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**Committee Meetings:** 5/14/2008

*Colleen McHugh, Chairman  
James D. Dannenbaum  
James R. Huffines  
Robert B. Rowling*

**Board Meeting:** 5/15/2008  
Tyler, Texas

	<b>Committee Meeting</b>
<b>A. CONVENE SPECIAL MEETING OF THE HEALTH AFFAIRS COMMITTEE</b>	<b>10:00 a.m.</b>
The Health Affairs Committee will discuss overall trends in healthcare in the United States and Texas with an emphasis upon changing modes of reimbursement for healthcare services and their impact on U. T. System institutions. Discussions will include:	<i>Chairman McHugh</i>
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4. <b>U. T. Southwestern Medical Center – Dallas: Approval of the Amended and Restated Certificate of Formation and Third Amended and Restated Bylaws of UT Southwestern Moncrief Cancer Center</b>	<i>2:50 p.m. <b>Action</b> President Wildenthal Dr. Shine</i>	<b>Action</b>	<b>83</b>
5. <b>U. T. Southwestern Medical Center – Dallas: Authorization to purchase three tracts of land and improvements located at 6222, 6303, 6333, 6363, and 6500 Forest Park Road, Dallas, Dallas County, Texas, and consisting of a total of approximately 24.0665 acres, from LUI Dallas Exchange Park, L. P., a Texas limited partnership, for a purchase price not to exceed fair market value as established by independent appraisals to be used for the administrative, educational, and medical programs of U. T. Southwestern Medical Center – Dallas; and resolution regarding parity debt</b>	<i>2:55 p.m. <b>Action</b> President Wildenthal Ms. Mayne</i>	<b>Action</b>	<b>104</b>
6. <b>U. T. System: Code Red Report, 2008 Recommendations of the statewide Task Force on Access to Health Care in Texas</b>	<i>3:05 p.m. <b>Report</b> Dr. Stobo Dr. Shine</i>	Not on Agenda	<b>108</b>
7. <b>U. T. System: Quarterly report on health matters, including a statewide conference on physician work-force issues, by Executive Vice Chancellor Shine</b>	<i>3:15 p.m. <b>Report</b> Dr. Shine</i>	Not on Agenda	<b>108</b>
<b>D. ADJOURN</b>	<i>3:30 p.m.</i>		

1. **U. T. Southwestern Medical Center – Dallas: Approval of acceptance of gift of outdoor art**

**RECOMMENDATION**

The Chancellor ad interim concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor for External Relations, and President Wildenthal that the U. T. System Board of Regents approve the acceptance of a gift of outdoor art at U. T. Southwestern Medical Center – Dallas. The request is in accordance with Regents' *Rules and Regulations*, Rule 60101, Section 3.1 regarding outdoor works of art.

**Supplemental Materials: Photo of outdoor granite sculpture titled *Sun Disc Triptych* on Page 110 of Volume 2 and photo of similar outdoor granite sculpture on Page 110a of Volume 2.**

**BACKGROUND INFORMATION**

U. T. Southwestern Medical Center – Dallas is requesting approval to accept a donation from Austin Industries, Inc., for an abstract sculpture to be placed on the grounds of the institution's north campus in the courtyard area of the T. Boone Pickens Biomedical Building.

The outdoor art sculpture by Texas artist Mr. Jesús Moroles titled *Sun Disc Triptych* will be three pieces of granite approximately six feet in diameter and one foot deep. Each piece will sit on a cylindrical granite pedestal two feet high and one foot in diameter. Mr. Moroles' work is exhibited across the United States in galleries, museums, private collections, and public spaces, and has been featured in numerous publications, including *ARTnews* and *The New York Times*. Mr. Moroles is widely known for his large-scale public installations at the CBS Plaza in New York City and the Houston Police Officers' Memorial.

Austin Industries, Inc., is commissioning the sculpture to honor Mr. William T. Solomon's contributions to the company founded by his grandfather, as well as to recognize the Solomon family's contributions to U. T. Southwestern Medical Center – Dallas. Mr. Solomon is retiring as Chairman and CEO of Austin Industries. He has chaired Southwestern Medical Center's Innovations in Medicine Capital Campaign, raising over \$740 million since 2002. Mr. and Mrs. Solomon have donated over \$10 million to the institution.

Austin Industries, Inc., will pay the cost of installing the sculpture, and routine maintenance will be paid from non-State funds allocated for outdoor groundskeeping. Proposed placement of this outdoor work of art is consistent with the institution's Campus Master Plan.

2. **U. T. Southwestern Medical Center – Dallas: Approval of an M.S. and a Ph.D. degree program in Cancer Biology**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that authorization, pursuant to the Regents' *Rules and Regulations*, Rule 40307 related to academic program approval standards, be granted to

- a. establish an M.S. and a Ph.D. degree program in Cancer Biology in the Graduate School of Biomedical Sciences at U. T. Southwestern Medical Center – Dallas; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

**BACKGROUND INFORMATION**

**Program Description**

The Graduate School of Biomedical Sciences at U. T. Southwestern Medical Center – Dallas wishes to implement a program of graduate study resulting in the degrees of M.S. and Ph.D. in Cancer Biology (Cancer Biology Graduate Program) within the Division of Basic Science training program. The program is an outgrowth of a Cancer Biology Training Track that grew rapidly in students and faculty. This is not a new initiative but an improved mechanism for organizing instruction in this discipline. The long-term goal of the Cancer Biology Graduate Program is to provide in-depth training and practical experience for independent investigators committed to careers in cancer research. The program is designed to prepare graduates to succeed in careers in academia, pharmaceutical and biotechnology industries, and clinical research. Besides obtaining practical experience in the conduct of cancer research, students participating in the program will have access on campus to state-of-the-art facilities, shared instrumentation and research cores, and a diverse interdisciplinary faculty.

Although only students intending to achieve the Ph.D. degree would be admitted to the program, the M.S. degree could be awarded on an individual basis to a student acting in good faith who may not have completed the Ph.D. degree requirements. Admission standards will be the same as for all graduate students in areas of basic biomedical research at U. T. Southwestern Medical Center – Dallas.

### Need and Student Demand

A critical mass of well-trained cancer researchers is needed to fulfill the mission of the institution in the 21st century. The increased understanding of the disease and improvements in cancer therapy will offer enormous benefits to the State of Texas and the nation by lessening human suffering, loss of productivity of citizens stricken with the disease, and the financial costs of treating cancer patients.

During the past two years, the present Cancer Biology Training Track of the Genetics and Development Graduate Program has experienced one of the most rapid expansions of a training track in the history of the Division of Basic Science at U. T. Southwestern. The coursework is designed to provide that students obtaining degrees from the Cancer Biology Graduate Program will be prepared to provide skilled labor in all areas related to cancer research, bolstering the healthcare sector of the economy.

### Program Quality

The proposed M.S. and Ph.D. in Cancer Biology directly supports the mission of U. T. Southwestern Medical Center – Dallas and is designed to produce the next generation of leaders in cancer research. Improvements in public health depend in part on developing better methods to prevent and treat cancer, which require renewing the research workforce trained to investigate cancer. This Graduate Program will train the next generation of cancer researchers where clinicians practice medicine, enhancing the ability to conduct clinical and basic research.

Many other universities in Texas have multidisciplinary programs that include cancer research. This comprehensive focus on the study of cancer and courses focusing on translating basic research knowledge into cancer therapies is likely to increase the quality of cancer research throughout Texas.

### Program Cost

The Cancer Biology Graduate Program is a new and improved mechanism for organizing instruction, but it is not a new initiative requiring additional faculty hires or additional resources. All costs are currently being covered by existing resources within the Cancer Center, Medical School, and Graduate School.

3. **U. T. Medical Branch – Galveston: Approval of after-tax retirement plan pursuant to Section 457(f) of the *Internal Revenue Code of 1986*, as amended**

RECOMMENDATION

The Chancellor ad interim concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, the Vice Chancellor and General Counsel, and President Callender that the U. T. System Board of Regents authorize establishment and implementation of an after-tax retirement plan for certain key employees, pursuant to Section 457(f) of the *Internal Revenue Code of 1986*, as amended, subject to review and approval by the Vice Chancellor and General Counsel.

BACKGROUND INFORMATION

U. T. Medical Branch – Galveston is proposing to establish an after-tax executive retirement benefit plan (the "Plan") for a select group of management or highly compensated employees as identified by the President of the institution with approval of the Executive Vice Chancellor for Health Affairs. The purposes of this plan are to improve the institution's competitiveness in recruiting highly-qualified candidates to enhance its mission of teaching, research, and patient care and to enhance its ability to retain highly-qualified employees because of the long-term retirement enhancements offered by this Plan.

The Plan is an excess benefit plan involving employee deferrals with employer matches, considerably different from the discretionary deferred compensation plan for the Medical Branch approved by the U. T. System Board of Regents on November 9, 2007. Excess benefit plans are common tools used for recruiting and retention throughout the health-care industry.

The details of the Plan are as follows:

- a. The Plan would allow Eligible Employees participating in the Optional Retirement Program (ORP) or the Teacher Retirement System (TRS) to make contributions, above the compensation limits of Section 401(a)(17) and the contribution limits of Section 415(c) of the *Internal Revenue Code*, which apply to ORP and TRS, to a Section 457(f) account authorized by the *Internal Revenue Code* and *Texas Revised Civil Statutes Annotated* Article 6228a-5, Section 3(a). The 2008 compensation limit is \$230,000 and the 2008 contribution limit is \$46,000.

- b. Eligible Employees will be designated by the President with the approval of the Executive Vice Chancellor for Health Affairs. Employees who are participating in The University of Texas System Governmental Retirement Arrangement (UTGRA) will not be eligible to participate in the Plan since they are already receiving excess benefit deferrals under UTGRA. The proposed Plan would reduce the benefit disparity with UTGRA participants for individuals hired on or after September 1, 1996, and who are not eligible for UTGRA.
- c. During the period the person is an Eligible Employee, U. T. Medical Branch – Galveston will make monthly contributions of employee deferrals and institutional matching funds (based on the fixed percentages of contributions under the ORP or TRS plans), to the extent they exceed the limits of Section 401(a)(17) and Section 415(c), *Internal Revenue Code*, to a separate bookkeeping account in the name of the Eligible Employee. The Eligible Employee will be immediately vested in the contributions that will be included in his or her taxable income. The employer match, even though taxable, is an advantage for Eligible Employees under the Plan.
- d. Eligible Employees also will be immediately vested in the earnings and appreciation of their accounts, but the tax on such earnings and appreciation will be deferred until distribution of the account. This tax deferral is another advantage to the Eligible Employee under the Plan.
- e. The Eligible Employee must be employed by U. T. Medical Branch – Galveston to continue to receive contributions to the Plan.
- f. Upon separation from service, disability, or death, the Eligible Employee (or designated beneficiary) will receive a distribution of account balance, subject to required tax or other deductions, within 30 days of the event.

4. **U. T. Southwestern Medical Center – Dallas: Approval of the Amended and Restated Certificate of Formation and Third Amended and Restated Bylaws of UT Southwestern Moncrief Cancer Center**

**RECOMMENDATION**

The Chancellor ad interim concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor and General Counsel, and President Wildenthal that the U. T. System Board of Regents, on behalf of U. T. Southwestern Medical Center – Dallas, approve the Amended and Restated Certificate of Formation and Third Amended and Restated Bylaws of UT Southwestern Moncrief Cancer Center, as set out on Pages 85 – 103.

## BACKGROUND INFORMATION

UT Southwestern Moncrief Cancer Center (Cancer Center), d/b/a Moncrief Cancer Resources, is a nonprofit corporation organized under the laws of the State of Texas and is operated within the meaning of Section 501(c)(3) of the *Internal Revenue Code of 1986*, as amended. The Cancer Center was made possible by a gift from former Regent W. A. "Tex" Moncrief, Jr., to U. T. M. D. Anderson Cancer Center. Originally called M. D. Anderson Cancer Network - Tarrant County, the entity changed its name effective August 31, 1999, when the U. T. System Board of Regents authorized transfer of a multimillion dollar gift from M. D. Anderson to U. T. Southwestern Medical Center – Dallas and the establishment of the Cancer Center as a separate nonprofit corporate entity.

The purpose of the nonprofit entity changed as a result of the sale of the Cancer Center's radiation treatment and medical equipment on April 1, 2006. The Cancer Center will now focus on the prevention and detection of cancer. The Cancer Center's programs will be expanded to provide a wide range of support services for cancer patients and their families, including social services, nutritional services, medical billing advocate services, genetic counseling, psychological counseling, referral services, transportation, mobile mammography screening, and educational programs.

In consultation with the donor and to reflect the new purpose and business model of Moncrief Cancer Resources, the Amended and Restated Certificate of Formation changes the purpose of the entity (Article IV) and amends reference to "Articles of Incorporation" to read "Restated Certificate." The Amended and Restated Bylaws: (1) change the purpose of Moncrief Cancer Resources (Article I); (2) change the principal place of business (Article III); (3) change the powers of the Board of Directors to be consistent with the amended purpose (Article IV, Section 4.1); (4) establish an audit committee under the direction of the Board of Directors (Article V, Section 5.1); and (5) require confidentiality of peer review documents (Article VII, Section 7.3). Other technical, nonsubstantive amendments to the documents were also made with the approval of the Executive Vice Chancellor for Health Affairs.



**AMENDED AND RESTATED  
CERTIFICATE OF FORMATION OF  
UT SOUTHWESTERN MONCRIEF CANCER CENTER**

Pursuant to the provisions of Section 22.105 of the *Texas Business Organizations Code* (the “TBOC”), the undersigned corporation hereby adopts its Amended and Restated Certificate of Formation.

**ARTICLE I  
NAME**

The name of the Corporation is UT SOUTHWESTERN MONCRIEF CANCER CENTER.

**ARTICLE II  
TYPE OF CORPORATION**

The Corporation is a nonprofit corporation.

**ARTICLE III  
DURATION**

The period of the Corporation’s duration is perpetual.

**ARTICLE IV  
PURPOSES**

The purposes for which the Corporation is organized and to be operated are exclusively charitable, educational, and scientific, within the meaning of Section 501(c)(3) of the *Internal Revenue Code of 1986*, as amended (the “Code”) In accomplishment of such purposes, the Corporation is to be administered solely for the benefit of The University of Texas Southwestern Medical Center at Dallas (the “Beneficiary”), by providing, directly or indirectly, assistance and benefit, financial or otherwise, to the Beneficiary through whatever means are determined by the Corporation’s Board of Directors (the “Board of Directors”), including, but not limited to, making distributions or contributions to the Beneficiary or providing services to the Beneficiary More specifically, the Corporation will emphasize clinical, educational, and scientific aspects of cancer care in Tarrant County, Texas and throughout the State of Texas. In accomplishment of its purposes, the Corporation may:

- (1) Establish, own, and operate one or more centers (the “Centers”) for the prevention and detection of cancer, to assist in the establishment of a comprehensive, multi-disciplinary cancer treatment program in Tarrant County, Texas, and to provide support services to cancer patients and their families in Tarrant County, Texas, and surrounding communities;

- (2) Enter into arrangements with other providers of cancer care, pursuant to which the cancer programs of all participants may be offered to the public in a coordinated manner;
- (3) Engage in the functions of the carrying out of scientific research and research projects in the public interest in the fields of medical sciences, medical economics, public health, sociology, and related areas, particularly in conjunction with the Beneficiary's research programs;
- (4) Enter into arrangements with other healthcare providers for the provision of ancillary services for the Centers;
- (5) Enter into educational arrangements with local medical centers or other healthcare providers for programs to advance the training of physicians, technicians, and allied health professionals in the care of cancer patients;
- (6) Establish and maintain programs, including educational programs and services for physicians, educational programs for the public, and marketing programs, with respect to cancer and the services and facilities offered by the Corporation for the diagnosis and treatment of cancer; and
- (7) Perform such other activities or functions that the Board of Directors deems appropriate or necessary for the accomplishment of the purposes of the Corporation.

If (i) the Beneficiary ceases to be an organization described in Sections 509(a)(1) or 509(a)(2) of the Code or (ii) the Beneficiary is dissolved or otherwise ceases to exist, the Board of Directors shall by written notice (evidencing at least a majority determination of the Board of Directors) administer the Corporation for the sole benefit of The University of Texas System (the "First Substitute Beneficiary"). If (a) the First Substitute Beneficiary is not or thereafter ceases to be an organization described in Section 509(a)(1) or 509(a)(2) of the Code or (b) the First Substitute Beneficiary is dissolved or otherwise ceases to exist, the Board of Directors shall by written notice (evidencing at least a majority determination of the Board of Directors) administer the Corporation for the sole benefit of the State of Texas (the "Second Substitute Beneficiary").

Notwithstanding any other provisions of this Amended and Restated Certificate of Formation (the "Restated Certificate") to the contrary, the corporation shall not conduct or carry on any activities not permitted to be conducted or carried on by an organization which is exempt from tax under Section 501(c)(3) of the Code, or its Regulations, or by an organization, donations to which are deductible from taxable income under Section 170(c)(2) of the Code, or its Regulations. The corporation shall be organized and at all times operated for the benefit of the Beneficiary and shall be operated, supervised, or controlled by the Beneficiary.

## **ARTICLE V MEMBER**

The sole member (the "Member") of the corporation shall be the President of the Beneficiary, acting in his or her official capacity as such.

**ARTICLE VI  
PROHIBITIONS**

Regardless of any other provisions of this Restated Certificate or the laws of the State of Texas, the Corporation shall not:

- (1) Permit any part of the net earnings of the Corporation to inure to the benefit of any private individual (except that reasonable compensation may be paid for personal services rendered to or for the Corporation effecting one or more of its purposes);
- (2) Devote more than an insubstantial part of its activities to attempting to influence legislation by propaganda or otherwise; or
- (3) Participate in, or intervene in (including the publication or distribution of statements), any political campaign on behalf of any candidate for public office.

**ARTICLE VII  
DISSOLUTION AND DISTRIBUTIONS**

Upon the dissolution of the Corporation, after payment or provision for payment of the Corporation's liabilities has been made, the Corporation's remaining assets shall be distributed exclusively to the Beneficiary or to such other organization as is selected pursuant to the provisions of Article IV. The amount of any distribution made under this Article VII shall be determined by the Board of Directors.

**ARTICLE VIII  
BOARD OF DIRECTORS**

The direction and management of the affairs of the Corporation and the control and disposition of its properties and funds shall be vested in a Board of Directors. The number, terms of office, manner of election of appointment and qualifications of the directors shall be fully set forth in the Bylaws of the Corporation, subject, however, to the following requirements and limitations:

- (1) The number of directors shall be as specified in the bylaws, and such number may from time to time be increased or decreased under the bylaws, or any amendment or change to the bylaws, except that the number of directors shall not be less than the minimum number of directors required by the TBOC. Each director shall be appointed by the corporation's sole member, subject to the following requirements and limitations
  - (a) One director must be a person who is nominated by the affirmative vote of a majority of the Program Directors of Moncrief Radiation Center, a Texas nonprofit corporation (as defined in the governing documents for Moncrief Radiation Center).

(b) Any vacancy resulting from the expiration of a director's term or any vacancy occurring in a director's position prior to the expiration of such director's term shall be filled by the Member, subject to the conditions described in subsection (a) of this Section in the case of a director nominated by the Program Directors of Moncrief Radiation Center.

(2) The names and addresses of the current directors are as follows:

Name	Address
Willis C. Maddrey, M.D.	5323 Harry Hines Blvd. Dallas, Texas 75390-8570
John D. McConnell, M.D.	5323 Harry Hines Blvd Dallas, Texas 75390-8570
John W. Freese, M.D.	1701 River Run, Suite 500 Fort Worth, Texas 76107
James K. Willson, Jr., M.D.	5323 Harry Hines Blvd. Dallas, Texas 75390-8570
John A. Roan	5323 Harry Hines Blvd. Dallas, Texas 75390-8570

#### **ARTICLE IX ADOPTION OF BYLAWS; AMENDMENT OF ARTICLES**

The right, power, and authority to amend the Restated Certificate or the Bylaws of the Corporation shall be reserved to the Member.

#### **ARTICLE X ACTION WITHOUT A MEETING BY THE MEMBER, DIRECTORS, OR COMMITTEE**

Any action required or allowed by the Corporation's Restated Certificate or Bylaws or by the TBOC to be taken at a meeting of the Member, the Directors, or any committee thereof may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by the Member or by a sufficient number of Directors or committee members as would be necessary to take that action at a meeting at which the Directors or members of the committee were present and voted. Such action must comply with the applicable provisions of the TBOC.

#### **ARTICLE XI INDEMNIFICATION**

The Corporation shall indemnify (which indemnification shall include, without limitation, advancing reasonable expenses) any person who is or was a Director, officer,

employee, or agent of the Corporation (or any person who is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise) to the fullest extent required or permitted by applicable law. However, no indemnification shall be made (i) in an action or suit involving the alleged professional malpractice of such director or officer or (ii) in any proceeding involving other acts or omissions of such director or officer in such person's personal capacity. In addition, the Corporation shall have the power to indemnify (which indemnification shall include, without limitation, advancing reasonable expenses including but not limited to legal fees) to the fullest extent permitted by law such other persons as the Board of Directors may determine from time to time. The Corporation shall have the power to purchase and maintain at its expense insurance on behalf of such persons to the fullest extent permitted by applicable law, whether or not the Corporation would have the power to indemnify such persons under the foregoing provisions.

## **ARTICLE XII LIMITATION OF LIABILITY**

A Director of the Corporation shall not be liable to the Corporation for monetary damages for an act or omission in the Director's capacity as a Director, except that this Article XII does not eliminate or limit the liability of a Director of the Corporation to the extent that the Director is found liable for (i) a breach of the Director's duty of loyalty to the Corporation; (ii) an act or omission not in good faith that constitutes a breach of the duty of the Director to the Corporation or an act or omission that involves intentional misconduct or a knowing violation of the law; (iii) a transaction from which the Director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the Director's office; or (iv) an act or omission for which the liability of a Director is expressly provided by an applicable statute. If the Texas Miscellaneous Corporation Laws Act or any other statute of the State of Texas hereafter is amended to authorize the further elimination or limitation of the liability of the Directors of the Corporation, then the liability of a Director of the Corporation shall be limited to the fullest extent permitted by the statutes of the State of Texas, as so amended, and such elimination or limitation or liability of a Director of the Corporation provided by the foregoing provisions of this Article. Any repeal of or amendment to this Article shall be prospective only and shall not adversely affect any limitation on the liability of a Director of the Corporation existing at the time of such repeal or amendment.

## **ARTICLE XIII PRIVATE FOUNDATION RESTRICTIONS**

If the Corporation ever is determined to be a private foundation for federal income tax purposes, then:

- (1) The Corporation will distribute its income for each tax year at such time and in such manner so as not to become subject to the tax on undistributed income imposed by Section 4942 of the Code.
- (2) The Corporation will not engage in any act of self-dealing as defined in Section 4941(d) of the Code.

- (3) The Corporation will not retain any excess business holdings as defined in Section 4943(c) of the Code.
- (4) The Corporation will not make any investments in such a manner so as to subject it to tax under Section 4944 of the Code.
- (5) The Corporation will not make any taxable expenditures as defined in Section 4945(d) of the Code.

**ARTICLE XIV  
REGISTERED AGENT**

The street address of the registered office of the Corporation is 5323 Harry Hines Blvd., Dallas, Texas 75390-8570, and the name of its registered agent at such address is Willis C. Maddrey, M.D.

IN WITNESS WHEREOF, I have hereunto set my hand as of the \_\_\_\_\_ day of \_\_\_\_\_, 2008.

UT SOUTHWESTERN MONCRIEF  
CANCER CENTER

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**THIRD AMENDED AND RESTATED BYLAWS  
OF  
UT SOUTHWESTERN MONCRIEF CANCER CENTER**

**ARTICLE I  
STRUCTURE, PURPOSES AND REPORTING**

Section 1.1 **Structure**. UT SOUTHWESTERN MONCRIEF CANCER CENTER (the “**Corporation**”) is a nonprofit corporation organized under the laws of the State of Texas, which has one (1) Member within the meaning of the Texas Non-Profit Corporation Law, Title 1 and Chapters 20 and 22 of the *Texas Business Organizations Code* (the “**Law**”). The Certificate of Formation (formerly known as the Articles of Incorporation) of the Corporation (as amended and restated from time to time, the “**Certificate of Formation**”) was filed in the office of the Secretary of the State of Texas on June 6, 1996.

Section 1.2 **Purposes**. The purposes for which the Corporation is organized and to be operated are exclusively charitable, educational, and scientific, within the meaning of Section 501(c)(3) of the *Internal Revenue Code of 1986*, as amended (the “**Code**”). In accomplishment of such purposes, the Corporation is to be administered solely for the benefit of The University of Texas Southwestern Medical Center at Dallas (the “**Beneficiary**”), by providing, directly or indirectly, assistance and benefit, financial or otherwise, to the Beneficiary through whatever means are determined by the Corporation’s Board of Directors (the “**Board of Directors**”), including, but not limited to, making distributions or contributions to the Beneficiary or providing services to the Beneficiary. More specifically, the Corporation will emphasize clinical, educational, and scientific aspects of cancer care in Tarrant County, Texas, and throughout the State of Texas. In accomplishment of its purposes, the Corporation may:

(1) Establish, own, and operate one or more centers (the “**Centers**”) for the prevention and detection of cancer, to assist in the establishment of a comprehensive, multidisciplinary cancer treatment program in Tarrant County, Texas, and to provide support services to cancer patients and their families in Tarrant County, Texas, and surrounding communities;

(2) Enter into arrangements with other providers of cancer care, pursuant to which the cancer programs of all participants may be offered to the public in a coordinated manner;

(3) Engage in the functions of the carrying out of scientific research and research projects in the public interest in the fields of medical sciences, medical economics, public health, sociology, and related areas, particularly in conjunction with the Beneficiary’s research programs;

(4) Enter into arrangements with other healthcare providers for the provision of ancillary services for the Centers;

(5) Enter into educational arrangements with local medical centers or other healthcare providers for programs to advance the training of physicians, technicians, and allied health professionals in the care of cancer patients;

(6) Establish and maintain programs, including educational programs and services for physicians, educational programs for the public, and marketing programs, with respect to cancer and the services and facilities offered by the Corporation for the diagnosis and treatment of cancer; and

(7) Perform such other activities or functions that the Board of Directors deems appropriate or necessary for the accomplishment of the purposes of the Corporation.

Section 1.3 **Reporting.** In furtherance of the Corporation's purposes of supporting the Beneficiary, the Corporation will provide at least quarterly periodic financial reports, including without limitation a balance sheet and statement of revenues and expenses, to Moncrief Radiation Center (the "**Moncrief Radiation Center**"), a Texas nonprofit corporation that is also a supporting organization of the Beneficiary as described in Code Section 509(a)(3), to whom Beneficiary has delegated financial oversight of the Corporation's financial activities. The Moncrief Radiation Center will review these financial reports and make recommendations to the Beneficiary regarding the Corporation's operations and activities.

## **ARTICLE II MEMBER**

Section 2.1 **Member.** The sole member (the "**Member**") of the Corporation shall be the President of the Beneficiary, acting in his or her official capacity as such.

Section 2.2 **Powers and Duties.** The Member shall exercise such rights and perform such duties as may be provided by law, the Corporation's Certificate of Formation, or these Bylaws (as may be amended from time to time). The Member shall appoint and remove Directors of the Corporation ("**Directors**") in accordance with the provisions of Article IV of these Bylaws.

Section 2.3 **Annual Meeting of Member.** The annual meeting of the Member shall be held at such time and place as shall be designated by resolution of the Board of Directors, or, if not so designated, on the Second Monday of the month of September of each year at the Corporation's registered office for the purpose of appointing Directors for the ensuing year, and transacting such other business as may be properly brought before such annual meeting. No notice of such annual meetings shall be required.

Section 2.4 **Special Meetings of Member.** Special meetings of the Member shall be held whenever called by the Chairman of the Board, the Board of Directors, or the Member. Notice of special meetings shall be required. The Secretary of the Corporation shall give notice of each special meeting to the Member by delivering written notice to the Member, either personally, by facsimile transmission, by electronic mail or by mail stating the place, day, and hour of the meeting and the purpose or purposes for which the meeting is called, not less than ten (10) days nor more than sixty (60) days before the date of the meeting.



Section 2.5 **Non-Liability of Member.** The Member shall not be liable for the debts, liabilities, or obligations of the Corporation.

### **ARTICLE III OFFICES**

Section 3.1 **Principal Place of Business.** The principal place of business of the Corporation shall be located at 1701 River Run, Suite 500, Fort Worth, Texas 76107. The Corporation may have such other offices, either within or without the State of Texas, as the Board of Directors may determine or as the affairs of the Corporation may require from time to time.

Section 3.2 **Registered Office and Registered Agent.** The Corporation shall have and continuously maintain in the State of Texas a registered office and a registered agent whose office is the Corporation's registered office, as required by the Law. The registered office may but need not be identical with the principal office of the Corporation in the State of Texas, and the address of the registered office may be changed from time to time by the Board of Directors in accordance with applicable law.

### **ARTICLE IV BOARD OF DIRECTORS**

Section 4.1 **Powers.** The property, business, and affairs of the Corporation shall be managed and controlled by the Board of Directors, and subject to the restrictions imposed by law, the Certificate of Formation, and these Bylaws, the Board of Directors shall exercise all of the powers of the Corporation, including, but not limited to, the power to:

- (1) establish goals and objectives for the Corporation and define the role the Corporation shall play in meeting the healthcare needs of the community the Corporation was organized to serve;
- (2) ensure that the quality of health care services furnished or sponsored by the Corporation and the qualifications and professional conduct of health care practitioners contracting with the Corporation are appropriately evaluated and monitored by qualified persons or entities,
- (3) receive periodic reports regarding the evaluation of health care services sponsored by the Corporation, taking appropriate action when necessary and maintaining the confidentiality of such activities; and
- (4) do all such other acts and things that are reasonably related to the charitable purposes for which the Corporation was organized.

This list is not all-inclusive and is not intended to limit the authority of the Board of Directors to the foregoing.

Section 4.2 **Number and Tenure.** The number of Directors shall be determined from time to time by the Member, but shall not be less than three (3) nor more than fifteen (15). The

term for each position shall be three (3) years. Each Director shall hold office until the expiration of his or her term or such time as he is removed in accordance with the provisions of these Bylaws or the Certificate of Formation, he resigns or he becomes unable to serve as a Director because of death or disability.

Section 4.3 **Appointment.** The Member shall appoint the Directors, subject to the following restrictions and limitations:

(1) One Director must be a person who is nominated by the affirmative vote of a majority of the Program Directors of Moncrief Radiation Center.

(2) Any vacancy resulting from the expiration of a Director's term or any vacancy occurring in a Director's position prior to the expiration of such Director's term shall be filled by the Member, subject to the conditions described in Section 4.3(1) above in case of a Director nominated by the Program Directors of Moncrief Radiation Center.

Section 4.4 **Removal.** Any Director appointed by the Member may be removed from office at any time, with or without cause, by the Member; provided, however, that a Director described in Section 4.3(1) above may be removed only upon the affirmative vote of a majority of the Program Directors of Moncrief Radiation Center.

Section 4.5 **Vacancies.** A Director elected to fill an unexpired vacancy shall be elected for the unexpired term of his predecessor in office.

Section 4.6 **Meetings of Directors.** The Directors may hold meetings, maintain offices, and keep the Corporation's books and records at such place or places within or without the State of Texas as the Board of Directors may from time to time determine; provided, however, that in the absence of any such determination, such place shall be the Corporation's principal office in the State of Texas.

Section 4.7 **Annual Meetings.** The annual meeting of the Board of Directors ("**Annual Meeting**") shall be held at such time and place as shall be designated from time to time by resolution of the Board of Directors, or, if not so designated, on the second Monday of the month of September of each year at the Corporation's principal office for the purpose of (a) electing officers for the ensuing year, and (b) transacting such other business as may be properly brought before such Annual Meeting. Notice of Annual Meetings shall not be required.

Section 4.8 **Regular Meetings.** Regular meetings of the Board of Directors ("**Regular Meetings**") shall be held quarterly at such times and places as shall be designated from time to time by resolution of the Board of Directors. Notice of Regular Meetings shall not be required.

Section 4.9 **Special Meetings.** Special meetings of the Board of Directors ("**Special Meetings**") shall be held at such times and places as shall be designated from time to time by the Chairman of the Board or, on the written request of any Director, by the Secretary or on the written request of the Member. Notice of Special Meetings shall be required.

Section 4.10 **Notice of Special Meetings.** The Secretary shall give notice of the time and place of Special Meetings to each Director in person, or by mail, electronic mail, facsimile transmission, or telephone, at least five (5) days before such meeting. Unless otherwise indicated in such notice, any and all matters pertaining to the Corporation's purposes may be considered and acted upon at such meeting. At any such meeting at which every Director shall be present even though without notice, any matter pertaining to the Corporation's purposes may be considered and acted upon.

Section 4.11 **Quorum.** A majority of the then acting Directors shall constitute a quorum for the consideration of any matters pertaining to the Corporation's purposes. If at any meeting of the Board of Directors there is less than a quorum present, a majority of those present may adjourn the meeting from time to time. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law, the Certificate of Formation, or these Bylaws.

Section 4.12 **Voting.** A Director may vote in person or by proxy executed in writing by the Director and given to another member of the Board of Directors who is qualified to vote, or by a consent in writing in accordance with the terms and conditions of Section 7.6 below, or by a consent in writing in accordance with the terms and conditions of Article X of the Certificate of Formation. No proxy shall be valid after three (3) months from the date of its execution. Each proxy shall be revocable unless expressly provided therein to be irrevocable, and unless otherwise made irrevocable by law.

Section 4.13 **Conduct of Business.** Matters pertaining to the Corporation's purposes shall be considered at meetings of the Board of Directors. At all meetings of the Board of Directors, the Chairman of the Board shall preside, and in the absence of the Chairman of the Board, a chairman shall be chosen by the Board of Directors from among the Directors present.

The Secretary of the Corporation shall act as secretary of all meetings of the Board of Directors, but in the absence of the Secretary, the chairman may appoint any person to act as secretary of the meeting. The chairman of any meeting of the Board of Directors shall determine the order of business and the procedure at the meeting, including, without limitation, conduct of the discussion and the order of business.

Section 4.14 **Compensation of Directors; Expenses.** Persons serving as Directors shall not receive any salary or compensation for their services as Directors; provided, however, that nothing contained herein shall be construed as precluding any Director from receiving compensation in a reasonable amount for personal services rendered (other than services rendered as a Director) that are reasonable and necessary in carrying out the Corporation's purposes as the Board of Directors may from time to time determine. A Director shall be entitled to reimbursement for reasonable expenses incurred by him in carrying out his duties as a Director.

## ARTICLE V COMMITTEES

Section 5.1 **Board Committees.** The Board of Directors may from time to time create one or more committees for such purposes as the Board of Directors may determine in the resolution creating the committee; provided that any such committee shall not have or exercise any of the powers of the Board of Directors and provided further that any such committee may include persons not on the Board of Directors. Such committees shall be organized under these Bylaws, and, if performing medical peer review activities, the communications of such committees shall be privileged and confidential under *Texas Health & Safety Code* Sections 161.031, 161.032 and Texas Revised Civil Statutes Annotated Article 4495b, Section 5.06. Without limiting the generality of the foregoing, the Board of Directors may create an audit committee having such duties and responsibilities as the Board of Directors may from time to time determine.

Section 5.2 **Procedures; Meetings; Quorum.** Any committee created by the Board of Directors or these Bylaws, unless otherwise expressly provided herein, shall (a) have a chairman designated by the Board of Directors, (b) fix its own rules or procedures, (c) meet at such times and at such place or places as may be provided by such rules or by resolution of such committee or resolution of the Board of Directors, and (d) keep regular minutes of its meetings and cause such minutes to be recorded in books kept for that purpose in the principal office of the Corporation, and report the same to the Board of Directors at its next succeeding meeting. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum, and the affirmative vote of a majority of the members present shall be necessary for the adoption by it of any action, unless otherwise expressly provided in the committee's rules or procedures, these Bylaws or by the Board of Directors.

## ARTICLE VI OFFICERS

Section 6.1 **Number, Titles, and Term of Office.** The officers of the Corporation shall consist of a Chairman of the Board, a President, a Secretary, a Treasurer, and such other officers and assistant officers as the Board of Directors may from time to time elect or appoint. Such other officers and assistant officers shall have such authority and responsibility as may be assigned to them by the Board of Directors. Any two (2) or more offices may be held by the same individual, except the offices of President and Secretary. The term of office for each officer shall be until the next succeeding Annual Meeting at which officers are elected. In any event, a duly-elected officer shall serve in the office to which he or she is elected until his or her successor has been duly elected and qualified.

Section 6.2 **Removal.** Any officer or agent or member of a committee elected or appointed by the Board of Directors may be removed by the Board of Directors, but such removal shall be without prejudice to the contract rights, if any, of the individual so removed. Election or appointment of an officer, agent or member of a committee shall not of itself create contract rights.

Section 6.3 **Vacancies.** Any vacancy occurring in any office of the Corporation may be filled by the Board of Directors.

Section 6.4 **Powers and Duties of the Chairman of the Board.** The Chairman of the Board shall preside at all meetings of the Board of Directors and shall have such other powers and duties as may be assigned to such officer in these Bylaws or from time to time by the Board of Directors. The Chairman of the Board shall be appointed by the Board of Directors from among the members of the Board of Directors. In the absence of the President, the Chairman of the Board can exercise the power of the President.

Section 6.5 **Powers and Duties of the President.** The President shall be the chief executive officer of the Corporation. Subject to the control of the Board of Directors, the President shall have general executive charge, management, and control of the properties, business, and operations of the Corporation with all such powers as may be reasonably incident to such responsibilities; shall have the authority to agree upon and execute all leases, contracts, evidences of indebtedness, and other obligations in the name of the Corporation, subject to the approval of the Board of Directors; and shall have such other powers and duties as may be designated in these Bylaws and as may be assigned to such officer from time to time by the Board of Directors.

Section 6.6 **Powers and Duties of the Secretary.** The Secretary shall keep the minutes of all meetings of the Board of Directors in books provided for that purpose; shall attend to the giving and serving of all notices; in furtherance of the Corporation's purposes and subject to the limitations contained in the Certificate of Formation, may sign with the President in the name and on behalf of the Corporation and/or attest the signatures thereto, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes, and other instruments of the Corporation; shall have charge of the Corporation's books, records, documents, and instruments, and such other books and papers as the Board of Directors may direct, all of which shall be open at reasonable times to the inspection of any Director upon application at the Corporation's office during business hours; and shall, in general, perform all duties incident to the office of Secretary subject to the control of the Board of Directors.

Section 6.7 **Powers and Duties of the Treasurer.** The Treasurer shall have custody of all the funds and securities of the Corporation. When necessary or proper, he or she may endorse, on behalf of the Corporation, for collection, checks, notes and other obligations and shall deposit the same to the credit of the Corporation in such bank or banks or depositories as shall be designated in the manner prescribed by the Board of Directors, and he or she may sign all receipts and vouchers for payments made to the Corporation, either alone or jointly with such other officer as is designated by the Board of Directors. The Treasurer shall make such transfers and alterations in the securities of the Corporation as may be ordered by the Board of Directors. The Treasurer shall keep proper books of account and other books showing at all times the amount of funds and other property belonging to the Corporation, all of which books shall be open at all times to the inspection of the Board of Directors. The Treasurer shall, under the direction of the Board of Directors, disburse all moneys. The Treasurer shall also submit a report of the accounts and financial condition of the Corporation at each annual meeting of the Board of Directors if so requested by the Board of Directors. In general, the Treasurer shall perform all acts incident to the position of Treasurer, subject to the control of the Board of Directors, and

shall perform such other duties as may be prescribed from time to time by the Board of Directors or the President. The Treasurer shall, if required by the Board of Directors, give such bond for the faithful discharge of his or her duties in such form as the Board of Directors may require. In the case of the absence or disability of the Treasurer, the Board of Directors may appoint one or more Assistant Treasurers to perform the duties of the Treasurer during such absence or disability.

## **ARTICLE VII MISCELLANEOUS PROVISIONS**

Section 7.1 **Fiscal Year**. The Corporation's fiscal year shall be September 1 through August 31.

Section 7.2 **Seal**. The Corporation's seal, if any, shall be such as may be approved from time to time by the Board of Directors.

Section 7.3 **Confidentiality**. All reports received by the Board of Directors from another medical peer review committee, and any reports made by the Board of Directors to another medical peer review committee, as well as all of the proceedings and records of, and communications to, the Board of Directors, that are made for the purpose of providing, achieving or maintaining quality patient care, are confidential and privileged and protected from discovery and subpoena in accordance with the Texas Medical Practice Act, set forth at *Texas Occupations Code* Section 160.007, and Section 161.032 of the *Texas Health & Safety Code*.

Section 7.4 **Notice and Waiver of Notice**. Whenever any notice is required to be given by mail under the provisions of these Bylaws, such notice shall be deemed to be delivered (a) when deposited in the United States mail in a sealed postpaid wrapper addressed to the person or Member entitled thereto at such person's post office address, as such appears in the records of the Corporation, and such notice shall be deemed to have been given on the date of such mailing, or (b) on receipt if delivered personally, by electronic mail or by facsimile. A waiver of notice in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to notice.

Section 7.5 **Resignations**. Any Director or officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 7.6 **Action Without a Meeting by Member, Directors, or Committees; Telephone Meetings**. Any action required or allowed by the Corporation's Certificate of Formation, these Bylaws or by the Law to be taken at a meeting of the Member, the Directors, or any committee thereof may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by the Member or by a sufficient number of Directors or committee members as would be necessary to take that action at a meeting at which all of the Directors or members of the committee were present and voted. Such action must comply with the applicable provisions of the Law. Subject to the requirements of law for notice of meetings, unless

otherwise restricted by the Certificate of Formation or these Bylaws, the Member, members of the Board of Directors, or members of any committee may participate in and hold a meeting of such Member, Board of Directors, or committee, as the case may be, by means of a conference telephone, or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such meeting shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened. Further, with respect to meetings of the Board of Directors, if any two Directors request in writing or by telephone at least 24 hours prior to a scheduled meeting of the Board of Directors that the meeting be held by means of a conference telephone or similar communications equipment, a telephone meeting shall be held in lieu of meeting in person.

## **ARTICLE VIII INDEMNIFICATION**

The Corporation shall indemnify (which indemnification shall include, without limitation, advancing reasonable expenses) any person who is or was a Director, officer, employee, or agent of the Corporation (or any person who is or was serving at the request of the Corporation as a Director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise) to the fullest extent required or permitted by applicable law. However, no indemnification shall be made (a) in an action or suit involving the alleged professional malpractice of such Director or officer, or (b) in any proceeding involving other acts or omissions of such Director or officer in such person's personal capacity. In addition, the Corporation shall have the power to indemnify (which indemnification shall include, without limitation, advancing reasonable expenses including but not limited to legal fees), to the fullest extent permitted by law, such other persons as the Board of Directors may determine from time to time. The Corporation shall have the power to purchase and maintain, at its expense, insurance on behalf of such persons to the fullest extent permitted by applicable law, whether or not the Corporation would have the power to indemnify such person under the foregoing provisions.

## **ARTICLE IX AMENDMENTS**

The power to amend the Certificate of Formation or to alter, amend or repeal the Corporation's Bylaws is reserved exclusively to the Corporation's sole Member.

## **ARTICLE X CONFLICTS OF INTEREST**

### Section 10.1 **Duality of Interest.**

(1) **Duty of Loyalty.** Directors and officers of the Corporation have a duty of undivided loyalty to the Corporation in all matters affecting the Corporation's interests.

(2) **Director Relationship Interest.** If the Board considers entering into any transaction or arrangement ("**Transaction**") with a corporation, entity or individual in

which a Director has any interest (“**Relationship Interest**”), the following procedures must be followed for approval:

(A) The interested Director must disclose the potential conflict of interest to the Board of Directors;

(B) The Board of Directors may ask the interested Director to leave the meeting during discussion of the matter that gives rise to the potential conflict;

(C) The interested Director may not vote on the matter that gives rise to the potential conflict; and

(D) The Board of Directors must approve the Transaction by a majority vote of the Directors present at a meeting at which a quorum is present, not including the presence or vote of the interested Director.

(3) Director Economic Interest. Moreover, if a Director has any interest in a Transaction that might involve personal financial gain or loss for such Director (“**Economic Interest**”), in addition to the provisions required by Section 10.1(2)(A) above, the below procedures must also be followed:

(A) If appropriate, the Board of Directors may appoint a noninterested person or committee to investigate alternatives to the proposed Transaction;

(B) In order to approve the Transaction, the Board of Directors must first find, by a majority vote of the Directors then in office, without counting the vote of the interested Director,

(i) that the proposed Transaction is in the Corporation’s best interests and for its own benefit, and

(ii) that, after reasonable investigation, the Board of Directors has determined that the Corporation cannot obtain a more advantageous Transaction with reasonable efforts under the circumstances.

(C) The interested Director must not be present for the discussion or vote regarding the Transaction;

(D) The Transaction must be approved by a majority vote of the Directors, not including the interested Director; and

(E) The Transaction must be approved by the Member.

(4) Minutes of Meeting. In all cases involving the approval of a Transaction involving an interested Director, the Board of Directors meeting minutes must set forth which Directors were present for the discussion and vote, compliance with each of the foregoing applicable requirements, the content of the discussion, and any roll call of the vote.



(5) Voidability of Transaction. Any transaction in which a Director has an interest that is not approved consistent with this Article X may be voided by action of the Member.

(6) Adoption of Duality of Interest Policies. Duality of interest policies may be adopted by the Member, including, without limitation, requirements and procedures with respect to: (a) regular annual statements and periodic supplements thereto by Directors, officers, professional advisors and employees and retained physicians disclosing any existing and potential dualities of interest, (b) limitations on permitted external positions and interests, and (c) corrective action with respect to transgressions of such policies.

**SECRETARY'S CERTIFICATE**

THIS IS TO CERTIFY that the foregoing Third Amended and Restated Bylaws of UT SOUTHWESTERN MONCRIEF CANCER CENTER have been duly adopted by action of the Member, effective as of \_\_\_\_\_, 2008, pursuant to written approval of the President of the Beneficiary effective as of \_\_\_\_\_, 2008.

IN WITNESS WHEREOF, the undersigned, duly elected and acting Secretary of the Corporation, has signed this Secretary's Certificate this \_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
\_\_\_\_\_, Secretary

The initial Bylaws of M. D. ANDERSON CANCER NETWORK - TARRANT COUNTY were first adopted as of the 10th of June 1996.

Amendments made subsequent to December 31, 1998 should be listed below:

**AMENDMENTS**

<u>CHANGE NUMBER</u>	<u>DATE OF ADOPTION</u>	<u>AMENDED</u>
1	August 31, 1999	(a) amended the name of the Corporation; (b) amended the Beneficiary of the Corporation to The University of Texas Southwestern Medical Center at Dallas; and (c) changed the sole member of the Corporation to the President of the Beneficiary.
2	December 17, 2003	(a) technical amendments; (b) amended notice provisions to allow notices to be given via electronic mail; (c) added conflict of interest policy; and (d) add provisions relating to the Treasurer of the Corporation.
3	_____, 2008	(a) changed the purpose of the Corporation; (b) changed the principal place of business (c) amendments relating to the powers of the Board of Directors; (d) added reference to an audit committee; (e) eliminated provisions relating to medical staff; (f) added a confidentiality requirement as relates to medical peer review; and (g) technical amendments.

5. **U. T. Southwestern Medical Center – Dallas: Authorization to purchase three tracts of land and improvements located at 6222, 6303, 6333, 6363, and 6500 Forest Park Road, Dallas, Dallas County, Texas, and consisting of a total of approximately 24.0665 acres, from LUI Dallas Exchange Park, L. P., a Texas limited partnership, for a purchase price not to exceed fair market value as established by independent appraisals to be used for the administrative, educational, and medical programs of U. T. Southwestern Medical Center – Dallas; and resolution regarding parity debt**

#### RECOMMENDATION

The Chancellor ad interim concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Wildenthal that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. Southwestern Medical Center – Dallas, to

- a. purchase approximately 24.0665 acres with improvements located at 6222, 6303, 6333, 6363, and 6500 Forest Park Road, Dallas, Dallas County, Texas, from LUI Dallas Exchange Park, L. P., for a purchase price not to exceed fair market value as determined by independent appraisals, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition of the property as deemed necessary or advisable by the Executive Director of Real Estate, for use for the administrative, educational, and medical programs of U. T. Southwestern Medical Center – Dallas;
- b. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (the "RFS Master Resolution") that:
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues (as defined in the RFS Master Resolution) to satisfy the Annual Debt Service Requirements of the Financing System (as defined in the RFS Master Resolution), and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System;

- U. T. Southwestern Medical Center – Dallas, which is a "Member" as such term is used in the RFS Master Resolution, possesses the financial capacity to satisfy its direct obligation (as defined in the RFS Master Resolution) relating to the issuance by the U. T. System Board of Regents of parity RFS debt in the aggregate amount not to exceed the purchase price of the subject property; 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

LUI Dallas Exchange Park, L. P., a Texas limited partnership, owns the subject property at 6222, 6303, 6333, 6363, and 6500 Forest Park Road, Dallas, Dallas County, Texas. The subject property consists of three tracts of land. The first tract, located at 6303-6333-6363 Forest Park Road, contains approximately 17.739 acres improved with two multistory buildings, a parking garage, surface parking, and related facilities and infrastructure. The second and third tracts consist of two contiguous parcels located at 6222 and 6500 Forest Park Road that contain approximately 1.8948 acres and 4.4327 acres, respectively. A thermal energy plant, surface parking, and related facilities and infrastructure are located on these two contiguous parcels.

The property lies within the Campus Master Plan approved by the Board of Regents on August 10, 2000. The 17.739-acre site is contiguous to U. T. Southwestern's North Campus and the other two parcels are contiguous to U. T. Southwestern's property on which the institution's Southwestern Medical Park Apartments are located.

Acquisition of the subject property addresses U. T. Southwestern's need for administrative, educational, and medical space. For over 20 years, U. T. Southwestern has leased space in the office buildings located on the tracts. This leased space has currently grown to approximately 180,000 square feet that is used for administrative purposes, delivery of psychiatric services, and educational conference rooms. The institution also leases approximately 61,001 square feet of space in nearby buildings (not included in this purchase), and those uses will be relocated to the subject property as their leases expire.

The institution expects to realize approximately \$3.3 million in annual rental savings from the termination of those lease obligations. In addition, U. T. Southwestern plans to consolidate approximately 191,000 square feet of space from two owned buildings that are approximately one to two miles from the campus, thus presenting an opportunity to sell or lease those buildings as surplus property.

A parking garage with 1,941 spaces and two surface parking lots on the subject property will provide surplus parking for the North Campus as it expands. The institution continues to experience annual growth in its administrative space needs of approximately 15,000 square feet. The proposed acquisition will accommodate this growth and provide opportunities for use by other nearby University of Texas institutions.

To fund the purchase, U. T. Southwestern Medical Center – Dallas will use U. T. System Revenue Financing System (RFS) debt. The RFS debt will be repaid from institutional funds. Debt service is estimated at approximately \$2.8 million annually. The institution's debt service coverage ratio is expected to be at least 1.9 times, and to average 2.1 times during the period from FY 2008 through FY 2013. The terms and conditions of the proposed purchase are specified in the transaction summary below:

Transaction Summary

Institution:	U. T. Southwestern Medical Center – Dallas
Type of Transaction:	Purchase
Total Area:	24.0665 acres
Improvements:	14-story office building with 471,591 square feet 10-story office building with 175,000 square feet Thermal energy plant Parking garage with 1,941 spaces Surface parking with approximately 546 spaces
Location:	6222 Forest Park Road: 1.8948 acres: thermal energy plant building 6303-6333-6363 Forest Park Road: 17.739 acres: multistory office buildings, parking garage, and surface parking 6500 Forest Park Road: 4.4327 acres: surface parking lot
Seller:	LUI Dallas Exchange Park, L. P., a Texas limited partnership
Purchase Price:	Not to exceed fair market value as determined by independent appraisals
Appraised Value:	Mark Donoho Company, estimated completion date: April 21, 2008; Butler Burgher, estimated completion date: April 28, 2008
Source of Funds:	Revenue Financing System debt, not to exceed the purchase price, to be repaid from institutional funds
Intended Use:	Administrative, educational, and medical programs



**Subject Properties**

# The University of Texas Southwestern Medical Center - Dallas

**WEST  
CAMPUS**

**NORTH  
CAMPUS**

**SOUTH  
CAMPUS**

 **U.T. Southwestern  
Medical Center  
Facilities**

Mockingbird Ln.

To Love Field →

Maple Ave.

Treadway St.

Bonar Ave.

Forest Park Rd.

Stutz Dr.

6303 and 6263

Harry Hines Blvd.

O'Donnell Grove

Campus Connector  
(Shuttle and  
Pedestrian Only)

Inwood Rd.

Record Crossing

Southwestern Medical Avenue

Emergency Room  
Entrance

Inwood Rd.

West Campus Dr.

Inner Campus Dr.

Plaza

Bullier St.

Harry Hines Blvd.

Lofland St.

Stemmons Fwy. I-35E

To Downtown →

Children's Medical Center  
Ambulatory Care Services  
2300 N. Stemmons Fwy.

Medical District Drive

To Downtown →

6. **U. T. System: Code Red Report, 2008 Recommendations of the statewide Task Force on Access to Health Care in Texas**

REPORT

Executive Director for Academic Programs, John D. Stobo, M.D., will report on the 2008 recommendations of the statewide Task Force on Access to Health Care in Texas.

The Task Force is a nonpartisan group sponsored by the major academic health institutions in Texas with membership from large and small employers in Texas, healthcare providers, hospitals, medical schools, health policy experts, and community and business leaders. The Task Force examined data to identify and assess the growing population of the medically uninsured in Texas, and made recommendations for consideration by policymakers in its initial report issued on April 17, 2006: *Code Red: The Critical Condition of Health in Texas* (Code Red Report). On October 22, 2007, the Task Force held a conference to receive comments from a wide variety of stakeholders on efforts to increase access to healthcare for the uninsured. An update to the Code Red Report was issued on March 28, 2008, to reemphasize the initial recommendations of the Task Force and to provide new findings and further recommendations.

**Supplemental Materials: *Code Red: The Critical Condition of Health in Texas 2008* on Pages 111 – 120 of Volume 2.**

7. **U. T. System: Quarterly report on health matters, including a statewide conference on physician workforce issues, by Executive Vice Chancellor Shine**

REPORT

Executive Vice Chancellor Shine will report on health matters of interest to the U. T. System, including a statewide conference on physician workforce issues. This is a quarterly update to the Health Affairs Committee of the U. T. System Board of Regents.