



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

**August 23-24, 2017**  
Austin, Texas

	<b>Board Meeting</b>	<b>Page</b>
<b><u>Wednesday, August 23, 2017</u></b>		
COMMITTEE MEETINGS	9:30 a.m. - 12:00 p.m.	
CONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO <i>TEXAS GOVERNMENT CODE</i> , CHAPTER 551 (Working lunch at noon)	12:00 p.m.	
1. Individual Personnel Matters Relating to Officers or Employees – Section 551.074		
a. <b>U. T. Health Science Center - San Antonio: Periodic comprehensive performance review of institutional president (Regents' Rules and Regulations, Rule 20201, Section 5, regarding Evaluation of Presidents)</b>		
b. <b>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 (Deputy Chancellor, Executive Vice Chancellors, and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), members of the Board of Regents, and U. T. System and institutional employees</b>		
c. <b>U. T. System: Discussion regarding individual personnel matters related to possible creation of a nonprofit corporation for the management of University Lands</b>		
2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071		
a. <b>U. T. System Board of Regents: Discussion with Counsel on pending legal issues</b>		
b. <b>U. T. System: Discussion regarding legal issues concerning possible creation of a nonprofit corporation for the management of University Lands</b>		
3. Negotiated Contracts for Prospective Gifts or Donations – Section 551.073		
a. <b>U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features</b>		

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<b>b. U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features</b>		
RECONVENE THE BOARD IN OPEN SESSION TO RECESS TO COMMITTEE MEETINGS	<i>2:00 p.m.</i>	
COMMITTEE MEETINGS	<i>2:00 - 4:00 p.m.</i>	
RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS	<i>4:00 p.m.</i>	
<b>1. U. T. System: Annual Meeting with Officers of the U. T. System Faculty Advisory Council</b>	<i>4:02 p.m.</i> <b>Report/Discussion</b> <i>Chair Jonathan Cheng, M.D., U. T. Southwestern Medical Center</i>	<b>7</b>
<b>2. U. T. System Board of Regents: Recognition of academic and health institution recipients of the 2017 Regents' Outstanding Teaching Awards</b>	<i>4:45 p.m.</i> <b>Report/Presentation</b> <i>Chairman Foster</i>	<b>18</b>
RECESS	<i>5:00 p.m.</i>	

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<b><u>Thursday, August 24, 2017</u></b>		
RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS	8:30 a.m.	
3. <b>U. T. System Board of Regents: Presentation of Certificate of Appreciation to Former U. T. Permian Basin President W. David Watts and Comments</b>	8:35 a.m. <b>Presentation</b>	<b>19</b>
4. <b>U. T. System Board of Regents: Approval of Consent Agenda items and consideration of any items referred to the full Board</b>	8:45 a.m. <b>Action</b>	<b>20</b>
5. <b>U. T. System Board of Regents: Update from Texas Higher Education Coordinating Board Chair Robert “Bobby” Jenkins, Jr. and Commissioner Paredes on the long-range strategic plan for Texas higher education</b>	8:55 a.m. <b>Report</b> <i>Chairman Jenkins</i> <i>Commissioner Paredes</i>	<b>21</b>
6. <b>U. T. System Board of Regents: Discussion and appropriate action regarding proposed replacement for Regents' <i>Rules and Regulations</i>, Rule 70301 (Matters relating to Real Property)</b>	9:15 a.m. <b>Action</b>	<b>22</b>
7. <b>U. T. System Board of Regents: Discussion and appropriate action regarding proposed amendment of Regents' <i>Rules and Regulations</i>, Rule 80103 (Solicitation) to permit advertising by bicycle share programs</b>	9:20 a.m. <b>Action</b>	<b>34</b>
8. <b>U. T. System Board of Regents: Discussion and appropriate action regarding proposed rescission of Regents' <i>Rules and Regulations</i>, Rules 10801, Section 3 concerning U. T. Systemwide Policy UTS139; 40902 concerning cooperative use of courses and facilities; 50301 concerning off-campus student housing; 50303 concerning students' responsibilities for debts, transferring Section 2 regarding penalties for nonpayment to 50101 regarding student conduct and discipline; 50305 concerning the role of an institutional Students' Attorney; 50801 concerning student learning outcomes assessments; and 80308 concerning building plaques</b>	9:25 a.m. <b>Action</b>	<b>36</b>
STANDING COMMITTEE RECOMMENDATIONS AND REPORTS TO THE BOARD	9:35 a.m.	
RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551	10:00 a.m.	
1. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072		
2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071		
a. <b>U. T. System Board of Regents: Discussion with Counsel on pending legal issues</b>		
b. <b>U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning decision in <i>Fisher v. State of Texas, University of Texas at Austin, et al.</i></b>		

- c. **U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U. T. System**
  - d. **U. T. System: Discussion of legal issues related to management of a national laboratory**
  - e. **U. T. Health Science Center - Tyler: Discussion and appropriate action regarding legal issues related to East Texas opportunities**
3. Individual Personnel Matters Relating to Officers or Employees – Section 551.074
- a. **U. T. Southwestern Medical Center: Discussion and appropriate action regarding proposed compensation for Robert D. B. Jaquiss, M.D., Professor of Pediatric Cardiovascular and Thoracic Surgery and Professor of Pediatrics (Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees)**
  - b. **U. T. Health Science Center - Houston: Discussion and appropriate action regarding proposed compensation for Jorge D. Salazar, M.D., Professor and Division Chief, Department of Pediatric Surgery, Division of Pediatric Cardiovascular Surgery (Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees)**
  - c. **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 (Deputy Chancellor, Executive Vice Chancellors, and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), members of the Board of Regents, and U. T. System and institutional employees, and related personnel aspects of the operating budget for Fiscal Year 2018**
  - d. **U. T. System: Discussion and appropriate action concerning individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees including employees covered by Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees, and Rule 20203, regarding compensation for key executives**
  - e. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to compensation including achievement of goals for incentive compensation for Presidents**

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RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO CONSIDER AGENDA ITEMS	2:00 p.m.	
<b>9. U. T. System: Discussion and appropriate action regarding issues related to development of a potential bid for management of Los Alamos National Laboratory</b>	2:10 p.m. <b>Action</b> <i>Deputy Chancellor Daniel</i>	<b>38</b>
<b>10. U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2018, including the Permanent University Fund Bond Proceeds allocation for Library, Equipment, Repair and Rehabilitation Projects, allocation for the Science and Technology Acquisition, and support for capital expenses for the U. T. Rio Grande Valley Medical School; Available University Fund allocation for campus support; and Internal Lending Program funding for strategic projects</b>	2:20 p.m. <b>Action</b> <i>Chancellor McRaven</i>	<b>39</b>
<b>11. U. T. System: Discussion and appropriate actions regarding proposed creation of the Proof-of-Concept Fund</b>	3:30 p.m. <b>Action</b> <i>Ms. Goonewardene</i>	<b>42</b>
<b>12. U. T. System: Discussion and appropriate action related to proposed contract with Digerati, Inc. for a job and internship matching network, and finding that expenditure of AUF for this purpose is appropriate</b>	3:40 p.m. <b>Action</b> <i>Ms. Goonewardene</i>	<b>47</b>
<b>13. U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2018</b>	3:50 p.m. <b>Action</b>	<b>49</b>
ADJOURN	4:00 p.m.	

1. **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. The Council's PowerPoint presentation is set forth on the following pages.

Council members scheduled to attend are:

**Chair: Jonathan Cheng, M.D.**, U. T. Southwestern Medical Center, Plastic Surgery

**Academic Affairs and Faculty Quality Committee: Elena Izquierdo, Ph.D.**, U. T. El Paso, Teacher Education

**Governance Committee and Chair-elect: Dan Cavanagh, M.M.**, U. T. Arlington, Music

**Health Affairs Committee: Suman Challa, B.D.S., M.S.**, U. T. Health Science Center - San Antonio, Comprehensive Dentistry

BACKGROUND INFORMATION

The University of Texas System Faculty Advisory Council was established in 1989 to provide a forum for communicating ideas and information between faculty, the 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. The Standing Committees of the Council are: Academic Affairs and Faculty Quality, Governance, and Health Affairs.

# The University of Texas System Faculty Advisory Council

Jonathan Cheng, M.D.  
Chair

U. T. System Board of Regents' Meeting  
August 2017



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# U. T. System Faculty Advisory Council (UTSFAC)



- Elected faculty leaders from each campus, representing 20K+ faculty
- Designated by Regents' Rule 30401  
“...To facilitate the flow of ideas and information between and among the Board of Regents, the System Administration, and the institutions of the System.”
- Our charge:
  - Identify issues of concern to the faculty, Board of Regents, or well-being of the U. T. System;
  - Respond to issues at the request of the Board of Regents, Chancellor, U. T. System Administration, and/or UTSFAC membership;
  - Conduct fact-finding, background exploration, exposition, analysis, and deliberation on issues and develop recommendations and/or action plans for review by the UTSFAC; and
  - Disseminate information to the UTSFAC, Board of Regents, and faculty and administrators of U. T. System institutions.





# Faculty Advisory Council Structure

- Elected faculty leaders from each U. T. System institution
  - Campus senate presidents, past presidents
  - 16 academic representatives, 12 health representatives
- Officers
  - Jonathan Cheng, M.D., Chair
  - Catherine Ross, Ph.D., Past Chair
  - Dan Cavanagh, M.M., Chair-Elect
  - Emily Bonner, Ph.D., Secretary
- Standing committees
  - Governance
  - Academic Affairs and Faculty Quality
  - Health Affairs
- FAC Liaison - Associate Vice Chancellor Anthony Cucolo



# Accomplishments of the past year





# Governance

- Hosted FAC leadership training with Associate Vice Chancellor Anthony Cucolo
- Sent representative to national conference on faculty governance
- Led key writing groups on UTS 125 intellectual property task force with Dr. Patricia Hurn and Dr. Beth Lynn Maxwell
- Participated in institutional conflict of interest working group
  - With Mr. Jason King, Associate Compliance Officer and Ethics Counsel
  - Resulted in UTS 189 policy
- Embraced Chancellor’s Philosophy of Shared Governance
  - Disseminated to campus elected faculty governance organizations
  - Began shared governance campus visits with AVC Cucolo
    - March 2017 – U. T. Health Science Center – Houston
    - April 2017 – U. T. Tyler, U. T. Dallas
    - May 2017 – U. T. San Antonio, U. T. Arlington, U. T. Rio Grande Valley





## Academic Affairs and Faculty Quality


- Participated in U. T. System dual credit study led by Dr. David Troutman
- Worked on U. T. System faculty workload task force with Dr. Steven Leslie and Dr. Kevin Lemoine
- Engaged with Dr. Rebecca Karoff on Student Success Quantum Leap
  - Attended 2016 Student Success Summit
  - Joined affinity groups
- Helped to perform self-study of online teaching at each campus with Ms. Meredith Goode and Dr. Steven Leslie
- Began work on nontenure track faculty issues





# Health Affairs – Physician Burnout Initiative

- Guided by Dr. Raymond Greenberg and Dr. Stephanie Huie
- Co-chairing together with Dr. Ann Killary
- Planned initiative with steering committee
  - Administration representative from each health campus
  - FAC health affairs committee leaders
- Reviewed existing research literature
  - Warren L. Holleman, Ph.D., UTMDACC
  - Identify national best practices
  - Foster an evidence-based approach
- Retained consultant experts
  - Christina Maslach, Ph.D., UC Berkeley
  - Dr. Tait Shanafelt, M.D., Stanford Medicine



[www.ahcmedia.com/articles/140506-texas-system-launches-ambitious-study-on-physician-burnout](http://www.ahcmedia.com/articles/140506-texas-system-launches-ambitious-study-on-physician-burnout)

## Texas System Launches Ambitious Study on Physician Burnout

Could result in a national model for other hospitals

June 6, 2017

With reports of physician burnout increasing at alarming rates, the University of Texas System of hospitals and healthcare affiliates is undertaking an unprecedented effort to identify the root causes and develop prevention strategies.

The UT System, which includes six hospitals, is conducting an organizationwide assessment of the problem, creating focus groups and recommending solutions at the clinical, departmental, institutional, and system level. The issue took off after some physicians discussed the emotional toll of burnout at a faculty meeting, and now is becoming a high priority for the university system.

"We are really basing our initiative not just on the UT system — because we have not yet done a thorough assessment of our burnout. We have based our data on the national experience," says **Ann Killary**, PhD, a professor of translational molecular pathology at MD Anderson and a member of the Faculty Advisory Council, who is co-leading the physician wellness initiative. "As you know, there is quite a significant literature on this issue in academic medicine. After we started the initiative, we realized that it has become a very urgent problem that has been noted in a number of publications."

In a move that underscores the severity of the problem, 10 healthcare CEOs recently issued a call to action on the issue and laid out some preliminary steps to address the problem. (For more information, see story in this issue.) "Burnout is an experience of emotional exhaustion, depersonalization, and feelings of low achievement and decreased effectiveness," they noted. "Although the focus of this is physicians, burnout is also a serious problem for nurses and other healthcare workers."

In that regard, UT Chancellor William H. McRaven also has brought into the issue and is hoping the program in Texas hospitals can serve as a national model, Killary emphasizes. "He has a very bold vision for improving the health and well-being of [physicians]," she says. "He really wants to drive this from the system level."





# Health Affairs – Physician Burnout Initiative

- Planning national symposium to convene national thought leaders and develop solutions
  - September 25-26, 2017, UTMDACC
  - Supported by all health campus presidents
  - Post-symposium U. T.-oriented think tank
  - Publicizing to scientific publications, medical organizations
  
- Initiated health campus wellness focus groups for exploratory qualitative study – Dr. David Troutman and Ms. Aimee Hendrix
  - Guide prioritization of solutions for U. T. System physician wellness think tank
  - Serve as substrate for U. T.-specific burnout assessment instrument
  
- Sent envoys to:
  - National Academy of Medicine (NAM) Action Collaborative on Clinician Well-Being and Resilience
  - American Association of Medical Colleges – Group on Faculty Affairs (AAMC-GFA)



## The Road Ahead...

Work for the coming year



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## This Year's Initiatives

- Governance
  - Complete shared governance campus visits by October 2017
  - Prepare report and recommendations for Chancellor McRaven
- Academic Affairs and Faculty Quality
  - Continue ongoing work with Dr. Rebecca Karoff and Student Success Quantum Leap
  - Promote faculty service in campus environments
  - Develop recommendations for nontenure track faculty
  - Engage in Texas Prospect Initiative Quantum Leap
- Health Affairs
  - Convene physician burnout national symposium
  - Develop solutions in U. T.-oriented post-symposium think tank
  - Vet proposed solutions with affinity group of distinguished mid-career and senior academic clinicians
  - Provide Chancellor with recommendations on organizational solutions for physician burnout





**2. U. T. System Board of Regents: Recognition of academic and health institution recipients of the 2017 Regents' Outstanding Teaching Awards**

PRESENTATION

Chairman Foster will recognize the 2017 recipients of the Regents' Outstanding Teaching Awards, as listed on the website at <https://www.utsystem.edu/rota>.

The faculty members presenting at the meeting are:

- Ann Branan Horak, Ph.D., Associate Professor/Director of Religious Studies Program, College of Liberal Arts, U. T. El Paso; and
- Brian L. Mealey, D.D.S., M.S., Professor and Graduate Program Director, Department of Periodontics, School of Dentistry, U. T. Health Science Center - San Antonio

BACKGROUND INFORMATION

The Board of Regents of the U. T. System places the highest priority on undergraduate teaching at U. T. System universities and encourages teaching excellence by recognizing those faculty who deliver the highest quality of undergraduate instruction, demonstrate their commitment to teaching, and have a history and promising future of sustained excellence with undergraduate teaching in the classroom, in the laboratory, in the field, or online.

On August 14, 2008, the Board established the Regents' Outstanding Teaching Awards (ROTA), which are a symbol of the importance the Board places on the provision of teaching and learning of the highest order, in recognition of those who serve students in an exemplary manner and as an incentive for others who aspire to such service. These teaching awards complement existing ways in which faculty excellence is recognized and incentivized.

The Board allocated \$1 million per year for the awards for U. T. Austin and another \$1 million per year for the remaining academic institutions. On August 25, 2011, the Board expanded the program to the faculty at the six health institutions and allocated \$1 million per year for the awards. The allocations have been approved through Fiscal Year 2017.

Program details for the awards were approved by the Board on November 13, 2008, and modified to include one-time payments of \$25,000 each to the individual faculty members.

Among the academic institutions, awards are made according to faculty level, with no more than 30 awards for tenured faculty, tenure-track faculty, and contingent faculty (including adjuncts, lecturers, and instructional assistants). Across the health institutions, no more than 30 awards are made annually.

3. **U. T. System Board of Regents: Presentation of Certificate of Appreciation to Former U. T. Permian Basin President W. David Watts and Comments**

4. **U. T. System Board of Regents: Approval of Consent Agenda items and consideration of any items referred to the full Board**

RECOMMENDATION

The Board will be asked to approve the [Consent Agenda](#) items and will discuss any items referred for consideration by the full Board.

5. **U. T. System Board of Regents: Update from Texas Higher Education Coordinating Board Chair Robert “Bobby” Jenkins, Jr. and Commissioner Paredes on the long-range strategic plan for Texas higher education**

REPORT

Texas Higher Education Coordinating Board Chair Robert “Bobby” Jenkins, Jr. and Commissioner Paredes will provide an update on the long-range strategic plan for Texas higher education.

**6. U. T. System Board of Regents: Discussion and appropriate action regarding proposed replacement for Regents' Rules and Regulations, Rule 70301 (Matters Relating to Real Property)**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that Regents' *Rules and Regulations*, Rule 70301 (Matters Relating to Real Property) be completely revised as set forth on the following pages.

BACKGROUND INFORMATION

Under current Regents' Rules, with the exception of The University of Texas/Texas A&M Investment Management Company (UTIMCO) investments, Permanent University Fund (PUF) lands, institutional space leases, and land used for institutional purposes, the Board of Regents delegates the management of real property under its ownership or control to the U. T. System Real Estate Office.

The primary purposes of the revisions are (i) to consolidate in one Rule those provisions of current Regents' Rules 10501 (Delegation to Act on Behalf of the Board) and 70301 and other policies governing real estate contracts; (ii) to grant greater authority to the institutions with regard to leasing and licensing; and (iii) to eliminate the required review and approval of certain smaller real estate lease transactions by the Real Estate Office. The revised Rule:

- Retains the requirements of Board approval for all transactions over a threshold, and for acquisitions of real property for institutional purposes located outside of a Campus Master Plan approved by the Board.
- Retains the separate authority of the University Lands Office over mineral interests and the PUF and of the Office of Development and Gift Planning Services over gifts and trusts.
- Memorializes the change from the current \$1 million threshold for Board approval of real estate contracts applicable to all institutions to individual thresholds that match each institution's dollar threshold authority for goods and services contracts. That change was previously approved by the Vice Chancellor and General Counsel, after consultation with the General Counsel to the Board of Regents, as authorized in Regents' Rule 10501, Section 2.2.16 (Increase in Board Approval Threshold).
- Retains the existing structure for the delegation of signature authority to institution Presidents and System officers, and also broadens the signature authority of the institutions to generally enter into leases and licenses and other agreements where the institution is the user with a term not exceeding 10 years (with no or minimized Real Estate Office review unless Board authorization is required, but retained Office of General Counsel legal review).

- Retains and clarifies System Real Estate Office review and signature by the Executive Director of Real Estate of all long-term agreements and contracts pertaining to the purchase/sale of real property, ground leases, and build-to-suit leases. Related policy provides for the delegation by the Executive Director of Real Estate to officers at the institutions of licenses and leases with a term of 10 years or less of Board-owned property managed by the institutions.
- More clearly details the requirement under the Regents' Rules concerning the delegation of signature authority to various institution and System officers.
- Clarifies that Rule 70301 concerning real estate contracts prevails over any more general provisions in the Regents' Rules.
- Formalizes the role of the Real Estate Office as the central repository for copies of all real estate contracts.

In connection with this proposed replacement of Regents' Rule 70301, the U. T. System real estate policies will be revised (i) to consolidate the policies into one policy, (ii) to implement the authorized delegations, and (iii) to change review procedures for smaller short-term contracts by the Real Estate Office and the Office of General Counsel.

This agenda item was reviewed by the U. T. System institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

**The University of Texas System  
Rules and Regulations of the Board of Regents**

**Rule: 70301**

**1. Title**

Matters Relating to Interests in Real Property

**2. Rule and Regulation**

Sec. 1 Authority. *Texas Education Code* Section 65.39 provides that “The board of regents of The University of Texas System has the sole and exclusive management and control of the lands set aside and appropriated to, or acquired by, The University of Texas System.” *Texas Education Code* Section 65.34 further provides that a contract must be approved by the Board or entered into in accordance with rules of the Board.

Sec. 2 Scope. This Rule governs all Real Estate Contracts, which include Real Estate Sales Contracts, Real Estate Leases, and Easements (as defined below). This Rule does not cover the transfer or acquisition of rights pertaining to the ownership and/or development of mineral interests (such as oil and gas leases, oil and gas transportation pipeline easements, and the transfer of royalty interests) under the administration of the University Lands Office.

To the extent of any conflict between the provisions of this Rule and other provisions of the Regents’ *Rules and Regulations*, this Rule shall control with respect to Real Estate Contracts, and Regents’ Rules 60101 and 60103 shall control with respect to the acceptance and administration of gifts of real property.

Sec. 3 Title to Real Property Interests. Title to all interests in real property of every kind or nature owned, leased, or otherwise held for the use or benefit of the U. T. System or any U. T. institution shall be held in the name of the “Board of Regents of The University of Texas System.”

Sec. 4 Delegation of Authority - Real Property Management.

4.1 Office of General Counsel. The negotiation and execution of Real Estate Contracts shall be done in accordance with all guidelines promulgated by the Office of General Counsel.

4.2 Real Estate Office. The Board delegates to the U. T. System’s Real Estate Office authority to collect and

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Rules and Regulations of the Board of Regents**

**Rule: 70301**

account for all rents, mortgages, and other charges relating to real property managed or supervised by the Real Estate Office. All interests in real property owned, leased or otherwise held by the Board shall be administered and managed by the Real Estate Office, except the following:

- (i) Permanent University Fund (PUF) Lands, which shall be administered and managed by the University Lands Office;
  - (ii) real properties used for Institutional Purposes, which shall be administered and managed by the applicable institution, subject to the requirements of this Rule and U. T. Systemwide Policies. For purposes of this Rule, "Institutional Purposes" shall mean the duties, responsibilities, missions, and purposes of U. T. System and U. T. institutions authorized under the *Texas Education Code*, but shall not include uses principally intended to generate funds for the U. T. institution; and
  - (iii) real property investments managed by UTIMCO.
- 4.3 Executive Director of Real Estate. The Board delegates to the Executive Director of Real Estate the authority to negotiate, execute, and deliver on behalf of the Board Real Estate Contracts and other associated documents or agreements pertaining to or regarding the transfer, acceptance, or acquisition of interests in real property owned, leased, or controlled (or to be owned, leased, or controlled) by the Board, including real property, subject to limitations in this Rule.

Except as expressly provided otherwise in this Rule, the authority granted in this Section to the Executive Director of Real Estate includes the authority to

- (i) negotiate, execute, and deliver all instruments necessary and convenient relating to (a) the management, control, purchase, sale, transfer, acquisition, or disposition of any real property or interests in real property owned, leased or controlled by the Board (including, without limitation, joint, several and undivided interests in the fee title to real property and the acquisition or sale of mineral interests not administered by the University Lands Office);



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Rules and Regulations of the Board of Regents**

**Rule: 70301**

(b) easements, licenses, access rights, or permits with any length of term and for monetary or nonmonetary consideration; or (c) instruments relating to financing for such real properties, such as estoppel certificates requested by a third-party landlord or lender; and

- (ii) negotiate, execute, and deliver documents and agreements commonly and reasonably undertaken in connection with the purchase, sale, lease, transfer, or other acquisition or disposition of real property, such as, without limitation, the engagement of brokers, building and environmental inspectors, appraisers, and attorneys to assist with a particular transaction, provided that the engagement of such services shall be done in accordance with the other provisions of the Regents' Rules and U. T. Systemwide Policies.

**4.4 Other Requirements.**

4.4.1 The Real Estate Office shall consult with the institutional chief business officer or delegate prior to approving and executing any Real Estate Contract or associated instrument relating to real property used or to be used by a U. T. institution for Institutional Purposes.

4.4.2 The authority granted by this Rule to negotiate, execute, and deliver binding contracts and other associated agreements or instruments related to the acquisition of real property for Institutional Purposes applies only (i) if the real property is within a Campus Master Plan approved by the Board or (ii) the matter is an Easement or other similar agreement necessary to implement institutional projects or to serve real property owned or controlled by the Board.

Sec. 5 Delegation of Authority - PUF Lands. The Board delegates to the Executive Vice Chancellor for Business Affairs the authority to:

- (i) execute and deliver on behalf of the Board contracts pertaining to or conveying interests in PUF Lands and in mineral interests in other lands owned or controlled by the Board; and

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Rules and Regulations of the Board of Regents**

**Rule: 70301**

- (ii) to take any action on behalf of the Board as may be necessary or desirable with regard to the management and administration of oil and gas leases and other instruments issued by the Board for Lease of University Lands regarding PUF Lands, including without limitation, promulgating forms and requiring submission of documents, records, or reports to verify gross production and disposition and market value of the production.

This authority includes all instruments necessary and convenient relating to the management, acquisition, and disposition of PUF Lands, including mineral interests, and of mineral interests in other lands owned or controlled by the Board, and licenses and surface rights for activities on PUF Lands.

Sec. 6 Delegation of Authority - Real Estate Leases. The Board delegates to each President of a U. T. institution the authority to sign Real Estate Leases and renewals and amendments for the purpose of leasing as tenant or licensing as licensee space for Institutional Purposes; provided that:

- (i) the maximum initial term for each such agreement is 10 years or less, and at the end of 10 years or later there is no penalty or fee for ending the agreement; any extension or renewal term must be 10 years or less and must be under the control of the Board (i.e., the Board has the right to elect or not to elect to extend or renew the then existing term under the agreement), and there is no penalty or fee for ending the agreement at the expiration of the 10-year term or later;
- (ii) the agreement contains no options to purchase the property in question;
- (iii) the agreement does not require or involve the construction or substantial completion of a new building or the substantial replacement or reconstruction of an existing building;
- (iv) the President consults with the chief business officer of the institution prior to approving and executing any Real Estate Lease;

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- (v) the Real Estate Lease complies with applicable law, Regents' *Rules*, and U. T. Systemwide Policies; and
- (vi) if approval by the Real Estate Office, the Office of General Counsel or the Board is required under this Rule, the President may not sign a Real Estate Lease until the Real Estate Office or the Office of General Counsel has notified the U. T. institution either that (a) the contract has been approved by the appropriate U. T. office or the Board, as applicable; or (b) the contract may be executed subject to compliance with Section 8.2 below.

Sec. 7 Delegation of Authority - Gifts of Land. The Board delegates to the Office of Development and Gift Planning Services the administration of real property received by the Board through a bequest, an interest in an account held in trust, a gift to establish or modify an endowment (other than the PUF), a fund functioning as an endowment, or a life income or annuity fund. The Office of Development and Gift Planning Services shall promptly notify the Real Estate Office and the University Lands Office of gifts of surface and mineral estates in real property received, processed, and administered pursuant to this Section, to be managed by either the Real Estate Office or University Lands Office. This Section shall not apply to current purpose gifts of surface and mineral estates in real property (other than gifts received through a bequest or a trust) or additions to an existing endowment, a fund functioning as an endowment, or a life income or annuity fund if the addition does not change or modify the purpose of the endowment or fund.

The Real Estate Office and the University Lands Office shall, in accordance with applicable Regents' Rules, accept and administer the receipt of all gifts of surface and mineral estates in real property that are not processed and administered in accordance with the preceding paragraph, unless the property is used as campus property by the institution. Once the property is owned or controlled by the Board, the institution shall administer and manage such real property as is used for Institutional Purposes.

Sec. 8 Authority Levels. The Authority Levels for Real Estate Contracts for each U. T. institution are established by Regents' Rule 10501 and U. T. Systemwide Policy UTS145, *Processing of Contracts*. Contracts in excess of Authority Levels shall be subject to the

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following:

- 8.1 A U. T. institution officer or employee must obtain (i) prior review and approval of the System Real Estate Contract by the Real Estate Office and the Office of General Counsel, and (ii) authorization from the Board to exceed the Authority Level of the institution.
- 8.2 If the Real Estate Office and the Office of General Counsel have previously reviewed and approved a Real Estate Contract having a total cost or monetary value in excess of the U. T. institution's Authority Level, a U. T. officer authorized under this Rule to sign the type of contract in question is authorized, prior to obtaining Board approval, to execute the Real Estate Contract if the Real Estate Contract (i) is promptly submitted for Board approval, and (ii) contains a provision, approved by the Office of General Counsel, to the effect that such portion of the obligations of the institution under the contract that are in excess of the institution's Authority Level are not binding unless and until the contract is approved by the Board.

Real Estate Leases negotiated or documented by the Texas Facilities Commission on behalf of a U. T. institution in excess of the institution's Authority Level must be approved by the Board.

**Sec. 9 Contract Terms and Valuations**

- 9.1 Total Cost or Monetary Value. The Total Cost or Monetary Value of a Real Estate Contract and examples are found in Definitions, below.
- 9.2 Extensions and Renewals. All potential extensions or renewals provided for in a Real Estate Contract (whether automatic or requiring action by a party) shall be deemed exercised for purposes of calculating the total cost or monetary value of the contract.
- 9.3 Amendments.
  - 9.3.1 For the purpose of calculating the total cost or monetary value of a Real Estate Contract, the total cost or monetary value of any amendment or modification to the Real Estate Contract shall be calculated on a cumulative basis with the total cost or monetary value actually incurred, received, or

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payable under the Real Estate Contract (or reasonably estimated as permitted in this Rule) prior to such amendment or modification.

9.3.2 Amendments to a Real Estate Contract do not require approval by the Board unless

- (i) for a Real Estate Contract not previously approved by the Board, the amendment increases the cumulative total cost or monetary value of the Real Estate Contract (as amended by any prior amendments) above the Authority Level of the institution;
- (ii) for a Real Estate Contract previously approved by the Board, any amendments thereto cumulatively increase the total cost or monetary value of the contract previously approved by the Board to an amount greater than 125% of the total cost or monetary value approved by the Board, unless such cumulative increases in the total cost or monetary value are less than the Authority Level of the institution (in which case Board approval is not required); or
- (iii) Board approval is otherwise required by these Rules because of the particular provisions of the amendment.

9.4 Contracts for the Same Property. Any new Real Estate Contract pertaining to substantially the same real property that was the subject of a prior Real Estate Contract between the same parties or their successors in interest shall be treated as an extension, renewal, or modification of the prior Real Estate Contract for purposes of this calculation, except in such instances where the real property in question had been totally vacated by the occupant of the real property under the prior Real Estate Contract for a period of three consecutive months or more following the expiration or termination of the prior Real Estate Contract.

9.5 Assurance of Authority. No officer or employee of U. T. System or any U. T. institution, as an individual or as a member of any association or agency, has the power to bind U. T. System or any U. T. institution by a Real Estate

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Contract unless the review and execution thereof is done in accordance with this Rule. The officer or employee executing any Real Estate Contract shall be responsible for assuring that he or she has the requisite authority to act on behalf of the Board and that such authority is being exercised in compliance with applicable law, the Regents' Rules, and U. T. Systemwide Policies. Such officer or employee is strongly encouraged to contact the Executive Director of Real Estate or the Vice Chancellor and General Counsel with any questions regarding the nature and scope of the officer's or employee's authority.

9.6 Certification. Documents executed on behalf of the Board pursuant to authority granted under the Regents' Rules shall not require further certification or attestation.

Sec. 10 Record Keeping. The Board designates the Real Estate Office as the central repository for all Real Estate Contracts. Promptly following the execution of a Real Estate Contract by a U. T. institution, the institution shall deliver to the Real Estate Office a full, complete, and accurate electronic copy of the contract, regardless of whether such contract required the review and approval of the Real Estate Office and/or the Office of General Counsel. The Real Estate Office shall promulgate policies and processes for the maintenance of such Real Estate Contracts as part of the permanent records of its office, consistent with and subject to U. T. System's general record retention policies, but in no event shall a Real Estate Contract be maintained for a period of less than four years following the expiration or sooner termination of the Real Estate Contract.

Sec. 11 Consultation with Real Estate Office. Upon the request of a U. T. institution, the Real Estate Office will consult with, advise, and assist the institution concerning a Real Estate Contract, regardless of the length of term, total cost, or monetary value of the contract.

**3. Definitions**

Real Estate Sales Contracts - A contract for the purchase, sale, exchange, transfer, or acquisition of any fee interests in real property by U. T. System and U. T. institutions.

Real Estate Leases - A contract for the lease, sublease, license, or use of real property by U. T. System and/or U. T. institutions, whether as landlord, tenant, sublandlord, subtenant, licensee, licensor, or otherwise.

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Easements - The grant or acquisition by U. T. System and/or U. T. institutions of the right to cross or use real property for a specific purpose that is not terminable at the will of the grantor.

Real Estate Contracts - Real Estate Sales Contracts, Real Estate Leases, and Easements are collectively referred to in this Rule as "Real Estate Contracts." The term includes (i) all amendments and modifications of the foregoing, and (ii) ancillary agreements to such contracts, such as (by way of example only) estoppel certificates and nondisturbance agreements for leases.

Total Cost or Monetary Value – For a Real Estate Contract, it is the net cumulative sum of all costs and expenses to be paid or all monies to be received by a U. T. institution over the term of the Real Estate Contract.

- For example, if a U. T. institution leased real property as tenant for a total rental of \$950,000 and were contractually obligated to build or reimburse landlord for improvements to the premises costing an additional \$100,000 above the rental, the contract would have a total cost or monetary value of \$1,050,000 to U. T. institution; however, if the landlord were obligated to pay for the improvements and received no additional monies from the U. T. institution other than the rental, the total cost or monetary value to the U. T. institution would be \$950,000.
- Total cost or monetary value includes, without limitation, expenditures for real estate brokerage commissions, expenditures to build or pay for improvements to real property not included within the rental for the real property, and reasonably anticipated operating expenses (however denominated) in excess of the base rental payable by a tenant to the landlord over the term of a Real Estate Lease.
- Total cost or monetary value also includes (i) all operational expenses payable by the institution directly to persons not parties to the Real Estate Contract, such as utility charges or janitorial costs to a third-party service provider, and (ii) items such as ad valorem taxes that are paid directly by the institution to the governmental taxing authority.
- If all or part of the consideration payable under a Real Estate Contract is of an unspecified monetary value, the institution shall make a reasoned determination of whether the total cost or monetary value of the contract, in the light of the current and reasonably anticipated circumstances, is more or less than the

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institution's Authority Level and shall use such determination for the purposes of this Rule. The officer or employee of the institution making such determination shall prepare a written statement outlining the basis of such determination and such determination shall be preserved as part of the record of the transaction.

- Nonmonetary consideration (for example, the receipt of services or benefits that further an Institutional Purpose) shall be considered at its fair market value for purposes of calculating the total cost or monetary value of a Real Estate Contract. If any material part of the fair market value compensation paid or received by a U. T. institution under a Real Estate Contract is nonmonetary consideration, (i) the contract must be reviewed and approved by the Real Estate Office, and (ii) the Executive Director, with the help of the institution, shall determine the value of such nonmonetary compensation. If the consideration received under a Real Estate Contract is below fair market value, or if the consideration paid is above fair market value, the Board shall make the final determination as to the value and adequacy of the consideration paid or received by the institution.



7. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed amendment of Regents' Rules and Regulations, Rule 80103 (Solicitation) to permit advertising by bicycle share programs**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel that Regents' *Rules and Regulations*, Rule 80103 (Solicitation) be amended as set forth below in congressional style:

Sec. 2 Exceptions to Prohibition. The following activities shall not be deemed solicitations prohibited by this Rule when conducted in accordance with the approved rules and regulations of the U. T. System or any of the institutions. Such activities must be conducted in a manner that does not disturb or interfere with the academic programs or administrative activities of the U. T. System or any of the institutions or any program or activity that is conducted by or is authorized by the U. T. System or any of the institutions; does not interfere with entry to or exit from a building, structure, or facility; does not interfere with the flow of pedestrians or vehicular traffic on sidewalks or streets or at places of ingress and egress to and from property, buildings, or facilities; does not harass, or intimidate the person or persons being solicited; and does not violate applicable state, federal, or local laws or regulations:

...

2.26 Bicycle Share Programs. Subject to the institutions' reasonable and nondiscriminatory rules concerning time, place, and manner of posting, advertising displayed on bicycles and on and around kiosks participating in bicycle share programs approved by the institution.

....

BACKGROUND INFORMATION

Regents' Rule 80103 prohibits the distribution or display of printed material, merchandise, or products designed to encourage the purchase, use, or rental of any property, product, merchandise, publication, or service.

A bicycle share program provides individuals with bicycles for short-term rent used between unattended stations strategically located throughout an urban area traditionally beset with traffic congestion and parking shortage. Bicycle share systems can provide a convenient and inexpensive mode of transportation by allowing sponsors to advertise their logos on bicycles. In response to requests from U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston, this revision to Regents' Rule 80103 will allow a bicycle share program on U. T. System property, streets, or sidewalks. The bicycle share program would promote the spirit of collaboration between U. T. M. D. Anderson Cancer Center and U. T. Health Science

Center - Houston and the Texas Medical Center (TMC), the City of Houston, and their institutions while improving the experience of students, employees, patients, and other visitors to the TMC corridor in Houston, Texas.

The proposed amendment would authorize bicycles provided by a bicycle share program on U. T. System owned or controlled property, streets, or sidewalks to display advertisements.

This agenda item was reviewed by the U. T. System institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

8. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed rescission of Regents' Rules and Regulations, Rules 10801, Section 3 concerning U. T. Systemwide Policy UTS139; 40902 concerning cooperative use of courses and facilities; 50301 concerning off-campus student housing; 50303 concerning students' responsibilities for debts, transferring Section 2 regarding penalties for nonpayment to 50101 regarding student conduct and discipline; 50305 concerning the role of an institutional Students' Attorney; 50801 concerning student learning outcomes assessments; and 80308 concerning building plaques**

#### RECOMMENDATION

The Chancellor, the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel concur in the recommendation of the General Counsel to the Board that the Regents' *Rules and Regulations* be revised as follows:

1. Revise Rule 10801 (Policy on Transparency, Accountability, and Access to Information: Compliance with the Texas Public Information Act) to delete Section 3 concerning required Board approval of changes to U. T. Systemwide Policy UTS139 on the handling of public information requests;
2. Rescind Rule 40902 (Guidelines for Cooperative Use of Courses and Facilities with Texas A&M University);
3. Rescind Rule 50301 (Off-Campus Student Housing);
4. Rescind Rule 50303 (Debts of Students), transferring Section 2 regarding penalties for nonpayment to Rule 50101 (Student Conduct and Discipline);
5. Rescind Rule 50305 (Employment of a Students' Attorney);
6. Rescind Rule 50801 (Student Learning Outcomes Assessment); and
7. Rescind 80308 (Inscriptions on Building Plaques).

#### BACKGROUND INFORMATION

The Regents' Rules are continuously reviewed by the Board of Regents' Office and others within U. T. System Administration and at the U. T. institutions in an effort to identify revisions needed as the result of changes in underlying legal requirements as well as changes that will effect the most efficient oversight of the U. T. System without undue administrative burden. The Rules identified are not required by law and, while useful at other points in institutional history, have been identified as no longer relevant to the Board's governance of the U. T. System.

Section 3 of Rule 10801 sets forth the Board's well-understood expectation of compliance with state law and involves an unusual requirement concerning Board involvement in U. T. Systemwide Policy UTS139, which details the requirements for compliance with the Texas Public Information Act by System Administration and all U. T. institutions. Deletion of this

provision will give the Chancellor latitude to amend the policy as needed, consistent with state law, and to maintain a more appropriate balance between the requirements of Systemwide Policies and Regents' Rules.

Rule 40902, regarding the guidelines for cooperative use of courses and facilities for graduate education at the U. T. System and The Texas A&M University System, is better handled with individualized agreements between the two participating institutions, when needed, rather than through a governing board rule.

Rule 50301, regarding off-campus housing, contains restrictive language identified as an unnecessary inclusion in Board policy.

Rule 50303, Section 1, regarding student debt, restates well-understood expectations regarding the responsibilities of individual students and student organizations in their commercial transactions. Section 2 outlines penalties for nonpayment that will be moved in full to Rule 50101, regarding student conduct and discipline.

Rule 50305, regarding the limitations on the role of an attorney hired to serve as a Students' Attorney, is identified as unneeded as a governing board rule.

Rule 50801 was added in 2015 at the request of the Board to assure attention to the assessment of student learning outcomes. The Rule duplicates requirements of the Texas Higher Education Coordinating Board regarding core curriculum learning assessment and general requirements of the Southern Association of Colleges and Schools (SACS) for assessment of learning outcomes. All U. T. institutions are actively engaged in assessment, and both external entities perform periodic, substantive reviews of institutional assessment plans. This deletion was requested by the Office of Academic Affairs.

Rule 80308, regarding the appropriate inscriptions on building plaques within the U. T. System, has become a routine part of building practice and is identified as no longer necessary.

This agenda item was reviewed by the U. T. System institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

9. **U. T. System: Discussion and appropriate action regarding issues related to development of a potential bid for management of Los Alamos National Laboratory**

Deputy Chancellor Daniel will lead a discussion of issues related to the development of a potential bid by the U. T. System for the management of the Los Alamos National Laboratory in New Mexico.

10. **U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2018, including Permanent University Fund Bond Proceeds allocations for Library, Equipment, Repair and Rehabilitation Projects, for the Science and Technology Acquisition and Retention Program, and for capital expenses for the U. T. Rio Grande Valley School of Medicine; Available University Fund allocation for campus support; and Internal Lending Program allocations for strategic projects**

#### RECOMMENDATION

The Chancellor, with the concurrence of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the presidents of the U. T. System institutions, recommends that the nonpersonnel aspects of the U. T. System Operating Budgets for Fiscal Year 2018, including Educational and General Funds, Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical, Dental, Nursing, and Allied Health Faculty Services, Research and Development Plans, be approved.

It is further recommended that the Chancellor be authorized to make editorial corrections to the approved budget and that subsequent adjustments be reported to the U. T. System Board of Regents through the Consent Agenda subject to the requirements of the Budget Rules and Procedures. Chancellor McRaven will present the following recommended items:

- Fiscal Year 2018 Operating Budget
- Fiscal Year 2018 Library, Equipment, Repair and Rehabilitation (LERR) Budget
- Fiscal Year 2018 Faculty Science and Technology Acquisition and Retention (STARs) program
- Allocation in support of the U. T. Rio Grande Valley School of Medicine
- Allocation for information technology upgrades and implementation including PeopleSoft at U. T. Rio Grande Valley
- Funding for strategic projects

It is requested that Permanent University Fund (PUF) Bond Proceeds in the amount of \$35 million be appropriated directly to the institutions to fund LERR Projects for Fiscal Year 2018.

It is also requested that \$20 million of PUF Bond Proceeds be appropriated to provide additional funding to build and enhance research infrastructure to attract and retain the best qualified faculty through the Faculty STARs program. Through a competitive proposal process determined by U. T. System Administration, funds will be distributed for the purpose of recruiting or retaining top researchers.

In addition, it is requested that an allocation of \$20 million of PUF Bond Proceeds be authorized to fund eligible capital expenses associated with the start-up of the **U. T. Rio Grande Valley School of Medicine**. On December 6, 2012, the Board approved \$100 million of unspecified resources to be used to fund start-up costs for the School of Medicine. Of the \$100 million commitment, the Board has previously approved \$30 million of PUF and is being asked to approve an additional \$20 million at this time leaving \$50 million for future allocation.

Additional funding totaling \$10.3 of Available University Funds (AUF) is requested to fund years two and three to upgrade and implement the **UTShare Human Resource and Financial Enterprise System** (PeopleSoft), to upgrade and implement the **Student Information System**, and to provide basic campus and implementation support to bring U. T. Rio Grande Valley into the cohort currently using PeopleSoft. The first year of funding was approved by the Board on April 10, 2017. With the approval of this request, a total of \$13.6 million will have been allocated for the implementation upgrade. As part of that approval, the Board made a finding of fact that expenditure of AUF for the proposed purpose is appropriate.

A separate agenda item requested approval of an agreement with **Digerati, Inc.** to develop a job matching network that will benefit all academic institutions (see [Item 12](#) on [Page 47](#)). Total cost of this initiative is \$700,000 of which \$500,000 is included in the recommended FY 2018 Operating Budget for U. T. System Administration as a Student Success Quantum Leap with the other \$200,000 from balances that will remain from the FY 2017 budget. Background information was included with the agenda item including a finding of fact to be made by the Board that expenditure of AUF for the proposed purpose is appropriate.

It is also requested that the Board approve \$7.35 million of funding from the Internal Lending Program (ILP) for the following strategic projects. All funding requests from the ILP require Board approval.

1. **Proof-of-Concept Fund:** \$5 million for the creation and execution of the U. T. System Proof-of-Concept Fund designed to accelerate applied research and commercialization of U. T. System-based research activities by developing and commercializing innovative technologies from the lab to the marketplace in the form of life-changing and life-saving solutions. The Fund will provide monetary support to bridge the existing funding gap for faculty and researchers (See Agenda [Item 11](#) on [Page 42](#)).
2. **Texas Turnaround Partnerships:** \$1.5 million (\$500,000 per year for three years) to support the five U. T. academic institutions participating in the Texas Education Agency College of Education Turnaround Partnerships initiative. Chancellor McRaven agreed to identify funding for institutions that elected to participate. The goals of this initiative are to build greater turnaround capacity in U. T. Colleges of Education and to help turn around some of the state's lowest-performing public schools.
3. **National Security Network:** \$500,000 to extend the reach and impact of the U. T. System National Security Network (NSN). On November 10, 2016, the Board of Regents appropriated \$10,000,000 of AUF in support of the NSN Quantum Leap. As the National Security effort has progressed, it has become evident that several institutions have considerable capability to support the effort. Legal restrictions do not permit use of AUF to support operating expenses at institutions other than U. T. Austin. To extend the reach and impact of the NSN Quantum Leap, \$500,000 of ILP Funds, which may be used by all U. T. institutions for operating expenses, was approved on February 9, 2017 by the

Board. An additional \$500,000 of ILP funding is requested to be used to support work at U. T. institutions and to integrate those efforts with work at U. T. Austin. Collectively, these activities will enhance capabilities and broaden positive impacts from the NSN Quantum Leap.

4. **Regents' Outstanding Employee Awards:** \$350,000 to recognize outstanding employees at the U. T. institutions and U. T. System Administration. On November 9, 2016, the Board approved the creation of the Regents' Outstanding Employee Awards. Funding will be used for \$5,000 monetary awards, medal or plaque, and a recognition dinner or reception.

### BACKGROUND INFORMATION

A supplemental volume of the budget materials titled "Operating Budget Summaries and Reserve Allocations for Library, Equipment, Repair and Rehabilitation and Faculty STARs" was provided to all Regents prior to the meeting and is available online at <https://www.utsystem.edu/documents/docs/operating-budget-summary/operating-budget-summary-system-fy-2018>.

The appropriation of PUF Bond Proceeds will be presented in the Fiscal Year 2018 LERR Budget and is subject to the budget rules and expenditure guidelines adopted therein and the requirements of the U. T. Systemwide Policy UTS168 Capital Expenditure Policy. The allocation of LERR funds to the U. T. institutions was developed from prioritized lists of projects submitted by the institutions and reviewed by U. T. System Administration staff. The allocation of PUF Bond Proceeds for Faculty STARs and the U. T. Rio Grande Valley School of Medicine are also subject to the LERR budget rules, expenditure guidelines, and UTS168. Additionally, PUF Bond Proceeds appropriated above to LERR, Faculty STARs, and U. T. Rio Grande Valley School of Medicine must be spent in accordance with the Article VII, Section 18 of the Texas Constitution. PUF Bond Proceeds may only be used for the purpose of acquiring land either with or without permanent improvements, constructing and equipping buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, acquiring capital equipment, and acquiring library books and library materials.

See Agenda [Item 13](#) below and also the Executive Session items related to individual personnel aspects of the U. T. System Operating Budgets (Items 3c - 3e).



11. **U. T. System: Discussion and appropriate action regarding proposed creation of the Proof-of-Concept Fund**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Associate Vice Chancellor for Innovation and Strategic Investment and Managing Director of the U. T. Horizon Fund that the Board of Regents approve the proposed creation of the U. T. System Proof-of-Concept Fund, contingent of Board approval of \$5 million funded from the Internal Lending Program as part of the U. T. System Operating Budget for Fiscal Year 2018. (See [Item 10](#) on [Page 39](#) regarding requested funding for the Proof-of-Concept Fund.)

Associate Vice Chancellor Goonewardene will present this proposal using a PowerPoint set forth on the following pages.

**BACKGROUND INFORMATION**

The Office of Innovation and Strategic Investment proposes the creation of a Proof-of-Concept (POC) Fund designed to accelerate applied research and commercialization of U. T. System-based research activities by developing and then commercializing innovative technologies from the lab to the marketplace in the form of life-changing and life-saving solutions. The purpose of the POC Fund is to provide monetary support to bridge the existing funding “gap” from federal funding to private sector readiness for an increasing number of faculty and researchers for their research activities. The goal of this program is to encourage the development of intellectual property, commercial partnerships, and startup companies, while also helping U. T. System institutions recruit and retain commercialization-minded faculty, students, and staff.

# Innovation Initiative: Proof-of-Concept Fund

Julie Goonewardene

Associate Vice Chancellor for Innovation and Strategic Investment

U. T. System Board of Regents' Meeting  
August 2017



## Proof-of-Concept Fund

- The vice presidents for research at the institutions have identified a proof-of-concept fund as a top need to support the attraction and retention of entrepreneurial faculty and to further their technology transfer efforts.
- Proof-of-concept funds address a widely recognized gap on the technology advancement funding pipeline between federally funded foundational research and proof of market viability.



## Proof-of-Concept Fund (cont.)

- The proposed \$5M multi-year U. T. System Proof-of-Concept Fund provides competitive and merit-based awards that enable selected U. T. institution laboratories to develop their discoveries to the point of private sector investment. All \$5M will be distributed to awardees.
- The Fund will be developed and managed by the Office of Innovation and Strategic Investment at System to ensure full opportunity across institutions and disciplines, unbiased internal and external reviewers, and accountability to Fund metrics and intent.
- The Proof-of-Concept Fund has been endorsed by presidents at all academic and health institutions and approved through the internal review process by System leadership.



## Proof of Concept Fund (cont.)

### Institutional Perspectives:

Daniel Jaffe, Ph.D.

Vice President for Research

The University of Texas at Austin

Andrea Giuffrida, Ph.D.

Vice President for Research

The University of Texas Health Science Center  
at San Antonio



**12. U. T. System: Discussion and appropriate action related to proposed contract with Digerati, Inc. for a job and internship matching network, and finding that expenditure of AUF for this purpose is appropriate**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, and the Associate Vice Chancellor for Innovation and Strategic Investment that the Board of Regents approve a proposed contract with Digerati, Inc. for a job and internship matching network designed to match students at all U. T. academic institutions with employment opportunities in Texas, contingent on Board approval of \$500,000 of Available University Funds (AUF) as part of the U. T. System Operating Budget for Fiscal Year 2018 (see [Item 10](#) on [Page 39](#) regarding requested funding).

In addition, the Board is asked to find that expenditure of AUF for this purpose is appropriate under the U. T. System's responsibilities to coordinate the activities of the U. T. institutions participating in the program, with the intent that the expenditure will benefit a broad number of U. T. institutions, including all academic institutions.

BACKGROUND INFORMATION

The U. T. System Office of Innovation and Strategic Investment (OISI) has piloted a talent matching network designed to expand access to employment opportunities in Texas for U. T. students and alumni, particularly with small and mid-sized organizations with job opportunities in Texas. The pilot program began October 26, 2016, and extends through August 31, 2017, initially at a cost of \$49,500. The original pilot agreement was amended in April 2017 to allow expenditures of up to \$324,500 in support of the network, primarily to integrate career services systems. The pilot network included participation by students at U. T. Arlington, U. T. El Paso, U. T. Rio Grande Valley, and U. T. Tyler.

The proposed contract seeks to expand the network to serve all U. T. academic institutions and will run through August 31, 2018, with automatic annual renewals as long as certain job matching thresholds are met, for an additional approximately \$700,000 with funding of \$500,000 from new AUF allocations in support of the Student Success Quantum Leap and \$200,000 from balances that remain from the 2017 budget. Digerati will charge a job posting fee to employers matched to job seekers through the network. In return for U. T. System's investment, Digerati will compensate U. T. System with a portion of the job posting fee. The proposed contract is being submitted to the Board at this time because total spending to Digerati will exceed \$1,000,000.

The network will be run by Digerati using its patent-pending analytics system and a proven campus/community partnership model to create a cost efficient and highly effective electronic labor exchange that matches students and employers based on key attributes, candidate interests, and required skills. Originally conceived as a solution for high growth entrepreneurial companies, the network now includes employers of all sizes. U. T. System will assist Digerati in marketing the network and building employment opportunities for students and alumni.

Advance notice of this potential initiative was provided to the Legislative Budget Board as required by Rider 8, Page III-61 of the current *General Appropriations Act*.

13. **U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2018**

RECOMMENDATION

The Chancellor concurs with the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Business Affairs that approval be granted regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2018 as included in [Item 10](#) on [Page 39](#).

See also the Executive Session items related to the individual personnel aspects of the U. T. System Operating Budgets (Executive Session Items 3c through 3e).