



TABLE OF CONTENTS FOR MEETING OF THE BOARD

May 14-15, 2008
Tyler, Texas

Wednesday, May 14, 2008

COMMITTEE MEETING (*Ballroom, Ornelas Activity Center*)

Health Affairs Committee -- Special Meeting

10:00 - noon

- A. CONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO *TEXAS GOVERNMENT CODE*, CHAPTER 551 (working lunch) (*Room 140, Ornelas Activity Center*)

12:00 p.m.

Chairman Caven

1. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074

- a. **U. T. Health Science Center – Houston:**
Discussion regarding individual personnel matters related to the presidential search, including the possible selection and employment of a president
- b. **U. T. Southwestern Medical Center – Dallas:**
Discussion regarding individual personnel matters related to presidential search
- c. **U. T. System:** Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, Chancellor ad interim, General Counsel to the Board, and Director of Audits), and U. T. System and institutional employees

Wednesday, May 14, 2008 (continued)

2. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072
 - a. **U. T. M. D. Anderson Cancer Center: Discussion and appropriate action concerning negotiations to ground lease approximately three acres of unimproved land located in or adjacent to The University of Texas Research Park, Houston, Harris County, Texas, at either the northeast corner of Fannin Street and Old Spanish Trail, or the southeast corner of Bertner Road and East Road, to a ground tenant selected through a request for proposals process for the development of a biomedical research building containing approximately 300,000 square feet of rentable area to include research, conference, and commercial space, with approximately 150,000 square feet of research space to be subleased by U. T. M. D. Anderson Cancer Center and the remainder of the space to be subleased by third party tenants for research use and ancillary services**

*President Mendelsohn
Ms. Mayne*
 - b. **U. T. System: Issues related to West Texas Lands**

*Dr. Kelley
Ms. Mayne
Mr. Burgdorf*
 3. Negotiated Contracts for Prospective Gifts or Donations - Section 551.073
 - a. **U. T. Medical Branch – Galveston: Discussion related to a proposed negotiated gift**

*President Callender
Dr. Safady*
 - b. **U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding a proposed negotiated gift with potential naming feature**

*President Mendelsohn
Dr. Safady*
 4. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071
 - a. **U. T. System Board of Regents: Discussion with Counsel on pending legal issues**

Mr. Burgdorf
 - b. **U. T. System Board of Regents: Discussion of legal issues related to standards of conduct and ethics**

*Mr. Burgdorf
Ms. Frederick*
 - c. **U. T. System: Legal briefing on *Fisher v. Texas***

Mr. Burgdorf
 - d. **U. T. System: Legal issues related to West Texas Lands**

Mr. Burgdorf
- B. RECONVENE IN OPEN SESSION TO CONSIDER ACTION ON EXECUTIVE SESSION ITEMS, IF ANY *1:15 p.m.*
- C. RECESS *1:25 p.m.*

Wednesday, May 14, 2008 (continued)

COMMITTEE MEETINGS

(Ballroom, Ornelas Activity Center)

Facilities Planning and Construction Committee	1:30 p.m.
Health Affairs Committee.....	2:30 p.m.
Academic Affairs Committee.....	3:30 p.m.

Concurrent:

Audit, Compliance, and Management Review Committee	4:30 p.m.
<i>(Room 140, Ornelas Activity Center)</i>	

Student, Faculty, and Staff Campus Life Committee	4:30 p.m.
<i>(Ballroom, Ornelas Activity Center)</i>	

D. RECESS	5:30 p.m.
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Thursday, May 15, 2008 (*Ballroom, Ornelas Activity Center*)

	Board/Committee Meetings	Page
COMMITTEE MEETING		
Finance and Planning Committee	9:00 a.m.	
E. RECONVENE THE BOARD IN OPEN SESSION	10:00 a.m.	
F. APPROVAL OF MINUTES		
G. CONSIDER AGENDA ITEMS		
1. U. T. Tyler: Overview of the institution	10:05 a.m. Report <i>President Mabry</i>	1
2. U. T. System: Remarks by Chancellor ad interim Shine related to transitional issues	10:20 a.m. Report <i>Dr. Shine</i>	1
3. U. T. System: Presentation of the Accountability and Performance Report for 2007-2008 and request to accept Report	10:35 a.m. Action <i>Dr. Malandra</i>	1
4. U. T. System: Presentation on the U. T. System-wide Endowment Compliance Program	10:50 a.m. Report <i>Dr. Safady</i>	1
5. U. T. System: Annual report on research and technology transfer	11:05 a.m. Report <i>Dr. McDowell</i>	2
6. U. T. System: Approval to fund the Biodefense Postdoctoral Fellowship Program in partnership with Sandia National Laboratories	11:20 a.m. Action <i>Dr. McDowell</i>	2
7. U. T. System Board of Regents: Approval to amend Regents' <i>Rules and Regulations</i>, Rule 10501, regarding Delegation to Act on Behalf of the Board, to add Section 4.16 to increase the Board's contract approval threshold	11:22 a.m. Action <i>Mr. Burgdorf</i>	3
8. U. T. System Board of Regents: Approval to amend Regents' <i>Rules and Regulations</i>, Rule 80103, regarding solicitation, to allow the marketing of products or services at specified events	11:24 a.m. Action <i>Mr. Burgdorf</i>	5
9. U. T. System Board of Regents: Adoption of Regents' <i>Rules and Regulations</i>, Rule 80112, regarding Residential Conference Centers	11:26 a.m. Action <i>Mr. Burgdorf</i>	6
10. U. T. System Board of Regents: Discussion of The University of Texas Investment Management Company (UTIMCO) Code of Ethics	11:28 a.m. Discussion <i>Mr. Zimmerman</i>	8
H. RECESS FOR MEETINGS OF THE STANDING COMMITTEES AND COMMITTEE REPORTS TO THE BOARD	11:43 a.m.	
I. RECONVENE AS A COMMITTEE OF THE WHOLE TO ADJOURN	12:00 p.m.	

1. **U. T. Tyler: Overview of the institution**

REPORT

President Mabry will discuss the transformative activities at U. T. Tyler in recent years.

Supplemental Materials: PowerPoint presentation on Pages 1 - 7 of Volume 2.

2. **U. T. System: Remarks by Chancellor ad interim Shine related to transitional issues**

REPORT

Chancellor ad interim Shine will report on transitional issues at the U. T. System.

3. **U. T. System: Presentation of the Accountability and Performance Report for 2007-2008 and request to accept Report**

REPORT

Dr. Geri H. Malandra, Vice Chancellor for Strategic Management, will present the U. T. System Board of Regents' Accountability and Performance Report for 2007-2008. Following the presentation, the Board will be asked to accept the Report.

The Report, separately bound in a blue notebook, was mailed to the Board with this Agenda Book.

Supplemental Materials: PowerPoint presentation on Pages 8 - 23 of Volume 2.

4. **U. T. System: Presentation on the U. T. System-wide Endowment Compliance Program**

REPORT

Dr. Randa Safady, Vice Chancellor for External Relations, will present a report on the U. T. System Endowment Compliance Program.

Supplemental Materials: PowerPoint presentation on Pages 24 - 33 of Volume 2.

5. **U. T. System: Annual report on research and technology transfer**

REPORT

Dr. Keith McDowell, Vice Chancellor for Research and Technology Transfer, will present the annual report on research and technology transfer trends for the U. T. System.

Supplemental Materials: PowerPoint presentation on Pages 34 – 51 of Volume 2.

6. **U. T. System: Approval to fund the Biodefense Postdoctoral Fellowship Program in partnership with Sandia National Laboratories**

RECOMMENDATION

The Chancellor ad interim concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor for Research and Technology Transfer that \$625,000 of Intermediate Term Fund (ITF) proceeds be approved to support eight joint postdoctoral fellows in the Biodefense Postdoctoral Fellowship Program and to provide support for a collaborative "grand challenge" project to be completed jointly by mentors at U. T. Medical Branch - Galveston and Sandia National Laboratories (SNL). Funds will be distributed to U. T. Medical Branch - Galveston in Fiscal Years 2008 and 2009.

BACKGROUND INFORMATION

In 2005, the U. T. System (UTS) and SNL entered into a joint Memorandum of Understanding (MOU) to "provide the basis for implementing (1) an expanded and formalized relationship between Sandia and UTS that will assess and enhance performance excellence at Sandia National Laboratories, and (2) increased interactions and collaborations between individual staff, faculty, and students at Sandia and the institutions comprising UTS." U. T. System and SNL jointly created a roadmap for implementation of the MOU in December 2006, entitled "Strategic Partnership Plan: Creating a National Agenda Together." The intent of the strategic plan is "to strengthen and deepen the relationship in the areas covered by the MOU" with an overarching goal "to achieve a greater mutual impact on national security issues." The strategic plan documents the joint plan with respect to Research Program Interfaces and Collaborations, Peer Review and Scientific Accountability, and Education and Transformation.

The total cost to seed the collaboration programs is \$1,875,000 of which \$625,000 from ITF proceeds is being requested. The remaining \$1,250,000 is being funded from the Regents' Research Scholars Program previously approved by the Board on

November 16, 2006. Earnings on U. T. System Administration's operating cash invested in the ITF are pooled and any realized gains on these investments are centrally controlled. The Board of Regents has broad statutory authority and discretion to control, invest, and budget institutional funds including earnings from those funds for any purpose that furthers the mission of the U. T. System Administration or the institutions.

This investment in the partnership between U. T. System and SNL will have a significant long-term return both with respect to strengthening the partnership and to multiplying external funding of the core research areas.

7. **U. T. System Board of Regents: Approval to amend Regents' *Rules and Regulations*, Rule 10501, regarding Delegation to Act on Behalf of the Board, to add Section 4.16 to increase the Board's contract approval threshold**

RECOMMENDATION

The Chancellor ad interim concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel that Regents' *Rules and Regulations*, Rule 10501, be amended to add Section 4.16 as set forth below in congressional style:

Sec. 3 Contracts or Agreements Requiring Board Approval. The following contracts or agreements, including purchase orders or vouchers, must be approved by the Board.

3.1 Contracts Exceeding \$1 Million. All contracts or agreements, with a cost or monetary value to the U. T. System or any of its institutions of more than \$1 million, unless exempted in Section 4 below.

...

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

...

4.16 Increase in Board Approval Threshold. An institution's dollar threshold specified in Section 3.1 may be increased to up to \$5 million by the Vice Chancellor and General Counsel, after consultation with the General Counsel to the Board of Regents, if it is determined that the institution has the expertise to negotiate, review, and administer such contracts. Unless approved in advance by the Vice Chancellor and General Counsel, any increase will not apply to contracts or agreements designated as Special Procedure Contracts by the Vice Chancellor and General Counsel.

BACKGROUND INFORMATION

The University of Texas System Administration Policy UTS145, *Processing of Contracts*, currently sets U. T. System Office of General Counsel contract review thresholds for U. T. System institutions based on each institution's size, complexity, and legal staffing. Proposed Section 4.16 would extend the same philosophy to Board contract approval thresholds and would add needed flexibility to Rule 10501.

Proposed Section 4.16 would accommodate U. T. M. D. Anderson Cancer Center's pending request for an increase in its contract approval threshold from \$1 million to \$2.5 million. The request is based on the following information:

- a. U. T. M. D. Anderson Cancer Center currently employs 12 attorneys in its legal department and four attorneys in its compliance department, along with numerous experienced legal assistants. The attorneys processing, negotiating, and handling U. T. M. D. Anderson Cancer Center contracts have 10-20 years of experience and have been with U. T. M. D. Anderson Cancer Center for many years. These attorneys work closely with the institution's executive management and are generally involved in multiple aspects of the contracting process. They are well versed in U. T. System and Board requirements and expectations for contracts and business transactions.
- b. U. T. M. D. Anderson Cancer Center attorneys currently handle hundreds of contracts every year with values of less than \$1 million that do not require Board approval. There have been few, if any, problems with these agreements. U. T. M. D. Anderson Cancer Center is confident that these attorneys are also competent to process contracts with values up to \$2.5 million.
- c. U. T. M. D. Anderson Cancer Center typically docketed several contracts with values over \$1 million for approval at each Board meeting. Approximately 25%-40% of those docketed contracts have values over

\$1 million, but under \$2.5 million. U. T. M. D. Anderson Cancer Center estimates that raising the value of contracts requiring Board approval from \$1 million to \$2.5 million would decrease the number of U. T. M. D. Anderson Cancer Center contracts requiring Board approval by 25%-40% and would help expedite contract processing and assure timely completion of business transactions.

8. **U. T. System Board of Regents: Approval to amend Regents' Rules and Regulations, Rule 80103, regarding solicitation, to allow the marketing of products or services at specified events**

RECOMMENDATION

The Chancellor ad interim concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Rule 80103, regarding solicitation, be amended to allow the marketing of products or services at specified events as set forth below in congressional style:

2.21 Athletic Events, Professional Entertainment Touring Events, or Cultural or Historical Festivals or Exhibitions.

(a) Delegation. A president may designate a reasonable number of areas in a reasonable proximity to the exterior of a facility used for intercollegiate athletic events, professional entertainment touring events, or occasional cultural or historical festivals or exhibitions, and may authorize such areas to be used for the display of motor-propelled vehicles and for the location of booths, tables, or kiosks to be used for the display of merchandise, the distribution of free samples of merchandise, and the display and distribution of printed material related to merchandise, products, or services. Such activities may be authorized only on the day before and the day or days of an intercollegiate athletic event, a professional entertainment touring event, a cultural or historical festival or exhibition, or an event that is related to athletics that takes place in the facility. The president may designate a reasonable number of areas inside a facility to be used for intercollegiate athletic events, professional entertainment touring events, or cultural or historical festivals or exhibitions for such activities if the safety officer of the institution approves the designation and use of the area. All persons engaged in or associated with such displays and distributions must conduct those activities in compliance with State law, the Regents' *Rules and Regulations*, and with other guidelines specified by the institution. Such persons may not make sales of or

take orders for such vehicles, merchandise, products, or services. The institution shall charge an appropriate fee for the privilege of using such areas. Persons or entities that violate State law, the Regents' *Rules and Regulations*, or the applicable guidelines of the institution while using designated areas under this provision shall not be permitted to engage in activities under this provision for a period of one (1) year from the date of the violation.

BACKGROUND INFORMATION

In general, "solicitation" is prohibited on or in any university property, including prohibiting the sale of merchandise or the display of merchandise designed to encourage its purchase or use. There are a number of exceptions to the general rule, including an exception for athletic events that allows an institutional president to designate a reasonable number of areas near and inside a facility used for intercollegiate athletic events to be used to display motor-propelled vehicles and to locate booths to display merchandise, distribute free samples of merchandise, and display printed material related to merchandise or services. These activities may occur only on the day before and the day of the event. The proposed amendment to Section 2.21 adds language that would provide the same exception for professional entertainment touring events and cultural or historical festivals or exhibitions.

9. **U. T. System Board of Regents: Adoption of Regents' *Rules and Regulations*, Rule 80112, regarding Residential Conference Centers**

RECOMMENDATION

The Chancellor ad interim concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Powers that the Board of Regents adopt new Regents' *Rules and Regulations*, Rule 80112, regarding Residential Conference Centers as follows:

1. Title

Residential Conference Centers

2. Rule and Regulation

Sec. 1 Designation. The president of an institution may designate rules for a Residential Conference Center that includes rooms for overnight residential guests, rooms for conferences, banquets, and meetings, catering services, and conference and related programming services. The president shall cause

to be prepared and submitted for approval, as a part of the *Handbook of Operating Procedures* of the institution, appropriate rules and regulations for the reservation and use of a Residential Conference Center.

- Sec. 2 Rules for Use. The rules and regulations must restrict the reservation and use of such facilities in accordance with the following:
- 2.1 Designation as a Residential Conference Center shall not constitute the facility as a public facility or forum that is open to use by individuals, groups, associations, or corporations on a first-come, first-served basis.
 - 2.2 Priority in the reservation and use of facilities within a Residential Conference Center shall be given to programs and activities of the U. T. System or any of its institutions that are in furtherance of and related to the academic, educational, cultural, outreach, recreational, and athletic programs of the U. T. System or any of its institutions.
 - 2.3 As a lower priority, the rules and regulations may provide for reservation and use of facilities within a Residential Conference Center by individuals, groups, associations, or corporations without the necessity of joint sponsorship by the U. T. System or any of its institutions and within accepted industry standards and the needs of the institution. Subject to all constitutional and statutory provisions relating to the use of State property or funds for religious or political purposes, facilities within a Residential Conference Center may be made available for religious and political conferences, debates, or conventions. A Residential Conference Center may be used for purposes such as banquets or conferences by entities that use annual conferences or other similar activities to acquire operational funds for the entities. Rates for such use must be charged that, at a minimum, ensure recovery of that part of the operating cost of the Center attributable directly or indirectly to such use; provided, however, that the manager of the facility may grant complimentary rooms or food as is ordinary and customary in the operation of similar facilities for promotional or customer-relations purposes if it is reasonably necessary for the operation of the facility.
 - 2.4 The rules and regulations applicable to a Residential Conference Center may provide for the rental of space for display of advertising and the display of samples of merchandise in designated areas inside the Residential Conference Center that have been approved by the president of the institution or his or her delegate, and for advertising by displays on a message center inside the Center or on the Center's outdoor electronic marquee, message center, or other signage. A Conference Center retail store operation for goods related to conferences or guest services as well as sales of books, other

educational products, software, or related products within the Conference Center shall be allowed and considered within Section 2.5 of Rule 80103, Solicitation.

BACKGROUND INFORMATION

U. T. Austin will open the AT&T Executive Education and Conference Center in August 2008. The Center will have 297 overnight residential rooms, one ballroom, 22 meeting rooms, 11 classrooms, and one auditorium. The Center will be used extensively by units of the University, especially the McCombs School of Business. There will be occasions when the Center will be available for conferences and meetings by other groups that have an association with the University and/or higher education, the greater Austin community, and others as appropriate. This new Rule authorizes U. T. Austin (and any other U. T. System institution that may establish a residential conference center in the future) to promulgate rules for such uses. This Rule specifies parameters for use that are similar to those for Special Use Facilities (Rule 80106) but eliminates some of the restrictions on certain philanthropic activities and on professional educational, research, or related organizations that use annual conferences or other similar activities to acquire operational funds.

10. U. T. System Board of Regents: Discussion of The University of Texas Investment Management Company (UTIMCO) Code of Ethics

PURPOSE

Mr. Bruce Zimmerman, CEO and CIO of The University of Texas Investment Management Company (UTIMCO), will discuss proposed changes related to the UTIMCO Code of Ethics. These changes were discussed at UTIMCO's Audit & Ethics Committee meeting on April 15, 2008, and the UTIMCO Board of Directors meeting on April 25, 2008.

The most significant potential change relates to revising the UTIMCO Code of Ethics to permit UTIMCO Directors to invest in the same Private Investments as UTIMCO. Pecuniary interest prohibitions would remain in place and Directors' investments would be disclosed. No favorable terms would be available to Directors. In the event an investment came to the UTIMCO Board of Directors for approval, the co-invested Directors would recuse themselves from discussion and vote on the investment decision.

The current Code of Ethics was reviewed by the UTIMCO Board in May 2006 and approved by the U. T. System Board of Regents on July 13, 2006.

No action is proposed at this time.