



**MEETING OF THE BOARD OF REGENTS  
AND  
PRESIDENTS' RETREAT  
\* \* \* \*  
December 9-10, 2009  
Austin, Texas**

**WEDNESDAY, DECEMBER 9, 2009**

**MEETING OF THE BOARD OF REGENTS**

*9th Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin*

		<u>Page</u>
A. CALL TO ORDER IN OPEN SESSION	<i>10:00 a.m.</i> <i>Chairman Huffines</i>	
B. CONSIDER AGENDA ITEMS		
1. U. T. System Board of Regents: Approval of proposed appointment of Regent Printice L. Gary to the Audit and Ethics Committee of The University of Texas Investment Management Company (UTIMCO)	<i>10:02 a.m.</i> <b>Action</b>	<b>1</b>
2. U. T. M. D. Anderson Cancer Center: Approval of proposed new logo and brand identity	<i>10:05 a.m.</i> <b>Action</b> <i>President Mendelsohn</i>	<b>1</b>
3. U. T. Pan American: Fine Arts Academic and Performance Complex - Amendment of the FY 2010-2015 Capital Improvement Program to revise the scope of the project; approval to revise the funding sources; approval to remove the special interest designation; appropriation of funds; and resolution regarding parity debt (Final Board approval)	<i>10:15 a.m.</i> <b>Action</b> <i>Mr. O'Donnell</i>	<b>2</b>
4. U. T. System Board of Regents: Allocation of \$7 million of Available University Funds each year for three years to U. T. Austin for the support of excellence	<i>10:25 a.m.</i> <b>Action</b>	<b>4</b>
5. U. T. System Board of Regents: Approval of \$5 million from Permanent University Fund (PUF) Bond Proceeds to establish the Regents' Health Research Scholars Program	<i>10:30 a.m.</i> <b>Action</b>	<b>4</b>
6. U. T. System Board of Regents: Approval of \$5.5 million of Permanent University Funds to establish the Revenue Cycle Loan and Grant Programs	<i>10:35 a.m.</i> <b>Action</b>	<b>6</b>
7. U. T. System Board of Regents: Discussion and appropriate action regarding U. T. System Administration budget review	<i>10:40 a.m.</i> <b>Action</b>	<b>7</b>

**WEDNESDAY, DECEMBER 9, 2009** (continued)

C. RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551 (working lunch) 10:45 a.m.

1. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers - Section 551.071

a. **U. T. System Board of Regents: Legal issues related to the U. T. Brownsville/Texas Southmost College Educational Partnership Agreement and real property lease**

*Mr. Burgdorf*

b. **U. T. System Board of Regents: Discussion with Counsel on pending legal issues**

2. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property - Section 551.072

**U. T. System Board of Regents: Issues related to the real property lease for the U. T. Brownsville/Texas Southmost College Educational Partnership Agreement**

*Mr. Tames  
Mr. Burgdorf  
Dr. Prior*

3. Negotiated Contracts for Prospective Gifts or Donations - Section 551.073

a. **U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding a potential negotiated gift with potential naming features including a building, an institute, a center, and several endowments**

*President Mendelsohn  
Dr. Safady*

b. **U. T. Tyler: Discussion and appropriate action regarding a proposed negotiated gift with a potential naming feature**

*President Mabry  
Dr. Safady*

c. **U. T. Austin: Discussion and appropriate action regarding a proposed negotiated gift with a potential naming feature**

*President Powers  
Dr. Safady*

**WEDNESDAY, DECEMBER 9, 2009** (continued)

4. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074

a. **U. T. System Board of Regents: Individual personnel issues related to the U. T. Brownsville/Texas Southmost College Educational Partnership Agreement**

*Mr. Burgdorf  
Dr. Prior*

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

c. **U. T. Austin: Discussion and appropriate action regarding provisions of employment and compensation agreement for Head Men's Football Coach William Mack Brown**

D. RECONVENE IN OPEN SESSION FOR ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS

*12:00 p.m.*

E. RECESS

*12:15 p.m.*

**WEDNESDAY, DECEMBER 9, 2009** (continued)

**PRESIDENTS' RETREAT** -- *Raising Excellence in a Challenging Economic Climate*

*Vintage Villas Hotel and Conference Center, 4209 Eck Lane, Austin*

A. CONVENE RETREAT (*Travis Room*)

1. **Opening Remarks**

1:30 p.m.  
*Chairman Huffines*

2. **Presentation: Strategic Plan Successes**

- What we've done that works
- Where we've made progress

2:00 p.m.  
*Vice Chairman McHugh/Dr. Shine*  
*Regent Gary/Dr. Prior*  
*Vice Chairman Foster/Dr. Kelley*

B. BREAK

3:00 p.m.

3. **Discussion of opportunities and challenges that affect excellence**

3:15 p.m.  
*Regents*  
*Presidents*  
*Chancellor Cigarroa (moderator)*

4. **Discussion: What can the Board do to help?**

5:15 p.m.  
*Chairman Huffines*  
*Regents*  
*Presidents*

C. RECESS FOR RECEPTION AND DINNER  
*Foyer and Patio of the Event Center*

5:45 p.m.

**Health Profession Education Reform in 2010**  
*Sunset Room of the Event Center*

6:15 p.m.  
*George E. Thibault, M.D.*  
*President of the*  
*Josiah Macy, Jr. Foundation*

D. AFTER DINNER RECEPTION  
*Colorado Room and Patio of the South Texas Villa*

7:45 p.m.

**THURSDAY, DECEMBER 10, 2009**

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|--|---|
| E. BUFFET BREAKFAST ( <i>South Texas Villa, Dining Room</i> )  | 7:30 a.m.   |
| F. RECONVENE PRESIDENTS' RETREAT ( <i>Travis Room</i> )  | 8:30 a.m.   |
| <b>5. Momentum Through 2012 &amp; Beyond: How to keep excellence in a challenging economic environment</b>   | <i>Dr. Kelley<br/>Presidents</i>  |
| G. BREAK   | 10:00 a.m.  |
| <b>6. Untapped Opportunities/Challenges</b><br>-Health care reform<br>-Expanding education in the Science, Technology, Engineering, and Mathematics (STEM) fields<br>-Synergies among the campuses | 10:30 a.m.<br><i>Chancellor Cigarroa<br/>Dr. Shine<br/>Dr. Prior<br/>Presidents</i> |
| H. BREAK   | 12:00 noon  |
| I. WORKING LUNCH ( <i>Travis Room</i> )<br><b>Recap of issues</b><br><br><b>Chairman's Closing Remarks</b>   | 12:15 p.m.<br><i>Chairman Huffines</i><br><br>1:15 p.m.<br><i>Chairman Huffines</i> |
| J. ADJOURN RETREAT   | 1:30 p.m.   |

1. **U. T. System Board of Regents: Approval of proposed appointment of Regent Printice L. Gary to the Audit and Ethics Committee of The University of Texas Investment Management Company (UTIMCO)**

#### RECOMMENDATION

The University of Texas Investment Management Company (UTIMCO) Board of Directors recommends that the U. T. System Board of Regents approve the appointment of Regent Printice L. Gary to the Audit and Ethics Committee of the UTIMCO Board of Directors.

#### BACKGROUND INFORMATION

Section 66.08 of the *Texas Government Code* requires that the U. T. System Board of Regents approve the appointment of members of the Audit and Ethics Committee of the Board of Directors of UTIMCO. The Board of Directors of UTIMCO recommended this appointment on November 20, 2009, conditioned on the approval of the U. T. System Board of Regents.

Regent Gary was appointed to the UTIMCO Board of Directors by the Board of Regents on November 12, 2009.

2. **U. T. M. D. Anderson Cancer Center: Approval of proposed new logo and brand identity**

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor for External Relations, and President Mendelsohn that the U. T. System Board of Regents approve the proposed new logo and brand identity for U. T. M. D. Anderson Cancer Center.

#### BACKGROUND INFORMATION

President Mendelsohn will present a brief video and contextual background to support a proposed new logo. He will convey preliminary reaction to the concept by members of internal and external focus groups.

3. **U. T. Pan American: Fine Arts Academic and Performance Complex - Amendment of the FY 2010-2015 Capital Improvement Program to revise the scope of the project; approval to revise the funding sources; approval to remove the special interest designation; appropriation of funds; and resolution regarding parity debt (Final Board approval)**

**RECOMMENDATION**

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and Interim President Sorber that the U. T. System Board of Regents approve the recommendations for the Fine Arts Academic and Performance Complex at The University of Texas – Pan American as follows:

**Project No.:** 901-283  
**Project Delivery Method:** Construction Manager at Risk  
**Substantial Completion Date:** May 2013

<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Tuition Revenue Bond Proceeds	\$39,796,000	\$39,796,000
	Revenue Financing System Bond Proceeds	\$ 9,949,000	\$ 7,049,000
	Higher Education Funds		\$ 2,900,000
		\$49,745,000	\$49,745,000

- a. amend the FY 2010-2015 Capital Improvement Program (CIP) to revise the scope of the project from a new construction project to a repair and rehabilitation project;
- b. revise the funding from \$39,796,000 from Tuition Revenue Bond Proceeds and \$9,949,000 from Revenue Financing System Bond Proceeds to \$39,796,000 from Tuition Revenue Bond Proceeds, \$7,049,000 from Revenue Financing System Bond Proceeds, and \$2,900,000 from Higher Education Funds;
- c. remove the special interest designation from the project as being architecturally significant;
- d. appropriate funds; and
- e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;

- sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
- U. T. Pan American, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$46,845,000.

## BACKGROUND INFORMATION

### Debt Service

The 79th Legislature authorized \$39,796,000 of Tuition Revenue Bonds for a performing arts space and classroom complex. While the debt service is payable from pledged revenues, it is expected that the State will reimburse debt service on Tuition Revenue Bonds through general revenue appropriations. The \$7,049,000 in Revenue Financing System debt will be repaid from institutional funds including ticket sale revenues. Annual debt service on the \$7,049,000 Revenue Financing System debt is expected to be \$512,000. The institution's debt service coverage is expected to be at least 1.8 times and average 2.0 times over FY 2010-2015.

### Previous Board Actions

On August 10, 2006, the project was included in the CIP with a total project cost of \$49,745,000 with funding of \$39,796,000 from Tuition Revenue Bond Proceeds and \$9,949,000 from Revenue Financing System Bond Proceeds. On May 10, 2007, the Board designated the project as architecturally significant.

### Project Description

This request involves revising the scope of the project from a new construction project to a repair, rehabilitation, and addition effort because the available funding could not support the construction of a standalone state-of-the-art academic and performing arts center. It is more economically feasible to repair and renovate the existing Fine Arts Complex, yet still adhere to the original intent of the project. This agenda item also recommends removal of the architecturally significant designation because of the change from new construction to repair and rehabilitation of existing facilities.

The project will include repair, rehabilitation, and addition to the existing Fine Arts Auditorium, the Fine Arts Annex buildings, and the music and recital hall. The scope of work will include architectural improvements to enhance the theater by expanding event



capabilities to attract traveling show productions through reconfiguration and expansion of theater patron event, support, and stage areas; provisions for life safety, code, and accessibility upgrades; new interior architectural finishes; and exterior site modifications.

The scope of work will also include the associated demolition of existing interior space with interior renovations to meet the academic program requirements. Renovations will consist of new interior space reconfigurations; new interior architectural finishes; new roofing; and a retrofit or addition of space to house the displaced academic area included in the Fine Arts Auditorium and annex additions.

4. **U. T. System Board of Regents: Allocation of \$7 million of Available University Funds each year for three years to U. T. Austin for the support of excellence**

**RECOMMENDATION**

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs and the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents authorize the allocation of Available University Funds (AUF) in the amount of \$7 million each year for three years to U. T. Austin to be expended in support of excellence consistent with the mission of the institution.

5. **U. T. System Board of Regents: Approval of \$5 million from Permanent University Fund (PUF) Bond Proceeds to establish the Regents' Health Research Scholars Program**

**RECOMMENDATION**

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs and the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents designate \$5 million from Permanent University Fund (PUF) Bond Proceeds as matching funds for the Regents' Health Research Scholars Program.

**BACKGROUND INFORMATION**

On August 12, 2004, the U. T. System Board of Regents approved an allocation of funds to be awarded to institutions to help attract and retain the best qualified faculty. Funded through Permanent University Fund (PUF) Bond Proceeds, this awards program, named Faculty STARS (Science and Technology Acquisition and Retention), provided funding to help purchase state-of-the-art research equipment and make necessary laboratory renovations to encourage faculty members to perform research

at U. T. System institutions. In August 2004, the Board allocated \$59 million for this program. On August 11, 2005, the Board approved \$15 million with an additional \$20 million allocated on August 16, 2006. On August 23, 2007, another \$10 million was allocated for the STARs Program.

Among the most important goals in the Regents' Strategic Plan for the U. T. System is the commitment to recruit and retain outstanding faculty. In the highly competitive effort to recruit the most outstanding faculty, adequate salary support is necessary, and appropriate space, state-of-the-art equipment, technical support, and supplies are essential.

The Faculty STARs Program has provided funding for equipment and renovations necessary for recruitment of new faculty and in some cases retention of outstanding individuals. However, these monies do not provide operating support for technicians, graduate student stipends, supplies, and other necessary resources for the successful recruitment and initiation of new faculty careers. For carefully selected faculty recruitments of high quality, private philanthropy offers real opportunities to pay for such costs. Philanthropy might be matched in appropriate cases with STARs funding to provide attractive startup packages.

To be eligible for these matching funds, the institution will identify an important recruitment and obtain philanthropic commitments for up to \$250,000 for a specific recruitment. Upon identification of an appropriate candidate, the institution will request Regents' Health Research Scholars matching money (up to \$250,000 per recruitment) for this philanthropic commitment. The Executive Vice Chancellor will review the request, and, if approved, the Regents' Health Research Scholars money will be used for equipment and renovation while the philanthropic monies could be used for any appropriate research operating costs associated with the recruitments, e.g., graduate student stipends, technician support, and supplies. The funds are not intended as an endowment. Recipients of these monies would be known as Regents' Health Research Scholars for the duration of the financial support. The scholars could also bear the name of the donor, i.e., the Johnny Jones Regents' Health Research Scholar.

Any tenure-track health institution faculty recruit, regardless of rank, would be eligible for a Regents' Health Research Scholar matching award. Such an award would not disqualify an individual from consideration for other STARs recruiting money.

Institutions could indicate to potential donors that the U. T. System will provide equipment and renovation money to match their philanthropic commitment of up to \$250,000. Once a gift has been made, it will be used by the institution for the Regents' Health Research Scholars awards. If initially intended for a particular candidate, the gift will be available at the institution for subsequent recruitments if that candidate is not successfully recruited, or if the faculty member leaves prior to the end of the term of the award. In each case, the philanthropic money for a Regents' Health Research Scholar must be a new contribution. The Executive Vice Chancellor will carefully monitor the distribution of the Regents' Health Research Scholars awards among institutions so there is not a disproportionate share of awards to particular institutions.

The U. T. System Board of Regents will receive an annual report on the number and distribution of Regents' Health Research Scholars awards.

**6. U. T. System Board of Regents: Approval of \$5.5 million of Permanent University Funds to establish the Revenue Cycle Loan and Grant Programs**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs and the Executive Vice Chancellor for Health Affairs that \$5.5 million of Permanent University Fund (PUF) Bond Proceeds be appropriated to create a \$3 million fund for the Revenue Cycle Loan Program and a \$2.5 million fund for the Revenue Cycle Grant Program. These programs will be for the benefit of the six U. T. System health institutions.

BACKGROUND INFORMATION

In March 2009, the Executive Vice Chancellor for Health Affairs authorized the creation of a Revenue Cycle Task Force (Task Force) to engage in a comprehensive review of the revenue cycle operations across the six U. T. System health institutions.

In Fiscal Year 2010, the institutions' operating budget for the hospitals, clinics, and professional fees is \$4.275 billion and represents the income from patient care generated by the revenue cycle operations. Small improvements in the efficiency and effectiveness of the revenue cycle operations within an environment of shrinking reimbursement and increasing operating costs can have a significant, positive impact on the financial statements.

The Task Force Report, issued in October 2009, was structured around three central themes: creating the Systemwide Revenue Cycle Committee, automating revenue cycle operations, and simplifying administrative processes.

To facilitate process improvements in the revenue cycle operations, the Task Force recommended developing a loan program. This recommendation has been accepted and endorsed by the Chancellor, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Business Affairs as a matching program to facilitate innovative and creative solutions. The Executive Vice Chancellor for Health Affairs will be accountable for the loan program, which will have an initial balance of \$3 million.

The institutions must submit a business plan proposal using a pre-designed template. The Systemwide Revenue Cycle Committee will review, evaluate, and recommend proposals to the Executive Vice Chancellor for Health Affairs for approval. The principal of the loans will be repaid by the institutions from the cost savings generated by the projects. Repayments will be held by U. T. System Administration to be allocated to future initiatives by the U. T. System Board of Regents.

In addition, a \$2.5 million grant program will be established to promote Systemwide adoption of revenue cycle operations best practices regarding information technology solutions. The Systemwide Revenue Cycle Committee will be responsible for reviewing and recommending information technology proposals to the Executive Vice Chancellor for approval. These grants may require a match from the institutions but do not have to be repaid. Emphasis will be placed on information technology solutions that have been shown to be effective in improving the performance of the revenue cycle and that all of the health campuses would benefit from if implemented.

Per the Texas Constitution, PUF Bond Proceeds may only be used to fund capital and equipment items related to the educational mission of the U. T. System and U. T. institutions.

7. **U. T. System Board of Regents: Discussion and appropriate action regarding U. T. System Administration budget review**

**RECOMMENDATION**

Chairman Huffines will make recommendations concerning the ongoing involvement of Vice Chairman Foster and Regent Hicks in the U. T. System Administration budget review.