

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

Wednesday, August 15, 2012 – The members of the Board of Regents of the University of Houston System convened at 1:06 p.m. on Wednesday, August 15, 2012, at the University of Houston, Conrad Hilton Ballroom, Second Floor, 4800 Calhoun, Houston, Texas, with the following members participating:

ATTENDANCE –

Present

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

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 and announced that there would be several items taken out of order on the agenda. Prior to the meeting getting underway, Chair Blair asked Chancellor Renu Khator to introduce some special guests who were present at the meeting.

1. Dr. Durga D. Agrawal, Board Member, Texas Higher Education Coordinating Board;
2. Dr. Raymund A. Paredes, Commissioner of Higher Education, Texas Higher Education Coordinating Board, Austin, Texas; and
3. Mr. James Thompson, Mayor of Sugar Land, Texas

AGENDA ITEMS

Chair Blair introduced the first action item on the agenda, the approval of minutes.

1. Approval of Minutes – Item D:

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

- May 16, 2012, Board of Regents Meeting

After the minutes were approved by the board, Chair Blair moved to Item B, Demonstration of nationally acclaimed research by Dr. Jose Luis Contreras-Vidal, Director of Laboratory for Non-Invasive Brain-Machine Interface Systems – University of Houston System, Item B, BOR-B1.

Dr. Rathindra Bose, Vice Chancellor for Research and Technology Transfer, proudly introduced Dr. Jose Luis Contreras-Vidal, a rising star in the Department of Electrical and Computer Engineering. Dr. Contreras-Vidal has been working in an area that is interfaced between neurology, computer science and modern functions. Dr. Contreras-Vidal has invented a non-invasive way on how our brain functions really control all of our modern functions. Dr. Contreras-Vidal's early education was from Mexico; he received his Master's degree from the University of Colorado; and his Ph.D. from Boston University. Dr. Contreras-Vidal gave a brief demonstration to the board on a brain machine which showed how the brain controls modern functions, in this case shown - artificial limbs.

Dr. Contreras-Vidal and his team provided a demonstration to the board and below is a summary of his comments.

- It is important for society to help individuals with disabilities by increasing independence and modern functions.
- There are approximately 6,000,000 people in the United States alone with paralysis. Of this number, 29% are caused by strokes; 23% - spinal cord injury; 17% - multiple sclerosis; 7% - cerebral palsy; 5% post-polio syndrome; 4% neurofibromatosis; 4% traumatic brain injury; 2% unspecified birth defects; and 9% other.
- Paralysis leads to multiple secondary disabilities, such as: spasticity; hip, knee and ankle contractures; heterotopic ossification of lower extremity joints; frequent urinary tract infection; reduced heart and circulatory function; and pressure sores.
- Socioeconomic burden of spinal cord injury (SCI) is high.
- The vision of Dr. Contreras-Vidal and his team is to develop intelligent robotics that will:
 - Innovate and accelerate rehabilitation;
 - Increase function (quality of life and well-being); and
 - Reverse-engineer the brain.
- A very sophisticated, robotic lower-limb skeleton (REX) was demonstrated which is the only one in this part of the United States that is able to walk, turn, climb stairs, stand up and sit down: basic functions of mobility.

A live demonstration followed Dr. Contreras-Vidal's powerpoint presentation; and the board had numerous questions and comments which were addressed following the demonstration.

The Board and Dr. Bose thanked Dr. Contreras-Vidal and his team for their vision and truly inspiring and exciting demonstration.

A complete copy of Dr. Contreras-Vidal's powerpoint presentation has been filed in the Board office and may also be found at the following link: <http://www.uhsa.uh.edu/board-of-regents/documents/committee-board/081512BORItems/BOR-B2.pdf#BOR-B2>.

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

Chair Blair moved to the next item taken out of order, Item G, Presentation on Meeting the Goals of Closing the Gaps by 2015 and Planning for the Future – University of Houston System, Item G – BOR-G6 and asked Dr. Raymund Paredes, Commissioner of the Texas Higher Education Coordinating Board (THECB) to present this item.

Dr. Raymund Paredes, Commissioner for the Texas Higher Education Coordinating Board (THECB) gave a presentation on the *Progress on Closing the Gaps and A Look Ahead to the 83rd Legislative Session*. Below is a summary of Dr. Paredes's comments.

- The THECB is focused on their higher education initiative in Texas called “Closing the Gaps” by 2015. There are four key goals:
 - Participation which means increasing the number of students attending college in Texas;
 - Success - the number of students completing credentials;
 - Research – increase expenditures; and
 - Overall quality of the institution.
- The “Closing the Gaps” initiative was launched in 2000.
- Texas has increased enrollments significantly and are well on pace to meet or exceed their overall goal by 2015.
- Since 2000, enrollments have increased 53%.
- By 2015, Texas has set a goal of awarding 210,000 degrees and certificates each year.
- In 2010, Texas was on track to meet this annual threshold; however, while Texas has made significant gains, we are not making progress enough to keep up with the rest of the industrialized world – our true competitors in the new global economy.
- UH System institutions of higher education have significantly increased enrollment and the number of students completing postsecondary programs.
- Increasing enrollments at the UH System means little if we do not also increase the number of students who complete programs, particularly in fields that support our regional economic development efforts.
- At the University of Houston, research expenditures have increased 53% over the last decade.
- Texas faces some challenges, such as too many of our students are taking far too long, and far too many classes than required to earn their four-year or two-year degree. The longer a student takes to earn a degree, the less likely they are to complete and, more importantly, the less quickly they are able to enter the workforce. The more credits a student takes, the higher the cost to not only the state, but also the student – often in the form of additional loans which equates to higher loan payments over more time.
- Hispanic enrollments have improved, but not fast enough. The percentage of the Hispanic population enrolled in higher education was as follows:
 - (a) females – 5.6%; (b) males – 3.8%; and the goal is 5.7%.
- African American enrollments are exceeding goals, but males lag. The percentage of the African American population enrolled in higher education was as follows:
 - (a) females – 8.7%; (b) males – 5.3%; and the goal is 5.7%.
- Postsecondary completions for Hispanics and African Americans continue to trail.
- In the Science, Technology, Engineering and Math (STEM) field degrees are well below targets, but up 35% since bottoming out in 2007.
- Since 2000, UH System has increased undergraduate STEM awards by 28%.
- In terms of our education pipeline, Texas is not producing enough certified teachers to meet public school demand, particularly among Math and Science teachers which are critical for creating and sustaining momentum in STEM fields.
- The THECB created a plan to accelerate progress towards “Closing the Gaps” by 2015 and has drafted a Statewide Vision for 2030.

- Prior to 2015, the THECB will emphasize to stakeholders that “achieving the goals of “Closing the Ggaps” brings Texas to a place of national parity, a milestone along the path to the 2030 vision of national and international leadership.”
- In 1973, only 28% of all jobs in the United States required some postsecondary education.
- According to the Center on Education and the Workforce, 63% of all jobs will require postsecondary education by 2018, including 58% of all manufacturing jobs in the United States.
- The 21st century workforce will require more education/skills, not less, and the competition globally will be tough. These projections are a key reason why the THECB is pursuing funding strategies and other higher education initiatives designed to better align higher education with the workforce and boost the production of postsecondary educated workers.
- The United States is projected to have a mismatch between future jobs and workforce skill/education.
- Texas needs to significantly increase the number of workers with postsecondary education and skill training if we are to meet the future job demands. If we fail to do this, we risk losing these jobs to other nations who can accommodate the skill and education requirements.
- Texas and the nation exceed educational attainment rates of key global peers above 45 years of age and higher, but falling behind among younger cohorts.
- The 25-34 year old cohort will dominate international economy over the next three decades. If Texas and the Nation do not reverse this trend, we will not be able to compete economically. According to the Obama Administration, the U.S. college degree attainment rate must be increased from 40 to 60%. This equates to 10 million additional Americans ages 25-34 with an associate or baccalaureate degree (includes 8 million beyond projected growth). Texas alone will need an additional 4.1 million associate and bachelor’s degrees by the year 2030 to reach the internationally accepted goal of 60% of the workforce with higher education attainment.
- During the interim before the 83rd Legislative Session, we must explore together new strategies and initiatives to improve productivity, efficiency, and establish a policy framework for becoming a national leader and global competitor.
- The THECB is working on a number of key initiatives:
 - Expanding Access to Higher Education
 1. Restructuring Financial Aid
 2. Low-cost degrees
 3. Institutionalizing LEAN culture of continuous improvement
 4. Strengthening community colleges, including improving transfer and aligning outcomes with workforce needs
 - Sustaining collaboration with P-12
 1. College Readiness
 2. Professional Development for Teachers
 - Improving higher education outcomes
 1. Reinventing Developmental Education/ABE
 2. Outcomes-based Funding for Institutions
- Texas has one of the fastest growing and most diverse population in the country.

- The THECB vision for the next generation of learners will require “disruptive innovation.” Disruptive innovation is a business theory that considers how technology can change an organization, sector or industry. Disruptive innovation theory makes a distinction between sustaining innovation and disruptive innovation. Sustaining innovation is when technology is applied in a way that makes it easier to deploy people and processes to better serve existing customers.
- In contrast, disruptive innovation is when technology is applied in a way that creates a simpler, more affordable product for a new group of customers who, in most cases, were not buying (or succeeding in) the traditional offering. Disruptive innovation is essential for engaging the next generation of learners.
- Integrating competency based learning models and leveraging digital resources, innovative teaching techniques, and online delivery will be key to engaging the next generation of learners.
- EDUCAUSE, a national center for applied research that helps lead, manage, and use information technology to shape strategic IT decisions at every level within higher education released its 2011 national survey of undergraduates and technology. The survey found that 43% of students agree their institution needs more technology and only 22% (only 1 in 4) strongly agree their institution uses the technology it has effectively.
- The THECB released the 2nd Annual Public Higher Education Almanac which provides the most relevant data of every public institution in Texas. It is available online at www.thecb.state.tx.us/almanac.

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

Following this presentation, Chair Blair announced that the agenda would be taken out of order and stated the Finance and Administration Committee Report would be heard.

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.

Finance and Administration Committee Report – August 15, 2012

Regent Hollingsworth stated the Finance and Administration Committee met earlier in the day and eight (8) action items were presented to the committee for consideration. The committee unanimously approved all eight (8) items, but only seven (7) items were placed on the Board’s Consent Docket Agenda for final Board approval. They were as follows:

1. Approval is requested for ratification of the restoration and recovery services agreement and extension with Cotton Commercial USA, Inc. for the University of Houston System;
2. Approval is requested to purchase campus-wide Microsoft licenses for the University of Houston;
3. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts with Taconic Farms not to exceed \$1.7 million – University of Houston;

4. Approval is requested to delegate authority to the Chancellor to negotiate and execute a contract with Groome Transportation for providing shuttle bus service to the University of Houston not to exceed \$12 million – University of Houston;

The fifth item below which was also on the Board's main agenda was introduced as follows.

5. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to \$85 million for the design and construction of Phase One of the New Football Stadium at the University of Houston.

Regent Hollingsworth highlighted the remaining three (3) items for the board because of the special guests in attendance and how they all relate to the development of the University of Houston-Sugar Land. Regent Hollingsworth introduced the special guests in attendance as follows:

- Mr. James Thompson, Mayor of Sugar Land, who gave brief remarks.
- Mr. Allan Bogard, City Manager of Sugar Land;
- Mr. Jim Browne, Director of Parks and Recreation; and
- Mr. Alan Chevrolet, CEO of TimeGate

The three (3) items approved by the committee relating to UH-Sugar Land were as follows:

6. Approval is requested to delegate authority to the Chancellor to negotiate and execute Amendment No.1 to Ground Lease Agreement between University of Houston System and Sugar Land 4B Corporation – University of Houston;
7. Approval is requested to delegate authority to the Chancellor to negotiate and execute a ground lease between UHS, through its Center for Industrial Partnerships, with a Special Purpose Entity, of approximately 5 acres at UH Sugar Land for technology development and educational programs –University of Houston; and
8. Approval is requested to delegate authority to the Chancellor to negotiate and execute a lease between UHS Center for Industrial Partnerships and Special Purpose Entity for Center to lease approximately 47,000 square feet of 60,000 square foot building to be constructed for technology development and educational programs – University of Houston.

At the conclusion of Regent Hollingsworth's committee report, Chair Blair requested that the board address No. 5 above concerning the request to delegate authority to the Chancellor to negotiate and execute contracts up to \$85 million for the design and construction of Phase One of the new football stadium. Regent Hollingsworth stated this had been approved by the committee earlier, but Mr. Mack Rhoades, Vice President for Athletics was requested to give brief remarks on this issue.

Mr. Rhoades updated the board on the progress of the new football stadium. A brief summary of Mr. Rhoades' remarks are as follows:

- The completion date for the new football stadium is scheduled for August 2014;
- The architects have been selected as follows:
 - Page Sutherland Page, a local group;
 - DLR group, a national firm;
 - Manhattan Construction, construction manager.

All three of these firms have extensive background in terms of athletic facilities in terms of both college and professional.

- Currently in the schematic design phase, approximately 20% is completed. Pricing on the schematic design is expected by the end of August 2012.
- We are on target for the total project costs of \$105.0 million.
- In December 2012, demolition will begin of Robertson Stadium which will take approximately 6-8 weeks.
- Groundbreaking with the stadium will begin sometime in January or February 2013.
- Total capacity will be 40,000 but we are planning and providing infrastructure for a 60,000 seat stadium.
- Of the total capacity, a goal of 10% in terms of our premium seating areas and we have exceeded that number with 5,100; a total of 24 suites; 782 club seats; and the loge boxes seating capacity is approximately 176, with additional premium seating of approximately 3,700.
- Field surface is currently pending. We are waiting to more thoroughly vet a study that was recently released in terms of injuries with synthetic surfaces. Initially, the thought was to put a synthetic surface down because it is more efficient in terms of use and maintenance but we need to vet the study before a final decision is made.
- The field level will be 25 feet below the main concourse.

This concluded Mr. Rhoades' remarks and the Finance and Administration Committee Report.

Chair Blair called for a motion for the approval to delegate authority to the Chancellor to negotiate and execute contracts up to \$85.0 million for the design and construction of Phase One of the new football stadium at the University of Houston.

On motion of Regent Armour, seconded by Regent Fertitta, and by a unanimous vote of the board, the request to delegate authority to the Chancellor to negotiate and execute contracts up to \$85.0 million for the design and construction of Phase One of the new football stadium at the University of Houston was approved.

At 2:35 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 3:40 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 property and personnel matters were addressed.

There was one action item from Executive Session for board approval.

On motion of Regent Fertitta, seconded by Regent Hollingsworth and by a unanimous vote of the board, the request to delegate to the Chair of the Board the authority to negotiate and execute a new three-year contract for Dr. Renu Khator, Chancellor, for September 1, 2012 to August 31, 2015 was approved. There was no further action taken from Executive Session.

Chancellor Khator thanked the Board for their confidence stating what a blessing it has been to be in the State of Texas, definitely in Houston, and at the University of Houston. She stated it was a pleasure to work with the Board and having the opportunity to learn from them. By the Board extending her contract, it meant that all the hard work, direction and success of the faculty and staff were validated; and that at the end of the day, it was all about the students. Chancellor Khator stated that seeing their smiles and successes made it all worthwhile!

On behalf of the entire board, Chair Blair stated they were very much behind the chancellor and were so appreciative of her efforts and reign.

Committee Reports (cont'd)

Chair Blair announced that the next committee report would be given by the Vice Chair of the Academic and Student Success Committee, Regent Roger F. Welder.

Academic and Student Success Committee Report – August 14, 2012

Regent Welder stated the Academic and Student Success Committee met on Tuesday, August 14, 2012 and unanimously approved the following two (2) items for submission on the Board's Consent Docket Agenda for final board approval:

1. Approval of Admission Standards for Freshmen at the University of Houston-Clear Lake – University of Houston-Clear Lake.
2. Approval is requested for a Declaration of Higher Educational Purpose related to the City of Sugar Land's development and use of 52 acres, leased by UHS to the Sugar Land 4B Corporation, for a Theater and Festival complex – University of Houston.

This concluded the Academic and Student Success Committee Report.

Chair Blair stated the next committee report would be given by the Chair of the Facilities, Construction and Master Planning Committee, Regent Tilman J. Fertitta.

Facilities, Construction and Master Planning Committee – August 14, 2012

Regent Fertitta stated the Facilities, Construction and Master Planning Committee met on Tuesday, August 14, 2012 and unanimously approved the following two (2) items for submission on the Board's Consent Docket Agenda for final board approval:

1. Approval is requested to update the University of Houston-Sugar Land Campus Plan – University of Houston; and
2. Approval is requested to delegate authority to the Chancellor to negotiate and execute a Facilities Development Agreement with the City of Sugar Land to allow for the development of basic infrastructure required for the future development of their leased property – University of Houston.

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

The next committee report would be given by the Vice Chair of the Endowment Management Committee, Regent Jarvis V. Hollingsworth.

Endowment Management Committee Report – August 14, 2012

Regent Hollingsworth stated the Endowment Management Committee met on Tuesday, August 14, 2012 and unanimously approved the following three (3) action items presented to the committee that would require final Board approval today:

1. Approval is requested to liquidate the Charles John Quinones Endowment and transfer the proceeds to an operating account at the University of Houston;
2. Approval is requested to liquidate the Sarah and Geoffrey Scholarship Endowment and transfer the proceeds to an operating account at the University of Houston; and
3. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the sale of UH property in a residential area adjacent to the Texas Medical Center at or above the current appraised value of \$11 million – University of Houston System.

In addition, the committee heard recommendations from Cambridge Associates and approved the following hedge fund and private equity investments which do not require board approval:

1. A full redemption from the Taconic Opportunity Fund;
2. A new \$6.0 million investment in the Senator Global Opportunity Fund;
3. A \$8.0 million investment in the BlueCredit AllBlue Fund;
4. A \$1.0 million addition to the HBK Offshore Fund II; and
5. \$4.0 million to Silver Lake Partners IV, L.P.

This concluded the Endowment Management Committee Report.

The final committee report was given by the Vice Chair of the Audit Committee, Regent Mica Mosbacher.

Audit and Compliance Committee Report – August 15, 2012

Regent Mosbacher stated the Audit and Compliance Committee met on Wednesday, August 15, 2012 and there was one (1) action item that had been pulled from that agenda and would be presented to the full board for consideration.

1. Report on Long-Range Internal Audit Plan for FY2013-2015 – University of Houston System.

Regent Mosbacher asked Mr. Don Guyton, Chief Audit Executive, to present this item to the Board.

Mr. Guyton gave a report on the final draft of the long-range Internal Audit Plan for Fiscal Years 2013-2015. An executive summary of the plan was included in the report as well as the

resource and budget information and the listing of the audit team members. The plan contained a risk assessment for all components. Risk assessment techniques were employed to identify auditable areas and to ensure that the accounting systems and controls, the administrative systems and controls, and other major systems and controls were reviewed on a periodic basis. The risk assessment was included in Section 8 of the Audit Plan. Audits of these higher risk areas should help mitigate some of the risk. Internal Audit had prepared a separate risk analysis for each campus. In preparing the audit plan and risk analysis, Internal Audit received input from key personnel throughout the entire system, including the Chancellor and the Chair of the Audit and Compliance Committee.

The Texas Government Code Section 2102 requires the Board of Regents to approve the Audit Plan and periodically review the resources dedicated to the Internal Audit program and determine if adequate resources exist to ensure that risks identified in the annual risk assessment are adequately covered within a reasonable timeframe.

The Internal Audit resources and budget were described in the Executive Summary in Section 1, Page 2, and Section 2, Page 2-3, of the Audit Plan. The budgets of all components of the System Administration were reduced for FY2012, including the budget of the Internal Auditing Department. The budget shortfall resulted in the department not filling a vacant position. The budget for the department has been increased for FY2013, allowing Internal Audit to fill this vacant position. Internal Audit believes the resources dedicated to the Internal Audit program were adequate. This Audit Plan, including a summary of the Internal Audit resources was presented to the Board for their review and approval. A discussion followed.

On a motion from Regent Welder, seconded by Regent Berry and by a unanimous vote of the board, the Report on Long-Range Internal Audit Plan for FY2013-2015 – University of Houston System was approved.

Chair Blair introduced the following board item, Item E, Resolution in Appreciation – Grover S. Campbell – University of Houston System, BOR-E2-4, and requested Chancellor Khator present this item to the Board.

Chancellor Khator asked Mr. Grover Campbell to join her and presented him with a Resolution in Appreciation. Below is a summary of Chancellor Khator's remarks.

- Grover S. Campbell joined the University of Houston System in 1984 as Vice President (the title was changed to Vice Chancellor in 1986) for Governmental Relations, holding the distinction of being the longest-serving Vice Chancellor in the history of the UH System; and,
- Grover S. Campbell brought to his position the experience and skills developed in his previous posts as Assistant Sergeant-at-Arms in the Texas House of Representatives, Administrative Assistant to State Representative Herman Adams, and Special Assistant for Governmental Relations at the University of Texas System; and,
- Grover S. Campbell was named to the additional post of Vice President for Governmental Relations, University of Houston, when the UH System and the UH administrations were merged in 1997, coordinating systemwide legislative outreach, and ensuring effective

communication between the UH System and federal, state, and local legislative bodies and agencies; and,

- Grover S. Campbell was a respected representative of the UH System's and the University of Houston's interests before the Texas Legislature, helping bring the case for state funding before our legislators and providing review and advice on legislation affecting higher education in general and the UH System in particular; and,
- Grover S. Campbell spearheaded efforts that resulted in the most important pieces of higher education legislation in decades, among them the creation of the Higher Education Assistance Fund, which provides for construction and the purchase of equipment and library holdings in our public universities; and,
- Grover S. Campbell drafted legislation in support of the downward expansion of UH-Victoria and UH-Clear Lake, and most recently was instrumental in the historic Tier One-related efforts that resulted in the creation of the Texas Research Incentive Program (TRIP) and the National Research University Fund (NRUF), measures that hold great promise for the advancement and growth of the University of Houston as a national research university; and,
- Grover S. Campbell, in addition to his duties, was a panel member and moderator at dozens of statewide seminars and conferences, and served between 1989 and 1997 as Consulting Producer of "The Legislative Report" and Executive Producer of "The Capitol Report," both broadcast over KUHT-TV; and,
- Grover S. Campbell has been a member of numerous organizations, including NASULGC's Council on Governmental Affairs, the Greater Houston Partnership's Governmental Relations and Business Issues committee, the American Association of University Administrators, and Southwest Texas University's William P. Hobby Advisory Board for Public Service; and,
- Grover S. Campbell was a trusted and valuable member of the UH System and the University of Houston administrations during times of great challenges and opportunities, resulting in favorable legislative outcomes for our institution.
- The University of Houston System Board of Regents issued this resolution in appreciation of Grover S. Campbell upon his retirement in gratitude and admiration for his accomplished 27-year career at the University of Houston System and the University of Houston.

Chair Blair called for a motion to approve the Resolution in Appreciation – Grover S. Campbell – University of Houston System.

On motion of Regent Hollingsworth, seconded by Regent Fertitta and unanimously approved by the board, the Resolution in Appreciation – Grover S. Campbell – University of Houston System was approved.

Chair Blair stated a reception would be held following the Board meeting in honor of Mr. Campbell for his many years of service and his decree would be presented to him at the event.

Mr. Campbell gave a brief history of the university and how it had grown during his 27 years of service. He stated his time at the university had been a wonderful experience; learning so many different things; something new every year. There were two things in particular he wanted to share and the most meaningful to him. They were:

University of Houston System

1. Character does matter. It is the essence of who we are and it dictates how we go about doing our business; and
2. Leadership. It is essential. It is essential for regents; chancellors; presidents; and many others throughout an institution. Without our leadership, we would fail to achieve our greatness; we would end up failing the people of Texas.

Mr. Campbell stated he was very pleased to say that he had found great character and great leadership throughout the University of Houston System. He thanked the Board of Regents and the Chancellor for affording him the opportunity to realize so many of his goals. This journey had been his great passion, his great pleasure, and his good fortune, and he thanked everyone very much for the resolution.

Following Mr. Campbell's remarks, Chair Blair was requested to move an item up from the agenda and stated Item M, the Election of Board Officers for FY2012-2013 would be presented and asked Ms. Dona Cornell, General Counsel to introduce this item.

Ms. Cornell stated that in accordance with the newly revised Board of Regents Bylaws, Section 4.2, Election of Officers, as General Counsel, fourteen days prior to this meeting she received nominations in writing or by email for the three officer positions: Chairman, Vice Chairman and Secretary.

The first election of the Board was that of Chairman. Ms. Cornell stated she received the following nomination for the Chairman position – Nelda Luce Blair. Ms. Cornell asked if there were any additional nominations from the floor. A motion was granted to close the nomination and elect the officer for Chairman.

Regent Monty made a motion, seconded by Regent Hollingsworth and unanimously approved by the board and nominations for the election of Chairman was closed. The nomination for the position of Chairman was Nelda Luce Blair. Hearing only one nomination, Ms. Cornell called for the vote to elect Ms. Nelda Luce Blair as Chairman of the Board by acclamation. This motion carried and was unanimously approved by the Board.

The second election of the Board was that of Vice Chairman. Ms. Cornell stated she received the following nomination for the Vice Chairman position – Jarvis V. Hollingsworth. Ms. Cornell asked if there were any additional nominations from the floor. A motion was granted to close the nomination and elect the officer for Vice Chairman.

Regent Welder made a motion, seconded by Regent Monty and unanimously approved by the board and nominations for the election of Vice Chairman was closed. The nomination for the position of Vice Chairman was Jarvis V. Hollingsworth. Hearing only one nomination, Ms. Cornell called for the vote to elect Mr. Jarvis V. Hollingsworth as Vice Chairman of the Board by acclamation. This motion carried and was unanimously approved by the Board.

The third election of the Board was that of Secretary. Ms. Cornell stated she received the following nomination for the Secretary position – Tilman J. Fertitta. Ms. Cornell asked if there were any additional nominations from the floor. A motion was granted to close the nomination and elect the officer for Secretary.

Regent Monty made a motion, seconded by Regent Berry and unanimously approved by the board and nominations for the election of Secretary was closed. The nomination for the position of Secretary was Mr. Tilman J. Fertitta . Hearing only one nomination, Ms. Cornell called for the vote to elect Mr. Tilman J. Fertitta as Secretary of the Board by acclamation. This motion carried and was unanimously approved by the Board.

For the record, the new Slate of Officers for the University of Houston System Board of Regents for FY2012-2013 is as follows:

Chairman – Nelda Luce Blair
Vice Chairman – Jarvis V. Hollingsworth
Secretary – Tilman J. Fertitta

The next board item addressed was Item F, University of Houston Faculty Senate President will highlight faculty-driven initiatives to improve student’s education – University of Houston, BOR-F5 and Chair Blair requested Dr. Dimitri Litvinov, President of the Faculty Senate for the University of Houston to present this item.

Dr. Litvinov presented the board a highlight of some of the faculty-driven initiatives on campus aimed at student success and below is a summary of his remarks.

- First, Center for Teaching Excellence or CTE. CTE is a faculty group established two years ago under the umbrella of the Faculty Senate.
- The key areas targeted by the Center are:
 - Best teaching practices (based on evaluation of both external and internal programs);
 - Professional training of teaching assistants (TAs); and
 - Faculty support and development (via workshops, conferences, web-based re-depository of relevant information).
- The focus has been on Teaching Assistant training. TAs are the integral part of the undergraduate instruction. They assist faculty with a whole range of teaching-related activities from grading to teaching the lab sections. TAs are predominantly the graduate students pursuing their advanced degrees.
- TAs have achieved excellence in their undergraduate studies and are well qualified scholarly to assist the faculty in teaching undergraduate courses. However, while their scholarly skills are superb, the knowledge by itself does not necessarily qualify one to be a teacher. Moreover, many TAs are foreign and are not necessarily familiar with the US educational system. Various departments across the university address the TA training in a variety of ad hoc ways.
- A good TA program can make a difference. The instructors can teach presentation skills, skills to engage the audience, classroom management, proper use of the blackboard, etc. (Dr. Litvinov stated he considered his experience in a TA program as one of the most valuable experiences of his graduate life.)
- The Center for Teaching Excellence has been pursuing exactly that – the development of a professional TA program at the University of Houston. The current program consists of face-to-face workshops as well as web-based instruction. Last year, over 300 TAs in 11 departments had participated in this program.

- The next logical step in the CTE plans is to work on extending the program university-wide.
- The Center is currently working with the Provost office to make this happen. The move toward institutionalization of the professional TA program is the step toward improving teaching outcomes.
- It was also mentioned a myriad of other faculty-driven initiatives, many externally funded, to improve educational outcomes on campus.
 - Faculty sponsor hundreds of so-call Research Experience for Undergraduate opportunities via their National Science Foundation (NSF) funded projects.
 - Engineering has developed Nanoengineering minor funded by the National Science Foundation. This initiative was explicitly cited by the ABET, the engineering programs accreditation board, as the highlight of our programs.
 - A NSF sponsored STEP program focused on increasing participation of women and under-represented minorities in undergraduate STEM education. The University of Houston is a partner in the NSF funded AGEP program dedicated to increasing the number of under-represented minorities in STEM disciplines and many others.
- In summary, while many faculty members have gone into expanding the funded research program, the dedication to quality instruction remains the top priority.

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

Chair Blair moved to the next item that had been taken out of order, Item H, Presentation – Overview of UHS policies and procedures for investigating and acting on reports of non-compliance and criminal activity – University of Houston System, BOR-H7-9 and stated that this item had been vetted in detail earlier in the Audit and Compliance Committee. Regent Nandita Berry, Chair of the Audit and Compliance Committee, stated that all regents had received a letter from Governor Rick Perry basically requesting a report of the university's compliance procedures so Ms. Dona Cornell, General Counsel and Mr. Don Guyton, Chief Audit Executive, put together a presentation that addresses and explains to the Board that we have strong, secure and well-defined procedures at the University of Houston.

Mr. Guyton stated the University of Houston System had a longstanding culture of reporting instances of non-compliance and criminal activity. Internal Audit implemented the institutional compliance program in 2005 with the enactment of the Board of Regents policy. The fraud policy was implemented in 1989 and the Whistleblower protections in the 1980s. The Annual Clery reports are given to the Board of Regents and in the new regent orientation the General Counsel covers certain areas of compliance and criminal activity with all of the new regents.

The reporting of non-compliance and criminal activity starts at the top; holding management accountable for what they are supposed to do in respect to non-compliance and criminal activity. On November 16, 2011, the Chancellor had sent out an email to the entire University of Houston System community reminding them of their responsibility. On March 12, 2012, the Chancellor had followed-up with an email to all supervisors reminding them of their responsibilities to act and report any instance of non-compliance. When the Penn State penalties came out, on July 23 and 24, 2012, the Chancellor followed that with several tweets telling everyone, it's your university, do the right thing, report! The bottom line – report any perceived non-compliance and criminal activity!

University of Houston System

There are three (3) Board of Regents' policies relating to non-compliance:

- (a) Code of Ethics, 57.01;
- (b) Internal Auditing Act, 41.01; and
- (c) Institutional Compliance Policy, 42.01.

University of Houston System policies were addressed and included the following:

- (a) Reporting/Investigating Fraudulent Acts, SAM 01.C.04;
- (b) Ethical Conduct of Employees, SAM 02.A.29;
- (c) Campus Program for Minors, SAM 05.C.01; and
- (d) Guidelines for Sexual Harassment Policies and Procedures, SAM 02.A.03.

Each University of Houston System institution has specific campus policies for their campus as follows:

- (a) Faculty handbooks;
- (b) Student handbooks, and
- (c) Title IX policies.

University of Houston System training was addressed. Ms. Cornell stated the university has training in many different areas and much of the university's training is currently being done online due to the number of employees system-wide, although some live training is completed, e.g., new hire orientation for faculty and staff and Title IX – Sexual Misconduct.

Ms. Cornell stated that reports had been given earlier by each of the compliance areas:

- (a) Human Resources (HR and EOS)
- (b) Research
- (c) Athletics
- (d) Health and Safety (UHPD)
- (e) Student Affairs

Mr. Guyton commented on the last part of this presentation: acting on reports of non-compliance and criminal activity. In November, an update was given to the Board on what had been done in respect to anonymous reporting mechanism. Since that time, the General Counsel and Mr. Guyton have met weekly to discuss the status of their reports. There are three different types of reports:

- (a) Anonymous reports that come through MySafeCampus System;
- (b) Reports from the State Auditor's Office - where someone would file a fraud, waste or abuse report on their website or hotline; and
- (c) Miscellaneous reports – where someone would communicate through the Chancellor via a letter, email, faculty, and staff.

All of these reports are tracked on a spreadsheet and discussed quarterly with the Chair of the Audit and Compliance Committee and the Chancellor.

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

Chair Blair moved to the next item on the agenda, Item I, Introduction of Executive Director, Office of Governmental Relations, University of Houston/University of Houston System, BOR-I10-12 and asked Chancellor Khator to introduce this item.

University of Houston System

Chancellor Khator introduced Mr. Darrin Hall, the new Executive Director for the Office of Governmental Relations. Chancellor Khator stated Mr. Hall grew up in a small Midwestern town in Southwest Missouri. He moved to Texas while serving as a member of the United States Army Air Defense Corps and attended the University of Houston studying political science and economics. While attending UH, Darrin was selected as a University of Houston Center for Public Policy, Mickey Leland intern. Assisting a member of Congress and the Texas House of Representatives, he quickly learned the importance of applying fiscally responsible principles to public policy issues.

Working on a variety of local and national campaigns, he recognized the importance of being civic-minded and active. Hall served as a Senior Aide and Deputy Director of Government Affairs for former Houston Mayor Bill White.

Prior to coming to UH, Darrin served as Director of Intergovernmental Relations and Deputy Chief of Staff for Mayor Annise D. Parker. He managed the city's local, state and federal governmental relations agendas, assisted in public policy development and oversaw the operations of seven city departments. He also represented the city before the Houston-Galveston Area Council (H-GAC), Texas Municipal League, National League of Cities, U.S. Conference of Mayors, Harvard University's Urban Policy Advisory Group and served as a member of the Greater Houston Partnership's (GHP) Local, State, and Federal Relations Committee's.

Hall is married and is the proud father of three Texans, Michael, Courtney, and Thomas.

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

The next item taken from the agenda was Item K, Approval of the Current Board of Regents Planner for FY2013 – University of Houston System, BOR-K14-16.

Chair Blair introduced this item and stated the Board Planner sets forth items that requires action by the Board or reports from management to address the provisions of the statutes, Board bylaws and policies or other requests of the Board and is presented each August for Board approval. The Board office is responsible for assuring the items listed in the Planner are presented to the Board at the appropriate meetings.

On motion of Regent Welder, seconded by Regent Wilson, Jr. and unanimously approved by the board, the Current Board of Regents Planner for FY2013 was approved.

Chair Blair introduced the next item on the agenda, Item L, Approval of Proposed Calendar of Dates for the FY2012-FY2013 UH System Board of Regents Committee/Board Meetings – University of Houston System, BOR-L17-19.

Chair Blair stated the Board Retreat was currently being planned for October 2012 and it is the proposal to collapse the November meetings into the two-day Board Retreat in October. It has been proposed that the February 13, 2013 committee/ board meetings be held at the University of Houston-Victoria campus.

On motion of Regent Berry, seconded by Regent Monty and unanimously approved by the board, the Proposed Calendar of Dates for the FY2012-FY2013 UH System Board of Regents Committee/Board Meetings – University of Houston System was approved.

The last approval item, Item M, Approval is requested of the proposed revision to Board of Regents Policy 21.10 – Sponsored Research Grants and Contracts – University of Houston System, BOR-M20-21 was presented by Ms. Cornell. The recommended Board policy change is underline/bolded below.

The Board delegates to the Chancellor or his/her designee the authority to execute and accept all sponsored research contracts and grants. **A list of sponsored research contracts and grants over the amount of \$1,000,000 shall be presented to the Board annually as an information item.**

“up to a level of \$500,000. Board approval is required for research contracts and grants above that amount” was deleted and replaced with the verbiage in bold and underlined above.

On motion of Regent Berry, seconded by Regent Hollingsworth and unanimously approved by the board, the request of the proposed revision to Board of Regents Policy 21.10 – Sponsored Research Grants and Contracts – University of Houston System 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 UH System continues to successfully accomplish its mission of serving the higher education needs of the growing region and Texas.
- The projected UHS enrollment for Fall 2012 was 65,655, a 1.8% increase from Fall 2011. Below is the breakdown of each institution:
 - University of Houston – 40,600 (+2.0%)
 - UH-Clear Lake – 7,415 (0%)
 - UH-Downtown – 13,180 (+2%)
 - UH-Victoria – 4,460 (+2%). UH-Victoria also has a total on-campus enrollment of 1,000 students, which is double the number from two years ago.
- College affordability is a serious priority of the Board of Regents and the UH System. The UH System now offers a published \$10,000 degree at UHCL. However, the question is raised: how many students, with or without a published \$10,000 degree, pay out-of-pocket cost of less than 10,000. The results were impressive and are mentioned below:
 - Out of all those students who entered UH as freshmen and graduated in 2011, a quarter (25.8%) paid less than \$10,000 for tuition and fees.
 - At UH-Downtown, out of three of the most recent freshmen cohorts (students who entered as freshmen and graduated from UHCL), 27% did not have any out-of-pocket cost and 42% paid less than \$10,000.

This has been made possible due to the support of the federal government (Pell Grants), state government (Texas grants), and our own donors. NOTE: there has been no tuition increase at UH and UHCL this year.

University of Houston Achievements

- UH and Insuperity Services, L.P., have entered into a 10-year corporate sponsorship agreement to name the business and classroom building under construction near Melcher Hall and Cemo Hall. In recognition of the company's \$8 million gift to UH, the facility will be named Insuperity Center. This is a Houston-based company that for 25 years has been providing U.S. businesses with human resources, productivity, and administrative processes solutions.
- UH has been selected as one of 10 universities nationwide to be included in the rollout of the Global Environment for Network Innovations, a prestigious National Science Foundation project. UH's participation will enable research innovation that will shape the technical infrastructure of future internets.
- Three UH assistant professors were among a small group of researchers statewide who have been awarded grants from the Norman Hackerman Advanced Research Program administered by the Texas Higher Education Coordinating Board in support of basic research by early-career investigators. Only 12 researchers, from a pool of 270 proposals, were awarded grants. The UH awardees were Jeff Rimer and Gila Stein, assistant professors of chemical and biomolecular engineering, and Yuhong Wang, assistant professor of biology and biochemistry. Each received a two-year, \$80,000 grant.
- New admission standards approved by the Board of Regents went in effect this Fall at UH. A record number of qualified students applied and a record number of students chose UH over other competitive schools. The average SAT of entering freshmen has jumped to 1134, a figure that is within the range of public Tier One universities nationally. Transfer applications have also increased significantly, an indication that our efforts to build stronger pathways for community college students were successful.
- Student housing is at 100% occupancy. It proves that there was unmet demand for residential student experience within Houston.
- UH Law Center has taken the lead in offering one-on-one clinical service to all UH System students in applying for the opportunity offered by the Dream Act. UH Law Center faculty members are also taking the lead in assisting the community with several information sessions.

University of Houston-Clear Lake Achievements:

- UHCL's Police Department, led by Chief Paul Willingham received accreditation from the Commission on Accreditation for Law Enforcement this spring. Less than 4% of law enforcement agencies in the nation hold accreditation, and only 1.3% of campus police departments hold this honor.
- Community service and outreach continue to be a focus of UHCL's School of Education. The school recently hosted 100 students, educators, and mental health professionals during its "Collaborating to Meet the Needs of English Language Learners" conference. Sonia Nazario, Pulitzer Prize-winning journalist and author of "Enrique's Journey," was keynote speaker.
- UHCL's School of Education also received a \$1.5 million grant from the U.S. Department of Education to improve classroom instruction for English learners with an emphasis on math and science.
- The Library and Information Science program received \$463,856 from the Laura Bush 21st Century Librarian Program for a project to recruit and educate 15 teachers to become school librarians. This project will train teachers to work more effectively with children in pre-kindergarten and kindergarten programs. The three-year project will begin in Fall 2012.

University of Houston-Downtown Achievements:

- The U.S. Department of Education has awarded UHD a grant of \$3.2 million over five years under the Development Hispanic-Serving Institutions Program. The funds will be used to implement summer bridge programs, college success programs, supplemental instruction and tutoring workshops and mentoring and engagement activities for students.
- The Dr. Yung-Fa Chang Endowment for Student Grants-In-Aid has been established with a \$2 million gift from the Taiwanese entrepreneur. Dr. Change is a businessman and philanthropist involved in international air and sea shipping ventures and is the founder and group chairman of Evergreen Group, which operates Evergreen Marine and EVA Airways. The grants will provide support for students with financial need and academic ability.
- The *Texas Higher Education Journal* has named UHD third in Texas among four-year public institutions of higher education for graduating African American students, based on the Texas Higher Education Coordinating Board's 2012 Higher Education Almanac.

University of Houston-Victoria Achievements:

- UHV's downward expansion will enter its third year, with enrollment breaking records. Fall freshmen enrollment in Victoria stands at more than 260, and should rise to an all-time high of 275 or more. Together with returning sophomores and rising juniors, UHV now has more than 500 underclassmen on the Victoria campus who were not there two years ago, when total on-campus enrollment stood at only 451. By adding freshmen and sophomores, UHV has more than doubled the headcount in Victoria in just two years. The School of Arts and Sciences, which houses the general education curriculum, has more than tripled the number of face-to-face classes since Fall 2009. Overall, UHV's total population should surpass last Fall's 4,373 enrollment record.
- UHV is witnessing a building boom. The Texas Higher Education Coordinating Board gave final approval in July for construction of the Academic & Economic Development Building, the first new academic building on campus since the late 1990s. Ground is set to be broken in early 2013 on this 63,000 sq. ft. facility, budgeted for \$13+ million. The building will house the School of Business Administration, the Small Business Development Center, and related career and internship services. Ground will be broken in August 2012 on Jaguar Suites, UHV's first all-new residence hall, an \$11.2 million facility for sophomores. When completed in time for Fall 2013 registration, UHV will have three residence halls and more than 600 beds for freshmen and sophomores. UHV's second residence hall, Jaguar Court, comes on line in August 2012 as well.
- UHV will kick off its 40th anniversary celebration in August 2012, a year-long series of activities centered on student life to commemorate the university's founding in 1973. At the Fall Convocation later in August 2012, UHV will introduce "jaX the Jaguar," its new mascot, who will appear at sports events and games as well as community functions. Chancellor Khator will be on-hand for the convocation and will lead groundbreaking ceremonies for Jaguar Suites.

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 iPads would now be available for each regent's use at the committee/board meetings. She thanked the Board office for keeping up with the latest technology in order to make it easier for communication and the distribution of board materials to the regents.

Chair Blair also stated that the Board office had expanded and asked Gerry Mathisen, Executive Administrator, to announce the change. Ms. Mathisen relayed to the Board that Ms. Brenda Robles had joined the Board office effective August 6, 2012 as an Executive Secretary. Ms. Robles has been an employee with the University of Houston for the past 11 years and brings with her a wealth of knowledge and experience; and the Board office was thrilled to have her as part of their team.

Information Only

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

1. Mr. Elliot Ballard, Chair of the University System Staff Executive Council (USSEC), President of the Staff Council of UH-Downtown and Environmental Health & Safety Specialist at UH-Downtown. Mr. Ballard gave an overview of the USSEC organization and introduced another member to the Board, Mr. Ron Gonyea, President-Elect of the Staff Council for the University of Houston and Mr. Bill Ashley, new Chair of USSEC.

There being no further action to come before the Board the meeting adjourned at 4:45 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
John Antel
Dona Cornell
Rathindra Bose
Eloise Dunn Stuhr
Richard Walker
Philip Castille
William Flores

Durga D. Agrawal
James Thompson
Carroll Robertson Ray
Allan Chevrolet
Elaine Charlson
Tom Ehardt
Darrin Hall
Dan Wells
Dimitri Litvinov

Raymund Paredes
Jose Luis Contreras-Vidal
Beth Robertson
Darrin Dunne
Steve Wallace
Maribel Salazar
Mack Rhoades
Pam Muscarello
Chris Stanich

University of Houston System

Others Present: (cont'd)

William Staples
Don Guyton
Ed Hugetz
Grover Campbell
Clifford Redd
Marshall Schott
Cedric Bando
Jeffrey Heflin
Jon Aldrich
Wayne Beran
Ed Jones

Dan Maxwell
Oscar Gutierrez
Allan Bogard
Malcolm Davis
Jeffrey Cass
Jim Browne
Dana Rook
Elliot Ballard
Bill Ashley
Cedric Bando
Brenda Robles

Karen Clarke
Willie Munson
Mike Emery
Caesar Moore
Emily Messa
Mark Clarke
Wayne Beran
Ron Gonyea
Turner Harris
Marquette Hobbs
Gerry Mathisen