



TABLE OF CONTENTS FOR MEETING OF THE BOARD

Board Meeting: 11/15-16/2006
Austin, Texas

<u>Wednesday, November 15, 2006</u>	Board/Committee Meetings	Page
<p>A. CONVENE THE BOARD IN OPEN SESSION FOR THE 125TH ANNIVERSARY CELEBRATION PROGRAM (U. T. Austin, Etter-Harbin Alumni Center)</p>	<p>10:30-11:45 a.m.</p>	
<p>1. U. T. System Board of Regents: Historical presentation on the 125th anniversary of the first meeting of The University of Texas Board of Regents</p>	<p><i>Chairman Huffines</i></p>	<p>1</p>
<p>B. LUNCH</p>	<p>11:45 a.m. – 1:00 p.m.</p>	
<p>C. COMMITTEE MEETINGS (ASH 9)</p>		
<p style="padding-left: 20px;">Health Affairs Committee</p>	<p>1:30 – 2:30 p.m.</p>	
<p style="padding-left: 20px;">Student, Faculty, and Staff Campus Life Committee</p>	<p>2:30 – 3:45 p.m.</p>	
<p style="padding-left: 20px;">Academic Affairs Committee</p>	<p>3:45 – 4:45 p.m.</p>	
<p style="padding-left: 20px;">Audit, Compliance, and Management Review Committee</p>	<p>4:45 – 5:45 p.m.</p>	
<p>D. RECONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551 (working dinner)</p>	<p>5:45 p.m.</p>	
<p>1. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072</p>		
<p style="padding-left: 20px;">a. U. T. System Board of Regents: Discussion of value of real property related to Report of Regental Task Force on U. T. Dallas Lands</p>	<p><i>Ms. Mayne</i> <i>President Daniel</i> <i>Dr. Kelley</i></p>	
<p style="padding-left: 20px;">b. U. T. Brownsville: Discussion concerning negotiations to purchase 19 commercial lots and adjacent platted but unconstructed streets comprising approximately 21.984 acres of unimproved real property located at the northwest corner of University Boulevard and Tyler Street in Brownsville, Texas, which lots are legally described as Lot 1, Block 1, Lots 1 through 9, Block 2, and Lots 1 through 5 and 7 through 10, Block 4, University Park Subdivision Unit 1, Brownsville, Cameron County, Texas, from Dyna-Go Properties Inc., Rachel Canales, Canlong Investments Ltd., Bertha Longoria, Dennis Sanchez, Trustee for Dennis Sanchez, P.C. and Jorge Ibarra, and River Centre Partners II Ltd., for a purchase price not to exceed fair market value as established by independent appraisals for future programmed development of campus expansion including new instructional facilities, and resolution regarding parity debt</p>	<p><i>Ms. Mayne</i> <i>President García</i></p>	

Wednesday, November 15, 2006 (continued)

4. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074

a. **U. T. Medical Branch - Galveston: Discussion of individual personnel matters related to presidential search**

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

E. RECONVENE IN OPEN SESSION TO CONSIDER ACTION ON EXECUTIVE SESSION ITEMS *7:15 p.m.*

F. RECESS *7:30 p.m.*

Thursday, November 16, 2006

**Committee/Board Page
Meetings**

G. COMMITTEE MEETINGS

Finance and Planning Committee
Facilities Planning and Construction Committee

8:00 – 9:00 a.m.
9:00 – 10:00 a.m.

H. RECONVENE IN OPEN SESSION

10:00 a.m.

I. APPROVAL OF MINUTES

J. CONSIDER AGENDA ITEMS

2. **U. T. System: Chancellor's Quarterly Update**

10:05 a.m.
Report 2
Chancellor Yudof

3. **U. T. System Board of Regents: Announcement regarding Presidential Search Advisory Committee for U. T. Medical Branch – Galveston**

10:15 a.m.
Report 2
Chairman Huffines

4. **U. T. System Board of Regents: Report of Regental Task Force on U. T. Dallas Lands and authorization to implement the recommendations of the Task Force and President Daniel's recommendations concerning use of income**

10:20 a.m.
Action 2
*Regent Rowling
Ms. Mayne
President Daniel*

5. **U. T. Austin: Research Office Complex (formerly Institute for Geophysics and Advanced Computing Center) - Amendment to the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to increase total project cost required to accommodate the Sun Constellation supercomputer, funded by a \$59,000,000 High Performance Computing (HPC) System grant from the National Science Foundation; appropriation of funds and authorization of expenditure; and authorization of a separate allocation of \$5,000,000 in Available University Funds to assist in recruiting world-class research staff following the U. T. System Science and Technology Acquisition and Retention (STARs) Program**

10:40 a.m.
Action 13
Dr. Malandra

6. **U. T. Austin: Dell Computer Science Hall (formerly Computer Sciences Building) - Request for approval to allocate \$20,000,000 from Permanent University Fund Bond Proceeds and amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to revise funding sources**

10:45 a.m.
Action 15
*Dr. Malandra
Dr. Safady*

7. **U. T. System: Authorize and approve the use of \$10 million of Permanent University Fund Bond Proceeds to be used as a source of U. T. System contributions for projects supported by Emerging Technology Fund and Texas Enterprise Fund grants that follow the criteria and process used for allocation of the U. T. System's Science and Technology Acquisition and Retention (STARs) Program**

10:52 a.m.
Action 16
*Dr. Malandra
Dr. Shine*

Thursday, November 16, 2006 (continued)

	Committee/Board Meetings	Page
8. U. T. System Board of Regents: Request to designate \$10 million of Permanent University Fund Bond Proceeds from the Science and Technology Acquisition and Retention (STARs) Program to be set aside for matching funds for private gifts as part of the Regents' Research Scholars Program and amendment of Regents' <i>Rules and Regulations</i>, Series 31001, Section 2, concerning academic titles	11:00 a.m. Action <i>Dr. Shine</i> <i>Dr. Malandra</i>	17
9. U. T. System Board of Regents: Update on status of search for the President, Chief Executive Officer, and Chief Investment Officer for The University of Texas Investment Management Company (UTIMCO)	11:15 a.m. Report <i>Regent Caven</i>	19
10. U. T. System: Annual performance assessment of campus development offices	11:20 a.m. Report <i>Dr. Safady</i>	19
11. U. T. System Board of Regents: Discussion and appropriate action regarding proposed recipient for Santa Rita Award	11:35 a.m. Action <i>Chairman Huffines</i>	19
K. RECESS FOR MEETINGS OF THE STANDING COMMITTEES AND COMMITTEE REPORTS TO THE BOARD	11:40 a.m.	
L. RECONVENE BOARD OF REGENTS AS COMMITTEE OF THE WHOLE	11:55 a.m.	
M. ADJOURN	12:00 noon	

Wednesday, November 15, 2006

(U. T. Austin, Etter-Harbin Alumni Center)

- A. CONVENE THE BOARD IN OPEN SESSION FOR THE 125TH ANNIVERSARY CELEBRATION PROGRAM

- 1. **U. T. System Board of Regents: Historical presentation on the 125th anniversary of the first meeting of The University of Texas Board of Regents**

REPORT

In recognition of the 125th anniversary of The University of Texas Board of Regents, Chairman Huffines will introduce a historical program related to the first meeting of the Board of Regents on November 15-17, 1881.

- B. LUNCH

- C. COMMITTEE MEETINGS (*Ashbel Smith Hall, 9th floor*)

- D. RECONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION (See Table of Contents Pages i - iii for agenda captions)

- E. RECONVENE IN OPEN SESSION TO CONSIDER ACTION ON EXECUTIVE SESSION ITEMS

- F. RECESS

Thursday, November 16, 2006

- G. COMMITTEE MEETINGS
- H. RECONVENE IN OPEN SESSION
- I. APPROVAL OF MINUTES
- J. CONSIDER AGENDA ITEMS

2. U. T. System: Chancellor's Quarterly Update

REPORT

Chancellor Yudof will update the Board on the reporting schedule for The University of Texas System strategic initiatives and accountability goals.

3. U. T. System Board of Regents: Announcement regarding Presidential Search Advisory Committee for U. T. Medical Branch - Galveston

REPORT

Chairman Huffines hopes to announce the composition of the Presidential Search Advisory Committee for The University of Texas Medical Branch at Galveston. This Committee is being constituted pursuant to the Regents' *Rules and Regulations*, Series 20201.

4. U. T. System Board of Regents: Report of Regental Task Force on U. T. Dallas Lands and authorization to implement the recommendations of the Task Force and President Daniel's recommendations concerning use of income

REPORT AND RECOMMENDATIONS

Following a report of the Regental Task Force on U. T. Dallas Lands, the Board will be asked to approve the recommendations that follow on Pages 5 - 12.

The Chancellor concurs in the recommendation of the Interim Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Daniel that the recommendations of the Regental Task Force on U. T. Dallas Lands, as set forth in the materials attached on Pages 5 - 10, be implemented and that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. Dallas, to

- a. sell or ground lease the land, as identified in the Task Force report, on such terms as may be approved by the Executive Director of Real Estate and the President of U. T. Dallas, with a written report to be submitted to the Board by the Executive Director of Real Estate on the consummation of each transaction; such written report to contain a summary of the transaction, a description of the process used to select the other party and the rationale for using that process, a description of the process used to set the consideration received, and a statement of the market value as determined by an independent appraisal, or other competent evidence of market value, as of a date no earlier than 12 months prior to the consummation of the transaction;
- b. authorize the Executive Director of Real Estate to execute all documents, instruments and other agreements, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation; and
- c. authorize the use of the proceeds from sales or leases as outlined in the proposal to be made by Dr. Daniel to the Board at the meeting, and as summarized in the Background Information on Pages 11 - 12.

BACKGROUND INFORMATION

Regent Robert Rowling will present a final report of the Regental Task Force on U. T. Dallas Lands, based on materials attached on Pages 5 - 9. The Task Force was established in 2005 by Chairman Huffines, is chaired by Regent Rowling, and includes Regent Barnhill and President Daniel. The charge of the Task Force is to review and make recommendations on the best use of the lands held by the Board of Regents for the use and benefit of U. T. Dallas.

Recommendations presented in the report include designating lands north of the St. Louis & Southwestern Railroad tracks for sale or long-term ground lease, with the intent of maximizing income for the institution. Lands south of the St. Louis & Southwestern Railroad tracks will be designated for campus use. Selected tracts not required for near-term campus use along Waterview Parkway and Campbell Road may be leased in the interim, but will not be sold.

Preference in sales and leases will be given to uses that enhance the campus by including retail or mixed-use facilities to create a more vibrant and well-rounded environment for the students, staff, and faculty of U. T. Dallas as well as the surrounding neighborhoods and by strengthening the employment base in the area.

President Daniel will present a proposal for the use of proceeds from the sale or leasing of the land in compliance with the deed restrictions conveying the property.

With a portion of the proceeds, Dr. Daniel proposes to support the institution's goals of increasing faculty and the impact of research by the faculty. An endowment will be established, consistent with the deed restrictions, and approximately half of the endowment is proposed to be used to fund university-level graduate student fellowships aimed at attracting world-class graduate student talent to U. T. Dallas. The other half of the endowment is proposed to be used to support chairs and distinguished chairs for recruiting and retaining faculty talent. The proceeds will provide a powerful and flexible source of matching funds that would significantly strengthen U. T. Dallas's ability to raise private funds as part of the \$100 million "Project Emmitt" campaign.

Also in accordance with the deed restrictions, a portion of the proceeds will be used for the Callier Center for Communication Disorders. The Center is housed in a 40-year-old building. A portion of the proceeds is proposed to be used for improvements to the building, and the remainder is proposed to be used to establish an endowment to support graduate student fellowships and chairs for faculty. The work of the Center is closely aligned with the University's strategic plan: the audiology program is U. T. Dallas's highest ranked graduate program, and the linkages with science and engineering, and especially with bioengineering and electrical engineering, are strong.

Task Force on U. T. Dallas Lands – Report to the Board of Regents of The University of Texas System

TASK FORCE OVERVIEW

At its special called meeting held on July 8, 2005, Chairman Huffines announced the appointment of a task force to review and make recommendations on the best use of the lands held for the benefit of U. T. Dallas.

This task force consists of the following members:

Regent Robert Rowling – Chairman
Regent John Barnhill, Jr.
Dr. David Daniel, President of U. T. Dallas

It is supported by U. T. System staff, including:

David Dixon, Office of Facilities Planning & Construction
Francie Frederick, Office of the Board of Regents
Scott Kelley, Business Affairs
Kathy Libersat, Real Estate Office
Art Martinez, Office of the Board of Regents
Florence Mayne, Real Estate Office
Linda Sarrels, Real Estate Office
Kirk Tames, Real Estate Office

ACTIVITIES OF THE TASK FORCE

- The Task Force first met on August 1, 2005, on the U. T. Dallas campus. In advance of that meeting, the Real Estate Office provided the Task Force a report that contained an overview of land holdings and planning issues.
- The Real Estate Office provided a second report to the Task Force on December 28, 2005, containing responses to questions asked and research requested in the first meeting and incorporating the U. T. Dallas draft strategic plan issued in December 2005.
- An informal meeting of the Task Force took place on January 12, 2006.
- The Task Force convened on June 6, 2006, on the U. T. Dallas campus, discussed options, and decided on recommendations to submit to the Board of Regents for approval.

MATTERS REVIEWED AND CONSIDERED

History

- Land acquisition for U. T. Dallas began in 1969, and totaled about 1,200 acres at its peak.
- The Excellence in Education Foundation, established by Cecil Green, Eugene McDermott and Erik Jonsson, founders of Texas Instruments, donated most of the land. The Texas Research Foundation also donated land.
- The properties are located in the cities of Richardson, Dallas and Plano, and are within both Dallas and Collin Counties.
- Sales of land to benefit U. T. Dallas' endowments and grants of land for roads and other infrastructure began in 1975. Lands north of the George Bush Tollway were sold to maximize economic gain; those located south of the Tollway were sold only to companies that were U. T. Dallas research partners to be used for build-to-suit office, research and manufacturing facilities.
- Dispositions have totaled approximately 502 acres, at a gross sale price of over \$53 million.
- In 1995, the Board of Regents of The University of Texas System appointed a special committee, chaired by Regent Jess Hay, to consider options related to U. T. Dallas' lands. The recommendations of this committee were not fully implemented.

U. T. Dallas Draft Strategic Plan

The leadership of U. T. Dallas completed a draft strategic plan for the institution in December 2005, entitled "Creating the Future." This document contains several points that affect decisions regarding the real estate held for the benefit of U. T. Dallas:

- U. T. Dallas' vision is to become one of the nation's best public research universities, building on existing programs and strengths;
- U. T. Dallas envisions evolving into an institution of about 22,000-25,000 students and 1,200 faculty, similar to the University of Virginia, The University of North Carolina, and University of California-San Diego; and
- U. T. Dallas places a high priority on interaction with the surrounding community and with U. T. Southwestern Medical Center and U. T. Arlington.

Current Conditions

- About 708 acres remain for campus use and for disposition.
- The George Bush Tollway (SH-190) was completed in 1999-2002, and in 2005 was extended to I-635, providing a viable alternative to congested I-635 in the north Dallas area and direct access to Dallas/Fort Worth International Airport. The George Bush Tollway has also changed traffic patterns to and around the U. T. Dallas campus.
- Texas Instruments is completing construction of a very large electronic chip manufacturing facility two miles east of the U. T. Dallas campus, which will increase both the demand for real estate and services, as well as provide additional opportunities for interaction with U. T. Dallas.
- Land in Richardson is zoned for office/manufacturing uses, or with a low-density place-holder zoning; land in Dallas is zoned light industrial, which allows many commercial uses in addition to industrial uses; land in Plano is zoned for light industrial uses, and for commercial uses along the Tollway.
- Market participants note that, overall, real estate markets in the Dallas area have been strengthening for the last few years after being generally weak early in this decade. Office occupancy is recovering, such that there are now few large vacancies in the Richardson market area, and new office construction is likely to begin within the next year. U. T. Dallas is located between large established retail nodes, which raises questions about the likelihood of attracting retail other than new entrants, destination retail, and some campus-related retail. Richardson/Plano is an appealing market for multi-family residential developers, but there is a question whether the cities would approve this use unless it is part of a mixed-use development.
- Market participants think mixed-use development may be viable around the U. T. Dallas campus, and should be either neighborhood-oriented if along Campbell Road, or transit-oriented if Dallas Area Rapid Transit does eventually build a station adjacent to U. T. Dallas.

Issues and Options

- The Task Force considered various issues and options during its deliberations. Included in those issues were (1) the amount of land to be dedicated to campus use; (2) use of other land for office/research park or mixed use and via build-to-suit or speculative development; (3) the possibility that Dallas Area Rapid Transit may select the St. Louis & Southwestern Railroad line next to U. T. Dallas for a future light rail line and that land near or on the campus may be considered for a station; and (4) the pros and cons of land leases and land sales.

RECOMMENDATIONS OF THE TASK FORCE

Goals

The Task Force identified dual goals: maximize annual income for U. T. Dallas and preserve strategic property for future growth of the campus.

Disposition

- The Board should preserve lands south of the St. Louis & Southwestern Railroad line (see the attached map) for current or future campus use. Nevertheless, some parcels within that area may be leased if U. T. Dallas determines it does not have a near-term academic use for the lands. Tracts west of Waterview Parkway, north of Synergy Drive, and on the south side of campus along Campbell Road are possible candidates for such an approach. A total of approximately 544 acres are designated for campus use.
- Property north of the St. Louis & Southwestern Railroad line (see attached map) is recommended for sale or lease, as appropriate. A strong preference will be given to ground lease transactions for parcels south of the George Bush Tollway to preserve flexibility for U. T. Dallas to convert those parcels to campus use at a future date. A total of approximately 172 acres are designated for sale or ground lease.
- The use of proceeds from the sale or exchange of the parcels north of the St. Louis & Southwestern Railroad is dictated by the two deeds that conveyed the parcels to the Board. Excerpts from the applicable deeds are attached to this report. All but approximately 7 acres are subject to the following requirements:
 - 2/3 of the proceeds from sales or exchanges are to be held in an endowment for the further attainment of excellence at U. T. Dallas, with income to be made available at least annually to the president of U. T. Dallas for that purpose;
 - not more than 1/6, nor less than 1/10, of the proceeds from sales or exchanges in any calendar year shall be made available to U. T. Dallas to purchase, construct, fabricate, design, or otherwise acquire buildings, improvements, equipment, appliances, furnishings and fixtures to be located on and used on or in the Callier Center for Communication Disorders;
 - the balance of the proceeds from sales or exchanges is to be held in a permanent endowment for U. T. Dallas in connection with the operation of the Callier Center for Communication Disorders, with the income to be made available at least annually for expenditures by U. T. Dallas for operation of the Callier Center.

With respect to the remaining approximately 7 acres, the proceeds from the sale or exchange of the property must be used for the acquisition of

other lands, the construction of buildings, and the purchase of equipment and personal property for use by U. T. Dallas.

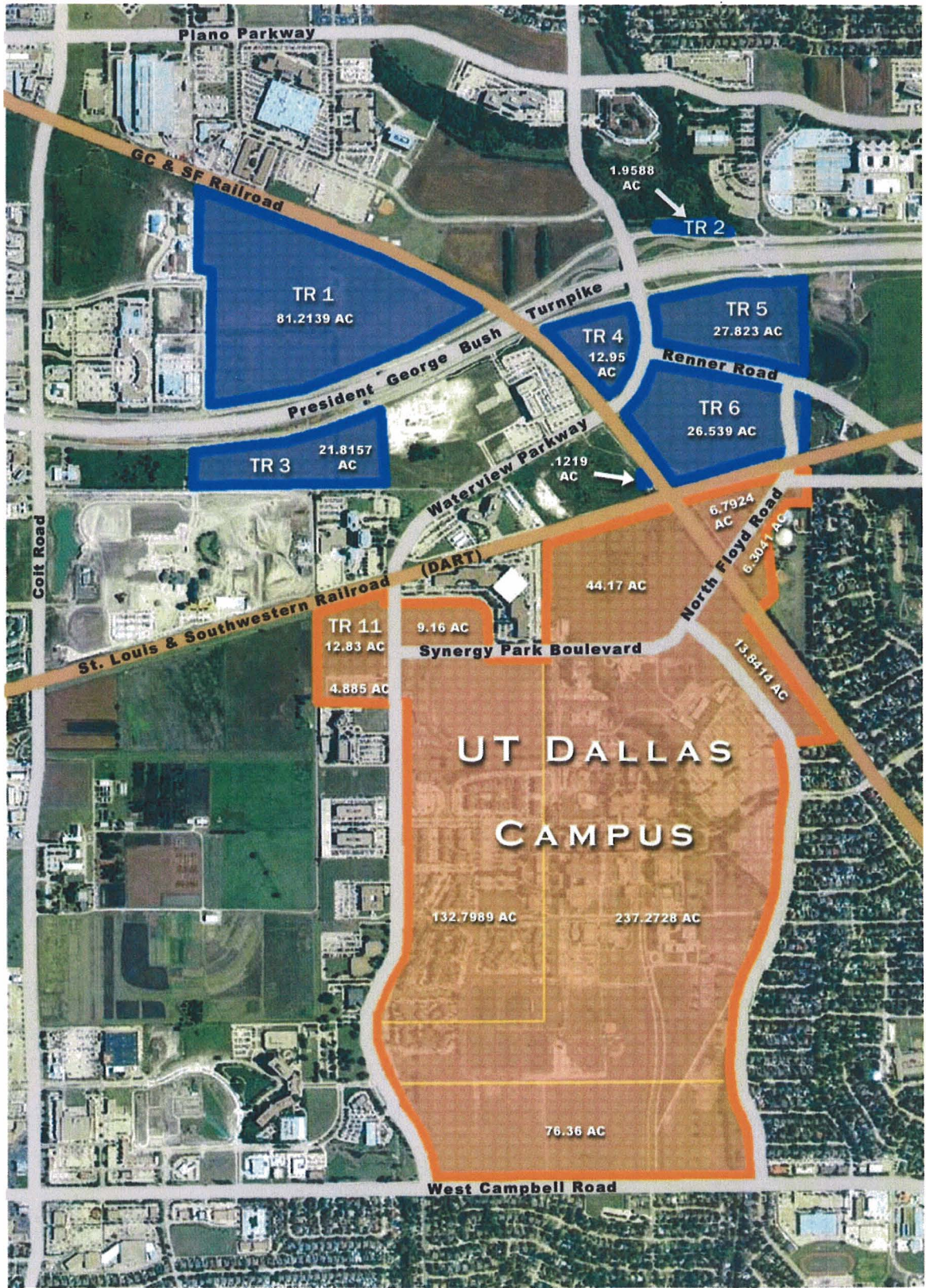
Proceeds from leasing are not restricted. Provided, however, that the Office of General Counsel had advised that if the lease is for an extended period and the rental is prepaid in a lump sum akin to the fair market value, then the proceeds should be treated as though they are proceeds from a sale or exchange.

Preferred Uses

- Uses that enhance the campus by creating a more vibrant and well-rounded environment for the students, staff, and faculty, as well as for the surrounding neighborhoods. These may include retail or mixed-use commercial development, and could include a residential component.
- Short-term uses including driving ranges or other low-impact uses for parcels that may be leased for terms that are not sufficiently long enough to support more extensive improvements.
- Uses that enhance the employment base in the area.

Other Recommendations

- During the course of task force discussions, and consistent with those discussions, U. T. Dallas opted to give notice that the driving range lease for the portion of its campus at the southeast corner of Waterview Parkway and Synergy Drive will terminate in August 2007.
- Land will be sold or leased for both speculative as well as build-to-suit commercial development.
- If the St. Louis & Southwestern Railroad line is selected for light rail service, U. T. Dallas will actively encourage the Dallas Area Rapid Transit to locate a station at the U. T. Dallas campus; such a station would then be a focal point for further commercial and campus development.
- The U. T. System Real Estate Office will take actions to increase the marketability of the sites, including obtaining surveys, hiring brokers or other professionals, and evaluating whether re-zoning, building infrastructure or signage, placing deed restrictions, or other actions will benefit the property, are economically advantageous, or protect the interests of U. T. Dallas.
- The U. T. System Real Estate Office will market the property. Brokers may be engaged to assist marketing efforts. Developers may be sought to assist in master-planned components, if any, of the property.



Use of Proceeds as Stipulated in Deeds

Approximately 7 Acres at the Northeast Corner of the Intersection of the St. Louis & Southwestern and GC & SF Railroad Lines:

Grantor: Excellence in Education Foundation

Date of Deed: February 27, 1975

Deed Restrictions: Given to The University of Texas System "... for the purpose of aiding the establishing and operation of The University of Texas at Dallas, and in the event any of said real estate shall be sold or exchanged by Grantee, the proceeds of such sale or exchange shall not become a part of the Permanent University Fund, the Available University Fund, or the general funds of the State of Texas, but the use of such proceeds shall be limited to the acquisition of other lands and the construction of buildings and the purchase of equipment and personal property for the use of The University of Texas at Dallas"

All Other Parcels North of the St. Louis & Southwestern Railroad Line:

Grantor: Excellence in Education Foundation

Date of Deed: August 25, 1975

Deed Restrictions: Given to The University of Texas System "... provided, however, that:

1. Grantee shall hold the legal title to the real estate hereby granted and conveyed as Trustee for the use and benefit of UTD in the conduct and operation of UTD, with full rights, powers and authority in Grantee to sell (for cash, notes or other properties, or a combination thereof), exchange, lease (for terms of any duration), develop, mortgage, encumber, charge and manage same, with all rights, powers and authority of an owner of said real estate except as herein expressly limited and provided;
2. An undivided two-thirds (2/3) interest in said real estate, or in the proceeds thereof or the properties acquired with such proceeds or in exchange therefore (in the event of a sale or exchange) shall be held as a permanent endowment for the further attainment of excellence at UTD, all the income

therefrom to be made available by Grantee at least annually for expenditure by the President (or other chief administrative officer) from time to time of UTD for that purpose;

3. Not to exceed an undivided one-sixth (1/6) interest in said real estate, or in the proceeds thereof or the properties acquired with such proceeds or in exchange therefore (in the event of a sale or exchange), but not more than one-tenth (1/10) of said undivided one-sixth (1/6) interest in any one calendar year, shall be made available to be used by UTD for the purpose of purchasing, constructing, fabricating, designing or otherwise acquiring buildings, improvements, equipment, appliances, furnishings and fixtures that will be located and used on or in the institution named "Callier Center for Communication Disorders," the operation of which is now being transferred to UTD;
4. The balance of said interest in said real estate, or in the proceeds thereof or the properties acquired with such proceeds or in exchange therefore (in the event of a sale or exchange) shall be held as a permanent endowment for UTD in connection with its operation of Callier Center for Communication Disorders, and all of the income from said interest shall be made available at least annually for the expenditure by UTD for the operation of Callier Center for Communication Disorders;
5. None of said real estate or the proceeds thereof or the properties acquired with such proceeds or in exchange therefore (in the event of a sale or exchange), or the income from any of the same, shall ever become a part of the Permanent University Fund, the Available University Fund, or the general funds of the State of Texas, but all of the same shall be used solely for the purposes hereinabove set forth"

5. **U. T. Austin: Research Office Complex (formerly Institute for Geophysics and Advanced Computing Center) - Amendment to the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to increase total project cost required to accommodate the Sun Constellation supercomputer, funded by a \$59,000,000 High Performance Computing (HPC) System grant from the National Science Foundation; appropriation of funds and authorization of expenditure; and authorization of a separate allocation of \$5,000,000 in Available University Funds to assist in recruiting world-class research staff following the U. T. System Science and Technology Acquisition and Retention (STARs) Program**

RECOMMENDATION

The Chancellor concurs with the Interim Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents approve the recommendations for the Research Office Complex (formerly Institute for Geophysics and Advanced Computing Center) project at The University of Texas at Austin as follows:

Project Number: 102-128

Architecturally or Historically Significant: Yes No

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: June 2007

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Unexpended Plant Funds	\$ 1,684,400	\$13,850,000
	Revenue Financing System Bond Proceeds	\$17,344,000	\$17,344,000
	Interest on Local Funds	<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>
		\$22,528,400	\$34,694,000

- a. amend the FY 2006-2011 Capital Improvement Plan and the FY 2007-2008 Capital Budget to increase the total project cost;
- b. appropriate additional funds in the amount of \$12,165,600 from Unexpended Plant Funds and authorize expenditure of funds; and
- c. authorize allocation of \$5,000,000 from Available University Funds for Science and Technology Acquisition and Retention (STARs) program.

BACKGROUND INFORMATION

Previous Actions

On August 8, 2001, the project was included in the CIP with a preliminary project cost of \$18,000,000 with funding from Designated Tuition. On May 12, 2005, the Board approved the design development plans, revised the funding sources, and increased the total project cost to \$20,444,000 with funding of \$16,944,000 from Revenue Financing System Bond Proceeds and \$3,500,000 from Interest on Local Funds. On October 25, 2005, the Chancellor approved increasing the total to \$20,844,000 with funding of \$16,944,000 from Revenue Financing System Bond Proceeds and \$3,900,000 from Interest on Local Funds. On January 30, 2006, the Chancellor approved revising the funding to \$17,344,000 from Revenue Financing System Bond Proceeds and \$3,500,000 from Interest on Local Funds. On May 2, 2006, the nonhonorific name change was approved from Institute for Geophysics and Advanced Computing Center to Research Office Complex. On July 10, 2006, the Chancellor approved increasing the total project cost and funding was revised to \$350,000 from Unexpended Plant Funds, \$3,500,000 from Interest on Local Funds, and \$17,344,000 from Revenue Financing System Bond Proceeds for a total project cost of \$21,194,000. On September 14, 2006, the Chancellor approved increasing the total project cost and funding was revised to \$1,684,400 from Unexpended Plant Funds, \$3,500,000 from Interest on Local Funds, and \$17,344,000 from Revenue Financing System Bond Proceeds for a revised total project cost of \$22,528,400.

Project Description

U. T. Austin has received a grant for the new Sun Constellation supercomputer, one of the world's most powerful supercomputers. The supercomputer is being funded by a \$59,000,000 High Performance Computing (HPC) System grant from the National Science Foundation and will be the largest computer that is attached to the TeraGrid, a National Science Foundation sponsored network of high-performance computers.

The project, located at the J. J. Pickle Research Campus, consists of a three-story facility of approximately 95,000 gross square feet including research offices, work areas, and seminar and training space for the U. T. Institute for Geophysics (UTIG) and the Texas Advanced Computing Center (TACC).

The increase in total project cost of \$12,165,600 is required to upgrade the TACC facility heating, ventilation, and air conditioning system to accommodate the new Sun Constellation supercomputer.

There will be a separate allocation of \$5,000,000 of Available University Funds to assist U. T. Austin in recruiting world-class research staff following the criteria used in U. T. System's FY 2007 Science and Technology Acquisition and Retention (STARs) Program.

6. U. T. Austin: Dell Computer Science Hall (formerly Computer Sciences Building) - Request for approval to allocate \$20,000,000 from Permanent University Fund Bond Proceeds and amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to revise funding sources

RECOMMENDATION

The Chancellor concurs with the Interim Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor for External Relations that the U. T. System Board of Regents approve the recommendations for the Dell Computer Science Hall (formerly Computer Sciences Building) project at The University of Texas at Austin as follows:

Architecturally or Historically Significant: Yes No

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: June 2010

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Gifts	\$67,000,000	\$47,000,000
	Permanent University Fund Bond Proceeds		<u>\$20,000,000</u>
			\$67,000,000

- a. approve the allocation of \$20,000,000 from Permanent University Fund Bond Proceeds; and
- b. amend the FY 2006-2011 Capital Improvement Program (CIP) and the FY 2007-2008 Capital Budget to revise the funding sources.

BACKGROUND INFORMATION

Previous Board Action

On May 11, 2006, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$67,000,000 with funding from Gifts, was named the Dell Computer Science Hall, and was designated as architecturally significant.

Project Description

The project will construct a new computer sciences building of approximately 106,000 gross square feet with five levels plus a basement. A wing will connect to two levels of T. U. Taylor Hall and the Applied Computational Engineering and Sciences (ACES) Building.

The Department of Computer Sciences occupies five different buildings scattered across the U. T. Austin campus. The Dell Computer Science Hall will consolidate the Department of Computer Sciences into one building and enable the integration of research and educational opportunities.

This request recommends the allocation of \$20,000,000 from Permanent University Fund Bond Proceeds. The Michael & Susan Dell Foundation committed \$10,000,000 toward the total projected construction cost of \$67,000,000 for the project. As a building that plays a critical role in U. T. Austin's ability to be nationally competitive in computer science, significant funds are needed to accelerate the building process. The new, state-of-the-art facility is needed to recruit world-class faculty and strong graduate students and to have the necessary space and equipment to improve competitive standing. Additional funds will be raised through private sources and other institutional resources.

7. **U. T. System: Authorize and approve the use of \$10 million of Permanent University Fund Bond Proceeds to be used as a source of U. T. System contributions for projects supported by Emerging Technology Fund and Texas Enterprise Fund grants that follow the criteria and process used for allocation of the U. T. System's Science and Technology Acquisition and Retention (STARs) Program**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Interim Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Executive Vice Chancellor for Health Affairs that \$10 million of Permanent University Fund (PUF) Bond Proceeds be authorized and approved as a source of U. T. System contributions for projects supported by grants from the State of Texas' Emerging Technology Fund and the Texas Enterprise Fund. This special allocation would be available to any PUF-eligible institution competing for such State funds to assist the institution with recruiting world-class researchers who are central to these projects. The evaluation and awarding of these funds would follow the criteria and process used for allocation of the U. T. System's Science and Technology Acquisition and Retention (STARs) Program.

BACKGROUND INFORMATION

In 2003, the 78th Texas Legislature established the \$295 million Texas Enterprise Fund to allow the State to respond quickly and aggressively to opportunities to bring jobs and employers to Texas. The Texas Enterprise Fund provides State leaders with a "deal closing fund" that has the flexibility and financial resources to help strengthen the state's economy. The fund can be used for a variety of economic development projects,

including infrastructure development, community development, job training programs, and business incentives. Before funds can be awarded, the Governor, Lieutenant Governor, and Speaker must unanimously agree to support the use of the Texas Enterprise Fund for each specific project.

The Emerging Technology Fund, which was created by the 79th Texas Legislature based on a proposal by Governor Perry, was initially established with \$200 million to be used to acquire new or enhanced existing research superiority at public institutions of higher education in Texas. Proposals should involve scientific or technical fields that have a reasonable probability of enhancing the State's economic competitiveness and are likely to create a nationally or internationally recognized focus of research superiority.

8. **U. T. System Board of Regents: Request to designate \$10 million of Permanent University Fund Bond Proceeds from the Science and Technology Acquisition and Retention (STARs) Program to be set aside for matching funds for private gifts as part of the Regents' Research Scholars Program and amendment of Regents' Rules and Regulations, Series 31001, Section 2, concerning academic titles**

RECOMMENDATION

Upon recommendation of the Executive Vice Chancellors for Academic and Health Affairs and the Vice Chancellor for Research and Technology Transfer, the Chancellor recommends that the Regents designate \$10 million of Permanent University Fund (PUF) Bond Proceeds to be set aside for matching funds as part of the Regents' Research Scholars Program.

To be eligible for these matching funds, the campus would identify an important recruitment of a Regents' Research Scholar and obtain philanthropic commitments for \$200,000 to \$500,000 for a specific recruitment. Upon identification of an appropriate candidate for the position, the campus would request Science and Technology Acquisition and Retention (STARs) matching money for this philanthropic commitment (between \$200,000 and \$500,000 for the recruitment). The recruitment would be reviewed by the relevant Executive Vice Chancellor, and if approved, the STARs monies would be used for equipment and renovation while the philanthropic monies could be used for any appropriate research operating costs associated with the recruitment, e.g., graduate student stipends, technician support, and supplies.

Under this plan, up to \$1 million would be available over a five-year period i.e., \$200,000/year. These funds are not intended as an endowment. Recipients of these monies would be known as "Regents' Research Scholars" for the duration of the financial support. Such scholars could also bear the name of the donor i.e., the Johnny Jones Regents' Research Scholar.

Any tenure track faculty recruit, regardless of rank, would be eligible for a Regents' Research Scholar matching award. Such an award would not disqualify an individual for consideration for other STARs recruiting money. That is, if a particular recruitment met the requirement of STARs Program, additional funds for equipment and renovations might be made available through the current programs. Campuses could indicate to potential donors that the U. T. System will provide equipment and renovations money to manage their philanthropic commitment of not less than \$200,000 but not more than \$500,000.

Once a gift has been made, it will be used by the campus for the Regents' Research Scholars awards. If initially intended for a particular candidate, it will be available at the institution for subsequent recruitments if that candidate is not successfully recruited, or if the faculty member leaves prior to the end of the term of the award. While some priority will be given to science, technology, engineering, math, and medicine, faculty proposals for faculty in other fields will also be entertained.

In each case, the philanthropic money for a Regents' Research Scholar must be a new contribution. The Executive Vice Chancellors will be responsible for carefully monitoring the distribution of the Regents' Research Scholars awards among institutions so that there is not a disproportionate share of awards to institutions with particularly strong philanthropic capabilities.

The Regents will receive an annual report of the number and distribution of Regents' Research Scholars awards.

The Chancellor also concurs in the recommendation of the Interim Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that the General Counsel to the Board of Regents be authorized to amend the Regents' *Rules and Regulations*, Series 31001, Section 2, concerning academic titles, to include the title "Research Scholar."

BACKGROUND INFORMATION

Among the most important goals in the Regents' Strategic Plan for The University of Texas System is the commitment to recruit outstanding faculty. In the highly competitive higher education and academic health worlds, recruitment of the most outstanding faculty is extremely expensive. Adequate salary support is a necessary requirement, but, in addition, adequate and appropriate space, state-of-the-art equipment, adequate technical support, and supplies are essential. Whether an initial recruitment or a move from another institution, faculty require significant resources either to start up or to maintain momentum.

The faculty STARs Program has provided adequate funding for equipment and renovations necessary for recruitment of new faculty and in some cases retention of outstanding individuals. However, these monies do not provide operating support for

technicians, graduate student stipends, supplies, and other necessary resources for successful recruitment and launching of new faculty careers. For carefully selected faculty recruitments of very high quality, private philanthropy offers real opportunities to pay for the latter costs. Such philanthropy might be matched in appropriate cases with STARs funding to provide attractive startup packages.

9. **U. T. System Board of Regents: Update on status of search for the President, Chief Executive Officer, and Chief Investment Officer for The University of Texas Investment Management Company (UTIMCO)**

REPORT

Regent Caven, Chairman of The University of Texas Investment Management Company (UTIMCO) Board of Directors, will provide an update on the status and a projected timetable for the search for the chief executive officer for UTIMCO.

10. **U. T. System: Annual performance assessment of campus development offices**

REPORT

Vice Chancellor Safady will present the annual report on performance assessment of U. T. System campus development offices following a PowerPoint presentation on Pages 1 - 8 in the Supplemental Materials (Volume 2) of the Agenda Book.

In 2004, Dr. Safady initiated a new, annual review of campus development operations and the preparation of a customized feedback report for each institution. The report offers an assessment of current development activity and a framework for performance measurement and continuous improvement. With demand on U. T. System institutions to increase philanthropic support, this new service aims to help each institution achieve its strategic objectives. This annual review is aligned with the goals of the U. T. System's comprehensive Accountability and Performance program.

11. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed recipient for Santa Rita Award**

RECOMMENDATION

Chairman Huffines may make a recommendation for award of the Santa Rita Award, the highest honor bestowed by the Board of Regents.

BACKGROUND INFORMATION

The criteria for selection, as detailed in the Regents' *Rules and Regulations*, Series 10601, attached on Pages 9 - 10 in the Supplemental Materials (Volume 2) of the Agenda Book, include such factors as:

- A demonstrated concern for the principles of higher education
- A deep commitment to the furtherance of the purposes and objectives of The University of Texas System
- A record of commitment to securing appropriate financial support for the System from both the public and private sectors
- A demonstrated record of participation in the affairs of the System, which serves as a high example of selfless and public-spirited service.

K. RECESS FOR MEETINGS OF THE STANDING COMMITTEES AND COMMITTEE REPORTS TO THE BOARD

The Standing Committees of the Board of Regents of The University of Texas System will meet as set forth below to consider recommendations on those matters on the agenda for each Committee listed in the Agenda Book. At the conclusion of the Standing Committee meetings, the report of each Committee will be formally presented to the Board for consideration and action.

Audit, Compliance, and Management Review Committee: Chairman Estrada
Agenda Book Page 21, No Items

Finance and Planning Committee: Chairman Rowling
Agenda Book Page 28

Academic Affairs Committee: Chairman Krier
Agenda Book Page 40

Health Affairs Committee: Chairman Clements
Agenda Book Page 60

Facilities Planning and Construction Committee: Chairman Barnhill
Agenda Book Page 67

L. RECONVENE BOARD OF REGENTS AS COMMITTEE OF THE WHOLE

M. ADJOURN