

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

November 5-6, 2014

Austin, Texas

Minutes of Committee meetings are taken as a convenience for research purposes and may be verified by recordings kept in the Office of the Board of Regents or webcasts available online on the Board website.

/s/ Carol A. Felkel
Secretary to the Board of Regents
June 30, 2015



SCHEDULE OF EVENTS FOR BOARD OF REGENTS' MEETING

November 5-6, 2014
El Paso, Texas

The University of Texas at El Paso, 500 West University Avenue

- Templeton Suite, Union Building East, Third Floor (Executive Sessions)
- Tomás Rivera Conference Center, Union Building East, Third Floor (Open Sessions)
- Office of President Natalicio 915/747-5555

All times are Mountain Standard Time

Wednesday, November 5, 2014

Audit, Compliance, and Management Review Committee	10:30 a.m.
Academic Affairs Committee	11:30 a.m.
Lunch	12:30 p.m.
Health Affairs Committee	1:00 p.m.
Technology Transfer and Research Committee	2:00 p.m.
Facilities Planning and Construction Committee	3:00 p.m.
Finance and Planning Committee	4:00 p.m.
Recess	5:00 p.m.
Reception/Dinner	6:30 p.m.

Thursday, November 6, 2014

Meeting of the Board - Open Session	8:30 a.m.
<i>Includes meeting with the U. T. System Employee Advisory Council</i>	
Recess to Executive Session and Working Lunch	10:45 a.m.
Meeting of the Board - Open Session	1:45 p.m. <i>approximately</i>
Adjourn	2:00 p.m. <i>approximately</i>

MINUTES
U. T. System Board of Regents
Audit, Compliance, and Management Review Committee
November 5, 2014

The members of the Audit, Compliance, and Management Review Committee of the Board of Regents of The University of Texas System convened at 10:30 a.m. on Wednesday, November 5, 2014, in the Templeton Suite on the Third Floor of Union Building East, The University of Texas at El Paso, 500 West University Avenue, El Paso, Texas, with the following participation:

Attendance

Regent Pejovich, presiding
Vice Chairman Hicks
Regent Hall
Regent Hildebrand
Regent Stillwell

Also present were Chairman Foster, Vice Chairman Powell, Regent Aliseda, Regent Cranberg, Regent Richards, and General Counsel to the Board Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Pejovich called the meeting to order in Open Session.

RECESS TO EXECUTIVE SESSION (Templeton Suite, Union Building East, Third Floor)

At 10:30 a.m., the Committee recessed to Executive Session pursuant to *Texas Government Code* Sections 551.074 and 551.071 to consider the matters listed on the Executive Session agenda as follows:

1. Personnel matters relating to appointment, employment, evaluation, assignment, duties, discipline, or dismissal of officers or employees - *Texas Government Code* Section 551.074

U. T. System: Discussion with the Chief Audit Executive or Interim Systemwide Compliance Officer concerning personnel matters relating to appointment, employment, evaluation, assignment, duties, discipline, or dismissal of individual System Administration and institutional officers or employees involved in internal audit and compliance functions

2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers- *Texas Government Code* Section 551.071

U. T. System: Discussion with Counsel regarding legal issues related to Special Review of the U. T. Austin Procurement of Consulting Services from Accenture, LLP

RECONVENE IN OPEN SESSION (Tomás Rivera Conference Center, Union Building East, Third Floor)

The Executive Session ended at 10:48 a.m., and the Committee reconvened in Open Session at 10:52 a.m. in the Tomás Rivera Conference Center. No action was taken on the items discussed in Executive Session.

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration**

Committee Meeting Information

Presenter(s): Chairman Pejovich
Status: Reported

There were no items referred from the Consent Agenda.

2. **U. T. System: Report on special review of U. T. Austin's procurement of consulting services from Accenture, LLP**

Committee Meeting Information

Presenter(s): Committee Chairman Pejovich; Mr. J. Michael Peppers, Chief Audit Executive
Status: Reported/Discussed

Discussion at meeting:

Transcription of the discussion on Accenture

Regent Pejovich: We have had the opportunity to consider legal issues related to the special review of U. T. Austin's procurement of consulting services in Executive Session. The report has been finalized and will be posted online. We will be continuing the discussion of group purchasing during the full board meeting tomorrow. That discussion will be led by Chancellor Cigarroa. Comments or questions? Regent Hall?

Regent Hall: Thank you. I know the report just became final yesterday, and I am not sure if everybody has had a chance to review it in its entirety. Mike (Peppers), I just wanted to run through some of the highlights and then ask you a couple of questions if you don't mind. When Board members first began asking about this particular vendor's agreement, we were told by Austin leadership that there was in effect no contract, no statement of work, no deliverables, and no report issued by the vendor. We also learned there was not one contract for a million dollars, but another for three million plus handled in the same manner. The time it took to receive the materials requested by the Regents took over six months.

From your audit, Austin leadership decides to form a committee of external volunteers from the business community, to make decisions concerning a shared services concept. Austin leadership personally selects the chair of the new committee. Austin leadership creates and provides the charge to the committee, with the assistance of the new chair. Austin leadership makes the unilateral decision to engage a vendor without utilizing any competitive bidding processes whatsoever. The new chair of the committee is a senior executive of the selected vendor, giving rise to the appearance of a conflict of interest. No one at Austin signs off on the conflict of interest statement required under a sole source justification. There is just no written documentation of any justification on the part of Austin's leadership that either sole source rules were followed or best value justification was properly considered. No documents were provided from either Austin or the vendor indicating how the negotiations on pricing were carried out or if there were negotiations on pricing. There are no minutes of the volunteer committee's meetings to provide any insight to what was discussed, proposed, or voted upon.

Mike, one question an objective citizen might ask of you is, whose idea was the shared services concept in the first place? Was it Austin's leadership internally championing the idea or was it promoted from the outside and why was this question not asked?

Mr. Peppers: Regent Hall, to that specific question I would say that the scope of this audit review did not go back into the origin of the shared services concept. We had some very specific questions that we were asked to review and as indicated in our report we carried those out. I would not be the appropriate one to respond to the origins of the shared services initiative at U. T. Austin.

Regent Hall: Okay, second question. The message that was conveyed by U. T. Austin to the public was that a volunteer committee was formed to offer advice on aspects of the University's business operations. But after reading the audit, a reasonable person might ask if the shared services decisions weren't made preemptively by Austin leadership and the committee and the vendor were simply used to validate a predetermined outcome and give the appearance that it was externally generated and if true, U. T. Austin spent over a million dollars to make that happen. Is that an unreasonable conclusion that one could have from reading your audit?

Mr. Peppers: Again Regent Hall, the questions that you are raising at this point were not within the scope of our review in terms of the origins of this, or intent of U. T. Austin, or the engagement of the firm that you've just described. So I would not be able to comment on and respond to your question.

3. U. T. System: Report on the results of the Systemwide External Quality Assessment of internal audit activities

Committee Meeting Information

Presenter(s): Mr. Frank Saputo and Mr. Andy Dahle, PricewaterhouseCoopers
Status: Reported/Discussed

Discussion at meeting:

Committee Chairman Pejovich noted that peer reviews are routine and required every three years. She commented on the depth of the peer review this time that included a deeper look at quality and risk assessment. She said the results were distributed to the institutions, including the audit chairs and committees.

She said the results show the campuses are generally in conformance, and she asked Mr. Saputo for comments. Mr. Saputo said that overall the System has a strong and experienced internal audit function that permeates across the U. T. System. It is well managed in that there are opportunities as he had just reviewed. Regent Pejovich noted the internal audit members at the institutions are accepting of the results and ready to implement strategies and areas of improvement. She said this has been a healthy exercise and provides a good benchmark, and she emphasized the conclusion is not to increase the number of full-time equivalents (FTEs) in the audit departments. Mr. Peppers agreed.

4. U. T. System: Report on Systemwide audit activities, including an update on the Cancer Prevention Research Institute of Texas Grant Audits, Proportionality of Higher Education Benefits Audits, Physician Quality Reporting System Consulting Engagements, and Presidential and Executive Travel and Entertainment Audits

Committee Meeting Information

Presenter(s): Mr. J. Michael Peppers, Chief Audit Executive
Status: Reported/Discussed

Discussion at meeting:

Committee Chairman Pejovich said Mr. Peppers will be visiting with Executive Vice Chancellor Greenberg to review the scope of how practice plans will be audited.

5. U. T. System: Annual Report on the Information Security Compliance Program

Committee Meeting Information

Presenter(s): Mr. Lewis Watkins, Chief Information Security Officer
Status: Reported/Discussed

Discussion at meeting:

Regent Hall asked about the best way to understand what is happening in the area of information technology (IT) security, such as in the area of risk, since the audit reports that deal with security and that are available online, are redacted. Mr. Watkins suggested that a candid assessment could be shared during the Committee's Executive Session. He also explained the audit process of information security that included learning Deloitte's approach to audit.

Mr. Peppers clarified that unredacted audit reports are provided to the institutional audit committees. He noted that the System audit office has been working to find ways to be better able to prioritize audit findings, including information security findings, and to take significant points and trends to this Committee. He said a new priority reporting process, including reporting of information security results as needed, will be presented at the next Board meeting.

In reply to a question from Regent Hall about the reporting structure of a security matter, Regent Pejovich clarified that security audits in general would first be sent to the institution, and if considered institutionally significant, would come to Mr. Peppers' team. Mr. Watkins explained the reporting process regarding IT security breaches.

In reply to a question from Regent Hildebrand, Mr. Watkins said funding for external consultants is minimal; most of the work is being done in-house.

ADJOURNMENT

Committee Chairman Pejovich adjourned the meeting at 11:38 a.m.

MINUTES
U. T. System Board of Regents
Finance and Planning Committee
November 5, 2014

The members of the Finance and Planning Committee of the Board of Regents of The University of Texas System convened at 4:25 p.m. on Wednesday, November 5, 2014, in the Tomás Rivera Conference Center on the Third Floor of Union Building East, The University of Texas at El Paso, 500 West University Avenue, El Paso, Texas, with the following participation:

Attendance

Chairman Hildebrand, presiding
Vice Chairman Powell
Regent Cranberg
Regent Hall
Regent Pejovich

Also present were Chairman Foster, Regent Aliseda, Regent Stillwell, and General Counsel to the Board Frederick.

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

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration**

Committee Meeting Information <i>Presenter(s): Committee Chairman Hildebrand</i> <i>Status: Reported</i>

There were no items referred from the Consent Agenda.

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

Committee Meeting Information <i>Presenter(s): Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs</i> <i>Status: Reported/Discussed</i>

Discussion at meeting:

The charts on Pages 64 - 65 of the Agenda Book, regarding Key Indicators of Revenues and Expenses, were revised prior to the meeting and distributed to members of the Board. The revised Key Financial Indicators Report is set forth on Pages 4 - 11 (Pages 6 - 7 show the revised charts).

3. **U. T. System Board of Regents: Update on activities of the University Lands Advisory Board**

Committee Meeting Information

Presenter(s): Regent Cranberg; Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs
Status: Reported/Discussed

Discussion at meeting:

Regent Cranberg reported on meetings held of the University Lands Advisory Board (ULAB), and he mentioned opportunities identified to accomplish the goals of the ULAB to enhance and grow the pie, meaning more and faster development, data collection and analyses, science and technology enhancements, and encouraging best practices. He noted work done to identify candidates to lead the University Lands, expecting a candidate to be recommended soon. Regent Cranberg and Regent Hildebrand spoke about the qualifications of such an individual. Regent Hildebrand emphasized the desire to generate more activity on the University Lands, with oil and gas operators spending their capital and not having the acreage lying dormant. Regent Stillwell commented this is an important area, and he asked about the University Lands Advisory Committee. Regent Hildebrand said the work of the Advisory Committee is complete and some of the recommendations have been utilized.

4. **U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the year and quarter ended August 31, 2014**

Committee Meeting Information

Presenter(s): Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer, UTIMCO
Status: Reported/Discussed

Discussion at meeting:

The agenda item and performance reports on Pages 71 - 76 of the Agenda Book were revised with final benchmark figures prior to the meeting and distributed to members of the Board. The revised agenda item and summary reports are set forth on Pages 12 - 17.

Mr. Zimmerman presented the slides attached on Pages 18 - 24.

In response to a question from Committee Chairman Hildebrand, Mr. Zimmerman discussed UTIMCO's reports to the Board of Regents and their absolute adherence to the policy guidelines imposed by the Board. He discussed measurement of illiquidity shown on the one-year returns slide (Page 21) and associated risk. Regent Hildebrand said perhaps more work can be done to help Board members determine risk and returns and understand the status of the UTIMCO portfolio at any point in time.

Mr. Zimmerman also discussed the difference between the UTIMCO portfolio and the Yale and Harvard endowment portfolios that invest heavily in private equity; it is the riskiest investment that can be made. UTIMCO is low in private investments (the third lowest of the top 20) and high in hedge fund investments (one or two of highest).

Mr. Zimmerman made copies available of the UTIMCO annual letter, which is [on file](#) in the Office of the Board of Regents.

ADJOURNMENT

Committee Chairman Hildebrand adjourned the meeting at 5:00 p.m.


















THE UNIVERSITY OF TEXAS SYSTEM



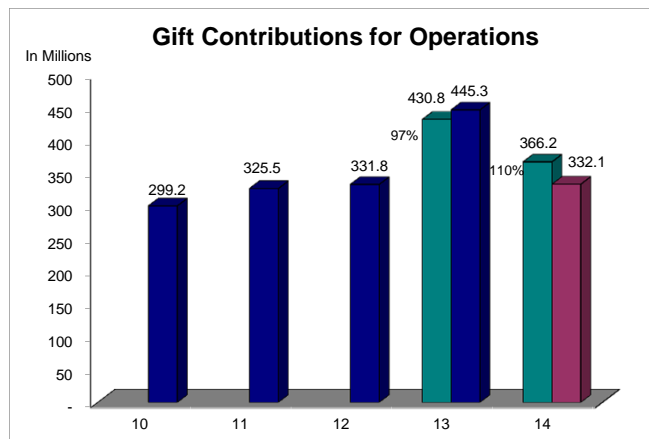
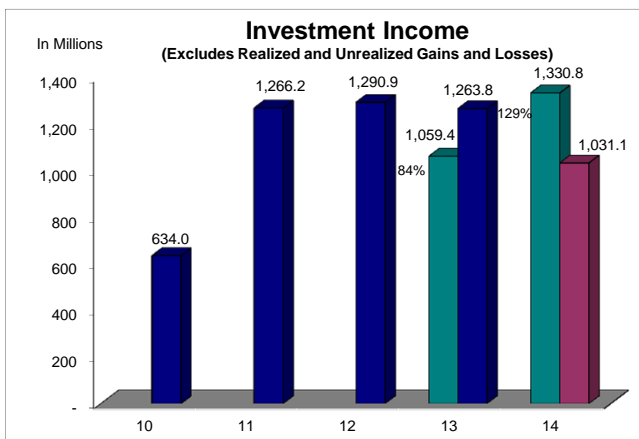
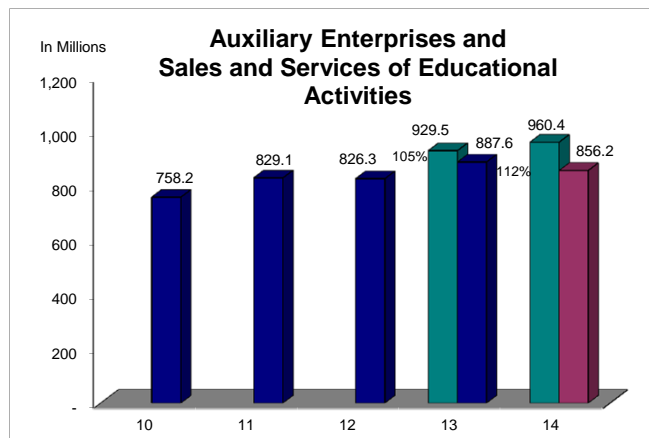
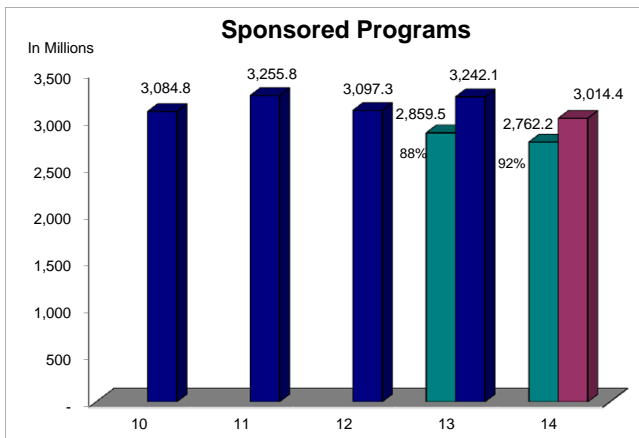
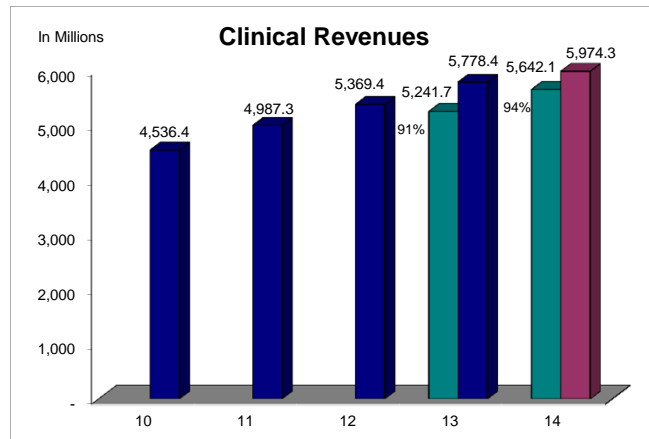
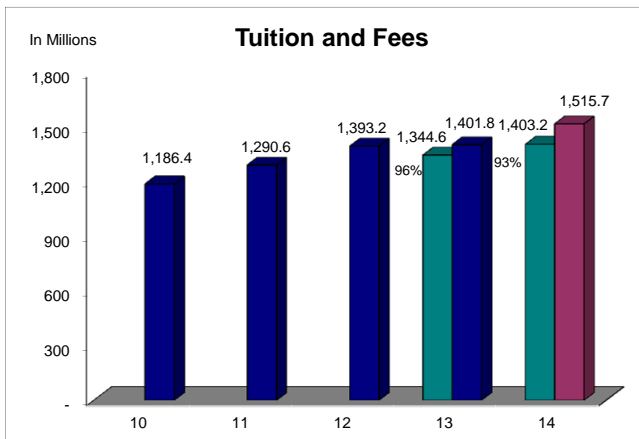
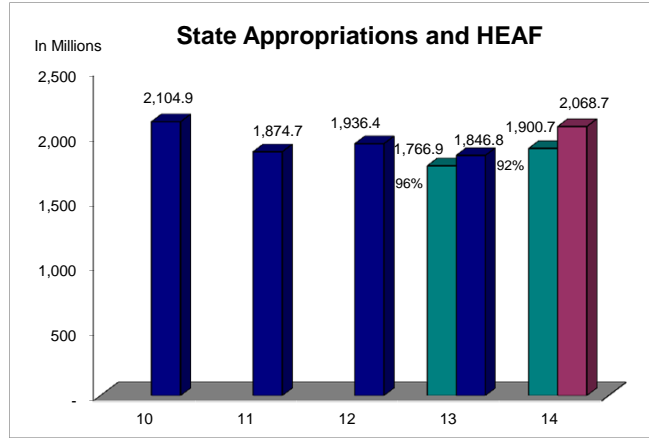
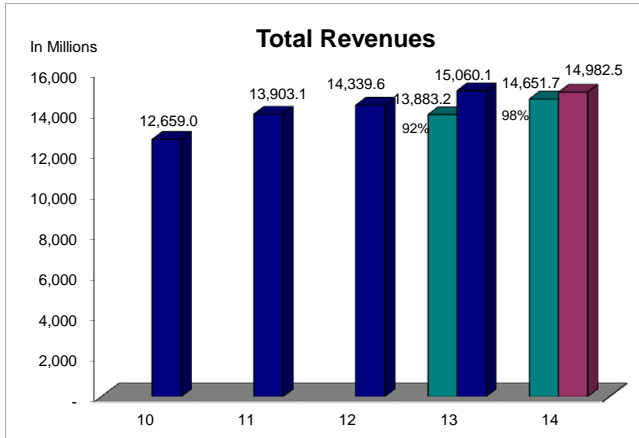
KEY FINANCIAL INDICATORS REPORT

JULY 2014

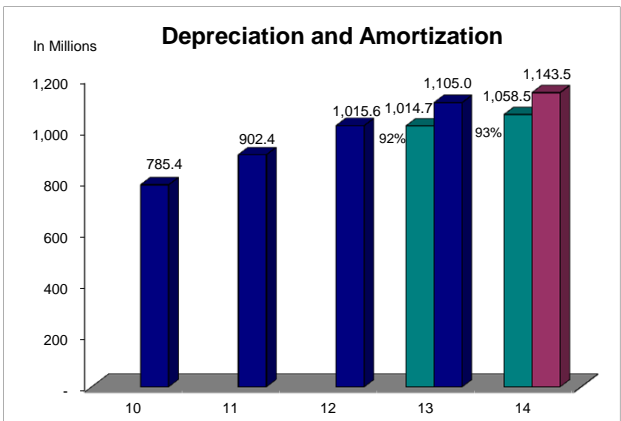
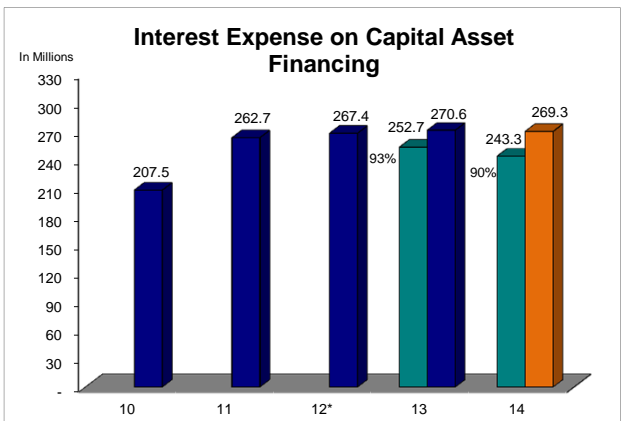
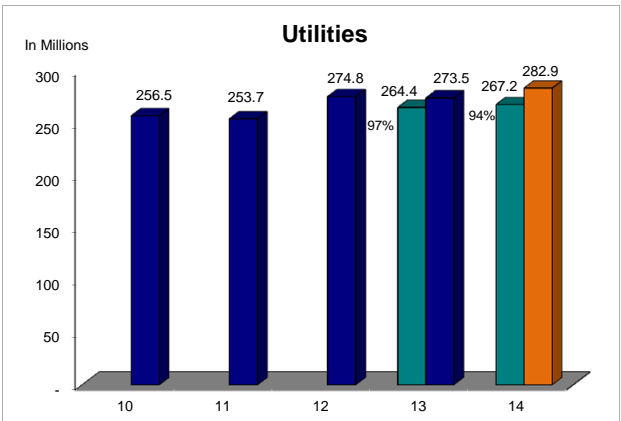
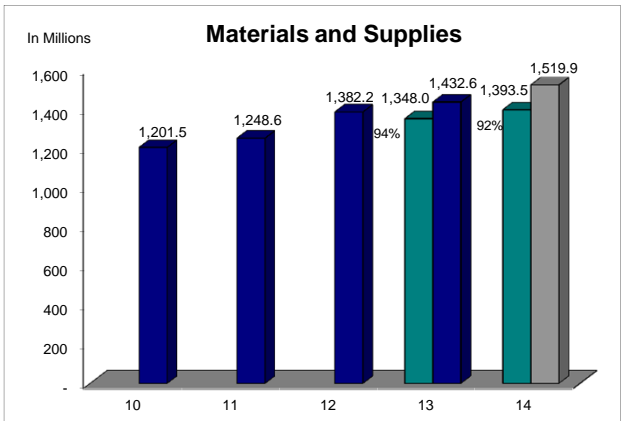
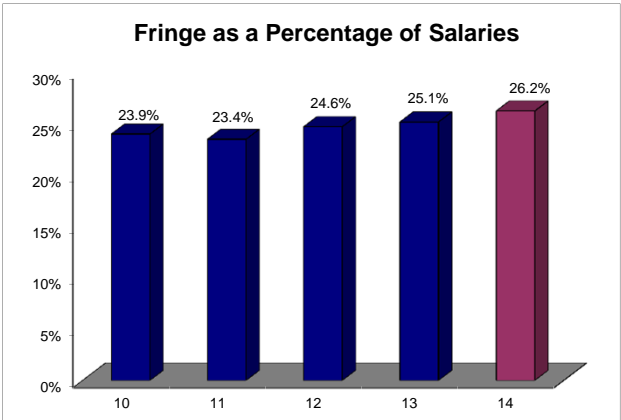
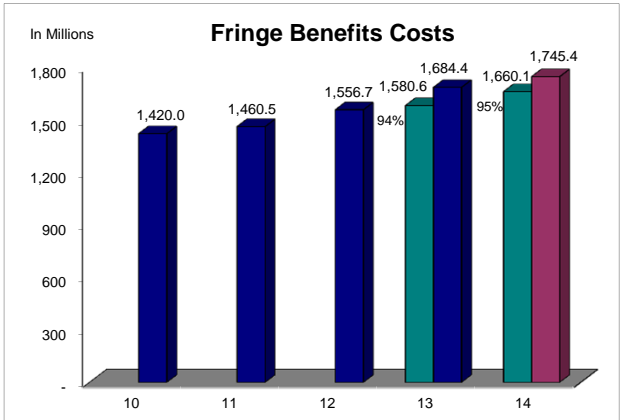
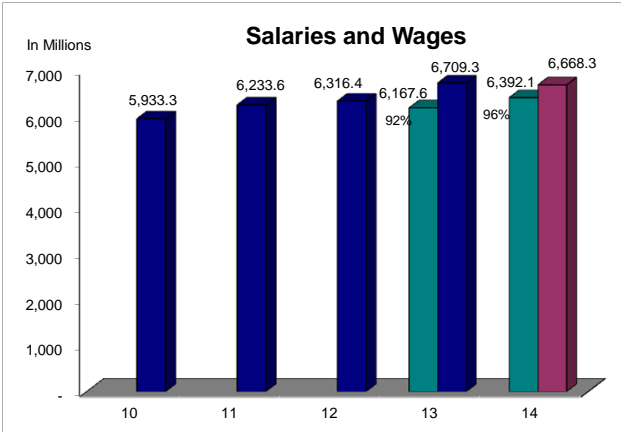
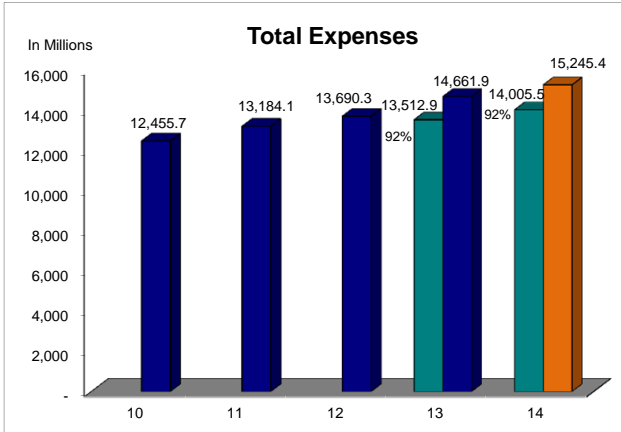
KEY

	Actual Annual Amounts (SOURCE: Annual Financial Reports)
	Adjustment to Actual Annual Amounts to exclude the Increase in Net OPEB Obligation (SOURCE: Annual Financial Reports)
	Budget amounts (SOURCE: Operating Budget Summary)
	Projected Amounts based on the average change of the previous three years of data
	Monthly Financial Report Year-to-Date Amounts
	Annual State Net Revenue Collections (SOURCE: Texas Revenue History by Source and Texas Net Revenue by Source, State Comptroller's Office)
	Year-to-Date State Net Revenue Collections (SOURCE: State Comptroller's Office)
	Estimated State Revenue Collections (SOURCE: Biennial Revenue Estimate, State Comptroller's Office)
	Annual and Quarterly Average of FTEs (SOURCE: State Auditor's Office Quarterly FTE Report)
	Year-to-Date Margin (SOURCE: Monthly Financial Report)
	Projected Amounts based on Monthly Financial Report
	Year-to-Date Margin (SOURCE: Monthly Financial Report)
	Target Normalized Rates
	Aaa Median (SOURCE: Moody's)
	A2 Median (SOURCE: Moody's)
	Good Facilities Condition Index (Below 5%)
	Fair Facilities Condition Index (5% - 10%)

**KEY INDICATORS OF REVENUES
ACTUAL 2010 THROUGH 2013
PROJECTED 2014
YEAR-TO-DATE 2013 AND 2014 FROM JULY MONTHLY FINANCIAL REPORT**

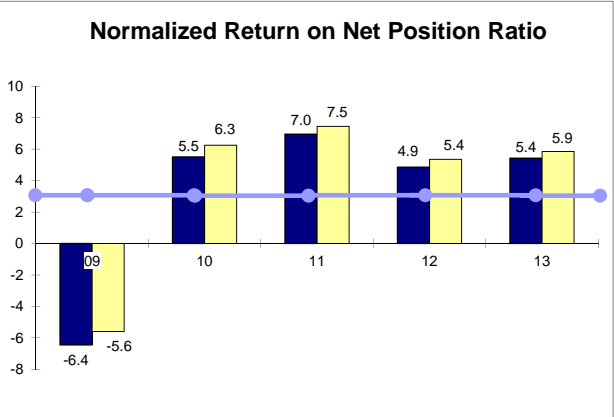
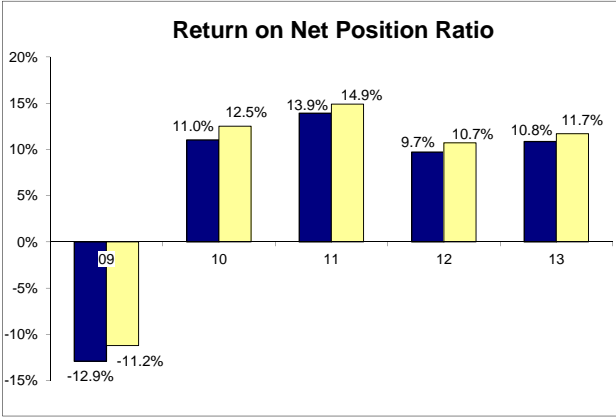
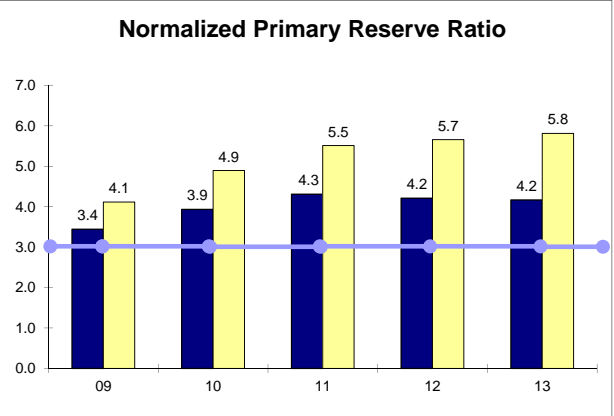
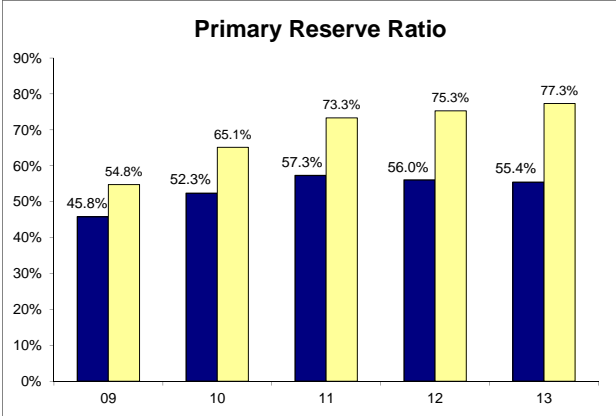
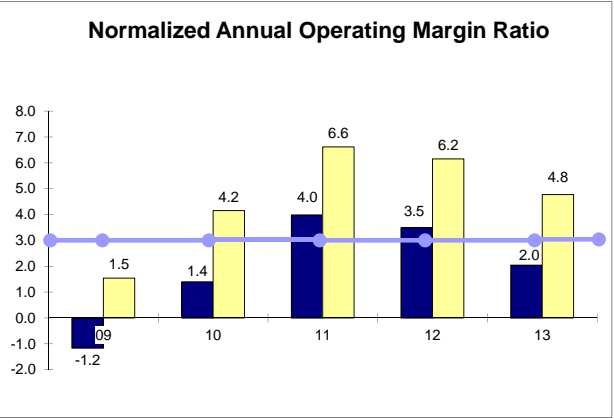
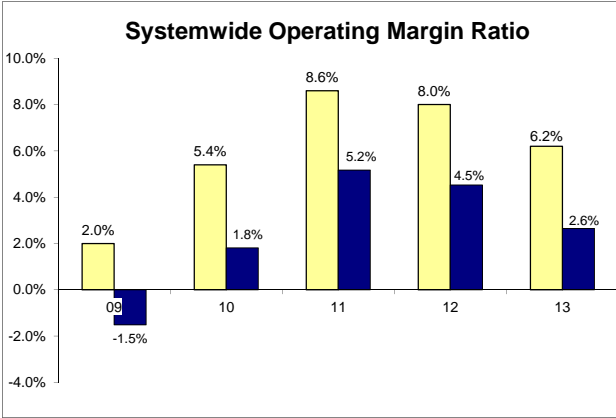
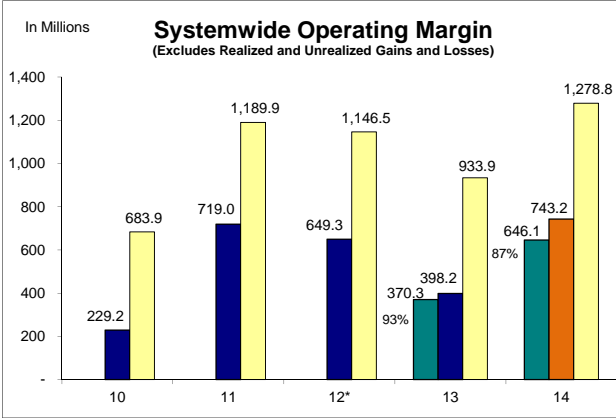


**KEY INDICATORS OF EXPENSES
ACTUAL 2010 THROUGH 2013
PROJECTED 2014
YEAR-TO-DATE 2013 AND 2014 FROM JULY MONTHLY FINANCIAL REPORT**



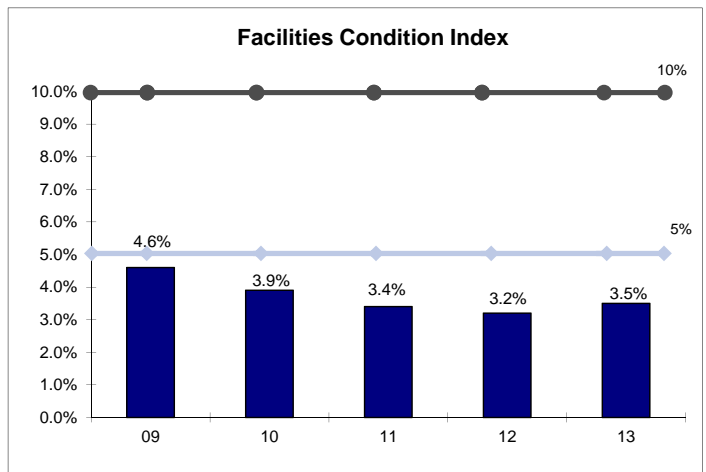
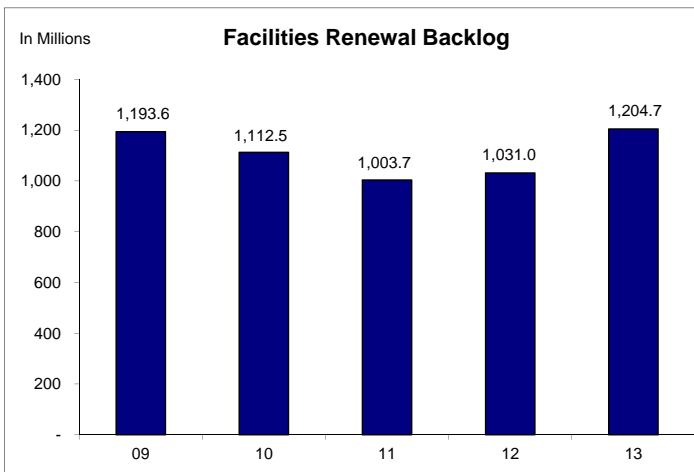
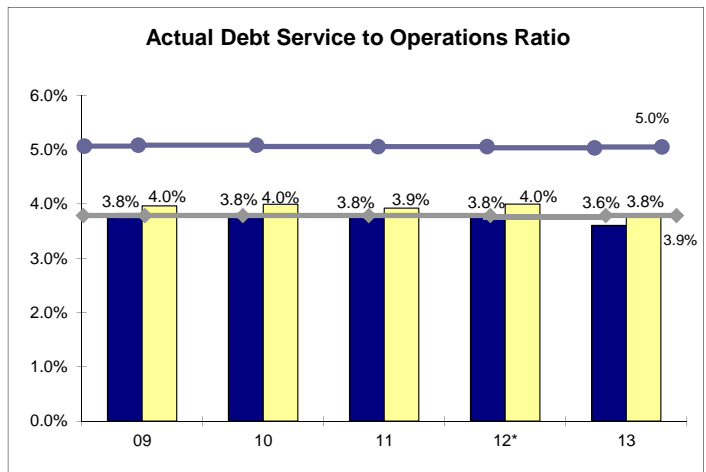
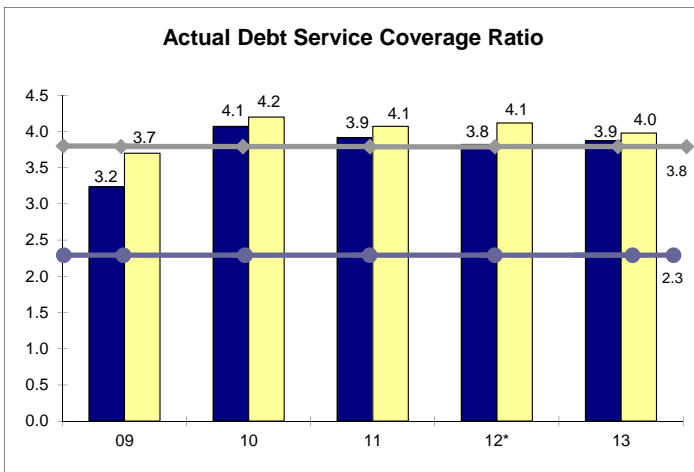
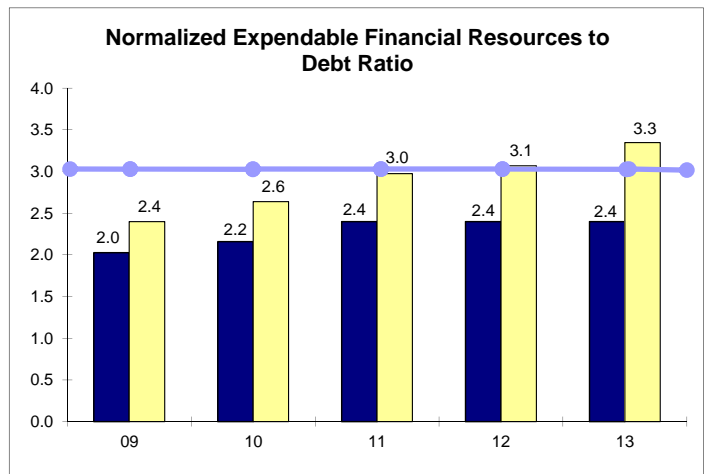
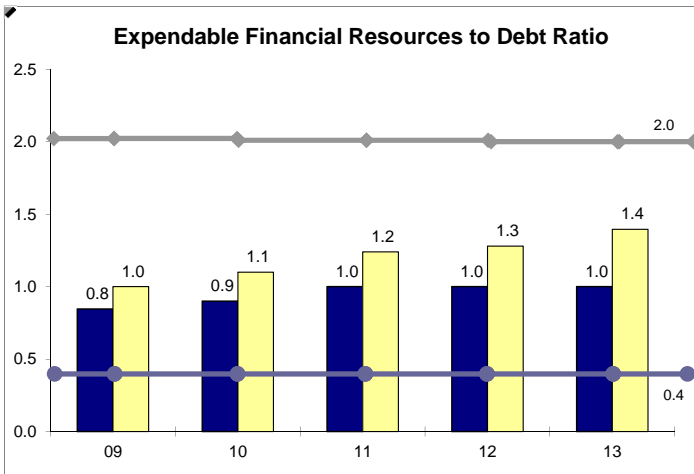
*Restated from prior year reports.

KEY INDICATORS OF RESERVES
ACTUAL 2009 THROUGH 2013
PROJECTED 2014
YEAR-TO-DATE 2013 AND 2014 FROM JULY MONTHLY FINANCIAL REPORT



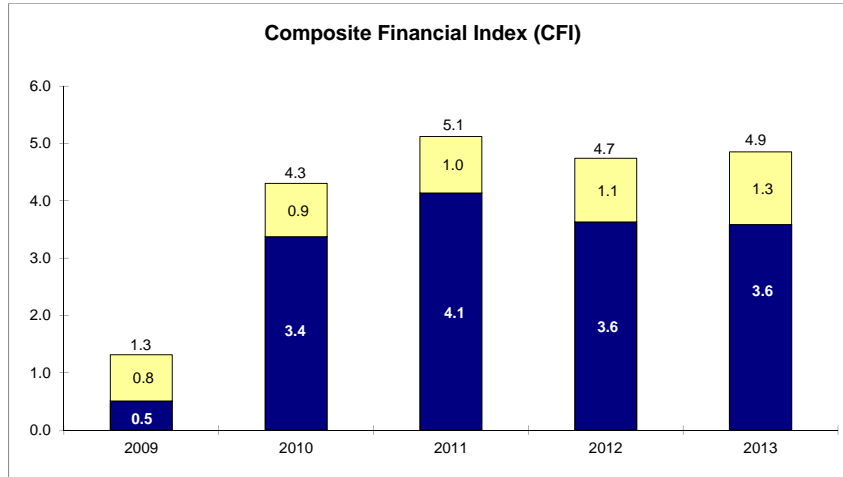
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KEY INDICATORS OF CAPITAL NEEDS AND CAPACITY 2009 THROUGH 2013

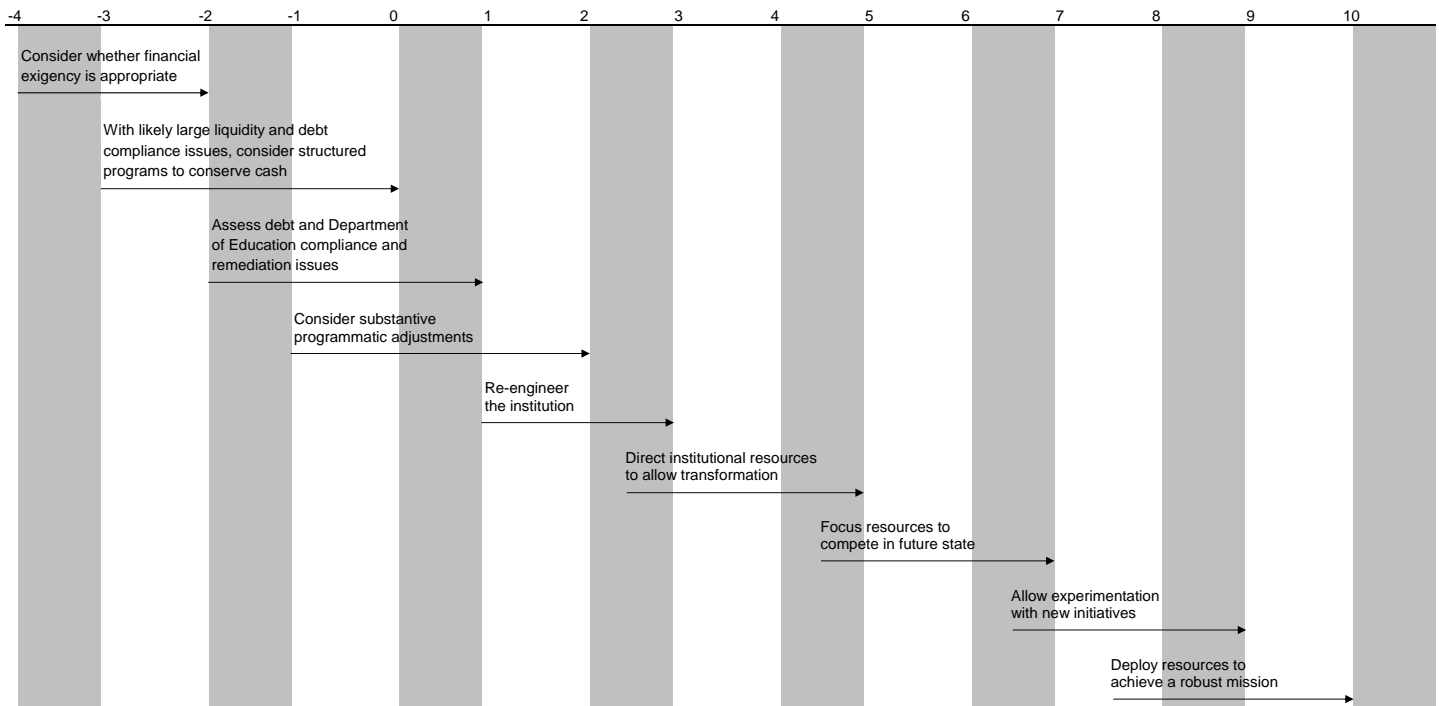


*Restated from prior year reports.

KEY INDICATORS OF FINANCIAL HEALTH 2009 THROUGH 2013



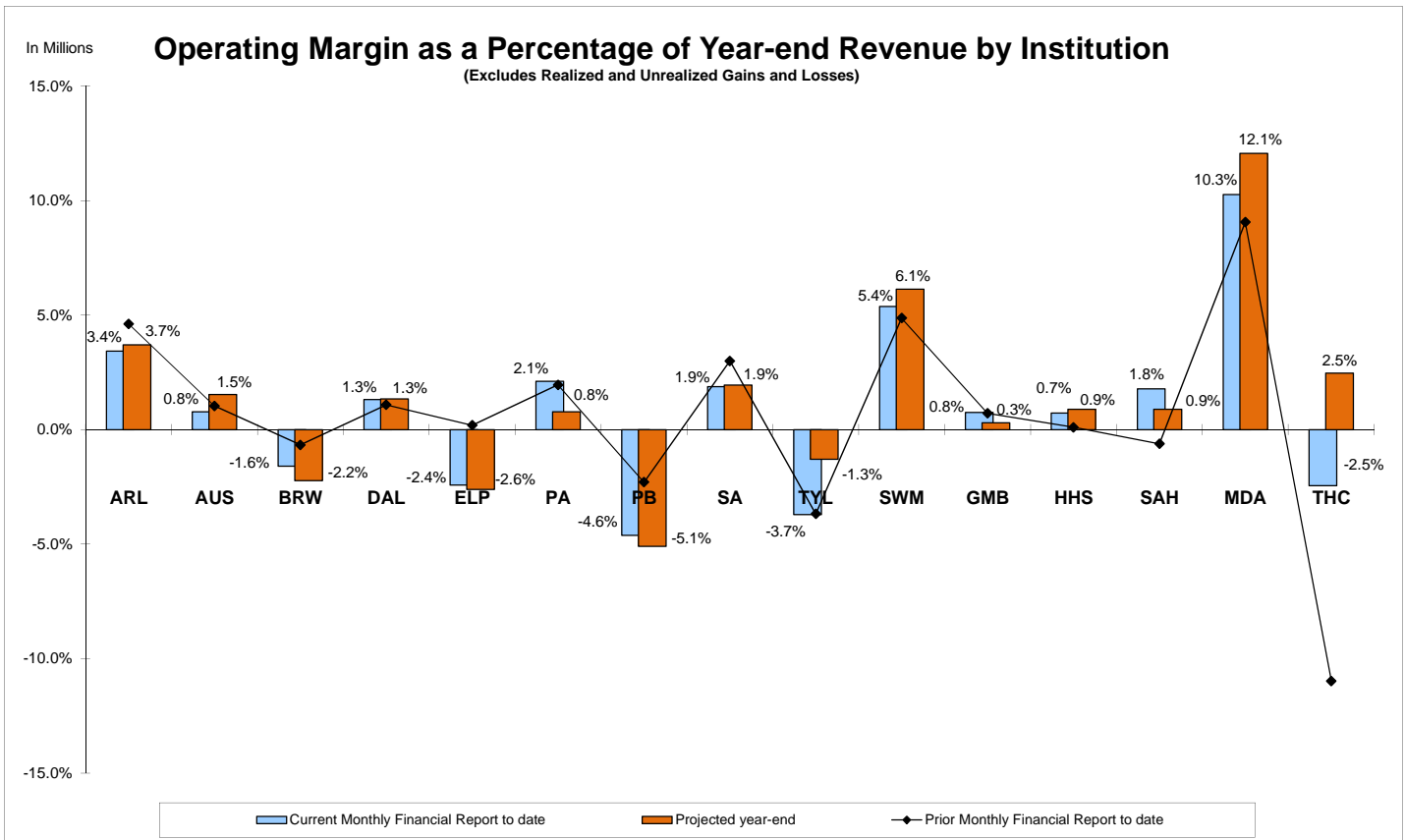
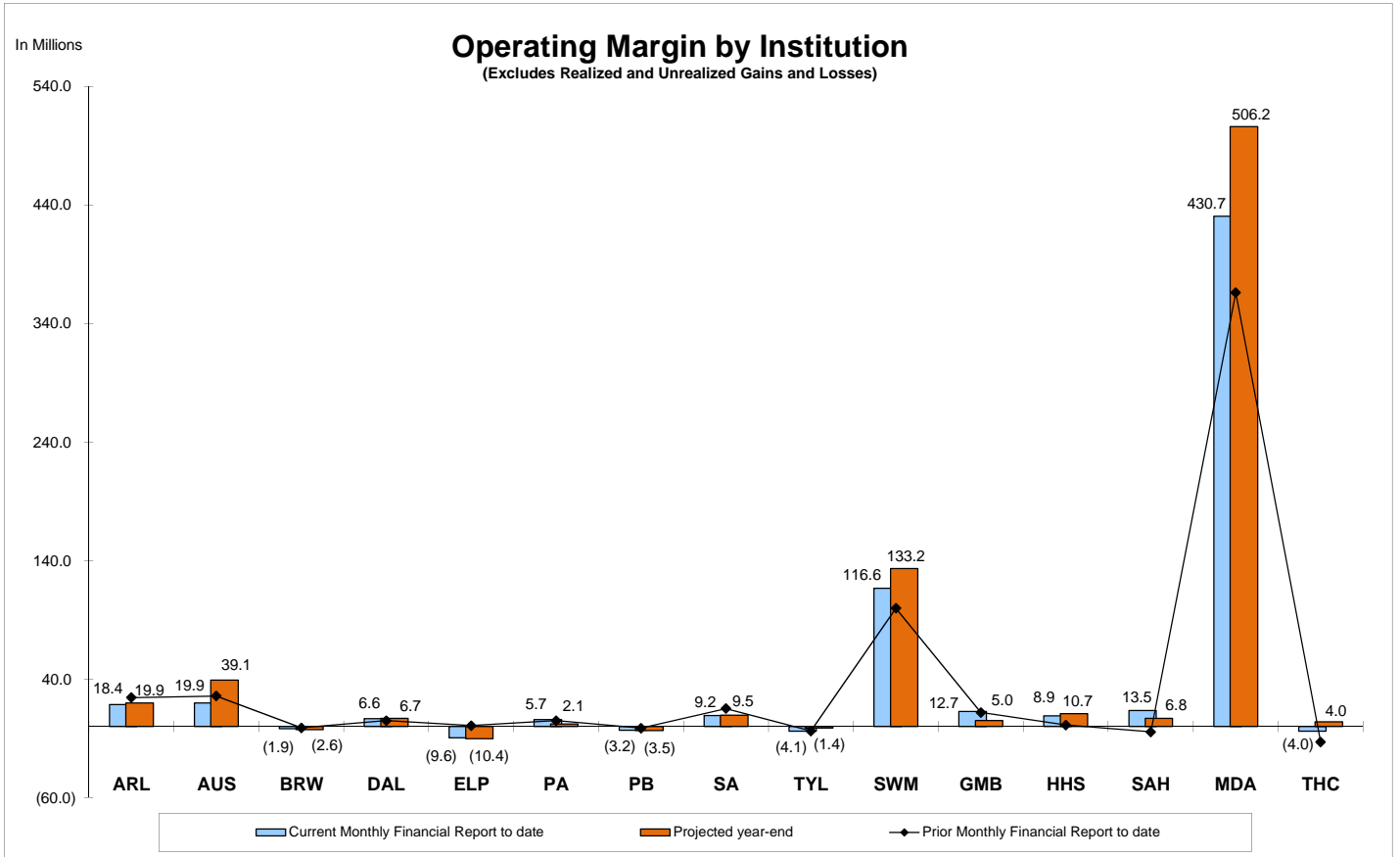
Scale for Charting CFI Performance



Source: Strategic Financial Analysis for Higher Education, Seventh Edition

KEY INDICATORS OF RESERVES

YEAR-TO-DATE 2013 AND 2014 FROM JULY MONTHLY FINANCIAL REPORT PROJECTED 2014 YEAR-END MARGIN



**Substitute Agenda Item
Finance and Planning Committee
November 5-6, 2014**

4. **U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports the year and quarter ended August 31, 2014**

REPORT

The August 31, 2014 UTIMCO Performance Summary Report is attached on Page 72.

The Investment Reports for the fiscal year and quarter ended August 31, 2014, are set forth on Pages 73 - 76.

Item I on Page 73 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the fiscal year was 15.11% versus its composite benchmark return of 14.19%. The PUF's net asset value increased by \$2,512 million since the beginning of the year to \$17,365 million. The increase was due to \$1,129 million PUF Lands receipts, plus a net investment return of \$2,260 million, less the annual distribution to the Available University Fund (AUF) of \$877 million.

Item II on Page 74 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the fiscal year was 14.73% versus its composite benchmark return of 14.19%. The GEF's net asset value increased by \$929 million during the fiscal year to \$8,325 million.

Item III on Page 75 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the fiscal year was 10.45% versus its composite benchmark return of 9.79%. The net asset value increased during the fiscal year to \$6,665 million due to net investment return of \$610 million, plus net contributions of \$721 million, less distributions of \$186 million.

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

Item IV on Page 76 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 and Fidelity money market fund, increased by \$47 million to \$2,257 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$21 million versus \$21 million at the beginning of the period; equities: \$81 million versus \$89 million at the beginning of the period; and other investments: \$10 million versus \$1 million at the beginning of the period.

UTIMCO Performance Summary

August 31, 2014

	Net Asset Value 8/31/2014 (in Millions)	Periods Ended August 31, 2014 (Returns for Periods Longer Than One Year are Annualized)							
		Short Term		Year to Date		Historic Returns			
		<u>1 Mo</u>	<u>3 Mos</u>	<u>Fiscal</u>	<u>Calendar</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
<u>ENDOWMENT FUNDS</u>									
Permanent University Fund	\$ 17,365	1.94%	2.86%	15.11%	8.28%	15.11%	8.93%	10.86%	7.93%
Permanent Health Fund	1,113								
Long Term Fund	<u>7,212</u>								
General Endowment Fund	<u>25,690</u>	1.86%	2.79%	14.73%	7.78%	14.73%	8.89%	10.86%	7.98%
Separately Invested Funds	170								
Total Endowment Funds	<u>25,860</u>								
<u>OPERATING FUNDS</u>									
Intermediate Term Fund	6,665	1.30%	1.69%	10.45%	5.11%	10.45%	6.07%	8.10%	N/A
Short Term Fund and Debt Proceeds Fund	<u>2,199</u>								
Total Operating Funds	<u>8,864</u>								
Total Assets Under Management	<u>\$ 34,724</u>								
<u>VALUE ADDED (1) (Percent)</u>									
Permanent University Fund		0.61%	0.29%	0.92%	0.87%	0.92%	0.71%	1.79%	1.78%
General Endowment Fund		0.53%	0.22%	0.54%	0.37%	0.54%	0.67%	1.79%	1.83%
Intermediate Term Fund		0.28%	0.21%	0.66%	0.41%	0.66%	1.64%	2.44%	N/A
<u>VALUE ADDED (\$ IN MILLIONS)</u>									
Permanent University Fund		\$105	\$49	\$139	\$141	\$139	\$334	\$1,285	\$2,535
General Endowment Fund		44	18	39	29	39	159	701	1,424
Intermediate Term Fund		<u>19</u>	<u>13</u>	<u>41</u>	<u>27</u>	<u>41</u>	<u>272</u>	<u>616</u>	-
Total Value Added		<u>\$168</u>	<u>\$80</u>	<u>\$219</u>	<u>\$197</u>	<u>\$219</u>	<u>\$765</u>	<u>\$2,602</u>	<u>\$3,959</u>

Footnote available upon request.

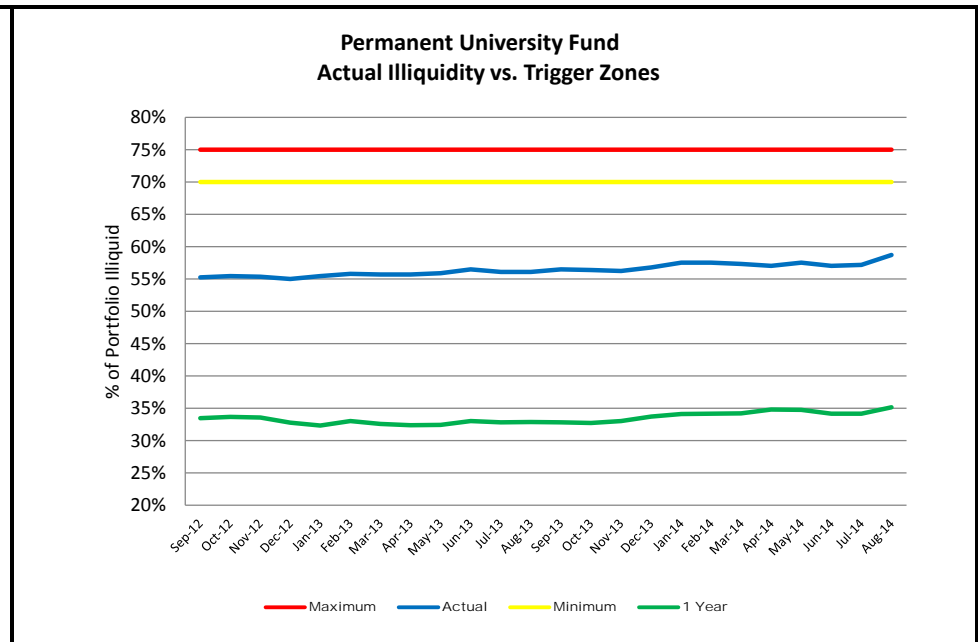
I. PERMANENT UNIVERSITY FUND
Investment Reports for Periods Ended August 31, 2014

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

	Fiscal Year to Date							
	Asset Allocation		Returns		Value Added			
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total	
More Correlated and Constrained:								
Investment Grade	6.6%	7.5%	2.69%	6.24%	-0.22%	-0.15%	-0.37%	
Credit-Related	0.1%	0.0%	18.55%	11.24%	0.01%	-0.01%	0.00%	
Real Estate	2.5%	2.5%	18.77%	19.41%	0.00%	-0.02%	-0.02%	
Natural Resources	7.9%	7.5%	2.79%	8.29%	-0.80%	0.12%	-0.68%	
Developed Country	15.2%	14.0%	21.44%	21.10%	0.04%	0.07%	0.11%	
Emerging Markets	<u>10.1%</u>	<u>10.0%</u>	<u>29.01%</u>	<u>19.98%</u>	<u>-0.03%</u>	<u>0.70%</u>	<u>0.67%</u>	
Total More Correlated and Constrained	42.4%	41.5%	15.16%	15.87%	-1.00%	0.71%	-0.29%	
Less Correlated and Constrained	29.6%	30.0%	10.61%	7.73%	-0.02%	0.94%	0.92%	
Private Investments	<u>28.0%</u>	<u>28.5%</u>	<u>20.04%</u>	<u>18.61%</u>	<u>-0.02%</u>	<u>0.31%</u>	<u>0.29%</u>	
Total	<u>100.0%</u>	<u>100.0%</u>	<u>15.11%</u>	<u>14.19%</u>	<u>-1.04%</u>	<u>1.96%</u>	<u>0.92%</u>	

14

<u>Summary of Capital Flows</u>			
(\$ millions)	Fiscal Year Ended August 31, 2013	Quarter Ended August 31, 2014	Fiscal Year Ended August 31, 2014
Beginning Net Assets	\$13,470	\$16,912	\$14,853
PUF Lands Receipts	857	279	1,129
Investment Return (Net of Expenses)	1,170	483	2,260
Distributions to AUF	<u>(644)</u>	<u>(309)</u>	<u>(877)</u>
Ending Net Assets	<u>\$14,853</u>	<u>\$17,365</u>	<u>\$17,365</u>



II. GENERAL ENDOWMENT FUND

Investment Reports for Periods Ended August 31, 2014

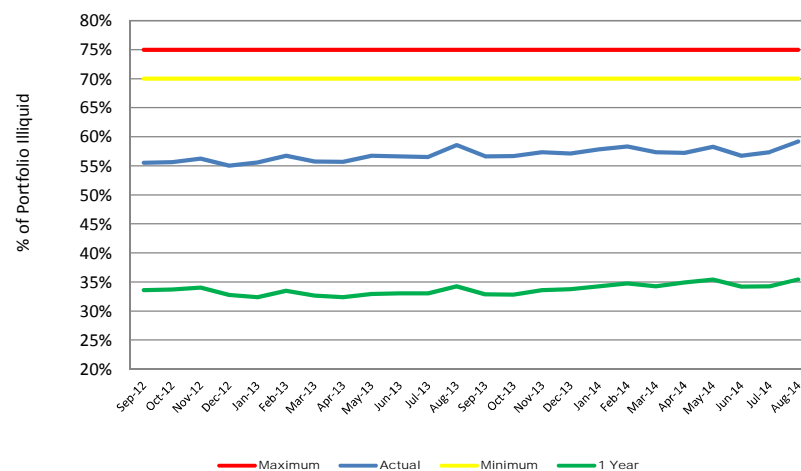
Prepared in accordance with *Texas Education Code Sec. 51.0032*

	Fiscal Year to Date						
	Asset Allocation		Returns		Value Added		
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total
More Correlated and Constrained:							
Investment Grade	5.6%	7.5%	3.70%	6.24%	-0.18%	-0.03%	-0.21%
Credit-Related	0.1%	0.0%	18.55%	11.24%	0.00%	0.00%	0.00%
Real Estate	2.5%	2.5%	18.83%	19.41%	0.00%	-0.02%	-0.02%
Natural Resources	8.1%	7.5%	2.86%	8.29%	-0.84%	0.14%	-0.70%
Developed Country	15.4%	14.0%	21.44%	21.10%	0.02%	0.06%	0.08%
Emerging Markets	<u>10.3%</u>	<u>10.0%</u>	<u>22.84%</u>	<u>19.98%</u>	<u>0.05%</u>	<u>0.09%</u>	<u>0.14%</u>
Total More Correlated and Constrained	42.0%	41.5%	14.26%	15.87%	-0.95%	0.24%	-0.71%
Less Correlated and Constrained	29.8%	30.0%	10.61%	7.73%	0.02%	0.90%	0.92%
Private Investments	<u>28.2%</u>	<u>28.5%</u>	<u>20.05%</u>	<u>18.61%</u>	<u>0.02%</u>	<u>0.31%</u>	<u>0.33%</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>14.73%</u>	<u>14.19%</u>	<u>-0.91%</u>	<u>1.45%</u>	<u>0.54%</u>

Summary of Capital Flows

(\$ millions)	Fiscal Year Ended August 31, 2013	Quarter Ended August 31, 2014	Fiscal Year Ended August 31, 2014
Beginning Net Assets	\$7,105	\$8,113	\$7,396
Contributions	166	88	225
Withdrawals	(152)	(10)	(13)
Distributions	(360)	(94)	(371)
Investment Return (Net of Expenses)	<u>637</u>	<u>228</u>	<u>1,088</u>
Ending Net Assets	<u>\$7,396</u>	<u>\$8,325</u>	<u>\$8,325</u>

General Endowment Fund Actual Illiquidity vs. Trigger Zones

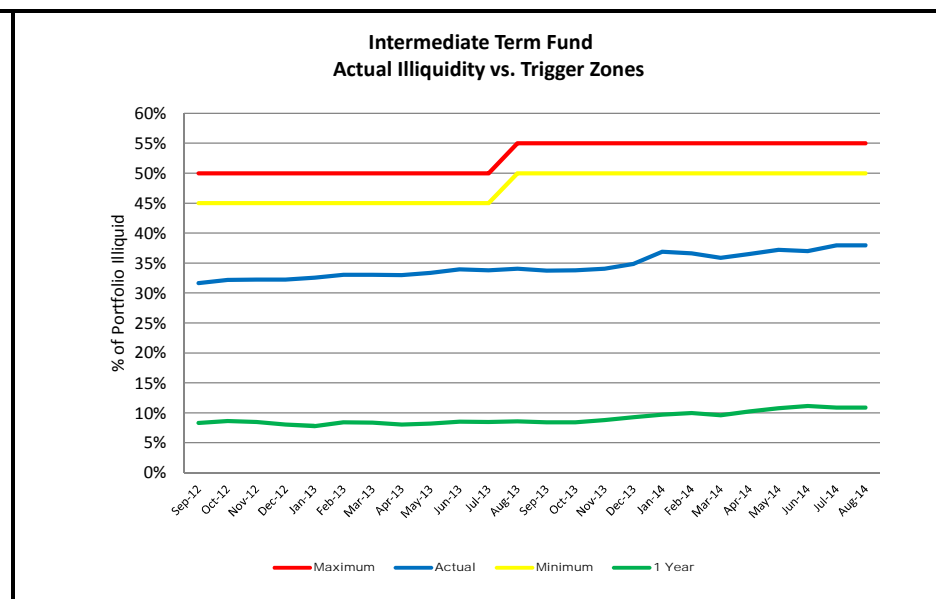


III. INTERMEDIATE TERM FUND Investment Reports for Periods Ended August 31, 2014

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

	Fiscal Year to Date						
	Asset Allocation		Returns		Value Added		
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total
More Correlated and Constrained:							
Investment Grade	28.5%	30.0%	6.48%	6.24%	-0.06%	0.17%	0.11%
Credit-Related	0.0%	0.0%	0.00%	0.00%	0.00%	0.00%	0.00%
Real Estate	3.1%	3.0%	18.75%	19.41%	-0.04%	-0.03%	-0.07%
Natural Resources	7.7%	7.0%	3.06%	8.29%	-0.65%	0.12%	-0.53%
Developed Country	9.6%	9.0%	21.41%	21.10%	0.00%	0.06%	0.06%
Emerging Markets	<u>6.2%</u>	<u>6.0%</u>	<u>20.67%</u>	<u>19.98%</u>	<u>-0.06%</u>	<u>0.03%</u>	<u>-0.03%</u>
Total More Correlated and Constrained	55.1%	55.0%	10.52%	11.16%	-0.81%	0.35%	-0.46%
Less Correlated and Constrained	44.9%	45.0%	10.56%	7.73%	0.01%	1.11%	1.12%
Private Investments	0.0%	0.0%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>10.45%</u>	<u>9.79%</u>	<u>-0.80%</u>	<u>1.46%</u>	<u>0.66%</u>

	Summary of Capital Flows		
	Fiscal Year Ended August 31, 2013	Quarter Ended August 31, 2014	Fiscal Year Ended August 31, 2014
(\$ millions)			
Beginning Net Assets	\$4,893	\$6,560	\$5,520
Contributions	694	1,350	2,111
Withdrawals	(158)	(1,306)	(1,390)
Distributions	(158)	(50)	(186)
Investment Return (Net of Expenses)	<u>249</u>	<u>111</u>	<u>610</u>
Ending Net Assets	<u>\$5,520</u>	<u>\$6,665</u>	<u>\$6,665</u>



IV. SEPARATELY INVESTED ASSETS
Summary Investment Report at August 31, 2014
 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
Cash & Equivalents:																
Beginning value 05/31/14	-	-	2,351	2,352	92,772	92,772	1,861	1,861	319	319	97,303	97,304	2,112,450	2,112,450	2,209,753	2,209,754
Increase/(Decrease)	-	-	(87)	(88)	(40,295)	(40,295)	123	123	637	637	(39,622)	(39,623)	86,984	86,984	47,362	47,361
Ending value 08/31/14	-	-	2,264	2,264	52,477	52,477	1,984	1,984	956	956	57,681	57,681	2,199,434	2,199,434	2,257,115	2,257,115
Debt Securities:																
Beginning value 05/31/14	-	-	20	21	11,268	11,931	8,516	8,723	-	-	19,804	20,675	-	-	19,804	20,675
Increase/(Decrease)	-	-	(2)	(3)	65	193	68	92	-	-	131	282	-	-	131	282
Ending value 08/31/14	-	-	18	18	11,333	12,124	8,584	8,815	-	-	19,935	20,957	-	-	19,935	20,957
Equity Securities:																
Beginning value 05/31/14	1,160	19,841	3,818	3,809	41,068	49,466	12,825	15,520	-	-	58,871	88,636	-	-	58,871	88,636
Increase/(Decrease)	-	(9,907)	(2,017)	(2,012)	3,438	4,290	1,297	(109)	-	-	2,718	(7,738)	-	-	2,718	(7,738)
Ending value 08/31/14	1,160	9,934	1,801	1,797	44,506	53,756	14,122	15,411	-	-	61,589	80,898	-	-	61,589	80,898
Other:																
Beginning value 05/31/14	-	-	724	724	6	6	527	111	200	200	1,457	1,041	-	-	1,457	1,041
Increase/(Decrease)	-	-	6,144	6,144	-	-	8	(2)	2,851	2,851	9,003	8,993	-	-	9,003	8,993
Ending value 08/31/14	-	-	6,868	6,868	6	6	535	109	3,051	3,051	10,460	10,034	-	-	10,460	10,034
Total Assets:																
Beginning value 05/31/14	1,160	19,841	6,913	6,906	145,114	154,175	23,729	26,215	519	519	177,435	207,656	2,112,450	2,112,450	2,289,885	2,320,106
Increase/(Decrease)	-	(9,907)	4,038	4,041	(36,792)	(35,812)	1,496	104	3,488	3,488	(27,770)	(38,086)	86,984	86,984	59,214	48,898
Ending value 08/31/14	1,160	9,934	10,951	10,947	108,322	118,363	25,225	26,319	4,007	4,007	149,665	169,570	2,199,434	2,199,434	2,349,099	2,369,004

Details of individual assets by account furnished upon request.



The University of Texas Investment Management Company

UTIMCO Update

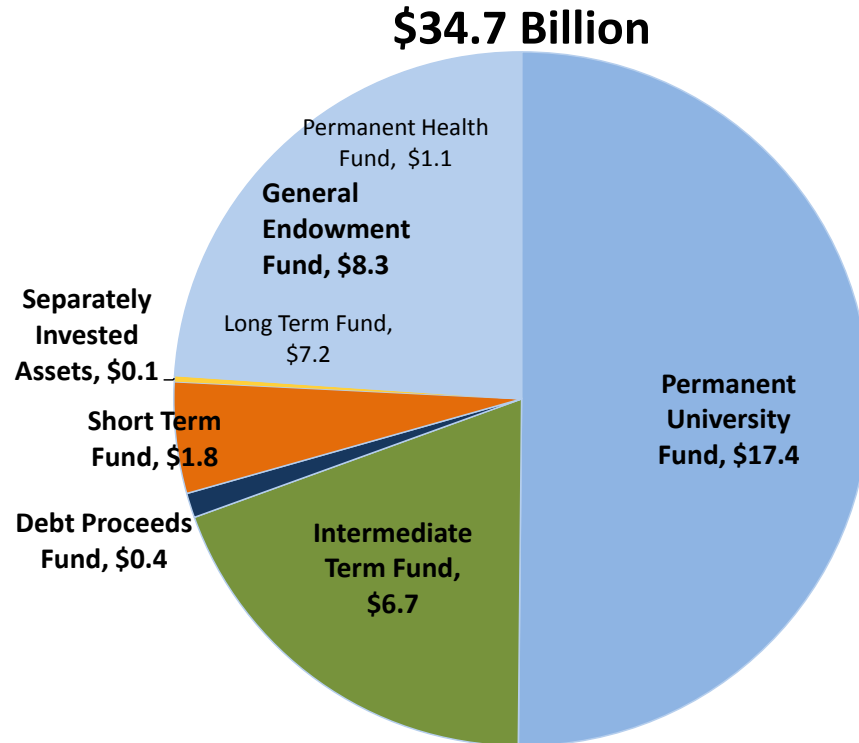
Mr. Bruce Zimmerman, Chief Executive Officer
and Chief Investment Officer

U. T. System Board of Regents' Meeting
Finance and Planning Committee
November 2014

UTIMCO ASSETS UNDER MANAGEMENT



As of August 31, 2014



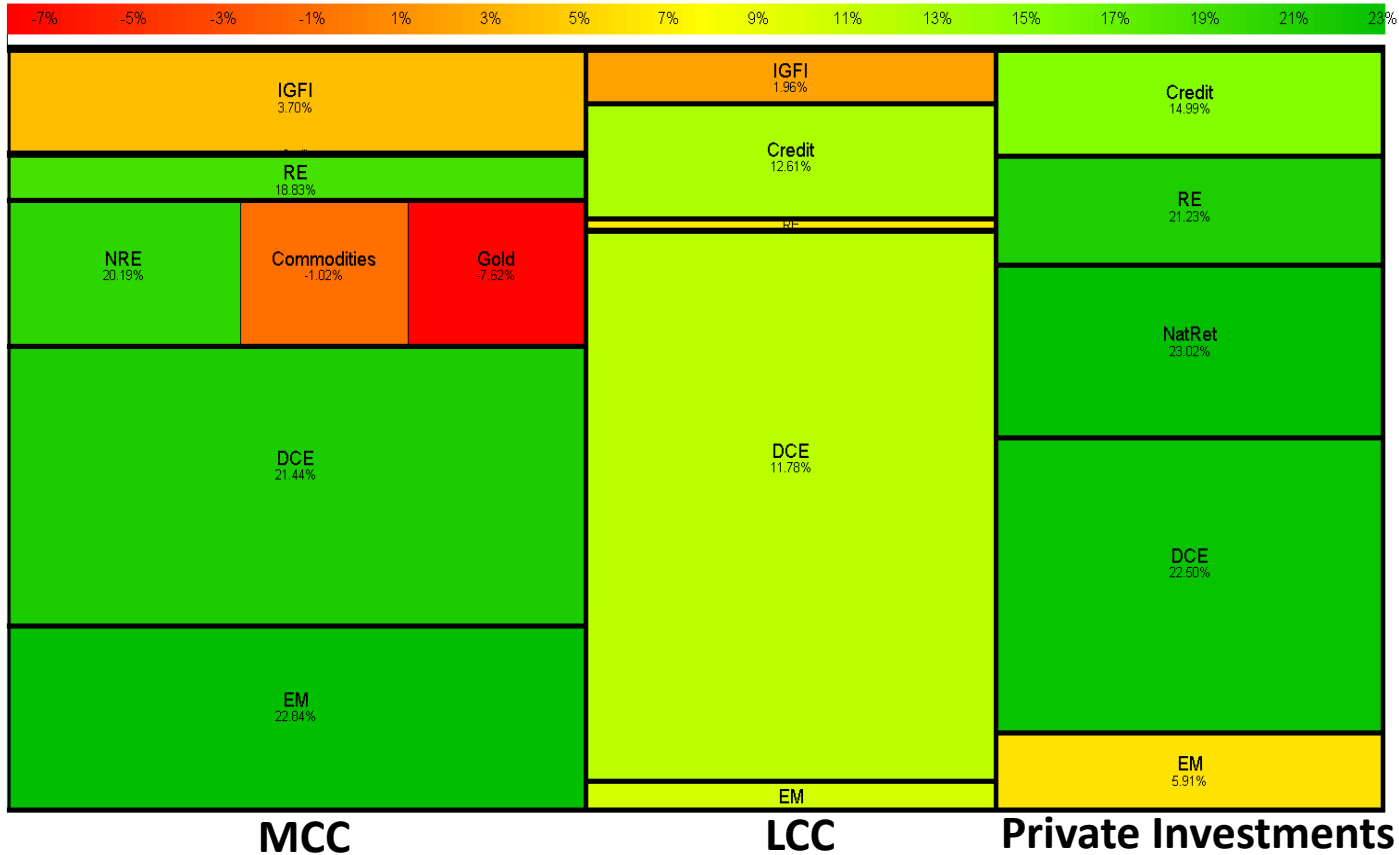
RETURNS



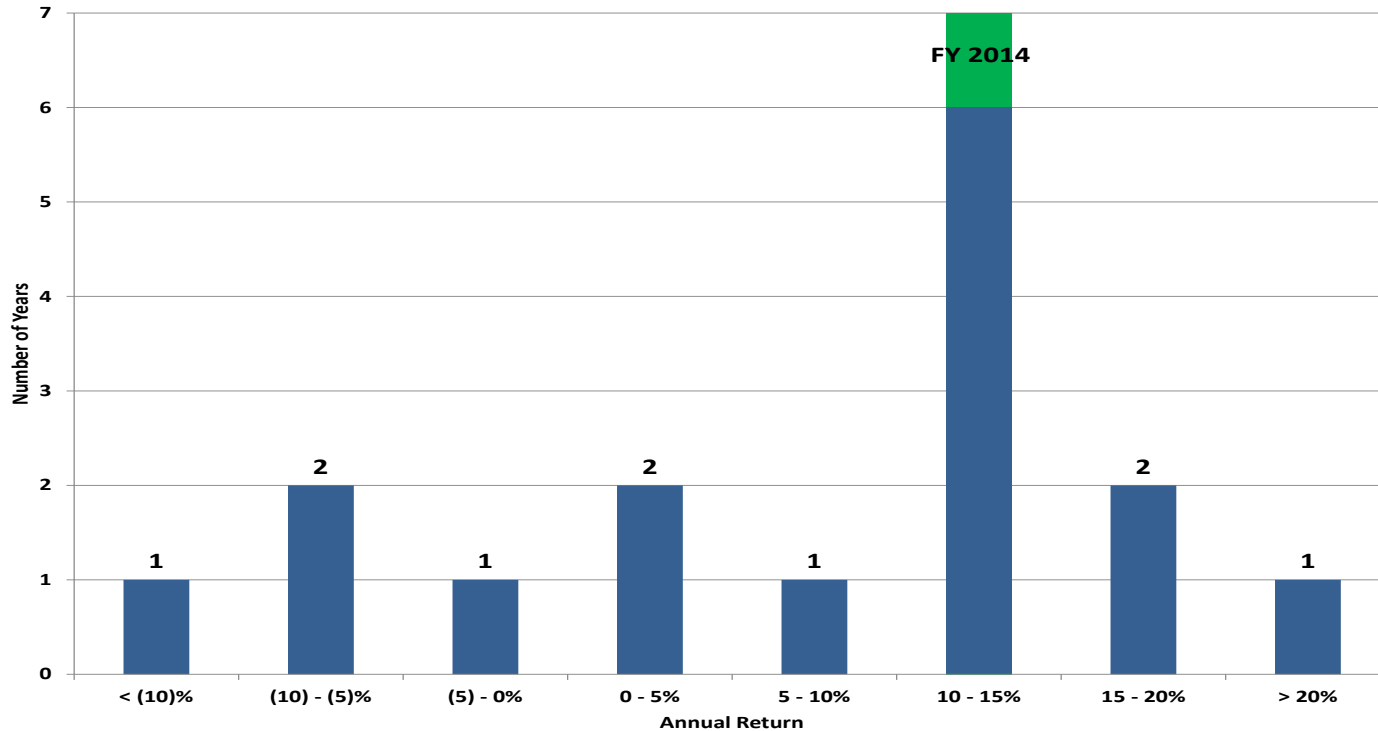
Periods Ended August 31, 2014

Fund	One Year	Three Years	Seven Years	Ten Years
Permanent University Fund (PUF) <small>20</small>	15.11%	8.93%	5.02%	7.93%
General Endowment Fund (GEF)	14.73%	8.89%	5.01%	7.98%
Intermediate Term Fund (ITF)	10.45%	6.07%	4.51%	N/A

ONE YEAR RETURNS AS OF AUGUST 2014



DISTRIBUTION OF RETURNS SINCE 1996





ENDOWMENT DASHBOARD

Underperformance

<u>FY2014</u>	<u>3-years</u>	<u>5-years</u>	<u>10-years</u>
15.0%	8.9%	10.9%	7.9%

Market

<u>Beta</u>		
<u>Interest</u>		
<u>Equity</u>	<u>Rates</u>	<u>Currency</u>
0.526	(0.283)	(0.169)

Volatility/Downside

	<u>1 stdev</u>	<u>2 stdev</u>
Expected returns	-1.1%	-16.5%
VIX:	12.1%	

Scenarios

	<u>US Liquidity</u>	<u>China</u>	<u>Japan</u>
Projected	<u>Squeeze</u>	<u>Slowdown</u>	<u>Implosion</u>
Returns:	-21.2%	-18.5%	-15.4%

Active Management

	<u>FY2014</u>	<u>3-years</u>	<u>10-years</u>
<u>Value-Add</u>			
bps	66	71	184
\$	\$206M	\$521M	\$3,984M
<u>Risk/Return</u>			
Sharpe	3.41	1.57	0.78
IR	0.37	0.31	0.78

Transparency

	<u>Full but</u>		
	<u>Lagged</u>	<u>Partial</u>	<u>None</u>
Full	37%	30%	3%

Concentration

	<u>Manager</u>		<u>Securities (Top 10)</u>	
<u>US</u>	<u>Top 10</u>	<u>Top 20</u>	<u>Bonds</u>	<u>Stocks</u>
54%	26%	43%	6.2%	4.0%

Illiquidity

	<u>90 day</u>	<u>1 year</u>
	<u>liquidity</u>	<u>liquidity</u>
Endowments	41%	65%
ITF	62%	89%

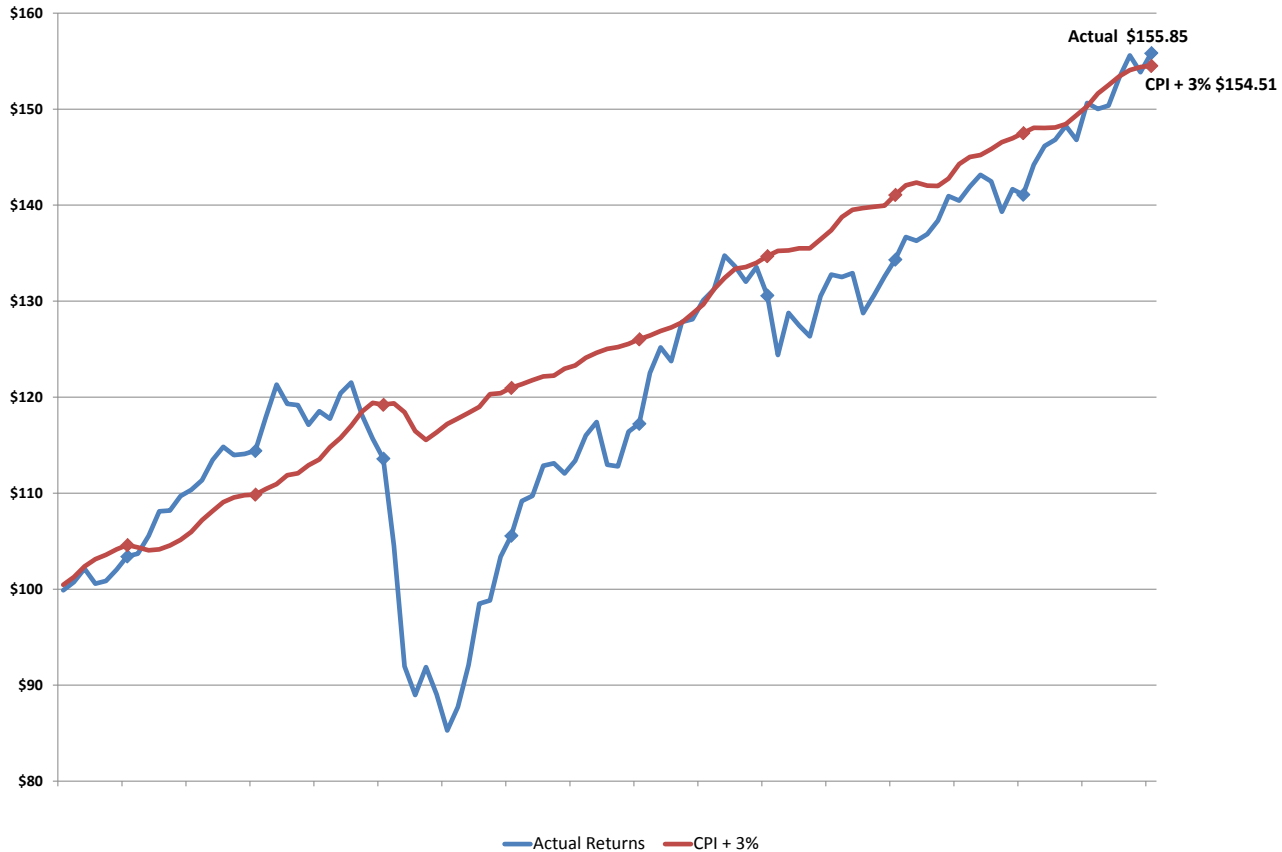
Leverage

	<u>LCC</u>	<u>LCC ex-FI</u>	<u>Endowments</u>
Gross	2.14	1.77	1.00
Net	0.49	0.58	1.00

Permanent Loss of Capital

	<u>Invested</u>	<u>Permanent</u>	
	<u>Capital (\$B)</u>	<u>Loss (\$M)</u>	<u>%</u>
MCC	\$31.3	\$600	1.9%
LCC	11.4	400	3.5%
PI	<u>12.5</u>	<u>370</u>	<u>3.0%</u>
Total	<u>\$55.2</u>	<u>\$1,370</u>	<u>2.5%</u>

ITF RETURNS VS. CPI + 3%



MINUTES
U. T. System Board of Regents
Academic Affairs Committee
November 5, 2014

The members of the Academic Affairs Committee of the Board of Regents of The University of Texas System convened at 11:45 a.m. on Wednesday, November 5, 2014, in the Tomás Rivera Conference Center on the Third Floor of Union Building East, The University of Texas at El Paso, 500 West University Avenue, El Paso, Texas, with the following participation:

Attendance

Vice Chairman Hicks, presiding
Regent Aliseda
Regent Cranberg
Regent Pejovich
Regent Stillwell

Also present were Chairman Foster, Vice Chairman Powell, Regent Hall, Regent Hildebrand, Regent Richards, and General Counsel Frederick.

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

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration**

Committee Meeting Information

*Presenter(s): Chairman Hicks
Status: Reported*

There were no items referred from the Consent Agenda.

2. **U. T. System Board of Regents: Amendment of the Regents' Rules and Regulations, Rule 40601, Section 1.3(c), to reflect the reorganization and change the name of the College of Education and Health Professions at U. T. Arlington to the College of Education and Section 1.3(h) to reflect the reorganization and change the name of the College of Nursing to the College of Nursing and Health Innovation**

Committee Meeting Information

*Presenter(s): President Vistasp M. Karbhari, U. T. Arlington
Status: Approved
Motion: Made by Regent Cranberg, seconded by Regent Stillwell, and carried unanimously*

3. **U. T. System Board of Regents: Approval to create an Honors College at U. T. Dallas and amendment of the Regents' Rules and Regulations, Rule 40601, Section 1.6 to add new Subsection (f) to include the Honors College and to revise Regents' Rule to include current names of two schools**

Committee Meeting Information

Presenter(s): President David E. Daniel, U. T. Dallas

Status: Approved

Motion: Made by Regent Pejovich, seconded by Regent Stillwell, and carried unanimously

Discussion at meeting:

As President Daniel noted, this item was revised prior to the meeting to reflect the current names of two schools: the School of General Studies was changed to the School of Interdisciplinary Studies and the School of Social Sciences was changed to the School of Economic, Political and Policy Sciences. The revised item, which was approved, is set forth on Pages 14 - 15.

4. **U. T. System: Discussion regarding student learning assessment and outcomes**

Committee Meeting Information

Presenter(s): Dr. Pedro Reyes, Executive Vice Chancellor for Academic Affairs

Status: Discussed

Follow-up actions:

1. Propose a new Regents' Rule regarding student learning assessment and outcomes.
2. Consider how to measure student's mastering of critical thinking skills.

Discussion at meeting:

Note: All remarks are essentially as delivered.

Remarks by Dr. Reyes

I would like to recognize Regent Pejovich for having a focus and a major interest in student learning assessment as well as student learning outcomes. I know this Board is focused on student success and obviously those are pieces of it. So, I will briefly summarize what we have been doing, and then open it up for the presidents to comment on this.

Over 10 years ago, the Board of Regents asked us to start looking into student learning assessment. At that point in time, we tried many different alternatives, and we worked with the faculty on the campuses on how to measure student learning and how to come together as a System and begin to hold ourselves accountable for what goes on in the classroom.

We tried several different approaches, and at the end, we decided that there was one approach that was really important and that was most suitable. We adopted a (U. T.) System test that is called collegiate learning assessment or CLA.

The CLA test is not a multiple choice test; it is a problem-solving test that is given to individual students, and it is amazing what this test shows. The students do really well. We apply this test to a sample of freshman students and a sample of senior students every year, and we do it using a stratified random sample of students. The test is a little bit expensive to apply to more than that, but I think that it is valid. We have done so many studies across the System, even within the institutions, about the effectiveness of this assessment tool, and we are quite pleased with the outcomes.

The assessment tool looks at five different critical skills. These five critical skills are typically delivered in a general curriculum or the core curriculum. One is Critical Thinking, another Problem Solving, Writing Communication, Analytical Reasoning, and Quantitative Reasoning. This general curriculum addresses other skill areas that are not mentioned by the test, but in general, they have to report back to the accrediting agencies or institutions to make sure that our institutions pay attention to student learning. In fact, the Southern Association for Colleges and Schools (SACS) requires that we have something called the QEP. The QEP is the Quality Enhancement Plan that is focused solely on student learning, and some of our institutions have used this test to respond to that particular requirement.

In terms of the general curriculum, we do quite well when we are benchmarked against the national norms. By the way, this is a group of institutions that are nationally organized and using the same tests so we can compare ourselves with the national norms. In some cases, there has been some criticism -- sometimes the students come already highly prepared, like at Harvard or Stanford, and the difference or change if you will, in terms of learning, is not huge but that is one of the limitations of the test. We have tested that at U. T. Dallas and at U. T. Austin but there is a change in terms of mastering the skill sets that we are asking them to do.

It must have been about five years ago or so that the New York Times wrote a whole page on student learning assessment and recognized the U. T. System as a leader in this area. No other system, to my knowledge, uses this systematically for the purpose of publishing what we do or comparing ourselves to national norms.

Again, we spent a great deal of time working with the Faculty Advisory Council and the Student Advisory Council so that everybody was on board in this particular area.

So that is the general curriculum. In terms of the major field, there is no single test that we use for our institutions. Architecture is different than sociology, than psychology, than engineering, etc., but within the major, there are accrediting agencies like ABET (Accreditation Board for Engineering and Technology) that require our institutions and our programs and schools of engineering to focus on student learning. We get those reports back at System, and obviously we engage with the provosts and the academic presidents when we see some certain tendencies, and so we are covered in that sense.

If you look at the arts, there is no single test. They could use either, so we used portfolio projects, and in engineering, capstone seminars help us to understand how well the students have achieved mastery of the specific area. In business, we do exactly the same thing. In some areas in business, there is a test that is applied at the end of the program.

So those are the ways that we have framed the student learning assessment, and I want to mention to you that our presidents and our provosts pay a great deal of attention to this. They are always on top of it and they do, as I said before, really quite well nationally.

Remarks by Dr. Daniel

Yes, Dr. Reyes had asked me to be prepared, so I will just make a couple of comments. First of all, it is great to have someone who knows this area; this is close to Dr. Reyes' own area of research. He hit on all the high points. I would just emphasize that the learning assessment takes place at every level. Every single course has in its syllabus a list of very specific objectives. The terminology is quite deep into that and each course is evaluated. Every program by SACS requirements is required to assess its progress towards meeting those learning objectives every single year; state the objectives and look at how they did in previous years.

As Dr. Reyes mentioned, many areas such as business and engineering have accrediting agencies that come in and evaluate the performance. I think that the CLA test that we are participating in is sort of intoxicating to think that there would be a test to measure how one has progressed in critical thinking skills, but an art historian might progress in very different ways than a neuroscientist versus a finance major. So this is just an extremely difficult measurement to make given the breadth of background.

The other practical problem that we see is students are poorly motivated, if you will, with these tests. The question would be, if we test freshmen and we test seniors with the CLA test, what motivation is there for them, maybe other than school pride, to really assess their abilities? And as Dr. Reyes mentioned, the more brilliant your students come into your institutions, in some ways, the more difficult it is. So this is a tough area, but we remain committed and greatly appreciated that we have the skill and talent at System to help guide us.

Remarks by Dr. Reyes

I would like to come back to this Board with a (Regents') Rule to show public commitment to this area. First of all, I will vet it with the presidents, students, and faculty.

Remarks by Regent Cranberg

I had asked some questions along these lines about what we were doing. I appreciate the presentation. I think certainly President Daniel put his finger on a crucial element,

which is motivation of students for a test. Normally, students take a test in order to pass a course, in order to get a degree, and the degree is what they have to show an employer. If employers are searching, as I believe that they probably are, for critical thinkers, good communicators, good writers, good speakers, students that are familiar with economics and the way the world works -- signs of supply and demand -- if there were an opportunity for some kind of -- beyond a degree -- some kind of an identifying piece of paper that would allow employers to know that there were certain benchmarks of achievement in those areas, which are not necessarily topical or subject-type areas, but characteristics of students that are developed during a college experience, will that not address your concern, President Daniel, about motivation for a student to be able to show a potential employer, that "Here, I not only have a degree from this great institution, but I also can prove that I am in the top tier of folks for critical thinking skills, writing, oral presentations, etc."?

Remarks by Dr. Daniel

Regent Cranberg, it would. I think the challenge there is often that it is focused on the field such as an electrical engineering degree and the experience relevant to that which would be very different from performing arts where it would be performance-related. The challenge is getting at it across the whole university level, which is really the hard part. It is, I think, much more doable when you are into specific program areas to find the skills that are valued. But, unquestionably, if one can find a way to motivate students to give their best performance, it is a more meaningful measure and jobs are motivational.

Remarks by Regent Cranberg

When we look at students to hire, or anybody -- students or experienced employees -- for promotion or hiring, typically we are looking for skill sets that would not be that different from a performing artist versus an engineer. Of course, we are concerned about the subject matter knowledge, but how somebody presents themselves, whether they are an artist or an engineer or a business person, has a big impact on their ability to be effective in an organization. How they speak, how they write, whether they marshal evidence to support their hypothesis; these were all items which transcend subject matters.

I would certainly appreciate as an employer to be able to know, aside from my impressions in an interview context, that an individual is somebody who has demonstrated particular excellence in those areas.

Remarks by Dr. Daniel

All quite true, I just do not quite know how we would do that at this time, but maybe we can come up with a way.

Remarks by Dr. Reyes

Regent Cranberg, your question is an excellent one. We have got to start thinking about how we can do this because of the variety of fields that we have in place. The core curriculum is supposed to achieve some of those critical thinking skills, and this test provides an assessment at the individual level that could go into the transcript, if you will, that he or she has mastered the critical thinking skill.

The issue is how do we pay for all of this. The test is a little bit expensive, and, if we are going to show that every student has to have the opportunity to take it so that he or she can show to the world of work that they have mastered those skills -- that is the real challenge here.

Vice Chairman Hicks asked about the cost of the test, and Dr. Reyes remarked as follows:

The cost per student is about \$30, and we pay this out of (U. T.) System (funds). In terms of incentives, all of the presidents know that we provided some incentive money, and with freshmen, they are eager to demonstrate that they can do this. With seniors, it is a little bit different. But we provided some money so that they could be creative about this; they can provide a dollar (monetary) incentive or an iPad for the highest or best score. Or sometimes, some of the presidents have offered parking, special parking, and that really helps a lot to motivate these kids to do well or to apply themselves into taking this test. We have done a lot of studies, Regent Cranberg, within our institutions to make sure that what we are getting is real.

5. **U. T. Rio Grande Valley: Request to a) approve athletics nickname, colors, and mascot pursuant to Regents' Rules and Regulations, Rule 40801, and b) authorize that the NCAA Division I athletics program at U. T. Pan American be converted to the athletics program at U. T. Rio Grande Valley with continued membership in the Western Athletic Conference (WAC)**

Committee Meeting Information

Presenter(s): President Guy Bailey, U. T. Rio Grande Valley

Status: Approved

Motion: Made by Regent Stillwell, seconded by Regent Cranberg, and carried unanimously

Discussion at meeting:

President Bailey explained the process used to arrive at a recommendation for a nickname, mascot, and colors for U. T. Rio Grande Valley (UTRGV).

He noted the following efforts made to be as inclusive as possible:

- *open forums with students, faculty, staff, and community members;*
- *targeted focus-group meetings with alumni, athletes, coaches, and students; and*
- *a day-long retreat with a student committee that included 30 students from U. T. Brownsville and U. T. Pan American led by the Student Government Association President. Dr. Bailey introduced the two student committee leaders who were in attendance at the meeting.*

Dr. Bailey then displayed the slides set forth on Pages 16 - 20 and made the following additional remarks:

Additional Remarks by President Bailey
(essentially as delivered)

We had four online surveys. We had a survey created by a national expert in university athletics branding and administered through the U. T. System. It generated more than 1,900 responses. We had two student surveys: one at U. T. Brownsville and one at U. T. Pan American (UTPA) that generated more than 6,000 responses and a final survey, open to everyone -- community members as well -- that generated more than 10,660 responses. By the way, on the last survey you could vote more than once, and so some people did.

We also had a steering committee co-chaired by our two student leaders that consisted of the chairs of the two faculty senates, staff senates, and also the two alumni association presidents. In addition, as you may or may not know, I received a number of petitions and resolutions from various city and county governments, and some urged me to use the UTPA mascot and an equal number urged me not to.

While this is an emotional and difficult topic, it is also important to recognize that people care deeply about the universities and their traditions, and that is a good thing and not a bad thing. They care about the iconic features of the campuses. Now, no consensus emerged regarding specific nicknames or mascots -- in fact, far from it. Most respondents did want to make sure that we preserved some iconic campus landmarks like the fountain. This is the fountain at U. T. Brownsville (Slide 2 on Page 17), and it is a kind of landmark that we want to preserve in our branding for UTRGV. And this bell (Slide 1 on Page 16) is rung on special occasions. You can see the fountain there, that is also an important iconic landmark. At U. T. Pan American, the Bronc and the Bronc trail (Slide 3 on Page 18) are things that are important to preserve, and we will weave these into the fabric of the new institution, and we will make the legacy of these institutions part of our future as well.

Now, while we did not have any consensus on nickname or mascot, we did have general consensus on school colors. I would like to recommend blue and green used with orange, and you can see a palette of colors (Slide 4 on Page 19): the blue of U. T. Brownsville and the green of U. T. Pan American accented with orange, the official color of the U. T. System.

Because we had no consensus on a particular nickname or mascot, I have tried to distill what I have learned, sift through everything, and then I have come back to the question that I asked students, faculty, and everyone else at the beginning of the exercise. I asked that we develop a nickname and a mascot that represent the culture and the geography of the Rio Grande Valley.

For that reason, I am recommending that we use the nickname "Vaqueros." There is no greater icon of our region than the Vaquero. Vaqueros were the horsemen and cattle herders who laid the foundation for the North American Cowboy and cowboy culture. And if you go around the world, there is not a more iconic figure in American lore than the cowboy. And the use of "Vaqueros" simply recognizes that this is where the cowboy began; the most iconic figure in American culture began right there in the Rio Grande Valley.

I think it provides us with a unique and iconic nickname that represents the Valley, and something that the entire Valley can represent. I would like to tell you that this was all my idea, but actually the idea was generated over a year ago by U. T. Pan American art sculpture students and Art Professor Doug Clark. He asked his Art classes to begin thinking about a mascot, long before any of us had begun thinking about it, that represented the new university. They came up with 10 ideas, but ultimately the one that they decided that was most representative of the new university was the Vaquero.

This (Slide 5 on Page 18) is a draft of what they put together, and as you can see, we still have some work to do, but it is a great vision for the new institution. We will ask our incoming UTRGV students to engage in the process of working with our National Athletics Branding expert to decide on the appropriate graphics and design. Of course, we need to develop uniforms and promotional items, and we look forward to sharing these with the Board at future dates.

Chairman Hicks, we ask for the support of the Academic Affairs Committee today and the full Board tomorrow as we recommend "Vaqueros" as the athletics nickname for UTRGV.

Related to that, I also recommend that the UTPA athletics program be converted to the athletics program at UTRGV with continued membership in the Western Athletics Conference. It is important that we compete in Division 1 athletics, and the WAC gives us a good home -- the facilities in

Edinburg are appropriate. You are often associated with the schools that you compete with athletically, and so I think for that reason it is important that we have Division 1 athletics.

As we move forward, U. T. Brownsville will honor the scholarships of U. T. Brownsville students; they will have chances to try out for the athletics team at UTRGV. As I said, this helps us maintain Division 1 athletics. By the way, there are certain iconic programs at U. T. Brownsville we will preserve that are not exactly athletics. As you probably know, U. T. Brownsville won the state Chess Championship, and one of our fellow U. T. institutions came in second, Texas Tech third. But U. T. Brownsville has a marvelous chess program; we will continue to promote things like that.

During the Board meeting on November 6, 2014, the Board also acknowledged the uniqueness of the UTRGV model of a new university by allowing UTRGV to use two colors (blue and green) in addition to orange and white rather than the one additional color allowed by Regents' Rule 40801.

6. U. T. Austin: Approval to establish a Doctor of Nursing Practice degree program

Committee Meeting Information

Presenter(s): President William Powers, Jr., U. T. Austin

Status: Approved

Motion: Made by Regent Stillwell, seconded by Regent Aliseda, and carried unanimously

Follow-up action: Consider expansion of the nursing program to increase the number of undergraduate students.

Discussion at meeting:

Regent Cranberg asked about the faculty proposed for the program, and President Powers said no new faculty will be hired to administer this degree program at this time. Noting this program has the lowest admittance rate at U. T. Austin, Regent Cranberg asked if the capacity could be enhanced with the Dell Medical School coming on board and a greater need for undergraduate nursing. President Powers explained that the admittance rate is low because it is a popular program, thus difficult to get into, and he added that using existing faculty will not affect the number of students or quality of the program.

Regent Cranberg noted that the program is taking \$1.1 million in faculty time for an off-campus nursing program. President Powers asked Provost Fenves to explain the compensation for the faculty. Dr. Fenves said that compensation for faculty is given as an overload and does not affect the normal teaching assignment. He said some of the faculty members are clinical faculty who might work part-time.

Regent Cranberg asked if there is an opportunity to increase the undergraduate capacity with the additional resources coming on board with the new Dell Medical School, and Provost Fenves explained the constraints, such as the size of the current facility for the Nursing School and the capacities of hospitals for practice and internships. He said long-term plans will look at integration of the Nursing program with the Dell Medical School.

Regent Cranberg asked that consideration be given to expanding the nursing education program to increase the number of undergraduate students.

7. U. T. System: Discussion of support programs for Veteran students

Committee Meeting Information

Presenter(s): *Dr. Pedro Reyes, Executive Vice Chancellor for Academic Affairs; President Vistasp M. Karbhari, U. T. Arlington; President Diana S. Natalicio, U. T. El Paso; President William Powers, Jr., U. T. Austin; President Ricardo Romo, U. T. San Antonio*

Status: *Discussed*

Follow-up action:

- 1. Dr. Reyes will work with U. T. Austin on a recommendation regarding further support for veteran students.*
- 2. Regent Aliseda asked if credit is given for advanced military schooling, and President Powers said he will find out.*

Discussion at meeting:

Dr. Reyes noted that recently the academic presidents had met with the Commissioner of Veteran Affairs.

Dr. Natalicio described an effective suite of services for military students attending U. T. El Paso, including

- faculty members have taught at nearby Fort Bliss for many years and coordinating those classes with local community colleges to avoid overlap;*
- a Military Student Success Center has been established on campus staffed by trained personnel;*
- a resiliency workshop for student success will be offered for veteran students;*
- Green Zone training helps faculty and staff to assist military students; and*
- the Military Student Association is primarily veteran-driven.*

Dr. Romo spoke about programs available at U. T. San Antonio, including Veterans Success programs, Veterans Service Advisory Committee, a veterans student association that advocates for veterans, and the Hazlewood exception program that

provides financial support. He said approximately 10% of students are veterans and noted nearby Fort Sam Houston and Lackland Air Force Base. He described the campus Center for Wellness of Military Children and Families, a small business development program in the Institute for Economic Development, the Wounded Warrior track, efforts related to corporate partners for internships, and a military liaison in the President's Office.

Dr. Karbhari said 7% of students at U. T. Arlington are veterans, and he spoke about the following points:

- *There is a Veterans Affairs Office in the Financial Aid Office on campus.*
- *The Veterans Assistance Center established as an extension of the Veteran's Upward Bound program, which provides counseling, mentoring, and a pre-college preparation and support system.*
- *A student group aids the transition of veterans into college life.*
- *The University College includes a focus on veterans.*

President Powers said at U. T. Austin 3% of the student body is composed of self-identified veteran students. He spoke about a one-stop shop for students who are veterans, including a student organization and mental health and financial services. He mentioned that there is a Veterans Center.

Transcription of the discussion regarding veteran students

Regent Cranberg: It concerned me that veterans lose their automatic admit status to get into U. T. Austin, which is the one institution we have which is particularly restrictive in admissions. And the Top 10% Rule, or Top 7 or 8%, provides an automatic admissions opportunity for students. Unfortunately, a high school graduate who enlists in the military after two years loses that automatic admit status or after four years for transfer status. And it strikes me as an unfair result if somebody gives up their automatic admit statuses under the Top 10% Rule to serve their country not to be able to return.

I realize that part of that is a legislative issue. But what U. T. Austin does have an opportunity to affect is the transfer status; in particular potentially allowing veterans to return to U. T. Austin if they had been automatically admitted, for example, sophomore status or less than a transfer status amount or waive the four-year rule for transfer automatic admission status. And I wondered, President Powers, if you feel that such an approach or some alternate way of allowing these veterans to preserve their automatic admission status perhaps might help U. T. Austin achieve a little bit larger representation of veterans than the three percent number that you mentioned.

President Powers: I think veterans should be treated the way other students are; there is legislation involved in that. We certainly want to treat veterans well and attract them.

We also have very few discretionary admits, and we are concerned about not eating into those in too great a way. We would like to have more discretionary admits. We do not currently know how many veterans would fall into that category, so we would want to know what that number is.

Regent Cranberg: I appreciate the issue on discretionary admits, and I realize that we have all too few. Many veterans are able to achieve some college credits while they are in the military, so they need not apply as first-time freshmen, which would resolve the issue about automatic admissions crowding out discretionary admits. But, under the existing rules, they would have to have 30 hours and they still do not get automatic admission if it is after four years even if they have the 30 hours. I am wondering if there is some additional flexibility that can be provided to veterans in the transfer arena which would not affect the number of discretionary admits available.

President Powers: But we still have, if I am hearing you correctly, automatic transfer. And without a discretionary decision being made on the quality of the individual or the qualification of the individual student, we find that people who are automatically admitted without looking at what courses they took or other factors that we look at, do have student success issues. I think discretionary admits and the fact that they are a veteran is taken into account (outreach programs). But automatic admit programs do cause a student success problem.

Regent Cranberg: I guess I would feel that a veteran who graduated in the top 10% of his high school and served his country for four years is highly likely to be successful as a transfer student and should be given that benefit of the doubt.

President Powers: In answer to your question, we have been wary of increasing the number of automatic admits for those reasons. But if the data is there that would support that, it is something to look into. I am not as confident that the data would show that.

Regent Pejovich: Very interesting issue and interesting dialogue that is taking place here. President Powers can you, or someone, clarify what is statutory authority versus authority of the campuses to adjust policy just so I can understand that on both automatic admits and on transfers in.

President Powers: Well, the statute requires 75% of our entering freshman class to be admitted on high school rank, and we set that every year. I think it is at Top 8% now. The statute also requires that they retain that while they go to community college. We, with the Board's approval, would have the ability to add any other admissions policies or programs that we proposed or the Board approved. I think the campus would have the authority, with the Board approval, to go down this road.

Regent Pejovich: To go back to an auto admit?

Regent Cranberg: Well or perhaps, I say, auto admit, but we are talking about a category of students that gave up their automatic admission rights to serve in the

military. Those were their statutory rights; they gave them up because the statute only allows the preservation of those rights for two or four years depending upon which category.

President Powers: And if they go to community college, they retain them.

Regent Cranberg: Only for four years. And so the question is that could we provide, you know, put a thumb on the scale for those students. I am not necessarily suggesting that a policy has to be automatic admit. Perhaps it is a preponderance of benefit of the doubt. Not every single person that fits that category, but I bring the question up because it seems to me that it deserves some additional study perhaps and some additional consideration of an additional policy that recognizes those students that gave up this statutory right to serve their country.

Vice Chairman Hicks: What I would like to propose is that Dr. Reyes worked with the officials at U. T. Austin to come back to us with some suggestions on how we can make an easier path for veterans, and I think that is something we all want to do. I know my particular opinion is we should not try to address this legislatively because it opens up a lot things, but I think there are things that we can do in terms of our own internal policies to make this easier. I ask that in the next meeting if you can come back with a recommendation for us.

Regent Aliseda: I do have one question.

Regent Hicks: Sure

Regent Aliseda: First of all, I appreciate everything that each of your institutions are doing for veterans. One of the questions I had is: Do any of your institutions offer credit hours for any sort of advanced military schooling, like, for example, Command General Staff College. Do you all offer any sort of credit hours for someone that graduated from that? I know that some institutions around the state do; that is why I am asking.

President Powers: I do not know the answer to that, but we can find out.

Regent Hicks: We will find out the answer to that and it will be in the same report in the next meeting.

President Powers: Mr. Chairman, one other quick comment. The fact that somebody is a veteran is an important part of our admissions decision. So the fact that somebody has gone and served the country and gained skills would be a very positive aspect of the admissions decision in a holistic review.

ADJOURNMENT

Committee Chairman Hicks adjourned the meeting at 12:45 p.m.

**Substitute Agenda Item
Academic Affairs Committee
November 5-6, 2014**

3. **U. T. System Board of Regents: Approval to create an Honors College at U. T. Dallas and amendment of the Regents' *Rules and Regulations*, Rule 40601, Section 1.6 to add new Subsection (f) to include the Honors College and to revise Regents' Rule to include current names of two schools**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor and General Counsel, and President Daniel that approval be granted for U. T. Dallas to create an Honors College and that the Regents' *Rules and Regulations*, Rule 40601, Section 1.6, concerning institutions comprising The University of Texas System, be amended to add new Subsection (f) to include the Honors College, to renumber remaining schools, and to amend the names of two schools to acknowledge names currently in use, as set forth below in congressional style:

- Sec. 1 Official Titles. The U. T. System is composed of the institutions and entities set forth below. To ensure uniformity and consistence of usage throughout the U. T. System, the institutions and their respective entities shall be listed in the following order and the following titles (short form of title follows) shall be used:

...

1.6 The University of Texas at Dallas (U. T. Dallas)

- (a) The University of Texas at Dallas School of Arts and Humanities
- (b) The University of Texas at Dallas School of Behavioral and Brain Sciences
- (c) The University of Texas at Dallas Callier Center for Communication Disorders
- (d) The University of Texas at Dallas Erik Jonsson School of Engineering and Computer Science
- (e) The University of Texas at Dallas School of Interdisciplinary ~~General~~ Studies
- (f) The University of Texas at Dallas Honors College
- ~~(f)~~(g) The University of Texas at Dallas Naveen Jindal School of Management
- ~~(g)~~(h) The University of Texas at Dallas School of Natural Sciences and Mathematics
- ~~(h)~~(i) The University of Texas at Dallas School of Economic, Political and Policy Sciences ~~Social Sciences~~

.....

BACKGROUND INFORMATION

This proposed amendment to the Regents' *Rules and Regulations*, Rule 40601 is to reflect the creation of the U. T. Dallas Honors College, which has been approved by the Executive Vice Chancellor for Academic Affairs pending approval by the Board.

U. T. Dallas proposes to create an Honors College, which would more formally institutionalize several programs, including the Collegium V Honors Program, Terry Foundation Scholarship, and National Merit Scholars Program, under the direction of the Dean of the Honors College. The designation of an Honors College would align the institution with best practices at other universities.

During review of the proposed agenda item related to the Honors College, U. T. Dallas discovered that name changes for two schools, thought to be approved earlier and in open use for many years, had not been approved by the Board of Regents. Accordingly, formal approval of name changes for the School of Interdisciplinary Studies (from School of General Studies) and School of Economic, Political and Policy Sciences (from School of Social Sciences) are also recommended.

Texas Education Code Section 65.11 authorizes the Board of Regents to provide for the "administration, organization, and names of the institutions and entities in The University of Texas System in such a way as will achieve the maximum operating efficiency of such institutions and entities[.]"

UT Brownsville



UT Brownsville



UT Pan American



UT Rio Grande Valley





MINUTES
U. T. System Board of Regents
Health Affairs Committee
November 5, 2014

The members of the Health Affairs Committee of the Board of Regents of The University of Texas System convened at 1:20 p.m. on Wednesday, November 5, 2014, in the Tomás Rivera Conference Center on the Third Floor of Union Building East, The University of Texas at El Paso, 500 West University Avenue, El Paso, Texas, with the following participation:

Attendance

Regent Stillwell, presiding
Vice Chairman Powell
Regent Aliseda
Regent Hildebrand
Regent Pejovich

Also present were Chairman Foster, Vice Chairman Hicks, Regent Cranberg (for Items 4-7), Regent Hall, Regent Richards, and General Counsel to the Board Frederick.

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

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration**

Committee Meeting Information <i>Presenter(s): Committee Chairman Stillwell</i> <i>Status: Reported</i>
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There were no items referred from the Consent Agenda.

2. **U. T. System: Approval of \$5 million from the Available University Fund to support Phase 1 of the U. T. Systemwide Diabetes Obesity Control Initiative and delegation to the Office of Health Affairs and the Office of General Counsel the authority to contract with selected entities to create a Technology Core**

Committee Meeting Information <i>Presenter(s): Raymond S. Greenberg, M.D., Ph.D., Executive Vice Chancellor for Health Affairs</i> <i>Status: Approved</i> <i>Motion: Made by Vice Chairman Powell, seconded by Regent Hildebrand, and carried unanimously</i> <i>Follow-up list: Regent Hildebrand asked that any existing infrastructure (technologies and processes) be leveraged.</i>
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Discussion at meeting:

Dr. Greenberg summarized the following points related to the Diabetes Obesity Control Initiative.

- *Request for Proposals (RFP) would solicit qualified candidates in three particular areas:
 - 1) *expert in information technology systems;*
 - 2) *logistics and operations related to medical health care delivery systems; and*
 - 3) *personal connective health technologies.**
- *Goal of RFP is to develop a pilot study of 300 persons in the Brownsville area*
- *Timeline for this first phase (Phase I) is 12 weeks*
- *Composition of evaluation team*
- *Two qualified respondents for first two areas of the RFP: IBM and PricewaterhouseCoopers*
- *A second RFP issued for the personal connective health technology component*
- *Proposed use of AUF has been reviewed and felt to be appropriate given that infrastructure is being built for a U. T. Systemwide initiative. While the first project will be conducted in the Lower Rio Grande Valley, it is expected that the initiative will be expanded to a statewide effort in which the technology platform will be used.*
- *Advisory Board appointed*

Dr. Greenberg answered a question from Committee Chairman Stillwell about the expected time period for expenditure of the funds by saying that systems will be developed over three months, and a specific proposal for the first intervention project will be ready by February 2015.

Regent Hildebrand asked if technologies and processes exist within the U. T. System that can be used, and Dr. Greenberg explained some existing technologies can be leveraged, but some aspects of the project are unique. Regent Hildebrand asked for a promise that any existing infrastructure be used, and Dr. Greenberg agreed. Chancellor Cigarroa explained that the Advisory Board is inclusive of a variety of health institutions, and he agreed there will be areas that can be leveraged.

3. **U. T. Southwestern Medical Center: Request to approve the honorific naming of the Biomedical Research Building on the North Campus as the C. Kern Wildenthal Research Building, in honor of C. Kern Wildenthal, M.D., Ph.D.**

Committee Meeting Information

Presenter(s): President Daniel K. Podolsky, M.D., U. T. Southwestern Medical Center

Status: Approved

Motion: Approved by Vice Chairman Powell, seconded by Regent Hildebrand, and carried unanimously

Discussion at meeting:

Chairman Foster voiced his support of this honorific naming.

4. **U. T. System: Report on activities and accomplishments of the institutional Clinical and Translational Science Institutes at U. T. System**

Committee Meeting Information

Presenter(s): Patricia D. Hurn, Ph.D., Vice Chancellor for Research and Innovation; Allan R. Brasier, M.D., Director, Institute of Translational Science, U. T. Medical Branch - Galveston (UTMB); Robert A. Clark, M.D., Director, Institute for Integration of Medicine and Science, U. T. Health Science Center - San Antonio; David D. McPherson, M.D., Executive Director, Center for Clinical and Translational Sciences, U. T. Health Science Center - Houston; Robert Toto, M.D., member of the Translational Science and Technology Acquisition and Retention (STARs) Program, U. T. Southwestern Medical Center

Status: Reported/Discussed

Discussion at meeting:

Dr. Hurn introduced the Principal Investigators and Directors of the Clinical and Translational Science institutes in the U. T. System who spoke about how the Clinical Translational Science Awards (CTSA) have provided funding for

- *research at U. T. Medical Branch - Galveston on aging and on trauma and burn care;*
- *research in diabetes, obesity, and certain cancers, especially among the Hispanic population and within the military and veteran population (U. T. Health Science Center - San Antonio), and workforce development programs;*
- *training of investigators and research of chemotherapy drugs, public health, bone loss, cardiovascular and liver disease, and cervical cancer screening program at U. T. Health Science Center - Houston and U. T. M. D. Anderson Cancer Center, including work in Brownsville, Texas; and*
- *promotion of new biological processes to fight disease, such as heart disease and certain cancers, at U. T. Southwestern Medical Center.*

5. **U. T. Southwestern Medical Center: Report on the William P. Clements, Jr. University Hospital**

Committee Meeting Information

Presenter(s): President Daniel K. Podolsky, M.D., U. T. Southwestern Medical Center; John Warner, M.D., Vice President and Chief Executive Officer, U. T. Southwestern University Hospitals
Status: Reported/Discussed

Discussion at meeting:

Committee Chairman Stillwell, Regent Hall, and Regent Hildebrand congratulated Dr. Warner on the opening of the Clements Hospital five months ahead of schedule and at or below budget.

6. **U. T. Health Science Center - San Antonio: Authorization to purchase 2.841 acres of land and improvements at 8431 Fredericksburg Road, San Antonio, Bexar County, Texas, from WNLV, LTD., H5 Properties, L.P., and EZJ Management, LLC for future campus expansion; and resolution regarding parity debt (Deferred)**

This item was deferred.

7. **U. T. System: Update on infectious diseases, including provision of specialized health care and current state of preparedness**

Committee Meeting Information

Presenter(s): Raymond S. Greenberg, M.D., Ph.D., Executive Vice Chancellor for Health Affairs; David L. Callender, M.D., President, U. T. Medical Branch - Galveston; President Daniel K. Podolsky, M.D., U. T. Southwestern Medical Center
Status: Reported/Discussed

Discussion at meeting:

Noting relief that no new Ebola cases have been identified in Texas, Dr. Greenberg thanked President Callender and President Podolsky for their extraordinary work on the Ebola event in Texas. Dr. Greenberg mentioned work assigned to the U. T. System and the U. T. System institutions by the Governor's Task Force on Infectious Disease Preparedness and Response.

Chancellor Cigarroa and Dr. Greenberg described the role of the U. T. System Institute for Transformational Learning (ITL) in state-of-the-art technologies to assist the Governor's Task Force in its work.

Vice Chairman Powell and Committee Chairman Stillwell also recognized the work of the U. T. System police in the safe evacuation of Ebola-contaminated waste from Dallas to Galveston.

ADJOURNMENT

Committee Chairman Stillwell adjourned the meeting at 2:21 p.m.

MINUTES
U. T. System Board of Regents
Facilities Planning and Construction Committee
November 5, 2014

The members of the Facilities Planning and Construction Committee of the Board of Regents of The University of Texas System convened at 3:45 p.m. on Wednesday, November 5, 2014, in the Tomás Rivera Conference Center on the Third Floor of Union Building East, The University of Texas at El Paso, 500 West University Avenue, El Paso, Texas, with the following participation:

Attendance

Chairman Cranberg, presiding
Vice Chairman Hicks
Vice Chairman Powell
Regent Aliseda
Regent Stillwell

Also present were Chairman Foster, Regent Hildebrand, Regent Pejovich, and General Counsel Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Cranberg called the meeting to order. The PowerPoint presentation concerning all items is set forth on Pages 5 - 29.

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration**

Committee Meeting Information <i>Presenter(s): Committee Chairman Cranberg</i> <i>Status: Reported</i>

There were no items referred from the Consent Agenda.

2. **U. T. System: Report of the Task Force on Facility Planning for the 21st Century**

Committee Meeting Information <i>Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction; Mr. Stephen Harris, Director for Facilities Space Initiative</i> <i>Status: Reported/Discussed</i>

Discussion at meeting:

The PowerPoint presentation concerning this item is set forth on Pages 30 - 50.

Remarks from Committee Chairman Cranberg
(essentially as delivered)

I wanted to thank Chancellor Cigarroa for taking the initiative to get us all thinking about how to rethink our construction processes, both for new buildings and for better use of existing buildings. We have six and a half billion dollars under construction or under planning at any one point in time, and many tens of billions of dollars of physical infrastructure. Our ability to better steward that investment, obviously, can have huge benefits.

Overall, there were two main themes that I got out of this: the first theme being the opportunities for improvement and ownership/leadership of efforts. What we saw with the Clements Hospital Building (U. T. Southwestern Medical Center) was a great example, and an inspiration to all of us. Dr. Warner (Vice President and Chief Executive Officer, U. T. Southwestern University Hospitals) was very helpful and instrumental even in helping the Task Force better understand that very good case history model and trying to replicate it in other parts of our efforts. I think what we saw was ownership of the project and leadership take place through listening, planning, being an incredibly effective project champion, and collaboration.

This management/leadership piece is one big theme, and the other one that you will hear stressed to this Task Force is the importance of metrics and incentives for this collaboration for performance. As we develop new and better metrics and understanding the incentives that go with performance enhancement for utilization of existing infrastructure and construction of new buildings, that we have an opportunity to make significant improvements.

Mr. Harris then summarized the recommendations from the four subcommittees of the Task Force (Planning Considerations for the 21st Century Campus, the Optimal Use of Existing and Future Space, the Facility Construction Cost Optimization, and the Consideration of Alternate Delivery Methodologies Subcommittees).

Vice Chairman Powell asked about the concept of the “champion” and said seldom is there an owner who is the champion. Mr. Harris spoke to this idea, noting a white paper written to outline the characteristics of a successful champion. He explained that an executive on each campus will help to determine who the champion for each project is, and he provided examples. Committee Chairman Cranberg asked Vice Chairman Powell to contribute to the white paper.

3. **U. T. Austin: High-Density Storage Addition - Amendment of the FY 2015-2020 Capital Improvement Program to include project; approval of total project cost; and appropriation of funds (Final Board approval)**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Powell, seconded by Vice Chairman Hicks, and carried unanimously

4. **U. T. Southwestern Medical Center: Transplant Services Building Renovation and Expansion - Amendment of the FY 2015-2020 Capital Improvement Program to include project (Preliminary Board approval)**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Powell, seconded by Vice Chairman Hicks, and carried unanimously

In the absence of President Podolsky, Mr. O'Donnell presented this item.

5. **U. T. Health Science Center - San Antonio: Clinical Transformation, Phase I - Amendment of the FY 2015-2020 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Powell, seconded by Vice Chairman Hicks, and carried unanimously

6. **U. T. Health Science Center - San Antonio: Renovations to Strengthen Research and Salvage Infrastructure - Amendment of the FY 2015-2020 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)**

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Powell, seconded by Vice Chairman Hicks, and carried unanimously

7. U. T. Austin: Texas Advanced Computing Center Office Building - Approval of design development; and appropriation and authorization of expenditure of funds (Final Board approval)

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Hicks, seconded by Vice Chairman Powell, and carried unanimously

8. U. T. Dallas: Student Services Building Addition - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Vice Chairman Powell, seconded by Regent Aliseda, and carried unanimously

9. U. T. Tyler: Music Building Addition - Amendment of the FY 2015-2020 Capital Improvement Program to revise funding sources; and appropriation of funds and authorization of expenditure (Final Board approval)

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made, seconded, and carried unanimously

ADJOURNMENT

Committee Chairman Cranberg adjourned the meeting at 4:40 p.m.

Agenda Items

Mr. Mike O'Donnell, Associate Vice Chancellor
Facilities Planning and Construction

Facilities Planning and Construction Committee (FPCC)
U. T. System Board of Regents' Meeting
November 2014



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U. T. System FY 2015-2020 Capital Improvement Program (CIP)

CIP Total as of November 1, 2014	\$ 6,454,374,554
CIP New Construction Additions	\$ 10,740,000
CIP R&R Construction Additions	\$ 45,485,000
DD Approvals/TPC Modifications	\$ 4,150,000
Total Change in CIP at today's meeting	\$ 60,375,000
Projects removed from CIP this quarter	\$ (88,631,076)
CIP Total after today's meeting	\$ 6,426,118,478
CIP Total - November 2012	\$6.1 billion
CIP Total - November 2013	\$6.5 billion



Consideration of Project Additions to the FY 2015-2020 Capital Improvement Program

- One (1) Academic project
 - UTAUS High-Density Storage Addition \$ 8,000,000
- Three (3) Health projects
 - UTSWMC Transplant Services Building
Renovation and Expansion \$10,740,000
 - UTHSCSA Clinical Transformation, Phase I \$18,485,000
 - UTHSCSA Renovations to Strengthen Research
and Salvage Infrastructure \$19,000,000



U. T. Austin

High-Density Storage Addition

- Will add approximately 12,500 gross square feet (GSF) that will be connected to the existing Library Storage Facility located on the J. J. Pickle Research Campus
- \$8,000,000 Total Project Cost
 - Unexpended Plant Funds



U. T. Southwestern Medical Center

Proposal for the

Transplant Services Building Renovation and Expansion

Presented by Dr. Daniel K. Podolsky

President



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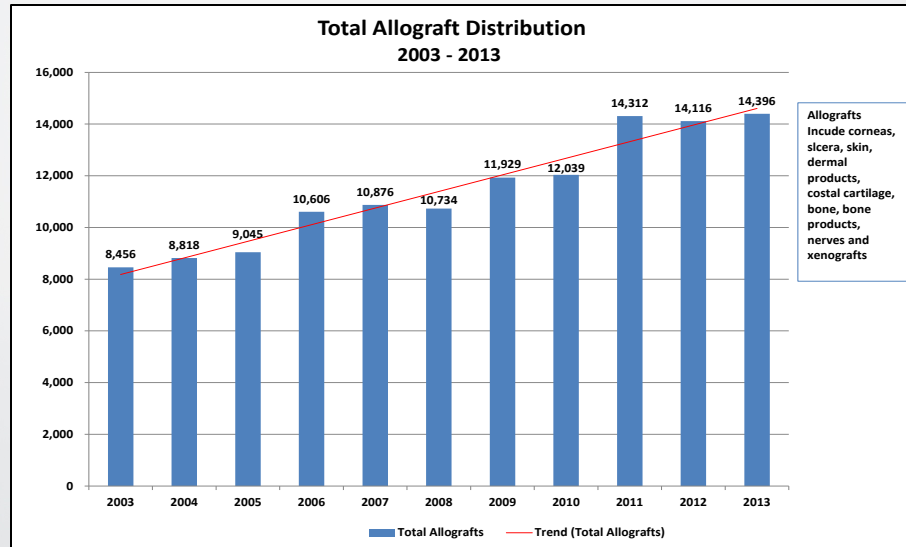
U. T. Southwestern Medical Center Transplant Services Building Renovation and Expansion

- Renovate and expand the Transplant Services Center
- Provide capacity and technology to meet current tissue recovery and distribution needs, operational growth, and meet regulatory standards
- Current site includes a 10,300 GSF facility; expansion will include an additional 11,000 GSF for lab, office, and mechanical space



U. T. Southwestern Medical Center Transplant Services Building Renovation and Expansion (cont.)

- Transplant Services has grown 70% since 2003



U. T. Southwestern Medical Center Transplant Services Building Renovation and Expansion (cont.)

- Total Project Cost: \$10.74M

	Total Project Cost	GSF	Cost/GSF
Renovation & Expansion	\$9,670,000	21,300	\$454
Equipment & Other	\$1,070,000		
Total	\$10,740,000		



U. T. Southwestern Medical Center Transplant Services Building Renovation and Expansion (cont.)

Current Facility



Rendering of Future Facility



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U. T. Health Science Center - San Antonio Clinical Transformation, Phase I

- Project will expand clinical services by changing the seventh and eighth floors of the Medical Arts and Research Center from office space to clinical space
- Institutional Management
- \$18,485,000 Total Project Cost
 - PUF



U. T. Health Science Center - San Antonio Renovations to Strengthen Research and Salvage Infrastructure

- Project includes major electrical infrastructure replacement, correction of fire and life safety issues identified by the State Fire Marshal, and renovation of existing labs to aid in the recruitment of new researchers
- Institutional Management
- \$19,000,000 Total Project Cost
 - PUF



Consideration of Design Development Approval

- Two (2) Academic projects
 - U. T. Austin Texas Advanced Computing Center Office Building
 - U. T. Dallas Student Services Building Addition



U. T. Austin

Texas Advanced Computing Center Office Building



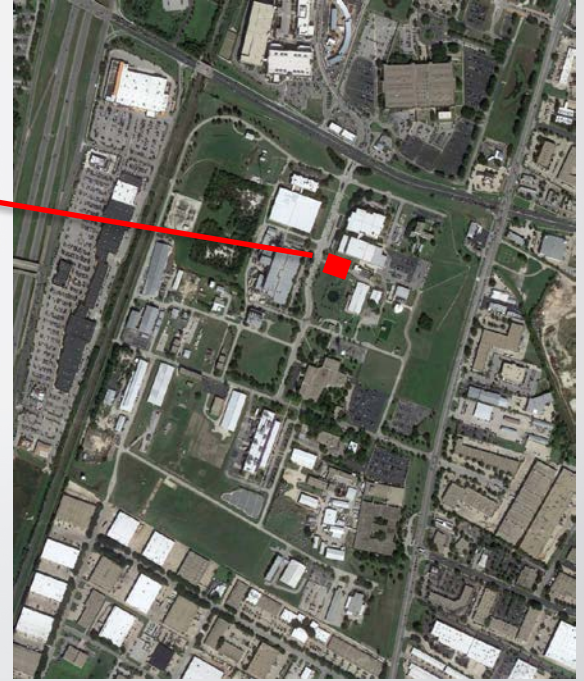
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U. T. Austin Texas Advanced Computing Center Office Building

Project Site



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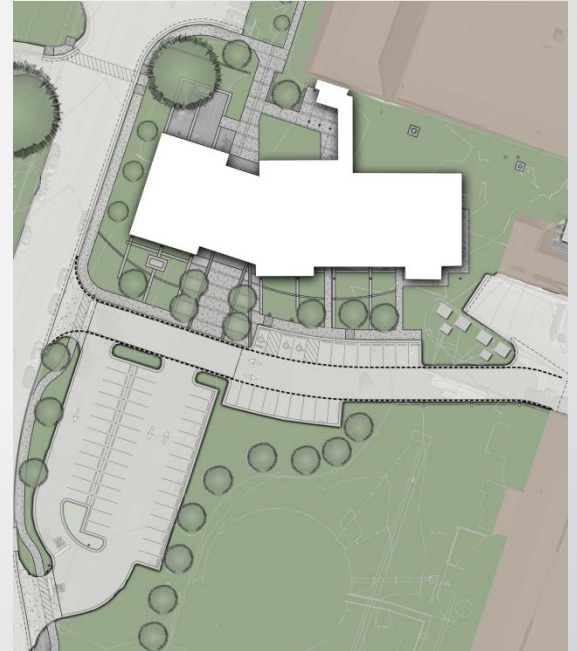
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J. J. Pickle Research Campus Plan

U. T. Austin Texas Advanced Computing Center Office Building (cont.)

19

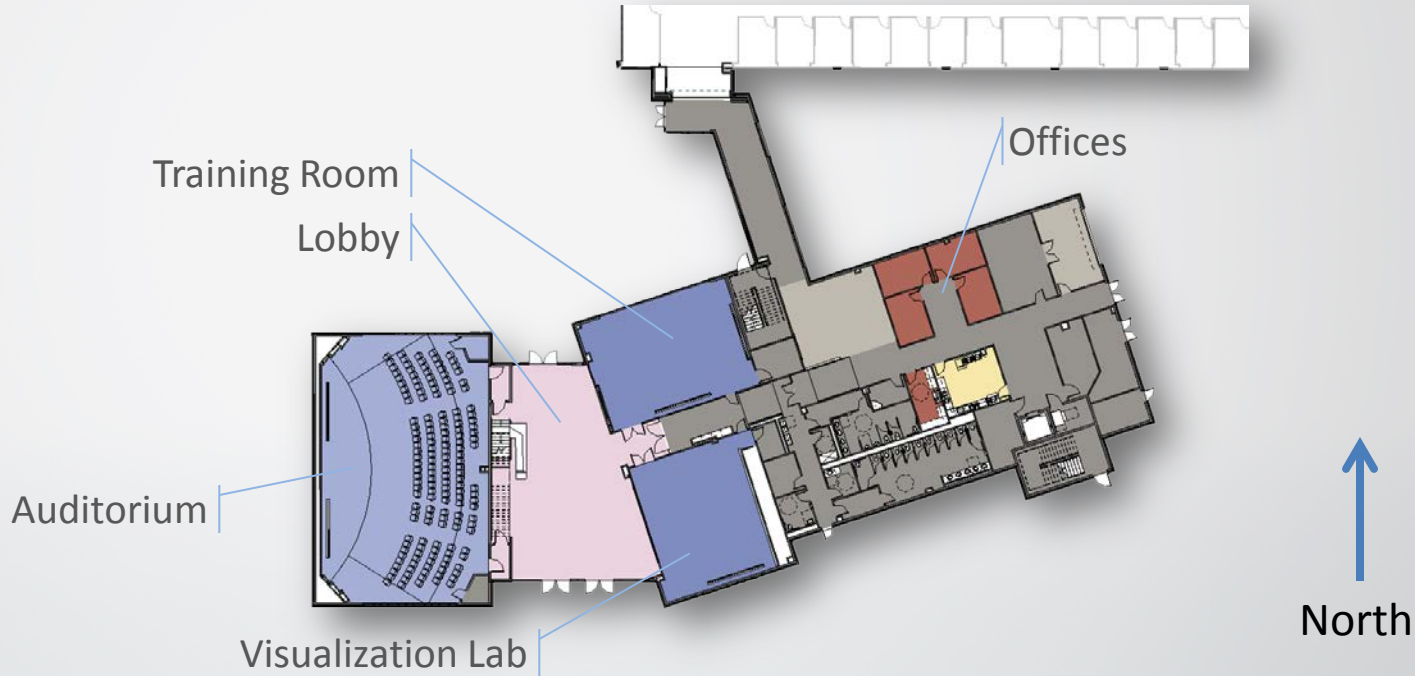


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Site Plan

U. T. Austin Texas Advanced Computing Center Office Building (cont.)



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U. T. Austin Texas Advanced Computing Center Office Building (cont.)



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View from Southwest

U. T. Austin

Texas Advanced Computing Center Office Building (cont.)

- \$20,000,000 Total Project Cost
 - \$10,000,000 Gifts
 - \$10,000,000 PUF



U. T. Dallas

Student Services Building Addition



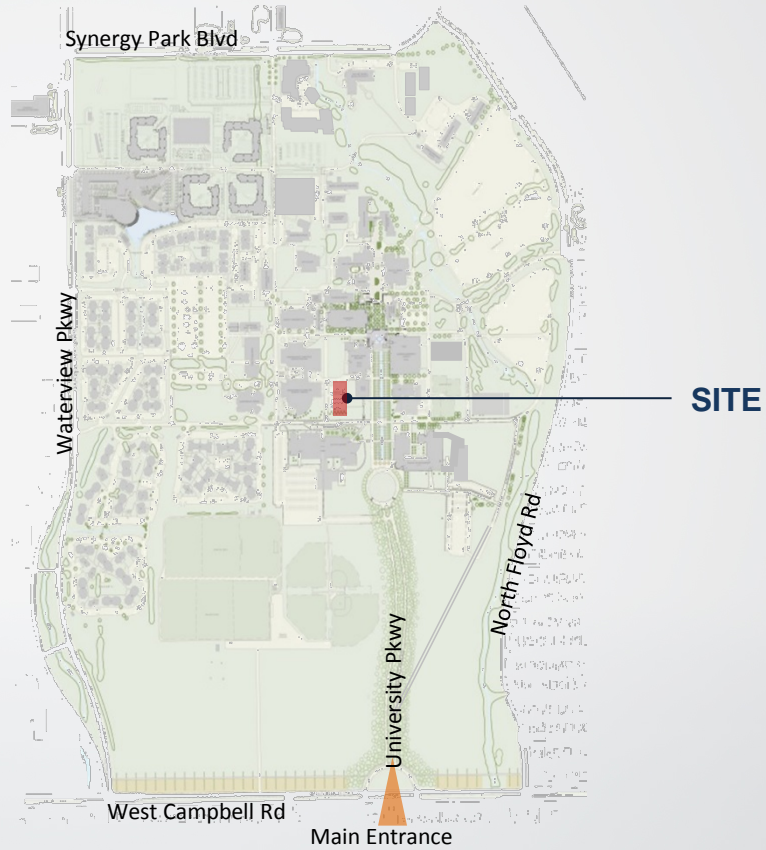
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U. T. Dallas Student Services Building Addition

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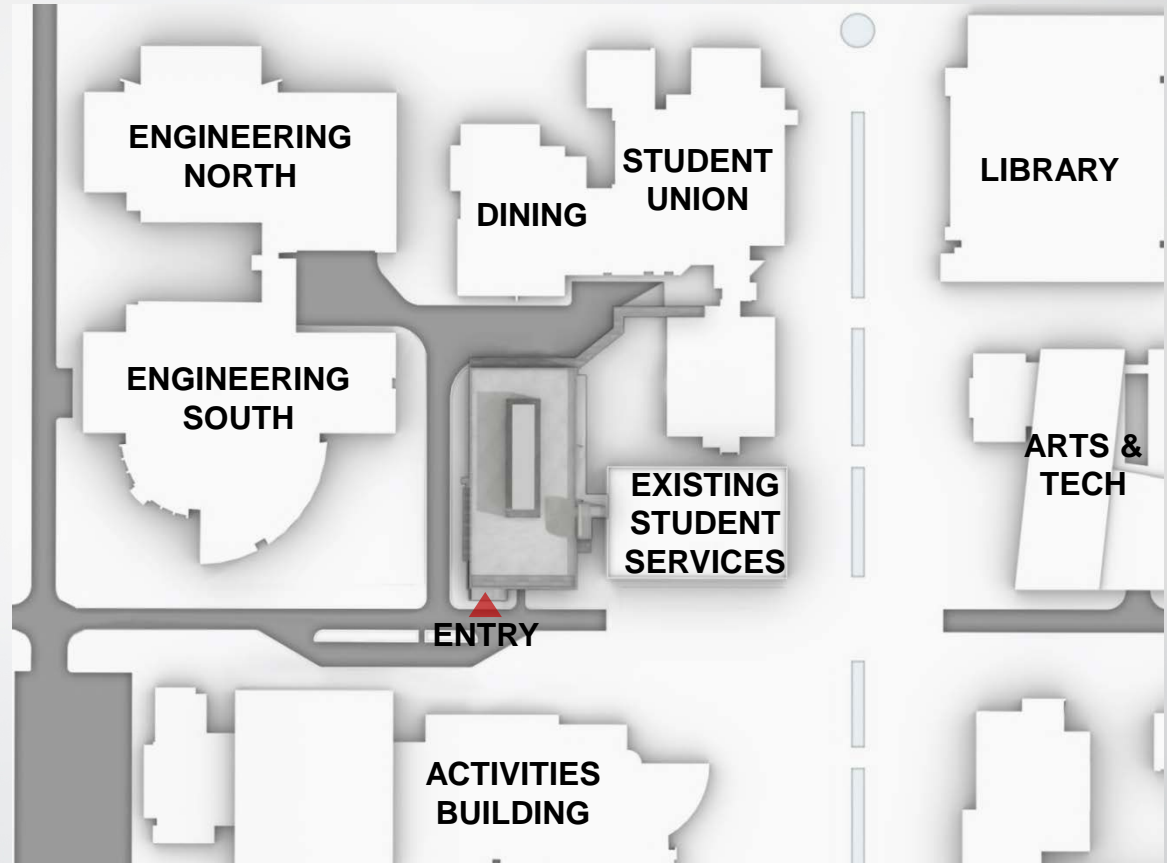
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Campus Plan

U. T. Dallas Student Services Building Addition (cont.)

25



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PRIVATE STUDY ROOMS

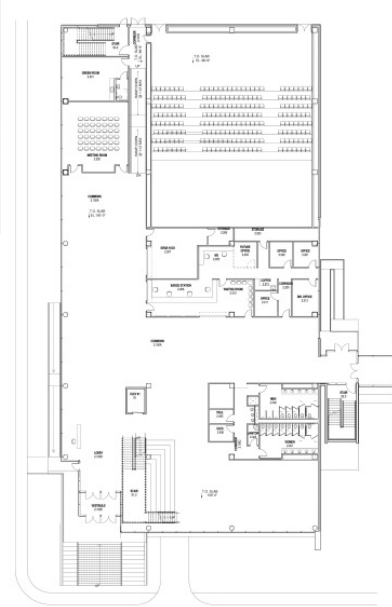
Site Plan

U. T. Dallas Student Services Building Addition (cont.)

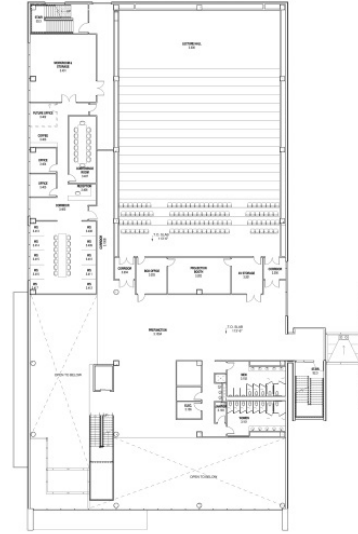
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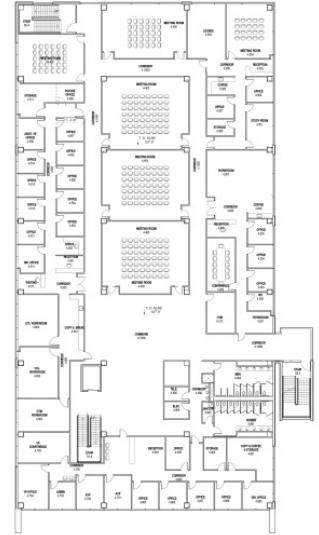
LEVEL 1



LEVEL 2



LEVEL 3



LEVEL 4



U. T. Dallas Student Services Building Addition (cont.)



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View from Southwest

U. T. Dallas

Student Services Building Addition (cont.)

- \$26,000,000 Total Project Cost
 - \$ 9,000,000 Auxiliary Enterprises Balances
 - \$17,000,000 RFS



U. T. Tyler

Music Building Addition

- Revision of funding sources to include PUF and reduce Designated Funds
- \$6,500,000 Total Project Cost
 - \$6,000,000 PUF
 - \$ 500,000 Designated Funds



Task Force on Facility Planning for the 21st Century

Mr. Stephen Harris, Director of Facilities Space Initiatives
Office of Facilities Planning and Construction (OFPC)

U. T. System Board of Regents' Meeting
Facilities Planning and Construction Committee
November 2014



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Task Force on Facility Planning for the 21st Century

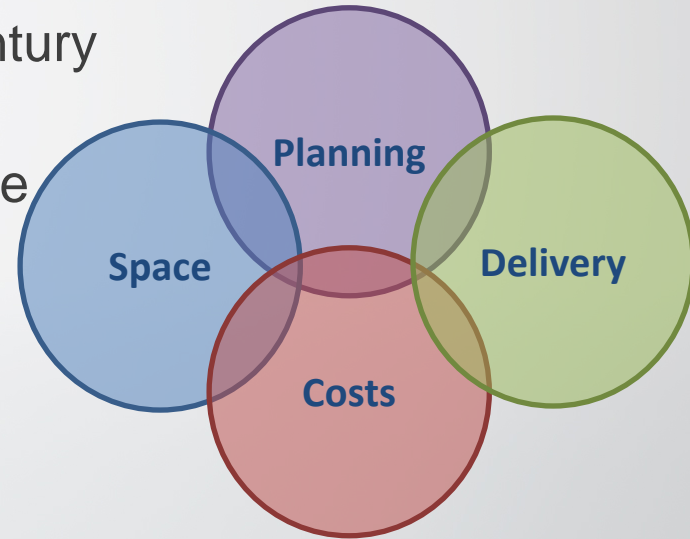
Primary Focus Areas

- Reduce Total Project Costs by 10% across the Capital Improvement Plan (CIP)
- Establish more formal pre-project planning processes, and reduce the impact of design and construction changes
- Improve OFPC practices to increase collaboration and reduce costs
 - Make U. T. the construction customer of choice



Task Force on Facility Planning for the 21st Century

- Subcommittee Structure
 - Planning Considerations for the 21st Century Campus
 - Optimal Use of Existing and Future Space
 - Facility Construction Cost Optimization
 - Consideration of Alternate Delivery Methodologies



Planning Considerations for the 21st Century Campus Subcommittee

- Goals:
 - Increase utilization of space and include more flexible and adaptable spaces in project designs
 - Expand Campus Master Plans to focus on landscaping and public art
 - Achieve greater collaboration in use of space and support interdisciplinary learning



Planning Considerations for the 21st Century Campus Subcommittee (cont.)

- Recommendation #1:
 - Develop a standard catalog of performance metrics to be used by institutions to define project-specific keys to success
 - Update Business Plan requirements and implement 6-month and 3-year post-completion audits



Planning Considerations for the 21st Century Campus Subcommittee (cont.)

- Recommendation #2:
 - Update Campus Master Planning Guidelines to increase the importance of planning exterior spaces including landscaping and public art
 - With resources from the Office of External Relations, further assist institutional boards in landscape planning and the acquisition and placement of art



Planning Considerations for the 21st Century Campus Subcommittee (cont.)

- Recommendation #3:
 - Review OFPC practices to confirm rules and regulations have minimal impact on contract requirements
 - Enhance collaboration with institutions to define the recommended standards of quality
 - Develop institution-specific charters to confirm appropriate codes and amendments



Optimal Use of Existing and Future Space Subcommittee

- Goals:
 - Prioritize projects based on space usage costs
 - Increase space utilization to maximize student outcomes



Optimal Use of Existing and Future Space Subcommittee (cont.)

- Recommendation #1:
 - Establish institutional benchmarks and utilization metrics on all education and teaching space other than office
 - Develop a standardized template to report institutional planning to increase space utilization by 5% modeled on 72-hour weeks



Optimal Use of Existing and Future Space Subcommittee (cont.)

- Recommendation #2:
 - As 18% of overall inventory, use institutional benchmarks and analyze office space use and develop utilization metrics
 - Set space goals using industry best practices and create U. T. System office space standards for new construction and major renovation



Optimal Use of Existing and Future Space Subcommittee (cont.)

- Recommendation #3:
 - With input from faculty and students, centralize space management and experiment with space pricing and incentive plans to maximize space utilization
 - Assign funding based on standards with use of savings assigned to the department or college



Facility Construction Cost Optimization Subcommittee

- Goals:
 - Reduce long-term costs, improve operational efficiency, and increase customer satisfaction with early project planning
 - Improve delivery and quality of projects with construction market coordination and earlier engagement of trade contractors



Facility Construction Cost Optimization Subcommittee (cont.)

- Recommendation #1:
 - Implement Pre-project Planning and Project Champion requirements as defined in the White Paper
 - Champion to be subject matter expert on facility type through knowledge of best practices and review of similar examples
 - Develop outline and checklist of activities to support success of Champion



Facility Construction Cost Optimization Subcommittee (cont.)

- Recommendation #2:
 - Develop cost reports that track space by type (\$/GSF) and define interim and close-out use of savings and contingencies



Facility Construction Cost Optimization Subcommittee (cont.)

- Recommendation #3:
 - Increase use of Design Assist to engage major trade contractors earlier in the delivery schedule



Consideration of Alternate Delivery Methodologies Subcommittee

- Goals:
 - Further leverage partnerships with the private sector in support of our institutional missions
 - Expand community engagement to promote innovation and demonstrate commitment to continuous improvement



Consideration of Alternate Delivery Methodologies Subcommittee (cont.)

- Recommendation #1:
 - Develop and utilize a Delivery Method Selection matrix that includes public-private partnerships (P3)
 - Implement Pre-project Planning in advance of delivery method selection



Consideration of Alternate Delivery Methodologies Subcommittee (cont.)

- Recommendation #2:
 - Continue to use P3 delivery when appropriate
 - Consider project type, location related to campus, availability of resources, and necessary involvement by the institution



Consideration of Alternate Delivery Methodologies Subcommittee (cont.)

- Recommendation #3:
 - Develop a set of P3 oversight procedures and policy documents
 - Update OFPC's Project Management Manual



Task Force on Facility Planning for the 21st Century Path Forward

- Engage third-party market experts for comprehensive review of OFPC policies and practices
 - Pursue procurement and contracting improvements to increase collaboration and adopt industry best practices



Task Force on Facility Planning for the 21st Century Path Forward (cont.)

- Initial report of Task Force findings and recommendations to be prepared by February 2015
- Subcommittee efforts to continue, and associated OFPC process improvements to proceed
- Collaboration with U. T. Rio Grande Valley visioning and planning to continue with President Guy Bailey, especially with Campus Master Planning



MINUTES
U. T. System Board of Regents
Technology Transfer and Research Committee
November 5, 2014

The members of the Technology Transfer and Research Committee of the Board of Regents of The University of Texas System convened at 2:33 p.m. on Wednesday, November 5, 2014, in the Tomás Rivera Conference Center on the Third Floor of Union Building East, The University of Texas at El Paso, 500 West University Avenue, El Paso, Texas, with the following participation:

Attendance

Chairman Hall, presiding
Vice Chairman Hicks
Regent Aliseda
Regent Cranberg
Regent Hildebrand

Also present were Chairman Foster, Vice Chairman Powell, Regent Richards, Regent Stillwell, and General Counsel to the Board Frederick.

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

1. U. T. System: Report and discussion on the Institute for Transformational Learning's vision, mission, and status of current projects

Committee Meeting Information

Presenter(s): *Dr. Steven Mintz, Executive Director, and Dr. Marni Baker Stein, Chief Innovation Officer, U. T. System Institute for Transformational Learning (ITL)*

Status: *Reported/Discussed*

Follow-up action: *Vice Chairman Hicks requested the business model behind the ITL investments, including how the U. T. System can get its money back.*

Discussion at meeting:

In reply to a question from Regent Aliseda, Dr. Baker Stein explained the status of the Middle School to Medical School program. The undergraduate protocol edition will be launched in Fall 2015, and if successful, will be launched to high schools and potentially community colleges in Fall 2016.

Committee Chairman Hall asked for identification of the goals and milestones to measure success, including sustainability, for specific undertakings of the ITL. He also asked that certain questions, such as the definition of a student in terms of online courses, should be clarified prior to the next legislative session.

Dr. Baker Stein noted that certain investments will soon approach the \$1 million mark, and Vice Chairman Hicks requested the business model behind the ITL investments, including how the U. T. System can get its money back. Committee Chairman Hall said additional Committee meetings could be needed related to the work of the ITL, and Dr. Mintz and Dr. Baker Stein agreed.

In response to questions from Regent Cranberg about adoption of competency-based course offerings, Executive Vice Chancellor Reyes explained that the institution, such as U. T. Rio Grande Valley, will be granting course credits with the hope that other academic institutions would accept these course credits. In reply to a follow-up question from Regent Cranberg regarding adoption of a similar concept by other U. T. System academic institutions, Dr. Baker Stein described the possible business models for partnering with other U. T. System institutions and licensing to community colleges and high schools.

2. U. T. System: Update on the U. T. Horizon Fund portfolio

Committee Meeting Information

Presenter(s): Mr. Jeet Vijay, Assistant Vice Chancellor for Investments and Entrepreneurship

Status: Reported/Discussed

Discussion at meeting:

In reply to a question from Regent Hildebrand about the intellectual property (IP) component of the U. T. Horizon Fund, Mr. Vijay spoke about the challenge of structuring IP licenses, and Dr. Hurn added that more IP is available for start-up companies than this small fund could handle.

Regent Hildebrand also asked if the Horizon Fund investment portfolio could be under UTIMCO, and Dr. Hurn said that was considered earlier, but is not consistent with the investment thesis for UTIMCO. Both Dr. Hurn and Mr. Vijay spoke how UTIMCO has been helpful in the evaluations of the Horizon Fund.

3. U. T. System: Allocation of \$12.5 million of Available University Funds for the U. T. Horizon Fund and for associated administrative activities of the Office of Technology Commercialization

Committee Meeting Information

Presenter(s): Dr. Patricia Hurn, Vice Chancellor for Health Affairs; Mr. Jeet Vijay, Assistant Vice Chancellor for Investments and Entrepreneurship

Status: Approved

Motion: Made by Vice Chairman Hicks, seconded by Regent Cranberg, and carried unanimously

Discussion at meeting:

Regent Cranberg clarified that the Fund is not “97% expended,” but 97% expended or allocated. He noted the philosophy and approach for selecting investments.

4. U. T. System: Report on Aeglea BioTherapeutics, a commercialization success story

Committee Meeting Information

Presenter(s): Mr. Jeet Vijay, Assistant Vice Chancellor for Investments and Entrepreneurship;
Dr. David G. Lowe, Aeglea BioTherapeutics

Status: Reported/Discussed

Follow-up actions:

1. *Regent Hildebrand emphasized the need to continue the transparency and straightforwardness of the IP.*
2. *Dr. Hurn noted that the IP Task Force is expected to report at the February 2015 meeting.*

Discussion at meeting:

In response to a question from Regent Hildebrand regarding the IP involved, Dr. Lowe explained that U. T. owns the IP for two molecules, and Aeglea has a license through U. T. Austin involving milestone payments and performance that must be achieved. Milestone payments add up to millions of dollars at the point of approval, and after that, there is a 2% royalty on net sales. He explained the assignment of the IP for the other molecules, and Regent Hildebrand emphasized the need to continue the transparency and straightforwardness of the IP issues.

In reply to a question from Regent Hall, Dr. Lowe commented on the important contribution of the U. T. Horizon Fund as an initial spark to get the investments flowing.

Dr. Hurn noted that the IP Task Force is expected to report at the February 2015 meeting.

ADJOURNMENT

Committee Chairman Hall adjourned the meeting at 3:40 p.m.