



TABLE OF CONTENTS FOR MEETING OF THE BOARD

Board Meeting: 8/22-23/2007
Austin, Texas

Wednesday, August 22, 2007

**Board/Committee
Meeting**

COMMITTEE MEETING

- | | |
|--|---|
| Audit, Compliance, and Management Review Committee | 11:30 a.m. - 12:30 p.m. |
| A. CONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO <i>TEXAS GOVERNMENT CODE</i> , CHAPTER 551 (Working Lunch) (continues from 5:15 - 6:15 p.m. as needed) | 12:30 - 2:20 p.m.
<i>Chairman Huffines</i> |
| 1. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074 | |
| a. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees | |
| b. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Director of Audits), and U. T. System and institutional employees and related personnel aspects of the operating budget for the year ending August 31, 2008 | |
| c. U. T. System: Discussion regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees including employees covered by Regents' <i>Rules and Regulations</i>, Series 20204, regarding compensation for highly compensated employees | |

Wednesday, August 22, 2007 (continued)

2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071

- a. **U. T. System Board of Regents: Discussion with Counsel on pending legal issues** *Mr. Burgdorf*
- b. **U. T. Pan American: Discussion and appropriate action on pending litigation titled Board of Regents of The University of Texas System v. Geraldine F. Glick and Robert Edward Glick, Joint Independent Executors of the Estate of Kenith S. Glick, Deceased; Martha P. Glick and Judith Gail Glick, Joint Independent Executors of the Estate of Kemper H. Glick, Deceased; Geraldine F. Glick, Individually; Martha P. Glick, Individually; and Gordon Bloomfield, regarding the purchase of approximately 18.96 acres with improvements out of Lot 4, Block 273, Texas-Mexican Railway Company’s Survey, Edinburg, Hidalgo County, Texas, for initial use for parking and for future programmed development of campus expansion; and resolution regarding parity debt** *President Cárdenas
Ms. Mayne
Mr. Burgdorf*

3. Negotiated Contracts for Prospective Gifts or Donations – Section 551.073

- a. **U. T. Tyler: Discussion and appropriate action related to a proposed negotiated gift with a potential naming feature for the College of Nursing and Health Sciences** *President Mabry
Dr. Safady*
- b. **U. T. Tyler: Discussion and appropriate action related to a proposed negotiated gift with a potential naming feature for the Palestine Campus building** *President Mabry
Dr. Safady*

B. RECONVENE IN OPEN SESSION TO CONSIDER ACTION ON EXECUTIVE SESSION ITEMS *2:20 p.m.*

C. RECESS *2:30 p.m.*

COMMITTEE MEETINGS

Finance and Planning Committee..... *2:30-3:25 p.m.*
Facilities Planning and Construction Committee..... *3:25-4:20 p.m.*
Academic Affairs Committee..... *4:20-5:15 p.m.*

D. RECONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551, AS NEEDED, TO CONSIDER ITEMS LISTED UNDER ITEMS A.1, A.2, AND A.3 *5:15 p.m.*

E. RECONVENE IN OPEN SESSION TO RECESS *6:15 p.m.*

Thursday, August 23, 2007

Board/Committee Meetings Page

COMMITTEE MEETINGS

Student, Faculty, and Staff Campus Life Committee
(including annual meeting with U. T. System Faculty
Advisory Council)

8:00-8:55 a.m.

Health Affairs Committee

9:00-9:55 a.m.

F. RECONVENE THE BOARD IN OPEN SESSION

10:00 a.m.

G. APPROVAL OF MINUTES

H. CONSIDER AGENDA ITEMS

1. **U. T. System Board of Regents: Chancellor's Quarterly Update including comments on the accomplishments of U. T. System over the past five years**

10:02 a.m.
Report
Chancellor Yudof

1

2. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Series 10402 (Committees and Other Appointments) to add reference to the Type 2 Diabetes Risk Assessment Program Advisory Committee**

10:12 a.m.
Action
Ms. Frederick

1

3. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Series 20201 (Presidents), Section 4.9 concerning changes to an institution's Handbook of Operating Procedures**

10:14 a.m.
Action
Dr. Prior
Dr. Shine

2

4. **U. T. System Board of Regents: Amendments to the Regents' Rules and Regulations, Series 30601, concerning U. T. System-wide discipline and dismissal of classified employees**

10:16 a.m.
Action
Mr. Burgdorf

3

5. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Series 31002 and Series 31007 delegating to the presidents the authority to approve all faculty appointments with the exception of the initial award of tenure**

10:18 a.m.
Action
Dr. Prior
Dr. Shine

9

6. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Series 40401, Section 3 concerning approval of certain fees and charges and Section 4 concerning approval to collect payment**

10:20 a.m.
Action
Chancellor Yudof

10

7. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Series 80307, regarding corporate namings, to address namings for Less Prominent Facilities and Programs and to limit extent of naming approvals**

10:22 a.m.
Action
Dr. Safady
Mr. Burgdorf

12

Thursday, August 23, 2007 (continued)

	Board Meeting	Page
8. U. T. System: Allocation of \$182.2 million of Permanent University Fund Bond Proceeds	<i>10:25 a.m.</i> Action <i>Dr. Kelley</i> <i>Dr. Shine</i>	14
9. U. T. System: Adoption of the six-year Capital Improvement Program (CIP) for Fiscal Years 2008-2013; approval of the Capital Budget for Fiscal Year 2008-2009; redesignation of previously approved projects in the CIP; reduction of previously appropriated funds for repair and rehabilitation projects deleted or decreased in scope; appropriation of additional funds for previously approved projects with increased total project costs; appropriation of funds for new repair and rehabilitation projects initiated in the Capital Budget; approval of the use of Revenue Financing System parity debt for repair and rehabilitation projects initiated in the Capital Budget for which Revenue Financing System Bonds are identified as a funding source, and resolution regarding parity debt; consideration of possible designation of new and existing projects as architecturally or historically significant; approval of additional appropriation and authorization of expenditure for three previously approved projects	<i>10:55 a.m.</i> Action <i>Dr. Kelley</i> <i>Mr. O'Donnell</i> <i>President</i> <i>Mendelsohn</i>	21
10. U. T. System: Approval of the nonpersonnel aspects of the operating budgets for the fiscal year ending August 31, 2008, Permanent University Fund (PUF) Bond Proceeds allocation for Library, Equipment, Repair and Rehabilitation (LERR) Projects for FY 2008	<i>11:25 a.m.</i> Action <i>Mr. Wallace</i>	42
11. U. T. System Board of Regents: Approval of Permanent University Fund (PUF) Bond Proceeds allocation for the Science and Technology Acquisition and Retention (STARs) Program	<i>11:35 a.m.</i> Action <i>Mr. Wallace</i>	43
12. U. T. System: Recommendation to authorize the U. T. System to extend an option to lease previously granted to the Office of the Governor of the State of Texas with regard to 6,300 acres in the West Texas Lands in Pecos County to allow land to be available to FutureGen Industrial Alliance, Inc., for long-term lease and injection and storage of CO₂	<i>11:45 a.m.</i> Action <i>Mr. Burgdorf</i>	45
I. RECESS FOR MEETINGS OF THE STANDING COMMITTEES AND COMMITTEE REPORTS TO THE BOARD	<i>11:47 a.m.</i>	

Thursday, August 23, 2007 (continued)

	Board Meeting	Page
J. RECONVENE AS A COMMITTEE OF THE WHOLE	12:00 p.m.	
13. U. T. System Board of Regents: Presentation of certificate of appreciation to President John D. Stobo, M.D.	12:00 p.m. Action <i>Chairman Huffines</i>	50a
14. U. T. System Board of Regents: Election of additional Vice Chairman (Regents' <i>Rules and Regulations</i>, Series 10102, Section 3)	12:05 p.m. Action <i>Chairman Huffines</i>	50a
K. ADJOURN	12:10 p.m.	

1. **U. T. System Board of Regents: Chancellor's Quarterly Update including comments on the accomplishments of U. T. System over the past five years**

REPORT

Chancellor Yudof will provide a quarterly update on U. T. System activities including highlights of the System's accomplishments over the past five years.

2. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Series 10402 (Committees and Other Appointments) to add reference to the Type 2 Diabetes Risk Assessment Program Advisory Committee**

RECOMMENDATION

It is recommended that the Regents' *Rules and Regulations*, Series 10402, regarding Committees and Other Appointments, be amended to add the Type 2 Diabetes Risk Assessment Program Advisory Committee as set forth below in congressional style:

Sec. 7 Type 2 Diabetes Risk Assessment Program Advisory Committee. Pursuant to *Texas Health and Safety Code* Section 95, one member of the Board of Regents will serve on the Type 2 Diabetes Risk Assessment Program Advisory Committee for the program administered by The University of Texas - Pan American Border Health Office.

BACKGROUND INFORMATION

The proposed amendment implements a portion of Senate Bill 415, passed by the Texas Legislature in 2007, to require that one member of the Board of Regents serve on the Type 2 Diabetes Risk Assessment Program Advisory Committee. The Program is for K-12 students who attend public or private schools.

3. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Series 20201 (Presidents), Section 4.9 concerning changes to an institution's Handbook of Operating Procedures**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Series 20201, Section 4.9 as set forth below in congressional style be amended to ensure that input is received by an institution's faculty governance body for forthcoming changes to the *Handbook of Operating Procedures* (HOP) pertaining to areas of faculty responsibility.

Sec. 4 Duties and Responsibilities. Within the policies and regulations of the Board of Regents and under the supervision and direction of the appropriate Executive Vice Chancellor, the president has general authority and responsibility for the administration of that institution. Specifically, the president is expected, with the appropriate participation of the staff, to:

...

4.9 Cause to be prepared and submitted to the appropriate Executive Vice Chancellor and the Vice Chancellor and General Counsel for approval, the rules and regulations for the governance of the institution and any related amendments. Such rules and regulations shall constitute the *Handbook of Operating Procedures* for that institution. Any rule or regulation in the institutional *Handbook of Operating Procedures* that is in conflict with any rule or regulation in the Regents' *Rules and Regulations*; is null and void and has no effect.

(a) Input from the faculty, staff, and student governance bodies for the institution will be sought for all significant changes to an institution's *Handbook of Operating Procedures*. The institutional *Handbook of Operating Procedures* will include a policy for obtaining this input that is in accordance with a model policy developed by the Office of General Counsel.

(b) Sections of the *Handbook of Operating Procedures* that pertain to the areas of faculty responsibility as defined in *Regents' Rules and Regulations*, Series 40101 titled *Faculty Role in Educational Policy Formulation* will be explicitly

designated in the *Handbook of Operating Procedures*. The president, with the faculty governance body of the campus, shall develop procedures to assure formal review by the faculty governance body before such sections are submitted for approval. The formal review should be done within a reasonable timeframe (60 days or less).

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BACKGROUND INFORMATION

Currently, input on all significant changes to an institution's HOP must be sought from the institution's faculty, staff, and student governance bodies. The proposed amendment to the Regents' *Rules* requires each HOP to include a policy for obtaining this input and to include designation of areas of faculty responsibilities. Each president is to work with the faculty to develop procedures to assure formal review by the faculty governance body prior to approval of related changes in the HOP.

These revisions have been reviewed by the Presidents of the U. T. System institutions and the Faculty Advisory Council.

4. Deferred

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5. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Series 31002 and Series 31007 delegating to the presidents the authority to approve all faculty appointments with the exception of the initial award of tenure**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations* be amended as set forth below in congressional style:

- a. Amend Series 31002, Section 3, concerning the reappointment of nontenured faculty members, as follows to delegate that authority currently exercised by the Board be delegated to the president of an institution:

Sec. 3 Notice and Approval by President Required. Upon expiration of an appointment period, reappointment ~~Reappointment of nontenured members of the faculty to a succeeding academic year, reappointment of members of the faculty who are serving a seven-year term appointment to a succeeding seven-year term appointment, or the award of tenure or a seven-year term appointment, may be accomplished only by notice by approval of the president of an institution or his or her delegate with the approval of the Board of Regents. Reappointment of members of the faculty who are serving a seven-year term appointment to a succeeding seven-year term appointment may be accomplished only by notice by the president of an institution or his or her delegate. No nontenured member of the faculty shall expect continued employment beyond the period of his or her current appointment. Any commitment to employ a nontenured member of the faculty beyond the period of his or her current employment shall have no force and effect until approved by the president of the institution.~~

....

- b. Amend Series 31007, Section 6 requiring that "all faculty appointments be approved by the Board" as follows to delegate to the president of an institution all faculty appointments with the exception of the initial award of tenure:

Sec. 6 Board Approval. The award of tenure is ~~All faculty appointments are subject to the approval of the Board of Regents.~~

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BACKGROUND INFORMATION

Currently, all appointments and promotions involving faculty are required to be approved by the Board because of Regents' *Rules and Regulations*, Series 31007, Section 6 which states that all faculty appointments are subject to approval by the Board of Regents. Such approvals are handled via approval of the institutional budget. The recommendation to delegate to the president of each institution authority to make all faculty appointments, with the exception of the initial award of tenure, is made to promote operational efficiency within the U. T. System. Such appointments must comply with other provisions of the Regents' *Rules* such as those concerning the reasonableness of compensation.

These revisions have been reviewed by the Presidents of the U. T. System institutions and the Faculty Advisory Council.

6. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Series 40401, Section 3 concerning approval of certain fees and charges and Section 4 concerning approval to collect payment**

RECOMMENDATION

The Chancellor concurs in the recommendation of the General Counsel to the Board of Regents, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Series 40401, Sections 3 and 4 be amended as set forth below in congressional style:

- Sec. 3 Approval of Certain Fees and Charges Changes. The Board of Regents delegates to the presidents of the institutions the authority to assess and collect the following fees and other charges, upon a finding by the president that such fees and other charges and changes to such fees and other charges are required ~~approve changes in the amounts of other fees or charges authorized by *Texas Education Code* Sections 54.007, 54.501(a), 54.051(l), 54.504, or 55.16 that have previously been approved by the Board. As a condition for approval of any increase in such fees and charges, the institutional president must find that such increase is required in order for the fee or other charge to reasonably reflect the actual cost to the institution of the materials or services to be provided. The approval authority is conditioned on prior review and approval by the Executive Vice Chancellor for Academic Affairs or the Executive Vice Chancellor for Health Affairs.~~
1. Matriculation Fee, as authorized by *Texas Education Code* Section 54.006(a)
 2. Fees Associated with the Option to Pay Tuition by Installment, as authorized by *Texas Education Code* Section 54.007

3. Supplemental Fees for coaching or individual instruction, as authorized by Texas Education Code Section 54.051(l)
4. Laboratory Fees, as authorized by Texas Education Code Section 54.501(a)
5. Incidental Fees, as authorized by Texas Education Code Section 54.504
6. Charges and Fees for Certain Payments, related to electronic funds transfer or credit card payment, as authorized by Texas Education Code Section 54.5011
7. Continuing Education Course Fees, as authorized by Texas Education Code Section 54.545, and further detailed in Series 40403
8. Fees and Other Charges for rentals, rates, and charges for certain occupancy, services, use and availability of facilities or services, as authorized by Texas Education Code Section 55.16.

Sec. 4 Approval of Method of to Collect Payment. The Board of Regents delegates to the presidents of the institutions the authority to collect the payment of tuition, fees, and other charges in accordance with those methods prescribed or authorized by statute.

BACKGROUND INFORMATION

The proposed amendment to the Regents' *Rules and Regulations* codifies previous delegations related to the approval of selected new fees and fee changes and recommends additional delegation to the presidents to approve laboratory fees by course and specific course-related incidental fees after review and approval by the appropriate Executive Vice Chancellor.

State law requires the charge of a mandatory laboratory fee of \$2 to \$30 for each laboratory course at a general academic institution. The current approval process requires Board approval of each course's lab fee but allows a president to modify a previously approved lab fee. The proposed amendment would simplify that process.

For the course-related incidental fees, the Board has approved a range of charges for course-related fees at each institution. The current process requires resubmission of each course-related fee for approval.

7. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Series 80307, regarding corporate namings, to address namings for Less Prominent Facilities and Programs and to limit extent of naming approvals**

RECOMMENDATION

The Chancellor concurs in the recommendation of the General Counsel to the Board of Regents, the Vice Chancellor for External Relations, and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Series 80307, regarding corporate namings, be amended to address namings for Less Prominent Facilities and Programs as set forth below in congressional style:

Sec. 1 General. Before proceeding with any naming, institutions must carefully consider all circumstances surrounding the naming, including the overall benefit to the institution and whether displaying the name is and will continue to be a positive reflection on the institution.

1.1 Review. Any naming of Facilities and Programs must undergo a high level of consideration and due diligence to ensure that the name comports with the purpose and mission of the U. T. System and the U. T. System its institutions. No naming shall be permitted for any corporation or individual whose public image, products, or services may conflict with such purpose and mission.

1.2 Time Limitation for Approval. Naming approvals granted under this policy are valid for a period not to exceed 180 days from the date of approval. After approval of a naming, the naming agreement must be executed within 180 days of that approval. If that does not occur, the naming must be resubmitted for approval.

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Sec. 3 Naming of Less Prominent Facilities and Less Prominent Programs. The Board of Regents has delegated naming authority for Less Prominent Facilities and Less Prominent Programs to each president based on a set of general guidelines that are reviewed and approved by the Chancellor, except that any Corporate Naming requires approval by the Chancellor and compliance with the procedures set forth below in Section 8, including the requirement for advance consultation. The Vice Chancellor for External Relations will make final determinations concerning what types of Facilities and Programs may be considered Less Prominent.

...

Sec. 8 Corporate Naming. Each Corporate Naming for Prominent Facilities or Programs must be approved by the Board of Regents. Each Corporate Naming for Less Prominent Facilities or Programs must be approved by the Chancellor.

8.1 Special Considerations. The Office of External Relations must complete a detailed due diligence review, in accordance with policies and procedures established by that office, of the corporation prior to any Corporate Naming. Each Corporate Naming must be analyzed to ensure that there are no conflicts of interest. Certain restrictions may also apply to any proposed naming of a Facility financed with the proceeds of tax-exempt bonds.

8.2 Procedures for Corporate Naming. Before negotiating a possible Corporate Naming, the president shall send a written request, in compliance with procedures established by the Office of External Relations, to the Executive Vice Chancellor for Academic or Health Affairs. Except in the case of Less Prominent Facilities or Programs ~~Following review and approval in accordance with the procedures set forth herein and in the procedures established by the Office of External Relations,~~ the institution shall negotiate an ~~a~~ gift agreement with the corporation, using the Standard Corporate Naming Gift/Licensing Agreement prepared by the Office of General Counsel. Any substantive variations to the standard agreement must be approved by the Office of General Counsel. The Executive Vice Chancellor for Academic or Health Affairs shall have authority to sign such ~~gift~~ agreements after appropriate review and approval.

Sec. 9 Namings Approvals Chart

	Corporate*	Non-Corporate
Prominent**	Board of Regents	Board of Regents
Less Prominent***	Chancellor	Institutional President

* In addition to the approvals specified in this chart, all requests for Corporate Naming must be forwarded in writing by the institution's president to the Executive Vice Chancellor for Academic or Health Affairs (as appropriate), the Vice Chancellor for External Relations, and the Office of General Counsel; must be recommended by the Chancellor; and must otherwise comply with specific guidelines relating to Corporate Naming.

** In addition to the approvals specified in this chart, all requests for naming for Prominent Facilities and Programs (as defined in Regents' *Rule*, Series 80307) must be recommended by the Chancellor, the Executive Vice Chancellor for Academic or Health Affairs (as appropriate), and the Vice Chancellor for External Relations, and must comply with procedures established by the Office of External Relations. The Vice Chancellor for External Relations, in consultation with the Executive Vice Chancellor for Academic or Health Affairs (as appropriate), makes final determinations as to which Facilities and Programs are considered Prominent.

*** Any naming for Less Prominent Facilities and Programs shall be based on a set of general guidelines that are reviewed and approved by the Chancellor. The Vice Chancellor for External Relations, in consultation with the Executive Vice Chancellor for Academic or Health Affairs (as appropriate), makes final determinations as to which Facilities and Programs are considered Less Prominent.

BACKGROUND INFORMATION

The proposed amendments to the Regents' *Rules and Regulations*, Series 80307 are recommended by the Vice Chancellor for External Relations and the Vice Chancellor and General Counsel to conform the *Rules* to a workable process for the review and documentation for corporate namings related to less prominent facilities and programs.

A new provision specifies that all approvals are for the duration of 180 days only.

8. U. T. System: Allocation of \$182.2 million of Permanent University Fund Bond Proceeds

RECOMMENDATION

The Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Business Affairs recommend that the U. T. System Board of Regents approve the allocation of \$182,200,000 of Permanent University Fund (PUF) Bond Proceeds for 13 capital projects listed in Table 1 on Pages 16 - 18.

Detailed Project description sheets are on Pages 18A – 18L.

In addition, the Board will hear a discussion relating to a proposed Drug Development Institute project at U. T. Health Science Center – Houston (Pages 18K – 18L).

BACKGROUND INFORMATION

The total project cost of the 13 capital projects is currently estimated at approximately \$507,600,000. The balance of the project funding will be solidified over the next several months and will be brought back to the Board for i) approval of the total project cost for

each project including identified funding sources and ii) approval of amendments to the FY 2008-2013 Capital Improvement Program. Preliminary project descriptions including fire and life safety projects are listed in Table 1 on Pages 16 - 18.

A forecast of revenues and expenses of the Available University Fund (AUF) for seven years, including the above allocation has been prepared and is reflected as Table 2 on Page 19. The additional appropriation of \$182.2 million of PUF Bond Proceeds is incorporated into the forecast.

As of May 31, 2007, the U. T. System's Constitutional debt capacity for the PUF was \$353 million. The debt capacity is calculated as 20% of the cost value of the PUF endowment less PUF debt outstanding and authorized but unissued as listed in Table 3 on Page 20.

**Table 1
Proposed PUF Project Descriptions**

Priorities for Academic Institutions

(\$ in millions)

Research (\$M)	Clinical (\$)	Teaching (\$M)	Project Name	Project Type	TPC	Proposed PUF	Project Description
\$34.0			UT Arlington Center for Structural Engineering Research	New construction	\$ 34.0	\$ 25.0	Plans include three floors, basement, and penthouse of office space and reaction floor research space, totaling 84,500 sq. ft., constructed on donated land. This is one of the campus key research and industry collaboration areas. \$4 million is available in "in-kind" contributions toward the total cost. Project is not on the CIP list yet.
			Fire and Life Safety Projects		\$ 11.6	\$ 4.3	
			UT Austin Dell Pediatric Research Institute	New construction	\$ 97.0	\$ 30.0	Current CIP indicates total project cost at \$97 million. The facility is the first step in the creation of a biomedical research campus for UT Austin in collaboration with several UT health campuses. Additional \$15 million (AUF) and \$5 million (Faculty STARs) will be proposed for allocation towards faculty start-up operations.
\$97.0			Fire and Life Safety Projects		\$ 7.0	\$ 2.6	
			UT Dallas Arts and Technology Facility	New construction	\$ 81.0	\$ 45.0	Signature state-of-the-art research & instructional building for emerging media technology; associated parking, renovation of vacated space and demolition of existing Visual Arts building. Note: Would serve fastest growing undergraduate and graduate program on campus with strong industry demand for graduates. No other source of funding available. Project is not on CIP list yet; total cost and potential phasing remain to be analyzed in detail. Additional project scope includes a match for gift funds for extensive beautification of surrounding campus.
		\$81.0	Fire and Life Safety Projects		\$ 60.0	\$ 50.0	Health sciences complex located on or contiguous to the main campus & near major health facilities to house health-related programs & activities. Note: Would serve one of UTEP's and the region's fastest growing educational and employment areas. No other source of funding is available. Project is for Phase I construction.
			Fire and Life Safety Projects		\$ 1.6	\$ 0.6	
\$7.7	\$4.3	\$48.0	UT Permian Basin Arts, Convocation, and Classroom Facility	New construction	\$ 66.0	\$ 3.5 ¹	Current CIP indicates total project cost at \$51 million. Revised plan is to construct \$66 million performing arts center with classrooms. This facility will also serve as a convocation center for various UTPB functions. A 2,500 seat auditorium will be constructed with parking for 1,500 vehicles.
		\$66.0	Fire and Life Safety Projects		\$ 0.9	\$ 0.4	
			UT San Antonio Fire and Life Safety Projects				
			Academic Institutions' Proposed Total			\$ 161.40	

FOOTNOTE

1: This \$3.5 million is in addition to the \$3.0 million previously approved in August 2006.

Table 1
Proposed PUF Project Descriptions

Priorities for Health Institutions

(\$ in millions)

Research (\$M)	Clinical (\$)	Teaching (\$M)	Project Name	Project Type	Proposed PUF	Project Description
\$48.1	\$25.8	\$48.1	Health Science Ctr San Antonio School of Medicine Transformation Initiative	Renovation	\$ 122.0 \$ 10.0	Allocation would assist with, but not cover the entire capital investment portion of the School of Medicine's Transformation Plan. That Plan includes: renovation of research lab space to accommodate the recruitment of the Chair of Medicine; an additional floor to the new ambulatory clinic building; and expansion of Multi-Disciplinary Student Teaching Labs and other classroom teaching venues. Allocation specific to the recruitment of this Chair may be made from STARS.
			Medical Branch Galveston			
			Fire and Life Safety Projects		\$ 18.7 \$ 6.9	
			Health Science Ctr Houston			
			Fire and Life Safety Projects		\$ 5.5 \$ 3.0	
			Health Institutions' Proposed Total		\$ 2.3 \$ 0.9	
			TOTAL: ACADEMIC and HEALTH PRIORITIES		\$ 182.20²	
			TOTAL: NET OF FIRE AND LIFE SAFETY		\$ 163.50	
\$186.8	\$30.1	\$243.1	TOTAL RESEARCH (excl. Fire and Life Safety)			
			TOTAL CLINICAL (excl. Fire and Life Safety)			
			TOTAL TEACHING (exc. Fire and Life Safety)			

FOOTNOTE

2: Summarization of Fire and Life Safety proposals outlined on page 3.

Recommendations were developed using the principles that:

1. investments should be aligned with the UT System and campus strategic plans
2. investments should be targeted at projects with the potential to make a long-term significant improvement in a distinctive strength of the campus.
3. investments are critical because few, if any other, sources of funding exist
4. investments would be made in just a few bigger projects, not on every eligible campus
5. the recommendations recognize the proposals from other campuses are vital and valid, but that the project and/or campus may not be as ready as those selected.

**Table 1
Proposed PUF Project Descriptions**

Fire & Life Safety Summarization

(\$ in millions)

	TPC	Proposed PUF
UT Arlington		
Fire and Life Safety Projects	\$ 11.6	\$ 4.3
UT Austin		
Fire and Life Safety Projects	\$ 7.0	\$ 2.6
UT El Paso		
Fire and Life Safety Projects	\$ 1.6	\$ 0.6
UT San Antonio		
Fire and Life Safety Projects	\$ 0.9	\$ 0.4
Academic Fire & Life Safety Allocations		\$ 7.9
Health Science Ctr San Antonio		
Fire and Life Safety Projects	\$ 18.7	\$ 6.9
Medical Branch Galveston		
Fire and Life Safety Projects	\$ 5.5	\$ 3.0
Health Science Ctr Houston		
Fire and Life Safety Projects	\$ 2.3	\$ 0.9
Health Fire & Life Safety Allocations		\$ 10.8

High priority projects include installation of fire alarms, fire sprinkler systems, fire pumps, smoke exhausts, and means of egress. Categories of buildings affected are medical facilities (patient care), high-rise buildings, large assembly occupancies, highly populated academic buildings with lecture auditoriums and large traffic flows, and laboratory or special hazard use buildings.

FY 2007-2008
PUF PRIORITY RECOMMENDATIONS
Project Descriptions

- Project Name: Center for Structural Engineering Research
- Proposed Funding: \$25.0 million PUF / \$9 million gifts, donations, in-kind contributions
- Total Project Cost: \$34.0 million
- Project Description: This project involves construction of a new 84,000 sq.ft. structural engineering research, teaching and learning facility that will house the Center for Structural Engineering Research within the Civil and Environmental Engineering department at U.T. Arlington. This unique facility will be the largest structural/materials testing facility in the U.S. and possibly the world. Faculty and students will design and test properties of various structural materials and assemblies that are essential to the safety and security of the critical infrastructure of our nation, including bridges, roads, buildings, subways, canals, military bases, and the like. The building will include more than 50,000 sq.ft. of reaction floor and research space, and more than 30,000 sq.ft. of office, conference, classroom and support spaces. The office floors will provide space for faculty, graduate students, and post-doctoral fellows.
- Hanson Pipe and Precast Products donated the land (3.245 acre tract) at the corner of I-30 and MacArthur Boulevard in Dallas County valued at more than \$700,000. Hanson has also agreed to donate concrete and other materials for construction, which will be maximized in the construction of the facility.
- Anticipated Impact: This Center will be a nationally and internationally recognized research and education facility in Structural Engineering - one of the few facilities in the world that supports fundamental and innovative research and educational programs that focus on achieving significant advances derived from large-scale structural testing of real structural components comprising concrete, steel, masonry, stone, timber, and synthetic materials. Specific programs will focus on how these structural materials can provide new earthquake and storm resistant structures; structures to resist terrorist attacks; and intelligent infrastructure systems that assess time-dependent performance (smart structures that provide early warning to potential failures), to name a few. This latter point is especially important as most of America's infrastructure is aging and, without warning, on the brink of failure (witness many bridge, building, and pipe failures of late).
- With a facility of this magnitude, opportunities for attracting federal and private industry funding for research in the structures area will be significantly expanded. The identification of new materials for use in structural systems subjected to hazardous and extreme loading conditions has been at the forefront of research agendas for federal funding agencies. For example, the Department of Homeland Security has been supporting an abundance of research projects for critical infrastructures subjected to loads due to blasts, impact, fire, etc. Other funding agencies that support this type of research activity include: National Science Foundation, Department of Defense, Department of Energy, Federal Emergency Management Agency, Federal Highway Administration, Korea Science Foundation, and the Texas Department of Transportation. Owing to its size and unique capabilities, the Center will be able to test large structures, which will attract research funds exceeding \$10.0 million per year.

Impact on U.T. Arlington:

- Establishment of a multitude of new corporate, state, and federal relationships.
- As the only public university Civil Engineering program in the North Texas region, this Center will represent a major presence of U.T. Arlington in Dallas County and further help forge relationships with the DFW community at large.
- The Center will bring national and international recognition to U.T. Arlington through collaborative efforts with research centers and major research universities globally, and through hosting national and international conferences, seminars and workshops.
- The Center will positively impact the college's national/international rankings by being the largest physical structural research center in the U.S., with annual research awards anticipated to exceed \$10 million per year.
- The facility supports a new U.T. Arlington Center of Excellence consistent with its strategic plan and fulfilling its mission as a major teaching and research university.
- The construction industry in Texas and the U.S. is experiencing an all-time high in activity and revenue, and the Center will be positioned to better educate and prepare a larger number of civil engineering students to meet increasing industry demands for a highly trained workforce.

Metrics for Success:¹

- Research funding is anticipated to be \$5 million by the center's fifth year of operation, increasing to \$10 million annually by year ten. Subsequent years could produce \$10 to \$15 million in research funding.
- Enrollment of Engineering Graduates is anticipated to grow from the current 350 to over 500 students within five years. Graduate enrollment (MS/Ph.D.) growth is also anticipated to increase from 159 students to over 400 within the same five year period with a significant number of graduates in Structural Engineering and Construction Engineering.
- Recruitment of top-notch faculty will be heightened through the availability of the Center. Anticipate adding five tenure track faculty specializing in structural engineering over years one through five.
- House nearly thirty research faculty members, visiting scientists and post-doctoral fellows once the Center reaches maturity.
- Propel the U.T. Arlington Civil Engineering Program to a top 25 ranking within ten years.
- Hosting of conferences to include, but not limited to: The American Concrete Institute, The American Concrete Pipe Association, and The American Society of Civil Engineers.

¹ Best estimates based on currently available information.

Project Name:	Dell Pediatric Research Institute
Proposed Funding:	\$30.0 million PUF / \$15 million AUF / \$5 million STARS
Total Project Cost:	\$86.7 million
Project Description:	<p>In May 2006, the Michael and Susan Dell Foundation offered a challenge gift of \$38 million towards the construction of the Dell Pediatric Research Institute (DPRI), a 150,000 sq.ft. building for translational research in pediatrics. The pediatric institute is being constructed on the former Robert Mueller Airport site, adjacent to the new Dell Children's Medical Center of Central Texas, and is scheduled to open in December 2008, well in advance of the three year challenge. However, since the announcement, the necessity to accelerate construction ahead of the current fundraising efforts – which produced the matching monies over a four year period – has placed unexpected stress on the financial model. In addition it has also limited the opportunity for fundraising for the costs of recruiting a top-notch founding director of the institute. Total project cost is \$97 million, with \$86 million for construction. The additional \$15 million in AUF funding and \$5 million from Faculty STARS will be proposed for allocation toward faculty start-up operations. As fundraising efforts continue for this state-of-the-art facility, the Michael and Susan Dell Foundation has agreed to allow these proposed monies to be used as the match to their \$38 million to be paid out over the next four years.</p>
Anticipated Impact:	<p>This building, when fully occupied, will house approximately 28 principal investigators. It is anticipated that these investigators will generate \$20-\$25 million in new extramural research funding annually. The building is closely linked with the Dell Pediatric Hospital located across from the DPRI. Auditorium and conference rooms provided by the Dell Children's Medical Center will complement the research efforts in the DPRI. Overall, approximately 280 or 300 individuals will work in DPRI, including at least 20 to 25 graduate students, in addition to a number of undergraduate students at U. T. Austin and medical students who wish to participate in biomedical research. Researchers at the institute will have the advantage of collaborating with world-class faculty at U. T. Austin and with outstanding researchers at U.T. System's six health institutions. Investigators in the building will have primary appointments at U. T. Austin, with joint appointments at medical schools depending upon research interest. There are currently 100 clinical faculty in the U. T. Medical Branch at Galveston programs to educate medical students and residents in Austin. A number of this clinical faculty will work with the scientists in the DPRI. It is anticipated that four to six additional major clinical investigators in Pediatric Clinical research will be recruited over the seven-year period required to fully staff the enterprise. Full development of the DPRI can also be expected to facilitate the competitive position of scientists of U. T. Austin, who are seeking funding in biomedical research. Basic scientists in DPRI can also be anticipated to participate in the education of medical students currently enrolled through the U. T. Medical Branch at Galveston.</p>

U. T. Dallas

- Project Name:** Arts and Technology Facility
- Proposed Funding:** \$45.0 million PUF / \$36 million RFS / Anticipate a large amount of funding from gifts, which will be utilized to reduce bond amount.
- Total Project Cost:** \$81.0 million
- Project Description:** Construction of a new facility consisting of a state-of-the-art research and instruction building for emerging media technology, integrating arts, science, computer science, and engineering in multimedia communications and the collation of creativity and technology. Application areas include computer gaming, visual arts, educational software, entertainment, and many others. This facility will become a showplace, where visitors from across the nation will see the latest innovations in this functional area. Also included in this request are funds to provide for associated parking, renovation of vacated space, extensive landscaping to surrounding campus, and demolition of the existing outdated metal Visual Arts building.
- Anticipated Impact:** This dynamic and innovative program in Arts and Technology (ATEC) requires a major new facility to provide an integrated home for its undergraduate and graduate instructional activities, its wide diversity of funded research programs, and its entrepreneurial economic development initiatives. The program's current facility is woefully inadequate to meet the requirements of this field of study. The ATEC program, a partnership between U. T. Dallas' School of Arts and Humanities and its Erik Jonsson School of Engineering and Computer Science, currently offers instruction leading to the B.A., M.A., and M.F.A. degrees, and has authority to apply, in Fall 2007, for Texas' first Ph.D. degree in this field. It is the first comprehensive degree program in Texas to explore the synergies between computer science, engineering, the creative arts, and the humanities, transcending the traditional boundaries between academic units and disciplines. The next response to student demand in this area will be to apply for a new degree program in Emerging Media and Communications that will focus on new forms of writing and content development for the Internet.
- There is explosive progress worldwide in the development of digital media technology and content, with profound implications for economic growth and for research in educational innovations and behavioral therapies that have immense potential for human benefits. U. T. Dallas' ATEC program has been designed and implemented to produce graduates who have acquired the skills necessary to contribute towards these needs. Since its initiation in 2004, annual undergraduate enrollment has increased from 219 to 605, and at the graduate level, enrollment has grown from 30 to 119. The popularity of the degree program has made it the fourth largest major for incoming freshmen at U. T. Dallas in only three years.
- Keeping pace with the explosive growth in student enrollment is an expanding array of funded research projects, collaborative projects that unite ATEC with other disciplines even beyond its interdisciplinary foundations. The most advanced research projects are funded (current aggregate total of \$640,000) by Department of Defense agencies to develop interactive training games for Troop Cultural Awareness in foreign countries. Additional research projects on training techniques are under development with Lockheed Martin and Raytheon. Other research projects focus on optimizing user interfaces to electronic equipment, sponsored by companies such as Alcatel, Samsung, and Texas Instruments. In totally different domains, ATEC is collaborating with the Dallas Museum of Art, the Trinity Trust, and the U. T. Dallas Center for BrainHealth.

Starting less than four years ago, U. T. Dallas moved with great agility and speed to develop its ATEC program, and was forced to squeeze these new activities into three separate buildings, each designed for other purposes. The present buildings are inefficient both as a consumer of utilities and instructional space. These facilities are ill-suited to the specialized requirements of teaching and research in this field from the beginning, and new enrollment and research activities have grown so much that the simple lack of adequate space is the dominant constraint on further progress. A new facility, designed to accommodate all of the specialized as well as general instructional and research activities of ATEC, will not only provide a significant reduction in U. T. Dallas' overall space deficit but will offer this dynamic new program the quality and quantity of facilities that will allow it to fulfill its promise to become a national leader in one of the cutting-edge fields of education, research, and economic development of the 21st century.

Metrics for Success:	ATEC projections	
	<u>2007</u>	<u>2015</u>²
Undergraduate majors	600	1,400
Graduate majors	120	250
Research Assistants	25	75
Faculty (tenure system)	8	15
Faculty (part-time)	10	25
Degree Programs	3	7
Research Awards	\$450,000	\$1,700,000
Program Ranking	unknown	Top 10 nationally

² Estimates based on best available information

- Project Name:** College of Health Sciences Complex
- Proposed Funding:** \$50.0 million PUF / \$10 million Grants & Gifts
- Total Project Cost:** \$60.0 million for construction (Phase I) / \$26 million for relocation of current programs (Phase II)
- Project Description:** Construction of a new health sciences complex to replace the current College of Health Sciences facility, which is small, inefficient, and distant from the main campus. The current facility was built in 1967 by the Sisters of Charity as a dormitory for 200 hospital nursing students. The new complex will house the academic and research programs of the College of Health Sciences, the School of Nursing (current enrollment 2,000 undergraduates, 300 master’s and doctoral students), the cooperative UTEP/ U. T. Austin Pharmacy program, the UTEP/Health Science Houston Master’s of Public Health program, and other health-related programs and activities. The proposed health sciences complex will be located on or contiguous to the main UTEP campus and near major health facilities.
- Anticipated Impact:** The proposed facility will greatly improve UTEP’s capacity to address enrollment pressures in health sciences and the growing demand for health profession graduates; increase and upgrade space available for health-related research; improve access to main campus facilities and services; strengthen collaboration between faculty in the college of health sciences and other UTEP colleges; and, more generally, accelerate the integration of the college into the heart of the UTEP community. Further, the on-campus location will enable the largely undergraduate student population in the College of Health Sciences to attend classes, receive advising and faculty mentoring, and access university services on the main campus, rather than commute from the current off-campus location.
- The focus of this facility will be to expand the size and enhance the quality of instructional programs in the health professions, as well as to increase UTEP’s research capability in biomedical and health-related areas. Current instructional space is scattered across the UTEP campus in facilities that are not well suited to health profession instruction, and space limitations have stifled externally funded research growth. This proposed new facility will enable UTEP to increase enrollments in all health profession programs and to prepare more health care professionals to meet the needs of this fast-growing region. In an increasingly competitive faculty market, it will also enhance the success in recruiting and retaining the outstanding faculty who will staff expanded educational programs and accelerate the growth of health-related research.
- The impact this new facility could have on the student population is tremendous. UTEP offers the only baccalaureate and graduate health professions degree programs in the Paso del Norte region. With high entry standards, student demand for these programs has increased significantly during the past several years. For example, applications for the Nursing program have increased 28% over the last three years, with 395 applications received in 2006-2007 and only 189 openings to accommodate them. The graduation rate of health professions students (67% - 85%) and pass rate of UTEP’s Nursing graduates on the national licensure exam (98% in 2006-2007) indicate that UTEP is well prepared to increase capacity without jeopardizing program quality. This program ranks 4th among all U.S. colleges and universities in graduating Hispanic health professionals whose bilingual/bicultural skills are in high demand as

health care organizations seek to provide quality health care to an increasingly Hispanic population in Texas and beyond.

The quality of health care in the Paso del Norte region relies heavily on UTEP's capacity to prepare a broad range of health professions graduates. UTEP has responded to this demand by expanding programs and admitting additional students, and by developing such creative program delivery strategies as online courses and an accelerated B.S. in Nursing program. Investor-owned hospitals in El Paso have stepped up to provide student scholarships and support for faculty recruitment and retention. More than 75% of all UTEP health professions graduates (98% of the nurses) remain in the Paso del Norte region after completing their degrees. The regional demand for graduates continues to grow, and space to accommodate both students and faculty is the single greatest constraint on expanding health professions programs to meet this regional demand. The proposed project will provide the additional space required for expansion of health professions programs, and the proposed on-campus location will ensure greater effectiveness and efficiency in conducting both teaching and research activities in the health sciences.

Metrics for Success³:

UTEF anticipates by 2015:

- External research funding in health sciences will increase by 50%, from the FY 2006 level of \$5.6 million to \$8.4 million in annual research expenditures.
- Enrollment in master's degree programs in the health professions will more than double, from the FY 2007 level of 261 to 591 students.
- Enrollment in doctoral programs in the health professions will increase from the FY 2007 level of 15 students in a single Ph.D. program to 175 students in several Ph.D. and advanced practice programs.
- Enrollment in each of the undergraduate Nursing programs—generic BSN, Fast Track BSN option, and RN to BSN—will increase by 30%, from the FY 2007 level of 938 to 1,220 students.
- The number of degrees awarded annually in health-related disciplines at all levels will increase by more than 50%, from the FY 2007 level of 330 to 500.
- Endowment funding in the College of Health Sciences and in the School of Nursing will double from the FY 2007 level of \$8.7 million to \$17 million.

³ Estimates are based on best available information

U. T. Permian Basin

Project Name:	Arts, Convocation, and Classroom Facility
Proposed Funding:	\$3.5 million (\$3.0 million previously approved in August 2006)
Total Project Cost:	\$66.0 million
Project Description:	This request is for construction of a performing arts center with classroom spaces at the Center for Energy and Economic Diversification (CEED). This facility will include a convocation center, a 2500 seat auditorium, and appropriate support spaces to host various performances. Additionally, academic spaces will be added to complement the performance hall and other curricula taught at this location. Parking for at least 1,500 vehicles would also be created at this site.
Anticipated Impact:	The location of the Performing Arts Center is ideally suited to encourage the use of such a facility by the Midland and Odessa communities as well as the university. This facility will help to position UTPB in their endeavor to becoming a university for all Texans located in the Midland Odessa metropolitan area.
Metrics for Success:	It is expected that this new facility will attract new donors from the communities surrounding the university. The facility will also be a significant attraction to faculty teaching in the arts, and will serve to train undergraduate students in different arts.

U. T. Health Science Center at San Antonio

Project Name:	School of Medicine Transformation Initiative
Proposed Funding:	\$10.0 million PUF / Multiple sources, including practice plan reserves, medical liability rebates, Dean's tax, Physician upper-payment limit monies, state funds and philanthropy over a 7 year period
Total Project Cost:	\$122.0 million
Project Description:	<p>The University of Texas Health Science Center at San Antonio School of Medicine has embarked on an exciting strategic plan aimed at positive, transformative change. The plan is a collaborative endeavor between all levels of leadership, faculty and staff, and consists of an investment of \$130 million in current and new faculty, creation of new, innovative programs in research and education and modernization of 35-year old laboratory space. In the past year, superb leadership has been recruited to the School for the San Antonio Cancer Institute (Dr. Tyler Curiel), the Institute for Health Promotion Research (Dr. Amelie Ramirez), the Department of Anesthesiology (Dr. J. Jeffrey Andrews), the Department of Radiation Oncology (Dr. Chul Ha), the Division of Adult Hematology-Oncology (Dr. Frank Giles), the Division of Pediatric Hematology-Oncology (Dr. Gail Tomlinson) and the Department of Ophthalmology (Dr. Carlos Rosende). A national search is now ongoing for the Chair of the Department of Medicine; 14 semifinalists have interviewed for the position and finalists will be identified shortly. The current PUF request is crucial to the success of the positive momentum now underway in the School. These monies will be used to renovate up to 30,000 sq. ft. of outdated laboratory and needed office space to accommodate new recruits; this space will strongly complement the funds pledged to the programmatic development in new science in the institution.</p>
Anticipated Impact:	<p>It is estimated that the faculty investments in the School, coupled with the PUF renovation funds, will result in the creation of between 30 and 40 new science programs, thereby leading to new annual research funding of up to \$20 million (direct costs). Moreover, these new PUF funds are pivotal for the creation of a competitive recruitment package for the new Chair of the Department of Medicine and they will ensure that the forward movement of the academic programs in the School of Medicine is sustained.</p>

U. T. System – Discussion Item

Project Name: Drug Development Institute

Proposed Funding: \$34.0 million PUF / \$2 million AUF

Project Description: Establishment of an innovative, multi-institutional, and interdisciplinary institute for new drug and biologics development; a potentially high value, low risk, first of a kind, initiative to be carried out by the U. T. System. The Institute would combine proven basic science expertise in the development of new drug and biologics at the Texas Institute of Drug and Diagnostic Development (TI-3D) located at U. T. Austin and the outstanding expertise in clinical trials and drug development at U. T. Health Science Center at Houston and U. T. M. D. Anderson Cancer Center. Under the direction of a to-be recruited Director, this new Institute will seek to take drug discovery from the earliest definition of therapeutic targets to clinical trials, FDA approval, and safety marketing and distribution. The concept of this activity was jointly developed by Dr. C. Thomas Caskey, Director of the Brown Institute of Molecular Medicine at The University of Texas Health Science Center at Houston and Dr. Brent Iverson, Interim Director, TI-3D at The University of Texas at Austin. Support for their efforts has been obtained from the leadership of U. T. Austin, U. T. Health Science Center-Houston, M. D. Anderson Cancer Center, as well as other campuses, through the clinical translational science program funded by NIH at UTHSC-Houston and M. D. Anderson.

The Office of Health Affairs would be responsible for identifying a governing board for the Institute, to include representatives of academic institutions within the U. T. System and outside of the System, as well as community and business leaders. The governing board would be responsible for overall policy and direction of the Institute. With the concurrence of the Presidents of UTHSC-Houston, M. D. Anderson and U. T. Austin, a Director would be appointed for the Institute who reports to the governing board. It is also anticipated that the governing board and an additional advisory board would include representatives of pharmaceutical companies and venture capitalists who would provide technical advice to the Director.

The Institute would have two sites, one on the campus at U. T. Austin for which \$10.5 million is requested for completion of 30,000 gsf. of research space and acquisition of \$1.5 million of equipment, and a Houston site with 30,000 gsf. would be completed at a cost of \$9 million and \$15 million of equipment. With the exception of initial startup funds made available to the Director, operating monies for the Institute will be generated from grants, contracts and cooperative agreements with industry.

Anticipated Impact: Faculty at the Austin site would largely consist of full-time U. T. Austin faculty, although a significant number of visiting professors from other institutions would participate from time-to-time in those activities. Faculty in Houston would include those from the UTHSC-Houston, M. D. Anderson and potentially involve all of the other health campuses in the U. T. System, Rice University, University of Houston, Texas A&M University and other interested parties. It is also anticipated that relationships will develop with local and national pharmaceutical companies and that programs at the Institute would be favorable for developing applications to the Texas Emerging Technology Fund.

The Institute Director would be housed at the Houston facility. His/her recruitment would require approximately \$2 million in AUF and would be eligible for STARs funding support. The Director would be responsible for coordinating efforts between

the two sites, facilitating joint research proposals to federal funding agencies and relationships with industry, and providing seed grants to stimulate new initiatives. MD Anderson has extensive successful experience in Phase One drug trials of cancer drugs and would be a critically important resource in the expansion of Phase One trials for these purposes. The participants also have an expertise in organizing and negotiating arrangements for Phase Two and in some cases potentially Phase Three trials.

The Institute is a prototype of a U. T. System activity which will actively invite multiple institutions within the U. T. System, and outside institutions, to interact with the Institute. It provides a unique opportunity for proof of concept, that a drug or biologic can be developed through the expertise of the University faculty and industrial partners. It provides an opportunity to use Available University Funds toward operation of the startup of such an institute, and it provides a different kind of model for governance of such an activity with multiple institutional expertise and interest available in the governance process. The Director of the Institute would be required to make an annual report transmitted from the Governing Board to the U. T. System Office of Health Affairs and to the U. T. System Board of Regents for monitoring of performance.

The high value aspect of this proposal arises out of the potential impact upon developing leadership in drug and biologics development in Texas, where this effort is very limited and clearly underdeveloped. The risks are low since the commitment of space and equipment, as well as the structure of the organization can be easily adapted to other purposes if this becomes appropriate at some future time. The presence of a very strong faculty experience in all aspects of drug development offers a unique opportunity for this innovative effort.

Metrics for success:

- Incremental research funding,
- Number and size of new academic-industrial relationships,
- Number of drugs or biologics which enter into the various phases of development, and
- Ultimately how many drugs or agents are commercialized for diagnostic or therapeutic purposes.

Table 2
Available University Fund Pro Forma

	Actual FY 06	Projected									
		FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13			
Additional PUF Debt Capacity			\$244.8	\$130.0	\$130.0	\$130.0	\$130.0	\$130.0	\$130.0	\$130.0	\$130.0
Cumulative PUF Debt Capacity			\$244.8	\$374.8	\$504.8	\$634.8	\$764.8	\$894.8			
PUF Distribution Amount	\$357.3	\$400.7	\$448.9	\$502.0	\$548.7	\$587.6	\$617.2	\$646.8			
Surface & Other Income	11.4	12.0	11.0	11.1	11.1	11.1	11.1	11.1			
Divisible Income	368.8	412.7	460.0	513.1	559.8	598.7	628.3	657.9			
UT System Share (2/3)	245.9	275.1	306.7	342.1	373.2	399.1	418.9	438.6			
AUF Interest Income	9.8	11.0	10.1	8.1	7.3	6.9	7.5	8.0			
Income Available to U.T.	255.7	286.1	316.8	350.2	380.5	406.0	426.4	446.6			
TRANSFERS:											
UT Austin Excellence Funds (45%)	(111.4)	(126.5)	(142.5)	(157.6)	(171.2)	(182.7)	(191.9)	(201.0)			
PUF Debt Service *	(90.6)	(92.2)	(130.1)	(178.4)	(196.3)	(175.5)	(187.5)	(199.7)			
System Administration	(29.7)	(32.0)	(34.2)	(36.0)	(37.8)	(39.6)	(41.6)	(43.7)			
Other	(1.1)	(22.9)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)			
Net Surplus/(Deficit)	22.9	12.5	8.8	(22.8)	(25.8)	7.1	4.3	1.2			
Ending AUF Balance - System	92.6	105.2	113.9	91.1	65.3	72.4	76.7	77.8			
PUF Debt Service Coverage	2.82:1	3.10:1	2.43:1	1.96:1	1.94:1	2.31:1	2.27:1	2.24:1			

* Forecast includes all PUF debt currently authorized by the Board of Regents plus an additional \$50 million assumed annually to fund library, equipment, repair and rehabilitation (LERR)/STARS projects for FY09 and beyond. Forecast assumes that the \$244.8 million of PUF debt proposed in August 2007 (\$182.2 million for capital projects + \$37.58 million LERR + \$20 million STARS + \$5 million Dell PRI STARS) is issued during FY 2008.

Table 3
Constitutional PUF Debt Capacity

PUF Book Value as of May 31, 2007	\$ 10,143,080,673
U. T. Constitutional Debt Limit (20% of PUF Book Value)	2,028,616,135
U.T. PUF Debt Outstanding as of May 31, 2007	(1,104,245,000)
Less: U.T. PUF Debt Approved but Unissued	(649,032,184)
Plus: Unexpended PUF Proceeds at 5/31/07	<u>77,728,647</u>
Remaining Constitutional U.T. PUF Debt Capacity	\$ 353,067,598

9. **U. T. System: Adoption of the six-year Capital Improvement Program (CIP) for Fiscal Years 2008-2013; approval of the Capital Budget for Fiscal Year 2008-2009; redesignation of previously approved projects in the CIP; reduction of previously appropriated funds for repair and rehabilitation projects deleted or decreased in scope; appropriation of additional funds for previously approved projects with increased total project costs; appropriation of funds for new repair and rehabilitation projects initiated in the Capital Budget; approval of the use of Revenue Financing System parity debt for repair and rehabilitation projects initiated in the Capital Budget for which Revenue Financing System Bonds are identified as a funding source, and resolution regarding parity debt; consideration of possible designation of new and existing projects as architecturally or historically significant; approval of additional appropriation and authorization of expenditure for three previously approved projects**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Business Affairs, that the U. T. System Board of Regents

- a. adopt the U. T. System Capital Improvement Program for Fiscal Years 2008-2013 as set forth in the Summary of Projects (Attachment 1 on Pages 24 - 34);
- b. approve the Capital Budget for Fiscal Year 2008-2009 as set forth in the Summary of Projects (Attachment 1 on Pages 24 - 34);
- c. approve the redesignation of projects previously approved in the CIP as set forth in Attachment 2 on Page 35;
- d. reduce previously appropriated funds in an aggregate amount of \$38,360,000 for repair and rehabilitation projects deleted or decreased in scope in the FY 2008-2009 Capital Budget as reflected in the Deleted or Reduced Appropriations column in Attachment 3 on Pages 36 - 39;
- e. appropriate new or additional funding with increased total project costs for previously approved repair and rehabilitation projects in an aggregate amount of \$47,000,000 as reflected in the FY 2008-2009 Capital Budget as set forth in the New or Additional Appropriations column in Attachment 3 on Pages 36 - 39;
- f. appropriate funding in an aggregate amount of \$525,241,000 for new repair and rehabilitation projects initiated in the FY 2008-2009 Capital Budget as reflected in the Appropriations for Projects Initiated in the Capital Budget column in Attachment 3 on Pages 36 - 39;

- g. appropriate additional funding from Revenue Financing System Bond Proceeds for previously approved projects in an aggregate amount of \$4,100,000 for the Expansion to Parking Lot 12 project at U. T. San Antonio and Basic Science Renovation project and Library Facilities Upgrade project at U. T. Medical Branch - Galveston in Attachment 4 on Page 40;
- h. approve the use of \$21,900,000 Revenue Financing System Parity Debt for certain construction and repair and rehabilitation projects in the FY 2008-2009 Capital Budget for which Revenue Financing System Bond Proceeds have been identified as all or a portion of the funding for the U. T. System institutions as set forth in Attachment 4 on Page 40;
- i. approve the recommendation that proposed new and existing projects have been reviewed, and that the Battle Hall Complex, Renovation project and the Littlefield Home and Carriage House Renovations project at U. T. Austin have been determined as historically significant;
- j. appropriate funding and authorize expenditure of \$1,570,000 from Gifts to Grants for the Galveston National Laboratory project at U. T. Medical Branch - Galveston as set forth in Attachment 5 on Page 41; and
- k. appropriate additional funding and authorize expenditure of \$34,500,000 and \$22,200,000 from Hospital Revenues for the Smithville Facility Strategic Plan project and the T. Boone Pickens Academic Tower project at U. T. M. D. Anderson Cancer Center, respectively, as set forth in Attachment 5 on Page 41.

BACKGROUND INFORMATION

The CIP is a six-year projection of major repair and rehabilitation and new construction projects to be implemented and funded from institutions and U. T. System-wide revenue sources. Projects included in the CIP correspond to the highest priority needs identified in the long-range strategic planning process and institutional capital renewal plans as determined by the Facilities Renewal Model presented to the Facilities Planning and Construction Committee of the U. T. System Board of Regents on July 1, 2002. Future projects listed in the CIP are for consideration when funding has been secured.

Adoption of the CIP authorizes U. T. System Administration and the institutional administration to expend up to 3% of the preliminary project cost to develop the formal Project Building Program document, select the Project Architect, and develop preliminary project plans. These funds will be appropriated by the institution initially but may be reimbursed from project funds after design development approval and appropriation of project funds by the U. T. System Board of Regents.

The Capital Budget is the first two years of the six-year CIP. Approval of the Capital Budget authorizes and appropriates funding amounts and sources for identified major repair and rehabilitation projects that are not architecturally or historically significant. Authorization of these projects and appropriation of these funds allow these projects to be presented to the Associate Vice Chancellor for Facilities Planning and Construction for design development plan approval and authorization for expenditure of funds and subsequent execution of the project by the administrative staff without returning to the U. T. System Board of Regents for further approvals. The U. T. System Board of Regents approves the design development plans for all major projects other than repair and rehabilitation projects that are not architecturally or historically significant.

The redesignation of projects in the CIP has been requested by the institutions to more accurately reflect the work to be accomplished.

The proposed CIP will be the subject of a presentation by Executive Vice Chancellor for Business Affairs Scott C. Kelley on August 23, 2007. The presentation will identify the economic impact of the proposed projects.

Supplemental Materials: Mr. O'Donnell's PowerPoint on Pages 1 - 6
President Mendelsohn's PowerPoint on Pages 6.1 – 6.7

**The University of Texas System
 FY 2008-2013 Capital Improvement Program
 Major Construction Projects Summary**

Attachment 1

	CIP Project Cost Total	FY 2008-2009 Proj. Exp. Total
<u>Academic Institutions</u>		
<u>The University of Texas at Arlington</u>		
<i>Institutionally Managed</i>		
Arlington Regional Data Center Electrical Upgrade	\$ 2,800,000	2,560,457
Civil Engineering Lab Building	5,400,000	4,948,057
Energy Performance Contract	18,000,000	8,682,936
Subtotal Inst Mgd	\$ 26,200,000	16,191,450
<i>OFPC Managed</i>		
Engineering Research Complex	\$ 125,430,000	23,124,434
Maverick Activities Center	34,500,000	14,702,308
Subtotal OFPC Mgd	\$ 159,930,000	37,826,742
Subtotal U. T. Arlington	\$ 186,130,000	54,018,192
<u>The University of Texas at Austin</u>		
<i>Institutionally Managed</i>		
Chilling Station Replacement	\$ 40,900,000	33,614,940
Energy Efficiency and Conservation - Phase I	17,500,000	13,862,404
Painter Hall - Mechanical System Upgrades/Space Renovation	6,300,000	0
Patterson Hall Laboratory and Life Safety Renovations	4,725,000	2,324,700
Regional Data Center Study	500,000	0
Utility Infrastructure Projects - Phase II	49,500,000	31,741,825
Subtotal Inst Mgd	\$ 119,425,000	81,543,869
<i>OFPC Managed</i>		
Art Building and Museum Renovation	\$ 3,500,000	2,391,188
AT&T Executive Education and Conference Center	131,300,000	79,308,921
Battle Hall Complex, Renovation	15,000,000	325,940

	CIP Project Cost Total	FY 2008-2009 Proj. Exp. Total
Biomedical Engineering Building	\$ 57,100,000	33,990,310
College of Communication Building-New	45,000,000	10,572,599
Darrell K Royal - Texas Memorial Stadium Expansion	176,537,000	59,067,782
Dell Computer Science Hall	67,000,000	7,857,172
Elementary Charter School Permanent Facility	19,000,000	14,958,350
Experimental Science Building / Vivarium / Phase 1 – Robert A. Welch H	175,000,000	46,757,310
Garrison Hall Renovations	11,440,000	4,424,142
Geology Building Addition	500,000	42,234
H. J. Lutcher Stark Center for Physical Culture and Sports	5,500,000	5,012,597
Hogg Auditorium Renovation	15,000,000	5,113,750
Jack S. Blanton Museum of Art - Phase I and II	88,500,000	21,571,207
LBJ Library Plaza, Lady Bird Johnson Center and LBJ School Renovations	47,250,000	33,416,941
Library and Artifact High-Density Repository	3,550,000	3,230,646
Littlefield Home and Carriage House Renovations	15,000,000	1,499,068
Marine Science Institute Wetlands Education Center	5,000,000	338,346
Performing Arts Center Infrastructure Upgrades - Phase I and II	14,700,000	12,195,000
Phase 2 - Robert A. Welch Hall	25,000,000	6,148,358
Renovation of John W. Hargis Hall with Visitor Center	3,500,000	3,053,508
Renovations to UFCU Disch-Falk Field	26,500,000	13,336,719
Research Office Complex	34,694,000	3,709,389
San Antonio Garage Additional Parking Levels	8,500,000	7,351,557
School of Nursing Addition	4,000,000	3,647,505
Speedway Mall North of 21st Street and East Mall/East Mall Fountain, P	12,000,000	10,483,956
Student Activity Center	44,000,000	9,946,447
The Dell Pediatric Research Institute, The University of Texas at Aus	97,000,000	74,189,576
UT Administration Building Renovations	33,000,000	0
	\$ 1,184,071,000	473,940,518
	\$ 1,303,496,000	555,484,387
	Subtotal OFPC Mgd	
	Subtotal U. T. Austin	

The University of Texas at Brownsville

OFPC Managed

	CIP Project Cost Total	FY 2008-2009 Proj. Exp. Total
Science and Technology Learning Center	\$ 33,800,000	7,290,313
The Village at Fort Brown - Phase II	17,000,000	12,935,727
	\$ 50,800,000	20,226,040
Subtotal OFPC Mgd		
Subtotal U. T. Brownsville	\$ 50,800,000	20,226,040

The University of Texas at Dallas

Institutionally Managed

Campus Fire and Life Safety Improvements and Campus Infrastructure Upg	\$ 7,726,000	4,123,273
Major Renovation and Repair Projects	2,408,000	0
Service Compound	5,132,000	131,966
Waterview Science and Technology Center	2,950,000	611,430
	\$ 18,216,000	4,866,669

OFPC Managed

Campus Landscape Enhancement Project	\$ 10,000,000	9,133,493
Center for Brain Health Second Floor Renovation	5,000,000	4,119,230
Founders Renovation	27,793,750	12,443,048
Frances and Mildred Goad Building	15,317,500	0
Math, Science and Engineering Teaching-Learning Center	27,000,000	8,243,021
Natural Science and Engineering Research Laboratory	85,000,000	0
Power Distribution Upgrade Study	175,000	111,382
Student Housing Living/Learning Center	37,800,000	27,064,037
Student Services Building	27,500,000	11,018,140
Vivarium and Experimental Space	15,000,000	12,871,782
	\$ 250,586,250	85,004,133
Subtotal OFPC Mgd		
Subtotal U. T. Dallas	\$ 268,802,250	89,870,802

The University of Texas at El Paso

Institutionally Managed

Build out of the Upper Floors of Kelly Hall	\$ 2,400,000	1,978,686
Union West Renovations - 2nd Floor	1,000,000	904,771
	\$ 3,400,000	2,883,457
Subtotal Inst Mgd		

FY 2008-2009

CIP
Project Cost
Total

Proj. Exp.
Total

OFPC Managed

Bioscience Research Building	\$ 41,500,000	33,515,400
Physical Sciences / Engineering Core Facility	83,800,000	32,242,038
Science and Engineering Core Facilities Upgrade	28,000,000	4,521,702
Swimming and Fitness Center-Phase II	32,000,000	3,533,617
The Paul Foster and Jeff Stevens Basketball Complex	13,000,000	11,259,947
University Bookstore	5,900,000	5,016,000
	\$ 204,200,000	90,088,704
	\$ 207,600,000	92,972,161

Subtotal OFPC Mgd
Subtotal U. T. El Paso

The University of Texas - Pan American

Institutionally Managed

New Chiller	\$ 1,200,000	321,465
Old Computer Center Renovation	2,000,000	1,835,484
Student Health Clinic	1,500,000	222,561
	\$ 4,700,000	2,379,510

Subtotal Inst Mgd

OFPC Managed

Business Administration Addition and Renovation	\$ 15,500,000	3,467,062
Fine Arts Academic and Performance Complex	49,745,000	18,348,468
Research Facility	16,400,000	5,679,845
Starr County Upper Level Center	7,500,000	5,377,988
Wellness and Recreation Sports Complex	25,687,153	5,590,733
	\$ 114,832,153	38,464,096
	\$ 119,532,153	40,843,606

Subtotal OFPC Mgd
Subtotal U. T. Pan American

The University of Texas of the Permian Basin

OFPC Managed

Science and Technology Complex	\$ 56,000,000	24,767,731
Student Housing Phase IV	6,160,000	1,347,733
Student Multipurpose Center	12,000,000	2,420,952

	CIP Project Cost Total	FY 2008-2009 Proj. Exp. Total
The Wagner Noel Performing Arts Center	\$ 66,000,000	16,531,490
Subtotal OFPC Mgd	\$ 140,160,000	45,067,906
Subtotal U. T. Permian Basin	\$ 140,160,000	45,067,906

The University of Texas at San Antonio

Institutionally Managed

Campus Roadway and Parking Improvements	\$ 4,510,000	1,451,400
Expansion to Parking Lot 12	2,000,000	1,692,000
Monterey Building Renovations	2,700,000	1,047,794
Renovation of Physical Plant Building	3,436,000	2,388,280
Surface Parking - West Campus	2,600,000	2,368,344
Subtotal Inst Mgd	\$ 15,246,000	8,947,818

OFPC Managed

Combined Science Facility Renovations - 1604 Campus	\$ 22,500,000	16,740,219
Engineering Building, Phase II	82,500,000	55,295,407
Laurel Village at UTSA	44,182,000	32,300,625
Recreation and Wellness Facilities, Phase II	45,700,000	18,038,232
Thermal Energy Plant No. 2/Garage	30,025,000	18,105,527
University Center Expansion, Phase III	33,300,000	25,429,522
Subtotal OFPC Mgd	\$ 258,207,000	165,909,532
Subtotal U. T. San Antonio	\$ 273,453,000	174,857,350

The University of Texas at Tyler

OFPC Managed

Bill Ratliff Engineering and Science Complex	\$ 34,850,000	0
Completion/Renovation /Expansion for Engineering and Sciences	49,300,000	37,652,932
Mr. and Mrs. Joseph Z. Ornelas Residence Hall	16,884,000	0
Palestine Campus Expansion	7,000,000	5,629,354
University Center Renovation/Expansion (Phase I)	15,300,000	11,611,241
Subtotal OFPC Mgd	\$ 123,334,000	54,893,527

	CIP Project Cost Total	FY 2008-2009 Proj. Exp. Total
Subtotal U. T. Tyler	\$ 123,334,000	54,893,527

Total Academic Institutions	\$ 2,673,307,403	1,128,233,971
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Health Institutions

The University of Texas Southwestern Medical Center at Dallas

Institutionally Managed

Biotechnology Development Complex	\$ 46,100,000	40,327,479
Central Pathology Laboratory	4,000,000	3,534,634
Clements Building Finish-Out	14,600,000	12,901,415
Expand Physical Plant Department	3,330,000	2,953,188
North Campus High Voltage Substation	8,500,000	206,457
South Campus Utility Improvements	13,635,000	11,044,350
Subtotal Inst Mgd	\$ 90,165,000	70,967,523

OFPC Managed

Hazardous Waste Handling Facility	\$ 3,900,000	2,173,282
Laboratory Research and Support Building	36,600,000	20,553,695
Subtotal OFPC Mgd	\$ 40,500,000	22,726,977

OFPC Monitored

Biotechnology Development Complex Phase 2	\$ 55,320,000	302,234
Clinical Campus Phase 2	360,000,000	26,661,386
North Campus Phase 5	156,000,000	45,625,254
Outpatient Building Finish-Out	68,600,000	185,684
Subtotal OFPC Mon	\$ 639,920,000	72,774,558
Subtotal U. T. S.M.C. Dallas	\$ 770,585,000	166,469,058

The University of Texas Medical Branch at Galveston

Institutionally Managed

Basic Science Renovation	\$ 8,600,000	231,631
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FY 2008-2009

CIP

Project Cost
Total

Proj. Exp.
Total

Blocker Burn Unit Renovation	\$ 6,000,000	5,365,714
Diagnostic Imaging, Equipment and Infrastructure	60,000,000	7,792,053
Labor and Delivery Renovation	8,000,000	7,154,286
Linear Accelerator Replacement	5,000,000	2,122,536
Rebecca Sealy Hospital Renovation	9,850,000	8,095,530
Sprinkler System Installation for Patient Care Areas	5,000,000	4,600,000
TDCJ Hospital Cladding and Security Systems	10,400,000	1,452,598
Utility Production Equipment	15,000,000	1,107,143
	\$ 127,850,000	37,921,491

Subtotal Inst Mgd

OFFPC Managed

1108 Strand Renovation	\$ 9,800,000	32,566
Galveston National Laboratory	173,671,123	82,105,794
Jennie Sealy Hospital Replacement	250,000,000	10,606,459
Library Facilities Upgrade	8,900,000	314,830
Research Facilities Expansion	77,180,000	62,759,526
Specialty Care Center at Victory Lakes	35,000,000	3,929,566
Student Housing	10,000,000	1,307,071
	\$ 564,551,123	161,055,812

Subtotal OFPC Mgd

Subtotal U. T. M.B. Galveston

\$ 692,401,123

198,977,303

The University of Texas Health Science Center at Houston

Institutionally Managed

Expansion of RAHC Public Health Satellite	\$ 4,200,000	2,733,051
Expansion of School of Health Information Sciences	3,000,000	1,476,000
Repair of the Medical School Building, Phase I	60,808,102	0
	\$ 68,008,102	4,209,051

Subtotal Inst Mgd

OFFPC Managed

Campus Parking Garage, Phase I, South Campus	\$ 7,500,000	4,293,750
Fayez S. Sarofim Research Building	112,170,000	0
Replacement Research Facility	80,530,000	0
UT Research Park Complex	161,500,000	53,907,891

Final Draft

7/30/07

	CIP Project Cost Total	FY 2008-2009 Proj. Exp. Total
Subtotal OFPC Mgd	\$ 361,700,000	58,201,641
Subtotal U. T. H.S.C. Houston	\$ 429,708,102	62,410,692
<u>The University of Texas Health Science Center at San Antonio</u>		
<i>Institutionally Managed</i>		
Medical School Sprinkler Installation	\$ 3,200,000	2,747,774
MEP Upgrades, Phase I	1,922,029	0
Subtotal Inst Mgd	\$ 5,122,029	2,747,774
<i>OFPC Managed</i>		
Academic and Clinical Research Building	\$ 25,433,000	7,537,416
Academic Building	12,700,000	4,612,105
Cyclotron Addition	4,400,000	2,865,432
Emergency, Fire and Safety Initiative, Phase I	8,900,000	4,623,993
Medical Arts and Research Center	95,000,000	75,723,044
South Texas Research Facility	150,000,000	29,121,595
Subtotal OFPC Mgd	\$ 296,433,000	124,483,585
Subtotal U. T. H.S.C. San Antonio	\$ 301,555,029	127,231,359
<u>The University of Texas M. D. Anderson Cancer Center</u>		
<i>Institutionally Managed</i>		
Administrative Support Building - Phase 1	\$ 194,695,000	43,712,150
Administrative Support Building - Phase 2	30,976,000	2,542,486
Administrative Support Building - Phase 3	20,031,000	185,920
Alkek Expansion	293,200,000	59,251,806
Alkek Expansion - Renovations to Existing Facility	68,000,000	0
American Disabilities Act Upgrades	18,400,000	7,556,837
Backfill Phase III	91,600,000	21,420,308
Basic Science Research Building Two	254,800,000	0
Bastrop Facility Strategic Plan	50,000,000	33,936,170
Bastrop Facility Strategic Plan Phase 2	20,000,000	1,551,457
BF/BRB Infrastructure Repairs Beyond 2011	10,000,000	0

FY 2008-2009

CIP

Project Cost
Total

Proj. Exp.
Total

	Project Cost Total	Proj. Exp. Total
Braeswood Parking Garage	\$ 43,500,000	33,930,000
Center for Advanced Biomedical Imaging Research (Buildout)	44,060,000	18,290,698
Center for Advanced Biomedical Imaging Research Building	88,000,000	54,503,808
Center for Targeted Therapy Research Building	95,400,000	26,660,883
CRR Renovation Budget FY2008-2009	14,290,000	6,980,342
Data Center Expansion	20,000,000	2,074,033
Demolish OST Buildings	4,000,000	136,370
Diagnostic and Treatment Building	190,030,000	14,189,550
Energy Management Projects Phase II	15,500,000	4,650,074
Extended Stay Motel	10,000,000	1,614,894
Exterior Cladding Main Campus	7,700,000	1,515,899
Future Emergency Management Projects	20,000,000	2,378,217
Garage 10 Expansion	30,900,000	3,126,189
Garage 5 Demolition	1,000,000	769,774
Guhn Road Data Center Renovation	5,000,000	4,376,190
HMB Demolition and Infrastructure	10,000,000	4,024,444
Legacy North Building	300,000,000	2,073,879
Main Building Utility Plan - Phase 2	20,000,000	177,876
Main Building Utility Plan - Phase I	6,750,000	840,959
Main Campus Hazardous Waste Storage Facility	3,240,000	1,679,025
Materials Management	11,276,000	2,110,592
Mid Campus Parking Facility	32,500,000	7,837,253
Mid-Campus Infrastructure	16,600,000	14,832,811
MSI Building Demolition	2,500,000	0
Pawnee Infrastructure Development	4,000,000	2,072,872
Pawnee Warehouse #2	5,000,000	673,237
People Mover	80,000,000	8,499,009
Pressler Garage One Expansion	5,200,000	0
Pressler No. 2 Garage	16,700,000	0
Redevelopment - Phase I	56,000,000	13,918,270
Redevelopment - Phase II	53,300,000	0
Research Lab Renovations	25,000,000	7,429,392

FY 2008-2009

	CIP Project Cost Total	Proj. Exp. Total
Research Recruitment Renovations	\$ 25,000,000	1,108,974
RHI Renovations and Repairs	18,200,000	2,606,146
ROC Replacement	6,027,000	5,526,795
Roof Replacement Program - Bates Freeman, AC, New Clark, Gimbel	4,000,000	0
Rotary House International Phase III	55,800,000	16,697,294
Satellite Facilities	14,980,000	3,415,212
Smithville Facility Strategic Plan	60,500,000	17,945,840
South Campus Hazardous Waste and Chemical Storage Facilities	2,670,000	467,250
South Campus Parking Garage 2	9,860,000	7,921,381
South Campus Parking Garage 3	10,000,000	1,808,696
South Campus Research and Technical Support Center	100,000,000	24,114,624
South Campus Vivarium Facility	45,000,000	32,520,097
South Campus Vivarium Imaging Facility	4,000,000	3,680,000
SRB Exhaust Fans	2,250,000	781,482
T. Boone Pickens Academic Tower	167,200,000	92,842,937
Transfusion Medicine Relocation	3,225,000	2,941,967
UTRP Central Utility Plant 2	30,000,000	9,666,831
UTRP Electric Reliability	5,000,000	2,112,121
UTRP Utilities and Maintenance Facilities - Phase 2	10,000,000	3,418,750
UTRP Utilities and Maintenance Facilities - Phase I	20,000,000	14,460,927
	Subtotal Inst Mgd	655,560,998
	Subtotal U. T. M. D. A.C.C.	655,560,998

The University of Texas Health Center at Tyler

Institutionally Managed

Campus Electrical Distribution System Upgrade and Expansion

\$	950,000	860,823
\$	950,000	860,823

Subtotal Inst Mgd

OFPC Managed

Academic Center

\$	23,121,000	6,098,164
\$	23,121,000	6,098,164

Subtotal OFPC Mgd

	CIP Project Cost Total	FY 2008-2009 Proj. Exp. Total
Subtotal U. T. H.C. Tyler	\$ 24,071,000	6,958,987

Total Health Institutions \$ 5,101,180,254 1,217,608,397

Total Major Construction Projects \$ 7,774,487,657 2,345,842,368

THE UNIVERSITY OF TEXAS SYSTEM
 FY 2008-2013 Capital Improvement Program

Attachment 2

PROJECTS REDESIGNATED IN THIS CIP

<u>Institution</u>	<u>Previously Approved Project Name</u>	<u>Redesignated Project Name</u>
<u>UT Arlington</u>	Engineering Lab Building Addition, Engineering Research Building, and Expansion of Engineering Research Building combined	Engineering Research Complex
<u>UT Austin</u>	LBJ Plaza Renovation/Lady Bird Johnson Centre	LBJ Library Plaza, Lady Bird Johnson Center and LBJ School Renovation
	1616 Guadalupe Regional Data Center Study	Regional Data Center Study
	The University of Texas Executive Education and Conference Center AT&T Executive Education and Conference Center	
<u>UT Pan American</u>	Animal Research Facility	Research Facility
<u>UT Permian Basin</u>	Arts, Convocation, and Classroom Facility at CEED	The Wagner Noel Performing Arts Center
<u>UT SWMC - Dallas</u>	Ambulatory Clinic Building and Parking Garage	Outpatient Building Finish-Out
<u>UTMB - Galveston</u>	TDCJ Hospital Cladding Restorator	TDCJ Hospital Cladding and Security Systems
<u>UTHSC - Houston</u>	Research Park Complex	UT Research Park Complex
<u>UTMDACC</u>	Faculty Center Tower	T. Boone Pickens Academic Tower
	HMB Demolition	HMB Demolition and Infrastructure
	New Patient Care Facilities and Parking (Part A and B)	Legacy North Building
	Mid-Campus Central Parking Facility	Mid Campus Parking Facility
	UT Research Park Garage 2	South Campus Parking Garage 2
	UT Research Park Garage 3	South Campus Parking Garage 3
	UTRP Utilities and Maintenance Facilities (split into phases)	UTRP Utilities and Maintenance Facilities - Phase 1
		UTRP Utilities and Maintenance Facilities - Phase 2

**The University of Texas System
Fiscal Years 2008-2009 Capital Budget Repair and Rehabilitation Projects**

Attachment 3

	Previously Approved Projects		New or Additional Appropriations	New Projects	Total Projects
	Current Appropriations	Deleted or Reduced Appropriations		Appropriations For Projects Initiated in the Capital Budget	Capital Budget Total Project Costs
UT Arlington					
Arlington Regional Data Center Electrical Upgrade (IM)	18,000,000			2,800,000	2,800,000
Energy Performance Contract (IM)	34,500,000				18,000,000
Maverick Activities Center	52,500,000			2,800,000	34,500,000
Subtotal					55,300,000
UT Austin					
Art Building and Museum Renovation		3,500,000			3,500,000
Battle Hall Complex, Renovation				15,000,000	15,000,000
Darrell K Royal-Texas Memorial Stadium Expansion	176,537,000				176,537,000
Energy Efficiency and Conservation - Phase I (IM)	17,500,000				17,500,000
Garrison Hall Renovations	11,440,000				11,440,000
Geology Building Addition				500,000	500,000
H. J. Lutcher Stark Center for Physical Culture and Sports	5,500,000				5,500,000
Hogg Auditorium Renovation	15,000,000				15,000,000
LBJ Library Plaza, Lady Bird Johnson Center and LBJ School Renovations	47,250,000			15,000,000	47,250,000
Littfield Home and Carriage House Renovations	6,300,000				6,300,000
Painter Hall - Mechanical System Upgrades/Space Renovations (IM)	4,725,000				4,725,000
Patterson Hall Laboratory and Life Safety Renovations (IM)	14,700,000				14,700,000
Performing Arts Center Infrastructure Upgrades - Phase I and II	25,000,000	(25,000,000)	25,000,000		25,000,000
Phase 2 - Robert A. Welch Hall*	3,500,000				3,500,000
Renovation of John W. Hargis Hall with Visitor Center	26,500,000				26,500,000
Renovations to UFCU Disch-Falk Field	4,000,000				4,000,000
School of Nursing Addition	12,000,000				12,000,000
Speedway Mall North of 21st St. & East Mall/East Mall Fountain				33,000,000	33,000,000
UT Administration Building Renovations (IM)	49,500,000				49,500,000
Utility Infrastructure Projects - Phase II (IM)		(25,000,000)	28,500,000		486,452,000
Subtotal	419,452,000			63,500,000	
UT Dallas					
Campus Fire and Life Safety Improvements and Campus Infrastructure Upgrade (IM)	7,726,000				7,726,000
Campus Landscape Enhancement Project	10,000,000				10,000,000
Founders Renovation	27,793,750				27,793,750
Frances and Mildred Goad Building	15,317,500				15,317,500
Major Renovation and Repair Projects (IM)	2,408,000				2,408,000
Power Distribution Upgrade Study	175,000				175,000
Vivarium and Experimental Space	15,000,000				15,000,000
Waterview Science and Technology Center (IM)	2,950,000				2,950,000
Subtotal	81,370,250				81,370,250

**The University of Texas System
Fiscal Years 2008-2009 Capital Budget Repair and Rehabilitation Projects**

Attachment 3

	Previously Approved Projects		New or Additional Appropriations	New Projects		Total Projects
	Current Appropriations	Deleted or Reduced Appropriations		Appropriations For Projects Initiated in the Capital Budget	Capital Budget Total Project Costs	
UT El Paso						
Build out of the Upper Floors of Kelly Hall (IM)	2,400,000					2,400,000
Sciences and Engineering Core Facilities Upgrade	28,000,000					28,000,000
Union West Renovations - 2nd Floor (IM)	1,000,000					1,000,000
Subtotal	31,400,000					31,400,000
UT Pan American						
Old Computer Center Renovation (IM)				2,000,000		2,000,000
Subtotal				2,000,000		2,000,000
UT San Antonio						
Campus Roadway and Parking Improvements (IM)	4,510,000					4,510,000
Combined Science Facility Renovations - 1604 Campus Expansion to Parking Lot 12 (IM)	22,500,000		500,000			22,500,000
Monterey Building Renovation (IM)	1,500,000					2,000,000
Renovation of Physical Plant Building (IM)	2,700,000					2,700,000
Surface Parking - West Campus (IM)	3,436,000					3,436,000
Subtotal	34,646,000		500,000			2,600,000
				2,600,000		37,746,000
UT Tyler						
Completion/Renovation/Expansion for Engineering, Science and Technology Building	49,300,000					49,300,000
University Center Renovations/Expansion	15,300,000					15,300,000
Subtotal	64,600,000					64,600,000
UT Southwestern Medical Center - Dallas						
Central Pathology Laboratory (IM)				4,000,000		4,000,000
Clements Building Finish-Out (IM)				14,600,000		14,600,000
South Campus Utility Improvements (IM)				13,635,000		13,635,000
Subtotal				32,235,000		32,235,000
UTMB Galveston						
1108 Strand Renovation	9,800,000					9,800,000
Basic Science Renovation (IM)	6,000,000		2,600,000			8,600,000
Blocker Burn Unit Renovation (IM)				6,000,000		6,000,000
Diagnostic Imaging, Equipment and Infrastructure (IM)				60,000,000		60,000,000
Labor and Delivery Renovation (IM)				8,000,000		8,000,000
Library Facilities Upgrade	7,900,000		1,000,000			8,900,000
Linear Accelerator Replacement (IM)				5,000,000		5,000,000
Rebecca Sealy Hospital Renovation (IM) ¹	9,850,000	(4,000,000)	4,000,000			9,850,000
Research Facilities Expansion	77,180,000					77,180,000

**The University of Texas System
Fiscal Years 2008-2009 Capital Budget Repair and Rehabilitation Projects**

Attachment 3

	Previously Approved Projects		New Projects		Total Projects
	Current Appropriations	Deleted or Reduced Appropriations	New or Additional Appropriations	Appropriations For Projects Initiated in the Capital Budget	
Sprinkler System Installation for Patient Care Areas (IM)				5,000,000	5,000,000
TDCJ Hospital Cladding and Security Systems (IM)*	6,560,000	(6,560,000)	10,400,000	15,000,000	10,400,000
Utility Production Equipment (IM)				99,000,000	15,000,000
Subtotal	117,290,000	(10,560,000)	18,000,000		223,730,000
UT HSC Houston					
Expansion of School of Health Information Sciences (IM)	3,000,000				3,000,000
Repair of the Medical School Building, Phase I (IM)	60,808,102				60,808,102
Subtotal	63,808,102				63,808,102
UTHSC San Antonio					
Emergency , Fire and Safety Initiative, Phase I	8,900,000				8,900,000
Medical School Sprinkler Installation (IM)	3,200,000				3,200,000
MEP Upgrades, Phase I (IM)	1,922,029				1,922,029
Subtotal	14,022,029				14,022,029
UTMDACC					
Administrative Support Building - Phase 2 (IM)	30,976,000				30,976,000
Administrative Support Building - Phase 3 (IM)				20,031,000	20,031,000
Alkek Expansion - Renovations to Existing Facility (IM)				68,000,000	68,000,000
American Disabilities Act Upgrades (IM)	18,400,000				18,400,000
Backfill Phase III (IM)	91,600,000				91,600,000
BF/BRB Infrastructure Repairs Beyond 2011 (IM)				10,000,000	10,000,000
Center for Advanced Biomedical Imaging Research (Buildout)				44,060,000	44,060,000
CRR Renovation Budget FY 2008-2009 (IM)				14,290,000	14,290,000
Demolish OST Building (IM)				4,000,000	4,000,000
Energy Management Projects Phase II (IM)	15,500,000				15,500,000
Exterior Cladding Main Campus (IM)	10,000,000				7,700,000
Future Emergency Management Projects (IM)		(2,300,000)		20,000,000	20,000,000
Garage 5 Demolition (IM)				1,000,000	1,000,000
Guhn Road Data Center Renovation (IM)	5,000,000				5,000,000
HMB Demolition and Infrastructure (IM)	10,000,000				10,000,000
Main Building Utility Plan - Phase I (IM)				6,750,000	6,750,000
Main Building Utility Plan - Phase 2 (IM)				20,000,000	20,000,000
MSI Building Demolition (IM)	3,000,000				2,500,000
Pawnee Infrastructure Development				4,000,000	4,000,000
Redevelopment-Phase I (IM)	56,000,000				56,000,000
Redevelopment-Phase II (IM)				53,300,000	53,300,000
Research Lab Renovations (IM)	25,000,000				25,000,000
Research Recruitment Renovations (IM)				25,000,000	25,000,000
RHI Renovations and Repairs (IM)				18,200,000	18,200,000
Roof Replacement Program Gimbel, Bates Freeman, AC, New Clark, Gimbel(IM)	4,000,000				4,000,000

**The University of Texas System
Fiscal Years 2008-2009 Capital Budget Repair and Rehabilitation Projects**

Attachment 3

	Previously Approved Projects		New Projects		Total Projects
	Current Appropriations	Deleted or Reduced Appropriations	New or Additional Appropriations	Appropriations For Projects Initiated in the Capital Budget	
South Campus Vivarium Facility (IM)	45,000,000				45,000,000
South Campus Vivarium Imaging Facility (IM)				4,000,000	4,000,000
SRB Exhaust Fans (IM)				2,250,000	2,250,000
Transfusion Medicine Relocation (IM)				3,225,000	3,225,000
UTRP Electric Reliability (IM)				5,000,000	5,000,000
Subtotal	283,500,000	(2,800,000)		323,106,000	634,782,000
<u>UTHC - Tyler</u>					
Campus Electrical Distribution System Upgrade and Expansion (IM)	950,000				950,000
Subtotal	950,000				950,000
Totals	1,163,538,381	(38,360,000)	47,000,000	525,241,000	1,728,395,381

(IM) - Institutionally Managed

*changed funding source from previously appropriated RFS to Gifts

√changed funding source from previously appropriated Gifts to Hospital Revenues

•changed funding source from previously appropriated Hospital Revenues to Grants and increased TPC

Approval of Revenue Financing System Debt
 For Certain Construction and Repair and Rehabilitation Projects in the FY 2008-2013 Capital Improvement Program

Attachment 4

Component	Project	Type 1/ Project Cost	Total		Type of Debt	Component DSC 2/
			Amount of RFS or TRB	Project Cost		
U. T. Arlington	Arlington Regional Data Center Electrical Upgrade (IM)	R&R	1,300,000	2,800,000	RFS	
U. T. Austin	UT Administration Building Renovations	R&R	18,000,000	33,000,000	RFS	
U. T. San Antonio	Expansion to Parking Lot 12 Surface Parking - West Campus (IM)	R&R/Inc R&R	500,000 2,600,000	2,000,000 2,600,000	RFS RFS	
U. T. Medical Branch - Galveston	Basic Science Renovation Library Facilities Upgrade	R&R/Inc R&R/Inc	2,600,000 1,000,000	8,600,000 8,900,000	RFS RFS	
Total			26,000,000	57,900,000		

1/IM = Institutionally Managed; R&R = Repair and Rehabilitation; INC = Increase in RFS Debt.

2/ Institutional Debt Service Coverage ("DSC") is net revenue divided by debt service. TRB DSC is based on the U. T. System's combined financial forecast.

**Request to Amend the University of Texas System
FY 2008-2013 Capital Improvement Program and FY 2008-2009 Capital Budget**

Attachment 5

Existing CIP Projects to Receive Modified Funding and/or Revised Project Cost

Project Name	Existing TPC	Adds	New TPC	Existing Funding (In millions)					New/Additional Funding (In millions)								
				RFS	TRB	Gifts	Grants	Hosp. Rev.	RFS	TRB	Gifts	Grants	Hosp. Rev.				
<u>UT Medical Branch - Galveston</u> Galveston National Laboratory	173,671,123		173,671,123		57.00	1.57	115.10										
<u>UTMD Anderson Cancer Center</u> Smithville Facility Strategic Plan	26,000,000	34,500,000	60,500,000														26.00
<u>T. Boone Pickens Academic Tower</u>	145,000,000	22,200,000	167,200,000	80.00													65.00
Totals	344,671,123	56,700,000	401,371,123	80.00	57.00	1.57	115.10	80.00	57.00	0.00	0.00	116.67	80.00	57.00	0.00	116.67	147.70

10. U. T. System: Approval of the nonpersonnel aspects of the operating budgets for the fiscal year ending August 31, 2008, Permanent University Fund (PUF) Bond Proceeds allocation for Library, Equipment, Repair and Rehabilitation (LERR) Projects for FY 2008

RECOMMENDATION

The Chancellor, with the concurrence of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the presidents of the U. T. System institutions, recommends that the nonpersonnel aspects of the U. T. System Operating Budgets for the fiscal year ending August 31, 2008, including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans, be approved.

It is further recommended that the Chancellor be authorized to make editorial corrections therein and that subsequent adjustments be reported to the U. T. System Board of Regents through the Docket.

It is requested that Permanent University Fund (PUF) Bond Proceeds in the amount of \$30,000,000 be appropriated to the institutions to fund Library, Equipment, Repair and Rehabilitation (LERR) Projects for Fiscal Year 2008. This would authorize the purchase of approved equipment items and library materials and to contract for repair and rehabilitation projects following standard purchasing and contracting procedures within approved dollar limits. Substitute equipment purchases or repair and rehabilitation projects are to receive prior approval by the Chancellor, the appropriate Executive Vice Chancellor and, where required, the U. T. System Board of Regents. Transfers by U. T. System Administration of allocated funds to institutional control or to vendors will coincide with vendor payment requirements. Final approval of specific repair and rehabilitation projects will be in accordance with procedures for construction projects established by the U. T. System Board of Regents.

There are two additional requests for PUF Bond Proceed allocations. For the purchase of enterprise compliance and configuration manager (ECCM) software and maintenance, \$4,083,000 is requested. This software automates management of computer configurations, enforces security standards, identifies vulnerabilities, and provides automated and manual remediation. This system will directly address information security breaches that U. T. System institutions have experienced. These funds will not be expensed until a commitment of participation is received from each institution.

The second request of \$3,500,000 is for the North Texas Student Information System Pilot Project. This is a supplemental request to the \$8,000,000 approved by the Board on October 4, 2006. The object of the Project is to achieve cost savings through economies of scale, process improvements attained through standardization, universal application of institutionally preferred practices, improved and more consistent reporting,

and the improvement of services for students, faculty, and staff. This supplement proposes necessary funds for services identified during the vendor bid reviews, inclusion of upgrade implementation services for U. T. Arlington, and assistance to U. T. Tyler for their portion of the implementation.

It is further recommended that LERR appropriations not expended or obligated by contract or purchase order within six months after the close of Fiscal Year 2008 are to be available for future System-wide reallocation unless specific authorization to continue obligating the funds is given by the appropriate Executive Vice Chancellor upon recommendation of the president of the institution.

BACKGROUND INFORMATION

A supplemental volume of the budget materials titled "Operating Budget Summaries and Reserve Allocations for Library, Equipment, Repair and Rehabilitation" is enclosed in the front pocket of this Agenda Book.

See the Executive Session item related to the personnel aspects of the U. T. System Operating Budgets (Item 1b on Table of Contents Page i for Meeting of the Board).

The appropriation of PUF Bond Proceeds will be presented in the Fiscal Year 2008 LERR Budget. The allocation of these LERR funds to the U. T. System institutions was developed from prioritized lists of projects submitted by the institutions and reviewed by U. T. System Administration staff.

As required by the Available University Fund (AUF) Spending Policy, a forecast of revenues and expenses of the AUF for seven years, including the above allocation has been prepared and is provided on Page 19. The additional appropriation of PUF Bond Proceeds for this allocation is within the policy as shown in the forecast.

Supplemental Materials:

PowerPoint presentation on the operating budget on Pages 6.8 – 6.35.

Other supporting materials including the Chancellor's recommendations for initiatives to be funded from proceeds of termination of bond swap agreements are on Pages 6.36 - 6.44.

11. U. T. System Board of Regents: Approval of Permanent University Fund (PUF) Bond Proceeds allocation for the Science and Technology Acquisition and Retention (STARs) Program

RECOMMENDATION

The Chancellor, with the concurrence of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Executive Vice Chancellor for Health Affairs, recommends that \$20,000,000 of Permanent University

Fund (PUF) Bond Proceeds be appropriated to provide additional funding to build and enhance research infrastructure to attract and retain the best qualified faculty known as the Science and Technology Acquisition and Retention (STARs) Program. Through a competitive proposal process determined by U. T. System Administration, funds will be distributed for the purpose of recruiting top researchers.

It is further recommended that STARs appropriations not expended or obligated by contract or purchase order within six months after the close of Fiscal Year 2008 are to be available for future System-wide reallocation unless specific authorization to continue obligating the funds is given by the appropriate Executive Vice Chancellor upon recommendation of the president of the institution.

BACKGROUND INFORMATION

On August 12, 2004, the U. T. System Board of Regents approved an allocation of funds to be awarded to institutions to help attract and retain the best qualified faculty. Funded through PUF Bond Proceeds, this awards program, named Faculty STARs, provided funding to help purchase state-of-the-art research equipment and make necessary laboratory renovations to encourage faculty members to perform their research at U. T. institutions. In August 2004, the Board allocated \$59 million for this program. In Fiscal Year 2006, \$15 million was allocated with an additional \$20 million allocated in Fiscal Year 2007.

With the exception of a portion of funding distributed noncompetitively to academic institutions in Fiscal Year 2005, recipients of the STARs awards are selected through a competitive process. The program is centrally administered by U. T. System for start-up or retention packages for tenured faculty of proven quality who are recommended from the institutions by a faculty group at the nominating university. A peer review committee chaired by the appropriate Executive Vice Chancellor examines the STARs awards at the U. T. System Administration level and makes recommendations. The funds are available only for laboratory renovation and equipment purchases. Consistent with other PUF bond funded programs, the STARs award may not be spent on operations.

The program is making a significant contribution toward accomplishing the goal of developing and further strengthening the research capacity of the institutions within U. T. System. The competitive program has helped U. T. institutions recruit and retain some of the best researchers in the nation, recognized nationally and internationally for their scholarly achievements. Since the program's inception, these individuals have made a significant impact to U. T. System institutions through research grants, collaborations made with outside entities, and pending and issued patents as well as by encouraging future research and excellence.

12. **U. T. System: Recommendation to authorize the U. T. System to extend an option to lease previously granted to the Office of the Governor of the State of Texas with regard to 6,300 acres in the West Texas Lands in Pecos County to allow land to be available to FutureGen Industrial Alliance, Inc., for long-term lease and injection and storage of CO₂**

RECOMMENDATION

The Chancellor concurs with the recommendation of the Executive Vice Chancellor for Business Affairs and the Vice Chancellor and General Counsel that the U. T. System Board of Regents authorize the Vice Chancellor and General Counsel to negotiate and take actions as necessary to allow the U. T. System to extend by six months an option to lease previously granted to the Office of the Governor of the State of Texas with respect to 6,300 acres of University Lands in Pecos County to allow the lands to be made available to FutureGen Industrial Alliance, Inc. (FutureGen) for the purpose of offering, through a 50-year lease term, for the injection and storage of carbon dioxide (CO₂). The subject properties are illustrated in Exhibit A on Page 50. The recommendation is conditioned upon the following provisions:

- a. The extension would be on essentially the same terms and conditions as the initial option to lease, with the area redefined to conform to the current area of interest.
- b. The consideration for any lease ultimately issued will be determined by the U. T. System obtaining independent appraisals and gathering other valuation information and will be negotiated with FutureGen. The value and terms of the lease will require the approval of the Board for Lease of University Lands and the U. T. System Board of Regents.
- c. The option is contingent on the lease of any injection and storage site allowing for horizontal drilling from adjacent tracts to access oil and gas resources beneath the CO₂ storage area and other agreed activities that will not disturb CO₂ storage.

BACKGROUND INFORMATION

FutureGen is a \$1 billion public-private partnership to locate, design, build, and operate the world's first coal-fueled, zero-emissions power plant. The partnership is comprised of American Electric Power, Anglo American llc, BHP Billiton, China Huaneng Group, CONSOL Energy Inc., Foundation Coal Corporation, Kennecott Energy Company, Peabody Energy, and Southern Company. FutureGen has released a Request for Proposals (RFP) for the FutureGen Host Site.

One of the requirements set forth in the RFP is the ownership of or access to property suitable for siting a CO₂ injection facility and the long-term underground storage of a large quantity of CO₂. Acting through the Bureau of Economic Geology at The University of Texas at Austin's John A. and Katherine G. Jackson School of Geosciences, the State of Texas has developed two site proposals in response to the RFP. One site is located in East Texas and does not affect University Lands or other property controlled by U. T. System. The other site, the subject property, is in the Permian Basin region proximate to oil and gas producing lands (West Texas Lands), the surface of which is owned and controlled by U. T. System and the mineral rights to which are subject to lease by the Board for Lease of University Lands. The subject property will be needed by FutureGen for injection purposes if the West Texas site, near Penwell, Texas, is selected as the final site for the FutureGen project. The final site selection for the FutureGen project is expected to be made in Fall 2007.

On April 19, 2006, the Board for Lease of University Lands passed a resolution concurring in the decision of the U. T. System to join the State of Texas in submitting the Texas response to the FutureGen RFP and setting conditions to protect the value of the Permanent University Fund (PUF) minerals. A copy of the resolution is attached on Pages 47 - 49.

The Board of Regents authorized the existing Option to Lease by Resolution on April 27, 2006.

**RESOLUTION OF THE BOARD FOR LEASE OF UNIVERSITY LANDS
REGARDING THE UNIVERSITY OF TEXAS SYSTEM'S
PARTICIPATION IN FUTUREGEN TEXAS**

This resolution sets forth the general principles and key terms pursuant to which the Board for Lease of University Lands concurs with The Board of Regents of The University of Texas System (UTS) in considering UTS' participation in the response of the State of Texas to the Request for Proposals for the FutureGen Facility Host Site (RFP) released by the FutureGen Industrial Alliance, Inc. (FutureGen). To the extent necessary or advisable, this resolution may serve as the basis for an interagency cooperation contract between UTS, and as necessary, the Board for Lease of University Lands, and the appropriate state agency pursuant to the provisions of The Interagency Cooperation Act, *Texas Gov 't Code*, §§ 771.001, *et seq.*

RECITALS

- A. FutureGen is a \$1 billion public-private partnership to locate, design, build and operate the world's first coal-fueled, zero-emissions power plant.
- B. FutureGen has released the RFP and responses to the RFP are due by May 4, 2006.
- C. Considering its coal production and consumption, existing infrastructure, industrial, economic and population profile, and overall prominence in the energy industry, among other factors, the State of Texas is uniquely positioned with respect to the site selection criteria identified in the RFP.
- D. Acting through the Bureau of Economic Geology at The University of Texas at Austin's John A. and Katherine G. Jackson School of Geosciences, the State of Texas has developed two site proposals in response to the RFP.
- E. One of the Texas site proposals is in the Permian Basin region proximate to oil and gas producing lands (West Texas Lands), the surface of which is owned and controlled by UTS and the mineral rights to which are subject to lease by the Board for Lease of University Lands.
- F. One of the requirements set forth in the RFP is the ownership of or access to property suitable for siting a CO₂ injection facility and the long-term underground storage of a large quantity of CO₂.
- G. UTS, through its ownership and control of the West Texas Lands, has available an appropriate CO₂ injection and storage site.
- H. UTS is expected to support the State of Texas in its bid submission for FutureGen.

General Terms of Understanding

1. UTS' Participation in the FutureGen RFP Response. UTS is expected to join the State of Texas in submitting the Texas response to the FutureGen RFP for the purpose of nominating certain property in the West Texas Lands as a suitable CO₂ injection and storage site. The Texas RFP response will designate two proposed areas for CO₂ injection and storage within the West Texas Lands as illustrated on Exhibit A to this resolution.

A. Area 1. As designated on Exhibit A by the red cross-hatched circles, Area 1, comprising up to 6,300 acres in seven different injection sites each of which sites will be up to 900 acres in area, will be described as the primary and adequate CO₂ injection and storage site. The exact locations of the sites must be determined prior to September 1, 2006. UTS will offer a 50-year lease on Area 1 according to the general terms and procedures set forth in Section 2A of this resolution.

B. Area 2. As designated on Exhibit A by the blue cross-hatched circle, Area 2 comprising approximately 45,000 acres (including those areas included within Area 1) will be described in the Texas RFP response as an available CO₂ injection and storage site if required by FutureGen. Until September 1, 2006, UTS will offer a 50-year lease on Area 2 according to the general terms and procedures set forth in Section 2B of this resolution. From and after September 1, 2006 and until the execution of the lease, the 45,000 acres may be held for an annual payment of \$100 per acre.

2. Offering Terms of Property in the West Texas Lands. A 50-year lease of either Area 1 or Area 2 requires the approval of both the UTS Board of Regents and the Board for Lease of University Lands. In support of the Texas FutureGen RFP Response, UTS will offer for lease Area 1 or Area 2 as follows:

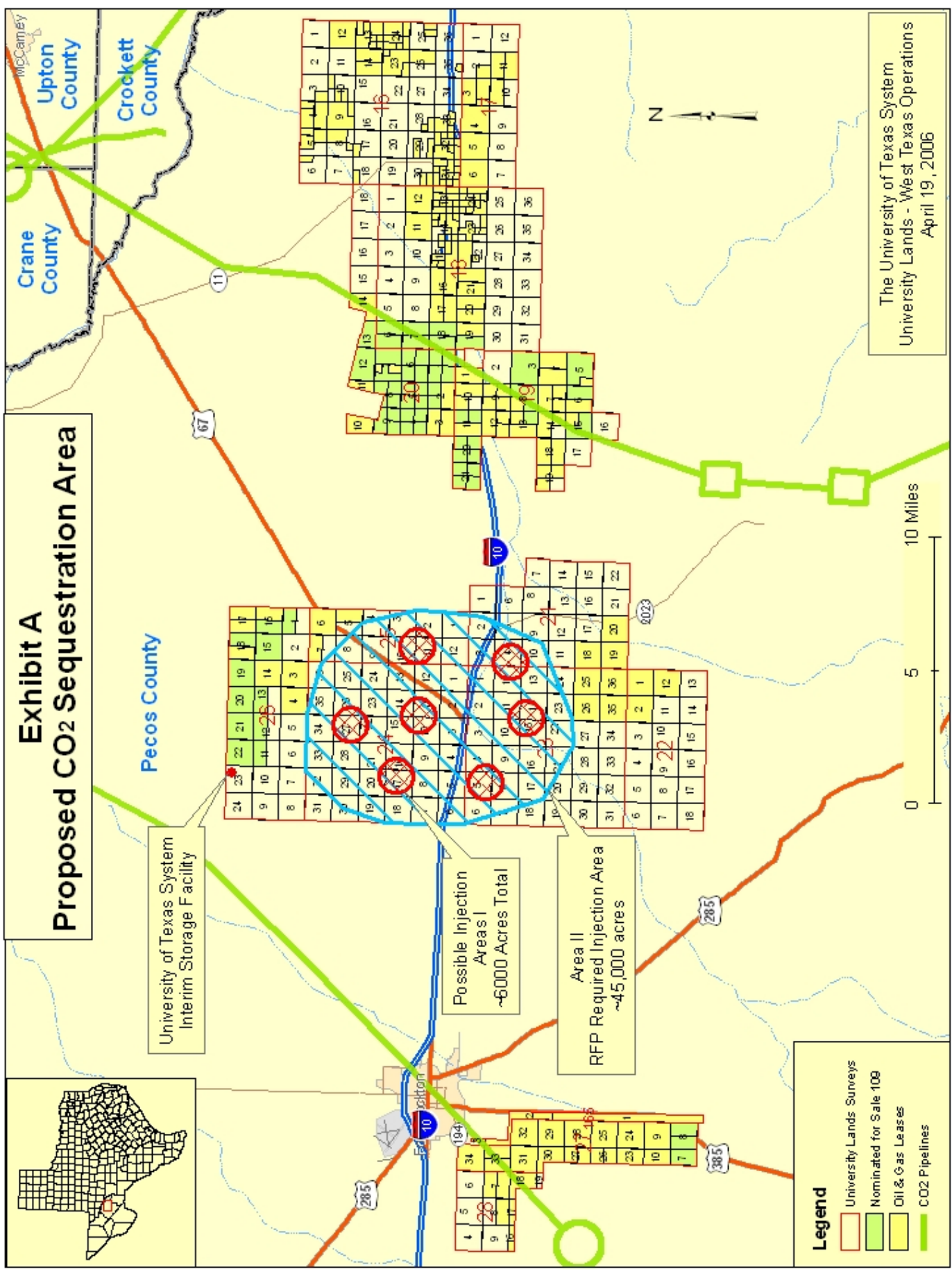
A. Area 1. The Board for Lease of University Lands hereby authorizes a proposed 50-year lease of Area 1 as the FutureGen CO₂ injection and storage. Before a final lease of Area 1 for FutureGen, UTS will obtain independent appraisals and gather other valuation information and such lease will be negotiated based on such then-current information, but not less than fair market value¹. The lease of Area 1 as the FutureGen CO₂ injection and storage site will allow for horizontal drilling from adjacent tracks to access oil and gas resources beneath the CO₂ storage area and other agreed activities that will not disturb CO₂ storage.

B. Area 2. If required by FutureGen as a condition of award of the FutureGen project to the State of Texas, UTS will undertake to have approved and establish the terms of a 50-year lease of Area 2 for a CO₂ injection and storage site. UTS will undertake a study and propose a market value of such a lease of Area 2 and have such fair market value confirmed by independent appraisals. The terms and conditions of a 50-year lease of Area 2 as a CO₂ injection and storage site will then be presented to the UTS Board of Regents and the Board for Lease of University Lands for approval.

¹ West Texas Operations estimates that the proposed 50-year lease may be priced as follows: 1) an upfront bonus payment of \$1,000/acre; and 2) an annual lease payment of .10/mcf of CO₂ injected approximating \$1.7 million/year based on injection estimates in the RFP, subject to periodic escalations based upon market factors.

3. UTS Review of Texas RFP Response. Acting through its Office of the Chancellor and the Office of General Counsel, UTS will be given the opportunity to review and approve all provisions of the Texas RFP response that relate to Sections 1 and 2 of this resolution.

4. Indemnity and Hold Harmless of UTS. It is the understanding of UTS and other concerned parties that the Texas Legislature may enact a statute that would declare all CO₂ generated by the FutureGen Project in Texas owned by the State of Texas and would indemnify and hold harmless all other parties, including instrumentalities, subsidiaries and agencies of the State of Texas from all liability, damages and harm suffered associated with the handling, transportation, injection, storage and release of CO₂ whether accrued directly or arising by third party action. In the event such a statute is not enacted into law, UTS will not be obligated to participate in the Texas RFP response and the West Texas Lands will not be available for nomination as a CO₂ injection and storage site.



13. U. T. System Board of Regents: Presentation of certificate of appreciation to President John D. Stobo, M.D.

Chairman Huffines will present a certificate of appreciation to John D. Stobo, M.D., President, U. T. Medical Branch - Galveston, for his distinguished service and outstanding contributions. Dr. Stobo, who has served as President of U. T. Medical Branch - Galveston for the past 10 years, has announced that he plans to resign from the presidency effective August 31, 2007.

14. U. T. System Board of Regents: Election of additional Vice Chairman (Regents' Rules and Regulations, Series 10102, Section 3)

Regents' Rules and Regulations, Series 10102, Section 3 provide for the election of three Vice Chairmen of the Board of Regents.

Current Vice Chairmen are Rita C. Clements and Cyndi Taylor Krier.