

MINUTES

SPECIAL TELEPHONIC MEETING OF THE

BOARD OF REGENTS

THE TEXAS A&M UNIVERSITY SYSTEM

HELD IN

COLLEGE STATION, TEXAS

October 2, 2014

(Approved November 6, 2014)

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**MINUTES OF THE
SPECIAL TELEPHONIC MEETING
OF THE BOARD OF REGENTS**

October 2, 2014

CONVENE

Chairman Phil Adams convened a special telephonic meeting of the Board of Regents of The Texas A&M University System, at 3:07 p.m., Thursday, October 2, 2014, in the Board Meeting Room on the campus of Texas A&M University, College Station, Texas.

Chairman Adams said the purpose of the meeting was for consideration and action on two items as shown in the agenda material, and posted with the Secretary of State. He called each Regent's name to confirm their participation.

The following members of the Board were present by telephone:

Mr. Phil Adams, Chairman
Mr. Cliff Thomas, Vice Chairman
Mr. Morris Foster (*joined meeting at 3:14 p.m.*)
Ms. Elaine Mendoza
Ms. Judy Morgan
Mr. Charles W. Schwartz (*left the meeting at 3:09 p.m. and
rejoined at 3:49 p.m.*)
Mr. Jim Schwertner
Mr. Colton L. Buckley (Student Regent)

The following member of the Board was present in the meeting room:

Mr. John D. White

The following member of the Board was not present:

Mr. Anthony G. Buzbee

RECESS TO EXECUTIVE SESSION

At 3:09 p.m., Chairman Adams announced that the Board would recess to executive session to consider matters as permitted by Chapter 551, Sections 71, 72 and 74 of the Texas Government Code, including Item 1. He said 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.

(Secretary's Note: The Board met in executive session from 3:09 p.m. until 3:47 p.m. Regent Schwartz was not present during the discussion of Item 1.)

RECONVENE IN OPEN SESSION

Chairman Adams reconvened the meeting in open session at 3:49 p.m. and announced that the Board had met in executive session from 3:09 p.m. until 3:47 p.m., and considered Item 1 and conferred with the Chancellor, several System and university administrators and attorneys.

Chairman Adams called for a motion to adopt Item 1.

Regent White moved for adoption of the minute order contained in Item 1. Regent Foster seconded the motion. Chairman Adams said he would call each regent's name to properly record their vote. The record of the regents' vote is as follows: Foster – yes, Mendoza – yes, Morgan – yes, Schwertner – yes, Thomas – yes, White – yes and Chairman Adams voted “yes.”

(Secretary's Note: Regent Schwartz recused himself from the discussion and vote regarding Item 1.)

The following minute order was approved (186).

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**MINUTE ORDER 186-2014**

**AUTHORIZATION FOR THE CHANCELLOR TO NEGOTIATE AND EXECUTE  
A PURCHASE AND SALE AGREEMENT AND OTHER RELATED  
DOCUMENTS IN CONNECTION WITH A THIRD PARTY INVESTMENT  
IN KALON BIOTHERAPEUTICS, LLC, A BUSINESS ENTITY FORMED BY  
THE TEXAS A&M UNIVERSITY SYSTEM TO PERFORM  
CERTAIN BIOPHARMACEUTICAL PRODUCT DEVELOPMENT  
AND MANUFACTURING SERVICES,  
THE TEXAS A&M UNIVERSITY SYSTEM**

The Board of Regents of The Texas A&M University System authorizes the Chancellor of The Texas A&M University System to negotiate and execute a purchase and sale agreement and other related documents in connection with a third party investment in Kalon Biotherapeutics, LLC, a business entity formed by The Texas A&M University System to perform certain biopharmaceutical product development and manufacturing services, and further authorizes the Chancellor to take all actions necessary to carry out the intents and purposes of these agreements, subject to review for legal form and sufficiency by the Office of General Counsel.

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Chairman Adams asked Dr. Brett Giroir, Executive Vice President and Chief Executive Officer, Texas A&M Health Science Center (TAMHSC), to present Item 2.

Dr. Giroir explained that this agenda item was similar to those approved by the Board in previous years. He said the Intergovernmental Transfer (IGT) Program -- now two programs -- consisted of the 1115 Waiver Program, and a new program just approved by the Texas Health and Human Services Commission (HHSC), and the Center for Medicare and Medicaid Services

in Washington, D.C. He advised that this was the Network Access Improvement Program. Dr. Giroir said these programs essentially allowed a governmental entity to transfer money to the HHSC, and allowed the state to pull down a match from the federal government, so that every \$1 transferred to the state gets matched by the federal government at approximately \$1.50. He noted that this was used to expand access to care among indigent populations within Texas. He emphasized that this was a tremendous benefit in their training program to supply patients for their health care professionals, and part of their mission to expand health care services for citizens in Texas.

Dr. Giroir reported that this item was being considered on a special agenda because HHSC notified them that, particularly since the federal government just approved the new program, they were likely to request a transfer and drawdown in October. He said this required Board authorization, and the deadlines for the previous Board meeting could not be met, since they had only recently been informed of this. He pointed out that the TAMHSC had participated in this program, and the state had successfully petitioned the federal government to expand the program to help the TAMHSC even more while continuing to serve the needs of the citizens of the state of Texas. Dr. Giroir noted that any transfer went through the Office of General Counsel (OGC) due to the many legal aspects in these types of agreements.

Chairman Adams responded that he had visited with Chancellor Sharp and Mr. Ray Bonilla, General Counsel, and felt that there certainly needed to be good recordkeeping on this.

Dr. Giroir replied in the affirmative and said it was strongly supported by the state and federal government, and directly benefited TAMHSC and the citizens in the state. He said this was considered a very positive program that everyone agreed on.

Chairman Adams called for a motion to adopt Item 2.

Regent Mendoza moved for adoption of the minute order contained in Item 2. Regent White seconded the motion. Chairman Adams said he would call each regent's name to properly record their vote. The record of the regents' vote is as follows: Foster – yes, Mendoza – yes, Morgan – yes, Schwartz – yes, Schwertner – yes, Thomas – yes, White – yes and Chairman Adams voted “yes.” The following minute order was approved (187).

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**MINUTE ORDER 187-2014**

**AUTHORIZATION FOR THE  
TEXAS A&M UNIVERSITY HEALTH SCIENCE CENTER  
TO MAKE INTERGOVERNMENTAL TRANSFERS ON  
BEHALF OF QUALIFYING ENTITIES,  
TEXAS A&M UNIVERSITY**

The Board of Regents of The Texas A&M University System authorizes the Executive Vice President and Chief Executive Officer of the Texas A&M University Health Science Center, under the administration of Texas A&M University, to make one or more Intergovernmental Transfers (IGTs) to the Health and Human Services Commission (HHSC) in support of qualifying entities' participation in HHSC's 1115 Waiver Program and Network Access Improvement Program to increase access to and quality of care for indigent patients, subject to final review for legal sufficiency by the Office of General Counsel and a legal opinion by outside counsel with respect to each covered health care affiliation. The total amount of such IGTs shall not exceed \$25 million in the aggregate during fiscal year 2015.

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ADJOURN

There being no further business, on motion of Regent White, seconded by Regent Morgan and by a unanimous vote, the meeting was adjourned at 3:56 p.m., the same day.

Vickie Burt Spillers
Executive Director, Board of Regents

(Minutes were transcribed by Gwen Kirby, Office of the Board of Regents.)