

MINUTES

OF THE

SPECIAL MEETING OF THE

BOARD OF REGENTS

OF

THE TEXAS A&M UNIVERSITY SYSTEM

HELD IN

COLLEGE STATION, TEXAS

MAY 9, 2001

(Approved July 26-27, 2001, Minute Order 164-2001)

TABLE OF CONTENTS

**MINUTES OF THE
SPECIAL MEETING OF THE BOARD OF REGENTS
MAY 9, 2001**

CONVENE MEETING 1

ELECTION OF OFFICERS..... 2

 MINUTE ORDER 70-2001 ELECTION OF MR. ERLE NYE AS CHAIRMAN OF
 THE BOARD OF REGENTS, THE TEXAS A&M UNIVERSITY SYSTEM..... 2

 MINUTE ORDER 71-2001 ELECTION OF DR. DIONEL E. AVILÉS AS VICE CHAIRMAN
 OF THE BOARD OF REGENTS, THE TEXAS A&M UNIVERSITY SYSTEM..... 4

UPDATE ON THE 77TH LEGISLATIVE SESSION..... 4

CONVENE IN CLOSED SESSION..... 6

RECONVENE IN OPEN SESSION AND ADJOURNMENT 6

MINUTES OF THE
SPECIAL MEETING OF THE BOARD OF REGENTS
MAY 9, 2001

A special meeting of the Board of Regents of The Texas A&M University System (TAMUS), was convened by Ms. Anne Armstrong at 10:32 a.m., on Wednesday, May 9, 2001, in the Board of Regents Meeting Room, on the campus of Texas A&M University (TAMU), College Station, Texas.

The following members of the Board were present:

Mr. Phil Adams
Ms. Anne Armstrong
Dr. Dionel E. Avilés
Dr. Wendy Gramm
Mr. L. Lowry Mays
Mr. Erle Nye
Mr. Lionel Sosa
Mr. R.H. (Steve) Stevens
Dr. Susan Rudd Wynn

(Secretary's Note: Mr. Phil Adams, Dr. Wendy Gramm and Mr. L. Lowry Mays were attending their first meeting as members of the Board of Regents. Mr. Adams succeeded Mr. Robert H. Allen, Dr. Gramm succeeded Mr. Don Powell and Mr. L. Lowry Mays succeeded Mr. Frederick D. McClure. They were appointed by Governor Rick Perry on March 15, 2001; confirmed by the Texas Senate on April 25, 2001; and qualified by the administration of their oaths of office on May 9, 2001. The oaths of office were administered by Representative Fred Brown, District 14.)

Ms. Armstrong welcomed the three new Board members. She called on each member, who gave personal comments regarding their appointment to the Board of Regents of TAMUS.

Mr. Adams said it is a great honor and privilege to have the opportunity to serve his university, the school he loves so much and TAMUS. He said this is a great opportunity and expects this Board will "raise the bar." Mr. Adams said he is confident the Board will achieve the excellence, and put things in place to achieve the excellence, that they talk about and is certain they will carry on the good work of the previous Board. Mr. Adams said he was grateful to Governor Rick Perry for the faith and confidence he has placed in him. He said this is a charge he will never take lightly when he thinks of the nine universities, the eight state agencies, the health science center, and additional components that make up TAMUS. He said he was reminded of the tremendous resource, the critically important resource, that the System is to the State of Texas and of the millions of lives that are affected by the decisions that are made by the Board. Mr. Adams said he takes this job very seriously and intends to work very hard and it will be a labor of love.

Dr. Gramm said she was delighted to be on the Board and looks forward to serving. She said this is coming home for her; College Station is where she got married, where her children were born and where she started her professional career. She said she looks forward to serving not only because of her personal connections, but because the System is a very important resource for the State and the young people of Texas.

Mr. Mays said he is excited about serving another term. He said the challenge they face in educating young people has changed over the past 12 to 14 years, particularly because of science and technology and the demands the new economy is forcing on the educators. He said it would be a lot of fun to see if they can meet that challenge, particularly because of the significant change in the demographics within the State.

ELECTION OF OFFICERS

Ms. Armstrong said in accordance with the Bylaws of the Board of Regents of The Texas A&M University System, at the first regular meeting or special meeting following the appointment, qualification and confirmation of the three new members regularly appointed in odd years, the first business in order is the election of the Chairman and Vice Chairman. The Board took action as set forth below:

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**MINUTE ORDER 70-2001**

**ELECTION OF MR. ERLE NYE AS  
CHAIRMAN OF THE BOARD OF REGENTS,  
THE TEXAS A&M UNIVERSITY SYSTEM**

Mr. Stevens nominated Mr. Erle Nye for the position of Chairman of the Board of Regents. Dr. Avilés seconded the nomination.

Mr. Adams said Mr. Nye’s record of distinguished service is certainly no secret. He said Mr. Nye has served the System with distinction over the last four years and has served TAMU with distinction for 25 or 30 years. He said Mr. Nye is a man of great honor, great integrity, of the highest character and a person of tremendous leadership ability. Mr. Adams said of Mr. Nye, whatever the endeavor, whatever the undertaking, he always rises to the top and is always in a leadership position and always becomes chairman whether the charge is civic, charitable or business. He said that Mr. Nye is a highly capable individual who brings abilities to the Board and who will bring abilities to the office of chairman that will be tremendous for the System. Mr. Adams said his intellect, his vision, his energy will allow him to set the standard and provide the leadership to propel the Board to “move the bar up” and provide the leadership for the excellence that the Board will achieve for TAMUS. Dr. Wynn moved that nominations cease. By a unanimous vote, Mr. Nye was elected Chairman of the Board of Regents of The Texas A&M University System.

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Mr. Nye said it was a great honor to be elected chairman. He extended a welcome to the new members of the Board and said Governor Perry could not have done better by the Board and by the System. He said these are talented people who have joined an unusually talented Board and they are privileged to lead an amazing organization, which does reach out in many positive ways on behalf of the State and Nation. Mr. Nye said his commitment to TAMUS and to A&M extends to three points, which he always likes to try to guide all things he does around higher education: does this help pursue excellence, does it help pursue efficiency and does it help pursue accessibility to all the people in the State of Texas. He said he was disappointed to report that from time to time he has sensed that as a state, not as much stock or appreciation is put into higher education. This manifests itself in many ways but that is a tragic mistake because higher education is the key to this state's success, it is the key to prosperity and it is the key to quality of life. Mr. Nye said he would hope that the other Board members would join him in committing to trying to advance the cause of higher education and this must extend to funding. He said that the State must find a way to better fund higher education. When one looks at the demographics, the relative nominal ability to reach the young people of the State, it is terribly important. Mr. Nye said first of all the State must raise the public recognition of the importance of higher education and secondly, they must find a way to provide adequate funding. He said there are a lot views around that being an educator, particularly of higher education level, has some recreational aspects to it and that maybe they are not as efficient as they ought to be. He said his experience with the System has indicated, and he can't speak for all universities and he can't speak for all states, but the men and women that serve the System and the agencies are some of the most dedicated, most talented, most committed people he has ever met. He said they are owed the respect they deserve and part of that is to pay them adequately and to bring others of their ilk to this system by attracting them with salary and benefits and other attributes that are appropriate.

Mr. Nye said excellence is something they need to pursue and they likewise need to give an accounting to the people of this great state for the resources they bring us; they need to ensure that they always have value; they need to ensure that they are as efficient and as productive as they can be and they need to always carry themselves in such a manner that there is no question. Mr. Nye said accessibility to higher education for all the people of Texas is the most important thing on his mind. He said people are not being reached, particularly the young people that need access to higher education. This state needs for TAMUS to reach those people, traditionally the underserved population. Mr. Nye said the System has to engage in a program to reach out beyond the traditional influence and make sure every young person, to follow on President George W. Bush's lead... "that no child is left behind." He said if they can reach these three objectives, he believes they can all be proud of the next two years, and for some the next six years. Mr. Nye said he is very honored to serve and looks forward to serving in every way that he can and, hopefully together, the Board can take TAMUS to the next level.

Mr. Nye announced that nominations were in order for the position of Vice Chairman of the Board.

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**MINUTE ORDER 71-2001**

**ELECTION OF DR. DIONEL E. AVILÉS AS  
VICE CHAIRMAN OF THE BOARD OF REGENTS,  
THE TEXAS A&M UNIVERSITY SYSTEM**

Ms. Armstrong nominated Dr. Dionel Avilés for the position of Vice Chairman of the Board of Regents. She said the former regents all know what Dr. Avilés has done for the Board and the System and the new regents have certainly heard of him as a top engineer, retired Major General and a civic leader in Houston. She said she could assure that Dr. Avilés has done a fabulous job, particularly in chairing one of the most demanding committees the Board has, the Committee on Buildings and Physical Plant. Ms. Armstrong said he has been the best possible watchdog and best possible supporter and has even managed to streamline things. Mr. Sosa seconded the nomination. Dr. Wynn moved that nominations cease. By a unanimous vote, Dr. Avilés was elected Vice Chairman of the Board of Regents of The Texas A&M University System.

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Dr. Avilés thanked everyone. He said over the next two years he hopes to be able to carry out the duties that have been entrusted in him. He said he has always been a believer in higher education and it has always been his goal, something his father taught him, “to get all the education you can because it’s the only thing you can take with you when you die,” and he will always pursue that. He said the Board has some challenges and he is committed to carry out the goals set by Mr. Nye. Dr. Avilés said he is looking forward to working with the new members and knows that the Board will do an outstanding job.

UPDATE ON THE 77TH LEGISLATIVE SESSION

Dr. Stanton Calvert, Vice Chancellor for Governmental Relations, presented an update on the 77th Legislative Session. A copy of his presentation is on file in the Office of the Board of Regents.

Dr. Calvert gave an overview for the 77th Legislative Session regarding Fiscal Size Up, the Higher Education Budget and Legislation. In regard to Fiscal Size Up, Dr. Calvert said that key issues still to be resolved by the Conference Committee are Teacher’s Health Insurance, Health/Human Services Enhancements, State Employee Pay Raises, Public Education and Higher Education. He said that the bottom line is additional revenue remains on the table in both House and Senate versions of the appropriations bill. Dr. Calvert said that the Comptroller would provide final revenue estimates on May 21st. Additional revenue depends on: review of \$800 million of revenue enhancements proposed by Conference Committee; passage of two bills related to tax collections; and final review of franchise tax receipts. He said that there may be new funding for FY 02-03, but not the increases for higher education received last session.

Dr. Calvert presented a comparison of House and Senate higher education budget numbers. He also spoke on the response to Office of Civil Rights (OCR) concerns. He said that the House and Senate bills both include \$25 million for Prairie View A&M University (PVAMU)

and \$25 million for Texas Southern University (TSU). Dr. Calvert also presented some legislative issues facing higher education.

Ms. Armstrong asked about the status of the tobacco fund. Dr. Calvert said most funds, but not all, were either placed in endowments or were appropriated for usage in the current biennium primarily to children's health insurance and Medicaid funding. He said there are some small increases that are available this time but it has not been decided how they will be handled. Ms. Armstrong asked what are the "small increases." Dr. Calvert said he did not know accurately enough to say. He said it is nowhere near like the first years.

Mr. Nye asked Dr. Calvert to expand on the long history of Baylor College of Dentistry (BCD) trying to get back to the form of funding that is consistent with every other medical and dental school. He said it looks like they will come up short again and asked if there is any possibility they will get to 100 percent. Dr. Calvert said he did not think they would get to 100 percent in both years. He said there is sort of a maneuver in play if the funding is not received, and it is expected that they will not be funded at the same rate per dental student that the other two dental colleges are funded. He said if they get up to 91 percent of the formula rate for the dental students in both years, 2002 and 2003, they will probably ask to have 2002, the first year of the biennium, held at current limits, which is approximately 80 percent of the formula, and then move the funding that would occur at 91 percent of both years to the second year and get 100 percent in the second year so that when the next budget is introduced they will already be at 100 percent. Dr. Calvert said it is really just a strategy to then be able to make the case that anything less than 100 percent in the following two years would be a cut.

Dr. Wynn asked for an update on the potential for the addition of new entities to the System, a pharmacy school in Kingsville and a medical school in Prairie View. Dr. Calvert said a pharmacy school in Kingsville is, as much as anything is a certainty in the Texas Legislature, almost a certainty. He said there are some hurdles that are subject to approval by the Texas Higher Education Coordinating Board (THECB) and it is a "may," with respect to the authority of the Board of Regents. The Board has the authority to do so or not; however, the Tuition Revenue Bond (TRB) authority to build a school of pharmacy will be in the mill, will pass and the expectations are that that bill will be constructed. There will be a small amount of programmatic funding money.

Dr. Calvert said a study is likely to occur with respect to the medical school for PVAMU. The data and information that arises from the study will tell the story on what happens. He said there is a real question as to whether additional physicians are needed in terms of absolute numbers and there are certainly questions about distribution, accessibility and participation. Dr. Calvert said that these may be issues that are addressed through the study rather than increasing the absolute number. Dr. Wynn asked who would do the study. Dr. Calvert said the THECB would do the study.

Mr. Adams asked Dr. Calvert if he knew what the Comptroller would come forward with. Dr. Calvert said he did not know at this point, but it is just his guess that something would be worked out. Dr. Calvert said they would never get what they would like but there would be some additional funding for higher education and he believes there will be a small amount allocated. He said there are two distinctions: there is funding that everyone in each of

the segments share in (the universities, the health science centers, the community colleges) which are funded basically through formulas that respond to operational factors, numbers of students, square footages, etc. That is more and more where the legislature is placing its funds. There have always been a few exceptions with outstanding needy examples or well-placed members. The funding for institution-specific purposes is going to flow primarily through TRB and the rest will go through formulas. Mr. Adams said he previously met with Senator Steve Ogden who mentioned four of the five key issues addressed in Dr. Calvert's report. He asked if one of the five would be left out. Dr. Calvert said among the five issues, teachers' health insurance, health/human services enhancements, state employee pay raises, public education and higher education, that higher education would be the priority of Senator Ogden but most of the other items would come ahead of higher education. Dr. Calvert said Medicaid and public school funding are mandatory items. The item that the legislature has put on its own shoulders is teachers' health insurance. He said they let it go on so long that it has become a manifest item and is going to have to get done. They really don't have the funds for it this time without going through some maneuvers. Dr. Calvert said he does not think TAMUS will be entirely left out, but they will not enjoy the kind of funding that was received last time. Mr. Nye thanked Dr. Calvert for his report.

CONVENE IN CLOSED SESSION

At 11:15 a.m., Mr. Nye announced that the Board would convene in closed session to consider matters as permitted by Chapter 551 of the Texas Government Code: 551.071, for consultation with System attorneys on pending and proposed litigation and matters recognized as attorney/client confidential and privileged; 551.072, for discussion regarding the acquisition, lease, exchange, disposition and value of real estate and 551.074, for discussion of matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal or to hear complaints or charges against an officer or employee.

Mr. Nye said in accordance with the law, no final action, decision or vote with regard to any matter considered in the closed meeting would be made or taken.

RECONVENE IN OPEN SESSION AND ADJOURNMENT

Mr. Nye reconvened the meeting in open session at 12:25 p.m., the same day. There being no further business, Mr. Nye adjourned the meeting.

Vickie Burt Spillers
Executive Secretary to the Board of Regents
The Texas A&M University System

VBS:sjm