

MINUTES

OF THE

SPECIAL EMERGENCY TELEPHONIC MEETING OF THE

BOARD OF REGENTS

OF

THE TEXAS A&M UNIVERSITY SYSTEM

HELD IN

COLLEGE STATION, TEXAS

July 14, 2005

(Approved October 27-28, 2005)

TABLE OF CONTENTS

**MINUTES OF THE
SPECIAL EMERGENCY TELEPHONIC MEETING
OF THE BOARD OF REGENTS
JULY 14, 2005**

MINUTE ORDER 117-2005 (AGENDA ITEM 01) AUTHORIZATION FOR THE CHANCELLOR TO EXECUTE AN ECONOMIC DEVELOPMENT AGREEMENT WITH THE STATE OF TEXAS AND LEXICON GENETICS, INCORPORATED, AND TO ENTER INTO A COLLABORATION AND LICENSE AGREEMENT WITH THE TEXAS INSTITUTE FOR GENOMIC MEDICINE, LEXICON GENETICS, INCORPORATED, AND THE BOARD OF REGENTS OF THE TEXAS A&M UNIVERSITY SYSTEM, TAMUS..... 2

**MINUTES OF THE
SPECIAL EMERGENCY TELEPHONIC MEETING
OF THE BOARD OF REGENTS
July 14, 2005**

Mr. John White, Chairman of the Board, convened a special emergency telephonic meeting of the Board of Regents of The Texas A&M University System, at 9:05 am, on Thursday, July 14, 2005, in the Board of Regents Meeting Room, Memorial Student Center, on the campus of Texas A&M University (TAMU), College Station, Texas.

The following members of the Board were present by telephone:

Mr. John White, Chairman
Mr. Bill Jones, Vice Chairman
Mr. Phil Adams
Mr. Lupe Fraga
Dr. Wendy Gramm
Mr. Erle Nye
Mr. Lowry Mays
Mr. Gene Stallings
Mr. R.H. "Steve" Stevens

Mr. White said that in accordance with the Texas Government Code, that allows governing boards to meet by telephone, each party to the conference call must clearly identify himself/herself prior to speaking. Mr. White said that all regents were in attendance by telephone. The following members of the administration were present in the Board Meeting Room: Dr. Bob McTeer, Chancellor; Mr. Delmar Cain, General Counsel; Mr. Scott Kelly, Deputy General Counsel; Mr. Guy Diedrich, Managing Director of the Technology Commercialization Center (TCC); and Ms. Vickie Spillers, Executive Secretary to the Board. Mr. White added that Mr. Dave Parker and Mr. John Boehm, partners with Fulbright & Jaworski, L.L.P., were also present by telephone. He said that the posted purpose of this special emergency meeting was to consider Agenda Item 1 (Authorization for the Chancellor of The Texas A&M University System (TAMUS) (1) to enter into an economic development agreement with the State of Texas, Lexicon Genetics Incorporated and TAMUS; (2) to do all things necessary to create the Texas Institute for Genomic Medicine (TIGM); and (3) to enter into a collaboration and license agreement among TIGM, Lexicon Genetics Incorporated and the Board of Regents of TAMUS, for the benefit of TAMU and the TAMUS Health Science Center (HSC).

Mr. White said that having convened in open session; the Board would enter into an executive session to consider matters as permitted by Chapter 551.087 of the Texas Government Code for deliberations regarding economic development negotiations. He said that in accordance with the law, no final action, decision, or vote with regard to any matter considered in the executive session would be made or taken. Mr. White said that Dr. McTeer, Mr. Cain, Mr. Diedrich, Mr. Kelly and Ms. Spillers should stay for the

executive session. He added that Mr. Parker and Mr. Boehm should remain on the telephone line for the executive session. Mr. White said that all other persons should leave the meeting room until the meeting was reconvened in open session.

(Secretary's Note: The Board met in executive session from 9:08 am until 10:45 am.)

Mr. White reconvened the meeting in open session at 10:46 am.

(Secretary's Note: Mr. Adams and Dr. Gramm left the meeting during the executive session.)

Mr. White presented Item 1 and the Board took action as set forth below:

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**MINUTE ORDER 117-2005 (AGENDA ITEM 01)**

**AUTHORIZATION FOR THE CHANCELLOR TO EXECUTE  
AN ECONOMIC DEVELOPMENT AGREEMENT WITH  
THE STATE OF TEXAS AND LEXICON GENETICS, INCORPORATED  
AND TO ENTER INTO A COLLABORATION AND LICENSE AGREEMENT  
WITH THE TEXAS INSTITUTE FOR GENOMIC MEDICINE,  
LEXICON GENETICS, INCORPORATED, AND THE BOARD OF REGENTS  
OF THE TEXAS A&M UNIVERSITY SYSTEM**

*(Secretary's Note: Mr. Adams and Dr. Gramm departed the meeting during the executive session meeting and were not present when the vote was taken.)*

Mr. Jones moved adoption of the minute order. Mr. Fraga seconded the motion. Mr. White said he would call each regent's name so that their vote could be properly recorded. The regents voted as follows: Jones - yes, Fraga - yes, Mays – yes, Nye - yes, Stallings – yes, Stevens - yes. Mr. White said that he voted “yes.” The following minute order was adopted:

The Chancellor of The Texas A&M University System is authorized to execute an economic development agreement with the State of Texas and Lexicon Genetics, Incorporated, for the use and development of gene knockout technology and the creation of jobs in Texas. The Chancellor is authorized to do all things necessary to create the Texas Institute for Genomic Medicine and to enter into a collaboration and license agreement with the Texas Institute for Genomic Medicine, Lexicon Genetics Incorporated, and the Board of Regents of The Texas A&M University System for the benefit of Texas A&M University and The Texas A&M University System Health Science Center.

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Dr. McTeer asked if he had any flexibility. Mr. Nye said that given the stretch that we are putting on TAMU and on the System, his inclination was to stay with Lexicon. He said that he gathered that Lexicon was not going to move on that and given that we have already taken a fair amount of leverage in this deal, he would be inclined to hold where we are. Mr. White said that it was his understanding in the discussion that we have had and of our position that we would take. Mr. White said there would be no deal if it doesn't go according to Lexicon's requirements and we are operating in sync with them. He said if it is acceptable to them, then it is acceptable to us.

Dr. McTeer questioned the requirements that we are talking about. He said he thought that the Lieutenant Governor wanted to modify the number of jobs that you get credit for given the amount of grants. Mr. White agreed. Mr. Nye said it seemed like the Chancellor might be in a better position to say that he did not have any latitude, it was rushed to the Board, and, if changed, the Board would have to have another meeting to discuss it. Mr. White agreed.

There being no further business, on motion of Mr. Mays and seconded by Mr. Jones, and by a unanimous vote, the special emergency telephonic meeting was adjourned at 10:50 am, the same day.

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

(These minutes were transcribed by Adrienne Watson, Administrative Secretary, Office of the Board of Regents.)