



**AGENDA
FOR MEETING OF
THE UNIVERSITY OF TEXAS SYSTEM
BOARD OF REGENTS**

July 10, 2013
Austin, Texas

	Committee Meetings	Board Meeting	Page
CONVENE THE BOARD IN OPEN SESSION		2:00 p.m.	
1. U. T. System Board of Regents: Introduction of new Board members			
2. U. T. System Board of Regents: Chairman's announcement of interim appointments			
COMMITTEE MEETINGS	2:15 p.m.		
<i>Facilities Planning and Construction Committee (2:15 - 2:30 p.m.)</i>			
<i>Academic Affairs Committee (2:30 - 3:00 p.m.)</i>			
RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER REPORTS AND RECOMMENDATIONS FROM THE STANDING COMMITTEES		3:00 p.m.	
CONSIDER AGENDA ITEMS			
3. U. T. System Board of Regents: Approval of Consent Agenda items		3:05 p.m. Action	5
4. U. T. System Board of Regents: Discussion and appropriate action regarding proposed guiding principles for new university in Rio Grande Valley		3:07 p.m. Action <i>Dr. Reyes</i>	6
5. U. T. System and U. T. Brownsville: Authorization to enter into a series of related real estate transactions in Brownsville, Cameron County, Texas:		3:10 p.m. Action	9
(A) Acquisition from Texas Southmost College District of:		<i>Dr. García</i> <i>Dr. Reyes</i> <i>Ms. Mayne</i>	
(1) approximately 24.14 acres on the north side of West University Drive, 17.42 acres on the south side of West University Drive, and 7.3 acres comprising Lots 1, 3, and 4 of the Resubdivision of Lot 1, Block 2, Southmost Union College District Subdivision, together with all improvements located on the land including University Boulevard Library, University Boulevard Classroom Building, and the Student Union Building;			
(2) Lot 1, Block 1, University Park Subdivision, Unit 1; and Lots 5 through 7, 9 through 11, 18 through 24, and 32 through 34, Block 12, and Lots 1 through 7, 10, 11, and 16, Block 16, in the Colonia Alta Vista Addition, some improved with surface parking lots; and			
(3) the leasehold interest of Texas Southmost College in and to approximately 17 acres under Land Lease No. IMB 97- 43 from the International Boundary and Water Commission;			

- (B) Transfer to Texas Southmost College District of:
 - (1) the Science, Engineering, and Technology Building located on the north side of Ringgold Road, together with U. T. Brownsville’s leasehold interest in approximately 3.8 acres on which the building is located;
 - (2) U. T. Brownsville’s interest in a contract to purchase the former National Guard Armory property on Ringgold Road; and
 - (3) cash in an amount to compensate Texas Southmost College for the difference in values between the exchange parcels and for other matters related to the exchange transactions; and
- (C) Appropriation of funds and authorization of the expenditure of funds in a total amount not to exceed the transaction costs from a combination of Revenue Financing System Bond Proceeds and Permanent University Fund Bond proceeds, and resolution regarding parity debt

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| 6. | U. T. Austin: Report on naming of the Center for Latin American Law to honor former U.S. Senator Kay Bailey Hutchison | 3:20 p.m.
Report
<i>President Powers</i> | 15 |
| 7. | U. T. System Board of Regents: Legislative update for the 83rd Legislative Session and recognition of staff of Office of Governmental Relations | 3:30 p.m.
Report
<i>Mr. McBee</i> | 16 |
| 8. | U. T. System Board of Regents: Announcement of appointment of University Lands Advisory Committee | 3:40 p.m.
Report
<i>Chairman Powell
Chancellor Cigarroa</i> | 17 |
| 9. | U. T. System: Announcement of health institution recipients of the 2013 Regents' Outstanding Teaching Awards and remarks by representative faculty | 3:45 p.m.
Report
<i>Regent Stillwell</i> | 18 |

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

4:00 p.m.

- 1. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071
 - a. **U. T. System Board of Regents: Discussion with Counsel on pending legal issues**
 - b. **U. T. Austin: Discussion with Counsel regarding legal issues concerning the U.S. Supreme Court ruling in *Fisher v. State of Texas, University of Texas at Austin, et al.***
 - c. **U. T. Austin: Discussion and appropriate action regarding legal issues related to relationship between School of Law and Law School Foundation**
 - d. **U. T. Health Science Center - San Antonio: Discussion and appropriate action regarding legal issues concerning the institution’s participation in a children’s hospital**

- e. **U. T. Southwestern Medical Center and U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding legal issues concerning potential settlement of the Estate of Jeanne Shelby**
2. Negotiated Contracts for Prospective Gifts or Donations – Section 551.073
- a. **U. T. Austin: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
 - b. **U. T. Tyler: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
 - c. **U. T. Medical Branch - Galveston: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
 - d. **U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
3. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074
- U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees**

RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY,
ON EXECUTIVE SESSION ITEMS

5:25 p.m.

ADJOURN

*5:30 p.m.
approximately*

3. U. T. System Board of Regents: Approval of Consent Agenda items

The Board will be asked to approve Consent Agenda items included behind the tab at the back of the book.

4. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed guiding principles for new university in Rio Grande Valley**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs that the U. T. System Board of Regents approve the guiding principles for the new university in the Rio Grande Valley as set forth on the following pages.

BACKGROUND INFORMATION

The 83rd Texas Legislature has approved the creation of the new university in South Texas. The new vision for higher education in the Rio Grande Valley (RGV) is as follows:

- A university of the 21st century that uses blended and online learning and new and highly technologically-equipped classrooms, reducing or eliminating regional barriers to access, while maintaining campuses in Cameron and Hidalgo counties;
- A new university that will be quickly competitive with the State's emerging research universities in student population, research expenditures, and endowment, and have the second largest Hispanic enrollment of any university in the nation;
- A new model of distributed medical education that builds on the strengths of the existing programs and resources of the Regional Academic Health Center (RAHC), now provided through U. T. Health Science Center - San Antonio, and that has a presence in multiple locations, including Cameron and Hidalgo counties;
- An opportunity for synergy in educational programs and efficiency in administration; and
- An opportunity to unite the communities of the RGV in a common enterprise in a way not previously envisioned, to the benefit of the whole Valley and the State.

Guiding Principles

The new University of Texas in the Rio Grande Valley will provide an outstanding education to the students of South Texas, Texas, the United States and the world. This education will be of the highest quality; it will be affordable, accessible and innovative. The new university will transform Texas and the nation by becoming a leader in student success, teaching, research, and health care.

Goals / Guiding Principles

- *Fully integrate next generation technology and customized learning to increase affordability and maximize student success.*
- *Promote access to postsecondary education to a diverse student body to become one of the largest and most successful Hispanic-serving institutions in the United States.*
- *Employ the highest quality faculty members and staff who pursue global excellence in teaching, research, health care, and service.*
- *Streamline academic and administrative programs and redesign processes to increase productivity and promote a student- and service-centered mode of operation.*
- *Promote arts and humanities programs to produce state, national, and world leaders who are bicultural, bilingual, and biliterate.*
- *Develop programmatic strength in the areas of science, technology, engineering, mathematics, and health.*
- *Develop a Medical School of the first class, with outstanding undergraduate and graduate medical education, public health, health professional degrees, and clinical research to improve the health of the community.*
- *Become a global leader in higher education, health education, biomedical research, emerging technology, and preparing students to be lifelong learners.*
- *Pursue applied and translational research to address critical local, state, national, and global needs.*
- *Build on the excellent economic activity and strength of the State of Texas and benefit from the State's leadership in the world.*
- *Provide a leadership role in fostering economic and community partnerships to help solve local, state, national, and global problems.*

- *Promote innovation and knowledge discovery with business and industry that will lead to job growth and improvements in the quality of the region's workforce.*
- *Build a hub for inventions and intellectual property that will lead to economic and community prosperity and an improved quality of life for the region, the state, the nation, and the world.*
- *Serve as a "Gateway to the Americas" by cultivating partnerships with global leaders in education, health, research, and other strategic, high-growth industries.*
- *Leverage the size, strength, and excellence of The University of Texas System and its fifteen outstanding institutions to shorten the time it takes to achieve these goals.*

5. **U. T. System and U. T. Brownsville: Authorization to enter into the following series of related real estate transactions in Brownsville, Cameron County, Texas:**
- (A) Acquisition from Texas Southmost College District of:**
- (1) approximately 24.14 acres on the north side of West University Drive, 17.42 acres on the south side of West University Drive, and 7.3 acres comprising Lots 1, 3, and 4 of the Resubdivision of Lot 1, Block 2, Southmost Union College District Subdivision, together with all improvements located on the land including University Boulevard Library, University Boulevard Classroom Building, and the Student Union Building;**
 - (2) Lot 1, Block 1, University Park Subdivision, Unit 1; and Lots 5 through 7, 9 through 11, 18 through 24, and 32 through 34, Block 12, and Lots 1 through 7, 10, 11, and 16, Block 16, in the Colonia Alta Vista Addition, some improved with surface parking lots; and**
 - (3) the leasehold interest of Texas Southmost College in and to approximately 17 acres under Land Lease No. IMB 97- 43 from the International Boundary and Water Commission;**
- (B) Transfer to Texas Southmost College District of:**
- (1) the Science, Engineering, and Technology Building located on the north side of Ringgold Road, together with U. T. Brownsville's leasehold interest in approximately 3.8 acres on which the building is located;**
 - (2) U. T. Brownsville's interest in a contract to purchase the former National Guard Armory property on Ringgold Road; or, in the alternative, a conveyance to TSC of the Armory property if U. T. Brownsville closes on the purchase of the Armory property before the closing of the exchange transactions; and**
 - (3) cash in an amount to compensate Texas Southmost College for the difference in values between the exchange parcels and for other matters related to the exchange transactions; and**
- (C) Appropriation of funds and authorization of the expenditure of funds in a total amount not to exceed the transaction costs from a combination of Revenue Financing System debt proceeds and Permanent University Fund debt proceeds, and making findings regarding the issuance of parity debt**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Interim Vice Chancellor and General Counsel, and President García that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. System and U. T. Brownsville, to

- a. acquire from Texas Southmost College District:
 - (1) approximately 24.14 acres on the north side of West University Drive, 17.42 acres on the south side of West University Drive, and 7.3 acres comprising Lots 1, 3, and 4 of the Resubdivision of Lot 1, Block 2, Southmost Union College District Subdivision, together with all improvements located on the land including University Boulevard Library, University Boulevard Classroom Building, and the Student Union Building;

- (2) Lot 1, Block 1, University Park Subdivision, Unit 1; and Lots 5 through 7, 9 through 11, 18 through 24, and 32 through 34, Block 12, and Lots 1 through 7, 10, 11, and 16, Block 16, in the Colonia Alta Vista Addition, some improved with surface parking lots; and
 - (3) the leasehold interest of Texas Southmost College in and to approximately 17 acres under Land Lease No. IMB 97- 43 from the International Boundary and Water Commission;
- b. transfer to Texas Southmost College District:
- (1) the Science, Engineering, and Technology Building located on the north side of Ringgold Road, together with U. T. Brownsville's leasehold interest in approximately 3.8 acres on which the building is located;
 - (2) U. T. Brownsville's interest in a contract to purchase the former National Guard Armory property on Ringgold Road; or, in the alternative, a conveyance to TSC of the Armory property if U. T. Brownsville closes on the purchase of the Armory property before the closing of the exchange transactions; and
 - (3) cash in an amount to compensate Texas Southmost College for the difference in values between the exchange parcels and for other matters related to the exchange transactions;
- c. authorize the Executive Director of Real Estate to execute all documents, instruments, ancillary agreements, and other agreements, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendations and accomplish the exchange transactions and the related transactions described in this Agenda Item;
- d. appropriate funds and authorize expenditure of funds in a total amount not to exceed the transaction costs from a combination of Revenue Financing System debt proceeds and Permanent University Fund debt proceeds; and
- e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
- parity debt shall be issued to fund a portion of the transaction costs, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System;
 - U. T. Brownsville, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of parity Revenue Financing System debt in the aggregate amount not to exceed transaction costs; and

- this action satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations* that evidences the Board's intention to reimburse project expenditures with bond proceeds

BACKGROUND INFORMATION

On May 9, 2013, the Board of Regents directed U. T. System and U. T. Brownsville staff to continue negotiations with Texas Southmost College (TSC) for a series of land and building exchanges that would enable the U. T. System to maintain a campus in downtown Brownsville as the Board begins the planning for the new University of Texas of the Rio Grande Valley. The Board directed staff to bring the proposed transactions to the Board when terms of the agreement with TSC were finalized and funding sources identified.

The staff negotiations resulted in the final proposed transactions that are described below. The proposed transactions will result in a delineation of the U. T. Brownsville and the TSC campuses, with Ringgold Road generally serving as the dividing line between the TSC campus to the northwest of Ringgold Road and the U. T. Brownsville campus to the southeast of Ringgold Road. That delineation consolidates U. T. Brownsville's campus with its Casa Bella student housing and its approximately 114.1 acres to the east.

Completion of the exchange transactions with TSC, together with the possible future acquisition over time of various other parcels, would result in a compact urban campus consisting of a "West Campus" of approximately 206.6 acres located southwest of U.S. Highways 77/83 and an "East Campus" of the approximately 114.1 acres located east of U.S. Highways 77/83. A map of the exchange parcels appears on Page 14.

The final proposal for the TSC exchange transactions is consistent with the direction given by the Board in May 2013. The U. T. System Board of Regents would receive the following land and improvements in the exchange transactions with Texas Southmost College:

1. Approximately 24.14 acres (**Parcel A** on the attached map) on the north side of West University Boulevard, including the land on which U. T. Brownsville's Education and Business Complex is located, and including TSC's University Boulevard Library (constructed in 2008) and University Boulevard Classroom Building (constructed in 2009) that are located on the land;
2. Approximately 17.42 acres (**Parcel B**) on the south side of West University Boulevard and improved with a surface parking lot;
3. Approximately 1.2 acres (**Parcel C**) on the southeast side of Ringgold Road and including the Student Union Building (constructed in 2002);
4. Approximately 6.1 acres (**Parcel D**) west of East 24th Street and improved with a surface parking lot and on which the old compress building is located;
5. Lot 1, Block 1, University Park Subdivision, Unit 1 (**Parcel E**), across East Jackson Street from U. T. Brownsville's Casa Bella student housing;
6. Lots 5 through 7, 9 through 11, 18 through 24, and 32 through 34, Block 12, and Lots 1 through 7, 10, 11, and 16, Block 16, all in the Colonia Alta Vista Addition to the City of Brownsville, Texas, some improved with surface parking lots (**Parcel F**); and
7. A partial assignment of TSC's leasehold interest in Land Lease Contract No. IMB 97-43 from the International Boundary and Water Commission, which partial assignment will include approximately 17 acres consisting of all of the five tracts identified in the initial

lease as Tracts 5, 6, 7, 8, and 9 and a portion of Tract 1 (**Parcel G**); the leased land is adjacent to and underlying a portion of U. T. Brownsville's Life and Health Sciences complex and Biomedical Research and Health Professions complex.

Texas Southmost College would receive the following land, improvements, and cash in the exchange transactions:

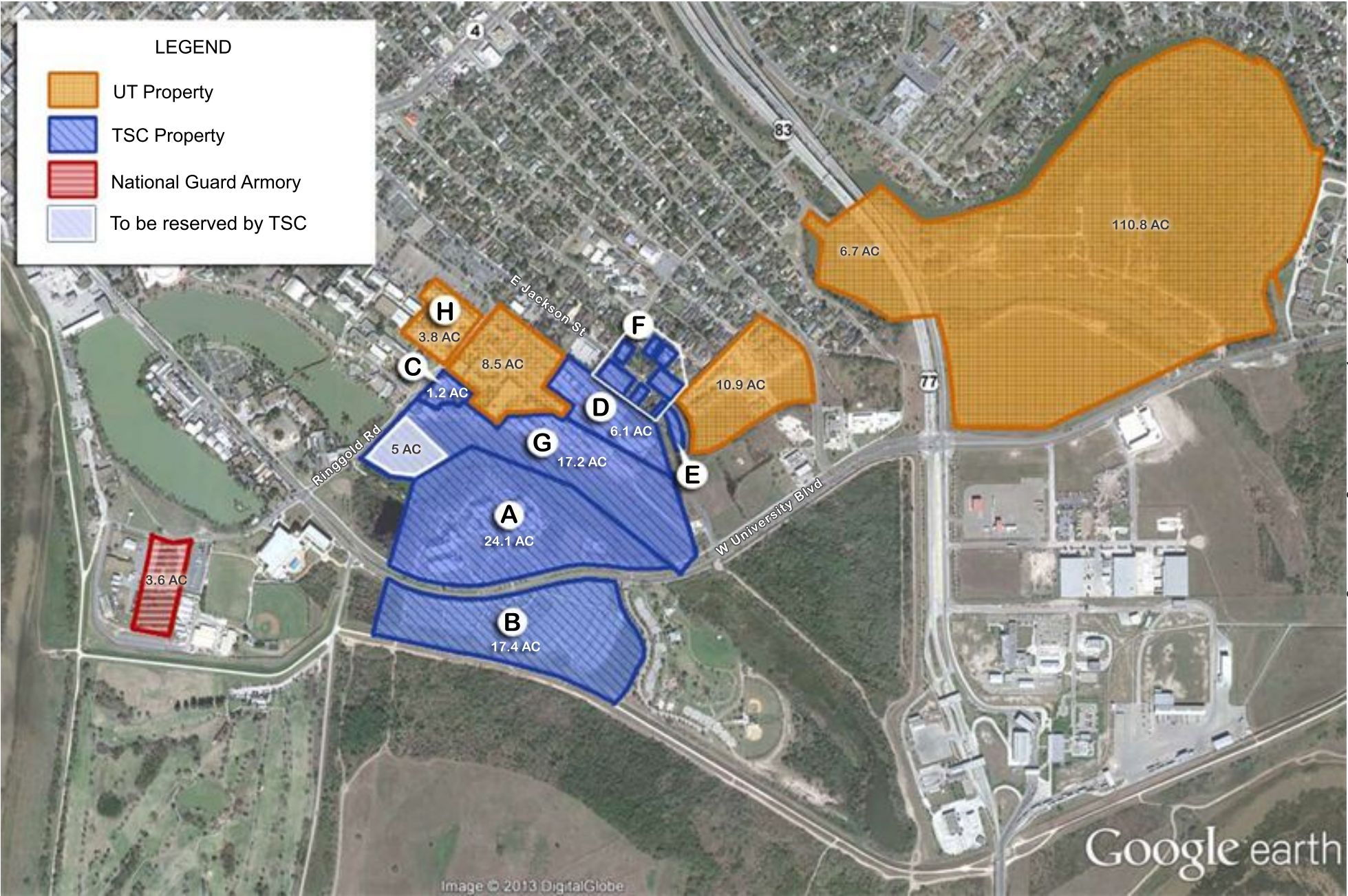
1. the Science, Engineering, and Technology Building built by U. T. Brownsville in 1997 (\$16,315,809 in-kind value) on land leased from Texas Southmost College, and U. T. Brownsville's leasehold interest in the approximately 3.8 acres on which the building was constructed (**Parcel H**);
2. a cash settlement of approximately \$28,531,157 (and not to exceed \$30 million without further Board approval), calculated as follows:
 - a. approximately \$12,798,202, representing the value of the land received by U. T. Brownsville; the final value will be determined by multiplying \$5.75 times the actual square footages in Parcels A through F as calculated by surveys that will be obtained before closing of the transactions;
 - b. \$12,882,955, representing the difference between the value of the buildings to be received by U. T. Brownsville and the single building to be conveyed to TSC;
 - c. \$1,200,000, representing a reimbursement to TSC for the soccer field improvements it previously made on U. T. Brownsville's East Campus; and
 - d. \$1,650,000, representing compensation to TSC for other expenses in the exchange transactions, including compensation to enable TSC to construct replacement parking facilities and to purchase the National Guard Armory property; U. T. Brownsville's current contract to purchase the Armory from the City of Brownsville will be assigned to TSC; or, in the alternative, if U. T. Brownsville acquires the Armory property before the closing of the exchange transactions and then conveys the Armory property to TSC as a part of the exchange transactions, then the \$1.65 million cash payment will be reduced to \$1.2 million; the Board approved U. T. Brownsville's acquisition of the Armory property on November 15, 2012.

The funding source for the payment of the acquisition and settlement costs to be paid to TSC by U. T. System and U. T. Brownsville is proposed to be a combination of Revenue Financing System debt proceeds and Permanent University debt proceeds.

As a result of the property exchanges, and as the institutions continue to progress toward an orderly dissolution of the partnership in August 2015, there will be several ancillary agreements that are a part of this exchange transaction and that will be executed contemporaneously with the land and building exchanges, including the following:

1. Reciprocal rights of first offer for approximately 40 years to enable the transferring party to repurchase the land and buildings that are being transferred to the other party by this series of exchange transactions should the receiving party subsequently determine that it wishes to sell all or some portion of that property.
2. A bill of sale that will divide personal property between the parties. TSC and U. T. Brownsville staff are in the process of determining ownership and future use of personal property.

3. A settlement agreement that will address numerous issues related to the land and building exchanges, including the following:
 - (a) each party will meter and pay for chilled water received from the other party's thermal plant;
 - (b) TSC will defease its bonds on the Student Union Building that is to be conveyed to the Board and eliminate any obligation on the part of U. T. Brownsville to collect a Student Union fee;
 - (c) each party will grant reciprocal easements to the other party for those utility lines that serve the other party's property;
 - (d) U. T. Brownsville will permit TSC students to access the University Boulevard Library through August 2016, with the possibility of subsequent access on future terms to be agreed upon;
 - (e) TSC will permit U. T. Brownsville students to access the Wellness Center in the Recreation, Education, and Kinesiology Center in exchange for U. T. Brownsville paying its pro rata share of debt service and maintenance and operations expenses on the center; TSC will retain in a dedicated fund the student fees that it has collected in excess of debt service and operating costs and use that fund to fully defease the bonds on the facility at the earliest date feasible; and
 - (f) each party will share in the ongoing maintenance of the border fence on the campus based on which party owns the land on which the particular portion of the fence is located.
4. A lease to TSC that will permit TSC to use laboratory space in U. T. Brownsville's Life and Health Sciences Building on terms similar to the lease of space by TSC to U. T. Brownsville in certain TSC-owned buildings. The Board approved the lease from TSC to U. T. Brownsville on May 9, 2013.
5. An amendment and assignment of a management and operation agreement with Barnes and Noble College Bookstores, Inc., presently with the UTB/TSC partnership, that will permit U. T. Brownsville to solely manage this contract for its remaining duration.



6. **U. T. Austin: Report on naming of the Center for Latin American Law to honor former U.S. Senator Kay Bailey Hutchison**

REPORT

President Powers will report on naming of the Center for Latin American Law at U. T. Austin to honor former U.S. Senator Kay Bailey Hutchison.

7. **U. T. System Board of Regents: Legislative update for the 83rd Legislative Session and recognition of staff of Office of Governmental Relations**

REPORT

Vice Chancellor McBee will provide an update on the 83rd Texas Legislature, Regular Session, and Chairman Powell and Chancellor Cigarroa will recognize staff of the U. T. System Office of Governmental Relations.

8. **U. T. System Board of Regents: Announcement of appointment of University Lands Advisory Committee**

REPORT

Chairman Powell and Chancellor Cigarroa will announce the appointment of an Advisory Committee on University Lands.

9. **U. T. System: Announcement of health institution recipients of the 2013 Regents' Outstanding Teaching Awards and remarks by representative faculty**

REPORT

The Board of Regents of the U. T. System established the Regents' Outstanding Teaching Awards on August 14, 2008, to recognize and reward faculty members who serve undergraduate students in an exemplary manner. The Board allocated \$2 million per annum for five years beginning Fiscal Year 2009 for teaching awards at the academic institutions.

On August 25, 2011, the Board of Regents authorized \$6 million to expand the Regents' Outstanding Teaching Awards program to faculty at the six health institutions. The program is funded at \$1 million per year for Fiscal Years 2012 to 2017. Each year the U. T. System will make no more than 40 awards of \$25,000 each to outstanding faculty members at the health institutions.

There are a wide variety of academic programs and settings (classroom, hospital and clinic, community and research lab) in which faculty educate, train, and mentor students, residents, and fellows. Each of the six health institutions nominate their most deserving faculty and the award recipients are selected by a thorough peer review process.

Two recipients of the 2013 Regents' Outstanding Teaching Awards presenting at the meeting are:

- **Michael J. Lichtenstein, M.D., M.Sc.**
Professor of Medicine and Chief of Division of Geriatrics,
Gerontology and Palliative Medicine
F. Carter Pannill, Jr. Professor in Internal Medicine
Institute for the Integration of Medicine and Science
U. T. Health Science Center - San Antonio

- **Laura Rudkin, Ph.D.**
Professor and Interim Chair
Department of Preventive Medicine and Community Health
U. T. Medical Branch - Galveston