

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

November 4-5, 2015

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  
March 28, 2016



# SCHEDULE OF EVENTS FOR BOARD OF REGENTS' MEETING

November 4-5, 2015  
Austin, Texas

U. T. System Administration, Ashbel Smith Hall, 9th Floor, 201 West Seventh Street  
Office of the Board of Regents: 512.499.4402

## **Wednesday, November 4, 2015**

Health Affairs Committee .....	9:00 a.m.
Audit, Compliance, and Management Review Committee .....	10:00 a.m.
Academic Affairs Committee .....	11:00 a.m.
Facilities Planning and Construction Committee .....	11:30 a.m.
Lunch .....	12:00 p.m.
Technology Transfer and Research Committee .....	12:30 p.m.
Finance and Planning Committee .....	1:00 p.m.
Meeting of the Board - Open Session .....	2:15 p.m.
<i>Including meeting with the Employee Advisory Council</i>	
Meeting of the Board - Possible Executive Session .....	3:15 p.m.
	<i>approximately</i>
Recess .....	4:00 p.m.
	<i>approximately</i>

## **Thursday, November 5, 2015**

Meeting of the Board - Open Session .....	8:30 a.m.
Recess to Executive Session and Working Lunch .....	10:15 a.m.
	<i>approximately</i>
Meeting of the Board - Open Session .....	12:30 p.m.
	<i>approximately</i>
Adjourn .....	1:30 p.m.
	<i>approximately</i>

MINUTES  
U. T. System Board of Regents  
Audit, Compliance, and Management Review Committee  
November 4, 2015

The members of the Audit, Compliance, and Management Review Committee of the Board of Regents of The University of Texas System convened at 10:07 a.m. on Wednesday, November 4, 2015, in the Board Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Vice Chairman Hildebrand, presiding  
Vice Chairman Hicks  
Regent Aliseda  
Regent Beck  
Regent Pejovich

Also present were Chairman Foster (for most items), Regent Drake, Regent Tucker, 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 Hildebrand called the meeting to order in Open Session.

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

***Committee Meeting Information***

***Presenter(s):*** Committee Chairman Hildebrand  
***Status:*** Reported

2. **U. T. System: Report on the external assessment of the U. T. Systemwide Compliance Program**

***Committee Meeting Information***

***Presenter(s):*** Mr. Phillip Dendy, Interim Systemwide Compliance Officer; Ms. Lisa Murtha, FTI Consulting  
***Status:*** Reported/Discussed

**Discussion at meeting:**

*Regent Beck asked about the cost of restructuring and rebooting the U. T. Systemwide Compliance Program, and Mr. Dendy said the three proposed positions and associated functions would cost approximately \$500,000 per year. In response to a further question from Regent Beck about what might be done differently under the restructured program, Ms. Murtha said the institutional compliance officers have asked for more substantive expertise in the areas of research, academia, and health care to be able to respond effectively to those issues. She said having that expertise in-house would lead to a decrease in the use of external consultants and external counsel and ensure that the U. T. System Compliance Program is consistent with the best practices of an effective compliance program.*

*Committee Chairman Hildebrand commented on the need to create a lean, accountable organization that works in a collaborative way with each of the U. T. System institutions. Mr. Dendy agreed the goal is to provide compliance services to assist the U. T. System institutions in accomplishing their missions, and Regent Tucker spoke about building the program to meet the needs of the institutions.*

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

**Committee Meeting Information**

**Presenter(s):** Mr. Edward Mattison, Chief Information Security Officer

**Status:** Reported/Discussed

**Discussion at meeting:**

*In response to a question from Regent Tucker about information security, Mr. Mattison explained the U. T. System conducts penetration testing and vulnerability scanning either by hiring outside agencies or internally whereby U. T. System institutions with more robust capabilities provide needed assistance. He mentioned that the Texas Department of Information Resources also assists with these tests at U. T. System Administration.*

*In reply to a question from Regent Tucker on third-party contracts, Mr. Mattison said risk assessments are conducted at the time of engagement; evaluating vendors up-front and ensuring the contract meets a reasonable information security standard. He said improvement is needed in the area of continuous monitoring of contracts. Mr. Mattison described a pilot project that uses a data-centric tool to monitor where confidential data is located, who accesses the data and how, and what they do with it. He added that the pilot project was successful, and the data loss prevention tool is being considered for implementation.*

*In response to a question from Regent Aliseda, Mr. Mattison explained the cybersecurity awareness training in place at the U. T. System institutions and U. T. System Administration.*

*Vice Chairman Hildebrand commented on the importance of centralizing data security across the U. T. System to have consistent benchmarks and oversight. Mr. Mattison spoke about the uniqueness of the institutional missions and the different platforms used for information technology, and said that traffic on the wide area network is being monitored and is an effective way to provide alerts. He spoke about the recommendation from the Deloitte & Touche report (comprehensive information security compliance effectiveness review of the U. T. System) related to proactive monitoring at the U. T. System level. Committee Chairman Hildebrand concluded the challenge will be in creating a centralized structure at U. T. System Administration and tailoring it to the individual needs of the institutions.*

**4. U. T. System: Report on the Systemwide internal audit activities, including the FY 2015 Annual Report**

**Committee Meeting Information**

**Presenter(s):** Mr. J. Michael Peppers, Chief Audit Executive

**Status:** Reported/Discussed

**Discussion at meeting:**

*Regent Pejovich asked if the number of vacancies in internal audit Systemwide is concerning, and Mr. Peppers explained how the number of available positions is not unusual. Regent Pejovich also asked if the institutional audit teams are using a business audit approach to add value, and Mr. Peppers said that is one of the challenges for the chief audit executives, but management can challenge a recommendation if it is not cost beneficial and does not enhance effectiveness at the same time. He also said the external members of the audit committees are engaged and is another review process that can address that. He added that the goal of the institutional chief audit executives is to do the right thing in the broadest respect.*

*Mr. Peppers confirmed that the priority findings (listed on Slide 9 of the Agenda Book; Slide 10 of the presentation) are as of August 2015, in reply to a question from Regent Beck. Regent Beck also asked about the average time to correct priority findings once communicated to the appropriate institution. Mr. Peppers explained that some are quicker fixes than others, but management is charged with addressing the matter as quickly and completely as possible. Mr. Peppers explained the process related to “past due” activities in response to a question from Vice Chairman Hildebrand.*

**ADJOURNMENT**

Prior to adjourning, Committee Chairman Hildebrand commented on the success of the recent conference with the chief audit executives and external chairmen of the institutional internal audit committees.

Committee Chairman Hildebrand adjourned the meeting at 11:11 a.m.

**MINUTES**  
**U. T. System Board of Regents**  
**Finance and Planning Committee**  
**November 4, 2015**

The members of the Finance and Planning Committee of the Board of Regents of The University of Texas System convened at 12:53 p.m. on Wednesday, November 4, 2015, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Vice Chairman Hicks, presiding  
Vice Chairman Hildebrand  
Regent Beck  
Regent Hall  
Regent Tucker

Also present were Chairman Foster, Regent Aliseda, Regent Cranberg, Regent Drake, 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 Hicks called the meeting to order in Open Session.

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

***Committee Meeting Information***

***Presenter(s):*** Committee Chairman Hicks  
***Status:*** Reported/Discussed

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

***Committee Meeting Information***

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

**3. U. T. System: Discussion and appropriate action regarding an internal lending program**

**Committee Meeting Information**

**Presenter(s):** Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs

**Status:** Approved

**Motion:** Made by Vice Chairman Hildebrand, seconded, and carried unanimously

**Discussion at meeting:**

*Regent Beck asked who would make the debt management decisions, and Dr. Kelley said the Associate Vice Chancellor for Finance, Terry Hull, handles those decisions under the direction of Business Affairs. Regent Beck asked if Mr. Hull then would become a part of the central bank, and Dr. Kelley said yes, Mr. Hull would manage the central bank.*

*Regent Beck also asked how the creation of a central bank inside the U. T. System would reduce rate volatility. Dr. Kelley said the central bank would reduce rate volatility to the U. T. System institutions because currently, all of the volatility is passed onto the campuses. He explained the timing of bringing bonds forward with respect to market conditions. By setting a fixed rate, that volatility would be managed within the central bank at the U. T. System and the institutions would have a stable rate. Regent Beck asked if there would be any additional costs that the central bank would then pass on to the individual institutions, and Dr. Kelley answered no, that in fact there are some efficiencies to be gained. He explained that the central bank could buy down debt, hold it for a while, and then reissue it at times when the market was more amenable. He spoke about the Commercial Paper Programs in which commercial paper is issued to generate funds in the short term and then brought forward to collectively issue longer term debt. Balancing that timing is something the U. T. System can do more effectively and efficiently over a larger pool of funds as opposed to a smaller pool. Regent Beck then asked if the central bank is essentially a paper institution, and Dr. Kelley confirmed that.*

**4. U. T. System Board of Regents: Report on activities of the University Lands Advisory Board**

**Committee Meeting Information**

**Presenter(s):** Regent Cranberg; Mr. Mark Houser, Chief Executive Officer - University Lands

**Status:** Reported/Discussed

**Discussion at meeting:**

*Mr. Houser noted that his PowerPoint presentation was revised to simplify the presentation. The revised presentation is set forth on Pages 8 - 26.*

*To put some numbers in perspective, Regent Cranberg made an observation that \$800 million of cash distributed from the University Lands is roughly comparable to a 5% return on the Permanent University Fund (PUF) investment asset. U. T. System is*

*distributing at the current target distribution rate. Out of the \$1.6 billion PUF investment, \$500 million is distributed. He discussed the notion of accretion. He explained that there is about \$800 million to \$1 billion of growth every year. He said the notion that the Lands are a depleting asset is true from a volume perspective, but from a value perspective, because of the great length of time and the growth profile of the future, is actually a value accreting asset when the price is held constant. From a Board perspective, it is important to understand the big picture whereby there is roughly \$800 million coming out of each of these two major sources, each of which is left with a corpus that is roughly equivalent to the value of what it was when the year started.*

*Vice Chairman Hildebrand asked about the breakdown between PUF and Available University Fund (AUF) of the \$600 - \$800 million of forecasted income, and Mr. Houser said based on income of \$600 million, it would be about \$550 million on PUF and about \$50 million on AUF. Vice Chairman Hildebrand asked if a tolling fee was used versus pipeline easement payments; a royalty on throughput, and Dr. Kelley confirmed if throughput calculations are used, that would go into the AUF. Vice Chairman Hildebrand noted a desire to maximize AUF, and Mr. Houser agreed and discussed a desire to change to meter water from per well completed to charging on volume per barrel that would be AUF.*

**5. U. T. System: Approval of a Fiscal Year 2016 University Lands operating budget including delegation of authority to enter into a proposed \$3.4 million contract with the Texas Energy Research, Engineering, and Education Institute (EREI)**

**Committee Meeting Information**

**Presenter(s):** Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs

**Status:** Approved

**Motion:** Made by Regent Beck, seconded by Vice Chairman Hildebrand, and carried unanimously

**6. 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, 2015**

**Committee Meeting Information**

**Presenter(s):** Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer, UTIMCO

**Status:** Reported/Discussed

**Follow-up action:** Send Regents regular reports on the magnitude of assets which are correlated with oil and gas prices.

**Discussion at meeting:**

*Mr. Zimmerman reported that the Permanent University Fund (PUF) and General Endowment Fund (GEF) returns for the period ended August 31, 2015, averaged 60 basis points, which is in contrast to the S&P 500 being up 50 basis points. He said most other global markets were down during this period. Bonds were down 5-6%, commodities were*



*down approximately 30%, Europe stocks were down 12%, and emerging market stocks were down 23%. If all investments were made in China, returns would be up about 40% and 3% if invested in Japan. But in the context of global capital markets for this period of time, 60 basis points (or 6/10 of 1% return) was protected capital.*

*Mr. Zimmerman also reported that for the nine months of the calendar year, the U.S. stock market was down 5%, the global stock market was down 7%, and the endowments were roughly flat.*

*He then reported that private investments were up to about 32% of total assets, and he spoke about increasing illiquidity risk that is showing good returns.*

*Regent Cranberg asked if members of the Board of Regents could regularly receive reports on the magnitude of assets which are correlated with oil and gas prices, and Mr. Zimmerman explained that the differential between having energy assets as part of this diversified portfolio and not is about 4 cents on every dollar. Regent Cranberg asked if UTIMCO looks at the magnitude of investments in oil and gas indirectly as opposed to directly, and Mr. Zimmerman said that energy is part of the natural resources line, which also includes metals, mining, and agriculture. He said that detail is shared with the UTIMCO Board of Directors every quarter, and UTIMCO staff is on top of it.*

**7. U. T. System Board of Regents: Approval of amendments to the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, the Long Term Fund, the Intermediate Term Fund, the Separately Invested Fund, the Liquidity Policy, and the Derivative Investment Policy**

**Committee Meeting Information**

**Presenter(s):** Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs

**Status:** Approved

**Motion:** Made by Vice Chairman Hildebrand, seconded by Regents Beck and Tucker, and carried unanimously with the understanding that language in the investment policy statements concerning the primary investment objective would be clarified to maximize returns within an allowed risk profile without regard to the distribution rate.

**Follow-up action:** See condition noted above

**Discussion at meeting:**

*Regent Cranberg suggested a change to the language concerning the primary investment objective for the Permanent University Fund (PUF), which is to earn a real annual return after expenses equal to the target distribution rate. He added that the investment objective for the PUF is to maximize returns within an allowed risk profile without regard to the distribution rate. He noted the Board of Regents sets the distribution rate with a holistic understanding of what is sustainable and with regard to what the constitutional*

*requirements are, but putting the target distribution rate as a precursor to the distribution rate is like putting the cart before the horse. He said the PUF investment objective should be strictly focused on return goals as opposed to the distribution decision.*

*Dr. Kelley spoke about managing risk within the portfolio that is governed somewhat by the return distribution needed by the U. T. System institutions. Regent Cranberg said UTIMCO should not be pressing risk on the managers of the PUF because of a desired distribution rate, but should rather govern investment decisions by maximizing return within a particular risk profile. He emphasized the need to take a look at the totality of the long-term investment returns, what is going on in the University Lands, the needs of the U. T. System institutions, what constitutes “sustainable,” and making a distribution decision that would not be expected to unduly affect the risk profile taken by the managers at UTIMCO.*

*Chairman Hicks called on Vice Chairman Hildebrand, Chairman of the UTIMCO Board of Directors, for his perspective. Vice Chairman Hildebrand stated that it is not the responsibility of UTIMCO to dictate what the distribution rate is; clearly that is a decision for the U. T. System Board of Regents. He said any reference to a distribution rate is not particularly relevant, and he quoted from the PUF Investment Policy Statement: “the primary investment objective of the PUF shall be to preserve the purchasing power of fund assets over rolling ten-year periods or longer at least equal to the target distribution rate.” He said this investment objective is the reason the distribution rate is quantified at 5%. He suggested an alternative would be to take the average of the previous 10-year distribution rate to define the investment objective. He reiterated it is just an objective, and Mr. Zimmerman agreed.*

*Mr. Zimmerman then explained the basic principle that an in perpetuity endowment provides for current and future generations. To do that, the investment return needs to replenish the coffers for what is distributed plus inflation. The Regents decide what is to be distributed. That then becomes an investment objective for UTIMCO. UTIMCO then proposes an investment strategy that is thought will, or might not, meet that objective. If UTIMCO is able to develop an investment strategy that will meet that objective, that will keep this intergenerational fund constant across the years, then UTIMCO indicates what type of risks that will require. Dashboards lay out 10 different risks, the first being underperformance that includes volatility, illiquidity, concentration, and permanent loss of capital. That distribution rate will not necessarily be earned because capital markets are volatile. He said the return in Fiscal Year 2015 was about 60 basis points, but the distribution rate was much higher than that. He explained it is a linear process, which begins with the fundamental principle that this is an intergenerational fund and to maintain equilibrium between current and future generations, investment returns have to equal distributions plus inflation.*

*In response to a comment from Regent Cranberg, Mr. Zimmerman explained that the Constitution states that income from the University Lands is revenue into the PUF. He added that the Constitution also allows for a distribution of up to 7% a year. He said there is a purchasing power methodology calculation that investment returns, plus West Texas revenues, minus distributions after all costs has to be positive.*

Regent Cranberg clarified he was suggesting that if the Board of Regents were to stipulate 6% versus 5%, that should not affect UTIMCO's investment risk profile if income from University Lands was sufficiently substantial that the sustainability requirement of the Constitution could be complied with. Regent Cranberg asked for assurance that, in the context of the investment policy, a movement of distribution rates say from 5% to 6% because of what the Board of Regents sees in a holistic assessment of the totality of the financial resources available, can be done sustainably and therefore, in compliance with existing constitutional guidelines, that that need not affect the investment decision making risk reward assessment of UTIMCO.

Committee Chairman Hicks asked Mr. Zimmerman for his assurance that that is the case, and Mr. Zimmerman agreed that is an understandable point. He gave the example that distribution rates of 7% (last year) and 5.5% did not affect UTIMCO's investment strategy.

Regent Cranberg asked that the investment policy be clarified to indicate that the risk reward profile is not to be driven by distribution policies opposed to vice versa. Committee Chairman Hicks agreed that work is needed on the language in the policy statement.

*(Secretary's Note: A sentence in the Investment Objectives section of each Investment Policy Statement was subsequently editorially modified. See Board Minutes Page 151, as an example.)*

**8. U. T. System Board of Regents: Approval of the Annual Budget for FY 2016, including the capital expenditures budget and other external direct charges to the Funds, and the Annual Fee and Allocation Schedule for The University of Texas Investment Management Company (UTIMCO)**

**Committee Meeting Information**

**Presenter(s):** Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs

**Status:** Approved

**Motion:** Made by Vice Chairman Hildebrand, seconded by Regent Beck, and carried unanimously

**9. U. T. System Board of Regents: Approval of revisions to the amended and restated University of Texas Investment Management Company (UTIMCO) Compensation Program**

**Committee Meeting Information**

**Presenter(s):** Vice Chairman Hildebrand

**Status:** Approved

**Motion:** Made by Regent Hall, seconded by Regent Beck, and carried unanimously

**Discussion at meeting:**

Committee Chairman Hicks called on Vice Chairman Hildebrand, as Chairman of the UTIMCO Board of Directors, for remarks on the UTIMCO Compensation Program.

Remarks by Vice Chairman Hildebrand

On October 15, 2015, the UTIMCO Board approved proposed changes to the UTIMCO Compensation Program to be effective September 1, 2015. Proposed changes include:

- removing language related to the increasing of performance incentive awards in the Extraordinary Circumstance of outperformance by 20% or more and related to decreasing performance incentive awards when net returns during a performance period are below negative 5.01%;
- eliminating Asset Class/Investment Type as a Quantitative Performance Goal and instead including Asset Class/Investment Type as a Qualitative Performance Goal with UTIMCO investment staff measured against a universe of funds as determined annually by the UTIMCO Board of Directors' Compensation Committee;
- changing the calculation of the level of attainment of the qualitative portion of an individual's performance goals; and
- changing Eligible Positions, Weightings, Incentive Award Opportunities and Percentage of Award Deferred.

Regent Hall asked when was the last time the UTIMCO Board did an external review of UTIMCO's compensation, and Vice Chairman Hildebrand said a comprehensive compensation study was conducted by Mercer this year at the request of the UTIMCO Board, on behalf of the U. T. System Board. He said the study was completed just prior to the compensation recommendations, and the UTIMCO Board reviewed and modified the recommendations taking into consideration benchmarking and best practices. He said the compensation data puts affected UTIMCO staff in the middle of the median relative to their peers.

Mr. Zimmerman added that another element of the thoroughness and diligence that the UTIMCO Board applied to this process was to engage Cambridge Associates to look at all the benchmarks.

Committee Chairman Hicks said his biggest takeaway from the change is that the top officers are focused, aligned, and incentivized on the overall performance of the fund. Mr. Zimmerman said the UTIMCO Board led the change, which the staff has embraced.

Vice Chairman Hildebrand said the compensation structure is better and the group will act more as a team versus in functional silos, and he thinks performance will be enhanced.

ADJOURNMENT

Committee Chairman Hicks adjourned the meeting at 2:07 p.m.



# Report on Activities of University Lands Advisory Board

Mr. Mark Houser, Chief Executive Officer – University Lands

U. T. System Board of Regents' Meeting  
Finance and Planning Committee  
November 2015



THE UNIVERSITY of TEXAS SYSTEM  
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

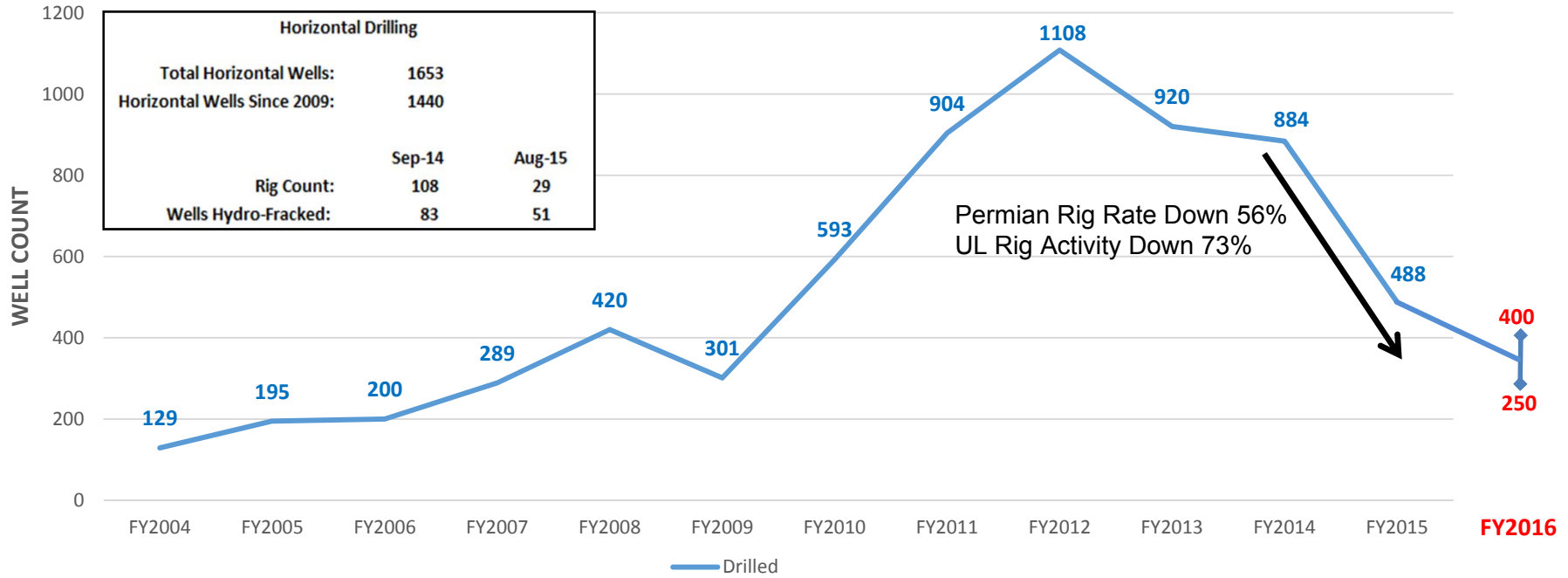
[WWW.UTSYSTEM.EDU](http://WWW.UTSYSTEM.EDU)

# Key Takeaways

- **Production/Cash Flow/Reserves as Expected**
  - Concern with activity levels moving forward
  - Acreage continues to be recaptured with reduced activity
- **Currently Reviewing Appropriate Structure for More Effective Management of University Lands**
- **Drilling Economics are Challenging to Oil and Gas Operators**
  - Significant improvement in type curves and costs
  - Rates of return still not “attractive” on scale
- **University Lands Must Continue to Look for Creative Ways to Ensure Ongoing Development**
  - Appropriate cost structure for surface easements and damages continues to be assessed
  - Potential incentive structure to promote additional activity through changing price cycles being considered
  - Midstream joint venture agreement reached
  - One to two lease sales anticipated over next 12 months
- **Budget Increase Recommended to Align with Current Strategy**



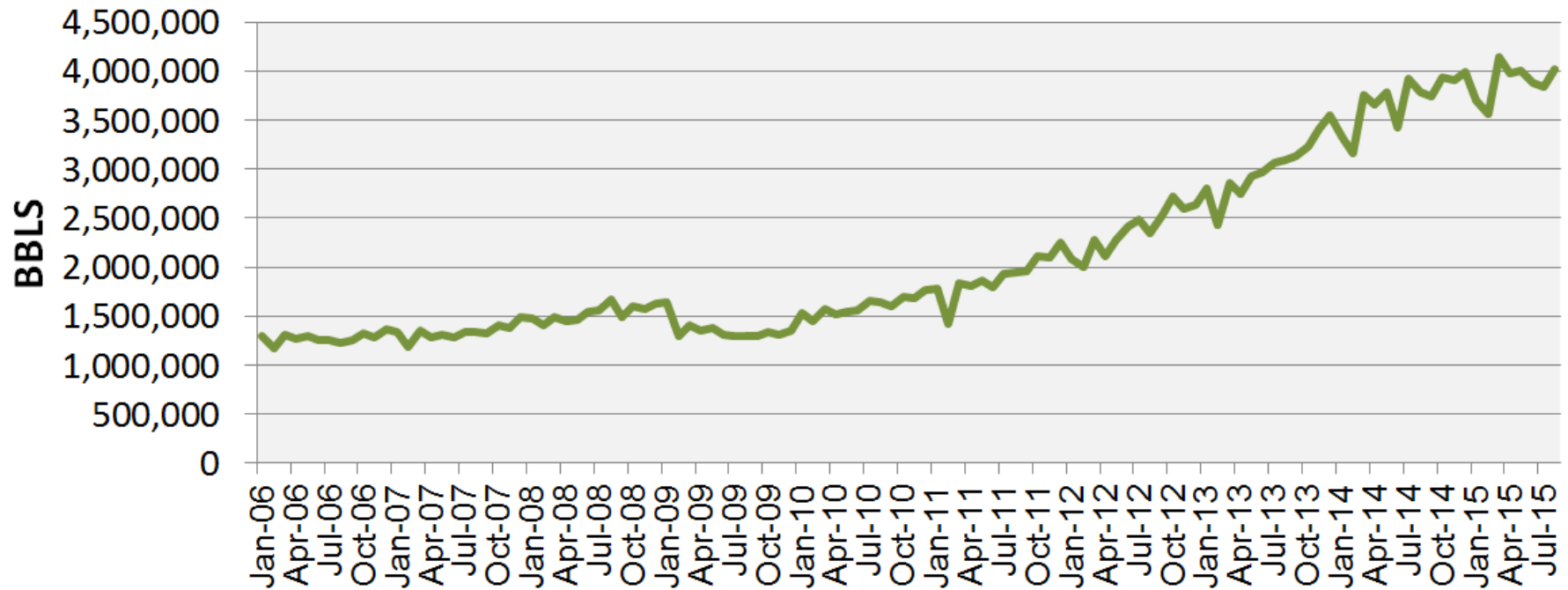
# University Lands (UL) Wells Drilled by Fiscal Year



Committee Minutes - 10

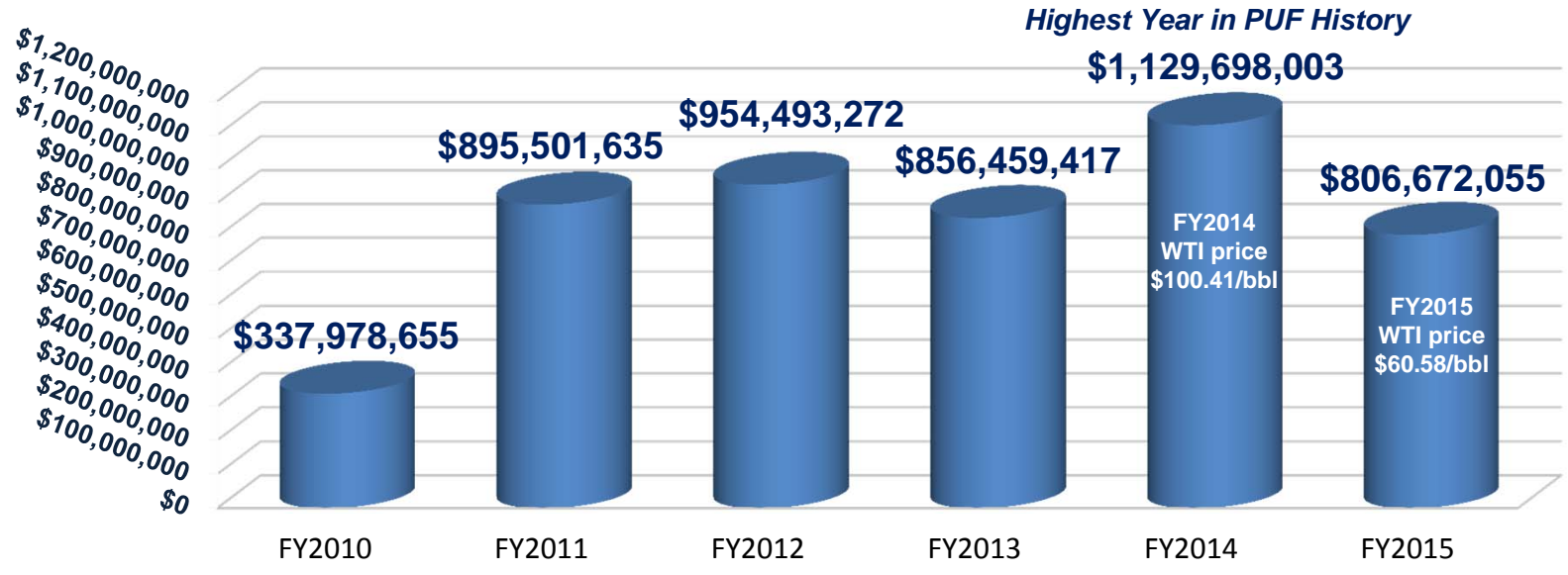


# UL Gross Oil Production: January 2006 - July 2015





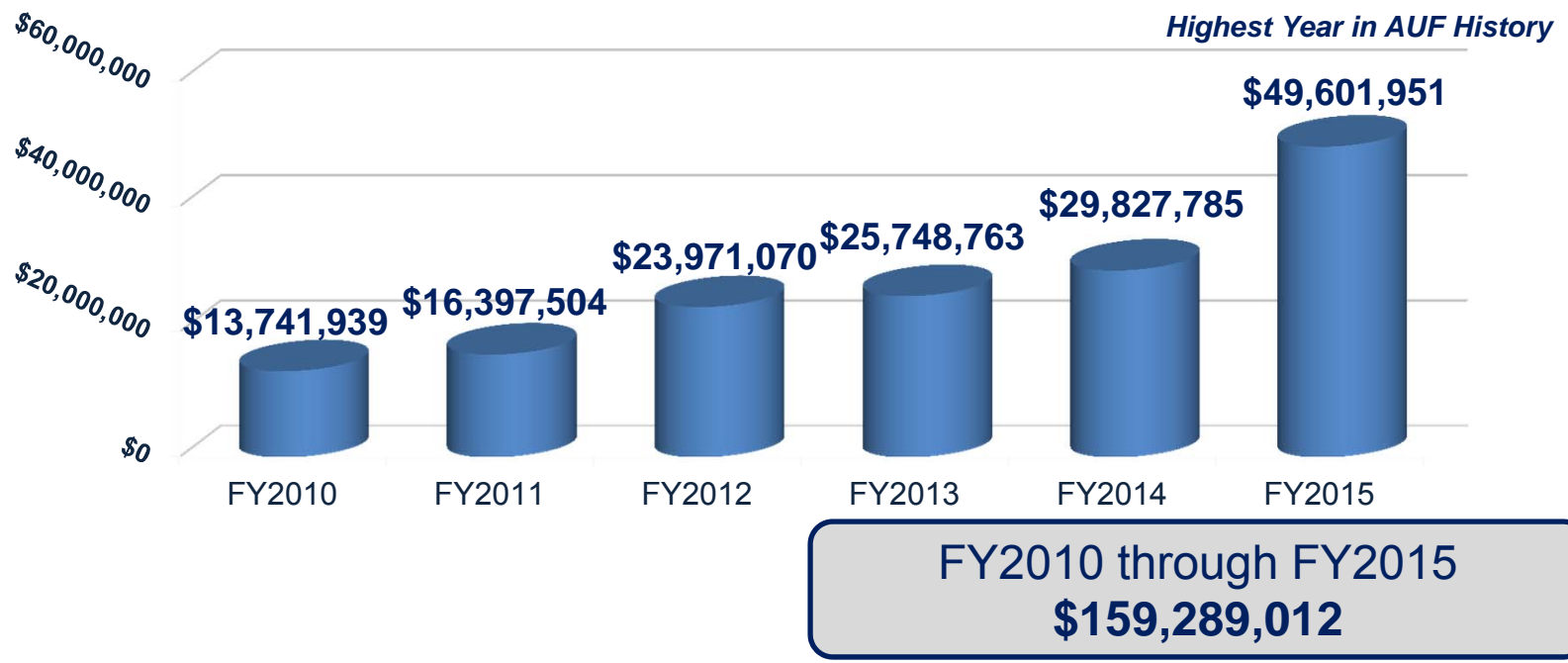
# Permanent University Funds (PUF) Contributions



FY2010 through FY2015  
**\$4,980,803,037**



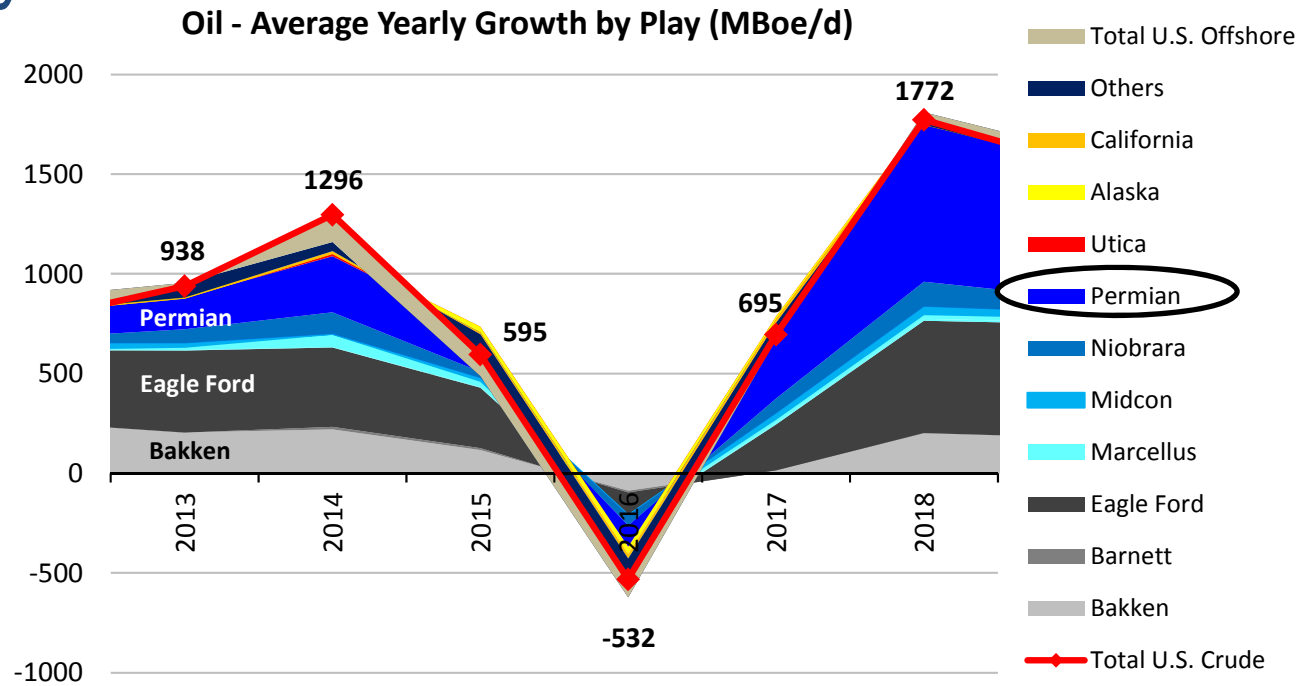
# Available University Funds (AUF) Contributions



Committee Minutes - 13



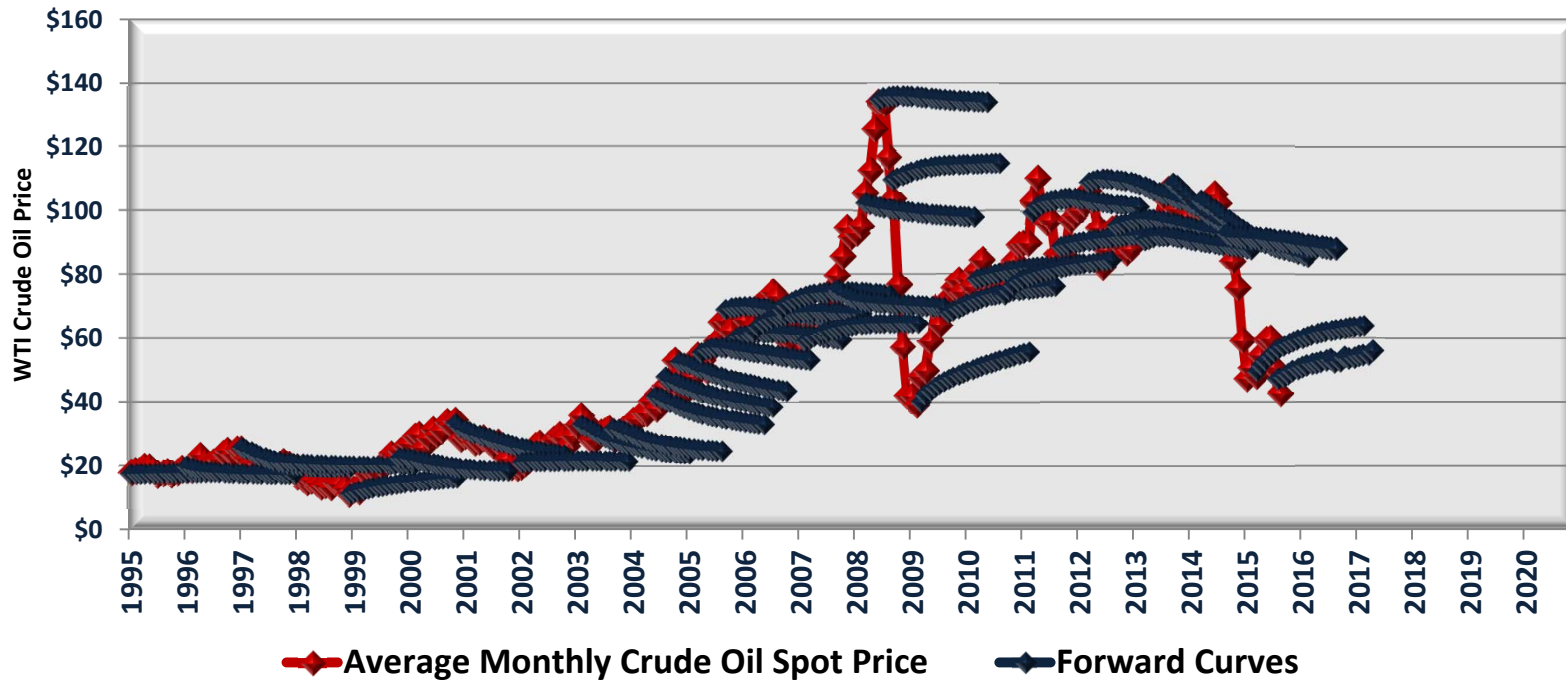
# Permian Basin Will Remain a Strong Player in U.S. Supply Growth



Committee Minutes - 14

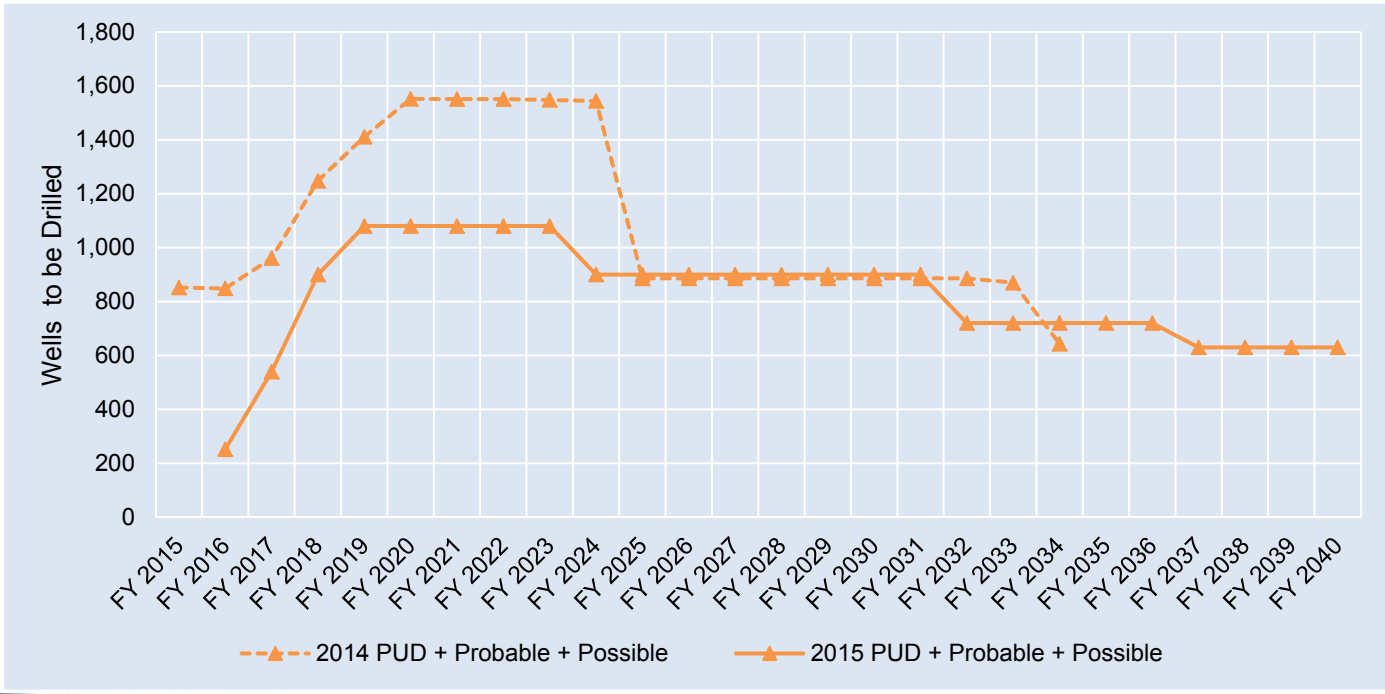


# Spot Prices vs. the Forward Curve



# Wells Drilling Forecast for Reserves 2014 vs. 2015

Committee Minutes - 16



**Total Drilling**

**Locations:**

- 2015 ~20,400
- 2014 ~20,400

**Long Term Pricing:**

- Oil ~40% lower
- Gas ~30% lower

PUD: Proven Undeveloped



THE UNIVERSITY of TEXAS SYSTEM  
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

# Reserves Comparison

<b>NET RESERVES (Million Equivalent Barrels)</b>				
	Proved	Probable	Possible	Total
8/31/2014	162	109	943	1,214
8/31/2015	173	158	802	1,133
8/31/15 @ 2014 Price	176	158	802	1,135
<b>FUTURE NET REVENUE - DISCOUNTED AT 10% (\$ Millions)</b>				
8/31/2014	4,967	2,869	11,767	19,603
8/31/2015	2,972	2,328	6,354	11,654
8/31/15 @ 2014 Price	4,878	3,489	9,179	17,547

**2015 approximate net production:**  
**17.6 MMBOE**  
 (million barrels of oil equivalent)

**2014 Cash Flow:**  
**\$856 million**

Note: numbers subject to rounding

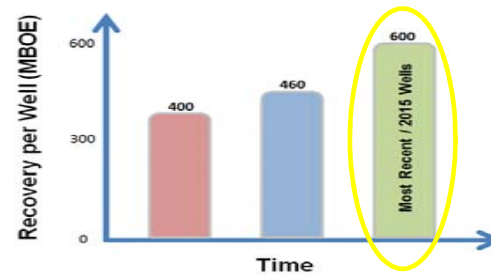


# Increasing Efficiencies: Returns Still Challenging for Producers

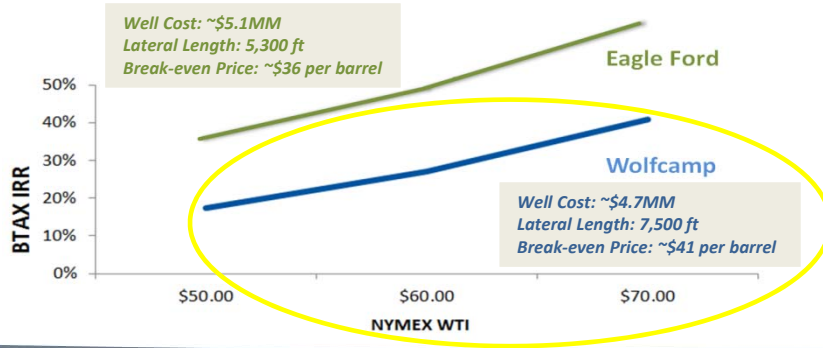
## Wolfcamp Cost Efficiencies



## Well Recoveries up 50%



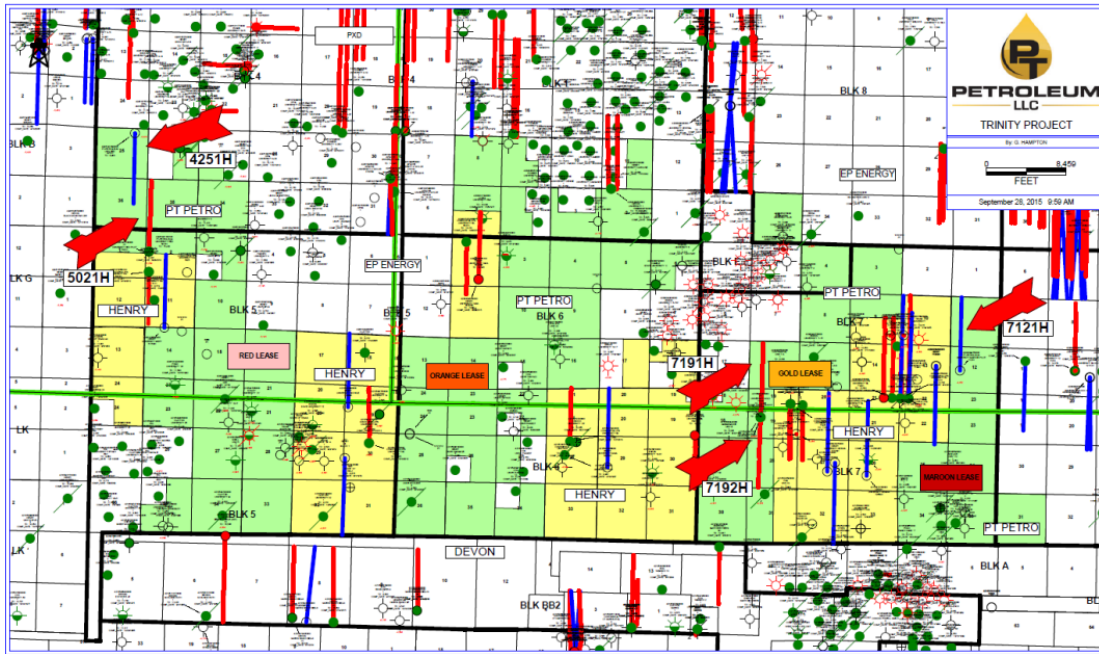
## Well Economics Create Competition for Capital



- University Lands is evaluating potential ways for ensuring efficient development of lands over time, including potential price-sensitive royalty structures.



# Trinity Project



- ~63,800 acres operated by Henry Petroleum and PT Petroleum
- Technical review has identified potential for 200 to > 1000 wells drilled across acreage
  - Wolfcamp A & B and Spraberry
- Eight wells have been drilled this year
- 2016 plans provide for another eight new horizontal wells
- Electricity and water infrastructure projects ongoing
- Estimate >\$125MM spent through 2016, excluding gathering and processing
- Gathering and processing infrastructure required



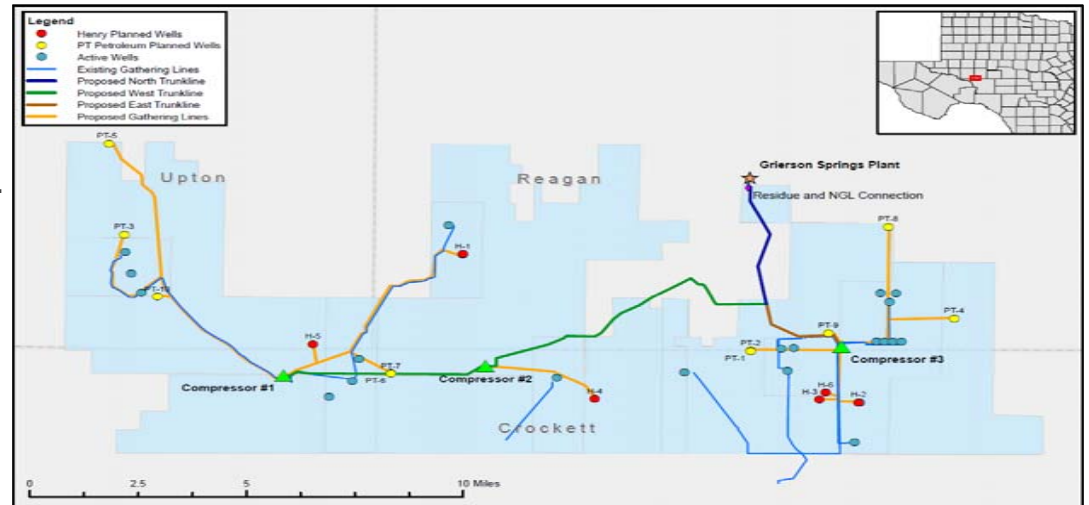
THE UNIVERSITY of TEXAS SYSTEM  
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU



# Trinity Project – Midstream Joint Venture

- University Lands negotiated a **10% carried equity interest** in a joint venture to build gathering and processing infrastructure with Canyon Midstream, Henry Petroleum and PT Petroleum, et al.
  - Companies are affiliated with Kayne Anderson
  - University Lands contributes **~\$3 million in easement and right-of-way**
  - University Lands **waives affiliate language** related to gathering and processing fees deductible from royalty interests
  - University Lands receives a “carried interest” for **its share of \$110 million of capital spending**



**Phase 1: JT Refrigeration and Field Compression**  
**Phase 2: Cryo Expansion**



# Trinity Project - Investment Impact

## Midstream Investment Economics

	8x EBITDA
Sales Proceeds at 1/21	\$ 178,764
Debt Repayment	<u>\$ 60,520</u>
Net Proceeds	\$ 118,244
Project Internal Rate of Return (IRR)	19%
Project Return on Investment (ROI)	2.00
<b>University Lands 10% Interest</b>	
University Lands 10% Proceeds	\$ 11,824
Less: "Foregone" Easements	\$ 3,158
Net to University Lands	\$ 8,666
University Lands ROI	3.7

## 25% Royalty Generation\* Estimate at Current Strip

Present Value 10% of Royalty per Well	1.8	1.8	1.8
Wells	181	500	1000
Present Value of Royalty, \$millions	<b>330</b>	<b>900</b>	<b>1800</b>

### Potential Other Income:

- \$100,000 - \$120,000 per well in surface damage income to AUF (\$18.1 - \$120 million total)
- Third-party income through plant

\*Based on \$60/bbl oil price



# Benefits of Trinity Midstream Investment

- Attractive economics on a stand-alone basis
- Increases likelihood of expanded drilling
- Encourages generation of royalty income
- Affiliated company investing in midstream will help focus development
- Third-party income potential from other producers
- Increases midstream competition in area
- Increases University Lands’ midstream knowledge from actual operations involvement



## 2016 Objectives

- Generate revenue of **\$600–\$800 million** for fiscal year assuming \$50/bbl oil price
- Increase “price neutral” proved reserve value
- Review scenarios for development incentives in tough price environment
- Assess and determine optimal structure for University Lands
- Develop integration program with the Texas Energy Research, Engineering, and Education Institute (“Texas Oil and Gas Institute”)
- Complete detailed reservoir study of 20% of University Lands
- Complete technical review with top 20 producers
- Complete one to two lease sales in next 12 months
- Develop and implement “downhole data management process”
- Enhance water management plan
- Develop and implement an effective branding strategy
- Develop an internship program



# University Lands Budget Increase Recommendation

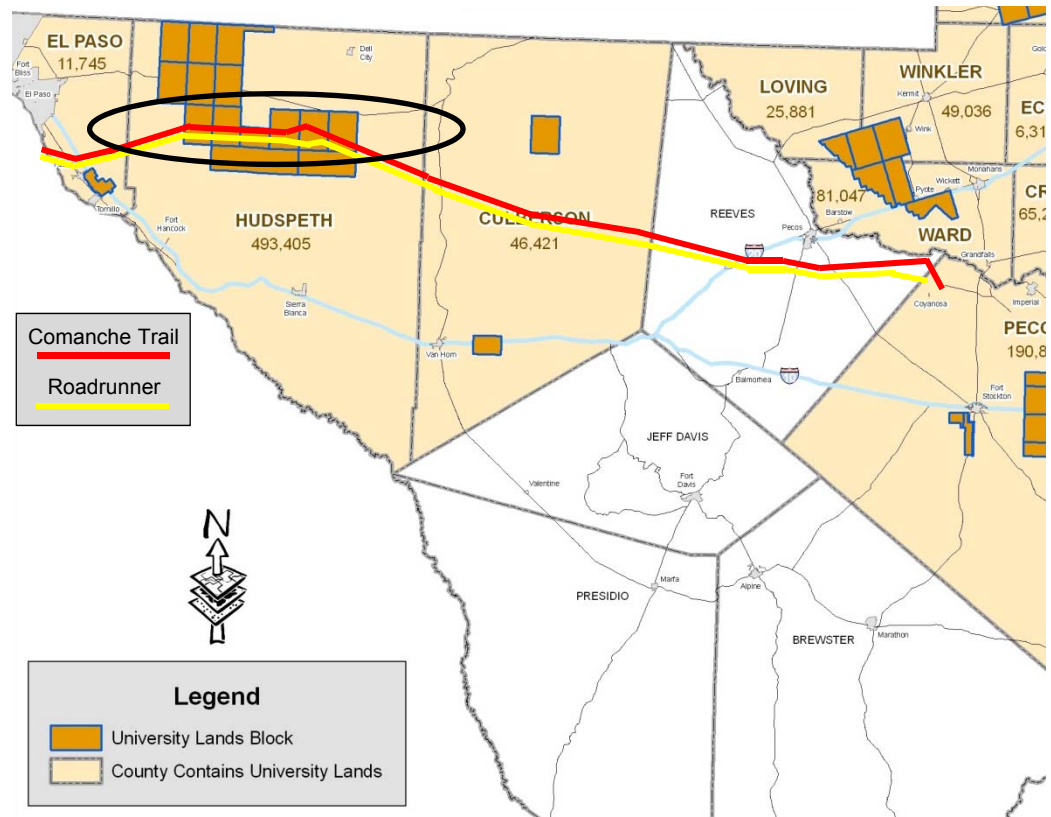
- **Request for budget increase from \$17.3 million to \$23.6 million. Adjustments include:**
  - Salaries (including benefits) for additional Houston staff as discussed with the University Lands Advisory Board (ULAB): \$765,600
  - Salary adjustments (including benefits) for Midland office: \$660,000
  - Additional software and hardware for Petroleum Engineering and Geoscience use: \$1,128,800
  - Finalization of the Opportune project: \$300,000
  - Contract for “Texas Oil and Gas Institute”: \$3,440,000
- Consistent with strategy for University Lands
  - Reviewed with ULAB

• Total 2016 Revenue:	\$600-800M
• Total 2016 Production:	15.4M BOE
• Total 2016 Projected Costs:	\$23.6M
• Per unit of production	\$1.53/BOE
• Total 2016 Overhead Costs:	
• Excl. Startup/other projects	\$15.6M
• Per unit of production	\$1.01/BOE

**Similar Minerals Companies  
Overhead - >> \$1.50 - \$2.50+ per BOE**

# University Lands Easement Requests

- Two pipeline projects to transport gas from the Permian Basin to Mexico
  - Comanche Trail Pipeline (ETP)
  - Roadrunner Pipeline (Oneok)
- Each runs ~37 miles across University Lands
- Requests for approval on Consent Agenda: \$6.7 million in total easement revenue
- 10-year lease term through November 2025



# University Lands Environmental Practices Go Above and Beyond

- Strong relationships with environmentally-focused organizations including the Texas Commission on Environmental Quality, Texas Railroad Commission, Texas Parks and Wildlife, USDA Natural Resource Conservation Service, and the U.S. Fish and Wildlife Service ensure compliance and best practices
- Many policies unique to University Lands: Operators required to comply with our *Surface Operations Field Manual of Required Operating Procedures for Oil & Gas Leases*
- University Lands' right to conduct unannounced lease inspections
  - 1000+ visits since 2008
  - Monitor permitting, environmental compliance, and general housekeeping
- Robust University Lands Groundwater Management Plan fully operational
- Four of top eight (and maybe more!) operators including EP Energy, Apache, Approach, and Pioneer Resources leading the industry in implementing water recycling and conservation practices
- Continued commitment to prudently evolving practices as technology evolves



MINUTES  
U. T. System Board of Regents  
Academic Affairs Committee  
November 4, 2015

The members of the Academic Affairs Committee of the Board of Regents of The University of Texas System convened at 11:18 a.m. on Wednesday, November 4, 2015, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

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

Also present were Chairman Foster, Regent Beck, Regent Drake, Regent Hall, 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 Aliseda called the meeting to order in Open Session.

Committee Chairman Aliseda welcomed representatives of the U. T. System Student Advisory Council, Faculty Advisory Council, and Employee Advisory Council able to attend.

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

***Committee Meeting Information***

***Presenter(s):*** Committee Chairman Aliseda

***Status:*** Reported

*Committee Chairman Aliseda noted that an additional item was posted with the Secretary of State related to funding for relocation expenses for Dr. Jeffrey Spath, Chief Executive Director for the Texas Energy Research, Engineering, and Education Institute (EREEI) (see Consent Agenda Item 42a).*

*Regent Pejovich congratulated U. T. Arlington on strengthening the admissions criteria for several programs (see Consent Agenda Item 20). President Karbhari spoke about the importance of ensuring that students are well prepared for certain graduate programs. Committee Chairman Aliseda asked how the change in admissions criteria for these*



*programs might affect enrollment, and Dr. Karbhari explained that enrollment, including at the graduate level, is increasing with more students applying even as admissions criteria are strengthened.*

**2. U. T. El Paso: Approval to create the School of Pharmacy at U. T. El Paso and amendment of the Regents' Rules and Regulations, Rule 40601, Section 1.7 to include the School of Pharmacy**

**Committee Meeting Information**

**Presenter(s):** President Diana S. Natalicio, U. T. El Paso

**Status:** Approved

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

**Discussion at meeting:**

*President Natalicio introduced José O. Rivera, Pharm.D., who will be the founding Dean of the new School of Pharmacy and who was in attendance at the meeting. In reply to a question from Committee Chairman Aliseda about opportunities for collaboration with, for example, Texas Tech University, Dr. Natalicio said the institutions are working closely with Texas Tech and the major hospitals in El Paso, and she noted opportunities for cooperation with the retail sector to employ pharmacists.*

**3. U. T. El Paso: Approval to establish a Doctor of Pharmacy degree program**

**Committee Meeting Information**

**Presenter(s):** President Diana S. Natalicio, U. T. El Paso

**Status:** Approved

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

**Discussion at meeting:**

*See the discussion under Item 2 above.*

**4. U. T. Rio Grande Valley: Discussion and appropriate action regarding proposed provisional Mission Statement**

**Committee Meeting Information**

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

**Status:** Approved

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

**Discussion at meeting:**

*President Bailey said the institution was set to begin a strategic planning process following Chancellor McRaven's vision statement that was presented to the Board on November 5, 2015 (see Item 3 of the Board Minutes). A Mission Statement would result from that process, but, in the meantime, a provisional Mission Statement was needed for accreditation purposes.*

*(Secretary's Note: At the request of the institution, the commencement of the strategic planning process in the Agenda Item was changed from Fall 2015 to Spring 2016.)*

**ADJOURNMENT**

Committee Chairman Aliseda adjourned the meeting at 11:28 a.m.

**MINUTES**  
**U. T. System Board of Regents**  
**Health Affairs Committee**  
**November 4, 2015**

The members of the Health Affairs Committee of the Board of Regents of The University of Texas System convened at 9:02 a.m. on Wednesday, November 4, 2015, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

Attendance

Regent Cranberg, presiding  
Vice Chairman Hildebrand  
Regent Aliseda  
Regent Beck  
Regent Tucker

Also present were Chairman Foster, Vice Chairman Hicks, Regent Drake, Regent Hall, 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 in Open Session.

Committee Chairman Cranberg welcomed representatives of the U. T. System Student Advisory Council, Faculty Advisory Council, and Employee Advisory Council able to attend.

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

***Committee Meeting Information***

***Presenter(s):*** Committee Chairman Cranberg  
***Status:*** Reported

**2. U. T. Health Science Center - San Antonio: Request to retain the Master of Science in Immunology and Infection degree program**

***Committee Meeting Information***

***Presenter(s):*** William L. Henrich, M.D., President, U. T. Health Science Center - San Antonio;  
Raymond S. Greenberg, M.D., Ph.D., Executive Vice Chancellor for Health Affairs  
***Status:*** Approved  
***Motion:*** Made by Vice Chairman Hildebrand, seconded by Regent Beck, and carried unanimously

**3. U. T. Health Science Center - San Antonio: Approval to establish a Doctorate of Occupational Therapy degree program in the School of Health Professions**

**Committee Meeting Information**

**Presenter(s):** William L. Henrich, M.D., President, U. T. Health Science Center - San Antonio

**Status:** Approved

**Motion:** Made by Regent Beck, seconded by Regent Aliseda, and carried unanimously

**Discussion at meeting:**

*Regent Aliseda asked if this doctoral program would take an additional six months after the current 30-month master's program, and President Henrich answered affirmatively.*

**4. U. T. Health Science Center - Houston: Discussion and appropriate action regarding proposed change in tuition and fee rates for out-of-state students in the School of Biomedical Informatics online Master of Science degree program in Health Informatics**

**Committee Meeting Information**

**Presenter(s):** Giuseppe N. Colasurdo, M.D., President, U. T. Health Science Center - Houston

**Status:** Approved

**Motion:** Made by Vice Chairman Hildebrand, seconded by Regent Beck, and carried unanimously

**Follow-up action:** Dr. Colasurdo will find out if this program will be extended to currently enrolled students or to just incoming students.

**Discussion at meeting:**

*President Colasurdo responded to a question from Committee Chairman Cranberg on the total cost of a master's online degree of this type. Regent Cranberg further asked if this is a competitive price, and Dr. Colasurdo replied the cost is in the lower range, thus is a good value, as are other programs in the U. T. System.*

*Regent Drake asked if this program will be extended to currently enrolled students or to just incoming students, and President Colasurdo said he will find out.*

**5. U. T. System: Report and appropriate action on telemedicine across Texas**

**Committee Meeting Information**

**Presenter(s):** David L. Callender, M.D., President, and Dr. Alexander Vo, Vice President for Telemedicine and Health Services Technology, U. T. Medical Branch - Galveston

**Status:** Reported/Discussed

## **Discussion at meeting:**

*Committee Chairman Cranberg asked if the technology infrastructure could integrate the clinical capacity across the U. T. System, such as tying patient medical records at each institution, and Dr. Vo agreed and explained that the technology has developed at a fast pace and at a reduced cost. Dr. Callender spoke about the opportunities to develop a number of different applications for smart devices.*

*Regent Beck asked if physicians are required to sign up to participate in the program, and Dr. Vo said it is preferable that physicians participate in the program as part of the physician network for purposes of continuity of care. Dr. Greenberg added that the relationship might be with an institution, such as a hospital, rather than with an individual physician. President Colasurdo spoke about the telestroke and child and elderly abuse programs at U. T. Health Science Center - Houston.*

*Regent Beck asked if a physician would actually see the patient or if the visit would be done electronically, and Dr. Vo explained there would be face-to-face contact via video. There would be medical peripherals operated by, for example, a nurse so that a physical exam could be performed on the patient. A telepresenter at the patient's side may be guided by the physician.*

*Regent Drake asked where the data would reside, and Dr. Vo said most of the data will be stored in the institution's electronic medical record (EMR). He explained the exchange of information across different EMR systems in the state, and he spoke about a cloud-based system that is secure, with data encrypted.*

*Regent Beck recommended a review of the potential risk and liability exposure of the U. T. System medical institutions if this program is implemented, and Dr. Callender assured Regent Beck that this has been ongoing at U. T. Medical Branch - Galveston (UTMB) for 20 years without any substantial issues. Dr. Callender explained that Dr. Vo works closely with the Texas Board of Medical Examiners and other oversight authorities to make sure the work is within current law and meets all expectations in terms of delivery of the highest quality of service. Dr. Vo added that telemedicine is one tool, and while there are protocols that cover a standard of care, if the tool is not appropriate, the case is escalated to another level of care, such as a regular visit to the doctor. Executive Vice Chancellor Greenberg discussed how, in most instances, a provider is physically present with the patient, and he noted that providers are located in the State of Texas, thus there are not licensure issues to deal with across states. He also addressed managing the quality of the providers. Dr. Vo added that national companies do not necessarily facilitate a patient-to-provider relationship that is a cornerstone to the UTMB program. He said UTMB tries to leverage technologies to replicate that relationship as much as possible.*

*Dr. Vo explained the high number of clinical encounters in reply to a question from Vice Chairman Hildebrand about the use of telemedicine in UTMB's Correctional Managed Care facilities.*

*Vice Chairman Hildebrand also asked about the possibility of collaborating with other U. T. System institutions in this area, and Dr. Vo explained that the model being proposed is new and could integrate other U. T. System institutions, as well as other institutions around the state. Dr. Callender said an investment would be necessary to share this technology more effectively, and he spoke about how health care around Texas is fairly regionalized and use of this technology could help institutions across the state work together to leverage manpower and health professional power to better meet the needs of patients.*

*Committee Chairman Cranberg asked about payment issues from referrals from one institution to another, and Dr. Callender said that, in general, it is not a significant issue, but the relationship is being reviewed to assure that reimbursement occurs. Dr. Vo added that a challenge of telemedicine is the fee-for-service model, and he spoke of opportunities to develop new types of contracts that could be handled internally rather than externally.*

*President Calhoun spoke about telemedicine activities at U. T. Health Science Center - Tyler. Dr. Leon Leach, Executive Vice President at U. T. M. D. Anderson Cancer Center, spoke in the absence of President DePinho in support of any efforts Systemwide that enhance access, reduce cost, and improve patient safety.*

*Vice Chairman Hildebrand encouraged a more integrated, synthesized approach, and Dr. Greenberg agreed, saying the institutional presidents see the potential to not duplicate efforts and to leverage the collective strength of the U. T. System because of its size, scale, and geographic coverage. He added there are large portions of the state that have few providers in areas such as mental health and obstetrics. With the strong track record, there is an opportunity to build on that. He said a proposal would be made at a future meeting about an infrastructure investment to move telemedicine to the next level of service.*

## ADJOURNMENT

Committee Chairman Cranberg adjourned the meeting at 9:56 a.m.

**MINUTES**  
**U. T. System Board of Regents**  
**Facilities Planning and Construction Committee**  
**November 4, 2015**

The members of the Facilities Planning and Construction Committee of the Board of Regents of The University of Texas System convened at 11:32 a.m. on Wednesday, November 4, 2015, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

**Attendance**

Chairman Pejovich, presiding  
Vice Chairman Hicks  
Regent Beck  
Regent Cranberg  
Regent Hall

Also present were Chairman Foster, Vice Chairman Hildebrand, Regent Aliseda, Regent Drake, Regent Tucker, 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 Pejovich called the meeting to order in Open Session. The PowerPoint presentation concerning all items is set forth on Pages 4 - 20.

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

***Committee Meeting Information***

***Presenter(s):*** Committee Chairman Pejovich  
***Status:*** Reported

**2. U. T. System: Discussion on the Hybrid Project Delivery Initiative**

***Committee Meeting Information***

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

**3. U. T. System: Discussion and appropriate action regarding delegation of authority to waive the Schedule of Fees for Basic Architect/Engineer Services for Major Projects identified for hybrid delivery**

**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 Regent Hall, and carried unanimously

**Discussion at meeting:**

*Vice Chairman Hildebrand asked for a historic value on architectural fees in the private sector, and Mr. O'Donnell responded that basic services vary in the industry but tend to run on the high side of 6 to 10%. In a discussion on the selection of the Project Advocate, Vice Chairman Hildebrand asked for clarification on the pool for selection of project advocates and if there is an assumption that it is a U. T. System or institutional employee rather than a volunteer with expertise. Mr. O'Donnell explained the institutional presidents will identify the advocates, and he further recommended that on the initial three projects, the advocates work together as a group. The group would identify an advisory committee that would oversee the project. Vice Chairman Hildebrand asked if the external advisory group will be below the advocate, and both Chancellor McRaven and Mr. O'Donnell said the group would provide oversight. The authority would be with the advocate group to turn down requests with the goal to drive down the cost of construction across the U. T. System. Mr. O'Donnell said that structure works in the private sector to drive down costs, so it should work here.*

**4. U. T. Austin: East Campus Parking Garage - 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 Hicks, seconded, and carried unanimously

**Discussion at meeting:**

*Regent Cranberg asked about the revenue model for the cash flow forecast and if the revenue stream would be generated from the use of spaces. Mr. O'Donnell confirmed the funds would be Revenue Financing System (RFS) that will be paid back by the use of the facility. Vice President Clubb further clarified that general parking rates for permanent use and the daily rate for faculty and students would generate funds. Regent Cranberg asked if the concept of private companies building and operating garages for the institutions would work as an efficient option. Vice President Clubb said all the campus parking garages are*



*operated efficiently and under a good model. Executive Vice Chancellor Kelley said typically with the low cost of debt, it has been found that operating garages internally is more economical.*

*Regent Drake asked about the route for students to get to the garage from the main campus, and Dr. Clubb described transportation options to the East Campus, including shuttle bus service and a pedestrian bridge.*

**5. U. T. M. D. Anderson Cancer Center: Alkek Expansion - Renovations to Existing Facility - Amendment of the FY 2016-2021 Capital Improvement Program to increase total project cost; 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 by Regent Hall, seconded, and carried unanimously

**ADJOURNMENT**

Committee Chairman Pejovich adjourned the meeting at approximately 11:53 a.m.

# Agenda Items

Mr. Mike O'Donnell

Associate Vice Chancellor for Facilities Planning and Construction

U. T. System Board of Regents' Meeting

Facilities Planning and Construction Committee (FPCC)

November 2015



THE UNIVERSITY of TEXAS SYSTEM  
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

[WWW.UTSYSTEM.EDU](http://WWW.UTSYSTEM.EDU)

# Update on Hybrid Project Delivery Initiative



THE UNIVERSITY of TEXAS SYSTEM  
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

[WWW.UTSYSTEM.EDU](http://WWW.UTSYSTEM.EDU)

# Hybrid Project Delivery Initiative Comprehensive Process Improvements

- Project Advocate Initiative
  - Implemented February 2015
- Update to Board of Regents’ Rules for Major Projects
  - Implemented August 2015 and September 2015
- Definition Phase
  - Implemented September 2015



# Hybrid Project Delivery Initiative Identified OFPC-managed Demonstration Projects

- Science and Engineering Building  
U. T. San Antonio
- Engineering Building  
U. T. Dallas
- Student Housing Phase VII  
U. T. Dallas
- Energy Engineering Building  
U. T. Austin



# Hybrid Project Delivery Initiative Identified Institution-managed Demonstration Projects

- West Campus, Phase 1  
U. T. Southwestern Medical Center
- U. T. Southwestern Monty and Tex Moncrief Medical Center at Fort Worth  
U. T. Southwestern Medical Center
- Academic Extension Building Renovation  
U. T. Health Science Center - Houston



# Hybrid Project Delivery Initiative Ongoing Process Improvements

- Consultant team procurement
  - Market engagement to review options
- Professional Services fee schedule
  - Peer analysis underway
- Contractor incentives and design assist protocol
  - Internal review ongoing with Office of General Counsel



# Hybrid Project Delivery Initiative Deferred Maintenance and Recapitalization

- Program integrated with Capital Improvement Program
- Institutions to develop comprehensive project lists
- Priority of projects aligned with strategic vision
  - Funding options to be reviewed with executive leadership
  - Future PUF allocations to be based on strategic needs





# Hybrid Project Delivery Initiative Consultant and Contractor Outreach

- Central Texas
  - September 8, 2015
- North Texas
  - October 28, 2015
- South Texas and West Texas
  - Early 2016



# Delegation of Authority to Waive the Schedule of Fees for Basic Architect/Engineer Services

- As necessary to implement the Hybrid Project Delivery Initiative:
  - Will allow Associate Vice Chancellor for Facilities Planning and Construction to waive the Schedule of Fees for Basic Architect/Engineer Services for Major Projects identified for hybrid delivery
  - Will allow for greater flexibility in negotiating fees paid to consultants for Major Projects identified for hybrid delivery



# U. T. System FY 2016-2021 Capital Improvement Program (CIP)

<b>CIP Total as of October 15, 2015</b>	<b>\$ 6,786,740,591</b>
CIP New Construction Additions	\$ 0
CIP R&R Construction Additions	\$ 0
DD Approvals/TPC Modifications	\$ 7,300,000
<b>Total Change in CIP at today's meeting</b>	<b>\$ 7,300,000</b>
Projects removed from CIP this quarter	\$ (51,800,000)
<b>CIP Total after today's meeting</b>	<b>\$ 6,742,240,591</b>
CIP Total - November 2014	\$ 6.4 billion
CIP Total - November 2013	\$ 6.5 billion



# Consideration of Design Development Approval

- One (1) Academic project
  - U. T. Austin East Campus Parking Garage



# U. T. Austin

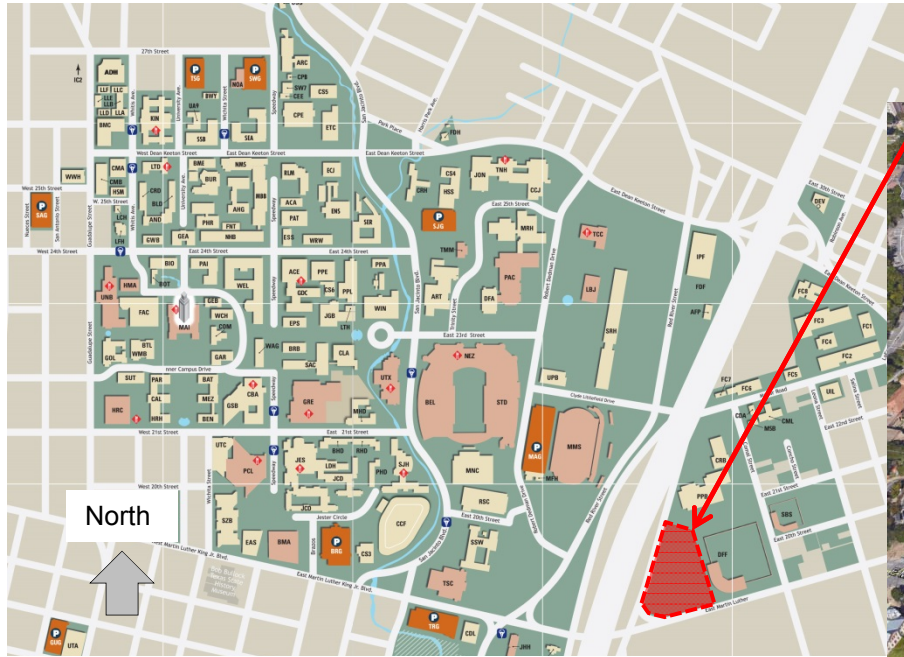
## East Campus Parking Garage



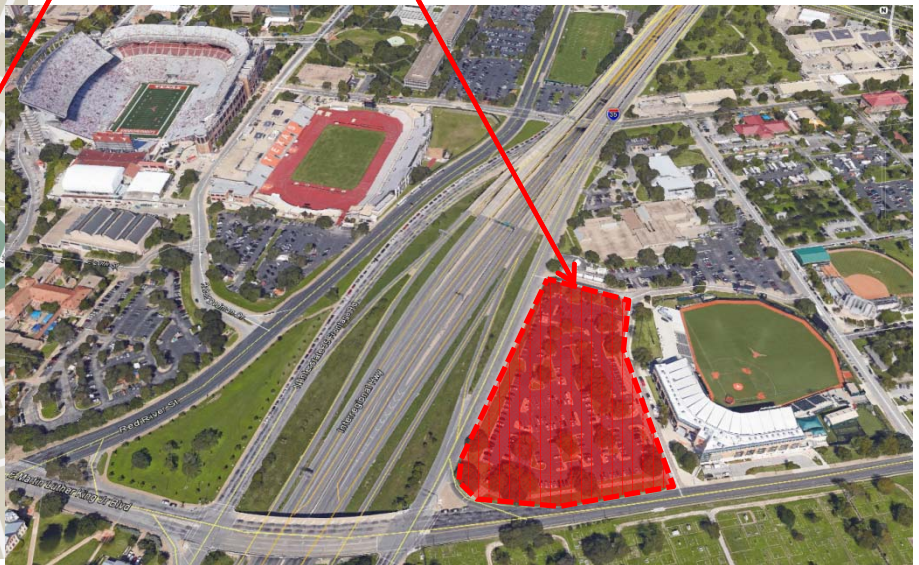
THE UNIVERSITY of TEXAS SYSTEM  
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

[WWW.UTSYSTEM.EDU](http://WWW.UTSYSTEM.EDU)

# U. T. Austin East Campus Parking Garage



Site for the East Campus Parking Garage



Committee Minutes - 16



THE UNIVERSITY of TEXAS SYSTEM  
 FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.  
 WWW.UTSYSTEM.EDU

# U. T. Austin East Campus Parking Garage (cont.)



North



THE UNIVERSITY of TEXAS SYSTEM  
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

Site Plan

15

# U. T. Austin East Campus Parking Garage (cont.)



THE UNIVERSITY of TEXAS SYSTEM  
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

[WWW.UTSYSTEM.EDU](http://WWW.UTSYSTEM.EDU)

## View from Southwest

16



# U. T. Austin East Campus Parking Garage (cont.)

- \$ 62,400,000 Total Project Cost
  - Revenue Financing System Bond Proceeds

	Building Cost	# of Parking Spaces	Building Cost/ Parking Space
East Campus Parking Garage	\$40,771,675	2,000	\$20,386



## U. T. M. D. Anderson Cancer Center Alkek Expansion - Renovations to Existing Facility

- Increase Total Project Cost to allow for enhanced renovations to Floor 7 to bring the Intensive Care Unit rooms into alignment with current design standards and clinical practice guidelines
- \$29,300,000 Total Project Cost
  - Hospital Revenues



**MINUTES**  
**U. T. System Board of Regents**  
**Technology Transfer and Research Committee**  
**November 4, 2015**

The members of the Technology Transfer and Research Committee of the Board of Regents of The University of Texas System convened at 12:35 p.m. on Wednesday, November 4, 2015, in the Board Meeting Room on the 9th Floor of Ashbel Smith Hall, The University of Texas System, 201 West Seventh Street, Austin, Texas, with the following participation:

**Attendance**

Chairman Hall, presiding  
Regent Aliseda  
Regent Cranberg  
Regent Pejovich  
Regent Tucker

Also present were Chairman Foster, Vice Chairman Hicks, Vice Chairman Hildebrand, Regent Beck, Regent Drake, 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 Hall called the meeting to order in Open Session.

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

***Committee Meeting Information***

***Presenter(s):*** Committee Chairman Hall  
***Status:*** Reported/Discussed

**2. U. T. System: Report and discussion on the progress of the U. T. Horizon Fund**

***Committee Meeting Information***

***Presenter(s):*** Dr. Patricia Hurn, Vice Chancellor for Research and Innovation; Ms. Julie Goonewardene, Associate Vice Chancellor for Innovation and Strategic Investment  
***Status:*** Reported/Discussed

**Discussion at meeting:**

*Committee Chairman Hall and Regent Cranberg thanked the Horizon Fund team for their efforts since the last Board meeting (August 19-20, 2015) to help members of the Board to understand the purpose and work of the U. T. Horizon Fund. Board Chairman Foster added that he appreciated the hard work of the team.*

## ADJOURNMENT

Committee Chairman Hall adjourned the meeting at 12:48 p.m.