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Committee Meeting: 2/11/2009

Board Meeting: 2/12/2009
Austin, Texas

Colleen McHugh, *Chairman*
James D. Dannenbaum
James R. Huffines
Robert B. Rowling

Wednesday, February 11, 2009

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A. CONVENE MEETING OF HEALTH AFFAIRS COMMITTEE	<i>10:30 a.m.</i> <i>Chairman</i> <i>McHugh</i>		
1. U. T. Health Science Center – Houston: Authorization to enter into contracts, easements, and agreements with CenterPoint Energy Houston Electric LLC, a Delaware limited liability company, which was selected through a request for proposals process to provide electrical utility distribution and transmission services to existing and future properties and facilities of U. T. Health Science Center – Houston in the Houston, Texas, Metropolitan Area	<i>10:30 a.m.</i> Action <i>President</i> <i>Kaiser</i> <i>Ms. Mayne</i>	Action	84
2. U. T. M. D. Anderson Cancer Center: Authorization to purchase the land and improvements located at 2918 Hepburn Street, Houston, Harris County, Texas, from Mr. Timothy Black and Ms. Charlotte Black for a purchase price not to exceed fair market value as established by independent appraisals for future use for campus administrative and support functions	<i>10:35 a.m.</i> Action <i>President</i> <i>Mendelsohn</i> <i>Ms. Mayne</i>	Action	85
3. U. T. M. D. Anderson Cancer Center: Authorization to purchase all of the undivided interests in the land located at Lot 4, Block 38, Institute Place Subdivision, Houston, Harris County, Texas, from Ms. Shirley Ann Wagner, Mr. Raymond Keith Bryzmialkiewicz, Mr. Roy Bryzmialkiewicz, Mr. Harvey Gorski, Ms. Lucille Gottselig, Ms. Maxine Delores Kasprazk, Mr. James Koterak, Ms. Brenda B. Meuth, Estate of Mr. Eugene Richard Nowak, Mr. Kenneth Ray Nowak, Ms. Venita B. Riddle, Ms. June B. Schmidt, Ms. Iva B. Womak, Ms. Paulette Zawacki, Mr. Alex Bryzmialkiewicz, Mr. Edwin Bryzmialkiewicz, Ms. Carol Ann Copeland, Ms. Rose Marie Drummon, Ms. Frankie Koterak, Mr. Gilbert Koterak, Ms. Gloria Lastovica, Ms. Sandy Crawford, and Ms. Gertrude Tippitt, and any successors and assigns or other persons who may be determined to hold an undivided interest in such land, for a purchase price not to exceed fair market value as established by independent appraisals for future use for campus administrative and support functions	<i>10:45 a.m.</i> Action <i>President</i> <i>Mendelsohn</i> <i>Ms. Mayne</i>	Action	88

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4. U. T. M. D. Anderson Cancer Center: Authorization to purchase all of the undivided interests in the land described as Lot 3, Block 38, Institute Place Subdivision, Houston, Harris County, Texas, from Ms. Denise Felchak Brown, Ms. Joan Smith, and Ms. Gladys L. Wood, and any successors and assigns or other persons who may be determined to hold an undivided interest in such land for a purchase price not to exceed fair market value as established by independent appraisals for future use for campus administrative and support functions	10:50 a.m. Action <i>President Mendelsohn Ms. Mayne</i>	Action	92
5. U. T. Southwestern Medical Center - Dallas: Authorization to execute a Master Services Agreement with Dallas County Indigent Care Corporation (DCICC), a nonprofit corporation	11:00 a.m. Action <i>Mr. Burgdorf President Podolsky</i>	Action	95
6. U. T. System: Quarterly report on health matters, including the current status of competitive awards programs in nursing and graduate studies, the potential impact of proposed federal programs on U. T. System health institutions, annual campus visits, and related matters	11:15 a.m. Report <i>Dr. Shine</i>	Not on Agenda	96
B. ADJOURN MEETING OF HEALTH AFFAIRS COMMITTEE	11:30 a.m.		

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Thursday, February 12, 2009

	Committee Meeting
C. CONVENE SPECIAL MEETING OF THE HEALTH AFFAIRS COMMITTEE	9:00 a.m. <i>Chairman McHugh Dr. Shine Mr. Mike Hudson, President, The Health Policy Group, L.L.C., Washington, D.C.</i>
<u>New Federal Health Policies</u>	
The presidents of The University of Texas System health institutions will discuss the potential impact of proposed federal health policies on healthcare delivery at the U. T. System health institutions.	
D. ADJOURN SPECIAL MEETING	10:00 a.m.

1. **U. T. Health Science Center – Houston: Authorization to enter into contracts, easements, and agreements with CenterPoint Energy Houston Electric LLC, a Delaware limited liability company, which was selected through a request for proposals process to provide electrical utility distribution and transmission services to existing and future properties and facilities of U. T. Health Science Center – Houston in the Houston, Texas, Metropolitan Area**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Kaiser that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. Health Science Center – Houston, to

- a. enter into contracts, easements, and agreements with CenterPoint Energy Houston Electric LLC, a Delaware limited liability company ("CenterPoint Energy"), which was selected through a request for proposals process to provide electrical utility distribution and transmission services to existing and future properties and facilities of U. T. Health Science Center – Houston in the Houston, Texas, Metropolitan Area; and
- b. authorize the institution's Vice President for Business Affairs to execute the contract and related agreements and the Executive Director of Real Estate to execute all documents, easements, and other agreements regarding real property, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

On December 12, 2008, U. T. Health Science Center – Houston issued a Request for Proposals (RFP) for electrical utility distribution and transmission services covering the Houston, Texas, Metropolitan Area. CenterPoint Energy was the only respondent. Section 51.923 of the *Texas Education Code* permits a contract with CenterPoint Energy by its selection through an RFP process.

U. T. Health Science Center – Houston desires to enter into a master contract for a term of five years for the provision of electrical distribution and transmission services for its current and future facilities located in the Houston, Texas, Metropolitan Area. The contract will permit the institution and CenterPoint Energy to enter into addenda under the master contract with respect to specific projects. Easements will be granted as

needed so that the utility services can be provided. Services and fees are based on CenterPoint Energy's tariffs and regulations from the Texas Public Utility Commission.

Authorization to enter into the master contract enabling project-specific addenda and easements is being sought so that U. T. Health Science Center – Houston may minimize delays related to the provision of electrical distribution and transmission services to construction and renovation projects at existing and future properties.

2. **U. T. M. D. Anderson Cancer Center: Authorization to purchase the land and improvements located at 2918 Hepburn Street, Houston, Harris County, Texas, from Mr. Timothy Black and Ms. Charlotte Black for a purchase price not to exceed fair market value as established by independent appraisals for future use for campus administrative and support functions**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Mendelsohn that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. M. D. Anderson Cancer Center, to

- a. purchase the land and improvements located at 2918 Hepburn Street, Houston, Harris County, Texas, from Mr. Timothy Black and Ms. Charlotte Black for a purchase price not to exceed fair market value as established by independent appraisals, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition of the property as deemed necessary or advisable by the Executive Director of Real Estate, for future use for campus administrative and support functions; and
- b. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

Acquisition of the subject property is part of the land assemblage in the east campus area being undertaken by U. T. M. D. Anderson Cancer Center to accommodate the relocation of important, but noncritical functions that will allow greater use of core facilities in the Texas Medical Center for patient treatment and research.

U. T. M. D. Anderson Cancer Center has concluded that the main campus in the Texas Medical Center and south campus should be reserved for use for research and critical patient care functions. Accordingly, many administrative and support activities currently in the main and south campuses will be relocated to the area in which the subject property and adjacent tracts are located to allow expansion of the research and patient care functions on the main and south campuses. The subject property is an outparcel of the surrounding 28.8008-acre tract acquired by U. T. M. D. Anderson Cancer Center pursuant to authority granted by the Board on February 8, 2007.

Details of this acquisition, which will be funded with Local Hospital Revenues, are summarized in the transaction summary below.

Transaction Summary

Institution:	U. T. M. D. Anderson Cancer Center
Type of Transaction:	Purchase
Total Area:	Approximately 27,761 square feet, including adjoining alley
Improvements:	1,209 square foot single family residence and out buildings
Location:	2918 Hepburn Street, Houston, Harris County, Texas (see map on following page)
Seller:	Mr. Timothy Black and Ms. Charlotte Black
Purchase Price:	Not to exceed fair market value as established by independent appraisals
Appraised Value:	\$972,000 (\$35 per square foot) (Edward B. Schulz & Co., April 15, 2008, updated December 10, 2008); \$625,000 (\$22.50 per square foot) (Lewis Realty Advisors, August 20, 2008)
Source of Funds:	Local Hospital Revenues
Intended Use:	Campus administrative and support functions

3. **U. T. M. D. Anderson Cancer Center: Authorization to purchase all of the undivided interests in the land located at Lot 4, Block 38, Institute Place Subdivision, Houston, Harris County, Texas, from Ms. Shirley Ann Wagner, Mr. Raymond Keith Bryzmiakiewicz, Mr. Roy Bryzmiakiewicz, Mr. Harvey Gorski, Ms. Lucille Gottselig, Ms. Maxine Delores Kasprzak, Mr. James Koterak, Ms. Brenda B. Meuth, Estate of Mr. Eugene Richard Nowak, Mr. Kenneth Ray Nowak, Ms. Venita B. Riddle, Ms. June B. Schmidt, Ms. Iva B. Womak, Ms. Paulette Zawacki, Mr. Alex Bryzmiakiewicz, Mr. Edwin Bryzmiakiewicz, Ms. Carol Ann Copeland, Ms. Rose Marie Drummon, Ms. Frankie Koterak, Mr. Gilbert Koterak, Ms. Gloria Lastovica, Ms. Sandy Crawford, and Ms. Gertrude Tippitt, and any successors and assigns or other persons who may be determined to hold an undivided interest in such land, for a purchase price not to exceed fair market value as established by independent appraisals for future use for campus administrative and support functions**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Mendelsohn that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. M. D. Anderson Cancer Center, to

- a. purchase all of the undivided interests in the land located at Lot 4, Block 38, Institute Place Subdivision, Houston, Harris County, Texas, from Ms. Shirley Ann Wagner, Mr. Raymond Keith Bryzmiakiewicz, Mr. Roy Bryzmiakiewicz, Mr. Harvey Gorski, Ms. Lucille Gottselig, Ms. Maxine Delores Kasprzak, Mr. James Koterak, Ms. Brenda B. Meuth, Estate of Mr. Eugene Richard Nowak, Mr. Kenneth Ray Nowak, Ms. Venita B. Riddle, Ms. June B. Schmidt, Ms. Iva B. Womak, Ms. Paulette Zawacki, Mr. Alex Bryzmiakiewicz, Mr. Edwin Bryzmiakiewicz, Ms. Carol Ann Copeland, Ms. Rose Marie Drummon, Ms. Frankie Koterak, Mr. Gilbert Koterak, Ms. Gloria Lastovica, Ms. Sandy Crawford, and Ms. Gertrude Tippitt, and any successors and assigns or other persons who may be determined to hold an undivided interest in such land (the "Undivided Interest Owners"), for a purchase price not to exceed fair market value as established by independent appraisals, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition of the property as deemed necessary or advisable by the Executive Director of Real Estate, for future use for campus administrative and support functions; and

- b. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

Acquisition of the subject property is part of the land assemblage in the east campus area being undertaken by U. T. M. D. Anderson Cancer Center to accommodate the relocation of important, but noncritical functions that will allow greater use of core facilities in the Texas Medical Center for patient treatment and research.

U. T. M. D. Anderson Cancer Center has concluded that the main campus in the Texas Medical Center and south campus should be reserved for use for research and critical patient care functions. Accordingly, many administrative and support activities currently in the main and south campuses will be relocated to the area in which the subject property and adjacent tracts are located to allow expansion of the research and patient care functions on the main and south campuses.

The Undivided Interest Owners collectively own an undivided 68.1633% interest in the subject property, with the remaining 31.8367% interest having been acquired by U. T. M. D. Anderson Cancer Center pursuant to authority granted by the Board on February 8, 2007, to acquire that undivided interest and other property, including a 28.8008-acre tract that includes and surrounds the subject lot.

Details of this acquisition, which will be funded with Local Hospital Revenues, are summarized in the transaction summary below.

Transaction Summary

Institution:	U. T. M. D. Anderson Cancer Center
Type of Transaction:	Purchase
Total Area:	Approximately 5,000 square feet plus adjoining streets and alleys
Improvements:	None
Location:	Lot 4, Block 38, Institute Place Subdivision, Houston, Harris County, Texas (see map on Page 91)

Seller: Ms. Shirley Ann Wagner, Mr. Raymond Keith Bryzmialkiewicz, Mr. Roy Bryzmialkiewicz, Mr. Harvey Gorski, Ms. Lucille Gottselig, Ms. Maxine Delores Kasprzak, Mr. James Koterak, Ms. Brenda B. Meuth, Estate of Mr. Eugene Richard Nowak, Mr. Kenneth Ray Nowak, Ms. Venita B. Riddle, Ms. June B. Schmidt, Ms. Iva B. Womak, Ms. Paulette Zawacki, Mr. Alex Bryzmialkiewicz, Mr. Edwin Bryzmialkiewicz, Ms. Carol Ann Copeland, Ms. Rose Marie Drummon, Ms. Frankie Koterak, Mr. Gilbert Koterak, Ms. Gloria Lastovica, Ms. Sandy Crawford, and Ms. Gertrude Tippitt, and any successors and assigns or other persons who may be determined to hold an undivided interest in such land

Purchase Price: Not to exceed fair market value as established by independent appraisals

Appraised Value: \$83,500 (for a 68.1633% undivided interest) (Edward B. Schulz & Co., April 15, 2008, as updated by letter dated December 10, 2008);
\$21,471 (for a 68.1633% undivided interest) (Lewis Realty Advisors, December 10, 2008)

Source of Funds: Local Hospital Revenues

Intended Use: Campus administrative and support functions

4. **U. T. M. D. Anderson Cancer Center: Authorization to purchase all of the undivided interests in the land described as Lot 3, Block 38, Institute Place Subdivision, Houston, Harris County, Texas, from Ms. Denise Felchak Brown, Ms. Joan Smith, and Ms. Gladys L. Wood, and any successors and assigns or other persons who may be determined to hold an undivided interest in such land for a purchase price not to exceed fair market value as established by independent appraisals for future use for campus administrative and support functions**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Mendelsohn that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. M. D. Anderson Cancer Center, to

- a. purchase all of the undivided interests in the land described as Lot 3, Block 38, Institute Place Subdivision, Houston, Harris County, Texas, from Ms. Denise Felchak Brown, Ms. Joan Smith, and Ms. Gladys L. Wood, and any successors and assigns or other persons who may be determined to hold an undivided interest in such land (the "Undivided Interest Owners"), for a purchase price not to exceed fair market value as established by independent appraisals, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition of the property as deemed necessary or advisable by the Executive Director of Real Estate, for future use for campus administrative and support functions; and
- b. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

Acquisition of the subject property is part of the land assemblage in the east campus area being undertaken by U. T. M. D. Anderson Cancer Center to accommodate the relocation of important, but noncritical functions that will allow greater use of core facilities in the Texas Medical Center for patient treatment and research.

U. T. M. D. Anderson Cancer Center has concluded that the main campus in the Texas Medical Center and south campus should be reserved for use for research and critical patient care functions. Accordingly, many administrative and support activities currently

in the main and south campuses will be relocated to the area in which the subject property and adjacent tracts are located to allow expansion of the research and patient care functions on the main and south campuses.

The Undivided Interest Owners collectively own an undivided 3.2216% interest in the subject property, with the remaining 96.7784% interest having been acquired by U. T. M. D. Anderson Cancer Center pursuant to authority granted by the Board on February 8, 2007, to acquire that undivided interest and other property, including a 28.8008-acre tract that surrounds the subject property.

Details of this acquisition, which will be funded with Local Hospital Revenues, are summarized in the transaction summary below.

Transaction Summary

Institution:	U. T. M. D. Anderson Cancer Center
Type of Transaction:	Purchase
Total Area:	Approximately 5,000 square feet, plus adjoining streets and alley
Improvements:	None
Location:	Lot 3, Block 38, Institute Place Subdivision, Houston, Harris County, Texas (see map on following page)
Seller:	Ms. Denise Felchak Brown, Ms. Joan Smith, and Ms. Gladys L. Wood, and any successors and assigns or other persons who may be determined to hold an undivided interest in such land
Purchase Price:	Not to exceed fair market value as established by independent appraisals
Appraised Value:	\$3,946 (for a 3.2216% undivided interest) (Edward B. Schulz & Co., April 15, 2008, as updated by letter dated December 10, 2008); \$1,015 (for a 3.2216% undivided interest) (Lewis Realty Advisors, December 10, 2008)
Source of Funds:	Local Hospital Revenues
Intended Use:	Campus administrative and support functions

5. **U. T. Southwestern Medical Center – Dallas: Authorization to execute a Master Services Agreement with Dallas County Indigent Care Corporation (DCICC), a nonprofit corporation**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor and General Counsel, the Vice Chancellor and Counsel for Health Affairs, and President Podolsky that the U. T. System Board of Regents approve the execution of a Master Services Agreement between Dallas County Indigent Care Corporation (DCICC) and U. T. Southwestern Medical Center – Dallas by President Podolsky, consistent with the terms described below.

BACKGROUND INFORMATION

In 2007, community hospitals in Texas proposed that additional federal and state funding was needed to support the Medicaid program's costs of providing indigent healthcare. To facilitate expansion of support for indigent healthcare, the hospitals also proposed to assume added financial responsibility. The major community hospitals in Dallas, Baylor Health Care System and Baylor Heart and Vascular Center (Baylor); Columbia Hospital at Medical City Dallas Subsidiary; Green Oaks Hospital Subsidiary; Columbia Medical Center of Las Colinas, and North Texas Division (Medical City); Methodist Health System; and Texas Health Resources entered into agreements with U. T. Southwestern Medical Center – Dallas and Parkland Health & Hospital System (Parkland) to assume the financial responsibility for U. T. Southwestern's physician services at Parkland that had been provided via a Master Services Agreement. The agreements with the community hospitals ended on September 30, 2007, without receiving final approval by state and federal agencies; therefore, the agreements were not renewed. U. T. Southwestern returned to providing physician services at Parkland under the preexisting Master Services Agreement approved by the U. T. System Board of Regents on February 8, 2007.

Following a year of work to ensure regulatory compliance with the Texas Health and Human Services Commission (THHSC) and discussions by THHSC with federal agencies monitoring the Texas Medicaid Program, the community hospitals, through a separate nonprofit corporation, the DCICC, again have assumed financial responsibility through new agreements beginning October 1, 2008. Under the new arrangement, each hospital guarantees its respective portion of the financial obligation, with DCICC paying U. T. Southwestern on a monthly basis for its work at Parkland. The new arrangement is financially favorable to U. T. Southwestern because contract payments have been increased over the previous Parkland agreement to cover increased costs and to reflect the full fair market value for services that Parkland, as a governmental agency, was unable to pay. Under the new arrangement, U. T. Southwestern anticipates receiving \$132.4 million compared with the anticipated receipt of \$120 million under the

agreement directly with Parkland. Should the relationship at any time fail to operate in the best interests of U. T. Southwestern or if the arrangement is terminated for any reason, U. T. Southwestern can terminate these agreements with DCICC and return to its original and traditional contractual relationship with Parkland as expressed in a memorandum of agreement executed simultaneously with this arrangement.

U. T. Southwestern considers this a successful partnership with the community hospitals and Parkland to help meet the healthcare needs and improve access to healthcare for the indigent residents of Dallas County, Texas.

6. **U. T. System: Quarterly report on health matters, including the current status of competitive awards programs in nursing and graduate studies, the potential impact of proposed federal programs on U. T. System health institutions, annual campus visits, and related matters**

REPORT

Executive Vice Chancellor Shine will report on health matters of interest to the U. T. System, including the current status of competitive awards programs in nursing and graduate studies, the potential impact of proposed federal programs on U. T. System health institutions, annual campus visits, and related matters. This is a quarterly update to the Health Affairs Committee of the U. T. System Board of Regents.