



## SCHEDULE OF EVENTS FOR BOARD OF REGENTS' MEETING

**November 8-9, 2017**  
Austin, Texas

*U. T. System Building, 2nd Floor, 210 West Seventh Street*

- *Board Room 2.501 (Open Session)*
- *Executive Session Room 2.608 (Executive Session)*
- *Office of the Board of Regents: 512/499-4402*

**Wednesday, November 8, 2017**

Audit, Compliance, and Risk Management Committee .....	9:00 a.m.
Facilities Planning and Construction Committee .....	10:00 a.m.
Health Affairs Committee .....	10:30 a.m.
Meeting of the Board - Executive Session (Working Lunch) .....	11:00 a.m.
Meeting of the Board - Open Session .....	2:00 p.m.
<i>(including meeting with the Employee Advisory Council)</i>	
Academic Affairs Committee .....	2:45 p.m.
Finance and Planning Committee .....	3:45 p.m.
Meeting of the Board - Executive Session .....	4:30 p.m.
Recess .....	5:15 p.m.

**Thursday, November 9, 2017**

Meeting of the Board - Open Session .....	8:30 a.m.
Meeting of the Board - Executive Session (Working Lunch) .....	10:00 a.m.
Meeting of the Board - Open Session .....	1:30 p.m. <i>approximately</i>
Adjourn .....	2:15 p.m. <i>approximately</i>

*Office of the Board of Regents 10/19/2017*



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

**November 8-9, 2017  
Austin, Texas**

**Wednesday, November 8, 2017**

COMMITTEE MEETINGS

9:00 a.m. - 11:00 a.m.

CONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO *TEXAS GOVERNMENT CODE*, CHAPTER 551 (Working lunch at noon)

11:00 a.m.

1. Individual Personnel Matters Relating to Officers or Employees – Section 551.074
  - a. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Deputy Chancellor, Executive Vice Chancellors, and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), members of the Board of Regents, and U. T. System and institutional employees**
  - b. **U. T. System: Discussion with Vice Chancellor for Strategic Initiatives regarding assignment and duties including responsibilities associated with providing information and data to the Board and U. T. System leadership**
  - c. **U. T. Southwestern Medical Center: Discussion with president regarding assignment and duties, including individual responsibilities associated with outlining a vision and plans for the future of the institution**
2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071
  - a. **U. T. System Board of Regents: Discussion with Counsel on pending legal issues, including pending legal claims by and against U. T. System**
  - b. **U. T. Southwestern Medical Center: Discussion regarding legal issues related to health care provider networks and business opportunity**
  - c. **U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning intellectual property, contracts, funding, and operations of the Institute for Transformational Learning (ITL)**

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CONVENE THE BOARD IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO CONSIDER AN AGENDA ITEM	2:00 p.m. <i>approximately</i>	
1. <b>U. T. System: Annual Meeting with Officers of the U. T. System Employee Advisory Council</b>	2:00 p.m. <b>Report/Discussion</b> <i>Mr. James Smiley</i> <i>Ms. Paige Buechley</i>	<b>7</b>
RECESS TO COMMITTEE MEETINGS	2:45 - 4:30 p.m. <i>approximately</i>	
RECONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO <i>TEXAS GOVERNMENT CODE</i> , CHAPTER 551	4:30 p.m.	
3. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072		
<b>U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston: Discussion regarding the lease and/or exchange of land and lease of common facilities at the proposed TMC3 collaborative research development located on approximately 28 acres bounded by Old Spanish Trail, South Braeswood Boulevard, and bisected by William C. Harvin Boulevard, from Texas Medical Center, Inc., for research and related uses</b>		
4. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071		
<b>U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston: Discussion regarding legal issues related to proposed TMC3 collaborative research development</b>		
RECONVENE IN OPEN SESSION TO RECESS	5:15 p.m. <i>approximately</i>	

	<b>Board Meeting</b>	<b>Page</b>
<b><u>Thursday, November 9, 2017</u></b>		
RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS	8:30 a.m.	
2. <b>U. T. System Board of Regents: Approval of Consent Agenda items and consideration of any items referred to the full Board</b>	8:35 a.m. <b>Action</b>	12
3. <b>U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston: Discussion and possible appropriate action regarding proposed TMC3 collaborative research development</b>	8:45 a.m. <b>Discussion</b> <i>Mr. William McKeon, President and CEO, Texas Medical Center</i>	13
4. <b>U. T. System Board of Regents: Discussion and appropriate action regarding proposed amendment to Regents' Rules and Regulations, Rule 10801 (Policy on Transparency, Accountability, and Access to Information) to add new language regarding expectations associated with communications</b>	9:05 a.m. <b>Action</b>	14
5. <b>U. T. System Board of Regents: Discussion and appropriate action regarding proposed rescission of Regents' Rules and Regulations, Rule 80107 (Filming Motion Pictures or Television Productions)</b>	9:10 a.m. <b>Action</b>	16
6. <b>U. T. System Board of Regents: Authorization for the Chancellor to submit Report Concerning Designated Tuition</b>	9:15 a.m. <b>Action</b> <i>Mr. Wallace</i>	20
7. <b>U. T. System: Discussion and appropriate action regarding approval of modified graphic of U. T. System seal for limited use</b>	9:17 a.m. <b>Action</b> <i>Dr. Safady</i>	21
8. <b>U. T. System: Report and discussion on hurricane preparedness, response, and recovery</b>	9:22 a.m. <b>Report</b> <i>Mr. Dendy</i>	28
STANDING COMMITTEE RECOMMENDATIONS AND REPORTS TO THE BOARD	9:42 a.m.	
RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551 (Working lunch at noon)	10:00 a.m.	
1. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072		
<b>U. T. Austin: Discussion regarding the lease or value of property related to the Brackenridge Tract, including Lions Municipal Golf Course, Austin, Travis County, Texas</b>		
2. Negotiated Contracts for Prospective Gifts or Donations – Section 551.073		
a. <b>U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features</b>		
b. <b>U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features</b>		



3. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071
  - a. **U. T. System Board of Regents: Discussion with Counsel on pending legal issues**
  - b. **U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U. T. System**
  - c. **U. T. System: Discussion and appropriate action regarding legal issues related to development of a bid for management of Los Alamos National Laboratory**
  - d. **U. T. Austin: Discussion regarding legal issues related to the utilization of the Brackenridge Tract, including Lions Municipal Golf Course, Austin, Travis County, Texas**
  - e. **U. T. Health Science Center - Tyler: Discussion and appropriate action regarding legal issues related to formation of partnership with Ardent Health Services**
4. Individual Personnel Matters Relating to Officers or Employees – Section 551.074
  - a. **U. T. Dallas: Discussion with president regarding assignment and duties, including individual responsibilities associated with outlining a vision and plans for the future of the institution**
  - b. **U. T. Austin: Discussion with president regarding assignment and duties, including individual responsibilities associated with outlining a vision and plans for the future of the institution**
  - c. **U. T. System: Discussion and appropriate action regarding individual personnel matters related to development of a bid for management of Los Alamos National Laboratory**
  - d. **U. T. System: Discussion and appropriate action regarding approval of proposed incentive compensation for Mark A. Houser, Chief Executive Officer of University Lands**
  - e. **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 (Deputy Chancellor, Executive Vice Chancellors, and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), members of the Board of Regents, and U. T. System and institutional employees**
5. 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**

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RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO CONSIDER AGENDA ITEMS	1:30 p.m. <i>approximately</i>	
<b>9. U. T. Dallas: President's report on Strategic Vision and Institutional Priorities (Regents' Rules and Regulations, Rule 20201, Section 5, regarding Evaluation of Presidents)</b>	1:30 p.m. <b>Report/Presentation</b> <i>President Benson</i>	<b>54</b>
<b>10. U. T. System: Discussion and appropriate action regarding development of a bid for management of Los Alamos National Laboratory</b>	1:45 p.m. <b>Action</b> <i>Deputy Chancellor Daniel</i>	<b>71</b>
<b>11. U. T. System Board of Regents: Approval of recommendations for Vice Chairmen and Standing Committee Chairmen and Other Appointments, as required</b>	2:00 p.m. <b>Action</b>	<b>72</b>
ADJOURN	2:15 p.m.	

1. **U. T. System: Annual Meeting with Officers of 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 2017: Mr. James Smiley**, Director of Parking and Shuttle Services, U. T. Health Science Center - Houston

**Vice Chair: Mr. Edward Gonzales**, Technical and Web Services, U. T. Arlington

**Secretary: Ms. Shannon Rios**, Senior Program Coordinator, U. T. San Antonio

**Historian: Ms. Karla Iscapa**, Program Coordinator/Manager, U. T. El Paso

**Chair 2018: Ms. Paige Buechley**, Director of Process Improvement and Change, U. T. System

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**

The Employee Advisory Council (EAC) appreciates the opportunity to discuss opportunities for improvement with the U. T. System Board of Regents. The following recommendations have been approved by the Board and were implemented through collaborations across institutions and the U. T. System Administration offices:

1. The Regents' Outstanding Employee Awards (2017) to be launched in FY 2018
2. Implement a Systemwide tobacco-free environment. As of 2013 all institutions implemented tobacco and/or smoke-free environments (2012)
3. Completion of Annual Performance Reviews for all employees (2011)

**Recommendation:**

**The Opportunity:**

Employees and faculty have great ideas for improving how work is accomplished, identifying ways to increase the value the institutions offer to both students and patients, and improving the work environment. While the respective faculty senates and staff councils are useful forums for addressing some of these ideas, there are faculty and staff members who may not feel comfortable in freely sharing their ideas.

In 2017, several respected organizations reported the following statistics regarding employee engagement and retention:

- 51% of the U.S. workforce is not engaged (Gallup)
- Disengaged employees cost organizations between \$450 and \$550 billion annually (The Engagement Institute)
- It can cost 33% of an employee's salary to replace him/her (HR Dive)
- Employees who feel their voice is heard at work are 4.6 times more likely to feel empowered to perform their best work (Salesforce.com)

An anonymous survey would help to reach all staff and faculty to both identify areas for improvement and highlight the strengths within each institution. While some institutions already have this in place, it is not consistent across the U. T. System.

**The Proposal:**

The EAC is requesting U. T. System engage a 3rd party to design and implement a Systemwide employee assessment to measure the engagement and satisfaction levels within the individual institutions in an effort to improve the work environment. EAC is recommending this be done, at a minimum, each biennium and be coordinated through the Office of Human Resources (survey facilitation) and the Office of Organizational

Effectiveness (implementation of recommendations) at U. T. System Administration with cooperation from the Office of Human Resources at each institution.

Because it is important to attain the same scorecard that measures similar metrics across the U. T. System, EAC is asking this survey be consistent for all institutions, recognizing that some institutions may opt to adapt their current efforts as opposed to adopting a new survey.

All surveys should, at a minimum, measure the following factors:

- Alignment – Is the institution on a positive track and operating as a cohesive unit;
- Connection – Do the employees feel informed, appreciated, and feel they are part of their institutions' mission;
- Effectiveness – Are things done efficiently and effectively; Are different points of view encouraged; and
- Management/Supervision – Does the employee feel their manager is an effective leader and is helping the employee grow?

These factors should identify and provide insight on:

- Areas of concern and excellence within each institution;
- Identify elements on how to retain the best talent;
- Strategic Planning to ensure employee concerns and ideas are incorporated into the decision-making process; and
- Levels of employee engagement – measure and benchmark employee commitment and each institution's ability to interact with its workforce.

EAC proposes the overall and institution-specific survey outcomes be presented to each institution's president, with a copy to the Chancellor's Office, and action plans be developed to address any areas of concern.

EAC further proposes actions should be benchmarked and progress measured between survey periods.

**The Expected Outcome:**

The EAC feels that by regularly and effectively measuring factors related to employee engagement and effectiveness, and by planning strategically to improve areas of concern and promote our areas of strength, each institution will be better positioned for success in serving our students, patients, and communities.

**The Investment:**

The EAC anticipates this survey program will require approximately \$100,000 per survey, every other fiscal year. EAC plans to coordinate with the U. T. System Office of Human Resources to seek a third-party survey solution and collaborate to develop this survey.

## **Other Issues Addressed by EAC in 2017 with No Action Requested**

### **Regents' Outstanding Employee Award Committee**

#### **The Opportunity:**

Finalize the nomination process, award parameters, and budget for the Regents' Outstanding Employee Awards. This award program was proposed in the first quarter of Fiscal Year 2017. However, the complete structure of the program has not been finalized.

#### **The Action:**

EAC has continued their work related to the establishment of the Regents' Outstanding Employee Awards Program discussed during the November 9, 2016 Board of Regents' meeting. Throughout 2017, EAC has worked closely with Dr. David Daniel to finalize the criteria, process, and budget for this program. The EAC anticipates the first nominations and awards to take place during the 2018 Fiscal Year. The EAC members are extremely grateful for the Regents' recent approval of funds for these employee awards.

#### **The Outcome:**

The proposed budget of \$350,000 was approved by the Board of Regents on August 24, 2017. The EAC will announce this program to all institutions and begin the nomination and award process in Fiscal Year 2018.

### **Employee Benefits, Compensation, and Salaries Committee**

#### **The Opportunity:**

Employees need more education to assist them in making better retirement decisions and navigating through the process.

#### **The Action:**

The Benefits, Compensation, and Salaries Committee focused on developing more effective communication related to retirement programs offered through the U. T. System. The Committee created a list of frequently asked questions (FAQs) regarding Teacher Retirement System of Texas (TRS) and a decision chart showing the steps employees need to take to save for retirement. These tools, as well as a potential educational video, were shared with the Office of Employee Benefits (OEB).

#### **The Outcome:**

It was determined no action was needed by the Board of Regents on this topic. However, EAC feels strongly that further education of our employees is necessary. Therefore, the Employee Advisory Council; the Benefits, Compensation, and Salaries Committee; and the Office of Employee Benefits at U. T. System Administration will continue their collaborative efforts to ensure employees have access to information they need to properly plan for retirement.

## **Communications**

### **The Opportunity:**

Staff are not always aware of the work being done by EAC, so the EAC Communications Committee worked on a way to improve communications between EAC and employees throughout the U. T. System institutions.

### **The Action:**

The Communications Committee created electronic mailing lists to improve communications within EAC and among the institutions' staff councils. The mailing lists allow EAC and institution Staff Council members to send and receive messages across the institutions.

The Committee also created a newsletter to inform staff about the purpose of EAC and the work accomplished. The newsletter is distributed through the Office of Employee Benefits as part of their communication to staff.

### **The Outcome:**

With the implementation of the electronic mailing lists, newsletter, and the ability to distribute via the OEB communications, information from EAC has been made more readily available to all employees throughout the U. T. System. In order to ensure EAC is effectively communicating to all employees, this committee will be a standing committee each year.

2. **U. T. System Board of Regents: Approval of Consent Agenda items and consideration of any items referred to the full Board**

RECOMMENDATION

The Board will be asked to approve the Consent Agenda items and will discuss any items referred for consideration by the full Board.



3. **U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston: Discussion and possible appropriate action regarding proposed TMC3 collaborative research development**

DISCUSSION

Mr. William F. McKeon, President and CEO of the Texas Medical Center, will discuss the proposed TMC3 collaborative research development project.

4. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed amendment to Regents' Rules and Regulations, Rule 10801 (Policy on Transparency, Accountability, and Access to Information) to add new language regarding expectations associated with communications**

**RECOMMENDATION**

The Chancellor, the Deputy Chancellor, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel concur in the recommendation of the General Counsel to the Board that previous U. T. Systemwide Policy UTS178, *Required Reporting of Significant Events*, be replaced with new language in Regents' Rules and Regulations, Rule 10801, regarding expectations associated with communications, as set forth below:

**Sec. 3 Importance of Communication. To assist the Board of Regents in its duties and responsibilities, the Board and the Chancellor expect to be informed of significant matters within the U. T. System Administration and at each U. T. institution. Significant matters include those matters, which in the exercise of individual best judgment, reflect a significant achievement, present a substantial concern or interest, and/or have the potential to impact the reputation of the institution in a substantial manner.**

Remaining sections of Rule 10801 will be renumbered.

**BACKGROUND INFORMATION**

Led by the former Chancellor and former Chairman of the Board, Systemwide Policy UTS178 was established in 2012 to detail expectations for enhanced communications to assure the Board was provided timely, relevant information necessary to discharge governance and oversight responsibilities. The recommended replacement of UTS178 with guidance in the Regents' Rules will maintain a better structure and clarify expectations surrounding the communication of significant matters to appropriate officials and eliminate unnecessary or burdensome reporting.

Under the proposed amendment, significant achievements, matters, or complaints within System Administration and at each U. T. institution are to be reported to the Chancellor and the Board of Regents. Matters are deemed significant for purposes of the proposed amendment if they have the potential to impact the reputation of the institution in a substantial manner and/or generate substantial public interest or concern. UTS178 previously defined significant matters to include, without limitation,

- reports of death or serious injury occurring on campus or involving a member of the university community;
- allegations of fraud or fiscal loss of \$100,000 or more;

- allegations involving impropriety or failure to follow law or policy by the Chancellor, a System Executive Vice Chancellor or Vice Chancellor, the General Counsel to the Board, or the System Chief Audit Executive or an institutional president or vice president;
- allegations of sexual misconduct;
- allegations related to the care or safety of minors;
- material concerns expressed by federal and state oversight agencies;
- security breaches involving confidential records;
- potential media reports that may impact the reputation of the university; and
- matters that reflect a systemic threat to patient safety.

Generally, this definition may still provide guidance for operating under the proposed Rule addition. Exceptions would include issues that would not typically require the attention of or action by a president or the Chancellor.

Significant matters and complaints may be discovered through the ordinary course of business, through an audit function, through legal matters, or through one of the several complaint intake processes throughout the U. T. System.

This Agenda Item was reviewed by the U. T. System institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

**5. U. T. System Board of Regents: Discussion and appropriate action regarding proposed rescission of Regents' *Rules and Regulations*, Rule 80107 (Filming Motion Pictures or Television Productions)**

RECOMMENDATION

The Chancellor, the Deputy Chancellor, 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 concur in the recommendation of the General Counsel to the Board that Regents' *Rules and Regulations*, Rule 80107 (Filming Motion Pictures or Television Productions), as included on the following pages, be rescinded on the earlier of the implementation of a related U. T. Systemwide Policy or December 1, 2017.

BACKGROUND INFORMATION

Rule 80107 is identified for rescission as a part of the ongoing review by the Board of Regents' Office and others within U. T. System Administration and at the U. T. institutions to identify the most efficient oversight of U. T. System. The requirements found within this Rule are operational in nature and have been identified as more appropriately included in a U. T. Systemwide Policy.

This Agenda Item was reviewed by the U. T. System institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

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

**Rule: 80107**

**1. Title**

Filming Motion Pictures or Television Productions

**2. Rule and Regulation**

- Sec. 1 Authorization to Film. The Chancellor or the president of an institution may authorize the use of property or buildings owned or controlled by the U. T. System or any of the institutions for filming motion pictures or television productions under a written agreement approved pursuant to U. T. System procedures. Requests to film a motion picture or television production shall be reviewed and considered on a case by case basis. Subject to the provisions of this Rule; it shall be within the discretion of the Chancellor or the president of an institution, following consultation with campus security personnel, to determine whether to grant the request. The safety of students, faculty, and staff; the potential for damage to buildings, facilities, or property and for disruption of administrative or academic programs or other scheduled activities; and the subject matter of the film shall be of primary consideration in determining whether to grant a filming request.
- Sec. 2 Scheduling. The Chancellor or president shall be responsible for ensuring that scheduled time(s) and location(s) for filming do not interfere with administrative and academic programs or other scheduled activities of the U. T. System or any of the institutions.
- Sec. 3 Script Approval. The Chancellor or the president of an institution must approve either the script for the motion picture or television production or the topic and format for a live or unscripted program.
- Sec. 4 Interest in the Production. The production company must identify the persons or entities with an interest in the company.
- Sec. 5 Insurance Requirements. The production company must provide a policy providing protection against all liability, to the extent possible, with a minimum of comprehensive general liability and property damage insurance issued by a company authorized to do business in the State of Texas naming the Board of Regents, the U. T. System, the institution, and the officers and employees of each as additional insureds, providing coverage for injury and death of persons and damage to

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

**Rule: 80107**

property that result directly or indirectly from the negligent or intentional act or omission of, or from the use or condition of any property, equipment, machinery, or vehicle used, operated, or controlled by, the production company or its officers, employees, agents, or subcontractors while on property owned or controlled by the U. T. System or any of the institutions. The scope and limits of coverage shall be determined by the Chancellor or the president of an institution on the basis of the nature and extent of the activities to be conducted by the production company and the property, buildings, or facilities to be utilized. In no event shall the limits of liability for each occurrence be less than \$2 million for injury or death of a person and \$1 million for property damage.

Sec. 6 Use Fee. A use fee will be established in each case based upon the nature and extent of the activities, including costs associated with moving and replacing computers and other equipment and furniture of the production company and the U. T. System property, buildings, personnel, and services that are required to accommodate such activities. The use fee must be paid in advance by a certified or cashiers check made payable to the U. T. System or the institution. If the production company cancels a scheduled use, the deposit, less any expense incurred by the U. T. System or any of the institutions in preparation for such use, will be refunded.

**3. Definitions**

None

**4. Relevant Federal and State Statutes**

*Texas Education Code* [Section 51.202](#) – Rules and Regulations; Penalty

*Texas Government Code* [Section 2165.008](#) – Temporary Use of State Building or Grounds by Television or Film Production Company

*Texas Government Code* [Section 2203.004](#) – Requirement to Use State Property for State Purposes

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

Regents' *Rules and Regulations*, [Rule 80101](#) – Category of Facilities and Authorized Users

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

**Rule: 80107**

Regents' *Rules and Regulations*, [Rule 80103](#) – Solicitation

Regents' *Rules and Regulations*, [Rule 80105](#) – Joint Sponsorship of the Use of Property or Buildings

**6. Who Should Know**

Administrators

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

Office of Academic Affairs  
Office of Health Affairs

**8. Dates Approved or Amended**

Editorial amendment to Number 4 made May 5, 2008  
December 10, 2004

**9. Contact Information**

Questions or comments regarding this Rule should be directed to:

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

6. **U. T. System Board of Regents: Authorization for the Chancellor to submit Report Concerning Designated Tuition**

RECOMMENDATION

It is requested that the Board of Regents grant authority to the Chancellor to submit on its behalf the "Report Concerning Designated Tuition" as required by the current General Appropriations Act, House Bill 1, Article III, Section 49 to the Lieutenant Governor, Speaker of the House, Chair of the Senate Finance Committee, Chair of the House Appropriations Committee, and members of the Legislative Oversight Committee on Higher Education.

BACKGROUND INFORMATION

A Report Concerning Designated Tuition is to be filed not later than January 1, 2018, by the governing board of each public institution of higher education that charges students designated tuition under Section 54.0513, *Texas Education Code*. The Report identifies the amount of designated tuition collected, the purposes for which it was spent, the amount spent for each purpose, the amounts set aside for resident undergraduate and graduate student assistance as required by Sections 56.011 and 56.012, *Texas Education Code*, and how those amounts are allocated among various types of student assistance.

Completion of the Report requires certain financial information contained in the pending annual financial report, which will not be completed until December 1, 2017. Upon completion of the Report, a copy will be provided to members of the Board.



7. **U. T. System: Discussion and appropriate action regarding approval of modified graphic of U. T. System seal for limited use**

**RECOMMENDATION**

The Chancellor, the Deputy Chancellor, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Academic Affairs concur in the recommendation of the Vice Chancellor for External Relations that the U. T. System Board of Regents approve a modified U. T. System seal for limited use in print and digitally, especially with mobile platforms, to protect the integrity, legibility, and identification of the seal.

A PowerPoint presentation is set forth on the following pages.

**BACKGROUND INFORMATION**

The official U. T. System seal's large horizontal footprint makes it difficult to see and read in small-size formats. With communications and media consumption moving more to mobile platforms, including tablets and smart phones, the U. T. System seal in its official form and historical font is difficult to read and does not adjust well to a reduction in size. University systems and universities commonly use their respective official seals for certificates, ceremonial documents, financial documents, contracts, commemorations, and signage, for example. They use an alternative visual identity for print and web publications, social media, internal communications, and some promotional items, invitations, and stationery.

The U. T. System proposes a modified version of its official seal to better accommodate its viewership and to visually represent the U. T. System in a modern way, while retaining the historical identity and essential elements of the seal.

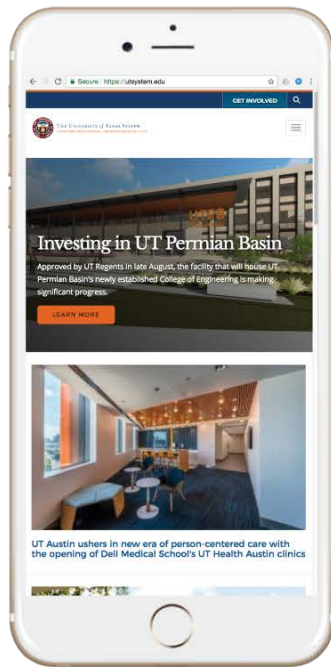
# Proposed Seal Modification for Limited Use

Dr. Randa Safady, Vice Chancellor for External Relations

U. T. System Board of Regents' Meeting  
November 2017



# Current Usage and Challenges



**HEALTHIER TEXAS SUMMIT**  
A COLLABORATION BETWEEN IT'S TIME TEXAS AND THE UNIVERSITY OF TEXAS SYSTEM

**Dear Friends and Colleagues,**

I'd like to invite you to join us in Austin, on November 6-7, for the inaugural **Healthier Texas Summit**. The Summit, which is being co-hosted by The University of Texas System and IT'S TIME TEXAS, is the kickoff event of Healthier Texas, a new public-private initiative designed to rapidly reduce the burden of preventable chronic disease in Texas.

Reducing preventable chronic disease in Texas is an enormous challenge, and one that will require hard work, collaboration, and innovation across many realms and over many years. To reflect the complexity and breadth of that challenge, we have brought together an extraordinary, and extraordinarily diverse, group of presenters and panelists from across Texas.

The Chancellor of The University of Texas System, **William McRaven**, will be giving the keynote address on Monday morning. He will be joined at the Summit by, among others, CodeNEXT Planner **Jennifer Todd**, State Representative **Kirk Watson**, Episcopal Health Foundation President and CEO **Elena Marks**, Texas Tribune Health Reporter **Marissa Evans**, Federal Reserve Senior Advisor **Jordana Barton**, Dell Medical School Systems Designer **Lucas Artusi**, KUT Senior Reporter **Ashley Lopez**, Michael & Susan Dell Center for Healthy Living Director **Deanna Hoelscher**, Social Finance Director **Nirav Shah**, Center for Health Communication Director **Michael Mackert**, Healthy Tarrant County Collaboration Executive Director **Linda Fuller**, City of Austin Food Policy Manager **Edwin Marty**, Go Collaborative Founder **Sarah Gamble**, UTMB Director of Telehealth **Mari Robinson**, Cooper Institute Youth Division President **Jeremy Lyon**, and more.



# Official Seals of UT Institutions



# Academic/Marketing Logos



THE UNIVERSITY of TEXAS SYSTEM  
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# Other University System Seals and Alternative Logos



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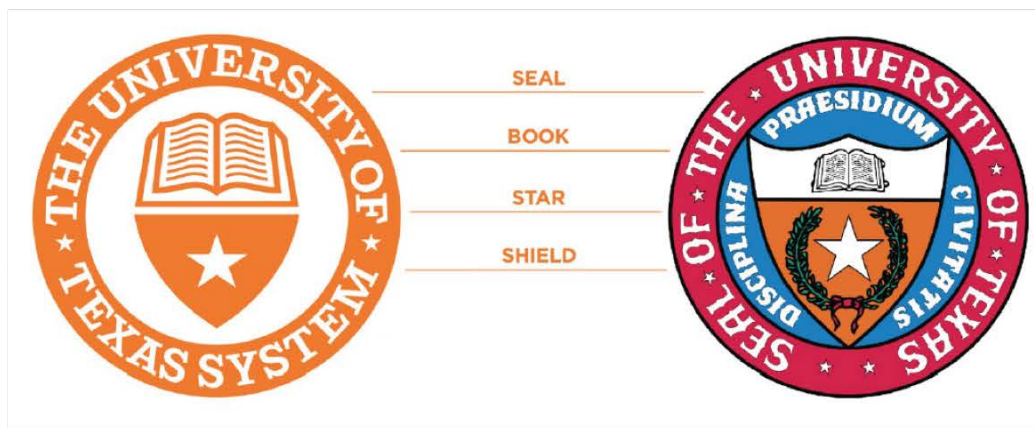
UNIVERSITY OF CALIFORNIA



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# Proposed Visual Identity



**The University of  
Texas System**



**The University of  
Texas System**



**The University of  
Texas System**



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8. **U. T. System: Report and discussion on hurricane preparedness, response, and recovery**

REPORT

Chief Compliance and Risk Officer Dendy will report on the U. T. System's preparation, response, and recovery related to Hurricane Harvey, using the PowerPoint set forth on the following pages. A video will also be displayed.



# Hurricane Harvey

## The U. T. System Preparation, Response, and Recovery

Phillip B. Dendy, Chief Compliance and Risk Officer

U. T. System Board of Regents' Meeting  
November 2017



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# Hurricane Harvey

Video Produced  
by Office of External Relations



# The Story of Harvey

- Tropical Storm – Thursday 8/17
- Tropical Depression – Saturday 8/19
  - Remnants of – Saturday 11 p.m.
- Tropical Depression Wednesday 8/23 10 p.m.
  - In Gulf and expected to strengthen and become a Cat 1 at landfall
- Tropical Storm Thursday 8/24 7 a.m.
  - In Gulf and expected to strengthen and become a major hurricane at landfall



# The Story of Harvey (cont.)

- Cat. 1 – Hurricane – Thursday 1 p.m.
  - Maximum Sustained Winds 85 mph
- Cat. 2 – Hurricane – Friday 1 a.m.
  - Maximum Sustained Winds 105 mph
- Cat. 3 – Hurricane – Friday 4 p.m.
  - Maximum Sustained Winds 125 mph
- **Cat. 4 – Hurricane – Friday 10 p.m. – Landfall**
  - **Maximum Sustained Winds 130 mph**

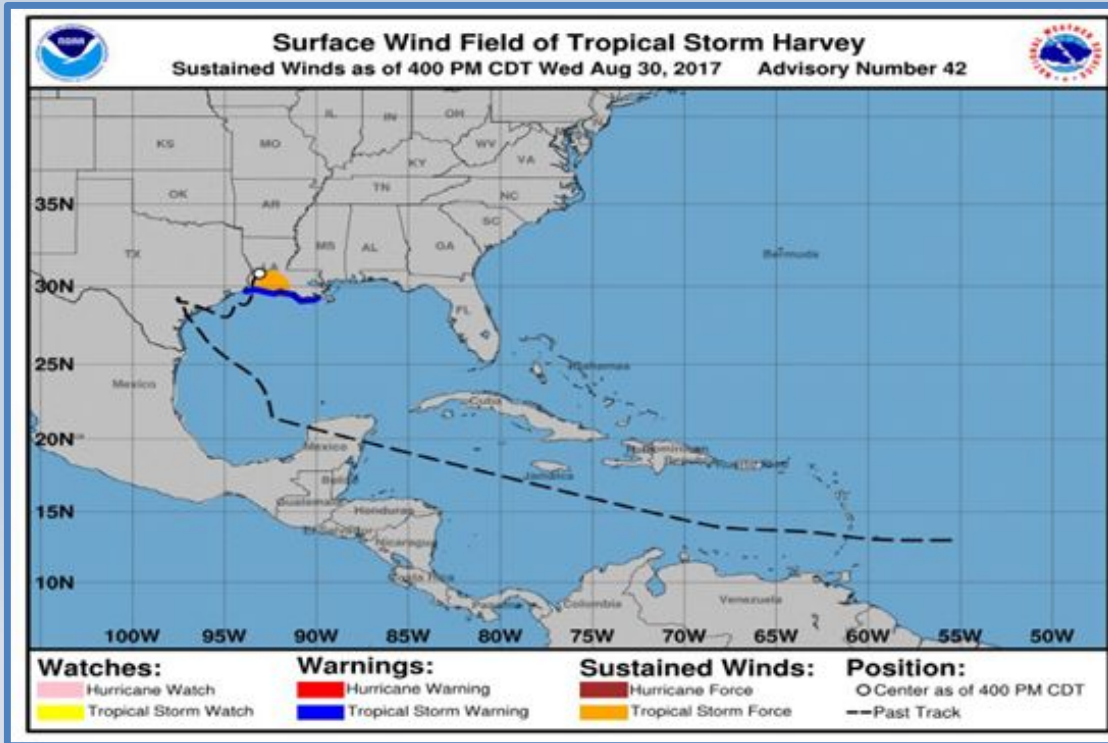


# The Story of Harvey (cont.)

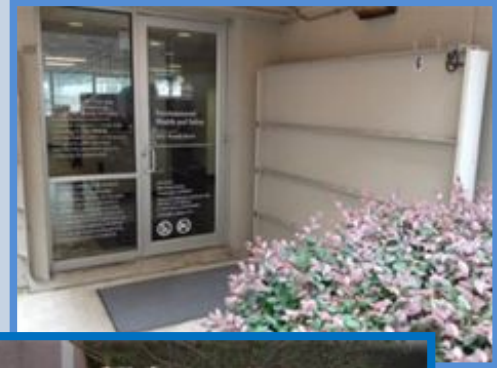
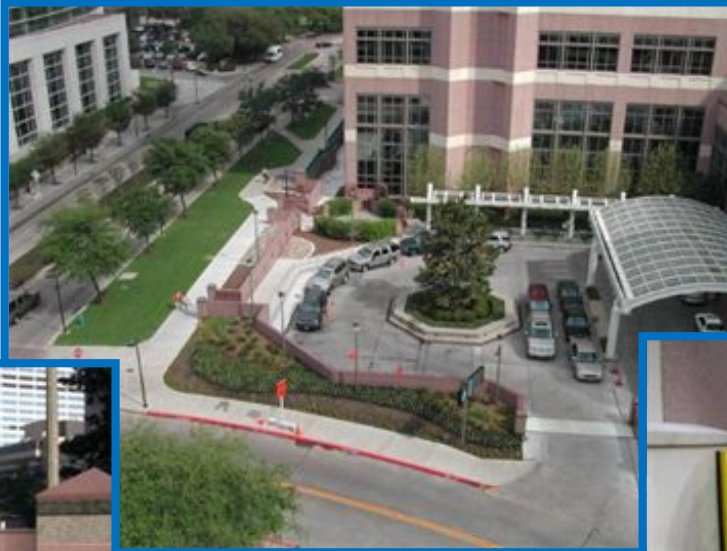
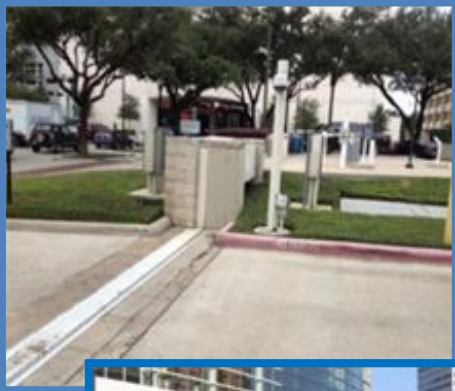
- Harvey on Land
  - Friday 8/26 10 p.m. – Monday 8/28 1 p.m.
- Re-enters Gulf
  - Monday 8/28 4 p.m.
- Second Landfall East Texas
  - Wednesday 8/30 4 a.m.
- Harvey dissipates – Northern Louisiana
  - Wednesday 8/30 10 p.m.



# The Story of Harvey (cont.)



# Institutional Mitigation





# Institutional Preparations





# Institutional Preparations (cont.)



# Institutional Preparations (cont.)

- Activated Emergency Response Plans and Emergency Operation Centers
- Conducted Incident Command Staff meetings
- Secured buildings and protected research equipment
- Implemented emergency staffing schedules
- Evacuated U. T. Marine Science Institute (MSI)
- Participated in daily statewide and Systemwide conference calls
- Provided timely updates to students, faculty, and staff



# U. T. Marine Science Institute (MSI) Main Campus Pre-Storm



# U. T. MSI

## Main Campus Post-Storm





# U. T. MSI

## Fisheries and Mariculture Lab (FAML) Pre-Storm

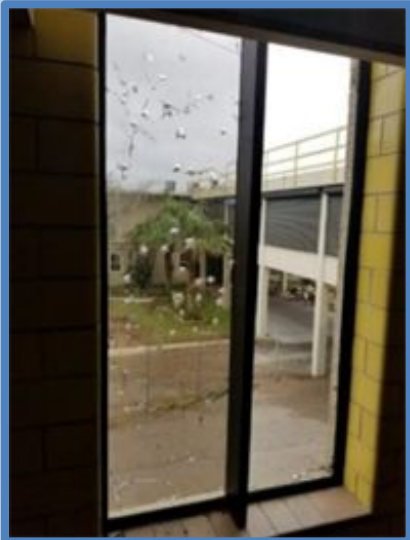


# U. T. MSI

## Fisheries and Mariculture Lab (FAML) Post-Storm



# U. T. MSI Post-Storm





# U. T. Medical Branch - Galveston Post-Storm

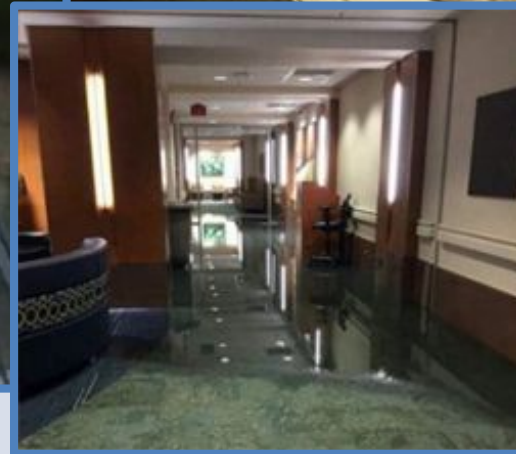




# U. T. Health Science Center - Houston



# U. T. M. D. Anderson Cancer Center



# Texas Medical Center (TMC)



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# TMC Flood - Maps



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# Institutional Response

- Activated disaster recovery contracts
- Implemented re-entry strategy at U. T. MSI as well as controlled access for faculty and staff in the medical center
- U. T. Austin opened the Pickle Research Campus as a Medical Special Needs shelter for evacuees
- Continued timely updates to students, faculty, and staff



# Sister Institution Assistance

- UTSWMC sent nurses and staff to relieve M. D. Anderson
- University of Texas Police Department (UTPD) and Environmental Health and Safety from U. T. Austin responded to U. T. MSI
- Law Enforcement – UTPD from U. T. Arlington, U. T. San Antonio, and U. T. Health Science Center - San Antonio provided relief to officers in Houston
- UTPD Officers from UTMB assisted Lamar University
- Texas A&M University-Corpus Christi currently providing lab and office space for researchers and graduate students displaced from U. T. MSI



# Institutional Recovery

- Emergency repairs and scoping long-term projects at U. T. MSI
- Reopened clinics where possible and resumed normal operations in TMC and surrounding counties
- Continue to scope business income losses for M. D. Anderson, U. T. Health Science Center - Houston, and UTMB
- Request for assistance submitted to FEMA from all impacted institutions



# U. T. System Administration





# U. T. System Administration Support

- Office of Risk Management
  - Initiated lines of communication with Houston, Galveston, and Port Aransas locations 5 days in advance of storm
  - Facilitated Systemwide Emergency Operations Calls
  - Provided Updates to Leadership
  - Staged Disaster Response Contractors
  - Engaged insurance adjusting teams
  - Maximize insurance and FEMA recovery
- Office of Director of Police
  - Provided Support for U. T. MSI and TMC
  - Sent officers to U. T. MSI and TMC
  - Sent Mine-Resistant Ambush Protected vehicle to assist in Houston response



**9. U. T. Dallas: President's report on Strategic Vision and Institutional Priorities (Regents' Rules and Regulations, Rule 20201, Section 5, regarding Evaluation of Presidents)**

REPORT

President Benson will report on his strategic vision and institutional priorities for U. T. Dallas, using a PowerPoint set forth on the following pages.

Under his 2018 Five-Year Institutional Scope of Work, U. T. Dallas adopted five institutional priorities to advance the institution's mission:

1. Preparation of a new strategic plan for U. T. Dallas;
2. Preparation for a reaffirmation review by the Southern Association of Colleges and Schools - Commission on Colleges (SACSCOC);
3. Hiring of individuals into key leadership positions;
4. Rebuilding the pool of foreign applicants for graduate programs; and
5. Budgetary adjustments following the 85th Texas Legislative Session and preceding the U. T. System Board of Regents' consideration of tuition increases.

BACKGROUND INFORMATION

Pursuant to Regents' *Rules and Regulations*, Rule 20201, Section 5.1, President Benson will present his vision and plans for U. T. Dallas to the Board of Regents.

The priorities and strategies were reported in the Five-Year Institutional Scope of Work Outline in September 2017 as follows:

1. Preparation of a new strategic plan for U. T. Dallas
  - a. Preliminary statements prepared by working groups address aspirations and strategic initiatives for 12 areas
  - b. Plan will set course to go from an emerging research university to an emerged research university
2. Preparation for a reaffirmation review by the Southern Association of Colleges and Schools - Commission on Colleges (SACSCOC)
  - a. Self-identified areas for improvement which strategic plan will address
  - b. Designed Quality Enhancement Plan to improve first-year engagement and success of four populations: first-time-in-college freshman, first-year transfer students, first-year graduate students, and first-year international students

3. Hiring of individuals into key leadership positions
  - a. Actively engaged in searches for: Provost and Vice President for Academic Affairs, Vice President for Research, Dean of Engineering
  - b. Considering options for Vice President for Communications, which is held by an interim
  
4. Rebuilding the pool of foreign applicants for graduate programs
  - a. Department heads, deans, provost, president and other academic leaders seeking new ways to attract graduate students
  - b. "You are welcome here" video created to assure prospective students that they will find U. T. Dallas a welcoming campus
  
5. Budgetary adjustments following the 85th Texas Legislative Session and preceding the U. T. System Board of Regents' consideration of tuition increases
  - a. Proposing modest tuition increases in 2018
  - b. Focusing on expanding portfolio of industry-funded projects, securing federally funded grants, and contracts
  - c. Pledged to increase annual fundraising total



# President's Report on the Strategic Vision and Institutional Priorities

U. T. System Board of Regents' Meeting

Richard Benson, President of The University of Texas at Dallas

November 2017

# U. T. DALLAS AT 48 YEARS OLD

A rapidly growing STE<sub>A</sub>M university producing top talent and quality research.



- Created by the entrepreneurs who started Texas Instruments.
- More than 27,000 enrolled in Fall 2017; 6,000 live on campus.
- A quarter of the undergraduates are first generation college students.
- 11<sup>th</sup> most ethnically diverse campus – *U.S. News & World Report*.
- 157 National Merit Scholars in the freshman class.
- 92% graduate in engineering, science, mathematics, and business.
- Two-thirds of graduates stay in DFW Metroplex.
- Added 4 million sq. ft. and \$1 billion in infrastructure since 2007.
- *Times Higher Education* ranks U. T. Dallas #1 in the nation and #21 in the world in their list of universities 50 years or younger.

# THE U To Do LIST

## FROM FALL 2016 SCOPE OF WORK

1. Research Advancement
2. Collaboration Across the Metroplex
3. Attracting Talent to U. T. Dallas
4. Diversity and Inclusion
5. Collaboration Across the U. T. System
6. Advancing the Arts
7. Pedagogical Technology
8. Global Engagement
9. Development and Alumni Relations



## FROM FALL 2017 SCOPE OF WORK

1. Strategic Plan
2. SACSCOC Accreditation
3. Critical Hires
4. Foreign Applications
5. Finances

# NEW BUILDINGS



Bioengineering and Sciences Building  
Opened in 2016



\$5M/\$22M

Callier Center Addition  
Opened in 2016



Student Services Building Addition  
Opened in 2017



Canyon Creek Heights Apartments  
Opened in 2017



\$17M/\$17M

Davidson-Gundy Alumni Center  
Opened in 2017



\$32M/\$32M

Brain Performance Institute  
Opened in 2017



\$10M/\$110M

Engineering Building  
Will open in 2018



\$10M/\$101M

Science Building  
Will open in 2020

## PROVIDING THE BEST VALUE

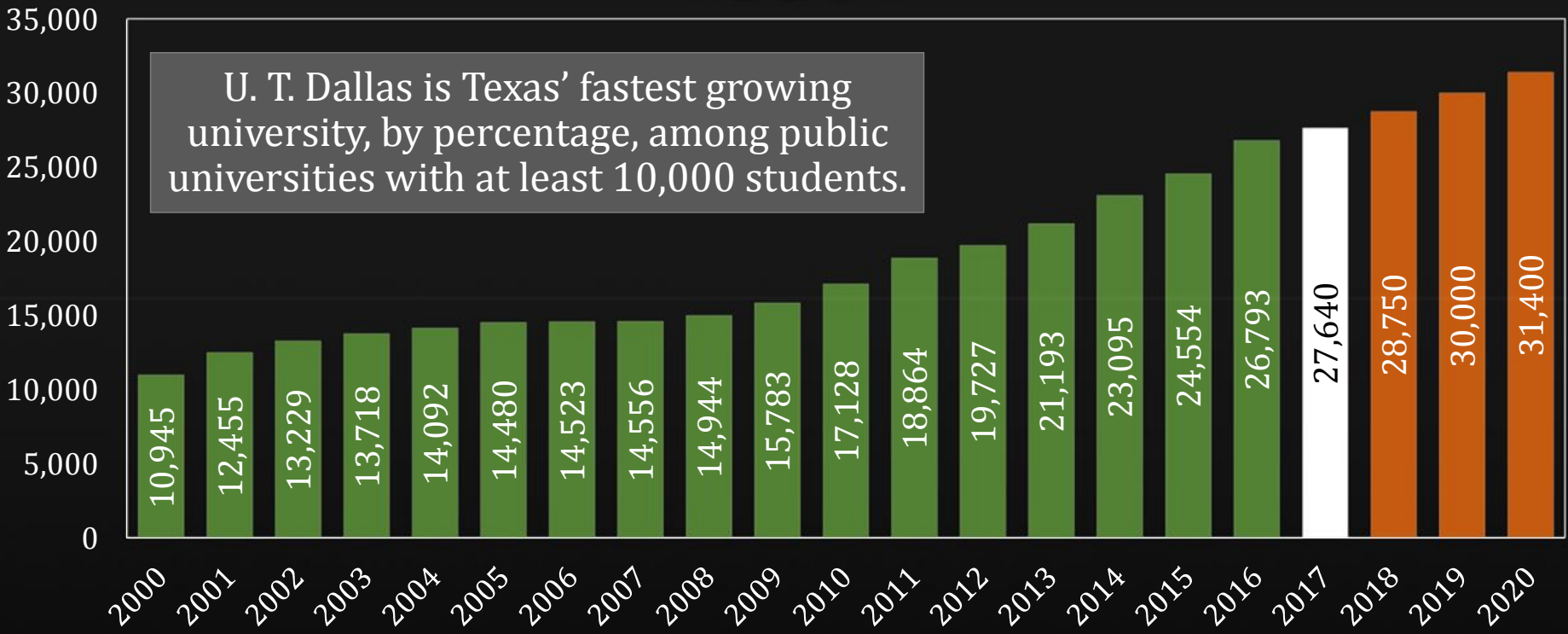
- *U.S. News & World Report* ranked U. T. Dallas in the Top 20 for lowest student debt after graduation.
- *U.S. News & World Report* ranked U. T. Dallas #1 among “Top 10 MBA Programs Where Grads Make More than They Owe” based on salary-to-debt ratios.
- *Money Magazine* ranked U. T. Dallas #37 among all public universities for best value, one of three Texas public institutions in the Top 100, along with U. T. Austin and Texas A&M University.
- *Princeton Review* consistently ranks U. T. Dallas as a best value university.





*Whoooooosh!*

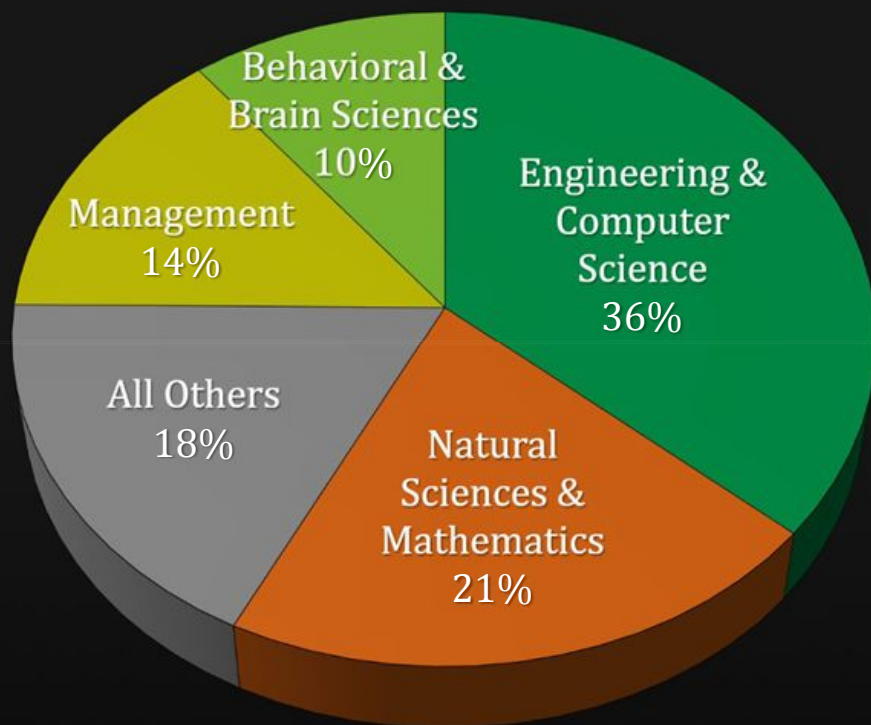
U. T. Dallas is Texas' fastest growing university, by percentage, among public universities with at least 10,000 students.



# BEFORE THEY WERE UTD STUDENTS

	2011	2012	2013	2014	2015	2016	2017
Freshman Class (Fall)	1,788	1,545	2,233	2,520	2,728	3,229	3,192
Average SAT	1248	1270	1261	1256	1257	1261	1323
Average ACT	27	28	28	28	28	28	29
Top 10% in High School Class	39%	42%	38%	38%	33%	33%	36%
Top 25% in High School Class	75%	73%	71%	70%	64%	62%	64%
National Merit Scholars	53	63	89	104	101	119	157

# TOP DECLARED MAJORS OF FULL-TIME INCOMING FRESHMEN



- Computer Science
- Biology
- Neuroscience
- Mechanical Engineering
- Arts and Technology
- Biomedical Engineering
- Computer Engineering
- Biochemistry
- Healthcare Studies
- Electrical Engineering
- Business Administration

# STUDENT SUCCESS PROJECT

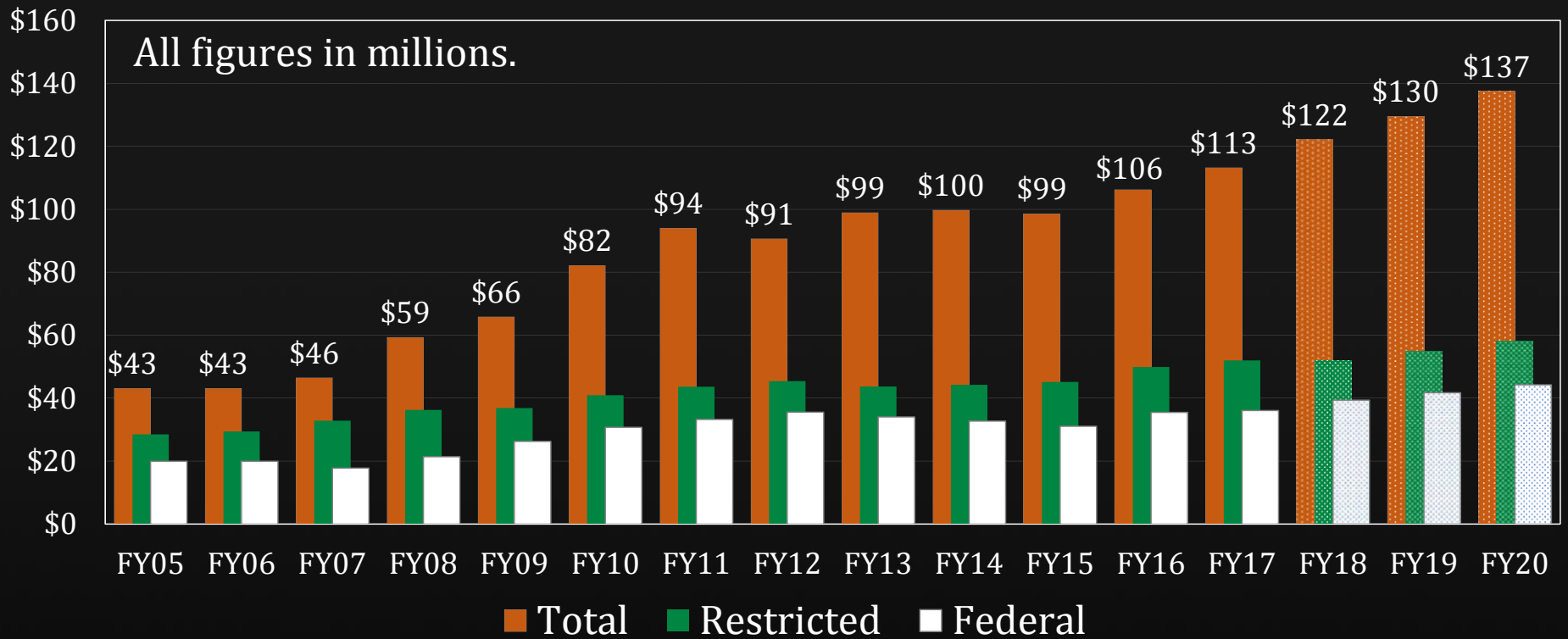
Received \$1 million from U. T. System (**Thank you!**) to expand student peer mentorship and improve peer training. Aligns with Quantum Leap 9, Student Success, Pillar of Belonging. Project components are:

- **COLLABORATION:**
  - Create new student engagement board
  - Create new student web portal
- **MENTORSHIP:**
  - Establish peer mentor training and leadership institute
  - Expand existing freshman peer mentor programs
  - Develop transfer student peer mentor program
- **SERVICE LEARNING:**
  - Develop service-learning project piloted in the School of Behavioral and Brain Sciences focused on storytelling

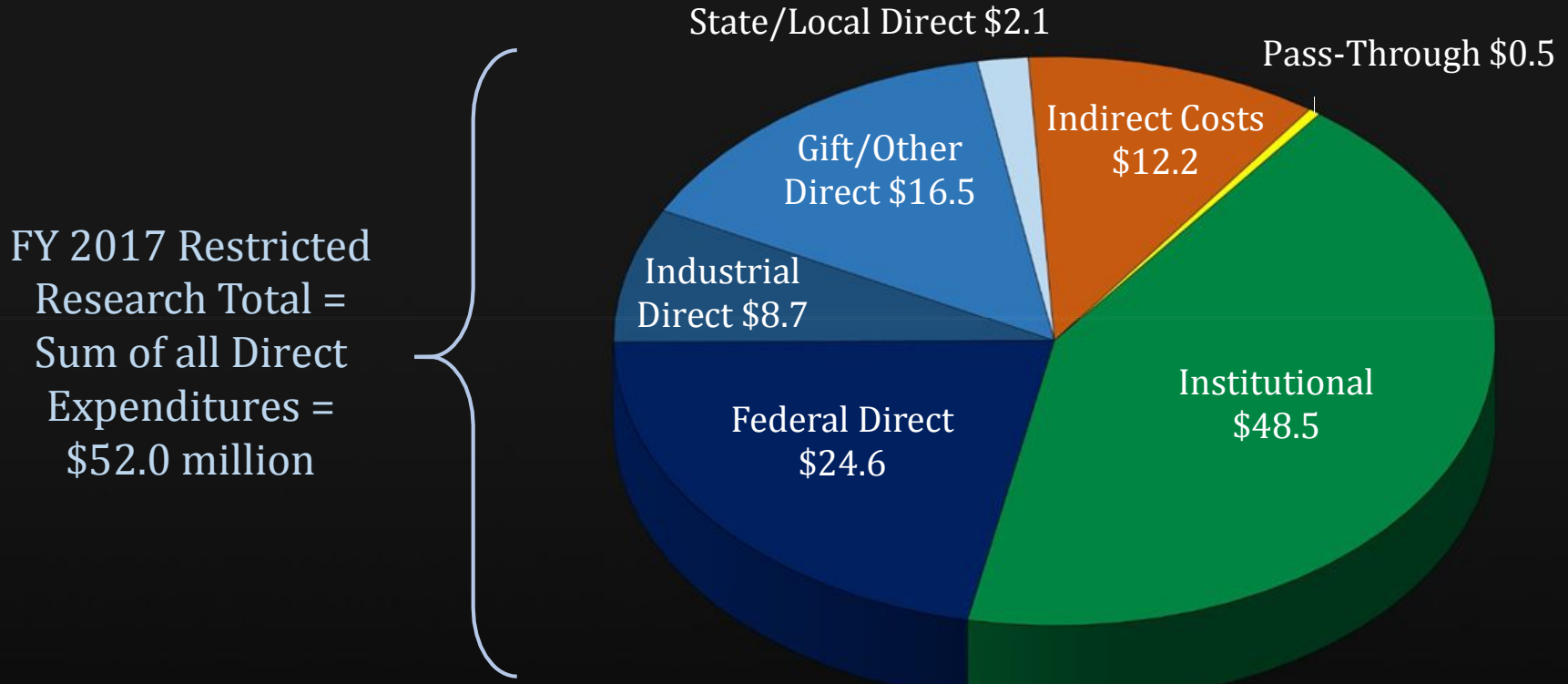


Thanks also for \$180,000 from the U. T. System to help U. T. Dallas replicate U. T. Austin's successful Graduation Help Desk.

# TOTAL, RESTRICTED, AND FEDERAL RESEARCH SPENDING



# FY 2017 RESEARCH EXPENDITURES = \$113.2 M



# NATIONAL RESEARCH UNIVERSITY FUND (NRUF)

U. T. Dallas has met NRUF eligibility for FY 2018

Benchmark — Must Meet	Achieved FY 2016	Achieved FY 2017
Restricted Research - \$45M	✓	✓
<b>Benchmark — Must Meet 4</b>		
At least \$400M endowment	✓	✓
High quality faculty	✓	✓
ARL or Phi Kappa Phi	✓	✓
High quality freshman class	✓	✓
At least 200 Ph.D. graduates		
High quality graduate programs		

← FY 2017  
Restricted  
Research \$52M

← FY 2017  
Endowment  
\$483M

NRUF will provide  
UTD with  
approximately  
\$6.6M per year



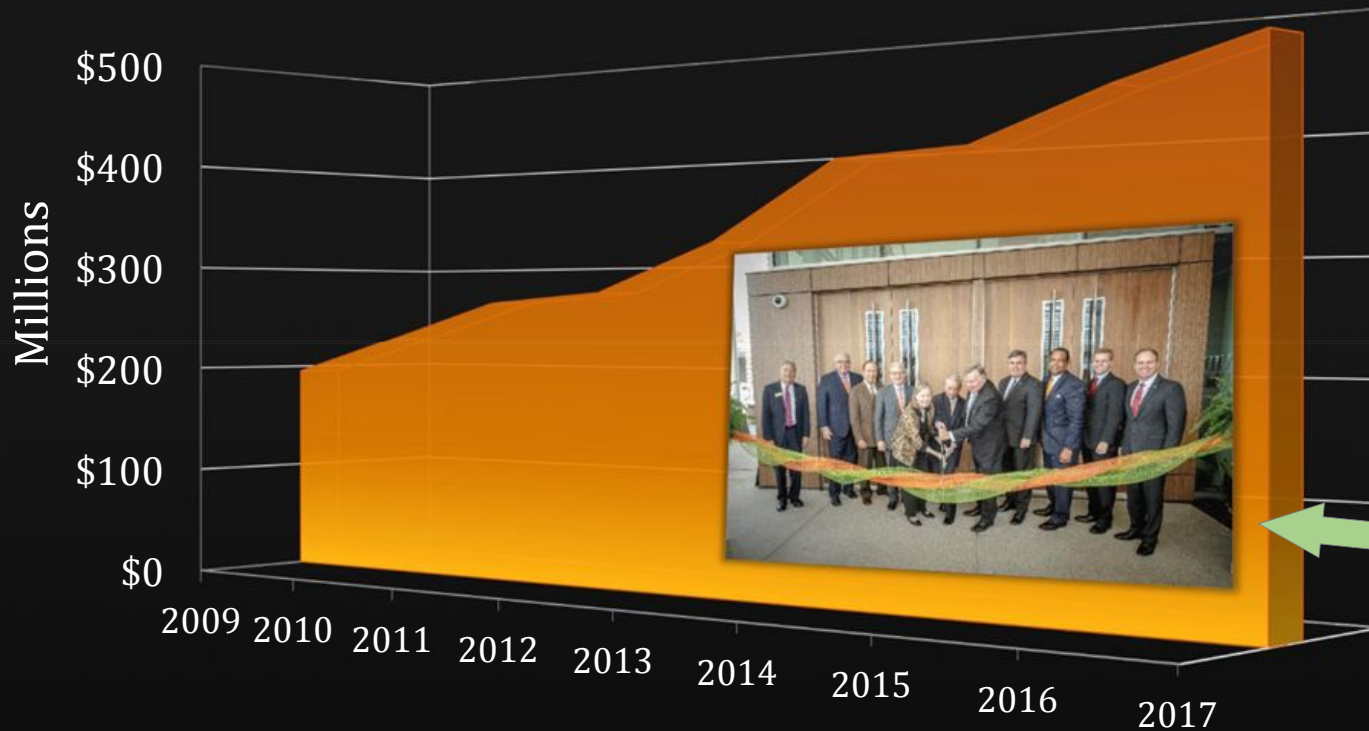
# EXPANDING PARTNERSHIP WITH U. T. SOUTHWESTERN



- 3+3 task group is working to *greatly* expand our joint efforts in biomedical engineering.
- Joint M.S. and Ph.D. degree programs in biomedical engineering launched in late 2016.
- UTD / UTSWMC workshops in Fall 2017 and Winter 2018.
- UTD researchers located in the “K” Building on the UTSWMC campus.
- Medical District / U. T. Dallas bus route started in early 2017.



# U. T. DALLAS ENDOWMENT IS NOW \$481 MILLION



In 2017, we raised \$55 million in philanthropic giving.

Includes \$9.9 million in State and U. T. System match.

Opening of the Davidson-Gundy Alumni Center.

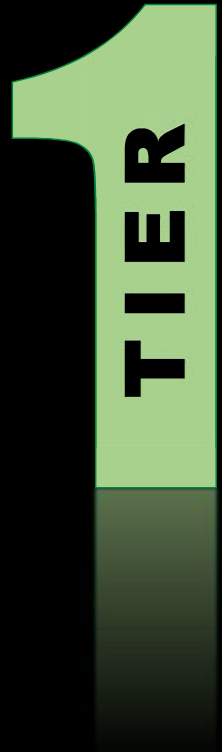
# WHAT COMES AFTER TIER 1?

We continue to ask the question; What comes after Tier 1 and how do we get there? To that end, we reassert the criteria that former President David Daniel established for reaching Tier 1 status.

U. T. Dallas must be nationally competitive in:

1. Institutional reputation
2. Attracting the best students
3. Attracting the best faculty and staff members
4. Securing research funding and having research impact

The end result is that people and companies will need to be in the DFW Metroplex *because of U. T. Dallas!*



10. **U. T. System: Discussion and appropriate action regarding development of a bid for management of Los Alamos National Laboratory**

RECOMMENDATION

Deputy Chancellor Daniel will provide an update on the process of developing a bid for management of the Los Alamos National Laboratory.

11. **U. T. System Board of Regents: Approval of recommendations for Vice Chairmen and Standing Committee Chairmen and Other Appointments, as required**

RECOMMENDATION

Chairman Tucker will recommend the election of Vice Chairmen of the Board and request concurrence of the U. T. System Board of Regents on appointments of Committee Chairmen and Representatives of the Board.



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

**Committee Meeting:** 11/8/2017

**Board Meeting:** 11/9/2017  
Austin, Texas

*Ernest Aliseda, Chairman  
David J. Beck  
Kevin P. Eltife  
Paul L. Foster  
R. Steven Hicks  
Rad Weaver*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	9:00 a.m. <i>Chairman Aliseda</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	9:00 a.m. <b>Discussion</b>	<b>Action</b>	<b>74</b>
2. <b>U. T. System: Discussion regarding review of the Audit, Compliance, and Risk Management Committee Charter</b>	9:02 a.m. <b>Discussion</b> <i>Mr. Peppers Mr. Dendy</i>	Not on Agenda	<b>75</b>
3. <b>U. T. System: Presentation of Institute of Internal Auditors' Global Chairman's Theme</b>	9:15 a.m. <b>Report/Discussion</b> <i>Mr. Peppers</i>	Not on Agenda	<b>76</b>
4. <b>U. T. System: Report on the Systemwide internal audit activities, including the FY 2017 Annual Report</b>	9:30 a.m. <b>Report/Discussion</b> <i>Mr. Peppers</i>	Not on Agenda	<b>88</b>
5. <b>U. T. System: Report and discussion on Systemwide Compliance Programs</b>	9:45 a.m. <b>Report/Discussion</b> <i>Mr. Dendy Dr. Culpepper</i>	Not on Agenda	<b>103</b>
<b>Adjourn</b>	10:00 a.m.		

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

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 3 - 11](#).

2. **U. T. System: Discussion regarding review of the Audit, Compliance, and Risk Management Committee Charter**

DISCUSSION

Chief Audit Executive Peppers and Chief Compliance and Risk Officer Dendy will seek direction and discuss with committee members the best approach for capturing governing principles and practices for the Audit, Compliance, and Risk Management Committee (ACRMC) activities.

BACKGROUND INFORMATION

In keeping with leading practices, audit committees should have governing documents to outline their purpose, authority, responsibilities, and membership. Over the past few years, the System Administration and institutional audit committees have done this by reviewing and updating their respective charters to meet the unique attributes of their committees and ensure that any changes in regulatory requirements, authoritative guidance, and evolving oversight practices are reflected. The ACRMC Charter was last reviewed and approved with minor changes on August 13, 2008.



3. **U. T. System: Presentation of Institute of Internal Auditors' Global Chairman's Theme**

REPORT

Chief Audit Executive Peppers will apprise the Audit, Compliance, and Risk Management Committee of his activities and representation of the U. T. System in his role as 2017-18 Chairman of the Global Board of Directors of The Institute of Internal Auditors (IIA). The theme Mr. Peppers developed for the year is #PurposeServiceImpact, and he is challenging internal auditors worldwide to take a cue from the social media culture to identify, unify, and connect around the critical concepts of purpose, service, and impact in ways that will be meaningful to their organizations. A PowerPoint presentation is set forth on the following pages.

BACKGROUND INFORMATION

The IIA is the largest organization that represents the interests of the internal auditing profession and provides ethical and professional guidance, continuing education, and certifications to nearly 195,000 members worldwide. The internal audit staff at all U. T. institutions are members of the IIA, and many have served in volunteer leadership roles at the local chapter or regional levels. Chief Audit Executive Peppers is only the second global chairman from higher education in the IIA's 76-year history.



# #PurposeServiceImpact

*2017-18 IIA Global Chairman's Theme*

**J. Michael Peppers, CIA, QIAL, CRMA**  
**2017-18 Chairman of The IIA Global Board**  
**U. T. System Chief Audit Executive**

**U. T. System Board of Regents' Meeting**  
**Audit, Compliance, and Risk Management Committee**  
**November 2017**

# #Purpose Service Impact

 @jmpeppers

Agenda Book - 78





**#Purpose**  
• Being in the right place

**#Service**  
• Doing the right things (and doing them well)

**#Impact**  
• Achieving transformational results



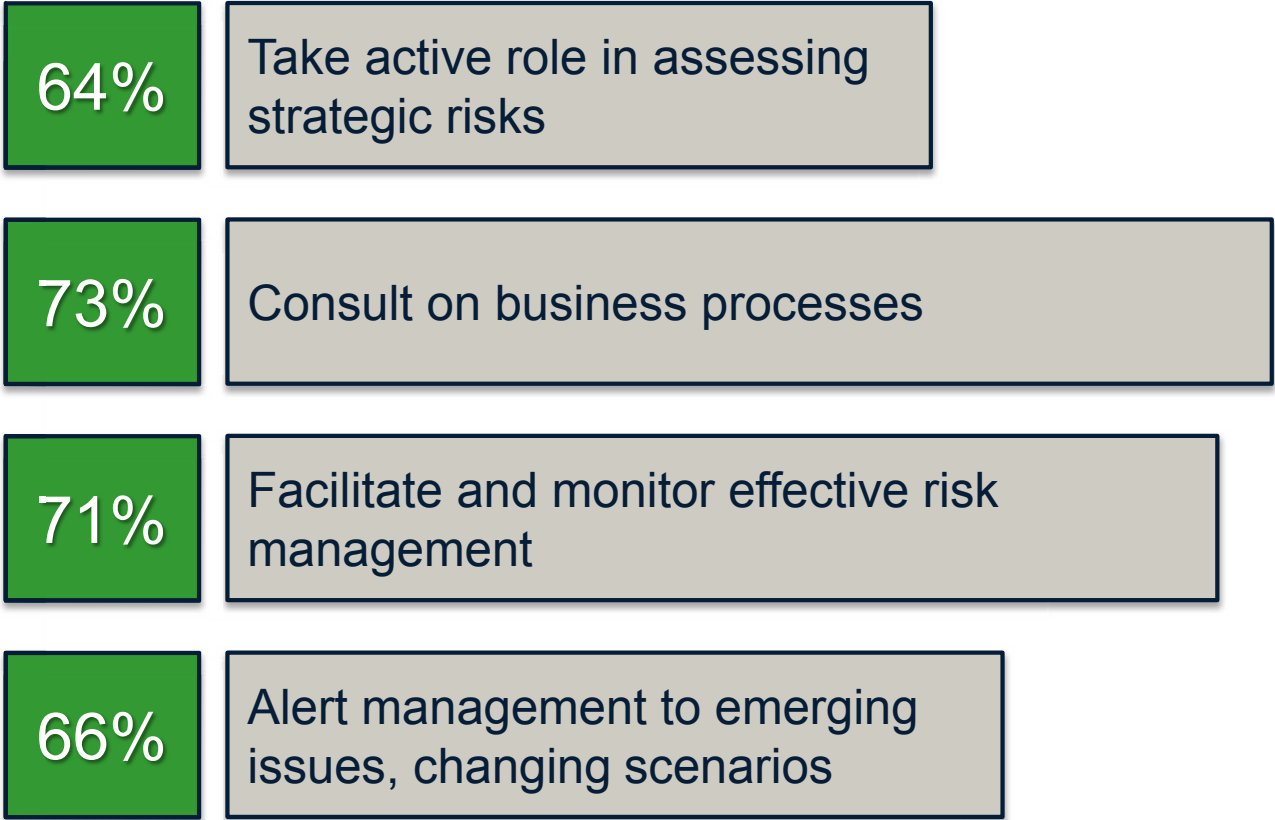


## As an internal auditor

*“To enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight”*

*Mission of Internal Auditing,  
International Professional Practices Framework*





Source: IAF Common Body of Knowledge (CBOK) Stakeholders Study







- Service is purpose put into action
- What we actually do to help others







**Embrace role of educator and change agent**

**Be brave enough to do the right thing**

**Develop strong relationships with stakeholders**

**Continue to develop competencies**

**Build interpersonal, or soft, skills**



*Sources: CBOK, Pulse of Internal Audit, Trusted Advisors*







**CULTURE**



**CYBER**



**DATA**



**COMMUNICATIONS**

Source: *Pulse of Internal Audit*

-  *#Think*
-  *#Identify*
-  *#Unify*
-  *#Connect*



# #PurposeServiceImpact



4. **U. T. System: Report on the Systemwide internal audit activities, including the FY 2017 Annual Report**

REPORT

Chief Audit Executive Peppers will present the FY 2017 Systemwide Annual Report of internal audit activities, including the status of Priority Findings, the implementation of the Systemwide audit management software system, and the results of the External Quality Assessments, using a PowerPoint presentation set forth on the following pages. He will also discuss the status of the external financial audit. The annual audit plan status was provided to the Audit, Compliance, and Risk Management Committee members prior to the meeting.

BACKGROUND INFORMATION

A Priority Finding is defined as “an issue identified by an audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a U. T. System institution or the U. T. System as a whole.” A Priority Findings Matrix is used by the chief audit executives to aid in the determination of a Priority Finding. The matrix provides three categories of standard factors to consider, each alone with the potential to result in a Priority Finding. They are: Qualitative Risk Factors (evaluates the probability and consequences across seven high risks), Operational Control Risk Factors (evaluates operational vulnerability to risks by considering the existence of management oversight and effective alignment of operations), and Quantitative Risk Factors (evaluates the level of financial exposure or lost revenue).

# FY 2017 Systemwide Internal Audit Annual Report

Mr. J. Michael Peppers, U. T. System Chief Audit Executive

U. T. System Board of Regents' Meeting  
Audit, Compliance, and Risk Management Committee  
November 2017



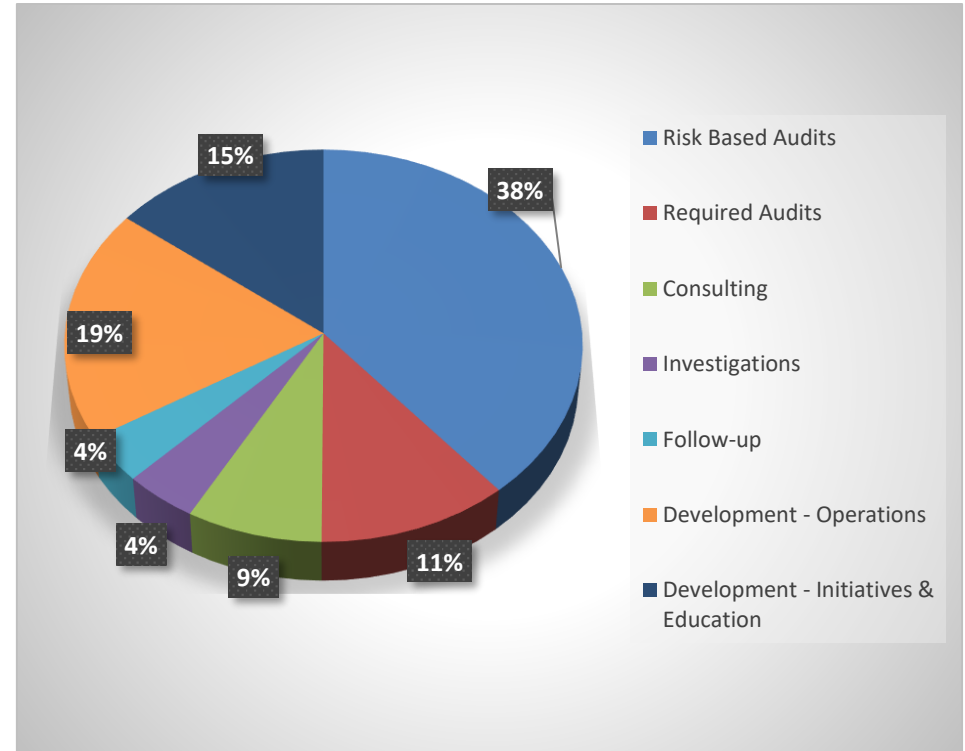
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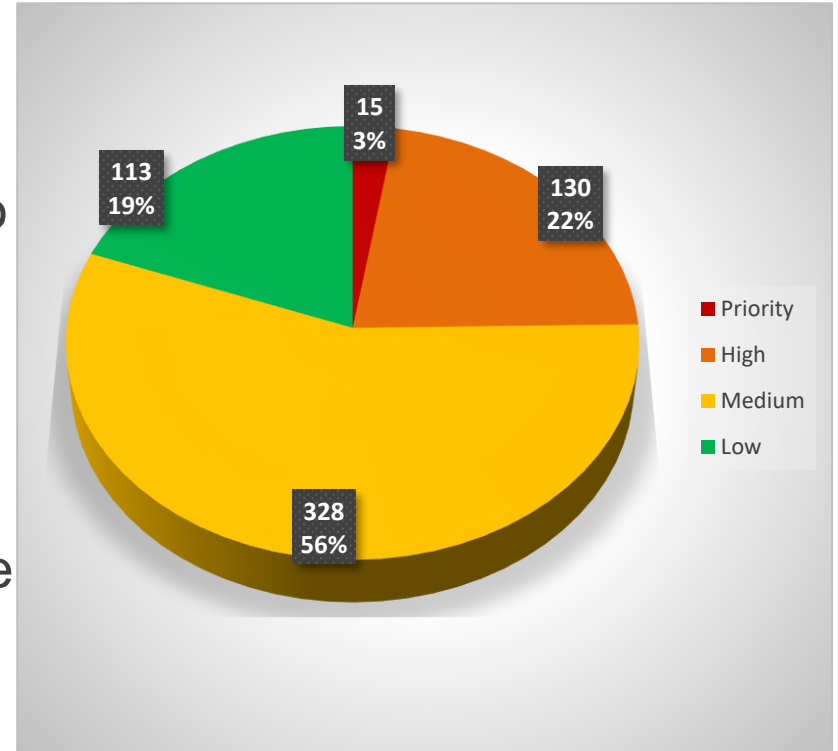
## Systemwide Internal Audit Hours

- During Fiscal Year (FY) 2017, approximately 173k hours were incurred to complete the Systemwide Annual Audit Plan.
- Of these hours, 62% was spent on Risk Based, Required, Consulting, and Investigation engagements.



# Systemwide Internal Audit Reports and Recommendations

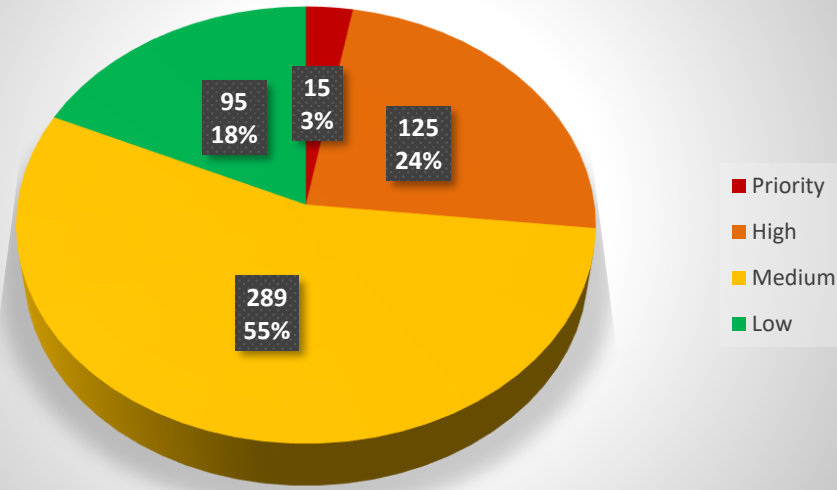
- During FY 2017, 239 audit reports and memos were issued, resulting in 586 recommendations.
- The 586 recommendations were made to address:
  - 15 Priority level findings
  - 130 High level findings
  - 328 Medium level findings
  - 113 Low level findings
- The average client survey score for these audits was 4.47 out of a range of 1 (Strongly Dissatisfied) to 5 (Strongly Satisfied).



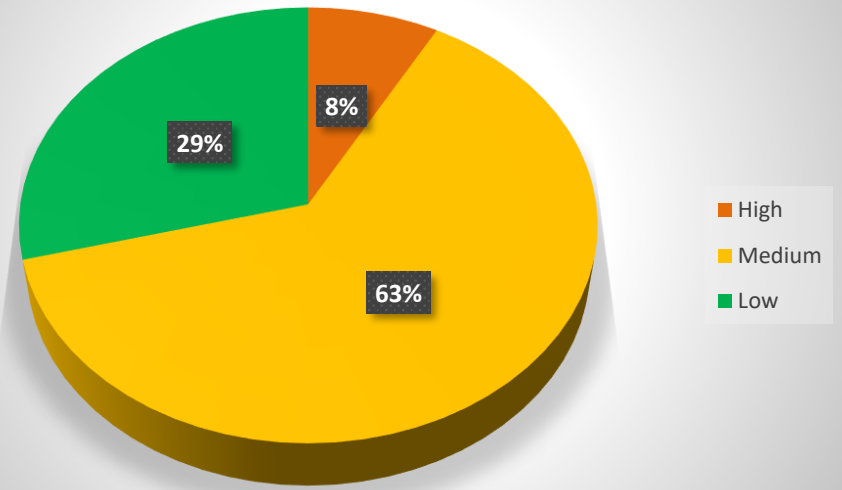
# Findings from Risk-Based and Required Audits

Risk-based audits result in greater numbers and higher levels of recommendations.

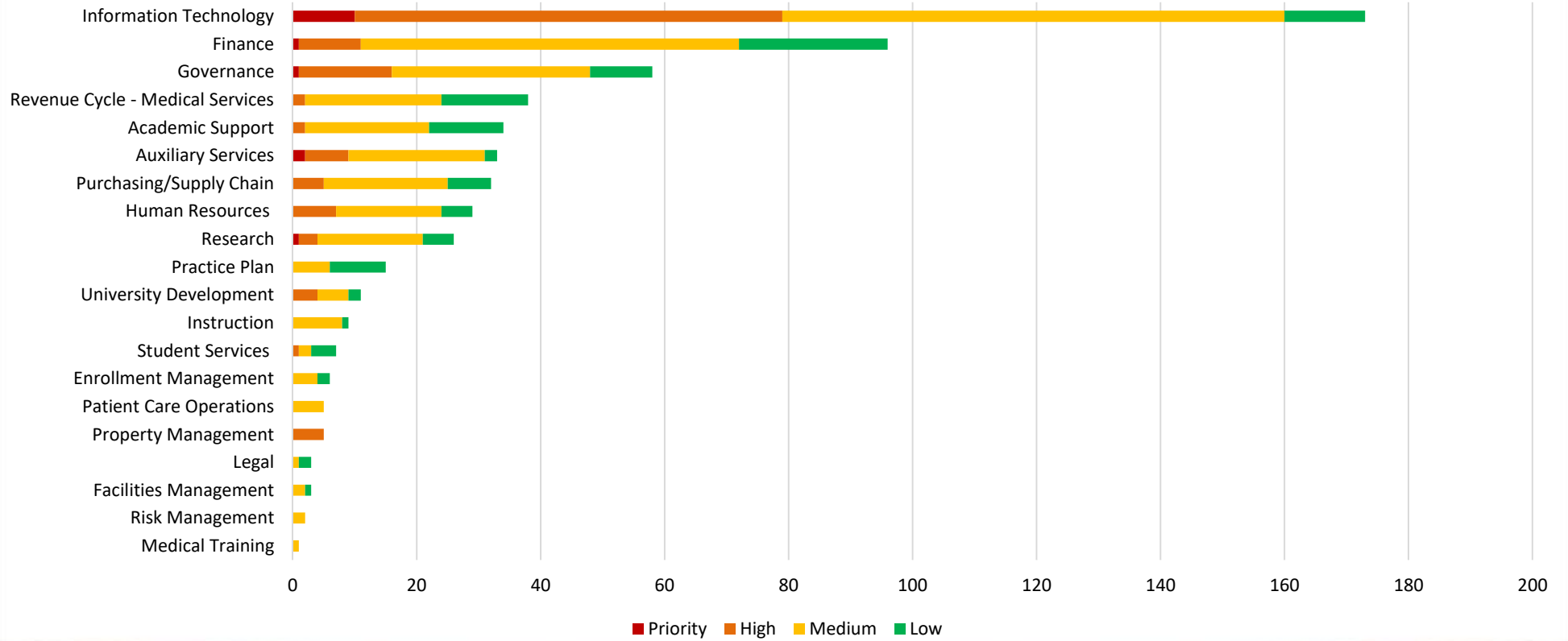
### Risk-Based Audits - 524



### Required Audits - 62



# Findings by Subject Area



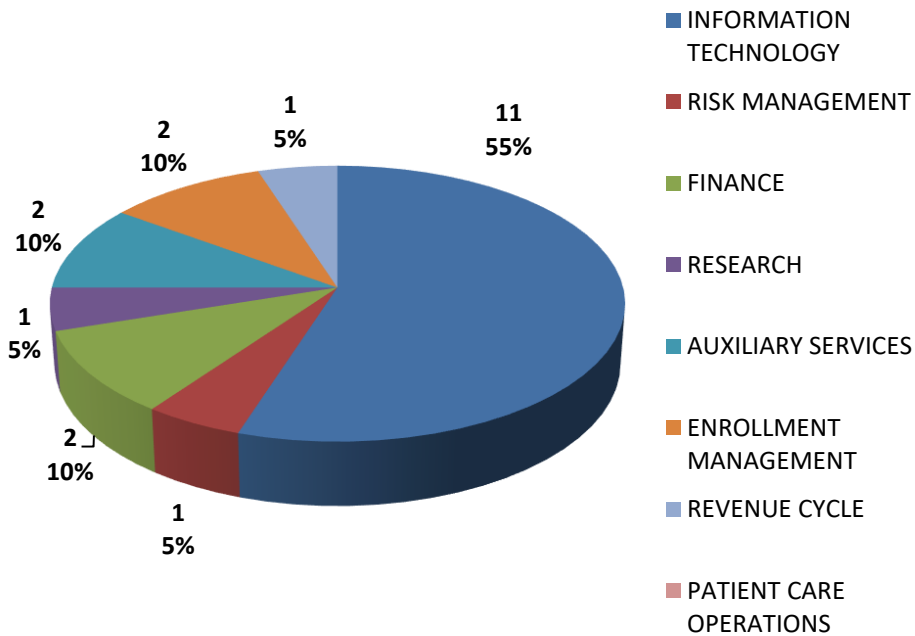
## Priority Findings Status – Changes Since Last Report

	Aug 2017	Implemented	New	Nov 2017	Past Due
U. T. Arlington	3	-	-	3	-
U. T. Austin	4	(1)	-	3	-
U. T. Dallas	1	(1)	-	-	-
U. T. El Paso	2	-	-	2	-
U. T. Permian Basin	1	-	-	1	1
U. T. Rio Grande Valley	1	-	-	1	-
U. T. San Antonio	-	-	2	2	-
U. T. Medical Branch	1	(1)	-	-	-
U. T. Health Science Center at San Antonio	1	-	1	2	-
U. T. M. D. Anderson Cancer Center	9	(3)	-	6	-
<b>Totals</b>	<b>23</b>	<b>(6)</b>	<b>3</b>	<b>20</b>	<b>1</b>

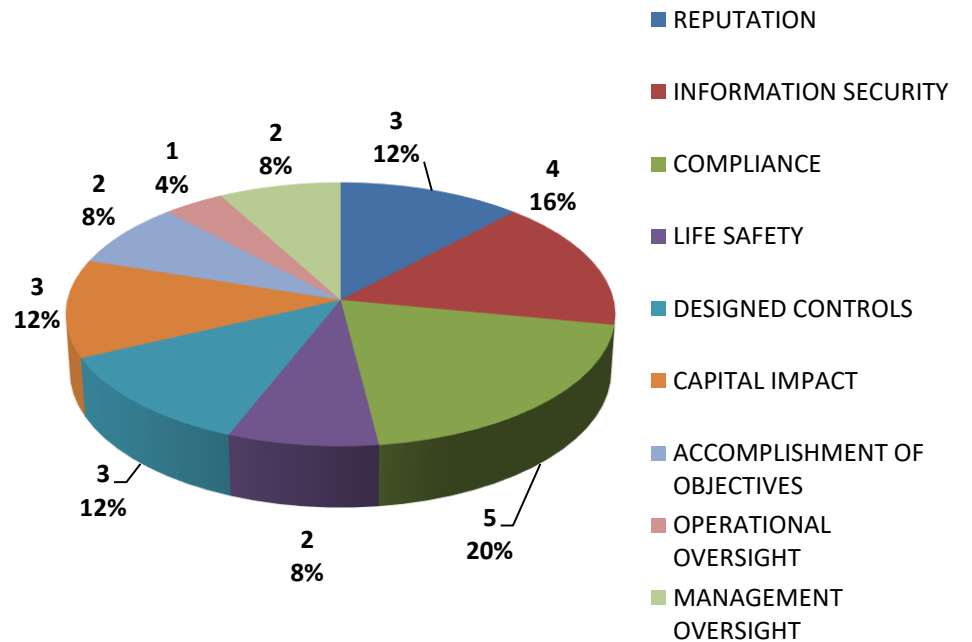


# Priority Findings

## Operational Area



## Risk Factors



## Internal Audit Staffing Resources as of FYE 2017

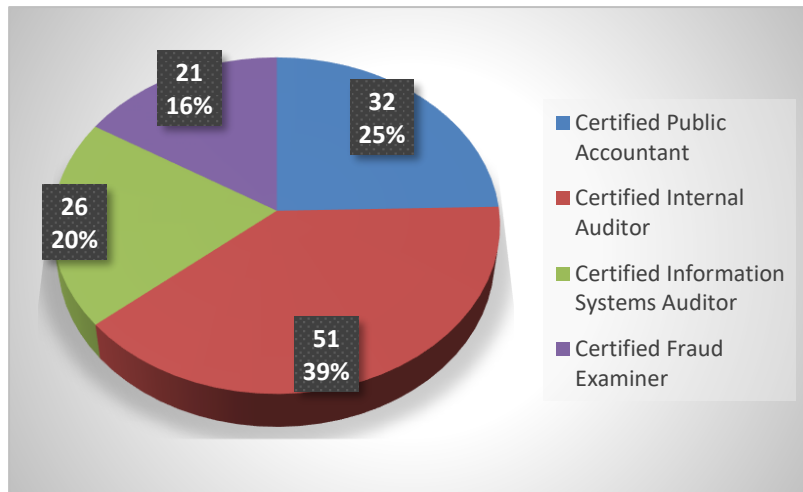
- Systemwide internal audit has 139 budgeted FTEs:
  - 121 (87%) filled positions
  - 18 (13%) vacant positions
- The 139 budgeted FTEs are composed of:
  - 50 (12%) professional management employees (6 vacancies)
  - 75 (15%) professional staff employees (11 vacancies)
  - 14 (7%) administrative staff employees (1 vacancy)





## Internal Audit Staffing Resources as of FYE 2017 (cont.)

- 87 of the 108 current professional employees hold 130 professional certifications



- 40 of the 108 current professional employees have advanced degrees
- Average number of years of relevant and U. T. experience is 16 and 8 years, respectively
- Professional employees participated in an average of 59 hours of continuing professional education during the fiscal year



## Systemwide Audit Management Software Implementation

- Comprehensive audit management software (AMS) for electronic work paper and audit documentation
- To assist in the automation of:
  - Audit plan monitoring
  - Issue tracking
  - Specialized reporting for audit committees
  - Knowledge sharing



## Systemwide AMS Implementation (cont.)

- Collaborative process with workstreams made up of System Administration and institutional internal audit representatives
- Two year project resulted in a successful go-live
- On time and under budget
- Institutional involvement continues as longer term opportunities are identified and executed



# Quality Assessment Review (QAR) of Internal Audit

## Type of Review:

- Separate QARs of 14 institutional internal audit functions and the System Audit Office
- Conducted by Baker Tilly and Peer Review Teams with expertise in academic and health institutions

## Objectives:

- Verify conformity to the Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing* and Code of Ethics, Generally Accepted Government Auditing Standards, and the relevant requirements of the Texas Internal Auditing Act
- Identify strengths as well as opportunities for enhancing the internal audit function and processes that affect effectiveness



## Professional Contributions by Internal Audit Staff

- Held several board and other leadership positions on professional organizations and advisory boards at the local, national, and global levels
- Presented at various conferences to provide continued professional education trainings
- Served as part-time adjunct and guest lecturers, participated in student mentorship program, and made presentations to auditing classes



## Student Opportunities in Internal Audit

Through educational partnerships, internships, and other activities, provided professional auditing experience to students at:

- U. T. Arlington
- U. T. Austin
- U. T. Dallas
- U. T. El Paso
- U. T. Permian Basin
- U. T. San Antonio
- U. T. Tyler
- U. T. Southwestern Medical Center
- U. T. System Administration



**5. U. T. System: Report and discussion on Systemwide Compliance Programs**

REPORT

Chief Compliance and Risk Officer Dendy and Executive Director and Deputy Compliance Officer Culpepper will report on the current state of the Systemwide Compliance Program, strategic planning, and monitoring of high-risk areas. A PowerPoint presentation is set forth on the following pages.

BACKGROUND INFORMATION

Following the external assessment finalized in 2016, U. T. System Administration took steps to restructure the Office of Systemwide Compliance. The Systemwide Compliance Program has employed recommendations of the external assessment to pursue and achieve program accomplishments and set the course for developing a strategic plan to continuously monitor and survey compliance in high-risk areas.

It is anticipated that the Audit, Compliance, and Risk Management Committee meetings will involve in-depth discussions on the beneficial changes to the program and the continuing steps to bring the program development to a completion.

The Chief Compliance and Risk Officer and the Executive Director and Deputy Compliance Officer will briefly discuss:

- Historical features of the program
- Current accomplishments based upon external recommendations
- The crafting of a strategic plan to:
  - analyze U. T. System Administration compliance effectiveness
  - review institution compliance program effectiveness
  - support U. T. System leadership in compliance responsibility
  - improve current Systemwide Compliance expertise
  - develop regulatory alliances to monitor high-risk areas, emerging issues, and the manner in which these issues are being addressed



# Systemwide Compliance Department Update & Strategic Plan

Phillip Dendy, Chief Compliance & Risk Officer  
Arthur Culpepper, Deputy Compliance Officer

U. T. System Board of Regents' Meeting  
Audit, Compliance, and Risk Management Committee  
November 2017



THE UNIVERSITY of TEXAS SYSTEM  
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.  
[WWW.UTSYSTEM.EDU](http://WWW.UTSYSTEM.EDU)

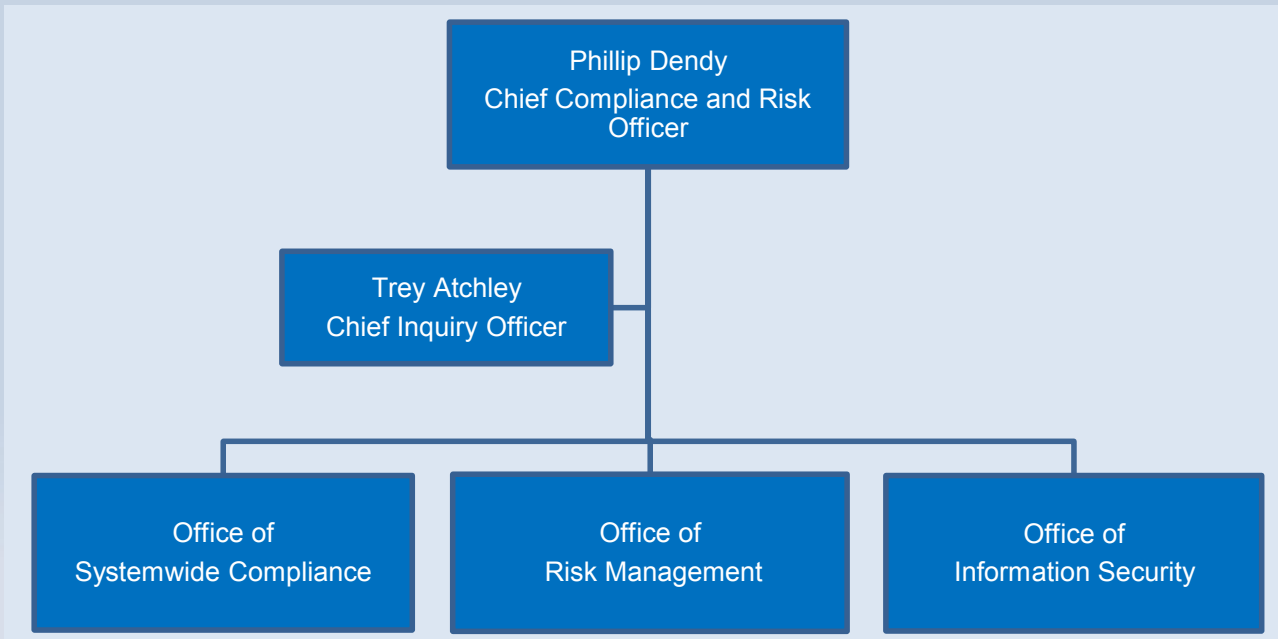
# Historical Perspective

## Office of Systemwide Compliance - observations by FTI Consulting (FTI)

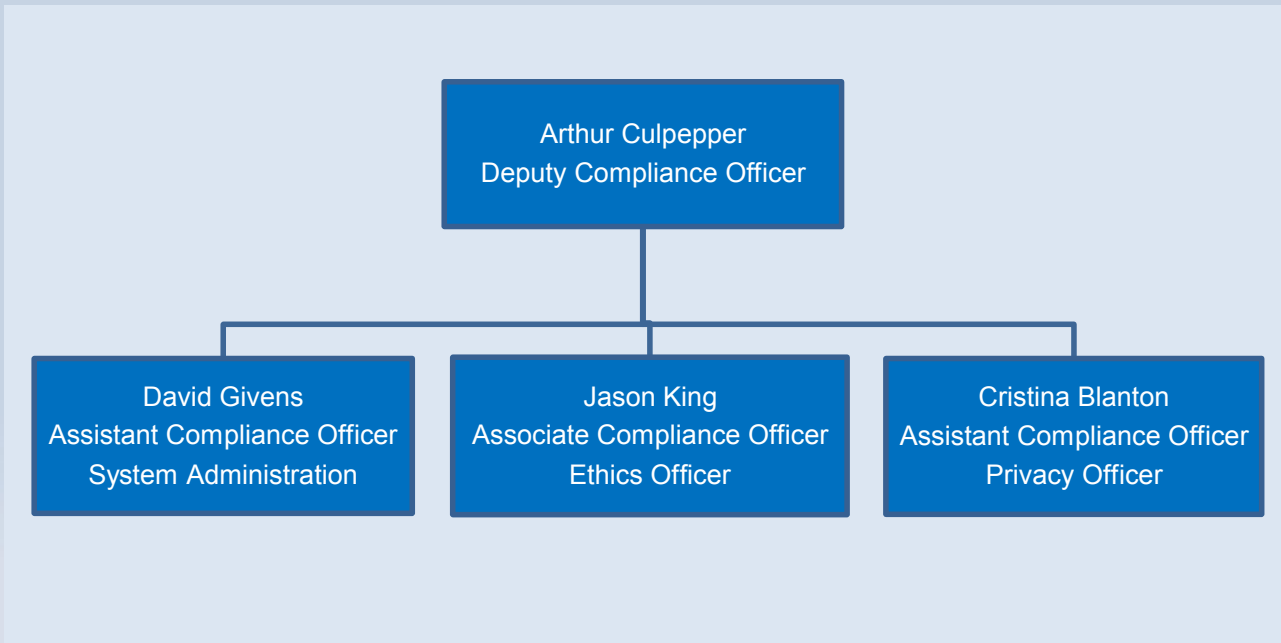
- Operations of the Systemwide Compliance (SWC) Program found to be inconsistent with the elements of an effective program
- The SWC program inadequately resourced according to size and complexity of the U. T. System
- Lacking integration with the System Administration Compliance Program



# Risk Services Structure



# Systemwide Compliance



# Accomplishments in FY 2017

## Completed recommendations from FTI

- Restructured and hired subject matter expert staff
- Merged System Administration Compliance Program with SWC Program
- Updated the U. T. System Compliance Charter
- Reestablished Committee Structure
  - Institutional Compliance Advisory Committee
- Continued site visits to institutions
- Enhanced communication with Institutional Compliance Programs



# Institutional Compliance Advisory Committee (ICAC) Subcommittees

- HealthCare
- Medical Billing
- Privacy
- Research
- Title IX/Clery



# Systemwide Compliance Strategic Plan Focus

- Support System Administration commitment to compliance
- Assist institutions in promoting and executing compliance
- Support and strengthen U. T. System leadership in compliance advocacy and oversight
- Increase SWC compliance expertise and knowledge
- Establish collaborations with key business partners and industry regulators







## TABLE OF CONTENTS FOR FINANCE AND PLANNING COMMITTEE

**Committee Meeting:** 11/8/2017

**Board Meeting:** 11/9/2017  
Austin, Texas

*Jeffery D. Hildebrand, Chairman*  
*David J. Beck*  
*Kevin P. Eltife*  
*Paul L. Foster*  
*Janiece Longoria*  
*Rad Weaver*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>3:45 p.m.</i> <i>Chairman Hildebrand</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<i>3:45 p.m.</i> <b>Discussion</b>	<b>Action</b>	<b>112</b>
2. <b>U. T. System: Key Financial Indicators Report</b>	<i>3:50 p.m.</i> <b>Report/Discussion</b> <i>Dr. Kelley</i>	Not on Agenda	<b>113</b>
3. <b>U. T. System Board of Regents: Approval of amendments to the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, the Long Term Fund, the Intermediate Term Fund, and the Liquidity Policy</b>	<i>4:00 p.m.</i> <b>Action</b> <i>Dr. Kelley</i>	<b>Action</b>	<b>122</b>
4. <b>U. T. System Board of Regents: Approval of the Annual Budget for FY 2018 and the Annual Fee and Allocation Schedule for The University of Texas/Texas A&amp;M Investment Management Company (UTIMCO)</b>	<i>4:05 p.m.</i> <b>Action</b> <i>Mr. Harris</i>	<b>Action</b>	<b>132</b>
5. <b>U. T. System Board of Regents: The University of Texas/Texas A&amp;M Investment Management Company (UTIMCO) Update</b>	<i>4:10 p.m.</i> <b>Report/Discussion</b> <i>Mr. Harris</i>	<b>Report</b>	<b>147</b>
<b>Adjourn</b>	<i>4:30 p.m.</i>		

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

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 12 - 25](#).

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

REPORT

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.

The Key Financial Indicators Report compares the Systemwide results of operations and key revenues and expenses in a graphical presentation.

# THE UNIVERSITY OF TEXAS SYSTEM

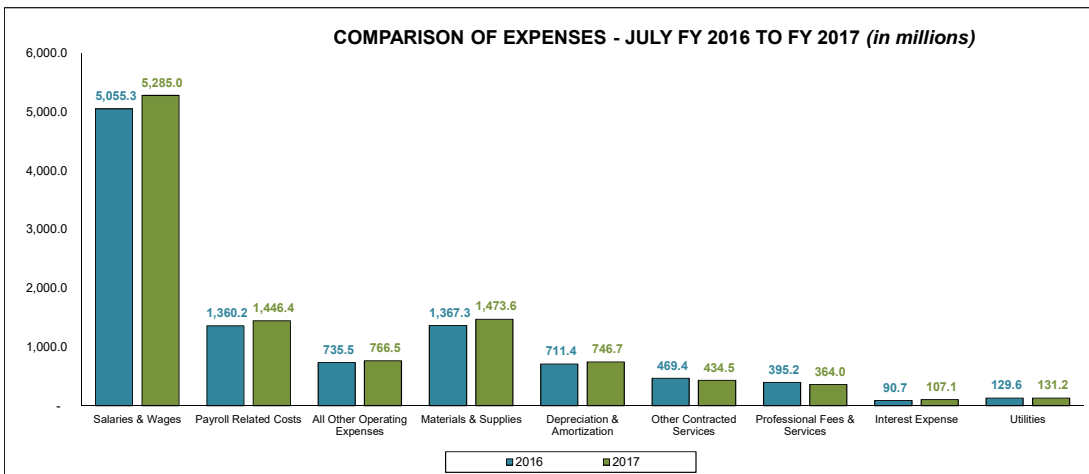
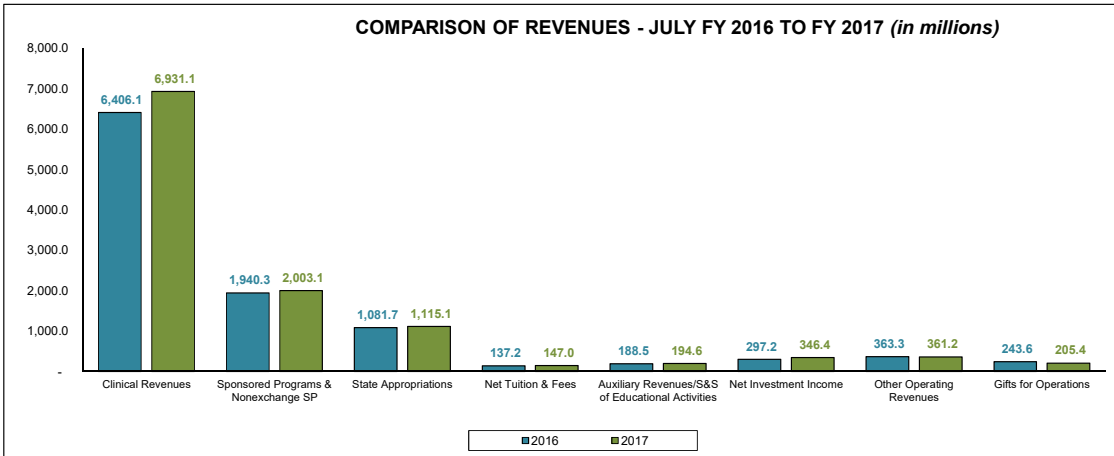


## KEY FINANCIAL INDICATORS REPORT

**U. T. SYSTEM BOARD OF REGENTS' MEETING  
FINANCE AND PLANNING COMMITTEE  
NOVEMBER 8, 2017**

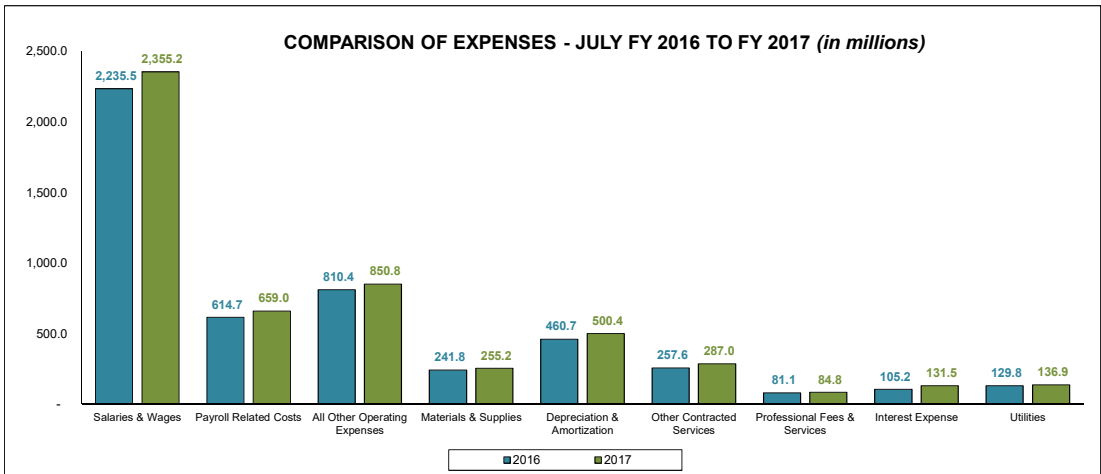
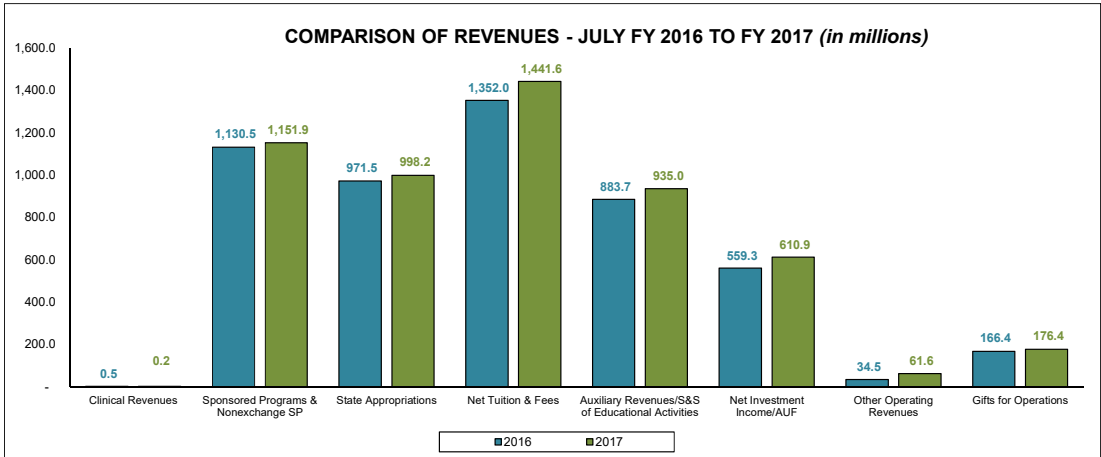
## KEY INDICATORS OF FINANCIAL RESULTS YEAR-TO-DATE 2016 AND 2017 FROM JULY MONTHLY FINANCIAL REPORT AND PROJECTED 2017 YEAR-END

<i>(in millions)</i>	U. T. Health Institutions		
	July FY 2016	July FY 2017	Projected FY 2017
Clinical Revenues	\$ 6,406.1	6,931.1	7,594.6
Sponsored Programs	1,940.3	2,003.1	2,188.2
State Appropriations	1,081.7	1,115.1	1,209.9
Net Tuition and Fees	137.2	147.0	157.7
Auxiliary Revenues/Sales & Services of Educational Activities	188.5	194.6	214.9
<b>Net Investment Income</b>	<b>297.2</b>	<b>346.4</b>	<b>359.7</b>
Other Operating Revenues	363.3	361.2	424.6
<b>Gift Contributions for Operations</b>	<b>243.6</b>	<b>205.4</b>	<b>253.0</b>
<b>Total Revenues</b>	<b>10,658.0</b>	<b>11,303.8</b>	<b>12,402.7</b>
Salaries and Wages	5,055.3	5,285.0	5,784.5
Payroll Related Costs	1,360.2	1,446.4	1,569.5
All Other Operating Expenses	735.5	766.5	833.4
Materials and Supplies	1,367.3	1,473.6	1,609.0
Depreciation and Amortization	711.4	746.7	826.1
Other Contracted Services	469.4	434.5	480.7
Professional Fees and Services	395.2	364.0	403.3
<b>Interest Exp. on Cap. Asset Financing</b>	<b>90.7</b>	<b>107.1</b>	<b>117.3</b>
Utilities	129.6	131.2	143.4
<b>Total Expenses</b>	<b>\$ 10,314.5</b>	<b>10,754.9</b>	<b>11,767.2</b>
<b>Adjusted Income (Loss)</b>	<b>343.5</b>	<b>548.9</b>	<b>635.5</b>



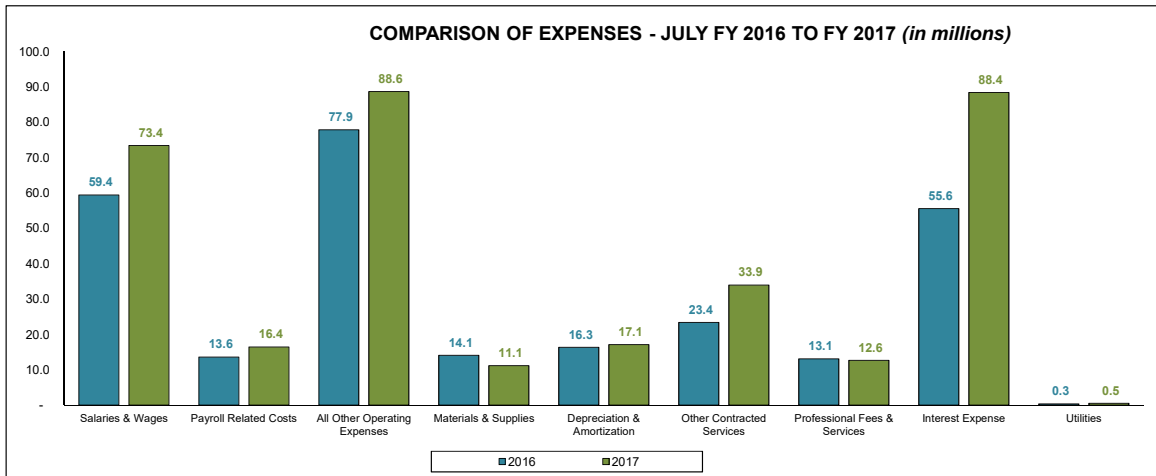
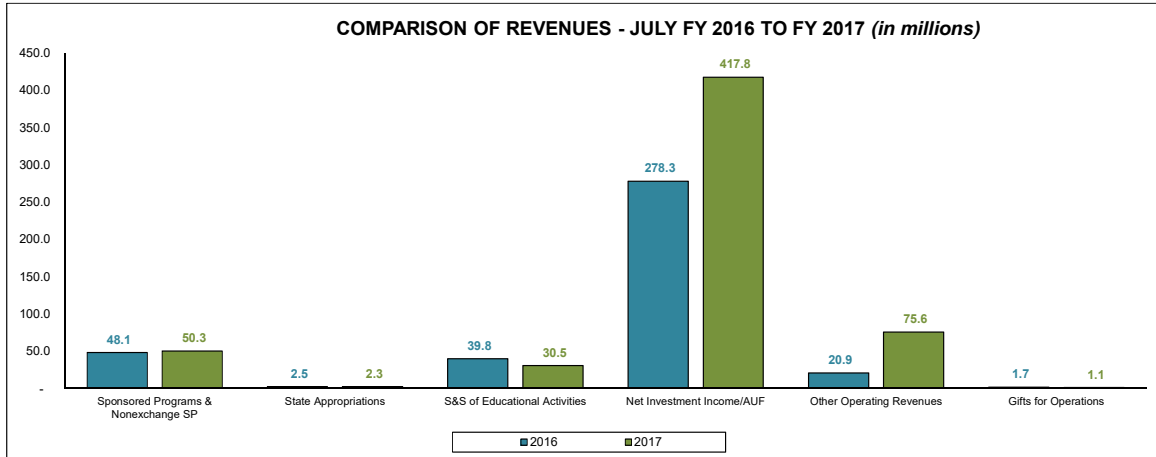
## KEY INDICATORS OF FINANCIAL RESULTS YEAR-TO-DATE 2016 AND 2017 FROM JULY MONTHLY FINANCIAL REPORT AND PROJECTED 2017 YEAR-END

<i>(in millions)</i>	<b>U. T. Academic Institutions</b>		
	<b>July</b>	<b>July</b>	<b>Projected</b>
	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2017</b>
Clinical Revenues	\$ 0.5	0.2	0.3
Sponsored Programs	1,130.5	1,151.9	1,385.1
State Appropriations	971.5	998.2	1,085.7
Net Tuition and Fees	1,352.0	1,441.6	1,575.5
Auxiliary Revenues/Sales & Services of Educational Activities	883.7	935.0	824.7
Net Investment Income/Available University Fund (AUF)	559.3	610.9	683.0
<b>Other Operating Revenues</b>	<b>34.5</b>	<b>61.6</b>	65.3
Gift Contributions for Operations	166.4	176.4	201.4
<b>Total Revenues</b>	<b>5,098.3</b>	<b>5,375.7</b>	<b>5,821.1</b>
Salaries and Wages	2,235.5	2,355.2	2,506.1
Payroll Related Costs	614.7	659.0	696.3
All Other Operating Expenses	810.4	850.8	959.7
Materials and Supplies	241.8	255.2	262.0
Depreciation and Amortization	460.7	500.4	550.1
<b>Other Contracted Services</b>	<b>257.6</b>	<b>287.0</b>	305.0
Professional Fees and Services	81.1	84.8	95.3
<b>Interest Exp. on Cap. Asset Financing</b>	<b>105.2</b>	<b>131.5</b>	143.8
Utilities	129.8	136.9	134.5
<b>Total Expenses</b>	<b>\$ 4,936.8</b>	<b>5,260.7</b>	<b>5,652.7</b>
<b>Adjusted Income (Loss)</b>	<b>161.5</b>	<b>115.0</b>	<b>168.3</b>



## KEY INDICATORS OF FINANCIAL RESULTS YEAR-TO-DATE 2016 AND 2017 FROM JULY MONTHLY FINANCIAL REPORT AND PROJECTED 2017 YEAR-END

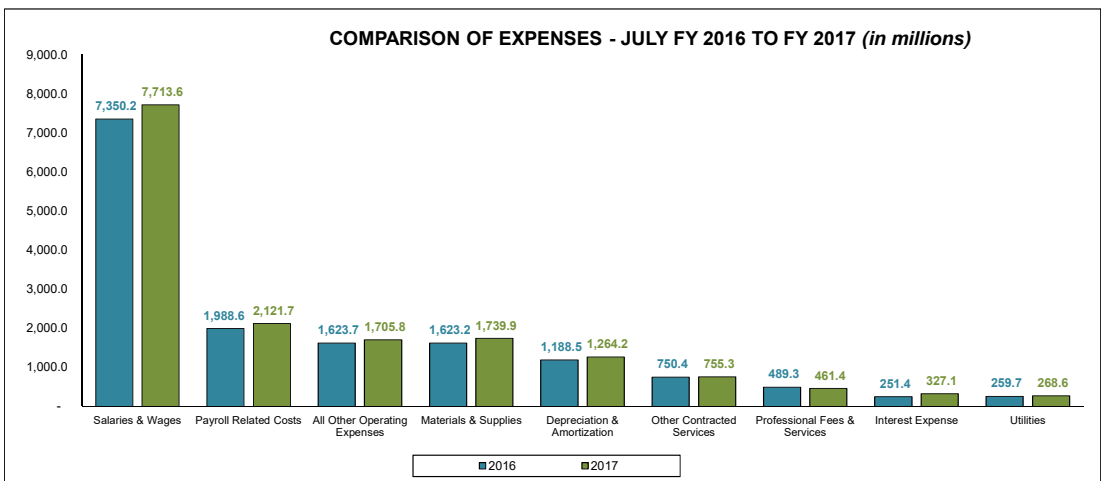
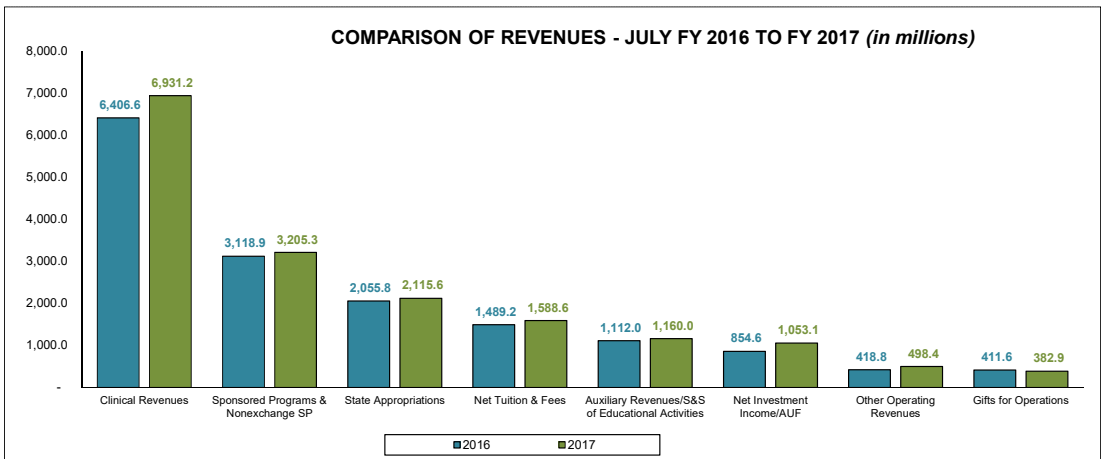
(in millions)	U. T. System Administration		
	July FY 2016	July FY 2017	Projected FY 2017
Sponsored Programs	\$ 48.1	50.3	52.2
State Appropriations	2.5	2.3	2.5
Sales & Services of Educational Activities	39.8	30.5	33.3
Net Investment Income/AUF	278.3	417.8	427.1
Other Operating Revenues	20.9	75.6	82.4
Gift Contributions for Operations	1.7	1.1	1.1
<b>Total Revenues</b>	<b>391.4</b>	<b>577.7</b>	<b>598.7</b>
<b>Salaries and Wages</b>	<b>59.4</b>	<b>73.4</b>	80.1
Payroll Related Costs	13.6	16.4	17.9
All Other Operating Expenses	77.9	88.6	95.6
Materials and Supplies	14.1	11.1	12.2
Depreciation and Amortization	16.3	17.1	18.8
Other Contracted Services	23.4	33.9	37.0
Professional Fees and Services	13.1	12.6	13.8
Interest Exp. on Cap. Asset Financing	55.6	88.4	96.5
Utilities	0.3	0.5	0.6
<b>Total Expenses</b>	<b>\$ 273.7</b>	<b>342.2</b>	<b>372.3</b>
<b>Adjusted Income (Loss) - Excluding Other Postemployment Benefits (OPEB), Pension Expense, &amp; Elimination of AUF Transfer to U. T. Austin</b>	117.7	235.5	226.4
Increase in Net OPEB Obligation	611.3	648.1	707.0
Pension Expense	195.2	229.5	367.7
Elimination of AUF Transfer to U. T. Austin	280.2	322.0	351.2
<b>Adjusted Income (Loss)</b>	<b>(969.0)</b>	<b>(964.1)</b>	<b>(1,199.5)</b>



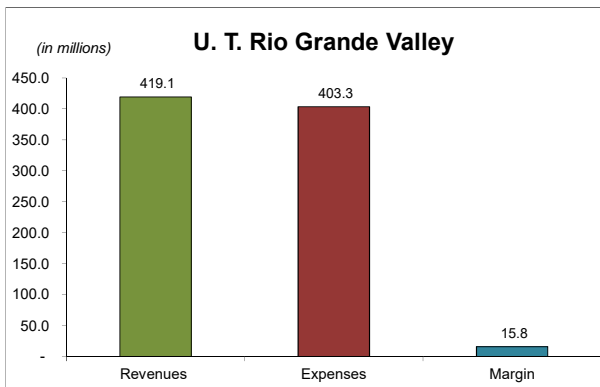
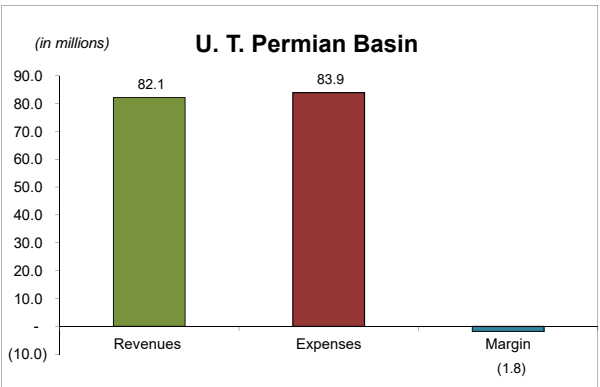
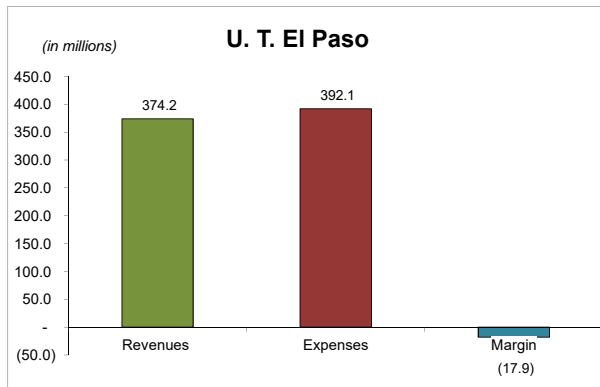
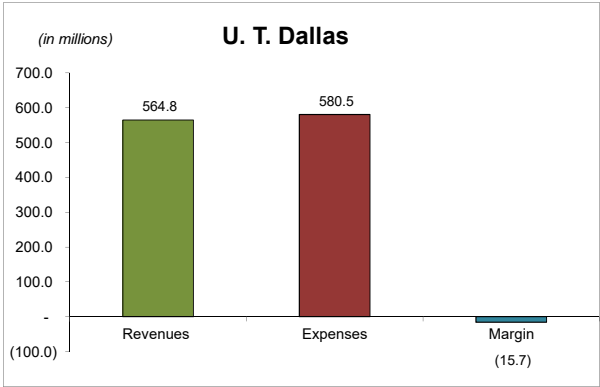
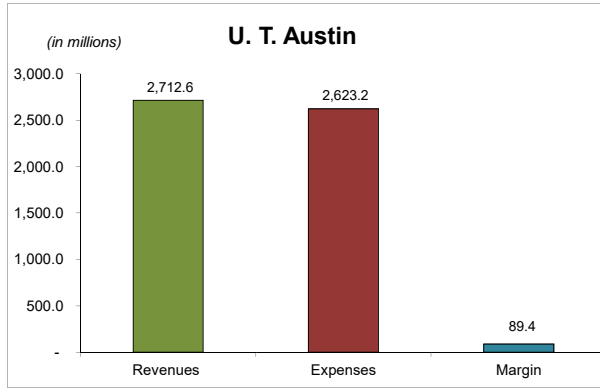
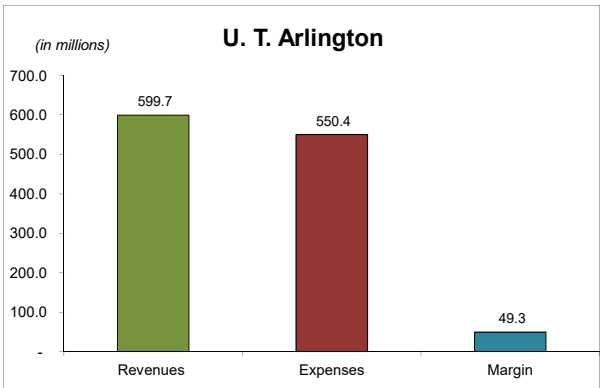
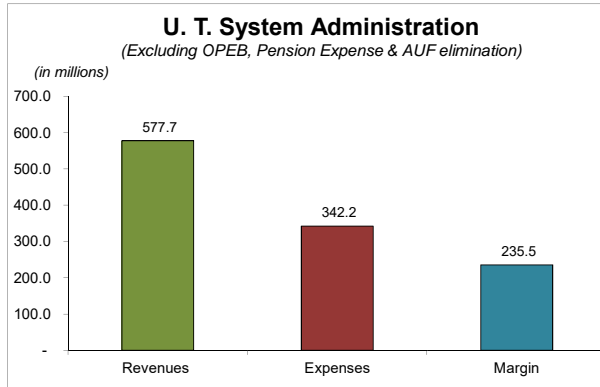
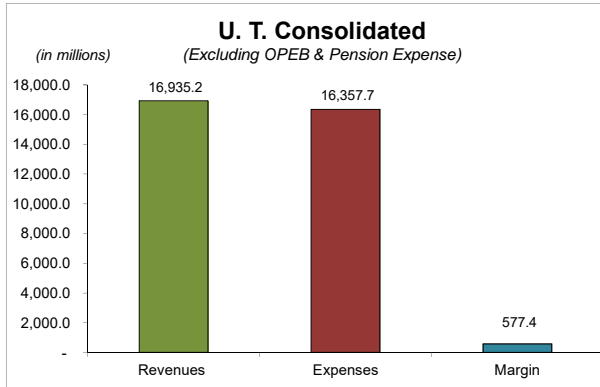


## KEY INDICATORS OF FINANCIAL RESULTS YEAR-TO-DATE 2016 AND 2017 FROM JULY MONTHLY FINANCIAL REPORT AND PROJECTED 2017 YEAR-END

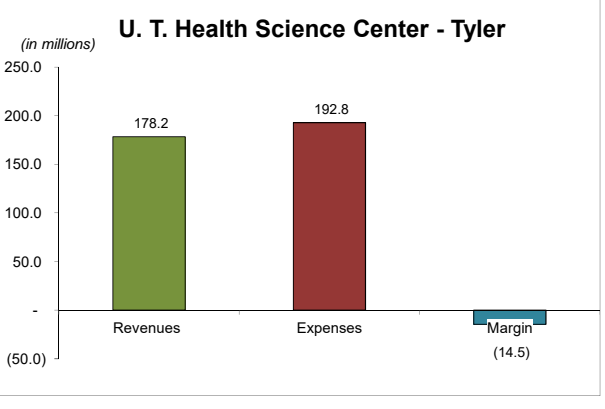
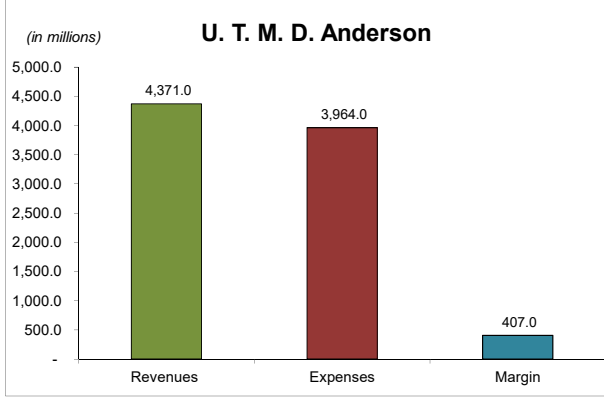
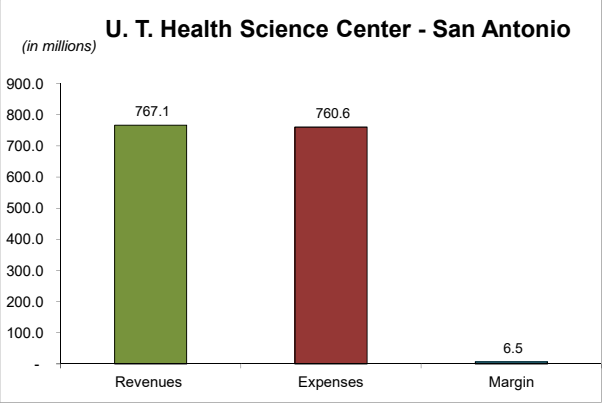
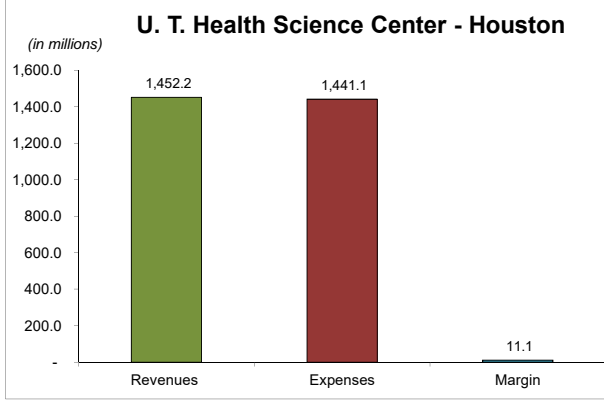
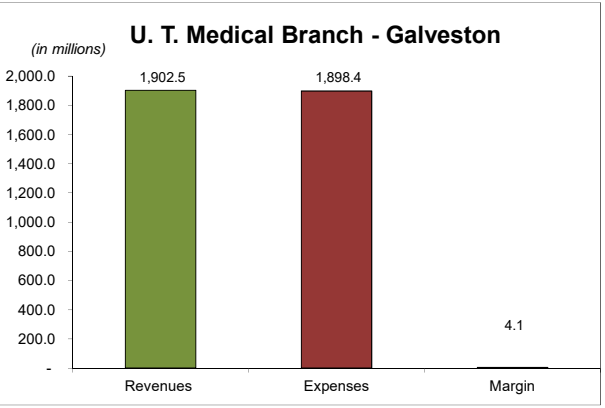
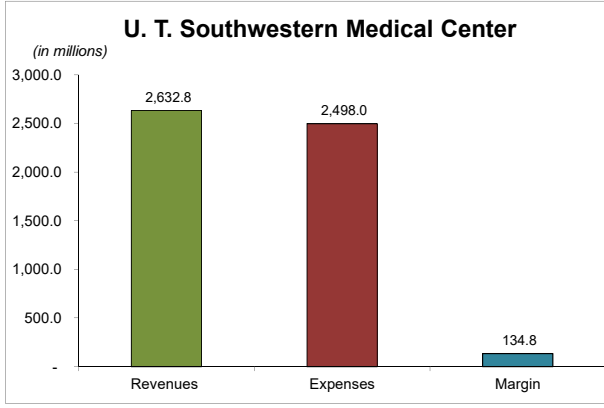
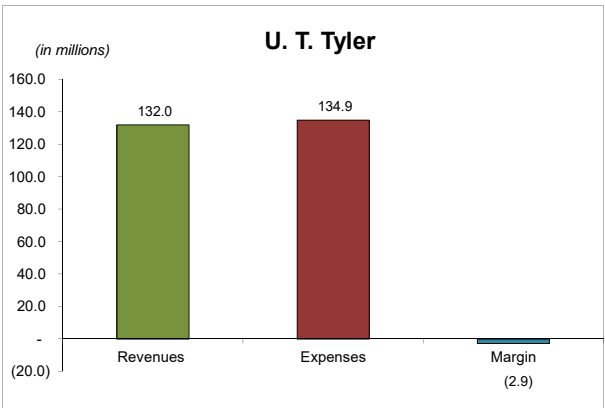
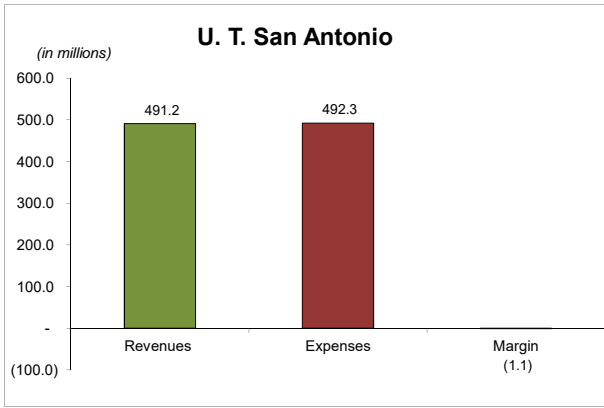
<i>(in millions)</i>	U. T. Consolidated		
	July FY 2016	July FY 2017	Projected FY 2017
Clinical Revenues	\$ 6,406.6	6,931.2	7,594.9
Sponsored Programs	3,118.9	3,205.3	3,625.6
State Appropriations	2,055.8	2,115.6	2,298.1
Net Tuition and Fees	1,489.2	1,588.6	1,733.3
Auxiliary Revenues/Sales & Services of Educational Activities	1,112.0	1,160.0	1,072.9
<b>Net Investment Income/AUF</b>	<b>854.6</b>	<b>1,053.1</b>	1,118.6
<b>Other Operating Revenues</b>	<b>418.8</b>	<b>498.4</b>	572.4
Gift Contributions for Operations	411.6	382.9	455.5
<b>Total Revenues</b>	<b>15,867.5</b>	<b>16,935.2</b>	<b>18,471.3</b>
Salaries and Wages	7,350.2	7,713.6	8,370.6
Payroll Related Costs	1,988.6	2,121.7	2,283.8
All Other Operating Expenses	1,623.7	1,705.8	1,888.7
Materials and Supplies	1,623.2	1,739.9	1,883.1
Depreciation and Amortization	1,188.5	1,264.2	1,395.0
Other Contracted Services	750.4	755.3	822.7
Professional Fees and Services	489.3	461.4	512.3
<b>Interest Exp. on Cap. Asset Financing</b>	<b>251.4</b>	<b>327.1</b>	357.6
Utilities	259.7	268.6	278.4
<b>Total Expenses</b>	<b>\$ 15,525.0</b>	<b>16,357.7</b>	<b>17,792.3</b>
<b>Adjusted Income (Loss) - Excluding OPEB &amp; Pension Exp.</b>	<b>342.4</b>	<b>577.4</b>	<b>679.0</b>
Increase in Net OPEB Obligation	611.3	648.1	707.0
Pension Expense	195.2	229.5	367.7
<b>Adjusted Income (Loss)</b>	<b>(464.0)</b>	<b>(300.1)</b>	<b>(395.7)</b>



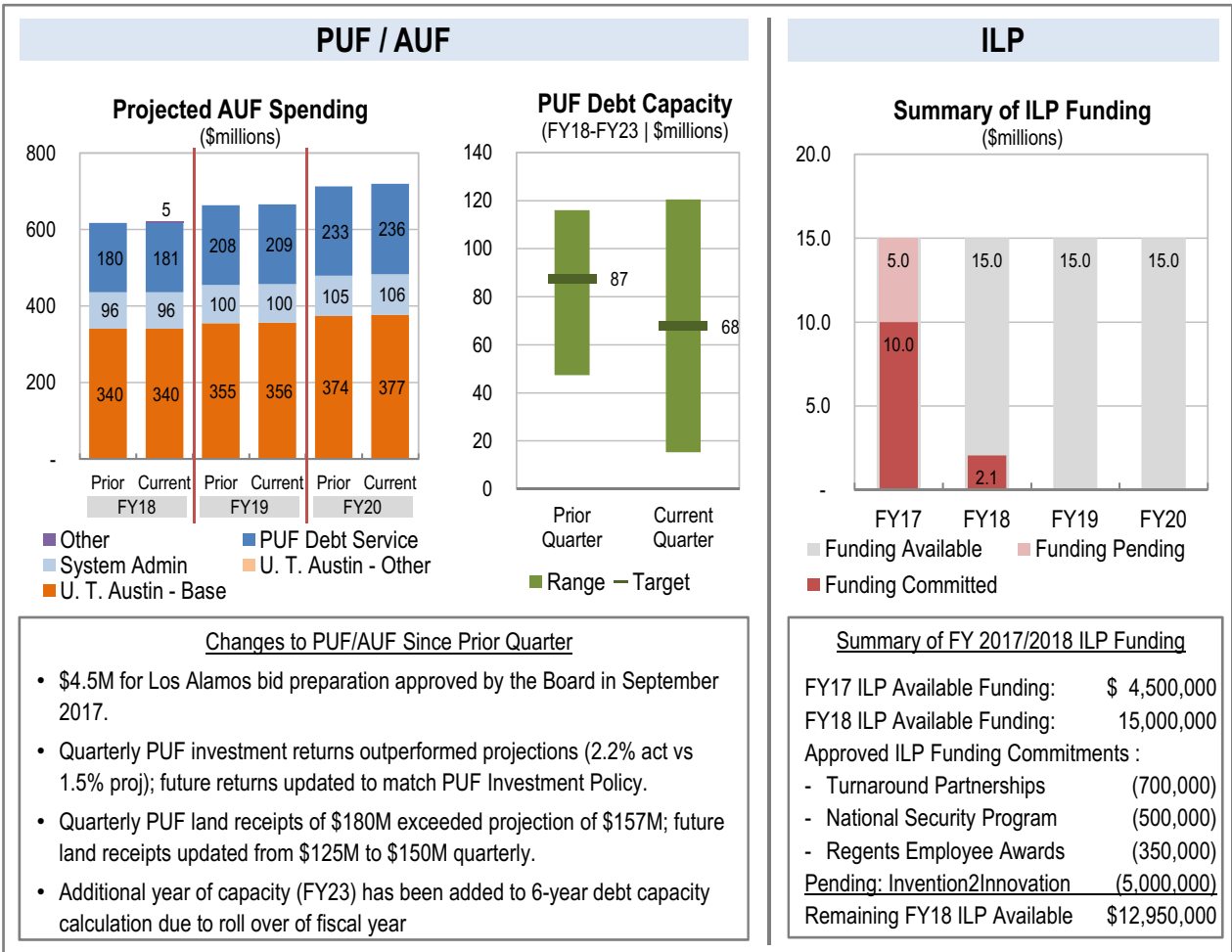
**KEY INDICATORS OF FINANCIAL RESULTS  
YEAR-TO-DATE 2017 FROM JULY MONTHLY FINANCIAL REPORT**



**KEY INDICATORS OF FINANCIAL RESULTS  
YEAR-TO-DATE 2017 FROM JULY MONTHLY FINANCIAL REPORT**



## PUF / AUF / ILP Update For Quarter Ending August 31, 2017



PUF - Permanent University Fund  
AUF - Available University Fund  
ILP - Internal Lending Program

**3. U. T. System Board of Regents: Approval of amendments to the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, the Long Term Fund, the Intermediate Term Fund, and the Liquidity Policy**

**RECOMMENDATION**

The Chancellor, the Deputy Chancellor, and the Executive Vice Chancellor for Business Affairs concur in the recommendation of the Board of Directors of The University of Texas/Texas A&M Investment Management Company (UTIMCO) that the U. T. System Board of Regents approve the proposed amendments to the following Investment Policy Statements, including asset allocation, as set forth in congressional style on the referenced pages, to be effective December 1, 2017. Proposed amendments to the Liquidity Policy, as set forth in congressional style on the referenced pages, are to be effective November 9, 2017.

- a. Permanent University Fund (PUF) (see [Pages 124 - 125](#))
- b. General Endowment Fund (GEF) (see [Pages 124 - 125](#))
- c. Permanent Health Fund (PHF) (see [Pages 124 - 125](#))
- d. Long Term Fund (LTF) (see [Pages 124 - 125](#))
- e. Intermediate Term Fund (ITF) (see [Pages 126 - 127](#))
- f. Liquidity Policy (see [Pages 128 - 131](#))

**BACKGROUND INFORMATION**

The Master Investment Management Services Agreement (IMSA) between the U. T. System Board of Regents and UTIMCO requires that UTIMCO review the current Investment Policies for each Fund at least annually. The review includes distribution (spending) guidelines; long-term investment return expectations and expected risk levels; Asset Class and Investment Type allocation targets and ranges for each eligible Asset Class and Investment Type; expected returns for each Asset Class, Investment Type, and Fund; designated performance benchmarks for each Asset Class and/or Investment Type; and such other matters as the U. T. System Board or its staff designees may request.

The amended PUF, GEF, PHF, LTF, and ITF Investment Policy Statements and the Liquidity Policy were approved by the UTIMCO Board on September 11, 2017.

Exhibits to the Investment Policy Statements for the PUF, GEF, PHF, LTF (see Attachment 1) and ITF (see Attachment 2) have been amended to reflect the following changes:

- Revise Policy Portfolio Asset Class and Investment Type Targets and Ranges for Fiscal Year Ending (FYE) 2018

- Revise Policy Benchmarks and Expected 10-year Annual Real Return (Benchmark) target and the One-Year Downside Volatility for FYE 2018 to reflect revised Asset Class and Investment Type targets for FYE 2018

All amended Investment Policy Statements will be effective December 1, 2017.

The Liquidity Policy will be amended to change the period for determining whether an investment is liquid from 90 days or less to 120 days or less. Also, the requirement to report liquidity quarterly will be deleted since 120 days is the new measurement period.

The Short Term Fund Investment Policy Statement, Separately Invested Funds Investment Policy Statement, and the Derivative Investment Policy were reviewed but no changes were made.

**ATTACHMENT 1**  
**EXHIBIT A for PUF and GEF, EXHIBIT B for PHF and LTF**  
**ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES, AND PERFORMANCE OBJECTIVES**  
**EFFECTIVE ~~SEPTEMBER 1, 2016~~ DECEMBER 1, 2017**

POLICY PORTFOLIO	FYE <del>2017</del> 2018		
	Min	Target	Max
<b>Asset Classes</b>			
Investment Grade Fixed Income	3.0%	9.5%	25.0%
Credit-Related Fixed Income	0.0%	7.5%	30.0%
Real Estate	0.0%	7.0%	12.5%
Natural Resources	2.5%	<del>11.5</del> 14.5%	20.0%
Developed Country Equity	30.0%	<del>48.5</del> 44.5%	65.0%
Emerging Markets Equity	8.0%	<del>16.0</del> 17.0%	25.0%
<b>Investment Types</b>			
More Correlated & Constrained	30.0%	39.0%	60.0%
Less Correlated & Constrained	<del>20.0</del> 15.0%	<del>25.0</del> 21.0%	37.5%
Private Investments	20.0%	<del>36.0</del> 40.0%	<del>45.0</del> 50.0%

The total Asset Class & Investment Type exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 105% of the Asset Class & Investment Type exposures excluding the amount of derivatives exposure not collateralized by Cash.

POLICY BENCHMARK ( <del>reset monthly</del> )	FYE <del>2017</del> 2018
Barclays Capital Global Aggregate Index	7.5%
FTSE EPRA/NAREIT Developed Index Net TRI USD	0.0%
<del>0.0% Bloomberg Commodity Total Return Index, 0.0% MSCI World Natural Resources Index and 100.0% Gold Spot price (XAU) *</del>	2.5%
MSCI World Index with net dividends	19.0%
MSCI Emerging Markets with net dividends	10.0%
Hedge Fund Research Indices Fund of Funds Composite Index	<del>25.0</del> 21.0%
Custom Cambridge Fund of Funds Benchmark	<del>36.0</del> 40.0%

POLICY/TARGET RETURN/RISKS	FYE <del>2017</del> 2018
Expected 10-Year Annual Real Return (Benchmark)	<del>3.95</del> 3.93%
One Year Downside Volatility	<del>10.44</del> 11.23%
<b>Risk Bounds</b>	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%


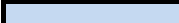
\* ~~Bloomberg Commodity Total Return Index and MSCI World Natural Resources Index will be phased out monthly during FY 2017.~~



ATTACHMENT 1  
EXHIBIT A for PUF and GEF, EXHIBIT B for PHF and LTF  
(continued)  
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES  
EFFECTIVE DATE ~~SEPTEMBER 1, 2016~~ DECEMBER 1, 2017

POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE ~~2017~~2018

FYE <del>2017</del> 2018		More Correlated & Constrained	Less Correlated & Constrained	Private Investments	Total
Fixed Income	Investment Grade	Barclays Capital Global Aggregate Index (7.5%)	2.0%	0.0%	9.5%
	Credit-Related	(0.0%)	4.0%	3.5%	7.5%
Real Assets	Real Estate	FTSE EPRA/NAREIT Developed Index Net TRI USD (0.0%)	0.0%	7.0%	7.0%
	Natural Resources	<del>0.0% Bloomberg Commodity Total Return Index, 0.0% MSCI World Natural Resources Index and 100.0% Gold Spot price (XAU) (2.5%)</del> *	0.0%	<del>9.0</del> 12.0%	<del>11.5</del> 14.5%
Equity	Developed Country	MSCI World Index with Net Dividends (19.0%)	<del>17.0</del> 13.0%	12.5%	<del>48.5</del> 44.5%
	Emerging Markets	MSCI EM Index with Net Dividends (10.0%)	2.0%	<del>4.0</del> 5.0%	<del>16.0</del> 17.0%
<b>Total</b>		39.0%	<del>25.0</del> 21.0%	<del>36.0</del> 40.0%	100.0%

 Hedge Fund Research Indices Fund of Funds Composite Index  
 Custom Cambridge Fund of Funds Benchmark

\* ~~Bloomberg Commodity Total Return Index and MSCI World Natural Resources Index will be phased out monthly during FY 2017.~~

Investment Policy/Benchmarks are indicated in Black/Bold  
Reportable Targets are indicated in Gray

**ATTACHMENT 2**  
**EXHIBIT A - INTERMEDIATE TERM FUND**  
**ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES, AND PERFORMANCE OBJECTIVES**  
**EFFECTIVE DATE ~~SEPTEMBER 1, 2016~~ DECEMBER 1, 2017**

POLICY PORTFOLIO	FYE <del>2017</del> 2018		
	Min	Target	Max
<b>Asset Classes</b>			
Investment Grade Fixed Income	20.0%	34.5%	50.0%
Credit-Related Fixed Income	0.0%	7.5%	12.0%
Real Estate	0.0%	0.0%	10.0%
Natural Resources	0.0%	2.5%	10.0%
Developed Country Equity	20.0%	44.0%	60.0%
Emerging Markets Equity	2.5%	11.5%	20.0%
<b>Investment Types</b>			
More Correlated & Constrained	45.0%	55.0%	65.0%
Less Correlated & Constrained	35.0%	45.0%	55.0%

The total Asset Class & Investment Type exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 100% of the Asset Class & Investment Type exposures excluding the amount of derivatives exposure not collateralized by Cash.

POLICY BENCHMARK <del>(reset monthly)</del>	FYE <del>2017</del> 2018
Barclays Capital Global Aggregate Index	30.0%
FTSE EPRA/NAREIT Developed Index Net TRI USD	0.0%
<del>0.0% Bloomberg Commodity Total Return Index, 0.0% MSCI World Natural Resources Index and 100.0% Gold Spot price (XAU) *</del>	2.5%
MSCI World Index with net dividends	15.0%
MSCI Emerging Markets with net dividends	7.5%
Hedge Fund Research Indices Fund of Funds Composite Index	45.0%


POLICY/TARGET RETURN/RISKS	FYE <del>2017</del> 2018
Expected 10-Year Annual Real Return (Benchmark)	<del>1.62.03%</del>
One Year Downside Volatility	<del>6.445.98%</del>
<b>Risk Bounds</b>	
Lower: 1 Year Downside Volatility	70.00%
Upper: 1 Year Downside Volatility	115.00%

~~\* Bloomberg Commodity Total Return Index and MSCI World Natural Resources Index will be phased out monthly during FY 2017.~~

ATTACHMENT 2  
 EXHIBIT A - INTERMEDIATE TERM FUND  
 (continued)  
 ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES  
 EFFECTIVE DATE ~~SEPTEMBER 1, 2016~~ DECEMBER 1, 2017

POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE ~~2017~~2018

FYE <del>2017</del> 2018		More Correlated & Constrained	Less Correlated & Constrained	Total
Fixed Income	Investment Grade	Barclays Capital Global Aggregate Index (30.0%)	4.5%	34.5%
	Credit-Related	(0.0%)	7.5%	7.5%
Real Assets	Real Estate	FTSE EPRA/NAREIT Developed Index Net TRI USD (0.0%)	0.0%	0.0%
	Natural Resources	<del>0.0% Bloomberg Commodity Total Return Index, 0.0% MSCI World Natural Resources Index and 100% Gold Spot price (XAU) (2.5%)*</del>	0.0%	2.5%
Equity	Developed Country	MSCI World Index with Net Dividends (15.0%)	29.0%	44.0%
	Emerging Markets	MSCI EM Index with Net Dividends (7.5%)	4.0%	11.5%
<b>Total</b>		<b>55.0%</b>	<b>45.0%</b>	<b>100.0%</b>

 Hedge Fund Research Indices Fund of Funds Composite Index

~~\* Bloomberg Commodity Total Return Index and MSCI World Natural Resources Index will be phased out monthly during FY 2017.~~

Investment Policy/Benchmarks are indicated in Black/Bold  
 Reportable Targets are indicated in Gray

## The University of Texas/Texas A&M Investment Management Company Liquidity Policy

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Effective Date of Policy: ~~November 5, 2015~~November 9, 2017  
Date Approved by U. T. System Board of Regents: ~~November 5, 2015~~November 9, 2017  
Date Approved by UTIMCO Board: ~~October 15, 2015~~September 11, 2017  
Original Effective Date of Policy: August 7, 2003  
Supersedes: Liquidity Policy dated ~~August 21, 2014~~November 5, 2015

### **Purpose:**

The purpose of this Liquidity Policy is to establish limits on the overall liquidity profile of investments in (1) the Permanent University Fund (PUF) and the General Endowment Fund (GEF), hereinafter collectively referred to as the Endowment Funds and, (2) the Intermediate Term Fund (ITF). For the purposes of this policy, "liquidity" is defined as a measure of the ability of an investment position to be converted into Cash. The established liquidity profile limits will act in conjunction with, but do not supersede, the Investment Policies adopted by the U. T. System Board of Regents.

### **Objective:**

The objective of this Liquidity Policy is to control the element of total risk exposure of the Endowment Funds and the ITF stemming from the uncertainties associated with the ability to convert longer term investments to Cash to meet immediate needs or to change investment strategy, and the potential cost of that conversion.

### **Scope:**

This Liquidity Policy applies to all PUF, GEF, and ITF investments made by The University of Texas/Texas A&M Investment Management Company (UTIMCO), both by internal and by external managers. Policy implementation will be managed at the aggregate UTIMCO level and will not be a responsibility of individual internal or external managers managing a portion of the aggregate assets.

### **Definition of Liquidity Risk:**

"Liquidity risk" is defined as that element of total risk resulting from the uncertainty associated with both the cost and time period necessary to convert existing investment positions to Cash. Liquidity risk also entails obligations relating to the unfunded portions of capital commitments. Liquidity risk can result in lower than expected returns and reduced opportunity to make changes in investment positions to respond to changes in capital market conditions.

### **Definition of Cash:**

Cash is defined as short term (generally securities with time to maturity or mandatory purchase or redemption of three months or less), highly liquid investments that are readily convertible to known amounts and which are subject to a relatively small risk of changes in value. Holdings may include:

- the existing Dreyfus Institutional Preferred Money Market Fund mandate and any other UTIMCO Board approved SEC Rule 2a-7 money market fund rated AAAM by Standard & Poor's or the equivalent by a Nationally Recognized Statistical Rating Organization (NRSRO),
- securities of the U.S. Treasury and U.S. Agencies and their instrumentalities with maturities of 397 days or less,
- separately managed accounts with investment guidelines equivalent to, or more stringent than, unaffiliated liquid investment funds rated AAAM by Standard & Poor's Corporation or the equivalent by a NRSRO,
- the Custodian's late deposit interest bearing liquid investment fund,
- municipal short term securities,
- commercial paper rated in the two highest quality classes by Moody's Investor Service, Inc. (P1 or P2) or Standard & Poor's Corporation (A1 or A2 or the equivalent),
- negotiable certificates of deposit with a bank that is associated with a holding company whose short-term rating meets the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps, and

## The University of Texas/Texas A&M Investment Management Company Liquidity Policy

- repurchase agreements and reverse repurchase agreements transacted with a dealer that is approved by UTIMCO and selected by the Federal Reserve as a Primary Dealer in U.S. Treasury securities and rated A-1 or P-1 or the equivalent.

### Liquidity Risk Measurement-The Liquidity Profile:

For the purposes of this Liquidity Policy, potential liquidity risk will be monitored by measuring the aggregate liquidity profile of the Endowment Funds and ITF. All individual investments within the Endowment Funds and ITF will be segregated into two categories:

- **Liquid:** Investments that could be converted to Cash within a period of ~~90-120~~ days or less in an orderly market at a discount of 10% or less.
- **Illiquid:** Investments that could be converted to Cash in an orderly market over a period of more than ~~90-120~~ days or in a shorter period of time by accepting a discount of more than 10%.

The UTIMCO ~~staff Team~~ will report individual investments within the Endowment Funds and ITF categorized as follows:

- Cash: Short term (generally securities with time to maturity or mandatory purchase or redemption of three months or less), highly liquid investments that are readily convertible to known amounts and which are subject to a relatively small risk of changes in value.
- Liquid (Weekly): Investments that could be converted to Cash within a period of one day to less than 7 days in an orderly market at a discount of 5% or less.
- ~~Liquid (Quarterly): Investments that could be converted to Cash within a period of 90 days or less in an orderly market at a discount of 10% or less.~~
- Liquid (Annual): Investments that could be converted to Cash within a period of one day to less than 365 days in an orderly market at a discount of 10% or less.

The measurements necessary to segregate all existing investments into one of the two categories assume normally functioning capital markets and cash market transactions. In addition, swaps, derivatives, or other third party arrangements to alter the status of an investment classified as illiquid may be considered, with the prior approval of the UTIMCO Board or the Risk Committee, in determining the appropriate liquidity category for each investment.

The result of this liquidity risk measurement process will be a liquidity profile for the Endowment Funds and the ITF which indicates the percentage of the total portfolio assets within each liquidity category. This Liquidity Policy defines the acceptable range of percentage of total assets within each liquidity category, specifies “trigger zones” requiring special review by the UTIMCO ~~staff Team~~ and special action by the UTIMCO Board or the Risk Committee, and specifies the method of monitoring and presenting actual versus policy liquidity profiles.

### Liquidity Policy Profile:

The current Liquidity Policy Profile ranges and trigger zones for each of the Endowment Funds are defined by the table below:

Liquidity above trigger zone:	<u>FY 14+</u> 30.0%
Liquidity within trigger zone:	25.0%-30.0%
Liquidity below trigger zone:	<25.0%

**The University of Texas/Texas A&M Investment Management Company  
Liquidity Policy**

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The permitted maximum for **illiquid** investments is 75% of the total portfolio for the Endowment Funds. Investments for the Endowment Funds that maintain liquidity above the trigger zone do not require any action by the Risk Committee. Any **illiquid** investments made in the 70% to 75% trigger zone require prior approval by the Risk Committee. No investment may be made for the Endowment Funds which would cause illiquidity to be greater than 75%.

The current Liquidity Policy Profile ranges and trigger zones for the ITF are defined by the table below:

Liquidity above trigger zone:	<u><b>FY 14+</b></u> 50%
Liquidity within trigger zone:	45%-50%
Liquidity below trigger zone:	<45%

The permitted maximum for **illiquid** investments is 55% of the total portfolio for the ITF. Investments for the ITF that maintain liquidity above the trigger zone do not require any action by the Risk Committee. Any **illiquid** investments made in the 50% to 55% trigger zone require prior approval by the Risk Committee. No investment may be made for the ITF which would cause illiquidity to be greater than 55%.

Risk Committee review of new investments in the illiquid trigger zone will supplement, rather than replace, the procedures established by the UTIMCO Board for the approval of new investments.

**Unfunded Commitments:**

As used herein, “unfunded commitments” refers to capital that has been legally committed from an Endowment Fund and has not yet been called but may still be called by the general partner or investment manager. The Maximum Permitted Amount of unfunded commitments for each Endowment Fund is:

Unfunded Commitment as a percent of total invested assets:	<u><b>FY 14+</b></u> 30.0%
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No new commitments may be made for an Endowment Fund without approval from the Risk Committee if the actual amount of unfunded commitments for such Endowment Fund exceeds, or, as a result of such commitment, would exceed the Maximum Permitted Amount.

**Documentation and Controls:**

Managing Directors responsible for each asset class are responsible for determining the liquidity category for each investment in that asset class as well as the amount of unfunded commitments for each Endowment Fund. The determination of liquidity will include underlying security trading volumes, notice periods, redemption dates, lock-up periods, and “soft” and “hard” gates. These classifications will be reviewed by the Risk Manager and the Chief Compliance Officer, and must receive final approval from the Chief Investment Officer. Classifications and weights within each liquidity category will be updated and reported on a monthly basis. All new investments considered will be categorized by liquidity category, and a statement regarding the effect on overall liquidity and the amount of unfunded commitments for each Endowment Fund of the addition of a new investment must be an element of the due diligence process and will be a part of the recommendation report to the UTIMCO Board.

As additional safeguards, trigger zones have been established as indicated above to trigger required review and action by the UTIMCO Board or the Risk Committee in the event any investment action would cause the actual investment position in illiquid investments to enter the designated trigger zone, or in the event market actions caused the actual investment position in illiquid investments to move into trigger zones. In addition, any proposed investment actions which would increase the actual investment position in illiquid investments in any of the PUF, the GEF, or the ITF by 10% or more of the total asset value of such fund would also require review and action by the UTIMCO Board or the

## The University of Texas/Texas A&M Investment Management Company Liquidity Policy

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Risk Committee prior to the change. Any actual positions in any trigger zones or outside the policy ranges will be communicated to the Chief Investment Officer immediately. The Chief Investment Officer will then determine the process to be used to eliminate the exception and report promptly to the UTIMCO Board and the Risk Committee the circumstances of the deviation from Policy and the remedy to the situation. Furthermore, as indicated above, no new commitments may be made for an Endowment Fund without approval from the Risk Committee if the actual amount of unfunded commitments for such Endowment Fund exceeds, or, as a result of such new commitment, would exceed, the Maximum Permitted Amount.

### **Reporting:**

The actual liquidity profiles of the Endowment Funds and the ITF, including a detailed analysis of liquidity by category, and the status of unfunded commitments for each Endowment Fund, and compliance with this Liquidity Policy will be reported to the UTIMCO Board on at least a quarterly basis. Any exception to this Liquidity Policy and actions taken to remedy the exception will be reported promptly.

**4. U. T. System Board of Regents: Approval of the Annual Budget for FY 2018 and the Annual Fee and Allocation Schedule for The University of Texas/Texas A&M Investment Management Company (UTIMCO)**

RECOMMENDATION

The Chancellor, the Deputy Chancellor, and the Executive Vice Chancellor for Business Affairs concur in the recommendation of The University of Texas/Texas A&M Investment Management Company (UTIMCO) Board of Directors that the U. T. System Board of Regents approve the proposed Annual Budget for the year ending August 31, 2018, as set forth on [Page 134](#), and the Annual Fee and Allocation Schedule as set forth on [Page 135](#).

BACKGROUND INFORMATION

The proposed Total Budgeted Costs consist of \$37.1 million for UTIMCO services (14.9% increase over FY 2017 budget) and \$8.8 million (.3% increase from FY 2017 budget) for external non-investment manager services such as custodial, legal, audit, and consulting services. These Total Budgeted Costs represent only a portion of total investment costs as they exclude external manager fees.

The 14.9% increase in UTIMCO services is mostly attributable to an increase in employee-related expenses due to salary adjustments and six new full-time equivalent (FTE) employees, and higher expenses due to relocation to larger office space. The UTIMCO Compensation Program states that compensation will be at the peer median. The purpose is to attract and retain top investment professionals. Over the previous few years, 27 employees have chosen to leave UTIMCO. The UTIMCO Board of Directors conducted an independent analysis of current compensation relative to other large endowments and found that UTIMCO compensation was more than 10% below the peer average, which partially explains the extensive list of departures.

The size and complexity of assets managed has grown extensively over the past few years. The endowments' performance ranked in the first quartile versus all other plans and in the second quartile versus other large endowments. The value added over the year (above benchmark) was \$1,165 million for the endowments and \$1,367 million in total across all funds. In addition, recent results have ranked in the top quartile when adjusted for risk.

The proposed Total Budgeted Costs was approved by the UTIMCO Board on September 11, 2017.

The proposed Annual Fee and Allocation Schedule shows the allocation of the proposed budgeted expenses among U. T. System funds in total.

In accordance with the Master Investment Management Services Agreement (IMSA) between the U. T. System Board of Regents and UTIMCO, UTIMCO will retain cash reserves on hand at August 31, 2017. The U. T. System Office of Business Affairs and UTIMCO expect that a portion of the cash reserves will be utilized in FY 2018 in connection with the new lease space in the new U. T. System office building.




The U. T. System Office of Business Affairs has prepared a memorandum for the purpose of reviewing budgeted expenses, which is included as a part of this Agenda Item on [Pages 136 - 146](#).

## UTIMCO ANNUAL BUDGET

\$ in thousands	FY 2017	FY 2018	FY 2018 Budget v FY 2017 Budget	
	Budget	Budget	\$	%
Salaries, Benefits & Taxes	\$15,274	\$17,574	\$2,300	15.1%
Incentive Compensation	9,006	9,316	310	3.4%
Total Compensation	24,280	26,890	2,610	10.7%
Other Expenses	8,015	10,212	2,197	27.4%
<b>Total UTIMCO Services</b>	<b>\$32,295</b>	<b>\$37,102</b>	<b>\$4,807</b>	<b>14.9%</b>
<b>Other Direct Costs to Funds</b>	<b>\$8,747</b>	<b>\$8,777</b>	<b>\$30</b>	<b>0.3%</b>

Prepared by: UTIMCO  
 Date: September 29, 2017

**UTIMCO Management Fee and Direct Budgeted Investment Expenses**  
**Annual Fee and Allocation Schedule**  
**For the fiscal year ending August 31, 2018**

<u>Proposed Budget</u>	Fund Name						Separate Funds	Debt Proceeds	Total
	PUF	PHF	LTF	GEF	ITF	STF			
<b>Market Value 6/30/17 (\$ millions)</b>	19,467	1,124	8,088		8,595	2,146	108	848	40,376
<b>UTIMCO Management Fee</b>									
Dollars	19,377,327	1,118,822	8,050,743		8,555,408				37,102,301
Basis Points	10.0	10.0	10.0	0	10.0	0	0	0	9.2
<b>Direct Expenses to the Fund, excluding UT System Direct Expenses to the Fund</b>									
Dollars	3,473,564	25,842	28,192	2,756,805	2,492,745				8,777,148
Basis Points	1.8	0.2	0.0	3.0	2.9	0	0	0	2.2

**Fiscal Year 2018**

**Review of UTIMCO Services Budget and  
Other Direct Costs to Funds  
Excluding External Investment Manager Fees**

**The University of Texas System  
Office of Finance**

**Presented by:**

**Terry Hull – Associate Vice Chancellor for Finance  
Allen Hah – Assistant Vice Chancellor for Finance**

**October 9, 2017**

*Based on UTIMCO Board approval on September 11, 2017*

**Fiscal Year 2018  
Review of UTIMCO Services Budget and  
Other Direct Costs to Funds  
Excluding External Investment Manager Fees**

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## Executive Summary

This report reviews the UTIMCO Services budget and other budgeted investment management expenses (“Direct Costs to Funds”) for fiscal year 2018 that the UTIMCO Board approved on September 11, 2017 and the U. T. System Board of Regents will consider at its November 8-9, 2017 meeting. The “UTIMCO Services Budget” includes corporate expenses paid directly by UTIMCO, and the “Direct Costs to Funds” budget includes costs related to custody, consulting, corporate legal, audit, and risk measurement. The proposed budget for FY18 is:

	<b>FY18</b> <b>(\$ millions)</b>
UTIMCO Services Budget	37.1
Direct Costs to Funds: Other Costs	8.8
Total Budgeted Costs (excludes external manager fees)	<u>\$ 45.9</u>

The Total Budgeted Costs excludes external manager fees that are paid by the funds and netted from asset values as well as external investment manager fees paid directly by UTIMCO. The total investment costs for UTIMCO managed funds, comprising Investment Manager Fees paid directly and fees netted against asset values, are reviewed in a separate report.

### Highlights:

- **Total Budgeted Costs for FY18:** The FY18 budget is \$45.9 million, an 11.8% increase from the FY17 budget.
- **Total Forecast Costs for FY17:** Total costs for FY17 are forecast at \$41.1 million, which is in-line with the FY17 budget.
- **The UTIMCO Services Budget:** The FY18 budget includes \$37.1 million for the “operating” budget of UTIMCO, a 14.9% increase from the FY17 budget. The increase is mostly attributable to the increased employee-related expenses due to salary adjustments and 6 new FTEs; higher expenses due to the relocation to larger office space; and reclassification of an online analytics tool from the Direct Costs to Funds to the Services Budget.
- **The Total Direct Costs to Funds budget:** The FY18 budget of \$8.8 million for direct fund costs is up a modest 0.3% from the FY17 budget.
- **Personnel-Related Expenses:** Employee-related expenses represent approximately 73% of the UTIMCO Services Budget. Aggregate salaries including performance compensation for FY18 are budgeted to be up 10.8% from the FY17 budget due primarily the increased compensation for staff and 6 new FTEs.
- **UTIMCO Reserves:** There are no cash reserves available to be distributed at fiscal year-end 2017 due to the need for funds for the build-out of UTIMCO space in the U.T. System building.

## Budget Analysis and Trends

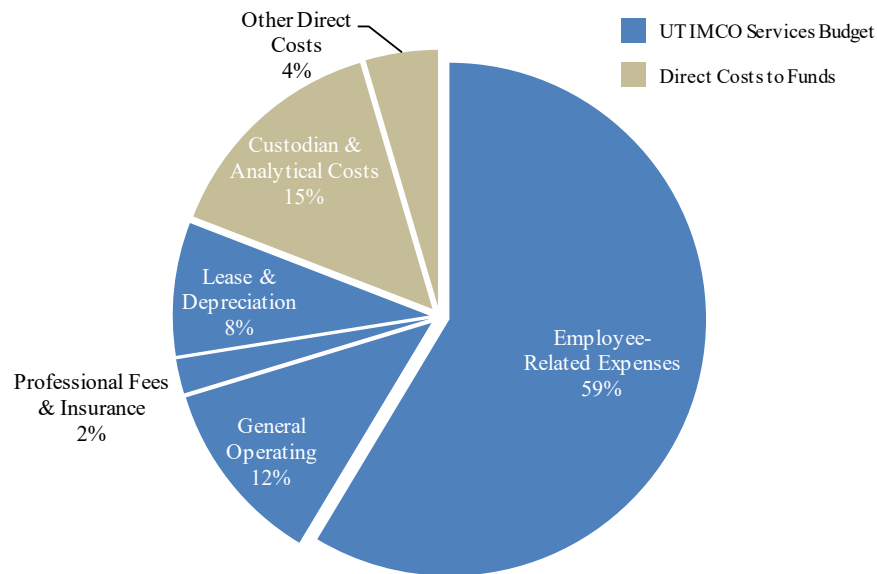
UTIMCO proposes Total Budgeted Costs for FY18 of \$45.9 million. Table 1 shows the Total Budgeted Costs (Direct Costs to Funds and UTIMCO Services Budget) as a percent of average Assets Under Management (“AUM”) since FY13.

**Table 1: Total Budgeted Costs Trend FY13-FY18**  
(\$ millions)

	FY13	FY14	FY15	FY16	Forecast FY17	Budget FY18
Average Total AUM <sup>1</sup>	28,886	32,363	34,957	36,016	39,034	41,741
% Change in AUM	6%	12%	8%	3%	8%	7%
Direct Costs to Funds	7.2	7.1	8.1	8.2	8.0	8.8
% Change in Direct Costs to Funds	-2.2%	-1.6%	14.0%	1.7%	-2.7%	10.2%
Direct Costs to Funds % of AUM	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
UTIMCO Services Budget	26.2	24.1	25.0	26.8	33.1	37.1
% Change in UTIMCO Services Budget	64.6%	-8.2%	3.6%	7.6%	23.3%	12.1%
UTIMCO Services Budget % of AUM	0.09%	0.07%	0.07%	0.07%	0.08%	0.09%
Total Budgeted Costs	33.4	31.2	33.0	35.0	41.1	45.9
% Change in Total Budgeted Costs	43.5%	-6.8%	6.0%	6.1%	17.2%	11.8%
Total Budgeted Costs % of AUM	0.12%	0.10%	0.09%	0.10%	0.11%	0.11%

<sup>1</sup> FY18 Average Total AUM assumes projected FY17 balances based on moderate returns, projected West Texas Land and gift income, and projected distributions.

**FY 18 Total Budgeted Costs**  
**\$45.9 million**



The UTIMCO Services Budget (blue shade in the pie chart above) represents 81% of the total budget, with employee-related expenses being the largest component at 59%. Direct Costs to Funds include Custodian & Analytical Costs (15%) and Other Direct Costs (4%).

Management fees and performance fees paid to external investment managers, which are either paid directly by UTIMCO or netted against asset values by the external managers, are not included in these amounts. UTIMCO retains external managers for approximately 92% of the AUM, with UTIMCO staff directly managing approximately 8% of assets as well as an internal derivatives portfolio.

Table 2 compares the Total Budgeted Costs for FY17 and FY18. Refer to Exhibits A and B for a detailed budget comparison for FY17-FY18 and budget trend for FY13-FY18.

**Table 2: FY17 Forecast and FY18 Budget Overview**  
(\$ millions)

	FY17 Forecast				FY18 Budget			
	\$ Budget	\$ Projected	\$ Change vs FY17 Budget	% Change vs FY17 Budget	\$ Budget	\$ Change vs FY17 Projected	% Change vs FY17 Projected	% Change vs FY17 Budget
<b>UTIMCO Services</b>	32.3	33.1	0.8	2.5%	37.1	4.0	12.1%	14.9%
<b>Direct Costs to Funds</b>	8.7	8.0	-0.7	-8.9%	8.8	0.8	10.2%	0.3%
<b>Total Budgeted Costs</b>	41.0	41.1	0.1	0.2%	45.9	4.8	11.8%	11.8%

## UTIMCO Services Budget

For FY18, total personnel-related expenses including employee benefits account for 73% of the UTIMCO Services budget (or 59% of Total Budgeted Costs). Trends in staffing and total compensation in relation to assets under management are shown in Table 3 and Table 3a below. Table 3a adjusts for a one-time deferral of incentive compensation, decreasing FY13 performance compensation by \$3.6 million and increasing FY12 performance compensation by the same amount. Highlights from these tables include:

- Staffing increased 13 positions during FY 2017 and is budgeted to increase by an additional 6 positions in FY 2018 to a total of budgeted 89 positions for FY 2018.
- With the additional staffing, average AUM per employee has decreased from \$515 million in FY 2016 to approximately \$470 million for both FY 2017 and FY 2018.
- Total Compensation has grown by 6.7% annually from FY 2013 to FY 2017. Total Compensation for FY 2018 is budgeted 11.6% above FY 2017 projected levels, which would equate to a 7.6% growth rate on an average annual basis over the last five years.
- Since FY 2013, Total Compensation per employee has decreased 2.5% (annualized) from \$284k to \$257k forecast in FY 2017 (after adjusting for one-time deferral of incentive compensation).



**Table 3: UTIMCO Compensation and Headcount FY13-FY18**

	FY13	FY14	FY15	FY16	Forecast FY17	% Change Since FY13 (annual)	Budget FY18	% Change From FY17
Employees (as of year end)	58	64	72	70	83	9.4%	89	7.2%
Average Total AUM (\$ millions)	28,886	32,363	34,957	36,016	39,034	7.8%	41,741	6.9%
Average AUM/Employee (\$ millions)	498	506	486	515	470	-1.4%	469	-0.3%
Salaries (\$ millions)	7.6	8.7	9.4	10.4	10.9	9.4%	14.5	33.2%
Performance Compensation (\$ millions)	12.5	9.4	8.5	7.2	10.4	-4.4%	9.3	-10.8%
Total Compensation (\$ millions)	20.1	18.1	17.9	17.6	21.3	1.5%	23.8	11.6%
Total Compensation per Employee (\$)	346,573	283,135	248,920	251,857	256,789	-7.2%	267,303	4.1%
Perf. Comp. as % of Salaries	165%	109%	91%	70%	96%		64%	
Perf. Comp. as % of Total Compensation	62%	52%	48%	41%	49%		39%	

**Table 3a: UTIMCO Compensation and Headcount FY13-FY18**

(Adjusted for Extraordinary Event Impacting FY12 – FY13)

	FY13	FY14	FY15	FY16	Forecast FY17	% Change Since FY13 (annual)	Budget FY18	% Change From FY17
Employees (as of year end)	58	64	72	70	83	9.4%	89	7.2%
Average Total AUM (\$ millions)	28,886	32,363	34,957	36,016	39,034	7.8%	41,741	6.9%
Average AUM/Employee (\$ millions)	498	506	486	515	470	-1.4%	469	-0.3%
Salaries (\$)	7.6	8.7	9.4	10.4	10.9	9.4%	14.5	33.2%
Performance Compensation (\$)	8.9	9.4	8.5	7.2	10.4	4.1%	9.3	-10.8%
Total Compensation (\$)	16.5	18.1	17.9	17.6	21.3	6.7%	23.8	11.6%
Total Compensation per Employee (\$)	283,947	283,135	248,920	251,857	256,789	-2.5%	267,303	4.1%
Perf. Comp. as % of Salaries	117%	109%	91%	70%	96%		64%	
Perf. Comp. as % of Total Compensation	54%	52%	48%	41%	49%		39%	

**Staffing:** The FY17 budget was based on staffing of 85 employees; actual FY17 staffing is forecast at 83 employees due to unfilled and vacated positions. UTIMCO plans to add six additional positions for FY18 including new positions of Deputy CIO and Chief of Staff.

**Personnel-Related Expenses:**

- **Salaries** are forecast to be \$10.9 million in FY17, which is 11.5% below the FY17 budget of \$12.4 million due to unfilled and vacated positions. Salaries are budgeted at \$14.5 million in FY18, an increase of 17.9% compared to the FY17 budget. Most of the increase comes from an 8.5% increase for existing staff, excluding promotions, and 6 new employees (a Deputy CIO, Chief of Staff, Associate-Risk Management, Data Management, Help Desk, and Investment Team Coordinator). Budgeted salaries for FY18 are based on 89 positions, up from 83 employees as of August 31, 2017.

- **Performance Compensation** for FY17 is projected to be \$1.3 million over budget, or 15.6%, higher than budgeted due to the departure of the prior CEO. Performance Compensation is typically budgeted at 70% of maximum compensation
- **Employee Benefits** are budgeted to increase 20.3% from \$1.9 million in FY17 to \$2.3 million in FY18, reflecting increases in 403(b) contributions and employee insurance costs.

Investment staff compensation increases in recent years are a result of a peer benchmarking study conducted in 2013, in 2015, and again in 2017 that detailed UTIMCO's staff compensation to be lower than the compensation plans' objective of paying staff at median levels compared to peers. The FY18 budget includes increases to meet these objectives as a result of the 2017 peer study.

**Lease Expenses:** Lease expenses are budgeted to increase 18% compared to FY17 forecasted amounts, due primarily to UTIMCO leasing 75% more space to accommodate future growth. UTIMCO has leased 56,825sf in the UT System (UTS) building compared to 32,480sf currently leased in Frost Tower. UTIMCO is scheduled to move into the UTS building in February 2018. Although the move to the UTS building will result in significant savings to UTIMCO on a per square foot basis due to both reduced base rent rates (\$35/sf currently in Frost vs. \$34/sf in UTS building) and property tax savings (\$26/sf operating expenses currently in Frost vs. \$11/sf in UTS building), overall lease expenses will be higher due to the additional space leased by UTIMCO. Lease expenses increased 76% in FY17 compared to FY16 due primarily to higher property lease expenses associated with the expiration of the prior lease. The city of Austin has seen tremendous growth since UTIMCO's original lease was executed, and rent rates have increased accordingly.

**Table 4: UTIMCO Lease Expenses FY13-FY18**

	FY13	FY14	FY15	FY16	Forecast FY17	Budget FY18
<b>Property Lease</b>	\$518,373	\$518,373	\$518,373	\$518,373	\$1,136,800	\$1,695,429
<b>Operating Lease</b>	554,516	606,703	632,036	661,948	860,630	812,982
<b>Parking Expenses</b>	124,666	146,272	149,819	154,348	168,571	191,475
<b>Other Expenses</b>	7,966	8,102	7,050	9,497	12,918	12,000
<b>Amortization (Deferred Rent Credit)</b>	(170,344)	(170,344)	(170,344)	(170,344)	(108,267)	(262,644)
<b>Total Lease Expenses (net)</b>	\$1,035,177	\$1,109,106	\$1,136,934	\$1,173,822	\$2,070,652	\$2,449,242

**Other General Operating Expenses (non-employee)** including depreciation, office expenses, insurance, travel and accounting fees are forecast to be \$6.8 million, which is \$0.9 million or 15% higher than the FY17 budget of \$5.8 million. The increase is due to depreciation expense related to the write-off of the internally developed software. Depreciation expense in total was \$2.5 million versus the \$1.2 million budgeted.

Excluding depreciation, general operating expenses for FY18 are budgeted to increase \$1.8 million, or 40.8%, from \$4.3 million to \$6.1 million. The increase is primarily attributable to:

- reclassification of \$0.4 million of an online analytics tool from the Direct Costs to Funds budget to the UTIMCO Services Budget as the tool is being utilized differently than in prior years;
- increase of \$0.3 million for travel expense due to the addition of new employees and more international travel.
- increase of \$0.5 million for contract services (movers and the relocation of the IT server room) and maintenance agreements for new IT equipment purchases, both of which are primarily related to the move to the UTS building;
- addition of \$0.3 million for new subscriptions; and

- increase of miscellaneous expenses (computer services, online data services, hardware, printing) due to the addition of users.

## Direct Costs to Funds

Direct Costs to Funds for FY18 are budgeted at \$8.8 million, a 0.3% increase from FY17 budget.

**Custodian and Performance Measurement Costs:** Custodian and performance measurement costs for FY17 are forecast at \$5.7 million, 3.7% lower than budgeted, and are budgeted 11.4% higher for FY18 at \$6.4 million due to appreciation in asset base and additional services.

**Consultant Fees, Legal Fees, Auditing, Risk Measurement, Analytical Tools and Other:** These expenses are budgeted \$0.4 million lower at \$2.4 million for FY18, almost entirely due to the reclassification of an analytical tool expense to the UTIMCO Services budget.

## UTIMCO Capital Expenditures

The trend for Capital Expenditures for FY13-FY18 is summarized in Table 5 below. Capital expenditures were minimal in FY17 given the pending move to the UTS Building in FY18. For FY18, capital expenditures are budgeted at \$14.8 million, of which two-thirds or \$9.8 million is related to building out shell space in the UTS building net of a \$2,841,250 TI allowance. Total buildout costs of \$12,611,000 were included in the total UTS Building cost previously approved by the Board of Regents. The \$5 million balance of FY18 capital expenditures relates to new technology, video conferencing, furniture and fixtures required in the UTS Building, which expenditures were previously approved by the Board of Regents on August 24, 2017.

**Table 5: UTIMCO Capital Expenditures FY13-FY18**

	FY13	FY14	FY15	FY16	Forecast FY17	Budget FY18
Ongoing: Technology and Software Upgrades	\$89,146	\$46,623	\$107,810	\$179,345	\$56,488	\$53,000
Ongoing: Office Equipment and Fixtures	105,290	-	107,135	4,241	5,374	180,000
Expansion: Technology Initiatives / Video Conferencing	612,482	1,035,190	1,076,643	91,580	-	1,617,000
Expansion: Leasehold Buildout *	-	-	150,085	-	-	9,769,750
Expansion: Furniture and Fixtures	-	-	150,085	-	-	3,150,000
<b>Total Capital Expenditures (net)</b>	<b>\$806,918</b>	<b>\$1,081,813</b>	<b>\$1,591,758</b>	<b>\$275,166</b>	<b>\$61,862</b>	<b>\$14,769,750</b>

\* FY2018 Budget reflects buildout costs net of a \$2,841,250 TI allowance. Total buildout costs of \$12,611,000 were included in the total project cost of the U. T. System Building previously approved by the Board of Regents.

## EXHIBIT A

### Total Budgeted Costs FY17-FY18

	FY17		Change from FY17 Budget		FY18		Change from FY17 Forecast		Change from FY17 Budget
	Budget	Forecast	\$	%	Budget	\$	%	%	
<b>UTIMCO Services</b>									
Salaries	12,273,516	10,868,000	-1,405,516	-11.5%	14,474,000	3,606,000	33.2%	17.9%	
Performance Compensation + Earnings	9,006,036	10,445,529	1,439,493	16.0%	9,316,000	-1,129,529	-10.8%	3.4%	
<b>Total Compensation</b>	<b>21,279,552</b>	<b>21,313,528</b>	<b>33,976</b>	<b>0.2%</b>	<b>23,790,000</b>	<b>2,476,472</b>	<b>11.6%</b>	<b>11.8%</b>	
Total Payroll taxes	835,764	786,847	-48,917	-5.9%	846,369	59,522	7.6%	1.3%	
403(b) Contributions	937,548	749,856	-187,692	-20.0%	964,036	214,181	28.6%	2.8%	
Insurance & Cell Phone	1,226,988	1,123,757	-103,231	-8.4%	1,289,582	165,825	14.8%	5.1%	
Employee Benefits	2,164,536	1,873,613	-290,923	-13.4%	2,253,619	380,006	20.3%	4.1%	
Recruiting and Relocation Expenses	132,000	163,109	31,109	23.6%	101,000	-62,109	-38.1%	-23.5%	
Employee Education	78,672	87,272	8,600	10.9%	151,747	64,475	73.9%	92.9%	
Other Employee Related Expenses	210,672	250,380	39,708	18.8%	252,747	2,367	0.9%	20.0%	
<b>Total Employee Related Expenses</b>	<b>24,490,524</b>	<b>24,224,368</b>	<b>-266,156</b>	<b>-1.1%</b>	<b>27,142,735</b>	<b>2,918,366</b>	<b>12.0%</b>	<b>10.8%</b>	
On-Line Data & Contract Services	2,175,324	2,081,817	-93,507	-4.3%	3,243,335	1,161,518	55.8%	49.1%	
Travel & Meetings, Including BOD	1,057,704	736,976	-320,728	-30.3%	1,083,076	346,100	47.0%	2.4%	
Phone and Telecommunications	40,440	40,406	-34	-0.1%	44,412	4,006	9.9%	9.8%	
Computer & Office Supplies	59,664	56,959	-2,705	-4.5%	99,948	42,989	75.5%	67.5%	
Repairs/Maintenance	341,964	264,652	-77,312	-22.6%	584,586	319,934	120.9%	70.9%	
Other Office Expenses	121,972	128,104	6,132	5.0%	158,172	30,068	23.5%	29.7%	
<b>Total Office Expense</b>	<b>564,040</b>	<b>490,121</b>	<b>-73,919</b>	<b>-13.1%</b>	<b>887,118</b>	<b>396,997</b>	<b>81.0%</b>	<b>57.3%</b>	
<b>Total Lease Expense</b>	<b>1,931,820</b>	<b>2,070,652</b>	<b>138,832</b>	<b>7.2%</b>	<b>2,449,242</b>	<b>378,590</b>	<b>18.3%</b>	<b>26.8%</b>	
Board, Comp., & Hiring Consultants	466,500	583,382	116,882	25.1%	429,000	-154,382	-26.5%	-8.0%	
Legal Expenses	165,000	204,696	39,696	24.1%	200,004	-4,692	-2.3%	21.2%	
Accounting fees	60,600	56,350	-4,250	-7.0%	60,600	4,250	7.5%	0.0%	
<b>Total Professional Fees</b>	<b>692,100</b>	<b>844,429</b>	<b>152,329</b>	<b>22.0%</b>	<b>689,604</b>	<b>-154,825</b>	<b>-18.3%</b>	<b>-0.4%</b>	
<b>Total Insurance</b>	<b>212,880</b>	<b>187,927</b>	<b>-24,953</b>	<b>-11.7%</b>	<b>207,192</b>	<b>19,265</b>	<b>10.3%</b>	<b>-2.7%</b>	
Depreciation of Equipment	1,170,900	2,453,239	1,282,339	109.5%	1,400,000	-1,053,239	-42.9%	19.6%	
<b>Total Non-Employee Related Expenses</b>	<b>7,804,768</b>	<b>8,865,160</b>	<b>1,060,392</b>	<b>13.6%</b>	<b>9,959,567</b>	<b>1,094,407</b>	<b>12.3%</b>	<b>27.6%</b>	
<b>Total UTIMCO Services</b>	<b>32,295,292</b>	<b>33,089,529</b>	<b>794,237</b>	<b>2.5%</b>	<b>37,102,301</b>	<b>4,012,773</b>	<b>12.1%</b>	<b>14.9%</b>	
<b>Direct Costs to Funds</b>									
Custodian Fees and Other Direct Costs	5,932,770	5,710,604	-222,166	-3.7%	6,361,445	650,841	11.4%	7.2%	
Analytical Tools	423,922	404,560	-19,362	-4.6%	0	-404,560	-100.0%	-100.0%	
Risk Measurement	323,000	291,501	-31,499	-9.8%	324,000	32,499	11.1%	0.3%	
<b>Custodian and Analytical Costs</b>	<b>6,679,692</b>	<b>6,406,666</b>	<b>-273,026</b>	<b>-4.1%</b>	<b>6,685,445</b>	<b>278,779</b>	<b>4.4%</b>	<b>0.1%</b>	
Consultant Fees	566,125	353,750	-212,375	-37.5%	527,500	173,750	49.1%	-6.8%	
Auditing	770,000	770,000	0	0.0%	790,000	20,000	2.6%	2.6%	
Legal Fees	250,000	82,492	-167,508	-67.0%	250,000	167,508	203.1%	0.0%	
Background Searches & Other	480,836	351,313	-129,523	-26.9%	524,203	172,890	49.2%	9.0%	
<b>Other Direct Costs Total</b>	<b>2,066,961</b>	<b>1,557,555</b>	<b>-509,406</b>	<b>-24.6%</b>	<b>2,091,703</b>	<b>534,148</b>	<b>34.3%</b>	<b>1.2%</b>	
<b>Total Direct Costs to Funds</b>	<b>8,746,653</b>	<b>7,964,221</b>	<b>-782,432</b>	<b>-8.9%</b>	<b>8,777,148</b>	<b>812,927</b>	<b>10.2%</b>	<b>0.3%</b>	
<b>Total Budgeted Costs</b>	<b>41,041,945</b>	<b>41,053,749</b>	<b>11,804</b>	<b>0.0%</b>	<b>45,879,449</b>	<b>4,825,700</b>	<b>11.8%</b>	<b>11.8%</b>	

## EXHIBIT B

### Total Budgeted Costs FY13-FY18

	FY13	FY14	FY15	FY16	FY17	FY18
	Actual	Actual	Actual	Actual	Forecast	Budget
<b>UTIMCO Services</b>						
Salaries	7,587,688	8,670,689	9,394,865	10,394,021	10,868,000	14,474,000
Performance Compensation + Earnings	12,513,544	9,449,922	8,527,380	7,235,982	10,445,529	9,316,000
<b>Total Compensation</b>	<b>20,101,232</b>	<b>18,120,611</b>	<b>17,922,244</b>	<b>17,630,003</b>	<b>21,313,528</b>	<b>23,790,000</b>
<b>Total Payroll taxes</b>	<b>641,091</b>	<b>674,824</b>	<b>690,884</b>	<b>701,081</b>	<b>786,847</b>	<b>846,369</b>
403(b) Contributions	566,262	650,111	696,658	748,756	749,856	964,036
Insurance & Cell Phone	701,259	853,864	861,002	891,694	1,123,757	1,289,582
<b>Employee Benefits</b>	<b>1,267,521</b>	<b>1,503,975</b>	<b>1,557,659</b>	<b>1,640,450</b>	<b>1,873,613</b>	<b>2,253,619</b>
Recruiting and Relocation Expenses	25,979	39,886	65,609	86,701	163,109	101,000
Employee Education	55,349	43,996	62,452	170,253	87,272	151,747
<b>Other Employee-Related Expenses</b>	<b>81,328</b>	<b>83,883</b>	<b>128,061</b>	<b>256,954</b>	<b>250,380</b>	<b>252,747</b>
<b>Total Employee Related Expenses</b>	<b>22,091,173</b>	<b>20,383,292</b>	<b>20,298,848</b>	<b>20,228,487</b>	<b>24,224,368</b>	<b>27,142,735</b>
<b>On-Line Data &amp; Contract Services</b>	<b>1,164,419</b>	<b>1,097,399</b>	<b>1,272,828</b>	<b>1,584,073</b>	<b>2,081,817</b>	<b>3,243,335</b>
<b>Travel &amp; Meetings, Including BOD</b>	<b>536,748</b>	<b>531,618</b>	<b>706,348</b>	<b>669,207</b>	<b>736,976</b>	<b>1,083,076</b>
Phone and Telecommunications	36,781	51,757	44,263	38,233	40,406	44,412
Computer & Office Supplies	50,392	41,156	57,751	53,082	56,959	99,948
Repairs/Maintenance	191,971	253,734	262,642	276,195	264,652	584,586
Other Office Expenses	92,250	114,622	110,075	153,912	128,104	158,172
<b>Total Office Expense</b>	<b>371,394</b>	<b>461,269</b>	<b>474,732</b>	<b>521,422</b>	<b>490,121</b>	<b>887,118</b>
<b>Total Lease Expense</b>	<b>1,035,176</b>	<b>1,109,105</b>	<b>1,136,934</b>	<b>1,173,823</b>	<b>2,070,652</b>	<b>2,449,242</b>
Board, Compensation, & Hiring Consultants	165,341	285,917	295,519	609,327	583,382	429,000
Legal Expenses	88,279	77,795	100,462	145,157	204,696	200,004
Accounting fees	49,268	51,934	60,045	53,520	56,350	60,600
<b>Total Professional Fees</b>	<b>302,888</b>	<b>415,646</b>	<b>456,027</b>	<b>808,005</b>	<b>844,429</b>	<b>689,604</b>
<b>Total Insurance</b>	<b>207,103</b>	<b>219,163</b>	<b>213,576</b>	<b>204,428</b>	<b>187,927</b>	<b>207,192</b>
<b>Depreciation of Equipment</b>	<b>518,707</b>	<b>676,524</b>	<b>1,129,717</b>	<b>1,657,536</b>	<b>2,453,239</b>	<b>1,400,000</b>
<b>Total Non-Employee Related Expenses</b>	<b>4,136,434</b>	<b>4,510,724</b>	<b>5,390,160</b>	<b>6,618,494</b>	<b>8,865,160</b>	<b>9,959,567</b>
<b>Total UTIMCO Services</b>	<b>26,227,607</b>	<b>24,894,016</b>	<b>25,689,009</b>	<b>26,846,981</b>	<b>33,089,529</b>	<b>37,102,301</b>
<b>Direct Costs to Funds</b>						
Custodian Fees and Other Direct Costs	4,561,845	4,796,883	5,766,874	5,686,948	5,710,604	6,361,445
Analytical Tools	390,371	395,504	395,581	412,156	404,560	0
Risk Measurement	292,000	292,000	292,000	292,000	291,501	324,000
<b>Custodian and Analytical Costs</b>	<b>5,244,216</b>	<b>5,484,387</b>	<b>6,454,455</b>	<b>6,391,103</b>	<b>6,406,666</b>	<b>6,685,445</b>
Consultant Fees	403,304	353,500	292,193	359,041	353,750	527,500
Auditing	465,410	526,865	718,663	789,873	770,000	790,000
Legal Fees	659,516	272,735	229,987	156,126	82,492	250,000
Background Searches & Other	406,479	427,044	357,264	489,539	351,313	524,203
<b>Other Direct Costs Total</b>	<b>1,934,709</b>	<b>1,580,144</b>	<b>1,598,107</b>	<b>1,794,579</b>	<b>1,557,555</b>	<b>2,091,703</b>
<b>Total Direct Costs to Funds</b>	<b>7,178,925</b>	<b>7,064,531</b>	<b>8,052,562</b>	<b>8,185,683</b>	<b>7,964,221</b>	<b>8,777,148</b>
<b>Total Budgeted Costs</b>	<b>33,406,532</b>	<b>31,958,547</b>	<b>33,741,571</b>	<b>35,032,664</b>	<b>41,053,749</b>	<b>45,879,449</b>

**EXHIBIT C**  
**UTIMCO Reserve Analysis for August 31, 2017**

<u>Cash Reserves at August 31, 2017</u>		
Cash		\$ 18,724,958
Prepaid Expenses		770,000
Less: Accounts Payable (Includes incentive compensation & earnings payable)		(9,000,000)
Cash Reserves at August 31, 2017		\$ 10,494,958
FY18 Proposed Operating Budget	37,102,301	
Applicable Percentage	25%	9,275,575
FY18 Proposed Capital Expenditures	14,769,750	14,769,750
Required Cash Reserves at August 31, 2017		\$ 24,045,325
Balance Available for Distribution		\$ -
Recommended Distribution		\$ -

5. **U. T. System Board of Regents: The University of Texas/Texas A&M Investment Management Company (UTIMCO) Update**

REPORT

Mr. Britt Harris, President, Chief Executive Officer and Chief Investment Officer, will present an update on The University of Texas/Texas A&M Investment Management Company (UTIMCO) using the PowerPoint presentation set forth on the following pages.



# The University of Texas Investment Management Company

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## UTIMCO Update

Mr. Britt Harris

President, CEO and Chief Investment Officer

U. T. System Board of Regents' Meeting

Finance and Planning Committee

November 2017





# UTIMCO Report

Period Ending September 30, 2017 (Preliminary)

<b>Endowment Funds</b>	<b>\$B</b>	<b>Return (1Yr)</b>	<b>Alpha (1Yr)</b>	<b>Peer Rank <sup>1</sup></b>
PUF	\$20.0	11.8%	2.0%	25 <sup>th</sup> percentile
PHF	\$1.2	12.1%	2.3%	
LTF	\$8.3	12.1%	2.3%	
Other	\$0.1	-	-	
<b>TOTAL</b>	<b>\$29.6</b>			

<b>Operating Funds</b>			
ITF	\$9.2	8.0%	2.6%
Debt Proceeds	\$0.8	0.8%	0.4%
STF	\$1.8	0.7%	0.2%
<b>TOTAL</b>	<b>\$11.8</b>		

<b>Total All Assets 9/30/2017</b>	<b>\$41.4</b>
Total All Assets 9/30/2016	\$37.1
Total All Assets 9/30/2015	\$34.4

<b>Budget</b>	<b>\$M</b>
2017 Actual	\$41.1
2017 Budget	\$41.0

<b>Income &amp; Distributions (\$M)</b>	<b>Projected 8/31/2018</b>	<b>8/31/2017</b>	<b>8/31/2016</b>
University Lands Income	\$655	\$665	\$512
UTIMCO Distribution	(\$887)	(\$839)	(\$773)
Net Payout (\$M)	(\$232)	(\$174)	(\$261)

<b>Student Impact</b>	<b>6/30/2017 Endowment</b>	<b>FTE Enrollment</b>	<b>Value per Student</b>
UT System	\$26.5	174,263	\$152,069

<sup>1</sup> Peer Rank as of June 30, 2017



# UTIMCO: Return Comparison

UTIMCO outperformed large private endowments

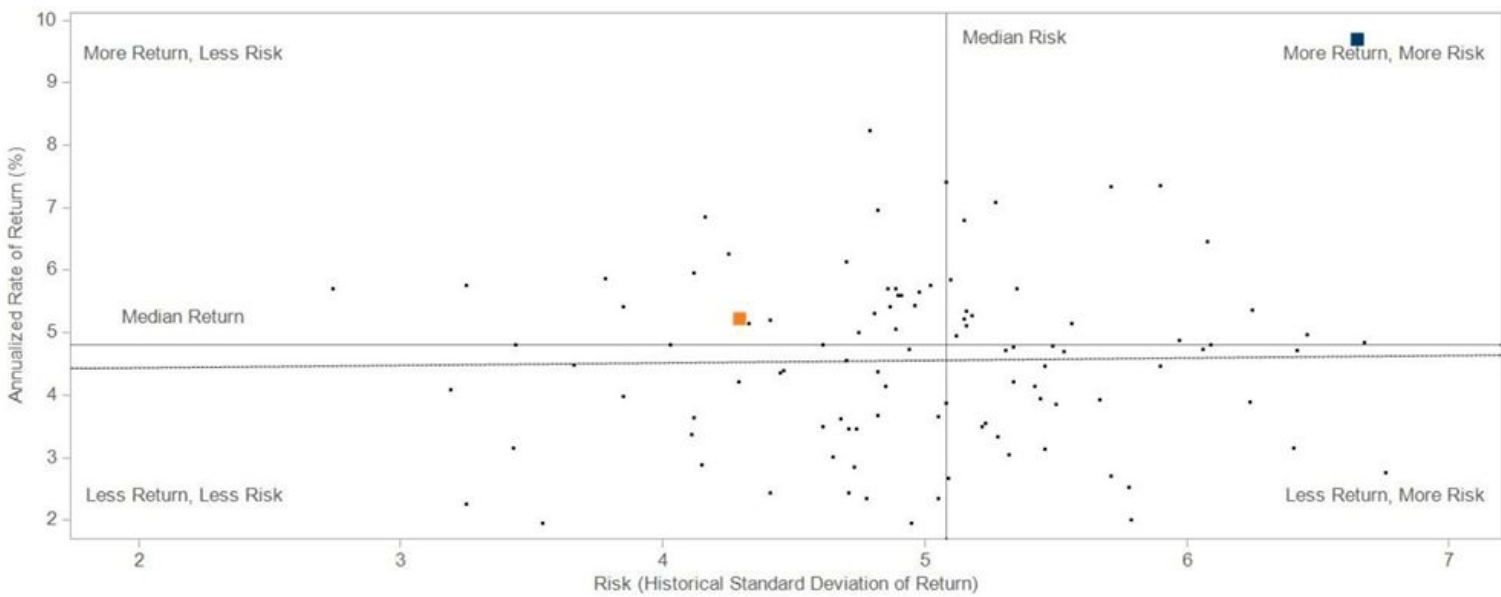
	<i>Endowment Size (\$, Bn)</i>	<i>1-Y Return</i>	<i>UTIMCO Outperformance</i>
<i>Harvard</i>	37.1	8.1%	+5.3%
<i>Yale</i>	27.2	11.3%	+2.1%
<i>Stanford</i>	24.8	13.1%	+0.3%
<i>Princeton</i>	23.8	12.5%	+0.9%
<b>UTIMCO</b>	29.0	13.4%	

Source: FundFire, as of June 30, 2017



# Risk/Return

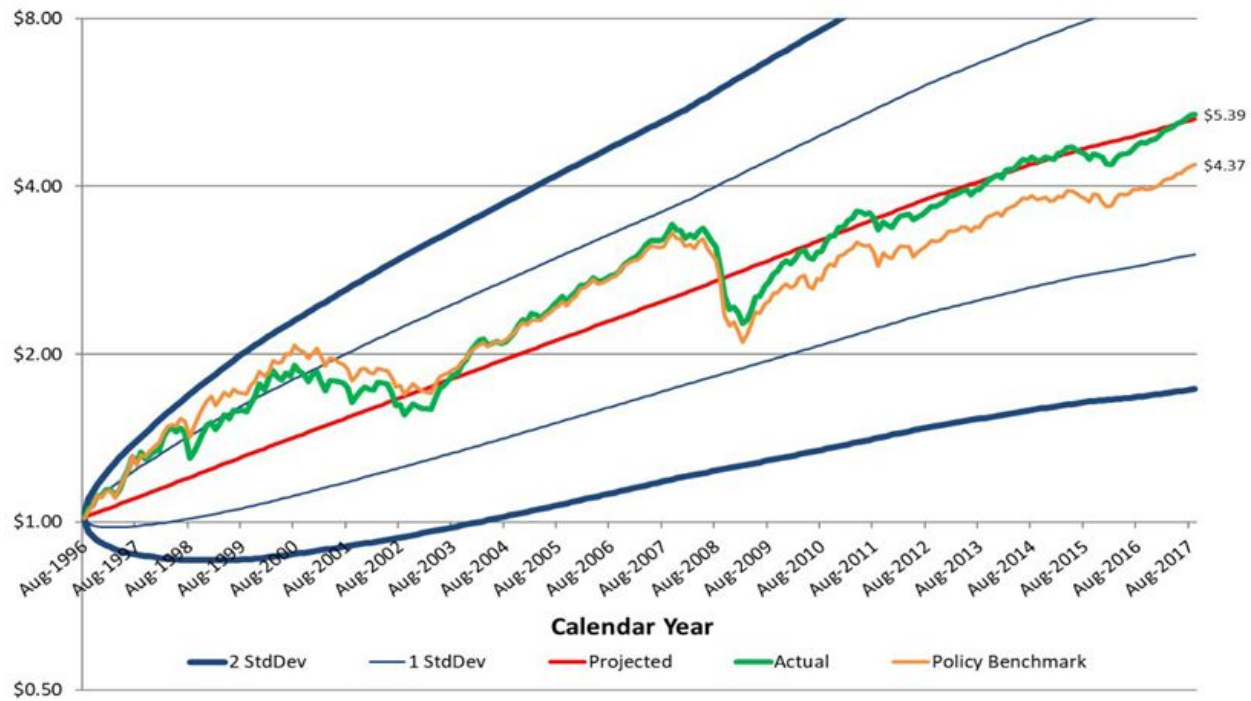
For past three years, PUF has generated more returns for less risk



	Risk Value	Risk Rank	Return Value	Return Rank
PUF TOTAL FUND	4.31	81	5.15	39
S&P 500	6.67	4	9.61	1
Median	5.08		4.80	



# Projected Long-Term Return





# PUF Historical Performance

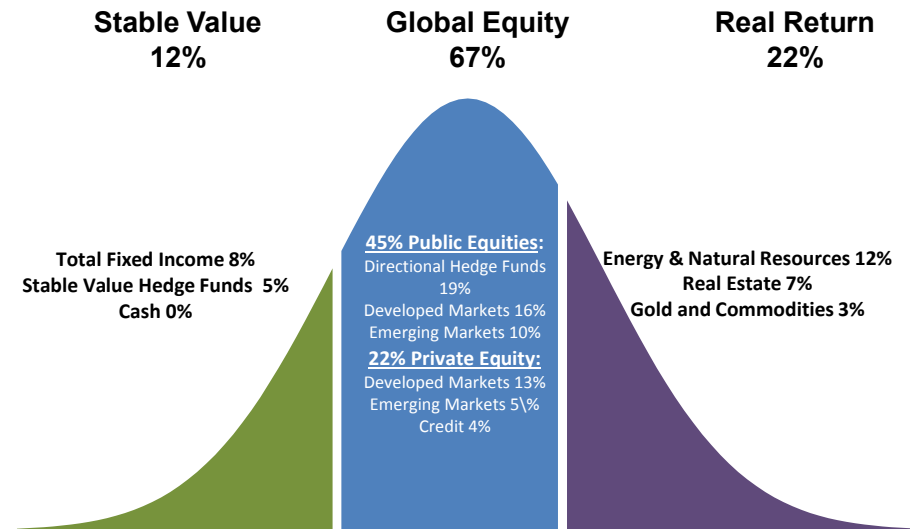
	AUM (\$, Bn)					
	<i>Start</i>	<i>End</i>	<i>Change</i>	<i>Return</i>	<i>Volatility</i>	<i>Sharpe Ratio</i>
<i>1996 - Present</i>	5.3	20.0	+14.7	7.8%	9.4%	0.6
<i>Q2 2009 - Present</i>	8.3	20.0	+11.7	10.4%	6.8%	1.5

AUM = Assets Under Management



# Review of Current Environment

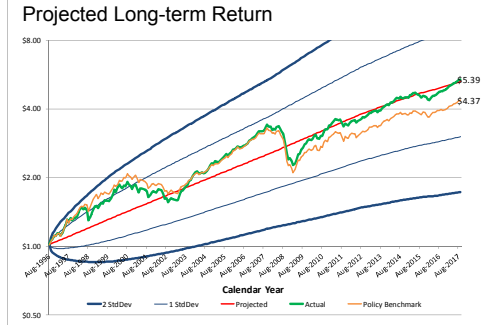
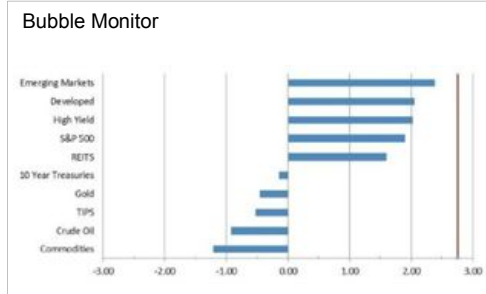
As of August 31, 2017



**Economic Conditions**

<ul style="list-style-type: none"> <li>•GDP surprises are negative</li> <li>•Inflation surprisingly low with weak demand</li> <li>•Negative earnings surprises</li> <li>•Out of line valuations</li> <li>•Flight to quality</li> </ul>	<ul style="list-style-type: none"> <li>•Positive GDP surprises</li> <li>•Inflation surprises not dramatic</li> <li>•Positive earnings surprises</li> <li>•Reasonable valuations</li> <li>•Political stability</li> </ul>	<ul style="list-style-type: none"> <li>•Real GDP growth too low</li> <li>•Inflation surprises on the high side</li> <li>•Real earnings too low</li> <li>•Commodity-oriented demand exceeds supply by an above normal margin</li> </ul>
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\* Percentages may not add up to 100% due to rounding





# Global Markets, Risk Premiums and Diversification

Periods Ending June 30, 2017

	Market Returns					Std Dev		Max Drawdown	Corr vs. S&P500	Sharpe Ratio	
	QTR	YTD	1Y	5Y	10Y	1Y	10Y			5Y	10Y
<b>United States</b>											
CPI	0.47	1.46	1.63	1.31	1.63	0.71	1.76	4.43	0.31		
Cash	0.20	0.31	0.49	0.17	0.58	0.07	1.11	0.01	(0.59)		
Long Treasury (Duration)	3.96	5.41	(7.22)	2.76	7.34	9.67	12.22	15.94	(0.39)	0.25	0.55
Credit (IG)	2.61	4.41	(2.19)	0.15	3.17	5.69	6.49	10.07	(0.08)	(0.00)	0.40
High Yield (Default)	3.19	6.46	11.89	7.13	7.75	4.07	9.62	33.37	0.74	1.21	0.75
US Dollar Index	(4.71)	(6.44)	(0.54)	3.22	1.56	6.53	10.27	17.13	(0.30)	0.46	0.10
S&P 500	3.09	9.34	17.90	14.63	7.18	6.09	17.40	50.95	1.00	1.51	0.38
U.S. Small Cap	3.02	8.93	18.51	14.58	7.26	6.59	17.98	51.20	1.00	1.47	0.37
Private Equity	1.52	3.22	7.57	11.56	9.12	5.10	11.79	23.84	0.75	2.30	0.72
Size	0.38	(1.19)	5.83	(0.22)	1.62	9.32	5.85	14.99	0.05	(0.05)	0.18
Value	(4.44)	(11.61)	4.29	1.02	(1.83)	12.88	8.72	24.71	0.45	0.10	(0.28)
Momentum	1.83	(1.58)	(11.66)	0.50	(1.72)	5.93	23.09	57.53	0.16	0.03	(0.10)
<b>Non-US Equity</b>											
EAFE Developed (USD)	6.12	13.81	20.27	8.69	1.03	7.77	19.99	56.68	0.93	0.73	0.02
Emerging Markets (USD)	6.27	18.43	23.75	3.96	1.91	9.03	18.84	61.59	0.75	0.26	0.07
Global Equity (USD)	4.27	11.48	18.78	10.54	3.71	5.34	18.05	54.92	0.97	1.04	0.17
Europe (USD)	7.37	15.36	21.11	8.82	0.62	9.78	22.80	59.29	0.92	0.67	0.00
Europe (Local)	1.79	7.91	20.22	11.57	2.65	7.84	17.48	50.20	0.94	1.09	0.12
Japan (USD)	5.23	10.11	19.58	9.86	1.42	7.57	14.82	46.23	0.87	0.77	0.06
<b>Diversifiers (Typical)</b>											
Hedge Funds	0.62	3.01	6.28	3.83	0.85	1.75	7.47	22.20	0.72	1.12	0.04
Real Estate (Private)	1.52	3.22	7.57	11.25	4.69	5.10	16.49	42.48	0.56	2.23	0.25
REITS	1.65	2.66	(1.82)	9.38	5.94	11.16	26.85	67.64	0.73	0.67	0.20
TIPS	(0.40)	0.85	(0.63)	0.27	4.27	2.81	6.51	12.22	(0.11)	0.02	0.57
Infrastructure	(6.35)	(2.66)	0.40	1.77	5.74	10.34	22.84	48.51	0.65	0.09	0.23
<b>Diversifiers (Other)</b>											
Commodities	(3.00)	(5.26)	(6.50)	(9.25)	(6.49)	7.54	24.99	67.02	0.37	(0.76)	(0.28)
Natural Resources	(1.43)	2.88	(1.85)	(2.48)	(2.77)	6.19	24.03	54.23	0.53	(0.23)	(0.14)
Oil	(9.01)	(14.30)	(4.74)	(11.53)	(4.20)	23.49	41.45	75.99	0.10	(0.40)	(0.12)
Energy Equipment & Services	(15.21)	(20.12)	(8.15)	(4.22)	(7.97)	15.74	37.79	67.86	0.87	(0.21)	(0.23)
Mining	(3.52)	4.42	16.04	(6.32)	(4.31)	22.30	31.60	75.11	0.47	(0.23)	(0.15)
Gold	(0.61)	8.20	(6.07)	(4.92)	6.69	12.32	20.12	41.88	(0.17)	(0.32)	0.30



# Long-Term Projected Nominal Returns

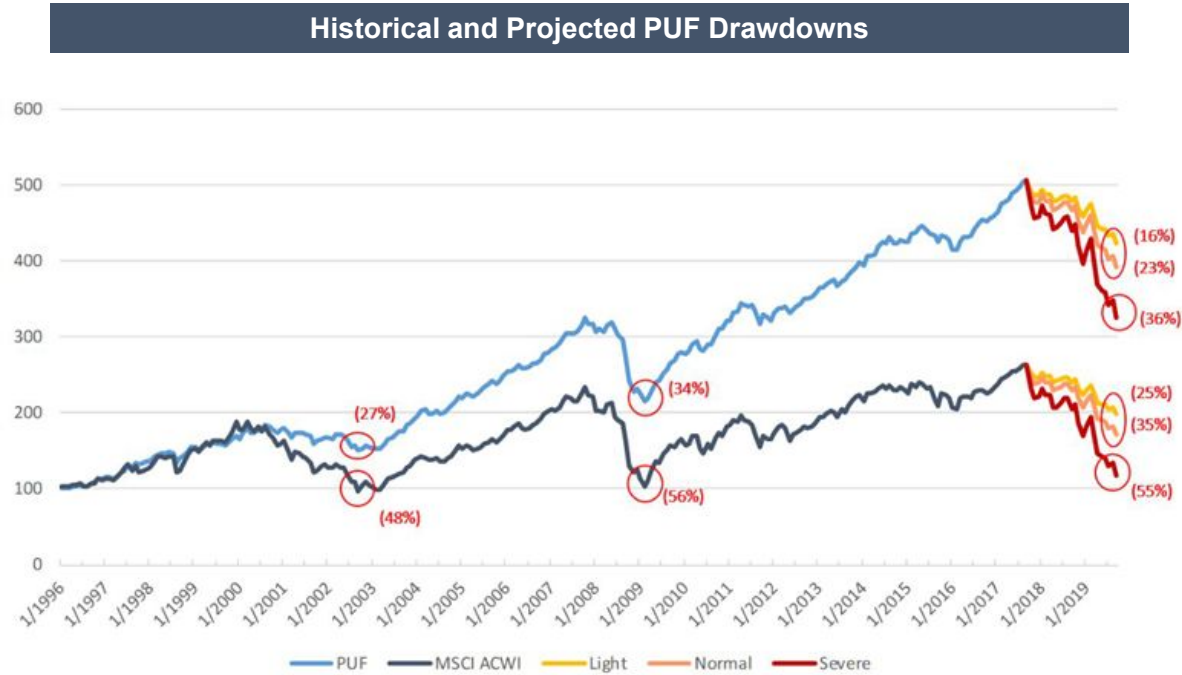
External Research Return Assumptions									
	GMO	Black-rock	Bridge-water	JPM	UBS	PIMCO	Average ex. UTIMCO	Average w/ UTIMCO	Average w/ UTIMCO
<b>MCC ex. FI</b>									
DCE	0.6	6.3	2.7	6.8	8.2	4.9	4.9	6.0	5.1
EM	6.0	5.7	7.8	9.3	10.0	7.3	7.7	6.5	7.5
<b>Total Public Equity</b>	<b>2.5</b>	<b>6.1</b>	<b>4.5</b>	<b>7.7</b>	<b>8.9</b>	<b>5.8</b>	<b>5.9</b>	<b>6.2</b>	<b>5.9</b>
RE	-	-	-	-	-	-	-	-	-
NR Equities	-	-	-	-	-	-	-	-	-
Gold/Commodities	-	3.3	5.9	3.8	6.4	2.2	4.3	-	4.3
<b>Total Public Real Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total MCC ex. FI</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity Diversifiers</b>									
Hedge Funds	-	3.6	-	3.5	6.2	-	4.4	2.2	3.9
Fixed Income	0.9	3.0	2.7	3.0	3.9	3.0	2.8	3.0	2.8
Private Credit	-	4.7	4.6	5.8	5.6	4.1	5.0	7.5	5.4
<b>Total Equity Diversifiers</b>	<b>-</b>	<b>3.6</b>	<b>-</b>	<b>3.6</b>	<b>5.7</b>	<b>-</b>	<b>4.1</b>	<b>2.8</b>	<b>3.8</b>
<b>Privates ex. Credit</b>									
DCE ex. VC	-	6.6	7.4	8.0	11.8	-	8.5	9.5	8.7
VC	-	-	-	-	-	-	-	9.5	-
RE	-	4.1	6.1	5.5	8.5	5.7	6.0	9.5	6.6
NR	-	-	-	-	-	-	-	7.0	-
EM	-	-	-	-	-	-	-	9.0	-
<b>Total Privates ex. Credit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9.3</b>	<b>-</b>

Risk Premiums			
Asset Class	Expected Return	Expected Risk	Sharpe Ratio
CPI	2.0	-	-
Cash	2.0	0.3	-
US Bonds	2.7	4.5	0.2
Non-US Bonds	2.2	6.7	0.0
EM Debt	4.4	9.5	0.3
High Yield	5.5	10.7	0.3
US Equities	4.5	17.6	0.1
Non US Equities	5.4	18.5	0.2
EM Equities	7.5	23.9	0.2
Private Equity	8.7	23.7	0.3
Hedge Funds	3.9	6.7	0.3
Real Estate	6.6	15.8	0.3
Commodities	4.3	18.9	0.1





# Next Recession/Bear Market



We estimate that the endowment beta is 0.65 to public equity and that the next recession/bear market will be accompanied by a 24 month drawdown (average length of bear market) with one of three levels of intensity:

- Light – Global Equity: (25%); Endowment: (16%)
- Normal – Global Equity: (35%); Endowment (23%)
- Severe – Global Equity (55%); Endowment (36%)



**TABLE OF CONTENTS  
FOR  
ACADEMIC AFFAIRS COMMITTEE**

**Committee Meeting:** 11/8/2017

**Board Meeting:** 11/9/2017  
Austin, Texas

*Ernest Aliseda, Acting Chairman*  
*Kevin P. Eltife*  
*Paul L. Foster*  
*R. Steven Hicks*  
*Janiece Longoria*  
*Rad Weaver*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>2:45 p.m.</i> <i>Chairman Aliseda</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<i>2:45 p.m.</i> <b>Discussion</b>	<b>Action</b>	<b>159</b>
2. <b>U. T. Rio Grande Valley: Approval of preliminary authority for a Doctor of Philosophy degree program in Mathematics and Statistics with Interdisciplinary Applications</b>	<i>2:46 p.m.</i> <b>Action</b> <i>President Bailey</i>	<b>Action</b>	<b>160</b>
3. <b>U. T. System: Discussion and appropriate action regarding proposed replacement of Regents' Rules and Regulations, Rule 31006 (Academic Workload Requirements), regarding the development of faculty workload policies for the individual academic institutions</b>	<i>2:50 p.m.</i> <b>Action</b> <i>Dr. Leslie</i>	<b>Action</b>	<b>161</b>
4. <b>U. T. Arlington: Discussion and appropriate action regarding proposed changes to admission criteria for the Accounting Master's program</b>	<i>2:55 p.m.</i> <b>Action</b> <i>President Karbhari</i>	<b>Action</b>	<b>165</b>
5. <b>U. T. Arlington: Discussion and appropriate action related to authorization to execute first amendment to agreement with Academic Partnerships, LLC to continue existing online programs</b>	<i>3:05 p.m.</i> <b>Action</b> <i>President Karbhari</i>	<b>Action</b>	<b>168</b>
6. <b>U. T. Austin: Review and possible action regarding the U. T. Austin campus carry rules, regulations, and provisions</b>	<i>3:15 p.m.</i> <b>Report/Discussion</b> <i>President Fenves</i>	<b>Report/Discussion</b>	<b>169</b>
<b>Adjourn</b>	<i>3:45 p.m.</i>		

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

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 26 - 49](#).

2. **U. T. Rio Grande Valley: Approval of preliminary authority for a Doctor of Philosophy degree program in Mathematics and Statistics with Interdisciplinary Applications**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, and the institutional president that the U. T. System Board of Regents approve

- a. preliminary authority for U. T. Rio Grande Valley to create a Doctor of Philosophy degree program in Mathematics and Statistics with Interdisciplinary Applications; and
- b. notification of the proposal to the Texas Higher Education Coordinating Board.

**BACKGROUND INFORMATION**

The School of Mathematical and Statistical Sciences in the College of Sciences at U. T. Rio Grande Valley proposes to establish a new doctoral program in Mathematics and Statistics with Interdisciplinary Applications. The proposed program will have specializations in pure and applied mathematics, computational mathematics, and statistics and is designed to meet the needs of students interested in a wide range of careers, including those in academia, industry, and government. An important characteristic of the proposed program is its emphasis on applications of mathematics and statistics that cut across biological, environmental, life, physical and social sciences, engineering, medicine, and finance fields. Student dissertations will encompass theoretical and applied research as well as the discovery and application of effective mathematical models and advanced data analysis methods and tools to address important interdisciplinary problems in agriculture, business, engineering, the environment, health care, medicine, and the social and behavioral sciences.

The projected job market appears to be strong nationally and in Texas for individuals with an advanced degree in mathematics and statistics. Between 2012 and 2022, the U.S. Bureau of Labor Statistics projects a 33% increase in the number of jobs for statisticians, a 16.4% increase in the number of jobs for postsecondary mathematics faculty, and a 30.2% increase in the number of jobs for operations research analysts, among other occupations for which math and statistics would be required skill sets. In Texas, the need is projected to be even higher for certain professions: 33.8% increase for statisticians, 25% increase for postsecondary faculty, 45% increase for operations research analysts.

The core faculty who will support the program demonstrate high levels of research productivity in terms of publications and external funding.

Once preliminary authority has been approved, U. T. Rio Grande Valley will submit the full degree program proposal for approval by the U. T. System Board of Regents and the Texas Higher Education Coordinating Board.

3. **U. T. System: Discussion and appropriate action regarding proposed replacement of Regents' Rules and Regulations, Rule 31006 (Academic Workload Requirements), regarding the development of faculty workload policies for the individual academic institutions**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Rule 31006 (Academic Workload Requirements), regarding the development of faculty workload policies for the individual academic institutions, be replaced with new language as set forth on the following pages.

**BACKGROUND INFORMATION**

Based on the work of the Faculty Workload Task Force, the Office of Academic Affairs recommends amending Regents' Rule 31006 as follows. These amendments constitute a full rewrite of the Regents' Rule on faculty workload and reporting requirements.

The amendments will bring the Rule into alignment with other governing board policies developed in response to the original Texas legislation and with governing board policies on faculty workload across the country. In particular, if adopted, the revised Regents' Rule on faculty workload will enable each academic institution to develop a workload policy designed to achieve two main goals: foster greater student success while advancing each institution's unique mission. In addition, the proposed amendments to the Rule streamline the reporting required by *Texas Education Code* Section 51.402, this Rule, and Texas Higher Education Coordinating Board policies.

The U. T. System Faculty Advisory Council unanimously endorsed the proposed amendments. In addition, Council members have been working in collaboration with staff in the Office of Academic Affairs to develop a set of guidelines and best practices that the academic institutions can use in setting their own campus-level policies.

The presidents of the eight academic institutions are in support of the proposed amendments to Regents' Rule 31006 and the changes have been reviewed by all presidents and representatives of the Employee Advisory Council and the Student Advisory Council.

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

**Rule: 31006**

**1. Title**

Faculty Workload and Reporting Requirements

**2. Rule and Regulation**

Sec. 1 Purpose. Pursuant to *Texas Education Code* Section 51.402, this Rule establishes the general workload policy for faculty employed at an academic institution of higher education in The University of Texas System. The Rule also establishes the reporting requirements associated with faculty workload.

Sec. 2 Importance of Faculty. Faculty play a fundamental role in advancing an institution of higher education and in fostering student success. The quality and value of a university education are in large part defined by the faculty. The curricula the faculty design, the programs they offer, the learning environment they create, the instructional methods they employ, the research they conduct, the creative works they produce, the service they provide, and their professional engagement with students inside and outside of the classroom, including advising, are important components of the educational experience. As such, institutions of higher education supported by public funds have the responsibility to fully utilize their faculty resources in ways that achieve the greatest possible educational benefit.

Sec. 3 General Provisions for Faculty Workload

Sec. 3.1 Through established shared governance processes, each academic institution shall establish a faculty workload policy that adheres to the following general provisions.

Sec. 3.2 The institution's workload policy shall set forth equitable and fair guidelines that permit each department chair (or head of a comparable academic unit), under the supervision of the dean, to best deploy departmental faculty to foster student success and advance the department's mission.

Sec. 3.3 A chair may assign differential teaching loads for circumstances such as graduate instruction, research activities, time bought out by external grants, administrative assignments, large class sizes, team-taught courses, significant advising responsibilities, or other activities aligned with the institution's mission and/or critical to student success.

- Sec. 3.4 A chair may assign differential teaching loads based on the expectations of tenured and tenure-track faculty who have active and productive research/scholarly/creative programs, tenured faculty who are less active in research/scholarly/creative work, and nontenure-track faculty.
  - Sec. 3.5 An institution's faculty workload policy shall recognize that classroom teaching, basic and applied research, service, and professional development are important elements of faculty workloads by giving appropriate weight to each activity when determining the standards for faculty workload.
  - Sec. 3.6 Each institution may give the same or different weight to each activity and to other activities recognized by the institution as important elements of faculty workloads.
  - Sec. 3.7 The president of each academic institution shall submit the initial faculty workload policy for review and approval by the Executive Vice Chancellor for Academic Affairs.
- Sec. 4 Reporting Requirements
- Sec. 4.1 The president shall designate an officer to monitor workloads, prepare and review appropriate workload reports, and submit the reports to the institutional head for certification or approval and comments as may be appropriate.
  - Sec. 4.2 Each institution shall include its faculty workload policy in its operating budget reported to the Texas Higher Education Coordinating Board.
  - Sec. 4.3 Each institution shall submit the Faculty Reports (CBM-008) required by the Texas Higher Education Coordinating Board.
  - Sec. 4.4 Within 30 days of the end of each academic year, each institution shall file with the Board of Regents a report, by department, of the academic duties and services performed by each member of the faculty during the nine-month academic year, showing evidence of compliance with requirements established by the Board.

- Sec. 4.5 The report of academic duties and services performed by each member of the faculty, based on data submitted in the CBM-008, shall indicate all appointments held by the faculty member in the employing institution, the salary paid to each appointment, the percent of time of each appointment, and the source of funds from which salary payments were made.
- Sec. 4.6 For a faculty member paid partially from a source of funds other than state appropriations, the teaching load shall be proportioned to the percentage of salary paid from state appropriations.
- Sec. 4.7 Upon the request of an institution, if additional time is needed to prepare the report to the Board of Regents, the Executive Vice Chancellor for Academic Affairs is authorized to extend the deadline for submission.



4. **U. T. Arlington: Discussion and appropriate action regarding proposed changes to admission criteria for the Accounting Master's program**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, and the institutional president that the U. T. System Board of Regents approve changes to the criteria for admission to the Accounting Master's program at U. T. Arlington as described on the following pages.

## Summary of Changes to Graduate Admission Criteria

### 1. GMAT Condition

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<p>Individuals who meet each of the following two conditions are given unconditional admission:</p> <ul style="list-style-type: none"> <li>• Applicant holds an earned bachelor's degree from an AACSB accredited college or university, with a minimum GPA of 3.0 on the last 60 hours of undergraduate work and</li> <li>• GMAT total score is at least 550 with verbal and quantitative score at the 40th percentile or higher, on both.</li> </ul>	<p>Individuals who meet each of the following two conditions are given unconditional admission:</p> <ul style="list-style-type: none"> <li>• Applicant holds an earned bachelor's degree from an AACSB accredited college or university, with a minimum GPA of 3.0 on the last 60 hours of undergraduate work and</li> <li>• GMAT total score is at least <del>550</del> <u>500</u> with verbal and quantitative score at the <del>40th</del> <u>30th</u> percentile or higher, on both. <u>While the GMAT is strongly preferred, for non-business majors, an equivalent GRE score will be accepted in lieu of the GMAT.</u></li> </ul>

Change in GMAT Score Cutoffs: Two different studies undertaken by the U. T. Arlington Department of Accounting indicate that the GMAT is not a reliable predictor of the likelihood that a student will succeed in the graduate program. This change seeks to deemphasize what the department has found to be an unreliable predictor of success in the graduate program.

Addition of Graduate Record Examinations (GRE): A substantial percentage of departmental Master of Public Accounting (MPA) students have majored in science, engineering, and liberal arts. Many of these students take the GRE when they are planning for graduate studies. Given this fact, use of the GRE as a substitute for the GMAT is designed to avoid an unnecessary hurdle for qualified students seeking admission into our MPA program. Other graduate programs in the College of Business also accept the GRE in lieu of the GMAT. Hence, this change enhances the consistency of graduate admission practices within the college.

**2. GMAT Waiver Condition**

<b>Current Unconditional Admission Criteria</b>	<b>Proposed Unconditional Admission Criteria</b>
<p>This unconditional admission set #2 focuses on satisfying any one of the following criteria.</p> <ul style="list-style-type: none"> <li>• Graduated from UTA within three years of expected entrance into the graduate program with a minimum GPA of 3.25 in their major and overall;</li> <li>• Graduated from an AACSB accredited college or university with an earned bachelor's degree, with a minimum GPA of 3.0 in their major and overall, holds a current recognized professional accounting credential or license (e.g., certified public accountant, certified management accountant, certified financial analyst, chartered accountant);</li> <li>• Graduated from an AACSB accredited college or university with an earned bachelor's degree, with a minimum GPA of 3.0 in their major and overall, and completed another postbaccalaureate degree (e.g., master's degree, JD degree, LLM degree, MD degree, Ph.D. degree).</li> </ul>	<p>This unconditional admission set #2 focuses on satisfying any one of the following criteria.</p> <ul style="list-style-type: none"> <li>• Graduated from UTA <u>or equivalent university</u> within three years of expected entrance into the graduate program with a minimum GPA of 3.25 in their major and overall;</li> <li>• Graduated from an AACSB accredited college or university with an earned bachelor's degree, with a minimum GPA of 3.0 in their major and overall, holds a current recognized professional accounting credential or license (e.g., certified public accountant, certified management accountant, certified financial analyst, chartered accountant);</li> <li>• Graduated from an AACSB accredited college or university with an earned bachelor's degree, with a minimum GPA of 3.0 in their major and overall, and completed another postbaccalaureate degree (e.g., master's degree, JD degree, LLM degree, MD degree, Ph.D. degree).</li> </ul>

Change in GMAT Waiver Criteria: Currently, U. T. Arlington graduates who have graduated within three years of expected entrance into the graduate program with a minimum GPA of 3.25 in their major and overall are granted a GMAT waiver. The department proposes to extend this condition to graduates from other universities equivalent to U. T. Arlington. We plan to use Association to Advance Collegiate Schools of Business (AACSB) accreditation and/or other national or global rankings such as that provided by *U.S. News & World Report* to determine which institutions will be considered equivalent. The studies undertaken by the Department of Accounting indicating that the GMAT is not a reliable predictor of the likelihood that a student will succeed in the graduate program is the basis of this decision. The department believes that a good GPA from a comparable university is a more reliable predictor of student success in the graduate program.

5. **U. T. Arlington: Discussion and appropriate action related to authorization to execute first amendment to agreement with Academic Partnerships, LLC to continue existing online programs**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, and the institutional president that the U. T. System Board of Regents authorize the president to execute a first amendment to an agreement with Academic Partnerships, LLC to extend services for U. T. Arlington's current online programs as described below following approval by the Executive Vice Chancellor for Academic Affairs and the Vice Chancellor and General Counsel.

**BACKGROUND INFORMATION**

In 2011, U. T. System executed an Online Education Services Agreement with Academic Partnerships, LLC under which U. T. institutions could enter orders for online education services. In 2012, U. T. Arlington entered such an order. Since that time, Academic Partnerships has provided U. T. Arlington with education services for numerous online programs. For these services, Academic Partnerships is paid a percentage of the total tuition received. Revenue for the current year is approximately \$114 million.

The current U. T. Arlington agreement expires August 30, 2019. Because of the growth and current size of the programs, U. T. Arlington wishes to extend the current agreement for an additional three years past the 2019 expiration, for a total of five years from the current date.

The proposed extension also provides clarity on the teach out services to be provided upon conclusion of the agreement and decreases the percentages payable to Academic Partnerships. U. T. Arlington has successfully negotiated significant reductions in the percentage share payable to Academic Partnerships for the additional term, which will be in the range of 36% to 49% depending on the specific online program.

6. **U. T. Austin: Review and possible action regarding the U. T. Austin campus carry rules, regulations, and provisions**

SUBMISSION FOR REVIEW

President Fennes submits revisions to U. T. Austin campus carry rules, regulations, and provisions regarding the carrying of handguns by license holders on campus. The changes are clarifying and do not alter the exclusion areas nor any other right of license holders or other members of the university community. The changes, which are identified within the document submitted, add needed definitions and make minor editorial changes to the U. T. Austin Handbook of Operating Procedures.



## Handbook of Operating Procedures 8-1060

# Campus Concealed Carry

**Effective August 01, 2016**

Executive Sponsor: Senior Vice President and Chief Financial Officer

Policy Owner: Associate Vice President for Campus Safety and Security

### *I. Policy Statement*

The University of Texas at Austin ("University") is committed to providing a safe environment for students, employees, University affiliates, and visitors, and to respecting the right of individuals licensed to carry a handgun in the state of Texas. Individuals licensed to carry may do so on campus except in locations and at activities prohibited by law or by this policy. The carrying of any handgun by an unlicensed person or the open carry of a handgun is not permitted in any place at the University.

### *II. Reason for Policy*

Texas Government Code, **Section 411.2031** (<http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.411.htm#411.2031>) entitles license holders (individuals licensed to carry a handgun) to carry concealed handguns on the campus of an institution of higher education. Texas Government Code Section 411.2031 also authorizes the president of a university to enact reasonable rules and regulations regarding the concealed carry of handguns on campus, so long as the rules do not generally prohibit or have the effect of generally prohibiting license holders from carrying concealed handguns on campus. This policy memorializes the rules and regulations enacted by the president regarding the carrying of concealed handguns by license holders on campus or University owned property.

Texas Penal Code, **Section 46.03** (<http://www.statutes.legis.state.tx.us/Docs/PE/htm/PE.46.htm#46.03>), strictly forbids the open carry of a handgun at institutions of higher education.

### *III. Scope & Audience*

This policy applies to all students, employees, University affiliates, and visitors of the University while on campus or University owned property. This policy does not apply to commissioned peace officers as defined in Texas Code of Criminal Procedures, **Article 2.12** (<http://www.statutes.legis.state.tx.us/Docs/CR/htm/CR.2.htm#2.12>).

### *IV. Definitions (specific to this policy)*

**Campus:**

All land and buildings owned or leased by the University.

**Concealed Carry:**

The Texas Department of Public Safety defines a concealed handgun as a handgun not openly discernable to the ordinary observation of a reasonable person.

**Handgun or Pistol:**

A handgun is any firearm that is designed, made, or adapted to be fired with one hand. This characteristic differentiates handguns as a general class of firearms from long guns such as rifles and shotguns (which usually can be braced against the shoulder). The most common types of handguns carried by license holders are semi-automatic pistols and to a lesser degree revolvers.

**Formal Hearing:**

A formal hearing is a meeting or other proceeding in which a party is pursuing a complaint, charge, grievance, appeal or other administrative process, and the other party is responding to the complaint, charge, grievance, appeal or other administrative process. A hearing officer, administrative officer, committee, hearing panel, or similar administrative body, either during or subsequent to the hearing, decides the

outcome or makes recommendations through an official process as outlined in the *Handbook of Operating Procedures*, Institutional Rules on Student Services and Activities, or Regents' Rules.

**License Holder:**

A person licensed to carry a handgun under Chapter 411 of the Texas Government Code.

**"On or about their person":**

Means a person licensed to carry a handgun must carry a handgun in a manner that the handgun is close enough to the license holder that he or she can reach it without materially changing position.

**Revolver:**

A revolver is a repeating handgun which has a revolving cylinder containing multiple chambers and at least one barrel for firing.

**Semi-automatic Pistol:**

A semi-automatic pistol uses the energy of the fired cartridge to cycle the action of the firearm and advance the next available cartridge into position for firing. One round fires each time the trigger of a semi-automatic pistol is pulled, and it uses a magazine to store and feed rounds into the chamber.

**Sole Occupant Office:**

A sole occupant office is a room with at least one door and walls that extend to the ceiling that is assigned to a single person as his or her workspace. The occupant must give oral notice of exclusion. Only authorized 30.06 signage may be posted in locations designated as exclusion areas.

**Oral Notice:**

Oral notice is notification spoken by the sole occupant of an office that clearly communicates to someone who might enter the office that concealed carry of handguns is not permitted in there. Such notice is effective only to the individual, or individuals, to whom the notification was given. For example, if you give oral notification to a group of students on the first day of class, and a student was not present because he or she had not joined the class yet, then legally effective notice has not been given to that student. Faculty or staff members must ensure they have provided proper notification to all individuals who might enter that office. The publicly-available class syllabus should focus on information pertinent to the academic requirements for the class. Faculty are encouraged to inform students about other class information by Canvas or other means.

**School Sponsored Activities:**

"School-sponsored activities" for purposes of this policy is defined as: tours, demonstrations, field trips, events, clubs, camps, classes, clinics, programs, etc., held on UT property that are authorized by a K-12 school district or individual school(s) as a curricular, co-curricular, or interscholastic activity and are managed or supervised in part by the district or school, or district or school employee.

**Patient Care Areas:**

Areas in which patients are treated or evaluated, including those areas in which professional mental health services are provided. A "patient" is a person who is treated or evaluated and for whom a formal record of treatment is maintained. This also includes areas in which research is occurring that involves the treatment or evaluation of a medical or mental health condition of a patient by a licensed health care provider or under the supervision or direction of a licensed health care provider. Waiting rooms for patient care areas can be considered as an excluded area when greater than 50% of the use of that waiting room is for patients waiting to receive care.

**High Hazardous Laboratories:**

Are laboratories that contain:

- A. Greater than 55 gallons of Class I flammable liquids and/or significant quantities of acids, bases, organics, pyrophorics, peroxides, extremely toxic materials or pyrophoric or toxic gases classified NFPA 704 Category 3 or higher.
- B. Hazardous Gases with K-size cylinders containing corrosive, reactive, flammable, toxic, and/or oxidizer gases classified NFPA 704 Category 2 or higher.
- C. MRI and/or NMR equipment capable of generating significant magnetic fields with field strength of at least 5 gauss is measured outside the equipment or 5 gauss line typically at least 3 feet and as much as 20 feet from equipment.
- D. Large cylinders of acetylene

**Animal Research Facility:**

The term "Animal Research Facility" (which is specifically mentioned in the policy for exclusion) has been defined for these purposes as a group of rooms that is managed as a defined unit

dedicated to animal housing and use. In these locations, animal holding, procedure and support rooms are located behind a defined, secure perimeter with access via anterooms, directly connecting doors or service hallways. In addition to the locations that can be considered "facilities", there are a variety of individual rooms across campus that are also used primarily for the housing and care of research animals. These rooms are interspersed throughout various research buildings, but the task force was able to identify a clear, existing criteria to define these exclusion areas. The Institutional Animal Care and Use Committee (IACUC) is responsible for approving locations used for permanent (longer than 12-24 hour) animal holding, and it has been recommended that any rooms on that list that are fully dedicated to animal holding will be excluded.

### V. Website (for policy)

<https://policies.utexas.edu/policies/hop/8-1060>

### VI. Contacts

CONTACT	DETAILS	WEB
Campus Safety and Security	Phone: 512-471-5767	Website: <a href="http://www.utexas.edu/campus-life/safety-and-security">http://www.utexas.edu/campus-life/safety-and-security</a> ( <a href="http://www.utexas.edu/campus-life/safety-and-security">http://www.utexas.edu/campus-life/safety-and-security</a> )

### VII. Responsibilities & Procedures

#### A. General Safety

1. Texas Penal Code, [Section 46.035\(a-1\)](http://www.statutes.legis.state.tx.us/Docs/PE/htm/PE.46.htm#46.035) (<http://www.statutes.legis.state.tx.us/Docs/PE/htm/PE.46.htm#46.035>) provides that a license holder may not carry a partially or wholly visible handgun on campus premises or on any University driveway, street, sidewalk or walkway, parking lot, parking garage, or other parking area. License holders who carry a handgun on campus must carry it concealed and on or about their person at all times or secure their handgun in a locked, privately- owned, or leased motor vehicle. The only exception to this policy is for license holders who reside in University Apartments or staff whose employment responsibilities require them to reside in University housing. Only these license holders may store their handgun in a gun safe that meets the requirements set forth in this policy.
2. A license holder who carries a handgun on campus must carry it in a holster that completely covers the trigger and entire trigger guard area. The holster must have sufficient tension or grip on the handgun to retain it in the holster even when subjected to unexpected jostling.
3. Where permitted by this policy, a gun safe used by a license holder must:
  - a. be large enough to fully contain all firearms placed in it and provide for secure storage;
  - b. have exterior walls constructed of a minimum 16-gauge steel;
  - c. have a high-strength locking system consisting of a mechanical or electronic combination or biometric lock, and not a key lock; and
  - d. be physically secured inside the license holder's residence in a manner which conforms to Division of Housing and Food Service policy.

#### B. Housing

1. The following rules apply to the concealed carry of handguns in University housing.
  - a. with three exceptions, the concealed carry of handguns is prohibited in all on- campus residence halls except for University Apartments. Those exceptions are as follows:
    - i. For on-campus residence halls, the carrying of a concealed handgun by a license holder is permitted in common areas such as lounges, dining areas, and study areas.
    - ii. A resident's family member who is a license holder may carry a **concealed handgun** on or about their person while visiting. Residents are also responsible for ensuring their guests comply with all rules and regulations contained in this policy.
    - iii. Staff members whose employment responsibilities require them to be in University housing and are license holders are permitted to carry a concealed handgun on or about their person while present in University housing for business purposes.



- b. License holders who ~~reside in University Apartments or staff~~ are full time employees and whose employment responsibilities require them to reside in University housing must store their handguns either in a locked, privately-owned or leased motor vehicle, or in a gun safe in the residence that meets the requirements set forth in Section VII(A)(3) of this policy. License holders are also responsible for ensuring their guests comply with all rules and regulations.

2. Housing contracts of the Division of Housing and Food Service provide that a violation of any University rules regarding the carrying or storage of firearms is grounds for termination of the housing contract.

### C. Offices

1. The occupant of an office to which the occupant has been solely assigned and is not generally open to the public is permitted, at the occupant's discretion, to prohibit the concealed carry of a handgun in that office. An occupant who chooses to exercise this discretion must provide oral notice that the concealed carry of a handgun in the occupant's office is prohibited. In addition, if the occupant's duties ordinarily entail meeting people who may be license holders, the occupant will make reasonable arrangements to meet them in another location.
2. The concealed carry of handguns is prohibited in areas in which formal hearings are being conducted pursuant to the *General Information Catalog* ("GIC"), **Chapter 11** (<http://catalog.utexas.edu/general-information/appendices/appendix-c/student-discipline-and-conduct/>), Student Discipline and Conduct; Board of Regents' *Rules and Regulations*, **Rule 31008** (<http://www.utsystem.edu/board-of-regents/rules/31008-termination-faculty-member>) Termination of a Faculty Member; and the *Handbook of Operating Procedures* ("HOP") **HOP** (<https://www.policies.utexas.edu/policies/faculty-grievance-procedure>) **2-2310** (<https://www.policies.utexas.edu/policies/faculty-grievance-procedure>), Faculty Grievance Procedure, or **HOP 5-2420** (<https://www.policies.utexas.edu/policies/policies-and-procedures-discipline-and-dismissal-employees>), Policies and Procedures for Discipline and Dismissal of Employees. Notice conforming to Texas Penal Code, **Section 30.06** (<http://www.statutes.legis.state.tx.us/Docs/PE/htm/PE.30.htm#30.06>) will be provided.
3. To the extent possible, office space within areas where concealed carry is not permitted pursuant to state law or another provision of this policy will be made available on a scheduled basis to faculty and staff who do not have offices to which they are solely assigned. These spaces can be used by faculty or staff preferring to conduct ~~these conferences~~ meetings in a gun-exclusion zone.

### D. Events

1. The University is often the site of pre-K-12 school-sponsored activities, such as field trips. When a pre-K-12 school-sponsored activity is conducted at a particular location, the carrying of handguns is prohibited. A sign reading "Pre-K-12 school-sponsored activity in progress" will be posted during these activities.
2. Texas Penal Code, **Section 46.035(b)(2)** (<http://www.statutes.legis.state.tx.us/Docs/PE/htm/PE.46.htm#46.035>) excludes license holders of handguns from carrying a handgun where a high school, collegiate, or professional sporting event or inter-scholastic event is taking place, unless the license holder is a participant in an event where a handgun will be used. Notice ~~will~~ must be given for all collegiate sporting events. If possible, for ticketed sporting events this notice will be given by means of a written communication on the back of, or appended to, the ticket. Vendors and others who are permitted to enter the premises without a ticket will be provided written notice through other means.
3. The concealed carry of handguns is prohibited on premises in which a ticketed sporting event is taking place. Notice conforming to Texas Penal Code, Section 30.06 will be provided.
4. Designated individuals who work in a campus program for minors must, as a condition of their participation, agree not to carry a concealed handgun on the grounds or in buildings where the program is conducted. Parents of attendees must also agree, as a condition of their child's participation, not to carry a concealed handgun on the grounds or in buildings where the program is

conducted. "Campus Program for Minors" is defined in [HOP 3-1710 \(http://www.policies.utexas.edu/policies/youth-protection-program\)](http://www.policies.utexas.edu/policies/youth-protection-program), Youth Protection Program. Notice conforming to Texas Penal Code, Section 30.06 will be provided.

5. The carrying of any firearm, including a concealed handgun carried by a license holder, is prohibited at ticketed events at the Frank Erwin Center where the introduction of firearms is inconsistent with the safety and security of the event. Notice conforming to Section 30.06, Texas Penal Code will be provided.

#### E. Patient Care

The concealed carry of handguns is prohibited in patient-care areas, including those areas in which professional mental health services are provided. This prohibition includes not only traditional patient care facilities, but also research labs and other research areas where and when, as part of a research program, patient care is delivered by or under the supervision or direction of a licensed health care provider. Notice conforming to Texas Penal Code, Section 30.06, will be provided.

#### F. Laboratories

1. The concealed carry of handguns is prohibited in areas where the discharge of a firearm might cause great harm, such as laboratories with extremely dangerous chemicals, biologic agents, or explosive agents, and areas with equipment that are incompatible with metallic objects, such as magnetic resonance imaging machines.
2. The concealed carry of handguns is prohibited in animal-research facilities and other animal-care and animal-use locations in which protocols regulating entrance and exit ways create a risk that a concealed handgun will accidentally discharge, be contaminated, or be separated from a license holder. Notice conforming to Texas Penal Code, Section 30.06 will be provided.

#### G. Other Exclusion Zones

1. Texas Penal Code, Section 46.03(a)(2) excludes license holders from carrying a handgun on the premises of a polling place on the day of an election or while early voting is in progress. A sign that reads either "Polling Place" or "Vote Here" will be posted at any polling place located on campus from the commencement of early voting through Election Day ~~that reads either "Polling Place" or "Vote Here" when the polling place is open.~~
2. Texas Penal Code, Section 46.03(a)(3) excludes license holders from carrying a handgun on the premises of any government court or offices utilized by the court, unless pursuant to written regulations or written authorization of the court. A sign will be posted at the entrance to any courtroom and associated offices on campus whenever in use by a federal, state, or local judge for official business.
3. Texas Penal Code, Section 46.035(b)(1) excludes license holders from carrying a handgun in the premise of a business permitted or licensed under designated chapters of the Texas Alcoholic Beverage Code, [Section 104.06 \(http://www.statutes.legis.state.tx.us/Docs/AL/htm/AL.104.htm#104.06\)](http://www.statutes.legis.state.tx.us/Docs/AL/htm/AL.104.htm#104.06), if the business derives 51 percent or more of its income from the sale or service of alcoholic beverages for on-premises consumption. Any premise on campus ~~meeting that meets~~ the requirements of Texas Penal Code, Section 46.035(b)(1) will provide notice in accordance with Texas Government Code, Section 411.204.
4. The concealed carry of handguns by license holders is prohibited in areas for which state or federal law, licensing requirements, or contracts require exclusion solely at the discretion of the state or federal government, or are required by a campus accrediting authority. Where appropriate, signage will conform to the overriding federal or state law requirements. Otherwise, notice conforming to Texas Penal Code, Section 30.06 will be provided.
5. The carrying of any firearm, including a concealed handgun carried by a license holder, is prohibited on the UT Tower observation deck and in those immediate areas secured by The University of Texas at Austin Police Department ("UTPD") in advance of any public or private tour. Notice conforming to Texas Penal Code, Section 30.06 will be provided.

6. Gun-exclusion zones created by state law as well as those created by this policy may sometimes comprise only a portion of a building. In some instances, it may not be feasible to exclude concealed handguns only from the designated exclusion zones. The following factors and principles will govern the implementation of these rules and regulations in those buildings in which some, but not all parts are designated as exclusion zones.

Governing factors:

- The percentage of assignable space or rooms in a building that are designated as exclusion zones.
- The extent to which the area(s) designated as exclusion zones are segregable from other areas of the building.
- The extent to which use of the building, and hence its status as an exclusion zone, varies from day-to-day or week-to-week.

Governing principles:

- If a small number of rooms or a small fraction of assignable space in a building is subject to exclusion, only the rooms or areas that qualify for exclusion should be excluded. Appropriate signage must be posted for excluded rooms or areas.
- If a significant fraction of the total building in terms of number of rooms or assignable space is subject to exclusion, or if the excludable space is not **segregable able to be segregated** from other space, then as a matter of practicality, the whole building will be excluded. Appropriate signage must be posted for any such building.

#### H. Discipline

1. The University has amended the *General Information Catalog*, Appendix C, **Section 11-404(a)** (<http://catalog.utexas.edu/general-information/appendices/appendix-c/student-discipline-and-conduct/#subchapter11400.prohibitedconduct>), General Misconduct of the Institutional Rules on Student Services and Activities; and **HOP 8-1010** (<https://www.policies.utexas.edu/policies/prohibition-campus-violence>), Prohibition of Campus Violence to provide that causing the accidental discharge of a firearm is conduct subject to disciplinary action.

#### I. Education

1. The University has developed and posted a Campus Concealed Carry FAQ (refer to Sec. IX).
2. The University has developed training materials particular to the University on responding to an active shooter situation. The material is covered in Compliance Training Module: CW 122: A Safe Workplace; employees and University affiliates are encouraged to complete this module. Students are encouraged to complete training on how to respond to an active shooter situation.
3. The University has developed materials to educate and inform parents of University students and prospective students about campus carry and implementation.

#### J. Process and Appeal

A student, or a member of the faculty or staff of the University may appeal a decision regarding the implementation of a policy contained herein to the Campus Safety and Security Committee/associate vice president for campus safety and security for consideration. A further appeal of the decision of the Campus Safety and Security Committee/associate vice president for campus safety and security may be made to the senior vice president and chief financial officer. The senior vice president and chief financial officer may approve, reject, or modify the decision in question, or may submit the issue to the Campus Safety and Security Committee/associate vice president for campus safety and security for reconsideration. The decision of the senior vice president and chief financial officer to approve, reject, or modify a decision is final.

Additional policies or exclusion areas not provided for in this policy will not be the subject of or considered as a matter of appeal. In accordance with Texas Government Code, Section **411.2031**

<http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.411.htm#411.2031>), the president is authorized to enact reasonable rules and regulations regarding the concealed carry of handguns on campus.

### ***VIII. Forms & Tools***

None

### ***IX. Frequently Asked Questions***

<https://campuscarry.utexas.edu/faq> (<https://campuscarry.utexas.edu/faq>)

### ***X. Related Information***

Texas Government Code, **Section 411.204** (<http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.411.htm#411.204>)

Texas Government Code, **Section 411.2031** (<http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.411.htm#411.2031>) (Senate Bill 11)

Texas Penal Code, **Section 30.06** (<http://www.statutes.legis.state.tx.us/Docs/PE/htm/PE.30.htm#30.06>)

Texas Penal Code, **Section 46.03(a)(2)** (<http://www.statutes.legis.state.tx.us/Docs/PE/htm/PE.46.htm#46.03>)

Texas Penal Code, **Section 46.03(a)(3)** (<http://www.statutes.legis.state.tx.us/Docs/PE/htm/PE.46.htm#46.03>)

Texas Penal Code, **Section 46.035(a-1)** (<http://www.statutes.legis.state.tx.us/Docs/PE/htm/PE.46.htm#46.035>)

Texas Penal Code, **Section 46.035(b)(2)** (<http://www.statutes.legis.state.tx.us/Docs/PE/htm/PE.46.htm#46.035>)

Texas Penal Code, **Section 46.035(2)** (<http://www.statutes.legis.state.tx.us/Docs/PE/htm/PE.46.htm#46.035>)

Texas Code of Criminal Procedures, **Article 2.12** (<http://www.statutes.legis.state.tx.us/Docs/CR/htm/CR.2.htm#2.12>)

Board of Regents' **Rule 31008** (<http://www.utsystem.edu/board-of-regents/rules/31008-termination-faculty-member>) – Termination of a Faculty Member

**HOP 2-2310** (<http://www.policies.utexas.edu/policies/faculty-grievance-procedure>) – Faculty Grievance Procedure

**HOP 3-1710** (<http://www.policies.utexas.edu/policies/youth-protection-program>) – Youth Protection Program

**HOP 5-2420** (<http://www.policies.utexas.edu/policies/policies-and-procedures-discipline-and-dismissal-employees>) – Policies and Procedures for Discipline and Dismissal of Employees

**HOP 8-1010** (<https://www.policies.utexas.edu/policies/prohibition-campus-violence>) – Prohibition of Campus Violence

**General Information Catalog, Appendix C** (<http://catalog.utexas.edu/general-information/appendices/appendix-c/student-discipline-and-conduct/>): Institutional Rules on Student Services and Activities

**General Information Catalog, Appendix C, Chapter 11** (<http://catalog.utexas.edu/general-information/appendices/appendix-c/student-discipline-and-conduct/#subchapter11400.prohibitedconduct>) – Student Discipline and Conduct

**General Information Catalog, Appendix C, Chapter 11, Section 11-404(a)** (<http://catalog.utexas.edu/general-information/appendices/appendix-c/student-discipline-and-conduct/>) – General Misconduct Compliance

Training Module: CW 122: A Safe Workplace

### ***XI. History***

None



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FOR  
HEALTH AFFAIRS COMMITTEE**

**Committee Meeting:** 11/8/2017

**Board Meeting:** 11/9/2017  
Austin, Texas

*Janiece Longoria, Acting Chairman*  
*Ernest Aliseda*  
*David J. Beck*  
*Paul L. Foster*  
*R. Steven Hicks*  
*Jeffery D. Hildebrand*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	10:30 a.m. <i>Chairman Longoria</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	10:30 a.m. <b>Discussion</b>	<b>Action</b>	<b>178</b>
2. <b>U. T. Medical Branch - Galveston: Request to approve the honorific naming of four streets on the League City Campus as Ashbel Smith Avenue, Dolly Vinsant Drive, Ruby Decker Avenue, and Ned Dudney Drive</b>	10:33 a.m. <b>Action</b> <i>President Callender</i> <i>Dr. Safady</i>	<b>Action</b>	<b>179</b>
3. <b>U. T. System: Report on the U. T. System Population Health initiatives</b>	10:38 a.m. <b>Report/Discussion</b> <i>Dr. David Lakey</i>	Not on Agenda	<b>188</b>
<b>Adjourn</b>	11:00 a.m.		

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

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 50 - 65](#).

2. **U. T. Medical Branch - Galveston: Request to approve the honorific naming of four streets on the League City Campus as Ashbel Smith Avenue, Dolly Vinsant Drive, Ruby Decker Avenue, and Ned Dudney Drive**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Health Affairs, the Vice Chancellor for External Relations, and the institutional president that the U. T. System Board of Regents approve the honorific naming of four streets on the League City Campus of U. T. Medical Branch - Galveston as Ashbel Smith Avenue, Dolly Vinsant Drive, Ruby Decker Avenue, and Ned Dudney Drive.

BACKGROUND INFORMATION

U. T. Medical Branch - Galveston's League City Campus is quickly growing. To help navigate the developing campus, U. T. Medical Branch - Galveston requests approval to honorifically name four streets for the individuals described below and on the following pages.

The Ashbel Smith Avenue will be named in honor of Ashbel Smith, M.D. Born in 1805, Dr. Smith was the first president of The University of Texas Board of Regents and was instrumental in forming the Texas Medical Association. He graduated from Yale University at the age of 19 and earned his medical degree, also from Yale University, in 1828. He was a strong advocate for higher education during his three terms as a State Representative and was instrumental in establishing U. T. Medical Branch - Galveston. The Old Red Building, the first building on U. T. Medical Branch's campus and the oldest medical school building in Texas, was named as The Ashbel Smith Building on December 1, 1950.

Dolly Vinsant Drive will be named in honor of Ms. Wilma "Dolly" Vinsant, a 1940 U. T. Medical Branch - Galveston School of Nursing graduate. Ms. Vinsant enlisted in the U.S. Army Nurse Corps in 1942 and went on to become one of only 500 air evacuation flight nurses. She was killed when her plane was shot down over Germany in 1945 during a mission for which she volunteered. Her bravery earned her many subsequent honors, including the Purple Heart and a special citation from President Harry Truman. Although both buildings are no longer standing, Ms. Vinsant's hometown named a hospital after her, and U. T. Medical Branch - Galveston named a Dormitory Building for nursing students in her memory as the Wilma Roland Vinsant Hall on November 21, 1957.

Ruby Decker Avenue will be named in honor of Ms. Ruby Decker, the first director of U. T. Medical Branch's physical therapy program. She taught high school physical education classes in Port Arthur, Texas, did advanced training in massage and hydrotherapy in Michigan, helped treat wounded soldiers returning from World War I, and volunteered to do the same for World War II veterans. The Physical Therapy Laboratory in the School of Allied Health Sciences and Nursing Building was named The Ruby Decker Physical Therapy Laboratory on August 8, 1985, in recognition of Ms. Decker's many contributions in the area of physical therapy and her distinguished service to U. T. Medical Branch - Galveston.

Ned Dudney Drive will be named in honor of Dr. Newton "Ned" E. Dudney. Dr. Dudney graduated in 1949 from U. T. Medical Branch - Galveston. After completing his medical degree, he served as commander of a Battalion Aid Station in Korea. In 1954, Dr. Dudney joined his friend, Harry K. Davis, M.D., in a family medicine practice in League City, Texas. Dr. Dudney served the League City community as a primary care physician for over 50 years. He served on the U. T. Medical Branch - Galveston's Development Board and was a member of the School of Medicine Alumni Association for more than 30 years. In 1996, Dr. Dudney was a recipient of the Ashbel Smith Distinguished Alumnus Award.

This naming proposal is consistent with Regents' *Rules and Regulations*, Rule 80307, relating to the honorific naming of facilities to recognize individuals who have contributed significantly to the history of U. T. Medical Branch - Galveston.



The University of Texas Medical Branch

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# League City Campus – Street Naming – Historical Figures in UTMB History

David Callender, M.D., MBA, FACS  
President  
The University of Texas Medical Branch at Galveston

U. T. System Board of Regents' Meeting  
Health Affairs Committee  
November 2017



## Background and Proposal

### Background

As the UTMB League City Campus grows, plans are being made to formally name five roadways on the property. These names and related signage not only will help with wayfinding for employees, patients, and visitors, but four will also present an opportunity to bring UTMB’s rich history to its newest campus.

### Proposal

The proposed plan calls for naming the main thoroughfare in the center of campus “UTMB Boulevard,” with other roads named for key figures in the University’s history. An initial list of four individuals includes representatives of the School of Medicine/Research, School of Nursing, and School of Health Professions. A brief description of their relationships to UTMB follows.



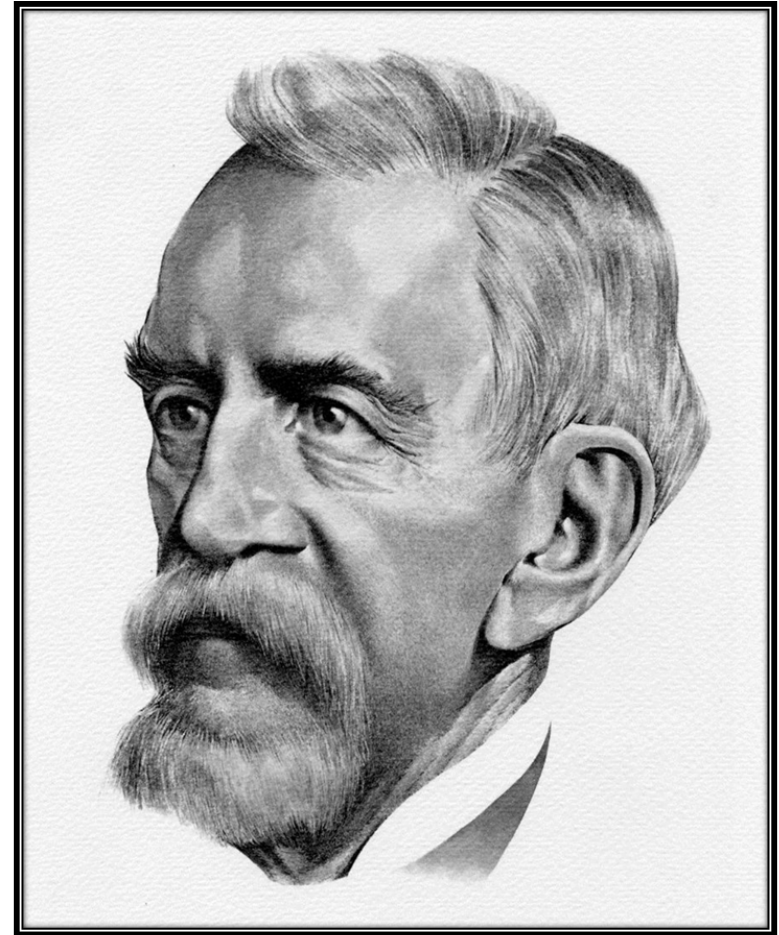
## Ashbel Smith, M.D.

Ashbel Smith was a physician, statesman, diplomat, and soldier. Born in 1805, he graduated from Yale University at the age of 19 and earned his medical degree from Yale University in 1828.

He moved to Texas in 1837 and was instrumental in forming the Texas Medical Association. Known as “the father of the University of Texas,” Smith was a strong advocate for higher education during his three terms as a state Representative.

He went on to serve as the first president of the University of Texas Board of Regents and was instrumental in establishing The University of Texas Medical Branch at Galveston.

The oldest medical school building in Texas, The Old Red Building, located on UTMB’s Galveston campus, bears his name.



## Wilma “Dolly” Vinsant

A 1940 School of Nursing graduate, Wilma “Dolly” Vinsant spent much of World War II evacuating wounded Americans from battlefields in Germany, many from the front lines. She enlisted in the U.S. Army Nurse Corps in 1942 and, after acing rigorous basic training, went on to become one of only 500 air evacuation flight nurses.

Stationed in England, Vinsant had completed her hazardous-flight quota when she volunteered for one last mission. She became one of only three in the Army Nurse Corps (and the only one from Texas) killed by direct enemy action when her plane was shot down over Germany. Her valor earned her many posthumous honors, including the Purple Heart and a special citation from President Harry Truman.

Although neither building stands today, Vinsant’s hometown named a hospital after her, and UTMB recognized its nursing graduate by naming a student dormitory in her honor.





## Ruby Decker

Ruby Decker's path to becoming the first director of UTMB's up-and-coming physical therapy program in 1945 took a few twists and turns, including stints as a chicken farmer and bookseller. But her interest in reducing people's pain and restoring their mobility never wavered.

She taught high school physical education classes in Port Arthur, Texas, did advanced training in massage and hydrotherapy in Michigan, helped treat wounded soldiers returning from World War I battlefields, and volunteered to do the same for World War II veterans.

After more than 18 years at UTMB, Ruby "retired" to teach physical therapy at a school in West Pakistan.



## Dr. Newton “Ned” E. Dudney

Dr. Ned Dudney graduated in 1949 from The University of Texas Medical Branch at Galveston. After completing his medical degree, he served as commander of a Battalion Aid Station in Korea. In 1954, Dr. Dudney joined his friend, Dr. Harry K. Davis, in a family medicine practice in League City, Texas. Dr. Dudney served the League City community as a primary care physician for over 50 years.

Dr. Dudney and his wife of 60 years, Fay, were leaders in the Clear Lake community. He was instrumental in the incorporation of League City, the founding of St. Christopher’s Episcopal Church, the creation of Clear Lake Hospital, as well as the Clear Lake Economic Development Foundation, now known as the Bay Area Houston Economic Partnership. He was a member of the original City of League City Charter Committee and the first City of League City Council. The couple’s contributions to League City were recognized in 2010 by the rededication and naming of the Dr. Ned and Fay Dudney Clear Creek Nature Park.

Dr. Dudney’s regard for The University of Texas Medical Branch at Galveston was evidenced by his service as a Development Board member. He was a member of UTMB School of Medicine Alumni Association for more than thirty years and an ex-officio member of the board of trustees. Dr. Dudney was a recipient of the Ashbel Smith Distinguished Alumnus Award in 1996. In his memory, friends and family established the Ned Dudney, MD Presidential Scholarship at The University of Texas Medical Branch at Galveston.



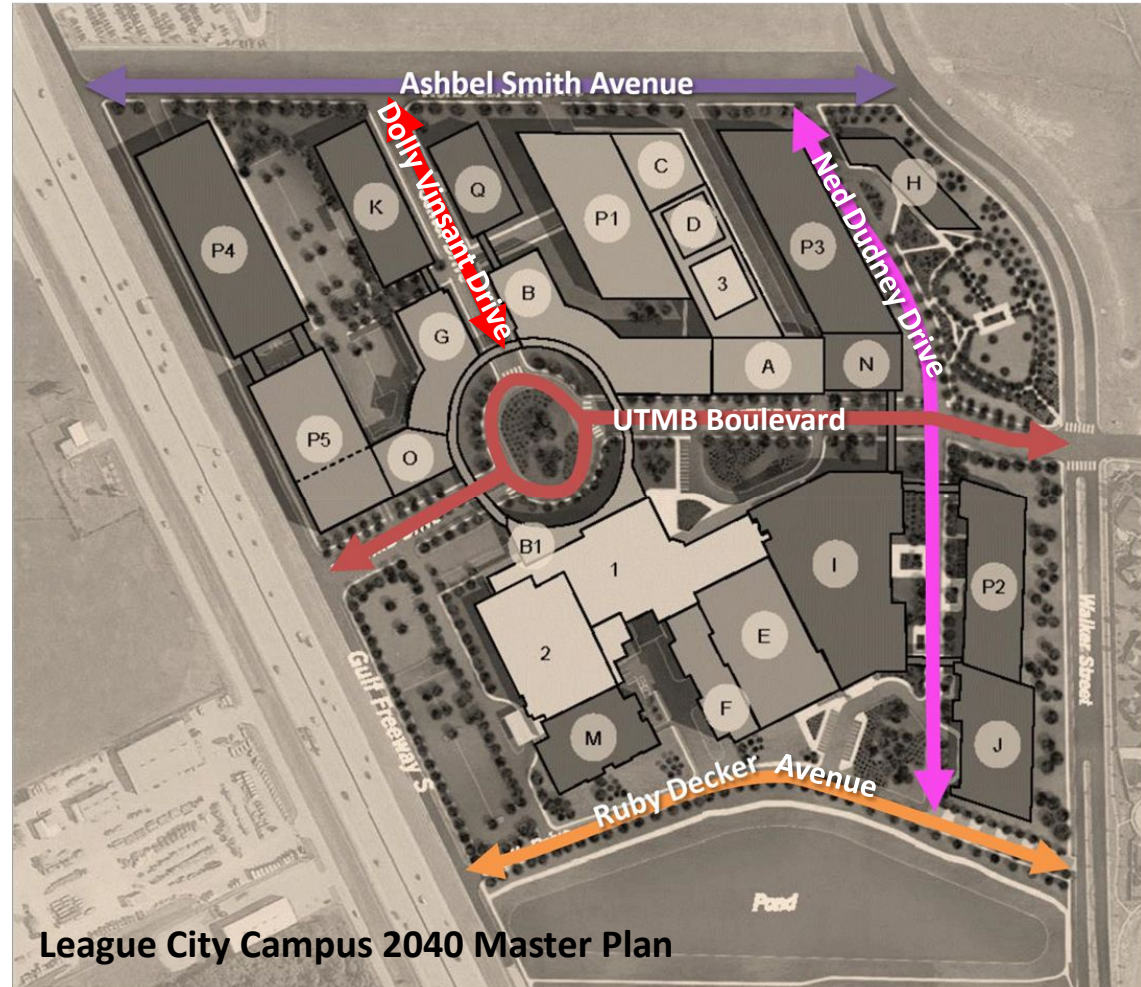
## Street Names Recognizing UTMB History

### East-West Streets:

Ashbel Smith Avenue  
Ruby Decker Avenue  
UTMB Boulevard

### North-South Streets:

Dolly Vinsant Drive  
Ned Dudney Drive



**3. U. T. System: Report on the U. T. System Population Health initiatives**

REPORT

David L. Lakey, M.D., Vice Chancellor for Health Affairs and Chief Medical Officer, will report on the U. T. System Population Health initiatives. A PowerPoint presentation is set forth on the following pages.

BACKGROUND INFORMATION

Dr. Lakey introduced a proposal at the February 11-12, 2015 Board of Regents' meeting to lead the development of initiatives to improve the health of Texans. On February 12, 2015, the Board of Regents approved \$5 million from the Available University Fund to be deployed over Fiscal Years 2015-2017.

The funding has been used to support the development and implementation of a sustainable population health strategic plan to identify and assess current conditions and assets, provide analytical expertise, and support collaborative efforts at the U. T. institutions and throughout Texas. This effort embodies the mission of academic medicine to improve health.



# The University of Texas System Population Health

**David L. Lakey, M.D.**

**Vice Chancellor for Health Affairs and Chief Medical Officer  
The University of Texas System**

U. T. System Board of Regents' Meeting  
Health Affairs Committee  
November 2017



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# What is Population Health?

- Health outcomes of a group of individuals, including the distribution of such outcomes within the group
  - Groups are often defined by geographic region, age, gender, ethnic and racial background, disability, or other defining characteristic
- Concerns include:
  - Overall health of a population
  - Distribution and determinants of health and health disparities within the population
- Population health perspective bridges the divide between traditional public health and the medical care sectors to focus on improving the health outcomes throughout a community

Kindig, DA, Stoddart G. (2003). What is population health? American Journal of Public Health, 93, 366-369



# Mission of U. T. System Population Health

U. T. System Population Health encourages and coordinates the use of population health principles to improve the delivery of care, reduce health disparities, and improve health for all Texans.

The initiative does this through multi-institutional and multidisciplinary collaborative projects within the U. T. System and statewide through numerous partnerships.



Website: [www.utsystempophealth.org](http://www.utsystempophealth.org)



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[WWW.UTSYSTEM.EDU](http://WWW.UTSYSTEM.EDU)

# Current Internally Funded Collaborations

- Texas Health Improvement Network (THIN)
  - Established by the 84th Texas Legislature
  - Successes include development of a 24 multidisciplinary and multi-institutional Advisory Council, a strategic map, and five suggested interim charges
- U. T. Collaborative for Population Health Innovation and Improvement
  - Learning collaborative of all six U. T. health institutions and two academic medical schools
  - Success includes development of population health strategic plans for each institution
- Chairs of Psychiatry Work Group
  - Learning collaborative of all academic departments of psychiatry in Texas and key partners
  - Success includes suggested policies that impacted the 85th Legislative Session and its investment in Mental Health
- Eliminate Tobacco Use
  - Learning collaborative of all 14 U. T. institutions on tobacco
  - Success includes all institutions going tobacco free, an annual summit, improved enforcement policies, and research partnerships between institutions



# Current Externally Funded Projects

- Texas Collaborative For Healthy Mothers and Babies (TCHMB)
  - Texas Department of State Health Services (DSHS) funded project (\$501,000 per year) is the statewide Perinatal Quality Improvement Collaborative
- Healthy Texas Families
  - Texas Health and Human Services Commission funded (\$1 million per year) project's goal is to decrease infant mortality in Smith and Hidalgo Counties
  - Most funds are subcontracted to U. T. Health Science Center - Tyler, U. T. Rio Grande Valley, and U. T. Health Science Center - Houston's School of Public Health (in Brownsville and San Antonio)
- Safe Babies
  - Texas Department of Family and Protective Services (DFPS) funded (\$1.3 million per year) project is evaluating and improving DFPS's child abuse prevention programs
- Zika Microcephaly / Birth Defect Registry
  - DSHS funded (\$100,000 for one year) project provides support to modify the Texas Birth Defects Registry to track the effects of Zika in Texas
- Sendero Health Plans
  - Austin community health plan funded project (\$120,000 per year) is developing research projects and disease prevention programs for its enrollees



# Completed Population Health Analytical Reports and Tools

- The Health Status of Northeast Texas 2016 Report
- Suicide in Texas, 2017
- Small area mapping of infant mortality
- DFPS Report on Population-level Prevention of Infant Maltreatment
- Tools to help new fathers bond with their babies





# Population Health Communications Tools

- Targeted editorials
- Multiple websites
  - Population Health: [www.utsystempophealth.org](http://www.utsystempophealth.org)
  - TCHMB: [www.tchmb.org](http://www.tchmb.org)
  - THIN: [www.texashealthimprovement.org](http://www.texashealthimprovement.org)
- Texas Health Journal
  - Monthly Health Newsletter of the 14 U. T. institutions
  - Highlights best health-related science at both U. T. academic and health institutions
- Social media - Twitter





# Conferences and Summits

- Texas Collaborative of Healthy Mothers and Babies Conferences
  - [www.tchmb.org](http://www.tchmb.org)
  - Healthy Beginnings (November 15-16, 2016)
  - Obstetrical and Neonatal Care Coordination Related to Infectious Diseases in Pregnancy Conference (January 22-23, 2018)
- Eliminate Tobacco Use Summits: 2016, 2017, and 2018
  - [www.eliminate tobacco use.org](http://www.eliminate tobacco use.org)
  - A partnership with U. T. M. D. Anderson Cancer Center
  - Participants include all 14 U. T. institutions, U. T. System Administration, other Texas universities and colleges, and key state agencies and partners
  - Focus on current tobacco control policies and enforcement, prevention education activities, and cessation services offered at each institution
- The Healthier Texas Summit (November 6-7, 2017)
  - [www.healthiertexasummit.com](http://www.healthiertexasummit.com)
  - A collaboration between U. T. System and IT'S TIME TEXAS, a statewide nonprofit organization dedicated to improving health in Texas



# Population Health Scholars Program

- Unique professional development program where students are matched with mentors who provide hands-on training across a range of disciplines and methodologies that can be applied to address the health needs of populations:
  - Research
  - Communications
  - Data Systems
- Goal is to complement scholars' academic training with practical experience in population health
- 15 current scholars (two post-docs, five Ph.D. candidates, and eight master-level)
- Range of disciplines including epidemiology, journalism, architecture, and design students





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FOR  
FACILITIES PLANNING AND CONSTRUCTION  
COMMITTEE**

**Committee Meeting: 11/8/2017**

**Board Meeting: 11/9/2017**  
Austin, Texas

*David J. Beck, Chairman*  
*Ernest Aliseda*  
*Kevin P. Eltife*  
*Jeffery D. Hildebrand*  
*Janiece Longoria*  
*Rad Weaver*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>10:00 a.m.</i> <i>Chairman Beck</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<i>10:05 a.m.</i> <b>Discussion</b>	<b>Action</b>	<b>200</b>
2. <b>U. T. System: Update on transition regarding delegation of responsibility for the delivery of institutional capital projects at U. T. Austin and U. T. Medical Branch - Galveston to the institutional presidents</b>	<i>10:10 a.m.</i> <b>Report/Discussion</b> <i>Mr. O'Donnell</i>	Not on Agenda	<b>201</b>
<b>Adjourn</b>	<i>10:30 a.m.</i>		

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

RECOMMENDATION

The proposed Consent Agenda item assigned to this Committee is [Item 66](#).

2. **U. T. System: Update on transition regarding delegation of responsibility for the delivery of institutional capital projects at U. T. Austin and U. T. Medical Branch - Galveston to the institutional presidents**

DISCUSSION

At the May 10, 2017 meeting, the Board of Regents approved the recommended delegation of responsibility for the delivery of institutional capital projects at U. T. Austin and U. T. Medical Branch - Galveston to the respective institutional presidents.

Working collaboratively with U. T. Austin and U. T. Medical Branch executives and staff, the Office of Facilities Planning and Construction (OFPC) has transitioned relevant projects, contracts, resources, and systems to ensure that projects are completed with a minimum of risk. Memoranda of Understanding have been executed defining mutual responsibilities and services on a go-forward basis. Associate Vice Chancellor O'Donnell will summarize progress to date and future plans using the PowerPoint presentation set forth on the following pages.

# Update on Transition of Delivery of Institutional Capital Projects at U. T. Austin and U. T. Medical Branch - Galveston

Mr. Mike O'Donnell

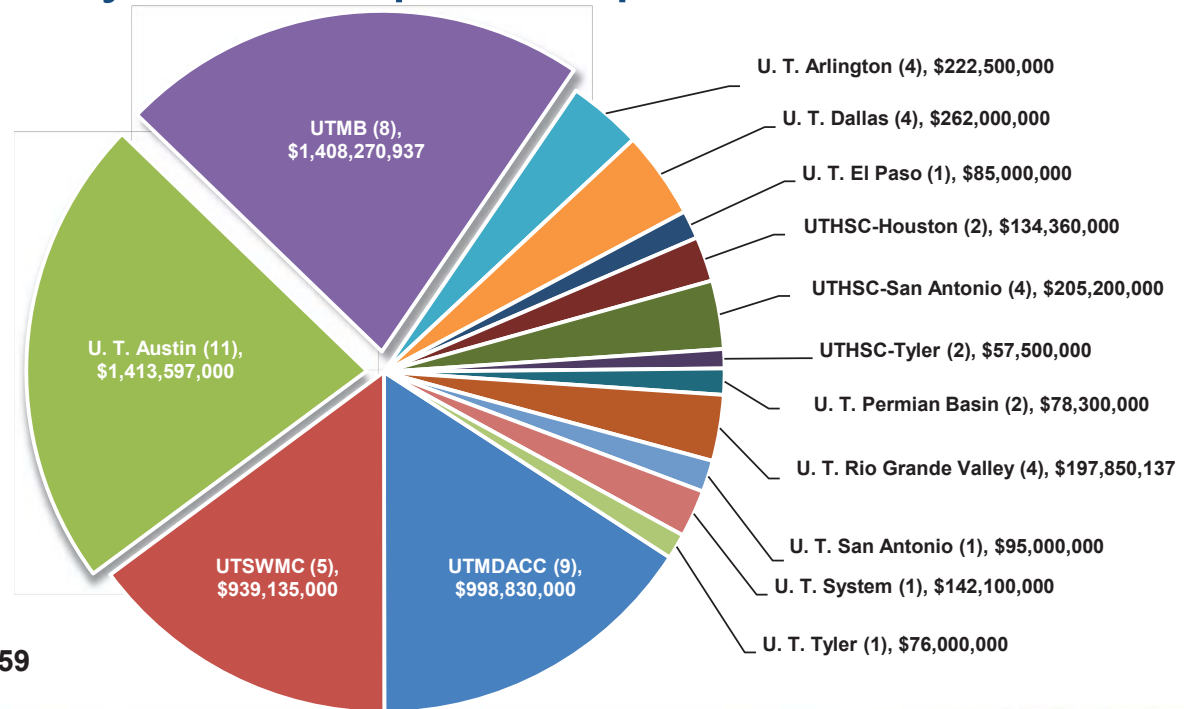
Associate Vice Chancellor for Facilities Planning and Construction

U. T. System Board of Regents' Meeting  
Facilities Planning and Construction Committee  
November 2017



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# FY 2017 U. T. System Capital Improvement Program

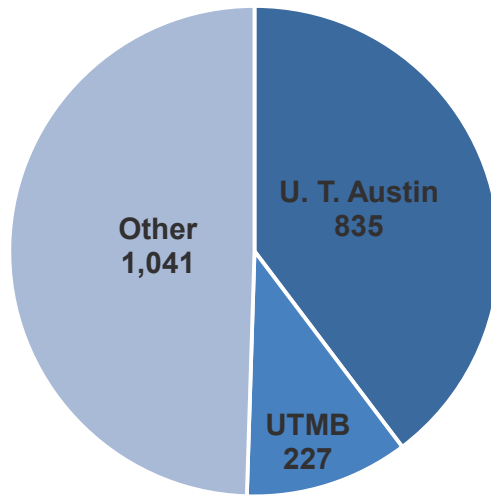


**Total Value: \$6.316 Billion**  
**Total Number of Projects: 59**

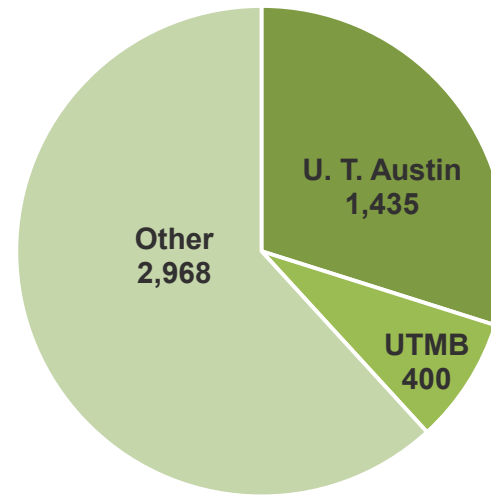


# FY 2017 Office of Facilities Planning and Construction (OFPC)- Managed Capital Improvement Program

Project management transactions processed by OFPC



**Contracts, Purchase Orders, Technical Services**



**Invoices**





## Transition: May - June 2017

- U. T. System and institutions' Human Resources, Legal, and executives met to discuss personnel transition regulations, policies, and procedures
- Institutions identified critical current and future staffing needs in June
- Position postings and interviews were completed by June 30
  - 15 of 16 OFPC - Austin staff offered positions
  - 8 of 10 OFPC - Galveston staff offered positions
- On July 1, three non-selected employees were notified that their positions were to be eliminated August 31 (providing mandated 60-day notice); provided with job-search assistance
- Selected employees transitioned to institutions on September 1 with minimal impact



## Transition: June - August 2017

Memoranda of Understanding developed collaboratively with each institution

### Institution responsibilities:

- Full responsibility for project execution, contracts, and compliance
- U. T. System Risk Management program, construction safety, and insurance requirements continue
- Provide project data to enhance project analysis and reporting
- Participate in review of code equivalency interpretations



## Transition: June - August 2017 (cont.)

### Memoranda of Understanding

#### U. T. System responsibilities:

- Current level of services for the U. T. System Offices of Finance, Real Estate, Risk Management, General Counsel, and the Controller
- Access to OFPC's Project Management and Construction Inspection Manuals, Project Delivery Library, checklists, technical specs, industry standards, and Oracle enterprise project management system
- Periodic safety inspections and access to and/or participation in safety predictive analytics and reporting tools



## Transition: June - August 2017 (cont.)

### Memoranda of Understanding

#### U. T. System responsibilities (cont.):

- Access to engineering expertise, standards, and construction schedule analysis
- Provide notice of Board of Regents and Texas Higher Education Coordinating Board rule changes and deadlines and collaborate with the institution on project-related submittals
- Access to Technical Service Provider contracts
- Historically Underutilized Business (HUB) support



# Transition: Post-September 1

- Transition Services for U. T. Austin until qualified staff are in place
  - Contract Management
  - Project Accounting
- Transition Services for UTMB until qualified staff are in place
  - Contract Management of Ike-related projects through FEMA audits
  - Project Accounting for projects near completion
  - Program Analysis
  - Construction management coordination

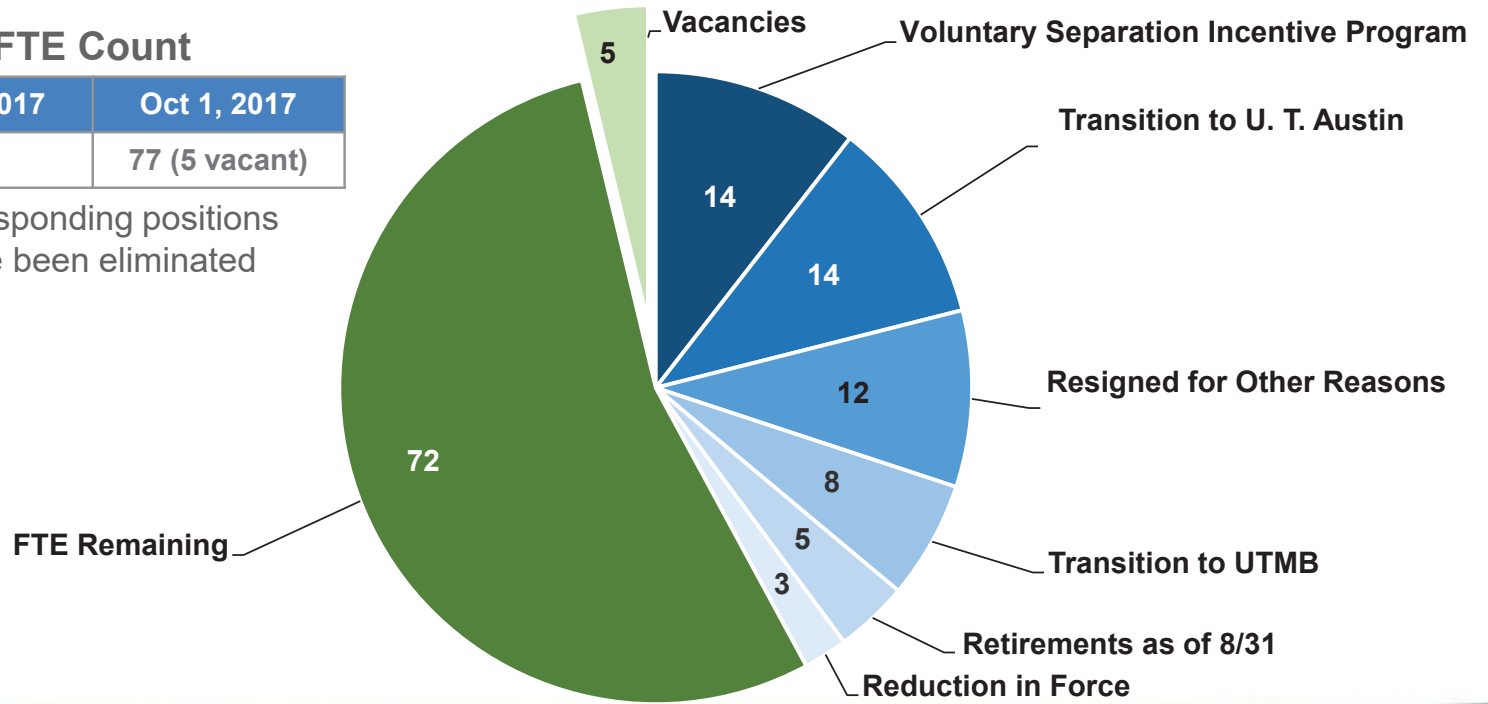


# OFPC Staffing

## FTE Count

Jan 1, 2017	Oct 1, 2017
133	77 (5 vacant)

Corresponding positions  
have been eliminated



# Active OFPC Projects

## U. T. Arlington

301-1047	Parking Garage - West Campus	\$30,000,000
301-914	Residence Hall - West Campus (Phase 1)	\$46,500,000
301-941	Science and Engineering Innovation and Research Building	\$125,000,000

## U. T. Dallas

302-1118	The University of Texas at Dallas Athenaeum	\$20,000,000
302-766	Brain Performance Institute	\$31,000,000
302-905	Engineering Building	\$110,000,000
302-906	Science Building	\$101,000,000

## U. T. El Paso

201-942	Interdisciplinary Research Building	\$85,000,000
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## UTHSC-Houston

701-1154	Continuum of Care Campus	\$125,000,000
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## UTHSC-San Antonio

402-1000	Relocate The Barshop Institute	\$70,200,000
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## UTHSC-Tyler

801-1096	School of Community and Rural Health	\$39,000,000
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## UTMB

601-505	Healthcare Buildings - Ike Recovery	\$356,190,000
601-506	Infrastructure - Ike Recovery	\$581,860,000

## U. T. Permian Basin

501-918	Kinesiology Building	\$23,200,000
501-945	Engineering Building (UTPB)	\$55,100,000

## U. T. Rio Grande Valley

903-943	Interdisciplinary Academic Building (BINAB)	\$36,432,000
903-944	Interdisciplinary Engineering and Academic Building (EIEAB)	\$35,300,000
903-B825	Music, Science and Learning Center (BMSLC)	\$54,000,000
903-PA847	Science Building (ESCNE)	\$72,118,137

## U. T. San Antonio

401-946	Science and Engineering Building	\$95,000,000
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## U. T. System

101-690	The University of Texas System Building	\$142,100,000
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## U. T. Tyler

802-947	STEM - Business Building	\$76,000,000
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**22 Projects**

**\$2,310,000,137**





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

**Committee and Board Meetings:**  
November 8-9, 2017  
Austin, Texas

**Page**

**MEETING OF THE BOARD**

- |    |  |            |
|----|--|------------|
| 1. | Minutes - <b>U. T. System Board of Regents:</b> Approval of Minutes of the regular meeting held on August 23-24, 2017; and the special called meetings held on August 25, 2017 and September 18, 2017  | <b>218</b> |
| 2. | Lease - <b>U. T. System:</b> Authorization to lease approximately 5,951 square feet of space located at 919 Congress Avenue, Austin, Travis County, Texas, from 919 Congress Avenue, LLC, for office use by the Texas Medical and Dental Schools Application Service | <b>218</b> |

**AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE**

- |     |   |            |
|-----|---|------------|
| 3.  | Contract (funds going out) - <b>U. T. System:</b> Arthur J. Gallagher Risk Management Services, Inc. to provide risk management and insurance broker services | <b>219</b> |
| 4.  | Contract (funds going out) - <b>U. T. System:</b> Dissinger Reed, LLC to provide risk management and insurance broker services                                | <b>219</b> |
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## MEETING OF THE BOARD

1. Minutes - U. T. System Board of Regents: Approval of Minutes of the regular meeting held on August 23-24, 2017; and the special called meetings held on August 25, 2017 and September 18, 2017
2. Lease - U. T. System: Authorization to lease approximately 5,951 square feet of space located at 919 Congress Avenue, Austin, Travis County, Texas, from 919 Congress Avenue, LLC, for office use by the Texas Medical and Dental Schools Application Service

Description:	Lease of approximately 5,951 square feet of space located at 919 Congress Avenue, Austin, Travis County, Texas, for office use. The Texas Medical and Dental Schools Application Service (TMDSAS) is currently located in this space under a short-term lease and requests authorization to remain in the space under a long-term lease agreement. TMDSAS acts as a centralized admissions office for all public medical and dental schools in Texas.
Lessor:	919 Congress Avenue, LLC, a Delaware limited liability company
Term:	120 months commencing on January 1, 2018 and continuing through December 31, 2028, with one five-year option to renew at the Tenant's sole discretion. The original lease began on April 25, 2014.
Lease Cost:	Annual base rent is \$169,604 (\$28.50 per square foot), escalating by \$1 per square foot annually for a total of \$1,908,039 over the initial term of the lease. Initial annual operating expenses are estimated to be \$129,196. Base rent for the renewal term will be based on then fair market value rental rates.
Tenant Improvements:	The space was renovated, in August 2017, at the Landlord's expense. Landlord will provide a tenant improvement allowance in the amount of \$53,559 (\$9 per square foot) to be used at the Tenant's discretion in year six of the lease term.
Total Projected Cost:	The total cost of the lease over a 15-year term is estimated to be approximately \$8,800,000.

### **AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE**

3. Contract (funds going out) - U. T. System: Arthur J. Gallagher Risk Management Services, Inc. to provide risk management and insurance broker services

Agency: Arthur J. Gallagher Risk Management Services, Inc.

Funds: Anticipated total cost may exceed \$1,000,000 over the term of the contract

Period: September 1, 2017 through August 31, 2020, with an option to renew for two additional one-year terms

Description: Arthur J. Gallagher Risk Management Services, Inc. will provide risk management and insurance broker services on an as-needed basis. U. T. System Administration uses a panel of brokers to provide brokerage, insurance placement, claims advocacy, and risk management services. This contract was competitively bid.

4. Contract (funds going out) - U. T. System: Dissinger Reed, LLC to provide risk management and insurance broker services

Agency: Dissinger Reed, LLC

Funds: Anticipated total cost may exceed \$1,000,000 over the term of the contract

Period: September 1, 2017 through August 31, 2020, with an option to renew for two additional one-year terms

Description: Dissinger Reed, LLC will provide risk management and insurance broker services on an as-needed basis. U. T. System Administration uses a panel of brokers to provide brokerage, insurance placement, claims advocacy, and risk management services. This contract was competitively bid.

5. Contract (funds going out) - U. T. System: Aon Risk Services Southwest, Inc. to provide risk management and insurance broker services

Agency: Aon Risk Services Southwest, Inc.

Funds: Anticipated total cost may exceed \$1,000,000 over the term of the contract

Period: September 1, 2017 through August 31, 2020, with an option to renew for two additional one-year terms

Description: Aon Risk Services Southwest, Inc. will provide risk management and insurance broker services on an as-needed basis. U. T. System Administration uses a panel of brokers to provide brokerage, insurance placement, claims advocacy, and risk management services. This contract was competitively bid.

6. Contract (funds going out) - U. T. System: Willis of Texas, Inc. to provide risk management and insurance broker services

Agency: Willis of Texas, Inc.

Funds: Anticipated total cost may exceed \$1,000,000 over the term of the contract

Period: September 1, 2017 through August 31, 2020, with an option to renew for two additional one-year terms

Description: Willis of Texas, Inc. will provide risk management and insurance broker services on an as-needed basis. U. T. System Administration uses a panel of brokers to provide brokerage, insurance placement, claims advocacy, and risk management services. This contract was competitively bid.



7. Contract (funds going out) - U. T. System: Beecher Carlson Insurance Services, LLC to provide risk management and insurance broker services

Agency: Beecher Carlson Insurance Services, LLC

Funds: Anticipated total cost may exceed \$1,000,000 over the term of the contract

Period: September 1, 2017 through August 31, 2020, with an option to renew for two additional one-year terms

Description: Beecher Carlson Insurance Services, LLC will provide risk management and insurance broker services on an as-needed basis. U. T. System Administration uses a panel of brokers to provide brokerage, insurance placement, claims advocacy, and risk management services. This contract was competitively bid.

8. Contract (funds going out) - U. T. System: John L. Wortham & Son, L.P. to provide risk management and insurance broker services

Agency: John L. Wortham & Son, L.P.

Funds: Anticipated total cost may exceed \$1,000,000 over the term of the contract

Period: September 1, 2017 through August 31, 2020, with an option to renew for two additional one-year terms

Description: John L. Wortham & Son, L.P. will provide risk management and insurance broker services on an as-needed basis. U. T. System Administration uses a panel of brokers to provide brokerage, insurance placement, claims advocacy, and risk management services. This contract was competitively bid.

9. Contract (funds going out) - U. T. System: Anco Insurance Managers, Inc. to provide risk management and insurance broker services

Agency: Anco Insurance Managers, Inc.

Funds: Anticipated total cost may exceed \$1,000,000 over the term of the contract

Period: September 1, 2017 through August 31, 2020, with an option to renew for two additional one-year terms

Description: Anco Insurance Managers, Inc. will provide risk management and insurance broker services on an as-needed basis. U. T. System Administration uses a panel of brokers to provide brokerage, insurance placement, claims advocacy, and risk management services. This contract was competitively bid.

10. Contract (funds going out) - U. T. System: MARSH USA, Inc. to provide risk management and insurance broker services

Agency: MARSH USA, Inc.

Funds: Anticipated total cost may exceed \$1,000,000 over the term of the contract

Period: September 1, 2017 through August 31, 2020, with an option to renew for two additional one-year terms

Description: MARSH USA, Inc. will provide risk management and insurance broker services on an as-needed basis. U. T. System Administration uses a panel of brokers to provide brokerage, insurance placement, claims advocacy, and risk management services. This contract was competitively bid.

11. Contract (funds going out) - U. T. System: Southwest Special Risk Insurance to provide risk management and insurance broker services

Agency: Southwest Special Risk Insurance

Funds: Anticipated total cost may exceed \$1,000,000 over the term of the contract

Period: September 1, 2017 through August 31, 2020, with an option to renew for two additional one-year terms

Description: Southwest Special Risk Insurance will provide risk management and insurance broker services on an as-needed basis. U. T. System Administration uses a panel of brokers to provide brokerage, insurance placement, claims advocacy, and risk management services. This contract was competitively bid.

**FINANCE AND PLANNING COMMITTEE**

12. Resolution - U. T. System Board of Regents: Adoption of resolution to contract with Zurich American Insurance Company and affiliates, Schaumburg, Illinois, and to guarantee payments under Phase VII of The University of Texas System's Rolling Owner Controlled Insurance Program

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Executive Vice Chancellor for Health Affairs that the resolution to contract with Zurich American Insurance Company and affiliates, Schaumburg, Illinois, to guarantee payments under Phase VII of The University of Texas System's Rolling Owner Controlled Insurance Program (ROCIP), be adopted as set forth below:

RESOLUTION

WHEREAS, Zurich American Insurance Company and affiliates (Zurich), will insure The University of Texas System (U. T. System) and other persons under Phase VII of a Rolling Owner Controlled Insurance Program (ROCIP) for various construction projects managed by the Office of Facilities Planning and Construction or by a U. T. System institution in certain, pre-approved circumstances;

WHEREAS, Pursuant to this ROCIP, Zurich will issue one or more workers' compensation insurance policies and comprehensive general liability insurance policies that contain deductibles of \$250,000 per claim subject to a maximum of \$375,000 per occurrence that include allocated costs and indemnity payments; however, such deductibles are subject to a minimum aggregate limit based on \$3,000,000,000 in construction value at a rate of \$7.33 per \$1,000 of construction value; and

WHEREAS, The Board of Regents of U. T. System understands and agrees that this large deductible ROCIP requires the prompt reimbursement of sums advanced by Zurich to adjust or pay claims within the deductibles, and the Board desires to guaranty to Zurich the prompt reimbursement of the deductibles for the ROCIP;

NOW THEREFORE, BE IT RESOLVED, That the Board hereby guarantees to Zurich the prompt repayment of the sums advanced by Zurich to adjust or pay claims within the deductibles for the ROCIP, subject to the aggregate deductible limit for the Program. This guaranty shall remain fully binding although Zurich may waive one or more defaults of the insured or fail to exercise any rights against the insured or modify one or more terms of the ROCIP as required by law or with the consent of U. T. System; and, be it further

RESOLVED, That the Board represents and warrants to Zurich that the funds necessary to reimburse Zurich for the aggregate deductible liability of the insured for the ROCIP are included in the appropriations for the various construction projects heretofore approved by the Board.

The resolution, which will be provided in lieu of a letter of credit, trust agreement, or cash, provides Zurich with assurances necessary to complete the ROCIP Phase VII program.

13. Contract (funds going out) - U. T. System: Community Counseling Services Co., LLC to provide fundraising feasibility study and campaign consulting services for U. T. institutions

Agency: Community Counseling Services Co., LLC

Funds: To be paid by U. T. institutions requesting services under this agreement

Period: June 21, 2017 through June 20, 2022

Description: This non-exclusive Systemwide agreement allows each U. T. institution to obtain services on an as-needed basis through a Project Addendum that will designate the project scope of work, schedule, and fees. Services may include feasibility studies, planning studies, campaign fundraising, and related services.

The agreement has an unspecified cost or monetary value with a term of greater than four years and is being placed on the Consent Agenda in accordance with Section 3.1.1 of Regents' Rule 10501. As a result, the U. T. System Office of External Relations will closely monitor the spend by the institutions over the life of the agreement. This contract was competitively procured.

14. Contract (funds going out) - U. T. System: Community Counseling Services Co., LLC to provide extended strategic services to support advancement programs at U. T. institutions

Agency: Community Counseling Services Co., LLC

Funds: To be paid by U. T. institutions requesting services under this agreement

Period: June 21, 2017 through June 20, 2022

Description: This non-exclusive Systemwide agreement allows each U. T. institution to obtain services on an as-needed basis through a Project Addendum that will designate the project scope of work, schedule, and fees. Services may include annual giving programs; alumni and constituent relations; gift planning; advancement services; strategic planning and organizational structure; and professional training and development.

The agreement has unspecified cost or monetary value with a term of greater than four years and is being placed on the Consent Agenda in accordance with Section 3.1.1. of Regents' Rule 10501. As a result, the U. T. System Office of External Relations will closely monitor the spend by the institutions over the life of the agreement. This contract was competitively procured.

15. Contract (funds going out) - U. T. System: Marts & Lundy, Inc. to provide fundraising feasibility study and campaign consulting services for U. T. institutions

Agency: Marts & Lundy, Inc.

Funds: To be paid by U. T. institutions requesting services under the agreement

Period: June 21, 2017 through June 20, 2022

Description: This non-exclusive Systemwide agreement allows each U. T. institution to obtain services on an as-needed basis through a Project Addendum that will designate the project scope of work, schedule, and fees. Services may include feasibility studies, planning studies, campaign fundraising, and related services.

The agreement has an unspecified cost or monetary value with a term of greater than four years and is being placed on the Consent Agenda in accordance with Section 3.1.1 of Regents' Rule 10501. As a result, the U. T. System Office of External Relations will closely monitor the spend by the institutions over the life of the agreement. This contract was competitively procured.

16. Contract (funds going out) - U. T. System: Marts & Lundy, Inc. to provide extended strategic services to support advancement programs at U. T. institutions

Agency: Marts & Lundy, Inc.

Funds: To be paid by U. T. institutions requesting services under the agreement

Period: June 14, 2017 through June 13, 2022

Description: This non-exclusive Systemwide agreement allows each U. T. institution to obtain services on an as-needed basis through a Project Addendum that will designate the project scope of work, schedule, and fees. Services may include annual giving programs; alumni and constituent relations; gift planning; advancement services; strategic planning and organizational structure; and professional training and development.

The agreement has an unspecified cost or monetary value with a term of greater than four years and is being placed on the Consent Agenda in accordance with Section 3.1.1 of Regents' Rule 10501. As a result, the U. T. System Office of External Relations will closely monitor the spend by the institutions over the life of the agreement. This contract was competitively procured.

17. Contract (funds going out) - U. T. System: Bentz Whaley Flessner and Associates to provide fundraising feasibility study and campaign consulting services for U. T. institutions

Agency: Bentz Whaley Flessner and Associates

Funds: To be paid by U. T. institutions requesting services under the agreement

Period: June 8, 2017 through June 7, 2022

Description: This non-exclusive Systemwide agreement allows each U. T. institution to obtain services on an as-needed basis through a Project Addendum that will designate the project scope of work, schedule, and fees. Services may include feasibility studies, planning studies, campaign fundraising, and related services.

The agreement has an unspecified cost or monetary value with a term of greater than four years and is being placed on the Consent Agenda in accordance with Section 3.1.1 of Regents' Rule 10501. As a result, the U. T. System Office of External Relations will closely monitor the spend by the institutions over the life of the agreement. This contract was competitively procured.

18. Contract (funds going out) - U. T. System: Bentz Whaley Flessner and Associates to provide extended strategic services to support advancement programs at U. T. institutions

Agency: Bentz Whaley Flessner and Associates

Funds: To be paid by U. T. institutions requesting services under the agreement

Period: June 6, 2017 through June 5, 2022

Description: This non-exclusive Systemwide agreement allows each U. T. institution to obtain services on an as-needed basis through a Project Addendum that will designate the project scope of work, schedule, and fees. Services may include annual giving programs; alumni and constituent relations; gift planning; advancement services; strategic planning and organizational structure; and professional training and development.

The agreement has an unspecified cost or monetary value with a term of greater than four years and is being placed on the Consent Agenda in accordance with Section 3.1.1 of Regents' Rule 10501. As a result, the U. T. System Office of External Relations will closely monitor the spend by the institutions over the life of the agreement. This contract was competitively procured.

19. Contract (funds going out) - U. T. System: Grenzebach Glier and Associates, Inc. to provide fundraising feasibility study and campaign consulting services for U. T. institutions

Agency: Grenzebach Glier and Associates, Inc.

Funds: To be paid by U. T. institutions requesting services under the agreement

Period: June 6, 2017 through June 5, 2022

Description: This non-exclusive Systemwide agreement allows each U. T. institution to obtain services on an as-needed basis through a Project Addendum that will designate the project scope of work, schedule, and fees. Services may include feasibility studies, planning studies, campaign fundraising, and related services.

The agreement has an unspecified cost or monetary value with a term of greater than four years and is being placed on the Consent Agenda in accordance with Section 3.1.1 of Regents' Rule 10501. As a result, the U. T. System Office of External Relations will closely monitor the spend by the institutions over the life of the agreement. This contract was competitively procured.

20. Contract (funds going out) - U. T. System: Grenzebach Glier and Associates, Inc. to provide extended strategic services to support advancement programs at U. T. institutions

Agency: Grenzebach Glier and Associates, Inc.

Funds: To be paid by U. T. institutions requesting services under the agreement

Period: June 21, 2017 through June 20, 2022



Description: This non-exclusive Systemwide agreement allows each U. T. institution to obtain services on an as-needed basis through a Project Addendum that will designate the project scope of work, schedule, and fees. Services may include annual giving programs; alumni and constituent relations; gift planning; advancement services; strategic planning and organizational structure; and professional training and development.

The agreement has an unspecified cost or monetary value with a term of greater than four years and is being placed on the Consent Agenda in accordance with Section 3.1.1 of Regents' Rule 10501. As a result, the U. T. System Office of External Relations will closely monitor the spend by the institutions over the life of the agreement. This contract was competitively procured.

21. Contract (funds going out) - U. T. System: Alexander Haas, Inc. to provide fundraising feasibility study and campaign consulting services for U. T. institutions

Agency: Alexander Haas, Inc.

Funds: To be paid by U. T. institutions requesting services under the agreement

Period: June 6, 2017 through June 5, 2022

Description: This non-exclusive Systemwide agreement allows each U. T. institution to obtain services on an as-needed basis through a Project Addendum that will designate the project scope of work, schedule, and fees. Services may include feasibility studies, planning studies, campaign fundraising, and related services.

The agreement has an unspecified cost or monetary value with a term of greater than four years and is being placed on the Consent Agenda in accordance with Section 3.1.1 of Regents' Rule 10501. As a result, the U. T. System Office of External Relations will closely monitor the spend by the institutions over the life of the agreement. This contract was competitively procured.

22. Contract (funds going out) - U. T. System: Bionomics, Inc. to provide low-level radioactive waste management services for U. T. institutions

Agency: Bionomics, Inc.

Funds: To be paid by U. T. institutions requesting services under this Agreement. Services under this agreement may be requested by any U. T. institution; therefore, it is possible the value may exceed \$1,000,000 over the potential five-year term. U. T. System has the right to renew for four additional one-year periods.

Period: Initial term: September 1, 2017 through August 31, 2018

Description: This non-exclusive Systemwide agreement allows each U. T. institution to request low-level radioactive waste disposal services (including packaging, marking, placarding, handling, transportation, treatment, disposal, minimization, and other related services). This contract was competitively procured.

23. Contract (funds going out) - U. T. System: Alvarez & Marsal Healthcare Industry Group, LLC to provide health care consulting services

Agency: Alvarez & Marsal Healthcare Industry Group, LLC

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract

Source of Funds: Available University Funds and various other funds

Period: August 1, 2017 through July 31, 2022

Description: Alvarez & Marsal Healthcare Industry Group, LLC will provide health care consulting services related to health care opportunities and potential transactions for U. T. System Administration and the U. T. institutions. The services include health care advising and consulting services relating the opportunities and potential transactions; assistance in evaluation, valuation, and negotiation of health care opportunities, development of new lines of business, potential partnership opportunities, and other transactions; and assistance in the start-up phases of health care opportunities, business lines, partnership opportunities, and other transactions. This contract was competitively bid.

24. Contract (funds going out) - U. T. System: Identify Theft Guard Solutions, Inc. to provide call center, breach notification, and credit monitoring services to U. T. institutions

Agency: Identify Theft Guard Solutions, Inc., dba ID Experts

Funds: To be paid by U. T. institutions requesting services under this agreement. Anticipated value of all services obtained under this agreement may exceed \$1,000,000 over the potential term of this agreement.

Period: Initial Term: August 1, 2017 through July 31, 2020, with the right to renew for two additional one-year periods

Description: This non-exclusive Systemwide agreement allows each U. T. institution to obtain call center, breach notification, and credit monitoring services on an as-requested basis. This agreement was competitively bid.

25. 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, 2017**

	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 05/31/2017	\$ 2,035,558	\$ 17,475,919	\$ 96,906,348	\$ 258,877,809	\$ 717,835	\$ 1,590,056	\$ 99,659,741	\$ 277,943,784
Increase or Decrease	(369,498)	(7,772,753)	437,134	(13,113,971)	(464,565)	(1,201,770)	(369,929)	(22,088,494)
Ending Value 08/31/2017	<u>\$ 1,666,060</u>	<u>\$ 9,703,166</u>	<u>\$ 97,343,482</u>	<u>\$ 245,763,838</u>	<u>\$ 253,270</u>	<u>\$ 388,286</u>	<u>\$ 99,262,812</u>	<u>\$ 255,855,290</u>
<b>Other Real Estate:</b>								
Ending Value 05/31/2017	\$ 4	\$ 4	\$ 6	\$ 6	\$ -	\$ -	\$ 10	\$ 10
Increase or Decrease	-	-	-	-	-	-	-	-
Ending Value 08/31/2017	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 10</u>

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 AFFAIRS COMMITTEE**

26. Contract (funds coming in) - U. T. Arlington: To provide staff to assist the Texas Commission on Environmental Quality (TCEQ) Water Supply Division (WSD)

Agency: Texas Commission on Environmental Quality (TCEQ)

Funds: First amendment to existing contract for an additional \$1,700,000; bringing the total to \$3,700,000

Period: September 1, 2017 through August 31, 2018

Description: U. T. Arlington will provide staff to assist the TCEQ Water Supply Division (WSD) with administrative and technical support, data management, and reporting for the State’s implementation of the Federal Safe Drinking Water Act.

27. Request for Budget Change - U. T. Arlington: New Hires with Tenure -- amendment to the 2017-2018 budget

The following Requests for Budget Change (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 Education</b>					
Educational Leadership and Policy Studies					
Chair and Professor					
Mario Martinez (T)	1/2-8/31	100	12	130,000	8744
<b>College of Nursing and Health Innovation</b>					
Nursing					
Professor					
Yan Xiao (T)	10/1-8/31	100	09	157,000	8748

28. Contract (funds coming in) - U. T. Austin: Coca-Cola Southwest Beverages LLC will provide beverage vending machines on the U. T. Austin campus

Agency: Coca-Cola Southwest Beverages LLC

Funds: U. T. Austin will receive a royalty in the amount of 30-35% of gross revenue from the sale of various products, and an annual sponsorship payment of \$132,000

Period: Initial Term: begins on the later of December 1, 2017, or the date approved by the Board and expires December 31, 2021  
  
Renewal Terms: upon mutual agreement, this contract may be extended for two additional three-year periods

Description: Non-exclusive vending machine agreement for Coca Cola to sell carbonated and non-carbonated beverages, bottled water, sports drinks, isotonic beverages, and fruit juices in machines located throughout campus. Coca-Cola will have up to 55% of the total number of beverage vending machines operated on campus.  
  
In accordance with *Texas Education Code* Section 51.945, students of U. T. Austin were provided with a reasonable opportunity to appear before a committee that determined that this food service provider should be selected by U. T. Austin.

29. Contract (funds coming in) - U. T. Austin: Bottling Group, LLC will provide beverage vending machines on the U. T. Austin campus

Agency: Bottling Group, LLC

Funds: Royalty in the amount of 35% of gross receipts and an annual support fund payment of \$119,000

Period: Initial Term: December 1, 2017 through December 31, 2021  
U. T. Austin has the right to renew for two additional three-year periods

Description: Non-exclusive vending machine agreement for Bottling Group, LLC to sell carbonated and non-carbonated beverages, bottled water, sports drinks, isotonic beverages, and fruit juices in machines located throughout campus. Bottling Group, LLC will have up to 45% of the total number of beverage vending machines operated on campus.

In accordance with *Texas Education Code* Section 51.945, the students of U. T. Austin were provided with a reasonable opportunity to appear before a committee that determined that this food service provider should be selected by U. T. Austin.

30. Interagency Agreement (funds coming in) - U. T. Austin: Interagency agreement between U. T. Austin and Texas Education Agency (OnRamps Program)

Agency: Texas Education Agency

Funds: \$4,000,000

Period: September 1, 2017 to August 31, 2019

Description: OnRamps Program will be providing numerous dual credit courses to high school students throughout Texas. The teachers will be provided professional development by U. T. Austin in order to teach the dual credit courses.

31. Contract (funds going out) - U. T. Austin: SpawGlass Contractors, Inc. to provide construction manager at risk services to campus facilities in conjunction with various Cockrell School of Engineering relocations

Agency: SpawGlass Contractors, Inc.

Funds: Initial estimated total is \$4,000,000 to \$5,000,000; additional phases are being developed

Period: June 9, 2017 through December 31, 2022, for services on an as-needed basis; contract is being brought forward for Board approval as expenditures will quickly reach the \$2,500,000 threshold

Description: SpawGlass Contractors, Inc. will perform construction manager at risk services, with individual projects varying in scope and size associated with relocation of various individual departments within the Cockrell School of Engineering. The initial project will be the relocation of Department of Aerospace Engineering and Engineering Mechanics, and related relocations of staff and faculty to various existing facilities. Additional projects will involve renovation and preparation of multiple existing and new buildings on campus. Services were competitively procured.

32. Foreign Contract (funds coming in) - U. T. Austin: Service Agreement for workshop conducted by the Cockrell School of Engineering's Texas Engineering Executive Education for Employees of Petrobras taking place in Austin

Agency: Petrobras, a Brazilian company in which the Brazilian government owns shares

Funds: \$260,000

Period: June 26, 2017 through August 25, 2017

Description: Texas Engineering Executive Education, a unit of the Cockrell School of Engineering, will provide educational workshops for employees of Petrobras, which is a Brazilian company in which the Brazilian government owns shares.



33. Request for Budget Change - U. T. Austin: New Hire with Tenure -- amendment to the 2016-2017 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>Dell Medical School</b>					
Department of Medicine					
Professor					
Elizabeth A. Jacobs (T)	8/2 - 8/31	100	12	310,000	8688

34. Request for Budget Change - U. T. Austin: Approval of Emeritus Titles

**Mahmoud M. Al-Batal**, from Professor to Professor Emeritus, Department of Middle Eastern Studies in the College of Liberal Arts (RBC No. 8690) -- amendment to the 2017-2018 budget

**Gary D. Borich**, from Professor to Professor Emeritus, Department of Educational Psychology in the College of Education (RBC No. 8689) -- amendment to the 2017-2018 budget

**Lester L. Faigley**, from Professor to Robert Adger Law and Thos. H. Law Centennial Professor Emeritus in Humanities, Department of Rhetoric and Writing in the College of Liberal Arts (RBC No. 8691) -- amendment to the 2017-2018 budget

**Gary A. Kocurek**, from Professor to J. Nalle Gregory Chair Emeritus in Sedimentary Geology, Department of Geological Sciences in Jackson School of Geosciences (RBC No. 8696) -- amendment to the 2017-2018 budget

**Joan Lazarus**, from Professor to Professor Emerita, Department of Theatre and Dance in the College of Fine Arts (RBC No. 8697) -- amendment to the 2017-2018 budget

**Brian P. Levack**, from Professor to John E. Green Regents Professor Emeritus in History and Distinguished Teaching Professor Emeritus, Department of History in the College of Liberal Arts (RBC No. 8692) -- amendment to the 2017-2018 budget

**Delbert Tesar**, from Professor to Carol Cockrell Curran Chair Emeritus in Engineering, Department of Mechanical Engineering in the Cockrell School of Engineering (RBC No. 8698) -- amendment to the 2017-2018 budget

- 35. Request for Budget Change - U. T. Austin: Transfer a total of \$19,000,000 from Provost – E&G Reserves – Provost – AUF – Allotment, Unallocated, and Reserve to Resource Management – Academic Space – Classroom Improvements – Plant Funds, Allocated for Budget (RBC No. 8701) -- amendment to the 2016-2017 budget
  
- 36. Employment Agreement - U. T. Austin: Approval of amendment to terms of Employment Agreement for Head Volleyball Coach Jerritt Elliott

The following second amendment to Employment Agreement for the Head Volleyball Coach has been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System Board of Regents. If the Amendment is approved, total compensation for the contract period for Jerritt Elliott may be in excess of one million dollars. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conferences of which U. T. Austin is a member, the Regents' *Rules and Regulations*, and the policies of U. T. Austin (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12, Athletic Employment Agreements; and Rule 20204, Section 3, Board Approval). Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies will be grounds for suspension without pay and/or dismissal.

Item: Second Amendment to Employment Agreement for Head Volleyball Coach Jerritt Elliott

From: **Guaranteed compensation:**  
 Annual Salary:  
 Fiscal Year 2017-2018, \$262,000  
 Fiscal Year 2018-2019, \$262,000

Annual Retention:  
 Fiscal Year 2017-2018, \$20,000  
 Fiscal Year 2018-2019; \$20,000

Automobile: \$7,500

Product Endorsement:  
 Fiscal Year 2016-2017, \$65,000  
 Fiscal Year 2017-2018, \$65,000  
 Fiscal Year 2018-2019, \$65,000

Speaking Engagements Media : \$20,000

**Nonguaranteed compensation:**  
 Sports Camps: as determined by Athletics Director  
 Team Performance incentives: maximum of \$50,000 annually  
 Coach of the Year (National and/or Big 12) award: maximum of \$7,000 annually

To: **Guaranteed compensation:**

Annual Salary:

Fiscal Year 2017-2018, \$307,500  
Fiscal Year 2018-2019, \$317,500  
Fiscal Year 2019-2020, \$327,500  
Fiscal Year 2020-2021, \$337,500  
Fiscal Year 2021-2022, \$347,500

Annual Retention:

Fiscal Year 2017-2018, \$ 20,000  
Fiscal Year 2018-2019, \$20,000  
Fiscal Year 2019-2020, \$20,000  
Fiscal Year 2020-2021, \$20,000  
Fiscal Year 2021-2022, \$20,000

Automobile: \$7,500

Product Endorsement:

Fiscal Year 2017-2018, \$75,000  
Fiscal Year 2018-2019, \$75,000  
Fiscal Year 2019-2020, \$75,000  
Fiscal Year 2020-2021, \$75,000  
Fiscal Year 2021-2022, \$75,000

Speaking Engagements Media : \$35,000

**Nonguaranteed compensation:**

Sports Camps: as determined by Athletics Director

Team Performance incentives: maximum of \$60,000 annually  
Coach of the Year (National and/or Big 12) award: maximum  
of \$12,000 annually

Guaranteed  
Compensation  
Percent Change: 56%

Nonguaranteed  
Compensation  
Change: 54%

Description: Amendment No. 2 to the Agreement for employment of Head  
Volleyball Coach Jerritt Elliott

Period: September 1, 2017 to August 31, 2022

37. Lease - U. T. Austin: Authorization to lease approximately 13,000 square feet of space located in the East Campus Parking Garage at 300 East Martin Luther King Jr. Boulevard, Austin, Travis County, Texas, to yet-to-be-determined lessees for commercial and retail use

Description: Lease of vacant ground floor commercial space located in the East Campus Parking Garage at 300 East Martin Luther King Jr. Boulevard, to yet-to-be-determined lessees for commercial and retail use.

U. T. Austin is seeking authorization to enter into leases with to-be-determined lessees at market terms, with market concessions and for rental rates no less than the prevailing fair market rent as supported by independent appraisals or other evidence of value for comparable properties in Austin, Texas. The institution anticipates leasing approximately 13,000 rentable square feet of commercial space on the 1st floor.

U. T. Austin is seeking commercial retail tenants to serve the East Campus area and future Graduate Student Housing. The Lease Revenue calculations below reflect the entire commercial rentable area under one tenant and such calculations may proportionally adjust based on changes to the leased rentable area and final number of tenants.

Lessee(s): To-be-determined; the leased premises may be subdivided to accommodate up to six tenants

Lease Term: Based on market; lease terms for primary retail tenants are commonly 10 years, with up to two five-year extension options. Secondary tenants may consider five-year terms with one five-year extension.

Lease Income: Based on market; currently anticipated available space and market rent suggest estimated rent payable during an initial 10-year term totals approximately \$5,216,065 (initial base rent of \$26 per rentable square foot and currently estimated \$9 per rentable square foot in operating expenses, both escalating 3% per year).

The estimated rental rates are based on current comparable leases in central Austin, Texas. In addition to base rent, the lessees will each pay their proportionate shares of operating expenses attributable to their respective premises.

Improvements and Commissions

U. T. Austin will provide the lessees a market tenant improvement allowance, currently estimated in the aggregate amount of \$650,000 (\$50 per rentable square foot for the rentable area) to construct improvements in the premises. Each lessee will either (a) directly pay the cost of improvements that exceed their respective allowances or (b) at U. T. Austin's discretion, repay all or a portion of such excess costs as additional rent over the term of the lease. U. T. Austin will pay market commissions, currently anticipated to total between \$58,500 - \$273,000 (3% - 7% of the aggregate rent for a term between five and 10 years, with or without a co-broker) to brokers for services related to the marketing and leasing of the leased premises.

Estimated Total Revenue:

Approximately \$4,500,000

38. Other Matters - U. T. Austin: Request for Approval of Action Related to Participation Among U. T. Austin, The Travis County Healthcare District dba Central Health, and Ascension Health Texas dba Seton Healthcare Family to establish and support an Innovation Zone in an area that includes the U. T. Austin Dell Medical School and the Dell Seton Medical Center at The University of Texas through a new joint initiative, Capital City Innovation, Incorporated, a Texas nonprofit organization

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor and General Counsel, and President Fenves that the U. T. System Board of Regents approve the participation by U. T. Austin in the activities of Capital City Innovation, Incorporated, a Texas nonprofit corporation (the Corporation) that was formed and organized to further education, research, and innovation in Austin, Texas. It is further recommended that President Fenves or his delegate be authorized to expend an initial \$250,000 to fund the administrative infrastructure and personnel necessary to facilitate and support the development of an innovation zone in addition to other member contributions in the future as long as the Corporation meets the public purposes for U. T. Austin expressed in the Corporation's Bylaws. Such annual contribution may increase in future years and also may include, in part, in kind expenditures.

U. T. Austin, the Travis County Healthcare District (Central Health), and Ascension Health Texas dba Seton Healthcare Family (Seton) have a mutual interest in the development of a robust and dense entrepreneurial district in and around the U. T. Austin Dell Medical School and the Dell Seton Medical Center at the University of Texas and are the initial members of the Corporation. The Certificate of Formation was filed with the Office of the Secretary of State on March 14, 2016. A Certificate of Correction was filed April 15, 2016, correcting the membership of the initial members.

Each initial member appointed a representative to serve on the Board of Trustees as follows: Gregory L. Fenves (U. T. Austin), Patricia A. Young Brown (Central Health), and Jesús Garza (Seton). The Corporation, working with other interested stakeholders, will

develop a vision for and coordinate the development of a robust and dense entrepreneurial district (an innovation zone) that will run generally from the area of Martin Luther King, Jr. Boulevard on the campus of U. T. Austin on the North to Lady Bird Lake on the South and from I-35 on the East to Trinity Street on the West.

The entity is now ready to move forward with operations. An executive director has been hired and the possibility of additional members is being considered.

The success of the innovation zone is critical to the mission of Dell Medical School and U. T. Austin. It allows for dissemination of discoveries from U. T. Austin to flow to industry where they can be adequately capitalized and spread, and it advances the economic interests of U. T. Austin and the broader community by advancing new business opportunities. With a strong emphasis on health, it will target improvements in the health and well-being of Texans and others throughout the world. Through co-localization and specific catalytic programs, it will spur innovations based on U. T. Austin intellectual properties and identified needs, based on proven models in San Francisco, Silicon Valley, and Cambridge, Massachusetts. A collective entity like this will acknowledge the diversity of interests in its success.

39. Request for Budget Change - **U. T. Dallas**: Approval of Emeritus Title

**Dr. David L. Ford**, from Professor (T) to Professor Emeritus, Organizations, Strategy and International Management, in the Jindal School of Management (RBC No. 8757) -- amendment to the 2016-2017 budget

40. Request for Budget Change - U. T. El Paso: Tenure Appointment -- amendment to the 2017-2018 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>Office of the Provost</b>					
Provost and Vice President for Academic Affairs and Department of Economics and Finance Carol A. Parker					
From: Provost and Vice President for Academic Affairs		100	12	300,000	8679
To: Provost and Vice President for Academic Affairs / Professor (T)	11/1-8/31	100	12	300,000	
		0	09	134,000	

41. Employment Agreement - U. T. El Paso: Approval of terms of Employment Agreement for new Head Women's Basketball Coach Kevin Baker

The following Head Women's Basketball Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents. If the Agreement is approved, total compensation for the contract period for Kevin Baker will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at El Paso is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at El Paso (*Regents' Rules and Regulations*, Rule 10501, Section 2.2.12, Athletic Employment Agreements; and Rule 20204, Section 3, Board Approval). Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies will be grounds for suspension without pay and/or dismissal.

Item: Head Women's Basketball Coach Agreement for Kevin Baker

Proposed: **Guaranteed compensation:**

Annual Salary:

04/28/2017 - 08/31/2017 - \$240,000 annually (prorated)

FY 2017-18: \$240,000 annually\*

FY 2018-19: \$240,000 annually\*

FY 2019-20: \$240,000 annually\*

FY 2020-21: \$240,000 annually\*

FY 2021-22: \$240,000 annually\*

\*Annual Base Salary will be reviewed annually and may be adjusted.

Automobile: one dealer car

Social club membership: El Paso Country Club

**Nonguaranteed compensation:**

Sports Camps and Clinics: Coach will be paid a percentage of the net proceeds for each camp

Performance Incentives: maximum \$460,000 annually

Description: Agreement for employment of Head Women's Basketball Coach Kevin Baker

Period: April 28, 2017 through August 31, 2022



42. Lease - U. T. El Paso: Authorization to lease approximately 21,800 square feet of space for the University Bookstore located at 2201 Sun Bowl Drive and two ancillary locations in El Paso, El Paso County, Texas, to Follett Higher Education Group, Inc., for the operation of a campus bookstore

Description: Lease of approximately 21,800 square feet of space; 20,000 square feet in the University Bookstore located at 2201 Sun Bowl Drive, and an additional 1,800 square feet to be leased during events at the Sun Bowl Stadium and Don Haskins Center in El Paso, El Paso County, Texas, for the operation of a campus bookstore. Lessee has operated a bookstore in these locations since 2006. The institution recently solicited competitive bids for a new operator and awarded the new contract to Follett Higher Education Group, Inc.

Lessee: Follett Higher Education Group, Inc., an Illinois corporation

Term: 84 months commencing approximately January 1, 2018, with three one-year options to renew at the institution's sole discretion.

Lease Income: Annual base rent for the initial term is \$550,000 (\$25.23 per square foot), for a total base rental income of \$3,850,000 over the initial term of the lease. Lessee will pay Lessor annual percentage rent an amount ranging from 20% to 24% of annual gross sales, excluding sales of academic materials; furthermore, Lessor will receive a bonus on annual gross sales of non-academic materials, on a tiered schedule. Annual gross percentage rent is estimated to be \$339,763, based on historical sales data, for a total percentage rental income of approximately \$2,378,338 over the initial term. Lessee will be responsible for annual operating expenses, which are estimated to be \$38,666 during the first lease year. Lessee will pay a one-time cash contribution of \$250,000, to be amortized over the initial term of the lease.

Tenant Improvements: Lessee will contribute \$1,050,000 in improvements to the lease space, to be amortized over the initial term of the lease.

Total Lease Income: Over the initial and renewal terms, Lessee will pay to Lessor an estimated \$10,640,888 in base rent, percent rent, and operating expenses.

43. Request for Budget Change - U. T. Rio Grande Valley: Approval of Emeritus Titles

**Martha Tevis**, from Professor to Professor Emeritus, Department of Teaching and Learning in the College of Education and P-16 Integration (RBC No. 8763) -- amendment to the 2017-2018 budget

**Ava Miller**, from Professor to Professor Emeritus, School of Nursing in the College of Health Affairs (RBC No. 8764) -- amendment to the 2017-2018 budget

**Guang-zhen Wang**, from Professor to Professor Emeritus, Department of Sociology and Anthropology in the College of Liberal Arts (RBC No. 8792) -- amendment to the 2014-2015 budget

44. Lease - U. T. Rio Grande Valley: Authorization to add and subtract premises and further extend the term of leased space located at 80 Fort Brown Road, Brownsville, Cameron County, Texas, on the Texas Southmost College campus, from the Texas Southmost College District, for future programmed campus expansion, including administrative, office, classroom, laboratory, and ancillary uses

Description: Addition and subtraction of premises for a total of approximately 250,178 square feet of space from approximately 270,608 square feet currently, and further extension of the term of the lease of space located in various buildings and suites on the Texas Southmost College campus located at 80 Fort Brown Road, Brownsville, Cameron County, Texas, for administrative, office, classroom, laboratory, and ancillary uses. With the exception of the bookstore lease, the term of each space will be extended to expire on the same date. U. T. Rio Grande Valley has the need to add space due to lack of existing instructional space.

Lessor: Texas Southmost College District

Term: The lease term for each of the spaces for which approval is requested, including extension periods, will expire on August 31, 2021, with the exception of the bookstore lease, which will expire on July 15, 2022.

Lease Cost: Not to exceed fair market value as established by an independent appraisal. Appraisal is confidential pursuant to *Texas Education Code* Section 51.951. In addition to base rent, U. T. Rio Grande Valley will pay its proportionate share of the costs of utilities and janitorial services provided to the space.

45. Lease - U. T. Rio Grande Valley: Authorization to lease approximately 6,200 square feet of space located in the University Library building and at athletic venues, on the campus at 1201 West University Drive, Edinburg, Hidalgo County, Texas, and approximately 15,800 square feet of space located at 2120 Gorgas Drive in Brownsville, Cameron County, Texas, to Follett Higher Education Group, Inc., for the operation of campus bookstores

Description:	Lease of approximately 6,200 square feet of space located in the University Library building and at athletic venues, on the campus at 1201 West University Drive, Edinburg, Hidalgo County, Texas, and approximately 15,800 square feet of space located at 2120 Gorgas Drive in Brownsville, Cameron County, Texas, for the operation of a campus bookstore. Lessee has operated a bookstore in these locations since 2015. The institution recently solicited competitive bids for a new operator and awarded the new contract to Follett Higher Education Group, Inc.
Lessee:	Follett Higher Education Group, Inc., an Illinois corporation
Term:	84 months commencing approximately July 15, 2015
Lease Income:	Annual base rent for the initial term will average approximately \$258,000 (\$11.73 per square foot), for a total base rental income of approximately \$1,806,250 over the initial term of the lease. Lessee will pay Lessor annual percentage rent in an amount based on break points ranging from 15% to 20% of annual gross sales, excluding sales of academic materials. Lessee will be responsible for annual operating expenses totaling \$455,000 over the lease term (\$65,000 annually). Lessee will pay a \$100,000 signing bonus to Lessor. Based on sales history, royalty payments for non-academic materials are estimated at \$250,000 per year.
Tenant Improvements:	Lessee will contribute \$450,000 in improvements to the lease spaces.
Total Lease Income:	Lessee will pay to Lessor approximately \$4,560,000 in base rent, tenant improvement contributions, operating expenses and estimated royalty payments on non-academic material.

46. Purchase - U. T. Rio Grande Valley: Authorization to purchase a one-story medical office building located at 614 Maco Drive, Harlingen, Cameron County, Texas, from Hilmy Family Properties, LTD, for future programmed campus expansion, including medical office and clinical use

Description: Purchase of approximately 0.69 of an acre, and improvements located at 614 Maco Drive, Harlingen, Cameron County, Texas, and authorization for 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 purchase the property. The improvements consist of a 5,800 square foot one-story medical office and clinical use building, and related surface parking facilities. The medical practice located in the facility is joining U. T. Rio Grande Valley's medical school. The property will be used for future programmed campus expansion, including medical office and clinical uses.

Seller: Hilmy Family Properties, LTD, a Texas limited partnership

Purchase Price: Not to exceed fair market value as determined by an independent appraisal performed by Aguirre & Patterson, Inc.; appraisal confidential pursuant to *Texas Education Code* Section 51.951

47. Purchase - U. T. Rio Grande Valley: Authorization to purchase 2.45 acres of land and improvements at 451 East Alton Gloor Boulevard, Brownsville, Cameron County, Texas, from J. & M. Zamora Family L.P., for programmed campus expansion, including medical office and clinical use

Description: Purchase of approximately 2.45 acres, and improvements, located at 451 East Alton Gloor Boulevard, Brownsville, Cameron County, Texas, and authorization for 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 purchase the property. The improvements consist of a 16,298 square foot, one-story medical office building. The institution has been leasing the building since 2013 for administrative office use. The administrative offices will be relocated and the property will be used for programmed campus expansion, including medical office and clinical use.

Seller: J. & M. Zamora Family, a Texas limited partnership

Purchase Price: Not to exceed fair market value as determined by an independent appraisal performed by Aguirre and Patterson; appraisal confidential pursuant to *Texas Education Code* Section 51.951

48. Purchase - U. T. Rio Grande Valley: Authorization to purchase approximately 1.55 acres improved with a one-story medical and general office building located at 2802 Fountain Plaza Boulevard, Edinburg, Hidalgo County, Texas, from Ashley Fountain Group, Inc., for future programmed campus expansion, including office and clinical uses

Description: Purchase approximately 1.55 acres improved with a one-story medical and general office building located at 2802 Fountain Plaza Blvd, Edinburg, Hidalgo County, Texas, and authorization for 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 purchase the property. The improvements consist of an 8,100 square foot one-story medical office and general office building, and related surface parking facilities. The property includes an adjacent vacant lot containing 0.74 of an acre. The property will be used for future programmed campus expansion, including medical office and educational use by the institution's doctorate program in clinical psychology. This property is located near Doctor's Hospital at Renaissance, U. T. Rio Grande Valley's primary teaching hospital, and about three miles from the institution's Edinburg campus.

Seller: Ashley Fountain Group, Inc., a Texas for-profit corporation

Purchase Price: Not to exceed fair market value as determined by an independent appraisal performed by Aguirre & Patterson, Inc.; appraisal confidential pursuant to *Texas Education Code* Section 51.951

49. Lease - U. T. San Antonio: Authorization to lease approximately 1,800 square feet of space and other facilities located at 23808 Resort Parkway, San Antonio, Bexar County, Texas, from SA Resort, LLLP, and to enter into a related player use agreement with Tournament Players Club of San Antonio, LLC, both for athletic use

Description: Lease of approximately 1,800 square feet of space and a to-be-built golf hitting bay facility located at the Tournament Players Club of San Antonio; 23808 Resort Parkway, San Antonio, Bexar County, Texas, for athletic use, initially by U. T. San Antonio's golf program. The leased space includes office and meeting space, as well a golf hitting bay training facility.

Lessor: SA Resort, LLLP, a Colorado limited liability partnership

Term: Initial Term of 120 months commencing on approximately January 1, 2018, and continuing through December 31, 2027, with two additional renewal options of five years each, both at the institution's sole discretion

Lease Cost: Annual gross rent during the initial term of the lease will be \$50,000, escalating by \$1,000 annually and totaling \$535,000 over the initial term. Lessor will be responsible for all operating expenses related to the lease space. U. T. San Antonio will be responsible for approximately \$40,000 in tenant improvement costs to build out offices for the coaches and a team room.

Should U. T. San Antonio exercise the renewal options, annual gross rent during the renewal term will begin at \$50,000, escalating by \$1,000 annually and totaling \$545,000 over both five-year renewal terms. Lessor will be responsible for operating expenses related to the golf hitting bay training facility during the renewal term.

Player Use Agreement: Agreement with Tournament Players Club of San Antonio, LLC, a Texas limited liability company and the operator of the Tournament Players Club of San Antonio, to provide U. T. San Antonio's NCAA golf program use of two golf courses, multiple practice areas, locker rooms, and other golf-related facilities.

Term of Player Use Agreement: Coterminous with Lease Agreement: Initial term of 120 months with two additional renewal options of five years each, both at the institution's sole discretion.

Player Use Agreement Cost: Use fees will be \$2,400 annually, per membership (with a minimum of 14 and a maximum of 20 memberships), for an estimated total of \$550,266 over the initial term of the agreement, based on 20 memberships. Use fees will be subject to annual escalations not to exceed 3%.

Should U. T. San Antonio exercise the renewal options, use fees will total \$739,512 over both five-year renewal terms.

Total Cost: Over the 20-year term, including both the initial and renewal terms, U. T. San Antonio will be responsible for approximately \$2,409,778. This total includes all rent and operating expenses due, payments for 20 memberships to access the golf facilities, and tenant improvements.

### HEALTH AFFAIRS COMMITTEE

50. Contract (funds coming in) - U. T. Southwestern Medical Center: Amendment to agreement to provide professional pediatric anesthesiologist services to Anesthesiologists for Children

Agency: Anesthesiologists for Children, a Texas nonprofit corporation

Funds: \$17,815,000

Period: September 1, 2017 through August 31, 2018; sixth amendment to existing contract

Description: U. T. Southwestern Medical Center will provide professional pediatric anesthesiologist services.

51. Contract (funds going out) - U. T. Southwestern Medical Center: Administrative Resource Options, Inc. will perform mail room and print shop services

Agency: Administrative Resources Options, Inc.

Funds: \$4,976,447 for the initial term and renewal options

Period: September 15, 2017 through September 14, 2020, with two one-year option years

Description: Administrative Resources Options, Inc. will perform outsourced mail room and print shop services.

52. Request for Budget Change - U. T. Southwestern Medical Center: New Hire with Tenure -- amendment to the 2017-2018 budget

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Health 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>Southwestern Medical School</b>					
Harold C. Simmons Comprehensive Cancer Center					
Professor and Director					
Carlos Arteaga (T)	9/1-8/31	100	12	700,000	8708

53. Contract (funds coming in) - U. T. Medical Branch - Galveston: U. T. Medical Branch - Galveston will provide Correctional Managed Health Care Services to offenders in units operated by the Texas Department of Criminal Justice (TDCJ)

Agency: Texas Department of Criminal Justice (TDCJ)

Funds: Approximately \$904,689,542

Period: September 1, 2017 through August 31, 2019

Description: U. T. Medical Branch - Galveston will provide Correctional Managed Health Care Services to offenders in units operated by TDCJ, through its own capabilities or by further subcontracting. Health care, among other aspects, includes medical services, dental services, and mental health services.



54. Interagency Agreement (funds coming in) - U. T. Medical Branch - Galveston: Interagency agreement with Texas Tech University Health Sciences Center (TTUHSC) to provide pharmaceutical procurement and dispensing services for Texas Department of Criminal Justice (TDCJ) facilities that TTUHSC operates

Agency: Texas Tech University Health Sciences Center (TTUHSC)

Funds: Approximately \$23,000,000 for two-year agreement (\$11,500,000 in FY2018 and \$11,500,000 in FY2019)

Period: September 1, 2017 through August 31, 2019

Description: U. T. Medical Branch - Galveston will provide certain pharmaceutical procurement and dispensing services for TTUHSC at TDCJ facilities for which TTUHSC is responsible. U. T. Medical Branch - Galveston agrees to provide required professional pharmacists to perform distributive functions and formulary management, and administrative and accounting services related to the performance of this agreement.

55. Contract (funds going out) - U. T. Medical Branch - Galveston: Diamond Pharmacy Services to provide comprehensive pharmacy services to private jails

Agency: Diamond Pharmacy Services

Funds: \$15,000,000 cap amount

Period: September 1, 2017 through August 31, 2020, with two 12-month renewal options

Description: Diamond Pharmacy Services will provide comprehensive off-site pharmacy services to U. T. Medical Branch - Galveston Correctional Managed Care contracted private jails managed by U. T. Medical Branch - Galveston Comprehensive Health Solutions. This contract will supply pharmaceuticals and supplies, which may include IV solutions, other health care products, and pharmacy supplies. These services were competitively procured.

56. Contract (funds going out) - U. T. Medical Branch - Galveston: First DataBank to provide a pharmacy database to U. T. Medical Branch - Galveston

Agency: First DataBank

Funds: \$3,200,000

Period: June 15, 2017 through October 31, 2019

Description: First DataBank has provided a pharmacy database (National Drug Datafile Software License) to U. T. Medical Branch - Galveston since November 1, 2004. The software database is loaded into Epic and is used for medication decision support. The Fourth Amendment will set a cap amount on the contract of \$3,200,000, and set a formal end date of October 31, 2019. The original contract was a sole source procurement. The agreement was not previously submitted for Board approval because the total contract amount was below the approval threshold.

57. Request for Budget Change - U. T. Medical Branch - Galveston: Approval of Emeritus Titles

**Clifford Houston**, from Professor to Professor Emeritus, Department of Microbiology and Immunology in the Graduate School of Biomedical Sciences (RBC No. 8656) -- amendment to the 2017-2018 budget

**Martin Colman**, from Professor to Chair Emeritus, Department of Radiation Oncology in the School of Medicine (RBC No. 8657) -- amendment to the 2017-2018 budget

58. Lease - U. T. Medical Branch - Galveston: Authorization to expand and extend the lease of space at 2660 Gulf Freeway South, City of League City, Galveston County, Texas from IA LEAGUE CITY VICTORY LAKES LIMITED PARTNERSHIP, for clinical and educational uses

Description: Expand and extend the lease of space located at 2660 Gulf Freeway South, City of League City, Galveston County, Texas, for clinical and educational uses. The institution proposes to expand the premises by approximately 42,000 contiguous square feet, expanding from the current approximately 45,400 square feet to a combined total of approximately 87,400 square feet. This facility offers clinical services in a rapidly growing area and has experienced strong demand.

Lessor: IA LEAGUE CITY VICTORY LAKES LIMITED PARTNERSHIP, an Illinois limited partnership

Term: The current premises 10-year lease term began in 2011, and was approved by the Board of Regents on November 11, 2010. U. T. Medical Branch proposes to extend this term of the original lease to be coterminous with the expansion premises, providing a term of 10 years commencing on September 1, 2018 and continuing through August 31, 2028. In addition, there are two options to renew for five years each, at the institution's sole discretion.

Incremental Lease Cost: Annual base rent for the expansion premises is initially approximately \$630,000 annually (\$15 per square foot), escalating after five years to \$693,000 annually (\$16.50 per square foot). Annual operating expenses are initially estimated to be \$5.50 per square foot. Base rent for each renewal term will be based on then fair market value rental rates.

Tenant Improvements: The Lessor will provide a tenant improvements allowance to U. T. Medical Branch of approximately \$1,890,000 (\$45 per square foot). The institution will pay for the cost of tenant improvements above that allowance, currently estimated at \$5,460,000.

Total Project Cost: Estimated at \$35,425,000

59. Contract (funds going out) - U. T. Health Science Center - Houston: Groome Transportation of Texas, Inc. to perform shuttle bus services for UT Health students and staff

Agency: Groome Transportation of Texas, Inc.

Funds: \$9,000,000

Period: September 1, 2017 through August 31, 2027

Description: Groome Transportation of Texas, Inc. was chosen, after responding to a Request For Proposals, to provide shuttle bus services on the UT Health campus.

60. Request for Budget Change - U. T. Health Science Center - Houston: Approval of Emeritus Titles

**Kathleen A. Kennedy**, from Professor to Professor Emeritus, Department of Pediatrics (Neonatology), McGovern Medical School (RBC No. 8717) -- amendment to the 2017-2018 budget

**Beatrice J. Selwyn**, from Associate Professor to Associate Professor Emeritus, Department of Epidemiology, Human Genetics and Environmental Sciences, School of Public Health (RBC No. 8718) -- amendment to the 2017-2018 budget

**Deanna E. Grimes**, from Professor to Professor Emeritus, School of Nursing (RBC No. 8719) -- amendment to the 2017-2018 budget

61. Contract (funds going out) - U. T. Health Science Center - San Antonio: Louis Communication to provide marketing and advertising services to promote UT Health San Antonio brand and missions

Agency: Lewis Communication

Funds: \$4,500,000 estimated

Period: August 7, 2017 through August 31, 2020

Description: Louis Communication will provide marketing and advertising services including television, outdoor, radio, and digital advertisements.

62. Request for Budget Change - U. T. Health Science Center - San Antonio: Approval of Emeritus Title

**Linda Smith**, from Professor to Professor Emeritus, Clinical Lab Science in the School of Health Professions (RBC No. 8706) -- amendment to the 2017-2018 budget

63. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Cardinal Health 105, Inc. will accept and process purchase orders from U. T. M. D. Anderson Cancer Center for T-cell therapy products

Agency: Cardinal Health 105, Inc.

Funds: The total cost of goods and services under this agreement, including all renewals, will not exceed \$563,750,000.

Source of Funds: Hospital patient income

Period: The term of this agreement will be for a period of 36 months, commencing on September 1, 2017, and continuing through August 31, 2020. The agreement includes the option for two 12-month renewals.

Description: Vendor will accept and process purchase orders from U. T. M. D. Anderson Cancer Center as well as invoicing, collections, maintenance of product pricing/terms and recall and complaint handling assistance for chimeric antigen receptor T-cell therapy products produced by Novartis Pharmaceuticals, Corporation and Kite Pharma, Inc. This agreement was acquired via an Exclusive Acquisition Justification.

64. Employment Agreement - U. T. M. D. Anderson Cancer Center: Approval of terms of Employment Agreement with Peter William Theodor Pisters, M.D., MHCM, CPE, FACHE, FACS, as President of U. T. M. D. Anderson Cancer Center

The following agreement has been approved by the Chancellor and Executive Vice Chancellor for Health Affairs, has been signed by Dr. Pisters, and is recommended for approval by the U. T. System Board of Regents. Terms of employment under this agreement are subject to Regents' *Rules and Regulations*, Rules 10501 and 20201, and *Texas Education Code*, Section 51.948.

Title:	President
Funds:	\$1,845,000 annually
Period:	Beginning December 1, 2017
Description:	Agreement for employment of Dr. Peter Pisters as President of The University of Texas M. D. Anderson Cancer Center. The President reports to the Chancellor and will hold office without fixed term, subject to the pleasure of the Chancellor following input by the Executive Vice Chancellor for Health Affairs and approval by the Board of Regents. During his Presidency, Dr. Pisters will hold an appointment as Professor, with Tenure, in the division of Surgical Oncology at U. T. M. D. Anderson without compensation. The employment agreement is on the following pages.



**THE UNIVERSITY of TEXAS SYSTEM**  
**FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.**

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August 25, 2017

Peter William Theodor Pisters, M.D., MCHM, CPE, FACHE, FACS  
[REDACTED]  
[REDACTED]

Dear Dr. Pisters:

On behalf of the Board of Regents of The University of Texas System, it is my pleasure to offer you the position of President of The University of Texas M.D. Anderson Cancer Center, effective no later than January 1, 2018 and earlier if possible. Your annual salary rate as of that date will be \$1,439,100. You are entitled to other State-paid fringe benefits required to be provided to higher education employees by State law and for which you are eligible. Among these benefits are State-paid OASI, longevity pay, workers' compensation liability, insurance coverage, retirement, insurance premium sharing, and paid leave.

You will also receive a supplement from practice plan funds of \$405,900. The practice plan supplement is not eligible for retirement benefits. The total for your salary therefore will be \$1,845,000 annually.

Pursuant to the Regents' Rules and Regulations, Rule 20201, the presidents of The University of Texas health institutions are selected by the Board of Regents of The University of Texas System and serve without fixed term, subject to the pleasure of the Executive Vice Chancellor for Health Affairs and approval by the Chancellor and the Board of Regents. Also, your performance as President of U. T. MDACC will be evaluated in accordance with Rule 20201 and you will be asked to make a presentation to the Board on your vision and goals for U. T. MDACC within 12 to 18 months of taking office.

Additional elements of your compensation package are:

- a. You are eligible to participate in the Board of Regents' "Incentive Plan for The University of Texas System Presidents and System Administration Executive Officers" subject to the requirements and terms specified therein. The compensation earned from this incentive plan will vary depending on your attainment of certain specific performance goals.
- b. The cost of club membership(s) approved by the Executive Vice Chancellor for Health Affairs will be paid, including initial fees for joining the club and all properly documented and reasonable business-related expenses. All personal expenses, including the

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The University of Texas at Arlington · The University of Texas at Austin · The University of Texas at Dallas · The University of Texas at El Paso  
The University of Texas of the Permian Basin · The University of Texas Rio Grande Valley · The University of Texas at San Antonio  
The University of Texas at Tyler · The University of Texas Southwestern Medical Center · The University of Texas Medical Branch at Galveston  
The University of Texas Health Science Center at Houston · The University of Texas Health Science Center at San Antonio  
The University of Texas MD Anderson Cancer Center · The University of Texas Health Science Center at Tyler

portion of dues related to personal use, is calculated based on the personal expenses for that month as a percent of total expenses. That percentage is applied to the dues owed to determine the personal amount.

- c. Appointment as Professor, with term tenure conditional upon review and approval by the institutional committees and the Board of Regents, in the division of Surgical Oncology at U. T. MDACC, with a beginning rate of \$468,000. During your presidency, you will not be paid your salary as Professor. When your administrative appointment as President ends you will be entitled to return to your tenured faculty position as professor, consistent with Regents' Rule 31007, which governs tenured appointments at U. T. MDACC, and to be compensated at your academic salary rate. *Texas Education Code*, Section 51.948, states that if a university administrator is reassigned to a faculty or other position at the institution, the institution cannot pay that person a salary that exceeds the salary of other persons with similar qualifications performing similar duties.
- d. State law allows the granting of a development leave at the individual's academic salary rate for one academic year to a faculty member who has held an administrative position at the institution for more than four years. An administrator who receives development leave must return to work (as a faculty member) at a U.T. System institution for an amount of time equal to the amount of time the administrator received development leave or repay the institution for all the costs of the development leave. To the extent required by law, these provisions will apply in your situation. The specific length of the development leave will be negotiated dependent on your term of service as President and other pertinent considerations should you leave the presidency and return to the faculty.
- e. Reimbursement or direct payment of actual costs of IRS qualified moving expenses related to moving and storage, if needed, of household, personal, and professional possessions from the effective date of this offer to six months. Qualified moving expenses are not taxable to the employee and include: transportation of household goods and personal effects, travel expenses incurred (including lodging but not meals) relocating to your new home and travel expenses for members of the household who reside at both the old and new residence. Please contact Ben Melson, S.V.P. Chief Financial Officer at U. T. MDACC, or his designee, before making any arrangements related to relocation.

Please note that the benefits described in (d) may, at the discretion of the Board, be denied should you be terminated from the position of President for good cause, as determined by the Board.

Business-related travel and entertainment expenses shall be in accordance with the Regents' Rules 20205, and with current travel and entertainment budgets of the institution. Reasonable expenses will be paid directly or reimbursed as appropriate.

Appropriate and timely submission of documentation required for reimbursement of travel and entertainment expenditures is required by Regents' Rules 20205. Annual reports on travel and entertainment shall be filed with the Executive Vice Chancellor for Health Affairs.



Full-time faculty and administrative and professional staff employed by the U. T. System may not be employed in any outside work or activity or receive from an outside source any compensation or serve on an outside board until a description of the nature and extent of the employment or activity and the range of any compensation has been approved by the Chancellor.

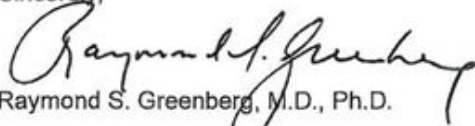
Your base salary is all inclusive and there are no additional allowances provided for housing or automobile consistent with the Regents' *Rules and Regulations* on compensation for chief administrative officers. Reimbursement will be made for mileage associated with business use of a vehicle in accordance with the latest published Internal Revenue Service guidelines, the State Travel Regulations Act (*Texas Government Code*, Chapter 660) and applicable institutional policies. There is no separate provision for the use of a cellular telephone or other wireless device. Such use shall follow the policy for wireless devices at your institution.

Information about benefits including health insurance, disability, life insurance and retirement has been transmitted under separate cover.

Some elements in this compensation package will be subject to federal income tax and as such will be subject to withholding and reported on the W-2 form along with base salary paid. You should consult your tax adviser as to the handling of business or other offsetting deductions.

I look forward to the opportunity to work with you as President of The University of Texas M.D. Anderson Cancer Center. If you have any questions, please let me know.

Sincerely,

  
Raymond S. Greenberg, M.D., Ph.D.  
Executive Vice Chancellor for Health Affairs

Accepted:  Date: Aug 29, 2017

RG/rjb

- cc: Chancellor William H. McRaven
- Randy Wallace, Associate Vice Chancellor – Controller and Chief Budget Officer
- Ben Melson, S.V.P, Chief Financial Officer
- Francie Frederick, General Counsel to the Board of Regents

65. Contract (funds coming in) - U. T. Health Science Center - Tyler: Second amendment to reimbursement contract with the Texas Department of State Health Services to provide mental health services

Agency: Department of State Health Services (DSHS), an agency of the State of Texas

Funds: Approximately \$9,216,250

Period: September 1, 2017 through August 31, 2018

Description: U. T. Health Science Center - Tyler will continue to provide residential behavioral health services for up to 30 individuals transferred to U. T. Health Science Center - Tyler from state mental health facilities and will provide acute behavioral health services for up to 14 individuals from a five county area.

**FACILITIES PLANNING AND CONSTRUCTION COMMITTEE**

66. Contract (funds going out) - U. T. System: Hill International, Inc. to perform miscellaneous technical support and construction inspection services

Agency: Hill International, Inc.

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

Period: December 20, 2012 through December 19, 2018  
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 delegation threshold)

Description: Hill International, Inc. will perform miscellaneous technical support and construction inspection services on a nonexclusive, indefinite quantity basis. Services were competitively procured.