

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

August 9-10, 2006

Austin, Texas

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/s/ Francie A. Frederick
General Counsel to the Board
October 30, 2006

MINUTES
U. T. System Board of Regents
Audit, Compliance, and Management Review Committee
August 9, 2006

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, August 9, 2006, in the Rio Grande Ballroom of the E.H. Hereford University Center, The University of Texas at Arlington, 300 West First Street, Arlington, Texas, with the following participation:

Attendance

Vice Chairman Krier, presiding
Regent Craven
Regent Rowling

Absent

Committee Chairman Estrada
Vice Chairman Clements

Also present were Chairman Huffines, Regent Barnhill, Regent Caven, Regent Haley, Regent McHugh, and Counsel and Secretary Frederick.

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

She commended Mr. J. Michael Peppers, Executive Director for Internal Audit at U. T. M. D. Anderson Cancer Center, for his work on the Executive Conference Committee as the Program Committee Chairman for the Institute of Internal Auditors' International Conference that was held in Houston in June 2006. Additionally, in May 2006, Mr. Peppers was appointed to a three-year term on the Institute of Internal Auditors' Internal Auditing Standards Board.

Vice Chairman Krier also recognized Ms. Toni Messer, Director of Audit and Compliance at U. T. Dallas, for her receipt of the Aaron Saylor Memorial Award for Outstanding Contribution from the Dallas Chapter of the Institute of Internal Auditors (IIA). This award is presented annually to an individual who has made significant contributions to the internal audit profession.

Regent Krier also recognized Ms. Kathryn Kapka, Director of Internal Audit at U. T. Tyler, who was recently appointed to the Professional Standards Committee of the Texas Society of Certified Public Accountants. This Committee reviews exposure drafts of standards and provides comments to the Texas Society of Certified Public Accountants' Executive Committee and the American Institute of Certified Public Accountants. Ms. Kapka also serves as the Treasurer of the East Texas Chapter of the Texas Society of Certified Public Accountants.

Only Ms. Messer was in attendance at the meeting.

1. U. T. System: Report on the status of the Fiscal Year 2006 U. T. System Financial Statements Audit

Committee Meeting Information

Presenter(s): Mr. Rodney Lenfant, Lead Engagement Partner, Deloitte & Touche LLP; Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer

Status: Reported

Discussion at meeting:

Mr. Chaffin introduced Mr. Rodney Lenfant, who presented the Client Service Plan for the U. T. System financial statements audit. Mr. Lenfant reviewed feedback heard last year including that Deloitte & Touche LLP was not visible on each campus. He said this year a concerted effort will be made to visit each and every campus. Another concern voiced was the need to continue to add value.

Mr. Lenfant said the Client Service Team will provide continuity of their talented professionals and he introduced Ms. Michele Strain, Lead Senior Manager.

Mr. Lenfant touched on some key risk areas including contributions, grants and contracts, derivative financial instruments, and information technology. With respect to derivative financial instruments, he said UTIMCO has hedge funds and alternative investments audited by Ernst & Young and Deloitte & Touche reviews Ernst & Young's working papers to understand the magnitude and complexity of those instruments. He said Deloitte & Touche specialists have the depth and breadth to test the existence and valuation of each of the securities within the portfolio. Finally, Mr. Lenfant talked about compliance with billing and regulations at the health institutions and he said discussions will be held with each health institution to be sure they measure up from a best practice standpoint.

Mr. Lenfant mentioned that the institutions that Deloitte & Touche will be primarily responsible for are U. T. System Administration, U. T. Austin, U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center – Dallas, U. T. Medical Branch – Galveston, U. T. Health Science Center – San Antonio, and U. T. Health Science Center – Houston. The firm will also be taking primary responsibility for U. T. El Paso and U. T. Pan American to broaden their experience around the U. T. System. The U. T. System Audit Office will be responsible for the remaining institutions.

Regent Rowling asked if deferred liability for pension was required to be recorded this year and Mr. Lenfant responded it would start in 2008. Mr. Rowling asked about the amounts and Mr. Lenfant said information is being gathered, they had met with Associate Vice Chancellor – Controller and Chief Budget Officer Randy Wallace, and they would continue to monitor the calculations.

Chancellor Yudof mentioned that Navigant Consultants had been retained for two institutions and that they have extensive reports on accounts receivable and other financial information. Also, work has been done in the area of research compliance by Mr. Richard St. Onge, Assistant Vice Chancellor for Health Affairs at U. T. System. Chancellor Yudof suggested Deloitte & Touche take this research into account when developing the audit plan. Mr. Lenfant said he was aware of both efforts.

Vice Chairman Krier had a question about medical billing and whether Deloitte & Touche had any idea whether more would be recouped than had been billed for in the past. Mr. Lenfant stated that they are still in the early phase of that review. Regent Krier asked for a timeline when that would be available to the health institutions and Mr. Lenfant said he hopes to conclude by September before final fieldwork is complete. Vice Chairman Krier said this would be good timing.

2. U. T. System: Update on the Information Security Compliance Initiatives

Committee Meeting Information

Presenter(s): Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer; Ms. Tonya M. Brown, Vice Chancellor for Administration; Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs

Status: Reported

Discussion at meeting:

Mr. Chaffin stated that steps are being taken to implement the Information Technology Security Action Plan, starting with accountability. There will be someone centrally located within U. T. System with responsibility to ensure that there are IT security programs throughout the U. T. System institutions. This person's responsibility will be to oversee the IT security functions System-wide and there will be IT security specialists at each institution who will report to their administration, but who will also have a reporting relationship to a person currently called an "IT Security Czar." Mr. Chaffin said technology has been way ahead of the U. T. System's ability to manage this basic dilemma and concerns that need to be addressed include mainframe systems that use social security numbers as the identifier legacy systems that are still available but not being used, and tens of thousands of personal computers that may or may not contain personal information. A risk assessment will be conducted to decide which areas are the most vulnerable and a systematic process will be implemented to address risks. A monitoring process will be set up to ensure that accomplishments are met and to be able to give positive assurance that this difficult situation is being addressed. This project has full support from the chief information officers and there has been communication with the presidents and chief business officers and the problem and challenge has been recognized. He said some redirection of funding will be required. Certain systems will have to be remediated and new systems will have to be built looking into the future.

Vice Chairman Krier asked about a timeline for a report to the Board indicating that there is more security in place to protect this information, and Mr. Chaffin stated the position of a "Czar" has been posted and he predicted it will be spring before any positive information regarding reasonable progress can be had. Mr. Chaffin cautioned the Board that absolute assurance of IT security cannot be given; one can only try to stay ahead of the game.

Regent Haley asked if there was anything that could be done before the spring to help get social security numbers removed from the systems and Mr. Chaffin responded this specific project has been in progress for a couple of years and is close to being completed. He mentioned social security numbers are still required for payroll, for example. Vice Chairman Krier asked for a timeline and Vice Chancellor Brown said campuses are supposed to be able to report that the project has been completed by September 2007. Vice Chairman Krier asked this continue to be a priority.

Executive Vice Chancellor Kelley commented that significant progress has been made and he mentioned the initiative of consolidating three Business Procedures Memoranda (BPMs) that were issued and in need of updating, including BPM 53 (Information Resources Use and Security Policy), BPM 66 (Protecting the Confidentiality of Social Security Numbers), and BPM 75 (Protecting the Confidentiality and Integrity of Digital Research Data). The new BPM will clearly delineate and define the responsibilities of the various parties on campuses, including the chief information officer, chief information security officer, president, and U. T. System staff. He said the BPM will also provide greater clarity in terms of hardware/software, various applications, and to build upon what has already been done in the areas of social security, research data, and other areas that need to be protected. He stated this is something that will continually need to be monitored but 100% security cannot be achieved. Vice Chancellor Brown followed up by stating that progress has been made on computer security. Spending on computer security has increased an average of over 20% in the last few years with some campuses reporting an increase in spending of up to 50%. She further stated that the environment need to be flexible and nimble but most importantly, it needs to be proactive to adapt to the challenges that occur. This is an ongoing initiative and campuses need to recognize that this is part of the new business protocol and money will need to be spent but the Action Plan will introduce the discipline and systemic improvements that are necessary.

Vice Chairman Krier recognized that there were representatives from all the institutions present and she hoped that they are asking themselves what progress is being made on their campuses and suggested they meet with their IT officers for an update to ensure progress is being made. She reminded the institutions of U. T. System's resources if they needed additional assistance.

3. U. T. System Board of Regents: Approve proposed appointment of members to the Audit and Ethics Committee of The University of Texas Investment Management Company (UTIMCO)

Committee Meeting Information

Presenter(s): Mr. Bob Boldt, President, Chief Executive Officer, and Chief Investment Officer of UTIMCO

Status: Approved

Motion: Made by Regent Craven, seconded by Acting Committee Chairman Krier, and unanimously approved

Note: Regent McHugh and Regent Rowling were recorded as abstaining from vote.

4. U. T. System: Report on the System-wide Internal Audit Activity

Committee Meeting Information

Presenter(s): Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer; Ms. Jennifer Chapman, Executive Director of Assurance Services at U. T. Arlington; Mr. Ken Schroeder, Director of Audit at U. T. Arlington

Status: Reported

Discussion at meeting:

Mr. Chaffin introduced Mr. Ken Schroeder who reported on the status of the peer review performed at U. T. Arlington. The activities of the Internal Audit department generally complied with the Internal Audit standards i.e., there are no areas in which Internal Audit does not conform to the standards of professional practice of Internal Audit.

There were a number of recommendations and suggestions for improvement including, under the category of departmental staffing and organization, the need for the internal audit function and the institutional audit compliance to be separated and support for an information technology position in the Internal Audit department.

There were also a number of auditing tools and resource recommendations made including enhancing staff member's development and training in higher education, information technology and audit software, improving the effectiveness of developing an audit finding by use of a formal template to document and clearly identify elements of the finding such as cause and effect, recommendation and benefits, and to fill a vacant staff position with someone who has an information technology background and experience.

Under the category of reporting, recommendations were made to evaluate the reporting process to reduce the number of days between fieldwork completion and actual report issuance.

In the follow-up area, recommendations were made to improve policy in development of risk assessments and related audit plans and communicating expectations with the audit staff.

Mr. Schroeder summarized by saying these recommendations have been taken seriously and most have already been implemented or are in the process of being implemented.

Vice Chairman Krier asked when the recommendations were presented and Mr. Schroeder answered the first part of July. Vice Chairman Krier commented that was fast implementation and it was encouraging to see that type of responsiveness. Mr. Schroeder said the big challenge will be filling the vacant position. Mr. Chaffin responded that a national survey was being conducted to see what the premium is for IT-type auditors and, while the expertise is out there, unfortunately it will cost 10-25% over a normal basic auditor.

Vice Chairman Krier mentioned Ms. Toni Messer's involvement with students at U. T. Dallas indicating that the more the internal auditing teams can be involved to provide feedback on the market to the schools that are educating those students, the better for the institutions and for the students.

5. U. T. System: Report on the System-wide Institutional Compliance Program Activity

Committee Meeting Information

Presenter(s): Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer
Status: Reported

Discussion at meeting:

Mr. Chaffin stated that work is still being done in the research area of time and effort. Two peer reviews have been done on the compliance program; one at U. T. Medical Branch - Galveston was conducted in the spring and many of the recommendations from that peer review have already been implemented. He said the peer review of the compliance program at U. T. Austin was just completed. The Compliance Peer Review team found there are strong compliance programs throughout U. T. Austin but some work is needed on the central compliance function. U. T. Austin has posted a position and is actively recruiting a compliance officer who will be able to dedicate 100% of his/her time to that. Previously, that position has been held by someone who did compliance part-time and is also an attorney for U. T. Austin. He said President Powers is a strong supporter of compliance and the recommendations have been taken seriously and are being implemented.

RECESS TO EXECUTIVE SESSION

At 9:45 a.m., the Committee recessed to Executive Session pursuant to *Texas Government Code* Section 551.074 to consider the matter listed on the Executive Session agenda as follows:

Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – *Texas Government Code* Section 551.074

U. T. System: Discussion with institutional auditors and compliance officers concerning evaluation and duties of individual System and institutional employees involved in internal audit and compliance functions

RECONVENE IN OPEN SESSION

The Executive Session ended at 10:00 a.m., and the Committee reconvened in Open Session to adjourn. No action was taken on the item discussed in Executive Session.

ADJOURNMENT

Acting Committee Chairman Krier announced that the purpose for which this meeting was called had been completed, and the meeting was duly adjourned at 10:00 a.m.

MINUTES
U. T. System Board of Regents
Finance and Planning Committee
August 9, 2006

The members of the Finance and Planning Committee of the Board of Regents of The University of Texas System convened at 10:07 a.m. on Wednesday, August 9, 2006, in the Rio Grande Ballroom, E.H. Hereford University Center, The University of Texas at Arlington, 300 West First Street, Arlington, Texas, with the following participation:

Attendance

Regent Rowling, presiding
Vice Chairman Krier
Regent Barnhill
Regent Caven
Regent McHugh

Also present were Chairman Huffines, Vice Chairman Clements (for Items 2-9), Regent Craven, Regent Haley, and Counsel and Secretary Frederick.

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

1. **U. T. System: Discussion and appropriate action related to approval of Docket No. 127**

Committee Meeting Information

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

Discussion at meeting:

Committee Chairman Rowling said the Docket item was for consideration and approval at the Board meeting tomorrow (August 10) but was posted for discussion, if necessary, today (August 9). He noted a change in the Docket concerning the employment agreement for Mr. D. DeLoss Dodds, Director of Men's Athletics at U. T. Austin. Mr. Rowling said one of the elements of compensation for Mr. Dodds is an annuity of \$750,000, after taxes, to be paid in the fiscal year following August 31, 2011, contingent on the completion of several goals.

Regent Rowling said the Docket currently states that if employment for Mr. Dodds as Athletic Director ends prior to August 31, 2011, due to his death or disability, the annuity payment shall be prorated at the rate of \$150,000, after taxes, per fiscal year or portion of the fiscal year served. Regent Rowling said one change to the recommendation is a request to allow Mr. Dodds' estate to be paid immediately or to elect to allow his estate to receive the regular annuity payment in the fiscal year after

August 31, 2011. Mr. Rowling said another change in the agreement is that if employment for Mr. Dodds as Athletic Director ends prior to August 31, 2011, due to mutual agreement for reasons other than cause, and the other conditions for the annuity have been substantially completed, the annuity payment shall be prorated at the rate of \$150,000, after taxes, per fiscal year or portion of a fiscal year served and will be paid after August 31, 2011.

See Pages 8 - 10 for revised Docket pages approved on August 10.

2. U. T. System: Approval of Shared Services Initiative

Committee Meeting Information

Presenter(s): Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs; Ms. Tami Perriello, Managing Director, Higher Education Practice, BearingPoint, Inc.; Mr. John Wheat, Senior Manager, Texas Higher Education Practice, BearingPoint, Inc.

Status: Discussed; action deferred to a future meeting

Future Actions:

1. Per request from Regent Barnhill, provide specific data for Arlington and/or Houston on overall savings on data centers.
2. Taper remarks in Agenda materials on voluntary participation in Shared Services Initiative; suggest be more directive on participation if implementation is successful.
3. Per Regent Rowling, develop cost of the whole shared services project and bring back the entire plan in October.

Discussion at meeting:

Committee Chairman Rowling said this item would be considered for discussion only. Action would be deferred to a future meeting.

Executive Vice Chancellor Kelley introduced Ms. Tami Perriello and Mr. John Wheat for a PowerPoint presentation.

Vice Chairman Krier asked for a definition of "bicameral" and Dr. Kelley explained it is creation of a governing committee in which every institution has an equal vote and a steering committee in which the votes are based on usage. He said "bicameral" was not really a good term to describe the structure since the committees are not side-by-side.

Regent Barnhill asked if there was a good estimate of potential overall savings and Executive Vice Chancellor Kelley said the student information system project is at least one-third less in terms of opportunity cost and ongoing operations. Dr. Kelley said he would gather specific data for Arlington and/or Houston on the data centers once the number of participating campuses is determined and he will report back to the Committee.

Vice Chairman Krier noted there was no mandate for campuses to participate in the initiative and asked if Dr. Kelley knew of any campuses not interested in participating.

She also asked whether the initiative allowed for other campus solutions. Executive Vice Chancellor Kelley responded that all of the initial responses have been positive. He said although initial participation in the initiative is voluntary, there may be more of a directive on participation if implementation is successful.

Committee Chairman Rowling expressed concern with not having the full picture although he said he is supportive of the initiative. He said the \$11.9 million is the smallest part of the initiative and asked that the entire shared services plan, including cost, be developed and brought back in October. Dr. Kelley agreed the cost would be significant, but said there are possible ways to mitigate some of the costs such as using existing space rather than building a new data center. He noted the \$11.9 million portion of the initiative would still be a cost-effective alternative for the U. T. System since U. T. Dallas alone would need almost that much to build its own student information system. Executive Vice Chancellor Kelley said the big picture will be outlined at the October Board meeting.

3. U. T. System: Key Financial Indicators Report and Monthly Financial Report

Committee Meeting Information

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

Status: Reported

Future Actions:

1. Mr. Philip R. Aldridge, Associate Vice Chancellor for Finance, will provide a report to the Finance and Planning Committee in November 2006 that will include energy utilization for Fiscal Year 2005-06 and compare it to the prior 10 years in terms of utilization and cost per square foot.
2. Per request from Regent Haley, provide information on what other campuses are doing to reduce energy costs.

Discussion at meeting:

Regent Haley asked if Executive Vice Chancellor Kelley was leading a System-wide discussion on how to purchase utilities in the future and Dr. Kelley responded that Mr. Aldridge has done extensive work on utilization, conservation, and creative ways for joint purchasing. Executive Vice Chancellor Kelley said because most utility companies are regionally based, it is difficult to purchase a contract to serve the entire U. T. System. He said some campuses have been effective in creating partnerships.

Mr. Aldridge noted he would provide a report to the Finance and Planning Committee in November 2006 that will include energy utilization for Fiscal Year 2005-06 and compare it to the prior 10 years in terms of utilization and cost per square foot. He said many of the institutions are taking steps to reduce energy costs, but he will continue to explore ways to reduce costs on a System-wide basis. Regent Haley said he would like to know more about what the other campuses are doing.

Interim Executive Vice Chancellor for Academic Affairs Geri Malandra said energy savings is included as an accountability performance measure. She said progress has been made in energy savings over the last 10 years through an accumulation of individual campus efforts.

4. U. T. System: Approval to exceed the full-time equivalent limitation on employees paid from appropriated funds

Committee Meeting Information

Presenter(s): Mr. Randy Wallace, Associate Vice Chancellor - Controller and Chief Budget Officer
Status: Approved with the understanding of staff involvement by the Office of Academic Affairs and the Office of Health Affairs to work with the Office of Finance to compare the justification charts to ensure consistency at each campus before sending the request to the Legislative Budget Board (LBB)
Motion: Made by Regent McHugh, seconded by Regent Barnhill, and carried unanimously

Discussion at meeting:

Committee Chairman Rowling noted that the U. T. System's most profitable institution, U. T. M. D. Anderson Cancer Center, accounted for almost half of the request to exceed the full-time equivalent limitation.

Vice Chairman Krier expressed appreciation for providing the rationale for the requests. She asked that staff from the Office of Academic Affairs and the Office of Health Affairs work with the Office of Finance to compare the justification charts to ensure consistency at each campus before sending the request to the Legislative Budget Board (LBB).

5. U. T. System: Approval of Optional Retirement Program employer contribution rates for Fiscal Year 2007

Committee Meeting Information

Presenter(s): Mr. Randy Wallace, Associate Vice Chancellor - Controller and Chief Budget Officer
Status: Approved
Motion: Made by Regent Barnhill, seconded by Regent Caven, and carried unanimously
Future Action: Following discussion, Regent McHugh suggested a break from routine reporting in favor of a full report to include objective criteria across the board, with justification provided for any changes to the procedure.

Discussion at meeting:

Chairman Huffines said he realizes each president is responsible for setting Optional Retirement Program (ORP) contribution rates, but was uncertain why campuses in the same metropolitan area have different rates. Vice Chairman Krier expressed the same concern and said rationale and reasons are needed for the differences.

Committee Chairman Rowling was unclear why the institutions that are losing money do not decrease the contribution rate to 6%. Regent Barnhill also questioned the institutions' rationale.

Mr. Wallace explained that budget decisions are made at an institutional level whether to increase salaries or benefits based on market demand and other factors. Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs, explained the rationale for the 8.5% rate for U. T. Health Center - Tyler and U. T. Medical Branch - Galveston. He said a competitive benefits package was important in retaining and recruiting employees at those institutions. John D. Stobo, M.D., President, U. T. Medical Branch - Galveston, also expressed the importance of a nationally competitive benefits plan.

Vice Chairman Krier asked if the campuses send justification with their rate requests and Mr. Wallace responded affirmatively.

Committee Chairman Rowling asked if campuses were permitted to decrease the contribution rates and Mr. Wallace said the campuses could increase or decrease their rates once per year. Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, clarified that the rates could change only for nongrandfathered employees.

Regent McHugh suggested for next year, this item not be considered routine and that objective criteria be established across the board, with justification for any changes to the procedure. Regent Craven agreed with the need for detailed justification and said it would be beneficial for the presidents to be prepared to discuss at the Committee meeting.

In response to a question by Vice Chairman Krier, Mr. Wallace said the rate changes impact all faculty and staff hired after September 1, 1995, who are participating in the ORP program. He noted employees need to meet certain criteria to be eligible for participation in the program.

6. U. T. System Board of Regents: Adoption of a Resolution authorizing the issuance, sale, and delivery of Permanent University Fund Bonds not to exceed \$400,000,000 and authorization to complete all related transactions

Committee Meeting Information

Presenter(s): Mr. Philip R. Aldridge, Associate Vice Chancellor for Finance

Status: Approved

Motion: Made by Regent Barnhill, seconded by Regent McHugh, and carried unanimously

Discussion at meeting:

Mr. Aldridge specified this request was an annual approval and only applies to Fiscal Year 2006-07. He reminded Committee members that the funds were only

applicable to projects that have already received approval by the Board and requisite State approvals. Committee Chairman Rowling noted this item is related to total refunding of current Permanent University Fund (PUF) debt and asked if refinancing of PUF Bonds is anticipated. Mr. Aldridge responded PUF Notes would continue to be refinanced, but no refunding of PUF Bonds was anticipated at this time.

7. U. T. System Board of Regents: Adoption of Sixteenth Supplemental Resolution authorizing Revenue Financing System Bonds in an amount not to exceed \$575,000,000; authorization to complete all related transactions; and resolution regarding parity debt

Committee Meeting Information

Presenter(s): *Mr. Philip R. Aldridge, Associate Vice Chancellor for Finance*

Status: *Approved*

Motion: *Made by Regent Barnhill, seconded by Regent McHugh, and carried unanimously*

Discussion at meeting:

Mr. Aldridge specified this request was an annual approval and only applies to Fiscal Year 2006-07. He reminded Committee members that the funds were only applicable to projects that have already received approval by the Board and requisite State approvals. Committee Chairman Rowling noted this item includes some new Revenue Financing System (RFS) debt. Mr. Aldridge said no refunding of RFS debt was anticipated at this time.

8. U. T. System: Approval of aggregate amount of \$108,000,000 of Revenue Financing System Equipment Financing for Fiscal Year 2007 and resolution regarding parity debt

Committee Meeting Information

Presenter(s): *Mr. Philip R. Aldridge, Associate Vice Chancellor for Finance*

Status: *Approved*

Motion: *Made by Regent Barnhill, seconded by Regent McHugh, and carried unanimously*

9. **U. T. System Board of Regents: Investments Report for the quarter ended May 31, 2006, and The University of Texas Investment Management Company (UTIMCO) Performance Summary Report**

Committee Meeting Information

Presenter(s): Mr. Bob Boldt, President, Chief Executive Officer, and Chief Investment Officer, UTIMCO
Status: Reported

Discussion at meeting:

Mr. Boldt gave updates through July 2006, reporting that the Permanent University Fund (PUF) and General Endowment Fund (GEF) were up about 9.7%, slightly below the benchmark. He said the Intermediate Term Fund (ITF) was up 2.1%, slightly above the benchmark. Mr. Boldt reported the best performing areas so far for the fiscal year are international, emerging markets, real estate investment trusts, private capital, and hedge funds. He said the highest value-added areas are hedge funds and international equity and the largest negative value added is private capital, due primarily to a relatively young portfolio. Mr. Boldt said the fiscal year projection is 10.4%. He noted this will be the fourth year of double-digit returns in the PUF and GEF and said the cumulative return over the past four years for the PUF and GEF is 68.6%.

Regent Caven said the decision by The University of Texas Investment Management Company (UTIMCO) related to asset allocation has been productive. Committee Chairman Rowling said proceeds from PUF performance will fund many U. T. System projects. Mr. Boldt added that due to the rolling three-year way the average value is calculated, the U. T. System will benefit from the returns even if the returns are restored to a more normal level of 8.5%. Committee Chairman Rowling noted PUF lands are also adding significant value to the endowment.

ADJOURNMENT

Committee Chairman Rowling announced that the purpose for which this meeting was called had been completed, and the meeting was duly adjourned at 11:15 a.m.

OTHER FISCAL ITEMS

EMPLOYMENT AGREEMENTS

The following agreements have been awarded, have been approved by the Interim Executive Vice Chancellor for Academic Affairs, and are recommended for approval by the U. T. System Board of Regents. Such employment under these agreements is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, and the Regents' *Rules and Regulations* and the policies of The University of Texas at Austin. The violation of the provisions of such constitution, bylaws, rules or regulations shall be grounds for suspension without pay or dismissal.

1. Item:	Director of Men's Athletics	
From:	\$447,500	Base Salary
	37,292	Performance Incentive: contingent upon financial solvency and excellent performance
	7,500	Car Allowance
	3,834	Club Memberships
	7,500	One Courtesy Car (Non-cash)
To:	\$550,000	Base Salary
	25,000	Performance incentive: contingent upon all men's teams meeting the NCAA established annual benchmark for the Academic Progress Rate (APR) for the preceding academic year.
	50,000	Performance Incentive: contingent upon no occurrence of a major infraction assessed by the NCAA or the Big 12 Conference
	50,000	Performance Incentive: contingent upon financial solvency and excellent performance
	7,500	Car Allowance
	3,834	Club Memberships
	7,500	One Courtesy Car (Non-cash)
	750,000	Annuity to be paid, after taxes, in the fiscal year following August 31, 2011. The payment shall be made to D. DeLoss Dodds if, during his service as Athletics Director, he completes the current athletics capital campaign, the Darrell K Royal Memorial – Texas Stadium north end zone project, and the UFCU Disch-Falk Field renovation project. If D. DeLoss Dodds' employment as Athletics Director ends prior to August 31, 2011, due to his death or disability, the annuity payment shall be prorated at the rate of \$150,000, after taxes, per fiscal year or portion of fiscal year served and paid immediately; or, D. DeLoss Dodds or his estate may elect to receive

OTHER FISCAL ITEMS (CONTINUED)

EMPLOYMENT AGREEMENTS (CONTNUED)

the regular annuity payment in the fiscal year after August 31, 2011. If D. DeLoss Dodds' employment as Athletics Director ends prior to August 31, 2011, due to mutual agreement of D. DeLoss Dodds and U. T. Austin, for reasons other than cause, and the other conditions for the annuity have been substantially completed, the annuity payment shall be prorated at the rate of \$150,000, after taxes, per fiscal year or portion of fiscal year served and will be paid after August 31, 2011. Funds for D. DeLoss Dodds' compensation, including the annuity, shall be taken from a source generated by operations or activities of the Department of Intercollegiate Athletics for Men.

Period: September 1, 2006 through August 31, 2011 (2 year extension)

Description: Agreement for employment of Athletics Director, D. DeLoss Dodds, for the above designated period following a coach's employment contract approved by the U. T. System Office of General Counsel.

2. Item: Director of Women's Athletics

From: \$253,000 Base Salary
21,084 Performance Incentive: contingent upon financial solvency and excellent performance
3,834 Club Memberships
7,500 One Courtesy Car (Non-cash)

To: \$280,000 Base Salary
25,000 Performance incentive: contingent upon all women's teams meeting the NCAA established annual benchmark for the Academic Progress Rate (APR) for the preceding academic year.
23,334 Performance Incentive: contingent upon financial solvency and excellent performance
3,834 Club Memberships
7,500 One Courtesy Car (Non-cash)

Period: September 1, 2006 through August 31, 2011 (2 year extension)

Description: Agreement for employment of Athletics Director, Christine A. Plonsky, for the above designated period following a coach's employment contract approved by the U. T. System Office of General Counsel.

U. T. PAN AMERICAN

NEW TENURE APPOINTMENTS AND PROMOTIONS WITHIN TENURE RANKS

The following personnel actions involving new tenure appointments and promotion within tenure ranks have been administratively approved by the Interim Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2007 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Series 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
College of Business Administration		
CIS and Quantitative Methods Joe Roge, Jr.	Associate Professor (NT)	Associate Professor (T)
Economics and Finance Marie T. Mora	Associate Professor (T)	Professor (T)
Mark William Simpson	Assistant Professor (NT)	Associate Professor (T)
Management, Marketing and International Business Opal Jane LeMaster	Associate Professor (T)	Professor (T)
College of Science and Engineering		
Electrical Engineering Sanjeev Kumar	Assistant Professor (NT)	Associate Professor (T)
Jae Sok Son	Assistant Professor (NT)	Associate Professor (T)
Chemistry Narayan Bhat	Associate Professor (T)	Professor (T)
Bimal Krishan Banik	Assistant Professor (NT)	Associate Professor (T)
Thomas Whelan	Assistant Professor (NT)	Associate Professor (T)
Biology Kenneth Rodney Summy	Assistant Professor (NT)	Associate Professor (T)
College of Education		
Curriculum and Instruction James Bardwell Curts	Assistant Professor (NT)	Associate Professor (T)
Michael David Guerrero	Assistant Professor (NT)	Associate Professor (T)
Educational Psychology Cheryl Ann Fielding	Assistant Professor (NT)	Associate Professor (T)

Prepared by:
U. T. Pan American

Docket - 46

August 10, 2006

MINUTES
U. T. System Board of Regents
Academic Affairs Committee
August 9, 2006

The members of the Academic Affairs Committee of the Board of Regents of The University of Texas System convened at 5:00 p.m. on Wednesday, August 9, 2006, in the Rio Grande Ballroom, E.H. Hereford University Center, The University of Texas at Arlington, 300 West First Street, Arlington, Texas, with the following participation:

Attendance

Vice Chairman Krier, presiding
Regent Barnhill
Regent Caven
Regent Craven
Regent McHugh

Absent

Regent Estrada

Also present were Chairman Huffines, Regent Haley, and Counsel and Secretary Frederick.

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

1. **U. T. System: Brief updates by academic presidents and discussion by Interim Executive Vice Chancellor Malandra and Academic Affairs Committee members about initiatives to align programs with K-12 education and to graduate more K-12 teachers (Deferred)**

Committee Meeting Information

Status: Deferred

Discussion at meeting:

Committee Chairman Krier said with the acquiescence of Interim Executive Vice Chancellor Malandra and the institutional presidents, this item was being deferred due to time constraints.

2. **U. T. Dallas: Discussion and appropriate action regarding proposed revisions to Mission Statement**

Committee Meeting Information

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

Status: Approved

Motion: Made by Regent Barnhill, seconded, and carried unanimously

3. U. T. Pan American: Authorization to establish a Ph.D. degree program in Rehabilitation Counseling

Committee Meeting Information

Presenter(s): *Committee Chairman Krier*

Status: *Approved*

Motion: *Made by Regent Craven, seconded by Regent Barnhill, and carried unanimously*

4. U. T. Permian Basin: Approval to expand preliminary planning authority to offer an Ed.D. degree in Educational Leadership

Committee Meeting Information

Presenter(s): *Committee Chairman Krier*

Status: *Approved*

Motion: *Made by Regent Craven, seconded by Regent Barnhill, and carried unanimously*

5. U. T. San Antonio: Authorization to establish a Ph.D. degree program in Psychology

Committee Meeting Information

Presenter(s): *Committee Chairman Krier*

Status: *Approved*

Motion: *Made by Regent Craven, seconded by Regent Barnhill, and carried unanimously*

6. U. T. Tyler: Authorization to establish a Ph.D. degree in Nursing

Committee Meeting Information

Presenter(s): *Committee Chairman Krier*

Status: *Approved*

Motion: *Made by Regent Craven, seconded by Regent Barnhill, and carried unanimously*

7. U. T. San Antonio: Request to rename a portion of John Peace Boulevard as UTSA Circle

Committee Meeting Information

Presenter(s): *Committee Chairman Krier*

Status: *Approved*

Motion: *Made by Regent Caven, seconded by Regent McHugh, and carried unanimously*

8. U. T. San Antonio: Honorific naming of new street as Sam Barshop Boulevard

Committee Meeting Information

Presenter(s): *Committee Chairman Krier*

Status: *Approved*

Motion: *Made by Regent Caven, seconded by Regent McHugh, and carried unanimously*

9. U. T. Austin: Texas Memorial Museum - Request for approval of acceptance of gift of outdoor work of art

Committee Meeting Information

Presenter(s): *Committee Chairman Krier*

Status: *Approved*

Motion: *Made by Regent McHugh, seconded by Regent Barnhill, and carried unanimously*

10. U. T. System Board of Regents: Approval of designation of Presidents Emeriti for U. T. Austin, U. T. Brownsville, and U. T. Dallas

Committee Meeting Information

Presenter(s): *Chancellor Mark G. Yudof*

Status: *Approved*

Motion: *Made by Regent Barnhill, seconded by Regent Craven, and carried unanimously*

11. U. T. Arlington: Recommended adjustment to allow additional designated tuition for students in the College of Business Administration

Committee Meeting Information

Presenter(s): *President James D. Spaniolo, U. T. Arlington*

Status: *Approved*

Motion: *Made, seconded by Regent Caven, and carried unanimously*

12. **U. T. Austin: Authorization to purchase approximately 21,000 square feet of unimproved real property located at 2201 Hidalgo Street, Austin, Travis County, Texas, from Capital Metropolitan Transportation Authority, at a purchase price not to exceed fair market value as established by independent appraisals, for parking and a playground area for the campus of The University of Texas Elementary School**

Committee Meeting Information

Presenter(s): Committee Chairman Krier

Status: Approved

Motion: Made by Regent Caven, seconded by Regent McHugh, and carried unanimously

13. **U. T. Austin: Authorization to purchase a conservation easement covering approximately 3,261.24 acres of unimproved land known as the Fennessey Ranch located on FM 2678 near Refugio, Refugio County, Texas, and being out of the Refugio Town Tract, A-56, the G.W. Archer Survey, A-74, the G.W. Archer Survey, A-75, The Heirs of Chas Haskell Survey, A-157, the Heirs of Chas Haskell Survey, A-169, the T.W. Johnson Survey, A-201, and the Martin Toole Survey, A-347, from Mr. Brien O'Connor Dunn at less than the fair market value as established by an independent appraisal, for inclusion in the Mission-Aransas National Estuarine Research Reserve**

Committee Meeting Information

Presenter(s): Committee Chairman Krier

Status: Approved

Motion: Made by Regent Caven, seconded by Regent McHugh, and carried unanimously

14. **U. T. El Paso: Discussion and appropriate action to address flood damage at The University of Texas at El Paso**

Committee Meeting Information

Presenter(s): President Diana S. Natalicio, U. T. El Paso

Status: Discussed

Future Action: Provide a comprehensive damage assessment for presentation to the Academic Affairs Committee

Discussion at meeting:

Committee Chairman Krier said an additional item was posted with the Secretary of State related to floods in El Paso and she called on President Natalicio to report on the historic flood that occurred recently in El Paso.

President Natalicio said compared to the rest of the El Paso community, the U. T. El Paso campus suffered relatively little damage. She said the campus buildings were well constructed and able to sustain the storm. She said normal rainfall for El Paso is 8-10 inches per year and that much was received across the city in 24 hours, with some areas receiving 72 inches in 48 hours.

Dr. Natalicio said El Paso has steep terrain and the arroyos that serve as the drainage systems became raging streams. She said although many people lost property, no deaths or serious injuries resulted from the storm. President Natalicio reported large areas of the city were evacuated on two separate occasions and the University closed early twice and opened late twice.

U. T. El Paso is working on a campus assessment simultaneously while making repairs to classroom buildings and offices in time for the beginning of the Fall 2006 semester. Dr. Natalicio said every campus building leaked, but they are all repairable. She said there are some infrastructure concerns related to streets and retaining walls, and there is damage to landscaping. President Natalicio reported the biggest issue is the Sun Bowl Stadium, which suffered a large rock slide. She said an estimate is in the works to determine the amount of pressure bearing on the wall behind the stands on the east side of the stadium where there are also unstable rocks.

President Natalicio said a comprehensive damage assessment is being put together for presentation to the Academic Affairs Committee. She acknowledged the cooperation and efforts of the U. T. System, the City of El Paso, and the University.

Committee Chairman Krier noted this item had been added to the agenda in the event action was needed and expressed appreciation to President Natalicio for the update.

ADJOURNMENT

Committee Chairman Krier announced that the purpose for which this meeting was called had been completed, and the meeting was duly adjourned at 5:20 p.m.

MINUTES
U. T. System Board of Regents
Health Affairs Committee
August 9, 2006

The members of the Health Affairs Committee of the Board of Regents of The University of Texas System convened at 4:30 p.m. on Wednesday, August 9, 2006, in the Rio Grande Ballroom, E.H. Herford University Center, The University of Texas at Arlington, 300 West First Street, Arlington, Texas, with the following participation:

Attendance

Vice Chairman Clements, presiding
Vice Chairman Krier
Regent Caven
Regent Craven

Absent

Regent Rowling

Also present were Chairman Huffines, Regent Barnhill, Regent McHugh, Regent Haley, and Counsel and Secretary Frederick.

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

1. U. T. System: Quarterly report on health issues by Executive Vice Chancellor Shine

Committee Meeting Information

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

Status: *Reported*

Discussion at meeting:

Executive Vice Chancellor Shine said Code Red: The Critical Condition of Health in Texas report continues to get wide play. In response to requests, 2,700 copies of the summary of the report were distributed as well as several hundred copies of the full report. In response to interest expressed by groups around the state, later this month a workshop will be convened called "Code Red, the Next Steps" in which a consensus is trying to be reached among various groups as to how and what way one might move forward with some of these issues. He went on to say he is pleased with the remarkable groups of individuals and organizations that will be represented. Regent McHugh has agreed to participate. There are hospital associations, medical associations, public hospitals, volunteer hospitals, and insurers.

Work will continue on the Joint Admission Medical Program (JAMP) to recruit minorities, which is a high priority, and to increase the flow of underrepresented minority students from high school through college.

2. U. T. Health Science Center - San Antonio: Authorization to establish an International Dental Education Program for the Dental School and approve proposed tuition and fees for this program

Committee Meeting Information

Presenter(s): Francisco G. Cigarroa, M.D., President, U. T. Health Science Center – San Antonio

Status: Approved

Motion: Made by Vice Chairman Krier, seconded by Regent Caven, and carried unanimously

3. U. T. Southwestern Medical Center - Dallas: Biotechnology Development Complex - Phase I - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project; approval of total project cost; and authorization for institutional management

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Caven, seconded by Vice Chairman Krier, and carried unanimously

Discussion at meeting:

Kern Wildenthal, M.D., President, U. T. Southwestern Medical Center - Dallas, said the plan was to try to seek a commercial partner who would provide capital and also management expertise. The Regents had agreed that this agreement should provide strict controls about who the tenants might be, and also that the property would be on a 10-year lease with the ability to reclaim. As it transpired, those two important conditions made it impossible to find a commercial partner, and President Wildenthal said it has been determined that it would be better for the institution to move forward and finance and control the project and to possibly enter into a partnership for management services from a commercial partner. Dr. Wildenthal went on to ask the Board for approval to move forward with the project rather than rely on a capital partner since a capital partner who would accept the conditions that are needed was not identified. Vice Chairman Clements agreed that is a prudent decision. Executive Vice Chancellor Shine added that a Science and Technology Acquisition and Retention (STARs) Program for health institutions is available and is particularly focused on providing monies out of Library, Equipment, Repair and Rehabilitation (LERR) sources for individuals who are within striking distance of

memberships in national academies. One of the very first STARs awards was to Dr. Xiaodong Wang, Professor at U. T. Southwestern Medical Center - Dallas. Dr. Wang has just received the Shaw Foundation prize, which is a \$1 million prize, sometimes called the Nobel Prize of the Orient, for his research. Dr. Shine reminded the Regents that the investment so far has clearly paid off with recognition for outstanding research. It is hoped that a number of these STARs awards will also bring similar kinds of productivity and recognition.

Dr. Wildenthal said one of Dr. Wang's patent's is in the stage of being adopted by a biotech startup and one of the tenants in this building may be one of the companies that is spun off of this technology.

4. **U. T. System: Authorization to lease approximately 15.857 gross acres of unimproved land legally described as Lot 1, Block C, Mueller Section 1, Phase A Subdivision, bounded on the north by East 51st Street, on the east by Mueller Boulevard, on the south by Barbara Jordan Boulevard, and on the west by Lancaster Drive, and part of the former 700-acre Robert Mueller Municipal Airport, Austin, Travis County, Texas, from the City of Austin for a nominal rental rate for development and use as an academic health center**

Committee Meeting Information

Presenter(s): Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs; Ms. Florence Mayne, Executive Director of Real Estate

Status: Approved

Motion: Made, seconded, and carried unanimously

5. **U. T. System: Approval to set The University of Texas System Professional Medical Liability Benefit Plan premium rates for Fiscal Year 2007, approval to distribute a portion of Plan Premium Returns, and amendment of Plan coverage**

Committee Meeting Information

Presenter(s): Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs; Mr. Barry D. Burgdorf, Vice Chancellor and General Counsel

Status: Approved

Motion: Made by Vice Chairman Krier with the changes as discussed, seconded, and carried unanimously

Discussion at meeting:

Vice Chairman Krier commented that Recommendation (b) (Agenda Book Page 216) refers to collaborative projects as including "one or more" U. T. System institutions. She said she thinks of collaborative as "two or more." She asked if that

could be changed and Dr. Shine agreed it should be changed to read “two or more.” Mr. Burgdorf said it did contemplate health institutions because there could be a collaboration that would involve one health institution and one academic institution. Vice Chairman Krier and Dr. Shine agreed that it did not matter because it is two or more institutions.

Vice Chairman Krier said she could not think of other instances where such an amount (\$3 million dollars) was delegated to be spent without Board approval. She asked Dr. Shine if he planned to bring a recommendation back to the Board. Executive Vice Chancellor Shine replied that it could be done and the Board has authorized Library, Equipment, Repair and Rehabilitation (LERR) money for nursing programs and public health programs, but was a little more targeted. He would like to see this authorization as flexible as possible because there are a variety of opportunities where \$150,000 or \$200,000 can make a huge difference in terms of the abilities to facilitate a collaboration in a broad range of activities. Vice Chairman Krier said she looks forward to seeing detail on the actual allocations Dr. Shine makes.

Vice Chairman Krier further asked if Mr. Burgdorf had anything to add on tort reform and if he has seen similar experiences in the Office of General Counsel. Vice Chancellor Burgdorf said a decrease has been seen and he believes it has settled. There was a huge spike right before tort reform hit, so comparing it to the year before is not useful. Mr. Burgdorf said in any given year, there could be an anomaly, so comparing it to the three-year average of claims made against U. T. System institutions in the first year, there was an 11% decrease. In the second year of tort reform there was a 43% decrease, and 11 months into the third fiscal year, there is again a 43% decrease. Mr. Burgdorf said he was optimistic that the 43% decrease is about where it will settle and that approximately 130 cases filed against the health institutions and their doctors per year are covered by the Plan. He added it is not all due to tort reform. A huge portion of it is, but the institutions have undertaken significant risk reduction activities and he and Dr. Shine are working on ideas for further activities. Tort reform has allowed U. T. System to not worry as much about the litigation, but to improve the process.

Dr. Shine told Vice Chairman Krier she would be interested because she has raised this question in the past. When cases are now settled, the campuses describe the process they use for evaluating the risk, errors that may have taken place, and how the errors were mitigated. Dr. Shine said he was looking increasingly at doing that at the time the claim is made as opposed to when it is paid.

Chancellor Yudof said he would be willing to authorize a social science/public health tort study to look at the medical malpractice claims over a longer period of time and aggregating them. Dr. Shine said that a group that includes Eric Thomas, Ph.D., U. T. Health Science Center – Houston, and people at Harvard have conducted a study of malpractice and liability programs at the U. T. System, the University of Colorado, and Brigham Women’s Hospital in Boston, and have looked at the nature of the claim error rate. He said between 50% and 62% of these claims are

associated with a bona fide error. The group is using U. T. System databases to analyze where the risks are in terms of errors and what can be done to mitigate these errors in comparison to these other institutions. Vice Chairman Krier commented the results from working at the System level with individuals at the campus levels to pick up a 43% decrease were impressive.

ADJOURNMENT

Committee Chairman Clements announced that the purpose for which this meeting was called had been completed, and the meeting was duly adjourned at 5:00 p.m.

MINUTES
U. T. System Board of Regents
Facilities Planning and Construction Committee
August 9, 2006

The members of the Facilities Planning and Construction Committee of the Board of Regents of The University of Texas System convened at 11:20 a.m. on Wednesday, August 9, 2006, in the Rio Grande Ballroom, E.H. Hereford University Center, The University of Texas at Arlington, 300 West First Street, Arlington, Texas, with the following participation:

Attendance

Regent Barnhill, presiding
Vice Chairman Clements
Regent Caven
Regent McHugh

Absent

Regent Estrada

Also present were Chairman Huffines, Vice Chairman Krier, Regent Craven, Regent Haley, Regent Rowling, and Counsel and Secretary Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Barnhill called the meeting to order. He said the projects to be considered today and that will be before the Board tomorrow, total \$1.1 billion of critical education and research infrastructure for the State of Texas. Mr. David Dixon, Interim Associate Vice Chancellor for Facilities Planning and Construction, then presented a PowerPoint presentation on design development plans and the economic impact for Items 3, 4, and 6 as set forth on Pages 6 - 13.

1. **U. T. System: Discussion of basis of design guidelines for inclusion in requests to approve design development**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Reported

Mr. Dixon reported more information will be provided to the Facilities Planning and Construction Committee members for projects to be considered for design development. The information will include the level of finish and anticipated lifespan for various elements of a project. As an example, he said three things will be noted: the enclosure or envelope (what the building will look like outside); the building systems including A/C, electrical systems, and IT systems; and the interior finishes (what the building will look like inside).

2. **U. T. System: Consideration of possible designation of projects as architecturally or historically significant and selection of architects for the Hogg Auditorium Renovation project and Student Activity Center project at U. T. Austin**

- U. T. Arlington Engineering Research Building Expansion
- U. T. Austin Robert A. Welch Hall
- U. T. Brownsville Science and Technology Learning Center
- U. T. Dallas Math, Science, and Engineering Teaching-Learning Center
- U. T. El Paso Physical Sciences / Engineering Core Facility
- U. T. El Paso Science and Engineering Core Facilities Upgrade
- U. T. San Antonio Combined Science Facility Renovations - 1604 Campus
- U. T. Tyler Braithwaite Building Addition
- U. T. Southwestern Medical Center Dallas - North Campus Phase 5
- U. T. Health Science Center - Houston - Dental Branch Replacement Building
- U. T. Health Science Center - Houston Biomedical Research and Education Facility
- U. T. Health Science Center - San Antonio - South Texas Research Facility
- U. T. M. D. Anderson Cancer Center - Administrative Support Building Phase I
- U. T. M. D. Anderson Cancer Center - Center for Targeted Therapy Research Building

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved per motion as follows

Motion: 1) U. T. Health Science Center – San Antonio – South Texas Research Facility was deemed architecturally significant

2) U. T. Austin – Hogg Auditorium Renovation – Per Regent McHugh’s motion, seconded by Vice Chairman Clements, Parsons – 3D/I was chosen as the architect

3) U. T. Austin – Student Activity Center – Per Regent McHugh’s motion, seconded by Vice Chairman Clements, Overland Partners Architects was chosen as the architect

Discussion at meeting:

Committee Chairman Barnhill mentioned the Robert A. Welch Hall was built in 1931, and the West Wing was built in 1961. He said the renovation would be interior and therefore the exterior would not be affected. As a result, he does not think that it should necessarily be designated as architecturally or historically significant. Committee Chairman Barnhill recommended that the U. T. Health Science Center – San Antonio South Texas Research Facility be deemed architecturally significant, and Vice Chairman Clements agreed.

3. U. T. Austin: Dell Pediatric Research Institute - Request for approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Clements, seconded by Regent McHugh, and carried unanimously

Discussion at meeting:

Dr. Kenneth I. Shine, Executive Vice Chancellor for Health Affairs, said the challenge is when the Dells made this gift, they stipulated that a significant portion of the gift depended upon completion of the project within three years of the announcement of the gift, which will be May 15, 2009. He said they are working on a 30-month construction cycle to allow flexibility should any unforeseen events occur that would jeopardize that three-year time frame.

Dr. Shine said that beginning Fall 2006, a director will be recruited for the building and as soon as the faculty are selected, the translation research will begin. He said that the participation of the faculty at Austin, with the representation from Galveston and San Antonio on the program committee, will allow a wide variety of research to be conducted. He noted the enthusiasm of the faculty at Austin is particularly noteworthy given the fundamental notion that they will not be moving into the building. These will be new scientists working in pediatric research both in basic science and clinical science.

Dr. Shine said the Office of Facilities Planning and Construction and Dr. Pat Clubb, Vice President for Employee and Campus Services at U. T. Austin, have performed admirably considering the short notice. He said a series of site visits to outstanding pediatric research facilities was conducted to get advice and input, and also to get interest going in the pediatric research community about a first-rate, world-class group of scientists to be recruited. He further noted that the building will not be U. T. Austin architecture, but rather the architecture will blend with the hospital community.

Committee Chairman Barnhill added this building is a significant opportunity for the City of Austin as well as U. T. Austin.

Vice Chairman Clements asked Dr. Shine what were some of the other top pediatric research centers that he had visited and Dr. Shine replied the Boston Children's Hospital at Harvard, the Children's Hospital of Pennsylvania, and the University of Cincinnati Children's Hospital at Cincinnati were the three at the top. He said Cincinnati is probably the rising star. The hospital is under construction for a 450,000 square foot

addition to the research space. Dr. Shine said the University of Cincinnati did the research for 18 months before beginning construction and fortunately were open to sharing that research. Dr. Shine clarified there are outstanding children's hospitals in the State of Texas but the above three are tops in terms of overall research funding from the National Institutes of Health (NIH).

Note from the General Counsel to the Board of Regents: On October 13, 2006, the Institute was renamed The Dell Pediatric Research Institute, The University of Texas at Austin.

4. **U. T. Permian Basin: Student Housing Phase IV - Request for approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made by Regent McHugh, seconded by Regent Caven, and carried unanimously

5. **U. T. Medical Branch - Galveston: Specialty Care Center at Victory Lakes - Amendment to the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; approval of design development; approval of evaluation of alternative energy economic feasibility; approval to revise funding sources; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Deferred)**

Committee Meeting Information

Status: Deferred

6. **U. T. M. D. Anderson Cancer Center: Center for Advanced Biomedical Imaging Research - Request for approval of design development; approval of evaluation of alternative energy economic feasibility; revision of funding sources; and appropriation of funds and authorization of expenditure**

Committee Meeting Information

Presenter(s): Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction

Status: Approved

Motion: Made by Regent McHugh, seconded by Vice Chairman Clements, and carried unanimously

7. **U. T. San Antonio: University Center Expansion Phase III - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase the total project cost; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

Committee Meeting Information

Presenter(s): *Mr. David Dixon, Interim Associate Vice Chancellor, Facilities Planning and Construction*

Status: *Approved*

Motion: *Made by Regent Caven, seconded by Vice Chairman Clements, and carried unanimously*

Discussion at meeting:

Regent Haley asked if this project was paid for through a referendum; did the students vote on this? Mr. Dixon asked Mr. Richard DeLeon, Senior Project Manager of the Office of Facilities Planning and Construction, who responded affirmatively. Regent Haley asked how is this increased project going to affect taxing on themselves? Is it going to have to raise the fee that they passed? Mr. Kerry L. Kennedy, Vice President for Business Affairs at U. T. San Antonio, answered the students did approve an increase in fees in 2000 and 2009 to cover the costs. Mr. Haley asked if there is enough money in the fee. Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, responded that yes, it lowers the coverage, which is acceptable and there is no increased cost to the students.

ADJOURNMENT

Prior to adjourning, Committee Chairman Barnhill introduced Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction, who was in attendance. Mr. O'Donnell will begin employment effective August 14, 2006.

Committee Chairman Barnhill announced that the purpose for which this meeting was called had been completed, and the meeting was duly adjourned at 11:50 a.m.



THE UNIVERSITY OF TEXAS SYSTEM

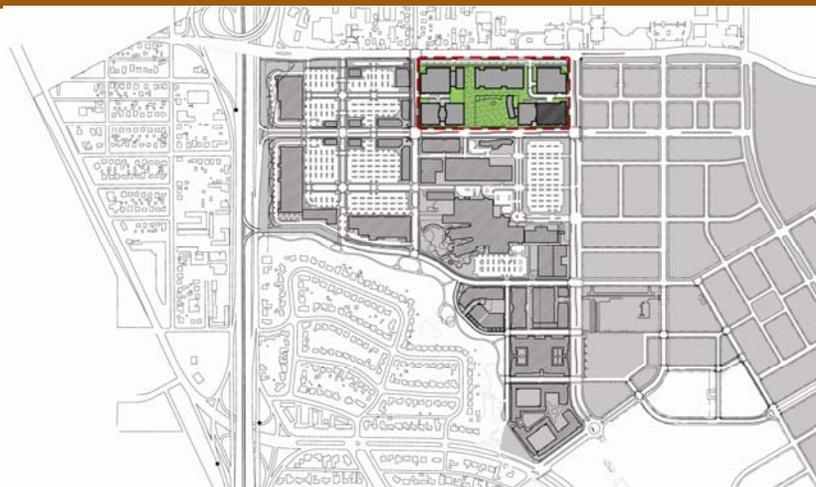
Design Approvals

August 9, 2006

Office of Facilities Planning and Construction

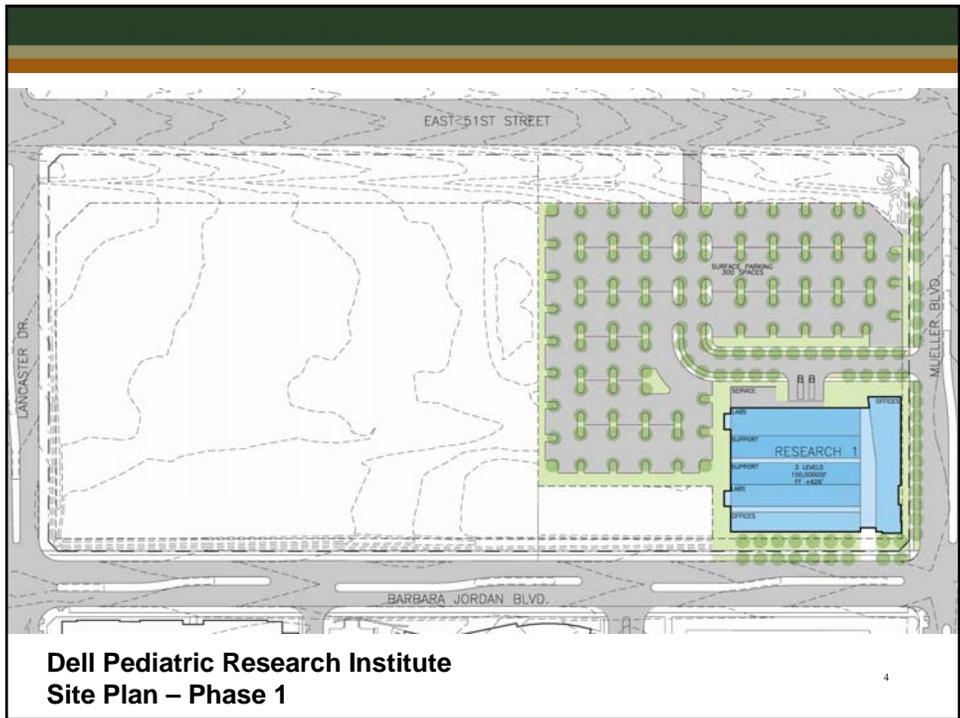
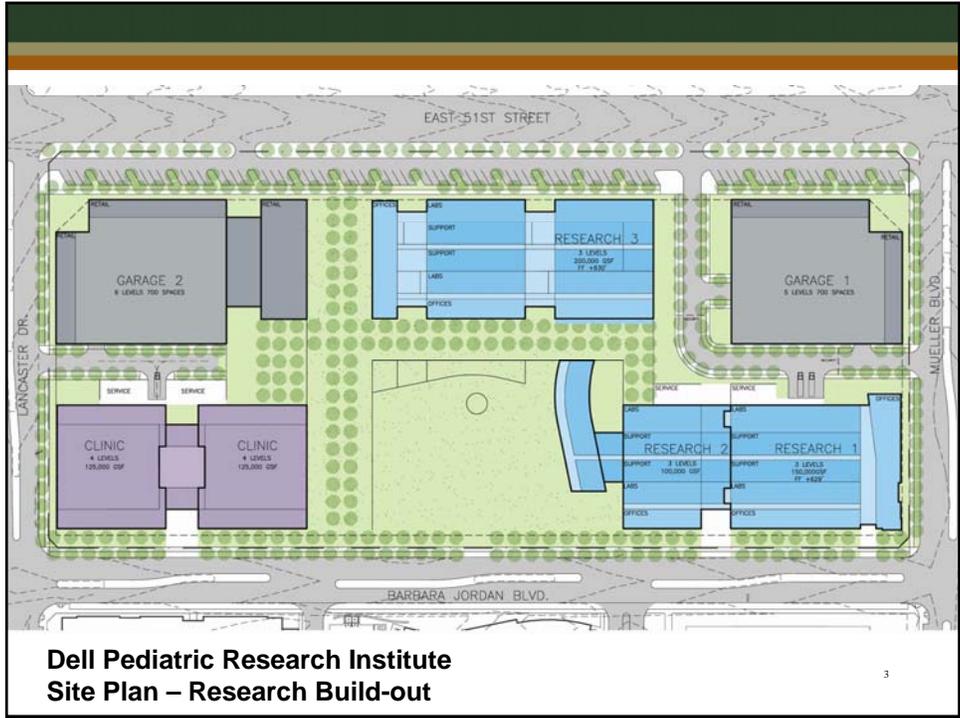


The University of Texas at Austin Dell Pediatric Research Institute



**Dell Pediatric Research Institute
Overall Master Plan**

2
2





The University of Texas of the Permian Basin Student Housing Phase IV



**Student Housing Phase IV
Campus Plan**

77



**Student Housing Phase IV
Site Plan**

8



**Student Housing Phase IV
Front View**

9

Estimated Economic Impact

Total project cost: \$5,600,000

- **Construction economic impact** **\$ 10,080,000**
- **10-year earnings economic impact** **\$ 15,032,000**

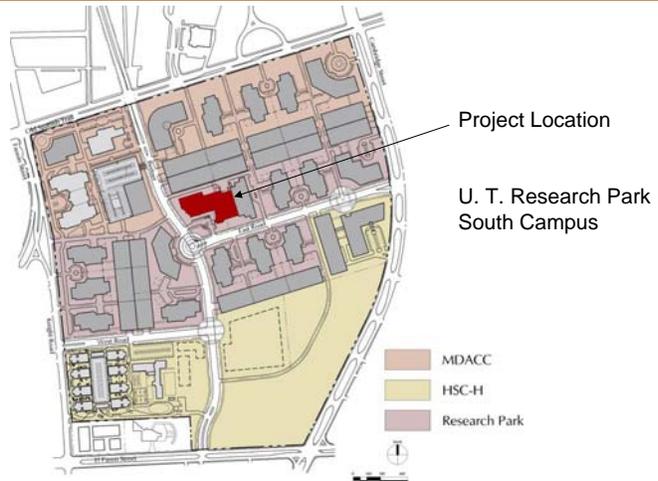
Total estimated economic impact **\$ 25,112,000**
(first 10 years of operation)

**The University of Texas of the Permian Basin
Student Housing Phase IV**

10



U. T. M. D. Anderson Cancer Center Center for Advanced Biomedical Imaging Research (CABIR)



**Center for Advanced Biomedical Imaging Research
Campus Plan**

11



**Center for Advanced Biomedical Imaging Research
Site Plan**

12



**Center for Advanced Biomedical Imaging Research
View From the Southwest**

13



**Center for Advanced Biomedical Imaging Research
Aerial View From the Southwest**

14

Estimated Economic Impact

Total project cost: \$55,000,000

- **Construction economic impact** **\$ 99,000,000**
- **10-year earnings economic impact** **\$ 143,846,400**

Total estimated economic impact **\$ 242,846,400**
(first 10 years of operation)

U. T. M. D. Anderson Cancer Center
Center for Advanced Biomedical Imaging Research

15

MINUTES
U. T. System Board of Regents
Student, Faculty, and Staff Campus Life Committee
August 9, 2006

The members of the Student, Faculty, and Staff Campus Life Committee of the Board of Regents of The University of Texas System convened at 3:40 p.m. on Wednesday, August 9, 2006, in the Rio Grande Ballroom, E.H. Hereford University Center, The University of Texas at Arlington, 300 West First Street, Arlington, Texas, with the following participation:

Attendance

Committee Chairman Craven, presiding
Vice Chairman Clements
Regent Barnhill
Regent McHugh

Absent

Regent Estrada

Also present were Chairman Huffines; Vice Chairman Krier; Regent Caven; Regent Rowling; Regent Haley; Dr. Dennis Reinhartz, Chair, Faculty Advisory Council; and Counsel and Secretary Frederick.

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

1. U. T. Arlington: Overview of the institution

Committee Meeting Information

Presenter(s): James D. Spaniolo, President, U. T. Arlington

Status: Reported

Discussion at meeting:

President Spaniolo spoke first about campus life at U. T. Arlington and how it was thriving. He talked about how the addition of Arlington Hall, KC (Kalpana Chawla) Hall, and various student apartments has helped to increase campus life activities. President Spaniolo said the number of campus beds has doubled in the last six years and the demand for housing continues to increase. He said the occupancy rate of the five residence halls is 100% and 95% for university-owned apartments. In the fall, there will be 4,500 students or 20% of the student body living on campus.

To accommodate student demand, the Connections Café has been renovated and a Starbucks and a campus recreation center are being built. A University Club for faculty and staff opened in April. President Spaniolo spoke about residential learning groups whereby students in the same academic major live together and he noted student retention rates have increased.

President Spaniolo then went on to talk about the extracurricular activities, including guest speakers who will be coming to U. T. Arlington (Dr. Larry Faulkner, former President of U. T. Austin; actor/commentator Ben Stein; and TIME Magazine columnist and author Joe Klein). U. T. Arlington is pushing to have the campus become a permanent voter precinct for Arlington. President Spaniolo also spoke about the “Be a Maverick” branding campaign to increase student pride.

President Spaniolo’s PowerPoint presentation may be found on Pages 4 – 15.

2. U. T. System: Annual Meeting with Officers of the U. T. System Faculty Advisory Council

Committee Meeting Information

Presenter(s): Dr. Dennis Reinhartz, Chair, Faculty Advisory Council (FAC); Dr. Ted Pate, Health Affairs Committee Co-Chair; Dr. James Bartlett, Faculty Quality Committee Co-Chair and FAC Secretary

Status: Reported

Committee Chairman Craven introduced Dr. Dennis Reinhartz who summarized activities of the Council including the following:

- Evaluation of proposed changes to the Regents’ Rules and Regulations regarding the evaluation of administrators, specifically related to policies to hire such administrators
- Consideration of U. T. System graduation rates
- Review of cross-campus research collaborations, specifically with U. T. Dallas
- Review of distance education, particularly with regard to quality and the teacher learning experience
- Review of full-time, nontenure track faculty
- Discussion of base salary and the connections between salary and tenure.

Dr. Reinhartz then announced that recent elections were held for Council officers and Dr. Pate will be Chair of the Council next year. He said the tradition has been to alternate the leadership between the academic and health campuses. Dr. Bartlett was elected Secretary of the Council.

In the absence of Dr. Cynthia Brown, Co-Chair of the Academic Affairs Committee, Dr. Reinhartz presented a PowerPoint on leadership development initiatives, specifically to help train department chairs to function in that position with ease. In conjunction with the U. T. System Office of Academic Affairs, the Council proposes creation of an institute whereby a series of conferences would be held at various U. T. System institutions to broaden cross-campus experiences. Executive Vice Chancellor Shine suggested the training be broadened to include deans and others and Dr. Reinhartz agreed that deans and center directors have been in their conversations.

Dr. Pate spoke of the issue of Texas needing more physicians and dentists to serve underrepresented and underserved minority communities. He said the problem is that applicants for medical and dental schools do not accurately represent the demographics of Texas and the ambition is to get more minority students to apply to the health institutions. He then went on to explain how the health institutions have tried to achieve this (mostly by programs and campus visits for prospective students). Dr. Pate then spoke of barriers including finances and adequate preparation and about the positive correlation between the number of hours worked at a job and the length of time it takes to graduate and he provided some suggestions to improve graduation rates while not disadvantaging other students. Executive Vice Chancellor Shine said some U. T. System funding will be made available to the Joint Admission Medical Program (JAMP) to help with the financial burden. He said there is 38% Hispanic and about 10% African-American participation in the program. Dr. Shine asked the members of the Board to support funding of the JAMP. He said he is trying to get the Legislature to fully fund the program. He said a 501(c)3 foundation has been created to raise private money to support the program.

Dr. Bartlett reviewed the progress of the Faculty Research Project Database to enhance collaborations among faculty of U. T. System institutions and to match graduating seniors with professors to serve as mentors. This service helps faculty members with similar interests meet each other to enhance research projects and helps graduate students locate professors to assist with their research. He said the main goal is to inform everyone about this project and to make it easier to access the database. Dr. Bartlett suggested individual faculty have access to the student database. Vice Chairman Krier thanked Dr. Bartlett for his leadership on this worthwhile project.

ADJOURNMENT

Committee Chairman Craven announced that the purpose for which this meeting was called had been completed, and the meeting was duly adjourned at 4:30 p.m.



Kalpana Chawla Hall



Arbor Oaks Apartments





Connections Café



Proposed Activities Building





University Club



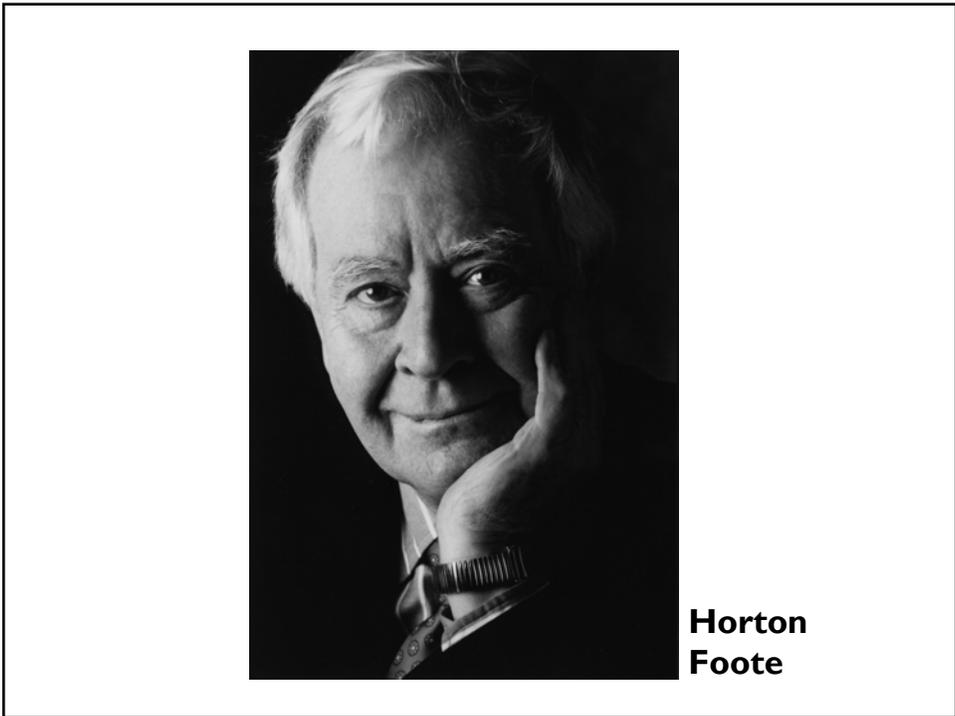
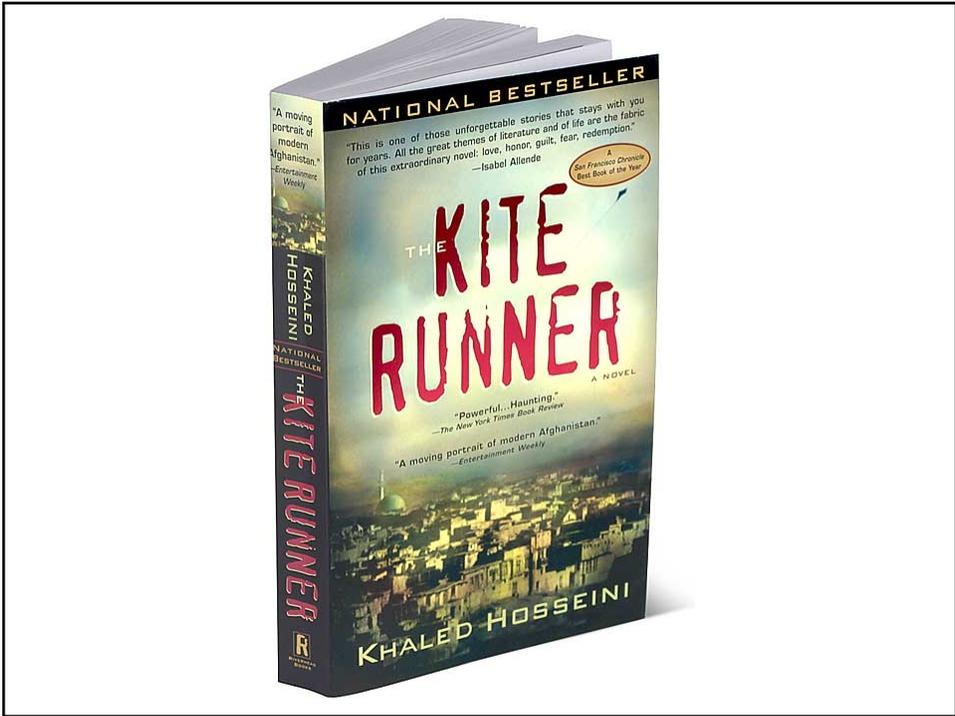
Park at Pickard Hall



Students courtside at Texas Hall

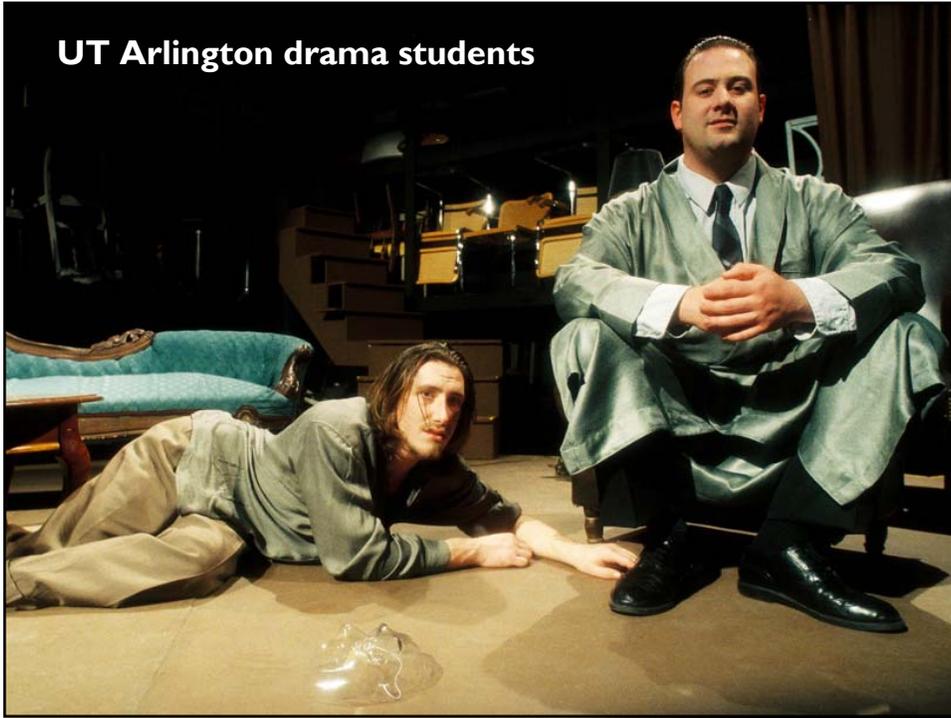


Freshman Interest Group class session

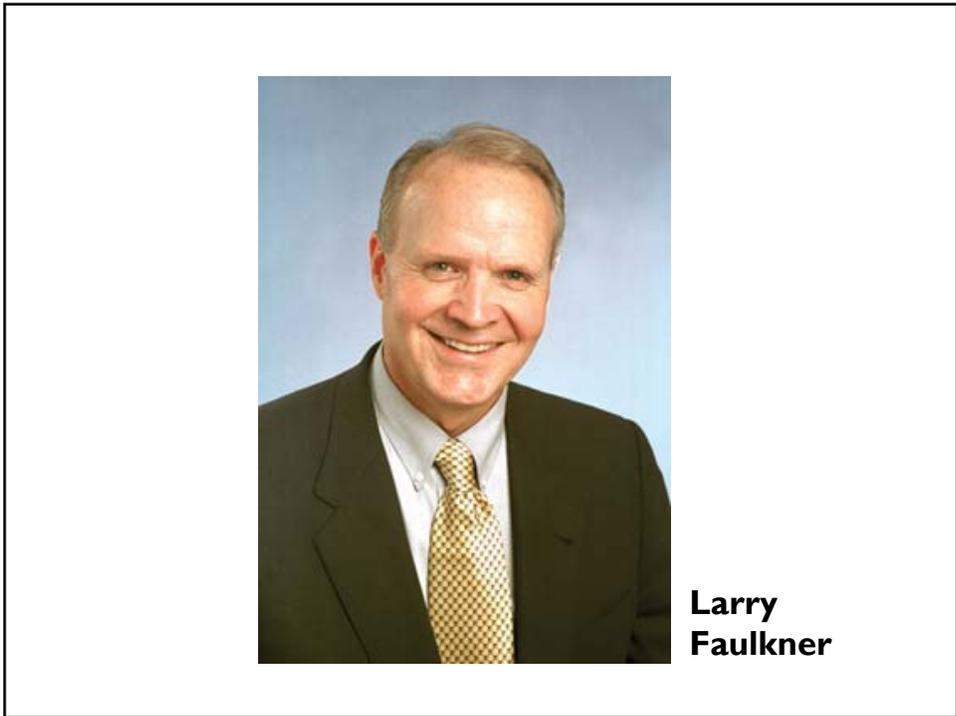


**Horton
Foote**

UT Arlington drama students



Construction of new Starbucks





**Ben
Stein**



**Joe
Klein**



Alumni Association headquarters

Be a Maverick.

New floral logo display



**Roland
Fryer**



The University of Texas
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