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FOR
MEETING OF THE BOARD

May 13-14, 2009
Austin, Texas

Wednesday, May 13, 2009

- A. OATH OF OFFICE CEREMONY FOR NEW REGENTS 10:00 a.m.
[Ashbel Smith Hall (ASH) 9th Floor Board Room]
- B. CONVENE THE BOARD IN OPEN SESSION TO RECESS TO 11:15 a.m.
EXECUTIVE SESSION PURSUANT TO *TEXAS GOVERNMENT CODE*,
CHAPTER 551 (working lunch) (*ASH 2 Meeting Room*)
1. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or
Value of Real Property – Section 551.072
- U. T. Pan American: Discussion and appropriate action
concerning negotiations to purchase real property improved
with an office building and adjacent related surface parking
located at 4302 South Sugar Road in Edinburg, Hidalgo County,
Texas, from Windrose Edinburg Properties, LLC, a Delaware
limited liability company, for a purchase price not to exceed fair
market value as established by independent appraisals, for use
as office space and future programmed development of campus
expansion, and resolution regarding parity debt** *President Sorber
Ms. Mayne*
2. Negotiated Contracts for Prospective Gifts or Donations –
Section 551.073
- a. **U. T. Austin: Discussion and appropriate action regarding
proposed negotiated gifts with potential naming features** *President Powers
Dr. Safady*
- b. **U. T. Medical Branch – Galveston: Discussion and
appropriate action regarding a proposed negotiated gift
with a potential naming feature** *President Callender
Dr. Safady*
3. Personnel Matters Relating to Appointment, Employment,
Evaluation, Assignment, Duties, Discipline, or Dismissal of
Officers or Employees – Section 551.074
- 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 Chief Audit
Executive), and U. T. System and institutional employees**

Wednesday, May 13, 2009 (continued)

	Board/ Committee Meetings	Page
4. 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 regarding legal matters	<i>Mr. Burgdorf</i>	
b. U. T. System: Discussion of legal issues related to updating and enhancing research conflicts of interest policies, procedures, and enforcement at U. T. System institutions	<i>Mr. Burgdorf</i>	
C. RECONVENE IN OPEN SESSION TO CONSIDER ACTION ON EXECUTIVE SESSION ITEMS, IF ANY, APPROVAL OF MINUTES, AND CONSIDER AGENDA ITEMS (<i>ASH 2 Meeting Room</i>)	<i>12:00 p.m.</i>	
1. U. T. System Board of Regents: Recommendation to approve Chairman’s appointment of Chairmen of Board Committees and Regental Representatives, including appointments to the Board for Lease, Texas Growth Fund, and the M. D. Anderson Services Corporation; and notification of appointments to Standing Committees and Liaison roles for the record (Regents’ <i>Rules and Regulations</i>, Rule 10402, regarding Committees and Other Appointments)	Action <i>Chairman Huffines</i>	1
2. U. T. System Board of Regents: Approval to amend the resolution regarding the list of individuals authorized to negotiate, execute, and administer classified government contracts (Key Management Personnel)	Action	3
D. RECESS FOR COMMITTEE MEETINGS	<i>12:15 p.m.</i>	
Audit, Compliance, and Management Review Committee (<i>ASH 2 Meeting Room</i>)	<i>12:15 p.m.</i>	
Finance and Planning Committee (<i>ASH 2 Meeting Room</i>)	<i>1:15 p.m.</i>	
Facilities Planning and Construction Committee (<i>ASH 2 Meeting Room</i>)	<i>2:15 p.m.</i>	
Academic Affairs Committee (<i>ASH 2 Meeting Room</i>)	<i>3:15 p.m.</i>	
Health Affairs Committee (<i>ASH 2 Meeting Room</i>)	<i>4:15 p.m.</i>	
Student, Faculty, and Staff Campus Life Committee (<i>ASH 2 Meeting Room</i>)	<i>5:15 p.m.</i>	
E. RECESS	<i>6:00 p.m.</i>	

Thursday, May 14, 2009

- F. RECONVENE THE BOARD IN OPEN SESSION TO RECESS FOR MEETINGS OF THE STANDING COMMITTEES AND COMMITTEE REPORTS TO THE BOARD (*ASH 9 Board Room*) 8:00 a.m.
- Audit, Compliance, and Management Review Committee
- Finance and Planning Committee
- Academic Affairs Committee
- Health Affairs Committee
- Facilities Planning and Construction Committee
- G. RECONVENE AS A COMMITTEE OF THE WHOLE TO RECESS TO EXECUTIVE SESSION PURSUANT TO *TEXAS GOVERNMENT CODE*, CHAPTER 551 (working lunch) 8:15 a.m.
- Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074
- U. T. Health Science Center – San Antonio: Discussion and appropriate action regarding individual personnel matters related to the presidential search, including individual candidate interviews and possible naming of finalists**
- H. RECONVENE IN OPEN SESSION TO CONSIDER ACTION ON EXECUTIVE SESSION ITEM, IF ANY 3:25 p.m.
- I. ADJOURN 3:30 p.m.

1. **U. T. System Board of Regents: Recommendation to approve Chairman's appointment of Chairmen of Board Committees and Regental Representatives, including appointments to the Board for Lease, Texas Growth Fund, and the M. D. Anderson Services Corporation; and notification of appointments to Standing Committees and Liaison roles for the record (Regents' Rules and Regulations, Rule 10402, regarding Committees and Other Appointments)**

RECOMMENDATION

In accordance with the requirements of the Regents' *Rules and Regulations*, Rule 10402, Chairman Huffines requests the concurrence of the U. T. System Board of Regents on recommended appointments of Chairmen to Board Committees and Regental Representatives to the Board for Lease of University Lands, the Board of Trustees of the Texas Growth Fund, and the Board of Directors of the M. D. Anderson Services Corporation as set forth below. All appointments will be effective immediately upon approval by the Board.

Committee membership on all committees is listed below for the record. Unless otherwise noted, these appointments will remain in effect until the succeeding Board Chairman reconstitutes the committees.

Committees

Academic Affairs Committee

Janiece Longoria, Chairman
Paul Foster
Colleen McHugh
Robert Stillwell

Audit, Compliance, and Management Review Committee

R. Steven Hicks, Chairman
Paul Foster
Janiece Longoria
Robert Stillwell

Facilities Planning and Construction Committee

Printice Gary, Chairman
James Dannenbaum
R. Steven Hicks
Wm. Eugene Powell

Finance and Planning Committee

Paul Foster, Chairman
Printice Gary
Wm. Eugene Powell
Robert Stillwell

Health Affairs Committee
Colleen McHugh, Chairman
James Dannenbaum
Janiece Longoria
Wm. Eugene Powell

Student, Faculty, and Staff Campus Life Committee
James Dannenbaum, Chairman
Printice Gary
R. Steven Hicks
Robert Stillwell

The University of Texas at Brownsville/Texas Southmost College (UTB/TSC)
Partnership Advisory Committee (PAC)
Janiece Longoria, Chairman
Paul Foster
Colleen McHugh
Robert Stillwell

Regental Representatives

Athletics Liaison
Colleen McHugh

Board for Lease of University Lands
James Dannenbaum
Robert Stillwell
Printice Gary, Alternate

Liaison to Governor's Office on Technology Transfer and Commercialization Issues
James Dannenbaum

M. D. Anderson Services Corporation Board of Directors
Janiece Longoria

Texas Growth Fund Board of Trustees
Wm. Eugene Powell

The Type 2 Diabetes Risk Assessment Program Advisory Committee
Colleen McHugh

BACKGROUND INFORMATION

Board for Lease of University Lands and Texas Growth Fund

Appointments of members of the Board of Regents to the external entities of the Board for Lease of University Lands and the Board of Trustees of the Texas Growth Fund are consistent with State law and applicable provisions of the Regents' *Rules and Regulations*, Rule 10402.

M. D. Anderson Services Corporation

Appointment of a Regent to the Board of Directors of M. D. Anderson Services Corporation (formerly M. D. Anderson Cancer Center Outreach Corporation) is consistent with corporate bylaws previously approved by the Board of Regents. Establishment of the not-for-profit corporation was approved in April 1989 to enhance revenues of U. T. M. D. Anderson Cancer Center through initiation of joint ventures in selected markets, providing additional referrals to the institution, contracting for delivery of inpatient and outpatient management, utilizing existing reference laboratory services, and fostering additional philanthropy in distant areas. Section 2 of the Services Corporation bylaws relates to the Board of Directors, which currently consists of seven directors. The President of U. T. M. D. Anderson Cancer Center may appoint four directors, provided that such appointments receive the prior approval of the Board of Regents. The Board of Regents may appoint three directors, one of whom shall be a Regent and two of whom shall be administrative officers of the U. T. System.

The other members of the Board of Directors of the M. D. Anderson Services Corporation are as follows:

Mr. Leon J. Leach, Chairman of the Board of Directors
Mr. Dan Fontaine
Mr. Mitch Latinkic
Mr. Patrick Oxford
Kenneth I. Shine, M.D. (Board appointee)
Dr. Scott C. Kelley (Board appointee)

2. U. T. System Board of Regents: Approval to amend the resolution regarding the list of individuals authorized to negotiate, execute, and administer classified government contracts (Key Management Personnel)

RECOMMENDATION

It is recommended the Resolution regarding the list of individuals authorized to negotiate, execute, and administer classified government contracts [Key Management Personnel (KMP)] be amended to update the list of members of the Board of Regents as set forth on the following page to comply with the Department of Defense National Industrial Security Program Operating Manual (NISPOM) requirements. The Resolution was last adopted by the Board on March 26, 2008.

NISPOM defines KMP as "officers, directors, partners, regents or trustees." The manual requires that the senior management official and the Facility Security Officer must always be designated KMPs and be cleared at the level of the Facility Clearance. Other officials or KMPs, as determined by the Defense Security Service, must be granted Personal Security Clearances or be formally excluded by name from access to classified material.

RESOLUTION

BE IT RESOLVED:

That the following named members of the U. T. System Board of Regents shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of The University of Texas System and do not occupy positions that would enable them to affect adversely the policies and practices of The University of Texas System in the performance of classified contracts for the Department of Defense or User Agencies of its Industrial Security Program, and need not be processed for a personnel clearance:

Members of the U. T. System Board of Regents:

James R. Huffines, Chairman
Colleen McHugh, Vice Chairman
Paul Foster, Vice Chairman
James D. Dannenbaum, Regent
Printice L. Gary, Regent
R. Steven Hicks, Regent
Janiece Longoria, Regent
Wm. Eugene Powell, Regent
Robert L. Stillwell, Regent

BACKGROUND INFORMATION

The Student Regent is not listed because he is a nonvoting member. On February 12, 2009, Regents Hicks, Powell, and Stillwell were appointed to the Board and Regent Huffines was reappointed to the Board. These Regents were subsequently confirmed by the Senate.



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FOR
AUDIT, COMPLIANCE, AND MANAGEMENT
REVIEW COMMITTEE**

Committee Meeting: 5/13/2009
Austin, Texas

*R. Steven Hicks, Chairman**
Paul Foster
Janiece Longoria
Robert Stillwell

	Committee Meeting	Page
A. Convene	<i>12:15 p.m.</i> <i>Chairman Hicks</i>	
1. U. T. System: Internal Audit Department reports for U. T. Health Science Center – Houston and U. T. M. D. Anderson Cancer Center	<i>12:15 p.m.</i> Report <i>Ms. Lois Pierson, U. T. Health Science Center – Houston</i> <i>Mr. Michael Peppers, U. T. M. D. Anderson Cancer Center</i>	5
2. U. T. System: Report on the Systemwide internal audit activities	<i>12:28 p.m.</i> Report <i>Mr. Chaffin</i>	5
3. U. T. System: Report on efforts to update and enhance research conflicts of interest policies, procedures, and enforcement at U. T. System institutions	<i>12:35 p.m.</i> Report <i>Mr. Plutko Mr. Burgdorf Mr. Steve Collins</i>	10
4. U. T. System: Report on Systemwide institutional compliance activities	<i>12:50 p.m.</i> Report <i>Mr. Plutko</i>	10

* Pending approval by Board

B. RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551

1. Personnel matters relating to appointment, employment, evaluation, assignment, duties, discipline, or dismissal of officers or employees - *Texas Government Code* Section 551.074

Discussion with institutional auditors and compliance officers concerning evaluation and duties of individual System Administration and institutional employees involved in internal audit and compliance functions

12:55 p.m.

*Ms. Lois Pierson,
U. T. Health
Science Center –
Houston
Mr. Mike Peppers,
U. T. M. D.
Anderson
Cancer Center
Mr. Chaffin
Mr. Plutko*

C. RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO ADJOURN

1:15 p.m.

1. **U. T. System: Internal Audit Department reports for U. T. Health Science Center – Houston and U. T. M. D. Anderson Cancer Center**

REPORT

Ms. Lois Pierson, Assistant Vice President, Auditing & Advisory Services, U. T. Health Science Center – Houston, will make a presentation on the role of external members in internal audit committees.

Mr. Michael Peppers, Associate Vice President & Chief Audit Officer, U. T. M. D. Anderson Cancer Center, will report on the information technology governance program at the institution.

Supplemental Materials:

- **U. T. Health Science Center – Houston PowerPoint presentation on Pages 1 – 10 of Volume 2.**
- **U. T. M. D. Anderson Cancer Center PowerPoint presentation on Pages 11 – 20 of Volume 2.**

2. **U. T. System: Report on the Systemwide internal audit activities**

REPORT

Mr. Charles Chaffin, Chief Audit Executive, will present the results of the management review conducted at U. T. Pan American. He will also report on the audit performed by the State Auditor's Office of the Code of Ethics Policy at The University of Texas Investment Management Company (UTIMCO).

Additionally, Mr. Chaffin will report on the implementation status of significant audit recommendations. The second quarter activity report on the Implementation Status of Outstanding Significant Findings/Recommendations is set forth on Pages 6 – 7. Satisfactory progress is being made on the implementation of all significant recommendations. Additionally, a list of other audit reports issued by the Systemwide audit program and the annual internal audit plan status as of February 28, 2009, follows on Pages 8 – 9.

BACKGROUND INFORMATION

Significant audit findings/recommendations are tracked by the U. T. System Audit Office. Quarterly, chief business officers provide the status of implementation, which is reviewed by the internal audit directors. A quarterly summary report is provided to the Audit, Compliance, and Management Review Committee of the U. T. System Board of Regents. Additionally, Committee members receive a detailed summary of new significant findings and related recommendations quarterly.

THE UNIVERSITY OF TEXAS SYSTEM
Implementation Status of Outstanding Significant Findings/Recommendations

U. T. SYSTEM AUDIT

Report Date	Institution	Audit	1st Quarter 2009		2nd Quarter 2009		Overall Progress Towards Completion (Note)
			Ranking	# of Significant Findings	Ranking	# of Significant Findings	
2007-06	UTARL	Implementation Progress of UTS163: Guidance on Effort Reporting Policies		1		1	Satisfactory
2007-07	UTARL	Protecting the Confidentiality of Social Security Numbers		1		1	Satisfactory
2008-01	UTARL	Systems Security Audit		1		1	Satisfactory
2008-05	UTARL	Health Services Audit		1		0	Implemented
2007-06	UTAUS	UTS163: Guidance on Effort Reporting Policies		1		1	Satisfactory
2007-08	UTAUS	Payment Card Industry Data Security Standard (PCI DSS)		1		1	Satisfactory
2004-03	UTB	Contracts and Grants		1		1	Satisfactory
2004-06	UTB	2003 Financial and Applications Controls Audit of the Financial Aid Office		1		0	Implemented
2008-08	UTB	UTS165: Protecting the Confidentiality and Integrity of Digital Research Data Follow Up		3		2	Satisfactory
2009-02	UTB	2008 Physical Plant				1	Satisfactory
2009-02	UTB	FY 2008 Student Fees				1	Satisfactory
2009-02	UTB	2008 Special Request - International Technology Education Commerce Campus Lease				3	Satisfactory
2007-01	UTD	Annual Financial Report Audit		1		1	Satisfactory
2007-02	UTEP	Campuswide Information Technology Applications		3		3	Satisfactory
2007-11	UTEP	Decentralized Server Security		4		4	Satisfactory
2008-05	UTEP	University Residence Life-Miner Village		1		1	Satisfactory
2008-08	UTEP	University Ticket Center and Office of Special Events		1		0	Implemented
2008-10	UTEP	Emergency Management Plan		1		1	Satisfactory
2009-01	UTEP	College of Health Science, Change in Management				0	Implemented
2008-01	UTPA	Confidentiality of Social Security Numbers		1		1	Satisfactory
2008-12	UTPA	FY 2008 Annual Financial Review				1	Satisfactory
2007-08	UTPB	UTS163: Guidance on Effort Reporting Policies		1		1	Satisfactory
2008-08	UTPB	Annual Financial Report Audit FY 2007		2		2	Satisfactory
2008-12	UTPB	Annual Financial Report Audit FY 2008				5	Satisfactory
2004-09	UTSA	Research Compliance - Time and Effort Reporting		1		1	Satisfactory
2008-09	UTSA	Information Technology Change Management Audit		1		1	Satisfactory
2008-09	UTT	State and Federal Grant Awards Fiscal Year 2008		1		1	Satisfactory
2008-11	UTT	Annual Financial Report for the Year Ended August 31, 2008		2		1	Satisfactory
2008-12	UTT	Enrollment Management Department				3	Satisfactory
2008-04	UTMB - Galveston	PeopleSoft Application		1		1	Satisfactory
2008-05	UTMB - Galveston	Information Systems Change Management Process		2		2	Satisfactory
2008-05	UTMB - Galveston	Information Security Action Plan		2		2	Satisfactory
2008-08	UTMB - Galveston	Data Retention and Records Management		4		4	Satisfactory
2008-11	UTMB - Galveston	Remote Vendor Access				1	Satisfactory
2009-02	UTHSC - Houston	Medical Service, Research, and Development Plan				1	Satisfactory
2007-09	UTHSC - San Antonio	Research Compliance Program		1		1	Satisfactory
2008-10	UTHSC - San Antonio	Texas Administrative Code Section 202- Information Security Program		1		1	Satisfactory

THE UNIVERSITY OF TEXAS SYSTEM
Implementation Status of Outstanding Significant Findings/Recommendations

Report Date	Institution	Audit	1st Quarter 2009		2nd Quarter 2009		Targeted Implementation Date	Overall Progress Towards Completion (Note)
			Ranking	# of Significant Findings	Ranking	# of Significant Findings		
2007-08	UTMDACC - Houston	Lotus Notes Environment		1		1	5/31/2009	Satisfactory
2007-06	UTMDACC - Houston	Conflict of Interest		2		1	2/28/2009	Satisfactory
2007-09	UTMDACC - Houston	Maintenance and Security of Biological Research Materials		1		1	8/31/2009	Satisfactory
2007-10	UTMDACC - Houston	Research Compliance Design Review		2		1	5/31/2009	Satisfactory
2008-05	UTMDACC - Houston	Lab Safety		1		1	2/28/2009	Satisfactory
2008-05	UTMDACC - Houston	Clinical Trial Research		1		1	8/31/2009	Satisfactory
2008-05	UTMDACC - Houston	Advance Beneficiary Notice Implementation Review		1		1	5/31/2009	Satisfactory
2005-04	UTHSC - Tyler	Texas Administrative Code 202 Compliance Audit		1		1	8/31/2009	Satisfactory
2008-11	UTHSC - Tyler	The University Health Clinic Audit		1		0	2/28/2009	Implemented
2005-12	UTSYS ADM	Systemwide Financial Audit FY 2005		1		1	9/1/2009	Satisfactory
2006-06	UTSYS ADM	UTIMCO Institutional Investment and Compliance Audits		1		1	5/31/2009	Satisfactory
2008-08	UTSYS ADM	FileNet Audit		1		1	7/1/2009	Satisfactory
2008-12	UTSYS ADM	Consolidated Annual Financial Report FY 2008		1		1	10/31/2009	Satisfactory
Totals				<u>56</u>		<u>65</u>		

STATE AUDITOR'S OFFICE AUDITS

2007-03	UTPB	2006 Statewide Single Audit - Student Financial Aid Cluster		1		1	5/31/2009	Satisfactory
2008-09	UTSA	State Auditor's - Student Fees at Selected Higher Education Institutions				0	2/28/2009	Implemented
2008-03	UTMDACC - Houston	Federal Portion of the Statewide Single Audit Report for FY Ended August 31, 2007		3		0	8/31/2008	Implemented
2007-05	UTSYS ADM	Charity Care at Health-Related Institutions		1		1	8/31/2009	Satisfactory
Totals				<u>5</u>		<u>2</u>		

Color Legend:

- Either a new significant finding for which corrective action will be taken in the subsequent quarter or a previous significant finding for which no/limited progress was made towards implementation.
- Significant finding for which substantial progress towards implementation was made during the quarter that the significant finding was first reported.
- Significant finding for which substantial progress towards implementation was made during the quarter.
- Significant finding was appropriately implemented during the quarter and will no longer be tracked.

Note:
Implemented - The Internal Audit Director deems the significant finding has been appropriately addressed/resolved and should no longer be tracked.
Satisfactory - The Internal Audit Director deems that the significant finding is in the process of being addressed in a timely and appropriate manner.
Unsatisfactory - The Internal Audit Director deems that the significant finding is not being addressed in a timely and appropriate manner.

U. T. SYSTEMWIDE INTERNAL AUDIT AND STATE AUDITORS' OFFICE AUDIT REPORTS

OTHER U. T. SYSTEM AUDIT REPORTS RECEIVED BY SYSTEM AUDIT 12/2008 THROUGH 2/2009	
Institution	Audit
UTARL	Payroll and Payables Data Files Audit
UTARL	Advanced Research Program/Advanced Technology Program Grants
UTAUS	Annual Financial Report - Fiscal Year End August 31, 2008
UTAUS	NCAA Football Attendance Certification
UTAUS	Change in Management - Department of Astronomy
UTAUS	Imaging Research Center
UTAUS	Health Insurance Portability and Accountability Act (HIPAA) - Intercollegiate Athletics
UTB	Joint Admission Medical Program - Fiscal Year 2009
UTB	Fiscal Year 2009 Audit of Fiscal Year 2008 Annual Financial Report
UTD	Advanced Research Program Grants
UTD	Presidential Travel and Entertainment
UTD	Follow-up of Prior Audit Recommendations
UTPA	Deans Office-College of Business
UTPA	Art Department Chair
UTPA	President's Travel, Entertainment, & Housing Expenses
UTPA	Joint Admission Medical Program Grant
UTPA	Deans Office-College of Education
UTPB	Presidential Travel and Expense Audit
UTPB	Texas Comptroller of Public Accounts--Post Payment Audit
UTSA	Fiscal Year 2008 NCAA Annual Financial Audit
UTTY	Follow-up
UTSWMC - Dallas	Annual Financial Report - Fiscal Year End August 31, 2008
UTSWMC - Dallas	President's Travel, Entertainment, & Housing Expenses
UTMB - Galveston	Fiscal Year 08 Financial Statement Audit
UTMB - Galveston	Internal Service Centers Review
UTMB - Galveston	Joint Admission Medical Program Review
UTMB - Galveston	Family Practice Residency Program Grant Review
UTMB - Galveston	Primary Care Residency Program Grant Review
UTMB - Galveston	Student Fees Audit
UTHSC - Houston	Texas Higher Education Coordinating Board Obstetrics and Gynecology Residency Program at LBJ General Hospital Fiscal Year 2008 Annual Financial Report
UTHSC - Houston	Texas Higher Education Coordinating Board Internal Medicine Residency Program Fiscal Year 2008 Annual Financial Report
UTHSC - Houston	Follow-up on Open Recommendations
UTHSC - Houston	Texas Higher Education Coordinating Board Family Practice Residency Program Fiscal Year 2008 Annual Financial Report
UTHSC - Houston	Texas Higher Education Coordinating Board Obstetrics and Gynecology Residency Program at Memorial Hermann Hospital Fiscal Year 2008 Annual Financial Report
UTHSC - San Antonio	Cost Sharing Audit
UTMDACC - Houston	Clinical Trials Application Security
UTMDACC - Houston	Business Associates Agreements
UTMDACC - Houston	MosaiQ Application Security
UTMDACC - Houston	ClinicStation Change Management
UTMDACC - Houston	President's Travel and Business Entertainment Expenditures
UTMDACC - Houston	Off-Site Radiation Treatment Centers
UTHSC - Tyler	Presidential Travel and Entertainment Audit
UTHSC - Tyler	Family Practice Residency Program - Fiscal Year End 08/31/08
UTSYS ADM	University Lands Operator Audit (J. Cleo Thompson)
UTSYS ADM	System Administration Annual Financial Report - Fiscal Year End August 31, 2008
UTSYS ADM	UT Southwestern Office of the President
UTSYS ADM	Joint Admission Medical Program - Financial
UTSYS ADM	Joint Admission Medical Program - Compliance
UTSYS ADM	UT San Antonio National Collegiate Athletic Association (NCAA) Agreed-upon Procedures for Fiscal Year 2008
UTSYS ADM	UT Arlington National Collegiate Athletic Association (NCAA) Agreed-upon Procedures for Fiscal Year 2008
UTSYS ADM	UT Pan American National Collegiate Athletic Association (NCAA) Agreed-upon Procedures for Fiscal Year 2008
UTSYS ADM	UT El Paso National Collegiate Athletic Association (NCAA) Agreed-upon Procedures for Fiscal Year 2008
UTSYS ADM	Chancellor's Change in Management

U. T. Systemwide FY 2009 Annual Internal Audit Plan Status (as of February 28, 2009)

	Financial	Operational	Compliance	Information Technology	Follow-up	Projects	Total Actual Hours (Note 1)	Total Priority Budget Hours (Note 2)	Variance (Hours)	Percentage Completion
U. T. System Administration	5,508	1,689	442	339	206	1,197	9,381	18,205	8,824	52%
Large Institutions:										
U. T. Austin	1,407	1,445	545	275	124	3,691	7,485	16,540	9,055	45%
U. T. Southwestern	4,350	1,725	1,272	717	3	1,422	9,489	15,510	6,021	61%
U. T. Medical Branch - Galveston	1,030	321	417	335	215	1,270	3,588	7,490 *	3,902	48%
U. T. HSC - Houston	1,570	481	673	824	262	1,026	4,835	7,204	2,369	67%
U. T. HSC - San Antonio	1,390	891	450	297	210	1,044	4,282	7,300	3,018	59%
U. T. M. D. Anderson Cancer Center	2,001	3,800	769	695	326	570	8,161	17,768	9,607	46%
Subtotal	11,747	8,662	4,126	3,143	1,140	9,023	37,840	71,812	33,972	53%
Mid-size Institutions:										
U. T. Arlington	1,090	210	779	884	144	788	3,895	6,130	2,235	64%
U. T. Brownsville	714	442	171	253	40	540	2,159	4,030	1,871	54%
U. T. Dallas	1,263	1,003	416	313	132	67	3,193	4,520	1,327	71%
U. T. El Paso	1,468	1,982	798	429	207	781	5,663	8,756	3,093	65%
U. T. Pan American	990	660	115	-	10	774	2,549	5,110	2,561	50%
U. T. San Antonio	1,165	289	982	694	192	861	4,182	6,264	2,083	67%
Subtotal	6,689	4,585	3,260	2,572	725	3,810	21,640	34,810	13,170	62%
Small Institutions:										
U. T. Permian Basin	429	908	-	-	23	123	1,483	1,250	(233)	119% **
U. T. Tyler	463	294	124	3	53	347	1,284	2,668	1,384	48%
U. T. HSC - Tyler	785	408	166	-	83	131	1,573	3,030	1,458	52%
Subtotal	1,677	1,610	290	3	159	601	4,340	6,948	2,609	62%
TOTAL	20,113	14,857	7,675	5,717	2,024	13,433	63,819	113,570	49,751	56%
Percentage of Total	32%	23%	12%	9%	3%	21%	100%			

NOTE 1:

"Total Actual Hours" are total actual hours for the six months from 9/1/08 through 2/28/09, which represents 50% of the audit plan year.

NOTE 2:

"Total Priority Budget Hours" (approximately 80-85% of total budget hours) reflect budgeted hours approved by the ACMR Committee for priority projects.

* Total Priority Budget Hours for UT Medical Branch - Galveston was adjusted from 11,805 to 7,490 hours due to the impact of Hurricane Ike. The revised priority hours were approved by the ACMR Committee during the February 2009 meeting.

** Large number of hours is due to students performing audit work.

3. U. T. System: Report on efforts to update and enhance research conflicts of interest policies, procedures, and enforcement at U. T. System institutions

REPORT

Mr. Lawrence Plutko, Systemwide Compliance Officer; Mr. Barry Burgdorf, Vice Chancellor and General Counsel; and Mr. Steven Collins, Associate Vice Chancellor for Governmental Relations and Special Counsel, will report on the progress of the Research Conflicts of Interest Committee.

4. U. T. System: Report on Systemwide institutional compliance activities

REPORT

Mr. Lawrence Plutko, Systemwide Compliance Officer, will brief the Audit, Compliance, and Management Review Committee on the second quarter report of the Systemwide Compliance Program. The Summary Report is included on Pages 11 – 15.

**The University of Texas System
Institutional Compliance Program Report Summary
Second Quarter, Fiscal Year 2009**

Background

The University of Texas (U. T.) Systemwide Institutional Compliance Program (Program) was established in 1998 to ensure that the entire U. T. System, including its 15 institutions, System Administration, and UTIMCO, operates in compliance with all applicable laws, policies, and regulations governing higher education institutions. The responsibilities for the Program are outlined in the *Action Plan to Ensure Institutional Compliance* (Action Plan) approved by the Board of Regents in 1998 and updated in 2003. The Action Plan delegates to the Systemwide Compliance Officer the responsibility for apprising the Chancellor and the Board of Regents of the compliance programs and activities at System Administration and at each of the institutions. The Action Plan also provides that the Compliance Officers at System Administration and at each institution are responsible for a risk-based process that builds compliance consciousness into daily business processes, monitors the effectiveness of those processes, and communicates instances of noncompliance to appropriate administrative officers for corrective, restorative, and/or disciplinary action.

As of September 29, 2008, the Systemwide Compliance Officer is Mr. Larry Plutko.

Systemwide Program Activity

As outlined in the Action Plan, the Systemwide Compliance Office provides support to the institutional compliance officers by:

- Facilitating best practice identification
- Providing training and support to each institution on those practices
- Identifying emerging issues
- Working with institutions on reported instances of noncompliance
- Reporting Systemwide compliance activities
- Coordinating Systemwide compliance efforts
- Advancing the discipline of compliance in higher education/health care

During the second quarter of Fiscal Year 2009 (Q209), the Systemwide Program focused its efforts in the following areas:

1. Systemwide Compliance Program planning documents

The Systemwide Compliance Office has prepared several draft documents for review and ratification by the Systemwide Executive Compliance Committee (ECC) and the Board of Regents (BOR). These foundational documents include an expanded vision of the Systemwide Compliance Program; a Systemwide Compliance Charter; an Environmental Assessment of compliance trends, new laws and regulations; and an FY10/FY11 Work

Plan for Systemwide Compliance and Information Security. These draft documents will be reviewed by the Systemwide ECC and the BOR during the next two quarters.

2. Coordinating the Systemwide information security initiative

Following completion of contract negotiations for purchase of configuration management software, U. T. System Information Security Office staff contacted each U. T. institution to provide information about contract terms and to assess each institution's interest in deployment. All institutions expressed interest in using the software. Staff then began working with each institution to establish scope of implementation, determine hardware requirements, develop deployment plans, and establish time tables for coordination of installation services provided as part of the contract. The first installation is scheduled to start in late April at U. T. Dallas.

Follow-up consultations continued with the chief information security officer at each institution following submission of their quarterly reports. In addition, staff collaborated with Educause on development of E-discovery procedural guidelines, worked with Texas A & M University to improve the Information Security Awareness Assessment and Compliance risk assessment tool that twelve U. T. institutions are using, and worked with the Texas Department of Information Resources to revise state security rules and encryption guidelines. Additional work was done on development of an information security program index for assessing U. T. System information security programs.

3. Research Conflicts of Interest Committee

The Office of the Chancellor has charged the Research Conflicts of Interest Committee with studying and making recommendations with regard to the policy, practice, procedure, and enforcement of The University of Texas System institutions' research conflicts of interest compliance. The institutional presidents have appointed members to the Committee, which conducted a compliance effectiveness review of existing research conflicts of interest policies. The Committee will continue to review a set of performance standards/principles and a standardized framework that will guide the writing of a revised model policy for the institutions.

4. Other activities during the quarter included:

- Collaborating with Research and Technology Transfer and the Office of General Counsel to develop a model UT System Export Controls program for the benefit of the institutions
- Continuing collaboration with Health Affairs on medical billing education and guidance through the work of the Medical Billing Compliance Advisory Committee
- Attending executive compliance committee meetings at the majority of the institutions
- Site visit to meet with key leadership and compliance stakeholders at U. T. M. D. Anderson Cancer Center
- Planning for the Seventh Conference for Effective Compliance Systems in Higher Education to be held in Austin, May 31 – June 3, 2009
- Identifying and highlighting emerging compliance issues through *In the News* email publication

- Conducting a trial run with our proposed web-based training tool

Institutional Program Activity¹

Per the Action Plan, the compliance officers at System Administration and each institution have the following responsibilities:

- Actively engage an institutional Executive Compliance Committee that meets at least quarterly
- Perform annual compliance risk assessments
- Provide campus-wide compliance training and promote compliance awareness
- Assist in specialized training for high-risk compliance areas
- Continuously monitor and inspect the institution's high-risk compliance activities
- Manage the institution's confidential reporting mechanisms (hotline, etc.)
- Report compliance activities and significant compliance issues to executive management, the Systemwide Compliance Officer, and the Board of Regents

Following is a summary of institutional progress in implementing these elements of an effective compliance program:

Executive Compliance Committees

Each institution has an Executive Compliance Committee (ECC) that meets at least quarterly to oversee its institutional compliance program. Quarterly meetings were held at each institution, with the exception of the U. T. Health Science Center – Houston which holds monthly meetings. During the period, Systemwide Compliance Office representatives attended ECC meetings at U. T. Arlington, U. T. Dallas, and U. T. System Administration in order to support the compliance officers in enhancing the role of the ECC.

Risk Assessments

ECCs review their institution's identified compliance risks and approve the designation of "institutionally significant" compliance risks – risks that, if realized, would have a significant impact on the ability to achieve the goals and objectives of the institution. Most institutions have identified between eight and fifteen institutionally significant areas of high risk, with multiple high-risk exposures contained within those areas. Common risk areas of focus during the quarter included: information security, conflicts of interest, medical billing, clinical research, patient privacy (HIPAA), environmental health and safety (including hazardous materials, lab safety, fire safety, campus safety, select agents), export control, animal care, human subject care, endowment management, fiscal/financial and asset management, time and effort reporting, cost sharing, construction procurement, financial aid, family educational rights and privacy (FERPA), human resources, contract management, and investment management.

Training and Awareness

General compliance training is conducted using a variety of formats including online, classroom, and written materials. Employees are typically scheduled to receive general compliance training

¹ Details regarding activities at the institutional level are published in the *Institutional Compliance Program 2nd Quarter Status Report for Fiscal Year 2009*.

during new employee orientation, and refresher training thereafter on an annual or biannual basis. All institutions provide a Standards of Conduct guide to new employees either electronically or in hardcopy form. During the quarter, compliance officers have been effective at ensuring that general compliance training and Standards of Conduct guides are delivered to the appropriate personnel in a timely manner.

Specialized Training

During the quarter, institutions conducted specialized training in many high compliance risk areas, including: endowments, research, contracts and grants, confidential information, human subjects research and ethics, storm water pollution prevention, construction safety, information security, account management, purchasing, conflicts of interest, lab safety, hazardous waste, biosafety, radiation safety, fair labor standards, FERPA, select agents, campus security, risk management, fire safety, and cash handling.

Monitoring Activities

A designated individual is assigned accountability for each high-risk compliance area and is responsible for creating a risk management process that evaluates current activities and identifies changes that will improve the assurance of compliance as necessary. That process should include monitoring activities, which are procedures performed to verify that the risk management process for a compliance institutional high risk is being carried out as designed on a continual basis.

Compliance effectiveness reviews were conducted in many of the high-risk areas during the second quarter of FY 2009, including: medical billing, research involving human subjects, animal care, clinical research, cost sharing, time and effort reporting, export controls, select agents, hazardous chemicals, campus and lab safety, fire safety, financial controls, asset management, financial aid, HIPAA, hospital compliance, endowment compliance, investment due diligence, investment risk management, investment compliance, and information security.

In addition, various assurance activities (e.g. internal audits and subject matter peer reviews) were performed on many of the high-risk compliance areas to verify and validate that operations are performing in compliance with applicable laws, regulations, policies and procedures.

Institutional Organizational Matters

The U. T. Medical Branch at Galveston reports that the Assistant Compliance Director position was vacated with no current plans to backfill the position, bringing the compliance office to 8 FTEs. In addition, Research Administration is down from 6 directors to 3. The Associate Dean for Research Administration plans to bring in a director to oversee controls, monitoring, and oversight activities as soon as possible.

The U. T. Health Science Center at Houston re-organized its Institutional Compliance program by separating the compliance function from the general counsel's area. As a result, the Director of Institutional Compliance was appointed Assistant Vice President and Chief Compliance Officer. In addition, a Compliance Program Manager was hired to coordinate the university's Institutional and Research Conflict of Interest Program.

U. T. Southwestern Medical Center at Dallas reports hiring compliance personnel during the quarter, though various other compliance positions remain open including the Privacy Officer.

Institutional Action Plan Activities

At the beginning of each fiscal year, institutional compliance officers prepare an Action Plan, identifying areas in which the compliance office will focus its attention and activities. During the second quarter of FY 2009, action plan activities included the following: consulting with high-risk area responsible parties, facilitating risk assessments in high-risk areas, reviewing and updating risk management and monitoring plans, performing compliance effectiveness reviews and obtaining certification letters of high-risk compliance areas, facilitating general compliance training, managing investigations of alleged noncompliance, developing marketing plans for the compliance hotline, revising compliance websites, updating standards of conduct guides, and publishing a compliance newsletter.



TABLE OF CONTENTS FOR FINANCE AND PLANNING COMMITTEE

Committee Meeting: 5/13/2009

Chairman Paul Foster*
Printice Gary
Wm. Eugene Powell
Robert Stillwell

Board Meeting: 5/14/2009
Austin, Texas

	Committee Meeting	Board Meeting	Page
Convene	1:15 p.m. <i>Chairman Foster</i>		
1. U. T. System: Discussion and appropriate action related to approval of <i>Docket No. 138</i>	1:15 p.m. Discussion <i>Dr. Kelley</i>	Action	16
2. U. T. System: Key Financial Indicators Report and Monthly Financial Report	1:20 p.m. Report <i>Dr. Kelley</i>	Not on Agenda	16
3. U. T. System: Approval of the Fiscal Year 2010 Budget Preparation Policies and Calendar	1:30 p.m. Action <i>Mr. Wallace</i>	Action	25
4. U. T. System Board of Regents: Adoption of an Amended and Restated Resolution authorizing the issuance, sale, and delivery of Permanent University Fund Bonds, authorization to designate all or a portion of the bonds as Build America Bonds, and authorization to complete all related transactions	1:35 p.m. Action <i>Mr. Aldridge</i>	Action	28
5. U. T. System Board of Regents: Adoption of a Supplemental Resolution authorizing the issuance, sale, and delivery of Revenue Financing System Bonds, authorization to designate all or a portion of the bonds as Build America Bonds, and authorization to complete all related transactions	1:37 p.m. Action <i>Mr. Aldridge</i>	Action	29
6. U. T. System Board of Regents: Approval of annual distributions from the Permanent University Fund, the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund	1:40 p.m. Action <i>Mr. Zimmerman</i>	Action	31
7. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended February 28, 2009	1:45 p.m. Report <i>Mr. Zimmerman</i>	Report	34

**Pending approval by Board*

	Committee Meeting	Board Meeting	Page
8. U. T. System: Discussion with representative chief business officers of U. T. System health institutions regarding the business challenges and opportunities of partnership contracts and relationships	<p>1:50 p.m. Discussion <i>Dr. Kelley</i> <i>Mr. Kevin Dillon, U. T. Health Science Center - Houston</i> <i>Mr. John Roan, U. T. Southwestern Medical Center – Dallas</i></p>	Not on Agenda	41
Adjourn	2:15 p.m.		

1. **U. T. System: Discussion and appropriate action related to approval of Docket No. 138**

RECOMMENDATION

It is recommended that *Docket No. 138* be approved.

It is also recommended that the Board confirm that authority to execute contracts, documents, or instruments approved therein has been delegated to appropriate officials of the respective institution involved.

Supplemental Materials: Green pages following the Docket tab at the back of Volume 2.

2. **U. T. System: Key Financial Indicators Report and Monthly Financial Report**

REPORT

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will discuss the Key Financial Indicators Report, as set forth on Pages 17 - 24 that follow, and the March Monthly Financial Report included in Volume 2. The reports represent the consolidated and individual operating results of the U. T. System institutions.

The Key Financial Indicators Report compares the Systemwide quarterly results of operations, key revenues and expenses, reserves, and key financial ratios in a graphical presentation from Fiscal Year 2005 through February 2009. Ratios requiring balance sheet data are provided for Fiscal Year 2004 through Fiscal Year 2008.

The Monthly Financial Report is provided as support for the Key Financial Indicators. The Report includes the detailed numbers behind the Operating Margin by Institution graph as well as detail for each individual institution as of March 2009.

Supplemental Materials: March Monthly Financial Report on Pages 21 - 45 of Volume 2.

















THE UNIVERSITY OF TEXAS SYSTEM



QUARTERLY KEY FINANCIAL INDICATORS REPORT

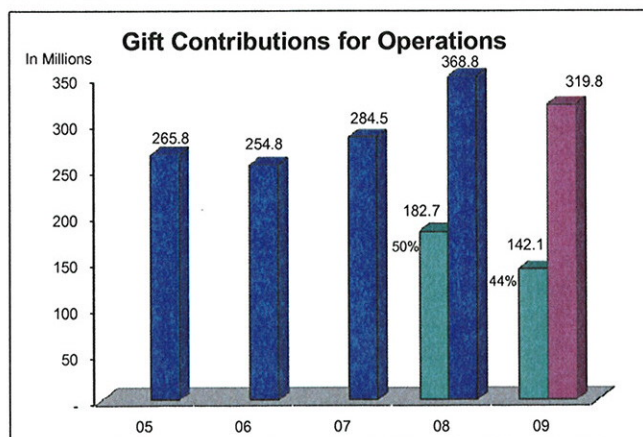
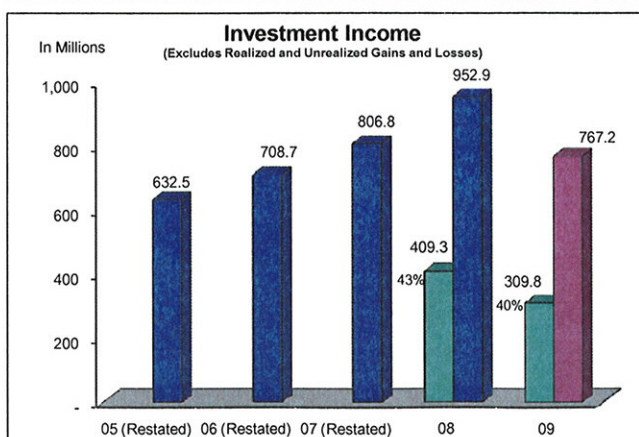
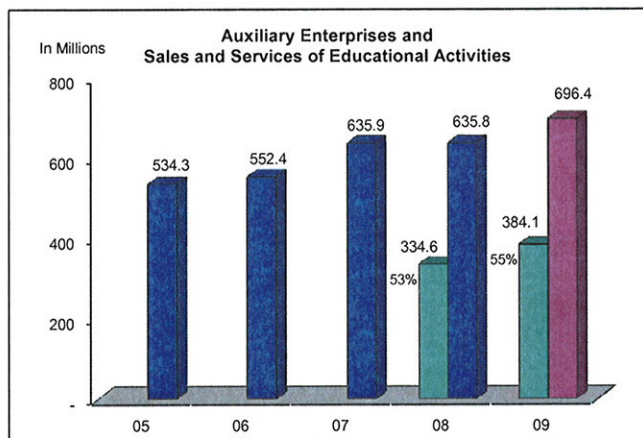
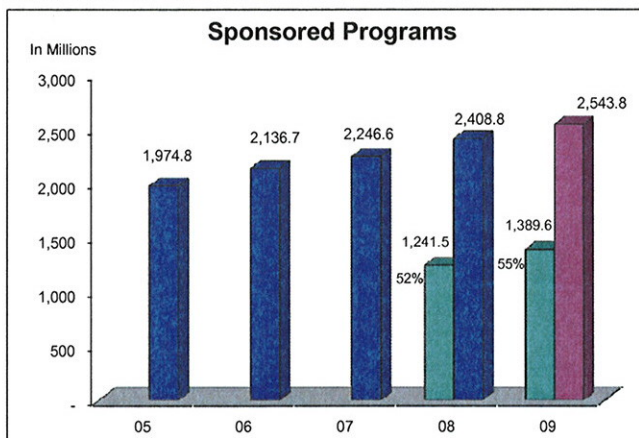
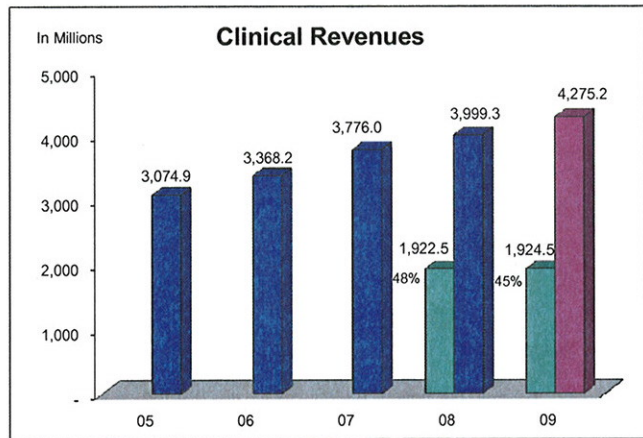
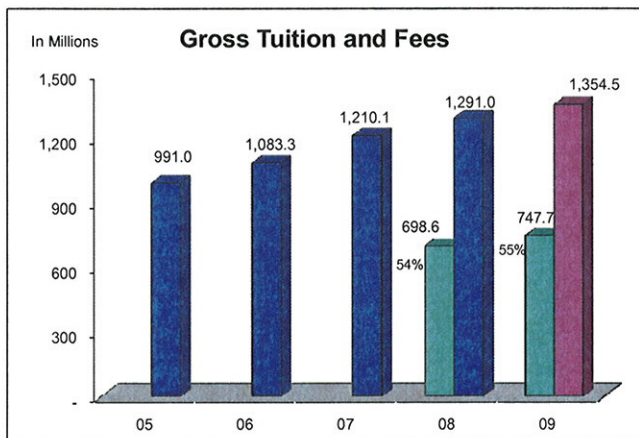
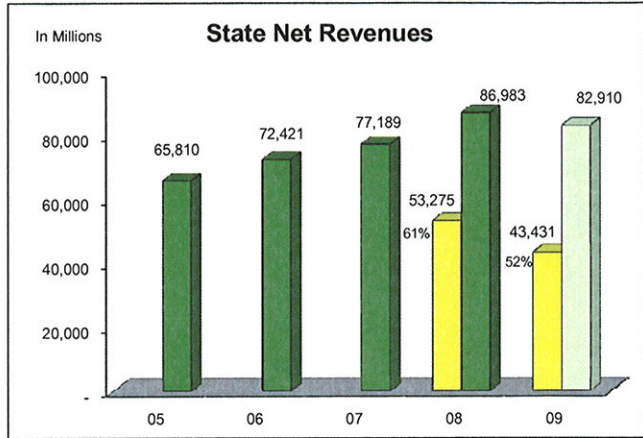
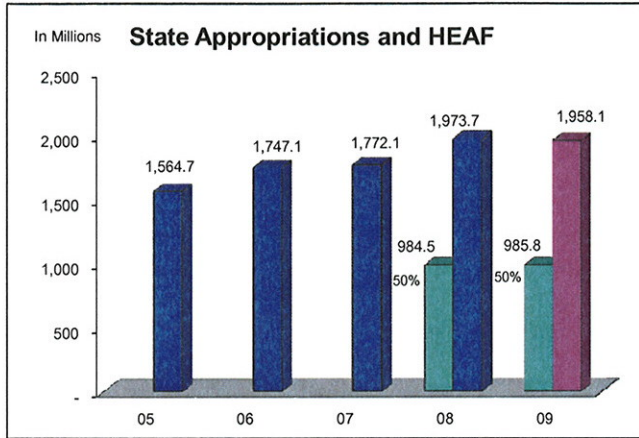
2ND QUARTER FY 2009

KEY

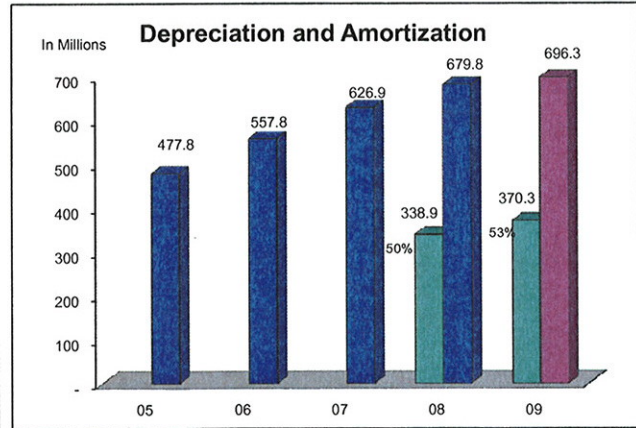
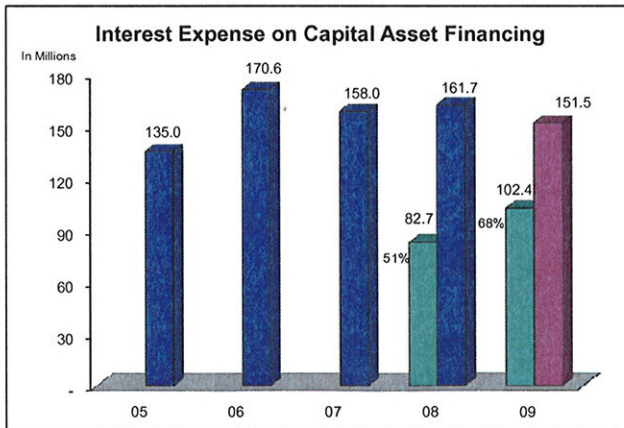
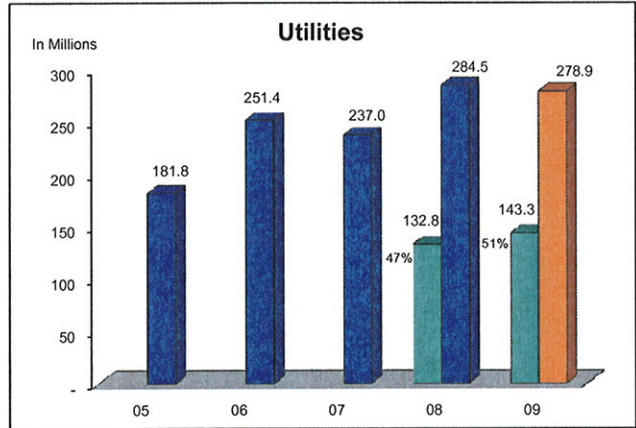
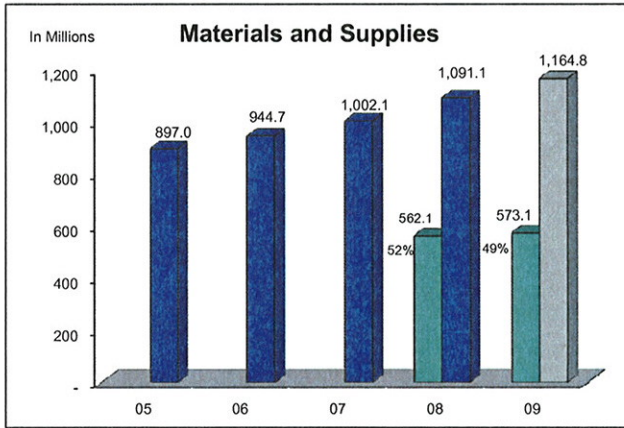
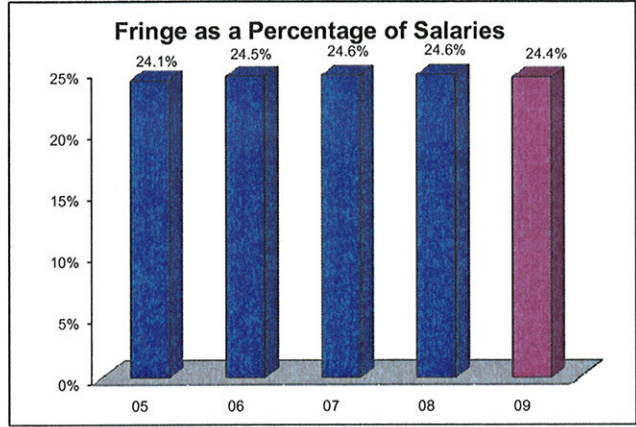
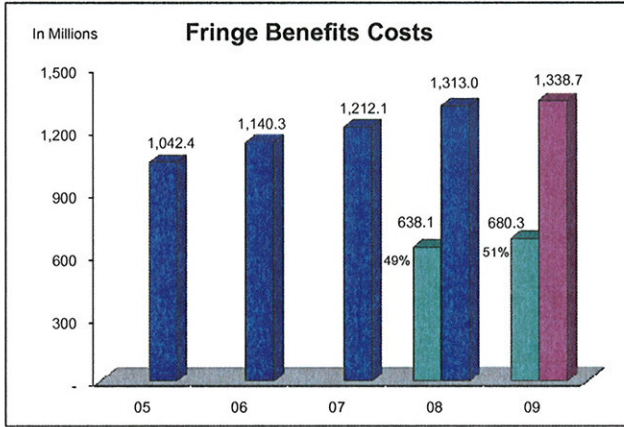
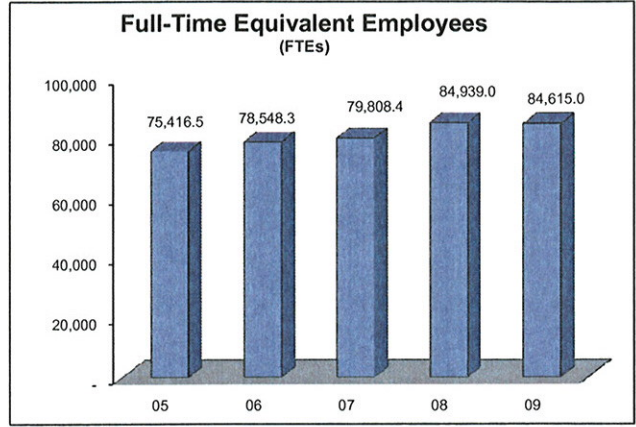
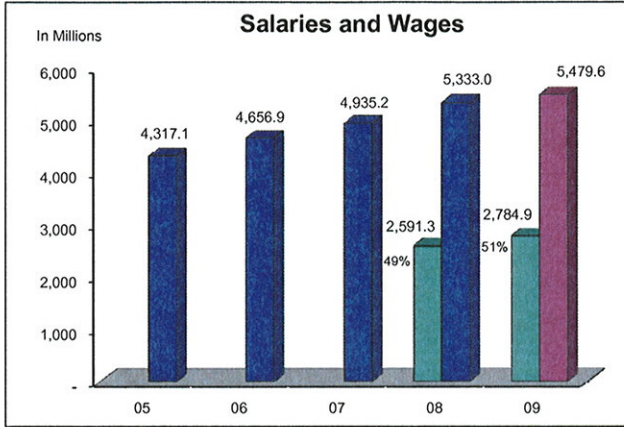
-  Actual Annual Amounts
(SOURCE: Annual Financial Reports)
-  Budget amounts
(SOURCE: Operating Budget Summary)
-  Projected Amounts based on the average change of the previous three years of data
-  Monthly Financial Report Year-to-Date Amounts
-  Annual State Net Revenue Collections
(SOURCE: Texas Revenue History by Source and Texas Net Revenue by Source, State Comptroller's Office)
-  Year-to-Date State Net Revenue Collections
(SOURCE: State Comptroller's Office)
-  Estimated State Revenue Collections
(SOURCE: Biennial Revenue Estimate, State Comptroller's Office)
-  Annual and Quarterly Average of FTEs
(SOURCE: State Auditor's Office Quarterly FTE Report)
-  Year-to-Date Margin
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-  Projected Amounts from current month projections
-  Year-to-Date Margin
(SOURCE: Monthly Financial Report)
-  Target Normalized Rates
-  Aaa/Aa1 Median
(SOURCE: Moody's)
-  A2 Median
(SOURCE: Moody's)
-  Good Facilities Condition Index (Below 5%)
-  Fair Facilities Condition Index (5% - 10%)

**KEY INDICATORS OF REVENUES
ACTUAL 2005 THROUGH 2008
PROJECTED 2009**

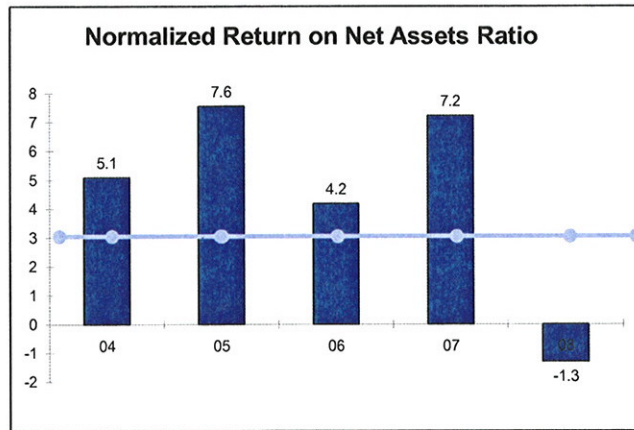
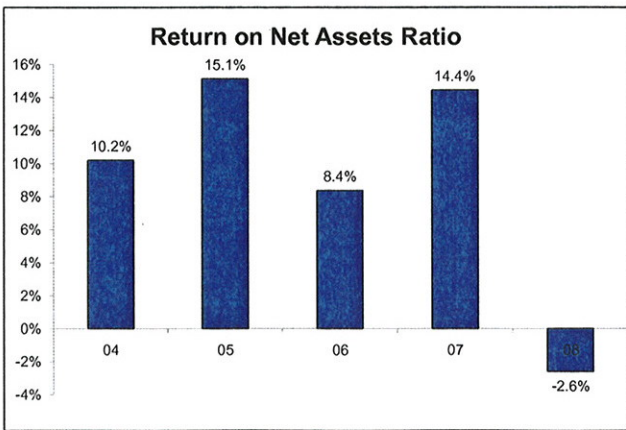
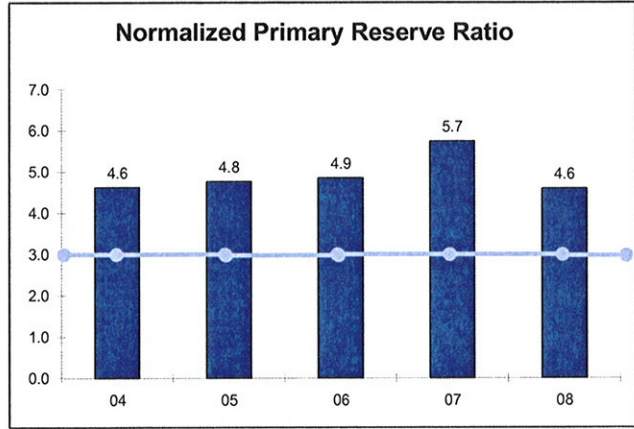
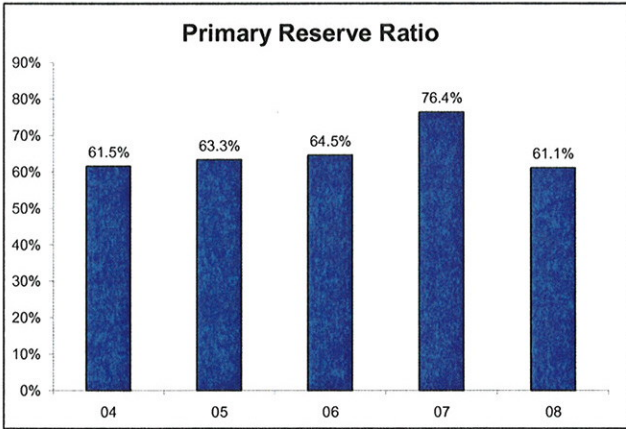
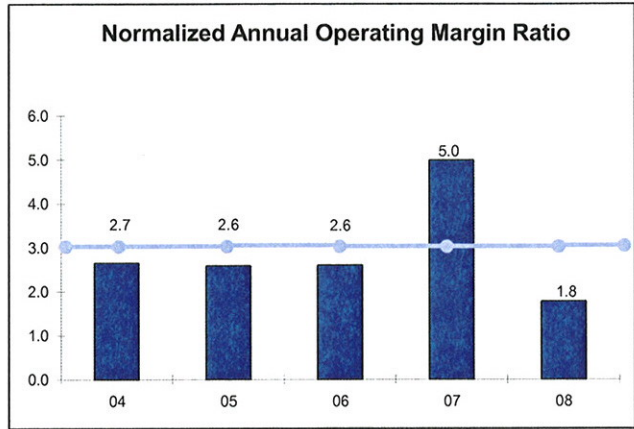
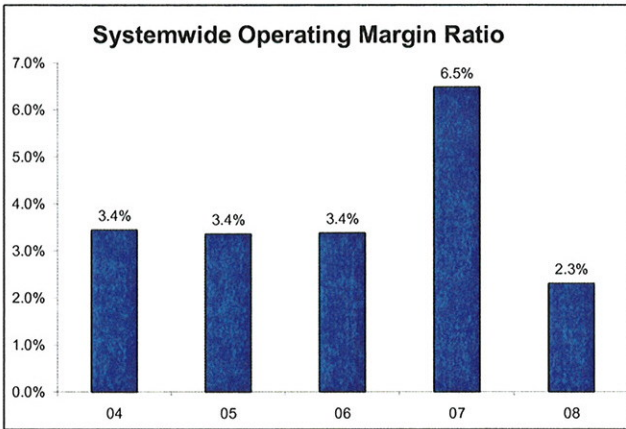
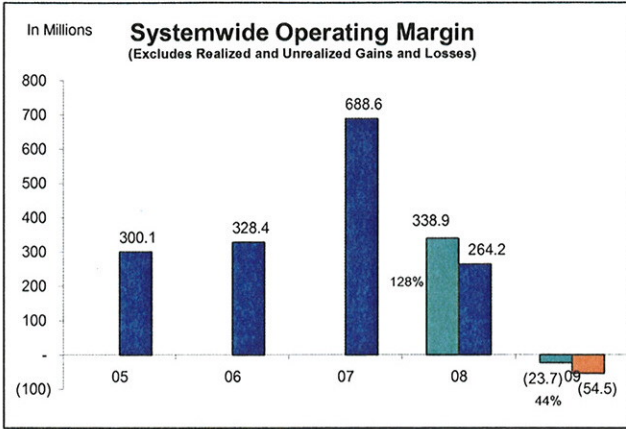
YEAR-TO-DATE 2008 AND 2009 FROM FEBRUARY MONTHLY FINANCIAL REPORT



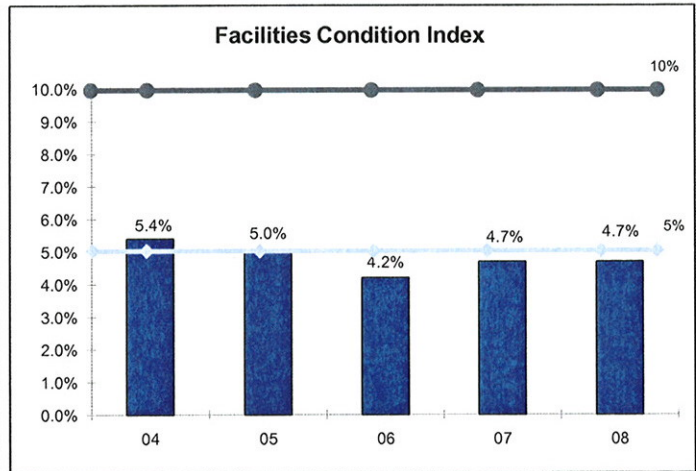
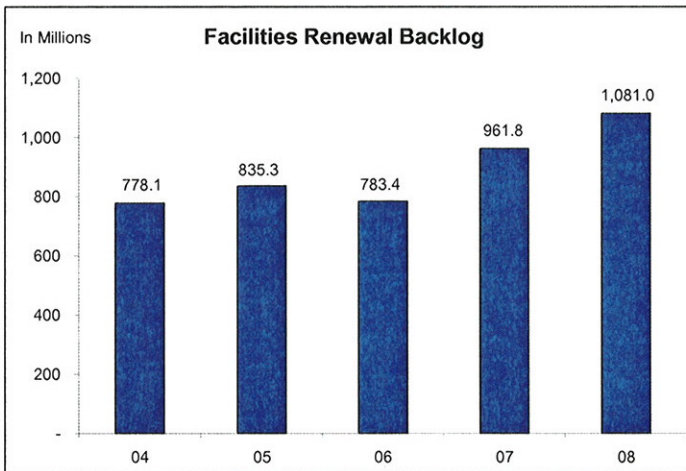
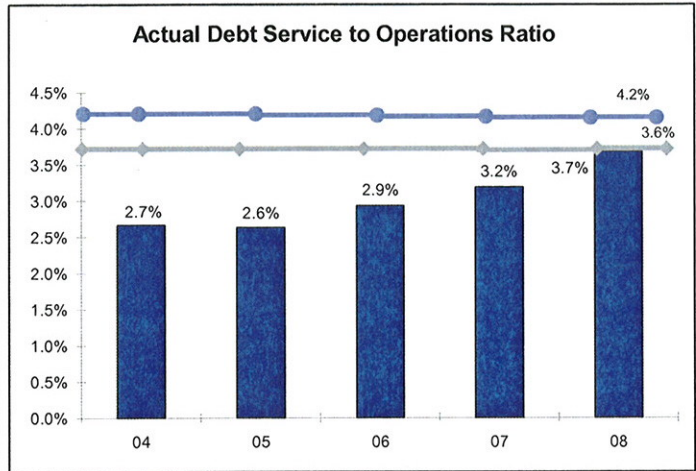
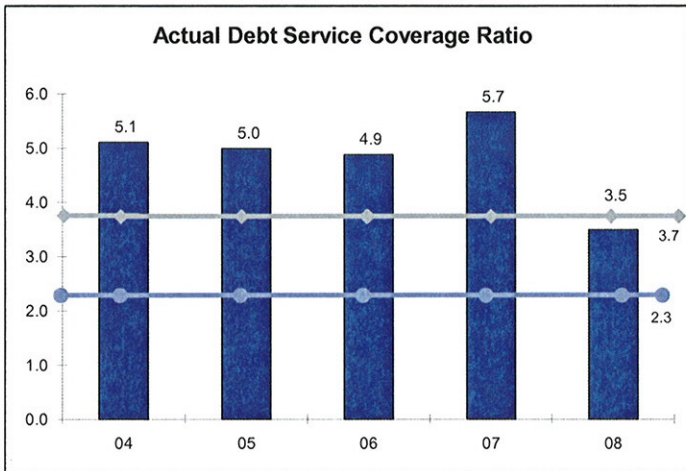
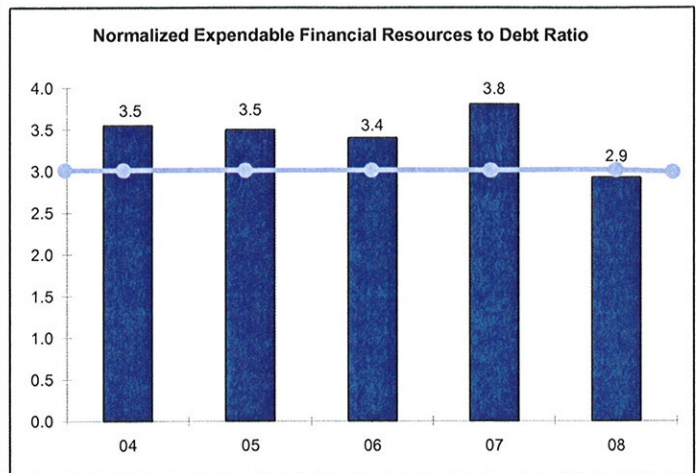
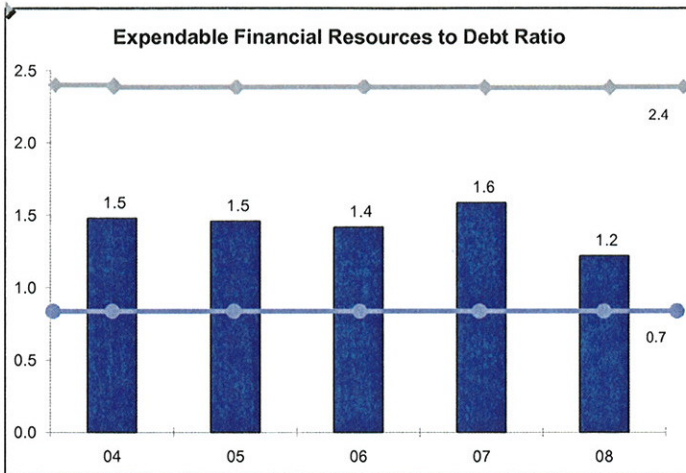
**KEY INDICATORS OF EXPENSES
ACTUAL 2005 THROUGH 2008
PROJECTED 2009
YEAR-TO-DATE 2008 AND 2009 FROM FEBRUARY MONTHLY FINANCIAL REPORT**



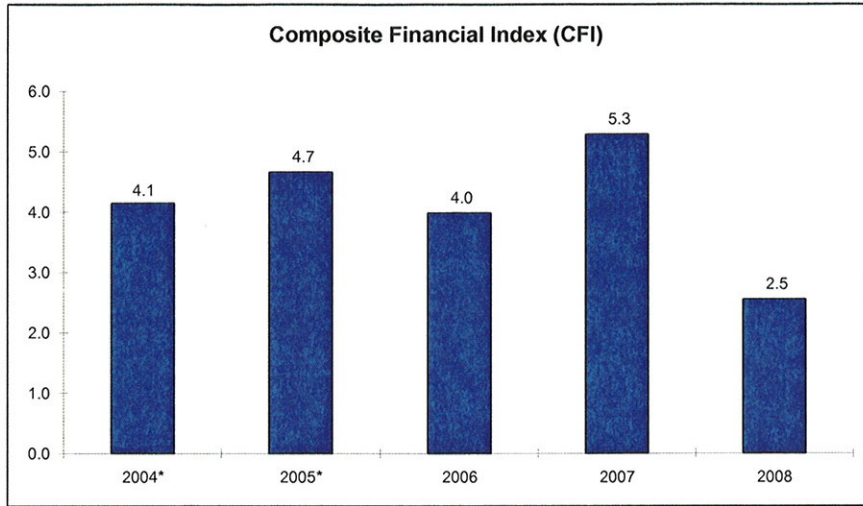
KEY INDICATORS OF RESERVES
ACTUAL 2004 THROUGH 2008
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YEAR-TO-DATE 2008 AND 2009 FROM FEBRUARY MONTHLY FINANCIAL REPORT



KEY INDICATORS OF CAPITAL NEEDS AND CAPACITY 2004 THROUGH 2008

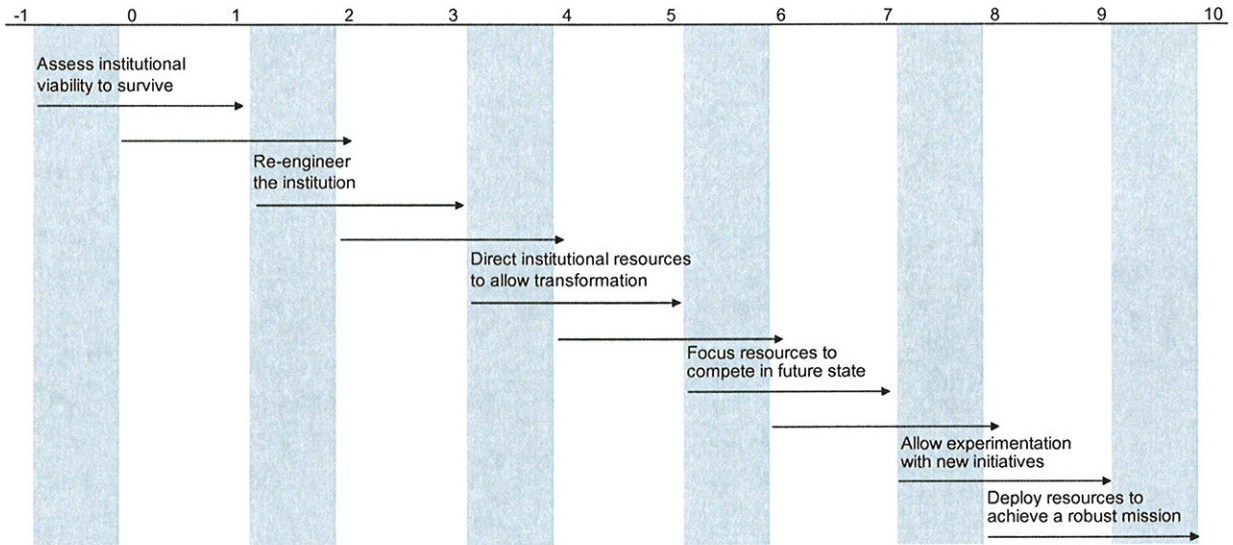


KEY INDICATORS OF FINANCIAL HEALTH 2004 THROUGH 2008

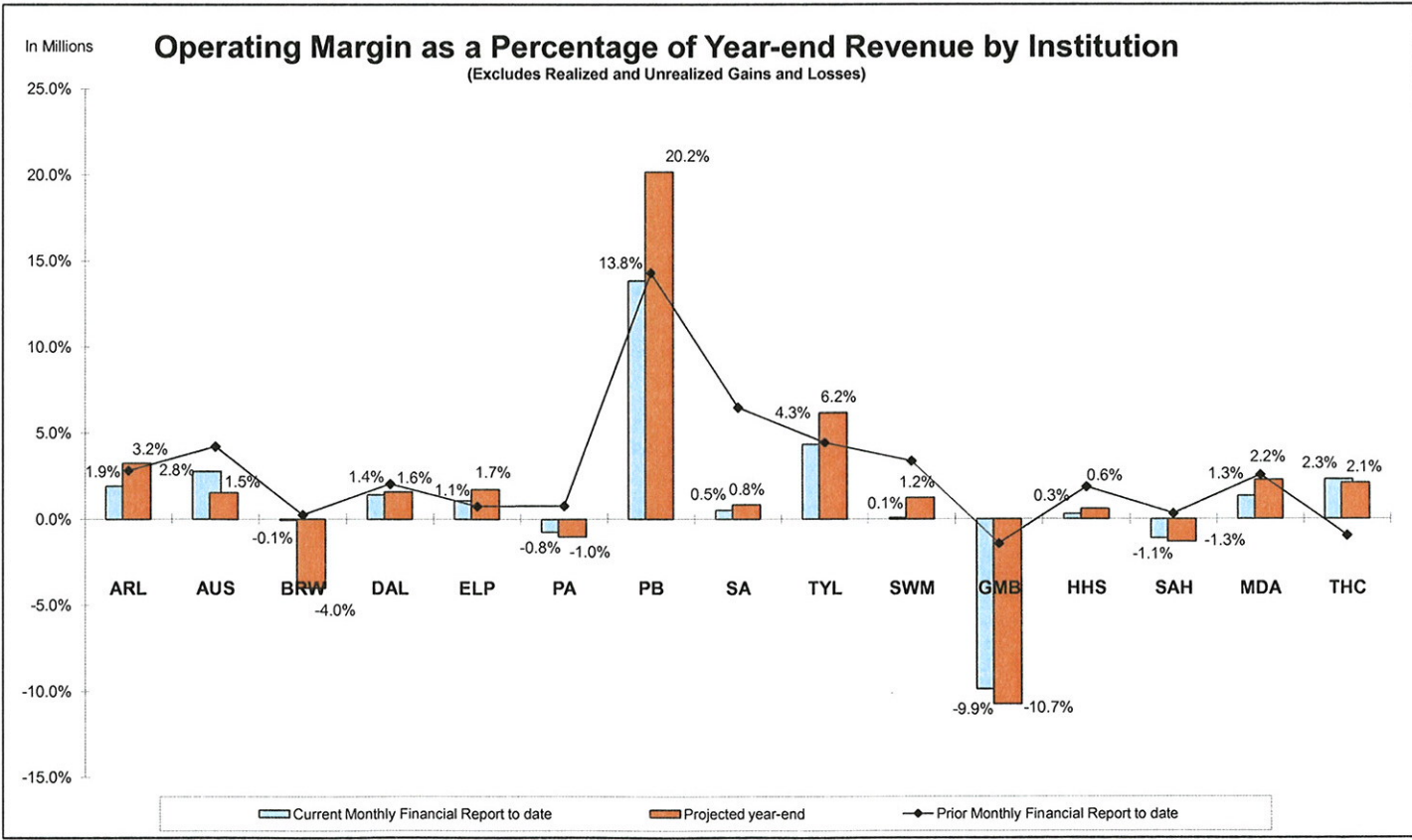
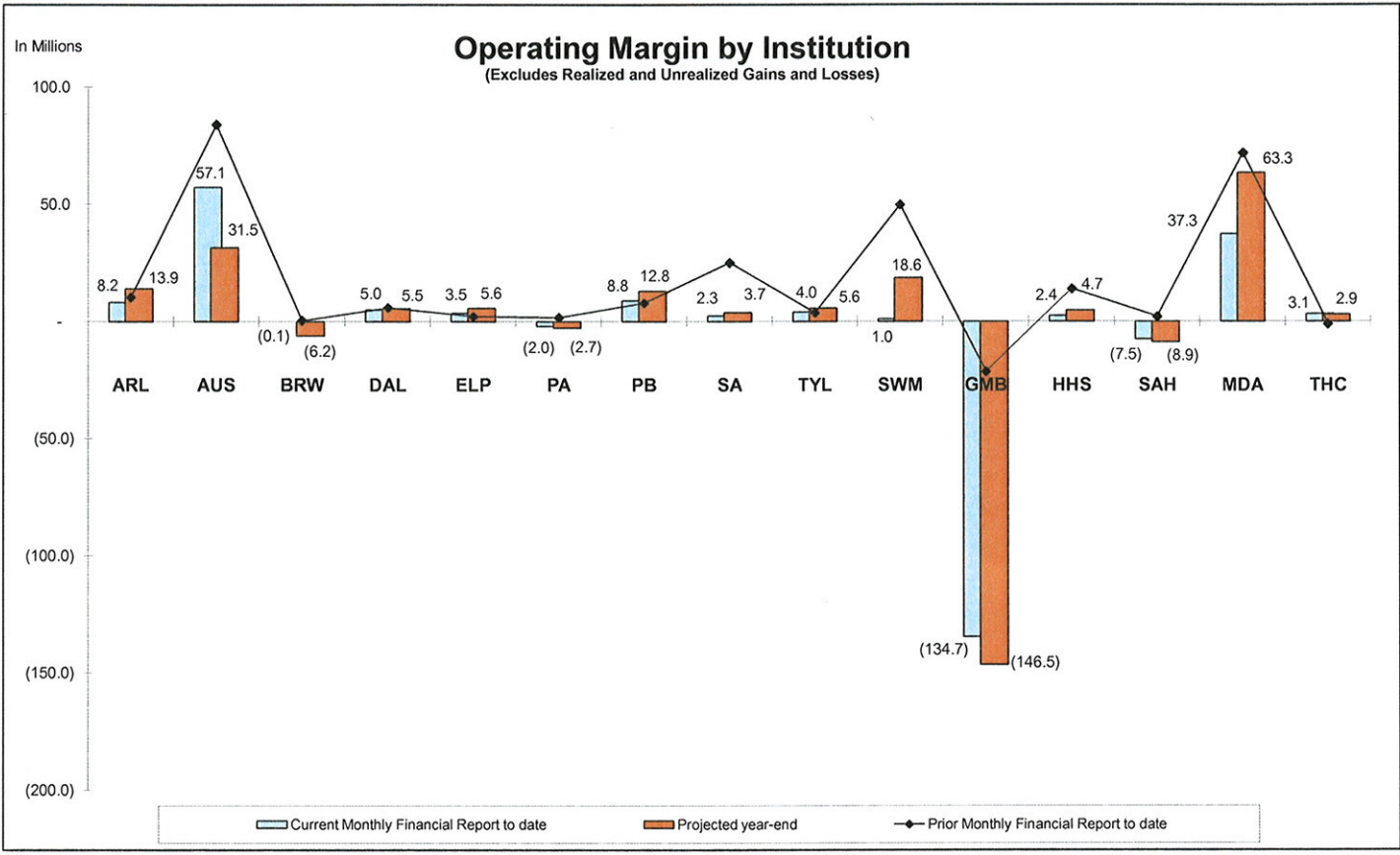


*Restated to reflect appreciation on endowments as restricted expendable net assets as a result of the 2006 external audit

Scale for Charting CFI Performance



KEY INDICATORS OF RESERVES
YEAR-TO-DATE 2008 AND 2009 FROM MARCH MONTHLY FINANCIAL REPORT
PROJECTED 2009 YEAR-END MARGIN



3. **U. T. System: Approval of the Fiscal Year 2010 Budget Preparation Policies and Calendar**

RECOMMENDATION

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, and in consultation with Vice Chairman Foster and Regent Hicks pursuant to Chairman Huffines' April 13, 2009 directive to work with the Chancellor on reviewing the System's budget, the Chancellor recommends that the U. T. System Board of Regents approve the Budget Preparation Policies and Calendar for use in preparing the Fiscal Year 2010 Operating Budget for the U. T. System as set out below:

U. T. System Fiscal Year 2010 Budget Preparation Policies

General Guidelines - The regulations and directives that will be included in the General Appropriations Act to be enacted by the 81st Texas Legislature serve as the basis for these guidelines and policies. In preparing the draft of the Fiscal Year 2010 Operating Budget, the president of each institution should adhere to guidelines and policies as detailed below and as included in the General Appropriations Act. Following legislative approval of the General Appropriations Act, the Chancellor will issue detailed instructions regarding the implementation of those regulations and directives into the institutional budget process.

Overall budget totals, including reasonable reserves, must be limited to the funds available for the year from General Revenue Appropriations, Estimates of Educational and General Income, and limited use of institutional unappropriated balances.

Salary Guidelines - Recommendations regarding salary policy are subject to the following directives:

1. **Salaries Proportional by Fund** - Unless otherwise restricted, payment for salaries, wages, and benefits paid from appropriated funds, including local funds and educational and general funds as defined in *Texas Education Code* Section 51.009 (a) and (c), shall be proportional to the source of funds.
2. **Merit Increases and Promotions** - Subject to available resources and resolution of any major salary inequities, institutions should give priority to implementing merit salary increases for faculty and staff.

Merit increases or advances in rank for faculty are to be on the basis of teaching effectiveness, research, and public service.

Merit increases or promotions for administrative and professional staff and classified staff are to be based on evaluation of performance in areas appropriate to work assignments.

To be eligible for a merit increase, administrative and professional staff and classified staff must have been employed by the institution for at least six

consecutive months ending August 31, 2009, and at least six months must have elapsed since the employee's last merit salary increase.

3. Other Increases - Equity adjustments, competitive offers, and increases to accomplish contractual commitments should also consider merit where appropriate, subject to available resources. Subject to guidance issued by the Chancellor, such increases should be noted and explained in the supplemental data accompanying the budget.
4. New Positions - Subject to available resources, new administrative and professional staff, classified staff, and faculty positions are to be requested only when justified by workloads or to meet needs for developing new programs.
5. Reporting - The Chancellor will issue guidance on reporting of salary changes and amounts. It is expected that required reports will encompass high-ranking staff covered by Regents' Rules 20203 and 20204 along with those staff receiving significant changes in compensation.

Staff Benefits Guidelines - Recommendations regarding the State contribution for employee staff benefits such as group insurance premiums, teacher retirement, and optional retirement are subject to legislative determination via the General Appropriations Act. Upon approval of this legislation, the Chancellor will issue instructions regarding the implementation of the benefits into the budget process.

Other Employee Benefits - Employer contributions to the self-insured Unemployment Compensation Fund are based on an actuarial study. Workers' Compensation Insurance rates are experience-rated for each institution. Appropriate instructions will be issued regarding the implementation of Unemployment Compensation Fund and Workers' Compensation Insurance Benefits.

Other Operating Expenses Guidelines - Increases in Maintenance, Operation, Equipment, and Travel are to be justified by expanded workloads, for developing new programs, or for correcting past deferrals or deficiencies.

Budget Reductions and Limitations - The General Appropriations Act may contain provisions requiring budget reductions and budget restrictions. Upon approval of this legislation, instructions will be issued regarding the implementation of any reductions and limitations into the budgeting process.

BACKGROUND INFORMATION

The U. T. System FY 2010 Budget Preparation Policies will be consistent with the regulations and directives included in the General Appropriations Act to be enacted by the 81st Texas Legislature. As written, this policy provides general direction to the U. T. System institutions and may be modified as necessary to conform to the legislation, as finally passed.



**THE UNIVERSITY OF TEXAS SYSTEM
FY 2010 OPERATING BUDGET CALENDAR**

May 14, 2009	U. T. System Board of Regents takes appropriate action on budget preparation policies
June 1 - 12, 2009	Major goals, priorities, and resource allocation hearings with U. T. System Administration
June 29, 2009	Draft budget documents due to U. T. System
June 29, 2009	High-ranking staff covered by Regent's Rules 20203 and 20204 and top-ten salary reports due to U. T. System
July 2 - 8, 2009	Technical budget review with U. T. System
July 8 - 9, 2009	U. T. System Board of Regents' Special Compensation Committee to evaluate Presidents and Executive Officers
July 15, 2009	Final budget documents due to U. T. System
July 31, 2009	Operating Budget Summaries mailed to the U. T. System Board of Regents
August 14, 2009	Salary change report due to U. T. System Administration
August 20, 2009	U. T. System Board of Regents takes appropriate action on Operating Budget

4. **U. T. System Board of Regents: Adoption of an Amended and Restated Resolution authorizing the issuance, sale, and delivery of Permanent University Fund Bonds, authorization to designate all or a portion of the bonds as Build America Bonds, and authorization to complete all related transactions**

RECOMMENDATION

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

- a. adopt an Amended and Restated Resolution, substantially in the form previously approved by the U. T. System Board of Regents, authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Permanent University Fund (PUF) Bonds in one or more installments in an aggregate principal amount not to exceed \$500 million to be used to refund certain outstanding PUF Bonds, to refund all or a portion of the then outstanding PUF Flexible Rate Notes, Series A, to refund PUF Commercial Paper Notes, to provide new money to fund construction and acquisition costs and to pay the costs of issuance; and
- b. authorize appropriate officers and employees of U. T. System as set forth in the Resolution to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents within the limitations and procedures specified therein; to make certain covenants and agreements in connection therewith; and to resolve other matters incident and related to the issuance, sale, security, and delivery of such bonds.

BACKGROUND INFORMATION

On August 14, 2008, the Board of Regents adopted a resolution authorizing the issuance of PUF Bonds during Fiscal Year 2009 in an amount not to exceed \$450 million. The majority of this authority was utilized with the issuance of \$400.9 million PUF Bonds, Series 2008A, that were issued on October 30, 2008. The Series 2008A Bonds were issued for the purpose of refunding all of the Board's outstanding PUF Flexible Rate Notes, Series A.

On November 13, 2008, the Board of Regents adopted a resolution authorizing the issuance of PUF Bonds during the remainder of Fiscal Year 2009 in an amount not to exceed \$500 million. Adoption of this Resolution would amend and restate the resolution approved by the Board of Regents in November, but would provide the same authorized amount and purposes as the prior resolution with the added flexibility to issue a portion of the bonds as taxable bonds and to designate such bonds as Build America Bonds.

The American Recovery and Reinvestment Act of 2009 made a significant change to federal tax law by providing municipal issuers with a new financing alternative known as Build America Bonds. Governmental issuers may elect to issue any bond otherwise

eligible for carrying tax-exempt interest as a taxable bond, termed Build America Bonds, which entitles the bondholder to receive a federal income tax credit equal to 35 percent of each interest payment. Alternatively, an issuer may elect to have such tax credit refunded from the United States Treasury to the issuer rather than refunded to the bondholder. Depending on the relationship between taxable and tax-exempt interest rates, issuing all or a portion of a financing as taxable Build America Bonds, with the accompanying refundable 35 percent tax credit, may achieve a lower net effective interest cost than issuing entirely traditional tax-exempt bonds.

Adoption of the Resolution would authorize appropriate officers and employees of U. T. System to take any and all actions, including making appropriate elections required by federal tax law, necessary to cause the issuance of all or a portion of the proposed bonds as taxable Build America Bonds. The determination of whether to designate any bonds as Build America Bonds would be made by the appropriate officer based on what is most cost-effective at the time of pricing. The Resolution also authorizes the issuance of taxable bonds, without designating such taxable bonds as Build America Bonds, which may be necessary to manage the federal arbitrage limit applicable to the PUF. Adoption of the Resolution would also authorize appropriate officers and employees of U. T. System to take any and all actions, including making appropriate elections required by federal tax law, necessary to cause the allowable credit to be refunded to U. T. System in the event that all or a portion of the proposed financing is issued as taxable Build America Bonds.

The proposed resolution has been reviewed by outside bond counsel and the U. T. System Office of General Counsel.

Note: The proposed resolution is available online at <http://www.utsystem.edu/bor/AgendaBook/May09/5-09Vol2AB.htm>.

5. **U. T. System Board of Regents: Adoption of a Supplemental Resolution authorizing the issuance, sale, and delivery of Revenue Financing System Bonds, authorization to designate all or a portion of the bonds as Build America Bonds, and authorization to complete all related transactions**

RECOMMENDATION

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

- a. adopt a Supplemental Resolution, substantially in the form previously approved by the U. T. System Board of Regents, authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Revenue Financing System (RFS) Bonds in one or more installments in an aggregate principal amount not to exceed \$700 million to be used to refund certain outstanding RFS Bonds, to refund RFS Commercial Paper Notes, to provide new money to fund construction and acquisition costs of projects

in the Capital Improvement Program (CIP) and to pay the costs of issuance; and

- b. authorize appropriate officers and employees of U. T. System as set forth in the Resolution to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents within the limitations and procedures specified therein; to make certain covenants and agreements in connection therewith; and to resolve other matters incident and related to the issuance, sale, security, and delivery of such Bonds.

BACKGROUND INFORMATION

On August 14, 2008, the Board of Regents adopted a resolution authorizing the issuance of RFS Bonds during Fiscal Year 2009 in an amount not to exceed \$800 million. A portion of this authority was utilized with the issuance of \$256.7 million RFS Bonds, Series 2008A, that were issued on January 6, 2009. The Series 2008A Bonds were issued for the purpose of refunding a portion of the Board's outstanding RFS Commercial Paper Notes, Series A.

Adoption of this Resolution would rescind the remaining issuance authority under the resolution approved by the Board of Regents in August, but would provide a similar authorized amount and purposes as the prior resolution with the added flexibility to issue a portion of the bonds as taxable bonds and to designate such bonds as Build America Bonds.

The American Recovery and Reinvestment Act of 2009 made a significant change to federal tax law by providing municipal issuers with a new financing alternative known as Build America Bonds. Governmental issuers may elect to issue any bond otherwise eligible for carrying tax exempt interest as a taxable bond, termed Build America Bonds, which entitles the bondholder to receive a federal income tax credit equal to 35 percent of each interest payment. Alternatively, an issuer may elect to have such tax credit refunded from the United States Treasury to the issuer rather than refunded to the bondholder. Depending on the relationship between taxable and tax-exempt interest rates, issuing all or a portion of a financing as taxable Build America Bonds, with the accompanying refundable 35 percent tax credit, may achieve a lower net effective interest cost than issuing entirely traditional tax-exempt bonds.

Adoption of the Resolution would authorize appropriate officers and employees of U. T. System to take any and all actions, including making appropriate elections required by federal tax law, necessary to cause the issuance of all or a portion of the proposed bonds as taxable Build America Bonds. The determination of whether to designate any bonds as Build America Bonds would be made by the appropriate officer based on what is most cost-effective at the time of pricing. The Resolution also authorizes the issuance of taxable bonds, without designating such taxable bonds as Build America Bonds, which may be necessary due to the use of certain facilities. Adoption of the Resolution would also authorize appropriate officers and employees of U. T. System to take any and all actions, including making appropriate elections required by federal tax law, necessary

to cause the allowable credit to be refunded to U. T. System in the event that all or a portion of the proposed financing is issued as taxable Build America Bonds.

The proposed Resolution has been reviewed by outside bond counsel and the U. T. System Office of General Counsel.

Note: The proposed resolution is available online at <http://www.utsystem.edu/bor/AgendaBook/May09/5-09Vol2AB.htm>

6. U. T. System Board of Regents: Approval of annual distributions from the Permanent University Fund, the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund

RECOMMENDATION

The Chancellor and the Executive Vice Chancellor for Business Affairs concur in the recommendation of the Board of Directors of The University of Texas Investment Management Company (UTIMCO) that

- a. the Fiscal Year 2010 distribution from the Permanent University Fund (PUF) to the Available University Fund (AUF) be decreased by 2.7% from \$530,932,622 to \$516,419,406 effective September 1, 2009. The distribution is an amount equal to 4.75% of the trailing 12-quarter average of the net asset value of the PUF. The decrease in the distribution is a result of the distribution amount being calculated using 4.75% instead of 5.0% since the average annual rate of return of the PUF investments over the trailing 12 quarters did not exceed the Expected Return by 25 basis points or more. The Fiscal Year 2009 distribution amount of \$530,932,622 was based on 5.0%;
- b. the distribution rate for the Permanent Health Fund (PHF) be increased from \$0.0528 per unit to \$0.0541 per unit for Fiscal Year 2010 (effective with November 30, 2009 distribution);
- c. the distribution rate for the U. T. System Long Term Fund (LTF) be increased from \$0.3024 per unit to \$0.3098 per unit for Fiscal Year 2010 (effective with November 30, 2009 distribution); and
- d. the distribution rate for the U. T. System Intermediate Term Fund (ITF) remain at 3.0% per annum (paid monthly) for Fiscal Year 2010.

BACKGROUND INFORMATION

The PUF Investment Policy states that the annual distribution from the PUF to the AUF shall be an amount equal to 4.75% of the trailing 12-quarter average of the net asset value of the PUF for the quarter ending February of each fiscal year unless the average

annual rate of return of the PUF investments over the trailing 12 quarters exceeds the Expected Return by 25 basis points or more, in which case the distribution shall be 5.0% of the trailing 12-quarter average. "Expected Return" is the Expected Annual Return or Benchmarks set out in Exhibit A to the PUF Investment Policy Statement.

As shown in the table below, the average annual return of the PUF investments for the trailing 12 quarters ending February 28, 2009, has not exceeded the Expected Return by 25 basis points or more (.25%).

	<u>Trailing 12 Quarters Ending February 28, 2009</u>	<u>Expected or Benchmarks</u>	<u>Excess (Deficit)</u>
Average Annual Rate of Return	-5.31%	8.78%	-14.09%

Therefore, as outlined in the PUF Investment Policy, the amount to be distributed from the PUF for Fiscal Year 2009-2010 is \$516,419,406 as calculated below:

<u>Quarter Ended</u>	<u>Net Asset Value</u>
5/31/2006	10,028,861,545
8/31/2006	10,313,393,571
11/30/2006	10,760,220,191
2/28/2007	11,058,603,363
5/31/2007	11,763,605,335
8/31/2007	11,742,780,402
11/30/2007	12,160,738,716
2/29/2008	11,905,770,605
5/31/2008	12,245,951,162
8/31/2008	11,359,463,077
11/30/2008	8,837,574,480
2/28/2009	<u>8,286,887,451</u>
	\$ 130,463,849,898
Number of quarters	<u>12</u>
Average Net Asset Value	\$ 10,871,987,492
Distribution Percentage	<u>4.75%</u>
FYE 2009-2010 Distribution	<u>\$ 516,419,406</u>

Article VII, Section 18 of the Texas Constitution requires that the amount of distributions to the AUF be determined by the U. T. System Board of Regents (U. T. Board) in a manner intended to provide the AUF with a stable and predictable stream of annual distributions and to maintain over time the purchasing power of PUF investments and annual distributions to the AUF. The Constitution further limits the U. T. Board's discretion to set annual PUF distributions to the satisfaction of three tests:

1. The amount of PUF distributions to the AUF in a fiscal year must be not less than the amount needed to pay the principal and interest due and owing in that fiscal year on PUF bonds and notes. The proposed distribution of \$516,419,406 is substantially greater than PUF Bonds Debt Service of \$161,591,411 projected for FYE 2009-2010.

<u>System</u>	<u>Debt Service</u>
U. T.	\$ 105,231,411
TAMU	<u>56,360,000</u>
Total	\$ 161,591,411

Sources: U. T. System Office of Finance
Texas A&M University System Office of Treasury Services

2. The U. T. Board may not increase annual PUF distributions to the AUF (except as necessary to pay PUF bond debt service) if the purchasing power of PUF investments for any rolling 10-year period has not been preserved. As the schedule below indicates, the average annual net real return rate of growth of the value of PUF investments (net of expenses, inflation, and distributions) for the trailing 10-year period ended February 28, 2009, was a negative 1.30%, which indicates that the purchasing power has not been preserved. However, since the calculated distribution amount for FYE 2009-2010 of \$516,419,406 is less than the prior year distribution of \$530,932,622, the recommended distribution is within the guidelines established by the Constitution.

<u>Average Annual</u>	<u>Percent</u>
Rate of Total Return	3.88%
Mineral Interest Receipts	2.07%
Expense Rate	(0.27)% ⁽¹⁾
Inflation Rate	(2.58)%
Distribution Rate	<u>(4.40)%</u>
Net Real Return	<u>(1.30)%</u>

(1) The expense rate as shown is a 10-year annualized average and includes all PUF Investment and PUF Land expenses, including the UTIMCO management fee, paid directly by the PUF. Prior to November 29, 1999, expenses related to PUF Investments and PUF Lands were paid from the AUF. Management fees that are netted from asset valuations and are not paid directly by the PUF are not included, as they are a reduction to the Rate of Total Return.

3. The annual distribution from the PUF to the AUF during any fiscal year made by the U. T. Board may not exceed an amount equal to 7% of the average net fair market value of PUF investment assets as determined by the U. T. Board (except as necessary to pay PUF bonds debt service). The annual distribution rate calculated using the trailing 12-quarter average value of the PUF is within the 7% maximum allowable distribution rate.

<u>Value of PUF Investments ⁽¹⁾</u>	<u>Proposed Distribution</u>	<u>Proposed Distribution as a % of Value of PUF Investments</u>	<u>Maximum Allowed Rate</u>
\$10,871,987,492	\$516,419,406	4.75%	7.00%

(1) Source: UTIMCO

The spending policy objectives of the PHF and LTF are to

- a. provide a predictable stable stream of distributions over time;
- b. ensure that the inflation-adjusted value of the distributions is maintained over the long term; and
- c. ensure that the inflation-adjusted value of the assets of the PHF and the LTF, as appropriate after distributions, is maintained over the long term.

The spending formula under the PHF Investment Policy Statement and the LTF Investment Policy Statement increases distributions at the rate of inflation subject to a distribution range of 3.5% to 5.5% of the average market value of the PHF assets and LTF assets for each fund's respective trailing 12 fiscal quarters. Subject to constitutional and statutory limitations, the U. T. System Board of Regents has full authority to set distribution rates.

The recommended 2.4% increase in the PHF distribution rate of \$0.0528 to \$0.0541 per unit is based on the PHF's Investment Policy Statement to increase the distributions by the average rate of inflation for the trailing 12 quarters. The PHF's distribution rate calculated using the prior 12-quarter average value of the PHF is 4.3%, within the range of 3.5% to 5.5% set forth in the PHF Investment Policy Statement.

The recommended 2.4% increase in the LTF distribution rate from \$0.3024 to \$0.3098 per unit was based on the LTF's Investment Policy Statement to increase the distributions by the average rate of inflation for the trailing 12 quarters. The LTF's distribution rate calculated using the prior 12-quarter average value of the LTF is 4.4%, within the range of 3.5% to 5.5% set forth in the LTF Investment Policy Statement. The increase in the consumer price index for the prior three years as of November 30, 2008, was 2.4%.

The distribution rate for the ITF was set at 3.0% per annum for Fiscal Year 2007 by the UTIMCO Board and the U. T. System Board of Regents on March 30, 2006, and May 11, 2006, respectively.

7. **U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended February 28, 2009**

REPORT

The February 28, 2009 UTIMCO Performance Summary Report is attached on Page 36.

The Investment Reports for the fiscal quarter ended February 28, 2009, are set forth on Pages 37 - 40.

Item I on Page 37 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the quarter was (5.53%) and (26.94%) for the first half of the fiscal year versus its composite benchmark return of (6.49%) and (28.66%), respectively. The PUF's net asset value decreased by \$551 million since the beginning of the quarter to \$8,287 million. This change in net asset value includes increases due to contributions from PUF land receipts, decreases due to net investment return, and the second payment of the annual distribution to the Available University Fund (AUF) of \$133 million.

Item II on Page 38 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the quarter was (5.57%) and (27.11%) for the first half of the fiscal year versus its composite benchmark return of (6.49%) and (28.66%), respectively. The GEF's net asset value decreased during the quarter to \$4,557 million.

Item III on Page 39 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the quarter was (4.15%) and (24.93%) for the first half of the fiscal year versus its composite benchmark return of (6.10%) and (26.94%), respectively. The net asset value has decreased to \$2,927 million due to net investment return of (\$124 million) and net distributions of \$23 million. The decrease in net asset value was offset by \$63 million net contributions.

For the PUF and GEF, Private Investments were above the maximum range. For the GEF, the More Correlated and Constrained Investment Type was below the minimum range. For the PUF, the Investment Grade Fixed Income Asset Class was above the maximum range. The ITF was within all of its investment type and asset class ranges. All of the funds' liquidity was within policy.

Item IV on Page 40 presents book and market values of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus money market fund, increased by \$80 million to \$1,672 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$27 million versus \$24 million at the beginning of the period; equities: \$33 million versus \$46 million at the beginning of the period; and other investments: \$.9 million versus \$1 million at the beginning of the period.

UTIMCO Performance Summary

February 28, 2009

		Net Asset Value 2/28/2009 (in Millions)	Periods Ended February 28, 2009 (Returns for Periods Longer Than One Year are Annualized)																	
			Short Term		Year to Date		Historic Returns													
			1 Mo	3 Mos	Calendar	Fiscal	1 Yr	3 Yrs	5 Yrs	10 Yrs										
ENDOWMENT FUNDS																				
Permanent University Fund		\$ 8,287	(4.47)	(5.53)	(6.57)	(26.94)	(30.64)	(5.31)	1.34	3.67										
General Endowment Fund			(4.51)	(5.57)	(6.59)	(27.11)	(30.74)	(5.14)	1.42	N/A										
Permanent Health Fund		727	(4.53)	(5.57)	(6.56)	(27.06)	(30.74)	(5.18)	1.36	N/A										
Long Term Fund		3,830	(4.54)	(5.57)	(6.56)	(27.06)	(30.74)	(5.18)	1.36	4.41										
Separately Invested Funds		125	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A										
Total Endowment Funds		12,969																		
OPERATING FUNDS																				
Short Term Fund		1,608	0.08	0.31	0.19	0.94	2.44	4.28	3.58	3.62										
Intermediate Term Fund		2,927	(4.22)	(4.15)	(7.18)	(24.93)	(28.05)	(5.13)	N/A	N/A										
Total Operating Funds		4,535																		
Total Investments		\$ 17,504																		
VALUE ADDED																				
Permanent University Fund			(0.03)	0.96	1.31	1.72	2.52	1.89	1.08	1.00										
General Endowment Fund			(0.07)	0.92	1.29	1.55	2.42	2.06	1.16	N/A										
Short Term Fund			0.06	0.29	0.18	0.41	1.03	0.53	0.36	0.23										
Intermediate Term Fund			0.95	1.95	2.15	2.01	3.09	2.68	N/A	N/A										
VALUE ADDED (\$ IN MILLIONS)																				
Permanent University Fund			(3)	84	116	194	299	484	427	N/A										
General Endowment Fund			(3)	45	64	99	162	295	257	N/A										
Intermediate Term Fund			29	59	68	78	124	234	N/A	N/A										

Footnotes available upon request.

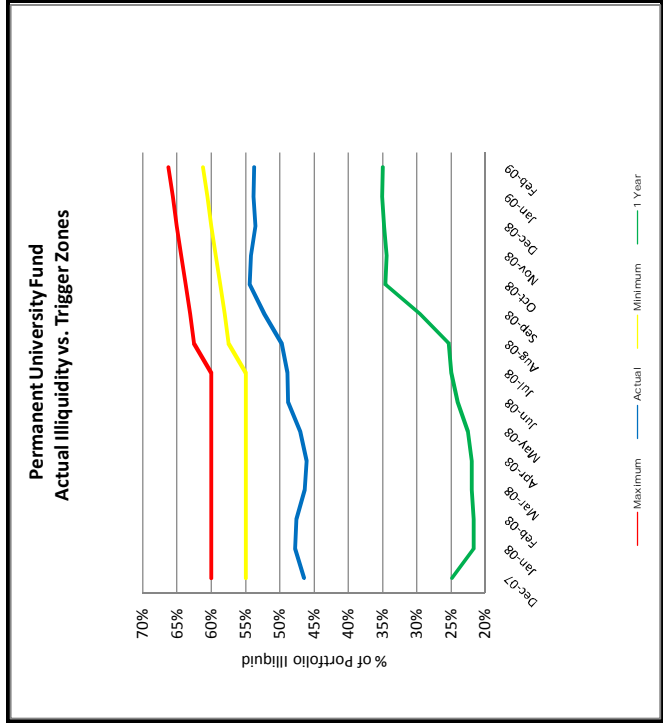
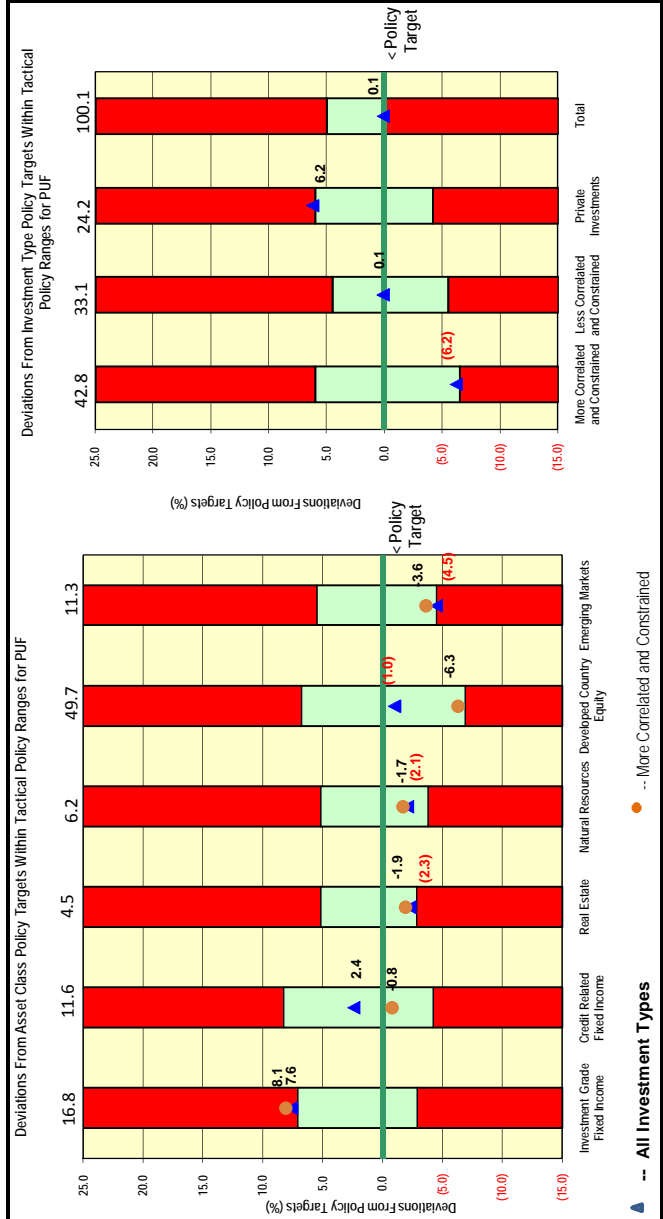
I. PERMANENT UNIVERSITY FUND

Investment Reports for Periods Ended February 28, 2009

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
Fiscal Year Ended August 31, 2008	Quarter Ended February 28, 2009	Fiscal Year Ended August 31, 2009	Fiscal Year Ended August 31, 2009
Beginning Net Assets (\$ millions)	\$ 11,742.8	\$ 8,837.6	\$ 11,359.5
PUF Lands Receipts	457.7	66.4	235.1
Investment Return	(339.5)	(476.4)	(3,027.1)
Expenses	(52.6)	(7.9)	(15.1)
Distributions to AUF	(448.9)	(132.8)	(265.5)
Ending Net Assets	\$ 11,359.5	\$ 8,286.9	\$ 8,286.9

	Fiscal Year to Date		
	Returns		Value Added
	Portfolio	Policy Benchmark	From Asset Allocation From Security Selection Total
More Correlated and Constrained:			
Investment Grade	-6.17%	-2.80%	0.85%
Credit-Related	-11.41%	-23.60%	-0.23%
Real Estate	-54.82%	-55.35%	0.23%
Natural Resources	-50.58%	-44.80%	0.16%
Developed Country	-42.75%	-43.55%	0.83%
Emerging Markets	-50.29%	-47.28%	0.63%
Total More Correlated and Constrained	-37.87%	-40.17%	-0.64%
Less Correlated and Constrained			
Private Investments	-17.52%	-5.21%	0.41%
Total	-26.94%	-28.66%	2.85%
			-1.13%
			1.11%
			-1.60%
			1.72%



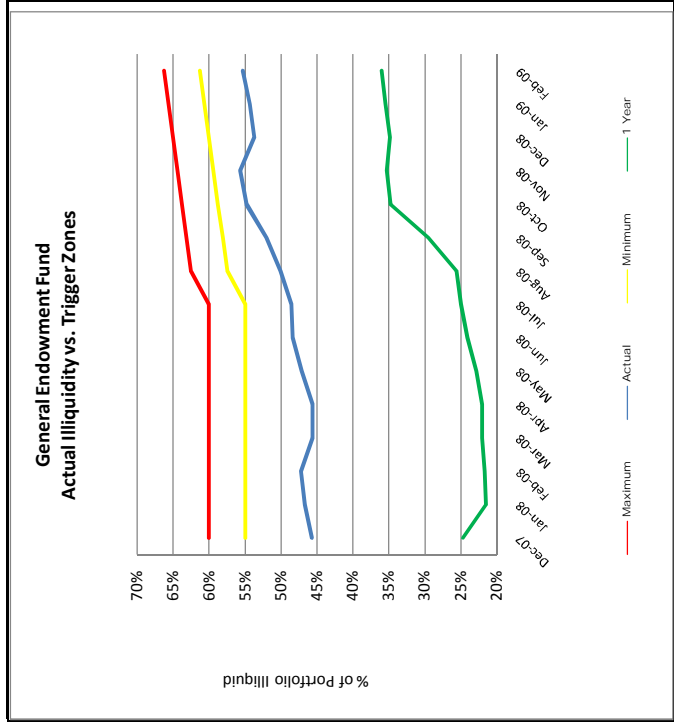
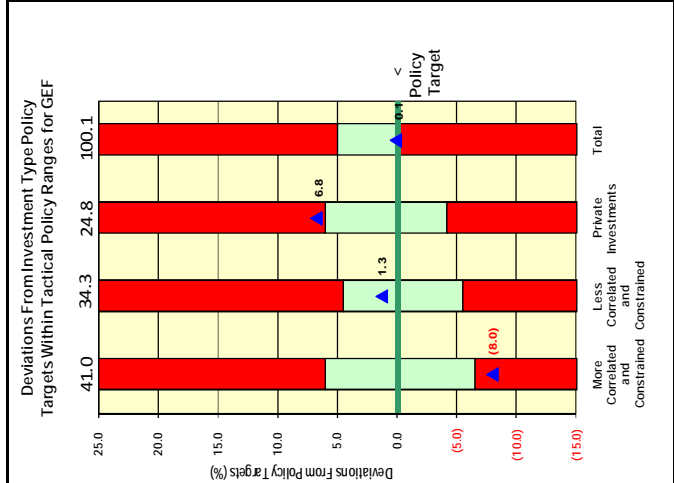
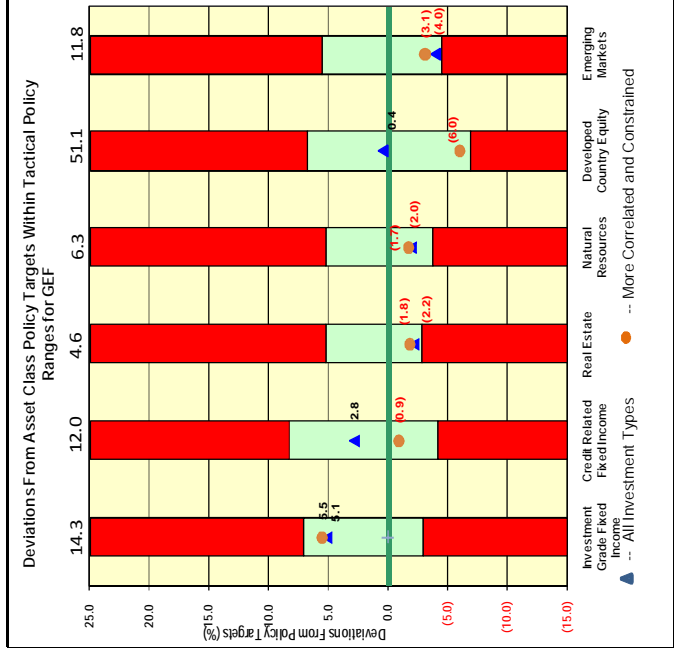
II. GENERAL ENDOWMENT FUND

Investment Reports for Periods Ended February 28, 2009

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
Fiscal Year Ended	Quarter Ended	Fiscal Year Ended	Fiscal Year Ended
August 31, 2008	February 28, 2009	August 31, 2009	August 31, 2009
Beginning Net Assets (\$ millions)	\$ 6,433.1	\$ 4,846.4	\$ 6,310.4
Contributions	358.6	52.5	104.8
Withdrawals	(20.2)	(1.0)	(2.2)
Distributions	(259.0)	(69.5)	(138.3)
Investment Return	(180.8)	(269.1)	(1,713.3)
Expenses	(21.3)	(2.2)	(4.3)
Ending Net Assets	\$ 6,310.4	\$ 4,557.1	\$ 4,557.1

	Fiscal Year to Date			
	Returns		Value Added	
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection
More Correlated and Constrained:				
Investment Grade	-5.94%	-2.80%	0.72%	-0.22%
Credit-Related	-11.46%	-23.60%	-0.23%	0.18%
Real Estate	-54.91%	-55.35%	0.19%	0.03%
Natural Resources	-49.94%	-44.80%	0.15%	-0.33%
Developed Country	-42.99%	-43.55%	0.82%	0.11%
Emerging Markets	-50.27%	-47.28%	0.61%	-0.44%
Total More Correlated and Constrained	-38.38%	-40.17%	2.26%	-0.67%
Less Correlated and Constrained				
Private Investments	-17.49%	-5.21%	0.42%	-1.58%
Total	-27.11%	-28.66%	2.68%	-1.13%
				1.55%

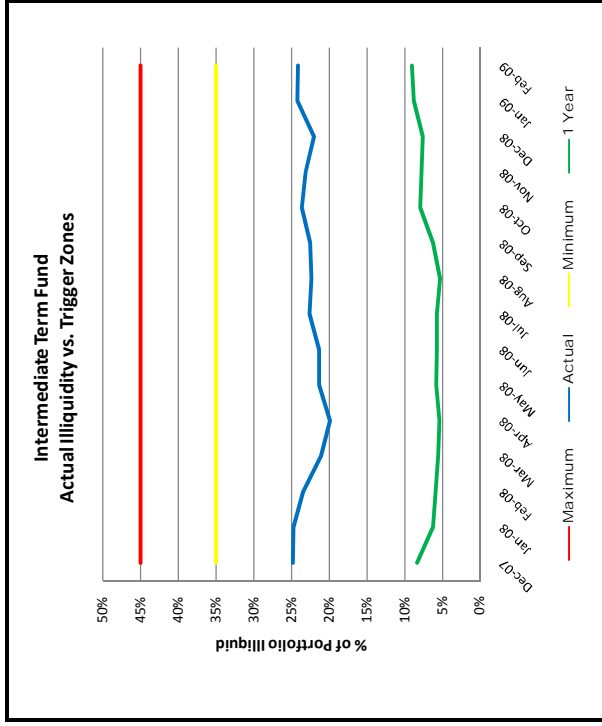
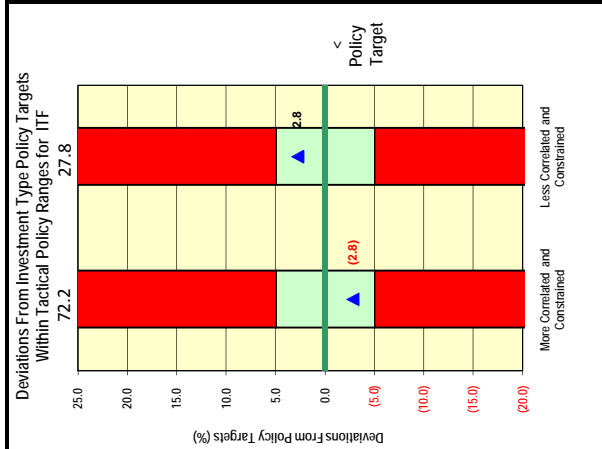
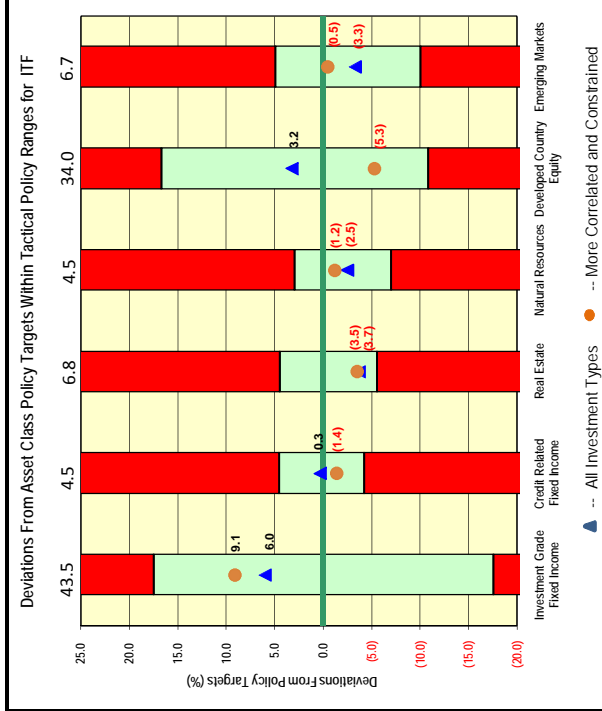


III. INTERMEDIATE TERM FUND Investment Reports for Periods Ended February 28, 2009

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2008	Quarter Ended February 28, 2009	Fiscal Year Ended August 31, 2009
	Beginning Net Assets	\$ 3,720.6	\$ 3,010.5
Contributions	1,639.1	65.9	215.6
Withdrawals	(1,335.3)	(2.7)	(144.8)
Distributions	(118.6)	(23.0)	(49.6)
Investment Return	(7.5)	(120.0)	(962.3)
Expenses	(23.5)	(3.7)	(6.7)
Ending Net Assets	\$ 3,874.8	\$ 2,927.0	\$ 2,927.0

	Fiscal Year to Date		
	Returns	Value Added	Total
	Portfolio	From Asset Allocation	From Security Selection
More Correlated and Constrained:			
Investment Grade	-6.47%	0.87%	-1.01%
Credit-Related	-12.15%	-0.30%	0.23%
Real Estate	-54.65%	0.28%	0.10%
Natural Resources	-47.43%	0.09%	-0.15%
Developed Country	-40.87%	0.34%	0.64%
Emerging Markets	-50.43%	0.17%	-0.22%
Total More Correlated and Constrained	-28.08%	1.45%	-0.41%
Less Correlated and Constrained	-15.53%	-0.22%	1.19%
Private Investments	0.00%	0.00%	0.00%
Total	-24.93%	1.23%	0.78%
			2.01%



IV. SEPARATELY INVESTED ASSETS
Summary Investment Report at February 28, 2009
 Report prepared in accordance with Texas Education Code Sec. 51.0032

ASSET TYPES	FUND TYPE																								
	CURRENT PURPOSE DESIGNATED			RESTRICTED			ENDOWMENT & SIMILAR FUNDS			ANNUITY & LIFE INCOME FUNDS			AGENCY FUNDS			TOTAL EXCLUDING OPERATING FUNDS (SHORT TERM FUND)			OPERATING FUNDS (SHORT TERM FUND)			TOTAL			
	BOOK	MARKET		BOOK	MARKET		BOOK	MARKET		BOOK	MARKET		BOOK	MARKET		BOOK	MARKET		BOOK	MARKET		BOOK	MARKET		
Cash & Equivalents:																									
Beginning value 11/30/08	53	2,326	2,326	51,523	51,523	1,588	1,588	1,588	1,588	3,696	3,696	3,696	59,186	59,186	59,186	1,532,996	1,532,996	1,532,996	1,592,182	1,592,182	1,592,182	1,592,182	1,592,182	1,592,182	1,592,182
Increase/(Decrease)	(47)	(215)	(215)	3,154	3,154	265	265	265	265	2,147	2,147	2,147	5,304	5,304	5,304	74,642	74,642	74,642	79,946	79,946	79,946	79,946	79,946	79,946	79,946
Ending value 02/28/09	6	2,111	2,111	54,677	54,677	1,853	1,853	1,853	1,853	5,843	5,843	5,843	64,490	64,490	64,490	1,607,638	1,607,638	1,607,638	1,672,128	1,672,128	1,672,128	1,672,128	1,672,128	1,672,128	1,672,128
Debt Securities:																									
Beginning value 11/30/08	-	-	265	11,904	12,372	11,456	11,456	11,377	11,377	-	-	-	23,625	24,017	24,017	-	-	-	23,625	24,017	24,017	23,625	24,017	24,017	24,017
Increase/(Decrease)	-	-	1	(548)	(425)	4,368	4,368	3,725	3,725	-	-	-	3,820	3,301	3,301	-	-	-	3,820	3,301	3,301	3,820	3,301	3,301	3,301
Ending value 02/28/09	-	-	265	11,356	11,947	15,824	15,824	15,102	15,102	-	-	-	27,445	27,318	27,318	-	-	-	27,445	27,318	27,318	27,445	27,318	27,318	27,318
Equity Securities:																									
Beginning value 11/30/08	17	6,522	529	30,382	22,689	24,369	24,369	15,844	15,844	-	-	-	55,297	45,524	45,524	-	-	-	55,297	45,524	45,524	55,297	45,524	45,524	45,524
Increase/(Decrease)	-	(3,034)	(66)	(2,122)	(4,448)	(5,360)	(5,360)	(5,377)	(5,377)	-	-	-	(7,548)	(12,910)	(12,910)	-	-	-	(7,548)	(12,910)	(12,910)	(7,548)	(12,910)	(12,910)	(12,910)
Ending value 02/28/09	17	3,488	463	28,260	18,241	19,009	19,009	10,467	10,467	-	-	-	47,749	32,614	32,614	-	-	-	47,749	32,614	32,614	47,749	32,614	32,614	32,614
Other:																									
Beginning value 11/30/08	-	-	834	9	9	321	321	130	130	265	265	265	1,429	1,238	1,238	-	-	-	1,429	1,238	1,238	1,429	1,238	1,238	1,238
Increase/(Decrease)	-	-	(464)	(1)	(1)	16	16	4	4	172	172	172	(277)	(289)	(289)	-	-	-	(277)	(289)	(289)	(277)	(289)	(289)	(289)
Ending value 02/28/09	-	-	370	8	8	337	337	134	134	437	437	437	1,152	949	949	-	-	-	1,152	949	949	1,152	949	949	949
Total Assets:																									
Beginning value 11/30/08	70	6,575	3,954	93,818	86,593	37,734	37,734	28,939	28,939	3,961	3,961	3,961	139,537	129,965	129,965	1,532,996	1,532,996	1,532,996	1,672,533	1,672,533	1,672,533	1,672,533	1,662,961	1,662,961	1,662,961
Increase/(Decrease)	(47)	(3,081)	(745)	483	(1,720)	(711)	(711)	(1,383)	(1,383)	2,319	2,319	2,319	1,299	(4,594)	(4,594)	74,642	74,642	74,642	75,941	75,941	75,941	75,941	70,048	70,048	70,048
Ending value 02/28/09	23	3,494	3,209	94,301	84,873	37,023	37,023	27,556	27,556	6,280	6,280	6,280	140,836	125,371	125,371	1,607,638	1,607,638	1,607,638	1,748,474	1,748,474	1,748,474	1,748,474	1,733,009	1,733,009	1,733,009

Details of individual assets by account furnished upon request.

8. **U. T. System: Discussion with representative chief business officers of U. T. System health institutions regarding the business challenges and opportunities of partnership contracts and relationships**

PURPOSE

Executive Vice Chancellor Kelley; Mr. Kevin Dillon, Executive Vice President, Chief Operating and Financial Officer at U. T. Health Science Center – Houston; and Mr. John Roan, Executive Vice President for Business Affairs at U. T. Southwestern Medical Center – Dallas, will lead a discussion regarding the business challenges and opportunities of partnership contracts and relationships that may be present for all U. T. System health institutions in these difficult economic times.



TABLE OF CONTENTS FOR ACADEMIC AFFAIRS COMMITTEE

Committee Meeting: 5/13/2009

*Janiece Longoria, Chairman**
Paul Foster
Colleen McHugh
Robert Stillwell

Board Meeting: 5/14/2009
Austin, Texas

	Committee Meeting	Board Meeting	Page
Convene	3:15 p.m. <i>Chairman Longoria</i>		
1. U. T. Arlington: Authorization to enter into an agreement with and grant easements to the City of Arlington pertaining to approximately 5.392 acres on the U. T. Arlington campus along and near S. Center Street, Arlington, Tarrant County, Texas, to permit the design and construction of a pedestrian plaza and hiking trail as amenities for the east side of the U. T. Arlington campus, including the future Special Events Center	3:15 p.m. Action <i>President Spaniolo</i> <i>Ms. Mayne</i>	Action	42
2. U. T. Dallas and U. T. Permian Basin: Authorization to grant licenses to Oncor Electric Delivery Company LLC, a Delaware limited liability company, to permit the licensee to place electrical distribution facilities on portions of the respective campuses to serve campus facilities	3:18 p.m. Action <i>President Daniel</i> <i>President Watts</i> <i>Ms. Mayne</i>	Action	45
3. U. T. Austin: Approval of creation and honorific naming of the Lady Bird Johnson Center and renaming of the Lyndon B. Johnson Auditorium as the Lady Bird Johnson Auditorium	3:21 p.m. Action <i>President Powers</i> <i>Dr. Safady</i>	Action	46
4. U. T. Austin: Approval of honorific naming of the Center for the Study of Core Texts and Ideas as the Thomas Jefferson Center for the Study of Core Texts and Ideas	3:26 p.m. Action <i>President Powers</i> <i>Dr. Safady</i>	Action	47
5. U. T. System: Discussions on academic leadership matters related to interinstitutional collaboration	3:31 p.m. Discussion <i>Dr. Prior</i> <i>Presidents</i>	Not on Agenda	48
Adjourn	4:15 p.m.		

**Pending approval by Board*

1. **U. T. Arlington: Authorization to enter into an agreement with and grant easements to the City of Arlington pertaining to approximately 5.392 acres on the U. T. Arlington campus along and near S. Center Street, Arlington, Tarrant County, Texas, to permit the design and construction of a pedestrian plaza and hiking trail as amenities for the east side of the U. T. Arlington campus, including the future Special Events Center**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Spaniolo that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. Arlington, to

- a. enter into an agreement with and grant easements for a 20-year term to the City of Arlington pertaining to approximately 5.392 acres on the U. T. Arlington campus along and near S. Center Street, Arlington, Tarrant County, Texas, to permit the design and construction of a pedestrian plaza and hiking trail as amenities for the east side of the U. T. Arlington campus, including the future Special Events Center; and
- b. authorize the Executive Director of Real Estate to execute the agreement and the easements together with all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

U. T. Arlington and the City of Arlington (City) propose to jointly undertake the design and construction of a pedestrian plaza and hiking trail as part of a sustainable development project. Funding for this project is expected to come from grants from the North Central Texas Council of Governments (COG) and the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) program. U. T. Arlington will grant easements to the City of Arlington for the location of the plaza and hiking trail and will contribute a maximum of \$575,275 to the construction costs. COG and HUD will contribute the remaining construction costs, with the COG amount not to exceed \$2,301,100. The amount to be contributed by HUD is yet to be determined.

The amenities to be constructed for the project include a landscaped pedestrian plaza and an approximately six-foot wide paved and lighted pedestrian way parallel to S. Center Street, UTA Boulevard, and Pecan Street. The project is near the U. T. Arlington Special Events Center that is to be constructed.

The City of Arlington will bid and enter into a contract or contracts for the construction of the project. Schrickel Rollins and Associates has been retained by the institution and the City to serve as the landscape architect and to prepare the plans for the project. The City will be responsible for interfacing with COG and HUD, paying the contractors for the costs of construction, and securing reimbursement for construction costs from COG and HUD.

The easements for the pedestrian plaza and hiking trail will each have a 20-year term. The easement for the pedestrian plaza will contain an early termination right in favor of U. T. Arlington upon the institution's payment of unamortized construction costs as determined on a straightline basis. U. T. Arlington will be responsible for maintenance of the pedestrian plaza and will apply its rules and regulations to the plaza.

Details of this transaction are summarized in the transaction summary below.

Transaction Summary

Institution:	U. T. Arlington
Type of Transaction:	Easements for a 20-year term for pedestrian plaza and hiking trail
Total Area:	Approximately 5.392 acres
Improvements:	Pedestrian plaza and hiking trail to be constructed by the Grantee
Location:	U. T. Arlington campus along and near S. Center Street, Arlington, Tarrant County, Texas (see map on following page)
Grantee:	City of Arlington
Intended Use:	Amenity for east side of campus adjacent to planned Special Events Center

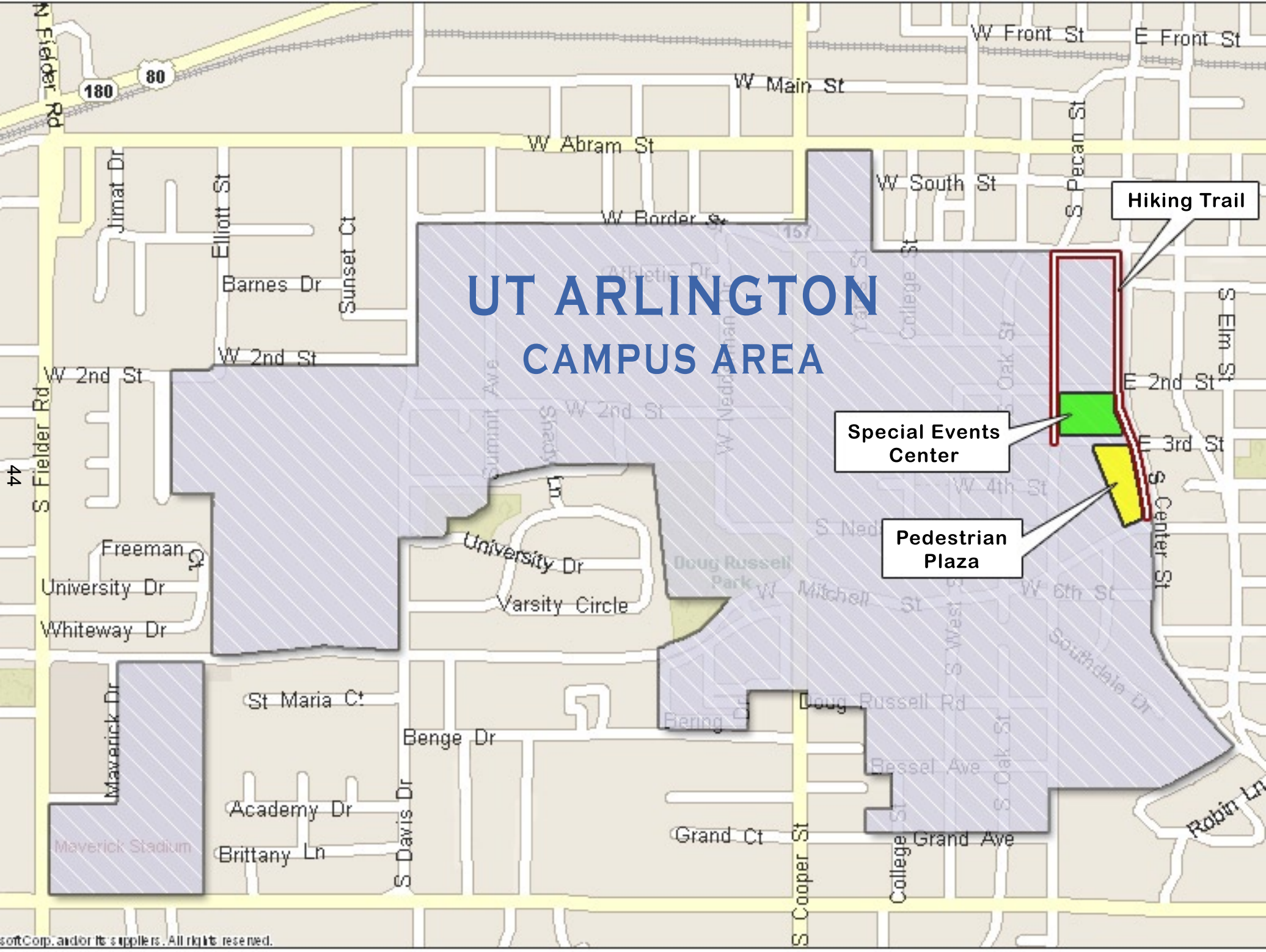
UT ARLINGTON CAMPUS AREA

Hiking Trail

Special Events Center

Pedestrian Plaza

Maverick Stadium



2. **U. T. Dallas and U. T. Permian Basin: Authorization to grant licenses to Oncor Electric Delivery Company LLC, a Delaware limited liability company, to permit the licensee to place electrical distribution facilities on portions of the respective campuses to serve campus facilities**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and Presidents Daniel and Watts that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. Dallas and U. T. Permian Basin, to

- a. grant licenses to Oncor Electric Delivery Company LLC, a Delaware limited liability company, to permit the licensee to place electrical distribution facilities on portions of the respective campuses to serve campus facilities; and
- b. authorize the Executive Director of Real Estate to execute the licenses and such other related documents, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

Authorization is being sought to grant licenses as described below to facilitate campus construction projects:

U. T. Dallas: To grant a license to Oncor Electric Delivery Company LLC, a Delaware limited liability company, to permit the licensee to place electrical distribution facilities on the U. T. Dallas campus north of Synergy Park Boulevard and near the southwest corner of Synergy Park Boulevard and Rufford Avenue, Richardson, Collin County, Texas, to expand the capacity of the electrical service to the campus.

U. T. Permian Basin: To grant a license to Oncor Electric Delivery Company LLC, a Delaware limited liability company, to permit the licensee to place electrical distribution facilities on a portion of the institution's 69.3-acre site located at the southeast corner of FM 1788 and State Highway 191, Midland, Midland County, Texas, to provide for permanent electrical service to The Wagner Noël Performing Arts Center, now under construction on the site. The facility is scheduled to be completed and begin occupancy in October 2011.

3. **U. T. Austin: Approval of creation and honorific naming of the Lady Bird Johnson Center and renaming of the Lyndon B. Johnson Auditorium as the Lady Bird Johnson Auditorium**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and President Powers that the U. T. System Board of Regents approve the creation and honorific naming of the Lady Bird Johnson Center and the renaming of the Lyndon B. Johnson (LBJ) Auditorium at U. T. Austin as the Lady Bird Johnson Auditorium.

BACKGROUND INFORMATION

The Lyndon Baines Johnson (LBJ) Library and Museum, located at 2313 Red River Street, was originally dedicated May 22, 1971. The building and grounds are currently undergoing extensive renovation and improvement to address condition and compliance issues. The plaza around the library will have the fountains replaced with gardens and landscape features to create a more inviting environment around the complex. The LBJ Auditorium is not part of the LBJ Library and thus is a U. T. Austin, rather than a federal, facility located beneath the LBJ Library. The Auditorium is used for lectures, forums, and events, both for U. T. Austin students and the public. Upgrades have been made to the audiovisual system and acoustics, and the flooring, ceiling treatments, and seating have been replaced. Two new classroom spaces have been built next to the Auditorium for use by the Library.

As proposed, the plaza-level garden areas, the LBJ Auditorium, and the new classrooms will collectively be named the Lady Bird Johnson Center. This Center will act as a functional bridge between the LBJ Library and the LBJ School of Public Affairs. To better unite and define the area of the Lady Bird Johnson Center, it is proposed that the LBJ Auditorium be renamed as the Lady Bird Johnson Auditorium. The Johnson family and the LBJ Library leadership have given their approval of these namings.

Lady Bird Johnson (Mrs. Claudia Taylor Johnson) was the wife of Lyndon Baines Johnson, the 36th President of the United States. A U. T. Austin alumna, she served on the U. T. System Board of Regents from 1971 to 1977. She played a key role in the plans to build the LBJ Library and Museum and the LBJ School of Public Affairs. In 1982, Mrs. Johnson co-founded the National Wildflower Research Center, which has since been renamed the Lady Bird Johnson Wildflower Center and adopted by U. T. Austin as an organized research unit.

The proposed naming is consistent with the Regents' *Rules and Regulations*, Rule 80307, relating to the honorific naming of facilities, as a tribute to the life and works of Lady Bird Johnson.

4. **U. T. Austin: Approval of honorific naming of the Center for the Study of Core Texts and Ideas as the Thomas Jefferson Center for the Study of Core Texts and Ideas**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and President Powers that the U. T. System Board of Regents approve the honorific naming of the Center for the Study of Core Texts and Ideas at U. T. Austin as the Thomas Jefferson Center for the Study of Core Texts and Ideas.

BACKGROUND INFORMATION

The Center for the Study of Core Texts and Ideas, formerly the Program in Western Civilizations and American Institutions, is located within the College of Liberal Arts.

The aim of the Center is to realize President Thomas Jefferson's vision of educating citizens and leaders to understand the meaning of liberty and to exercise it wisely. The Center embraces President Jefferson's conviction that one of the best ways to attain a liberal education, an education suited for a free individual in a free society, is through a serious study of the great books. In courses offered through the Center, students engage in a direct, respectful, but probing and critical study of major creative and theoretical works that have shaped human thought and history. The texts studied include major works of philosophy, religion, history, and literature, seminal writings in the sciences and social sciences, works of art, and major political documents and speeches. These works are distinguished both by their depth of insight of creative originality and by their influence on subsequent thought or history.

Thomas Jefferson (1743-1826) served as third President of the United States (1801-1809) and was the principal author of the Declaration of Independence. He wrote the Virginia Bill for the More General Diffusion of Knowledge (1778), which in a much revised version years later (1796) became a Virginia law as the Act to Establish Public Schools. He also wrote the Virginia Act for Establishing Religious Freedom (1786). He founded the University of Virginia, for which he chose all of the books in the library, defined the curriculum, and selected the faculty. Throughout his life, President Jefferson actively promoted education. It was he who commented that it "is impossible for a man who takes a survey of what is already known not to see what an immensity in every branch of science yet remains to be discovered . . ." His own library contained works from ancient writers (e.g., Aristotle, Homer, Thucydides) to works of what he called "the three greatest men the world has ever produced" (namely, Francis Bacon, Isaac Newton, and John Locke), to writers of his time. Included were books on history, philosophy, science, mathematics, ethics, religion, jurisprudence, literature, and fine arts. The 6,487 volumes that Congress acquired from him in 1815 became the kernel

of the Library of Congress. By adopting his name, the Center for the Study of Core Texts and Ideas wishes to communicate that the basic mission of the Center is a civic one and to acknowledge that it shares President Jefferson's vision of the contents of a good civic education.

In addition to course offerings, the Center offers a junior fellows program for undergraduates, teaching assistantships for graduate students, and postdoctoral teaching fellowships for young scholars committed to the interdisciplinary teaching of the great books. Beyond its academic programs, the Center also sponsors a lecture series for the university community and general public and outreach programs for local teachers and business and community leaders.

The proposed naming is consistent with the Regents' *Rules and Regulations*, Rule 80307, relating to the honorific naming of centers.

5. **U. T. System: Discussions on academic leadership matters related to interinstitutional collaboration**

PURPOSE

Executive Vice Chancellor Prior will lead a presidential discussion and engagement with the Board of Regents on topics relating to interinstitutional collaboration.



TABLE OF CONTENTS FOR HEALTH AFFAIRS COMMITTEE

Committee Meeting: 5/13/2009

Board Meeting: 5/14/2009
Austin, Texas

*Colleen McHugh, Chairman**
James D. Dannenbaum
Janiece Longoria
Wm. Eugene Powell

	Committee Meeting	Board Meeting	Page
Convene	4:15 p.m. <i>Chairman McHugh</i>		
1. U. T. M. D. Anderson Cancer Center: Authorization to purchase Lot 2, Block 23, Institute Place Subdivision, Houston, Harris County, Texas, from Ms. Rosalyn Sadberry and any successors and assigns or other persons who may be determined to hold all or part of an interest in such land, for a purchase price not to exceed fair market value as established by an independent appraisal, for future use for campus administrative and support functions	4:15 p.m. Action <i>President Mendelsohn</i> <i>Ms. Mayne</i>	Action	49
2. U. T. Medical Branch – Galveston: Approval of a Ph.D. degree program in Rehabilitation Sciences	4:20 p.m. Action <i>President Callender</i> <i>Dr. Shine</i>	Action	52
3. U. T. System: Discussion concerning the impact of the economic downturn on U. T. System health institutions	4:30 p.m. Discussion <i>Dr. Shine</i> <i>Presidents</i>	Not on Agenda	54
4. U. T. System: Discussion regarding the impact of federal legislation, including the economic stimulus package, and impending federal regulatory changes on U. T. System health institutions	4:45 p.m. Discussion <i>Dr. Shine</i> <i>Presidents</i>	Not on Agenda	54
5. U. T. System: Quarterly report on health matters, including educational initiatives in the health sciences, conflict of interest policies and programs, and electronic health record challenges	5:00 p.m. Report <i>Dr. Shine</i>	Not on Agenda	54
Adjourn	5:15 p.m.		

**Pending approval by Board*

1. **U. T. M. D. Anderson Cancer Center: Authorization to purchase Lot 2, Block 23, Institute Place Subdivision, Houston, Harris County, Texas, from Ms. Rosalyn Sadberry and any successors and assigns or other persons who may be determined to hold all or part of an interest in such land, for a purchase price not to exceed fair market value as established by an independent appraisal, for future use for campus administrative and support functions**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Mendelsohn that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. M. D. Anderson Cancer Center, to

- a. purchase Lot 2, Block 23, Institute Place Subdivision, Houston, Harris County, Texas, from Ms. Rosalyn Sadberry and any successors and assigns or other persons who may be determined to hold all or part of an interest in such land, for a purchase price not to exceed fair market value as established by an independent appraisal, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition of the property as deemed necessary or advisable by the Executive Director of Real Estate, for future use for campus administrative and support functions; and
- b. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

Acquisition of the subject property is part of the land assemblage in the east campus area being undertaken by U. T. M. D. Anderson Cancer Center to accommodate the relocation of important, but noncritical, functions that will allow greater use of core facilities in the Texas Medical Center for patient treatment and research.

U. T. M. D. Anderson Cancer Center has concluded that the main campus in the Texas Medical Center and south campus should be reserved for use for research and critical patient care functions. Accordingly, many administrative and support activities currently in the main and south campuses will be relocated to the area in which the subject property and adjacent tracts are located to allow expansion of the research and patient care functions on the main and south campuses.

Details of this acquisition, which will be funded with Local Hospital Revenues, are summarized in the transaction summary below.

Transaction Summary

Institution:	U. T. M. D. Anderson Cancer Center
Type of Transaction:	Purchase
Total Area:	Approximately 5,000 square feet, plus adjoining streets and alley
Improvements:	None
Location:	Lot 2, Block 23, Institute Place Subdivision, Houston, Harris County, Texas (see map on following page)
Seller:	Ms. Rosalyn Sadberry and any successors and assigns or other persons who may be determined to hold all or part of an interest in such land
Purchase Price:	Not to exceed fair market value as established by an independent appraisal
Appraised Value:	\$140,000 (Edward B. Schulz & Co., April 6, 2009)
Source of Funds:	Local Hospital Revenues
Intended Use:	Campus administrative and support functions

UTMDACC EAST CAMPUS



2. **U. T. Medical Branch – Galveston: Approval of a Ph.D. degree program in Rehabilitation Sciences**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Callender that authorization, pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, be granted to

- a. establish a Ph.D. degree program in Rehabilitation Sciences in the Graduate School of Biomedical Sciences at U. T. Medical Branch – Galveston; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

The Graduate School of Biomedical Sciences (GSBS) at U. T. Medical Branch – Galveston wishes to implement a Ph.D. degree program in Rehabilitation Sciences. The proposed doctoral program evolved from a curriculum in rehabilitation sciences that is currently part of the Graduate School's Program in Preventive Medicine and Community Health (PMCH). The PMCH program has been offered since 2001 to provide students with foundation knowledge and skills to advance rehabilitation science and foster research experiences, and training to improve the functional performance and quality of life for persons with disabilities and chronic disease. The new Ph.D. program would continue to be administered through PMCH as an interdisciplinary research degree rather than as a clinical or practice doctoral degree.

Need and Student Demand

The development of advanced graduate programs in rehabilitation science in the United States has expanded substantially in recent years, with approximately 16 doctoral programs nationwide. However, there is no Rehabilitation Sciences Ph.D. degree program currently offered in Texas, and U. T. Medical Branch – Galveston's PMCH program is the only program offering research training in rehabilitation science. Programs granting M.S. and B.S. degrees in rehabilitation-related fields offer clinical practice degrees and are not designed to train investigators to conduct independent research.

The new Ph.D. degree is planned to increase the number of researchers and physicians in Texas who are formally trained in rehabilitation and disability, and to improve strategies for prevention and treatment of disabilities. The 2007 report of the Institute of Medicine titled *The Future of Disability in America* identified the continuing need to strengthen research capacity and expand scientific knowledge in rehabilitation and disability, and reinforces the necessity for rehabilitation scientists trained in interdisciplinary programs to generate research and contribute to the education of future generations of rehabilitation practitioners and investigators. The need to increase the number of researchers in Texas who are formally trained in rehabilitation sciences is further bolstered by national demographics that suggest an increased population of persons 65 years and older who are more likely to have chronic disease and disabilities limiting their daily activities.

Program Quality

For the past 10 years, U. T. Medical Branch – Galveston has been developing the infrastructure, funding, and research teams necessary to implement a curriculum of independent graduate studies planned to provide the resources and research environment necessary to train the rehabilitation scientists of the future. The success of the institution's efforts recently received national recognition in the *Chronicle of Higher Education* (June 2007), which ranked U. T. Medical Branch – Galveston's rehabilitation sciences curriculum eighth in the United States in faculty productivity and research related to rehabilitation science based on an analysis of 375 graduate programs in kinesiology, exercise science, and rehabilitation science.

The core faculty currently includes 32 members from various academic departments including occupational therapy, physical therapy, internal medicine, geriatrics, surgery, endocrinology, orthopedic surgery and rehabilitation, and preventive medicine and community health. Interest in enrollment has been steady. Since its inception in 2001, 39 students have applied, 25 students have been accepted, and 10 Ph.D. degrees have been conferred to students completing the PMCH rehabilitation sciences curriculum. Funded rehabilitation research activity has expanded substantially over the past eight years, with significant increases in the number of externally funded awards received by core rehabilitation sciences faculty members.

The proposed Ph.D. degree in Rehabilitation Sciences has been endorsed by the appropriate institutional committees, including U. T. Medical Branch – Galveston's GSBS Executive Committee, Council of Academic Deans, and Council of Deans.

Program Cost

For the past eight years, faculty and staff salaries, benefits, and general operating costs have been integrated into existing budgets for the Department of Preventive Medicine and Community Health, the Division of Rehabilitation Sciences, and the Center for Rehabilitation Sciences. Graduate student stipends, tuition and fees, travel, and

research-related expenses have been budgeted within National Institutes of Health (NIH) training and research grants, the Center for Rehabilitation Sciences, endowment accounts, and other faculty-generated sources.

U. T. Medical Branch – Galveston will continue to support the majority of costs through reallocation, and will fund the new costs estimated at \$136,562 for year one and \$140,659 for year two through the Center for Rehabilitation Sciences, endowment, and grant funds. The institution is requesting legislative appropriation for the new costs for years three through five.

3. **U. T. System: Discussion concerning the impact of the economic downturn on U. T. System health institutions**

PURPOSE

Executive Vice Chancellor Shine and the U. T. System health institution presidents will discuss the impact of the economic downturn on the health institutions.

4. **U. T. System: Discussion regarding the impact of federal legislation, including the economic stimulus package, and impending federal regulatory changes on U. T. System health institutions**

PURPOSE

Executive Vice Chancellor Shine and the U. T. System health institution presidents will discuss the impact of federal legislation, including the economic stimulus package, and impending federal regulatory changes on the health institutions.

5. **U. T. System: Quarterly report on health matters, including educational initiatives in the health sciences, conflict of interest policies and programs, and electronic health record challenges**

REPORT

Executive Vice Chancellor Shine will report on health matters of interest to the U. T. System, including educational initiatives in the health sciences, conflict of interest policies and programs, and electronic health record challenges. This is a quarterly update to the Health Affairs Committee of the U. T. System Board of Regents.



TABLE OF CONTENTS FOR FACILITIES PLANNING AND CONSTRUCTION COMMITTEE

Committee Meeting: 5/13/2009

Board Meeting: 5/14/2009
Austin, Texas

*Printice Gary, Chairman**
James D. Dannenbaum
R. Steven Hicks
Wm. Eugene Powell

	Committee Meeting	Board Meeting	Page
Convene	<i>2:15 p.m.</i> <i>Chairman Gary</i>		
<u>Report</u>			
1. U. T. System: Impact of current economic trends on construction costs	<i>2:15 p.m.</i> Report <i>Mr. O'Donnell</i>	Not on Agenda	55
<u>Additions to the Capital Improvement Program</u>			
2. U. T. Arlington: Special Events Center (SEC) Parking Garage and Residence Hall - Amendment of the FY 2009-2014 Capital Improvement Program to include project (Preliminary Board approval)	<i>2:20 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	55
3. U. T. Austin: Clark Field Renovation - Amendment of the FY 2009-2014 Capital Improvement Program to include project; approval of total project cost; and appropriation of funds (Final Board approval)	<i>2:24 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	56
4. U. T. Austin: Outdoor Pool - Amendment of the FY 2009-2014 Capital Improvement Program to include project (Preliminary Board approval)	<i>2:29 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	58
5. U. T. Austin: Whitaker Fields and Tennis Complex Renovation - Amendment of the FY 2009-2014 Capital Improvement Program to include project; approval of total project cost; and appropriation of funds (Final Board approval)	<i>2:33 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	59
6. U. T. Dallas: Campus Services and Bookstore Building - Amendment of the FY 2009-2014 Capital Improvement Program to include project (Preliminary Board approval)	<i>2:38 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	60

*Pending approval by Board

	Committee Meeting	Board Meeting	Page
7. U. T. Dallas: Callier Center Renovations - Amendment of the FY 2009-2014 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; appropriation of funds; and resolution regarding parity debt (Final Board approval)	<i>2:42 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	61
8. U. T. Dallas: Repairs and Major Maintenance of the Student Union - Amendment of the FY 2009-2014 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; appropriation of funds; and resolution regarding parity debt (Final Board approval)	<i>2:46 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	63
9. U. T. El Paso: University Housing Expansion - Schuster Avenue Apartments - Amendment of the FY 2009-2014 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and resolution regarding parity debt (Final Board approval)	<i>2:51 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	65
10. U. T. Southwestern Medical Center – Dallas: Remodel Level 8 St. Paul University Hospital - Amendment of the FY 2009-2014 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; and appropriation of funds (Final Board approval)	<i>2:55 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	66
<u>Design Development Approvals</u>			
11. U. T. Austin: MSI-NERR Headquarters and Laboratory Expansion - Amendment of the FY 2009-2014 Capital Improvement Program to increase the total project cost; approval to revise the funding sources; approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)	<i>3:00 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	68
12. U. T. M. D. Anderson Cancer Center: Mid Campus Parking Facility - Amendment of the FY 2009-2014 Capital Improvement Program to increase the total project cost; approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)	<i>3:05 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	71

	Committee Meeting	Board Meeting	Page
<p>13. U. T. Health Science Center – Tyler: Academic Center – Amendment of the FY 2009-2014 Capital Improvement Program to increase the total project cost; approval to revise the funding sources; approval of design development; redesignation as Phase I; allocation of Permanent University Fund Bond Proceeds; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)</p> <p><u>Modification to the Capital Improvement Program</u></p>	<p>3:10 p.m. Action <i>Mr. O'Donnell</i></p>	<p>Action</p>	<p>73</p>
<p>14. U. T. M. D. Anderson Cancer Center: Pawnee Infrastructure Development - Amendment of the FY 2009-2014 Capital Improvement Program to increase total project cost and appropriation of funds and authorization of expenditure (Final Board approval)</p>	<p>3:15 p.m. Action <i>Mr. O'Donnell</i></p>	<p>Action</p>	<p>76</p>
<p>Adjourn</p>	<p>3:15 p.m.</p>		

1. **U. T. System: Impact of current economic trends on construction costs**

REPORT

Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction, will report on the impact of current economic trends on construction costs.

Despite the unique resiliency of the State's economy, the current economic slowdown is affecting the U. T. System Capital Program. A short report will highlight some of the trends and associated impacts and future trends will be discussed.

2. **U. T. Arlington: Special Events Center (SEC) Parking Garage and Residence Hall - Amendment of the FY 2009-2014 Capital Improvement Program to include project (Preliminary Board approval)**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Spaniolo that the U. T. System Board of Regents amend the FY 2009-2014 Capital Improvement Program (CIP) to include the Special Events Center (SEC) Parking Garage and Residence Hall project at The University of Texas at Arlington as follows:

Project No.:	301-493				
Project Delivery Method:	Design/Build				
Substantial Completion Date:	July 2012				
Total Project Cost:	<table><thead><tr><th><u>Source</u></th><th><u>Proposed</u></th></tr></thead><tbody><tr><td>Revenue Financing System Bond Proceeds</td><td>\$67,000,000</td></tr></tbody></table>	<u>Source</u>	<u>Proposed</u>	Revenue Financing System Bond Proceeds	\$67,000,000
<u>Source</u>	<u>Proposed</u>				
Revenue Financing System Bond Proceeds	\$67,000,000				
Investment Metrics:	By 2012 <ul style="list-style-type: none">• Increase on-campus housing to aid total enrollment due to affordability• Retail and commercial space will bring needed amenities• Increase parking spaces on campus for faculty, staff, students, visitors, and event participants• Additional on-campus housing will increase student retention rate from freshman to sophomore year				

BACKGROUND INFORMATION

The project consists of a 1,800 space parking structure to support the Special Events Center (SEC) and a connected residence hall structure wrapping three sides of the

parking structure. The residence hall will support the college town concept for this area of campus as presented in the Campus Master Plan. A total of 122,328 gross square feet (GSF) with 241 residence rooms plus 15 resident assistant rooms are included. Additional amenities will include laundry and vending areas, food preparation rooms, study rooms, multiuse common space, and a resident hall director's apartment and office. In further support of this concept, 8,000 GSF of retail space will be provided on the first floor of the residence hall. The retail space will be capable of supporting commercial, restaurant, or office tenants. Also, 6,800 GSF of ground level shell office space is included, which may be utilized for campus offices or for private leasing.

The project will border and complement the City of Arlington's Center Street Pedestrian Trail project that will include pedestrian amenities such as nodes with benches along with artwork that will feature U. T. Arlington's historical narratives. A University police satellite office will be located within the residence hall. Funds are included for utility infrastructure improvements on West Second Street between South Pecan and South Center Streets. This block will be abandoned by the City of Arlington, become U. T. Arlington property, and be upgraded to an architecturally appealing plaza. The combined projects will bring an attractive and definitive boundary to the east border of the campus.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented for approval to the Board at a later date.

3. U. T. Austin: Clark Field Renovation - Amendment of the FY 2009-2014 Capital Improvement Program to include project; approval of total project cost; and appropriation of funds (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents amend the FY 2009-2014 Capital Improvement Program (CIP) to include the Clark Field Renovation project at The University of Texas at Austin as follows:

Project No.:	102-487	
Project Delivery Method:	Construction Manager at Risk	
Substantial Completion Date:	April 2012	
Total Project Cost:	<u>Source</u> Gifts	<u>Proposed</u> \$5,000,000

- a. approve a total project cost of \$5,000,000 with funding from Gifts; and
- b. appropriate funds.

BACKGROUND INFORMATION

Project Description

In 1904, the Varsity Athletic field located at 24th Street and Speedway was renamed Clark Field, honoring Judge James Benjamin Clark, who served as proctor for U. T. Austin from 1885 until his death in 1908. In 1974, Clark Field was closed to make way for developing the College of Fine Arts. At the same time, the then existing Freshman Field, located along Waller Creek south of 21st Street, was officially renamed Clark Field and has served as a multipurpose outdoor field venue.

Clark Field is a unique and heavily used venue on the U. T. Austin campus that is in need of infrastructure upgrades and modernization. The four-acre outdoor facility is the last open space on central campus, serving the areas of recreation, academics, public service, and community-building.

The proposed Clark Field renovation will replace the existing natural grass with an artificial turf system; re-contour the field area to improve the grading and maximize the playing surface for the sports of lacrosse, flag football, and ultimate disc; refurbish the existing track and exercise stations; replace the existing sports lighting; add bleacher seating; and provide support facilities. Additional amenities will include a pedestrian bridge across Waller Creek, protective sports netting, scoreboards, and a new public address system.

The renovation will enhance the site's existing natural beauty along the creek, manicuring the planted edges and maximizing the open green space. The artificial turf and improved drainage will significantly increase the availability of Clark Field, as the field will not have to be closed as often during periods of inclement weather. The renovation will make the site more visible and better connected to the remainder of campus by providing improved circulation and adding a pedestrian bridge across Waller Creek at the north end of the site.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be approved by the Chancellor at a later date.

4. U. T. Austin: Outdoor Pool - Amendment of the FY 2009-2014 Capital Improvement Program to include project (Preliminary Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents amend the FY 2009-2014 Capital Improvement Program (CIP) to include the Outdoor Pool project at The University of Texas at Austin as follows:

Project No.: 102-489

Project Delivery Method: Design/Build

Substantial Completion Date: October 2011

Total Project Cost:	<u>Source</u>	<u>Proposed</u>
	Gifts	\$4,800,000

Investment Metrics:

By 2011:

- Add flexible pool space for use during routine maintenance and outages
- Increase the water space by 50% to allow for additional classroom and practice space

BACKGROUND INFORMATION

The scope of the project will include an outdoor aboveground pool for men's and women's swim team training. Decking, lighting, security walls, gates, landscaping, irrigation, and a pump system will be included to support the pool. The proposed location will be on the west side of the Lee and Joe Jamail Texas Swimming Center in the grass area just east of Trinity Street.

Approximately 1,200 university students, faculty, and staff, as well as members of the Austin community use the Lee and Joe Jamail Swimming Center each day. Addition of the outdoor pool will benefit students by having more water space for use during training and will take some of the burden off the main pool and allow more time for use by all the user groups. Currently, the user groups utilizing the Swimming Center include Men's Swimming and Diving, Women's Swimming and Diving, Kinesiology and Health Education, and Longhorn Aquatics. In addition, other swim meets are held at the Swimming Center such as the University Interscholastic League (UIL) State Championships and other national youth and collegiate meets. The addition of the outdoor pool will benefit all groups and encourage a greater participation level than is currently possible.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented for approval to the Board at a later date.

5. U. T. Austin: Whitaker Fields and Tennis Complex Renovation - Amendment of the FY 2009-2014 Capital Improvement Program to include project; approval of total project cost; and appropriation of funds (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents amend the FY 2009-2014 Capital Improvement Program (CIP) to include the Whitaker Fields and Tennis Complex Renovation project at The University of Texas at Austin as shown on the following page:

Project No.:	102-488	
Project Delivery Method:	Construction Manager at Risk	
Substantial Completion Date:	July 2015	
Total Project Cost:	<u>Source</u> Gifts	<u>Proposed</u> \$23,000,000

- a. approve a total project cost of \$23,000,000 with funding from Gifts; and
- b. appropriate funds.

BACKGROUND INFORMATION

Project Description

The proposed project scope includes restoring existing grass fields and adding synthetic fields; replacing the irrigation, plumbing, electrical, lighting, and security systems; improving the drainage and grading systems; and demolishing and replacing the support facilities. Additional amenities will include new perimeter fencing, protective sports netting, landscaping, tennis court repairs, signage, scoreboards, bleacher seating, and a new public address system.

The Whitaker Fields and Tennis Complex is an important and heavily used venue that is in need of restoration and improvement. The Complex functions as the institution's primary venue for all outdoor field and court sports for the general student population and other members of the campus community, accommodating large participation each year in Recreational Sports' programs including Intramurals, Informal Recreation, and

Sport Clubs. In addition to recreation, the Complex also accommodates a variety of academic classes offered through the Department of Kinesiology and Health Education, along with campus and special events sponsored by U. T. Austin departments and student organizations.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be approved by the Chancellor at a later date.

6. U. T. Dallas: Campus Services and Bookstore Building - Amendment of the FY 2009-2014 Capital Improvement Program to include project (Preliminary Board approval)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Daniel that the U. T. System Board of Regents amend the FY 2009-2014 Capital Improvement Program (CIP) to include the Campus Services and Bookstore Building project at The University of Texas at Dallas as follows:

Project No.:	301-485	
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date:	November 2010	
Total Project Cost:	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$6,250,000
	Unexpended Plant Funds	\$3,000,000
		\$9,250,000
Investment Metrics:	By 2010:	
	<ul style="list-style-type: none"> • Support the University's Strategic Plan Imperative of adding 5,000 full-time equivalent students • Strengthen the relationship to the surrounding community by creating another venue that will attract community members to the University campus 	

BACKGROUND INFORMATION

The proposed new Campus Services and Bookstore Building will be a two-story structure housing a vendor-operated retail bookstore facility, a campus visitor center, and other campus services, including a copy center, technology store, and coffee shop. It will be developed in a manner to attract both campus and community customers. Its location adjacent to the existing Student Activity Center will be a focal point on University property. The new building will include exterior features such as attractive parking, an outdoor trellis, and a connector road. The site of the new building, in the

heart of campus at the intersection of Drive A and Rufford Avenue, was selected due to the high level of student traffic through the area as well as its accessibility for community visitors.

The \$9,250,000 total project cost includes built-out campus services space; exterior features; a built-out atrium; and shelled bookstore space. The build-out of the shelled bookstore space is expected to be completed by a bookstore operator to be selected through a Request for Proposals (RFP) process to manage and operate the future bookstore. \$1,000,000 of Unexpended Plant Funds is expected to be repaid by vendor contract commissions.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

7. U. T. Dallas: Callier Center Renovations - Amendment of the FY 2009-2014 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; appropriation of funds; and resolution regarding parity debt (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Daniel that the U. T. System Board of Regents amend the FY 2009-2014 Capital Improvement Program (CIP) to include the Callier Center Renovations project at The University of Texas at Dallas as follows:

Project No.: 302-496
Project Delivery Method: Competitive Sealed Proposals
Institutionally Managed: Yes No
Substantial Completion Date: May 2010
Total Project Cost:

<u>Source</u>	<u>Proposed</u>
Revenue Financing System Bond Proceeds	\$1,250,000

- a. approve a total project cost of \$1,250,000 with funding from Revenue Financing System Bond Proceeds;
- b. authorize U. T. Dallas to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts;
- c. appropriate funds; and

- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
- parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$1,250,000.

BACKGROUND INFORMATION

Debt Service

The \$1,250,000 in Revenue Financing System debt will be repaid from institutional funds. Annual debt service on the \$1,250,000 Revenue Financing System debt is expected to be \$109,000. The institution's debt service coverage is expected to be at least 1.7 times and average 2.3 times over FY 2009-2014.

Project Description

The Callier Center is an important part of U. T. Dallas and plays a vital role in the medical and educational systems of the Dallas/Fort Worth metroplex, serving the needs of those with communication disorders, and providing rich training and research opportunities for students and scientists in the Callier programs. There are three clinical areas represented within the Callier Center: audiology, psychology, and speech-language pathology.

The proposed Callier Center Renovations project involves renovation of interior space including the lobby area of the facility. The project is designed to make the available clinical spaces more productive and to add needed classroom space.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be approved by the President at a later date.

It has been determined that this project would best be managed by the U. T. Dallas Facility Management personnel who have the experience and capability to manage all aspects of the work.

8. U. T. Dallas: Repairs and Major Maintenance of the Student Union - Amendment of the FY 2009-2014 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; appropriation of funds; and resolution regarding parity debt (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Daniel that the U. T. System Board of Regents amend the FY 2009-2014 Capital Improvement Program (CIP) to include the Repairs and Major Maintenance of the Student Union project at The University of Texas at Dallas as follows:

Project No.: 302-495

Project Delivery Method: Design/Build

Institutionally Managed: Yes No

Substantial Completion Date: September 2009

Total Project Cost:	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$1,000,000

- a. approve a total project cost of \$1,000,000 with funding from Revenue Financing System Bond Proceeds;
- b. authorize U. T. Dallas to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts;
- c. appropriate funds; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;

- sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
- U. T. Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$1,000,000.

BACKGROUND INFORMATION

Debt Service

The \$1,000,000 in Revenue Financing System debt will be repaid from student fees. Annual debt service on the \$1,000,000 Revenue Financing System debt is expected to be \$135,000. Debt service coverage on the project is expected to be at least 1.3 times and average 1.4 times over FY 2009-2014. The student fee that is expected to support the Revenue Financing System debt was approved by the U. T. Dallas student body and approved by the 65th Texas Legislature in 1977.

Project Description

The proposed project will replace the roof of the Student Union as well as various other major maintenance projects such as replacement of aged heating, ventilation, and air conditioning (HVAC) coils and pumps. The roof and certain components of the HVAC system have reached the end of their useful life.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be approved by the President at a later date. It has been determined that this project would best be managed by the U. T. Dallas Facility Management personnel who have the experience and capability to manage all aspects of the work.

9. U. T. El Paso: University Housing Expansion - Schuster Avenue Apartments - Amendment of the FY 2009-2014 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and resolution regarding parity debt (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Natalicio that the U. T. System Board of Regents amend the FY 2009-2014 Capital Improvement Program (CIP) to include the University Housing Expansion - Schuster Avenue Apartments project at The University of Texas at El Paso as follows:

Project No.: 201-410

Project Delivery Method: Design/Build

Substantial Completion Date: June 2010

Total Project Cost:	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$6,500,000

Investment Metrics:

By 2010:

- Renovation will include energy efficient appliances, mechanical and electrical systems, and building materials
- Housing will increase to include space for at least 200 residents
- Increasing the availability of student housing will increase enrollment by providing the opportunity for students to reside on campus

- a. approve a total project cost of \$6,500,000 with funding from Revenue Financing System Bond Proceeds;
- b. appropriate funds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and

- U. T. El Paso, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$6,500,000.

BACKGROUND INFORMATION

Debt Service

The \$6,500,000 in Revenue Financing System debt will be repaid from rent income. Annual debt service on the \$6,500,000 Revenue Financing System debt is expected to be \$522,000. Debt service coverage on the project is expected to be at least 1.1 times and average 1.3 times over FY 2011-2016.

Project Description

The proposed project will include renovations and upgrades of two apartment complexes currently owned by U. T. El Paso for conversion to student housing on Schuster Avenue. Currently, Miner Village Student Housing has an inventory of 425 beds and consistently operates at capacity. This project will add approximately 205 beds to the housing inventory.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be approved by the Chancellor at a later date.

- 10. U. T. Southwestern Medical Center – Dallas: Remodel Level 8 St. Paul University Hospital - Amendment of the FY 2009-2014 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; and appropriation of funds (Final Board approval)**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Podolsky that the U. T. System Board of Regents amend the FY 2009-2014 Capital Improvement Program (CIP) to include the Remodel Level 8 St. Paul University Hospital project at The University of Texas Southwestern Medical Center at Dallas as shown on the following page.

Project Delivery Method: Competitive Sealed Proposals

Institutionally Managed: Yes No

Substantial Completion Date: August 2010

Total Project Cost:	<u>Source</u>	<u>Proposed</u>
	Hospital Revenues	\$9,200,000

Investment Metrics:

- Increase hospital admissions by 5,300 over a six year period beginning in FY 2011

- a. approve a total project cost of \$9,200,000 with funding from Hospital revenues;
- b. authorize U. T. Southwestern Medical Center – Dallas to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts; and
- c. appropriate funds.

BACKGROUND INFORMATION

Project Description

The Remodel Level 8 St. Paul University Hospital project provides for the complete demolition of the interior space of approximately 27,000 gross square feet, and the creation of a 32-bed medical/surgical nursing unit.

The new nursing unit is needed to address bed capacity constraints anticipated by Fiscal Year 2011. The shortage of medical/surgical beds will result in 12,000 hospital discharges not being accommodated from Fiscal Years 2011-2016. The additional 32 beds will allow the hospital to accommodate 5,300 of these discharges over the six-year period.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be approved by the President at a later date. It has been determined that this project would best be managed by the U. T. Southwestern Medical Center – Dallas Facility Management personnel who have the experience and capability to manage all aspects of the work.

11. U. T. Austin: Marine Science Institute-National Estuarine Research Reserve (MSI-NERR) Headquarters and Laboratory Expansion - Amendment of the FY 2009-2014 Capital Improvement Program to increase the total project cost; approval to revise the funding sources; approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents approve the recommendations for the Marine Science Institute-National Estuarine Research Reserve (MSI-NERR) Headquarters and Laboratory Expansion project at The University of Texas at Austin as follows:

Project No.: 102-395
Project Delivery Method: Construction Manager at Risk
Substantial Completion Date: December 2010

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Gifts	\$ 2,500,000	\$ 795,000
	Grants	\$10,200,000	\$ 9,475,000
	Designated Funds	\$ 6,500,000	---
	Available University Funds	----	\$ 1,600,000
	Revenue Financing System Bond Proceeds	----	<u>\$ 9,480,000</u>
		<u>\$19,200,000</u>	<u>\$21,350,000</u>

- Investment Metrics:**
- This project will enable the NERR program to work with regional groups and local communities on natural resource management issues such as pollution, invasive species, and habitat restoration by 2010.
 - Development of programs to work with K-12 will be enhanced by this project allowing actual field research exercises and assisting grade school teachers in establishing marine science programs within their education system through professional development programs by 2010.
 - MSI facilities are fully occupied and dedicated to other uses. The laboratory expansion will include new offices and laboratories to accommodate expansion of faculty at MSI by 2010.
- a. amend the FY 2009-2014 Capital Improvement Program (CIP) to increase the total project cost from \$19,200,000 to \$21,350,000;
 - b. revise the funding sources from \$2,500,000 from Gifts, \$10,200,000 from Grants, and \$6,500,000 from Designated Funds to \$795,000 from Gifts, \$9,475,000 from Grants, \$1,600,000 from Available University Funds (AUF), and \$9,480,000 from Revenue Financing System Bond Proceeds;

- c. approve design development plans;
- d. appropriate funds and authorize expenditure of funds;
- e. approve the evaluation of alternative energy economic feasibility; and
- f. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$9,480,000.

BACKGROUND INFORMATION

Debt Service

The \$9,480,000 in aggregate Revenue Financing System debt will be repaid from Gifts as received. Annual debt service on the \$9,480,000 Revenue Financing System debt is expected to be \$380,000. The institution's debt service coverage is expected to be at least 1.8 times and average 2.3 times over FY 2009-2014. Approximately \$350,000 of the aggregate \$9,480,000 Revenue Financing System debt proceeds is anticipated to be used for interest expense during construction.

Previous Board Action

On February 7, 2008, the project was included in the CIP with a total project cost of \$19,200,000 with funding of \$2,500,000 from Gifts, \$10,200,000 from Grants, and \$6,500,000 from Designated Funds.

Project Description

The project consists of a headquarters and research building for the Mission Aransas (MA) National Estuarine Research Reserve (NERR) located at the Marine Science Institute (MSI) in Port Aransas, Texas, along with laboratory expansion space for MSI research. The headquarters includes laboratories and offices for NERR administration, space for coastal training programs, research space, and stewardship space. The laboratory expansion will include space for MSI research laboratories and offices for permanent scientific staff and visiting scientists. The increase in total project cost will add a Resource Center on the second floor of the headquarters building. The Resource Center will contain an online research facility, breakout rooms for workshops, paper and digital information resource files, and also serve as an archive for all MA-NERR documents and products.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 50-75 years
- Building Systems: 25-30 years
- Interior Construction: 15-20 years

The exterior appearance and finish are consistent with existing buildings. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities. The interior appearance and finish are consistent with existing campus buildings.

The building frame, wall systems and windows are designed to withstand hurricane force winds in accordance with applicable codes and the Texas Department of Insurance. The first floor is set above the minimum elevation established by the Federal Emergency Management Agency (FEMA), and in the rare event of tidal forces above that elevation, the walls and partitions of the first floor are designed to break away before the primary structure is affected.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building or an addition to an existing building. Therefore, the Project Architect prepared a renewable energy evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

12. U. T. M. D. Anderson Cancer Center: Mid Campus Parking Facility - Amendment of the FY 2009-2014 Capital Improvement Program to increase the total project cost; approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Mendelsohn that the U. T. System Board of Regents approve the recommendations for the Mid Campus Parking Facility project at The University of Texas M. D. Anderson Cancer Center as follows:

Project No.: 703-494

Project Delivery Method: Design/Build

Institutionally Managed: Yes No

Substantial Completion Date: June 2011

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Hospital Revenues	\$12,500,000	\$12,232,000
	Revenue Financing System Bond Proceeds	<u>\$20,000,000</u>	<u>\$35,000,000</u>
		\$32,500,000	\$47,232,000

Investment Metrics:

- Provide a minimum of 1,920 spaces by July 2011 to accommodate the Phase I and Phase II tenant occupancy of the Administrative Support Building
- Provide a minimum of 2,546 spaces by July 2012 to accommodate the remaining tenant build-out of the Administrative Support Building
- Provide a maximum number of 2,675 spaces by July 2012 for other parking needs

- a. amend the FY 2009-2014 Capital Improvement Program (CIP) to increase the total project cost from \$32,500,000 to \$47,232,000;
- b. approve design development plans;
- c. appropriate funds and authorize expenditure of funds in the amount of \$35,000,000 from Revenue Financing System Bond Proceeds and \$12,232,000 from Hospital Revenues;
- d. approve the evaluation of alternative energy economic feasibility; and
- e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that

- parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
- sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
- U. T. M. D. Anderson Cancer Center, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$35,000,000.

BACKGROUND INFORMATION

Debt Service

The \$35,000,000 in Revenue Financing System debt will be repaid from parking fees. Annual debt service on the \$35,000,000 Revenue Financing System Debt is expected to be \$2,408,000. Debt service coverage on the project is expected to be at least 1.4 times and average 1.5 times over FY 2010-2015.

Previous Board Action

On August 11, 2005, the project was included in the CIP with a total project cost of \$32,500,000 with funding of \$20,000,000 from Revenue Financing System Bond Proceeds and \$12,500,000 from Hospital Revenues.

Project Description

This project will provide additional parking for the Administrative Support Building on the mid-campus land. Originally, the project envisioned a new parking facility for approximately 2,000 vehicles. Subsequent studies have indicated the need for additional parking spaces in the mid-campus area. The approval to increase the total project cost will provide for a new 983,692 gross square foot, 11-level parking facility for approximately 2,700 vehicles.

Pursuant to a Memorandum of Understanding effective August 26, 2004, U. T. M. D. Anderson Cancer Center has delegated authority for institutional management

of construction projects under the continued oversight of the Office of Facilities Planning and Construction; however, the institutionally managed projects are subject to review by the Board of Regents for design development.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 50-75 years
- Building Systems: 25-30 years
- Interior Construction: 15-20 years

The exterior appearance and finish are consistent with existing buildings. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities. The interior appearance and finish are consistent with existing campus buildings.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building or an addition to an existing building. Therefore, the Project Architect prepared a renewable energy evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

13. **U. T. Health Science Center – Tyler: Academic Center – Amendment of the FY 2009-2014 Capital Improvement Program to increase the total project cost; approval to revise the funding sources; approval of design development; redesignation as Phase I; allocation of Permanent University Fund Bond Proceeds; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Calhoun that the U. T. System Board of Regents approve the recommendations for the Academic Center project at The University of Texas Health Science Center at Tyler as follows:

Project No.: 801-361
Project Delivery Method: Construction Manager at Risk
Substantial Completion Date: August 2011

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Tuition Revenue Bond Proceeds	\$21,120,000	\$21,120,000
	Gifts	\$ 2,000,000	----
	Permanent University Fund Bond Proceeds	----	\$10,000,000
	Revenue Financing System Bond Proceeds	----	\$ 5,880,000
	Designated Funds	----	\$ 5,000,000
		<u>\$23,120,000</u>	<u>\$42,000,000</u>

Investment Metrics:

By 2011:

- Provide educational facilities of 180 seat amphitheatre, 2 each 30 seat classrooms, and 3 each 15 seat classrooms
 - Provide educational, research, and clinical facilities to increase the number of Family Medicine Residents from 21 to 30
 - Provide clinical facilities for a new program in radiation oncology and expand infusion therapy services
- a. amend the FY 2009-2014 Capital Improvement Program (CIP) to increase the total project cost from \$23,120,000 to \$42,000,000;
 - b. revise the funding sources from \$21,120,000 from Tuition Revenue Bond Proceeds, and \$2,000,000 from Gifts to \$21,120,000 from Tuition Revenue Bond Proceeds, \$10,000,000 from Permanent University Fund (PUF) Bond Proceeds, \$5,880,000 from Revenue Financing System Bond Proceeds, and \$5,000,000 from Designated Funds;
 - c. approve design development plans;
 - d. redesignation of the project as the Academic Center - Phase I;
 - e. allocation of PUF Bond Proceeds;
 - f. appropriate funds and authorize expenditure of funds;
 - g. approve the evaluation of alternative energy economic feasibility; and
 - h. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and

- U. T. Health Science Center – Tyler, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$27,000,000.

BACKGROUND INFORMATION

Debt Service

The 79th Legislature authorized \$21,120,000 of Tuition Revenue Bonds for an academic center. While the debt service is payable from pledged revenues, it is expected that the State will reimburse debt service on Tuition Revenue Bonds through general revenue appropriations. The \$5,880,000 in Revenue Financing System debt will be repaid from patient revenues. Annual debt service on the \$5,880,000 Revenue Financing System debt is expected to be \$427,000. The institution's debt service coverage is expected to be at least 1.6 times and average 2.1 times over FY 2009-2014.

As of March 31, 2009, the U. T. System's Constitutional debt capacity for the PUF was approximately \$20 million. The debt capacity is calculated as 20% of the cost value of the PUF endowment less PUF debt outstanding and authorized, but unissued.

Previous Board Action

On August 23, 2007, the project was included in the CIP with a total project cost of \$23,121,000 with funding of \$21,121,000 from Tuition Revenue Bond Proceeds and \$2,000,000 from Gifts. It was subsequently determined that Tuition Revenue Bond Proceeds should have been in the amount of \$21,120,000 as approved by the 79th Legislature. The CIP was administratively reduced by the \$1,000 that was previously included in error.

Project Description

Since the project for the Academic Center was funded in 2006, the needs of the institution have changed. The Academic Center has transitioned from a purely academic project with limited clinical space to one that includes additional diagnostic and treatment space. The square footage has been increased and the project now includes the Cancer Research and Treatment Area.

The proposed new academic center will be a three-level structure of approximately 78,500 gross square feet (GSF) with a future two-level lobby pavilion of approximately 5,900 GSF that will connect to the existing main hospital complex. The first floor will be

completed for use as a modern, integrated clinical oncology area. The second and third floors will be shell space for future build-out of a family medicine clinic and residency program, an education and conference center, and a medical library.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 50-75 years
- Building Systems: 25-30 years
- Interior Construction: 15-20 years

The exterior appearance and finish are consistent with existing campus buildings and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities. The interior appearance and finish are consistent with existing campus buildings.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building or an addition to an existing building. Therefore, the Project Architect prepared a renewable energy evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

14. U. T. M. D. Anderson Cancer Center: Pawnee Infrastructure Development - Amendment of the FY 2009-2014 Capital Improvement Program to increase total project cost and appropriation of funds and authorization of expenditure (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Mendelsohn that the U. T. System Board of Regents approve the recommendations for the Pawnee Infrastructure Development project at The University of Texas M. D. Anderson Cancer Center as follows:

Project Delivery Method: Competitive Sealed Proposals

Institutionally Managed: Yes No

Substantial Completion Date: May 2010

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Hospital Revenues	\$4,000,000	\$7,700,000

- a. amend the FY 2009-2014 Capital Improvement Program (CIP) to increase the total project cost from \$4,000,000 to \$7,700,000; and
- b. appropriate funds and authorize expenditure in the amount of \$7,700,000 from Hospital Revenues.

BACKGROUND INFORMATION

Previous Board Action

On August 22, 2007, the project was included in the CIP with a total project cost of \$4,000,000 with funding from Hospital Revenues.

Project Description

The roadway included in the infrastructure development project was originally anticipated to be 40 feet wide and approximately 1,000 linear feet. The project is now expected to be a 48-foot roadway of 1,750 linear feet and will include a new 12-inch water line, 8-inch wastewater line, and storm drainage. In addition, a new railroad crossing and a new traffic signal at the Alameda Road and Hepburn Street intersection are necessary. The additional scope of work necessitates an increase in the total project cost.

U. T. M. D. Anderson Cancer Center continues to acquire property for the East Campus area and is working with the City of Houston to re-plat the East Campus area into constructible sites for future expansion. Approval by the City of Houston is required for the abandonment of certain streets and alleys used by the City, in exchange for the additional right-of-way for a future road. The City of Houston is requiring that Hepburn Street and Pawnee Street be re-aligned and constructed within one year of the City Council's approval of the exchange. Completing this project will position U. T. M. D. Anderson Cancer Center to comply with the re-platting schedule and meet commitments by the City.

Pursuant to a Memorandum of Understanding effective August 26, 2004, U. T. M. D. Anderson Cancer Center has delegated authority for institutional management of construction projects under the continued oversight of the Office of Facilities Planning and Construction. The institutionally managed projects are subject to review by the Board of Regents for design development.



TABLE OF CONTENTS FOR STUDENT, FACULTY, AND STAFF CAMPUS LIFE COMMITTEE

Committee Meeting: 5/13/2009
Austin, Texas

*James D. Dannenbaum, Chairman**
Printice L. Gary
R. Steven Hicks
Robert Stillwell
Michael Swindle, Chair, Employee Advisory Council
Mansour El-Kikhia, Chair, Faculty Advisory Council
Aaron Rosas, Chair, Student Advisory Council

	Committee Meeting	Page
Convene	5:15 p.m. <i>Chairman Dannenbaum</i>	
U. T. System: Annual Meeting with Officers of the U. T. System Student Advisory Council	5:15 p.m. Report <i>Mr. Rosas</i>	78
Adjourn	6:00 p.m.	

**Pending approval by Board*

U. T. System: Annual Meeting with Officers of the U. T. System Student Advisory Council

The U. T. System Student Advisory Council will meet with the Board of Regents to discuss accomplishments of the Council and plans for the future. The Council's recommendations are on Pages 80 - 83 and the Council's February 2009 resolution on Tuition Affordability and Financial Aid is on Pages 84 - 85.

AGENDA

1. Executive and Standing Committee Member Introductions
2. Chairperson's Report and Overview
3. Executive Committee and Standing Committee Remarks and Recommendations

Council members scheduled to attend are:

Chair: Mr. Aaron Rosas, U. T. El Paso, Graduate School, Public Administration

Academic Affairs: Ms. Kerrie Ambort, U. T. Tyler, Business

Student Involvement and Campus Life Committee: Mr. Raghuvver Puttagunta, U. T. Pan American, Chemistry

Health and Graduate Affairs Committee: Mr. Bradley Carpenter, U. T. Austin, Graduate School, Education Policy and Planning

Financial and Legislative Affairs Committee: Mr. Keshav Rajagopalan, U. T. Austin, Plan II/Communication Studies

BACKGROUND INFORMATION

The U. T. System Student Advisory Council was established in 1989 to provide input to the U. T. System Board of Regents working through and with the Chancellor and U. T. System Administration on issues of student concern. The operating guidelines of the Council require that recommendations have a multi-institutional focus and that the Council explore individual campus issues with institutional administrators prior to any consideration thereof. The Student Advisory Council consists of two student representatives from each U. T. System institution enrolling students, and meets three times yearly in Austin. The Standing Committees of the Council are: Academic Affairs, Student Involvement and Campus Life, Health and Graduate Affairs, and Financial and Legislative Affairs.



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Office of Academic Affairs
601 Colorado Street, Austin, TX 78701
Phone: (512) 499-4233, Fax: (512) 499-4240

April 6, 2009

Dr. Francisco Cigarroa
Chancellor
The University of Texas System
601 Colorado St.
Austin, TX 78701

- The University of Texas at Arlington
- The University of Texas at Austin
- The University of Texas at Brownsville
- The University of Texas at Dallas
- The University of Texas at El Paso
- The University of Texas –Pan American
- The University of Texas of the Permian Basin
- The University of Texas at San Antonio
- The University of Texas at Tyler

Dear Chancellor Cigarroa,

I would like to express my appreciation to the Board of Regents of The University of Texas System for giving us this opportunity to present our recommendations on how to improve the lives of our fellow students and improve the educational experience as a whole.

Year after year, the council works diligently to formulate recommendations to present to our Board of Regents. Attached you will find the formal recommendations of this year’s council. These recommendations, along with the Tuition Flexibility and Financial Aid Resolution that I forwarded to you and Chairman Caven this February, complete the Council’s work for this academic year. I would like to recognize the hard work that this Council has demonstrated. Together, we have developed recommendations which are aimed at improving multiple aspects of our institutions, with one goal in mind – improving the success of our students.

Words cannot convey the gratitude that the Council and I have for Dr. Edward Baldwin, Dr. James Studer, and all the System staff and fellow administrators for their tireless devotion to our success, endless support of the council, and superb guidance throughout the entire year. It is because of them, that the Council successfully puts forth strong recommendations, and I confidently speak on behalf of the Council in voicing how deeply grateful we are.

I thank you for the opportunity to share with you our recommendations and look forward to presenting our recommendations to the Board of Regents in May.

Sincerely,

Aaron Z. Rosas
Chair, Student Advisory Council
The University of Texas System

Attachment

The University of Texas at El Paso
500 W. University Ave.
El Paso, Tx. 79968
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azrosas@utep.edu

www.utsystem.edu

**THE UNIVERSITY OF TEXAS SYSTEM STUDENT ADVISORY COUNCIL
RECOMMENDATIONS TO THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS
SYSTEM**

After careful consideration, we the members of The University of Texas System Student Advisory Council (SAC), respectfully submit the following recommendations to The University of Texas Board of Regents. These recommendations concern a wide variety of students at multiple institutions in The University of Texas System.

Academic Affairs Committee

Recommendation 1

The U. T. System Student Advisory Council is concerned that students may not be adequately involved in academic integrity disciplinary proceedings. As stakeholders in the integrity of our institutions and fellow students, we recommend that the Board of Regents facilitate student input in such proceedings. A possible solution is the inclusion of students on an advisory committee, which offers counsel to the dean of students or a designated hearing officer regarding sanctions imposed on students who have either admitted guilt or have been found guilty to a charge of academic dishonesty.

Recommendation 2

We recommend that the Board of Regents reinforce syllabi guidelines at all U. T. System academic institutions. The course syllabi, distributed by professors within the first week of classes, should include but are not limited to:

- The purpose and objectives of the course
- The semester in which the course is being offered
- Course prefix/number and title
- Course description in correlation with course catalog
- Prerequisites for course
- A list of required and recommended reading material and passages
- Class policies that pertain to grading, assignments, examinations, and absences
- Due dates for major assignments
- Professor contact information including email, phone number, office hours, and location
- Policies regarding student expectations
- Disability/Special accommodations statement
- A department or university honor code or statement of ethics
- An explanation or example of what constitutes plagiarism

Financial and Legislative Affairs Committee

Recommendation 3

The U. T. System Student Advisory Council recommends that each institution establish a service that educates the student population on financial literacy and financial management matters. This service

should target students in their first year of enrollment and should include financial literacy and financial management seminars that are performed throughout the year and a peer-to-peer type of educational advising system that counsels students on these issues.

Possible topics that should be covered include but are not limited to the following:

- Credit card responsibility
- Loan payment and consolidation
- Savings
- Budgeting
- Economic climate
- Consumer responsibility
 - Negotiation of loans
 - Insurance
 - Taxes
 - Liens
 - Investing
 - Bill payment
- Identity theft

Examples of these services are the Texas Tech University's Red to Black program and the University of North Texas' Student Money Management Center.

Health and Graduate Affairs Committee

Recommendation 4

Health insurance remains a critical problem for U. T. System students. In response to the 2007-2008 UTSSAC Recommendation 7, the Board of Regents suggested, "a health insurance survey be conducted for undergraduate and professional students." As a result, the 2008-2009 UTSSAC conducted a System-wide survey in order to better identify and represent the diverse opinions of students on issues pertaining to health insurance.

We recommend that U. T. System consider these survey results when negotiating the bidding process for student health insurance contracts and services provided through these policies.

Recommendation 5

Emergency situations stemming from natural disasters can affect students' accessibility to health care and student services. During Hurricane Ike, students from U. T. Medical Branch - Galveston were dispersed to campuses throughout the U. T. System. Some displaced students were unable to access needed medical attention and other student services at host institutions.

We recommend the Board of Regents ensure mechanisms are in place following a state of emergency that allow displaced students to receive adequate medical help and student services at any of the U. T. System campuses.

We also recommend that while this policy is in effect, it is well communicated to all involved students and healthcare administrators.

Student Involvement and Campus Life Committee

Recommendation 6

Environmental sustainability is an important issue for current and future students on all U. T. System campuses. The U. T. System Policy on Sustainability Practices promotes generalized goals but does not set comprehensive evaluation criteria and quantifiable standards such as those found on www.greenreportcard.org. This is evidenced by published reports where a “C” average was assigned to the only two evaluated UT institutions. We would like to improve our sustainability practices to work towards surpassing the standards set by our relevant competitors.

For example, GreenReportCard. org profiles and grades the sustainability efforts at 300 plus universities on the following categories: administration, climate change and energy, food and recycling, green building, student involvement, transportation, endowment transparency, investment priorities, shareholder engagement, and assigns an overall grade.

We recommend that The University of Texas System:

- take a more concerted action to promote environmentally responsible practices on each campus
- create an assessment tool (similar to www.greenreportcard.org) for evaluating each institution in order to gage and promote progress towards environmentally responsible practices (Table 1)

Table 1: Sample Indicators used by the *College Sustainability Report Card* and The University of Texas System Policy on Sustainability Practices

Administration
Sustainability Policies
Sustainability Staff
Green Purchasing Policies
Advisory Council
Maintenance of a Sustainability Department/Office
Website
Climate Change & Energy
Carbon Emissions Inventory
Commitment to Emissions Reduction
Energy Efficiency
Incentive Programs for Energy Conservation
Renewable Energy Purchase and Investment
Food & Recycling
Local Food
Organic and Sustainably Produced Food
Reusable Dishware and Eco-friendly To-go Containers
Composting Food and Landscaping Waste
Recycling Program for Dining Halls & Offices
Green Building
Green Building Policy and LEED Certification
Renovation and Retrofits
Student Involvement
New Student Orientation
Internships/Outreach Opportunities
Sustainability Challenges and Competitions

- include students as members of the U. T. System Sustainability Steering Committee and each institution's sustainability committee
- increase transparency of sustainability practices by publishing progress reports on institutional and U. T. System websites on an annual basis



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February 17, 2009

Mr. H. Scott Caven, Jr.
Chairman, Board of Regents
The University of Texas System
201 W. 7th St., Suite 820
Austin, TX 78701-2981

Francisco G. Cigarroa, M.D.
Chancellor
The University of Texas System
601 Colorado Street
Austin, TX 78701-2981

Dear Chairman Caven and Chancellor Cigarroa,

As Chair of the UT System Student Advisory Council (SAC), I am writing to you today to formally introduce a resolution on behalf of the council. In our February meeting, the council passed one resolution that we would like to pass on to you prior to our presentation of our recommendations in May. Please find the wording of the resolution below. The resolution is concerning Tuition Flexibility and Need-Based Financial Aid.

**TUITION FLEXIBILITY AND NEED-BASED
FINANCIAL AID RESOLUTION**

The UT System Student Advisory Council recommends that the UT System Board of Regents continue to support tuition flexibility and actively recognize the importance of state and federal need-based financial aid.

We understand the need for and are in full support of tuition deregulation. The ability for an institution to set its own tuition is paramount in today's climate of less-than-acceptable state funding for higher education. In order for our institutions to maintain their excellence and improve their programs, tuition flexibility is an important tool for them to have. It allows them to assess their own needs and set tuition in a transparent and accountable manner that includes students.

www.utssystem.edu

The UT System is also committed to maintaining educational accessibility for students and their families from any socio-economic background. Therefore, UT SAC recommends the UT System Board of Regents actively recognize the importance of need-based financial aid and pursue greater funding for need-based financial aid programs, both state and federal.

The resolution passed unanimously in favor of tuition flexibility. We look forward to presenting the remainder of our recommendation at the Board of Regents meeting in May. Please feel free to contact me if you have any questions. Thank you for your support.

Sincerely,

/s/

Aaron Rosas
2008-2009 UT System SAC Chair
The University of Texas at El Paso
915 474-0220

AR/plc

Cc: Dr. David Prior, Executive Vice Chancellor for Academic Affairs
Kenneth Shine, M.D., Executive Vice Chancellor for Health Affairs
Dr. James Studer, Associate Vice Chancellor for Academic Affairs
Ms. Francie Frederick, General Counsel to the Board of Regents
Dr. Edward Baldwin, Senior Policy Analyst, Academic Affairs