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Board Meeting: 2/9-10/2005
Austin, Texas

Board Meeting

WEDNESDAY, FEBRUARY 9

COMMITTEE MEETINGS

A. CONVENE IN OPEN SESSION

10:00 a.m. – 3:30 p.m.

3:30 p.m.
Chairman Huffines

B. RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551

1. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071

- a. **U. T. System: Discussion and appropriate action regarding legal issues related to disclosure of private investment information under the *Texas Public Information Act* including pending litigation related to such disclosure**

Mr. Collins
Mr. Geoff Gannaway,
Beck, Redden &
Secrest, L.L.P.

- b. **U. T. Austin: Discussion and appropriate action regarding intellectual property lawsuit entitled Board of Regents of The University of Texas System, on behalf of The University of Texas at Austin, and Hydro Quebec v. Nippon Telegraph and Telephone Corporation**

Ms. Ohlendorf
Mr. Dan Perez,
Winstead, Sechrest &
Minick, P.C.

- c. **U. T. Arlington: Discussion and appropriate action regarding potential litigation involving patent infringement matter**

Ms. Harper

- d. **U. T. System: Discussion and appropriate action regarding Environmental Protection Agency action concerning Gulf Nuclear Superfund Sites ID#s 06KN, 06MD and 06ME, Odessa, Ector County, Houston and Webster, Harris County, Texas**

Mr. Phillips

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

- a. **U. T. System: Consideration of individual personnel matters relating to evaluation of presidents, U. T. System officers and employees**

- b. **U. T. System: Consideration of individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents, U. T. System officers and employees**

Dr. Sullivan
Ms. Mayne

C. RECONVENE IN OPEN SESSION AND CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND RECESS

5:00 p.m.
approximately

THURSDAY, FEBRUARY 10

	Board Meeting	Page
STUDENT, FACULTY, AND STAFF CAMPUS LIFE COMMITTEE MEETING	9:00 a.m.	
D. RECONVENE MEETING OF THE BOARD	9:30 a.m.	
E. U. T. System: Annual Meeting with Officers of the U. T. System Faculty Advisory Council	9:30 a.m. Report <i>Dr. Bartlett</i> <i>Dr. Nelsen</i> <i>Dr. Verklan</i>	1
F. APPROVAL OF MINUTES		
G. CONSIDER AGENDA ITEMS		
1. U. T. Board of Regents: Presentation of the Accountability and Performance Report for 2004-2005 and request to accept Report	10:30 a.m. Report <i>Dr. Malandra</i>	3
2. U. T. Board of Regents: Discussion, recommendations, and appropriate action regarding Los Alamos National Laboratory	10:45 a.m. Action <i>Chancellor Yudof</i>	4
3. U. T. System: Presentation and appropriate action regarding authorization to enter into a Memorandum of Understanding and future implementing agreements with Sandia Corporation, operator of Sandia National Laboratories, for an expanded and formalized relationship and increased interaction and collaboration in educational and research activities	11:00 a.m. Action <i>Chancellor Yudof</i> <i>Mr. Smith</i> <i>Dr. Juan Sanchez</i> <i>Dr. Sullivan</i>	4
4. U. T. Board of Regents: Regents' Rules and Regulations, Series 30101 - Amendment to replace the U. T. System-wide Classified Personnel Pay Plan with plans at the institutional level	11:15 a.m. Action <i>Ms. Brown</i>	22
5. U. T. Board of Regents: Regents' Rules and Regulations, Series 80601 - Amendment to increase delegated authority to accept settlement amounts for property and casualty insurance	11:20 a.m. Action <i>Dr. Kelley</i>	24
6. U. T. Board of Regents: Proposed appointment of members to the Board of Directors of The University of Texas Investment Management Company (UTIMCO)	11:25 a.m. Action	26
7. U. T. Board of Regents: Announcement of establishment of a special ad hoc committee	11:30 a.m. Report	27
H. RECESS FOR MEETINGS OF THE STANDING COMMITTEES	11:35 a.m.	
I. RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551 (working lunch)	12:00 noon	
1. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers - Section 551.071		

	Board Meeting	Page
2. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees - Section 551.074		
U. T. Dallas: Candidate interview, discussion, and appropriate action regarding personnel matters related to the possible selection and employment of a president	<i>12:05 p.m. Dr. Sullivan</i>	28
J. RECONVENE IN OPEN SESSION TO CONSIDER ACTION ON EXECUTIVE SESSION ITEMS	<i>2:30 p.m.</i>	
K. SPECIAL REPORT		
U. T. Austin: Report of the Commission of 125	<i>3:00 p.m. Report Kenneth M. Jastrow, II, Commission Chair</i>	28
Adjourn	<i>4:00 p.m. approximately</i>	

THURSDAY, FEBRUARY 10

D. RECONVENE MEETING OF THE BOARD

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

REPORT

The U. T. System Faculty Advisory Council will meet with the Board to discuss accomplishments of the Council and plans for the future according to the following agenda. Council members scheduled to attend are:

Chair: James Bartlett, Ph.D., U. T. Dallas

Faculty Quality Committee Co-Chair: Robert Nelsen, Ph.D., U. T. Dallas

Past Chair: Teresa Verklan, Ph.D., U. T. Health Science Center - Houston

AGENDA

1. Introductions
2. Chairperson's report and overview
3. Executive Committee and Standing Committee remarks and recommendations
 - a. Bridge funding for "fundable", but non-funded research grants
Dr. Bartlett's PowerPoint, *Seed Funding for Approved but Unfunded Research Grants*, is on Pages 2.1 – 2.5.
 - b. Creation of a System-wide base of research background and research interests of faculty and graduate students
Dr. Nelsen's PowerPoint, *Texas for Texans Data Base*, is on Pages 2.6 – 2.9.
 - c. Issues concerning nursing education
Dr. Verklan's PowerPoint, *Shortage of Nursing Faculty*, is on Pages 2.10 – 2.18.

BACKGROUND INFORMATION

The University of Texas System Faculty Advisory Council was established in 1989 to provide a forum for communicating ideas and information between and among faculty, the U. T. Board of Regents, and the Executive Officers of U. T. System. Council guidelines require that recommendations have a multi-institutional focus and that the Council explore individual campus issues with institutional administrators prior to any consideration. The Faculty Advisory Council consists of two faculty representatives from each U. T. System institution and meets quarterly, usually in Austin. The Standing Committees of the Council are: Academic Affairs, Faculty Quality, Governance, and Health Affairs.

Seed Funding for Approved but Unfunded Research Grants

*A plan for enhancing research
productivity throughout the U. T. System*

James Bartlett, PhD

1

The Problem:

- Federal funding agencies can fund only a fraction of proposals approved as fundable by peer-review panels
- Many of the most innovative proposals are marked down in priority due to:
 - Insufficient pilot data
 - A limited track record of publication in the particular research area
- ***And yet it is difficult to meet these objections without first obtaining funding.***

2

A Solution:

- *Provide seed funds to initiate unfunded research projects while the proposals are being revised or reconsidered at an external funding agency.*

3

The Georgia Tech Program:

- *Focused on nanoscience/nanoengineering*
- *Proposals must have been reviewed and declined by an appropriate Federal Agency within the last 24 months.*
- *Copies of all reviews are part of the submission.*
- *Provides 1 year of start-up support (\$50,000 maximum)*

4

The Georgia Tech Program (cont'd):

- Proposals are awarded by the Office of the Provost with advice from an *ad hoc* Faculty Review Committee based on:
 - *The external reviews from the external agency*
 - *Scholarly content*
 - *Scientific impact*
 - *Budget adequacy*

5

The Georgia Tech Program (cont'd):

- The P.I. of each supported project will provide an annual report including:
 - *A summary of activity/accomplishments*
 - *A list of relevant publications*
 - *A report on the re-submitted proposal and other awards received*
 - *A list of expenditures*

6

Suggested modifications of the Georgia Tech program:

Expand to cover more research areas

Expand across all U. T. System institutions

7

Benefits of the Program:

- *Efficiency:* Proposals can be generated with minimal extra time and effort by the P.I.
- *Quality:* Proposals will be judged in light of peer reviews received from the external agency
- *Accountability:* P.I.'s will produce annual reports
- *Innovation:* The program will encourage investigators to move into promising new fields of research
- *Strategic flexibility:* The program can be directed toward high-priority research areas

8

Costs:

- At up to \$50,000 per award, the program is costly, **but:**
 - If the program is successful, the costs may be recouped.
 - *when funded, a million dollar proposal will generate over \$400,000 in indirect costs*
 - The costs are scalable: If only \$250,000 is available, at least five proposals can be funded

Texas for Texans Data Base

*Innovative electronic means for
collaboration among U. T. System
Institutions*

Robert Nelsen, PhD

1

Background

- The WAG Report said that U. T. System institutions needed to improve the means for collaboration among institutions and to improve the quality and quantity of graduate students.
- As such, the FAC recommends that the following three data bases be established and maintained by U. T. System:

2

I. Graduate Student Recruitment Data Base

- To be used by various graduate programs to contact potential graduate students in the State
 - To be created from data compiled by Undergraduate Deans and Deans of Students
 - Data sorted by discipline on Juniors and Seniors considering going to graduate school
-

3

Student Information within Recruitment Data Base

- Brief one paragraph bio
 - List of research interests
 - Research experience
 - Awards (e.g., Dean's list)
 - Email addresses and contact information
-

4

II. Research Data Base and Interactive Chat Room

- To be used by faculty seeking to collaborate with other faculty at other institutions
- To be compiled from data collected by Offices of Sponsored Projects and Research Vice-Presidents (or Provosts if institution has no Research Vice-President)
- To be sorted by key categories, fields, and areas used by researchers in publications and on grants

5

Research Data Base Content

- All current research grants (title, PI, and amount awarded)
- All submitted grants that are either pending or did not receive funding (title, PI, amount requested)
- Voluntary list of faculty with list of research interests and URL for faculty member's web page
- Interactive chat room that will allow real-time online communication and meetings as well as allowing faculty to post requests for information or potential collaboration projects

6

III. U. T. System Searchable Data Base

(for the future)

- A Google-like data base linking all U. T. System Institutions' Websites

7

Purposes of U. T. System Searchable Data Base

- Search tool (somewhat like Google) for high school and undergraduate students to find out about various institutions and their programs
- Recruiting tool for faculty
- Collaborative tool for faculty

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Presentation to the Board of Regents:

Shortage of Nursing Faculty

M. Terese Verklan, PhD, CCNS, RNC

February 2005

1

Acknowledgements

- Patricia L. Starck, DSN, RN, FAAN
 - Dean, School of Nursing, UT Health Science Center at Houston
 - Co-chair, Nursing Workforce Data Advisory Committee

2

Scope and Significance of Problem

- More than 1M vacant positions for RNs by 2010 due to ↑ demand for healthcare and net replacements due to retirement
 - 39% of RNs employed in nursing hold BSN or MSN (TX: 23%)
 - >39,000 vacancies projected to require BSN/MSN

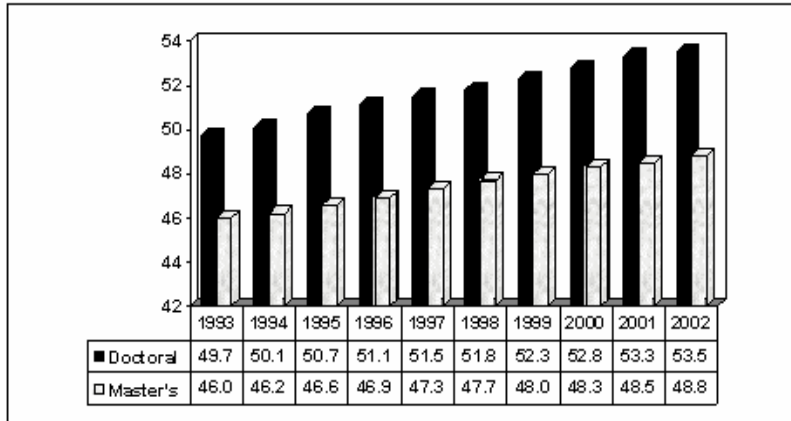
3

Scope and Significance of Problem (cont.)

- Intensifying the shortage is the ↑ deficit of masters and doctorally prepared faculty → limits the number of students admitted
 - US Schools of Nursing declined ~ 16,000 qualified applicants
 - TX: 36—50% of qualified applicants not enrolled due to lack of educational capacity:
 - Lack of budgeted faculty positions
 - Lack of qualified faculty applicants
 - Lack of clinical sites

4

Contributing Factors: Faculty Age

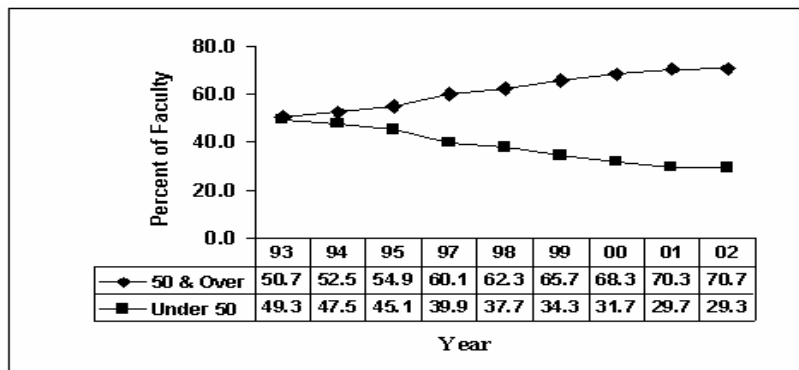


American Association of Colleges of Nursing

5

Contributing Factors: Faculty Age (cont.)

% of Full-Time Doctorally Prepared Faculty Over/Under Age 50

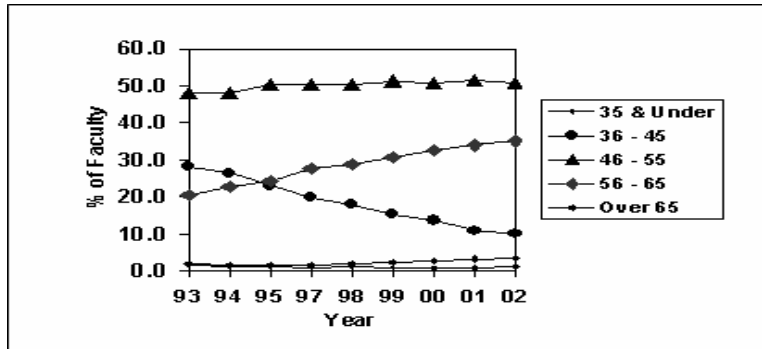


American Association of Colleges of Nursing

6

Contributing Factors: Departure from Academic Life

- **↓ in 36-45 group
 - 43.8% left academia to assume private sector positions



American Association of Colleges of Nursing 7

Contributing Factors: Departure from Academic Life (cont.)

- Employment of Doctoral Graduates
 - 28.6% employed outside School of Nursing in 2002
 - % planning to be employed outside of School of Nursing ↑ by approximately 50% since 1980
 - Proportion of RNs with doctorates employed in School of Nursing with \geq BSN decreased from 68% (1992) to 42% (2000).

8

Contributing Factors:
Salary Differentials

Instructional Faculty Position	Median	75th %ile
Associate Professor (Doctoral)	\$ 74,556	\$ 81,116
Associate Professor (Master's)	\$ 60,556	\$ 67,259
Assistant Professor (Doctoral)	\$ 65,212	\$ 67,259
Assistant Professor (Master's)	\$ 55,262	\$ 61,310

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Contributing Factors:
Salary Differentials (cont.)

Clinical/Administrative Positions	Median	75%ile
Chief Nurse Anesthetist	\$ 128,875	\$ 139,625
VP for Nursing	\$ 113,100	\$ 134,122
Nurse Anesthetist	\$ 105,890	\$ 114,647
Nursing Director	\$ 93,344	\$ 103,083
Nurse Practitioner	\$ 69,416	\$ 76,407

10

Faculty Workload & Role Expectation Issues

- Job Dissatisfaction
 - Overall satisfaction, job security, opportunity for advancement, workload, effectiveness of leadership, salary, benefits
 - Junior faculty > dissatisfaction than senior
 - Workload dissatisfaction 54.7% vs 29.5%

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Short-Term Strategies for Expanding Capacity of Current Faculty

- Faculty expanded in non-traditional ways with current resources
 - Change objection to use of expert non-nurse faculty
 - Creation of interprofessional core courses
 - Is a Master's degree in *nursing* essential for teaching?
 - Estimated 3000 Advanced Practice Nurses with doctoral degrees who do not have MSN → can't teach
 - Some BSN to PhD programs do not receive a MSN

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Short-Term Strategies (cont.)

- Sponsor educational sessions that emphasize academic careers (✓)
- Examine current curricula/programs and streamline to facilitate more timely program completion (✓)
- Attract more second degree students → accelerated programs (✓)

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Short-Term Strategies (cont.)

- Examine retirement policies
 - Design phased retirement plans that support inclusion of productive retired faculty
- Recognize value of retired scholars
 - Emory U created Emeriti Center composed of retired professors across disciplines
 - USC Emeriti Center offers modest research stipends to retired faculty, recognizes them for continued scholarship and supports community lecture series

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Long-Term Strategies for Expanding the Future Pool of Nursing Faculty

- **Recruitment**
 - **Develop a positive message**
 - Nurses must be valued
 - **Recruit at younger ages**
 - Focus on decision-making process of middle and high school students
 - Johnson & Johnson's national Campaign for Nursing's Future
 - Partnerships between high-school districts and faculty

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Long-Term Strategies for Expanding the Future Pool of Nursing Faculty

- **Recruitment (cont.)**
 - **Seamless basic and advanced nursing preparation**
 - Streamline trajectory (accelerated programs)
 - **Sources of financial aid**
 - Remuneration for lost pay while attending school
 - Grants→loans that are later forgiven
 - **Support students from admission to graduation**
 - Use of aggressive mentoring programs for struggling students

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Long-Term Strategies (cont.)

- Retention

- Enhance work environment

- Provide better salaries, lower faculty/student ratios, more autonomy, and better merit system
 - Requires heavy support from state legislators

- Support faculty

- Formal development and mentorship programs—teaching, research

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Long-Term Strategies (cont.)

- Collaboration

- Other disciplines

- Most healthcare disciplines do not “mix”
 - Would develop attitudes and skills for effective communication/teamwork

- Local Community

- Legislative support essential (funding source)
 - Reconsider Nurse Practice Acts that limit creative approaches to current problems
 - Partnerships with private industry, healthcare institutions, etc

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F. APPROVAL OF MINUTES

G. CONSIDER AGENDA ITEMS

1. **U. T. Board of Regents: Presentation of the Accountability and Performance Report for 2004-2005 and request to accept Report**

REPORT

Dr. Geri H. Malandra, Associate Vice Chancellor for Accountability, will present the U. T. System Board of Regents' Accountability and Performance Report for 2004-2005 following the PowerPoint presentation attached on Pages 3.1 – 3.12. Following the presentation, the Board will be asked to accept the Report.

The Report, separately bound in a blue notebook, was mailed to the Board with this Agenda Book. Highlights of the Report may be found on the pages following the Highlights tab in the Report. Additional copies of the full Report will be available at the meeting.



THE UNIVERSITY OF TEXAS SYSTEM

Accountability and Performance Report

February 2005



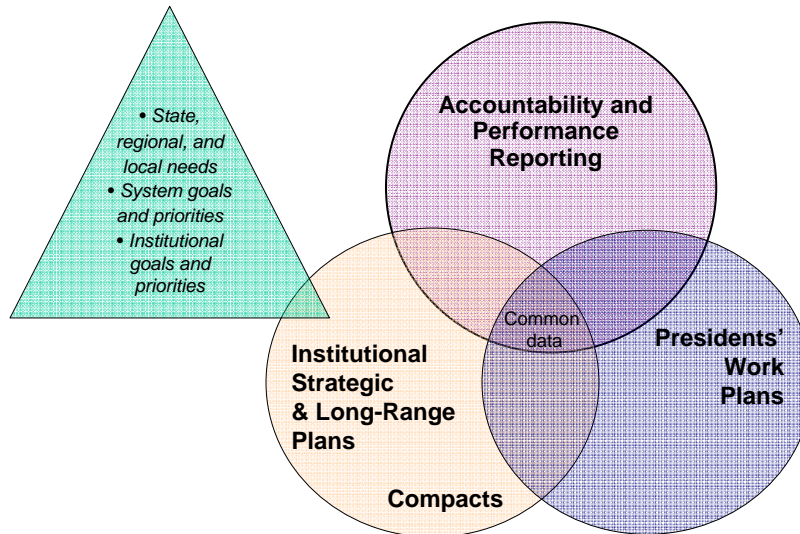
Purpose

- **Continuous improvement**
- **Sound management**
- **Operational transparency**
- **Communication with internal and external stakeholders**
- **Influence on state and national accountability public policy**
- **Annual report submitted for Board's Winter meeting**

2



U. T. System Planning Context



3



Framework

- **Scope**
 - 70 measures for all academic institutions
 - 46 measures for all health institutions
 - 15 measures for the U. T. System as whole
 - 5-year longitudinal trends
 - Institutional peer comparisons (10-15 selected indicators)
 - Implications for future planning
- **Organizing Themes**
 - Linked to U. T. System's overarching missions, values, goals and priorities and Texas' *Closing the Gaps* goals
 - Students
 - Research and Health Care
 - Community Service and Collaborations
 - Efficiency and Productivity

4



Enhancements for 2004-05

- **Additions, based on recommended “measures for future development:”**
 - Trends in LSAT and GMAT entrance exam scores
 - Medical student satisfaction
 - Trends in sponsored revenues from all sources
 - Economic impact of capital expenditures
 - Refined methodology to report value of total endowments
 - Ratio of research expenditures to research space at academic institutions
 - Energy use
 - Small class trends
 - Expanded rankings to include national rankings of degrees awarded to minority students
 - Centers of Excellence listed and described for each institution

5



Dynamic Measures

Example: Student Access and Success

Context/Progress

and % increase of first-time, degree-seeking freshmen
students enrolled on 12th day
Financial aid
Persistence rates



Outcome/Impact

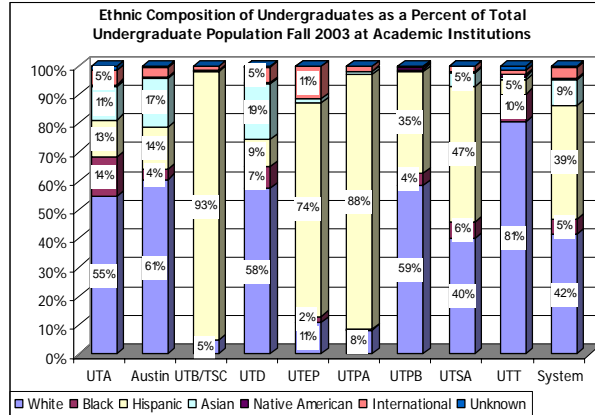
Graduation rates
Licensure test pass rates
degrees awarded
Diversity of graduates
Student experience
(for the future)
Student learning outcomes
Post-graduation experience (employment)

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Sample Findings: Student Access

Closing the Gaps Goals

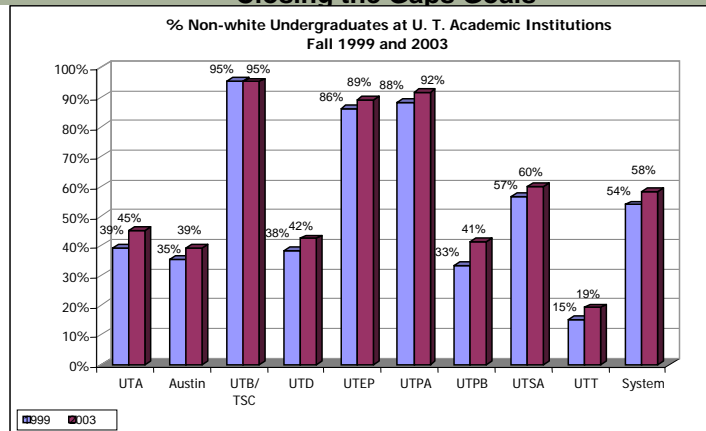


The proportion of Hispanic freshmen at U. T. academic institutions slightly exceeded proportion of Hispanic students in statewide high school graduating class (34%).



Sample Findings: Student Access

Closing the Gaps Goals

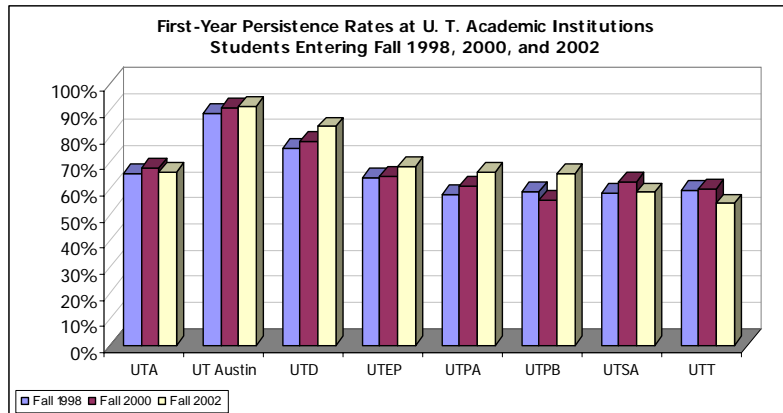


Overall minority enrollments continue to increase at most U. T. academic institutions.



Sample Findings: Student Success

Persistence



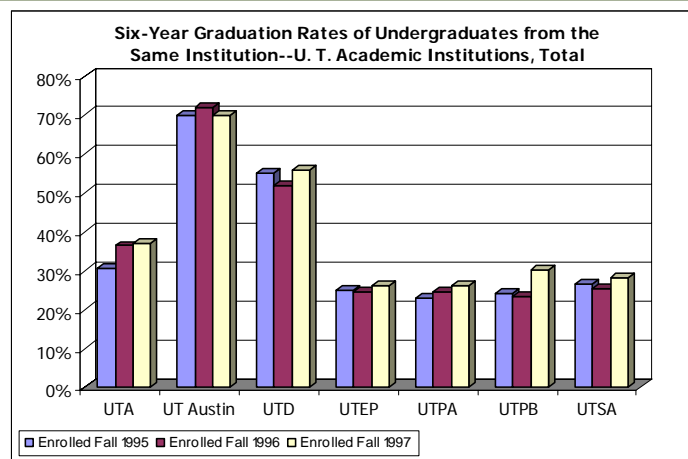
Over the past 3 years, 1-year persistence rates have increased at most U. T. academic institutions.

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Sample Findings: Student Success

Graduation Rates



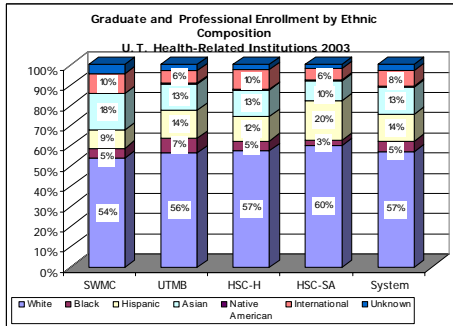
4-, 5- and 6-year graduation rates are increasing steadily at U. T. academic institutions.

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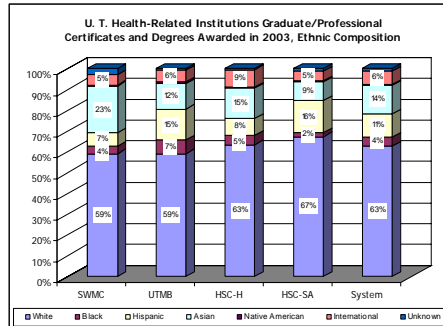


Sample Findings: Student Success

Health-Related Institution Enrollments and Degree Recipients



7,945 graduate/professional students enrolled in 2003

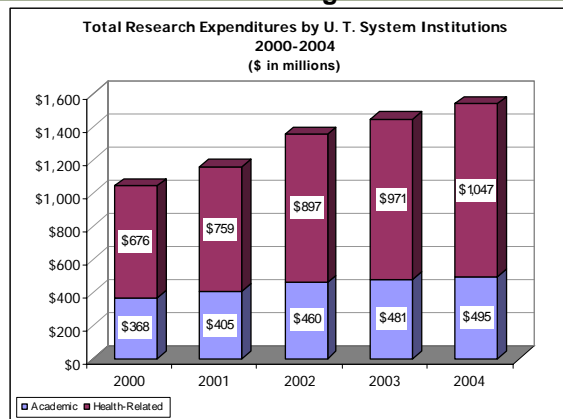


1,697 graduate/professional degrees awarded in 2003



Sample Findings: Teaching, Research, Health Care Excellence

Research Funding Trends



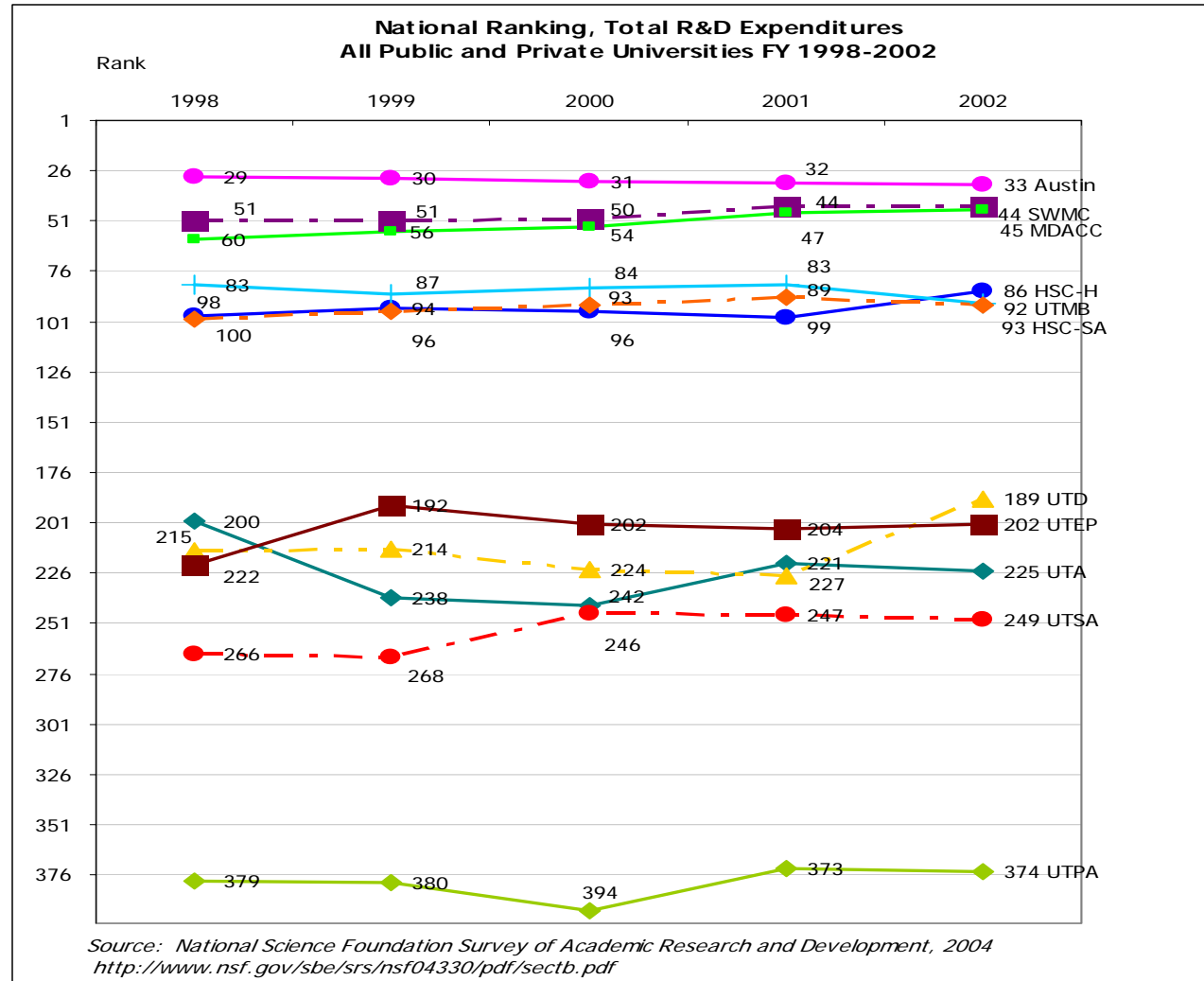
- Total research expenditures exceeded \$1.5 billion in FY 2004
- 48% increase between 2000 and 2004
- Sources: 63% federal; 22% private; 15% state



Sample Findings: Teaching, Research, Health Care Excellence

Rankings: Example

3.7



Of 617 ranked institutions:

- 3 U. T. System institutions are in the top 50 of all public and private research universities in total research expenditures.
- 3 are in the top 51-100.
- 4 are in the top 204-250.
- 1 is in the top 375.



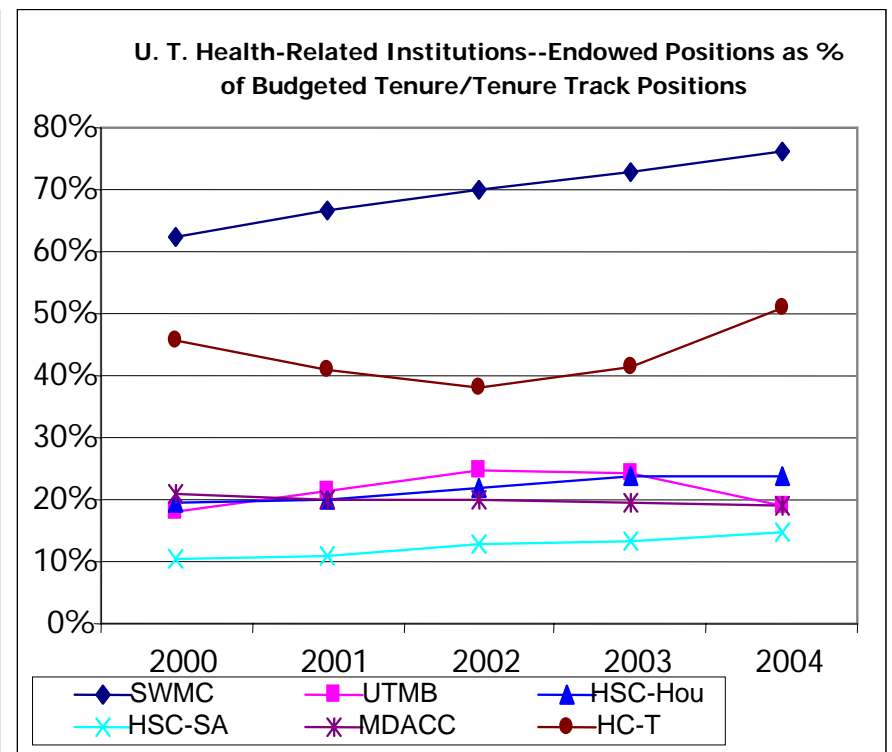
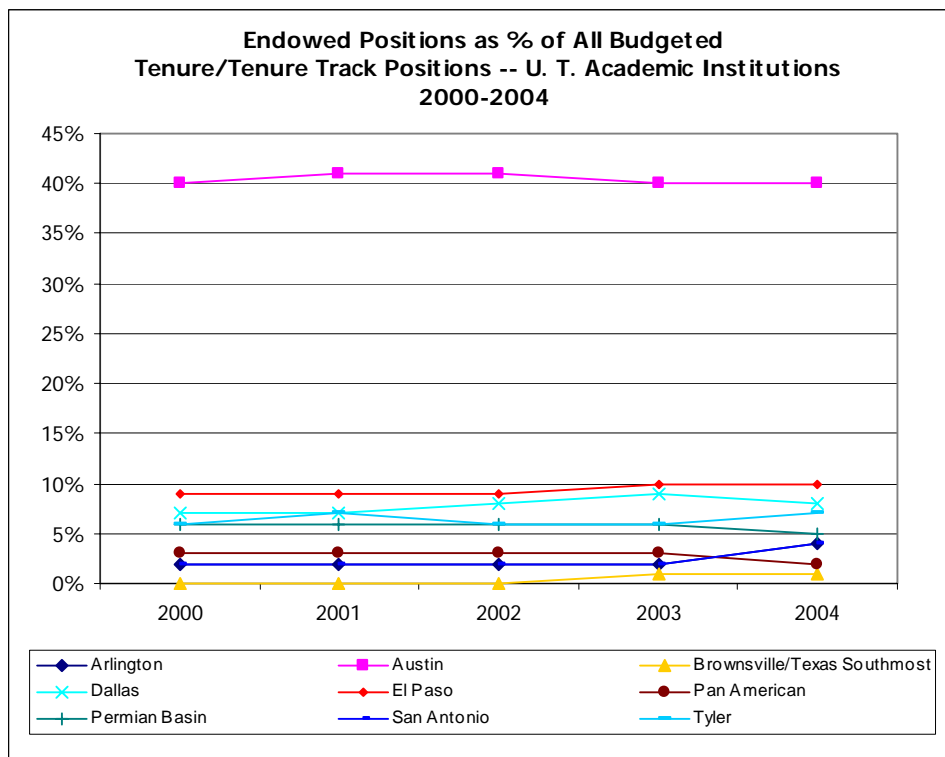
Sample Findings: Teaching, Research, Health Care Excellence

Endowed Faculty Positions

Academic

Health

3.8



positions increased an average of 21% from 1999 to 2003

positions increased an average of 27% from 1999 to 2003



Sample Findings: Teaching, Research, Health Care Excellence

Technology Transfer

Patents Issued by U. S. Patent and Trademark Office
Top-Ranked Universities
2002 and 2003

	2002		2003	
	Rank	# Patents	Rank	# Patents
University of California	1	431	1	439
MIT	2	135	3	127
California Institute of Technology	3	109	2	139
University of Texas System	5	93	4	96
Stanford University	4	104	5	85
Johns Hopkins University	6	81	7	70
University of Wisconsin System	6	81	6	84
University of Michigan	12	47	8	63
Columbia University	13	45	9	61
Cornell University	21	35	10	59
University of Florida	15	42	19	59

Source: *Chronicle of Higher Education*, March 5, 2004.

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Sample Findings: Collaborations

Examples

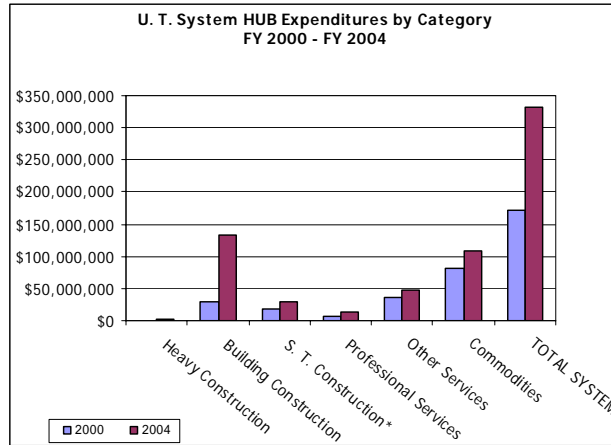
- **Educational Collaborations**
 - U. T. Medical Branch and U. T. Austin MD/PhD program
- **Research Collaborations**
 - U. T. San Antonio and U. T. HSC-San Antonio Life Sciences Institute
- **K-12 Collaborations**
 - U. T. El Paso Collaborative for Academic Excellence
- **Business and Community Collaborations**
 - U. T. Dallas Texas Instruments Semiconductor Plant

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Sample Findings: Collaborations with and Service to Communities

Economic Impact: HUB Expenditures



U. T. System HUB expenditures have increased in every category over the past 5 years

*Special Trades Construction



Key Findings: Organizational Efficiency and Productivity

Example: Endowments

	Value 8/31/99	Value 8/1/04	% Change
Total Academic	\$ 1.8 billion	\$ 2.5 billion	40%
Total Health-Related	\$ 1.5 billion	\$ 1.9 billion	29%
System Administration	\$.14 billion	\$.17 billion	19%
Total U. T. System	\$ 3.3 billion	\$ 4.5 billion	35%

The total includes endowments managed by UTIMCO as well as those held in trust by other entities on behalf of U. T. System institutions.



Institutional Profiles

- **National and program rankings and analysis**
- **Institution award highlights**
- **Institution mission statements**
- **Peer comparisons**
- **Centers of Excellence**

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Practicing Accountability

- **Use of the report**
 - Almanac and ready reference
 - Highlight successes and key issues
 - Reflect major U. T. System initiatives: tuition deregulation, WAG report, efficiency studies, special investments
- **Set future goals**
 - Work with EVCs and presidents to analyze trend lines, use peer comparisons – do we need specific targets?
 - Align with institutional planning and Compacts
 - Align with State accountability framework
 - Basis for specialized, in-depth studies and cross-tabulation analysis

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THE UNIVERSITY OF TEXAS SYSTEM

For complete data sets, more extensive analysis, and more information about the U. T. System's accountability and institutional improvement initiatives, visit:

<http://www.utsystem.edu/cha/Accountability.htm>

2. **U. T. Board of Regents: Discussion, recommendations, and appropriate action regarding Los Alamos National Laboratory**

RECOMMENDATION

Chancellor Yudof will make a recommendation that the Board not pursue a bid for management and operation of Los Alamos National Laboratory.

BACKGROUND INFORMATION

On February 4, 2004, the Board authorized the Chancellor and other U. T. System officials, at his direction, to plan for a potential bid by taking all steps the Chancellor deems reasonable to proceed with the necessary preparation to compete for the management contract to operate the Los Alamos National Laboratory, with the understanding that this authorization includes approval to budget and expend funds of up to \$500,000 for this purpose; to contract for needed services and supplies; to seek agreements with potential academic and industrial partners; and to utilize consultants, in conformance with State laws and Regental policy, as needed to assist in the U. T. System's preparation for participation in the bid process. At the July 16, 2004 meeting of the Board, Chancellor Yudof reported the U. T. System had registered interest in a potential bid with the Department of Energy for management and operation of Los Alamos National Laboratory.

3. **U. T. System: Presentation and appropriate action regarding authorization to enter into a Memorandum of Understanding and future implementing agreements with Sandia Corporation, operator of Sandia National Laboratories, for an expanded and formalized relationship and increased interaction and collaboration in educational and research activities**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, the Vice Chancellor for Governmental Relations and Policy, and the Interim Vice Chancellor and General Counsel that authorization be given for the Chancellor to execute, on behalf of the Board, a Memorandum of Understanding with Sandia Corporation, operator of Sandia National Laboratories, in substantially the form attached on Pages 9 - 21, and the necessary implementing agreements, as outlined in the Memorandum to be finalized in the future, for an expanded and formalized relationship and increased interaction and collaboration in educational and research activities.

Vice Chancellor Smith will outline the proposed agreement and introduce U. T. faculty members who would be involved in the collaborative activities proposed.

BACKGROUND INFORMATION

The purpose of the proposed Memorandum is to provide the basis for implementing (1) an expanded and formalized relationship between Sandia and U. T. System that will assess and enhance performance excellence at Sandia National Laboratories, and (2) increased interactions and collaborations between individual staff, faculty, and students at Sandia and the institutions comprising U. T. System.

This Memorandum supplements the Memoranda of Understanding (MOU) entered into by The University of Texas at Austin (MOU #02-S-348) and by The University of Texas at Arlington, The University of Texas at Dallas, The University of Texas Southwestern Medical Center at Dallas, and The University of Texas System (MOU #03-S-386). These two Memoranda providing for collaborative research activities are incorporated into the new Memorandum by reference.

To further the expanded and formalized relationship between Sandia and U. T. System, the Sandia Board of Directors has elevated the Organizational Structure for Oversight of Science and Technology at Sandia through the following actions by resolution on January 26, 2005: The Sandia Board of Directors has established a designated U. T. System Director's position to be filled through election by the Board of Directors. That U. T. System Director will organize and lead technical peer reviews of Sandia's science and technology foundations, working through a newly formed Subcommittee of the Mission Committee of the Board of Directors.

A brief summary of the proposed agreement follows:

1. Peer Review and Scientific Accountability
 - a. U. T. System agrees to develop, perform, and be accountable for the peer review process of the Sandia Assurance System for Science, Technology and Engineering. The review panels will be composed of appropriate nationally recognized leaders from leading universities, corporations, and agencies.
 - b. Beginning October 1, 2005, U. T. System will provide advice and assessment of the state of health and planning related to Sandia's science, technology, and engineering capabilities.

- c. U. T. System will maintain an office on site and staffed by qualified personnel from U. T. System institutions to provide oversight of the peer review process. Full staffing of the office will be completed by October 1, 2005.
- d. Sandia will reimburse U. T. System, under a separate implementing agreement delineating the terms and conditions, for the reasonable and authorized costs of maintaining and staffing the office; salaries and Sandia work-related travel for the assigned staff; and authorized expenses related to the reviews.

2. Research Program Interfaces and Collaborations

- a. In addition to the current and ongoing activities and organizational relationships detailed in the two existing MOUs referenced above, Sandia and U. T. System agree to undertake unclassified, joint research projects that take advantage of the complementary competencies of Sandia and U. T. System as illustrated below:
 - **Simulation Engineering** provides real-time sensor updates to simulations. Two complementary approaches are worth pursuing: broadly applicable simulation-engineering research for the National Science Foundation and National Nuclear Security Administration/Advanced Simulation and Computing Program, and potential first application to real-time updated simulation engineering of the Texas Power Grid (in preparation for extending the work to the U.S. power grid) for the Department of Energy and for the Department of Homeland Security to prevent cascading failures and to mitigate the effects of terrorist attacks on the power infrastructure.
 - **UT-Sandia Petawatt High Energy Density Physics Capability** will leverage the unique 100 Joule petawatt laser at U. T. Austin and the unique 500 Joule petawatt and 2000 Joule terawatt lasers at Sandia for a combined regional capability in this emerging research area.
 - **Sustainable Energy and Water Security and Sustainability** builds on the unique energy and geochemical expertise of the U. T. System and the Texas-based petrochemical industry and the Sandia expertise in energy and water-related science and engineering. This program will address the mid-term and long-term alternatives for a sustainable supply for mobile energy under sponsorship by an industry consortium, a petrochemical corporation after appropriate fairness-of-opportunity process, or the Department of Energy. The initial focus will be on energy and water resources and on dynamic modeling and simulation.

- **Joint U. T. System-Sandia Health Security Program** builds on the expertise in infectious diseases and radiological bioscience within the U. T. System, and the Sandia expertise in biomedical-related sensors, microsystems, nanotechnology, computational biology, measurement science, and proteomics to pursue major program opportunities. The initial focus will be on cell membrane biology, chemistry, and proteomics because of their importance to counterterrorism and health security. The program will seek to position itself to become a Department of Homeland Security Center of Excellence and to respond to a National Institutes of Health PO1 Research Program Project.
 - b. In undertaking the joint projects, the project-specific funding for joint research will be provided through the Principal Investigator to the participating institutions.
3. Educational Collaboration
- a. Sandia and U. T. System agree to utilize joint appointments so that Sandia scientists can provide staff for graduate programs at U. T. System institutions and U. T. System personnel can engage in long-term involvement in Sandia research programs.
 - b. U. T. System agrees to provide on-site courses to Sandia personnel through the use of resident U. T. System professors and to provide distance learning opportunities. These offerings could include courses from continuing education programs throughout the U. T. System, such as those offered by the Center for Lifelong Engineering Education as well as specialty, topical research courses of mutual interest between Sandia and U. T. System. Sandia will pay for any courses provided to Sandia personnel under separate implementing agreements.
 - c. U. T. System agrees to explore opportunities for granting resident tuition status to Sandia personnel and families who are accepted to attend U. T. System institutions. Since legislation may be required to accomplish this, U. T. System cannot commit to the success of this endeavor at the time of the signing.

4. Term of the Agreement

The agreement will remain effective for five years, subject to either party withdrawing on 30 days' notice.

5. Future Implementing Agreements

- a. Peer Review. An implementing agreement providing for reimbursement of U. T. System costs will be executed prior to October 1, 2005.
- b. Educational Programs. Implementing agreements providing for reimbursement of instructional costs will be executed by the U. T. institution providing the courses.
- c. Research Programs. Implementing agreements providing for project-specific funding will be provided through the principal investigator to the participating institutions.

To assure accountability, annual reports will be prepared summarizing activity under the Memorandum of Understanding. On October 1 of each year, a report summarizing the results of the peer review process will be forwarded by the on-site coordinator to the Vice Chancellor for Research and Technology Transfer and to the Chancellor. On the same date, a report summarizing results of joint research activities will be forwarded by the participating institutions to the Vice Chancellor for Research and Technology Transfer and to the Chancellor, and a report summarizing results of the educational collaboration will be forwarded by the participating institutions to the Executive Vice Chancellor for Academic Affairs and to the Chancellor.

Following receipt of the reports on October 1, the Chancellor will prepare for the Board of Regents a summary of the preceding year's activities.

Memorandum of Understanding

Between

Sandia Corporation

and

The University of Texas System

This agreement is by and between Sandia Corporation ("Sandia"), operator of Sandia National Laboratories, with principal offices located in Albuquerque, New Mexico, and The University of Texas System ("UTS").

Purpose

The purpose of this agreement is to provide the basis for implementing (1) an expanded and formalized relationship between Sandia and UTS that will assess and enhance performance excellence at Sandia National Laboratories and (2) increased interactions and collaborations between individual staff, faculty and students at Sandia and the institutions comprising UTS.

Background

Sandia has a number of missions defined by National Nuclear Security Administration (NNSA), Department of Energy (DOE) and the Department of Homeland Security (DHS), among which are deterrence of attack with nuclear weapons, non-proliferation, energy, homeland security, research, work for other federal agencies, and the fostering of science and engineering education. Much of the work is funded in relatively large programs at the laboratory level and conducted by staff working in multidisciplinary teams under the direction of a project manager.

The University of Texas System's primary missions are education, research, health care and public service of regional, national and international significance. Research at the institutions of UTS is aimed at expanding the educational opportunities available to undergraduate and graduate students, at promoting scholarly inquiry and to the development of knowledge and understanding. UTS maintains strong and internationally recognized research programs in science and engineering that contribute to the academic achievement and stature of institutions and assist UTS in fulfilling its responsibilities to the state and the nation.

To further the expanded and formalized relationship between Sandia and UTS, the Sandia Board of Directors has elevated the Organizational Structure for Oversight of Science and Technology at Sandia through the following actions by resolution of the Board on January 26, 2005: The Sandia Board of Directors has established a

designated UTS Director's position to be filled through the election by the Board of Directors. That UTS Director will organize and lead technical peer reviews of Sandia's science and technology foundations, working through a newly formed Subcommittee of the Mission Committee of the Board of Directors. The Subcommittee will be composed of at least two Board members including the Chair and at least two advisors from universities, two from industry, and two from government agencies and/or federal or national laboratories.

Mutual Commitments

1. This agreement supplements the Memoranda of Understanding entered into by The University of Texas at Austin (MOU# 02-S-348) and by The University of Texas at Arlington, The University of Texas at Dallas, The University of Texas Southwestern Medical Center at Dallas and The University of Texas System (MOU# 03-S-386). The two MOUs are hereby incorporated by reference.
2. Peer Review and Scientific Accountability.
 - a. UTS agrees to develop, perform, and be accountable for the peer review process of the Sandia Assurance System for Science, Technology and Engineering. The review panels will be composed of appropriate nationally recognized leaders from the leading universities, corporations, and agencies.
 - b. Beginning October 1, 2005, UTS will provide forthright and unfiltered advice and assessment of the state of health and planning related to Sandia's Science, Technology, and Engineering capabilities. The reviews will cover the integrated effectiveness of the science, technology, and engineering research and development performed under the Laboratory Directed Research and Development Program, the Research Foundations of the Nuclear Weapon Program, the research sponsored by the Office of Science, and other precompetitive foundational research from other sponsors. The scope does not include the programmatic deliverables to external customers.
 - c. The opinions expressed represent the opinions of the committees and not that of the UTS.
 - d. At least 50% initial composition of the review committees will be drawn from the current membership of Sandia's ST&E External Advisory Boards to ensure continuity of knowledgeable reviewers. The committee membership will evolve, consistent with and in accordance with the process developed by UTS. UTS or Sandia can disqualify chairs and members based on conflict of interest or exceptional bias that cannot be effectively mitigated. The chairs and membership of each board must be mutually acceptable to UTS and to Sandia.

- e. UTS will maintain an office on site and staffed by qualified personnel from UTS institutions to provide oversight of the peer review process. Full staffing of the office will be completed by October 1, 2005.
- f. UTS will provide to the Chief Technology Officer of Sandia quarterly reports detailing the results of the peer review oversight and the value added by the oversight process in accord with the best practices jointly derived by UTS and Sandia from relevant studies by National Academy of Sciences and from the Guidance of the DOE Office of Science and the Government Performance Research Act and from the UTS research on scientific accountability.
- g. Sandia will reimburse UTS, under a separate implementing agreement delineating the terms and conditions, for the reasonable and authorized costs of maintaining and staffing the office, salaries and Sandia work-related travel for the assigned staff, and for the reasonable and authorized expenses related to the reviews.
- h. Sandia and UTS agree to provide a screening mechanism so that UTS will not provide peer review or evaluation that would create a conflict of interest for UTS.

3. Research Program Interfaces and Collaborations

- a. In addition to the current and ongoing activities and organizational relationships detailed in the two MOUs referenced above in Item 1, Sandia and UTS agree to undertake joint research projects that take advantage of the complementary competencies of Sandia and UTS as illustrated in Exhibit A.
- b. In undertaking the joint projects, the project-specific funding for joint research will be provided through the Principal Investigator to the participating institutions. At the request of the participating scientist or engineer to his or her own department, proposal preparation will be provided by the participant's institution as in-kind contributions.
- c. Funding pre-project expenses that go beyond reasonable in-kind contributions of personnel time will be the responsibility of the principal investigator.

4. Educational Collaboration

- a. Sandia and UTS agree to utilize joint appointments so that Sandia scientists can serve as staff for graduate programs at UTS institutions and UTS personnel can engage in long-term involvement in Sandia research programs.

- b. UTS agrees to provide on-site courses to Sandia personnel through the use of resident UTS professors and to provide distance learning opportunities, as described in Exhibit B. These offerings could include courses from continuing education courses throughout the UTS, such as those offered by the Center for Lifelong Engineering Education as well as specialty, topical research courses of mutual interest between Sandia and UTS. Sandia shall pay for any courses provided to Sandia personnel under separate implementing agreements.
- c. UTS agrees to explore opportunities for granting tuition benefits to Sandia personnel and families who wish to attend UTS institutions. Since legislation may be required to accomplish this, UTS cannot commit to the success of this endeavor at the time of the signing. Further developments will be included in Exhibit C.

Patent, Technical Data and Works of Authorship

Patents, technical data, and works of authorship arising from the activities under this Agreement will be subject to the conditions set forth in Appendix A of this agreement.

Conditions for Sandia Participation

1. It is agreed and understood that any work done or actions taken by Sandia must be in accordance with the terms and conditions of the prime contract between Sandia Corporation and the DOE for the operation of Sandia National Laboratories; and, must be in accordance with any successor contracts for operation of Sandia National Laboratories. In case of any conflict between this Agreement and the prime contract for the operation of Sandia, the prime contract shall take precedence.
2. It is further agreed and understood that Sandia is required by the DOE to include certain terms and conditions in all implementing agreements it enters into with third parties. UTS and Sandia agree that, to the extent applicable to this Agreement, such terms and conditions shall be set forth in writing in such implementing agreements.

Conditions for UTS' Participation

It is agreed and understood that any work done or actions taken by UTS must be in accordance with the terms and conditions of the policies of the Board of Regents of the University of Texas System ("BOR"), particularly with respect to BOR Intellectual Property Policy, as set forth in The University of Texas System Regents' Rules and Regulations 90101 through 90106. In the case of any conflict between this Agreement and BOR Intellectual Property Policy, the latter shall take precedence.

Implementing Agreements

1. The details of the level of support to be furnished to one organization by the other with respect to funding will be developed in specific implementing agreements subject to availability of funds. Agreements or projects that set forth specific arrangements for program implementation shall be separately developed and agreed to in implementing agreements facilitated by this Agreement. Specific funding and tasking will be established under such implementing agreements. Appropriate patent and other intellectual property provisions shall be included in implementing agreements entered by the parties on a case by-case basis.
2. No claims for consequential damages, incidental damages, claims for lost profits, or other indirect damages arising out of or resulting from the work conducted under implementing agreements facilitated by this Agreement shall be allowed.

Duration

This Agreement shall remain in full force and effect for a period of five (5) years from the date this agreement is executed by all parties. Either party may withdraw from this agreement at its sole discretion upon thirty (30) days written notice to the other party. Any agreement reached by the parties to designate a Responsible Party according to the provisions set forth in Appendix A, shall survive the termination of this Agreement.

Entire Agreement

The foregoing supplements the previously referenced agreements (MOU# 02-S-348 and MOU# 03-S-386) which have been incorporated by reference and will continue to be in effect. The three MOUs compose the entire agreement and understanding between the parties, superseding any previous or contemporaneous understandings, commitments, or agreement, oral or written, with respect to the subject matter of these MOUs. If there is any conflict between this MOU and the previously referenced MOUs, the terms of this MOU shall control.

On Behalf of:
The University of Texas System

Sandia Corporation

Mark G. Yudof
Chancellor
The University of Texas System
Date: _____

Dr. Paul Robinson
President
Sandia National Laboratories
Date: _____

Exhibit A: Program Areas Proposed for Initial Implementation of this MOU

Potential program areas are listed in Exhibit A to motivate the immediate implementation of this agreement and will be updated periodically as the projects will change over time.

1. Simulation Engineering provides real-time sensor updates to simulations. Two complementary approaches are worth pursuing: broadly applicable simulation-engineering research for the NSF and NNSA/ASC and potential first application to real-time updated simulation engineering of the Texas Power Grid (in preparation for extending the work to the US power grid) for the DOE and for DHS to prevent cascading failures and to mitigate the effects of terrorist attacks on the power infrastructure. The work at UT Arlington and at Sandia on understanding the Texas Power Grid and the work in the Center for Electromechanics, UT Austin, on the control of the power systems in the all electric ship may help illustrate, develop, and market this approach.

2. UT-Sandia Petawatt High Energy Density Physics Capability will leverage the unique 100 Joule petawatt laser at UT Austin and the unique 500 Joule petawatt and 2000 Joule terawatt lasers at Sandia for a combined regional capability in this emerging research area. We will continue to mutually support each other's pursuit of funding for each institution's petawatt lasers and strive to find a path to fund the required target chamber at Sandia. The proposal is sufficiently mature to seek funding but the challenge is to find funding that does not conflict with the Nuclear Weapon mission priorities or prior commitments.

3. Sustainable Energy and Water Security and Sustainability builds on the unique energy and geochemical expertise of the UTS and the Texas-based petrochemical industry and the Sandia expertise in energy and water-related science and engineering. The growing dependence on unconventional sources, including methane from coal, and the political uncertainties in the oil-rich regions of the world are motivating petroleum companies to seek near-term (< 5 year), mid-term (5 to 15 year), and long-term (>15 year) alternatives. This program will address the mid-term and long-term alternatives for a sustainable supply for mobile energy under sponsorship by an industry consortium, a petrochemical corporation after appropriate fairness-of-opportunity process, or the DOE. The initial focus will be on energy and water resources and on dynamic modeling and simulation. Other promising areas include downstream fuels processing, nonconventional natural gas systems, carbon sequestration, and large-scale energy storage.

4. Joint UTS-Sandia Health Security Program builds on the UTS expertise in infectious diseases and radiological bioscience within the UTS and the Sandia expertise in biomedical-related sensors, microsystems, nanotechnology, computational biology, measurement science, and proteomics to pursue major program opportunities. The

initial focus will be on cell membrane biology, chemistry, and proteomics because of their importance to counterterrorism and health security. The program will seek to position itself to become a DHS Center of Excellence and respond to a NIH PO1 Research Program Project.

Exhibit B: Criteria for Courses and Associated Interactions

In addition to the already developed suite of courses offered by the Center for Lifelong Engineering Education under consideration, Sandia will initiate a summer program of educational and research interactions between the Sandia National Laboratories and the UT System. These interactions and the resulting courses are intended to provide Sandia access to world-class, unique educational opportunities that are the result of ongoing research at the University of Texas System campuses.

These topical research short courses are to be offered on-site at Sandia National Laboratories in conjunction with a summer research leave opportunity for a UT System faculty member and graduate student. Courses are to be based upon a joint proposal from a Sandia National Laboratories technical staff member and UT System faculty member and accepted by the Sandia ST&E Executive Council. Each proposal will consist of a white paper describing a research area of ongoing and mutual interest to both parties. The UT System faculty member and the Sandia Point of Contact will propose to the ST&E Executive Council a conceptual area for a research short course and a research area. The timetable for submission and consideration of proposals is to be determined. The courses would be presented throughout the summer.

Each course will be open to students across Sandia National Laboratories who are interested in the topical research area and who are approved by their Sandia manager to take the course. A Sandia National Laboratories staff member seeking a graduate degree must be admitted to the graduate program of the appropriate UTS institution. Sandia National Laboratories will provide suitable educational facilities for course delivery. Auditing will be at the discretion of the student's Sandia manager.

The UT System faculty and graduate student will be appropriately located within a research organization at Sandia National Laboratories. Research collaboration between the faculty and the research organization should culminate in joint proposals, refereed journal publications, patent disclosures, Doctoral Studies Program acceptances or other tangible outcomes. The UT System faculty will have access to Sandia National Laboratories' facilities (experimental and computational) during the course of the research leave. Sandia National Laboratories will pay for appropriate clearance (L or Q clearance) if location within a restricted technical area is required. The UT System faculty and graduate student must be US citizens.

This opportunity should increase the ongoing research collaborations between Sandia National Laboratories and the UT System. The UT System faculty will benefit from access to ongoing Sandia research as well as access to state-of-the-art facilities. Sandia will benefit through the educational opportunities for technical staff outside their current research assignments and collaboration on nascent research topics. Both organizations will benefit through increased creativity from collaborative research.

Exhibit C: Status of Initiative to Explore Opportunities for Granting Resident Tuition Status to Sandia Personnel and Families Who Are Accepted to Attend UTS Institutions

Action by UTS, the Regents of the UTS, and the Texas Legislature may be required to provide resident tuition status to Sandia Personnel and families who are accepted to attend the UTS Institutions. Such action will be explored after the MOU has been implemented and the benefit to the State of Texas of the expanded and formalized relationship between UTS and Sandia has been demonstrated. Exhibit C will be updated annually to record progress on this initiative.

Appendix A

Patent, Technical Data and Works of Authorship

1. Ownership rights to subject inventions and works of authorship arising under all funded or unfunded arrangements between UTS and Sandia shall be consistent with appropriate Sandia contractual obligations to the Department of Energy (DOE), any applicable federal statutes and the Intellectual Property Policy of The University of Texas System Board of Regents.
2. Ownership rights of UTS in subject inventions developed by UTS' employees, contractors, faculty or students, funded in whole or in part by Sandia, are governed by 35 USC 200 et seq., and by the Intellectual Property Policy of The University of Texas System Board of Regents.
3. Ownership rights of Sandia in subject inventions developed by Sandia employees or contractors, irrespective of the source of funding, shall be controlled by Sandia's contract with DOE and all class waivers applicable to such inventions granted to Sandia by DOE.
4. Ownership rights of copyrightable works of authorship either solely authored or co-authored by employees, contractors, faculty or students of UTS or Sandia shall be controlled by 17 USC 201 and by the Intellectual Property Policy of The University of Texas System Board of Regents; provided, however, that Universities' rights in such works that are funded in whole or in part by Sandia are governed by 48 CFR 52.227-14, with Alternates I, II, III and IV as appropriate.
5. Ownership rights in subject inventions and works of authorship created by part time Sandia/part time UTS' employees shall be consistent with Sandia's obligations to DOE and any applicable federal statutes and the Intellectual Property Policy of The University of Texas System Board of Regents.
6. Except as otherwise provided by 48 CFR 52.227-14 (g), and to the extent provided by 42 USC 5908 and 35 USC 202(c)(4), the United States Government shall retain a nonexclusive, nontransferable, irrevocable, paid up license to practice, or have practiced, throughout the world for, or on behalf of the United States, all works of authorship created and inventions conceived or first reduced to practice during the course of a government funded contract between Sandia and Universities.
7. It is explicitly understood that with respect to subject inventions and works of authorship arising under any research projects carried out under a separate agreement between Sandia and UTS such as a Visiting Scientist Agreement, Cooperative Research and Development Agreement, Work For Others Agreement, lease agreement for laboratory equipment, materials and facilities, that the terms of such agreements

relating to inventions and works of authorship shall, to the extent inconsistent herewith, supersede the terms herein; provided, however, such terms and conditions shall be negotiated and mutually acceptable to the parties.

8. The following categories of patents, technical data and works of authorship developed under this Agreement, irrespective of ownership, are subject to this agreement:

- subject inventions whose co-inventors and works of authorship whose co-authors include both Sandia and UTS' contractors, employees, faculty or students;
- subject inventions and works of authorship created by Sandia employees or contractors utilizing UTS' equipment, personnel or facilities on the premises of UTS for which UTS is not compensated by Sandia;
- subject inventions and works of authorship created by UTS' employees, contractors, faculty or students utilizing Sandia equipment, personnel or facilities on the premises of Sandia for which Sandia is not compensated by UTS.

9. Upon filing an invention disclosure at either Sandia or UTS relating to one or more of the above-enumerated categories, a copy thereof shall be sent by the filing party to designated representatives of the other party. The designated representatives of UTS and the Sandia Patent and Licensing Office shall agree within ninety (90) days after receipt thereof that either Sandia or UTS shall:

- Undertake patent or other protection of the subject invention disclosed;
- Undertake an analysis of the potential value of the subject invention which it shall share with the other party upon request; and
- Undertake licensing or other commercialization of the subject invention.

The party assuming responsibility for the above matters is referred herein as the Responsible Party.

10. Within such 90-days period, the parties shall also reach agreement as to how each shall share the proceeds of licensing such inventions. Such agreement shall be based on the parties' determination as to the value of the contribution of each party to such invention. In determining the value of the contribution of each party, consideration shall be given to, among other matters, the extent of the intellectual contribution of employees, contractors, faculty and students, as well as the value of the non-monetary support of each party to the invention. By the way of example, such non-monetary support includes the use of equipment or facilities of one party, which have not been otherwise expressly compensated for by the other party. Once made, such agreement shall be final unless otherwise agreed to by the parties.

11. If UTS and Sandia Patent and Licensing Office are unable to agree within such ninety (90) day period as to which of them shall be the Responsible Party for patenting and licensing of the technology or how the parties shall share in licensing proceeds, then such not agreed upon issues shall be resolved by the respective UTS designated representatives as reflected on the Attached Appendix E and the Sandia Vice President for Science, Technology and Partnerships. Their mutual decision shall be rendered within thirty- (30) days after referral to them and that decision shall be final.

12. If the Responsible Party should decide not to continue performance of the tasks described in paragraph 9 above with respect to any invention, it shall so advise the other party in a timely fashion so as to effectively allow the other party to assume such tasks if it so desires.

13. The Responsible Party shall be responsible for payment of all costs of patenting and commercialization. Such party should be entitled to reimbursement for the reasonable out-of-pocket and commercialization costs incurred by it from the proceeds of such commercialization before any such proceeds are shared between the parties. Documentation with respect to such costs shall be provided to the other party. No party shall be liable for the costs of foreign patent prosecutions or enforcement actions, and such costs may not be deducted from the proceeds of commercialization unless agreed by the parties.

14. The Responsible Party shall also have full authority, and the same is hereby granted, to represent the interests of the parties and shall make periodic reports and provide other information to the other parties regarding the commercialization of the technology, including patent status and the commercialization efforts made. The Responsible Party shall also make disbursements semi-annually to the other parties, beginning on the January 1 or July 1 following the first receipt of such proceeds.

15. The parties not responsible for patenting and commercialization of any invention shall cooperate with such efforts by making information and other internal resources reasonably available as appropriate and shall use reasonable efforts to promote the cooperation of its contractors or employees who are inventors. The parties not responsible for patenting and commercialization shall execute all documents necessary and appropriate to allow the Responsible Party to carry out patenting and commercialization responsibilities, including the execution of powers of attorney.

16. With respect to scholarly works of authorship created in the above apportionment situations, the parties agree to grant to each other a non-exclusive, paid-up and royalty-free license to exercise throughout the world all rights of whatever kind or nature now or hereafter protected by the Copyright Law of the United States (the "Copyright Law") in and to all scholarly works produced pursuant to this Agreement, including the rights to reproduce, distribute, prepare derivative works, distribute copies to the public, and perform publicly and display publicly, subject to any rights required to be assigned or granted in order to permit publication of such scholarly works. The management of

commercialization and sharing of commercialization proceeds of all other works of authorship or other copyrightable materials subject to this Agreement shall be handled in the manner set forth above for patentable inventions.

17. Each party represents that it has the full power and authority to agree with the other parties how inventions subject to this Agreement are protected and commercialized and how the income from licensing thereof shall be shared by the parties.

18. Nothing in this Agreement, expressed or implied, is intended to confer any right remedies, claims or interests upon a person not a party hereto.

4. **U. T. Board of Regents: Regents' Rules and Regulations, Series 30101 - Amendment to replace the U. T. System-wide Classified Personnel Pay Plan with plans at the institutional level**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Vice Chancellor for Administration, and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Series 30101 be amended as set forth below in congressional style to allow the U. T. System Classified Personnel Pay Plan to be replaced with plans at the institutional level:

1. **Title**

Classified Personnel Pay Plan

2. **Rule and Regulation**

Sec. 1 Institutional Classified Personnel Pay Plan. The institutions of the U. T. System and System Administration shall adopt and maintain a classified personnel pay plan that conforms to the guidelines established by the Chancellor in a Business Procedures Memorandum. Each institution's president shall be responsible for the development and operation of the respective institution's classified personnel pay plan. The Chancellor shall be responsible for the development and operation of System Administration's classified pay plan.

Sec. 2 ~~Elements~~

BACKGROUND INFORMATION

At the November 2004 Board of Regents' meeting, several questions were raised concerning the recommended changes to the Regents' *Rules and Regulations* regarding the U. T. System Classified Personnel Pay Plan.

The provision of the Regents' *Rules* required U. T. System to maintain a centralized pay plan for classified employees and delegated authority to the Chancellor for approval of the pay plan. The proposed new provision would abolish the U. T. System Classified Pay Plan and replace it with institutional pay plans in compliance with a Business Procedures Memorandum (BPM), as outlined on Pages 23.1 – 23.5. The BPM provides guidelines for development of individual classified pay plans following elements currently contained in Section 2 of the rule proposed for amendment. The BPM is included for information only. The Board is not being asked to approve the BPM.

The BPM was developed with input from a System-wide Pay Plan Task Force comprised of members from the institutions and has been approved by the U. T. System Office of General Counsel.

The current U. T. System Classified Pay Plan is a compilation of each U. T. institution's classified personnel pay plan and provides for standardized job codes, job titles, and individual salary ranges. Under the current centralized process, each U. T. institution is required to submit any changes in these categories for approval by U. T. System Administration. During Fiscal Year 2004, over 900 such changes were forwarded to U. T. System for handling. However, the justifications for requested changes are unique to each of the U. T. institutions, as each must make local determinations of titles and salary ranges to be, and to remain, competitive within the respective service areas. U. T. System Administration is not in the best position to make these individual determinations on behalf of the 15 institutions.

At a time when the U. T. System continues to identify opportunities to improve operational efficiencies through deregulation, the System-wide Classified Personnel Pay Plan remains an internal constraint on efficient business operations. Human resource professionals at the U. T. institutions advise that significant institutional resources are expended following the current pay plan process. The institutions have requested the flexibility to make decisions regarding classified titles and pay ranges based on individual business needs. With the changes brought about by technology, the dynamic growth of and change in job titles, and rapid shifts in the labor market, requiring institutions to request centralized review of changes to their pay plans before implementation places undue constraints on the efficient operations of the U. T. System.

THE UNIVERSITY OF TEXAS SYSTEM

Business Procedures Memorandum Classified Pay Plan

1. Purpose
2. Policy
3. Structure and Standards
4. Definitions
5. Authority
6. Applicability
7. Interpretation
8. Approval and Revisions

1. PURPOSE

This Business Procedures Memorandum requires that each University of Texas System institution and System Administration maintain a Classified Pay Plan in accordance with the standards set forth below.

2. POLICY

Each institutional Classified Pay Plan shall include a listing of job titles of all positions which do not entail significant instructional responsibilities or responsibilities for the administration of instructional or research organizations. The members of the Board have delegated to the President of each institution, or his or her delegate, the authority for the maintenance of an institutional Classified Pay Plan. Each delegate shall determine the inclusiveness of the Classified Pay Plan for the institution and have the responsibility to maintain the pay plan on an annual basis. Each delegate shall comply with all appropriate requests for institutional compensation information in a timely manner.

3. CLASSIFIED PAY PLAN STRUCTURE AND STANDARDS

3.1 Type of Plan

Each delegate may determine the Classified Pay Plan structure that most appropriately meets the needs of the institution and is in compliance with the standards set forth below.

3.2 Required Classified Pay Plan Elements

3.2.1 Job Titles

Descriptive job titles shall be used for positions that are similar in scope and function. Institutional pay plans shall have suitable descriptive titles.

3.2.2 Job Codes

A uniform job code system shall be used to designate job classes within each institutional Classified Pay Plan.

3.2.3 Salary Ranges

Each title in an institutional Classified Pay Plan shall have a minimum and maximum for each salary range. Each institution may base its Classified Pay Plan on those compensable factors it determines to be appropriate. Salary ranges for each job classification should reflect the competitive labor market environment applicable to each institution.

3.2.4 Job Descriptions

A standardized job description shall be developed and made available for each job title appearing in an institutional Classified Pay Plan. This job description should include at minimum: the job code; title; purpose of the job; required education and experience and any required certification, registration, or licensure; job functions; and supervisory responsibilities.

3.2.5 Fair Labor Standards Act (FLSA) Category

Each institutional Classified Pay Plan shall provide a reference to the appropriate overtime category under the FLSA.

3.2.6 Equal Employment Opportunity Code (EEO)

Each institutional Classified Pay Plan shall include the appropriate EEO code for each classified title.

3.2.7 Index

Each institutional Classified Pay Plan should include an index that includes all classified titles for each occupational job family included in the pay plan. Other indices may be included as determined by an institution.

3.2.8 Compensation Policies

Each institution should include relevant institutional compensation policies and appropriate statements of compensation philosophy in its Classified Pay Plan.

3.3 Pay Plan Accessibility

To facilitate sharing of knowledge and administrative resources, each institution shall make its Classified Pay Plan accessible on an internet or other site determined by The University of Texas System. This accessibility may be accomplished through linkage from the institutional Classified Pay Plan to the designated University of Texas System site. All of the essential institutional pay plan elements required in Section 3.2 above shall be included in the Classified Pay Plan that is linked to The University of Texas System site. Each institution is responsible for assuring that subsequent changes to the Classified Pay Plan are reflected on the linked site.

3.4 System-wide Pay Plan

The Classified Pay Plans of the institutions of The University of Texas System and System Administration shall be collectively deemed to be the System-wide Pay Plan.

4. DEFINITIONS

Classified Pay Plan

An institution structure for classifying positions into occupational families that do not have the assignment of significant instructional responsibilities or responsibilities for the administration of instructional or research organizations, which provides a framework for the assignment of job titles, job class codes, FLSA category, EEO codes, and salary grade or range.

Classified Positions

Positions with similar qualifications, requirements and level of responsibility that are grouped together in occupational job families which, when organized hierarchically, create a classified pay plan structure.

Classified Job Title

Job titles that are subject to the salary administration and classification guidelines of and included in the Classified Pay Plan. Titles are descriptive of the work performed and its relative level. Job titles may be generic or specific and can use numerical indicators, letter designations, or descriptive adjectives.

Compensation Policies

The general philosophy and principles of monetary rewards established by the institution that guide the compensation and related practices within fiscal resources. These principles and the policies on which they are based guide compensation program design, procedures and practices to: assure support for the mission of the institution; attract and retain a well-qualified workforce; provide equitable and fair compensation for similar qualifications and work; ensure compliance with applicable laws and regulations; recognize and reward superior performance; and pay at levels that are competitive within the relevant labor markets.

EEO Code

The numeric code assigned to each job title based on the Equal Employment Opportunity Commission (EEOC) job group definitions.

Fair Labor Standards Act (FLSA)

Federal legislation that sets minimum wage, overtime pay, equal pay, record keeping, and child labor standards for employees who are covered by the act and are not exempt from specific provisions.

FLSA Category

The designation of a job that indicates whether it is exempt from or subject to the overtime provisions of the Fair Labor Standards Act.

Job

The grouping of tasks, duties, and responsibilities assigned to one or more positions. A job refers to the tasks, duties, and responsibilities rather than how well the work is performed.

Job Code

The unique numeric or alpha-numeric designation that is assigned to a specific job title, occupational group, or title series within the occupational group to which the title is assigned.

Job Description

The summary of the major duties and critical tasks of a job that identifies the minimum qualifications such as education, experience and certification required for a classification. Preferred qualifications may also be included.

Salary Ranges

The span from minimum to maximum that constitutes a pay or salary grade or salary range established for a particular job or job grade. A salary range must include a minimum and maximum and may include midpoints.

5. AUTHORITY

The authority for this Business Procedures Memorandum is provided by: Regents' *Rules and Regulations*, Series 30101, Classified Personnel Pay Plan.

6. APPLICABILITY

This Business Procedures Memorandum is applicable to each institution of The University of Texas System and to System Administration.

7. INTERPRETATION

The Assistant Vice Chancellor for Employee Services officially interprets this Business Procedures Memorandum and is responsible for its revision as necessary to meet the changing needs of The University of Texas System and any subsequent statutory requirements.

8. APPROVAL AND REVISIONS

Month xx, 2005

5. **U. T. Board of Regents: Regents' Rules and Regulations, Series 80601 - Amendment to increase delegated authority to accept settlement amounts for property and casualty insurance**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Series 80601, be amended as set forth below in congressional style to increase the settlement amount for property and casualty insurance and surety bond claims that may be approved by the Executive Vice Chancellor for Business Affairs. These settlements are for claims other than life, disability, and health claims for which the U. T. System is the claimant.

It is further recommended that the Board authorize the Executive Vice Chancellor for Business Affairs to approve all self-insurance settlement payments under the Comprehensive Property Protection Plan (CPPP), without regard to the dollar amount.

1. Title

Property and Casualty Insurance and Surety Bonds

2. Rule and Regulation

Sec. 1 Authority to Purchase. The terms of any insurance policies and surety bonds, other than life, disability, and health insurance policies for any U. T. System institution or for System Administration, shall be negotiated by the Director of Risk Management. The Executive Vice Chancellor for Business Affairs shall approve the purchase or renewal of policies with premiums in excess of \$500,000.

Sec. 2 Notice of Loss and Approval of Claims. At the time a loss occurs applicable to either System-wide or individual insurance policies and surety bonds, the Director of Risk Management shall be notified by the chief business officer of the institution. For all claims, other than life, disability and health claims, in which the University is a claimant, the Director of Risk Management shall approve all loss claims and settlements under \$250,000. The Executive Vice Chancellor for Business Affairs shall approve any settlement between \$250,000 and ~~\$500,000~~ \$1,000,000, and any settlements under the University's Comprehensive Property Protection Plan. ~~Notification of the settlement will be given to the Board at the discretion of the Executive Vice Chancellor for Business Affairs. Settlements over \$500,000 and up to \$1 million shall be approved by the Executive Vice Chancellor for~~

~~Business Affairs and shall be reported to the Board for ratification.~~
Settlement of commercial insurance or surety bond claims in excess of \$1,000,000 must have the approval of the Board of Regents.

- Sec. 3 Settlement of Catastrophic Claims. In the case of a catastrophic occurrence where the loss is so extensive that partial commercial insurance payments in excess of \$1,000,000 are necessary, the Chancellor is delegated authority to execute all documents related to the partial payment or adjustment. The Board of Regents will be notified by the Chancellor of all partial payments received in excess of \$1,000,000. Final settlement of commercial insurance claims in excess of \$1,000,000 will require approval by the Board.

BACKGROUND INFORMATION

Previously, the Regents' *Rules and Regulations* authorized the Executive Vice Chancellor for Business Affairs to approve any settlement not to exceed \$500,000 with notification to be provided to the Board at his/her discretion. The Executive Vice Chancellor for Business Affairs could also approve settlements over \$500,000 and up to \$1,000,000, but those settlements required ratification by the Board. Settlements in excess of \$1,000,000 required approval by the Board.

The proposed rule would allow the Executive Vice Chancellor for Business Affairs to approve commercial insurance settlements not to exceed \$1,000,000, as well as all settlements made under the self-insurance portions of U. T. System's property insurance program.

Settlement of commercial insurance and surety bond claims in excess of \$1,000,000 will still require approval of the Board. These settlements are made between the University and a commercial insurance company. It is recommended the threshold be at a level consistent with the authority of the Executive Vice Chancellor for Business Affairs to approve other transactions with outside parties.

U. T. System's property insurance program, known as the Comprehensive Property Protection Plan (CPPP), was originally established in November 1995, with approval of the Board. The CPPP was enhanced in 2003 when the Board approved and partially funded the revised self-insurance structure to specifically address named wind and flood exposures.

The CPPP is comprised of three different programs, two of which include self-insurance funds. The third program includes traditional insurance coverage for boiler and machinery losses and associated loss of income.

The self-insurance fund for the Fire and All Other Perils program covers up to \$7.25 million per loss. This essentially funds the deductible on the commercial insurance policy. The self-insurance fund for the Named Wind and Flood program covers up to \$50 million per loss. If a loss under this program exceeds the available balance in the self-insurance fund, debt may be issued to fulfill the obligation of the program. If that occurs, the debt issuance will require Board approval pursuant to the Regents' *Rules*.

Settlements within these self-insurance programs are guided by the terms and conditions of the insurance policy and the CPPP Plan Guides. Any large claim requires significant coordination and is thoroughly vetted with the U. T. institution that suffers the loss. Once the loss amount is established with the assistance of an independent adjusting firm, a settlement agreement is reached with the Chief Business Officer of the affected U. T. institution.

Since distributions from these funds are internal to the U. T. System, are time sensitive, and are directed by the policy and guide documents, it is most appropriate and efficient to allow the Executive Vice Chancellor for Business Affairs to approve CPPP self-insurance settlements.

In summary, the proposed rule allows for a more efficient claim settlement process for commercial insurance claims and claims funded through the property self-insurance funds. Board approval is still required on settlements over \$1,000,000 involving recoveries from commercial insurance companies.

6. **U. T. Board of Regents: Proposed appointment of members to the Board of Directors of The University of Texas Investment Management Company (UTIMCO)**

RECOMMENDATION

In accordance with the requirements of the Regents' *Rules and Regulations*, Series 10402, Chairman Huffines requests approval of the proposed appointment of the following Regents to serve on The University of Texas Investment Management Company (UTIMCO) Board of Directors for terms ending April 1, 2007, or until the successor of each is chosen and qualifies, or until their earlier resignation or removal:

Regent Caven (to replace Regent Barnhill)
Regent Rowling (to replace Vice-Chairman Clements)

BACKGROUND INFORMATION

Pursuant to *Texas Education Code* Section 66.08, the Board of Regents shall appoint the nine directors of UTIMCO. At least three members of the U. T. System Board of Regents and the Chancellor shall be appointed to the UTIMCO Board of Directors by the Chairman of the Board of Regents, by and with the consent of the Board of Regents.

Vice-Chairman Clements has served on the UTIMCO Board of Directors since May 2001 and Regent Barnhill has served on the UTIMCO Board of Directors since July 2004.

The proposed appointments of Regent Caven and Regent Rowling have been reviewed by the Office of General Counsel and the Counsel and Secretary and were found to be consistent with State law and the provisions of the UTIMCO Code of Ethics.

7. **U. T. Board of Regents: Announcement of establishment of a special ad hoc committee**

H. 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 each Standing Committee meeting, the report of that Committee will be formally presented to the Board for consideration and action.

Audit, Compliance, and Management Review Committee: Chairman Estrada
Agenda Book Page 29

Finance and Planning Committee: Chairman Hunt
Agenda Book Page 34

Academic Affairs Committee: Chairman Krier
Agenda Book Page 43

Health Affairs Committee: Chairman Clements
Agenda Book Page 51

Facilities Planning and Construction Committee: Chairman Barnhill
Agenda Book Page 55

I. RECESS TO EXECUTIVE SESSION PURSUANT TO *TEXAS GOVERNMENT CODE*, CHAPTER 551

1. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers - Section 551.071
2. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees - Section 551.074

U. T. Dallas: Candidate interview, discussion, and appropriate action regarding personnel matters related to the possible selection and employment of a president

J. RECONVENE IN OPEN SESSION TO CONSIDER ACTION FROM EXECUTIVE SESSION

K. SPECIAL REPORT

U. T. Austin: Report of the Commission of 125

REPORT

The Commission of 125 is a group of citizens convened to express a vision of how The University of Texas at Austin can best serve Texas and the larger society during the next 25 years. The Commission was proposed during the 2001-2002 academic year, 125 years after the Constitution of 1876 mandated that Texas establish "a university of the first class". In the spirit of that mandate, the group was named the Commission of 125. Mr. Kenneth M. Jastrow, II, Chairman of the Commission and Chairman and CEO of Temple-Inland, will make a PowerPoint presentation set forth on Pages 28.1 – 28.8.

L. ADJOURN



THE UNIVERSITY OF TEXAS AT AUSTIN



The Commission of 125

PLANNING FOR THE FUTURE

The University of Texas System
Meeting of the Board of Regents
February 10, 2005
Presentation by Kenneth M. Jastrow, II, Chair
The Commission of 125



THE UNIVERSITY OF TEXAS AT AUSTIN

Commission Timeline

Commission Established
Fall 2002

Commission Meetings
2003-2004

Commission Report Delivered
September 2004

 The Commission of 125
PLANNING FOR THE FUTURE

2



Commission Membership

128 Regular Members

90 Honorary Members

218 Total Members

Members chosen for occupational, geographic, and ethnic diversity.



Committees and Chairs

Character, Scale & Access Cassandra Carr

Undergraduate Experience Cappy McGarr

Graduate & Professional Education Fred Hegi

Research Steve McKnight

**Libraries, Museums & Information
Technology Resources** Prudence Mackintosh

Service to Society Melinda Perrin

External Relationships David Beck

Resources & Infrastructure Jake Foley



Mission Statement

Through the work of the Commission of 125, citizens will express a vision of how The University can best serve Texas and the larger society during the next 25 years, determine what must occur to realize that vision, and recommend a course of action. In the process, the Commission will also determine what must occur for The University to be recognized consistently as one of the nation's top five public institutions.



Core Purpose

To transform lives for the benefit of society

Core Values

Learning – A caring community, all of us students, helping one another grow.

Discovery – Expanding knowledge and human understanding.

Freedom – To seek the truth and express it.

Leadership – The will to excel with integrity and the spirit that nothing is impossible.

Individual Opportunity – Many options, diverse people and ideas, one University.

Responsibility – To serve as a catalyst for positive change in Texas and beyond.



The Vision

The University of Texas will be the best in the world at creating a disciplined culture of excellence that generates intellectual excitement, transforms lives, and develops leaders. The University of Texas will define for the 21st century what it means to be a university of the first class.



A Consensus

The Commission decided that all its recommendations fell under a single overarching imperative, to be supported by two strategic initiatives.



A Single Imperative

Create a Disciplined Culture of Excellence



...Supported by Two Strategic Initiatives

1. Develop a new undergraduate core curriculum to better prepare students for lives of accomplishment.
2. Establish a more demanding standard for leadership of academic departments and research centers, and give those leaders the authority and resources to succeed.



The imperative and strategic initiatives are supported by:

16 operational recommendations grouped in four categories



Operational Recommendation Groups

- Establishing an Environment that Promotes Excellence.
- Producing a Comprehensive Master Plan.
- Creating Life-Enhancing Student Learning Experiences.
- Serving Texas and the World and Strengthening The University's Engagement with Society.



The Next Step

- Administration Reviews and Interprets Report and Plans Implementation.
- Interim Progress Reports to Commission Members from the President for Five Years.
- Commission Members Reconvene Annually for Five Years to be Informed of Progress.



The Commission of 125 firmly believes that The University of Texas can best serve society by fulfilling its aspiration to be the best public university.



THE UNIVERSITY OF TEXAS AT AUSTIN



The Commission *of* 125

PLANNING FOR THE FUTURE