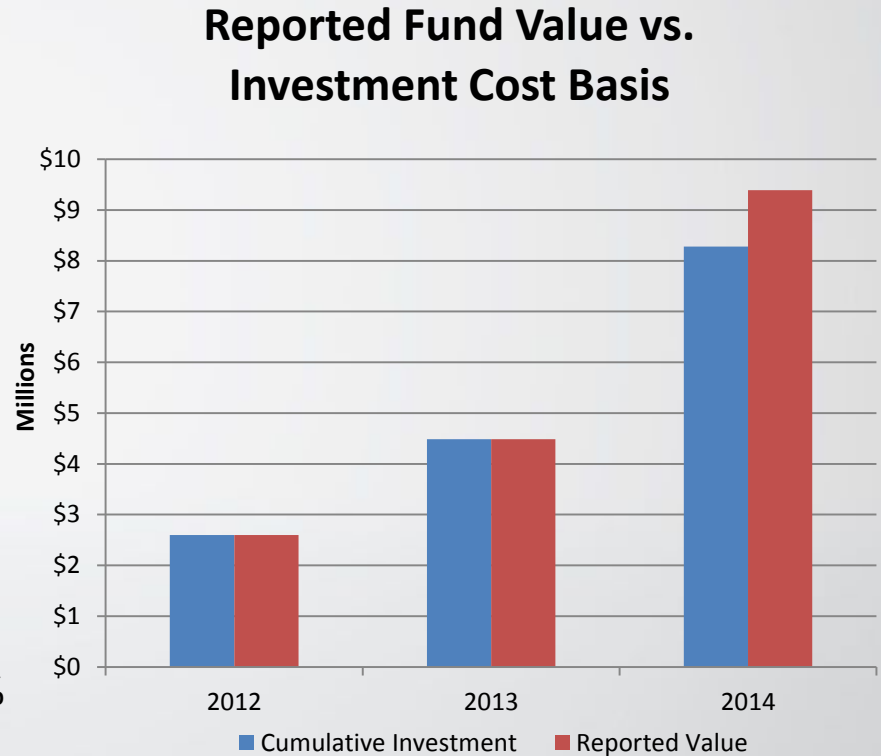


# Current Fund Performance

<u>ASSETS</u>	
Investments at Cost	\$8.28M
Unrealized Gain / Loss on Investments	<u>\$1.11M</u>
Investments at Fair Value	<b>\$9.39M</b>
Cash and Cash Equivalents	\$11.72M
<b>Total Assets</b>	<b><u>\$21.11M</u></b>

<u>VALUATION CHANGE</u>	<u>INCREASE</u>	<u>DECREASE</u>
Driven by new investment round	3	0
Driven by 409A valuation	0	1

- Unrealized Gain/Loss based on third party driven valuation change of 4 portfolio companies
- Fund internal rate of return (IRR) to date: 14.83%

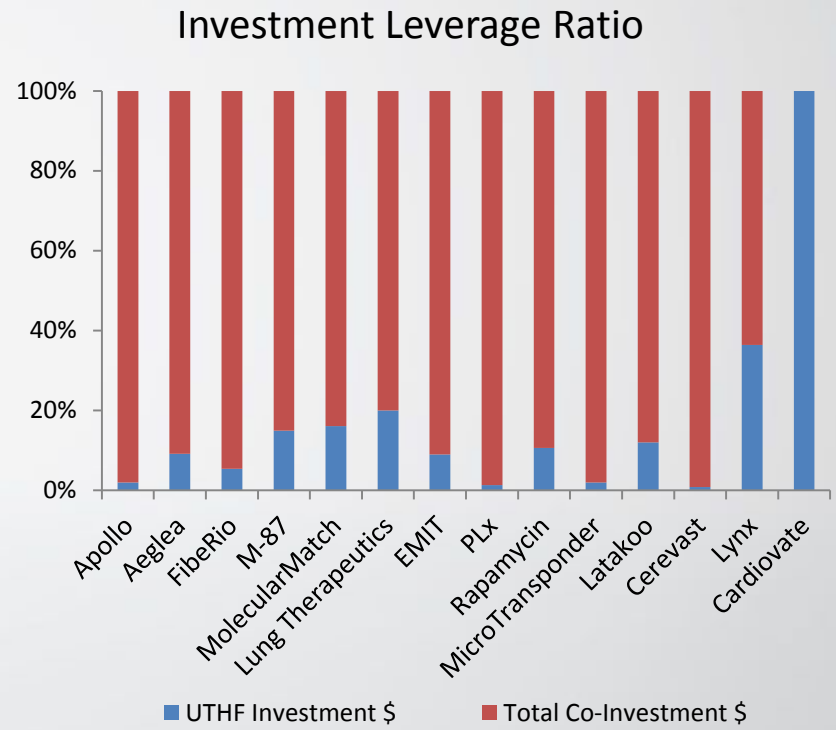


152



# UTHF Performance: Syndication and Leverage

- Strong Syndicate Partners
  - Average number of reputable venture capital firms in each portfolio company: 2
  - Average investment leverage ratio for each portfolio company: 27.9
  - Extensive syndication pool: U.S., Europe, Middle East, and Asia represented



153

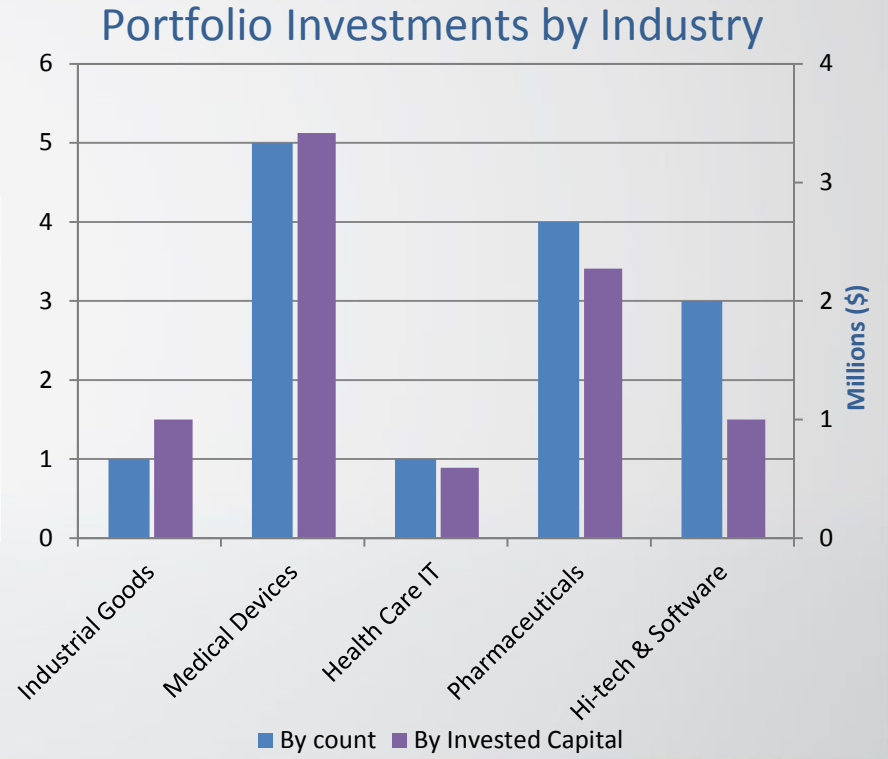


# Portfolio Overview

- Life sciences industry accounts for more than 2/3rd of portfolio companies, invested amount, and investment opportunities

	Life Sciences	Others
Total Investments	10	4
Total \$ Invested	\$6.2M	\$2M
Reserve Allocation	\$7.6M	\$1.7M
Investment Universe	69%	31%

- Life science investment strategy includes:
  - Long-term investment commitment
  - Large reserve allocation



154



# Portfolio Performance Milestones

Company/Variables	Business Development Milestones			Financial Strength Milestones		
	Key Regulatory Approvals	Commercial Product	Generating Revenue	Strategic Industry Investors	Strategic Financial Investor	Investment Leverage Ratio
Apollo Endosurgery	✓	✓	✓	✓	✓	51.09
Cardiovate						0.20
Cerevast Therapeutics	✓	✓		✓	✓	122.84
EMIT Corporation	✓	✓	✓		✓	10.12
FibeRio	Not Applicable	✓	✓	✓	✓	17.50
Latakoo	Not Applicable	✓	✓			7.33
Lung Therapeutics						4.00
Lynx Labs	Not Applicable	✓	✓		✓	1.75
M-87	Not Applicable	✓		✓	✓	5.70
MicroTransponder	✓				✓	49.80
PLx	✓				✓	76.72
Rapamycin Holdings						8.41
Molecular Match, Inc	Not Applicable				✓	5.22
Aeglea BioTherapeutics				✓		10.00

155



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# UTHF Performance: Solutions

Solutions	Current Users	Quantitative Return Potential	Qualitative Return Potential	User Feedback	Assessment
Royalty Exams	3 Health Institutions	High	High	Very Positive	Deploy Systemwide
IP Management Software	3 Academic Institutions Integrated	Low	High	Positive	Continue Deployment
Partnerships Initiatives	All Institutions	Low	High	Very Positive	Upfront and Ongoing Engagement
Distributed Services	All Institutions	Low	High	Positive	Continue Sourcing Value-add Services
Education and Collaboration	All Institutions	Low	Medium	Positive	Continue Education Initiatives
OTC Branding	All Institutions	Low	Medium	Needs Improvement	Implement a Holistic and Integrated Strategy
Entrepreneur Database	All Institutions	Low	Medium	Needs Improvement	Continue Database Development



# Strategic Initiatives

Near Completion	Initiated
<ul style="list-style-type: none"> <li>Evaluation of Fund monitoring and reporting tools</li> </ul>	<ul style="list-style-type: none"> <li>Annual portfolio performance audit practices evaluation</li> </ul>
<ul style="list-style-type: none"> <li>Implementation of enhanced performance reporting metrics</li> </ul>	<ul style="list-style-type: none"> <li>Proof of concept and seed fund landscape analysis</li> </ul>
<ul style="list-style-type: none"> <li>Backtesting model update</li> </ul>	<ul style="list-style-type: none"> <li>Fund Proforma Model development</li> </ul>



3. **U. T. System: Allocation of \$12.5 million of Available University Funds for the U. T. Horizon Fund and for associated administrative activities of the Office of Technology Commercialization**

**RECOMMENDATION**

The Chancellor concurs with the recommendation of the Vice Chancellor for Research and Innovation and the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents approve and authorize \$12.5 million from Available University Funds (AUF) as the second allocation under a four-year plan to continue to enhance the goals of the U. T. Horizon Fund. Each year, funding for the Horizon Fund is subject to approval and authorization by the Board upon receipt of a satisfactory report of activities undertaken as a result of the previous year's allocation. The requested funds will be utilized as follows:

- a. \$10 million for Fund investments; and
- b. \$2.5 million for associated services to be provided centrally by the Office of Technology Commercialization under the oversight of the Office of General Counsel and the Office of Business Affairs.

**BACKGROUND INFORMATION**

The Fund, a strategic investment fund for the U. T. System, was approved first by the Board of Regents on August 25, 2011, and capitalized with \$10 million of AUF (Phase I). On February 14, 2013, the Fund was reauthorized with expanded funding from AUF (Phase II) to be deployed over four years. At that time, the first allocation of Phase II was capitalized with \$12.5 million of AUF. As of October 2014, \$19.4 million of funds have been, or are in the process of being, deployed or are being held as reserve funding for follow-on investments. This represents 97% of the total funding allocated for investments.

The Fund's overall goals are to improve commercialization of U. T. System institution technologies and improve sustainability through a positive return on investment. The Fund's Syndicate Investment funding program enables the U. T. Horizon Fund to invest alongside other investors in companies that are commercializing U. T. System startup companies. The program seeks to protect against dilution and to enhance equity position in successful U. T. System startup companies. Continued participation not only supports the growth of U. T. System startup companies, but also enhances the investment return potential for U. T. System both in terms of delivering real products and services beneficial to society, as well as providing financial return.

The Fund's Seed Investment program focuses on addressing one of the biggest bottlenecks at the earliest stages of commercialization -- access to seed capital. By providing the much needed seed investment, the U. T. Horizon Fund enables U. T. System startup companies to secure entrepreneurial talent and business services needed to embark on the commercialization pathway.

4. **U. T. System: Report on Aeglea BioTherapeutics, a commercialization success story**

REPORT

Mr. Jeet Vijay, Assistant Vice Chancellor for Investments and Entrepreneurship, will introduce Dr. David G. Lowe, Chief Executive Officer and Co-Founder of Aeglea BioTherapeutics.

Dr. Lowe will discuss the growth and success of Aeglea BioTherapeutics (Aeglea), highlighting its origin from U. T. Austin research, the growth and performance of the company including the U. T. Horizon Fund's role in supporting the growth and success, as well as sharing the company's societal and financial returns. Dr. Lowe's presentation is set forth on the following pages.

BACKGROUND INFORMATION

Aeglea is a U. T. Austin licensee formed on December 16, 2013, with the goal to exploit errors in metabolism in the advancement of human disease. Aeglea is projected to commercialize three engineered human enzymes that degrade L-arginine, L-cystine, or L-methionine as cancer therapeutics. The company is the leader in biologic targeting of abnormal metabolism, focused on the treatment of cancer and inborn errors of metabolism. In cancer, the company is exploiting the abnormal amino acid dependence of tumor cells.





Dr. David G. Lowe

Chief Executive Officer and Co-Founder, Aeglea BioTherapeutics

U. T. System Board of Regents' Meeting  
Technology Transfer and Research Committee  
November 2014

# THE GENESIS OF AEGLEA BIOTHERAPEUTICS

## INVENTORS

### Professor George Georgiou, Ph.D.

- Cockrell Endowed Chair Professor, Departments of Chemical Engineering, Biomedical Engineering, Molecular Genetics and Microbiology, U. T. Austin
- Protein and cell engineering from a Chemical Engineering perspective
- Over 200 publications and 45 issued or pending patents
  - >60% of these have been licensed to corporate partners
- Member National Academy of Engineering and Institute of Medicine

### Everett Stone, Ph.D.

- Staff scientist
- U. T. Austin

# THE GENESIS OF AEGLEA BIOTHERAPEUTICS (CONT.)

## ENTREPRENEUR

David G. Lowe, Ph.D.

- Aeglea BioTherapeutics, Austin, TX 2012 - Present
  - Co-founder, President and CEO
  
- Skyline Ventures, Palo Alto, CA 2002 - 2012
  - Life Sciences Venture Capital
  - Invested in startups to mid-stage drug development companies, platform technology, and diagnostic companies
  - Led venture capital financings that raised \$262 million
  - Exits from 10 companies generating a 1.6 x return of \$142 million on \$88.6 million of invested capital, projected to be >>2 x on full exit
  
- Genentech Inc., South San Francisco, CA 1985 - 2001
  - Research Director - delivered eight molecules to clinical development, including two products that generated >\$10 billion in revenue in 2013
  
- University of Toronto, Biochemistry Ph.D. 1985

# AEGLEA BIOTHERAPEUTICS HOLDINGS LLC

## Board of Directors

- David G. Lowe, Ph.D.
  - President and CEO
- Armen Shanafelt, Ph.D.
  - Lilly Ventures
- Henry Skinner, Ph.D.
  - Novartis Venture Funds
- George Georgiou, Ph.D.
  - Aeglea Scientific Founder
  - Professor, U. T. Austin

## Investors

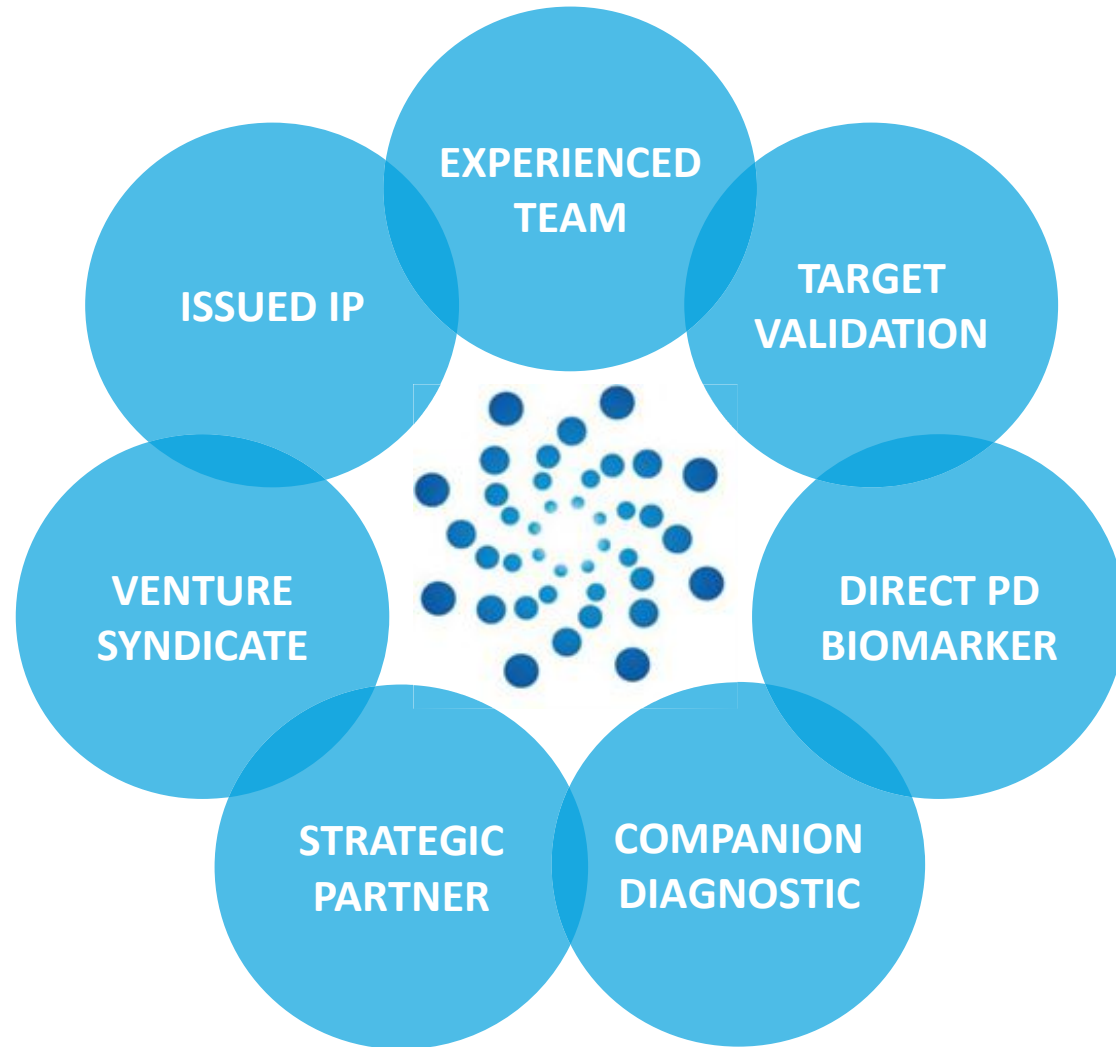


## Strategic Partner



# AEGLEA PRODUCT DEVELOPMENT

ESSENTIAL INGREDIENTS FOR SUCCESS



# AEGLEA BIOTHERAPEUTICS

EXPLOITING ERRORS IN METABOLISM TO TREAT HUMAN DISEASE

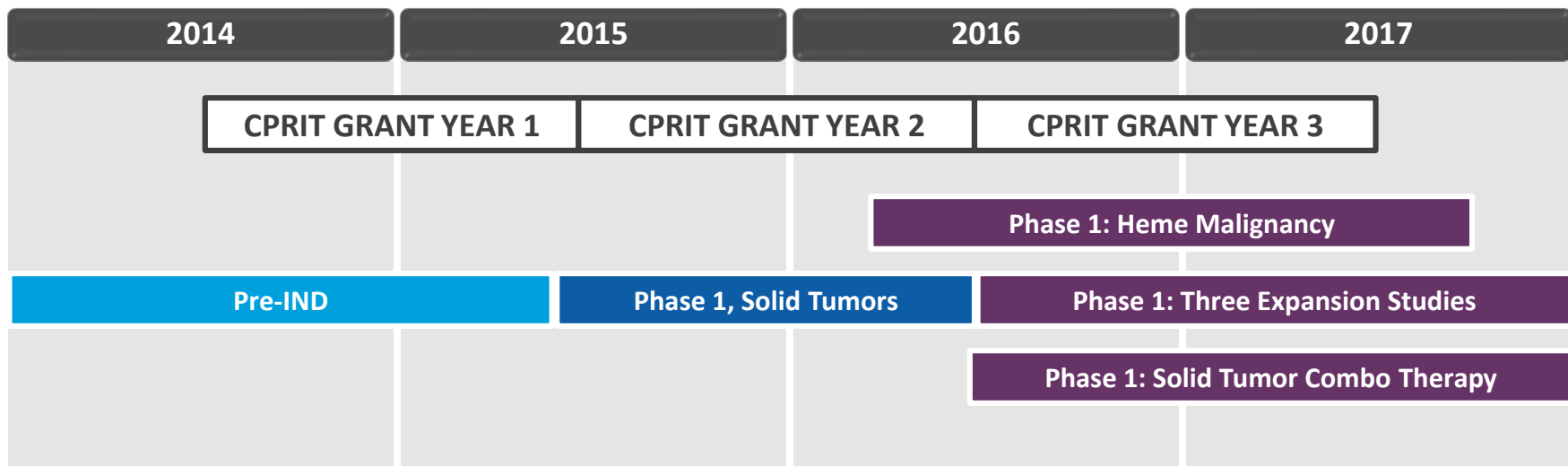
- The leader in biologic targeting of abnormal metabolism
  - Exploit cancer metabolism, starving tumors of essential nutrients
  - Treat inborn errors of metabolism (IEM)
- Platform of engineering human enzymes
  - Degrade target amino acids in blood
  - Companion diagnostics in oncology
  - Three issued patents, others in prosecution
- Robust product development pipeline
  - Three enzymes for oncology
  - Two IEM rare disease programs
  - Ongoing research to identify new pipeline candidates



# AEB1102 PRODUCT DEVELOPMENT

DEMONSTRATE CLINICAL PROOF OF RELEVANCE IN SELECTED CANCERS  
 ESTABLISH PREDICTIVE VALUE OF A COMPANION DIAGNOSTIC

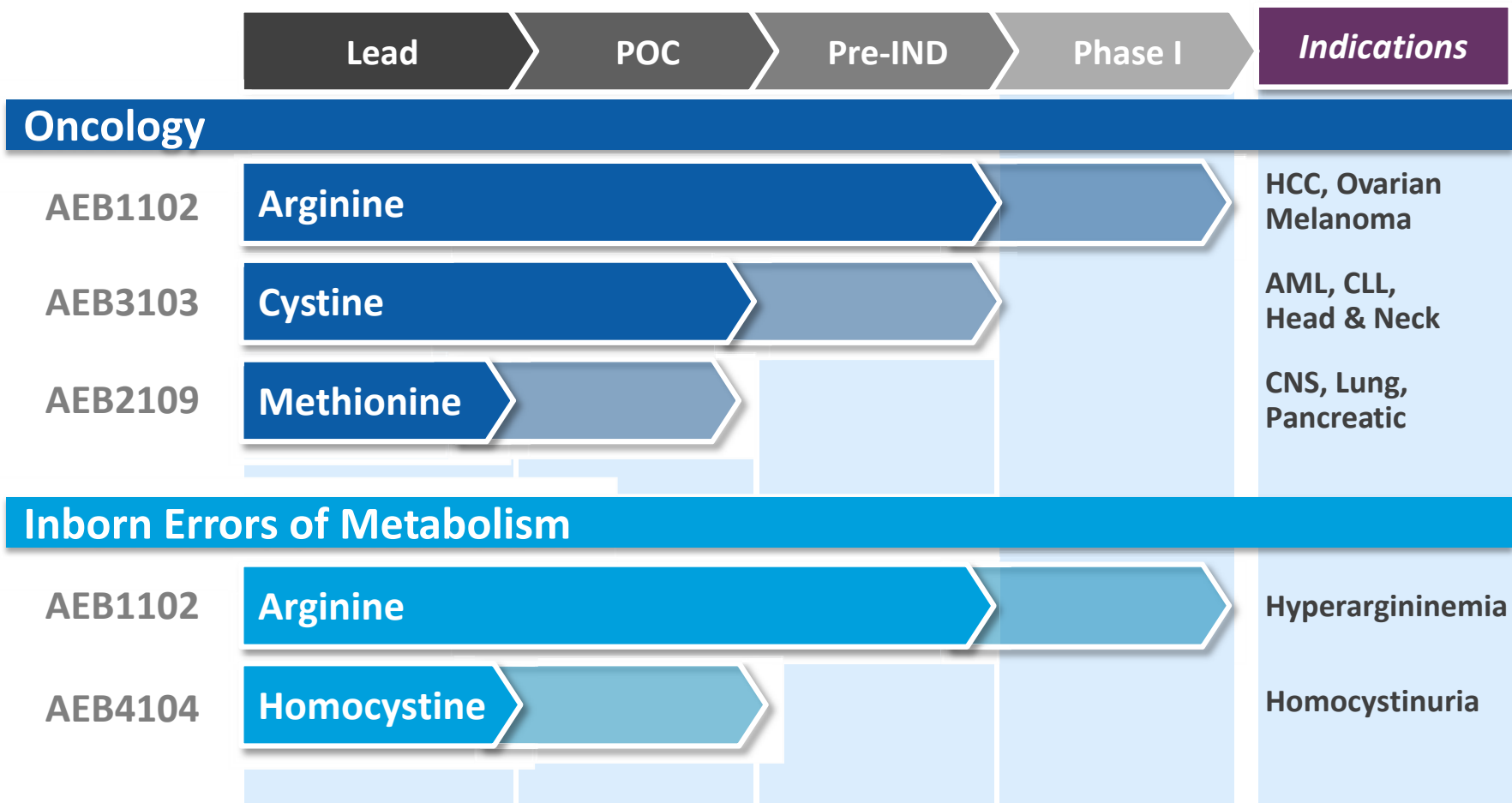
- \$19.8 million Cancer Prevention and Research Institute of Texas (CPRIT) Grant covers three years of operations to completion of enrollment
- CPRIT milestones: IND filing in 1H 2015, start enrollment in Phase I expansion arms
- Biomarker development, technical validation, and *in vivo* validation in PDx models is performed in parallel to clinical development through 1H 2016



# SERIES B FINANCING

ADVANCING THE PIPELINE

## ADVANCING DEVELOPMENT THROUGH SERIES B

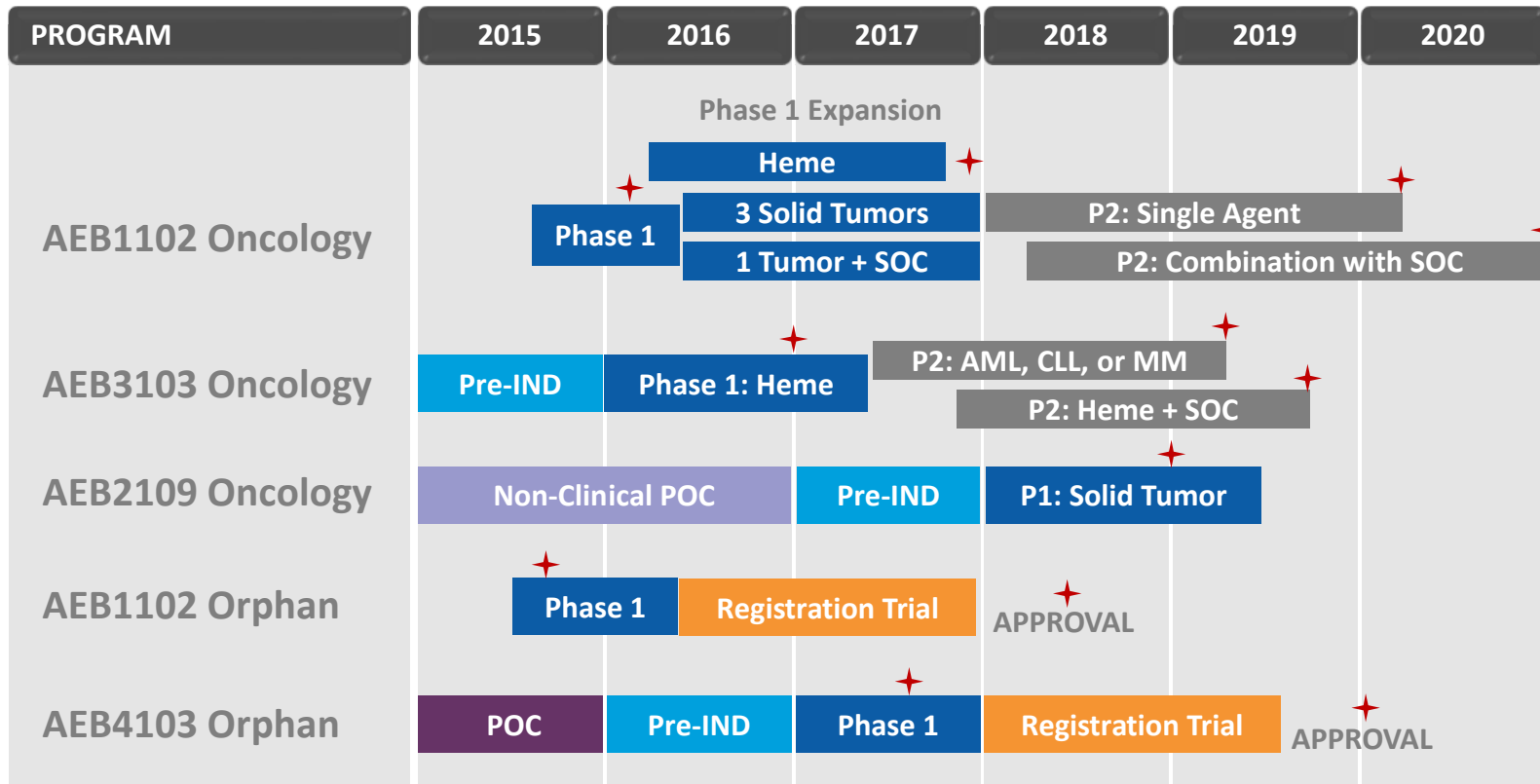


167



# PRODUCT DEVELOPMENT MILESTONES

CLINICAL RESULTS FOR MULTIPLE PROGRAMS STARTING IN 2015



★ = CLINICAL DATA

# COMPANY STRUCTURE: DESIGNED TO LEVERAGE A PLATFORM OF ENGINEERED HUMAN ENZYMES

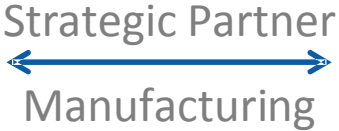
COMPANY SURVIVES IN THE EVENT OF THE SALE OF A SUBSIDIARY C CORP

- Investment is in the LLC
- Employees work for Aeglea Development Company
- Each drug is held in a wholly owned C corp subsidiary

**Aeglea BioTherapeutics Holdings LLC**  
Investors and Shareholders



KBI Biopharma



University of Texas  
Georgiou Lab



169

Meeting of the U. T. System Board of Regents - Technology Transfer and Research Committee



# THE PATH TO EXIT AND LIQUIDITY

## MAXIMUM TRANSACTIONAL FLEXIBILITY UNTIL IPO

- Path to Aeglea IPO in 16 - 24 months
  - Strong pipeline and balance sheet
  - Build syndicate of investors with significant committed capital
- LLC structure proves transactional flexibility in the near term
  - Industry comparable sales in oncology suggest a potential for liquidity early in clinical development = \$100 - \$400 million per asset
  - Orphan indications – inborn errors of metabolism are attractive as acquisition targets with early clinical data
- Clear path to IPO with a strong pipeline
  - Aeglea product development timeline for clinical data and orphan product approval will drive initial investor demand and market capitalization
  - Agios provides a public comparable
    - \$1.5 billion market cap, three Phase 1 programs in oncology and IEM
  - Calithera provides a private company comparable
    - Raised \$80 million in a public offering, one oncology product in Phase 1



**TABLE OF CONTENTS  
THE UNIVERSITY OF TEXAS SYSTEM BOARD OF REGENTS  
CONSENT AGENDA**

**Committee and Board Meetings:**

November 5-6, 2014  
El Paso, Texas

		<b>Page</b>
<b>U. T. SYSTEM ADMINISTRATION</b>		
1.	Minutes - <b>U. T. System Board of Regents</b> : Approval of Minutes of the regular meeting held on August 20-21, 2014; and the special called meetings held on September 15, 2014, October 3, 2014, and October 16, 2014	<b>179</b>
2.	Other Fiscal Matters - <b>U. T. System Board of Regents</b> : Adoption of a Supplemental Resolution to benefit U. T. Southwestern Medical Center authorizing the issuance and delivery of Revenue Financing System obligations in the form of a loan to U. T. Southwestern Medical Center from the Small Business Incubator Fund, authorization to complete all related transactions, and resolution regarding parity debt	<b>179</b>
3.	Contract (funds coming in) - <b>U. T. System</b> : Cabot Oil and Gas Corporation to enter into an oil and gas lease benefiting U. T. San Antonio	<b>180</b>
4.	Contract (funds going out) - <b>U. T. System</b> : Jaster - Quintanilla Dallas, LLP to perform surveying services	<b>180</b>
5.	Contract (funds going out) - <b>U. T. System</b> : Jacobs Engineering Group Inc. to perform professional commissioning services on capital projects on an as-needed basis	<b>181</b>
6.	Contract (funds going out) - <b>U. T. System</b> : Page Southerland Page, LLP to perform professional commissioning services on capital projects on an as-needed basis	<b>181</b>
7.	Contract (funds going out) - <b>U. T. System</b> : Progressive Environmental Service, Inc. dba SWS Environmental Services to provide emergency and spill services	<b>182</b>
8.	Contract (funds going out) - <b>U. T. System</b> : SET Environmental, Inc. to provide emergency and industrial services	<b>182</b>
9.	Contract (funds going out) - <b>U. T. System</b> : Stericycle, Inc. to process regulated medical waste	<b>183</b>
10.	Contract (funds going out) - <b>U. T. System</b> : Witt O'Brien's to provide nonexclusive emergency and recovery services on an as-needed basis	<b>183</b>
11.	Contract (funds going out) - <b>U. T. System</b> : Adjusters International, Inc. to provide nonexclusive emergency and recovery services on an as-needed basis	<b>184</b>

	<b>Page</b>
12. Intra-agency Agreement - <b>U. T. System:</b> Agreement between U. T. System and U. T. Health Science Center - San Antonio for continued services of Francisco G. Cigarroa, M.D., to assist with establishment and operation of the new university and medical school in the Rio Grande Valley	<b>184</b>
13. Request for Budget Change - <b>U. T. System:</b> Grant budget authority of \$2,500,000 funded from State Sponsored Programs to pay expenses associated with the Lone Star Stroke Initiative to implement a statewide patient-centered clinical stroke research trial network that spans urban and rural Texas (RBC No. 160) -- amendment to the 2013-2014 budget	<b>187</b>
14. Request for Budget Change - <b>U. T. System:</b> Increase budget authority by \$561,028 funded from reimbursements from U. T. System institutions to pay expenses related to the Copyright Clearance Center (RBC No. 164) -- amendment to the 2014-2015 budget	<b>187</b>
15. Request for Budget Change - <b>U. T. System:</b> Increase budget authority by \$5,928,189 funded from receipts from participating institutions to be used for ongoing sustainment of the UTShare Project (RBC No. 166) -- amendment to the 2014-2015 budget	<b>187</b>
16. Transfer of Funds - <b>U. T. System:</b> Transfer \$3,000,000 from the Rolling Owner Controlled Insurance Program (ROCIP) to rebate surplus premium contributions by participating U. T. System institutions paid by Phase IV of ROCIP. Surplus amount was actuarially determined considering premiums paid into the fund as well as the individual institution's losses (RBC No. 159) -- amendment to the 2014-2015 budget	<b>187</b>
17. Transfer of Funds - <b>U. T. System:</b> Approval to transfer \$15,000,000 of Permanent University Fund (PUF) Bond Proceeds to U. T. Health Science Center - San Antonio (RBC No. 161)	<b>188</b>
18. Transfer of Funds - <b>U. T. System:</b> Approval to allocate \$8,000,000 of Permanent University Fund Bond Proceeds for U. T. Dallas to purchase temporary buildings needed to provide additional space for teaching and research (RBC No. 162) -- amendment to the 2014-2015 budget	<b>188</b>
19. Transfer of Funds - <b>U. T. System:</b> Approval to allocate \$2,700,000 of Permanent University Fund Bond Proceeds for U. T. El Paso to demolish Barry Hall and Burges Hall (RBC No. 163) -- amendment to the 2014-2015 budget	<b>189</b>
20. Transfer of Funds - <b>U. T. System:</b> Approval to transfer \$576,875 to the International Risk Program funded from assessments to U. T. System institutions. The increase to the International Risk Program relates to the newly implemented International Student Medical Insurance Program. (RBC No. 165) -- amendment to the 2014-2015 budget	<b>189</b>
21. Employment Agreement - <b>U. T. System:</b> Agreement with William H. McRaven, Admiral U.S. Navy Retired, concerning terms and conditions associated with Admiral McRaven's appointment as Chancellor-Designate effective December 1, 2014 and Chancellor effective January 5, 2015	<b>189</b>
22. Real Estate Report - <b>U. T. System:</b> Summary Report of Separately Invested Assets Managed by U. T. System	<b>198</b>

	<b>Page</b>
<b>ACADEMIC INSTITUTIONS</b>	
23. Tenure Appointment - <b>U. T. Arlington</b> : Amendment to the 2014-2015 budget	<b>199</b>
24. Contract (funds coming in) - <b>U. T. Austin</b> : Facilities Management Agreement with National Archives and Records Administration	<b>199</b>
25. Contract (funds coming in and going out) - <b>U. T. Austin</b> : Football Game Agreement with University of Michigan	<b>200</b>
26. Contract (funds coming in and going out) - <b>U. T. Austin</b> : Football Game Agreement with University of South Florida	<b>200</b>
27. Contract (funds going out) - <b>U. T. Austin</b> : Football Game Agreement with The University of Tulsa	<b>201</b>
28. Contract (funds going out) - <b>U. T. Austin</b> : Contract to purchase the literary archive of Gabriel García Márquez	<b>201</b>
29. Tenure Appointments - <b>U. T. Austin</b> : Amendment to the 2013-2014 budget	<b>202</b>
30. Tenure Appointments - <b>U. T. Austin</b> : Amendment to the 2014-2015 budget	<b>203</b>
31. Emeritus Appointments - <b>U. T. Austin</b> : Approval of emeritus titles	<b>204</b>
32. Request for Budget Change - <b>U. T. Austin</b> : Transfer \$1,875,819 from Info Technology Services Residential Network Operating Income account to Info Technology Services Residential Network Classified Salaries, Special Equipment, and Maintenance, Operation, and Equipment accounts to distribute income from Information Technology Services Residential Network payments (RBC No. 6096) -- amendment to the 2013-2014 budget	<b>205</b>
33. Request for Budget Change - <b>U. T. Austin</b> : Transfer \$536,786 from Masters of Arts Degree Program Operating Income account to Masters of Arts Degree Program Maintenance, Operation, and Equipment, Travel, Wages, Tuition Remission, Fringe Benefits, Administrative and Professional, and Classified Salaries accounts to distribute income from program fees (RBC No. 6195) -- amendment to the 2013-2014 budget	<b>205</b>
34. Request for Budget Change - <b>U. T. Austin</b> : Transfer \$567,680 from Quest Student Operating Income account to Quest Student Maintenance, Operation, and Equipment, Classified Salaries, Administrative and Professional Salaries, and Fringe Benefits accounts to distribute income from Quest student fees (RBC No. 6198) -- amendment to the 2013-2014 budget	<b>205</b>
35. Request for Budget Change - <b>U. T. Austin</b> : Transfer \$1,364,186 from Professional Development Operating Income account to Professional Development Maintenance, Operation, and Equipment, Travel and Miscellaneous Income accounts to distribute income from open-to-public, online, and certification registrations (RBC No. 6199) -- amendment to the 2013-2014 budget	<b>205</b>

	<b>Page</b>
36. Request for Budget Change - <b>U. T. Austin</b> : Transfer \$1,980,000 from International Office - ESL Programs Operating Income account to International Office - ESL Programs Maintenance, Operation, and Equipment, Wages and Travel accounts to distribute income from English as a Second Language program tuition (RBC No. 6214) -- amendment to the 2013-2014 budget	<b>205</b>
37. Request for Budget Change - <b>U. T. Austin</b> : Transfer \$2,000,000 from Law School Excellence Funds Operating Income - Tuition Differential accounts to Law School Facility Upgrades Allocated for Budget account for Plant Fund reserves (RBC No. 6277) -- amendment to the 2013-2014 budget	<b>205</b>
38. Request for Budget Change - <b>U. T. Austin</b> : Transfer \$3,250,000 from Library - A.U.F. Maintenance, Operation, and Equipment account to Create New Learning Commons All Expenses account for new Learning Commons renovation at the Perry-Castaneda Library (RBC No. 6278) -- amendment to the 2013-2014 budget	<b>205</b>
39. Request for Budget Change - <b>U. T. Austin</b> : Transfer \$600,000 from Division of Recreational Sports Operating Income Other Expenses account and Recreational Sports Center - Operating Income Other Expenses account to Recreational Sports Reserve for Repair and Replacement - Programs/Services/Retail - Recreational account to support building renovation at the Caven Lacrosse and Sports Center at Clark Field (RBC No. 6279) -- amendment to the 2013-2014 budget	<b>206</b>
40. Request for Budget Change - <b>U. T. Austin</b> : Transfer \$1,640,000 from Frank C. Erwin, Jr. Center Special Events Operating Income account to Frank Erwin Center Reserve for Renewals and Replacements Allocated for Budget account for Plant Fund reserves (RBC No. 6280) -- amendment to the 2013-2014 budget	<b>206</b>
41. Request for Budget Change - <b>U. T. Austin</b> : Transfer \$1,000,000 from Interest on Temporary Investments - Designated Funds Allocation for Budget Adjustment account to Pooled Plant Funds Balances Unallocated account for Pooled Plant Funds reserves (RBC No. 6291) -- amendment to the 2013-2014 budget	<b>206</b>
42. Lease - <b>U. T. Austin</b> : Authorization to lease space at 2706 Montopolis Drive, Austin, Travis County, Texas, to Novati Technologies, Inc. for semiconductor-related research, development, and manufacturing	<b>206</b>
43. Lease - <b>U. T. Brownsville</b> : Authorization to extend the term of leased space on the Texas Southmost College campus in Brownsville, Texas, from the Board of Trustees of Texas Southmost College, for administrative, office, classroom, laboratory, and ancillary uses	<b>207</b>
44. Purchase - <b>U. T. Brownsville</b> : Authorization to acquire by gift and bargain purchase from the City of Brownsville, a tract of land improved with park facilities and consisting of approximately 47.96 acres currently known as Lincoln Park, located immediately southwest of the 21.2-acre tract at the southwest corner of West University Boulevard and U.S. Highways 77/83 in Brownsville, Cameron County, Texas, for future programmed development of campus expansion; lease back of said land to the City of Brownsville; resolution regarding parity debt; and finding pursuant to Chapter 26 of the <i>Texas Parks and Wildlife Code</i>	<b>207</b>

	<b>Page</b>
45. Tenure Appointments - <b>U. T. Dallas:</b> Amendment to the 2014-2015 budget	<b>209</b>
46. Emeritus Appointment - <b>U. T. Dallas:</b> Appointment of Shun-Chen Niu from Professor of Operations Research, Naveen Jindal School of Management, to Professor Emeritus, Department of Operations Research, Naveen Jindal School of Management (RBC No. 6276) -- amendment to the 2014-2015 budget	<b>210</b>
47. Facilities Planning and Construction - <b>U. T. Dallas:</b> Callier Richardson Expansion - Amendment of the FY 2015-2020 Capital Improvement Program (CIP) to increase total project cost; approval to revise funding sources; and appropriation of funds and authorization of expenditure	<b>211</b>
48. Tenure Appointments - <b>U. T. El Paso:</b> Amendment to the 2014-2015 budget	<b>211</b>
49. Report - <b>U. T. Pan American:</b> No items for Consent Agenda	<b>212</b>
50. Report - <b>U. T. Permian Basin:</b> No items for Consent Agenda	<b>212</b>
51. Report - <b>U. T. Rio Grande Valley:</b> No items for Consent Agenda	<b>212</b>
52. Request for Budget Change - <b>U. T. San Antonio:</b> Transfer \$516,763 from University Center Repair and Remodel account to University Center II Install Seating and Flooring account for the installation of seating and flooring in the University Center II (RBC No. 6271) -- amendment to the 2014-2015 budget	<b>212</b>
53. Report - <b>U. T. Tyler:</b> No items for Consent Agenda	<b>212</b>
<b>HEALTH INSTITUTIONS</b>	
54. Contract (funds coming in) - <b>U. T. Southwestern Medical Center:</b> To provide physician services	<b>213</b>
55. Contract (funds coming in) - <b>U. T. Southwestern Medical Center:</b> To provide physician clinic coverage, on-call coverage, and medical administrative services	<b>213</b>
56. Contract (funds coming in) - <b>U. T. Southwestern Medical Center:</b> To provide physician services to Parkland Health and Hospital System	<b>213</b>
57. Contract (funds coming in) - <b>U. T. Southwestern Medical Center:</b> To provide physicians and other health care services to Parkland Health and Hospital System	<b>214</b>
58. Contract (funds going out) - <b>U. T. Southwestern Medical Center:</b> Balcones Resources, Inc. to provide waste and recycling services	<b>214</b>
59. Contract (funds going out) - <b>U. T. Southwestern Medical Center:</b> Payment for neonatal intensive care unit clinical, administrative, and consulting services at William P. Clements, Jr. University Hospital	<b>214</b>



	<b>Page</b>
60. Contract (funds going out) - <b>U. T. Southwestern Medical Center</b> : MedTouch to provide content marketing strategy, content creation and planning, and digital media buying	<b>215</b>
61. Emeritus Appointments - <b>U. T. Southwestern Medical Center</b> : Approval of emeritus titles	<b>215</b>
62. Lease - <b>U. T. Southwestern Medical Center</b> : Authorization to extend the lease of space located at 6300 Harry Hines Boulevard, Dallas, Texas, for Suites 105, 900, and 1200 and 141 square feet of space on the tenth floor to Children's Medical Center of Dallas	<b>215</b>
63. Lease - <b>U. T. Southwestern Medical Center</b> : Authorization to enter into a lease for space located at 400 West Magnolia Avenue, Fort Worth, Texas, from U. T. Southwestern Moncrief Cancer Institute for medical and office use	<b>216</b>
64. Facilities Planning and Construction - <b>U. T. Southwestern Medical Center</b> : West Campus - Phase 1 - appropriation and authorization of partial expenditure of funds to begin abatement, partial demolition, and relocation of occupants	<b>217</b>
65. Contract (funds coming in) - <b>U. T. Medical Branch - Galveston</b> : To provide comprehensive family planning services for Texas Department of State Health Services, Family Planning Fee for Service	<b>217</b>
66. Contract (funds coming in) - <b>U. T. Medical Branch - Galveston</b> : To provide comprehensive family planning services for Texas Department of State Health Services, Family Planning	<b>218</b>
67. Contract (funds coming in) - <b>U. T. Medical Branch - Galveston</b> : To provide preventive and primary care medical services for Texas Department of State Health Services	<b>218</b>
68. Contract (funds coming in) - <b>U. T. Medical Branch - Galveston</b> : To provide preventive and primary care medical services for Texas Department of State Health Services	<b>218</b>
69. Contract (funds coming in) - <b>U. T. Medical Branch - Galveston</b> : To provide comprehensive breast and cervical cancer screening services for Texas Department of State Health Services	<b>219</b>
70. Contract (funds coming in) - <b>U. T. Medical Branch - Galveston</b> : To provide a program of early childhood intervention services for Texas Department of Assistive and Rehabilitative Services	<b>219</b>
71. Contract (funds coming in) - <b>U. T. Medical Branch - Galveston</b> : To provide oversight and reporting functions for Texas Health and Human Services Commission related to the Texas Transformation and Quality Improvement Program 1115 Waiver	<b>219</b>
72. Contract (funds going out) - <b>U. T. Medical Branch - Galveston</b> : Texas Gas Service Company, a division of ONE Gas, Inc. to provide a dedicated natural gas pipeline	<b>220</b>

	<b>Page</b>
73. Tenure Appointments - <b>U. T. Medical Branch - Galveston</b> : Amendment to the 2014-2015 budget	<b>221</b>
74. Lease - <b>U. T. Medical Branch - Galveston</b> : Authorization to lease space at 1560 West Bay Area Boulevard, Friendswood, Harris County, Texas, from Cole Baybrook, Ltd. for office use	<b>221</b>
75. Lease - <b>U. T. Medical Branch - Galveston</b> : Authorization to lease space at Clear Lake Center, 20728-20740 Gulf Freeway, Webster, Harris County, Texas from Clear Lake Center, L.P., a Texas limited partnership for administrative use by U. T. Medical Branch - Galveston's Purchasing, Procurement, Supply Chain, Information Services Help Desk, Service Response, and Accounts Payable Offices	<b>222</b>
76. Approval of Dual Position of Honor, Trust, or Profit - <b>U. T. Medical Branch - Galveston</b> : Appointment by Governor Perry of James LeDuc, Ph.D., Professor of Microbiology and Immunology, as Member of the Texas Task Force on Infectious Disease Preparedness and Response	<b>222</b>
77. Approval of Dual Position of Honor, Trust, or Profit - <b>U. T. Medical Branch - Galveston</b> : Appointment by Governor Perry of Thomas Ksiazek, D.V.M., Ph.D., Professor, Department of Pathology, as Member of the Texas Task Force on Infectious Disease Preparedness and Response	<b>223</b>
78. Contract (funds coming in) - <b>U. T. Health Science Center - Houston</b> : Authorization to license space to Follett Higher Education Group, Inc. to operate the three bookstores on the institution's campus in Houston, Texas	<b>224</b>
79. Contract (funds coming in) - <b>U. T. Health Science Center - Houston</b> : Memorial Hermann Health System to provide programmatic support, physician support, and support of graduate medical education programs	<b>225</b>
80. Foreign Contract (funds coming in) - <b>U. T. Health Science Center - Houston</b> : Saudi Arabian Cultural Mission to provide funding to support a Saudi Arabian physician participating in a fellowship at U. T. Health Science Center - Houston	<b>225</b>
81. Emeritus Appointments - <b>U. T. Health Science Center - Houston</b> : Approval of emeritus titles	<b>225</b>
82. Tenure Appointments - <b>U. T. Health Science Center - San Antonio</b> : Amendment to the 2014-2015 budget	<b>226</b>
83. Facilities Planning and Construction - <b>U. T. Health Science Center - San Antonio</b> : Academic Learning and Teaching Center - Amendment of the FY 2015-2020 Capital Improvement Program (CIP) to increase total project cost; approval to revise funding sources; and appropriation of funds and authorization of expenditure	<b>226</b>
84. Contract (funds going out) - <b>U. T. M. D. Anderson Cancer Center</b> : Alpha Building Corporation to provide job order contracting services	<b>227</b>

	<b>Page</b>
85. Contract (funds going out) - <b>U. T. M. D. Anderson Cancer Center</b> : Cross Country Staffing to provide temporary nurse staffing services	<b>227</b>
86. Contract (funds going out) - <b>U. T. M. D. Anderson Cancer Center</b> : Ernst & Young LLP to provide professional services for the operation and management of the ICD-10 Program Management Office	<b>228</b>
87. Contract (funds going out) - <b>U. T. M. D. Anderson Cancer Center</b> : Jamail & Smith Construction, LP to provide job order contracting services	<b>228</b>
88. Contract (funds going out) - <b>U. T. M. D. Anderson Cancer Center</b> : Marriott Hotel Services, Inc. to provide hotel management services for the Rotary House International	<b>229</b>
89. Contract (funds going out) - <b>U. T. M. D. Anderson Cancer Center</b> : SpawGlass Contractors, Incorporated to provide job order contracting services	<b>230</b>
90. Contract (funds going out) - <b>U. T. M. D. Anderson Cancer Center</b> : Young & Rubicam, Inc., to provide marketing services	<b>230</b>
91. Contract (funds coming in) - <b>U. T. Health Science Center - Tyler</b> : Interagency Cooperation Contract between Department of State Health Services (DSHS) and U. T. Health Science Center - Tyler to care for individuals hospitalized in its psychiatric unit	<b>231</b>

## U. T. SYSTEM ADMINISTRATION

1. Minutes - U. T. System Board of Regents: Approval of Minutes of the regular meeting held on August 20-21, 2014; and the special called meetings held on September 15, 2014, October 3, 2014, and October 16, 2014
2. Other Fiscal Matters - U. T. System Board of Regents: Adoption of a Supplemental Resolution to benefit U. T. Southwestern Medical Center authorizing the issuance and delivery of Revenue Financing System obligations in the form of a loan to U. T. Southwestern Medical Center from the Small Business Incubator Fund, authorization to complete all related transactions, and resolution regarding parity debt

Adoption of the Supplemental Resolution authorizing the issuance and delivery of The University of Texas System Revenue Financing System obligations not to exceed \$1,000,000 in the form of a loan to U. T. Southwestern Medical Center from the Small Business Incubator Fund (Fund) to be used for capital costs associated with the establishment of a charged particle radiotherapy center at U. T. Southwestern Medical Center as part of the Texas Center for Advanced Radiation Therapy.

Section 481.415 of the *Texas Government Code* authorizes the Fund to make loans to governmental entities for projects, activities, or enterprises that foster economic development in Texas. As outlined in the loan agreement, the interest rate on the loan is 0% and the loan is forgivable provided certain project milestones are reached. If the project milestones are not met within the timeframe provided in the loan agreement, U. T. Southwestern Medical Center must repay the loan. Because the loan term extends beyond one year and there is a possibility of repayment, the loan constitutes a debt that must be authorized as a Revenue Financing System obligation. The findings have been reviewed and are recommended by the Executive Vice Chancellor for Business Affairs and the Associate Vice Chancellor for Finance. The institution therefore requests that the Board resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System the findings that are stated below:

- parity debt shall be issued to fund all or a portion of the project, including any costs prior to the issuance of such parity debt;
- sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the RFS Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System;
- U. T. Southwestern Medical Center, which is a "Member" as such term is used in the RFS Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of parity debt in an aggregate amount of \$1,000,000; and
- this resolution satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations* that evidences the Board's intention to reimburse project expenditures with bond proceeds.

3. Contract (funds coming in) - U. T. System: Cabot Oil and Gas Corporation to enter into an oil and gas lease benefiting U. T. San Antonio

Agency: Cabot Oil and Gas Corporation

Funds: \$3,758,400 (1,392 acres at \$2,700 per acre), which represents a bonus payment plus royalty of 25% of gross production

Period: Agreement shall be for a term of three years commencing on the effective date after approval and for so long thereafter as oil or gas is produced in paying quantities from the leased premises

Description: Oil and gas lease of 1,392 acres of land in Frio County, Texas, benefiting U. T. San Antonio.

4. Contract (funds going out) - U. T. System: Jaster - Quintanilla Dallas, LLP to perform surveying services

Agency: Jaster - Quintanilla Dallas, LLP

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis

Source of Funds: Various funds approved for individual Capital Improvement Program projects

Period: December 3, 2011 through December 2, 2017 (Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold)

Description: Jaster - Quintanilla Dallas, LLP to perform miscellaneous professional surveying services on a job order basis. Services were competitively procured.

5. Contract (funds going out) - U. T. System: Jacobs Engineering Group Inc. to perform professional commissioning services on capital projects on an as-needed basis

Agency: Jacobs Engineering Group Inc.

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis

Source of Funds: Various funds approved for individual Capital Improvement Program projects

Period: May 1, 2014 through April 30, 2020 (Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold)

Description: Jacobs Engineering Group Inc. to perform miscellaneous professional commissioning services on a job order basis. Services were competitively procured.

6. Contract (funds going out) - U. T. System: Page Southerland Page, LLP to perform professional commissioning services on capital projects on an as-needed basis

Agency: Page Southerland Page, LLP

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis

Source of Funds: Various funds approved for individual Capital Improvement Program projects

Period: May 1, 2014 through April 30, 2020 (Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold)

Description: Page Southerland Page, LLP to perform miscellaneous professional commissioning services on a job order basis. Services were competitively procured.

7. Contract (funds going out) - U. T. System: Progressive Environmental Service, Inc. dba SWS Environmental Services to provide emergency and spill services

Agency: Progressive Environmental Service, Inc. dba SWS Environmental Services

Funds: This contract could exceed \$1,000,000 over the five-year term of the agreement if a significant emergency event occurs.

Source of Funds: Funded by each institution electing to use the services of Progressive Environmental Service, Inc. dba SWS Environmental Services

Period: The original one-year contract was signed in August 2014 for Fiscal Year 2015. This contract includes four additional options to renew. If all four terms are executed, this contract will expire August 31, 2020.

Description: This contract serves health and academic institutions' spill and emergency response needs. U. T. System issued a request for proposal and an agreement was put in place following a competitive bid process earlier this year. All vendors were evaluated by a selection committee consisting of six U. T. System institutions.

8. Contract (funds going out) - U. T. System: SET Environmental, Inc. to provide emergency and industrial services

Agency: SET Environmental, Inc.

Funds: This contract could exceed \$1,000,000 over the five-year term of the agreement if a significant emergency event occurs.

Source of Funds: Funded by each institution electing to use SET Environmental, Inc. services

Period: Original contract was signed in August 2014 for Fiscal Year 2015. This contract includes four additional options to renew. At the end of the fourth renewal, this agreement will expire August 31, 2020.

Description: This contract serves both health and academic institutions' spill and emergency response needs. U. T. System issued a request for proposal and an agreement was put in place following a competitive bid process earlier this year. All bidders were evaluated by a selection committee consisting of six U. T. System institutions.

9. Contract (funds going out) - U. T. System: Stericycle, Inc. to process regulated medical waste

Agency: Stericycle, Inc.

Funds: The combined service needs will exceed \$1,000,000 over the five-year term of the agreement.

Source of Funds: Funded by each institution electing to use Stericycle, Inc. services

Period: This contract was signed in August 2014 for Fiscal Year 2015. This contract includes four additional one-year renewal options. The fourth executed renewal will expire August 31, 2020.

Description: This contract serves both health and academic institutions' regulated medical waste needs. U. T. System issued a request for proposal and a contract was put in place after the competitive bid process earlier this year. All bidders were evaluated by a selection committee consisting of six U. T. System institutions who are users of this contract.

10. Contract (funds going out) - U. T. System: Witt O'Brien's to provide nonexclusive emergency and recovery services on an as-needed basis

Agency: Witt O'Brien's

Funds: To be determined, and may exceed \$1,000,000, based on need in the event of a disaster

Source of Funds: Will vary by institution electing to use Witt O'Brien's services in the event of a disaster

Period: August 1, 2014 through August 31, 2015 with the option of four additional one-year terms

Description: This contract will provide emergency services related to disaster events including project identification, project claims processing, project preparation, and project reporting as related to federal reimbursement for the disaster.



11. Contract (funds going out) - U. T. System: Adjusters International, Inc. to provide nonexclusive emergency and recovery services on an as-needed basis

Agency: Adjusters International, Inc.

Funds: To be determined, and may exceed \$1,000,000, based on need in the event of a disaster

Source of Funds: Will vary by institution electing to use Adjusters International, Inc. services in the event of a disaster

Period: August 1, 2014 through August 31, 2015 with the option of four additional one-year terms

Description: This contract will provide emergency services related to disaster events including project identification, project claims processing, project preparation, and project reporting as related to federal reimbursement for the disaster.

12. Intra-agency Agreement - U. T. System: Agreement between U. T. System and U. T. Health Science Center - San Antonio for continued services of Francisco G. Cigarroa, M.D., to assist with establishment and operation of the new university and medical school in the Rio Grande Valley

Agency: U. T. Health Science Center - San Antonio

Funds: \$350,000 per year for 3 years, with possibility of 3 additional one-year extensions

Period: Commencing on Dr. Cigarroa's return to the faculty of U. T. Health Science Center - San Antonio for a minimum of three years

Description: Agreement to secure the services of Francisco G. Cigarroa, M.D., as Regents' Special Liaison, dedicated to the new university and medical school in the Rio Grande Valley. Dr. Cigarroa's continued involvement with the new university as a key liaison between U. T. Rio Grande Valley and U. T. Health Science Center - San Antonio has been determined to be of significant benefit in assuring timely and complete implementation of the new university and medical school. The terms of the agreement are set out on the following pages.



**The University of Texas System**  
Nine Universities. Six Health Institutions. Unlimited Possibilities.

Paul L. Foster, Chairman  
U. T. System Board of Regents  
201 West Seventh Street, Suite 820  
Austin, Texas 78701-2981  
Phone: (512) 499-4402 Fax: (512) 499-4425  
<http://www.utsystem.edu/board-of-regents>

September 2, 2014

- The University of Texas at Arlington
- The University of Texas at Austin
- The University of Texas at Brownsville
- The University of Texas at Dallas
- The University of Texas at El Paso
- The University of Texas – Pan American
- The University of Texas of the Permian Basin
- The University of Texas at San Antonio
- The University of Texas at Tyler

William L. Henrich, M.D.  
President  
The University of Texas Health Science Center at San Antonio  
7703 Floyd Curl Drive, MSC 7834  
San Antonio, Texas 78229

Dear President Henrich:

This memorandum of understanding, which is subject to review and approval by the U. T. System Board of Regents via the Board’s Consent Agenda and is not effective unless so approved, is intended to document understandings and expectations related to the desire of the Board of Regents to continue to have access to the unique skills and experience of Chancellor Francisco G. Cigarroa, M.D., to assist with the development of The University of Texas Rio Grande Valley and its new medical school.

It is clear that Dr. Cigarroa’s continued involvement with the new university and as a key liaison between U. T. Rio Grande Valley and U. T. Health Science Center - San Antonio will be of great benefit in assuring timely and complete implementation of the new university and medical school. Acknowledging the need for a dual assignment with the U. T. Health Science Center - San Antonio and the U. T. System, we propose to reimburse the U. T. Health Science Center - San Antonio, with Available University Fund dollars available to the U. T. System, for a portion of Dr. Cigarroa’s time for services provided to the U. T. System in conjunction with the steps necessary to open the new university and medical school to students within the established timeline.

Based upon Dr. Cigarroa’s contractually-approved academic salary rate of \$770,000, U. T. System Administration will reimburse U. T. Health Science Center - San Antonio up to \$350,000 for the time and effort Dr. Cigarroa will dedicate as the Regents’ Special Liaison to the new university and medical school in the Rio Grande Valley. The agreement for service as Regents’ Special Liaison is for a minimum of three years following Chancellor Cigarroa’s return to the faculty of the Health Science Center and includes any period of contractually guaranteed development leave at his academic salary rate. The agreement may be extended on a year-by-year basis following a review of the need for continued assistance from Dr. Cigarroa, with the written consent of the Chairman of the Board, the Chancellor of the U. T. System, and the President of the U. T. Health Science Center - San Antonio, for a period of time not to exceed a total of six years.

[www.utsystem.edu](http://www.utsystem.edu)

William L. Henrich, M.D.  
September 2, 2014  
Page 2

Nothing in this letter and the arrangement outlined is intended to modify, in any way, the terms and commitments documented in the attached Letter Agreements between the Board of Regents and Chancellor Cigarroa dated January 13, 2009 and September 27, 2013.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Foster', with a long horizontal stroke extending to the right.

Paul L. Foster  
Chairman

PLF:ps  
Attachments

c: Members, U. T. System Board of Regents  
Executive Vice Chancellor Pedro Reyes  
Executive Vice Chancellor Raymond S. Greenberg, M.D., Ph.D.  
Executive Vice Chancellor Scott C. Kelley  
Vice Chancellor and General Counsel Dan Sharphorn  
General Counsel to the Board Francie A. Frederick  
Associate Vice Chancellor, Controller and Chief Budget Officer  
Randy Wallace

- 13. Request for Budget Change - U. T. System: Grant budget authority of \$2,500,000 funded from State Sponsored Programs to pay expenses associated with the Lone Star Stroke Initiative to implement a statewide patient-centered clinical stroke research trial network that spans urban and rural Texas (RBC No. 160) -- amendment to the 2013-2014 budget
  
- 14. Request for Budget Change - U. T. System: Increase budget authority by \$561,028 funded from reimbursements from U. T. System institutions to pay expenses related to the Copyright Clearance Center (RBC No. 164) -- amendment to the 2014-2015 budget  
  
 Transfer for the annual renewal of copyright licensing for the U. T. System academic and health institutions to continue education and research missions by utilizing this service for compliance with all U.S. copyright laws. The annual license will enable faculty, students, and staff to lawfully reproduce excerpts from the titles in the Copyright Clearance Center's repository, in print and digital formats, cover information reuse and distribution, and reduce the burden of tracking and managing content, and simplify the royalty payment process.
  
- 15. Request for Budget Change - U. T. System: Increase budget authority by \$5,928,189 funded from receipts from participating institutions to be used for ongoing sustainment of the UTShare Project (RBC No. 166) -- amendment to the 2014-2015 budget
  
- 16. Transfer of Funds - U. T. System: Transfer \$3,000,000 from the Rolling Owner Controlled Insurance Program (ROCIP) to rebate surplus premium contributions by participating U. T. System institutions paid by Phase IV of ROCIP. Surplus amount was actuarially determined considering premiums paid into the fund as well as the individual institution's losses (RBC No. 159) -- amendment to the 2014-2015 budget

Description	\$ Amount	RBC #
ROCIP		
Amount of Transfer:	3,000,000	159
From: ROCIP		
To:		
U. T. Arlington	42,954	
U. T. Austin	789,910	
U. T. Brownsville	9,606	
U. T. Dallas	104,940	
U. T. El Paso	51,756	
U. T. San Antonio	124,793	
U. T. Tyler	72,721	
U. T. Southwestern Medical Center	316,548	
U. T. Medical Branch - Galveston	188,041	
U. T. Health Science Center - Houston	313,138	
U. T. Health Science Center - San Antonio	222,063	
U. T. M. D. Anderson Cancer Center	<u>763,530</u>	
TOTAL	3,000,000	

17. Transfer of Funds - U. T. System: Approval to transfer \$15,000,000 of Permanent University Fund (PUF) Bond Proceeds to U. T. Health Science Center - San Antonio (RBC No. 161)

On December 6, 2012, the Board of Regents approved \$100,000,000 of unspecified resources to be used for start-up costs for the U. T. Rio Grande Valley Medical School. On May 15, 2014, an initial distribution of \$5,000,000 of PUF Bond Proceeds was approved to be transferred to U. T. Health Science Center - San Antonio. Request approval to transfer an additional \$15,000,000 of PUF Bond Proceeds to U. T. Health Science Center - San Antonio to be used for eligible capital expenses related to the U. T. Rio Grande Valley Medical School.

18. Transfer of Funds - U. T. System: Approval to allocate \$8,000,000 of Permanent University Fund Bond Proceeds for U. T. Dallas to purchase temporary buildings needed to provide additional space for teaching and research (RBC No. 162) -- amendment to the 2014-2015 budget

The continued rapid growth in the numbers of students enrolling at U. T. Dallas, particularly in engineering disciplines, has created an immediate and urgent need for additional space for teaching classrooms, research laboratories, and offices for associated personnel. The requested funds will be used to purchase, install, and equip a minimum of four modular buildings, each with approximately 8,700 gross square feet of space for a total of at least 34,800 gross square feet. The modular buildings would be installed in the first half of 2015 and be available by the start of the Fall 2015 semester.

From Fall 2010 to Fall 2014, enrollment at U. T. Dallas increased from 17,128 to 23,220 students, which is a 36% increase (average of 9% per year). This sustained rate of growth is by far the largest rate of enrollment increase among public universities in Texas with at least 10,000 students.

The enrollment increase in engineering at U. T. Dallas is particularly challenging. Enrollment in engineering and computer science has increased from 3,173 students in Fall 2010 to 5,771 students in Fall 2014, which is an increase of 82% in just four years. An additional key pressure point is undergraduate math and science courses – the number of undergraduate semester credit hours taken by U. T. Dallas students is 17% higher in Fall 2014 compared to Fall 2013.

U. T. Dallas remains focused on graduating students from exceptionally high-quality programs. The 4-year graduation rate has increased from 45% in Fall 2010 to 50% in Fall 2014. The 6-year graduation rate has increased from 63% in Fall 2010 to 70% in Fall 2014. Quality of programs is strong and improving, but threatened above all else by limitations in available academic space.

Even with additional space that will come online over the next two years, and with continued efficient use of space by U. T. Dallas, more academic space is needed immediately to accommodate the growth in enrollment. It has been determined that modular buildings are the only practical choice to meet the need. U. T. Dallas has limited capacity to borrow funds; potential new debt capacity needs to be reserved for renovations to existing space and investments in future permanent buildings.

19. Transfer of Funds - U. T. System: Approval to allocate \$2,700,000 of Permanent University Fund Bond Proceeds for U. T. El Paso to demolish Barry Hall and Burges Hall (RBC No. 163) -- amendment to the 2014-2015 budget

U. T. El Paso requires demolition of two adjacent and underutilized campus buildings, Barry Hall and Burges Hall, both of which were originally constructed as student dormitories nearly 50 years ago. An attempt was made to convert Burges Hall into office space 20 years ago with support from a federal grant, but the building's structural constraints limit its use and efficiency, and the cost-to-benefit potential of further upgrades is decidedly unfavorable. Barry Hall was a high-rise dormitory that was mothballed more than 25 years ago due to the significant cost of complying with life safety directives issued by the State Fire Marshal for residential facilities. The investment required for renovation of this facility for office or instructional use would be both cost prohibitive and of limited benefit due to its inherent structural constraints. This space will be used for future growth.

20. Transfer of Funds - U. T. System: Approval to transfer \$576,875 to the International Risk Program funded from assessments to U. T. System institutions. The increase to the International Risk Program relates to the newly implemented International Student Medical Insurance Program. (RBC No. 165) -- amendment to the 2014-2015 budget

21. Employment Agreement - U. T. System: Agreement with William H. McRaven, Admiral U.S. Navy Retired, concerning terms and conditions associated with Admiral McRaven's appointment as Chancellor-Designate effective December 1, 2014 and Chancellor effective January 5, 2015

The employment agreement summarized below documents the terms of employment approved by the U. T. System Board of Regents on August 21, 2014. The final agreement is recommended for approval by the Board.

Item:	Chancellor for U. T. System
Funds:	Annual funds of \$1,200,000 for salary, \$400,000 for deferred compensation contribution, and \$300,000 in contingent annual funds for performance review/retention payments. One-time funds of \$300,000, respectively, for contract commencement (2014) and contingent contract completion payments (2018).
Period:	Beginning December 1, 2014
Description:	Three-year agreement for employment of William H. McRaven, Admiral U.S. Navy Retired, as Chancellor. The employment agreement is set forth on the following pages.

**EMPLOYMENT AGREEMENT**  
**BETWEEN THE UNIVERSITY OF TEXAS SYSTEM**  
**AND WILLIAM H. McRAVEN, Admiral, USN, Retired**

**THIS EMPLOYMENT AGREEMENT** (this “Agreement”) is effective on the date The University of Texas System Board of Regents (“Board”), votes to ratify this Agreement (“Effective Date”), and is by and between THE UNIVERSITY OF TEXAS SYSTEM (“System”) and WILLIAM H. McRAVEN, Admiral, USN, Retired (“Adm. McRaven”).

**RECITALS**

A. The System and Adm. McRaven herein enter into the Employment Agreement dated as of the Effective Date.

B. The parties acknowledge that Adm. McRaven was offered and has accepted the position of CHANCELLOR of THE UNIVERSITY OF TEXAS SYSTEM (“Chancellor”) on the terms set forth in this Agreement.

C. Adm. McRaven’s years of experience and tenure in senior leadership positions and his background, talents, and abilities uniquely qualify him to hold the position of Chancellor of The University of Texas System.

D. This Agreement and its execution have been duly authorized by the Board, subject to full Board ratification at the next scheduled Board meeting.

**AGREEMENT**

**NOW, THEREFORE**, for and in consideration of the mutual benefits and consideration received and to be received by the respective parties, Adm. McRaven is employed as Chancellor upon the following terms, conditions, covenants, and agreements:

**I. EMPLOYMENT AND APPOINTMENT**

Adm. McRaven’s employment with the System shall be effective December 1, 2014, and his employment as Chancellor shall be effective January 5, 2015.

**II. TERM OF AGREEMENT**

The term of this Agreement shall begin as of the Effective Date, and such term shall continue for a period ending January 5, 2018, subject to earlier termination as provided in Section VIII hereunder. During the period from December 1, 2014, through January 4, 2015, Adm. McRaven shall be employed as a non-salaried employee of the System holding the position of Chancellor-Designate.

### III. SALARY AND OTHER COMPENSATION

A. Base Salary. Adm. McRaven shall be remunerated for services rendered as Chancellor based on an annual base rate salary of \$1,200,000 per year payable in accordance with the System's established pay practices, with such compensation to begin as of January 5, 2015. The Board will review Adm. McRaven's performance and overall compensation at least annually commencing on or before the start of each calendar year during the term of this Agreement.

B. Annual Retention Payment. In consideration of Adm. McRaven's commitment and service described in this Agreement, the System agrees to pay Adm. McRaven an annual retention bonus in the amount of \$100,000 ("Retention Bonus"). The Retention Bonus shall be due and payable within sixty (60) days of the Board's completion of Adm. McRaven's annual performance evaluation, with the first annual performance evaluation performed no later than November 2015, and the first Retention Bonus to be due and payable on or before December 30, 2015.

C. Contingent Performance Review Payment. Upon completion of mutually agreed annual achievement efforts, the System may pay Adm. McRaven, an additional annual performance bonus in the amount of \$200,000 ("Contingent Performance Payment"). The Contingent Performance Payment, if awarded, shall be due within sixty (60) days of the Board's completion of Adm. McRaven's annual performance evaluation. The Board of Regents may award a greater Contingent Performance Payment in its discretion based upon outstanding effort.

D. Contingent Contract Completion Payment. In consideration of Adm. McRaven's successful completion of the full term of this Agreement, the System agrees to pay Adm. McRaven a contract completion payment in the amount of \$300,000 ("Completion Payment"). The Completion Payment, if awarded, shall be due and payable within thirty (30) days of Adm. McRaven's full term as Chancellor under this Agreement, with the Completion Payment to be due and payable within sixty (60) days after January 5, 2018.

E. One-Time Contract Commencement Payment. The System agrees to pay Adm. McRaven a one-time payment in the amount of \$300,000, within thirty (30) days of the Effective Date. This payment is in lieu of any additional payment for costs associated with the moving, storage, relocation and transitional living expenses of Adm. McRaven and his family and any other expenses related to relocation.

F. Notwithstanding anything to the contrary herein, the payments described in this Section III are subject to Section VIII of this Agreement.

### IV. PERFORMANCE

Adm. McRaven shall serve, and shall oversee and administer the activities and operations of the System with maximum application of effort, experience and ability consistent with Board and System policy. Adm. McRaven agrees to devote his full-time and attention and to use his talents and best efforts to perform the duties assigned to him as Chancellor, by this Agreement and by law. Adm. McRaven may, with prior written consent of the Chairman of the Board, participate



as a member of board(s) of directors of for-profit and nonprofit corporations, subject to all applicable U.T. System and Board policies. Adm. McRaven may also expend reasonable time on charitable and other professional activities; provided that these activities do not interfere with his full and faithful performance of duties as Chancellor. Specifically, Adm. McRaven shall be permitted to engage in up to 6 outside speeches per year as mutually agreed to by the Chairman of the Board and Adm. McRaven, or by prior written consent, and to serve on not less than one for-profit board, subject to state law, *Regents' Rules*, the System's conflicts policy and approval. All income or other compensation due Adm. McRaven in connection with any approved outside activities shall be paid to and retained by him and reported in accordance with applicable law and established System policy.

## V. RESIDENCE

Adm. McRaven shall be required, as a condition of employment and for the benefit and convenience of the System, to live in Bauer House in Austin, Texas ("Residence"). Residence at Bauer House is required to assist the Chancellor in the proper performance of his duties of employment and to serve the best interests of the System. This requirement results from the nature of the System's responsibilities and the need for the Chancellor to accommodate student and staff meetings, System events, and other official functions at the Residence in the performance of his duties. The System shall provide adequate clerical and custodial staff to Adm. McRaven and shall provide or pay for all reasonable maintenance and operating expenses, including without limitation, grounds keeping, housekeeping, and repair on the Residence. The housekeeping services may be utilized related to the personal portion of Bauer House. Personal services must be documented and the value of these services will be reported as taxable income.

Adm. McRaven may use the Residence for entertaining community groups, associations, individuals, alumni, prospective university friends, donors and anyone else judged by the Chancellor to advance the System and its mission. Costs associated with such events shall be paid by the System. In addition, it is acknowledged that the house serves as the personal residence of the Chancellor and, as a result, there will be occasions where entertaining of a personal, rather than business nature will occur. In such situations the use of the Residence is permissible but the Chancellor is personally responsible for the costs of such personal entertainment.

As Bauer House and most of its contents are defined as state property under the laws of the State of Texas, the System is required to have an annual physical inventory. Adm. McRaven agrees to make the Bauer House and the state property therein available to the System to conduct this inventory during the timeframe scheduled for the annual property inventory, and at mutually convenient times prior to the termination of this Agreement. All efforts will be made to ensure that all personal non-state property owned by Adm. McRaven and his family will not be included in the inventory.

Upon termination of this Agreement or upon cessation of service as Chancellor, Adm. McRaven agrees to vacate the Residence within thirty (30) days. The family of Adm. McRaven has ninety (90) days to vacate the residence if Adm. McRaven dies or becomes permanently disabled during the term of this Agreement. All property within the Bauer House that is deemed

state property shall remain in the Bauer House upon Adm. McRaven vacating the Residence as described herein. Adm. McRaven shall be entitled to occupy Bauer House on December 1, 2014, his first day of employment with the System.

## VI. BENEFITS

A. Employee Benefits Generally. Adm. McRaven shall be entitled to participate in all benefits programs customarily available to senior executives of the System in accordance with applicable state and federal laws and the System's rules and regulations governing such programs, including without limitation group life insurance with a death benefit of \$1,500,000.

B. Supplemental Retirement Provisions. Adm. McRaven and the System have agreed to enter into a deferred compensation agreement effective on January 5, 2015, (the "Deferred Compensation Agreement"). The Deferred Compensation Agreement will provide Adm. McRaven with deferred compensation benefits for the period from January 5, 2015 through January 5, 2018. For each of the calendar years 2015, 2016 and 2017, the System will credit Adm. McRaven's account under the Deferred Compensation Plan with \$400,000, for a potential total of \$1,200,000 of deferred compensation contributions. Subject to acceleration of vesting in the case of death, disability, involuntary termination without cause, Adm. McRaven will vest in the amounts credited to his account as set out in the Deferred Compensation Plan.

C. Club Memberships. Adm. McRaven shall be provided the use of a membership in and payment of the dues and reasonable expenses of such club memberships as deemed appropriate and approved in writing by the Chairman of the Board to assist in the discharge of his official duties.

D. General Expenses. Subject to the limitations of the laws of the State of Texas, the System shall allocate sufficient funds for Adm. McRaven's office and for salaries for personnel required to staff such office, travel, official entertainment expenses and other official activities. Adm. McRaven's reasonable travel, entertainment and other business expenses incurred in his capacity as Chancellor shall be paid or reimbursed with an appropriate source of funds. Subject to State of Texas travel guidelines and laws and applicable *Regents' Rules*, the System shall cover the reasonable costs of travel and entertainment expenses of Adm. McRaven's spouse when she accompanies him on travel or entertainment for the benefit of the System. The expenses of Adm. McRaven and his spouse shall be reviewed and approved pursuant to applicable *Regents' Rules*.

## VII. TENURE

Subject to normal academic review and approval procedures, Adm. McRaven shall be appointed as Professor of Public Affairs, with tenure, at The University of Texas at Austin. Pursuant to such tenure, Adm. McRaven shall be eligible for one (1) year of paid leave assignment at his academic salary after serving at least four (4) years as Chancellor, to prepare for faculty duties at the assigned academic rate. Consistent with the provisions of Texas Education Code §51.948(c), the total academic rate compensation will be set at an amount at least equal to the average of the total academic rate compensation not including applicable

incentive paid to the three most highly compensated full-time tenured faculty members of the LBJ School of Public Affairs. Notwithstanding the forgoing, Adm. McRaven shall not be eligible for such one-year paid leave assignment if his employment under this Agreement is terminated pursuant to the provisions of Section VIII.B.

## VIII. TERMINATION

A. Resignation. If, during the term of this Agreement, Adm. McRaven resigns from his position as Chancellor, no further compensation or benefits shall be due under this Agreement; provided, however, that the provisions of Section VIII.F shall apply to any such resignation. Adm. McRaven shall provide the System a minimum of ninety (90) days written notice of his resignation to the extent practicable.

B. Termination by the System for Cause. The Board may terminate Adm. McRaven for Cause after giving Adm. McRaven thirty (30) days written notice, during which time Adm. McRaven shall have the right to cure the allegations for Cause, if curable, and a reasonable opportunity to be heard with respect to the grounds for Cause. "Cause" is defined as (1) conviction (including a pleading of nolo contendere) for a felony, (2) conviction (including a pleading of nolo contendere) for a misdemeanor involving moral turpitude that materially impairs Adm. McRaven's ability to discharge his duties hereunder, (3) fraud, (4) embezzlement, (5) theft, (6) engaging in conduct that displays a continual and serious disrespect or disregard for the Board and/or the System; or (7) engaging in conduct by Adm. McRaven that brings material public disrespect, contempt or ridicule upon University of Texas institutions and/or the System, or creates a material adverse effect on the reputation and/or brand of University of Texas institutions and/or the System. Upon termination for Cause, no further compensation or benefits shall be due under this Agreement; provided, however, that the provisions of Section VIII.F shall apply to any such termination.

C. Termination by the System Without Cause. The System may terminate this Agreement without Cause at any time by giving ninety (90) days written notice to Adm. McRaven. In such event, Adm. McRaven shall be entitled to receive his base salary for the remainder of the three-year term of this Agreement, as set forth in Section III. In addition, Adm. McRaven shall receive any Retention Bonus, Contingent Performance Bonus (at target) during the remainder of the term and a pro rata portion of the Completion Payment, all payable in a lump sum promptly upon such termination. Any such payments shall not exceed an amount equal to the discounted net present cash value of the contract on termination at the market rate of interest at the time of termination. If he elects to assume faculty status, Adm. McRaven will be entitled to continue his participation in the System's retirement program, health and dental, and life insurance as an employee of the System consistent with then-current System policy and state and federal law. The System's obligations to make payments as described above shall be reduced to the extent of Adm. McRaven's compensation from new full-time employment after such termination and during the remainder of the three-year term of this Agreement. Such reduction shall include amounts received by Adm. McRaven by reason of his taking a one-year paid leave assignment and/or assuming faculty status as provided in Section VII. Adm. McRaven agrees to provide reasonable evidence of his new full-time employment salary under this paragraph. The provisions of Section VIII.F shall apply to any such termination.

D. Permanent Disability. If Adm. McRaven becomes permanently disabled during his service as Chancellor, this Agreement shall terminate effective on the date of permanent disability and he shall receive all benefits to which he is entitled pursuant to the System's disability insurance plans in which he participates and payout of the then-current balance in the Deferred Compensation Plan.

For purposes of this Agreement, "Permanent Disability" shall mean the inability of Adm. McRaven to perform the essential functions of the position of Chancellor for a period of six (6) continuous months, with reasonable accommodations (as such term is defined in 42 U.S.C. § 12111(9), as amended, and in the applicable law interpreting same).

E. Death. In the event of the death of Adm. McRaven during the term of this Agreement, his compensation and benefits shall cease immediately and this Agreement shall terminate effective on the date of death. As determined by state and/or federal laws, Adm. McRaven's estate shall be entitled to receive all benefits to which he is entitled under the System's various insurance plans and payout of the then-current balance in the Deferred Compensation Plan.

F. Effect of Termination. Termination of this Agreement under any of the foregoing paragraphs shall not affect any retirement, welfare (including but not limited to medical, death, and disability programs), or any other benefits accrued as of the date of such termination under any program or plan established and maintained by the System for which Adm. McRaven qualifies or in which Adm. McRaven participates, all of which shall be governed by their respective terms.

## IX. MISCELLANEOUS

A. General. Other than the Deferred Compensation Plan, this Agreement is the complete agreement between Adm. McRaven and the System concerning the employment of Adm. McRaven by the System and the appointment of Adm. McRaven as Chancellor, and shall, as of the Effective Date hereof, supersede any other agreements between the parties. The parties stipulate that neither of them has made any representation to the other with respect to the subject matter of this Agreement except such representations as are specifically set forth herein. No modification of this Agreement or any part thereof shall be valid unless in writing and signed by both Adm. McRaven and the Chairman of the Board of Regents on behalf of the System. If any provision of this Agreement shall be determined to be void, invalid, or unenforceable or illegal for any reason, it shall be ineffective only to the extent of such prohibition, and the validity and enforceability of all the remaining provisions shall not be affected. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and sent by registered mail to his residence address, in the case of Adm. McRaven, or to the Office of the Board of Regents, in the case of the System, addressed to the attention of the Chairman of the Board. The rights and obligations of the System under this Agreement shall inure to the benefits of and be binding upon successors and assigns of the System. Adm. McRaven may not assign any of his rights or obligations under this Agreement. This Agreement is intended to fully comply with all applicable state and federal laws and System regulations and any provision to the contrary shall be null and void. This Agreement shall be governed and construed, and the rights and obligations of the parties hereto shall be determined, in accordance with the laws of the State of Texas.

B. Enforcement. The payments and benefits provided in Section VIII (or cessation thereof) have been carefully considered and agreed upon by the System and Adm. McRaven and represent the sole obligations of the System resulting from Adm. McRaven's termination under the circumstances defined therein.

C. Mediation. If a dispute arises out of or related to this Agreement and the dispute cannot be settled through direct discussions, the System and Adm. McRaven agree that they shall first endeavor to settle the dispute in an amicable fashion, including the use of non-binding mediation. Within fifteen (15) days after delivery of a written notice of a request for mediation from one party to the other, the dispute shall be submitted to a single mediator chosen by the parties in Austin, Texas. The cost of mediation shall be paid by the System.

D. Counterparts. This Agreement may be executed in counterparts, and by the parties on separate counterparts each of which, when so executed, shall constitute but one of the same instrument.

*[Remainder of Page Intentionally Left Blank – Signature Page to Follow]*

**SIGNED AND EXECUTED** in duplicate originals as indicated below, but effective as of the Effective Date.

\_\_\_\_\_  
Adm. William H. McRaven, USN (Ret'd).

Date Signed: \_\_\_\_\_

**THE UNIVERSITY OF TEXAS SYSTEM**

\_\_\_\_\_  
Paul L. Foster  
Chairman, Board of Regents

Date Signed: \_\_\_\_\_

22. Real Estate Report - U. T. System: Summary Report of Separately Invested Assets Managed by U. T. System

**THE UNIVERSITY OF TEXAS SYSTEM  
SEPARATELY INVESTED ASSETS  
Managed by U. T. System  
Summary Report at August 31, 2014**

**FUND TYPE**

	Current Purpose Restricted		Endowment and Similar Funds		Annuity and Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
<b>Land and Buildings:</b>								
Ending Value 05/31/14	\$ 1,735,492	\$ 11,830,603	\$ 97,979,386	\$ 269,922,269	\$ 1,601,467	\$ 3,033,085	\$ 101,316,345	\$ 284,785,957
Increase or Decrease	(307)	1,149,651	(36,763)	1,838,180	-	(110,006)	(37,070)	2,877,825
Ending Value 08/31/2014	\$ 1,735,185	\$ 12,980,254	\$ 97,942,623	\$ 271,760,449	\$ 1,601,467	\$ 2,923,079	\$ 101,279,275	\$ 287,663,782
<b>Other Real Estate:</b>								
Ending Value 05/31/14	\$ 17,766	\$ 17,766	\$ 9	\$ 9	\$ -	\$ -	\$ 17,775	\$ 17,775
Increase or Decrease	(3,286)	(3,286)	-	-	-	-	(3,286)	(3,286)
Ending Value 08/31/2014	\$ 14,480	\$ 14,480	\$ 9	\$ 9	\$ -	\$ -	\$ 14,489	\$ 14,489

Report prepared in accordance with Sec. 51.0032 of the *Texas Education Code*.  
Details of individual assets by account furnished on request.

Note: Surface estates are managed by the U. T. System Real Estate Office. Mineral estates are managed by U. T. System University Lands. The royalty interests received from the Estate of John A. Jackson for the John A. and Katherine G. Jackson Endowed Fund in Geosciences are managed by the U. T. Austin Geology Foundation, with the assistance of the Bureau of Economic Geology.

**ACADEMIC INSTITUTIONS**

23. Tenure Appointment - U. T. Arlington: Amendment to the 2014-2015 budget

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>College of Science</b>					
Chemistry and Biochemistry					
Associate Professor					
Robin Macaluso (T)	12/1-5/31	100	09	\$82,000	6328

24. Contract (funds coming in) - U. T. Austin: Facilities Management Agreement with National Archives and Records Administration

Agency: National Archives and Records Administration

Funds: \$2,349,663

Period: September 1, 2014 through August 31, 2015

Description: Facilities Management Agreement between Department of Facility Services and National Archives and Records Administration for provision of consolidated facilities management, security services, utilities, and additional services for the Lyndon B. Johnson Presidential Library/Museum.



25. Contract (funds coming in and going out) - U. T. Austin: Football Game Agreement with University of Michigan

Agency: University of Michigan

Funds: \$1,000,000 per game, for two games, to the visiting school only

Period: September 4, 2014 through September 4, 2027

Breach of Contract: Damages up to \$2,000,000

Source of Funds: Intercollegiate Athletics

Description: Football Game Agreement between Intercollegiate Athletics for Men and University of Michigan for two football games: on August 31, 2024, at Michigan Stadium, Ann Arbor, Michigan, and on September 4, 2027, at Darrell K Royal-Texas Memorial Stadium, Austin, Texas.

26. Contract (funds coming in and going out) - U. T. Austin: Football Game Agreement with University of South Florida

Agency: University of South Florida

Funds: To visiting school only -  
\$400,000 for game on August 31, 2019  
\$450,000 for game on September 3, 2022  
\$1,200,000 for game on September 7, 2024

Period: September 12, 2014 through September 30, 2024

Breach of Contract: Damages up to \$1,000,000

Source of Funds: Intercollegiate Athletics

Description: Football Game Agreement between Intercollegiate Athletics for Men and University of South Florida for football games: on August 31, 2019, at Darrell K Royal-Texas Memorial Stadium, Austin, Texas; on September 3, 2022, at Raymond James Stadium, Tampa, Florida; and on September 7, 2024, at Darrell K Royal-Texas Memorial Stadium, Austin, Texas.

27. Contract (funds going out) - U. T. Austin: Football Game Agreement with The University of Tulsa

Agency: The University of Tulsa

Funds: \$1,100,000 to the visiting school only

Breach of Contract: Damages up to \$1,100,000

Source of Funds: Intercollegiate Athletics

Period: November 7, 2014 through September 30, 2018

Description: Football Game Agreement between Intercollegiate Athletics for Men and The University of Tulsa for football game on September 8, 2018, at Darrell K Royal-Texas Memorial Stadium, Austin, Texas.

28. Contract (funds going out) - U. T. Austin: Contract to purchase the literary archive of Gabriel García Márquez

Agency: Representatives of Gabriel García Márquez

Funds: Proposed purchase amount protected under *Texas Government Code* Section 552.104

Source of Funds: Education and General Funds

Period: November 7, 2014

Description: The Harry Ransom Humanities Research Center will be purchasing the Archive of author Gabriel García Márquez, composed of more than 30 feet of literary manuscripts, correspondence, professional files, photographs, personal artifacts, and books.

29. Tenure Appointments - U. T. Austin: Amendment to the 2013-2014 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>Moody College of Communication</b>					
Department of Communication Studies					
Professor					
Jay M. Bernhardt (T)	7/1-8/31	100	09	186,000	6316
School of Journalism					
Professor					
Robert B. Brenner (T)	8/1-8/31	100	09	140,000	6315
<b>Cockrell School of Engineering</b>					
Department of Civil, Architectural, and Environment Engineering					
Professor					
Charles J. Werth (T)	8/1-8/31	100	09	160,000	6318
<b>College of Fine Arts</b>					
School of Music					
Professor					
Mary E. Poole (T)	5/12-8/31	100	09	135,000	6317
<b>College of Liberal Arts</b>					
Department of Economics					
Professor					
Venkataraman Bhaskar (T)	8/18-8/31	100	09	220,000	6311
	9/1-5/31	SUPL		20,000	
Department of Geography and the Environment					
Professor					
Timothy Beach (T)	7/1-8/31	100	09	165,000	6298
	9/1-5/31	SUPL		15,000	

30. Tenure Appointments - U. T. Austin: Amendment to the 2014-2015 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>Moody College of Communication</b>					
Department of Communication Sciences and Disorders					
Chair and Professor					
James Booth (T)	9/1-5/31	100	09	186,000	6334
<b>College of Education</b>					
Department of Curriculum and Instruction					
Associate Professor					
Victor Sampson (T)	9/1-5/31	100	09	107,000	6335
	9/1-5/31	SUPL		3,000	
<b>Cockrell School of Engineering</b>					
Department of Mechanical Engineering					
Associate Professor					
Maura Borrego (T)	9/1-5/31	100	09	107,000	6336
Marissa N. Rylander (T)	9/1-5/31	100	09	125,000	6337
	9/1-5/31	SUPL		3,000	
Christopher G. Rylander (T)	9/1-5/31	100	09	105,000	6338
<b>College of Liberal Arts</b>					
Department of Anthropology					
Associate Professor					
Ronald Covey (T)	9/1-5/31	100	09	110,000	6330
Department of English					
Associate Professor					
Deborah Unferth (T)	9/1-5/31	100	09	100,000	6332
Department of Philosophy					
Associate Professor					
Matthew L. Evans (T)	9/1-5/31	100	09	108,000	6333

Description (cont.)	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>College of Natural Sciences</b>					
Department of Astronomy					
McDonald Observatory Director and Professor					
Taft E. Armandroff (T)	9/1-5/31	0	09	189,000	6331
	9/1-8/31	100	12	252,000	
<b>School of Social Work</b>					
Associate Dean and Professor					
Allan H. Cole Jr. (T)	9/1-5/31	50	09	120,000	6339
	9/1-8/31	50	12	160,000	

31. Emeritus Appointments - U. T. Austin: Approval of emeritus titles

**Ekwere J. Peters** from Frank W. Jessen Professorship in Petroleum Engineering and George H. Fancher Professorship in Petroleum Engineering to Frank W. Jessen Professor Emeritus in Petroleum Engineering, Department of Petroleum and Geosystems Engineering in the Cockrell School of Engineering (RBC No. 6186) -- amendment to the 2014-2015 budget

**Gilbert C. Rappaport** from Professor to Professor Emeritus, Department of Slavic and Eurasian Studies in the College of Liberal Arts (RBC No. 6187) -- amendment to the 2014-2015 budget

**Roger D. Bengtson** from Professor to Professor Emeritus, Department of Physics in the College of Natural Sciences (RBC No. 6188) -- amendment to the 2014-2015 budget

**Joseph F. Malina, Jr.** from C. W. Cook Professorship in Environmental Engineering to C. W. Cook Professor Emeritus in Environmental Engineering, Department of Civil, Architectural and Environmental Engineering in the Cockrell School of Engineering (RBC No. 6189) -- amendment to the 2014-2015 budget

**Daniel S. Hamermesh** from Sue Killam Professorship in the Foundations of Economics to Sue Killam Professor Emeritus in the Foundations of Economics, Department of Economics in the College of Liberal Arts (RBC No. 6190) -- amendment to the 2014-2015 budget

**Douglas C. Dacy** from Professor to Professor Emeritus, Department of Economics in the College of Liberal Arts (RBC No. 6191) -- amendment to the 2014-2015 budget

**J. K. Aggarwal** from Professor and Cullen Trust for Higher Education Endowed Professorship in Engineering to Cullen Trust for Higher Education Endowed Professor Emeritus in Engineering, Department of Electrical and Computer Engineering in the Cockrell School of Engineering (RBC No. 6267) -- amendment to the 2014-2015 budget

32. Request for Budget Change - U. T. Austin: Transfer \$1,875,819 from Info Technology Services Residential Network Operating Income account to Info Technology Services Residential Network Classified Salaries, Special Equipment, and Maintenance, Operation, and Equipment accounts to distribute income from Information Technology Services Residential Network payments (RBC No. 6096) -- amendment to the 2013-2014 budget
33. Request for Budget Change - U. T. Austin: Transfer \$536,786 from Masters of Arts Degree Program Operating Income account to Masters of Arts Degree Program Maintenance, Operation, and Equipment, Travel, Wages, Tuition Remission, Fringe Benefits, Administrative and Professional, and Classified Salaries accounts to distribute income from program fees (RBC No. 6195) -- amendment to the 2013-2014 budget
34. Request for Budget Change - U. T. Austin: Transfer \$567,680 from Quest Student Operating Income account to Quest Student Maintenance, Operation, and Equipment, Classified Salaries, Administrative and Professional Salaries, and Fringe Benefits accounts to distribute income from Quest student fees (RBC No. 6198) -- amendment to the 2013-2014 budget
35. Request for Budget Change - U. T. Austin: Transfer \$1,364,186 from Professional Development Operating Income account to Professional Development Maintenance, Operation, and Equipment, Travel and Miscellaneous Income accounts to distribute income from open-to-public, online, and certification registrations (RBC No. 6199) -- amendment to the 2013-2014 budget
36. Request for Budget Change - U. T. Austin: Transfer \$1,980,000 from International Office - ESL Programs Operating Income account to International Office - ESL Programs Maintenance, Operation, and Equipment, Wages and Travel accounts to distribute income from English as a Second Language program tuition (RBC No. 6214) -- amendment to the 2013-2014 budget
37. Request for Budget Change - U. T. Austin: Transfer \$2,000,000 from Law School Excellence Funds Operating Income - Tuition Differential accounts to Law School Facility Upgrades Allocated for Budget account for Plant Fund reserves (RBC No. 6277) -- amendment to the 2013-2014 budget
38. Request for Budget Change - U. T. Austin: Transfer \$3,250,000 from Library - A.U.F. Maintenance, Operation, and Equipment account to Create New Learning Commons All Expenses account for new Learning Commons renovation at the Perry-Castaneda Library (RBC No. 6278) -- amendment to the 2013-2014 budget

- 39. Request for Budget Change - U. T. Austin: Transfer \$600,000 from Division of Recreational Sports Operating Income Other Expenses account and Recreational Sports Center - Operating Income Other Expenses account to Recreational Sports Reserve for Repair and Replacement - Programs/Services/Retail – Recreational account to support building renovation at the Caven Lacrosse and Sports Center at Clark Field (RBC No. 6279) -- amendment to the 2013-2014 budget
  
- 40. Request for Budget Change - U. T. Austin: Transfer \$1,640,000 from Frank C. Erwin, Jr. Center Special Events Operating Income account to Frank Erwin Center Reserve for Renewals and Replacements Allocated for Budget account for Plant Fund reserves (RBC No. 6280) -- amendment to the 2013-2014 budget
  
- 41. Request for Budget Change - U. T. Austin: Transfer \$1,000,000 from Interest on Temporary Investments - Designated Funds Allocation for Budget Adjustment account to Pooled Plant Funds Balances Unallocated account for Pooled Plant Funds reserves (RBC No. 6291) -- amendment to the 2013-2014 budget
  
- 42. Lease - U. T. Austin: Authorization to lease space at 2706 Montopolis Drive, Austin, Travis County, Texas, to Novati Technologies, Inc. for semiconductor-related research, development, and manufacturing

Description: Lease of approximately 138,317 square feet of research and development and manufacturing space located at 2706 Montopolis Drive, Austin, Texas to be used by Lessee for semiconductor manufacturing

Lessee: Novati Technologies, Inc., a Texas corporation

Term: The initial term will commence January 1, 2016 and continue through December 31, 2022. Lessee shall have two options to renew the lease for a period of three years each.

Lease Income: Base rent over the initial seven-year term totals \$7,662,431.53. The rent for the renewal periods shall be at then-current market rents. The Lessee will be responsible for all ad valorem taxes and operating costs for the property. Tezzaron Semiconductor, Inc. will guarantee Lessee's performance under the lease.

43. Lease - U. T. Brownsville: Authorization to extend the term of leased space on the Texas Southmost College campus in Brownsville, Texas, from the Board of Trustees of Texas Southmost College, for administrative, office, classroom, laboratory, and ancillary uses

Description: Extension of term of Lease of approximately 99,456 square feet of space located in various buildings and suites on the Texas Southmost College campus located at 80 Fort Brown Road, Brownsville, Texas, for administrative, office, classroom, laboratory, and ancillary uses. The term of each space will be extended to expire on the same date.

Lessor: Board of Trustees of Texas Southmost College

Term: The lease term for each of the spaces for which approval is requested, including extension periods, will expire on August 31, 2017

Lease Cost: The base rental rate is \$12.00 per square foot each year. The aggregate value of the increase in base rent during the extension term for the various spaces is approximately \$1,972,326.00. In addition to base rent, U. T. Brownsville will pay its proportionate share of the costs of utilities and janitorial services provided to the space.

Source of Funds: General operating funds

44. Purchase - U. T. Brownsville: Authorization to acquire by gift and bargain purchase from the City of Brownsville, a tract of land improved with park facilities and consisting of approximately 47.96 acres currently known as Lincoln Park, located immediately southwest of the 21.2-acre tract at the southwest corner of West University Boulevard and U.S. Highways 77/83 in Brownsville, Cameron County, Texas, for future programmed development of campus expansion; lease back of said land to the City of Brownsville; resolution regarding parity debt; and finding pursuant to Chapter 26 of the Texas Parks and Wildlife Code

Description: Gift and bargain purchase from the City of Brownsville of a tract of land improved with park facilities and consisting of approximately 47.96 acres currently known as Lincoln Park, located immediately southwest of the 21.2-acre tract at the southwest corner of West University Boulevard and U.S. Highways 77/83 in Brownsville, Cameron County, Texas. The City of Brownsville agreed to provide the land for \$6,500,000, the estimated expense of replacing the park facilities, which consist of playing fields, playground equipment, restrooms and locker facilities, if U. T. Brownsville was not relocated from downtown Brownsville.



On May 9, 2013, the Board authorized the institution to continue discussions with the City to acquire the subject tract as well as an adjacent tract. The property is critical for the growth of the institution due to its size and proximity to the academic core of the campus; there is no alternative site of equal benefit available. The City of Brownsville has indicated that it plans to use the bargain sale proceeds to replace the park facilities at locations more convenient to the public.

Seller: City of Brownsville

Bargain Purchase Price: \$6.5 million

Appraisal: Appraised by Aquire & Patterson, Inc., dated July 23, 2014; market value range from \$8,860,000 to \$9,360,000

Finding: The Board is asked to make the following finding:

Chapter 26 of the *Texas Parks and Wildlife Code* requires that a public hearing be held before a state agency may approve any program or project that requires the use or taking of any public land designated and used as a park. Such public hearing was held in Brownsville, Texas, on October 30, 2014. Pursuant to Chapter 26 of the *Texas Parks and Wildlife Code*, the U. T. System Board of Regents determines that (i) there is no feasible and prudent alternative to the use or taking of the subject property and (ii) the program or project includes all reasonable planning to minimize harm to the land as a park resulting from the use or taking.

Lease Back: Lease back at no cost to the City of Brownsville of Lincoln Park for a period not to exceed five years, so that the City of Brownsville will have time to construct alternate park facilities elsewhere. No further improvements may be located on the property during the lease term. Uses will be limited to park and recreational uses.

Source of Funds: Revenue Financing System (RFS) debt; the \$6,500,000 in aggregate Revenue Financing System debt will be repaid with institutional funds. Annual debt service on the \$6,500,000 Revenue Financing System debt is expected to be \$422,835. The institution's debt service coverage is projected to be 2.7 times in FY 2014 and has averaged 2.4 times over FY 2009-2013:

- parity debt shall be issued to fund all or a portion of the purchase price, including any costs prior to the issuance of such parity debt;

- sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledge Revenues as defined in the RFS Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System;
- U. T. Brownsville, which is a “Member” as such term is used in the RFS Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of parity debt in an aggregate amount not to exceed fair market value as established by independent appraisals; and
- this resolution satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations* that evidences the Board’s intention to reimburse project expenditures with bond proceeds.

45. Tenure Appointments - U. T. Dallas: Amendment to the 2014-2015 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>Erik Jonsson School of Engineering and Computer Science</b>					
Bioengineering					
Associate Professor					
Mario Romero-Ortega (T)	9/1-5/31	100	09	140,000	6241
Professor					
Stuart Cogan (T)	9/1-5/31	100	09	160,000	6232
Professor					
David Schmidtke (T)	9/1-5/31	100	09	140,000	6243
Computer Science					
Associate Professor					
Andrian Marcus (T)	9/1-5/31	100	09	140,000	6236

Description (cont.)	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
Mechanical Engineering Professor Reza Moheimani (T)	9/1-5/31	100	09	180,000	6238
<b>Naveen Jindal School of Management</b>					
Management Associate Professor Toyah Miller (T)	9/1-5/31	100	09	165,000	6237
Professor Gil Sadka (T)	9/1-5/31	100	09	232,000	6242
<b>School of Arts and Humanities</b>					
Emerging Media and Communications Associate Professor Rosanna Guadagno (T)	9/1-5/31	100	09	90,000	6233
<b>School of Behavioral and Brain Sciences</b>					
Psychological Sciences Associate Professor Amy Pinkham (T)	9/1-5/31	100	09	88,000	6240
<b>School of Economic, Political and Policy Sciences</b>					
Economics Professor Dong Li (T)	9/1-5/31	100	09	190,000	6235
<b>School of Natural Sciences and Mathematics</b>					
Mathematics Associate Professor Tae Hoon Kim (T)	9/1-5/31	100	09	150,000	6234
Professor L. Felipe Pereira (T)	9/1-5/31	100	09	166,000	6239

46. Emeritus Appointment - U. T. Dallas: Appointment of Shun-Chen Niu from Professor of Operations Research, Naveen Jindal School of Management, to Professor Emeritus, Department of Operations Research, Naveen Jindal School of Management (RBC No. 6276) -- amendment to the 2014-2015 budget

47. Facilities Planning and Construction - U. T. Dallas: Callier Richardson Expansion - Amendment of the FY 2015-2020 Capital Improvement Program (CIP) to increase total project cost; approval to revise funding sources; and appropriation of funds and authorization of expenditure

Item: Amend the FY 2015-2020 CIP to increase the total project cost from \$20,000,000 to \$22,650,000; revise funding sources to include Unexpended Plant Funds; and appropriate and authorize expenditure of \$2,650,000 from Unexpended Plant Funds.

Source of Funds: Unexpended Plant Funds from Excess Reserves

Substantial Completion Date: June 2016

Description: Finish out shell space to accommodate enrollment growth that has outpaced the planned rate of expansion and created an immediate and urgent need for additional academic space.

48. Tenure Appointments - U. T. El Paso: Amendment to the 2014-2015 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>College of Business Administration</b>					
Accounting and Information Systems Professor					
Samuel Louis Tiras (T)	9/1-5/31	100	09	180,000	6281
<b>College of Liberal Arts</b>					
Sociology and Anthropology Associate Professor and Director of Asian Studies					
Pratyusha Basu (T)	1/15-5/31	100	09	80,000	6282
Professor					
Jayajit Chakraborty (T)	1/15-5/31	100	09	108,000	6285

Description (cont.)	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>School of Nursing</b>					
Nursing					
Associate Professor					
Gloria McKee-Lopez (T)	9/1-5/31	100	09	90,000	6286

- 49. Report - U. T. Pan American: No items for Consent Agenda
- 50. Report - U. T. Permian Basin: No items for Consent Agenda
- 51. Report - U. T. Rio Grande Valley: No items for Consent Agenda
- 52. Request for Budget Change - U. T. San Antonio: Transfer \$516,763 from University Center Repair and Remodel account to University Center II Install Seating and Flooring account for the installation of seating and flooring in the University Center II (RBC No. 6271) -- amendment to the 2014-2015 budget
- 53. Report - U. T. Tyler: No items for Consent Agenda

## HEALTH INSTITUTIONS

54. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide physician services

Agency: Anesthesiologists for Children  
Funds: \$14,866,448  
Period: September 1, 2014 through August 31, 2015  
Description: U. T. Southwestern Medical Center will provide physician services.

55. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide physician clinic coverage, on-call coverage, and medical administrative services

Agency: Complex Care Medical Services Corporation  
Funds: \$2,400,000  
Period: September 1, 2014 through August 31, 2017  
Description: U. T. Southwestern Medical Center will provide physician clinic coverage, on-call coverage, and medical administrative services.

56. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide physician services to Parkland Health and Hospital System

Agency: Dallas County Hospital District  
Funds: \$70,000,000  
Period: October 1, 2014 through September 30, 2015  
Description: U. T. Southwestern Medical Center will provide physician services to Parkland Health and Hospital System.

57. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide physicians and other health care services to Parkland Health and Hospital System

Agency: Dallas County Indigent Care Corporation

Funds: \$136,000,000

Period: October 1, 2014 through September 30, 2015

Description: Provide physician and other health care services at Parkland Health and Hospital System to indigent and needy persons in and around Dallas County, Texas.

58. Contract (funds going out) - U. T. Southwestern Medical Center: Balcones Resources, Inc. to provide waste and recycling services

Agency: Balcones Resources, Inc.

Funds: \$1,903,000

Source of Funds: Designated and Service - MSRDP/DSRDP/PRS practice plan professional fees

Period: September 1, 2014 through August 31, 2015

Description: Balcones Resources, Inc. will provide waste disposal and recycling services at the U. T. Southwestern Medical Center campus.

59. Contract (funds going out) - U. T. Southwestern Medical Center: Payment for neonatal intensive care unit clinical, administrative, and consulting services at William P. Clements, Jr. University Hospital

Agency: Children's Medical Center

Funds: \$1,147,417

Source of Funds: Designated Funds - Hospital Patient Income at U. T. Southwestern Medical Center

Period: September 1, 2014 through August 31, 2023

Description: Children's Medical Center to provide neonatal intensive care unit clinical, administrative, and consulting services.

60. Contract (funds going out) - U. T. Southwestern Medical Center: MedTouch to provide content marketing strategy, content creation and planning, and digital media buying

Agency: MedTouch

Funds: \$3,548,825

Source of Funds: Designated Funds - MSRDP/DSRDP/PRS practice plan professional fees

Period: December 6, 2012 through December 31, 2017 (Contract is being brought forward for Board approval as it has reached the \$1,000,000 threshold)

Description: MedTouch will provide content marketing strategy, content creation and planning, and digital media buying.

61. Emeritus Appointments - U. T. Southwestern Medical Center: Approval of emeritus titles

**James Forman** from Professor to Professor Emeritus, Department of Immunology in the Medical School (RBC No. 6306) -- amendment to the 2014-2015 budget

**Peter Stastny** from Professor to Professor Emeritus, Department of Internal Medicine in the Medical School (RBC No. 6308) -- amendment to the 2014-2015 budget

**Duke Samson** from Professor to Professor Emeritus, Department of Neurological Surgery in the Medical School (RBC No. 6322) -- amendment to the 2014-2015 budget

62. Lease - U. T. Southwestern Medical Center: Authorization to extend the lease of space located at 6300 Harry Hines Boulevard, Dallas, Texas, for Suites 105, 900, and 1200 and 141 square feet of space on the tenth floor to Children's Medical Center of Dallas

Description: Extension of the lease of approximately 32,427 square feet in the Chase Bank Building of the U. T. Southwestern Medical Center campus in Dallas, Texas, to be used by Lessee for medical and general office purposes

Lessee: Children's Medical Center of Dallas, a Texas nonprofit corporation

Term: The term of the lease is extended for a period commencing on December 1, 2016, and continuing through November 30, 2018.

Lease Income: U. T. Southwestern Medical Center will receive a total of \$531,390.96 in rent during the first lease year and \$547,332.72 during the second lease year, for a total of \$1,078,723.68 over the entire extension term.



63. Lease - U. T. Southwestern Medical Center: Authorization to enter into a lease for space located at 400 West Magnolia Avenue, Fort Worth, Texas, from U. T. Southwestern Moncrief Cancer Institute for medical and office use

Description: Lease for 23,757 square feet of space designated as "Single Tenant Floors" located on the first, second, and third floors of the building located at 400 West Magnolia Avenue, Fort Worth, Texas, known as the U. T. Southwestern Moncrief Cancer Institute

Lessor: U. T. Southwestern Moncrief Cancer Center, a Texas nonprofit corporation, doing business as Moncrief Cancer Institute

Term: The term is for a period of 120 months, commencing upon the date that the Landlord delivers a Certificate of Occupancy to Tenant for the leased premises issued by the City of Fort Worth and continuing for 120 months after the Commencement Date, which is anticipated to be April 1, 2015.

Lease Cost: Tenant shall pay Landlord \$35.00 per square foot of the Leased Premises annually. The base rent will escalate by 3 percent on each anniversary of Commencement Date throughout the term. The amount of Base Rent shall total \$9,532,258.68 over the 10 year life of the lease.

Additionally, Tenant shall pay a pro rata share of electricity. Electricity costs are estimated at \$2.25 per square foot over the term of the lease. The total amount of electricity charges is estimated to be \$534,532.50 over the 10 year life of the lease.

Source of Funds: Funds from clinical operations

64. Facilities Planning and Construction - U. T. Southwestern Medical Center: West Campus - Phase 1 - appropriation and authorization of partial expenditure of funds to begin abatement, partial demolition, and relocation of occupants

Item: Appropriate and authorize expenditure of \$12,000,000 from previously approved Permanent University Fund (PUF) Bond Proceeds.

Funds: \$12,000,000 from PUF Bond Proceeds. \$50,000,000 in PUF was approved for this project on November 14, 2013, as part of a \$187,000,000 total project cost. Funding is needed now for Phase I.

Substantial Completion Date: November 2017

Description: The West Campus - Phase 1 project includes the demolition of St. Paul University Hospital, construction of an academic/ambulatory clinical building, and infrastructure including utilities, streets, and parking garage.

Approval of funds is needed for preliminary development work including abatement and partial demolition of the existing St. Paul University Hospital, modification of existing buildings, and relocation of occupants in areas affected by the demolition.

65. Contract (funds coming in) - U. T. Medical Branch - Galveston: To provide comprehensive family planning services for Texas Department of State Health Services, Family Planning Fee for Service

Agency: Texas Department of State Health Services (DSHS)

Funds: \$2,683,801

Period: September 1, 2014 through August 31, 2015

Description: U. T. Medical Branch - Galveston will continue to provide comprehensive family planning services which include medical, counseling, client education, referral, community education, and outreach services to Title X eligible individuals. This is the first of two family planning agreements (DSHS Contract No. 2015-045820).

66. Contract (funds coming in) - U. T. Medical Branch - Galveston: To provide comprehensive family planning services for Texas Department of State Health Services, Family Planning
- Agency: Texas Department of State Health Services (DSHS)
- Funds: \$2,683,800
- Period: September 1, 2014 through August 31, 2015
- Description: U. T. Medical Branch - Galveston will continue to provide comprehensive family planning services which include medical, counseling, client education, referral, community education, and outreach services to eligible individuals through a categorical budget. This is the second of two family planning agreements (DSHS Contract No. 2015-046267).
67. Contract (funds coming in) - U. T. Medical Branch - Galveston: To provide preventive and primary care medical services for Texas Department of State Health Services
- Agency: Texas Department of State Health Services (DSHS)
- Funds: \$3,911,550
- Period: September 1, 2014 through August 31, 2015
- Description: U. T. Medical Branch - Galveston will provide preventive and primary care medical services to eligible individuals. This is the first of two preventative and primary care contracts (DSHS Contract No. 2015-046337).
68. Contract (funds coming in) - U. T. Medical Branch - Galveston: To provide preventive and primary care medical services for Texas Department of State Health Services
- Agency: Texas Department of State Health Services (DSHS)  
Expanded Primary Health Care Program
- Funds: \$1,303,850
- Period: September 1, 2014 through August 31, 2015
- Description: U. T. Medical Branch - Galveston will provide preventive and primary care medical services to eligible individuals. This is the second of two preventative and primary care contracts (DSHS Contract No. 2015-046721).

69. Contract (funds coming in) - U. T. Medical Branch - Galveston: To provide comprehensive breast and cervical cancer screening services for Texas Department of State Health Services

Agency: Texas Department of State Health Services (DSHS)  
Funds: \$1,254,233  
Period: September 1, 2014 through August 31, 2015  
Description: U. T. Medical Branch - Galveston will provide comprehensive breast and cervical cancer screening services to eligible individuals (DSHS Contract No. 2015-047036).

70. Contract (funds coming in) - U. T. Medical Branch - Galveston: To provide a program of early childhood intervention services for Texas Department of Assistive and Rehabilitative Services

Agency: Texas Department of Assistive and Rehabilitative Services (DARS)  
Funds: \$1,095,834  
Period: September 1, 2014 through August 31, 2015  
Description: U. T. Medical Branch - Galveston to provide a program of early childhood intervention services (ECI) for children with development delay and respite services for families of children enrolled in DARS ECI comprehensive services.

71. Contract (funds coming in) - U. T. Medical Branch - Galveston: To provide oversight and reporting functions for Texas Health and Human Services Commission related to the Texas Transformation and Quality Improvement Program 1115 Waiver

Agency: Texas Health and Human Services Commission (THHSC)  
Funds: Not to exceed \$2,000,000  
Period: October 1, 2012 through September 30, 2016  
Description: The Waiver authorizes the State of Texas to establish a Delivery System Reform Incentive Payment (DSRIP) program. Texas has 20 Regional Healthcare Partnerships (RHPs) whose members may participate in DSRIP. Each RHP has one governmental entity, designated by THHSC that assists THHSC in coordinating RHP activities. The designated governmental entity is referred to as the

“Anchor.” The purpose of this contract is to delegate certain administrative functions associated with the 1115 Waiver from THHSC to the Anchor. The administrative functions relate to Waiver implementation within the Anchor’s RHP. The contract also provides a corresponding mechanism for THHSC to use federal Medicaid matching funds to make certain matching payments to Anchor for the performance of the administrative functions. U. T. Medical Branch - Galveston has been performing duties as the 1115 Waiver Anchor for RHP 2 since Fall 2012. THHSC recently submitted this agreement to formalize the arrangement with all RHP Anchors in the State of Texas. Reimbursements from federal and state funding sources are based upon expenditures by Anchor, which are not to exceed \$2,000,000.

72. Contract (funds going out) - U. T. Medical Branch - Galveston: Texas Gas Service Company, a division of ONE Gas, Inc. to provide a dedicated natural gas pipeline

Agency: Texas Gas Service Company, a division of ONE Gas, Inc.

Funds: Estimated \$10,000,000

Source of Funds: Combination of federal, State, and patient income funds

Period: November 1, 2014, until installation is complete. Installation is expected to take six (6) months.

Description: Texas Gas Service (TGS) is a natural gas transmission and distribution utility that serves Galveston Island. Under this Agreement for Natural Gas Pipeline Installation, TGS will install a natural gas pipeline that will exclusively serve U. T. Medical Branch - Galveston. This dedicated natural gas pipeline will serve U. T. Medical Branch - Galveston’s onsite generation and separate U. T. Medical Branch - Galveston from the municipal distribution system. The Pipeline is a component part of the District Heating and Cooling Project, part of the previously Board-approved Ike project, that improves campus resiliency and mitigates the impacts of events like Hurricane Ike. As is typical with extensions of utility facilities that serve only one customer, TGS will own the pipeline and U. T. Medical Branch - Galveston will reimburse TGS for the cost of installation of the pipeline. TGS provided a cost estimate of \$8,000,000. Contingency funds are calculated at \$2,000,000. TGS and U. T. Medical Branch - Galveston are currently in negotiations to enter into a separate contract for U. T. Medical Branch - Galveston to purchase natural gas transportation services from TGS using the dedicated pipeline.

73. Tenure Appointments - U. T. Medical Branch - Galveston: Amendment to the 2014-2015 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>Academic Enterprise</b>					
Biochemistry and Molecular Biology Professor and Chair					
Mariano Garcia-Blanco (T)	9/1-8/31	100	12	\$375,000	6079
Preventive Medicine and Community Health Professor					
Thomas Smith (T)	9/1-8/31	100	12	\$220,000	6073

74. Lease - U. T. Medical Branch - Galveston: Authorization to lease space at 1560 West Bay Area Boulevard, Friendswood, Harris County, Texas, from Cole Baybrook, Ltd. for office use

Description: Lease of approximately 21,748 square feet of space at 1560 West Bay Area Boulevard, Friendswood, Harris County, Texas for office use

Lessor: Cole Baybrook, Ltd., a Texas limited partnership

Term: The lease will commence on the date that Landlord delivers the Premises. The commencement date is estimated to be December 1, 2014, and the initial term is for a period of 60 months. U. T. Medical Branch - Galveston has the option, exercisable in its discretion, to renew the lease for two five-year renewal periods.

Lease Cost: Base Rent will be \$1,957,320 during the initial term. During the first lease year, the rental rate is \$17.00 per square foot annually and increases by \$0.50 per square foot each year. Beginning on January 1, 2016, in addition to base rent, U. T. Medical Branch - Galveston will pay the amount by which operating expenses exceed the actual operating expenses incurred during the 2015 base year. Base rent for the renewal periods will be at then-current fair market rental rates. The Lessor is providing a tenant allowance of approximately \$152,236.00 for improvements to the premises.

Source of Funds: TDCJ/TJJD Contract

75. Lease - U. T. Medical Branch - Galveston: Authorization to lease space at Clear Lake Center, 20728-20740 Gulf Freeway, Webster, Harris County, Texas, from Clear Lake Center, L.P., a Texas limited partnership for administrative use by U. T. Medical Branch - Galveston's Purchasing, Procurement, Supply Chain, Information Services Help Desk, Service Response, and Accounts Payable Offices

Description: Lease of 62,312 square feet located at 20728-20740 Gulf Freeway, Webster, Harris County, Texas. U. T. Medical Branch - Galveston currently leases 62,312 rentable square feet of space in five suites pursuant to five separate leases that commenced on different dates between October 2009 and August 2012; all of the leases expire on August 31, 2015. The aggregate rent payable by U. T. Medical Branch - Galveston for the initial terms of the five leases exceeds one million dollars; no record of prior Board of Regents' approval of the five leases has been found. U. T. Medical Branch - Galveston is further seeking to extend the term of the five leases for a period of 36 months.

Lessor: Clear Lake Center, L.P., a Texas limited partnership

Term: The commencement dates of the five leases occurred between October 20, 2009 and August 24, 2012; the extension term for all of the leases will commence on September 1, 2015 and will expire August 31, 2018.

Lease Cost: The aggregate rent for the initial term of the five leases is \$3,657,072. The aggregate rent during the extension period will be \$2,800,300. During the lease term, common area charges are capped at 5% over the previous year. The Lessor will contribute \$600,000 for tenant improvements to the space. The total aggregate rent for the initial lease terms and the extension term is \$6,457,372.

Source of Funds: Patient revenue

76. Approval of Dual Position of Honor, Trust, or Profit - U. T. Medical Branch - Galveston: Appointment by Governor Perry of James LeDuc, Ph.D., Professor of Microbiology and Immunology, as Member of the Texas Task Force on Infectious Disease Preparedness and Response

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with Regents' *Rules and Regulations*, Rule 30103.

It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas Medical Branch at Galveston, and there is no conflict between holding this position and the appointment with the University.

The Board is also asked to find that holding this position is of benefit to the State of Texas and the University, and that there is no conflict between the position and the University.

Name: James LeDuc, Ph.D.

Title: Director, Galveston National Lab  
Director, Program on Global Health, Institute for Infections and Immunity  
Professor of Microbiology and Immunology

Position: Member, Texas Task Force on Infectious Disease Preparedness and Response

Period: Beginning October 6, 2014

Compensation: Per Diem expenses only

Description: Governor Perry has appointed Dr. LeDuc to serve as a Member of the Texas Task Force on Infectious Disease Preparedness and Response. The Task Force duties are to provide expert evidence-based assessments, protocols, and recommendations related to the current Ebola response and a strategy emergency management plan for the incident command team and their parties at the state and local levels of government.

77. Approval of Dual Position of Honor, Trust, or Profit - U. T. Medical Branch - Galveston: Appointment by Governor Perry of Thomas Ksiazek, D.V.M., Ph.D., Professor, Department of Pathology, as Member of the Texas Task Force on Infectious Disease Preparedness and Response

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with Regents' *Rules and Regulations*, Rule 30103.

It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas Medical Branch at Galveston, and there is no conflict between holding this position and the appointment with the University.

The Board is also asked to find that holding this position is of benefit to the State of Texas and the University, and that there is no conflict between the position and the University.

Name: Thomas Ksiazek, D.V.M., Ph.D.

Title: Director of High Containment Laboratory Operations,  
Galveston National Lab  
Professor, Department of Pathology



Position: Member, Texas Task Force on Infectious Disease Preparedness and Response

Period: Beginning October 6, 2014

Compensation: Per Diem expenses only

Description: Governor Perry has appointed Dr. Ksiazek to serve as a Member of the Texas Task Force on Infectious Disease Preparedness and Response. The Task Force duties are to provide expert evidence-based assessments, protocols, and recommendations related to the current Ebola response and a strategy emergency management plan for the incident command team and their parties at the state and local levels of government.

78. Contract (funds coming in) - U. T. Health Science Center - Houston: Authorization to license space to Follett Higher Education Group, Inc. to operate the three bookstores on the institution's campus in Houston, Texas

Agency: Follett Higher Education Group, Inc., an Illinois corporation

Funds: Use fee of \$200,000 annually; royalties to the institution ranging from 15% to 17% of certain sales of nonacademic materials; \$75,000 refurbishment obligation. Total consideration over 10 years may exceed \$2,075,000.

Period: July 28, 2014 through July 31, 2019; U. T. Health Science Center - Houston may extend this agreement for up to five additional years, through July 31, 2024. Both parties have early termination rights.

Description: Follett Higher Education Group, Inc. will license a total of approximately 7,487 square feet of space in three locations in the Medical School Building, the School of Dentistry Building, and the School of Nursing Building to operate campus bookstores selling a variety of academic materials, snacks, school supplies, clothing, etc. U. T. Health Science Center - Houston is responsible for utilities and operating expenses.

79. Contract (funds coming in) - U. T. Health Science Center - Houston: Memorial Hermann Health System to provide programmatic support, physician support, and support of graduate medical education programs

Agency: Memorial Hermann Health System

Funds: \$163,700,000

Period: July 1, 2014 through June 30, 2015

Description: The Agreement is intended to implement provisions of the Affiliation Agreement between U. T. Health Science Center - Houston and Memorial Hermann Health System. The Agreement provides funding support to the medical school for activities at Memorial Hermann Health System, including but not limited to programmatic support, physician support, and support of graduate medical education programs.

80. Foreign Contract (funds coming in) - U. T. Health Science Center - Houston: Saudi Arabian Cultural Mission to provide funding to support a Saudi Arabian physician participating in a fellowship at U. T. Health Science Center - Houston

Agency: Saudi Arabian Cultural Mission

Funds: \$67,311

Period: September 1, 2014 through August 31, 2015

Description: The purpose of this agreement is to provide funding to U. T. Health Science Center - Houston to support a Saudi Arabian physician participating in a fellowship at U. T. Health Science Center - Houston.

81. Emeritus Appointments - U. T. Health Science Center - Houston: Approval of emeritus titles

**Luisa Franzini** from Professor and Director to Professor Emeritus, Division of Management, Policy and Community Health in the School of Public Health (RBC No. 6250) -- amendment to the 2014-2015 budget

**Henry W. Strobel** from Adjunct Professor and Associate Dean for Faculty Affairs and Alumni Relations to Professor Emeritus, Department of Biochemistry and Molecular Biology in the Medical School (RBC No. 6246) -- amendment to the 2014-2015 budget

**Leslie Roeder** from Professor and Associate Dean for Academic Affairs to Professor Emeritus, Department of Diagnostic and Biomedical Sciences in the School of Dentistry (RBC No. 6340) -- amendment to the 2014-2015 budget

82. Tenure Appointments - U. T. Health Science Center - San Antonio: Amendment to the 2014-2015 budget

The following Requests for Budget Changes (RBC) have been administratively approved by the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>School of Health Professions</b>					
Respiratory Care					
Dean of the School of Health Professions and Respiratory Care Professor					
David Shelledy (T)	7/1-8/31	100	12	295,000	6091
<b>School of Medicine</b>					
Family and Community Medicine Professor					
Claudia Miller (T)	9/1-8/31	75	12	113,000	6268
<b>School of Nursing</b>					
Health Restoration and Care Systems Management Professor					
Mickey Parsons (T)	9/1-8/31	100	12	126,255	6269

83. Facilities Planning and Construction - U. T. Health Science Center - San Antonio: Academic Learning and Teaching Center - Amendment of the FY 2015-2020 Capital Improvement Program (CIP) to increase total project cost; approval to revise funding sources; and appropriation of funds and authorization of expenditure

Item: Amend the FY 2015-2020 CIP to increase the total project cost from \$49,231,527 to \$50,731,527; revise funding sources to include Designated Funds; and appropriate and authorize expenditure of \$1,500,000 from Designated Funds.

Source of Funds: Designated Funds are from auxiliary interest income balances

Substantial Completion Date: December 2015

Description: The increase in total project cost will fund the finish-out of originally approved shell space of 9,655 gross square feet on level one for food services.

84. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Alpha Building Corporation to provide job order contracting services

Agency: Alpha Building Corporation

Funds: The cost of each Job Order Project will be established through the development of a Guaranteed Maximum Price (GMP). It is anticipated that total costs under the agreement will exceed \$2,500,000, although the maximum amount is indeterminable at this time.

Source of Funds: Hospital patient income

Period: The initial term of the contract is for 24 months beginning September 1, 2014. Agreement may be renewed for three additional 12-month periods.

Description: A job order contracting agreement. Vendor will provide general and specific construction services for minor construction, repair rehabilitation, or alteration of U. T. M. D. Anderson Cancer Center's facilities at the Bastrop and Smithville campuses.

85. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Cross Country Staffing to provide temporary nurse staffing services

Agency: Cross Country Staffing

Funds: This third amendment increases the cap amount of the contract from \$2,499,999 to \$4,200,000.

Source of Funds: Hospital patient income

Period: The contract commenced on November 6, 2011, and the current term ends on November 5, 2014. Amendment 3 extends the agreement for an additional 12 months, through November 5, 2015.

Description: Vendor provides a pool of experienced oncology-trained nursing personnel to support nursing staff needs that arise due to staffing vacancies, census and seasonal fluctuations in nursing personnel requirements, and planned leave of absences.

86. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Ernst & Young LLP to provide professional services for the operation and management of the ICD-10 Program Management Office

Agency: Ernst & Young LLP

Funds: This fifth amendment to the agreement increases the cap amount from \$22,962,000 to \$42,706,000.

Source of Funds: Hospital patient income

Period: The contract commenced on April 13, 2012, and the current term ends on February 12, 2015. Amendment 5 extends the agreement through April 12, 2016.

Description: The mandatory compliance date of October 1, 2014, initially established by Congress for implementation of International Classification of Diseases, 10th Edition (ICD-10) has been pushed back by Congress for at least one year, with implementation occurring no earlier than October 1, 2015. Ernst & Young LLP provides professional services for the operation and management of the ICD-10 Program Management Office, including activities such as centralized operations of the project management structure and coordination across various work stream activities. This fifth amendment extends the timeline and provides funds to cover additional professional services and expenses to ensure continuity of program support until implementation. Due to the delay, additional work associated with billing and collection activities can be performed and this fifth amendment also covers this expanded scope of work.

87. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Jamail & Smith Construction, LP to provide job order contracting services

Agency: Jamail & Smith Construction, LP

Funds: The cost of each Job Order Project will be established through the development of a Guaranteed Maximum Price (GMP). It is anticipated that total costs under the agreement will exceed \$2,500,000, although the maximum amount is indeterminable at this time.

Source of Funds: Hospital patient income

Period: The initial term of the contract is for 24 months beginning September 1, 2014. Agreement may be renewed for three additional 12-month periods.

Description: A job order contracting agreement. Vendor will provide general and specific construction services for minor construction, repair rehabilitation, or alteration of U. T. M. D. Anderson Cancer Center's facilities at the Bastrop and Smithville campuses.

88. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Marriott Hotel Services, Inc. to provide hotel management services for the Rotary House International

Agency: Marriott Hotels Services, Inc.

Funds: The initial annual base management fee is \$740,000. The base fee increases annually by the greater of 2% or the annual percent increase in the Consumer Price Index. The base fee would also increase on a pro rata basis upon the addition of guest rooms in the hotel. In addition to the base management fee, an incentive fee not to exceed 20% of the base management fee will be paid based on performance on two metrics: a quality audit score and the guest satisfaction index.

Source of Funds: Auxiliary Enterprise Funds

Period: This term of the agreement is for 10 years, commencing on January 1, 2015, and continuing through December 31, 2024, unless terminated by either party in accordance with the provisions of the agreement or by mutual written agreement of both parties.

Description: Vendor will provide hotel management services for the Rotary House International, to include general management of the facility, front desk operations, financial transactions with customers, housekeeping and facility maintenance, food and conference services, and sales and marketing. Vendor will recruit, hire, and maintain a sufficient number of employees to assure quality operation of the hotel. As part of the agreement, vendor will also submit an annual business plan and produce complete financial statements and any other required reporting to U. T. M. D. Anderson Cancer Center.

89. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: SpawGlass Contractors, Incorporated to provide job order contracting services

Agency: SpawGlass Contractors, Incorporated

Funds: The cost of each Job Order Project will be established through the development of a Guaranteed Maximum Price (GMP). It is anticipated that total costs under the agreement will exceed \$2,500,000, although the maximum amount is indeterminable at this time.

Source of Funds: Hospital patient income

Period: The initial term of the contract is for 24 months beginning September 1, 2014. Agreement may be renewed for three additional 12-month periods.

Description: A job order contracting agreement. Vendor will provide general and specific construction services for minor construction, repair rehabilitation, or alteration of U. T. M. D. Anderson Cancer Center's facilities at the Bastrop and Smithville campuses.

90. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Young & Rubicam, Inc., to provide marketing services

Agency: Young & Rubicam, Inc.

Funds: Total fees under this contract, including all available renewal periods, will not exceed \$6,000,000.

Source of Funds: Hospital patient income

Period: The term of the initial agreement will be for a period of 36 months, commencing on November 7, 2014, and continuing through November 6, 2017.

Description: Vendor will develop and launch a creative, strategic, and impactful call-to-action cause marketing public relations plan that will fully saturate the Draw the Line Against Cancer campaign across major national markets to engage media, corporate partners, celebrities, and the general public.

91. Contract (funds coming in) - U. T. Health Science Center - Tyler: Interagency Cooperation Contract between Department of State Health Services (DSHS) and U. T. Health Science Center - Tyler to care for individuals hospitalized in its psychiatric unit

Agency: Department of State Health Services (DSHS), an agency of the State of Texas

Funds: \$8,833,000, calculated at \$550/bed/day for 44 beds for a period of 365 days

Period: September 1, 2014 through August 31, 2015

Description: U. T. Health Science Center - Tyler will provide residential psychiatric services for up to 30 individuals received from any Local Service Area (LSA) in Texas, and acute inpatient psychiatric services for up to 14 individuals from the LSA served by the Andrews Center Local Mental Health Authority located in Tyler, Texas.