

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

August 13-14, 2008

Austin, Texas

Minutes of Committee meetings are taken as a convenience for research purposes and may be verified by recordings kept in the Office of the Board of Regents or webcasts available at <http://www.utsystem.edu/bor/meetings/minutes.htm>.

/s/ Carol A. Felkel
Assistant Secretary to the Board of Regents
September 15, 2008

MINUTES
U. T. System Board of Regents
Audit, Compliance, and Management Review Committee
August 13, 2008

The members of the Audit, Compliance, and Management Review Committee of the Board of Regents of The University of Texas System convened at 11:10 a.m. on Wednesday, August 13, 2008, in the Conference 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 Foster, presiding
Vice Chairman Rowling
Regent Longoria
Regent McHugh

Also present was Executive Director Martinez.

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: Approval of the Audit, Compliance, and Management Review Committee Charter and the Responsibilities Checklist

Committee Meeting Information

Presenter(s): Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer

Status: Approved

Motion: Made by Regent Longoria, seconded by Vice Chairman Rowling, and carried unanimously

Discussion at meeting:

Regent Longoria asked if the checklist covered oversight of information technology (IT) and associated security and Mr. Chaffin responded affirmatively, saying IT is the most challenging risk at this time. Committee Chairman Foster said the checklist is intended to mirror the Sarbanes-Oxley Act.

The approved Charter and Checklist are attached on the following pages.

**Charter
for the
Audit, Compliance, and Management Review Committee
of the
Board of Regents of The University of Texas System**

Role

The Audit, Compliance, and Management Review Committee ("the Committee") of the Board of Regents ("the Board") of The University of Texas ("U. T.") System assists the Board in fulfilling its responsibilities for:

- ◆ Oversight of the quality and integrity of the accounting and financial reporting practices, including the annual financial statements, and the system of internal controls;
- ◆ Oversight and direction of the internal auditing function, any external auditors whom the Committee may employ, and engagements with the State Auditor;
- ◆ Oversight and direction for the System-wide compliance function;
- ◆ Oversight of the review of effective institutional management practices at all U. T. System institutions; and
- ◆ Other duties as directed by the Board.

The Committee's role includes a particular focus on U. T. System's processes to manage business and financial risk, and for compliance with significant applicable legal, ethical, and regulatory requirements.

Membership

The membership of the Committee shall consist of at least four Board members, appointed by the Chairman of the Board, who shall be free of any relationship that would interfere with his or her individual exercise of independent judgment. Applicable laws and regulations shall be followed in **evaluating a member's independence**.

Reporting

The Chief Audit Executive, System-wide Compliance Officer, and executive management shall provide periodic reports related to audit, compliance, and management review to the Committee. Any public accounting firm employed by the Committee shall report directly to the Committee. The **State Auditor's reports** will be submitted to this Committee. The Committee is expected to maintain free and open communications, which shall include private executive sessions, at least annually, with these parties, as it deems appropriate and is permitted by law.

The Committee chairperson shall regularly report Audit, Compliance, and Management Review Committee activities to the full Board of Regents, particularly with respect to:

- (i.) any issues that arise regarding compliance with legal or regulatory requirements and the performance and independence of internal and external auditing and assurance functions; and
- (ii.) **such other matters as are relevant to the Committee's discharge of its responsibilities.**

**Charter
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Education

U. T. System executive management is responsible for providing the Committee with educational resources related to accounting principles and procedures, risk management, and other information that may be requested by the Committee. U. T. System executive management shall assist the Committee in maintaining appropriate financial and compliance literacy.

Authority

The Committee, in discharging its oversight role, is empowered to study or investigate any matter related to audit, compliance, and management of interest or concern that the Committee, in its sole discretion, deems appropriate for study or investigation by the Committee. The Committee shall be given full access to all U. T. System employees and operations as necessary to carry out this authority.

Responsibilities

The Committee's specific responsibilities in carrying out its oversight role are delineated in the Audit, Compliance, and Management Review Committee Responsibilities Checklist. The responsibilities checklist will be updated periodically by the Committee to reflect changes in regulatory requirements, authoritative guidance, and evolving oversight practices. As the compendium of Committee responsibilities, the most recently updated responsibilities checklist will be considered to be an addendum to this charter.

The Committee relies on the expertise and knowledge of management, the internal auditors, the State Auditor, and any public accounting firm they may employ in carrying out its oversight responsibilities. U. T. System executive management is responsible for preparing complete and accurate financial statements and for monitoring internal controls and compliance with all applicable laws, regulations, and internal policies and procedures. Any public accounting firm hired by the Committee is responsible for performing the services specified in the hiring contract.

**Responsibilities Checklist
for the
Audit, Compliance, and Management Review Committee
of the
Board of Regents of The University of Texas System**

1. The Committee will perform such other functions as assigned by law or the Board of Regents of The University of Texas System ("the Board").
2. The Committee shall meet four times per year or more frequently as circumstances require. The Committee may ask members of management or others to attend the meeting and provide pertinent information as necessary.
3. The agenda for Committee meetings will be prepared in consultation between the Committee chairman (with input from the Committee members), U. T. System executive management, the Chief Audit Executive, and the System-wide Compliance Officer.
4. **The Committee shall verify that its membership is familiar with the Committee's Charter, goals, and objectives.**
5. The Committee shall review the independence of each Committee member based on applicable independence laws and regulations.
6. The Committee shall review and approve the appointment or change in the Chief Audit Executive.
7. The Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities.
8. The Committee shall provide an open avenue of communication between the State Auditor, internal auditors, any public accounting firm employed, executive management, and the Board. The Committee chairperson shall report Committee actions to the Board with such recommendations as the Committee may deem appropriate.
9. For the purpose of preparing or issuing an audit report or related work, the Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any employed public accounting firm (including the resolution of disagreements between management and the auditor regarding financial reporting). This does not preclude an individual institution from hiring a public accounting firm to perform work at the institutional level.
10. The Chief Audit Executive has responsibility for ensuring that no conflicts of interest exist between public accounting firms performing consulting services and firms conducting financial statement audits. The Chief Audit Executive shall report annually on the status and integrity of U. T. System's engagements with public accounting firms.
11. The Committee shall review with executive management, the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm the coordination of efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of resources.
12. The Committee shall inquire of executive management, the Chief Audit Executive, the System-wide Compliance Officer, and any employed public accounting firm about significant risks or exposures and assess the steps management has taken to minimize such risk to U. T. System.

**Responsibilities Checklist
for the
Audit, Compliance, and Management Review Committee
of the
Board of Regents of The University of Texas System**

13. The Committee shall consider and review with the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm:
 - a. The adequacy of U. T. System's internal controls including computerized information system controls and security;
 - b. The adequacy and efficiency of senior-level management with respect to fiscal operations and compliance functions at all institutions;
 - c. Any related significant findings and recommendations of the State Auditor, independent public accountants, and internal audit together with management's responses thereto.
14. Regarding the U. T. System's financial statements, the Committee shall review with executive management and/or the Chief Audit Executive:
 - a. U. T. System's annual financial statements and related footnotes;
 - b. Any audit and assurance work performed on components of the annual financial statements;
 - c. Any significant changes to the financial statements requested by the State Auditor, internal audit, or any independent public accountants;
 - d. Any serious difficulties or disputes with management encountered during assurance work on components of the financial statements;
 - e. Other matters related to the conduct of assurance services that are to be communicated to the Committee under generally accepted government auditing standards.
15. The Committee shall require the U. T. System Chief Financial Officer certify the annual financial statements for the U. T. System as a whole, and that each institutional Chief Financial Officer certify the annual financial statements for their respective institution.
16. The Committee shall review legal and regulatory matters that may have a material impact on the financial statements, internal auditing and/or compliance activities.
17. The Committee shall at least annually
 - a. review with executive management and the Chief Audit Executive the U. T. System's critical accounting policies, including any significant changes to Generally Accepted Accounting Procedures (GAAP), Regents' Rules and Regulations, and/or operating policies or standards;
 - b. engage executive management and the external audit firm in the discussion of off-balance sheet transactions/arrangements that have, or are reasonably likely to have, a current or future effect on the System's or any of the institution's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to users of the financial statements. The discussion should

**Responsibilities Checklist
for the
Audit, Compliance, and Management Review Committee
of the
Board of Regents of The University of Texas System**

include the extent of the off-balance sheet transactions/arrangements and whether GAAP or other regulations results in the financial statements reflecting the economics of such transactions/arrangements.

18. On an annual basis, the Committee shall review, recommend, and approve the annual audit plan, including the allocation of audit hours.
19. Regarding audits, the Committee shall consider and review with executive management and the Chief Audit Executive:
 - a. **Significant findings during the year and management's responses thereto;**
 - b. Any difficulties encountered in the course of the audits, including any restrictions on the scope of work or access to required information;
 - c. Any changes required in the planned scope of the audit plan.
20. The Committee shall conduct an annual performance review and evaluation of the Chief Audit Executive. The Committee may delegate responsibility for the performance review to the Chancellor, in which case the Chancellor would provide a recommendation and supporting documentation to the Committee as a basis for their evaluation.
21. The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding internal controls or auditing matters; and the confidential anonymous submission by employees of concerns regarding questionable auditing matters.
22. The Committee shall monitor The University of Texas System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including:
 - a. Significant institutional risks identified during the year and mitigating actions taken;
 - b. **Significant findings during the year and management's responses thereto;**
 - c. Any difficulties encountered in the course of inspections or assurance activities, including any restrictions on the scope of work or access to required information;
 - d. Any changes required in planned scope of the compliance action plan.
23. The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding compliance issues and the confidential anonymous submission by employees of concerns regarding ethically or legally questionable matters.
24. The Committee shall meet with the Chief Audit Executive, the System-wide Compliance Officer, executive management, or any employed external auditors in executive session to discuss any matters that the Committee or the before named believe should be discussed privately with the Committee, to the extent permitted by applicable law.
25. The Committee shall review and update the Audit, Compliance, and Management Review Committee Responsibilities Checklist periodically.

2. U. T. System: Report on the System-wide internal audit activity

Committee Meeting Information

Presenter(s): Mr. Charles Chaffin, Chief Audit Executive

Status: Reported

Discussion at meeting:

Mr. Chaffin reported that a committee of internal audit directors, formed to determine ways in which internal audit activity could be measured, developed performance metrics such as

- Are the audit reports providing quality and value?
- Are resources adequate and auditors competent?
- Are audits being completed in a timely manner and within budget?

Mr. Chaffin said the committee emphasized working more as a system rather than as individual audit shops, particularly in areas such as information technology (IT), and he suggested a need to augment personnel to audit IT risks.

Mr. Chaffin explained the process of reporting performance metrics, including a follow-up in a year, and the value of peer reviews.

On the audit of presidents, Mr. Chaffin reported on controls in place and Vice Chairman Rowling asked if that audit would include Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer at The University of Texas Investment Management Company (UTIMCO). Mr. Chaffin responded affirmatively. (Vice Chairman Rowling is Chairman of the UTIMCO Board of Directors.)

Mr. Chaffin reviewed his method of communicating with Committee members through weekly mail packets, mailed by the Office of the Board of Regents.

3. U. T. System: Report on the System-wide annual audit plan process

Committee Meeting Information

Presenter(s): Mr. Charles Chaffin, Chief Audit Executive

Status: Reported

Discussion at meeting:

Mr. Chaffin reported that significant time was spent on campus emergency preparedness. He spoke about the need for U. T. System to outsource certain audits, due primarily to a lack of expertise. Mr. Chaffin noted that approval of the annual audit plan would be the subject of a special called meeting of this Committee and the Board of Regents in October 2008.

4. U. T. System: Report on the plan for the Fiscal Year 2008 U. T. System Consolidated Annual Financial Report audit

Committee Meeting Information

Presenter(s): Mr. Charles Chaffin, Chief Audit Executive

Status: Reported

Future Action: The Committee asked that the question of hiring an independent financial auditor to audit the Consolidated Annual Financial Reports be revisited each August.

Discussion at meeting:

Mr. Chaffin provided background on the consolidated financial report audit and reported on the advantages of U. T. System auditors conducting this annual audit instead of an external auditor. Advantages mentioned were consistency and significantly fewer hours expended because of a reduced learning curve.

Vice Chairman Rowling explained that he was in favor of ceasing the outside audit as no significant findings had been made in the past by an independent financial auditor but he had committed to former Regent Estrada, former Chairman of the Audit, Compliance, and Management Review Committee, that he would continue to raise the question of hiring an independent financial auditor to audit the Consolidated Annual Financial Report. After discussion, the Committee recommended this question be revisited by the Committee each August.

5. U. T. System: Report on the System-wide compliance program

Committee Meeting Information

Presenter(s): Mr. Charles Chaffin, System-wide Compliance Officer

Status: Reported

Discussion at meeting:

Mr. Chaffin announced this is his last Committee meeting as System-wide Compliance Officer since a new Compliance Officer has been hired.

Mr. Lawrence A. Plutko will begin on September 29, 2008.

Mr. Chaffin said that security of information technology, training of auditors for physicians billing audits, and the changing regulatory environment will be among the focus areas for Mr. Plutko.

In response to questions from Vice Chairman Rowling and Committee Chairman Foster, Mr. Chaffin responded that Mr. Plutko will report directly to the Chancellor and to this Committee, and following a transition period, he and Mr. Plutko will be peers.

RECESS TO EXECUTIVE SESSION

At 11:54 a.m., the Committee recessed to Executive Session pursuant to *Texas Government Code* Sections 551.071 and 551.074 to consider matters listed on the Executive Session agenda as follows:

1. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers - *Texas Government Code* Section 551.071
2. 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 the Chief Audit Executive and System-wide Compliance Officer concerning evaluation and duties of individual System and institutional employees involved in the audit and compliance functions

RECONVENE IN OPEN SESSION

The Executive Session ended at 12:00 p.m., and the Committee reconvened in Open Session to adjourn. No action was taken on items discussed in Executive Session.

ADJOURNMENT

Committee Chairman Foster adjourned the meeting at 12:00 p.m.

MINUTES
U. T. System Board of Regents
Finance and Planning Committee
August 14, 2008

The members of the Finance and Planning Committee of the Board of Regents of The University of Texas System convened at 8:35 a.m. on Thursday, August 14, 2008, 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 Rowling, presiding
Regent Barnhill
Regent Foster
Regent Longoria (for Items 3-15)

Also present were Chairman Caven, Vice Chairman Huffines (for Item 15), Regent Dannenbaum (for Items 7-15), Regent Dower, Regent Gary, Regent McHugh, 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 Rowling called the meeting to order.

1. U. T. System: Discussion and appropriate action related to approval of Docket No. 135

Committee Meeting Information

Presenter(s): Committee Chairman Rowling

Status: Discussed

Discussion at meeting:

Committee Chairman Rowling noted that an additional docket item, posted with the Secretary of State, was before the Committee on green paper to approve an employment agreement for President Wildenthal as Assistant to the President for Community Affairs at U. T. Southwestern Medical Center – Dallas and Special Assistant to the Executive Vice Chancellor for Health Affairs at U. T. System. The additional item follows on Page 2.

**ADDITIONAL DOCKET ITEM
FINANCE AND PLANNING COMMITTEE**
August 14, 2008

OTHER FISCAL ITEMS

EMPLOYMENT AGREEMENTS

The following agreement is recommended for approval by the U. T. System Board of Regents. Such employment under this agreement is subject to the Regents' *Rules and Regulations*, Rule 10501, Sections 3.1 and 3.3 and Rule 20201, *Texas Education Code* Section 51.948, and *Texas Government Code* Chapter 669.

1. Item: Assistant to the President for Community Affairs and Special Assistant to the Executive Vice Chancellor for Health Affairs
- Funds: \$841,557 for appointments through stated budget period
- Period: September 2, 2008 through August 31, 2009
- Description: Dr. C. Kern Wildenthal's appointment as President of U. T. Southwestern Medical Center - Dallas will end September 2, 2008. A deferred compensation payment of \$230,000 will also be made in accordance with the terms of his deferred compensation agreement. In addition to his on-going appointment as Professor of Internal Medicine and Physiology (with tenure), C. Kern Wildenthal, M.D., Ph.D., will serve as Assistant to the President for Community Affairs of U. T. Southwestern Medical Center - Dallas, assisting the President in development activities, building relationships with community leaders, and representing the University at civic functions on behalf of the President. He will also be appointed as Special Assistant to the Executive Vice Chancellor for Health Affairs for U. T. System Administration, assisting the Executive Vice Chancellor on education and research opportunities in Austin and central Texas.

Prepared by:

U. T. Southwestern Medical Center - Dallas

Docket – 71a

August 14, 2008

2. **U. T. System Board of Regents: Approval of the Board of Directors of The University of Texas Investment Management Company (UTIMCO) recommendations for amendments to the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, the Long Term Fund, the Intermediate Term Fund, and the Liquidity Policy**

Committee Meeting Information

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

Status: Approved

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

Discussion at meeting:

Committee Chairman Rowling remarked that Harvard University reported a 3-4% increase in investment earnings and he qualified their reporting period is based on a June fiscal year whereas U. T. System's fiscal year ends in August. Vice Chairman Rowling continued to say that a Harvard consultant anticipated that 80% of endowments would be down. Mr. Zimmerman said UTIMCO endowments were up 2% for the same period and UTIMCO continues to perform well against benchmarks. Vice Chairman Rowling asked if the Permanent University Fund (PUF) was down by .9% and the General Endowment Fund (GEF) by .5% through July and Mr. Zimmerman responded that is correct.

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

Committee Meeting Information

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

Status: Reported

Discussion at meeting:

Committee Chairman Rowling clarified comments he had made yesterday during the Health Affairs Committee meeting about the \$63 million loss at U. T. Medical Branch – Galveston attributable to uncompensated care (see Item 1 on Page 1 of the Health Affairs Committee Minutes for August 13, 2008). He and Dr. Kelley noted that institutional management is managing this challenging issue as best as possible.

4. U. T. System: Approval to exceed the full-time equivalent limitation on employees paid from appropriated funds

Committee Meeting Information

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

Status: Approved

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

5. U. T. System: Approval of Optional Retirement Program employer contribution rates for Fiscal Year 2009

Committee Meeting Information

Presenter(s): Ms. Tonya Brown, Vice Chancellor for Administration

Status: Approved

Motion: Made by Regent Barnhill, seconded by Regent Longoria, and carried unanimously

6. U. T. System Board of Regents: Approval of a new University of Texas Investment Management Company (UTIMCO) Compensation Program

Committee Meeting Information

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

Status: Approved

Motion: Made by Regent Foster, seconded by Regent Barnhill, and carried unanimously

7. U. T. System Board of Regents: Approval of the Annual Budget, including the capital expenditures budget, and Annual Fee and Allocation Schedule for The University of Texas Investment Management Company (UTIMCO)

Committee Meeting Information

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

Status: Approved

Motion: Made by Regent Longoria, seconded by Regent Foster, and carried unanimously

8. U. T. System Board of Regents: Approval to amend Regents' Rules and Regulations, Rule 80303, regarding Use of the Available University Fund

Committee Meeting Information

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

Status: Approved

Motion: Made by Regent Barnhill, seconded by Regent Foster, and carried unanimously

- 9. U. T. System Board of Regents: Adoption of Twentieth Supplemental Resolution authorizing Revenue Financing System Bonds; authorization to complete all related transactions; and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. Philip R. Aldridge, Associate Vice Chancellor for Finance

Status: Approved

Motion: Made by Regent Longoria, seconded by Regent Foster, and carried unanimously

- 10. U. T. System Board of Regents: Adoption of a Resolution authorizing the issuance, sale, and delivery of Permanent University Fund Bonds, and authorization to complete all related transactions**

Committee Meeting Information

Presenter(s): Mr. Philip R. Aldridge, Associate Vice Chancellor for Finance

Status: Approved

Motion: Made by Regent Longoria, seconded by Regent Foster, and carried unanimously

- 11. U. T. System Board of Regents: Adoption of Amended and Restated First Supplemental Resolution to the Master Resolution establishing the Revenue Financing System Commercial Paper Note Program; repeal of the Fifth Supplemental Resolution; authorization for officers of U. T. System to complete all transactions related thereto; and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. Philip R. Aldridge, Associate Vice Chancellor for Finance

Status: Approved

Motion: Made by Regent Longoria, seconded by Regent Foster, and carried unanimously

Discussion at meeting:

Committee Chairman Rowling asked if funds can be invested in taxables to make a safe spread and Mr. Aldridge responded affirmatively. Regent Foster asked if funds are invested in the interim in a low-risk investment and Mr. Aldridge answered the funds are invested in the Short Term Fund (STF), which is an AAA-rated, safe money market fund. Committee Chairman Rowling clarified that direct investments are not made in treasuries and agencies, but in the STF, which in turn invests in those types of securities.

Regent Dannenbaum asked about the risk of the STF, managed by Dreyfus, and Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer for The University of Texas Investment Management Company (UTIMCO), described the conservative STF investment guidelines and reported that UTIMCO has approximately \$3 billion out of \$14 billion in the account. He and Mr. Aldridge

concluded that while there is risk of loss, the risk is low. Vice Chairman Rowling asked where positive arbitrage goes and Mr. Aldridge responded that it is net reduction of the interest expense billed to the institutions. Regent Gary then asked if positive arbitrage is possible because U. T. is a tax-exempt issuer and Mr. Aldridge responded affirmatively.

12. U. T. System Board of Regents: Adoption of a Resolution authorizing the Permanent University Fund Commercial Paper Notes, Series A and Taxable Commercial Paper Notes, Series B; and authorization to complete all related transactions

Committee Meeting Information

Presenter(s): Mr. Philip R. Aldridge, Associate Vice Chancellor for Finance

Status: Approved

Motion: Made by Regent Longoria, seconded by Regent Foster, and carried unanimously

Discussion at meeting:

See Item 11 above.

13. U. T. System: Approval of aggregate amount of \$122,756,000 of equipment financing for Fiscal Year 2009 and resolution regarding parity debt

Committee Meeting Information

Presenter(s): Mr. Philip R. Aldridge, Associate Vice Chancellor for Finance

Status: Approved

Motion: Made by Regent Longoria, seconded by Regent Foster, and carried unanimously

Discussion at meeting:

Committee Chairman Rowling commented the difference between financing and “doing it yourself” is probably 6-7% and Mr. Aldridge agreed, saying U. T. System’s commercial paper is trading well.

14. U. T. System Board of Regents: Adoption of resolutions authorizing certain bond enhancement agreements for Revenue Financing System debt and Permanent University Fund debt

Committee Meeting Information

Presenter(s): Mr. Philip R. Aldridge, Associate Vice Chancellor for Finance

Status: Approved

Motion: Made by Regent Longoria, seconded by Regent Foster, and carried unanimously

15. U. T. System: Report on the negotiation of a contract to hedge the price and sell a portion of the future oil and gas royalty production from the Permanent University Fund Lands

Committee Meeting Information

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

Status: Reported

Discussion at meeting:

Dr. Kelley estimated that 40% or less of reserves would be sold and Regent Foster asked for clarification that it would not be a matter of selling reserves but would be selling a forward production stream for a period of time while retaining ownership of reserves. Dr. Kelley answered that it depends on the structure of the deal and this is likely to be the case but in a volumetric production payment structure, the risk would be transferred to a counterparty and a volume in the ground would be sold and delivered at certain points into the future. Dr. Kelley also described the commodity prepay structure. Committee Chairman Rowling clarified that the mineral rights interest would not be sold.

Regent Dower asked about the impact of price fluctuation and the price of oil and Dr. Kelley reviewed the different scenarios, noting that the commodity prepay structure is the preferred structure at this point. Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer for The University of Texas Investment Management Company (UTIMCO), said UTIMCO is having “good conversations with the market” and potential counterparties in an effort to determine optimal structures and prepare for the best offer that exists in the marketplace.

Regent Foster asked if it is anticipated that there will be only one contract from a counterparty for the full amount and Mr. Zimmerman responded he thinks so because the counterparties they are talking to are of a large enough scale to do the entire transaction, which is desirable. He said, however, that it is possible the contract will be split among different counterparties, but he repeated that is not likely.

According to Mr. Zimmerman, another question being discussed is if the decision is made to go forward, do they go forward with a single deal at a single point in time or over a period of time. He noted that a consideration in looking at and negotiating the different structures will be that this is a specific marketplace with specific buyers and sellers at any given moment in time.

Regent Dannenbaum asked a question related to the Board for Lease of University Lands. If the volumetric sale transaction is implemented, would that impede the ability to lease or put up for bid at any period some of the other reserves that have not yet been drilled? Dr. Kelley confirmed that the deal would be structured so as not to impede other leases and Mr. Philip R. Aldridge, Associate Vice Chancellor for Finance, said it would behoove the purchaser to have more volume available and encourage drilling.

Chancellor Kenneth I. Shine emphasized that monies from the forward sale would be invested for the long term with only a percentage of expenditures used as appropriate to the endowment. He said diversification of the investment portfolio is of interest.

Regent Foster asked what would be at risk in a structured commodity sale and Dr. Kelley replied it would be the Permanent University Fund (PUF).

Regent Dower asked about the timing of a forward sale and about evaluating the cost/benefit to the U. T. System and Dr. Kelley responded they will continue to do due diligence and prepare to move forward, assessing pricing and the market at that time. He said the timing of the market now is advantageous as is the diversification of the asset, and access to the earnings a little more quickly is also attractive. Mr. Zimmerman spoke about some factors of operating in the real marketplace.

Regent Gary asked in regards to the efficiency of the marketplace, is it reasonable to assume there will be a deal document where all the parts stop moving but the price and then the time can be picked to potentially close this transaction? Mr. Zimmerman said that efforts continue on legal and other preparations to reach such a point.

ADJOURNMENT

Committee Chairman Rowling adjourned the meeting at 9:45 a.m.

MINUTES
U. T. System Board of Regents
Academic Affairs Committee
August 13, 2008

The members of the Academic Affairs Committee of the Board of Regents of The University of Texas System convened at 2:50 p.m. on Wednesday, August 13, 2008, 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 Barnhill, presiding
Regent Foster
Regent Gary
Regent McHugh

Also present were Chairman Caven, Regent Dower, Regent Longoria, 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 Barnhill called the meeting to order.

1. **U. T. Arlington: Authorization to accept a gift of 0.5969 of an acre located at 841 West Mitchell Street, Arlington, Texas, and described as Lot 24 A-R, Block 6, College Hills Addition, Arlington, Tarrant County, Texas, from The University of Texas at Arlington Alumni Association, a Texas nonprofit corporation; authorization to lease back the land to the Alumni Association as the site for the alumni center operated by the Alumni Association; and finding of public purpose**

Committee Meeting Information

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

Status: Approved

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

2. **U. T. Arlington: Approval of acceptance of gift of outdoor art**

Committee Meeting Information

Presenter(s): President James D. Spaniolo, U. T. Arlington; Dr. David B. Prior, Executive Vice Chancellor for Academic Affairs

Status: Approved

Motion: Made, seconded, and carried unanimously

3. U. T. Austin: Approval of acceptance of gift of outdoor art

Committee Meeting Information

Presenter(s): President William Powers, Jr., U. T. Austin; Dr. David B. Prior, Executive Vice Chancellor for Academic Affairs

Status: Approved

Motion: Made, seconded, and carried unanimously

4. U. T. System: Discussions on academic leadership matters - importance of teaching and its evaluation

Committee Meeting Information

Presenter(s): Dr. David B. Prior, Executive Vice Chancellor for Academic Affairs; President William Powers, Jr., U. T. Austin; President Diana S. Natalicio, U. T. El Paso; President Rodney H. Mabry, U. T. Tyler

Status: Discussed

Future actions:

1. Chairman Caven asked for information about the number of courses taught by tenured faculty at each institution/school.
2. Regent Dannenbaum asked for the methodology used by U. T. El Paso to evaluate the performance in the classroom of transfer students and the performance of students who began at U. T. El Paso and provision of feedback to community colleges to share with discussions emanating from the Governor's Higher Education Summit held in May 2008.

Discussion at meeting:

Dr. Prior's PowerPoint presentation, not included in the Agenda materials, is set forth on Pages 6 - 11.

President Powers spoke about how undergraduate teaching has changed:

- *Teaching, with research and service, is at the core of what U. T. Austin does.*
- *The transfer of technology (intellectual property) into the workplace is done primarily upon a student's graduation.*
- *The Commission of 125 had two strategic recommendations, the first and most important of which was to make sure the institution is doing a good job on the core curriculum in undergraduate education.*
- *Align teaching awards and organization into the normal structure of the institution.*
- *Make sure undergraduates are getting good educational experiences.*
- *There is a need for good teachers teaching in well-designed courses.*
- *Make the first year of undergraduate teaching a focus by getting senior, star professors into the small, first-year classrooms by 2010.*
- *There is a need for attractive, visible seminar rooms.*
- *Improve advising right from the start, outside the classroom.*

- *Have faculty design better courses to reflect course missions.*
- *Increase cohort learning.*
- *Expand undergraduate research or other similar learning.*

President Natalicio spoke about teaching and measuring learning outcomes:

- *The nature of faculty work has changed; how faculty members spend their time, including time spent with students.*
- *Accountability has been helpful in considering new information e.g., student evaluations are now used in faculty performance and help to structure meaningful laboratory experiences for students.*
- *These experiences are where research and teaching come together.*

President Mabry spoke about hiring, training, evaluating, and rewarding teachers:

- *Do we take teaching seriously?*
- *U. T. Tyler and others have a central requirement that student evaluations must be used in faculty performance evaluations.*
- *Multiple assessments of teaching must be used.*
- *U. T. Tyler evaluates teaching at the time of hiring via a practice teaching session.*
- *Find out which class fills last as an indicator of a teacher who might need help and give that teacher help.*
- *Use peer evaluations, post-tenure reviews, professional exams, programmatic reviews in each college or school, and collegiate reviews.*
- *Faculty members who are not good teachers are weeded out and not awarded tenure.*
- *Awards are given on campus for teaching and research at U. T. Tyler.*

Regent McHugh asked if students are required to be part of a cohort and President Powers responded not yet, but freshman interest groups are popular. The limitation is that cohorts take faculty to organize and get students together. Regent McHugh commented that advisors need to be carefully selected and President Powers discussed the evaluation of, and the role of, advisors.

Regent Barnhill asked when teachers learn to teach and President Powers described the various methods of learning, saying students do not go to “teaching school” except via the graduate program. President Romo described his student teaching experience, which resulted in eight years of classroom experience before he began teaching. President García said most universities offer practical seminars as professional development opportunities for faculty. Dr. García also described the national trend to publish good methods of teaching for peer consumption. President Daniel described his desire to have instruction in teaching, ways to encourage the interaction of teacher cohorts, and ways to encourage active learning.

Regent Gary commented on the saying that “20% of teachers do 80% of the teaching.” He asked how a faculty member’s life changes when he/she is awarded tenure. President Watts commented on the different qualifications and characteristics of faculty; some are more qualified to teach larger classes, and those who teach and conduct research might tend to be on the cutting edge and remain more current in their teaching methods.

Regent Dower asked how it is decided who teaches the “easy” classes and who teaches the “difficult” classes. President Romo spoke about the importance of having good department chairs and good deans, and about placing the best teachers in the large, first-year classes to help students choose their majors. Regent Gary later commented on the importance of this exposure to star teachers in the first year. President Powers added the design of a course is critical.

Board Chairman Caven asked about the quantity of teaching and cited an article that recommended a professor teach only two classes per semester. President Natalicio responded that the workload requirements are customized for each faculty member, depending on their workload and strengths, but in general, each faculty member teaches three to four classes as part of a successful business model. She emphasized that faculty members are trained to advise since advising is a significant factor in student success. President Powers said U. T. Austin follows a two-class/semester teaching load. President Daniel said the average professor today is spending less time in formal teaching because there is more research to do. Chairman Caven asked if this is the most productive use of time given shrinking resources to support the public efforts and he asked Vice Chancellor Malandra to direct him to information about the number of courses taught by tenured faculty in the different U. T. System schools.

In response to a question from Regent Dannenbaum about the preparation of students for college, Dr. Natalicio said the performance of transfer students in the classroom is evaluated, as is the performance of students who began at U. T. El Paso. Feedback on a transfer student’s progress is provided to the community colleges. She remarked that the availability of substantial data assists greatly in assessing faculty performance and helps put the focus on teaching. Regent Dannenbaum asked for a summary of this methodology to share with others in discussions emanating from the Governor’s Higher Education Summit held in May 2008.

Regent Barnhill asked if there is a concern about advances in technology in the classroom at the cost of human contact and President Cárdenas remarked that caution is needed to balance social and academic issues. She described the advantages of technology, including how faculty use technology in their work and the increased demand for web-based course offerings, particularly since gasoline prices have increased. Dr. Cárdenas described the new center at U. T. Pan American for learning, teaching, and technology with a grant from AT&T. President Spaniolo added that students come to the university technology-savvy and expect a certain standard that becomes a challenge for universities. He said faculty need to be up-to-date on technology and President Mabry and President Cárdenas spoke more about this matter. Regarding how faculty jobs have changed in the area of communicating with

students who are not in technology tracts, President García commented there appears to be more communication between professors and students in technology-related courses than in traditional courses and this contact enhances learning in a powerful way but faculty are also having to stay more connected. Regent Barnhill asked if faculty in the classroom are also teaching distance learning and Dr. García responded affirmatively, emphasizing that such professors' evaluations are usually good for both in person and electronic communications.

Committee Chairman Barnhill then asked if faculty members see their job as weeding out students who are not fit for college or do faculty help students who are motivated to get ahead? President Watts appeared to answer for all the presidents by saying that faculty take students where they find them and bring them to where they need to be.

Regent Foster asked if it is possible to separate research from teaching and the general consensus was no. President Mabry elaborated by saying that continuing education keeps a faculty member's knowledge current and brings research into the classroom, which is exciting.

ADJOURNMENT

Committee Chairman Barnhill adjourned the meeting at 4:10 p.m.

“Leadership Conversations 2”

“The importance of teaching and its evaluation”

David Prior, Bill Powers, Diana Natalicio, Rod Mabry

and the Academic Institution Presidents

August 2008



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

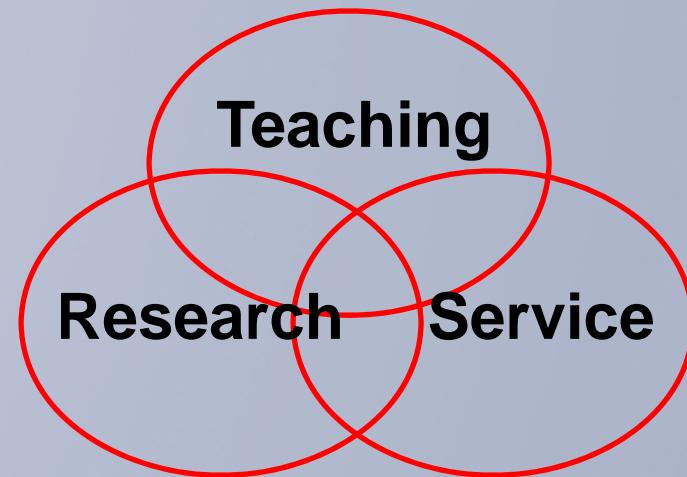
**Board of Regents'
Meeting
Academic Affairs
Committee**



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U. T. System Academic Institutions: Contributions to the State

- A broad public benefit
 - An educated and engaged populace
 - Enhanced human capital
 - New ideas for economic development
 - New ideas for social advancement and quality of life
 - New solutions for public problems
 - Technology transfer and commercialization
 - Worldwide and national reputations
- Specific benefits to students
 - Opportunities for educational advancement
 - Creative reasoning and analytical thinking skills
 - Specific discipline expertise
 - State-of-the-art discipline content informed by scholarship
 - Professional training
 - Enhanced career expectations
 - Enhanced lifetime earnings
 - Lifetime learning





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

U. T. System Academic Institutions: Shared commitments and principles

- The very best educational experience for our undergraduate students – balancing access and affordability – without compromising excellence
- The very best undergraduate and graduate degree programs with teaching based on faculty scholarship and enriched by state-of-the-art knowledge
- A deliberate focus on student success, including intellectual and personal development, in timely progress to graduation



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Some axioms.....?

The teaching responsibility of a university should be based upon the fact that “everyone should be a discoverer and a learner.” (Reinventing undergraduate education: the Boyer Commission, 1996)

6

- “What is discovered in the laboratory in the morning is shared in the classroom in the afternoon”
- Inquiry-based learning involves inquisitive faculty helping students to become inquisitive
- Creativity, critical thinking, reasoning, analysis, evaluation, synthesis, explanation and communication are some of the fundamental hallmarks of a good education – irrespective of discipline or major



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Reinventing undergraduate education: A blueprint for America's research universities - The Boyer Commission 1996

By admitting a student, any college or university commits itself to provide maximal opportunities for intellectual and creative development, including:

- Opportunities to learn through inquiry
- Careful and comprehensive preparation for whatever may lie beyond graduation – first professional position, professional school or graduate school
- Training in skills necessary for oral and written communication that will serve the student in postgraduate and personal life
- Appreciation of arts and sciences, humanities and social sciences



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Some topics - and questions

- Teaching and learning in the 21st century university
 - The scholarship of teaching and measuring learning outcomes
 - Hiring, training, evaluating and rewarding university teachers
-
- How do we know we are succeeding in our teaching mission?
 - How do we publicly recognize excellent teachers – can we do more ?
 - How do we measure faculty teaching performance?
 - The role of student exit evaluations?
 - The role of teaching performance in tenure and promotion?
 - What are the links between teaching and faculty scholarship?

MINUTES
U. T. System Board of Regents
Special Health Affairs Committee Meeting
August 13, 2008

The members of the Health Affairs Committee of the Board of Regents of The University of Texas System convened a special called meeting at 9:05 a.m. on Wednesday, August 13, 2008, 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 McHugh, presiding
Vice Chairman Huffines
Vice Chairman Rowling
Regent Dannenbaum

Also present were Chairman Caven, Regent Barnhill, 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 McHugh called the meeting to order and welcomed Larry R. Kaiser, M.D., President of The University of Texas Health Science Center at Houston, to his first Board meeting.

Overview of directions for health science research

Committee Meeting Information

Presenter(s): Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs
Status: Discussed

Discussion at meeting:

Dr. Shine said the missions of the health institutions include education, patient care, research, and community service. He provided observations about health sciences research, which he defined as a full spectrum of research activities including biomedical, health services, nursing, public health, and dentistry.

Dr. Shine then presented the following research trends as set forth in a handout on Pages 8 - 10:

- *Some of the most important advances occur at the interfaces of health sciences research and other disciplines.*
- *Health sciences research is increasingly multidisciplinary.*

- *Equipment costs are high; sharing of equipment is recommended.*
- *The U. T. System has three Clinical and Translational Science Award (CTSA) centers -- U. T. Health Science Center – Houston, U. T. Southwestern Medical Center – Dallas, and U. T. Health Science Center – San Antonio -- that demonstrate the NIH’s interest in translation (see Minutes of Dr. Cigarroa’s presentation on Page 5).*
- *Technology transfer and intellectual property continue to be high priority issues.*
- *Compliance is often seen as overregulated and it is challenging to minimize these regulations.*
- *The Genome Project is a good example of information technology supporting research. The CTAs are creating databases that need to be increasingly shared.*
- *Texas is in dire need of health services research and that remains a high priority for U. T. System campuses.*
- *The Science and Technology Acquisition and Retention (STARs) program remains a high priority to improve the research workforce.*

Dr Shine noted the upward trajectory of developing research programs in the slide on Page 9. He explained the rapidly expanding “Other” category in the slide on Page 10 includes diversified research support from philanthropy, foundations, hopefully future Proposition 15, and the State to expand the research enterprise.

Overview of National Institutes of Health/National Science Foundation/Department of Defense and formula funding for research and the various research support funds provided by the legislature

Committee Meeting Information

Presenter(s): Kern Wildenthal, M.D., Ph.D., President, U. T. Southwestern Medical Center – Dallas
Status: Discussed

Discussion at meeting:

Dr. Wildenthal presented the slides on Pages 11 - 14 regarding trends in sources of research funding. He said Texas predominantly follows national trends. He said the NIH is the major source of funding for research, either through intramural (what is spent inside the NIH) or extramural (grants given to medical schools, research institutes, industry, etc.) funding. President Wildenthal spoke about the increase in funding from private sources, which increased more than federal funds. He

concluded that total research funding from external sources for Texas has grown significantly. He spoke about formula funded incentive-based research appropriations and said that research development funds are the incentive fund at academic institutions, which have increased and are more meaningful than at the health institutions.

Regarding the statewide use of resources, Regent Dannenbaum asked if there are criteria to evaluate the quality of research and Dr. Wildenthal replied some valid indices exist but there are inherent flaws so he suggested the most fair, consistent way to evaluate research is to look at external funding. There was discussion about special item funding that is excluded from such criteria. Dr. Shine added that extensive peer review is important in determining outside funding and said most funding (70%) for U. T. System health institutions is NIH funding that is hard to get in terms of quality and peer review. Dr. Shine also spoke about the challenges of high risk research.

Regent Dannenbaum followed up with a question about when a risk-related research project might be halted and Dr. Wildenthal answered, saying discretionary dollars to conceive original ideas is limited and more significant dollars come from peer review national agencies. He said competition for those grants is tough, and if one receives such a grant and does not produce, the grant is unlikely to be renewed.

Executive Vice Chancellor Shine said a goal in the U. T. System Strategic Plan is to increase the rate of growth in research funding at the NIH by 3% per year and he reported research is up this year to about 9-9.5%; not all from the NIH, but he reported the U. T. System is exceeding the goal, which he attributed to the diversity of the research portfolio.

Emerging Technology Fund and various state commercialization efforts

Committee Meeting Information

Presenter(s): Kirk Aquilla Calhoun, M.D., President, U. T. Health Science Center – Tyler
Status: Discussed

Discussion at meeting:

Dr. Shine said Texas has interest in applications of research and he introduced Dr. Calhoun, who serves as the sole physician on the advisory committee for the Emerging Technology Fund (ETF) (formerly the Enterprise Fund). Dr. Calhoun said the Fund was created to position Texas to compete in high technology and attract new businesses to Texas. He spoke about the approval process for ETF awards and areas for priority funding. President Calhoun said the Research Superiority Acquisition Type F awards are significant to U. T. System and he noted that eligibility for such awards includes the number of spin-off companies formed and patents filed. He encouraged the presidents to advise him if U. T. System proposals are submitted for these types of awards. Dr. Calhoun's presentation is on Pages 15 - 24.

Regent Dannenbaum asked if there is possibility for interagency referral for other State funds to boost the overall commercialization effort and Dr. Calhoun said there have been discussions about opportunities for venture capitalists, use of State retirement funds, and about working with the Cancer Fund. Dr. Shine added that betting on technologies is high risk and prone to mistakes but investing in good people assures the bringing of real talent to the state even if a project fails.

Update of status of Proposition 15 and its implications for University of Texas campuses

Committee Meeting Information

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

Status: Discussed

Future action: Regent Dannenbaum asked for a list of members of the Oversight Committee of the Cancer Prevention and Research Institute of Texas (CAPRI).

Discussion at meeting:

Dr. Mendelsohn described the Cancer Prevention and Research Institute of Texas (CAPRI) following materials in the handout set forth on Pages 25 - 30. Regent Dannenbaum asked for, and was provided, a list of members of the Oversight Committee of CAPRI.

President Mendelsohn said the key issues are 1) the timeline (the need to appoint a director and design and distribute proposals), 2) excellence (will exclusiveness or inclusiveness be the key?), and 3) commercialization and practical applications and jobs to improve science, recruit talent, and train the next generation of leaders.

Dr. Mendelsohn indicated the Oversight Committee has been asked to review the assignment in 2) above.

Dr. Shine commented on the difficulty of attracting top-notch scientists or program administrators to Texas if depending on biennial appropriations, which he said are unreliable. He thought a 10-year commitment, rather than a biennial approach, would be important and he emphasized the importance of using funds to attract new, competitive talent and to develop infrastructure.

Regent Barnhill asked about the difference between the Texas Cancer Council and CAPRI and Dr. Shine said the Council provides recommendations for overall cancer issues for the state whereas CAPRI is a research institute. President Mendelsohn said the Council receives \$3 million a year from the State. Regent Dannenbaum noted he was president of the Cancer Council for many years and he described the work of the Council. President Wildenthal said there might be lessons learned from California's stem cell initiative that had the same kinds of debates (excellence versus inclusiveness, science versus commercialization, and year-by-year appropriations) and had a slow start but the first awards were committed for infrastructure.

Review of the three Clinical and Translational Science Awards programs and opportunities to capitalize on these across the U. T. System and the state

Committee Meeting Information

Presenter(s): Francisco G. Cigarroa, M.D., President, U. T. Health Science Center – San Antonio
Status: Discussed

Discussion at meeting:

Dr. Cigarroa described the CTAs following a handout on Pages 31 - 34 (see Dr. Shine's comments about CTAs on Page 2). President Cigarroa said as science has advanced, a new set of tools is needed. He commented on the long delay in translational science from the bench to clinical trials to the bedside and to the public. He reported the NIH recognized that approaches to innovative health science discoveries were inefficient and sometimes counterproductive.

Dr. Cigarroa noted Board of Regents' funding support for physical infrastructure has allowed the recruitment and retention of the best and brightest. In response to a question from Regent Dannenbaum, Dr. Cigarroa thought there is an element to the CTA grants to facilitate recruitment and retention of the most outstanding residents in the state.

Dr. Cigarroa circulated a couple of medical innovations including a titanium rib as examples of bringing translational technologies to the bedside more quickly and more economically.

The National Laboratory at Galveston and the challenges of collaborations in research involving multiple campuses and systems related to bioterrorism research

Committee Meeting Information

Presenter(s): Garland D. Anderson, M.D., Executive Vice President, Provost, and Dean of the School of Medicine, U. T. Medical Branch – Galveston
Status: Discussed

Discussion at meeting:

Dr. Shine noted that President Callender could not attend the meeting and he introduced Dr. Anderson who made a presentation set forth on Pages 35 - 43. Dr. Anderson noted there is a shortage of personnel who are trained to work in the Biosafety Laboratory (BSL)-3 or 4, and he said the national laboratory was opened on August 1 and studies in the BSL-4 will begin around January 1, 2009.

Regent Dannenbaum asked about profiling and clearance of investigators and Dr. Anderson reported on the rigorous process to hire laboratory employees,

saying they are required to have FBI background checks and must adhere to strict operating guidelines. Dr. Shine spoke about the attraction of good scientists and he said reporting of accidents has evolved to a high standard. He noted Congress is interested in training people to work in these kinds of laboratories.

Experience in developing and/or supporting interdisciplinary research and dealing with research conflicts of interest

Committee Meeting Information

Presenter(s): Larry R. Kaiser, M.D., President, U. T. Health Science Center – Houston

Status: Discussed

Discussion at meeting:

Dr. Kaiser spoke about the CTSA in Houston and collaborations with U. T. M. D. Anderson Cancer Canter, Memorial Hermann Hospital, and Rice University that have led to the success of the CTSAs. Dr. Kaiser spoke about a case in which disclosures were not made by clinicians involving a medical innovation that resulted in a research conflict of interest. He then reviewed the handout on Pages 44 - 47 and concluded by saying that all those involved in clinical research need to be aware of potential conflicts of interest.

Dr. Shine noted all U. T. System institutions have conflicts of interest policies and these are under review by the U. T. System Office of Research and Technology Transfer.

Regent Dannenbaum asked if there are institutional prohibitions related to research other than polices requiring transparency and disclosure, and Dr. Shine discussed issues related to the fairness of an investigator to carry out a clinical trial if he/she has a financial interest in the product. He said in such cases, full disclosure must be emphasized. Dr. Shine also said that while there is a focus on investigative conflicts of interest, there are subtle conflicts of interest in the daily operations of institutions. Other kinds of potential conflicts were mentioned such as honoraria, trips, lunches, and prescribed products, and conflicts related to non-research areas.

Recapitulation and general discussion

Committee Meeting Information

Presenter(s): Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs

Status: Discussed

Discussion at meeting:

Dr. Shine summarized that the state of research at the U. T. System is in good health and is ahead of strategic plan objectives, in part due to its diversity. He mentioned major challenges in recruiting, in biotech venture capital, and burgeoning activity, noting the importance of the ETF in this regard. He said there are successes in Texas development due to leadership in research, the Proposition 15 initiative that he said sends the message that Texas is serious about supporting cancer research and other subjects, the \$2.56 million in new research facilities as part of the U. T. System Competitiveness Initiative, the STARs program, and substantial philanthropy. He hopes the state commitments are stronger.

ADJOURNMENT

Committee Chairman McHugh adjourned the meeting at 11:00 a.m.

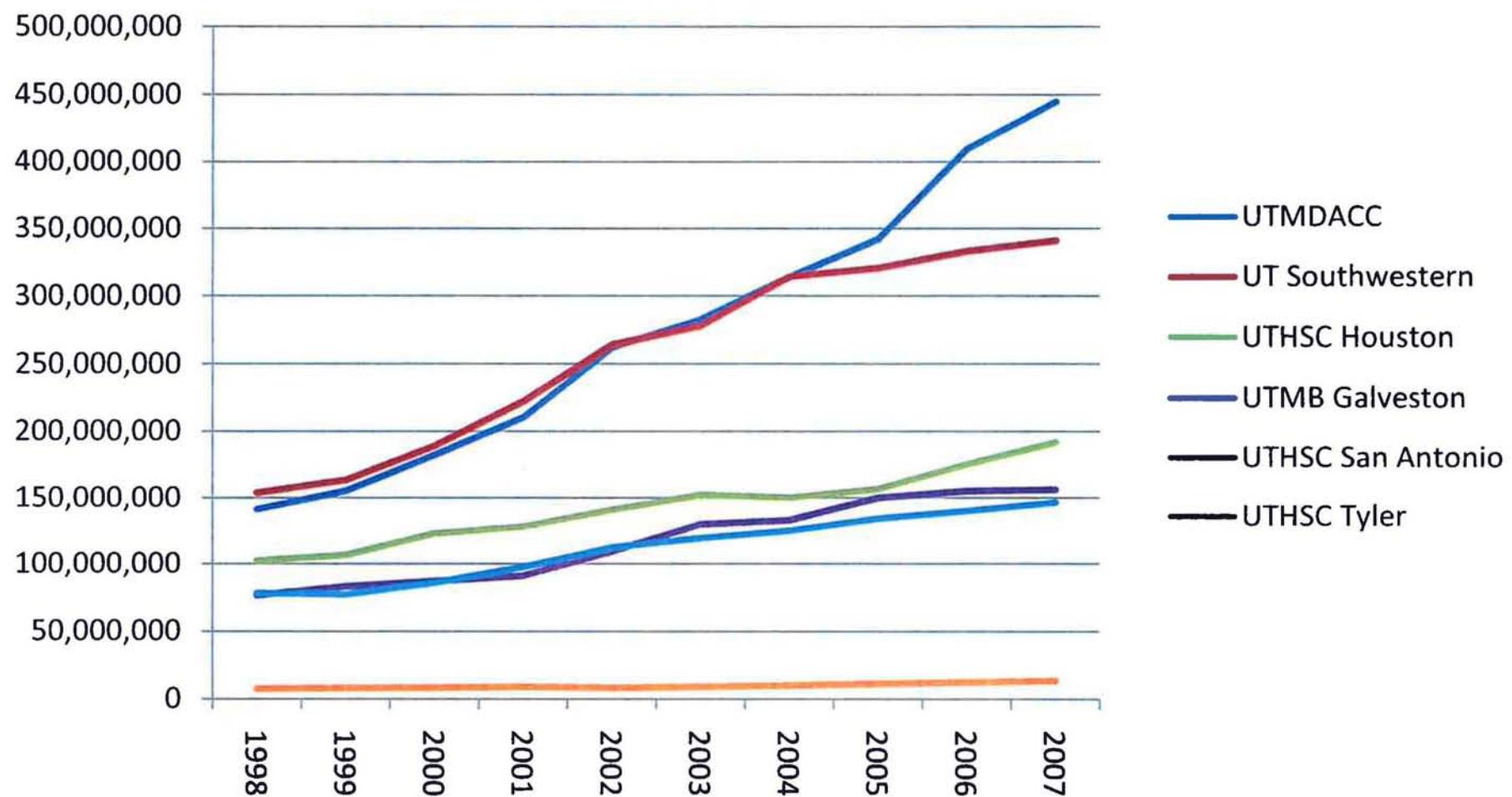
Some Research Trends

Ken Shine
8/13/08

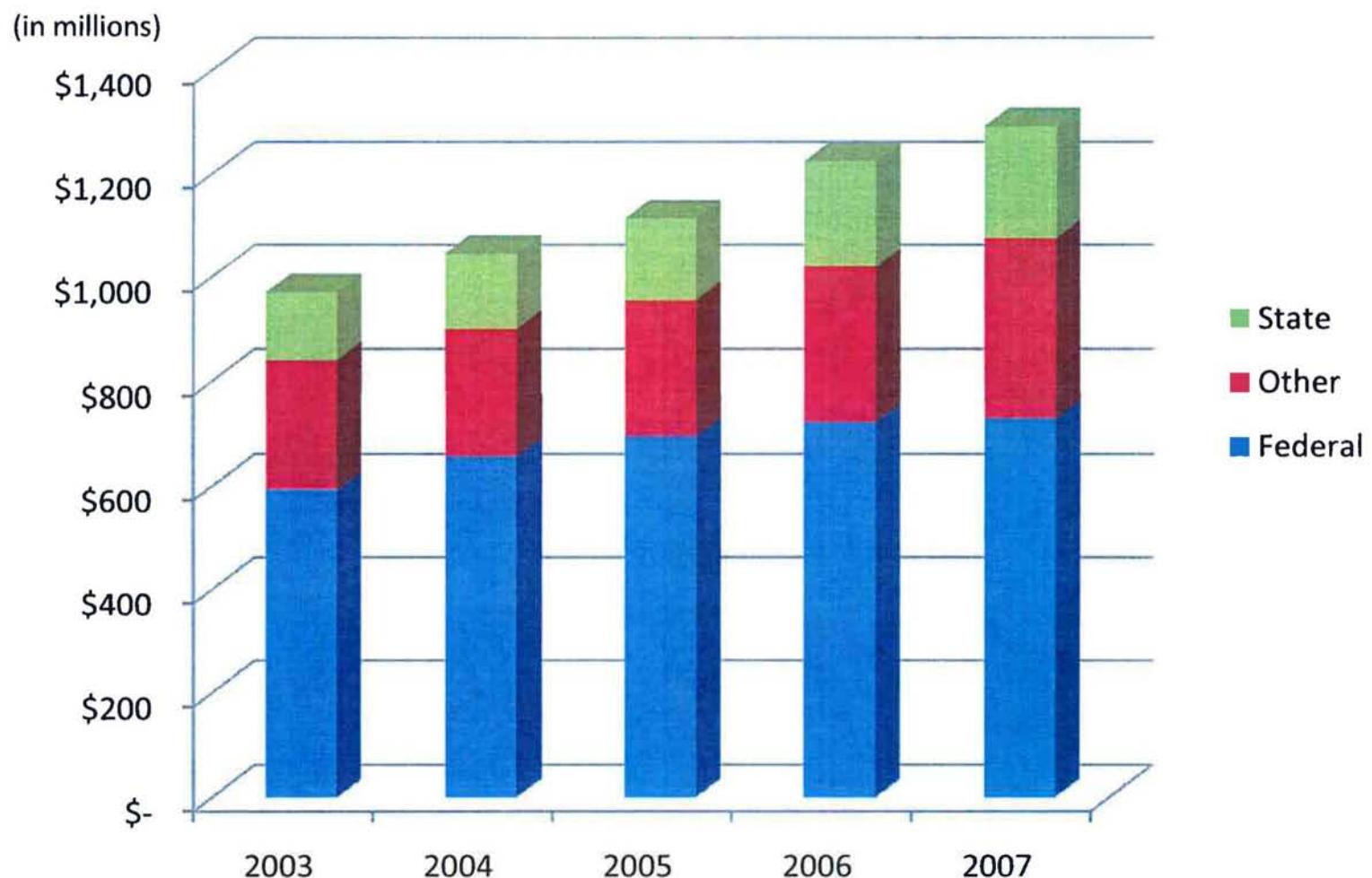
- Scientific Interfaces, e.g. Biology/Engineering
- Interdisciplinary/Collaborations
- Equipment and Technology Intensive/Sharing
- Translational Emphasis (NIH)
- Technology Transfer/IP Issues
- Academic/Industrial Interfaces
- Compliance – Conflict of Interest/Time and Effort Reporting
- Information Technology
- Health Services Research
- Research Workforce

Handouts @
Health Affairs
Committee
Special meeting

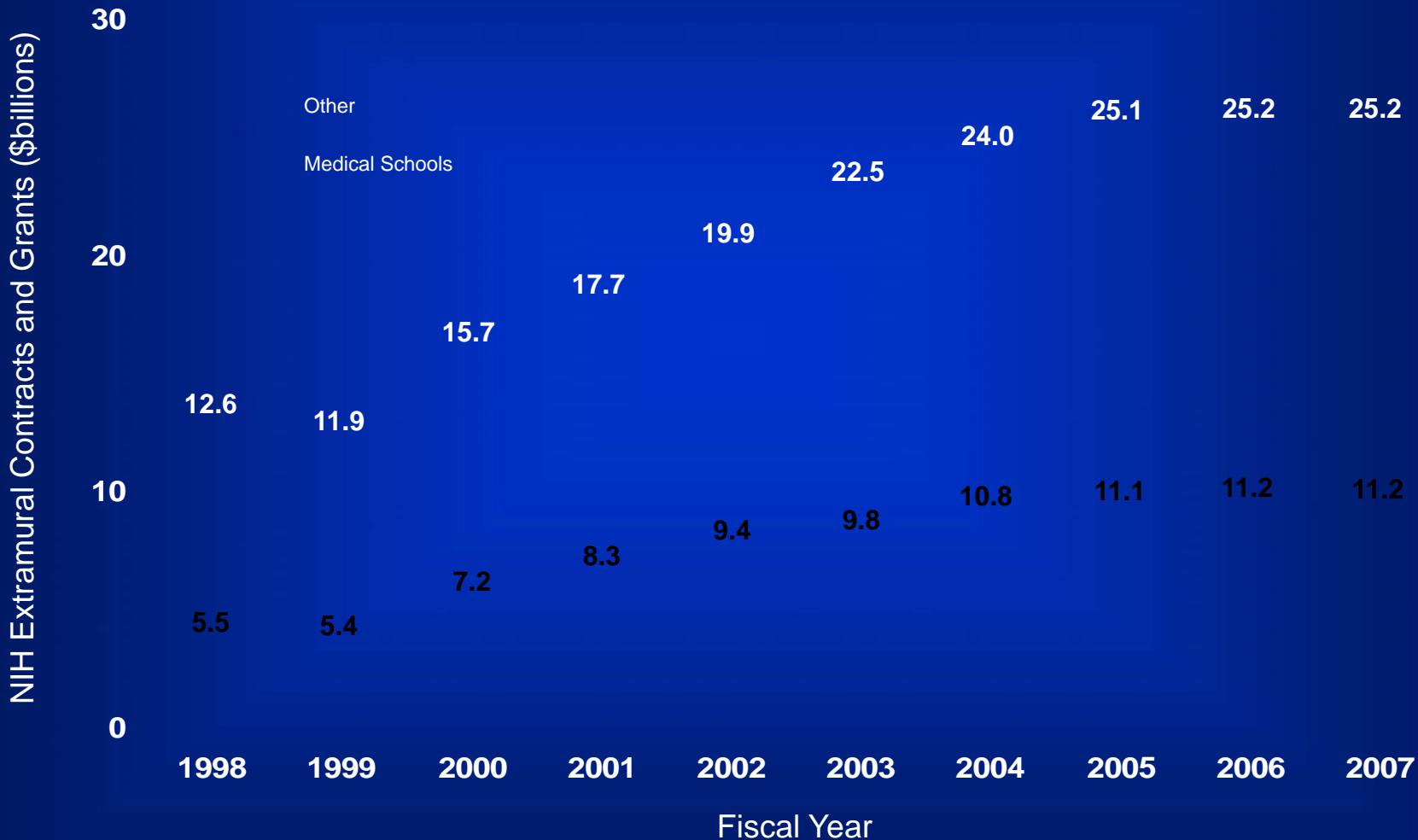
University of Texas Health Related Institutions Expenditures for R&D



University of Texas Health Related Institutions Expenditures for R&D

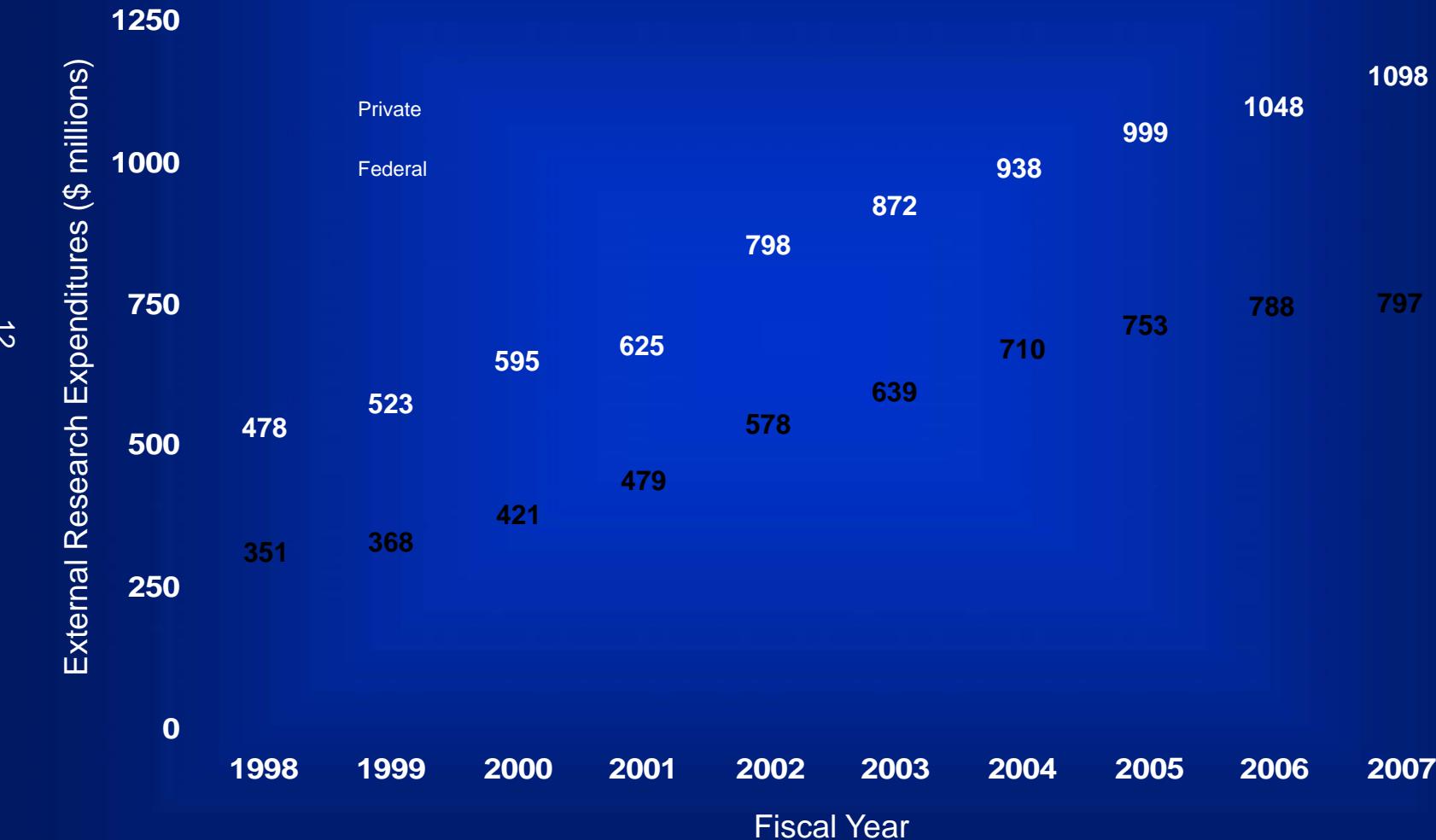


National Extramural NIH Funding (1998 – 2007)



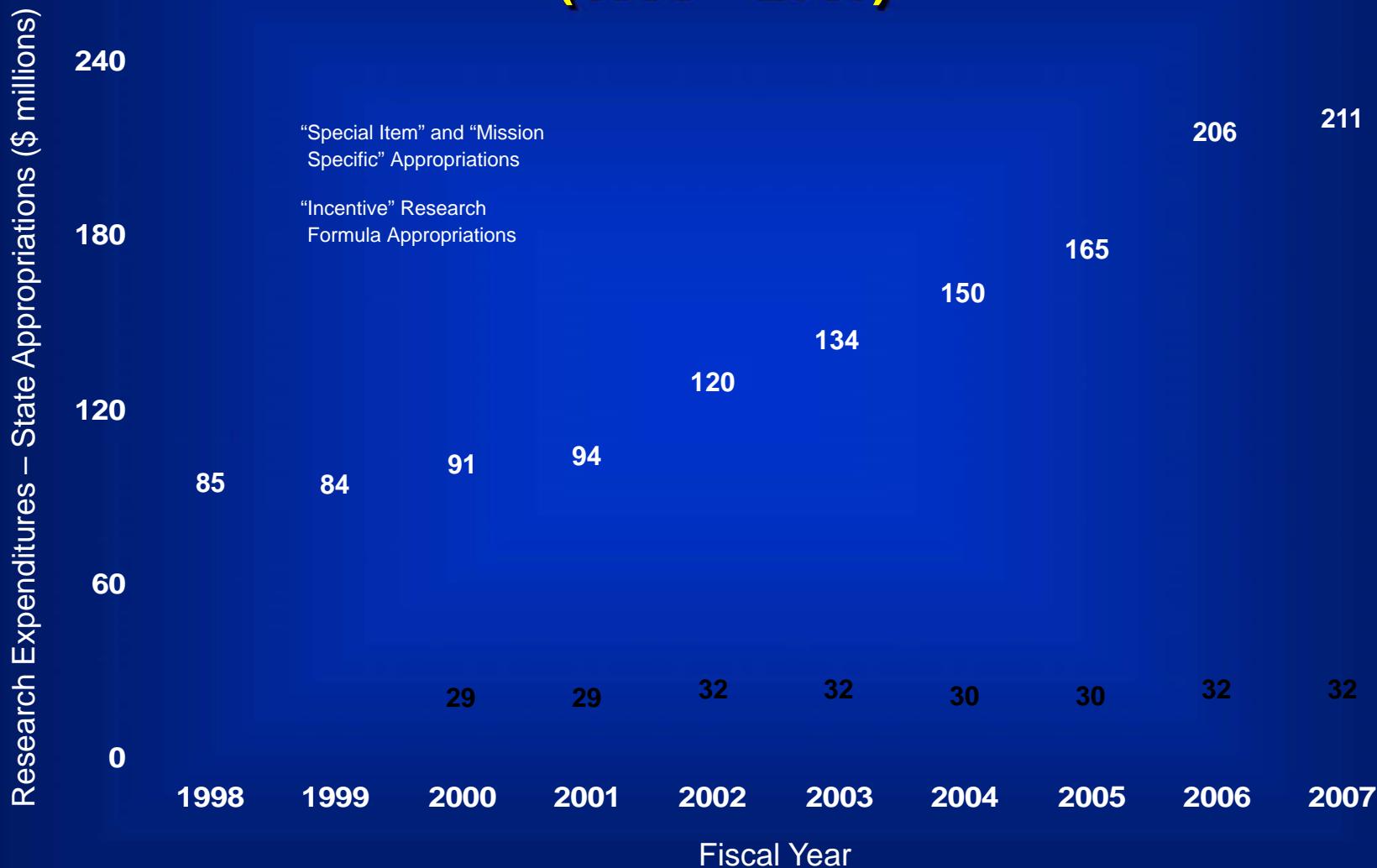
Source: NIH Office of Extramural Research

Research Expenditures from External (Federal and Private) Sources at Texas' Nine State Health Related Institutions (1998 – 2007)



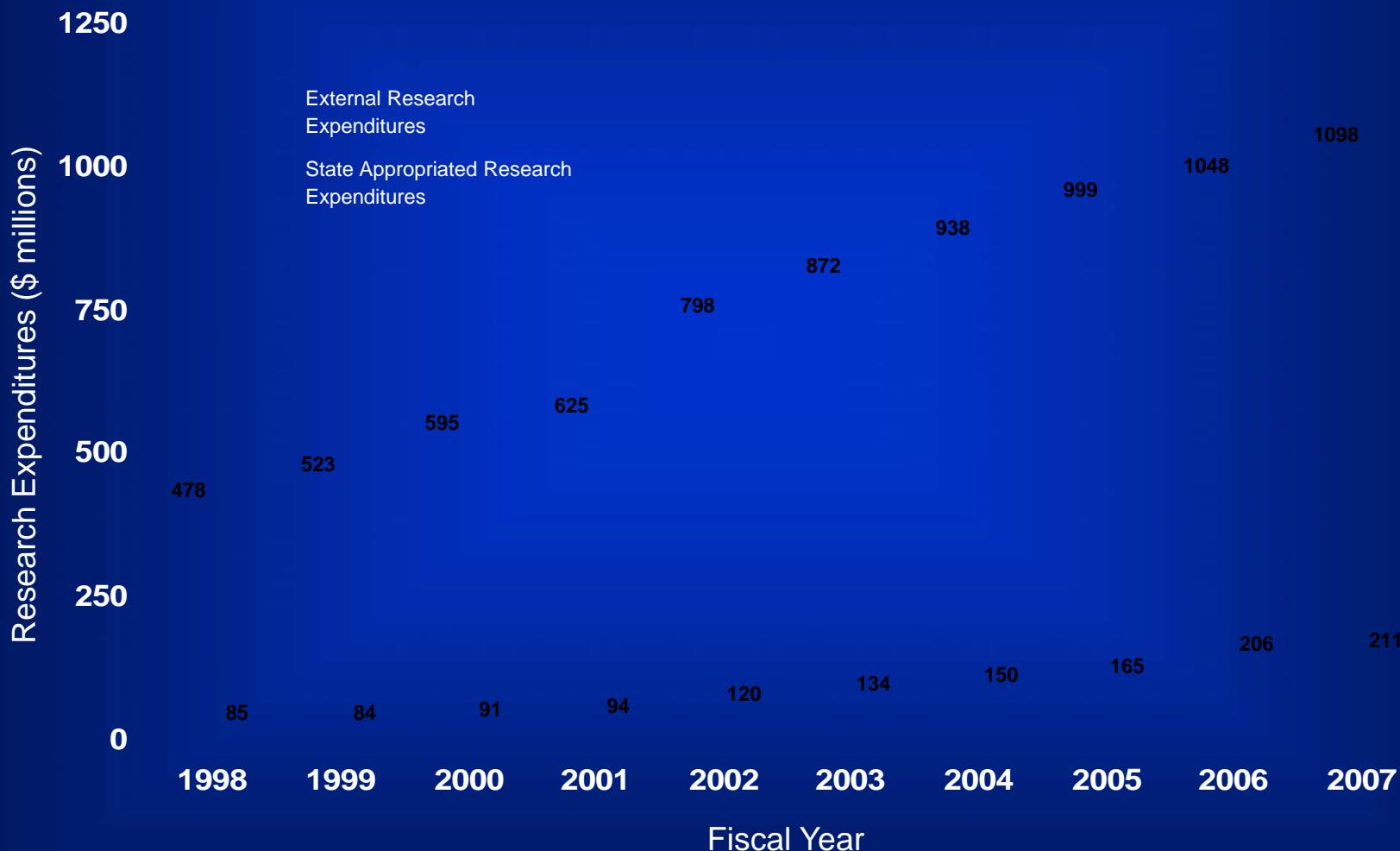
Source: THECB

Research Expenditures from Legislative Appropriations at Texas' Nine State Health Related Institutions (1998 – 2007)



Source: THECB

Research Expenditures from External Sources and State Appropriations at Texas' Nine State Health Related Institutions (1998 – 2007)



Source: THECB

Emerging Technology Fund

Kirk A. Calhoun, M.D. UTHSCT

- ETF II – A New Way of Thinking!

15

THINK AWARD

NOT GRANT

Funding Eligibility

An emerging technology industry participant is eligible for funding under this chapter if the activity to be funded:

- 16
(1) will result in the creation of high-quality new jobs in this state, immediately or over a longer period; or

- (2) has the potential to result in a medical or scientific breakthrough or a breakthrough in the area of clean energy.

Emerging Tech Industries

- Aerospace
- Biotechnology
- Computer
- Defense
- Energy
- Information
- Life Sciences
- Nanotechnology
- Chemical Processes
- Semiconductors
- Other pursuits (as determined by the Governor in consultation with the Lt. Governor and Speaker of the House)

ETF Awards (D,E and F)

Subchapter D Awards

- Commercialization Awards
 - RCIC's
 - Regular
 - Equity or Convertible Note
- Preseed
 - Convertible Note
 - Up to \$1,000,000

Subchapter E Awards

- Research Matching
 - No longer Regularly available

Subchapter F Awards

- Research Superiority Acquisition
 - Cash Award

ETF Funding

- Fund I

- \$100 million for type D Commercialization awards

- \$50 million for type E Research Matching awards

- \$50 million for type F Research Superiority Awards

- Fund II

- \$129.5 Million for type D Awards

- \$18.5 million for type E awards

- Awards no longer offered by advisory committee

- \$37 million for type F awards

Research Superiority Acquisition Type F Deals

- Goal is to bring the Best and Brightest research talent in the world to Texas.
- World Class CV and significant commercialization experience to include: *patents filed and company formation*
- The objective of this part of the Fund is to accelerate the commercialization of technology out of our public universities.
The research to be conducted by the individuals recruited under this section of the Fund must be applied, not basic research.
- *Applications which include funding commitments from industry partners and your university systems equal to that amount being requested from the ETF will be given the highest consideration.*

Research Superiority Acquisition

- What form is the Subchapter F award?
- This is a cash award from the State of Texas. There is no loan, nor does the state take equity in any specific company involved.
- Specific actions based on the individual contract between the fiscal agent and the Office of the Governor must be maintained or provisions exist or recover the award

Research Superiority Funding Eligibility

- Texas Institutions of Higher Education

Don't Steal

- No Institution may knowingly use subchapter F funding to secure research talent from another Texas public or private institution of higher education.
- Three (3) year band if caught

Research Superiority Candidate

- A. Company formation experience and role played by individual.
- B. Patents filed by individual.
- C. Other industry experience (industry employment, consulting, contract research, etc)
- D. Other Commercialization efforts of note
- E. Industry recognition awards and certifications.
- F. Academic recognition awards and certifications.

Research Superiority Hunting License

Hunting License Used when the applicant has everything but the key research talent secured. Advisory Council will set a dollar amount on each key research member and approve the project as a whole. If ETF Leadership approves the application, the applicant has a set date to identify research talent. Applicant must return to ETF staff with targeted research talent within that period of time. Contract for funding is entered Funds will be disbursed only when Advisory Council and Leadership approve of specific identified researchers.

Cancer Prevention and Research Institute of Texas UTMDACC Recommendations - Five Goals

Cancer research should be interpreted to include a broad range of disciplines, including nanotechnology and engineering, informatics, behavioral sciences, etc.

- **Science** – accelerate our knowledge about cancer and recruit world class scientists to Texas
- **Patient Care** – new treatments, technologies and diagnostic tests
- **Collaboration** – foster research projects within and between Texas academic institutions
- **Prevention and Early Detection** – discovery and application of knowledge in diverse populations in Texas
- **Commercialization** – spur economic development with emphasis on commercializing technologies in Texas

UTMDACC Recommendations – Research Portfolio

- Basic research on the genetics and biology of cancer: 40%
- Translational laboratory research producing new treatments and diagnostic tests: 20%
- Clinical trials exploring new treatments and diagnostic tests in patients: 20%
- Risk assessment, early detection and prevention: 10%
- Healthcare quality and delivery of health services: 10%

UTMDACC Recommendations – Grant Levels

- Grant structure: NIH, Leukemia Society, Dept of Defense offer good examples
- Three tiers:
 - Investigator Initiated Projects** – to individuals, over 3-5 years, \$250K to \$3M
 - Program Projects** – collaborative group projects focusing on a single topic, over 3-5 years, \$10 to \$25M.
 - Center Grants** – large scale projects creating major centers of excellence addressing related topics, over 3-5 years, \$25 to \$50M
- NIH/NCI-type study sections consisting of invited, out-of-state leading scientists and researchers who carry out peer review of proposals.

UTMDACC Recommendations - Matching Funds

- Rather than requirements for matching funds up front, grant applications should include a plan for obtaining the match, with consequences if not met within 18 months.
- Match sources should be broad, including philanthropy, industry, other grants, venture capital, and contributions of margins from clinical activity.

UTMDACC Recommendations - Prevention

- Delivery of prevention and education to the public.
- Research on better methods of cancer risk assessment, prevention and early detection.
- Up to 10% of the fund could be used for prevention and implementation of the Texas Cancer Plan.
- Texas Cancer Council now gets a \$3M per year appropriation to implement the Plan. The CPRIT could allocate up to \$30M per year.

Tasks for Oversight Committee

- Recruitment of permanent executive director
- Appointments to Scientific Research and Prevention Programs Committee (Dr. Shine appointed Dr. DuBois, UTMDACC, and Dr. Curiel, UTHSC-SA, as ex officio)
- Will not issue grants until FY2010, but need infrastructure and scientific committee now, so instructions for applications and appointments for peer review can begin.
- Legislature must appropriate funding to cover the debt service (or just allocate surplus revenues) in each session.

Clinical and Translational Science Award

*Francisco G. Cigarroa, M.D., President
August 13, 2008*

CTSA Participating Institutions





CTSA is designed to:

- Educate next generation of researchers
- Design clinical research informatics tools
- Support community outreach
- Assemble interdisciplinary teams
- Forge strategic partnerships

Key Elements of Awardees:

- Develop novel methodologies
- Pilot studies
- Facilitate communication
- Enhance research ethics
- Enhance patient recruitment to clinical trials
- Share technology resources
- Establish post/graduate programs

Distinguishing Features

- New educational programs
- Network of specialized clinical research units
- Community engagement program– diabetes/obesity
- School of Health Information Sciences
- New centers for clinical research
- Tissue and DNA repositories for cardiovascular disease and cancer-TexGen

- Structure of the CTSA based on a departmental model
- Career development
- One of the largest K12/KL2 programs in the nation
- Basic and graduate certificate programs, Master's degree in Clinical Science and Master's degree in Clinical Science with distinction
- Major increase in extramural grant funding for clinical research

- Robust regional partnerships
- Expanding research resources and infrastructure
- Military medicine and biomedical research national hub
- Southwest National Primate Research Center
- Cross-cultural and community-based research
- Multiple principal investigator leadership plan



UTMB STRATEGIC PRIORITIES

Western Regional Center Excellence

Biodefense Network

Funding

Regional Centers of Excellence (RCE's)

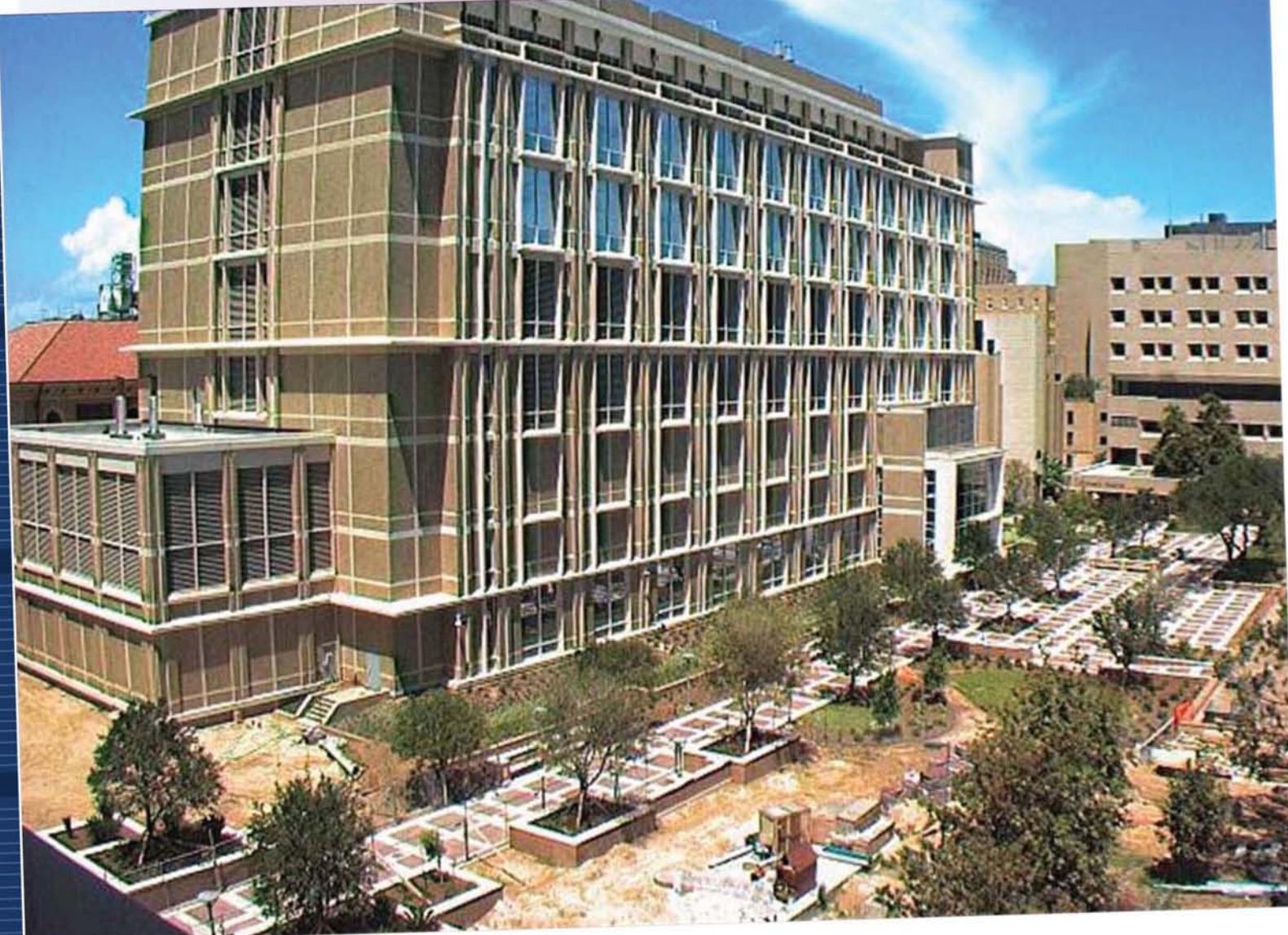
Galveston National Laboratory (GNL)

Research Priorities

(GNL) Requirements for Visiting Scientists

(GNL) Requirements for Visiting Scientists

Galveston National Laboratory



Research Conflict of Interest

Larry R. Kaiser, MD, FACS

President, UTHSCH

I. Presumptive Prohibitions and Significant Financial Interests

Presumptive prohibitions refer to prohibited participation in clinical trials on the part of researchers who have Significant Financial Interests (*defined below*) that constitute potential conflicts of interest. Significant Financial Interests require review by the University Conflict of Interest Standing Committee (CISC), which will consider the circumstances in each instance and will determine whether the participation of the investigator should be prohibited, or whether there are compelling circumstances that left an exception to the presumptive prohibition. If the CISC determines that an exception is justified, they will recommend a management plan. This Process is described below in more detail.

Process

1. In connection with the submission to ORS (Office of Research Services) of an application for grants and contracts for a clinical trial, or for IRB (Institutional Review Board) approval of a clinical trial, investigators must submit a completed Financial Disclosure Form.
2. The Financial Disclosure Form and other available information will be reviewed by staff of the IRB or ORS, and if it appears that the investigator has a Significant Financial Interest the matter will be referred to the Conflict of Interest Standing Committee (CISC). The CISC will determine whether the investigator has a Significant Financial Interest. If so, the investigator may not participate in the clinical trial unless the CISC determines that there are compelling circumstances that left the investigator's participation in the trial. If the CISC determines that there are compelling circumstances, it will develop a plan for managing the conflict.
3. The CISC will report its findings to the Vice Provost for Research, with a recommendation for appropriate action, including a management plan when appropriate. The Vice Provost for Research may accept or reject the CISC's findings or resubmit the matter to the CISC for additional consideration or clarification. The Vice Provost for Research shall decide whether the investigator will be permitted to participate in the clinical trial and, if so, shall also decide the terms of an appropriate management plan. The Vice Provost for Research shall communicate his or her decision and the terms of any required management plan to the investigator, the CISC and other parties as appropriate.
4. An investigator may request that the Vice Provost for Research reconsider his or her decision. If the investigator is not satisfied with the decision of the Vice Provost for Research after such reconsideration, the investigator may appeal to the Provost, whose determination is final.

5. Every attempt will be made to make this process as expeditious as possible.

IV. Implementation of Conflict of Interest Management Plans

1. The Vice Provost for Research is responsible for the implementation of the approved management plan, in conjunction with the appropriate Deans and other administrative officials of the University.
2. Implementation begins with a signed agreement by the investigator to accept the required management plan, with copies to the CISC, IRB, ORS, Dean and department chair. In instances where there is a conflict of interest issue, final IRB approval is contingent upon signed agreement by the Principal Investigator of the COI management plan.
3. The Office of the Vice Provost for Research will obtain written assurance from the investigator and others as appropriate of continued compliance with the management plan, at least once a year. Such records will be maintained on file for reference by the VPR and CISC, in accordance with institutional record retention policy.

In the instance of complex management plans, such as those involving a committee charged to oversee the management plan, more detailed reports at intervals no less than once a year, may be required.

The Office of the Vice Provost for Research is responsible for maintaining an up to date file that documents the monitoring of all COI management plans. Any lapses in documentation must be reported to the Vice Provost for Research and the appropriate Dean.

4. Investigators shall also notify the CISC and IRB of any changes in their financial interests or relationships, so that it can be determined if further management or recommendations are appropriate.

V. Disclosure

1. Any investigator who has a Significant Financial Interest who is permitted to participate in a clinical trial under this policy must disclose the existence of the Significant Financial Interest: to subjects participating in a clinical trial; on all presentations and publications of the data emanating from the trial; and to the research staff engaged in the trial. More detailed guidelines for disclosure are set forth in the existing University of Pennsylvania policy *Financial Disclosure Policy for Research and Sponsored Projects*, available at www.upenn.edu/research/rcr/conflict.htm.
2. An investigator's Significant Financial Interest must be disclosed to trial participants in the informed consent documents in the manner and format approved by the IRB. It is the responsibility of the Principal Investigator to be sure that the IRB is aware of the Significant Financial Interest and explicitly approves its presentation within the informed consent form.

3. An investigator's Significant Financial Interest must be clearly disclosed in any published paper emanating from the clinical trial, consistent with the editorial practices and format of the specific journal, and it is the responsibility of the authors to insure that this takes place.
4. The investigator shall inform her or his research staff both of the existence of his or her Significant Financial Interest and of the essential elements, as determined by the Vice Provost for Research, of the approved management plan, with a written record of the information transmitted. Likewise, a written disclosure must be made to participating investigators in a multi-site trial.

Conflict of Interest Standing Committee (CISC)

Procedures

The Conflict of Interest Standing Committee (CISC) reviews and makes recommendations on the resolution of cases of potential or real conflict of interest which arise from technology transfer activities or from sponsored projects of the University or its faculty. The recommendations of the CISC are transmitted to the Vice Provost with a copy to the ORS, ORA, CTT and the relevant Dean, as advice on the disposition of cases involving potential conflicts of interest, including a determination whether or not a real or potential conflict exists, and proposals on how such conflicts should be eliminated, reduced, or managed. The Vice Provost may accept the recommendations or may return them to the CISC for further consideration, revision, or clarification. The proceedings of the CISC are confidential, including all documents, drafts, and discussions.

Cases involving potential conflict of interest may be referred to the CISC by the CTT, by ORS, by University or School administrators, Department Chairs, or individual faculty. The staff of the CTT is responsible for referring to the CISC cases which arise from applications under consideration by the CTT. The ORS staff is responsible for referring to the CISC cases which arise from applications for sponsored research support. The ORA staff is responsible for referring to the CISC cases which arise from human subjects research protocols. Cases from other sources. Deans, Department Chairs, or individual faculty may refer cases of potential conflict of interest to the Chair or staff of the CISC, who will review them, determine whether they are appropriate for consideration, and present them for review by the committee.

Membership

The CISC consists of approximately 10 members of the standing faculty appointed by the Vice Provost for Research. Faculty members are expected to serve as members of the University and not as advocates for specific schools or constituencies. There are three ex-officio members, the Executive Director, Research Services, the Managing Director, CTT, and an attorney from the Office of the General Counsel. In addition, invitations to meetings are extended to professional staff of the CTT and to selected professional staff from the Schools. The CISC is chaired by a faculty member appointed by the Vice Provost. Staff support for the CISC is provided by the ORS, the CTT, and the Office of

the Vice-Provost for Research. The Vice Provost will designate a staff member to serve as Secretary of the Committee.

All faculty members, plus the Executive Director, ORS, and the Managing Director, CTT have voting rights. Other attendees participate in discussion but do not vote.

MINUTES

U. T. System Board of Regents
Health Affairs Committee
August 13, 2008

The members of the Health Affairs Committee of the Board of Regents of The University of Texas System convened at 1:50 p.m. on Wednesday, August 13, 2008, 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 McHugh, presiding
Vice Chairman Huffines
Vice Chairman Rowling
Regent Dannenbaum

Also present were Chairman Caven, Regent Barnhill, Regent Dower, Regent Foster, Regent Gary, Regent Longoria, 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 McHugh called the meeting to order.

1. U. T. Medical Branch – Galveston: Authorization to sell or exchange Lots 1 through 4, Block 666, Lots 2 through 7, Block 667, a portion of the abandoned 7th Street right-of-way between Blocks 666 and 667, and the reversionary interest in Lots 11 through 13, Block 667, all in Galveston, Galveston County, Texas, to The Sealy & Smith Foundation, a Texas nonprofit corporation, or its subsidiary, Magnolia Holding Company, a Texas nonprofit corporation; authorization to acquire in exchange from The Sealy & Smith Foundation or Magnolia Holding Company 109 and 113 13th Street, 1302 and 1306 Strand, and 619 and 621 Post Office, Galveston, Galveston County, Texas, for future programmed use for campus expansion; and authorization to ground lease from The Sealy & Smith Foundation or Magnolia Holding Company Lots 1 through 4 and 8 through 14, Block 666, Lots 2 through 13, Block 667, a portion of the vacated alley between Blocks 666 and 667, and a portion of the abandoned 6th Street, 7th Street, and Avenue B rights-of-way, Galveston, Galveston County, Texas, for use as the site for the proposed replacement Jennie Sealy Hospital (not brought up for vote)

Committee Meeting Information

Presenter(s): Garland D. Anderson, M.D., Executive Vice President, Provost, and Dean of the School of Medicine, U. T. Medical Branch – Galveston; Ms. Florence Mayne, Executive Director of Real Estate

Status: Not approved

Motion: Made by Regent Dannenbaum but not seconded

Discussion at meeting:

Dr. Anderson and Ms. Mayne said that these proposed transactions are contingent on the institution bringing back to the Board the proposal for construction of a hospital. Vice Chairman Rowling said approval of this item would advance the construction of a hospital while U. T. Medical Branch – Galveston will lose \$63 million this year; 70% patients are Medicare/Medicaid and 16% are unsponsored. Recognizing that significant charitable dollars will be given for such a project, he asked why the citizens of Galveston do not support a hospital district to help pay for this uncompensated care? Chancellor ad interim and Executive Vice Chancellor for Health Affairs Kenneth I. Shine answered that President Callender, who was not in attendance, is engaging in these conversations and he pointed out that this will be an important teaching hospital and this transaction is part of a clinical plan for developing the hospital.

Vice Chairman Rowling said he is aware of the plan, but that the plan did not contemplate a loss of \$63 million this year. Dr. Shine responded that active steps are being taken to control the costs. Regent Dannenbaum asked if the institution is the sole beneficiary of The Sealy & Smith Foundation and Dr. Shine responded affirmatively.

Committee Chairman McHugh asked about options if the land transactions are approved today and the building of a hospital were not to be approved at a future date, and Dr. Shine suggested there could be different uses for the site. Ms. Mayne added that conveyances would not be finalized until the Board approved the hospital and Sealy & Smith would need to understand that the institution is on the path toward the needed fundraising. Regent McHugh further asked what impact delayed action would have on this transaction and Ms. Mayne responded that favorable terms of a lease had been negotiated with Sealy & Smith; she speculated the Foundation might begin to pull back on some of the terms. Regent Dannenbaum asked if the hospital still has a contract to treat prisoners and if the State fully compensates for the care and Dr. Anderson and Dr. Shine replied, concluding there is a contract and the State fully compensates for treatment of prisoners and others every year.

Committee Chairman McHugh asked for a motion and second. After a pause, Regent Dannenbaum offered to move approval for the sake of discussion, but the agenda item died for lack of a second. This item was not brought up for vote on August 14 (see Board meeting Minutes).

2. **U. T. Health Science Center – San Antonio: Authorization to ground lease approximately 6.944 acres of vacant land located in Block 179, San Benito Land and Water Company's Subdivision, Harlingen, Cameron County, Texas, to the Department of Veterans Affairs or its assignee, for fair market rental as determined by an independent appraisal, for the construction by the tenant and operation by the Department of Veterans Affairs of a comprehensive ambulatory clinic for the care of veterans and other uses that are mission aligned with U. T. Health Science Center – San Antonio**

Committee Meeting Information

Presenter(s): Francisco G. Cigarroa, M.D., President, U. T. Health Science Center – San Antonio; Ms. Florence Mayne, Executive Director of Real Estate
Status: Approved
Motion: Made by Vice Chairman Rowling, seconded by Regent Dannenbaum, and carried unanimously

Discussion at meeting:

Ms. Mayne said the project is on a fast track and she noted the appraisal is not available because of delays experienced following Hurricane Dolly. Committee Chairman McHugh clarified that the institution would have the opportunity to demolish the building. In response to a question from Regent Dannenbaum about relationships between the institution and the Department of Veterans Affairs, President Cigarroa explained there was a good, long-standing relationship.

3. **U. T. M. D. Anderson Cancer Center: Authorization to purchase approximately 0.354 of an acre of land and the improvements located at 7701 Almeda Road, Houston, Harris County, Texas, from Mr. John M. Powell, Jr., 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; Ms. Florence Mayne, Executive Director of Real Estate
Status: Approved
Motion: Made, seconded by Regent Dannenbaum, and carried unanimously

4. **U. T. M. D. Anderson Cancer Center: Authorization to ground lease approximately 56,408 square feet of unimproved land located at 7505 Almeda Road, Houston, Harris County, Texas, to the American Cancer Society, High Plains Division, Inc., a Texas nonprofit corporation, for the construction and operation by the tenant of a medium-term housing facility for cancer patients; and finding of public purpose**

Committee Meeting Information

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

Ms. Florence Mayne, Executive Director of Real Estate

Status: Approved

Motion: Made, seconded, and carried unanimously

Discussion at meeting:

In response to a question from Vice Chairman Rowling, Ms. Mayne confirmed that the lease will require the provision of free housing for cancer patients in the Medical Center but she elaborated that the lease will not limit occupancy to U. T. M. D. Anderson Cancer Center patients.

5. U. T. System: Approval to set The University of Texas System Professional Medical Liability Benefit Plan premium rates for Fiscal Year 2009 and distribute a portion of Plan premium returns

Committee Meeting Information

Presenter(s): Mr. Barry D. Burgdorf, Vice Chancellor and General Counsel

Status: Approved

Motion: Made, seconded, and carried unanimously

Discussion at meeting:

Vice Chairman Rowling asked for confirmation that \$3 million has been allocated for patient safety initiatives and Chancellor Shine responded affirmatively, saying the additional money is being used to convene activities of all campuses to articulate the results of initiatives on each campus. He said the educational programs are underway, a protective repository program for campuses to report and share errors is in place, and a small grants program is underway to improve performance in patient safety and a report to the Board will be forthcoming.

Regent Dannenbaum asked more about confidentiality and Dr. Shine said that, under federal law, the information that goes to the separately created entity is protected and cannot be used in legal maneuvers. He added that a consultant is being hired to help institutions inform patients when an error or unintended consequences have occurred.

6. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Rule 40601, Sections 1.12(a), 1.13(a), and 1.15(a) regarding changing the name of the School of Allied Health Sciences to the School of Health Professions at U. T. Southwestern Medical Center – Dallas, U. T. Medical Branch – Galveston, U. T. Health Science Center – San Antonio, and Section 1.16(d) regarding changing the name of the School of Health Sciences to the School of Health Professions at U. T. M. D. Anderson Cancer Center**

Committee Meeting Information

Presenter(s): Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs

Status: Approved

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

7. **U. T. System: Report on the health workforce in Texas**

Committee Meeting Information

Presenter(s): Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs; Dr. Ben G.

Raimer, Senior Vice President for Health Policy and Legislative Affairs, U. T. Medical Branch – Galveston

Status: Reported

Discussion at meeting:

Dr. Raimer said that in the 1990s, Governor George W. Bush appointed him to the Texas Statewide Health Coordinating Council, which is responsible for creating and updating the state health plan and monitoring the state's health professional workforce. Dr. Raimer said the state is experiencing shortages not only in the nursing field but also in most other health professions except for licensed vocational nurses (LVN).

Dr. Raimer reviewed the state demographics and the impact on the supply and demand of health professions, and what the state might do to meet those demands. He said the state population is growing faster than health professionals can be trained and noted that in the past, doctors and nurses have been imported to help meet the healthcare needs of the state. He described how the population of the state is changing to include more people over 65 years of age who will require different health professionals, a higher immigration of certain ethnic groups, and a geographic maldistribution of physicians.

Dr. Raimer then spoke about trends in lifestyle changes in the workforce, such as the earlier retirement of health professionals and faculty and changing values of the population. He spoke about the past decline in enrollment in medical fields, limited classroom capacity, and faculty retention issues. He suggested the U. T. System might want to be ahead in terms of addressing these changes.

Vice Chairman Huffines asked for confirmation that Texas is one-third to one-quarter below the national average on doctors and physicians per patient and Dr. Raimer said that is correct and Vice Chairman Huffines asked how to close this gap? Dr. Raimer said the greatest hope for Texas is to invest heavily in high-quality, academic graduate medical education (GME) and retain graduates in-state. Regent Dannenbaum asked if the GME statistics include fellows and residents and Dr. Raimer responded the statistics include just residents but the same trends occur for fellows. Regent Dannenbaum then asked what can be done to accelerate and benefit from professionals being trained elsewhere and Dr. Raimer replied he is working with the Texas Higher Education Coordinating Board to identify what Texas needs to attract such professionals. He identified the most important driver for graduates is the desire to study with the best of the best, so Texas needs to be disciplined in recruiting the best. He said there are not enough slots in GME to serve the number of graduates. Dr. Shine said the current growth rate indicates Texas will get 1,700 graduates/year, a 30% increase, but there is a need to increase the number of residents or they will go out of state. Dr. Shine also emphasized the need to substantially expand nonphysician education such as education of advanced practice nurses and physician assistants. Dr. Shine noted that getting students to go into primary care has been difficult and he said tort reform has had an impact as the absolute number of physicians from other parts of the country moving to Texas has increased significantly, but in terms of the overall need and because of the growth of the population, it has not changed the ratio at all.

8. **U. T. System: Quarterly report on health matters, including initiatives in health science educational experiences, by Executive Vice Chancellor Shine**

<i>Committee Meeting Information</i>

Status: Deferred

Executive Vice Chancellor Shine deferred this report due to time constraints.

9. **U. T. Southwestern Medical Center – Dallas: Approval to name the Exchange Park facility as the Paul M. Bass Administrative and Clinical Center**

<i>Committee Meeting Information</i>

Presenter(s): Committee Chairman McHugh
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Status: Approved

Motion: Made by Regent McHugh, seconded by Regent Dannenbaum, and carried unanimously
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Discussion at meeting:

Committee Chairman McHugh said there was an additional agenda item, posted with the Secretary of State, and sent to members of the Board in advance of the

meeting. She introduced the item, which was before the Committee on yellow paper and noted that Vice Chairman Huffines would abstain from vote because of his personal relationship with Mr. Bass.

RECOMMENDATION

Dr. Kenneth I. Shine, in his roles as Chancellor ad interim and Executive Vice Chancellor for Health Affairs, concurs in the recommendation of the Vice Chancellor for External Relations and President Wildenthal that the U. T. System Board of Regents approve the naming of the Exchange Park facility as the Paul M. Bass Administrative and Clinical Center in recognition of a gift of \$6 million from the Southwestern Medical Foundation.

BACKGROUND INFORMATION

The Exchange Park building complex, located at 6333 Forest Park Road near the North Campus development at U. T. Southwestern Medical Center – Dallas, was purchased in July 2008 for \$38 million, following Regental approval on May 15, 2008. The building comprises 646,591 gross square feet and includes administrative and clinical offices. The naming of the facility is a part of a negotiated gift from Southwestern Medical Foundation in which \$6 million will be committed to U. T. Southwestern over five years for purposes to be mutually agreed upon by both parties.

Mr. Paul Bass has donated an extraordinary amount of volunteer time and leadership to the campus of U. T. Southwestern. He served from 1995-2008 as chairman of the Southwestern Medical Foundation, serving as the catalyst for hundreds of millions of dollars of gifts for U. T. Southwestern. He also served as chairman of the boards of Zale Lipshy University Hospital and St. Paul University Hospital when they were private 501(c)(3) entities, and he played a pivotal role in enabling them to be acquired by U. T. Southwestern under uniquely favorable terms. Prior to that, he was chairman of the board of Parkland Memorial Hospital. In this the year of his retirement from the chairmanship of Southwestern Medical Foundation, it is fitting that he be recognized for his extraordinary service to U. T. Southwestern by naming the facility as the Paul M. Bass Administrative and Clinical Center. The proposed naming is consistent with the Regents' *Rules and Regulations*, Rule 80307, relating to the naming of facilities.

ADJOURNMENT

Committee Chairman McHugh adjourned the meeting at 2:45 p.m.

MINUTES
U. T. System Board of Regents
Facilities Planning and Construction Committee
August 13, 2008

The members of the Facilities Planning and Construction Committee of the Board of Regents of The University of Texas System convened at 4:15 p.m. on Wednesday, August 13, 2008, 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 Huffines, presiding
Regent Dannenbaum
Regent Gary
Regent Longoria

Also present were Regent Barnhill, Regent Dower, Regent McHugh, 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 Huffines called the meeting to order. Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction, presented a PowerPoint presentation concerning all items as set forth on Pages 8 - 52.

- U. T. System: Report on Approval Classifications; final approval for Repair and Rehabilitation projects Items 2 through 5; use of Gift Funding on Capital Improvement Program projects; and impact of oil on commodity prices increasing construction costs**

Committee Meeting Information

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

Status: Reported

Future Actions:

1. Committee Chairman Huffines asked Mr. O'Donnell to send Committee members a summary of the actual dollars of projects under design development and under construction that are included in the CIP.
2. Committee Chairman Huffines also asked Mr. O'Donnell to provide, on a quarterly basis, an executive summary, including a timeline of science, technology, engineering, and mathematics (STEM) projects.

Discussion at meeting:

Mr. O'Donnell reviewed the new categorization of projects identified in the table of contents:

- additions to the Capital Improvement Program (CIP)

- *design development approvals*
- *modifications to the CIP.*

He emphasized the importance of setting priorities of construction projects so that scopes of work can be discussed and redefined as construction costs accelerate.

For the benefit of new members of the Committee, Committee Chairman Huffines asked Mr. O'Donnell to prepare a summary of the actual dollars of projects under design development and under construction that are included in the CIP. He also asked Mr. O'Donnell to provide, on a quarterly basis, an executive summary, including a timeline, of science, technology, engineering, and mathematics (STEM) projects.

Committee Chairman Huffines noted that while the \$8.9 billion CIP is good for Texas because it means more jobs, it is of concern to the campus presidents as they establish priorities amidst rising construction/inflation costs.

2. U. T. Austin: Peter T. Flawn Academic Center Renovation - Amendment of the FY 2008-2013 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 by Regent Longoria, seconded by Regent Dannenbaum, and carried unanimously

3. U. T. Austin: Law School Renovations - Amendment of the FY 2008-2013 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (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 Longoria, seconded by Regent Dannenbaum, and carried unanimously

Future Actions:

1. Regent Longoria asked that the item be amended to clarify that \$3.5 million is for ADA, fire and life safety, and other code-required renovations.
2. Regent Dannenbaum asked about wet and dry pipe systems and Mr. O'Donnell said he would provide further information.

Discussion at meeting:

In response to a request from Committee Chairman Huffines, Mr. O'Donnell explained that \$3.5 million is for code and fire and life safety and about \$3 million is for renovations of the second floor for offices. Regent Longoria asked that the item be amended to clarify that \$3.5 million is for ADA, fire and life safety, and other code-required renovations.

Chancellor ad interim Shine asked Mr. O'Donnell for a summary of the total fire and life safety budget and Mr. O'Donnell replied the high priority list at U. T. Austin is \$24 million and is roughly \$52 million System-wide. Committee Chairman Huffines explained that Permanent University Funds (PUF) are set aside annually to assist with such projects.

In response to a question by Regent Dannenbaum, Mr. O'Donnell explained wet and dry pipe systems as well as an alternate gas system, which would address toxicity issues in academic offices, libraries, or museums. He concluded that a wet system is preferred and there was further discussion regarding the preservation of documents.

4. **U. T. Austin: Lee and Joe Jamail Texas Swimming Center Renovation/Renewal - Amendment of the FY 2008-2013 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (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 Longoria, seconded by Regent Dannenbaum, and carried unanimously

5. **U. T. Health Science Center - San Antonio: Renovate Multipurpose Classrooms in Library - Amendment of the FY 2008-2013 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (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 Longoria, seconded by Regent Dannenbaum, and carried unanimously

- 6. U. T. Austin: Darrell K Royal - Texas Memorial Stadium Maintenance and Renovation Project - Amendment of the FY 2008-2013 Capital Improvement Program to increase the total project cost; approval of the transfer of Gifts; reduction of total project cost for the Darrell K Royal - Texas Memorial Stadium Expansion project; 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): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

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

- 7. U. T. El Paso: College of Health Sciences/School of Nursing - Request for approval of design development; approval to revise the funding sources; 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): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

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

Discussion at meeting:

Regent Dannenbaum asked why solar panels on the roof are not being considered and Mr. O'Donnell replied that such construction might not fit the architectural style of the campus. Committee Chairman Huffines said that although an economic evaluation of alternative energy sources is performed, the use of solar panels for most U. T. System projects is not cost-effective. Regent Gary also pointed out this conclusion is based on an economic study.

- 8. U. T. El Paso: Physical Sciences/Engineering Core Facility - Amendment of the FY 2008-2013 Capital Improvement Program to increase the total project cost; approval to revise the funding sources; approval of design development for the new portion of the project; designation of the building as the Chemistry and Computer Science Building; 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): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

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

9. **U. T. Permian Basin: Student Multipurpose Center - Request for 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): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made, seconded, and carried unanimously

10. **U. T. Permian Basin: The Wagner Noël Performing Arts Center - Amendment of the FY 2008-2013 Capital Improvement Program to increase the total project cost; approval to revise the funding sources; 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): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made, seconded , and carried unanimously

Future Action: Committee Chairman Huffines asked for a 5 minute summary at the next meeting on how investment metrics are determined and when they come back to the Committee/Board.

Discussion at meeting:

Regent Dower commented that the project will provide the opportunity for Midland and Odessa to come together as one community and Vice Chairman Huffines echoed the comment, noting that funding has come half from Odessa and half from Midland.

Committee Chairman Huffines asked for a 5 minute summary at the next meeting on how investment metrics are determined and when they come back to the Committee/Board.

- 11. U. T. Medical Branch - Galveston: Student Housing - Request for 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

- 12. U. T. Austin: Art Building and Museum Renovation - Amendment of the FY 2008-2013 Capital Improvement Program to increase the total project cost; revise the funding source; 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 by Regent Gary, seconded by Regent Longoria, and carried unanimously

- 13. U. T. Austin: Utility Infrastructure Project - Phase II - Amendment of the FY 2008-2013 Capital Improvement Program to increase the total project cost; appropriation of additional funds and authorization of expenditure; 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 by Regent Gary, seconded by Regent Longoria, and carried unanimously

Discussion at meeting:

Committee Chairman Huffines and President Powers commented on the central location of the project and the buildings that will be serviced. Regent Dannenbaum asked if additional utility infrastructure capacity should be considered for other projects underway and President Powers acknowledged this concern is indeed being considered.

- 14. U. T. Pan American: Old Computer Center Renovation - Amendment of the FY 2008-2013 Capital Improvement Program to increase the total project cost and appropriation and authorization of expenditure 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 Regent Gary, seconded by Regent Longoria, and carried unanimously

ADJOURNMENT

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

Agenda Items Included in FPCC

August 2008

8



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Office of Facilities
Planning and
Construction



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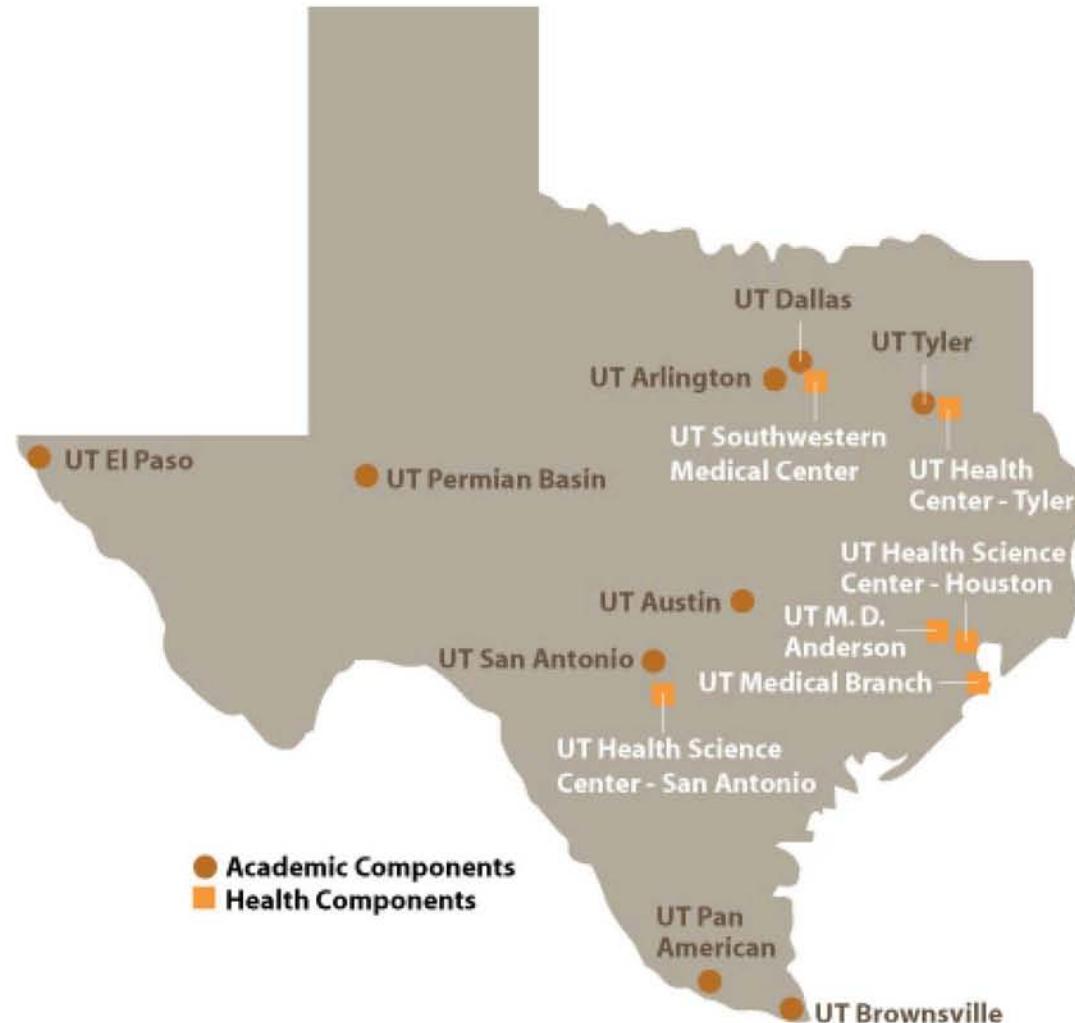
FPCC Report

- Approval Classifications
- Final Approval for Repair and Rehabilitation Projects - Agenda Items 2 through 5
- Use of Gift Funding for Capital Improvement Program Projects
- Impact of oil on commodity prices increasing construction costs



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OPFC Regions





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Consideration of Project Additions to the FY 2008-2013 Capital Improvement Program



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The University of Texas at Austin Peter T. Flawn Academic Center Renovation

- Upgrades fire alarm system components and extends existing fire sprinkler system to serve the entire building; upgrades telecommunications and data systems; includes repair/replacement of the mechanical, electrical, and plumbing systems as required
- Total Project Cost is \$20,000,000 with funding from Interest on Local Funds



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The University of Texas at Austin Law School Renovations

- Converts 12,500 gross square feet of current law library reference space into faculty offices to provide approximately 15 additional faculty offices, conference rooms, and administrative assistant space
- Requesting institutional management
- Total Project Cost is \$6,500,000 with funding from Designated Funds



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The University of Texas at Austin Lee and Joe Jamail Texas Swimming Center Renovation/Renewal

- Renovates pool mechanical system, building HVAC system, pool basin and deck, and architectural and structural building systems; includes installation of ADA ramps and elevator
- 14
- Requesting institutional management
 - Total Project Cost is \$15,000,000 with funding of \$7,500,000 from Interest on Local Funds and \$7,500,000 from Auxiliary Enterprise Balances



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The University of Texas Health Science Center at San Antonio Renovate Multipurpose Classrooms in Library

- Provides 10 additional classrooms in the Dolph B. Briscoe, Jr. Library and links them with other classroom space in the Lecture Hall; includes a student casual sitting space to encourage interaction between students and establish a 24/7 learning environment
- Requesting institutional management
- Total Project Cost is \$5,300,000 with funding of \$2,500,000 from Permanent University Fund Bond Proceeds and \$2,800,000 from Unexpended Plant Funds



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CIP Additions

- Three Academic projects \$41,500,000
- One Health project \$ 5,300,000
- Total Change in CIP Additions \$46,800,000



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Consideration of Design Development

- The University of Texas at Austin Darrell K Royal – Texas Memorial Stadium Maintenance and Renovation Project
- The University of Texas at El Paso College of Health Sciences/School of Nursing
- The University of Texas at El Paso Physical Sciences/Engineering Core Facility
- The University of Texas of the Permian Basin Student Multipurpose Center
- The University of Texas of the Permian Basin Wagner Noël Performing Arts Center
- The University of Texas Medical Branch at Galveston Student Housing



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The University of Texas at Austin Darrell K Royal – Texas Memorial Stadium Maintenance and Renovation Project

Campus Plan

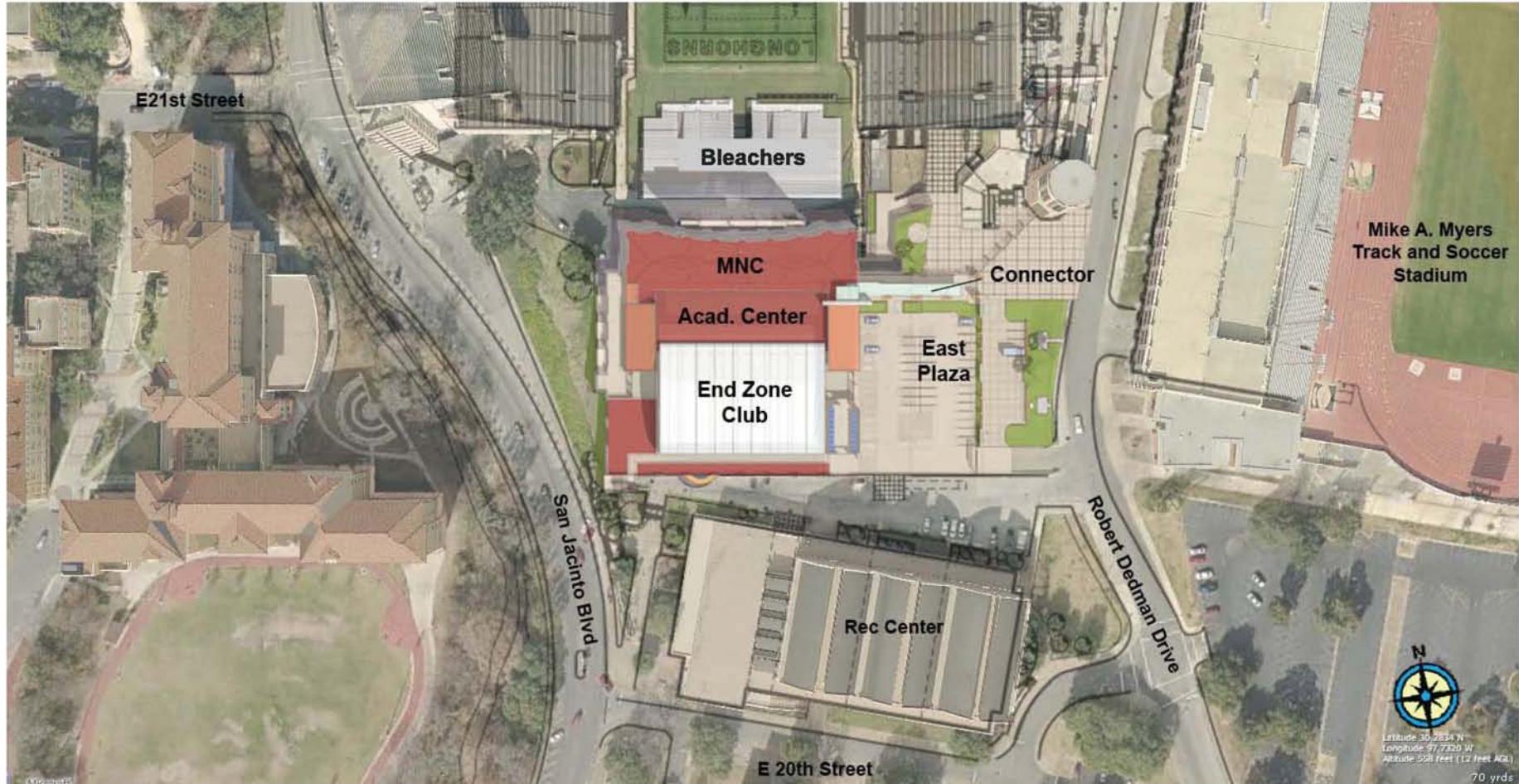




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The University of Texas at Austin Darrell K Royal – Texas Memorial Stadium Maintenance and Renovation Project

Site Plan





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The University of Texas at Austin Darrell K Royal – Texas Memorial Stadium Maintenance and Renovation Project

Existing View from Northwest





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The University of Texas at Austin Darrell K Royal – Texas Memorial Stadium Maintenance and Renovation Project

Proposed View from Northwest





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The University of Texas at Austin Darrell K Royal – Texas Memorial Stadium Maintenance and Renovation Project

View from Southwest





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The University of Texas at Austin Darrell K Royal – Texas Memorial Stadium Maintenance and Renovation Project

Total Project Cost is \$29,000,000 with funding of \$21,000,000 from Revenue Financing System Bond Proceeds and \$8,000,000 from Gifts

Investment Metrics:

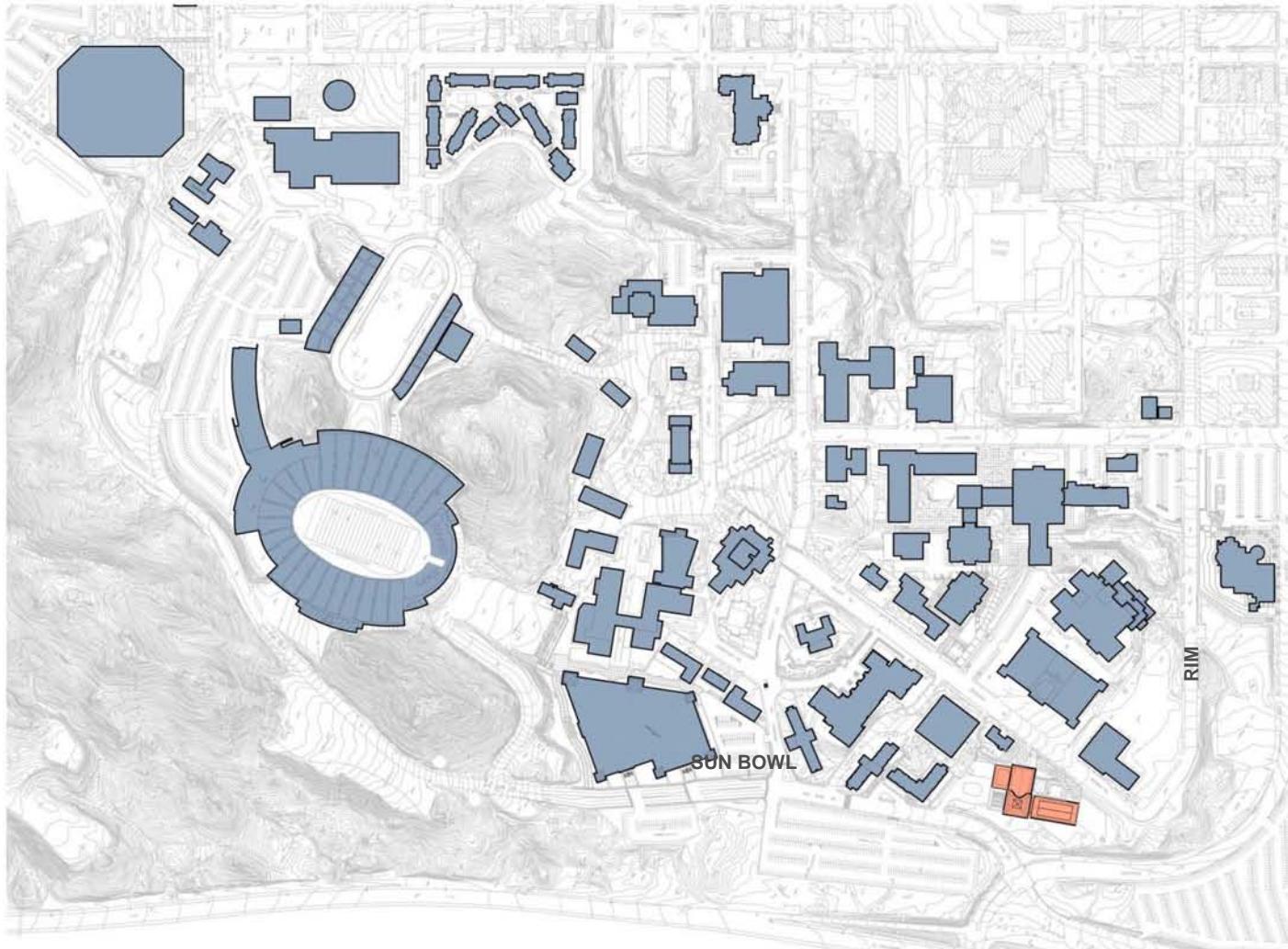
- Increase seating by 4,000 in 2009
- Increase gross revenue by \$2,000,000 per year
- Increase assignable square feet by 48,000 in 2009



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The University of Texas at El Paso College of Health Sciences/School of Nursing

Campus Plan





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The University of Texas at El Paso College of Health Sciences/School of Nursing

Site Plan





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The University of Texas at El Paso College of Health Sciences/School of Nursing

View from South





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The University of Texas at El Paso College of Health Sciences/School of Nursing

View from East





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The University of Texas at El Paso College of Health Sciences/School of Nursing

Total Project Cost is \$60,000,000 with funding of \$50,000,000 from Permanent University Fund Bond Proceeds and \$10,000,000 from Revenue Financing System Bond Proceeds

Investment Metrics:

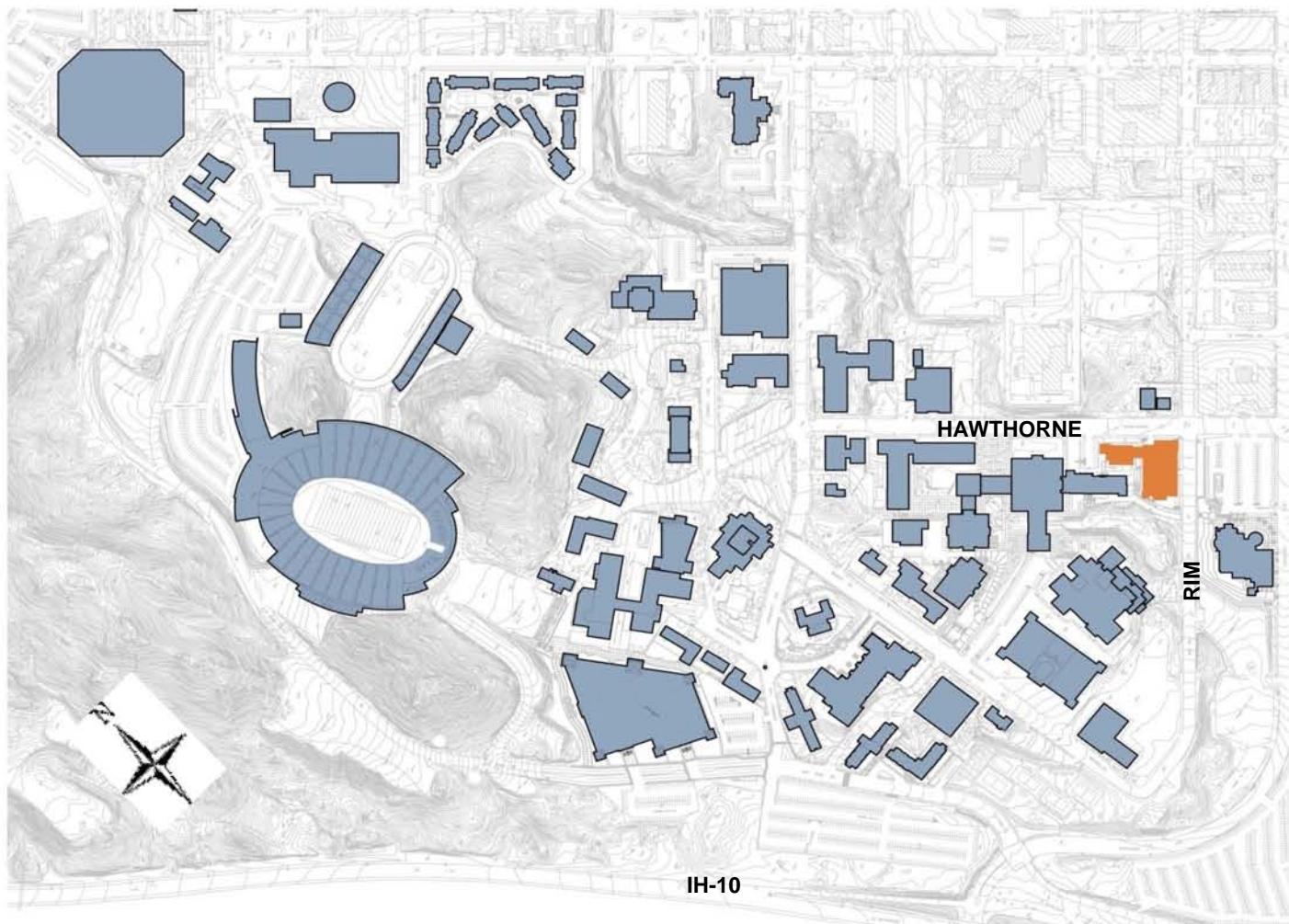
- Increased external research funding in health sciences by 2015
- Growth in enrollment in master's degree programs in the health professions by 2015
- Growth in enrollment in doctoral programs in the health professions by 2015
- Growth in enrollment in the undergraduate Nursing programs by 2015
- Growth in the number of degrees awarded annually in health-related disciplines by 2015
- Growth in endowment funding in the College of Health Sciences and in the School of Nursing by 2015



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The University of Texas at El Paso Physical Sciences/Engineering Core Facility

Campus Plan

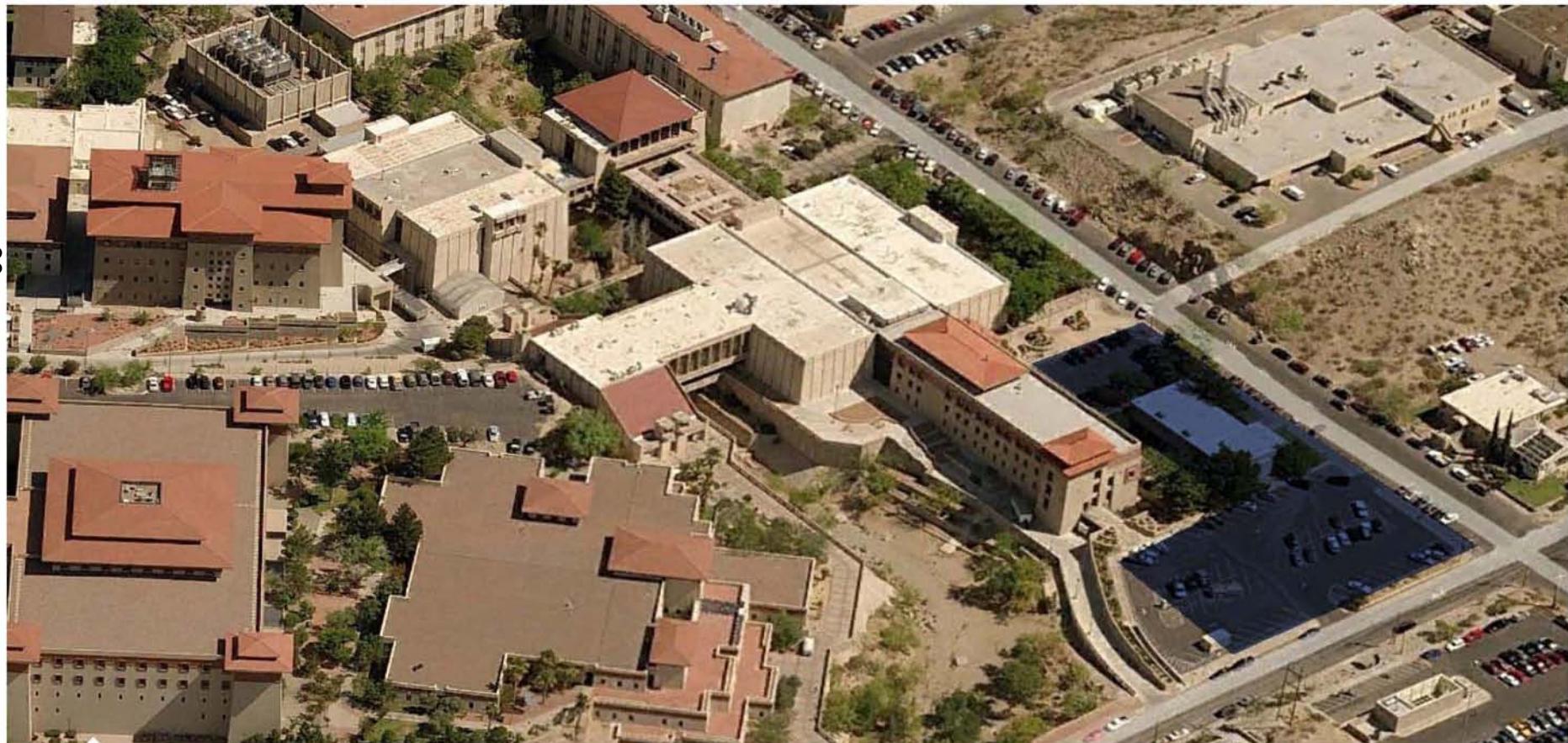




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The University of Texas at El Paso Physical Sciences/Engineering Core Facility

Existing Site Aerial

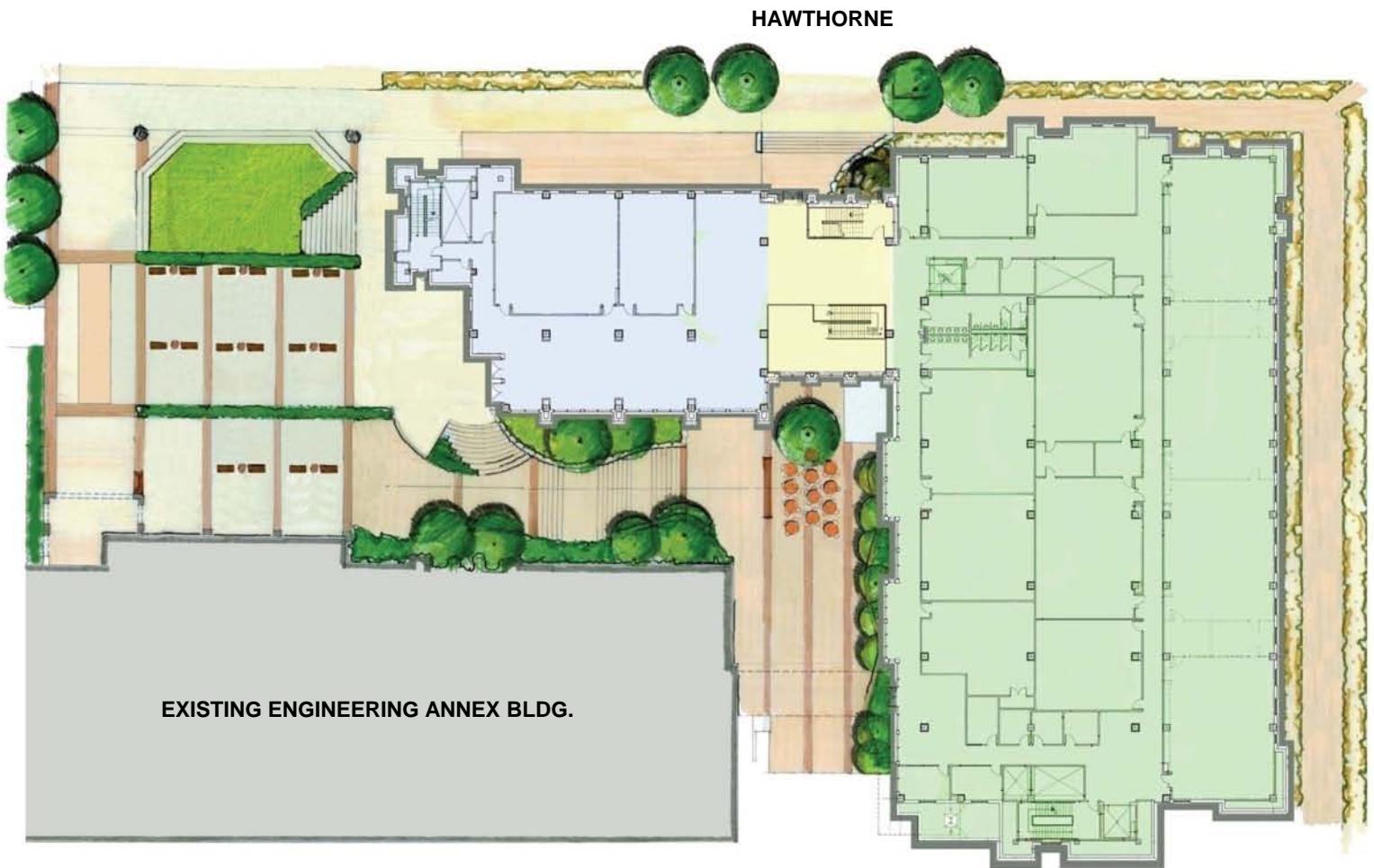




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The University of Texas at El Paso Physical Sciences/Engineering Core Facility

Site Plan





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The University of Texas at El Paso Physical Sciences/Engineering Core Facility

View from Northeast





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The University of Texas at El Paso Physical Sciences/Engineering Core Facility

View from Southwest





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The University of Texas at El Paso Physical Sciences/Engineering Core Facility

Total Project Cost is \$85,400,000 for 6 Phases with funding of \$8,500,000 from Permanent University Fund Bond Proceeds, \$76,500,000 from Tuition Revenue Bond Proceeds and \$400,000 from Revenue Financing System Bond Proceeds

34

Investment Metrics:

- Increase Chemistry and Computer Science faculty retention and recruitment efforts by 2012
- Facilitate efforts to enhance the stature of the Chemistry and Computer Science department
- Improve facilities to encourage interdisciplinary interaction and research opportunities among faculty and students
- Increase extramural funding by 2012



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The University of Texas of the Permian Basin Student Multipurpose Center

Campus Plan





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The University of Texas of the Permian Basin Student Multipurpose Center

Site Plan





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The University of Texas of the Permian Basin Student Multipurpose Center

View of Student Pavilion





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The University of Texas of the Permian Basin Student Multipurpose Center

View from West





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The University of Texas of the Permian Basin Student Multipurpose Center

Total Project Cost is \$12,000,000 with funding from Revenue Financing System Bond Proceeds

Investment Metrics:

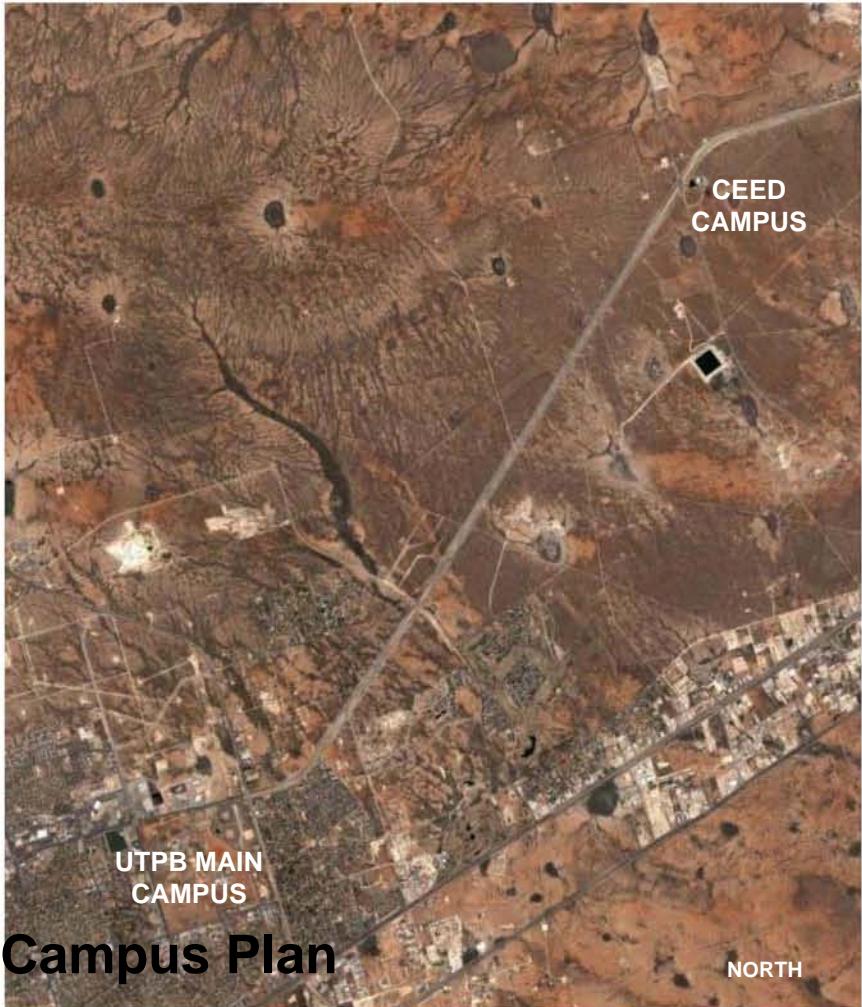
- Increase number of meals served to students by 15% during FY 2011
- Increase number of students utilizing the new fitness area by 10% during FY 2011
- Increase enrollment in classes for FY 2011 by 5% because of the available on-campus child care
- Increase student retention by approximately 4% with the new Student Multipurpose Center providing more of a traditional campus environment



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The University of Texas of the Permian Basin Wagner Noël Performing Arts Center

Campus Plan



Campus Plan

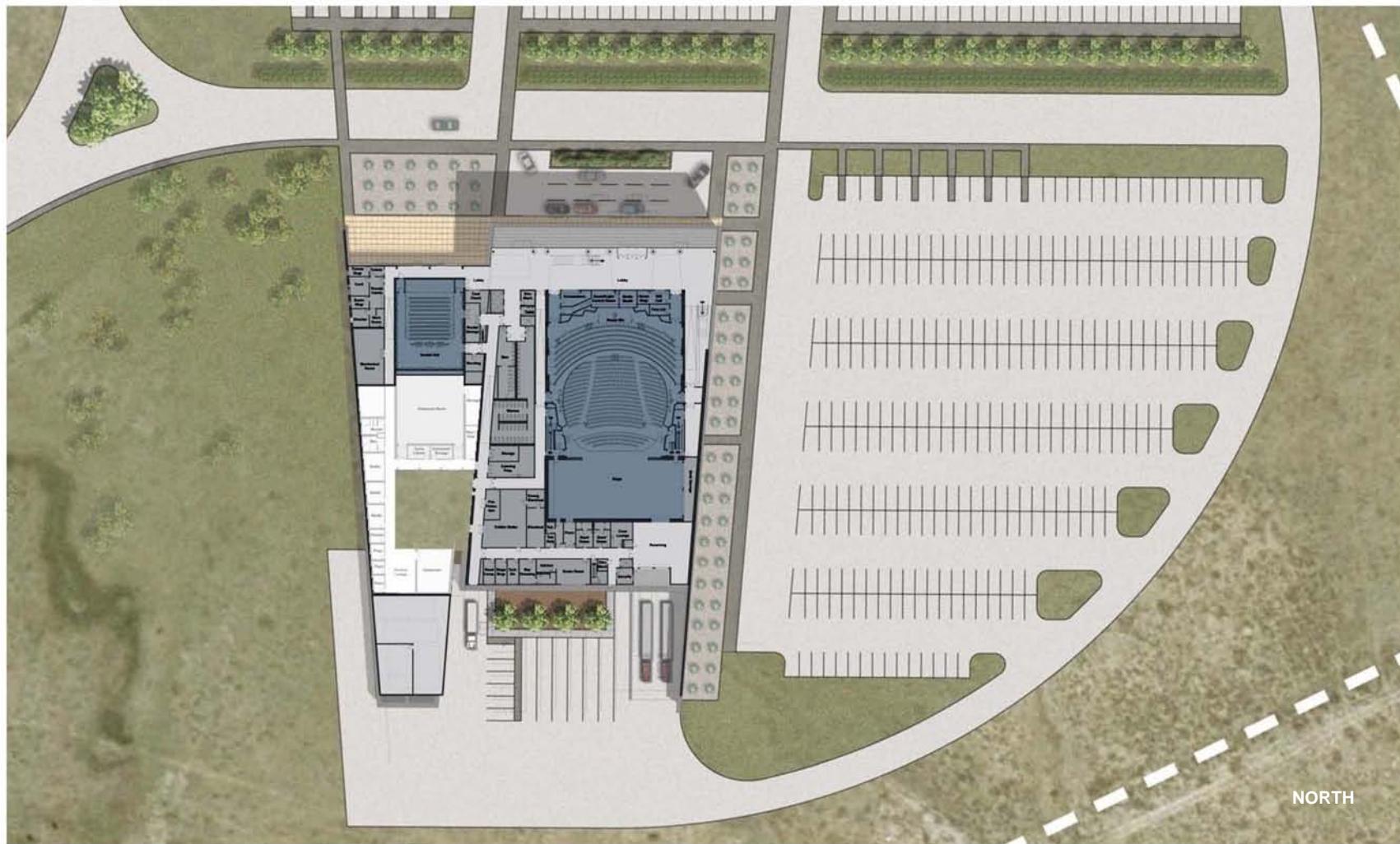




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The University of Texas of the Permian Basin Wagner Noël Performing Arts Center

Site Plan



NORTH



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The University of Texas of the Permian Basin Wagner Noël Performing Arts Center

View from Northwest





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The University of Texas of the Permian Basin Wagner Noël Performing Arts Center

View from Northeast





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The University of Texas of the Permian Basin Wagner Noël Performing Arts Center

Total Project Cost is \$81,000,000 with funding of \$12,500,000 from Permanent University Fund Bond Proceeds, \$16,000,000 from Gifts, \$45,000,000 from Tuition Revenue Bond Proceeds and \$7,500,000 from Grants

#

Investment Metrics:

- Visibility within the community and the region will increase by more than 5% from FY 2011 to FY 2012
- With additional classroom and recital hall space, enrollment in the music degree programs will increase by more than 10% from FY 2011 to FY 2012
- Attendance at major performances will increase by 10% after opening year
- Use of the facility, number of performances, recitals and other functions will increase by 10% from FY 2011 to FY 2012



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The University of Texas Medical Branch at Galveston Student Housing

Campus Plan



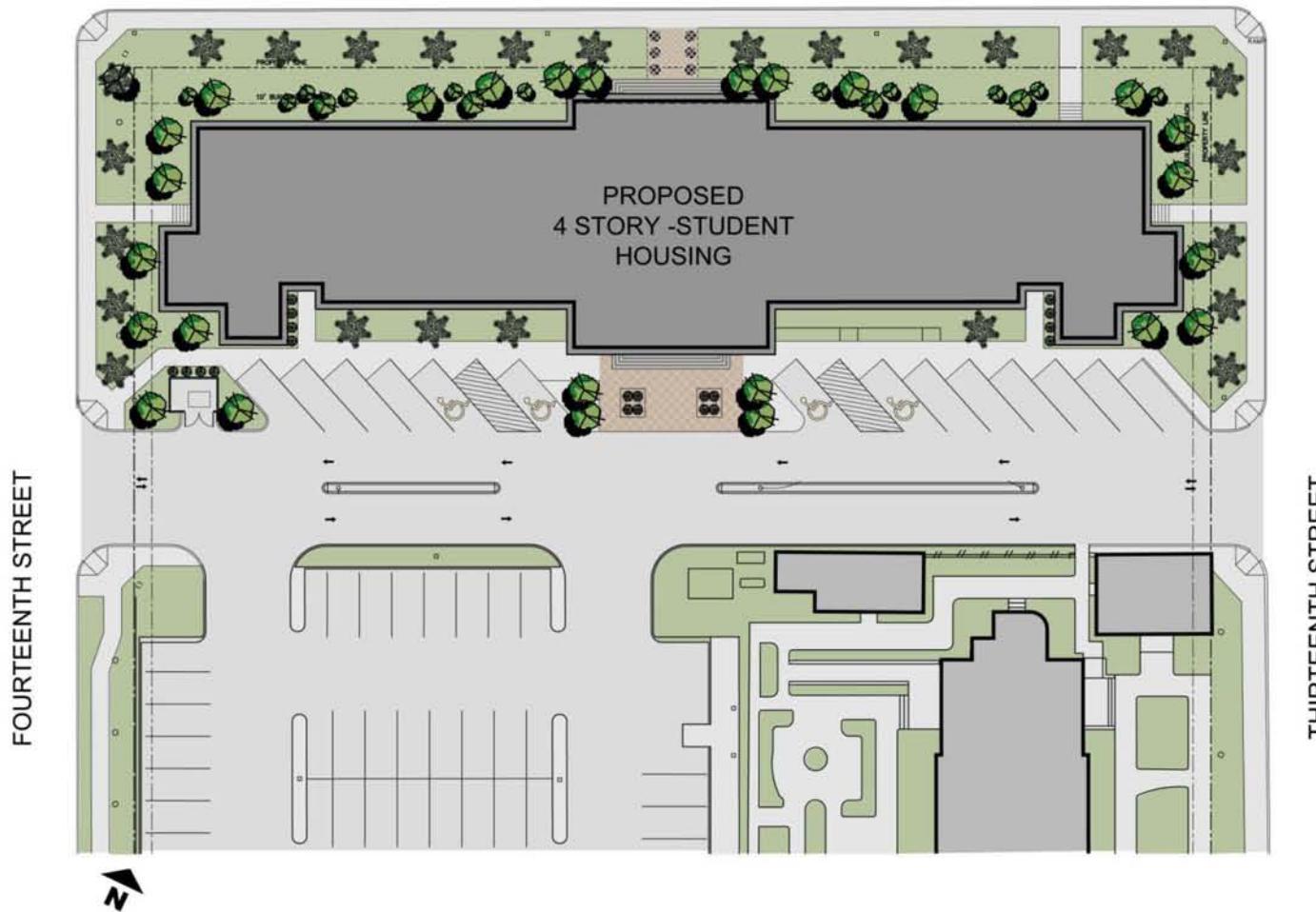


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The University of Texas Medical Branch at Galveston Student Housing

Site Plan

AVENUE C (MECHANIC)





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The University of Texas Medical Branch at Galveston Student Housing

View from South





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The University of Texas Medical Branch at Galveston Student Housing

Total Project Cost is \$10,000,000 with funding from Revenue Financing System Bond Proceeds

Investment Metrics:

- Allow demolition of existing buildings and site availability to construct the University Boulevard Research Building starting in April 2010
- Improve favorable responses to the UTMB dormitory-related questions by no less than 25% in the Student Satisfaction Survey that occurs following occupancy in 2010



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The University of Texas at Austin Art Building and Museum Renovation

Scope – To increase total project cost and revise the funding sources

Notice to Proceed – December 2008

Substantial Completion – December 2009

64 Action – Increase total project cost from \$3,500,000 to \$7,000,000 and
revise funding source from Gifts to Revenue Financing System Bond
Proceeds

Justification – Expanded scope to include the addition of a new main
entry on the east side of the existing Art Building and significant
renovation to the existing gallery for the display of faculty and student
work.

Increase Total Project Cost



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The University of Texas at Austin Utility Infrastructure Project – Phase II

Scope – To increase total project cost

Notice to Proceed – Various

Substantial Completion – October 2010

g Action – Increase total project cost from \$54,050,000 to \$57,750,000 with funding from Revenue Financing System Bond Proceeds

Justification – Expanded scope includes the installation of larger pumps and related piping systems for the new thermal energy storage tank to meet the larger than anticipated cooling requirements of the Experimental Science Building as well as the central area of the main campus

Increase Total Project Cost



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The University of Texas – Pan American Old Computer Center Renovation

Scope – To increase total project cost

Notice to Proceed – December 2007

Substantial Completion – May 2009

15 Action – Increase total project cost from \$2,000,000 to \$3,000,000 with funding from Higher Education Assistance Funds

Justification – Upgrades for MEP components of existing building to accommodate technological capacity and provide offices for Office of Research and Sponsored Projects

Increase Total Project Cost



CIP Changes

- CIP Additions \$ 46,800,000
 - CIP Changes including DD \$ 23,600,000
 - Total change in CIP \$ 70,400,000
-
- This represents a .8% increase for a total of \$8.78 billion

MINUTES
U. T. System Board of Regents
Student, Faculty, and Staff Campus Life Committee
August 13, 2008

The members of the Student, Faculty, and Staff Campus Life Committee of the Board of Regents of The University of Texas System convened at 11:10 a.m. on Wednesday, August 13, 2008, 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 Dannenbaum, presiding
Vice Chairman Huffines
Regent Barnhill
Regent Gary

Also present were Chairman Caven; Regent Dower; Mr. Michael Swindle, Chair, Employee Advisory Council (EAC); Dr. Mansour El-Kikhia, Chair, Faculty Advisory Council (FAC), and Mr. Aaron Rosas, Vice Chair, Student Advisory Council (SAC).

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 Board of Regents: Annual Meeting with Officers of the U. T. System Faculty Advisory Council

Committee Meeting Information

Presenter(s): Dr. Mansour El-Kikhia, Chair; Dr. Dora Saavedra, Governance Committee Co-Chair; Dr. Francis (Sandy) Norman, Academic Affairs Committee Co-Chair

Status: Reported

Future action: Regent Dannenbaum asked for a copy of the National Conference of State Legislatures (NCSL) report.

Discussion at meeting:

Dr. El-Kikhia thanked former Chancellor Yudof for his work in Texas. Following presentations from the Council representatives, Committee Chairman Dannenbaum asked if community colleges near U. T. System institutions could lease facility space to U. T. and Dr. El-Kikhia replied these colleges are also experiencing space issues.

Regent Dannenbaum also asked about tenure and adjunct faculty and Dr. El-Kikhia said he welcomes adjunct faculty but he explained there are adjunct faculty who teach in several places because they are not well paid. He supports better pay for adjunct faculty.

Chancellor ad interim Kenneth I. Shine commended the FAC on its effectiveness during Chancellor Yudof's term and he particularly acknowledged Dr. Ted Pate, former Chair of the FAC, for his leadership on the collaboration of the practice plans. Chancellor Shine emphasized the Regents will be supporting Tuition Revenue Bonds (TRB) for facilities and restoring formula funding to an adequate level, and he noted that infrastructure should be funded before incentives. He believes there should be an incentive component and that it will be increased over a period of time. Dr. Shine also discussed

- *strong support for more Tier One Universities and active participation in a working group involving seven U. T. System campuses*
- *inviting Dr. Martha Ellis, Associate Vice Chancellor for Community College Partnerships, to a FAC meeting*
- *concerns about the ratio of tenure to adjunct faculty*
- *working relationships/communications with faculty, such as through the task forces on graduate education and textbooks*
- *noncompete clauses, saying he and FAC would need to agree to disagree on this issue. He said there are campuses where faculty have joined a clinical program to develop a large clinical practice and the faculty member was hired away to a competing health institution "across the street."*

Vice Chairman Huffines said the Board truly values the faculty. He said the Regents share the faculty's passion and commitment to making achieving excellence in the U. T. System and he also noted that members of the Board volunteer between 40 - 80% of their time to seek money from the Legislature to fund excellence. He said all universities are facing funding issues. Vice Chairman Huffines added he was pleased to hear the discussion about quality of the educational experience versus numbers and encouraged discussion about focusing on quality in light of space issues. He said change is inevitable but the leadership in the state will move forward to have the best system in the country.

Regent Dower expressed appreciation for Dr. Saavedra's comments about faculty being sensitive to the cost of textbooks and about options to reduce these costs such as not requiring the most recent edition or the option to purchase specific chapters online.

ADJOURNMENT

Committee Chairman Dannenbaum adjourned the meeting at 12:10 p.m.