

MINUTES

OF THE

SPECIAL MEETING OF THE

BOARD OF REGENTS

OF

THE TEXAS A&M UNIVERSITY SYSTEM

HELD IN

COLLEGE STATION, TEXAS

August 30, 2003

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**MINUTES OF THE
SPECIAL MEETING OF THE BOARD OF REGENTS
August 30, 2003**

CONVENE MEETING

A special meeting of the Board of Regents of The Texas A&M University System (TAMUS) was convened by Mr. Lowry Mays, Chairman of the Board, at 2:01 p.m., on Saturday, August 30, 2003, 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. Lowry Mays, Chairman
Mr. Erle Nye, Vice Chairman
Mr. Phil Adams
Mrs. Anne Armstrong
Dr. Wendy Gramm
Mr. Lionel Sosa
Mr. R.H. (Steve) Stevens, Jr.
Mr. John D. White
Dr. Susan Rudd Wynn

REPORT OF THE COMMITTEE ON FINANCE

Mr. Mays asked Mr. Adams to report on the budgeting procedure and to present Items 1 through 3. Mr. Adams thanked Mr. Mays and reported that the Committee on Finance had met on August 18, 2003, to consider the request to approve the FY 2004 operating budgets, the FY 2004 service department accounts and a request from TAMU to delegate authority to Dr. Robert Gates, President of TAMU, to execute a seven-year contract with Coca-Cola. He said all members of the Committee on Finance, as well as Dr. Wynn, attended the August 18, 2003, meeting. Mr. Adams reported that all financial officers also attended the meeting.

Mr. Adams said at that meeting the Committee received the proposed FY 2004 operating budgets from each of the Presidents and CEOs. He said that the FY 2004 operating budgets totaled \$2.25 billion and noted that this figure was a 3 percent increase from FY 2003. Mr. Adams said that most of this increase was due to an increase in contract and grant activity by the Texas Engineering Extension Service (TEEX) for the Department of Homeland Security and the Department of Defense program. He noted that scholarship and grant expenditures were also up by almost \$23 million. Mr. Adams said the budget reflected a \$43 million reduction in System-wide debt service due to the decrease in tuition revenue bonds provided by the Legislature as well as restructuring of the Permanent University Fund (PUF). He said the budget proposals submitted comply with the guidelines approved by the Board in January and followed the detailed guidelines issued by the Chancellor.

Mr. Adams asked Ms. B.J. Crain, Associate Vice Chancellor for Budgets and Accounting, to comment on the budgeting review process. Ms. Crain said that every quarter the Board is provided with an executive management summary that compares the operating budget with the actual operations. She stated that the budget instructions are now very distinct and very clear. Ms. Crain also credited the data warehouse system as the means by which she and her staff were updated with daily budget activities. She said the executive management summary that the Board now receives is a culmination of a cooperative effort between financial staffs and the System staff. Mr. Adams complimented and thanked Ms. Crain and her staff for their efforts.

Mr. Adams said that the second agenda item considered by the Committee was the FY 2004 service department accounts. He said the General Appropriation Act allows components of the System to operate service department accounts subject to Board approval if these activities benefit one or more components. He said examples of service department activities include: health care program, workers' compensation program, vehicles fleet program and computer services center. Mr. Adams said that this is a routine item that must be approved annually by the Board.

Mr. Adams said the final action of the Committee was the reconsideration of a request from TAMU to delegate authority to Dr. Gates to execute a seven-year contract with The Coca-Cola Company to continue vending for beverages, snacks and post-mixed products for TAMU Food Services and temporary concessions for TAMU athletics. Dr. Rick Floyd, Associate Vice President for Finance, was available for questions. Dr. Gramm expressed her appreciation for the information that was given to her about the Coca-Cola contract. Mr. Sosa stated that the request was very clear and easy to understand. Mr. Adams asked for further comments or questions. There were none. The Board took action as set forth below:

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**MINUTE ORDER 152-2003 (AGENDA ITEM 01)**

**APPROVAL OF FISCAL YEAR 2004 OPERATING BUDGETS,  
THE TEXAS A&M UNIVERSITY SYSTEM**

On motion of Mr. Adams, seconded by Mr. Nye and by a unanimous vote, the following minute order was adopted:

The operating budgets included as **Exhibit A**, a copy of which is attached to the official minutes, as submitted by the components of The Texas A&M University System for the fiscal year ending August 31, 2004, are hereby approved and adopted subject to the provisions contained in System Policy 27.04 (*Budget Authorizations, Limitations, and Delegations of Authority*). The Chancellor is hereby authorized to approve changes to the operating budget as required by actions of the 78th Legislature, Regular Session, or subsequent special sessions.

**MINUTE ORDER 153-2003 (AGENDA ITEM 02)**

**APPROVAL OF FISCAL YEAR 2004  
SERVICE DEPARTMENT ACCOUNTS,  
THE TEXAS A&M UNIVERSITY SYSTEM**

On motion of Mr. Adams, seconded by Mr. Nye and by a unanimous vote, the following minute order was adopted:

The service department accounts for the components of The Texas A&M University System for the fiscal year ending August 31, 2004, a copy of which is attached to the official minutes as **Exhibit B**, are hereby approved subject to the provisions contained in System Regulation 21.01.05 (*Service Departments*).

**MINUTE ORDER 154-2003 (AGENDA ITEM 03)**

**AUTHORIZATION FOR  
THE PRESIDENT OF TEXAS A&M UNIVERSITY  
TO EXECUTE A CONTRACT WITH THE COCA-COLA COMPANY,  
TEXAS A&M UNIVERSITY**

On motion of Mr. Adams, seconded by Mr. Nye and by a unanimous vote, the following minute order was adopted:

The Board of Regents of The Texas A&M University System, upon review and approval for legal sufficiency by the Office of General Counsel, hereby grants authority to the President of Texas A&M University or his designee to execute a contract with The Coca-Cola Company.

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Mr. Nye expressed his appreciation to the Committee on Finance and the System finance staff for their time and effort on the budgets. Mr. Mays also expressed his appreciation for a job well done.

OTHER

Mr. Mays presented Item 4, a resolution expressing the Board's appreciation for the service of Ms. Pam Willeford, Chairman of the Texas Higher Education Coordinating Board (THECB). The Board took action as set forth below:

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**MINUTE ORDER 155-2003 (AGENDA ITEM 04)**

**ADOPTION OF A RESOLUTION HONORING  
PAMELA PITZER WILLEFORD, CHAIRMAN OF  
THE TEXAS HIGHER EDUCATION COORDINATING BOARD,  
BOARD OF REGENTS OF THE TEXAS A&M UNIVERSITY SYSTEM**

On a motion by Mr. Stevens, seconded by Dr. Wynn and by a unanimous vote, the following minute order was adopted:

Whereas, Pam Willeford has been a tireless crusader for education in Texas, having graduated Phi Beta Kappa with a bachelor's degree in English and Spanish from the University of Texas at Austin and then teaching in public and private secondary schools in Dallas; and

Whereas, Ms. Willeford has supported many educational causes, including serving as a founding member of the Executive Committee of the Texas Book Festival, a member of the Hockaday School Board of Visitors, and founder and Chairman of the University of Texas Women's Athletic Hall of Fame; and

Whereas, she has been a leader in many civic and community causes, including serving on the Boards of Directors of the Friends of the Governor's Mansion, the Bob Bullock Texas History Museum, and the Helping Hands Home for Children; and

Whereas, she was a founding member of the Advisory Council for the Center for Battered Women, Co-Chairman of the 1999 Texas Governor's Inauguration; former President of the Junior League of Austin, and former Director of Development and Coordinator of the Texas State Capitol Rededication in 1995; and

Whereas, she has achieved success in the business world as Partner and President of Pico Drilling Company, Limited, in Breckenridge, Texas; and

Whereas, she was appointed to the Texas Higher Education Coordinating Board in 1995 and named Chairman of the Board in 1998; and

Whereas, under her leadership, the Coordinating Board in 2000 launched the "Closing the Gaps by 2015" initiative, which seeks to bring 500,000 more students into Texas colleges and universities by 2015; and

Whereas, she has been supportive of The Texas A&M University System's similar efforts to close educational gaps in Texas, namely the Regents' Initiative for Excellence in Education; and

Whereas, all who know her describe Ms. Willeford as compassionate, fair, humble, ethical, brilliant and energetic; and

Whereas, she has been nominated for the position of United States Ambassador to Switzerland; and

Whereas, Ms. Willeford's appointment as Chairman of the Texas Higher Education Coordinating Board will come to an end August 31, 2003; now, therefore, be it

Resolved, that the Board of Regents of The Texas A&M University System with great appreciation recognizes the outstanding service provided by Pam Willeford during her five years as Chairman of the Texas Higher Education Coordinating Board and grants its best wishes upon her future endeavors; and, be it, further

Resolved, that this resolution be spread upon the minutes and official copies thereof, be signed by the Chairman of the Board of Regents and be presented to Ms. Willeford and to the archives of The Texas A&M University System in sincere appreciation for her dedication and leadership to the citizens of Texas and to the nine universities in The Texas A&M University System.

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Mr. Mays introduced Dr. Stanton Calvert, Vice Chancellor for Governmental Relations, and asked him to discuss an emergency item that was added to the agenda, the transfer of powers, duties and responsibilities from the Texas Wildlife Damage Management Service (TWDMS) to the Texas Cooperative Extension (TCE). Dr. Calvert said that on June 22 the Governor issued a proclamation vetoing the funding for the TWDMS. He said that proclamation stated that the services and functions of the TWDMS could be outsourced or handled by another agency. On June 27, Dr. Calvert approached the Governor's staff with a proposal that would provide for accomplishing one of those options that was outlined in the Governor's statement, mainly the transfer of the functions and services and duties of the TWDMS to another agency within TAMUS, TCE being that agency. He said that the Governor's office had accepted that proposal. Dr. Calvert said that he anticipated, based on the confirming word from the Governor's office, Lieutenant Governor's and Speaker's offices, that the funding will be forthcoming at about 95 percent of the amount that was vetoed. He stated that this action will put this service in order to receive those funds when they are appropriated back to the agency in the near future.

Mr. Mays asked Dr. Calvert if he was satisfied that the money will be received. Dr. Calvert replied in the affirmative and said he did believe so based on the attestations and confirmations that have been given to him verbally by high level representatives of all three offices. Mr. Sosa asked Dr. Calvert if this meant that the TWDMS would forever cease to exist. Dr. Calvert replied that it would cease to exist as a separate agency with its own identity and its own title. He noted that the services and functions of this agency would continue to be provided and the funding stream that is received from two other sources would be preserved. Those two other sources are the federal government and a combination of private funding and county funding which is provided through the Texas Wildlife Association. Dr. Wynn asked if this would have any impact on the day-to-day functioning of the service or in the services to the State.

Dr. Calvert responded that the essential services would not be affected. He stated that there will have to be some economies achieved in the administration and overhead functions in order to absorb a small cut in funding that is anticipated.

Dr. Wynn asked if any job losses were anticipated. Dr. Calvert replied in the negative. Mr. Nye said that at the meeting of the Committee on Finance, there was a fair amount of discussion about the important role of this agency and the more and more importance of what he would call suburban America in dealing with various kinds of predatory pests of various kinds. He stated that it is an important function and if it can be done in a more economical function as the Governor proposes, he supports it. The Board took action as set forth below:

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**MINUTE ORDER 156-2003 (AGENDA ITEM 05)**

**TRANSFER OF THE POWERS, DUTIES AND  
RESPONSIBILITIES OF THE  
TEXAS WILDLIFE DAMAGE MANAGEMENT SERVICE  
TO THE TEXAS COOPERATIVE EXTENSION,  
THE TEXAS A&M UNIVERSITY SYSTEM**

On the motion of Mr. Nye, seconded by Dr. Wynn and by a unanimous vote, the following minute order was adopted.

The Board of Regents of The Texas A&M University System hereby transfers the powers, duties and responsibilities of the Texas Wildlife Damage Management Service to the Texas Cooperative Extension and authorizes the Texas Cooperative Extension to receive any state, county or federal monies necessary to fulfill the responsibilities of the State in its Memorandum of Understanding with the United States Department of Agriculture.

The Texas Cooperative Extension is authorized to use the name "Texas Wildlife Damage Management Service" to fulfill its responsibilities under this delegation of authority.

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CONVENE IN CLOSED SESSION

At 2:22 p.m., Mr. Mays announced that the Board would convene in closed session to consider the Chancellor's contract and the appointment of an Interim Chancellor of the System (Chapter 551.074 of the Texas Government Code), and consult with System attorneys on matters of possible and pending litigation and other matters recognized as attorney/client confidential and privileged information (Chapter 551.071 of the Texas Government Code).

Mr. Mays 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.

(Secretary's Note: The Board met in closed session from 2:23 p.m. until 3:30 p.m.)

RECONVENE IN OPEN SESSION

Mr. Mays reconvened the meeting of the Board at 3:31 p.m. He announced that the Board met in closed session the same day from 2:23 p.m. to 3:30 p.m. Mr. Mays said in closed session the Board considered Item 6 (*Acceptance of the Resignation of Mr. Howard D. Graves as Chancellor of The Texas A&M University System and Authorization for the Chairman of the Board to Execute any Documents Appropriate to Conclude Mr. Graves' Employment Contract*). Mr. Mays asked Mr. Nye to present this item.

Mr. Nye said all members of the Board were in receipt of a letter from Chancellor Howard D. Graves concerning his continued employment by the System and his request that the Board consider the conclusion of his employment under terms of his contract. Accordingly, Mr. Nye said, he proposed the following resolution and the Board took action as set forth below:

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**MINUTE ORDER 157-2003, (AGENDA ITEM 06)**

**ACCEPTANCE OF RESIGNATION OF  
MR. HOWARD D. GRAVES  
AS CHANCELLOR OF THE TEXAS A&M UNIVERSITY SYSTEM  
AND AUTHORIZATION FOR THE CHAIRMAN OF THE BOARD OF REGENTS  
TO EXECUTE ANY DOCUMENTS APPROPRIATE TO CONCLUDE  
MR. GRAVES' EMPLOYMENT CONTRACT,  
THE TEXAS A&M UNIVERSITY SYSTEM**

On motion of Mr. Nye, seconded by Mr. Mays and by a unanimous vote, the following resolution was adopted:

The Board of Regents of The Texas A&M University System hereby acts in response to Mr. Howard D. Graves' request to conclude his employment under the terms of his contract by mutual agreement, specifically Section 1.04(d). And further, that said action shall not adversely affect Chancellor Graves' deferred compensation previously granted under Section 3.02 of the contract. And further, that a committee composed of Regents Steve Stevens and John White discuss with Chancellor Graves how his deferred compensation and other compensation should be paid. And further, that Chairman Lowry Mays be authorized to consider for legal sufficiency, after review by the Office of General Counsel, and to act on any documents as may be appropriate to conclude Chancellor Graves' employment effective August 31, 2003. And further, that a resolution be prepared for consideration at a future Board meeting to express the Board's appreciation, respect and great affection for Howard D. Graves and to designate Mr. Graves as Chancellor Emeritus of The Texas A&M University System.

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Mr. Mays thanked Mr. Graves for his marvelous service to the System.

Mr. Mays said as hard as it would be to fill the shoes of Mr. Graves, he would entertain a motion for an Interim Chancellor of The Texas A&M University System.

Mr. Stevens said that it has been his privilege to know Dr. Benton Cocanougher for upwards of 20 years and he has observed his distinguished service at the Mays' School and in a number of other capacities within TAMU and it gave him great pleasure to move his appointment as Interim Chancellor of The Texas A&M University System. The Board took action as set forth below:

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**MINUTE ORDER 158-2003 (AGENDA ITEM 07)**

**APPOINTMENT OF  
DR. A. BENTON COCANOUGH  
AS INTERIM CHANCELLOR,  
THE TEXAS A&M UNIVERSITY SYSTEM**

On motion of Mr. Stevens, seconded by Mr. Nye and by a unanimous vote, the following minute order was adopted:

Dr. A. Benton Cocanougher is hereby appointed Interim Chancellor of The Texas A&M University System, effective September 1, 2003, at an annualized salary of \$300,000 per year.

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Mr. Mays congratulated Dr. Cocanougher.

ADJOURN MEETING

There being no further business, Mr. Mays adjourned the meeting at 3:40 p.m., the same day.

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

VBS:aje/ti