

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

November 10-11, 2010

Austin, Texas

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

/s/ Carol A. Felkel  
Secretary to the Board of Regents  
February 9, 2011

MINUTES  
U. T. System Board of Regents  
Audit, Compliance, and Management Review Committee  
November 10, 2010

The members of the Audit, Compliance, and Management Review Committee of the Board of Regents of The University of Texas System convened at 9:05 a.m. on Wednesday, November 10, 2010, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Hicks, presiding  
Vice Chairman Foster  
Vice Chairman Longoria  
Regent Stillwell

Also present were Chairman McHugh, Regent Kalkwarf, Regent Pejovich, Regent Powell, and Executive Director Martinez.

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

**1. U. T. System: Report on the Inter-University Compliance Consortium**

***Committee Meeting Information***

**Presenter(s):** *Mr. Lawrence Plutko, Systemwide Compliance Officer; Dr. C. J. Wolf, Assistant Systemwide Compliance Officer*  
**Status:** *Reported*

**2. U. T. System: Risk Management Report**

***Committee Meeting Information***

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

**3. U. T. System Board of Regents: Report on results of the audits of funds managed by The University of Texas Investment Management Company (UTIMCO)**

***Committee Meeting Information***

**Presenter(s):** *Mr. Tom Wagner, Deloitte & Touche*  
**Status:** *Reported*

## Discussion at meeting:

*Mr. Wagner reviewed the following highlights of the results of the financial statements audit as contained in the Deloitte letter dated October 29, 2010, that was before members of the Committee and other Regents in attendance. The letter had been mailed previously to all members of the Board. He noted*

- *all audit opinions were unqualified*
- *no significant changes were reported concerning management's accounting estimates*
- *no uncorrected misstatements*
- *no disagreements with management; rather, full cooperation from UTIMCO.*

*Mr. Wagner said Deloitte had more internal audit staff participate in the audit than ever before, and the two members of Mr. Chaffin's staff were a tremendous help. (Mr. Chaffin is the Chief Audit Executive for the U. T. System.)*

*Vice Chairman Longoria, Chairman of the UTIMCO Audit and Ethics Committee, commented that UTIMCO staff made themselves available and were cooperative in this audit.*

*In response to a question from Vice Chairman Longoria, Mr. Wagner said that while the internal control environment is not audited, Deloitte spends some time looking at entity-level controls, and he reported nothing problematic was found.*

#### **4. U. T. System: Report on the progress and preliminary results of the audits of the Fiscal Year 2010 U. T. System Administration and institutional Annual Financial Reports**

##### **Committee Meeting Information**

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

**Status:** Reported

#### **5. U. T. System Board of Regents: Approval of the U. T. Systemwide Annual Internal Audit Plan for Fiscal Year 2011**

##### **Committee Meeting Information**

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

**Status:** Approved

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

6. **U. T. System: Report on the Systemwide internal audit activities, including the results of the Systemwide internal audit performance metrics**

***Committee Meeting Information***

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

***Status:*** Reported

ADJOURNMENT

Committee Chairman Hicks adjourned the meeting at 9:50 a.m.

MINUTES  
U. T. System Board of Regents  
Finance and Planning Committee  
November 10, 2010

The members of the Finance and Planning Committee of the Board of Regents of The University of Texas System convened at 4:35 p.m. on Wednesday, November 10, 2010, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Vice Chairman Foster, presiding  
Regent Gary  
Regent Pejovich  
Regent Powell

Also present were Chairman McHugh, Regent Dannenbaum, Regent Kalkwarf, and General Counsel to the Board Frederick.

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

1. **U. T. System: Discussion and appropriate action related to approval of Docket No. 144**

***Committee Meeting Information***

***Presenter(s):*** Committee Chairman Foster; Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs

***Status:*** Discussed

**Discussion at meeting:**

*Committee Chairman Foster called attention to some of the larger contract items in the Docket:*

- *Two agreements between the U. T. System and Spinning Star Energy -- the first agreement is for approximately \$2.9 million for installation of wind turbine generators in Reagan, Crockett, and Upton Counties, and the second agreement is for approximately \$8.9 million for easements for electric transmission in Reagan, Upton, Crane, Loving, Ward, Winkler, Culberson, and Hudspeth Counties.*

*Dr. Kelley said Mr. Steve Hartmann, Executive Director of University Lands, continuously looks for ways to generate additional revenue from the University Lands and to utilize those lands in a productive way. He said the first agreement will add approximately \$3 million a year into the Available*

*University Fund (AUF), which is similar to an approximately \$60 million increase into the Permanent University Fund (PUF). Dr. Kelley added these agreements also support the use of alternative energy sources such as wind power.*

- *A sponsorship agreement with Baden Sports, Inc. to receive \$3 million in cash and products for University Interscholastic League (UIL) events and for UIL member schools*
- *A contract for operation and management of the U. T. Tyler campus bookstore located in the University Center building in Tyler, with the vendor selected through a competitive process*
- *A contract for approximately \$158.7 million between U. T. Southwestern Medical Center – Dallas and Dallas County Indigent Care to provide health care professionals to Parkland Health and Hospital System.*

## **2. U. T. System: Key Financial Indicators Report**

### **Committee Meeting Information**

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

**Status:** *Reported*

### **Discussion at meeting:**

*In response to a question from Regent Dannenbaum about the proportion of state appropriations to employee premiums for health care, Dr. Kelley noted reserves have built up and the U. T. System is in better shape than five or six years ago, but he said the upcoming legislative session will be difficult.*

*Regent Dannenbaum asked if the new federal health care legislation will kick in during the next biennium, and Dr. Kelley said funds have been built in to cover the additional expenses in the second year of the biennium. Executive Vice Chancellor Shine added that premiums will increase beginning in 2011 due in part to increased family coverage. Dr. Shine also said a working group has been formed of representatives from the health institutions to advise Mr. Dan Stewart, Associate Vice Chancellor for Employee Benefits and Services, on approaches to these issues. Dr. Shine noted that he serves as a director on a health insurance company and will not participate in these discussions.*

### 3. U. T. System: Overview of U. T. System debt programs

**Committee Meeting Information**

**Presenter(s):** Mr. Philip R. Aldridge, Vice Chancellor for Finance and Business Development  
**Status:** Reported/Discussed

#### **Discussion at meeting:**

*Regent Gary asked about the Build America Bond program, and Mr. Aldridge said there have been three issuances of Build America Bonds over the last 18 months, with some in Revenue Financing System (RFS) and some in Permanent University Fund (PUF) funds. Mr. Terry Hull, Assistant Vice Chancellor for Finance, said there is about \$1 billion in PUF and RFS debt, and he said no more debt is expected to be issued during the upcoming legislative session.*

*Regent Dannenbaum asked about the constitutional restriction on the aggregate amount of PUF debt that may be issued by the U. T. System Board of Regents, and Mr. Aldridge responded the amount is 20% of the cost value of PUF investments; it is 10% for The Texas A&M University System. Noting that the Legislature cannot increase the PUF debt capacity since that is statutory, Regent Gary asked what help is needed from the Legislature, and Mr. Aldridge responded that consistent funding is needed to allow institutions to fund operations and create debt capacity.*

### 4. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the fiscal year and quarter ended August 31, 2010

**Committee Meeting Information**

**Presenter(s):** Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer, UTIMCO  
**Status:** Reported/Discussed

#### **Discussion at meeting:**

*Mr. Zimmerman reported the following:*

- *UTIMCO added value in the amount of \$826 million during the last fiscal year.*
- *Endowments were up about 16.8% as of June 30, 2010, which represents the third best earner of the top 20 largest university endowments; UTIMCO has been in the top six for the past three years.*
- *Earnings were strong for the month of September and should be up around 2.5% for the month of October.*

5. **U. T. System Board of Regents: Approval of Custodian Agreements for The University of Texas Investment Management Company (UTIMCO)**

**Committee Meeting Information**

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

**Status:** Approved

**Motion:** Made by Regent Gary, seconded by Regent Powell, and carried unanimously

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

**Committee Meeting Information**

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

**Status:** Approved

**Motion:** Made by Regent Gary, seconded by Regent Powell, and carried unanimously

**Discussion at meeting:**

*Mr. Zimmerman referenced a revised budget handed out to members of the Committee and other members of the Board in attendance as set forth on Pages 6 - 7. He said the revisions were approved yesterday (November 9) by the UTIMCO Board.*

*Regent Gary pointed out the \$17 million overhead line item and asked Mr. Zimmerman what UTIMCO's value added was last year. Mr. Zimmerman said it was \$1.24 billion.*

*In response to a question from Regent Dannenbaum, Mr. Zimmerman said that while UTIMCO is not subject to Sarbanes-Oxley, the external auditor who audits UTIMCO's financial statements is mindful of UTIMCO's control procedures as reported earlier in the Audit, Compliance, and Management Review Committee (see Item 3 in the Audit Committee Minutes). He noted the audit next year will include a re-audit of the control procedures.*



7. **U. T. System Board of Regents: Approval of revisions to the amended and restated University of Texas Investment Management Company (UTIMCO) Compensation Program**

**Committee Meeting Information**

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

**Status:** *Approved*

**Motion:** *Made by Regent Gary, seconded by Regent Powell, and carried unanimously*

**Discussion at meeting:**

*Dr. Kelley referenced revised Appendices C and D as handed out to members of the Committee and other members of the Board in attendance as set forth on Pages 8 - 15. He reviewed two fundamental changes:*

- *proposed increase of the maximum incentive award for most of the Eligible Participants and addition of Eligible Positions*
- *proposed increase of targeted benchmarks that individuals will need to achieve to receive the maximum bonus*

*Committee Chairman Foster said members of the UTIMCO Compensation Committee have spent significant time reviewing the changes with the objective of fairly compensating employees and to be in line with peers and competitors.*

**ADJOURNMENT**

Committee Chairman Foster adjourned the meeting at 5:35 p.m.

UTIMCO (in thousands)	FY 2010 Budget	FY 2010 Forecast	FY 2011 Budget	FY11 Budget v FY10 Forecast	
				\$	%
<b>SUMMARY</b>					
UTIMCO Personnel	\$11,908	\$11,911	\$13,139	\$1,228	10%
UTIMCO Other	4,069	3,979	4,092	113	3%
Total UTIMCO	15,977	15,890	17,231	1,341	8%
Other, Non-Investment Manager	5,437	5,652	5,505	(147)	-3%
Total Non-Investment Manager	\$21,414	\$21,542	\$22,736	\$1,194	6%
Investment Manager - Invoiced	28,747	41,195	44,158	2,963	7%
Total	\$50,161	\$62,737	\$66,894	\$4,157	7%
<b>DETAIL</b>					
<b>UTIMCO Personnel</b>					
Salaries & Accrued Vacation	\$6,723	\$6,518	\$6,724	\$206	3%
Performance Compensation	3,482	3,727	4,672	945	25%
Benefits	1,166	1,145	1,196	51	4%
Taxes	470	472	488	16	3%
Hiring	20	1	8	7	700%
Education, Dues, Memberships	47	48	51	3	6%
Total	\$11,908	\$11,911	\$13,139	\$1,228	10%
<b>UTIMCO Other</b>					
Travel & Meetings	\$622	\$545	\$705	160	29%
Online, Data, Contract Services & Subscriptions	1,010	986	993	7	1%
Lease	979	999	1,019	20	2%
Depreciation	574	582	531	(51)	-9%
Insurance	250	248	248	0	0%
Office Expenses	334	333	314	(19)	-6%
Professional Services	300	286	282	(4)	-1%
Total	\$4,069	\$3,979	\$4,092	\$113	3%
<b>Other, Non-Investment Manager</b>					
Custodian	\$2,009	\$2,187	\$2,445	258	12%
Measurement & Analytics	1,210	1,175	1,058	(117)	-10%
Consultants	745	517	490	(27)	-5%
Investment-related Legal	725	1,044	811	(233)	-22%
Audit	735	719	691	(28)	-4%
Other	13	10	10	0	0%
Total	\$5,437	\$5,652	\$5,505	(\$147)	-3%
<b>Investment Manager - Invoiced</b>					
Management Fees	\$18,695	\$24,331	\$35,861	11,530	47%
Performance Fees	10,052	16,864	8,297	(8,567)	-51%
Total	\$28,747	\$41,195	\$44,158	\$2,963	7%

Prepared by: UTIMCO  
Date: November 2010

**UTIMCO Management Fee and Direct Budgeted Investment Expenses**  
**Annual Fee and Allocation Schedule**  
**For the fiscal year ending August 31, 2011**

<u>Proposed Budget</u>	<u>Fund Name</u>						<u>Separate Funds</u>	<u>Total</u>
	<b>PUF</b>	<b>PHF</b>	<b>LTF</b>	<b>GEF</b>	<b>ITF</b>	<b>STF</b>		
<b>Market Value 2/28/10 (\$ millions)</b>	10,470	900	4,894	5,794 <sup>(2)</sup>	4,028	1,703	200	22,195
<b>UTIMCO Management Fee</b>								
Dollars (thousands)	8,471	874	4,821		3,065			17,231
Basis Points	8.1	9.7	9.9	0	7.6	0	0	7.8
<b>Direct Expenses to the Fund, excluding UT System Direct Expenses to the Fund</b>								
<u>Dollars (thousands)</u>								
Other Direct Costs	2,488	30	36	1,677	1,274		0	5,505
External Management Fees - AUM	17,239	0	0	9,631	8,991	N/A (1)	0	35,861
External Management Fees - Performance	4,128	0	0	2,283	1,886		0	8,297
<b>Total Dollars</b>	<b>23,855</b>	<b>30</b>	<b>36</b>	<b>13,591</b>	<b>12,151</b>		<b>0</b>	<b>49,663</b>
<u>Basis Points</u>								
Other Direct Costs	2.4	0.3	0.1	2.9	3.2	0	0	2.5
External Management Fees - AUM	16.5	0	0	16.6	22.3	N/A (1)	0	16.2
External Management Fees - Performance	3.9	0	0	3.9	4.7		0	3.7
<b>Total Basis Points</b>	<b>22.8</b>	<b>0.3</b>	<b>0.1</b>	<b>23.4</b>	<b>30.2</b>	<b>N/A (1)</b>	<b>0</b>	<b>22.4</b>
<b>UT System Direct Expenses to the Fund</b>								
<u>Dollars (thousands)</u>								
UT System Compliance & Administration Fees	0	0	12,242	0	0	0	0	12,242
UT System Oversight Fees	262	23	122	0	93	0	0	500
UT System PUF Lands	9,014	0	0	0	0	0	0	9,014
<b>Total Dollars</b>	<b>9,276</b>	<b>23</b>	<b>12,364</b>	<b>0</b>	<b>93</b>	<b>0</b>	<b>0</b>	<b>21,756</b>
<b>Total Basis Points</b>	<b>8.9</b>	<b>0.3</b>	<b>25.3</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>9.8</b>

(1) Income is net of fees

(2) Pooled Fund for the collective investment of the PHF and LTF

**Appendix C**

**Eligible Positions  
Weightings  
Incentive Award Opportunities for each Eligible Position  
Percentage of Award Deferred**

**TABLE 1 (For the Performance Periods beginning after June 30, 2009)**

Eligible Position	Weighting			Incentive Award Opportunity (% of Salary)				Percentage of Award Deferred
	Entity	Asset Class/ Investment Type	Individual	< Threshold	Threshold	Target	Maximum	
<i>Investment Professionals</i>								
CEO & Chief Investment Officer	60%	0%	40%	0%	0%	100%	200%	50%
President & Deputy CIO	40%	40%	20%	0%	0%	95%	190%	50%
Managing Director	30%	40%	30%	0%	0%	85%	170%	40%
Managing Director - Private Investments	30%	30%	40%	0%	0%	85%	170%	40%
Senior Director, Investments	25%	35%	40%	0%	0%	60%	120%	35%
Senior Portfolio Manager	20%	40%	40%	0%	0%	60%	120%	35%
Senior Director, Risk Management	30%	0%	70%	0%	0%	50%	100%	35%
Portfolio Manager	20%	40%	40%	0%	0%	50%	100%	30%
Director, Investments	20%	40%	40%	0%	0%	50%	100%	30%
Director - Private Investments	20%	30%	50%	0%	0%	50%	100%	30%
Director, Risk Management	30%	0%	70%	0%	0%	40%	80%	30%
Senior Associate, Investments	15%	35%	50%	0%	0%	40%	80%	20%
Associate, Investments	15%	30%	55%	0%	0%	35%	70%	15%
Associate - Private Investments	15%	20%	65%	0%	0%	35%	70%	15%
Associate, Risk Management	30%	0%	70%	0%	0%	35%	70%	15%
Senior Analyst, Investments	10%	20%	70%	0%	0%	30%	60%	0%
Analyst, Investments	10%	20%	70%	0%	0%	25%	50%	0%
Analyst, Risk Management	30%	0%	70%	0%	0%	25%	50%	0%
<i>Operations/Support Professionals</i>								
Senior Managing Director	20%	0%	80%	0%	0%	60%	120%	40%
Managing Director	20%	0%	80%	0%	0%	50%	100%	30%
General Counsel & Chief Compliance Officer	0%	0%	100%	0%	0%	50%	100%	30%
Manager	20%	0%	80%	0%	0%	40%	80%	25%

**TABLE 1 (For the Performance Periods beginning after June 30, 2010)**

Eligible Position	Weighting			Incentive Award Opportunity (% of Salary)				Percentage
	Entity	Asset Class/ Investment Type	Qualitative (Individual)	< Threshold	Threshold	Target	Maximum	Deferred
<i>Investment Professionals</i>								
CEO & Chief Investment Officer	60%	0%	40%	0%	0%	100%	<del>200%</del> 300%	50%
President & Deputy CIO	40%	40%	20%	0%	0%	95%	<del>190%</del> 250%	50%
Managing Director - <u>Investments</u>	30%	40%	30%	0%	0%	85%	<del>170%</del> 215%	40%
Managing Director - Private Investments	30%	30%	40%	0%	0%	85%	<del>170%</del> 215%	40%
Senior Director - Investments	25%	35%	40%	0%	0%	60%	<del>120%</del> 150%	35%
Senior Portfolio Manager	20%	40%	40%	0%	0%	60%	<del>120%</del> 150%	35%
Senior Director - Risk Management	30%	0%	70%	0%	0%	50%	<del>100%</del> 135%	35%
Portfolio Manager	20%	40%	40%	0%	0%	50%	<del>100%</del> 130%	30%
Director - Investments	20%	40%	40%	0%	0%	50%	<del>100%</del> 130%	30%
Director - Private Investments	20%	30%	50%	0%	0%	50%	<del>100%</del> 130%	30%
Director - Risk Management	30%	0%	70%	0%	0%	40%	<del>80%</del> 90%	30%
Senior Associate - Investments	15%	35%	50%	0%	0%	40%	<del>80%</del> 90%	20%
<u>Senior Associate - Private Investments</u>	<u>15%</u>	<u>25%</u>	<u>60%</u>	<u>0%</u>	<u>0%</u>	<u>40%</u>	<u>90%</u>	<u>20%</u>
<u>Senior Associate - Risk Management</u>	<u>30%</u>	<u>0%</u>	<u>70%</u>	<u>0%</u>	<u>0%</u>	<u>40%</u>	<u>80%</u>	<u>20%</u>
Associate - Investments	15%	30%	55%	0%	0%	35%	<del>70%</del> 85%	15%
Associate - Private Investments	15%	20%	65%	0%	0%	35%	<del>70%</del> 85%	15%
Associate - Risk Management	30%	0%	70%	0%	0%	35%	70%	15%
Senior Analyst - Investments	10%	20%	70%	0%	0%	30%	60%	0%
Analyst - Investments	10%	20%	70%	0%	0%	25%	50%	0%
Analyst - Risk Management	30%	0%	70%	0%	0%	25%	50%	0%
<i>Operations/Support Professionals</i>								
Senior Managing Director	20%	0%	80%	0%	0%	60%	120%	40%
Managing Director	20%	0%	80%	0%	0%	50%	100%	30%
General Counsel & Chief Compliance Officer	0%	0%	100%	0%	0%	50%	100%	30%
<u>Senior Manager</u>	<u>20%</u>	<u>0%</u>	<u>80%</u>	<u>0%</u>	<u>0%</u>	<u>40%</u>	<u>90%</u>	<u>25%</u>
Manager	20%	0%	80%	0%	0%	40%	80%	25%
<u>Senior Financial Analyst</u>	<u>20%</u>	<u>0%</u>	<u>80%</u>	<u>0%</u>	<u>0%</u>	<u>30%</u>	<u>60%</u>	<u>20%</u>

## **Appendix D**

### **Benchmarks for Asset Class/Investment Type Threshold, Target, and Maximum Performance Standards**

#### **Performance Standards for Intermediate Term Fund**

**UPDATED TABLE 2 (7/1/07 through 6/30/08)**

Asset Class	Benchmark	Policy Portfolio Weights		Performance Standards		
		Total Endowment Assets	ITF	Threshold	Target	Maximum
		(% of Portfolio)	(% of Portfolio)			
Entity: Peer Group (Total Endowment Funds)	Peer group (Endowments w/>>\$1 B	n/a	n/a	40th %ile	60th %ile	75th %ile
Entity: Benchmark (Total Endowment Funds)	Policy Portfolio	n/a	n/a	+0 bps	+100 bps	+150 bps
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+32.5 bps	+65 bps
US Public Equity	Russell 3000 Index	20%	15%	+0 bps	+31 bps	+62 bps
Non-US Developed Equity	MSCI EAFE Index with net dividends	10%	5%	+0 bps	+37.5 bps	+75 bps
Emerging Markets Equity	MSCI Emerging Markets Index with net dividends	7%	5%	+0 bps	+75 bps	+150 bps
Directional Hedge Funds	MSCI Investable Hedge Fund Index	10%	12.5%	+0 bps	+65 bps	+130 bps
Absolute Return Hedge Funds	MSCI Investable Hedge Fund Index	15%	12.5%	+0 bps	+50 bps	+100 bps
Private Equity	Custom Benchmark Created from Venture Economics Database	11%	0%	+0 bps	+103.5 bps	+207 bps
Venture Capital	Custom Benchmark Created from Venture Economics Database	4%	0%	+0 bps	+103.5 bps	+207 bps
REITS	Dow Jones Wilshire Real Estate Securities Index	5%	10%	+0 bps	+37.5 bps	+75 bps
Commodities	Combination index: 66.7% Goldman Sachs Commodity Index minus .5% plus 33.3% DJ-AIG Commodity Index	3%	5%	+0 bps	+17.5 bps	+35 bps
TIPS	Lehman Brothers US TIPS Index	5%	10%	+0 bps	+2.5 bps	+5 bps
Fixed Income	Lehman Brothers Aggregate Bond Index	10%	25%	+0 bps	+12.5 bps	+25 bps
Internal Credit	Credit Related Composite Index	0%	0%	+0 bps	+12.5 bps	+25 bps
Cash	90 day t-bills	0%	0%	+0 bps	+0 bps	+0 bps



**UPDATED TABLE 2 (7/1/08 through 12/31/08)**

Asset Class/Investment Type	Benchmark	Policy Portfolio Weights		Performance Standards		
		Total Endowment Assets	ITF	Threshold	Target	Maximum
		(% of Portfolio)	(% of Portfolio)			
Entity: Benchmark (Total Endowment Funds)	Policy Portfolio	n/a	n/a	+0 bps	+75 bps	+150 bps
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+50 bps	+100 bps
Investment Grade Fixed Income	Lehman Brothers Global Aggregate Index	7.0%	33.0%	+0 bps	+12.5 bps	+25 bps
Credit-Related Fixed Income	Lehman Brothers Global High-Yield Index	1.2%	2.0%	+0 bps	+25 bps	+50 bps
Real Estate	FTSE EPRA/NAREIT Global Index	5.5%	10.0%	+0 bps	+37.5 bps	+75 bps
Natural Resources	Combination index - 50% Dow Jones-AIG Commodities Index + 50% MSCI World Natural Resources Index	5.3%	5.0%	+0 bps	+37.5 bps	+75 bps
Developed Country Equity	MSCI World Index with net dividends	19.5%	20.0%	+0 bps	+35 bps	+70 bps
Emerging Markets Equity	MSCI Emerging Markets with net dividends	10.5%	5.0%	+0 bps	+75 bps	+150 bps
Hedge Funds (Less Correlated & Constrained Investments)	MSCI Investable Hedge Fund Index	33.0%	25.0%	+0 bps	+125 bps	+250 bps
Private Investments (excludes Real Estate)	Venture Economics Custom Index	17.0%	0%	+0 bps	+100 bps	+200 bps
Private Investments Real Estate	NACREIF Custom Index	1.0%	0%	+0 bps	+37.5 bps	+75 bps
Specific asset class benchmark:						
Internal Investment Grade Fixed Income	US Lehman Aggregate			+0 bps	+12.5 bps	+25 bps

**UPDATED TABLE 2 (1/1/09 through 6/30/09)**

Asset Class/Investment Type	Benchmark	Policy Portfolio Weights		Performance Standards		
		Total Endowment Assets	ITF	Threshold	Target	Maximum
		(% of Portfolio)	(% of Portfolio)			
Entity: Benchmark (Total Endowment Funds)	Policy Portfolio	n/a	n/a	+0 bps	+62.5 bps	+125 bps
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+37.5 bps	+75 bps
Investment Grade Fixed Income	Barclays Capital Global Aggregate Index	7.0%	33.0%	+0 bps	+12.5 bps	+25 bps
Credit-Related Fixed Income	Barclays Capital Global High-Yield Index	1.2%	2.0%	+0 bps	+25 bps	+50 bps
Real Estate	FTSE EPRA/NAREIT Global Index	5.5%	10.0%	+0 bps	+37.5 bps	+75 bps
Natural Resources	Combination index - 50% Dow Jones-AIG Commodities Index + 50% MSCI World Natural Resources Index	5.3%	5.0%	+0 bps	+37.5 bps	+75 bps
Developed Country Equity	MSCI World Index with net dividends	19.5%	20.0%	+0 bps	+35 bps	+70 bps
Emerging Markets Equity	MSCI Emerging Markets with net dividends	10.5%	5.0%	+0 bps	+75 bps	+150 bps
Hedge Funds (Less Correlated & Constrained Investments)	Hedge Fund Research Indices Fund of Funds Composite Index	33.0%	25.0%	+0 bps	+75 bps	+150 bps
Private Investments (excludes Real Estate)	Venture Economics Custom Index	17.0%	0%	+0 bps	+100 bps	+200 bps
Private Investments Real Estate	NACREIF Custom Index	1.0%	0%	+0 bps	+37.5 bps	+75 bps
Specific asset class benchmark:						
Internal Investment Grade Fixed Income	US Barclays Capital Aggregate			+0 bps	+12.5 bps	+25 bps

**UPDATED TABLE 2 (7/1/09 through 6/30/10)**

Asset Class/Investment Type	Benchmark	Policy Portfolio Weights		Performance Standards		
		Total Endowment Assets	ITF	Threshold	Target	Maximum
		(% of Portfolio)	(% of Portfolio)			
Entity: Benchmark (Total Endowment Funds)	Policy Portfolio	n/a	n/a	+0 bps	+75 bps	+150 bps
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+50 bps	+100 bps
Investment Grade Fixed Income	Barclays Capital Global Aggregate Index	7.5%	30.0%	+0 bps	+25 bps	+50 bps
Real Estate	FTSE EPRA/NAREIT Developed Index	3.5%	5.0%	+0 bps	+50 bps	+100 bps
Natural Resources	50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index	5.5%	7.5%	+0 bps	+50 bps	+100 bps
Developed Country Equity	MSCI World Index with net dividends	19.0%	15.0%	+0 bps	+62.5 bps	+125 bps
Emerging Markets Equity	MSCI Emerging Markets with net dividends	13.0%	7.5%	+0 bps	+75 bps	+150 bps
Hedge Funds (Less Correlated & Constrained Investments)	Hedge Fund Research Indices Fund of Funds Composite Index	30.0%	35.0%	+0 bps	+75 bps	+150 bps
Private Investments (excludes Real Estate)	Venture Economics Custom Index	20.5%	0%	+0 bps	+100 bps	+200 bps
Private Investments Real Estate	NACREIF Custom Index	1.0%	0%	+0 bps	+100 bps	+200 bps
Specific asset class benchmarks:						
Credit-Related Fixed Income	Barclays Capital Global High Yield Index			+0 bps	+37.5 bps	+75 bps
Internal Investment Grade Fixed Income	US Barclays Capital Aggregate			+0 bps	+25 bps	+50 bps

**UPDATED TABLE 2 (7/1/08 through 6/30/11)**

Asset Class/Investment Type	Benchmark	Policy Portfolio Weights		Performance Standards		
		Total Endowment Assets	ITF	Threshold	Target	Maximum
		(% of Portfolio)	(% of Portfolio)			
Entity: Benchmark (Total Endowment Funds)	Policy Portfolio	n/a	n/a	+0 bps	+75 bps	<del>+150 bps</del> <u>+225 bps</u>
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+50 bps	<del>+100 bps</del> <u>+150 bps</u>
Investment Grade Fixed Income	Barclays Capital Global Aggregate Index	7.5%	30.0%	+0 bps	+25 bps	<del>+50 bps</del> <u>+62.5 bps</u>
Real Estate	FTSE EPRA/NAREIT Developed Index	2.5%	5.0%	+0 bps	<del>+50 bps</del> <u>+62.5 bps</u>	<del>+100 bps</del> <u>+150 bps</u>
Natural Resources	50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index	6.5%	7.5%	+0 bps	<del>+50 bps</del> <u>+62.5 bps</u>	<del>+100 bps</del> <u>+150 bps</u>
Developed Country Equity	MSCI World Index with net dividends	19.5%	15.0%	+0 bps	+62.5 bps	<del>+125 bps</del> <u>+150 bps</u>
Emerging Markets Equity	MSCI Emerging Markets with net dividends	12.0%	7.5%	+0 bps	<del>+75 bps</del> <u>+62.5 bps</u>	+150 bps
Hedge Funds (Less Correlated & Constrained Investments)	Hedge Fund Research Indices Fund of Funds Composite Index*	30.0%	35.0%	+0 bps	+75 bps	<del>+150 bps</del> <u>+250 bps</u>
Private Investments (excludes Real Estate)	Venture Economics Custom Index	20.0%	0%	+0 bps	+100 bps	<del>+200 bps</del> <u>+350 bps</u>
Private Investments Real Estate	NACREIF Custom Index	2.0%	0%	+0 bps	+100 bps	<del>+200 bps</del> <u>+325 bps</u>
Specific asset class benchmarks:						
Credit-Related Fixed Income	Barclays Capital Global High Yield Index			+0 bps	+37.5 bps	<del>+75 bps</del> <u>+100 bps</u>
Internal Investment Grade Fixed Income	US Barclays Capital Aggregate			+0 bps	+25 bps	+50 bps
<u>* For the Performance Period beginning 7/01/2008 through 12/31/2008, the benchmark is MSCI Investable Hedge Fund Index</u>						

MINUTES  
U. T. System Board of Regents  
Academic Affairs Committee  
November 10, 2010

The members of the Academic Affairs Committee of the Board of Regents of The University of Texas System convened at 1:40 p.m. on Wednesday, November 10, 2010, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Stillwell, presiding  
Vice Chairman Foster  
Vice Chairman Longoria  
Regent Pejovich

Also present were Chairman McHugh, Regent Dannenbaum, Regent Gary, Regent Hicks, Regent Kalkwarf, and General Counsel to the Board Frederick.

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

1. **U. T. Austin: Request to approve the honorific naming of a group of 17 legal clinics in the School of Law as the Jamail Center for Clinical Education and Justice under Law**

***Committee Meeting Information***

**Presenter(s):** *President William Powers, Jr., U. T. Austin*

**Status:** *Approved*

**Motion:** *Made by Vice Chairman Longoria, seconded by Vice Chairman Foster, and carried unanimously*

2. **U. T. Dallas: Request to approve the honorific naming of the Conference Center building as the Alexander Clark Center**

***Committee Meeting Information***

**Presenter(s):** *President David E. Daniel, U. T. Dallas*

**Status:** *Approved*

**Motion:** *Made by Regent Pejovich, seconded by Vice Chairman Foster, and carried unanimously*

3. **U. T. San Antonio: Honorific naming of the Humanities and Social Sciences Building as the McKinney Humanities Building**

**Committee Meeting Information**

**Presenter(s):** President Ricardo Romo, U. T. San Antonio

**Status:** Approved

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

4. **U. T. San Antonio: Request to name a campus roadway as West Campus Road**

**Committee Meeting Information**

**Presenter(s):** President Ricardo Romo, U. T. San Antonio

**Status:** Approved

**Motion:** Made by Regent Pejovich, seconded by Vice Chairman Foster, and carried unanimously

5. **U. T. Austin: Discussion and appropriate action related to creation of a University of Texas Television Network and delegation to take appropriate action including selection of business partners and execution of related agreements and/or licenses**

**Committee Meeting Information**

**Presenter(s):** President William Powers, Jr., U. T. Austin

**Status:** Approved

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

**Discussion at meeting:**

The agenda item was slightly revised to read as set forth below by U. T. Austin Vice President for Legal Affairs Ohlendorf on November 5, 2010, for the Agenda Book available online.

U. T. Austin: Discussion and appropriate action related to creation of a television network and delegation to take appropriate action including selection of business partners and execution of related agreements and/or licenses

President Powers will outline a recommendation for the creation of a cable and satellite television network at U. T. Austin for the distribution of University of Texas video and audio content and programming via television, Internet, and other means of digital and/or online distribution. The network will have a national focus and the potential to attract millions of cable and other subscribers. U. T. Austin is currently in discussions to determine the business partners and best organizational and operational structure for the network.

Following comments by President Powers, Regent Hicks as the Board's Athletics Liaison commented that the proposal offers a unique opportunity for the U. T. Austin athletics and academic departments. Regent Stillwell then made the following motion, which was seconded by Vice Chairman Longoria and carried unanimously:

*I move that President Powers, in consultation with the Chairman of the Board of Regents, the Chairman of the Academic Affairs Committee, and the Board's Athletics Liaison, and subject to review and approval by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel, be authorized*

- a. *to select a business entity or entities with which to work and contract for the creation of a cable and satellite television network at U. T. Austin for the distribution of University of Texas video and audio content and programming;*
- b. *to negotiate and finalize the organizational and operational structure of the network and the terms and conditions of any agreement with a business entity or entities;*
- c. *to work with appropriate offices at U. T. Austin and U. T. System to expedite construction and finish out of studio space for network operations in the North End Zone of the Darrell K Royal - Texas Memorial Stadium and to address related network space requirements; and*
- d. *to execute all documents, instruments, or other agreements, and to take all further actions deemed necessary or advisable to create and operate the cable and satellite television network via television, Internet, and any other means of digital and/or online distribution.*

**6. U. T. San Antonio: Authorization to establish a Ph.D. in Mechanical Engineering**

**Committee Meeting Information**

**Presenter(s):** President Ricardo Romo, U. T. San Antonio

**Status:** Approved

**Motion:** Made, seconded, and carried unanimously

**7. U. T. System Board of Regents: Amendments to the Regents' Rules and Regulations, Rule 40601, Section 1.5 to reflect the reorganization and proposed name change of the School of Health Sciences at U. T. Brownsville to the College of Biomedical Sciences and Health Professions and to create a College of Nursing**

**Committee Meeting Information**

**Presenter(s):** President Juliet V. García, U. T. Brownsville

**Status:** Approved

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

**Discussion at meeting:**

*Vice Chairman Longoria stated these changes are especially appropriate for a region that has a growing need for health care professions and for educating health care professionals. Dr. García remarked on the partnership with U. T. Health Science Center – San Antonio in propelling these programs forward.*

**8. U. T. System: Update on the Graduation Rates Initiative Progress Report 2010**

**Committee Meeting Information**

**Presenter(s):** Executive Vice Chancellor for Academic Affairs David B. Prior

**Status:** Reported/Discussed

**Follow-up action:** Effectively package the message to the Legislature on new thinking of graduation rate metrics to measure student success.

**Discussion at meeting:**

*Committee Chairman Stillwell asked what agency establishes the criteria and metrics for measuring student success, and Dr. Prior answered the question by commenting on the agencies that use the metrics, such as the Texas Higher Education Coordinating Board that uses the metrics to compare graduation rates in Texas with rates in other states. He said the pressure on access for the underserved population and the growth of higher education has modulated the way that student success shows up. Dr. Prior remarked on changes in the student body in the past few years in that many students work, having family and financial responsibilities.*

*Dr. Prior asked the presidents what other agencies use these four- and six-year graduation rates, and President Natalicio (U. T. El Paso) said the U.S. Department of Education promulgates the metric, and the data is used for national comparisons of all institutions. She said it is unfortunate that no explanation is provided on the limitations of the graduation rate metric.*

*Chancellor Cigarroa described the importance of disaggregating the graduation rate data to better understand the information that surfaces, e.g., the number of degrees conferred by a particular institution. Dr. Prior spoke about understanding the big picture and gave the example that there is actually a higher number of graduates at U. T. Permian Basin than is counted in the traditional four- and six-year graduation metric. President Watts added that in 2010, 84% of undergraduate degree recipients did not begin as first-time, full-time freshmen at U. T. Permian Basin. He said that in the State of Texas, students are encouraged to begin college at whatever step is appropriate, e.g., community college, and to transfer to four-year universities.*

*Committee Chairman Stillwell asked if a modification of the criteria is underway to accommodate success, and Dr. Watts responded it is his belief that many different offices in the state are recognizing the limitations of the first-year, full-time freshman graduation rate. He spoke about a composite rate that he had introduced to members of the Governor's Office at a Legislative Budget Board presentation. Dr. Watts indicated the composite rate is gaining acceptance. President García (U. T. Brownsville) said the National Governor's Association has been working to develop alternate metrics to accommodate the new student market. Regent Stillwell spoke about the emphasis by several states on community colleges.*

*Dr. Natalicio said a positive sign of the change in thinking is the shift in criteria for incentive funding in Texas, which is moving from graduation rates as the determinant to number of degrees awarded to at-risk students and students in science, technology, engineering, and mathematics (STEM) fields. She hopes the new criteria that captures significantly more data will serve as a baseline for the future.*

*U. T. San Antonio President Romo expressed concern that legislators will not be sufficiently informed about this new information regarding the graduation rate metric, and Committee Chairman Stillwell suggested continuous education of each legislative committee member will be necessary to update them on the new thinking. Vice Chairman Longoria agreed that packaging the message is critical, and she said the improvement in graduation rates is stunning because in spite of strained budget cuts and metrics that are skewed against the institutions, U. T. System institutions are still showing marked improvement.*

*Dr. Natalicio explained the importance of listening to students and addressing issues for the success of each student. President Nelsen (U. T. Pan American) spoke about the benefits of outreach such as supplemental instruction and helping students learn how to learn.*



*Chairman McHugh spoke about*

- *El Paso's focus on the K-12 initiative to better prepare students, which she believes is unique in Texas;*
- *the need to provide relief and support to families/students to graduate in a timely manner; and*
- *the quality of students that are entering the workforce from U. T. System institutions and making room for the students that will follow.*

*Vice Chairman Foster spoke about the leadership of President Natalicio and the president of the local community college, plus the commitment to K-12 of several El Paso community members who promote education as the answer to many problems in the community. Dr. Natalicio said this has been a 20-year initiative, and she commented on the slowness of change in education and the dividends of success.*

*Vice Chairman Longoria commented on the challenges to align interests and strategies to address stresses in the student population as different for each U. T. System campus. Committee Chairman Stillwell suggested the presidents take a student with them when they have opportunities to testify about changing the graduation rate metric.*

*Chancellor Cigarroa talked about the smaller class size at U. T. Austin for incoming freshmen and the introduction of real scientific research as part of the student's experience that will have positive benefits in terms of persistence and graduation rates. President Powers described this and other initiatives being implemented as part of the curriculum reform. He also commented on*

- *expectations of incoming students to graduate on time;*
- *collaboration with school districts to tailor senior year curricula to better prepare students for college; and*
- *matching incoming students to their strengths.*

*U. T. Dallas President Daniel commented on the Board's governance. He said this Board is empowering presidents to carry out the mission of improving graduation rates in ways that best suit each campus. He commended the members of the Board on their understanding of the nuances and subtleties of the president's stories and of the complex picture of student success. He said this is an example of good Board governance of how to get something done by making a matter a priority and holding the presidents accountable but giving them some flexibility on how the mandate is accomplished. Regent Dannenbaum cautioned against rushing students through to give them time to mature.*

9. **U. T. System: Discussions on academic leadership matters related to student success**

**Committee Meeting Information**

**Presenter(s):** *Executive Vice Chancellor for Academic Affairs David B. Prior*

**Status:** *Discussed*

**Discussion at meeting:**

*See discussion held under Item 8 above.*

**ADJOURNMENT**

Committee Chairman Stillwell adjourned the meeting at 2:55 p.m.

MINUTES  
U. T. System Board of Regents  
Health Affairs Committee  
November 10, 2010

The members of the Health Affairs Committee of the Board of Regents of The University of Texas System convened at 3:05 p.m. on Wednesday, November 10, 2010, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Vice Chairman Longoria, presiding  
Regent Dannenbaum  
Regent Powell  
Regent Stillwell

Also present were Chairman McHugh, Vice Chairman Foster, Regent Gary, Regent Hicks, Regent Kalkwarf, Regent Pejovich, and General Counsel to the Board Frederick.

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

1. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Rule 40601, Section 1.14(a), concerning proposed name change of The University of Texas Dental Branch at Houston to The University of Texas School of Dentistry at Houston**

**Committee Meeting Information**

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

**Status:** Approved

**Motion:** Made by Regent Powell, seconded by Regent Dannenbaum, and carried unanimously

2. **U. T. Health Science Center – Houston: Authorization to ground lease approximately 2.9 acres of unimproved land located near the northwest corner of Cambridge and El Paseo Streets, Houston, Harris County, Texas, to KIPP, Inc., a Delaware nonprofit corporation doing business as Knowledge is Power Program, Inc. (KIPP), for the construction and operation of a KIPP charter school; and finding of public purpose**

**Committee Meeting Information**

**Presenter(s):** Ms. Florence Mayne, Executive Director of Real Estate; Larry R. Kaiser, M.D., President, U. T. Health Science Center – Houston

**Status:** Approved

**Motion:** Made by Regent Stillwell, seconded by Regent Dannenbaum, and carried unanimously

**Follow-up action:** Regent Powell asked how many students/year the KIPP center serves.

## Discussion at meeting:

Regent Dannenbaum commented on the recruitment by the Children's Learning Institute (CLI) of national experts in various fields of learning difficulties, and he said he supports the merging of the research and curative aspects in the laboratory school. Executive Vice Chancellor Shine said due diligence has been conducted on KIPP and economically, the program is stable. The due diligence also determined that succession planning is in place if Dr. Susan Landry, Director of the CLI, leaves. He noted philanthropic support for the program and the academic and educational benefits. Dr. Shine also spoke about the public benefit of the lease and the ability to justify to the Attorney General the use of the land without payment of the lease in exchange for the research and educational opportunities.

Committee Chairman Longoria noted that Governor Perry is aware of CLI's objective to improve literacy skills for children at-risk. Regent Powell asked about the number of students who benefit from the KIPP program, and Dr. Kaiser and Dr. Shine said they would provide that number. In response to a question from Regent Kalkwarf, Dr. Kaiser explained the subject property is behind the student housing and does not interfere with the recreational area. Regent Dannenbaum commented that the Dan L. Duncan Children's Neurodevelopmental Clinic is next door to the CLI offices and may facilitate opportunities for translational research.

- 3. U. T. M. D. Anderson Cancer Center: Authorization to purchase approximately 0.363 of an acre of unimproved real property located at 7305 Fannin Street and 0 Dreyfus Street, Houston, Harris County, Texas, from Mr. Sadik M. Haddad, Ms. Elie P. Haddad, and Mr. George P. Haddad for a purchase price of \$1.6 million for future programmed campus expansion or other purposes related to the institution's mission**

### **Committee Meeting Information**

**Presenter(s):** Ms. Florence Mayne, Executive Director of Real Estate

**Status:** Approved

**Motion:** Made by Regent Dannenbaum, seconded by Regent Stillwell, and carried unanimously

- 4. U. T. M. D. Anderson Cancer Center: Authorization to purchase approximately 1.045 acres and improvements located at 1841 Old Spanish Trail, Houston, Harris County, Texas, from Mr. James W. and Ms. Sandra R. Hoskin for a purchase price not to exceed fair market value as determined by independent appraisals for near term use as surge space and thereafter for future programmed campus expansion or other purposes related to the institution's mission**

### **Committee Meeting Information**

**Presenter(s):** Ms. Florence Mayne, Executive Director of Real Estate

**Status:** Approved

**Motion:** Made by Regent Dannenbaum, seconded by Regent Stillwell, and carried unanimously

5. **U. T. Medical Branch – Galveston: Authorization to lease approximately 45,411 rentable square feet in a commercial center at 2660 Gulf Freeway South, League City, Galveston County, Texas, from A-S 85 Victory Lakes Town Center, L.P., a Texas limited partnership, for use by the institution for medical clinics**

**Committee Meeting Information**

**Presenter(s):** Ms. Florence Mayne, Executive Director of Real Estate; David L. Callender, M.D., President, U. T. Medical Branch – Galveston

**Status:** Approved

**Motion:** Made, seconded, and carried unanimously

**Discussion at meeting:**

Ms. Mayne clarified there will not be a purchase option as included in the Agenda Book Transaction Summary; there will, however, be a right of first refusal.

6. **U. T. Medical Branch – Galveston: Approval regarding proposed revisions to Mission, Vision, and Values Statement**

**Committee Meeting Information**

**Presenter(s):** David L. Callender, M.D., President, U. T. Medical Branch – Galveston

**Status:** Approved

**Motion:** Made by Regent Stillwell, seconded by Regent Dannenbaum, and carried unanimously

7. **U. T. Medical Branch – Galveston: Progress of recovery efforts following Hurricane Ike**

**Committee Meeting Information**

**Presenter(s):** David L. Callender, M.D., President, U. T. Medical Branch – Galveston

**Status:** Reported/Discussed

**Discussion at meeting:**

Dr. Callender reported on the following status and amount of claims of damages incurred during Hurricane Ike:

Submitted and finalized by FEMA	\$ 327 million
Submitted and in review by FEMA	571 million
Submittal being prepared by UTMB	<u>214 million</u>
Total in the aggregate	\$1.112 billion

*Of the 1 million square feet impacted by flooding on campus, Dr. Callender said 350,000 square feet have been returned to permanent service and the primary focus has been on restoring critical support functions (permanent repairs are still required), classroom capacities, student housing, critical research assets, and amenities for public areas. He said the next major steps involve utility infrastructure mitigation, permanent building envelope repairs, and renovations to meet institutional mitigation guidelines.*

*Dr. Callender noted that Federal Emergency Management Agency (FEMA) reimbursement is usually made following completion of repair and mitigation efforts and after the work has been audited by FEMA, thus, cash flow will continue to be a significant issue. President Callender said most of the work (\$900 million) will be reimbursed by a 90:10 match; 90% by FEMA and 10% by the institution with assistance from the State. The principal mitigation work (\$100 million) will be funded by a 75:25 match.*

*With regard to assistance from the State, Executive Vice Chancellor Shine and Dr. Callender noted uncertainties in the outcome of the upcoming legislative session, but Dr. Callender said he continues to be reassured that the legislative commitment exists to continue that funding. He noted the \$150 million previously set aside by the State as a cash reserve and to function as a portion of the match will begin to be used this spring; \$60 million is available immediately and \$90 million requires going back to the Legislative Budget Board with a specific funding request of how the funds will be used to support repair and mitigation efforts.*

*Regent Stillwell asked how much of the 1 million square feet will not be returned to service, and Dr. Callender said a few buildings will be demolished. Vice President for Facilities Planning and Operations Shriner clarified that six buildings consisting of 30-40,000 square feet will be demolished, and Dr. Callender said some of those buildings were not in good shape to begin with.*

*In reply to a further question from Regent Stillwell, President Callender explained that all public space on the first floor that has removable furniture or other function-supporting elements will be returned to service as part of the FEMA requirement; FEMA does not allow first floor areas to be of a higher or different level of function that would require the permanent installation of equipment.*

*President Callender then reviewed the status of planning for construction of the Clinical Services Wing, which will be an addition to the John Sealy Complex to provide space for functions that were located on the first floor pre-Ike. These functions will be relocated to the upper floors of the new wing. Dr. Callender noted this project is the largest component of the clinical construction project funded by FEMA and the State (see Item 7 on the Infrastructure – Ike Recovery project in the Facilities Planning and Construction Committee).*

*In response to a question from Regent Stillwell, Dr. Callender said as a result of a legislative requirement regarding funding a tuition revenue bond to support construction of a new hospital tower, Galveston County changed its eligibility level for county services from 21% to 100% of the federal poverty level. Dr. Shine*

remarked that the County is stepping up regarding taxes but not regarding the hospital district. Regent Dannenbaum remarked on the turnover in the majority of the Galveston County Commissioners Court and suggested it might be important to reaffirm the commitments, which President Callender and Dr. Shine said has been done.

Regent Gary asked about the relationship with FEMA, and Dr. Callender said the biggest challenge is the myriad set of rules and procedures, thus the reason why only now are they able to draw down on the \$150 million reserve mentioned earlier. The response from FEMA personnel, however, has been good.

**8. U. T. System: Update on investment in public health**

**Committee Meeting Information**

**Presenter(s):** Mr. Pat Francis, Assistant Vice Chancellor for Health Affairs; Dr. Roberta B. Ness, Dean, School of Public Health, U. T. Health Science Center – Houston

**Status:** Reported/Discussed

**Discussion at meeting:**

Following a report from Mr. Francis, Committee Chairman Longoria commented on the efficient use of resources and the expansion of courses and programs offered by the U. T. System Public Health Initiative.

Regent Powell remarked that this initiative is a good way for the U. T. System to continue to provide national leadership. He remarked on the opportunities offered by the diversity of the state and the state's population and said he appreciated the report provided by Dr. Ness on Texas Tech University's Paul L. Foster School of Medicine in El Paso.

Following comments by President Henrich on the Cooperative Public Health Program offered by U. T. Health Science Center – San Antonio, Regent Kalkwarf added that more than 10% of the medical students are moving to preventive health care, which will be needed as health care moves from being more reactive to more proactive. Regent Dannenbaum commented on the opportunities for collaboration, distance learning, connectivity, and networking that will be offered by the high-performance computing project (see the related Item 2 on the agenda for the Meeting of the Board).

**9. U. T. System: Quarterly report on health matters, including a follow-up on the U. T. System's Transformation in Medical Education (TIME) initiative and comments on the meaningful use of electronic health records**

**Committee Meeting Information**

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

**Status:** Reported/Discussed

**Discussion at meeting:**

*Dr. Shine commented on the following points:*

- *substantial Cancer Prevention and Research Institute of Texas (CPRIT) grants made to U. T. System health institutions*
- *a clinical effectiveness and patient safety conference held recently*
- *the Texas Higher Education Coordinating Board award to the Joint Admissions Medical Program (JAMP), a Texas statewide medical school enrollment program operated by the U. T. System.*

**ADJOURNMENT**

Committee Chairman Longoria adjourned the meeting at 4:00 p.m.



MINUTES  
U. T. System Board of Regents  
Special Health Affairs Committee Meeting  
November 11, 2010

The members of the Health Affairs Committee of the Board of Regents of The University of Texas System convened in a special called meeting at 9:25 a.m. on Thursday, November 11, 2010, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Vice Chairman Longoria, presiding  
Regent Dannenbaum  
Regent Powell  
Regent Stillwell

Also present were Chairman McHugh, Vice Chairman Foster, Regent Gary, Regent Hicks, Regent Kalkwarf, Regent Pejovich, and Associate General Counsel Rabon.

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

**U. T. System: Discussion regarding health information technology**

***Committee Meeting Information***

***Presenter(s):*** Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs; Dr. Jack Smith, Dean, School of Biomedical Informatics, U. T. Health Science Center – Houston

***Status:*** Reported/Discussed

**Discussion at meeting:**

*Dr. Smith handed out the Electronic Health Record Implementation Roadmap set forth on Page 6.*

*Committee Chairman Longoria asked if a uniform platform has been agreed upon for sharing and gathering data electronically. Dean Smith answered by saying there are operability standards and platforms that allow data and information in different systems to be converted to a common language, but there will not be a single platform or a single vendor. Dr. Shine added that competition discourages connectivity of different systems, but Dr. Smith is figuring out a way to share data. Dr. Shine said it is not about the technology but rather about the culture and proprietary nature of the matter.*

President Mendelsohn, U. T. M. D. Anderson Cancer Center

- *about 1/3 of patients participate in research*
- *institution-developed technologies (ClinicStation, ResearchStation, TissueStation) integrate research data with clinical data; another technology will be added to make information on trials available to the clinician*
- *patient records are available to patients through MyMDAnderson, a secure site that will soon be available to the referring physician and to patients at home with a built-in time lag to allow the physician to talk to the patient*

President Podolsky, U. T. Southwestern Medical Center – Dallas

- *completed implementation of outpatient and inpatient medical records that provides continuity of care*
- *patients have access to their records through MyChart that facilitates the patient experience and quality of care; modest time lag built in*
- *need to build on the foundational capabilities of electronic medical records to help care givers drive best practices from the clinical laboratory results and ensure they are applied, such as is happening on campus in enhanced quality and safety*
- *hopes to now capture the full breadth of robust clinical programs on campus to be a greater engine for clinical and translational research*
- *spoke of organizational challenges to get to a point of interoperability*

President Kaiser, U. T. Health Science Center – Houston

- *electronic systems are complex – their physicians learn several different systems (outpatient, inpatient, and specific hospital systems)*
- *implementation of systems is difficult, resulting in decreased productivity during learning*
- *spoke about iPad's Nimble software for practicing physicians to document medical records*
- *additional personnel is required and the cost does not necessarily go away; almost takes one nurse practitioner per physician*
- *training staff to assist in implementation*

*Committee Chairman Longoria asked about the integrity of the health record, specifically about the checks and balances for data input, and Chairman McHugh asked about productivity of data entry and accuracy. Dr. Kaiser said the initial implementation slows the process, and patients have access to their records and can ask that an error be corrected. All data entries are tracked. Dr. Shine said systems need to be evaluated for their capabilities.*

*Dr. Shine said campuses are going to network through electronic health records, and Chairman McHugh mentioned privacy issues in relation to the Health Insurance Portability and Accountability Act (HIPAA).*

*President Calhoun, U. T. Health Science Center – Tyler*

- *described the use of various electronic medical records systems*
- *some clinics are struggling but others have increased productivity*
- *cannot attract good young residents and faculty if modern electronic systems are lacking*
- *contingent funding is important to add more servers and faster computers and to train personnel*
- *security is an issue; ensure email systems are secure as health care providers are communicating with patients*

*Dr. Shine spoke about redundancy of technology (backups), managing the volume of the data, and the efficiency to store data.*

*President Henrich, U. T. Health Science Center – San Antonio*

- *transportability of data in the different electronic systems poses challenges*
- *takes a motivated hospital partner to build new platforms to make the interfaces between different systems work*
- *was interested in electronic health records (EHR) because of finances; were not billing and collecting properly, but clinical safety and effectiveness is just as important*
- *the leading clinician today is seeing fewer patients – productivity issue*
- *physicians enter information into the computer during patient visits*
- *use of EHRs is an expensive path; there's always a patch needed and at a time of fiscal austerity, these are expensive fixes to implement*

*Dr. Shine added that the cost, efficiency issues particularly during the implementation phase, and maintenance are reasons why adoption of these technologies by individual physicians and small groups is slow.*

*President Callender, U. T. Medical Branch – Galveston*

- *looking to extend Electronic Privacy Information Center (EPIC) to improve interfaces between specialist physicians; productivity is increasing to levels seen before implementation of EPIC*
- *most medical devices used are networked into information systems; integrating into EPIC will help physicians and providers*
- *also using MyChart portal; patients can access their own record*
- *clinical protocols are being integrated into EPIC*
- *using Encounter to improve efficiency of access to care and response to patients*
- *looking to better integrate students into using these technology systems*
- *mentioned several collaborations/connectivity with other organizations*

*Dr. Shine said changes in both the reimbursement and delivery systems are needed to change health care costs. Data, perhaps from the technologies mentioned, will be needed to make rational decisions.*

*In reply to a question from Committee Chairman Longoria, Regent Kalkwarf, who is a medical student, said his generation of physicians likes to use technology to improve productivity and to share information to avoid redundancies, reduce costs, and better care for patients. Vice Chairman Longoria asked Regent Kalkwarf to comment on Dr. Henrich's story about the quality of his recent visit with his primary care physician. Regent Kalkwarf said while computers have a place in the doctor's office, patients do not want to lose the face-to-face time with their doctors. He discussed the use of paper versus computers (desktop, iPad) by doctors and said more discussion is needed to determine the proper place of new technologies in medical training. Regent Powell commented on the legibility and organization of what doctors write on patient's charts, and he said his opinion is that entering information on computers is better for the patient.*

*Regent Stillwell asked for clarification on the budget for the National Coordinator for Health Information Technology Initiatives in terms of how much a hospital might receive. Dean Smith explained that the largest percentage will come in terms of incentives to physicians for adopting technologies or for additional payments associated with coming up to meaningful use. A smaller part of the funding is for interoperability standards, research, and setting up regional extension centers. Dr. Shine further discussed the breakdown of the funding and cautioned that*

*much of the money could purchase hardware for doctor's offices that doctors would not know how to use. Dr. Shine noted there is an opportunity for U. T. System health institutions to teach doctors to become good adopters of technologies to improve patient care. Dr. Podolsky and Dr. Callender spoke about the need to adequately budget for information technology (IT) maintenance. Dr. Callender added that there is not a lot of money is trickling down to the local level to support these required efforts.*

*Regent Dannenbaum promoted the computing capabilities at U. T. Austin and suggested U. T. Austin computer specialists might be able to supplement IT staff at the institutions. He also noted Dean Smith holds a Professorship in Entrepreneurship and could be consulted about commercialization of intellectual property.*

*Regent Dannenbaum asked about the possibility of catching a misdiagnosis using these technologies, and Dr. Shine and Dean Smith said that software research is being conducted regarding decision analysis/support and discussions are being held on policies regarding legal liability issues. Vice Chairman Longoria suggested continuing the conversation with a follow-up meeting.*

#### ADJOURNMENT

Committee Chairman Longoria adjourned the meeting at 10:58 a.m.

**EHR Implementation Roadmap for Texas Regional Extension Centers**

	<b>Stage 1</b> Assessment	<b>Stage 2</b> Planning	<b>Stage 3</b> Selection	<b>Stage 4</b> Implementation	<b>Stage 5</b> Evaluation	<b>Stage 6</b> Meaningful Use
<b>Tasks</b>	<ol style="list-style-type: none"> <li>1. Complete Agreement to Participate in REC</li> <li>2. Complete: <ul style="list-style-type: none"> <li>• Practice Readiness Assessment</li> <li>• Practice assessment</li> <li>• Hardware Inventory</li> </ul> </li> <li>3. Complete Process Workflow Assessments</li> <li>4. Provide resource materials as needed (ROI, Quality Improvement, Meaningful Use expectations, ARRA)</li> </ol>	<ol style="list-style-type: none"> <li>1. Review practice data: <ul style="list-style-type: none"> <li>• Practice Readiness Assessment</li> <li>• Practice Assessment</li> </ul> </li> <li>2. Identify and target process improvement opportunities</li> <li>3. Evaluate practice concerns, expectations and opportunities</li> <li>4. Interface requirements</li> <li>5. Begin EHR budget analysis</li> <li>6. Meet with all office staff</li> <li>7. Develop project plan</li> </ol>	<ol style="list-style-type: none"> <li>1. Define EHR system requirements: <ul style="list-style-type: none"> <li>• Review EHR systems requirements</li> <li>• Develop EHR selection process and goals</li> <li>• Evaluate EHR vendors and solutions</li> <li>• Quotes from vendors (hardware and software)</li> </ul> </li> <li>2. Contract Review (REC)</li> </ol>	<ol style="list-style-type: none"> <li>1. Create EHR system implementation plan and monitor timetable of Vendor to include: <ul style="list-style-type: none"> <li>• EHR implementation</li> <li>• Install &amp; configure hardware</li> <li>• Install &amp; configure EHR system software</li> <li>• Begin staff training</li> <li>• System testing</li> <li>• Begin using EHR system</li> </ul> </li> </ol>	<ol style="list-style-type: none"> <li>1. Conduct post implementation review</li> <li>2. Validate, capture and submission of selected clinical performance measures</li> <li>3. Validate eRx and Quality Reporting</li> </ol>	<ol style="list-style-type: none"> <li>1. Meaningful Use</li> <li>2. Begin 90 day clock.</li> </ol>
<b>Deliverables</b>	<ul style="list-style-type: none"> <li>☐ Signed participation agreement</li> <li>☐ Readiness Assessment</li> </ul>	<ul style="list-style-type: none"> <li>☐ Practice Assessment</li> <li>☐ Practice workflows</li> </ul>	<ul style="list-style-type: none"> <li>☐ Determine EHR requirements</li> <li>☐ Select a vendor</li> </ul>	<ul style="list-style-type: none"> <li>☐ Create a vendor Implementation Timeline</li> <li>☐ Set a date to begin using EHR system</li> </ul>		

MINUTES  
U. T. System Board of Regents  
Facilities Planning and Construction Committee  
November 10, 2010

The members of the Facilities Planning and Construction Committee of the Board of Regents of The University of Texas System convened at 4:05 p.m. on Wednesday, November 10, 2010, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Gary, presiding  
Regent Dannenbaum  
Regent Hicks  
Regent Powell

Also present were Chairman McHugh, Vice Chairman Foster, Vice Chairman Longoria (for Items 1-3), Regent Kalkwarf, Regent Pejovich, and General Counsel to the Board Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Gary called the meeting to order. The PowerPoint presentation concerning all items is set forth on Pages 5 - 30.

**1. U. T. System: Fiscal Year 2010 Energy Utility Task Force Report**

***Committee Meeting Information***

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

***Status:*** Reported

**Discussion at meeting:**

*Regent Kalkwarf asked about potential energy trends going forward, and Mr. O'Donnell replied that each advance will be harder, but technology breakthroughs will be advantaged as much as possible. Executive Vice Chancellor Shine added that the proposed centralization of computing to be discussed in the Special Health Affairs Committee meeting on November 11, 2010, might significantly impact utility costs.*

*Regent Dannenbaum asked if the possibility of taking royalties from the University Lands in-kind is reviewed on a regular basis, and Executive Vice Chancellor Kelley responded affirmatively, saying when the product is taken in-kind it is in the form of transportation, for instance, that directly affects the campuses.*

Committee Chairman Gary asked if there are contracts for delivery of gas and other services, and Dr. Kelley responded affirmatively and briefly described how the contracts vary by institution. He noted the assistance provided in this regard from his office and the Office of General Counsel.

2. **U. T. Health Science Center – San Antonio: FY 11 Fire and Life Safety Projects - Amendment of the FY 2011-2016 Capital Improvement Program to increase the total project cost and appropriation of additional funds (Final Board approval)**

**Committee Meeting Information**

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

**Status:** Approved

**Motion:** Made by Regent Dannenbaum, seconded by Regent Powell, and carried unanimously

3. **U. T. Brownsville: Biomedical Research Facility II - Amendment of the FY 2011-2016 Capital Improvement Program to include project (Preliminary Board approval)**

**Committee Meeting Information**

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

**Status:** Deferred

*This item was deferred.*

4. **U. T. San Antonio: East Parking Garage - Approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)**

**Committee Meeting Information**

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

**Status:** Approved

**Motion:** Made by Regent Powell, seconded by Regent Dannenbaum and Regent Hicks, and carried unanimously



5. **U. T. Austin: Geology Building Addition study - Amendment of the FY 2011-2016 Capital Improvement Program (CIP) to redesignate the study as the Geology Building Renovation project; approval to increase the total project cost; approval to revise funding sources; appropriation of funds; remove the Renovation of E. P. Schoch Building project from the CIP; and resolution regarding parity debt (Final Board approval)**

**Committee Meeting Information**

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

**Status:** Approved

**Motion:** Made by Regent Powell, seconded by Regent Hicks, and carried unanimously

6. **U. T. Pan American: Fine Arts Academic and Performance Complex - Amendment of the FY 2011-2016 Capital Improvement Program to revise the scope of the project and approval to redesignate as new construction (Preliminary Board approval)**

**Committee Meeting Information**

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

**Status:** Approved

**Motion:** Made by Regent Powell, seconded by Regent Hicks, and carried unanimously

**Follow-up action:** Initiate some value engineering before design development for a better outcome as recommended by Regent Powell.

**Discussion at meeting:**

*Regent Dannenbaum asked if the performance hall will have a tuned or adjustable ceiling, and Mr. O'Donnell responded yes, as will the recital hall. Regent Powell asked about the estimated cost per square foot, and Mr. O'Donnell asked the architect who said it will be just under \$400/square foot, a lower figure than some other performing arts centers that will be used for wider audiences.*

*Regent Powell said he continues to be concerned at the cost implications in the current economy, and he noted a need to review and reevaluate the standards for such a facility so that it might be built at lower cost. He noted, for instance, that a concrete archway would be cheaper than brick. Mr. O'Donnell said he appreciated the feedback.*

*Chancellor Cigarroa commented that the current schematic addresses some academic components such as classrooms and practice rooms. Regent Gary said there is time before design development to initiate some value engineering for a better outcome as recommended by Regent Powell.*

7. **U. T. Medical Branch – Galveston: Infrastructure - Ike Recovery - Amendment of the FY 2011-2016 Capital Improvement Program to increase total project cost and appropriation of funds and authorization of expenditure (Final Board approval)**

***Committee Meeting Information***

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

***Status:*** Approved

***Motion:*** Made by Regent Powell, seconded by Regent Hicks, and carried unanimously

**Discussion at meeting:**

*In response to a question from Committee Chairman Gary, Mr. O'Donnell said this project is one of four projects included in the \$1.112 billion of Federal Emergency Management Agency (FEMA) funding for Galveston (see Item 7 in the Health Affairs Committee).*

**ADJOURNMENT**

Committee Chairman Gary adjourned the meeting at 4:30 p.m.

# Agenda Items

**Mr. Michael O'Donnell, Associate Vice Chancellor**

U. T. System Board of Regents' Meeting  
Facilities Planning and Construction Committee  
November 2010



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# The University of Texas System

## Fiscal Year 2010 Energy Utility Task Force Report

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# Energy Utility Task Force (EUTF)

- February 2001: The Board of Regents creates EUTF to evaluate and recommend strategies for U. T. System institutions to reduce energy consumption and cost.
- November 2001: The Board of Regents endorsed goals of 5%-10% reduction in energy use per square foot by FY 2006 and 10%-15% reduction by FY 2011.
- 2002: Energy Management Plans were completed by each institution. These plans serve as the road map for accomplishing the objectives of the EUTF.
- 2005: The Governor's Office issued Executive Order RP-49 requiring each State agency to develop a plan for conserving energy and to provide an update to the plan on a quarterly basis. Institution reports are available online in the "Reports to the State of Texas" section of the U. T. System website.

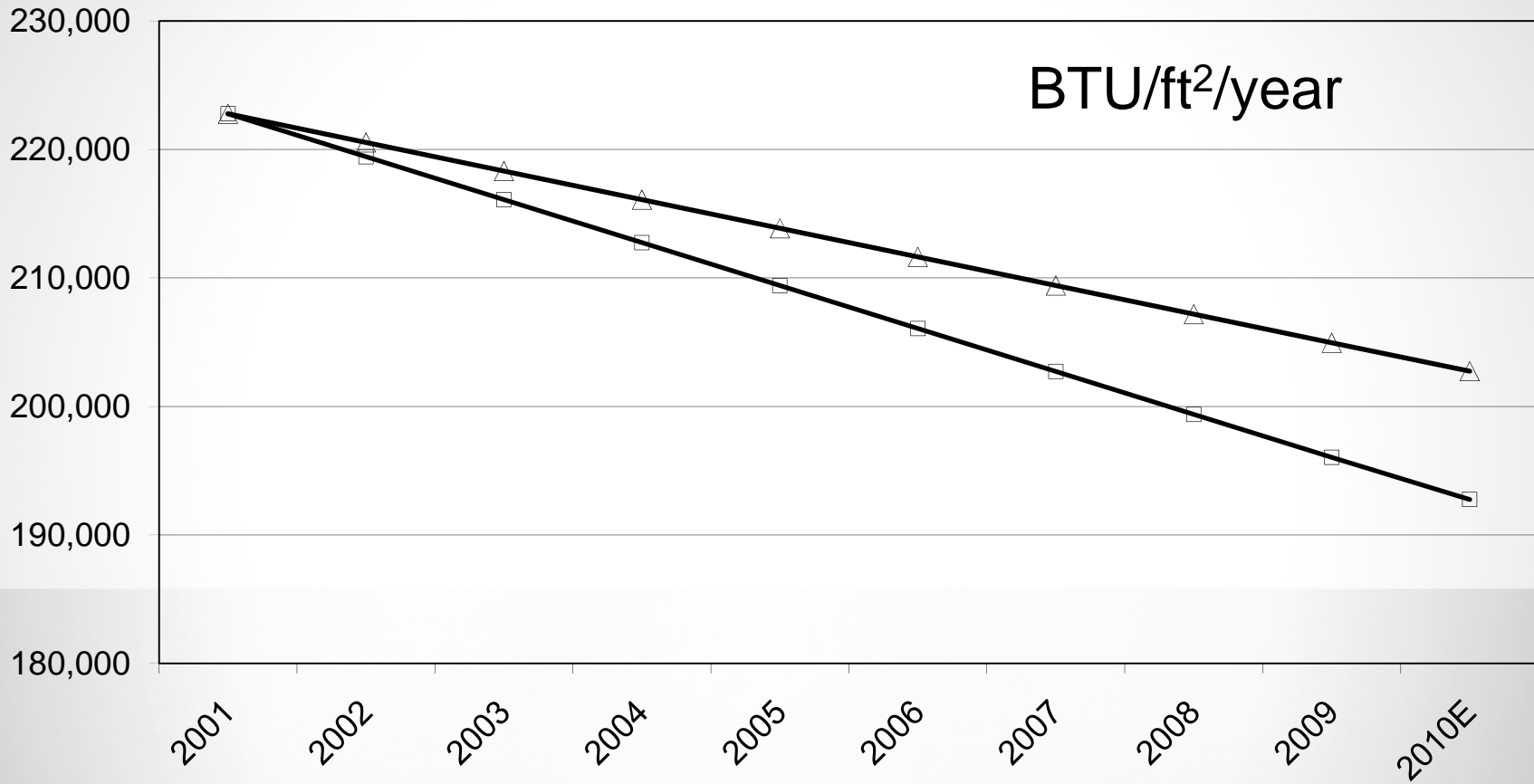


# Improving Energy Efficiency - Examples

- Energy audits and performance contracts
- Improved metering and controls
- Retro-Commissioning of complex building systems
- Lighting and motor retrofits, variable frequency drives
- Building envelope and roof insulation upgrades
- Higher efficiency chiller replacements
- Daylighting of perimeter zones
- Reduced air changes for fume hoods
- Campus energy education programs
- Cooling with unconditioned outside air



# Energy Utilization Index (EUI)

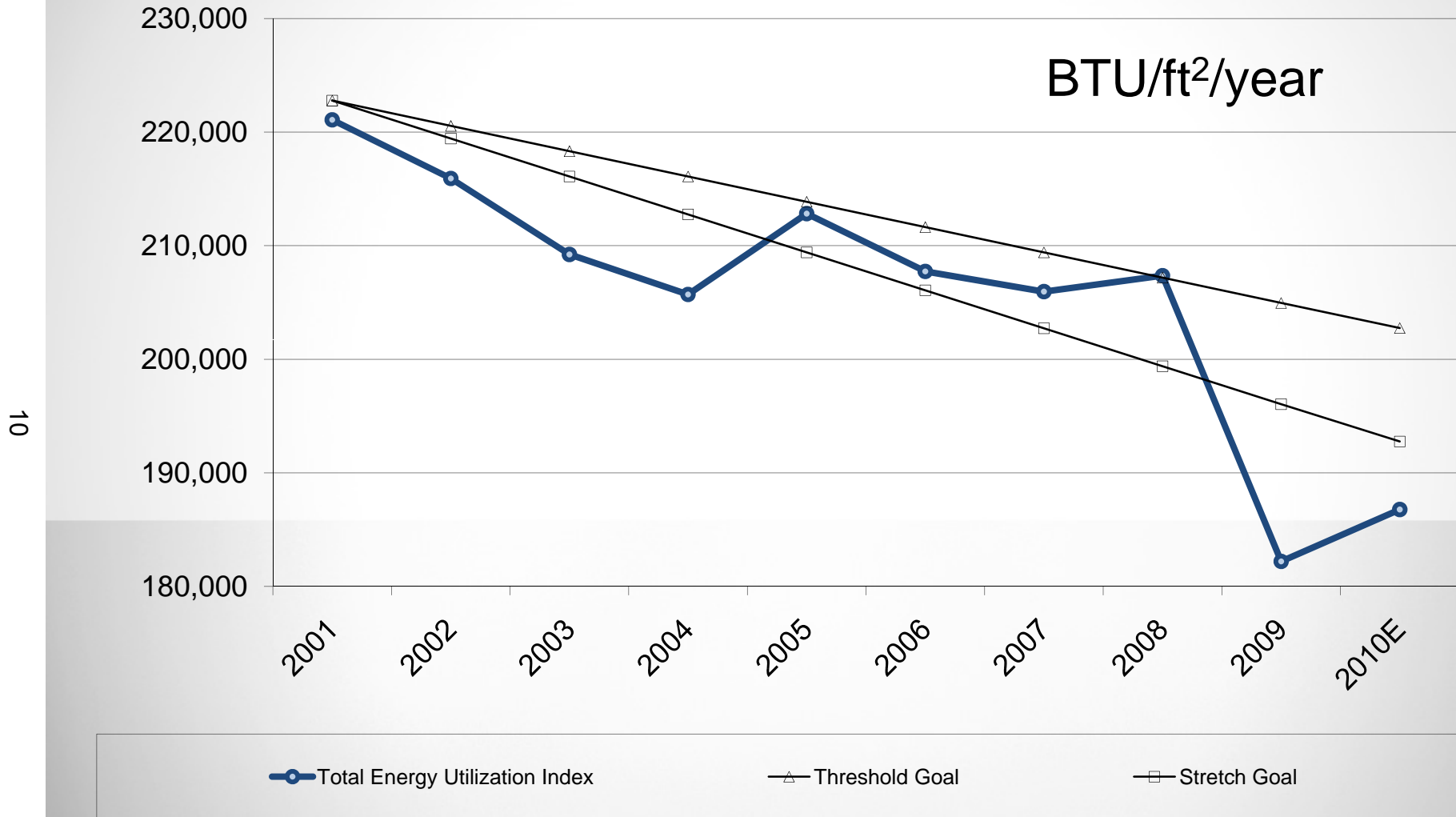


—△— Threshold Goal

—□— Stretch Goal

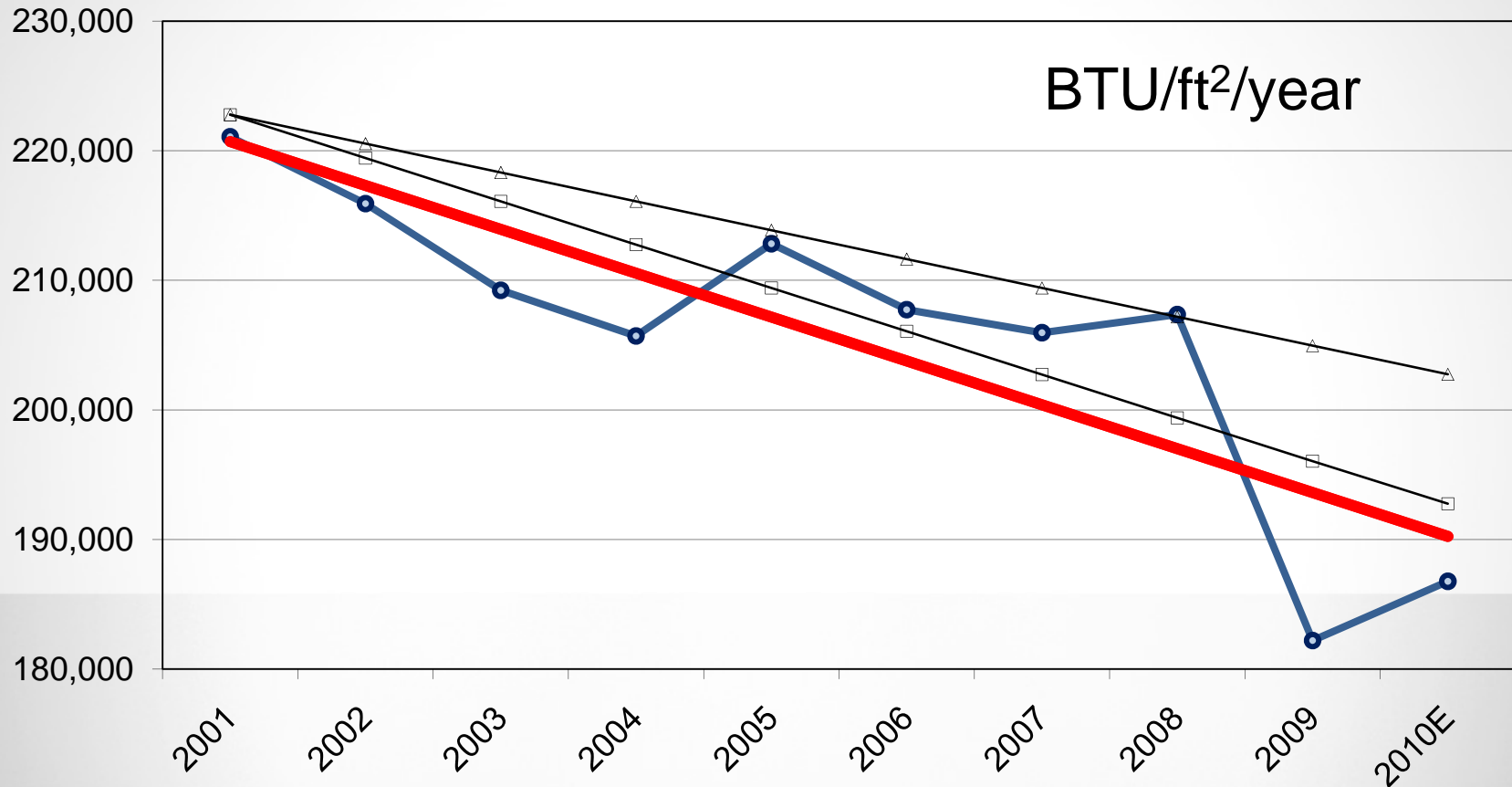


# Energy Utilization Index (EUI)





# Energy Utilization Index (EUI)



● Total Energy Utilization Index    
 ▲ Threshold Goal    
 ◻ Stretch Goal    
 — Linear (Total Energy Utilization Index)



# FY 2010 EUTF Headlines

- Current FY 2010 estimates show a 16% reduction from baseline levels.
- The cumulative reduction in energy consumption per square foot since 2001 has saved U. T. System \$196 million.
- While energy consumption has declined on a per square foot basis since 2001, the cost of energy has increased.
  - Electricity: from \$0.057 to \$0.074/Kwh
  - Natural Gas: from \$5.95 to \$6.55/Mcf
- Total inventory has increased by 49% and includes more high-energy-use space (research, engineering, health care).
- Total Annual Energy Costs have increased from \$149 million to \$251 million.

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## U. T. Health Science Center - San Antonio FY 11 Fire and Life Safety Projects

- Funding of \$1,500,000 from Permanent University Fund Bond Proceeds was approved in August 2010 for FY 2011 fire and life safety projects.
  - The funding will be combined with the previously approved FY 2011 High Priority Fire and Life Safety Projects for a Total Project Cost of \$3,200,000 with funding from Permanent University Fund Bond Proceeds.
- The project includes design and installation of fire protection systems, correction of deficiencies identified by the State Fire Marshal and addressing other priority fire and life safety issues.

Amendment to FY 2011-2016 CIP



# U. T. Brownsville Biomedical Research Facility II

Item Deferred

14



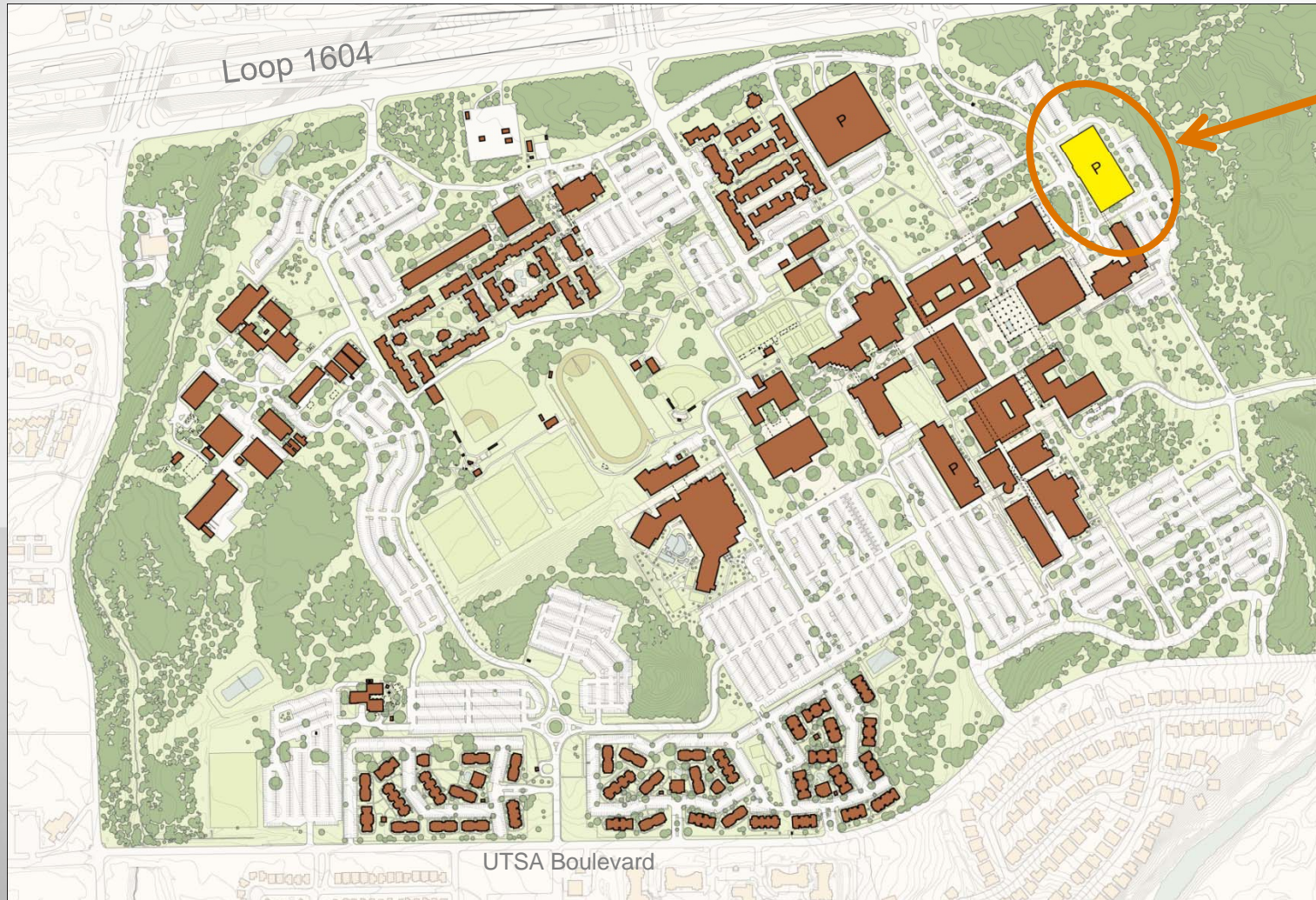
# Consideration of Design Development

- U. T. San Antonio  
East Parking Garage

15



# U. T. San Antonio East Parking Garage



Project  
Location



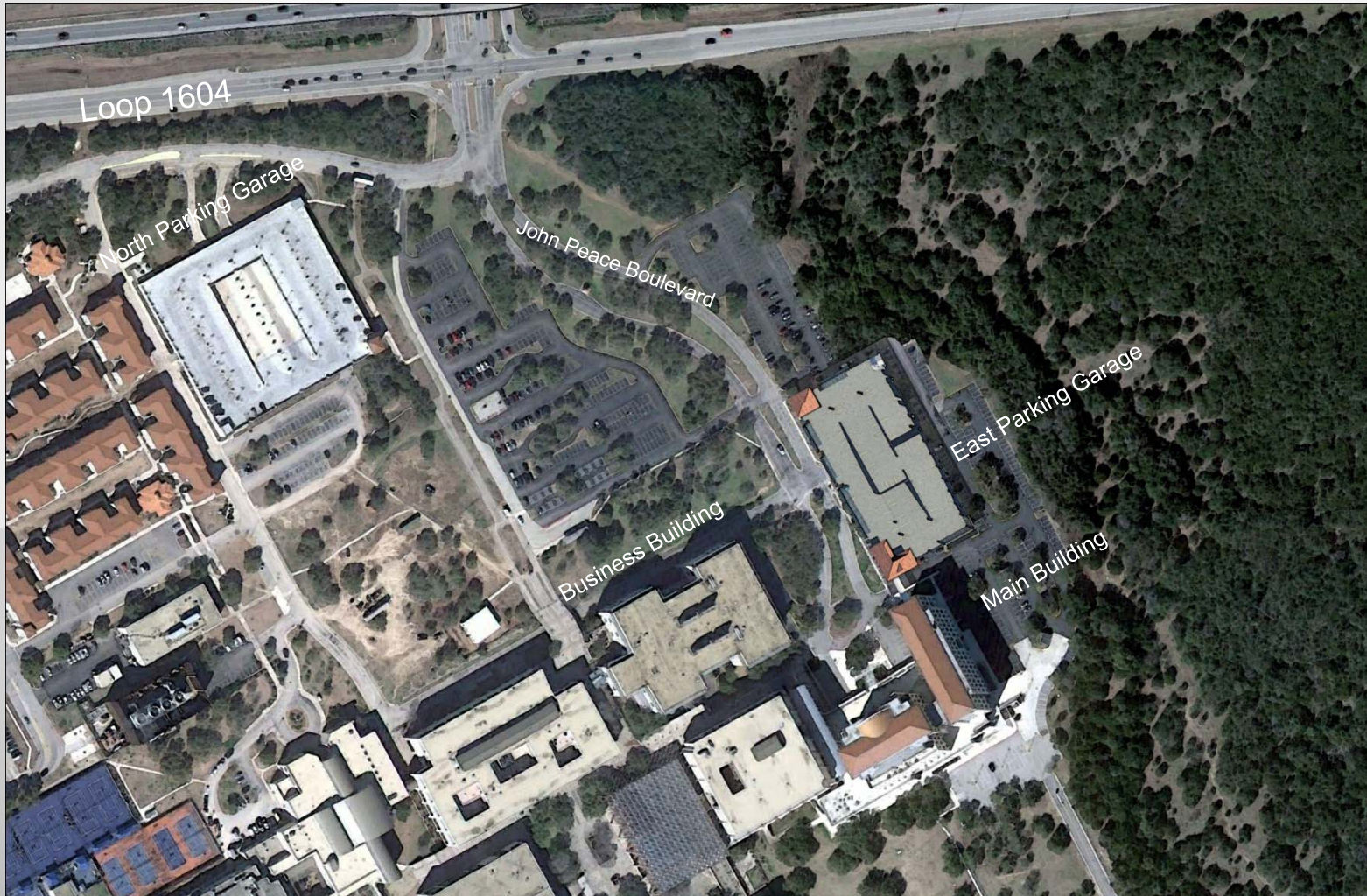
16



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Campus Plan 12

# U. T. San Antonio East Parking Garage



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# U. T. San Antonio East Parking Garage



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**View from the Northwest** 14



# U. T. San Antonio East Parking Garage



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Detail View from the Northwest 15

# U. T. San Antonio

## East Parking Garage

- The Total Project Cost is \$30,000,000 with funding of \$22,000,000 from Revenue Financing System Bond Proceeds and \$8,000,000 from Auxiliary Enterprise Balances.
- Investment Metrics:
  - By 2012
    - Increase number of parking spaces on the Main Campus by a net of approximately 1,200 spaces
    - Increase number of parking spaces without a net increase in the land area consumed by parking, leaving land available for other uses

20



## U. T. Austin Geology Building Addition

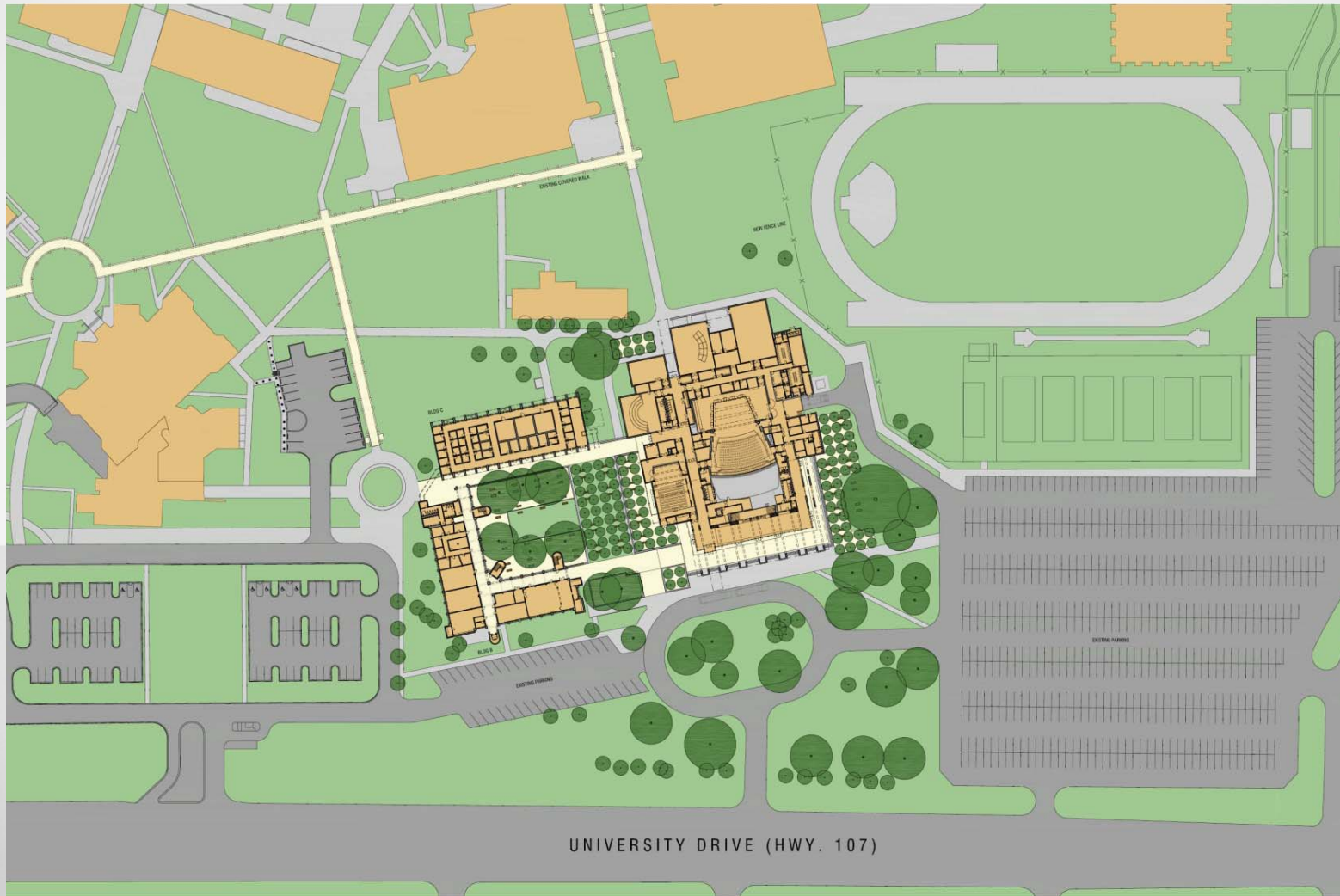
- The Total Project Cost is \$8,100,000 with funding of \$550,500 from Interest on Local Funds, \$1,447,500 from Gifts and \$6,102,000 from Revenue Financing System Bond Proceeds.
- The study will be redesignated as the Geology Building Renovation project.
- The E. P. Schoch Building project, with a Total Project Cost of \$10,000,000 from Revenue Financing System Bond Proceeds, will be removed from the CIP.

Modification to FY 2011-2016 CIP



# U. T. Pan American Project Update

## Fine Arts Academic and Performance Complex

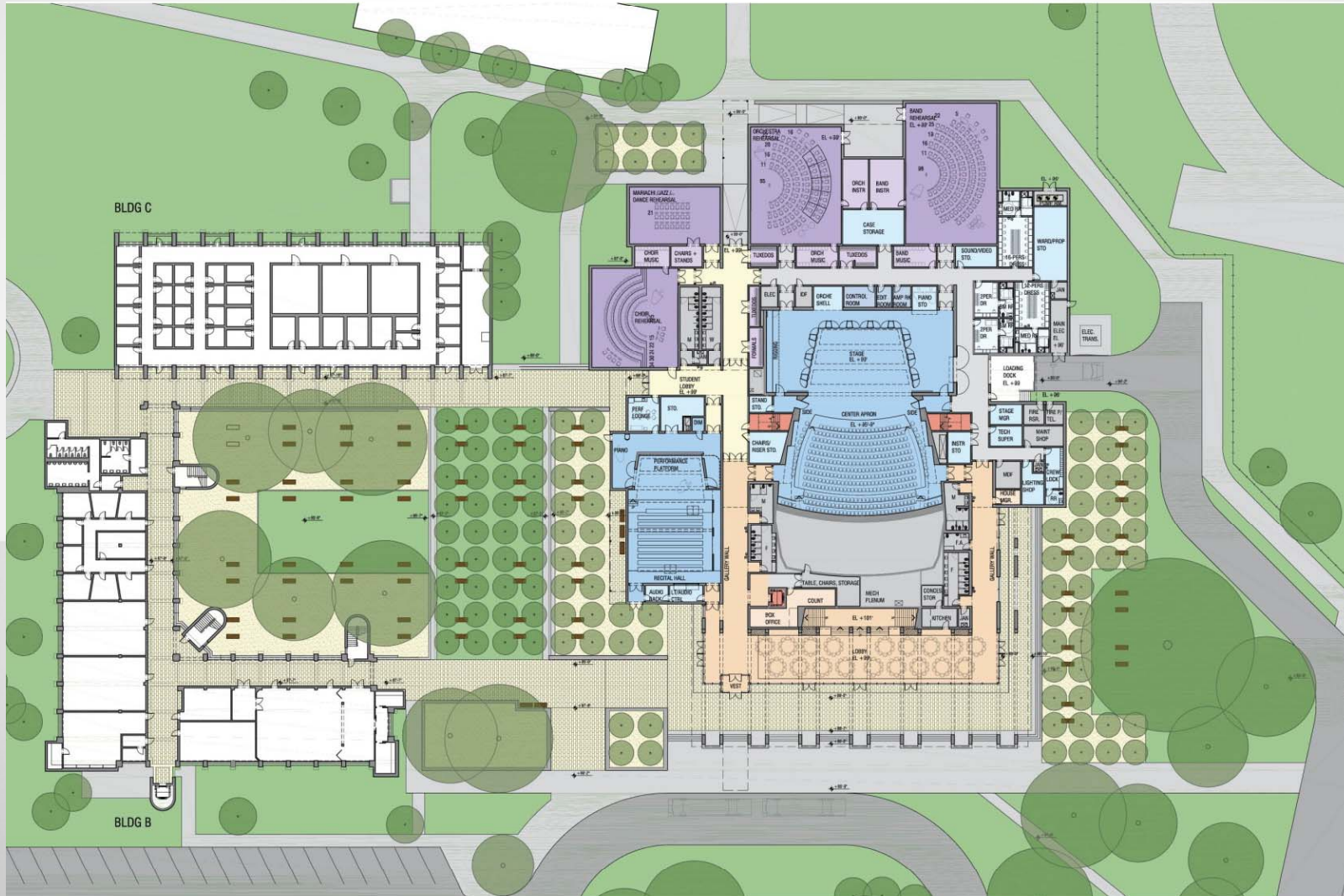


22



# U. T. Pan American Project Update

## Fine Arts Academic and Performance Complex



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# U. T. Pan American Project Update

## Fine Arts Academic and Performance Complex



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**View from the East**

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# U. T. Pan American Project Update

## Fine Arts Academic and Performance Complex



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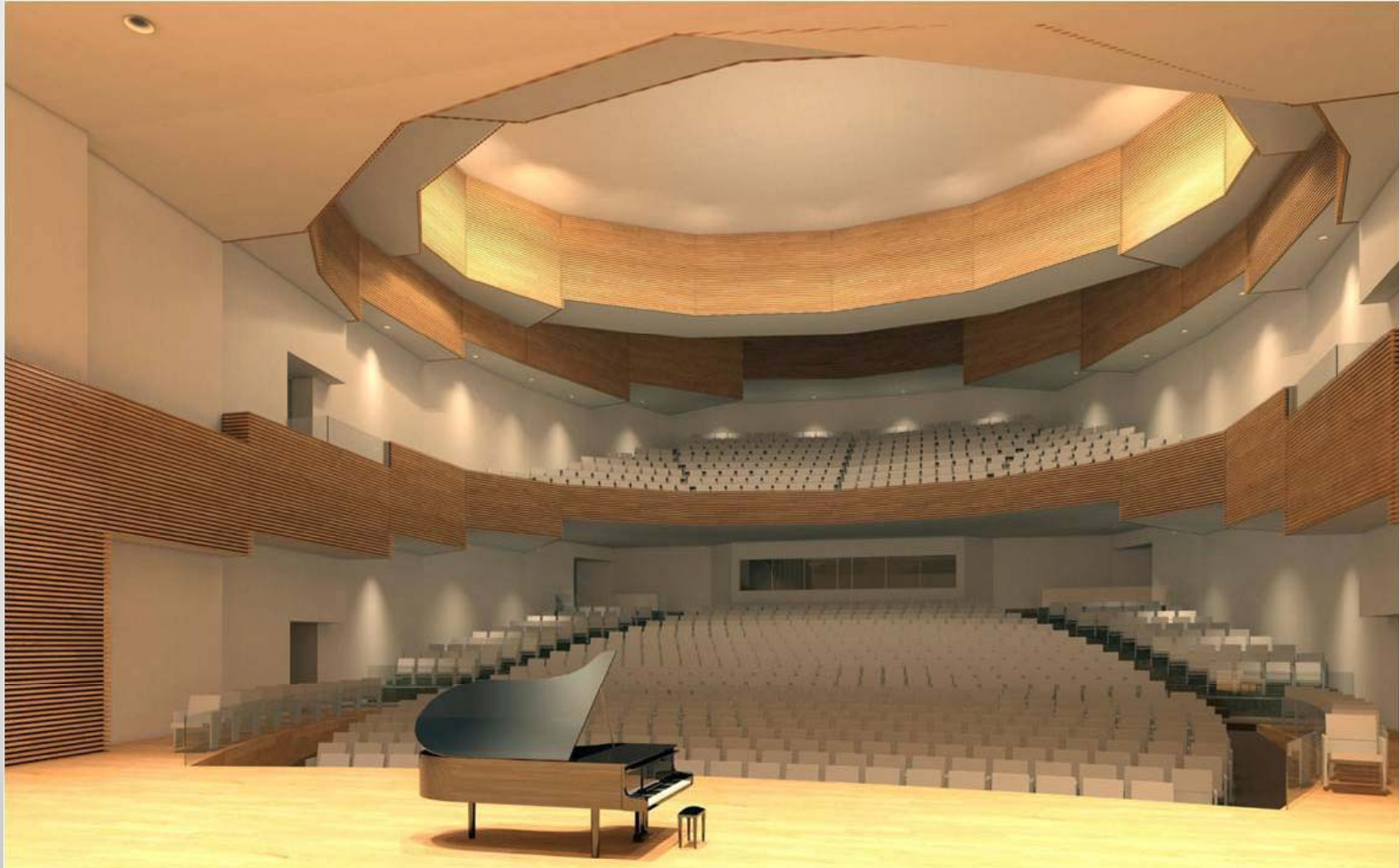
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**View of Main Lobby from the East**

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# U. T. Pan American Project Update

## Fine Arts Academic and Performance Complex



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**View from Main Hall Stage** 22



# U. T. Pan American Project Update

## Fine Arts Academic and Performance Complex



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# U. T. Pan American Fine Arts Academic and Performance Complex

- The Total Project Cost is \$49,745,000 with funding of \$39,796,000 from Tuition Revenue Bond Proceeds, \$7,049,000 from Revenue Financing System Bond Proceeds and \$2,900,000 from Higher Education Assistance Funds.
- The project will be redesignated from a repair and rehabilitation project to new construction.

Modification to FY 2011-2016 CIP



## U. T. Medical Branch – Galveston Infrastructure - Ike Recovery

- The Total Project Cost \$196,714,677 with funding of \$149,204,677 from FEMA, \$32,841,000 from General Revenue and \$14,669,000 from Private Insurance Claims.
- The revised Total Project Cost is the result of FEMA approving the rebuild in-kind estimate and a portion of the mitigated thermal distribution system proposal. The current chilled water and steam/condensate system will be replaced with new chilled water and hot water distribution systems.

Modification to FY 2011-2016 CIP



# U. T. System FY 2011-2016 Capital Improvement Program

FY 2011 Fire and Life Safety Project	\$ 1,500,000
Modifications to the CIP	<u>\$ 48,232,677</u>
Total Change in CIP	\$ 49,732,677

This represents a .6% increase for a total of \$7.9 billion.



MINUTES  
U. T. System Board of Regents  
Student, Faculty, and Staff Campus Life Committee  
November 11, 2010

The members of the Student, Faculty, and Staff Campus Life Committee of the Board of Regents of The University of Texas System convened at 8:32 a.m. on Thursday, November 11, 2010, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Dannenbaum, presiding  
Regent Gary  
Regent Hicks  
Regent Pejovich

Also present were Vice Chairman Foster; Vice Chairman Longoria; Regent Kalkwarf; Regent Powell; Regent Stillwell; Mr. Joel Helmke, Chair, Employee Advisory Council (EAC); Dr. Dan Formanowicz, Chair, Faculty Advisory Council (FAC); Mr. Christof Straub, Chair, Student Advisory Council (SAC); General Counsel to the Board Frederick, and Associate General Counsel to the Board Rabon.

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

**U. T. System: Annual Meeting with Officers of the U. T. System  
Employee Advisory Council**

***Committee Meeting Information***

***Presenter(s):*** Mr. Joel Helmke, Chair, Employee Advisory Council (EAC)

***Status:*** Reported

***Follow-up actions:***

1. *Since U. T. Health Science Center – Houston has a significant public health component, Regent Dannenbaum asked that Dr. Kaiser receive the Council's report.*
2. *Regarding sharing of health information resources, Dr. Shine said Mr. Dan Stewart, Associate Vice Chancellor for Employee Benefits and Services, has offered to work with a task force composed of representatives of the health institutions to review the capacity of those institutions to provide benefits to employees. He proposed that same group could address some of the health-related recommendations proposed by the EAC.*

## **Discussion at meeting:**

### Recruitment and Retention Committee

Recommendation: This committee also recommends increased investment in tuition reimbursement and certificate programs, which encourage employees to develop skills that are in high demand and provide value to the organization.

*Regent Hicks asked about tuition reimbursement and certificate programs, and Mr. Helmke provided examples of such programs that exist at the U. T. System institutions, such as reimbursements for certifications in specific job fields and mentoring programs.*

### Policy and Procedure Committee

Recommendation: The committee recommends that if feasible, the evaluation process for an employee requesting access to extended sick leave benefits should include review by a licensed clinician.

*Regent Kalkwarf asked about the recommendation concerning review by a clinician of extended sick leave benefits. Mr. Helmke responded that the Council felt there needs to be a clinical review of the request.*

Recommendation: In order to support the professional development of employees, the committee recommends that every effort be made to complete annual evaluations on time, including steps to ensure compliance of next level managers in completing the process in the specified timeframe. This group recommends consideration be given to incorporating performance appraisal tools into the process such as 360-degree feedback from peers, customers, and subordinates. The committee also recommends migrating from paper to an electronic format as resources allow.

*Regent Kalkwarf asked about ways to improve procedures for annual performance evaluations. Mr. Helmke said each U. T. System institution has a policy that each employee should be evaluated on an annual basis, and while most institutions are on an electronic system and work hard at maintaining annual evaluation cycles, there are not always consequences for managers who do not perform that task.*

### Worklife Committee

Recommendation: The Worklife Committee recommends that in recognition of the graying demographic profile of our nation and the growing care issues experienced by employees now caring for elderly parents, elder care support be explored by each campus as resources allow.

*Regent Gary asked about the arrangements proposed for elder care. Mr. Helmke responded by saying there are companies that provide drop-in care services for elderly people, and he suggested employees might be granted up to 10 days a year for drop-in care. He remarked on colleagues that are caring both for children and elderly family members, and Regent Gary acknowledged this will be a growing trend. Regent Gary asked if any U. T. System institution has an adult day care facility, and Mr. Helmke responded negatively, adding that child care is not uniformly made available across the U. T. System; there is a wide variety of investments made in these kinds of benefits across the U. T. System institutions.*

*In response to questions from Regent Stillwell, Mr. Helmke discussed weekly programs for elderly family members and authorized time off for employees to provide elder care. Regent Stillwell noted that flexible work schedules would also help employees in this regard.*

### Wellness Committee

Recommendation: Recognizing the tremendous expertise of our medical institutions and public health programs, the committee also recommends greater sharing of health information resources across all of the U. T. institutions, to include health messaging on topics such as reducing cancer risk, improving cardiovascular health, and dealing with stress.

*Regarding sharing of health information resources, Executive Vice Chancellor Shine said Mr. Dan Stewart, Associate Vice Chancellor for Employee Benefits and Services, has offered to work with a task force composed of representatives of the health institutions to review the capacity of those institutions to provide benefits to employees. He proposed that same group could address some of the recommendations proposed by the EAC. Mr. Helmke stated that some messaging is being done but suggested broadening the initiative. Since U. T. Health Science Center – Houston has a significant public health component, Committee Chairman Dannenbaum suggested President Kaiser receive the Council's report.*

Recommendation: The committee recommends that U. T. System institutions develop guidelines to provide direction and support to managers interested in offering employees with added flexibility to meet their many obligations at home and the workplace. Successful practices identified in the survey include support for flexible work schedules, such as working a 7-4 schedule to avoid rush hour commutes; alternative work schedules, such as working a compressed 40-hour schedule in a 4-day workweek; or exploring opportunities for telecommuting when appropriate for the role.

*Mr. Helmke said alternative work hours are popular and help with retention of employees. He noted the policies and procedures for some institutions could be shared with other institutions that have not ventured into this area.*

*Committee Chairman Dannenbaum asked President Powers, U. T. Austin, for comments. President Powers commented on the need to prioritize interests in light of limited resources and noted the importance for the University administration to work with staff and faculty on these matters. He remarked that drop-in centers for child care or for the elderly are regulated and are expensive. President Podolsky, U. T. Southwestern Medical Center – Dallas, said the Council's suggestions are meritorious and have been considered, but there have been logistical or prioritization issues. He said the matter of telecommuting, for instance, can be an issue of responsibility and equity, to which Mr. Helmke acknowledged the privilege is not reasonable for every position but is a benefit that could be expanded in certain job families at U. T. System institutions.*

*Committee Chairman Dannenbaum asked for legal expertise from President Powers and Vice Chancellor Burgdorf regarding these equity and fairness issues. President Powers said U. T. Austin uses flexible work schedules and telecommuting, and he is not aware of any Regental Rules or Handbook of Operating Procedure that would*

*not permit this. Committee Chairman Dannenbaum asked if there are any federal regulations, such as federal labor laws, that prohibit alternative work schedules or telecommuting if not available to all employees, and President Powers responded there were none.*

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*Committee Chairman Dannenbaum stated that Ms. Zenobia Joseph requested to address the Committee on the matter of annual performance evaluations and professional development of U. T. System and institutional staff. Following an attempt to discuss matters related to her enrollment as a student at U. T. Austin and a warning by General Counsel Frederick that these matters were not to be the subject of discussion as agreed to earlier by Ms. Joseph, Ms. Joseph spoke about incentivizing employees and recommended considering the impact employees have on students and the rights of students. In terms of professional development, Ms. Joseph asked that consideration be given to virtual learning, such as virtual schooling given by the general counsel so that employees would be aware of their impact on students and of student rights. She said she supports the recommendation of the EAC's Policy and Procedure Committee to incorporate performance tools in the evaluation process such as 360-degree feedback from peers and customers. She recommended that an opportunity be included in the appraisal system for students to provide positive as well as adverse feedback and recommendations. She proposed that customer feedback be weighted or given a higher percentage in the overall performance of employees. Ms. Frederick stated she would provide Ms. Joseph's written information to the Board.*

## ADJOURNMENT

Committee Chairman Dannenbaum adjourned the meeting at 9:05 a.m.