

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

February 4-5, 2010

Dallas, Texas

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/s/ Carol A. Felkel
Secretary to the Board of Regents
March 10, 2010

MINUTES
U. T. System Board of Regents
Audit, Compliance, and Management Review Committee
February 4, 2010

The members of the Audit, Compliance, and Management Review Committee of the Board of Regents of The University of Texas System convened at 4:20 p.m. on Thursday, February 4, 2010, in the Board Room on the 14th Floor of the T. Boone Pickens Biomedical Building, The University of Texas Southwestern Medical Center at Dallas, 6001 Forest Park Road, Dallas, Texas, with the following participation:

Attendance

Regent Stillwell, presiding
Vice Chairman Foster
Regent Longoria

Absent

Regent Hicks

Also present were Vice Chairman McHugh, Regent Dannenbaum, Regent Gary, Regent Meijer, and Executive Director Martinez.

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

1. **U. T. System: Report on the Fiscal Year 2009 Annual Financial Report, including the report on the U. T. System Annual Financial Report Audit**

This item was for consideration during a joint meeting of this Committee and the Finance and Planning Committee (see Committee Minutes for the Joint Meeting).

2. **U. T. System Board of Regents: Approval to renew the contract with Deloitte & Touche, LLP, as the external auditor for the Fiscal Year 2010 audit of funds managed by The University of Texas Investment Management Company (UTIMCO)**

Committee Meeting Information

Presenter(s): Mr. Charles Chaffin, Chief Audit Executive

Status: Approved

Motion: Made by Regent Longoria, seconded by Vice Chairman Foster, and carried unanimously

3. **U. T. System: Report on the Systemwide internal audit activities, including performance metrics used to evaluate the audit departments and the status of audits of financial controls at the institutional police departments; and Internal Audit Department report for U. T. Permian Basin**

Committee Meeting Information

Presenter(s): Ms. Narita Holmes, Director of Audit and Compliance, U. T. Permian Basin;
Mr. Charles Chaffin, Chief Audit Executive
Status: Reported

Discussion at meeting:

Acting Committee Chairman Stillwell asked Ms. Holmes how often the Southern Association of Colleges and Schools (SACS) accreditation review occurs and Ms. Holmes responded the institution has to be reaccredited every 10 years; however, a new stipulation mandates a review five years after reaccreditation. She noted the fifth year report is due in 2015. Regent Stillwell asked if there is any exemption, and Ms. Holmes responded not if one wishes to receive federal funds.

4. U. T. System: Report on the institutional compliance work plan for FY 2010 at U. T. Southwestern Medical Center – Dallas

Committee Meeting Information

Presenter(s): Mr. Lawrence Plutko, Systemwide Compliance Officer; Mr. Dieter Lehnortt, Assistant Vice President and Institutional Compliance Officer, U. T. Southwestern Medical Center – Dallas
Status: Reported

5. U. T. System: Report on the Systemwide Information Security Program Index

Committee Meeting Information

Presenter(s): Mr. Lawrence Plutko, Systemwide Compliance Officer; Mr. Lewis Watkins, Chief Information Security Officer
Status: Deferred

This item was deferred due to time constraints.

The Committee Executive Session was also deferred due to time constraints.

ADJOURNMENT

Acting Committee Chairman Stillwell adjourned the meeting at 4:45 p.m.

MINUTES
U. T. System Board of Regents
Finance and Planning Committee
February 4, 2010

The members of the Finance and Planning Committee of the Board of Regents of The University of Texas System convened at 3:40 p.m. on Thursday, February 4, 2010, in the Board Room on the 14th Floor of the T. Boone Pickens Biomedical Building, The University of Texas Southwestern Medical Center at Dallas, 6001 Forest Park Road, Dallas, Texas, with the following participation:

Attendance

Vice Chairman Foster, presiding
Regent Gary
Regent Powell
Regent Stillwell

Also present were Vice Chairman McHugh, Regent Dannenbaum (for Items 3-5), Regent Meijer, 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 Foster called the meeting to order.

1. **U. T. System: Discussion and appropriate action related to approval of Docket No. 141**

Committee Meeting Information

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

Discussion at meeting:

Dr. Kelley noted a correction on Docket Page 7 to the amount of funds coming in to U. T. Arlington from a contract with the City of Arlington for the Special Events Center Parking Garage and Residence Hall Project. The correct amount is \$18 million.

2. **U. T. System: Approval of the Fiscal Year 2011 Budget Preparation Policies and Calendar**

Committee Meeting Information

Presenter(s): Mr. Randy Wallace, Associate Vice Chancellor - Controller and Chief Budget Officer
Status: Approved
Motion: Made by Regent Gary, seconded by Regent Stillwell, and carried unanimously

3. U. T. System: Key Financial Indicators Report and Monthly Financial Report

Committee Meeting Information

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

Status: *Reported*

Discussion at meeting:

Dr. Kelley referenced an accounting change to some of the charts in the Agenda Book shown by a yellow bar representing where the U. T. System operating margin would be without reflecting the Other Post Employment Benefits (OPEB) liability. The OPEB liability, which is approximately \$400 million a year, is now required to be included on the face of the financial statements rather than as a footnote. Committee Chairman Foster suggested the prior years be adjusted to avoid having to adjust going forward. Dr. Kelley said he will look at making the reports easier to read, but noted it may be difficult to get data for prior years. He added that national peers have dealt with this in different ways, and comparability may be challenging.

4. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended November 30, 2009

Committee Meeting Information

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

Status: *Reported*

Discussion at meeting:

Mr. Zimmerman reported that generally over the past three years, endowments are roughly flat. Over the past two years, endowments are down about 12%. For example, in Calendar Year (CY) 2008, endowments were down 27% and in CY 2009, endowments were up 21%. Endowments are down approximately 15% from the peak in October 2007.

Since inception a few years ago, the Intermediate Term Fund (ITF) has generated annual returns of approximately 3.2%, just shy of what would have been earned if that money had remained in cash (money market fund). Last year as the markets dipped, the ITF was substantially below what it would have been had it remained in cash and is now about even. Over the long term, the objective of the ITF is to return 3% plus inflation, and it is about 2% annually shy of that mark.

Mr. Zimmerman reported endowments were up about 1% in December and are expected to be down 1% in January.

Mr. Zimmerman said he remains concerned about the investment environment, indicating that capital markets might have gotten ahead of fundamentals and the economy. He said there is still great weakness in developed economies, a good deal of excess capacity, and a tremendous amount of debt. He said UTIMCO continues to position the portfolio somewhat defensively with underweight allocations to equities and overweight allocations to fixed income. UTIMCO staff continues to spend time identifying, conducting diligence, selecting, and monitoring outstanding investment managers around the world.

Committee Chairman Foster reminded Committee members that he serves on the UTIMCO Board, which he described as engaged, and he said he is personally confident that investments are scrutinized as much as possible. He noted the investments are conservative and might not fare as well as some others, but he said the UTIMCO Board agrees that is the right position to take.

Mr. Zimmerman said he had made a presentation to The Texas A&M University System Board of Regents a couple of weeks ago.

5. U. T. System: Report on the Analysis of Financial Condition for Fiscal Year 2009

Committee Meeting Information

Presenter(s): Mr. Randy Wallace, Associate Vice Chancellor - Controller and Chief Budget Officer; Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs
Status: Reported

Discussion at meeting:

Committee Chairman Foster called on Dr. Kelley for comments on budget cuts. Dr. Kelley reported that a letter from the State leadership has asked for a 5% reduction in appropriations for the next biennium, representing an approximately \$175 million cut for the campuses. To mitigate this, he noted the U. T. System is able to utilize, at least on a one-time basis, access to the Tuition Revenue Bond (TRB) appropriation. He said TRBs are approved by the Legislature and an amount is appropriated for debt service each year that can only be used to pay the TRBs. The amount funded for debt service is based roughly on a 6% interest rate over a 20-year period. U. T. System is able to find a financing rate significantly below that. Each year, U. T. System has an excess appropriation for the TRB debt; more than required to pay in debt service. Each year, this is used to pay down the principle, saving the State money and lowering the time to completion for full payment of bonds.

This year, however, there is \$41 million that U. T. System has chosen to use to mitigate and offset a portion of the cuts. Instead of \$175 million in cuts to be distributed among the campuses for the biennium, there is approximately \$134 million or about a 3.7% reduction in costs that allows the institutions time to adjust to the changes and to move forward. If this is not reset in the future,

campuses will need to come up with the additional amount. Chancellor Cigarroa noted this strategy was used in 2003 and in response to a question from Committee Chairman Foster about recurring costs, Dr. Kelley indicated the appropriations vary and would not necessarily be used to cover budget reductions in the future.

Secretary's Note: Following the meeting, the Chancellor advised that the Legislative Budget Board did not accept the U. T. System proposal as an acceptable mitigation strategy. As a result, each institution was instructed to submit a plan that accommodates the full 5% reduction to its General Revenue State Budget.

6. U. T. System: Report on the Fiscal Year 2009 Annual Financial Report, including the report on the U. T. System Annual Financial Report Audit

This item was for consideration during a joint meeting of this Committee and the Audit, Compliance, and Management Review Committee (see Committee Minutes for the Joint Meeting).

RECESS AND ADJOURNMENT

Committee Chairman Foster recessed the meeting at 4:00 p.m. for the joint meeting with the Audit, Compliance, and Management Review Committee, which adjourned at 4:18 p.m.

MINUTES
U. T. System Board of Regents
Joint Meeting of the Audit, Compliance, and Management Review Committee
and the Finance and Planning Committee
February 4, 2010

The members of the Audit, Compliance, and Management Review Committee and the Finance and Planning Committee of the Board of Regents of The University of Texas System convened at 4:00 p.m. on Thursday, February 4, 2010, in the Board Room on the 14th Floor of the T. Boone Pickens Biomedical Building, The University of Texas Southwestern Medical Center at Dallas, 6001 Forest Park Road, Dallas, Texas, with the following participation:

Attendance

Vice Chairman Foster, presiding
Regent Gary
Regent Longoria
Regent Powell
Regent Stillwell

Also present were Vice Chairman McHugh, Regent Dannenbaum, Regent Longoria, Regent Meijer, 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, Finance and Planning Committee Chairman Foster called the joint meeting to order.

U. T. System: Report on the Fiscal Year 2009 Annual Financial Report, including the report on the U. T. System Annual Financial Report Audit

Joint Committee Meeting Information

Presenter(s): *Mr. Randy Wallace, Associate Vice Chancellor – Controller and Chief Budget Officer; Mr. Charles Chaffin, Chief Audit Executive*

Status: *Reported*

Discussion at meeting:

Mr. Wallace raised a technical issue concerning the valuation of the Permanent University Fund (PUF) Lands. He said the Annual Financial Report values the 2.1 million acres of land at fair market value; however, a call in December 2009 from the State Comptroller indicated that based on Governmental Accounting Standards Board (GASB) Statement No. 52, PUF Lands should be valued at cost. Mr. Wallace said the valuation at fair market value was reviewed over a year ago and was thought to be appropriate and allowed by GASB 52. While GASB 52 does not specifically scope out PUF Lands, following inquiries from U. T. System staff and the

State Comptroller, the GASB project leader agreed that PUF Lands are like the land scoped out in GASB 52 and should be reported at cost rather than at fair value. Mr. Wallace stated that U. T. System staff does not believe the GASB has provided clear or authoritative guidance on this issue.

Mr. Wallace said the PUF Lands are considered an investment for the U. T. System and the fair value of the land and mineral rights recorded on the U. T. System financial statements, which would be removed, is \$1.240 billion.

Mr. Wallace said this change in value will be made by the State Comptroller at the State Consolidated Annual Financial Report level but he has not changed the U. T. System 2009 report, and he will continue to pursue the discrepancy.

Executive Vice Chancellor Kelley said he is troubled with the potential change, and while the reporting difference would not have a related loss on market-related bonds or how the University is viewed, the trend has been to move to fair value rather than historical costs. He said he will continue to challenge this issue.

Mr. Wallace said the current value of the PUF Lands is \$1.3 billion, and if valued at cost, \$1.240 billion would be removed, leaving a land value of \$10 million, which Dr. Kelley said is misleading. In response to a question from Regent Gary, Mr. Wallace said he feels comfortable with the fair value estimate. Vice Chairman Foster asked if minerals can be valued separately, and Mr. Wallace responded land and minerals are valued separately, but the issue is that the value is supposed to be based on cost.

Following Mr. Chaffin's presentation, Regent Stillwell asked about the \$20 million figure in physician's accounts receivable at U. T. Medical Branch – Galveston (UTMB) as shown on Slide 10 of Mr. Chaffin's presentation (Page 210 of the Agenda Book). Mr. Chaffin explained the reasoning behind the appearance that the physician's side was overstated. Slide 10 also included a statement that UTMB recorded an adjustment to reduce physician's account receivables to reflect the appropriate valuation as of fiscal year end.

ADJOURNMENT

Finance Committee Chairman Foster adjourned the joint meeting at 4:18 p.m.

MINUTES
U. T. System Board of Regents
Academic Affairs Committee
February 4, 2010

The members of the Academic Affairs Committee of the Board of Regents of The University of Texas System convened at 10:00 a.m. on Thursday, February 4, 2010, in the Board Room on the 14th Floor of the T. Boone Pickens Biomedical Building, The University of Texas Southwestern Medical Center at Dallas, 6001 Forest Park Road, Dallas, Texas, with the following participation:

Attendance

Regent Longoria, presiding
Vice Chairman Foster
Vice Chairman McHugh
Regent Stillwell

Also present were Chairman Huffines (for Items 3-4), Regent Dannenbaum, Regent Gary, Regent Hicks, Regent Meijer, Regent Powell, 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 Longoria called the meeting to order.

1. **U. T. El Paso: Authorization to establish a Doctor of Physical Therapy degree**

Committee Meeting Information

Presenter(s): *President Diana S. Natalicio, U. T. El Paso; Executive Vice Chancellor for Academic Affairs David B. Prior*

Status: *Approved*

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

2. **U. T. System: Delegation of Authority to the Executive Vice Chancellor for Academic Affairs to approve academic institutional agreements for dual credit**

Committee Meeting Information

Presenter(s): *Executive Vice Chancellor for Academic Affairs David B. Prior*

Status: *Approved*

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

3. U. T. Austin: Report on the Cockrell School of Engineering Strategic Master Plan

Committee Meeting Information

Presenter(s): President William Powers, Jr., U. T. Austin; Dr. Gregory L. Fenves, Dean of the School of Engineering, U. T. Austin

Status: Reported

Discussion at meeting:

Committee Chairman Longoria commented that the fields of engineering and engineering research and sciences are important to the future of the State of Texas, and she appreciates the attention given to the economic impact and the return on investments that the proposed plan will provide. She remarked that the School of Engineering appears to be tall on talent but short on infrastructure.

Board Chairman Huffines complimented the vision of the plan, saying the School of Engineering is a bright center of excellence in the U. T. System. He asked a question about timing of construction of the Engineering Education and Research Building, and Dean Fenves said the project is on the agenda for the Facilities Planning and Construction Committee (FPCC) for consideration later today (February 4) (see Item 1 on Page 1 of the FPCC Minutes). He said it is hoped that the fundraising, funding, and design can be accomplished in two years and the project brought back to the Board for design development approval. Chairman Huffines expressed hope that the scheduled occupancy in 2015 would be achieved.

Chancellor Cigarroa asked about the involvement of the advisory board and Dean Fenves said the board has long recognized the need for such a master plan for the School. Dean Fenves introduced Mr. Kenneth Dickerson, Vice Chairman of the School's advisory board who was in the audience and noted board Chair Tom Baker was unable to attend this meeting due to a previous commitment. Dean Fenves said the advisory board is firmly committed to making this work, and he noted fundraising is the key element.

Vice Chairman McHugh asked if the 2015 completion date for the construction project impacts the recruitment of faculty and top students or the ability to obtain grants, and Dean Fenves acknowledged that space limitation is a significant constraint to being competitive but building plans are being made available as promises of making more space available in the near future. Vice Chairman McHugh said she also wants the project to move forward as quickly as possible.

Regent Dannenbaum noted his support and the support of the engineering alumni community for the project, especially the support of Mr. Ernie Cockrell for whose family the School is named and with whose leadership the necessary philanthropy will be secured.

Chairman Huffines asked what are the top five engineering schools in the nation, and Dean Fenves said they are, in rank order:

MIT
Stanford
Berkeley
Georgia Tech
Illinois

4. U. T. System: Discussions on academic leadership matters related to cost containment strategies

Committee Meeting Information

Presenter(s): Executive Vice Chancellor for Academic Affairs David B. Prior; President David E. Daniel, U. T. Dallas; President William Powers, Jr., U. T. Austin; President Juliet García, U. T. Brownsville

Status: Discussed

Future Action: Regent Dannenbaum mentioned a new initiative at the U. T. Austin School of Engineering to coordinate with the business and law schools to review potential projects to commercialize intellectual property. He noted a similar initiative at U. T. Health Science Center – Houston and suggested, subject to consideration by the Chancellor, that each president designate a liaison to help coordinate Systemwide activities in licensing agreements and building companies that generate a significant return to the U. T. System and help to build the Texas economy and generate jobs.

Discussion at meeting:

Dr. Prior noted this is a continuation of discussions held at the December 2009 Board retreat and cost containment is a key part of the presidents' work plans this year. He discussed the change in approach mandated by the Governor's letter calling for a 5% reduction in budgets (see Item 5 on Page 3 of the Finance and Planning Committee Minutes). Dr. Prior said that planning in this area is now a reality as a plan on cost cutting measures is due to the Governor's Office by February 15, 2010. He mentioned a publication titled "Coping Strategies of Public Universities During the Economic Recession of 2009" by the Association of Public and Land-grant Universities (APLU) published in November 2009. The report provides results of a national survey of cost containment strategies at various colleges and universities.

He noted especially the following points from the report:

- There has been a reduction in state appropriations and cuts in some programs.
- The ability to hire and retain faculty and staff has been harmed as well as the ability to invest in technology and sustain student support services and plan for maintenance of campus infrastructure.
- There have been reductions in permanent faculty and staff positions.
- There is uncertainty in use of economic stimulus funds as a short-term hedge.
- Tuition and fee increases are substantial in, for instance, California and Florida.

Key areas for cost containment identified in the report include reviewing/reductions in administrative structures, academic programs, academic support services, and increasing the use of facilities. Enrollment of out-of-state students was mentioned as a way to garner higher out-of-state tuition to increase revenue.

President Daniel

Costs are highly differentiated depending on the mission of the institution. For example, U. T. Dallas is trying to ascend to the ranks of high quality, small public universities and the cost structure has to be comparable to where the University wants to be; cannot look at cost as one size fits all. He said an economic downturn can be a good reason to do some of the following:

Easier to implement but potentially harmful measures:

- cut in half the number of teachers, but that would be a last resort. Could reduce faculty and make them teach more, but that would discourage faculty from coming to U. T. System institutions. So have to align teaching loads with the national marketplace.*
- hire cheaper faculty i.e., part-time teachers, but is not preferred in the long term*

Relatively easy to implement and good measures:

- commodities overhead costs such as energy bills, telephones, computer systems; are there ways U. T. System can add value in reducing these overhead costs such as in shared services and bundling of energy contracts and commodity costs?*
- limited savings in administrative costs and travel*
- reminder that the administrative tax on reporting audit and compliance is substantial on people and money*
- review low enrollment, elective courses*

Difficult to implement measures:

- eliminate or merge declining or changing programs; there is a deep emotional attachment to existing programs, centers, academic departments and that is where the Board can help as a backbone*

President Powers

- systematically reviewing and centralizing departments and functional units such as information technology (IT), business services, and accounting*
- in short term, need to find savings to balance budgets*
- in long term, need to shed recurring costs. It is very difficult to shed rather than delay recurring costs. Best practice is to do this all the time, not just in bad times.*
- difficult to redesign processes that save money without layoffs. 75% of a budget is salaries, so there is a need to reduce salary obligations and there have been substantial layoffs on campus, such as in a recent IT reorganization that is saving about \$5 million in recurring costs.*
- ask "are we deploying resources in the most effective way?" Strategic planning and budget planning need to go together to ensure resources get the most payoff in the areas of education, service, and research.*
- continue to look at teaching costs and revenues for teaching and ways technology can help, efficient and cost-effective pathways for students, reduce the heavily regulated enterprise in any way*

President García

-with the fresh eyes of a new Provost, looking at recurring costs, processes, and new business models to think about decreasing costs and increasing revenues such as increasing retention of students and looking at auxiliary enterprises
-have already handled the low-hanging fruit
-looking now at higher hanging fruit. Have increased enrollment and this increases revenue but also costs. Resetting computers to 'sleep' more will save \$225,000 a year. The significance is that someone's idea came to fruition. Find recurring expense savings, generate revenue via ecotourism, attract people to campus by certification and continue education programs where price sensitivity is not dictated by local markets, and other creative new business models that will work in Brownsville.

Vice Chairman McHugh asked Chancellor Cigarroa and Executive Vice Chancellor Prior about coordinating strategic plans and cost containment, saying she wants to be sure an analysis is taking place. Chancellor Cigarroa said as institutional strategic plans are developed, linking resources to accomplish the plans is particularly difficult. He noted that each institution has a plan and may need to redefine the plan. Dr. Prior said the presidents are considering the differentiated mission of each campus, and he noted that delivery of the respective missions at lower cost is important. He said the current strategic plan for the U. T. System is silent on resource deployment and that is a subject of conversation with the presidents. He said the following question will be examined carefully over the coming months: "How do we go from where we are now with a lot of very important goals for the (U. T.) System as a whole to rather more specific identification of what key areas do the System and its institutions want to serve in the State of Texas and what are the resource needs that are required for that?"

Committee Chairman Longoria expressed surprise that strategic plans might be prepared in somewhat of a vacuum in the belief that money will come. She said that in recessionary times, the money does not always follow the plan, so figuring budgetary constraints into the strategic plan is realistic.

In reply to a question from Regent Longoria about the possibilities of the shared services initiative generating savings through economies of scale raised earlier by Dr. Daniel, Executive Vice Chancellor Kelley responded the initiative has been underway for 3-4 years and addresses three key areas:

- infrastructure (regional data centers)*
- applications (student information services, human resource finance, and time and effort reporting)*
- business processes (purchasing alliance)*

He said while current programs save tens of millions of dollars annually, other opportunities are being explored to generate savings through economies of scale and proliferate standards and best practices and raise the quality.

Chancellor Cigarroa noted the following themes emanating from recent discussions:

- how to protect U. T. Austin as the flagship campus to be the best public university in America*
- what are the responsibilities of U. T. System regarding the border and energy research*
- U. T. System health institutions are poised to become among the best in America*

- Tier One plans are being developed by four institutions
- how to collaborate with U. T. Permian Basin and U. T. Tyler
- how to best judge the allocation of resources
- how to best link resources to make a difference in the next 6-8 years

President Romo, U. T. San Antonio

- create an online supplier mall to save an estimated 15% (\$143,000) on office supplies
- a flexible hiring freeze saved \$840,000 in the past year (150 positions); might not be sustainable in the long term

President Mabry, U. T. Tyler

- almost half of sections are taught by adjunct rather than regular faculty members
- exert caution with centralization that can raise costs
- the benefits of some shared services
- careful in implementing common activities; one size does not necessarily fit all
- a reorganization and revitalization Task Force will study curriculum changes to create efficiencies and reduce the need for some faculty

President Natalicio, U. T. El Paso

- cost effectiveness also has to do with students as they progress to degree completion
- students are coming to college better prepared; early college high school students are getting degrees at a very low cost
- thinking systematically about these types of programs will help serve the complex constituencies in El Paso, for instance, by moving more resources to doctoral programs and graduate education, thus raising the level of education in the area. She encourages broad discussion by engaged faculty and other campus personnel on how to embrace these ideas and to ensure students do not pay the consequences for not containing costs.

Vice Chairman Foster asked about the status of working with the Texas Higher Education Coordinating Board and legislators on the formula funding side of the equation. Dr. Prior said for the U. T. System to stay competitive nationally and to serve the State of Texas with high quality education, there has to be attention to revenues. He said there are only a few revenue streams: development/generosity of donors, research revenues from external sources, the State's contribution, and tuition. The question of revenue from the State and the balance between growth and excellence is an area the presidents and others grapple with in political and practical terms.

Executive Vice Chancellor Prior emphasized tuition levels and the amount spent per student are lower at U. T. System institutions than many peer institutions and Committee Chairman Longoria added that dollar for dollar, the quality of education that a student gets from a public university in Texas is of higher quality and lower cost than at universities in other states.

Regent Dannenbaum mentioned a new initiative at the U. T. Austin School of Engineering to coordinate with the business and law schools to review potential projects to commercialize intellectual property. He noted a similar initiative at U. T.

Health Science Center – Houston and suggested, subject to consideration by the Chancellor, that each president designate a liaison to help coordinate Systemwide activities in licensing agreements and building companies. He said these activities generate a significant return to the U. T. System and help to build the Texas economy and generate jobs.

Board Chairman Huffines said the Board of Regents understands the resulting painful impact of budget reductions, and he asked the presidents to convey this to faculty and staff. He complimented the institutional presidents for their preparedness for the cuts that had been discussed at the past two Board retreats. Chairman Huffines continued to say that about six years ago, this Board conducted a study of programs that were created and those that were terminated, and he was surprised that not many programs are cut even if they only have a half-dozen students. He said he hopes this Board will support the presidents' proposals for reallocation of resources from programs that are neither relevant nor needed. Acknowledging there is push-back, he said this Board will have the backbone to support the presidents. He said the point raised by President Powers about shedding recurring costs is insightful and he hopes the other presidents will take note and be prepared because he feels the problems being felt today will last for a decade.

Chairman Huffines agreed with Dr. Prior that revenue sources to the institution are:

- research dollars (competitive)*
- tuition (and it is about as high as it can go)*
- appropriations from taxpayers and general revenue (challenging over the next decade).*

5. U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Rule 40601, Section 1.3, concerning proposed U. T. Arlington School of Nursing name change to College of Nursing

Committee Meeting Information

Presenter(s): President James D. Spaniolo, U. T. Arlington

Status: Approved

Motion: Made by Regent Stillwell, seconded by Vice Chairman Foster, and carried unanimously

Additional Agenda Item (not bound in the original Agenda Book but mailed to members of the Board prior to the meeting, posted with the Secretary of State, and available on yellow paper at the meeting):

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the Vice Chancellor and General Counsel that the Regents'

Rules and Regulations, Rule 40601, Section 1.3, concerning institutions comprising The University of Texas System, be amended 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:

...
1.3 The University of Texas at Arlington (U. T. Arlington)

...

(h) The University of Texas at Arlington College ~~School~~ of Nursing

....

BACKGROUND INFORMATION

This proposed amendment to the Regents' *Rules and Regulations*, Rule 40601 is to reflect the official name change of the U. T. Arlington School of Nursing to the U. T. Arlington College of Nursing. The Texas Higher Education Coordinating Board approved the proposed name change on January 13, 2010, in conformance with Coordinating Board regulations concerning the use of "college" and "school" relative to the size of student enrollment.

Texas Education Code Section 65.11 authorizes the Board of Regents to provide for the "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"

ADJOURNMENT

Committee Chairman Longoria adjourned the meeting at 11:30 a.m.

MINUTES
U. T. System Board of Regents
Health Affairs Committee
February 5, 2010

The members of the Health Affairs Committee of the Board of Regents of The University of Texas System convened in conjunction with the Special Meeting of the Health Affairs Committee at 8:35 a.m. on Friday, February 5, 2010, in the Board Room on the 14th Floor of the T. Boone Pickens Biomedical Building, The University of Texas Southwestern Medical Center at Dallas, 6001 Forest Park Road, Dallas, Texas, with the following participation. On February 4, Chairman Huffines had announced that due to time constraints, this committee meeting would be combined with the Special Health Affairs Committee meeting on February 5.

Attendance

Vice Chairman McHugh, presiding
Regent Dannenbaum
Regent Longoria
Regent Powell

Also present were Chairman Huffines, Vice Chairman Foster, Regent Gary, Regent Hicks, Regent Meijer, 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 McHugh called the meeting to order.

1. **U. T. Medical Branch – Galveston: Authorization to ground lease approximately 4.0 acres located on the U. T. Medical Branch – Galveston Victory Lakes campus, League City, Galveston County, Texas, to Gulf Coast Center, a community center established pursuant to Chapter 534 of the Texas Health and Safety Code, for a term of 30 years, plus a period for design, permitting, and construction, for the construction and operation of a transit terminal with surface parking in exchange for the construction of infrastructure that will serve the Victory Lakes campus**

Committee Meeting Information

Presenter(s): Ms. Florence Mayne, Executive Director of Real Estate

Status: Approved

Motion: Made, seconded, and carried unanimously

2. U. T. Health Science Center – San Antonio: Authorization to name the campus extension in Laredo, Texas, as The University of Texas Health Science Center Regional Campus

Committee Meeting Information

Presenter(s): William L. Henrich, M.D., President, U. T. Health Science Center – San Antonio; Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs

Status: Approved

Motion: Made by Regent Dannenbaum conditioned upon bringing his recommended modification to the naming to the Committee in the future. The proposed naming as stated in the agenda item was seconded by Regent Longoria and carried unanimously.

Future Action: Regent Dannenbaum recommended a modification to approve an honorific naming for Joaquin Cigarroa, M.D., and Committee Chairman McHugh noted the recommendation could be brought back to the Committee at a later date, perhaps through the Chairman.

Discussion at meeting:

Regent Dannenbaum recommended a modification to the naming for Joaquin Cigarroa, M.D., who has been instrumental in health care in Laredo and South Texas. Committee Chairman McHugh recommended the modification could be brought back to the Committee for consideration at a later date, perhaps through the Chairman.

3. U. T. Health Science Center – Houston: Approval of new "doing business as" (dba) name, logo, and brand identity

Committee Meeting Information

Presenter(s): Larry R. Kaiser, M.D., President, U. T. Health Science Center – Houston

Status: Approved

Motion: Made by Regent Powell, seconded by Regent Dannenbaum, and carried unanimously

Future action: Committee Chairman McHugh asked Executive Vice Chancellor Shine to put a discussion of branding on the agenda for a future meeting with the health presidents.

Discussion at meeting:

Dr. Kaiser's presentation was not included in the Agenda Book and is set forth on Pages 8 – 16. His remarks included the following points:

- The re-branding effort is designed to increase awareness and to help the community, the state, and the nation begin to understand all that the institution has to offer as a unified academic health science center. Located in the world's largest medical center, the Texas Medical Center, the institution is difficult to find and is not consistently portrayed. With the complex logo and long name, the name of the institution is lost in the clutter and does not stand out.

- *Gravelle Branding/Marketing was retained as the branding/marketing agency. Many people were involved in the process -- faculty, staff, students, alumni, retirees, the Development Board, key community leaders, and U. T. System representatives. A thorough legal/trademark search was conducted to ensure the dba name and logo were cleared for use. No relevant conflicts were found.*
- *A few key findings from research and discussions:*
 - *Awareness and reputation ratings, both internally and externally, put the institution in the middle of the pack when compared to other health-related entities in Houston and in the U. T. System.*
 - *In a survey of mostly long-time Houston-area residents, only two-thirds had ever heard of The University of Texas Health Science Center at Houston, compared to more than 90% for M. D. Anderson, Memorial Hermann, Baylor, Methodist, and St. Luke's.*
 - *Only 23% of those surveyed rated the University's reputation as "very positive" versus 60-70% for M. D. Anderson, Memorial Hermann, and Methodist.*
 - *The institution's name is hard to explain and is shortened many different ways.*
 - *The institution's most distinctive, ownable position was "innovative collaboration."*
 - *The institution's complexity -- the very thing that makes it hard to explain the institution -- is also what makes it strong and able to tackle complex health challenges.*
 - *As the new identity was developed, the language and images considered reflected the strength of the six schools as well as the new brand promise.*
 - *A strong connection to the "U. T." brand was desirable.*
- *The new brand promise follows, upon which the institution is building a new identity:*

Because we are many diverse components woven into one university, the exceptional people of this institution deliver innovative solutions that create the best hope for a healthier future.
- *The six threads in the tapestry of the logo represent six principles (collaborative, caring, innovative, cutting-edge, bold, and stronger together) and represent that the whole is stronger than the sum of its parts.*
- *The proposed dba name is "UTHealth," used with the descriptor "Academic Health Center at Houston" to tell people what the institution is and where it is located. "UTHealth" will be shorter to use and easier to recall. He said the full name of the University remains the same and the official names of the schools remain the same. The "H" can represent health; some will see it as representing "Houston."*

- *The symbol and accompanying letterhead, business cards, etc., retain burnt orange, another strong tie to the U. T. System. The words are shown in dark gray. The new logo will proudly represent The University of Texas brand in a bolder, stronger way and is set forth below:*



Academic Health Center at Houston

- *The institution is exploring how this logo will work with the multiple schools, institutes, centers, and regional campuses, and this process will be finalized soon and included in the official styleguide.*
- *Gaining consistent usage of the new look will be a major priority for himself and the deans.*
- *The new logo will be in full usage late this semester when graphics standards are complete, and the new identity will be phased in on the Web, on important printed materials, etc., in the fall. Departments will phase in the new look as existing supplies are depleted.*

Regent Longoria agreed there is confusion in the name of the institution and she encouraged the use of the burnt orange color in “UT” in the proposed logo, saying the color would help separate “UT” from “Health” and create a better flow and stronger brand. Dr. Kaiser and Regent Powell said they favor this approach as well. The logo above reflects this preference.

Regent Meijer suggested one brand might make sense for all the U. T. health institutions and Vice Chairman McHugh recommended consideration of one institution at a time and as presented. Regent Powell said the matter needs to be considered as the majority of the citizens of the state do not know that there are six health institutions in the U. T. System, but agreed the matter is not immediate. Committee Chairman McHugh asked Executive Vice Chancellor Shine to put the matter on the agenda to discuss in a meeting with the health presidents. Dr. Shine said there would need to be a similar process and broad buy-in at the other institutions and he did not want to jump to the conclusion that similar branding would work for the other health institutions, saying it is an individual campus issue.

4. **U. T. Southwestern Medical Center – Dallas: Authorization to negotiate and execute an agreement to host the Disney Institute's "The Disney Keys to Quality Service" program event that allows U. T. Southwestern Medical Center – Dallas to jointly sponsor the program event as an exception to Regents' Rules and Regulations, Rule 80106 to allow the Disney Institute to retain a portion of revenues, upon review and approval by the U. T. System Office of Health Affairs and the U. T. System Office of General Counsel (Withdrawn)**

Committee Meeting Information

Status: *Withdrawn*

Discussion at meeting:

This item was withdrawn at the request of the institution.

5. **U. T. System: Report and recommendations of the U. T. System Revenue Cycle Task Force**

Committee Meeting Information

Presenter(s): *Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs; Mr. Michael E. Black, Senior Executive Vice President and Chief Operating Officer, U. T. Health Science Center – San Antonio; Mr. Leon J. Leach, Executive Vice President, U. T. M. D. Anderson Cancer Center*

Status: *Reported*

Future action: *Regent Powell recommended using this in-house consultant model for studies Systemwide and he asked the Chancellor to look at such implementation where appropriate in the future.*

Discussion at meeting:

Dr. Shine said that Mr. Black and Mr. Leach are co-chairs of the Revenue Cycle Task Force. He noted this is the first in a series of reports by the chief business officers.

Mr. Black said the Task Force report was issued to the Chancellor and to Dr. Shine in October 2009. To frame the subject, Mr. Black said revenue cycle operations include patient registration, scheduling, insurance verification, financial screening, counseling, claims processing, and accounts receivables; all the activities and information systems designed to process revenue sources from physician practices and for the hospitals. He said the revenue cycle for Fiscal Year 2010 is expected to be \$4.2 billion. Mr. Leach commented that a 1% increase (\$42 million) in revenue collection would be significant and he said the potential is probably greater than 1%.

Regent Dannenbaum commented that the potential of this program is enormous. He said many companies in Texas insist that the best physicians and hospitals be on their eligibility lists and he proposed that, if appropriate, a centralized team negotiate discounts with the big health insurance companies. Dr. Shine said the basic concept

is appropriate and there is such potential, but there are a variety of legal and other issues. In an abundance of caution, Dr. Shine disclosed that he sits on the board of United Healthcare, an insurance company.

Committee Chairman McHugh asked Dr. Shine to explain coding of medical procedures, saying if a procedure is coded correctly, it can be a source of enhanced revenue whereas if the procedure is coded incorrectly, money would be owed. Dr. Shine explained that Medicare will periodically audit bills and if an error rate of x% is found in the coding, the institution will be fined for all bills as though the error occurred across the board rather than just in the sample. The code designates the specific medical procedure (consultation, etc.) and translates that code to a financial value. Dr. Shine said the goal of the Task Force is to find helpful tools such as appropriate software packages that check medical billing compliance and to implement such use consistently across the U. T. System campuses. President Henrich, U. T. Health Science Center – San Antonio, said to be successful and not risk losing substantial charges, it is crucial to coordinate electronic records with hospital partners to account for work performed by faculty. He said getting these systems to talk to each other is difficult. President Calhoun, U. T. Health Science Center – Tyler, said consolidation of billing, purchasing, and human resource management Systemwide would be beneficial to strengthen the individual institutions. President Kaiser, U. T. Health Science Center – Houston, commented on work performed by private contractors hired by the government to audit certain areas and the need for one standard of medical billing compliance.

Committee Chairman McHugh expressed appreciation for the in-house talent used for the work of the Task Force and Regent Powell recommended following this in-house consultant model Systemwide. He asked Chancellor Cigarroa to look at such implementation where appropriate in the future.

Regent Dannenbaum asked if a coordinated system to expedite the appeals of denials Systemwide should be part of the process to produce more cash flow and thus, more revenue. Executive Vice Chancellor Kelley responded there are a number of opportunities in a variety of areas.

President Mendelsohn further explained the complicated area of medical billing, and he made a pitch for bundling of medical care, i.e., there would be one bill for all care relating to a heart attack. He said aggressive efforts to collect the most money while avoiding the risk of making a mistake are stressful and takes a substantial amount of staff time. He added that deciding what is appropriate billing for research is another complication and another reason why inputting such costs into a computer program is not realistic. In reply to a question from Regent Longoria, Dr. Mendelsohn said it is largely internal staff who do the billing and thus, the large (20-30%) overhead. Dr. Shine said that outsourcing this work has been attempted but has not been entirely successful.

Dr. Shine said that in addition to improving the billing cycle, the U. T. System health institutions are trying to figure out how to improve the quality of care and that means knowing outcomes of care, which is tied to the cost of care. All these elements are related and more data is needed. Regent Longoria asked if patient safety was also a parallel element and Dr. Shine responded affirmatively.

Vice Chairman McHugh expressed it is of utmost importance to provide the best possible care for every patient at each institution.

6. U. T. System: Quarterly report on health matters, including the impact of proposed health care legislation on U. T. System institutions and next steps in health information technology for the State of Texas

Committee Meeting Information

Presenter(s): *Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs*

Status: *Reported*

Discussion at meeting:

Dr. Shine spoke briefly about the following matters:

- *Under the Texas Cancer Initiative, \$300 million each year for 10 years is administered under the Cancer Prevention and Research Institute of Texas (CPRIT). Awards were made for recruitment of a faculty member to U. T. Southwestern Medical Center – Dallas, and a scientist was recruited to U. T. M. D. Anderson Cancer Center. In addition, 68.7% of \$61 million in grants to individuals went to U. T. System institutions.*
- *A working group is studying devices to improve delivery of care and reimbursement.*
- *Upcoming statewide workshops will be held on delivery of health care and reimbursement models.*
- *The federal health care plan is still in limbo with no known outcome at this point although small pieces of the legislation might move forward. He thought this will move to more of a regulatory process, e.g., to extend Medicaid coverage to more people.*

ADJOURNMENT

Committee Chairman McHugh adjourned the meeting at 9:45 a.m.

The University of Texas Health Science Center at Houston

A Proposal to Strengthen Our University Brand

Larry R. Kaiser, MD, FACS

President

Alkek-Williams Chair

The Challenge

Texas Medical Center

- 140 buildings
- 1,000-plus acres
- 19 academic institutions
- 13 hospitals
- *160,000 daily visitors*





The Process

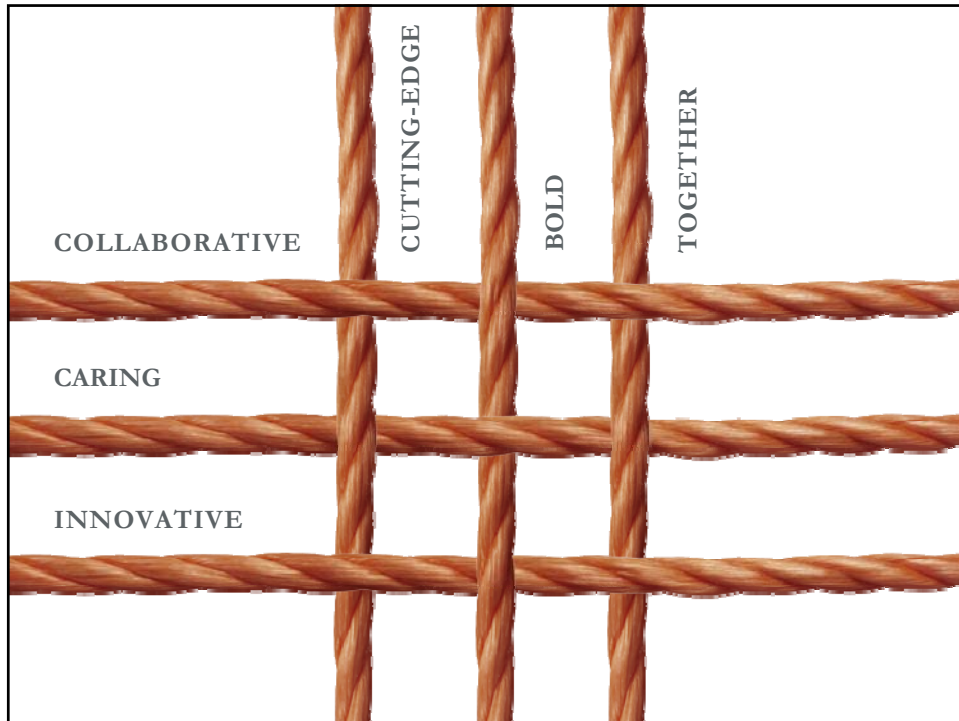
- Engaged marketing/branding firm
- Conducted internal research, workshops
 - Leadership interviews, survey
 - Faculty, staff, students, alumni, retirees, Development Board, UT System
- Developed brand promise, dba name, logo concepts
- Completed legal/trademark search
- Conducted external research
 - Tested dba name/logo with campus leaders and faculty, Houston-area residents, UT System
 - Focus groups, survey of Houston-area residents

The Results

- Middle of the pack
- Full name is confusing
- Innovative Collaboration – our niche
- Our complexity is our strength
- New identity should reflect:
 - All schools
 - Brand promise
 - UT connection

Top Characteristics

Our research clarified our most important characteristics.



Brand Promise

Because we are many diverse components woven into one university, the exceptional people of [this institution] deliver innovative solutions *that create the best hope for a healthier future.*

The University of Texas Health Science Center at Houston

Proposed DBA Name

UTHealth

Academic Health Center at Houston

Pending approval by UT System Regents

Proposed Logo Concept



Pending approval by UT System Regents

Proposed Logo Concept



Pending approval by UT System Regents

Sample Letterhead

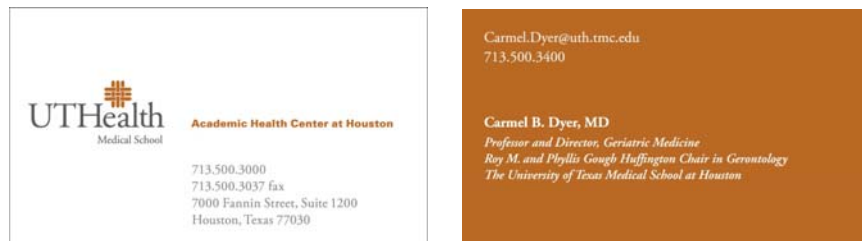
Pending approval by UT System Regents



The sample letterhead is enclosed in a rectangular box. On the left side, the UTHHealth logo (a stylized cross) is positioned above the text "UTHealth" and "Medical School". To the right of this, the text "Academic Health Center at Houston" is displayed. Below the logo and text, the date "Month 00, 2009" is centered. Further down, the name and address of Dr. John Smith are listed: "Dr. John Smith", "Mid-America Hospital District", "110 Broadway, Suite 150", and "Des Moines, Iowa 74004".

Sample Business Cards

Pending approval by UT System Regents



The sample business cards are shown in two separate boxes. The left box represents the front of the card, featuring the UTHHealth logo and "Medical School" on the left, and the text "Academic Health Center at Houston" followed by the phone number "713.500.3000", fax number "713.500.3037", and address "7000 Fannin Street, Suite 1200 Houston, Texas 77030" on the right. The right box represents the back of the card, which has a solid brown background. It contains the email "Carmel.Dyer@uth.tmc.edu" and phone number "713-500.3400" at the top, and the name "Carmel B. Dyer, MD" followed by her titles: "Professor and Director, Geriatric Medicine", "Roy M. and Phyllis Gough Huffington Chair in Gerontology", and "The University of Texas Medical School at Houston" at the bottom.

Proposed Logo Concept



Pending approval by UT System Regents

Next Steps

- Pending approval, announce new identity to campus
- Develop brand standards, styleguide
- Introduce new identity to broader community
- Begin phase in of new look – summer/fall



MINUTES
U. T. System Board of Regents
Special Health Affairs Committee Meeting
February 5, 2010

The members of the Health Affairs Committee of the Board of Regents of The University of Texas System convened in a special called meeting at 9:45 a.m. on Friday, February 5, 2010, in the Board Room on the 14th Floor of the T. Boone Pickens Biomedical Building, The University of Texas Southwestern Medical Center at Dallas, 6001 Forest Park Road, Dallas, Texas, with the following participation. On February 4, Chairman Huffines had announced that due to time constraints, this Committee meeting would be combined with the Health Affairs Committee meeting on February 5.

Attendance

Vice Chairman McHugh, presiding
Regent Dannenbaum
Regent Longoria
Regent Powell

Also present were Chairman Huffines, Vice Chairman Foster, Regent Gary, Regent Hicks, Regent Meijer, 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 McHugh called the meeting to order.

U. T. System: Funding streams for health institutions -- opportunities and challenges

Committee Meeting Information

Presenter(s): Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs
Status: *Deferred*

Discussion at meeting:

Dr. Shine briefly reviewed the material in the Agenda Book and due to time constraints, he said the subject would be considered at a future meeting of the Committee.

ADJOURNMENT

Committee Chairman McHugh adjourned the meeting at 9:57 a.m.

MINUTES
U. T. System Board of Regents
Facilities Planning and Construction Committee
February 4, 2010

The members of the Facilities Planning and Construction Committee of the Board of Regents of The University of Texas System convened at 3:00 p.m. on Thursday, February 4, 2010, in the Board Room on the 14th Floor of the T. Boone Pickens Biomedical Building, The University of Texas Southwestern Medical Center at Dallas, 6001 Forest Park Road, Dallas, Texas, with the following participation:

Attendance

Regent Gary, presiding
Regent Dannenbaum
Regent Powell

Absent

Regent Hicks

Also present were Chairman Huffines, Vice Chairman McHugh, Vice Chairman Foster, Regent Longoria, Regent Meijer, 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 Gary called the meeting to order. The PowerPoint presentation concerning all items is set forth on Pages 4 - 18.

1. **U. T. Austin: Engineering Education and Research Building - Amendment of the FY 2010-2015 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 Regent Dannenbaum, seconded by Regent Powell, and carried unanimously

2. **U. T. Austin: Texas Union Building Renovation - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; 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 Regent Dannenbaum, seconded by Regent Powell, and carried unanimously

3. U. T. San Antonio: East Parking Garage - Amendment of the FY 2010-2015 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 Regent Dannenbaum, seconded by Regent Powell, and carried unanimously

4. U. T. Southwestern Medical Center – Dallas: Children's Medical Center Pediatric Research Institute - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; appropriation of funds; 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 Regent Dannenbaum, seconded by Regent Powell, and carried unanimously

5. U. T. San Antonio: Multifunction Office Buildings 1 and 2 - Amendment of the FY 2010-2015 Capital Improvement Program to redesignate the project as the Multifunction Office Building; approval of design development; appropriation of funds and authorization of expenditure; and approval of evaluation of alternative energy economic feasibility (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

Future action: Regent Powell encouraged looking at the tilt-up construction method more often as it is efficient, cost-effective, and quickly and structurally well built.

Discussion at meeting:

Mr. O'Donnell clarified that the project is intended to provide U. T. San Antonio with flexible office space to diminish space deficits and provide flexible growth space. He added the project will consist of a two-story, 75,326 gross square foot structure with a first floor breezeway. The building's configuration creates an exterior courtyard, identifying the main entry feature for the campus, and creates a common space consistent with the Campus Master Plan.

Committee Chairman Gary asked for the definition of the "design development phase" of a project and Mr. O'Donnell explained that when a project is put on the Capital Improvement Program (CIP) that gives the institution permission to spend up to 10% of the estimated total project cost, so the term correlates more with the accuracy of the cost estimate rather than being an architectural term.

In response to a question from Regent Gary about an alternative construction method to the \$202 per square foot for cast in-place tilt-up construction, Mr. O'Donnell estimated the cost would be approximately \$300 for the alternative mode. Regent Powell noted he is familiar with work performed by the design firm, Chesney Morales Architects, and he encouraged looking at the tilt-up construction method more often as it is efficient, cost-effective, and quickly and structurally well built.

6. U. T. Medical Branch – Galveston: Campus Master Plan update

Committee Meeting Information

Presenter(s): David L. Callender, M.D., President, U. T. Medical Branch – Galveston; Mr. Jay Loudon, Senior Associate, Ford, Powell & Carson Architects; Mr. David Andrews, Principal, Pierce Goodwin Alexander Linville (PGAL)

Status: Reported

Discussion at meeting:

Vice Chairman McHugh said that, while she is not a member of this Committee, she is delighted that the campus has planned so far ahead and she reiterated the U. T. System is committed to stand behind the plan. Executive Vice Chancellor Shine commented that the Master Plan clearly reflects the concept of U. T. Medical Branch – Galveston (UTMB) as a regional resource as displayed so obviously after Hurricane Ike. He added that implementation of the plan is going to take significant resources and the need for balanced budgets, accumulated capital, and capacity to do this is understood by everyone looking at the plan.

Health Affairs Committee Chairman McHugh said it is important to stay within the parameters of the resolution that the Board of Regents passed on March 10, 2009, especially the need for UTMB to have sufficient operating funds to carry on its mission.

ADJOURNMENT

Committee Chairman Gary adjourned the meeting at 3:35 p.m.

Facilities Planning and Construction Committee
February 2010

Agenda Items

Office of Facilities Planning and Construction



THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.

Consideration of Project Additions to the FY 2010-2015 Capital Improvement Program

- Three Academic Projects

- U. T. Austin Engineering Education and Research Building \$290,000,000
- U. T. Austin Texas Union Building Renovation \$11,000,000
- U. T. San Antonio East Parking Garage \$30,000,000

- One Health Project

- U. T. Southwestern Medical Center – Dallas
Children’s Medical Center Pediatric Research Institute \$15,400,000

5



U. T. Austin

Engineering Education and Research Building

- Project includes approximately 421,500 gross square feet of critically needed education and research space for the Cockrell School of Engineering.
- Project is first and highest priority in the strategic master plan for engineering facilities.
- Total Project Cost is \$290,000,000 with funding of \$100,000,000 from Gifts, \$185,000,000 from Revenue Financing System Bond Proceeds, and \$5,000,000 from Unexpended Plant Funds.

Addition to FY 2010-2015 CIP



U. T. Austin

Texas Union Building Renovation

- Project includes fire sprinkler system installation, mechanical system replacement and maintenance, along with other interior and exterior building renovations.
- Total Project Cost is \$11,000,000 with funding from Revenue Financing System Bond Proceeds.

Addition to FY 2010-2015 CIP



U. T. San Antonio East Parking Garage

- Project includes a new multistory parking facility containing approximately 1,200 parking spaces to be located on an existing parking lot.
- Total Project Cost is \$30,000,000 with funding of \$22,000,000 from Revenue Financing System Bond Proceeds and \$8,000,000 from Auxiliary Enterprise Balances.

Addition to FY 2010-2015 CIP



U. T. Southwestern Medical Center – Dallas Children’s Medical Center Pediatric Research Institute

- Project includes finish-out of approximately 55,832 gross square feet of interior space located on Levels 11 and 12 of the North Campus Phase 5 Building.
- UTSWMC has requested Institutional Management.
- Total Project Cost is \$15,400,000 from Revenue Financing System Bond Proceeds.

Addition to FY 2010-2015 CIP



CIP Additions

- Three Academic Projects \$331,000,000
- One Health Project \$ 15,400,000
- Total Change in CIP \$346,400,000

10



Consideration of Design Development

- U. T. San Antonio
Multifunction Office Buildings 1 and 2

11



U. T. San Antonio Multifunction Office Building



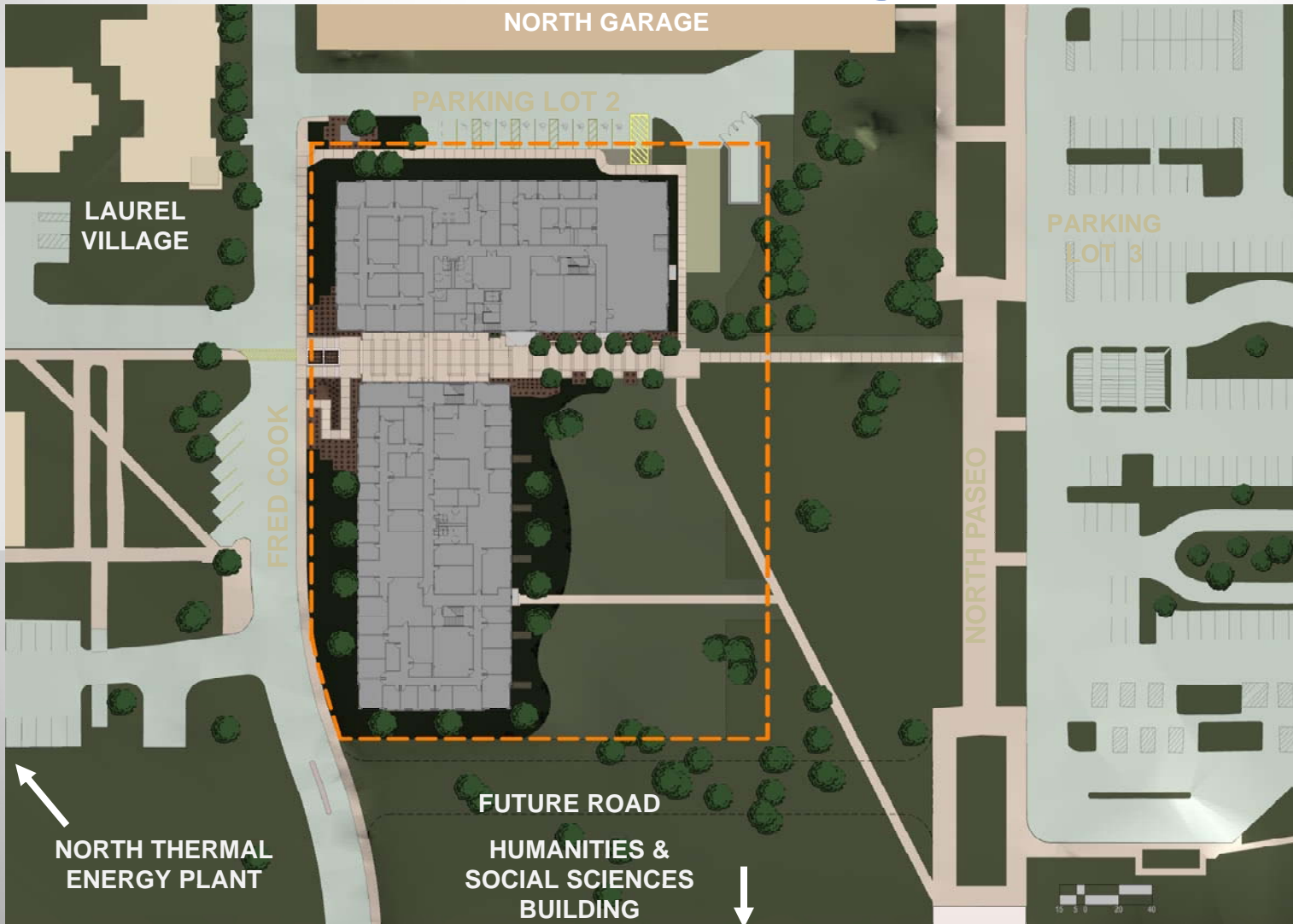
12



THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.

Campus Plan

U. T. San Antonio Multifunction Office Building



13



THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.

Site Plan

10

U. T. San Antonio Multifunction Office Building



14



THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.

View from Southeast

11

U. T. San Antonio Multifunction Office Building

15



U. T. San Antonio

Multifunction Office Building

- Total Project Cost is \$15,250,000 with funding from Designated Funds.
- Redesignate from Multifunction Office Buildings 1 and 2 to Multifunction Office Building.
- Investment Metrics:
 - Add 49,000 net assignable square feet to make more educational and general space available in core campus buildings.
 - Reduce overall campus educational and general space deficit.

16



U. T. System FY 2010-2015 Capital Improvement Program

CIP Additions	\$ 346,400,000
Substantially Complete Projects	<u>\$ (163,608,000)</u>
Total Change in CIP	\$ 182,792,000

This represents a 2.2% increase for a total of \$8.6 billion.



U. T. Medical Branch – Galveston Campus Master Plan Update

18



MINUTES
U. T. System Board of Regents
Student, Faculty, and Staff Campus Life Committee
February 5, 2010

The members of the Student, Faculty, and Staff Campus Life Committee of the Board of Regents of The University of Texas System convened at 10:10 a.m. on Friday, February 5, 2010, in the Board Room on the 14th Floor of the T. Boone Pickens Biomedical Building, The University of Texas Southwestern Medical Center at Dallas, 6001 Forest Park Road, Dallas, Texas, with the following participation:

Attendance

Regent Dannenbaum, presiding
Regent Gary
Regent Hicks
Regent Stillwell

Also present were Vice Chairman McHugh; Regent Longoria; Regent Meijer; Mr. Joel Helmke, Chair, Employee Advisory Council (EAC); Mr. Dan Formanowicz, Chair, Faculty Advisory Council (FAC); and General Counsel to the Board Frederick. Mr. Bradley Carpenter, Chair, Student Advisory Council (SAC), was unable to attend.

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

U. T. System: Presentation on Benefits Program for U. T. System and U. T. System institution employees, including insurance, retirement, and wellness

Committee Meeting Information

Presenter(s): Ms. Tonya Moten Brown, Vice Chancellor for Administration; Mr. Daniel Stewart, Associate Vice Chancellor for Employee Benefits and Services

Status: Reported

Discussion at meeting:

Mr. Stewart said the U. T. System annual insurance program consists of approximately \$850 million a year in premiums. He said premiums have increased roughly 4% over the last decade; low compared to similar programs in Texas and in other states. He said the program is valued for offering more benefits at a better value than virtually anyone else in the country. Mr. Stewart said the considerable size of the U. T. System Administration and the U. T. System institutions helps to leverage the best possible contracts and the best possible values for customers. In addition, the health institutions help to create the best possible program, e.g., colonoscopies are covered under the plan. Mr. Stewart noted the program is independent from the programs for other State agencies.

Mr. Stewart also spoke about the following points:

- *Regarding student health insurance, there are more than 20,000 students in the health plan. The students pay all charges; there is no subsidy.*
- *Funding from the Legislature does not meet the continually increasing trends in health care costs and employers are challenged to help offset the costs. Mr. Stewart praised the benefits attributable to the Wellness Program and recommended employees invest in voluntary retirement programs to offset what might happen with the State-funded retiree health program.*
- *The comprehensive benefits statement will be made available to employees Systemwide.*

Regent Gary applauded efforts to keep the premiums low and to communicate the benefits package to employees. In response to a question from Chancellor Cigarroa, Mr. Stewart explained that students can obtain information on health insurance on each institution's web page and such information is readily available on campus as well. He noted his staff meets with the Student Advisory Committee regularly to explain costs that affect students.

ADJOURNMENT

Committee Chairman Dannenbaum adjourned the meeting at 10:30 a.m.