



**AGENDA**  
**SPECIAL CALLED TELEPHONE MEETING**  
**of**  
**THE UNIVERSITY OF TEXAS SYSTEM**  
**BOARD OF REGENTS**  
**June 20, 2018**  
**Austin, Texas**

CONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION  
PURSUANT TO *TEXAS GOVERNMENT CODE*, CHAPTER 551

11:00 a.m.

1. Individual Personnel Matters Relating to 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 presidents (academic and health institutions); U. T. System Administration officers (Deputy Chancellor, Executive Vice Chancellors, and Vice Chancellors); other officers reporting directly to the Board (such as Chancellor, General Counsel to the Board, and Chief Audit Executive); Board members, task force members, and advisory council members; and U. T. System and institutional employees**
  - b. **U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston: Discussion and appropriate action regarding individual personnel matters related to TMC3 collaborative research development**
  - c. **U. T. System: Discussion and possible appropriate action regarding individual personnel matters relating to Chancellor search**
  - d. **U. T. San Antonio: Discussion with president regarding assignment and duties, including individual responsibilities associated with outlining a vision and plans for the future of the institution**
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**
  - b. **U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston: Discussion and appropriate action regarding legal issues related to TMC3 collaborative research development**
  - c. **U. T. System: Discussion regarding legal issues related to Los Alamos National Laboratory**
  - d. **U. T. San Antonio: Discussion and possible action related to legal issues associated with campus development plans**

3. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072

**U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston: Discussion and possible appropriate action regarding the lease and/or exchange of land and lease of common facilities at the TMC3 collaborative research development located on approximately 28 acres bounded by Old Spanish Trail, South Braeswood Boulevard, and bisected by William C. Harvin Boulevard, from Texas Medical Center, Inc., for research and related uses**

4. Deliberation Regarding Security Devices or Security Audits – Sections 551.076 and 551.089

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

5. Negotiated Contracts for Prospective Gifts or Donations – Section 551.073

- a. **U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features**

- b. **U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts, including potential naming features**

RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO CONSIDER AGENDA ITEMS

*11:50 a.m.  
approximately*

1. **U. T. System Board of Regents: Approval of Consent Agenda and consideration of any items referred to the full Board**

3

2. **U. T. System Board of Regents: Discussion and possible action regarding appointments to the University Lands Advisory Board**

4

ADJOURN

*12:00 p.m.  
approximately*

1. **U. T. System Board of Regents: Approval of Consent Agenda and consideration of any items referred to the full Board**

RECOMMENDATION

The Board will be asked to approve the [Consent Agenda](#) and will discuss any items referred for consideration by the full Board.

2. **U. T. System Board of Regents: Discussion and possible action regarding appointments to the University Lands Advisory Board**

RECOMMENDATION

Chairman Tucker and Vice Chairman Hildebrand may recommend appointments to the University Lands Advisory Board.



**TABLE OF CONTENTS  
THE UNIVERSITY OF TEXAS SYSTEM BOARD OF REGENTS  
CONSENT AGENDA**

**Board Meeting:**  
June 20, 2018  
Austin, Texas

**Page**

**MEETING OF THE BOARD**

1. Resolution - **U. T. System Board of Regents:** Adoption of resolution regarding the list of Key Management Personnel authorized to negotiate, execute, and administer classified government contracts (Managerial Group) to reflect the name of the Chancellor *ad interim* and the name and term of new Student Regent **6**
2. Employment Agreement - **U. T. System:** Approval of Terms of Employment with Larry R. Faulkner, as Chancellor *ad interim* **8**

**AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE**

3. UTIMCO Committee Appointment - **U. T. System:** Proposed appointment of a member to the Audit and Ethics Committee of the Board of Directors of The University of Texas/Texas A&M Investment Management Company (UTIMCO) **11**

## MEETING OF THE BOARD

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

To comply with the Department of Defense National Industrial Security Program Operating Manual (NISPOM) requirements, it is recommended that the Board of Regents approve the revised resolution set forth below regarding the list of Key Management Personnel (KMP) authorized to negotiate, execute, and administer classified government contracts. The revision reflects the name of the Chancellor *ad interim* and the name and term of new Student Regent.

A Resolution amending the Managerial Group list was last adopted by the Board of Regents on May 1, 2018.

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

### RESOLUTION

BE IT RESOLVED:

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

David E. Daniel, Ph.D., Deputy Chancellor, The University of Texas System  
Gregory L. Fennes, Ph.D., President, The University of Texas at Austin  
Daniel T. Jaffe, Ph.D., Vice President for Research, The University of Texas at Austin

Francis J. Landry III, Facility Security Officer (FSO), The University of Texas System/Security Manager, Applied Research Labs, The University of Texas at Austin

Patrick H. Vetter, Insider Threat Program Senior Official (ITPSO), The University of Texas System/Assistant Security Director, Applied Research Labs, The University of Texas at Austin

James R. (Trey) Atchley III, Chief Inquiry Officer, The University of Texas System  
Helen T. Mohrmann, Chief Information Security Officer, The University of Texas System

Michael J. Heidingsfield, Director of Police, The University of Texas System

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

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

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

Chancellor *ad interim* Larry R. Faulkner

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

Sara Martinez Tucker, Chairman  
Jeffery D. Hildebrand, Vice Chairman  
Paul L. Foster, Vice Chairman  
Ernest Aliseda  
David J. Beck  
Kevin P. Eltife  
R. Steven Hicks  
Janiece Longoria  
James Conrad Weaver  
Brittany E. Jewell, Student Regent from June 1, 2018 to May 31, 2019 (nonvoting)

2. Employment Agreement - U. T. System: Approval of Terms of Employment with Larry R. Faulkner, as Chancellor *ad interim*

Proposed terms of employment for Larry R. Faulkner as Chancellor *ad interim* are summarized below and recommended for approval by the U. T. System Board of Regents.

Item: U. T. System Chancellor *ad interim*

Funds: \$500,000 per year, prorated over term of service and payable monthly

Period: June 1, 2018 through the selection and transition to office of the next Chancellor

Description: Agreement for employment of Larry R. Faulkner as Chancellor *ad interim*.

On May 31, 2018, Chancellor McRaven stepped down as Chancellor. At the request of the Board, Dr. Faulkner agreed to serve in the position as Chancellor *ad interim* until the successor to Chancellor William H. McRaven is named and transitioned to office.

A letter agreement covering the terms of service for the transition period is on the following pages.





THE UNIVERSITY of TEXAS SYSTEM  
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Sara Martinez Tucker, Chairman  
U. T. System Board of Regents  
210 West Seventh Street  
Austin, Texas 78701  
Phone: (512) 499-4402 Fax: (512) 499-4425  
<http://www.utsystem.edu/board-of-regents>

May 31, 2018

Dr. Larry R. Faulkner  
[REDACTED]  
[REDACTED]

Dear Larry:

The other members of the Board of Regents and I greatly appreciate your willingness to serve as Chancellor *ad interim* of The University of Texas System through the selection and transition to office of the next U. T. System Chancellor. This letter sets forth the terms and conditions associated with your service, effective June 1, 2018, subject to approval by the Board.

Your annual salary rate will be \$500,000/year, prorated over the term of your service and payable monthly. As a Return-to-Work retiree with an appointment not to exceed four and one-half months, your health insurance coverage will continue to be provided through the U. T. retirement plan.

Additional terms related to this service are:

- (a) Interim appointment as holder of the Lee Hage and Joseph D. Jamail Regents Chair in Higher Education Leadership during your service as Chancellor.
- (b) As Chancellor *ad interim*, you have agreed to serve, to oversee, and to administer the activities and operations of the System with maximum application of effort, experience, and ability consistent with Board and System policies and to devote your time and attention and to use your talents and best efforts to perform the duties assigned to you. You may, with prior written consent of the Chairman of the Board, participate as a member of boards of directors of for-profit and non-profit corporations, subject to law, Regents' Rules, and applicable policy.
- (c) You may also continue to expend reasonable time on charitable and other professional activities, provided that these activities do not interfere with your full and faithful performance of duties as Chancellor *ad interim*. All income or other compensation due you in connection with any approved outside activities shall be paid to and retained by you and reported in accordance with applicable law and established System policy.

- (d) Subject to any limitations of the laws of the State of Texas, the System shall allocate sufficient funds for your office and for salaries for personnel required to staff the office and for travel, official entertainment expenses, and other official activities. Reasonable travel, entertainment and other business expenses incurred in your capacity as Chancellor *ad interim* shall be paid directly or reimbursed to you, as appropriate, from an appropriate source of funds.
- (e) Expenses for official travel for Mrs. Faulkner, pursuant to approved policy on Spousal Travel, will be paid directly or reimbursed as appropriate.
- (f) The cost of club memberships for you as Chancellor *ad interim*, as agreed to by the Chairman of the Board, will be paid directly or reimbursed as appropriate.

Any elements of your compensation subject to federal income tax will be subject to withholding and reported on the W-2 form. You should, of course, consult your tax advisor as to the handling of business or other offsetting deductions.

Sincerely,

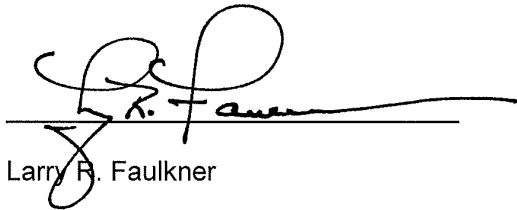


Sara Martinez Tucker  
Chairman

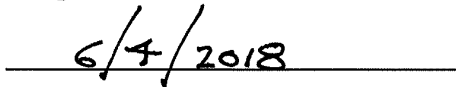
SMT:cf

- c: Members of the Board of Regents  
General Counsel to the Board  
Associate Vice Chancellor, Controller and Chief Budget Officer

Accepted:



Larry B. Faulkner



Date

## **AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE**

3. UTIMCO Committee Appointment - U. T. System: Proposed appointment of a member to the Audit and Ethics Committee of the Board of Directors of The University of Texas/Texas A&M Investment Management Company (UTIMCO)

The University of Texas/Texas A&M Investment Management Company (UTIMCO) Board of Directors recommends that the U. T. System Board of Regents approve the appointment of Clifton L. Thomas, Jr. to the Audit and Ethics Committee of the UTIMCO Board of Directors. The other members of the Committee are Janet Handley and James C. "Rad" Weaver.

Section 66.08 of the *Texas Education Code* requires that the U. T. System Board of Regents approve the appointment of members to the Audit and Ethics Committee of the UTIMCO Board of Directors. The UTIMCO Board of Directors recommended and approved this appointment on May 18, 2018, conditioned on approval of the U. T. System Board of Regents.