

Meeting No. 1,085

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

Pages 1 - 139

May 2-3, 2012

Austin, Texas

TABLE OF CONTENTS
 THE MINUTES OF THE BOARD OF REGENTS
 OF
 THE UNIVERSITY OF TEXAS SYSTEM
 MAY 2-3, 2012
 AUSTIN, TEXAS

MEETING NO. 1,085

	<u>Page No.</u>
<u>May 2, 2012</u>	
I. ATTENDANCE	1
II. WELCOME TO STUDENT REGENT-DESIGNATE ASHLEY M. PURGASON	1
III. RECESS TO EXECUTIVE SESSION	1
IV. RECONVENE IN OPEN SESSION	2
1a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues	2
1b. U. T. Medical Branch - Galveston: Discussion and appropriate action regarding legal issues concerning the provision of correctional managed care	2
1c. U. T. System Board of Regents: Discussion and appropriate action regarding legal issues related to establishment of medical schools in Austin and South Texas	2
1d. U. T. System: Delegation of authority related to review of legal issues concerning pending taxation matters with the Internal Revenue Service	2
2. U. T. System Board of Regents: Deliberations regarding the purchase, exchange, lease, sale, or value of real property	2
3a. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees	2

3b.	U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees	3
4.	U. T. Austin: Approval of proposed negotiated gifts with potential naming features	3
5.	U. T. System Board of Regents: Discussion and appropriate action regarding update on safety and security issues, including security audits and the deployment of security personnel and devices	3
V.	AGENDA ITEMS	3
1.	U. T. Medical Branch - Galveston: Update on the provision of correctional managed care	3
2.	U. T. System Board of Regents: Approval of the Consent Agenda	7
VI.	RECESS	7
<u>May 3, 2012</u>		
VII.	ATTENDANCE	8
VIII.	AGENDA ITEMS, continued	8
3.	U. T. System Board of Regents: Approval of Consent Agenda items referred for Board consideration	8
4.	U. T. System: Annual Meeting with Officers of the U. T. System Student Advisory Council	8
	U. T. San Antonio: Authorization to accept invitation from Conference USA and to negotiate and finalize terms for athletic conference membership, including possible future membership in a new athletic conference	11

IX.	RECESS AND RECONVENE	11
5.	U. T. System Board of Regents: Inaugural Regents' Outstanding Student Awards in Arts and Humanities to Mr. Joseph Choi and the Hill-Country Reed Trio, both from U. T. Austin, and performance	11
6.	U. T. System Board of Regents: Approval to establish medical schools in Austin and South Texas	12
X.	RECESS AND RECONVENE	24
7.	U. T. System Board of Regents: Report from Professor Hank Nuwer, a national expert on the prevention of hazing	25
8.	U. T. System Board of Regents: Amendments to the Regents' <i>Rules and Regulations</i> , Rule 50101, regarding Student Conduct and Discipline	26
9.	U. T. System Board of Regents: Amendments to the Regents' <i>Rules and Regulations</i> , Rule 80111, regarding Smoke Free or Tobacco Free Policies	29
10.	U. T. System: Approval of tuition and fee plans for a) the academic institutions for the 2012-2013 Academic Years, and b) the health institutions for Academic Years starting in Fall 2012 and Fall 2013 and other sources of funding for institutional support	31
XI.	STANDING COMMITTEE REPORTS TO THE BOARD	48
A.	REPORT AND RECOMMENDATION OF THE AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE	49
1.	U. T. System Board of Regents: Review of Consent Agenda items, if any, referred for Committee consideration	49
2.	U. T. System Board of Regents: Approval to authorize negotiations with Deloitte & Touche LLP to provide stand-alone financial statement audit services at U. T. Southwestern Medical Center, U. T. Medical Branch - Galveston, and U. T. Health Science Center - Tyler for Fiscal Year 2012 and Fiscal Year 2013; and authorization of funding	49

3.	U. T. System: Report on the Systemwide internal audit activities, including a summary of the State Auditor's Office issued audit reports and the implementation status of significant audit recommendations (Committee meeting only)	50
4.	U. T. System: Report on Privacy Compliance at the U. T. System institutions (Committee meeting only)	50
5.	U. T. System: Report on the U. T. System Information Security Assurance Initiative (Committee meeting only)	50
B.	REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE	51
1.	U. T. System Board of Regents: Review of Consent Agenda items, if any, referred for Committee consideration	51
2.	U. T. System: Key Financial Indicators Report and Monthly Financial Report (Committee meeting only)	51
3.	U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended February 29, 2012	51
4.	U. T. System Board of Regents: Approval of annual distributions from the Permanent University Fund, the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund	58
C.	REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE	62
1.	U. T. System Board of Regents: Review of Consent Agenda items, if any, referred for Committee consideration	62
2.	U. T. System: Report on Finish@UT (Committee meeting only)	62
3.	U. T. Austin: Demonstration and tutorial on the Course Transformation Program (Committee meeting only)	62

4.	U. T. System: MyEdu demonstration and progress report (Committee meeting only)	62
5.	U. T. San Antonio: Authorization to accept invitation from Conference USA and to negotiate and finalize terms for athletic conference membership, including possible future membership in a new athletic conference	62
6.	U. T. Permian Basin: Approval of the Texas Science Scholars Program	64
D.	REPORT OF THE HEALTH AFFAIRS COMMITTEE	68
1.	U. T. System Board of Regents: Review of Consent Agenda items, if any, referred for Committee consideration	68
2.	U. T. Health Science Center - Tyler: Report on the Northeast Texas Consortium of Colleges and Universities (NETnet) (Committee meeting only)	68
3.	U. T. System: Update on the Transformation in Medical Education (TIME) program (Committee meeting only)	68
4.	U. T. System: Discussion regarding health institutions' community service through outreach programs (Committee meeting only)	68
5.	U. T. System: Quarterly report on health matters of interest to the U. T. System, including changes in the health care delivery environment (Committee meeting only)	68
E.	REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE	69
1.	U. T. System Board of Regents: Review of Consent Agenda items, if any, referred for Committee consideration	69

2.	U. T. Austin: Jester East Lobby Renovation - Amendment of the FY 2012-2017 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)	69
3.	U. T. Dallas: Parking Structure Phase III – Amendment of the FY 2012-2017 Capital Improvement Program to include project (Preliminary Board approval)	70
4.	U. T. Pan American: Academic and Administration Building Addition - Amendment of the FY 2012-2017 Capital Improvement Program to include project (Preliminary Board approval)	71
5.	U. T. Permian Basin: Nursing Program Renovation - Amendment of the FY 2012-2017 Capital Improvement Program to include project; approval of total project cost; approval of transfer of funds from FY 10 LERR New Nursing Program; approval of reduction of total project cost for FY 10 LERR New Nursing Program; appropriation of funds; and authorization of institutional management (Final Board approval)	72
6.	U. T. M. D. Anderson Cancer Center: Cord Blood Bank Lab and Office Renovation - Amendment of the FY 2012-2017 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)	74
7.	U. T. Dallas: Parking Structure Phase I - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)	75
8.	U. T. San Antonio: Academic and Administrative Office Building - Approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)	77

9.	U. T. M. D. Anderson Cancer Center: The Pavilion - Amendment of the FY 2012-2017 Capital Improvement Program to increase total project cost; approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)	79
10.	U. T. M. D. Anderson Cancer Center: Mid-Campus Building 1 (1MC) Tenant Buildout - Amendment of the FY 2012-2017 Capital Improvement Program to increase the total project cost; and appropriation of additional funds (Final Board approval)	80
F.	REPORT OF THE TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE	82
1.	U. T. System: Report on the Chancellor's Technology Commercialization Advisory Cabinet (Committee meeting only)	82
2.	U. T. System: Report on the U. T. Horizon Fund, including the Fund's Existing Ventures program and New Ventures program (Committee meeting only)	82
3.	U. T. System: Report on the Texas Venture Labs Competition and the U. T. Horizon Fund Student Investment Competition (Committee meeting only)	82
4.	U. T. System: Report on Fiber Valley™ (Committee meeting only)	82
XII.	APPROVAL OF STANDING COMMITTEE RECOMMENDATIONS	83
XIII.	RECONVENE AS COMMITTEE OF THE WHOLE	83
11.	U. T. System Board of Regents: Certificate of appreciation to Regent John Davis Rutkauskas	83
XIV.	REPORT FOR THE RECORD	83
	U. T. Health Science Center - Houston: Report concerning appointment of the Presidential Search Advisory Committee	83
XV.	SCHEDULED MEETING	84
XVI.	ADJOURNMENT	84

MEETING NO. 1,085

WEDNESDAY, MAY 2, 2012.--The members of the Board of Regents of The University of Texas System convened at 11:25 a.m. on Wednesday, May 2, 2012, in the Board Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Powell
Vice Chairman Foster
Vice Chairman Hicks
Vice Chairman Dannenbaum
Regent Cranberg
Regent Gary
Regent Hall
Regent Pejovich
Regent Stillwell
Regent Rutkauskas, Student Regent, nonvoting
Regent Purgason, Student Regent-Designate, nonvoting
(present for open session portion of the meeting)

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Powell called the meeting to order.

WELCOME TO STUDENT REGENT-DESIGNATE ASHLEY M. PURGASON.--
Chairman Powell welcomed Student Regent-Designate Ashley M. Purgason to the Board.

[On April 24, 2012, Governor Rick Perry appointed Ms. Ashley M. Purgason, a doctoral student at The University of Texas Medical Branch at Galveston, as Student Regent on the Board of Regents of The University of Texas System to serve for a term from June 1, 2012 to May 31, 2013.]

RECESS TO EXECUTIVE SESSION.--At 11:25 a.m., Chairman Powell announced the Board would recess to convene in Executive Session pursuant to *Texas Government Code* Sections 551.071, 551.072, 551.073, 551.074, and 551.076 to consider those matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION.--At 1:40 p.m., the Board reconvened in open session for the following actions taken on matters discussed in Executive Session.

- 1a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

- 1b. U. T. Medical Branch - Galveston: Discussion and appropriate action regarding legal issues concerning the provision of correctional managed care

No action was taken on this item. (See related Item 1 on Page 3.)

- 1c. U. T. System Board of Regents: Discussion and appropriate action regarding legal issues related to establishment of medical schools in Austin and South Texas

No action was taken on this item. (See related Item 6 on Page 12 for action taken in open session.)

- 1d. U. T. System: Delegation of authority related to review of legal issues concerning pending taxation matters with the Internal Revenue Service

Regent Pejovich moved that the Board delegate authority to Vice Chancellor and General Counsel Burgdorf to settle the pending University of Texas System taxation matters with the Internal Revenue Service within the parameters recommended in Executive Session.

The motion was seconded by Vice Chairman Dannenbaum and carried unanimously.

2. U. T. System Board of Regents: Deliberations regarding the purchase, exchange, lease, sale, or value of real property

No action was taken on this item.

- 3a. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees

No action was taken on this item.

- 3b. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees

No action was taken on this item.

4. U. T. Austin: Approval of proposed negotiated gifts with potential naming features

Upon motion by Vice Chairman Foster, duly seconded, the Board authorized President Powers and Vice Chancellor Safady to conclude negotiations necessary to finalize and accept gifts to benefit The University of Texas at Austin with potential naming features consistent with the terms outlined in Executive Session.

The motion carried unanimously.

5. U. T. System Board of Regents: Discussion and appropriate action regarding update on safety and security issues, including security audits and the deployment of security personnel and devices

No action was taken on this item.

AGENDA ITEMS

1. U. T. Medical Branch - Galveston: Update on the provision of correctional managed care

Executive Vice Chancellor Shine provided an update on the status of the provision of correctional managed care by The University of Texas Medical Branch at Galveston (UTMB).

Remarks by Dr. Shine

Since the federal courts turned the care of prisoners in the state system over to the state in 1993, UTMB has been responsible for that care. They have done so for between 110,000-120,000 prisoners and produced a very high-quality product, which external peer review has demonstrated to be as good or better than in the private, so-called free world sector.

However, we have been consistently challenged by the financial management of this activity because the amounts of money appropriated for the care of these prisoners has not been adequate from legislative session to legislative session, requiring supplemental payments in the subsequent session and UTMB to carry large deficits on their books, and basically, to act as the banker for the care.

In the last session, this was particularly exacerbated by the fact that the appropriation for this care was reduced by \$100,000 from that which had previously been made available. As a consequence of these changes, the Regents have made it clear to the Texas Department of Criminal Justice (TDCJ) that “the Board of Regents feels strongly about its responsibility to maintain the financial health at UTMB. Accordingly, the Regents are not likely to allow UTMB to continue to provide care to the TDCJ offender population unless we are guaranteed to receive timely, sufficient compensation for provided services.”

In December last year, this Board approved a motion, which allowed an interim contract to be developed, which extends until August 31st of this year (2012). In the provisions of that contract was a notion that if we could not obtain a proper contract by February 1st, that we would be entitled to begin to spin off the relationship in terms of providing correctional managed care and should try to do so.

However, in the course of that period of time, legislative leadership asked to have further consultation with regard to these issues. As a consequence of that, the Chairman and Vice Chairmen as well as staff met with legislative leadership and with the representation from the Governor’s Office and Lt. Governor’s Office as well at which time we made it clear that we felt that TDCJ itself needed to be responsible for the care of these prisoners, that it should be responsible for the financial management of the prisoners, that we at UTMB should be a vendor for those services, be paid for the services provided, that we were quite comfortable to have those services audited regularly to make sure they were being provided at cost, that we were not interested in making any kind of margin from this, and that we would not be in a position to be the banker for the care of these prisoners. We also indicated that there are two components of the care we give: one is the operation of the hospital at Galveston, and the other is on-site care for all the prisoners across the state. The latter has no educational or research value to the University, although the prisoner activity does have value in that there are students and residents who participate in their care. At the same time, the on-site care also has the biggest deficit and the least ability to control.

At the time that we met, the legislative leadership indicated that they understood this need for us not to be the banker and asked us to come up with a proposal for the System to deal with this issue. The shortfall in the last legislative session, as I indicated, was approximately \$100 million and the campuses worked hard to reduce expenditures. They have cut costs in the range of \$30-\$40 million, but as it currently stands, we anticipate that the losses in this biennium could be in the range of \$65-\$75 million.

To help us with the situation, the legislative leadership agreed that we would be able to forward fund some of the money from the second year, \$45 million, which has been made available in this part of the year as well as \$6 million of supplemental money. So, at the present time we are not running huge deficits, but very shortly when the advances disappear, we will be and we are looking at, as I mentioned, a \$65-\$75 million shortfall overall.

After the meeting, the legislative leadership asked that they prepare a potential agreement, which they did, and on April 10, the staff met with the legislative leadership and they provided us with a contract. In the course of the discussion, they indicated a) that they did not want us to be the bankers, b) that they were anxious for us to be treated as a vendor, and c) that we would be paid quarterly in advance for the services that would be provided with some kind of reconciliation. And they presented us with a contract to which they asked us to respond in terms of the potential for a longer term contract. They emphasized that they wished that UTMB would continue in the role of providing care. They recognized the quality of that care and, in fact, it is clear that there were not really significant options to provide care that was comparable, at least at this time.

We have examined that contract and in the last several days, have responded to them. The contract, while it is consistent with the notion that TDCJ is in fact the provider of the services, and that they would like to treat us as vendors, it is still short of the mark.

First of all, it provides quarterly payments, but the payments are significantly less than the actual projected costs. So very soon, we anticipate that we will be deficit financing even though we are getting some advance payments. A clear message of making up those costs on a quarterly basis is not identified in those contracts. There is no mechanism under those contracts for a reduction in services commensurate with the remaining funds. In other words, if we are a vendor and we are going to be paid for our services, and there is not enough money, we ought to provide fewer services, and we believe that is the responsibility of TDCJ to determine rather than ourselves.

In addition, we believe there ought to be some plan for a transition over time of the services on the so-called on-site units where much of the deficit has occurred.

We have provided a written response to these contracts to the leadership. It has only been a short period of time so we have not had a response, but our purpose in this briefing is to emphasize that although we have made some philosophical progress around the role of TDCJ and around the concept that we should be a vendor, the actual contract does not reflect that.

What we are hearing from some legislative folks is that it is not clear to them that out of the session there is a mechanism by which they can make the kinds of changes that we think are appropriate. At the same time, our view is that we have to represent the Regents' commitment, as I have said, to keeping the financial health of UTMB whole.

I conclude, Mr. Chairman, by saying that we are eagerly awaiting the response to our letter in response to the contract to see what kind of progress we can make, and I want to remind the Regents that UTMB still has substantial financial challenges associated with the recovery from Hurricane Ike, and in order to do those projects, they have to pay for construction, and then get reimbursed. What we will run into under these circumstances is a cash-flow problem because in the absence of proper payment, if we run deficits, we will not have the resources to be able to do that construction.

So, we wanted the Board to be aware that we are sensitive to their views and with the seriousness with which they take the situation, but also recognize that we are still in a precarious situation in which we do not have an agreed-upon contract at this time.

On October 31, 2011, the Board of Regents delegated to President Callender, in collaboration with the Chancellor, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel, the authority to

- negotiate and enter into an Amended and Restated Interim Agreement, extending for a single 30-day period the Interim Agreement negotiated with TDCJ on September 1, 2011, for the delivery of correctional health care services until December 1, 2011; and
- negotiate, in the event a new correctional health care services contract for the period through December 31, 2012, is not

successfully accomplished prior to December 1, 2011, a transition plan and agreement to limit or terminate the role of UTMB in the provision of correctional health care services not later than December 31, 2012.

On December 5, 2011, the Board approved a Second Amended and Restated Interim Agreement between UTMB and TDCJ for correctional health care services for Fiscal Year 2012. This interim agreement became effective December 1, 2011, and will continue to August 31, 2012.

2. U. T. System Board of Regents: Approval of the Consent Agenda

The Board approved the Consent Agenda, which is set forth on Pages 85 - 140. The Consent Agenda replaced the Docket effective with this meeting.

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 University of Texas System institution involved.

Chairman Powell thanked Regent Gary for his leadership in seeking additional resources to further enhance operations in The University of Texas System Office of Federal Relations, outlined in Item 5 on Pages 97 - 98.

Referencing Item 6 on Page 98 that authorized expenditure of up to \$1.4 million to improve communications and meeting technology Systemwide, Chairman Powell noted appreciation to Vice Chairman Hicks for focusing the Board's attention on the benefits to be gained from improved videoconferencing.

Chairman Powell also noted the following:

- Item 36 on Page 119 authorizes The University of Texas at Dallas to contract with the Coca-Cola Bottling Company of North Texas for beverage pouring rights and soft drink vending for approximately \$1 million and for a sponsorship contract of approximately \$1.2 million.
- Included in the approval of Item 39 on Page 121 was a finding of fact that easements across portions of The University of Texas at El Paso campus to the City of El Paso serve a public purpose specific to the mission of the institution.

RECESS.--At 2:02 p.m., Chairman Powell announced the Board would recess for meetings of standing committees and would reconvene on the morning of May 3.

THURSDAY, MAY 3, 2012.--The members of the Board of Regents of The University of Texas System convened at 8:40 a.m. on Thursday, May 3, 2012, in the Board Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Powell
Vice Chairman Foster
Vice Chairman Hicks
Vice Chairman Dannenbaum
Regent Cranberg
Regent Gary
Regent Hall
Regent Pejovich
Regent Stillwell
Regent Rutkauskas, Student Regent, nonvoting

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Powell called the meeting to order.

AGENDA ITEMS, CONTINUED

3. U. T. System Board of Regents: Approval of Consent Agenda items referred for Board consideration

There were no items from the Consent Agenda referred for Board consideration.

4. U. T. System: Annual Meeting with Officers of the U. T. System Student Advisory Council

Ms. Samantha Dallefeld, Chair of The University of Texas System Student Advisory Council, introduced Council members in attendance at this annual meeting with the Board of Regents. She introduced Mr. Timothy (Xavier) Johnson, The University of Texas at San Antonio, as Chair-Elect of the Council.

Ms. Stephanie Corté, The University of Texas-Pan American, sat in for Ms. Normalinda Reyna for the report on the Student Involvement and Campus Life Committee.

Mr. Cody Willming, The University of Texas at Dallas, sat in for Ms. Kathryn Taylor for the report on the Health and Graduate Affairs Committee.

Ms. Dallefeld then turned to the Committee Chairs for their reports and recommendations as included in the agenda materials.

Recommendation #1 – measuring graduation rates

Chancellor Cigarroa agreed that the current graduation rate calculation is not reflective of excellence across many of the U. T. System campuses, especially in schools on the Texas-Mexico border. A four-year graduation rate that usually includes only first-time, full-time, fall semester students is not reflective of the modernism of many universities. Chancellor Cigarroa said that in his Framework for Advancing Excellence (see August 25, 2011 Minutes) a careful attempt was made at

- a. deaggregating first-time, full-time undergraduate students in a manner reflective of the current graduation rate;
- b. improving graduation rates in terms of transfer students; and
- c. tracking the progress of coordinated admission planning students and other nontraditional students.

He said the Productivity Framework Dashboard follows progress on what is actually occurring on campus, including the number of degrees conferred per university.

Ms. Natalie Butler, Chair of the Council's Financial and Legislative Affairs Committee, said the Council appreciates getting these measures of success out in the public.

Recommendation #2 – student input on tuition

No discussion was held.

Recommendation #3 – support of hybrid courses

Noting that increased hybrid course offerings are an important goal in the Framework for Advancing Excellence, Chancellor Cigarroa expressed support for this recommendation. Referencing presentations made on May 2, 2012, during the Academic Affairs Committee meeting, he said many institutional presidents are working to enhance the number of online courses available to students across the U. T. System. He said that transformational courses will improve persistent rates and student success, especially for first-generation students.

Recommendation #4 – fully utilize online tools for timely degree completion

Dr. Cigarroa spoke about the development of the MyEdu program that will accommodate this recommendation. Chairman Powell noted the Board's interest in making the online tools more easily navigable to ensure student success.

Recommendation #5 – improving the quality of health centers

Chancellor Cigarroa called on Executive Vice Chancellor Shine for comments on the improvements made to the student health centers on the U. T. System campuses. Dr. Shine discussed the continued sharing of best practices through a formal process intended to result in outside accreditation of all the U. T. System institutional student health centers.

Vice Chairman Hicks recommended to the Board and to the Health Affairs Committee that a model be developed to support students in addiction and recovery across all the U. T. System campuses. He noted the existence of a center at The University of Texas at Austin operated at a modest cost. Ms. Butler spoke about transfer students who purposefully choose to come to U. T. Austin because of the recovery center.

Dr. Shine was also supportive of Vice Chairman Hicks' recommendation, and he discussed the reluctance of many students to seek help on mental health issues.

Recommendation #6 – evaluation of stipends for cost of living

No discussion was held.

Recommendation #7 – centralize support for veterans

Dr. Cigarroa agreed to provide the Council's recommendations to the institutional presidents and asked Interim Executive Vice Chancellor Reyes to consider improvements in advising student veterans.

Recommendation #8 – improvement and marketing to students of behavioral intervention teams

Chancellor Cigarroa endorsed this recommendation.

At the conclusion of the Student Advisory Council meeting, Chairman Powell commended the students for their participation in the matters of the Council, and he thanked them for presenting their concerns and recommendations to the Board.

U. T. San Antonio: Authorization to accept invitation from Conference USA and to negotiate and finalize terms for athletic conference membership, including possible future membership in a new athletic conference

At this point in the Board meeting, Chairman Powell said he wished to take an item out of order, and he asked the Board to consider Item 5 on the Academic Affairs Committee agenda, which requested authorization of membership of The University of Texas at San Antonio in Conference USA (CUSA). The proposal was approved (see Academic Affairs Committee Item 5 on Page 62 of these Minutes).

RECESS AND RECONVENE.--The Board took a short break from 9:25-9:30 a.m.

5. U. T. System Board of Regents: Inaugural Regents' Outstanding Student Awards in Arts and Humanities to Mr. Joseph Choi and the Hill-Country Reed Trio, both from U. T. Austin, and performance

Interim Executive Vice Chancellor Reyes reported on the results of the inaugural Regents' Outstanding Student Awards in Arts and Humanities. He then joined Chairman Powell for presentation of the inaugural awards to

- Mr. Joseph Choi, pianist, The University of Texas at Austin, for outstanding instrumental performance by an individual/duo; and
- the Hill-Country Reed Trio, composed of Mr. Jonathon Pearson Altizer on bassoon, Ms. Angela Park on oboe, and Ms. Stephanie Chung on clarinet, all from U. T. Austin, for outstanding instrumental performance by a group.

The Hill-Country Reed Trio performed a musical piece for the Board. Mr. Choi had played the piano for the Board at the social event held on the evening of May 2, 2012. Dr. Reyes reported that a monetary award will be made to the U. T. Austin Department of Fine Arts in the students' honor.

The Regents' Outstanding Student Awards in Arts and Humanities was established on February 9, 2012. The awards program is designed to provide a framework that fosters excellence in student performance, rewards outstanding students, stimulates the arts and humanities, and promotes continuous quality in education. This first year's awards are for the musical arts.

The nominees were evaluated on tone production, technique, rhythm, intonation, interpretation, overall quality of performance, and diction (for vocalists).

6. U. T. System Board of Regents: Approval to establish medical schools in Austin and South Texas

Chairman Powell introduced Chancellor Cigarroa for remarks concerning the possible establishment of medical schools in South Texas and Austin. He noted The Honorable Eduardo A. “Eddie” Lucio, Jr., and The Honorable Kirk Watson, State Senators, would also address the Board on this subject. Dr. Cigarroa’s remarks and recommendations are set forth below.

Chancellor Cigarroa’s comments and recommendation
on a medical school in South Texas

Chairman Powell, members of the Board of Regents, colleagues, and distinguished guests, I appear before you to propose actions that will have an enormous, transformative impact on two critically important regions of the State of Texas and the world. Last year, in my presentation of the Framework for Advancing Excellence throughout The University of Texas System, I recommended the development of a medical school in Austin and a medical school in South Texas. Today, I am taking the next step forward to ask the Board to formally endorse the establishment of those medical schools.

These two new schools and related residency programs will have their own unique features, and their respective paths, but together they will each fulfill the need for advancing medical training, developing a health care workforce in rapidly growing areas of the state with substantial physician and health professional shortages, increasing biomedical research, and improving health care for Central Texas, South Texas, and the Lower Rio Grande Valley. The medical schools will also lead to the commercialization of discoveries made by their researchers and significantly strengthen the economic vibrancy of their local communities and regions while bringing these life-saving discoveries to the patient’s bedside.

Let me first begin with the medical school in South Texas. As many of you know, I grew up in Laredo and I represent the third generation of Cigarroa physicians. My father, Dr. Joaquin Cigarroa, Jr., began practicing medicine in 1947 and remains busy practicing the art and science of medicine to this day. When I was young, I shadowed him as he made house calls in the evenings, and he provided me with a unique firsthand experience of the challenges faced by a medically underserved region along the Texas-Mexico border. Later in his career, I once said to him, “Dad, you have had a remarkable career in medicine. Is there anything you haven’t accomplished to your satisfaction? Do you have any regrets?” And he responded that his only regret was he had not had the opportunity to teach the next generation of medical students and residents – our future – and

convince them to practice in our region of the state in an area that is so medically underserved. He, through his own eyes, brought life into the statistics we all know so well regarding shortages in health care professionals articulated by many economists and demographers.

One compelling reason why I left Johns Hopkins Hospital and came back to teach at The University Health Science Center at San Antonio was to teach a new generation of students the beautiful art and science of medicine, and instill in them the important lessons that my father taught me – that medicine touches everyone, from the poorest to the wealthiest, without regard to economic status or homeland of origin – and that the medically underserved people of South Texas and the Lower Rio Grande Valley deserve high-quality, comprehensive health care for themselves and their children and grandchildren.

When I became President of U. T. Health Science Center - San Antonio in 2000, the opportunity to make a difference was the only reason I left surgery for administration. I saw that the Health Science Center's educational and clinical programs had benefitted from a strong partnership with University Hospital and the Veterans Administration and other clinical partners, and I thought "why not pursue the same collaboration with hospitals in the Lower Rio Grande Valley and the VA to advance health care and medical education in South Texas?" In fact, why not work to transform the Regional Academic Health Center (RAHC) into a freestanding school of medicine?

Beginning in 1997 and for the past 15 years, those partnerships have grown into a long-standing commitment to improve the health of the people of South Texas and the Valley. Let me give you a brief history of our collective progress:

- In 1997, the Texas Legislature adopted Senate Bill 606, championed by Senator Eddie Lucio, Jr. and then-Representative Juan "Chuy" Hinojosa, to support the U. T. System in establishing and operating a regional academic health center – or RAHC – serving Cameron, Hidalgo, Starr, and Willacy counties. Senator Lucio, thank you for your work in support of this medical school over the years and for being with us today.
- In 1998, the U. T. System Board of Regents established a Valley-wide RAHC composed of a medical education division in Harlingen, a medical research division in Edinburg, and a public health division in Brownsville. An affiliation agreement was also signed with Valley Baptist Hospital to serve as the primary site for medical student education for students from U. T. Health Science Center - San

Antonio. Furthermore, through the leadership of Senator Judith Zaffirini, Senate Bill 1288 authorized establishing the U. T. Health Science Center - San Antonio's Laredo Regional Campus.

- Since 1998, \$79.5 million has been invested by the Texas Legislature and the U. T. System in infrastructure to support the RAHC, including a medical education building and an academic and clinical research facility in Harlingen, a medical research facility in Edinburg, and a public health facility in Brownsville.
- State funding in the amount of \$10.8 million annually has been made available by the Texas Legislature to support the medical education and research divisions of the RAHC, \$1.1 million annually to support the public health division of the RAHC, and \$3.5 million per year for the Laredo Regional Campus.
- Approximately 100 U. T. Health Science Center - San Antonio third-year and fourth-year medical students currently experience clinical rotations at the RAHC and are educated by approximately 200 volunteer faculty.
- In 2009, the Texas Legislature adopted Senate Bill 98, in an effort led by Senator Lucio, Senator Hinojosa, Senator Zaffirini, and the State representatives of the Lower Rio Grande Valley delegation, authorizing the Board of Regents to establish a medical school in South Texas.
- In collaboration with the U. T. Health Science Center - San Antonio, Valley Baptist Medical Center currently conducts a fully accredited internal medicine residency program with 15 residency positions, and McAllen Medical Center conducts a fully accredited family medicine residency program with 18 residency positions. And the U. T. System has engaged a national expert to facilitate the development of expanded medical residency programs, with a number of hospitals in the region indicating a commitment to establish, expand, and fund the additional residency programs in South Texas that are necessary for the creation of a medical school.
- Just last August, the Board of Regents provided \$30 million for a comprehensive plan to enhance educational, health, and research initiatives in South Texas and the Lower Rio Grande Valley, including U. T. Health Science Center - San Antonio's Laredo Regional Campus. This included funds for a clinical simulation center; biomedical research; the UTeach teacher-training program to advance science, technology, engineering, and math education to better prepare students for medical education; Strength in

Numbers philanthropic activities that will support the creation of a medical school; the STARs (Science and Technology Acquisition and Retention) faculty recruitments; and support of the expansion of graduate medical education programs necessary for the development of the medical school.

For the past 15 years, we have been working diligently to lay a solid foundation for a medical school in South Texas. This is a house built on rock. The Board of Regents, the U. T. System, and our elected leaders in that region are committed to this initiative. We have had outstanding conversations this past year with legislative leadership and representatives from corporations, foundations, and business leaders in the Valley who support medical education in their region. But the establishment of a new medical school is contingent on several factors:

- a. For one, we need for current State funding for the RAHC to continue and increase, with that funding eventually shifting to directly support the new medical school.
- b. We need the successful establishment of adequate residency programs across Cameron, Hidalgo, Starr, and Willacy counties, and farther up the Rio Grande into Webb County, to support education and training for a medical school.
- c. And in the absence of discretionary funds under the control of the Board of Regents to provide operating funds for a medical school in South Texas, we need to provide funds from local communities and the region – along with the additional State funds I have already mentioned – that will be adequate to sustain the ongoing operations of the school of medicine.

The challenge before us is to identify and obtain ongoing and sufficient operating funds for a new medical school in South Texas, particularly because the U. T. System is unable to provide recurring funds for this purpose. As the Lower Rio Grande Valley community galvanizes its regional effort to secure local and State funding for a South Texas medical school, the U. T. System will make State funding for a medical school in South Texas a high priority in next year's Legislative Session, and I will work diligently on that behalf.

By its action today, the Board of Regents will publicly and explicitly acknowledge its commitment to the development of a medical school in South Texas. Your deliberation in the affirmative will be truly transformative for South Texas and improve the quality of life for generations, making the future of Texas even brighter for its citizens.

Dr. Ken Shine, Executive Vice Chancellor for Health Affairs, has been an advocate for medical schools in both Austin and South Texas, and he has remained steadfast in his vision and determination. He will address us today.

Dr. Shine said an outside consultant presented a report in Harlingen on the future of a medical school in South Texas in March 2010. He outlined the following criteria expressed at that time for a medical school in South Texas:

- that it be regional (across the Lower Rio Grande Valley up to Laredo);
- that it be comprehensive (educational, research, and patient care);
- that there be an adequate number of residencies in the area so residents would remain in South Texas; and
- that there be new financial resources.

Executive Vice Chancellor Shine reported that a foundation was established in Harlingen on 35 acres of land in support of the effort. Area hospitals have joined to create more residency positions. Dr. Shine remarked on the commitment of local and U. T. System institutional officials in South Texas to the establishment of a separate, independent medical school in the area, and he spoke about the South Texas Simulated Teaching Hospital funded at the U. T. Health Science Center - San Antonio by the Board of Regents on November 10, 2011, which will be based in Harlingen but will be decentralized to involve regional institutions, hospitals, and community colleges.

Dr. Shine said the opportunities in South Texas are substantial, and the U. T. System is committed to supporting efforts to attain additional financial resources for a medical school in South Texas from philanthropy, local sources, and as part of a legislative priority.

Senator Lucio then read the letter that he and Senator Hinojosa wrote on May 2, 2012, to Chancellor Cigarroa, attached on Pages 18 - 19. He committed to do his best to assist in finding the resources to ensure that the U. T. System is the very best in the country and to bring medical education to South Texas. He said the returns will be beyond expectations. Chancellor Cigarroa thanked Senator Lucio for his comments, and Chairman Powell called on Regent Stillwell for a motion regarding the development of a medical school in South Texas.

Motion by Regent Stillwell concerning
a medical school in South Texas

I move that the U. T. System Board of Regents commit to the development of a medical school in South Texas that fully utilizes the three existing academic and research buildings constructed at the medical education and research divisions of the Regional Academic Health Center (RAHC) funded by the Texas Legislature and U. T. System.

I further move that the establishment of this new medical school be contingent on the continuation and application of current State funding for the RAHC being available for a new South Texas medical school and the successful establishment of adequate residency programs across Cameron, Hidalgo, Starr, Webb, and Willacy Counties to support education and training for a medical school.

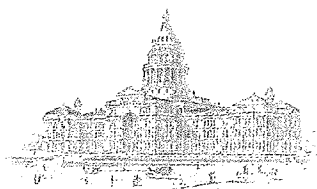
I also move that, in the absence of discretionary funds under the control of the Board of Regents to provide operating funds for a medical school in South Texas, the establishment of the new medical school be contingent on the continuing availability of reliable and sufficient additional resources for a medical school, including funding from local communities and additional State funds, the pursuit of which will be a high priority for the U. T. System in the upcoming 83rd Legislative Session, that are adequate to sustain the ongoing operations of a medical school.

Vice Chairman Foster seconded the motion, which carried unanimously.

THE SENATE OF TEXAS

P.O. Box 12068
CAPITOL BUILDING, 3E.18
AUSTIN, TEXAS 78711
(512) 463-0127

500 SOUTH KANSAS AVENUE
WESLACO, TEXAS 78956
(956) 968-9927



7 NORTH PARK PLAZA
BROWNSVILLE, TEXAS 78521
(956) 548-0227

700 EAST KLEBERG AVENUE
KINGSVILLE, TX 78363
(361) 592-3252

SENATOR
EDDIE LUCIO, JR.

May 2, 2012

Francisco Cigarroa, M.D.
The University of Texas System
601 Colorado St. 4th Floor
Austin, Texas 78701

BOARD OF REGENTS
RECEIVED

MAY 03 2012

U.T. SYSTEM

Dear Dr. Cigarroa,

Senate Bill 98, of the 81st Legislative Session, charges the board of regents of the University of Texas System (UT System) to establish a health science center and medical school in South Texas. We write to respectfully request of you, on or before September 3, 2012, a UT System "blueprint" (road map). A blueprint which will include the specific needs of the board and the UT System administration - and a timeline - to officially convert the Regional Academic Health Center (RAHC), created by SB 606 (75th Legislative Session), into a stand-alone medical school in the Rio Grande Valley.

The establishment of a health science center and medical school in South Texas is our number one priority for the upcoming legislative session. A UT System blueprint will allow us and others involved in the process to collaborate with the Rio Grande Valley legislative delegation, our statewide legislative leadership, and prominent civic business leaders from across the 12 county region referenced in SB 98, who are totally committed to this goal.

The blueprint will show support from the UT System and allow us to jointly develop legislative strategies and effective advocacy efforts before the 83rd session and thereafter. We know the UT System has the expertise (or can secure it) to design the blueprint as well as develop a specific action plan with timelines for the eventual creation of the medical school in the Rio Grande Valley, as envisioned by the board and the UT System administration.

The blueprint should include detailed information on all the components needed for a free-standing, degree-granting medical school, such as the specifics on the amount of local financial (or in-kind) resources needed each year to support the operations of the medical school, the residency programs required at the RAHC that will meet accreditation standards, the hospital affiliation agreements required to support graduate medical education, philanthropic donations, state general revenue, federal or other resources from foundations, including but not limited to the specific requirements to establish an effective and productive medical practice plan.



DISTRICT 27: CAMERON ★ HILDALGO ★ KENEDY ★ KLEBERG ★ WILLACY

COMMITTEES: INTERNATIONAL RELATIONS & TRADE, CHAIRMAN ★ FINANCE ★ BUSINESS & COMMERCE ★ STATE AFFAIRS ★ GOVERNMENT ORGANIZATIONS ★ REDISTRICTING

Additionally, part of the blueprint should include the probable use of tuition revenue bonds, as may be legislatively authorized, including the potential use of the *Permanent University Fund* (PUF) to help both The University of Texas Health Science Center at San Antonio (a PUF institution) and the RAHC to support the debt service for the construction of the Academic Learning and Teaching Center at the Health Science Center at San Antonio. We feel this is a crucial step which will enable The University of Texas Health Science Center at San Antonio to expand the capacity of the RAHC, as outlined in its 82nd Legislative Appropriations Request (LAR). Any help in financing this and other medical school related facilities would be tremendously helpful.

At this point, we must look at all options to create and build the medical school in South Texas. We know that the board and the UT System are committed to creating and operating a first-class medical school in the Rio Grande Valley; however, the real beginning starts with a quality "blueprint" to eventually meet that goal.

Lastly, when UT System begins working on this blueprint and determining location, know that all 12 counties referenced in SB 98 and especially in the Rio Grande Valley are ready to work together to make this medical school a reality, irrespective of any political considerations. Our ultimate goal is to see a medical school in South Texas, and we will support the regents' decision for the best location for the medical school.

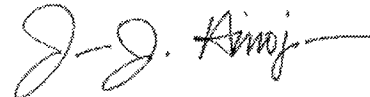
To ensure full participation and consideration in selecting the future home of a South Texas medical school, we encourage the UT System to use the assistance of feasibility studies, existing patient referral patterns, public input, and demographic trends to reach this determination. Again, our goal is to foster medical education in South Texas, and we will do whatever is necessary to see that come to fruition.

Thank you for your prompt attention to this request. Please call me if you have any questions.

Sincerely,



Eddie Lucio, Jr
State Senator



Juan "Chuy" Hinojosa
State Senator

cc: Wm. Eugene "Gene" Powell, Chairman
Paul L. Foster, Vice Chairman
R. Steven "Steve" Hicks, Vice Chairman
James D. Dannenbaum, P.E., Vice Chairman
Alex M. Cranberg
Printice L. Gary
Wallace L. Hall, Jr.
Brenda Pejovich
John Davis Rutkauskas
Robert L. Stillwell

Chairman Powell called on Dr. Cigarroa for remarks on a medical school in Austin.

Chancellor Cigarroa's comments and recommendation
on a medical school in Austin

In my vision statement for the U. T. System, which I delivered soon after I became Chancellor, I stated that The University of Texas at Austin must continue to build its excellence in its goal to become America's finest public university. Three years later, our flagship university – under the leadership of President Bill Powers – continues to improve in academic reputation and research funding among the premier public universities in the nation.

However, I strongly believe that U. T. Austin will be restrained from becoming America's finest public university without a medical school, and I am very pleased that President Powers has affirmed the importance of a school of medicine in this endeavor at U. T. Austin.

There are several compelling reasons why U. T. Austin is now well prepared to establish a medical school, and why in turn it will bolster the University's national reputation and enhance health care for the people of Central Texas and the world.

- a. The establishment of a medical school at U. T. Austin will further strengthen the comprehensive research university's competitive position among America's finest public universities and enhance its standing as one of the largest and most respected universities in the nation. Most of the top medical schools in the U.S. are associated with a large university. Research expenditures generated from universities with medical schools are significantly higher than those of universities without medical schools.
- b. A critical mass of research is already well underway at U. T. Austin in the biosciences and biotechnology, nanotechnology, biomedical engineering, neuroscience, disease diagnostics, alcohol and addiction studies, pharmaceutical development, and a host of other areas focused on health and medicine.
- c. The creation of a medical school will significantly expand opportunities for medical research and technology commercialization in Central Texas. These initiatives have been championed by State leaders, including Governor Perry, and contribute to the long-term economic vitality of the region.
- d. Austin is one of the few cities of our size in the nation without a medical school. A comprehensive community effort, led by State

Senator Kirk Watson, has identified the creation of a new medical school as a top priority for this region. Senator Watson is with us today. Thank you very much, Senator, for your vision and your steadfast leadership in this effort.

- e. A medical school will increase access to high-quality primary, specialty, and multidisciplinary health care for the people of Central Texas.
- f. A medical school will increase the opportunities for Texas residents to obtain medical education and residency training in Austin, which will mitigate the shortage of physicians in this rapidly growing part of the state. It will also provide a venue for the increased development of a health professional workforce through interdisciplinary and innovative health professional training.
- g. We already have significant investments in medical education and research in Austin, and we have excellent collaborations in place between medical centers and hospitals. The University of Texas Southwestern Medical Center sponsors and operates very high quality medical residency programs in Austin, in collaboration with the Seton Healthcare Family, and will continue to partner with U. T. Austin in educational and research activities.
- h. The Seton Healthcare Family currently funds and supports 200 U. T. Southwestern Medical Center residents in 14 medical residency and fellowship programs. These residents and their supervising faculty provide important care to the uninsured and the underinsured in Central Texas outpatient and inpatient facilities, as well as other locations.
- i. The Seton Healthcare Family also currently funds and supports 133 full-time faculty members who teach residents and medical students, in addition to 149 volunteer faculty members.
- j. 100 medical students experience their third- and fourth-year medical education rotations at Seton Healthcare Family hospitals and other hospitals in Austin.
- k. Since 1995, the Seton Healthcare Family has invested \$148 million in University Medical Center Brackenridge, the primary teaching hospital for U. T. Southwestern Medical Center - Austin programs, and has committed up to \$250 million more to build a new primary teaching hospital, which will be a replacement facility.
- l. A medical school at U. T. Austin, with Texas Higher Education Coordinating Board approval, will allow for the development of

a new national model in innovative interdisciplinary health professional education programs. The synergies created between a medical school and engineering, chemistry, physics, and other scientific disciplines – and business law and public policy – will be far-reaching and impact the quality of life here and throughout the world.

If we look at the historical framework for higher education in Texas, the Constitution of 1876 specified that the State legislature should establish, organize, and provide for the maintenance and support of a “university of the first class.” The location of the university was to be determined by popular vote of the people. In 1881, an election took place. Austin was chosen for the site of the main university, and Galveston was chosen for the location of the medical department. After all, in 1881, Galveston was the largest city in Texas and was a center for commerce and culture, with a flourishing medical establishment. And yet because of that vote, the University and its medical department were separated at birth. In fact, to this day, no Texas university has a medical school within its organizational structure.

What I am recommending for deliberation to the Board of Regents is bold, visionary, and transformative for our region, our state, and our nation. The educational and research relationships of U. T. Austin will dramatically and positively change if the Board commits to establishing a school of medicine within our flagship.

And for that reason, I believe there is a strong and compelling rationale to provide funding for this effort by increasing the Available University Fund (AUF) distribution rate from 45% to 48%, assuring \$25 million per year and allocating appropriate STARs funding to help recruit the founding Dean and faculty for the school of medicine.

The financial commitments of the Board of Regents need to be contingent upon the continuation of the Seton Healthcare Family support of graduate medical education residency programs and clinical faculty positions at current or increased levels, and the availability of reliable and continuing funding of \$35 million annually from local community sources for the direct support of a medical school at U. T. Austin.

I will conclude my remarks with one final personal observation: a medical school is a beautiful institution to behold. I say this with the personal experience of having been a medical student at U. T. Southwestern Medical Center, a chief resident in General Surgery at Massachusetts General Hospital in Boston, a fellow in Pediatric

Surgery and a fellow in Transplantation Surgery at Johns Hopkins Hospital in Baltimore, and a faculty member and then President of U. T. Health Science Center - San Antonio.

Medical schools teach you how to save lives. They teach you how to practice preventive medicine and pass on health-giving advice to families who need your knowledge and expertise. And they foster the biomedical research and discoveries that identify, prevent, and cure debilitating and fatal diseases. U. T. Austin is already a major American research university, with a reputation for exemplary teaching and research among the premier public institutions of the Association of American Universities (AAU). Consider how many more partnerships the University could develop with a medical school. Consider the increase in opportunities for its researchers and students. With a medical school, U. T. Austin will have a profound impact on medical and health professional education in Central Texas and far beyond. The healing hands of health professional graduates will save countless lives and improve the quality of life in our time. U. T. Austin proudly proclaims, "What starts here changes the world." I believe that to be absolutely true. And I believe that a medical school will add another dimension to that phrase, "What starts here saves lives." A medical school at U. T. Austin will better position the University to become America's finest public university. And in the process, it will make Austin and our University a national center for medical education, biomedical research, and patient care.

Dr. Shine commented on the leadership and support activities of the Seton Healthcare Family and the support of U. T. System and U. T. System institutional administrative officials, the local hospital district, the Michael and Susan Dell Foundation, and Senator Watson. Dr. Shine commented on the need to not take resources away from existing programs to support a new medical school.

Chancellor Cigarroa then called on Senator Watson for remarks. Senator Watson said a medical school in Austin would

- define Austin as a 21st century city;
- enhance the assets and contributions of U. T. Austin as a Tier One research university;
- contribute to the health of all Texans and to the economic health of the state; and

- build on a) the Seton Healthcare Family’s recent preliminary commitment of \$250 million for the construction of a modern teaching hospital that would replace the University Medical Center Brackenridge, b) the affiliation agreement between U. T. Southwestern Medical Center and Seton that provides residents and residency programs, and c) the letter of intent signed between the Travis County Health Care District and Seton to modernize and upgrade the community’s long-time public/private partnership serving the safety net population.

Chancellor Cigarroa then turned the floor back to Chairman Powell who called on Vice Chairman Hicks for a motion concerning a medical school in Austin.

Motion by Vice Chairman Hicks on a medical school in Austin

I move that the U. T. System Board of Regents

- a. commit to the development of a medical school in Austin;
- b. commit additional Available University Fund (AUF) monies toward the creation of a medical school at U. T. Austin, equal to the greater of \$25 million annually or a 3% increase in the annual AUF distribution to U. T. Austin from 45 to 48%; and
- c. approve the allocation of \$5 million of STARS recruiting monies, per year, for eight years, to U. T. Austin as additional support to create the medical school at U. T. Austin.

I further move that the financial commitments of the Board of Regents be contingent upon the continuation of the Seton Healthcare Family support of graduate medical education residency programs and clinical faculty positions at current or increased levels and the availability of reliable and continuing funding of \$35 million annually from local community sources for the direct support of a medical school at U. T. Austin.

I also move that the Board of Regents review the funding streams to support the medical school 10 years after its establishment consistent with the Board’s fiduciary responsibilities.

The motion was seconded by Vice Chairman Dannenbaum and carried unanimously.

RECESS AND RECONVENE.--The Board took a short recess from 10:50-11:00 a.m.

7. U. T. System Board of Regents: Report from Professor Hank Nuwer, a national expert on the prevention of hazing

Chancellor Cigarroa presented introductory remarks related to the health and safety of students on University of Texas System campuses. He stated that Texas has clear criminal laws defining and prohibiting hazing. In addition, Regents' *Rules and Regulations* and U. T. System institutional policies subject students and organizations to strong disciplinary action, including expulsion, for hazing violations. Chancellor Cigarroa had asked the Office of Academic Affairs and the Office of General Counsel to review policies and practices to identify any actions that could be taken to further address the elimination of hazing at U. T. System institutions.

Dr. Cigarroa then introduced Professor Hank Nuwer, Franklin College, Indiana, a national expert on the prevention of hazing.

Professor Nuwer addressed the Board about the definition of hazing, which is any behavior that is required of a newcomer by a veteran that is surly, dangerous, or demeaning. He spoke about the reasons hazing occurs, where it occurs, and how best to work to achieve a hazing-free environment. Noting that he ranks Texas law as fourth in the country with regard to hazing, his recommendations to prevent hazing include

- start a campus task force now and get faculty involved;
- be transparent;
- have related policies and procedures and implement punishments, holding pledges and rookies accountable;
- engage in undergraduate student education, buy-in, and mentoring;
- look at collaborative efforts with fraternities and sororities and solutions based on science instead of emotions;
- encourage awareness and reporting by area medical personnel;
- encourage improved media exposure;
- encourage efforts by faculty and alumni and foster a culture of the freedom to speak out;
- revamp new member programs; and
- have new fraternities and clubs identify their traditions and look for risky practices.

Chairman Powell stated that the Board has a zero tolerance rule on hazing or bullying of any kind, and he asked Chancellor Cigarroa to review ways to strengthen policies.

8. U. T. System Board of Regents: Amendments to the Regents' Rules and Regulations, Rule 50101, regarding Student Conduct and Discipline

The Board amended the Regents' *Rules and Regulations*, Rule 50101, regarding Student Conduct and Discipline, to read as set forth on Page 28.

This revision replaces former Regents' Rule 50101 with a statement of policy regarding student conduct and discipline. Under the new Rule, each University of Texas System institution is required to adopt a student discipline policy to be reviewed and approved by the Office of General Counsel and the appropriate Executive Vice Chancellor.

The specific requirements for each institution's policy is to be consistent with a new Office of General Counsel model policy, based upon the former Rule 50101. This approval is consistent with the policy and procedure structure of other Regents' Rules, including Rule 30105 regarding Sexual Harassment and Misconduct.

Details of the model policy were discussed in recent meetings of institutional judicial affairs officers, the U. T. System Associate Vice Chancellor for Student Affairs, and representatives of the Office of General Counsel. Specifically, the proposed model policy would provide for a more efficient hearing process, while complying with due process requirements. These amendments have been presented to U. T. System Student Advisory Council representatives without objection.

Significant changes to be addressed in the model policy include the following:

- Clarify that a student is subject to discipline for prohibited conduct that occurs on or off campus, and remove redundant language.
- Include a statement that students who knowingly fail to report hazing are subject to discipline.
- Require a student who has been suspended or expelled for disciplinary reasons, but is requesting approval to be present on a U. T. System institution campus, to disclose in writing to the chief student affairs officer information regarding each institution from which the individual has been suspended or expelled and the conduct leading to the disciplinary action.

- Authorize a streamlined hearing process for those cases in which the intended disciplinary sanction does not involve suspension, academic sanctions, or expulsion.
- Include a provision (in accordance with Title IX of the Education Amendments of 1972, its implementing regulations, and Department of Education guidance) to outline the rights of an alleged victim of sexual harassment or sexual violence during a student disciplinary hearing.
- Authorize the president of the institution to appoint a delegate to hear student discipline appeals.

1. Title

Student Conduct and Discipline

2. Rule and Regulation

Sec. 1 Standards of Conduct. All students are expected and required to obey federal, State, and local laws; to comply with the Regents' *Rules and Regulations*, with The University of Texas System and institutional rules and regulations, and with directives issued by administrative officials of the U. T. System or U. T. System institution in the course of their authorized duties; and to observe standards of conduct appropriate for an academic institution.

Sec. 2 Institutional Rules. Each U. T. System institution shall adopt rules and regulations concerning student conduct and discipline. Such rules shall be in accordance with a model policy developed by the Office of General Counsel that complies with State and federal law, Regents' Rules, and U. T. System policies. Institutional rules shall become effective upon review and approval by the Executive Vice Chancellor for Health Affairs or the Executive Vice Chancellor for Academic Affairs, as appropriate, and by the Vice Chancellor and General Counsel. Each student is deemed to have notice of the provisions of the Regents' *Rules and Regulations* and institutional policies.

9. U. T. System Board of Regents: Amendments to the Regents' *Rules and Regulations*, Rule 80111, regarding Smoke Free or Tobacco Free Policies

The Board amended the Regents' *Rules and Regulations*, Rule 80111, regarding Smoke Free or Tobacco Free Policies, to read as set forth on the following page.

The University of Texas System Board of Regents is aware of the significant health hazard caused by tobacco use. In furtherance of U. T. System's commitment to tobacco use prevention and cessation, the Board adopted Regents' Rule 80111 in December 2004, providing for smoke free facilities. The current Rule declares all facilities of the U. T. System or any of its institutions smoke free and prohibits the sale of tobacco on U. T. System campuses or at University-sponsored events.

U. T. System institutions will be allowed to adopt smoke free or tobacco free policies in accordance with this Rule.

Many of the U. T. System institutions conduct research on tobacco prevention and cessation, some of which is funded by Cancer Prevention and Research Institute of Texas (CPRIT) grants. The Rule amendments assure needed flexibility to comply with grant requirements, including CPRIT rules and regulations, and further demonstrate U. T. System's commitment to cancer research.

1. Title

Smoke Free or Tobacco Free Policies

2. Rule and Regulation

- Sec. 1 Policies. The institutions of the U. T. System and System Administration may adopt smoke free or tobacco free policies. Such policies shall be reviewed by the Office of General Counsel and shall be consistent with State law.
- Sec. 2 Tobacco Use Cessation Services. The U. T. System and U. T. System institutions may provide employees with tobacco use cessation services or make referrals to such services.
- Sec. 3 Prohibition of Tobacco Sales. Tobacco sales are prohibited on U. T. System campuses or at University-sponsored events.

10. U. T. System: Approval of tuition and fee plans for a) the academic institutions for the 2012-2013 Academic Years, and b) the health institutions for Academic Years starting in Fall 2012 and Fall 2013 and other sources of funding for institutional support

Chairman Powell called on Chancellor Cigarroa to introduce the proposed tuition and fee plans for each University of Texas System institution.

Remarks by Chancellor Cigarroa on
institutional tuition and fee plans

Good morning, and thank you, Mr. Chairman. Today, I would like to present to the Board of Regents my recommendations for tuition and fee rates for the upcoming two fiscal years, 2013 and 2014, with the understanding that this is among one of the most important responsibilities of the Board. Following my discussion, Executive Vice Chancellor for Health Affairs Dr. Ken Shine will propose for your consideration recommendations for the tuition and fee rates at four of the University of Texas health institutions. That discussion and consideration will be followed by Interim Executive Vice Chancellor for Academic Affairs Dr. Pedro Reyes, who will propose for your deliberation the new recommendations for undergraduate, graduate, and professional tuition, and mandatory fee rates at the University of Texas academic institutions.

There are three caveats. The University of Texas at Arlington's proposal does not include an increase in new tuition and fee rates for Fiscal Year 2013, and The University of Texas M. D. Anderson Cancer Center is not requesting an increase in its tuition and fee rates for Fiscal Year 2013 and Fiscal Year 2014. As you know, The University of Texas Health Science Center at Tyler does not confer degrees.

The presidents of our institutions are here and available to answer any specific questions with regard to their respective tuition and fee proposals, and of course myself, Dr. Shine, and Dr. Reyes will answer questions as well.

We began to implement the Framework for Advancing Excellence action plan last fall and have made significant progress addressing student success and outcomes. We now have the analytical tools to help us make better informed decisions, easily accessible through the dashboard developed by Vice Chancellor Woodley's team. We are able to measure administrative costs, the impact of cost containment strategies, and other important variables that are used in this important methodology.

In the spirit of continuous improvement, it is incumbent upon us to always identify ways to reinvent ourselves and be innovative. The institutions are focused on improving four-year graduation rates. For example, The University of Texas at Austin's graduation rate task force is working diligently to help the institution raise its four-year graduation rate to 70% in the next five years.

The U. T. health institutions are implementing innovative degree programs to reduce time to graduation via the Transformation in Medical Education (TIME) initiative. The implementation of MyEdu and hiring more academic advisers will improve student success. We are offering more blended and online learning courses, and providing new opportunities for students of all ages, such as Finish@UT. We are also strengthening accountability across our mission and identifying better ways to use space on campus. And, Executive Vice Chancellor Scott Kelley's team is reviewing administrative organizational structures across the System.

All of the Framework initiatives are aimed at advancing excellence across The University of Texas System, and we expect more progress within these areas in the months and year ahead.

And so, with the Framework and Dashboard in place, we are better prepared to study tuition and fee proposals and to make evidence-based decisions with clarity of purpose.

The tuition and fee proposals before you today include consultation by committees of students, faculty, staff and administrators and were submitted to the presidents at each of the institutions for review. The presidents then formally submitted the proposals to the U. T. System Administration.

I express my sincere appreciation to the members of the various campus tuition advisory committees and the campus presidents for their dedication and efforts developing these thoughtful proposals.

Before committee deliberations began, I developed guiding principles for the institutions to consider while developing tuition and fee proposals.

- New tuition and fee rates for resident undergraduates should not exceed a three-year average of the Consumer Price Index, which turned out to be not greater than 2.6%. This ceiling includes tuition and fees.
- For nonresident undergraduate, graduate, and professional programs, the tuition and fee rate should not exceed 3.6%.

- Finally, all new undergraduate tuition and fee revenues must be tied to initiatives aimed at improving student outcomes and time to graduation. Examples include expanding the delivery of academic advising; tutoring programs; enhancing and redesigning gateway courses; improving career services; and enhancing college readiness programs. In large part, timely student graduation success for our health related institutions already exceeds 90%.

While reviewing the campus proposals, I, along with the U. T. System Office of Academic Affairs and the Office of Health Affairs, also had to ensure that increases in the proposed tuition and fee rates were aligned with the overarching principles and goals as outlined in the Framework. In addition to the guiding principles provided to our campus leadership, I also asked presidents to respond to several questions, which predominantly affect the academic campuses:

- What are your university's State appropriations over the past 10 years excluding Tuition Revenue Bonds (TRBs) per Student Full-Time Equivalent (SFTE) as well as total operational revenues defined as Designated Tuition and fees/SFTE plus State appropriations minus-TRBs/SFTE?
- What are the total operational revenues per SFTE compared to approved peers?
- What is your expenditure analysis and what are your operational cost drivers?
- What are cost containment strategies your campus has implemented over the past five years?
- What is your space utilization analysis consistent with the Texas Higher Education Coordinating Board's rationale?
- What are the rationales for proposed tuition increases?
- What are your projected trends in four-year and six-year graduation rates as well as degrees conferred to make you among the best in your peers?
- What are your proposed strategies to improve student success based upon your recommendations for Designated Tuition and fee increases?
- How do your tuition policies incentivize four-year graduation rates and degrees conferred?

- How is your campus enhancing advising initiatives, including using MyEdu?

Based upon the responses from the presidents, Designated Tuition and fee increase recommendations were further refined based on quantitative trends, as well as a qualitative assessment related to advancing the Framework.

For our health-related institutions, the overall operations of these campuses and the number and types of students enrolled are very different compared with the academic institutions. Consideration of proposals submitted by the health institutions focused more on overall State appropriations, pressures on reimbursements for health care provided, comparison to peers, market forces for recruitment and retention of physicians, dentists, and other health care providers, substantive cost containment strategies, cost drivers to each respective health science center, and of course, alignment of the Framework.

This deliberative process provided me with a holistic approach in my review of the proposals and recommendations from our academic and health campuses and, at the same time, treats our universities individually, emphasizing one size does not fit all.

After reviewing all of the campus proposals, the recommendations that Dr. Shine and Dr. Reyes will present indicate clearly that one size does not fit all. On the academic side of the house, for undergraduate students, the recommended average increase in total academic costs is 1.88% for Fiscal Year 2013 and 2.17% for Fiscal Year 2014, if U. T. Arlington submits a tuition increase proposal in 2014. For the undergraduate programs at the health institutions, the average increase in total academic costs is 1.9% for Fiscal Year 2013 and 1.3% for Fiscal Year 2014.

Given the current situation and the national discussion concerning student loan debt for students and their families across our nation, I recommend that the tuition and fee rate ceiling for resident undergraduate students should also apply to out-of-state undergraduate students. We must do all we can to bend the rising cost curve down for students wishing to attain a college degree from a U. T. System institution, regardless of where they call home outside of Texas.

I believe that these recommended increases in tuition and fees are necessary to continue to provide the highest quality education needed for our state to enhance the workforce and the economy while advancing Texas' competitiveness. It is imperative that we enhance excellence so that our graduates, our communities, and Texas can move forward and continue to build an institution of the first class.

Further, I believe the modest increases recommended are aligned with the Framework action plan and are critical for our institutions to continue to deliver the highest quality education, health care, research, and service to Texas, while controlling costs without compromising excellence.

Executive Vice Chancellor Shine commented on the deliberations held at the health institutions, including wide input by students. He reviewed the use of funds as set forth on Agenda Book Pages 39 - 40, and then he recommended tuition increases as set forth on Agenda Book Pages 41 - 42. Even with these tuition increases, he said the U. T. System medical schools are at a low level for tuition, averaging 58% of the average tuition for American public medical schools. He noted the U. T. System dental schools are in the 25th percentile, and tuition for the U. T. System public health schools also rate low at 31 out of 32 schools.

Motion for health institutions

Regent Stillwell then moved that the Board approve the tuition and fee recommendations for the health institutions as recommended by Chancellor Cigarroa and Executive Vice Chancellor Shine. Vice Chairman Dannenbaum seconded the motion, which carried unanimously.

Interim Executive Vice Chancellor Reyes then outlined the tuition and fee plans proposed by a) the academic presidents, and b) himself and Chancellor Cigarroa for the academic institutions according to Table 3 set forth on Page 36. He also referenced Table 4 on Page 37 that describes proposed use of new revenue from recommended academic cost increases. Both tables were before the members of the Board.

Dr. Reyes noted the unique four-year guaranteed tuition plan for undergraduate and graduate students at The University of Texas at Dallas, and he said any approved tuition increases would apply only one time to new students. Other students at U. T. Dallas would incur no tuition increases.

He recommended that President Watts be authorized to weigh or modify Designated Tuition for a specific category of students at The University of Texas of the Permian Basin, according to Regents' *Rules and Regulations*, Rule 40401.

Chancellor Cigarroa recommended approval of these tuition and fee rates for Fiscal Years 2013 and 2014.

**Summary of Proposed Percentage and Dollar Amount Increases
Based on Recommendations for Board Approval
For Academic Years 2012-2013 and 2013-2014, Per Semester
UT System Academic Institutions**

Increases Reflect the Amount Applicable to the Average Full Time Student

<i>15 SCH for Undergraduate Costs 9 SCH for Graduate Costs</i>	Fall 2012 Recommended Percent Increase Over Fall 2011	Fall 2012 Dollar Amount Increase Over Fall 2011	Fall 2013 Recommended Percent Increase Over Fall 2012	Fall 2013 Dollar Amount Increase Over Fall 2012
Arlington				
Resident Undergraduate	0.0%	\$ -	2.6%	\$ 121
Non-Resident Undergraduate	0.0%	\$ -	2.6%	\$ 121
Resident Graduate	0.0%	\$ -	3.6%	\$ 148
Non-Resident Graduate	0.0%	\$ -	3.6%	\$ 148
Austin				
Resident Undergraduate	2.1%	\$ 103	2.1%	\$ 105
Non-Resident Undergraduate	2.1%	\$ 340	2.1%	\$ 347
Resident Graduate	3.6%	\$ 155	3.6%	\$ 160
Non-Resident Graduate	3.6%	\$ 297	3.6%	\$ 308
Brownsville				
Resident Undergraduate	2.6%	\$ 79.50	2.6%	\$ 81.60
Non-Resident Undergraduate	2.6%	\$ 79.50	2.6%	\$ 81.60
Resident Graduate	2.6%	\$ 46.04	2.6%	\$ 48.96
Non-Resident Graduate	2.6%	\$ 46.04	2.6%	\$ 48.96
Dallas				
Resident Undergraduate	3.8%	\$ 209	3.8%	\$ 217
Non-Resident Undergraduate	3.8%	\$ 209	3.8%	\$ 217
Resident Graduate	6.9%	\$ 346	6.9%	\$ 369
Non-Resident Graduate	6.9%	\$ 346	6.9%	\$ 369
El Paso				
Resident Undergraduate	2.2%	\$ 76	2.2%	\$ 78
Non-Resident Undergraduate	2.2%	\$ 76	2.2%	\$ 78
Resident Graduate	3.6%	\$ 93	3.6%	\$ 97
Non-Resident Graduate	3.6%	\$ 93	3.6%	\$ 97
Pan American				
Resident Undergraduate	2.4%	\$ 73	2.4%	\$ 75
Non-Resident Undergraduate	2.4%	\$ 73	2.4%	\$ 75
Resident Graduate	3.6%	\$ 88	3.6%	\$ 92
Non-Resident Graduate	3.6%	\$ 88	3.6%	\$ 92
Permian Basin				
Resident Undergraduate	2.4%	\$ 78	2.4%	\$ 79
Non-Resident Undergraduate	2.4%	\$ 78	2.4%	\$ 79
Resident Graduate	2.6%	\$ 82	2.6%	\$ 84
Non-Resident Graduate	2.6%	\$ 82	2.6%	\$ 84
San Antonio				
Resident Undergraduate	1.7%	\$ 74.25	1.7%	\$ 75.75
Non-Resident Undergraduate	1.7%	\$ 77.25	1.7%	\$ 75.75
Resident Graduate	3.6%	\$ 122.25	3.6%	\$ 128.25
Non-Resident Graduate	3.6%	\$ 122.25	3.6%	\$ 128.25
Tyler				
Resident Undergraduate	2.1%	\$ 79	2.1%	\$ 75
Non-Resident Undergraduate	2.1%	\$ 79	2.1%	\$ 75
Resident Graduate	3.6%	\$ 108	3.6%	\$ 99
Non-Resident Graduate	3.6%	\$ 108	3.6%	\$ 99

Notes and Definitions

Recommended percentage increases have not been applied overall to a base that includes the nonresident statutory tuition for undergraduates ("sticker prices"). Recommended percentage increases and dollar amount increases for the average student reflect the actual percentage increase in designated tuition, resident statutory tuition, average course fees and mandatory fees for all undergraduates and does not include an increase over the "sticker price" base for nonresidents that includes the \$363 per SCH rate set by the Texas Higher Education Coordinating Board. For graduate students, the percentage increases and dollar amount increases reflect the increase in designated tuition and mandatory fees.

Table 4 Academic Affairs
May 2012

Year 1 (2012-13): UT Academic Institutions, Proposed Use of New Revenue from Recommended Academic Cost Increases, Allocated Among Student Success Initiatives														
Type of Student Success Initiative by Academic Institution	Expansion or Improved Delivery of Academic Advising	Tutoring and Supplemental Instruction	Early Warning System Development or Enhancement	Mentoring and Peer Mentoring	Overall Improved Enrollment Management	Develop or Enhance University College Model/ Program	On Campus Student Employment Initiative	Gateway Course Enhancement Course Redesign	Expansion or Improvement of Core Course Offerings	Enhanced College Readiness Programs	Improved Career Services	Financial Incentives for On-Time Graduation	Other Student Success Initiatives	Investments from Proposed Tuition and Fee Increases: 2012 - 2013
UT Arlington														\$0
UT Austin	\$777,206		\$388,603					\$2,234,467	\$2,914,522	\$1,651,562	\$777,206		\$971,507	\$9,715,073
UT Brownsville		\$931,377		\$310,459										\$1,241,836
UT Dallas	\$566,000							\$753,000		\$2,071,000				\$3,390,000
UT El Paso	\$379,945				\$920,000					\$379,945		\$437,000		\$2,116,890
UT Pan American	\$109,000							\$100,000	\$684,000	\$52,000		\$734,000	\$169,000	\$1,848,000
UT Permian Basin		\$30,000		\$71,000			\$121,000			\$49,000			\$64,000	\$335,000
UT San Antonio	\$629,726	\$65,000	\$43,000			\$138,000			\$1,886,285			\$432,500		\$3,194,511
UT Tyler	\$45,000	\$35,000	\$20,000	\$20,000	\$100,000		\$550,627					\$120,000		\$890,627
Totals	\$2,506,877	\$1,061,377	\$451,603	\$401,459	\$1,020,000	\$138,000	\$671,627	\$3,087,467	\$5,484,807	\$4,203,507	\$777,206	\$1,723,500	\$1,204,507	\$22,731,937

Year 2 (2013-14): UT Academic Institutions, Proposed Use of New Revenue from Recommended Academic Cost Increases, Allocated Among Student Success Initiatives														
Type of Student Success Initiative and Money Allocation (2012 - 2014)	Expansion or Improved Delivery of Academic Advising	Tutoring and Supplemental Instruction	Early Warning System Development or Enhancement	Mentoring and Peer Mentoring	Overall Improved Enrollment Management	Develop or Enhance University College Model/ Program	On Campus Student Employment Initiative	Gateway Course Enhancement Course Redesign	Expansion or Improvement of Core Course Offerings	Enhanced College Readiness Programs	Improved Career Services	Financial Incentives for On-Time Graduation	Other Student Success Initiatives	Investments from Proposed Tuition and Fee Increases: 2013 - 2014
UT Arlington	\$1,500,000	\$800,000	\$1,000,000			\$2,000,000		\$1,500,000			\$1,000,000		\$1,046,462	\$8,946,462
UT Austin	\$795,833		\$397,916					\$2,288,020	\$2,984,373	\$1,691,145	\$795,833		\$994,791	\$9,947,911
UT Brownsville		\$979,199		\$326,399										\$1,305,598
UT Dallas	\$566,000							\$753,000		\$2,071,000				\$3,390,000
UT El Paso	\$469,492				\$1,000,000					\$469,492		\$500,000		\$2,438,984
UT Pan American								\$100,000	\$846,000	\$286,000		\$734,000	\$146,000	\$2,112,000
UT Permian Basin		\$30,000		\$71,000			\$134,000			\$49,000			\$64,000	\$348,000
UT San Antonio						\$46,000			\$2,577,199			\$710,000		\$3,333,199
UT Tyler	\$45,000	\$35,000		\$20,000	\$100,000	\$248,124		\$150,000				\$120,000	\$250,000	\$968,124
Totals	\$3,376,325	\$1,844,199	\$1,397,916	\$417,399	\$1,100,000	\$2,294,124	\$134,000	\$4,791,020	\$6,407,572	\$4,566,637	\$1,795,833	\$2,064,000	\$2,501,253	\$32,690,278

Notes: Projected new revenue from recommended increases to academic costs have been allocated by each campus among various student success initiatives.
UT Austin did not allocate new revenue projected as a result of increases to tuition and fees in professional programs (MBA, Pharmacy, Law) to student success initiatives.

Chairman Powell then made the following remarks on the tuition and fee plans at the U. T. System academic institutions.

Remarks by Chairman Powell

On August 25th of 2011, this Board unanimously approved Chancellor Cigarroa's "Framework for Excellence" and encouraged the Chancellor to immediately begin working with the System's academic presidents to implement the Framework.

The Framework was carefully designed by the Chancellor to improve excellence on each of our campuses without being prescriptive or using a one-size-fits-all approach and with encouragement from the System for each institution to become the best in its respective national peer group. In addition, the Framework encourages efficiencies and cost saving measures so as to ultimately reduce the cost burden on our students, their parents, and their families.

Chancellor Cigarroa and Dr. Reyes report that the academic presidents have fully embraced the Framework and are working diligently to achieve its goals. This effort requires creativity, boldness and hard work and the results are not always immediately apparent and often do not immediately generate cost savings.

Thus, it has become clear that for the enthusiasm and hard work to continue unabated, we may need to provide a financial bridge between the date of the Framework implementations and actual recognition of improvements and efficiencies.

As two examples, I would like to briefly recognize the efforts and creativity being put forth at two of our campuses. First, U. T. Arlington, President Spaniolo, and his staff. Several years ago, U. T. Arlington embarked on a program of blended and online learning and today, that program has increased enrollment at U. T. Arlington by 6,000 students while at the same time reducing Arlington's average cost per student. U. T. Arlington has finished the implementation stage of this program and is now enjoying the benefits of the plan's improvements and efficiencies.

Their program is so successful that U. T. Arlington is the only U. T. System academic campus not seeking a tuition and fee increase this year.

The second example is President Watts and his staff at U. T. Permian Basin (UTPB). The UTPB team is embarking on two innovative and creative programs. Yesterday, we heard about President Watts' plan to offer a \$10,000 degree in science and mathematics, and previously,

we have heard about plans to double enrollment at UTPB while better serving the students of West Texas through a blended and online learning program.

In addition to these programs, we are aware of other equally innovative programs that are in the planning stages on a number of our other campuses.

We are excited about all these programs and how quickly the Framework is being accepted and implemented. But it has also become apparent that we will need to provide short-term financial help. The campuses have sought this additional revenue in the form of a tuition increase over the next two years. However, I believe it is inappropriate that the cost of implementing these plans be borne by the students and their parents.

Thus, I want to present a plan to you today that is designed to achieve the following goals:

1. Continue to encourage aggressive implementation of the Framework;
2. Provide term limited funding to the campuses to be used for excellence, student success and implementation of the Framework;
3. Reduce financial pressure on the students by substantially reducing or eliminating resident undergraduate tuition and fee increases for 2013 and 2014;
4. Allow for continued review of appropriate tuition levels for graduate students; and
5. Encourage the campuses to put into effect over the next two years elements of the Framework that will allow the campuses to
 - in the case of Austin, continue the existing resident undergraduate 2012 tuition and fee schedule to 2015 and 2016;
 - in the case of all other campuses, either continue the undergraduate 2012 tuition and fee schedule in 2015 and 2016 or to return to the 2012 tuition and fee schedule in 2015 and 2016;
 - Note: The proposed undergraduate tuition levels in 2015 and 2016 would assume that all other things, including State appropriations, remain essentially the same in 2015 and 2016; and

- approve graduate tuition increases as proposed by the Chancellor for one year so that the U. T. System staff and the Board can further study graduate tuition.

The way I propose that we do this is as follows:

With a current value of more than \$12.94 billion, the Permanent University Fund (PUF) is a public endowment contributing to the support of 18 institutions and six agencies in the U. T. System and The Texas A&M University System. The Texas Constitution of 1876 established the PUF through the appropriation of land grants previously designated to The University of Texas, as well as an additional one million acres. Another State grant of one million acres was made in 1883. These two grants are referred to as the Constitutional Million and the Legislative Million.

PUF Lands, which today consist of more than 2.1 million acres located primarily in 19 counties in West Texas, are managed by the U. T. System under the direction of the U. T. Board. In administering PUF Lands, the U. T. System's mission is to generate income and implement conservation measures to maintain and/or improve the productivity of the lands for the benefit of the PUF. In keeping with this purpose, the lands are managed to produce two streams of income: one from oil, gas, and mineral interests, and the other from surface interests such as grazing.

Distributions from PUF investments to the Available University Fund (AUF) are allocated two-thirds for the benefit of eligible institutions of the U. T. System and one-third for the benefit of eligible institutions of The Texas A&M University System.

PUF distributions paid to the AUF, coupled with investment income from the endowment, are expended by each university system to fund two major programs as follows: debt service on PUF Bonds issued to fund capital expenditures for the hundreds of essential buildings, classrooms, labs, and other facilities spread across PUF-eligible institutions; and to fund academic excellence programs at U. T. Austin, Texas A&M University, and Prairie View A&M University. Expenditures for excellence programs encompass library enhancements, specialized science and engineering equipment, student counseling services, graduate student fellowships, and National Merit and other scholarships.

The PUF is managed by UTIMCO, The University of Texas System Investment Management Company. The UTIMCO Board is currently chaired by U. T. System Vice Chairman Paul Foster, and Vice Chairman Hicks, Regent Gary, and Chancellor Cigarroa all serve on that Board.

During the past two years we have been blessed with two very fortunate financial events.

First, the lease sales conducted by our University Lands Office have generated much more revenue than anticipated and second, the earnings generated by the investment policies of the UTIMCO Board and staff have been excellent.

Last year our PUF distribution rate by formula was 4.75% and because of our outstanding lease sales and UTIMCO earnings, we were able to distribute an additional \$78.5 million dollars. This distribution was made without damaging our endowment and with careful and analytical input by Executive Vice Chancellor Scott Kelley. This money helped our institutions plus Texas A&M weather a difficult economic time in Texas.

In working with the Board officers, Chancellor Cigarroa and Executive Vice Chancellor Kelly, I have sought a fair and equitable solution to the problem previously stated that will also be fiscally responsible and sound.

The conclusion of our discussions has been that by formula this year our distribution rate goes to 5.0% and we can again prudently add \$78.5 million to the distribution amount. The result of this decision would be an additional \$22 million to be distributed. After dividing the additional revenue between the U. T. System and The Texas A&M University System, the excellence funding for U. T. Austin will increase by \$6.6 million, leaving \$8.0 million available for allocation by the Board of Regents for the benefit of other institutions.

It has been further concluded we can also safely match this year's dollar allocation in 2014, thus allowing us to provide assistance in reducing the need for resident undergraduate tuition increases for the next two years.

I must emphasize that this is likely a very rare opportunity to allocate additional AUF revenues to U. T. Austin and to the U. T. System to benefit its other eight academic institutions and assist undergraduate resident students by lessening the burden of tuition on students and families for the next two years. We cannot forecast that these funds will continue to be available, and no one should count on these funds for more than the next two years.

At this time I would like to recognize Executive Vice Chancellor Scott Kelley to give us his analysis, comments, and recommendations on this proposed distribution plan and tuition support plan.

Dr. Kelley said the original proposal under the PUF Investment Policy Statement would be to recommend a 5.0% distribution on the current AUF. The distribution is normally 4.75%, but according to policy if, for three trailing years or 12 quarters, the actual return exceeds the expected return by more than 25 basis points, the distribution amount would normally go to 5.0%. With an annual investment return from UTIMCO slightly in excess of 16% as described in Finance and Planning Committee Agenda Item 4 on Page 120 of the Agenda Book (or on Page 58 of these Minutes), returns are well ahead of the expected 8.81%. Given the past three good years and increased oil and gas revenues primarily from lease sales, Dr. Kelley recommended an increase in the 5.0% rate by an additional \$78.5 million. He noted this is the same as last year when an amount was added to the 4.75% distribution and still allows matching this amount for the next two years to have the capacity to service the other needs contemplated by this Board.

Chairman Powell then made the following motion on tuition and fee plans at the U. T. System academic institutions:

Motion by Chairman Powell on tuition and fee plans
at the academic institutions

I move that the Board approve undergraduate tuition and fee increases proposed by Chancellor Cigarroa for all U. T. academic institutions, with the exception of resident undergraduate tuition at U. T. Austin, for two years and approve graduate tuition and fee increases proposed by Chancellor Cigarroa for all U. T. academic institutions for one year. I further move that excellence funding in the amount of \$6.6 million be allocated to U. T. Austin in each of the next two years to offset anticipated revenue from the Chancellor's recommended tuition increase for resident undergraduate students at U. T. Austin.

I also move that the Board approve delegation to Chancellor Cigarroa, Executive Vice Chancellor Kelley, and Interim Executive Vice Chancellor Reyes to use and allocate the additional AUF of \$8.0 million in each of the next two years in any manner they deem permissible by law to allow the other U. T. academic institutions proposing increases for resident undergraduate student tuition rates to waive or minimize the charge of additional resident undergraduate tuition for Fiscal Year 2013 and Fiscal Year 2014 and to further assist the other U. T. System academic institutions in their transition to the increased efficiency and productivity envisioned by the Framework.

Vice Chairman Foster and Vice Chairman Hicks seconded the motion. Vice Chairman Foster commented that he is comfortable with the motion, especially with his involvement on the UTIMCO Board of Directors. Vice

Chairman Hicks noted that although it is not part of Chairman Powell's motion, he had some pause with any tuition guidance for 2015-2016 since that is far away.

Regent Cranberg said he appreciated the national scrutiny that comes with making higher education affordable for as many students as possible. He thought there is hope, without promise, of a four-year freeze on resident undergraduate tuition that will make a bold and important statement for the next two years. He said he knows that innovation will occur on all campuses to find ways to meet this challenge, and he endorsed the Chairman's proposal. Chairman Powell clarified U. T. Austin students would incur no tuition increase over the next two years, and there would be only slight increases at the other academic institutions for FY 2013 and FY 2014. He indicated the provision of seed money would also hold costs down for the two years beyond that (FY 2015 and 2016).

Student Regent Rutkauskas said he appreciated the focus on the affordability and maintenance of the quality of the academic institutions. He asked about students who might have already been billed and paid for tuition increases, and Dr. Reyes said this would be addressed.

Regent Hall emphasized that the University cannot count on the funds beyond the next two years. He said the U. T. System must not accept business as usual because, with the student debt loads nationwide, the cost of higher education must be improved. He thanked the Chancellor for his efforts and leadership.

Regent Gary commended the Chancellor and the presidents on pushing back on costs. He said a major pillar of academic excellence is the ability to attract students, but he noted there are some families who cannot afford the tuition even at these levels. He encouraged the Board to assist in the provision of financial assistance in terms of scholarships, grants, and other subsidies to make higher education affordable to disadvantaged families.

Regent Pejovich commended U. T. Arlington on their 0% increase in tuition and fees for one year. She said the key is to reduce the burden borne by the students and their parents and also to continue toward the aggressive implementation of the Chancellor's Framework for Advancing Excellence, including pursuing and providing information on return on investment to students and taxpayers.

Chairman Powell said he appreciates the hard work that began last November (2011) with the students, faculty, institutional presidents, staff at U. T. System, and members of the Board. He said he wants to continue the responsibility to have the finest institutions in America, to continue to seek excellence, and to support President Powers to move U. T. Austin into the

Number One position. He noted the need to bring along the children of Texas in the pursuit of excellence, meaning the holding of costs to make education affordable.

The vote was unanimous. Approved tuition and fees for the U. T. System institutions are set forth on Pages 45 - 47.

**Summary of BOR Approved Percentage and Dollar Amount Increases
For Academic Years 2012-2013 and 2013-2014, Per Semester
UT System Academic Institutions**

Increases Reflect the Amount Applicable to the Average Full Time Student

<i>15 SCH for Undergraduate Costs 9 SCH for Graduate Costs</i>	Fall 2012 Recommended Percent Increase Over Fall 2011	Fall 2012 Dollar Amount Increase Over Fall 2011	Fall 2013 Recommended Percent Increase Over Fall 2012	Fall 2013 Dollar Amount Increase Over Fall 2012
Arlington				
Resident Undergraduate	0.0%	\$ -	2.6%	\$ 121
Non-Resident Undergraduate	0.0%	\$ -	2.6%	\$ 121
Resident Graduate	0.0%	\$ -	TBD	TBD
Non-Resident Graduate	0.0%	\$ -	TBD	TBD
Austin				
Resident Undergraduate	0.0%	\$ -	0.0%	\$ -
Non-Resident Undergraduate	2.1%	\$ 340	2.1%	\$ 347
Resident Graduate	3.6%	\$ 155	TBD	TBD
Non-Resident Graduate	3.6%	\$ 297	TBD	TBD
Brownsville				
Resident Undergraduate	2.6%	\$ 79.50	2.6%	\$ 81.60
Non-Resident Undergraduate	2.6%	\$ 79.50	2.6%	\$ 81.60
Resident Graduate	2.6%	\$ 46.04	TBD	TBD
Non-Resident Graduate	2.6%	\$ 46.04	TBD	TBD
Dallas				
Resident Undergraduate	3.8%	\$ 209	3.8%	\$ 217
Non-Resident Undergraduate	3.8%	\$ 209	3.8%	\$ 217
Resident Graduate	6.9%	\$ 346	TBD	TBD
Non-Resident Graduate	6.9%	\$ 346	TBD	TBD
El Paso				
Resident Undergraduate	2.2%	\$ 76	2.2%	\$ 78
Non-Resident Undergraduate	2.2%	\$ 76	2.2%	\$ 78
Resident Graduate	3.6%	\$ 93	TBD	TBD
Non-Resident Graduate	3.6%	\$ 93	TBD	TBD
Pan American				
Resident Undergraduate	2.4%	\$ 73	2.4%	\$ 75
Non-Resident Undergraduate	2.4%	\$ 73	2.4%	\$ 75
Resident Graduate	3.6%	\$ 88	TBD	TBD
Non-Resident Graduate	3.6%	\$ 88	TBD	TBD
Permian Basin				
Resident Undergraduate	2.4%	\$ 78	2.4%	\$ 79
Non-Resident Undergraduate	2.4%	\$ 78	2.4%	\$ 79
Resident Graduate	2.6%	\$ 82	TBD	TBD
Non-Resident Graduate	2.6%	\$ 82	TBD	TBD
San Antonio				
Resident Undergraduate	1.7%	\$ 74.25	1.7%	\$ 75.75
Non-Resident Undergraduate	1.7%	\$ 77.25	1.7%	\$ 75.75
Resident Graduate	3.6%	\$ 122.25	TBD	TBD
Non-Resident Graduate	3.6%	\$ 122.25	TBD	TBD
Tyler				
Resident Undergraduate	2.1%	\$ 79	2.1%	\$ 75
Non-Resident Undergraduate	2.1%	\$ 79	2.1%	\$ 75
Resident Graduate	3.6%	\$ 108	TBD	TBD
Non-Resident Graduate	3.6%	\$ 108	TBD	TBD

Notes and Definitions

As the Board does not approve increases related to statutory tuition, the recommended percentage increases above have not been applied to the overall, complete base--in other words, nonresident statutory tuition for nonresident undergraduates (or the \$363 per SCH rate set by the Texas Higher Education Coordinating Board for AY11-12) is not a part of the base calculation with the exception of UT-Austin. The percentage increase represents an increase over total academic cost assuming that nonresident undergraduate statutory tuition is equal to that of resident undergraduate statutory tuition (\$50 per SCH).

For undergraduate students, recommended percentage increases and dollar amount increases for the average student reflect the actual percentage increase in (1.) designated tuition, (2.) resident statutory tuition, (3.) average course fees, and (4.) mandatory fees.

For graduate students, the percentage increases and dollar amount increases reflect the increase in designated tuition and mandatory fees.

**SUMMARY OF PROPOSED TUITION AND FEE INCREASES
FY 2012-13**

	2011 Resident Total Academic Costs	Proposed 2012 Resident Total Academic Costs	% Over 2011	2011 Non-Resident Total Academic Costs	Proposed 2012 Non-Resident Total Academic Costs *	% Over 2011	TOTAL Additional Revenue	TOTAL Additional Revenue as % of 2011 E&G Bdgt
Medical Schools								
UT Southwestern	\$16,640	\$17,231	3.6%	\$29,740	\$30,331	2.0%	\$476,780	
UTMB	\$13,975	\$14,200	1.6%	\$27,075	\$27,300	0.8%	\$207,000	
UTHSC H	\$16,413	\$16,718	1.9%	\$29,513	\$29,818	1.0%	\$305,000	
UTHSC H (Graduate)	\$2,748	\$2,774	0.9%	\$9,947	\$9,973	0.3%	\$1,690	
UTHSC SA	\$17,033	\$17,167	0.8%	\$31,440	\$31,574	0.4%	\$123,268	
Dental Schools								
UTHSC H-Hygiene	\$6,229	\$6,255	0.4%	\$14,367	\$14,393	0.2%	\$1,950	
UTHSC H-Graduate	\$11,373	\$11,499	1.1%	\$19,637	\$19,637	0.0%	\$42,336	
UTHSC H-Professional	\$23,980	\$24,843	3.6%	\$34,780	\$36,032	3.6%	\$302,805	
UTHSC SA	\$23,185	\$24,028	3.6%	\$33,485	\$34,328	2.5%	\$226,720	
Nursing Schools								
Undergrad UTMB (15 SCH)	\$4,121	\$4,134	0.3%	\$8,771	\$8,829	0.7%	\$66,543	
UTHSC H (30 SCH)	\$6,274	\$6,436	2.6%	\$22,170	\$22,726	2.5%	\$91,430	
UTHSC SA (29 SCH)	\$6,985	\$7,161	2.5%	\$18,179	\$18,355	1.0%	\$107,820	
Graduate UTMB (9 SCH)	\$4,159	\$4,253	2.3%	\$6,949	\$7,070	1.7%	\$138,067	
UTHSC H (24 SCH)	\$5,942	\$6,152	3.5%	\$18,592	\$19,232	3.4%	\$94,339	
UTHSC SA (15 SCH)	\$5,785	\$5,968	3.2%	\$11,703	\$11,885	1.6%	\$64,584	
Health Professions								
Undergrad UT Southwestern	\$5,225	\$5,358	2.5%	\$14,615	\$14,748	0.9%	\$13,329	
UTMB	\$7,730	\$7,930	2.6%	\$11,172	\$11,455	2.5%	\$33,892	
UTHSC SA	\$7,739	\$7,791	0.7%	\$16,878	\$16,930	0.3%	\$8,880	
UTMDACC				No Increase Proposed				
Graduate UT Southwestern	\$6,662	\$6,898	3.5%	\$12,974	\$13,210	1.8%	\$84,372	
UTMB	\$8,409	\$8,658	3.0%	\$12,243	\$12,665	3.4%	\$192,679	
UTHSC SA	\$7,042	\$7,164	1.7%	\$16,147	\$16,270	0.8%	\$59,020	
Biomedical Sciences								
UT Southwestern	\$6,662	\$6,898	3.5%	\$12,974	\$13,210	1.8%	\$185,277	
UTMB	\$7,394	\$7,529	1.8%	\$14,009	\$14,254	1.7%	\$73,500	
UTHSC H	\$3,761	\$3,787	0.7%	\$11,273	\$11,299	0.2%	\$15,236	
UTHSC SA	\$4,695	\$4,770	1.6%	\$13,623	\$13,698	0.6%	\$37,656	
Biomedical Informatics								
UTHSC H	\$6,590	\$6,816	3.4%	\$17,009	\$17,235	1.3%	\$30,000	
Public Health								
UTHSC Houston	\$5,385	\$5,549	3.0%	\$16,609	\$17,187	3.5%	\$204,209	
* Amounts for 2012 do not include increase in tuition rate for non-resident and foreign students as required by Education Cde 54.051(d).								
TOTAL								
UT Southwestern							\$759,758	0.39%
UTMB							\$711,681	0.10%
UTHSC Houston							\$1,088,995	0.44%
UTHSC San Antonio							\$627,948	0.30%

**SUMMARY OF PROPOSED TUITION AND FEE INCREASES
FY 2013-14**

	2012 Resident Total Academic Costs	Proposed 2013 Resident Total Academic Costs	% Over 2012	2012 Non-Resident Total Academic Costs	Proposed 2013 Non-Resident Total Academic Costs *	% Over 2012	TOTAL Additional Revenue	TOTAL Additional Revenue as % of 2011 E&G Bdgt
Medical Schools								
UT Southwestern	\$17,231	\$17,843	3.6%	\$30,331	\$30,943	2.0%	\$538,560	
UTMB	\$14,200	\$14,650	3.2%	\$27,300	\$27,750	1.6%	\$414,000	
UTHSC H	\$16,718	\$16,968	1.5%	\$29,818	\$30,068	0.8%	\$250,000	
UTHSC SA	\$17,167	\$17,314	0.9%	\$31,574	\$31,721	0.5%	\$121,268	
Dental Schools								
UTHSC H-Hygiene	\$6,255	\$6,255	0.0%	\$14,393	\$14,393	0.0%	\$0	
UTHSC H-Graduate	\$11,499	\$11,499	0.0%	\$19,637	\$19,637	0.0%	\$0	
UTHSC H-Professional	\$24,843	\$25,738	3.6%	\$36,032	\$37,329	3.6%	\$313,796	
UTHSC SA	\$24,028	\$24,900	3.6%	\$34,328	\$35,195	2.5%	\$138,571	
Nursing Schools								
Undergrad UTMB (15 SCH)	\$4,134	\$4,213	1.9%	\$8,829	\$8,908	0.9%	\$156,630	
UTHSC H (30 SCH)	\$6,436	\$6,600	2.5%	\$22,726	\$23,310	2.6%	\$200,846	
UTHSC SA (29 SCH)	\$7,161	\$7,338	2.5%	\$18,355	\$18,532	1.0%	\$107,820	
Graduate UTMB (9 SCH)	\$4,253	\$4,355	2.4%	\$7,070	\$7,172	1.4%	\$195,308	
UTHSC H (24 SCH)	\$6,152	\$6,348	3.2%	\$19,232	\$19,884	3.4%	\$181,883	
UTHSC SA (15 SCH)	\$5,968	\$6,150	3.0%	\$11,885	\$12,068	1.5%	\$64,584	
Health Professions								
Undergrad UT Southwestern	\$5,358	\$5,495	2.6%	\$14,748	\$14,885	0.9%	\$13,689	
UTMB	\$7,930	\$8,055	1.6%	\$11,455	\$11,704	2.2%	\$26,421	
UTHSC SA	\$7,791	\$7,812	0.3%	\$16,930	\$16,950	0.1%	\$8,880	
UTMDACC				No Increase Proposed				
Graduate UT Southwestern	\$6,898	\$7,143	3.6%	\$13,210	\$13,455	1.9%	\$87,196	
UTMB	\$8,658	\$8,846	2.2%	\$12,665	\$12,974	2.4%	\$131,516	
UTHSC SA	\$7,164	\$7,190	0.4%	\$16,270	\$16,296	0.2%	\$59,020	
Biomedical Sciences								
UT Southwestern	\$6,898	\$7,143	3.6%	\$13,210	\$13,455	1.9%	\$191,796	
UTMB	\$7,529	\$7,664	1.8%	\$14,254	\$14,441	1.3%	\$56,100	
UTHSC H	\$3,787	\$3,787	0.0%	\$11,299	\$11,299	0.0%	\$0	
UTHSC SA	\$4,770	\$4,844	1.6%	\$13,698	\$13,772	0.5%	\$79,056	
Biomedical Informatics								
UTHSC H	\$6,816	\$7,016	2.9%	\$17,235	\$17,435	1.2%	\$35,000	
Public Health								
UTHSC Houston	\$5,549	\$5,687	2.5%	\$17,187	\$17,739	3.2%	\$165,849	
* Amounts for 2012 do not include increase in tuition rate for non-resident and foreign students as required by Education Cde 54.051(d).								
TOTAL								
UT Southwestern							\$831,241	0.43%
UTMB							\$979,975	0.14%
UTHSC Houston							\$1,147,374	0.46%
UTHSC San Antonio							\$579,199	0.27%

STANDING COMMITTEE REPORTS TO THE BOARD.--At 12:15 p.m., Chairman Powell announced the Board would hear the reports and recommendations of the Standing Committees, which are set forth on Pages 49 - 82.

REPORT AND RECOMMENDATION OF THE AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE (Pages 49 - 50).--Committee Chairman Pejovich reported that the Audit, Compliance, and Management Review Committee met in open session to consider a matter on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the action set forth in the Minute Order that follows was recommended by the Audit, Compliance, and Management Review Committee and approved in open session by the U. T. System Board of Regents.

1. U. T. System Board of Regents: Review of Consent Agenda items, if any, referred for Committee consideration

There were no items referred from the Consent Agenda.

2. U. T. System Board of Regents: Approval to authorize negotiations with Deloitte & Touche LLP to provide stand-alone financial statement audit services at U. T. Southwestern Medical Center, U. T. Medical Branch - Galveston, and U. T. Health Science Center - Tyler for Fiscal Year 2012 and Fiscal Year 2013; and authorization of funding

The Board authorized the appropriate University of Texas System staff to negotiate with Deloitte & Touche LLP to provide stand-alone financial statement audit services at The University of Texas Southwestern Medical Center, The University of Texas Medical Branch at Galveston, and The University of Texas Health Science Center at Tyler for Fiscal Years 2012 and 2013, with the funding for the U. T. Southwestern and U. T. Medical Branch audits to come from the Available University Fund (AUF).

The stand-alone audit at U. T. Health Science Center - Tyler is necessary to meet the Southern Association of Colleges and Schools (SACS) accreditation requirements, and will be paid with institutional funds.

These audits are part of the overall U. T. System audit and are pursuant to delegation of authority from the Texas State Auditor's Office.

On August 12, 2010, the Board of Regents authorized U. T. System staff to negotiate and enter into an auditing services contract with Deloitte & Touche to perform the audit of the U. T. System financial statements, the stand-alone audit of The University of Texas M. D. Anderson Cancer Center financial statements, and the stand-alone audit of The University of Texas Investment Management Company (UTIMCO) managed funds financial statements for Fiscal Year 2011. The original contract, entered into as of February 15, 2011, was for one year with the option to renew for four additional one-year terms.

On February 9, 2012, the Board of Regents authorized renewal of the auditing services contract with Deloitte & Touche to provide the audit of the U. T. System financial statements, the stand-alone audit of the U. T. M. D. Anderson Cancer Center financial statements, and the stand-alone audit of UTIMCO managed funds financial statements for two additional years, Fiscal Year 2012 and Fiscal Year 2013, if approved by the Texas State Auditor's Office.

3. U. T. System: Report on the Systemwide internal audit activities, including a summary of the State Auditor's Office issued audit reports and the implementation status of significant audit recommendations

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

4. U. T. System: Report on Privacy Compliance at the U. T. System institutions

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

5. U. T. System: Report on the U. T. System Information Security Assurance Initiative

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

REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE (Pages 51 - 61).--Committee Chairman Foster 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: Review of 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 and Monthly Financial 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 quarter ended February 29, 2012

The February 29, 2012 UTIMCO Performance Summary Report is attached on Page 53.

The Investment Reports for the quarter ended February 29, 2012, are set forth on Pages 54 - 57.

Item I on Page 54 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the quarter was 3.97% versus its composite benchmark return of 4.64%. The PUF's net asset value increased during the quarter to \$12,971 million. The increase was due to \$145 million PUF Land receipts, net investment return of \$495 million, less distributions to the Available University Fund (AUF) of \$59 million.

Item II on Page 55 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the quarter was 3.99% versus its composite benchmark return of 4.64%. The GEF's net asset value increased by \$222 million during the quarter to \$7,029 million.

Item III on Page 56 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the quarter was 4.16% versus its composite benchmark return of 5.00%. The net asset value increased during the quarter to \$4,826 million due to net investment return of \$194 million, net contributions of \$36 million, less distributions of \$35 million.

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

Item IV on Page 57 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 money market fund, increased by \$423 million to \$2,335 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$75 million versus \$74 million at the beginning of the period; equities: \$51 million versus \$47 million at the beginning of the period; and other investments: \$1 million versus \$4 million at the beginning of the period.

UTIMCO Performance Summary

February 29, 2012

	Net Asset Value 2/29/2012 (in Millions)	Periods Ended February 29, 2012 (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	\$ 12,971	2.09%	3.97%	1.23%	5.13%	2.05%	16.03%	3.36%	7.37%
General Endowment Fund		2.10	3.99	1.23	5.15	2.10	16.05	3.41	7.49
Permanent Health Fund	981	2.11	3.99	1.18	5.16	2.10	15.95	3.34	7.40
Long Term Fund	6,048	2.11	3.99	1.18	5.16	2.11	15.95	3.34	7.41
Separately Invested Funds	150	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Endowment Funds	20,150								
OPERATING FUNDS									
Intermediate Term Fund	4,825	1.71	4.16	1.66	5.08	2.05	15.90	3.77	N/A
Debt Proceeds Fund	768	0.01	0.04	0.06	0.03	N/A	N/A	N/A	N/A
Short Term Fund	1,544	0.01	0.03	0.06	0.03	0.15	0.25	1.66	2.13
Total Operating Funds	7,137								
Total Investments	\$ 27,287								
VALUE ADDED (1) (Percent)									
Permanent University Fund		0.03%	(0.67%)	(1.73%)	(0.17%)	(0.14%)	1.89%	2.17%	1.94%
General Endowment Fund		0.04	(0.65)	(1.73)	(0.15)	(0.09)	1.91	2.22	2.06
Intermediate Term Fund		(0.09)	(0.84)	(0.09)	(0.07)	1.20	1.71	2.60	N/A
Debt Proceeds Fund		0.01	0.04	0.06	0.03	N/A	N/A	N/A	N/A
Short Term Fund		0.01	0.03	0.06	0.03	0.07	0.11	0.34	0.21
VALUE ADDED (\$ IN MILLIONS)									
Permanent University Fund		\$ 4	\$ (83)	\$ (220)	\$ (21)	\$ (19)	\$ 605	\$ 1,284	\$ 2,191
General Endowment Fund		3	(44)	(123)	(10)	(4)	344	739	1,263
Intermediate Term Fund		(4)	(39)	(5)	(3)	56	208	544	N/A
Total Value Added		\$ 3	\$ (166)	\$ (348)	\$ (34)	\$ 33	\$ 1,157	\$ 2,567	\$ 3,454

Footnotes available upon request

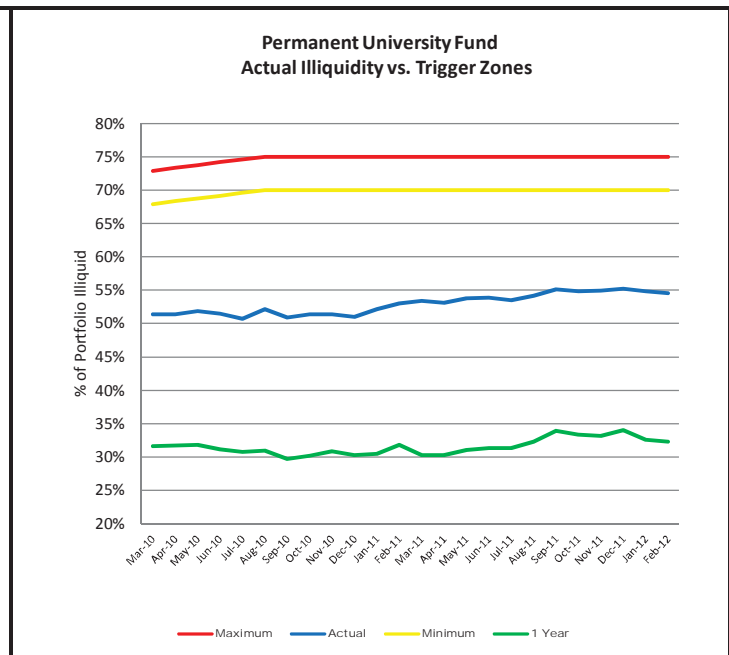
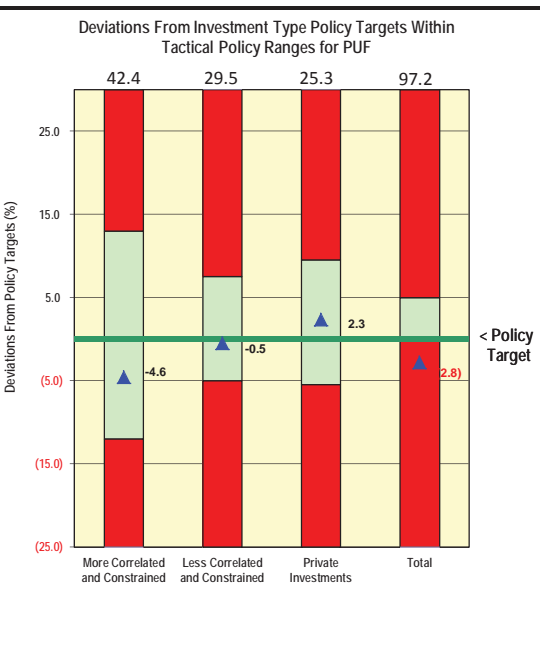
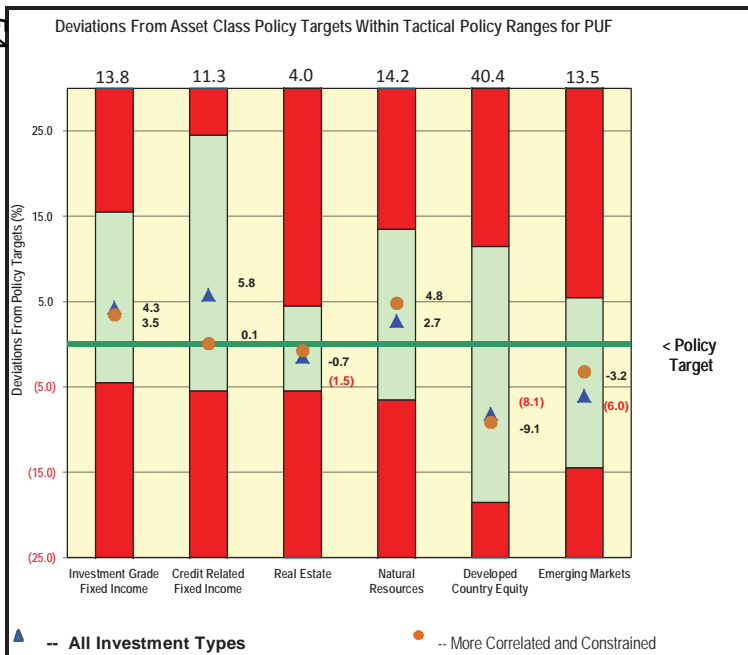
I. PERMANENT UNIVERSITY FUND Investment Reports for Periods Ended February 29, 2012

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

<u>Summary of Capital Flows</u>				
(\$ millions)	Fiscal Year Ended August 31, 2011	Quarter Ended February 29, 2012	Fiscal Year to Date February 29, 2012	
Beginning Net Assets	\$ 10,725	\$ 12,390	\$ 12,688	
PUF Lands Receipts	896	145	589	
Investment Return (Net of Expenses)	1,573	495	153	
Distributions to AUF	(506)	(59)	(459)	
Ending Net Assets	<u>\$ 12,688</u>	<u>\$ 12,971</u>	<u>\$ 12,971</u>	

	Returns		Fiscal Year to Date		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	0.34%	-0.51%	-0.08%	0.06%	-0.02%
Credit-Related	7.92%	7.40%	0.00%	0.00%	0.00%
Real Estate	2.77%	4.59%	0.00%	-0.04%	-0.04%
Natural Resources	-4.15%	-2.22%	-0.42%	-0.12%	-0.54%
Developed Country	3.53%	8.27%	-0.07%	-0.93%	-1.00%
Emerging Markets	3.73%	5.27%	-0.11%	-0.26%	-0.37%
Total More Correlated and Constrained	0.83%	4.69%	-0.68%	-1.29%	-1.97%
Less Correlated and Constrained					
	3.11%	1.07%	0.19%	0.45%	0.64%
Private Investments					
	-0.11%	0.70%	-0.30%	-0.10%	-0.40%
Total	1.23%	2.96%	-0.79%	-0.94%	-1.73%

54



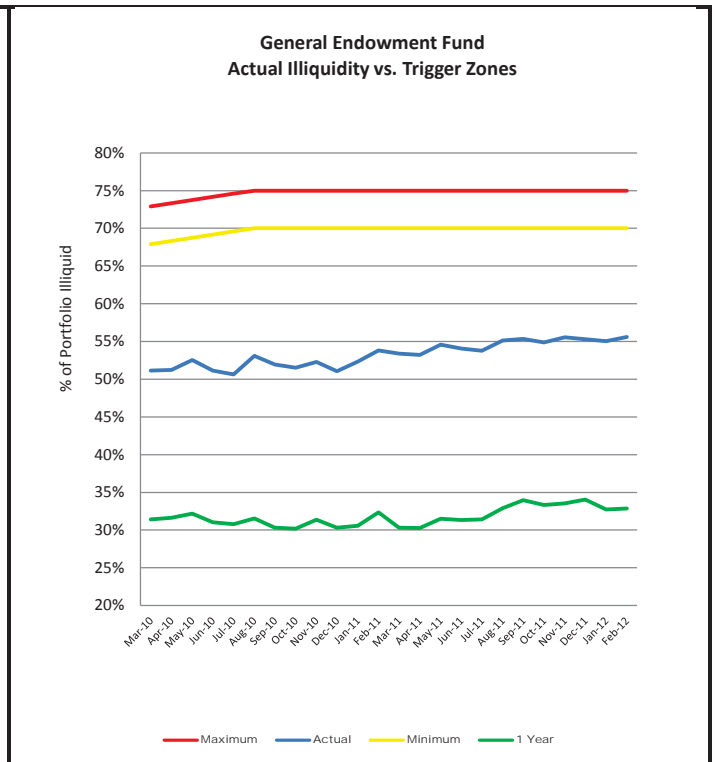
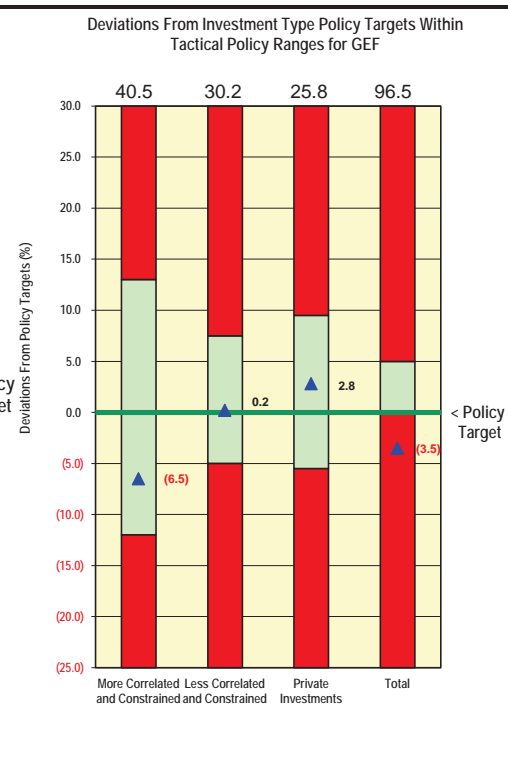
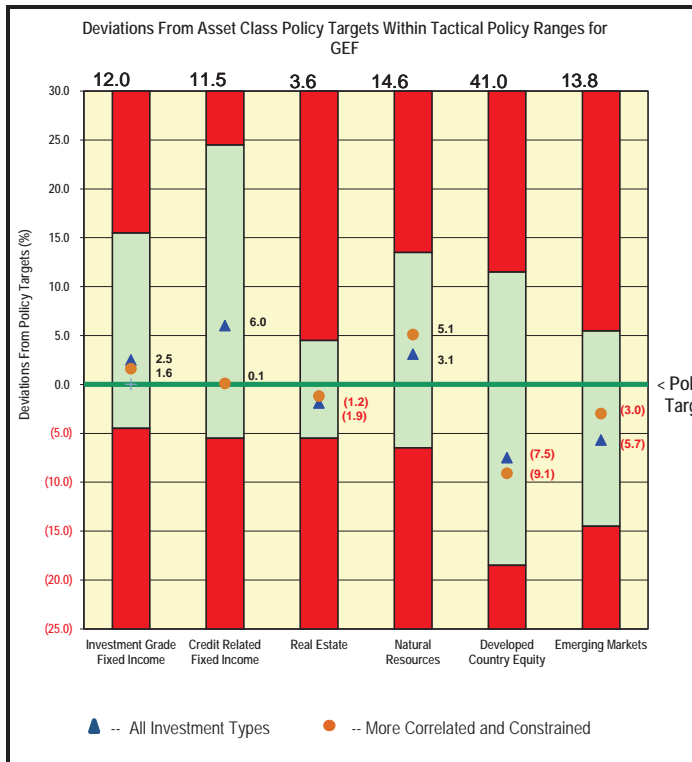
II. GENERAL ENDOWMENT FUND

Investment Reports for Periods Ended February 29, 2012

Prepared in accordance with Texas Education Code Sec. 51.0032

<u>Summary of Capital Flows</u>				
(\$ millions)	Fiscal Year Ended		Fiscal Year to Date	
	August 31, 2011	Quarter Ended February 29, 2012	Date February 29, 2012	February 29, 2012
Beginning Net Assets	\$ 6,035	\$ 6,807	\$ 7,049	
Contributions	432	34	70	
Withdrawals	(12)	(1)	(5)	
Distributions	(327)	(85)	(170)	
Investment Return (Net of Expenses)	921	274	85	
Ending Net Assets	<u>\$ 7,049</u>	<u>\$ 7,029</u>	<u>\$ 7,029</u>	

	Fiscal Year to Date				
	Returns		Value Added		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	0.54%	-0.51%	-0.06%	0.06%	0.00%
Credit-Related	7.92%	7.40%	0.00%	0.00%	0.00%
Real Estate	2.59%	4.59%	0.00%	-0.05%	-0.05%
Natural Resources	-4.19%	-2.22%	-0.42%	-0.14%	-0.56%
Developed Country	3.47%	8.27%	-0.04%	-0.91%	-0.95%
Emerging Markets	3.72%	5.27%	-0.11%	-0.26%	-0.37%
Total More Correlated and Constrained	0.79%	4.69%	-0.63%	-1.30%	-1.93%
Less Correlated and Constrained	3.11%	1.07%	0.18%	0.43%	0.61%
Private Investments	-0.11%	0.70%	-0.29%	-0.12%	-0.41%
Total	1.23%	2.96%	-0.74%	-0.99%	-1.73%



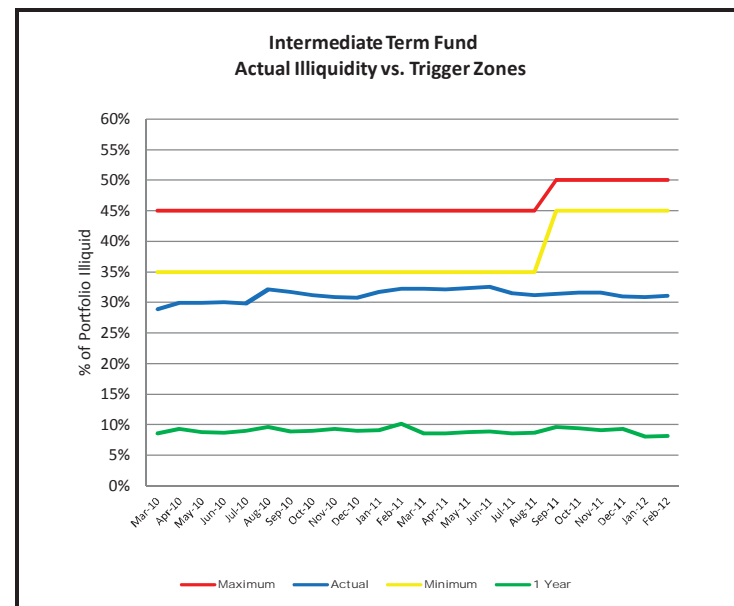
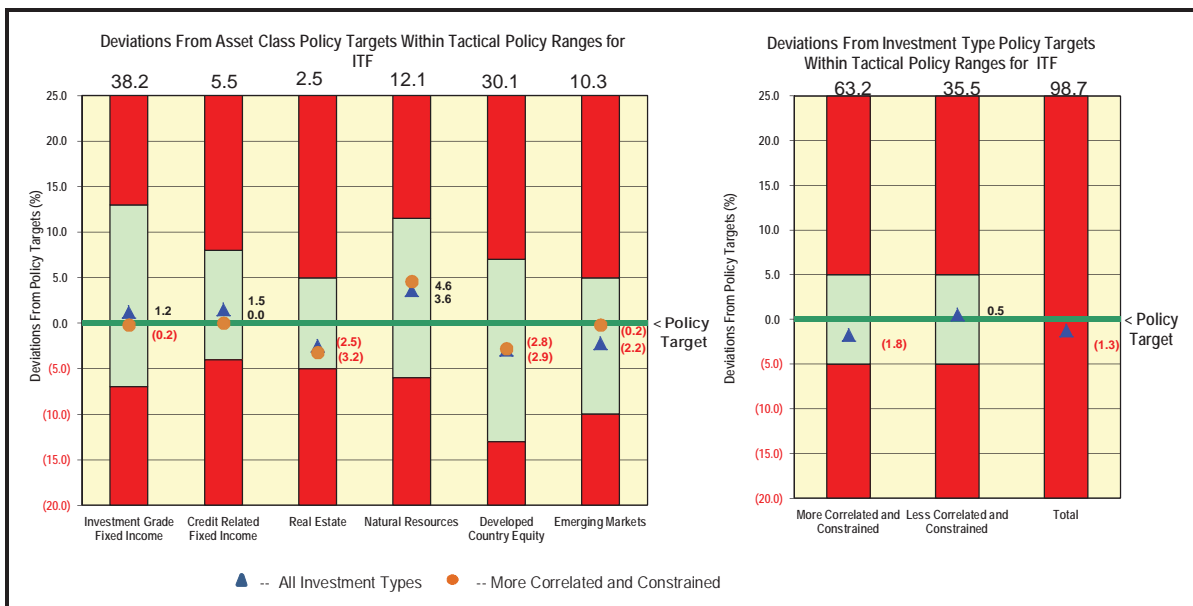
III. INTERMEDIATE TERM FUND

Investment Reports for Periods Ended February 29, 2012

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2011	Quarter Ended February 29, 2012	Fiscal Year to Date February 29, 2012
Beginning Net Assets	\$ 4,156	\$ 4,631	\$ 4,662
Contributions	328	100	266
Withdrawals	(168)	(64)	(113)
Distributions	(139)	(35)	(70)
Investment Return (Net of Expenses)	485	194	81
Ending Net Assets	\$ 4,662	\$ 4,826	\$ 4,826

	Returns		Fiscal Year to Date		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	1.53%	-0.51%	-0.02%	0.71%	0.69%
Credit-Related	0.00%	7.40%	0.00%	0.00%	0.00%
Real Estate	2.27%	4.59%	-0.03%	-0.13%	-0.16%
Natural Resources	-4.82%	-2.22%	-0.42%	-0.19%	-0.61%
Developed Country	4.52%	8.27%	-0.07%	-0.39%	-0.46%
Emerging Markets	3.62%	5.27%	-0.06%	-0.16%	-0.22%
Total More Correlated and Constrained	0.89%	2.02%	-0.60%	-0.16%	-0.76%
Less Correlated and Constrained	3.14%	1.07%	0.14%	0.53%	0.67%
Private Investments	0.00%	0.00%	0.00%	0.00%	0.00%
Total	1.66%	1.75%	-0.46%	0.37%	-0.09%



IV. SEPARATELY INVESTED ASSETS
Summary Investment Report at February 29, 2012
 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 11/30/11	-	-	4,358	4,358	37,426	37,426	1,025	1,025	1,304	1,304	44,113	44,113	1,868,293	1,868,293	1,912,406	1,912,406
Increase/(Decrease)	-	-	(2,170)	(2,170)	28,271	28,271	(77)	(77)	3,022	3,022	29,046	29,046	393,243	393,243	422,289	422,289
Ending value 02/29/12	-	-	2,188	2,188	65,697	65,697	948	948	4,326	4,326	73,159	73,159	2,261,536	2,261,536	2,334,695	2,334,695
Debt Securities:																
Beginning value 11/30/11	-	-	101	101	11,418	12,330	11,850	12,198	-	-	23,369	24,629	49,841	49,704	73,210	74,333
Increase/(Decrease)	-	-	-	-	313	529	(106)	210	-	-	207	739	-	(97)	207	642
Ending value 02/29/12	-	-	101	101	11,731	12,859	11,744	12,408	-	-	23,576	25,368	49,841	49,607	73,417	74,975
Equity Securities:																
Beginning value 11/30/11	460	2,741	1,617	1,606	29,813	30,986	12,817	11,789	-	-	44,707	47,122	-	-	44,707	47,122
Increase/(Decrease)	-	201	(111)	(149)	314	3,107	6	927	-	-	209	4,086	-	-	209	4,086
Ending value 02/29/12	460	2,942	1,506	1,457	30,127	34,093	12,823	12,716	-	-	44,916	51,208	-	-	44,916	51,208
Other:																
Beginning value 11/30/11	-	-	81	81	7	7	419	139	3,420	3,420	3,927	3,647	-	-	3,927	3,647
Increase/(Decrease)	-	-	74	74	5	5	19	3	(3,013)	(3,013)	(2,915)	(2,931)	-	-	(2,915)	(2,931)
Ending value 02/29/12	-	-	155	155	12	12	438	142	407	407	1,012	716	-	-	1,012	716
Total Assets:																
Beginning value 11/30/11	460	2,741	6,157	6,146	78,664	80,749	26,111	25,151	4,724	4,724	116,116	119,511	1,918,134	1,917,997	2,034,250	2,037,508
Increase/(Decrease)	-	201	(2,207)	(2,245)	28,903	31,912	(158)	1,063	9	9	26,547	30,940	393,243	393,146	419,790	424,086
Ending value 02/29/12	460	2,942	3,950	3,901	107,567	112,661	25,953	26,214	4,733	4,733	142,663	150,451	2,311,377	2,311,143	2,454,040	2,461,594

Details of individual assets by account furnished upon request.

4. U. T. System Board of Regents: Approval of annual distributions from the Permanent University Fund, the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund

The Board approved that

- a. the distribution rate for the Permanent Health Fund (PHF) be increased from \$0.0561 per unit to \$0.0573 per unit for Fiscal Year 2013 (effective with November 30, 2012 distribution);
- b. the distribution rate for The University of Texas System Long Term Fund (LTF) be increased from \$0.3215 per unit to \$0.3283 per unit for Fiscal Year 2013 (effective with November 30, 2012 distribution);
- c. the distribution rate for the U. T. System Intermediate Term Fund (ITF) remain at 3.0% per annum (paid monthly) for Fiscal Year 2013; and
- d. a Permanent University Fund (PUF) distribution amount of \$644.3 million be authorized for Fiscal Year 2013. (Note: This amount was considered and approved during the Meeting of the Board Item 10 concerning tuition and fees, see Page 31 of these Minutes.)

The PUF Investment Policy states that the UTIMCO Board shall recommend an annual distribution from the PUF to the AUF in an amount equal to 4.75% of the trailing 12-quarter average of the net asset value of the Fund for the quarter ending February of each fiscal year unless the average annual rate of return of the PUF investments over the trailing 12 quarters exceeds the Expected Return by 25 basis points or more, in which case the distribution shall be 5.0% of the trailing 12-quarter average. "Expected Return" is the Expected Annual Return or Benchmarks set out in Exhibit A to the PUF Investment Policy Statement. The Maximum Allowed Distribution is 7.0%.

As shown in the table below, the average annual return of the PUF investments for the trailing 12 quarters ending February 29, 2012 has exceeded the Expected Return by 25 basis points or more ($\geq .25\%$). Therefore, as outlined in the PUF Investment Policy, the "default" distribution rate for Fiscal Year 2012-2013 would be 5.0%, or \$565,805,253.

	Trailing 12 - Quarters Ending February 29, 2012	Expected or Benchmarks	Excess
Average Annual Rate of Return	16.03%	8.81%	7.22%

However, the Board of Regents has the authority to distribute an amount that it deems appropriate up to a maximum rate of 7.0% (except as necessary to pay PUF bond debt service). Due to a record year of PUF royalty income, strong investment performance by UTIMCO, and constrained State budgets

for the current biennium, it was the recommendation of the Chancellor and the Executive Vice Chancellor for Business Affairs that the distribution from the PUF to the AUF for Fiscal Year 2013 be \$644,300,000, which is 5.694% of the trailing 12-quarter average of the net asset value of the Fund. This calculation is shown below:

<u>Quarter Ended</u>	<u>Net Asset Value</u>
5/31/2009	9,143,803,884
8/31/2009	9,673,908,334
11/30/2009	10,341,053,437
2/28/2010	10,470,036,500
5/31/2010	10,524,153,261
8/31/2010	10,724,962,438
11/30/2010	11,619,582,822
2/28/2011	12,338,732,852
5/31/2011	12,908,189,971
8/31/2011	12,687,945,718
11/30/2011	12,389,608,519
2/29/2012	12,971,283,084
	<u>\$135,793,260,820</u>
Number of quarters	12
Average Net Asset Value	<u>\$ 11,316,105,068</u>
Distribution Percentage	5.694%
FY 2012-13 Distribution	<u><u>\$ 644,300,000</u></u>

Article VII, Section 18 of the Texas Constitution requires that the amount of distributions to the AUF be determined by the Board of Regents of The University of Texas System (Board of Regents) in a manner intended to provide the AUF with a stable and predictable stream of annual distributions and to maintain over time the purchasing power of PUF investments and annual distributions to the AUF. The Constitution further limits the Board of Regents' discretion to set annual PUF distributions to the satisfaction of three tests:

1. The amount of PUF distributions to the AUF in a fiscal year must be not less than the amount needed to pay the principal and interest due and owing in that fiscal year on PUF bonds and notes. The distribution of \$644,300,000 is substantially greater than PUF bond debt service of \$187,700,000 projected for FY 2012-2013.

<u>System</u>	<u>Debt Service</u>
U. T.	\$ 96,600,000
TAMU	91,100,000
Total	<u>\$ 187,700,000</u>

Sources:

U. T. System Office of Finance

Texas A&M University System Office of Treasury Services

2. The Board of Regents may not increase annual PUF distributions to the AUF (except as necessary to pay PUF debt service) if the purchasing power of PUF investments for any rolling 10-year period has not been preserved. As the schedule below indicates, the average annual increase in the rate of growth of the value of PUF investments (net of expenses, inflation, and distributions) for the trailing 10-year period ended February 29, 2012, was 3.57%, which indicates that the purchasing power test was met.

Average Annual	Percent	
Rate of Total Return	7.64%	
Mineral Interest Receipts	3.39%	
Expense Rate	(0.34)%	(1)
Inflation Rate	(2.50)%	
Distribution Rate	(4.62)%	
Net Real Return	3.57%	

(1) The expense rate as shown is a 10-year annualized average and includes all PUF investment and PUF Land expenses, including the UTIMCO management fee, paid directly by the PUF. Management fees that are netted from asset valuations, and are not paid directly by the PUF are not included, as they are a reduction to the Rate of Total Return.

3. The annual distribution from the PUF to the AUF during any fiscal year made by the Board of Regents may not exceed an amount equal to 7% of the average net fair market value of PUF investment assets as determined by the Board of Regents (except as necessary to pay PUF Bond debt service). The annual distribution rate calculated using the trailing 12-quarter average value of the PUF is within the 7% maximum allowable distribution rate.

Value of PUF Investments	Distribution	Distribution as a % of Value of PUF Investments	Maximum Allowed Rate
\$11,316,105,068	\$644,300,000	5.694%	7.00%

The spending policy objectives of the PHF and LTF are to

- a. provide a predictable stable stream of distributions over time;
- b. ensure that the inflation-adjusted value of the distributions is maintained over the long term; and
- c. ensure that the inflation-adjusted value of the assets of the PHF and the LTF, as appropriate after distributions, is maintained over the long term.

The spending formula under the PHF Investment Policy Statement and the LTF Investment Policy Statement increases distributions at the rate of inflation subject to a distribution range of 3.5% to 5.5% of the average market value of the PHF assets and LTF assets for each fund's respective trailing 12 fiscal quarters. The 2.1% increase in the PHF distribution rate of \$0.0561 to \$0.0573 per unit was based on the PHF's Investment Policy Statement to increase the distributions by the average rate of inflation for the trailing 12 quarters. The PHF's distribution rate calculated using the prior 12-quarter average value of the PHF is 5.2%, within the range of 3.5% to 5.5% set forth in the PHF Investment Policy Statement.

The 2.1% increase in the LTF distribution rate from \$0.3215 to \$0.3283 per unit was based on the LTF's Investment Policy Statement to increase the distributions by the average rate of inflation for the trailing 12 quarters. The LTF's distribution rate calculated using the prior 12-quarter average value of the LTF is 5.4%, within the range of 3.5% to 5.5% set forth in the LTF Investment Policy Statement. The increase in the consumer price index for the prior three years as of November 30, 2011, was 2.1%.

The distribution rate for the ITF was originally set at 3.0% per annum for Fiscal Year 2007 by the U. T. System Board on May 11, 2006, and has continued at that rate for each succeeding fiscal year. The distribution rate of 3.0% will be continued for Fiscal Year 2013.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 62 - 67).--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: Review of Consent Agenda items, if any, referred for Committee consideration

There were no items referred from the Consent Agenda.

2. U. T. System: Report on Finish@UT

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

3. U. T. Austin: Demonstration and tutorial on the Course Transformation Program

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

4. U. T. System: MyEdu demonstration and progress report

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

5. U. T. San Antonio: Authorization to accept invitation from Conference USA and to negotiate and finalize terms for athletic conference membership, including possible future membership in a new athletic conference

Authorization for The University of Texas at San Antonio to accept the invitation from Conference USA (CUSA) to become a member and to negotiate and finalize terms for athletic conference membership, including possible future membership in a potential new athletic conference, was approved by the Academic Affairs Committee on May 2, 2012, and by the full Board during the Meeting of the Board on May 3, 2012 (see Page 11 of these Minutes).

On December 18, 2008, the Board approved the U. T. San Antonio Athletic Initiative Business Plan. The Plan provided for 1) development of a Competitive Athletic Complex, 2) addition of a National Collegiate Athletic Association (NCAA) Football Championship Subdivision (FCS) football program, and 3) advancement of the intercollegiate sports programs to position the University for an invitation to an NCAA Football Bowl Subdivision (FBS) conference.

On July 26, 2011, U. T. San Antonio accepted an invitation to join the Western Athletic Conference (WAC), an FBS conference. U. T. San Antonio is not scheduled to officially join the WAC until July 1, 2012. However, since U. T. San Antonio accepted the invitation to join, three member institutions have declared their intent to leave. As a result, the WAC will have only four remaining institutions that participate in FBS football.

Officials at CUSA contacted U. T. San Antonio in March 2012 to initiate a discussion about the possibility of U. T. San Antonio leaving the WAC to join CUSA. President Romo, Athletic Director Lynn Hickey, Head Football Coach Larry Coker, and several prominent community supporters visited with CUSA Commissioner Britton Banowsky on April 5, 2012, and discussed U. T. San Antonio's position regarding joining CUSA.

There is a possibility that CUSA members, including The University of Texas at El Paso, will become members of a new athletic conference resulting from some form of consolidation between the CUSA and Mountain West Conference (MWC) institutions.

The current plan is that two conferences, CUSA and the MWC, will merge and form a conference ultimately expected to include 18 to 24 members. The 12 current members of the CUSA are: U. T. El Paso, Tulane University, University of Alabama Birmingham, University of East Carolina, Marshall University, Rice University, University of Southern Mississippi, University of Memphis, University of Tulsa, Southern Methodist University, University of Houston, and University of Central Florida. Eight of these universities will be joining the new athletic conference. The four universities that are not joining the new athletic conference are the University of Memphis, Southern Methodist University, the University of Houston, and the University of Central Florida. Teams joining the new athletic conference from the MWC are: University of Nevada Las Vegas, University of New Mexico, Colorado State University, Air Force Academy, and University of Wyoming. The following three universities that were planning on joining the MWC this year are also joining the new athletic conference: Fresno State, University of Nevada-Reno, and University of Hawaii (football only).

Joining CUSA (and potentially the new athletic conference) will provide greater national visibility and association with universities of similar enrollment, academic standing, and community size. U. T. San Antonio

has determined that a move to this new conference is consistent with the University's strategic plan to increase its national prominence in support of its goal to become a national research university. Competing in the new conference would leverage U. T. San Antonio's efforts to upgrade the competitiveness of all 17 sports teams, particularly football and men's and women's basketball.

There are no exit fees involved with U. T. San Antonio's departure from the WAC. The initiation fee payable to CUSA is \$2,000,000, and will be covered through a combination of Athletic Department funds and conference revenues payable to U. T. San Antonio pursuant to the new member agreement. U. T. San Antonio reports that revenues generated by CUSA (and potentially the new athletic conference) from television and the NCAA are likely to be significantly greater than those earned by the WAC.

6. U. T. Permian Basin: Approval of the Texas Science Scholars Program

Following reports from Interim Executive Vice Chancellor Reyes and President Watts on the new Texas Science Scholars Program, the Board approved the degree program for The University of Texas of the Permian Basin. The degree program proposal follows on Pages 65 - 67.

The University of Texas of the Permian Basin

The \$10,000.00 Texas Science Scholar Talent Search and Degree

The University of Texas of the Permian Basin (UTPB) proposes to offer a \$10,000.00¹ Bachelor of Science degree to qualified students seeking to study on a full-time basis majoring in Chemistry, Computer Science, Geology, Information Systems and Mathematics. UTPB plans to search for outstanding physical science and mathematics students in Texas and provide these students with a high quality degree at a cost of \$10,000.00 in tuition and fees for the four-year curriculum.

1. Student Qualifications:

A. Freshman Students

- Students must be Texas residents.
- Students must be admitted unconditionally to the University.
- Students must be eligible to take Pre-calculus (MATH 2412 or its equivalent) and General Chemistry (CHEM 1311-1111) during their first year at the University.
- Students must not be placed in any developmental coursework.
- Students must apply, complete all placement exams, and register for their first semester by August 1 of the year.

B. Transfer Students

- Students must be Texas residents.
- Students must be admitted unconditionally to the University.
- Students must follow the appropriate UTPB curriculum for the selected major. See the UTPB/community college articulation agreements for details.
- Students must have a 3.0 overall G.P.A.
- Students must apply, complete all placement exams, and register for their first semester by August 1 of the year.

2. Once admitted the Texas Science Scholar student must:

- Register for up to 30 Semester Credit Hours at UTPB, including summer and pay \$2,500.00 at the beginning of the Academic Year.²

¹ The amount charged to students must be apportioned and clearly classified as statutory tuition, designated tuition and appropriate fees to ensure that the funds are in compliance with authorizing statutes. Pursuant to Sec. 54.5035, Tex. Educ. Code, laboratory fees cannot be waived and will be charged to the student.

² Students in the program will be allowed to pay the \$2,500.00 tuition/fee through the installment plan as authorized by Sec. 54.007, Tex. Educ. Code. Thus, the program may charge participating students on a semester credit hour basis at a rate of \$83.33 (\$2,500.00/30 hours).

- Maintain status as a full-time student.
- Meet with a UTPB Texas Science Scholar advisor and determine a degree plan for a major in Chemistry, Computer Science, Geology, Information Systems or Math with a minor in one of these programs or Biology.
- Complete 30 Semester Credit Hours per academic year, including summer, with a G.P.A. of 3.0 or better with all courses meeting degree requirements as outlined on the degree plan.³
- Live in UTPB housing with normal exemptions applicable to University funded scholarships.

3. Texas Science Scholars are eligible for Financial Aid:

- Texas Science Scholars remain eligible for non-UTPB financial aid, such as the Texas Grant, Federal Pell Grants, or privately funded scholarships.⁴

4. Expected Outcomes and Benefits of the \$10,000.00 Texas Science Scholar Program include:

- Access for Texas students with demonstrated ability in the sciences at an affordable price.
- More students majoring in fields identified by the THECB as critical fields in Texas.
- Increased retention and improved graduation rates at UTPB. Program encourages graduation in four years.
- Increased number of graduates from UTPB in physical, mathematical and computational sciences.
- Increased overall enrollment at UTPB.
- Improved efficiency at UTPB with better utilization of existing facilities and faculty.
- Increased revenue with minimal increase in cost.
- The UTPB plan is the first \$10,000.00 degree plan offered in Texas on one major university campus and does not require courses from several campuses.
- The UTPB plan is the first \$10,000.00 degree plan in Texas in Chemistry, Computer Science, Geology, Information Systems, and Mathematics.

³ Pursuant to Sections 54.006 and 54.009, Tex. Educ. Code, the program will allow for refunds for withdrawals or dropped courses, but that the student is not eligible to continue in the program if he/she fails to successfully complete 30 SCH per academic year. This determination would have to be made at the end of each academic year.

⁴ If the student successfully completes this program, the student would also be entitled to a \$1,000.00 rebate as set forth in Sec. 54.0065, Tex. Educ. Code. Generally, the statute awards a \$1,000.00 tuition rebate for students who obtain their baccalaureate degree with attempting no more than three hours in excess of the minimum SCHs required to complete the degree program. The rebate is to be paid from local funds.

Potential 4-Year Cost Savings of the \$10,000 Degree for Selected Programs of Study at UT Permian Basin						
UTPB Program of Study	Degree Cost at Current Resident Undergraduate Rates		Cost at \$10K Degree Resident Undergraduate Rates		Potential Cost Savings	
	Current 2011 - 2012 Academic Cost for Resident Undergraduates for 1 Academic Year (30 SCH)	Current 2011 - 2012 Academic Cost for Resident Undergraduates for 4 Academic Years (120 SCH)	\$10,000 Degree Proposal Academic Cost for Resident Undergraduates for 1 Academic Year (30 SCH)	\$10,000 Degree Proposal Academic Cost for Resident Undergraduates for 4 Academic Years (120 SCH)	Cost Savings Between Current Rate and \$10,000 Proposal for 1 Academic Year (30 SCH)	Cost Savings Between Current Rate and \$10,000 Proposal for 4 Academic Years (120 SCH)
Chemistry	\$6,452	\$25,808	\$2,500	\$10,000	\$3,952	\$15,808
Computer Science	\$6,452	\$25,808	\$2,500	\$10,000	\$3,952	\$15,808
Geology	\$6,452	\$25,808	\$2,500	\$10,000	\$3,952	\$15,808
Information Systems & Mathematics	\$6,452	\$25,808	\$2,500	\$10,000	\$3,952	\$15,808

Notes and Definitions: Current 2011 - 2012 rates are based on the rates for the average resident undergraduate student enrolled in 15 SCH per semester at UTPB in Fall 2011. Academic Costs include resident statutory tuition, designated tuition, mandatory fees, and average course fees. Potential cost savings could actually increase depending upon potentially approved academic cost rates for Fall 2012 and beyond. The cost savings potential is a conservative estimate since the comparison rate is held constant at the Fall 2011 rate and assumes no increase over time. Actual course fees could also vary by program of study.

REPORT OF THE HEALTH AFFAIRS COMMITTEE (Page 68).--Committee Chairman Stillwell stated there were no items from the Health Affairs Committee to report in open session.

1. U. T. System Board of Regents: Review of Consent Agenda items, if any, referred for Committee consideration

There were no items referred from the Consent Agenda.

2. U. T. Health Science Center - Tyler: Report on the Northeast Texas Consortium of Colleges and Universities (NETnet)

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

3. U. T. System: Update on the Transformation in Medical Education (TIME) program

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

4. U. T. System: Discussion regarding health institutions' community service through outreach programs

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

5. U. T. System: Quarterly report on health matters of interest to the U. T. System, including changes in the health care delivery environment

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

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 69 - 81).--Committee Chairman Gary 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: Review of Consent Agenda items, if any, referred for Committee consideration

There were no items referred from the Consent Agenda.

2. U. T. Austin: Jester East Lobby Renovation - Amendment of the FY 2012-2017 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)

The Board amended the Fiscal Year 2012-2017 Capital Improvement Program (CIP) to include the Jester East Lobby Renovation project of The Beauford H. Jester Center at The University of Texas at Austin as follows:

Project No.:	102-708	
Institutionally Managed:	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date:	February 2013	
Total Project Cost:	<u>Source</u> Auxiliary Enterprises Balances ¹	<u>Current</u> \$5,000,000

Funding Note: ¹Auxiliary Enterprises Balances from Division of Housing and Food Services Auxiliary Balances (Reserve and Operating Account)

- a. approve a total project cost of \$5,000,000 with funding from Auxiliary Enterprises Balances;
- b. appropriate funds; and
- c. authorize U. T. Austin to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

The Jester East Lobby will be remodeled and given a new visual identity. The renovation will provide improved academic study space, as well as better customer service for students, staff, and visitors who live in and visit the complex. The lobby footprint will be expanded by approximately 3,274 gross square feet to accommodate two new large student study areas; one will be enclosed for quiet study, and the second will be an open area for informal study. Accessible Resident Hall Association offices will be incorporated into the renovation, as well as an information desk with adjacent staff offices at the entry to assist visitors and students.

Living on campus is conducive to academic achievement and enhances the student university experience and personal growth. Students have expressed a preference for lobby improvements because of the image and identity afforded the residential tower. The East Lobby has not been updated since 1969, and renovations are necessary for on-campus student housing assets to remain competitive with the private sector.

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 presented to the President for approval at a later date. It has been determined that this project would best be managed by U. T. Austin Facility Management personnel who have the experience and capability to manage all aspects of the work, and as it requires extensive coordination with the building occupants.

3. U. T. Dallas: Parking Structure Phase III - Amendment of the FY 2012-2017 Capital Improvement Program to include project (Preliminary Board approval)

The Board amended the Fiscal Year 2012-2017 Capital Improvement Program (CIP) to include the Parking Structure Phase III project at The University of Texas at Dallas as follows:

Project No.:	302-710	
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date:	December 2015	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds ¹	\$12,000,000
	Auxiliary Enterprises Balances ²	\$ 2,500,000
	Unexpended Plant Funds ³	<u>\$ 500,000</u>
		\$15,000,000

Funding Notes: ¹Revenue Financing System debt is proposed to be repaid from parking fees
²Auxiliary Enterprises Balances are from parking fees
³Unexpended Plant Funds are from balance of funds from project close-out

Investment Metric: This project will directly support the University's Strategic Plan Imperative of adding 5,000 full-time equivalent students by 2017, creating a total student population of 21,000.

This project will consist of two separate elements: a replacement surface parking lot will be constructed at the intersection of Rutford Avenue and Synergy Park Boulevard to provide approximately 410 spaces compensating for the 260 spaces eliminated from existing parking lots to make way for the Bioengineering and Sciences Building; and an approximately 750 space precast concrete parking garage will be constructed on the north side of campus at the intersection of Loop Road and Rutford Avenue. Additionally, a police substation, administrative offices, retail outlets, and an information center are also planned within the parking garage.

With rapidly accelerated growth in student enrollment and associated increases in faculty and staff, U. T. Dallas has a growing need for additional parking on campus. This parking structure will accommodate parking for the Bioengineering and Sciences Building, the Natural Science and Engineering Research Laboratory, and the academic buildings along Rutford Avenue. The parking structure is aligned with the current Campus Site Development Plan.

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.

4. U. T. Pan American: Academic and Administration Building Addition - Amendment of the FY 2012-2017 Capital Improvement Program to include project (Preliminary Board approval)

The Board amended the Fiscal Year 2012-2017 Capital Improvement Program (CIP) to include the Academic and Administration Building Addition project at The University of Texas-Pan American as follows:

Project No.:	901-712	
Project Delivery Method:	Construction Manager-at-Risk	
Substantial Completion Date:	June 2014	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Higher Education Assistance Fund (HEAF)	\$ 7,140,000
	Unexpended Plant Funds ¹	<u>\$ 4,760,000</u>
		\$11,900,000

Funding Note: ¹Unexpended Plant Funds are from Designated Tuition

- Investment Metrics:
- Increase freshman to junior retention by 1% per year from 2015 to 2018
 - Increase classroom space to provide 128 additional instructional sections to be taught in the general classrooms

The project will add approximately 40,000 gross square feet to the existing Marialice Shary Shivers Administration Building for the new University College, general classrooms, administration and faculty offices, and support space. Currently, administration and compliance functions are scattered throughout the campus.

U. T. Pan American is working to establish a new University College that will focus on providing entering undergraduate students with a smooth and successful transition to college life by unifying the support services and resources necessary for students to succeed. University College space will include general classroom space and all administrative offices necessary for the functioning of the college including: a teaching and learning center to support successful undergraduate learning and faculty teaching development; staff office space for administering undergraduate programs that are focused on undergraduate success, including grant-funded success projects; and conference space. Additional space will focus on core curriculum classes for the general student population to reduce the time required for student graduation.

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.

- 5. U. T. Permian Basin: Nursing Program Renovation - Amendment of the FY 2012-2017 Capital Improvement Program to include project; approval of total project cost; approval of transfer of funds from FY 10 LERR New Nursing Program; approval of reduction of total project cost for FY 10 LERR New Nursing Program; appropriation of funds; and authorization of institutional management (Final Board approval)

The Board amended the Fiscal Year 2012-2017 Capital Improvement Program (CIP) to include the Nursing Program Renovation project at The University of Texas of the Permian Basin as follows:

Nursing Program Renovation

Project No.: 501-714
 Institutionally Managed: Yes No
 Project Delivery Method: Competitive Sealed Proposals
 Substantial Completion Date: June 2012

Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Permanent University Fund Bond Proceeds	\$0	\$1,499,000
	Gifts		\$ 200,000
			<u>\$1,699,000</u>

FY 10 Library, Equipment, Repair and Rehabilitation (LERR) New Nursing Program

Project No.: 501-685

Institutionally Managed: Yes No

Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: June 2012

Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Permanent University Fund Bond Proceeds	\$283,000	\$0

- a. approve a total project cost of \$1,699,000 with funding of \$1,499,000 from Permanent University Fund (PUF) Bond Proceeds and \$200,000 from Gifts;
- b. approve the transfer of funding of \$283,000 from PUF Bond Proceeds from the FY 10 LERR New Nursing Program project;
- c. reduce the total project cost for the FY 10 LERR New Nursing Program project from \$283,000 to \$0;
- d. appropriate funds; and
- e. authorize U. T. Permian Basin to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

Previous Board Actions

FY 10 LERR - On August 20, 2009, the Board approved the allocation of PUF Bond Proceeds for the Swimming Pool Enclosure project in the amount of \$283,000. On August 25, 2011, the Board approved the transfer of \$283,000 from the Swimming Pool Cover project to the New Nursing Program project.

Project Description

This project will renovate approximately 8,233 gross square feet of the third floor of the Mesa Building to provide laboratories and instructional facilities for the proposed Bachelor of Science in Nursing program, which is pending Texas Higher Education Coordinating Board approval. Renovations will include installation of a sprinkler system in the Nursing Program space to meet current fire code requirements, as well as adequate water supply and standpipe systems to allow for the future installation of a sprinkler system for

the remainder of the building. Modifications to the Mesa Building infrastructure systems, including heating, ventilation, and air conditioning (HVAC) and security, will be included.

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 presented to the President for approval at a later date. It has been determined that this project would best be managed by U. T. Permian Basin Facility Management personnel who have the experience and capability to manage all aspects of the work.

6. U. T. M. D. Anderson Cancer Center: Cord Blood Bank Lab and Office Renovation - Amendment of the FY 2012-2017 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)

The Board amended the FY 2012-2017 Capital Improvement Program (CIP) to include the Cord Blood Bank Lab and Office Renovation project at The University of Texas M. D. Anderson Cancer Center as follows:

Project No.:	703-X59	
Institutionally Managed:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Project Delivery Method:	Design Build	
Substantial Completion Date:	February 2013	
Total Project Cost:	<u>Source</u> Hospital Revenues	<u>Current</u> \$5,100,000

- a. approve a total project cost of \$5,100,000 with funding from Hospital Revenues;
- b. appropriate funds; and
- c. authorize U. T. M. D. Anderson Cancer Center to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

Project Description

This project will renovate approximately 18,000 gross square feet in the recently purchased building at 1841 Old Spanish Trail to serve as the new location of U. T. M. D. Anderson's Cord Blood Bank (CBB) program. The CBB program is mandated through the institution's Health Resources and

Services Administration (HRSA) contract to obtain a Biologics License Application (BLA) from the Food and Drug Administration (FDA) for transplantation use.

The present location for the CBB Processing Laboratory does not meet BLA requirements, and current office space for the CBB is also unacceptable for the BLA. This building was deemed an acceptable site for the CBB's labs and offices; however, renovation is required to meet program needs and FDA requirements.

The total project cost of this project was originally estimated at \$3,960,000. Because of the number of FDA requirements, especially in the area of mechanical redundancy, a reevaluation of the project resulted in an increase in total project cost, requiring the project to be added to the CIP and receive Board approval.

Pursuant to a Memorandum of Understanding effective August 26, 2004, U. T. M. D. Anderson Cancer Center has delegated authority for institutional management of construction projects under the continued oversight of the Office of Facilities Planning and Construction. Design development plans and authorization of expenditure of funding will be approved by the President at a later date.

7. U. T. Dallas: Parking Structure Phase I - 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 Parking Structure Phase I project at The University of Texas at Dallas as follows:

Project No.:	302-680	
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date:	August 2013	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds ¹	\$ 9,400,000
	Auxiliary Enterprises Balances ²	\$ 1,000,000
	Unexpended Plant Funds ³	<u>\$ 1,000,000</u>
		\$11,400,000
Funding Notes:	¹ Revenue Financing System debt is proposed to be repaid from parking revenues	
	² Auxiliary Enterprises Balances are from parking revenues	
	³ Unexpended Plant Funds are from balance of funds from project close-out	
Investment Metric:	This project will directly support the University's Strategic Plan Imperative of adding 5,000 full-time equivalent students by 2017, creating a total student population of 21,000.	

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$11,400,000 with funding of \$9,400,000 from Revenue Financing System Bond Proceeds, \$1,000,000 from Auxiliary Enterprises Balances, and \$1,000,000 from Unexpended Plant Funds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$9,400,000.

Debt Service

The \$9,400,000 in aggregate Revenue Financing System debt will be repaid from parking revenues. Annual debt service on the \$9,400,000 Revenue Financing System debt is expected to be \$647,000. The institution's debt service coverage is expected to be at least 1.9 times and average 2.2 times over FY 2012-2017.

Previous Board Action

On November 10, 2011, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$12,000,000 with funding of \$10,000,000 from Revenue Financing System Bond Proceeds, \$1,000,000 from Auxiliary Enterprises Balances, and \$1,000,000 from Unexpended Plant Funds. On January 26, 2012, the Chancellor approved a decrease in the total project cost from \$12,000,000 to \$11,400,000 with funding of \$600,000 from Revenue Financing System Bond Proceeds transferred to the Utility Infrastructure Improvements portion of the Arts and Technology Complex project.

Project Description

This project consists of a 750-space parking garage of approximately 251,000 gross square feet. The garage will be five levels and constructed of precast concrete to match the adjacent satellite utility plant and will be tied to the west wall of that structure.

With rapidly accelerated growth in student enrollment and associated increases in faculty and staff, U. T. Dallas has a growing need for additional parking on campus. This parking structure will accommodate parking for the School of Management and the new Arts and Technology Complex, including the new 1,200-seat lecture hall. The parking structure is aligned with the current Campus Site Development Plan.

8. U. T. San Antonio: Academic and Administrative Office Building - Approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)

The Board approved the recommendations for the Academic and Administrative Office Building project at The University of Texas at San Antonio as follows:

Project No.:	401-645	
Project Delivery Method:	Construction Manager-at-Risk	
Substantial Completion Date:	August 2014	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Designated Funds ¹	\$ 6,000,000
	Permanent University Fund Bond Proceeds	\$ 22,250,000
	Unexpended Plant Funds ²	\$ 11,750,000
	Interest on Local Funds	<u>\$ 10,000,000</u>
		\$ 50,000,000

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

- Investment Metrics: By 2014
- Realize savings of approximately \$1,600,000 per year in rent
 - Increase efficiency by eliminating time lost commuting between main campus and off-campus leased space
 - Reduce current space deficit by increasing classroom and class lab space contributing to Strategy 5 of the Four-Year Graduation Rate Improvement Plan for the campus

- a. approve design development plans; and
- b. appropriate funds and authorize expenditure of \$50,000,000 with funding of \$6,000,000 from Designated Funds, \$22,250,000 from Permanent University Fund Bond Proceeds, \$11,750,000 from Unexpended Plant Funds, and \$10,000,000 from Interest on Local Funds.

Previous Board Actions

On August 25, 2011, the Administrative Office Building project was included in the Capital Improvement Program (CIP) with a total project cost of \$21,500,000 with funding from Designated Funds. On February 9, 2012, the Board approved an increase in total project cost to \$50,000,000 with funding of \$22,250,000 from Permanent University Fund Bond Proceeds, \$11,750,000 from Unexpended Plant Funds, \$10,000,000 from Interest on Local Funds, and \$6,000,000 from Designated Funds, and redesignated the project as the Academic and Administrative Office Building.

Project Description

This project will design and construct a five-story, approximately 175,000 gross square foot (GSF) building to house academic and administrative functions. Administrative offices will house Human Resources, Financial Affairs, Audit, Legal Affairs, Advancement, portions of the Office of Information Technology, and the Admissions and Registrar's offices. The Academic portion of the project will provide approximately 85,000 GSF for classrooms, teaching laboratories, and faculty offices. This area will accommodate the interdisciplinary cybersecurity program, the Center for Infrastructure Assurance and Security (CIAS), and will provide a place for related instruction for students from the Colleges of Business and Sciences. The project scope will also include costs for extensions of, and connections to, site utilities for chilled water service, primary electrical service, and communications infrastructure in support of the current approved Master Plan and future development.

Combining academic and administrative program areas will realize economy in construction and achieve the maximum development value. By relocating administrative functions and CIAS currently housed off campus in leased office space, the University will save approximately \$1,600,000 per year in rent. Additionally, the University will benefit from the improved efficiency resulting from eliminating time lost by administrative personnel commuting between the main campus and off-campus leased space. Finally, increasing classroom and class lab space will support efforts to improve graduation rates.

9. U. T. M. D. Anderson Cancer Center: The Pavilion - Amendment of the FY 2012-2017 Capital Improvement Program to increase total project cost; approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)

The Board approved the recommendations for The Pavilion project at The University of Texas M. D. Anderson Cancer Center as follows:

Project No.:	703-711		
Project Delivery Method:	Design Build		
Substantial Completion Date:	November 2014		
Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Hospital Revenues	\$98,000,000	\$198,000,000

Investment Metrics:

- Increase number of admission-recovery-discharge beds from 22 to 42 by 2015
- Increase number of post-anesthesia care unit beds from 32 to 46 by 2015
- Increase number of inpatient surgeries, currently limited by shortage of inpatient beds, by 2015

- a. amend the Fiscal Year 2012-2017 Capital Improvement Program (CIP) to increase the total project cost from \$98,000,000 to \$198,000,000;
- b. approve design development plans; and
- c. appropriate funds and authorize expenditure of \$198,000,000 from Hospital Revenues.

Previous Board Actions

On February 12, 2009, the Alkek Surgical and Imaging Expansion project was included in the CIP with a total project cost of \$98,000,000 with funding from Hospital Revenues. On March 15, 2010, the Executive Vice Chancellor for Health Affairs approved the nonhonorific renaming of the project to The Pavilion.

Project Description

The Pavilion is an eight-story extension of the existing Albert B. and Margaret M. Alkek Tower that will provide immediate adjacency to existing surgical services on Levels 5 and 7 and imaging services on Level 3. To align with the existing Alkek Hospital floors, the new structure will include interstitial floors at Levels 4 and 6 to support the distribution of utilities throughout the facility, as well as a mechanical room on Level 8. The project will provide covered drop-off and circulation for patients and visitors entering the Alkek or Lutheran Hospitals. The inclusion of a basement level will facilitate the expansion of sterile processing and Preoperative Clean Supply to facilitate

the growth of the operating rooms. The expansion will be designed to accommodate the structural requirements of a future bed tower to better position the institution to replace the Lutheran Pavilion when it reaches the end of its effective life. The project will include space for 11 new operating rooms, with finish-out of six operating rooms on Level 5 and shell space for five operating rooms on Level 7.

The increase in total project cost is requested to allow U. T. M. D. Anderson Cancer Center to combine several additional planned projects within the scope of this project. The added scope of work will renovate the existing hospital Main Building on Levels 5, 3, and the basement to align support services commensurate with the services being provided. Also included will be: Post-Anesthesia Care Unit beds, waiting space and equipment storage, relocation and expansion of staff support areas, reconfiguration of the existing generators that provide emergency power to the Alkek Hospital and the Clinical Research Building, and the procurement of major medical equipment associated with the operating rooms of The Pavilion and renovations on Levels 5 and 3 of the Main Building.

Pursuant to a Memorandum of Understanding effective August 26, 2004, U. T. M. D. Anderson Cancer Center has delegated authority for institutional management of construction projects under the continued oversight of the Office of Facilities Planning and Construction.

10. U. T. M. D. Anderson Cancer Center: Mid-Campus Building 1 (1MC) Tenant Buildout - Amendment of the FY 2012-2017 Capital Improvement Program to increase the total project cost; and appropriation of additional funds (Final Board approval)

The Board approved the recommendations for the Mid-Campus Building 1 (1MC) Tenant Buildout project at The University of Texas M. D. Anderson Cancer Center as follows:

Project No.:	703-X56		
Institutionally Managed:	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
Project Delivery Method:	Design Build		
Substantial Completion Date:	September 2013		
Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Hospital Revenues	\$51,000,000	\$60,000,000

- a. amend the FY 2012-2017 Capital Improvement Program (CIP) to increase the total project cost from \$51,000,000 to \$60,000,000; and
- b. appropriate additional funding of \$9,000,000 from Hospital Revenues.

Previous Board Action

On August 25, 2011, the project was added to the CIP with a total project cost of \$51,000,000 with funding from Hospital Revenues.

Project Description

The 1MC Building is U. T. M. D. Anderson's first facility located in the Mid-Campus area. It was constructed to provide office space for employees currently located on the Main Campus and in various lease sites, as well as new incremental space to support institutional growth projections. The original scope of the project proposed the build-out of shelled Floors 11 through 16 in the 1MC Building for occupancy by employees currently housed in the Priority 3 leases. The increase in total project cost includes the build-out of Floor 17 within the scope of the project.

Employees previously housed in the Priority 1 leases began moving into the 1MC Building during June 2011. More than 1,000 tenants are vacating lease space and relocating into the 1MC Building as part of the Priority 1 lease expirations. Beginning January 2012, 510 employees will be moving into the building with the expiration of the Priority 2 leases. The build-out of Floors 11-17 will provide space for employees currently housed in Priority 3 leased space and will provide space for specified departments moving from the T. Boone Pickens Academic Tower. A total of 1,970 tenants are expected to occupy the floors upon completion. Floors 18-24 will be shelled for future build-out.

Design development plans and authorization of expenditure of funding will be approved by the President at a later date.

REPORT OF THE TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE
(Page 82).--Committee Chairman Dannenbaum stated there were no items from
the Technology Transfer and Research Committee to report in open session.

1. U. T. System: Report on the Chancellor's Technology Commercialization Advisory Cabinet

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

2. U. T. System: Report on the U. T. Horizon Fund, including the Fund's Existing Ventures program and New Ventures program

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

3. U. T. System: Report on the Texas Venture Labs Competition and the U. T. Horizon Fund Student Investment Competition

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

4. U. T. System: Report on Fiber ValleyTM

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

APPROVAL OF STANDING COMMITTEE RECOMMENDATIONS.--At 12:20 p.m., the Board voted and approved the Standing Committee recommendations.

RECONVENE AS COMMITTEE OF THE WHOLE.--

11. U. T. System Board of Regents: Certificate of appreciation to Regent John Davis Rutkauskas

Noting this was the last regular Board meeting for Student Regent John Davis Rutkauskas, Chairman Powell presented a certificate of appreciation to Regent Rutkauskas. The Board wished him well as he begins his professional career, graduating on time, and with dual degrees and four majors.

Regent Rutkauskas expressed gratitude to members of the Board for being mentors and close friends and for instilling in him their passion for higher education, which, he said, will be his lifelong commitment.

REPORT FOR THE RECORD.--

U. T. Health Science Center - Houston: Report concerning appointment of the Presidential Search Advisory Committee

The membership of the Presidential Search Advisory Committee for The University of Texas Health Science Center at Houston is reported for the record. This Committee has been constituted pursuant to the Regents' *Rules and Regulations*, Rule 20201.

Presidential Search Advisory Committee
for
The University of Texas Health Science Center at Houston

Executive Vice Chancellor for Health Affairs Kenneth I. Shine, M.D.
(Chairman)
Regent Robert L. Stillwell
Regent Brenda Pejovich
David L. Callender, M.D., President, The University of Texas Medical Branch
at Galveston
Ronald DePinho, M.D., President, The University of Texas M. D. Anderson
Cancer Center
Giuseppe N. Colasurdo, M.D., Interim President and Dean of the Medical
School, U. T. Health Science Center - Houston
Thomas R. Cole, Ph.D., Professor and Director, The John P. McGovern, M.D.
Center for Health, Humanities and the Human Spirit, U. T. Health Science
Center - Houston

Patricia Dolan Mullen, DrPh., Professor, Health Programs and Behavioral Sciences, U. T. Health Science Center - Houston
Donald A. Molony, M.D., Professor, Internal Medicine and Renal Diseases, U. T. Health Science Center - Houston
Stephen A. Herrmann, Third-year Medical School Student and Vice President of the Student Intercouncil, U. T. Health Science Center - Houston
Melisa Frisby, President of the School of Nursing Alumni Association, U. T. Health Science Center - Houston
Michael D. Dixon, Compliance Coordinator and Vice Chair of the University Classified Staff Council, U. T. Health Science Center - Houston
Mr. Daniel J. Wolterman
Dr. Guillermina Lozano
Ms. Wilhelmina "Beth" E. Robertson
Mr. Jodie Jiles
Mr. Fred S. Zeidman
Dr. Monica Rasmus
Mr. Mike Loya

SCHEDULED MEETING.--The next regularly scheduled meeting will be held on July 11-12, 2012, in Austin, Texas.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 12:35 p.m.

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

June 7, 2012

**THE UNIVERSITY OF TEXAS SYSTEM BOARD OF REGENTS'
CONSENT AGENDA
MAY 2-3, 2012**

TABLE OF CONTENTS

	PAGE
U. T. SYSTEM ADMINISTRATION	
1. Minutes - U. T. System Board of Regents : Approval of Minutes of the regular meeting held on February 8-9, 2012, and the Special Called Meetings held on February 24, 2012, April 2, 2012, and April 12, 2012 available at http://www.utsystem.edu/board-of-regents/meetings	94
2. UTIMCO Board Appointment - U. T. System Board of Regents : Reappointment of Mr. Ardon E. Moore to the Board of Directors of The University of Texas Investment Management Company	94
3. UTIMCO Committee Appointments - U. T. System Board of Regents : Reappointment of members to the Audit and Ethics Committee of the Board of Directors of The University of Texas Investment Management Company	94
4. Resolution - U. T. System Board of Regents : Adoption of resolution regarding the list of Key Management Personnel authorized to negotiate, execute, and administer classified government contracts (Managerial Group) to reflect name and term of new Student Regent	95
5. Office of Federal Relations - U. T. System : Authorization to implement "A Strategic Plan for the Office of Federal Relations"	97
6. Request for Budget Change - U. T. System : Transfer not to exceed \$1.4 million from Available University Funds and Permanent University Fund Bond Proceeds to the Board Room Audio Visual Project account to install videoconference equipment to enhance the Board of Regents' meetings and presentations (RBC No. 149) -- amendment to the 2011-12 budget	98

7.	Request for Budget Change - U. T. System: Transfer of \$1,523,538 from Permanent University Funds to University Lands Damage Reimbursement Payments fund to continue replacement of 63 miles and repair of 47 miles of fence damaged due to wildfires that burned approximately 73,000 acres in three counties in West Texas on University Lands in February 2011(RBC No. 148) -- amendment to the 2011-12 budget	98
8.	Approval of Dual Positions of Honor, Trust, or Profit - U. T. System: Appointment by Commissioner Kitzman of Phillip Dendy, Director of Risk Management, as a Member of the Fair Access to Insurance Requirements (FAIR) Plan Governing Committee	98
9.	Report on Fiscal Year 2011 Post-Tenure Review - U. T. System Academic Institutions	99
10.	Report on Fiscal Year 2011 Post-Tenure Review - U. T. System Health Institutions	103
11.	Real Estate Report - U. T. System: Summary Report of Separately Invested Assets managed by U. T. System	105

ACADEMIC INSTITUTIONS

12.	Contract (funds coming in) - U. T. Arlington: Xpress Pho of Arlington, LLC to lease approximately 3,457 square feet of retail lease space in the College Park Center for restaurant use	106
13.	Contract (funds coming in) - U. T. Arlington: Grip College Park, LLC d/b/a GRIP Mediterranean Grill to lease approximately 2,017 square feet of retail space in the College Park Center for restaurant use	107
14.	Contract (funds coming in) - U. T. Arlington: Dr. Tien Phan, d/b/a Mavs Sports Grill to lease approximately 4,519 square feet of retail lease space in the College Park Center for restaurant use	107
15.	Contract (funds coming in) - U. T. Arlington: Pie Five Restaurants, Inc. to lease approximately 2,196 square feet of retail lease space in the College Park Center for restaurant use	108
16.	Contract (funds coming in) - U. T. Arlington: Brack Ventures, LLC, d/b/a Coolberry Yogurt to lease approximately 1,632 square feet of retail lease space in the College Park Center for restaurant use	109

17.	Advisory Council - U. T. Austin: Creation and operation of the Division of Continuing and Innovative Education Advisory Council	109
18.	Contract (funds coming in) - U. T. Austin: University Federal Credit Union Addendum to existing sponsorship, promotion, and naming agreement with the U. T. Austin Intercollegiate Athletics Department	110
19.	Contract (funds coming in) - U. T. Austin: University Federal Credit Union (UFCU) base rent and operating expenses for automated teller machine vendors	111
20.	Contract (funds going out) - U. T. Austin: WK Interests, LLP, and Dhanis, LLC, or the McCombs School of Business Foundation to purchase approximately 0.4017 of an acre and improvements located at 1907 Guadalupe Street in Austin, Travis County, Texas	111
21.	Contract (funds going out) - U. T. Austin: MagRabbit Dedicated Fleet, L.L.C., to provide central receiving and delivery services to main campus and other U. T. Austin locations in the Austin area	112
22.	Contract (funds going out) - U. T. Austin: Alpheus Communications, L.L.C. for dark optical fiber indefeasible right to use agreement to provide production, research, and disaster recovery connectivity to U. T. System institutions in San Antonio and the Rio Grande Valley	113
23.	Contract (funds going out) - U. T. Austin: Royal Kim Maintenance to provide custodial services for the Recreational Sports Center, Gregory Gymnasium, and Gregory Gymnasium Aquatic Complex	114
24.	Foreign Contract (funds coming in) - U. T. Austin: University of Adelaide, Australia, Executive Education Program, will receive leadership training services from the Governor's Center for Management Development, LBJ School of Public Affairs	114
25.	Foreign Contract (funds going out) - U. T. Austin: National Taiwan University Precision Mass Spectrometry and Environment Change Laboratory, Department of Geosciences, will provide analysis of coral and stalagmite samples for the Institute for Geophysics at the John A. and Katherine G. Jackson School of Geosciences	115

26. Emeritus Appointment - **U. T. Austin:** Appointment of Harry M. Cleaver, Jr., from Associate Professor (T), College of Liberal Arts, Economics, to Associate Professor Emeritus, effective at the date of retirement (RBC No. 4513) -- amendment to the 2011-12 budget 115
27. Emeritus Appointment - **U. T. Austin:** Appointment of Clement M. Henry from Professor (T), College of Liberal Arts, to Professor Emeritus, Government, effective at the date of retirement (RBC No. 4453) -- amendment to the 2010-11 budget 115
28. Emeritus Appointment - **U. T. Austin:** Appointment of Robert Harrison Wagner from Professor (T), College of Liberal Arts, Government, to Professor Emeritus effective at the date of retirement (RBC No. 4455) -- amendment to the 2010-11 budget 115
29. Emeritus Appointment - **U. T. Austin:** Appointment of Abraham Marcus from Associate Professor (T), College of Liberal Arts, History, to Associate Professor Emeritus effective at the date of retirement (RBC No. 4456) -- amendment to the 2011-12 budget 116
30. Emeritus Appointment - **U. T. Austin:** Appointment of Enrique H. Fierro from Associate Professor (T), College of Liberal Arts, Spanish and Portuguese, to Associate Professor Emeritus effective at the date of retirement (RBC No. 4514) -- amendment to the 2011-12 budget 116
31. Request for Budget Change - **U. T. Austin:** Transfer of \$1,150,000 to supplement existing Repair and Rehabilitation project to replace HVAC systems on the main campus (RBC No. 4427) -- amendment to the 2011-12 budget 116
32. Request for Budget Change - **U. T. Austin:** Transfer of \$2,000,000 to complete the build out of a main server rack at the East Hall (RBC No. 4428) -- amendment to the 2011-12 budget 116
33. Request for Budget Change - **U. T. Austin:** Transfer of \$545,000 to be used for a project to install single mode fiber to all of the residence hall data closets to enable higher network transmission speeds (RBC No. 4507) -- amendment to the 2011-12 budget 117
34. Parking Permit Fees - **U. T. Austin:** Recommendation for parking permit fees effective beginning with the Fall Semester 2012 118

35.	Report - U. T. Brownsville : No items for Consent Agenda	119
36.	Contract (funds coming in) - U. T. Dallas : Coca-Cola Bottling Company of North Texas for beverage pouring rights and soft drink vending contract and sponsorship recognition rights and exclusivity privileges contract	119
37.	Contract (funds coming in) - U. T. Dallas : ELS Educational Services, Inc., a Delaware corporation, will lease approximately 10,000 square feet of space in the Classroom Building	119
38.	Tenure Appointment - U. T. Dallas : Appointment of Tenure for Roger Malina (T), Professor, Peter and Edith O'Donnell Chair in Arts and Technology, and Director of International Initiatives (RBC No. 4465) -- amendment to the 2011-12 budget	120
39.	Contract - U. T. El Paso : City of El Paso and Texas Department of Transportation (TxDOT) for easement	121
40.	Dual Positions of Honor, Trust, or Profit - U. T. Pan American : Appointment by U.S. Secretary of Labor Solis of Marie T. Mora, Ph.D., Professor, Department of Economics and Finance as a Member of the Bureau of Labor Statistics (BLS) Data Users Advisory Committee	122
41.	Request for Budget Change - U. T. Permian Basin : Transfer \$900,000 from Special Item Support, College of Engineering, to the College of Petroleum Engineering, Special Item Support C.1.3. Strategy College of Engineering account to further develop the Petroleum Engineering Program (RBC No. 4511) -- amendment to the 2011-12 budget	122
42.	Contract (funds going out) - U. T. San Antonio : Alpha Building Corporation to provide job order contractor services for minor construction projects	122
43.	Contract (funds going out) - U. T. San Antonio : Williams & Thomas LP dba Jamail & Smith Construction to provide job order contractor services for minor construction projects	123
44.	Contract (funds going out) - U. T. San Antonio : Grandview Partners, Ltd. (University Heights) -- expansion of existing space lease agreement at University Heights Tech Center	123
45.	Request for Budget Change - U. T. San Antonio : Transfer \$800,000 from Campus Reserves account to Summer Session Faculty Salaries account to support Summer Session faculty salaries (RBC No. 4461) -- amendment to the 2011-12 budget	124

46. Employment Agreement - **U. T. San Antonio**: Amendment to agreement of Head Football Coach Larry Coker 124
47. Street Namings - **U. T. San Antonio**: Naming of Bosque Street and Principal Street 125
48. Request for Budget Change - **U. T. Tyler**: Transfer of \$25,550 from Library, Equipment, Repair and Rehabilitation (LERR) for Fire Suppression System account to the LERR for Campus Lighting Upgrade account. This transfer is for a previously approved LERR project for campus security and safety to fund campus lighting projects (RBC No. 4378) -- amendment to the 2011-12 budget 127

HEALTH INSTITUTIONS

49. Contract (funds coming in) - **U. T. Southwestern Medical Center**: Texas Council on Alzheimer's Disease and Related Disorders to perform research and services and establish data collection system 127
50. Contract (funds coming in) - **U. T. Southwestern Medical Center**: Veterans Affairs North Texas Healthcare System to provide surgery services 127
51. Contract (funds going out) - **U. T. Southwestern Medical Center**: Lease from SAF Exchange Park, LTD of EMT paramedic training space at 6300 Harry Hines Boulevard 128
52. Tenure Appointment - **U. T. Southwestern Medical Center**: Tenure appointment of Steven Warach (T), Professor, Neurology, Southwestern Medical School (RBC No. 4390) -- amendment to the 2011-12 budget 128
53. Contract (funds coming in) - **U. T. Medical Branch - Galveston**: Texas Department of State Health Services Special Supplemental Nutrition Program for women, infants, and children to be administered by the University 128
54. Contract (funds coming in) - **U. T. Medical Branch - Galveston**: Texas Department of State Health Services to receive comprehensive family planning services 129
55. Contract (funds coming in) - **U. T. Medical Branch - Galveston**: Lockheed Martin to receive services for the United States Antarctic Program under Lockheed Martin's Antarctic Support contract 129

56. Emeritus Appointment - **U. T. Medical Branch - Galveston:** Norbert Herzog, Professor (T), Academic Enterprise, Pathology, to Professor Emeritus (RBC No. 4504) -- amendment to the 2011-12 budget 129
57. Approval of Dual Positions of Honor, Trust, or Profit - **U. T. Medical Branch - Galveston:** Appointment by Governor Perry of Ben Raimer, M.D., Senior Vice President, Health Policy and Regulative Affairs, as Chair of the Texas Institute of Health Care Quality and Efficiency Task Force 130
58. Approval of Dual Positions of Honor, Trust, or Profit - **U. T. Medical Branch - Galveston:** Appointment by Governor Perry of Linda R. Rounds, Ph.D., RN, FNP, FAANP, Professor, School of Nursing, as Board member of the Board of Pilot Commissioners for Galveston County 130
59. Contract (funds coming in) - **U. T. Health Science Center - Houston:** OB-GYN of Houston, LLP, a Texas limited liability partnership -- lease renewal of 5,935 square feet of space at UT Professional Building at 6410 Fannin Street, Houston, Texas, for clinical and related services 131
60. Contract (funds going out) - **U. T. Health Science Center - Houston:** Alpha Building Corporation and J. T. Vaughn Construction, LLC to provide maintenance, repair, and renovation tasks 132
61. Contract (funds going out) - **U. T. Health Science Center - Houston:** Contract with IntegraNet Physician Resource, Inc. for onsite technical assistance and onsite or remote consultation to Eligible Health Professionals in support of the Gulf Coast Regional Expansion Center 132
62. Foreign Contract (funds coming in) - **U. T. Health Science Center - Houston:** Agreement of Cooperation with Kuwait Institute for Medical Specialization to provide dentists from Kuwait with postgraduate training through the institution's two year Advanced Education in General Dentistry program 133
63. Emeritus Appointment - **U. T. Health Science Center - Houston:** Samuel Kaplan, Professor and Chairman (T), Department of Microbiology and Molecular Genetics, Medical School, to Chair Emeritus (RBC No. 4400) -- amendment to the 2011-12 budget 133

64. Emeritus Appointment - **U. T. Health Science Center - Houston**: Frank M. Yatsu, Clinical Professor and Huffington Chair, Department of Neurology, Medical School, to Professor Emeritus (RBC No. 4401) -- amendment to the 2011-12 budget 133
65. Emeritus Appointment - **U. T. Health Science Center - Houston**: Stanford M. Goldman, Professor and Section Chief (T), Radiology/Department of Diagnostic and Interventional Imaging, Medical School, to Professor Emeritus (RBC No. 4409) -- amendment to the 2011-12 budget 134
66. Dual Positions of Honor, Trust, or Profit - **U. T. Health Science Center - Houston**: Appointment by Governor Perry of Christopher S. Greeley, M.D., FAAP, Associate Professor of Pediatrics, Center for Clinical Research and Evidence-Based Medicine, Department of Pediatrics, to the Task Force to Reduce Child Abuse and Neglect and Improve Child Welfare 134
67. Dual Positions of Honor, Trust, or Profit - **U. T. Health Science Center - Houston**: Appointment by President Obama of Harold W. Kohl III, Ph.D., Professor of Epidemiology, School of Public Health, Austin Regional Campus and Research Professor of Kinesiology at U. T. Austin, to the Science Board of the President's Council on Fitness, Sports & Nutrition 135
68. Contract (funds coming in) - **U. T. Health Science Center - San Antonio**: New Cingular Wireless PCS, LLC, a Delaware limited liability company to lease approximately 160 square feet on the rooftop of the Medical School Building at 7703 Floyd Curl Drive for telecommunications facilities 136
69. Tenure Appointment - **U. T. Health Science Center - San Antonio**: Tenure appointment of Tim Hui-Ming Huang (T), Deputy Director and Professor, Molecular Medicine, School of Medicine (RBC No. 4413) -- amendment to the 2011-12 budget 137
70. Contract (funds going out) - **U. T. M. D. Anderson Cancer Center**: Contract with Central Park West, L.P., to purchase approximately 34.77 acres of vacant land located in two tracts on the north side of Interstate Highway 10 between Eldridge Road and Park & Ride Drive and being out of the J. Wheaton Surveys, Abstracts #80 and #828, Houston, Harris County, Texas 137

71. Contract (funds going out) - **U. T. M. D. Anderson Cancer Center**: WGH Holly Hall, LP and WGH Plaza Del Oro, LLC to purchase approximately 14.03 acres and improvements located at 2555 Holly Hall Street and 8000-8080 El Rio Street in Houston, Harris County, Texas 138
72. Report - **U. T. Health Science Center - Tyler**: No items for Consent Agenda 139

**THE BOARD OF REGENTS'
CONSENT AGENDA NO. 1
MAY 2-3, 2012**

U. T. SYSTEM ADMINISTRATION

1. Minutes - **U. T. System Board of Regents:** Approval of Minutes of the regular meeting held on February 8-9, 2012, and the Special Called Meetings held on February 24, 2012, April 2, 2012, and April 12, 2012 available at <http://www.utsystem.edu/board-of-regents/meetings>

2. UTIMCO Board Appointment - **U. T. System Board of Regents:** Reappointment of Mr. Ardon E. Moore to the Board of Directors of The University of Texas Investment Management Company

Chairman Powell and The University of Texas Investment Management Company (UTIMCO) Chairman Foster recommend that Mr. Ardon E. Moore be reappointed to the UTIMCO Board of Directors, for a term to expire on April 1, 2015.

Mr. Moore is President and CEO of Lee M. Bass, Inc., and serves as a member of UTIMCO's Compensation and Risk Committees.

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 six members of the UTIMCO Board of Directors of which three may be "external" directors. The approved UTIMCO bylaws allow external directors to serve a maximum of three terms of three years each. Mr. Moore, an external director, is currently serving his second term on the UTIMCO Board of Directors.

3. UTIMCO Committee Appointments - **U. T. System Board of Regents:** Reappointment of members to the Audit and Ethics Committee of the Board of Directors of The University of Texas Investment Management Company

The University of Texas Investment Management Company (UTIMCO) Board of Directors recommends that the U. T. System Board of Regents approve the reappointment of James P. Wilson, Printice L. Gary, 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 on April 11, 2012, conditioned on the approval of the U. T. System Board of Regents. Vice Chairman Hicks and Regent Gary will abstain from voting on this item.

4. Resolution - U. T. System Board of Regents: Adoption of resolution regarding the list of Key Management Personnel authorized to negotiate, execute, and administer classified government contracts (Managerial Group) to reflect name and term of new Student Regent

To comply with the Department of Defense National Industrial Security Program Operating Manual (NISPOM) requirements, it is recommended that the Board of Regents approve the revised resolution regarding exclusion of individuals from the list of Key Management Personnel (KMP) authorized to negotiate, execute, and administer classified government contracts, as shown in congressional style on Page 200. The revision adds the name and term of the new Student Regent who will serve from June 1, 2012 to May 31, 2013.

A Resolution amending the Managerial Group list was last adopted by the Board on May 12, 2011.

NISPOM defines KMP as "officers, directors, partners, regents, or trustees." The manual requires that the senior management official and the Facility Security Officer must always be designated as part of the Managerial Group and be cleared at the level of the Facility Clearance. Other officials or KMPs, as determined by the Defense Security Service, must be granted Personal Security Clearances or be formally excluded by name from access to classified material.

RESOLUTION

BE IT RESOLVED:

- a. That those persons occupying the following positions at The University of Texas System and The University of Texas at Austin shall be known as the Managerial Group, having the authority and responsibility for the negotiation, execution, and administration of Department of Defense (DOD) or User Agency contracts, as described in DOD 5220.22-M, "National Industrial Security Program Operating Manual" (NISPOM):

Francisco G. Cigarroa, M.D., Chancellor, The University of Texas System

William C. Powers, Jr., President, The University of Texas at Austin

Juan Miguel Sanchez, Vice President for Research, The University of Texas at Austin

Susan W. Sedwick, Associate Vice President for Research and Director, Office of Sponsored Projects, The University of Texas at Austin

Neil S. Fox II, Facility Security Officer, The University of Texas System

The Chief Executive Officer (i.e., the Chancellor) and the members of the Managerial Group have been processed, or will be processed, for a personnel security clearance for access to classified information to the level of the facility security clearance granted to this institution, as provided for in the NISPOM.

The Managerial Group is hereby delegated all of the Board's duties and responsibilities pertaining to the protection of classified information under classified contracts of the DOD or User Agencies of the NISPOM awarded to U. T. System, including U. T. Austin.

- b. That the following named members of the U. T. System Board of Regents shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of U. T. System, including U. T. Austin, and do not occupy positions that would enable them to affect adversely the policies and practices of The University of Texas System, including The University of Texas at Austin, in the performance of classified contracts for the Department of Defense or User Agencies of the NISPOM awarded to The University of Texas System, including The University of Texas at Austin, and need not be processed for a personnel security clearance:

Members of the U. T. System Board of Regents:

William Eugene Powell, Chairman

Paul L. Foster, Vice Chairman

R. Steven Hicks, Vice Chairman

James D. Dannenbaum, P.E., Vice Chairman

Alex M. Cranberg

Printice L. Gary

Wallace L. Hall, Jr.

Brenda Pejovich

Robert L. Stillwell

John Davis Rutkauskas, Student Regent from June 1, 2011 to
May 31, 2012 (nonvoting)
Ashley Michele Purgason, Student Regent from June 1, 2012 to
May 31, 2013 (nonvoting)

5. Office of Federal Relations - U. T. System: Authorization to implement “A Strategic Plan for the Office of Federal Relations”

Chairman Powell, Regent Gary, and Chancellor Cigarroa recommend that the actions set forth in the report, “A Strategic Plan for the Office of Federal Relations (OFR),” dated November 15, 2011, as elaborated further in the “OFR Strategic Plan Executive Summary” dated February 20, 2012, previously provided to the Board, be approved and implemented, including the authorization of up to \$175,000 in one-time expenditures and \$950,000 in annual ongoing expenditures, to be funded with Available University Funds.

The principal elements of the OFR Strategic Plan include:

- Installing two or more federal agency-specific personnel within OFR to further enhance U. T. System institutions’ involvement with federal agencies and pursue increased grant awards;
- Enhancing the flow of information between OFR and U. T. System institution researchers by installing a federal agency research assistant within OFR, improving the technological capabilities of the office to facilitate more regular communications, and increasing the frequency of OFR staff meetings with institution researchers and administrators;
- Contracting with health care experts on issues of importance to U. T. System and the U. T. System health institutions (for example, matters coming before the Centers for Medicare and Medicaid Services involving the Section 1115 Waiver granted to the State of Texas and the implementation of the Affordable Care Act); and
- Expanding the Archer Center Program to accommodate more undergraduate, graduate, and professional school students through securing additional leased space and installing additional personnel.

Implementation of the plan will involve the addition of up to four staff within OFR and up to three staff for the Archer Center Program (one faculty member and two program staff).

Additional annual personnel costs for the OFR staff will be up to \$585,000. The additional personnel costs for the Archer Center Program will be borne by the fees paid by the program participants.

Additional lease costs for the Archer Center Program expansion will be up to \$240,000. One-time costs for reconfiguring the new leased space will be up to \$50,000. One-time costs for technological improvements for OFR will be up to \$120,000, with annual costs of up to \$7,000.

Other annual costs, including costs for contracted health care experts, will be up to \$120,000. OFR, through the Vice Chancellor and Chief Governmental Relations Officer, will provide annual reports to the Board of Regents on the progress made under the Plan.

6. Request for Budget Change - **U. T. System**: Transfer not to exceed \$1.4 million from Available University Funds and Permanent University Fund Bond Proceeds to the Board Room Audio Visual Project account to install videoconference equipment to enhance the Board of Regents' meetings and presentations (RBC No. 149) -- amendment to the 2011-12 budget

7. Request for Budget Change - **U. T. System**: Transfer of \$1,523,538 from Permanent University Funds to University Lands Damage Reimbursement Payments fund to continue replacement of 63 miles and repair of 47 miles of fence damaged due to wildfires that burned approximately 73,000 acres in three counties in West Texas on University Lands in February 2011 (RBC No. 148) -- amendment to the 2011-12 budget

8. Approval of Dual Positions of Honor, Trust, or Profit - **U. T. System**: Appointment by Commissioner Kitzman of Phillip Dendy, Director of Risk Management, as a Member of the Fair Access to Insurance Requirements (FAIR) Plan Governing Committee

The following item has been approved by the Executive Vice Chancellor for Business Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas, and there is no conflict between holding this position and the appointment of Mr. Dendy with the U. T. System Administration. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas, and there is no conflict between the position and the University.

Name: Mr. Phillip Dendy
Title: Director of Risk Management
Position: Member, Fair Access to Insurance Requirements (FAIR) Plan Governing Committee
Period: The term expires on June 16, 2013, or when a successor is appointed.
Compensation: None
Description: The Texas Commissioner of Insurance, Eleanor Kitzman, has appointed Mr. Dendy to serve as a member of the FAIR Plan Governing Committee. The association provides residential property insurance to qualified consumers who are having difficulty obtaining this coverage from licensed insurance companies.

9. **Report on Fiscal Year 2011 Post-Tenure Review - U. T. System Academic Institutions**

In accordance with *Texas Education Code* Section 51.942 and Regents' *Rules and Regulations*, Rule 31102, the following report on the Fiscal Year 2011 post-tenure review for the U. T. System academic institutions is provided by the Executive Vice Chancellor for Academic Affairs ad interim.

During Fiscal Year 2011, 422 tenured faculty members at the nine academic institutions were subject to post-tenure review. Of the 422 faculty members subject to review, 395 or 93.6% were evaluated as Performing Satisfactorily; 13 or 3.1% received a Needs Additional Support or Marginal evaluations; and 14 or 3.3% received Unsatisfactory evaluations. The following summary tables provide additional details of the post-tenure review results.

Summary of Post-Tenure Review Results

	Total Reviewed	Total Performing Satisfactorily	Total Needs Additional Support or Marginal	Total Unsatisfactory
U. T. Arlington	43	38	5	0
U. T. Austin	182	175	0	7
U. T. Brownsville	20	17	1	2
U. T. Dallas	48	46	1	1
U. T. El Paso	38	38	0	0
U. T. Pan American	32	28	4	0
U. T. Permian Basin	11	11	0	0
U. T. San Antonio	31	26	1	4
U. T. Tyler	17	16	1	0
Total	422	395	13	14
		93.6%	3.1%	3.3%

Post-Tenure Review Results by Gender

	Total Reviewed		Performing Satisfactorily		Needs Additional Support or Marginal		Unsatisfactory	
	Male	Female	Male	Female	Male	Female	Male	Female
U. T. Arlington	37	6	33	5	4	1	0	0
U. T. Austin	143	39	137	38	0	0	6	1
U. T. Brownsville	14	6	12	5	0	1	2	0
U. T. Dallas	41	7	39	7	1	0	1	0
U. T. El Paso	30	8	30	8	0	0	0	0
U. T. Pan American	20	12	16	12	4	0	0	0
U. T. Permian Basin	8	3	8	3	0	0	0	0
U. T. San Antonio	23	8	18	8	1	0	4	0
U. T. Tyler	11	6	10	6	1	0	0	0
Total	327	95	303	92	11	2	13	1

Post-Tenure Review Results by Ethnicity

	Total Reviewed					Performing Satisfactorily				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
U. T. Arlington	30	0	2	11	0	25	0	2	11	0
U. T. Austin	158	3	10	8	3	152	3	9	8	3
U. T. Brownsville	9	0	11	0	0	8	0	9	0	0
U. T. Dallas	39	0	1	8	0	37	0	1	8	0
U. T. El Paso	21	0	10	7	0	21	0	10	7	0
U. T. Pan American	10	0	14	6	1	9	0	13	5	1
U. T. Permian Basin	10	1	1	0	0	10	0	1	0	0
U. T. San Antonio	22	0	2	5	2	18	0	1	5	2
U. T. Tyler	17	0	0	0	0	16	0	0	0	0
Total	316	4	51	45	6	296	3	46	44	6

	Needs Additional Support or Marginal					Unsatisfactory				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
U. T. Arlington	5	0	0	0	0	0	0	0	0	0
U. T. Austin	0	0	0	0	0	6	0	1	0	0
U. T. Brownsville	0	0	1	0	0	1	0	1	0	0
U. T. Dallas	1	0	0	0	0	1	0	0	0	0
U. T. El Paso	0	0	0	0	0	0	0	0	0	0
U. T. Pan American	1	1	1	1	0	0	0	0	0	0
U. T. Permian Basin	0	0	0	0	0	0	0	0	0	0
U. T. San Antonio	1	0	0	0	0	3	0	1	0	0
U. T. Tyler	1	0	0	0	0	0	0	0	0	0
Total	9	1	2	1	0	11	0	3	0	0

FACULTY CHANGES PRIOR TO POST-TENURE REVIEW:

U. T. Arlington: Six faculty members retired prior to review.

U. T. Austin: 10 faculty members retired prior to review.

U. T. Brownsville: Four faculty members retired prior to review.

PRESENT STATUS OF EACH MARGINAL PERFORMANCE:

U. T. Arlington: Faculty evaluated as marginal were asked to work with their department chairs and deans to recalibrate their teaching and research workload to place more emphasis on teaching, which is their strength and source of greatest contribution to the University.

U. T. Brownsville: Professor will resubmit a revised portfolio for review during the 2012-13 academic year.

U. T. Dallas: Continue discussion with dean about performance in teaching and research.

U. T. Pan American: Faculty members met with their respective chairs and deans over their corresponding areas of concern and received feedback in their respective disciplines and professional performance. Consequently, each faculty member will be taking corrective action.

U. T. San Antonio: The faculty member whose performance in FY 2011 was marginal had his workload restructured from a balance 40% teaching, 40% research, and 20% service to 60% teaching, 20% research, and 20% service. He is required to meet with his department chair on a regular basis to monitor his progress with his next post-tenure review scheduled for 2016-2017. However, this faculty member resigned effective January 1, 2012.

U. T. Tyler: A two-year remediation plan to be developed and performance will be evaluated during the next two academic years.

PRESENT STATUS OF EACH UNSATISFACTORY PERFORMANCE:

U. T. Austin: Academic deans have established faculty development supports plans for all faculty receiving unsatisfactory post-tenure reviews.

U. T. Brownsville: 1) Associate Professor has made satisfactory improvement and is on track with timeline developed. 2) Assistant Professor has shown little evidence that any significant progress has been made.

U. T. Dallas: Referred to the Committee on Faculty Standing and Conduct for potential termination.

U. T. San Antonio: For one professor, a performance improvement plan was implemented and a subsequent post-tenure review will be conducted in 2013-2014. However, this faculty member has tendered his resignation effective August 31, 2012. For another professor, a performance improvement plan was developed by the department chair, in consultation with the dean, to strengthen the faculty's research productivity. For a third professor and an associate professor, a performance improvement plan was developed by the department chair, in consultation with the dean, and implemented.

PLANS FOR EVALUATION DURING THE CURRENT YEAR:

U. T. Arlington: Confirmation with academic leadership that teaching loads have been adjusted.

U. T. Austin: All faculty scheduled for post-tenure review in 2012 will be evaluated and faculty development support plans for previous unsatisfactory reviews will be monitored.

U. T. Brownsville: For faculty requiring additional support, a professional development plan will be developed to strengthen the portfolio to be submitted for review in FY 2013. For one unsatisfactory performer, the dean and department chair will continue to provide guidance with the goal of improving performance. For the professor who has received a second negative annual review, the Provost is working with the U. T. System Administration Office of General Counsel to conduct a review in accordance with the due process procedures of the Regents' *Rules and Regulations*, Rule 31008.

U. T. Pan American: A teaching effectiveness/professional achievement plan has been prepared for each faculty member and approved at the department and college level.

U. T. Permian Basin: U. T. Permian Basin has six post-tenure reviews currently being conducted.

U. T. San Antonio: The department chair is monitoring the performance improvement plans and will continue working with the faculty members on their progress.

10. **Report on Fiscal Year 2011 Post-Tenure Review - U. T. System Health Institutions**

In accordance with *Texas Education Code* Section 51.942 and Regents' *Rules and Regulations*, Rule 31102, the following report on the Fiscal Year 2011 post-tenure review for the U. T. System health institutions is provided by the Executive Vice Chancellor for Health Affairs.

During Fiscal Year 2011, 235 tenured faculty members at the five health institutions were subject to post-tenure review. Of the 235 faculty members subject to review, 225 or 95.7% were evaluated as Performing Well; 7 or 3.0% received Needs Additional Support or Marginal evaluations; and 3 or 1.3% received Unsatisfactory evaluations. The following summary tables provide additional details of the post-tenure review results.

Summary of Post-Tenure Review Results

	Total Subject to Review	Total Performing Well	Total Needs Additional Support or Marginal	Total Unsatisfactory
U. T. SWMC	52	50	1	1
U. T. MB - Galveston	30	30	0	0
U. T. HSC - Houston	53	48	5	0
U. T. HSC - San Antonio	50	49	1	0
U. T. MDACC *	50	48	0	2
Total	235	225	7	3
		95.7%	3.0%	1.3%

Post-Tenure Review Results by Gender

	Subject to Review		Performing Well		Needs Additional Support or Marginal		Unsatisfactory	
	Male	Female	Male	Female	Male	Female	Male	Female
U. T. SWMC	43	9	41	9	1	0	1	0
U. T. MB - Galveston	27	3	27	3	0	0	0	0
U. T. HSC - Houston	35	18	32	16	3	2	0	0
U. T. HSC - San Antonio	38	12	38	11	0	1	0	0
U. T. MDACC *	40	10	39	9	0	0	1	1
Total	183	52	177	48	4	3	2	1

*U. T. MDACC offers "term tenure"

Post-Tenure Review Results by Ethnicity

	Total Subject to Review					Performing Well				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
U. T. SWMC	42	0	2	8	0	40	0	2	8	0
U. T. MB - Galveston	23	2	0	5	0	23	2	0	5	0
U. T. HSC - Houston	45	2	0	6	0	41	1	0	6	0
U. T. HSC - San Antonio	49	0	0	0	1	48	0	0	0	1
U. T. MDACC	37	0	2	11	0	36	0	2	10	0
Total	196	4	4	30	1	188	3	4	29	1

	Needs Additional Support or Marginal					Unsatisfactory				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
U. T. SWMC	1	0	0	0	0	1	0	0	0	0
U. T. MB - Galveston	0	0	0	0	0	0	0	0	0	0
U. T. HSC - Houston	4	1	0	0	0	0	0	0	0	0
U. T. HSC - San Antonio	1	0	0	0	0	0	0	0	0	0
U. T. MDACC	0	0	0	0	0	1	0	0	1	0
Total	6	1	0	0	0	2	0	0	1	0

FACULTY CHANGES PRIOR TO POST-TENURE REVIEW:

U. T. Southwestern Medical Center: Two faculty changed positions prior to post-tenure review.

U. T. Health Science Center - San Antonio: One retired; 10 deferred to 2012; one under litigation.

U. T. M. D. Anderson Cancer Center: Two faculty changed positions prior to post-tenure review.

PRESENT STATUS OF EACH NEEDS ADDITIONAL SUPPORT OR MARGINAL PERFORMANCE:

U. T. Southwestern Medical Center: Associate Professor was turned down for promotion and deficiencies shared with the Chair and the Associate Professor. His tenure will be reviewed again during the 2014 cycle.

U. T. Health Science Center - Houston: Three public health faculty (one professor and two associate professors) have met with the division director and developed and submitted an approved performance improvement plan that has been reviewed by the Dean. Two medical school faculty have department chair and division directors developing remediation plans in concert with the Dean. Progress will be monitored on subsequent annual reviews.

U. T. Health Science Center - San Antonio: Recommendation has been made for improvement in areas of teaching and research; a remedial plan will be developed and faculty member will be reevaluated in 12-18 months.

PRESENT STATUS OF EACH UNSATISFACTORY PERFORMANCE:

U. T. Southwestern Medical Center: An Associate Professor chose to leave the institution effective August 31, 2011.

U. T. M. D. Anderson Cancer Center: Professor's term tenure was extended for one year; Associate Professor position ends at the end of seventh year term.

11. 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 February 29, 2012**

FUND TYPE

	Current Purpose Restricted		Endowment & Similar Funds		Annuity & Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
Land & Buildings:								
Ending Value 11/30/2011	\$ 2,791,090	\$ 20,380,407	\$ 106,114,208	\$ 269,152,262	\$ 1,601,467	\$ 2,973,923	\$ 110,506,765	\$ 292,506,592
Increase or Decrease	1	1	189,999	315,789	-	-	190,000	315,790
Ending Value 2/29/2012	\$ 2,791,091	\$ 20,380,408	\$ 106,304,207	\$ 269,468,051	\$ 1,601,467	\$ 2,973,923	\$ 110,696,765	\$ 292,822,382
Other Real Estate:								
Ending Value 11/30/2011	\$ 48,556	\$ 48,556	\$ 25,284	\$ 25,284	\$ -	\$ -	\$ 73,839	\$ 73,839
Increase or Decrease	(2,904)	(2,904)	0	0	-	-	(2,904)	(2,904)
Ending Value 2/29/2012	\$ 45,651	\$ 45,651	\$ 25,284	\$ 25,284	\$ -	\$ -	\$ 70,935	\$ 70,935

Report prepared in accordance with Section 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

12. Contract (funds coming in) - U. T. Arlington: Xpress Pho of Arlington, LLC to lease approximately 3,457 square feet of retail lease space in the College Park Center for restaurant use

Agency: Xpress Pho of Arlington, LLC, a Texas limited liability company

Funds: \$852,593 in base rent and operating expenses payable over an 84-month rent period and \$1,445,746 in rent and operating expenses payable over two 60-month extension options. The tenant will also pay annual percentage rent of a portion of the amount of annual gross sales exceeding a set amount. U. T. Arlington is providing the tenant an improvement allowance for the initial construction of the premises, which will be paid out of Auxiliary Funds.

Period: Commencing on or about April 1, 2012, and continuing for an initial lease term of 84 months after the rent start date, plus two 60-month renewal options

Description: Lease of approximately 3,457 square feet of retail space in the College Park mixed-use development for use by the tenant as a restaurant. The lease expressly states that it is not valid for amounts exceeding \$1 million unless and until Board approval is obtained. The rental and the improvement allowance were set based on surveys of similar mixed-use and retail properties in Arlington and Fort Worth.

13. Contract (funds coming in) - U. T. Arlington: Grip College Park, LLC d/b/a GRIP Mediterranean Grill to lease approximately 2,017 square feet of retail space in the College Park Center for restaurant use

Agency: Grip College Park, LLC, a Texas limited liability company

Funds: \$755,190 in base rent and operating expenses payable over a 120-month initial rent period, and \$1,004,737 in rent and operating expenses payable over two 60-month extension options. The tenant will also pay annual percentage rent of a portion of the amount of annual gross sales exceeding a set amount. U. T. Arlington is providing the tenant an improvement allowance for the initial construction of the premises that will be paid out of Auxiliary Funds.

Period: Commencing on or about May 1, 2012, and continuing for an initial lease term of 120 months after the rent start date, plus two 60-month extension options

Description: Lease of approximately 2,017 square feet of retail space in the College Park mixed-use development for use by the tenant as a restaurant. The lease expressly states that it is not valid for amounts exceeding \$1 million unless and until Board approval is obtained. The rental and the improvement allowance were set based on surveys of similar mixed-use and retail properties in Arlington and Fort Worth.

14. Contract (funds coming in) - U. T. Arlington: Dr. Tien Phan, d/b/a Mavs Sports Grill to lease approximately 4,519 square feet of retail lease space in the College Park Center for restaurant use

Agency: Dr. Tien Phan, d/b/a Mavs Sports Grill

Funds: \$1,146,145 in base rent and operating expenses payable over an 84-month initial rent period, and \$1,939,140 in rent and operating expenses payable over two 60-month extension options. The tenant will also pay annual percentage rent of a portion of the amount of annual gross sales exceeding a set amount. U. T. Arlington is providing the tenant an improvement allowance for the initial construction of the premises, to be paid out of Auxiliary Funds.

Period: Commencing on or about April 1, 2012, and continuing for an initial lease term of 84 months following the rent start date, plus two 60-month extension options

Description: Lease of approximately 4,519 square feet of retail space in the College Park mixed-use development for use by the tenant as a restaurant. The lease expressly states that it is not valid for amounts exceeding \$1 million unless and until Board approval is obtained. The rental and the improvement allowance were set based on surveys of similar mixed-use and retail properties in Arlington and Fort Worth.

15. Contract (funds coming in) - U. T. Arlington: Pie Five Restaurants, Inc. to lease approximately 2,196 square feet of retail lease space in the College Park Center for restaurant use

Agency: Pie Five Restaurants, Inc., a Texas corporation

Funds: \$301,675 in base rent and operating expenses payable over a 60-month initial rent period, and \$1,467,558 in rent and operating expenses payable over three 60-month extension options. U. T. Arlington is providing the tenant an improvement allowance for the initial construction of the premises to be paid out of Auxiliary Funds.

Period: Commencing on or about May 1, 2012, and continuing for 60 months following the rent start date, plus three 60-month extension options

Description: Lease of approximately 2,196 square feet of retail space in the College Park mixed-use development for use by the tenant as a restaurant. The lease expressly states that it is not valid for amounts exceeding \$1 million unless and until Board approval is obtained. The rental and the improvement allowance were set based on surveys of similar mixed-use and retail properties in Arlington and Fort Worth.

16. Contract (funds coming in) - U. T. Arlington: Brack Ventures, LLC, d/b/a Coolberry Yogurt to lease approximately 1,632 square feet of retail lease space in the College Park Center for restaurant use

Agency: Brack Ventures, LLC, a Texas limited liability company

Funds: \$267,330.40 in base rent and operating expenses payable over a 60-month initial rent period and \$639,905 in rent and operating expenses payable over two 60-month extension options. The tenant will also pay annual percentage rent of a portion of the amount of annual gross sales exceeding a set amount. U. T. Arlington is providing the tenant an improvement allowance for the initial construction of the premises, to be paid out of Auxiliary Funds.

Period: Commencing on May 1, 2012, and continuing for 60 months from the rent start date, plus two 60-month extension options

Description: Lease of approximately 1,632 square feet of retail space in the College Park mixed-use development for use by the tenant as a frozen yogurt shop. The lease expressly states that it is not valid for amounts exceeding \$1 million unless and until Board approval is obtained. The rental and the improvement allowance were set based on surveys of similar mixed-use and retail properties in Arlington and Fort Worth.

17. Advisory Council - U. T. Austin: Creation and operation of the Division of Continuing and Innovative Education Advisory Council

The following request to approve the creation and operation of the Division of Continuing and Innovative Education (CIE) Advisory Council has been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs ad interim, and the Vice Chancellor for External Relations in accordance with Regents' *Rules and Regulations*, Rule 60302 and is submitted for approval by the U. T. System Board of Regents:

Item: The Division of Continuing and Innovative Education Advisory Council

Effective: June 1, 2012

Description: The Division of CIE Advisory Council will advocate to the external community for the CIE and help identify best sources to build new funding and create funding diversification for the CIE. The Council will provide input to the CIE leadership team on strategy, trends, and needs of the communities that the Division serves both domestically and internationally.

18. Contract (funds coming in) - U. T. Austin: University Federal Credit Union Addendum to existing sponsorship, promotion, and naming agreement with the U. T. Austin Intercollegiate Athletics Department

Agency: University Federal Credit Union (UFCU), a federally chartered nonprofit corporation

Funds: \$2,750,000

Period: May 3, 2012 through June 30, 2026

Description: Addendum to existing sponsorship, promotion, and naming agreement with the U. T. Austin Intercollegiate Athletics Department regarding UFCU Disch-Falk Field. The addendum (1) extends the term of the agreement for five years, from June 30, 2021 to June 30, 2026; (2) provides for payment by UFCU to Intercollegiate Athletics of an additional \$2,750,000 no later than May 31, 2012; (3) acknowledges the aforementioned funds will be used for certain capital improvements, including scoreboard/signage, and that Intercollegiate Athletics will negotiate with UFCU for such appropriate scoreboard/signage (model in exhibit to the Addendum); and (4) provides one Intercollegiate Athletics' stadium suite at UFCU Disch-Falk Field, with tickets, for use by UFCU at no additional cost.

19. Contract (funds coming in) - U. T. Austin: University Federal Credit Union (UFCU) base rent and operating expenses for automated teller machine vendors

Agency: University Federal Credit Union (UFCU), a federally chartered nonprofit corporation

Funds: Consideration to U. T. Austin includes \$32,083.33 in base rent and \$200.00 in operating expenses, payable monthly, potentially totaling over \$386,000 over the term.

Period: Commencing on February 15, 2012 and continuing through February 28, 2013 or upon earlier termination by U. T. Austin. The institution plans to select one or more automated teller machine vendors through a request for proposal submission for service.

Description: Extension of lease of space for 38 UFCU-owned automated teller machines at 24 locations on campus. The original lease became effective on September 1, 2001, and was approved by the Board of Regents on November 8, 2001. In light of subsequent extensions of the lease that resulted in additional revenue to U. T. Austin in excess of \$1,000,000 in the aggregate, this matter is provided to the Board of Regents for reauthorization.

20. Contract (funds going out) - U. T. Austin: WK Interests, LLP, and Dhanis, LLC, or the McCombs School of Business Foundation to purchase approximately 0.4017 of an acre and improvements located at 1907 Guadalupe Street in Austin, Travis County, Texas

Agency: WK Interests, LLP, and Dhanis, LLC, or the McCombs School of Business Foundation

Source of Funds: Unexpended Plant Funds from earned investment income

Funds: Fair market value as established by independent appraisals, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition as deemed necessary or advisable by the Executive Director of Real Estate. The appraisals are confidential pursuant to *Texas Education Code* Section 51.951.

Period: Closing of the purchase is expected to occur by Summer 2012.

Description: Purchase of 0.4017 of an acre and improvements located at 1907 Guadalupe Street in Austin, Travis 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 property is on the southeast corner of Guadalupe Street and West 20th Street and is one block west of the AT&T Executive Education and Conference Center. This parcel is part of a land assemblage with adjacent properties located on the same block at 300 West Martin Luther King, Jr. Boulevard (under contract) and 304 West Martin Luther King, Jr. Boulevard (purchased in April 2012). The 0.4017 of an acre parcel is improved with a restaurant and a related surface parking area, which is leased to Schlotzsky's Stores LLC; the lease expires on November 30, 2014. U. T. Austin envisions that the southwest area of the campus between Guadalupe Street and Whitis Avenue would be used for the future expansion of the McCombs School of Business, including the Executive Education Program at the AT&T Executive Education and Conference Center. Upon the expiration of the Schlotzsky's lease, the property would be used for those purposes, or for future programmed development of campus expansion or other purposes related to the institution's mission.

21. Contract (funds going out) - U. T. Austin: MagRabbit Dedicated Fleet, L.L.C., to provide central receiving and delivery services to main campus and other U. T. Austin locations in the Austin area

Agency: MagRabbit Dedicated Fleet, L.L.C.
 Funds: \$2,400,000 estimated for the initial term and renewal periods
 Source of Funds: Centrally-funded accounts. All delivery charges for all departments are paid from centrally-funded accounts. This does not depend on who the end user is.
 Period: January 1, 2012 through December 31, 2014, with option to renew for two additional two-year periods
 Description: Central receiving and delivery services of general supplies and equipment for all departments at the

U. T. Austin main campus and other U. T. Austin locations in the Austin area. Delivered materials might include any kind of item ordered by the University, such as office supplies, laboratory supplies, laboratory equipment, computer equipment, computer peripherals, operating supplies, etc. When end users process requisitions for the purchase of goods, they have the option of choosing direct delivery from the supplier or delivery via MagRabbit Dedicated Fleet, L.L.C.'s offsite location. MagRabbit simplifies the delivery and payment process for the end user and provides for better follow-up on delivery issues and problems. The vendor was selected based on best value through the request for proposal process.

22. Contract (funds going out) - U. T. Austin: Alpheus Communications, L.L.C. for dark optical fiber indefeasible right to use agreement to provide production, research, and disaster recovery connectivity to U. T. System institutions in San Antonio and the Rio Grande Valley

Agency:	Alpheus Communications, L.L.C.
Funds:	\$1,370,000 estimated for the initial and renewal periods
Source of Funds:	Available University Funds (funding for the U. T. System Research Information Technology Strategic Plan was approved by the U. T. System Board of Regents on November 11, 2010)
Period:	March 1, 2012 through February 28, 2022 with one option to renew through February 1, 2029
Description:	Dark optical fiber indefeasible right to use agreement between U. T. Austin, on behalf of the U. T. System Office of Telecommunication Services and Alpheus Communications, L.L.C., to install, maintain, and provide dark fiber expandable services between Austin and San Antonio for up to 20 years. The fiber will enable the U. T. System network to provide production, research, and disaster recovery connectivity to

U. T. System institutions in San Antonio and the Rio Grande Valley. Dark fiber is optical fiber that is currently in place, but is not being used. An indefeasible right to use agreement is one whereby a party obtains the right to use specifically identified strands of dark fiber from another party.

23. Contract (funds going out) - U. T. Austin: Royal Kim Maintenance to provide custodial services for the Recreational Sports Center, Gregory Gymnasium, and Gregory Gymnasium Aquatic Complex

Agency: Royal Kim Maintenance
Funds: \$3,200,000 estimated for the initial and renewal periods
Source of Funds: Centrally-funded accounts
Period: April 1, 2012 through August 31, 2015 with an option to renew for two additional two-year periods
Description: Custodial service agreement for the Recreational Sports Center, Gregory Gymnasium, and Gregory Gymnasium Aquatic Complex

24. Foreign Contract (funds coming in) - U. T. Austin: University of Adelaide, Australia, Executive Education Program, will receive leadership training services from the Governor's Center for Management Development, LBJ School of Public Affairs

Agency: University of Adelaide, Australia
Funds: Approximately \$22,000
Period: May 25, 2012 through June 18, 2012
Description: The Governor's Center for Management Development, a unit of the LBJ School of Public Affairs, will provide leadership training services to the University of Adelaide's Executive Education Program.

25. Foreign Contract (funds going out) - U. T. Austin: National Taiwan University Precision Mass Spectrometry and Environment Change Laboratory, Department of Geosciences, will provide analysis of coral and stalagmite samples for the Institute for Geophysics at the John A. and Katherine G. Jackson School of Geosciences
- Agency: National Taiwan University
 Funds: Approximately \$100,000 including renewal options
 Source of Funds: Restricted Funds
 Period: May 1, 2012 through April 30, 2013, with option to renew for four additional one-year periods
 Description: Precision Mass Spectrometry and Environment Change Laboratory, Department of Geosciences, at National Taiwan University will provide analysis of coral and stalagmite samples for U. T. Austin's Institute for Geophysics, John A. and Katherine G. Jackson School of Geosciences. The samples are part of a research project to reconstruct past climate changes in the western tropical Pacific.
26. Emeritus Appointment - U. T. Austin: Appointment of Harry M. Cleaver, Jr., from Associate Professor (T), College of Liberal Arts, Economics, to Associate Professor Emeritus, effective at the date of retirement (RBC No. 4513) --amendment to the 2011-12 budget
27. Emeritus Appointment - U. T. Austin: Appointment of Clement M. Henry from Professor (T), College of Liberal Arts, to Professor Emeritus, Government, effective at the date of retirement (RBC No. 4453) -- amendment to the 2010-11 budget
28. Emeritus Appointment - U. T. Austin: Appointment of Robert Harrison Wagner from Professor (T), College of Liberal Arts, Government, to Professor Emeritus effective at the date of retirement (RBC No. 4455) -- amendment to the 2010-11 budget

29. Emeritus Appointment - U. T. Austin: Appointment of Abraham Marcus from Associate Professor (T), College of Liberal Arts, History, to Associate Professor Emeritus effective at the date of retirement (RBC No. 4456) -- amendment to the 2011-12 budget
30. Emeritus Appointment - U. T. Austin: Appointment of Enrique H. Fierro from Associate Professor (T), College of Liberal Arts, Spanish and Portuguese, to Associate Professor Emeritus effective at the date of retirement (RBC No. 4514) -- amendment to the 2011-12 budget
31. Request for Budget Change - U. T. Austin: Transfer of \$1,150,000 to supplement existing Repair and Rehabilitation project to replace HVAC systems on the main campus (RBC No. 4427) -- amendment to the 2011-12 budget

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
PLANT FUNDS		
Vice President and Chief Financial Officer		
Amount of Transfer:	1,150,000	4427

From: Interest on Temporary Investments
Investment Income

To: Pooled Plant Fund Balances - Unallocated

Source
of Funds: Designated Funds

Transfer to supplement the existing Repair and Rehabilitation projects. The priority use of these funds will be to replace HVAC systems on the main campus.

32. Request for Budget Change - U. T. Austin: Transfer of \$2,000,000 to complete the build out of a main server rack at the East Hall (RBC No. 4428) -- amendment to the 2011-12 budget

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
PLANT FUNDS (Continued)		
Project Management and Construction Services		
Amount of Transfer:	2,000,000	4428

From: Data Center Reserve
Allocation Account

To: Computational Resource Building
Data Center Build Out
Expense Account

Source
of Funds: Information Technology Services Reserve Account

Transfer the remainder of the Computational Resource Building Data Center building monies from the allocation account to the expense account to complete build out of a main server rack room in the currently vacant East Hall of the Data Center. The work will include design of the space (including IT and network connections) and the installation of lighting, fire and life safety systems, electrical service, computer racks, and cables.

The Data Center has the highest levels of security, data reliability, energy efficiency, and backup reliability of any location on campus. When this build out of the East Hall is complete, some servers will be relocated from the main campus to the Data Center, increasing the level of efficiency and reliability of the university's intensive data systems. As funding becomes available, additional server racks will be installed in the East Hall, and more servers from the main campus will be consolidated into the Data Center.

33. Request for Budget Change - U. T. Austin: Transfer of \$545,000 to be used for a project to install single mode fiber to all of the residence hall data closets to enable higher network transmission speeds (RBC No. 4507) -- amendment to the 2011-12 budget

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
SERVICE DEPARTMENTS FUNDS		
Information Technology Services		
Amount of Transfer:	545,000	4507

From: Information Technology Services
Residential Network - Resnet
Operating Income

To: Information Technology Services
Residential Network - Resnet
Maintenance, Operation, Equipment

Source

of Funds: Service Departments Funds (Revolving Accounts)

To set up a budget to expend previously collected funds from Residence Hall Network (Resnet) subscribers. The funds will be used for a project to install single mode fiber to all of the residence hall data closets to enable higher network transmission speeds than possible over the current multimode fiber.

Resnet is an Internet network that brings both wired Ethernet and encrypted wireless connectivity to on-campus residence halls. This service connects to the campus network, as well as to the Internet. Resnet service is supported by subscriber fees that cover the cost of Internet bandwidth, operation of the network, and the installation of wireless connectivity in the residence halls.

34. Parking Permit Fees - U. T. Austin: Recommendation for parking permit fees effective beginning with the Fall Semester 2012

Approval is recommended for the following parking permit fees to be effective beginning with the Fall Semester 2012. The rates have not been increased since 2008. The proposed fees are consistent with the applicable statutory requirements under Section 54.505(b) of the *Texas Education Code* and have been administratively approved by the Executive Vice Chancellor for Academic Affairs.

Following Regental approval, the appropriate institutional catalog will be amended to reflect these fees.

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
<u>Annual fee parking permits</u>			
Faculty, staff - general surface permit A	138	142	2.90%
Faculty, staff - reserved garage or surface			
F surface only	464	476	2.59%
F garage only	408	420	2.94%

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
<u>Annual fee parking permits (continued)</u>			
Administrators F99, F21, O	775	814	5.03%
Recreational Sport for non-U. T. affiliated - surface and garage; limited hours E (Exercise)	108	120	11.11%

Note: Annual parking permit fees are prorated on a daily basis. Refunds are made on the basis of the daily prorated price.

35. Report - U. T. Brownsville: No items for Consent Agenda

36. Contract (funds coming in) - U. T. Dallas: Coca-Cola Bottling Company of North Texas for beverage pouring rights and soft drink vending contract and sponsorship recognition rights and exclusivity privileges contract

Agency:	Coca-Cola Bottling Company of North Texas
Funds:	\$2,281,764 over 10 years (including funds, products, services, and sponsorship fee)
Period:	November 1, 2011 through October 31, 2021, if five-year option to extend is exercised
Description:	Beverage pouring rights and soft drink vending contract and sponsorship recognition rights and exclusivity privileges contract. In accordance with <i>Texas Education Code</i> Section 51.945, the students were provided an opportunity to comment prior to determination of the food service provider. This contract was competitively bid.

37. Contract (funds coming in) - U. T. Dallas: ELS Educational Services, Inc., a Delaware corporation, will lease approximately 10,000 square feet of space in the Classroom Building

Agency:	ELS Educational Services, Inc., a Delaware corporation
---------	--

Funds: Consideration to U. T. Dallas includes rental payments estimated at less than \$750,000 over the initial term and potentially \$750,000 over the renewal terms. In addition, ELS will pay for all operating expenses, either directly to the providers or indirectly by reimbursement to U. T. Dallas.

Period: Commencing on or after April 1, 2012, and continuing for five years; ELS will have five options to extend for one additional year each, provided U. T. Dallas consents to each extension. The lease expressly states that it is not valid for sums over \$1,000,000 without Board approval and will terminate prior to reaching that aggregate consideration.

Description: Lease of approximately 10,000 square feet of space in the Classroom Building for use as an on-campus center for the instruction of English as a second language for U. T. Dallas students. The lease includes provisions for the limited use by ELS's students of certain U. T. Dallas residential, dining, recreational, and other facilities.

38. Tenure Appointment - U. T. Dallas: Appointment of Tenure for Roger Malina (T), Professor, Peter and Edith O'Donnell Chair in Arts and Technology, and Director of International Initiatives (RBC No. 4465) -- amendment to the 2011-12 budget

<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>	
SCHOOL OF ARTS AND HUMANITIES					
Arts and Technology					
Professor, Peter and Edith O'Donnell Chair in Arts and Technology, and Director of International Initiatives					
SCHOOL OF NATURAL SCIENCES AND MATHEMATICS					
Physics					
Professor					
Roger Malina (T)	1/16-5/31	100	09	170,000	4465
	1/16-8/31	SUPL	12	30,000	

39. Contract - U. T. El Paso: City of El Paso and Texas Department of Transportation (TxDOT) for easement

Agency: City of El Paso and Texas Department of Transportation (TxDOT)

Source of Funds: No actual cash payment will be made to the City of El Paso or TxDOT. Rather, easements across portions of the U. T. El Paso campus will be granted to the City of El Paso and to TxDOT for roadway purposes associated with the construction and operation of Spur 1966.

Period: The easements will be effective as long as Spur 1966 is in use as a public roadway.

Description: TxDOT proposes to construct new Spur 1966 that will be an extension and improvement of Schuster Avenue to Interstate 10 and will include a traffic circle. The roadway improvements, which include an underground pedestrian crossing to improve the safety of students who cross the heavily trafficked roadway from the parking lots to the campus, are expected to improve traffic flow in that area of the campus and make it safer and easier for students, faculty, and staff to get to and from campus.

Construction of the roadways will be made at no cost to U. T. El Paso. The precise location of the roadway easements has not yet been determined, as the project is in the early design stages.

Staff at U. T. El Paso believe that the easements serve a public purpose specific to the mission of the institution and request that the Board make a finding of fact to that effect and authorize the Executive Director of Real Estate to negotiate, finalize, and execute the easements, subject to approval by the Vice President for Business Affairs at U. T. El Paso.

40. Dual Positions of Honor, Trust, or Profit - **U. T. Pan American**: Appointment by U.S. Secretary of Labor Solis of Marie T. Mora, Ph.D., Professor, Department of Economics and Finance as a Member of the Bureau of Labor Statistics (BLS) Data Users Advisory Committee

The following item has been approved by the Executive Vice Chancellor for Academic Affairs ad interim in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas, and there is no conflict between holding this position and the appointment of Dr. Mora with The University of Texas-Pan American. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas System, and there is no conflict between the position and the University.

Name: Marie T. Mora, Ph.D.
Title: Professor, Department of Economics and Finance
Position: Member, United States Bureau of Labor Statistics Data Users Advisory Committee
Period: January 15, 2012 through January 14, 2015
Compensation: None
Description: United States Secretary of Labor Hilda Solis has appointed Dr. Mora to the Bureau of Labor Statistics Data Users Advisory Committee

41. Request for Budget Change - **U. T. Permian Basin**: Transfer \$900,000 from Special Item Support, College of Engineering, to the College of Petroleum Engineering, Special Item Support C.1.3. Strategy College of Engineering account to further develop the Petroleum Engineering Program (RBC No. 4511) -- amendment to the 2011-12 budget

42. Contract (funds going out) - **U. T. San Antonio**: Alpha Building Corporation to provide job order contractor services for minor construction projects

Agency: Alpha Building Corporation
Source of Funds: Varies depending on the requestor
Funds: Estimated \$6,000,000 in expenses for the initial term and the renewal terms, together. Above figure is based on historical expense of job order

contracting. Cost may increase or decrease depending on volume of construction. Each job order will be independently evaluated and executed.

Period: Initial term of two years with an option to renew for two additional two-year periods.

Description: Job order contracting agreement to support minor construction projects. This project was competitively bid.

43. Contract (funds going out) - U. T. San Antonio: Williams & Thomas LP dba Jamail & Smith Construction to provide job order contractor services for minor construction projects

Agency: Williams & Thomas LP dba Jamail & Smith Construction

Source of Funds: Varies depending on the requestor

Funds: Estimated \$6,000,000 in expenses for the initial term and the renewal terms, together. Above figure is based on historical expense of job order contracting. Cost may increase or decrease depending on volume of construction. Each job order will be independently evaluated and executed.

Period: Initial term of two years with an option to renew for two additional two-year periods.

Description: Job order contracting agreement to support minor construction projects. This project was competitively bid.

44. Contract (funds going out) - U. T. San Antonio: Grandview Partners, Ltd. (University Heights) -- expansion of existing space lease agreement at University Heights Tech Center

Agency: Grandview Partners, Ltd., a Texas limited partnership

Source of Funds: Various sources, including Athletic Fees, Auxiliary Funds

Funds: \$876,210 in base rent and operating expenses payable over an initial term ending March 31, 2015 and an estimated \$821,320 in rent and operating expenses payable over four renewal options totaling 43 months

Period: April 1, 2012 through March 31, 2015

Description:

Second amendment to lease of space to expand existing leased space at University Heights Tech Center by 17,280 square feet bringing the total leased space to 36,274 square feet. The initial lease term expires October 31, 2014 for the entirety of the space except 10,240 square feet for which the initial lease term ends March 31, 2015. Rental for the expansion space under the second amendment is at a discount to the rental rate for the original space. The initial lease was for 18,994 square feet of space and was approved by the Board of Regents on November 13, 2008. A first amendment added 7,040 square feet of space and commenced on February 1, 2011, and did not require Board of Regents' approval. The proposed second amendment adds an additional 10,240 square feet of space, and is conditioned on approval by the Board of Regents because, together with the value of the rent payable in the first amendment, the value of the rent over the entire lease term exceeds \$1,000,000.

45. Request for Budget Change - U. T. San Antonio: Transfer \$800,000 from Campus Reserves account to Summer Session Faculty Salaries account to support Summer Session faculty salaries (RBC No. 4461) -- amendment to the 2011-12 budget

46. Employment Agreement - U. T. San Antonio: Amendment to agreement of Head Football Coach Larry Coker

The agreement for Head Football Coach Larry Coker was previously approved by the Board on February 5, 2010, and the following modification to the agreement has been approved by the Executive Vice Chancellor for Academic Affairs ad interim and is recommended for approval by the U. T. System Board of Regents. Employment under this agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which U. T. San Antonio is a member,

the Regents' *Rules and Regulations*, and the policies of U. T. San Antonio. The violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal.

Item: Head Football Coach

Base Salary: No Change

September 1, 2011 - August 31, 2012 \$220,000

September 1, 2012 - August 31, 2013 \$232,000

September 1, 2013 - August 31, 2014 \$244,000

September 1, 2014 - August 31, 2015 \$256,000

September 1, 2015 - December 31, 2015 \$ 90,333.32

Description: First amendment to the agreement for employment of the Head Football Coach Larry Coker modifies Compensation by adding a provision addressing Supplemental Pay.

Incentive

Change: Added: U. T. San Antonio may, but shall not be obligated to, pay the coach \$25,000 annually for services related to speaking engagements, speeches, and shows.

Period: May 1, 2012 - December 31, 2015

47. Street Namings - U. T. San Antonio: Naming of Bosque Street and Principal Street

The following item has been approved by the Executive Vice Chancellor for Academic Affairs ad interim in accordance with the Regents' *Rules and Regulations*, Rule 80307 and is submitted for approval by the U. T. System Board of Regents. It has been determined that naming these currently unnamed streets is in accordance with, and in support of, a campus-wide wayfinding project.

Naming recommendations:

Current name: unnamed

Proposed name: Bosque Street (see map on the following page)

Current name: unnamed

Proposed name: Principal Street (see map on the following page)

U. T. San Antonio engaged the firm of Cloud Gehshan Associates to design a comprehensive and integrated wayfinding system to correct or mitigate existing conditions that make wayfinding at U. T. San Antonio difficult. Cloud Gehshan Associates recommended street names that are not used elsewhere in San Antonio and that are Texas County or other Texas place names.

On May 12, 2011, the Board approved that an unnamed roadway on the Main Campus be named Bosque Street. That proposal has been abandoned, leaving the name available.

Principal Street is an extension of Paseo Principal, the main pedestrian pathway across the U. T. San Antonio Main Campus.



U.T. San Antonio Proposed Street Names

48. Request for Budget Change - **U. T. Tyler**: Transfer of \$25,550 from Library, Equipment, Repair and Rehabilitation (LERR) for Fire Suppression System account to the LERR for Campus Lighting Upgrade account. This transfer is for a previously approved LERR project for campus security and safety to fund campus lighting projects (RBC No. 4378) -- amendment to the 2011-12 budget

HEALTH INSTITUTIONS

49. Contract (funds coming in) - **U. T. Southwestern Medical Center**: Texas Council on Alzheimer's Disease and Related Disorders to perform research and services and establish data collection system

Agency: Texas Council on Alzheimer's Disease and Related Disorders
Funds: \$1,450,424
Period: September 1, 2011 through August 31, 2013
Description: Perform research and services related to Alzheimer's disease and to establish data collection system

50. Contract (funds coming in) - **U. T. Southwestern Medical Center**: Veterans Affairs North Texas Healthcare System to provide surgery services

Agency: Veterans Affairs North Texas Healthcare System
Funds: \$1,219,639
Period: October 1, 2011 through March 30, 2012
Description: To provide surgery services

51. Contract (funds going out) - U. T. Southwestern Medical Center: Lease from SAF Exchange Park, LTD of EMT paramedic training space at 6300 Harry Hines Boulevard

Agency: SAF Exchange Park, LTD
 Funds: \$1,401,696
 Source of Funds: Interest on Time Deposits
 Period: February 1, 2012 through January 31, 2017
 Description: Rental payment for lease by U. T. Southwestern Medical Center (tenant) of EMT paramedic training space at 6300 Harry Hines Boulevard. Five-year term for 19,840 square feet of rental space.

52. Tenure Appointment - U. T. Southwestern Medical Center: Tenure appointment of Steven Warach (T), Professor, Neurology, Southwestern Medical School (RBC No. 4390) -- amendment to the 2011-12 budget

<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 SCHOOL Neurology Professor Steven Warach (T)	12/5-8/31	100	12	380,000	4390

53. Contract (funds coming in) - U. T. Medical Branch - Galveston: Texas Department of State Health Services Special Supplemental Nutrition Program for women, infants, and children to be administered by the University

Agency: Texas Department of State Health Services
 Funds: \$6,336,717
 Period: October 1, 2011 through September 30, 2012
 Description: Amendment beginning October 1, 2011 adding \$3,189,331 to agreement, originally funded at \$3,147,386, and extending end date to September 30, 2012, for U. T. Medical Branch - Galveston to administer the Department of State Health Services Special Supplemental Nutrition Program for women, infants, and children.

54. Contract (funds coming in) - U. T. Medical Branch - Galveston: Texas Department of State Health Services to receive comprehensive family planning services

Agency: Texas Department of State Health Services
Funds: \$1,566,651
Period: January 15, 2012 through March 31, 2013
Description: U. T. Medical Branch - Galveston to provide comprehensive family planning services, to include medical, counseling, client education, referral, community education, and outreach services to Title X and Title XX eligible individuals.

55. Contract (funds coming in) - U. T. Medical Branch - Galveston: Lockheed Martin to receive services for the United States Antarctic Program under Lockheed Martin's Antarctic Support contract

Agency: Lockheed Martin
Funds: \$56,848,564
Period: April 1, 2012 through March 31, 2025
Description: U. T. Medical Branch - Galveston to provide performance-based integrated operations and science support services and materials, specifically decision support, planning, and implementation of the medical infrastructure for the United States Antarctic Program under Lockheed Martin's Antarctic Support contract.

56. Emeritus Appointment - U. T. Medical Branch - Galveston: Norbert Herzog, Professor (T), Academic Enterprise, Pathology, to Professor Emeritus (RBC No. 4504) -- amendment to the 2011-12 budget

57. Approval of Dual Positions of Honor, Trust, or Profit - U. T. Medical Branch - Galveston: Appointment by Governor Perry of Ben Raimer, M.D., Senior Vice President, Health Policy and Regulative Affairs, as Chair of the Texas Institute of Health Care Quality and Efficiency Task Force

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas, and there is no conflict between holding this position and the appointment Dr. Raimer with U. T. Medical Branch - Galveston. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas, and there is no conflict between the position and the University.

Name: Ben Raimer, M.D.
Title: Senior Vice President, Health Policy and Regulative Affairs
Position: Chair, Texas Institute of Health Care Quality and Efficiency Task Force
Period: March 7, 2012 through January 31, 2013
Compensation: Per diem expenses only
Description: As Chair of the Texas Institute of Health Care Quality and Efficiency Task Force, Dr. Raimer will lead the Task Force in efforts to improve health care quality, accountability, education, and cost to the State by encouraging health care provider collaboration, effective health care delivery models, and coordination of health care services.
Dr. Raimer was appointed by Governor Rick Perry.

58. Approval of Dual Positions of Honor, Trust, or Profit - U. T. Medical Branch - Galveston: Appointment by Governor Perry of Linda R. Rounds, Ph.D., RN, FNP, FAANP, Professor, School of Nursing, as Board member of the Board of Pilot Commissioners for Galveston County

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas, and there is no conflict between holding this position and the appointment of Dr. Rounds with U. T. Medical Branch - Galveston. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas, and there is no conflict between the position and the University.

Name: Linda R. Rounds, Ph.D., RN, FNP, FAANP
 Title: Professor, School of Nursing
 Position: Board Member, Board of Pilot Commissioners for Galveston County
 Period: March 22, 2012 through February 1, 2016
 Compensation: Per diem expenses only
 Description: Appointed by Governor Rick Perry to the Board of Pilot Commissioners for Galveston County, Dr. Rounds will assist in administering the governing body that has exclusive jurisdiction over the piloting of vessels in Galveston County.

59. Contract (funds coming in) - U. T. Health Science Center - Houston: OB-GYN of Houston, LLP, a Texas limited liability partnership -- lease renewal of 5,935 square feet of space at UT Professional Building at 6410 Fannin Street, Houston, Texas, for clinical and related services

Agency: OB-GYN of Houston, LLP, a Texas limited liability partnership, as tenant
 Funds: \$981,748.06 in base rent plus tenant's proportionate share of operating expenses in excess of the 2007 base year operating expenses, payable over 77 months. Annual rental rate of \$25 per square foot during the first 17 months and \$26 per square foot for months 18 through 77. U. T. Health Science Center - Houston will provide an improvement allowance of \$17,805 (\$3 per square foot).
 Period: 77 months, commencing August 1, 2012, and ending on December 31, 2018
 Description: Lease renewal of 5,935 square feet of space at UT Professional Building at 6410 Fannin Street, Houston, Texas, for clinic and administrative space for medical practice and related services. The current lease expires July 31, 2012. The lease amendment states that it is not enforceable for amounts exceeding \$1,000,000 unless and until Board approval is obtained.

60. Contract (funds going out) - U. T. Health Science Center - Houston: Alpha Building Corporation and J. T. Vaughn Construction, LLC to provide maintenance, repair, and renovation tasks

Agency: Alpha Building Corporation and J. T. Vaughn Construction, LLC
Funds: Two contracts, in aggregate, will exceed \$2,200,000
Source of Funds: There will be different sources of funding depending on the department(s) requesting the service.
Period: March 1, 2012 through February 28, 2013, with option to renew the term for four successive one-year periods
Description: Agreements will allow for a wide variety of maintenance, repair, and renovation tasks to be performed.

61. Contract (funds going out) - U. T. Health Science Center - Houston: Contract with IntegraNet Physician Resource, Inc. for onsite technical assistance and onsite or remote consultation to Eligible Health Professionals in support of the Gulf Coast Regional Expansion Center

Agency: IntegraNet Physician Resource, Inc.
Funds: Potentially \$3,500,000
Source of Funds: Federal Grant
Period: Initial term February 22, 2012 through April 5, 2014, with option to renew the term for four successive one-year periods
Description: Allows Gulf Coast Regional Extension Center to meet its goal of achieving Meaningful Use of an Electronic Health Record as defined by the Office of the National Coordinator. IntegraNet Services (via Electronic Medical Resources) will provide onsite technical assistance and onsite or remote consultation to Eligible Health Care Professionals in support of the Gulf Coast Regional Extension Center.

62. Foreign Contract (funds coming in) - U. T. Health Science Center - Houston: Agreement of Cooperation with Kuwait Institute for Medical Specialization to provide dentists from Kuwait with postgraduate training through the institution's two year Advanced Education in General Dentistry program
- Agency: Kuwait Institute for Medical Specialization
Funds: Agreement of Cooperation; no exchange of monies except as provided for in the Program Agreement. Program Agreement: \$52,500 per student per each year of the student's training to cover tuition, fees, and malpractice insurance. All other costs, including travel, health care, lodging, and living expenses are the responsibility of students or the Institute.
- Period: Five years, 2012 through 2017
Description: The Agreement of Cooperation sets forth broad principles governing U. T. Health Science Center - Houston and the Institute's relationship. The Program Agreement is to provide dentists from Kuwait with postgraduate training through U. T. Health Science Center - Houston's two-year Advanced Education in General Dentistry program, subject to available capacity. Participants must be properly accredited for admission.
63. Emeritus Appointment - U. T. Health Science Center - Houston: Samuel Kaplan, Professor and Chairman (T), Department of Microbiology and Molecular Genetics, Medical School, to Chair Emeritus (RBC No. 4400) -- amendment to the 2011-12 budget
64. Emeritus Appointment - U. T. Health Science Center - Houston: Frank M. Yatsu, Clinical Professor and Huffington Chair, Department of Neurology, Medical School, to Professor Emeritus (RBC No. 4401) -- amendment to the 2011-12 budget

65. Emeritus Appointment - U. T. Health Science Center - Houston: Stanford M. Goldman, Professor and Section Chief (T), Radiology/ Department of Diagnostic and Interventional Imaging, Medical School, to Professor Emeritus (RBC No. 4409) -- amendment to the 2011-12 budget
66. Dual Positions of Honor, Trust, or Profit - U. T. Health Science Center - Houston: Appointment by Governor Perry of Christopher S. Greeley, M.D., FAAP, Associate Professor of Pediatrics, Center for Clinical Research and Evidence-Based Medicine, Department of Pediatrics, to the Task Force to Reduce Child Abuse and Neglect and Improve Child Welfare

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas, and there is no conflict between holding this position and the appointment of Dr. Greeley with U. T. Health Science Center - Houston. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas, and there is no conflict between the position and the University.

Name:	Christopher S. Greeley, M.D., FAAP
Title:	Associate Professor of Pediatrics, Center for Clinical Research and Evidence-Based Medicine, Department of Pediatrics
Position:	Member, Task Force to Reduce Child Abuse and Neglect and Improve Child Welfare (The last legislative session, he served as Chair of the Task Force and anticipates he may serve as Chair once the Task Force meets and votes.)
Period:	Announced February 16, 2012, to expire at the pleasure of the Governor
Compensation:	None
Description:	Governor Rick Perry reappointed Dr. Greeley to the Task Force to Reduce Child Abuse and Neglect and Improve Child Welfare.

67. Dual Positions of Honor, Trust, or Profit - U. T. Health Science Center - Houston: Appointment by President Obama of Harold W. Kohl, III, Ph.D., Professor of Epidemiology, School of Public Health, Austin Regional Campus and Research Professor of Kinesiology at U. T. Austin, to the Science Board of the President's Council on Fitness, Sports & Nutrition

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas, and there is no conflict between holding this position and the appointment of Dr. Kohl with U. T. Health Science Center - Houston. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas, and there is no conflict between the position and the University.

Name: Harold W. Kohl, III, Ph.D.
Title: Professor of Epidemiology, U. T. Health Science Center - Houston; School of Public Health, Austin Regional Campus; and Research Professor of Kinesiology at U. T. Austin
Position: Member, President's Council on Fitness, Sports & Nutrition Science Board
Period: January 1, 2012 through December 31, 2015
Compensation: None
Description: President Barack Obama appointed Dr. Kohl to the Science Board of the President's Council on Fitness, Sports & Nutrition. The Science Board is composed of scholars who provide recommendations in the areas of program development and evaluation. The mission of the President's Council on Fitness, Sports & Nutrition is to engage, educate, and empower all Americans across the lifespan to adopt a healthy lifestyle that includes regular physical activity and good nutrition. The Council plays a key role in the development of the Administration's programmatic priorities, outreach, and awareness efforts to improve the health and quality of life for all Americans.

68. Contract (funds coming in) - U. T. Health Science Center - San Antonio: New Cingular Wireless PCS, LLC, a Delaware limited liability company to lease approximately 160 square feet on the rooftop of the Medical School Building at 7703 Floyd Curl Drive for telecommunications facilities

Agency: New Cingular Wireless PCS, LLC, a Delaware limited liability company

Funds: Consideration to U. T. Health Science Center - San Antonio includes lease payments of approximately \$505,000 over the initial terms and an estimated \$500,000 over the renewal terms, if exercised.

Period: June 1, 2000 (see explanation in the Description below) through May 31, 2020, with two five-year extension options

Description: Lease of approximately 160 square feet on the rooftop of the Medical School Building at 7703 Floyd Curl Drive on the U. T. Health Science Center - San Antonio campus for telecommunications facilities. The lease commenced June 1, 2000, at a monthly rental of \$750. At the time of the initial lease, the total rental over the 20-year lease term did not mandate Regental approval. Recently, however, significant additional equipment was added by the lessee to the site and a significant rent increase, commencing at \$3,000 per month, has been negotiated, along with two five-year renewal options. If the options are exercised, total revenue over the entire term of the lease will likely exceed \$1,000,000. Authorization is requested to allow the institution, in conjunction with the Executive Director of Real Estate, to complete negotiations and enter into a lease amendment as described above.

69. Tenure Appointment - U. T. Health Science Center - San Antonio: Tenure appointment of Tim Hui-Ming Huang (T), Deputy Director and Professor, Molecular Medicine, School of Medicine (RBC No. 4413) -- amendment to the 2011-12 budget

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
SCHOOL OF MEDICINE Molecular Medicine Deputy Director and Professor Tim Hui-Ming Huang (T)	10/1-8/31	100	12	350,000	4413

70. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Contract with Central Park West, L.P., to purchase approximately 34.77 acres of vacant land located in two tracts on the north side of Interstate Highway 10 between Eldridge Road and Park & Ride Drive and being out of the J. Wheaton Surveys, Abstracts #80 and #828, Houston, Harris County, Texas

Agency: Central Park West, L.P.
Funds: Fair market value as established by independent appraisals, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition as deemed necessary or advisable by the Executive Director of Real Estate. The appraisals are confidential pursuant to *Texas Education Code* Section 51.951.
Source of Funds: Hospital patient income
Period: Closing of the purchase is expected to occur by the end of 2012.
Description: Purchase of approximately 34.77 acres of vacant land located in two tracts on the north side of Interstate Highway 10 between Eldridge Road and Park & Ride Drive and being out of the J. Wheaton Surveys, Abstracts #80 and #828, Houston, Harris County, Texas, and authorization to 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.

As a part of U. T. M. D. Anderson Cancer Center's effort to expand its services offered in the community setting through the Regional Care Center program, the institution has sought to develop and establish a more strategic and

long-term approach to its cancer treatment operations in and near Katy, Texas. The institution's initial steps have utilized leased space, but the institution desires to eventually consolidate its operations and to provide additional clinical services in more permanent space. It therefore searched an approximately six-mile stretch of the Interstate Highway 10 (Katy Freeway) corridor, considering several sites, and ultimately selecting the subject property, located on the north side of Interstate Highway 10 between Eldridge Road and Park & Ride Drive due to its location, visibility, access, expandability, and physical dimensions.

The site is approximately a 22-mile drive from U. T. M. D. Anderson Cancer Center's main campus in the Texas Medical Center. It consists of two parcels, one containing approximately 23.14 acres and located on the Katy Freeway; the second parcel, containing approximately 11.63 acres, is to the north of the first parcel, separated by the right-of-way of the proposed extension of Park Row Boulevard, and extending to the Addicks Reservoir levee. The property is currently raw land, without roads or utilities, although the first parcel has access from the Katy Freeway frontage road. The seller will plat the property and adjacent roadways. The parties will enter into a development agreement at closing that obligates the seller, at its expense, to construct roads and utilities to serve the property by June 30, 2014. The property will be used for diagnostic and clinical uses, or for future programmed development of campus expansion or other purposes related to the institution's mission.

71. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: WGH Holly Hall, LP and WGH Plaza Del Oro, LLC to purchase approximately 14.03 acres and improvements located at 2555 Holly Hall Street and 8000-8080 El Rio Street in Houston, Harris County, Texas

Agency: WGH Holly Hall, LP and WGH Plaza Del Oro, LLC
Funds: Fair market value as established by independent appraisals, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition as deemed necessary or advisable by the Executive Director of Real Estate. The appraisals are confidential pursuant to *Texas Education Code* Section 51.951.

Source of Funds: Hospital patient income
Period: Closing of the purchase of the Holly Hall building is expected to occur by the end of 2012; purchase of the El Rio complex is expected to occur by Summer 2013.
Description: Purchase of approximately 14.03 acres and improvements located at 2555 Holly Hall Street and 8000-8080 El Rio Street in Houston, Harris County, Texas, and authorization to 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 property is separated from the institution's south campus by a railroad line. The land is improved with six single-story commercial buildings totaling 184,500 square feet built in the early 1980s. The building at 2555 Holly Hall contains 25,700 square feet and is leased by the institution through December 31, 2015, for use as its blood bank. U. T. M. D. Anderson Cancer Center also leases approximately 48,100 square feet in the El Rio complex. Third party tenants lease the remaining approximately 110,700 square feet in the complex for various terms expiring between 2013 and 2015. Although the institution currently has pockets of vacant or unallocated research space in various facilities, it plans to expand its research activities over the next several years, and projects that it will run out of unallocated research space within that time. U. T. M. D. Anderson Cancer Center therefore desires to purchase this complex to meet the future demand for research space. Moreover, the institution has found the Holly Hall facility to be a successful location for the blood bank. Upon the expiration of the third party leases, the property would be used for U. T. M. D. Anderson Cancer Center's research purposes or for future programmed development of campus expansion or other purposes related to the institution's mission.

72. Report - U. T. Health Science Center - Tyler: No items for Consent Agenda