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August 19-20, 2009  
Austin, Texas

### Wednesday, August 19, 2009

- A. COMMITTEE MEETINGS
- Audit, Compliance, and Management Review Committee 9:00 a.m.
- Academic Affairs Committee 10:00 a.m.
- B. CONVENE THE BOARD IN OPEN SESSION TO RECESS  
TO EXECUTIVE SESSION PURSUANT TO TEXAS  
GOVERNMENT CODE, CHAPTER 551 (working lunch) 11:30 a.m.
1. Negotiated Contracts for Prospective Gifts or  
Donations - Section 551.073
- a. **U. T. Permian Basin: Discussion and  
appropriate action regarding a proposed  
negotiated gift with a potential naming feature** *President Watts  
Dr. Safady*
- b. **U. T. Health Science Center – Houston:  
Discussion and appropriate action regarding a  
proposed negotiated gift with potential naming  
features** *President Kaiser  
Dr. Safady*
- c. **U. T. M. D. Anderson Cancer Center:  
Discussion and appropriate action regarding  
a proposed negotiated gift with a potential  
naming feature** *President Mendelsohn  
Dr. Safady*
2. Consultation with Attorney Regarding Legal Matters or  
Pending and/or Contemplated Litigation or Settlement  
Offers – Section 551.071
- a. **U. T. System Board of Regents: Discussion  
with Counsel on pending legal issues** *Mr. Burgdorf*
- b. **U. T. System Board of Regents: Legal issues  
related to employment matters at U. T. System  
institutions** *Mr. Burgdorf*
- c. **U. T. System Board of Regents: Legal issues  
related to the U. T. Brownsville/Texas  
Southmost College Educational Partnership  
Agreement and real property lease** *Mr. Burgdorf*

- 3. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074
  - a. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees**
  - b. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees and related personnel aspects of the operating budget for Fiscal Year 2010**
  
- C. RECONVENE IN OPEN SESSION TO CONSIDER ACTION ON EXECUTIVE SESSION ITEMS, IF ANY, AND TO CONSIDER AGENDA ITEMS *12:55 p.m.*
  - 1. **U. T. System Board of Regents: Announcement of recipients for the Regents' Outstanding Teaching Awards and remarks by representative faculty** *1:00 p.m.*  
**Report**  
*Chairman Huffines*  
*Chancellor Cigarroa* **1**
  - 2. **U. T. System Board of Regents: Possible discussion and appropriate action regarding Santa Rita Award** *1:50 p.m.*  
**Action**  
*Chairman Huffines* **1**
  - 3. **U. T. System Board of Regents: Appointment of a Special Board Committee on the Brackenridge Tract to review the conceptual master plans** *1:55 p.m.*  
**Action**  
*Chairman Huffines* **2**
  
- D. RECESS FOR COMMITTEE MEETINGS *2:00 p.m.*
  - Finance and Planning Committee..... *2:00 p.m.*
  - Facilities Planning and Construction Committee..... *3:00 p.m.*
  - Health Affairs Committee..... *4:15 p.m.*
  
- E. RECESS *5:15 p.m.*

**Thursday, August 20, 2009**

	<b>Board/Committee Meetings</b>	<b>Page</b>
F. COMMITTEE MEETINGS		
Health Affairs Committee -- Special Meeting	8:00 a.m.	
Student, Faculty, and Staff Campus Life Committee	9:30 a.m.	
G. RECONVENE THE BOARD IN OPEN SESSION	10:30 a.m.	
H. APPROVAL OF MINUTES		
I. CONSIDER AGENDA ITEMS		
4. <b>U. T. System: Chancellor's quarterly update - Strategic Vision for the U. T. System</b>	10:35 a.m. <b>Report</b> <i>Chancellor Cigarroa</i>	2
5. <b>U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2010, including the Permanent University Fund Bond Proceeds allocation for Library, Equipment, Repair and Rehabilitation Projects and an allocation for the Science and Technology Acquisition and Retention Program</b>	11:05 a.m. <b>Action</b> <i>Chancellor Cigarroa</i>	2
6. <b>U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2010</b>	11:20 a.m. <b>Action</b> <i>Vice Chairman Foster Regent Hicks</i>	5
7. <b>U. T. System Board of Regents: Amendment to the Regents' <i>Rules and Regulations</i>, Rule 10402, Section 1, regarding a quorum of Standing Committees</b>	11:25 a.m. <b>Action</b> <i>Ms. Frederick</i>	5
8. <b>U. T. System Board of Regents: Amend Regents' <i>Rules and Regulations</i>, Rule 10501, Section 4 (Contracts Not Requiring Board Approval), Subsection 4.12, regarding athletic employment agreements</b>	11:27 a.m. <b>Action</b> <i>Ms. Frederick</i>	6
9. <b>U. T. System: Authorization to enter into contracts or transactions with Apple Computer, Inc., FedEx Corporation, and each of their respective subsidiaries and operating companies</b>	11:29 a.m. <b>Action</b> <i>Mr. Burgdorf</i>	7
10. <b>U. T. System: Delegation of authority to facilitate the acceptance of gifts for matching under the Texas Research Incentive Program</b>	11:35 a.m. <b>Action</b> <i>Dr. Safady</i>	8
J. RECESS FOR MEETINGS OF THE STANDING COMMITTEES AND COMMITTEE REPORTS TO THE BOARD	11:40 a.m.	
K. RECONVENE AS A COMMITTEE OF THE WHOLE TO ADJOURN	12:00 p.m.	

1. **U. T. System Board of Regents: Announcement of recipients for the Regents' Outstanding Teaching Awards and remarks by representative faculty**

REPORT

The Board of Regents of The University of Texas System places the highest priority on undergraduate teaching at U. T. System universities and encourages teaching excellence by recognizing those faculty who deliver the highest quality of undergraduate instruction, demonstrate their commitment to teaching, and have a history and promising future of sustained excellence with undergraduate teaching in the classroom, in the laboratory, in the field, or online.

On August 14, 2008, the Regents established the Regents' Outstanding Teaching Awards, which are a symbol of the importance the Board places on the provision of teaching and learning of the highest order, in recognition of those who serve students in an exemplary manner, and as an incentive for others who aspire to such service. These teaching awards complement existing ways in which faculty excellence is recognized and incentivized. The Board allocated \$2 million per annum for five years, beginning FY 2009, for teaching awards, allocating \$1 million per year for the awards for U. T. Austin and another \$1 million per year for the remaining academic institutions. Program details for the awards were approved by the Board of Regents on November 13, 2008, and involve one-time payments to individual faculty ranging from 20 awards of \$30,000 each for tenured faculty, nine awards of \$25,000 each for tenure-track faculty upon receiving tenure, and nine awards of \$15,000 each for contingent faculty (including adjuncts, lecturers, and instructional assistants).

At the meeting, Chancellor Cigarroa will announce the first group of recipients for the Regents' Outstanding Teaching Awards. The faculty members participating in the meeting are Mr. Robert Prentice from U. T. Austin, Dr. Kimberly Selber from U. T. Pan American, and Mr. Steven Varela from U. T. El Paso.

2. **U. T. System Board of Regents: Possible discussion and appropriate action regarding Santa Rita Award**

RECOMMENDATION

Chairman Huffines may make a recommendation for award of the Santa Rita Award, the highest honor bestowed by the Board of Regents.

**Supplemental Materials: Regents' *Rules and Regulations*, Rule 10601 on Pages 1 – 2 of Volume 2.**

## BACKGROUND INFORMATION

The criteria for selection of the Santa Rita Award include such factors as:

- A demonstrated concern for the principles of higher education
- A deep commitment to the furtherance of the purposes and objectives of The University of Texas System
- A record of commitment to securing appropriate support for the U. T. System from both the public and private sectors
- A demonstrated record of participation in the affairs of the U. T. System, which serves as a high example of selfless and public-spirited service.

3. **U. T. System Board of Regents: Appointment of a Special Board Committee on the Brackenridge Tract to review the conceptual master plans**

## RECOMMENDATION

Chairman Huffines will appoint Board members of the U. T. System Board of Regents to a Special Committee on the Brackenridge Tract to review the two conceptual master plans presented by Cooper, Robertson & Partners, L. L. P., on June 18, 2009.

4. **U. T. System: Chancellor's quarterly update - Strategic Vision for the U. T. System**

## REPORT

Chancellor Cigarroa will present his vision for the future of the U. T. System, including an outline of priority strategic objectives.

5. **U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2010, including the Permanent University Fund Bond Proceeds allocation for Library, Equipment, Repair and Rehabilitation Projects and an allocation for the Science and Technology Acquisition and Retention Program**

## RECOMMENDATION

The Chancellor, with the concurrence of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the presidents of the U. T. System institutions,

recommends that the nonpersonnel aspects of the U. T. System Operating Budgets for Fiscal Year 2010, including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical, Dental, and Allied Health Faculty Services, Research and Development Plans, be approved.

It is further recommended that the Chancellor be authorized to make editorial corrections therein and that subsequent adjustments be reported to the U. T. System Board of Regents through the Docket.

Chancellor Cigarroa will make a presentation on the recommended Fiscal Year 2010 Operating Budget including the Library, Equipment, Repair and Rehabilitation (LERR) Budget and the allocation of the Science and Technology Acquisition and Retention (STARs) program.

It is requested that Permanent University Fund (PUF) Bond Proceeds in the amount of \$50,000,000 be appropriated to the institutions to fund LERR Projects for Fiscal Year 2010. Of the \$50,000,000, it is requested that \$20,000,000 be appropriated directly to U. T. System institutions. This would authorize the purchase of approved equipment items and library materials and to contract for repair and rehabilitation projects following standard purchasing and contracting procedures within approved dollar limits. Substitute equipment purchases or repair and rehabilitation projects are to receive prior approval by the Chancellor, the appropriate Executive Vice Chancellor, and, where required, the U. T. System Board of Regents. Transfers by U. T. System Administration of allocated funds to institutional control or to vendors will coincide with vendor payment requirements. Final approval of specific repair and rehabilitation projects will be in accordance with procedures for construction projects established by the U. T. System Board of Regents. Subject to completion of a project planning form, repair and rehabilitation projects are automatically added to the Capital Improvement Program (CIP) provided that total project cost and funding sources have not changed from the original LERR request.

It is also requested that \$30,000,000 of the PUF Bond Proceeds be appropriated to provide additional funding to build and enhance research infrastructure to attract and retain the best qualified faculty known as the Faculty STARs program. Through a competitive proposal process determined by U. T. System Administration, funds will be distributed for the purpose of recruiting top researchers.

It is recommended that LERR appropriations not expended or obligated by contract or purchase order within six months after the close of Fiscal Year 2010 and Faculty STARs program appropriations not expended or obligated by contract or purchase order within 18 months after the date of the award are to be available for future U. T. Systemwide reallocation unless specific authorization to continue obligating the funds is given by the Associate Vice Chancellor - Controller and Chief Budget Officer upon recommendation of the president of the institution and the appropriate Executive Vice Chancellor. Such specific authorization will extend the obligation of funds for no more than 12 additional months from the time the extension is granted.

It also requested that Available University Funds (AUF) be authorized in the amount of \$11,132,554 for one-time funding of the following:

- a. \$6,132,554 to pay U. T. Systemwide Microsoft license renewals currently in the 12th year of an agreement with Microsoft Corporation to provide all U. T. System institutions, faculty, staff, and students with the most commonly used Microsoft products, and
- b. \$5,000,000 for faculty recruitment at U. T. Austin aimed at hiring top faculty talent.

It is further recommended that savings achieved at each institution by not having to pay 12th year Microsoft license renewal costs and the \$5 million in AUF appropriated to U. T. Austin, be used to match Faculty STARS program awards for recruitment of top faculty talent. U. T. Brownsville and U. T. Pan American will consult with the Executive Vice Chancellor for Academic Affairs before committing the savings on new faculty recruitments since neither receives STARS funding. If any of the \$5 million in AUF funding appropriated to U. T. Austin remains after February 2012, the remaining balance will be returned to U. T. System Administration.

**Supplemental Materials:**

- **Operating Budget PowerPoint presentation on Pages 3 - 20 of Volume 2.**
- **Available University Fund forecast on Page 21 of Volume 2.**

BACKGROUND INFORMATION

A supplemental volume of the budget materials titled "Operating Budget Summaries and Reserve Allocations for Library, Equipment, Repair and Rehabilitation" is enclosed in the front pocket of the Regents' Agenda Book and will be available at the meeting upon request.

See the Executive Session item related to the personnel aspects of the U. T. System Operating Budgets (Item 3b on Table of Contents Page ii for Meeting of the Board).

The appropriation of PUF Bond Proceeds will be presented in the Fiscal Year 2010 LERR Budget. The allocation of these LERR funds to the U. T. System institutions was developed from prioritized lists of projects submitted by the institutions and reviewed by U. T. System Administration staff.

As required by the AUF Spending Policy, a forecast of revenues and expenses of the AUF for seven years, including the above allocation has been prepared and is provided. The additional appropriation of PUF Bond Proceeds for this allocation is within the policy as shown in the forecast.

6. **U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2010**

**RECOMMENDATION**

Vice Chairman Foster and Regent Hicks will report on their review of the individual personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2010.

**BACKGROUND INFORMATION**

On April 13, 2009, Chairman Huffines appointed Vice Chairman Foster and Regent Hicks to act as liaisons to Chancellor Cigarroa as he reviews and addresses issues related to the proposed University of Texas System budget for Fiscal Year 2010 to see if the budget is appropriately right-sized in light of the current economic environment. Chairman Huffines had asked for a report at the August 2009 Board meeting.

7. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Rule 10402, Section 1, regarding a quorum of Standing Committees**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the General Counsel to the Board and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Rule 10402, regarding Standing Committees of the Board, be amended to add language regarding a quorum as set forth below in congressional style:

Sec. 1 Standing Committees. The following committees shall be standing committees of the Board of Regents to consider policies for the government of all major areas: (a) Finance and Planning Committee; (b) Academic Affairs Committee; (c) Health Affairs Committee; (d) Facilities Planning and Construction Committee; (e) Audit, Compliance, and Management Review Committee.

1.1 Composition and Quorum of Standing Committees. Each standing committee is composed of not less than four members of the Board of Regents appointed by the Chairman. In the unanticipated absence of a quorum, the Chairman or Committee Chairman may appoint another member(s) of the Board to serve in a temporary capacity on the Committee.

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## BACKGROUND INFORMATION

This proposed amendment to the Regents' *Rules* will permit the Chairman of the Board or the Standing Committee Chairman to appoint Regents to serve temporarily on a Committee in the event of an unanticipated absence.

8. **U. T. System Board of Regents: Amend Regents' *Rules and Regulations*, Rule 10501, Section 4 (Contracts Not Requiring Board Approval), Subsection 4.12, regarding athletic employment agreements**

## RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel that Regents' *Rules and Regulations*, Rule 10501, Section 4 (Contracts Not Requiring Board Approval), Subsection 4.12, regarding athletic employment agreements, be amended as set forth below in congressional style:

Sec. 4 Contracts Not Requiring Board Approval. The following contracts or agreements, including purchase orders and vouchers, do not require prior approval by the Board of Regents regardless of the contract amount.

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4.12 Athletic Employment Agreements. Contracts with athletic coaches and except athletic directors and head coaches except those with total annual compensation of \$250,000 or greater, as covered by Rule 20204.

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## BACKGROUND INFORMATION

Currently, all contracts and contract amendments for athletic directors and head coaches at all U. T. System institutions require advance approval by the U. T. System Board of Regents.

This proposed amendment to the Regents' *Rules* would amend the portion of the delegation rules to delegate approval of head coach and athletic director contracts for employees with total annual compensation of less than \$250,000.

The budget rules will be amended accordingly to clarify that only employment contracts for coaches and athletic directors with total annual compensation of \$250,000 or greater will require Board approval.

9. **U. T. System: Authorization to enter into contracts or transactions with Apple Computer, Inc., FedEx Corporation, and each of their respective subsidiaries and operating companies**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs and the Vice Chancellor and General Counsel that authorization be granted by the U. T. System Board of Regents for those individuals with contract execution authority under Regents' *Rules and Regulations*, Rule 10501 to enter into contracts, leases, licenses, and other transactions with Apple Computer, Inc., FedEx Corporation, and each of their respective subsidiaries and operating companies, on behalf of U. T. System Administration and U. T. System institutions, so long as those transactions comply with applicable procurement and conflict of interest laws, regulations, policies, and procedures.

**BACKGROUND INFORMATION**

Under Section 51.923 of the *Texas Education Code*, U. T. System Administration and U. T. System institutions may enter into contracts or transactions with a for-profit corporation in which a Regent owns 5% or less of the corporation's outstanding capital stock. However, in such cases, the law requires the contract or transaction to be an affiliation, licensing, or sponsored research agreement or to be awarded by competitive bidding or competitive sealed proposals. In addition, the Regent must (i) disclose such an interest in a meeting held in compliance with the Texas Open Meetings Act, and (ii) refrain from voting on any contract or transaction with that corporation.

U. T. System's practice has been to place each individual contract or transaction covered by Section 51.923 on the Board agenda for approval by Board vote, with any conflicted Regent abstaining.

However, the list of for-profit corporations currently impacted by Section 51.923 includes certain corporations (as well as their subsidiaries or operating companies) from which U. T. System and U. T. System institutions routinely and frequently purchase, license, or lease products and services. Two of those corporations, in which the interests are substantially below the 5% threshold held by Regents Gary and Longoria, are:

- **Apple Computer, Inc.**: Over 40% of U. T. Austin's computer purchases are from Apple; moreover, Apple computers are predominantly used in research activities at U. T. System institutions. Institutions frequently license various Apple software and development products. (Regent Longoria owns stock.)
- **FedEx Corporation**: U. T. System Administration and U. T. System institutions frequently use this vendor or its operating companies for shipments. (Regent Gary owns stock.)

Placing each individual U. T. contract or transaction with Apple Computer, Inc., FedEx Corporation, or their respective subsidiaries and operating companies on the Board agenda for advance approval by individual Board vote would significantly impact operations of U. T. System Administration, U. T. System institutions, and the Board of Regents because of the limited number of Board meetings at which such approvals may be obtained and the significant lead time necessary to prepare and process such approvals.

Advance authorization for U. T. System Administration and U. T. System institutions to enter into contracts or other transactions with Apple Computer, Inc., FedEx Corporation, and their respective subsidiaries and operating companies that are procured in accordance with procurement and conflict of interest laws, regulations, policies, and procedures and that are executed by persons with appropriately delegated authority under Regents' Rule 10501 is the most efficient way for routine business to proceed while still complying with the requirements of *Texas Education Code* Section 51.923.

10. **U. T. System: Delegation of authority to facilitate the acceptance of gifts for matching under the Texas Research Incentive Program**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs that the U. T. System Board of Regents authorize Vice Chancellor Safady to act on behalf of the Board to facilitate the acceptance of gifts by U. T. System institutions that are intended to qualify for matching under the Texas Research Incentive Program, as appropriate, and to work closely with U. T. System institutions to ensure compliance with requirements of the Texas Higher Education Coordinating Board related to this Program.

BACKGROUND INFORMATION

The Texas Legislature, 81st Regular Session, authorized the Texas Research Incentive Program to provide state matching funds for research-oriented philanthropy at the seven emerging research institutions of Texas, as identified under the Coordinating Board's accountability system. Among those seven are U. T. Arlington, U. T. Dallas, U. T. El Paso, and U. T. San Antonio.

To qualify for the first \$25 million of appropriated matching funds this year, gifts must meet certain criteria related to enhancing research activities, and they must be deposited and certified on or after September 1, 2009. Delegation of the authority to accept gifts in substantial compliance with all Board and U. T. System policies and procedures will assure maximum flexibility and responsiveness appropriate to enable the four U. T. System institutions to qualify for matching funds on a timely basis.