

Meeting No. 1,053

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

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December 9-10, 2009

Austin, Texas

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 OF  
 THE UNIVERSITY OF TEXAS SYSTEM  
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MEETING NO. 1,053

WEDNESDAY, DECEMBER 9, 2009.--The members of the Board of Regents of The University of Texas System convened at 10:10 a.m. on Wednesday, December 9, 2009, in the Board Meeting Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Huffines  
Vice Chairman McHugh  
Vice Chairman Foster  
Regent Dannenbaum  
Regent Gary  
Regent Hicks  
Regent Powell  
Regent Stillwell  
Regent Meijer, Student Regent, nonvoting

Absent

Regent Longoria

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.

1. U. T. System Board of Regents: Approval of appointment of Regent Printice L. Gary to the Audit and Ethics Committee of The University of Texas Investment Management Company (UTIMCO)

Upon recommendation of the Board of Directors of The University of Texas Investment Management Company (UTIMCO), the Board approved the appointment of Regent Printice L. Gary to the Audit and Ethics Committee of the UTIMCO Board of Directors, with Regent Gary abstaining from vote.

Section 66.08 of the *Texas Education Code* requires that The University of Texas System Board of Regents approve the appointment of members of the Audit and Ethics Committee of the UTIMCO Board of Directors. The Board of Directors of UTIMCO recommended this appointment on November 20, 2009, conditioned on the approval of the U. T. System Board of Regents.

Regent Gary was appointed to the UTIMCO Board of Directors by the Board of Regents on November 12, 2009.

2. U. T. M. D. Anderson Cancer Center: Approval of a new logo and brand identity

President Mendelsohn explained that a logo is a visual symbol, and the current, registered, three-colored logo for The University of Texas M. D. Anderson Cancer Center has served the institution well for 22 years. He said as the institution embarks on a national campaign, the logo is not distinctive or memorable, nor does it adequately contribute to the brand advertising. Dr. Mendelsohn said the institution also wants to expand its national image to attract faculty, students, and more patients. He said the proposed new logo, which includes the word “Cancer” struck through with a red line in the name of the institution, addresses these issues. The goal is for people throughout the United States to recognize U. T. M. D. Anderson Cancer Center when they see the new logo with the word “Cancer” struck through with a red line.

Dr. Mendelsohn then presented a brief video on the proposed new logo, and he shared background material on the campaign to transform cancer care. He clarified that the name of the institution will not change, and the logo would be used with or without the registered trademark or tagline, “Making Cancer History.” (Dr. Mendelsohn’s handout is on file in the Office of the Board of Regents.)

Regent Stillwell said the freehand red marking from heavy to light through the word “Cancer” is striking. Vice Chairman McHugh said she supports the change in the logo with the caveats that the new logo will not be used on building signage and that a style guideline will be developed, with assistance from Vice Chancellor Safady and Vice Chancellor Thomas, to address the permitted and restricted use of the logo, where it will be used, and when it will be used with the tagline to maintain the dignity of the M. D. Anderson institution and The University of Texas System. President Mendelsohn responded that signage on buildings will not be changed, but signage leading people through the buildings could be changed to use the new logo. He committed to share the style guideline with Vice Chairman McHugh as it is being developed.

Regent Powell said the red line does not enhance the U. T. System or the institution and he advised President Mendelsohn not to discard the old logo too quickly. Dr. Mendelsohn said the new logo will be eased in over the summer months. Regent Hicks said his marketing experience leads him to believe that the new logo represents the job the institution is trying to do and the message is clear and has been well thought out. Regent Meijer agreed the logo will be a good visual but he expressed concern that it might not be associated with U. T. M. D. Anderson Cancer Center in the long term. Regent Longoria, absent from the meeting, sent a message read by Chairman Huffines in support of the logo.

Vice Chairman McHugh then moved approval of the new logo and brand identity and Regent Stillwell seconded the motion, which carried unanimously.

The new logo is set forth on Page 4.

THE UNIVERSITY OF TEXAS  
MD Anderson  
~~Cancer~~ Center

Making Cancer History<sup>®</sup>

3. U. T. Pan American: Fine Arts Academic and Performance Complex - Amendment of the FY 2010-2015 Capital Improvement Program to revise the scope of the project; approval to revise the funding sources; approval to remove the special interest designation; appropriation of funds; resolution regarding parity debt (Final Board approval); and requirement to bring the project back to the Board at schematic design stage for review and approval

Associate Vice Chancellor O'Donnell presented the recommendations for the Fine Arts Academic and Performance Complex project at The University of Texas – Pan American as set forth below. He explained that the project's scope and budget do not match and Facilities Planning and Construction Committee Chairman Gary added that there have been cost increases since the project budget was developed in 2006.

Regent Gary moved approval of the recommendations for the project subject to bringing the project back to the Board at the schematic design stage, probably in Summer 2010, to confirm the architectural design, the final scope, and the final costs. He said this timeline will also allow the new leadership at the institution to be involved (President-Designate Nelsen begins his presidency on January 1, 2010). Chancellor Cigarroa commented that he met with legislative and community leaders and they support the strategy and timeline recommended by Regent Gary.

Project No.: 901-283  
 Project Delivery Method: Construction Manager at Risk  
 Substantial Completion Date: May 2013

Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Tuition Revenue Bond Proceeds	\$39,796,000	\$39,796,000
	Revenue Financing System Bond Proceeds	\$ 9,949,000	\$ 7,049,000
	Higher Education Funds	\$ -	\$ 2,900,000
		<u>\$49,745,000</u>	<u>\$49,745,000</u>

- a. amend the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to revise the scope of the project from a new construction project to a repair and rehabilitation project;
- b. revise the funding from \$39,796,000 from Tuition Revenue Bond Proceeds and \$9,949,000 from Revenue Financing System Bond Proceeds to \$39,796,000 from Tuition Revenue Bond Proceeds, \$7,049,000 from Revenue Financing System Bond Proceeds, and \$2,900,000 from Higher Education Funds;
- c. remove the special interest designation from the project as being architecturally significant;

- d. appropriate funds; and
- e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - U. T. Pan American, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$46,845,000.

#### Debt Service

The 79th Legislature authorized \$39,796,000 of Tuition Revenue Bonds for a performing arts space and classroom complex. While the debt service is payable from pledged revenues, it is expected that the State will reimburse debt service on Tuition Revenue Bonds through general revenue appropriations. The \$7,049,000 in Revenue Financing System debt will be repaid from institutional funds including ticket sale revenues. Annual debt service on the \$7,049,000 Revenue Financing System debt is expected to be \$512,000. The institution's debt service coverage is expected to be at least 1.8 times and average 2.0 times over FY 2010-2015.

#### Previous Board Actions

On August 10, 2006, the project was included in the CIP with a total project cost of \$49,745,000 with funding of \$39,796,000 from Tuition Revenue Bond Proceeds and \$9,949,000 from Revenue Financing System Bond Proceeds. On May 10, 2007, the Board designated the project as architecturally significant.

#### Project Description

The scope of the project has been revised from a new construction project to a repair, rehabilitation, and addition effort because the available funding could not support the construction of a standalone state-of-the-art academic

and performing arts center. It was determined that it is more economically feasible to repair and renovate the existing Fine Arts Complex while adhering to the original intent of the project. The architecturally significant designation was removed because of the change from new construction to repair and rehabilitation of existing facilities.

The project will include repair, rehabilitation, and addition to the existing Fine Arts Auditorium, the Fine Arts Annex buildings, and the music and recital hall. The scope of work will include architectural improvements to enhance the theater by expanding event capabilities to attract traveling show productions through reconfiguration and expansion of theater patron event, support, and stage areas; provisions for life safety, code, and accessibility upgrades; new interior architectural finishes; and exterior site modifications.

The scope of work will also include the associated demolition of existing interior space with interior renovations to meet the academic program requirements. Renovations will consist of new interior space reconfigurations; new interior architectural finishes; new roofing; and a retrofit or addition of space to house the displaced academic area included in the Fine Arts Auditorium and annex additions.

4. U. T. System Board of Regents: Allocation of \$7 million of Available University Funds each year for three years to U. T. Austin for the support of excellence

The Board authorized the allocation of Available University Funds (AUF) in the amount of \$7 million each year for three years to The University of Texas at Austin to be expended in support of excellence, specifically faculty enhancement, consistent with the mission of the institution.

Chairman Huffines remarked that this is a time of opportunity to raise the level of excellence at U. T. Austin, and he expressed hope that President Powers will use the \$21 million strategically to continue to recruit some of the best people across the country in the next three years.

5. U. T. System Board of Regents: Approval of \$5 million from Permanent University Fund (PUF) Bond Proceeds to establish the Regents' Health Research Scholars Program

The Board approved \$5 million from Permanent University Fund (PUF) Bond Proceeds as matching funds to establish the Regents' Health Research Scholars Program. Noting that PUF funds can be used only for equipment, renovation, or construction, Executive Vice Chancellor Shine said this initiative clearly encourages philanthropic support by donors.

On August 12, 2004, the Board approved an allocation of \$59 million to be awarded to institutions to help attract and retain the best qualified faculty. Funded through PUF Bond Proceeds, this awards program named Faculty STARs (Science and Technology Acquisition and Retention) provided funding to help purchase state-of-the-art research equipment and make necessary laboratory renovations to encourage faculty members to perform research at University of Texas System institutions. On August 11, 2005, the Board approved \$15 million for the STARs program and an additional \$20 million was allocated on August 16, 2006. On August 23, 2007, another \$10 million was allocated for the STARs program.

Among the most important goals in the Regents' Strategic Plan for the U. T. System is the commitment to recruit and retain outstanding faculty. In the highly competitive effort to recruit the most outstanding faculty, adequate salary support is necessary, and appropriate space, state-of-the-art equipment, technical support, and supplies are essential.

The Faculty STARs program has provided funding for equipment and renovations necessary for recruitment of new faculty, and in some cases, for the retention of outstanding individuals. However, these monies do not provide operating support for technicians, graduate student stipends, supplies, and other necessary resources for the successful recruitment and initiation of new faculty careers. For carefully selected faculty recruitments of high quality, private philanthropy offers real opportunities to pay for such costs. Philanthropy might be matched in appropriate cases with STARs funding to provide attractive startup packages.

To be eligible for these matching funds, the institution will identify a specific recruitment, obtain philanthropic commitments for up to \$250,000, and request up to \$250,000 in Regents' Health Research Scholars matching money. The Executive Vice Chancellor for Health Affairs will review the request, and, if approved, the Regents' Health Research Scholars money will be used for equipment and renovation while the philanthropic monies could be used for any appropriate research operating costs associated with the recruitments, e.g., graduate student stipends, technician support, and supplies. The funds are not intended as an endowment. Recipients of these monies would be known as Regents' Health Research Scholars for the duration of the financial support. The scholars could also bear the name of the donor, i.e., the Johnny Jones Regents' Health Research Scholar.

Any tenure-track health institution faculty recruit, regardless of rank, will be eligible for a Regents' Health Research Scholar matching award. Such an award will not disqualify an individual from consideration for other STARs recruiting money.

Institutions may indicate to potential donors that the U. T. System will provide equipment and renovation money to match their philanthropic commitment of up to \$250,000. Once a gift has been made, it will be used by the institution for the Regents' Health Research Scholars awards. If initially intended for a particular candidate, the gift will be available at the institution for subsequent recruitments if that candidate is not successfully recruited, or if the faculty member leaves prior to the end of the term of the award. In each case, the philanthropic money for a Regents' Health Research Scholar must be a new contribution. The Executive Vice Chancellor for Health Affairs will carefully monitor the distribution of the Regents' Health Research Scholars awards among institutions so there is not a disproportionate share of awards to particular institutions.

The U. T. System Board of Regents will receive an annual report on the number and distribution of Regents' Health Research Scholars awards.

6. U. T. System Board of Regents: Appropriation of \$5.5 million of Permanent University Funds to establish the Revenue Cycle Loan and Grant Programs

The Board appropriated \$5.5 million of Permanent University Fund (PUF) Bond Proceeds to create a \$3 million fund for the Revenue Cycle Loan Program and a \$2.5 million fund for the Revenue Cycle Grant Program. These programs will be for the benefit of the six University of Texas System health institutions.

In March 2009, the Executive Vice Chancellor for Health Affairs authorized the creation of a Revenue Cycle Task Force to engage in a comprehensive review of the revenue cycle operations across the U. T. System health institutions.

In Fiscal Year 2010, the institutions' operating budget for the hospitals, clinics, and professional fees is \$4.275 billion and represents the income from patient care generated by the revenue cycle operations. Small improvements in the efficiency and effectiveness of the revenue cycle operations within an environment of shrinking reimbursement and increasing operating costs can have a significant, positive impact on the financial statements.

The Task Force Report, issued in October 2009, was structured around three central themes: creating the Systemwide Revenue Cycle Committee, automating revenue cycle operations, and simplifying administrative processes. To facilitate process improvements in the revenue cycle operations, the Task Force recommended developing a loan program. This recommendation was accepted and endorsed by the Chancellor, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Business Affairs as a matching program to facilitate

innovative and creative solutions. The Executive Vice Chancellor for Health Affairs will be accountable for the loan program, which will have an initial balance of \$3 million.

The institutions must submit a business plan proposal using a predesigned template. The Systemwide Revenue Cycle Committee will review, evaluate, and recommend proposals to the Executive Vice Chancellor for Health Affairs for approval. The principal of the loans will be repaid by the institutions from the cost savings generated by the projects. Repayments will be held by U. T. System Administration to be allocated to future initiatives by the U. T. System Board of Regents.

In addition, a \$2.5 million grant program will be established to promote Systemwide adoption of best practices of revenue cycle operations regarding information technology solutions. The Systemwide Revenue Cycle Committee will be responsible for reviewing and recommending information technology proposals to the Executive Vice Chancellor for approval. These grants may require a match from the institutions that does not have to be repaid. Emphasis will be placed on information technology solutions that have been shown to be effective in improving the performance of the revenue cycle, and, if implemented, from which all the health institutions will benefit.

The Texas Constitution requires that PUF Bond Proceeds may only be used to fund capital and equipment items related to the educational mission of the U. T. System and U. T. System institutions. Executive Vice Chancellor Shine described possible software approaches that could benefit the institutions and Chancellor Cigarroa commented that even a 1% improvement in the revenue capture of a \$4 billion annual medical billing and collection enterprise would be important to reinvest in academic health centers for faculty recruitment and excellence.

7. U. T. System Board of Regents: Appointment of Vice Chairman Foster and Regent Hicks to continue to review the U. T. System Administration budget

Chairman Huffines announced that he had asked Vice Chairman Foster and Regent Hicks to again work with Chancellor Cigarroa in developing next year's budget for The University of Texas System Administration.

Chairman Huffines expressed support for Chancellor Cigarroa's new initiative to develop an advisory committee composed of both U. T. System and institution representatives charged with reviewing all aspects of the U. T. System budget and making recommendations to the Chancellor on efficiency and effectiveness measures. He said he looks forward to a report

from Vice Chairman Foster, Regent Hicks, and Chancellor Cigarroa next summer (2010) on better uses of technology in the workplace and on ways to make the U. T. System budget more efficient.

On April 13, 2009, Chairman Huffines appointed Vice Chairman Foster and Regent Hicks to assist Chancellor Cigarroa in reviewing the Fiscal Year 2010 budget to see if the U. T. System is appropriately right-sized in the economic environment. On August 20, 2009, Vice Chairman Foster and Regent Hicks reported they were satisfied with the proposed budget and would continue to be engaged in the budget review process.

RECESS TO EXECUTIVE SESSION.--At 11:40 a.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 2:10 p.m., the Board reconvened in open session for the following actions taken on matters discussed in Executive Session.

- 1a. U. T. System Board of Regents: Legal issues related to the U. T. Brownsville/Texas Southmost College Educational Partnership Agreement and real property lease

No action was taken on this item.

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

No action was taken on this item.

2. U. T. System Board of Regents: Issues related to the real property lease for the U. T. Brownsville/Texas Southmost College Educational Partnership Agreement

No action was taken on this item.

- 3a. U. T. M. D. Anderson Cancer Center: Approval of a potential negotiated gift with potential naming features, including a building, an institute, a center, and several endowments

Regent Dannenbaum moved that the Board of Regents authorize President Mendelsohn and Vice Chancellor Safady to conclude negotiations necessary

to finalize and accept a gift to benefit The University of Texas M. D. Anderson Cancer Center with potential naming features including a building, an institute, a center, and several endowments consistent with the terms outlined in Executive Session.

Regent Gary seconded the motion, which carried by acclamation.

3b. U. T. Tyler: Approval of a negotiated gift with a potential naming feature

Regent Gary moved that the Board of Regents authorize President Mabry and Vice Chancellor Safady to conclude negotiations necessary to finalize and accept a gift to benefit The University of Texas at Tyler with a potential naming feature consistent with the terms outlined in Executive Session.

The motion was seconded by Regent Dannenbaum and carried without objection.

3c. U. T. Austin: Approval of a negotiated gift with a potential naming feature

Upon motion by Vice Chairman Foster, the Board authorized President Powers and Vice Chancellor Safady to conclude negotiations necessary to finalize and accept a gift to benefit The University of Texas at Austin with a potential naming feature consistent with the terms outlined in Executive Session.

Vice Chairman McHugh seconded the motion, which carried unanimously.

4a. U. T. System Board of Regents: Individual personnel issues related to the U. T. Brownsville/Texas Southmost College Educational Partnership Agreement

No action was taken on this item.

4b. 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, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees

No action was taken on this item.

4c. U. T. Austin: Approval of provisions of employment and compensation agreement for Head Men's Football Coach William Mack Brown

Chairman Huffines said that an additional personnel item was posted with the Secretary of State concerning the provisions of the employment and compensation agreement for Head Men's Football Coach William Mack Brown at The University of Texas at Austin. He called on President Powers to present the proposal.

President Powers outlined Coach Brown's compensation. He said that aside from performances, Coach Brown's compensation this year will be a total of \$5 million; \$3 million in base salary and \$2 million as a retention payment. Coach Brown received a \$1 million retention payment last year and President Powers said this stair-step approach in the retention payment was planned to deal with the level of Coach Brown's compensation that has lagged behind other top coaches in the country. He said the proposed compensation will bring Coach Brown to the top, or near the top.

The proposal is to continue the \$5 million figure into 2011 and for the duration of Coach Brown's contract, which expires in 2016. President Powers noted that a \$100,000 automatic raise each year is included in Coach Brown's contract and the buyout provision, which applies only if the head coach is dismissed and is not for cause, is proposed to change simply to align with the contract amount. President Powers emphasized that funds for the contract would come from athletic revenues; no State or tuition funds will be used.

President Powers spoke about Coach Brown's good performance, winning record, and personal integrity both on and off the field. In explaining the financial and business aspects of his recommendation, President Powers said the increase in football revenues since Coach Brown has been head coach at U. T. Austin are significant; from \$21 million in 1996 and 1997 to \$87.5 million for 2008 and 2009. He said this is important because the football revenue supports the budget beyond football, such as the other sports, which are not subsidized. He said the athletic program also returns financial benefits to the academic side of the campus, such as for endowed chairs and academic study programs and by reducing the cost of renovations on the academic side and paying for services. He noted the significant contribution of the athletic program to philanthropy. President Powers suggested the Board might like to be involved in determining methods and ways to increase the support to the academic side. He noted that the smooth transition of the head coach position to Head Coach-Designate Muschamp is important.

Athletic Director Dodds also spoke in support of the recommendation presented by President Powers. Vice Chairman Foster asked if there were benchmarks in the contract and President Powers said while he would entertain circumstances where compensation is based on performance, in

this case, Coach Brown has a 12-year proven track record and since a transition is coming at some point, he does not feel that performance conditions are necessary. He did suggest, however, that the performance one would want to look at would be dealing with the families, the students, the academics, and the press and representing the University in an appropriate way.

In response to a question from Regent Stillwell, President Powers said the contractual arrangements with Coach Brown and Coach-Designate William L. Muschamp will facilitate a smooth transition. Vice Chairman McHugh asked about progress being made in improving the academic performance of student athletes. President Powers said it is critical that the student part of the student athlete come first. He said the University recruits for academics and academic support is available for athletes, and the University wants to continually make improvements to heighten the academic experience for all students and promote student growth through, for example, the experiences of living on campus and participating in student organizations. He said he is proud of the way Coach Brown and Mrs. Sally Brown deal with student athletes as young people.

Regent Powell proposed reviewing how additional funds might be taken from the athletic department and moved to the academic side to help retain and sustain certain individuals who are helping students with their academics and who the University might have a hard time supporting in these challenging economic times. He suggested discussion with a group to be appointed by the Chairman in the next 60-90 days. President Powers said he looks forward to working with the Board in this manner.

Regent Hicks commented on the self-sustaining aspect of the U. T. Austin athletic program and Regent Meijer said as a former student athlete, he looks forward to participating in finding ways to improve academics in athletics.

Vice Chairman McHugh commented that Mrs. Sally Brown provides a significant contribution to the football program and she said the high standards and integrity are also reflected in the coaching staff. She said this reputation for integrity, honesty, and high ethical standards is recognized nationally and reflects well on U. T. Austin, The University of Texas System, and the State of Texas. She asked President Powers to let Coach and Mrs. Brown know how proud the Board is of what they represent.

Chairman Huffines then called on Vice Chairman McHugh as the Board's Athletics Liaison for a motion.

Motion by Vice Chairman McHugh

I move that the Board of Regents,

Acting in recognition of the stellar commitment, motivation, and performance of U. T. Austin Head Football Coach Mack Brown and his representation of The University of Texas at Austin, both on and off the playing field;

Acting with awareness of the significant gains in football-related revenues to The University of Texas at Austin during Coach Brown's term;

Acting in acknowledgement of the very competitive market for the most accomplished and recognized coaches in intercollegiate football and in accordance with Regents' Rule 20204 regarding documenting the reasonableness of compensation; and

Wishing to strongly discourage recruitment efforts by other entities and ensure a seamless transition when Coach Brown relinquishes his duties as Head Coach and those are assumed by Coach William L. Muschamp,

Approve proposed changes to Coach Brown's current contract, as recommended by President Powers and Athletic Director Dodds and as reflected on the attached Summary of Revisions (see Page 16), to continue the Annual Service Payment payable on February 1, 2010, on the same terms and conditions for the remaining period of the current contract and to modify the buyout provisions of the current contract to more closely reflect the remaining value of the contract term through 2016 and to be more consistent with the current intercollegiate market and the contracts of other coaching peers, with the understanding that the source of funding for the contract provisions will come entirely from athletic revenues and that no State-appropriated funds or tuition revenues will be used.

I further move that the Board find, as required by State law, that these changes are in the best interest of U. T. Austin and The University of Texas System.

The motion was seconded by Regent Stillwell and carried unanimously.

Head Men's Football Coach William Mack Brown  
Summary of Revisions

1. Amend Section VI, Service Payments, of the agreement as follows:

In recognition of Coach Brown's agreement to continue service [If Brown continues his services as Head Football Coach until January 15, 2010], he will receive an annual service [a special] payment of \$2,000,000. Said payments will be paid by February 1, 2010 and by February 1 following each season Coach Brown serves as Head Football Coach.

2. Amend Section IX, Termination, of the agreement to read as follows:

Date of Termination	Total Compensation	Number of Annual Payments
1/1/10 – 12/31/11	\$7,500,000	5 (x \$1,500,000)
1/1/12 - 12/31/13	\$6,000,000	4 (x \$1,500,000)
1/1/14 - 12/31/15	\$4,000,000	4 (x \$1,000,000)

RECESS.--At 2:40 p.m., Chairman Huffines announced the Board would recess for the Presidents' Retreat to be held at the Vintage Villas Hotel and Conference Center, Austin, Texas.

WEDNESDAY, DECEMBER 9, 2009, continued.--At 3:52 p.m., the Board reconvened in the Travis Room, Vintage Villas Hotel and Conference Center, 4209 Eck Lane, Austin, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Huffines  
Vice Chairman McHugh  
Vice Chairman Foster  
Regent Dannenbaum  
Regent Gary  
Regent Hicks  
Regent Powell  
Regent Stillwell  
Regent Meijer, Student Regent, nonvoting

Absent

Regent Longoria

Chairman Huffines announced a quorum present and called the Presidents' Retreat to order. The retreat proceeded according to the following agenda (times are approximate), with brief introductory remarks and open discussion on each topic.

PRESIDENTS' RETREAT -- *Raising Excellence in a Challenging Economic Climate*

A. CONVENE RETREAT (*Travis Room*)

1. Opening Remarks 3:55 p.m.  
*Chairman Huffines*
  
2. Presentation: Strategic Plan Successes 4:00 p.m.
  - What we have done that works *Vice Chairman McHugh/  
Executive Vice Chancellor Shine*
  - Where we have made progress *Regent Gary/  
Executive Vice Chancellor Prior  
Vice Chairman Foster/  
Executive Vice Chancellor Kelley*

3. Discussion of opportunities and challenges that affect excellence 5:00 p.m.  
Regents  
Presidents  
Chancellor Cigarroa  
(moderator)
- B. RECESS FOR RECEPTION AND DINNER 6:15 p.m.  
(Foyer and Patio of the Event Center)
- Health Profession Education Reform in 2010 6:30 p.m.  
(Sunset Room of the Event Center) George E. Thibault, M.D.  
President of the Josiah  
Macy, Jr. Foundation
- [Note: [Dr. Thibault's presentation](#) is on file in the Office of the Board of Regents.]
- C. AFTER DINNER RECEPTION 7:45 p.m.  
(Colorado Room and Patio of the South Texas Villa)

THURSDAY, DECEMBER 10, 2009.--The members of the Board of Regents of The University of Texas System reconvened the President's Retreat at 8:30 a.m. on Thursday, December 10, 2009, in the Travis Room, Vintage Villas Hotel and Conference Center, 4209 Eck Lane, Austin, Texas, with the following participation:

ATTENDANCE.--

<u>Present</u>	<u>Absent</u>
Chairman Huffines	Regent Longoria
Vice Chairman McHugh	
Vice Chairman Foster	
Regent Dannenbaum	
Regent Gary	
Regent Hicks	
Regent Powell	
Regent Stillwell	
Regent Meijer, Student Regent, nonvoting	

D. BUFFET BREAKFAST (*South Texas Villa, Dining Room*) 7:30 a.m.

E. RECONVENE PRESIDENTS' RETREAT (*Travis Room*) 8:30 a.m.

4. Momentum Through 2012 & Beyond: How to keep excellence in a challenging economic environment *Dr. Kelley Presidents*

[Note: Dr. Kelley's written scenario titled [\*Thriving in the Face of Financial Challenges: A Business Case Discussion\*](#) is on file in the Office of the Board of Regents.]

F. BREAK 10:00 a.m.

5. Untapped Opportunities/Challenges 10:30 a.m.  
 -Health care reform *Chancellor Cigarroa*  
 -Expanding education in the Science, Technology, Engineering, and Mathematics (STEM) fields *Dr. Shine*  
 -Synergies among the campuses *Dr. Prior Presidents*

G. BREAK 12:00 noon

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|--|---|
| H. WORKING LUNCH ( <i>Travis Room</i> )    | <i>12:15 p.m.</i>   |
| Recap of issues                            | <i>Chairman Huffines</i>  |
| Discussion: What can the Board do to help? | <i>Chairman Huffines</i><br><i>Regents</i><br><i>Presidents</i> |
| Chairman's Closing Remarks                 | <i>1:15 p.m.</i><br><i>Chairman Huffines</i>                    |
| I. ADJOURN RETREAT                         | <i>1:30 p.m.</i>  |

RESIGNATION OF CHAIRMAN HUFFINES AS CHAIRMAN OF THE BOARD.--In his closing remarks, Chairman Huffines announced his resignation as Chairman of the Board effective with the March 2010 meeting.

SCHEDULED MEETING.--The next regularly scheduled meeting will be held on February 4-5, 2010, in Dallas, Texas.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 1:30 p.m.

*/s/ Carol A. Felkel*  
Secretary to the Board of Regents

January 13, 2010