

TEXAS TECH UNIVERSITY SYSTEM
Lubbock, Texas

Minutes

Board of Regents
October 31, 2008

Friday, October 31, 2008.—The members of the Board of Regents of the Texas Tech University System reconvened at 8:36 a.m. on Friday, October 31, 2008, in the Matador Room, Second Floor, Room 227, Student Union Building, 15th and Akron Avenues, Lubbock, Texas, with the following in attendance:

ATTENDANCE.—

Regents present were F. Scott Dueser, Chairman; Larry K. Anders, Vice Chair; L. Frederick “Rick” Francis; Mark Griffin; John Field Scovell; Daniel T. Serna; Windy Sitton; Bob L. Stafford; Jerry Turner; and Student Regent Kelli Stumbo.

Also participating at the opening of the meeting were Mr. Kent Hance, Chancellor, TTUS; Dr. Guy Bailey, President, TTU; Dr. Joseph Rallo, President, ASU; Dr. John C. Baldwin, President, TTUHSC; Mr. Ben Lock, Executive Assistant to the Chancellor and Secretary of the Board of Regents, TTUS; Mr. Pat Campbell, Vice Chancellor and General Counsel, TTUS; Mr. Jim Brunjes, Vice Chancellor and Chief Financial Officer, TTUS; Ms. Beverly Cotton, Interim Vice President for Administration and Finance, TTU; Mr. Elmo Cavin, Executive Vice President for Finance and Administration, TTUHSC; Ms. Sharon Meyer, Vice President for Finance and Administration, ASU; Dr. Jane Winer, Interim Provost, TTU; Dr. Don Coers, Academic and Student Affairs Provost and Vice President, ASU; Mr. Corky Dragoo, Executive Assistant to the Chancellor, TTUS; Mr. Jodey Arrington, Chief of Staff, Office of the Chancellor, TTUS; Dr. Kelly Overley, Vice Chancellor for Institutional Advancement, TTUS; and Mrs. Christina Martinez, Assistant Secretary to the Board of Regents, TTUS.

- II. CALL TO ORDER; CONVENE INTO OPEN SESSION OF THE BOARD.—
Chairman Dueser announced a quorum present and called the meeting to order.
- III. INTRODUCTIONS AND RECOGNITIONS.—Chairman Dueser called on Mr. Hance, Dr. Bailey, Dr. Baldwin and Dr. Rallo to announce their introductions and recognitions.

Mr. Hance stated that he had no introductions.

Dr. Bailey stated that he had several introductions. He began by introducing several faculty members who have secured significant funding for important

research efforts. The researchers being introduced have together brought in almost \$12 million in awards just in the last few weeks. First is Professor Lucia Barbato, associate director, Center for Geospatial Technology. Next is Coleen Barry-Goodman, director of the Earl Survey Research Lab. These two faculty members have been awarded almost \$800,000 by the National Science Foundation. This is a very prestigious, competitive award to study water scarcity in the Ogallala Aquifer. The researchers will look at changing societal attitudes toward water scarcity as affected by ethanol production and increasing ground water depletion of the Ogallala Aquifer. The food production now in water is a significant issue for study.

Next for introduction are the participants of the NSF grant for the Middle School Math Project. First is Gary Harris, professor of Mathematics and the project lead investigator. Also involved with this project is Jerry Dwyer, assistant professor of Mathematics; Tara Stevens, associate professor of Educational Psychology; and Zenaida Aquirre-Munoz, associate professor, Curriculum and Instruction. These faculty members in mathematics and education have been recently awarded \$6 million, again from the National Science Foundation, one of the most competitive agencies out there, to develop a new national model for teaching middle school teachers how to teach mathematics better. The NSF Math and Science Partnership Program received 181 proposals for an available \$43 million. The Tech proposal was 1 of 28 selected out of the 181 submitted. It is quite an honor. As may be known, there is a shortage of mathematics teachers not only in the state but also around the country. This group's work will be very important.

Another group to introduce includes Professor Valerie Paton. She is vice provost for Planning and Assessment. John Zak is chairman of the Department of Biological Sciences. They are responsible for developing Texas Tech's portion of a \$4.9 million grant from the U.S. Department of Education in partnership with El Centro Community College in Dallas. This type of partnership is very important. This two-year grant will provide degree and career opportunities in environmental science for educationally underrepresented students. Texas Tech and ECCC will partner with the new Trinity River Audubon Center in Dallas which will offer classroom and laboratory space to give students new research and field experiences.

The final person to introduce is Grace Hernandez who is the Chief of Staff in the Office of the President, TTU. Grace and Dr. Bailey have worked together for numerous years. In San Antonio she was an EEO officer. She also held that same position at the University of Missouri in Kansas City where she later became chief of staff. Grace is terrific at follow-through and making sure that things get done. She is an outstanding individual. She will be handling the day to day activities of the Office of the President. The former chief of staff, Ronald Phillips, will now be counsel to the president. That will allow him to devote more time to a number of our issues that are complex legally, such as NCAA compliance regulations and research, both of which have significant legal

implications. Ron has been an excellent chief of staff and has been a joy to work with. It is a pleasure to have both of these individuals with the President's Office.

Dr. Baldwin had four individuals to introduce from the Health Sciences Center. These people represent the vitality, youth, productivity and tradition of Texas Tech by its eight campuses and six schools.

First is Dr. Lan Guan who has a MBN and Ph.D. When recruiting her, Dean Royce could see she would be great. Shortly after recruiting her, in her early career, she did achieve the gold standard of acquiring NIH funding—she got it even before she got Tech.

Next is Dr. German Hernandez. He is from the El Paso campus. He obtained his bachelor's degree in biology from Stanford University and his MBA from Harvard Medical School. He later trained at the prestigious program in internal medicine at UC San Francisco where he was also asked to be a chief resident. He has advanced training in nephrology and kidney disease. Luckily, the Medical School in El Paso recruited him three years ago. He has participated in a number of translational research efforts, participates in a number of clinical trials, and has recently received grants from the Paso del Norte Foundation and the Manuel and Guadalupe Soto Memorial Research Fund. He is currently conducting a study to look at the defective heavy metals in the environment on the kidney function of Hispanic patients in the El Paso region. It is an honor to have Dr. Hernandez as part of the team in El Paso.

The new director of Communications is Ms. Clare Miers. Clare will be overseeing our state-wide, national and international communication efforts and will take responsibility of the staff at all six schools on all the eight campuses. She has an extensive background in the media, has worked for the Dallas Morning News, the Austin American Statesman, the Fort Worth Star Telegram and others. She has television experience and remarkable multimedia experience. Her background is a journalism degree from Baylor. She has covered news stories across a wide range of topics including healthcare. Her enthusiasm is impressive. Last week while in El Paso, it was discovered that the Governor would be visiting. Clare handled that visit even though she wasn't on the payroll yet. She did a fantastic job.

Someone known to many in this community is Dr. Gabor Racz. He is the Grover Murray Professor and the chairman emeritus of the Department of Anesthesia. He is a world-recognized expert in pain and the control of pain. He is the director of Tech's International Pain Center which will be formally opened on November 11, 2008. Dr. Racz has been at this campus for 31 years. He has taken on many leadership roles and garnered countless awards over the years. He recently was honored with the TTUHSC Distinguished Professor Award. It is an honor to have Dr. Racz as part of TTUHSC's team. He is constantly elevating the reputation of the University and bringing not only patients but scholars from

around the world to the HSC. When he received his Distinguished Professorship Award, he was teaching and taking care of patients in London, England. His family, who are very well populated and represented there, accepted the award for him. It was good to see his international preeminence was being recognized at that moment.

Dr. Rallo introduced Dr. Brian May. Dr. May is a professor of Animal Science and Research Scientist at the Management, Instruction and Research Center. He was a very critical part of ASU's ability to secure the largest ever federal earmark for ASU to develop a joint language and culture program for students from Goodfellow as well as for ASU students. Dr. May has accepted a half-time position starting in January as the special assistant to Dr. Rallo to work on additional federal and state grants as well as to cultivate significant donorship opportunities amongst the ranchers in the region. Dr. May received both his bachelor's and master's from ASU before continuing on to A&M for his doctorate.

IV. OPEN SESSION.— At approximately 8:49 a.m. on Friday, October 31, the Board continued meeting in open session in the Matador Room, Second Floor, Room 227, Student Union Building, 15th and Akron Avenues, Lubbock, Texas, to consider items as a Board and in the Committee of the Whole.

IV.A. APPROVAL OF MINUTES.—Regent Dueser asked for approval of the minutes of the board meeting held on August 7-8, 2008; September 12, 2008; and September 25, 2008. Regent Anders moved for their approval. Regent Francis seconded the motion, and the motion passed unanimously.

IV.B. COMMITTEE OF THE WHOLE.—Chairman Dueser announced that for the purpose of facilitating action on the items to be considered, Regent Anders would preside over the Committee of the Whole.

IV.B.1. Regent Anders presented the item regarding approval of the Consent Agenda and acknowledgment of review of the Information Agenda. Regent Anders moved that the Consent Agenda be approved. The motion was seconded and passed unanimously. The following are the Minute Orders approved by this motion:

IV.B.1.a. ASU: Approve modification of the Bachelor of Arts in Communication.—The board approved the modification of the Bachelor of Arts in Communication, and authorized Angelo State University's submission by the Office of the Provost and Vice President for Academic and Student Affairs to the Texas Higher Education Coordinating Board seeking its approval for such a change to be effective

the fall 2009. This request was approved administratively by the president and the chancellor.

The Department of Communication, Drama, and Journalism is modifying the Bachelor of Arts in Communication program by altering the number of specialization tracks available in Communication.

- IV.B.1.b. TTUHSC: Approve conferral of emeritus appointment.—The board approved the conferral of associate professor emeritus on Gwynne H. Little, Ph.D., for his long and faithful service to the School of Medicine and the Department of Cell Biology and Biochemistry. This request was approved administratively by the president and the chancellor.
- IV.B.1.c. TTUHSC: Approve the appointment of Tammy Camp, M.D. to State Board of Examiners for Speech-Language Pathology and Audiology.—The board approved the appointment of Tammy Camp, M.D. to serve as a member of the State Board of Examiners for Speech-Language Pathology and Audiology for a term to expire on August 31, 2013. This request was approved administratively by the president and the chancellor.
- IV.B.1.d. TTUHSC: Approve the appointment of Brian Irons, Pharm.D. to State Board of Examiners for Dieticians.—The board approved the appointment of Brian Irons, Pharm.D. to become a member of the Texas State Board of Examiners for Dieticians for a term of five years. This request was approved administratively by the president and the chancellor.
- IV.B.1.e. TTUHSC: Approve naming of the Jenna Welch Women’s Center of the Laura W. Bush Institute for Women’s Health.—The board approved the naming of the Jenna Welch Women’s Center (outpatient clinic) of the Laura W. Bush Institute for Women’s Health on the Permian Basin campus. This request was approved administratively by the president and the chancellor.
- IV.B.1.f. ASU: Approve naming the Sports Complex.—The board approved naming the Sports Complex the “Dr. Robert and Jean Ann LeGrand Sports Complex” in

recognition of their significant contributions to Angelo State University (“ASU”). The Sports Complex, located adjacent to the Junell Center, is comprised of the Track and Field facilities, a football field, and practice fields. This request was approved administratively by the president and the chancellor.

Robert and Jane Ann LeGrand are longtime supporters of Angelo State University. Mrs. LeGrand earned an Associate of Science in Nursing degree from ASU in 1972. She remains active in the university through her service to the Angelo State Athletics Foundation, the Angelo State University Foundation and the ASU Alumni Association. Along with her sister, Marsha Huling, she is the driving force behind the annual Athletic Foundation auction that draws significant awareness to and financial support for ASU athletics.

In June, Dr. and Mrs. LeGrand pledged \$200,000 to underwrite the expense of a new scoreboard and the improvements necessary to the track to allow the university to host the National NCAA Division II Track and Field competition in spring 2009. With this gift, Dr. and Mrs. LeGrand have donated \$2.7 million to ASU in support of scholarships, athletics, university programs and the ASU Alumni Association.

- IV.B.1.g. TTU: Approve naming the Texas Tech Soccer Complex.—The board approved naming the Texas Tech University Soccer Complex the “John B. Walker Soccer Complex at Texas Tech University” in recognition of the John and Lisa Walker Family Fund’s significant contribution to the Texas Tech University Athletic Department. This request was approved administratively by the president and the chancellor.

The John and Lisa Walker Family Fund’s contribution of \$2.0 million will be used to improve the Texas Tech University soccer stadium and construct a soccer team facility.

- IV.B.1.h. TTU: Approve naming the Athletic Training Facility and Weight Room.—The board approved naming the Athletic Training Facility and Weight Room the

“Gerald ‘Corky’ Oglesby Strength and Conditioning Center” in recognition of his significant contribution as Texas Tech’s long term Head Track and Field Coach. This request was approved administratively by the president and the chancellor.

Terry and Linda Fuller’s gift of \$300,000 has helped to renovate the entire strength and conditioning center. They requested that Texas Tech recognize Coach Oglesby by naming this facility in his honor.

- IV.B.1.i. ASU: Approve budget adjustments for the period September 1, 2008 through October 31, 2008.—The board approved budget adjustments for the period September 1, 2008 through October 31, 2008. This request was approved administratively by the president and the chancellor.

ANGELO STATE UNIVERSITY – BOARD APPROVAL ITEM
(September 1, 2008 – October 31, 2008)

Activity	Source of Funds		Expense
	Other	Income	
Board Approval			
Higher Education Incentive Funding		415,831	415,831
State Appropriated Educational and General funding. Expenditures will comply with paragraph 8, section 6, article III of the General Appropriations Act for the 80 th Legislature. This funding is restricted to fiscal year 2009 and must be spent in that timeframe.			
Total		415,831	415,831

- IV.B.1.j. TTU: Approve the modification of the J.A. Love Endowment for Sustainable Agriculture.—The board approved to convert the J.A. Love Endowment for Plant and Soil Sciences to the J.A. Love Endowed Chair for Sustainable Agriculture in the Department of Plant and Soil science within the College of Agricultural Sciences and Natural Resources. The endowment balance of the J.A. Love Endowment and the spendable earnings (total of \$1.002 million) would be combined at the donor’s request in order to establish this chair. This request was approved administratively by the president and the chancellor.

- IV.B.1.k. TTU: Approve consulting contract to assist Texas Tech University develop and maximize its Facilities and Administrative (F&A) Rate Proposal.—The board

authorized the president, or his designee, to enter into an agreement to engage a consultant to assist Texas Tech University develop and maximize its Facilities and Administrative ("F&A") Rate Proposal that is due to the Central Region/Dallas Office of the U.S. Department of Health and Human Services, Division of Cost Allocation ("DHHS," "DCA") by February 28, 2009. This request was approved administratively by the president and the chancellor.

OMB Circular A-21 establishes the principles for determining indirect costs applicable to grants, contracts, and other agreements with educational institutions, the F&A Rate. OMB Circular A-21 determines the annual costs of facilities used by principal investigators directly for research across the campus. It requires detailed space surveys, occupancy usage data by room, depreciation calculations, and operations and maintenance cost data. Administrative costs include a share of expenses for general administration and general expenses, departmental administration, and sponsored-projects administration.

Texas Tech University intends to engage the MAXIMUS firm to provide these consultant services. MAXIMUS has previously worked with Texas Tech University on the Comprehensive Rate Information System (CRIS) installation and establishing the initial F&A model in 2000, based on FY 1999 data. The University plans to use CRIS to complete the FY 2008 F&A Rate Proposal, and as the architects of CRIS, MAXIMUS can help utilize CRIS in a manner that will maximize F&A rates. Also, MAXIMUS can streamline the entire rate development process by combining Texas Tech University's expertise and institutional knowledge with their F&A consulting experience and ability to integrate CRIS with the appropriate F&A analysis. Texas Tech University has been utilizing the CRIS proprietary software for the past nine years. The parties, subject to the approval of the Texas Tech University Board of Regents, have agreed to a fixed Professional Fee of \$30,000, plus reimbursement of actual, verified cost of direct out-of-pocket expenses and their daily rate of \$2,500 for technical and consulting support, if applicable.

IV.B.1.I. TTUHSC: Acceptance of gift-in-kind in excess of \$250,000.—The board approved to accept the following gift-in-kind for the benefit of Texas Tech University Health Sciences Center: a pediatric practice given to the Texas Tech Physicians of Lubbock. The estimated fair market value of 100 percent of the business assets of Dr. Steven Brown’s practice is \$470,800 as appraised by Robinson Burdette Martin & Seright, L.L.P. This request was approved administratively by the president and the chancellor

Dr. Steven Brown completed his residency at TTUHSC and has served patients in Lubbock for more than 11 years. He is leaving Lubbock in September 2008 to serve as a medical missionary in Africa for a minimum of four years. He chose to donate his practice of more than 2,000 patients to TTUHSC to ensure his patients would have continuity of care. This gift provides an excellent opportunity for Texas Tech Physicians to be in southwest Lubbock.

Regent Anders then moved that the board acknowledge its review of the Information Agenda as follows:

Information Agenda

Information is provided as required by Section 01.02.6.b(2)(c), *Regents' Rules*

- (1) TTU, TTUHSC, and ASU: Summary of Revenues and Expenditures by Budget Category, FY 2008, per Section 01.02.8.d(3)(f), *Regents' Rules*: All actual expenditures will be reviewed by the Finance and Administration Committee annually and provided as information.
 - (a) TTU: Report dated August 31, 2008 for fiscal year 2008 (available for review upon request); and
 - (b) TTUHSC: Report dated August 31, 2008 for fiscal year 2008 (available for review upon request); and
 - (c) ASU: Report dated August 31, 2008 for fiscal year 2008 (available for review upon request).

- (2) TTUHSC: Contract Renewals per Section 07.12.4.b., *Regents' Rules*: “Approval of the president is required for all contract renewals. A list of those renewal contracts greater than \$500,000 per annum, including the amount of the contract, will be provided to the board as an information item at the next regular board meeting.”

- (a) Mitchell County Hospital District, dba Mitchell County Hospital; amendment to "Correctional On-site Health Care Services, Wallace Unit and San Angelo Work Camp"; \$1,313,425 per annum; 09/01/07 to 08/31/09.
- (b) Hendrick Medical Center; amendment to "Correctional On-site Health Care Services, John Middleton Unit"; \$2,522,691 per annum; 09/01/07 to 08/31/09.
- (c) Hendrick Medical Center; amendment to "Correctional On-site Health Care Services, French Robertson Unit"; \$3,500,666 per annum; 09/01/07 to 08/31/09.
- (d) Childress Regional Medical Center; amendment to "Correctional On-site Health Care Services, T L Roach Unit and Boot Camp" ; \$1,389,813 per annum; 09/01/07 to 08/31/09.
- (e) Hendrick Medical Center; amendment to "Correctional On-site Health Care Services, T R Havins State Jail"; \$556,985 per annum; 09/01/07 to 08/31/09.
- (f) Brownfield Regional Medical Center; amendment to "Correctional On-site Health Care Services, Brownfield Rudd Transfer Facility; \$589,749 per annum; 09/01/07 to 08/31/09.
- (g) TTUHSC - SOM Amarillo; amendment to "Correctional On-site Health Care Services, Clements Unit and Extended Cell Block"; \$4,483,353 per annum; 09/01/07 to 08/31/09.
- (h) Mitchell County Hospital District, dba Mitchell County Hospital; amendment to "Correctional On-site Health Care Services, Ware Unit"; \$939,267 per annum; 09/01/07 to 08/31/09.
- (i) Stephens Memorial Hospital; amendment to "Correctional On-site Health Care Services, Sayle Substance Abuse Transfer Unit"; \$544,643 per annum; 09/01/07 to 08/31/09.
- (j) Covenant Hospital Plainview, dba for Methodist Hospital Plainview; amendment to "Correctional On-site Health Care Services, Plainview Wheeler State Jail"; \$596,968 per annum; 09/01/07 to 08/31/09.
- (k) Covenant Hospital Plainview, dba for Methodist Hospital Plainview; amendment to "Correctional On-site Health Care Services, Formby State Jail"; \$1,127,940 per annum; 09/01/07 to 08/31/09.
- (l) Cogdell Memorial Hospital; "Correctional On-site Health Care Services, Price Daniel Unit"; \$1,288,445 per annum; 09/01/07 to 08/31/09.
- (m) Medical Arts Hospital; amendment to "Correctional On-site Health Care Services for Preston E Smith Unit and Extended Cell Block"; \$2,288,445 per annum; 09/01/07 to 08/31/09.
- (n) Covenant Health System; amendment to Affiliation and Funding Agreement for selected medical residents and fellows at Covenant Health System; \$6,753,800 per annum.
- (o) UMC, dba for Lubbock County Hospital District; renewal "Master Coordinating Agreement"; \$25,946,122; 07/01/08 to 06/30/09.
- (p) Swisher Memorial Hospital; amendment to "Correctional On-site Health Care Services, Tulia Transfer Facility"; \$691,942; 09/01/07 to 08/31/09.
- (q) Covenant Health System; amendment to "Affiliation Agreement" funding for medical residents and fellows at Covenant Health System, and Physician Services; \$6,753,800 per annum.
- (r) Thomason, R E, General Hospital, dba for El Paso County Hospital District; amendment to "Medical Services Agreement"; \$24,495,627; 09/01/05 to 08/31/08.
- (s) UMC, dba for Lubbock County Hospital District; amendment to Master Coordination Agreement; \$25,983,622; 08/01/08 to 06/30/09.

- (t) UMC, dba for Lubbock County Hospital District; amendment to Master Coordination Agreement; \$26,143,622 08/01/08 to 06/30/09.
 - (u) UT Medical Branch - Correctional Managed Care; amendment to extend term of "Interagency Cooperation Contract...for Pharmaceutical Services" for TDCJ facilities; \$6,000,000 per annum; 09/01/05 to 08/31/09.
 - (v) Northwest Texas Healthcare System, Inc; amendment to "Physician in Training Support Agreement"; \$3,086,928 per annum.
 - (w) Northwest Texas Healthcare System, Inc; renewal "Master Services Agreement"; \$5,515,000; 04/01/08 to 08/31/10.
 - (x) Baptist St Anthony's Hospital Corporation; renewal "Agreement" for support of Family Medicine Residency Program including LEASE AGREEMENT; \$2,214,385 per annum.
 - (y) Texas Health and Human Services Commission; "Agreement ... for the Texas Nurse-Family Partnership Program"; \$854,835; 08/29/08 to 08/31/09.
 - (z) UMC Physician Network Services; attachment to Physician Staffing Agreement; \$593,654 per annum; 12/04/07 to 12/31/09.
- (3) TTUS: Selection of Investment Managers per Section 09.02.14.b, *Regents' Rules*: "The selection of investment managers shall be approved by the board. When necessary and appropriate during the interim between board meetings, the selection of investment managers may be approved as follows: (1) The IAC may recommend to the board that an investment manager be hired on an immediate basis; (2) Upon such a recommendation by the IAC, the board delegates its approval authority for the hiring of the recommended manager to the chair, the chair of the Finance and Administration Committee, the chair of the IAC, subject to the provisions of Subdivisions (3) and (4), herein; (3) In the exercise of this delegation of approval authority, standard actions regarding legal and due diligence review shall be conducted; and (4) Investment managers hired under this delegation of authority will be reported as an Information Item at the next board meeting."
- (a.) TTUS: Report on the Engagement of Stralem, Arnold & S. Bleichroeder, and Goldman Sachs as Investment Managers.

The Investment Advisory Committee ("IAC") met on September 25, 2008 and recommended the following investment managers for consideration by the Board of Regents:

1. Stralem Large-Cap – a long-only U.S. large-cap core equity manager. Stralem employs a bottom-up approach that is fundamentally driven and quantitatively enhanced. The firm uses macroeconomic and market assessment to determine which of four basic allocations to implement and letting their fundamental company and industry analysis drive sector weightings.
2. Arnold & S. Bleichroeder – a long-only manager in U.S. large-cap equities. The fund is a fundamental, bottom-up value investor, with a long track record. ABS believes it can add value by trading the stocks in the portfolio – trimming on upside volatility and adding on downside volatility.

3. Goldman Sachs Vintage Fund V – a secondary private equity fund with a target capitalization of \$3 billion. The fund will seek to generate returns by assembling and managing diversified portfolio of seasoned private equity funds as well as portfolios of direct private equity investments.

Upon the recommendation of the Investment Advisory Committee, in accordance with Board of Regents Policy, the Chair of the Board of Regents, the Chair of the Finance and Administration Committee and the Chair of the Investment Advisory Committee approved the engagement of these managers on an immediate basis, as follows:

1. Stralem be hired as a domestic equity manager with an allocation of approximately \$14 million (manager will be funded with liquidation proceeds of another manager).
2. Arnold & S. Bleichroeder be hired as a domestic equity manager with an allocation of \$20 million.
3. Goldman Sachs be hired as a private equity manager with an allocation of \$10 million.

The motion was seconded and passed unanimously.

Regent Anders stated that consideration of items by the Committee of the Whole was concluded.

V. REPORTS OF STANDING COMMITTEES.—At approximately 8:51 a.m., at the direction of Chairman Dueser, Standing Committee reports were presented sequentially to the Committee of the Whole.

V.A. REPORT OF THE ACADEMIC, CLINICAL AND STUDENT AFFAIRS COMMITTEE

Committee Chairman Sitton reported that the Academic, Clinical and Student Affairs Committee met in open session on October 30, 2008 to consider those matters on its agenda and to formulate recommendations to the Board of Regents of the Texas Tech University System. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Academic, Clinical and Student Affairs Committee and approved in open session and without objection by the Board of Regents of the Texas Tech University System.

V.A.1. ASU: Approve revisions to the Admission Requirements at Angelo State University, effective fall 2009.—The Board approved revisions to the Admission Requirements at Angelo State University, included herewith as Attachment No. 1, effective fall 2009.

V.A.2. TTU: Approve exception to Section 03.01.8, Regents' Rules.—The Board approved an exception to the nepotism policy in Section 03.01.8, *Regents' Rules*, to allow Craigen Nes, son of David Nes, to be employed as a Research Assistant in the Department of Chemistry and Biochemistry, College of Arts and Sciences. Dr. David Nes and Dr. Kai Zhang, Graduate Advisor, are co-Principal Investigators (“co-P.I.’s”) on two recently awarded grants and Craigen Nes is a recently admitted graduate student in the Interdisciplinary Graduate Studies Program and will be supported on both of these grants beginning November 1, 2008. Craigen Nes will be supervised by Dr. Kai Zhang, co-P.I., who will also be responsible for all supervisory and personnel matters related to Mr. Nes’s appointment.

V.A.3. TTU: Approve appointment with tenure.—The Board approved the granting of tenure to the following faculty of Texas Tech University contemporaneously with his appointment:

M. Darren Hudson, Ph.D., new professor for the Agricultural Competitiveness Endowed Chair in Agricultural and Applied Economics, College of Agricultural Sciences and Natural Resources. Dr. Hudson was previously a tenured professor in the Department of Agricultural Economics at Mississippi State University, Starkville, Mississippi.

V.A.4. TTUHSC: Approve appointment with tenure.—The Board approved that tenure be granted to:

Chandice Covington, RN, PhD, APRN, FAAN, newly selected Florence Thelma Hall Chair for Nursing Excellence in Women’s Health. Dr. Covington is a national leader and researcher in women’s health and is joining the School of Nursing as the fourth endowed chair from University of North Dakota, where she served as Dean and Professor. Dr. Covington has previous academic teaching, leadership and research experience at distinguished universities such as UCLA, Wayne State, University of Arkansas Medical Sciences, the University of Texas, and University of Michigan Ann Arbor. She is pediatric nurse practitioner and a Fellow in the American Academy of Nursing. She has had major funding for her research which focuses on women’s health, rural health, and breast cancer from multiple NIH entities including the National Cancer Institute, National Institute of Nursing Research and the National Institute of Drug Abuse. Dr. Covington has been a tenured professor since 1985, first at Wayne State University in

Detroit, then in 2001 at UCLA and lastly in 2005 at the University of North Dakota.

V.A.5. TTUHSC: Report on Garrison Center.—The Board accepted an update on the Garrison Center, included herewith as Attachment No. 2.

V.A.6. ASU, TTU and TTUHSC: Reports on enrollment.—The Board accepted a report on enrollment for ASU, TTU and TTUHSC. The TTU Enrollment Statistics PowerPoint is included herewith as Attachment No. 3.

V.B. REPORT OF THE FINANCE AND ADMINISTRATION COMMITTEE

Committee Chairman Griffin reported that the Finance and Administration Committee met in open session on October 30, 2008 to consider those matters on its agenda and to formulate recommendations to the Board of Regents of the Texas Tech University System. Unless otherwise indicated, the action set forth in the Minute Order that follows was recommended by the Finance and Administration Committee and approved in open session and without objection by the Board of Regents of the Texas Tech University System.

V.B.1. ASU: Approve the acceptance of a \$600,000 gift to Angelo State University from Alvin and Patricia New.—The Board approved the acceptance of a \$600,000 gift from Alvin and Patricia New in support of the Honors Program and the creation of technologically-advanced classrooms in the Colleges of Education and Business.

Of the gift, \$100,000 will fund the Alvin and Patricia New Honors Scholarships and \$150,000 will establish the New Honors Program Enhancement Fund to improve and expand the extra- and co-curricular learning opportunities available to students participating in the Honors Program. Opportunities can include student travel, attendance at educational and cultural events, guest speakers and lecturers, internship support, and other opportunities identified by the university.

The remaining \$350,000 will fund the conversion of two classrooms into new learning facilities that promote collaborative learning, engage students and reflect the university's goal of providing state of the art classrooms for today's generation of students at Angelo State University ("ASU"). Classroom 124 in the Carr Education Fine Arts Building will incorporate the concepts of current trends in learning studios to encourage active

engagement between students and professor and facilitate group interaction for students earning degrees in education. Classroom 263 in the Emil C. Rassman Building will be a teaching facility that emulates a corporate boardroom and enables students earning degrees in business to experience first-hand the corporate environment.

- V.B.2. ASU: Approve the acceptance of a gift to Angelo State University from the estate of Elwood F. Nanheim.—The Board approved the acceptance of a \$690,926 gift from the estate of Elwood F. Nanheim to establish the Elwood Nanheim Scholarship Endowment. The scholarship will be available to worthy and deserving students with average or better academic records who are pursuing a degree at Angelo State University (“ASU”).
- V.B.3. TTU: Approve budget adjustments for the period September 1, 2008 through October 31, 2008.—The Board approved the following budget adjustments for the period September 1, 2008 through October 31, 2008. The TTU Incentive Funding PowerPoint is included herewith as Attachment No. 4

TEXAS TECH UNIVERSITY – BOARD APPROVAL ITEM
(September 1, 2008 – October 31, 2008)

Activity	Source of Funds		Expense
	Other	Income	
Board Approval			
Copyright, Royalty & Patent Income	510,820		510,820
Due to expansion, The Office of Technology Transfer & Intellectual Property has been renamed to the Office of Technology Commercialization. The office is generating more revenue and licensing more technologies. The fund balance carry forward request will be used for office expansion, legal expenses and technology investments.			
Higher Education Incentive Funding		4,441,168	4,441,168
State Appropriated Educational and General funding. Expenditures will comply with paragraph 8, section 6, article III of the General Appropriations Act for the 80 th Legislature. This funding is restricted to fiscal year 2009 and must be spent in that timeframe.			
Total	510,820	4,441,168	4,951,988

- V.B.4. TTU: Approve contract with Under Armour.—The Board approved a five year agreement with Under Armour to provide apparel, footwear and accessories to the NCAA intercollegiate athletics teams sponsored by the University.

The total compensation received under the proposed agreement is set out below:

Rights Fee Paid to University

Fiscal Year 2009-10	\$150,000
Fiscal Year 2010-11	\$150,000
Fiscal Year 2011-12	\$450,000
Fiscal Year 2012-13	\$650,000
Fiscal Year 2013-14	\$700,000

Product Allowance (Retail Prices) to University

Fiscal Year 2009-10	\$700,000
Fiscal Year 2010-11	\$750,000
Fiscal Year 2011-12	\$1,300,000
Fiscal Year 2012-13	\$1,400,000
Fiscal Year 2013-14	\$1,450,000

Camp Product Allowance (Retail Prices)

Fiscal Year 2009-10	\$30,000
Fiscal Year 2010-11	\$40,000
Fiscal Year 2011-12	\$50,000
Fiscal Year 2012-13	\$60,000
Fiscal Year 2013-14	\$70,000

Marketing Support to University

Fiscal Year 2009-10	\$30,000
Fiscal Year 2010-11	\$40,000
Fiscal Year 2011-12	\$125,000
Fiscal Year 2012-13	\$125,000
Fiscal Year 2013-14	\$125,000

Under Armour is the official outfitter of and currently provides apparel, footwear and accessories to the Texas Tech football program through 2011. The proposed agreement allows the extension of an additional five years to the original term upon mutual agreement of the parties.

- V.B.5. TTU: Approve a revised source of funds for the Leisure Pool project.—The Board approved a change in the source of funds for the Leisure Pool project.

The \$750,000 increase in the project budget would be paid from Recreational Sports fund balances, with the source of funds for the project being revised as follows:

	<u>CURRENT</u>	<u>PROPOSED</u>
Debt issued	\$6.00 mil	\$6.00 mil
Rec Sports fund balances	<u>\$1.50 mil</u>	<u>\$2.25 mil</u>
TOTAL	\$7.50 mil	\$8.25 mil

The increase in the project budget does **not** require Board approval because the increase does not exceed 10 percent of the previously-approved project budget.

- V.B.6. TTUS: Approve amendment to Chapter 09, *Regents' Rules, (Investments and Endowments)*.—The Board approved an amendment to Section 09.02.11, *Regents' Rules*, (Chapter 09, Investments and Endowments) as follows to approve a new asset class, Global Opportunistic, to the asset allocation:

09.02.11 Asset allocation

- a. To achieve the goal and objectives of the Long Term Investment Fund (LTIF), the fund's assets may be invested in the categories listed below. The LTIF shall be diversified both by asset class and, within asset classes, by economic sector, industry, and market capitalization (size). The purpose of diversification is to limit the specific risk associated with any single security or class of securities. The asset allocation of the LTIF shall be structured as follows:

Type of securities	Range
Equity	30-60%
Domestic Large Cap	10-30%
Domestic Mid Cap	0-10%
Domestic Small Cap	0-15%
International	10-30%
<u>Global Opportunistic</u>	<u>0-5%</u>
<u>Real Estate Assets</u>	5-15%
Alternative Asset Class	15-34%
Hedge Funds	10-17%
Private Equity	5-17%
Fixed Earnings	10-30%
Cash	0-10%

Mr. Ratliff asked for an additional edit to the section 09.02.11 in which Real Estate would be changed to Real Assets. The Board concurred with that recommendation.

- V.B.7. TTUS: Approve the engagement of Reservoir Capital Group as an investment manager.—The Board approved the selection of an investment manager. The Investment Advisory Committee

("IAC") met on September 25, 2008 and recommended the following investment manager for consideration by the Board of Regents:

Reservoir Capital Partners II – This special situations private equity fund is estimated to be \$2.5 billion in size and will pursue investments in a wide range of opportunities, including marketable securities, private equity & debt, and new investment businesses. The fund may capitalize on such opportunities directly by making the investment themselves or by teaming with specialists.

The chancellor recommended, in accordance with Board of Regents policy and the IAC recommendation, that the Board approve the following:

Reservoir Capital Group be hired as a private equity asset class manager with an allocation of \$10 million.

The Hammond Associates TTUS Report; the Hammond Associates Research Report Fall 2008; and the Carr Foundation Investment Performance Summary are included herewith as Attachment No. 5, Attachment No. 6 and Attachment No. 7, respectively.

- V.B.8. TTUSA: Authorize consulting agreement to provide services in the search for an Associate Vice Chancellor for Institutional Advancement (TTUHSC).—The Board authorized the chancellor to enter into an agreement to engage a consultant to provide assistance in the searches for Associate Vice Chancellor for Institutional Advancement at TTUHSC.

The cost for these services will be one-third of the annual salary, plus expenses. With an estimated salary of \$130,000, the cost of this contract will be approximately \$58,000.

This engagement will be funded with budgeted funds in the Office of Institutional Advancement.

- V.B.9. TTUS: Report on 2008 bond issue.—The Board accepted a report on the 2008 bond issue. The TTUS Revenue Finance System Update PowerPoint and the TTUS Ratings Update PowerPoint are included herewith as Attachment No. 8 and Attachment No. 9, respectively.

V.C. REPORT OF THE AUDIT COMMITTEE

Committee Chairman Serna reported that the Audit Committee met in open session on October 30, 2008 to consider those matters on its agenda and to formulate recommendations to the Board of Regents of the Texas Tech University System. Unless otherwise indicated, the action set forth in the Minute Order that follows was recommended by the Audit Committee and approved in open session and without objection by the Board of Regents of the Texas Tech University System.

V.C.1. TTUS: Report on audits.—Mrs. Turner presented a report on the System's audit projects, included herewith as Attachment No. 10.

V.D. REPORT OF THE FACILITIES COMMITTEE

Committee Chairman Francis reported that the Facilities Committee met in open session on October 30, 2008 to consider those matters on its agenda and to formulate recommendations to the Board of Regents of the Texas Tech University System. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Facilities Committee and approved in open session and without objection by the Board of Regents of the Texas Tech University System.

V.D.1. ASU: Approve Stage I design budget and use of the revenue finance system for the Porter Henderson Library Information Commons renovation.—The Board authorized the Office of Facilities Planning and Construction to establish a Stage I design budget of \$500,000 funded by the Revenue Finance System repaid with library fees in order to plan, program and design the renovation of the Porter Henderson Library to create an information commons area in the building. The expected total project budget is \$4,380,000. The project will be funded with the Revenue Finance System repaid with library fees.

It was further recommended that the board acknowledge that it expects to pay expenditures in connection with the construction of the project prior to the issuance of obligations to finance the project and, in that respect, the board finds that the reimbursement for the payments of such expenditures will be appropriate and consistent with the lawful objectives of the Texas Tech University System, and, as such, declare its intention, in accordance with the provisions of *Treasury Regulations*, Section 1.150-2, to reimburse itself for original expenditures, advanced in connection with the design, planning and construction of a new project an aggregate maximum principal amount expected to be \$500,000.

The chancellor further recommended that the president be authorized to negotiate and execute any and all agreements with city, state, and county agencies, utility companies and other entities required to successfully complete the project.

The ASU Stage 1 Design Budget and use of the Revenue Finance System for the Porter Henderson Library Information Commons Renovation PowerPoint is included herewith as Attachment No. 11.

- V.D.2. ASU: Approve Stage I design budget and use of the revenue finance system for the Center for Human Performance Addition project.—The Board authorized the Office of Facilities Planning and Construction to establish a Stage I design budget of \$500,000 funded by the Revenue Finance System repaid with student recreation fees in order to plan, program, and design the addition of a new recreation center to the Center for Human Performance. The expected total project budget is \$7,000,000. The project will be funded with the Revenue Finance System repaid with student recreation fees.

It was further recommended that the board acknowledge that it expects to pay expenditures in connection with the construction of the project prior to the issuance of obligations to finance the project and, in that respect, the board finds that the reimbursement for the payments of such expenditures will be appropriate and consistent with the lawful objectives of the Texas Tech University System, and, as such, declare its intention, in accordance with the provisions of *Treasury Regulations*, Section 1.150-2, to reimburse itself for original expenditures, advanced in connection with the design, planning and construction of a new project an aggregate maximum principal amount expected to be \$500,000.

The chancellor further recommended that the president be authorized to negotiate and execute any and all agreements with city, state, and county agencies, utility companies and other entities required to successfully complete the project.

The ASU Stage 1 Design Budget and use of the Revenue Finance System for the Center for Human Performance Addition Project PowerPoint is included herewith as Attachment No. 12.

- V.D.3. ASU: Approve Stage I design budget and use of the revenue finance system for the New Residence Hall project.—The Board authorized the Office of Facilities Planning and Construction to

establish a Stage I design budget of \$2,500,000 funded with the Revenue Finance System repaid with future student housing revenues in order to plan, program, and design the new 450-bed residence hall that will be constructed on the former site of University Hall. The expected total project budget is \$37,500,000. The project will be funded with the Revenue Finance System repaid with future housing revenues.

It was further recommended that the board acknowledge that it expects to pay expenditures in connection with the construction of the project prior to the issuance of obligations to finance the project and, in that respect, the board finds that the reimbursement for the payments of such expenditures will be appropriate and consistent with the lawful objectives of the Texas Tech University System, and, as such, declare its intention, in accordance with the provisions of *Treasury Regulations*, Section 1.150-2, to reimburse itself for original expenditures, advanced in connection with the design, planning and construction of a new project an aggregate maximum principal amount expected to be \$2,500,000.

The chancellor further recommended that the president be authorized to negotiate and execute any and all agreements with city, state, and county agencies, utility companies and other entities required to successfully complete the project.

The ASU Stage 1 Design Budget and use of the Revenue Finance System for the new Plaza Verde Residence Hall Project PowerPoint is included herewith as Attachment No. 13.

- V.D.4. ASU: Approve a construction project and use of the revenue finance system for the University Hall Demolition project.—The Board authorized the Office of Facilities Planning and Construction (i) to proceed with a project to abate and demolish the University Hall to facilitate construction of a new 450-bed residence hall; (ii) to complete the design; and (iii) to select an abatement and demolition contractor. The total project budget will be \$2,500,000 funded with the Revenue Finance System repaid with future student housing revenues.

It was further recommended that the board acknowledge that it expects to pay expenditures in connection with the construction of the project prior to the issuance of obligations to finance the project and, in that respect, the board finds that the reimbursement for the payments of such expenditures will be appropriate and consistent with the lawful objectives of the Texas

Tech University System, and, as such, declare its intention, in accordance with the provisions of *Treasury Regulations*, Section 1.150-2, to reimburse itself for original expenditures, advanced in connection with the design, planning and construction of a new project an aggregate maximum principal amount expected to be \$2,500,000.

The chancellor further recommended that the president be authorized to negotiate and execute any and all agreements with city, state, and county agencies, utility companies and other entities required to successfully complete the project.

The ASU Construction project and use of the Revenue Finance System for the University Hall Demolition PowerPoint is included herewith as Attachment No. 14.

- V.D.5. TTU: Approve a construction project to replace the windows in Horn and Knapp Halls.—The Board authorized the Office of Facilities Planning and Construction (i) to proceed with a project to replace the windows in Horn/Knapp Halls with a project budget of \$2,500,000; (ii) to complete the design and obtain project approval from the Texas Higher Education Coordinating Board; and (iii) to accept a Guaranteed Maximum Price (“GMP”) proposal from the Construction Manager at Risk. The project will be funded with Housing Fund Balances.

The chancellor further recommended that the president be authorized to negotiate and execute any and all agreements with city, state, and county agencies, utility companies and other entities required to successfully complete the project. The TTU construction Project to Replace the Windows in Horn and Knapp Halls PowerPoint is included herewith as Attachment No. 15.

- V.D.6. TTUS: Approve an amendment to the *Regents’ Rules* regarding the use of Texas Tech system space and facilities for political fund raising events or activities.—This item was tabled for further discussion by the *Regents’ Rules* Review Committee.

- V.D.7. TTUS: Report on Facilities Planning and Construction projects.—Mr. Ellicott presented a report on Facilities Planning and Construction managed projects, included herewith as Attachment No. 16.

- VI. OPEN SESSION.—At approximately 8:57 a.m. the board continued in open session in the Matador Room, Second Floor, Room 227, Student Union Building,

15th and Akron Avenues, Lubbock, Texas, to consider items as the Committee of the Whole and Meeting of the Board.


- VI.A. TTUS, TTU, TTUHSC AND ASU: REPORT ON FY 2008 HUB EXPENDITURES.— Mr. Brunjes presented a report on Historically Underutilized Businesses, included herewith as Attachment No. 17.
- VI.B. SCHEDULE FOR BOARD MEETINGS.—Mr. Lock presented the following schedule for future board meetings: December 11-12, 2008, Lubbock; March 5-6, 2009; May 7-8, 2009; August 6-7, 2009; October 22-23, 2009; and December 17-18, 2009.
- VI.C. CHANCELLOR'S REPORT.—Chairman Dueser called on Chancellor Hance, who presented the Chancellor's Report, included herewith as Attachment No. 18.
- VI.D. THE PRESIDENT'S REPORT, TTU.—Chairman Dueser called on President Whitmore, who presented the President's Report, included herewith as Attachment No. 19.
 - VI.D.1 REPORT BY STUDENT GOVERNMENT ASSOCIATION, TTU.—Chairman Dueser called on Ms. Lee Bobbitt, president, Student Government Association, TTU, who presented a report from the Student Government Association included herewith as Attachment No. 20.
- VI.E. THE PRESIDENT'S REPORT, TTUHSC.—Chairman Dueser called on President Baldwin, who presented the President's Report, included herewith as Attachment No. 21.
 - VI.E.1. REPORT BY STUDENT GOVERNMENT ASSOCIATION, TTUHSC.— Chairman Dueser called on Mr. Rick Bliss, president, Student Government Association, TTUHSC, who presented a report from the Student Government Association included herewith as Attachment No. 22.
- VI.F. THE PRESIDENT'S REPORT, ASU.—Chairman Dueser called on President Rallo, who presented the President's Report, included herewith as Attachment No. 23.
 - VI.F.1 REPORT BY STUDENT GOVERNMENT ASSOCIATION, ASU—Chairman Dueser called on Mr. Seth Chomout, president, Student Government Association, ASU, who presented a report from the Student Government Association included herewith as Attachment No. 24.

- VII. EXECUTIVE SESSION.— At approximately 10:44 a.m., the board recessed and convened into Executive Session as authorized by Chapter 551 of the *Texas Government Code*.
- VIII. OPEN SESSION.—At approximately 1:19 p.m., the board continued in open session in the Matador Room, Second Floor, Room 227, Student Union Building, 15th and Akron Avenues, Lubbock, Texas, to consider items as a Committee of the Whole and Meeting of the Board.
- VIII.A. REPORT OF EXECUTIVE SESSION.—Chairman Dueser called on Vice Chair Anders to present motions regarding items discussed in Executive Session.
- Vice Chairman Anders announced there were two motions resulting from Executive Session.
- VIII.A.1. Vice Chairman Anders moved that the Board authorize Chancellor Hance to enter into a consulting agreement with Riposto Enterprises LLC to provide communications, public relations, marketing, advertising and general business development as it relates to the Texas Tech University System initiatives. That such agreement be within the parameters discussed in executive session. The motion was seconded, and passed unanimously.
- VIII.A.2. Vice Chairman Anders moved that the chancellor be authorized to conclude the donation, negotiations and accept a gift to Texas Tech University and upon successful completion of the negotiations the naming of an academic unit of the University be authorized within the parameters set forth in executive session. The motion was seconded, and passed unanimously.
- VIII.B. CHAIRMAN'S ANNOUNCEMENTS.—There were no announcements.
- XIII. ADJOURNMENT.—Chairman Dueser moved that the meeting be adjourned. The motion was seconded and passed unanimously. The meeting adjourned at approximately 1:21 p.m.

INDEX OF ATTACHMENTS

Attachment 1	ASU Revised Admission Requirements
Attachment 2	TTUHSC Garrison Center PowerPoint
Attachment 3	TTU Enrollment Statistics PowerPoint
Attachment 4	TTU Incentive Funding
Attachment 5	Hammond Associates TTUS Report
Attachment 6	Hammond Associates Research Report Fall 2008
Attachment 7	Carr Foundation Investment Performance Summary
Attachment 8	TTUS Revenue Finance System Update
Attachment 9	TTUS Ratings Update
Attachment 10	TTUS Prioritized Audit Plan FY 09
Attachment 11	ASU Stage 1 Design Budget and use of Revenue Finance System for the Porter Henderson Library Information Commons Renovation PowerPoint
Attachment 12	ASU Stage 1 Design Budget and use of Revenue Finance System for the Center for Human Performance Addition Project PowerPoint
Attachment 13	ASU Stage 1 Design Budget and use of Revenue Finance System for the new Plaza Verde Residence Hall project PowerPoint
Attachment 14	ASU Construction Project and use of the Revenue Finance System for the University Hall Demolition Project PowerPoint
Attachment 15	TTU Construction Project to Replace the Windows in Horn and Knapp Halls
Attachment 16	TTUS Bricks and Mortar Report
Attachment 17	TTUS HUB Report FY 2008
Attachment 18	TTUS Chancellor's Report
Attachment 19	TTU President's Report
Attachment 20	TTU SGA President's Report
Attachment 21	TTUHSC President's Report
Attachment 22	TTUHSC SGA President's Report
Attachment 23	ASU President's Report
Attachment 24	ASU SGA President's Report

I, Ben Lock, the duly appointed and qualified Secretary of the Board of Regents, hereby certify that the above and foregoing is a true and correct copy of the Minutes of the Texas Tech University System Board of Regents meeting on October 31, 2008.



Ben Lock
Secretary

Seal