

Meeting No. 1,113

THE MINUTES OF THE BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

Pages 1 - 92

November 14, 2013

Austin, Texas

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 OF
 THE UNIVERSITY OF TEXAS SYSTEM
 NOVEMBER 14, 2013
 AUSTIN, TEXAS

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MEETING NO. 1,113

THURSDAY, NOVEMBER 14, 2013.--The meeting was originally scheduled to take place over two days, November 13-14, 2013, but was rescheduled for one day only; November 14, 2013.

The members of the Board of Regents of The University of Texas System convened in Standing Committee meetings on Thursday, November 14, 2013, from 8:35 a.m. - 11:50 a.m. in the Board Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas. The Committees that met were Audit, Compliance, and Management Review; Finance and Planning; Academic Affairs, and Health Affairs. The Facilities Planning and Construction Committee and the Technology Transfer and Research Committee met at later times during the day as noted below.

At 11:51 a.m., in accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Foster called the meeting to order in open session, with the following participation:

ATTENDANCE.--

Present

Chairman Foster
Vice Chairman Powell
Vice Chairman Hicks
Regent Aliseda
Regent Cranberg
Regent Hall
Regent Hildebrand
Regent Pejovich
Regent Stillwell
Regent Horne, Student Regent, nonvoting

RECESS TO EXECUTIVE SESSION.--At 11:58 a.m., Chairman Foster announced the Board would recess to Executive Session pursuant to *Texas Government Code* Sections 551.071, 551.072, 551.073, and 551.074 to consider those matters listed on the Executive Session agenda.

RECESS FOR STANDING COMMITTEE MEETING AND RECONVENE IN OPEN SESSION.--At 1:15 p.m., the Board reconvened in Open Session to recess for the meeting of the Facilities Planning and Construction Committee. Other Standing Committees met earlier in the day (see the reports and recommendations from the Standing Committees beginning on Page 5).

The Board reconvened in Open Session at 2:02 p.m. for the following actions taken on matters discussed in Executive Session.

1. U. T. Austin: Authorization for the master development, ground leasing, and related partial sales pertaining to approximately 109 acres and improvements located at the southwest corner of West Braker Lane and North MoPac Expressway, Austin, Travis County, Texas, to Hines Interests Limited Partnership, a Delaware limited partnership, or a related entity, for commercial development purposes

Vice Chairman Hicks moved that the Board take the following actions on behalf of The University of Texas at Austin:

- a. authorize transactions for the master development, ground leasing, and related partial sales pertaining to approximately 109 acres and improvements located at the southwest corner of West Braker Lane and North MoPac Expressway, Austin, Travis County, Texas, to Hines Interests Limited Partnership, a Delaware limited partnership, or a related entity, for commercial development purposes, on terms in accordance with the parameters outlined in Executive Session; and
- b. authorize the Executive Director of Real Estate to execute the ground lease option and master developer agreement, ground leases, deeds, and all related documents, instruments, and other agreements and to take all further actions deemed necessary or advisable to carry out the transactions in accordance with the parameters outlined in Executive Session.

The motion was duly seconded and carried unanimously.

- 2a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

- 2b. U. T. Austin: Authorization to implement assumption of loan agreements related to recruitment or retention programs administered by the Law School Foundation

Regent Cranberg moved that the Board authorize the Vice Chancellor and General Counsel, working with the concurrence of the Chancellor and the Executive Vice Chancellor for Academic Affairs, to work with The University of Texas at Austin to take all steps necessary to implement assumption of the administration of the outstanding loan and deferred compensation agreements executed by the Law School Foundation as part of a program to support the recruitment and retention of faculty, as recommended by legal counsel in Executive Session.

The motion was duly seconded and carried by acclamation.

- 2c. U. T. System Board of Regents: Discussion with Counsel and appropriate action regarding legal issues related to matters to be considered by the Select Committee on Transparency in State Agency Operations of the Texas House of Representatives

No action was taken on this item.

- 3a. U. T. Austin: Approval of proposed negotiated gifts with potential naming features

Regent Aliseda moved that the Board authorize the Presidents of The University of Texas at Austin, The University of Texas at Dallas, The University of Texas at San Antonio, The University of Texas at Tyler, and The University of Texas Medical Branch at Galveston and the Vice Chancellor for External Relations to conduct and/or conclude negotiations necessary to finalize and accept gifts to benefit those institutions with potential naming features consistent with the terms and conditions outlined in Executive Session.

The motion was duly seconded and carried unanimously.

- 3b. U. T. Dallas: Approval of proposed negotiated gifts with potential naming features

See Item 3a above for action taken on this item.

- 3c. U. T. San Antonio: Approval of proposed negotiated gifts with potential naming features

See Item 3a above for action taken on this item.

- 3d. U. T. Tyler: Approval of proposed negotiated gifts with potential naming features

See Item 3a above for action taken on this item.

- 3e. U. T. Medical Branch - Galveston: Approval of proposed negotiated gifts with potential naming features

See Item 3a above for action taken on this item.

- 4a. U. T. System: Discussion regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees

No action was taken on this item.

- 4b. U. T. Medical Branch - Galveston: Discussion and appropriate action regarding proposed terms of employment of individual as Executive Vice President and Chief Business and Finance Officer (Regents' Rules and Regulations, Rule 20204, regarding highly compensated employees) (Withdrawn)

This item was withdrawn.

APPROVAL OF STANDING COMMITTEE RECOMMENDATIONS.--At 2:06 p.m., the Board voted and approved the Standing Committee recommendations, which are set forth on Pages 5 - 48.

REPORT OF THE AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE
(Page 5).--Committee Chairman Pejovich stated there were no items from the Audit, Compliance, and Management Review Committee to report in open session.

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

There were no items referred from the Consent Agenda.

2. U. T. System: Update on the implementation of initiatives to address recommendations from the Report on the Strategic Assessment of the U. T. System Internal Audit Services performed by Deloitte

This item was for consideration only by the Committee (see Committee Minutes).

3. U. T. System: Report on the Systemwide internal audit activities, including results of the executive travel and entertainment, laptop encryption and information technology (IT) inventory, and practice plan audits, and update on the Systemwide internal audit of development activities

This item was for consideration only by the Committee (see Committee Minutes).

4. U. T. System: Annual Report on Information Security Compliance Enhancements across the U. T. System and on security of the U. T. Research Cyberinfrastructure

This item was for consideration only by the Committee (see Committee Minutes).

REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE (Pages 6 - 22).--Committee Chairman Hildebrand reported that the Finance and Planning Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Finance and Planning Committee and approved in open session by the U. T. System Board of Regents.

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

There were no items referred from the Consent Agenda.

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

This item was for consideration only by the Committee (see Committee Minutes).

3. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the fiscal year and quarter ended August 31, 2013

The August 31, 2013 UTIMCO Performance Summary Report is attached on Page 8.

The Investment Reports for the fiscal year and quarter ended August 31, 2013, are set forth on Pages 9 - 12.

Item I on Page 9 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the fiscal year was 8.79% versus its composite benchmark return of 7.47%. The PUF's net asset value increased by \$1,383 million since the beginning of the year to \$14,853 million. The increase was due to \$857 million PUF Lands receipts, plus a net investment return of \$1,170 million, less the annual distribution to the Available University Fund (AUF) of \$644 million.

Item II on Page 10 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the fiscal year was 8.99% versus its composite benchmark return of 7.47%. The GEF's net asset value increased by \$291 million during the fiscal year to \$7,396 million.

Item III on Page 11 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the fiscal year was 5.03% versus its composite benchmark return of 2.70%. The net asset value increased during the fiscal year to \$5,520 million due to net investment return of \$249 million, plus net contributions of \$536 million, less distributions of \$158 million.

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

Item IV on Page 12 presents book and market values of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus and Fidelity money market fund, decreased by \$39 million to \$1,985 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$21 million versus \$22 million at the beginning of the period; equities: \$66 million versus \$73 million at the beginning of the period; and other investments: \$142 million versus \$5 million at the beginning of the period.

UTIMCO Performance Summary

August 31, 2013

	Net Asset Value 8/31/2013 (in Millions)	Periods Ended August 31, 2013 (Returns for Periods Longer Than One Year are Annualized)							
		Short Term		Year to Date		Historic Returns			
		1 Mo	3 Mos	Fiscal	Calendar	1 Yr	3 Yrs	5 Yrs	10 Yrs
ENDOWMENT FUNDS									
Permanent University Fund	\$ 14,853	0.19%	(0.08%)	8.79%	4.87%	8.79%	8.77%	4.83%	7.90%
General Endowment Fund		0.24	(0.04)	8.99	4.99	8.99	8.89	4.84	7.98
Permanent Health Fund	1,015	0.22	(0.01)	8.88	4.94	8.88	8.81	4.76	7.89
Long Term Fund	6,380	0.22	(0.01)	8.88	4.94	8.88	8.82	4.76	7.89
Separately Invested Funds	301	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Endowment Funds	22,549								
OPERATING FUNDS									
Intermediate Term Fund	5,520	(0.40)	(0.96)	5.03	1.96	5.03	6.37	4.43	N/A
Debt Proceeds Fund	308	0.01	0.03	0.14	0.08	0.14	N/A	N/A	N/A
Short Term Fund	1,625	0.01	0.02	0.11	0.06	0.11	0.16	0.38	1.92
Total Operating Funds	7,453								
Total Investments	\$ 30,002								
VALUE ADDED (1) (Percent)									
Permanent University Fund		0.55%	(0.01%)	1.32%	1.06%	1.32%	1.25%	2.11%	1.84%
General Endowment Fund		0.60	0.03	1.52	1.18	1.52	1.37	2.12	1.92
Intermediate Term Fund		0.45	0.31	2.33	2.01	2.33	2.17	2.34	N/A
Debt Proceeds Fund		0.01	0.01	0.03	0.03	0.03	N/A	N/A	N/A
Short Term Fund		0.01	-	-	0.01	-	0.06	0.16	0.21
VALUE ADDED (1) (\$ IN MILLIONS)									
Permanent University Fund		\$ 82	\$ (2)	\$ 178	\$ 148	\$ 178	\$ 493	\$ 1,372	\$ 2,285
General Endowment Fund		45	2	108	86	108	295	767	1,310
Intermediate Term Fund		25	18	119	106	119	313	546	N/A
Total Value Added		\$ 152	\$ 18	\$ 405	\$ 340	\$ 405	\$ 1,101	\$ 2,685	\$ 3,595

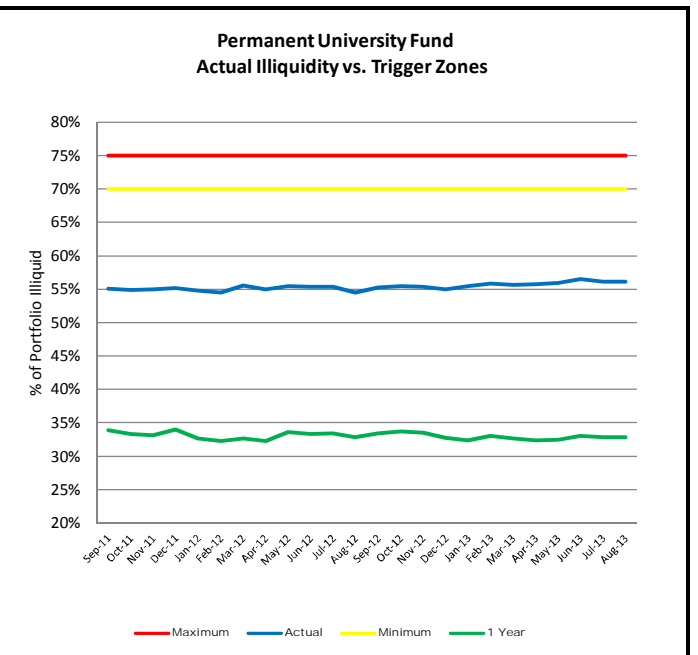
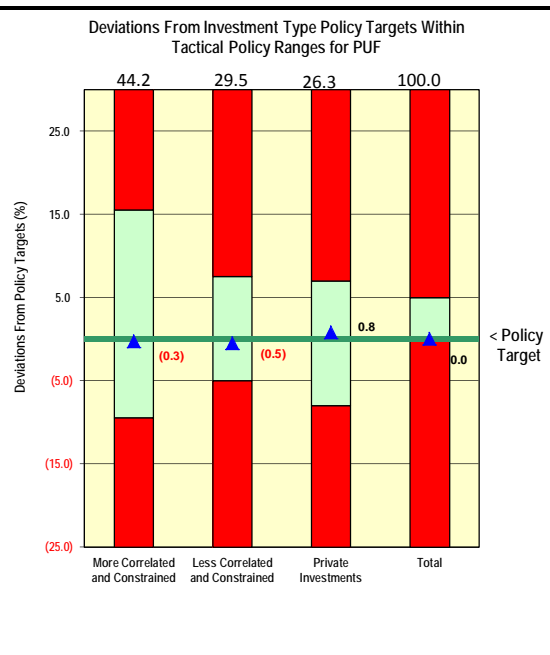
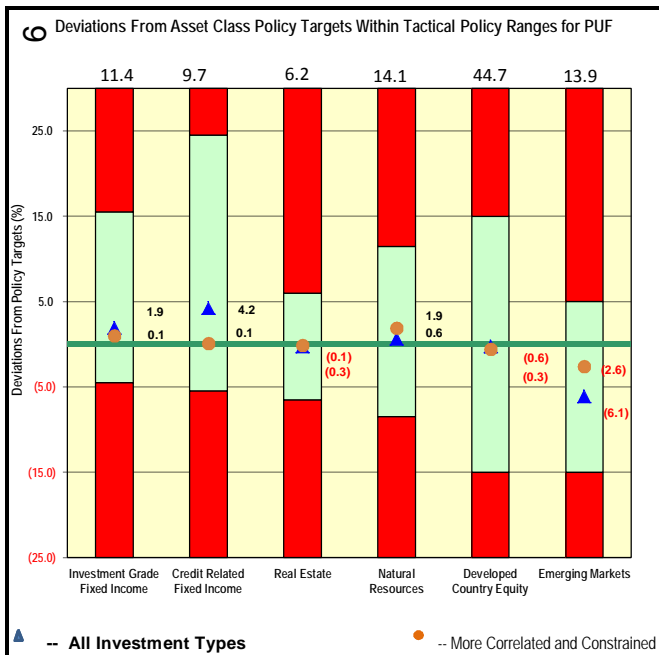
Footnote available upon request.

I. PERMANENT UNIVERSITY FUND Investment Reports for Periods Ended August 31, 2013

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

<u>Summary of Capital Flows</u>				
(\$ millions)	Fiscal Year Ended August 31, 2012	Quarter Ended August 31, 2013	Fiscal Year Ended August 31, 2013	
Beginning Net Assets	\$ 12,688	\$ 14,631	\$ 13,470	
PUF Lands Receipts	955	226	857	
Investment Return (Net of Expenses)	403	(4)	1,170	
Distributions to AUF	(576)	-	(644)	
Ending Net Assets	<u>\$ 13,470</u>	<u>\$ 14,853</u>	<u>\$ 14,853</u>	

	Returns		Fiscal Year to Date		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	-1.16%	-3.43%	-0.22%	0.18%	-0.04%
Credit-Related	1.88%	8.53%	0.00%	0.00%	0.00%
Real Estate	4.41%	5.89%	0.00%	-0.06%	-0.06%
Natural Resources	-11.00%	-3.46%	-0.32%	-0.61%	-0.93%
Developed Country	24.61%	17.63%	-0.32%	0.94%	0.62%
Emerging Markets	0.82%	0.54%	0.10%	0.03%	0.13%
Total More Correlated and Constrained	4.51%	5.08%	-0.76%	0.48%	-0.28%
Less Correlated and Constrained					
	11.45%	6.12%	0.50%	1.07%	1.57%
Private Investments					
	13.27%	13.22%	0.49%	-0.46%	0.03%
Total	8.79%	7.47%	0.23%	1.09%	1.32%



II. GENERAL ENDOWMENT FUND

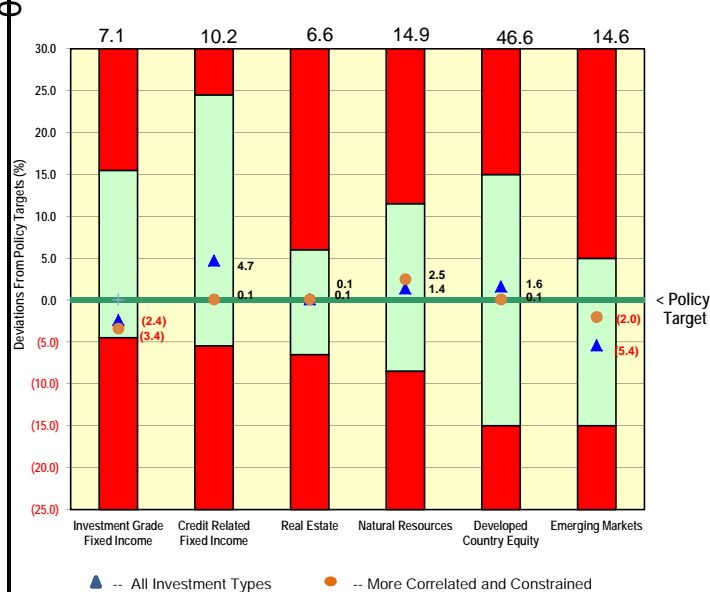
Investment Reports for Periods Ended August 31, 2013

Prepared in accordance with Texas Education Code Sec. 51.0032

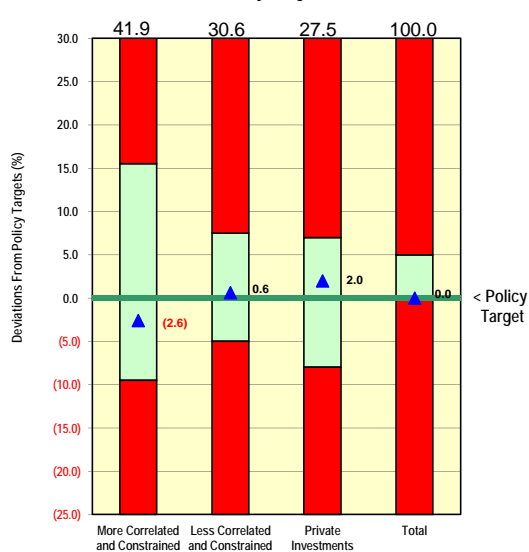
Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2012	Quarter Ended August 31, 2013	Fiscal Year Ended August 31, 2013
Beginning Net Assets	\$ 7,049	\$ 7,589	\$ 7,105
Contributions	194	39	166
Withdrawals	(17)	(143)	(152)
Distributions	(344)	(90)	(360)
Investment Return (Net of Expenses)	223	1	637
Ending Net Assets	<u>\$ 7,105</u>	<u>\$ 7,396</u>	<u>\$ 7,396</u>

	Fiscal Year to Date				
	Returns		Value Added		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	-0.32%	-3.43%	-0.12%	0.26%	0.14%
Credit-Related	1.88%	8.53%	0.00%	0.00%	0.00%
Real Estate	4.42%	5.89%	0.01%	-0.06%	-0.05%
Natural Resources	-10.99%	-3.46%	-0.34%	-0.61%	-0.95%
Developed Country	24.60%	17.63%	-0.31%	0.93%	0.62%
Emerging Markets	1.28%	0.54%	0.08%	0.09%	0.17%
Total More Correlated and Constrained	4.94%	5.08%	-0.68%	0.61%	-0.07%
Less Correlated and Constrained	11.45%	6.12%	0.48%	1.06%	1.54%
Private Investments	13.27%	13.22%	0.51%	-0.46%	0.05%
Total	8.99%	7.47%	0.31%	1.21%	1.52%

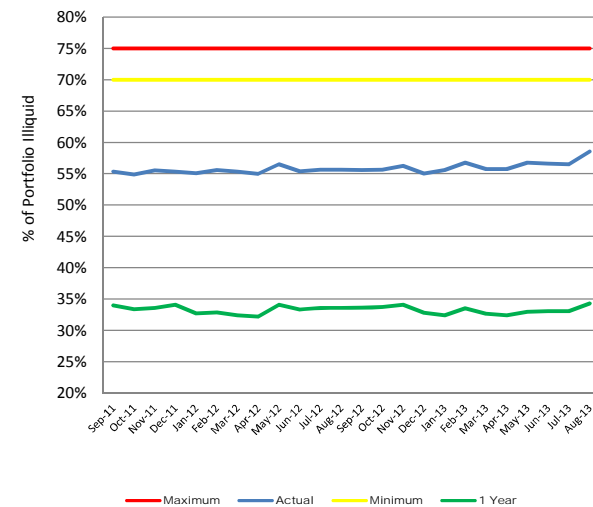
Deviations From Asset Class Policy Targets Within Tactical Policy Ranges for GEF



Deviations From Investment Type Policy Targets Within Tactical Policy Ranges for GEF



General Endowment Fund
Actual Illiquidity vs. Trigger Zones

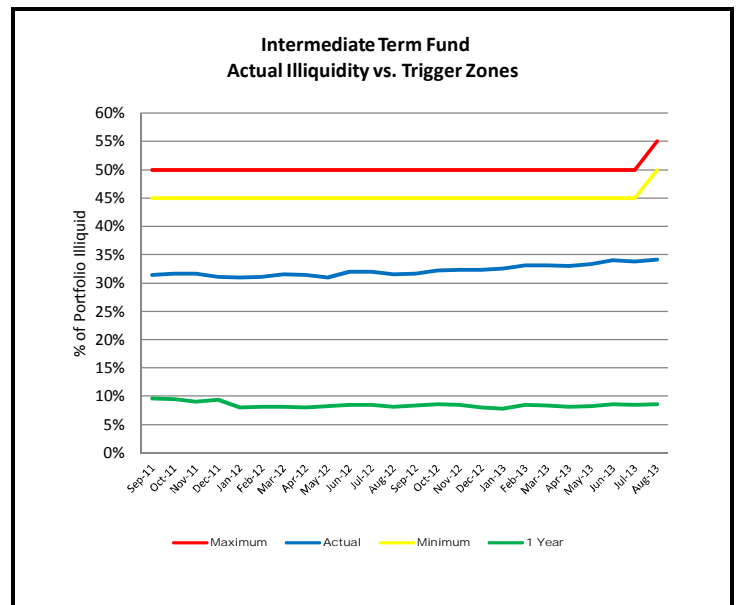
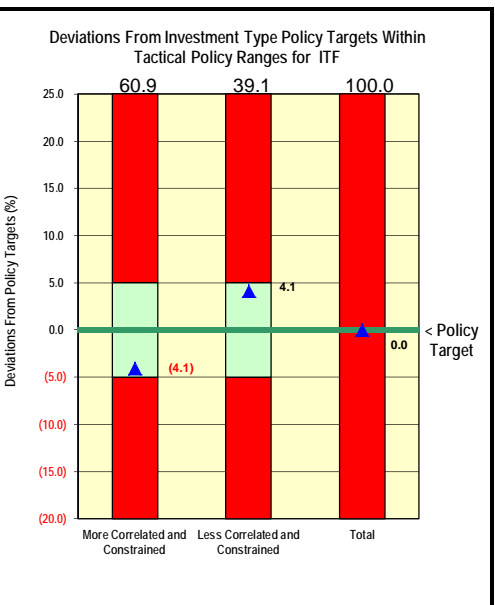
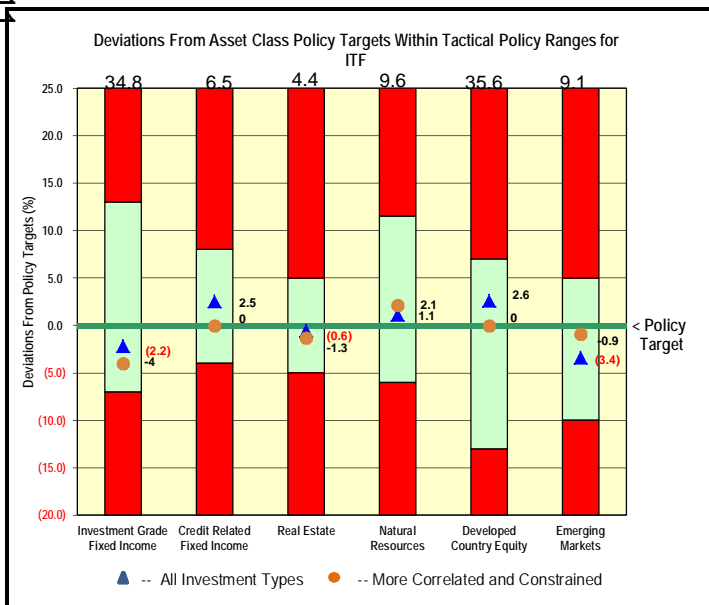


III. INTERMEDIATE TERM FUND Investment Reports for Periods Ended August 31, 2013

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2012	Quarter Ended August 31, 2013	Fiscal Year Ended August 31, 2013
Beginning Net Assets	\$ 4,662	\$ 5,414	\$ 4,893
Contributions	420	261	694
Withdrawals	(183)	(64)	(158)
Distributions	(142)	(41)	(158)
Investment Return (Net of Expenses)	136	(50)	249
Ending Net Assets	\$ 4,893	\$ 5,520	\$ 5,520

	Returns		Fiscal Year to Date		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	-1.60%	-3.43%	0.13%	0.63%	0.76%
Credit-Related	0.00%	0.00%	0.00%	0.00%	0.00%
Real Estate	4.62%	5.89%	-0.13%	-0.06%	-0.19%
Natural Resources	-8.41%	-3.46%	-0.43%	-0.38%	-0.81%
Developed Country	25.18%	17.63%	-0.25%	0.66%	0.41%
Emerging Markets	3.11%	0.54%	0.00%	0.20%	0.20%
Total More Correlated and Constrained	1.32%	0.87%	-0.68%	1.05%	0.37%
Less Correlated and Constrained	11.41%	6.12%	0.75%	1.21%	1.96%
Private Investments	0.00%	0.00%	0.00%	0.00%	0.00%
Total	5.03%	2.70%	0.07%	2.26%	2.33%



IV. SEPARATELY INVESTED ASSETS
Summary Investment Report at August 31, 2013
 Report prepared in accordance with *Texas Education Code Sec. 51.0032*

ASSET TYPES	(\$ thousands)															
	FUND TYPE															
	CURRENT PURPOSE DESIGNATED		RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		OPERATING FUNDS (DEBT PROCEEDS AND SHORT TERM FUND)		TOTAL	
	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Cash & Equivalents:																
Beginning value 05/31/13	-	-	3,334	3,334	38,945	38,945	1,482	1,482	1,866	1,866	45,627	45,627	1,977,955	1,977,955	2,023,582	2,023,582
Increase/(Decrease)	-	-	(1,612)	(1,612)	7,546	7,546	1,080	1,080	(1,191)	(1,191)	5,823	5,823	(44,542)	(44,542)	(38,719)	(38,719)
Ending value 08/31/13	-	-	1,722	1,722	46,491	46,491	2,562	2,562	675	675	51,450	51,450	1,933,413	1,933,413	1,984,863	1,984,863
Debt Securities:																
Beginning value 05/31/13	-	-	45	45	12,163	13,063	8,859	9,224	-	-	21,067	22,332	-	-	21,067	22,332
Increase/(Decrease)	-	-	13	12	67	(460)	(92)	(446)	-	-	(12)	(894)	-	-	(12)	(894)
Ending value 08/31/13	-	-	58	57	12,230	12,603	8,767	8,778	-	-	21,055	21,438	-	-	21,055	21,438
Equity Securities:																
Beginning value 05/31/13	1,161	4,750	12,496	12,491	36,334	40,223	13,700	15,300	-	-	63,691	72,764	-	-	63,691	72,764
Increase/(Decrease)	-	499	(11,000)	(10,624)	3,927	4,486	(1,166)	(1,615)	-	-	(8,239)	(7,254)	-	-	(8,239)	(7,254)
Ending value 08/31/13	1,161	5,249	1,496	1,867	40,261	44,709	12,534	13,685	-	-	55,452	65,510	-	-	55,452	65,510
Other:																
Beginning value 05/31/13	-	-	393	393	12	12	486	133	4,545	4,545	5,436	5,083	-	-	5,436	5,083
Increase/(Decrease)	-	-	4,854	4,854	(6)	(6)	7	-	132,501	132,501	137,356	137,349	-	-	137,356	137,349
Ending value 08/31/13	-	-	5,247	5,247	6	6	493	133	137,046	137,046	142,792	142,432	-	-	142,792	142,432
Total Assets:																
Beginning value 05/31/13	1,161	4,750	16,268	16,263	87,454	92,243	24,527	26,139	6,411	6,411	135,821	145,806	1,977,955	1,977,955	2,113,776	2,123,761
Increase/(Decrease)	-	499	(7,745)	(7,370)	11,534	11,566	(171)	(981)	131,310	131,310	134,928	135,024	(44,542)	(44,542)	90,386	90,482
Ending value 08/31/13	1,161	5,249	8,523	8,893	98,988	103,809	24,356	25,158	137,721	137,721	270,749	280,830	1,933,413	1,933,413	2,204,162	2,214,243

Details of individual assets by account furnished upon request.

4. U. T. System Board of Regents: Approval of revisions to the amended and restated University of Texas Investment Management Company (UTIMCO) Compensation Program

Upon recommendation of The University of Texas Investment Management Company (UTIMCO) Board of Directors, the Board approved revisions to Appendices C and D of the amended and restated UTIMCO Compensation Program effective September 1, 2012 (Plan), as set forth on Pages 15 - 16.

Revisions to Appendices C and D were approved by the UTIMCO Board on November 4, 2013. The revisions to the amended and restated Plan are to be effective as of September 1, 2013.

The Plan consists of two elements: base salary and an annual incentive plan. The UTIMCO Board has the discretion to interpret the Compensation Program and may from time to time adopt such rules and regulations that it may deem necessary to carry out the Compensation Program. The UTIMCO Board may also amend the Compensation Program.

The changes are as follows:

Appendix C, Table 1

Section 5.3.(a) of the Plan requires Table 1 to be revised, as necessary, for subsequent Performance Periods to set forth any changes or additions to the Eligible Positions, the weightings for the Eligible Positions, the Incentive Award Opportunities, and any Applicable Deferral Percentage for each Eligible Position for that Performance Period as soon as administratively practicable after confirmation of such Eligible Positions by the Board for such Performance Period and to be attached as Appendix C to the Plan. Appendix C includes amendments to reflect an additional Eligible Position, a description change for an Eligible Position, and increases to the Target Incentive Award Opportunities for certain Eligible Positions.

Appendix D, Table 2

Section 5.8.(b)(1) of the Plan requires Table 2 to be revised, as necessary, for subsequent Performance Periods to reflect new benchmarks, as well as threshold, target, and maximum performance standards in effect during the three-year rolling historical period, culminating with the subsequent Performance Period. Amendments to Appendix D include updating the Policy Portfolio Weights for the Total Endowment Assets and the Intermediate Term Fund (ITF) to be consistent with changes to the Investment Policy Statements previously approved by the U. T. System Board on August 22, 2013.

In addition, increases to the Target and Maximum Performance Standards are as follows:

Entity - Total Endowment Funds:	Target from 75 bps to 100 bps
	Maximum from 225 bps to 250 bps
Private Investments (excludes Real Estate):	Target from 100 bps to 150 bps
	Maximum from 350 bps to 450 bps
Private Investments Real Estate:	Target from 100 bps to 150 bps
	Maximum from 325 bps to 450 bps

Appendix C, Table 1
Eligible Positions, Weightings, Incentive Award Opportunities, and Percentage of Award Deferred for each Eligible Position
(for the Performance Periods Beginning After August 31, 2013)

Eligible Position	Weighting						Percentage	
	Entity	Asset Class/	Qualitative	Incentive Award Opportunity (% of Salary)				of Award Deferred
		Investment Type	(Individual)	< Threshold	Threshold	Target	Maximum	
<i>Investment Professionals</i>								
CEO & Chief Investment Officer	60%	0%	40%	0%	0%	125%	340%	50%
President & Deputy CIO	40%	40%	20%	0%	0%	115%	300%	50%
Managing Director - Investments	30%	40%	30%	0%	0%	100%	240%	40%
Managing Director - Private Investments	30%	30%	40%	0%	0%	100%	240%	40%
Senior Director - Investments	25%	35%	40%	0%	0%	70%	185%	35%
Senior Portfolio Manager	20%	40%	40%	0%	0%	70%	185%	35%
Senior Director - Risk Management	30%	0%	70%	0%	0%	55%	170%	35%
Portfolio Manager	20%	40%	40%	0%	0%	60%	170%	30%
Director - Investments	20%	40%	40%	0%	0%	60%	170%	30%
Director - Private Investments	20%	30%	50%	0%	0%	60%	170%	30%
Director - Risk Management	30%	0%	70%	0%	0%	50%	150%	30%
Senior Associate - Investments	15%	35%	50%	0%	0%	50%	150%	20%
Senior Associate - Private Investments	15%	25%	60%	0%	0%	50%	150%	20%
Senior Associate - Risk Management	30%	0%	70%	0%	0%	45%	140%	20%
Associate - Investments	15%	30%	55%	0%	0%	35%	135%	15%
Associate - Private Investments	15%	20%	65%	0%	0%	35%	135%	15%
Associate - Risk Management	30%	0%	70%	0%	0%	35%	120%	15%
Senior Analyst - Investments	10%	20%	70%	0%	0%	30%	100%	0%
Analyst - Investments	10%	20%	70%	0%	0%	25%	75%	0%
Analyst - Risk Management	30%	0%	70%	0%	0%	25%	75%	0%
<i>Operations/Support Professionals</i>								
Senior Managing Director	20%	0%	80%	0%	0%	65%	150%	40%
Chief Technology Officer	20%	0%	80%	0%	0%	55%	100%	30%
General Counsel & Chief Compliance Officer	0%	0%	100%	0%	0%	50%	120%	30%
Senior Manager	20%	0%	80%	0%	0%	50%	90%	25%
Manager	20%	0%	80%	0%	0%	50%	80%	25%
Investment Counsel	20%	0%	80%	0%	0%	40%	80%	25%
Senior Financial Analyst	20%	0%	80%	0%	0%	40%	60%	20%
IT Investment Associate	20%	0%	80%	0%	0%	35%	100%	20%

Secretary's Note: At the request of UTIMCO, an editorial amendment was made to the Target for the Portfolio Manager from 80% to 60%.

Appendix D, Table 2
Benchmarks for Entities and Asset/Class Investment Type
Threshold, Target, and Maximum Performance Standards
(9/1/13 through 8/31/14)

Asset Class/Investment Type	Benchmark	Policy Portfolio Weights		Performance Standards		
		Total Endowment	IIF	Threshold	Target	Maximum
		Assets				
(% of Portfolio)	(% of Portfolio)					
Entity: Benchmark (Total Endowment Funds)	Policy Portfolio	n/a	n/a	+0 bps	+100 bps	+250 bps
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+50 bps	+150 bps
Investment Grade Fixed Income	Barclays Capital Global Aggregate Index	7.5%	30.0%	+0 bps	+25 bps	+62.5 bps
Real Estate	FTSE EPRA/NAREIT Developed Index	2.5%	3.0%	+0 bps	+62.5 bps	+150 bps
Natural Resources	NET TRI USD					
	50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index	7.5%	7.0%	+0 bps	+62.5 bps	+150 bps
Developed Country Equity	MSCI World Index with net dividends	14.0%	9.0%	+0 bps	+62.5 bps	+150 bps
Emerging Markets Equity	MSCI Emerging Markets with net dividends	10.0%	6.0%	+0 bps	+62.5 bps	+150 bps
Hedge Funds (Less Correlated & Constrained Investments)	Hedge Fund Research Indices Fund of Funds Composite Index	30.0%	45.0%	+0 bps	+75 bps	+250 bps
Private Investments (excludes Real Estate)	Venture Economics Custom Index	23.3%	0%	+0 bps	+150 bps	+450 bps
Private Investments Real Estate	NACREIF Custom Index	5.2%	0%	+0 bps	+150 bps	+450 bps
Specific asset class benchmarks:						
Credit-Related Fixed Income	Barclays Capital Global High Yield Index			+0 bps	+37.5 bps	+100 bps
Internal Investment Grade Fixed Income	US Barclays Capital Aggregate			+0 bps	+25 bps	+50 bps

5. U. T. System Board of Regents: Approval of the Annual Budget for Fiscal Year 2014, including the capital expenditures budget, invoiced external investment manager fees, and other external direct charges to the Funds, and the Annual Fee and Allocation Schedule for The University of Texas Investment Management Company (UTIMCO)

Upon recommendation of The University of Texas Investment Management Company (UTIMCO) Board of Directors, the Board approved the Annual Budget for the fiscal year ending August 31, 2014, as set forth on Pages 18 - 19, which includes the capital expenditures budget and other external direct charges to the Funds, and the Annual Fee and Allocation Schedule as set forth on Page 20.

The Total Budgeted Costs consist of \$24.5 million for UTIMCO services, and \$7.7 million for external noninvestment 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. UTIMCO provides a comprehensive analysis annually to The University of Texas System Office of Finance of all fees paid to external investment managers. The Total Budgeted Costs were approved by the UTIMCO Board on November 4, 2013.

The Annual Fee and Allocation Schedule shows the allocation of the budgeted expenses among U. T. System funds in total. UTIMCO expenses are 8.4 bps of assets under management. The fees are to be paid quarterly.

The capital expenditures budget totaling \$1.0 million is included in the total Annual Budget.

UTIMCO projects that there will be no cash reserves available to be distributed back to the U. T. System funds per the Master Investment Management Services Agreement (IMSA) between the U. T. System Board of Regents and UTIMCO.

UTIMCO ANNUAL BUDGET

\$ in thousands	FY 2013		FY 2014
	Budget	Projected	Budget
Salaries, Benefits & Taxes	\$10,013	\$9,553	\$11,306
Incentive Compensation, excluding one-time events*	7,136	7,786	8,519
Total Compensation	17,149	17,339	19,825
Other Expenses	4,277	4,162	4,645
Total UTIMCO Excluding One-time Events	21,426	21,501	24,470
One-time Events*	2,700	4,179	-
Total UTIMCO	\$24,126	\$25,680	\$24,470
Other Investment-related Expenses Charged to the Funds	\$7,139	\$7,179	\$7,745
* <i>Deferred Compensation from 2012 and Retirement Vesting</i>			

Prepared by: UTIMCO
Date: November 4, 2013

\$ in thousands

Salaries, Benefits and Taxes

\$ Change

FY 2013 Projected

\$9,553

Increase due to:

Current Run Rate

\$9,851

New Positions

595

Promotions

175




Existing Staff

685

FY 2014 Budget

\$11,306

UTIMCO Management Fee and Direct Budgeted Investment Expenses
Annual Fee and Allocation Schedule
 For the fiscal year ending August 31, 2014

<u>Proposed Budget</u>	<u>Fund Name</u>						<u>Separate Funds</u>	<u>Total</u>
	PUF	PHF	LTF	GEF	ITF	STF		
<u>Market Value 2/28/13 (\$ millions)</u>	14,242	1,015	6,420	  7,435 ⁽¹⁾	5,243	1,626	653	29,199
<u>UTIMCO Management Fee</u>								
Dollars (thousands)	12,302	1,063	6,915		4,190			24,470
Basis Points	8.6	10.5	10.8	0	8.0	0	0	8.4
<u>Direct Expenses to the Fund</u>								
Dollars (thousands)	3,529	19	21	2,152	2,024			7,745
Basis Points	2.5	0.2	0.0	2.9	3.9	0	0	2.7

(1) Pooled Fund for the collective investment of the PHF and LTF

Prepared by: UTIMCO
 Date: November 4, 2013

6. U. T. System Board of Regents: Report on the Opportune LLP External Review and Assessment of University Lands and approval to increase the budget related to University Lands staff compensation, including an additional \$1,350,000 of Permanent University Funds

Executive Vice Chancellor Kelley and Mr. Jim Benson, Executive Director of University Lands, presented the Report on the Opportune LLP External Review and Assessment of University Lands and the recommendations from the University Lands Advisory Committee. (Their presentation is on file in the Office of the Board of Regents.)

The Board

- a. adopted a compensation plan for the Office of University Lands to be competitive in the Midland labor market;
- b. authorized the Office of University Lands to increase staffing levels by up to 10 additional full-time employees (FTEs) for specific value-added operations of lease forfeiture and lease termination;
- c. authorized an additional \$1,350,000 of Permanent University Funds (PUF) salary budget to implement the first two recommendations; and
- d. authorized the Chancellor to take any and all actions necessary to carry out the intentions of The University of Texas System Board of Regents.

In the first quarter of Fiscal Year 2013, the U. T. System Office of Business Affairs reviewed and summarized University Lands management and in particular, strategies that might increase the value of the PUF. In recent years, the PUF Lands have dramatically increased in value as a result of greater oil and gas production coupled with higher prices for oil and gas. Revenues from oil and gas royalties, lease bonuses, and other sources reached an all-time high of \$954 million in Fiscal Year 2012.

An analysis dated November 19, 2012, prepared by the Office of Business Affairs, concluded that the PUF Lands are worth approximately \$7.5 - \$8.0 billion. The PUF Lands are managed by the Office of University Lands, which is staffed by up to 44 professionals based in Midland, Texas. The conclusions of this first quarter review were that to increase the value of the PUF, the value of PUF Lands must be increased. The first step in that process was to conduct an organizational review of the Office of University Lands.

On January 18, 2013, a Request for Proposal (RFP) was issued to solicit respondents to analyze and make recommendations regarding current business practices and processes, additional functions that may add value, staffing levels and compensation, and to prepare a final report. Opportune LLP was awarded the contract effective April 29, 2013.

On July 10, 2013, Chairman Powell and Chancellor Cigarroa announced the appointment of the University Lands Advisory Committee to serve in an advisory role to the U. T. System Board of Regents, the Board for Lease of University Lands, and U. T. System Administration. The primary benefit of the Advisory Committee was to increase the level of expertise and to suggest value-added recommendations that may be employed in the management of the PUF Lands. The Advisory Committee was made up of industry leaders with expertise in oil and gas, real estate, and finance.

The University Lands Advisory Committee met on July 15, 2013, for a presentation and discussion about the findings made by Opportune during their review and assessment. The draft report was issued by Opportune LLP on August 29, 2013. A second meeting on October 3, 2013, allowed the Advisory Committee to review the Opportune draft reports and identify priorities. The Advisory Committee identified the following two priorities for immediate action:

1. Protect the core business by modifying the compensation plan to be competitive in the Midland, Texas, market. There are currently 10 vacant positions on University Lands staff; and
2. Fund additional staff for certain value-added functions including permit lease forfeiture and underperforming lease termination. There are slightly over 50,000 acres of undeveloped permit leases and approximately 130,000 acres of underperforming leases that would easily have an average market value of \$1,000/acre.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 23 - 31).--Committee Chairman Hicks reported that the Academic Affairs Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Academic Affairs Committee and approved in open session by the U. T. System Board of Regents.

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

There were no items referred from the Consent Agenda.

2. U. T. Pan American: Approval of acceptance of gift of outdoor art of a bronze statue

In accordance with Regents' *Rules and Regulations*, Rule 60101, Section 4.1, regarding outdoor works of art, the Board approved the acceptance of a gift of a bronze statue for The University of Texas-Pan American.

The statue depicts José de Escandón and will be gifted by Mr. John C. Cantu, a semiretired pharmacist, previously from the Rio Grande Valley, who is dedicated to providing higher education opportunities to students in South Texas. He has endowed scholarships at both U. T. Pan American and The University of Texas at Brownsville. The estimated cost of the statue and base is \$100,000.

José de Escandón is known as the Father of the Lower Rio Grande Valley, South Texas, and Northern Mexico. He was given the authority in both Mexico City and Spain to lead the seven expeditions to erect settlements in the State of Tamaulipas and South Texas, in the area between the Rio Grande and the Nueces Rivers. Between 1748 and 1755, he established the Seis Villas del Norte (Six Villas of the North).

The statue, which is not yet completed, will stand approximately eight feet tall and will be mounted on a granite base. Mr. Cantu will provide plaques for the monument that are similar to historical markers. The Seis Villas del Norte will be featured on six of the plaques. Another plaque will contain a map pinpointing the position of each of the Seis Villas del Norte settlements. On the principal plaque will be a brief narrative about José de Escandón composed by U. T. Pan American Professor Emeritus in Modern Language, Dr. Lino García.

Mr. Cantu plans to commission sculptor Roberto García, Jr., a former student and protégé of the late University of Texas at Austin Professor Emeritus, Dr. Charles Umlauf, to create the bronze statue. Mr. Cantu will contract with a third party for the granite base. The statue and granite base may collectively weigh five to seven tons. Once the sculptor is commissioned, the statue should be completed within approximately 12 months.

Installation costs are included in the estimated cost of the statue. There are no maintenance costs anticipated. The installation of this statue is within U. T. Pan American's Campus Master Plan.

3. U. T. Permian Basin: Approval of acceptance of gift of outdoor art of a bronze sculpture

The Board approved the acceptance of a gift of outdoor art of a bronze sculpture at The University of Texas of the Permian Basin in accordance with Regents' *Rules and Regulations*, Rule 60101, Section 4.1, regarding outdoor works of art.

The life-sized bronze sculpture is of a cowboy driving cattle to be gifted by Mr. Richard Gillham, a university supporter and local artist. Mr. Gillham coordinated the purchase of the gift with the support of the Odessa City Council, President Watts, and other private donors. The estimated cost of the sculpture is \$400,000.

The sculpture, which is not yet completed, will be approximately 100 feet in length and at the highest point, approximately 11 feet in height. Mr. Gillham requested the sculpture be placed on the southwest corner of the campus, which is presently undeveloped. Placement of this outdoor work of art is consistent with U. T. Permian Basin's Campus Master Plan.

The artist is renowned western sculptor, Mr. Terrell O'Brien. Mr. O'Brien is recognized as the 1984 Texas Cowboy Artist of the Year, and he has served as Past-President of the Texas Cowboy Artists Association and is a founding member of the National Western Artist Association.

Installation costs are included in the estimated cost of the sculpture. There are no maintenance costs anticipated.

4. U. T. Tyler: Approval to establish a Doctor of Pharmacy

Pursuant to Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, the Board granted approval to

- a. establish a Doctor of Pharmacy degree at The University of Texas at Tyler; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

The Doctor of Pharmacy program will be a four-year program that will include didactic course work in the classroom and an experiential component in actual pharmacy practice settings. The program meets all applicable Coordinating Board criteria for new doctoral degree programs.

Students will matriculate into the program with a minimum of 65 semester credit hours of preprofessional studies following a standard set of prerequisites. Upon successful completion of the program, students will have earned a minimum of 146 semester credit hours and will be eligible to graduate. The program is designed to prepare graduates to pass professional pharmacist licensure exams and become practicing pharmacists. U. T. Tyler plans to enroll 75 students in the first year and 100 students per year thereafter.

U. T. Tyler's Ben and Maytee Fisch College of Pharmacy will not duplicate existing programs, but will instead expand access to students and improve workforce conditions in East Texas by enabling local businesses to hire "homegrown" pharmacists who desire to stay in East Texas. In addition, a growing number of U. T. Tyler students express interest in attending the pharmacy school. U. T. Tyler is also working with area colleges and universities to develop relationships for recruiting undergraduate students to the program. The University plans to participate in the American Association of Colleges of Pharmacy (AACCP) Pharmacy College Application Service (PharmCAS) program, which will make the application to the U. T. Tyler pharmacy school available to all students applying to pharmacy school across the country.

U. T. Tyler will initially support the program with institutional funds. The debt will be paid back with tuition. The program will be self-supporting.

As a new program, U. T. Tyler will hire faculty to lead and administer the pharmacy school curriculum. By the time the Ben and Maytee Fisch College of Pharmacy is operating at full capacity, there will be one dean, two associate deans, two department chairs, one experiential director, and 27 faculty members for a total of 33 faculty and administrators.

U. T. Tyler plans to hire a total of seven administrative support staff members (including admissions staff), two experiential education coordinators, one information technology staff member, and two lab staff members to support faculty and students. These staff members will be hired as needed as the school grows in both students and faculty members.

Enrollment Projections

The table on the next page reflects a cohort model whereby students will matriculate in the fall semesters and graduate in four years. The projections for underrepresented students mirror University-wide data. Retention rates are high in pharmacy programs nationally, and accreditation status with the Accreditation Council for Pharmacy Education (ACPE) would be jeopardized by anything less than a 90% retention rate. Most attrition occurs during year one, and 5% is considered an acceptable rate by ACPE. Note that year three start date to enroll students is due to ACPE requirements.

	Year 1	Year 2	Year 3	Year 4	Year 5
New Students	0	0	75	100	100
Cumulative Headcount	0	0	75	171	266
Full-time Student Equivalent	0	0	75	171	266
Attrition	0	0	4	5	5
Graduates*					

*The inaugural class of students will graduate in Year 7.

Revenue and Expenses

Projected Enrollment	*5-Year Total
Number of Students Used for Formula Funding Calculation	0
Total Number of Students	266

Expenses	*5-Year Total
<i>Faculty</i>	
Salaries	\$7,120,000
Benefits**	\$2,136,150
<i>Graduate Students</i>	
TA Salaries	\$0
TA Benefits	\$0
GRA Salaries	\$0
GRA Benefits	\$0
<i>Staff and Administration</i>	
Graduate Coordinator Salary	\$0
Administrative Staff Salaries	\$4,485,000
Staff Benefits	\$1,345,500
SCC Operating Expenses	\$1,740,825
<i>Other Expenses</i>	
Accreditation	\$130,000
Utilities and Maintenance	\$612,500
Estimated Debt Service	\$5,416,374
Scholarships (Institutional)	\$2,465,127
Total Expenses	\$25,451,476

Revenue	*5-Year Total
<i>From Student Enrollment</i>	
Formula Funding	\$0
Tuition and Fees	\$17,152,000
<i>From Institutional Funds</i>	
Startup Funds	\$100,000
<i>From Grant Funds</i>	
Research Indirects	\$90,000
<i>From Other Revenue Sources</i>	
Philanthropy	\$2,750,000
Total Revenue	\$20,092,000

	6-Year Total	**7-Year Total
Revenue	\$32,061,790	\$45,083,716
Expenses	\$34,684,578	\$44,415,975

Notes: *No students enrolled during first two years' development period.

**Revenue exceeds expenses by Year 7.

5. U. T. System Board of Regents: Approval of \$3.23 million from the Available University Fund (AUF) to support the transition budget for the initial planning and development of the new University of Texas in South Texas

The Board authorized \$3.23 million from the Available University Fund (AUF) to support the transition budget for the initial planning and development of the new University of Texas in South Texas.

The \$3.23 million in the transition budget will support the expenditures of the new University of Texas in South Texas over the next 24 months in the following areas:

- Staffing (\$680,000) to directly assist The University of Texas System staff in South Texas with planning and development initiatives, which include a special advisor to the Executive Vice Chancellor for Academic Affairs, as well as several support staff to assist with logistics and project management.
- Professional services and outside expertise (\$1,750,000) needed to evaluate current resources and stimulate new academic, business, and organizational models to achieve the Guiding Principles approved by the U. T. System Board of Regents.
- Search consultants (\$550,000) for the Founding President of the new University, as well as the Founding Dean of the new medical school in South Texas.
- Travel (\$100,000) to support regional, state, and national site visits by faculty, staff, and university and System leadership to explore new educational models and ideas for the new University of Texas in South Texas.
- Convenings and discussions (\$100,000) by regional, state, national, and international experts as they relate to planning and developing a 21st century university to meet the needs of the Rio Grande Valley and achieve a global impact.
- Maintenance and operations (\$50,000) of temporary offices to assist in the South Texas transition efforts.

Creating a new University of Texas in South Texas to achieve the goals and Guiding Principles adopted by the Board of Regents on July 10, 2013, is a monumental task requiring many of hours of planning and development and the successful implementation of specific tasks. These challenges are even more formidable given the timing of the transition and the desire to enroll the inaugural class of first-year students into the new university by Fall 2015 and the inaugural class of medical students by Fall 2016.

To stay on task and achieve these transformational goals and objectives, an aggressive schedule of activities and efforts are underway in South Texas by U. T. System and university personnel to provide guidance and stimulate new ideas and recommendations for the new University of Texas in South Texas consistent with the Guiding Principles. Numerous teams and work groups comprised of hundreds of faculty, staff, students, university leadership, and U. T. System personnel have been created to provide options and recommendations for academic programs across the various disciplines, as well as options and recommendations for all academic and operational administration areas of the new university.

Thirteen academic program working groups have been formed and include faculty from The University of Texas at Brownsville and The University of Texas-Pan American in the broad areas of:

- Creative and performing arts
- Liberal arts and humanities
- Community and public service
- Social sciences
- Sciences and math
- Biomedical science
- Health professions
- Nursing
- Engineering, computer science, and technology
- Business
- Education
- Bicultural studies
- Transdisciplinary studies

Fourteen academic administration working groups have been formed and include faculty and staff from U. T. Brownsville and U. T. Pan American in areas of:

- Southern Association of Colleges and Schools (SACS) accreditation
- Graduate and international student enrollment
- Student engagement and experiential learning
- Academic policies
- Core curriculum
- Academic assessment
- Academic support services
- Library infrastructure and support services
- Research and sponsored projects
- International programs and global initiatives
- Distance education
- Faculty affairs and development
- Faculty governance
- Other accreditation activities

Fifteen operational administration working groups have been formed and include staff from U. T. Brownsville and U. T. Pan American, in areas including:

- Personnel policies and procedures
- Business processes
- Campus master planning, physical resources, and transportation
- Campus security
- Information technology (IT) processes, procedures, and infrastructure
- Enrollment management
- Student support services
- University advancement
- Athletics
- Auxiliary enterprises
- Compliance and audit requirements
- Business plan development
- Community engagement and outreach
- Change management
- Start-up activities

The U. T. System leadership and staff will provide guidance and support to these various working groups. Upon hiring the Founding Dean of the Medical School, additional work groups will be formed to fully integrate the medical school planning into the new university.

This budget does not include university resources from both U. T. Brownsville and U. T. Pan American that will be utilized during the transition process, as well as other resources that will be required to reengineer various information technology and business processes, in addition to aggressive marketing and outreach efforts that will be required at the regional, state, national, and international level.

6. U. T. Brownsville: Ratification of actions related to governance and operations of Texas Southmost College as a unit of U. T. Brownsville for purposes of compliance with governance accreditation principles of the Southern Association of Colleges and Schools (SACS)

The Board ratified actions related to governance and operations of Texas Southmost College (TSC) as a unit of The University of Texas at Brownsville for purposes of compliance with governance accreditation principles of the Southern Association of Colleges and Schools (SACS).

As affirmed by the Chairman of the TSC Board of Trustees to key officials of The University of Texas System, the TSC Trustees, as a unit of U. T. Brownsville, have acted on the following governance and operations matters related to the TSC according to State and federal regulations:

- a. Governance - giving authority to the TSC Board to hire personnel and approve overall policy for the College; and
- b. Operations - budget and approve expenditures of TSC.

U. T. Brownsville and TSC continue to be jointly accredited by SACS. Individual accreditation must be achieved in the near future so that they are not jointly accredited. SACS has advised that, until independent accreditation is granted to TSC, TSC must remain under the oversight of the U. T. System Board of Regents concerning governance and operations in general.

In June 1991, the U. T. System Board of Regents and the Board of Trustees of the Texas Southmost College District signed an Educational Partnership Agreement (authorized by *Texas Education Code* Section 51.661 et seq.) to efficiently and effectively deliver a spectrum of higher education services ranging from community college classes to advanced university degree programs to the residents of Brownsville and the Lower Rio Grande Valley. The agreement broadly obligates TSC to dedicate its tax revenues to the Partnership and provide facilities necessary to deliver higher education services. U. T. System, through U. T. Brownsville, is obligated to operate all academic and support services necessary to the U. T. Brownsville campus, including employment and management of all faculty and staff. Over the years, the broad Agreement was augmented with a series of interagency agreements to address specific operating issues. However, no omnibus comprehensive agreement was put in place to govern the parties' relationship.

In late 2009, near the 20-year anniversary of the Agreement, the parties began working together to create an enhanced operating agreement to specifically delineate duties and responsibilities. Both parties designated members of a working group. Over the next nine months, the UTB/TSC working group drafted a new, comprehensive operating agreement. In Fall 2010, the TSC Board of Trustees rejected the proposed operating agreement. On November 10, 2010, the U. T. System Board of Regents voted to terminate the Agreement. Without further action of the parties, termination is effective August 31, 2015, provided separation is not achieved at an earlier date.

From Spring 2011 until the present time, the parties have been working to establish a framework for transition and separation. With the passage of Senate Bill 1909 and the conclusion of the 82nd Legislative Session, Chancellor Cigarroa appointed a U. T. System executive transition team to plan for the transition and negotiate with TSC the terms and conditions of the separation.

7. U. T. System: Update on the Science and Technology Acquisition and Retention (STARs) program at the U. T. System academic institutions

This item was for consideration only by the Committee (see Committee Minutes).

8. U. T. System: Discussion on pathways to student success (Deferred)

This item was for consideration only by the Committee and was deferred (see Committee Minutes).

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE
(Pages 32 - 35).--Committee Chairman Stillwell reported that the Health Affairs Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Health Affairs Committee and approved in open session by the U. T. System Board of Regents.

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

There were no items referred from the Consent Agenda.

2. U. T. System: Report on the Science and Technology Acquisition and Retention (STARs) Program at the U. T. System health institutions

This item was for consideration only by the Committee (see Committee Minutes).

3. U. T. System: Approval of \$8.6 million from the Permanent University Fund (PUF) and \$900,000 from the Available University Fund (AUF) to be deployed over Fiscal Years 2014 and 2015 to support a new U. T. System Research Core Infrastructure, including implementation of a pilot project on a core to advance the study of proteomics across health institutions and the purchase of a U. T. Systemwide license for Research Core Management Software

The Board approved \$8.6 million from the Permanent University Fund (PUF) and \$900,000 from the Available University Fund (AUF) to be deployed over Fiscal Years 2014 and 2015 to support a new University of Texas System Research Core Infrastructure, including implementation of a pilot project on a core to advance the study of proteomics across U. T. System health institutions and the purchase of a U. T. Systemwide license for Research Core Management Software. Funds will be provided for technical support and capital purchases to implement this initiative.

Research cores are centralized, shared resources that provide access to instruments, technologies, services, and expert consultation to scientific investigators. Typically, billing, scheduling, and other business core activities are managed centrally. Federal and many private research funders are no longer willing to pay for research core operations or equipment purchases. The clear expectation is that competitive research universities must cover their core costs with local dollars, not through grants.

In 2012, the U. T. System completed a series of meetings, video conferences, and site visits across U. T. System institutions and with a team of external advisors from institutions with best-in-class core research facilities. Findings from this study laid the groundwork for the focused proposal: to test a new approach in which a research

core is designed to serve across U. T. System institutions that carry out health research, capitalized in part by U. T. System, and operated with the goal of providing a research service or technology to U. T. System researchers and students, resulting in: a) wide intra- or inter-institutional access to technology and expertise; b) efficiencies that assist cores to be self-supporting; c) increased likelihood that a core can offer selected free or reduced price services through economy of scale; d) diminished redundancy of instrumentation and expertise across institutions; e) enhanced user access; f) enhanced scope and quality of research; and g) high standards of practice and benchmarking for quality assurance. Importantly, a U. T. core facility would increase access to key technologies that can jump-start students at all levels and young researchers who are still in the process of gaining sustained research funding.

The availability of core research facilities is critical particularly to our research-intensive health institutions and is essential to their future competitiveness in research. This initiative will permit the creation of a pilot project for a core facility and a software platform to maximize efficiency of existing core facilities for the U. T. System health institutions. However, it is designed so that faculty at U. T. System academic institutions might make use of these resources. Further, an academic institution might partner with a health institution in implementation of the approach.

To be selected by a Request for Proposal (RFP) process open to all U. T. System institutions, an institution (or an institution consortium) will implement a core that serves U. T. System institutions likely based on supplementation and expansion of an already existing core infrastructure. The RFP will require an extensive business plan that addresses financial and operational sustainability. Based on the 2012 study, the first technology focus for a U. T. Core should be on proteomics (the large-scale, robotics-based study of proteins). Proteomics is arguably the next biggest advance in “omics,” and is increasingly used by large groups of U. T. System researchers drawn from across institutions and scientific fields.

In addition, funding is provided for a U. T. System license for Research Core Management Software. A number of vendor-based platforms are currently available in the United States. Such an investment will provide an avenue for identifying and utilizing to greatest efficiency all existing large- and medium-scale cores across institutions. For the investigator, real-time access to this virtual core “network” would mean knowing what equipment is available, at what time, for how much, and who will help in design and operation of the protocol to get the data needed. Selection of the vendor for Research Core Management Software will proceed by RFP process, advised by internal and external experts.

Funding for this initiative will be issued over a two-year time period, and evaluated by success in attaining high performance metrics, e.g., number of users serviced from campuses distant from the core, turnaround time for service, quality control parameters assuring reliability, low variability, precision, and the like. External review of core progress will occur annually.

BUDGET ACTIVITY	<u>FY 14</u>	<u>FY 15</u>
Capital	\$2,400,000	\$2,400,000
Operations	\$ 450,000	\$ 450,000
Online Software Platform	<u>\$1,900,000</u>	<u>\$1,900,000</u>
TOTALS	\$4,750,000	\$4,750,000

4. U. T. M. D. Anderson Cancer Center: Approval to a) contract with Epic Systems Corporation for the provision of electronic health record (EHR) software, implementation, and maintenance and support services; b) appropriate funds and authorize expenditure of \$60,716,900 from local Hospital Revenues for the initial term; and c) appropriate funds and authorize expenditure following the initial term for maintenance and subscription fees of approximately \$5,600,000 per year with a projected growth rate of 3% annually thereafter

On behalf of The University of Texas M. D. Anderson Cancer Center, the Board

- a. approved a contract with Epic Systems Corporation (Epic) for the provision of electronic health record (EHR) software, implementation, and maintenance and support services. The initial contract term will be for a period of 49 months. The maintenance portion of the agreement begins at the end of the 49 months and will be renewed annually until terminated by either or both parties as set forth in the agreement;
- b. appropriated funds and authorized expenditure of \$60,716,900 from local Hospital Revenues: \$58,155,627 for EHR software, implementation, and maintenance and support services and \$2,561,273 for perpetual software licenses for the initial 49 month term; and
- c. appropriated funds and authorized expenditure following the initial term for maintenance and subscription fees of approximately \$5,600,000 per year with a projected growth rate of 3% annually thereafter.

Modern, integrated electronic health record systems facilitate safe, effective, and efficient patient care and play a critical role in carrying out novel clinical research. U. T. M. D. Anderson Cancer Center seeks to implement the Epic EHR.

Since 2005, the Cancer Center has utilized ClinicStation as its electronic medical record. ClinicStation is a self-developed system that combines functionality built internally with approximately three dozen separate systems linked through a complex and difficult to maintain series of interfaces. The institution has invested approximately \$20 million annually in ClinicStation development. It is anticipated that continued development of ClinicStation in a manner that will keep pace with commercially available products, integrate all necessary systems, maintain compliance with federal requirements, and scale with the growth of the institution will prove to be increasingly difficult and cost prohibitive over the long term.

Following a thorough Request for Proposal (RFP) process, Epic was selected as the institution's EHR of choice. Epic is used widely across the nation and within The University Texas System. Epic is considered a best-in-class EHR that integrates core clinical systems (e.g., oncology, pharmacy, health information management), specialty systems (e.g., radiology, anesthesia), and front- and back-end access and revenue systems (e.g., scheduling, registration, billing, coding).

An EHR will enable U. T. M. D. Anderson Cancer Center to achieve multiple goals that align with its mission to provide exemplary, cutting-edge clinical care and advance cancer research. Beyond meeting federal mandates, an integrated EHR will facilitate enhanced patient care by reducing duplication and streamlining documentation, testing, and imaging; improving and strengthening data management, security, and accessibility for research purposes; accelerating and simplifying the revenue cycle; eliminating multiple stand-alone systems, each of which require specialized teams and support; and enabling the institution to achieve the highest Stage 7 in the Health Information and Management Systems Society Electronic Medical Record Adoption Model. Leveraging the knowledge and expertise of Epic will allow U. T. M. D. Anderson Cancer Center to focus on core competencies and transfer responsibility for system upgrades and maintenance to an established firm with a demonstrated history of success across the country.

(See related Consent Agenda Item 60 on Page 90.)

5. U. T. System: Quarterly report on health matters of interest to the U. T. System, including a discussion on patient safety

This item was for consideration only by the Committee (see Committee Minutes).

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 36 - 47).--Committee Chairman Cranberg reported that the Facilities Planning and Construction Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Facilities Planning and Construction Committee and approved in open session by the U. T. System Board of Regents.

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

There were no items referred from the Consent Agenda.

2. U. T. System: Fiscal Year 2013 Energy Utility Task Force Report

This item was for consideration only by the Committee (see Committee Minutes).

3. U. T. System: Update on Space Utilization Efficiency

This item was for consideration only by the Committee (see Committee Minutes).

4. U. T. System: Update on progress of the new University of Texas in South Texas Campus Master Plan Engagement

This item was for consideration only by the Committee (see Committee Minutes).

5. U. T. Austin: Tennis Center Replacement Facility - Amendment of the FY 2014-2019 Capital Improvement Program to include project (Preliminary Board approval)

The Board amended the Fiscal Year 2014-2019 Capital Improvement Program (CIP) to include the Tennis Center Replacement Facility project at The University of Texas at Austin as follows:

Project No.:	102-788	
Project Delivery Method:	Construction Manager-at-Risk	
Substantial Completion Date:	November 2014	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Auxiliary Enterprises Balances ¹	\$15,000,000

Funding Note: ¹ Auxiliary Enterprises Balances will be funded from a combination of operations revenues and trademark royalties

As a part of the Dell Medical School construction, the existing Penick-Allison Tennis Center located on Trinity Street is scheduled to be demolished in May 2014. This project will replace the Penick-Allison Tennis Center and allow the U. T. Athletics' Tennis Team to continue their programs while minimizing the cost of interim facilities. The replacement tennis center, to be located at B. M. Whitaker Field at 51st Street and Guadalupe Street, will encompass approximately 122,350 gross square feet to include 12 outdoor tennis courts, grandstand/bleachers, locker rooms, and support buildings.

This project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

6. U. T. San Antonio: Recreation Center Pool Reconstruction - Amendment of the FY 2014-2019 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; authorization of institutional management; and resolution regarding parity debt (Final Board approval)

The Board amended the Fiscal Year 2014-2019 Capital Improvement Program (CIP) to include the Recreation Center Pool Reconstruction project at The University of Texas at San Antonio as follows:

Project No.:	401-816	
Institutionally Managed:	Yes	
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date:	July 2015	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds ¹	\$3,650,000
	Auxiliary Enterprises Balances ²	<u>\$2,300,000</u>
		\$5,950,000

Funding Notes: ¹ Revenue Financing System debt will be repaid from existing student fees
² Auxiliary Enterprises Balances from existing student fees

- a. approve a total project cost of \$5,950,000 with funding of \$3,650,000 from Revenue Financing System Bond Proceeds and \$2,300,000 from Auxiliary Enterprises Balances;
- b. appropriate funds;
- c. authorize U. T. San Antonio to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts; and

- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
- parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. San Antonio, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$3,650,000.

Debt Service

The \$3,650,000 in Revenue Financing System (RFS) debt will be repaid from existing student fees. Annual debt service on the \$3,650,000 RFS debt is expected to be \$286,700. The institution's debt service coverage is expected to be at least 1.8 times and average 2.4 times over FY 2014-2019.

Project Description

The project will reconstruct the Recreation Center Pool which has not been functional since November 2011 due to performance issues related to soil conditions. The project will restore the functionality of the pool and will include an eight-lane lap pool, a recreation pool, a small wet classroom and changing building, and relocation of the sand volleyball courts. The site for the project is the location of the existing pool facility adjacent to the Recreation and Wellness Center on the Main Campus.

This repair and rehabilitation project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be approved by the President at a later date. It has been determined that this project would best be managed by the U. T. San Antonio Facility Management personnel who have the experience and capability to manage all aspects of the work.

7. U. T. Health Science Center - San Antonio: South Texas Medical Academic Building - Amendment of the FY 2014-2019 Capital Improvement Program to include project (Preliminary Board approval)

The Board amended the Fiscal Year 2014-2019 Capital Improvement Program (CIP) to include the South Texas Medical Academic Building project at The University of Texas Health Science Center at San Antonio as follows:

Project No.:	402-817	
Project Delivery Method:	Construction Manager-at-Risk	
Substantial Completion Date:	May 2016	
Total Project Cost:	<u>Source</u> Permanent University Fund Bond Proceeds (See Item 3 on Page 51 regarding allocation of funds)	<u>Current</u> \$54,000,000
Investment Metrics:	<ul style="list-style-type: none">• Promote access to health professional education to a diverse student body• Develop first-class medical school to improve the health of the community	

This project will advance the goal to expand medical education as outlined in the Framework for Advancing Excellence throughout The University of Texas System. The 88,000 gross square feet of space will be devoted to teaching facilities that promote faculty and student interaction at the earliest stages of medical school. There will be lecture halls that can be converted to smaller breakout rooms for multiprofessional education and simulated patient cases. There will be multiple small classrooms and seminar rooms for small group problem solving and “flipped classrooms.”

The building will include an auditorium; a digital library; a clinical skills center for sophisticated testing of students’ knowledge, skills, and values; preclinical M.D. labs; and an anatomy teaching facility. Consistent with accrediting body requirements, there will be a student lounge and study space. The building will make extensive use of online and distance learning as part of a region-wide Medical School interacting with and complementing facilities at Harlingen and Brownsville as well as supporting continuing professional education in the region. The plan is designed to complete the building in time to matriculate the first medical school class in the Summer/Fall 2016. The building will house core administrative facilities for the Dean’s Office and approximately 30 faculty members. It will be constructed on an area of The University of Texas-Pan American campus that is adjacent to the medical research building previously constructed as part of the Regional Academic Health Center (RAHC). Its location is consistent with the campus plan for creation of a medical/health professions education and research complex. The building will become part of the new university in South Texas when that University is established.

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

8. U. T. Arlington: Baseball and Softball Facility Improvements - Approval of design development; authorization of institutional management; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the Baseball and Softball Facility Improvements project at The University of Texas at Arlington as follows:

Project No.:	301-780	
Institutionally Managed:	Yes	
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date:	January 2015	
Total Project Cost:	<u>Source</u> Revenue Financing System Bond Proceeds ¹	<u>Current</u> \$5,500,000

Funding Note: ¹ Revenue Financing System debt will be repaid from auxiliary revenues

Investment Metrics: By 2015

- Enhance student athlete programs in baseball and softball
- Correct deficiencies and provide locker rooms and restrooms at both facilities

- a. approve design development plans;
- b. authorize U. T. Arlington to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts;
- c. appropriate funds and authorize expenditure of \$5,500,000 with funding from Revenue Financing System (RFS) Bond Proceeds; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and

- U. T. Arlington, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$5,500,000.

Debt Service

The \$5,500,000 in aggregate Revenue Financing System debt will be repaid from auxiliary revenues. Annual debt service on the \$5,500,000 Revenue Financing System debt is expected to be \$345,000. The project's debt service coverage is expected to be at least 2.2 times and average 2.7 times over FY 2014-2019.

Previous Board Action

On August 22, 2013, the project was included in the CIP with a total project cost of \$5,500,000 with funding from RFS Bond Proceeds.

Project Description

This project will construct fieldhouses for the Men's Baseball and Women's Softball programs and will include improvements to both the Clay Gould Ballpark and Allan Saxe Softball Field. The baseball field modifications will include partial replacement of bleachers, new dugouts, flagpoles, and miscellaneous stadium work. The softball field modifications will include new dugouts, field irrigation system replacement, bleacher improvements, a new sound system, branding and painting, netting, and miscellaneous small repairs and enhancements.

Currently, the baseball and softball locker rooms are housed off-site from the fields. The fieldhouses will provide on-site locker room and restroom facilities for the players, coaches, and umpires. Improvements will allow U. T. Arlington to recruit high-quality student athletes and coaches with first-class facilities that will pass Title IX expectations.

9. U. T. Permian Basin: Residence and Dining Hall - Amendment of the FY 2014-2019 Capital Improvement Program to increase total project cost; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the Residence and Dining Hall project at The University of Texas of the Permian Basin as follows:

Project No.: 501-555
 Project Delivery Method: Construction Manager-at-Risk
 Substantial Completion Date: July 2015

Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds ¹	\$32,500,000	\$35,750,000

Funding Notes: ¹ Revenue Financing System debt will be repaid from rental income

- Investment Metrics:
- Allow for the admission of at least 225 students from outside the Odessa/Midland area who would not otherwise be able to attend U. T. Permian Basin due to the housing shortage
 - Occupancy will increase the number of on-campus students by approximately 33% with related increases in tuition and fees, meal plan purchases, and bookstore sales
 - Allow highly qualified students to register under the \$10,000 degree Texas Science Scholar Program

- a. amend the Fiscal Year 2014-2019 Capital Improvement Program (CIP) to increase the total project cost from \$32,500,000 to \$35,750,000;
- b. approve design development plans;
- c. appropriate funds and authorize expenditure of \$35,750,000 with funding from Revenue Financing System (RFS) Bond Proceeds; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. Permian Basin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$35,750,000.

Debt Service

The \$35,750,000 in aggregate Revenue Financing System debt will be repaid from rental income. Annual debt service on the \$35,750,000 Revenue Financing System

debt is expected to be \$2.2 million. The debt service coverage for the institution's student housing projects collectively is expected to be at least 1.3 times and average 1.5 times over FY 2014-2019.

Previous Board Action

On May 9, 2013, the project was included in the CIP with a total project cost of \$32,500,000 with funding from RFS Bond Proceeds.

Project Description

The project, comprised of approximately 114,800 gross square feet, will provide a three-story dormitory building and dining services wing. The dining hall will serve approximately 750 people, seat 370 students, and include a main dining area as well as smaller private dining spaces suitable for faculty luncheons and other meetings. The dormitory will provide a total of 310 beds arranged in four-bedroom, two-bath suites, and two-bedroom, one-bath units. The Residence Hall will also include study rooms, lounges, and Resident Advisor units on each floor. Laundry facilities will be provided in the building.

U. T. Permian Basin currently provides approximately 714 beds. The Student Housing Phase VI project will add 198 beds and is scheduled for completion in August 2014, bringing the total number of on-campus beds for students to 912. The University projects a 100% occupancy rate in student housing and a waiting list for the 2015-2016 academic year. The current dining facility has exceeded capacity and is serving 400 meal plans in space designed to provide 140 seats to support 300 meal plans.

As a result of the continued oil and gas boom in the entire Permian Basin region, there continues to be an extreme shortage of off-campus housing that is suitable for students. This project will accommodate the growing number of requests for on-campus housing, as well as provide additional dining space for 96 students currently living in housing without full kitchens.

The growth areas and projections for August 2015 are as follows:

- the Petroleum Engineering program currently has 190 students and expects at least 100 more;
- the Nursing Program, which began in Fall 2013, has 20 students and will grow to at least 160 students; and
- students of the recently implemented \$10,000 degree Texas Science Scholar Program are required to live on campus. The program has room for 100 students each year.

10. U. T. Austin: Belo Center for New Media - Amendment of the FY 2014-2019 Capital Improvement Program to increase total project cost; and appropriation of funds and authorization of expenditure (Final Board approval)

The Board approved the recommendations for the Belo Center for New Media project at The University of Texas at Austin as follows:

Project No.:	102-041		
Project Delivery Method:	Construction Manager-at-Risk		
Substantial Completion Date:	November 2015		
Total Project Cost:	<u>Source:</u>	<u>Former</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds	\$30,094,000	\$30,094,000
	Gifts	\$17,956,000	\$22,956,000
	Unexpended Plant Funds ¹	\$10,120,000	\$15,120,000
	Designated Funds ²	<u>\$ 7,595,000</u>	<u>\$ 7,595,000</u>
		\$65,765,000	\$75,765,000

Funding Note: ¹ Unexpended Plant Funds from Designated Tuition
² Designated Funds from Designated Tuition

- a. amend the Fiscal Year 2014-2019 Capital Improvement Program (CIP) to increase the total project cost from \$65,765,000 to \$75,765,000; and
- b. appropriate and authorize expenditure of \$10,000,000 with funding of \$5,000,000 from Gifts and \$5,000,000 from Unexpended Plant Funds.

Previous Board Actions

- On November 11, 1999, the College of Communication Building project was included in the CIP with a total project cost of \$32,000,000 with funding from Gifts.
- With the adoption of the FY 2008-2013 CIP on August 23, 2007, the total project cost increased to \$45,000,000 with funding from Gifts.
- On February 7, 2008, the total project cost was increased to \$54,000,000 with funding from Gifts.
- On August 20, 2009, the Board approved design development and decreased the total project cost to \$50,660,000 with funding of \$14,542,000 from Gifts, \$6,024,000 from Unexpended Plant Funds, and \$30,094,000 from Revenue Financing System Bond Proceeds.
- On September 3, 2009, the Associate Vice Chancellor for Facilities Planning and Construction approved the redesignation of the project to the Belo Center for New Media.

- On September 17, 2010, the Chancellor approved an increase in the total project cost to \$52,110,000 with funding of \$16,481,000 from Gifts, \$5,535,000 from Unexpended Plant Funds, and \$30,094,000 from Revenue Financing System Bond Proceeds.
- On May 18, 2011, the Chancellor approved an increase in the total project cost to \$55,725,000 with funding of \$17,956,000 from Gifts, \$7,675,000 from Unexpended Plant Funds, and \$30,094,000 from Revenue Financing System Bond Proceeds.
- On August 25, 2011, the Board approved an increase in the total project cost to \$62,270,000 with additional funding of \$2,445,000 from Unexpended Plant Funds and \$4,100,000 from Designated Funds.
- On November 22, 2011, the Chancellor approved an increase in the total project cost to \$62,470,000 with additional funding of \$200,000 from Designated Funds.
- On July 16, 2012, the Chancellor approved an increase in the total project cost to \$64,895,000 with additional funding of \$2,425,000 from Designated Funds.
- On October 12, 2012, the Chancellor approved an increase in the total project cost to \$65,095,000 with additional funding of \$200,000 from Designated Funds.
- On January 18, 2013, the Chancellor approved an increase in the total project cost to \$65,765,000 with additional funding of \$670,000 from Designated Funds.

Project Description

The increase in funding will be used to construct a pedestrian bridge to connect the recently completed Belo Center for New Media with the two Jesse H. Jones Communication Center buildings A (CMA) and B (CMB), which make up the primary complex of the College of Communication. The additional scope will refurbish the second floor of CMA and repurpose the studio areas on the fourth floor of CMB by building two 75-student lecture classrooms, a small conference facility, and research space. Additional general upgrades to the CMA will include the fourth floor main elevator lobby and circulation lighting as well as replacement of high bay studio lighting systems.

Upon completion of this project, CMA will be completely refurbished and 80% of CMB will be refurbished (the remaining 20% of CMB is presently occupied by KLRU-TV), bringing the buildings to modern collegial standards to create parity of educational facilities between the new building and the original buildings of the college.

The original scope of work created approximately 120,000 gross square feet (GSF) of state-of-the-art facilities to enable teaching, learning, and research to cross traditional boundaries and to create new forms of communication and collaboration that include multiuse classrooms, research labs, performance production and broadcast studios, public forum spaces, and offices. The project included approximately 20,000 GSF of shelled space for future use by KUT Radio for multimedia production, studios, and office and community space with an emphasis on audio services, including specialized studio, performance, and digital networking facilities. Additional work included the finish out of the KUT shell space and renovation of spaces vacated by the College of Communication following occupancy of the Belo Center for New Media. The renovation included targeted areas within the CMA and CMB, originally completed in 1974 to serve 1,000 students. Currently, the College of Communication serves more than 4,600 students, as well as 125 faculty and 140 staff.

11. U. T. Austin: FY11 Fire Life Safety and ITS Renovations - Amendment of the FY 2014-2019 Capital Improvement Program to increase total project cost; and appropriation of funds and authorization of expenditure (Final Board approval)

The Board approved the recommendations for the FY11 Fire Life Safety and ITS Renovations project at The University of Texas at Austin as follows:

Project No.: 102-628
 Project Delivery Method: Design-Build
 Substantial Completion Date: November 2014

Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Permanent University Fund Bonds ¹	\$ 9,953,428	\$11,271,428
	Available University Funds	\$ 3,000,000	\$ 3,342,000
	Designated Funds ²	<u>\$ 246,572</u>	<u>\$ 686,572</u>
		\$13,200,000	\$15,300,000

Funding Notes: ¹ Additional funds of \$1,150,000 from PUF Fire Life Safety Project No. 102-646, and \$168,000 from PUF Library, Equipment, Repair and Rehabilitation (LERR) Project No. 102-795
² Designated Funds from Designated Tuition

- a. amend the FY 2014-2019 Capital Improvement Program (CIP) to increase the total project cost from \$13,200,000 to \$15,300,000; and
- b. appropriate and authorize expenditure of an additional \$2,100,000 with funding of \$1,318,000 from Permanent University Fund (PUF) Bond Proceeds, \$342,000 from Available University Funds, and \$440,000 from Designated Funds.

Previous Board Actions

On May 12, 2011, the FY11 Fire Life Safety and ITS Renovations project was included in the CIP from previously awarded PUF Bond Proceeds. On November 22, 2011, the Chancellor approved an increase in the total project cost to \$13,200,000 with additional funding of \$1,200,000 from PUF. On August 19, 2013, the Chancellor approved design development plans.

Project Description

The original project consolidated funding from several fire and life safety projects to increase efficiencies, consolidate construction, and result in better planning and coordination of activities across four facilities: Main Building, Parlin Hall, Calhoun Hall, and Homer Rainey Hall. The project will install fire sprinklers in all four facilities and entail ancillary work such as minor hazardous material abatement, new acoustic ceilings, and in some cases, the replacement of the existing heating, ventilation, and air conditioning (HVAC) ceiling grilles, and overhead lights. Additional work in the Main Building will consist of upgrading a nonfunctional pressurization system in two stairways as well as renovation of the telecommunication spaces, pathways, and cabling to meet modern standards.

The increase in total project cost will fund the replacement of the existing fire alarms with an Emergency Communications System, allow for information technology services upgrades in the Main Building, and fund the upgrade of fire alarms in Parlin Hall, Calhoun Hall, and Homer Rainey Hall. Combining this additional scope of work into the existing project will allow the departments to efficiently and expeditiously meet objectives.

REPORT OF THE TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE
(Page 48).--Committee Chairman Hall stated there were no items from the Technology Transfer and Research Committee to report in open session.

1. U. T. System: Update on the U. T. Horizon Fund portfolio

This item was for consideration only by the Committee (see Committee Minutes).

2. U. T. System: Report on Technology Commercialization Metrics for Fiscal Year 2012

This item was for consideration only by the Committee (see Committee Minutes).

3. U. T. System: Report on the recent Texas FreshAIR (Academia-Industry Roundtable) meeting

This item was for consideration only by the Committee (see Committee Minutes).

4. U. T. Brownsville: Report on the status of the Center for Advanced Radio Astronomy (CARA) and South Texas Spacecraft Tracking and Astronomical Research into Gigahertz Astrophysical Transient Emission (STARGATE)

This item was for consideration only by the Committee (see Committee Minutes).

REMARKS BY CHAIRMAN

Following approval of Standing Committee recommendations, Chairman Foster made the following remarks.

He publicly extended the Board's congratulations to Thomas C. Südhof, M.D., on his selection as a recipient of the 2013 Nobel Prize in Physiology or Medicine for discoveries regarding cell transport systems. Dr. Südhof worked for 25 years at The University of Texas Southwestern Medical Center.

Chairman Foster noted that on November 8, 2013, University of Texas System employees participated Systemwide in events to celebrate U. T. System Recognition Day for the first time. The Board had designated the second Friday of November to promote a spirit of loyalty and pride throughout the U. T. System.

Chairman Foster also commented on the recent death of Dr. Charles Sorber who had served as President at The University of Texas of the Permian Basin from 1993 to 2001 and then as Interim President of both The University of Texas at Arlington and The University of Texas-Pan American. Dr. Sorber was the former Dean of Engineering at the University of Pittsburg and held a number of positions at The University of Texas at Austin, including Associate Dean of Engineering. He worked at The University of Texas System Administration as Interim Vice Chancellor for Special Engineering Programs and as the System's Special Engineering Advisor to coordinate U. T.'s bid to manage the Los Alamos National Laboratory.

AGENDA ITEMS

1. U. T. System Board of Regents: Approval of Consent Agenda items with deferral of Item 19, related to a contract between U. T. Austin and Workday for \$30 million to provide a cloud-based, enterprise resource planning system

Chairman Foster noted the following related to the Consent Agenda:

- Item 1 related to the appointment of Regent Hildebrand and reappointment of Mr. James P. Wilson, Vice Chairman Hicks, and Mr. Charles W. Tate to the Audit and Ethics Committee of The University of Texas Investment Management Company (UTIMCO) Board of Directors. Vice Chairman Hicks and Regent Hildebrand abstained from discussion and vote on this item.
- Regent Hildebrand also abstained from discussion and vote on the following contracts because of stockholdings. Legal counsel found no conflict of interest related to these contracts.
 - Item 6 concerning a contract with Aon Fire Protection
 - Item 20 regarding a contract with Praxair
 - Item 61 concerning a contract with Cognizant Technologies Solutions

- Two significant contracts:
 - Item 19 concerning a proposed contract between The University of Texas at Austin and Workday for \$30 million to provide a cloud-based, enterprise resource planning system. This item was deferred for consideration at a future Board meeting.
 - Item 60 concerning a contract between The University of Texas M. D. Anderson Cancer Center and Encore Health Resources for approximately \$48 million to provide professional information technology (IT) resources for ongoing support of the institution's electronic medical records system.

The Board then approved the Consent Agenda except for Item 19 related to the proposed U. T. Austin contract with Workday. The Consent Agenda is set forth on Pages 60 - 92.

In approving the Consent Agenda, the Board expressly authorized that any contracts or other documents or instruments approved therein may be executed by the appropriate officials of the respective U. T. System institution involved.

2. U. T. System Board of Regents: Appointment of Regent Stillwell to the Board of Directors of The University of Texas Investment Management Company (UTIMCO)

Regent Stillwell was appointed to the Board of Directors of The University of Texas Investment Management Company (UTIMCO) to replace Regent Cranberg.

Texas Education Code Section 66.08 and Regents' *Rules and Regulations*, Rule 10402, Section 4 require that the U. T. System Board of Regents appoint seven members to the UTIMCO Board of Directors of whom three must be members of the Board of Regents, three must have a substantial background and expertise in investments, and one must be a qualified individual who may be the Chancellor.

The appointment of Regent Alex Cranberg to the UTIMCO Board of Directors was approved by the U. T. Board on September 12, 2013. Regent Cranberg subsequently asked that the Chairman recommend a substitute appointment and note that he did not begin active service as a UTIMCO director.

3. U. T. System: Allocation of \$265.6 million of Permanent University Fund Debt Proceeds for capital projects

- U. T. South Texas Project: Academic Campuses
- U. T. Health Science Center - San Antonio: South Texas Medical Academic Building
- U. T. Southwestern Medical Center: West Campus – Phase 1
- U. T. Austin: Texas Advanced Computing Center
- U. T. Arlington: Arlington Data Center
- U. T. M. D. Anderson Cancer Center: Houston Data Center

In presenting the proposal, Chancellor Cigarroa noted that this would be the first time in the history of The University of Texas System that the Board would allocate Permanent University Funds (PUF) to the Pan American campus, the Brownsville campus, and to the establishment of an academic building for the region-wide School of Medicine in the Rio Grande Valley.

U. T. South Texas Project: Academic Campuses	\$142,000,000
U. T. Health Science Center - San Antonio: South Texas Medical Academic Building	54,000,000
U. T. Southwestern Medical Center: West Campus – Phase 1	50,000,000
U. T. Austin: Texas Advanced Computing Center	10,000,000
U. T. Arlington: Arlington Regional Data Center	6,500,000
U. T. M. D. Anderson Cancer Center: Houston Data Center	<u>3,100,000</u>
	\$265,600,000

U. T. South Texas Project - Academic Campuses: \$142 million

Of the PUF allocation for The University of Texas South Texas Project, \$70 million will be used for a new science building in Hidalgo County, to be built on the existing University of Texas-Pan American campus, for the benefit of the new university in South Texas. The facility will serve students throughout the region. This allocation will fund a portion of the costs to construct approximately 120,000 additional net assignable square feet to support various science, technology, engineering, and mathematics (STEM) disciplines, including biology, physics, chemistry, math, pre-med, and environmental studies.

The facility will provide instructional and research lab and classroom space to increase instruction efficiency and to enhance the educational opportunities for all students of the new U. T. System institution.

The building will be constructed with new learning technologies enabling students to benefit through the use of interactive technology regardless of their physical location. The project will be developed collaboratively with faculty from both U. T. Pan American and The University of Texas at Brownsville and will focus on technology linking the campuses so that instruction may be delivered simultaneously to students at either campus.

A total of \$72 million in PUF allocations for the Cameron County campus of the new university in South Texas will be utilized for capital improvements and for costs to the U. T. System associated with the acquisition of facilities from Texas Southmost College (TSC) resulting from the recent separation.

Of the PUF allocations for the Cameron County campus, \$54 million will be used to fund an academic building comprising approximately 140,000 gross square feet (GSF). The development of the Cameron County campus is greatly needed to accommodate the anticipated number of students, which will include existing students of U. T. Brownsville, who by statute are entitled to admission to the new university. As a result of the U. T. Brownsville/TSC separation, the U. T. Brownsville campus has space to accommodate only 3,400 students, and with its current enrollment over 8,600, the campus has leased space to manage the deficit. Construction of this new academic building will begin to alleviate the need for leased classroom space.

As with the allocation of funding for the new science building to be built on the existing U. T. Pan American campus, this academic facility for the new university will also be constructed to adapt to the new learning realities and serving students at two campuses.

The remaining \$18 million will be used to pay for a portion of the costs to the U. T. System associated with the acquisition of land and facilities for the Cameron County campus of the new University of Texas in South Texas related to the separation from TSC, as approved by the Board of Regents on July 10, 2013.

The Office of Academic Affairs will work collaboratively with the Office of Facilities Planning and Construction before the design and development recommendations are brought to the Board for approval. Once a Campus Master Plan has been created for the new university in South Texas, one of the initial tasks of the successful firm will be the development of a coordinated and integrated plan for use of technology to bridge learning opportunities for students whether they are at the Hidalgo County or Cameron County campuses of the new university.

These facilities will be built with new learning technologies so that students can take courses from the faculties of both campuses through the use of interactive technology. For example, the instruction in physics may come from the Cameron County campus to all students. On the other hand, instruction in chemistry may come from the Hidalgo County campus to all students.

Moreover, the Offices of Academic Affairs and Facilities Planning and Construction will be very much involved in these projects before the design and development for both buildings are brought to the Board for approval. Once a Campus Master Plan for the development of the University of Texas in South Texas is created, one of the initial tasks of the successful firm will be the development of a coordinated and integrated plan to use technology for these two new facilities at the Hidalgo County and Cameron County campuses of the new university in South Texas.

U. T. Health Science Center - San Antonio - South Texas Medical Academic Building: \$54,000,000 (See Item 7 of the Facilities Planning and Construction Committee)

This project will advance the goal to expand medical education as outlined in the Framework for Advancing Excellence throughout the U. T. System.

The 88,000 GSF of space will be devoted to teaching facilities that promote faculty and student interaction at the earliest stages of medical school. There will be lecture halls that can be converted to smaller breakout rooms for multiprofessional education and simulated patient cases. There will be multiple small classrooms and seminar rooms for small group problem solving and “flipped classrooms.”

The building will include an auditorium, digital library, clinical skills center for sophisticated testing of students’ knowledge, skills, and values, preclinical M.D. labs, and an anatomy teaching facility. Consistent with accrediting body requirements, there will be a student lounge and study space. The building will make extensive use of online and distance learning as part of a region-wide Medical School interacting with and complementing facilities at Harlingen and Brownsville as well as supporting continuing professional education in the region. The plan is designed to complete the building in time to matriculate the first medical school class in the Summer/ Fall 2016.

The building will house core administrative facilities for the Dean’s Office and approximately 30 faculty members. It will be constructed on an area of the U. T. Pan American campus that is adjacent to the medical research building previously constructed as part of the Regional Academic Health Center (RAHC). Its location is consistent with the campus plan for creation of a medical/health professions education and research complex. The building will become part of the new university in South Texas when that University is established.

U. T. Southwestern Medical Center - West Campus – Phase 1: \$50,000,000

The \$50 million PUF allocation for The University of Texas Southwestern Medical Center will be used to fund a portion of the West Campus – Phase 1 project. As part of U. T. Southwestern’s journey to a Top Ten comprehensive academic medical center, the West Campus – Phase 1 project will provide a unique opportunity to develop innovative educational space and expanded clinical programs and services.

The project will include the construction of an 11-story, 275,000 GSF building -- 137,500 GSF for academic space, including multidisciplinary education space for all health professions and a high-tech simulation center, training/meeting rooms and faculty offices; and 137,500 GSF for outpatient clinic expansion for faculty practice. The building will bring academic space and faculty offices in close proximity to existing ambulatory and inpatient services.

Also, Phase 1 will include demolition of St. Paul Hospital, a new central utility plant, and parking as the first step in a 20-year reinvestment plan on the West Campus site.

Recent reports from the Texas Higher Education Coordinating Board indicate that U. T. Southwestern has one of the largest space deficits of any health-related institution, and this project represents a critical investment in the institution's core academic and education mission and interface with the health care system.

The \$50 million in PUF represents less than 30% of the estimated \$187 million total project cost for Phase 1. Remaining funds will come from Revenue Financing System bonds, institutional funds, and philanthropy.

U. T. Austin - Texas Advanced Computing Center (TACC): \$10,000,000

The \$10 million PUF allocation for U. T. Austin will be used to design and construct an annex to the current Texas Advanced Computing Center (TACC) building. The PUF funding will match and be contingent upon a challenge grant of \$10 million that has been offered to U. T. Austin.

The TACC has grown to become one of the leading supercomputing centers supporting open scientific research in the world. TACC supports over 1,000 research projects at U. T. Austin, throughout the U. T. System, and across the nation. It has attracted over \$200 million in federal grants and vendor contributions, and has enabled the faculty and researchers at U. T. Austin and other U. T. System institutions to leverage TACC resources and expertise to execute research projects of even greater total funding.

TACC has brought great prestige to U. T. Austin, helping to recruit some of the highest profile faculty and researchers in recent years. TACC's support of research throughout the U. T. System is increasing significantly, with plans for a larger follow-on program to the U. T. Research Cyberinfrastructure (UTRC) project that would greatly expand the impact over the next several years. The area of greatest growth and impact for TACC technologies and expertise is likely to be at the health institutions, as biomedical research, and even clinical and health care programs, embrace advanced computing technologies to design more effective drugs, to develop more successful treatments, and to deliver improved health care.

However, TACC's ability to compete for and secure external funding, and to help more faculty and researchers at U. T. Austin and throughout the U. T. System attract more funding, will be limited by its existing space and facilities. TACC will exhaust its capacity for hiring additional researchers by 2014. Without this space, TACC cannot pursue external funding opportunities requiring additional staff. TACC has already been forced to reclaim space intended for students, thus preventing the pursuit of large educational programs such as the NSF's "Research Experience for Undergraduates" (REU) center proposals. TACC also has to reject all requests for visiting faculty/researchers to have sabbaticals at TACC; the implications of this are missed opportunities for collaborative proposals, as well as for potential future hires.

Ideally, TACC would add offices for 30-40 more staff and up to 10 visitors, and would add 20-30 student spaces, as well as at least two more conference rooms.

Regional Data Centers: \$9,600,000

The \$9.6 million PUF allocation will be used to provide capital support for regional data centers. Of the total, \$6.5 million will be used to purchase and install two additional diesel generators, an additional commercial power feed, and electrical distribution and switching to provide Tier III capabilities for the Arlington Regional Data Center. The remaining \$3.1 million will be used to fund design and construction services to upgrade the generator controllers and install new emergency parallel switch gear, automatic transfer switches, distribution boards and a Power Control Monitoring System at the Houston Data Center. As part of the project, the CenterPoint Energy transformers will be elevated above the 500-year floodplain.

4. **U. T. Austin: Allocation of \$2 million of Available University Funds (AUF) for the Texas Advanced Computing Center (TACC)**

The Board allocated \$2 million of Available University Funds (AUF) for the Texas Advanced Computing Center (TACC) at The University of Texas at Austin. With computing and storage becoming increasingly important to science and engineering and to the medical research within the new U. T. medical schools at Austin and in South Texas, the allocated funding will provide continuation of support for TACC staff dedicated to the U. T. Research Cyberinfrastructure (UTRC).

[(See Item 3 above regarding an allocation of Permanent University Funds (PUF) for the TACC.)]

The TACC has been integral to the development of advanced computing and storage initiatives that are part of the UTRC. TACC has established powerful services for researchers at all University of Texas System institutions, enabled by the Lonestar supercomputing system and the Corral storage system (with full replication of the Corral system at The University of Texas at Arlington).

Researchers at U. T. System institutions have already used 20 million cycle-hours of computing time on Lonestar in 2013, and there are 130 projects using storage on the Corral storage system. These facilities have enabled over 100 publications of new discoveries.

The dedicated funds will support TACC personnel to carry out the following components:

- 1) Continuation of the successful 'Bring Your Own Code & Data' workshops at U. T. System institutions, which provide detailed training in advance computing and large scale data projects.
- 2) Focused collaborative support for major research projects in partnership with the National Science Fund supported eXtreme Science & Engineering Discovery Environment (XSEDE) project, in which computational and data experts partner with leading research teams to accelerate usage of advanced resources leading to new discoveries.
- 3) Further implementation of services on the compute and storage platforms, including a focus on security and federal compliance standards that will allow storage and analysis of health care data. These platforms will serve the new medical schools at U. T. Austin and in South Texas. Computing cloud interfaces will be advanced, as will remote visualization of large data sets.
- 4) Introduction of new capabilities to the UTRC through multiple new systems that complement Lonestar and Corral.

5. U. T. System: Approval to appropriate \$1 million for the U. T. System Research Incentive Program for the Comprehensive Universities

The Board appropriated \$ 1 million of Permanent University Fund (PUF) Bond Proceeds to provide funding for The University of Texas System Research Incentive Program for the Comprehensive Universities to build and enhance research infrastructure at the four Comprehensive Universities of the U. T. System:

- The University of Texas at Brownsville
- The University of Texas-Pan American
- The University of Texas of the Permian Basin
- The University of Texas at Tyler.

If U. T. Brownsville and/or U. T. Pan American are merged, reorganized, consolidated or replaced by statute or otherwise, then the U. T. System Research Incentive Program for the Comprehensive Universities will be applied for the use and benefit of the successor entity resulting from such merger, reorganization, consolidation or replacement, in place of U. T. Brownsville and/or U. T. Pan American.

The U. T. System Research Incentive Program for the Comprehensive Universities will provide one-time matching funds to assist the U. T. System Comprehensive Universities identified above in leveraging private gifts for the enhancement of research productivity and faculty recruitment. In accordance with the Texas Constitution, PUF Bond Proceeds may only be used to fund capital and equipment items related to the educational mission of the U. T. System and its institutions.

The gifts will be matched using the following criteria:

- Gifts of \$25,000 to \$99,999 from a single source will be matched at 20% (creating a matching gift possibility ranging from \$5,000 to \$19,999.80)
- Gifts of \$100,000 to \$249,999 from a single source will be matched at 30% (creating a matching gift possibility ranging from \$30,000 to \$74,999.70)
- Gifts of \$250,000 or greater from a single source will be matched at 50%, but no gift amount will be matched with more than \$250,000

The U. T. System Administration will assist the eligible U. T. System institutions to record and accept the gifts. The program will begin on November 15, 2013, and will last for 12 calendar months or until all funds are awarded, whichever comes first.

Following the successful results of the Texas Research Incentive Program (TRIP) created by the 81st Legislature and the U. T. System Research Incentive Program (UTrip), authorized by the U. T. System Board of Regents on October 12, 2009, to benefit the four emerging research institutions as designated by the Texas Higher Education Coordinating Board (The University of Texas at Arlington, The University of Texas at Dallas, The University of Texas at El Paso, and The University of Texas at San Antonio), U. T. System proposed a similar program to stimulate research-oriented, transformational gifts to the U. T. System's four Comprehensive Universities (U. T. Brownsville, U. T. Pan American, U. T. Permian Basin and U. T. Tyler).

Specifically, the U. T. System Research Incentive Program for the Comprehensive Universities will provide one-time matching funds to assist the U. T. System Comprehensive Universities to utilize private gifts for the enhancement of research productivity and faculty recruitment. U. T. System matching funds will be provided through the PUF for private gifts designated for research-oriented purposes.

The U. T. System Research Incentive Program for the Comprehensive Universities will complement the \$30,000,000 approved thus far by the Board for the U. T. System Research Incentive Program, as well as the August 20, 2009, Board approval of \$30,000,000 of PUF funds for the Science and Technology

Acquisition and Retention (STARs) program, \$5,000,000 in Available University Fund (AUF) appropriations for recruitment at U. T. Austin, and \$6,132,554 of AUF funds in U. T. Systemwide Microsoft license renewal costs, all aimed at hiring outstanding faculty necessary to elevate the platform of academic and research excellence across the U. T. System.

A qualifying gift is defined as all cash, cash equivalents, marketable securities, closely held securities, money market holdings, partnership interests, minerals, and life insurance proceeds designated for research purposes, and includes gifts with a payment period of up to two years. Additional gifts can be new personal or real property originally donated for research purposes that can be converted to cash.

The U. T. System Research Incentive Program for the Comprehensive Universities will be administered through the U. T. System Office of External Relations and the Office of Academic Affairs. A gift will be certified as of the date it is deposited by the institution in a depository bank or invested by the institution. A noncash gift will be certified on the date it is converted to cash. All gifts require appropriate U. T. System validation before matching funds can be confirmed. Prominent naming opportunities associated with new gifts will need authorization from the Office of External Relations and the Office of Academic Affairs, in consultation with the Board of Regents.

RECESS.--The Board recessed for a break from approximately 2:27 p.m. - 2:40 p.m. In the absence of Chairman Foster and Vice Chairman Powell, Vice Chairman Hicks chaired the remaining portion of the meeting.

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

Mr. Dan Stewart, Associate Vice Chancellor for Employee Benefits and Services, introduced members of The University of Texas System Employee Advisory Council (EAC):

- Former EAC Chair W. Dennie Clemons
- Vice Chair Shawna Ridley
- Secretary Joleen Gould
- Current EAC Chair JoAnn Rios

With regard to the Council's recommendations concerning an employee satisfaction survey, Chancellor Cigarroa spoke about looking for a model campus that has best practices, and Regent Cranberg suggested that such a satisfaction survey could

be done frequently, using social media to provide faster feedback. Ms. Clemons suggested that a tool to provide feedback to the Chancellor might be valuable.

Regent Hildebrand asked whether employees are required to have an annual wellness assessment, and Mr. Stewart said that is voluntary now and results are sent back to the campus wellness committees. Regent Hildebrand and Regent Aliseda spoke of their experiences with health tests for employees to establish wellness baselines. Ms. Clemons said most people get annual checkups, and Mr. Stewart mentioned the premium surcharge for smokers.

Regarding the recommendations concerning recruitment and retention, Chancellor Cigarroa said that he has discussed improvements in diversity and women in leadership Systemwide with Vice Chancellor Hurn. Dr. Hurn commented on a group of faculty and staff leaders who are actively meeting to discuss this matter.

SCHEDULED MEETING.--The next regularly scheduled meeting will be held on December 12, 2013, in Austin, Texas.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 3:10 p.m.

The Technology Transfer and Research Committee met from 3:15 p.m. - 4:20 p.m.

/s/ Carol A. Felkel
Secretary to the Board of Regents

January 31, 2014

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THE UNIVERSITY OF TEXAS SYSTEM BOARD OF REGENTS

CONSENT AGENDA

Committee and Board Meetings:

11/14/2013
Austin, Texas

U. T. SYSTEM ADMINISTRATION

1. UTIMCO Committee Appointments - U. T. System Board of Regents: Proposed appointment of members to the Audit and Ethics Committee of the Board of Directors of The University of Texas Investment Management Company (UTIMCO)

The University of Texas Investment Management Company (UTIMCO) Board of Directors recommends that the U. T. System Board of Regents approve the appointment of Jeffery D. Hildebrand and the reappointment of James P. Wilson, R. Steven Hicks, and Charles W. Tate to the Audit and Ethics Committee of the UTIMCO Board of Directors.

Section 66.08 of the *Texas Education Code* requires that the U. T. System Board of Regents approve the appointment of members to the Audit and Ethics Committee of the UTIMCO Board of Directors. The UTIMCO Board of Directors recommended these appointments at their meeting held on October 10, 2013, conditioned on the approval of the U. T. System Board of Regents.

Vice Chairman Hicks and Regent Hildebrand abstained from voting on this item.

2. Minutes - U. T. System Board of Regents: Approval of Minutes of the regular meeting held on August 21-22, 2013, and the special called meetings held on February 20, 2013; September 12, 2013; September 18, 2013; October 4, 2013; October 25, 2013; November 4, 2013; and November 11, 2013
3. Use of Permanent University Fund (PUF) Bond Proceeds - U. T. System: Approval to use PUF Bond Proceeds in lieu of Intermediate Term Funds (ITF) Swap Proceeds

Approval is requested to use \$1.344 million of PUF Bond Proceeds in lieu of ITF/Swap Proceeds and to use PUF Bond Proceeds on future Valley STARs requests as needed in an amount not to exceed the original appropriation.

On August 25, 2011, the Board of Regents approved \$30 million of ITF/Swap Proceeds for the Lower Rio Grande Valley Plan - Education and Health Initiatives including \$9.5 million to establish a faculty recruitment program (Science and Technology Acquisition and Retention Program or Valley STARS).

4. Contract (funds going out) - U. T. System: R. L. Townsend & Associates, Inc. to perform professional audit services

Agency: R. L. Townsend & Associates, Inc.

Funds: Anticipated total cost may exceed \$1,000,000, with no maximum, over the life of the contract for services provided on an as-needed basis

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

Period: June 20, 2012 through May 31, 2018
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold)

Description: R. L. Townsend & Associates, Inc., to perform miscellaneous professional construction audit and miscellaneous audit services on a job order basis. Services were competitively procured.

5. Contract (funds going out) - U. T. System: Wiss, Janney, Elstner Associates, Inc. to perform forensic engineering services

Agency: Wiss, Janney, Elstner Associates, Inc.

Funds: Anticipated total cost may exceed \$1,000,000, with no maximum, over the life of the contract for services provided on an as-needed basis

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

Period: September 1, 2011 through August 31, 2017
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold)

Description: Wiss, Janney, Elstner Associates, Inc., to perform miscellaneous professional forensic engineering services on a job order basis. Services were competitively procured.

6. Contract (funds going out) - U. T. System: Aon Fire Protection Engineering Corporation to perform professional code compliance review services

Agency: Aon Fire Protection Engineering Corporation

Funds: Anticipated total cost may exceed \$1,000,000, with no maximum, over the life of the contract for services provided on an as-needed basis

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

Period: September 1, 2011 through August 31, 2017
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold)

Description: Aon Fire Protection Engineering Corporation to perform miscellaneous professional code compliance review services on a job order basis. Services were competitively procured.

Regent Hildebrand abstained from vote on this item.

7. Contract (funds going out) - U. T. System: Cannon Cochran Management Services, Inc. to provide claims handling services, payment services, and other related services for U. T. System's Workers' Compensation Insurance Program

Agency: Cannon Cochran Management Services, Inc.

Funds: \$1,400,000 annual fee cap

Source of Funds: Workers' Compensation Insurance Fund

Period: October 15, 2013 through October 15, 2016 with option to renew for three additional one-year terms

Description: Cannon Cochran Management Services, Inc., to provide claims handling services, payment services, and other related services for U. T. System's Workers' Compensation Insurance Program. This contract was competitively procured.

8. Contract (funds going out) - U. T. System: Opportune LLP to perform study of the current University Lands' business processes

Agency: Opportune LLP

Funds: Amendments to existing contract for an addition of \$2,581,000 not to exceed \$5,933,000

Source of Funds: Designated Funds

Period: January 3, 2013 through May 31, 2014

Description: Extension of agreement with Opportune LLP to perform a comprehensive study of the current University Lands' business processes in order to recommend accounting software, perform custom programming services, data conversion services, documentation and training services, and other integration functions as they pertain to a comprehensive oil and gas royalty reporting and accounting system.

9. Request for Budget Change - U. T. System: Transfer \$562,857 from funds reimbursed by U. T. System institutions to pay Copyright Clearance Center expenses from the Academic Affairs Initiatives Account (RBC No. 154) -- amendment to the 2013-2014 budget

10. 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, 2013**

FUND TYPE

	Current Purpose Restricted		Endowment and Similar Funds		Annuity and Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
Land and Buildings:								
Ending Value 05/31/2013	\$ 1,760,490	\$ 10,664,128	\$ 98,462,159	\$ 271,691,603	\$ 1,601,467	\$ 3,161,384	\$ 101,824,116	\$ 285,517,114
Increase or Decrease	3	1,229,064	(423,973)	(5,709,516)	-	(128,298)	(423,970)	(4,608,750)
Ending Value 08/31/2013	\$ 1,760,493	\$ 11,893,192	\$ 98,038,185	\$ 265,982,087	\$ 1,601,467	\$ 3,033,085	\$ 101,400,145	\$ 280,908,364
Other Real Estate:								
Ending Value 05/31/2013	\$ 29,410	\$ 29,410	\$ 13,547	\$ 13,547	\$ -	\$ -	\$ 42,957	\$ 42,957
Increase or Decrease	(3,084)	(3,084)	-	-	-	-	(3,084)	(3,084)
Ending Value 08/31/2013	\$ 26,327	\$ 26,327	\$ 13,547	\$ 13,547	\$ -	\$ -	\$ 39,873	\$ 39,873

Report prepared in accordance with Sec. 51.0032 of the *Texas Education Code*.

Details of individual assets by account furnished on request.

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

ACADEMIC INSTITUTIONS

11. Contract (funds going out) - U. T. Arlington: Alpha Building Corporation job order contract for interior renovations and general contracting services

Agency: Alpha Building Corporation

Funds: Cost will vary depending on scope of project with potential to exceed \$1,000,000, with no maximum or no minimum required

Period: June 28, 2013 through June 27, 2015 with two optional two-year renewals

Source of Funds: Auxiliary Enterprise Revenue, Designated Tuition and/or Plant Fund Balances depending on project

Description: Provision of specified construction contracting services to assist with small, institutionally managed, facility repair and renovation projects. This contract was competitively bid.

12. Contract (funds going out) - U. T. Arlington: CCS Custard Construction Services, Inc. job order contract for interior renovations and general contracting services

Agency: CCS Custard Construction Services, Inc.

Funds: Cost will vary depending on scope of project with potential to exceed \$1,000,000, with no maximum or no minimum required

Period: June 28, 2013 through June 27, 2015 with two optional two-year renewals

Source of Funds: Auxiliary Enterprise Revenue, Designated Tuition and/or Plant Fund Balances depending on project

Description: Provision of specified construction contracting services to assist with small, institutionally managed, facility repair and renovation projects. This contract was competitively bid.

13. Contract (funds going out) - U. T. Arlington: Harendt Construction Group, LLC job order contract for interior renovations and general contracting services

Agency: Harendt Construction Group, LLC

Funds: Cost will vary depending on scope of project with potential to exceed \$1,000,000, with no maximum or no minimum required

Period: June 28, 2013 through June 27, 2015 with two optional two-year renewals

Source of Funds: Auxiliary Enterprise Revenue, Designated Tuition and/or Plant Fund Balances depending on project

Description: Provision of specified construction contracting services to assist with small, institutionally managed, facility repair and renovation projects. This contract was competitively bid.

14. Lease - U. T. Austin: Authorization to lease space to University Federal Credit Union for automated teller machine locations

Description: Lease of sites for 43 automated teller machines at various locations on the U. T. Austin campus and also at the Dell Pediatric Research Institute

Lessee: University Federal Credit Union, a federally chartered nonprofit corporation

Term: The lease term commences on December 1, 2013, and continues through June 30, 2026; U. T. Austin has the right to extend the term for two periods of five years each. U. T. Austin selected University Federal Credit Union through a request for proposals process

Lease Income: Consideration to U. T. Austin includes \$58,833 in base rent and \$1,720 in operating expenses per month, for a total of approximately \$9,068,053 over the primary term and up to an additional \$7,206,400 if the institution exercises both renewal options.

15. Lease - U. T. Austin: Authorization to lease space to Bank of America, N.A., for automated teller machine locations

Description: Lease of sites for 17 automated teller machines at various locations on the U. T. Austin campus and also at the Lady Bird Johnson Wildflower Center

Lessee: Bank of America, N.A., a federally chartered banking association

Term: The lease term commences on December 1, 2013, and continues through June 30, 2026; U. T. Austin has the right to extend the term for two periods of five years each. U. T. Austin selected Bank of America through a request for proposal process.

Lease Income: Consideration to U. T. Austin includes \$33,575 in base rent and \$680 in operating expenses per month, for a total of approximately \$5,172,505 over the primary term and up to an additional \$4,110,600 if the institution exercises both renewal options.

16. Lease - U. T. Austin: Authorization to extend an existing lease of space from B & G Austin Partners, L.P. at 3316 Grandview Street, Austin, Travis County, Texas, for general office use

Description: Extension of lease of approximately 8,192 square feet at 3316 Grandview Street, Austin, Travis County, Texas, for general office use by U. T. Austin's Center for Community College Survey of Student Engagement Office, which is currently housed in the space and which will continue to occupy the space during the lease extension.

Lessor: B & G Austin Partners, L.P., a Texas limited partnership

Term: The original lease term commenced on August 29, 2008, and continues through February 28, 2014; the proposed extension term commences March 1, 2014, and ends on February 28, 2019; however, either party may terminate the lease on or after February 28, 2017, on one year's prior notice.

Lease Costs: Approximately \$871,259 in base rent, utility costs and operating expenses over the initial lease term and approximately \$970,294 in base rent, utility costs and operating expenses over the extension term, for a total estimated cost of \$1,841,553. The

Lessor will expend approximately \$49,152 to renovate the space to better accommodate use by U. T. Austin. As the extension of the lease results in a total cost to U. T. Austin in excess of \$1 million in the aggregate, this lease extension is being submitted to the Board of Regents for authorization.

Source of Funds: Programmatic income generated from programs housed in the leased premises

17. Contract (funds coming in) - U. T. Austin: Institute for Public School Initiatives to provide professional development and training to the El Paso Independent School District

Agency: El Paso Independent School District

Funds: \$824,230 for the original contract and Amendment No. 1; \$1,654,464 for Amendment No. 2 (amended contract is being brought forward for Board approval since, as amended, the contract will exceed the \$1,000,000 threshold)

Period: September 1, 2012 through December 31, 2013 for the original contract and Amendment No. 1; Amendment No. 2 will extend the contract to December 31, 2014

Description: U. T. Austin's Texas Literacy Initiative Leadership Team at the Institute for Public School Initiatives provides ongoing professional development and support to the El Paso Independent School District's early childhood centers, elementary schools, middle schools, high schools, and Curriculum and Instruction Department. Support includes facilitating the Texas State Literacy Plan online course, monitoring implementation, and aligning literacy instructional practices from age 0 - grade 12, and working with campus leadership teams on how to integrate literacy practices across content areas.

18. Contracts (funds coming in) - U. T. Austin: Approval to assign a previously approved stadium chair rental program agreement with Integrated Stadium Seating, Inc. to IMG College Seating, LLC

Agency: Obligations of Integrated Stadium Seating, Inc. to be assigned to IMG College Seating, LLC

Funds: Estimated remaining value of the agreement \$1,791,830, if all options to renew are exercised

Period: Effective from date of execution through April 30, 2015, with option to renew for two additional two-year periods

Description: On August 23, 2012, the Board approved an agreement with Integrated Stadium Seating, Inc. (ISS) to provide U. T. Austin with a stadium chair rental program. ISS has successfully operated the program since June 1, 2002, in compliance with all terms of the agreement. On August 28, 2013, IMG College Seating, LLC (IMGCS) purchased all of the ISS seating management contracts, assets, and inventory, including those of U. T. Austin. The association of the two companies was limited to this single transaction.

U. T. Austin seeks the Board's approval of assignment of the agreement to IMGCS. IMGCS will assume all obligations previously agreed to by ISS to provide U. T. Austin with a turnkey stadium chair rental program, including such activities as marketing, rental order processing, customer service, and installation and removal of the cushioned, seatback chairs.

The assignment to IMGCS is in the best interest of U. T. Austin. The university will receive the same annual royalty guarantee commitment from IMGCS, and IMGCS will maintain the current staff and operations currently provided by ISS. In addition, IMGCS is better able to promote the rental program, through multi-media rights held by its parent company, IMG Communication, Inc., thus potentially increasing revenues for the university.

19. Contracts (funds going out) - U. T. Austin: Workday, Inc. to provide a cloud-based, enterprise resource planning system (ERP) that includes a full suite of integrated human resources, payroll, and financial applications (Deferred)

Agency: Workday, Inc.

Funds: Estimated \$30,000,000 for the initial contract period and all renewal options

Source of Funds: Designated Funds and Education and General Funds

Period: Effective from the date of execution for a five-year period with an option to renew for five additional one-year periods

Description: Workday, Inc. to provide a cloud-based, state-of-the-art enterprise resource planning (ERP) system for U. T. Austin that will include a full suite of integrated human resources, payroll, and financial applications. This system will replace the current *DEFINE system (**DE**partmental **F**inancial **I**nformation **NE**twork) that is accessed

through the university mainframe computer. A modern ERP system is necessary to support the implementation of and maximize the benefits of the Shared Services approach to administrative services, and to conduct university business in a secure, highly-integrated, seamless environment.

This item was deferred.

20. Contract (funds going out) - U. T. Austin: Praxair, Inc. to provide a liquid nitrogen storage tank and delivery of liquid nitrogen to U. T. Austin McDonald Observatory at Mount Locke

Agency: Praxair, Inc.

Funds: \$1,147,692 including all renewals

Source of Funds: Restricted Funds

Period: March 1, 2014, and will expire five years from first delivery of liquid nitrogen. The agreement may be renewed for five additional one-year periods.

Description: Praxair, Inc. to provide a liquid nitrogen storage tank on a monthly rental basis and the delivery of liquid nitrogen to the U. T. Austin McDonald Observatory at Mount Locke. Praxair was selected through the Request for Proposal Process.

Regent Hildebrand abstained from vote on this item.

21. Tenure Appointments - U. T. Austin: Amendments to the 2013-2014 budget

The following Requests for Budget Changes 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:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
Lyndon B. Johnson School of Public Affairs School of Public Affairs Associate Professor Sheila M. Olmstead (T)	9/1/2013	100	09	110,000	5376

Red McCombs School of Business Finance Associate Professor John W. Hatfield (T)	9/1/2013	100	09	210,000	5378
College of Liberal Arts Anthropology Professor Paul Kockelman (T)	9/1/2013	100	09	135,000	5379
Lyndon B. Johnson School of Public Affairs School of Public Affairs Associate Professor Todd A. Olmstead (T)	9/1/2013	100	09	80,000	5381
College of Fine Arts Art and Art History Associate Professor Carma R. Gorman (T)	9/1-5/31	100	09	76,000	5510
College of Liberal Arts Geography and the Environment Professor Sheryl L. Beach (T)	9/1-5/31	100	09	160,000	5514
College of Pharmacy Pharmacy Associate Professor Michela Marinelli (T)	9/1-5/31	100	09	92,000	5515
College of Liberal Arts Religious Studies Associate Professor Jonathan W. Schofer (T)	9/1-5/31	100	09	93,000	5520
College of Liberal Arts Psychology Professor Jasper A. Smits (T)	9/1-5/31	100	09	135,000	5521
College of Liberal Arts Government Professor Maurizio Viroli (T)	9/1-5/31	100	09	290,000	5523

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

Charles B. Chiu, from Professor to Professor Emeritus, Department of Physics (RBC No. 5396) -- amendment to the 2013-2014 budget

Antony G. Hopkins, from Walter Prescott Webb Chair in History and Professor to Walter Prescott Webb Chair Emeritus in History, Department of History (RBC No. 5397) -- amendment to the 2012-2013 budget

David M. Oshinsky, from Jack S. Blanton, Sr. Chair in History and Professor to Jack S. Blanton Sr. Chair Emeritus in History, Department of History (RBC No. 5398) -- amendment to the 2013-2014 budget

Paul L. Stoffa, from Shell Companies Foundation Distinguished Chair in Geophysics and Professor to Shell Companies Foundation Distinguished Chair Emeritus in Geophysics, Department of Geological Sciences (RBC No. 5399) -- amendment to the 2013-2014 budget

Neal E. Armstrong, from Zarrow Centennial Professor in Engineering to Zarrow Centennial Professor Emeritus in Engineering, Department of Civil, Architectural, and Environmental Engineering (RBC No. 5482) -- amendment to the 2013-2014 budget

Edward J. Powers, from Texas Atomic Energy Research Foundation Professor in Engineering to Texas Atomic Energy Research Foundation Professor Emeritus in Engineering, Department of Electrical and Computer Engineering (RBC No. 5483) -- amendment to the 2013-2014 budget

William Mack Grady, from Josey Centennial Professor in Energy Resources to Josey Centennial Professor Emeritus in Energy Resources, Department of Electrical and Computer Engineering (RBC No. 5485) -- amendment to the 2013-2014 budget

Mohammad Ghanoonparvar, from Professor to Professor Emeritus, Department of Middle Eastern Studies (RBC No. 5486) -- amendment to the 2013-2014 budget

Aaron Bar-Adon, from Professor to Professor Emeritus, Department of Middle Eastern Studies (RBC No. 5487) -- amendment to the 2013-2014 budget

23. Emeritus Appointment - U. T. Brownsville: Appointment of William Berg from Professor in the College of Science, Mathematics and Technology to Professor Emeritus (RBC No. 5472) -- amendment to the 2013-2014 budget

24. Emeritus Appointment - U. T. Dallas: Appointment of Lynn Melton from Professor of Science/Mathematics Education, Department of Mathematics, School of Natural Sciences and Mathematics, to Professor Emeritus (RBC No. 5431) -- amendment to the 2013-2014 budget

25. Contract (funds going out) - U. T. El Paso: Deer Oaks EAP Services, a Texas limited liability company, to provide an Employee Assistance Program

Agency: Deer Oaks EAP Services, a Texas limited liability company

Funds: Approximately \$100,443 for the initial three-year term, and \$33,481 per year for each of the two one-year renewal options

Period: October 1, 2013 through September 30, 2016 with two additional one-year term renewal options

Source of Funds: U.T. System Employee Assistance Program Funding

Description: Deer Oaks EAP Services will administer the Employee Assistance Program which is designed to provide employees, retirees, and their eligible dependents with assistance in resolving personal and/or work related problems. Pursuant to Regents *Rule* 10501, Section 3.3, this item is being brought before the Board because Deer Oaks EAP Services will be using UTEP trademarks in connection with medical-related services under a license granted in this agreement. This contract was competitively bid.

26. Tenure Appointment - U. T. El Paso: Amendments to the 2013-2014 budget

The following Request for Budget Change 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:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF SCIENCE					
Mathematics					
Associate Professor					
Xiaogang Su (T)	9/1	100	09	86,000	5448

27. Purchase - U. T. Pan American: Authorization to purchase approximately 1.84 acres and improvements at 317 North Sugar Road, Hidalgo County, Texas, from Edinburg Church of Christ

Description: Purchase of approximately 1.84 acres of land and improvements, at 317 North Sugar Road in 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 approximately 9,475 square feet of church building, supporting classrooms and a fellowship hall. The property will be used for parking in the immediate term and long-term for programmed development of campus expansion.

Seller: Edinburg Church of Christ, a Texas non-profit corporation

Purchase Price: Not to exceed fair market value as established by an independent appraisal, plus all due diligence expenses, closing costs, and expenses to complete the acquisition as deemed necessary by the Executive Director of Real Estate. The appraisal is confidential pursuant to *Texas Education Code* Section 51.951.

Source of Funds: Unexpended plant fund balances

28. Transfer of Funds - U. T. Pan American: Amendment to the 2013-2014 budget

The following Requests for Budget Changes 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:

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
Building Alterations and Maintenance Designated Funds		
Amount of Transfer:	\$4,533,822	5470

From: Designated Tuition - Designated Funds

To: Building Alterations and Maintenance - Unexpended Plant funds

To transfer funds from Designated Tuition into Unexpended Plant Funds to fund various projects: Academic and Administration Building; Real Estate Purchases (i.e., Church of Christ building); and various smaller deferred maintenance projects that are each less than \$1 million.

HVAC REPLACEMENT

Auxiliary Funds

Amount of Transfer: \$767,650

From: Pledged Activities - Auxiliary Funds

To: HVAC Replacement - Unexpended Plant funds to transfer funds from Auxiliary Funds into Unexpended Plant Funds to fund HVAC Replacement.

29. Tenure Appointment - U. T. Pan American: Amendments to the 2013-2014 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:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SOCIAL AND BEHAVIORAL SCIENCES					
Professor					
William R. Donner (T)	9/1-5/31	100	09	68,200	5384

30. Report - U. T. Permian Basin: No items for the Consent Agenda

31. Contract (funds going out) - U. T. San Antonio: GCA Education Services, Inc. to perform custodial, landscape, and grounds maintenance services in various facilities and premises

Agency: GCA Education Services, Inc.

Funds: Fees not to exceed \$16,000,000 for the initial term and the three optional 12-month renewal terms (cumulative)

Period: Initial 24-month term beginning September 1, 2013, with three additional 12-month renewal options

Source of Funds: Designated Tuition

Description: Custodial, landscape, and grounds maintenance in various campus facilities and premises. The services will initially be performed only at the Downtown Campus and the Institute of

Texan Cultures at HemisFair Park Campus. The services will be gradually implemented at the University's Main Campus based on attrition of current University personnel over the term of the Agreement.

32. Emeritus Appointment - **U. T. Tyler**: Appointment of Linda Klotz from Dean, College of Nursing and Health Sciences, to Professor Emeritus (RBC No. 5495) -- amendment to the 2013-2014 budget

33. Request for Budget Change - **U. T. Tyler**: Transfer \$1,023,496 from Patriots Applying Technology for Success and Savings Operating Funds to Innovation Academy Building and Site Preparation and IT Capital Equipment Purchases Fund (RBC No. 5496) -- amendment to the 2013-2014 budget

34. Request for Budget Change - **U. T. Tyler**: Transfer \$912,148 from Innovation Academy fund to Patriots Applying Technology for Success and Savings Operating Funds for course development, faculty development, marketing, and software licensing (RBC No. 5498) -- amendment to the 2013-2014 budget

HEALTH INSTITUTIONS

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

Agency: Dallas County Hospital District

Funds: \$65,391,201

Period: October 1, 2013 through September 30, 2014

Description: University to provide physician services to Parkland Health and Hospital System

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

Agency: Dallas County Indigent Care Corporation (DCICC)

Funds: \$132,986,396

Period: October 1, 2013 through September 30, 2014

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

37. Contract (funds coming in) - U. T. Southwestern Medical Center: University to provide professional and administrative services to support the operations of UT Southwestern Health Systems

Agency: UT Southwestern Health Systems

Funds: \$2,177,533

Period: September 1, 2013 through August 31, 2014

Description: University to provide professional and administrative services to support the operations of UT Southwestern Health Systems. UT Southwestern Health Systems is an affiliated entity and its financials are consolidated with the financials of U. T. Southwestern Medical Center and the President of U. T. Southwestern Medical Center is the sole member of UT Southwestern Health Systems.

38. Contract (funds going out) - U. T. Southwestern Medical Center: Mile Hi Valet Service dba Towne Park Ltd. to provide valet and cashier services

Agency: Mile Hi Valet Service dba Towne Park Ltd.

Funds: \$1,800,000

Period: January 16, 2014 through January 31, 2019

Source of Funds: Auxiliary Revenue and Medical Service Plan Funds

Description: Mile Hi Valet Service dba Towne Park Ltd. to provide valet and cashier services on campus.

39. Contract (funds going out) - U. T. Southwestern Medical Center: Contract with UT Southwestern Health Systems for Accountable Care Network and Facility services

Agency: UT Southwestern Health Systems

Funds: \$4,350,708

Period: September 1, 2013 through August 31, 2014

Source of Funds: Designated Funds

Description: Contract with UT Southwestern Health Systems for Accountable Care Network and Facility services. UT Southwestern Health Systems is an affiliated entity and its financials are consolidated with the financials of U. T. Southwestern Medical Center and the President of U. T. Southwestern Medical Center is the sole member of UT Southwestern Health Systems.

40. Lease - U. T. Southwestern Medical Center: Authorization to lease space from Brookriver Executive Center, JV at 8150 - 8200 Brookriver Drive, Dallas, Dallas County, Texas, for administrative office use

Description: Lease of approximately 79,280 square feet of office space at 8150 - 8200 Brookriver Drive, Dallas, Texas, for administrative office use

Lessor: Brookriver Executive Center, JV, a Texas joint venture

Term: The lease is estimated to commence on February 1, 2014, and the term for a period of 127 months. U. T. Southwestern Medical Center has the option, exercisable in its discretion, to renew the lease for three five-year renewal terms.

Lease Costs: \$11,631,356.34 in rent and estimated operating expenses during the initial ten-year term. Rent is abated during the first seven months of the term; base rent for remainder of the first year of the term is \$12 per square foot; base rent increases periodically thereafter during the term to \$14 per square foot in the final year of the initial term. Operating expenses are in addition to base rent in the second and subsequent lease years. Rent for the renewal option period will

be at the then fair market rental. Additionally, U. T. Southwestern Medical Center will have an ongoing right of first refusal to lease contiguous space in the building. The lessor will construct improvements to the premises at its sole cost based upon a plan approved by both lessor and U. T. Southwestern Medical Center.

Source of Funds: Clinical operating funds

41. Tenure Appointment - U. T. Southwestern Medical Center: Amendment to the 2012-2013 budget

The following Request for Budget Change 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:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SOUTHWESTERN MEDICAL CENTER					
Cell Biology					
Professor					
Gaudenz Danuser (T)	7/1/2013	100	12	220,000	5325

42. Tenure Appointment - U. T. Southwestern Medical Center: Amendment to the 2013-2014 budget

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
Southwestern Medical Center					
Radiation Oncology					
Professor					
Steve Jiang (T)	10/1/2013	100	12	300,000	5543
Surgery					
Professor and Chairman					
Michael Choti (T)	10/1/2013	100	12	650,000	5544

43. Emeritus Appointment - U. T. Southwestern Medical Center: Appointment of Myron Weiner from Clinical Professor, Southwestern Medical School, Psychiatry, to Professor Emeritus (RBC No. 5414) -- amendment to the 2012-2013 budget
44. Emeritus Appointment - U. T. Southwestern Medical Center: Appointment of Joel Steinberg from Professor, Southwestern Medical School, Pediatrics, to Professor Emeritus (RBC No. 5542) -- amendment to the 2012-2013 budget
45. Contract (funds coming in) - U. T. Medical Branch - Galveston: University to provide cancer screening services for the Texas Department of State Health Services
- Agency: Texas Department of State Health Services
- Funds: \$1,185,391
- Period: September 1, 2013 through August 31, 2014
- Description: University to provide comprehensive breast and cervical cancer screening services to eligible individuals.
46. Contract (funds coming in) - U. T. Medical Branch - Galveston: University to provide Nutrition Program for the Texas Department of State Health Services
- Agency: Texas Department of State Health Services (TDSHS)
- Funds: \$3,557,962
- Period: October 1, 2013 through March 31, 2014
- Description: University to continue to administer the TDSHS Special Supplemental Nutrition Program for Women, Infants, and Children.
47. Contract (funds coming in) - U. T. Medical Branch - Galveston: University to provide family planning services for the Texas Department of State Health Services
- Agency: Texas Department of State Health Services
- Funds: \$5,867,601
- Period: September 1, 2013 through August 31, 2014

Description: University will continue to provide comprehensive family planning services to include medical, counseling, client education, referral, community education, and outreach services to Title X eligible individuals.

48. Contract (funds coming in) - U. T. Medical Branch - Galveston: University to provide early childhood intervention services for the Texas Department of Assistive and Rehabilitative Services

Agency: Department of Assistive and Rehabilitative Services
Division for Early Childhood Intervention Services (DARS ECI)

Funds: \$801,190 for first year; \$1,602,380 including optional renewal period

Period: September 1, 2013 through August 31, 2014 (with an option for one one-year renewal)

Description: University to provide a program of early childhood intervention services for children with developmental delay and respite services for families of children enrolled in DARS ECI comprehensive services.

49. Contract (funds coming in) - U. T. Medical Branch - Galveston: University to provide pharmaceutical and dispensing services for Texas Tech University Health Sciences Center

Agency: Texas Tech University Health Science Center (TTUHC)

Funds: Approximately \$6,000,000 which will vary depending on specific volume and cost of services provided

Period: September 1, 2013 through August 31, 2015

Description: U. T. Medical Branch - Galveston to provide pharmaceutical and dispensing services for TTUHSC at Texas Department of Criminal Justice facilities for which TTUHSC is responsible.

50. Contract (funds coming in) - U. T. Medical Branch - Galveston: Value Options of Texas, Inc. to provide various services

Agency: Value Options of Texas, Inc.

Funds: \$1,800,000 for first year

Period: October 1, 2013 through August 31, 2014 with options for four one-year extensions

Description: U. T. Medical Branch - Galveston to provide administration of uniform assessment, primary care medical screening services, care coordination of clinical subspecialty services, and clinical pharmacy services to indigent members of the NorthSTAR program.

51. Lease - U. T. Medical Branch - Galveston: Authorization to lease space to University Federal Credit Union for automated teller machine locations

Description: Extension of lease term for lease of sites for eight automated teller machines at eight locations on the U. T. Medical Branch - Galveston main campus and Victory Lakes campus

Lessee: University Federal Credit Union, a federally chartered nonprofit corporation

Term: The extension term commences on January 1, 2014, and continues through December 31, 2015. The original lease commenced on December 10, 2003. The institution currently plans to select an automated teller machine vendor through a request for proposals process when this extension expires.

Lease Income: Consideration to U. T. Medical Branch - Galveston includes \$8,330.78 in base rent and \$200 in operating expenses per month, for a total of approximately \$204,739 over the two-year extension term. This current lease extension, when added to the primary lease term and prior lease extensions will result in aggregate revenue to U. T. Medical Branch in excess of \$1,000,000, and, therefore, this lease extension is being submitted to the Board of Regents for authorization.

52. Lease - U. T. Health Science Center - Houston: Authorization to lease space from AFIAA WFT, LLC, at 400 West 15th Street, Austin, Travis County, Texas, for office use

Description: Lease of space at 400 West 15th Street, Austin, Travis County, Texas, to be used by U. T. Health Science Center - Houston as expansion office space for the Austin Regional Campus of the School of Public Health. Authorization is requested for U. T. Health Science Center - Houston's Senior Executive Vice President, Chief Operating and Financial Officer to execute the lease on completion of negotiations and approval by the Real Estate Office.

Lessor: AFIAA WFT, LLC, a Delaware limited liability company

Term: Term is expected to commence on substantial completion of construction by the lessor, which is currently estimated to be February 1, 2014, and continue for 63 months. The tenant has an option to renew for a five-year extension term at a market rental.

Total Area: Approximately 7,627 square feet

Lease Costs: Approximately \$843,738 in base rent, plus estimated operating expenses of approximately \$520,542.80 over the 63-month term. Base rent is free for the first three months of the term, then base rent for the remainder of the first year is \$21 per square foot on an annualized basis; rent increases 50 cents per square foot every year of the term. Estimated operating expenses are approximately \$13 per square foot. Total renovation and relocation costs are approximately \$15 per square foot and the lessor is providing a tenant allowance of \$15 per square foot. The institution will maintain a \$1.50 per square foot contingency from its own funds for any costs in excess of the tenant allowance.

Source of Funds: Austin Regional Campus designated support funds

53. Contract (funds coming in) - U. T. Health Science Center - Houston: Texas Department of Family and Protective Services to improve access to medical professionals

Agency: Texas Department of Family and Protective Services

Funds: \$2,500,816

Period: September 1, 2013 through August 31, 2014

Description: Interagency contract to create resources that will improve access to medical professionals with expertise in the diagnosis of child abuse or neglect for Child Protective Services

54. Contract (funds going out) - U. T. Health Science Center - Houston: Mile Hi Valet Service, Inc., a Towne Park affiliate, to provide professional valet parking management services for patients and visitors of the University

Agency: Mile Hi Valet Service, Inc., a Towne Park affiliate

Funds: The amount due the contractor shall be the sum of all allowable operating expenses plus the agreed upon management rate

structure (\$12.41 x 545.5 Attendants hours per week x 52 weeks) fee minus any deductions. The value of this contract shall not exceed \$1 million until approved by the Board of Regents of University of Texas System.

Period: December 1, 2013 through August 31, 2016

Description: To provide professional valet parking management services for patients and visitors of the University.

- 55. Emeritus Appointment - U. T. Health Science Center - Houston: Appointment of Marianne T. Marcus from Professor, School of Nursing, to Professor Emeritus in the School of Nursing (RBC No. 5579) -- amendment to the 2013-2014 budget
- 56. Emeritus Appointment - U. T. Health Science Center - Houston: Appointment of Guy S. Parcel from former Dean and Professor, School of Public Health, Division of Health Promotion and Behavioral Sciences to Dean Emeritus in the School of Public Health (RBC No. 5551) -- amendment to the 2013-2014 budget
- 57. Tenure Appointment - U.T. Health Science Center - Houston: Amendment to the 2013-2014 budget

The following Requests for Budget Change 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:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Mos.</u>	<u>Full-time Salary</u>		<u>RBC #</u>
				<u>No.</u>	<u>Rate \$</u>	
UTHSC-H Medical School Department of Biochemistry and Molecular Biology Associate Professor Darren Boehning (A)(T)	11/1/2013	100	12		\$119,000	5595

- 58. Emeritus Appointment - U. T. Health Science Center - San Antonio: Appointment of Margaret Brackley from Professor, School of Nursing, Family and Community Health Systems to Professor Emeritus (RBC No. 5439) -- amendment to the 2013-2014 budget

59. Contract (funds coming in) - U. T. M. D. Anderson Cancer Center: Provider agreement template for use with international embassies

Agency: Various international embassies

Funds: Payment will vary per embassy and patient volumes

Period: The standard term of the agreements with each embassy will be for an initial period of 24 months, however, this may vary per embassy. Agreements may be renewed for successive one-year terms.

Description: Pursuant to Regents Rule 10501, the embassy agreement template will serve as a legal document governing the contractual obligations of both U. T. M. D. Anderson Cancer Center and the international embassies that financially sponsor their citizens' patient care. Specifically, the agreement will outline the terms and conditions to be followed by both parties as it relates to the payment of health care services provided by U. T. M. D. Anderson Cancer Center to international embassy patients.

60. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Encore Health Resources, LLC to provide professional IT resources for ongoing support of the institution's electronic medical records (EMR) system

Agency: Encore Health Resources, LLC

Funds: Total fees for all services under the initial term of this agreement and any amendments estimated to be \$48,000,000

Source of Funds: Hospital patient income

Period: The term of this agreement is for a period of 36 months, commencing on January 1, 2013, and continuing through December 31, 2015. The agreement also includes the option for two 12-month renewals.

Description: Under this master services agreement, Encore Health Resources provides professional information technology resources to assist in the selection, configuration, implementation, and deployment of an EHR System. The vendor will also assist in supporting ClinicStation, the institution's current EMR system, until the deployment of the new EHR System is complete.

This agreement with Encore Health Resources was initially approved by the Board of Regents at its February 14, 2013 meeting. Although the contract value presented on the February 14, 2013 Consent Agenda was \$48,000,000, the approval provided by the Board of Regents limited payment for all services under the initial term of the agreement and amendments to \$7,500,000 because U. T. M. D. Anderson Cancer Center had not yet selected an EHR vendor.

Epic Systems Corporation was recently selected as the EHR vendor and, pending Board of Regents approval of the agreement with Epic System Corporation, the institution is seeking authorization to spend the remaining \$40,500,000 of the contract value. (See related Item 4, Health Affairs Committee, Page 34 of the Minutes.)

61. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Cognizant Technology Solutions U.S. Corporation to provide the development and management of International Classification of Diseases, 10th Edition, coding system strategy and project plan

Agency: Cognizant Technology Solutions U.S. Corporation

Funds: The contract cap under the initial agreement was \$2,200,000. This amendment increases the contract cap to \$4,785,000.

Source of Funds: Hospital patient income

Period: This initial term of the agreement was for 12 months, commencing on March 4, 2013, and continuing through March 3, 2014. The agreement included the option for four 12-month renewals. This amendment utilizes the first renewal option and extends the term to March 3, 2015.

Description: U. T. M. D. Anderson Cancer Center must implement the change to the International Classification of Diseases, 10th Edition coding system by the federally mandated deadline of October 1, 2014. This change represents a major change to the billing systems and processes.

The vendor will provide the development and management of an implementation strategy and project plan, to include enterprise testing, and the development and implementation of a software application that the institution will use to perform the translation of codes from ICD-9 to ICD-10.

Regent Hildebrand abstained from vote on this item.

62. Contract (funds going out) - U. T. Health Science Center - Tyler: Four contracts with Palestine Regional Medical Center to provide services for various projects

Agency: Palestine Regional Medical Center, Palestine, Texas
(four contracts)

Funds: \$2,700,540

Source of Funds: Delivery System Reform Incentive Funding, 1115 Waiver

Period: January 1, 2013 through September 30, 2014

Description: Delivery of crisis stabilization services, Behavioral Health services, Quality Services, and Telepsych Network services through DSRIP projects, with two, two-year extensions. Provide short-term treatment for behavioral health patients requiring observation and stabilization from acute symptoms of mental illness. These items were late as the contracts were received past the previous Consent Agenda deadlines.

63. Contract (funds going out) - U. T. Health Science Center - Tyler: Four contracts with Christus St. Michael to provide services for various projects

Agency: Christus St. Michael, Texarkana, Texas (four contracts)

Funds: \$12,855,736

Source of Funds: Delivery System Reform Incentive Funding, 1115 Waiver

Period: January 1, 2013 through September 30, 2014

Description: Delivery of dental care, primary care, PCMH services and Improved Care Transitions through DSRIP projects, with two, two-year extensions. These items were late as the contracts were received past the previous Consent Agenda deadlines.