

Meeting No. 1,094

THE MINUTES OF THE BOARD OF REGENTS  
OF  
THE UNIVERSITY OF TEXAS SYSTEM

Pages 1 - 116

November 14-15, 2012

Tyler, Texas

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 OF  
 THE UNIVERSITY OF TEXAS SYSTEM  
 NOVEMBER 14-15, 2012  
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MEETING NO. 1,094

WEDNESDAY, NOVEMBER 14, 2012.--The members of the Board of Regents of The University of Texas System convened on Wednesday, November 14, 2012, from approximately 10:00 a.m. to 5:30 p.m. in the Center for Biomedical Research at The University of Texas Health Science Center at Tyler, 11937 US Highway 271, Tyler, Texas, for meetings of the standing committees with the following participation:

ATTENDANCE.--

Present

Chairman Powell  
Vice Chairman Hicks  
Vice Chairman Dannenbaum  
Regent Gary  
Regent Hall  
Regent Pejovich  
Regent Stillwell  
Regent Purgason, Student Regent, nonvoting

Absent

Vice Chairman Foster  
Regent Cranberg

\* \* \* \* \*

THURSDAY, NOVEMBER 15, 2012.--The members of the Board of Regents of The University of Texas System convened at 9:04 a.m. on Thursday, November 15, 2012, in the Center for Biomedical Research at The University of Texas Health Science Center at Tyler, 11937 US Highway 271, Tyler, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Powell  
Vice Chairman Hicks  
Vice Chairman Dannenbaum  
Regent Gary  
Regent Hall  
Regent Pejovich  
Regent Stillwell  
Regent Purgason, Student Regent, nonvoting

Absent

Vice Chairman Foster  
Regent Cranberg

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Powell called the meeting to order.



## AGENDA ITEMS

### 1. U. T. Health Science Center - Tyler: Overview of the institution

Chairman Powell said the Board was delighted to be at The University of Texas Health Science Center at Tyler for this meeting, and, on behalf of the Members of the Board, he congratulated President Calhoun on his 10th year as President of the institution.

Dr. Calhoun then presented an overview of the institution.

In reply to a question from Regent Gary about the major challenges facing U. T. Health Science Center - Tyler, President Calhoun said the major challenge is the economy of scale of operating a relatively small operation. In managing the financial aspects of the institution, he said 500 employees had been released to bring the budget into balance, although a number of former employees have been rehired as positions open. Dr. Calhoun noted the institution serves a poor, rural population, thus there are substantial numbers of Medicaid and Medicare patients. He commended the quality of his executive team, who are passionate for education, and he indicated more students and residents are desirable.

Executive Vice Chancellor Shine commented on how the institution's experiences in addressing workforce issues, such as those regarding shortages of physicians and nurses and rural issues in the state, serve as a role model for the state.

Regent Purgason commended Dr. Calhoun for carving out specific areas of research that, she said, will help advance excellence and recognition of the institution. President Calhoun said the institution focuses in areas that are suitable, and not duplicative, such as in degree programs that train people for work in the health care industry.

### 2. U. T. System Board of Regents: Approval of the Consent Agenda

Chairman Powell noted that included in the Consent Agenda was the appointment of Dr. Patricia Hurn as Vice Chancellor for Research and Innovation at The University of Texas System (Item 2 on Page 62) and the employment agreement with Giuseppe N. Colasurdo, M.D., as President of The University of Texas Health Science Center at Houston (Item 63 on Page 97). He noted that appropriate notice had been provided to the Legislative Budget Board for both appointments.

Concerning the item related to land needed for a new children's hospital in San Antonio (Item 74 on Page 107), he noted that although authorizations were sought for ground lease as well as gift or purchase, the only authorization needed was for a ground lease.

The Board then approved the Consent Agenda, which is set forth on Pages 54 - 116.

In approving the Consent Agenda, the Board expressly authorized that any contracts or other documents or instruments approved therein may be executed by the appropriate officials of the respective U. T. System institution involved.

3. U. T. System Board of Regents: Annual Meeting with Officers of U. T. System Employee Advisory Council

Associate Vice Chancellor Dan Stewart, who serves as The University of Texas System liaison for the Employee Advisory Council, presented the Council's recommendations as follows, with participation by Chair Dexter Jones, Vice Chair Benjamin Bond, Secretary Dennie Clemons, and Historian Olga García.

Policies and Procedures Committee

Recommendation # 1 - A Systemwide tobacco-free environment should be instituted on every campus to provide an atmosphere that is focused on health and wellness for students, patients, employees, and visitors alike.

Recommendation # 2 - U. T. System institutions should provide employees with short- and long-term strategic information related to parking and transportation.

Work Life Committee

Recommendation # 3 - U. T. System institutions should implement a rewards and recognition program to recognize and reward employees.

Recommendation # 4 - U. T. System institutions should provide an annual Total Rewards Statement to employees to raise employee awareness of all benefits and compensation received. Chancellor Cigarroa asked that this recommendation be implemented. In reply to a question from Chairman Powell, Mr. Stewart said about half of the U. T. System institutions are already providing the benefits summary statement to employees.

Vice Chairman Dannenbaum asked about proposed changes related to medical benefits as a result of implementation of the Affordable Care Act. Mr. Stewart said the U. T. System is in compliance with the Act, which costs the U. T. System about \$25 million over a biennium. Noting that a primary focus of the Act is on wellness, Mr. Stewart said the U. T. System, with involvement of the EAC, has established wellness programs and initiatives at all institutions.

Mr. Stewart also commented on opportunities available, especially with the U. T. System health institutions, and pilot projects with U. T. Southwestern Medical Center that are 1) trying to increase the number of patients in the Dallas/Fort Worth Metroplex corridor who will seek care at U. T. Southwestern in exchange for reduced co-pays, and 2) testing a medical home care project for a continuum of care for all specialties.

Recruitment and Retention Committee

Recommendation # 5 - U. T. System should identify and implement best practices to more fully develop Systemwide diversity and mentoring programs for employees.

Recommendation # 6 - The U. T. System Board of Regents should designate the second Friday in November as an annual U. T. System Recognition Day. Secretary's Note: This recommendation was approved by the Board on December 6, 2012.

Cost Savings and Innovation Committee

Recommendation # 7 - In exercising and implementing cost efficiencies, U. T. System institutions should ensure classified staff is not disproportionately impacted during times of budget reductions.

4. U. T. System Board of Regents: Amendment of Regents' *Rules and Regulations*, Rule 40311, regarding Graduate Education, to add Section 7 concerning requirement of a Milestone Agreement Form between Ph.D. students and their department

The Board approved that Regents' *Rules and Regulations*, Rule 40311, regarding Graduate Education, be amended to add Section 7 concerning the required use by University of Texas System institutions of a Milestone Agreement Form between Ph.D. students and their departments as set forth below. This includes a slightly revised version of the amendment that was before members of the Board and was approved.

Sec. 7 Milestone Agreement Form. Academic departments of institutions within the U. T. System must provide all Ph.D. students with an individualized Milestone Agreement Form. This form should be in an electronic format consistent with Family Educational Rights and Privacy Act (FERPA) policies and shall be provided for the purpose of informing students about the milestones that they will be expected to reach to earn a Ph.D. degree. Students are expected to reach each milestone within the specified time period to make satisfactory progress through the program.

7.1 Required Template. The Office of Academic Affairs and the Office of Health Affairs shall provide to the institutions a template of those elements of information that must be contained in every form. Departments may add information to the form to fit unique program requirements.

7.2 Implementation Timeline. Beginning in Fall 2013, a Milestone Agreement Form is to be provided annually to all Ph.D. students.

In response to the Framework for Advancing Excellence throughout The University of Texas System and specifically to the action items related to Ph.D. programs within the U. T. System, a task force of graduate deans was created to develop guidelines

to address specific areas of Ph.D. program improvement. One of the outcomes of the task force's work was the creation of a template for a Milestone Agreement Form that will be provided to all Ph.D. students.

The agreement includes four major elements of information:

- Academic Advising. A list of elements that advisors will be responsible for sharing with students.
- Milestones. A list of milestones to be reached, along with expected timeframes for achievement.
- Completion Checklist. A degree completion checklist.
- Characteristics of the Program. A list of characteristics of the Ph.D. program as defined by the Texas Higher Education Coordinating Board providing such information as graduation rates, average time to degree, average financial support provided, and an employment profile.

In making the motion to approve this item, Regent Hall said the intent is to bring transparency and accountability to the process to help graduate students accomplish their goals. Chancellor Cigarroa recognized the involvement of the U. T. System Faculty Advisory Council and Executive Vice Chancellors Reyes and Shine in working on the process, and he said the U. T. System will be a leader in the nation in advising and accountability in graduate education. Regent Purgason supported the action that will give Ph.D. students much needed guidance, and she noted that the form needs to be customized by degree and by discipline. Regent Pejovich, who seconded the motion, said this was an important topic for the Task Force on University Excellence and Productivity in keeping on the priority of student success, and that The University of Texas at Dallas President Daniel, a member of the Task Force, had provided valuable input.

5. U. T. System Board of Regents: Authorization to establish a student scholarship endowment fund to honor Chancellor Cigarroa

Chairman Powell introduced the proposal to establish a student scholarship endowment fund to honor University of Texas System Chancellor Cigarroa, and said he is privileged to move approval of this recommendation. The motion was seconded by Vice Chairman Dannenbaum and Regent Stillwell, and carried unanimously.

Noting that Chancellor Cigarroa has declined recent increases in compensation, Chairman Powell said the creation of this new scholarship endowment is to publicly recognize the Chancellor's hard work. Chairman Powell said the endowment will assist students in the first class of the new medical school in South Texas.

Deserving students attending institutions within the U. T. System will be selected by a process determined by the Vice Chancellor for External Relations and the General Counsel to the Board.

Initial funding for the endowment will be \$50,000 in funds from a source identified as appropriate for this purpose by the Associate Vice Chancellor, Controller and Chief Budget Officer.

Secretary's Note: Following the meeting, additional gifts and pledges from the U. T. System Executive Officers brought the total for this endowment to over \$100,000.

STANDING COMMITTEE REPORTS TO THE BOARD.--At 10:12 a.m., Chairman Powell announced the Board would hear the reports and recommendations of the Standing Committees, which are set forth on Pages 7 - 48.

REPORT AND RECOMMENDATION OF THE AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE (Pages 7 - 8).--Committee Chairman Pejovich reported the Audit, Compliance, and Management Review Committee met in open session to consider a matter on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the action set forth in the Minute Order that follows was recommended by the Audit, Compliance, and Management Review Committee and approved in open session by the U. T. System Board of Regents.

U. T. System Board of Regents: Authorization to complete negotiations for the hire of a U. T. System Chief Audit Executive

This item was for consideration only by the Committee in Executive Session (see Committee Minutes). Secretary's Note: On December 6, 2012, the Board approved the employment agreement for Mr. J. Michael Peppers as Chief Audit Executive.

1. U. T. System Board of Regents: Review of Consent Agenda items, if any, referred for Committee consideration

There were no items referred from the Consent Agenda.

2. U. T. System Board of Regents: Approval of the U. T. Systemwide Annual Internal Audit Plan for Fiscal Year 2013

The Board approved The University of Texas Systemwide Annual Internal Audit Plan for Fiscal Year 2013. Development of the Audit Plan is based on risk assessments performed at each U. T. System institution, and implementation of the Audit Plan will be coordinated with the institutional auditors.

Institutional audit plans, compiled by the internal audit departments after input and guidance from the U. T. System Audit Office, the Offices of Academic or Health Affairs, and the institution's management and institutional Internal Audit Committee, were submitted to the respective institutional Internal Audit Committee and institutional president for review and comments. Additionally, the institutional audit plans were presented at the U. T. System Administration Internal Audit Committee meeting held on September 5, 2012.

Also, the Interim Chief Audit Executive provided feedback by conducting audit plan presentations with each institution. After the review process, each institutional internal audit committee formally approved its institution's audit plan.

3. U. T. System: Report on the Systemwide internal audit activities, including the implementation status of significant audit recommendations, Systemwide 2012 annual audit plan status, and other reports issued

This item was for consideration only by the Committee (see Committee Minutes).

4. U. T. System: Annual Report on Information Security Compliance Enhancements across the U. T. System and on security of the U. T. Research Cyberinfrastructure

This item was for consideration only by the Committee (see Committee Minutes).

REPORT OF THE FINANCE AND PLANNING COMMITTEE (Pages 9 - 15).--In the absence of Committee Chairman Foster, Acting Committee Chairman Gary reported that the Finance and Planning Committee met in open session to consider the matter on its agenda. The report set forth in the Minute Order that follows was reported by the Finance and Planning Committee and approved in open session by the U. T. System Board of Regents.

1. U. T. System Board of Regents: Review of Consent Agenda items, if any, referred for Committee consideration

There were no items referred from the Consent Agenda.

2. U. T. System: Key Financial Indicators Report

This item was for consideration only by the Committee (see Committee Minutes).

3. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the fiscal year and quarter ended August 31, 2012

The August 31, 2012 University of Texas Investment Management Company (UTIMCO) Performance Summary Report is attached on Page 11.

The Investment Reports for the fiscal year and quarter ended August 31, 2012, are set forth on Pages 12 - 15.

Item I on Page 12 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the fiscal year was 3.21% versus its composite benchmark return of 3.27%. The PUF's net asset value increased by \$782 million since the beginning of the year to \$13,470 million. The increase was due to \$955 million PUF Lands receipts, plus a net investment return of \$403 million, less the annual distribution to the Available University Fund (AUF) of \$576 million.

Item II on Page 13 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the fiscal year was 3.24% versus its composite benchmark return of 3.27%. The GEF's net asset value increased by \$56 million during the fiscal year to \$7,105 million.

Item III on Page 14 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the fiscal year was 2.87% versus its composite benchmark return of 1.00%. The net asset value increased during the fiscal year to \$4,893 million due to net investment return of \$136 million, plus net contributions of \$237 million, less distributions of \$142 million.



All exposures were within their asset class and investment type ranges. Liquidity was within policy.

Item IV on Page 15 presents book and market values of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus money market fund, decreased by \$136 million to \$2,215 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$22 million versus \$72 million at the beginning of the period; equities: \$53 million versus \$48 million at the beginning of the period; and other investments: \$12 million versus \$1 million at the beginning of the period.

# UTIMCO Performance Summary

August 31, 2012

	Net Asset Value 8/31/2012 (in Millions)	Periods Ended August 31, 2012 (Returns for Periods Longer Than One Year are Annualized)							
		<u>Short Term</u>		<u>Year to Date</u>		<u>Historic Returns</u>			
		1 Mo	3 Mos	Fiscal	Calendar	1 Yr	3 Yrs	5 Yrs	10 Yrs
<b>ENDOWMENT FUNDS</b>									
Permanent University Fund	\$ 13,470	1.37%	3.71%	3.21%	7.18%	3.21%	10.17%	2.38%	8.21%
General Endowment Fund		1.39	3.77	3.24	7.24	3.24	10.22	2.40	8.35
Permanent Health Fund	977	1.38	3.73	3.12	7.17	3.12	10.14	2.34	8.26
Long Term Fund	6,128	1.38	3.73	3.13	7.18	3.13	10.15	2.34	8.27
Separately Invested Funds	132	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Endowment Funds</b>	<b>20,707</b>								
<b>OPERATING FUNDS</b>									
Intermediate Term Fund	4,893	1.34	4.33	2.87	6.33	2.87	8.36	3.26	N/A
Debt Proceeds Fund	672	0.02	0.04	0.15	0.11	0.15	N/A	N/A	N/A
Short Term Fund	1,499	0.01	0.04	0.15	0.11	0.15	0.20	1.14	2.05
<b>Total Operating Funds</b>	<b>7,064</b>								
<b>Total Investments</b>	<b>\$ 27,771</b>								
<b>VALUE ADDED (1) (Percent)</b>									
Permanent University Fund		0.15%	(1.28%)	(0.06%)	1.57%	(0.06%)	2.22%	2.21%	2.23%
General Endowment Fund		0.17	(1.22)	(0.03)	1.63	(0.03)	2.27	2.23	2.37
Intermediate Term Fund		0.39	0.35	1.87	1.95	1.87	3.04	2.57	N/A
Debt Proceeds Fund		0.01	0.01	0.09	0.05	0.09	N/A	N/A	N/A
Short Term Fund		-	0.01	0.09	0.05	0.09	0.08	0.35	0.21
<b>VALUE ADDED (1) (\$ IN MILLIONS)</b>									
Permanent University Fund		\$ 20	\$ (165)	\$ (6)	\$ 194	\$ (6)	\$ 768	\$ 1,343	\$ 2,530
General Endowment Fund		12	(84)	(3)	110	(3)	439	761	1,452
Intermediate Term Fund		19	17	89	91	89	394	557	N/A
<b>Total Value Added</b>		<b>\$ 51</b>	<b>\$ (232)</b>	<b>\$ 80</b>	<b>\$ 395</b>	<b>\$ 80</b>	<b>\$ 1,601</b>	<b>\$ 2,661</b>	<b>\$ 3,982</b>

Footnotes available upon request

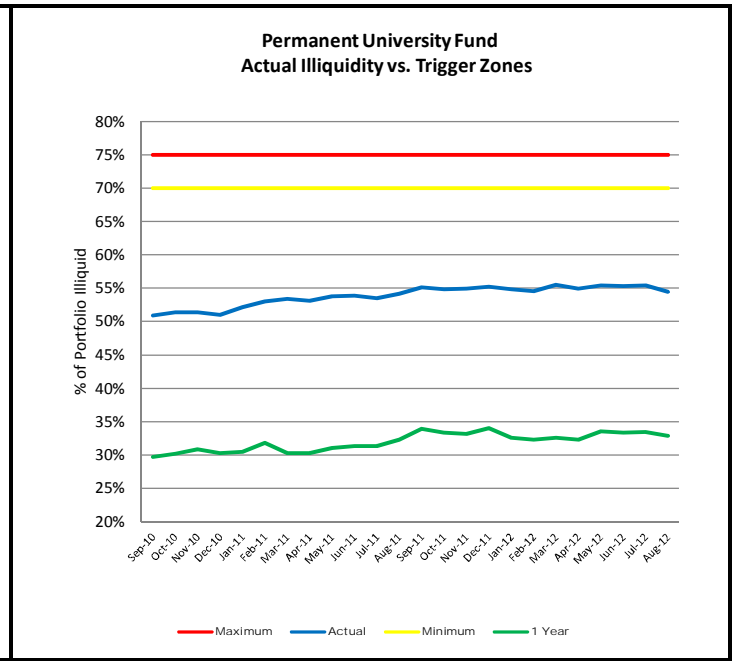
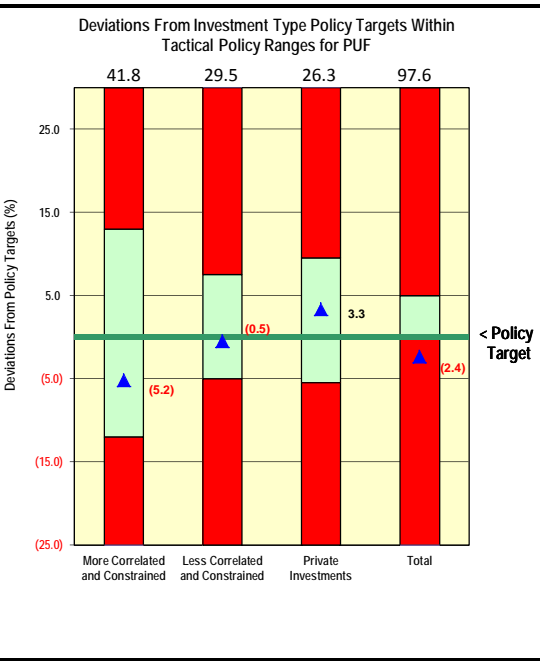
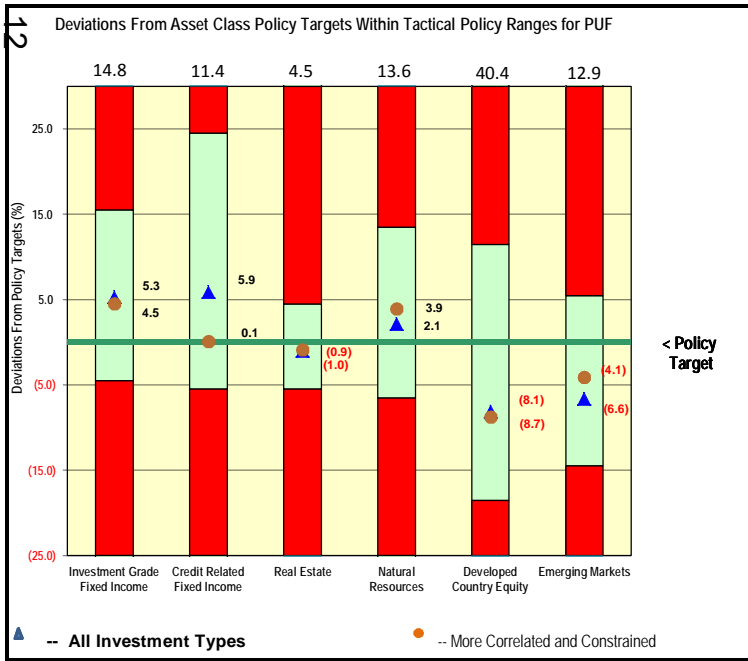
# I. PERMANENT UNIVERSITY FUND

## Investment Reports for Periods Ended August 31, 2012

Prepared in accordance with *Texas Education Code Sec. 51.0032*

<u>Summary of Capital Flows</u>				
(\$ millions)	Fiscal Year Ended August 31, 2011	Quarter Ended August 31, 2012	Fiscal Year Ended August 31, 2012	
Beginning Net Assets	\$ 10,725	\$ 12,843	\$ 12,688	
PUF Lands Receipts	896	151	955	
Investment Return (Net of Expenses)	1,573	476	403	
Distributions to AUF	(506)	-	(576)	
Ending Net Assets	<u>\$ 12,688</u>	<u>\$ 13,470</u>	<u>\$ 13,470</u>	

	Returns		Fiscal Year to Date		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
<b>More Correlated and Constrained:</b>					
Investment Grade	0.64%	1.40%	-0.08%	-0.06%	-0.14%
Credit-Related	16.44%	12.10%	0.00%	0.00%	0.00%
Real Estate	4.33%	11.76%	0.00%	-0.18%	-0.18%
Natural Resources	-8.44%	-7.61%	-0.67%	-0.06%	-0.73%
Developed Country	4.73%	8.12%	-0.14%	-0.74%	-0.88%
Emerging Markets	-3.00%	-5.80%	0.14%	0.25%	0.39%
<b>Total More Correlated and Constrained</b>	<b>-1.01%</b>	<b>1.74%</b>	<b>-0.75%</b>	<b>-0.79%</b>	<b>-1.54%</b>
<b>Less Correlated and Constrained</b>	<b>6.64%</b>	<b>-0.64%</b>	<b>0.33%</b>	<b>1.87%</b>	<b>2.20%</b>
<b>Private Investments</b>	<b>7.05%</b>	<b>10.08%</b>	<b>-0.20%</b>	<b>-0.52%</b>	<b>-0.72%</b>
<b>Total</b>	<b>3.21%</b>	<b>3.27%</b>	<b>-0.62%</b>	<b>0.56%</b>	<b>-0.06%</b>



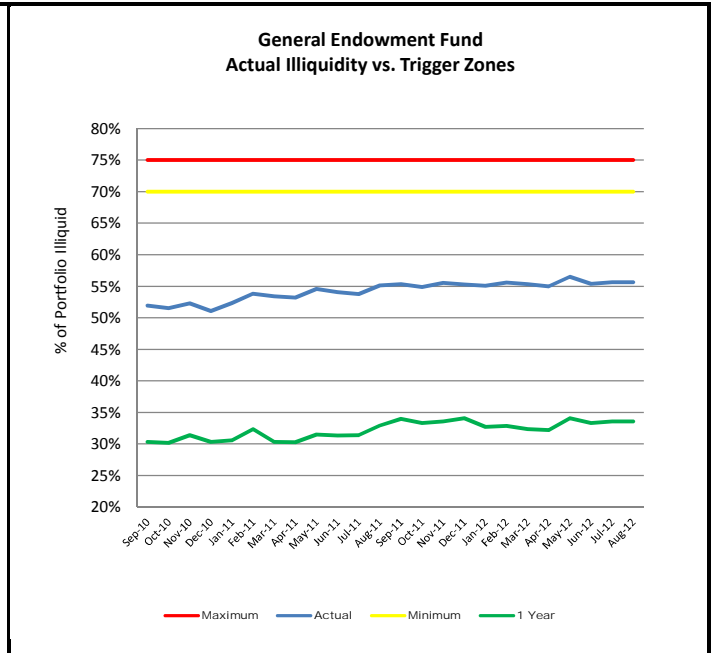
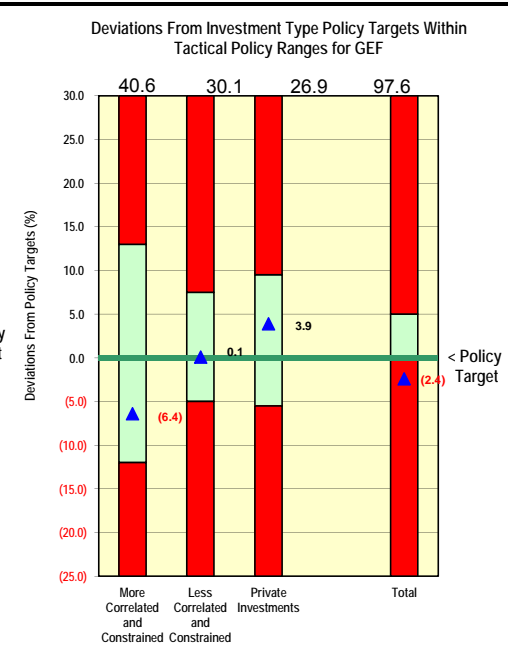
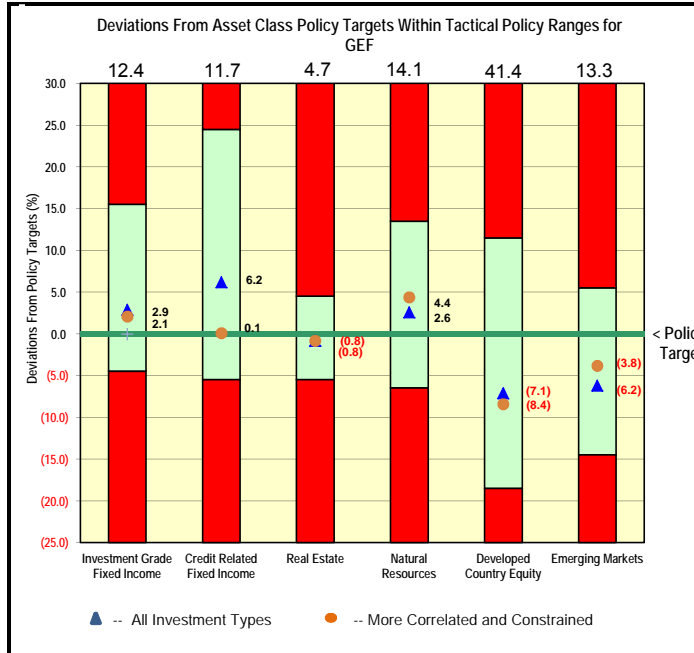
## II. GENERAL ENDOWMENT FUND Investment Reports for Periods Ended August 31, 2012

Prepared in accordance with *Texas Education Code* Sec. 51.0032

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2011	Quarter Ended August 31, 2012	Fiscal Year Ended August 31, 2012
Beginning Net Assets	\$ 6,035	\$ 6,884	\$ 7,049
Contributions	432	59	194
Withdrawals	(12)	(12)	(17)
Distributions	(327)	(87)	(344)
Investment Return (Net of Expenses)	921	261	223
Ending Net Assets	<u>\$ 7,049</u>	<u>\$ 7,105</u>	<u>\$ 7,105</u>

	Fiscal Year to Date				
	Returns		Value Added		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
<b>More Correlated and Constrained:</b>					
Investment Grade	1.07%	1.40%	-0.03%	-0.05%	-0.08%
Credit-Related	16.44%	12.10%	0.00%	0.00%	0.00%
Real Estate	4.38%	11.76%	0.01%	-0.18%	-0.17%
Natural Resources	-8.49%	-7.61%	-0.66%	-0.09%	-0.75%
Developed Country	4.95%	8.12%	-0.12%	-0.67%	-0.79%
Emerging Markets	-3.00%	-5.80%	0.13%	0.26%	0.39%
<b>Total More Correlated and Constrained</b>	<b>-0.95%</b>	<b>1.74%</b>	<b>-0.67%</b>	<b>-0.73%</b>	<b>-1.40%</b>
<b>Less Correlated and Constrained</b>	<b>6.64%</b>	<b>-0.64%</b>	<b>0.32%</b>	<b>1.80%</b>	<b>2.12%</b>
<b>Private Investments</b>	<b>7.05%</b>	<b>10.08%</b>	<b>-0.19%</b>	<b>-0.56%</b>	<b>-0.75%</b>
<b>Total</b>	<b>3.24%</b>	<b>3.27%</b>	<b>-0.54%</b>	<b>0.51%</b>	<b>-0.03%</b>

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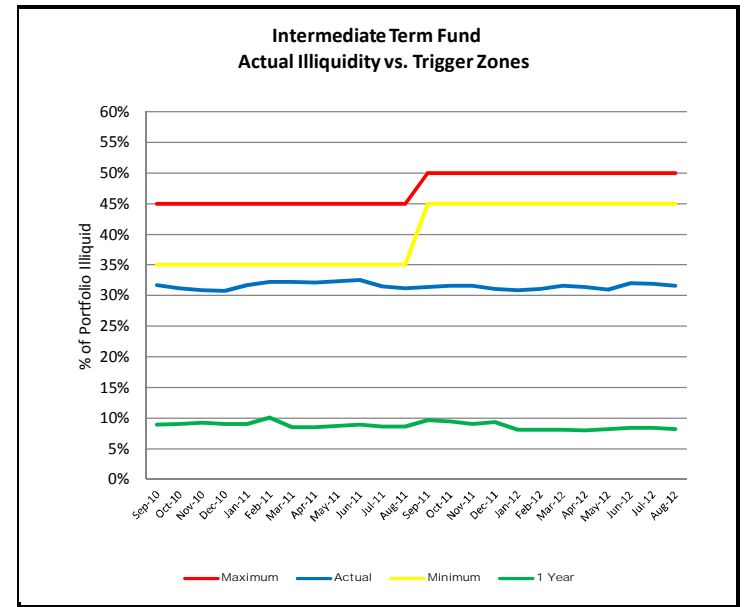
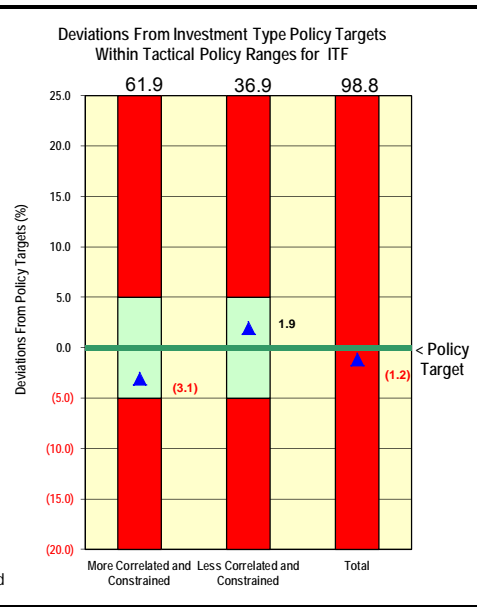
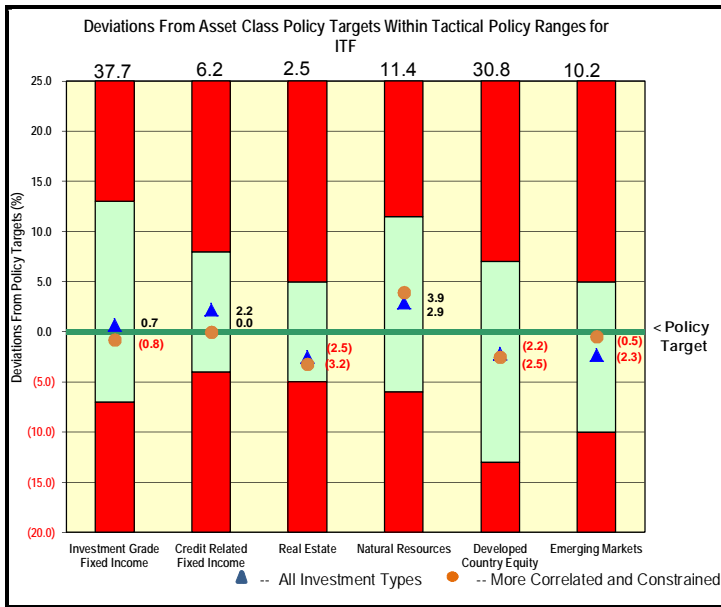


### III. INTERMEDIATE TERM FUND Investment Reports for Periods Ended August 31, 2012

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2011	Quarter Ended August 31, 2012	Fiscal Year Ended August 31, 2012
Beginning Net Assets	\$ 4,156	\$ 4,745	\$ 4,662
Contributions	328	24	420
Withdrawals	(168)	(44)	(183)
Distributions	(139)	(36)	(142)
Investment Return (Net of Expenses)	485	204	136
Ending Net Assets	\$ 4,662	\$ 4,893	\$ 4,893

	Returns		Fiscal Year to Date		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
<b>More Correlated and Constrained:</b>					
Investment Grade	4.04%	1.40%	0.03%	0.90%	0.93%
Credit-Related	0.00%	0.00%	0.00%	0.00%	0.00%
Real Estate	3.21%	11.76%	-0.08%	-0.43%	-0.51%
Natural Resources	-9.09%	-7.61%	-0.60%	-0.14%	-0.74%
Developed Country	5.70%	8.12%	-0.12%	-0.27%	-0.39%
Emerging Markets	-3.26%	-5.80%	-0.02%	0.16%	0.14%
<b>Total More Correlated and Constrained</b>	<b>0.96%</b>	<b>1.80%</b>	<b>-0.79%</b>	<b>0.22%</b>	<b>-0.57%</b>
<b>Less Correlated and Constrained</b>	<b>6.63%</b>	<b>-0.64%</b>	<b>0.27%</b>	<b>2.17%</b>	<b>2.44%</b>
<b>Private Investments</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total</b>	<b>2.87%</b>	<b>1.00%</b>	<b>-0.52%</b>	<b>2.39%</b>	<b>1.87%</b>



**IV. SEPARATELY INVESTED ASSETS**  
**Summary Investment Report at August 31, 2012**  
 Report prepared in accordance with *Texas Education Code Sec. 51.0032*

ASSET TYPES	(\$ thousands)															
	FUND TYPE															
	CURRENT PURPOSE DESIGNATED		RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		OPERATING FUNDS (DEBT PROCEEDS AND (SHORT TERM FUND))		TOTAL	
	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
<b>Cash &amp; Equivalents:</b>																
Beginning value 05/31/12	-	-	2,252	2,252	60,757	60,757	2,464	2,464	3,079	3,079	68,552	68,552	2,282,335	2,282,335	2,350,887	2,350,887
Increase/(Decrease)	-	-	(585)	(585)	(21,491)	(21,491)	(285)	(285)	(1,878)	(1,878)	(24,239)	(24,239)	(111,415)	(111,415)	(135,654)	(135,654)
Ending value 08/31/12	-	-	1,667	1,667	39,266	39,266	2,179	2,179	1,201	1,201	44,313	44,313	2,170,920	2,170,920	2,215,233	2,215,233
<b>Debt Securities:</b>																
Beginning value 05/31/12	-	-	45	45	11,668	12,821	8,610	9,179	-	-	20,323	22,045	49,841	49,507	70,164	71,552
Increase/(Decrease)	-	-	-	-	110	284	-	153	-	-	110	437	(49,841)	(49,507)	(49,731)	(49,070)
Ending value 08/31/12	-	-	45	45	11,778	13,105	8,610	9,332	-	-	20,433	22,482	-	-	20,433	22,482
<b>Equity Securities:</b>																
Beginning value 05/31/12	460	3,086	197	192	29,797	32,079	13,634	13,119	-	-	44,088	48,476	-	-	44,088	48,476
Increase/(Decrease)	1	204	900	1,138	320	2,338	-	1,067	-	-	1,221	4,747	-	-	1,221	4,747
Ending value 08/31/12	461	3,290	1,097	1,330	30,117	34,417	13,634	14,186	-	-	45,309	53,223	-	-	45,309	53,223
<b>Other:</b>																
Beginning value 05/31/12	-	-	262	262	9	9	451	144	200	200	922	615	-	-	922	615
Increase/(Decrease)	-	-	5,425	5,425	1	1	5	-	5,979	5,979	11,410	11,405	-	-	11,410	11,405
Ending value 08/31/12	-	-	5,687	5,687	10	10	456	144	6,179	6,179	12,332	12,020	-	-	12,332	12,020
<b>Total Assets:</b>																
Beginning value 05/31/12	460	3,086	2,756	2,751	102,231	105,666	25,159	24,906	3,279	3,279	133,885	139,688	2,332,176	2,331,842	2,466,061	2,471,530
Increase/(Decrease)	1	204	5,740	5,978	(21,060)	(18,868)	(280)	935	4,101	4,101	(11,498)	(7,650)	(161,256)	(160,922)	(172,754)	(168,572)
Ending value 08/31/12	461	3,290	8,496	8,729	81,171	86,798	24,879	25,841	7,380	7,380	122,387	132,038	2,170,920	2,170,920	2,293,307	2,302,958

Details of individual assets by account furnished upon request.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 16 - 24).--Committee Chairman Hicks reported that the Academic Affairs Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Academic Affairs Committee and approved in open session by the U. T. System Board of Regents.

1. U. T. System Board of Regents: Review of Consent Agenda items, if any, referred for Committee consideration

There were no items referred from the Consent Agenda.

2. U. T. San Antonio: Honorific naming of the University Center Building III as the H-E-B University Center

The Board approved the honorific naming of the University Center Building III at The University of Texas at San Antonio as the H-E-B University Center to recognize the generous contributions of the H-E-B food retailer.

The University Center is located on the Main Campus and serves as the focal point for programs, meetings, dining, and relaxation for students, faculty, staff, and guests. The third building in the complex, University Center III, was approved by the Board of Regents for addition to the Capital Improvement Program (CIP) on August 8, 2002, was completed in 2008, and has 59,000 square feet. University Center III includes a ballroom, which is the largest meeting space on campus; a Galleria area outside the ballroom; the student activities center; and offices for Greek life, student government, and other student organizations. In addition, there are numerous study areas and gathering spaces that enhance student life.

H-E-B has made cumulative gifts of more than \$7 million to U. T. San Antonio, including a recent \$5 million commitment over five years to fund the H-E-B Faculty Research Excellence Fund, providing matching funds to attract private fundraising. The matching program will go far in recruiting world-class faculty who will inspire a new generation of students at U. T. San Antonio.

3. U. T. System: Approval to plan and establish Collegiate Recovery Programs at U. T. System academic institutions and appropriation of \$942,000 of Available University Funds

Upon recommendation of The University of Texas System Student Advisory Council and Academic Affairs Committee Chairman Hicks, the Board

- a. approved a proposal related to the planning and establishment of Collegiate Recovery Programs at each of the nine U. T. System academic institutions; and

- b. authorized appropriation of \$942,000 of Available University Funds (AUF) to The University of Texas at Austin for that purpose.

The award-winning Center for Students in Recovery at U. T. Austin will lead the implementation of these campus centers by working with each campus to determine the best structure and program to fit uniquely within each campus culture and by supporting the implementation. Outreach efforts from U. T. Austin staff will also support each campus plan by identifying resources for ongoing support.

The total budget for this program over the next five years is \$942,000 from the AUF allocated to U. T. Austin. The presidents of all U. T. System academic institutions have expressed enthusiasm for this initiative and are committed to implementation.

4. U. T. System Board of Regents: Approval of pilot plan for increased enrollment and allocation of \$4.075 million of Permanent University Fund Bond Proceeds for U. T. Tyler for information technology capital infrastructure

The Board approved

- a. a pilot plan to increase enrollment at The University of Texas at Tyler; and
- b. the allocation of \$4,075,000 of Permanent University Fund (PUF) Bond Proceeds for information technology capital infrastructure for hybrid (blended) courses and degree program development.

Utilizing the U. T. Tyler Patriot mascot called Patriots Apply Technology for Success and Savings (PATSS), the institution will implement a five-year pilot project to develop hybrid (blended) courses and degree programs, along with project-based learning pedagogy, to such an extent that U. T. Tyler serves as a research and demonstration site for the benefits and efficacy of such education. The pilot project will support U. T. Tyler's goal of increasing enrollment to 14,000 students.

This project was also approved as U. T. Tyler's Exceptional Item request on Page 18.

5. U. T. Arlington: Progress report on implementation of the Framework for Advancing Excellence throughout The University of Texas System

This item was for consideration only by the Committee (see Committee Minutes).

6. U. T. Tyler: Progress report on implementation of the Framework for Advancing Excellence throughout The University of Texas System

This item was for consideration only by the Committee (see Committee Minutes).



7. U. T. System Board of Regents: Academic Institutions - Approval to submit list of items for consideration by the Texas Legislature for Exceptional Item funding

The Board approved the following projects for The University of Texas System academic institutions for submission to the Texas Legislature for Exceptional Item funding. A summary of each Exceptional Item, written by the requesting institution, is set forth on Pages 19 - 24.

**The University of Texas at Arlington**

University of Texas at Arlington Research Institute (UTARI)  
University College for Student Success at U. T. Arlington

**The University of Texas at Austin**

New Mathways Project

**The University of Texas at Brownsville**

Partnership Termination Costs  
Texas Academy of Mathematics and Science at U. T. Brownsville

**The University of Texas at Dallas**

Analog Circuits Research and Development Center  
Cybersecurity Preparedness Initiative  
Interactive Teaching Effectiveness Project  
Academic Bridge Program

**The University of Texas at El Paso**

Centennial Scholars Program  
Pharmacy Program Expansion  
The Center for Research Entrepreneurship and Innovative Enterprises  
Honors and Student Leadership Academy  
On-Campus Student Employment and Success

**The University of Texas-Pan American**

Physician Assistant Studies Program  
UTeach  
Center for Rural Advancement

**The University of Texas of the Permian Basin**

School of Nursing

**The University of Texas at San Antonio**

Institutional Enhancement/Downtown Campus  
San Antonio Life Sciences Institute  
Small Business Development Center (SBDC) (Revenue Neutral Item)  
Southwest Texas Border Network Small Business Development Center  
(Revenue Neutral Item)

**The University of Texas at Tyler**

Hybrid Course Expansion/Demonstration

**The University of Texas System  
Exceptional Item Requests**

	Request for New (N) State Appropriation or Request for Expansion of Existing (E) State Appropriation	Name of Proposed Exceptional Item	Amounts Requested		
			FY 2014	FY 2015	Total
<b><u>U. T. Arlington</u></b>					
	N	University of Texas at Arlington Research Institute (UTARI) UTARI will be the new center for commercialization of research and for partnerships between the university and industry in the North Texas region. UTARI is dedicated to promoting strategic research collaborations, augmenting technology transfer and commercialization, and supporting the university's advancement as a major national research university. UTARI will greatly enhance research, education, training, workforce development, and commercialization of UT Arlington technologies. UT Arlington seeks a \$2 million investment to support this program.	1,000,000	1,000,000	2,000,000
	N	University College for Student Success at U. T. Arlington UT Arlington seeks a \$3 million investment to continue the advancement of our student success center, known as University College, which has dramatically improved our ability to ensure student success, retention, and graduation. Our ongoing goals include continuing to improve our outcomes in 4- and 6-year graduation rates for first-time, full-time students, as well as for our large population of transfer students, by providing student advising, expanding technology-driven supplemental instruction, and enhancing career placement services, as well as providing other services.	1,500,000	1,500,000	3,000,000
			<hr/>	<hr/>	<hr/>
			2,500,000	2,500,000	5,000,000
<b><u>U. T. Austin</u></b>					
	N	New Mathways Project This project will combine public and private sources to establish a statewide program to continue ongoing work with all community colleges to address the causes of student failure in traditional developmental mathematics courses, and assist community college transfer students to successfully complete their degree.	1,200,000	1,200,000	2,400,000
			<hr/>	<hr/>	<hr/>
			1,200,000	1,200,000	2,400,000
<b><u>U. T. Brownsville</u></b>					
	N	Partnership Termination Costs Partnership Termination costs will allow UTB to meet one-time expenses like unemployment claims and vacation payouts which are unusual in nature and necessary to meet the legislative mandate of S.B. 1909 and properly end the relationship with Texas Southmost College.	8,062,300	-	8,062,300
	N	Texas Academy of Mathematics and Science at The University of Texas at Brownsville Funding for TAMS at UT Brownsville will allow for an expansion of our current commuter model to a residential model similar to the North Texas TAMS and will increase regional access from 90 students up to 300 students.	1,720,031	1,720,031	3,440,062
			<hr/>	<hr/>	<hr/>
			9,782,331	1,720,031	11,502,362

**The University of Texas System  
Exceptional Item Requests**

	Request for New (N) State Appropriation or Request for Expansion of Existing (E) State Appropriation	Name of Proposed Exceptional Item	Amounts Requested		
			FY 2014	FY 2015	Total
<b>U. T. Dallas</b>					
	N	<p>Analog Circuits Research and Development Center</p> <p>Funding is requested to sustain the Analog Circuits Research and Development Center, which has established itself as perhaps the best analog research center in the nation. The Center was established through start-up funds from ETF, SRC, the Korean government, UT System, U.S. trade associations, and private industry. Without continued state support beyond ETF, this Center, which is so vital to technology companies in DFW, is at risk. The economy of this region is heavily dependent on technology developments in integrated circuits, chip manufacturing, and telecommunications for which analog research plays a key role.</p>	4,000,000	4,000,000	8,000,000
	N	<p>Cybersecurity Preparedness Initiative</p> <p>Funding is requested for the Cybersecurity Preparedness Initiative, which would propel UT Dallas to a position of national leadership in human resource development to address cybersecurity threats. UT Dallas has one of the largest and most productive computer science programs in the nation, and this initiative would hire more faculty, engage more students, and develop interactions with business management professionals to address cybersecurity threats. These threats are ubiquitous, threatening financial systems, power grids, and infrastructure. Our approach will cut across these threats in a comprehensive way.</p>	2,000,000	2,000,000	4,000,000
	N	<p>Interactive Teaching Effectiveness Project</p> <p>Funding for the Interactive Teaching Effectiveness Project would place UT Dallas in the position of national leadership in developing online teaching tools that would transform educational delivery. There is a revolution underway of blended and online learning, and palpable interest nationwide in bringing forward these new educational technologies. The UT Dallas art and technology program is one of the best in the nation in developing tools for serious gaming and education. This project would fund new faculty and development projects to help transform the educational landscape through virtual teacher training.</p>	1,000,000	1,000,000	2,000,000
	E	<p>Academic Bridge Program</p> <p>Funding is requested to impact more students from the successful Academic Bridge Program, which attracts, supports, and retains primarily underrepresented minority students who show strong motivation but who have not completed the full university-track curriculum or scored well on standardized tests. The program includes an intensive summer "speed-up" session of math, science, writing, and study skills prior to the freshman autumn, followed by continued support for two years. Impressively, more than 70 percent graduate. The scale of this successful program is limited by funding, and with additional funding, more students can be served.</p>	500,000	500,000	1,000,000
			7,500,000	7,500,000	15,000,000

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**The University of Texas System  
Exceptional Item Requests**

	Request for New (N) State Appropriation or Request for Expansion of Existing (E) State Appropriation	Name of Proposed Exceptional Item	Amounts Requested		
			FY 2014	FY 2015	Total
<b>U. T. El Paso</b>					
	N	<p>Centennial Scholars Program</p> <p>The Centennial Scholars Program will be established to provide scholarships to highly meritorious students across all colleges in commemoration of UTEP's 100th anniversary. These scholarships will expand and enhance UTEP's efforts to raise educational aspirations and attainment among all talented and motivated young people in the surrounding region, and support achievement of UTEP's goal of providing both access and excellence in higher education to the residents of the Paso del Norte region.</p>	5,000,000	5,000,000	10,000,000
	N	<p>Pharmacy Program Expansion</p> <p>Funding is requested for expansion of the current UTEP-UT Austin Cooperative Pharmacy Program. This funding will permit an increase in student cohort size to 40 (from the current 12) by establishing a full 6-year cooperative Pharmacy program on the UTEP campus. It will also eliminate the requirement that UTEP pharmacy students spend two years in Austin and relieve them of the costs associated with that temporary relocation. This transition will be fully sustainable within eight years, when the increased enrollment will generate both tuition and formula funding.</p>	1,000,000	1,000,000	2,000,000
	N	<p>The Center for Research Entrepreneurship and Innovative Enterprises</p> <p>Funding is requested for the expansion of the Center for Research Entrepreneurship and Innovative Enterprises (CREIE). CREIE is engaged in activities that bring industry and university research together, form alliances between industry and faculty researchers, and provide support services for the development technology-based businesses. It serves as a resource to inventors in the Paso del Norte region who seek to commercialize their scientific advance or invention in partnership with the University of Texas at El Paso. The funding requested will accelerate and expand CREIE's successful efforts.</p>	500,000	500,000	1,000,000
	N	<p>Honors and Student Leadership Academy</p> <p>The University of Texas at El Paso requests funding for the Honors and Student Leadership Academy. This program will strengthen and expand the Honors Program at UTEP and embed it within a student leadership framework that supports the University's mission of access and excellence by providing an opportunity for all undergraduates to experience the academic and intellectual challenges, community involvement, and professional skills development required to become tomorrow's leaders.</p>	1,000,000	1,000,000	2,000,000

**The University of Texas System  
Exceptional Item Requests**

	Request for New (N) State Appropriation or Request for Expansion of Existing (E) State Appropriation	Name of Proposed Exceptional Item	Amounts Requested		
			FY 2014	FY 2015	Total
<b><u>U. T. El Paso</u></b>					
	N	On-Campus Student Employment and Success The University of Texas at El Paso seeks to expand its existing and self-funded On Campus Student Employment and Success (OCSES) Program. Initiated in 2004, this program has provided on-campus employment to hundreds of students beyond the level supported by federal and state work-study programs. UTEP departments seek participation via competitive proposals which are reviewed by a committee composed of faculty, students and staff. Participating department must cost-share 25% of each student employees' wages.	1,000,000	1,000,000	2,000,000
			8,500,000	8,500,000	17,000,000
<b><u>U. T. Pan American</u></b>					
	N	Physician Assistant Studies Program The UTPA Physician Assistant Studies Program (PASP) seeks to expand the number of students accepted annually from 50 to 100 and include increased use of technology to deliver educational content.	496,450	595,049	1,091,499
	N	UTeach UTeach is a highly successful and innovative teacher preparation program for math and science majors that originated at UT Austin in 1997. The requested funds will be used to partially cover the costs of the UTeach program at UT Pan American to improve the number secondary science teachers who have a science certification.	400,000	400,000	800,000
	N	Center for Rural Advancement The Center for Rural Advancement at UT Pan American will enhance and coordinate efforts to advance smaller, rural communities in South Texas through community engagement, research, and education focused on five areas: micro-enterprise development, housing, job skills, youth financial literacy, and border health.	150,000	150,000	300,000
			1,046,450	1,145,049	2,191,499
<b><u>U. T. Permian Basin</u></b>					
	N	School of Nursing Support for new Bachelor of Science degree program in Nursing (BSN). This is the initial funding request for the coming biennium. The program is expected to be self-sustaining in fiscal year 2018.	1,200,000	1,200,000	2,400,000
			1,200,000	1,200,000	2,400,000

**The University of Texas System  
Exceptional Item Requests**

	Request for New (N) State Appropriation or Request for Expansion of Existing (E) State Appropriation	Name of Proposed Exceptional Item	Amounts Requested		
			FY 2014	FY 2015	Total
<b>U. T. San Antonio</b>					
E		Institutional Enhancement/Downtown Campus Over the past decade, UTSA's enrollment has grown by over 60%, placing a significant strain on available resources. UTSA now receives one of the lowest state appropriation per full time equivalent (FTE) student. On average, UT San Antonio faculty teach over 230 students each year in class, with an overall ratio of 26 full time equivalent (FTE) students for each FTE faculty member. Additional funding would be used to hire new faculty to increase the number of course sections offered and improve the student faculty ratio. Adequate base formula funding and supplemental discretionary funds are essential to helping UTSA work towards Tier One.	2,036,480	2,036,480	4,072,960
E		San Antonio Life Sciences Institute The San Antonio Life Sciences Institute (SALSI) leverages the combined intellectual infrastructure of UTSA and the UT Health Science Center. SALSI enhances the research, teaching and service missions of UTSA and UTHSC-SA. This collaboration enables joint doctoral programs and research projects. It drives initiatives that stimulate growth of the biomedical and biotechnology industries. New collaborative programs are emerging as a result of SALSI such as multi-institutional programs in neuroscience, health disparities, medicinal chemistry, biomedical engineering, regenerative medicine/prosthetics, research education and mentoring.	1,265,000	1,265,000	2,530,000
E		Small Business Development Center (SBDC) (Revenue Neutral Item) The SBDC offers integrated services to meet the needs of experienced small business owners as well as individuals interested in starting a business. This SBDC is active in San Antonio and 10 counties surrounding Bexar County, providing professional, confidential one-on-one business advising services at no charge. In addition to personalized advising services, the SBDC offers low-cost training workshops for both experience and prospective business owners. These workshops cover topics to help entrepreneurs start or grow businesses.	379,115	379,115	758,230
E		Southwest Texas Border Network Small Business Development Center (Revenue Neutral Item) The SBDC Rural Business Program was established to provide technical assistance, training, and information assistance to businesses, local governments, communities, and agencies engaged in economic, business and community development activities. The program helps rural communities improve their level of collaboration and utilization of regional assets, develop projects leading to the creation of jobs, improving the quality of life, and encouraging public/private partnerships.	121,317	121,317	242,634
			3,801,912	3,801,912	7,603,824

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**The University of Texas System  
Exceptional Item Requests**

	Request for New (N) State Appropriation or Request for Expansion of Existing (E) State Appropriation	Name of Proposed Exceptional Item	Amounts Requested		
			FY 2014	FY 2015	Total
<u>U. T. Tyler</u>	N	Hybrid Course Expansion/Demonstration The proposed Patriots Applying Technology For Success and Savings (PATSS) program is a creative research-based solution designed to create a learning environment that is more accessible and engaging for students and faculty that results in increased learning outcomes, improved retention, and cost efficiencies. UT Tyler will offer degrees using a blend of synchronous and asynchronous e-learning as well as face-to-face teaching.	2,400,000	2,400,000	4,800,000
			<hr/>	<hr/>	<hr/>
			2,400,000	2,400,000	4,800,000
<b>TOTAL - ACADEMIC INSTITUTIONS</b>			<hr/>	<hr/>	<hr/>
			37,930,693	29,966,992	67,897,685

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE  
(Pages 25 - 34).--Committee Chairman Stillwell reported that the Health Affairs Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Health Affairs Committee and approved in open session by the U. T. System Board of Regents.

1. U. T. System Board of Regents: Review of Consent Agenda items, if any, referred for Committee consideration

There were no items referred from the Consent Agenda.

2. U. T. Health Science Center - Houston: Report on community outreach programs

This item was for consideration only by the Committee (see Committee Minutes).

3. U. T. Health Science Center - Tyler: Report on community service through various outreach programs

This item was for consideration only by the Committee (see Committee Minutes).

4. U. T. System: Adoption of the conditions described in the Health and Human Services Commission Certification of Governmental Entity Participation for hospital affiliates and authorization of affiliation agreements between the U. T. System health institutions and various private hospitals related to the 1115 Medicaid Waiver Program

The Board

- a. adopted the conditions described in the Health and Human Services Commission Certification of Governmental Entity Participation for hospital affiliates, which must be approved by the governing board of the governmental entity in a public meeting; and
- b. authorized the Executive Vice Chancellor for Health Affairs, with approval by the Office of the General Counsel as required by the Regents' *Rules and Regulations*, Rule 10501 (Delegation to Act on Behalf of the Board), to execute affiliation agreements between The University of Texas System health institutions and various private hospitals related to the 1115 Medicaid Waiver Program.



In response to legislative direction to control the cost of the Medicaid program while preserving supplemental federal funding for hospitals and qualified physician practice groups, the Texas Health and Human Services Commission (HHSC) proposed to the Centers for Medicare and Medicaid Services (CMS) that Texas be granted a waiver of certain provisions of the Social Security Act, thus allowing more flexibility in the design of its Medicaid program.

In December 2011, CMS approved the Section 1115 Demonstration, titled "Texas Healthcare Transformation and Quality Improvement Program," for the five-year period ending September 30, 2016. Commonly called the "waiver," the Section 1115 Demonstration has two aims:

- To expand the existing Medicaid managed care programs statewide; and
- To use the savings from that expansion and the discontinuation of the Upper Payment Limit (UPL) supplemental funding program to finance two new funding pools:
  - the Uncompensated Care (UC) pool; and
  - the Delivery System Reform Incentive Payment (DSRIP) pool.

By way of background, UPL was designed to address the difference between Medicaid fee-for-service payments and typically higher Medicare payments for the same services. The decision to expand capitated Medicaid-managed care eliminated the UPL program, which applies only to fee-for-service care. To receive supplemental funding from the new UC pool, hospitals and qualified physician practice groups (including U. T. System health institutions) will file cost reports detailing shortfalls between cost and revenue received on services provided to Medicaid and uninsured patients.

To receive funding from the DSRIP pool, eligible providers must engage in select, targeted projects within their local Regional Healthcare Partnership (RHP). Each of the 20 RHPs, comprised of between two and 47 counties, has a designated anchor, a public entity that serves as the administrative coordinator. Each RHP will submit a plan of DSRIP projects designed to address community needs and improve patient care for low-income populations. The RHP plans, due December 31, 2012, must be consistent with the three-part aim:

- to improve the experience of care for individuals with regard to access and outcomes;
- to improve health for the population; and
- to lower costs through improvements without compromising quality.

Each DSRIP project will have specific goals, milestones, metrics, and incentive payment valuations. After final approval of the RHP plans by HHSC and CMS, the performing provider responsible for each DSRIP project will be eligible to receive incentive payments upon the documented achievement of the milestones and metrics.

Health care providers must participate in the local RHP to be eligible to receive UC payments or DSRIP incentive payments. Since Medicaid is jointly funded by the federal government and the State, payments to providers have a State share and a federal match. The Texas Legislature has required that the State share for Medicaid supplemental payments must be funded by intergovernmental transfer (IGT) from local public entities such as public hospitals, hospital districts, health departments, county governments, or local mental health authorities. IGTs may also be funded by State academic institutions. Nonpublic entities, such as private hospitals, may not fund IGTs. Nonetheless, since Texas has very few public hospitals, private safety net hospitals play a vital role in the delivery system and must be actively engaged in the RHP Plans' DSRIP projects as performing providers. Public entities and private providers may enter into indigent care affiliation agreements to work collaboratively to improve access to health care for indigent persons residing in the community through participation in the Medicaid program. The affiliation agreement does not obligate the public entity to provide specific amounts of IGT.

At this time, U. T. System institutions contemplate affiliation agreements including, but not limited to:

- The University of Texas Southwestern Medical Center and Children's Medical Center of Dallas
- The University of Texas Medical Branch at Galveston and Baptist Hospitals of Southeast Texas
- U. T. Medical Branch - Galveston and CHRISTUS Hospital (Beaumont)
- The University of Texas Health Science Center at Houston and Memorial Hermann Healthcare System
- The University of Texas Health Science Center at San Antonio and Doctors Hospital at Renaissance (Edinburg)
- U. T. Health Science Center - San Antonio and Valley Baptist Hospital
- The University of Texas Health Science Center at Tyler and Trinity Mother Frances Hospitals and Clinics
- U. T. Health Science Center - Tyler and CHRISTUS St. Michael Health System
- U. T. Health Science Center - Tyler and Good Shepherd Medical Center

HHSC requires a Certification of Governmental Entity Participation from each public entity involved in one or more affiliation agreements. The certification requires public adoption by the Board of Regents, as the governing body for the health institutions. In summary, the certification affirms that the governmental entity will abide by all rules related to affiliation agreements, IGTs, and Medicaid payments.

U. T. System institutions may elect to collaborate with various providers on DSRIP projects, and some of these collaborations may take the form of a contract. Depending on the operational, managerial, and financial circumstances of each DSRIP project, U. T. System institutions may elect to be either the performing provider or the subcontractor. As project plans and contracts are finalized, U. T. System health institutions will seek contract approval from the Board of Regents as required by Regents' *Rules and Regulations*.

5. U. T. M. D. Anderson Cancer Center: Approval of concept for a new, strategic integrated plan to enhance philanthropy, raise national awareness, and increase patient volumes over the next five years and beyond

The Board approved the concept for a new, strategic integrated plan to enhance philanthropy, raise national awareness, and increase patient volumes at The University of Texas M. D. Anderson Cancer Center over the next five years and beyond.

U. T. M. D. Anderson Cancer Center is the nation's foremost cancer center, though only approximately seven percent of people surveyed on a national scale are aware of its standing. An innovative, integrated, comprehensive plan will give M. D. Anderson the opportunity to accelerate its mission to eliminate cancer by raising substantial funds for cancer research and patient care programs, to significantly increase national awareness, and strategically drive patient volumes and clinical revenues. The plan involves marshaling the programmatic resources of Development, Corporate Alliances, Marketing, and Communications to reinforce the institution's bold and assertive plans to defeat cancer. It also will integrate with major institutional projects such as the "Moon Shots" Program.

M. D. Anderson lags behind the rest of the industry in the national cancer conversation, and in particular, behind its competition, which is already pursuing aggressive brand and cause initiatives. The institution has not engaged in a focused and coordinated branding or corporate alliance effort to build national awareness, increase donations, and attract new patients. This consolidated and integrated effort will grow infrastructure necessary to support The University of Texas System's and the institution's national long-term strategic goals.

Finally, the plan is consistent with the Framework for Advancing Excellence throughout The University of Texas System. To fulfill its mission, M. D. Anderson seeks support for this broad and aggressive five-year ramp-up plan to build momentum for the next 10 years and beyond. The Board's authorization allows

M. D. Anderson to augment and diversify traditional programs with fresh and innovative ideas to discover new revenue streams. These incremental efforts will support the larger institutional strategic goals of 1) identifying new revenue streams to support research, 2) enhancing philanthropic success, 3) increasing productivity and efficiency, and 4) recruiting and retaining outstanding leadership among faculty, administrators, and staff.

Over the next five years, this plan will require contract requests for Board consideration, perhaps exceeding \$280 million above and beyond current contracts to support communications, marketing, and development efforts. These contracts will be reviewed by the U. T. System Offices of External Relations, Health Affairs, and General Counsel.

6. U. T. System: Quarterly report on health matters of interest to the U. T. System, including changes in the health care delivery environment

This item was for consideration only by the Committee (see Committee Minutes).

6a. U. T. Health Science Center - Tyler: Approval of new "doing business as" (dba) name, UTHealth-Northeast, and the opportunity to develop a new logo and brand identity

An additional item was before the members of the Board and had been posted with the Secretary of State regarding an effort to increase public awareness and enhance the reputation of The University of Texas Health Science Center at Tyler. The Board approved the new "doing business as" (dba) name, UTHealth-Northeast, and the opportunity to develop a new logo and brand identity for the institution. The motion, made by Vice Chairman Dannenbaum and seconded by Regent Gary, was subject to completing registrations and permissions as required and to the requirement that there be no first use of the name until those permissions are secured to the satisfaction of the Office of General Counsel. The motion carried unanimously.

The institution is in the process of contracting with an experienced branding/marketing agency and will have discussions with internal and external stakeholders associated with the institution. Shortening the name through the use of a dba (but not changing the official name) will promote a greater recognition of the institution with all stakeholders and the general public. The word "Northeast" more accurately captures the institution's clinical services and locations in surrounding towns and communities.

U. T. Health Science Center - Tyler proposed a new identity system that would be used prominently and consistently in all forms of communication representing the University, such as publications, letterhead, signage, business cards, web, advertising, and more, in an effort to create a uniform communication standard and to enhance a better public understanding of the institution's role.

7. U. T. System Board of Regents: Health Institutions - Approval to submit list of items for consideration by the Texas Legislature for Exceptional Item funding

The Board approved the following projects for submission to the Texas Legislature for Exceptional Item funding. A summary of each Exceptional Item, written by the requesting institution, is set forth on Pages 31 - 34.

**The University of Texas Southwestern Medical Center**

Institute for Translational Research (in collaboration with The University of Texas at Dallas)

**The University of Texas Medical Branch at Galveston**

Trans-Texas Vaccine Institute  
Regenerative Medicine  
Combating Texas' Emerging Infections

**The University of Texas Health Science Center at Houston**

Center for Healthcare Quality and Safety  
Psychiatry and Behavioral Sciences  
Family Nurse Practitioner Program

**The University of Texas Health Science Center at San Antonio, by region**

Region: San Antonio

San Antonio Life Sciences Institute (SALSI)  
Barshop Institute for Longevity and Aging Studies

Region: South Texas

Regional Academic Health Center (RAHC)  
Regional Campus in Laredo (RCL)

**The University of Texas M. D. Anderson Cancer Center**

School of Health Professions: MRI Training Unit, Mobile Computer Cart System,  
New Degree Start-Up Funding  
On-Site Basic Science Research Storage and Computational Capacity

**The University of Texas Health Science Center at Tyler**

Support for Degree Granting

**The University of Texas System  
Exceptional Item Requests**

	Request for New (N) State Appropriation or Request for Expansion of Existing (E) State Appropriation	Name of Proposed Exceptional Item	Amounts Requested		
			FY 2014	FY 2015	Total
<b><u>U. T. Southwestern</u></b>					
	N	Institute for Translational Research (in collaboration with UT Dallas) The Institute for Translational Research would support the extension of basic biomedical discoveries from the lab and seed the earliest steps in translational research for which there are no grant or investor sources of funding, yet are essential for fostering basic discoveries - with tremendous promise for bettering patient care, lowering health care costs, and ROI to the State - into novel patient therapies.	7,500,000	7,500,000	15,000,000
			7,500,000	7,500,000	15,000,000
<b><u>U. T. MB Galveston</u></b>					
	N	Trans-Texas Vaccine Institute The proposed Trans-Texas Vaccine Institute would create a multi-agency institute to support collaborative projects that expedite the development and production of needed vaccines. The Trans-Texas Vaccine Institute would build on the success of UTMB's interdisciplinary Sealy Center for Vaccine Development and maximize the impact of expertise found throughout Texas' higher education community. Formation of the Institute will make Texas a national leader in vaccine development and production.	4,000,000	4,000,000	8,000,000
	N	Regenerative Medicine Exceptional Item funding for Regenerative Medicine would leverage a new 3-year, \$3-million-per-year Moody Foundation grant supporting a multidisciplinary project to create agents capable of reversing trauma-induced alterations in the brain to restore lost function. Such groundbreaking research will bring significant advances to the treatment of brain and spinal cord injuries.	3,000,000	3,000,000	6,000,000
	N	Combating Texas' Emerging Infections Exceptional Item funding for Combating Texas' Emerging Infections would build on the already substantial federal and state investment in the Galveston National Lab to expand UTMB's expertise in combating emerging infectious diseases and foster collaboration with other Texas institutions. Work in this area focuses on development of artificial organs and tissues that mimic human organs to facilitate testing of drugs and vaccines designed to combat dangerous infectious diseases.	4,050,000	4,500,000	8,550,000
			11,050,000	11,500,000	22,550,000

**The University of Texas System  
Exceptional Item Requests**

	Request for New (N) State Appropriation or Request for Expansion of Existing (E) State Appropriation	Name of Proposed Exceptional Item	Amounts Requested		
			FY 2014	FY 2015	Total
<b>U. T. HSC Houston</b>					
	N	Center for Healthcare Quality and Safety \$4.752 million/year to expand current Center for Healthcare Quality and Safety to develop additional model education and patient care programs for adult and pediatric care. The Center was established to conduct research that generates new knowledge about how to improve patient safety and quality; disseminate findings to health care providers and hospital administrators in Texas and in the US; and educate caregivers on how to improve patient outcomes.	4,752,000	4,752,000	9,504,000
	N	Psychiatry and Behavioral Sciences \$2.025 million/year request to expand our current knowledge of mental health with focus on generation of new knowledge for treatment and long-term recovery through the support of clinical, evidence-based research in mental illness and the recruitment of recognized experts in the areas of mood disorders and in autism research and treatment.	2,025,000	2,025,000	4,050,000
	N	Family Nurse Practitioner Program \$2.09 million/year to expand Family Nurse Practitioner Program to increase the number of trained providers to improve access to care for a growing number of Texans who need primary care services. The program will help the state ensure providers are available to new patients resulting from various changes to health care structures in Texas.	2,090,537	2,090,537	4,181,074
			<b>8,867,537</b>	<b>8,867,537</b>	<b>17,735,074</b>

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**The University of Texas System  
Exceptional Item Requests**

	Request for New (N) State Appropriation or Request for Expansion of Existing (E) State Appropriation	Name of Proposed Exceptional Item	Amounts Requested		
			FY 2014	FY 2015	Total
<b><u>U. T. HSC San Antonio - Region: San Antonio</u></b>					
	E	San Antonio Life Sciences Institute (SALSI) The emergent biomedical & biotechnology industry offers a unique opportunity for UTHSCSA to develop partnerships that will help San Antonio and South Texas become major players in and major drivers of the economy. Created by the 77th Texas Legislature, SALSI enhances research funding at all partner institutions and provides new advanced degree opportunities for students. SALSI fosters collaboration and alignment where there would be none; it provides seed funding incentives for researchers and educators at different institutions working on similar problems. It has set the platform and model for collaboration throughout UT System.	2,000,000	2,000,000	4,000,000
	N	Barshop Institute for Longevity and Aging Studies The Barshop Institute was created in 1998 and is located at the UTHSCSA's Texas Research Park Campus. With an internationally recognized program, the Institute has a strong base to build upon with diminishing sponsorship prospects and an increasing interest in aging research due to the growth of an elderly population. This request seeks support to translate the successes in enhancing the period of healthy life in animals to humans, recruit biomedical and clinical faculty critical to this translational science, expand the training of physicians in geriatric medicine, and to expand the search for therapeutic drug targets to improve the quality of life.	2,000,000	2,000,000	4,000,000
<b><u>U. T. HSC San Antonio - Region: South Texas</u></b>					
	E	Regional Academic Health Center (RAHC) Senate Bill 98 from the 81st Texas Legislature authorized the evolution of the RAHC into a free-standing medical school in South Texas. This transformation will cost \$61.5 million in the initial years, of which \$20.6 million in current General Revenue will sustain current operations and \$40.9 million of new funding will be sought to expand undergraduate and graduate medical education and research; develop basic sciences and clinical curriculum for a full complement of 200 medical students and 120 residency positions; provide an interdisciplinary approach to education, research and health services; and provide programmatic and infrastructure support.	20,453,739	20,453,739	40,907,478
	E	Regional Campus in Laredo (RCL) The 76th Texas Legislature authorized the RCL to provide remote resources to meet community-defined health professional education and clinical training needs in the Laredo area. UTHSCSA will continue to request \$8.4 million in current General Revenue to sustain current operations and \$4.4 million of new funding to develop a comprehensive research program to address the major epidemics of obesity and diabetes in the South Texas Border Region; expand dental education, clinical training, and outreach services; expand the Physicians Assistant and graduate health professions programs; and establish joint degree programs with other Texas universities.	2,203,977	2,203,977	4,407,954
			<b>26,657,716</b>	<b>26,657,716</b>	<b>53,315,432</b>



**The University of Texas System  
Exceptional Item Requests**

	Request for New (N) State Appropriation or Request for Expansion of Existing (E) State Appropriation	Name of Proposed Exceptional Item	Amounts Requested		
			FY 2014	FY 2015	Total
<b>U. T. MD Anderson</b>					
	N	School of Health Professions: MRI Training Unit, Mobile Computer Cart System, New Degree Start-Up Funding  A non-energized MRI machine would be used in the School of Health Professions to provide training and enhance the quality of education for diagnostic imaging students. The unit would increase the program's efficiency, avoid disruption of MRI equipment used for patient care purposes, and allow the school to train more students and address allied health profession shortages. Funds would be used for a mobile computer cart system to support Radiation Oncology software applications. Finally, start-up funding would be provided for two new degrees: B.S. in Health Disparities, Diversity, and Advocacy, and B.S. in Diagnostic Medical Sonography.	1,220,000	1,220,000	2,440,000
	N	On-Site Basic Science Research Storage and Computational Capacity  MD Anderson has experienced an 806% increase in storage for basic and translational research since 2006. The total storage for research is now three times more than all clinical and administrative storage combined. The request would assist MD Anderson in the expansion of large memory computing to handle the analytics associated with Next Gen Sequencing.	1,250,000	1,250,000	2,500,000
			2,470,000	2,470,000	4,940,000
<b>U. T. HSC Tyler</b>					
	N	Support for Degree Granting  Until recently, UTHSCT was the only UT campus that did not grant its own degrees. UTHSCT has now developed its own biotechnology master's degree program and is currently seeking SACS Accreditation. This Exceptional Item Request is essential to help UTHSC grant degrees in fields that would address critical workforce needs in the Northeast Texas region. Currently, students in NE Texas who wish to pursue undergraduate or graduate degrees in health-related fields must leave the area to pursue these degrees. Then, these students do not return to NE Texas when they graduate, which has a negative impact on the health-related workforce in this region.	3,000,000	3,000,000	6,000,000
			3,000,000	3,000,000	6,000,000
<b>TOTAL - HEALTH INSTITUTIONS</b>			59,545,253	59,995,253	119,540,506

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REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 35 - 47).--Committee Chairman Gary reported that the Facilities Planning and Construction Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Facilities Planning and Construction Committee and approved in open session by the U. T. System Board of Regents.

1. U. T. System Board of Regents: Review of Consent Agenda items, if any, referred for Committee consideration

There were no items referred from the Consent Agenda.

2. U. T. System: Fiscal Year 2012 Energy Utility Task Force Report

This item was for consideration only by the Committee (see Committee Minutes).

3. U. T. M. D. Anderson Cancer Center: Radiology Outpatient Center Two - Amendment of the FY 2013-2018 Capital Improvement Program to include project and authorization of institutional management (Preliminary Board approval)

The Board amended the Fiscal Year 2013-2018 Capital Improvement Program (CIP) to include the Radiology Outpatient Center Two project at The University of Texas M. D. Anderson Cancer Center as follows:

Project No.:	703-X60	
Institutionally Managed:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Project Delivery Method:	Design-Build	
Substantial Completion Date:	May 2014	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Hospital Revenues	\$20,000,000

Investment Metrics: By 2015

- Increase capacity by reducing appointment waiting time from 30 days to one day
- Reduce waiting time from arrival to scan by 30 minutes
- Increase images currently performed by other institutions by 5%

Project Description

This project will expand the diagnostic imaging resources to address space and capacity constraints. The building will be located at the corner of Pressler and Fannin Streets, adjacent to the existing Dan Duncan Family Institute for Cancer Prevention and Risk Assessment. Utilizing premanufactured cassettes and modular

building construction, the project will be fast-tracked to meet the needs of current and projected future patient volumes in the immediate area of the main campus. The project will include new roadwork and parking facilities as well as covered drop-off areas for patients.

The existing MRI and CT capacity is insufficient to support budgetary growth goals, and institutional projections have estimated that the need for imaging services will continue to increase. This lack of capacity will negatively impact patient care activities and reduce the financial contribution to the institution. Further exacerbating issues with increasing volume, the institution is currently unable to replace MRI or CT equipment and maintain adequate patient access. The reserve volume capacity cannot absorb the downtime associated with the normal replacement cycles of equipment without overbooking patient schedules, leading to long patient waiting times, patient dissatisfaction, and increased overtime cost of employees. The ability to address the demand for imaging services while maintaining a high level of patient satisfaction by improving patient access is critical.

Pursuant to a Memorandum of Understanding effective August 26, 2004, U. T. M. D. Anderson Cancer Center has delegated authority for institutional management of construction projects under the continued oversight of the Office of Facilities Planning and Construction. The institutionally managed projects are subject to review by the Board of Regents for design development.

This project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

4. U. T. System: U. T. System Administration Replacement Office Building - Amendment of the FY 2013-2018 Capital Improvement Program to include project (Preliminary Board approval)

The Board amended the Fiscal Year 2013-2018 Capital Improvement Program (CIP) to include The University of Texas System Administration Replacement Office Building project as follows:

Project No.:	101-690	
Project Delivery Method:	Construction Manager-at-Risk	
Substantial Completion Date:	March 2016	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$102,417,000
Funding Note:	<sup>1</sup> Revenue Financing System debt will be repaid from Available University Funds and lease income	
Investment Metric:	Reduce the financial operating expenses of the current U. T. System complex	

U. T. System seeks to consolidate its offices from five buildings in the downtown area into one building in the downtown area. A task force comprised of U. T. System officials has extensively studied the feasibility of different options and determined that constructing a single replacement facility with aboveground parking is the best option. This more efficient facility is projected to save \$2-\$5 million annually and generate net present value savings of over \$50 million over the next 30 years. These savings will be directed toward student success. The building will be located on U. T. System-owned land north of Seventh Street in downtown Austin to maintain proximity to The University of Texas at Austin, the Texas Capitol, and U. T. System employee residences.

The 16-level structure (with one level below ground) will be comprised of approximately 258,500 gross square feet for office space. The building will have a modern board room adapted for videoconferencing, U. T. System office and meeting space, as well as central conference and eating spaces, and limited retail space. Additionally, the project will include garage capacity for 650-700 cars.

This project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

Secretary's Note: In a memorandum to Members of the Board dated December 13, 2012, Chairman Powell said this approved project would be delayed and reevaluated at an appropriate time. He said the Board could not have foreseen the Board's historic decision on December 6, 2012, to seek legislative authority for the creation of a new University of Texas institution in South Texas that is one of the top priorities for the U. T. System in the upcoming Legislative Session. Chancellor Cigarroa also issued a statement saying he is convinced that this is the right decision at this time, especially in light of new and exciting opportunities to create a new University of Texas in South Texas (yet to be named) for thousands of deserving students.

5. U. T. Dallas: School of Management Phase II - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the School of Management Phase II project at The University of Texas at Dallas as follows:

Project No.:	302-642	
Project Delivery Method:	Construction Manager-at-Risk	
Substantial Completion Date:	August 2014	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$20,000,000
	Permanent University Fund Bond Proceeds	<u>\$ 5,000,000</u>
		\$25,000,000

Funding Note: <sup>1</sup> Revenue Financing System Bond Proceeds to be repaid from Designated Tuition

Investment Metrics: By 2017

- Increase enrollment by 5,000 full-time equivalent students
- Increase tenure-track faculty from 493 to 610

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$25,000,000 with funding of \$20,000,000 from Revenue Financing System Bond Proceeds and \$5,000,000 from Permanent University Fund Bond Proceeds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - U. T. Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$20,000,000.

### Debt Service

The \$20,000,000 in aggregate Revenue Financing System debt will be repaid from Designated Tuition. Annual debt service on the \$20,000,000 Revenue Financing System debt is expected to be \$1,300,000. The institution's debt service coverage is expected to be at least 2.2 times and average 2.6 times over Fiscal Year 2013-2018.

### Previous Board Action

On August 25, 2011, the project was included in the CIP with a total project cost of \$25,000,000 with funding of \$20,000,000 from Revenue Financing System Bond Proceeds and \$5,000,000 from Permanent University Fund Bond Proceeds.

## Project Description

The approximately 108,000 gross square foot addition to the existing Naveen Jindal School of Management building will include classrooms, seminar rooms, classroom laboratories, student support space, and offices. The project will also provide for common business school functional space including a trading lab, economics lab, career center, media center, interview rooms, and an expansion to the Executive Education center. Part of the third floor and all of the fourth floors of this addition will be shelled space to realize efficiencies of scale and provide impetus for future gifts.

A centerpiece of the project will be a two-story common area fronting a new courtyard. Together, the common and courtyard areas will provide space for individual and group study, casual collaboration, and café service. The project will also include parking and additional chilling plant capacity.

The University is facing a critical space crunch as enrollment has increased from 14,500 students in 2007 to a projected 20,000 students this fall; a 30% increase in four years. The School of Management, the University's largest and most highly ranked school, and a world-leading research business school, is critical to U. T. Dallas' Strategic Plan growth imperative. The School interacts closely with the Engineering School, collaborating in systems engineering and management. The School of Management launched the Institute for Innovation and Entrepreneurship, the focal point for technology commercialization and business start-up, the success of which has created the need for more space.

6. U. T. Dallas: Student Housing Living Learning Center, Phase IV - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the Student Housing Living Learning Center, Phase IV project at The University of Texas at Dallas as follows:

Project No.:	302-678	
<u>Housing/Dining/Recreation</u>		
Project Delivery Method:	Construction Manager-at-Risk	
Substantial Completion Date:	July 2014	
<u>Parking Garage</u>		
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date:	October 2014	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$70,000,000
	Auxiliary Enterprises Balances <sup>2</sup>	\$ 3,000,000
	Unexpended Plant Funds <sup>3</sup>	<u>\$ 2,000,000</u>
		\$75,000,000

Funding Notes:

- <sup>1</sup> Revenue Financing System debt will be repaid from rental income, auxiliary food service revenue, parking fees, and activity center fees.  
<sup>2</sup> Auxiliary Enterprises Balances are from parking fees and rental income.  
<sup>3</sup> Unexpended Plant Funds are from a balance of funds from project close-out.

Investment Metric:

This project will directly support the University's Strategic Plan Imperative of adding 5,000 full-time equivalent students by 2017, for a total student population of 21,000.

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$75,000,000 with funding of \$70,000,000 from Revenue Financing System Bond Proceeds, \$3,000,000 from Auxiliary Enterprises Balances, and \$2,000,000 from Unexpended Plant Funds;
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - U. T. Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$70,000,000.

Debt Service

The \$70,000,000 in aggregate Revenue Financing System debt will be repaid from housing and parking revenues and activity center fees. Annual debt service on the \$70,000,000 Revenue Financing System debt is expected to be \$4,600,000. The institution's debt service coverage is expected to be at least 2.2 times and average 2.6 times over Fiscal Year 2013-2018.

Previous Board Action

On November 10, 2011, the project was included in the Capital Improvement Program with a total project cost of \$75,000,000 with funding of \$70,000,000 from Revenue Financing System Bond Proceeds, \$3,000,000 from Auxiliary Enterprises Balances, and \$2,000,000 from Unexpended Plant Funds.

Project Description

This project will combine residential, student learning spaces, recreational facilities, and dining services into one, shared complex. The facility containing approximately 339,000 gross square feet will house 600 students as well as classrooms, student success centers, and offices to support living learning communities within the building. The dining facility will provide meal plan dining for 800 students, retail food purchase, and a Campus Store. The recreation facility will be located directly above dining and contain a large court area that can accommodate two full-size convertible basketball courts, a large fitness/cardio area, dance/exercise studio, lockers, and staff offices. The project will also include a 750-car parking garage.

Current student housing is operating at 100% occupancy. U. T. Dallas provides approximately 3,098 beds and a private provider houses approximately 2,056 beds on campus. There is a waiting list of 400 students as of July 2012. The total number of on-campus beds will increase to 6,154 upon completion of Phase IV scheduled for July 2014 and the anticipated opening of the Student Housing Living Learning Center, Phase V scheduled for Fall 2013. These beds will be reserved for use by incoming freshman students, with any unused beds being rented to upper-class students.

7. U. T. Pan American: Academic and Administration Building Addition - Approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)

The Board approved the recommendations for the Academic and Administration Building Addition project at The University of Texas-Pan American as follows:

Project No.:	901-712	
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date:	June 2014	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Higher Education Assistance Fund (HEAF)	\$ 7,140,000
	Unexpended Plant Funds <sup>1</sup>	<u>\$ 4,760,000</u>
		\$11,900,000

Funding Note: <sup>1</sup> Unexpended Plant Funds are from Designated Tuition



Investment Metrics:

- Increase freshman to junior retention by 1% per year from 2015 to 2018
- Increase classroom space to provide 128 additional instructional sections to be taught in the general classrooms

- a. approve design development plans; and
- b. appropriate funds and authorize expenditure of \$11,900,000 with funding of \$7,140,000 from HEAF and \$4,760,000 from Unexpended Plant Funds.

Previous Board Action

On May 3, 2012, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$11,900,000 with funding of \$7,140,000 from HEAF and \$4,760,000 from Unexpended Plant Funds.

Project Description

The three-level facility will be designed to commercial standards and will add approximately 40,640 gross square feet for the new University College program, general classrooms, administration and faculty offices, and support space. Currently, administration and compliance functions are scattered throughout the campus. The new building will blend programmatically and architecturally with the adjacent University Center and the Marialice Shary Shivers Administration Building.

U. T. Pan American is working to establish a new University College that will focus on providing entering undergraduate students with a smooth and successful transition to college life by unifying the support services and resources necessary for students to succeed and reduce the time required for graduation. University College space will include general classroom space and all administrative offices necessary for the functioning of the college including a teaching and learning center to support successful undergraduate learning and faculty teaching development; staff office space for administering undergraduate programs that are focused on undergraduate success, including grant-funded success projects; and conference space. Additional space will include the University Writing Center, Office of International Programs, and Office of Student Engagement and Experimental Learning to create an efficient academic center.

8. U. T. Health Science Center - Houston: University Housing, Phase III Expansion - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the University Housing, Phase III Expansion project at The University of Texas Health Science Center at Houston as follows:

Project No.: 701-709  
Project Delivery Method: Construction Manager-at-Risk

Substantial Completion Date: May 2014

Total Project Cost:	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$24,591,000

Funding Note: <sup>1</sup> Revenue Financing System Bond Proceeds to be repaid from rental income

Investment Metrics:

- Contribute to an overall lower cost of living for tenants by providing at or below market rent
- Maintain 95% or higher occupancy rate

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$24,591,000 from Revenue Financing System Bond Proceeds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that:
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - U. T. Health Science Center - Houston, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$24,591,000.

### Debt Service

The \$24,591,000 in aggregate Revenue Financing System debt will be repaid from housing revenues. Annual debt service on the \$24,591,000 Revenue Financing System debt is expected to be \$1,600,000. The institution's debt service coverage is expected to be at least 2.3 times and average 3.6 times over Fiscal Year 2013-2018.

### Previous Board Action

On August 23, 2012, the project was included in the Capital Improvement Program with a total project cost of \$24,591,000 with funding from Revenue Financing System Bond Proceeds.

Project Description

The project will add 172 new apartment units containing a total of approximately 177,500 gross square feet. The mix of units will include 104 one-bedroom and 68 two-bedroom units. The new units will be located on 5.1 acres of vacant University land adjacent to the Phase I and Phase II Student and Faculty Housing, allowing for shared resources such as maintenance staff, security, leasing office, and site amenities. An adjacent parking structure with approximately 244 parking spaces will be included.

There is a critical need for additional housing capacity on campus. To support the mission of the University, it is critical to be able to attract and retain students and faculty. By providing on-campus housing at a cost-effective rate, U. T. Health Science Center - Houston will offer an environment that will compete with top-notch research institutions. Current campus housing consists of 806 apartment units with a waiting list of over 300 individuals. The Texas Medical Center Laurence H. Favrot Tower Apartments, which has traditionally provided housing for approximately 200 residents with ties to the Medical Center, has announced that the Favrot Tower closed effective August 31, 2012, and this will add to the demand for housing.

9. U. T. Medical Branch - Galveston: Victory Lakes Specialty Care Center Expansion - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the Victory Lakes Specialty Care Center Expansion project at The University of Texas Medical Branch at Galveston (UTMB) as follows:

Project No.:	601-721	
Project Delivery Method:	Design-Build	
Substantial Completion Date:	February 2015	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$82,000,000

Funding Note: <sup>1</sup> Revenue Financing System debt will be repaid from Hospital Revenues

- Investment Metrics:
- Expand access for mainland patients by providing procedures and surgeries requiring up to 72-hour stay (on average)
  - Ensure viability of Orthopedic, General Surgery, Cardiology, and Women's Services programs
  - Increase surgical cases, diagnostic, and treatment services

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$82,000,000 from Revenue Financing System Bond Proceeds; and

- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
- parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - U. T. Medical Branch - Galveston, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$82,000,000.

#### Debt Service

The \$82,000,000 in aggregate Revenue Financing System debt will be repaid from Hospital Revenues. Annual debt service on the \$82,000,000 Revenue Financing System debt is expected to be \$5,300,000. The institution's debt service coverage is expected to be at least 2.2 times and average 2.5 times over Fiscal Year 2013-2018.

#### Previous Board Action

On August 23, 2012, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$82,000,000 with funding from Revenue Financing System Bond Proceeds.

#### Project Description

The project will include a 142,000 gross square foot (GSF) addition to the existing Specialty Care Center at Victory Lakes on the Victory Lakes Campus in League City, Texas. The project will include additional operating rooms, an emergency department, observation units, and associated support space that will allow for procedures and surgeries requiring up to an average 72-hour stay. This project represents the next step in implementation of the Campus Master Plan, and includes consideration for future expansion to meet the needs of the community.

The Center's ambulatory surgery and complex diagnostic services will be expanded to provide 39 inpatient beds, 17 emergency/urgent care beds, additional operating rooms, endoscopy rooms, and 25,000 GSF of shell space for future development. Increased imaging capabilities including an X-ray fluoroscopy facility, ultrasound, and CT unit will be added within the existing facility.

10. U. T. Medical Branch - Galveston: Campus Infrastructure at Victory Lakes - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the Campus Infrastructure at Victory Lakes project at The University of Texas Medical Branch at Galveston (UTMB) as follows:

Project No.:	601-723	
Project Delivery Method:	Design-Build	
Substantial Completion Date:	August 2014	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$8,080,000

Funding Note: <sup>1</sup> Revenue Financing System debt will be repaid from Hospital Revenues

- Investment Metrics:
- Support the UTMB strategic plan via cost-effective and sustainable energy solutions
  - Continue development of the Victory Lakes Campus in alignment with its master plan

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$8,080,000 from Revenue Financing System Bond Proceeds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - UTMB, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$8,080,000.

### Debt Service

The \$8,080,000 in aggregate Revenue Financing System debt will be repaid from Hospital Revenues. Annual debt service on the \$8,080,000 Revenue Financing System debt is expected to be \$526,000. The institution's debt service coverage is expected to be at least 2.2 times and average 2.5 times over Fiscal Year 2013-2018.

### Previous Board Action

On August 23, 2012, the project was included in the Capital Improvement Program with a total project cost of \$8,080,000 with funding from Revenue Financing System Bond Proceeds.

### Project Description

This project will include an approximately 5,000 gross square foot central plant facility to provide added thermal utilities, normal and emergency electrical power, and redundancy for each system at the Victory Lakes Campus. The system will be capable of independently providing electricity, hot water, chilled water, and steam for a period of 72 hours. The design will provide for three 400-ton chillers, six million BTUH's of building hot water, air handling equipment, building management control systems, plumbing and fire protection, medical gases, electrical requirements including emergency power, lighting systems, fire alarm system, telephone, and data requirements for the project. This first phase will also include distribution to feed the Victory Lakes Specialty Care Center Expansion project.

UTMB has engaged in extensive reviews, both technical and financial, of various options to provide sustainable utilities infrastructure for both the UTMB main campus and for the Victory Lakes campus. The outcome of this effort is an emphasis on the ability of UTMB to provide a large portion of the electrical and thermal utility needs of each campus on its own site. This approach will support each mission area with infrastructure that is efficient and sustainable through various conditions and events.

REPORT OF THE TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE  
(Page 48).--Committee Chairman Dannenbaum stated there were no items from  
the Technology Transfer and Research Committee to report in open session.

1. U. T. System: Report on the U. T. Horizon Fund

This item was for consideration only by the Committee (see Committee Minutes).

2. U. T. Health Science Center - Tyler: Report on new drug therapy technology for  
treatment of pleural injury

This item was for consideration only by the Committee (see Committee Minutes).

APPROVAL OF STANDING COMMITTEE RECOMMENDATIONS.--At 10:15 a.m., the Board voted and approved the Standing Committee recommendations.

RECESS TO EXECUTIVE SESSION.--At 10:16 a.m., Chairman Powell announced the Board would recess to convene in Executive Session pursuant to *Texas Government Code* Sections 551.071, 551.072, 551.073, 551.074, and 551.076 to consider those matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION.--At 1:02 p.m., the Board reconvened in open session for the following actions taken on matters discussed in Executive Session.

1. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees

No action was taken on this item.

- 2a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

- 2b. U. T. System Board of Regents: Discussion and appropriate action regarding legal issues related to the review of relationship between the U. T. Austin School of Law and the Law School Foundation

This additional caption was not included in the Agenda Book, but was posted with the Secretary of State. No action was taken on this item.

3. U. T. Brownsville: Authorization to acquire the former Texas Army National Guard armory facility consisting of approximately 3.585 acres and improvements located at 344 Porter Drive, Brownsville, Cameron County, Texas, from the City of Brownsville at a price not to exceed fair market value as established by independent appraisals for campus use

Regent Stillwell moved that the Board take the following actions on behalf of The University of Texas at Brownsville:

- a. authorize the acquisition of approximately 3.585 acres and improvements located at 344 Porter Drive, Brownsville, Cameron County, Texas, from the



City of Brownsville, at a purchase price not to exceed fair market value as established by independent appraisals, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition as deemed necessary or advisable by the Executive Director of Real Estate, for future programmed development of campus expansion; and

- b. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation in accordance with the parameters discussed in Executive Session.

The motion was seconded by Regent Gary and carried unanimously.

4a. U. T. Austin: Approval of proposed negotiated gifts with potential naming features

Vice Chairman Dannenbaum moved that Presidents of The University of Texas at Austin, The University of Texas at San Antonio, The University of Texas Medical Branch at Galveston, and The University of Texas M. D. Anderson Cancer Center and the Vice Chancellor for External Relations be authorized to conclude negotiations necessary to finalize and accept gifts to benefit those institutions with potential naming features consistent with the terms outlined in Executive Session.

The motion was seconded by Regent Stillwell and carried unanimously.

4b. U. T. San Antonio: Approval of proposed negotiated gifts with potential naming features

See Item 4a regarding approval of this item.

4c. U. T. Medical Branch - Galveston: Approval of proposed negotiated gifts with potential naming features

See Item 4a regarding approval of this item.

4d. U. T. M. D. Anderson Cancer Center: Approval of proposed negotiated gifts with potential naming features

See Item 4a regarding approval of this item.

5. U. T. System Board of Regents: Discussion and appropriate action regarding safety and security issues, including security audits and the deployment of security personnel and devices

No action was taken on this item.

#### CHAIRMAN ANNOUNCES THREE TASK FORCES.--

- Advisory Task Force on Best Practices regarding Affiliated Foundation Relationships
- Task Force on Engineering Education for Texas in the 21st Century
- Task Force on Academic and Facility Planning for the 21st Century

Chairman Powell made the following announcement regarding the Advisory Task Force on Best Practices regarding Affiliated Foundation Relationships. Following the meeting, he announced the establishment of the Task Force on Engineering Education for Texas in the 21st Century and the Task Force on Academic and Facility Planning for the 21st Century. Those [announcements](#) are on file in the Office of the Board of Regents.

#### Remarks by Chairman Powell

During Executive Session, we had an opportunity to talk with counsel about Vice Chancellor Burgdorf's review of legal issues related to the relationship of the U. T. Austin School of Law and the U. T. Law School Foundation.

Let me first acknowledge the importance of the extraordinary support provided by U. T.-affiliated foundations and the many additional foundations and nonprofit corporations, as well as the work of countless volunteers working with these entities. We are grateful to the individuals who participate on these important boards and who contribute their time and generous financial support to advance the missions of U. T. institutions.

The review was a necessary step to assure that requests from our universities to these groups are consistent with best practices and legal requirements.

I am pleased with Mr. Burgdorf's thorough Report and its significant Recommendations as well as an additional recommendation made by the Office of the Attorney General of Texas.

Accordingly, the first steps have been taken. Mr. Burgdorf has talked with President Powers, the Law School Dean, and the Foundation President about recommended changes in procedures, and Chancellor Cigarroa has asked the U. T. System Presidents to identify and cease any impermissible direct payments, benefits, or reimbursements to U. T. employees for their work on behalf of U. T. from external sources and to assure that external support is not provided in the form of gifts targeted to specific individuals.

Today, I announce the establishment of an Advisory Task Force on the Relationship of U. T. Institutions to U. T. Affiliated Foundations, to be chaired by Regent Brenda Pejovich. Regents Bobby Stillwell and Wallace Hall have agreed to serve on the Task Force, along with President David Callender and President Diana Natalicio.

Chancellor Cigarroa, Vice Chancellors Burgdorf and Safady, and General Counsel Frederick will serve as ex officio members of the Task Force. A representative from the Attorney General's office will participate and provide advice.

My charge to the Advisory Task Force on Best Practices regarding Affiliated Foundation Relationships is as follows:

The Task Force is asked to make recommendations to the U. T. System Board of Regents, within 180 days, to assure that relationships between U. T. System institutions and the U. T. System and affiliated foundations are optimally structured to serve as a national model for public universities for the best management, compliance, and oversight practices. The recommended model will allow all involved in this important nonprofit volunteer service to serve most effectively and efficiently in the 21st century and beyond.

In the spirit of continual improvement, the Task Force is asked to review issues concerning best patterns for interactions with separately incorporated legal entities set up to benefit the U. T. System or one or more U. T. System institutions or operations. Individual budget units within the U. T. System that carry the historical name "foundation" but are not separate legal entities are not the focus of this review.

The Task Force is encouraged to talk with each U. T. president, seek the participation of the presidents and officers of affiliated foundations, and include national experts in the dialog. A representative of the Texas Attorney General's office will provide advice and support to the Task Force.

Work of the Task Force should include the identification of best practices, with particular emphasis on

1. Best structures for affiliated foundations/university interactions and reporting
2. Ideal location of and staffing for foundation offices
3. Methods for request, recordkeeping, and provision of funding for university support to assure no impermissible direct benefits to U. T. employees
4. Overlaps in foundation and university fundraising
5. Compliance with today's legal requirements concerning conflicts and tax issues
6. Enhance delineation of roles of university and foundation activities to reduce confusion or ambiguity
7. Ensure alignment between university-affiliated foundations and university missions

Task Force Membership:

Regent Brenda Pejovich, Chair

Regent Robert L. Stillwell

Regent Wallace L. Hall, Jr.

President Diana Natalicio

President David Callender, M.D.

Chancellor Francisco G. Cigarroa, M.D., *ex officio*

General Counsel to the Board Francie Frederick, *ex officio*

Vice Chancellor Randa Safady, *ex officio*

Vice Chancellor and General Counsel Barry Burgdorf, *ex officio*

Participation from:

Institutional presidents

Foundation presidents and officers

Invited national experts

Office of the Attorney General of Texas representative

SCHEDULED MEETING.--The next regularly scheduled meeting will be held on December 6, 2012, in Austin, Texas.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 1:13 p.m.

/s/ Carol A. Felkel  
Secretary to the Board of Regents

February 5, 2013

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# THE UNIVERSITY OF TEXAS SYSTEM BOARD OF REGENTS

## CONSENT AGENDA

**Board Meeting:** 11/14-15/2012  
Tyler, Texas

### U. T. SYSTEM ADMINISTRATION

1. Minutes - U. T. System Board of Regents: Approval of Minutes of the regular meeting held on August 22-23, 2012, and special called meetings held on September 7, 2012, September 26, 2012, October 15, 2012, and October 22, 2012, available at <http://www.utsystem.edu/board-of-regents/meetings>
2. Employment Agreement - U. T. System: Appointment of Patricia Hurn, Ph.D., as Vice Chancellor for Research and Innovation

The employment agreement summarized below has been awarded, has been approved by the Chancellor, and is recommended for approval by the U. T. System Board of Regents.

Item: Vice Chancellor for Research and Innovation

Funds: \$284,185 annually

Period: Beginning September 1, 2012

Description: Agreement for employment of Vice Chancellor for Research and Innovation, Dr. Patricia Hurn. The Vice Chancellor for Research and Innovation reports to and is responsible to the Executive Vice Chancellor for Health Affairs and shall hold office without fixed term, subject to the pleasure of the Executive Vice Chancellor for Health Affairs. U. T. System will reimburse some club memberships and monthly dues and professional memberships.



**The University of Texas System**  
Nine Universities. Six Health Institutions. Unlimited Possibilities.

Office of the Chancellor  
601 Colorado Street, Austin, Texas 78701-2982  
Phone: 512 499 4201 Fax: 512 499 4215

August 31, 2012

The University of Texas at Arlington  
The University of Texas at Austin  
The University of Texas at Brownsville  
The University of Texas at Dallas  
The University of Texas at El Paso  
The University of Texas - Pan American  
The University of Texas  
of the Permian Basin  
The University of Texas at San Antonio  
The University of Texas at Tyler

Dr. Patricia Hurn  
Vice Chancellor for Research and Innovation  
Office of Health Affairs  
O. Henry Hall 2<sup>nd</sup> Floor  
SYSTEM MESSENGER

Dear Patti,

We are pleased to extend our congratulations on your appointment as Vice Chancellor for Research and Innovation, Office of Health Affairs, as well as our profound appreciation for your extraordinary contributions to The University of Texas System, our state and nation. Your work in research, technology transfer and commercialization has been immeasurable and we sincerely appreciate the support that you provide.

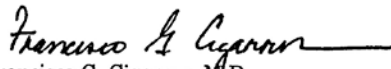
It is our pleasure to share with you the Regents' decision regarding your merit increase for fiscal year 2012-2013. Effective September 1, 2012, your new base salary will be \$284,185, representing an increase of 10 percent, or \$25,835.

Also, as an executive officer, you are eligible for reimbursement of some club memberships and monthly dues, professional memberships, as well availability of special parking privileges. Jana Pankratz will discuss these logistics with you at your earliest convenience. Your reporting structure will remain the same, as a direct report to the Executive Vice Chancellor for Health Affairs.

Patti, we thank you for all that you add toward the excellence of The University of Texas System.

[www.utssystem.edu](http://www.utssystem.edu)

With greatest respect,

  
Francisco G. Cigarroa, M.D.  
Chancellor

  
Kenneth I. Shine, M.D.  
Executive Vice Chancellor for  
Health Affairs

FGC/jp

3. Contract (funds going out) - U. T. System: Bionomics, Inc. to provide low-level radioactive waste management and disposal services

Agency: Bionomics, Inc.

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis. The \$1,000,000 threshold will be met in the near future.

Source of Funds: Service Center Funds

Period: August 31, 2012 through August, 31, 2017 (one-year contract and four one-year extensions)

Description: Bionomics, Inc. to provide, on an as-needed basis, management and disposal of low-level radioactive waste generated through teaching, health care, and research.

4. Contract (funds going out) - U. T. System: Multivista FS, LLC to provide construction photo documentation services

Agency: Multivista FS, LLC

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis.

Source of Funds: Service Center Funds

Original term of Contract: May 21, 2010 through May, 21, 2015 (one-year contract and four one-year extensions). (Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold)

Description: Multivista FS, LLC to provide, on an as-needed basis, construction photo documentation services for managed projects as determined by the institution.

5. Contract (funds going out) - U. T. System: BMS CAT, Inc. to provide disaster restoration and recovery services

Agency: BMS CAT, Inc.

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis. The \$1,000,000 threshold will be met in the near future.

Source of Funds: Service Center Funds

Term: September 1, 2012 through September 1, 2017 (one-year contract and four one-year extensions)

Description: BMS CAT, Inc. to provide disaster restoration and recovery services in the event of a region-wide disaster or an isolated event at an institution.

6. Contract (funds going out) - U. T. System: Cotton Commercial USA, Inc. to provide disaster restoration and recovery services

Agency: Cotton Commercial USA, Inc.

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis. The \$1,000,000 threshold will be met in the near future.

Source of Funds: Service Center Funds

Term: September 1, 2012 through September 1, 2017 (one-year contract and four one-year extensions)

Description: Cotton Commercial USA, Inc. to provide disaster restoration and recovery services in the event of a region-wide disaster or an isolated event at an institution.



7. Contract (funds going out) - U. T. System: ccrd Partners to perform miscellaneous and technical commissioning services

Agency: ccrd Partners

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis.

Source of Funds: Various funds approved for individual Capital Improvement Program projects

Original term of contract: May 1, 2008 through April 31, 2014 (Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold)

Description: ccrd Partners to perform miscellaneous and technical commissioning services on a job order basis. Services were competitively procured.

8. Contract (funds going out) - U. T. System: Jasmine Engineering, Inc. to perform miscellaneous and technical commissioning services

Agency: Jasmine Engineering, Inc.

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis.

Source of Funds: Various funds approved for individual Capital Improvement Program projects

Original term of contract: May 1, 2008 through April 31, 2014. (Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold)

Description: Jasmine Engineering, Inc. to perform miscellaneous and technical commissioning services on a job order basis. Services were competitively procured.

9. Contract (funds going out) - U. T. System: Parsons Commercial Technology Group, Inc. to provide miscellaneous project management and construction support services

Agency: Parsons Commercial Technology Group, Inc.

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis.

Source of Funds: Various funds approved for individual Capital Improvement Program projects

Original term of contract: May 1, 2008 through April 31, 2014 (Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold)

Description: Parsons Commercial Technology Group, Inc. to provide miscellaneous project management and construction support services on a job order basis. Services were competitively procured.

10. Real Estate Report - U. T. System: Summary Report of Separately Invested Assets managed by U. T. System

**THE UNIVERSITY OF TEXAS SYSTEM  
SEPARATELY INVESTED ASSETS  
Managed by U. T. System  
Summary Report at August 31, 2012**

		FUND TYPE														
		Current Purpose Restricted		Endowment and Similar Funds		Annuity and Life Income Funds		TOTAL								
		Book	Market	Book	Market	Book	Market	Book	Market							
<b>Land and Buildings:</b>																
Ending Value																
5/31/2012	\$	2,771,091	\$	20,286,885	\$	106,304,206	\$	269,407,040	\$	1,601,467	\$	2,973,923	\$	110,676,764	\$	292,667,848
Increase or																
Decrease		(1,047,433)	(342,177)	(5,688,000)	(6,287,365)	-	187,461	(6,735,433)	(6,442,081)							
Ending Value																
8/31/2012	\$	1,723,658	\$	19,944,708	\$	100,616,206	\$	263,119,675	\$	1,601,467	\$	3,161,384	\$	103,941,331	\$	286,225,767
<b>Other Real Estate:</b>																
Ending Value																
5/31/2012	\$	43,913	\$	43,913	\$	19,627	\$	19,627	\$	-	\$	-	\$	63,540	\$	63,540
Increase or																
Decrease		(3,845)	(3,845)	-	-	-	-	(3,845)	(3,845)							
Ending Value																
8/31/2012	\$	40,068	\$	40,068	\$	19,627	\$	19,627	\$	-	\$	-	\$	59,695	\$	59,695

Report prepared in accordance with Sec. 51.0032 of the *Texas Education Code*.

Details of individual assets by account furnished on request.

Note: Surface estates are managed by the U. T. System Real Estate Office. Mineral estates are managed by U. T. System University Lands. The royalty interests received from the Estate of John A. Jackson for the John A. and Katherine G. Jackson Endowed Fund in Geosciences are managed by the U. T. Austin Geology Foundation, with the assistance of the Bureau of Economic Geology.

**ACADEMIC INSTITUTIONS**

11. Request for Budget Change - U. T. Arlington: Transfer of \$2,000,000 for the construction of two enclosed batting cage practice facility buildings (RBC No. 4728) -- amendment to the 2012-13 budget

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
<b>ATHLETICS</b>		
Amount of Transfer:	2,000,000	4728
From: Internally Financed Projects	1,000,000	
Vice President Business Affairs - Debt Reserve	1,000,000	
To: VP Administration and Campus Operation - Softball/Baseball Facility Improvements	2,000,000	

This adjustment is to provide funding for an Athletic construction project that includes the construction of a baseball/softball building. The facilities will be used as batting cage practice facilities and will be completed and operational by January 2013.

12. Contract (funds coming in) - U. T. Austin: Key Brand Theatrical Group, Inc. dba Broadway Across America to provide production services for Broadway Across America - Austin performances at Texas Performing Arts

Agency: Key Brand Theatrical Group, Inc. dba Broadway Across America

Funds: \$2,870,000 estimated revenue

Period: September 1, 2013 - August 31, 2018

Description: Second amendment to exercise the five-year renewal option for Key Brand Theatrical Group, Inc. to provide expertise to book, negotiate, market, and sell subscription packages for the series "Broadway Across America - Austin" at U. T. Austin. The Board approved the original agreement on May 15, 2008, under the name Live Nation Theatrical Group, Inc. The company was sold to Key Brand Entertainment Group, Inc., and its name was subsequently changed to Key Brand Theatrical Group, Inc.

Broadway Across America is a presenter and producer of first-class touring Broadway musicals and plays across North America. Texas Performing Arts, a program in U. T. Austin's College of Fine Arts, and Broadway Across America have been partners for the last 27 years, presenting over 100 Broadway productions, including blockbusters like *The Lion King* and *Wicked*. Broadway season productions and additional special engagements take place at Texas Performing Arts' flagship venue, Bass Concert Hall.

13. Contract (funds coming in) - U. T. Austin: HiEd, Inc. to provide management and operation of Campus Computer Store

Agency: HiEd, Inc.

Funds: \$2,500,000 in estimated revenue

Period: Date of execution through August 31, 2015, with option to renew for three additional one-year terms

Description: HiEd, Inc. will provide management and operation of the Campus Computer Store for the sale of hardware, software, accessories, and technical services to students, faculty, and staff of the University.

14. Contract (funds going out) - U. T. Austin: Enspire Learning, Inc. to provide an online educational system consisting of college readiness materials and entry-level college courses

Agency: Enspire Learning, Inc.

Funds: Estimated total of \$1,800,000, including \$430,000 for Phase One and \$1,370,000 for remaining phases and optional renewal period

Source of Funds: Educational and General Funds

Period: September 24, 2012 through August 31, 2013, with option to renew for one additional year

Description: Enspire Learning, Inc. will provide U. T. Austin's Center for Teaching and Learning with a Web-based educational platform

for use in secondary and postsecondary settings across Texas. The platform will deliver college readiness materials and entry-level college courses that are directly aligned with the Texas Higher Education Coordinating Board's *Texas College and Career Readiness Standards*. These materials will be used by faculty, students, administrators, and staff of participating schools, colleges, and universities engaged in the Texas OnRamps program. OnRamps, made possible through an appropriation by the Texas Legislature and grants from the Coordinating Board and the Lumina Foundation, will draw on the best available science about how people learn and will leverage the power of next-generation educational technologies. The goal of the program is to increase students' college readiness, reduce the need for remediation, and improve student success in foundational college-level courses.

Enspire delivered Phase 1 of the project at a cost of \$430,000. During Phase 1, Enspire met with key University and Enspire stakeholders to discuss project planning and execution, and provided a prototype of the platform. The final product will combine interactive modules and assessments, a classroom response system, advanced learning analytics, and a set of innovative course design and content authoring tools.

15. Contract (funds going out) - U. T. Austin: Alpha Building Corporation to provide general construction services to campus facilities

Agency: Alpha Building Corporation

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis.

Source of Funds: Unexpended Plant Funds, Renovation and Renewal Funds, Available University Funds, and various other funds

Original term of contract: March 1, 2012 through February 28, 2013, with option to renew for four additional one-year periods. (Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold)

Description: Provide job order contracting for general construction campus-wide during the contract period with projects varying in quantity

and size. Separate job orders will be executed for each general construction project. The University typically categorizes projects for issuance to the Job Order Contract Program in the \$50,000 to \$250,000 range. The project work will be based on specific job orders that define the work by statement, drawings and/or standardized specification and details, and by unit prices from a standardized unit price book, adjusted in cost by a preestablished multiplier. Services were competitively procured.

16. Contract (funds going out) - U. T. Austin: Warden Construction Corporation to provide general construction services to campus facilities

Agency: Warden Construction Corporation

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis.

Source of Funds: Unexpended Plant Funds, Renovation and Renewal Funds, Available University Funds, and various other funds

Original term of contract: March 1, 2012 through February 28, 2013, with option to renew for four additional one-year periods. (Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold)

Description: Provide job order contracting for general construction campus-wide during the contract period with projects varying in quantity and size. Separate job orders will be executed for each general construction project. The University typically categorizes projects for issuance to the Job Order Contract Program in the \$50,000 to \$250,000 range. The project work will be based on specific job orders that define the work by statement, drawings and/or standardized specification and details, and by unit prices from a standardized unit price book, adjusted in cost by a preestablished multiplier. Services were competitively procured.

17. Contract (funds going out) - U. T. Austin: Centennial Contractors Enterprises, Inc. to provide general construction services to campus facilities

Agency: Centennial Contractors Enterprises, Inc.

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis.

Source of Funds: Unexpended Plant Funds, Renovation and Renewal Funds, Available University Funds, and various other funds

Original term of contract: March 1, 2012 through February 28, 2013, with option to renew for four additional one-year periods. (Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold)

Description: Provide job order contracting for general construction campus-wide during the contract period with projects varying in quantity and size. Separate job orders will be executed for each general construction project. The University typically categorizes projects for issuance to the Job Order Contract Program in the \$50,000 to \$250,000 range. The project work will be based on specific job orders that define the work by statement, drawings and/or standardized specification and details, and by unit prices from a standardized unit price book, adjusted in cost by a preestablished multiplier. Services were competitively procured.

18. Contract (funds going out) - U. T. Austin: S&P/Horizon JV to provide general construction services to campus facilities

Agency: S&P/Horizon JV

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis.

Source of Funds: Unexpended Plant Funds, Renovation and Renewal Funds, Available University Funds, and various other funds

Original term of contract: March 6, 2012 through February 28, 2013, with option to renew for four additional one-year periods. (Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold)



Description: Provide job order contracting for general construction campus-wide during the contract period with projects varying in quantity and size. Separate job orders will be executed for each general construction project. The University typically categorizes projects for issuance to the Job Order Contract Program in the \$50,000 to \$250,000 range. The project work will be based on specific job orders that define the work by statement, drawings and/or standardized specification and details, and by unit prices from a standardized unit price book, adjusted in cost by a preestablished multiplier. Services were competitively procured.

19. Contract (funds going out) - U. T. Austin: Mechanical & Process Systems, LLC to provide mechanical repair and maintenance services to campus facilities

Agency: Mechanical & Process Systems, LLC

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis.

Source of Funds: Unexpended Plant Funds, Renovation and Renewal Funds, Available University Funds, and various other funds

Original term of contract: February 11, 2010 through February 10, 2011, with option to renew for four additional one-year periods. Two of the one-year periods have been utilized to date. (Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold)

Description: Provide job order contracting for mechanical repair and maintenance services campus-wide during the contract period with projects varying in quantity and size. Separate job orders will be executed for each project. The University typically categorizes projects for issuance to the Job Order Contract Program in the \$50,000 to \$250,000 range. The project work will be based on specific job orders that define the work by statement, drawings and/or standardized specification and details, and by unit prices from a standardized unit price book, adjusted in cost by a multiplier. Services were competitively procured.

20. Contract (funds going out) - U. T. Austin: Walker Engineering, Inc. to provide electrical services to campus facilities

Agency: Walker Engineering, Inc.

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis.

Source of Funds: Unexpended Plant Funds, Renovation and Renewal Funds, Available University Funds, and various other funds

Original term of contract: August 24, 2010 through August 23, 2011, with option to renew for four additional one-year periods. Two of the one-year periods have been utilized to date. (Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold)

Description: Provide job order contracting for electrical services campus-wide during the contract period with projects varying in quantity and size. Separate job orders will be executed for each project. The University typically categorizes projects for issuance to the Job Order Contract Program in the \$50,000 to \$250,000 range. The project work will be based on specific job orders that define the work by statement, drawings and/or standardized specification and details, and by unit prices from a standardized unit price book, adjusted in cost by a preestablished multiplier. Services were competitively procured.

21. Contract (funds going out) - U. T. Austin: W. E. Imhoff & Company Inc. dba Intertech Flooring to provide flooring services to campus facilities

Agency: W. E. Imhoff & Company Inc. dba Intertech Flooring

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis.

Source of Funds: Unexpended Plant Funds, Renovation and Renewal Funds, Available University Funds, and various other funds

Original term of contract: July 1, 2008 through June 30, 2009, with option to renew for four additional one-year periods. The contract is in its final option period. (Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold)

Description: Provide job order contracting for flooring services campus-wide during the contract period with projects varying in quantity and size. Separate job orders will be executed for each project. The average cost of a single project is approximately \$15,000, varying in size from \$750 to \$300,000. The project work will be based on specific job orders that define the work by statement, drawings and/or standardized specification and details, and by unit prices from a standardized unit price book, adjusted in cost by a preestablished multiplier. Services were competitively procured.

22. Contract (funds going out) - U. T. Austin: Central Transportation Systems, Inc. to provide moving services to campus facilities

Agency: Central Transportation Systems, Inc.

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis.

Source of Funds: Unexpended Plant Funds, Renovation and Renewal Funds, Available University Funds, and various other funds

Original term of contract: July 1, 2009 through June 30, 2010, with option to renew for four additional one-year periods. Three of the renewal periods have been utilized to date. Agreement may be renewed for one additional one-year period. (Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold)

Description: Provide job order contracting for moving services campus-wide during the contract period with projects varying in quantity and size. Separate job orders will be executed for each project. The average cost of a typical new facility move has been around \$30,000 per building/structure while the average move for a department and/or college has been around \$4,000. The work will be based on specific job orders that define the work by statement, drawings and/or standardized specification and details, and by unit prices from a standardized unit price book, adjusted in cost by a preestablished multiplier. Services were competitively procured.

23. Gift - U. T. Austin: Authorization to accept a gift of land and improvements at 2200 University Club Drive, Austin, Travis County, Texas, from Academy Land, Ltd., a Texas limited partnership, for use as a golf practice facility

Description: Gift of approximately 0.18 of an acre and improvements located on a portion of Lot 414, Block A, of Steiner Ranch Phase One Section 10A, 2200 University Club Drive, Austin, Travis County, Texas, and authorization for the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to acquire the property. The land and improvements are currently leased to U. T. Austin and utilized as The University of Texas Golf Academy. The improvements consist of approximately 5,100 square feet of space and contain locker rooms, team rooms, academic facilities, three all-weather hitting bays, and other service areas for the U. T. Austin men's and women's varsity golf teams.

Donor: Academy Land, Ltd., a Texas limited partnership

Estimated Value: \$317,511.00 (Travis Central Appraisal District, 2012)

24. Admission Fees - U. T. Austin: Recommendation to approve revision to agreement with the National Archives and Records Administration to allow the collection of admission fees to the Lyndon Baines Johnson Presidential Library

Approval is recommended for the revision of the October 8, 1965 agreement between The University of Texas System Board of Regents and the Administrator of the General Services Administration to allow collection of fees from the general public for admission to the Lyndon Baines Johnson (LBJ) Presidential Library. Upon approval by the Board, admission fees would be set at a level comparable to those of other presidential libraries, all of which currently charge such fees. Free admission will be granted to all U. T. Austin students, faculty, and staff and U. T. System staff with a valid U. T. identification card. Consideration will be given to establishing a select number of free days throughout the year for the general public.

The National Archives and Records Service of the General Services Administration was transferred in 1985 to the newly created and independent agency known as the National Archives and Records Administration (NARA). NARA's Archivist has the same authority as had the Administrator of General Services prior to the transfer, including the authority to operate the LBJ Presidential Library. The original agreement for the Library stipulated that no admission fees would be collected. However, the Lyndon Baines Johnson Foundation and the Lyndon Baines Johnson family believe that admission fees should be collected; and, it is within NARA's authority based on *U. S. Code*, Title 44, Chapter 21, §2112 (e) - Presidential Archival Depository to charge such fees. The Executive Vice Chancellor for Academic Affairs has administratively approved the recommended revision.

25. Tenure Appointment - U. T. Austin: Amendment to the 2012-13 budget

The following Request for Budget Change has been administratively approved by the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF NATURAL SCIENCES School of Biological Sciences Integrative Biology Professor					
Michael J. Daniels (T)	9/1-5/31	100	09	190,000	4706

26. Emeritus Appointment - U. T. Austin: Appointment of John C. Higley from Professor and Jack S. Blanton, Sr. Chair in Australian Studies, Department of Government, to Professor Emeritus effective 9/1/2012 (RBC No. 4733) -- amendment to the 2012-13 budget
27. Emeritus Appointment - U. T. Austin: Appointment of Ronnie C. Tyler from Professor, Department of History, to Professor Emeritus effective 9/1/2012 (RBC No. 4869) -- amendment to the 2012-13 budget

Secretary's Note: The original request was submitted in error by U. T. Austin. Professor Tyler resigned and was not eligible to be appointed with the Emeritus title.

28. Request for Budget Change - U. T. Austin: Transfer \$1,000,000 from Intercollegiate Athletics Operating Income fund to Intercollegiate Athletics Other Expenses account. Transfer funds and adjust budget for actual revenues of ticket sales received in excess of the amount originally budgeted for the 2011-12 budget to cover prepaid expenses pertaining to fall sports (football, volleyball, and soccer) (RBC No. 4757) -- amendment to the 2011-12 budget
29. Request for Budget Change - U. T. Austin: Transfer \$770,000 from Intercollegiate Athletics Operating Income fund to Intercollegiate Athletics Travel (\$620,000) and Wages (\$150,000) account to adjust the budget to reflect: (1) higher than expected income from the Big 12 Conference and from the corporate sponsorship and marketing contract with IMG Communications, Inc., and (2) an increase in salary and travel expenses due to the hiring of three new head coaches (Women's Basketball, Women's Soccer, and Women's Swimming) and staff members (RBC No. 4694) -- amendment to the 2011-12 budget
30. Request for Budget Change - U. T. Austin: Transfer \$594,000 from Office of Technology Commercialization Legal Expenses Operating Income fund to Office of Technology Commercialization Legal Expenses All Expenses account. Transfer funds and adjust budget to cover pending and future legal expense invoice payments. The income account is funded by transfer from the Vice President for Research Intellectual Property Income account. Source of funds for the Intellectual Property Income account is from royalty deposits (RBC No. 4726) -- amendment to the 2011-12 budget

31. Request for Budget Change - U. T. Austin: Transfer \$590,000 from Dean of Natural Sciences Academic Excellence Department Reserve Expense fund to Project Management and Construction Services Robert A. Welch Hall - Rose Lab Renovation All Expenses account. Transfer funds to provide funding for laboratory renovation for the Chemistry Department. This is a major renovation project including the addition of six new chemical fume hoods in Robert A. Welch Hall, Fourth Floor (RBC No. 4734) -- amendment to the 2011-12 budget
32. Employment Agreement - U. T. Austin: Amendment of term, annual salary and annual performance incentives, and annual salary supplement to Agreement of Athletics Director for Intercollegiate Athletics for Women Christine A. Plonsky

The following Amendment No. Three has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents. Such employment under the Agreement, as amended by Amendments No. One and Two, is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which U. T. Austin is a member, the Regents' *Rules and Regulations*, and the policies of U. T. Austin. The violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal.

Item:	Women's Athletics Director Agreement
From:	Guaranteed compensation: \$368,665 annually; Nonguaranteed compensation available through performance incentives: maximum of \$101,367 annually
To:	Guaranteed compensation: \$389,665 annually; Nonguaranteed compensation available through performance incentives: maximum of \$94,347 annually
Source of Funds:	Intercollegiate Athletics
Salary Percent Change:	6%
Description:	Amendment No. Three to the Agreement for extension of employment of Athletics Director for Intercollegiate Athletics for Women Christine A. Plonsky to August 31, 2020 (a three-year extension)

Incentive  
Change: 7% reduction  
Period: November 1, 2012 through August 31, 2020

33. Adoption of Mascot - U. T. Brownsville: Request to approve the Ocelot as Mascot

The following proposed mascot (representative of the Ocelot) has been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Office of Trademark Licensing and is submitted for approval by the U. T. System Board of Regents in accordance with Regents' *Rules and Regulations*, Rule 40801.

In October 2011, a Mascot Committee was formed with representatives from the Student Government Association; Faculty and Staff Senates; and athletics and student organizations. Criteria for soliciting suggestions from the campus community and alumni ensured that the proposed mascot was unique, represented the region, and inspired pride. Students enrolled in Spring 2012 comprised eligible voters with an online vote. The Ocelot, a wildcat found in South Texas, received the most votes and was received with enthusiasm as the winner.

The proposed Pantone Marking System colors are PMS 1605 Orange, PMS 2965 Blue, and White.

Note: Pending trademark approval





34. Emeritus Appointment - U. T. Brownsville: Appointment of Lawrence Lof from Professor, College of Science, Mathematics and Engineering Technology, to Professor Emeritus, effective at the date of retirement (RBC No. 4867) -- amendment to the 2012-13 budget

35. Facilities Planning and Construction - U. T. Dallas: Arts and Technology Facility - appropriation of funds; authorization of institutional management; and resolution regarding parity debt

Item: Request for appropriation of funds; authorization of institutional management; and resolution regarding parity debt for the Arts and Technology Facility Project (ATEC)

Funds: Appropriate \$2,500,000 from Permanent University Fund (PUF) Bond Proceeds and \$3,000,000 from Revenue Financing System (RFS) Bond Proceeds

Source of Funds: Resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that

- parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
- sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
- U. T. Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$3,000,000.

The \$3,000,000 in RFS debt will be repaid from Designated Tuition. Annual debt service on the \$3,000,000 RFS debt is expected to be approximately \$195,000. The institution's debt service coverage is expected to be at least 2.2 times and average 2.6 times over FY 2013-2018.

Period: Project was added to the Capital Improvement Program (CIP) on February 7, 2008 and Substantial Completion is scheduled by August 1, 2014

Description: This action will appropriate funds already included in the overall ATEC project and will authorize institutional management of the repair and renovation portions of the project as follows: \$2,500,000 of PUF for Landscaping, \$2,500,000 of RFS for parking, and \$500,000 of RFS for vacated space renovations.

36. Tenure Appointments - U. T. Dallas -- amendments to the 2012-13 budget

The following Requests for Budget Changes have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
ERIK JONSSON SCHOOL OF ENGINEERING AND COMPUTER SCIENCE Computer Science Professor and Jonsson Distinguished Professor Yvo Desmedt (T)	9/1-5/31	100	09	172,000	4802
Electrical Engineering Associate Professor Siavash Pourkamali (T)	9/1-5/31	100	09	115,000	4805
Professor and Distinguished Chair Kaushik Rajashekara (T)	9/1-5/31	100	09	220,500	4808

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
Material Science Professor and Distinguished Chair Orlando Auciello (T)	9/1-5/31	100	09	162,000	4809
Mechanical Engineering Associate Professor Dong Qian (T)	9/1-5/31	100	09	117,000	4814
NAVEEN JINDAL SCHOOL OF MANAGEMENT					
Accounting Associate Professor Yuan Zhang (T)	9/1-5/31	100	09	210,000	4818
Information Systems and Operation Management Professor and Ashbel Smith Professorship Elena Katok (T)	9/1-5/31	100	09	190,000	4820
Managerial Economics Professor and Naveen Jindal Distinguished Chair Gary Bolton (T)	9/1-5/31	100	09	200,000	4819
Marketing Professor Dmitri Kuksov (T)	9/1-5/31	100	09	220,000	4821
SCHOOL OF BEHAVIORAL AND BRAIN SCIENCE					
Language Science Julia Evans (T)	9/1-5/31	100	09	120,000	4803

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
SCHOOL OF ECONOMIC, POLITICAL AND POLICY SCIENCES					
Political Science					
Associate Professor					
Michael Crespin (T)	9/1-5/31	100	09	88,000	4804
SCHOOL OF NATURAL SCIENCES AND MATHEMATICS					
Mathematics					
Professor					
Vladimir Dragovic (T)	9/1-5/31	100	09	130,000	4815
Professor					
Susan Minkoff (T)	9/1-5/31	100	09	135,000	4816
Professor					
John Zweck (T)	9/1-5/31	100	09	125,000	4817

37. Emeritus Appointment - U. T. Dallas: Appointment of Istvan Ozsvath from Professor of Mathematics, School of Natural Sciences and Mathematics, to Professor Emeritus, effective 9/1/2012 (RBC No. 4823) -- amendment to the 2012-13 budget
38. Emeritus Appointment - U. T. Dallas: Appointment of Walter Heikkila from Professor of Physics, School of Natural Sciences and Mathematics, to Professor Emeritus, effective 9/1/2012 (RBC No. 4822) -- amendment to the 2012-13 budget
39. Emeritus Appointment - U. T. Dallas: Appointment of Donald Gray from Professor of Molecular and Cell Biology, School of Natural Sciences and Mathematics, to Professor Emeritus, effective 9/1/2012 (RBC No. 4824) -- amendment to the 2012-13 budget

40. Tenure Appointments - U. T. El Paso -- Amendments to the 2012-13 budget

The following Requests for Budget Changes have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF EDUCATION					
Educational Psychology and Special Services					
Associate Professor					
Sarah Peterson (T)	9/1-5/31	100	09	80,000	4834
COLLEGE OF LIBERAL ARTS					
English					
Associate Professor					
Joseph M. Ortiz (T)	9/1-5/31	100	09	65,000	4833

41. Employment Agreement - U. T. El Paso: New agreement of Head Women's Basketball Coach Keitha R. Adams

The following agreement has been executed, has been approved by the Executive Vice Chancellor for Academic Affairs, is recommended for approval by the U. T. System Board of Regents. Such employment is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which U. T. El Paso is a member, the Regents' *Rules and Regulations*, and the policies of U. T. El Paso. The violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal.

Item: Head Women's Basketball Coach

Funds: 2012-2013, \$200,000, which will be reviewed annually and may be adjusted as required by the legislature or as deemed appropriate by the University

Period: September 1, 2012 through August 31, 2018

Description: New agreement for employment of the Head Women's Basketball Coach, Keitha R. Adams, for the above designated period following the standard coach's employment contract prepared by the Office of General Counsel

Incentives:

- One month base annual salary in any contract year in which the team wins the conference regular season championship
- One month base annual salary in any contract year in which the team wins the conference tournament championship
- One month base annual salary in any contract year in which the team wins the pre-season National Invitation Tournament (NIT) tournament championship
- One month base annual salary in any contract year in which the team makes a NIT tournament appearance
- \$2,500 in any contract year per NIT game victory
- One month base annual salary in any contract year in which the team wins the NIT championship
- One month base annual salary in any contract year in which the team wins makes a National Collegiate Athletic Association (NCAA) tournament appearance
- One month base annual salary in any contract year in which the team has a first round victory in the NCAA tournament
- Two months base annual salary in any contract year in which the team has a second round victory in the NCAA tournament
- Three months base annual salary in any contract year in which the team has a Sweet 16 victory in the NCAA tournament
- Four months base annual salary in any contract year in which the team has an Elite 8 victory in the NCAA tournament
- Five months base annual salary in any contract year in which the team has a Final Four victory in the NCAA tournament
- \$50,000 in any contract year for winning the NCAA Championship
- One month base annual salary in any contract year in which the team finishes in the Top 25 in the National Poll
- One month base salary in any contract year in which the coach is named the conference coach of the year
- One month base salary in any contract year in which the coach is named the National Coach of the Year (coaches poll)
- One month base salary in any contract year in which the team achieves an annual academic progress report published Metro Atlantic Athletic Conference Report score of 930 or above

- Any additional performance incentives may be awarded to the Coach as deemed appropriate by the Athletic Director and approved by the University President.

42. Transfer of Funds - U. T. Pan American: Transfer \$7,113,749 from Designated Tuition - Designated Funds account to Building Alterations and Maintenance - Unexpended Plant funds account to fund various projects (RBC No. 4873) -- amendment to the 2012-13 budget

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

**TRANSFER OF FUNDS**

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
<b>BUILDING ALTERATIONS AND MAINTENANCE</b>		
Designated Funds		
Amount of Transfer:	\$7,113,749	4873

From: Designated Tuition - Designated Funds

To: Building Alterations and Maintenance - Unexpended Plant funds to fund various building projects and software updates: Oracle R12 upgrade, hurricane shelters, New Administration Building project, various other smaller deferred maintenance projects that are each less than \$1 million may be funded with this transfer.

43. Report - U. T. Permian Basin: No items for Consent Agenda

44. No item

45. Employment Agreement - U. T. San Antonio: Agreement for Athletic Director Lynn Hickey

The following Agreement has been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System Board of Regents. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association (NCAA), any intercollegiate athletic conference of which U. T. San Antonio is a member, the Regents' *Rules and Regulations*, and the policies of U. T. San Antonio. The violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal.

Item: Athletic Director

Funds:	2012-2013	\$215,000 annual
	2013-2014	\$225,000 annual
	2014-2015	\$235,000 annual
	2015-2016	\$245,000 annual
	2016-2017	\$255,000 annual

Source  
of Funds: Intercollegiate Athletics

Period: September 1, 2012 through August 31, 2017

Description: Agreement for employment of Athletics Director, Lynn Hickey, for the above designated period following the standard employment contract prepared by the Office of General Counsel.



Incentives: Football:

- \$7,500 in any contract year in which the football team participates in post-season NCAA competition
- \$15,000 in any contract year in which the football team wins the regular season conference championship
- \$20,000 in any contract year in which the football team wins the NCAA championship

Other varsity sports teams:

- \$2,500 in any contract year for each team that participates in post-season NCAA competition (up to a maximum of \$7,500)
- \$5,000 in any contract year for each team that wins the conference championship (up to a maximum of \$15,000)
- \$7,500 in any contract year for each team that wins an NCAA championship (up to a maximum of \$22,500)

Academic Incentive:

- \$2,500 in any contract year for each team with an Academic Progress Rate average of at least 950 (up to a maximum of \$12,500)

46. Lease - U. T. Tyler: Authorization to lease space from Houston Community College for administrative, office, classroom, and laboratory use

Description: Lease of approximately 21,418 square feet at the Houston Community College Alief Campus, 2811 Hays Road, Houston, Texas, for administrative, office, classroom, and laboratory use for U. T. Tyler's Houston Engineering Center. The space will require renovation and finish-out to be completed by the lessor, at lessor's cost, prior to occupancy.

U. T. Tyler is working with the Houston Community College District to create seamless pathways into the civil, electrical, and mechanical engineering baccalaureate programs that U. T. Tyler is authorized to offer. U. T. Tyler's lease of the space will enable it to offer, on the Houston Community College campus, the upper-division engineering courses for these degree programs. Institutions in the Houston area were notified of U. T. Tyler's intent in August 2012, and no institution objected during the 30-day comment period. As a result, Texas Higher Education Coordinating Board approval of U. T. Tyler's plan was automatic.

Lessor: Houston Community College

Term: The term will commence on June 1, 2013, or the date that U. T. Tyler commences operations in the leased premises, and will continue for an initial term of 60 months with an option to extend the lease for an additional 60 months.

Lease Costs: Approximately \$832,732 in base rent over the initial 60-month term. Base rent is abated for months 1-24; base rent is \$12.84 per square foot for months 25-48 and increases to \$13.20 per square foot for months 49-60. Rent for the renewal term is \$13.20 per square foot for months 61-72, \$13.56 per square foot for months 73-96, and \$13.92 per square foot for months 97-120. U. T. Tyler will install equipment with a value of \$1,217,319 in the premises.

Source of Funds: Designated Tuition

47. Emeritus Appointment - **U. T. Tyler**: Appointment of Joyce Ballard from Professor, College of Nursing and Health Sciences, to Professor Emeritus effective 9/1/2012 (RBC No. 4829) -- amendment to the 2012-13 budget
48. Emeritus Appointment - **U. T. Tyler**: Appointment of Tim Kane from Professor, College of Arts and Sciences, Social Studies, to Professor Emeritus effective 9/1/2012 (RBC No. 4830) -- amendment to the 2012-13 budget

## HEALTH INSTITUTIONS

49. Contract (funds coming in) - **U. T. Southwestern Medical Center**: To provide physicians and other health care professionals to Parkland Health & Hospital System
- Agency: Dallas County Indigent Care Corporation (DCICC)
- Funds: \$45,000,000
- Period: October 1, 2012 through December 31, 2012

Description: In support of U. T. Southwestern Medical Center's medical education and health care missions and DCICC's interest in providing and arranging for the provision of health care services to indigent and needy persons in and around Dallas County, Texas, this agreement between DCICC and U. T. Southwestern Medical Center engages University to provide physician and other health care services at Parkland Health & Hospital System.

50. Contract (funds going out) - U. T. Southwestern Medical Center: Krause Advertising, Inc. to provide multimedia brand image campaign services

Agency: Krause Advertising, Inc.

Source of Funds: Designated Funds

Funds: \$4,685,000

Period: September 1, 2012 through August 31, 2013

Description: Krause Advertising will provide multimedia brand image campaign services. Krause advertising will provide U. T. Southwestern Medical Center with all services related to the U. T. Southwestern Harold C. Simmons Comprehensive Cancer Center branding campaign and the overall brand campaign for "The Future of Medicine, Today." Television ads will be created, along with print and radio advertising and online web banners.

51. Tenure Appointment - U. T. Southwestern Medical Center: Amendment to the 2011-12 budget

The following Request for Budget Change has been administratively approved by the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SOUTHWESTERN MEDICAL SCHOOL Cell Biology Professor and Chairwoman Sandra Schmid (T)	7/1-8/31	100	12	350,000	4760

52. Tenure Appointment - U. T. Southwestern Medical Center: Amendment to the 2012-13 budget

The following Request for Budget Change has been administratively approved by the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SOUTHWESTERN MEDICAL SCHOOL Neurosurgery Professor and Chairman Henry Batjer (T)	9/1-8/31	100	12	950,000	4806

53. Emeritus Appointment - U. T. Southwestern Medical Center: Appointment of Frederick Bonte from Clinical Professor, Southwestern Medical School, Radiology, to Professor Emeritus effective 9/1/2012 (RBC No. 4839) -- amendment to the 2012-13 budget

54. Contract (funds coming in) - U. T. Medical Branch - Galveston: Texas Department of State Health Services to receive Special Supplemental Nutrition Program for women, infants, and children

Agency: Texas Department of State Health Services (DSHS)

Funds: \$3,481,424

Period: October 1, 2012 through March 31, 2013

Description: U. T. Medical Branch - Galveston will continue to administer the DSHS Special Supplemental Nutrition Program for women, infants, and children.

55. Contract (funds coming in) - U. T. Medical Branch - Galveston: Value Options of Texas to receive medical screening services, care coordination, and clinical pharmacy services

Agency: Value Options of Texas, Inc.

Funds: \$1,862,251

Period: September 1, 2012 through August 31, 2013

Description: U. T. Medical Branch - Galveston will continue to provide administration of uniform assessment, primary care medical screening services, care coordination and subspecialty services, and clinical pharmacy services to indigent members of the NorthSTAR program.

56. Lease - U. T. Medical Branch - Galveston: Authorization to extend the lease of space from Shearn Moody Plaza Corporation for administrative office use

Description: Extension of lease of approximately 81,883 square feet at 123 Rosenberg, Galveston, Texas, for administrative office use

Lessor: Shearn Moody Corporation

Term: October 1, 2012 through September 30, 2017, plus two 30-month extension options

Lease Costs: U. T. Medical Branch - Galveston is responsible for its prorata share of operating expenses incurred by the lessor for the operation of the building. The operating expenses are estimated to be approximately \$5,578,703 for the initial term of the lease and approximately \$6,467,246 for the two extension terms. There is no base rent.

Source of Funds: Patient revenue

57. Emeritus Appointment - U. T. Medical Branch - Galveston: Appointment of Ahmed El-Sayed Ahmed from Professor, Academic Enterprise, Pathology to Professor Emeritus effective 9/1/2012 (RBC No. 4721) -- amendment to the 2012-13 budget

58. Emeritus Appointment - U. T. Medical Branch - Galveston: Appointment of Joan Hebler from Clinical Professor, Academic Enterprise, Psychiatry and Behavioral Sciences, to Professor Emeritus effective 9/1/2012 (RBC No. 4752) -- amendment to the 2012-13 budget

59. Emeritus Appointment - U. T. Medical Branch - Galveston: Appointment of Eric Avery from Clinical Associate Professor, Academic Enterprise, Institute for the Medical Humanities, Psychiatry and Behavioral Sciences, to Clinical Associate Professor Emeritus effective 9/1/2012 (RBC No. 4768) -- amendment to the 2012-13 budget

60. Lease - U. T. Health Science Center - Houston: Authorization to lease space from Houston Medical Center, Inc., for clinical and research use

Description: Lease of space at 6655 Travis Street, Houston, Texas, for clinical and research use. U. T. Health Science Center - Houston currently leases 49,588 square feet of space in the building. Lessor and U. T. Health Science Center - Houston will enter into a new lease agreement reducing the premises to 37,290 square feet and extending the term.

Lessor: Houston Medical Center, Inc., a Texas corporation

Term: The term will commence on October 1, 2012, and will expire on September 30, 2022.

Lease Costs: Approximately \$10,149,036 in base rent and increases over the 10-year term. Base rent is \$26 per square foot for Years one-five; base rent increases to \$27 per square at the beginning of the sixth lease year and increases to \$28 per square foot for the final lease year. Beginning with the third lease year, base rent also increases by 60% of the proportional increase in the Consumer Price Index each year. The lessor is providing a tenant improvement allowance of \$340,686 or \$9 per square foot.

Source of Funds: Patient revenue

61. Lease - U. T. Health Science Center - Houston: Authorization to extend and expand the lease of space to Case Western Reserve University for general and medical office use

Description: Extension of lease term and expansion of premises at 6410 Fannin, Houston, Texas, for general and medical office use. Lessee currently leases 1,874 square feet of space from U. T. Health Science Center - Houston and is adding an additional 2,552 square feet of space.

Lessee: Case Western Reserve University, an Ohio nonprofit corporation

Term: The term will commence on December 1, 2012, and will expire on November 30, 2022

Lease Revenue: Approximately \$1,243,965 in base rent over the 10-year term. Lessee will also pay its proportionate share of operating expenses that exceed the base year 2012. Initial base rent for the additional space is \$27 per square foot; base rent increases to \$29 per square foot at the beginning of the sixth lease year. U. T. Health Science Center - Houston is providing a tenant improvement allowance of \$128,757 for construction of improvements to the premises to be paid out of The U. T. Professional Building capital improvement and tenant improvement reserves.

62. Contract (funds going out) - U. T. Health Science Center - Houston: Waste Management of Texas, Inc., to provide waste management and recycling services

Agency: Waste Management of Texas, Inc.

Funds: Approximately \$1,197,012.60, which will vary depending on frequency of waste pick up

Period: Effective date through August 31, 2015, with two additional one-year term renewal options

Source of Funds: General Revenue and Auxiliary Enterprise Funds - Housing and Professional Building

Description: Waste disposal and recycling services for all U. T. Health Science Center - Houston locations within the Texas Medical Center

63. Other Fiscal Items - U. T. Health Science Center - Houston: Employment Agreement for the appointment of Giuseppe N. Colasurdo, M.D., as President

The following agreement has been awarded, has been approved by the Chancellor, and is recommended for approval by the U. T. System Board of Regents. Such employment under this agreement is subject to the Regents' *Rules and Regulations*, Rules 10501 and 20201 and *Texas Education Code* Section 51.948.

Item: President

Funds: \$750,500 annually

Period: Beginning October 22, 2012

Description: Agreement for employment of Giuseppe N. Colasurdo, M.D., as President of U. T. Health Science Center - Houston. The President reports to the Chancellor and the Executive Vice Chancellor for Health Affairs and shall hold office without fixed term subject to the pleasure of the Chancellor. In addition to base salary, Dr. Colasurdo will receive a supplement from practice plan funds of \$199,500. U. T. Health Science Center - Houston will reimburse club and professional memberships as approved by the Executive Vice Chancellor for Health Affairs, continuing education expenses, and reasonable travel expenses.





## The University of Texas System

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### Office of Health Affairs

601 Colorado, Austin, TX 78701  
Phone: 512-499-4224 Fax: 512-499-4313

October 22, 2012

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The University of Texas  
of the Permian Basin  
The University of Texas at San Antonio  
The University of Texas at Tyler

The University of Texas  
Southwestern Medical Center at Dallas  
The University of Texas  
Medical Branch at Galveston  
The University of Texas  
Health Science Center at Houston  
The University of Texas  
Health Science Center at San Antonio  
The University of Texas  
M. D. Anderson Cancer Center  
The University of Texas  
Health Science Center at Tyler

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Giuseppe Colasurdo, M.D.  
2102 Meadow Park Circle  
Missouri City, Texas 77459

Dear Giuseppe:

On behalf of the Board of Regents of The University of Texas System, it is my pleasure to offer you the position of President of The University of Texas Health Science Center at Houston, effective October 22, 2012. Your annual salary rate as of that date will be \$750,500. You are entitled to other State-paid fringe benefits required to be provided to higher education employees by State law and for which you are eligible. Among these benefits are State-paid OASI, longevity pay, workers' compensation liability, insurance coverage, retirement plan, insurance premium sharing, and leave entitlement.

You will also receive a supplement from practice plan funds of \$199,500. The practice plan supplement is not eligible for retirement benefits. The total for your salary therefore will be \$950,000 annually.

The Presidents of The University of Texas campuses are selected by the Regents of The University of Texas and serve without term. There is a specific budget for the office of the President at The University of Texas Health Science Center at Houston which is determined by you as President of the Institution.

Additional elements of your compensation package are:

- a. The cost of club membership(s) approved by the Executive Vice Chancellor for Health Affairs will be paid, including initial fees for joining the club and all properly documented business-related expenses. All personal expenses, including the portion of dues related to personal use is calculated based on the personal expenses for that month as a percent of total expenses. That percentage is applied to the dues owed to determine the personal amount.
- b. You will continue to hold a tenure appointment in the Department of Pediatrics at The University of Texas Health Science Center at Houston. Your academic salary rate will be established consistent with faculty of like standing. When your term as President ends, having been granted tenure previously, you will be entitled to begin employment in a faculty position and

to be compensated at your academic salary rate consistent with the provisions of *Texas Education Code* Section 51.948(c). While serving as President, your faculty appointment will be without compensation.

- c. State law allows the grant of development leave at the individual's academic salary rate for one year to a faculty member who has held an administrative position at the institution for more than four years. An administrator who receives development leave must return to work (as a faculty member) at a U.T. System institution for an amount of time equal to the amount of time the administrator received development leave or repay the institution for all the costs of the development leave. Barring any subsequent legal prohibitions, these provisions will apply in your situation. The specific length of the development leave will be negotiated dependent on your term of service as President and other pertinent considerations should you leave the Presidency and begin as a faculty member.

Please note that the benefits described above in (c) may, at the discretion of the Board be denied should you be terminated from the position of President for good cause, as determined by the Board.

Appropriate and timely submission of documentation required for reimbursement of travel and entertainment expenditures is required by the *Rules and Regulations* of the Board of Regents Series 20205. Quarterly reports on travel and entertainment shall be filed with the Executive Vice Chancellor for Health Affairs.

Your base salary is all inclusive and there are no additional allowances provided for housing or automobile consistent with Regents' *Rules and Regulations* on compensation for chief administrative officers. Reimbursement will be made for mileage associated with business use of a vehicle in accordance with the latest published Internal Revenue Service guidelines, the State Travel Regulations Act (*Texas Government Code* chapter 660) and applicable institutional policies. There is no separate provision for the use of a cellular telephone or other wireless device. Such use shall follow the policy for wireless devices at your institution.

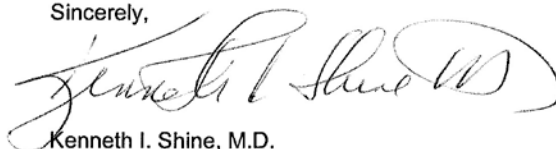
The University of Texas Health Science Center at Houston will also make direct payments for the actual costs of reasonable expenses related to any moving and storage, if needed, of household, personal, and professional possessions. Please contact Kevin Dillon at The University of Texas Health Science Center at Houston before making any arrangements related to relocation.

Information about benefits including health insurance, disability, life insurance and retirement has been transmitted under separate cover.

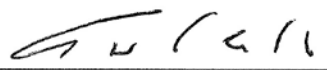
Elements in this compensation package may be subject to federal income tax and as such will be subject to withholding and reported on the W-2 form along with base salary paid. You should consult your tax adviser as to the handling of business or other offsetting deductions.

I look forward to the opportunity to work with you as President of The University of Texas Health Science Center at Houston. If you have any questions, please let me know.

Sincerely,



Kenneth I. Shine, M.D.  
Executive Vice Chancellor for Health Affairs

Accepted:  Date: Oct 29, 2012

KIS/tlw

xc: Wm. Eugene "Gene" Powell, Chairman, Board of Regents  
Robert L. Stillwell, Chairman, Health Affairs Committee  
Chancellor Francisco Cigarroa  
Francie Frederick, General Counsel to the Board of Regents  
Randy Wallace, Associate Vice Chancellor – Controller and Chief Budget Officer  
Kevin Dillon, Executive Vice President for Business Affairs

64. Emeritus Appointment - U. T. Health Science Center - Houston: Appointment of Frank C. Arnett, Jr., from Professor of Medicine, in the Department of Internal Medicine-Rheumatology, Medical School, to Professor Emeritus, effective 9/1/2012 (RBC No. 4840) -- amendment to the 2012-13 budget
65. Emeritus Appointment - U. T. Health Science Center - Houston: Appointment of Leslie O. Fullerton from Clinical Associate Professor, Department of Restorative Dentistry, School of Dentistry, to Associate Professor Emeritus, effective 9/1/2012 (RBC No. 4841) -- amendment to the 2012-13 budget
66. Emeritus Appointment - U. T. Health Science Center - Houston: Appointment of Millicent E. Goldschmidt, from Professor, Basic Sciences, School of Dentistry, to Professor Emeritus, effective 1/1/2013 (RBC No. 4842) -- amendment to the 2012-13 budget
67. Visiting Associate Professor Appointment - U. T. Health Science Center - Houston: Amendment to the 2012-13 budget

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>No. Mos.</u>	<u>Rate\$</u>	<u>RBC #</u>
MEDICAL SCHOOL					
Department of Orthopedic Surgery					
Visiting Associate Professor					
Stefan W. Kreuzer	9/1-8/31	100	12		4795
Base Salary				1,000,000	
Augmentation				<u>200,000</u>	
Total Salary and Compensation				<u>1,200,000</u>	

U. T. Health Science Center - Houston has determined and documented that the level of compensation for Dr. Kreuzer is at a level paid to similarly qualified people based on performance comparable duties in the organization and in the market from which his position would normally be recruited. Dr. Kreuzer will be paid from Designated Funds.

68. Tenure Appointment - U. T. Health Science Center - Houston: Amendment to the 2012-13 budget

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
MEDICAL SCHOOL Department of Pathology and Laboratory Medicine Professor Gustavo Ayala (T)	9/1-8/31	100	12		4896
				229,167	
				50,000	
				<u>45,833</u>	
				<u>325,000</u>	

69. Tenure Appointment - U. T. Health Science Center - Houston: Amendment to the 2012-13 budget

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
MEDICAL SCHOOL Department of Pathology and Laboratory Medicine Professor Mamoun Younes (T)	9/1-8/31	100	12		4897
				250,000	
				50,000	
				<u>50,000</u>	
				<u>350,000</u>	

70. Approval of Dual Positions of Honor, Trust, or Profit - U. T. Health Science Center - Houston: Appointment by Governor Rick Perry of LaShonda Brown, Head Start Collaboration Coordinator, Medical School, Developmental Pediatrics, The Center for Improving the Readiness of Children for Learning and Education, as Chair of the Texas Early Learning Council

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103.

It has been determined that the holding of this office is of benefit to the State of Texas and The University of Texas and there is no conflict between holding this position and the appointment with the University.

The Board is also asked to find that holding this position is of benefit to the State of Texas and the University and there is no conflict between the position and the University.

Name: LaShonda Brown

Title: Head Start Collaboration Coordinator, Medical School, Developmental Pediatrics, The Center for Improving the Readiness of Children for Learning and Education

Position: Chair, Texas Early Learning Council

Period: Appointed August 28, 2012, for a term to expire at the pleasure of the Governor

Compensation: None

Description: Governor Perry appointed Ms. Brown to serve as Chair of the Texas Early Learning Council. The Council assesses early childhood education and care programs across the State, and develops opportunities for collaboration and coordination between state and federally-funded child development entities and child care and early education programs to ensure children have access to high quality programs.

71. Other Matters - U. T. Health Science Center - Houston: Reappointment of Members of the Board of Directors of The University of Texas System Medical Foundation, Inc.

In accordance with the Articles of Incorporation, approval by the U. T. System Board of Regents is recommended for the following individuals from U. T. Health Science Center - Houston to the Board of Directors of The University of Texas System Medical Foundation, Inc.

Reappointment Commencing January 1, 2013

<u>Name and Title</u>	<u>Address</u>	<u>Term to Expire</u>
Brent King, M.D. Professor and Chairman, Department of Emergency Medicine and Executive Vice Dean for Clinical Affairs at the Medical School	1133 John Freeman Blvd., Houston, Texas 77030	December 31, 2012
Keely G. Smith, M.D. Assistant Professor Pediatrics-Clinical at the Medical School	6431 Fannin Houston, Texas 77030	December 31, 2012
Patricia M. Butler, M.D. Associate Dean for Educational Programs at the Medical School	1133 John Freeman Blvd., Houston, Texas 77030	December 31, 2012

The University of Texas System Medical Foundation, Inc. is a nonprofit corporation organized strictly for educational and scientific purposes. The Foundation functions within the framework of U. T. Health Science Center - Houston for the purpose of training graduate medical students, referred to as house staff or residents. As part of their training, house staff are contracted with and paid a stipend plus fringe benefits for their services by local hospitals participating in the Affiliated Hospitals Residency Training Program at Houston.

The Bylaws and Articles of Incorporation of The University of Texas System Medical Foundation, Inc. provide that directors succeeding the initial directors shall be appointed by the U. T. System Board of Regents for terms of one year and provide that each director shall hold office until a successor has been appointed and qualified. Drs. King, Smith, and Butler are being recommended for reappointment as follows: Dr. King as President, Dr. Butler as Vice President, and Dr. Smith as Secretary/Treasurer.

72. Contract (funds coming in) - U. T. Health Science Center - San Antonio: L.C. Vending Company to provide vending services

Agency:	L.C. Vending Company
Funds:	\$112,823 for total sales of the term of contract
Source of Funds:	Contractor will pay a royalty on gross revenue generated by services.
Period:	January 1, 2013 through August 31, 2016
Description:	L.C. Vending Company will provide vending services to the University of Texas Health Science Center - San Antonio Main and North Campus facilities and various satellite campus sites throughout Bexar County. In accordance with <i>Texas Education Code</i> Section 51.945, the students were provided with an opportunity to comment prior to determination that this food service provider should be selected by the institution.



73. Tenure Appointments - U. T. Health Science Center - San Antonio: Amendments to the 2011-12 budget

The following Requests for Budget Changes have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>SCHOOL OF MEDICINE</b>					
Greehey Children's Cancer Research Institute					
Alexander Pertsemididis (T)					4696
From: Assistant Professor		100	12	135,000	
To: Associate Professor	9/1-8/31	100	12	135,000	
Physiology					
Professor and Chair					
Manzoor A. Bhat (T)	8/1-8/31	100	12	270,000	4715
<b>SCHOOL OF NURSING</b>					
Family and Community Health System					
Professor and Chair					
Janie Canty-Mitchell (T)	8/6-8/31	100	12	137,500	4774
Associate Professor					
Georgia K. Crow (T)	8/20-8/31	100	12	94,271	4835
Health Restoration Care Management					
Professor and Associate Dean					
Ilene M. Decker (T)	8/13-8/31	75	12	136,400	4797
	8/13-8/31	25	12	136,400	

74. Land Acquisition - U. T. Health Science Center - San Antonio: Authorization to enter into a ground lease for approximately 13.1 acres of unimproved land located at the northwest corner of Wurzbach Road and Floyd Curl Drive, San Antonio, Bexar County, Texas, from the San Antonio Medical Foundation for future campus expansion and use as the possible site of a new children's hospital

Description: Ground lease of approximately 13.1 acres of unimproved land located at the northwest corner of Wurzbach Road and Floyd Curl Drive, San Antonio, Bexar County, Texas, and authorization for the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to ground lease the property. The approximately 13.1 acres is located within the acquisition zone shown in the institution's Campus Master Plan approved by the Board in November 2000.

Donor/Seller: San Antonio Medical Foundation, a Texas nonprofit corporation

Acquisition Price: Ground lease, at fair market value as established by independent appraisals, plus all due diligence expenses, closing costs, and expenses to complete the transaction as deemed necessary by the Executive Director of Real Estate. Estimated land value, based on 2012 Bexar Central Appraisal District records, is \$4,565,087.83

Source of Funds: Lease revenue and other local revenue

75. Facilities Planning and Construction - U. T. M. D. Anderson Cancer Center: RHI (Rotary House International) Renovations and Repairs - to revise funding sources; appropriation of funds; and resolution regarding parity debt

Item: Amendment of the FY 2013-2018 Capital Improvement Program to revise funding sources; appropriation of funds; and resolution regarding parity debt for the RHI (Rotary House International) Renovations and Repairs project

Funds: Total project cost of \$18,200,000 with funding from Hospital Revenues revised to \$9,000,000 from Revenue Financing System (RFS) and \$9,200,000 from Auxiliary Enterprises Balances

- Source of Funds: Resolve in accordance with Section 5 of the Amended and Restated Master Resolution establishing U. T. System RFS that
- parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - U. T. M. D. Anderson Cancer Center, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$9,000,000.

The \$9,000,000 in RFS debt will be repaid from hotel revenue. Annual debt service on the \$9,000,000 RFS debt is expected to be approximately \$585,000. The institution's debt service coverage is expected to be at least 8.7 times and average 9.5 times over FY 2013-2018. Auxiliary Enterprises Balances are from hotel revenue.

Period: Project was added to the CIP on August 22, 2007, and substantial completion is scheduled by July 31, 2014

Description: The project encompasses 322 guest rooms, suites, and guest room corridors in the existing Rotary House International facility. The scope includes renewals and upgrades of room finishes, fixtures, soft and hard goods, and bathroom upgrades. The scope of work is scalable based on need and Americans with Disabilities Act and Life Safety compliance requirements. The Rotary House International is a full-service hotel, dedicated exclusively to serving the needs of U. T. M. D. Anderson Cancer Center patients and their families while in Houston.

76. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Avanade, Inc. to provide development services for the electronic medical records system

Agency: Avanade, Inc.

Funds: Total fees charged by vendor for all services under the initial term of this agreement will not exceed \$72,000,000 without prior written authorization from U. T. M. D. Anderson Cancer Center's Supply Chain Management department. The total contract value including both renewal periods is \$120,000,000.

Source of Funds: Hospital patient income

Period: The term of this agreement will be for a period of 36 months, commencing on January 1, 2013 and continuing through December 31, 2015. The agreement also includes the option for two 12-month renewals.

Description: Under this master services agreement, Avanade shall provide specialized expertise and personnel for the purposes of Electronic Medical Record (EMR) development, using Microsoft technology that has become a cornerstone of U. T. M. D. Anderson Cancer Center's enterprise infrastructure and application environment, as well as other technologies and skill areas required by the institution in support of EMR development. Activities included within this scope, among others, include: project management, eliciting and documenting requirements, creating code based on the documentation requirements, performing unit, modular, system and regression testing based on code developed, code branching and integration, software deployment, and other services as required by U. T. M. D. Anderson Cancer Center to support the institution's EMR platform.

77. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Ernst & Young LLP to provide professional services for the operation and management of the ICD-10 Program Management Office

Agency: Ernst & Young LLP

Funds: This third amendment to the agreement increases the cap amount from \$2,461,600 to \$22,962,000

Source of Funds: Hospital patient income

Period: This amendment extends the initial term of the agreement by 12 months. The amended term is for a period of 36 months, commencing on April 13, 2012 and continuing through April 12, 2015. The agreement includes the option for two additional 12-month renewals.

Description: Ernst & Young LLP provides professional services for the operation and management of the ICD-10 Program Management Office. ICD-10 is the 10th revision of the International Statistical Classification of Diseases and Related Health Problems, a medical classification list by the World Health Organization that codes for diseases signs and symptoms, abnormal findings, complaints, social circumstances, and external cause of injury or diseases. Ernst & Young LLP will provide activities such as centralized operations of the project management structure and coordination across various work-stream activities. This third amendment increases the scope of activities associated with these professional services in order to ensure full compliance with ICD-10 by October 1, 2014, as mandated by the Centers for Medicare and Medicaid Services.

78. Lease - U. T. M. D. Anderson Cancer Center: Authorization to sublease space from Galaxy II Leasing, LLC, for oncology clinic use

Description: Sublease of approximately 23,034 square feet at 455 East Medical Center Boulevard, Webster, Texas, for oncology clinic use

Lessor: Galaxy II Leasing, LLC, a Texas limited liability company

Term: The term will be for a period of 60 months, with an estimated commencement date of October 2013, and an option to renew for two additional five-year terms.

Lease Costs: The base rent for the initial term of the agreement is approximately \$8,039,503, which includes a component for a tenant allowance for leasehold improvements and estimated additional rent for operating expenses. Rent for each renewal period will be 95% of then-current market rental rates.

Source of Funds: Hospital patient income

79. Lease - U. T. M. D. Anderson Cancer Center: Authorization to extend and expand the lease of space from Houston Medical Center, Inc., for surgery clinic use

Description: Extension of lease term and expansion of premises at 6655 Travis Street, Houston, Texas, for use as a surgery clinic. U. T. M. D. Anderson Cancer Center currently leases 952 square feet of the premises from Houston Medical Center, Inc. and subleases 6,446 square feet of the premises from U. T. Health Science Center - Houston. With this amendment, U. T. M. D. Anderson Cancer Center will lease the entire 7,398 square feet directly from Houston Medical Center, Inc. The amendment also adds the option of one five-year renewal.

Lessor: Houston Medical Center, Inc., a Texas corporation

Term: The term will commence on the sooner of (i) the date of termination of the master lease agreement between U. T. Health Science Center - Houston and lessor or (ii) September 1, 2013, and will expire on August 31, 2018; in addition, there is a five-year renewal option.

Lease Costs: Approximately \$1,099,755 in base rent with estimated Consumer Price Index increases over the initial five-year term. Rent for the renewal option period will be the then-fair market value rental for comparable buildings in the Texas Medical Center.

Source of Funds: Hospital patient income

80. Lease - U. T. M. D. Anderson Cancer Center: Authorization to lease space from HRP MAC III, LLC, for oncology clinic use

Description: Lease of approximately 24,000 square feet at 17450 St. Luke's Way, Shenandoah, Texas, for oncology clinic use.

Lessor: HRP MAC III, LLC, a Delaware limited liability company

Term: The term will be for a period of 60 months, with an estimated commencement date of October 2013, and an option to renew for one additional five-year term.

Lease Costs: The base rent for the initial term of the agreement is approximately \$7,779,633, which includes a component for a tenant allowance for leasehold improvements and estimated additional rent for operating expenses. Base rent and estimated additional rent for the five-year renewal option will be approximately \$5,159,512.

Source of Funds: Hospital patient income

81. Lease - U. T. M. D. Anderson Cancer Center: Authorization to sublease space from Memorial Hermann Hospital System for oncology clinic use

Description: Sublease of approximately 6,883 square feet at 925 Gessner Road, Houston, Texas, for oncology clinic use

Lessor: Memorial Hermann Hospital System, a Texas nonprofit corporation

Term: The term will be for a period of 60 months, with an estimated commencement date of June 2013.

Lease Costs: The base rent is approximately \$1,632,386, which includes estimated additional rent for operating expenses throughout the initial term.

Source of Funds: Hospital patient income

82. Lease - U. T. Health Science Center - Tyler: Authorization to lease space to Mentor ABI, LLC, for a licensed assisted living facility providing inpatient post-acute brain injury rehabilitation

Description: Lease of premises at 11937 U.S. Highway 271, Tyler, Texas, for use by lessee as a licensed assisted living facility providing inpatient post-acute brain injury rehabilitation. Lessee initially leased 8,856 square feet and, through three subsequent expansions, now leases 11,877 square feet. Upon commencement of the current expansion, lessee will occupy 24,645 square feet of space. No prior approval by the Board of Regents of this lease was located.

Lessee: Mentor ABI, LLC, a Delaware limited liability company d/b/a NeuroRestorative Texas

Term: The original term commenced on September 1, 2004, and was extended on September 1, 2009, to expire on August 31, 2014; lessee has one five-year extension option remaining that, if exercised, will expire August 31, 2019. The expansion of premises is effective October 1, 2012.

Lease Revenue: Approximately \$1,529,603.38 in base rent and estimated operating expenses from the lease commencement date up to October 1, 2012. Approximately \$3,417,552.50 in base rent and estimated operating expenses from October 1, 2012 through August 31, 2019. Base rent is \$14 per square foot per year; current operating expenses are estimated to be \$5.52 per square foot per year. U. T. Health Science Center - Tyler initially contributed \$37,500 towards renovation costs for the premises and will contribute an additional \$28,000.00 towards renovation costs for improvements to the expansion premises, to be paid from patient revenue.



83. Contract (funds coming in) - U. T. Health Science Center - Tyler: NeuroRestorative Specialty Centers Fifth Amendment to Master Affiliation Agreement to renew term for the University to provide certain health care services to NeuroRestorative patients and staff

Agency: NeuroRestorative Specialty Centers

Funds: \$2,380,000

Period: September 1, 2012 through August 31, 2013

Description: Fifth Amendment to Master Affiliation Agreement for support services for NeuroRestorative's traumatic brain injury program to renew term for one additional year for the University to provide certain health care services (dietary/nutrition such as meals, housekeeping, pharmacy, etc.) to NeuroRestorative patients and staff

84. Contract (funds coming in) - U. T. Health Science Center - Tyler: Interagency Cooperation Contract between Department of State Health Services (DSHS) and U. T. Health Science Center - Tyler to care for patients of DSHS' Rusk State Hospital

Agency: Department of State Health Services (DSHS), an agency of the State of Texas

Funds: \$5,529,750, calculated at \$505/bed/day for 30 beds for a period of 365 days

Period: January 1, 2014 through December 31, 2014

Description: Rusk State Hospital will operate a residential care unit at U. T. Health Science Center - Tyler as a satellite site for Rusk patients; U. T. Health Science Center - Tyler will provide comprehensive support services to care for patients.

85. Contract (funds going out) - U. T. Health Science Center - Tyler: Dmac Rucker, LLC dba Rucker & Co., for branding and advertising agreement

Agency: Dmac Rucker, LLC dba Rucker & Co.

Funds: \$3,010,000 for initial and renewal periods

Source of Funds: Local revenues

Period: December 1, 2012 through November 30, 2015

Description: Provide comprehensive branding and advertising service to include, but not limited to: logo research and development; brand standards development and documentation; marketing plan and timeline; ad campaign planning and execution; advertising creative and production for print, broadcast, digital, outdoor, collateral, and interactive media; copywriting; media planning and buying; and collateral creative and production digital services

86. Lease - U. T. Health Science Center - Tyler: Authorization to lease space from Genecov DMLT, Ltd., for a multiuse clinic

Description: Lease of approximately 25,944 square feet at 2235 West Gentry Parkway, Tyler, Texas, to be used as a multiuse clinic, educational/meeting space and general/medical offices. The space is a former retail space currently in shell condition and will require significant infrastructure and tenant improvements to modify the space for use as a clinic.

Lessor: Genecov DMLT Ltd., a Texas limited partnership

Term: The term commences five days after the lease is fully signed; rent commences on the earlier of 180 days after lease execution or the date the U. T. Health Science Center - Tyler clinic opens for business and continues for 10 years, plus one 10-year renewal option.

Lease Costs: Approximately \$1,490,976.07 in base rent and estimated operating expenses over the initial 10-year term. Base rent starts at \$3.75 per square foot; base rent increases to \$4.50 per square foot upon the sixth anniversary. Rent for the renewal

option period will be \$5.00 per square foot for Years one through five and \$5.50 per square foot for Years six through 10. Total renovation costs are approximately \$3.1 million. U. T. Health Science Center - Tyler will pay for all improvements to the premises.

Source of Funds: Hospital revenue and grants