

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

May 11-12, 2011

Austin, Texas

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/s/ Carol A. Felkel
Secretary to the Board of Regents
September 9, 2011

MINUTES
U. T. System Board of Regents
Audit, Compliance, and Management Review Committee
May 11, 2011

The members of the Audit, Compliance, and Management Review Committee of the Board of Regents of The University of Texas System convened at 4:30 p.m. on Wednesday, May 11, 2011, 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 Pejovich, presiding
Vice Chairman Foster
Regent Cranberg
Regent Hall

Also present were Vice Chairman Hicks, Vice Chairman Dannenbaum, Regent Gary, Regent Kalkwarf, and Assistant General Counsel to the Board Rabon.

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.

1. **U. T. System: Report on the external audit of the Fiscal Year 2010 U. T. M. D. Anderson Cancer Center Annual Financial Report and the plan for the external audit of the Fiscal Year 2011 U. T. System Annual Financial Report**

Committee Meeting Information

Presenter(s): Ms. Vicki Keiser, Deloitte & Touche
Status: Reported/Discussed

Discussion at meeting:

Ms. Keiser reported that 8,500 hours are planned Systemwide to assist Deloitte with this engagement. Committee Chairman Pejovich asked Ms. Keiser if the reason for the high number of audit hours was due to the experience and integrity of the U. T. System staff, and Ms. Keiser responded affirmatively. Ms. Keiser said that because of the quality of the staff and the extent of the testing that they had undertaken, Deloitte was able to rely on that assistance.

2. U. T. System Board of Regents: Approval of proposed appointment of members to the Audit and Ethics Committee of the Board of Directors of The University of Texas Investment Management Company (UTIMCO)

Committee Meeting Information

Presenter(s): Chairman Pejovich
Status: Approved
Motion: Made, seconded, and carried unanimously

Discussion at meeting:

Vice Chairman Foster, who is the Chairman of the UTIMCO Board of Directors, noted the recommended appointments of Mr. R. Steven Hicks, Vice Chairman of the U. T. System Board of Regents, and Mr. James P. Wilson, a member of The Texas A&M University System Board of Regents, had been approved by the UTIMCO Board.

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

Committee Meeting Information

Presenter(s): Mr. Charles Chaffin, Chief Audit Executive
Status: Reported/Discussed

4. U. T. System: Presentation on the U. T. Systemwide Endowment Compliance Program

Committee Meeting Information

Presenter(s): Dr. Randa S. Safady, Vice Chancellor for External Relations
Status: Reported/Discussed
Follow-up action: Provide more information in response to Regent Cranberg's question about the Brackenridge Track endowment.

Discussion at meeting:

For endowments with various donors, Regent Gary asked if the relationship with donors is maintained at the institution, and Dr. Safady replied affirmatively. She explained the relationship can be managed by one person or by multiple people depending on the circumstance, but all donors receive a report of use and financial reports.

Regent Cranberg asked if the endowments that are reviewed include nonfinancial assets such as donated land, and he cited the example of the U. T. Austin Brackenridge Tract, asking if that gift would be considered an endowment subject to compliance for donor intent. Dr. Safady explained that sometimes a gift of real estate or stocks is liquidated into cash that is used to start an endowment. Regent

Cranberg asked if there are other examples of assets like the Brackenridge Tract that are excluded from review for appropriate expenditures, and Dr. Safady replied affirmatively.

Mr. Chaffin clarified that assets are reviewed as groups, and he gave the example of oil and gas leases managed by the University Lands Office in West Texas that are subject to periodic audit. He added that real estate matters are generally handled by the U. T. System Real Estate Office. Mr. Chaffin agreed with Regent Cranberg that those types of assets are not included in the Endowment Compliance Program.

Following an explanation by Assistant Vice Chancellor for Development and Gift Planning Services Lynch, Executive Vice Chancellor Kelley said the dollars spun off go into the endowed fund, and that is what is reviewed. Regent Cranberg said if there is some purpose designated by the donor for an underlying asset such as the Brackenridge Tract, that may fall under a different category of assessment. Dr. Kelley added the trust minerals and trust properties are generated in a different way but the revenue goes into an endowment that is reviewed.

For assets whose corpus is not reviewed in the Endowment Compliance Program, Regent Cranberg asked about a way to systematically capture that that kind of asset is being devoted to the purpose consistent with donor intent. Dr. Kelley indicated the Brackenridge Tract is a relatively unique case, and he said that would require review.

Committee Chairman Pejovich said the Endowment Compliance Program is an example of how the U. T. System Administration and the institutions work together toward the common goal of gaining the public trust. She added this is also an example of collaboration of the audit and compliance functions.

RECESS TO EXECUTIVE SESSION

At 5:20 p.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: Discussion with institutional auditors and compliance officers concerning evaluation and duties of individual System Administration and institutional employees involved in internal audit and compliance functions

RECONVENE IN OPEN SESSION

The Executive Session ended at 5:24 p.m., and the Committee reconvened in Open Session to adjourn. No action was taken on the item discussed in Executive Session.

ADJOURNMENT

Committee Chairman Pejovich adjourned the meeting at 5:25 p.m.

MINUTES
U. T. System Board of Regents
Finance and Planning Committee
May 12, 2011

The members of the Finance and Planning Committee of the Board of Regents of The University of Texas System convened at 2:02 p.m. on Thursday, May 12, 2011, 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 Foster, presiding
Regent Cranberg
Regent Gary
Regent Hall
Regent Pejovich

Also present were Chairman Powell, Vice Chairman Dannenbaum, Vice Chairman Hicks, Regent Kalkwarf, Regent Stillwell, 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 Foster called the meeting to order.

1. U. T. System Board of Regents: Discussion and appropriate action related to approval of Docket No. 146

Committee Meeting Information

Presenter(s): Committee Chairman Foster; Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs

Status: Discussed

Discussion at meeting:

Chairman Foster noted:

- *The annual report on post-tenure review for the academic and health institutions on Pages Docket 3 - 8*
- *U. T. Health Science Center - Houston's agreement of cooperation with the Kuwait Institute for Medical Specialization on Page Docket - 32 has been withdrawn at the request of the institution.*

- *Significant contract items as follows:*
 - *Three contracts for U. T. Austin on Pages Docket 12 - 13 for broadcast and webcast rights to University Interscholastic League athletic championship events, telephone fundraising services, and operation of two chemistry research storerooms*
 - *A competitively bid contract between U. T. Southwestern Medical Center and GCA Services Group of Texas for approximately \$24.5 million to provide custodial housekeeping services on the campus on Page Docket - 26.*
 - *Two contracts with U. T. M. D. Anderson Cancer Center:*
 - *one contract on Page Docket - 37 with Cryogene Partners for up to \$12 million for handling and storage of specimens for researchers, and*
 - *a contract amendment on Page Docket - 38 with Computer Sciences Corporation for up to \$6 million for project management resources for clinical application systems.*
- *The agreement with Dr. John Mendelsohn as Co-Director of the Institute for Personalized Cancer Therapy at U. T. M. D. Anderson Cancer Center on Page Docket - 40. Advance notice of this proposed agreement has been provided to the Legislative Budget Board.*

2. 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*

3. U. T. System: Approval of \$6 million of Available University Funds for a Shared Services Initiative

Committee Meeting Information

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

Discussion at meeting:

Regent Pejovich asked if additional functions would be added, and Dr. Kelley responded affirmatively, saying other opportunities would be explored, such as the

employee group insurance and employee benefits programs that could be handled in a central office as explained by Treasury Manager William Huang. Committee Chairman Foster said there have been discussions on the Board about taking advantage of the U. T. System's size and complexity and rolling out these functions to the larger U. T. System institutions, at which time the real savings should be evident. Executive Vice Chancellor Shine spoke about possible involvement by the health institutions.

Dr. Kelley replied to a question from Regent Cranberg about the use of PeopleSoft by saying the program is used by most of the health institutions and some academic institutions.

4. U. T. System: Approval of the Fiscal Year 2012 Budget Preparation Policies and Calendar

Committee Meeting Information

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

Status: Approved

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

Discussion at meeting:

Committee Chairman Foster asked if there were any substantive changes from last year, and Mr. Wallace said the institutions were asked to state how their budgets fit with the strategic plans.

Regent Cranberg asked if the statement in paragraph 3.B. of the Agenda materials (Page 105 of the Agenda materials) that states, "institutions should give priority to implementing merit salary increases for faculty and staff" refers to general increases or other uses, and Mr. Wallace replied that sometimes general State employees receive across-the-board increases as mandated by the Legislature, but higher education does not give across-the-board increases. He said any increase given is based on merit and performance.

Regent Cranberg then asked what is intended by "public service" in the next paragraph of the Budget Preparation Policies, and Mr. Wallace described public service activities related to the educational function but not directly related to teaching. He gave the example of museums, and Regent Cranberg provided further examples.

5. **U. T. System: Update regarding centralized investment of operating funds**

Committee Meeting Information

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

Status: Reported/Discussed

Discussion at meeting:

Committee Chairman Foster explained U. T. Medical Branch - Galveston has not been able to recover since they had to liquidate after Hurricane Ike, drawing some of the principal when the market was down. The institution, therefore, did not have the principal with which to recover. Dr. Kelley indicated the institution might be breaking even now.

6. **U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended February 28, 2011**

Committee Meeting Information

Presenter(s): Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer, UTIMCO

Status: Reported/Discussed

Discussion at meeting:

Mr. Zimmerman said for the fiscal year to date (through April 2011), endowments are up 18.1%, and the Intermediate Term Fund is up 15%. He remarked on the strong capital markets due to stimulus in the economy and 0% interest rates. The value add is about 50 basis points. Mr. Zimmerman says UTIMCO positions itself defensively. He reported on \$724 million in revenue for the Permanent University Fund.

Mr. Zimmerman stated the Federal Reserve has been providing a significant amount of stimulus, and he said it will be interesting to see the effect on the economy in the next 3 - 6 months with events taking place in the large economies of China, Japan, and Europe.

Regent Hall asked about liquidity, and following some discussion, Mr. Zimmerman said the methodology reflects what could be monetized under normal market conditions within 90 days without taking more than a 10% discount.

Regent Gary asked Mr. Zimmerman to describe strategies used by UTIMCO. Mr. Zimmerman said the first principle is a diversified portfolio. He reviewed the portfolio, noting UTIMCO uses 176 different managers. In the case of the downturn in the economy in 2008, they think of "not highly probable but certainly possible" scenarios where portfolios would underperform. With these simulations, projections,

and analyses, UTIMCO purchases insurance against future inflation and sovereign debt insurance (such as on Japan). Mr. Zimmerman answered questions from Regent Cranberg about how much is spent in premiums and from Regent Hall about the burn-off period of low-volatility items.

ADJOURNMENT

Committee Chairman Foster adjourned the meeting at 3:00 p.m.

MINUTES
U. T. System Board of Regents
Academic Affairs Committee
May 12, 2011

The members of the Academic Affairs Committee of the Board of Regents of The University of Texas System convened at 11:00 a.m. on Thursday, May 12, 2011, 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
Vice Chairman Foster
Regent Hall
Regent Pejovich
Regent Stillwell

Also present were Vice Chairman Dannenbaum, Regent Cranberg, Regent Gary, Regent Kalkwarf, and Student Regent-Designate Rutkauskas.

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. He thanked the presidents for their leadership during a very challenging legislative session, managing what will, inevitably, be reduced budgets. In reference to the Task Force on University Excellence and Productivity and the Task Force on Blended and Online Learning, Committee Chairman Hicks also thanked the presidents for fully embracing the important Task Force objectives of continuing to enhance productivity and to expand online and blended educational opportunities on U. T. System campuses.

1. U. T. El Paso: Authorization to establish a Ph.D. degree in Ecology and Evolutionary Biology

Committee Meeting Information

Presenter(s): *President Diana S. Natalicio, U. T. El Paso; Executive Vice Chancellor for Academic Affairs David B. Prior*

Status: *Approved*

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

Follow-up actions:

1. *Per Regent Cranberg, additional interaction is needed to improve both the financial analysis for this proposal and the demand for this degree in the job market.*
2. *Improve template for degree proposals per Regent Cranberg:*
 - a. *Improve and track the financial analysis for degree proposals, perhaps using institutional experts in institutional business schools*
 - b. *Include a job market analysis for doctoral programs*
3. *Provide job market analysis in a consistent and systematic fashion to current and prospective doctoral students.*
4. *Dr. Prior committed to working with the Coordinating Board to improve the degree proposal process.*

Discussion at meeting:

Committee Chairman Hicks noted that Regent Cranberg had been involved in the review of this degree proposal and in developing a template to use for preparing and monitoring future degree proposals.

Regent Cranberg thanked Dr. Natalicio for her work to improve the materials relative to the Board's understanding of the proposal and students' understanding of undertaking a doctoral degree program in Ecology and Evolutionary Biology or another subject. He noted additional interaction is needed to improve the financial analysis and the demand for this degree in the job market.

Regent Cranberg recommended the following information be made available to prospective doctoral students:

- *A clear indication of job market prospects for each doctoral program. Include data on if and where graduates from similar programs find jobs and how much they expect to earn. Regent Cranberg noted this program happens to be in a growing field.*
- *Conduct a job market analysis for each Ph.D. program so that information will be conveyed in a consistent, systematic fashion to all Ph.D. students about the prospective job market. He noted for this particular program, 75-80% of the jobs are in academe. With regard to the financial analysis, he said the sustainability of programs depends on the ability to attract research dollars, and going forward, there will be assumptions that there are sufficient external research grants to support programs.*
- *Regent Cranberg suggested tracking the financial forecast as a learning experience. He recommended institutions use experts on staff in the institutional business schools who conduct market analysis and financial forecasting. He indicated these economical market justifications might be attractive opportunities for business schools to have some real-world examples to apply and would also allow other departments less familiar with such analyses to take advantage of expertise available on campus.*

President Natalicio said Regent Cranberg's involvement has energized her staff to look at new ways to conduct cost analyses. Dr. Prior committed to working with the Coordinating Board to improve the degree proposal process.

On the matter of demand for graduates, Dr. Natalicio said students with modest circumstances need a clear pathway to the job market, and she will be working on a more refined analysis, which, she recommended, be a Systemwide effort. She noted the growing worldwide interest in arid lands, and the potential development of related degree programs.

- 2. U. T. Arlington: Authorization to lease to the Young Women's Christian Association of Fort Worth and Tarrant County, a Texas nonprofit corporation, approximately 8,000 square feet of space in a building to be constructed by the institution on its campus at 403 South Davis Drive, Arlington, Tarrant County, Texas, for the operation of a daycare center; and finding of public purpose**

Committee Meeting Information

Presenter(s): Ms. Florence Mayne, Executive Director of Real Estate; President James D. Spaniolo, U. T. Arlington

Status: Approved

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

- 3. U. T. Brownsville: Authorization to purchase approximately 7.34 acres being Lot 1A, Block 2, University Park Unit 1 Replat, Brownsville, Cameron County, Texas, improved with a 103-unit apartment complex from TC-Met La Estancia, LLC, a Delaware limited liability company, for a purchase price not to exceed fair market value as established by independent appraisals for use as student housing for the institution, and resolution regarding parity debt (Deferred)**

Committee Meeting Information

Status: Item was deferred to the Board's Executive Session (Item 5 on Page 4 of the Board Minutes).

Note: The caption used for the Board's Executive Session was amended to reflect GB Brownsville 1, LLC, a Delaware limited liability company, as the seller of the property.

- 4. U. T. El Paso: Authorization to sell the land and improvements located at 1100 N. Stanton Street in El Paso, El Paso County, Texas, and known as the Stanton Medical Building, to the El Paso Community College District for a sales price of \$2,000,000 and to enter into a leaseback of a portion of the improvements on an interim basis and a memorandum of understanding with the District for the cooperative use of shared boiler and chiller facilities**

Committee Meeting Information

Presenter(s): Ms. Florence Mayne, Executive Director of Real Estate; President Diana S. Natalicio, U. T. El Paso

Status: Approved

Motion: Made, seconded by Vice Chairman Foster, and carried unanimously

5. **U. T. Permian Basin: Request to approve the honorific naming of the building located at 4919 East University Boulevard, Odessa, Ector County, Texas, on the U. T. Permian Basin campus, and housing The Presidential Museum and the John Ben Shepperd Public Leadership Institute, as the Buddy and Shirley West Building**

Committee Meeting Information

Status: Approved by consent

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

6. **U. T. Tyler: Request to approve the honorific naming of the Administration Building for the first President of U. T. Tyler as the James H. Stewart, Jr. Administration Building**

Committee Meeting Information

Status: The revised item set forth on Page 7 was approved by consent

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

The item was revised after the Agenda Book was mailed, and the substitute agenda item, which was approved, follows on Page 7.

7. **U. T. System: Discussion on academic leadership matters related to challenges in educating underserved populations**

Committee Meeting Information

Presenter(s): Executive Vice Chancellor for Academic Affairs David B. Prior; President Diana S. Natalicio, U. T. El Paso; President Juliet V. García, U. T. Brownsville; President W. David Watts, U. T. Permian Basin

Status: Discussed

Discussion at meeting:

Dr. Prior introduced the discussion topic and handed out a document titled, "U. T. System Academic Institutions' Progress Towards Meeting Closing the Gaps Targets" that is set forth on Page 8.

Dr. García

- *Of all students who attend U. T. Brownsville, 78% are under the poverty level (using U.S. poverty threshold measure), and 40% of entering students needed academic remediation (was 70%).*
- *Efforts are focused on meeting the Texas Higher Education Coordinating Board's student success target. President García defined a successful student as college-ready, attends college right after graduating from high school, attends full time, maintains a solid GPA, does not drop an excessive amount of classes, does not work more than 20 hours a week off-campus, and gets connected and engaged in activities on campus.*
- *The Student Employment Initiative Program requires students to enroll full time, maintain a GPA of 2.75, and work a maximum of 20 hours per week to receive meaningful employment on campus. The program has raised a) GPAs, b) completed number of hours, and c) student retention; an example of a huge return on investment.*

Dr. Natalicio

- *She works to create opportunities to achieve access and excellence, in part through the El Paso Collaborative for Academic Excellence, which is a pre K-16 partnership between U. T. El Paso, all area schools, and the El Paso Community College. Disparities between Hispanics and Anglo high school graduation rates in El Paso have declined from 40% to less than 10%, high school graduation rates across all ethnic groups in El Paso schools exceed the average of school districts in metropolitan U.S.A., and a college-going culture is developing. U. T. El Paso is attracting the best and brightest high school graduates.*
- *She works to address student's financial constraints by being conservative in tuition and fee increases, offering payments in installments, offering a book loan program, creating jobs for students on campus, and providing scholarship opportunities.*
- *Graduates from early college high schools enter U. T. El Paso as juniors - an efficient pathway.*

Dr. Watts

- *The freshman retention rate at U. T. Permian Basin was below 60% a few years ago; many students were working too much and were not well prepared academically.*
- *The institution focused a financial aid package on these students and offered jobs on campus. The Advancement by Individual Determination (AVID) program is a successful program for students to acquire skills to perform well at a University.*

Regent Gary asked about online remediation programs to correct academic deficiencies before students arrive on a university campus, and President Powers described the OnRamp program at U. T. Austin. Committee Chairman Hicks commented that the Board might be interested in investing in this.

Regent Kalkwarf thanked the presidents for their work in this area, saying generations of students are being given opportunities they would not otherwise have.

Regent Hall asked if there are negative effects on those students who receive their degrees in a compressed period of time. Dr. Natalicio answered that the early college high schools provide students the structure and discipline to focus on academics, and students are mature; however, she remarked that U. T. El Paso will continue to observe those students. President Powers commented on the importance of the on-campus residential living experience for some students. Dr. García spoke about the math and science academy for young students at U. T. Brownsville.

Vice Chairman Foster asked Dr. Natalicio if early college high school students are considered first-time, full-time college freshmen and asked how they will be counted in graduation rates assuming they come in as juniors. Dr. Natalicio said the Coordinating Board has been flexible in incorporating different pathways for students, and she anticipates these students will be counted in U. T. El Paso's graduation rates.

Dr. Mabry expressed concern for compressed time-to-degree for some students. Regent Cranberg commented on the cost of undergraduate, master's, and doctoral programs and asked about recognizing the difference in costs of service and making accessibility more affordable. Dr. Mabry discussed the difficulty of keeping undergraduate education at a reasonable level considering added costs associated with, for example, advising and supplemental instruction. Dr. Daniel said U. T. Dallas uses differential tuition for high cost programs and charges higher tuition in the master's program. He noted U. T. Dallas encourages attendance at community college for affordability reasons, and he said U. T. Dallas partners with community colleges to lock in tuition.

ADJOURNMENT

In closing, Committee Chairman Hicks again commended the institutional presidents for their work, saying it is appreciated. He adjourned the meeting at 12:10 p.m.

**SUBSTITUTE AGENDA ITEM
ACADEMIC AFFAIRS COMMITTEE
MAY 11-12, 2011**

6. **U. T. Tyler: Request to approve the honorific naming of the Administration Building for the first President of U. T. Tyler as the James H. Stewart, Jr. Administration Building**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and President Mabry that the U. T. System Board of Regents approve the honorific naming of the Administration Building at U. T. Tyler as the James H. Stewart, Jr. Administration Building to recognize the significant contributions of the first President of U. T. Tyler.

BACKGROUND INFORMATION

The University of Texas at Tyler was created in 1971 by the Texas Legislature as Tyler State College, a two-year, upper-level institution of higher education, and Dr. James H. Stewart, Jr., was appointed the first President in 1972. Four years later, the institution's name was changed to Texas Eastern University, and effective September 1, 1979, it became an institution of the U. T. System. Among Dr. Stewart's achievements are development of the only fully accredited institution of higher learning at the time in the 14-county East Texas region, construction of a functional and aesthetically desirable campus and physical plant, and securing of the first legislative budget appropriation. At the time of his retirement in 1981, enrollment had increased from 176 students in Spring 1973 to approximately 1,900 in Spring 1981. In 2005, Dr. Stewart was named President Emeritus of U. T. Tyler. He currently lives in the Dallas area.

Built in 1976, the Administration Building contains 48,191 square feet and houses administrative offices and conference rooms, including the Office of the President, Admissions Office, Registrar's Office, Office of Sponsored Research, and Office of Academic Affairs. Located on the main campus of U. T. Tyler at 3900 University Boulevard, it was among the first five buildings constructed on the current campus site from State appropriations totaling \$9 million for the five buildings.

The proposed naming is consistent with the Regents' *Rules and Regulations*, Rule 80307, relating to the honorific naming of facilities. This honorific naming request is made to recognize the extraordinary contributions of Dr. Stewart during the formative years of U. T. Tyler.

UT System Academic Institutions Progress Towards Meeting Closing the Gaps Targets

Focus on institutions that serve a significant population of first-generation students

Participation Goal: By 2015, close the gaps in participation rates to add 630,000 more students.

1. Increase the higher education participation rate for the African-American population of Texas from 4.6 percent in 2000 to 5.7 percent by 2015.
2. Increase the higher education participation rate for the Hispanic population of Texas from 3.7 percent in 2000 to 5.7 percent by 2015.

Success Goal: By 2015, award 210,000 undergraduate degrees, certificates and other identifiable successes from high quality programs.

1. Increase the number of students completing bachelor's degrees to 112,500 by 2015.
2. Increase the number of African-American students completing bachelor's degrees, associate's degrees and certificates to 24,300 by 2015.
3. Increase the number of Hispanic students completing bachelor's degrees, associate's degrees and certificates to 67,000 by 2015.
4. Increase the number of students completing doctoral degrees to 3,900 by 2015.
5. Increase the number of students completing allied health and nursing bachelor's and associate's degrees and certificates to 26,100 by 2015.
6. Increase the number of students completing engineering, computer science, math and physical science bachelor's and associate's degrees and certificates from 14,500 to 29,000 by 2015.

Notes:

- UT Pan American and UT Brownsville rank 2nd and 3rd, respectively, in the percentage of Hispanic enrollments among their student bodies.
- UT El Paso, UT Pan American, and UT San Antonio are among the top ten largest public academic universities in Texas.
- All the universities have seen an increase in Hispanic enrollments in excess of 50% since 2000, with UT Permian Basin and UT San Antonio more than doubling their Hispanic enrollments.
- UT El Paso and UT San Antonio rank in the top 10 among the state's public universities in the total number of bachelor's degrees awarded.
- UT San Antonio has almost quadrupled the number of bachelor's degrees awarded to African American students since 2000.
- UT Brownsville, UT Pan American, and UT Permian Basin have doubled the number of bachelor's degrees awarded to Hispanic students since 2000.

MINUTES
U. T. System Board of Regents
Health Affairs Committee
May 12, 2011

The members of the Health Affairs Committee of the Board of Regents of The University of Texas System convened at 12:30 p.m. on Thursday, May 12, 2011, 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 Dannenbaum
Vice Chairman Foster
Regent Gary
Regent Hall

Also present were Chairman Powell (Item 1) and Regent Kalkwarf. Committee Chairman Stillwell thanked the health presidents for their leadership of the outstanding health institutions of the U. T. System during a very challenging legislative session, managing what will, inevitably, be reduced budgets.

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.

1. **U. T. System: Discussion featuring research opportunities, accomplishments, and challenges at U. T. Health Science Center - San Antonio**

Committee Meeting Information

Presenter(s): *Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs; William L. Henrich, M.D., President, U. T. Health Science Center - San Antonio*

Status: *Discussed*

Follow-up action: *Vice Chairman Dannenbaum said he would like to speak to President Henrich about the elevation of the vivarium located at basement level of the South Texas Research Facility.*

Discussion at meeting:

President Henrich made a PowerPoint presentation, which is set forth on Pages 6 - 21.

Regent Stillwell asked about the peer review process, and President Henrich answered the NIH peer review model, by which grants are scored and then funded, is used by many organizations that conduct research. He stated the model is generally good, fair, and rigorous. U. T. Southwestern Medical Center President Podolsky added the evaluation of potential publications in quality journals by experts

in the field becomes a valuable part of the peer review process. Dr. Shine mentioned the importance of avoiding any conflict of interest by reviewers, and he gave the example of research, which is conducted in Texas, funded by the Cancer Prevention and Research Institute of Texas (CPRIT), but the peer reviewers are all from outside of the state and thus, are not eligible for that funding. Chancellor Cigarroa also mentioned rigorous reviews conducted for other types of grants.

Saying there is a one in seven chance that an NIH grant could be funded, President Mendelsohn (U. T. M. D. Anderson Cancer Center) said having other sources of funds is important.

In reply to a question from Dr. Shine about the effect of the reduced NIH budget and the challenges of the State budget, Dr. Henrich said the success rate of applicants to the NIH will be low, and it is the duty of institutional presidents and other top officials to figure out how to sustain research in promising programs that are going through difficult times. He also spoke about the financial pressures of the reduction in the State budget and the importance of the CPRIT and STARs (Science, Technology, Acquisition, and Retention) programs to help attract and retain faculty and researchers.

Regent Gary asked to whom Texas is losing medical students, and President Henrich and Dr. Shine answered they are going to both the public and private sectors.

Vice Chairman Dannenbaum said he would like to speak to President Henrich about the elevation of the vivarium located at basement level of the South Texas Research Facility.

2. **U. T. M. D. Anderson Cancer Center: Authorization to purchase Lot 2, Block 23, and adjacent streets and alleys, Institute Place Subdivision, Houston, Harris County, Texas, from Ollie W. Kelly and Brenda B. Kelly and any successors and assigns or other persons who may be determined to hold all or part of an interest in such land for a purchase price not to exceed fair market value as established by independent appraisals for future use for campus administrative and support functions**

Committee Meeting Information

Presenter(s): John Mendelsohn, M.D., President, U. T. M. D. Anderson Cancer Center

Status: Approved

Motion: Made by Vice Chairman Dannenbaum, seconded, and carried unanimously

3. **U. T. M. D. Anderson Cancer Center: Authorization to purchase Lot 7, Block 11, and adjacent streets and alleys, Institute Place Subdivision, Houston, Harris County, Texas, from Janice M. Smith and any successors and assigns or other persons who may be determined to hold all or part of an interest in such land for a purchase price not to exceed fair market value as established by independent appraisals for future use for campus administrative and support functions**

Committee Meeting Information

Presenter(s): John Mendelsohn, M.D., President, U. T. M. D. Anderson Cancer Center

Status: Approved

Motion: Made by Vice Chairman Dannenbaum, seconded, and carried unanimously

4. **U. T. Medical Branch - Galveston: Report on the Hurricane Ike Recovery Projects - Academic and Business Buildings, Healthcare Buildings, Infrastructure, and Research Buildings**

Committee Meeting Information

Presenter(s): David L. Callender, M.D., President, U. T. Medical Branch - Galveston; Mr. Stephen Harris, Facilities Planning and Construction Program Manager

Status: Reported/Discussed

Discussion at meeting:

Committee Chairman Stillwell asked about the status of the taxing district for the County of Galveston, and Dr. Callender said the Legislature gave the County two options regarding management of indigent patients: 1) form a hospital or health district that could collect taxes, and the tax revenue would be used to fund care for indigent patients at U. T. Medical Branch - Galveston (UTMB) and other regional hospitals, or 2) the County will raise its indigent care definition level to 100% of the federal poverty level from the 21% mandated by the State of Texas. Option 1 was chosen, taxes were increased (although a hospital district was not created), and the County met its obligation to the State. In response to a question from Regent Stillwell about the size of the taxpayer population, President Callender said the Galveston population is about 50,000, down from about 60,000 pre-Ike. He reminded Committee members to think of UTMB not just as Galveston Island, but as the larger service area that includes Greater Houston. In spite of the challenges, UTMB has grown in student enrollment, research expenditures, and number of clinics.

Dr. Kelley noted the enormous complexity of the project. Dr. Shine asked when the project would be completed, and Mr. Harris answered the damages should be repaired in about two years, and project completion is anticipated for two years after that.

Vice Chairman Dannenbaum asked if the Biosafety Lab-5 was ever threatened during the storm, and Dr. Callender responded neither the vital components of the lab nor the research were threatened in any way. Vice Chairman Dannenbaum asked that the elevation of the Level 5 lab, which is above the most cautious projections for a storm

of the magnitude of a tsunami and which has been highly reviewed, be noted for the public and for the record. Dr. Callender added the critical components are all above the safe level at 33 feet. Dr. Shine added the building was built to withstand both wind and water from a Category 5 storm.

Chancellor Cigarroa asked Dr. Shine to describe the insurance in place at the time of the hurricane. Dr. Shine said there was a \$50 million deductible, which was met by the institution, and \$100 million was contributed by the insurance company. He explained the concern about getting further insurance after the storm, but said the U. T. System today has insurance of the same magnitude, with the assurance that the insurance can increase as mitigation occurs.

[See Facilities Planning and Construction Committee Minutes (Item 11) for discussion of this project during the Facilities Planning and Construction Committee meeting later on May 12, 2011.]

5. U. T. Health Science Center - San Antonio: Approval to establish a Doctor of Medical Physics degree program and submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action

Committee Meeting Information

Presenter(s): William L. Henrich, M.D., President, U. T. Health Science Center - San Antonio; Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs

Status: Approved

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

Concluding remarks by Executive Vice Chancellor Shine

Discussion at meeting:

Dr. Shine reported the following:

- *There is concern about the publicity in Dallas concerning Parkland Hospital. He distributed an article of support (see Page 22) for the Hospital and U. T. Southwestern Medical Center that was generated by the community and would appear in several publications. Dr. Shine said he has complete confidence in the oversight U. T. Southwestern is providing. Regent Stillwell asked about the governance of Parkland, and Dr. Podolsky responded to the question.*

Committee Chairman Stillwell said he would serve as the point of contact on this matter and report to the Board as necessary following discussions with Chancellor Cigarroa, Dr. Shine, and/or Dr. Podolsky. Dr. Podolsky noted that "U.S. News and World Report" recently identified U. T. Southwestern's hospital as the #1 hospital in the region and Parkland as the #3 hospital among national rankings.

- *U. T. M. D. Anderson Cancer Center celebrated the 70th anniversary of its establishment.*
- *Transformation in Medical Education (TIME) projects were funded.*
- *President Calhoun, U. T. Health Science Center - Tyler, was reappointed to the Health Policy Council.*
- *There has been an increase in research funding for the health institutions.*

Regent Gary noted that U. T. Southwestern Medical Center has a total of 19 members in the National Academy of Sciences, which is more than all Texas medical institutions combined.

ADJOURNMENT

Committee Chairman Stillwell adjourned the meeting at 1:55 p.m.

RESEARCH OPPORTUNITIES AND ACCOMPLISHMENTS AT THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT SAN ANTONIO

William Henrich, MD, MACP, President
The University of Texas Health Science Center at San Antonio

The University of Texas System Board of Regents' Meeting
Health Affairs Committee
May 12, 2011



THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.

University of Texas Health Related Institutions (HRIs) Share Four Missions/Goals

To achieve excellence in:

1. Education

- **Medical Students**
- **Dental Students**
- **Nursing Students**
- **Basic Scientists**
- **Health Professionals**

2. Clinical Care

3. Research

4. Service

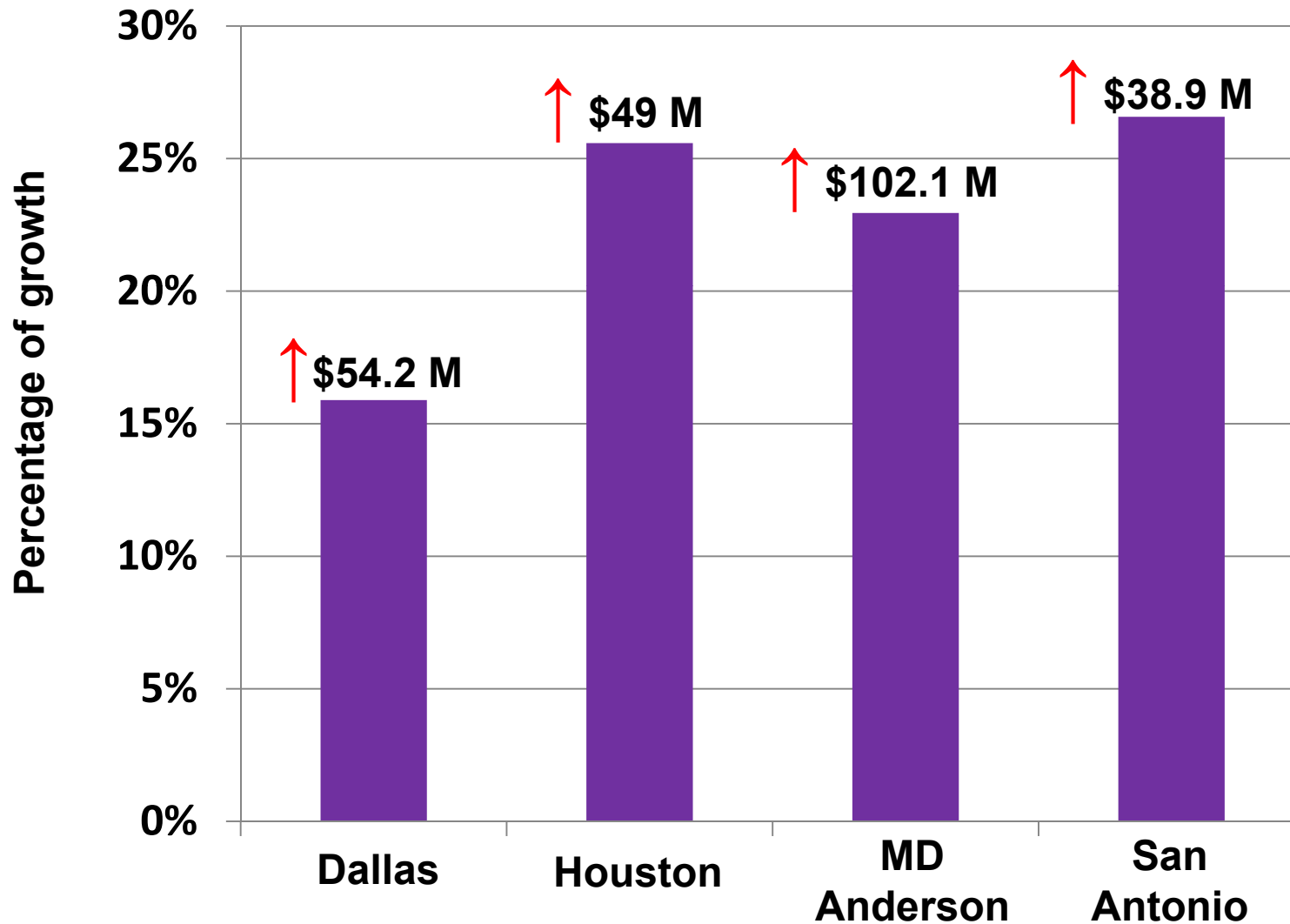
Excellence and Reputation:

- **Are most linked to peer-reviewed research productivity in HRIs because:**
 - **Peer reviewed research is measured objectively and is viewed as a surrogate for faculty excellence**
- **Research is highly complementary to the best clinical care and superb education**

Translational Medicine: A Unique Asset of the UT HRIs

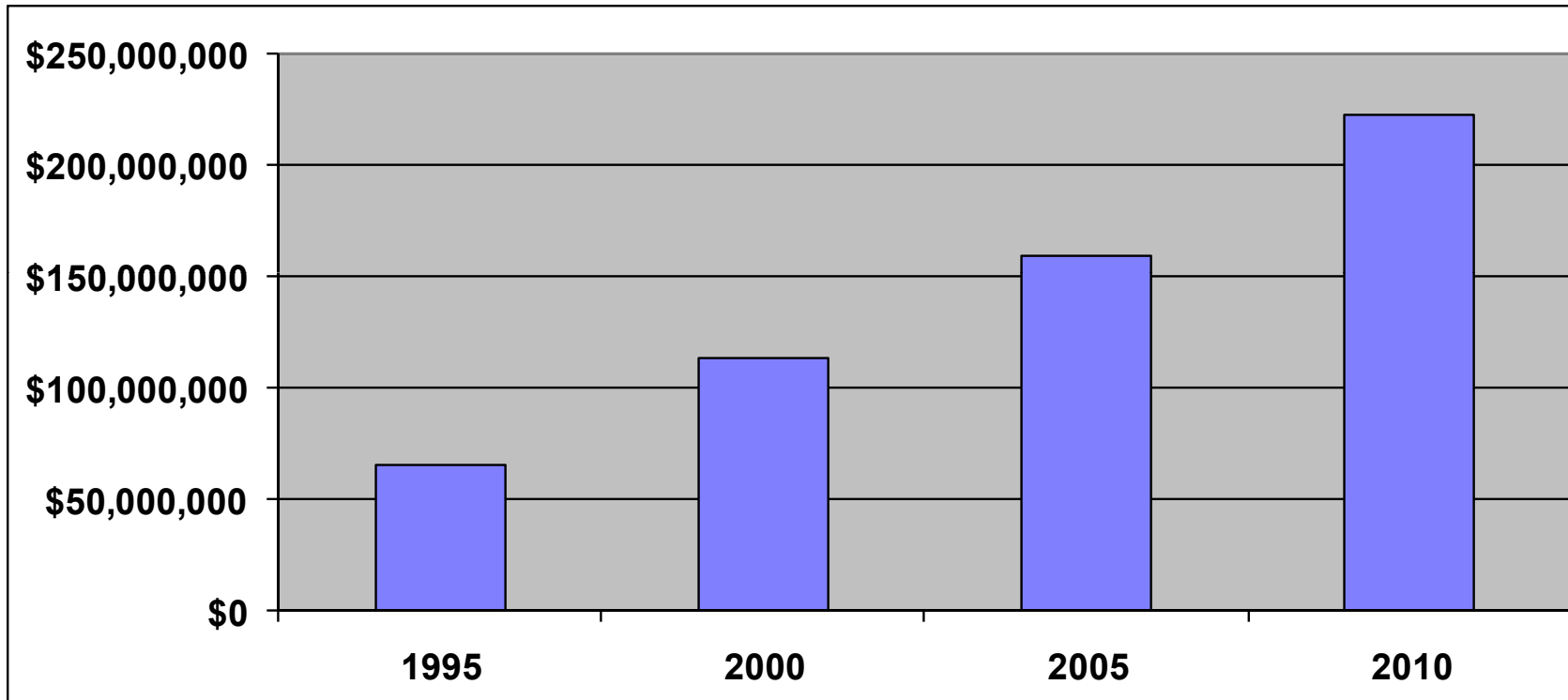
- The process whereby discoveries at the bench are delivered to patients with practical benefits which result in improved outcomes.
- Translational Research aims to accelerate the practical development of laboratory discoveries so that they have a more rapid measurable effect on human disease.
- Academic medical centers (such as the University of Texas HRIs) are in the best position to insure that discoveries are applied rapidly and efficiently to patient care.
- The NIH recognizes the importance of translational medicine.

Growth in R&D from fiscal years (2007-2010) for four UT Health Institutions



(Source: THECB)

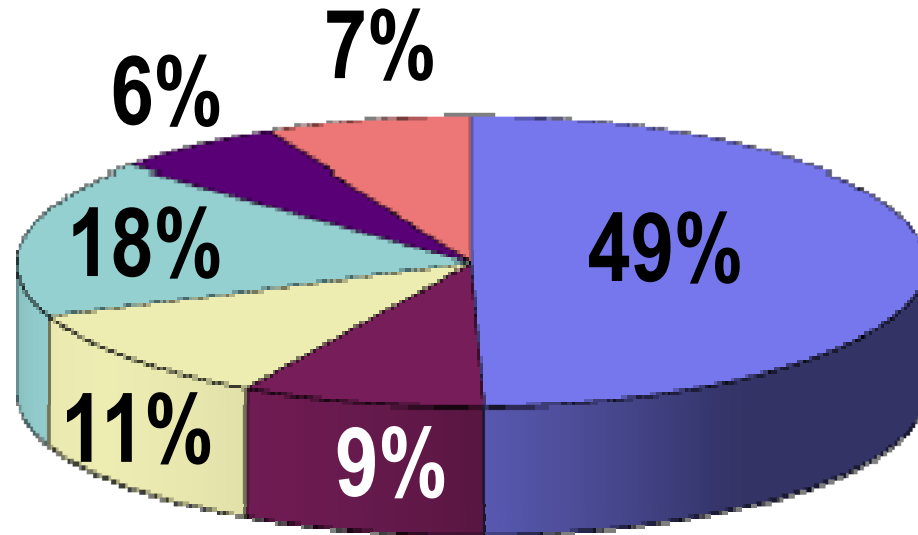
Sponsored Program Expenditures 1995 to 2010 at the Health Science Center at San Antonio



(During the years 2007 through 2010, Federal R&D expenditures increased by 28%)

(Source: THECB)

Fiscal Year 2010 Sponsored Program Awards Health Science Center at San Antonio



- Federal - NIH
- Other
- Federal - Other
- Private - For Profit
- Private - Non Profit
- State & Local

Sponsored program awards increased by 61% between 2001 and 2010

South Texas Research Facility: partnership of the University of Texas Board of Regents, the Texas Legislature and San Antonio philanthropy



South Texas Research Facility

- Rafael Viñoly Architects—New York
- Adjacent to Greehey Children's Cancer Research Institute—underground connection to vivarium
- Three floors and vivarium—188,530 GSF
- Support/Circulation 62,780 GSF; Efficiency 67%
- Cost \$150 million. Large open lab design
- Research Programs—Adult Cancer, Healthy Aging, Institute for the Integration of Medicine and Science, Institutional Cores, Neuroscience, Regenerative Medicine, South Texas Technology Management
- Scheduled for occupancy October 2011

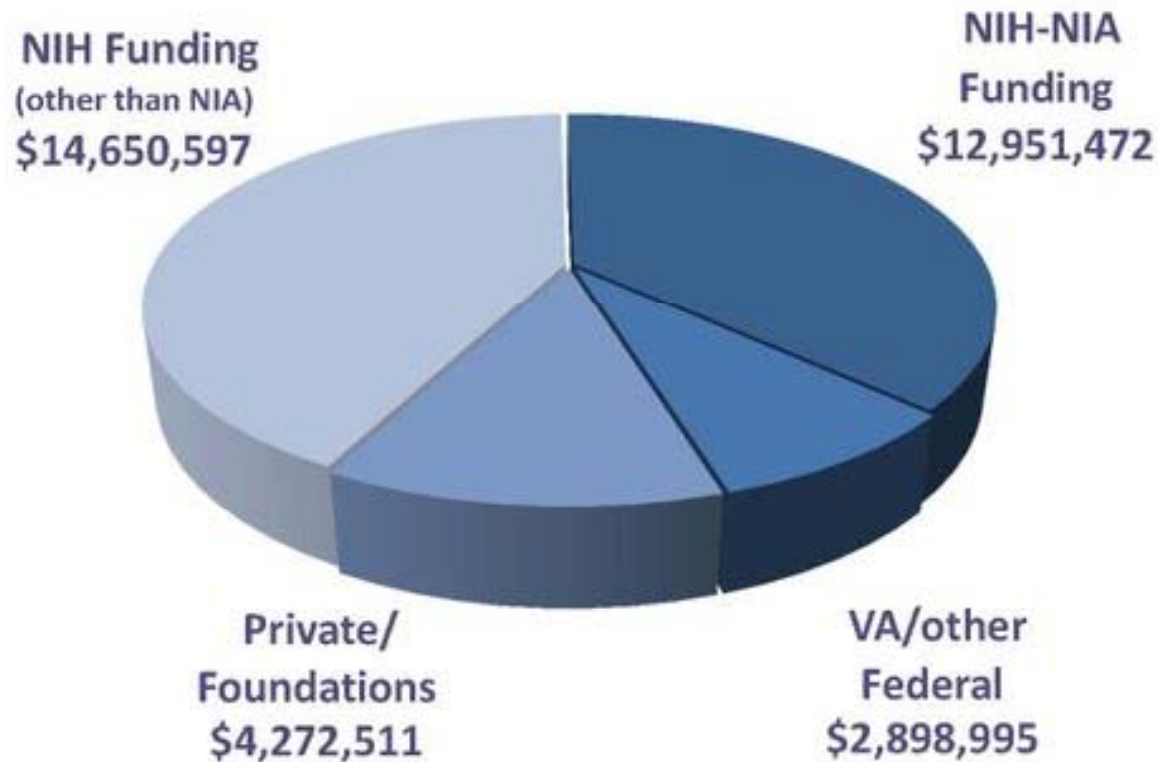
Health Science Center San Antonio

Research Priorities

- **Cancer**
- **Cardiopulmonary Disease**
- **Diabetes and Endocrinology**
- **Gerontology**
- **Neurological Disease/Neurosciences**
- **Oral Health/Pain Science**
- **Regenerative Medicine**
- **Transplantation**

Sam and Ann Barshop Institute for Longevity and Aging Studies

Aging-Related Research Funding to the
University of Texas Health Science Center at San Antonio
FY 2009 - \$34.8 million

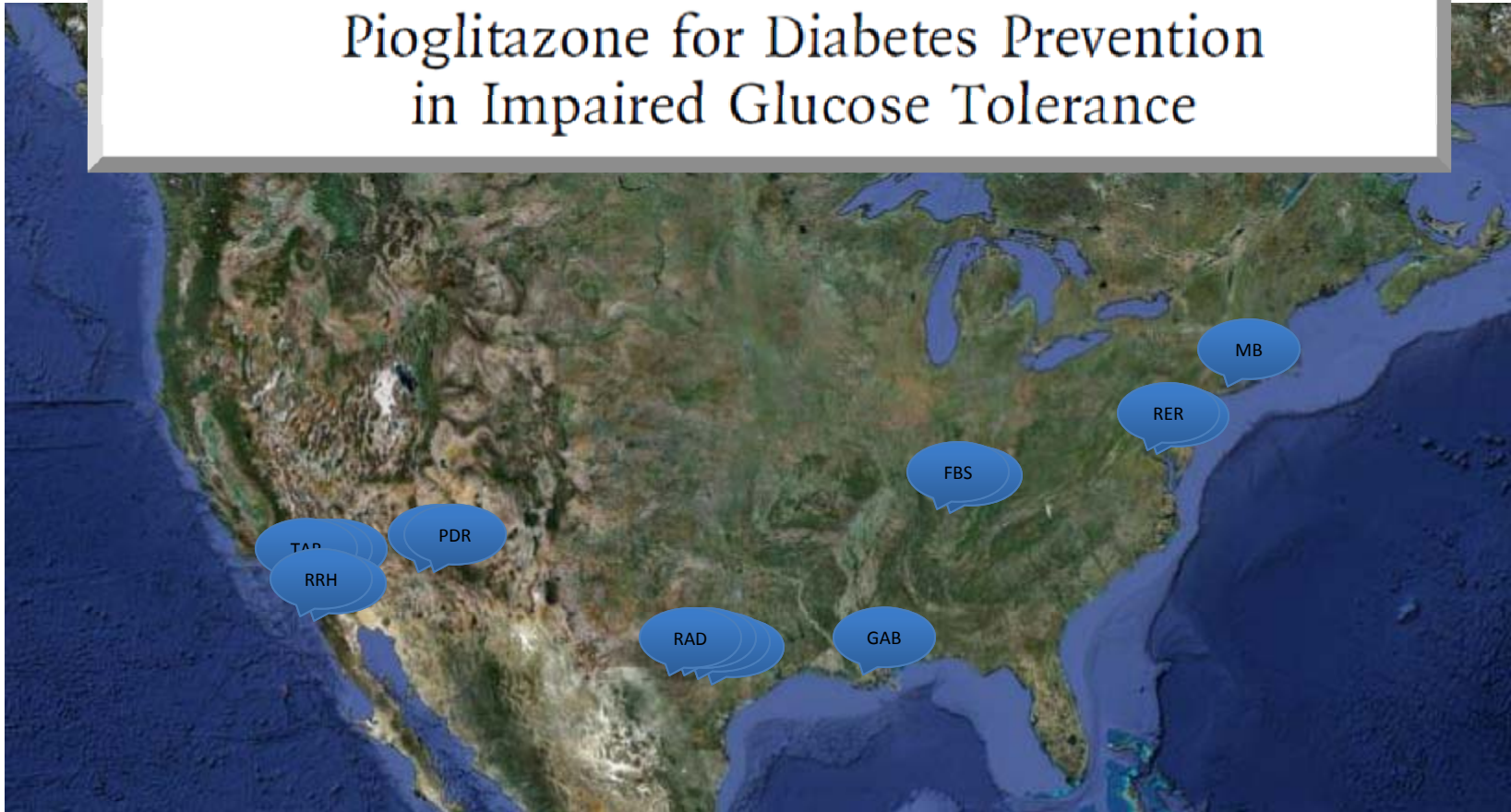


*Information compiled from reports of the HSC Office of Sponsored Research and the
South Texas Veterans Health Care System*

The NEW ENGLAND JOURNAL of MEDICINE

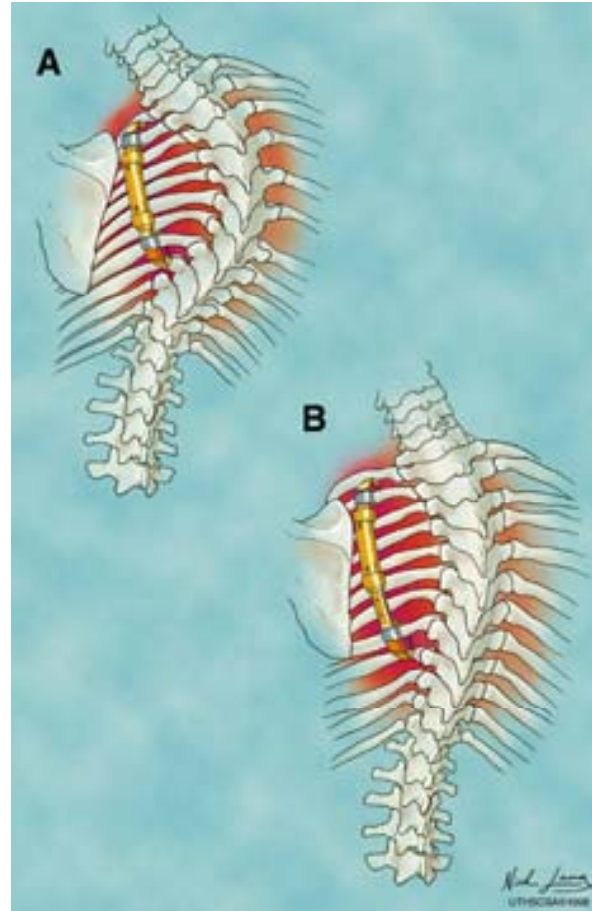
ORIGINAL ARTICLE

Pioglitazone for Diabetes Prevention
in Impaired Glucose Tolerance

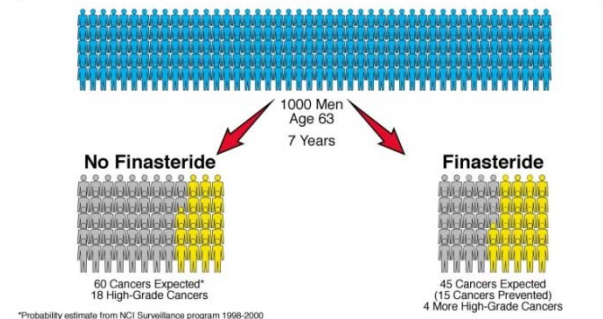


N Engl J Med 364;12 March 24, 2011

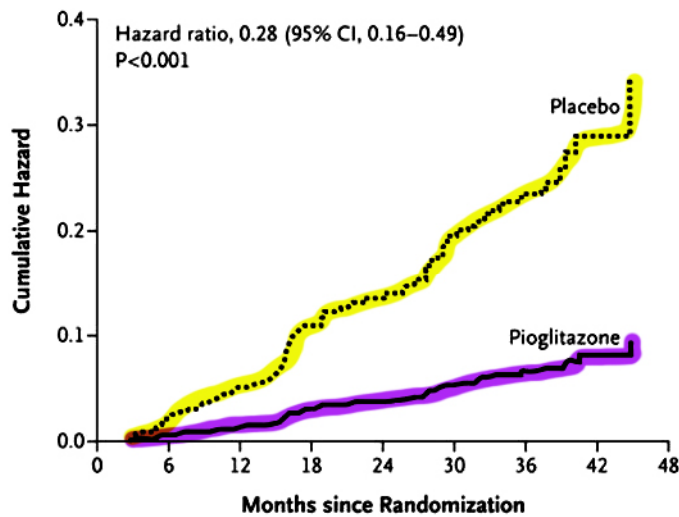
Prominent Research Breakthroughs at the Health Science Center at San Antonio



Estimated Benefit and Risk from Finasteride on Development of Prostate Cancer



Finasteride in Prostate Cancer Prevention



Pioglitazone

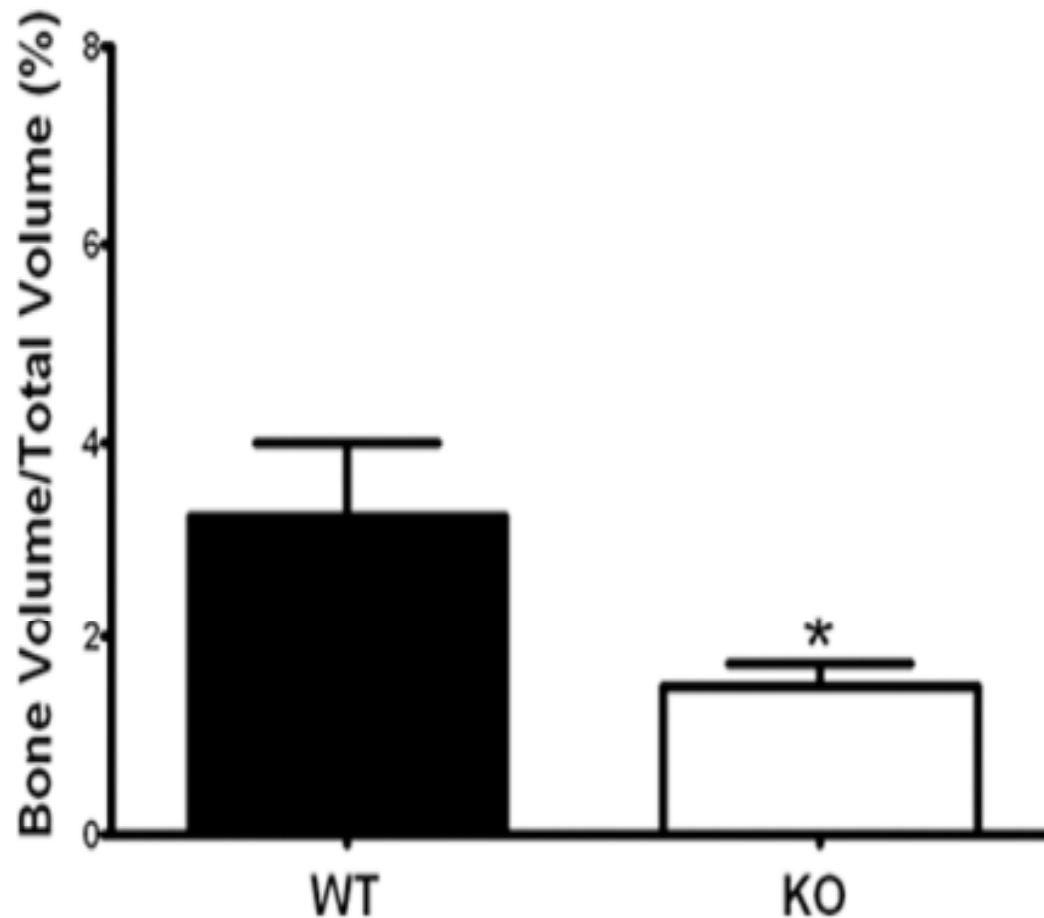
Titanium Rib

Rapamycin

An Example of Early Translational Science: Osteoporosis- A New Target for Therapy

- Osteoporosis can result in life-threatening bone fractures among older people.
- NIH-funded research has led to new medications and management strategies for osteoporosis that have reduced the hospitalization rate for hip fractures by 16% since 1993.
- Current NIH funded research at the HSC San Antonio is elucidating the molecular pathway of osteoporosis and is identifying new drug targets to reverse this disease.

Loss of the Protein Caspase 2 Results in Decreased Bone Volume in Mice



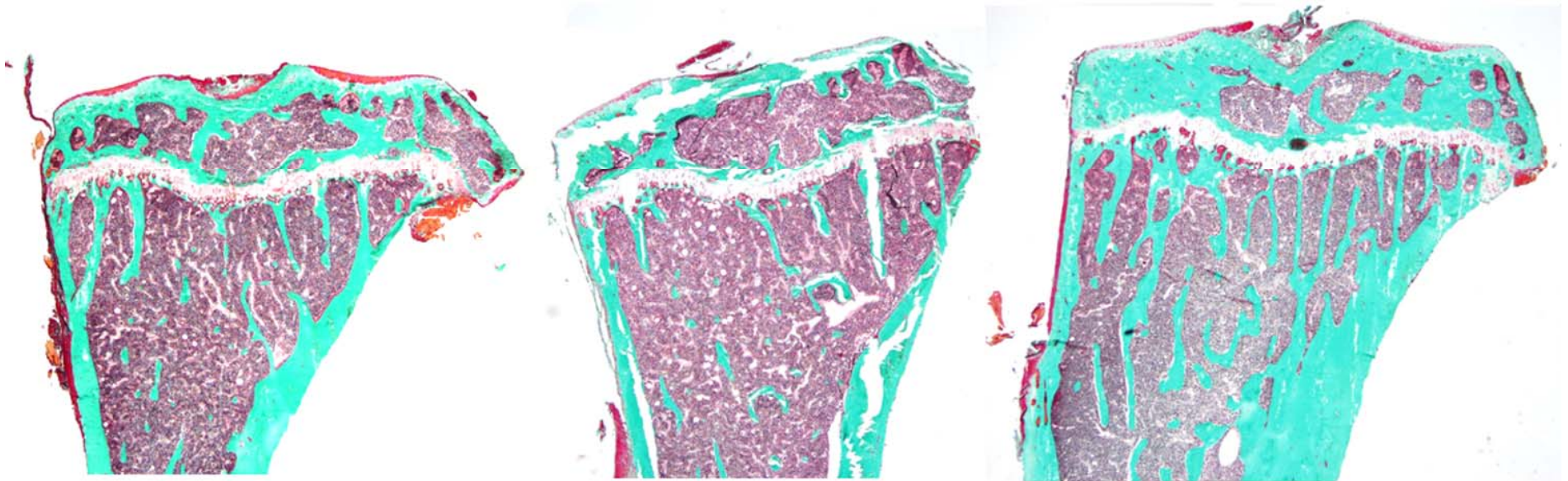
(Herman et al, unpublished data)

Overexpression of Caspase-2 Reverses Osteoporosis in Mice

WT

Casp2^{-/-}

Tg(Casp2)



Caspase 2 prevents bone loss and turnover in aging animals and may be a target for osteoporosis therapies

(Herman et al, unpublished data)

**STATEMENT OF SUPPORT
FOR
PARKLAND HEALTH AND HOSPITAL SYSTEM AND
UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER**

MAY 2011

Arcilia Acosta
John Adams
Erol Akdamar
Sara Meinic Albert
Bohn D. Allen, M.D.
Joel T. Allison
Barry Andrews
Kimberly J. Askew
Honorable Tennell Atkins
Marilyn Augur
Ralph W. Babb Jr.
W. Mike Baggett
Kristi K. Bare
Anne T. Bass
Jay L. Beavers, D.Min.
Henry C. Beck III
Peter Beck
Bob Best
David W. Biegler
Albert C. Black Jr.
Jan Hart Black
Lee C. Bloemendal, M.D.
Cecilia Boone
Randy Bowman
George Bramblett
Representative Daniel Branch
Beverly Mitchell Brooks, Ph.D.
Dick Brooks
Jean Ann Brock
Robert W. Brown, M.D.
Roger Butler, M.D.
John Randall Canedy
Commissioner Michael Cantrell
Mayor Dwaine Caraway
W. Plack Carr Jr.
Ronald L. Carter
Edward H. Cary III
Jeffrey Chapman
Robert A. Chereck
Fred E. Clarke III
Mrs. William P. Clements Jr.
Martin V. Coben
John M. Collins
Tom Collins
J. Jan Collmer
Serena Simmons Connelly
Mary McDermott Cook
David Corrigan
Berry Cox
Rita A. Cox
R. Tom Cravens
Harry Crutcher III
Mark Cwikla, M.D.
Garret Cynar, M.D.
Michael Darrrouzet
Levi H. Davis
Marie Dean
Daniela Decell
Mrs. Robert H. Dedman
Robert H. Dedman Jr.
James C. Denison, Ph.D.
Jay Dhingra
Commissioner Maurine Dickey
Mrs. David Donosky
Thomas M. Dunning
Michael J. Durham
Christopher Durovich
John Eagle
Kent Eastman
Tim Eller
Matrice Ellis-Kirk
Ellen Elsener
Robert A. Estrada
Laurie Evans
Roy Gene Evans
Finley Ewing III
Jerry J. Farrington
Jeffrey P. Fegan
Alan Feld
Neville Fernandes, M.D.
Lois Finkelman
Dee Finley
Ruth Miller Fitzgibbons
J. D. (Nash) Flores III
R. Stephen Folsom
Gerald J. Ford
John R. Ford

The Parkland Health and Hospital System and the University of Texas Southwestern Medical Center are vital and highly respected institutions serving the health care needs of Dallas County, North Texas, our state and our nation. Recognizing their importance in the clinical care of the medically indigent and private patients; in physician education and training; and in scientific research, Dallas' civic, business and governmental leaders have devoted time, talent and treasure to help build Parkland Hospital and UT Southwestern into two of the nation's premier health care and medical education organizations. We consider these institutions, the roles they play and the services they provide to be critical and extremely valuable to all who live here.

Over the years, Parkland Hospital and UT Southwestern have worked consistently to institutionalize "best practices" and widely held standards in medical education and training, and in hospital quality improvement and patient safety. On numerous occasions, professional and governmental third-party entities have validated the quality of their performance.

Additionally, in 2009 Parkland was awarded a "AAA" financial rating by Standard & Poor's, Moody's and Fitch rating services. To quote the Fitch report, "The Dallas County hospital district ... fulfills an essential role in providing safety-net health care services to Dallas County's Medicaid and indigent care population...." The report also noted that Parkland has one of the area's leading trauma facilities and the nation's second largest burn center.

We wish to let the citizens of the Dallas area know how much we appreciate and value the physicians, employees and volunteers of Parkland Hospital and UT Southwestern. Further, we take great pride in the many third-party commendations and recognitions of excellence that both institutions have historically - and continuously - received.

We are therefore proud to join together in this expression of support for two of our region's most valued and respected institutions.

Pearl Garza Fracchia
Alan D. Friedman
Duncan Fulton
Commissioner Elba Garcia
Larry W. George
Kathleen Gibson
State Representative Helen Giddings
Don Glendenning
Vincent Golbeck
Al Gonzales
William J. Goodwin
Mark Gottfredson
Joseph Grant
Richard W. Griner
Irwin J. Grossman
Rolf R. Haberecht, Ph.D.
Ronald W. Haddock
Joe M. Haggard Jr.
Nancy Strauss Halbreich
Howard Hallam
Donna D. Halstead
Susie and T. Hardie
Walker G. Harman Sr.
Paul W. Harris
Adelene Harrison
Linda and Mitch Hart
Robert Hasley
Douglas D. Hawthorne
Steven Hays, M.D.
Betsy Healy
Mark Hebert, M.D.
Frederick B. Hegi Jr.
Sarah Helfand, M.D.
Jeff Heller
Robert Hendler, M.D.
Barry Henry
Julie Hersch
Michael Hicks, M.D.
Hattie Hill
Lyda Hunt Hill
Brianna Hinojosa-Flores

James Hoak
Joel Holiner, M.D.
David B. Holl
T. Curtis Holmes Jr.
Shelton Hopkins, M.D.
Renee Hornbaker
Phillip Huber, M.D.
Walter J. Humann
Hunter L. Hunt
Ray L. Hunt
Gary C. Hutchison, M.D.
Sharon Ikeler
Karyl Innis
Lee F. Jackson
Jeffrey Janis, M.D.
Feliz Jarvis
Judge Clay Jenkins
Rex Jobe
State Representative Eric Johnson
Monsignor Philip R. Johnson
Rod Jones
Margaret H. Jordan
Nancy E. Judy
Robert Kaminski
Karen Katz
Terry Kelley
Margaret and Lester Keliher
Rainer Khetan, M.D.
Sylvia Sotelo Kidd
Christopher W. Kleinert
David E. Krause
Eric Krueger
David Kunkle
Kerney Laday
Roy W. Lamkin
Wright L. Lassiter Jr., Ed.D.
Laurence Lebowitz
Danell Lichtenwalter
Veletta Forsythe Lill
Liz Minyard Lokey
Wendy Lopez

Steve Love
W. Lamar Lovvorn
Tom Luce
Michael L. Luceford
S. Todd MacLin
Stephen L. Mansfield, Ph.D.
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Charles W. Matthew
Dan McCoy, M.D.
Grace McDermott
Mary Blake Meadows
Honorable Pauline Medrano
Maribess Miller
Harvey R. Mitchell
Bill Montgomery
Kay Moran
Ruth Morgan
Stephen E. Mueller, M.D.
Kathy Muldoon
Mike A. Myers
Honorable Ron Natinsky
Mrs. Henry Neuhoff III
Erle Nye
James C. Oberwetter
James E. Oesterreicher
Edward Okpa
Burl Osborne
Stephen Ozanne, M.D.
Lori Palmer
Winfred Parnell, M.D.
Chan Patel
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Sharon C. Patterson, D.Min.
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Stuart M. Pearman
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Calvin E. Person
Joe Philipp
Jeanne L. Phillips
Bonnie Pittman
Blake Pogue

Richard Pollock
Todd Pollock, M.D.
Commissioner John Wiley Price
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Norman G. Prothro
Vince Puente
David W. Quinn
Ed Ramirez
Curtis E. Ransom
Carolyn Perot Rathjen
Mike Rawlings
Jan and Trevor Rees-Jones
John Roach
Katie Robbins
Leonard H. Roberts
Catherine Rodewald
Robert D. Rogers
Catherine M. Rose
Billy Rosenthal
Lizzie Horchow Routman
Andres Ruzo
DeMetris Sampson
Stephen H. Sands
Pete Schenkel
Allen R. Schneider, D.O.
George R. Schrader
Michael Schwartz
James C. Scoggin Jr.
John Field Scovell
Deborah E. Scripps
George E. Seay III
Carl Sewell Jr.
George A. Shafer
Cynthia Sherry, M.D.
Karen Shuford
Lisa Simmons
Alex Smith
Mrs. Henry J. Smith
Richard Snyder II, M.D.
William T. Solomon
Jim Spaniolo
Sidney Stahl
Ronald G. Steinhart
Andrew M. Stern
Fredrick H. Stern
Paul T. Stoffel
W. Dennis Stripling, M.D.
Ann Stuart, Ph.D.
Mrs. John T. Stuart III
James N. Swafford
Becky Sykes
J. Liener Temerlin
Ellen C. Terry
Robert H. Thomas
J. Andy Thompson
Jere W. Thompson Jr.
Jere W. Thompson Sr.
Roslyn Dawson Thompson
John C. Tolleson
Gifford Touchstone
Jim L. Turner
Wesley R. Turner
Jack C. Vaughn Jr.
Patricia Villareal
Kathryn K. Waldrep, M.D.
W. Kelvin Walker
Timothy R. Wallace
Mrs. W. Ray Wallace
David B. Walls
Tom Walter
Jim Walton, D.O.
Bernice J. Washington
Barbara Lord Watkins
Karen Watson
State Senator Royce West
George Wharton, M.D.
Laura Wheat
J. McDonald Williams
Lucious L. Williams
Don Wills
Terry Wilson
Fritzi G. Woods
Robert J. Wright
Carole S. Young
John R. Young
Kneeland C. Youngblood, M.D.
Donald Zale

Dallas Citizens Council • Dallas County Medical Society • Dallas Medical Resource • Dallas Regional Chamber • Parkland Foundation • Southwestern Medical Foundation

MINUTES
U. T. System Board of Regents
Facilities Planning and Construction Committee
May 12, 2011

The members of the Facilities Planning and Construction Committee of the Board of Regents of The University of Texas System convened at 3:10 p.m. on Thursday, May 12, 2011, 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 Gary, presiding
Vice Chairman Dannenbaum
Vice Chairman Hicks
Regent Cranberg
Regent Stillwell

Also present were Chairman Powell, Regent Kalkwarf, 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 Gary called the meeting to order. The PowerPoint presentation concerning all items is set forth on Pages 9 - 46.

<p>Follow-up action: <i>No new buildings will be constructed unless due to space needs or usage is outdated; include a measure of total campus space utilization and efficiency as part of the total project evaluation when looking at new facilities on each campus.</i></p>

Discussion at meeting:

Committee Chairman Gary referred to the Chancellor's comments earlier this morning (May 12) when in his speech on A Framework for Advancing Excellence throughout The University of Texas System, Dr. Cigarroa said, "In fact, we should not build new buildings unless we are using our current space effectively, or our buildings become outdated and inefficient like our own homes." Regent Gary mentioned that going forward, there might be a measure of total campus space utilization and efficiency as part of the total project evaluation when looking at new facilities on each campus. He suggested this be included in the investment metrics. Regent Gary said Executive Vice Chancellor Kelley and Chancellor Cigarroa did this for the U. T. System facilities and the results presented opportunities.

At the request of Committee Chairman Gary and for the benefit of new members of the Committee, Mr. O'Donnell reviewed the approval process for major projects. Regent Gary added some comments, including the institutional financial review done

by Executive Vice Chancellor Kelley, who oversees the Office of Facilities Planning and Construction. Dr. Kelley added that for projects funded with gift funds, those funds have to be in hand or pledged by the time a project gets to the design development stage.

1. U. T. Permian Basin: Report on Falcon's Nest Addition, Buildings 7-12

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Reported/Discussed

Discussion at meeting:

Mr. O'Donnell reminded members of the Committee that at the February 17, 2011 Committee meeting, there was a requirement to provide an update, and specifically find areas that could result in cost savings, for this project. He said areas for cost savings have been identified by moving the proposed location of three of the apartment-style units to the south, thereby reducing site costs principally related to grading, proximity to the major drainage area, and reduction of the planned expansion of utility runs. In addition, two freestanding structures will be included into some of the housing units.

Mr. O'Donnell said the projected cost savings to the project is an estimated \$584,000 against an approved total project cost of \$6,000,000. He noted the project will be competitively bid at the end of this month and that contingencies have been retained at high levels pending receipt and evaluation of proposals because of high personnel trades in area oil fields. He predicts the project will be brought back to the Board in the future, since the cost is expected to increase more than the 10% threshold that can be approved by the Chancellor.

Mr. O'Donnell assured Vice Chairman Dannenbaum that the area to the north that was planned for some of the housing units could still be used in the future.

2. **U. T. Austin: FY 11 Fire Life Safety and ITS Renovations – Amendment of the FY 2011-2016 Capital Improvement Program to include project; approval of total project cost; approval of transfer of funds from FY 09 High Priority Fire and Life Safety, FY 10 High Priority Fire and Life Safety Corrections - Phase 2, FY 11 High Priority Fire and Life Safety Corrections - Phase 3, FY 11 LERR - Geography Building Fire and Life Safety and Homer Rainey Hall Fire and Life Safety projects; approval of reduction of total project costs for FY 09 High Priority Fire and Life Safety, FY 10 High Priority Fire and Life Safety Corrections - Phase 2, FY 11 High Priority Fire and Life Safety Corrections - Phase 3, FY 11 LERR Geography Building Fire and Life Safety and Homer Rainey Hall Fire and Life Safety projects; and appropriation of funds (Final Board approval)**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made, seconded, and carried unanimously

3. **U. T. Austin: Geography Building Renovation and Expansion - Amendment of the FY 2011-2016 Capital Improvement Program to include project; approval of total project cost; and appropriation of funds (Final Board approval)**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made, seconded, and carried unanimously

4. **U. T. Austin: Recreational Sports Center Renovations - Amendment of the FY 2011-2016 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; appropriation of funds; and resolution regarding parity debt (Final Board approval)**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made, seconded, and carried unanimously

5. **U. T. Health Science Center - Houston: Research Park Complex Parking Lot 2 - Amendment of the FY 2011-2016 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; appropriation of funds; and resolution regarding parity debt (Final Board approval)**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made, seconded, and carried unanimously

6. **U. T. Austin: Elementary Charter School Permanent Facility - Amendment of the FY 2011-2016 Capital Improvement Program to reduce the total project cost; approval to revise the funding sources; approval of design development; appropriation of funds and authorization of expenditure; and approval of evaluation of alternative energy economic feasibility (Final Board approval)**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

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

Discussion at meeting:

Regent Cranberg asked about the significant reduction in size of the project, and Mr. O'Donnell answered that the original project would have replaced all of the modular classrooms that occupy the remainder of the site and built a complete elementary school. This proposal will build only the support facilities, and once fundraising is at a target level, there could be future phases of the project.

Regent Cranberg asked questions about a revenue stream from the charter school, the number of students, and capacity. Mr. O'Donnell replied that project funds are from gifts and 260 students attend the school, which would be the capacity of a new building. Considering the number of students, Regent Cranberg remarked on the high cost originally proposed for this project (\$19 million). President Powers said savings are due to using local builders and developers, and he commented on the suitability of the buildings. President Powers noted this is an exemplary school in East Austin for low-income students and was a priority for the Board of Regents when it was established.

Regent Cranberg said he is supportive of charter schools in general but concerned about the high proposed cost, and President Powers said he believes the project, when built in full, will cost less than planned and will be a different kind of structure than originally planned.

7. **U. T. Austin: Indoor Tennis Facility at Steiner Ranch - Approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility (Final Board approval)**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

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

8. **U. T. Dallas: Arts and Technology Complex portion of the Arts and Technology Facility - Approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)**

Committee Meeting Information

Presenter(s): President David E. Daniel, U. T. Dallas; Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

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

Discussion at meeting:

President Daniel described the planned use of the building for the fast-growing program on campus, and noted the economical cost of the building. He answered a question from Vice Chairman Dannenbaum about electronic connectivity with the Center for BrainHealth by saying there are plans for this collaboration.

9. **U. T. San Antonio: Student Housing Phase III – Amendment of the FY 2011-2016 Capital Improvement Program to increase the total project cost; approval of transfer of funds from Laurel Village and Chaparral Village at UTSA projects; approval of reduction of total project costs for Laurel Village and Chaparral Village at UTSA projects; approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval) (Deferred)**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Deferred to next meeting

Future action: Review the cost and nature of the project and bring back to next Board meeting; Chairman Powell and Regent Gary to meet with President Romo.

Discussion at meeting:

This project was taken up as the last item at the meeting. Mr. O'Donnell said the building site is difficult due to an 18-foot fall from the northeast side to the southeast site, utility lines that need to be relocated, and a large catchment basin that will need to be constructed under the pier structure. He pointed out the institution decided on a housing model that would require less maintenance and be of masonry construction, which increases the cost of the project but, he noted, the cost is still below average.

Realizing the differences in the desired construction, Committee Chairman Gary said he was struggling to justify the cost difference between \$120 per square foot for a simple housing project at Texas A&M University to \$238 per square foot for this project. Mr. O'Donnell described the higher costs for this particular site and for the masonry and pier construction.

Board Chairman Powell asked why the project was planned for this particular site, and Mr. O'Donnell explained the utility infrastructure would need to be relocated before any development begins on the rest of the sites. Mr. O'Donnell emphasized that the institution would be preinvesting for future sites and lower maintenance costs in the future.

Regent Gary and Mr. O'Donnell discussed the operating costs of the building, including the waterproofing techniques needed for buildings constructed in San Antonio. Mr. O'Donnell stated that stick-and-brick buildings can be constructed that will withstand the elements, but they will not last as long.

President Romo spoke about the timing of the proposed project construction. Vice Chairman Dannenbaum asked about demand in the area for student housing, and

Dr. Romo said that due to the economic slowdown, there is a need for the type of housing the institution is proposing to build. Regent Gary spoke about the debt capacity, which Dr. Kelley said is comfortable.

Regent Cranberg asked how the cost compares to private provider housing in the area, and President Romo discussed the older nature of some of the properties and the demand for additional housing on campus. Dr. Romo said the institution needs 6,000 beds, and this project would bring the number of beds to 4,000.

Regent Cranberg asked if there is alternate land available for construction, and President Romo discussed the options. Executive Vice Chancellor Kelley noted this project as proposed will last a long time, and Vice Chairman Dannenbaum commented that if construction is ever planned on the proposed site, prices are probably at their best for the next couple of years, and now is the time to construct. He suggested a comparison be done of current construction costs and projected future costs on this site.

Recognizing the desired completion date of June 2013, Committee Chairman Gary recommended the Committee take the time to delve deeper into the cost justification of the project and take up the project at the next Board meeting. Board Chairman Powell agreed and suggested he and Regent Gary meet with President Romo to see if there is a better way to do the project. Regent Gary committed to a diligent review.

10. U. T. San Antonio: John Peace Library Building Renovations - Amendment of the FY 2011-2016 Capital Improvement Program to increase total project cost and appropriation of additional funds (Final Board approval)

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

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

11. U. T. Medical Branch - Galveston: Ike Recovery Projects - Academic and Business Buildings, Healthcare Buildings, Infrastructure, and Research Buildings - Amendment of the FY 2011-2016 Capital Improvement Program to increase or decrease the total project costs; appropriation of funds and authorization of expenditure; and delegation of authority to the Chancellor to rebalance the funding and project costs within approved total budget (Final Board approval)

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

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

Discussion at meeting:

Regent Gary noted additional agenda materials concerning this project were included in the Health Affairs Committee materials (see Item 4, Health Affairs Committee).

12. **U. T. M. D. Anderson Cancer Center: Capital Renewal and Replacement (CRR) Renovation Budget FY2008-2009 – Amendment of the FY 2011-2016 Capital Improvement Program to increase the total project cost and appropriation of additional funds (Final Board approval)**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

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

Discussion at meeting:

Regent Gary asked if the project will be funded strictly with Hospital Revenues, and Mr. O'Donnell replied affirmatively, adding that U. T. M. D. Anderson Cancer Center has a good process for managing repair and renovation projects.

ADJOURNMENT

Committee Chairman Gary adjourned the meeting at 4:15 p.m.

Agenda Items

Mr. Michael O'Donnell, Associate Vice Chancellor

U. T. System Board of Regents' Meeting
Facilities Planning and Construction Committee
May 2011



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Report

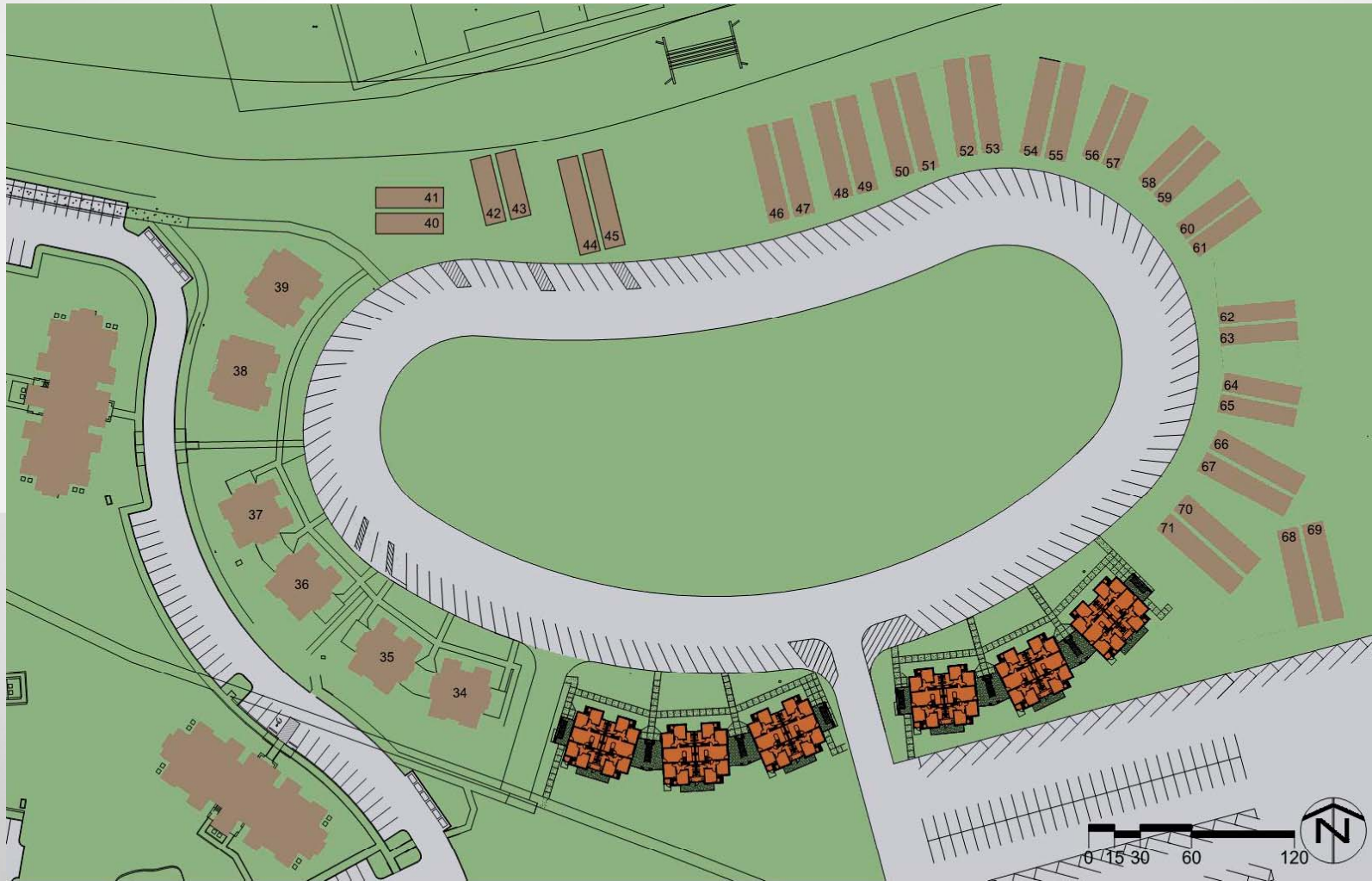
U. T. Permian Basin

Falcon's Nest Addition, Buildings 7-12

10



U. T. Permian Basin Falcon's Nest Addition, Buildings 7-12



11



Additions to the FY 2011-2016 CIP

- U. T. Austin
FY 11 Fire Life Safety and ITS Renovations
- U. T. Austin
Geography Building Renovation and Expansion
- U. T. Austin
Recreational Sports Center Renovations
- U. T. Health Science Center - Houston
Research Park Complex Parking Lot 2

12



U. T. Austin

FY 11 Fire Life Safety and ITS Renovations

- The Total Project Cost is \$12,000,000 with funding of \$8,753,428 from Permanent University Fund Bond Proceeds, \$3,000,000 from the Available University Fund and \$246,572 from Designated Funds.
- The project will install fire sprinkler systems in four buildings: Main Building, Parlin Hall, Calhoun Hall, and Homer Rainey Hall. It will also include renovation of telecommunication spaces, pathways, and cabling to meet modern standards in the Main Building.

Addition to FY 2011-2016 CIP



U. T. Austin

Geography Building Renovation and Expansion

- The Total Project Cost is \$11,500,000 with funding from Unexpended Plant Funds.
- The project will increase programmable space and efficiencies of the building. It will also extend the useful life of the building for another 25 years by upgrading mechanical, electrical and plumbing systems to meet current accessibility, egress and code requirements and by improving exterior entries.

Addition to FY 2011-2016 CIP



U. T. Austin

Recreational Sports Center Renovations

- The Total Project Cost is \$2,000,000 with funding from Revenue Financing System Bond Proceeds.
- The project will repair and/or replace aging mechanical systems including air handling units, plumbing systems and fixtures, roof and waterproofing systems, electrical systems, life safety systems and audiovisual systems.

Addition to FY 2011-2016 CIP



U. T. Health Science Center - Houston Research Park Complex Parking Lot 2

- The Total Project Cost is \$2,500,000 with funding from Revenue Financing System Bond Proceeds.
- The project will provide 360 parking spaces to support the opening of the Dental Branch Replacement Building and will include appropriate lighting, landscaping and security measures.

Addition to FY 2011-2016 CIP



Design Development Approval

- U. T. Austin
Elementary Charter School Permanent Facility
- U. T. Austin
Indoor Tennis Facility at Steiner Ranch
- U. T. Dallas
Arts and Technology Complex portion of the Arts and
Technology Facility
- U. T. San Antonio
Student Housing Phase III



U. T. Austin Elementary Charter School Permanent Facility



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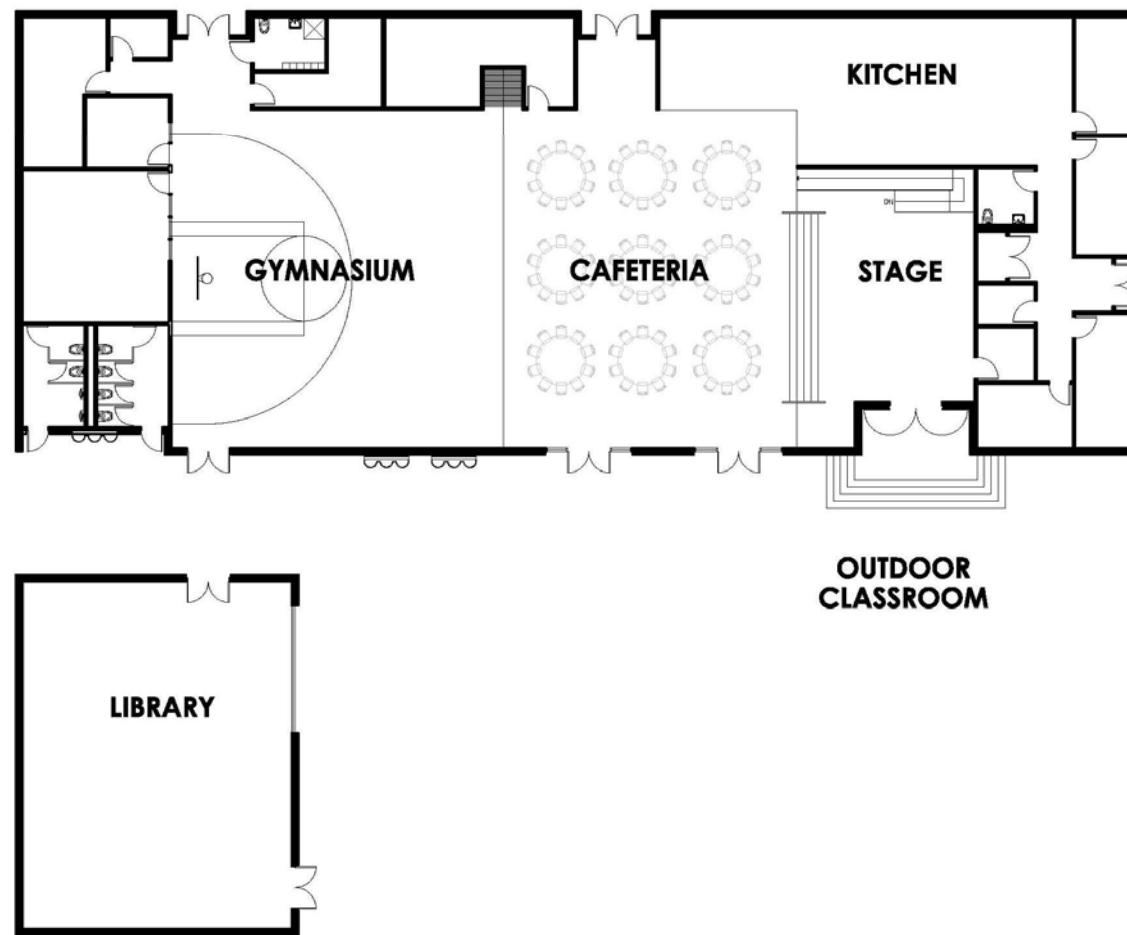


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Campus Plan

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U. T. Austin Elementary Charter School Permanent Facility



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U. T. Austin Elementary Charter School Permanent Facility



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View From Northwest

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U. T. Austin

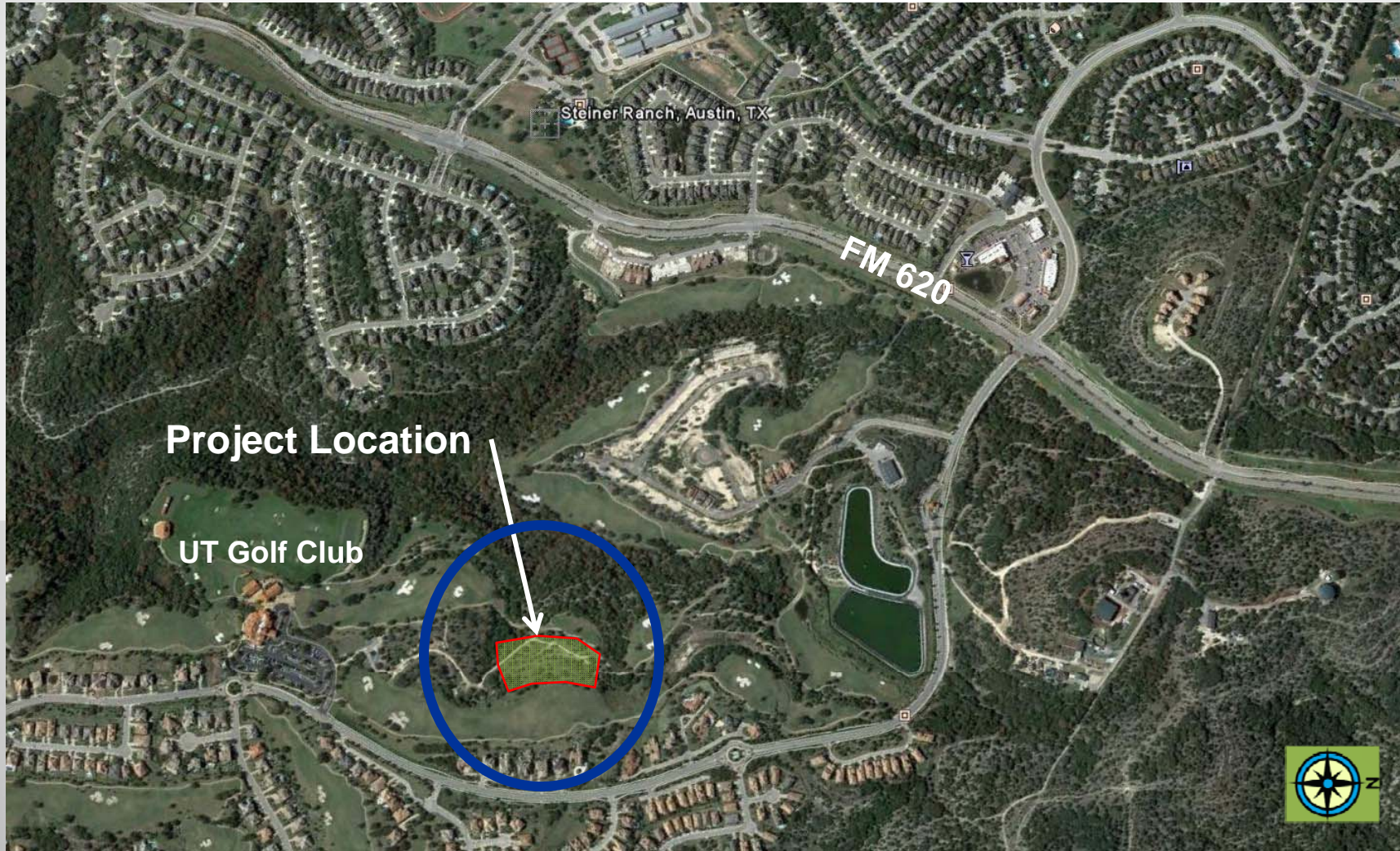
Elementary Charter School Permanent Facility

- The Total Project Cost is \$6,000,000 with funding of \$3,925,000 from Gifts and \$2,075,000 from Unexpended Plant Funds.
- The project is institutionally managed.
- Investment Metrics:
 - Maintain “Exemplary” status and expand the number of students who achieve “Commended” recognition by 3% per year on each of four standard tests by 2013
 - Create a minimum of one community partnership by 2013
 - Market best-practice resources for educators by 2013

21



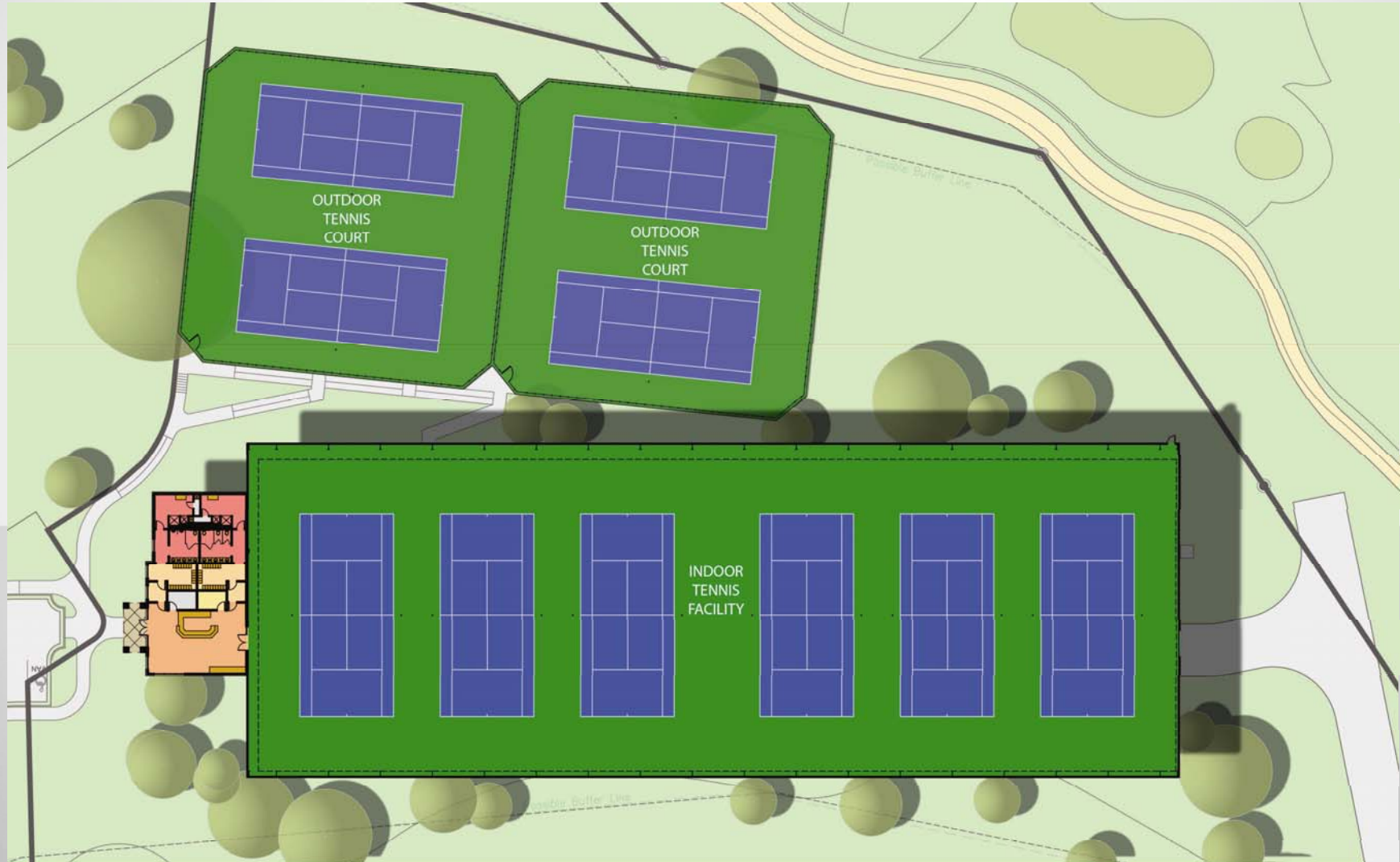
U. T. Austin Indoor Tennis Facility at Steiner Ranch



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U. T. Austin Indoor Tennis Facility at Steiner Ranch



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U. T. Austin Indoor Tennis Facility at Steiner Ranch



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View from South

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U. T. Austin

Indoor Tennis Facility at Steiner Ranch

- The Total Project Cost is \$8,000,000 with funding from Gifts.
- Investment Metrics:
 - Provide year round up-to-date training and practice facility while enhancing position of Men's and Women's Athletics as top in the country by 2012
 - Provide a safe and controlled environment for young tennis athletes to attend sports camp thereby enhancing the positive view of the collegiate experience at the University of Texas by 2012

25



U. T. Dallas Arts and Technology Complex portion of the Arts and Technology Facility

The Arts and Technology (ATEC) program is an interdisciplinary curriculum that prepares students to excel in the media rich, technologically sophisticated world of the 21st century.

Students in this program acquire a unique set of competencies including:

- Art and design,
- Computer programming,
- Writing and communications,
- Design of programs and teaching tools at the leading edge of blended and online learning,
- Business/marketing for digital media.



U. T. Dallas Arts and Technology Complex portion of the Arts and Technology Facility

The program brings together the knowledge and expertise of computer science, engineering, creative arts and humanities to develop new dimensions and new opportunities in education technology, training, communication and commerce.

The essence of this Program is at the leading edge of Blended and Online Learning.



U. T. Dallas Arts and Technology Complex portion of the Arts and Technology Facility

- The Program began in 2004 and has grown to 900 majors in 2011.
- *The Princeton Review* rates the ATEC Graduate Program in the Top Ten schools on its list of “Top Schools for Video Game Design Study for 2011”.
- Research funding is at \$2M per year and growing.
- Major research sponsors include; the US Army, Children’s Hospital Foundation, Nokia, TI and Samsung.
- The Program has received \$6M in gifts for Endowed Chairs.
- The Program drives tremendous opportunities for regional economic development and job creation.
- The Program fits perfectly into UTD’s Strategic Plan.

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U. T. Dallas Arts and Technology Complex portion of the Arts and Technology Facility

Recently Completed Student Services Building

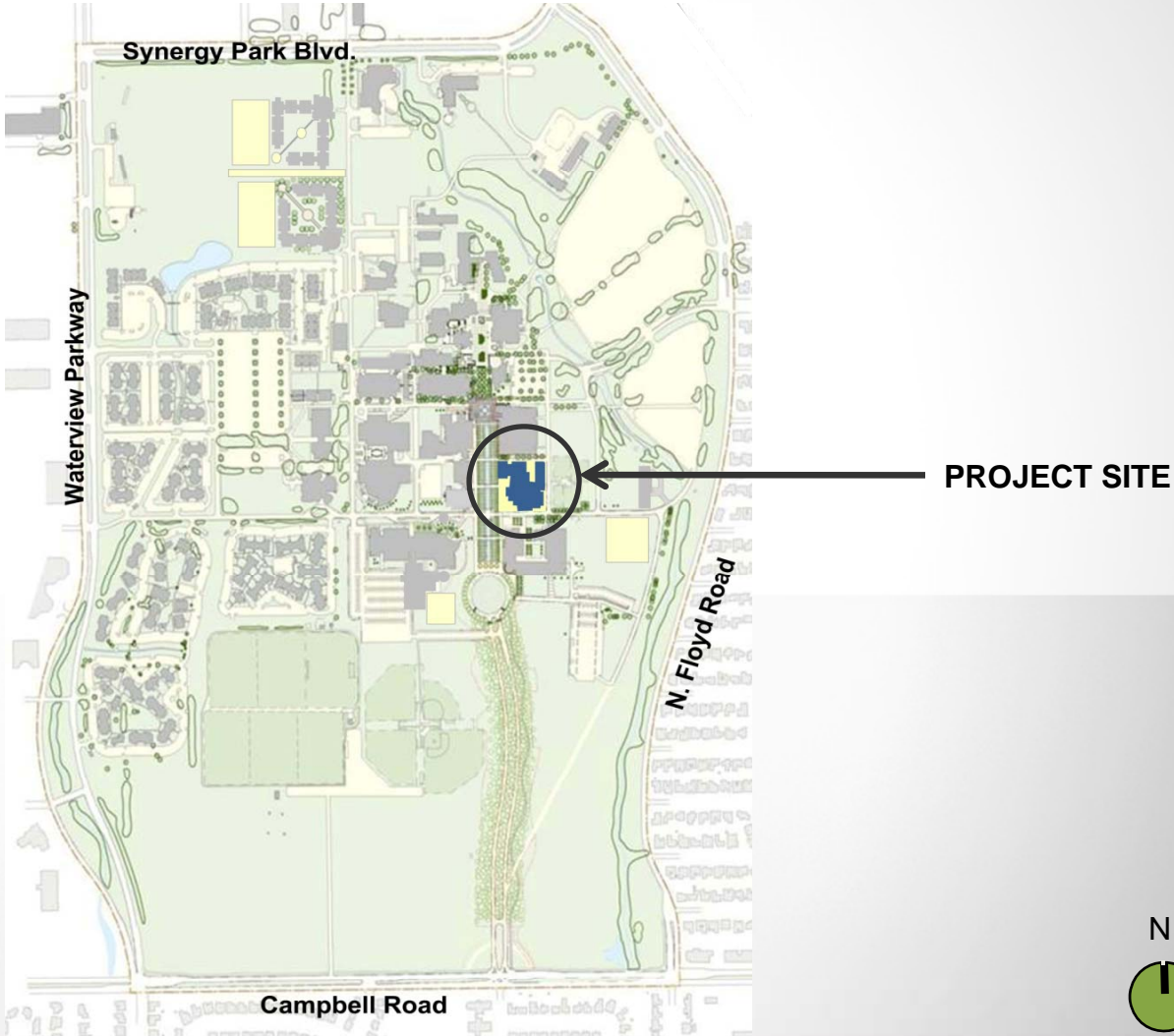


Recently Completed Founders Building Renovation

- Reduced TPC Cost/GSF from \$416/GSF to \$383/GSF
- Reduced the GSF Program Space requirement for the stand alone Visual Arts Building (VAB) roughly 30% by including it in the ATEC complex, taking advantage of shared program space, shared lecture/meeting space, and shared support space.



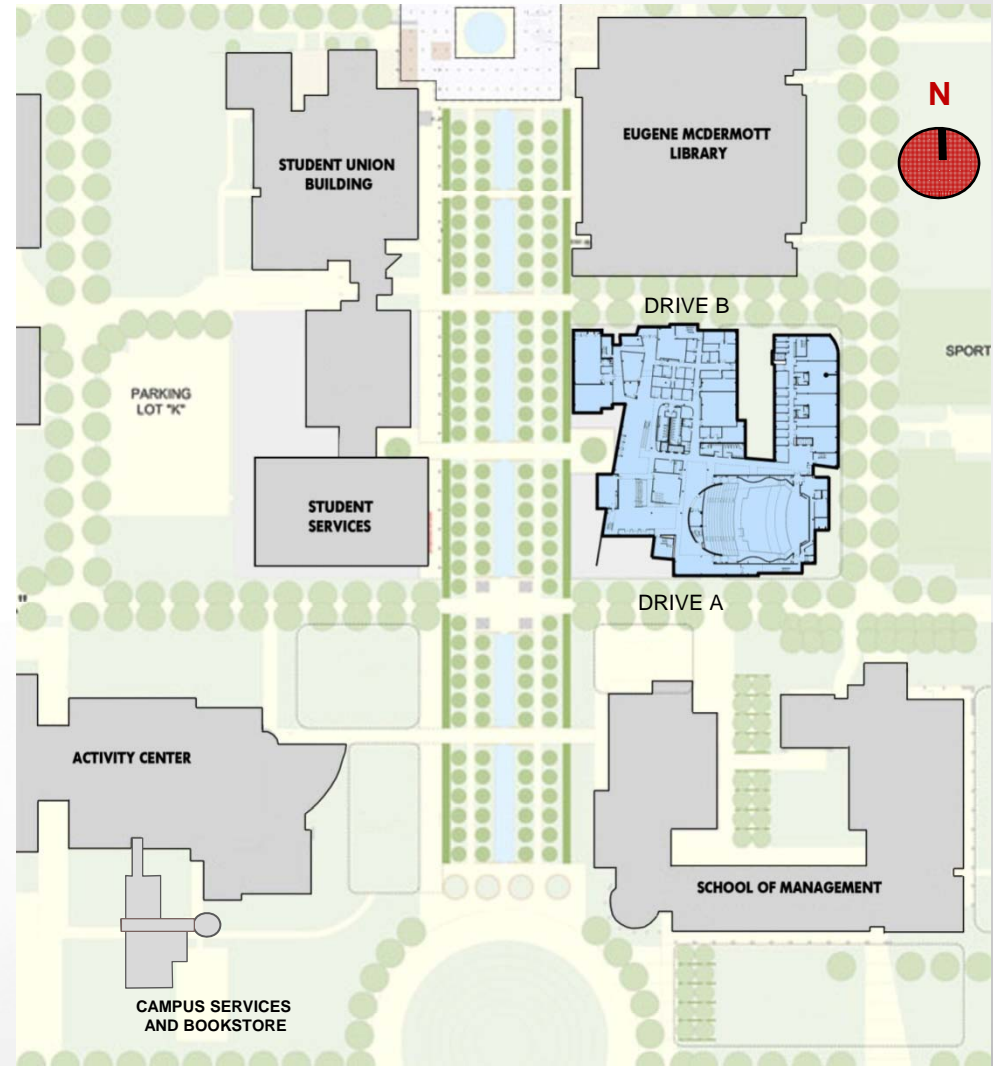
U. T. Dallas Arts and Technology Complex portion of the Arts and Technology Facility



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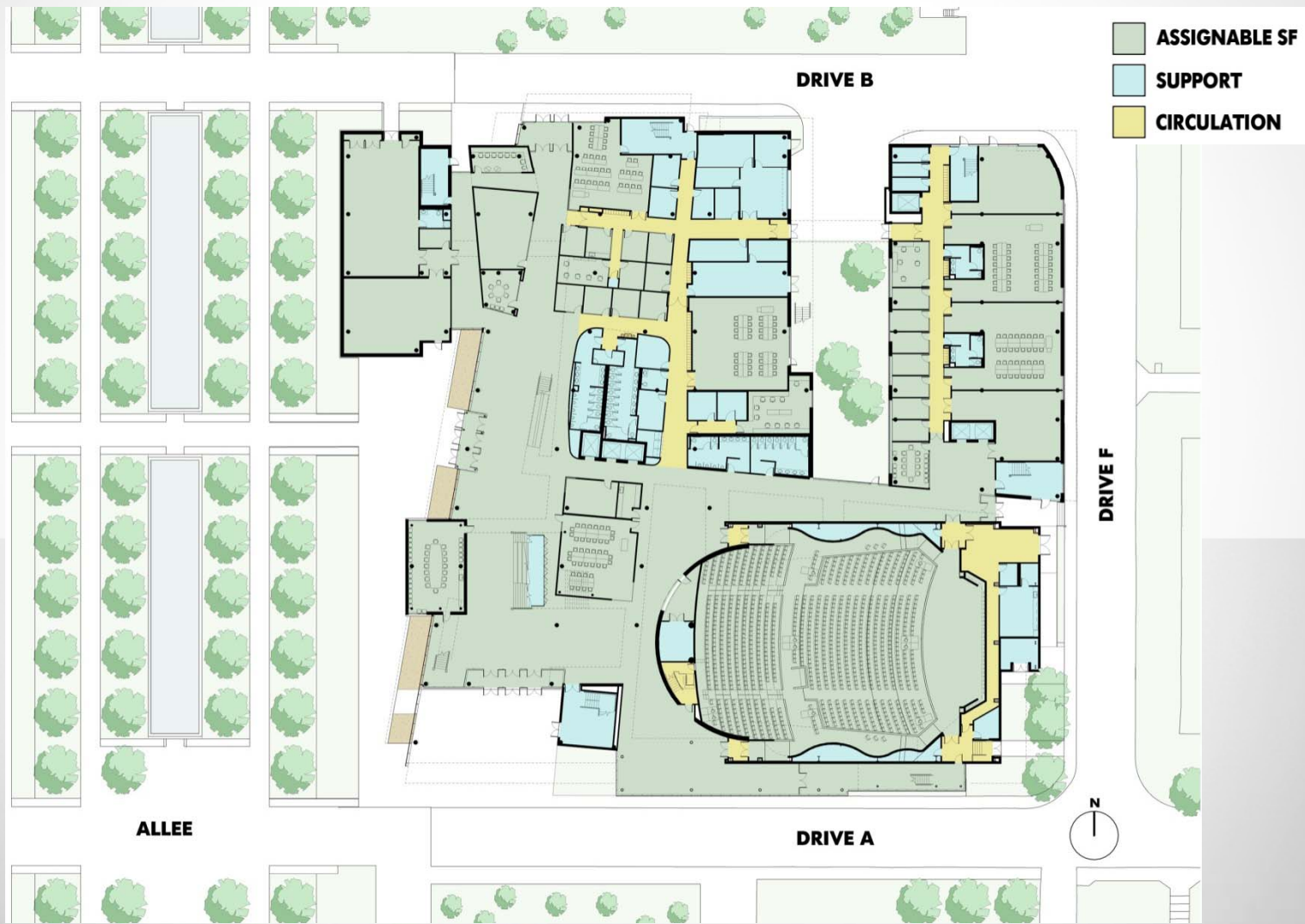
U. T. Dallas Arts and Technology Complex portion of the Arts and Technology Facility



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U. T. Dallas Arts and Technology Complex portion of the Arts and Technology Facility



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U. T. Dallas Arts and Technology Complex portion of the Arts and Technology Facility



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View from Southwest

25

U. T. Dallas Arts and Technology Complex portion of the Arts and Technology Facility



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View from Southeast

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U. T. Dallas Arts and Technology Complex portion of the Arts and Technology Facility



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View from Allee

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U. T. Dallas Arts and Technology Complex portion of the Arts and Technology Facility

The Total Project Cost for this portion of the Project is \$60,500,000 with funding of \$35,000,000 from Permanent University Fund Bond Proceeds and \$25,500,000 from Revenue Financing System Bond Proceeds.

Investment Metrics:

Students General

Goal: The ATEC Complex will provide additional multidiscipline academic space to support the University's Strategic Plan imperative of adding 5,000 Full Time Equivalent (FTE) students by 2017, creating a total student population of 22,000 headcount.

Faculty General

Goal: The ATEC Complex will attract outstanding tenure-track multidiscipline faculty to support the University's Strategic Plan imperative of growing to a total of 610 tenure-track faculty by 2017.

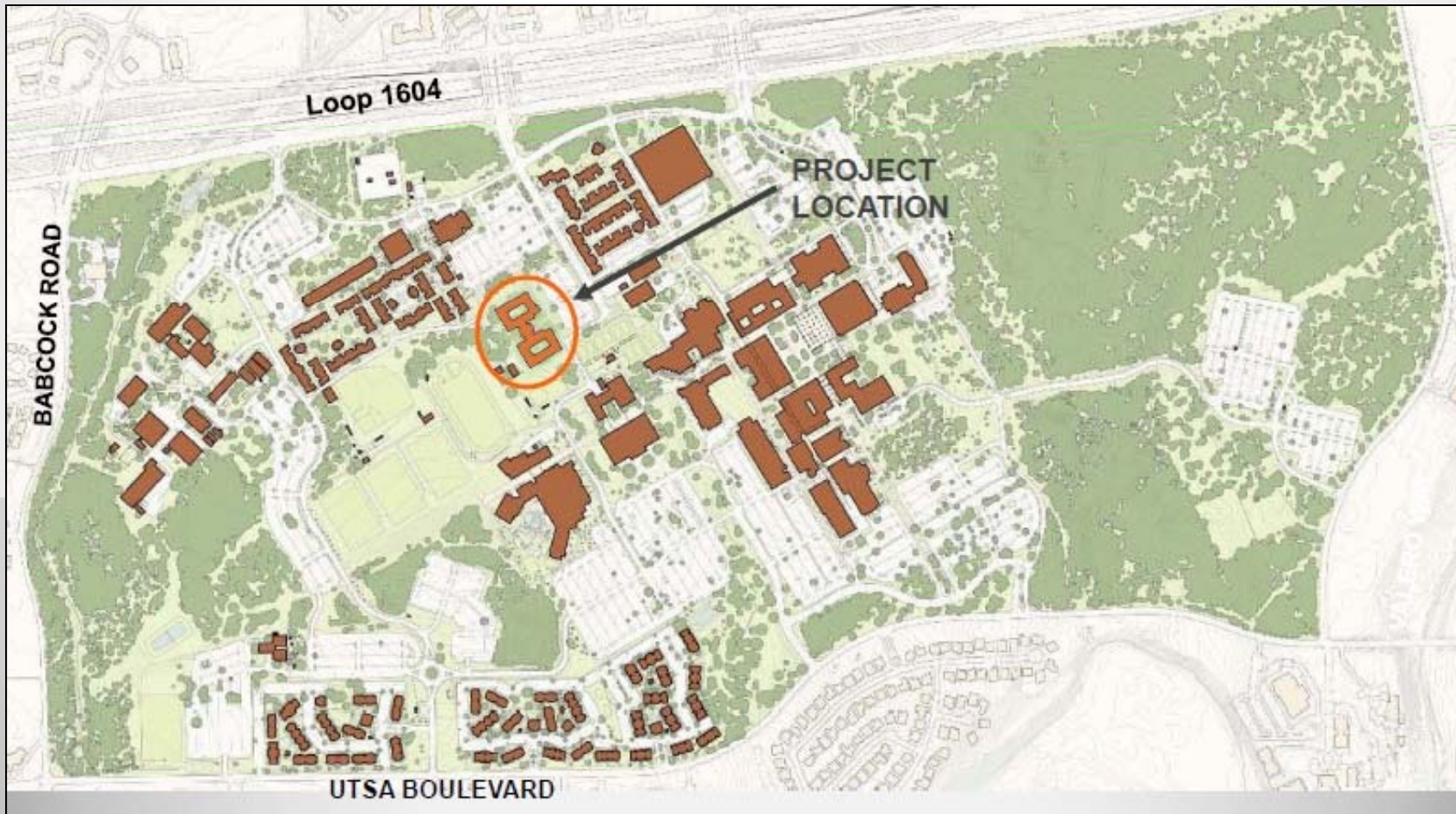
Research General

Goal: The ATEC Complex will significantly assist, through the addition of specialized research laboratory space, in attracting research funding in support of the University's Strategic Plan imperative of achieving over \$100 million per year in research expenditures by 2017.

The essence of this Program is at the leading edge of Blended and Online Learning!



U. T. San Antonio Student Housing Phase III



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Campus Plan

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U. T. San Antonio Student Housing Phase III



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U. T. San Antonio Student Housing Phase III



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View from Southeast

31

U. T. San Antonio Student Housing Phase III



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U. T. San Antonio

Student Housing Phase III

- The Total Project Cost is \$43,555,000 with funding of \$39,921,000 from Revenue Financing System Bond Proceeds and \$3,634,000 from Auxiliary Enterprises Balances.
- Investment Metrics:
 - Increase on-campus student housing by approximately 11% of the campus goal for housing by 2013
 - Increase campus student housing by 618 beds by 2013



Modifications to the FY 2011-2016 CIP

- U. T. San Antonio
John Peace Library Building Renovations
- U. T. Medical Branch – Galveston
Ike Recovery Projects
- U. T. M. D. Anderson Cancer Center
CRR Renovation Budget FY2008-2009



U. T. San Antonio

John Peace Library Building Renovations

- The Total Project Cost is \$7,300,000 with funding from Designated Funds.
- The project is institutionally managed.
- The increase in total project cost will provide further renovations to improve library services, integration and access to achieve U. T. San Antonio's goal of obtaining membership in the Association of Research Libraries in 2014.

Modification to FY 2011-2016 CIP



U. T. Medical Branch – Galveston

Summary of Ike Recovery Projects

Academic & Business Buildings - Ike Recovery

FEMA Insurance Claims	\$180,155,380
Private Insurance Claims	16,283,000
State Matching Funds	36,455,000
Hospital Revenues	19,000,000
Total Project Cost	\$251,893,380

Healthcare Buildings - Ike Recovery

FEMA Insurance Claims	\$189,280,930
Private Insurance Claims	15,237,002
State Matching Funds	53,605,351
Hospital Revenues	26,739,331
Grants	192,564
Total Project Cost	\$285,055,178

Infrastructure - Ike Recovery

FEMA Insurance Claims	\$419,685,714
Private Insurance Claims	14,669,000
State Matching Funds	55,791,549
Hospital Revenues	32,038,481
Total Project Cost	\$522,184,744

Research Buildings - Ike Recovery

FEMA Insurance Claims	\$55,238,208
Private Insurance Claims	8,759,000
State Matching Funds	4,148,100
Hospital Revenues	8,400,000
Total Project Cost	\$76,545,308

\$844,360,232	FEMA Insurance Claims
54,948,002	Private Insurance Claims
150,000,000	State Matching Funds
86,177,812	Hospital Revenues
192,564	Grants
\$1,135,678,610	Total

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U. T. M. D. Anderson Cancer Center CRR Renovation Budget FY2008-2009

- The Total Project Cost is \$17,590,103 with funding from Hospital Revenues.
- The project is Institutionally Managed.
- Due to the changing priorities of projects within the Capital Renewal and Replacement project, the total project cost increased by more than 10%, therefore requiring reapproval by the Board.

Modification to FY 2011-2016 CIP



U. T. System

FY 2011-2016 Capital Improvement Program

Additions to the CIP	\$ 23,251,572
Design Development Approval	\$ (9,400,000)
Modifications to Ike Recovery Projects	\$ 368,664,038
Modifications to other CIP Projects	<u>\$ 5,100,103</u>
Total Change in CIP this Meeting	\$ 387,615,713
Removed from CIP this Quarter	\$ (958,740,000)

This represents a 7.3% decrease this quarter for a total CIP of \$7.2 billion.



MINUTES
U. T. System Board of Regents
Technology Transfer and Research Committee
May 12, 2011

The members of the Technology Transfer and Research Committee of the Board of Regents of The University of Texas System convened at 4:25 p.m. on Thursday, May 12, 2011, 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 Dannenbaum, presiding
Vice Chairman Hicks
Regent Cranberg
Regent Gary
Regent Pejovich

Also present were Chairman Powell, Vice Chairman Foster, Regent Hall, Regent Kalkwarf, Regent Stillwell, and General Counsel to the Board Frederick.

This was the first meeting of this new standing committee of the Board. Committee Chairman Dannenbaum said it is important for the U. T. System to maximize its resources to accomplish its mission, and he noted that commercialization could be a major funding source for the future.

Mr. Aldridge introduced new U. T. System employees:

- Mr. Bryan Allinson, Executive Director of Technology Commercialization in the U. T. System Office of Finance
- Dr. Patricia Hurn, Associate Vice Chancellor for Research in the Office of Health Affairs
- Dr. Dale Klein, Associate Vice Chancellor for Research in the Office of Academic Affairs. Dr. Klein said research will be different in the next few years due to challenges in funding and to programmatic changes at the Departments of Defense and Energy. He recommended faculty be more engaged on committees, in developing Requests for Proposals (RFPs), and in Washington, D.C., where the resources are located.

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

1. U. T. System: Technology Commercialization Overview

Committee Meeting Information

Presenter(s): Mr. Philip R. Aldridge, Vice Chancellor for Finance and Business Development; Mr. Bryan Allinson, Executive Director of Technology Commercialization

Status: Reported/Discussed

Follow-up action: Develop a System policy to provide equity/royalty sharing guidelines to use in varying circumstances. Include experts who can provide advice on equity positions, legal matters, business plans, patent protection, and marketing.

Discussion at meeting:

Mr. Aldridge noted the role of U. T. System Administration in commercialization is to help the 15 institutions to commercialize.

Regent Cranberg asked about the definition of a start-up, and Mr. Aldridge responded it is a new company formed based on the technology of U. T. System intellectual property.

Chancellor Cigarroa asked if the U. T. System has one of the more generous royalty sharing plans to incentivize intellectual property. Mr. Aldridge said yes, and he explained that per the Regents' Rules, royalty income sharing starts at 50%. Mr. Allinson and Dr. Patricia Hurn, Associate Vice Chancellor for Research, agreed the U. T. System plan is generous, and they provided examples from their experiences. There was general agreement the royalty income plan assists in faculty recruitment and retention.

Regent Cranberg asked if there is a policy for sharing of equity grants for start-up companies that depend on contributions from U. T. faculty, and Mr. Allinson responded there is not currently a U. T. System policy, but they are looking into the matter. Dr. Shine commented on the significant campus flexibility in this area. Regent Cranberg asked if there could be policy guidelines, and Dr. Shine agreed that should be examined. Dr. Shine noted the Board of Regents has provided general guidelines and a minimum (50/50) on royalty income, and this has not inhibited creative approaches on a case-by-case basis. Committee Chairman Dannenbaum suggested the Board develop a multitiered template to provide policy guidelines to use in varying circumstances.

Regent Stillwell said all phases of ownership must be covered to protect the equity position. Committee Chairman Dannenbaum said a seamless platform should be created at the U. T. System level, and he recommended calling on experts to provide advice on legal matters, business plans, patent protection, and marketing. Regent Stillwell suggested asking University lawyers to explore the options.

2. **U. T. System: Report on a Proposed New Investment Fund, tentatively called the U. T. Horizon Fund**

Committee Meeting Information

Presenter(s): *Mr. Bryan Allinson, Executive Director of Technology Commercialization*
Status: *Reported/Discussed*

3. **U. T. System: Report on an Intellectual Property Search Engine Portal (Deferred)**

Committee Meeting Information

Status: *Deferred*

This item was deferred due to time constraints.

ADJOURNMENT

Committee Chairman Dannenbaum adjourned the meeting at 5:05 p.m.