

**MINUTES
UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS MEETING**

Wednesday, January 30, 2013 – The members of the Board of Regents of the University of Houston System convened at 1:00 p.m. on Wednesday, January 30, 2013, at the University of Houston, Waldorf Astoria Ballroom E, Second Floor, 4800 Calhoun, Houston, Texas, with the following members participating:

ATTENDANCE –

Present

Nelda Luce Blair, Chairman
Jarvis V. Hollingsworth, Vice Chair
Tilman J. Fertitta, Secretary
Spencer D. Armour III, Regent
Nandita V. Berry, Regent
Mica Mosbacher, Regent
Roger F. Welder, Regent
Welcome W. Wilson, Jr., Regent
Gage A. Raba, Student Regent, nonvoting

Member(s) Absent

Jacob M. Monty, Regent

In accordance with a notice being timely posted with the Secretary of State and there being a quorum in attendance, Chair of the Board, Nelda Luce Blair called the meeting to order. The first action item presented to the board was the approval of minutes from the August 15, 2012 meeting.

AGENDA ITEMS

1. Approval of Minutes – Item D:

On motion of Regent Welder seconded by Regent Mosbacher, and by a unanimous vote of the regents in attendance, the following minutes from the meeting listed below were approved:

- August 15, 2012, Board of Regents Meeting

After the minutes were approved by the board, Chair Blair stated she would take the agenda out of order and moved to Item BOR-A, University of Houston Faculty Senate President will give a presentation on the vision for the UH Faculty Senate for FY2013- University of Houston.

Mr. Steve Wallace, President of the UH Faculty Senate, introduced to the Board the new President-Elect of the Faculty Senate, Maria Soliño. Mr. Wallace stated they were both pleased

to be able to continue the tradition of a positive working relationship the Faculty Senate has with the Board of Regents, Chancellor Khator, and members of her leadership team. Below is a summary of Mr. Wallace's presentation given to the board.

- Much of his perspective has been drawn from his background of being at and working with administrations at Florida State University, the University of Oklahoma, and other institutions where he has worked. He has served as an Assistant Provost, Dean, Director, and Chairman of multidisciplinary arts and communications programs. His private sector business experience comes from spending almost 10 years in the Film and Television industry in LA.
- He has always viewed a university as a business. A university's product is education and research. Education is the foundation of our work; our colleagues in Research and the Sciences in many ways represent the R&D-arm of our business. Through technology and real-time access, research now also extends far beyond the hard sciences into business, social sciences, and humanities, and even the arts.
- When he and others went to college, our teachers would communicate with a fairly small number of other colleagues in their area of research by traveling to annual conferences, by mail or through publications. The contemporary educator and researcher of today can now connect to hundreds of thousands of other colleagues working in the same field. That alone makes Education and Research a global endeavor, a global business.
- He stated he has no doubt that colleges and universities throughout the world will have to eventually re-work their business model in order to stay competitive in this global industry.
- We have to become more entrepreneurial and opportunistic, more efficient and effective, more competitive and assertive in the marketplace. Frankly, that has to start in-house. This may be a daunting challenge for all of us working inside of an institutionalized, educational system that is almost a "way-of-life" based on hundreds of years of conventions and traditions.
- At the same time, he and his colleagues work in fields that have to constantly have to re-invent themselves. The very nature of our research work is to invent and reinvent. How do we apply the same principals to the way we organize and operate this educational business that is – in his mind – one of our current challenges.
- If we look at the future student graduating from UH, we know that they will need to be fluent in many different ways of communicating with American and international industries; be culturally and intellectually able to fit into many societies and philosophies; have the ability to extrapolate from their own base of knowledge; and seek collaboration and connections with other disciplines and thoughts. The University of Houston can be the University that trains that kind of global thinker.
- Therefore, he believes that our International Education program could and should be second to none. He encouraged us to select our peer institutions not because we are located in Texas or by what UT or Tech or A&M accomplishes or decides alone, but select a global peer group led by Universities that are Tier One in their own nations and housed in London, Berlin, New Delhi, Sydney, Tokyo, and many other International centers.
- During his inaugural speech, he shared the following thoughts with his colleagues in the Faculty Senate:
 - He sees two events that are currently playing themselves out that would determine how far we can go and how we get there; events that would shape the future goals and aspirations of UH and the resources to achieve them.

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- One is very visible and public right now – the ongoing, bi-annual process of the Legislature of the State of Texas deciding the budget for Higher Education; and therefore, the budget that UH will be operating under for the next two years. We can expect it to be less than 20% of the overall costs it takes to operate a Tier One Research University.
- The other event, a less public one right now, is what we might call a “moment in time,” a milestone, a demarcation of sorts for UH – as our Chancellor is about to kick off the largest Capital Campaign in the history of the University. This development initiative and its ultimate success must be important to all of us because, in his opinion, it has the potential to shape the very structure and future of this University for many years to come.
- The difference between the funds we can expect from the State of Texas and the funds the University can generate on its own during its upcoming Capital Campaign is what he wants you to think of as **THE MARGIN OF EXCELLENCE**.
- This Margin of Excellence is the difference between an ordinary university and a Tier One research institution. It is the difference between good and excellent. Between where we are and where we need to go.
- The difference between other State Universities and a University that is located in the fourth largest city of the country, an international metropolis with one of the most diverse populations and corporations in our nation, one of America’s largest ports, two international airports and truly the “city different” in Texas and the Southwest Region.
- This should define our relationship with the community because we are the only four-year public Tier One institution in Houston, Harris County and this region.
- He and his colleagues in the Senate recognize fully that much of UH’s future growth and development is tied to the ambitions and needs of the City of Houston and Harris County. Therefore, it behooves us to reach out into the community and its public school systems, to create partnerships and working groups with corporations and city council, to share our research and expertise in the sciences and all the other areas of research and creative activities that we are engaged in, in order to benefit our community, the place where we live and where we raise our families.
- He believes strongly that with the help of this city and county, its international corporations and led by a University Chancellor who has national and international credentials that are unquestioned ---the goals of this Capital Campaign are in our grasp. We have the potential and opportunity to develop a financial foundation that allows UH to fund this Margin of Excellence for many years to come.
- We can only achieve that goal as a team, working together from BOR to every single faculty and staff member.
- Finally, the workforce on this campus does not just consist of its faculty. They are an important part but they are only a piece of a larger puzzle. UH’s workforce also consists of an incredibly talented, dedicated and loyal cohort of staff members. Mr. Wallace stated he could not accomplish his daily tasks as Director of the School of Theatre & Dance or President of the UH Faculty Senate without being surrounded and supported by staff colleagues who sometimes toil in the shadows of the system. This is a group of individuals who often times have dedicated their entire lives to the growth and well-being of this University and most importantly, of our students.
- It is a group easily forgotten when we give raises or acknowledge what is good and exciting about UH. It is also a group that has borne the brunt of recent budget cuts in the State. The UH

Faculty Senate wants to publicly acknowledge that our staff colleagues are also a large part and deserve credit for achieving and maintaining our Tier One status. We should all acknowledge their contributions and their importance in the daily life of this campus.

- Ladies and Gentlemen of the Board of Regents, Madam President, Provost Short and Dr. Carlucci, and guests, as President of the UH Faculty Senate the message from his colleagues was that we have achieved a lot, but we have a ways to go. This is not the time to rest on our laurels; let's work together, let's get started, building an international university in one of the premier cities in our country, stated Mr. Wallace.

This item was presented for information only and required no board action.

Chair Blair stated the agenda would be taken out of order and at 1:16 p.m., pursuant to Subchapter D of Chapter 551 of the Texas Government Code, which allows governing boards to meet in closed session, Chair Blair stated the Board would convene in Executive Session.

Executive Session Report

Chair Blair reconvened in Open Session at 2:36 p.m. and the following matters were addressed in Executive Session.

A Litigation Status Report and Legal Briefing were given by the General Counsel, Dona Cornell and gift donation was addressed by Ms. Eloise Dunn Stuhr.

There was no action taken from Executive Session.

Committee Reports:

Chair Blair stated the Committee Reports which lists the Consent Docket Agenda items considered and unanimously approved at each of the Board committee meetings would be given by each chair of the committees. It should be noted that after the Board had heard all of the committee reports, any regent may have requested an item be removed from the Consent Docket and individually considered pursuant to Board Bylaw 6.9.

Chair Blair announced in the absence of the Chair of Academic and Student Success Committee, Regent Jacob M. Monty, the first committee report would be given by the Vice Chair of the committee, Regent Roger F. Welder.

Academic and Student Success Committee Report – January 29, 2013

Regent Welder stated the Academic and Student Success Committee met on Tuesday, January 29, 2013, and unanimously approved the following items for submission on the Board's Consent Docket Agenda for final board approval:

1. Approval of University of Houston Honorary Degrees – University of Houston.

The four nominees for honorary degrees approved by the committee were:

- (a) Belle Johnson;
- (b) Edith Irby Jones;
- (c) James Parsons; and
- (d) Welcome W. Wilson, Sr.

- 2. Approval of Master of Science in Industrial Design degree at the University of Houston;
- 3. Approval of Master of Athletic Training degree at the University of Houston;
- 4. Approval of a Bachelor of Arts in Communication with a Concentration in Integrated Communication degree at the University of Houston; and
- 5. Approval of a Bachelor of Arts in World Cultures and Literature degree at the University of Houston.

This concluded the Academic and Student Success Committee Report.

The following committee report was addressed by the Chair of the Facilities, Construction and Master Planning Committee, Regent Tilman J. Fertitta.

Facilities, Construction and Master Planning Committee Report – January 28, 2013

Regent Fertitta stated the Facilities, Construction and Master Planning Committee met on Monday, January 28, 2013, and approved the following items for submission on the Board's Consent Docket Agenda for final board approval:

- 1. Approval, solely for scope and site, nothing to do with the design or financing, for the University of Houston-Downtown Parking Garage and Welcome Center – University of Houston-Downtown;
- 2. Approval of the naming of Building 1 at the University of Houston Energy Research Park to be named the Schlumberger Building; and
- 3. Approval is requested to update the University of Houston-Victoria master plan – University of Houston-Victoria.

This concluded the Facilities, Construction and Master Planning Committee Report.

The next committee report was presented by the Chair of the Endowment Management Committee, Regent Mica M. Mosbacher.

Endowment Management Committee Report – January 28, 2013

Regent Mosbacher stated the Endowment Management Committee met on Monday, January 28, 2013 and three (3) action items were presented to the committee requiring final Board approval.

They were:

1. Approval of the FY2013 University Advancement Endowment Assessment Rate of 1.5% - UH System; and
2. Annual review and approval of the UH System Investment Policy for Non-Endowed Funds – UH System.

Regent Mosbacher also reported that in addition to these two approvals, the committee heard recommendations from Cambridge Associates and approved the following private equity and hedge fund investments which did not require board approval. They were:

1. \$2.0 million investment in Live Oak Venture Partners I; and
2. \$3.0 million investment in TrueBridge-Kauffman Fellows Endowment III.

This concluded the Endowment Management Committee Report.

The following committee report was given by the Chair of the Audit and Compliance Committee, Regent Nandita V. Berry.

Audit and Compliance Committee Report – January 30, 2013

Regent Berry stated the Audit and Compliance Committee meeting was held earlier today, Wednesday, January 30, 2013, and all items presented before the committee were for information only; therefore, there were no items forwarded to the board for final board approval at the Board meeting.

The final committee report was addressed by the Chair of the Finance and Administration Committee, Regent Jarvis V. Hollingsworth.

Finance and Administration Committee Report – January 30, 2013

Regent Hollingsworth stated the Finance and Administration Committee met earlier in the day, Wednesday, January 30, 2013, and approved the following 13 items, a couple with amendments, to be placed on the Board's Consent Docket Agenda for final Board approval. They were:

1. Approval is requested to delegate authority to the Chancellor to negotiate and execute insurance contracts for FY2013 – UH System;
2. Approval is requested to delegate authority to the Chancellor to negotiate and execute a contract for providing electricity to all UHS components beginning January 1, 2014 when the contract expires – UH System;
3. Approval is requested to delegate authority to the Chancellor to negotiate and execute to purchase natural gas for UH and UH-Downtown beginning January 1, 2014 when the contract expires – UH System;

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4. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for banking and credit card processing services for the UH System;
5. Approval is requested to delegate authority to the Chancellor to negotiate and execute four contracts to provide cleaning services to UH buildings - UH;
6. Approval is requested to delegate authority to the Chancellor to negotiate and execute a contract amendment for lease space for UHS at Lone Star College-University Park – UH System;
7. Approval is requested to delegate authority to the Chancellor to negotiate and execute a ground lease for development of housing on university property on Calhoun Road – UH. The committee amended this item making the motion to grant the authority to the Chancellor to negotiate a contract to lease for the property and to bring it back to the Finance and Administration Committee at the Special Called Board of Regents meeting scheduled in March 2013;
8. Approval is requested to delegate authority to the Chancellor to negotiate and execute a contract amendment for providing office supplies to the University of Houston beginning September 1, 2013 when the current contract expires – UH;
9. Approval is requested to delegate authority to the Chancellor to negotiate and execute a contract for providing comprehensive facilities and event management services for the University of Houston athletic facilities – UH. The committee amended this item to delegate authority to the Chancellor to solicit and negotiate the agreement as part of the finance plan for providing comprehensive facilities and event services for the UH athletic facilities, which would come back to the committee for consideration at the Special Called Board of Regents meeting scheduled in March 2013 or at an earlier meeting if deemed appropriate by the administration;
10. Approval of changes to the voluntary and optional fees and charges for the University of Houston System universities – UH System;
11. Approval is requested to write off aged delinquent accounts and notes receivable for FY2012 – UH System;
12. Approval is requested to modify banking resolutions for the University of Houston-Clear Lake and the University of Houston-Victoria – UH System; and
13. Approval is requested to renew investment resolutions for the University of Houston System – UH System.

This concluded the Finance and Administration Committee Report.

At the conclusion of this committee report, pursuant to Board Bylaw 6.9, Chair Blair asked if any regent wished to remove any of the items from the various Committee Reports' Consent Docket Agendas. Regent Wilson, Jr. requested Item 7 listed in the Finance and Administration Committee Report, which had been amended to approve the authority to the Chancellor to negotiate a contract

lease for the property and to bring it back to the Finance and Administration Committee at the Special Called Board of Regents meeting scheduled in March 2013, be pulled for further discussion. Chair Blair stated this item would be pulled and moved to the regular docket. Chair Blair then requested a motion for the approval of all items presented in the Board's Consent Docket Agenda, unanimously approved by the committees, with the exception of Item 7 listed in the Finance and Administration Committee Report be approved by the board.

On motion of Regent Armour, seconded by Regent Welder, and by a unanimous vote of the regents in attendance, all items presented in the Board's Consent Docket Agenda, unanimously approved by the committees, with the exception of Item 7 listed in the Finance and Administration Committee Report, were approved by the Board.

After the approval of the Board's Consent Docket Agenda items, Chair Blair moved to Item 7 pulled from the Finance and Administration Committee Report by Regent Wilson, Jr. for further discussion.

Regent Wilson, Jr. asked the Chancellor to possibly form an ad hoc committee of the stakeholders to develop a Greek master plan or area plan and that way it would be easier for the Board to make spot-on decisions about what needs to be done at what location. Regent Wilson felt it was a fundamental part of our campus moving forward and we should have a plan in place.

On motion of Regent Wilson, Jr., seconded by Regent Hollingsworth, and by a unanimous vote of the regents in attendance, the item amended - to approve the authority to the Chancellor to negotiate a contract to lease for the property and to bring it back to the Finance and Administration Committee at the Special Called Board of Regents meeting scheduled in March 2013, was approved by the Board.

Chair Blair moved to the next item on the agenda, Item BOR-B, Presentation of the Preliminary Fiscal Year 2012 University of Houston System Annual Financial Summary – University of Houston System, Item B, BOR-B.

Dr. Carlucci introduced this item and presented the board with an overview of the results of operations (not capital), Annual Financial Report (AFR) for FY2012. A full report was presented at the Finance and Administration Committee earlier and the full report can be found on the Board's website at: <https://v3.boardbook.org/Public/PublicItemDownload.aspx?ik=33359036>.

Dr. Carlucci presented the board with a condensed summary of the AFR and below is a summary of his remarks.

- University of Houston System FY2012 Annual Financial Report Timeline was addressed.
- University of Houston System Combined FY2012 Results of Operations was presented.
Revenues – Totaled \$1,230.9 Million
 - Tuition and Fees – 42%
 - State Appropriations – 21%
 - Contracts and Grants – 16%
 - Other Operating – 12%
 - Endowment/Gifts – 5 %
 - HEAF/NRUF – 4%

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Expenses – Totaled \$1,119.6 Million (which exclude construction spending)

- Student Access and Success – 68%
- Infrastructure and Administration – 17%
- National Competitiveness – 11%
- Community Advancement – 4%
- University of Houston System Combined Analysis of Revenues – FY2009-FY2012 (\$ millions) was outlined as follows:
 - 2012 Budget as adopted by the Board on August 17, 2011 totaled - \$1,190.0 million
 - 2012 Actual budget totaled \$1,230.9 million.
 - The big difference between 2011 Actuals vs. 2012 Actuals was due to the decrease in State Appropriations (line 1) – FY 2011 totaled - \$274.4 million vs. FY2012 totaled - \$253.7 million.
 - HEAF / NRUF (line 2) – in FY2012 the university had more NRUF money than we had budgeted for.
 - Tuition and Fees (line 3) – We had enrollment growth of approximately 3% which accounts for some of that increase in revenue and some of that is also the enrollment growth generated both tuition and fee dollars.
 - Other Operating (line 4) – This is auxiliary income as well as interest income and any other self-supporting operations. The Intellectual Property revenue is also a piece of the difference between the budgeted and the operating. These four items are discretionary.
 - Designated items (lines 5 and 6) Contracts & Grants and Endowment/Gifts.
 - Total (line 7) – FY2012 – Budget was \$1,190.0 vs. FY 2012 Actual of \$1,230.9.
- University of Houston System Combined Analysis of Operating Expenses FY2009-FY2012 was addressed as follows:
 - FY2012 Budget as adopted by the Board on August 17, 2011 totaled \$1,190.0 million; the FY2012 Actual Budget was \$1,119.6 million.
 - Student Access and Success – FY2012 Budget - \$784.0 million; FY2012 Actual - \$764.8 million;
 - National Competitiveness – FY2012 Budget - \$142.1 million; FY2012 Actual - \$119.1 million;
 - Infrastructure and Administration – FY2012 Budget - \$228.7 million; FY2012 Actual - \$189.2 million; and
 - Community Advancement – FY2012 Budget - \$35.2 million; FY201 Actual - \$46.5 million.
- University of Houston Combined Analysis of Asset Balances FY2009 – FY2012 on August 31, 2012 (\$ Millions) was addressed as listed below.

		(\$Millions)			
		2009	2010	2011	2012
		<u>Actual</u>	<u>Actual</u>	<u>Actual.</u>	<u>Actual</u>
Assets					
1.	Cash, Appropriations & Investments	\$ 1,027.8	\$ 1,107.1	\$ 1,170.4	\$ 1,331.1
Consisting of:					
2	Cash & appropriation balances	189.7	139.4	145.2	112.7
3	Investment (includes Endowment)	838.1	967.7	1,025.2	1,218.4
4	Capital Assets, net of depreciation	<u>\$ 779.6</u>	<u>\$ 859.8</u>	<u>\$ 964.0</u>	<u>\$ 1,074.5</u>
Consisting of:					
5	Land	100.8	100.9	101.3	101.4
6	Construction in progress	47.2	96.0	174.6	163.9

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7	Buildings, facilities, infrastructure	528.6	529.2	514.0	637.7
8	Equipment, software, art, books	103.0	133.7	174.1	171.5
9	Other Assets	<u>\$ 818.3</u>	<u>\$ 954.7</u>	<u>\$ 900.4</u>	<u>\$ 1,099.1</u>
	Consisting of:				
10	Receivables (student, loans, & gifts)	97.7	159.0	150.6	176.6
11	Prepaid expenses	53.5	30.3	28.8	27.2
12	Assets held by other UHS components	662.9	722.9	681.3	823.8
13	Inventories, deferred charges	4.2	42.5	39.7	71.5
14.	Total Assets	<u>\$2,625.7</u>	<u>\$2,921.6</u>	<u>\$3,034.8</u>	<u>\$ 3,504.7</u>

- University of Houston Combined Analysis of Liability Balances and Equity Balances FY2009 – FY2012 on August 31, 2012 (\$ Millions) was addressed as listed below.

		(\$Millions)			
		2009	2010	2011	2012
		<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
	Liabilities				
1	Payables & Accrued Liabilities	<u>\$ 100.7</u>	<u>\$ 89.3</u>	<u>\$ 91.6</u>	<u>\$ 94.6</u>
	Consisting of:				
2	Accounts payable & accruals	43.7	29.2	27.9	30.5
3	Payroll payable	57.0	60.1	63.7	64.1
4	Bonds & Long Term Obligations	<u>\$ 629.4</u>	<u>\$ 712.4</u>	<u>\$ 724.5</u>	<u>\$ 909.2</u>
5	Other Liabilities	<u>\$ 856.8</u>	<u>\$ 937.8</u>	<u>\$ 902.7</u>	<u>\$ 1,052.2</u>
	Consisting of:				
6	Deferred Revenue	166.1	171.5	181.0	184.4
7	Deposits held for others	14.2	12.8	9.5	9.0
8	Assets held for UHS components	662.9	722.9	681.3	823.8
9	Other commitments & defer chg	13.6	30.6	30.9	35.0
10	Total Liabilities	<u>\$1,586.9</u>	<u>\$1,739.5</u>	<u>\$ 1718.8</u>	<u>\$ 2,056.0</u>
14.	Total Equity Balance	<u>\$1,038.8</u>	<u>\$1,182.1</u>	<u>\$1,316.0</u>	<u>\$ 1,448.7</u>

This item was presented for information only and required no board action.

Chair Blair moved to the next item listed on the agenda, the Approval of the Health Science Center at the University of Houston – Item C – BOR-C.

Chancellor Renu Khator presented this item requesting approval of the Health Science Center at the University of Houston. Over the years at the Board Retreats with the Board and the campus leaders, we have tried to envision what would be the future for the university and what would be needed to serve our community, our regions and our State, said Dr. Khator. We have always declared two rocks: (a) Energy and (b) Health.

In order to serve the community better, it was realized that the University of Houston provided a tremendous amount of work and health; however, we were not recognized as a player. What we would like to do is to synergize our efforts and have one voice for the central community; and therefore, it was recommended to the Board to allow the university to create a Health Science Center at the University of Houston. Dr. Khator brief the board on this initiative and below is a summary of her remarks.

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- The University of Houston enrolls over 11,000 students in 97 health-related degree programs.
- In 2011, UH conferred over 1,800 degrees in these fields, which represents 24% of the university's total degrees and 23% of the health degrees awarded in the region (more than any other single institution).
- In FY2012, the university's research awards in the health sciences totaled \$40.5 million (38% of total UH research), of which \$33.1 million were from the federal government. In addition, royalty income last year from two UH drugs – one to treat epilepsy, the other to treat cancer – was \$12 million, ranking UH 17th nationally among public universities for royalty income.
- The University of Houston has everything from education; to research; to commercialization; we do have a health footprint that is not known to the community and Dr. Khator feels that we are not living up to the challenge and the potential that we have.
- The university's clinical programs, including Optometry, Pharmacy, Clinical Psychology, Speech Language Pathology, and Social Work, treat over 30,000 patients annually and generate over \$3 million in revenue. With the opening of the new facilities and the new building of Biomedical Sciences, we believe that this portion of our service will grow substantially.
- Over the past several years, the university has been expanding the physical infrastructure needed to support its work in the health sciences.
- The new Health and Biomedical Sciences Building, which includes two floors of animal care facilities and an ambulatory surgical center, opened this fall adjacent to the College of Optometry.
- A new Pharmacy and Biomedical Sciences Building, which will double the college's existing capacity, is planned for the same part of campus. Our Pharmacy ranks in the top 50 in the nation; Social Work ranks in the top 36; Optometry ranks #1 or #2 depending on who you ask; and Psychology ranks in the top 5.
- We currently have over 60 programs where we collaborate with Baylor College of Medicine; several with Methodist; M.D. Anderson Center; and UTMB Health Sciences.
- The rationale for creating a UH Health Science Center was addressed by Dr. Khator as follows.
 - Address Regional and State Health Care Needs
Health care is the largest and fastest growing industry in Texas employing 1.3 million workers in more than 200 careers. The number of health care jobs in the state is expected to grow 44% over the next five years. Organizing the University of Houston's program and resources through a Health Science Center will enhance the university's ability to help meet this demand.
 - Spur Innovation in the Delivery of Health Care
The training of health care professionals and the delivery of health care services are moving away from the traditional medical school/doctor-patient model largely due to unsustainable costs and increased patient demand. We serve a very diverse population and there is now a need for more services that are customized for different groups because we know that not all groups receive medical information even though it may be very factual information in the same manner. We have the strength in that we have computational sciences; strength in imaging technology; and we have several core facilities.

- Create Opportunities for Synergy and Collaboration
Opportunities for innovation lie in collaborative interdisciplinary programs, yet health-related programs at UH often work independently of one another. Through a formal Health Science Center, UH will be better able to identify and support opportunities for collaboration both inside and outside of the university (particularly with the Texas Medical Center institutions).
 - Elevate the University's Visibility and Reputation as a Leader in the Health Sciences
The creation of a Health Science Center would enhance awareness in the community, the Texas Medical Center, and beyond of UH's role in the health sciences. We want to receive the credit where credit is due.
 - Further the University's Tier One Goals
Enhanced visibility, reputation, and innovation in the health sciences would enable UH to recruit and retain high-quality faculty and students and increase research productivity, all of which support the university's Tier One goals.
 - Increase the University's Resources
As funding for higher education becomes increasingly scarce, universities must develop alternative means of securing resources. A Health Science Center would position UH to increase tuition dollars through expanded enrollment in professional training programs, federal dollars through innovative research programs, and third-party payments for clinical services.
- The proposed Health Science Center would be a university-level center and a UH center. It would be focused on program development, coordination and partnerships. We are not creating a separate state agency; we are not creating a separate campus; it would be a part of the University of Houston.
 - We will build on existing programs. Under the affordable care act, there will be many more, first-level health care providers who will be needed. It is very clear from Research that the medical schools cannot produce enough doctors to do that; and therefore, the industry will be looking at physician assistants, nurse practitioners, or some other mode of delivery of the first medical care.
 - UH offers many different courses across many different colleges that we can pull together and we can launch some of these programs very quickly.
 - We want to make certain that it is a self-sustaining program. We have not asked the legislature for any funds nor do we intend to do so. All we are doing is consolidating our management, consolidating our efforts and providing one-point shop for external entities.
 - The UH System Board of Regents' approval is required in order to move to the next step which is to go to the legislature for approval. Given the large number of issues and competing priorities confronting the university's legislative delegation, support from the UH System Board of Regents during the session will be needed if UH is to move this initiative forward. If legislative approval is secured, the university would plan for an official launch of the health science center in FY2014. A lengthy discussion followed.

On motion of Regent Armour, seconded by Regent Mosbacher, and by a unanimous vote of the regents in attendance, the approval of the Health Science Center was approved.

Chancellor's Report

Chancellor Renu Khator presented a UH System-wide report to the Board and below is a brief summary of Dr. Khator's remarks:

University of Houston System-wide Achievements:

- The four UH System universities awarded a record number of degrees – 5,454 – at seven winter commencement ceremonies. A trend for the last five years was shown.
- An agreement has been reached between the UH System and Houston Community College-Katy to relocate all undergraduate programs offered at Cinco Ranch to the HCC-Katy campus. Co-locating programs, advising, and support services will ease the transfer of HCC students into our UHS programs. Graduate programs will now expand at Cinco Ranch, which will transition into a UHS graduate/professional center.
- A UHS-wide committee has been formed to develop a web portal with information about all UHS's 50-plus online degrees. By August 2012, the website will go live and provide prospective students with admissions information.

University of Houston

- Bonnie Dunbar, a former astronaut who graduated from UH in 1983 with an engineering Ph.D., will join the Cullen College of Engineering faculty and lead a new UH center to promote and foster STEM education. Dr. Dunbar, a member of the National Academy of Engineering and veteran of five Space Shuttle flights, will direct efforts to build upon UH's STEM programs and leverage their success in the larger K-12 community.
- The number of Fall 2013 applications numbered 18,718, up 3% over the number received for Fall 2012 at this time last year. The quality of the pool is higher as well. The Fall 2012 to Spring 2013 retention rate is 95.3%, up from 94.3% from Fall 2011 to Spring 2012. As UH continues to transform into a more residential campus, it was reported that a Spring 2013 occupancy of 96%, a 4% increase over Spring 2013.
- The university is currently conducting faculty searches for 106 new positions.
- Steve Wallace, current President of the Faculty Senate and Director of the School of Theatre and Dance co-directed the "*Hit-Lit*" comedy with actor/director/writer/producer, Robert Wuhl. It was a phenomenal show and an outstanding play! Two UH students also had the incredible opportunity to go to New York at the request of Mr. Wuhl to perform in the *Hit-Lit* play.
- The Moores School of Music has grown into a respected school, nationally and internationally. Part of this success is the International Piano Festival, celebrating its 30th anniversary this year, and hosted by the school on campus. Its founder, Cullen Distinguished Professor Abbey Simon, still teaches and performs at age 91! He is regarded as one of the world's most recorded classical piano virtuosos.

University of Houston-Clear Lake

- The Board of Trustees of the Commission on Colleges of the Southern Association of Colleges and Schools (SACS) voted on December 10, 2012, to reaffirm the accreditation of UH-Clear Lake. SACS reaffirms accreditation every 10 years. UHCL was originally accredited in by SACS in 1976, just two years after the university was established.

University of Houston System

- UHCL wrapped up a mascot search process by selecting a hawk. The new logo art reflects attributes such as courage, spirit, and adventure, as well as the natural beauty of the campus and a historical relationship with the UHCL Alumni Association's hawk logo from the 1980s.
- UHCL will host its first freshman event in early February 2013 in anticipation of welcoming its first freshman class in Fall 2014. The "Hawk Premiere" will feature campus tours, presentations by representatives from student organizations as well as opportunities to visit with academic advisors and financial aid staff members.

University of Houston-Downtown

- UH-Downtown experienced a record-breaking enrollment of 13,916 students in Fall 2013. Total UHD enrollment was comprised of 40% Hispanic, 27% African American, 9% Asian and 20% White. More than 26% of fall semester credit hours were offered through online and hybrid courses, helping to spur enrollment growth.
- UHD received a \$2.4 million, five-year grant from the U.S. Department of Education for its Upward Bound program, which provides academic and social skills instruction to high school students. The program, in its 31st year, has provided nearly 3,000 students from the Houston Independent School District with individualized training in mathematics, laboratory science, composition, literature, and languages.
- UHD is one of nearly 500 universities partnering with the Association of Public and Land Grant Universities and the American Association of State and College Universities to take part in the organizations' "Project Degree Completion" initiative, which aims to increase the number of degree completions nationwide.

University of Houston-Victoria

- UH-Victoria has been named the third fastest-growing public master's institution in the nation over the last decade. According to *The Chronicle of Higher Education*, total UHV student population grew from 1,698 in Fall 200 to 4,095 in Fall 2010, a growth rate of an astonishing 141% - the highest in Texas! UHV enrollment has continued to rise, reaching 4,335 in Fall 2013.
- UHV was introduced a \$10,000 accelerated bachelor's degree program that started this semester. The new \$10,000 "Degree in Three," also known as the \$10,000 Dn3, is available to full-time students who complete their bachelor's degree in three years. Degrees are offered in English, history, communication, psychology, Spanish, and criminal justice. Students pay only \$9,999 or less thanks to UHV's low tuition and fees, federal Pell Grants, Texas grants, and UHV continuation scholarships.
- The UHV School of Nursing became the 53rd member institution of the Texas Medical Center in November. Because the UHV School of Nursing is the only nursing school in the UH System, students at all teaching sites now have expanded access to do their required clinicals as well as research, service, networking and career opportunities.

A copy of the Chancellor's Report has been filed in the Board office. This item was for information only and required no board action.

Chair's Report

Chair Blair announced that she and the Chancellor had been in Austin the day before, January 29, 2013, to give testimony before the Senate Finance Committee; and following their testimony, the Chairman of the Senate Finance Committee had text Chair Blair to say how great their testimony

had been. This legislature for UH has been quite different. Our good fortune and our good works precede us there, said Chair Blair, so that is one of the reasons UH is not having a problem with legislators; they are very excited about the moves we are taking and the things we are asking. Their attitudes are very positive, and Chair Blair believes that we are taken, not only very seriously, but with excitement with what we have going on. We have positive support not only from our legislators but from other legislators as well. It is very gratifying; the recognition and the welcome we are getting from the Legislature. Chair Blair asked the board members to please thank your own legislators when you have the opportunity to do so.

Chair Blair mentioned that the iPads are now available for each regent's use at the committee/board meetings and will be the equipment to depend on for all committee/board materials in the future. If any regent has a question on the use of their iPad, the Board office staff is always available to assist you in any way possible. The board materials will now be sent via a link to each regent so hard copies of the board packages will no longer be available.

Information Only

Chair Blair stated one (1) individual had signed up for Open Forum.

1. Mr. Daniel Arp, from UH-Downtown, addressed the board on the inaction of boards on men's issues, which undermines one of the chief and stated values of the university community and of the board's bylaws, oaths board members take or that they claim adherence to, and the phoniness of the entire equality movement with respect to the Selective Service.

There being no further action to come before the Board the meeting adjourned at 3:25 p.m.

All documentation submitted to the Board in support of the foregoing action items, including but not limited to "Passed" agenda items and supporting documentation presented to the Board, is incorporated herein and made a part of these minutes for all purposes; however, this does not constitute a waiver of any privileges contained herein.

Others Present:

Renu Khator
Carl Carlucci
Paula Myrick Short
Dona Cornell
Rathindra Bose
Elwyn Lee
Eloise Dunn Stuhr
Richard Walker

Don Guyton
Wayne Beran
Chris Stanich
Craig Ness
Steve Wallace
Katherine Peek
Amanda Hilow
Emily Messa

Carl Stockton
Karen Clarke
Caesar Moore
Troy Golden
Daniel Arp
Maribel Salazar
David Ellis
Valerie Coleman

University of Houston System

Others Present (cont'd)

Bill Flores
Bill Staples
Ed Hugetz
Maria Soliño
Ed Jones
Marquette Hobbs

David Bradley
Dan Wells
Mark Clarke
Sean York
Jon Aldrich
Brenda Robles

Malcolm Davis
Mike Emery
Raymond Bartlett
Richard Bonnin
Minh Dam
Gerry Mathisen