

Meeting No. 1,010

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

Pages 1 - 23

October 4-5, 2006

Austin, Texas

MEETING NO. 1,010

WEDNESDAY, OCTOBER 4, 2006.--The members of the Board of Regents of The University of Texas System convened at 3:05 p.m. on Wednesday, October 4, 2006, in the Charlene and Frank Denius Pavilion at Bauer House, 1909 Hill Oaks Court, Austin, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Huffines, presiding
Vice Chairman Clements
Vice Chairman Krier
Regent Barnhill
Regent Craven
Regent Estrada
Regent Haley
Regent McHugh
Regent Rowling

General Counsel Frederick

Absent

Regent Caven

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Huffines called the meeting to order.

AGENDA ITEMS

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

Upon recommendation of The University of Texas Investment Management Company (UTIMCO) Board of Directors, the Annual Budget was approved as set forth in the Annual Fee and Allocation Schedule for the fiscal year ending August 31, 2007, on Page 3. This includes the capital expenditures budget set forth on Page 2 plus an additional one-time amount of \$668,570.

The detail of the Capital Expenditures Budget is as follows:

Capital Expenditures for 2006-2007	
Computer Server Replacements and Related Software Licenses	\$ 75,000
Staff Computer and Monitor Replacements	15,000
Phones and Related Equipment	6,000
Software License Upgrades (Primary SQL and Exchange)	10,000
Allowance for Office Artwork and Framing	15,000
Allowance for Computers - 4 new staff	16,000
Additional Furniture Purchases	30,000
Total Capital Expenditures	\$ 167,000

An Annual Budget of \$56.7 million for Fiscal Year 2007 was approved by the UTIMCO Board on July 13, 2006, and July 25, 2006. An additional amount of \$668,570 was approved by the UTIMCO Board on September 22, 2006, related to costs associated with the resignation of UTIMCO's President and Chief Executive Officer Bob Boldt and the subsequent search and hire of a new President and CEO. The additional request of \$668,570 increases the Annual Budget to \$57.4 million for Fiscal Year 2007.

The budget is an increase of \$8.9 million or 18.2% from the Fiscal Year 2006 Budget. The majority of the increase relates to a budgeted increase in external management performance fees and the above mentioned \$668,570 addition. The capital expenditure budget totaling \$167,000 is included in the total Annual Budget.

The Annual Fee and Allocation Schedule allocates budgeted expenses among University of Texas System funds, to be paid quarterly.

The Agenda materials included a material change that increased budgeted bonuses by \$561,000 (40% higher than presented at the July 13, 2006 meeting; 61% higher than projected actual bonuses in Fiscal Year 2006). The change was approved by the UTIMCO Board and shared with U. T. System Investment Oversight staff on July 25, 2006.

UTIMCO Budget
Annual Fee and Allocation Schedule
For the fiscal year ending August 31, 2007

	The Permanent University Fund (PUF)	The Permanent Health Fund (PHF)	The University of Texas System Long Term Fund (LTF)	General Endowment Fund (GEF)	The University of Texas System Intermediate Term Fund (ITF)	Short Term Fund (STF)	Separately Invested Endowments and Charitable Trust Accounts	Total
UTIMCO Management Fee (1) (includes all operating expenses associated with the general management of the Funds)	6,481,749	839,949	3,860,575		2,758,365			13,940,638
Direct Expenses of the Fund								
External Management Fees	9,293,270	0	0	4,873,976	2,679,852	N/A (2)		16,847,098
External Management Fees - Performance Based	11,371,179	0	0	5,938,141	3,276,529			20,585,849
Other Direct Costs	2,953,528	18,863	160,249	1,845,533	1,008,149			5,986,322
Total Direct Expenses of the Fund	23,617,977	18,863	160,249	12,657,650	6,964,530		0	43,419,269
TOTAL	30,099,726	858,812	4,020,824	12,657,650	9,722,895	N/A (2)	0	57,359,907
Market Value 2/28/06 (\$ millions)	9,798.6	966.0	4,262.4	5,228.4 (3)	2,920.0	1084.8	326.9	19,358.7
Percentage of Market Value								
UTIMCO Services	0.066%	0.087%	0.091%	0.000%	0.094%	0.000%	0.000%	0.072%
Direct Expenses of the Fund	0.241%	0.002%	0.004%	0.242%	0.239%	0.000%	0.000%	0.224%
TOTAL	0.307%	0.089%	0.094%	0.242%	0.333%	0.000%	0.000%	0.296%

(1) Allocation Ratio: PUF-46%, Health Fund-6%, LTF-29%, ITF-19%

(2) Income is net of fees

(3) Pooled Fund for the collective investment of the PHF and LTF
(amounts may not foot due to rounding adjustments)

2. U. T. System: Approval of Shared Services Initiative from Permanent University Fund Bond Proceeds

The Board approved the following Shared Services Initiative projects for The University of Texas System Initiative with funding from Permanent University Fund Bond Proceeds:

- a. bringing the Arlington Data Center to Tier III status (\$1.5 million);
- b. buildout of 3,600 square feet of space to Tier III status at the Houston Regional Data Center at The University of Texas M. D. Anderson Cancer Center (\$2.4 million); and
- c. full implementation of the North Texas Student Information System (SIS) Pilot Project (\$8.0 million).

"Shared services" is the name given to a specific model for consolidating redundant information technology and business services in large organizations with multiple, geographically distributed units. It is a proven organizational strategy for achieving cost savings realized through economies of scale, process improvements attained through standardization, and universal application of institutionally preferred practices.

The formalization of a Shared Services Initiative with clear definition and objectives, utilization of best practices, and direct U. T. System investment, as described in the August 9, 2006, Agenda Item and attached on Pages 5 - 18, is the next step in this evolutionary process. This initiative is consistent with and recommended in the U. T. System Strategic Plan for 2006-2015 as a logical way to improve productivity and efficiency.

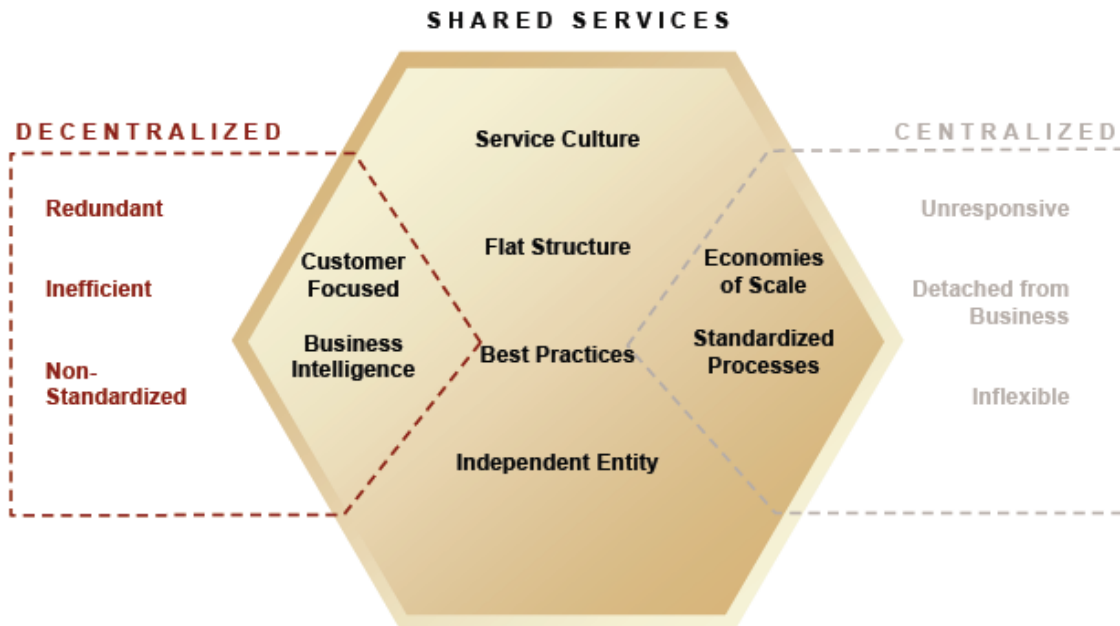
The Shared Services Initiative

“Shared services” is the name given to a specific model for consolidating redundant information technology (IT) and business services in large organizations with multiple, geographically distributed units. It is a proven organizational strategy for achieving:

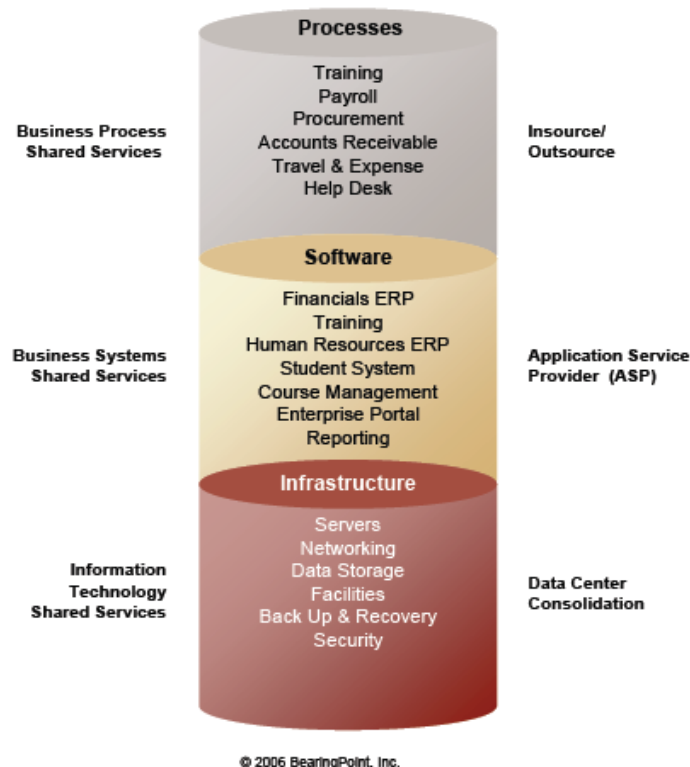
1. Cost savings realized through economies of scale;
2. Process improvements attained through standardization; and
3. Universal application of institutionally preferred practices.

The shared services model has been employed in some form by approximately 80% of the U.S. Fortune 500 companies and its use is spreading to the not-for-profit sector as well.

As illustrated in the diagram provided by BearingPoint, Inc. below, shared services is structured to incorporate both the economies of a centralized system and the customer service of a decentralized model.



Shared services can be structured and delivered in at least three major levels: information technology, software services or business systems, and business processes.



Typically, these levels build on one another in the sequence depicted.

In fact, the U. T. System has been utilizing many of the concepts of shared services for some time. The “value-added” philosophy emphasized by Chancellor Yudof recognizes the basic premise that efficiency and effectiveness are best obtained by sharing responsibility and resources of the U. T. System and the campuses. Facilities construction management and legal services are examples within the U. T. System, which are consistent with this shared services concept.

Nonetheless, the formalization of a Shared Services Initiative with clear definition and objectives, utilization of best practices, and direct U. T. System investment is the next step in this evolutionary process.

In January 2006, the U. T. System engaged BearingPoint, Inc. to review and comment on the viability of utilizing a shared services model within the U. T. System and specifically, to review the feasibility of undertaking a shared services pilot project of Enterprise Resource Planning (ERP) systems in North Texas. BearingPoint completed its report and determined that shared services is a viable and compelling model for the U. T. System. It was recommended that utilization of shared services within the U. T. System be pursued and that the pilot project be undertaken.

In addition, during this past year the U. T. System Office of Technology and Information Services (OTIS) has been involved in reviewing the viability of consolidating some information

technology operations into regional data centers to enhance efficiency and provide effective data back-up and recovery for the U. T. campuses. This is consistent with a legislative directive (HB 1516, 79th Texas Legislature, Regular Session) requiring Texas state agencies, under the direction of the Department of Information Resources (DIR), to consolidate into state enterprise data centers. DIR has indicated that as long as the higher education systems make progress toward system-based consolidation, DIR will not require higher education to consolidate with other state agencies.

The data center consolidation and the potential for shared software applications are only now possible with the creation of the Lonestar Education and Research Network (LEARN) which provides the necessary statewide connectivity platform to offer a higher level of integration.

A Shared Services Initiative is consistent with and recommended in the proposed U. T. System Strategic Plan for 2006-2015. The plan noted that shared services was a logical way to improve productivity and efficiency. Implementation of the initiative outlined here would signal substantial progress toward achievement of one of the significant recommendations of the U. T. System Strategic Plan.

There are other U. T. System initiatives that are underway or being discussed that would also fit under this Shared Services Initiative. One project addresses recent failures by institutions of higher education in complying with federal regulations pertaining to a researcher and/or institution properly accounting for his/her salary charged to a contract or grant. A common online effort reporting system would strengthen institutional compliance with these regulations. Others include joint purchasing, consolidated technology transfer offices, and standardization of the chart of accounts.

The purpose of this report is to organize these various activities within the defined “shared services” structure and to recommend that the U. T. System move forward with and invest in several specific shared services initiatives. Appendix B provides a summary of the projects discussed in the report categorized under the three levels of shared services.

The following best practices recommended by BearingPoint will provide the basis for how all such initiatives are implemented. Shared services projects should:

1. Be guided by a governance body of internal customers
2. Be operated from a distinct business unit created for this purpose
3. Have clearly defined service portfolios
4. Be run by a professional program management office
5. Charge a competitive price for all services
6. Behave like a external business entity
7. Be accountable to customers via service level agreements
8. Use quantitative performance measures to drive continuous quality improvement

This Shared Services Initiative empowers the institutions to jointly administer programs and systems with the U. T. System facilitating the process and creating incentives for institutional participation.

Information Technology Shared Services – Data Centers

It is recommended that the U. T. System establish three Tier III¹ regional data centers along the LEARN network. The consolidated data centers would be available to all U. T. institutions and would provide opportunities for data redundancy, efficient disaster recovery, and lower data center operational costs for the campuses. Campuses would be invited and encouraged to participate, but would not be under any mandate to do so.

It is recommended that the U. T. System invest in the initial infrastructure to bring these three regional data centers online, but that participating institutions share all operating costs. The U. T. System will own and manage the regional data centers; however it is recommended that the U. T. System contract with a U. T. campus to functionally operate each data center.

Operating costs born by the U. T. System will be charged to each participating campus. The U. T. System will be accountable to the participating campuses through signed service level agreements. In addition, the data centers will be governed by a representative body of internal customers and System personnel (see the Governance Section of this report).

It is recommended that the three regional data centers be located in Arlington, Houston, and Austin. These locations provide regional access to the LEARN network, allow for necessary geographic dispersion, have access to qualified personnel needed to operate the centers, and have provided a match between space available and local needs.

Arlington Regional Data Center

The Arlington Regional Data Center was already purchased by the Board of Regents using PUF money at a cost of \$8.5 million. Not only did this purchase provide a needed data center for U. T. Arlington, it provided an additional 6,700 available square feet for use by other U. T. institutions. As a result:

- U. T. Southwestern Medical Center – Dallas is in the process of moving their development systems to the Data Center and using it for backup computer services and disaster recovery.
- U. T. Medical Branch - Galveston has begun negotiations with Arlington to provide backup services.
- U. T. Dallas is exploring moving its development systems and other computer operations to the Data Center.
- U. T. System is considering using the data center for UT TeleCampus software applications.
- A jointly implemented Student Information Systems software application serving U. T. Arlington, U. T. Dallas, and U. T. Tyler will be run at the Data Center.

While the Arlington Regional Data Center has begun operations as a U. T. System regional data center, BearingPoint noted that it is still in need of upgrades to bring it to Tier III status, which is

¹ A Tier III data center is composed of multiple active power and cooling distribution paths, but only one path active, has redundant components, and is concurrently maintainable, providing 99.982% availability. See W. Pitt Turner IV, P.E., John H. (Hank) Seader, P.E. and Kenneth G. Brill, "Industry Standard Tier Classifications Define Site Infrastructure Performance," The Uptime Institute, 2005.

imperative for it to be a robust disaster recovery solution. The costs for those upgrades are estimated to be \$1.5 million and it is recommended that the Board of Regents authorize this additional capital investment.

U. T. System Financial Responsibility:

ONE-TIME	The capital investment needed to bring the Arlington Data Center to Tier III Status	\$1.5 million
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Houston Regional Data Center

U. T. M. D. Anderson Cancer Center owns and occupies a remote data center in Houston. The facility includes 8,000 square feet of Tier III data center space and 3,600 square feet of office space. The office space has historically been rented out to other entities. U. T. M. D. Anderson Cancer Center would prefer to make this space available to the U. T. System. For an approximate cost of \$2.4 million, the 3,600 square feet of office space could be upgraded to Tier III data center status. This 11,600-square foot Tier III data center facility could then adequately serve as a second regional data center serving U. T. M. D. Anderson Cancer Center and potentially U. T. Health Science Center - Houston, U. T. Health Science Center - San Antonio, U. T. Brownsville, and U. T. Pan American.

The Houston Regional Data Center would be ideal for housing a common online effort reporting system and creation of the Houston Regional Data Center would eventually allow for data storage redundancy between the Arlington and Houston regional centers. It is recommended that the Board of Regents authorize funding to complete the build-out of the Houston Data Center.

U. T. System Financial Responsibility:

ONE-TIME	The capital investment needed to build out 3,600 square feet of data center space at U. T. M. D. Anderson Cancer Center.	\$2.4 million
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Austin Regional Data Center

U. T. Austin is in great need of a new data center. Rather than attempt to replace its current facility, it is more advantageous to pursue the acquisition and/or construction of a regional data center facility in Austin that would both serve Austin’s needs and function as a third U. T. System regional data center. It is estimated that 20,000 square feet of Tier III data center space would be needed to serve U. T. Austin and potentially, U. T. San Antonio, U. T. Permian Basin, and U. T. El Paso. The staff at U. T. Austin is supportive of a regional data center concept and is assisting with the planning, cost estimates and business case. A recommendation for U. T. System investment is not ready at this time, but will be forthcoming once plans become more complete.

LEARN Network

The continued expansion and enhancement of the LEARN network has allowed the U. T. System to move towards offering regional data centers throughout Texas. This robust infrastructure allows the U. T. System to proceed with the proposed Shared Services Initiative. However, continued capital investments in this network would allow the U. T. System to eventually control and maintain its own statewide network connecting all the U. T. institutions. Such a proprietary network would greatly facilitate future shared services projects. The U. T. System Office of Technology and Information Services has requested Library, Equipment, Repair and Rehabilitation funds to provide the needed capital enhancements. Thus, the funding request is not duplicated here.

Business Systems Shared Services – Software Applications

The North Texas SIS Pilot Project

As previously mentioned, BearingPoint was asked to assess the viability of a joint software implementation project in North Texas. An opportunity existed because both U. T. Arlington and U. T. Dallas were engaged in plans to replace their administrative systems. In addition, U. T. Tyler recognized the need to upgrade its systems but was unclear as to how they could allocate the necessary resources to fund its own major administrative software upgrade.

BearingPoint determined that a joint implementation was both feasible and advisable. Appropriately structured, such a project would yield the benefits of the shared services model and would serve as a pilot for future similar initiatives. Recognizing that the most critical need for U. T. Dallas and U. T. Tyler was to replace their outdated student information systems, it was recommended that the project extend U. T. Arlington's implementation of a PeopleSoft Student Information System (SIS) to U. T. Dallas and U. T. Tyler.²

The institutions have agreed in principle to the joint SIS implementation and recognize the potential benefits of a shared services model. In addition, they will allow the U. T. System to provide oversight of the application on an ongoing basis in a manner that is agreeable to all three of the institutions as well as to the U. T. System. This pilot implementation allows the opportunity to establish a governance structure for a Shared Services Initiative (see the Governance section of this report).

As an incentive to the campuses and consistent with the structure of the shared services model, it is recommended that the Board of Regents fund much of the initial licensing and implementation costs of this pilot project. These one-time costs, estimated at \$8.0 million can be capitalized and funded from PUF distributions.

In addition, it is essential that the U. T. System hire a small project management staff to manage this implementation and handle day-to-day operations (see Financial Commitments of the U. T. System section).

In turn, each campus will contribute to the project by funding its own project manager, functional and technical support teams, and the necessary hardware on their campuses. While this funding commitment will vary based on the campus' size, the total commitment from the participating institutions will likely be 25% to 33% of the total implementation costs. Furthermore, the institutions will be responsible for sharing all the ongoing operating costs after implementation.

² U. T. Tyler's participation is conditioned on the establishment of a dark fiber connection between Tyler/Longview and the Metroplex area by the LEARN network, which is planned for the upcoming year.

U. T. System Financial Responsibilities:

ONE-TIME	The cost of extending the PeopleSoft Student Information System license to U. T. Dallas and U. T. Tyler	\$2.0 million
ONE-TIME	Consulting services associated with implementation and training	\$3.5 million
ONE-TIME	Necessary hardware to run the central application	\$1.5 million
ONE-TIME	Two years of prepaid maintenance on the hardware and software licenses	\$1.0 million

Online Effort Reporting System Project

Another project suited for shared services implementation addresses recent failures by institutions of higher education in complying with federal regulations pertaining to a researcher and/or institution properly accounting for his/her salary charged to a contract or grant. In recent years, noncompliance with these regulations has resulted in several institutions of higher education having to pay millions of dollars in fines and/or refunded research awards. The Office of Health Affairs has been spearheading several strategies designed to improve compliance with federal regulations relating to effort certification made by individuals who are paid from a sponsored program through standardizing policies, developing education programs, and ensuring appropriate monitoring activities exist. By leveraging the Guidance of Effort Reporting Policies, the Office of Health Affairs is studying the plausibility of a common online effort reporting system for multiple institutions, which could result in standardized processes as well as savings in the total implementation cost.

Business Processes Shared Services

Joint Purchasing

The Office of Health Affairs, the Office of Technology and Information Services, the Office of Risk Management, and others have made considerable progress in facilitating joint purchasing contracts for the U. T. System. The Office of Health Affairs is now working on a plan for more formalized joint purchasing efforts. This project would be well suited for the Shared Services Initiative related to business processes. As the ideas are developed and formalized, further recommendations and suggestions in this area will come to the Board of Regents.

Technology Transfer Offices

The Office of Research and Technology Transfer is working with the institutions to enhance technology transfer services. Several institutions maintain on-campus technology transfer offices. Other institutions do not have the research volume to support such an initiative. In order to allow these smaller-volume institutions to support such efforts, the Office of Research and Technology Transfer is exploring multi-institutional affinity based Technology Transfer Offices. Current examples of affinity groups in other contexts include but are not limited to the Borderplex Council and the Metroplex Council. These shared offices would allow the smaller-volume institutions to partner with larger institutions to share the existing infrastructure.

Financial Commitments of the U. T. System

As previously noted, recommended best practices for implementation of any shared services project include an organization governed by the participants that operates like an external business unit and charges a competitive price for its services. Thus, ongoing operating costs of all shared services projects would be born by the participating institutions.

However, the Shared Services Initiative recommends a significant investment from the U. T. System to start these projects and facilitate their implementation. By providing such financial incentives, campuses will be encouraged to participate, a means will be provided for smaller campuses to take part in activities they could not otherwise afford, and overall efficiency and effectiveness for the U. T. System will increase.

The suggested U. T. System investment includes one-time capital investments like those recommended in this paper for the Arlington Regional Data Center (\$1.5 million), the Houston Regional Data Center (\$2.4 million), and the North Texas SIS Pilot Project implementation (\$8.0 million). In most cases—such as in the SIS project implementation—the campuses also participate in the implementation costs, but the majority of these one-time expenses would be born by the U. T. System. As other projects are recommended, it is anticipated that additional one-time capital funding requests will come to the Board of Regents.

Furthermore, as part of the Shared Services Initiative, it is recommended that a Shared Services Office be created and that this group be funded by and report to the U. T. System Executive Vice Chancellor for Business Affairs. The Shared Services Office would be responsible for facilitating and overseeing each project implementation. The small project management staff would be assigned to various shared services projects, as needed, to ensure successful implementation and to work with and report to the project governing committees. Once projects are implemented, all responsibilities would be transitioned to campus staff and/or to permanent project staff funded by the participating institutions.

With the implementation of the North Texas SIS pilot project, it is suggested that three staff members (a Project Manager, an Assistant Project Manager, and an Administrative Assistant) be hired into the Shared Services Office, two of these employees would be located in Arlington, and one in Austin. The staff would be accountable to oversee the successful implementation of this project over the next two years and then would move to other implementation projects.

Eventually, this model could be duplicated in Houston (as a small team oversees the implementation of a common online effort reporting system there, for example) and in Austin. It is envisioned that the entire staff of the Shared Services Office could grow to as many as seven employees with two working in Arlington, two in Houston and three in Austin.

However, at this point only an increase in the Fiscal Year 2007 operating budget of approximately \$300,000 is being requested to fund staff initially responsible for implementation of the North Texas SIS Pilot Project. Future hires will be dependant on the approval of additional projects.

RECURRING	A full-time project implementation staff of up to three people in Arlington	\$300 K
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Governance

A main distinction between centralization and shared services is the relationship built between the U. T. System and the institutions. With shared services, the U. T. System is providing a service to the internal customer. This service model includes formalized service level agreements (SLAs), performance metrics and goals, and a defined service arrangement between the customer (the institutions) and the service provider (U. T. System).

The SIS implementation and the Arlington Regional Data Center will act as pilot implementations for the Shared Services Initiative. As such, guidelines will be set and SLAs will be approved with the expectation that they will be the first iteration of an evolving governance program that will support this initiative.

Generally, it is proposed that a bicameral governance system be implemented for each shared services project. Projects would be overseen by a Governing Committee and a Steering Committee.

The Governing Committee, comprised of participating institutions (each with an equal vote) and chaired by a U. T. System representative, will address strategic issues such as the establishment and maintenance of key operating principles, approval of the funding model and capital and operating budgets, approval of the Service Level Agreements, and approval of policies and procedures governing the project. The Governing Committee will also be charged with resolving conflicts forwarded by the Steering Committee. The chair of the Governing Committee is also ultimately responsible for the ongoing success of the project, and will be empowered to mediate conflicts and break deadlocks when consensus cannot be reached.

The Steering Committee, comprised of participating institutions (each receiving a weighted vote based on the size of their involvement in the project) and U. T. System representatives, will be responsible for day-to-day decision-making, consideration of the local priorities of each institution and balancing those priorities within the joint project, establishing the SLAs by mutual agreement, recommending budgets and budget changes, managing customer relationships, and bringing conflicts (along with recommended solutions) to the Governing Committee.

Institutions interested in a shared services project, but not yet participating may be invited to send nonvoting observers to serve on either of the committees.

Appendix A: Validation for Implementation (Return On Investment)

Arlington Regional Data Center

Cost Savings:

- Frees space on campus for other purposes
 - The alternative for U. T. Southwestern Medical Center – Dallas was to acquire or build its own data center at an estimated cost of over \$2,500 per square foot
 - U. T. Dallas will be able to eliminate one of its on-campus data centers
 - Freeing space
 - Enhancing efficiencies and
 - Addressing health and safety issues
- Generates personnel savings due to umbrella management of data center
 - It takes approximately the same number of staff to run a small or large data center
- Provides real estate savings due to space reduction
 - U. T. Arlington secured a data center with inexpensive real estate
- Offers more efficient use of already available and owned space at U. T. Arlington
 - Many campuses have no other easy access to available data center space

Added Value:

- Offers redundancy for disaster recovery not previously available to institutions
 - U. T. Medical Branch - Galveston is moving data backup to Arlington due to lessons learned from recent hurricane activity
- Provides for higher level of service (24x7) than a some campuses can provide
- Generates a higher level of security than exists at some campuses
- Provides, for the first time, Tier III data center to some U. T. institutions

Houston Regional Data Center

- Makes available to more U. T. Institutions the same cost savings and added value referenced above
- In addition, acquisition of a Houston Regional Data Center would provide redundancy for disaster recovery not previously available
- Redundant regional data centers would facilitate U. T.'s ability to provide common applications housed at the data centers with high availability

North Texas Student Information Systems Joint Application

Cost Savings:

- Allows for total costs that will be at least 1/3 less than the cost of implementing a Student Information System on each of the three campuses individually
- Provides savings in:
 - Personnel due to a single implementation team
 - Licensing due to economies of scale
 - Developing standard reports, such as those for the Coordinating Board

Added Value

- Increases help desk services due to economies of scale
 - Because there are more users and the help desk is consolidated, it is possible to offer more hours of help-desk coverage
- Provides opportunities to share best practices on a single platform
 - It is natural that the institutions sharing the SIS will have significantly more interaction than institutions who are working individually.
- Enhances efficiency in gathering System-wide information

Appendix B: Shared Services

IT Shared Services	Business Systems Shared Services	Business Process Shared Services
<p>Regional Data Centers</p> <ul style="list-style-type: none"> • Arlington <ul style="list-style-type: none"> ○ 6,700 Square Feet Available ○ Owned By U. T. System ○ Run By U. T. Arlington ○ Participants <ul style="list-style-type: none"> ▪ U. T. Arlington ▪ U. T. Dallas ▪ U. T. Tyler ▪ U. T. Southwestern Medical Center - Dallas ▪ U. T. Medical Branch - Galveston ▪ U. T. System ▪ U. T. Health Center - Tyler* • One-Time Investment Needed to Upgrade to Tier III Status \$1.5 Million <hr/> <ul style="list-style-type: none"> • Houston <ul style="list-style-type: none"> ○ 11,600 Square Feet Available ○ Run by U. T. M. D. Anderson Cancer Center ○ Participants <ul style="list-style-type: none"> ▪ U. T. M. D. Anderson Cancer Center ▪ U. T. Health Science Center - San Antonio ▪ U. T. Health Science Center - Houston* ▪ U. T. Pan American* ▪ U. T. Brownsville* ▪ U. T. System* ○ One-Time Investment Needed to Build Out For Shared Use \$2.4 Million • Austin <ul style="list-style-type: none"> ○ 20,000 Square Feet Total ○ Owned By U. T. System ○ Run by U. T. Austin ○ Participants <ul style="list-style-type: none"> ▪ U. T. Austin ▪ U. T. San Antonio* ▪ U. T. El Paso* ▪ U. T. Permian Basin* ○ One-Time Investment Needed To build or Purchase TBD <hr/> <p>LEARN Network</p> <ul style="list-style-type: none"> • The Network needed for Adequate Connectivity and Redundancy 	<p>North Texas Student Information Systems Joint Application</p> <ul style="list-style-type: none"> • Participants <ul style="list-style-type: none"> ○ U. T. Arlington ○ U. T. Dallas ○ U. T. Tyler • One-Time Investment Needed for Initial Software licensing and Implementation Costs \$8.0 million • Recurring Investment Needed For Project Management \$300,000 <hr/> <p>Online Effort Reporting System</p> <ul style="list-style-type: none"> • Participants TBD • Cost TBD 	<p>Joint Purchasing</p> <ul style="list-style-type: none"> • Participants TBD • Cost TBD <hr/> <p>Technology Transfer Office</p> <ul style="list-style-type: none"> • Participants TBD • Cost TBD

* Possible

3. U. T. System Board of Regents: Approval of the U. T. System-wide Internal Audit Plan for Fiscal Year 2007

Upon recommendation by Audit, Compliance, and Management Review Committee Chairman Estrada, the Board approved The University of Texas System-wide Internal Audit Plan for Fiscal Year 2007. Implementation of the Plan will be coordinated with the institutional auditors.

RECESS TO EXECUTIVE SESSION.--At 3:53 p.m., Chairman Huffines announced the Board would recess to convene in Executive Session pursuant to *Texas Government Code* Sections 551.071, 551.072, 551.073, and 551.074 to consider those matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION.--At 5:20 p.m., the Board reconvened in Open Session for action as follows on the following matters discussed in Executive Session.

1a. U. T. System Board of Regents: Discussion regarding pending legal issues concerning legal relationship with Texas Student Publications, Inc. (Texas Student Media) at The University of Texas at Austin

No action was taken on this item.

1b. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No discussion was held and no action was taken on this item.

2. U. T. System: Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property

No discussion was held and no action was taken on this item.

3. U. T. M. D. Anderson Cancer Center: Authorization to negotiate gifts involving naming opportunities

Vice Chairman Clements moved that the Board of Regents authorize President Mendelsohn and Vice Chancellor Safady to negotiate gifts for The University of Texas M. D. Anderson Cancer Center with potential naming opportunities consistent with the terms outlined in Executive Session.

Regent Craven seconded the motion, which carried by acclamation.

4. U. T. System: Consideration of individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents, U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board of Regents, and Director of Audits), and U. T. System employees

No action was taken on this item.

RECESS.--At 5:30 p.m., Chairman Huffines announced the Board would recess for a reception and reconvene in the Academic Institution Retreat, which would continue in Open Session through October 5 according to the agenda on Page 21. To begin the retreat, Chairman Huffines provided the following remarks:

Remarks by Chairman Huffines

I am pleased at the participation in this first session of the academic retreat. The retreat will focus on moving from strategic planning to strategic implementation and management. The institutional presidents are key to this activity and must be the leaders as we work to build further understanding of the goals, a commitment to the next steps, and a sense of excitement about the activities we will undertake together. At the end of the meeting tomorrow, I hope we will have participated in a high-level, open and honest dialogue that covers what we are doing and what we determine to do in the future. That "we" means the entire U. T. System; to be successful, our activities cannot start with or be driven by the Board but must start with the institutional leadership. They need to be driven from the campus level up. We need your creativity, your innovation, and your ideas because each campus is different and each president deals with something different.

The strategic plan is our overview and directional map and members of the Board understand some parts of the plan are more pertinent to certain campuses than others. Over the next two days, we will engage in significant discussion. We have the time to cover these issues; we have the talent in this room to move forward boldly, and we must work together. If at the end of the session tomorrow, we have not offered and discussed creative implementation steps, we will have no excuse for our lack of success.

Agenda for Academic Retreat, October 4, 2006

- | | |
|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| A. Introduction and welcome/ Lead-off remarks | 6:00 p.m.
<i>Chairman Huffines
Chancellor Yudof</i> |
| B. Remarks: Leveraging the distinctiveness of the U. T. System:
leadership, governance, opportunities | 6:15 p.m.
<i>Dr. Alceste Pappas,
President and Chief Executive
Officer, Pappas Consulting
Group</i> |
| C. Dinner and discussion | 7:00 p.m.
<i>Dr. Geri Malandra, Facilitator</i> |
| D. Recess | 8:00 p.m. |

THURSDAY, OCTOBER 5, 2006.--The members of the Board of Regents of The University of Texas System reconvened at 8:45 a.m. on Thursday, October 5, 2006, in the Charlene and Frank Denius Pavilion, 1909 Hill Oaks Court, Austin, Texas, with the following participation:

ATTENDANCE.--

Present
Chairman Huffines, presiding
Vice Chairman Clements
Vice Chairman Krier
Regent Barnhill
Regent Craven
Regent Estrada
Regent Haley
Regent McHugh
Regent Rowling

Absent
Regent Caven

General Counsel Frederick

Chairman Huffines announced a quorum present and called the retreat to order. The retreat was conducted according to the following agenda:

Agenda for Academic Retreat, October 5, 2006

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Breakfast | 8:00 – 8:30 a.m. |
| E. RECONVENE ACADEMIC RETREAT | 8:30 a.m.
<i>Chairman Huffines</i> |
| F. Discussion 1 – Increasing institutional excellence: students; research | 10:30 a.m.
<i>Dr. Malandra, Moderator</i>
<i>President Mabry</i>
<i>President Romo</i>
<i>President García</i> |
| G. Discussion 2 – Relationships/collaboration with community colleges - transfer rates, delivery of remedial education, advanced placement, and dual credit courses for high school students | 9:30 a.m.
<i>Vice Chairman Krier, Moderator</i>
<i>President Daniel</i>
<i>President Spaniolo</i>
<i>President Watts</i> |
| H. Discussion 2 – Investing in and increasing enrollments of Science, Technology, Engineering, and Mathematics majors | 8:30 a.m.
<i>Chancellor Yudof, Moderator</i>
<i>President Powers</i>
<i>President Natalicio</i>
<i>President Cárdenas</i> |

I. Concluding observations

*11:30 a.m.
Dr. Alceste Pappas*

J. Lunch and remarks: Texas Emerging Technology Fund and keeping Texas competitive and discussion

*11:45 a.m.
Mr. David Spencer, Chair,
Texas Emerging Technology
Fund
Vice Chairman Krier, Facilitator*

K. Adjourn

1:15 p.m.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 1:10 p.m.

/s/Francie A. Frederick
General Counsel to the Board of Regents

October 30, 2006