

MATERIAL SUPPORTING THE AGENDA

VOLUME XLVIIIa

This volume contains the Material Supporting the Agenda furnished to each member of the Board of Regents prior to the meetings held on:

October 2, 2000
October 10, 2000
November 15-16, 2000
December 6, 2000
January 26, 2001
February 14-15, 2001

The material is divided according to the standing committees and the meetings that were held and is color coded as follows:

White paper - for documentation of all items that were presented before the deadline date.

Blue paper - Executive Session

Yellow paper – for documentation of items submitted after the deadline date for inclusion in the Agenda (late items) and distributed to members of the Board of Regents prior to the meeting.

Material distributed at the meeting as additional documentation is not included in the bound volume, because sometimes there is an unusual amount and other times some people get copies and some do not get copies. If the Counsel and Secretary to the Board was furnished a copy, then that material goes into the appropriate subject file.

Special Telephone Meeting
Board of Regents
The University of Texas System
Ninth Floor, Ashbel Smith Hall, 201 W. 7th Street, Austin, Texas
December 6, 2000 – 11:00 a.m.

AGENDA

- A. CALL TO ORDER (Open Session) Chairman Evans
- B. CONSIDER ACTION ON RECOMMENDATIONS
1. U. T. System: Consideration of Personnel Matters Related to the Possible Election and Employment of a Chancellor
 2. U. T. Southwestern Medical Center - Dallas: Request for Authorization to Lease Campus Land and Equipment to St. Paul Medical Center, Dallas, Dallas County, Texas, or an Entity Controlling, Controlled by, or Under Common Control with Zale Lipshy University Medical Center, Inc.; Finding of Public Purpose; and Authorization to Execute All Documents Related Thereto
- C. RECESS TO EXECUTIVE SESSION (Texas Government Code Section 551.074)
1. U. T. System: Consideration of Personnel Matters Related to the Possible Appointment of an Executive Vice Chancellor for Business Affairs
 2. U. T. System: Consideration of Personnel Matters Related to the Possible Appointment of a Vice Chancellor for Governmental Relations
 3. U. T. System: Consideration of Personnel Matters Related to the Naming of a Vice Chancellor for Community Relations
- D. RECONVENE IN OPEN SESSION TO CONSIDER ACTION ON EXECUTIVE SESSION ITEMS (ITEM C)
- E. ADJOURNMENT

OFFICE OF THE BOARD OF REGENTS
THE UNIVERSITY OF TEXAS SYSTEM
Austin, Texas

December 1, 2000

SPECIAL MEETING NO. 935

TO: Members of the Board of Regents

Chairman Donald L. Evans
Vice-Chairman Tom Loeffler
Vice-Chairman Rita C. Clements
Regent Woody L. Hunt
Regent Charles Miller
Regent Patrick C. Oxford
Regent A. W. "Dub" Riter, Jr.
Regent Raul R. Romero
Regent A. R. (Tony) Sanchez, Jr.

Open Session Items

1. U. T. System: Consideration of Personnel Matters Related to the Possible Election and Employment of a Chancellor
2. U. T. Southwestern Medical Center - Dallas: Request for Authorization to Lease Campus Land and Equipment to St. Paul Medical Center, Dallas, Dallas County, Texas, or an Entity Controlling, Controlled by, or Under Common Control with Zale Lipshy University Medical Center, Inc.; Finding of Public Purpose; and Authorization to Execute All Documents Related Thereto

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, and President Wildenthal that the U. T. Board of Regents:

- a. Grant authorization for U. T. Southwestern Medical Center - Dallas to enter into a lease with St. Paul Medical Center,

Dallas, Dallas County, Texas, a Texas nonprofit corporation, or an entity controlling, controlled by, or under common control with Zale Lipshy University Medical Center, Inc., a Texas nonprofit corporation, to occupy land and improvements on the U. T. Southwestern Medical Center - Dallas campus for the purpose of operating a hospital

- b. Grant authorization to enter into a lease with St. Paul Medical Center or an entity controlling, controlled by, or under common control with Zale Lipshy University Medical Center, Inc., to use personal property and equipment owned by U. T. Southwestern Medical Center - Dallas for the operation of the hospital
- c. Make a determination that the lease of the land and improvements to St. Paul Medical Center or an entity controlling, controlled by, or under common control with Zale Lipshy University Medical Center, Inc., for the stated purposes, will serve a public purpose appropriate to the function of U. T. Southwestern Medical Center - Dallas, and that the consideration to U. T. System and U. T. Southwestern Medical Center - Dallas from the lessee will be adequate
- d. Authorize the President of U. T. Southwestern Medical Center - Dallas, or his delegate, to negotiate the leases and to take all steps necessary and execute all documents required to complete the transactions outlined above, subject to approval of all such documents as to legal form by the Office of General Counsel.

BACKGROUND INFORMATION

At its meeting on October 2, 2000, the U. T. Board of Regents approved the acquisition by U. T. Southwestern Medical Center - Dallas of approximately 25.94 acres of land and improvements known as St. Paul Medical Center in Dallas, Dallas County, Texas, and associated equipment items. As part of that approval, the U. T. Board of Regents approved in concept the lease of a portion of the land and improvements and the equipment for hospital purposes to St. Paul Medical Center, a Texas nonprofit corporation, or an entity controlling, controlled by, or under common control with Zale Lipshy University Medical Center, Inc., a Texas nonprofit corporation.

U. T. Southwestern Medical Center - Dallas will enter into an affiliation agreement with St. Paul Medical Center and possibly one or more entities controlling, controlled by, or under common control with Zale Lipshy University Medical Center, Inc. The affiliation agreement will provide for, among other things, the governance and operation of the hospital facility as a teaching hospital fully integrated with the medical education programs of U. T. Southwestern Medical Center - Dallas. The affiliation agreement will also make the hospital facility available as a full-time teaching facility of U. T. Southwestern Medical Center - Dallas. The leases of the land, improvements, and equipment will be ancillary to the affiliation agreement.

Zale Lipshy University Medical Center, Inc., is the sole member of Zale Lipshy University Hospital, Inc., which currently operates Zale Lipshy University Hospital at Southwestern Medical Center. Simultaneously with U. T. Southwestern Medical Center's acquisition of the 25.94-acre hospital complex, Zale Lipshy University Medical Center, Inc., will become the sole member of St. Paul Medical Center. The lessee will operate the hospital as a primary facility for the hospitalization of patients of the faculty of U. T. Southwestern Medical Center - Dallas. Lease of the land, improvements, and equipment for hospital purposes will provide inpatient facilities that will constitute an important clinical teaching venue for U. T. Southwestern Medical Center - Dallas, thus furthering the mission and educational purpose of that institution and the U. T. System.

In lieu of regular installments of rental payments for the use of the land and improvements, the lessee will maintain the leased land and improvements, continuously operate a hospital in the leased improvements, and provide to U. T. System and U. T. Southwestern Medical Center - Dallas other benefits and consideration, including use of the hospital facility by U. T. Southwestern Medical Center - Dallas faculty as a full-time teaching facility. Lease of the equipment will be at market value.

The Attorney General of the State of Texas in Opinion No. MW-373 (1981) has advised that, for the use of space in university facilities without cash rental payments to comply with the Texas Constitution, three requirements must be met: (1) the use of the property must serve a public purpose, appropriate to the function of the university; (2) adequate consideration must be received by the university; and (3) the university must maintain controls over the user's activities to ensure that the public purpose is achieved.

In order to implement this project, the U. T. Board of Regents must therefore make a determination that the lease will serve a public purpose appropriate to the function of U. T. Southwestern Medical Center - Dallas and that the consideration for the lease is adequate.

Executive Session Items

Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees - Section 551.074

1. U. T. System: Consideration of Personnel Matters Related to the Possible Appointment of an Executive Vice Chancellor for Business Affairs
2. U. T. System: Consideration of Personnel Matters Related to the Possible Appointment of a Vice Chancellor for Governmental Relations
3. U. T. System: Consideration of Personnel Matters Related to the Naming of a Vice Chancellor for Community Relations

xc: Chancellor Burck
Executive Vice Chancellor Mullins
Executive Vice Chancellor Kennedy
Executive Vice Chancellor Sharpe
Vice Chancellor Godfrey
Vice Chancellor Perry
Vice Chancellor Scott
Vice Chancellor Franz
Associate Vice Chancellor Diaz