

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

February 11-12, 2015

Austin, Texas

Minutes of Committee meetings are taken as a convenience for research purposes and may be verified by recordings kept in the Office of the Board of Regents or webcasts available online on the Board website.

/s/ Carol A. Felkel
Secretary to the Board of Regents
June 30, 2015



SCHEDULE OF EVENTS FOR BOARD OF REGENTS' MEETING

February 11-12, 2015
Austin, Texas

Wednesday, February 11, 2015

Audit, Compliance, and Management Review Committee	9:00 a.m.
Joint Audit and Finance Committees	9:45 a.m.
Finance and Planning Committee	10:15 a.m.
Technology Transfer and Research Committee	11:00 a.m.
Lunch	12:00 p.m.
Academic Affairs Committee	12:30 p.m.
Health Affairs Committee	1:30 p.m.
Facilities Planning and Construction Committee	2:30 p.m.
Recess	3:30 p.m.
Dinner Reception	6:00 p.m.
<i>Four Seasons Hotel, San Jacinto Ballroom, 98 San Jacinto Boulevard</i>	

Thursday, February 12, 2015

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

MINUTES
U. T. System Board of Regents
Audit, Compliance, and Management Review Committee
February 11, 2015

The members of the Audit, Compliance, and Management Review Committee of the Board of Regents of The University of Texas System convened at 9:00 a.m. on Wednesday, February 11, 2015, in the Conference Room on the 9th Floor of Ashbel Smith Hall (ASH), The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Pejovich, presiding
Vice Chairman Hicks
Regent Hall
Regent Hildebrand
Regent Stillwell

Also present were Chairman Foster, Vice Chairman Powell, Regent Aliseda, Regent Cranberg, Regent Richards, and General Counsel Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Pejovich called the meeting to order in Open Session.

RECESS TO EXECUTIVE SESSION (ASH 9 Conference Room)

At 9:00 a.m., the Committee recessed to Executive Session pursuant to *Texas Government Code* Section 551.074 to consider the matter listed on the Executive Session agenda as follows:

Personnel matters relating to appointment, employment, evaluation, assignment, duties, discipline, or dismissal of officers or employees - *Texas Government Code* Section 551.074

U. T. System: Discussions with the Chief Audit Executive and Interim Systemwide Compliance Officer concerning personnel matters relating to appointment, employment, evaluation, assignment, duties, discipline, or dismissal of individual System Administration and institutional officers or employees involved in internal audit and compliance functions

RECONVENE IN OPEN SESSION (ASH 9 Board Meeting Room)

The Executive Session ended at 9:05 a.m., and the Committee reconvened in Open Session at 9:07 a.m. in the Board Meeting Room. No action was taken on the item discussed in Executive Session.

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

Committee Meeting Information

Presenter(s): Committee Chairman Pejovich

Status: Reported

There were no items referred from the Consent Agenda.

2. **U. T. System Board of Regents: Discussion and appropriate action regarding amendment of Regents' Rules and Regulations, Rule 20401 (Audit and Compliance) to more accurately reflect current responsibilities of the U. T. System Chief Audit Executive**

Committee Meeting Information

Presenter(s): Mr. J. Michael Peppers, Chief Audit Executive

Status: Approved

Motion: Made by Regent Hall, seconded by Regent Hildebrand, and carried unanimously

Discussion at meeting:

Regent Hall said he strongly supported these Regents' Rules changes that tightened the perception of responsibility of the U. T. System Chief Audit Executive and helps the Audit, Compliance, and Management Review Committee understand who is responsible for the process and for interfacing with the institutions. He noted the revisions move more toward a true direct reporting methodology rather than a consultant-like position.

3. **U. T. System: Report on the Systemwide internal audit activities, including status of Priority Findings and discussion of audit coverage in the area of procurement**

Committee Meeting Information

Presenter(s): Mr. J. Michael Peppers, Chief Audit Executive

Status: Reported/Discussed

Follow-up actions:

1. Regent Hall asked that any audit recommendations not implemented on the original implementation date be shown as late, even if the date is reset, and the yardstick not simply reset.
2. Regent Hall asked that reports include High and Medium Findings as well as Priority Findings.

Discussion at meeting:

Remarks by Mr. Peppers regarding audit coverage in the area of procurement

During the November (2014) Board meeting and some discussions that we had surrounding a review that we conducted, there was discussion about various

aspects of the procurement process, specifically competitive bidding and the use of group purchasing contracts. A purchasing process work group was established here at U. T. System to look at the U. T. System policies and procedures and to report back to the Board.

Since then, there has also been attention to procurement practices in other areas of State government.

As part of this overall climate of reassessment, my office did an analysis of recent internal audit coverage in these areas, and we went back and looked over the last five years and identified that in that time, there have been 14 institutional audits and one Systemwide audit of centralized contracting or purchasing processes. There have also been another 20 or so audits on other topics that included some aspects of procurement. The objectives of each of those varied; however, none of them specifically focused on sole source for use of group purchasing contracts. Like all leading auditors, our efforts are allocated based on assessments of risk, and we build our plans on those risks to the institutions. To do that, we would look at literally hundreds of different risk factors annually. It is appropriate to give the institutions flexibility to address those that are most relevant to their organization.

But, this analysis has shown that we could do better, more comprehensive risk assessment of procurement if we used consistent risk factors across all of the institutions. You might recall from previous presentations I have made, that we are already looking at revision of our risk assessment processes across the System, and those are just now being rolled out to the institutions that will aid in our fiscal (year) 16 (2016) planning.

They will generally be doing those risk assessments between March and May of this year. For those assessments, the System Audit Office will identify and prescribe the specific risk criteria for procurement processes that each office will be asked to use, and we will ensure that those include the two areas that were specifically mentioned, which are awarding contracts -- sole source -- and use of group purchasing contracts.

We will then combine those results with the outcome from the purchasing work group to determine the best place for us to spend our audit resources. Of course, those plans will come to this group as well as the institutional audit committees.

Regarding Slide 6 on Page 47 of the Agenda materials, Regent Hall asked about the process for establishing original implementation dates for audit recommendations. Mr. Peppers explained that as reviews are completed, the institutional Chief Audit Executive and management will work together and agree on those dates to be sure the dates are reasonable and realistic.

Noting that one Priority Finding was identified as late, Regent Hall said that when he looks at the individual audits, the implementation date sometimes shifts. He suggested that it

would be appropriate that any audit recommendation not implemented on the original implementation date should be shown as late, even if the date is reset, and the yardstick not simply reset, which does not tell the Committee that at least one date has been missed.

Regent Hall asked what happens when there is a dispute between Management and the institution concerning an audit. Mr. Peppers said those instances are unusual, but if there were a situation where management were to say that a recommendation is not going to be implemented, the matter would go to the institutional audit committees and Management would have to go on record as accepting the risk for not implementing that recommendation. He clarified that in one instance, Management disagreed with a particular conclusion of the audit, but agreed with the recommendations made. Regent Hall said he would discuss the instances further with Mr. Peppers.

Regent Hall asked that this Committee and the Board be provided information for any finding that is medium or high risk, not just priority. He said the Board members should not have to wait before something is really critical before they are made aware of the matter and be given the opportunity to familiarize themselves with that information. Mr. Peppers said the information is available, and he will work on preparing the reports that would be useful to this Committee and the Board. Committee Chairman Pejovich agreed that this be done.

At the Board meeting on February 12, 2015, Committee Chairman Pejovich made the following remarks regarding this item:

Remarks by Committee Chairman Pejovich

Yesterday, we heard a report from Mr. Peppers regarding audit coverage in the area of procurement over the past few years. The audit groups have been tasked with increasing their coverage in this area, including no-bid procurements and group purchasing programs.

On that topic, I would like to acknowledge Regent Hall's efforts in the subject area, including his questions and concerns regarding a recent audit of consulting services, which resulted in Chancellor Cigarroa's establishment of a work group to assess Systemwide policies.

4. **U. T. System: Report on the Fiscal Year 2014 Annual Financial Report, including the report on the U. T. System Annual Financial Report Audit, and audits of U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center, U. T. Medical Branch - Galveston, and U. T. Health Science Center - Tyler financial statements and for funds managed by The University of Texas Investment Management Company (UTIMCO)**

Committee Meeting Information

Presenter(s): Mr. Randy Wallace, Associate Vice Chancellor, Controller, and Chief Budget Officer; Ms. Tracey Cooley, Deloitte & Touche LLP; Mr. J. Michael Peppers, Chief Audit Executive
Status: Reported/Discussed

This item was for consideration during a joint meeting of this Committee and the Finance and Planning Committee (see Committee Minutes for the Joint Meeting).

ADJOURNMENT

Committee Chairman Pejovich adjourned the meeting at 9:43 a.m.

MINUTES
U. T. System Board of Regents
Joint Meeting of the Audit, Compliance, and Management Review Committee
and the Finance and Planning Committee
February 11, 2015

The members of the Audit, Compliance, and Management Review Committee and the Finance and Planning Committee of the Board of Regents of The University of Texas System convened at 9:25 a.m. on Wednesday, February 11, 2015, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Hildebrand, presiding
Vice Chairman Hicks
Vice Chairman Powell
Regent Cranberg
Regent Hall
Regent Pejovich
Regent Stillwell

Also present were Chairman Foster, Regent Aliseda, Regent Richards, and General Counsel to the Board Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Finance and Planning Committee Chairman Hildebrand called the joint meeting to order in Open Session.

U. T. System: Report on the Fiscal Year 2014 Annual Financial Report, including the report on the U. T. System Annual Financial Report Audit, and audits of U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center, U. T. Medical Branch - Galveston, and U. T. Health Science Center - Tyler financial statements and for funds managed by The University of Texas Investment Management Company (UTIMCO)

Joint Committee Meeting Information

Presenter(s): Mr. Randy Wallace, Associate Vice Chancellor, Controller, and Chief Budget Officer; Ms. Tracey Cooley, Deloitte & Touche LLP; Mr. J. Michael Peppers, Chief Audit Executive
Status: Reported/Discussed

Discussion at meeting:

Regent Hildebrand noted the U. T. System operating margin increased from \$400 million to \$900 million in one year, largely due to performances by University Lands and The University of Texas Investment Management Company (UTIMCO).

ADJOURNMENT

Finance Committee Chairman Hildebrand adjourned the joint meeting at 9:43 a.m.

MINUTES
U. T. System Board of Regents
Finance and Planning Committee
February 11, 2015

The members of the Finance and Planning Committee of the Board of Regents of The University of Texas System convened at 9:44 a.m. on Wednesday, February 11, 2015, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Chairman Hildebrand, presiding
Vice Chairman Powell
Regent Cranberg
Regent Hall
Regent Pejovich

Also present were Chairman Foster, Vice Chairman Hicks, Regent Aliseda, Regent Richards, Regent Stillwell, and General Counsel Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Hildebrand called the meeting to order in Open Session.

1. **U. T. System: Report on the Fiscal Year 2014 Annual Financial Report, including the report on the U. T. System Annual Financial Report Audit, and audits of U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center, U. T. Medical Branch - Galveston, and U. T. Health Science Center - Tyler financial statements and for funds managed by The University of Texas Investment Management Company (UTIMCO)**

Committee Meeting Information

Presenter(s): Mr. Randy Wallace, Associate Vice Chancellor, Controller, and Chief Budget Officer; Ms. Tracey Cooley, Deloitte & Touche; Mr. J. Michael Peppers, Chief Audit Executive

Status: Reported/Discussed

Discussion at meeting:

This item was for consideration during a joint meeting of this Committee and the Audit, Compliance, and Management Review Committee (see Committee Minutes for the Joint Meeting).

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

Committee Meeting Information
Presenter(s): Committee Chairman Hildebrand
Status: Reported

There were no items referred from the Consent Agenda.

3. U. T. System: Key Financial Indicators Report and Monthly Financial Report

Committee Meeting Information
Presenter(s): Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs
Status: Reported/Discussed

Discussion at meeting:

Dr. Kelley reported on a strong performance for Fiscal Year 2014 and a solid start for Fiscal Year 2015. Committee Chairman Hildebrand said that the maintenance of a Triple A credit rating is absolutely critical to a competitive advantage for the U. T. System. Dr. Kelley reported that recent rating agency reviews with Moody's and Standard & Poors confirmed a Triple A rating once again this year.

4. U. T. System: Approval of allocation of \$30.2 million of Intermediate Term Fund proceeds for Systemwide projects

Committee Meeting Information
Presenter(s): Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs
Status: Approved
Motion: Made by Vice Chairman Powell, seconded by Regent Hall, and carried unanimously

Discussion at meeting:

Committee Chairman Hildebrand pointed out that \$1 billion has been generated since 2006 through UTIMCO's investments.

5. **U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended November 30, 2014, including report on impact of oil prices on investment portfolio**

Committee Meeting Information

Presenter(s): Mr. Mark Warner, Senior Managing Director, UTIMCO

Status: Reported/Discussed

Follow-up action: Regent Cranberg suggested discussions between University Lands and UTIMCO could add value to minimize volatility.

Discussion at meeting:

Mr. Warner, Senior Managing Director of The University of Texas Investment Management Company (UTIMCO), presented the reports in the absence of Mr. Zimmerman. His presentation is set forth on Pages 8 - 13, and the last slide relates to his report on the impact of energy prices on the endowment portfolios.

Remarks by Mr. Warner
on the impact of oil prices on the investment portfolio
and on the investment exposure to Russia

The Chancellor asked that I speak to the effects of the recent dramatic declines in the price of oil on the endowment portfolios. I am very happy to speak to this topic as it is obviously of interest to the Board and many System constituents.

As can be seen on this slide (Slide 6 on Page 13), I would like to first summarize the endowments' existing exposure to energy broadly. In performing what we call a look-through analysis, I have compiled exposure to all energy-related investments throughout the entire portfolio. This includes such sectors as production, equipment and services, transportation and processing, and commodity futures globally. As can be seen, this is broken down by asset class and totals 10.2% of the portfolios. For comparison, this is roughly in line when compared to the allocation to the energy sector in the MSCI All World Country Index, a broad global equity index.

But perhaps more importantly, I wanted to try to describe the impact that oil prices have had on the portfolio during the dramatic correction, particularly in the second half of Calendar 2014. While it is difficult to precisely isolate the impact of a single variable on a global portfolio across a wide variety of asset classes, we determined in our analysis that the endowment portfolios have demonstrated a relatively low correlation, that is the statistical degree of interdependence of 0.34 to the historical price of oil. Similarly, the beta of the endowments to oil -- that is the magnitude of the movements in the endowments' portfolios relative to a movement in the oil price -- is 0.1. These modest impacts are reinforced by the absolute returns of approximately 4% for the endowments' portfolios during the maximum peak to trough drawdown in the oil price of approximately 60% beginning in April of last year.

Hopefully this summary serves to reassure the Board that while the dramatic correction in the oil prices certainly had an effect on portions of the portfolios, the globally diversified nature of the endowments' investments has significantly cushioned these effects and, on balance, the portfolios have likely benefited from the low oil prices broadly.

Finally, Regent Cranberg requested that I speak to the effects of the Russian ruble and the current sanctions regime on our investment exposure to Russia, which I am also happy to do. As a first step, as of Year End 2014, our look-through exposure to Russia was approximately one half of one percent of the endowment portfolios; behind that of such countries as the Netherlands and Switzerland. This exposure totaled approximately \$140 million overall, \$80 million from public equities, \$38 million from private investments, and \$23 million in our hedge fund portfolios. The portfolios are underweight to Russia, again when compared to the MSCI All World Country Index, which has a 0.65% weighting to Russia, as well as by comparison to a currency-neutral contribution to GDP (Gross Domestic Product), where the Russian economy represents roughly 4% of global GDP.

With respect to the ruble itself, as a dollar-denominating investor, the Russian currency has had a negative effect on endowment returns on the Russian exposure as the dollar has appreciated versus the ruble by 46% in Calendar Year 2014. Specifically, in our Russian public equity strategy, while performance during the calendar year was a positive 5% in local currency terms, it was a negative 43% in dollar terms. While this is among the most dramatic examples of an appreciation of the U.S. dollar against another country's currency, the dollar has similarly appreciated versus virtually all other currencies. This has been particularly true of emerging market currencies where the dollar detracted by 7% across the countries comprising the MSCI emerging market's equity index in 2014.

With respect to the current sanctions regime as they pertain to Russia, they have been relatively targeted at companies in particular sectors as well as to certain individuals. While the impact on our portfolios is difficult to quantify, we believe it is not significant as we have limited exposure to sanctioned companies in our public equities investments and no direct exposure in our private investments. However, as a by-product of the sanctions, there is no doubt that an impact with regard to investor sentiment broadly, as well as by reduced access to the global capital markets by Russian domiciled companies, both of which are certainly headwinds on the margin. As an example of this, the Russian public equity market currently trades at the trailing P/E ratio of approximately 4.5 and a 0.5 times book value, both of which are low by any standard.

Regent Cranberg asked if the value-add calculation provided is externally audited or is an easy benchmark to establish, and Mr. Warner replied that in the overall policy portfolio, each cell has its own individual benchmark, so it is broken up into a series of benchmarks. Each investment or asset class is measured against its own respected benchmark. The value-add represents the total of all of those investments relative to their respected benchmark.

Noting the oil sensitivity to investments, Regent Cranberg asked if there is value in the University Lands Advisory Board (ULAB) and UTIMCO having an ongoing colloquy about how to minimize volatility of the total portfolio, which would include the value of the University Lands. Mr. Warner said UTIMCO would look forward to the opportunity to engage in such discussions.

Regent Cranberg asked Mr. Warner if, in his opinion, hedging should be considered in the context of an overall portfolio strategy of the U. T. System, and Mr. Warner agreed that hedging should be reviewed by the Board of Regents and the ULAB in the context of the overall cash flows needs of the U. T. System. He spoke about the success of the historical business model of cash flows coming from a concentrated physical asset into a diversified global portfolio and said hedging could possibly optimize that. Mr. Warner added that in a commodity price regime that is high by historical standards, locking in some of those cash flows brings certainty of distributions into the endowment portfolios and could increase certainty for the U. T. System in financial planning. He said hedging is a tenet of economic practice these days. (See also a brief discussion of hedging under Item 6 below.)

In response to a question from Committee Chairman Hildebrand on the energy portfolio correlation of .34 to oil prices, Mr. Warner commented on the minimal impact of this particular variable on the diversified portfolio.

Regent Hildebrand commented that in a recently published article, the Harvard endowment was ranked Number One in the country, and the U. T. System endowment was ranked Number Two.

6. U. T. System Board of Regents: Report on activities of the University Lands Advisory Board

Committee Meeting Information

Presenter(s): Regent Cranberg
Status: Reported/Discussed

Discussion at meeting:

Regent Cranberg remarked on the following points:

- *The University Lands Advisory Board (ULAB) meeting was held in January, and Chancellor McRaven attended. There was discussion about the lower oil prices and its impact on the Lands. There is a general feeling that the lower prices will stay for a while. Strong revenues continue to come from the University Lands royalty stream, and even with low oil prices, the revenues are going to be higher than they have in all but the most recent couple of years. He said there is an expectation of a reasonably good volume of growth once the industry takes a bit of a breather.*

- *The hiring of CEO Mark Houser brings a new level of technical capacity and professionalism to the management of the University Lands. The value of the University Lands is comparable to the value of the UTIMCO portfolio.*
- *He recognized the great contributions and dedication of the University Lands' staff, noting the way that the University Lands have been managed was well suited to the type of assets had at the time. He noted that the capacity of the U. T. System to add value is increased by virtue of the technological changes that have taken place within the industry. He said that while there has been a change in management and an additional level of capability that can be brought to the table to enhance the production and value of the Lands, there is still an important function that has taken place and will continue in Midland for the foreseeable future.*

Regent Cranberg asked Executive Vice Chancellor Kelley for comments, and Dr. Kelley spoke about the hiring of Mr. Houser and the value of the creation of the ULAB. Vice Chairman Powell also recognized Former Chairman Don Evans for encouraging members of the Board to "look under the hood" to see what is there.

Regent Hall made observations about the Board of Regents' obligation to hold lessees in West Texas more accountable in how they deal with service owners.

Regent Stillwell asked about the process to consider hedging (see discussion under Item 5 on the previous page), and Committee Chairman Hildebrand said that being a significant event, it would be studied and probably require broad approval by the Board of Regents. He said he is looking forward to input on the matter from the ULAB and on the opportunity to take a fresh look at how State assets within the U. T. System will be managed. He said this might be a benchmark to start doing other things in the U. T. System.

7. U. T. System: Authorization of \$6,337,000 of Permanent University Funds to refresh and upgrade the Lonestar Supercomputing System infrastructure; the Shared Intrusion and Anomaly Detection services; the U. T. System Network simulation and monitoring capabilities; and the U. T. Austin Dell Medical School firewall infrastructure

Committee Meeting Information

Presenter(s): *Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs*

Status: *Approved*

Motion: *Made by Vice Chairman Powell, seconded by Regent Hall, and carried unanimously*

8. **U. T. System: Report on the Analysis of Financial Condition for Fiscal Year 2014**

Committee Meeting Information

Presenter(s): Mr. Randy Wallace, Associate Vice Chancellor, Controller, and Chief Budget Officer

Status: Reported/Discussed

ADJOURNMENT

Committee Chairman Hildebrand adjourned the meeting at 10:34 a.m.



The University of Texas Investment Management Company

UTIMCO Update

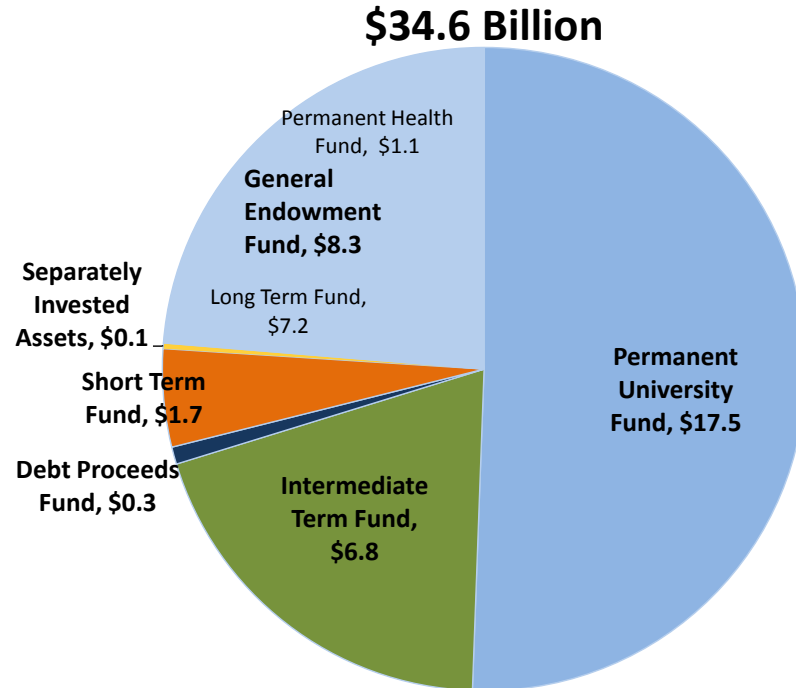
Mr. Mark Warner
Senior Managing Director

U. T. System Board of Regents' Meeting
Finance and Planning Committee
February 2015

UTIMCO ASSETS UNDER MANAGEMENT



As of November
30, 2014

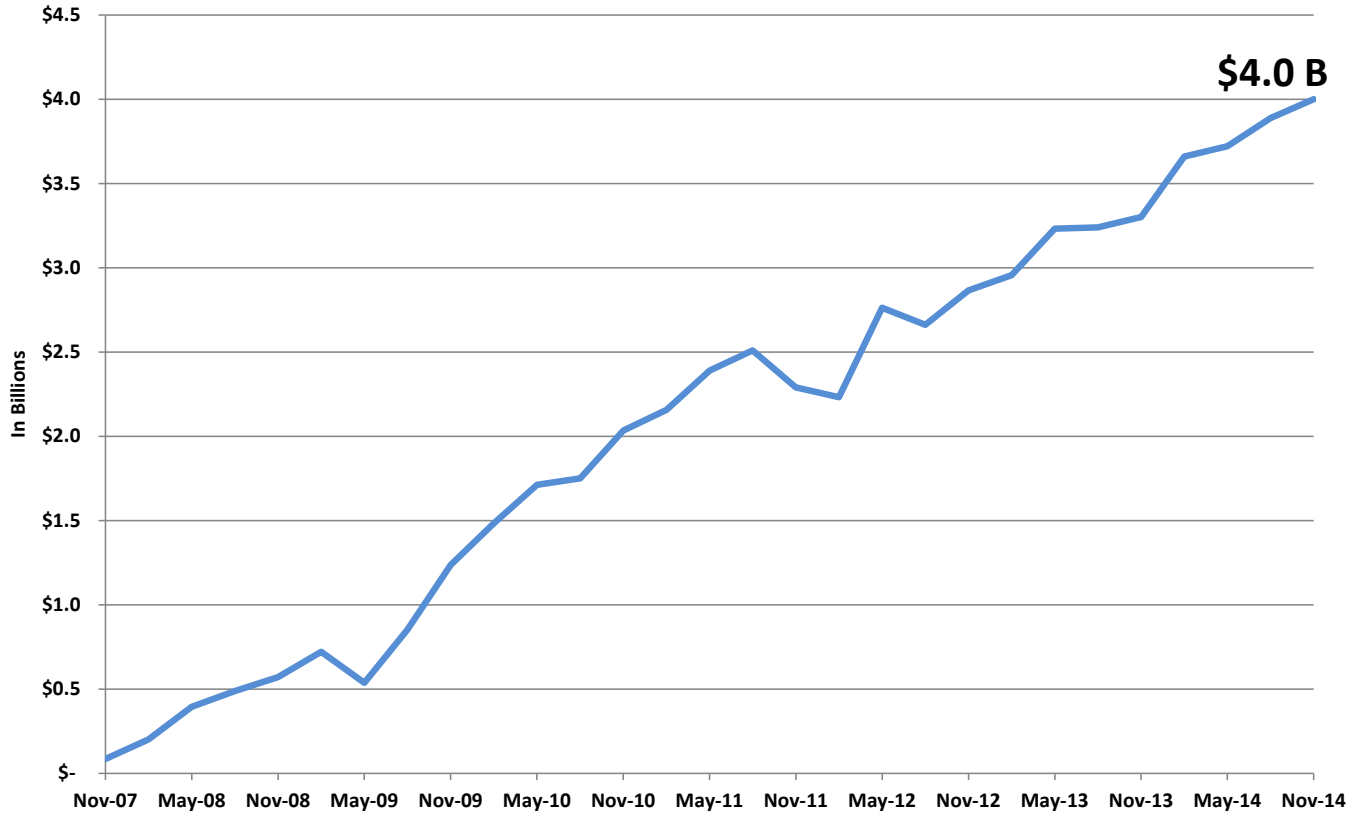


RETURNS



Fund	First Quarter Fiscal Year 2015	Fiscal Year Ended August 31, 2104	Ten Year Period Ending November 30, 2014
Permanent University Fund (PUF)	-0.62%	15.11%	7.12%
10 General Endowment Fund (GEF)	-0.32%	14.73%	7.17%
Intermediate Term Fund (ITF)	-1.04%	10.45%	N/A

HISTORICAL VALUE ADD



COMBINED PUF AND GEF EXPOSURE



		More Correlated and Constrained (Long Only)		Less Correlated and Constrained (Hedge Funds)		Private Investments		Total	
(In millions, as of November 30, 2014)									
Fixed Income	Investment Grade Fixed Income	\$1,879	7.3%	\$528	2.0%	\$0	0.0%	\$2,407	9.3%
	Credit-Related Fixed Income	<u>27</u>	<u>0.1%</u>	<u>1,166</u>	<u>4.5%</u>	<u>973</u>	<u>3.8%</u>	<u>2,166</u>	<u>8.4%</u>
	Fixed Income Total	<u>1,906</u>	<u>7.4%</u>	<u>1,694</u>	<u>6.5%</u>	<u>973</u>	<u>3.8%</u>	<u>4,573</u>	<u>17.7%</u>
Real Assets	Real Estate	\$639	2.5%	\$79	0.3%	\$1,095	4.2%	\$1,813	7.0%
	Natural Resources	<u>1,777</u>	<u>6.9%</u>	<u>3</u>	<u>0.0%</u>	<u>1,661</u>	<u>6.5%</u>	<u>3,441</u>	<u>13.4%</u>
	Real Assets Total	<u>2,416</u>	<u>9.4%</u>	<u>82</u>	<u>0.3%</u>	<u>2,756</u>	<u>10.7%</u>	<u>5,254</u>	<u>20.4%</u>
Equity	Developed Country Equity	\$3,929	15.3%	\$5,750	22.3%	\$2,762	10.7%	\$12,441	48.3%
	Emerging Markets Equity	<u>2,401</u>	<u>9.3%</u>	<u>317</u>	<u>1.3%</u>	<u>786</u>	<u>3.0%</u>	<u>3,504</u>	<u>13.6%</u>
	Equity Total	<u>6,330</u>	<u>24.6%</u>	<u>6,067</u>	<u>23.6%</u>	<u>3,548</u>	<u>13.7%</u>	<u>15,945</u>	<u>61.9%</u>
Total		<u>\$10,652</u>	<u>41.4%</u>	<u>\$7,843</u>	<u>30.4%</u>	<u>\$7,277</u>	<u>28.2%</u>	<u>\$25,772</u>	<u>100.0%</u>

ENERGY PRICES AND THE ENDOWMENTS' PORTFOLIOS



- Investments directly related to energy make up approximately 10.2% of the endowments' portfolios
 - 2.9% Public equities and debt 0.9% Commodity futures
 - 5.1% Private equity 1.3% Hedge funds

- 13 ▪ Historically, the portfolios have exhibited a low relationship with energy prices
 - Correlation of 0.34 to oil prices
 - Beta of 0.1 to oil prices

- Recent performance has generally been in contrast to oil prices
 - Since late April, 2014 oil prices have declined by nearly 60%
 - During the same period, endowment returns have been a positive 3.95%

MINUTES
U. T. System Board of Regents
Academic Affairs Committee
February 11, 2015

The members of the Academic Affairs Committee of the Board of Regents of The University of Texas System convened at 12:24 p.m. on Wednesday, February 11, 2015, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Vice Chairman Hicks, presiding
Regent Aliseda
Regent Cranberg
Regent Pejovich
Regent Stillwell

Also present were Chairman Foster, Vice Chairman Powell, Regent Hildebrand, Regent Richards, and General Counsel Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Hicks called the meeting to order in Open Session.

Committee Chairman Hicks remarked that this is the 27th anniversary of the day the Board of Regents appointed Dr. Natalicio as President of U. T. El Paso.

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

Committee Meeting Information <i>Presenter(s): Committee Chairman Hicks</i> <i>Status: Reported</i>
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There were no items referred from the Consent Agenda.

2. U. T. Arlington: Report on the new Strategic Plan and Vision Statement

Committee Meeting Information <i>Presenter(s): President Vistasp M. Karbhari, U. T. Arlington</i> <i>Status: Reported/Discussed</i>
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Discussion at meeting:

President Karbhari distributed a bound version of U. T. Arlington's Strategic Plan. His slightly revised PowerPoint presentation is set forth on Pages 7 - 25.

In response to a comment from Regent Pejovich regarding the target for 2020 related to the freshman retention rate, Dr. Karbhari explained the MAVS 1000 program, a freshman experience (Slide 7 on Page 208 of the Agenda materials).

Noting information contained in the Plan on the six-year graduation rate, she asked about the four-year graduation rate. President Karbhari said that he intends to pull that up significantly as well, otherwise the six-year rate would not be met. Regent Pejovich further asked if there is more emphasis on the six-year rate than the four, and Dr. Karbhari said it is an equal emphasis; however, he will also be looking at the degree production ratio because a large percentage of students are transfer students who do not get counted in the four- and six-year graduation rates. He would like to ensure that community college and transfer students also graduate at good rates.

In reply to a question from Regent Pejovich about how the institution will meet the ambitious endowment goal stated in the Plan, Dr. Karbhari explained the aggressive effort to reach more alumni, friends in the community, and members of the corporate world.

Regent Cranberg asked about efforts to approach government-funded research versus private and corporate-funded research, and Dr. Karbhari said the desire is to increase all of them. But, to reach research expenditures of approximately \$150 million, the effort is to obtain at least a third of the funding from corporate sources. He noted that in the Dallas/ Fort Worth community, there are about 18 Fortune 500 companies, with whom the institution is already engaged in significant work. Regent Cranberg noted the ambitious target, and President Karbhari commented on the University's strategic location and thrust to accomplish the goal.

In reply to a question from Regent Cranberg about selecting alternative publications in which to publish rankings, President Karbhari said U.S. News & World Report was chosen because it is the easiest for most people to understand. He commented on tracking other rankings that come from the disciplines and other publications that look at different factors, such as social impact.

3. U. T. Arlington: Approval of preliminary authority for a Doctor of Philosophy in Kinesiology

Committee Meeting Information

Presenter(s): President Vistasp M. Karbhari, U. T. Arlington

Status: Approved

Motion: Made by Regent Stillwell, seconded by Regent Aliseda, and carried unanimously

4. **U. T. System Board of Regents: Approval to create the School of Arts, Technology, and Emerging Communication at U. T. Dallas and amendment of the Regents' Rules and Regulations, Rule 40601, Section 1.6 to add Subsection (j) to include the new School**

Committee Meeting Information

Presenter(s): President David E. Daniel, U. T. Dallas

Status: Approved

Motion: Made by Regent Stillwell, seconded by Regent Pejovich, and carried unanimously

5. **U. T. Permian Basin: Approval regarding proposed revision to Mission Statement and a new Vision Statement**

Committee Meeting Information

Presenter(s): President W. David Watts, U. T. Permian Basin

Status: Approved

Motion: Made by Regent Stillwell, seconded by Regent Pejovich, and carried unanimously

6. **U. T. Rio Grande Valley: Approval to establish the U. T. Rio Grande Valley Development Board**

Committee Meeting Information

Presenter(s): President Guy Bailey, U. T. Rio Grande Valley

Status: Approved

Motion: Made by Regent Aliseda, seconded by Regent Stillwell, and carried unanimously

7. **U. T. Pan American: Request to approve the honorific naming of a new proposed entry plaza to the baseball stadium as the Coach Al and Joann Ogletree Plaza in honor of former baseball coach and head coach emeritus, Alfred H. Ogletree and his late wife**

Committee Meeting Information

Presenter(s): Interim Chief Executive Officer Havidán Rodríguez, U. T. Pan American

Status: Approved

Motion: Made by Regent Aliseda, seconded by Regent Stillwell, and carried unanimously

8. U. T. System: Follow-up reports on activities to support and encourage returning veterans

Committee Meeting Information

Presenter(s): *Dr. Pedro Reyes, Executive Vice Chancellor for Academic Affairs*
Status: *Discussed*

Discussion at meeting:

Dr. Reyes reported that all U. T. System academic institutions, and he believes the health institutions, are military-friendly. He said there are 8,000 veteran-affiliated students at the academic institutions, and he spoke about programs for veterans at the institutions.

He reported that he has asked the Provosts to consider participating in the College Credit for Heroes program and providing credit for military courses taken by veterans. He noted that U. T. San Antonio was selected as a VetSuccess campus by the Department of Veterans Affairs.

Dr. Reyes then asked U. T. Austin President Powers to speak about a policy issue regarding automatic admissions of veterans that had been discussed at the November 2014 meeting of the Academic Affairs Committee. President Powers noted the following issues he is working on:

- 1. The statute related to automatic admissions gives students two years to exercise that right. The statute takes into account students who are admitted, but chose to attend community college; they do not lose automatic admission status because they have gone to community college. However, the student who is automatically admitted, but decides to spend some time in the military before starting a college career, is not protected by statute. President Powers said he wants to protect that student as well. He noted that the statute grants a two-year grace period, whereas military personnel may be away serving for four years.*

He mentioned that some legal issues have not been resolved, such as when a student comes back to college. Do they count under the 75% automatic admissions (his preference) or the 25% discretionary admissions? He said the statute is written in a way that is not absolutely clear, but he believes much of this can be handled with transfer policies. He said many of these students will have taken courses while in the military and would qualify as transfer students.

He also said the University needs to better publicize to veterans that they can qualify as transfer students when they come back from the military.

- 2. U. T. Austin's internal rules require a student to have 30 credit hours before they can apply to be transferred. This is to ensure the student demonstrates progress through a sufficient number of courses before they transfer. Veterans who have chosen to go*

into the military after high school and have taken a couple of courses cannot apply as first-year students, and technically under U. T. Austin's rules, cannot apply as transfer students. He hopes to get those technical issues resolved.

President Powers commented that he has discussed these matters with Regent Cranberg, and Regent Cranberg noted that U. T. Austin has come up with a solution that appears will fully address the problems and concerns discussed. He said the transfer latitude seems to be the appropriate way to preserve veterans' automatic admission rights while allowing the University to fully deploy its 25% towards holistic admissions.

In reply to a question from Regent Stillwell about the possible need for legislative support, President Powers said he hopes that will not be necessary, but he mentioned any amendment to House Bill 175 (84th Texas Legislature, relating to the establishment of the Veterans Recovery Program) would be a major issue in the Legislature, and rightly so.

Dr. Reyes then called on President Natalicio for comments. Dr. Natalicio said U. T. El Paso has been involved with Fort Bliss, particularly in teaching courses at the base, for 35 years or more. She spoke about an agreement with the El Paso community college to avoid redundancy of course offerings by agreeing that the community college would teach the lower-division courses (freshman and sophomore-level), and U. T. El Paso would teach upper-division and master's-level courses. She said that relationship has evolved rapidly with the expansion of Fort Bliss, and U. T. El Paso's military-affiliated student enrollment has grown rapidly over the past four or five years.

U. T. El Paso now enrolls close to 2,000 military-affiliated students and continues to offer both courses and services, such as advising, on the base. Also, U. T. El Paso has established a Military Student Success Center located in the library on campus. The library is open longer hours. The Center is designed to provide customized and time-sensitive services to military-affiliated students and create a highly visible, special space that provides a social support system. The Center also helps to draw the military student population on campus into the larger student population. An effort is made to draw these students into civic engagement activities and athletic events.

She also commented on

- the offerings of specialized services to make sure military-affiliated students get benefits and, in the case of students who are not Texan, residency waivers;*
- work with the Veterans Administration and veterans' organizations;*
- recruiting events at Fort Bliss to present information about the University;*
- concern over the proliferation of for-profit schools that are marketing heavily, but are expensive and sometimes disappointing to students in terms of the quality of offerings and the schools' viability;*

- *information dissemination about the public community college and university option;*
- *peer advising and building of a sense of community on campus for military-affiliated students;*
- *counseling and resiliency training and training of U. T. El Paso faculty and staff to work with military-affiliated students; and*
- *concern about the Hazlewood exemption and cost implications.*

Committee Chairman Hicks concluded by saying he appreciates how each of the institutional Presidents have given thought since the discussion in November 2014 to how the University can better serve veterans.

ADJOURNMENT

Committee Chairman Hicks adjourned the meeting at 1:13 p.m.



7

Bold Solutions – Global Impact **A Strategic Plan for U. T. Arlington's Future**

Vistasp Karbhari, President

U. T. System Board of Regents' Meeting
Academic Affairs Committee
February 2015

A University of Choice



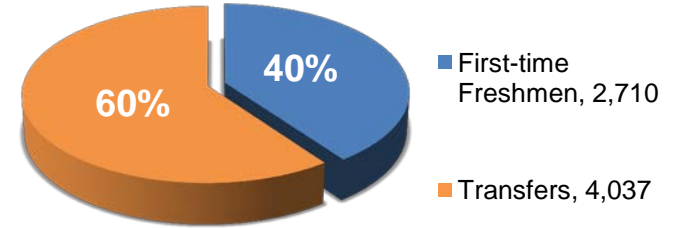
- › 7,000 employees
- › 180 degree programs
- › 9,700 graduates in 2013 - 2014
- 10,500 beds on or around campus
- \$13.6 billion economic impact annually (2012)



Student Segments

- Degree Seeking, Non-Degree Seeking
- In-State, Out-of-State, International
- Face-to-Face, Hybrid, Completely Online
- 6 ▪ Undergraduate, Master's, Doctoral (DNP, Ph.D.)
- Traditional, Nontraditional

By Mode of Entry, Fall 2014



New Incoming Students

Fall '14 34,899*
5% increase over Fall '12
70.7% increase since Fall '00
* THECB Count

Spring '15 36,460*
* THECB Count

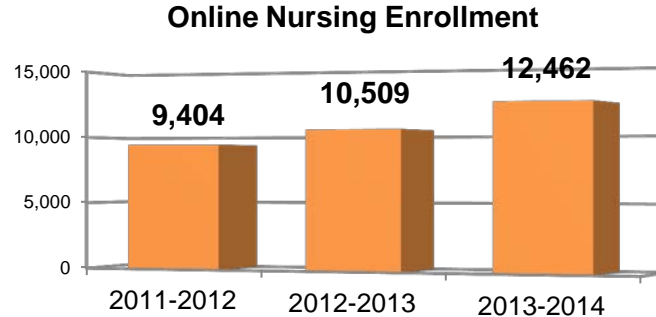
Spring '15
Unique degree seeking global student count:
47,977

A Future Built on IDEAS

- I: Innovation** in delivery of education – Nursing, Learning Innovation and Networked Knowledge (LINK) Laboratory
- Impactful research – 10 members in the National Academy of Inventors
\$28.6 million in research awards in August-October 2014



SMART Hospital



George Siemens



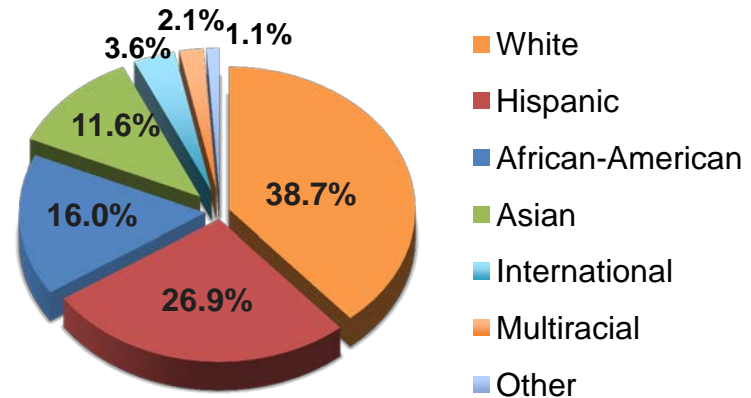
A Future Built on IDEAS

- D: Diversity** – Ranked 5th most diverse public research university in the nation
- Highest-profile Hispanic-serving institution in North Texas
 - Growing international population



Student Ethnicity

Fall 2014



11

A Future Built on IDEAS

- E: Excellence** – Highest degree production ratio of all U. T. System institutions
- Asia Executive MBA is one of the largest and most reputed
 - Renowned faculty: Two National Academy of Engineering, One National Academy of Science, 10 National Academy of Inventors, fellows, and awards
 - Nationally ranked programs



Nai Chen Yuen



David Nygren
(2014)



Ken Reifsnider
(2015)



Jessica Stevens



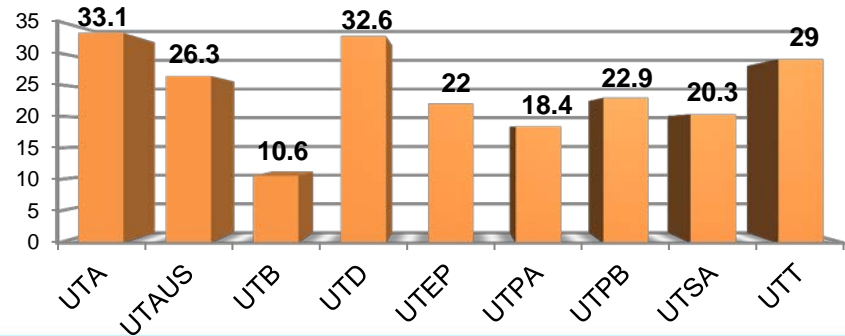
Emmanuel Fordjour



Formula SAE Racing Team

Degree Production Ratio, 2012-13

Bachelor's Degrees Awarded per 100
Full-Time Equivalent Undergraduates
Enrolled 4 Years Earlier



A Future Built on IDEAS

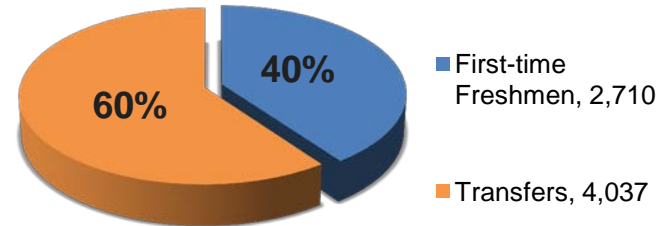
- A: Access** – 7th fastest growing public research institution – *Chronicle of Higher Education* (2013)
- Innovative programs to develop pipelines and pathways for student success through GO Centers, “Bound for Success,” STEM Academy
 - Degree and non-degree seeking students
 - Division for Enterprise Development (DED) hosts the nation’s largest OSHA education center
 - New Division of Global Outreach and Extended Studies

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New Incoming Students

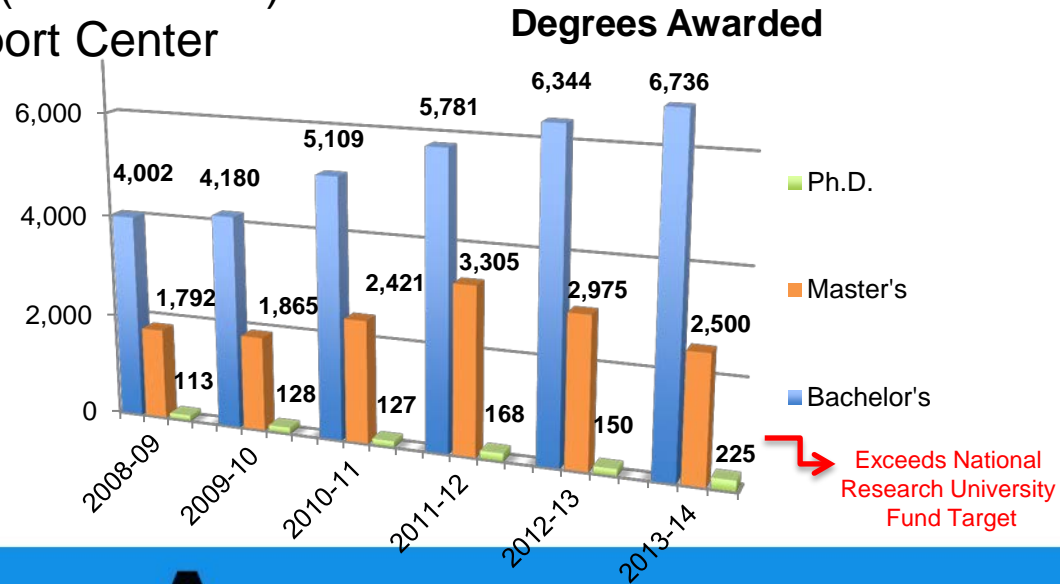
By Mode of Entry, Fall 2014



A Future Built on IDEAS

S: **Students** – Committed to student success

- College of Nursing has National Council Licensure Examination (NCLEX) results higher than Texas and national average
- University College, First-year Interest Groups (FIGs), First-year Experience (FYE) Course (MAVS 1000)
- Career Development/Support Center



Strategic Plan | 2020

Focus

- Global Impact through Enabling a Sustainable Megacity

- Megacities pose an unprecedented need for bold solutions on a global scale
- U. T. Arlington is uniquely positioned to address epic challenges facing growing urban regions
- Pressing issues include improving health care, addressing aspects related to the built environment and creating more livable communities, managing our natural resources, and harnessing the proliferation of data
- U. T. Arlington will leverage expertise in these critical areas to help emerging megacities like the DFW Metroplex become more sustainable economic and cultural centers that raise the prospects for prosperity and sustainability while enhancing the quality of life



Strategic Plan | 2020 (cont.)

Focus

- Global Impact through Enabling a Sustainable Megacity

Guiding Themes

- Health and the Human Condition
- Sustainable Urban Communities
- Global Environmental Impact
- Data-Driven Discovery for the Enhancement of Knowledge

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Guiding Theme: **Health and the Human Condition**

- Health management as broadly defined in physical, mental, emotional, and social contexts
- Health innovations, including diagnostic, prognostic, and enabling technologies

Key Initiatives:

1. Establish a new College of Nursing and Health Innovation to enhance health sciences focus
2. Develop closer collaborations between U. T. Arlington and the health sector through joint projects and appointments
3. Establish a Center for Engineering in Medicine to enhance translational research
4. Enhance research foci in bioengineering, neurosciences, kinesiology, gerontology, and computational sciences, supporting the thrust through cluster and targeted hires
5. Enhance the health focus in the College of Business
6. Enhance the reach and impact of programs involving the School of Social Work



Guiding Theme: **Sustainable Urban Communities**

- Foster sustainable urban communities through a focus on natural, built, socioeconomic and cultural environments
- Understand and interpret demographic change and the broad spectrum of human capital

Key Initiatives:

1. Establish a new college integrating the School of Architecture and the School of Urban and Public Affairs
2. Develop a new construction management degree
3. Develop a new architectural engineering degree to meet critical workforce needs
4. Establish an Institute for Sustainability
5. Establish a department/school of Resource Engineering
6. Enhance research, teaching, and outreach in the area of urban communities through integration of efforts of existing centers and through key hires

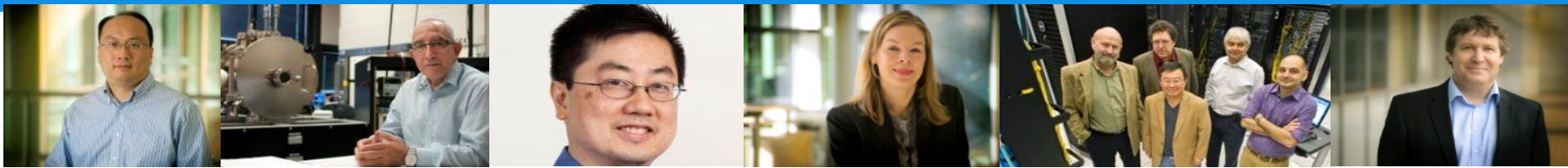


Guiding Theme: **Global Environmental Impact**

- Address global challenges such as effects of climate change, energy, water, disasters, and pollution
- Develop solutions through analysis of global population dynamics, environmental economics, and history

Key Initiatives:

1. Enhance the Shimadzu Institute for Research Technology to enable greater research in areas related to environmental science and build faculty strength in this area
2. Establish a cross-cutting institute to enable key thrusts in water and environmental impact
3. Develop strengths in areas related to environmental policy
4. Develop new programs focused on water resources, conservation, pollution, and disaster mitigation
5. Establish a department/school of Resource Engineering
6. Enhance the continuing and professional education efforts aimed at environmental effects, regulation, and compliance



Guiding Theme: **Data-Driven Discovery for Knowledge Enhancement**

- Develop methods of data analytics and science to use “big data” from multiple fields
- Use big data sets to discover new knowledge and enhance current knowledge

∞Key Initiatives:

1. Establish a new degree in data analytics in the College of Business to meet workforce needs
2. Establish true multidisciplinary degrees in “data science”
3. Establish an Institute for the Predictive Performance of Materials and Structures as a national center of excellence to enable diagnostic and prognostic capabilities
4. Establish a Center for Modeling, Simulation, and Visualization
5. Establish thrusts in the digital humanities and media and digital communications
6. Develop strengths in data security and resilience through collaborations among the Colleges

Matrix Structure to Enhance Integration

Provost

		D _{A/S}	D _B	D _E	D _{Eng}	D _{LA}	D _{N&HI}	D _S	D _{SW}	D _H	D _{UC}
Vice President for Research	Health & the Human Condition										
	Sustainable Urban Communities										
	Global Environmental Impact										
	Data Driven Discovery										

- Encourages integration of efforts
- Provides a focus for hires
- Enables better synthesis of research and instruction

Strategic Plan | 2020 (cont.)

Focus

- Global Impact through Enabling a Sustainable Megacity

Guiding Themes

- Health and the Human Condition
- Sustainable Urban Communities
- Global Environmental Impact
- Data-Driven Discovery and Enhancement of Knowledge

Guiding Aspirations

- Transform the student experience by enhancing access and ensuring success
- Enhance impactful research and scholarship
- Build on faculty excellence to strengthen academic programs
- Strengthen collaboration with corporate and nonprofit sectors
- Enhance visibility and impact through global engagement
- Lead in creativity, innovation, and entrepreneurship

Be the Model 21st Century Urban Research University



Guiding Aspirations

Define the 21st Century Urban Research University

U. T. Arlington will be a leader in the discovery, integration, and application of information and knowledge while setting new standards for a transformative educational experience not bound by confines of time, space, and location.

Some Key Targets for 2020

	Fall 2013	2014-2015	Fall 2020
Enrollment (THECB*)	33,278	34,899 (F '14)	> 43,000
Freshman retention rate	75%		> 90%
6-year graduation rate	44%		> 60%
Endowment	\$101.7 M	\$117.8 M	> \$500 M
Research expenditures	\$77.7 M	\$34.9M in Aug-Dec ⁺	> \$150 M
NAE/NAS/IOM	1	3	> 8
NAI	8	10	20
Ph.D.s awarded	150	219	> 250
<i>U.S. News & World Report</i> Ranking	N/R	N/R	Top 100
<i>U.S. News & World Report Eng</i> Ranking	N/R	100	Top 50
Professional and continuing education	22,000	22,000	> 45,000
Tenure stream faculty FTE	610		} > 1500
Non-tenure stream faculty FTE	578		

* Excludes on-line out-of-state students

Vision Statement

The University of Texas at Arlington is an internationally recognized research university, distinguished by excellence and access through transformative knowledge production and education based on scholarship, collaboration, innovation, creativity, and global impact.

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MINUTES
U. T. System Board of Regents
Health Affairs Committee
February 11, 2015

The members of the Health Affairs Committee of the Board of Regents of The University of Texas System convened at 1:27 p.m. on Wednesday, February 11, 2015, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Stillwell, presiding
Vice Chairman Powell
Regent Aliseda
Regent Hildebrand
Regent Pejovich

Also present were Chairman Foster, Vice Chairman Hicks, Regent Cranberg, and Regent Richards.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Stillwell called the meeting to order in Open Session.

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

Committee Meeting Information

Presenter(s): Committee Chairman Stillwell
Status: Reported

There were no items referred from the Consent Agenda.

2. **U. T. Health Science Center - Houston: Discussion and appropriate action regarding authorization to form a shared ownership management services organization with Memorial Hermann Health System, a Texas nonprofit corporation, to support the physician billing and collections and electronic health records needs of UT Physicians, U. T. Health Science Center - Houston's faculty group practice, and Memorial Hermann Medical Group, a Memorial Hermann Health System affiliate**

Committee Meeting Information

Presenter(s): Mr. Kevin Dillon, Senior Executive Vice President, Chief Operating and Financial Officer, U. T. Health Science Center - Houston

Status: Approved

Motion: Made by Vice Chairman Powell, seconded by Regent Hildebrand, and carried unanimously

Follow-up action: Regent Hildebrand asked that the cost benefits be well presented when the Electronic Medical Record (EMR) proposal comes back to the Board for funding.

Discussion at meeting:

Committee Chairman Stillwell said that President Colasurdo had previously served on the Memorial Hermann Health System (MHHS) Board, but determined that continued service as a voting Board member is not appropriate. Mr. Kevin Dillon presented the item.

Regent Stillwell commented on the competitiveness of the Houston Medical Center market and said the business model of the Management Services Organization (MSO) is still evolving, but will be a 50/50 partnership.

Board Chairman Foster asked about the change in relationship between U. T. Health Science Center - Houston and MHHS, and Mr. Dillon described the more than 40-year affiliation agreement between the two entities that runs for another four to five years. He explained that the joint integration is driven by electronic medical records (EMR) (a matter, he said, that will come back to the Board later) and billing and collection. He noted the finances of the entities will not be integrated, at least at this point. Mr. Dillon said the symbolism and visibility of the partnership in the marketplace is important, and the partnership will help U. T. Health Science Center - Houston to be more agile in response to changing market conditions, such as in the area of health care reimbursements. Mr. Dillon also discussed the complex area of privacy of patient records in reply to a question from Chairman Foster.

In response to a question from Regent Hildebrand about the duplicity of inputting patient records and the lack of transferability of EMRs between the entities, Mr. Dillon agreed the transparency of EMRs (the ability of physicians to see across patient records) is the single most important improvement that can be made over the next one to three years. Regent Hildebrand asked that the cost benefits be well presented when the EMR proposal comes back to the Board for funding.

3. **U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding authorization to negotiate and enter into a co-location agreement with Memorial Hermann Health System, a Texas nonprofit corporation, and/or its designee to identify, develop, and set forth general principles regarding the leasing of clinical space to relocate and expand its clinical services in the greater Houston metropolitan area**

Committee Meeting Information

Presenter(s): Ronald A. DePinho, M.D., President, U. T. M. D. Anderson Cancer Center

Status: Approved

Motion: Made by Regent Hildebrand, seconded by Regent Cranberg, and carried unanimously

Follow-up action: Regent Hildebrand commented on the need for clarity and transparency to clearly identify that any leased clinical spaces are M. D. Anderson facilities, and he cautioned against any complications of a third party. Dr. DePinho said that any arrangement would be brought to the Board so that those issues could be fully vetted before decisions are made.

Discussion at meeting:

Committee Chairman Stillwell asked about the branding of the facilities to be leased, and Dr. DePinho said the U. T. M. D. Anderson Cancer Center name will be used in those facilities as will the institution's standard quality of care. Regent Stillwell commented that this proposal is a vital next step in the expansion of clinical services in the suburban Houston area.

In reply to a question from Regent Cranberg about collaboration with Memorial Hermann Health System (MHHS), given its relationship with U. T. Health Science Center - Houston, Dr. DePinho explained the matter would be approached in a collaborative, strategic manner through discussions and appropriate operational alignments. Regent Stillwell commented on the leverage that the combined weight of M. D. Anderson and U. T. Health Science Center - Houston would provide in negotiations with a third party, including MHHS. Executive Vice Chancellor Greenberg noted that the same opportunity exists with U. T. Medical Branch - Galveston as expansion takes place in the southeastern segment, and he said that President Callender has begun conversations about that.

Committee Chairman Stillwell asked if M. D. Anderson is present in the Victory Lakes area, and Dr. DePinho answered affirmatively, adding there are opportunities to make the right kinds of arrangements that will best serve the needs of the patients throughout the region.

Regent Hildebrand asked if the facilities leased from MHHS will be branded as U. T. M. D. Anderson Cancer Center facilities and not U. T. M. D. Anderson Cancer Center/Memorial Hermann, and Dr. DePinho said that is correct. President DePinho noted there may be future alignments that would allow for more co-branding opportunities.

Regent Hildebrand also commented on the news that MHHS will be putting on the market the largest medical facilities package that the City of Houston has seen in a long time. He asked how the fact that MHHS developed, owns, and eventually decided to sell the real property might affect the relationship of the two entities, and Dr. DePinho responded that he did not think that would complicate the relationship. He noted that decisions on the

specific areas and locations to expand M. D. Anderson's clinical services have been a confluence of operational, demographic, economic, and financial parameters carefully weighed so that M. D. Anderson can determine how to best serve the community. He added that M. D. Anderson has a clear understanding of where opportunities exist to be able to provide the most access to the most number of individuals that are impacted by cancer.

Regent Hildebrand commented on the need for clarity and transparency to clearly identify these as M. D. Anderson facilities, and he cautioned against any complications of a third party [e.g., a publicly traded REIT (Real Estate Investment Trust)] that is acquiring medical office buildings. Dr. DePinho agreed and said that any arrangement would be brought to the Board so that those issues could be fully vetted before any decisions are made.

Following further discussion, Committee Chairman Stillwell wanted to be sure that MHHS views the arrangement as a partnership and not just a real estate matter. Regent Cranberg, Regent Hildebrand, and President DePinho commented on the significant value of the U. T. brand name that brings with it a Triple A credit-rated tenant. Regent Stillwell commented there is food for thought and room for creativity in the arrangement.

4. U. T. Southwestern Medical Center: Approval to establish a Doctor of Philosophy degree program in Organic Chemistry in the Graduate School of Biomedical Sciences

Committee Meeting Information

Presenter(s): President Daniel K. Podolsky, M.D., U. T. Southwestern Medical Center

Status: Approved

Motion: Made by Vice Chairman Powell, seconded by Regent Aliseda, and carried unanimously

5. U. T. System: Approval to amend Regents' Rules and Regulations, Rule 40601, Sections 1.13 - 1.14 and 1.16 - 1.18 to align the names of the schools, add hospitals and clinics, and acknowledge names currently in use at U. T. Southwestern Medical Center, U. T. Medical Branch - Galveston, U. T. Health Science Center - San Antonio, U. T. M. D. Anderson Cancer Center, and U. T. Health Science Center - Tyler

Committee Meeting Information

Presenter(s): Raymond S. Greenberg, M.D., Ph.D., Executive Vice Chancellor for Health Affairs

Status: Approved

Motion: Made by Vice Chairman Powell, seconded by Regent Aliseda, and carried unanimously

6. U. T. System: Approval of \$5 million from the Available University Fund (AUF) to support U. T. System initiatives to be led by the Associate Vice Chancellor for Population Health to improve the health of Texans

Committee Meeting Information

Presenter(s): Raymond S. Greenberg, M.D., Ph.D., Executive Vice Chancellor for Health Affairs; David L. Lakey, M.D., Associate Vice Chancellor for Population Health; Kirk A. Calhoun, M.D., President, U. T. Health Science Center - Tyler

Status: Approved

Motion: Made, seconded, and carried unanimously

Discussion at meeting:

President Calhoun spoke about how Dr. Lakey led the infectious disease department at U. T. Health Science Center - Tyler and has been a leader in the community during a time of strife and disaster. Dr. Calhoun said that population health is the only way the problems of chronic disease can be approached in a way that society can afford it. He recommended that the U. T. System take that leadership role for three reasons:

- 1. The U. T. System trains most of the health care professionals in the state, and if population health is the future, U. T. needs to a part of that future.*
- 2. Many of the U. T. System campuses are located in areas of extreme need, such as Northeast Texas (an older, poorer, less educated population where there is a statistically much higher risk of early death than the state average), the Rio Grande Valley, and in urban centers.*
- 3. U. T. is a leader in public health and community health, and both the academic and health institutions of the U. T. System will help to solve the problems of social determinants of health that lead to greater morbidity and less life expectancy.*

[Note: Dr. Lakey was appointed Associate Vice Chancellor for Population Health at the U. T. System and as Senior Vice President for Population Health at U. T. Health Science Center - Tyler. The joint appointment was effective February 1, 2015. Dr. Lakey served as Commissioner for the Texas Department of State Health Services from 2007 - 2014. From 1998 through 2006, he was on the medical faculty of U. T. Health Science Center - Tyler as Chief of Infectious Disease and Medical Director over the Center for Pulmonary and Infectious Disease Control and the Public Health Laboratory of East Texas. Additionally, he served as the Associate Director for Biosecurity and Infectious Disease with the U. T. Health Science Center - Houston School of Public Health from 2004 to 2006.]

7. U. T. System: Report on activities and accomplishments of the Galveston National Laboratory and preparedness for infectious diseases

Committee Meeting Information

Presenter(s): David L. Callender, M.D., President, and James LeDuc, Ph.D., Director of the Galveston National Laboratory and Professor in the School of Medicine, U. T. Medical Branch - Galveston

Status: Reported/Discussed

Discussion at meeting:

In reply to a question from Committee Chairman Stillwell, Dr. LeDuc explained that the high-containment research laboratories are generally built by national governments. He said there is one in South Africa, the one in Gabon is co-managed with the French, and there are lower level biocontainment laboratories elsewhere in Africa. In China, there are three major Biosafety Level-4 (BSL-4) laboratories, the highest level of containment, under construction and U. T. Medical Branch - Galveston (UTMB) is working with all of these labs.

In response to a question from Regent Stillwell, Dr. Callender spoke about the clinical preparedness to handle patients with infectious diseases. He said that as part of having a national laboratory, UTMB has to have the ability to deal with occupational exposures and that led UTMB to develop the clinical capability and maintain it over time. He said the UTMB facility can comfortably care for two patients with severe courses of an infectious disease and could potentially house a third such patient, but that would push the capacity to deal safely with infected individuals and protect staff.

Dr. Callender noted that the Methodist Hospital in Dallas that handled the recent Ebola case has decided to close its facility. He remarked that clinical preparedness to deal with infectious diseases is one of the issues being considered by the Texas Legislature this legislative session.

8. U. T. System: Report on the Diabetes Obesity Control initiative and discussion regarding Phase I implementation

Committee Meeting Information

Presenter(s): Raymond S. Greenberg, M.D., Ph.D., Executive Vice Chancellor for Health Affairs

Status: Reported/Discussed

Discussion at meeting:

Dr. Greenberg said the Phase I implementation plan of Project DOC (Diabetes Obesity Control) is being finalized, and meetings have been held with experts across the U. T. System to review the initiative and with health care payers to gauge interest. A sustainable business model for the project is being developed, and potential donors and corporate representatives have also been contacted to gauge their interest in the project.

He reported the next phase of the project will be to develop a technology platform and to pilot test the technology. Dr. Greenberg said a budget for the project is being finalized for submission to the Board of Regents for approval, and he assured the Board that other sources of funding are being pursued to support the activity.

ADJOURNMENT

Committee Chairman Stillwell adjourned the meeting at 2:25 p.m.

MINUTES
U. T. System Board of Regents
Facilities Planning and Construction Committee
February 11, 2015

The members of the Facilities Planning and Construction Committee of the Board of Regents of The University of Texas System convened at 2:31 p.m. on Wednesday, February 11, 2015, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Chairman Cranberg, presiding
Vice Chairman Hicks
Vice Chairman Powell
Regent Aliseda
Regent Stillwell

Also present were Regent Hildebrand, Regent Pejovich, Regent Richards, and General Counsel Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Cranberg called the meeting to order in Open Session. The PowerPoint presentation concerning all items is set forth on Pages 7 - 35.

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

Committee Meeting Information <i>Presenter(s): Committee Chairman Cranberg</i> <i>Status: Reported</i>

There were no items referred from the Consent Agenda.

2. **U. T. Health Science Center - San Antonio: MARC North Clinical Facility - Amendment of the FY 2015-2020 Capital Improvement Program to include project (Preliminary Board approval)**

Committee Meeting Information <i>Presenter(s): William L. Henrich, M.D., President, U. T. Health Science Center - San Antonio</i> <i>Status: Approved</i> <i>Motion: Made by Vice Chairman Powell, seconded by Regent Stillwell, and carried unanimously</i>
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3. **U. T. Health Science Center - San Antonio: MARC Plaza - Amendment of the FY 2015-2020 Capital Improvement Program to include project (Preliminary Board approval)**

Committee Meeting Information

Presenter(s): William L. Henrich, M.D., President, U. T. Health Science Center - San Antonio
Status: Approved
Motion: Made by Vice Chairman Powell, seconded by Regent Stillwell, and carried unanimously

4. **U. T. M. D. Anderson Cancer Center: Mays Clinic - Replace Outside Air Handling Units - Amendment of the FY 2015-2020 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; and appropriation of funds (Final Board approval)**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Executive Director of Program Management, Office of Facilities Planning and Construction
Status: Approved
Motion: Made by Vice Chairman Powell, seconded by Regent Stillwell, and carried unanimously

5. **U. T. M. D. Anderson Cancer Center: Renovate Diagnostic Imaging Area A - Main Building - Floor 3 - Amendment of the FY 2015-2020 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; and appropriation of funds (Final Board approval)**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Executive Director of Program Management, Office of Facilities Planning and Construction
Status: Approved
Motion: Made by Vice Chairman Powell, seconded by Regent Stillwell, and carried unanimously

6. **U. T. M. D. Anderson Cancer Center: Renovate Outpatient Clinics - Main Building - Floor 7- Amendment of the FY 2015-2020 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; and appropriation of funds (Final Board approval)**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Executive Director of Program Management, Office of Facilities Planning and Construction
Status: Approved
Motion: Made by Vice Chairman Powell, seconded by Regent Stillwell, and carried unanimously

7. **U. T. M. D. Anderson Cancer Center: Renovate Outpatient Clinics - Main Building - Floor 10 - Amendment of the FY 2015-2020 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; and appropriation of funds (Final Board approval)**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Executive Director of Program Management, Office of Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Powell, seconded by Regent Stillwell, and carried unanimously

8. **U. T. Dallas: Brain Performance Institute - Amendment of the FY 2015-2020 Capital Improvement Program to decrease total project cost; approval to revise funding sources; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Executive Director of Program Management, Office of Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Hicks, seconded by Regent Stillwell, and carried unanimously

Discussion at meeting:

Vice Chairman Hicks said the Brain Performance Institute is one of the jewels of U. T. System and he said he hopes it will expand in the years to come. Regent Stillwell commented on the successful fundraising abilities of Dr. Sandra Bond Chapman, founder and Chief Director of the Center for BrainHealth.

Regent Hildebrand asked if the additional \$12 million raised by Dr. Chapman is being used to endow the service cost of the building, and President Daniel answered no, that it is operating funds that have already been raised but are not dedicated to the building; it is for the operations of the facility to get it going. Regent Stillwell asked if the additional funds were being used as an endowment. President Daniel reiterated that no, it is not an endowment at this time. It is unrestricted money for operations that could be put in an endowment. Committee Chairman Cranberg added that he believes Dr. Chapman runs an impressive operation. He is enthusiastic about the potential for the project and looks forward to seeing the project get built.

9. **U. T. Medical Branch - Galveston: Building 17 Expansion - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Executive Director of Program Management, Office of Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Powell, seconded by Regent Stillwell, and carried unanimously

Discussion at meeting:

In reply to a question from Regent Stillwell about the naming of "Building 17," President Callender said historically, the buildings on campus were numbered, so that convention continued; however, there are names for various clinical research and education facilities.

10. **U. T. Austin: Renovate Moore-Hill Dormitory - Amendment of the FY 2015-2020 Capital Improvement Program to increase total project cost; and appropriation of funds and authorization of expenditure (Final Board approval)**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Executive Director of Program Management, Office of Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Hicks, seconded by Regent Stillwell, and carried unanimously

Follow-up action: Need to approve the lifecycle of the project, rather than a piece at a time.

Discussion at meeting:

Regent Stillwell and Vice Chairman Powell commented on how old the building was and questioned the expense of renovating an old building, saying that they had both lived in the dormitory. Mr. David L. Rea, Associate Vice President of Campus Planning and Project Management at U. T. Austin, said that next year the building will be 60 years old. Vice Chairman Powell noted the building's prime location on campus. Mr. Dixon said the Campus Master Plan identified the building as one of the more important to the campus fabric, and the only significant improvement planned for the foreseeable future is the replacement of windows. President Powers agreed the building fits with the architecture of the campus, and he said doing anything different to that building without doing something very different to that entire area of the campus would be difficult. Regent Stillwell said there is also a line of sight issue, and President Powers agreed that building higher would be a problem.

Regent Hildebrand commented on the significant proposed increase in the cost for the minimal amount of work, and President Powers explained this is a continuation of work that has to be done in the summer. In reply to a question from Committee Chairman Cranberg about the work that was approved in 2013, Mr. Rea confirmed that the work was done in

Summer 2014. Committee Chairman Cranberg asked if the original \$8.8 million in total project cost had already been spent, and Mr. Rea confirmed that it has been. Regent Cranberg suggested that in the future, the total lifecycle of a project be presented rather than a piece at a time.

11. **U. T. M. D. Anderson Cancer Center: RHI (Rotary House International) Renovations and Repairs - Amendment of the FY 2015-2020 Capital Improvement Program to increase total project cost; and appropriation of funds and authorization of expenditure (Final Board approval)**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Executive Director of Program Management, Office of Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Hicks, seconded by Regent Stillwell, and carried unanimously

Follow-up action: Provide number of Design-Build projects (as opposed to Construction Manager-at-Risk or Competitive Sealed Proposals)

Discussion at meeting:

Regent Hildebrand asked about the frequency of the Design-Build project delivery method (rather than Construction Manager-at-Risk or Competitive Sealed Proposals). Mr. Dixon answered that approximately 10% of projects are done this way but stated that he would get the exact figure to confirm number of occurrences.

12. **U. T. Health Science Center - Houston and U. T. M. D. Anderson Cancer Center: Update and discussion concerning space needs for health institutions in Houston**

Committee Meeting Information

Presenter(s): Giuseppe N. Colasurdo, M.D., President, U. T. Health Science Center - Houston; Ronald DePinho, M.D., President, U. T. M. D. Anderson Cancer Center

Status: Reported/Discussed

Discussion at meeting:

President Colasurdo spoke about the following points:

- Institution is at capacity for space
- There is land between U. T. and Baylor
- Exploring property outside of the Texas Medical Center (TMC) area to decompress space on campus to use for a variety of needs such as call centers, revenue cycle, educational activities, and for the Schools of Biomedical Informatics and Nursing.

In reply to a question from Committee Chairman Cranberg, Dr. Colasurdo said the cost of space outside the TMC would vary from \$28-\$30 per square foot for base lease and higher for wet lab space at \$70-\$80 per square foot or more.

President DePinho spoke about the following points:

- *High volume of traffic with over seven million patient visits in the relatively small geographic footprint of the TMC*
- *Strategically for TMC member institutions, the need is to decant noncritical path or back office type activities into lower cost areas of the city outside of the TMC area*
- *TMC would be higher cost (both as an investment and operationally) than further out in the Greater Houston area*
- *U. T. M. D. Anderson Cancer Center invested in a mid-campus building years ago to decant many leases held in the TMC area and capacity will be served by a combination of more fully using that building space and maximizing existing space utilization to consolidate the more expensive lease space into current infrastructure space.*

Mr. Leon J. Leach, Executive Vice President and Chief Business Officer at U. T. M. D. Anderson Cancer Center, responded to Regent Cranberg's question on internally available space by saying that the critical space needs are primarily for laboratory space and relatively little office space is currently being leased in the TMC area.

ADJOURNMENT

Committee Chairman Cranberg adjourned the meeting at 3:15 p.m.

Agenda Items

Mr. David Dixon, Executive Director for Program Management, Facilities Planning and Construction

Facilities Planning and Construction Committee (FPCC)
U. T. System Board of Regents' Meeting
February 2015



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U. T. System

FY 2015-2020 Capital Improvement Program (CIP)

CIP Total as of February 1, 2015	\$ 6,425,654,478
CIP New Construction Additions	\$ 32,750,000
CIP R&R Construction Additions	\$ 28,347,500
DD Approvals/TPC Modifications	\$ 19,700,000
Total Change in CIP at today's meeting	\$ 80,797,500
Projects removed from CIP this quarter	\$ (1,140,360,000)
CIP Total after today's meeting	\$ 5,366,091,978
CIP Total - February 2013	\$6.1 billion
CIP Total - February 2014	\$6.5 billion



Consideration of Project Additions to the FY 2015-2020 Capital Improvement Program

- Six (6) Health projects

– UTHSCSA MARC North Clinical Facility	\$16,750,000
– UTHSCSA MARC Plaza	\$16,000,000
– UTMDACC Mays Clinic Replace Outside Air Handling Units	\$ 6,000,000
– UTMDACC Renovate Diagnostic Imaging Area A Main Building Floor 3	\$ 4,800,000
– UTMDACC Renovate Outpatient Clinics Main Building Floor 7	\$ 9,047,500
– UTMDACC Renovate Outpatient Clinics Main Building Floor 10	\$ 8,500,000



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U. T. Health Science Center - San Antonio

Proposal for the MARC North Clinical Facility

Presented by William L. Henrich, M.D., M.A.C.P.
President



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U. T. Health Science Center - San Antonio MARC North Clinical Facility

- Construct an 18,000 gross square foot (GSF) clinical facility in North San Antonio
- Expand services to improve patient access and service line distinction
- Extend teaching and translational research



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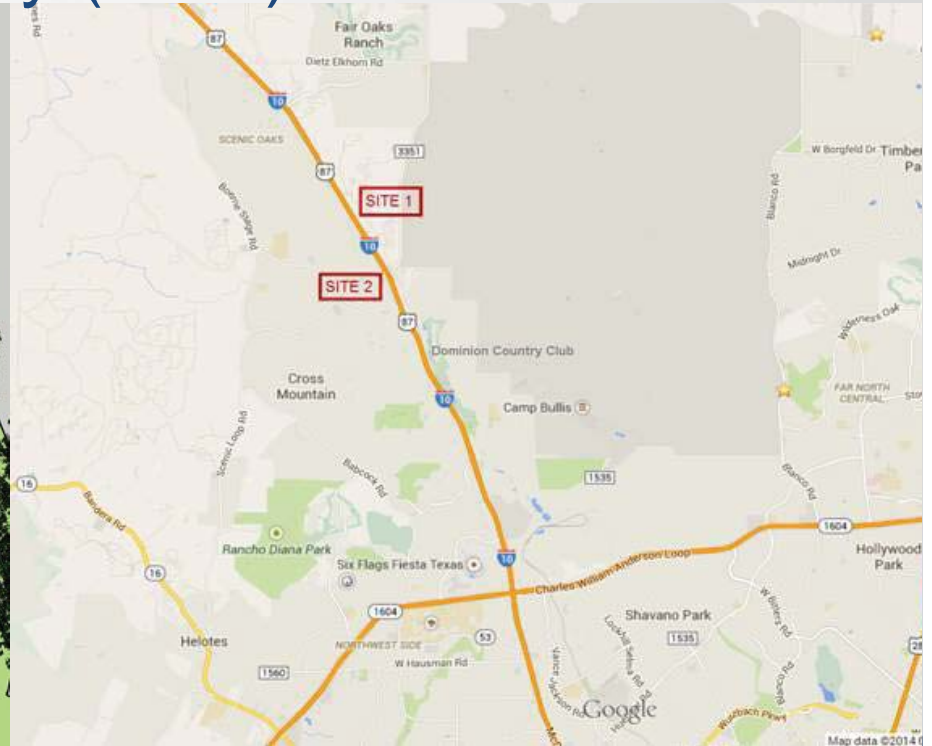
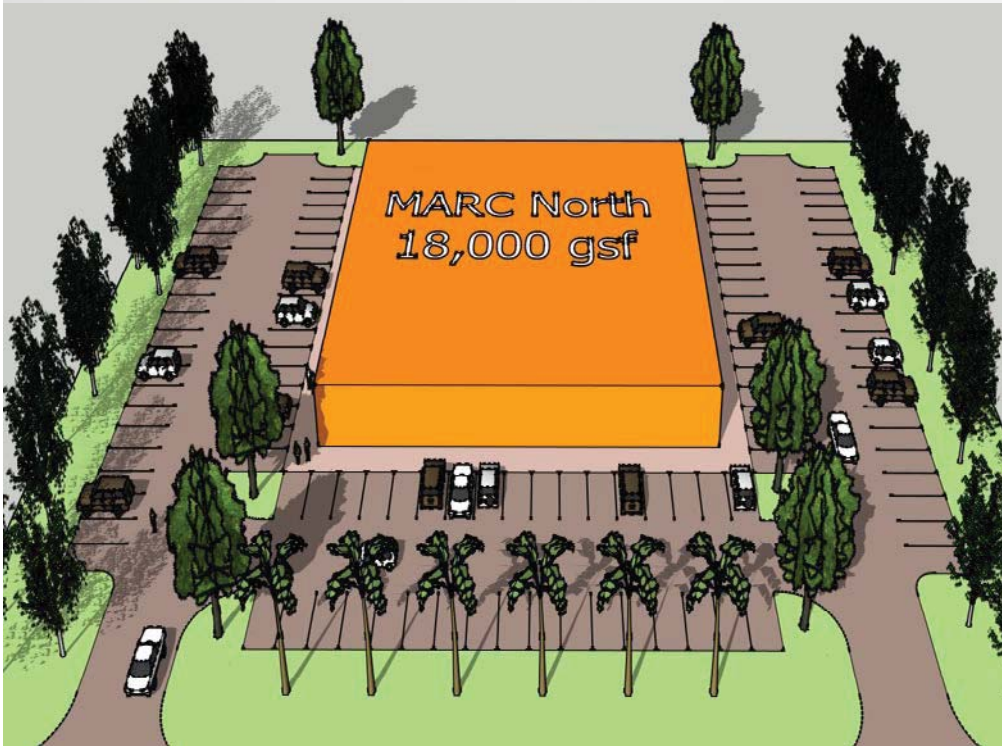
U. T. Health Science Center - San Antonio MARC North Clinical Facility (cont.)

Facility Cost	\$ 8,940,000	
Equipment	7,810,000	
CIP Request	\$16,750,000	
Land	2,050,000	
Total Project Cost	\$18,800,000	
Facility Cost / GSF	18,000	\$497
Construction Cost / GSF		\$309

Funding Source	Amount
Revenue Financing System (RFS)	\$10,990,000
Institutional Reserves	7,810,000
Total Funding	\$18,800,000



U. T. Health Science Center - San Antonio MARC North Clinical Facility (cont.)



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U. T. Health Science Center - San Antonio

Proposal for the MARC Plaza

Presented by William L. Henrich, M.D., M.A.C.P.
President



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U. T. Health Science Center - San Antonio MARC Plaza

- Construct a 75,000 GSF office building
- Reduce lease costs by \$1.3M per year
- Space for staff displaced by clinic expansion
- Consolidate support operations on campus



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U. T. Health Science Center - San Antonio MARC Plaza (cont.)

Total Project Cost	\$16,000,000	
Total Gross Square Foot (GSF)	75,000	
TPC / GSF		\$213
TCC / GSF		\$160

Funding Source	Amount
Revenue Financing System (RFS)	\$16,000,000



U. T. Health Science Center - San Antonio MARC Plaza (cont.)



17



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U. T. M. D. Anderson Cancer Center Mays Clinic - Replace Outside Air Handling Units

- Replace four outside air handling units and related control systems
- Institutional Management
- \$6,000,000 Total Project Cost
 - Hospital Revenues



U. T. M. D. Anderson Cancer Center

- Renovation of spaces to include demolition of interior panels, removal of the ceiling, and replacement of infrastructure systems to ensure systems meet requirements for new diagnostic imaging equipment and other clinic needs
- Institutional Management
- Renovate Diagnostic Imaging Area A - Main Building - Floor 3
 - Total Project Cost - \$4,800,000 - Hospital Revenues
- Renovate Outpatient Clinics - Main Building - Floor 7
 - Total Project Cost - \$9,047,500 - Hospital Revenues
- Renovate Outpatient Clinics - Main Building - Floor 10
 - Total Project Cost - \$8,500,000 - Hospital Revenues



Consideration of Design Development Approval

- One (1) Academic project
 - U. T. Dallas Brain Performance Institute
- One (1) Health project
 - U. T. M. B. Galveston Building 17 Expansion



U. T. Dallas

Brain Performance Institute

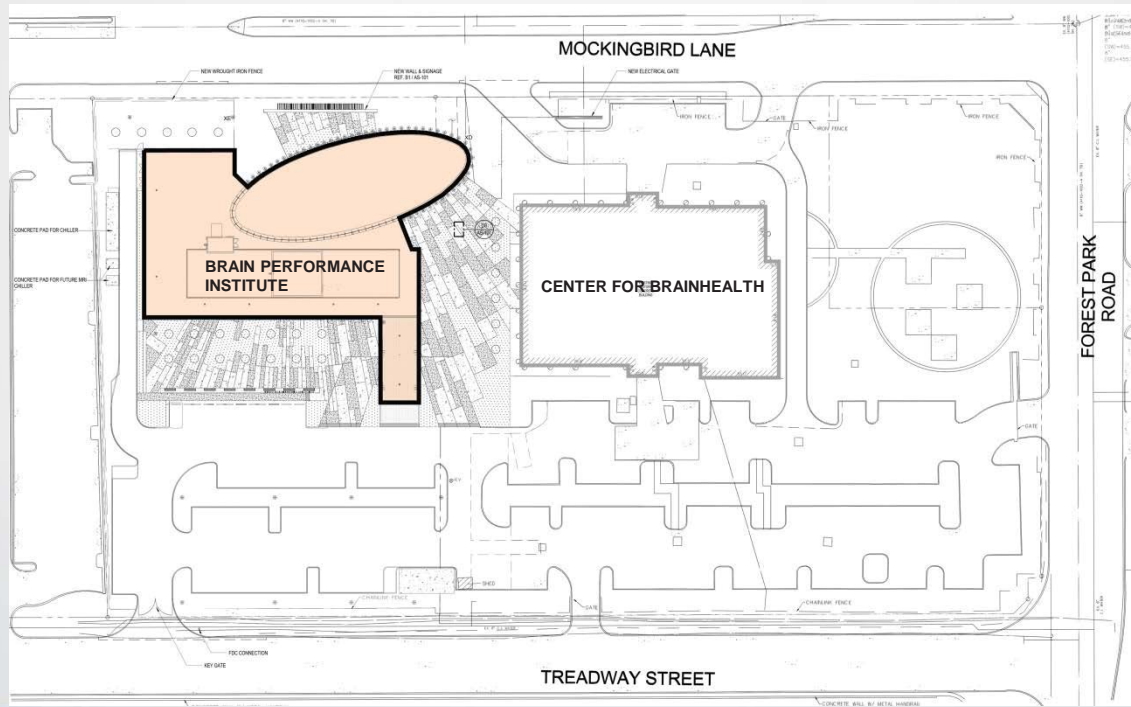
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U. T. Dallas Brain Performance Institute



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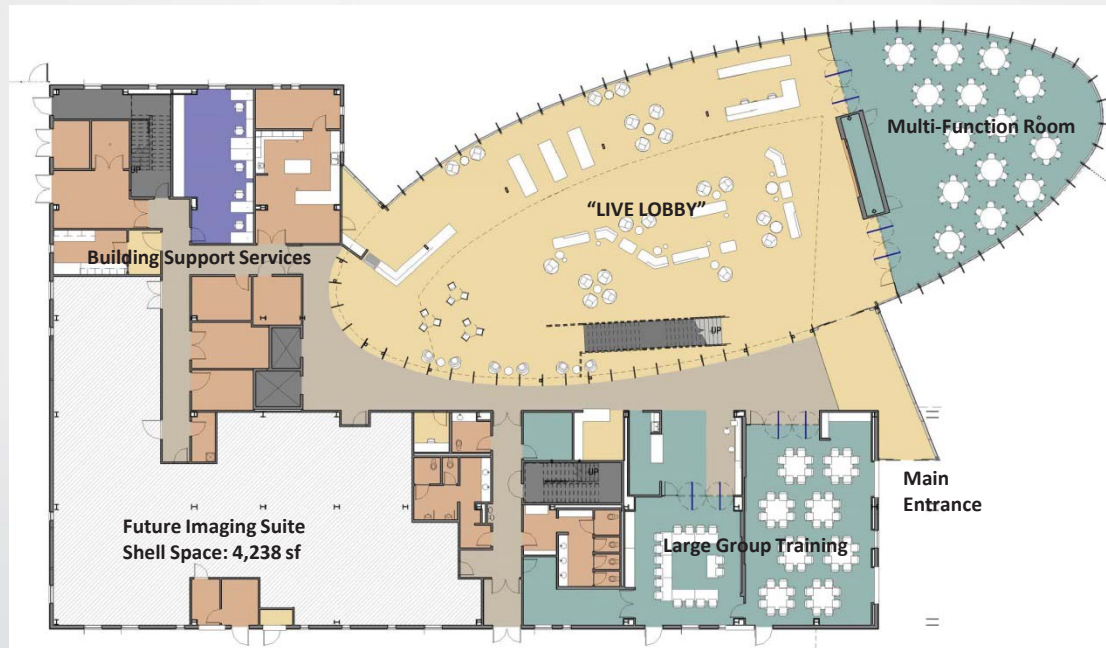


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Campus Plan

U. T. Dallas Brain Performance Institute (cont.)



LEVEL 1

23



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Site Plan

U. T. Dallas Brain Performance Institute (cont.)



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View from Above

U. T. Dallas Brain Performance Institute (cont.)



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View from Mockingbird Lane

U. T. Dallas Brain Performance Institute (cont.)



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View from Entry

U. T. Dallas Brain Performance Institute

- \$29,000,000 Total Project Cost
 - \$18,416,300 Gifts
 - \$ 3,870,000 PUF (UTRIP)
 - \$ 3,713,700 Unexpended Plant Funds (TRIP)
 - \$ 3,000,000 RFS



U. T. Medical Branch - Galveston

Building 17 Expansion



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U. T. Medical Branch - Galveston Building 17 Expansion

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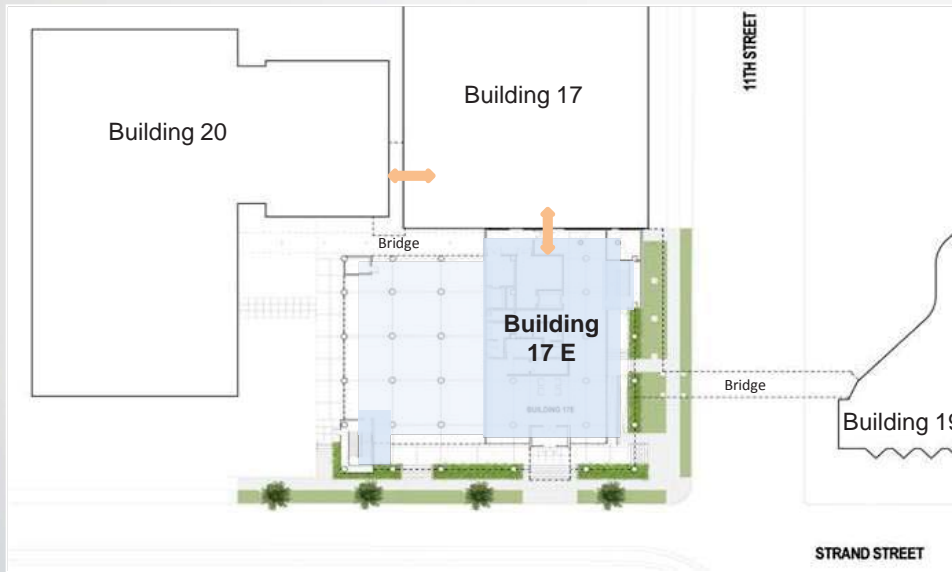
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Campus Plan

U. T. Medical Branch - Galveston Building 17 Expansion (cont.)

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Site Plan

U. T. Medical Branch - Galveston Building 17 Expansion (cont.)



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View from Strand Street

U. T. Medical Branch - Galveston Building 17 Expansion

- \$42,000,000 Total Project Cost
 - \$30,500,000 PUF
 - \$11,500,000 RFS



U. T. Austin

Renovate Moore-Hill Dormitory

- Increase Total Project Cost for expanded scope to renovate community and single bathrooms, renovate ADA-compliant student rooms, and provide additional finish work in student rooms
- \$14,800,000 Total Project Cost
 - Auxiliary Enterprises Balances



U. T. M. D. Anderson Cancer Center Rotary House International Renovations and Repairs

- Increase Total Project Cost for expanded scope to renovate 40,000 GSF of lobby areas on levels one and two, replace fan coil units and controls in patient rooms and common areas, upgrade fire alarm system, and repair exterior waterproofing system
- \$28,000,000 Total Project Cost
 - \$ 9,000,000 RFS
 - \$19,000,000 Auxiliary Enterprises Balances



U. T. Health Science Center – Houston U. T. M. D. Anderson Cancer Center

Space needs for health institutions in Houston



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MINUTES
U. T. System Board of Regents
Technology Transfer and Research Committee
February 11, 2015

The members of the Technology Transfer and Research Committee of the Board of Regents of The University of Texas System convened at 10:45 a.m. on Wednesday, February 11, 2015, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Chairman Hall, presiding
Vice Chairman Hicks
Regent Aliseda
Regent Cranberg
Regent Hildebrand

Also present were Chairman Foster, Vice Chairman Powell, Regent Pejovich, Regent Richards, and General Counsel to the Board Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Hall called the meeting to order in Open Session.

Committee Chairman Hall introduced Associate Vice Chancellor Julie Goonewardene, who was hired in the Office of Technology Commercialization in 2014 after a national search. She manages the U. T. Horizon Fund.

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

Committee Meeting Information

Presenter(s): Committee Chairman Hall
Status: Reported/Discussed

There were no items referred from the Consent Agenda.

2. U. T. System: Report and discussion on the Institute for Transformational Learning's (ITL) program development and technology initiatives

Committee Meeting Information

Presenter(s): Dr. Steven Mintz, Executive Director, Institute for Transformational Learning; Dr. Marni Baker Stein, Chief Innovation Officer

Status: Reported/Discussed

Follow-up actions:

1. Regent Hall asked that the Board be provided with information such as milestones, deliverables, expectations, and difficulties encountered along the way to enable the Board to closely monitor and understand the work of the ITL and to be able to participate and assist.
2. Present ITL's strategic plan to the Technology Transfer and Research Committee and to the full Board.

Discussion at meeting:

Dr. Baker Stein responded to a question from Regent Aliseda about the Middle School to Medical School program, saying the high school experience is being built and aspects may be used to drive the middle school experience.

Chairman Foster asked how the education community, such as accrediting agencies like the AAU (Association of American Universities), is accepting the idea of competency-based education. He specifically asked if the organizations are open to evaluating an education on outcomes rather than on time spent in a classroom.

Dr. Baker Stein noted this is a rapidly-emerging conversation across federal, state, and regional accrediting agencies and organizations. She said there are varying degrees of approval and support from the middle to western states to SACS (Southern Association of Colleges and Schools) to other accrediting agencies across the U.S. She explained that competency-based education is a more outcomes-focused or an outcomes-driven approach that can consistently measure student progress towards outcomes and mastery. She said the intent is not a full-blown, direct assessment, competency-based approach where there is no transcript and students can go at any speed that they want to. Rather, the program works within the constraints of the accrediting agency and with the fact that medical schools and professional schools still require transcripts and grade point averages. She called the Institute for Transformational Learning's (ITL) approach as "competency-based light" in the sense that it is outcomes-focused and outcomes can be tracked, but students will still get a course-based transcript and a grade point average that is understood by, for example, a medical school. Dr. Mintz added that this will be a guided experience that will look much like the education everyone is familiar with.

Regent Hall commented on the multiple start-up ventures of the ITL that will require an intense focus by this Committee to assist the Chancellor in this undertaking. He asked that the Board be provided with information such as milestones, deliverables, expectations, and difficulties encountered along the way to

enable the Board to closely monitor and understand the work of the ITL and to be able to participate and assist. Dr. Mintz said the ITL Strategic Plan will be provided to Chancellor McRaven on February 19, 2015.

Regent Hall added that mistakes will be made because the ITL is trying to do things that have not previously been done. He said the ITL is trying to respond to free market forces from the outside and deal with changes in technology in an appropriate, but entrepreneurial manner. He said if successful, the ITL's initiatives will address significant structural problems in higher education that impede access, quality, and affordability.

Chancellor McRaven said he had asked Dr. Mintz for the ITL's strategic plan by the end of the month, and then a detailed plan would be presented to the Board of Regents with details so that the Board understands and is completely comfortable where this initiative is headed. Noting the large investment in the ITL, he said he wants to make sure everybody has a full appreciation for the details of the initiative.

3. U. T. System: Report on the U. T. System Innovation Framework 2014 initiative to create a U. T. Systemwide research experts tool to promote research collaboration

Committee Meeting Information

Presenter(s): Dr. Stephanie Huie, Vice Chancellor for Strategic Initiatives

Status: Reported/Discussed

Discussion at meeting:

Dr. Huie demonstrated the InFluent website, a research experts tool, to be launched in May 2015.

Regent Cranberg commended Dr. Huie on the marketing strategy for the research experts tool, and he asked if there were goals or benchmarks to determine success over the next year or two. Dr. Huie demonstrated the method to contact researchers to determine the types of partnerships that have developed and tracking mechanisms.

Regent Aliseda asked about the templates to be used by the institutions to input information on research that is being conducted, and Dr. Huie described the publications database that contains data on researchers' academic careers. Regent Hildebrand commented that this data relates to published periodicals and articles, and he asked how data is inputted on unpublished or on-going research. Dr. Huie described a Phase Two data collection process that will identify faculty members who are seeking research partners and types of research. Vice Chancellor for Research and Innovation Hurn added that the system will also track grants.

In reply to a question from Regent Hildebrand, Dr. Huie said the tool will be used to connect individual researchers across the U. T. System institutions as well to develop partnerships across disciplines in business and industry to increase commercialization opportunities.

Vice Chairman Powell asked about the origins and timeline of this initiative, and Dr. Hurn explained the Board's authorization of approximately \$12 million for the Innovation Framework in May 2014 that funded this initiative and two other initiatives that will be presented in May 2015: the Entrepreneurship Academy Network and the expansion of Texas FreshAIR. She noted the research experts tool initiative is ahead of schedule, and the two other initiatives are progressing well.

Vice Chairman Powell also commented on the success of the seekUT program.

4. U. T. System: Discussion and appropriate action regarding report and recommendations from the Task Force on Intellectual Property Issues

Committee Meeting Information

Presenter(s): President Vistasp M. Karbhari, U. T. Arlington

Status: Approved

Motion: Made by Regent Aliseda, seconded, and carried unanimously

Discussion at meeting:

Saying that strategically, U. T. System institutions need to attract more industry research funding, Regent Cranberg asked about industry's concerns in collaborating with university institutions with respect to options to commercialize intellectual property (IP). Dr. Karbhari described options being used by other institutions, including advance agreements that include a certain amount of up-front financing for research and agreements that are based on prior IP held between two industrial sectors.

Regent Cranberg expressed a desire to facilitate commercialization of IP while keeping the attention on the primary goal of advancement of knowledge, and Dr. Karbhari agreed that the University's IP should be shared for the benefit of the students and faculty. He said not only do the Regents' Rules need to be changed, but the way in which some processes are conducted at the U. T. System institutional level needs to be changed to speed up the overall process. He said the time it takes from the point at which a sponsor indicates interest to the point of agreement is sometimes long.

Regent Stillwell asked about student ownership of IP, and Dr. Karbhari said IP was differentiated between IP that is part of funded research and IP created as part of a student's normal studies program. He described the difference, and Regent Stillwell asked if there would be rules or protocols describing the arrangements. Dr. Karbhari said there would be such rules, and Vice Chancellor for Research and Innovation Hurn explained this is already being done to a certain extent. She clarified the Regents' Rules need to be crystal

clear about the conditions in which a student would own his or her own IP. Regent Stillwell expressed that trying to preserve and protect the student's interest is a worthy goal, but is complicated.

Regent Hildebrand noted that the lack of transparency on IP and the need for an overhaul of related policies was identified by the Board's Task Force on Engineering Education for the 21st Century.

He asked if there was a model that could be used as a benchmark for institutions to achieve perfection. Dr. Karbhari said there is not a model because all institutions are trying to work through the same problems, but he noted Penn State and the University of Minnesota as two examples. Regent Hall added that there are many different models throughout the institutions, and no "one size fits all."

ADJOURNMENT

Committee Chairman Hall adjourned the meeting at 11:46 a.m.