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May 12-13, 2010
Austin, Texas

Wednesday, May 12, 2010

Board/Committee Meetings

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1. **U. T. System Board of Regents: Recommendation to approve Chairman's appointment of Chairmen of Board Committees and Regental Representatives; 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 McHugh requests the concurrence of the U. T. System Board of Regents on recommended appointments of Chairmen to Board Committees and Regental Representatives as underlined 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 Board Chairman reconstitutes the committees.

Committees

Academic Affairs Committee

Robert L. Stillwell, Chairman

Paul L. Foster

James R. Huffines

Janiece Longoria

Note: Members of the Academic Affairs Committee also serve on The University of Texas at Brownsville/Texas Southmost College (UTB/TSC) Partnership Advisory Committee (PAC).

Audit, Compliance, and Management Review Committee

R. Steven Hicks, Chairman

Paul L. Foster

Janiece Longoria

Robert L. Stillwell

Facilities Planning and Construction Committee

Printice L. Gary, Chairman

James D. Dannenbaum

R. Steven Hicks

Wm. Eugene Powell

Finance and Planning Committee

Paul L. Foster, Chairman

Printice L. Gary

James R. Huffines

Wm. Eugene Powell

Health Affairs Committee

Janiece Longoria, Chairman

James D. Dannenbaum

Wm. Eugene Powell

Robert L. Stillwell

Student, Faculty, and Staff Campus Life Committee

James D. Dannenbaum, Chairman

Printice L. Gary

R. Steven Hicks

James R. Huffines

Note: The Chairman of the Board and the Student Regent are nonvoting *ex officio* members of all committees.

Regental Representatives

Athletics Liaison

R. Steven Hicks (Chairman's appointment)

Board for Lease of University Lands

James D. Dannenbaum

Printice L. Gary

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

James D. Dannenbaum (Chairman's appointment)

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

Janiece Longoria

The University of Texas Investment Management Company (UTIMCO)

Vice Chairman Foster, Vice Chairman Longoria, and Regent Gary were previously appointed to terms on the UTIMCO Board of Directors that expire in 2011.

2. **U. T. System Board of Regents: Presentation regarding the feasibility of possible merger of U. T. San Antonio and U. T. Health Science Center – San Antonio**

REPORT

Dr. Peter T. Flawn, President Emeritus at U. T. Austin, former President at U. T. San Antonio, and Chair of the Special Advisory Group appointed by former Chairman Huffines to advise the Board regarding the feasibility of merging The University of Texas at San Antonio and The University of Texas Health Science Center at San Antonio, will report on the work of the Special Advisory Group.

BACKGROUND INFORMATION

On October 12, 2009, former Chairman Huffines appointed a Special Advisory Group to advise the Board regarding the possible merger of U. T. San Antonio and U. T. Health Science Center – San Antonio. The Group was composed of:

- Dr. Peter T. Flawn (Chair), President Emeritus, The University of Texas at Austin, former President at U. T. San Antonio, and member of the National Academy of Engineering
- Dr. Jordan J. Cohen, President Emeritus of the Association of American Medical Colleges, Professor of Medicine and Public Health at George Washington University, and a member of the Institute of Medicine
- Dr. Haile T. Debas, Executive Director, University of California - San Francisco Global Health Sciences, and a member of the Institute of Medicine
- Dr. Patricia K. Donahoe, Director of Pediatric Surgical Research Laboratories, Simches Research Center, Massachusetts General Hospital and Marshall K. Bartlett Professor of Surgery, Harvard Medical School, and a member of the National Academy of Sciences
- Mr. Robert W. Shepard, Chairman of the Board, Shepard Walton King Insurance Group, and immediate past chairman, Texas Higher Education Coordinating Board
- Dr. Graham B. Spanier, President, The Pennsylvania State University, and former Chairman of the Association of American Universities
- Dr. Richard A. Tapia, University Professor, Maxfield-Oshman Professor in Engineering, and Director of the Center for Excellence and Equity in Education, Rice University, and a member of the National Academy of Sciences.

Chairman Huffines charged the Group with consulting with students, faculty, and administrators at both institutions as well as community leaders regarding a possible change in the operations of the institutions, to identify and evaluate potential financial and programmatic benefits and challenges concerning a possible merger, and to evaluate and make recommendations concerning any legal, administrative, or practical problems concerning a possible merger.

The Group conducted meetings in Austin and San Antonio, consulted with U. T. System officials, interviewed institutional administrators, faculty, and student leadership, and heard from business, academic, and political leaders.

The Board of Regents previously considered the possible merger of the institutions in 2002 following enactment of a law directing the Board to study the issue.

3. **U. T. System Board of Regents: Proposal to designate John T. Tate, Ph.D., Professor Emeritus of Mathematics at U. T. Austin, as Regental Professor Emeritus**

RECOMMENDATION

Chancellor Cigarroa concurs in the recommendation of Executive Vice Chancellor Prior and President Powers that the title of Regental Professor Emeritus be bestowed on John T. Tate, Ph.D., Professor Emeritus of Mathematics at U. T. Austin, for winning the Abel Prize.

BACKGROUND INFORMATION

The Regents' *Rules and Regulations*, Rule 31001, regarding honorific titles, permits bestowing the title of Regental Professor on any faculty member who is awarded the Nobel Prize. The Abel Prize for 2010 was awarded to Dr. Tate by the Norwegian Academy of Science and Letters for his vast and lasting impact on the theory of numbers. The award is considered akin to a Nobel Prize, for which there is no award for mathematics. The award was announced on March 24, 2010, and will be presented to Dr. Tate on May 25, 2010.

Professor Tate received his Bachelor of Arts from Harvard College and his Ph.D. from Princeton University. He taught at Princeton, Columbia University, and Harvard University. In 1990, he became Professor and Sid W. Richardson Chair in Mathematics at U. T. Austin, retiring in 2009. He received numerous awards and honors and was elected to the National Academy of Sciences in 1969. Many essential mathematical ideas and constructions were initiated by Dr. Tate and later named after him, including the Tate module, the Tate curve, the Tate cycle, the Tate conjecture, and the Tate algorithm.

4. **U. T. Austin: Honorific naming of two floors in the Jesse H. Jones Hall of the Law School as the Stephen D. Susman Academic Center**

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 naming of two floors in the Jesse H. Jones Hall of the U. T. Austin Law School as the Stephen D. Susman Academic Center to recognize the significant contributions of Mr. Susman to the Law School.

BACKGROUND INFORMATION

The Law School is in the beginning stage of remodeling several floors of the Jesse H. Jones Hall in the Law School complex. The honorific naming opportunity refers to floors five and six, which are being converted to faculty offices and meeting spaces for classes, seminars, research, and events. This space will create a two-floor academic center.

Mr. Susman received an LLB degree from U. T. Austin in 1965 and is managing partner of a litigation firm, Susman Godfrey, LLP, based in Houston with offices in Dallas, Seattle, Los Angeles, and New York. Among numerous professional awards, he was recognized by *Who's Who Legal* as the Leading Commercial Litigator in the World in 2006 and 2007. Mr. Susman is deeply committed to U. T. Austin, providing leadership and financial support both personally and through his law firm. He previously made gifts of \$1 million to the University's Jack S. Blanton Museum of Art and his law firm gave \$2 million to create an excellence fund in the School of Law. In January 2005, the atrium in Townes Hall was renamed the Susman Godfrey Pavilion in honor of the firm's substantial endowment gifts. Mr. Susman has recently committed an additional \$5 million to the Law School to fund greatest need areas as determined by the dean. He serves as a member of the Development Board and on the Law School's Leadership Gifts committee for the Campaign for Texas.

Because of Mr. Susman's significant contribution of service and philanthropy to the U. T. Austin Law School, the honorific naming request is being made. The proposed naming is consistent with the Regents' *Rules and Regulations*, Rule 80307, relating to the honorific naming of facilities.

5. **U. T. System Board of Regents: Report on activities related to Texas Education Code Section 61.0665 on use and availability of electronic textbooks**

REPORT

Regent Meijer will report on activities related to the Texas Higher Education Coordinating Board's study regarding the use and availability of electronic textbooks in higher education.

BACKGROUND INFORMATION

Texas Education Code Section 61.0665 requires each Student Regent for each public university system or public university to assist the Texas Higher Education Coordinating Board to conduct a study and recommend policies regarding the use and availability of electronic textbooks at institutions of higher education. The study must focus on a pilot program on electronic textbooks conducted at U. T. Austin in 2009, with the report to be made to the Governor, Lieutenant Governor, Speaker of the House of Representatives, and presiding officer of appropriate legislative committees by December 1, 2010.

Regent Meijer has worked with Coordinating Board staff pursuant to the legislation and has also participated in discussions at U. T. Austin concerning additional activities related to the use of electronic textbooks.

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

RECOMMENDATION

To comply with the Department of Defense National Industrial Security Program Operating Manual (NISPOM) requirements, it is recommended that the list of individuals authorized to negotiate, execute, and administer classified government contracts [Key Management Personnel (KMP)] be amended to a) eliminate the titles of Regents, and b) add positions of KMPs at U. T. System and U. T. Austin. A Resolution amending the list was last adopted by the Board on May 13, 2009.

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.

BE IT RESOLVED:

- a. 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 D. Dannenbaum
Paul L. Foster
Printice L. Gary
R. Steven Hicks
James R. Huffines
Janiece Longoria
Colleen McHugh
Wm. Eugene Powell
Robert L. Stillwell

- b. That those persons occupying the following positions among the officers of The University of Texas System shall be known as Key Management Personnel as described in the Department of Defense National Industrial Security Program Operating Manual for safeguarding classified information:

Chancellor, Chief Executive Officer, U. T. System
President, U. T. Austin
Vice President for Research, U. T. Austin
Associate Vice President for Research and Director, Office of Sponsored
Projects, U. T. Austin
U. T. System a.k.a. U. T. Austin Facility Security Officer

BACKGROUND INFORMATION

As a nonvoting member, the Student Regent is not listed.

7. **U. T. System Board of Regents: Amend Regents' *Rules and Regulations*, Rule 31003, regarding abandonment of academic positions or programs**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Rule 31003, regarding abandonment of academic positions or programs, be amended as set forth in congressional style on Pages 9 - 15.

BACKGROUND INFORMATION

The proposed amendments to the Regents' *Rules and Regulations*, Rule 31003, will reinforce the importance of meaningful faculty involvement at all stages of financial exigency, will ensure a reasonable level of transparency in the process, and will clarify what is meant by "financial exigency" that would trigger this policy. The proposed revisions were reviewed by presidents at both the academic and health institutions and members of the U. T. System Faculty Advisory Council.

1. Title

Abandonment of Academic Positions or Programs

2. Rule and Regulation

Sec. 1 President's Responsibility. The president of an institution of The University of Texas System ~~has the responsibility~~ is responsible for determining when to eliminate occupied academic positions, the titles of which are given in the Regents' *Rules and Regulations*, Rule 31001, or abandon academic programs or both, subject to approval by the appropriate Executive Vice Chancellor. The decision of the president shall include full and meaningful faculty input as specified below and in the institution's *Handbook of Operating Procedures*, and the implementation of that decision shall be subject to the following minimum procedural requirements.

Sec. 2 Elimination for Academic Reasons. An academic program under consideration for abandonment or an academic position that is under consideration for elimination for bona fide academic reasons should be reviewed in depth through a procedure determined by the president that includes the elements specified below and in the institution's *Handbook of Operating Procedures*. Neither the procedures specified in Rule 31008 of the Regents' *Rules and Regulations* concerning termination of a faculty member, the notice requirements of Rule 31007, Section 5 concerning tenure, nor Rule 31002, Sections 1 and 2, concerning notice of nonrenewal to nontenured faculty members, shall be applicable.

2.1 Notification. Tenured faculty in a program that is under consideration for abandonment or in an academic position that is under consideration for elimination will be notified and afforded an opportunity to contribute to the review process through a duly constituted committee consisting of faculty members and administrators and have those contributions fairly considered.

2.2 Supporting Rationale. Upon completion of the review process, a recommendation with supporting rationale should be submitted to the chief academic officer for review and recommendation to the president.

2.3 Review by Executive Vice Chancellor. If the president determines that an academic program should be

abandoned, a request for approval with supporting documentation should be forwarded to the appropriate Executive Vice Chancellor.

2.4 Appeal Procedures. The president of an institution shall appoint a hearing committee comprised of faculty members to consider any appeals for reconsideration of termination decisions. Within 30 days from the date of notice of termination, a ~~person~~ faculty member shall have the right to appeal to the hearing committee for reconsideration of the termination decision. The appeal for reconsideration shall be in writing and addressed to the president of the institution. A ~~person to be terminated~~ faculty member who appeals to the hearing committee (the appellant) shall be given a reasonably adequate written statement of the basis for the initial decision to reduce academic positions and, upon request of the person, shall be given any written data or information relied upon in arriving at such decision. The hearing committee shall conduct the hearing in accordance with the following conditions and procedures:

- (a) The hearing committee shall set the date, time, and place for hearing the appeal for reconsideration. Such hearing shall be held within 30 days of the date of the written request unless the ~~person to be terminated~~ appellant waives such time requirement; however, such hearing shall be held within 90 days from the date of the request.
- (b) The hearing will be closed to the public unless requested to be open by the ~~appealing person~~ appellant.
- (c) The ~~appealing person~~ appellant may be represented by legal counsel at ~~their~~ his or her expense.
- (d) The ~~appealing person~~ appellant and the institution may offer any written evidence or oral testimony that is material to the issues.
- (e) The burden shall be upon the ~~appealing person~~ appellant to show by a preponderance of the credible evidence that the decision to terminate the ~~appealing person~~ appellant as compared to another individual

in the same discipline or teaching specialty was arbitrary and unreasonable based upon the evidence presented.

(f) No other issues shall be heard or considered by the hearing committee.

- 2.5 Establishment of Date. The date for abandoning or phasing out an academic program should take into consideration the time required for anticipated completion by students currently enrolled or to facilitate for facilitation of their placement in acceptable alternative programs.
- 2.6 Requests for Reassignment. The administration will notify tenured faculty in the program to be abandoned and ask each faculty member to inform the president or designee, in writing, of the faculty member's request for reassignment to other academic program(s) and to provide details of their qualifications to teach in for appointment to such academic program(s).
- 2.7 Employment Alternatives. The president or designee will meet individually with tenured faculty who respond to discuss possible employment alternatives to termination.
- 2.8 Non-retention. If the decision is not to retain, the president or designee will send a written response stating reasons for non-retention.
- 2.9 Displacement. If retention of a tenured faculty member results in displacement of a tenured faculty member in another area program, the displaced faculty member is entitled to the above procedures.
- 2.10 Benefit Information. Any faculty member whose employment is terminated pursuant to this Subsection shall be informed of applicable benefits available upon termination, such as retirement, accrued leave, and opportunity to continue insurance coverage.
- 2.11 Employment Assistance. U. T. System institutions shall provide appropriate assistance to affected faculty members concerning available alternative employment opportunities.

- Sec. 3 Elimination Due to an Institutional Financial Exigency. When such reductions are necessary as a result of financial exigency, the procedure for the selection and notification of those academic positions that are to be terminated shall be governed by this Section, and the institution's Handbook of Operating Procedures. ~~Neither the procedures specified in Rule 31008 of the Regents' Rules and Regulations concerning termination of a faculty member, nor the notice requirements of Rule 31007, Section 5 concerning tenure, or Rule 31002, Sections 1 and 2, concerning notice of nonrenewal to nontenured faculty members, shall be applicable.~~
- 3.1 Committee Recommendations. Upon determining the existence of a financial exigency and the need to reduce academic positions or academic programs, or both, the president of an institution shall appoint a committee composed of faculty and administrative personnel to make recommendations to the president as to which academic positions and/or academic programs should be eliminated as a result of the financial exigency. At least one-half of the total committee membership shall be faculty members and at least one-half of the faculty members on the committee shall be appointed from recommendations submitted to the president from the institution's faculty governance body.
- 3.2 Assessment of Academic Program. The committee will review and assess the academic programs of the institution and identify those academic positions that may be eliminated with minimum effect upon the degree programs that should be continued and upon other critical components of the institution's mission. The review will include, but not be limited to, as relevant: (a) an examination of the course offerings, degree programs, supporting degree programs, teaching specialties, and semester credit hour production; (b) an evaluation of the quality, centrality, and funding of research activities; and/or (c) an assessment of the productivity, community service, and quality of clinical services (in relation to teaching, health care delivery, and scholarly activity).
- 3.3 Review Consideration. Upon determining that one or more academic positions in a degree program or teaching specialty should be eliminated, the committee will recommend to the president, in writing, the particular

position or positions to be terminated ~~by~~ after reviewing the academic, research, and clinical qualifications and talents of holders of all academic positions in those degree programs or clinical or academic teaching specialties, the needs of the program and the needs of the school or college they serve, past ~~academic~~ performance, and the potential for future contributions to the development of the institution. Tenure status of a faculty member shall not be a consideration in the determination of whether a particular position should be eliminated except as permitted in Section 3.4 below.

- 3.4 Tenure Preference. If, in the opinion of the committee, two or more faculty members are equally qualified and capable of performing ~~a particular~~ the same teaching, research, and/or clinical role, the faculty member or members having tenure shall be given preference over nontenured faculty. However, if such faculty members ~~has~~ have the same tenure status and equal qualifications, consideration will be given to other documented needs of the institution.
- 3.5 Recommendation. Upon completion of its review, the committee shall promptly recommend in writing to the president those persons who may be terminated, ranked in order of priority, with the reasons for their selection. The president shall, with such consultation with institutional administrative officers as ~~they~~ the president may deem appropriate, determine which academic positions are to be terminated because of the financial exigency and shall give the holders of these positions written notice of the decision.
- 3.6 Notification of Vacancies. Any person terminated due to financial exigency will be notified when a vacancy occurs in the same institution in their field of teaching within the next two academic years following the termination. If such person makes timely application and is qualified for the position to be filled, they shall be offered employment in that position. If the vacancy is in a field of teaching in which two or more persons have been terminated because of financial exigency, all will be notified of the vacancy and of those so notified and making timely application, employment will be offered to the person who is the better qualified for the position to be filled.

3.7 Hearing Committee. The president shall appoint a hearing committee comprised of faculty members to hear any appeals for reconsideration of termination decisions based upon financial exigency. Within 30 days from the date of the notice of termination, a ~~person~~ faculty member shall have the right to appeal to the hearing committee for reconsideration of the termination decision. The appeal for reconsideration shall be in writing and addressed to the president. A ~~person to be terminated~~ faculty member who appeals to the hearing committee (the appellant) shall be given a reasonably adequate written statement of the basis for the initial decision to reduce academic positions and, upon request of the person, shall be given ~~any~~ all written data or information relied upon in arriving at such decision.

3.8 Appeal Procedures. The hearing committee shall set the date, time, and place for hearing the appeal for reconsideration. Such hearing shall be held within 30 days of the date of the written request unless the ~~person to be terminated~~ appellant waives such time requirement; however, such hearing shall be held within 90 days from the date of the request. The hearing committee shall conduct the hearing in accordance with the following conditions and procedures.

- (a) The hearing will be closed to the public unless requested to be open by the ~~appealing person~~ appellant.
- (b) The ~~appealing person~~ appellant may be represented by legal counsel at ~~their~~ his or her own expense.
- (c) The ~~appealing person~~ appellant and the institution may offer any written evidence or oral testimony that is material to the issues.
- (d) The burden shall be upon the ~~appealing person~~ appellant to show by a preponderance of the credible evidence that:
 - (1) Financial exigency was not in fact the reason for the initial decision to reduce academic positions;
or

(2) The decision to terminate the ~~appealing person~~ appellant as compared to another individual in the same discipline or teaching specialty was arbitrary and unreasonable based upon the evidence presented.

(e) No other issues shall be heard or considered by the hearing committee.

(f) The hearing committee shall make written findings of fact and recommendations to the president of ~~an~~ the institution as soon as practical following the hearing. The president shall have the final decision to either accept or reject the recommendation of the hearing committee.

Sec. 4 Institutional policies and procedures implementing this Rule shall be approved in accordance with applicable Regents' Rules (including Rule 20201, Sec. 4.9) and placed in each institution's Handbook of Operating Procedures.

3. Definitions

None

Financial exigency: a demonstrably bona fide financial crisis that adversely affects an institution as a whole and that, after considering other cost-reducing measures, including ways to cut faculty costs, requires consideration of terminating appointments held by tenured faculty.¹

Governance body: the elected body representative of the faculty and charged with developing academic policy in the areas designated in Regents' Rule 40101.

¹ Includes faculty holding seven-year term appointments during the term of their appointments, (see Regents' Rule 31007, Sec. 2).

8. **U. T. System Board of Regents: Adoption of Regents' Rules and Regulations, Rule 20206, regarding the delegation of responsibility for oversight of intercollegiate athletics**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel that the Board of Regents adopt a new Regents' *Rules and Regulations*, Rule 20206, regarding the delegation of responsibility for oversight of intercollegiate athletics, as set forth on Page 17. The Rule proposes to delegate to the president the ultimate responsibility and authority for the operation, fiscal integrity, and personnel of the institution's athletics program.

BACKGROUND INFORMATION

Article 22 of the Division I NCAA Constitution delineates the NCAA's athletics certification program, which is designed to "validate the fundamental integrity of member institutions' athletics programs through a verified and evaluated institutional self-study" (Article 22.01). Article 22.2 requires "an institutional self-study, verified and evaluated through external peer review" every 10 years; part of the self-study requires each institution to demonstrate that:

- (a) The institution's governing board provides oversight and broad policy formulation for intercollegiate athletics in a manner consistent with other units of the institution; and
- (b) The chancellor or president is assigned ultimate responsibility and authority for the operation, fiscal integrity, and personnel of the athletics program.

It has long been the opinion of the Office of General Counsel (OGC) that the authority delegated to the Board of Regents under the *Texas Constitution*, Article VII, Section 10; *Texas Education Code* Section 65.11; and the authority delegated to the institutional presidents under Section 4 of Regents' Rule 20201, regarding duties and responsibilities of presidents, satisfied (a) and (b) above. So that there is no question about these delegations, the director of NCAA compliance for U. T. Austin has recommended, and OGC concurs, that a Regents' Rule be adopted that explicitly states these authorities.

1. Title

Intercollegiate Athletics

2. Rule and Regulation

Sec. 1 Board Oversight. The Board provides oversight and broad policy guidelines for the budget, operational activities, and intercollegiate athletics program in a manner consistent with the operation of other units of the U. T. System.

Sec. 2 Delegation of Authority. The president of the institution is assigned ultimate responsibility and authority for the operation, fiscal integrity, and personnel of the institution's athletics program, including appointment and supervision of the athletics director(s). Each president is also responsible for ensuring that the institution's athletics program is in compliance with all applicable laws and regulations and that the mission, values, and goals of the athletics program are compatible with those of the institution.

9. U. T. System: Report on the Texas Ignition Fund

REPORT

Vice Chancellor McDowell and Assistant Vice Chancellor Swain will present a report on the Texas Ignition Fund (TIF), using a PowerPoint presentation set forth on Pages 19 - 28.

BACKGROUND INFORMATION

The TIF is a proof-of-concept (POC) grant program designed to stimulate commercialization activities at U. T. System institutions by providing grants up to \$50,000 for the development and maturation of research discoveries into marketable intellectual property. On December 6, 2007, the U. T. System Board of Regents authorized one-time funding of \$2 million for creation of the TIF, which has been administered by the U. T. System Office of Research and Technology Transfer (RTT).

The TIF program addresses a crucial funding gap and reinforces the many other elements of the innovation ecosystem that define a culture of commercialization at U. T. System institutions. Well-documented evidence of the success of mature POC funding programs across the country, including a fund managed by the U. T. M. D. Anderson Cancer Center Office of Technology Discovery, suggests that the TIF program will continue to leverage other funding sources and commercialization benefits over many years, long after awards are funded.

Of the 45 TIF projects funded at 12 U. T. System institutions, 23 startup companies have been formed, 9 licenses and options have been executed, 59 patent applications have been filed, 12 patents have been issued, and \$7.7 million in external funding has been received.

Texas Ignition Fund Report

Keith McDowell, PhD

Vice Chancellor for Research and Technology Transfer

Cathy Swain, MS, CFA, AIFA®

Assistant Vice Chancellor for Commercial Development
Office of Research and Technology Transfer

U. T. System Board of Regents' Meeting
May 2010



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Background of the Texas Ignition Fund

- Established in December 2007 as a proof-of-concept grant program to stimulate commercialization at U. T. System institutions.
- Grants up to \$50,000 support the development and maturation of research discoveries into marketable intellectual property.
- The one-time allocation of \$2 million by the Board of Regents is administered by the Office of RTT.
- TIF Reviewer Panel of 6 external volunteers (venture firms, Texas Emerging Technology Fund representatives, lawyers, consultants)



Funding Activity

45 Awards, 123 Proposals, \$2 Million

	#	\$	% of all	#	\$	% of all
	Awards (x 1,000)	Awards (x 1,000)	\$	Awards (x 1,000)	\$	\$
<i>Academic</i>						
UTA	10	475	24%	3	85	4%
UT Austin	9	398	20%	5	250	13%
UTD	4	200	10%	3	150	8%
UTEP	3	110	5%	1	50	2%
<i>Health</i>						
UTSWMC						
UTMB						
UTHSCH						
UTHSCSA						
UTMDACC	2	94	5%	3	90	5%
UTHSCT	1	50	2%	1	50	2%
Subtotal	29	1,327	66%	16	675	34%



Technologies in Various Industries; 68% in Biotech and Life Sciences

Industry Cluster of Funded Projects

Industry	# Awards
Biotechnology and life sciences	31
Micro-electrical mechanical systems (MEMS)	10
Energy	7
Advanced technologies and manufacturing	4
Nanotechnology	4
Information and computer technology	3
Petroleum refining and chemical products	3
Software technology/wireless	3
Aerospace and defense	1
Semiconductor	1

Note: Many technologies cross more than one industry



Projects Show Significant Outcomes to Date

- **23** startup companies (6 of which are in formation)
- **9** licenses and options executed
- **59** patent applications
- **12** patents issued
- **\$7.7** million in external investments & funding

Texas Ignition Fund Outperforms Peer Funds in Startups and Licenses

U. T. System UTM DACC U. C. San Diego M. I. T.
 Texas Ignition Discovery von Liebig Deshpande
 Fund Fund Center Center

Year Launched	2008	2003	2001	2002
Investment to date	\$2M	\$2M	\$4M	\$9M
Projects funded	45	31	70	80
Licenses/Options	9	20	22	1
Startups	23	7	16	18
Capital raised	\$8M	\$8M	\$78M	\$140M

Selected Startup Companies



U. T. Pan American



Organic Fuels
U. T. Austin



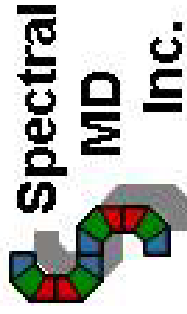
U. T. Austin



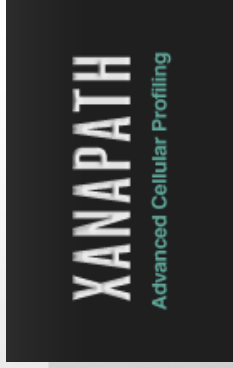
UTMDACC



U. T. Dallas



UTSWMC



UTSWMC



U. T. Arlington

Cirasys, Inc.

U. T. Dallas

Inspired Solar, Inc.

U. T. Austin

Paragonix Technologies

UTHSCSA

Lone Star Advanced Technology

U. T. Arlington

Kidney Stone Tech, Inc.

U. T. Dallas

Seniton

U. T. Arlington

Limelight Technologies, Inc.

U. T. San Antonio



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Lone Star Advanced Technology, LLC



- Energy industry: Alternative fuel conversion process that transforms lignite coal into heavy crude using an efficient and cost-effective method
- More than 50 inquiries from potential licensees and investors as of October 2009
- Received \$2.4 million in external funding from the Department of Energy, DARPA, and others
- Plan to develop a micro-refinery this year
- Principal Investigators: Drs. Richard Billo, Brian Dennis, and John Priest





- Manufacturing industry: Forcespinning™ technology -- proprietary method of creating nanofibers in the advanced manufacturing industry
- Product applications are numerous, ranging from filtration to textiles, from tissue engineering to drug delivery, from energy to cosmetics
- Named one of the top innovations of 2010 by the American Society of Manufacturing Engineers
- Received the Silver award from the World's Best Showcase in March
- Principal Investigator: Dr. Karen Lozano
- Collaborators: Drs. Kamal Sarkar and Horacio Vasquez





- Biotechnology and life sciences industry: An aerosolized lung innate immune stimulant (ALIIS)
- Significant “proof-of-concept” data existed; needed more work to reach clinical trials
- Received \$1.4M in external funding
 - \$575K in research funding from the National Cancer Institute and private foundations
 - \$2M in outside investments
 - \$600K from the Texas Emerging Technology Fund
- Principal Investigator: Dr. Burton Dickey



**TABLE OF CONTENTS
FOR
AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW
COMMITTEE**

Committee Meeting: 5/12/2010
Austin, Texas

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

	Committee Meeting	Page
A. CONVENE	<i>11:00 a.m. Chairman Hicks</i>	
1. U. T. System: Report on the Systemwide Compliance Work Plan for 2010 - 2011	<i>11:00 a.m. Report/Discussion Mr. Plutko</i>	29
2. U. T. System: Presentation on the U. T. Systemwide Endowment Compliance Program	<i>11:10 a.m. Report Dr. Safady</i>	33
3. U. T. System: Internal Audit Department report for U. T. Health Science Center – Tyler	<i>11:20 a.m. Report/Discussion Ms. Kris Kavasch, U. T. Health Science Center – Tyler</i>	51
4. U. T. System: Report on the Systemwide internal audit activities, including the results of the Systemwide Huron/Effort Certification and Reporting Technology (ECRT) audit	<i>11:30 a.m. Report/Discussion Mr. Chaffin</i>	64
B. RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551		
Personnel matters relating to appointment, employment, evaluation, assignment, duties, discipline, or dismissal of officers or employees - <i>Texas Government Code</i> Section 551.074	<i>11:40 a.m. Report Ms. Kris Kavasch, U. T. Health Science Center – Tyler Mr. Chaffin Mr. Plutko</i>	
U. T. System: 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		
C. RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEM AND TO ADJOURN	<i>12:00 p.m.</i>	

1. **U. T. System: Report on the Systemwide Compliance Work Plan for 2010 - 2011**

REPORT

Mr. Lawrence Plutko, Systemwide Compliance Officer, will provide a status update on the Systemwide Compliance Work Plan for 2010 – 2011 set forth on Pages 30 - 32.

**THE UNIVERSITY OF TEXAS SYSTEM
SYSTEMWIDE COMPLIANCE OFFICE**

COMPLIANCE WORK PLAN FOR FISCAL YEAR 2010-2011

<u>PLAN OBJECTIVES</u>	<u>AUTHORITATIVE GUIDANCE</u>	<u>STATUS AS OF 04/15/2010</u>
<p>I. RESEARCH CONFLICTS OF INTEREST</p> <ul style="list-style-type: none"> • Study and make recommendations regarding policy, practice, procedures, and enforcement of the UT System institutions' research conflicts of interest policies. • Collaborate with the Office of General Counsel and the institutions to develop a System policy with performance standards/principles that will enhance and standardize institutional compliance for research conflicts of interest. • Devise a state-of-the-art policy implementation process with standardized procedures combined with legal/compliance oversight. 	<ul style="list-style-type: none"> • National Science Foundation • Public Health Services Act • National Institutes of Health • Office of Research Integrity • Department of Justice 	<ul style="list-style-type: none"> • Analysis of institutions' policies completed with recommendations made to the Chancellor. • Draft System policy written and transmitted to the institutions for a 75-day vetting period. The comment period is completed. • IT support plan containing options for electronic submission of disclosures completed and now being vetted at the institutions.
<p>II. VENDOR RELATIONS</p> <ul style="list-style-type: none"> • Study and make recommendations regarding policy, practice, procedures, and enforcement of the UT System institutions' policies on vendor relations. • Collaborate with OGC to develop a System policy and guidelines to govern and offer guidance on the interactions between the institutions and personnel with vendors providing financial support for educational activities, educational materials, preceptorships, fellowships, scholarships, and other similar areas. 	<ul style="list-style-type: none"> • Anti-kickback Statute • PhRMA Code on Interactions with Healthcare Professionals • OIG Program Guidance for Pharmaceutical Manufacturers • ACCME Standards for Commercial Support 	<ul style="list-style-type: none"> • TBA – early 2011 after completion of Research Conflicts of Interest initiative.

**THE UNIVERSITY OF TEXAS SYSTEM
SYSTEMWIDE COMPLIANCE OFFICE**

COMPLIANCE WORK PLAN FOR FISCAL YEAR 2010-2011

<u>PLAN OBJECTIVES</u>	<u>AUTHORITATIVE GUIDANCE</u>	<u>STATUS AS OF 04/15/2010</u>
<p>III. RECOVERY AUDIT CONTRACTOR PROGRAM</p> <ul style="list-style-type: none"> • Collaborate with Health Affairs to develop a best practices framework to deal with CMS Claim Review Programs with a particular focus on the Recovery Audit Contractor (RAC) Program. • Design an interdisciplinary team model to provide overall guidance and direction to oversee RAC readiness and coordinate the intricate RAC appeals process. 	<ul style="list-style-type: none"> • Medicare Prescription Drug, Improvement and Modernization Act (MMA, 2003) • Tax Relief and Health Care Act (2006) 	<ul style="list-style-type: none"> • All health institutions have developed RAC committees/teams and completed RAC readiness checklist. • Systemwide Compliance providing compliance consultation as needed.
<p>IV. EXPORT CONTROLS COMPLIANCE</p> <ul style="list-style-type: none"> • Collaborate with Research and Technology Transfer to develop a model UT System Export Controls program for the benefit of the institutions. 	<ul style="list-style-type: none"> • Department of State/ITAR • Department of Treasury/OFAC • Department of Commerce/EAR 	<ul style="list-style-type: none"> • Task Force completes draft export controls policy and Research & Tech Transfer transmits and completes vetting process at the institutions for U. T. System Policy 173.
<p>V. CLINICAL RESEARCH BILLING COMPLIANCE</p> <ul style="list-style-type: none"> • Collaborate with Health Affairs to develop a model UT System Clinical Research Billing Compliance program for the benefit of the institutions. • Conduct a compliance effectiveness review once the enhanced program is in place. 	<ul style="list-style-type: none"> • Medicare General Rules • Medicare Investigational Devices • Medicare National Coverage Determinations • Medicare Secondary Payor Rules • Medicaid General Rules 	<ul style="list-style-type: none"> • Guiding Principles for Clinical Research Billing Compliance completed. • Onsite, pre-enhancement compliance reviews completed at all health institutions utilizing the Guiding Principles.

**THE UNIVERSITY OF TEXAS SYSTEM
SYSTEMWIDE COMPLIANCE OFFICE**

COMPLIANCE WORK PLAN FOR FISCAL YEAR 2010-2011

<u>PLAN OBJECTIVES</u>	<u>AUTHORITATIVE GUIDANCE</u>	<u>STATUS AS OF 04/15/2010</u>
<p>VI. HITECH ACT HIPAA PROVISIONS</p> <ul style="list-style-type: none"> • Collaborate with Health Affairs and OGC to study and prepare for the major revisions to the HIPAA Privacy and Security Rules delineated in the new provisions. • Update changes to the Notice of Privacy Practices (NOPP), standard Business Associate Agreements (BAA), and other mechanisms. • Develop a Breach Notification Policy and other policies as required. 	<ul style="list-style-type: none"> • Health Information Technology for Economic and Clinical Health Act (HITECH Act, 2009) 	<ul style="list-style-type: none"> • Plans for a series of June Systemwide Compliance Academy web conferences co-sponsored by SWC and OGC in collaboration with the HIPAA Privacy and Security Officers completed. • A parallel series is being planned for academic health centers.
<p>VII. SYSTEMWIDE COMPLIANCE PROGRAM ENHANCEMENT</p> <ul style="list-style-type: none"> • Develop an action plan in collaboration with the Institutional Compliance Officers to implement the new Systemwide Compliance Program Charter and implement the same. • Revise U. T. System Policy 119, Institutional Compliance Program. • Revise quarterly reporting to include institutional compliance effectiveness metrics and institutional work plan progress and milestones. 	<ul style="list-style-type: none"> • Compliance Charter for the Systemwide Compliance Office (2009) • U. T. System Policy 119, Institutional Compliance Program 	<ul style="list-style-type: none"> • Action plan, chartering compliance advisory committees, completed. • All institutions have completed and submitted work plans for FY 2010-2011. • Phase One revisions completed for enhanced quarterly reporting.
<p>VIII. VIRTUAL COMPLIANCE ACADEMY</p> <ul style="list-style-type: none"> • Establish a web conferencing and webinar platform to serve as an education and communication tool to vet and discuss compliance program objectives and initiatives, to provide professional development opportunities, and to sponsor compliance continuing education programs on key topics. 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • The Compliance Academy sponsored 7 webinars with a total of over 300 registrants. • The Academy also sponsored 14 medical billing compliance webinars with over 1000 registrants.

2. **U. T. System: Presentation on the U. T. Systemwide Endowment Compliance Program**

REPORT

Vice Chancellor Safady will report on the U. T. Systemwide Endowment Compliance Program using a PowerPoint presentation set forth on Pages 34 - 50.

Endowment Compliance Program

Randa Safady
Vice Chancellor for External Relations

U. T. System Board of Regents' Meeting
Audit, Compliance, and Management Review Committee
May 2010

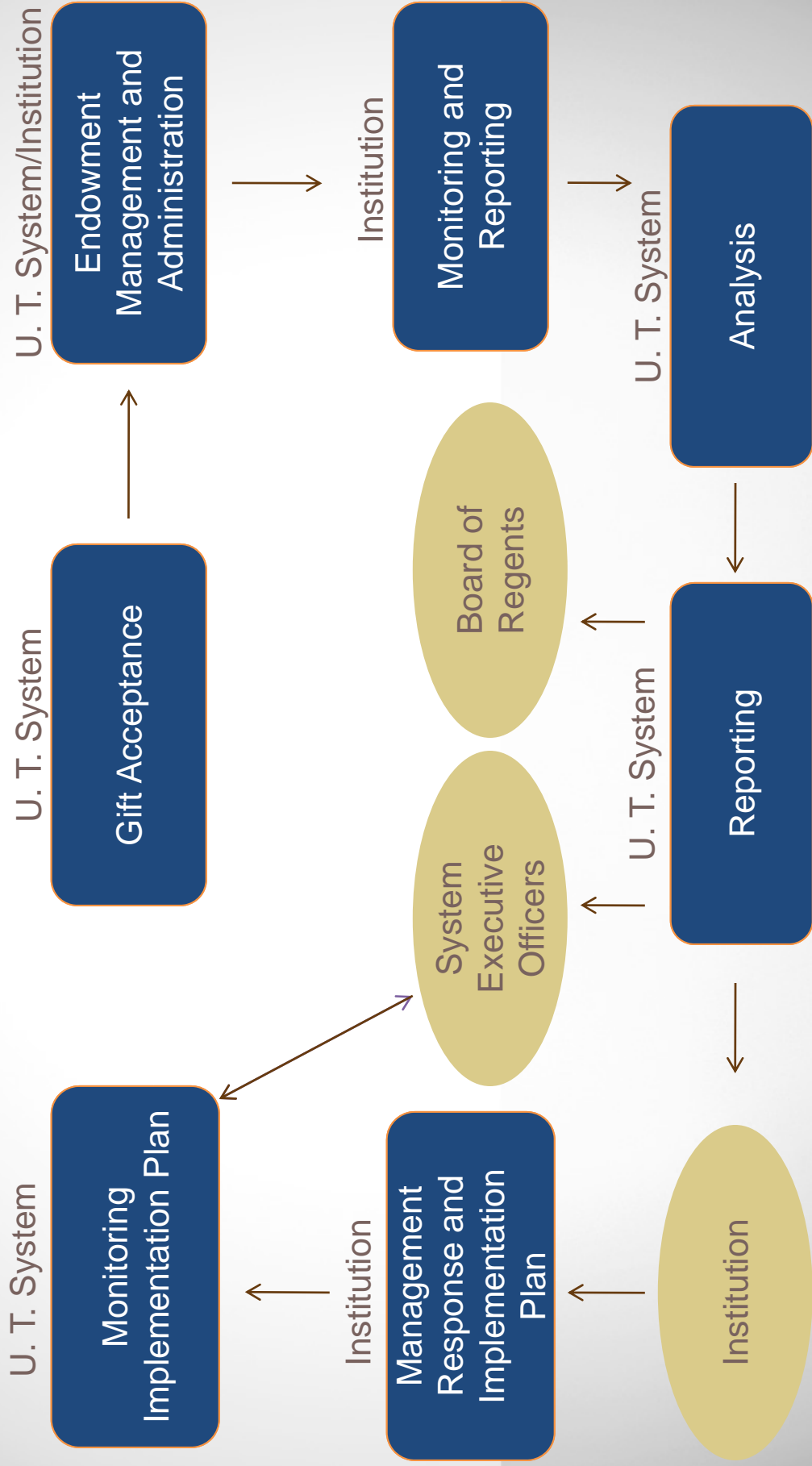


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Program History and Mission

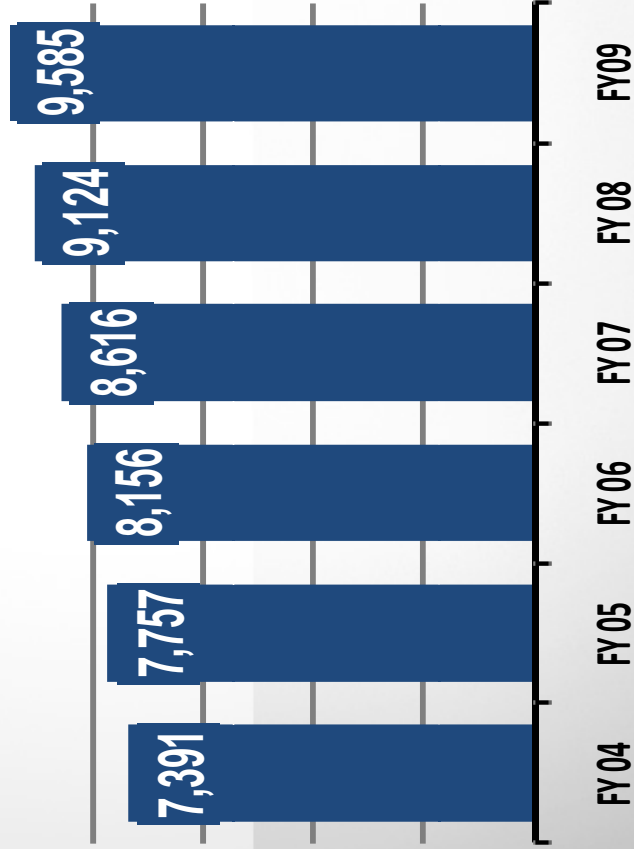
- Authorized by the Board of Regents in November 2001
- Stewardship of public trust and \$5.7 billion of endowed philanthropic contributions
- Compliance with laws, policies and endowment agreements
- Maximization of endowment resources
- Improved reporting to donors and U. T. leadership

Endowment Compliance Cycle

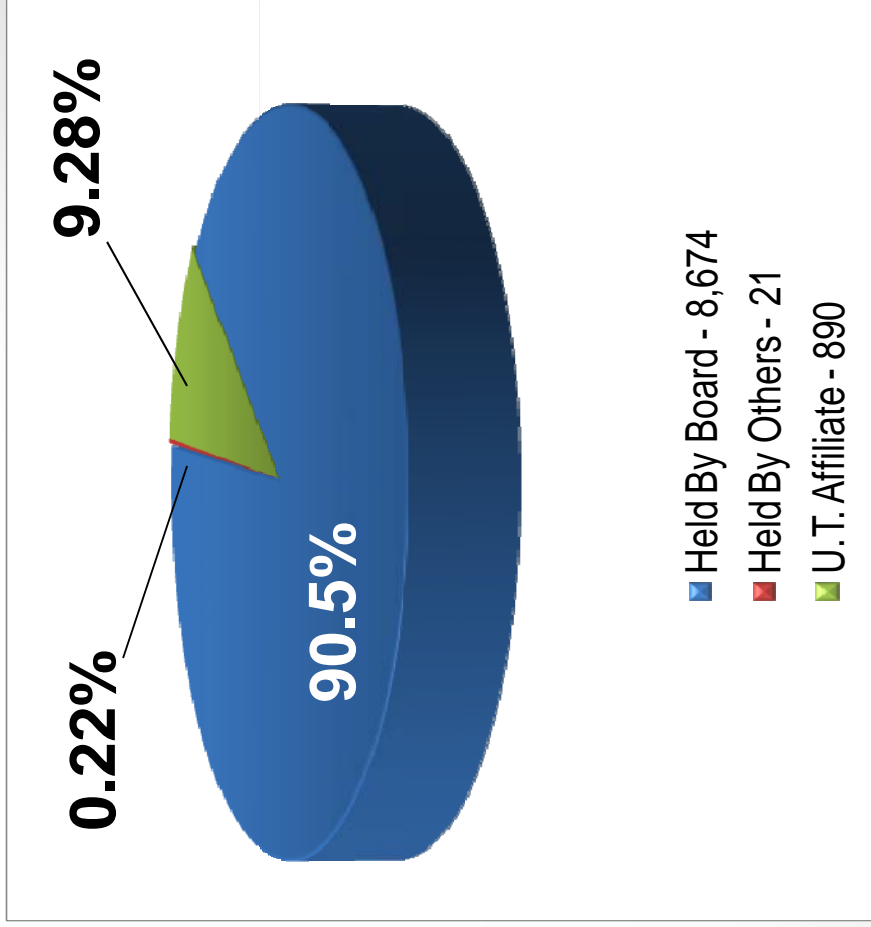


Historical Endowment Numbers

Numbers of Endowments

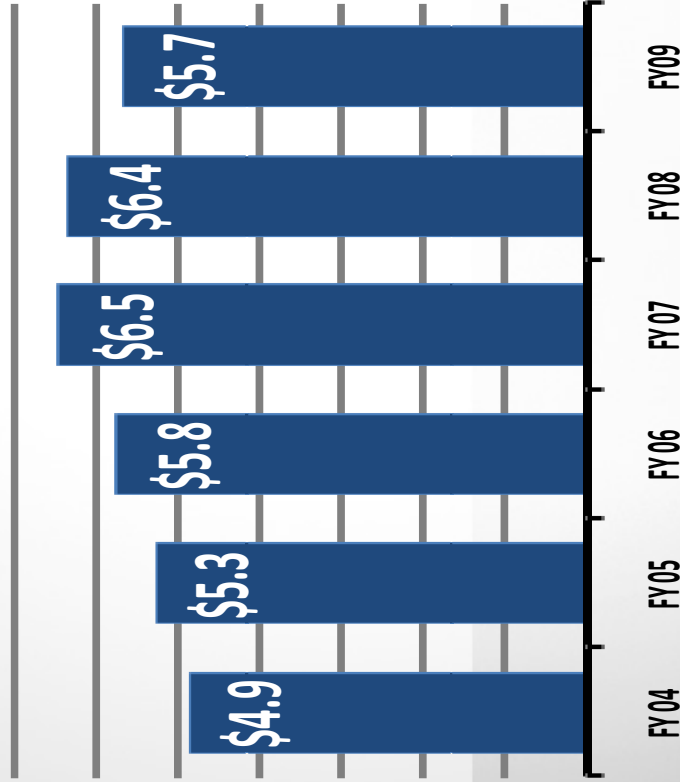


Where Endowments Are Held

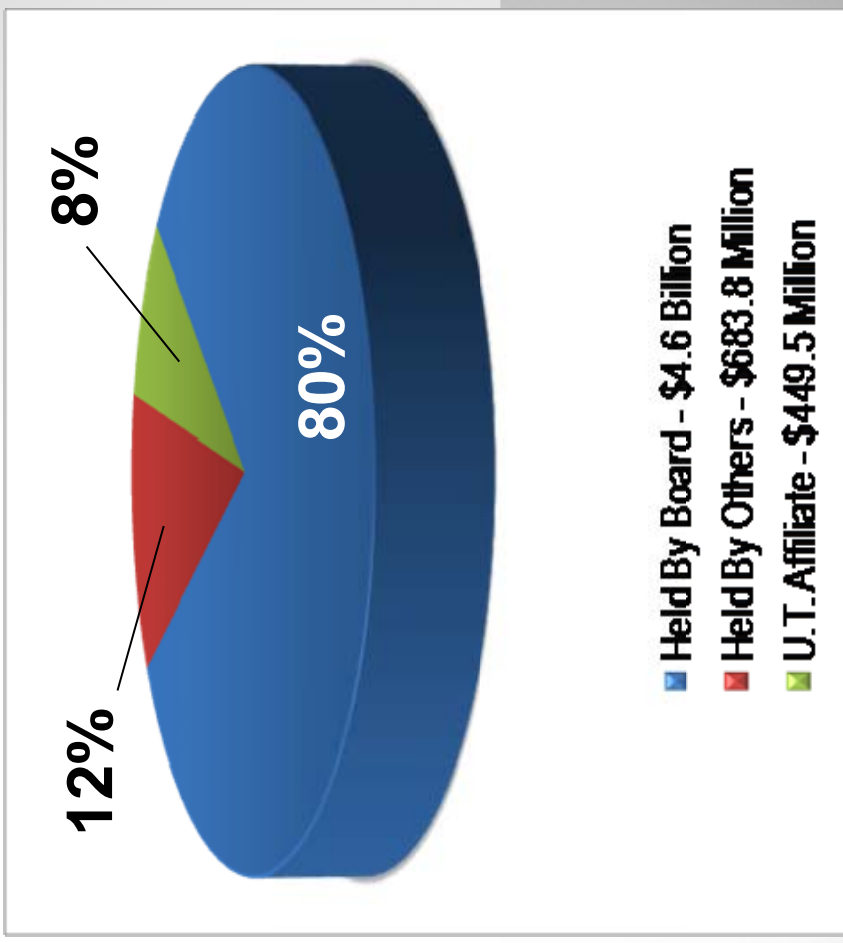


Historical Endowment Value

Market Value (billions)



Where Endowments Are Held



Endowments as of August 31, 2009

Institution	Total Endowments	% Increase in Total Over 2008	Market Value of Board-Held Endowments		Market Value of Externally-Held Endowments		Total Market Value	Market Value +/- Over 2008		% Market Value +/- Over 2008
			Total	%	Total	%		Over 2008	Over 2008	
U. T. Arlington	403	14%	\$53,464,752	14%	\$50,848	8%	\$53,515,599	(\$7,490,638)	-12%	
U. T. Austin	4,760	5%	\$2,376,932,805	5%	\$156,564,272	5%	\$2,533,497,076	(\$384,323,132)	-13%	
U. T. Brownsville	93	11%	\$6,305,803	11%	\$0	0%	\$6,305,803	(\$1,017,815)	-14%	
U. T. Dallas	170	8%	\$195,053,618	8%	\$1,463,129	8%	\$196,516,747	(\$55,432,369)	-22%	
U. T. El Paso	539	5%	\$108,342,429	5%	\$450,000	5%	\$108,792,429	(\$11,587,160)	-10%	
U. T. Pan American	263	5%	\$26,551,755	5%	\$24,207,359	5%	\$50,759,113	(\$8,664,452)	-15%	
U. T. Permian Basin	96	2%	\$15,254,934	2%	\$5,434,400	2%	\$20,689,334	(\$1,740,414)	-8%	
U. T. San Antonio	304	8%	\$46,665,080	8%	\$0	0%	\$46,665,080	(\$7,419,136)	-14%	
U. T. Tyler	200	4%	\$55,460,253	4%	\$3,295,226	4%	\$58,755,478	(\$7,821,546)	-12%	
U. T. SWMC-Dallas	825	2%	\$633,332,481	2%	\$291,109,901	2%	\$924,442,382	(\$161,069,631)	-15%	
U. T. MB Galveston	652	2%	\$368,491,989	2%	\$631,848,544	2%	\$1,000,340,534	\$23,091,464	2%	
U. T. HSC-Houston	401	5%	\$128,845,537	5%	\$1,623,256	5%	\$130,468,793	(\$22,032,971)	-14%	
U. T. HSC- San Antonio	329	9%	\$138,497,457	9%	\$865,806	9%	\$139,363,263	(\$20,794,199)	-13%	
U. T. MDACC	391	6%	\$402,038,069	6%	\$0	0%	\$402,038,069	(\$54,088,542)	-12%	
U. T. HSC-Tyler	41	3%	\$9,184,005	3%	\$0	0%	\$9,184,005	(\$1,287,219)	-12%	
U.T. System Administration	110	7%	\$23,808,189	7%	\$6,711,604	7%	\$30,519,793	\$2,095,601	7%	
Multi-Institution	8	33%	\$4,480,737	33%	\$9,650,787	33%	\$14,131,524	\$2,854,228	25%	
Total	9,585	5%	\$4,592,709,892	5%	\$1,133,275,131	5%	\$5,725,985,023	(\$716,727,931)	-11%	



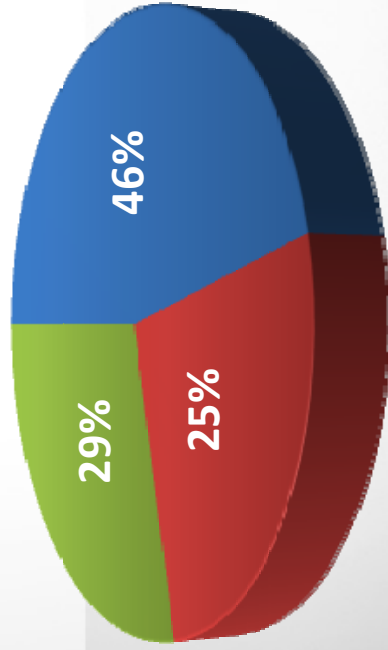
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Board-Held Endowments

- The 8,674 Board of Regents-held endowments as of August 31, 2009 are restricted as follows:

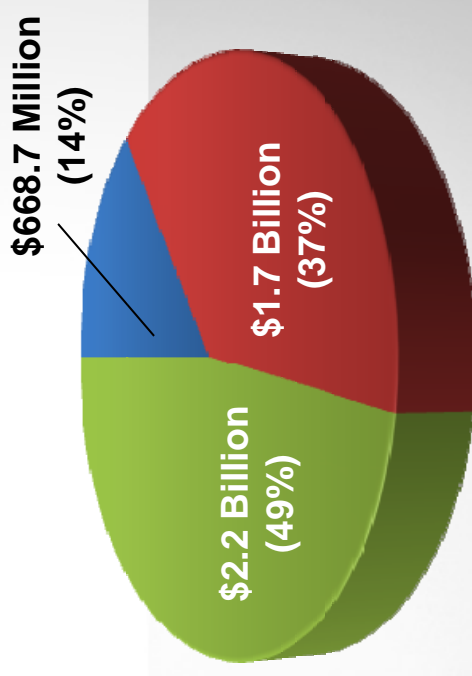
Number of Endowments: 8,674

■ Student Support ■ Academic Positions ■ Program Support/Misc.



Market Value \$4.6 Billion

■ Student Support ■ Academic Positions ■ Program Support/Misc.



Board-Held Endowments: Distributions

<u>Purpose</u>	<u>Distributions</u>
Student Support	\$34.2 million
Academic Positions	\$86.1 million
Program Support/Misc.	<u>\$96.0 million</u>
Total	\$216.3 million



Four Program Elements

- **Risk assessment**
 - Annual review of endowment issues to ensure the U. T. institution's ability to meet its mission and objectives and promise to benefactors
- **Monitoring plan**
 - Activities performed, based on risk assessment, to identify and ensure compliance
- **Education and training**
 - Ongoing education of staff and endowment signatories on compliance issues, including use of funds
- **Reporting**
 - Endowment reports provided annually to donors; endowment compliance reports presented annually to Board of Regents and U. T. System Administration and U. T. institution leadership

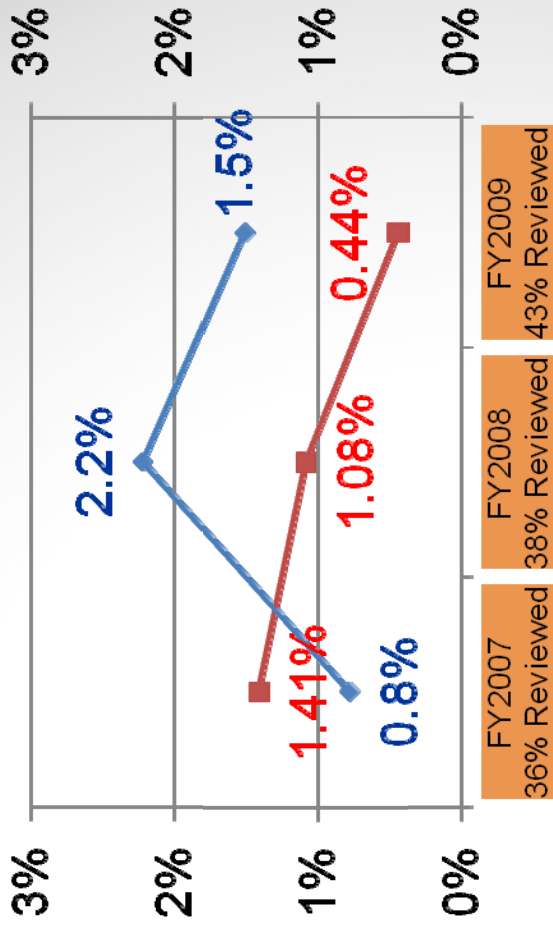


Primary Risks Monitored

- **Inappropriate expenditures**
 - Expenditures outside terms of endowment agreement
- **No expenditures**
 - Endowments from which no funds have been expended during the reporting period
- **Excessive accumulations**
 - Accumulations of endowment's earnings above the standard set by the institution
- **Unfilled endowed academic positions**
 - Positions without a holder appointed

Inappropriate Expenditures

- Inappropriate expenditures remain low at 0.44% of total market value of identified endowments
 - 98% of endowments were compliant
 - Action plans have been implemented to address others

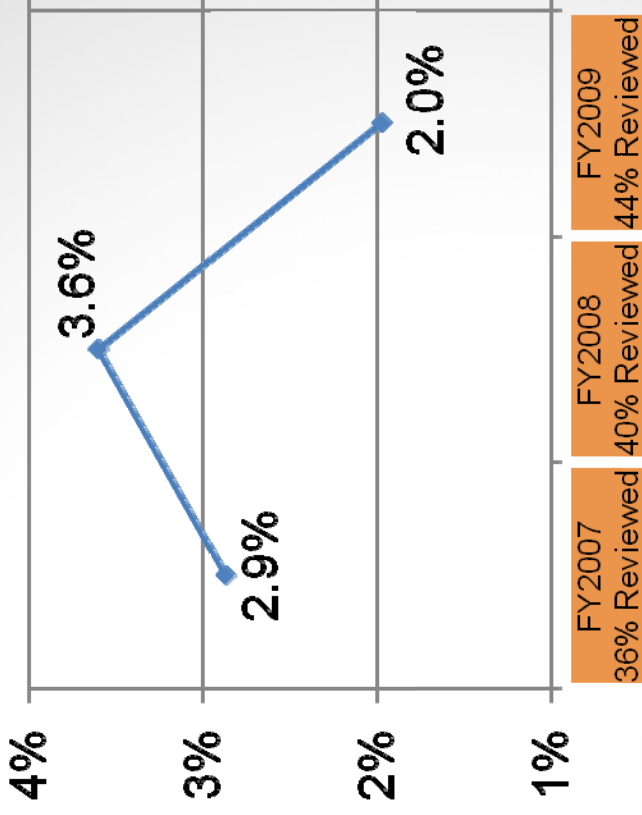


- Percentage of Market Value of Identified Endowments
- ◆ Percentage of Endowments with Inappropriate Expenditures



No Expenditures

- Percentage of endowments with no expenditures and no justification decreased from last year
 - 98% of endowments were compliant
 - Institutions are reviewing and implementing action plans to address others

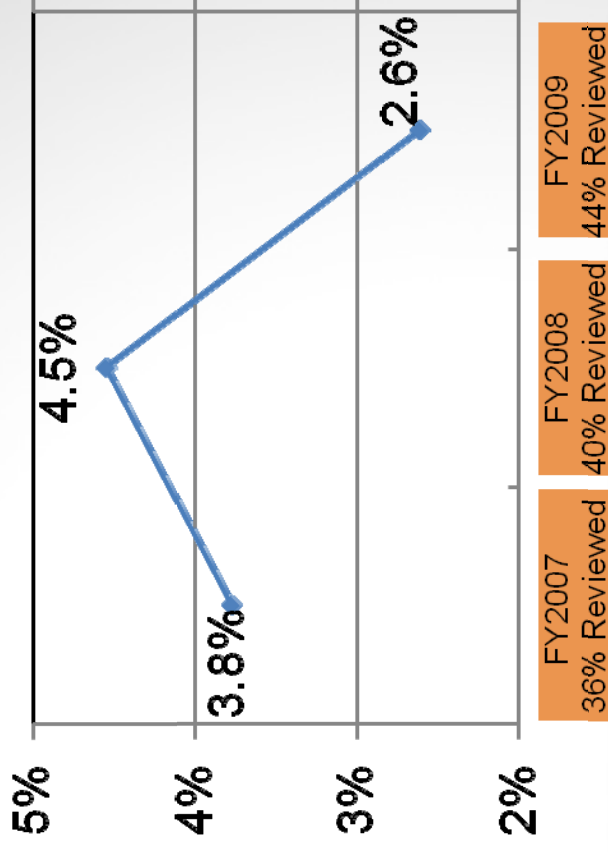


—◆— Percentage of Endowments Reviewed with No Expenditures and No Justification



Excessive Accumulations

- Percentage of endowments with excessive accumulations and no justification decreased from last year
 - 97% of endowments were compliant
 - Institutions are reviewing and implementing action plans to address others

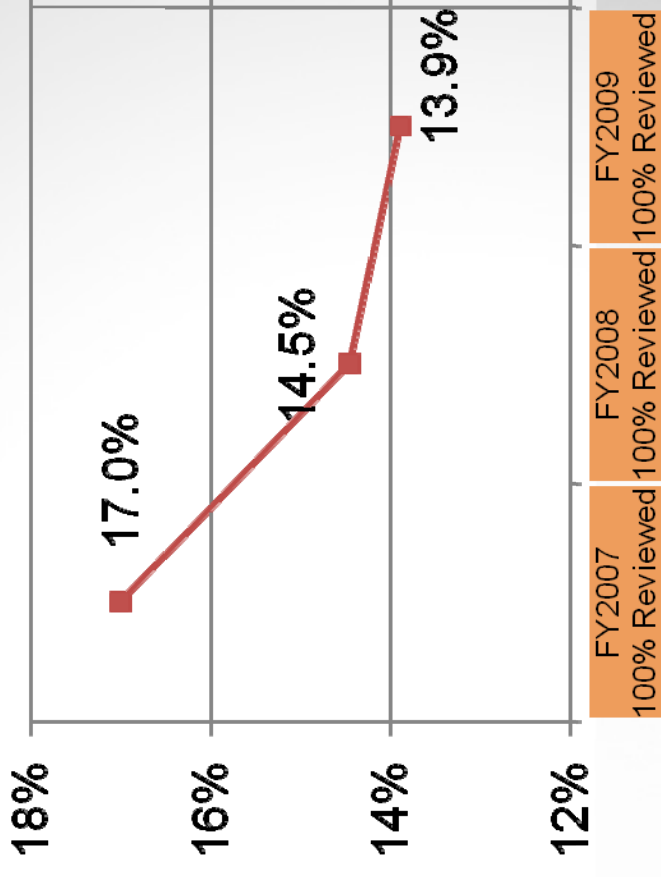


— Percentage of Endowments Reviewed with Excessive Accumulations and No Justification



Unfilled Academic Positions

- Percentage of unfilled positions continues to decrease
- 100% of positions were reviewed (2,361)
 - 86% were filled on 8/31/09
 - Unfilled positions vacant for an average of 30 consecutive months
 - Institutions are reviewing and implementing action plans



■ Percentage of Positions Unfilled



Funding for the Program

- Board of Regents allows each institution to take an annual fee of 0.08% to 0.2% of the market value of its endowments, depending on eligibility
- In FY09, \$7.7 million in fees distributed to support endowment management and administration

Progress and Plans for Improvement

- Institution reports are analyzed and a management response is required from the U. T. institution
- Implementation of management response is monitored; increased accountability has resulted in improvement in most report categories
- Beginning in FY10, all endowments will be reviewed at least every 3 years
- Improvement to the tracking of institution progress
- Inclusion of a “Report of Use” letter with all endowment donor reports
- Enhancement of the database to refine reporting and analysis capabilities

Conclusions

- Program continues to identify risks and increase compliance
- Institutions continue to monitor more endowments each year
- Data gathered each year continues to identify trends
- Analysis provides ability to reverse or prevent negative trends
- Questions?

3. **U. T. System: Internal Audit Department report for U. T. Health Science Center – Tyler**

REPORT

Using a PowerPoint presentation set forth on Pages 52 - 63, Ms. Kris Kavasch, Director of Internal Audit, U. T. Health Science Center – Tyler, will make a presentation on how audit coverage is achieved at a small institution.



**Ms. Kris Kavasch, Director
Office of Internal Audit**

**U. T. System Board of Regents' Meeting
Audit, Compliance, and Management Review Committee
May 2010**

Internal Audit Committee

- Internal Members
 - Dr. Kirk A. Calhoun, President and Chairman
 - Dr. David Coultas, Vice President for Clinical Affairs and Physician-In-Chief
 - Dr. Steven Idell, Vice President for Research
 - Mr. Vernon Moore, Vice President and Chief Business and Finance Officer
 - Mr. Rob Marshall, Vice President and Chief Operating Officer
 - Mr. Mac Griffith, Vice President and Chief Development Officer
 - Mr. G. David Hullum, Administrative Director, Business Operations
 - Mr. Joe Woelkers, Executive Director, Academic Affairs
 - Ms. Donna Martin, Director of Compliance and Information Security Officer
- External Members
 - Mr. Jeff Austin III, Vice Chairman, Austin Bank
 - Mr. Ken Findley, Attorney at Law, Findley Law Firm
- Meets quarterly with last meeting held on March 19, 2010

Internal Audit Department Staffing

- Department composition:
 - Ms. Kris Kavasch, CPA, CFE, Director
 - Ms. Gail Lewis, CPA, CIA, Supervisor
 - Mr. Donald Henry, CGAP, Internal Auditor

- Audit reports issued: Average 10 per year

Internal Audit Reporting Structure

- Director of Internal Audit reports functionally to both the president and the Internal Audit Committee
- Director of Internal Audit reports administratively to the president

High Risk Areas to be Audited in FY 2010

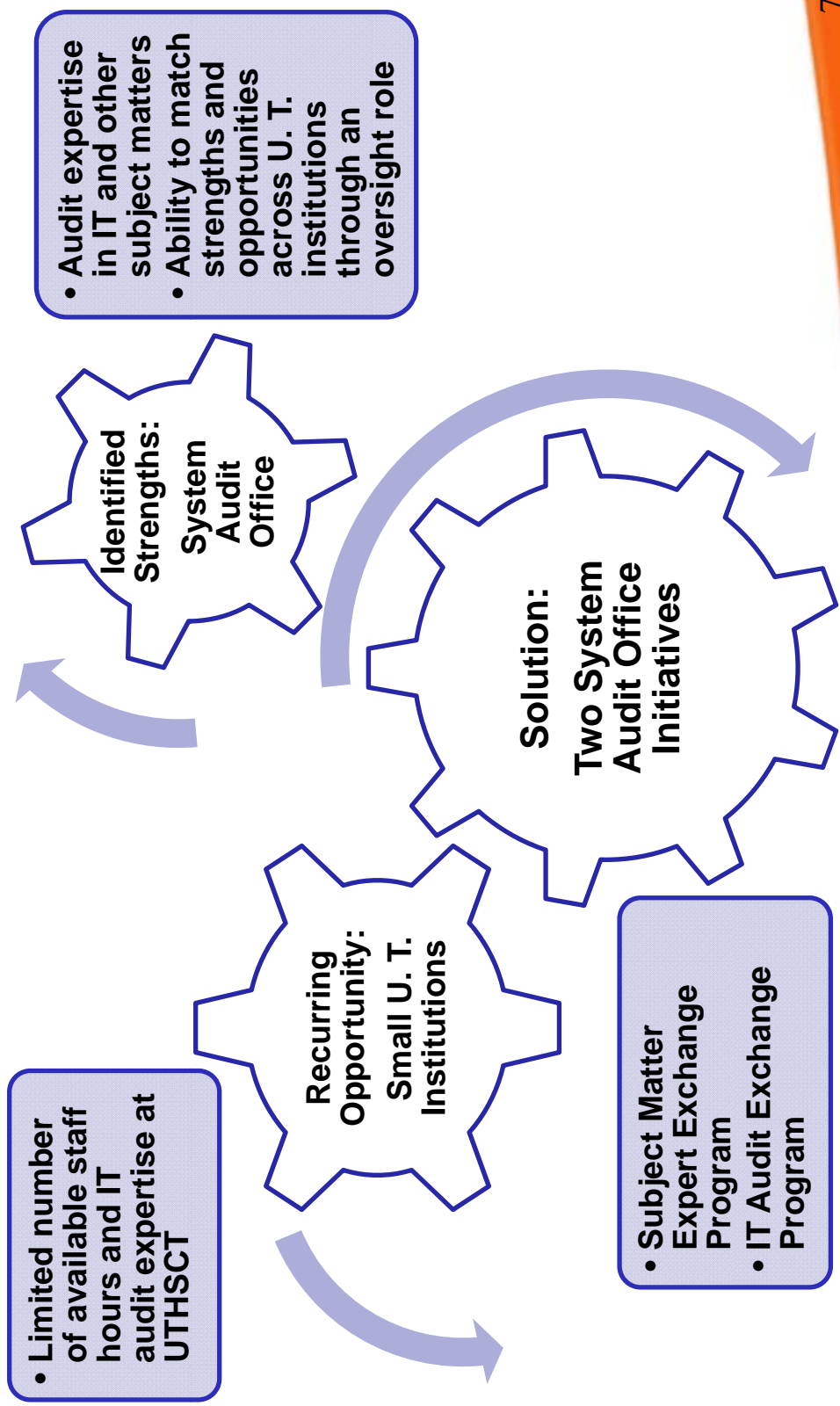
- 64% of the internal audit activities planned for FY 2010 are mapped to high risk areas identified in the following categories:

Category	Percentage of Plan
Financial	25%
Operational	18%
Compliance	17%
Information Technology	13%
Audit Follow-Up	4%
Projects – Audit, Consulting, & Other	23%

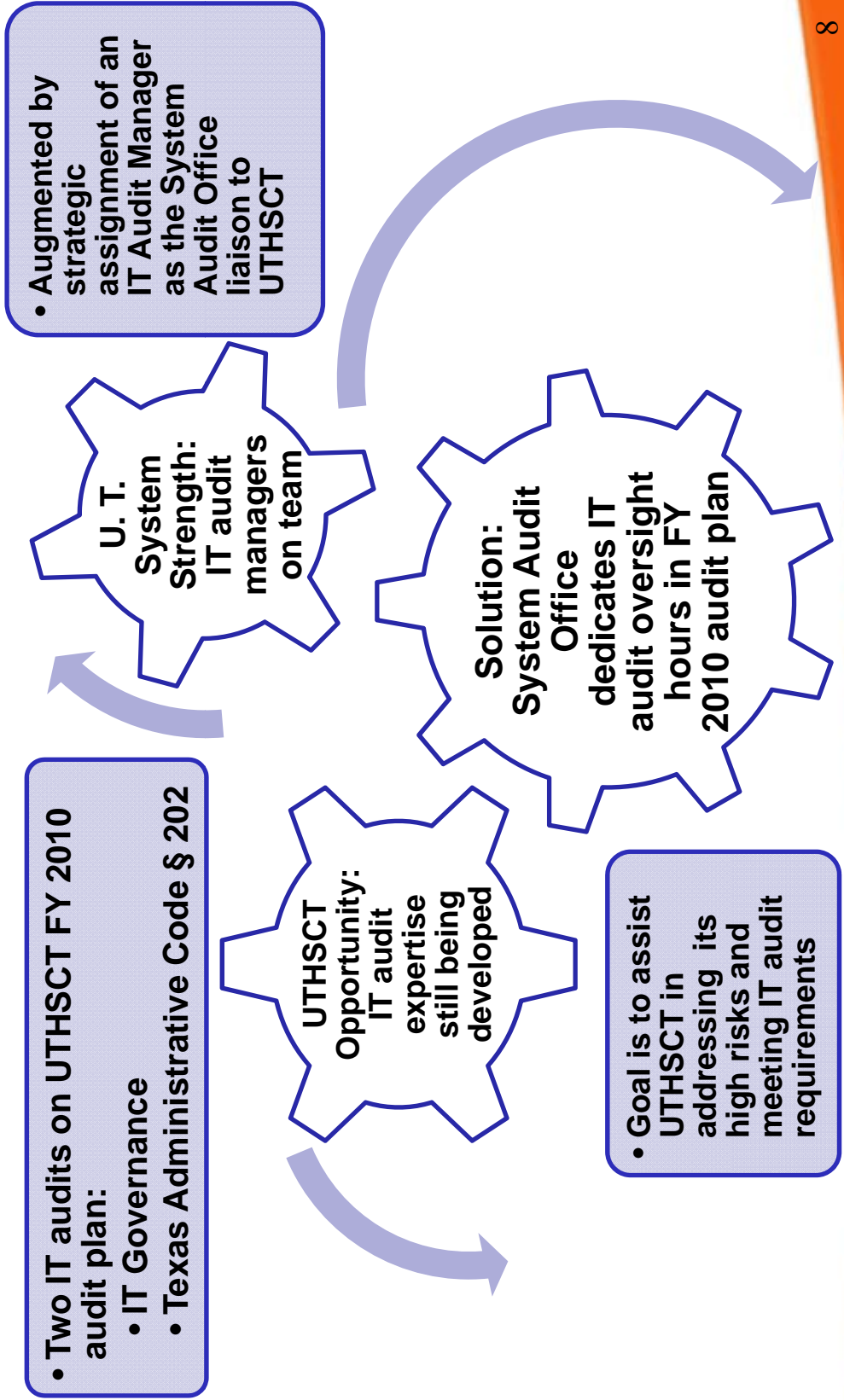
Quality Assurance Review

- Most recent external quality assurance review report was issued in October 2009
- Result: “Generally conforms” in all material respects to Institute of Internal Auditors *Standards* and *Code of Ethics*
- Opportunities for improvement identified in the areas of:
 - Orientation of external members of the Internal Audit Committee
 - Risk based audit completion
 - Information technology audit coverage
 - Communicating audit results
 - Internal quality assurance program
 - Generally Accepted Governmental Auditing Standards compliance
- All recommendations have been addressed by the original implementation dates

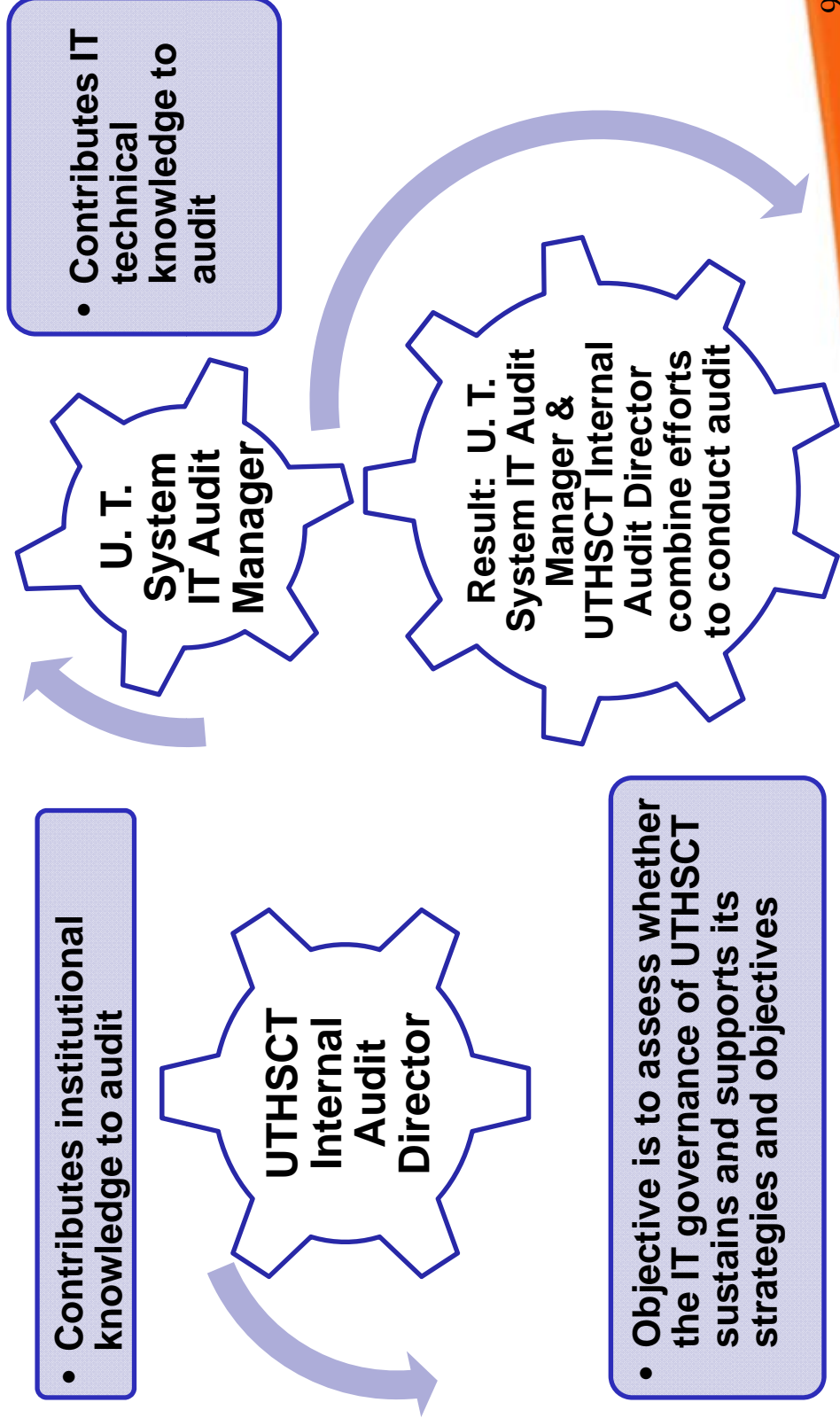
U. T. System and U. T. Institution Partnerships



UTHSCT and U. T. System Example



UTHSCT IT Governance Audit Case Study



Partnership Enhanced by Technology

- Common audit documentation software that allows both U. T. System and UTHSCT team members to work jointly on audit document files
- Secure shared Web site, accessible via UTHSCT network, allows for secure posting and sharing of project documents

Partnership is Cost Efficient

- Common audit documentation software and shared Web site allow for U. T. System IT Audit Manager to accomplish significant portion of work from Austin
- System Audit Office initiative calls for institutional liaisons to accomplish at least two objectives when traveling to U. T. institutions
 - *Reference IT Governance Audit:* U. T. System IT Audit Manager traveled to UTHSCT to conduct seven joint audit interviews, review project documents on site, and accomplish the dual purpose of attending the quarterly institutional audit committee meeting

Benefits of Partnership

- For UTHSCT: Gain knowledge from U. T. System IT Audit Manager to improve IT audit expertise
- For U. T. System: Institutional knowledge gained during audit activities improves performance of System Audit Office liaison oversight role
- Systemwide:
 - Cost savings by avoiding having to “buy” IT audit expertise to fulfill audit requirements and address institutional risk
 - **Most importantly**: Capitalize upon synergy achievable as The University of Texas System

4. **U. T. System: Report on the Systemwide internal audit activities, including the results of the Systemwide Huron/Effort Certification and Reporting Technology (ECRT) audit**

REPORT

Mr. Charles Chaffin, Chief Audit Executive, will present the results of the Systemwide Huron/Effort Certification and Reporting Technology (ECRT) audit. In June 2007, after a two-year review of commercially-available systems, the U. T. System opted to purchase ECRT to assist in addressing the risks related to time and effort reporting errors at U. T. System institutions that receive grant funding for sponsored projects.

To date, 10 U. T. System institutions have implemented the ECRT solution, at a cost to U. T. System Administration of approximately \$2.67 million. The U. T. System Audit Office performed an implementation audit of the ECRT solution to provide management with project status, cost, and a blueprint for future ECRT and other Systemwide application implementations. Notably, the ECRT project enjoyed success in the areas of project management, executive sponsorship, and user involvement, but there may be opportunities for improvement with regard to the technical aspects of the implementation, including maintaining process documentation.

Mr. Chaffin will also 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 65 - 66. 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 is on Pages 67 - 68.

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**

Report Date	Institution	Audit	1st Quarter 2010		2nd Quarter 2010		Targeted Implementation Date	Overall Progress Towards Completion (Note)
			Ranking	# of Significant Findings	Ranking	# of Significant Findings		
2008-01	UTARL	System Security Audit		1		1	4/30/2010	Satisfactory
2009-07	UTARL	Digital Research Data Audit		1		1	6/1/2010	Satisfactory
2007-06	UT AUS	UTS163: Guidance on Effort Reporting Policies		1		1	4/30/2010	Satisfactory
2008-08	UTB	UTS165: Protecting the Confidentiality and Integrity of Digital Research Data Follow Up		1		1	4/1/2010	Satisfactory
2009-02	UTB	Fiscal Year 2008 Physical Plant Audit		1		0	3/1/2010	Implemented
2009-02	UTB	Fiscal Year 2008 Student Fees Audit		1		0	3/1/2010	Implemented
2009-07	UTD	Unix		1		1	6/1/2010	Satisfactory
2009-11	UTEP	Fiscal Year 2009 Annual Financial Report Audit		1		1	3/31/2010	Satisfactory
2009-12	UTEP	Texas Administrative Code Chapter 202 Audit - Phase 2				4	8/10/2010	Satisfactory
2010-02	UTEP	College of Engineering - Dean's Office				0	2/4/2010	Implemented
2009-03	UTSA	Banner User Access Audit (Security)		1		1	12/31/2010	Satisfactory
2008-09	UTSA	Information Technology Change Management Audit		1		1	8/31/2010	Satisfactory
2010-01	UTSA	Information Technology Asset Management Audit				1	11/30/2010	Satisfactory
2008-09	UTT	Fiscal Year 2008 State and Federal Grant Awards Audit		1		0	8/31/2009	Implemented
2008-11	UTT	Fiscal Year 2008 Annual Financial Report Audit		1		1	6/30/2010	Satisfactory
2009-04	UTT	Audit of Cash Handling Procedures		2		2	5/31/2010	Satisfactory
2009-06	UTT	Human Resource Development and Technology Audit		4		0	7/31/2009	Implemented
2009-03	UTT	Department of Communications		1		1	5/31/2010	Satisfactory
2010-02	UTT	Office of Sponsored Research Audit				2	4/30/2010	Satisfactory
2009-08	UTT	University Police Department		1		0	12/31/2009	Implemented
2010-02	UTSWMC	Physician Billing Compliance				1	7/30/2010	Satisfactory
2008-05	UTMB - Galveston	Information Systems Change Management Process		2		2	8/31/2010	Satisfactory
2008-05	UTMB - Galveston	Information Security Action Plan		2		0	2/28/2010	Implemented
2009-12	UTMB - Galveston	Epic Application				1	8/31/2010	Satisfactory
2009-12	UTMB - Galveston	Fiscal Year 2009 Annual Financial Report Audit				0	1/31/2010	Implemented
2010-02	UTHSC - Houston	Time and Effort Reporting				4	8/31/2010	Satisfactory
2009-07	UTHSC - San Antonio	Cash Handling/Participant Reimbursement Accounts Audit		2		2	6/30/2010	Satisfactory
2009-08	UTHSC - San Antonio	Change in Management - Police Audit		2		0	1/15/2010	Implemented
2007-06	UTMDACC - Houston	Conflict of Interest		1		1	2/28/2010*	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		1		1	8/31/2010	Satisfactory
2008-05	UTMDACC - Houston	Clinical Trial Research		1		1	5/31/2010	Satisfactory
2009-03	UTMDACC - Houston	Wireless and Firewall Remote Access Security Assessment		4		4	2/31/2012	Satisfactory
2009-03	UTMDACC - Houston	Review of Patch Management		1		1	11/30/2009*	Satisfactory
2009-03	UTMDACC - Houston	Review of Performance and Capacity Monitoring		4		4	8/31/2009*	Satisfactory
2009-03	UTMDACC - Houston	Review of Patient History Oracle Database Security		3		3	5/31/2009*	Satisfactory
2009-05	UTMDACC - Houston	Business Continuity Plan Review		1		1	2/28/2010**	Satisfactory

THE UNIVERSITY OF TEXAS SYSTEM

Implementation Status of Outstanding Significant Findings/Recommendations

Report Date	Institution	Audit	1st Quarter 2010		2nd Quarter 2010		Targeted Implementation Date	Overall Progress Towards Completion (Note)
			Ranking	# of Significant Findings	Ranking	# of Significant Findings		
2010/02	UTMDACC - Houston	Information Security Organization Review				5	5/31/2010	Satisfactory
2005-12	UTSYS ADM	System wide Financial Audit Fiscal Year 2005		1		1	9/1/2010	Satisfactory
2006-06	UTSYS ADM	UTIMCO Institutional Investment and Compliance Audits		1		1	8/31/2010	Satisfactory
Totals				47**		53		

STATE AUDITOR'S OFFICE AUDITS

2010-03	UTPA	Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2009				1	9/30/2010	Satisfactory
2010-03	UTPA	Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2009				4	8/31/2010	Satisfactory
2009-03	UTPB	Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2008		1		0	3/31/2010	Implemented
2010-02	UTPB	Southern Association of Colleges and Schools Financial Statement Review Fiscal Year 2009				1	8/31/2010	Satisfactory
2009-08	UTSWMC - Dallas	Campus Security Emergency Management Plans Audit		3		3	12/31/2010	Satisfactory
2010-03	UTSWMC - Dallas	Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2009				1	4/30/2010	Satisfactory
2010-03	UTSWMC - Dallas	Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2009				0	3/1/2010	Implemented
2010-03	UTHSC - Houston	Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2009				0	1/29/2010	Implemented
2010-03	UTHSC - Houston	Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2009				1	7/31/2010	Satisfactory
2010-03	UTHSC - San Antonio	Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2009				0	3/1/2010	Implemented
2010-03	UTHSC - San Antonio	Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2009				2	11/30/2009*	Satisfactory
2007-05	UTSYS ADM	Charity Care at Health-Related Institutions		1		1	10/31/2010	Satisfactory
Totals				5		14		

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.

* Recommendation deemed to be implemented per management and awaiting verification and validation by internal audit.

** Awaiting updated implementation date from the institution.

*** The total U. T. System significant findings for the first quarter of 2010 was previously reported as 44 due to the exclusion of three findings from U. T. M. D. Anderson Cancer Center's Review of Patient History Oracle Database Security, which were erroneously reported as implemented.

OTHER U. T. SYSTEM AUDIT REPORTS RECEIVED BY SYSTEM AUDIT 12/2009 through 2/2010

Institution	Audit
UTAUS	National College Athletic Association Football Attendance
UTAUS	Change in Management - Thompson Conference Center
UTAUS	Texas Education Research Center
UTAUS	Information Technology Change Management
UTAUS	Cash Management and Cash Handling Policy
UTAUS	Change in Management - Department of American Studies
UTAUS	Change in Management - Ferguson Structural Engineering Laboratory
UTAUS	Change in Management - University Interscholastic League
UTAUS	Change in Management - Office of Admissions
UTAUS	Change in Management - Department of Human Development and Family Sciences
UTAUS	Texas Administrative Code, Chapter 202
UTB	Fiscal Year 2009 Audit of Dual Enrollment
UTB	Fiscal Year 2010 Audit of President's Travel and Entertainment Expenses
UTB	Fiscal Year 2010 Audit of Texas Workforce Commission Contract No. 2407SDF001
UTB	Fiscal Year 2009 Annual Financial Report Audit
UTD	President's Travel and Entertainment
UTD	Executive Education
UTD	Construction
UTD	Cash Handling and Cash Management
UTD	University Police
UTEP	Student Tuition and Fees
UTEP	Texas Administrative Code Chapter 202 Audit - Phase 3
UTEP	National Hackerman Advanced Research Programs
UTEP	Technology Transfer
UTPA	National College Athletic Association Compliance Eligibility
UTPA	Texas Administrative Code, Chapter 202 Audit
UTSA	Information Technology Organizational Funding
UTSA	Institutionally Managed Construction Projects
UTTY	Annual Financial Report Audit 2009
UTTY	Endowment Management Fee Review
UTTY	Annual Follow-up
UTTY	Review of Business Continuity Plan
UTSMC - Dallas	National Pediatric Infectious Disease Foundation Fiscal Year 2009 Annual Financial Report Audit
UTSMC - Dallas	Physical Plant Central Data and Acquisition System Audit
UTSMC - Dallas	Fiscal Year 2009 Financial Statement Audit
UTSMC - Dallas	University Hospitals Quality Indicators
UTSMC - Dallas	Expenditure Review - High Risk Areas
UTSMC - Dallas	Advanced Research Program Grants
UTSMC - Dallas	Physician Billing Compliance
UTHSC - Houston	Follow-up on Open Recommendations
UTHSC - Houston	UTHSC-H Financial Statement Assurance Work
UTHSC - Houston	Presidential Travel and Entertainment
UTHSC - Houston	Endowment Management Fees
UTHSC - Houston	Texas Higher Education Coordinating Board Family Practice Residency Program Fiscal Year 2009 Annual Financial Report Audit
UTHSC - Houston	Texas Higher Education Coordinating Board Obstetrics and Gynecology Residency Program Fiscal Year 2009 Annual Financial Report Audit
UTHSC - Houston	Texas Higher Education Coordinating Board Obstetrics and Gynecology Residency Program at LBJ Hospital Fiscal Year 2009
UTHSC - Houston	Texas Higher Education Coordinating Board Internal Medicine Residency Program Fiscal Year 2009 Annual Financial Report Audit
UTHSC - Houston	Texas Higher Education Coordinating Board Family Practice Preceptorship Program Fiscal Years 2008 and 2009 Annual Financial Report Audit
UTHSC - Houston	Follow-up on Open Recommendations
UTHSC - San Antonio	Research Grants: Review of Expenditures Audit
UTHSC - San Antonio	Institutional Follow-UP - 1st Quarter
UTHSC - San Antonio	President's Office: Expenditures Audit
UTHSC - San Antonio	Family Practice Residency Program Audit

OTHER U. T. SYSTEM AUDIT REPORTS RECEIVED BY SYSTEM AUDIT 12/2009 through 2/2010

Institution	Audit
UTHSC - San Antonio	Institutional Follow Up: 2nd Quarter
UTHSC - San Antonio	Internal Medicine Primary Care Residency Program
UTHSC - San Antonio	Regional Academic Health Center Internal Medicine Primary Care Residency Program
UTHSC - San Antonio	Department of Pediatrics, Primary Care Residency Program
UTMDACC - Houston	Human Resources Compliance
UTMDACC - Houston	Advanced Recovery Programs/Advanced Technology Programs
UTHSC - Tyler	Fiscal Year 2009 Annual Financial Report Audit
UTHSC - Tyler	UTS166 Cash Management Audit - Cash Flow Analysis
UTHSC - Tyler	Family Medicine Residency Program Annual Financial Report Audit Fiscal Year 2009
UTSYS ADM	Information Technology Governance
UTSYS ADM	Fiscal Year 2009 Annual Financial Report Consolidation Process Audit
UTSYS ADM	Facilities Management Departmental Audit
UTSYS ADM	National College Athletic Association Fiscal Year 2009 - UT El Paso
UTSYS ADM	National College Athletic Association Fiscal Year 2009 - UT Pan American
UTSYS ADM	National College Athletic Association Fiscal Year 2009 - UT San Antonio
UTSYS ADM	National College Athletic Association Fiscal Year 2009 - UT Arlington
UTSYS ADM	National College Athletic Association Fiscal Year 2009 - UT Permian Basin
UTSYS ADM	Follow-up on Information Technology
UTSYS ADM	Facilities Management Operational Audit
UTSYS ADM	Federation Member Operating Practices Audit
UTSYS ADM	UT Brownsville President's Office Expenditures Audit
UTSYS ADM	Board of Regents Travel, Entertainment Expenses Audit

STATE AUDITOR'S OFFICE AUDIT REPORTS RELEASED 12/2009 THROUGH 2/2010

Institution	Audit
UTSA, UTTY, UTPB, UTHSC -Houston,	Fiscal Year 2009 Southern Association of Colleges and Schools Accreditation Financial Review
UTA, UTAUS, UTPA, UTT, UTMB, UTHSC - Houston, UTHSC - San Antonio, UTMDACC - Houston	State of Texas Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2009
UTAUS, UTSA, UTHSC - Houston, UTSWMC - Dallas, UT SYS ADM	State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2009



TABLE OF CONTENTS FOR FINANCE AND PLANNING COMMITTEE

Committee Meeting: 5/12/2010

*Paul L. Foster, Chairman
Printice L. Gary
James R. Huffines
Wm. Eugene Powell*

Board Meeting: 5/13/2010
Austin, Texas

	Committee Meeting	Board Meeting	Page
Convene	<i>2:30 p.m. Chairman Foster</i>		
1. U. T. System: Discussion and appropriate action related to approval of <i>Docket No. 142</i>	<i>2:30 p.m. Discussion Dr. Kelley</i>	Action	69
2. U. T. System: Key Financial Indicators Report and Monthly Financial Report	<i>2:35 p.m. Report Dr. Kelley</i>	Not on Agenda	69
3. 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, 2010	<i>2:55 p.m. Report Mr. Zimmerman</i>	Report	103
4. 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	<i>3:10 p.m. Action Mr. Zimmerman</i>	Action	109
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	<i>3:20 p.m. Action Mr. Aldridge</i>	Action	112
Adjourn	<i>3:30 p.m.</i>		

1. **U. T. System: Discussion and appropriate action related to approval of Docket No. 142**

RECOMMENDATION

It is recommended that *Docket No. 142* be approved. The Docket is on green paper behind the Docket tab.

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.

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 70 - 77 that follow, and the March Monthly Financial Report on Pages 78 - 102. 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 2006 through February 2010. Ratios requiring balance sheet data are provided for Fiscal Year 2005 through Fiscal Year 2009.

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 2010.


















THE UNIVERSITY OF TEXAS SYSTEM



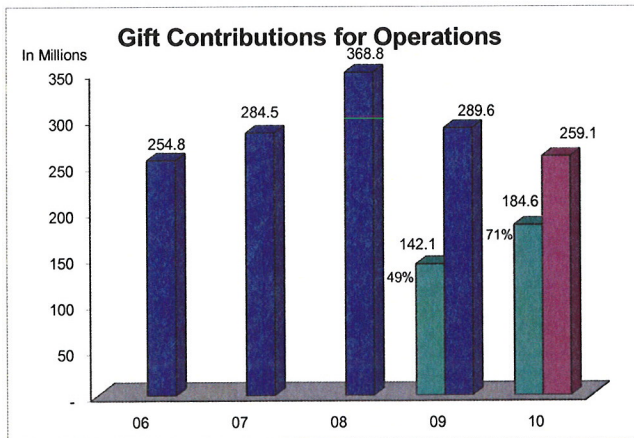
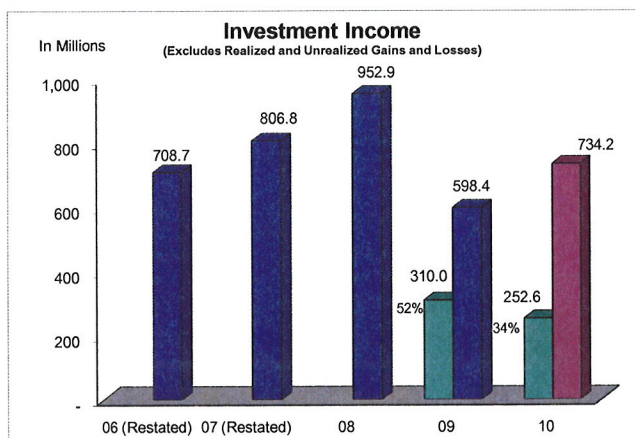
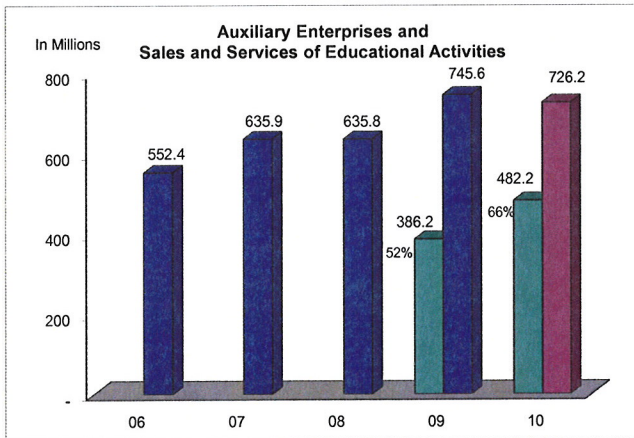
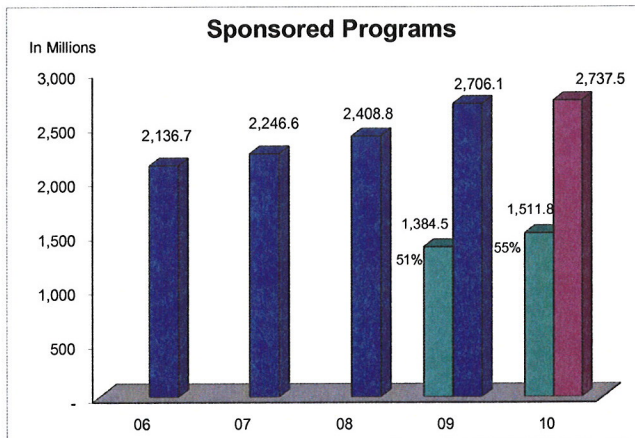
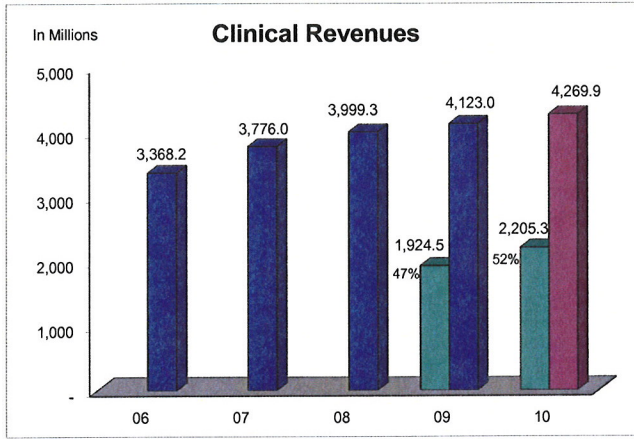
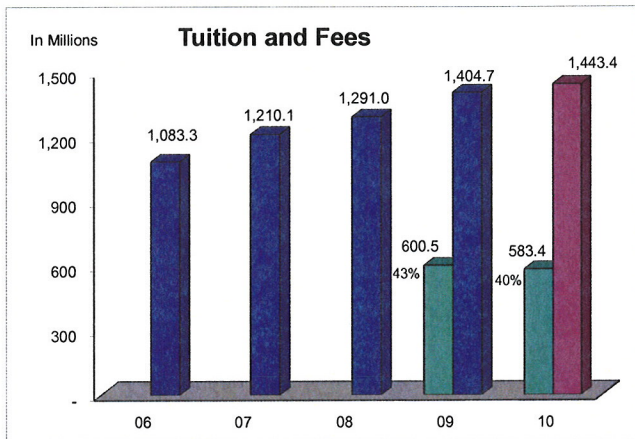
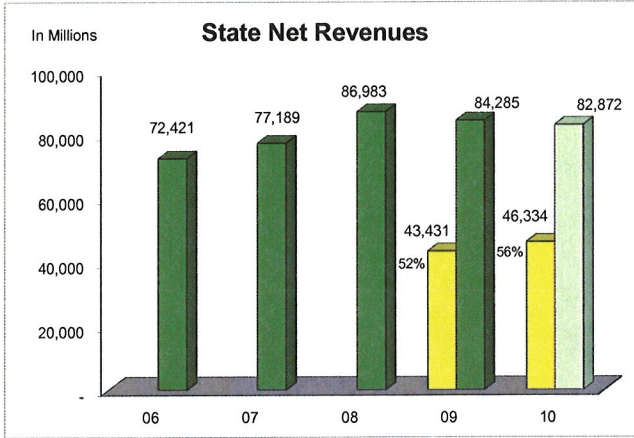
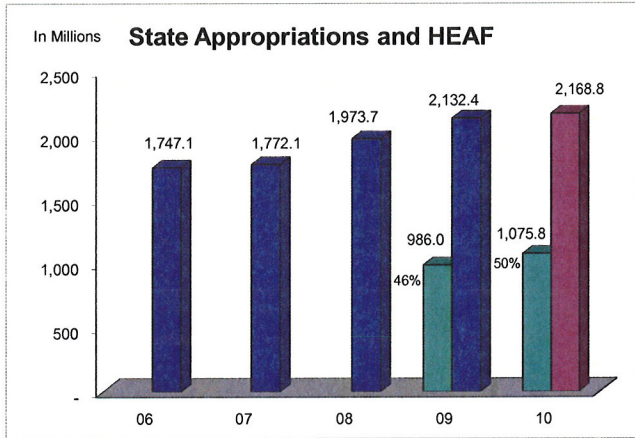
KEY FINANCIAL INDICATORS REPORT

2ND QUARTER FY 2010

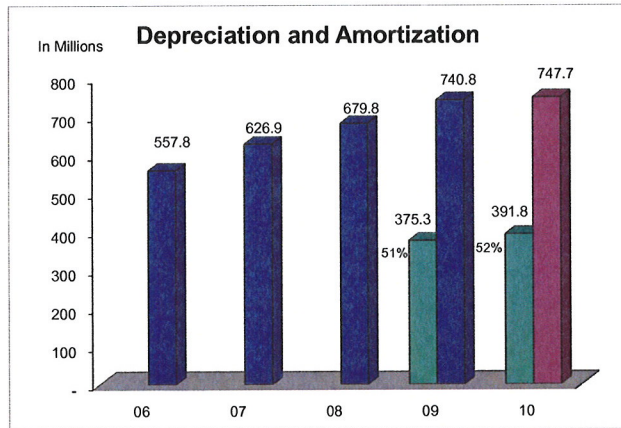
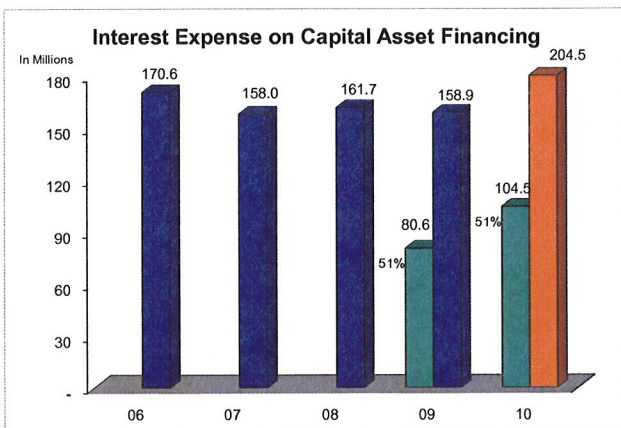
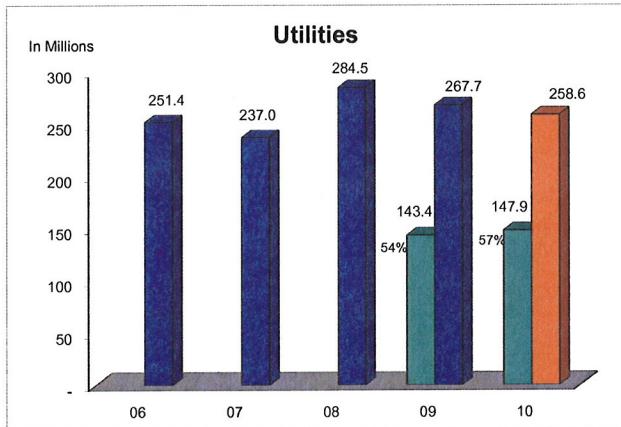
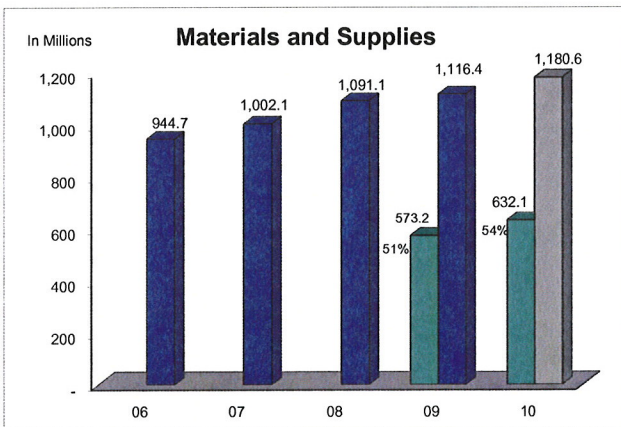
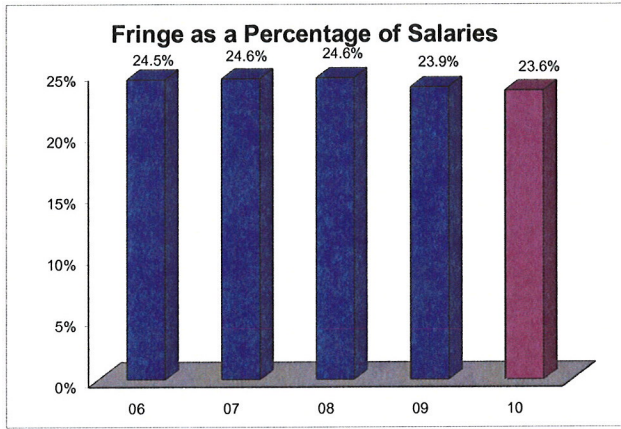
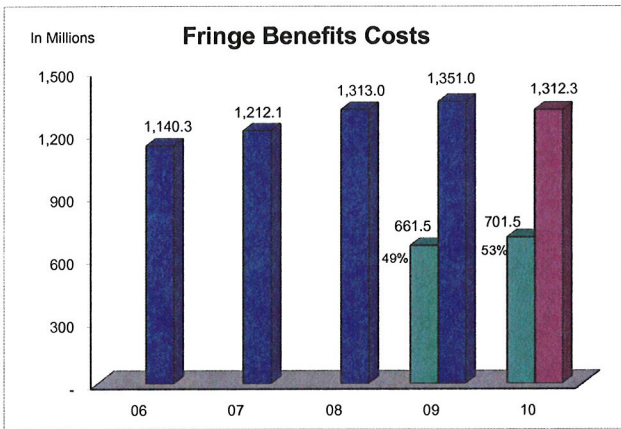
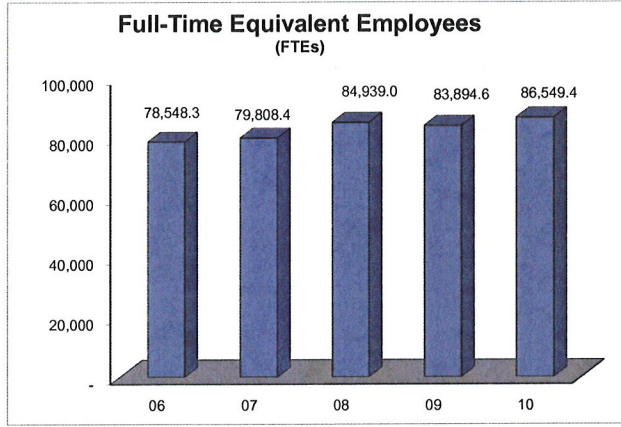
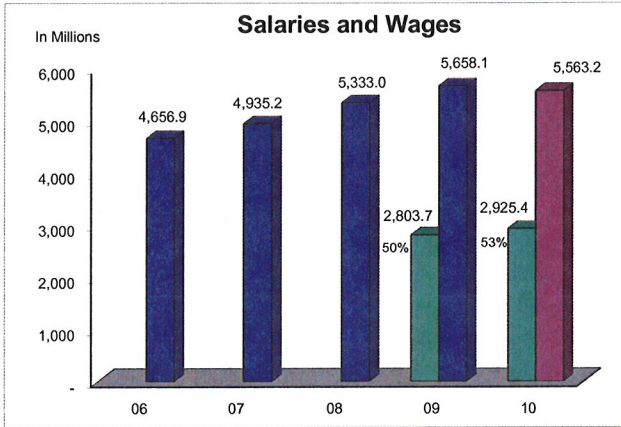
KEY

	Actual Annual Amounts (SOURCE: Annual Financial Reports)
	Adjustment to Actual Annual Amounts to exclude the Increase in Net OPEB Obligation (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 (SOURCE: Monthly Financial Report)
	Projected Amounts based on Monthly Financial Report
	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%)

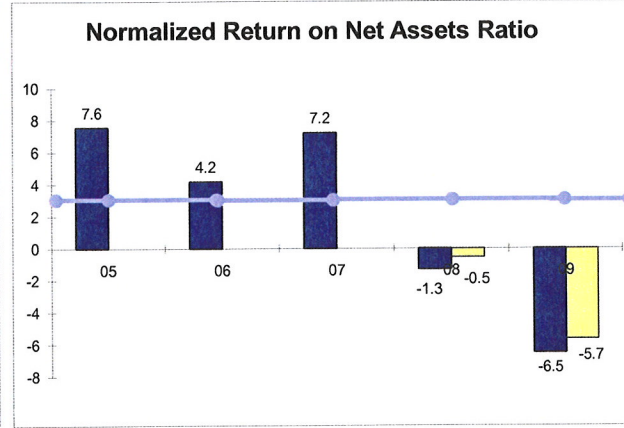
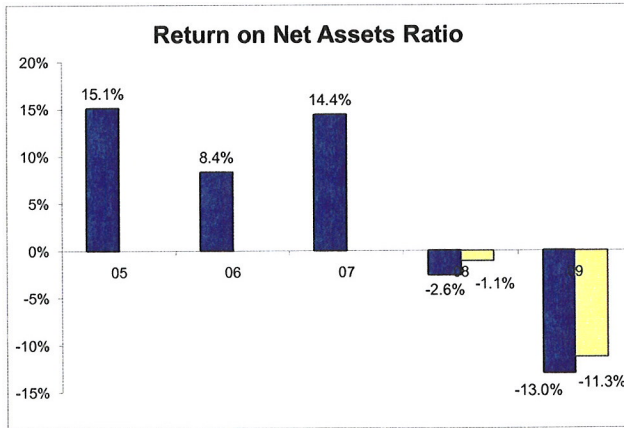
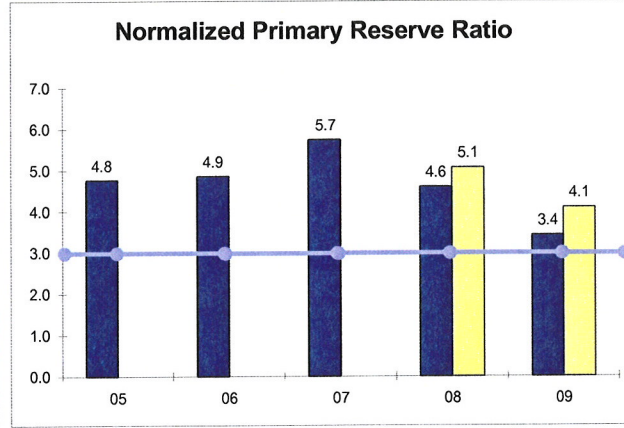
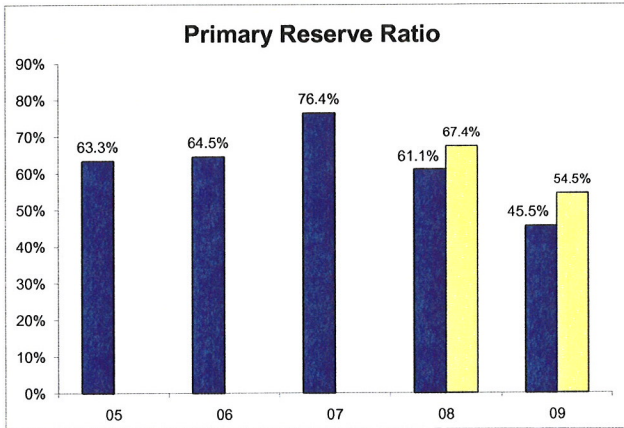
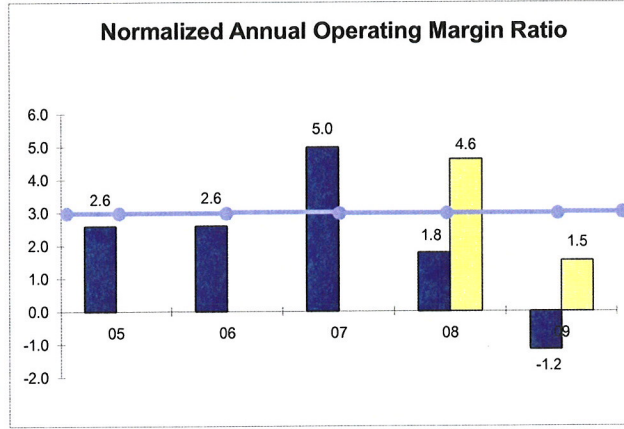
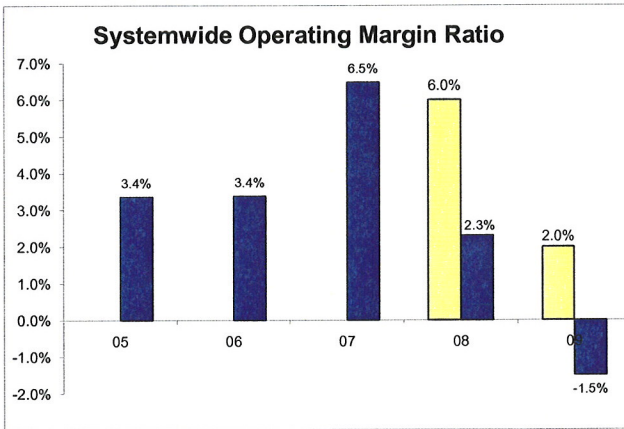
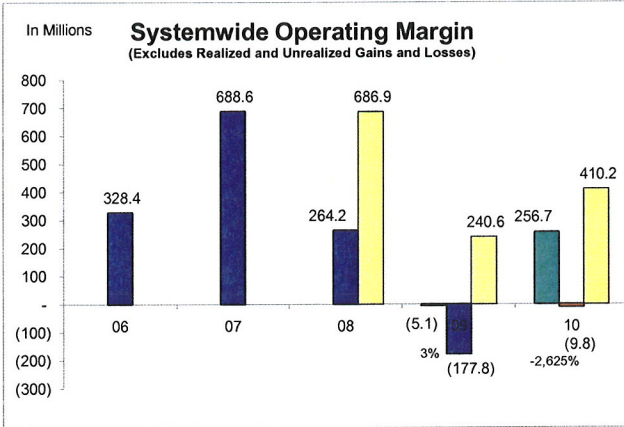
KEY INDICATORS OF REVENUES
ACTUAL 2006 THROUGH 2009
PROJECTED 2010
YEAR-TO-DATE 2009 AND 2010 FROM FEBRUARY MONTHLY FINANCIAL REPORT



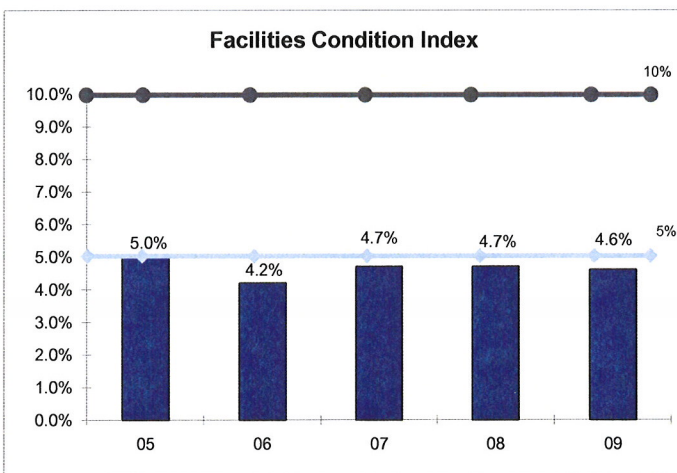
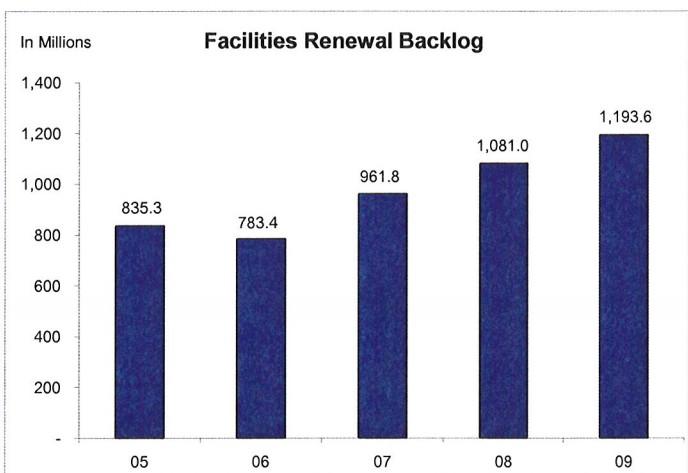
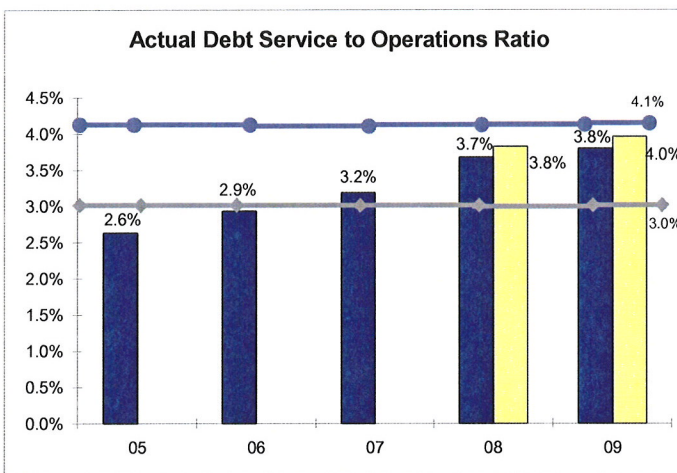
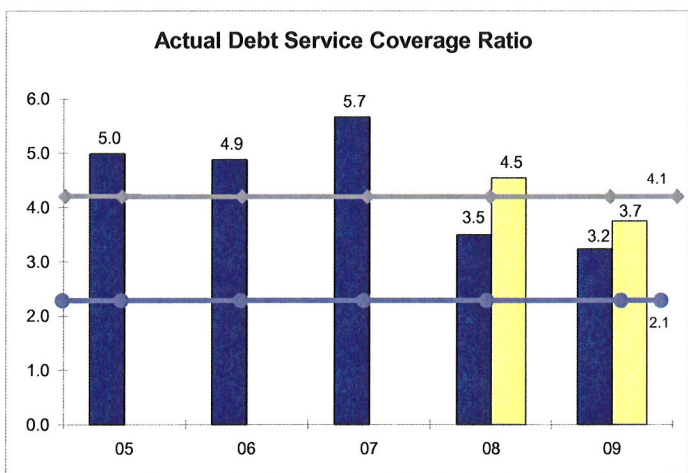
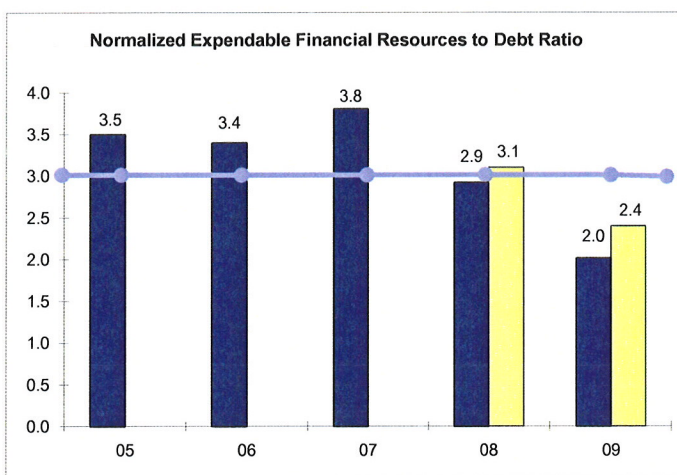
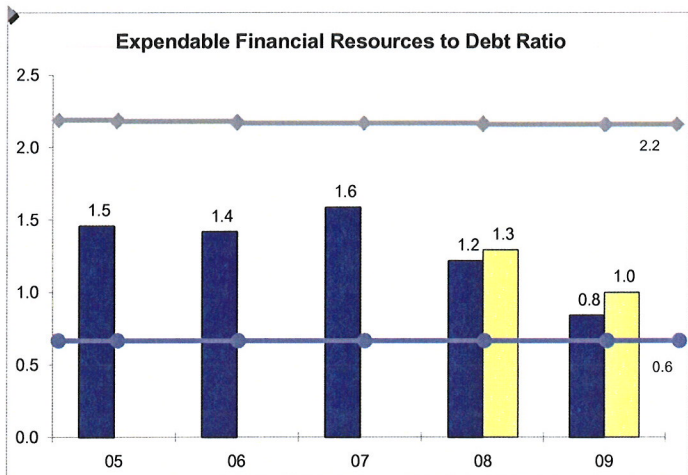
KEY INDICATORS OF EXPENSES
ACTUAL 2006 THROUGH 2009
PROJECTED 2010
YEAR-TO-DATE 2009 AND 2010 FROM FEBRUARY MONTHLY FINANCIAL REPORT



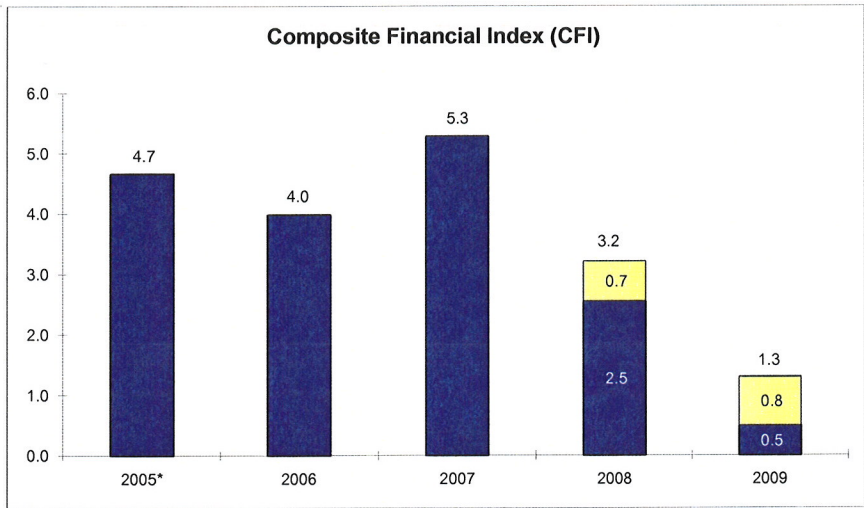
KEY INDICATORS OF RESERVES
ACTUAL 2005 THROUGH 2009
PROJECTED 2010
YEAR-TO-DATE 2009 AND 2010 FROM FEBRUARY MONTHLY FINANCIAL REPORT



KEY INDICATORS OF CAPITAL NEEDS AND CAPACITY 2005 THROUGH 2009

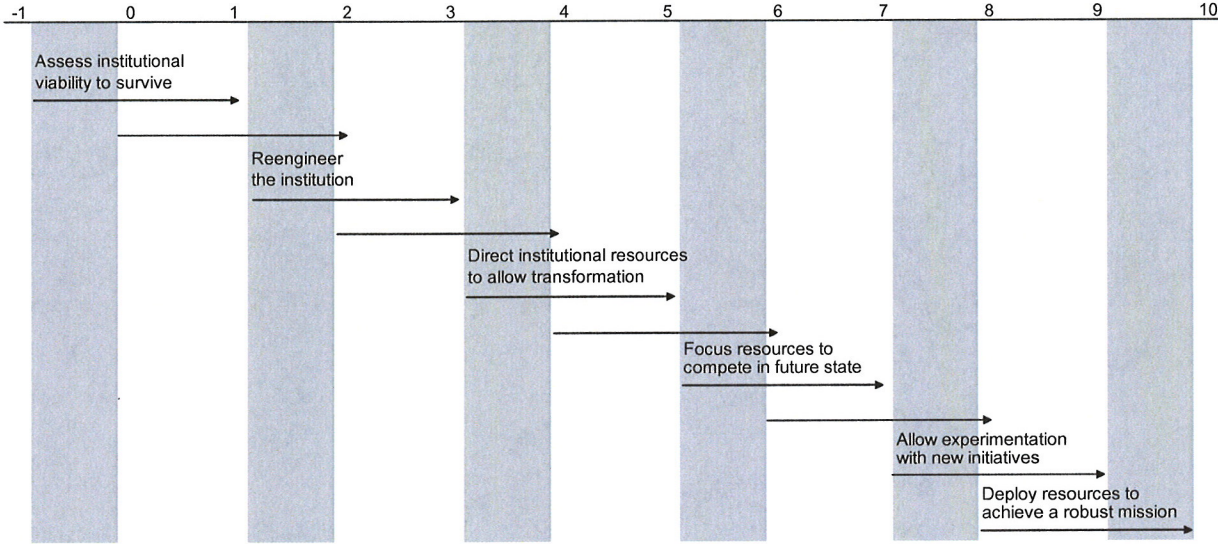


KEY INDICATORS OF FINANCIAL HEALTH 2005 THROUGH 2009

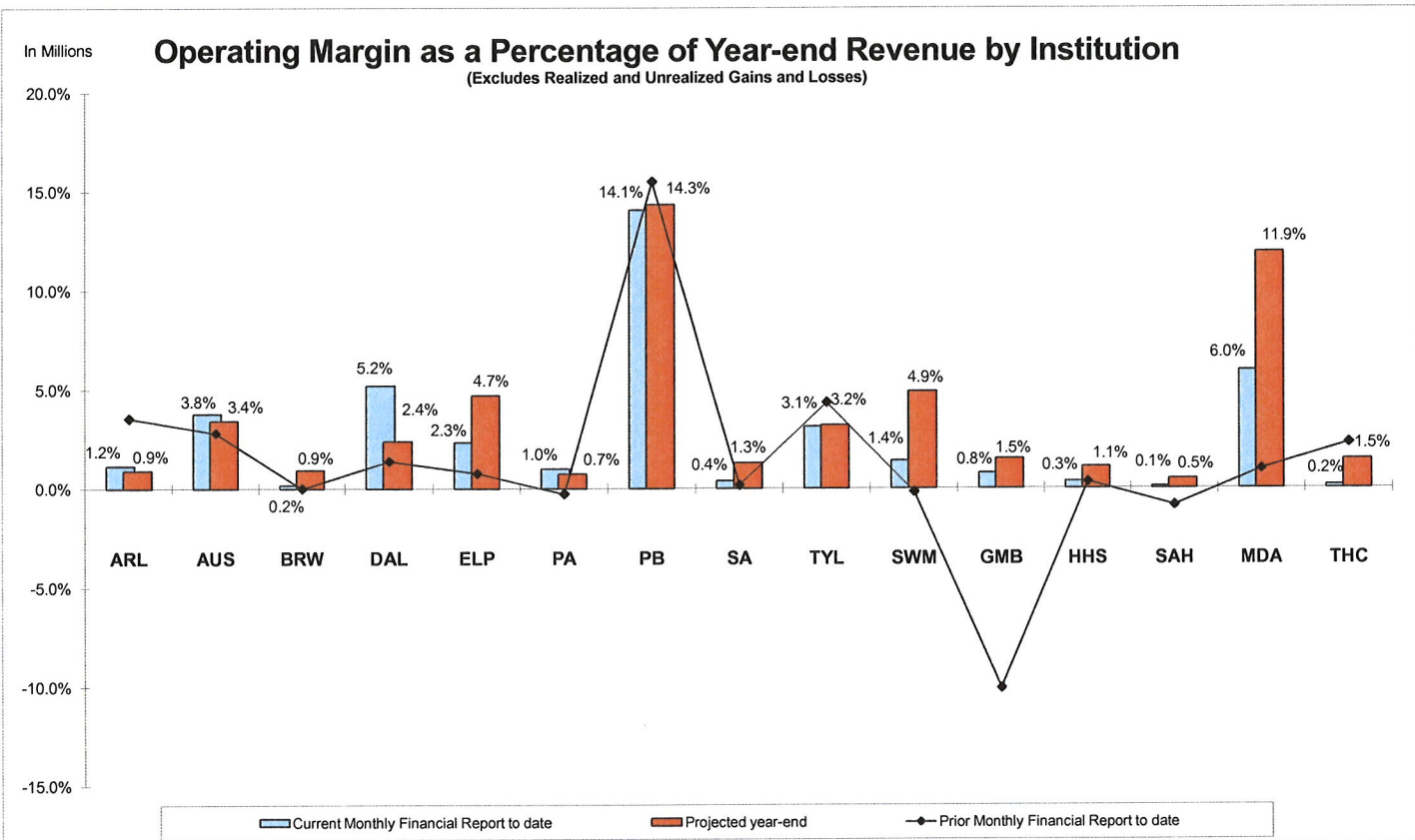
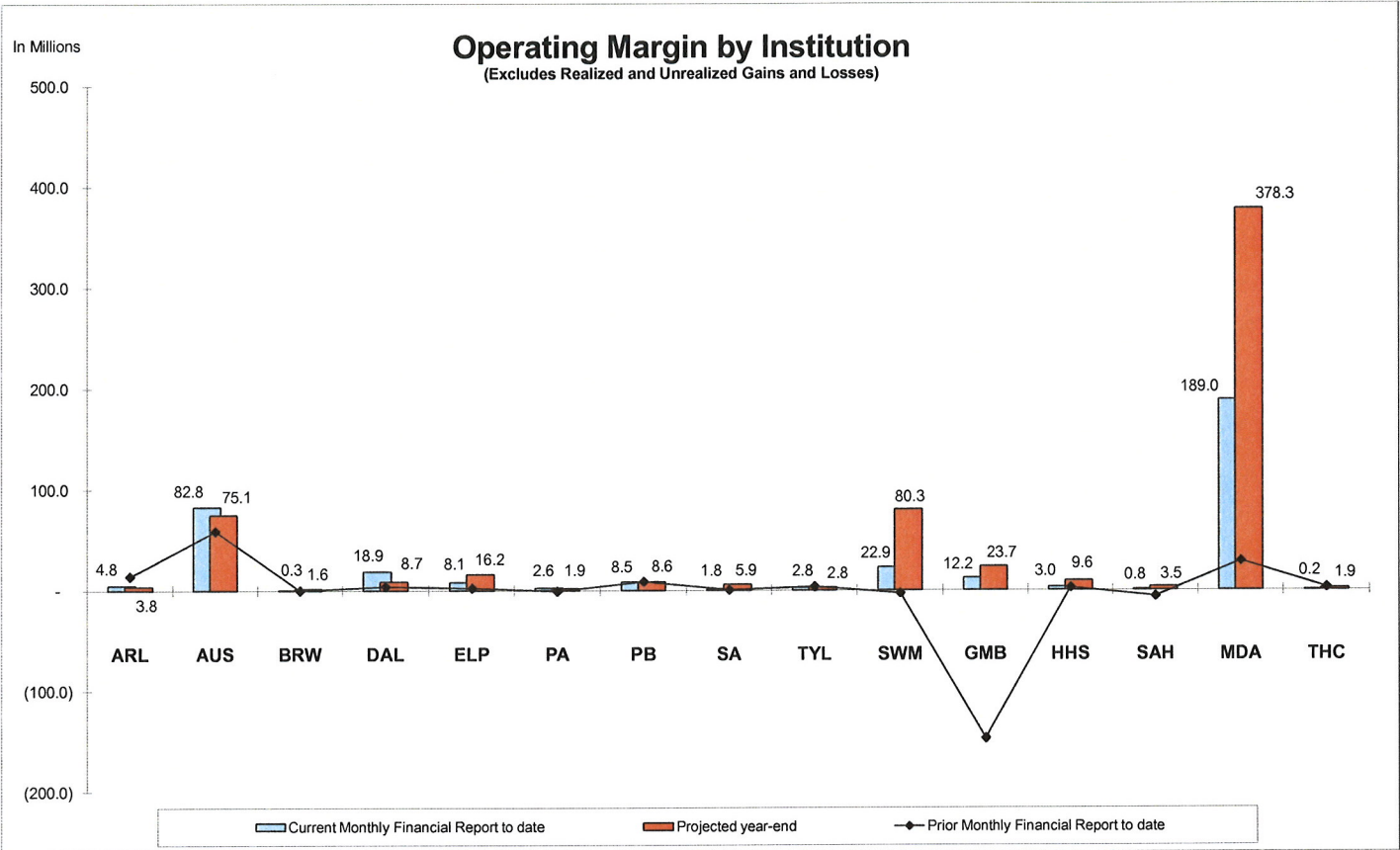


*Restated to reflect appreciation on endowments as restricted expendable net assets as a result of the 2006 external audit

Scale for Charting CFI Performance



KEY INDICATORS OF RESERVES
YEAR-TO-DATE 2009 AND 2010 FROM FEBRUARY MONTHLY FINANCIAL REPORT
PROJECTED 2010 YEAR-END MARGIN



THE UNIVERSITY OF TEXAS SYSTEM
OFFICE OF THE CONTROLLER

MONTHLY FINANCIAL REPORT
(unaudited)

MARCH 2010



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THE UNIVERSITY OF TEXAS SYSTEM
MONTHLY FINANCIAL REPORT
(Unaudited)
FOR THE SEVEN MONTHS ENDING
MARCH 31, 2010

**The University of Texas System
Monthly Financial Report**

Foreword

The Monthly Financial Report (MFR) compares the results of operations between the current year-to-date cumulative amounts and the prior year-to-date cumulative amounts. Explanations are provided for institutions having the largest variances in Adjusted Income (Loss) year-to-date as compared to the prior year, both in terms of dollars and percentages. In addition, although no significant variance may exist, institutions with losses may be discussed.

The data is reported in three sections: (1) Operating Revenues, (2) Operating Expenses and (3) Other Nonoperating Adjustments. Presentation of state appropriation revenues are required under GASB 35 to be reflected as nonoperating revenues, so all institutions will report an Operating Loss prior to this adjustment. The MFR provides an Adjusted Income (Loss), which takes into account the nonoperating adjustments associated with core operating activities. An Adjusted Margin (as a percentage of operating and nonoperating revenue adjustments) is calculated for each period and is intended to reflect relative operating contributions to financial health.

UNAUDITED
The University of Texas System
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2010

	March Year-to-Date FY 2010	March Year-to-Date FY 2009	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	\$ 672,936,968	\$ 698,963,314	\$ (26,026,346)	-3.7%
Sponsored Programs	1,525,741,784	1,471,534,824	54,206,960	3.7%
Net Sales and Services of Educational Activities	321,619,393	208,730,188	112,889,205	54.1%
Net Sales and Services of Hospitals	1,980,945,751	1,699,960,532	280,985,219	16.5%
Net Professional Fees	618,762,319	570,862,530	47,899,789	8.4%
Net Auxiliary Enterprises	252,206,557	236,668,694	15,537,863	6.6%
Other Operating Revenues	80,769,941	90,323,355	(9,553,414)	-10.6%
Total Operating Revenues	5,452,982,713	4,977,043,436	475,939,277	9.6%
Operating Expenses				
Salaries and Wages	3,418,898,951	3,267,501,410	151,397,541	4.6%
Payroll Related Costs	825,364,067	774,487,833	50,876,234	6.6%
Professional Fees and Contracted Services	182,348,838	274,485,470	(92,136,632)	-33.6%
Scholarships and Fellowships	295,188,014	257,833,407	37,354,607	14.5%
Travel	66,427,694	68,846,178	(2,418,484)	-3.5%
Materials and Supplies	748,208,220	677,149,952	71,058,268	10.5%
Utilities	172,334,784	164,029,625	8,305,159	5.1%
Telecommunications	72,593,287	61,605,292	10,987,995	17.8%
Repairs and Maintenance	126,695,837	119,230,445	7,465,392	6.3%
Rentals and Leases	79,784,178	68,383,594	11,400,584	16.7%
Printing and Reproduction	18,539,691	17,058,477	1,481,214	8.7%
Bad Debt Expense	(39,577)	213,700	(253,277)	-118.5%
Claims and Losses	26,120,246	8,791,786	17,328,460	197.1%
Federal Sponsored Programs Pass-Throughs	14,723,509	12,761,531	1,961,978	15.4%
Depreciation and Amortization	456,535,077	437,329,846	19,205,231	4.4%
Other Operating Expenses	505,266,445	513,062,833	(7,796,388)	-1.5%
Total Operating Expenses	7,008,989,261	6,722,771,379	286,217,882	4.3%
Operating Loss	(1,556,006,548)	(1,745,727,942)	189,721,394	10.9%
Other Nonoperating Adjustments				
State Appropriations	1,234,354,664	1,149,208,445	85,146,219	7.4%
Nonexchange Sponsored Programs	213,321,359	141,281,218	72,040,141	51.0%
Gift Contributions for Operations	198,228,123	166,985,913	31,242,210	18.7%
Net Investment Income	304,659,851	348,667,430	(44,007,579)	-12.6%
Interest Expense on Capital Asset Financings	(118,816,540)	(94,265,623)	(24,550,917)	-26.0%
Net Other Nonoperating Adjustments	1,831,747,457	1,711,877,383	119,870,074	7.0%
Adjusted Income (Loss) including Depreciation	275,740,909	(33,850,559)	309,591,468	914.6%
Adjusted Margin (as a percentage) including Depreciation	3.7%	-0.5%		
Investment Gains (Losses)	2,081,646,268	(5,696,892,378)	7,778,538,646	136.5%
Adj. Inc. (Loss) with Investment Gains (Losses)	\$ 2,357,387,177	\$ (5,730,742,937)	\$ 8,088,130,114	141.1%
Adj. Margin % with Investment Gains (Losses)	24.9%	-527.5%		
Adjusted Income (Loss) with Investment Gains (Losses) excluding Depreciation	2,813,922,254	(5,293,413,091)	8,107,335,345	153.2%
Adjusted Margin (as a percentage) with Investment Gains (Losses) excluding Depreciation	29.7%	-487.3%		

**The University of Texas System
Comparison of Adjusted Income (Loss)
For the Seven Months Ending March 31, 2010**

Including Depreciation and Amortization Expense					
	March Year-to-Date FY 2010	March Year-to-Date FY 2009	Variance		Fluctuation Percentage
UT System Administration	\$ (24,398,282)	\$ 63,715,728	\$ (88,114,010)	(1)	-138.3%
UT Arlington	2,101,549	12,232,634	(10,131,085)	(2)	-82.8%
UT Austin	80,738,728	58,538,140	22,200,588	(3)	37.9%
UT Brownsville	943,347	229,944	713,403	(4)	310.3%
UT Dallas	15,260,750	5,176,607	10,084,143	(5)	194.8%
UT El Paso	10,051,262	3,540,158	6,511,104	(6)	183.9%
UT Pan American	1,753,489	(1,315,922)	3,069,411	(7)	233.3%
UT Permian Basin	8,917,312	9,483,150	(565,838)		-6.0%
UT San Antonio	3,483,633	2,449,969	1,033,664		42.2%
UT Tyler	2,730,560	3,827,754	(1,097,194)		-28.7%
UT Southwestern Medical Center - Dallas	29,903,505	(128,034)	30,031,539	(8)	23,455.9%
UT Medical Branch - Galveston	18,069,252	(134,672,241)	152,741,493	(9)	113.4%
UT Health Science Center - Houston	4,732,912	2,159,615	2,573,297	(10)	119.2%
UT Health Science Center - San Antonio	2,330,207	(6,048,303)	8,378,510	(11)	138.5%
UT M. D. Anderson Cancer Center	221,374,482	40,685,176	180,689,306	(12)	444.1%
UT Health Science Center - Tyler	852,370	3,303,816	(2,451,446)	(13)	-74.2%
Elimination of AUF Transfer	(103,104,167)	(97,028,750)	(6,075,417)		-6.3%
Total Adjusted Income (Loss)	<u>275,740,909</u>	<u>(33,850,559)</u>	<u>309,591,468</u>		<u>914.6%</u>
Investment Gains (Losses)	2,081,646,268	(5,696,892,378)	7,778,538,646	(14)	136.5%
Total Adjusted Income (Loss) with Investment Gains (Losses) Including Depreciation and Amortization	<u>\$ 2,357,387,177</u>	<u>\$ (5,730,742,937)</u>	<u>\$ 8,088,130,114</u>		<u>141.1%</u>

Excluding Depreciation and Amortization Expense					
	March Year-to-Date FY 2010	March Year-to-Date FY 2009	Variance		Fluctuation Percentage
UT System Administration	\$ (18,200,649)	\$ 70,101,329	\$ (88,301,978)		-126.0%
UT Arlington	17,258,244	23,952,887	(6,694,643)		-27.9%
UT Austin	178,972,909	150,963,045	28,009,864		18.6%
UT Brownsville	4,247,292	3,592,391	654,901		18.2%
UT Dallas	31,132,768	18,997,394	12,135,374		63.9%
UT El Paso	20,576,127	13,457,189	7,118,938		52.9%
UT Pan American	9,594,482	6,178,476	3,416,006		55.3%
UT Permian Basin	11,306,056	11,682,310	(376,254)		-3.2%
UT San Antonio	25,207,551	21,438,294	3,769,257		17.6%
UT Tyler	8,347,002	9,089,143	(742,141)		-8.2%
UT Southwestern Medical Center - Dallas	75,771,865	44,104,864	31,667,001		71.8%
UT Medical Branch - Galveston	61,262,860	(90,306,306)	151,569,166		167.8%
UT Health Science Center - Houston	27,954,236	25,493,159	2,461,077		9.7%
UT Health Science Center - San Antonio	20,996,874	12,216,695	8,780,179		71.9%
UT M. D. Anderson Cancer Center	355,905,133	171,844,333	184,060,800		107.1%
UT Health Science Center - Tyler	5,047,403	7,702,834	(2,655,431)		-34.5%
Elimination of AUF Transfer	(103,104,167)	(97,028,750)	(6,075,417)		-6.3%
Total Adjusted Income (Loss)	<u>732,275,986</u>	<u>403,479,287</u>	<u>328,796,699</u>		<u>81.5%</u>
Investment Gains (Losses)	2,081,646,268	(5,696,892,378)	7,778,538,646		136.5%
Total Adjusted Income (Loss) with Investment Gains (Losses) Excluding Depreciation and Amortization	<u>\$ 2,813,922,254</u>	<u>\$ (5,293,413,091)</u>	<u>\$ 8,107,335,345</u>		<u>153.2%</u>

THE UNIVERSITY OF TEXAS SYSTEM
EXPLANATION OF VARIANCES ON THE MONTHLY FINANCIAL REPORT
For the Seven Months Ending March 31, 2010

Explanations are provided for institutions having the largest variances in adjusted income (loss) year-to-date as compared to the prior year, both in terms of dollars and percentages. Explanations are also provided for institutions with a current year-to-date adjusted loss.

- (1) UT System Administration – The \$88.1 million (138.3%) decrease in adjusted income over the same period last year was primarily due to a decrease in the income of the Permanent University Fund (PUF) Lands, a decrease in other operating revenue and an increase in claims and losses. The PUF Lands decrease is attributable to a record high oil and gas bonus lease sale in October 2008, a decrease in oil prices and a decline in gas production. In addition, the Long Term Fund distribution increased resulting in a reduction in net investment income. The decrease in other operating revenue is due to a \$7 million rebate of professional medical liability premiums that occurred in March 2010. The increase in claims and losses is due to increased medical insurance claims for Blue Cross Blue Shield. UT System Administration's adjusted loss was \$18.2 million or 23% excluding depreciation expense.
- (2) UT Arlington – The \$10.1 million (82.8%) decrease in adjusted income over the same period last year was due to an increase in salaries and wages and payroll related costs as a result of merit increases and the hiring of additional adjunct professors due to increased enrollment. Excluding depreciation expense, UT Arlington's adjusted income was \$17.3 or 7.1%.
- (3) UT Austin – The \$22.2 million (37.9%) increase in adjusted income over the same period last year was due to an increase in state appropriations due to increased formula funding and an increase in net investment income due to improved market conditions. Excluding depreciation expense, UT Austin's adjusted income was \$179 million or 12.9%.
- (4) UT Brownsville – The \$713,000 (310.3%) increase in adjusted income over the same period last year was primarily attributable to an increase in state appropriations due to increased formula funding. Excluding depreciation expense, UT Brownsville's adjusted income was \$4.2 million or 3.6%.
- (5) UT Dallas – The \$10.1 million (194.8%) increase in adjusted income over the same period last year was due to an increase in nonexchange sponsored programs as a result of funding from the American Recovery and Reinvestment Act (ARRA) and from the Texas Research Incentive Programs (TRIP) matching in line with UT Dallas' tier one initiative. Excluding depreciation expense, UT Dallas' adjusted income was \$31.1 million or 14.8%.
- (6) UT El Paso – The \$6.5 million (183.9%) increase in adjusted income over the same period last year was primarily due to an increase in state appropriations and gift contributions for operations. State appropriations increased due to increased formula funding. Gift contributions for operations increased due to increased pledge commitments as part of the Centennial Campaign. Excluding depreciation expense, UT El Paso's adjusted income was \$20.6 million or 9%.
- (7) UT Pan American – The \$3.1 million (233.3%) increase in adjusted income over the same period last year was due to an increase in state appropriations, gift contributions for operations and net investment income. State appropriations increased due to increased formula funding. Gift contributions for operations increased due to increased gifts for restricted scholarships for the Hispanic Engineering Science and Technology Program. Net investment income increased due to an increase in royalty income for the bookstore guarantees and vending machine commissions. Excluding depreciation expense, UT Pan American's adjusted income was \$9.6 million or 5.3%.
- (8) UT Southwestern Medical Center - Dallas – The \$30 million (23,455.9%) increase in adjusted income over the same period last year was primarily due to an increase in net sales and services of hospitals as a result of increased inpatient and outpatient visits. Excluding depreciation expense, Southwestern's adjusted income was \$75.8 million or 8.1%.
- (9) UT Medical Branch - Galveston – The \$152.7 million (113.4%) increase in adjusted income over the same period last year was primarily due to the recovery from the business disruption in revenue generating activities and expenses related to Hurricane *Ike* in 2009. Operating revenues increased \$79.9 million and operating expenses decreased \$42.7 million. Patient care revenue increased \$122.6 million, with increases in admissions of 74%, patient days of 121%, and clinic visits of 16% as compared to last year. Professional fees and contracted services expense decreased \$65.6 million due to a reduction of expenses related to the recovery from Hurricane *Ike*.

There are processes in place to closely monitor staffing levels across *UTMB*, and planning is underway to address year-to-date realized losses in Correctional Managed Care (CMC) of \$13.2 million which are expected to continue unless corrective action is taken. Cash flow continues to be closely monitored as campus rebuilding activities commence in January 2010. Excluding depreciation expense, *UTMB*'s adjusted income was \$61.3 million or 6.7%. *UTMB* is forecasting a year-end margin of \$23.7 million which represents 1.5% of projected revenues. This forecast includes additional savings to address the \$17.9 million anticipated reduction in general revenue for 2011 and \$73.2 million of depreciation expense.

sales and services of hospitals and net professional fees due to the loss of *UTMB*'s Correctional Managed Care patients in 2010. Excluding depreciation expense, *UTHSC-Tyler*'s adjusted income was \$5 million or 7.1%.

(10) *UT Health Science Center – Houston* – The \$2.6 million (119.2%) increase in adjusted income over the same period last year was primarily attributable to an increase in net investment income due to improved market conditions and realized investment gains from the proceeds from the sale of Volcano Corporation stock. Excluding depreciation expense, *UTHSC-Houston*'s adjusted income was \$28 million or 5.3%.

(11) *UT Health Science Center – San Antonio* – The \$8.4 million (138.5%) increase in adjusted increase over the same period last year was primarily attributable to an increase in state appropriations due to incremental formula funding and special item funding for the San Antonio Life Sciences Institute and the Regional Academic Health Center. While *UTHSC-San Antonio* had adjusted income of \$2.3 million, the Cancer Therapy Research Center (CTRC) incurred a \$2.3 million loss. The School of Medicine has developed a plan to make CTRC break even in 2010 which includes a reduction in the number of employees and reduction in costs. *UTHSC-San Antonio* anticipates ending the year with a \$3.5 million positive margin which represents 0.5% of projected revenues and includes \$32 million of depreciation expense. Excluding depreciation expense, *UTHSC-San Antonio*'s adjusted income was \$21 million or 5.1%.

(12) *UT M. D. Anderson Cancer Center* – The \$180.7 million (444.1%) increase in adjusted income over the same period last year was primarily attributable to the recovery from the business disruption in revenue generating activities related to Hurricane *Ike* in 2009. Operating revenues increased \$166.6 million due to increased patient activity and patient volumes. Gift contributions for operations also increased due to a pledge of \$10 million from HEB, \$5 million from the John Foundation and an increase in various large cash gifts. Excluding depreciation expense, *M. D. Anderson*'s adjusted income was \$355.9 million or 19.2%.

(13) *UT Health Science Center – Tyler* – The \$2.5 million (74.2%) decrease in adjusted income over the same period last year was primarily attributable to a decrease in net

(14) *Investment Gains (Losses)* - The majority of the \$7.8 billion (136.5%) increase in investment gains relates to the Permanent University Fund of \$4.2 billion, the Long Term Fund of \$2 billion, and the Permanent Health Fund of \$374.7 million.

GLOSSARY OF TERMS

OPERATING REVENUES:

NET STUDENT TUITION AND FEES – All student tuition and fee revenues earned at the UT institution for educational purposes, net of tuition discounting.

SPONSORED PROGRAMS – Funding received from local, state and federal governments or private agencies, organizations or individuals, excluding Federal Pell Grant Program which is reported as nonoperating. Includes amounts received for services performed on grants, contracts, and agreements from these entities for current operations. This also includes indirect cost recoveries and pass-through federal and state grants.

NET SALES AND SERVICES OF EDUCATIONAL ACTIVITIES – Revenues that are related to the conduct of instruction, research, and public service and revenues from activities that exist to provide an instructional and laboratory experience for students that create goods and services that may be sold.

NET SALES AND SERVICES OF HOSPITALS – Revenues (net of discounts, allowances, and bad debt expense) generated from UT health institution's daily patient care, special or other services, as well as revenues from health clinics that are part of a hospital.

NET PROFESSIONAL FEES – Revenues (net of discounts, allowances, and bad debt expense) derived from the fees charged by the professional staffs at UT health institutions as part of the Medical Practice Plans. These revenues are also identified as Practice Plan income. Examples of such fees include doctor's fees for clinic visits, medical and dental procedures, professional opinions, and anatomical procedures, such as analysis of specimens after a surgical procedure, etc.

NET AUXILIARY ENTERPRISES – Revenues derived from a service to students, faculty, or staff in which a fee is charged that is directly related to, although not necessarily equal to the cost of the service (e.g., bookstores, dormitories, dining halls, snack bars, inter-collegiate athletic programs, etc.).

OTHER OPERATING REVENUES – Other revenues generated from sales or services provided to meet current fiscal year operating expenses, which are not included in the preceding categories (e.g., certified nonprofit healthcare company revenues, donated drugs, interest on student loans, etc.)

OPERATING EXPENSES:

SALARIES AND WAGES – Expenses for all salaries and wages of individuals employed by the institution including full-time, part-time, longevity, hourly, seasonal, etc.

PAYROLL RELATED COSTS – Expenses for all employee benefits paid by the institution or paid by the state on behalf of the institution. Includes faculty incentive payments and supplemental retirement annuities.

PROFESSIONAL FEES AND CONTRACTED SERVICES – Payments for services rendered on a fee, contract, or other basis by a person, firm, corporation, or company recognized as possessing a high degree of learning and responsibility. Includes such items as services of a consultant, legal counsel, financial or audit fees, medical contracted services, guest lecturers (not employees) and expert witnesses.

OTHER CONTRACTED SERVICES – Payments for services rendered on a contractual basis by a person, firm, corporation or company that possess a lesser degree of learning and responsibility than that required for Professional Fees and Contracted Services. Includes such items as temporary employment expenses, fully insured medical plans expenses, janitorial services, dry cleaning services, etc.

SCHOLARSHIPS AND FELLOWSHIPS – Payments made for scholarship grants to students authorized by law, net of tuition discounting.

TRAVEL – Payments for travel costs incurred during travel by employees, board or commission members and elected/appointed officials on state business.

MATERIALS AND SUPPLIES – Payments for consumable items. Includes, but is not limited to: computer consumables, office supplies, paper products, soap, lights, plants, fuels and lubricants, chemicals and gasses, medical supplies and copier supplies. Also includes postal services, and subscriptions and other publications not for permanent retention.

UTILITIES – Payments for the purchase of electricity, natural gas, water, thermal energy and waste disposal.

TELECOMMUNICATIONS - Electronically transmitted communications services (telephone, internet, computation center services, etc.).

REPAIRS AND MAINTENANCE – Payments for the maintenance and repair of equipment, furnishings, motor vehicles, buildings and other plant facilities. Includes, but is not limited to repair and maintenance to copy machines, furnishings, equipment – including medical and laboratory equipment, office equipment and aircraft.

RENTALS AND LEASES – Payments for rentals or leases of furnishings and equipment, vehicles, land and office buildings (all rental of space).

PRINTING AND REPRODUCTION – Printing and reproduction costs associated with the printing/copying of the institution’s documents and publications.

BAD DEBT EXPENSE – Expenses incurred by the university related to nonrevenue receivables such as non-payment of student loans.

CLAIMS AND LOSSES – Payments for claims from self-insurance programs. Other claims for settlements and judgments are considered other operating expenses.

FEDERAL SPONSORED PROGRAMS PASS-THROUGHS – Pass-throughs to other Texas state agencies, including other universities, of federal grants and contracts.

STATE SPONSORED PROGRAMS PASS-THROUGHS – Pass-throughs to other Texas state agencies, including Texas universities.

DEPRECIATION AND AMORTIZATION – Depreciation on capital assets and amortization expense on intangible assets.

OTHER OPERATING EXPENSES – Other operating expenses not identified in other line items above (e.g., certified non profit healthcare company expenses, property taxes, insurance premiums, credit card fees, hazardous waste disposal expenses, meetings and conferences, etc.).

OPERATING LOSS – Total operating revenues less total operating expenses before other nonoperating adjustments like state appropriations.

OTHER NONOPERATING ADJUSTMENTS:

STATE APPROPRIATIONS – Appropriations from the State General Revenue fund, which supplement the UT institutional revenue in meeting operating expenses, such as faculty salaries, utilities, and institutional support.

NONEXCHANGE SPONSORED PROGRAMS – Federal funding received for the Federal Pell Grant Program.

GIFT CONTRIBUTIONS FOR OPERATIONS – Consist of gifts from donors received for use in current operations, excluding gifts for capital acquisition and endowment gifts. Gifts for capital acquisition which can only be used to build or buy capital assets are excluded because they can not be used to support current operations. Endowment gifts must be held in perpetuity and can not be spent. The distributed income from endowment gifts must be spent according to the donor’s stipulations.

NET INVESTMENT INCOME (on institutions’ sheets) – Interest and dividend income on treasury balances, bank accounts, Short Term Fund, Intermediate Term Fund and Long Term Fund. It also includes distributed earnings from the Permanent Health Fund and patent and royalty income.

NET INVESTMENT INCOME (on the consolidated sheet) – Interest and dividend earnings of the Permanent University Fund, Short Term Fund, Intermediate Term Fund, Long Term Fund and Permanent Health Fund. This line item also includes the Available University Fund surface income, oil and gas royalties, and mineral lease bonus sales.

INTEREST EXPENSE ON CAPITAL ASSET FINANCINGS – Interest expenses associated with bond and note borrowings utilized to finance capital improvement projects by an institution. This consists of the interest portion of mandatory debt service transfers under the Revenue Financing System, Tuition Revenue bond and Permanent University Fund (PUF) bond programs. PUF interest expense is reported on System Administration as the debt legally belongs to the Board of Regents.

ADJUSTED INCOME (LOSS) including Depreciation – Total operating revenues less total operating expenses including depreciation expense plus net other nonoperating adjustments.

ADJUSTED MARGIN (as a percentage) including Depreciation – Percentage of Adjusted Income (Loss) including depreciation expense divided by Total Operating Revenues plus Net Nonoperating Adjustments less Interest Expense on Capital Asset Financings.

AVAILABLE UNIVERSITY FUND TRANSFER – Includes Available University Fund (AUF) transfer to System Administration for Educational and General operations and to UT Austin for Excellence Funding. These transfers are funded by investment earnings from the Permanent University Fund (PUF), which are required by law to be reported in the PUF at System Administration. On the MFR, investment income for System Administration has been reduced for the amount of the System Administration transfer so as not to overstate investment income for System Administration. The AUF transfers are eliminated at the consolidated level to avoid overstating System-wide revenues, as the amounts will be reflected as transfers at year-end.

INVESTMENT GAINS (LOSSES) – Realized and unrealized gains and losses on investments.

ADJUSTED INCOME (LOSS) excluding Depreciation – Total operating revenues less total operating expenses excluding depreciation expense plus net other nonoperating adjustments.

ADJUSTED MARGIN (as a percentage) excluding Depreciation – Percentage of Adjusted Income (Loss) excluding depreciation expense divided by Total Operating Revenues plus Net Nonoperating Adjustments less Interest Expense on Capital Asset Financings.

UNAUDITED
The University of Texas System Administration
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2010

	March Year-to-Date FY 2010	March Year-to-Date FY 2009	Variance	Fluctuation Percentage
Operating Revenues				
Sponsored Programs	\$ 26,271,944	\$ 7,544,994	\$ 18,726,950	248.2%
Net Sales and Services of Educational Activities	12,909,346	24,425,012	(11,515,666)	-47.1%
Other Operating Revenues	(8,125,540)	(576,067)	(7,549,473)	-1,310.5%
Total Operating Revenues	31,055,750	31,393,939	(338,189)	-1.1%
Operating Expenses				
Salaries and Wages	18,300,239	20,080,213	(1,779,974)	-8.9%
Employee Benefits and Related Costs	4,064,081	4,355,451	(291,370)	-6.7%
Professional Fees and Contracted Services	1,381,591	5,050,076	(3,668,485)	-72.6%
Scholarships and Fellowships	132,900	554,200	(421,300)	-76.0%
Travel	1,135,337	1,104,077	31,260	2.8%
Materials and Supplies	1,597,349	2,440,483	(843,134)	-34.5%
Utilities	200,227	212,766	(12,539)	-5.9%
Telecommunications	2,577,355	3,010,906	(433,551)	-14.4%
Repairs and Maintenance	2,107,154	877,923	1,229,231	140.0%
Rentals and Leases	440,613	696,846	(256,233)	-36.8%
Printing and Reproduction	237,306	130,755	106,551	81.5%
Claims and Losses	26,120,246	8,791,786	17,328,460	197.1%
Depreciation and Amortization	6,197,633	6,385,601	(187,968)	-2.9%
Other Operating Expenses	17,330,532	10,747,453	6,583,079	61.3%
Total Operating Expenses	81,822,563	64,438,536	17,384,027	27.0%
Operating Loss	(50,766,813)	(33,044,597)	(17,722,216)	-53.6%
Other Nonoperating Adjustments				
State Appropriations	1,166,667	537,850	628,817	116.9%
Gift Contributions for Operations	524,733	605,354	(80,621)	-13.3%
Net Investment Income	27,258,433	97,147,305	(69,888,872)	-71.9%
Interest Expense on Capital Asset Financings	(21,851,063)	(21,852,002)	939	0.0%
Net Other Nonoperating Adjustments	7,098,770	76,438,507	(69,339,737)	-90.7%
Adjusted Income (Loss) including Depreciation	(43,668,043)	43,393,910	(87,061,953)	-200.6%
Adjusted Margin (as a percentage) including Depreciation	-72.8%	33.5%		
Available University Fund Transfer	19,269,761	20,321,818	(1,052,057)	-5.2%
Adjusted Income (Loss) with AUF Transfer	(24,398,282)	63,715,728	(88,114,010)	-138.3%
Adjusted Margin % with AUF Transfer	-30.8%	42.5%		
Investment Gains (Losses)	1,833,582,102	(4,790,388,037)	6,623,970,139	138.3%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$ 1,809,183,820	\$ (4,726,672,309)	\$ 6,535,856,129	138.3%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	94.6%	-101.9%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation	(18,200,649)	70,101,329	(88,301,978)	-126.0%
Adjusted Margin (as a percentage) with AUF Transfer excluding Depreciation	-23.0%	46.7%		

UNAUDITED
The University of Texas at Arlington
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2010

	March Year-to-Date FY 2010	March Year-to-Date FY 2009	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	\$ 89,508,187	\$ 80,481,526	\$ 9,026,661	11.2%
Sponsored Programs	30,070,933	28,357,911	1,713,022	6.0%
Net Sales and Services of Educational Activities	7,985,474	9,201,871	(1,216,397)	-13.2%
Net Auxiliary Enterprises	15,460,730	15,333,517	127,213	0.8%
Other Operating Revenues	5,258,668	5,265,164	(6,496)	-0.1%
Total Operating Revenues	148,283,992	138,639,989	9,644,003	7.0%
Operating Expenses				
Salaries and Wages	123,143,264	114,648,836	8,494,428	7.4%
Employee Benefits and Related Costs	27,650,792	24,992,828	2,657,964	10.6%
Professional Fees and Contracted Services	2,301,236	1,877,233	424,003	22.6%
Scholarships and Fellowships	17,204,346	5,482,664	11,721,682	213.8%
Travel	3,580,916	3,272,697	308,219	9.4%
Materials and Supplies	12,126,115	12,102,015	24,100	0.2%
Utilities	5,895,785	6,476,272	(580,487)	-9.0%
Telecommunications	4,150,779	4,037,381	113,398	2.8%
Repairs and Maintenance	4,948,316	4,951,213	(2,897)	-0.1%
Rentals and Leases	2,136,837	1,773,497	363,340	20.5%
Printing and Reproduction	1,636,509	1,499,627	136,882	9.1%
Federal Sponsored Programs Pass-Thrus	1,005,101	1,171,231	(166,130)	-14.2%
Depreciation and Amortization	15,156,695	11,720,253	3,436,442	29.3%
Other Operating Expenses	14,644,063	12,755,186	1,888,877	14.8%
Total Operating Expenses	235,580,754	206,760,933	28,819,821	13.9%
Operating Loss	(87,296,762)	(68,120,944)	(19,175,818)	-28.1%
Other Nonoperating Adjustments				
State Appropriations	68,305,774	65,056,010	3,249,764	5.0%
Nonexchange Sponsored Programs	17,500,000	12,753,773	4,746,227	37.2%
Gift Contributions for Operations	2,474,642	1,220,188	1,254,454	102.8%
Net Investment Income	6,488,947	5,636,514	852,433	15.1%
Interest Expense on Capital Asset Financings	(5,371,052)	(4,312,907)	(1,058,145)	-24.5%
Net Other Nonoperating Adjustments	89,398,311	80,353,578	9,044,733	11.3%
Adjusted Income (Loss) including Depreciation	2,101,549	12,232,634	(10,131,085)	-82.8%
Adjusted Margin (as a percentage) including Depreciation	0.9%	5.5%		
Investment Gains (Losses)	9,353,682	(42,828,150)	52,181,832	121.8%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 11,455,231	\$ (30,595,516)	\$ 42,050,747	137.4%
Adjusted Margin % with Investment Gains (Losses)	4.5%	-17.0%		
Adjusted Income (Loss) excluding Depreciation	17,258,244	23,952,887	(6,694,643)	-27.9%
Adjusted Margin (as a percentage) excluding Depreciation	7.1%	10.7%		

UNAUDITED
The University of Texas at Austin
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2010

	March Year-to-Date FY 2010	March Year-to-Date FY 2009	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	\$ 215,123,431	\$ 283,841,160	\$ (68,717,729)	-24.2%
Sponsored Programs	295,179,200	280,190,455	14,988,745	5.3%
Net Sales and Services of Educational Activities	212,033,616	93,071,628	118,961,988	127.8%
Net Auxiliary Enterprises	147,846,876	136,023,538	11,823,338	8.7%
Other Operating Revenues	3,312,492	3,655,808	(343,316)	-9.4%
Total Operating Revenues	873,495,615	796,782,589	76,713,026	9.6%
Operating Expenses				
Salaries and Wages	631,421,261	581,031,696	50,389,565	8.7%
Employee Benefits and Related Costs	144,375,369	131,302,984	13,072,385	10.0%
Professional Fees and Contracted Services	17,031,110	18,796,230	(1,765,120)	-9.4%
Scholarships and Fellowships	51,785,493	73,269,103	(21,483,610)	-29.3%
Travel	23,445,012	23,546,619	(101,607)	-0.4%
Materials and Supplies	74,201,115	75,609,276	(1,408,161)	-1.9%
Utilities	55,655,652	42,911,094	12,744,558	29.7%
Telecommunications	33,609,507	21,913,710	11,695,797	53.4%
Repairs and Maintenance	24,807,705	21,728,771	3,078,934	14.2%
Rentals and Leases	12,713,101	10,178,609	2,534,492	24.9%
Printing and Reproduction	6,890,997	6,186,926	704,071	11.4%
Federal Sponsored Programs Pass-Thrus	1,875,651	1,653,326	222,325	13.4%
Depreciation and Amortization	98,234,181	92,424,905	5,809,276	6.3%
Other Operating Expenses	105,122,855	92,592,826	12,530,029	13.5%
Total Operating Expenses	1,281,169,009	1,193,146,075	88,022,934	7.4%
Operating Loss	(407,673,394)	(396,363,486)	(11,309,908)	-2.9%
Other Nonoperating Adjustments				
State Appropriations	208,182,774	198,819,040	9,363,734	4.7%
Nonexchange Sponsored Programs	28,066,363	17,248,773	10,817,590	62.7%
Gift Contributions for Operations	70,850,379	69,889,439	960,940	1.4%
Net Investment Income	98,882,303	91,912,898	6,969,405	7.6%
Interest Expense on Capital Asset Financings	(20,673,864)	(19,997,275)	(676,589)	-3.4%
Net Other Nonoperating Adjustments	385,307,955	357,872,875	27,435,080	7.7%
Adjusted Income (Loss) including Depreciation	(22,365,439)	(38,490,610)	16,125,171	41.9%
Adjusted Margin (as a percentage) including Depreciation	-1.7%	-3.3%		
Available University Fund Transfer	103,104,167	97,028,750	6,075,417	6.3%
Adjusted Income (Loss) with AUF Transfer	80,738,728	58,538,140	22,200,588	37.9%
Adjusted Margin % with AUF Transfer	5.8%	4.6%		
Investment Gains (Losses)	57,718,001	(218,763,445)	276,481,446	126.4%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$ 138,456,729	\$ (160,225,305)	\$ 298,682,034	186.4%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	9.6%	-15.2%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation	178,972,909	150,963,045	28,009,864	18.6%
Adjusted Margin (as a percentage) with AUF Transfer excluding Depreciation	12.9%	11.9%		

UNAUDITED
The University of Texas at Brownsville
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2010

	March Year-to-Date FY 2010	March Year-to-Date FY 2009	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	\$ 11,605,344	\$ 10,921,114	\$ 684,230	6.3%
Sponsored Programs	49,506,505	46,520,838	2,985,667	6.4%
Net Sales and Services of Educational Activities	1,084,556	1,112,002	(27,446)	-2.5%
Net Auxiliary Enterprises	830,722	709,399	121,323	17.1%
Other Operating Revenues	14,669	5,398	9,271	171.7%
Total Operating Revenues	63,041,796	59,268,751	3,773,045	6.4%
Operating Expenses				
Salaries and Wages	40,211,908	38,242,250	1,969,658	5.2%
Employee Benefits and Related Costs	10,494,627	9,284,415	1,210,212	13.0%
Professional Fees and Contracted Services	1,027,320	1,209,054	(181,734)	-15.0%
Scholarships and Fellowships	47,600,610	37,807,521	9,793,089	25.9%
Travel	578,295	682,626	(104,331)	-15.3%
Materials and Supplies	3,057,172	3,428,039	(370,867)	-10.8%
Utilities	2,231,204	2,012,696	218,508	10.9%
Telecommunications	831,559	942,669	(111,110)	-11.8%
Repairs and Maintenance	1,097,355	805,288	292,067	36.3%
Rentals and Leases	1,154,853	1,182,871	(28,018)	-2.4%
Printing and Reproduction	145,023	197,733	(52,710)	-26.7%
Bad Debt Expense	23,459	20,851	2,608	12.5%
Depreciation and Amortization	3,303,945	3,362,447	(58,502)	-1.7%
Other Operating Expenses	3,686,839	4,193,002	(506,163)	-12.1%
Total Operating Expenses	115,507,481	103,394,538	12,112,943	11.7%
Operating Loss	(52,465,685)	(44,125,787)	(8,339,898)	-18.9%
Other Nonoperating Adjustments				
State Appropriations	23,691,051	22,450,209	1,240,842	5.5%
Nonexchange Sponsored Programs	29,878,237	21,756,187	8,122,050	37.3%
Gift Contributions for Operations	248,095	352,287	(104,192)	-29.6%
Net Investment Income	648,934	682,608	(33,674)	-4.9%
Interest Expense on Capital Asset Financings	(1,057,285)	(885,560)	(171,725)	-19.4%
Net Other Nonoperating Adjustments	53,409,032	44,355,731	9,053,301	20.4%
Adjusted Income (Loss) including Depreciation	943,347	229,944	713,403	310.3%
Adjusted Margin (as a percentage) including Depreciation	0.8%	0.2%		
Investment Gains (Losses)	1,649,716	(5,985,766)	7,635,482	127.6%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 2,593,063	\$ (5,755,822)	\$ 8,348,885	145.1%
Adjusted Margin % with Investment Gains (Losses)	2.2%	-5.8%		
Adjusted Income (Loss) excluding Depreciation	4,247,292	3,592,391	654,901	18.2%
Adjusted Margin (as a percentage) excluding Depreciation	3.6%	3.4%		

UNAUDITED
The University of Texas at Dallas
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2010

	March Year-to-Date FY 2010	March Year-to-Date FY 2009	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	\$ 80,185,332	\$ 73,338,431	\$ 6,846,901	9.3%
Sponsored Programs	27,001,402	27,475,565	(474,163)	-1.7%
Net Sales and Services of Educational Activities	6,066,642	4,527,765	1,538,877	34.0%
Net Auxiliary Enterprises	5,040,061	4,055,535	984,526	24.3%
Other Operating Revenues	1,597,693	4,869,421	(3,271,728)	-67.2%
Total Operating Revenues	119,891,130	114,266,716	5,624,414	4.9%
Operating Expenses				
Salaries and Wages	100,844,818	93,827,046	7,017,772	7.5%
Employee Benefits and Related Costs	21,234,989	18,876,019	2,358,970	12.5%
Professional Fees and Contracted Services	3,451,942	2,684,367	767,575	28.6%
Scholarships and Fellowships	12,761,728	12,223,745	537,983	4.4%
Travel	2,102,222	2,124,404	(22,182)	-1.0%
Materials and Supplies	9,722,225	9,358,663	363,562	3.9%
Utilities	6,070,259	5,269,967	800,292	15.2%
Telecommunications	560,931	795,010	(234,079)	-29.4%
Repairs and Maintenance	1,009,469	2,177,613	(1,168,144)	-53.6%
Rentals and Leases	1,433,249	1,046,427	386,822	37.0%
Printing and Reproduction	851,134	787,735	63,399	8.0%
Federal Sponsored Programs Pass-Thrus	197,344	132,964	64,380	48.4%
Depreciation and Amortization	15,872,018	13,820,787	2,051,231	14.8%
Other Operating Expenses	14,222,840	13,463,722	759,118	5.6%
Total Operating Expenses	190,335,168	176,588,469	13,746,699	7.8%
Operating Loss	(70,444,038)	(62,321,753)	(8,122,285)	-13.0%
Other Nonoperating Adjustments				
State Appropriations	57,014,748	53,585,308	3,429,440	6.4%
Nonexchange Sponsored Programs	17,299,294	4,254,370	13,044,924	306.6%
Gift Contributions for Operations	9,365,308	5,315,905	4,049,403	76.2%
Net Investment Income	7,027,842	7,481,664	(453,822)	-6.1%
Interest Expense on Capital Asset Financings	(5,002,404)	(3,138,887)	(1,863,517)	-59.4%
Net Other Nonoperating Adjustments	85,704,788	67,498,360	18,206,428	27.0%
Adjusted Income (Loss) including Depreciation	15,260,750	5,176,607	10,084,143	194.8%
Adjusted Margin (as a percentage) including Depreciation	7.2%	2.8%		
Investment Gains (Losses)	7,024,531	(30,353,257)	37,377,788	123.1%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 22,285,281	\$ (25,176,650)	\$ 47,461,931	188.5%
Adjusted Margin % with Investment Gains (Losses)	10.2%	-16.3%		
Adjusted Income (Loss) excluding Depreciation	31,132,768	18,997,394	12,135,374	63.9%
Adjusted Margin (as a percentage) excluding Depreciation	14.8%	10.3%		

UNAUDITED
The University of Texas at El Paso
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2010

	March Year-to-Date FY 2010	March Year-to-Date FY 2009	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	\$ 55,891,462	\$ 51,369,256	\$ 4,522,206	8.8%
Sponsored Programs	42,293,663	36,041,897	6,251,766	17.3%
Net Sales and Services of Educational Activities	2,745,008	3,021,647	(276,639)	-9.2%
Net Auxiliary Enterprises	14,364,965	14,586,461	(221,496)	-1.5%
Other Operating Revenues	350	40,059	(39,709)	-99.1%
Total Operating Revenues	115,295,448	105,059,320	10,236,128	9.7%
Operating Expenses				
Salaries and Wages	88,649,971	83,471,189	5,178,782	6.2%
Employee Benefits and Related Costs	21,594,133	19,635,397	1,958,736	10.0%
Professional Fees and Contracted Services	599,959	521,816	78,143	15.0%
Scholarships and Fellowships	52,689,905	39,865,161	12,824,744	32.2%
Travel	3,693,497	3,475,085	218,412	6.3%
Materials and Supplies	13,716,153	12,356,643	1,359,510	11.0%
Utilities	3,741,478	4,528,479	(787,001)	-17.4%
Telecommunications	379,938	443,133	(63,195)	-14.3%
Repairs and Maintenance	2,952,053	2,455,631	496,422	20.2%
Rentals and Leases	2,098,502	2,359,518	(261,016)	-11.1%
Printing and Reproduction	475,649	664,381	(188,732)	-28.4%
Federal Sponsored Programs Pass-Thrus	694,236	349,615	344,621	98.6%
Depreciation and Amortization	10,524,865	9,917,031	607,834	6.1%
Other Operating Expenses	13,376,027	13,309,913	66,114	0.5%
Total Operating Expenses	215,186,366	193,352,992	21,833,374	11.3%
Operating Loss	(99,890,918)	(88,293,672)	(11,597,246)	-13.1%
Other Nonoperating Adjustments				
State Appropriations	59,975,825	55,115,914	4,859,911	8.8%
Nonexchange Sponsored Programs	37,368,679	27,529,859	9,838,820	35.7%
Gift Contributions for Operations	9,651,814	5,171,995	4,479,819	86.6%
Net Investment Income	6,001,686	5,542,755	458,931	8.3%
Interest Expense on Capital Asset Financings	(3,055,824)	(1,526,693)	(1,529,131)	-100.2%
Net Other Nonoperating Adjustments	109,942,180	91,833,830	18,108,350	19.7%
Adjusted Income (Loss) including Depreciation	10,051,262	3,540,158	6,511,104	183.9%
Adjusted Margin (as a percentage) including Depreciation	4.4%	1.8%		
Investment Gains (Losses)	4,126,631	(16,697,392)	20,824,023	124.7%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 14,177,893	\$ (13,157,234)	\$ 27,335,127	207.8%
Adjusted Margin % with Investment Gains (Losses)	6.1%	-7.2%		
Adjusted Income (Loss) excluding Depreciation	20,576,127	13,457,189	7,118,938	52.9%
Adjusted Margin (as a percentage) excluding Depreciation	9.0%	6.8%		

UNAUDITED
The University of Texas - Pan American
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2010

	March Year-to-Date FY 2010	March Year-to-Date FY 2009	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	\$ 34,904,623	\$ 29,739,696	\$ 5,164,927	17.4%
Sponsored Programs	45,016,988	39,892,718	5,124,270	12.8%
Net Sales and Services of Educational Activities	3,220,622	3,069,307	151,315	4.9%
Net Auxiliary Enterprises	4,244,942	3,418,868	826,074	24.2%
Other Operating Revenues	952,872	1,514,377	(561,505)	-37.1%
Total Operating Revenues	88,340,047	77,634,966	10,705,081	13.8%
Operating Expenses				
Salaries and Wages	65,408,377	60,998,139	4,410,238	7.2%
Employee Benefits and Related Costs	16,165,830	15,287,399	878,431	5.7%
Professional Fees and Contracted Services	911,083	912,319	(1,236)	-0.1%
Scholarships and Fellowships	61,880,218	48,416,435	13,463,783	27.8%
Travel	2,513,480	2,273,872	239,608	10.5%
Materials and Supplies	7,715,315	6,808,096	907,219	13.3%
Utilities	4,133,025	4,424,759	(291,734)	-6.6%
Telecommunications	255,697	658,226	(402,529)	-61.2%
Repairs and Maintenance	2,106,392	1,426,108	680,284	47.7%
Rentals and Leases	575,338	511,658	63,680	12.4%
Printing and Reproduction	212,857	184,495	28,362	15.4%
Bad Debt Expense	(65,471)	189,000	(254,471)	-134.6%
Federal Sponsored Programs Pass-Thrus	161,355	45,601	115,754	253.8%
Depreciation and Amortization	7,840,993	7,494,398	346,595	4.6%
Other Operating Expenses	6,211,644	5,895,076	316,568	5.4%
Total Operating Expenses	176,026,133	155,525,581	20,500,552	13.2%
Operating Loss	(87,686,086)	(77,890,615)	(9,795,471)	-12.6%
Other Nonoperating Adjustments				
State Appropriations	45,582,644	44,263,110	1,319,534	3.0%
Nonexchange Sponsored Programs	42,203,152	32,084,088	10,119,064	31.5%
Gift Contributions for Operations	1,566,611	973,656	592,955	60.9%
Net Investment Income	2,449,413	1,661,895	787,518	47.4%
Interest Expense on Capital Asset Financings	(2,362,245)	(2,408,056)	45,811	1.9%
Net Other Nonoperating Adjustments	89,439,575	76,574,693	12,864,882	16.8%
Adjusted Income (Loss) including Depreciation	1,753,489	(1,315,922)	3,069,411	233.3%
Adjusted Margin (as a percentage) including Depreciation	1.0%	-0.8%		
Investment Gains (Losses)	3,569,178	(11,013,487)	14,582,665	132.4%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 5,322,667	\$ (12,329,409)	\$ 17,652,076	143.2%
Adjusted Margin % with Investment Gains (Losses)	2.9%	-8.5%		
Adjusted Income (Loss) excluding Depreciation	9,594,482	6,178,476	3,416,006	55.3%
Adjusted Margin (as a percentage) excluding Depreciation	5.3%	3.9%		

UNAUDITED
The University of Texas of the Permian Basin
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2010

	March Year-to-Date <u>FY 2010</u>	March Year-to-Date <u>FY 2009</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Net Student Tuition and Fees	\$ 6,986,554	\$ 6,605,820	\$ 380,734	5.8%
Sponsored Programs	3,353,046	2,402,441	950,605	39.6%
Net Sales and Services of Educational Activities	306,275	229,037	77,238	33.7%
Net Auxiliary Enterprises	2,390,438	2,328,607	61,831	2.7%
Other Operating Revenues	124,549	80,326	44,223	55.1%
Total Operating Revenues	<u>13,160,862</u>	<u>11,646,231</u>	<u>1,514,631</u>	<u>13.0%</u>
Operating Expenses				
Salaries and Wages	12,472,491	11,271,776	1,200,715	10.7%
Employee Benefits and Related Costs	2,787,329	2,550,519	236,810	9.3%
Professional Fees and Contracted Services	464,607	552,693	(88,086)	-15.9%
Scholarships and Fellowships	2,166,180	2,061,698	104,482	5.1%
Travel	440,201	487,602	(47,401)	-9.7%
Materials and Supplies	2,694,819	1,660,084	1,034,735	62.3%
Utilities	1,431,333	1,337,844	93,489	7.0%
Telecommunications	251,528	280,630	(29,102)	-10.4%
Repairs and Maintenance	874,826	755,032	119,794	15.9%
Rentals and Leases	271,976	317,376	(45,400)	-14.3%
Printing and Reproduction	140,051	77,454	62,597	80.8%
Depreciation and Amortization	2,388,744	2,199,160	189,584	8.6%
Other Operating Expenses	1,697,796	1,402,756	295,040	21.0%
Total Operating Expenses	<u>28,081,881</u>	<u>24,954,624</u>	<u>3,127,257</u>	<u>12.5%</u>
Operating Loss	<u>(14,921,019)</u>	<u>(13,308,393)</u>	<u>(1,612,626)</u>	<u>-12.1%</u>
Other Nonoperating Adjustments				
State Appropriations	18,707,106	18,501,216	205,890	1.1%
Nonexchange Sponsored Programs	3,917,151	2,916,622	1,000,529	34.3%
Gift Contributions for Operations	787,217	781,950	5,267	0.7%
Net Investment Income	1,775,887	965,406	810,481	84.0%
Interest Expense on Capital Asset Financings	(1,349,030)	(373,651)	(975,379)	-261.0%
Net Other Nonoperating Adjustments	<u>23,838,331</u>	<u>22,791,543</u>	<u>1,046,788</u>	<u>4.6%</u>
Adjusted Income (Loss) including Depreciation	8,917,312	9,483,150	(565,838)	-6.0%
Adjusted Margin (as a percentage) including Depreciation	23.3%	27.2%		
Investment Gains (Losses)	1,847,045	(3,173,013)	5,020,058	158.2%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 10,764,357	\$ 6,310,137	\$ 4,454,220	70.6%
Adjusted Margin % with Investment Gains (Losses)	26.8%	19.9%		
Adjusted Income (Loss) excluding Depreciation	11,306,056	11,682,310	(376,254)	-3.2%
Adjusted Margin (as a percentage) excluding Depreciation	29.5%	33.6%		

UNAUDITED
The University of Texas at San Antonio
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2010

	March Year-to-Date FY 2010	March Year-to-Date FY 2009	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	\$ 101,798,172	\$ 91,706,812	\$ 10,091,360	11.0%
Sponsored Programs	41,079,610	37,799,253	3,280,357	8.7%
Net Sales and Services of Educational Activities	4,600,541	4,530,122	70,419	1.6%
Net Auxiliary Enterprises	13,034,754	12,275,747	759,007	6.2%
Other Operating Revenues	923,117	857,182	65,935	7.7%
Total Operating Revenues	161,436,194	147,169,116	14,267,078	9.7%
Operating Expenses				
Salaries and Wages	118,819,283	109,563,959	9,255,324	8.4%
Employee Benefits and Related Costs	28,886,815	26,246,144	2,640,671	10.1%
Professional Fees and Contracted Services	2,362,312	2,558,367	(196,055)	-7.7%
Scholarships and Fellowships	25,657,444	18,847,974	6,809,470	36.1%
Travel	3,961,909	3,622,155	339,754	9.4%
Materials and Supplies	19,973,864	17,679,495	2,294,369	13.0%
Utilities	6,612,842	6,919,128	(306,286)	-4.4%
Telecommunications	1,909,854	2,031,634	(121,780)	-6.0%
Repairs and Maintenance	5,020,881	5,467,014	(446,133)	-8.2%
Rentals and Leases	2,034,481	1,494,874	539,607	36.1%
Printing and Reproduction	578,371	664,685	(86,314)	-13.0%
Federal Sponsored Programs Pass-Thrus	2,044,809	2,040,912	3,897	0.2%
Depreciation and Amortization	21,723,918	18,988,325	2,735,593	14.4%
Other Operating Expenses	15,268,474	13,229,961	2,038,513	15.4%
Total Operating Expenses	254,855,257	229,354,627	25,500,630	11.1%
Operating Loss	(93,419,063)	(82,185,511)	(11,233,552)	-13.7%
Other Nonoperating Adjustments				
State Appropriations	70,622,425	67,801,119	2,821,306	4.2%
Nonexchange Sponsored Programs	23,537,544	16,750,028	6,787,516	40.5%
Gift Contributions for Operations	5,833,333	3,422,313	2,411,020	70.5%
Net Investment Income	6,020,537	4,019,985	2,000,552	49.8%
Interest Expense on Capital Asset Financings	(9,111,143)	(7,357,965)	(1,753,178)	-23.8%
Net Other Nonoperating Adjustments	96,902,696	84,635,480	12,267,216	14.5%
Adjusted Income (Loss) including Depreciation	3,483,633	2,449,969	1,033,664	42.2%
Adjusted Margin (as a percentage) including Depreciation	1.3%	1.0%		
Investment Gains (Losses)	14,364,546	(49,753,949)	64,118,495	128.9%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 17,848,179	\$ (47,303,980)	\$ 65,152,159	137.7%
Adjusted Margin % with Investment Gains (Losses)	6.3%	-25.0%		
Adjusted Income (Loss) excluding Depreciation	25,207,551	21,438,294	3,769,257	17.6%
Adjusted Margin (as a percentage) excluding Depreciation	9.4%	9.0%		

UNAUDITED
The University of Texas at Tyler
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2010

	March Year-to-Date FY 2010	March Year-to-Date FY 2009	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	\$ 15,829,755	\$ 15,163,895	\$ 665,860	4.4%
Sponsored Programs	5,906,127	6,081,704	(175,577)	-2.9%
Net Sales and Services of Educational Activities	1,258,279	1,514,239	(255,960)	-16.9%
Net Auxiliary Enterprises	2,117,743	2,518,291	(400,548)	-15.9%
Other Operating Revenues	235,272	98,239	137,033	139.5%
Total Operating Revenues	25,347,176	25,376,367	(29,191)	-0.1%
Operating Expenses				
Salaries and Wages	22,114,224	21,555,075	559,149	2.6%
Employee Benefits and Related Costs	5,745,920	5,349,746	396,174	7.4%
Professional Fees and Contracted Services	665,344	596,422	68,922	11.6%
Scholarships and Fellowships	7,491,732	5,639,902	1,851,830	32.8%
Travel	843,507	888,918	(45,411)	-5.1%
Materials and Supplies	2,499,000	2,869,006	(370,006)	-12.9%
Utilities	1,192,664	1,183,980	8,684	0.7%
Telecommunications	679,338	338,734	340,604	100.6%
Repairs and Maintenance	691,562	767,082	(75,520)	-9.8%
Rentals and Leases	187,615	182,425	5,190	2.8%
Printing and Reproduction	356,775	400,204	(43,429)	-10.9%
Bad Debt Expense	820	2,326	(1,506)	-64.7%
Federal Sponsored Programs Pass-Thrus	69,418	271,339	(201,921)	-74.4%
Depreciation and Amortization	5,616,442	5,261,389	355,053	6.7%
Other Operating Expenses	3,852,669	3,598,120	254,549	7.1%
Total Operating Expenses	52,007,030	48,904,668	3,102,362	6.3%
Operating Loss	(26,659,854)	(23,528,300)	(3,131,554)	-13.3%
Other Nonoperating Adjustments				
State Appropriations	21,114,958	20,601,683	513,275	2.5%
Nonexchange Sponsored Programs	6,611,075	5,073,440	1,537,635	30.3%
Gift Contributions for Operations	868,465	456,912	411,553	90.1%
Net Investment Income	2,468,427	2,291,823	176,604	7.7%
Interest Expense on Capital Asset Financings	(1,672,511)	(1,067,804)	(604,707)	-56.6%
Net Other Nonoperating Adjustments	29,390,414	27,356,054	2,034,360	7.4%
Adjusted Income (Loss) including Depreciation	2,730,560	3,827,754	(1,097,194)	-28.7%
Adjusted Margin (as a percentage) including Depreciation	4.8%	7.1%		
Investment Gains (Losses)	2,525,300	(8,011,350)	10,536,650	131.5%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 5,255,860	\$ (4,183,596)	\$ 9,439,456	225.6%
Adjusted Margin % with Investment Gains (Losses)	8.9%	-9.1%		
Adjusted Income (Loss) excluding Depreciation	8,347,002	9,089,143	(742,141)	-8.2%
Adjusted Margin (as a percentage) excluding Depreciation	14.8%	16.9%		

UNAUDITED
The University of Texas Southwestern Medical Center at Dallas
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2010

	March Year-to-Date FY 2010	March Year-to-Date FY 2009	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	\$ 12,666,789	\$ 12,951,814	\$ (285,025)	-2.2%
Sponsored Programs	257,171,722	241,692,378	15,479,344	6.4%
Net Sales and Services of Educational Activities	6,487,507	5,492,381	995,126	18.1%
Net Sales and Services of Hospitals	270,788,283	228,705,866	42,082,417	18.4%
Net Professional Fees	211,846,593	212,159,872	(313,279)	-0.1%
Net Auxiliary Enterprises	9,856,251	10,173,802	(317,551)	-3.1%
Other Operating Revenues	4,035,342	3,847,108	188,234	4.9%
Total Operating Revenues	772,852,487	715,023,221	57,829,266	8.1%
Operating Expenses				
Salaries and Wages	471,922,151	456,596,535	15,325,616	3.4%
Employee Benefits and Related Costs	106,547,084	98,681,873	7,865,211	8.0%
Professional Fees and Contracted Services	11,491,909	12,830,436	(1,338,527)	-10.4%
Scholarships and Fellowships	5,391,970	5,773,256	(381,286)	-6.6%
Travel	4,732,639	5,379,788	(647,149)	-12.0%
Materials and Supplies	119,147,094	113,655,897	5,491,197	4.8%
Utilities	21,166,545	20,240,114	926,431	4.6%
Telecommunications	4,266,457	4,087,957	178,500	4.4%
Repairs and Maintenance	9,129,145	8,681,457	447,688	5.2%
Rentals and Leases	4,776,087	4,290,071	486,016	11.3%
Printing and Reproduction	1,891,033	1,882,831	8,202	0.4%
Federal Sponsored Programs Pass-Thrus	814,819	357,652	457,167	127.8%
Depreciation and Amortization	45,868,360	44,232,898	1,635,462	3.7%
Other Operating Expenses	85,410,792	82,409,497	3,001,295	3.6%
Total Operating Expenses	892,556,085	859,100,262	33,455,823	3.9%
Operating Loss	(119,703,598)	(144,077,041)	24,373,443	16.9%
Other Nonoperating Adjustments				
State Appropriations	109,417,832	102,730,249	6,687,583	6.5%
Nonexchange Sponsored Programs	74,358	71,810	2,548	3.5%
Gift Contributions for Operations	13,551,510	13,808,978	(257,468)	-1.9%
Net Investment Income	39,752,210	39,071,372	680,838	1.7%
Interest Expense on Capital Asset Financings	(13,188,807)	(11,733,402)	(1,455,405)	-12.4%
Net Other Nonoperating Adjustments	149,607,103	143,949,007	5,658,096	3.9%
Adjusted Income (Loss) including Depreciation	29,903,505	(128,034)	30,031,539	23,455.9%
Adjusted Margin (as a percentage) including Depreciation	3.2%	-0.0%		
Investment Gains (Losses)	51,340,437	(159,793,078)	211,133,515	132.1%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 81,243,942	\$ (159,921,112)	\$ 241,165,054	150.8%
Adjusted Margin % with Investment Gains (Losses)	8.2%	-22.5%		
Adjusted Income (Loss) excluding Depreciation	75,771,865	44,104,864	31,667,001	71.8%
Adjusted Margin (as a percentage) excluding Depreciation	8.1%	5.1%		

UNAUDITED
The University of Texas Medical Branch at Galveston
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2010

	March Year-to-Date FY 2010	March Year-to-Date FY 2009	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	\$ 13,166,535	\$ 11,092,361	\$ 2,074,174	18.7%
Sponsored Programs	162,053,774	211,054,730	(49,000,956)	-23.2%
Net Sales and Services of Educational Activities	12,726,610	8,599,239	4,127,371	48.0%
Net Sales and Services of Hospitals	405,277,638	299,346,729	105,930,909	35.4%
Net Professional Fees	74,033,894	57,378,330	16,655,564	29.0%
Net Auxiliary Enterprises	3,272,978	2,621,445	651,533	24.9%
Other Operating Revenues	5,786,765	6,366,719	(579,954)	-9.1%
Total Operating Revenues	676,318,194	596,459,553	79,858,641	13.4%
Operating Expenses				
Salaries and Wages	453,702,070	454,322,229	(620,159)	-0.1%
Employee Benefits and Related Costs	109,712,645	109,178,942	533,703	0.5%
Professional Fees and Contracted Services	24,859,512	90,452,329	(65,592,817)	-72.5%
Scholarships and Fellowships	4,025,934	3,698,556	327,378	8.9%
Travel	3,459,505	3,038,594	420,911	13.9%
Materials and Supplies	105,318,915	78,434,341	26,884,574	34.3%
Utilities	15,708,842	15,989,680	(280,838)	-1.8%
Telecommunications	8,806,747	9,488,925	(682,178)	-7.2%
Repairs and Maintenance	25,383,878	21,549,730	3,834,148	17.8%
Rentals and Leases	13,820,327	11,051,910	2,768,417	25.0%
Printing and Reproduction	824,688	807,823	16,865	2.1%
Federal Sponsored Programs Pass-Thrus	2,739,188	1,551,403	1,187,785	76.6%
Depreciation and Amortization	43,193,608	44,365,935	(1,172,327)	-2.6%
Other Operating Expenses	81,311,396	91,587,550	(10,276,154)	-11.2%
Total Operating Expenses	892,867,255	935,517,947	(42,650,692)	-4.6%
Operating Loss	(216,549,061)	(339,058,394)	122,509,333	36.1%
Other Nonoperating Adjustments				
State Appropriations	214,366,251	180,668,382	33,697,869	18.7%
Nonexchange Sponsored Programs	(1,183)	-	(1,183)	100.0%
Gift Contributions for Operations	6,463,977	8,700,827	(2,236,850)	-25.7%
Net Investment Income	17,763,749	18,656,828	(893,079)	-4.8%
Interest Expense on Capital Asset Financings	(3,974,481)	(3,639,884)	(334,597)	-9.2%
Net Other Nonoperating Adjustments	234,618,313	204,386,153	30,232,160	14.8%
Adjusted Income (Loss) including Depreciation	18,069,252	(134,672,241)	152,741,493	113.4%
Adjusted Margin (as a percentage) including Depreciation	2.0%	-16.7%		
Investment Gains (Losses)	9,074,915	(43,905,407)	52,980,322	120.7%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 27,144,167	\$ (178,577,648)	\$ 205,721,815	115.2%
Adjusted Margin % with Investment Gains (Losses)	2.9%	-23.5%		
Adjusted Income (Loss) excluding Depreciation	61,262,860	(90,306,306)	151,569,166	167.8%
Adjusted Margin (as a percentage) excluding Depreciation	6.7%	-11.2%		

UNAUDITED
The University of Texas Health Science Center at Houston
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2010

	March Year-to-Date FY 2010	March Year-to-Date FY 2009	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	\$ 18,303,741	\$ 17,287,039	\$ 1,016,702	5.9%
Sponsored Programs	208,910,906	188,895,029	20,015,877	10.6%
Net Sales and Services of Educational Activities	23,411,815	23,961,920	(550,105)	-2.3%
Net Sales and Services of Hospitals	22,468,930	20,639,495	1,829,435	8.9%
Net Professional Fees	79,615,638	71,032,097	8,583,541	12.1%
Net Auxiliary Enterprises	12,845,776	13,061,673	(215,897)	-1.7%
Other Operating Revenues	27,644,499	26,607,080	1,037,419	3.9%
Total Operating Revenues	393,201,305	361,484,333	31,716,972	8.8%
Operating Expenses				
Salaries and Wages	255,583,444	226,384,939	29,198,505	12.9%
Employee Benefits and Related Costs	55,649,230	48,419,118	7,230,112	14.9%
Professional Fees and Contracted Services	47,177,504	49,586,040	(2,408,536)	-4.9%
Scholarships and Fellowships	3,478,019	2,742,916	735,103	26.8%
Travel	4,021,287	3,784,490	236,797	6.3%
Materials and Supplies	33,901,674	31,378,031	2,523,643	8.0%
Utilities	10,001,715	10,461,199	(459,484)	-4.4%
Telecommunications	1,839,266	1,732,201	107,065	6.2%
Repairs and Maintenance	3,362,730	4,868,740	(1,506,010)	-30.9%
Rentals and Leases	8,026,179	7,409,480	616,699	8.3%
Printing and Reproduction	2,899,563	2,297,773	601,790	26.2%
Bad Debt Expense	1,615	1,523	92	6.0%
Federal Sponsored Programs Pass-Thrus	3,811,179	3,769,008	42,171	1.1%
Depreciation and Amortization	23,221,324	23,333,544	(112,220)	-0.5%
Other Operating Expenses	59,686,551	55,508,606	4,177,945	7.5%
Total Operating Expenses	512,661,280	471,677,608	40,983,672	8.7%
Operating Loss	(119,459,975)	(110,193,275)	(9,266,700)	-8.4%
Other Nonoperating Adjustments				
State Appropriations	101,076,167	97,823,671	3,252,496	3.3%
Nonexchange Sponsored Programs	6,003,214	256,154	5,747,060	2,243.6%
Gift Contributions for Operations	8,559,887	9,042,106	(482,219)	-5.3%
Net Investment Income	13,814,232	9,462,008	4,352,224	46.0%
Interest Expense on Capital Asset Financings	(5,260,613)	(4,231,049)	(1,029,564)	-24.3%
Net Other Nonoperating Adjustments	124,192,887	112,352,890	11,839,997	10.5%
Adjusted Income (Loss) including Depreciation	4,732,912	2,159,615	2,573,297	119.2%
Adjusted Margin (as a percentage) including Depreciation	0.9%	0.5%		
Investment Gains (Losses)	21,263,488	(68,084,341)	89,347,829	131.2%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 25,996,400	\$ (65,924,726)	\$ 91,921,126	139.4%
Adjusted Margin % with Investment Gains (Losses)	4.8%	-16.1%		
Adjusted Income (Loss) excluding Depreciation	27,954,236	25,493,159	2,461,077	9.7%
Adjusted Margin (as a percentage) excluding Depreciation	5.3%	5.3%		

UNAUDITED
The University of Texas Health Science Center at San Antonio
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2010

	March Year-to-Date FY 2010	March Year-to-Date FY 2009	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	\$ 16,274,695	\$ 13,822,396	\$ 2,452,299	17.7%
Sponsored Programs	155,800,305	148,677,278	7,123,027	4.8%
Net Sales and Services of Educational Activities	24,835,329	24,023,381	811,948	3.4%
Net Professional Fees	65,633,326	63,770,207	1,863,119	2.9%
Net Auxiliary Enterprises	2,888,849	2,396,719	492,130	20.5%
Other Operating Revenues	9,086,530	8,359,771	726,759	8.7%
Total Operating Revenues	274,519,034	261,049,752	13,469,282	5.2%
Operating Expenses				
Salaries and Wages	224,183,584	201,007,919	23,175,665	11.5%
Employee Benefits and Related Costs	55,831,465	48,899,227	6,932,238	14.2%
Professional Fees and Contracted Services	9,237,623	10,462,605	(1,224,982)	-11.7%
Scholarships and Fellowships	2,921,535	1,450,277	1,471,258	101.4%
Travel	2,938,505	3,072,469	(133,964)	-4.4%
Materials and Supplies	23,784,368	22,802,550	981,818	4.3%
Utilities	9,725,592	8,808,333	917,259	10.4%
Telecommunications	6,618,452	5,755,279	863,173	15.0%
Repairs and Maintenance	3,294,877	2,031,302	1,263,575	62.2%
Rentals and Leases	4,055,216	2,679,433	1,375,783	51.3%
Printing and Reproduction	1,264,232	1,074,253	189,979	17.7%
Federal Sponsored Programs Pass-Thrus	700,000	816,667	(116,667)	-14.3%
Depreciation and Amortization	18,666,667	18,264,998	401,669	2.2%
Other Operating Expenses	38,168,262	63,214,396	(25,046,134)	-39.6%
Total Operating Expenses	401,390,378	390,339,708	11,050,670	2.8%
Operating Loss	(126,871,344)	(129,289,956)	2,418,612	1.9%
Other Nonoperating Adjustments				
State Appropriations	106,326,964	100,150,594	6,176,370	6.2%
Nonexchange Sponsored Programs	532,000	473,667	58,333	12.3%
Gift Contributions for Operations	9,406,453	11,747,737	(2,341,284)	-19.9%
Net Investment Income	18,224,895	13,695,821	4,529,074	33.1%
Interest Expense on Capital Asset Financings	(5,288,761)	(2,826,166)	(2,462,595)	-87.1%
Net Other Nonoperating Adjustments	129,201,551	123,241,653	5,959,898	4.8%
Adjusted Income (Loss) including Depreciation	2,330,207	(6,048,303)	8,378,510	138.5%
Adjusted Margin (as a percentage) including Depreciation	0.6%	-1.6%		
Investment Gains (Losses)	17,318,149	(46,284,661)	63,602,810	137.4%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 19,648,356	\$ (52,332,964)	\$ 71,981,320	137.5%
Adjusted Margin % with Investment Gains (Losses)	4.6%	-15.4%		
Adjusted Income (Loss) excluding Depreciation	20,996,874	12,216,695	8,780,179	71.9%
Adjusted Margin (as a percentage) excluding Depreciation	5.1%	3.2%		

UNAUDITED
The University of Texas M. D. Anderson Cancer Center
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2010

	March Year-to-Date FY 2010	March Year-to-Date FY 2009	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	\$ 692,348	\$ 641,995	\$ 50,353	7.8%
Sponsored Programs	167,685,616	160,994,993	6,690,623	4.2%
Net Sales and Services of Educational Activities	1,116,006	1,164,933	(48,927)	-4.2%
Net Sales and Services of Hospitals	1,254,721,089	1,118,730,177	135,990,912	12.2%
Net Professional Fees	181,921,523	158,924,457	22,997,066	14.5%
Net Auxiliary Enterprises	17,884,474	17,029,932	854,542	5.0%
Other Operating Revenues	28,840,737	28,777,405	63,332	0.2%
Total Operating Revenues	1,652,861,793	1,486,263,892	166,597,901	11.2%
Operating Expenses				
Salaries and Wages	760,581,605	764,209,111	(3,627,506)	-0.5%
Employee Benefits and Related Costs	205,750,712	202,737,655	3,013,057	1.5%
Professional Fees and Contracted Services	54,951,577	71,607,271	(16,655,694)	-23.3%
Travel	8,746,560	11,847,666	(3,101,106)	-26.2%
Materials and Supplies	309,833,546	276,421,219	33,412,327	12.1%
Utilities	26,666,539	31,477,432	(4,810,893)	-15.3%
Telecommunications	5,178,092	5,466,466	(288,374)	-5.3%
Repairs and Maintenance	37,913,616	38,329,039	(415,423)	-1.1%
Rentals and Leases	25,428,107	22,535,356	2,892,751	12.8%
Federal Sponsored Programs Pass-Thrus	381,413	371,861	9,552	2.6%
Depreciation and Amortization	134,530,651	131,159,157	3,371,494	2.6%
Other Operating Expenses	38,725,562	41,328,220	(2,602,658)	-6.3%
Total Operating Expenses	1,608,687,980	1,597,490,453	11,197,527	0.7%
Operating Loss	44,173,813	(111,226,561)	155,400,374	139.7%
Other Nonoperating Adjustments				
State Appropriations	103,868,331	97,190,315	6,678,016	6.9%
Nonexchange Sponsored Programs	331,475	112,447	219,028	194.8%
Gift Contributions for Operations	57,668,757	35,377,858	22,290,899	63.0%
Net Investment Income	34,533,590	27,844,212	6,689,378	24.0%
Interest Expense on Capital Asset Financings	(19,201,484)	(8,613,095)	(10,588,389)	-122.9%
Net Other Nonoperating Adjustments	177,200,669	151,911,737	25,288,932	16.6%
Adjusted Income (Loss) including Depreciation	221,374,482	40,685,176	180,689,306	444.1%
Adjusted Margin (as a percentage) including Depreciation	12.0%	2.5%		
Investment Gains (Losses)	45,316,301	(196,431,910)	241,748,211	123.1%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 266,690,783	\$ (155,746,734)	\$ 422,437,517	271.2%
Adjusted Margin % with Investment Gains (Losses)	14.1%	-10.7%		
Adjusted Income (Loss) excluding Depreciation	355,905,133	171,844,333	184,060,800	107.1%
Adjusted Margin (as a percentage) excluding Depreciation	19.2%	10.4%		

UNAUDITED
The University of Texas Health Science Center at Tyler
Comparison of Operating Results and Margin
For the Seven Months Ending March 31, 2010

	March Year-to-Date FY 2010	March Year-to-Date FY 2009	Variance	Fluctuation Percentage
Operating Revenues				
Sponsored Programs	\$ 8,440,043	\$ 7,912,641	\$ 527,402	6.7%
Net Sales and Services of Educational Activities	831,767	785,703	46,064	5.9%
Net Sales and Services of Hospitals	27,689,811	32,538,265	(4,848,454)	-14.9%
Net Professional Fees	5,711,345	7,597,567	(1,886,222)	-24.8%
Net Auxiliary Enterprises	126,998	135,160	(8,162)	-6.0%
Other Operating Revenues	1,081,926	555,365	526,561	94.8%
Total Operating Revenues	43,881,890	49,524,701	(5,642,811)	-11.4%
Operating Expenses				
Salaries and Wages	31,540,261	30,290,498	1,249,763	4.1%
Employee Benefits and Related Costs	8,873,046	8,690,116	182,930	2.1%
Professional Fees and Contracted Services	4,434,209	4,788,212	(354,003)	-7.4%
Travel	234,822	245,116	(10,294)	-4.2%
Materials and Supplies	8,919,496	10,146,114	(1,226,618)	-12.1%
Utilities	1,901,082	1,775,882	125,200	7.1%
Telecommunications	677,787	622,431	55,356	8.9%
Repairs and Maintenance	1,995,878	2,358,502	(362,624)	-15.4%
Rentals and Leases	631,697	673,243	(41,546)	-6.2%
Printing and Reproduction	135,503	201,802	(66,299)	-32.9%
Federal Sponsored Programs Pass-Thrus	165,684	206,876	(41,192)	-19.9%
Depreciation and Amortization	4,195,033	4,399,018	(203,985)	-4.6%
Other Operating Expenses	6,550,143	7,826,549	(1,276,406)	-16.3%
Total Operating Expenses	70,254,641	72,224,359	(1,969,718)	-2.7%
Operating Loss	(26,372,751)	(22,699,658)	(3,673,093)	-16.2%
Other Nonoperating Adjustments				
State Appropriations	24,935,147	23,913,775	1,021,372	4.3%
Gift Contributions for Operations	406,942	118,408	288,534	243.7%
Net Investment Income	2,279,005	2,272,518	6,487	0.3%
Interest Expense on Capital Asset Financings	(395,973)	(301,227)	(94,746)	-31.5%
Net Other Nonoperating Adjustments	27,225,121	26,003,474	1,221,647	4.7%
Adjusted Income (Loss) including Depreciation	852,370	3,303,816	(2,451,446)	-74.2%
Adjusted Margin (as a percentage) including Depreciation	1.2%	4.4%		
Investment Gains (Losses)	1,572,246	(5,425,135)	6,997,381	129.0%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 2,424,616	\$ (2,121,319)	\$ 4,545,935	214.3%
Adjusted Margin % with Investment Gains (Losses)	3.3%	-3.0%		
Adjusted Income (Loss) excluding Depreciation	5,047,403	7,702,834	(2,655,431)	-34.5%
Adjusted Margin (as a percentage) excluding Depreciation	7.1%	10.2%		

3. **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, 2010**

REPORT

The February 28, 2010 UTIMCO Performance Summary Report is set forth on Page 104.

The Investment Reports for the quarter ended February 28, 2010, are set forth on Pages 105 - 108.

Item I on Page 105 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the quarter was 1.86% versus its composite benchmark return of .79%. The PUF's net asset value increased by \$129 million since the beginning of the quarter to \$10,470 million. This change in net asset value includes contributions from PUF Land receipts, increases due to net investment return, and the second payment of the annual distribution to the Available University Fund (AUF) of \$129 million.

Item II on Page 106 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the quarter was 1.89% versus its composite benchmark return of .79%. The GEF's net asset value increased during the quarter to \$5,794 million.

Item III on Page 107 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the quarter was .45% versus its composite benchmark return of negative 1.21%. The net asset value increased during the quarter to \$4,028 million due to net investment return of \$19 million and net distributions of \$30 million. The increase in net asset value also included \$111 million net contributions.

For all funds, all exposures were within their asset class and investment type ranges and liquidity was within policy.

Item IV on Page 108 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 \$153 million to \$1,834 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$24 million versus \$24 million at the beginning of the period; equities: \$44 million versus \$44 million at the beginning of the period; and other investments: \$1.7 million versus \$.2 million at the beginning of the period.

UTIMCO Performance Summary

February 28, 2010

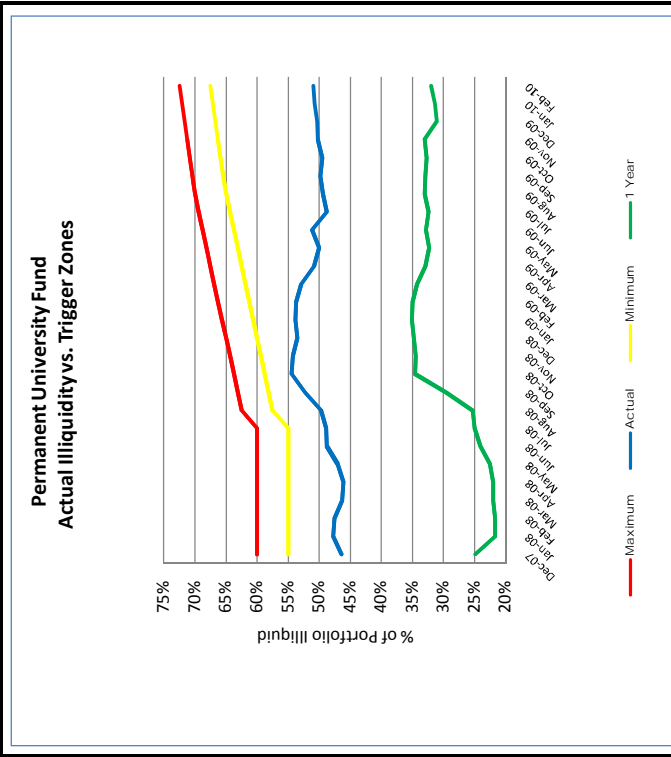
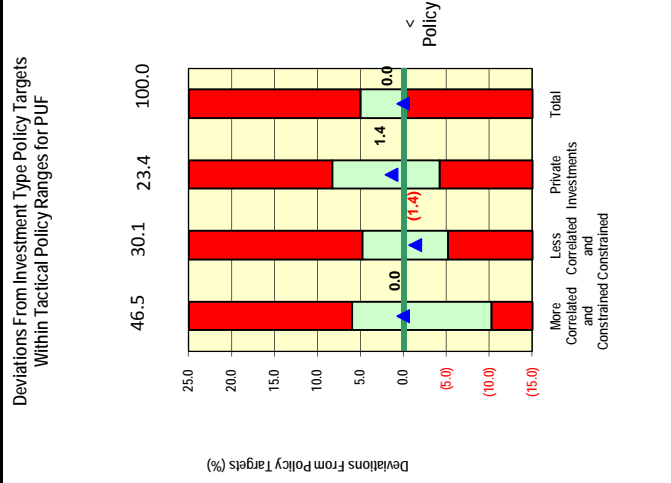
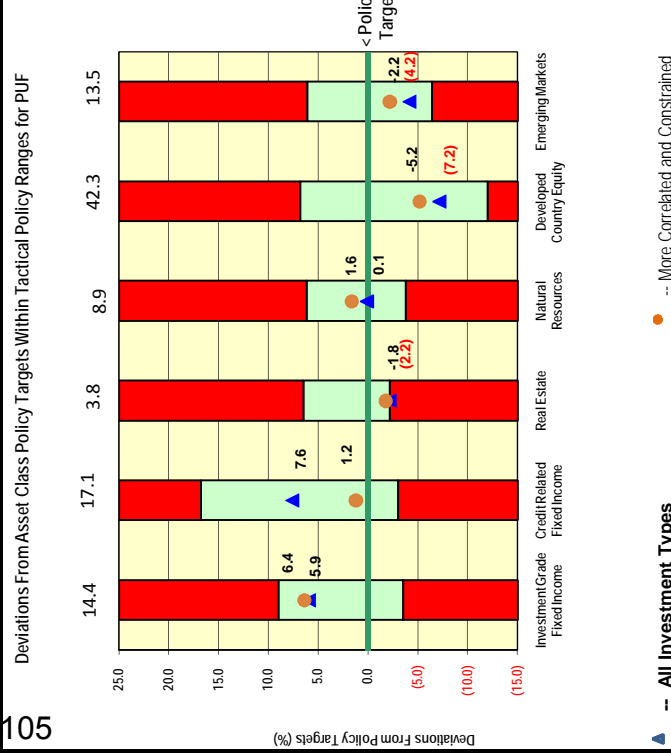
	Net Asset Value 2/28/2010 (in Millions)	Periods Ended February 28, 2010 (Returns for Periods Longer Than One Year are Annualized)																		
		Short Term		Year to Date		Historic Returns			Historic Returns											
		1 Mo	3 Mos	Fiscal	Calendar	1 Yr	3 Yrs	5 Yrs	10 Yrs											
ENDOWMENT FUNDS																				
Permanent University Fund	\$ 10,470	1.82%	1.86%	9.58%	0.78%	30.52%	(0.48%)	4.55%	4.97%											
General Endowment Fund		1.83	1.89	9.56	0.78	30.43	(0.43)	4.61	N/A											
Permanent Health Fund	900	1.81	1.85	9.52	0.83	30.23	(0.52)	4.53	N/A											
Long Term Fund	4,894	1.81	1.85	9.52	0.83	30.22	(0.52)	4.53	4.99											
Separately Invested Funds	200	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A											
Total Endowment Funds	16,464																			
OPERATING FUNDS																				
Short Term Fund	1,703	0.01	0.04	0.10	0.03	0.36	2.65	3.34	3.11											
Intermediate Term Fund	4,028	1.18	0.45	7.38	0.23	32.94	0.90	N/A	N/A											
Total Operating Funds	5,731																			
Total Investments	\$ 22,195																			
VALUE ADDED (Percent)																				
Permanent University Fund		0.80%	1.07%	3.13%	1.47%	4.30%	2.96%	1.61%	1.32%											
General Endowment Fund		0.81	1.10	3.11	1.47	4.21	3.01	1.67	N/A											
Short Term Fund		0.01	0.02	0.03	0.02	0.16	0.51	0.38	0.21											
Intermediate Term Fund		0.50	1.66	2.99	1.38	0.85	2.94	N/A	N/A											
VALUE ADDED (\$ IN MILLIONS)																				
Permanent University Fund		\$82	\$111	\$299	\$153	\$345	\$920	\$790	\$1,248											
General Endowment Fund		46	64	167	85	190	525	461	N/A											
Intermediate Term Fund		20	66	111	55	27	325	N/A	N/A											
Total Value Added		\$ 148	\$ 241	\$ 577	\$ 293	\$ 562	\$ 1,770	\$ 1,251	\$ 1,248											

Footnotes available upon request.

I. PERMANENT UNIVERSITY FUND
Investment Reports for Periods Ended February 28, 2010
 Prepared in accordance with *Texas Education Code Sec. 51.0032*

<u>Summary of Capital Flows</u>			
	Fiscal Year Ended August 31, 2009	Quarter Ended February 28, 2010	Fiscal Year to Date February 28, 2010
Beginning Net Assets	\$ 11,360	\$ 10,341	\$ 9,674
PUF Lands Receipts	340	71	144
Investment Return (Net of Expenses)	(1,495)	187	910
Distributions to AUF	(531)	(129)	(258)
Ending Net Assets	\$ 9,674	\$ 10,470	\$ 10,470

	Fiscal Year to Date				
	Returns	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	3.02%	1.76%	-0.16%	0.10%	-0.06%
Credit-Related	21.86%	12.79%	0.23%	0.05%	0.28%
Real Estate	7.30%	7.11%	-0.02%	0.02%	0.00%
Natural Resources	12.10%	7.25%	0.05%	0.28%	0.33%
Developed Country	7.92%	5.21%	-0.09%	0.49%	0.40%
Emerging Markets	11.64%	12.19%	-0.03%	-0.08%	-0.11%
Total More Correlated and Constrained	8.60%	7.01%	-0.02%	0.86%	0.84%
Less Correlated and Constrained	9.72%	3.30%	0.12%	1.83%	1.95%
Private Investments	11.47%	10.01%	0.26%	0.07%	0.33%
Total	9.57%	6.45%	0.36%	2.76%	3.12%



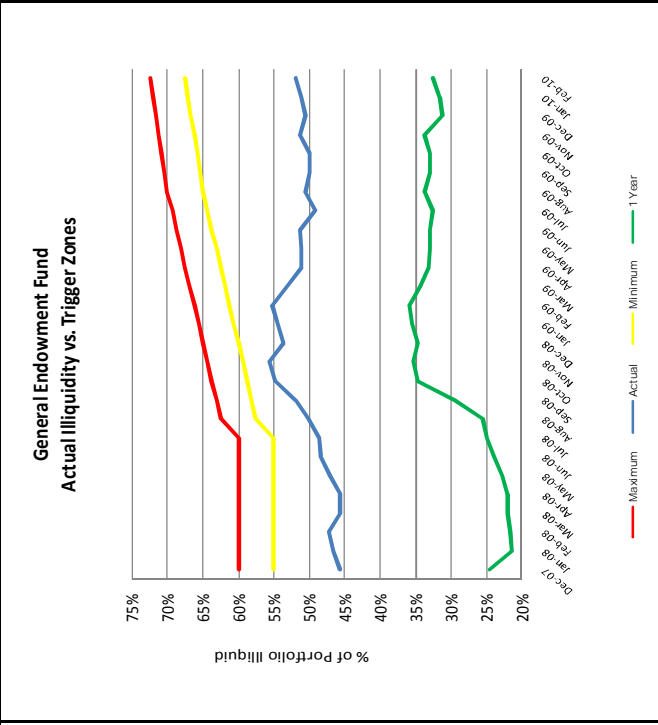
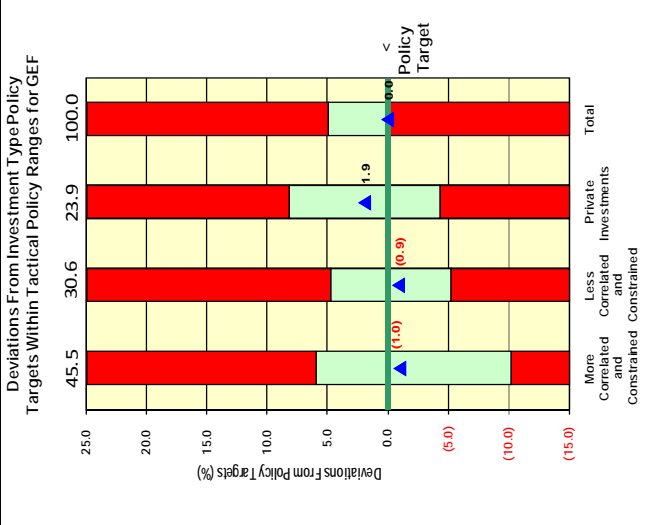
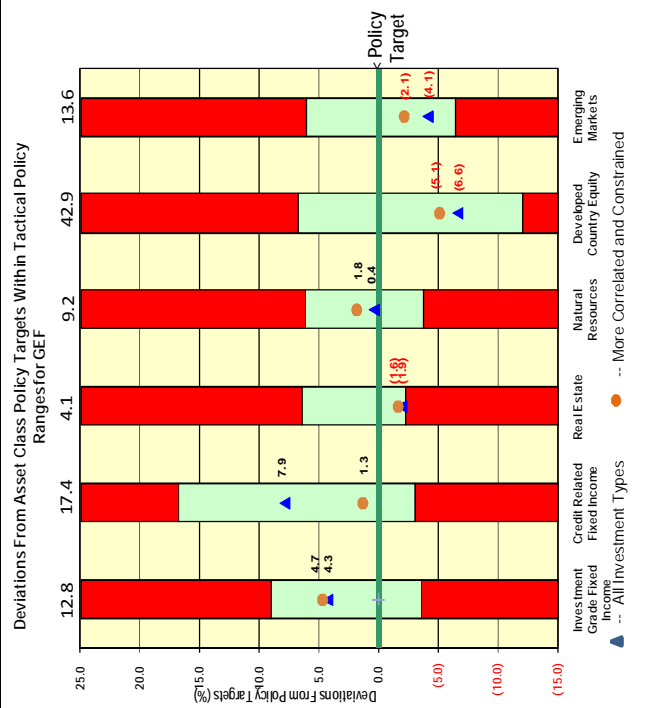
II. GENERAL ENDOWMENT FUND

Investment Reports for Periods Ended February 28, 2010

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended	Quarter Ended	Fiscal Year to Date
	August 31, 2009	February 28, 2010	February 28, 2010
Beginning Net Assets	\$ 6,310	\$ 5,726	\$ 5,359
Contributions	185	36	70
Withdrawals	(11)	(2)	(2)
Distributions	(279)	(74)	(147)
Investment Return (Net of Expenses)	(846)	108	514
Ending Net Assets	\$ 5,359	\$ 5,794	\$ 5,794

	Fiscal Year to Date				
	Returns	Value Added			
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	2.98%	1.76%	-0.17%	0.09%	-0.08%
Credit-Related	21.85%	12.79%	0.23%	0.05%	0.28%
Real Estate	7.39%	7.11%	0.00%	0.01%	0.01%
Natural Resources	12.03%	7.25%	0.04%	0.26%	0.30%
Developed Country	7.85%	5.21%	-0.08%	0.49%	0.41%
Emerging Markets	11.40%	12.19%	-0.05%	-0.09%	-0.14%
Total More Correlated and Constrained	8.54%	7.01%	-0.03%	0.81%	0.78%
Less Correlated and Constrained					
Private Investments	11.47%	10.01%	0.25%	0.07%	0.32%
Total	9.56%	6.45%	0.36%	2.75%	3.11%



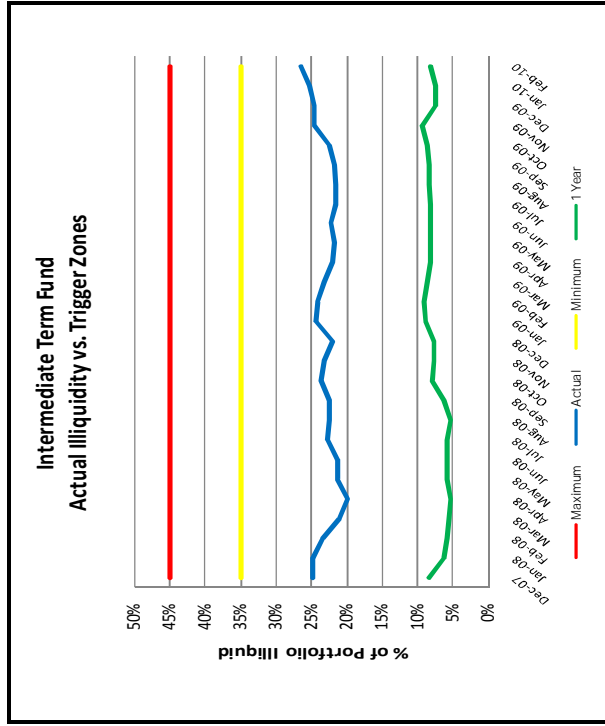
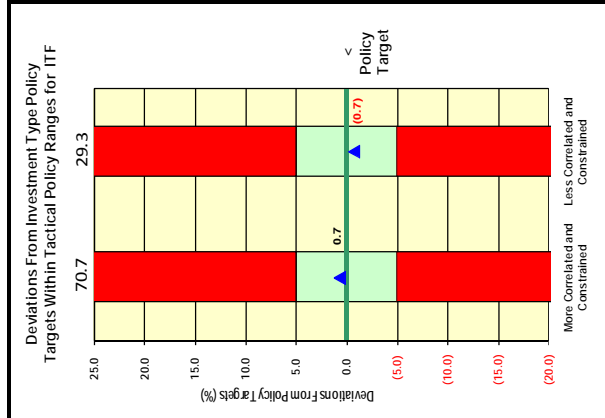
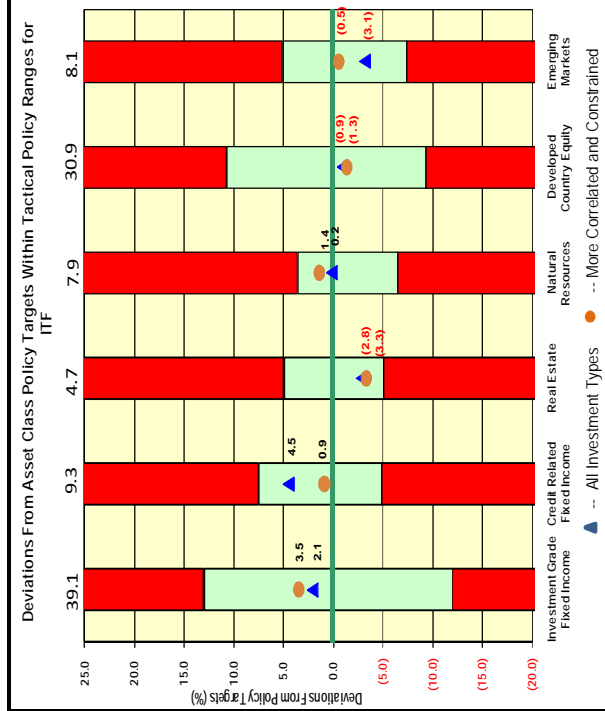
III. INTERMEDIATE TERM FUND

Investment Reports for Periods Ended February 28, 2010

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
Fiscal Year Ended	Quarter Ended	Fiscal Year to Date	
August 31, 2009	February 28, 2010	February 28, 2010	
Beginning Net Assets	\$ 3,875	\$ 3,928	\$ 3,572
Contributions	251	131	299
Withdrawals	(178)	(20)	(55)
Distributions	(98)	(30)	(58)
Investment Return (Net of Expenses)	(278)	19	270
Ending Net Assets	\$ 3,572	\$ 4,028	\$ 4,028

	Fiscal Year to Date			
	Returns	Value Added		
	Portfolio	From Asset Allocation	From Security Selection	Total
	3.01%	-0.08%	0.41%	0.33%
	21.49%	0.15%	0.12%	0.27%
	7.96%	-0.15%	0.08%	-0.07%
	11.08%	0.14%	0.23%	0.37%
	8.10%	-0.07%	0.43%	0.36%
	11.76%	0.05%	-0.03%	0.02%
More Correlated and Constrained:	6.46%	0.04%	1.24%	1.28%
Investment Grade	1.76%			
Credit-Related	12.79%			
Real Estate	7.11%			
Natural Resources	7.25%			
Developed Country	5.21%			
Emerging Markets	12.19%			
Total More Correlated and Constrained				
Less Correlated and Constrained	9.74%	-0.03%	1.74%	1.71%
Private Investments	0.00%	0.00%	0.00%	0.00%
Total	7.38%	0.01%	2.98%	2.99%



IV. SEPARATELY INVESTED ASSETS
Summary Investment Report at February 28, 2010
 Report prepared in accordance with *Texas Education Code Sec. 51.0032*

ASSET TYPES	(\$ thousands)															
	FUND TYPE															
	CURRENT PURPOSE DESIGNATED		RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		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 11/30/09	-	1,992	-	33,718	1,075	1,075	5,070	5,070	41,855	41,855	1,639,443	1,639,443	1,681,298	1,681,298	1,681,298	1,681,298
Increase/(Decrease)	-	5,568	-	83,359	252	252	(532)	(532)	88,647	88,647	64,163	64,163	152,810	152,810	152,810	152,810
Ending value 02/28/10	-	7,560	-	117,077	1,327	1,327	4,538	4,538	130,502	130,502	1,703,606	1,703,606	1,834,108	1,834,108	1,834,108	1,834,108
Debt Securities:																
Beginning value 11/30/09	-	265	-	11,718	12,895	10,727	11,239	-	22,710	24,398	-	-	22,710	24,398	22,710	24,398
Increase/(Decrease)	-	36	-	(413)	(494)	(321)	(417)	-	(698)	(875)	-	-	(698)	(875)	(698)	(875)
Ending value 02/28/10	-	301	-	11,305	12,401	10,406	10,822	-	22,012	23,523	-	-	22,012	23,523	22,012	23,523
Equity Securities:																
Beginning value 11/30/09	17	3,894	550	28,236	27,407	13,867	12,281	-	42,670	44,099	-	-	42,670	44,099	42,670	44,099
Increase/(Decrease)	-	(348)	(193)	685	1,002	(295)	(627)	-	197	(164)	-	-	197	(164)	197	(164)
Ending value 02/28/10	17	3,546	357	28,921	28,409	13,572	11,654	-	42,867	43,935	-	-	42,867	43,935	42,867	43,935
Other:																
Beginning value 11/30/09	-	108	-	1	1	365	134	-	474	243	-	-	474	243	474	243
Increase/(Decrease)	-	530	-	1	1	5	3	-	1,454	1,452	-	-	1,454	1,452	1,454	1,452
Ending value 02/28/10	-	638	-	2	2	370	137	-	1,928	1,695	-	-	1,928	1,695	1,928	1,695
Total Assets:																
Beginning value 11/30/09	17	3,894	2,915	73,673	74,021	26,034	24,729	5,070	107,709	110,595	1,639,443	1,639,443	1,747,152	1,750,038	1,747,152	1,750,038
Increase/(Decrease)	-	(348)	5,941	83,632	83,868	(359)	(789)	386	89,600	89,060	64,163	64,163	153,763	153,223	153,763	153,223
Ending value 02/28/10	17	3,546	8,856	157,305	157,889	25,675	23,940	5,456	197,309	199,655	1,703,606	1,703,606	1,900,915	1,903,261	1,900,915	1,903,261

Details of individual assets by account furnished upon request.

4. **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 2011 distribution from the Permanent University Fund (PUF) to the Available University Fund (AUF) be decreased by 1.9% from \$516,419,406 to \$506,395,811 effective September 1, 2010. The distribution is an amount equal to 4.75% of the trailing 12-quarter average of the net asset value of the PUF.
- b. the distribution rate for the Permanent Health Fund (PHF) be increased from \$0.0541 per unit to \$0.0554 per unit for Fiscal Year 2011 (effective with November 30, 2010 distribution);
- c. the distribution rate for the U. T. System Long Term Fund (LTF) be increased from \$0.3098 per unit to \$0.3172 per unit for Fiscal Year 2011 (effective with November 30, 2010 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 2011.

The recommended distribution amount and rates were approved by the UTIMCO Board at its April 15, 2010 meeting.

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, 2010, has not exceeded the Expected Return by 25 basis points or more ($\geq .25\%$).

	Trailing 12 - Quarters Ending February 28, 2010	Expected or Benchmarks	Excess (Deficit)
Average Annual Rate of Return	-0.48	8.86%	-9.34%

Therefore, as outlined in the PUF Investment Policy, the amount to be distributed from the PUF for Fiscal Year 2010-2011 is \$506,395,811 as calculated below:

<u>Quarter Ended</u>	<u>Net Asset Value</u>
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	8,286,887,451
5/31/2009	9,143,803,884
8/31/2009	9,673,908,334
11/30/2009	10,341,053,437
2/28/2010	10,470,036,500
	<u>\$ 127,931,573,383</u>
Number of quarters	12
Average Net Asset Value	<u>\$ 10,660,964,449</u>
Distribution Percentage	4.75%
FY 2010-11 Distribution	<u><u>\$ 506,395,811</u></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 \$506,395,811 is substantially greater than PUF bond debt service of \$157,437,011 projected for FY 2010-2011.

<u>System</u>	<u>Debt Service</u>
U. T.	\$ 85,837,011
TAMU	71,600,000
Total	<u>\$ 157,437,011</u>

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, 2010, was 0.28%, which indicates that the purchasing power was met.

<u>Average Annual</u>	<u>Percent</u>
Rate of Total Return	5.20%
Mineral Interest Receipts	2.25%
Expense Rate	(0.31)% ⁽¹⁾
Inflation Rate	(2.47)%
Distribution Rate	<u>(4.39)%</u>
Net Real Return	0.28%

(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. 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.

Value of PUF Investments (1)	Proposed Distribution	Proposed Distribution as a % of Value of PUF Investments	Maximum Allowed Rate
\$10,660,964,449	\$506,395,811	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.

The recommended 2.4% increase in the PHF distribution rate of \$0.0541 to \$0.0554 per unit was 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 4.7%, 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 \$0.3098 to \$0.3172 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 4.8%, 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, 2009, 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.

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 \$750 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 Supplemental Resolution to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents, including to

designate all or a portion of the bonds as Build America Bonds, 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 RFS Bonds.

BACKGROUND INFORMATION

On August 20, 2009, the Board of Regents adopted a resolution authorizing the issuance of additional RFS Bonds in an amount not to exceed \$800 million. A portion of this authority was utilized with the issuance of \$331.4 million RFS Bonds, Series 2010A that were issued on March 25, 2010, and \$385.4 million of RFS Refunding Bonds, Series 2010B that were issued on April 14, 2010.

Adoption of this Supplemental Resolution would rescind the remaining issuance authority under the resolution approved by the Board of Regents in August 2009, and provides a similar authorized amount and purposes as the prior resolution, including the flexibility to issue a portion of the bonds as taxable bonds and to designate such bonds as Build America Bonds.

Adoption of the Supplemental 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 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 Supplemental 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 Supplemental 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 Supplemental Resolution also authorizes the appropriate officers and employees of the U. T. System to refund outstanding RFS Bonds pursuant to a tender program and to use lawfully available funds to defease outstanding RFS Bonds when economically advantageous.

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

Note: The proposed Supplemental Resolution is available online at <http://www.utsystem.edu/bor/AgendaBook/May10/5-12&13-10MeetingPage.html>



TABLE OF CONTENTS FOR ACADEMIC AFFAIRS COMMITTEE

Committee Meeting: 5/12/2010

Robert L. Stillwell, *Chairman*
Paul L. Foster
James R. Huffines
Janiece Longoria

Board Meeting: 5/13/2010
Austin, Texas

	Committee Meeting	Board Meeting	Page
Convene	4:30 p.m. <i>Chairman Stillwell</i>		
1. U. T. System Board of Regents: Amendment to the Regents' <i>Rules and Regulations</i>, Rule 40601, Sections 1.3(b) and (c), concerning proposed name changes of the U. T. Arlington College of Business Administration to the College of Business and the College of Education to the College of Education and Health Professions	4:30 p.m. Action <i>President Spaniolo Dr. Prior</i>	Action	114
2. U. T. System Board of Regents: Amendment to the Regents' <i>Rules and Regulations</i>, Rule 40601, Section 1.8 to reflect the reorganization and change the name of the U. T. Pan American College of Science and Engineering to the College of Engineering and Computer Science and the College of Science and Mathematics	4:34 p.m. Action <i>President Nelsen Dr. Prior</i>	Action	115
3. U. T. Pan American: Request to approve renaming the Computer Center as the Research and Innovation Building	4:38 p.m. Action <i>President Nelsen Dr. Prior</i>	Action	116
4. U. T. System: Status report on community college partnership activities including discussions related to dual credit	4:41 p.m. Report <i>Dr. Ellis</i>	Not on Agenda	117
5. U. T. System: Discussions on academic leadership matters related to the importance of graduate students to higher education and issues of concern	5:00 p.m. Discussion <i>Dr. Prior Dr. Shine Dr. Formanowicz, U. T. Arlington Mr. Carpenter, U. T. Austin</i>	Not on Agenda	120
Adjourn	6:00 p.m.		

1. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Rule 40601, Sections 1.3(b) and (c), concerning proposed name changes of the U. T. Arlington College of Business Administration to the College of Business and the College of Education to the College of Education and Health Professions**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Rule 40601, Sections 1.3(b) and (c), concerning institutions comprising The University of Texas System, be amended as set forth below in congressional style:

Sec. 1 Official Titles. The U. T. System is composed of the institutions and entities set forth below. To ensure uniformity and consistence of usage throughout the U. T. System, the institutions and their respective entities shall be listed in the following order and the following titles (short form of title follows) shall be used:

...

1.3 The University of Texas at Arlington (U. T. Arlington)

...

(b) The University of Texas at Arlington College of Business
Administration

(c) The University of Texas at Arlington College of Education and
Health Professions

.....

BACKGROUND INFORMATION

The Texas Higher Education Coordinating Board approved the proposed name changes on July 3, 2009, in conformance with Coordinating Board regulations. *Texas Education Code* Section 65.11 authorizes the Board of Regents to provide for the "names of the institutions and entities in The University of Texas System in such a way as will achieve the maximum operating efficiency of such institutions and entities[.]"

2. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Rule 40601, Section 1.8 to reflect the reorganization and change the name of the U. T. Pan American College of Science and Engineering to the College of Engineering and Computer Science and the College of Science and Mathematics**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Rule 40601, Section 1.8, concerning institutions comprising The University of Texas System, be amended as set forth below in congressional style. Existing sections of the Regents' Rule will be renumbered accordingly.

Sec. 1 Official Titles. The U. T. System is composed of the institutions and entities set forth below. To ensure uniformity and consistence of usage throughout the U. T. System, the institutions and their respective entities shall be listed in the following order and the following titles (short form of title follows) shall be used:

...

1.8 The University of Texas – Pan American (U. T. Pan American)

...

(d) The University of Texas – Pan American College of Engineering and Computer Science

...

(fe) The University of Texas – Pan American College of Science and Mathematics Engineering

.....

BACKGROUND INFORMATION

The reorganization of the U. T. Pan American College of Science and Engineering has been approved by the Executive Vice Chancellor for Academic Affairs pending approval of the name change by the Board. The Texas Higher Education Coordinating Board approved the proposed reorganization and name change on February 3, 2010, in conformance with Coordinating Board regulations.

Texas Education Code Section 65.11 authorizes the Board of Regents to provide for the "names of the institutions and entities in The University of Texas System in such a way as will achieve the maximum operating efficiency of such institutions and entities[.]"

3. **U. T. Pan American: Request to approve renaming the Computer Center as the Research and Innovation Building**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and President Nelsen that the U. T. System Board of Regents rename the Computer Center at U. T. Pan American as the Research and Innovation Building.

BACKGROUND INFORMATION

The Computer Center was originally built in 1961. During its 49 years of service, the building has housed various campus administrative offices. On August 10, 2000, one of the buildings being constructed under the General Classroom/Computer Center Building project was named the Computer Center. In 2001, with the completion of the new Computer Center, this building was referred to informally as the "Old" Computer Center.

The building recently underwent extensive renovation and improvement to create efficient space to house three of the four offices that support the administration and management of research. The Offices of Research Administration, Research and Sponsored Projects, and Innovation and Intellectual Property occupy approximately 75% of the floor space and represent 90% of the occupants of the building. The proposed name of the Research and Innovation Building will better reflect the activity in the building.

The proposed renaming is consistent with the Regents' *Rules and Regulations*, Rule 80307, relating to the renaming of facilities.

4. **U. T. System: Status report on community college partnership activities including discussions related to dual credit**

REPORT

Dr. Martha Ellis, Associate Vice Chancellor for Community College Partnerships, will present a status report on the U. T. System Community College Initiatives. The report will include information on:

1. efforts to address the barriers for students transferring from community colleges to universities by the Community College Working Group comprised of presidents from the U. T. System, the Texas A&M University System, and the Texas Association of Community Colleges institutions;
2. regional activities with U. T. System institutions and community colleges; and
3. elements of the public awareness campaign Transfer 101: From Community College to University™ (see Pages 118 - 119).

Transfer 101: From Community College to University

Transfer101

From Community College to University

for Students

Your Next Step Starts Here.

Making the jump from a Texas community college to a four-year university is easier than you think. Whether you're a high-school student or currently attending a community college, this portal provides a wealth of resources that will walk you through the process step-by-step.

1

Find the right university!

So, you want to transfer? How do you do it? Transferring to a four-year school is a great idea if you want to gain more education to help you achieve your career goals — but you have to be prepared. [Learn why the first step you take may be the most important.](#)

2

Talk to an Advisor!

We can't stress this too much: you should meet with your advisor every semester to ensure you're on track for your goal. Advisors are available to answer your questions and help you determine the best path to complete your associate and bachelor degrees and beyond. Contact them early in your college career to check your options. [Learn more about how advisors can help you determine your route and make informed decisions about your classes.](#)

3

Financial Aid:

There are many forms of financial assistance available, including scholarships (university, transfer, major, etc.), grants, loans and GI Bill. You may qualify for more than one. Plus, there are other ways to save on costs while getting your education. [Explore the financial assistance options available to you.](#)

4

Apply and Transfer!

It's the last step, and getting ready to transfer is as easy as 1, 2, 3! Are you ready? Congratulations! [Be sure to get the last-minute tools you'll need before you apply.](#)

Success By Degrees



Learn why Elizabeth Benson-Landau says taking risks leads to rewards.



Follow Derek Newman's journey from Temple College to UT Austin.

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University of Texas System



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Transfer 101
From Community College to University

Jim Lehrer: Steps to Success
August 20th, 2009
[Edit](#)




"Life is full of steps," says Jim Lehrer. "You have to think of community college as step one. If you have a dream you're determined to fulfill, it's a great place to test yourself and spread your wings." As a world-famous anchor, author and moderator of presidential elections, Jim Lehrer knows about reaching new heights. He also knows what it takes to make the jump from a community college to a four-year university.

Success by Degrees



Transfer 101
From Community College to University

Elizabeth Benson-Landau: Going Beyond your Expectations



When Elizabeth Benson-Landau tells you to "take risks and live the experience," you can see why she was the student commencement speaker when she graduated in May 2008 from Texas A&M University at Corpus Christi. You also know she means it.

While attending Sinclair Community College in Dayton, Ohio — which she liked for its student-to-teacher ratio, lack of expense and the more manageable lifestyle it allowed — she applied to several large four-year colleges. "I thought I wanted to go to an Ivy League school," says Elizabeth, "and when I wasn't accepted I was devastated. What I did to shift my thoughts was reframe and get clearer about my goals. I kept an open mind and I was led to a school that served my life in the best way I could have imagined."

After visiting and ruling out some large campuses like Ohio State, where she'd been accepted, she applied to TAMU-CC's College of Liberal Arts. There, she got a job in the Office of Admissions and Records and joined several student and academic organizations. "This helped me enhance my social network and academic resources, which eased my transition to a four-year college," she says. The coastal campus gave her an intimate learning environment that made her feel like "more than just a number."

As an academic advisor for students seeking social science degrees in TAMU-CC's College of Liberal Arts she continues to help current students feel the same way. "Your experience is what you make of it," she says. "Stay open to the possibilities of what a community college can offer. You can do so much and go beyond your expectations."

5. **U. T. System: Discussions on academic leadership matters related to the importance of graduate students to higher education and issues of concern**

DISCUSSION

Executive Vice Chancellor Prior will lead a presidential discussion and engagement with the Board of Regents on topics relating to the importance of graduate students to higher education and issues of concern.

Dr. Dan Formanowicz, Chair of the Faculty Advisory Council, and Mr. Bradley Carpenter, Chair of the Student Advisory Council, will participate in the discussion.



TABLE OF CONTENTS FOR HEALTH AFFAIRS COMMITTEE

Committee Meeting: 5/13/2010

Board Meeting: 5/13/2010
Austin, Texas

Janiece Longoria, *Chairman*
James D. Dannenbaum
Wm. Eugene Powell
Robert L. Stillwell

	Committee Meeting	Board Meeting	Page
Convene	7:30 a.m. <i>Chairman Longoria</i>		
1. U. T. System Board of Regents: Amendment to the Regents' <i>Rules and Regulations</i>, Rule 40601, Section 1.14(c), concerning proposed name change of the School of Health Information Sciences at U. T. Health Science Center – Houston to the School of Biomedical Informatics	7:30 a.m. Action <i>President Kaiser Dr. Shine</i>	Action	121
2. U. T. Medical Branch – Galveston: Report on the financial condition of the institution and update on Hurricane Ike recovery projects	7:35 a.m. Report <i>Mr. Elger, U. T. Medical Branch – Galveston Mr. Harris, U. T. System Office of Facilities Planning and Construction</i>	Not on Agenda	122

	Committee Meeting	Board Meeting	Page
<p>3. U. T. Medical Branch – Galveston: Authorization to convey Lots 1 through 4 and a portion of Lot 5, Block 666, a portion of Lot 6 and all of Lot 7, Block 667, a portion of the abandoned 7th Street right-of-way between Blocks 666 and 667, and a portion of Avenue A, together with all improvements thereon, all in Galveston, Galveston County, Texas, to The Sealy & Smith Foundation, a Texas nonprofit corporation, or its subsidiary, Magnolia Holding Company, a Texas nonprofit corporation, in exchange for the acquisition from The Sealy & Smith Foundation or Magnolia Holding Company of part of Lot 9 and all of Lots 10 through 13, Block 667, a portion of Texas Avenue (Avenue B) to the south, and a part of a 20-foot wide alley, together with all improvements thereon, Galveston, Galveston County, Texas, for use as a portion of the site for the institution's proposed clinical services building; and authorization to lease from The Sealy & Smith Foundation or Magnolia Holding Company Lots 1 through 4 and 8 through 14, and a portion of Lot 5, Block 666, portions of Lots 6 and 9 and all of Lots 7 and 8, Block 667, a portion of the vacated alley between Blocks 666 and 667, and a portion of 6th Street, 7th Street, Avenue A, and Avenue B rights-of-way or former rights-of-way, together with all improvements thereon, Galveston, Galveston County, Texas, for use as the site for the proposed replacement Jennie Sealy Hospital</p>	<p><i>8:00 a.m.</i> Action <i>President Callender Ms. Mayne</i></p>	Action	140
<p>4. U. T. System: Funding streams for health institutions -- opportunities and challenges and the impact of health care legislation</p>	<p><i>8:15 a.m.</i> Discussion <i>Dr. Shine</i></p>	Not on Agenda	149
<p>5. U. T. System: Quarterly report on health matters, including Cancer Prevention and Research Institute of Texas funding and health care working group activities</p>	<p><i>9:15 a.m.</i> Report <i>Dr. Shine</i></p>	Not on Agenda	166
Adjourn	<i>9:30 a.m.</i>		

1. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Rule 40601, Section 1.14(c), concerning proposed name change of the School of Health Information Sciences at U. T. Health Science Center – Houston to the School of Biomedical Informatics**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor and General Counsel, and President Kaiser that the Regents' *Rules and Regulations*, Rule 40601, Section 1.14(c) concerning institutions comprising The University of Texas System, be amended as set forth below in congressional style:

Sec. 1 Official Titles. The U. T. System is composed of the institutions and entities set forth below. To ensure uniformity and consistence of usage throughout the U. T. System, the institutions and their respective entities shall be listed in the following order and the following titles (short form of title follows) shall be used:

...

1.14 The University of Texas Health Science Center at Houston (U. T. Health Science Center – Houston)

...

(c) The University of Texas School of ~~Health Information Sciences~~ Biomedical Informatics at Houston (U. T. ~~Health Information Sciences~~ Biomedical Informatics – Houston)

....

BACKGROUND INFORMATION

Over the past decade, the computational and informational aspects of biomedical research have matured, resulting in the development of a number of academic programs and publications, and leading to an established scientific field recognized as biomedical informatics. With the proposed name change, U. T. Health Science Center – Houston will have the first School of Biomedical Informatics in the country. The new name will reflect the established name of the scientific field and is expected to facilitate the funding and recruiting activities of the institution by increased name recognition.

Texas Education Code Section 65.11 authorizes the Board of Regents to provide for the "names of the institutions and entities in The University of Texas System in such a way as will achieve the maximum operating efficiency of such institutions and entities[.]"

2. **U. T. Medical Branch – Galveston: Report on the financial condition of the institution and update on Hurricane Ike recovery projects**

REPORT

Mr. William R. Elger, Executive Vice President and Chief Business/Financial Officer at U. T. Medical Branch – Galveston, and Mr. Stephen Harris, Facilities Planning and Construction Program Manager at U. T. System, will provide updates on the financial status of the institution and the progress of the Hurricane Ike recovery projects.

Mr. Elger will discuss UTMB's current financial situation, including the financial picture of the Texas correctional managed care program. Mr. Harris will discuss the state of reconstruction of the campus. Their PowerPoint presentation is on Pages 123 - 139.

UTMB: Report on Financial Condition and Update on Hurricane Ike Recovery Projects

William R. Elger, CPA

Executive Vice President and Chief Business/Financial Officer

U. T. Medical Branch – Galveston

Stephen Harris, BArch

Program Manager, Office of Facilities Planning and Construction

U. T. System

U. T. System Board of Regents' Meeting

Health Affairs Committee

May 2010



UTMB Financial Update

- **“In the Black” for first time in several years**
 - Significant improvement from pre-storm loss levels
 - Approximately half of this improvement is attributable to staff and other expense reductions associated with reductions in patient care and research activity
 - Approximately half is associated with additional General Revenue appropriation
- **Second half of FY 2010 to be more challenging**
 - Cash flow management impacted by:
 - Ike rebuild/FEMA reimbursement
 - Losses in Correctional Managed Care



UTMB Consolidated Income Statement

Seven Months Ended March 31, 2010

	FY 2010		Variance
	Actual	Budget	Fav(Unfav)
Operating Revenue:			
Tuition and Fees	\$13,200,306	\$13,225,490	(\$25,185)
Net Patient Care Revenue	481,560,986	470,058,873	11,502,113
Grants and Contracts	149,980,158	152,616,286	(2,636,129)
Other Operating Revenue	9,620,338	9,850,449	(230,111)
Total Operating Revenue	654,361,787	645,751,099	8,610,689
Total Operating Expenses	827,715,170	844,802,128	17,086,958
Operating Loss	(173,353,383)	(199,051,029)	25,697,646
Non-Operating Revenue:			
General Revenue	214,366,251	215,778,050	(1,411,800)
Net Investment Income less Capital Asset Interest	13,789,268	11,926,688	1,862,580
Gifts	6,460,726	7,155,420	(694,693)
Net Non-Operating Revenue (Expenses)	234,616,245	234,860,158	(243,913)
Contribution Margin	61,262,862	35,809,129	25,453,733
Provision for Capital (Depreciation)	(43,193,608)	(42,683,863)	(509,745)
Net Income (Loss)	\$18,069,254	(\$6,874,734)	\$24,943,988



UTMB Financial Snapshot – By Business Unit

Seven Months Ended March 31, 2010

	Health System (excluding CMC)	Correctional Managed Care	Academic Enterprise	Support (including Ike)	Eliminations	Total UTMB Institution
Operating Revenue:						
Tuition and Fees	\$0	\$0	\$12,985,578	\$214,728	\$0	\$13,200,306
Net Patient Care Revenue	230,804,547	234,416,386	74,273,077	504,916	(58,437,940)	481,560,986
Grants and Contracts	6,309,758	9,262,287	132,890,384	5,267,263	(3,749,534)	149,980,158
Other Operating Revenue	2,848,476	360,497	32,056,562	41,228,107	(66,873,304)	9,620,338
Total Operating Revenue	239,962,781	244,039,170	252,205,601	47,215,014	(129,060,778)	654,361,787
Total Operating Expenses	271,745,399	278,869,443	269,184,028	137,150,562	(129,234,262)	827,715,170
Operating Loss	(31,782,618)	(34,830,273)	(16,978,427)	(89,935,549)	173,483	(173,353,383)
Non-Operating Revenue:						
General Revenue	117,176,194	26,890,406	58,422,541	11,877,110	0	214,366,251
Net Investment Income less Capital Asset Interest	(158,971)	8	10,507,022	3,614,692	(173,483)	13,789,268
Gifts	231,355	1,634	4,635,067	1,592,670	0	6,460,726
Net Non-Operating Revenue	117,248,578	26,892,048	73,564,630	17,084,472	(173,483)	234,616,245
Contribution Margin	85,465,960	(7,938,225)	56,586,203	(72,851,077)	0	61,262,862
Provision for Capital (Depreciation)	(12,409,840)	(659,583)	(10,373,163)	(19,751,022)	(0)	(43,193,608)
Transfers Between Areas	(34,081,894)	(4,601,300)	(31,302,326)	69,985,520	0	0
Net Income (Loss)	\$38,974,227	(\$13,199,108)	\$14,910,713	(\$22,616,579)	\$0	\$18,069,254



Highlights of the Health System

- **Inpatient activity recovering**
 - FY 2010 inpatient admissions are running at 72% of pre-Ike levels (2008)
 - Significant changes in payer mix contributing to recovery
- **Outpatient activity recovering**
 - FY 2010 outpatient encounters are running at 89% of pre-Ike levels (2008)
 - Growth expected with opening of Victory Lakes and other satellite clinics in targeted areas
- **Average daily census is currently 354**
 - Medical/surgical beds running at 100%



Highlights of Academic Operations

- **Clinical**

- Faculty Group Practice ended 2009 with revenue of \$110M, which is approximately 80% of pre-Ike revenue performance.
- For FY 2010, revenue is projected to be back at 100% of pre-Ike level.

- **Education**

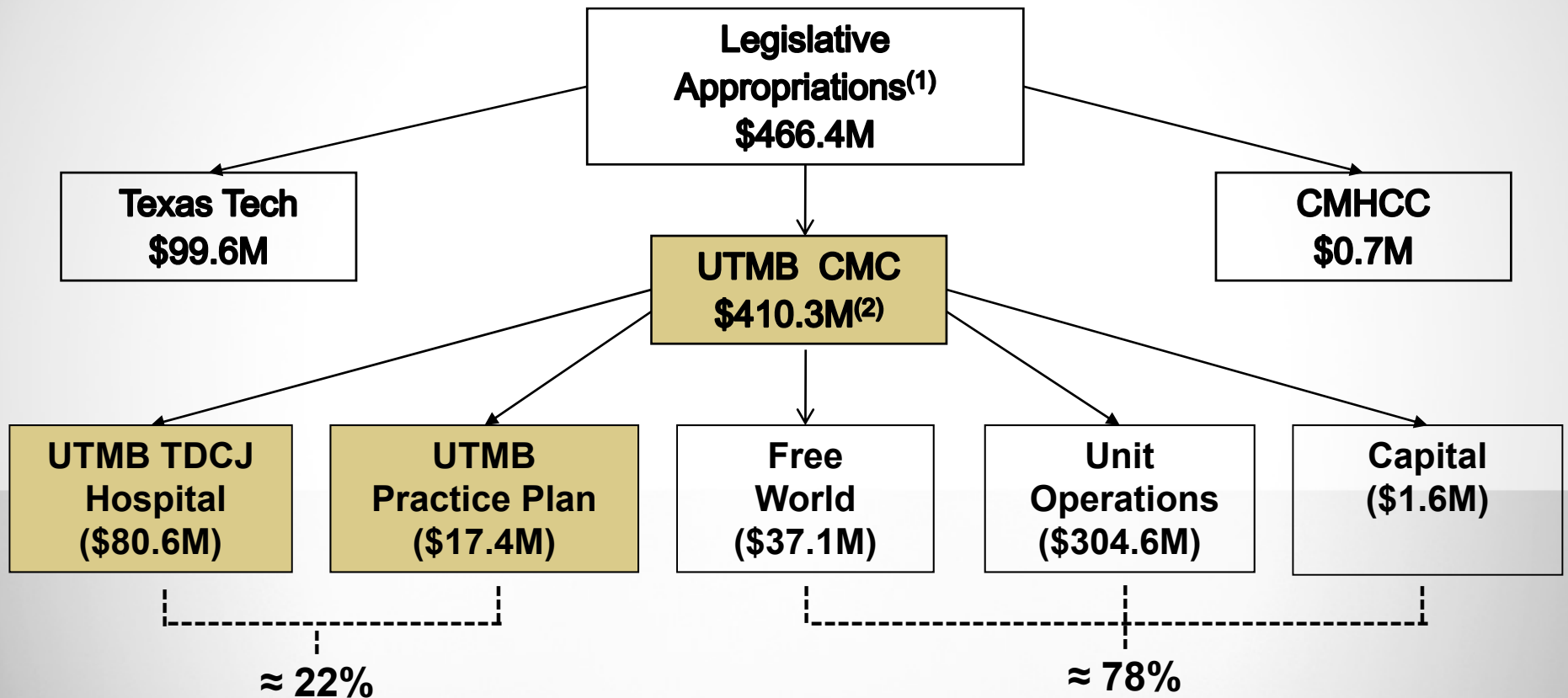
- In FY 2010, UTMB enrollment up by 175 students to a total of 2,513.

- **Research**

- 98% of research labs were operational by September 2009
- More than \$100M in new grants awarded since storm, including \$21.5M Clinical Translational Sciences Award from NIH
 - Received highest score in nation for round one funding



Correctional Managed Care (CMC) Texas Department of Criminal Justice (TDCJ) Contract Funds Flow - Projected Fiscal Year 2010



(1) Legislative appropriations are made to TDCJ and are managed through the Correctional Managed Healthcare Committee (CMHCC)

(2) Includes State paid benefits (\$43.8M) and other revenue (\$0.4M)



Update On Correctional Managed Care

- **Facing ongoing challenges with funding**
 - Projected \$65 - \$100M loss over biennium
 - Staffed at level requested by TDCJ, but funding was not subsequently provided
 - Costs compounded by aging population and chronic diseases (Hepatitis, Diabetes, Cancer, HIV)
- **Developed multitiered action plan; positioned to begin implementation of plan**



Construction Update



Rebuilding UTMB: Background

- **Damage to UTMB one of largest events in FEMA history**
- **100+ buildings flooded/damaged**
- **1 million square feet requiring repair/mitigation**
- **By comparison**
 - UTMB nearly \$700M - \$1B in damage
 - UT Health Science Center – Houston (Tropical Storm Allison) \$90M in damage



Galveston's Situation Is Unique

UT Health Science Center - Houston

- Sustained \$90M in damages in Tropical Storm Allison because situated in a “bowl”
- Post-Allison, levee installed that functioned effectively in defending against Hurricane Ike

UTMB

- Sustained ~\$1B in Ike damages across 1M square feet and 100 buildings
- Mitigation design principle: “Water runs through it”
- “Maximum Exposure” with new design is \$25 - \$50M, according to engineers



UTHSC Houston after Hurricane Ike

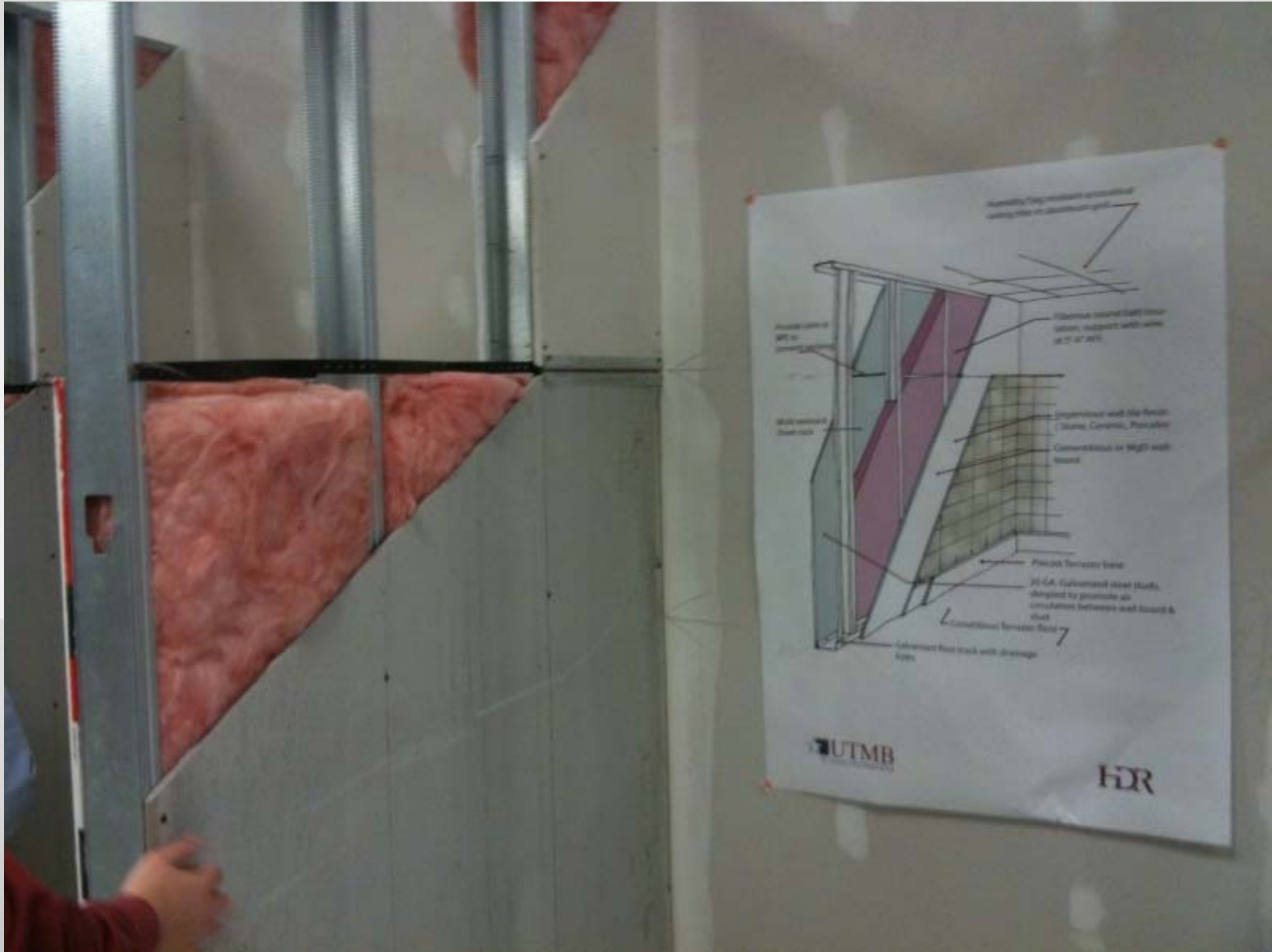


Cleaning up flood-damaged John Sealy Hospital









Rebuilding UTMB: Progress to Date

- **Engaged with FEMA since November 2008**
 - Processed 462 project worksheets, totaling \$206M thus far
 - Additional 1,000 project worksheets in progress, estimated at \$500M
- **Resuming operations was top priority**
 - Implemented “fix-run-grow” model
 - 85% of campus operational at six months
- **Finalizing detailed analysis of work plan**
 - James Lee Witt Associates and Mir Fox Rodriguez Accountants are coordinating and successfully tracking progress
 - 300+ architects, engineers, and construction personnel on campus since January reviewing current conditions and planning recovery
 - 18 OFPC employees on site in Galveston full time dedicated to management of Ike Recovery exercises
- **Expended \$140M to stabilize campus since January 2009**



Rebuilding UTMB: Current Activities

- **Coordinating closely with UT System**
 - Size and scope of UTMB rebuilding project not previously executed by UT System
 - Offices of Real Estate, Risk Management, General Counsel, and Health Affairs working actively with UTMB and Office of Facilities Planning and Construction
- **Completing comprehensive plan**
 - Over 100 UTMB facilities and systems have been evaluated to confirm damage scope and replacement costs
 - Hazard Mitigation workshops are being conducted weekly to resolve repair options
 - Plan in review with FEMA with response to mitigation designs due by the end of May
 - Foundation is established to implement actual reconstruction



Rebuilding UTMB: What To Expect

- **Ensuring process improvement**
 - Efforts underway with UTMB and UT System offices to align, economize, and streamline existing and new processes for contracting, invoicing, issuing payment, auditing, and reporting
- **Demolition planned in 3rd Quarter 2010**
 - Jennie Sealy Hospital and Old Shriners Hospital to be razed
 - Plan to extend John Sealy Hospital repair project to include critical functions
- **“Hard Hats” are coming soon**
 - More than 1,000 construction workers expected on campus at peak of activity
 - Coordinating plans for construction field offices, parking, food service, environmental protections, and other operational accommodations



3. **U. T. Medical Branch – Galveston: Authorization to convey Lots 1 through 4 and a portion of Lot 5, Block 666, a portion of Lot 6 and all of Lot 7, Block 667, a portion of the abandoned 7th Street right-of-way between Blocks 666 and 667, and a portion of Avenue A, together with all improvements thereon, all in Galveston, Galveston County, Texas, to The Sealy & Smith Foundation, a Texas nonprofit corporation, or its subsidiary, Magnolia Holding Company, a Texas nonprofit corporation, in exchange for the acquisition from The Sealy & Smith Foundation or Magnolia Holding Company of part of Lot 9 and all of Lots 10 through 13, Block 667, a portion of Texas Avenue (Avenue B) to the south, and a part of a 20-foot wide alley, together with all improvements thereon, Galveston, Galveston County, Texas, for use as a portion of the site for the institution's proposed clinical services building; and authorization to lease from The Sealy & Smith Foundation or Magnolia Holding Company Lots 1 through 4 and 8 through 14, and a portion of Lot 5, Block 666, portions of Lots 6 and 9 and all of Lots 7 and 8, Block 667, a portion of the vacated alley between Blocks 666 and 667, and a portion of 6th Street, 7th Street, Avenue A, and Avenue B rights-of-way or former rights-of-way, together with all improvements thereon, Galveston, Galveston County, Texas, for use as the site for the proposed replacement Jennie Sealy Hospital**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Callender that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. Medical Branch – Galveston, to

- a. convey Lots 1 through 4 and a portion of Lot 5, Block 666, a portion of Lot 6 and all of Lot 7, Block 667, a portion of the abandoned 7th Street right-of-way between Blocks 666 and 667, and a portion of Avenue A, together with all improvements thereon, all in Galveston, Galveston County, Texas, to The Sealy & Smith Foundation, a Texas nonprofit corporation, or its subsidiary, Magnolia Holding Company, a Texas nonprofit corporation (individually and together, the Foundation), in exchange for the acquisition from the Foundation of part of Lot 9 and all of Lots 10 through 13, Block 667, a portion of Texas Avenue (Avenue B) to the south, and a part of a 20-foot wide alley, together with all improvements thereon, Galveston, Galveston County, Texas, for use as a portion of the site for the institution's proposed clinical services building, with the exchange values to be determined by independent appraisals;
- b. lease from the Foundation Lots 1 through 4 and 8 through 14, and a portion of Lot 5, Block 666, portions of Lots 6 and 9 and all of Lots 7 and 8, Block 667, a portion of the vacated alley between Blocks 666 and 667,

and a portion of 6th Street, 7th Street, Avenue A, and Avenue B rights-of-way or former rights-of-way, together with all improvements thereon, Galveston, Galveston County, Texas, for use as the site for the proposed replacement Jennie Sealy Hospital; and

- c. 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, to authorize all due diligence expenses, closing costs, and other costs and expenses deemed necessary or advisable, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendations.

BACKGROUND INFORMATION

The series of transactions contemplated by this agenda item will provide the land that is necessary for the site of the clinical services building that U. T. Medical Branch – Galveston is presently planning and the land, via a lease, for the site of the proposed replacement Jennie Sealy Hospital project. Approval of the proposed land exchanges and lease will allow timely construction of the much needed clinical support building required for the John Sealy Hospital and further planning for a possible replacement Jennie Sealy Hospital, but does not constitute Regental approval of the actual construction of the new Jennie Sealy Hospital pending legislative funding and other fiscal considerations, including the following contingencies identified by the Board in March 2009:

- a. the availability and commitment of adequate funding from the State and The Sealy & Smith Foundation to support capital requirements for construction of the hospital tower;
- b. the availability and commitment of an adequate, well-defined, and reliable revenue stream to support the ongoing operations of the hospital tower, which may include a combination of general revenue, disproportionate share hospital, upper payment limit, indigent care, and/or formula funding, and the resolution of any legal impediments to the commitment of funds and resources;
- c. the availability and commitment of adequate funding from a local hospital district and/or other local sources; and
- d. adequate debt capacity for UTMB to access supportable funding from U. T. System revenue financing system debt.

The institution anticipates seeking approval from the Board in August 2010 to add the clinical services building to its Capital Improvement Program (CIP). The clinical services building, to be funded from proceeds from the Federal Emergency Management Agency (FEMA) as a result of Hurricane Ike, will provide replacement facilities including a kitchen, laboratories, and sterilization facilities lost in the 2008 hurricane. The current Jennie Sealy Hospital building was constructed between 1966 and 1968 by The Sealy & Smith Foundation. The facility has become functionally obsolete and is currently being used by U. T. Medical Branch – Galveston for general office purposes. The institution and the Foundation have been in discussions for more than three and a half years regarding the replacement of the facility with a new hospital facility equipped with current technology.

To enable the institution to stay on track with its timeline for construction of the clinical services building and its planning for the possible replacement of the Jennie Sealy Hospital project, U. T. Medical Branch – Galveston requests the Board's authorization for the following related real estate transactions:

1. Because the anticipated footprint of the proposed new hospital is larger than that occupied by the current Jennie Sealy Hospital building, it is necessary to expand the land available for the hospital site. Therefore, it is proposed that Lots 1 through 4 and a portion of Lot 5, Block 666, a portion of Lot 6 and all of Lot 7, Block 667, a portion of the abandoned 7th Street right-of-way between Blocks 666 and 667, and a portion of Avenue A, together with all improvements thereon, Galveston, Galveston County, Texas, be conveyed to the Foundation to enable the Foundation to complete the land assemblage for the site of the proposed new hospital building.
2. In exchange for the conveyance of land to the Foundation, and to allow the Medical Branch to assemble the parcel needed for the footprint of the clinical services building, the Foundation will convey to the Board for the benefit of the institution part of Lot 9 and all of Lots 10 through 13, Block 667, a portion of Texas Avenue (Avenue B) to the south, and a part of a 20-foot wide alley, together with all improvements thereon, Galveston, Galveston County, Texas. Additional consideration from the Foundation is the Foundation's prior payment of \$1,075,000 in planning and design fees incurred before Hurricane Ike for the proposed replacement Jennie Sealy Hospital.
3. The Foundation will lease to the institution Lots 1 through 4 and 8 through 14, and a portion of Lot 5, Block 666, portions of Lots 6 and 9 and all of Lots 7 and 8, Block 667, a portion of the vacated alley between Blocks 666 and 667, and a portion of 6th Street, 7th Street, Avenue A, and Avenue B rights-of-way or former rights-of-way, together with all improvements thereon, Galveston, Galveston County, Texas, to serve as the site for the proposed Jennie Sealy Hospital Replacement project, subject to Board approval that the institution

anticipates seeking in June 2011. The lease will be for a nominal rental equal to \$1 per year, with an initial 70-year term, followed by a 50-year renewal term at the institution's option if State funds have been used in the construction of the replacement hospital building, for the same nominal rental rate. The use permitted by the lease will be for a hospital and ancillary uses related to a hospital, including inpatient and outpatient surgery, clinical trials, and instruction. U. T. Medical Branch – Galveston will be responsible for demolishing the existing improvements and constructing the new hospital facility, if approved by the Board.

More details about the key terms and conditions of the proposed transactions are specified in the transaction summary below.

Transaction Summary

Conveyance to The Sealy & Smith Foundation or Magnolia Holding Company

Institution:	U. T. Medical Branch – Galveston
Type of Transaction:	Exchange
Total Area:	Approximately 1.241 acres (54,049 square feet)
Improvements:	Carpenter shop and surgical research and annex buildings (to be demolished)
Location:	Lots 1 through 4 and a portion of Lot 5, Block 666, a portion of Lot 6 and all of Lot 7, Block 667, a portion of the abandoned 7th Street right-of-way between Blocks 666 and 667, and a portion of Avenue A, together with all improvements thereon, all in Galveston, Galveston County, Texas (see map on Page 148)
Grantee:	The Sealy & Smith Foundation, a Texas nonprofit corporation, or its subsidiary, Magnolia Holding Company, a Texas nonprofit corporation (collectively and individually, the Foundation)
Exchange Consideration:	Conveyance to the Board of Regents of the real property described in the next section of this summary and prior payment by the Foundation of planning and design fees incurred before Hurricane Ike in the amount of \$1,075,000 for the proposed replacement Jennie Sealy Hospital
Appraised Value:	Appraisal by Integra Realty Resources – Houston, due on or about April 30, 2010

Conveyance to Board of Regents

Institution: U. T. Medical Branch – Galveston

Type of Transaction: Exchange

Total Area: Approximately 0.8451 of an acre (36,812 square feet)

Improvements: A portion of the old Jennie Sealy Hospital building

Location: Part of Lot 9 and all of Lots 10 through 13, Block 667, a portion of Texas Avenue (Avenue B) to the south, and a part of a 20-foot wide alley, together with all improvements thereon, Galveston, Galveston County, Texas (see map on Page 148)

Grantor: The Sealy & Smith Foundation, or its subsidiary, Magnolia Holding Company

Exchange Consideration: Conveyance to the Foundation of the real property described in the immediately preceding section of this transaction summary

Appraised Value: Appraisal by Integra Realty Resources – Houston, due on or about April 30, 2010;
Appraisal by Bay Area Real Property Appraisers & Consultants, Inc., due on or about April 30, 2010

Lease from The Sealy & Smith Foundation or Magnolia Holding Company to the Board of Regents

Institution: U. T. Medical Branch – Galveston

Type of Transaction: Lease of land and improvements (improvements, all of which are to be demolished, consist of a carpenter shop, the surgical research building and annex, the 610 Texas Avenue building, and a portion of the old Jennie Sealy Hospital)

Total Area: Approximately 2.924 acres (127,349 square feet)

Location: Lots 1 through 4 and 8 through 14, and a portion of Lot 5, Block 666, portions of Lots 6 and 9 and all of Lots 7 and 8, Block 667, a portion of the vacated alley between Blocks 666 and 667, and a portion of 6th Street, 7th Street, Avenue A, and Avenue B rights-of-way or former rights-of-way, together with all improvements thereon, Galveston, Galveston County, Texas (see map on Page 148)

Lessor:	The Sealy & Smith Foundation, or its subsidiary, Magnolia Holding Company
Lease Term:	An initial term of 70 years and a renewal term of 50 years at the Medical Branch's option provided that State funds have been used in the construction of the proposed Jennie Sealy Hospital Replacement project; the institution has a right of first refusal to purchase the leased premises, should the lessor elect to sell the leased premises during the term of the lease
Rent:	\$70.00 total for the initial 70-year lease term; \$50.00 total for the 50-year renewal lease term
Operating Expenses:	The tenant is responsible for operating expenses, insurance, and taxes, if any, on the improvements to be constructed; the lessor is responsible for the taxes, if any, on the existing improvements and on the land
Permitted Use:	Hospital use and ancillary uses related to hospital use, including inpatient and outpatient surgery, clinical trials, and instruction; the term 'hospital' is defined as a facility that provides 24-hour inpatient and outpatient medical and surgical treatment to sick or injured individuals, including the training of physicians and allied health care professionals, and necessary services that directly support patient treatment and the individuals who provide such treatment; the following uses are not permitted under the lease unless they are reasonably necessary for the hospital use or the patient care mission of U. T. Medical Branch – Galveston: general classrooms, general administrative offices, general research labs or research offices, public meeting space or auditoria, or public food service
Improvements; Right to Terminate:	The permitted use clause of the lease anticipates that a hospital facility will be built on the leased land. Due to the long-term nature of the lease and the likelihood that during the term of the lease there will be significant and substantive changes in the provision of medical care, the lease will require that the Medical Branch maintain a set number of patient beds for only the first 20 years of the lease term; after the first 20 years, there will be no requirement for a set number of beds, but rather the lease will require that the institution use the leased property for the provision of inpatient and outpatient medical care throughout the lease term.

Total estimated cost of the full project is \$438 million. The lease would provide that, at a level of funding of at least \$400 million, operating rooms, together with between 28 and 56 surgical intensive care beds and between 168 and 192 private patient room beds, would be provided at full finish out of the initial construction. If available funding is less than \$400 million, but at least \$320 million, then only the operating rooms and the 28 to 56 surgical intensive care beds would be provided at finish out of the initial construction. As noted above, after the first 20 years of the lease term, there would be no ongoing obligation to maintain a set number of beds.

The Foundation has proposed to contribute \$170 million to the project, paid over a 15-year period. The lease will provide that the Foundation's obligation to contribute that funding is contingent on the institution providing \$150 million for the project either through tuition revenue bonds or some other source of funding. The lease will also provide that if funding at the aggregate \$320 million level is not made available, the parties may mutually agree on revisions to the scope of the project. If the parties are unable to agree on a revised scope due to a shortage in the funding amount, either party may terminate the lease and neither party will have any further obligations under the lease.

Finally, the lease will provide that if the Board of Regents has not approved design and funding by November 30, 2011, or if construction of the proposed replacement Jennie Sealy Hospital has not commenced by September 30, 2012, either party may terminate the lease.

Naming of
Improvements:

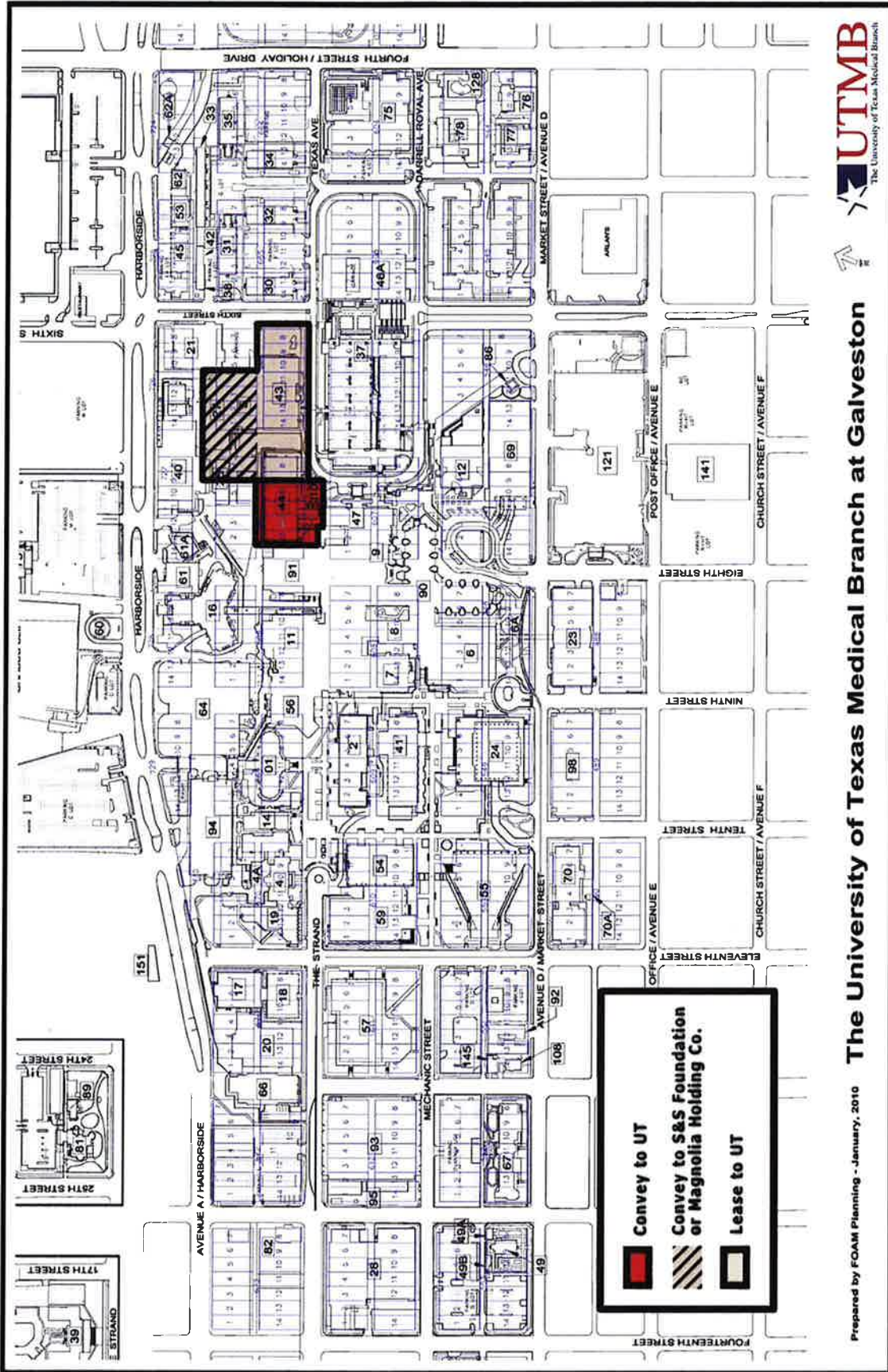
The lease will provide that the hospital replacement facility will be named the Jennie Sealy Hospital. The naming of the primary building entry and the lobby will require the Foundation's prior written approval. The naming of all other interior spaces will be at the discretion of the institution.

Future Easement:

The lease will also provide that, under certain limited circumstances, an easement will be granted to the Foundation at the termination of the lease through the proposed clinical services building for utilities serving the replacement Jennie Sealy Hospital and for pedestrian access between the Jennie Sealy Hospital and the R. Waverley Smith Pavilion.

Proposed Timeline:

1. Board of Regents' approval to add the clinical services building to the Medical Branch's CIP is anticipated to be sought in August 2010.
2. If Board of Regents' approval of the transactions outlined in this transaction summary is obtained in May 2010, demolition of the old Jennie Sealy Hospital and miscellaneous buildings will begin, anticipated to start no sooner than August 2010.



The University of Texas Medical Branch at Galveston

Prepared by FOAM Planning - January, 2010

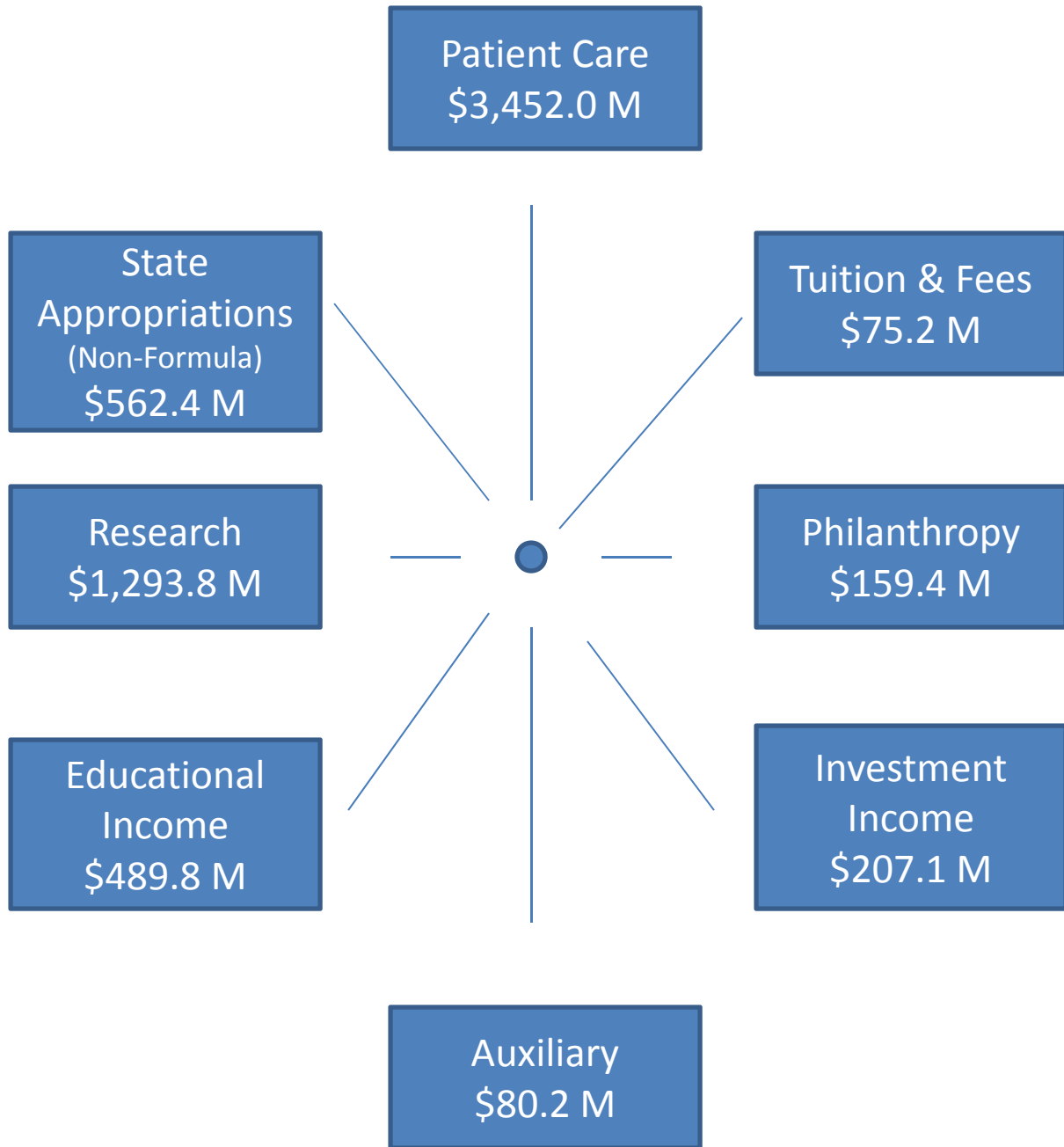
4. **U. T. System: Funding streams for health institutions -- opportunities and challenges and the impact of health care legislation**

DISCUSSION

Executive Vice Chancellor Shine will lead a discussion related to funding streams for health institutions and the impact of health care legislation using the charts set forth on Pages 150 - 165.

UT Health-Related Institutions

Activities & Funds



UT Health-Related Institutions *Activities & Funds*

¹ **Patient Care:** Represents hospital and physician clinical revenue.

² **State Appropriations:** General Revenue, including direct hospital support, patient based formula funding and employee benefits, but not I&O, Infrastructure, Research & GME formulas.

³ **Educational Income:** Includes General Revenue from I&O, Infrastructure, Research & GME formulas and revenue from "Net Sales and Services of Educational Activities" in FY2007 Actual Budget data.

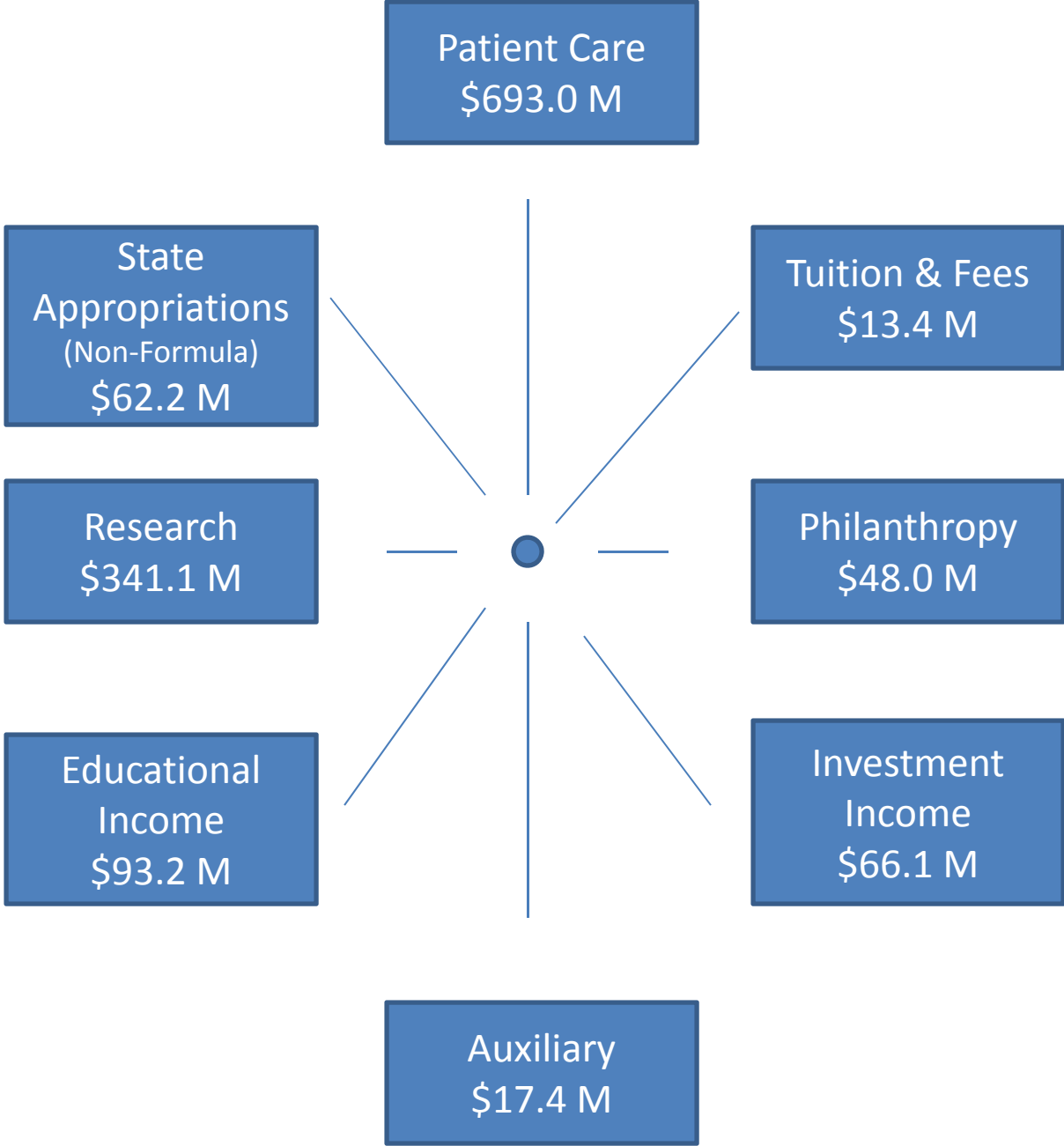
⁴ **Research:** Based on report to THECB, not the "Sponsored Programs" revenue or the "Research Operating Expenses" in the FY2007 Actual Budget data.

⁵ **Philanthropy:** Represents "Gifts in Support of Operations" in FY2007 Actual Budget data.

⁶ **Investment Income:** Represents "Net Investment Income" in FY2007 Actual Budget data.

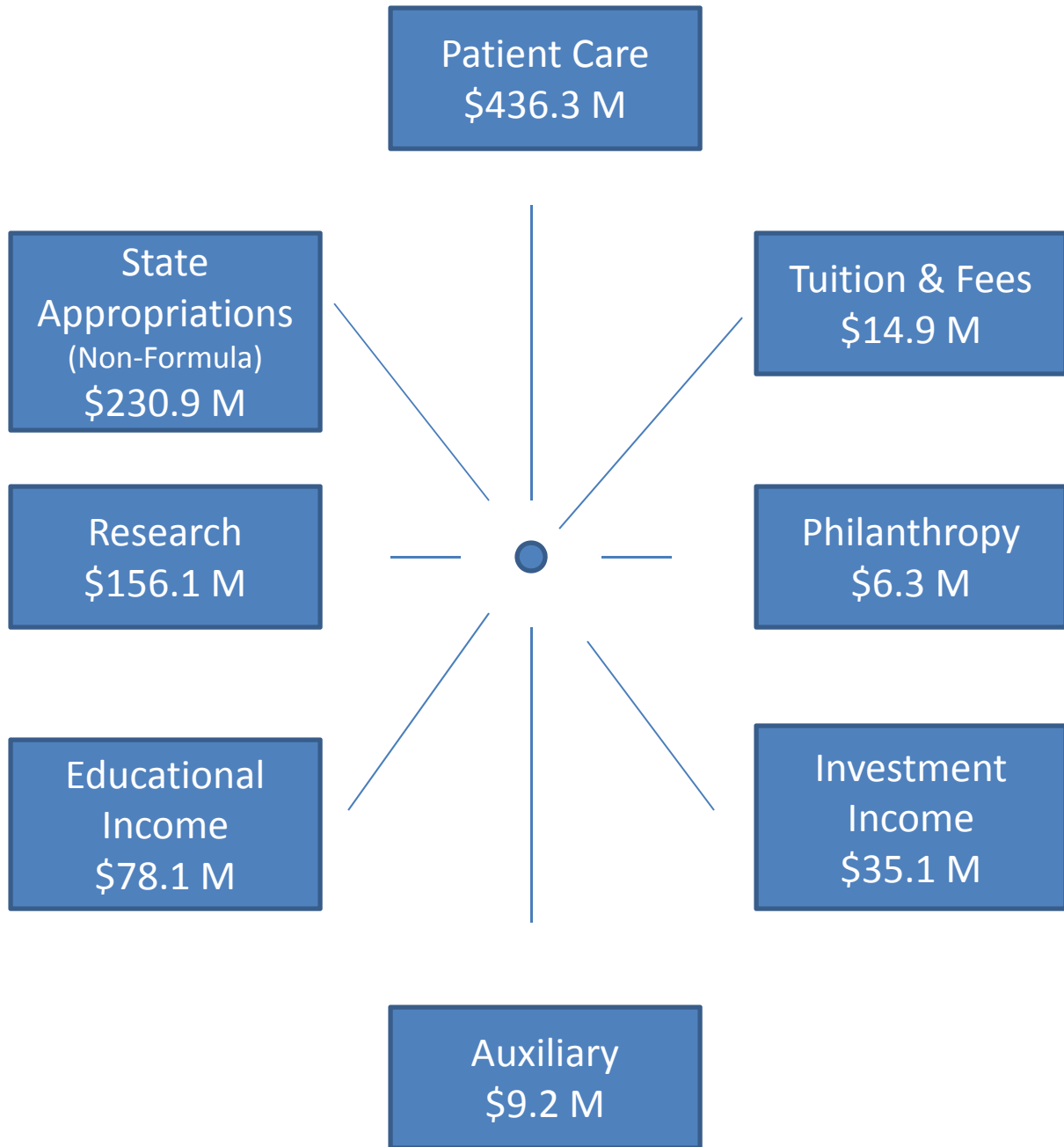
⁷ **Auxiliary:** Represents "Net Auxiliary Enterprises" in FY2007 Actual Budget data.

UT Southwestern *Activities & Funds*



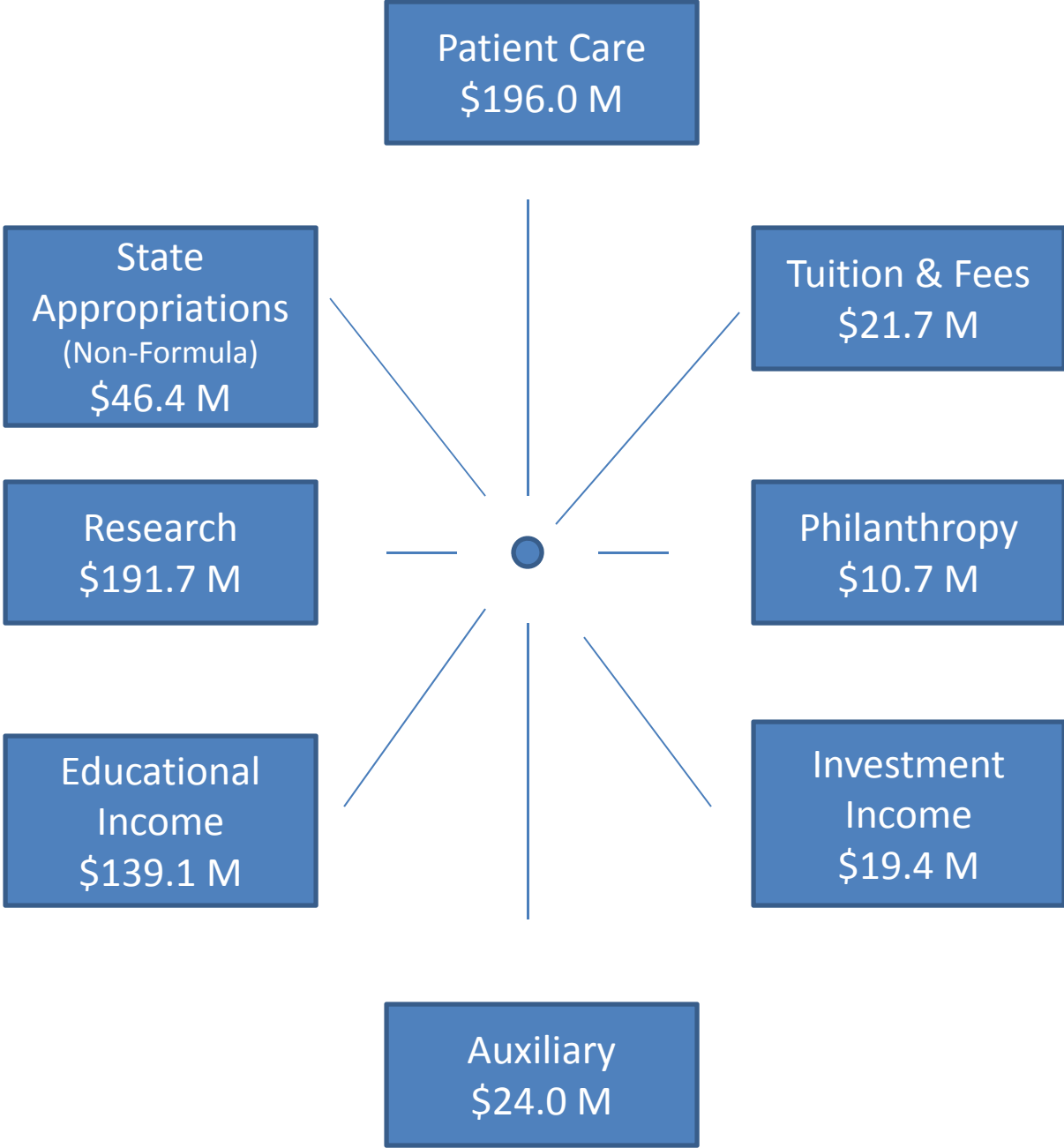
UT Medical Branch at Galveston

Activities & Funds



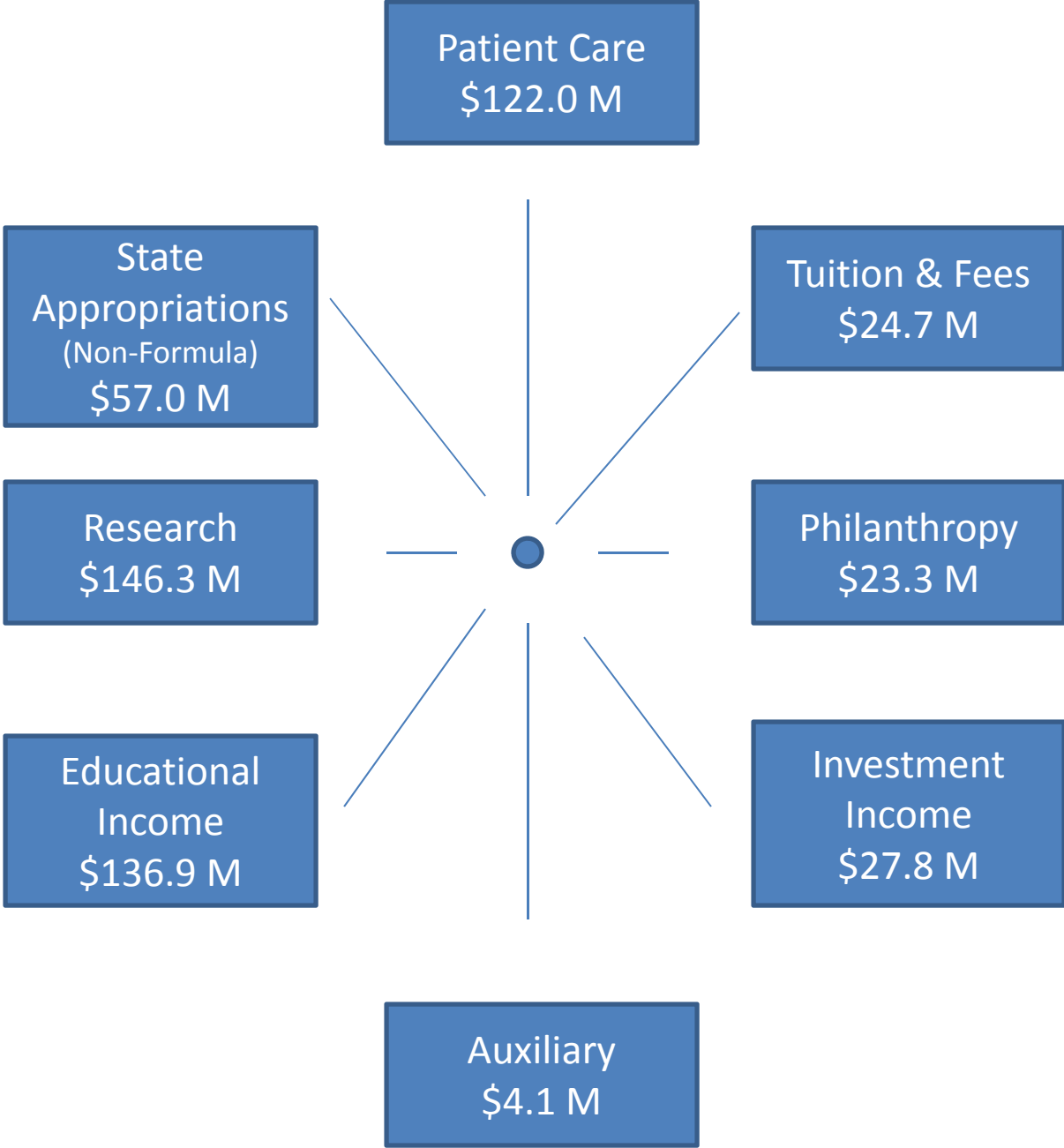
UT HSC Houston

Activities & Funds

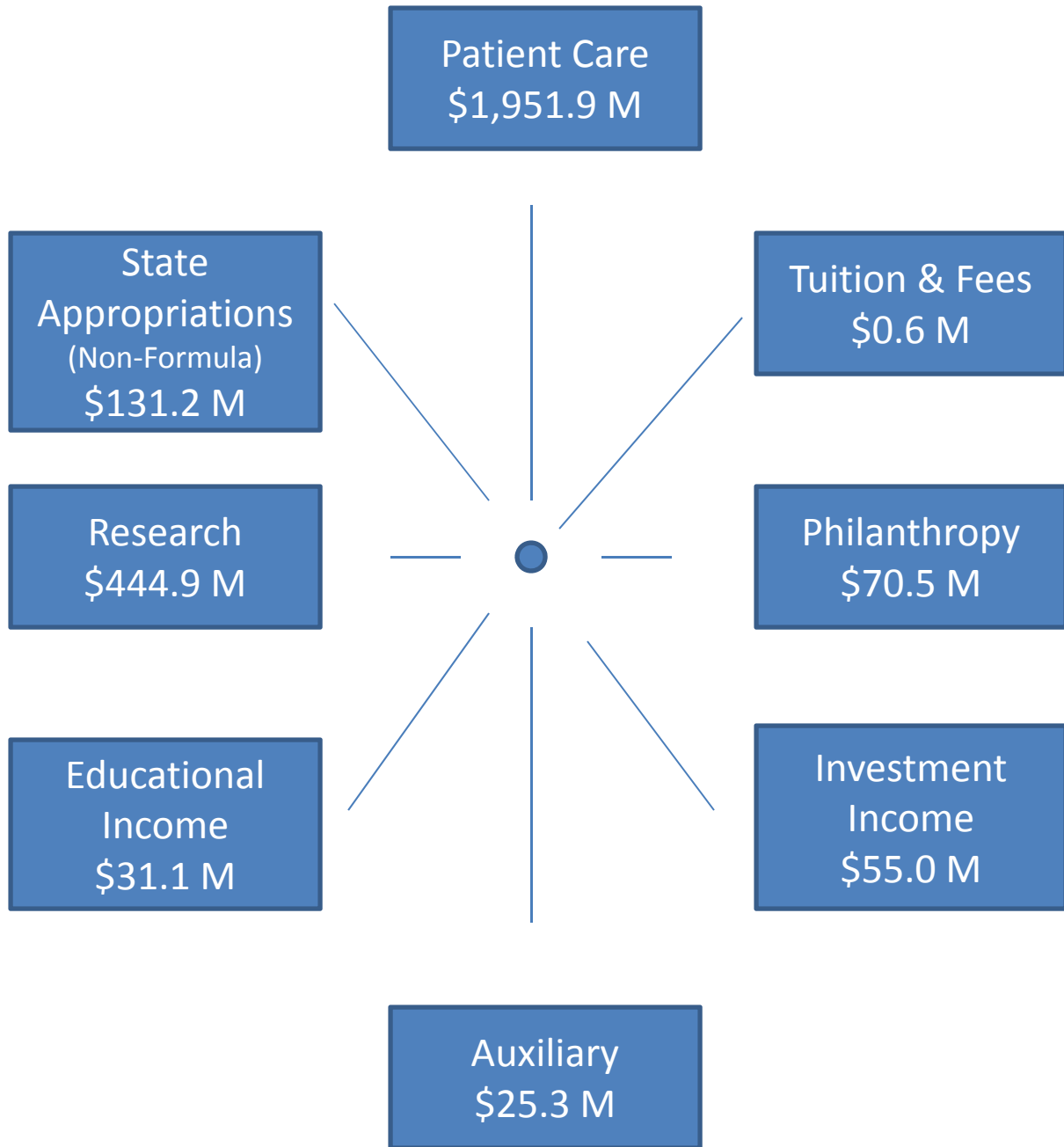


UT HSC San Antonio

Activities & Funds

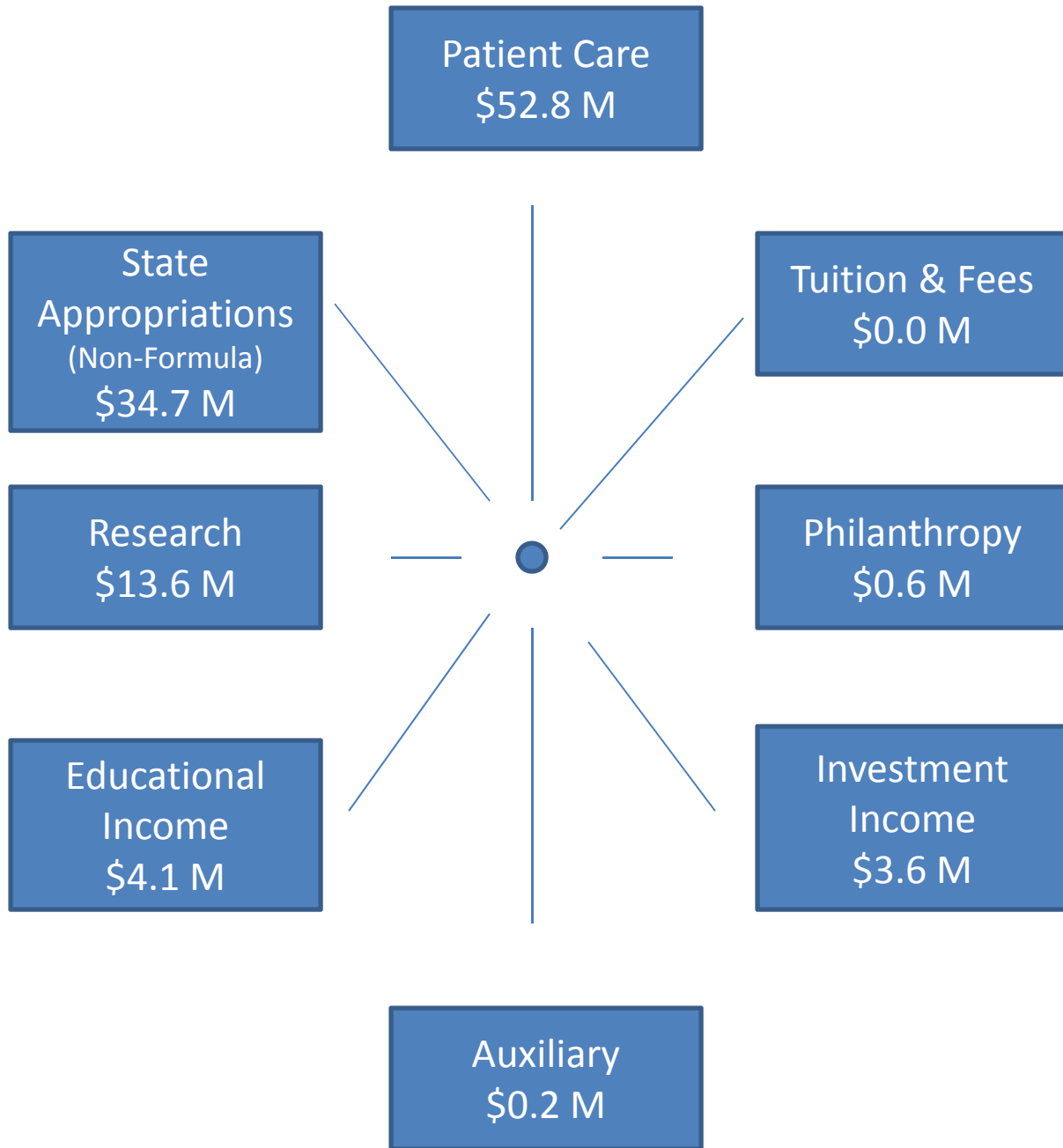


UT MD Anderson *Activities & Funds*



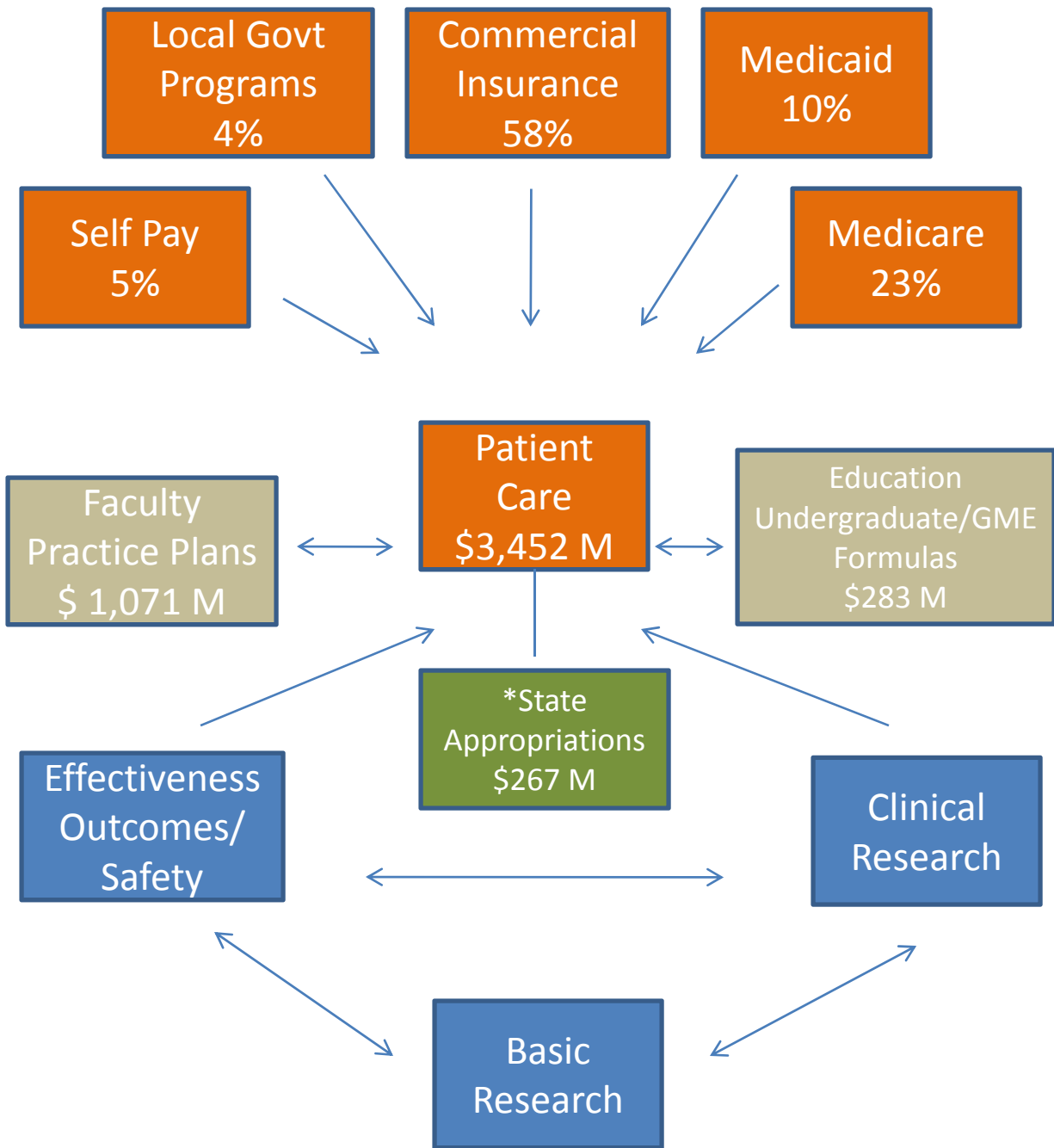
UT HSC Tyler

Activities & Funds



UT HEALTH-RELATED INSTITUTIONS

Clinical Enterprise



*Direct Hospital Support (UTMB, MDACC, HSCT); Patient Based Formula Funding (HSCT, MDACC) ; Indigent Care Fund (UTMB)
 TDCJ Correctional Managed Health Care revenue of \$300 M is not included above.

UT HEALTH-RELATED INSTITUTIONS

Clinical Enterprise

Notes

Patient Care includes UT hospital and practice plan net patient revenue, patient care revenue paid to practice plans by county/affiliate hospitals, physician UPL for FY 2007 services, mental health community hospital revenue. It excludes physician UPL for prior years' services.

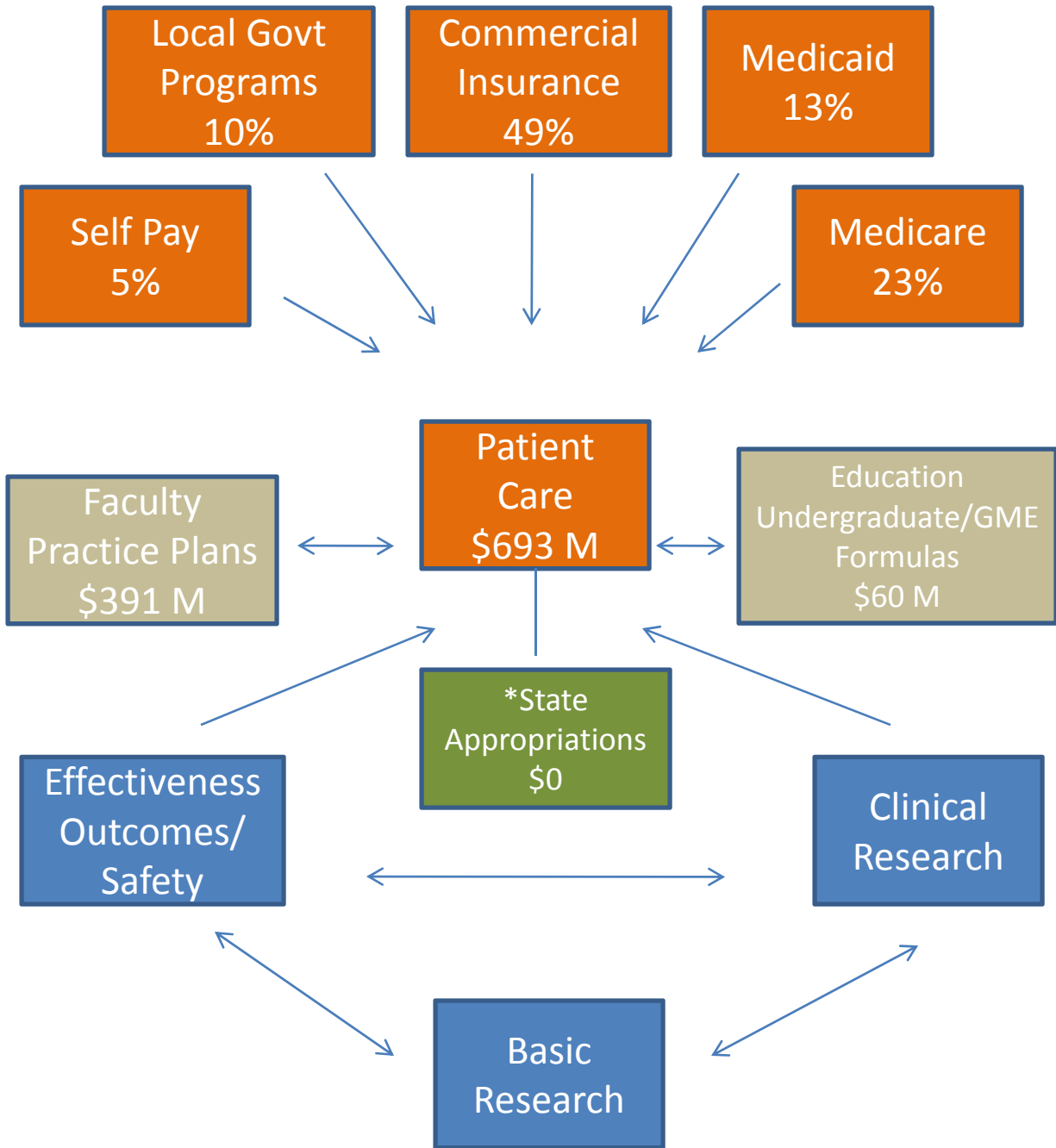
The revenue mix per category is based on the patient's primary payer and includes an apportionment of county/affiliate hospital general patient care revenue where applicable.

Local government programs reflect contractual relationships between UT Southwestern and Parkland Health & Hospital System, UT HSC Houston and Harris County Hospital District, and UT HSC San Antonio and Bexar County's University Health System for care by UT physicians at hospital district facilities for patients who have no other primary payer and qualify for the programs. For UT HSC Houston, local government programs also include revenue at the Harris County Psychiatric Center for those patients whose care is primarily funded by local and state funds for mental health community hospitals.

Self Pay includes revenues where the patient or the patient's family is the primary payer for care. This includes patients who are uninsured, underinsured, or receiving noncovered, elective treatment as well as international patients.

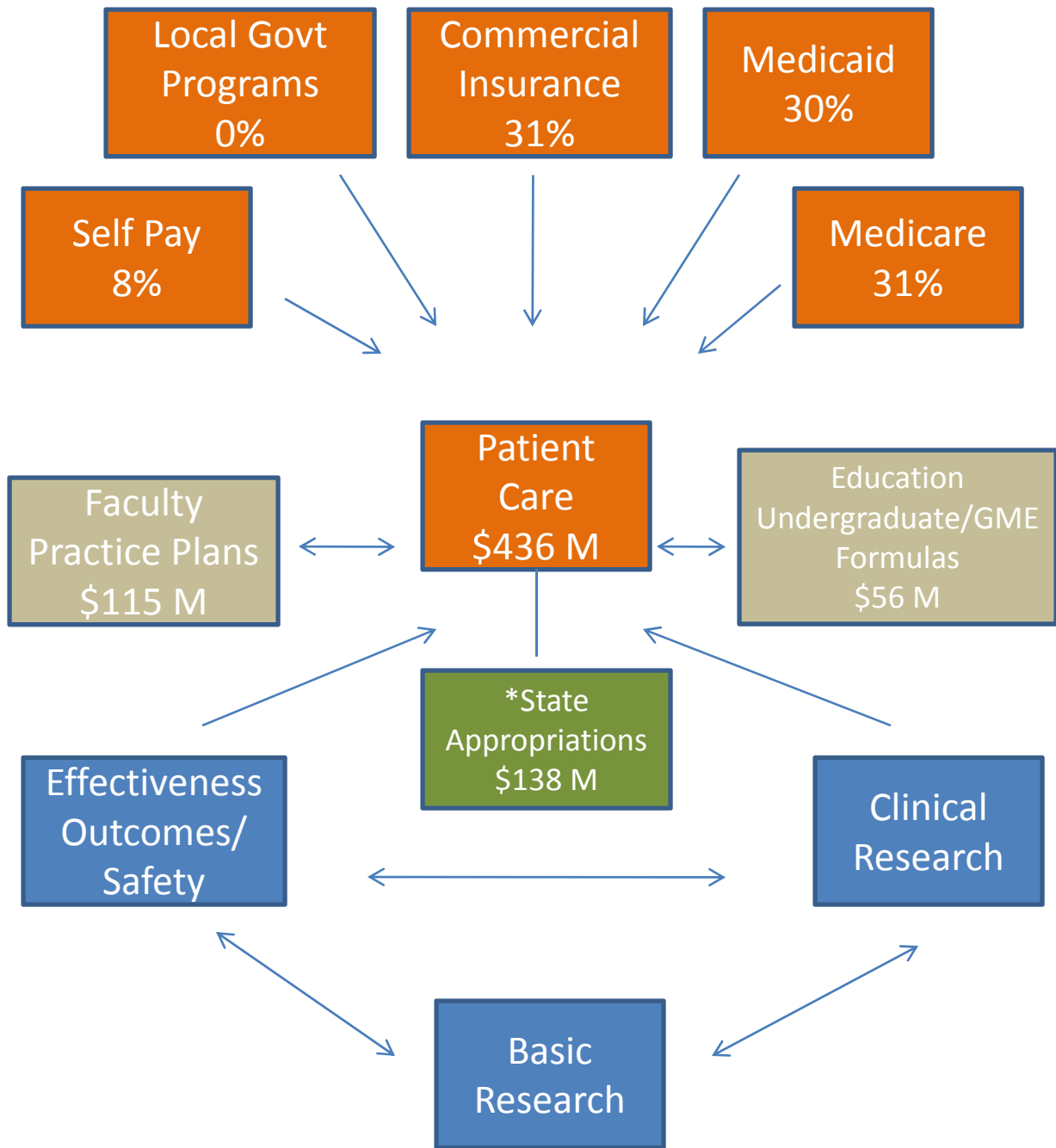
The amount in the box titled "Education Undergraduate/GME Formulas" is FY 2007 state general revenue from the Instruction & Operations (I&O) formula and the GME formula.

UT Southwestern Clinical Enterprise



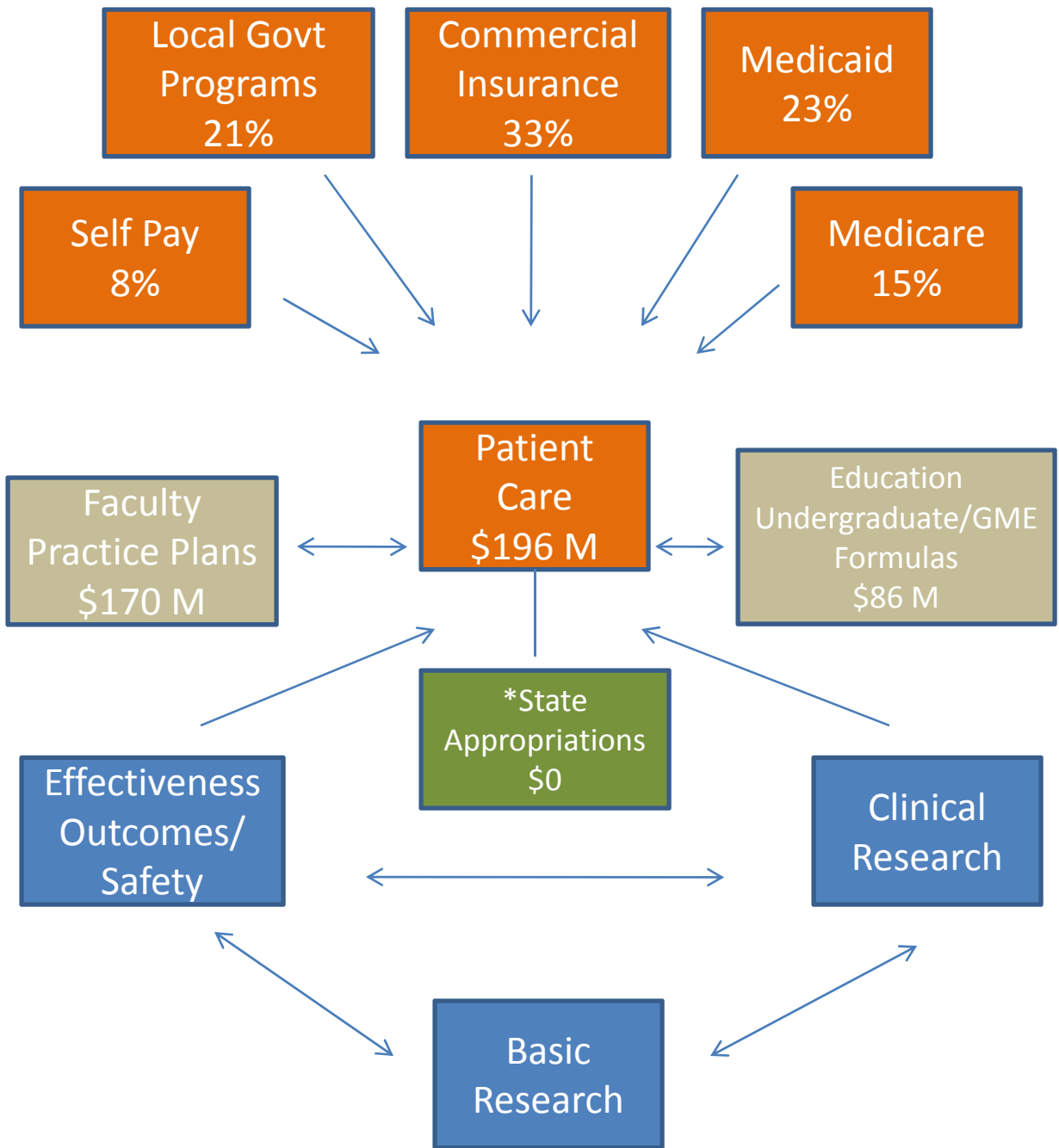
*Direct Hospital Support (UTMB, MDACC, HSCT); Patient Based Formula Funding (HSCT, MDACC) ; Indigent Care Fund (UTMB)

UT Medical Branch at Galveston Clinical Enterprise



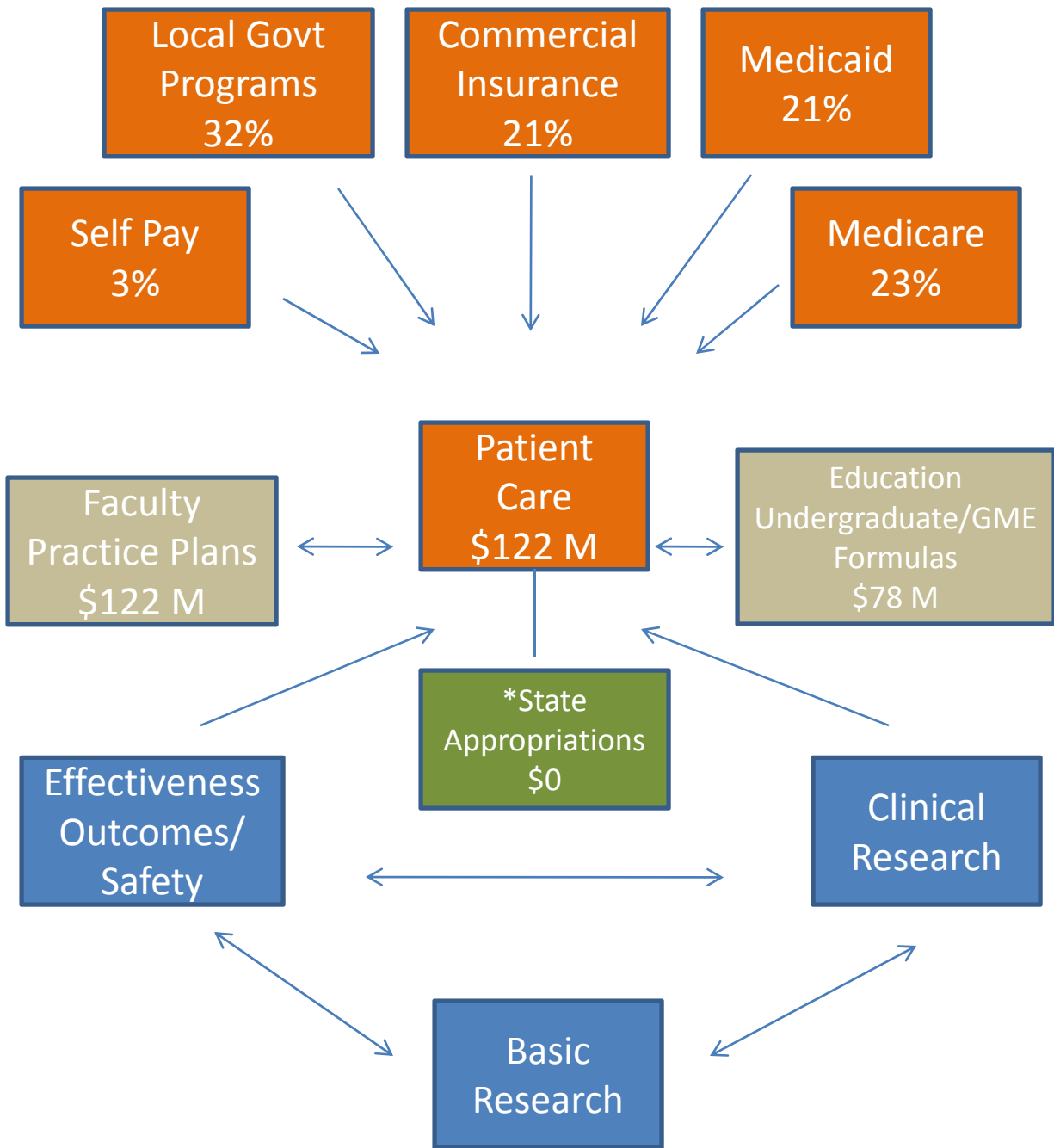
*Direct Hospital Support (UTMB, MDACC, HSCT); Patient Based Formula Funding (HSCT, MDACC) ; Indigent Care Fund (UTMB)
TDCJ Correctional Managed Health Care revenue of \$300 M is not included above.

UT HSC Houston Clinical Enterprise



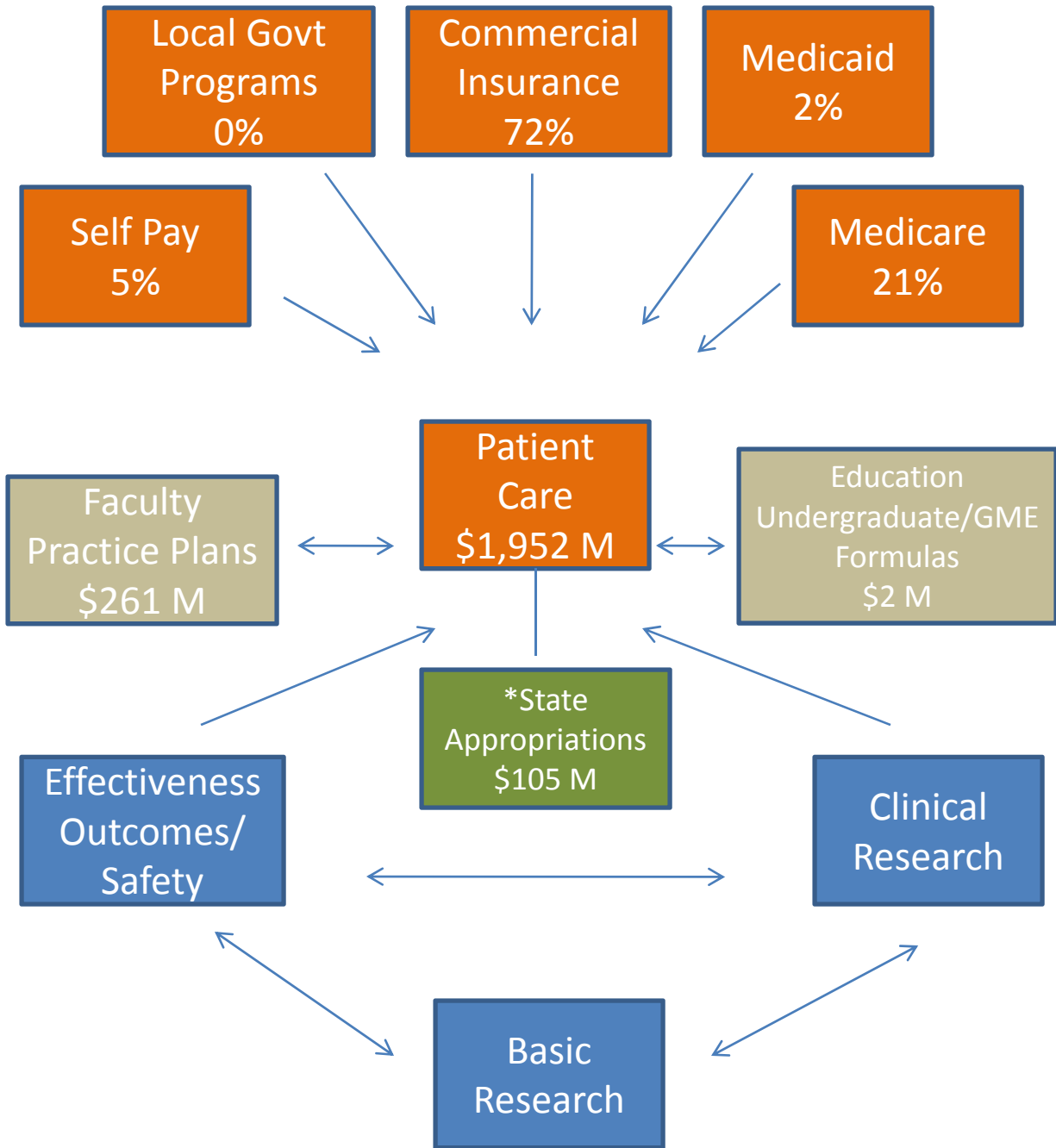
*Direct Hospital Support (UTMB, MDACC, HSCT); Patient Based Formula Funding (HSCT, MDACC) ; Indigent Care Fund (UTMB)

UT HSC San Antonio Clinical Enterprise



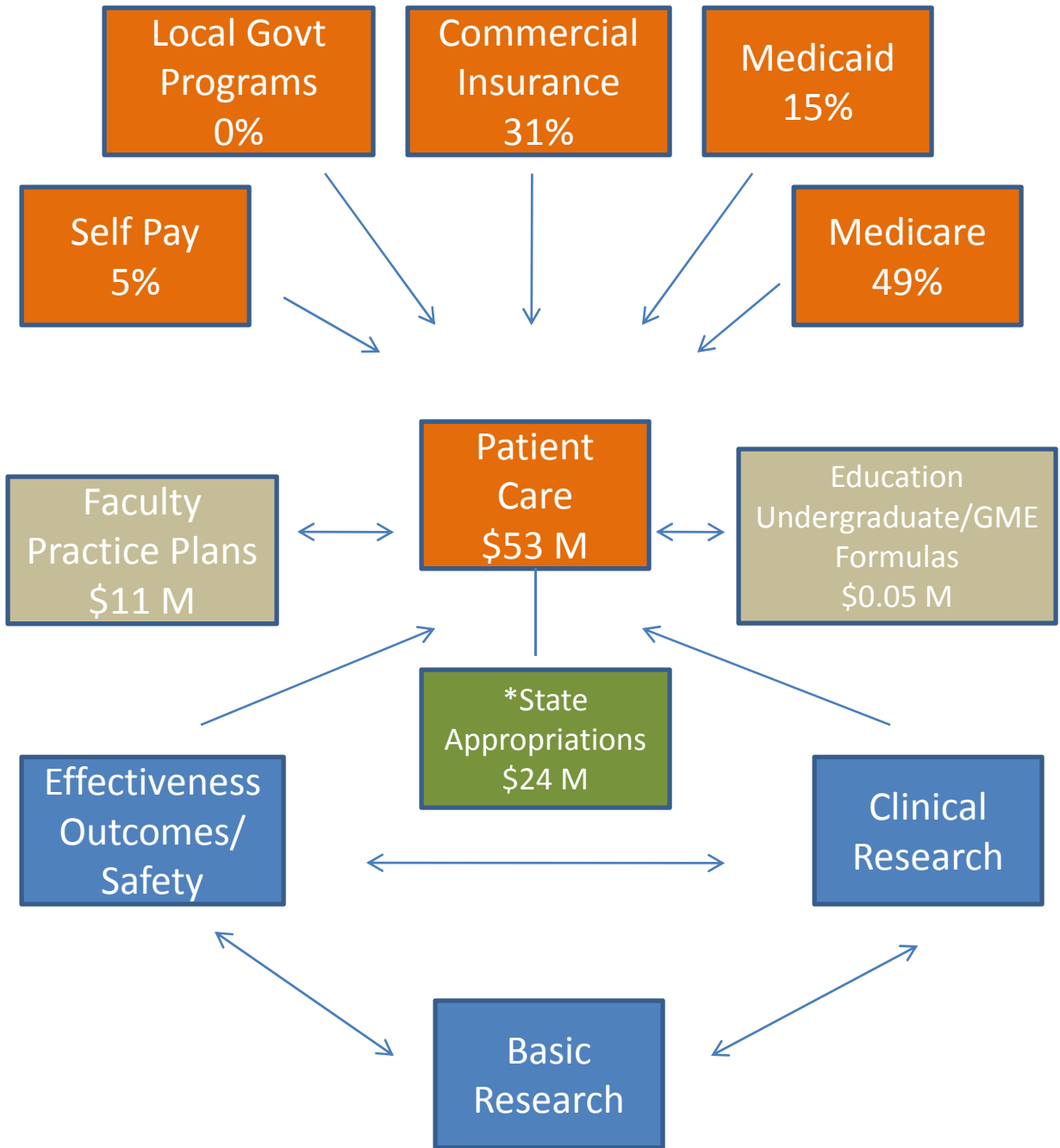
*Direct Hospital Support (UTMB, MDACC, HSCT); Patient Based Formula Funding (HSCT, MDACC) ; Indigent Care Fund (UTMB)

UT MD Anderson Clinical Enterprise



*Direct Hospital Support (UTMB, MDACC, HSCT); Patient Based Formula Funding (HSCT, MDACC) ; Indigent Care Fund (UTMB)

UT HSC Tyler Clinical Enterprise



*Direct Hospital Support (UTMB, MDACC, HSCT); Patient Based Formula Funding (HSCT, MDACC) ; Indigent Care Fund (UTMB)

5. **U. T. System: Quarterly report on health matters, including Cancer Prevention and Research Institute of Texas funding and health care working group activities**

REPORT

Executive Vice Chancellor Shine will report on health matters of interest to the U. T. System, including Cancer Prevention and Research Institute of Texas (CPRIT) funding and health care working group activities.



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Board Meeting: 5/13/2010
Austin, Texas

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

	Committee Meeting	Board Meeting	Page
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<u>Additions to the Capital Improvement Program</u>			
1. U. T. Dallas: Renovation for the Texas Analog Center of Excellence - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; appropriation of funds; and decrease the total project cost for the Vivarium and Experimental Space project (Final Board approval)	<i>3:30 p.m. Action Mr. O'Donnell</i>	Action	167
2. U. T. San Antonio: Student Housing Phase III - Amendment of the FY 2010-2015 Capital Improvement Program to include project (Preliminary Board approval)	<i>3:42 p.m. Action Mr. O'Donnell</i>	Action	168
<u>Design Development Approvals</u>			
3. U. T. Arlington: Special Events Center Parking Garage and Residence Hall - Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost; approval to revise the funding sources; approval of design development; approval to redesignate the project as College Park; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)	<i>3:48 p.m. Action Mr. O'Donnell</i>	Action	169

	Committee Meeting	Board Meeting	Page
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5. U. T. Austin: Phase II - Liberal Arts Building - Amendment of the FY 2010-2015 Capital Improvement Program to reduce 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>4:00 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	176
6. U. T. Dallas: Arts and Technology Facility - Approval of design development of the Utility Infrastructure Improvements portion of the project; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)	<i>4:06 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	179
7. U. T. Dallas: Campus Services and Bookstore Building - Amendment of the FY 2010-2015 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>4:12 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	181
8. U. T. Dallas: Student Housing Living Learning Center, Phase II - Amendment of the FY 2010-2015 Capital Improvement Program 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>4:18 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	184

	Committee Meeting	Board Meeting	Page
<u>Modification to the Capital Improvement Program</u>			
9. U. T. Austin: Law School Renovations - Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost; approval to revise the funding sources; appropriation and authorization of funds; and resolution regarding parity debt (Final Board approval)	<i>4:24 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	186
Adjourn	<i>4:30 p.m.</i>		

1. U. T. Dallas: Renovation for the Texas Analog Center of Excellence - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; appropriation of funds; and decrease the total project cost for the Vivarium and Experimental Space project (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 2010-2015 Capital Improvement Program (CIP) to include the Renovation for the Texas Analog Center of Excellence project at The University of Texas at Dallas as follows:

Institutionally Managed: Yes No
Project Delivery Method: Job Order Contract

Substantial Completion Date: August 2010

Total Project Cost for the Vivarium and Experimental Space (Project No. 302-261):	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Permanent University Fund Bond Proceeds	\$ 2,680,000	\$ 680,000
	Tuition Revenue Bond Proceeds	<u>\$12,000,000</u>	<u>\$12,000,000</u>
		\$14,680,000	\$12,680,000

Total Project Cost for the Texas Analog Center (Project No. 302-573):	<u>Source</u>	<u>Proposed</u>
	Permanent University Fund Bond Proceeds	\$ 2,000,000

- a. approve a total project cost of \$2,000,000 and reallocate funding from Permanent University Fund (PUF) 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. reduce the total project cost of the Vivarium and Experimental Space project from \$14,680,000 to \$12,680,000.

BACKGROUND INFORMATION

Project Description

The proposed project consists of converting 8,000 gross square feet of mechanical space above the clean room in the North Engineering and Computer Science Building into research laboratories for the new Texas Analog Center of Excellence. The research center will help to create analog and radio frequency technology for both traditional

electronics and emerging applications to address such areas as energy efficiency, health care, and public safety. This project will centralize the research in one location on campus. The funding of \$2,000,000 from PUF Bond Proceeds would be reallocated from the completed Vivarium and Experimental Space project.

The Texas Analog Center of Excellence, created in October 2008 by Governor Rick Perry, is a joint collaboration between U. T. Dallas, U. T. System, the State of Texas, Texas Instruments Inc., and the Semiconductor Research Corporation.

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.

2. U. T. San Antonio: Student Housing Phase III - Amendment of the FY 2010-2015 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 Romo that the U. T. System Board of Regents amend the FY 2010-2015 Capital Improvement Program (CIP) to include the Student Housing Phase III project at The University of Texas at San Antonio as follows:

Project No.:	401-570	
Project Delivery Method:	Construction Manager at Risk	
Substantial Completion Date:	June 2013	
Total Project Cost:	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$37,121,000
	Auxiliary Enterprise Balances	<u>\$ 2,834,000</u>
		\$39,955,000
Investment Metrics:	By 2013	
	<ul style="list-style-type: none"> • Increase on-campus student housing by approximately 11% of the campus goal for housing • Increase campus student housing by 618 beds 	

BACKGROUND INFORMATION

One of the goals stated in the Campus Master Plan is to provide campus housing for 20% of the student enrollment or approximately 5,300 beds based on the current enrollment. Currently, U. T. San Antonio provides approximately 1,678 beds and a private provider houses 1,965 beds on campus for a combined total of 3,643 beds.

The new student dormitory will contain approximately 168,000 gross square feet to house 618 students and will be located on the Main Campus in close proximity to existing student housing and dining facilities as well as the future campus recreation fields. All current student housing is operating close to 100% occupancy. The addition of another 618 beds would bring the total of on-campus beds to 4,261.

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.

3. **U. T. Arlington: Special Events Center Parking Garage and Residence Hall - Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost; approval to revise the funding sources; approval of design development; approval to redesignate the project as College Park; 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 Spaniolo that the U. T. System Board of Regents approve the recommendations for the Special Events Center Parking Garage and Residence Hall project at The University of Texas at Arlington as follows:

Project No.:	301-493		
Project Delivery Method:	Construction Manager at Risk		
Substantial Completion Date:	July 2012		
Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$67,000,000	\$71,500,000
	Unexpended Plant Funds		<u>\$ 8,500,000</u>
			<u>\$80,000,000</u>
Investment Metrics:	By 2012		
	<ul style="list-style-type: none">• Increase affordable on-campus housing to aid enrollment growth• Retail and commercial space will bring needed amenities to campus		

- 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
- a. amend the FY 2010-2015 Capital Improvement Program (CIP) to increase the total project cost from \$67,000,000 to \$80,000,000;
 - b. revise the funding sources from \$67,000,000 from Revenue Financing System Bond Proceeds to \$71,500,000 from Revenue Financing System Bond Proceeds and \$8,500,000 from Unexpended Plant Funds;
 - c. approve design development plans;
 - d. redesignate the project as College Park;
 - e. appropriate funds and authorize expenditure of funds;
 - f. approve the evaluation of alternative energy economic feasibility; and
 - g. 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. Arlington, 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 \$71,500,000.

BACKGROUND INFORMATION

Debt Service

The \$71,500,000 in Revenue Financing System debt will be repaid from payments from the City of Arlington, parking revenue, and housing revenue. Annual debt service

on the \$71,500,000 Revenue Financing System debt is expected to be approximately \$4,651,000. The institution's debt service coverage is expected to be at least 2.0 times and average 3.3 times over FY 2010-2015.

Previous Board Action

On May 14, 2009, the project was included in the CIP with a total project cost of \$67,000,000 with funding from Revenue Financing System Bond Proceeds.

Project Description

U. T. Arlington has identified a need for adding apartments to the project that provides housing units for students who desire to live adjacent to campus. The proposed project scope includes a parking structure for approximately 1,800 cars, an apartment complex for 81 units, a campus Welcome Center of approximately 7,500 gross square feet (GSF), shelled space of approximately 8,000 GSF for campus offices or private leasing, shelled retail space of approximately 15,000 GSF, residence halls for 484 beds and 15 resident assistant rooms, and amenities including laundry and vending areas, study rooms, and multiuse common space.

At U. T. Arlington, the current annual occupancy rate for apartments is approximately 91% and approximately 95% for the residence halls. The increase to the total project cost adds 81 apartment units to the original scope of the project, adds approximately 9,000 GSF for retail space, adds 19,000 GSF to the parking garage for better traffic circulation, enhances architectural finishes on building elevations and garages to meet the City of Arlington's request, and creates a new street to connect the main campus with Center Street.

The proposed new project name of College Park reflects the interconnection of the east edge of the U. T. Arlington campus with the City of Arlington's Center Street Pedestrian Trail and Park Projects. The City of Arlington partnered with the University on the project by agreeing to fund \$16,250,000 over 30 years for repayment of the debt. The annual amounts are subject to appropriation by the city.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 50-75 years
- Building Systems: 25-40 years
- Interior Construction: 15-25 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 to allow for minor repairs without significant disruption to ongoing

activities. The interior appearance and finish are consistent with existing campus buildings, retail and commercial space, and U. T. System student housing as appropriate.

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.

4. **U. T. Austin: Dell Computer Science Hall and Computer Sciences Building - Phase 2 - Amendment of the FY 2010-2015 Capital Improvement Program to combine the two projects and redesignate as the Dell Computer Science Hall/Bill and Melinda Gates Computer Science Complex; approval to revise 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 Dell Computer Science Hall project and the Computer Sciences Building - Phase 2 project at The University of Texas at Austin as follows:

Project No.: 102-254

Architecturally or Historically Significant: Yes No

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: March 2013

Total Project Cost for Dell Computer Science Hall (Project No. 102-254):	<u>Source</u>	<u>Current</u>
	Gifts	\$47,000,000
	Permanent University Fund Bond Proceeds	<u>\$20,000,000</u>
		\$67,000,000

Total Project Cost for Computer Sciences Building - Phase 2 (Project No. 102-386):	<u>Source</u>	<u>Current</u>
	Gifts	\$53,000,000

Total Project Cost for Combined Dell Computer Science Hall/Bill and Melinda Gates Computer Science Complex:	<u>Source</u>	<u>Proposed</u>
	Gifts	\$40,000,000
	Permanent University Fund Bond Proceeds	\$20,000,000
	Revenue Financing System Bond Proceeds	<u>\$38,480,000</u>
		\$98,480,000

Investment Metrics:

Combined for DCSH and CS 2 by 2013

- Replace T. U. Taylor Hall with a new building
- Provide three flexible research “pods” and unfinished shell space for two additional flexible research “pods”
- Provide 13 classrooms and provide unfinished shell space for 12 additional classrooms

Combined for DCSH and CS 2 by FY 2016

- Bring all current department resources together
- Increase economic impact the Department of Computer Sciences has on the State of Texas by 20-30%
- Maintain department’s top-10 ranking and improve ranking to top 5
- Provide space to expand tenure-track faculty from 42 to 60
- Increase external research funding by \$10M per year
- Provide 10 flexible research “pods”
- Provide 30 classrooms within the complex
- Increase production of undergraduate BS degrees from 300 in 2004 to 375

- amend the FY 2010-2015 Capital Improvement Program (CIP) to combine the Dell Computer Science Hall project and the Computer Sciences Building - Phase 2 project and redesignate the two projects as the Dell Computer Science Hall/Bill and Melinda Gates Computer Science Complex project;
- approve to revise and reduce the total project cost from \$120,000,000 to \$98,480,000;
- revise the funding sources to \$40,000,000 from Gifts, \$20,000,000 from Permanent University Fund (PUF) Bond Proceeds, and \$38,480,000 from Revenue Financing System Bond Proceeds;
- approve design development plans;
- appropriate funds and authorize expenditure of funds;
- approve the evaluation of alternative energy economic feasibility; and

- g. 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 \$38,480,000.

BACKGROUND INFORMATION

Debt Service

The \$38,480,000 in Revenue Financing System debt will be repaid from institutional funds. Annual debt service on the \$38,480,000 Revenue Financing System debt is expected to be approximately \$2,503,000. The institution's debt service coverage is expected to be at least 1.9 times and average 2.1 times over FY 2010-2015.

Approximately \$1,480,000 of the aggregate \$38,480,000 Revenue Financing System debt proceeds is anticipated to be used for interest expense during construction. The gift funding authorized for expenditure is fully collected or committed at this time, and the institution possesses sufficient local funds to cover any shortfall.

Previous Board Actions

Dell Computer Science Hall - On May 11, 2006, the project was included in the CIP with a total project cost of \$67,000,000 with funding from Gifts, was named the Dell Computer Science Hall, and was designated as architecturally significant. On November 16, 2006, the Board approved the funding revision to \$47,000,000 from Gifts and \$20,000,000 from PUF Bond Proceeds.

Computer Sciences Building - Phase 2 - On November 9, 2007, the project was included in the CIP with a total project cost of \$53,000,000 with funding from Gifts. Following Board action on February 11, 2009, the building was named as the Bill and Melinda Gates Computer Science Complex.

Project Description

The scope of the work for the Dell Computer Science Hall project and the Computer Sciences Building - Phase 2 project will be incorporated into a single project. Decreasing the combined total project cost of the projects will allow construction to proceed with interior shell space that can be finished out as additional gift funds become available.

The Dell Computer Science Hall project will construct a new computer sciences building to replace T. U. Taylor Hall and provide space for faculty, researchers, visitors, postdoctoral assistants, graduate students, research laboratories, instructional laboratories, classrooms, electronic seminar rooms, and lecture halls. The new building containing approximately 130,000 gross square feet (GSF) will be linked to the existing Applied Computational Engineering and Sciences (ACES) Building to the north and the new Computer Sciences Building - Phase 2 to the south.

The Computer Sciences Building - Phase 2 project will replace Chilling Station No. 2 and provide space for faculty, researchers, visitors, postdoctoral assistants, graduate students, and research laboratories. The new building containing approximately 100,000 GSF will be connected to the new Dell Computer Science Hall by a multistory atrium at all five levels.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 45-50 years
- Building Systems: 20-25 years
- Interior Construction: 20-30 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.

5. **U. T. Austin: Phase II - Liberal Arts Building - Amendment of the FY 2010-2015 Capital Improvement Program to reduce 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 Phase II - Liberal Arts Building project at The University of Texas at Austin as follows:

Project No.:	102-391		
Project Delivery Method:	Construction Manager at Risk		
Substantial Completion Date:	December 2012		
Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$ 60,000,000	\$59,420,000
	Gifts	<u>\$ 40,000,000</u>	\$ 5,280,000
	Designated Funds		\$17,000,000
	Available University Funds		\$ 2,000,000
	Unexpended Plant Funds		<u>\$12,000,000</u>
		\$100,000,000	\$95,700,000

- Investment Metrics:**
- Centralize student facilities and learning spaces to improve undergraduate student experiences, collaboration, and research
 - Increase interdisciplinary research space for faculty to foster further collaboration and research by adding 12 laboratories and 12 collaborative research suites increasing faculty success in getting additional funding
 - New teaching labs will allow innovations in curriculum, increasing graduation rates and student learning outcomes
- a. amend the FY 2010-2015 Capital Improvement Program (CIP) to reduce the total project cost from \$100,000,000 to \$95,700,000;
 - b. revise the funding sources from \$60,000,000 from Revenue Financing System Bond Proceeds and \$40,000,000 from Gifts to \$59,420,000 from Revenue Financing System Bond Proceeds, \$5,280,000 from Gifts, \$17,000,000 from Designated Funds, \$2,000,000 from Available University Funds, and \$12,000,000 from Unexpended Plant Funds;
 - 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 \$59,420,000.

BACKGROUND INFORMATION

Debt Service

The \$59,420,000 in aggregate Revenue Financing System debt will be repaid from institutional funds. Annual debt service on the \$59,420,000 Revenue Financing System debt is expected to be \$3,865,000. The institution's debt service coverage is expected to be at least 1.9 times and average 2.1 times over FY 2010-2015. Approximately \$700,000 of the aggregate \$59,420,000 Revenue Financing System debt proceeds is anticipated to be used for interest expense during construction. The gift funding authorized for expenditure is fully collected or committed at this time, and U. T. Austin possesses sufficient local funds to cover any shortfall thereof.

Previous Board Action

On February 7, 2008, the project was included in the CIP with a total project cost of \$100,000,000 with funding of \$60,000,000 from Revenue Financing System Bond Proceeds and \$40,000,000 from Gifts.

Project Description

U. T. Austin has identified a severe space shortage for the College of Liberal Arts with both faculty office and laboratory space far short of current needs. The revised total project cost is the result of a better defined scope and a favorable building climate, and will allow construction to commence.

The new building will contain approximately 207,000 gross square feet (GSF) to house various Liberal Arts departments. Placing these currently fragmented departments together will foster cross-disciplinary research among faculty and strengthen efforts to provide support for both research and instruction. The building will also house a student center that will provide critically needed classrooms, study space, facilities, and services to Liberal Arts students.

Location of the project on the East Mall will require the removal of Russell A. Steindam Hall and the ROTC Rifle Range Building to achieve optimal land use.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 30-75 years
- Building Systems: 25-40 years
- Interior Construction: 10-20 years

The exterior appearance and finish are consistent with existing campus 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.

6. U. T. Dallas: Arts and Technology Facility - Approval of design development of the Utility Infrastructure Improvements portion of the project; 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 Daniel that the U. T. System Board of Regents approve the recommendations for the Utility Infrastructure Improvements portion of the Arts and Technology Facility project at The University of Texas at Dallas as follows:

Project No.:	302-392	
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date for the Utility Infrastructure Improvements portion:	December 2011	
Total Project Cost for the Arts and Technology Facility:	<u>Source</u>	<u>Current</u>
	Permanent University Fund Bond Proceeds	\$45,000,000
	Revenue Financing System Bond Proceeds	<u>\$35,300,000</u>
		\$80,300,000
Total Project Cost for the Utility Infrastructure Improvements portion of the project:	<u>Source</u>	<u>Current</u>
	Permanent University Fund Bond Proceeds	\$10,000,000
	Revenue Financing System Bond Proceeds	<u>\$ 4,300,000</u>
		\$14,300,000
Investment Metric:	By 2017:	
	<ul style="list-style-type: none"> • Add service facility to support Strategic Plan Imperative of adding 5,000 full-time equivalent students 	

- a. approve design development plans for the Utility Infrastructure Improvements portion of the project;
- b. appropriate funds and authorize expenditure of \$10,000,000 from Permanent University Fund (PUF) Bond Proceeds and \$4,300,000 from Revenue Financing System Bond Proceeds;
- c. approve the evaluation of alternative energy economic feasibility; 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 \$4,300,000.

BACKGROUND INFORMATION

Debt Service

The \$4,300,000 in Revenue Financing System debt will be repaid from institutional funds. Annual debt service on the \$4,300,000 Revenue Financing System debt is expected to be approximately \$280,000. The institution's debt service coverage is expected to be at least 1.6 times and average 2.8 times over FY 2010-2015.

Previous Board Actions

On August 23, 2007, the Board approved the allocation of \$45,000,000 from PUF Bond Proceeds and \$36,000,000 from Revenue Financing System Bond Proceeds. On February 7, 2008, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$81,000,000 with funding of \$45,000,000 from PUF Bond Proceeds and \$36,000,000 from Revenue Financing System Bond Proceeds. On March 23, 2010, the Chancellor approved reducing the total project cost to \$80,300,000 with funding of \$45,000,000 from PUF Bond Proceeds and \$35,300,000 from Revenue Financing System Bond Proceeds.

Project Description

The project consists of five different phases. The primary phase is construction of a new facility which includes a state-of-the-art research and instructional building for emerging media technology, integrating arts, science, computer science, and engineering in multimedia communications and the collation of creativity and technology. The Utility Infrastructure Improvements portion includes construction of a satellite utility plant and upgrade of various campus utility infrastructure systems.

The other four phases of the project will include roadway and parking improvements, renovation of vacated space, general landscaping to the surrounding campus, and reconfiguration of the existing Visual Arts building.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 60-75 years
- Building Systems: 25-35 years
- Interior Construction: 60-75 years

The exterior appearance and finish of the utility plant are consistent with existing campus buildings and with the existing Campus Master Plan as they apply to the needs of a satellite utility plant. The mechanical and electrical systems are designed with sufficient flexibility and space for future capacity to allow for changes to the campus infrastructure needs without significant disruption to ongoing activities. The interior appearance and finish are simple and utilitarian as appropriate for a utility plant.

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.

7. **U. T. Dallas: Campus Services and Bookstore Building - Amendment of the FY 2010-2015 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 Daniel that the U. T. System Board of Regents approve the recommendations for the Campus Services and Bookstore Building project at The University of Texas at Dallas as follows:

Project No.:	302-485		
Project Delivery Method:	Competitive Sealed Proposals		
Substantial Completion Date:	November 2011		
Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$6,250,000	\$8,250,000
	Unexpended Plant Funds	<u>\$3,000,000</u>	<u>\$1,200,000</u>
		\$9,250,000	\$9,450,000

Investment Metrics:

By 2011:

- 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 campus

- a. amend the FY 2010-2015 Capital Improvement Program (CIP) to increase the total project cost from \$9,250,000 to \$9,450,000;
- b. revise the funding from \$6,250,000 from Revenue Financing System Bond Proceeds and \$3,000,000 from Unexpended Plant Funds to \$8,250,000 from Revenue Financing System Bond Proceeds and \$1,200,000 from Unexpended Plant Funds;
- 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. 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 \$8,250,000.

BACKGROUND INFORMATION

Debt Service

The \$8,250,000 in aggregate Revenue Financing System debt will be repaid from institutional funds. Annual debt service on the \$8,250,000 Revenue Financing System debt is expected to be \$720,000. The institution's debt service coverage is expected to be at least 1.6 times and average 2.8 times over FY 2010-2015.

Previous Board Action

On May 14, 2009, the project was included in the CIP with a total project cost of \$9,250,000 with funding of \$6,250,000 from Revenue Financing System Bond Proceeds and \$3,000,000 from Unexpended Plant Funds.

Project Description

The 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. 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 the 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 increase in the total project cost is to complete the shell space for the bookstore.

The \$9,450,000 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 process to manage and operate the future bookstore. Unexpended Plant Funds in the amount of \$1,000,000 is expected to be repaid by vendor contract commissions. The current economic environment provides for the issuance of low-cost debt allowing U. T. Dallas to conserve its current cash position.

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 aligned with the Campus Master Plan's intent to create an easily identifiable building for campus visitors and students. 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 retail and commercial buildings in similar use.

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.

8. U. T. Dallas: Student Housing Living Learning Center, Phase II - Amendment of the FY 2010-2015 Capital Improvement Program 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 Daniel that the U. T. System Board of Regents approve the recommendations for the Student Housing Living Learning Center, Phase II project at The University of Texas at Dallas as follows:

Project No.:	302-556		
Project Delivery Method:	Construction Manager at Risk		
Substantial Completion Date:	July 2012		
Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$31,000,000	\$28,500,000
	Auxiliary Enterprise Balances		\$ 2,500,000
			<u>\$31,000,000</u>

Investment Metric:

- This Residence Hall will directly support the University's Strategic Plan Imperative of adding 5,000 full-time equivalent students by 2017, creating a total student enrollment of 21,000.

- a. amend the FY 2010-2015 Capital Improvement Program (CIP) to revise the funding sources from \$31,000,000 from Revenue Financing System Bond Proceeds to \$28,500,000 from Revenue Financing System Bond Proceeds and \$2,500,000 from Auxiliary Enterprise Balances;
- b. approve design development plans;

- c. appropriate funds and authorize expenditure of funds;
- 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. 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 \$28,500,000.

BACKGROUND INFORMATION

Debt Service

The \$28,500,000 in aggregate Revenue Financing System debt will be repaid from housing revenues. Annual debt service on the \$28,500,000 Revenue Financing System debt is expected to be \$1,845,000. The institution's debt service coverage is expected to be at least 1.6 times and average 2.8 times over FY 2010-2015.

Previous Board Action

On November 12, 2009, the project was included in the CIP with a total project cost of \$31,000,000 with funding from Revenue Financing System Bond Proceeds.

Project Description

The new student housing will contain approximately 150,000 gross square feet to house 400 students as well as classrooms, gathering spaces, and offices to support living and learning communities. These beds will be reserved for use by incoming freshman students. The project will also include parking, connector roads, and outdoor recreational facilities.

The Student Housing Living/Learning Center, Phase I filled quickly, and all current student housing is operating close to 100% occupancy with 40 students on the waiting list. U. T. Dallas currently has 4,354 beds of which 2,298 are University-owned and 2,056 are private development beds.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 50-75 years
- Building Systems: 25-30 years
- Interior Construction: 10-20 years

The exterior appearance and finish are identical to the Student Housing Living/Learning Center, Phase I and consistent with the 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 also identical to Phase I and consistent with other U. T. System student housing.

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.

9. **U. T. Austin: Law School Renovations - Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost; approval to revise the funding sources; appropriation and authorization 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 Powers that the U. T. System Board of Regents approve the recommendations for the Law School Renovations project at The University of Texas at Austin as follows:

Project No.: 102-408
Institutionally Managed: Yes No
Project Delivery Method: Construction Manager at Risk
Substantial Completion Date: January 2011

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Designated Funds	\$6,100,000	\$ 4,000,000
	Interest on Local Funds	<u>\$1,050,000</u>	
	Revenue Financing System Bond Proceeds		<u>\$ 8,000,000</u>
		\$7,150,000	\$12,000,000

- a. amend the FY 2010-2015 Capital Improvement Program (CIP) to increase the total project cost from \$7,150,000 to \$12,000,000;
- b. revise the funding from \$6,100,000 from Designated Funds and \$1,050,000 from Interest on Local Funds to \$4,000,000 from Designated Funds and \$8,000,000 from Revenue Financing System Bond Proceeds;
- c. appropriate funding and authorize expenditure of \$4,000,000 from Designated Funds and \$8,000,000 from Revenue Financing System Bond Proceeds; 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. 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 \$8,000,000.

BACKGROUND INFORMATION

Debt Service

The \$8,000,000 in Revenue Financing System debt will be repaid from institutional funds. Annual debt service on the \$8,000,000 Revenue Financing System debt is expected to be approximately \$1,036,000. The institution's debt service coverage is expected to be at least 1.9 times and average 2.1 times over FY 2010-2015.

Previous Board Actions

On August 14, 2008, the project was included in the CIP with a total project cost of \$6,500,000 with funding from Designated Funds and institutional management. On November 13, 2009, the President approved the design development plans and revised the funding sources and authorized expenditure of \$5,450,000 from Designated Funds and \$1,050,000 from Interest on Local Funds. On March 19, 2010, the President approved the increase to the total project cost to \$7,150,000 with funding of \$6,100,000 from Designated Funds and \$1,050,000 from Interest on Local Funds.

Project Description

The original project scope included converting 12,500 gross square feet (GSF) of current law library reference space into approximately 15 additional faculty offices, conference rooms, and administrative assistant space on one floor of the building. The proposed increase to the total project cost is necessary to revise the project scope to provide for the complete renovation of three floors with approximately 98,000 GSF of space. The work would include the total reconfiguration and alignment of the library stacks and support areas on two floors; the addition of three stairways to improve security and connectivity between departments; the addition of 22 windows on the west face of the building; 10 skylights to improve the quality of the workplace while providing sustainable lighting to floors five and six; and the addition of six classrooms and nine seminar rooms. Also included will be improvements to the infrastructure (heating, ventilation, and air conditioning, electrical and fire alarm/sprinkler) throughout the entire building and replacement of the building roof.



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FOR
STUDENT, FACULTY, AND STAFF CAMPUS LIFE
COMMITTEE**

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Austin, Texas

James D. Dannenbaum, Chairman
Printice L. Gary
R. Steven Hicks
James R. Huffines
Joel Helmke, Chair, Employee Advisory Council
Dan Formanowicz, Chair, Faculty Advisory Council
Bradley Carpenter, Chair, Student Advisory Council

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Convene	<i>9:30 a.m.</i> <i>Chairman Dannenbaum</i>	
1. U. T. System: Report on the Chancellor's Entrepreneurship and Innovation Awards Program	<i>9:30 a.m.</i> Report <i>Dr. McDowell</i>	189
2. U. T. System: Annual Meeting with Officers of the U. T. System Student Advisory Council	<i>9:40 a.m.</i> Report <i>Mr. Carpenter</i>	189
Adjourn	<i>10:30 a.m.</i>	

1. **U. T. System: Report on the Chancellor's Entrepreneurship and Innovation Awards Program**

REPORT

Vice Chancellor McDowell will report on the history and nature of the Chancellor's Entrepreneurship and Innovation Awards Program. This prestigious awards program is designated to promote a culture of entrepreneurship and innovation throughout the U. T. System.

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

REPORT

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 191 - 198.

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. Bradley Carpenter, U. T. Austin, Graduate School, Education Policy and Planning

Academic Affairs Committee: Mr. Shaney Flores, U. T. Pan American, English and Psychology

Student Involvement and Campus Life Committee: Ms. Sherley Edinbarough, U. T. Pan American, Biology

Health and Graduate Affairs Committee: Mr. Carlos Ramos, U. T. Health Science Center – Houston, School of Public Health

Financial and Legislative Affairs Committee: Mr. Kent Long, U. T. Arlington, Organizational Communication

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

March 29, 2010

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

Francisco G. Cigarroa, M.D.
Chancellor
The University of Texas System
601 Colorado St.
Austin, TX 78701-2982

Dear Chancellor Cigarroa:

The members of the University of Texas System Student Advisory Council, our officers, and the 160,000 students we are called to represent would like to express our sincere appreciation to The University of Texas System Board of Regents for providing us with the opportunity to present our recommendations for the 2009-2010 academic year.

As members of a deliberative and democratic body, our council is responsible for providing the Board of Regents with quality input addressing the unique needs of our student populations. This year's input is realized through the purposeful crafting of the attached recommendations.

It is important to note the amount of time, energy, and focus each council member contributed throughout the year. Often setting aside individual responsibilities or interests, students on the council worked together to consider the needs of the entire system-wide community. This particular cohort worked diligently to strengthen our council by putting into place new communication strategies and improved measures of accountability. Together, the students developed recommendations targeting a set of distinct system-wide needs.

The council would also like to express its sincere gratitude to Dr. Edward Baldwin, Dr. James Studer, Pam Cole, Carlos Martinez, and all of the UT

www.utsystem.edu

System staff for the countless hours of assistance and guidance they have so selflessly offered.

Thank you again for this special opportunity.

Sincerely,

A handwritten signature in black ink that reads "BRADLEY CARPENTER". The signature is written in a cursive, slightly stylized font with a long horizontal line extending from the end of the name.

Bradley W. Carpenter
Chair, Student Advisory Council
The University of Texas System

Enclosure: 2009-2010 UTSSAC Recommendations

The University of Texas at Austin
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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

In order to provide a quality classroom experience for students and faculty alike, the U. T. System Student Advisory Council requests that all U. T. System academic institutions implement a mid-semester course evaluation. To assess the progress of the course, instructional methodology, and the clarity of material presented, all instructional professors should administer these evaluations to their students in a manner deemed most appropriate for each institution. These evaluations should be completed by the students and reviewed by the professor before the midpoint of the semester. We also ask that the results of these evaluations contribute to the overall assessment of the instructor.

These assessments allow professors to target and identify areas where students are having difficulty learning. Providing this positive feedback mechanism enables students to excel in the course where they would otherwise struggle. The implementation of mid-semester evaluations allows sufficient time for students and instructors to make necessary changes to ensure the success of all. Similar evaluations have proven beneficial at other prominent institutions such as The University of California-Berkeley, Michigan State University, University of Michigan, Cornell University and Princeton University.

Data from these evaluations can be collected from surveys conducted through systems such as Blackboard or resources similar to U. T. Austin's Ongoing Course Assessment.

Financial and Legislative Affairs Committee

Recommendation 2

The U. T. System Student Advisory Council understands that a restructuring of the Board of Regents requires legislative approval. However, if the Texas Legislature renews interest in the benefits of increasing student representation on the Board of Regents for the U. T. System, then, the U. T. System Student Advisory Council recommends granting voting rights to the Student Regent and the addition of a non-voting Student Regent Designate, both appointed with staggered two-year terms. The Designate position provides the appointee a full year to become familiar with the roles and responsibilities of a Student Regent and the operating procedures of the U. T. System before gaining voting rights.

This proposed model is currently utilized by other nationally recognized public education systems such as The University of California and The University of Tennessee Systems.

Health and Graduate Affairs Committee

Recommendation 3

After conversations with members of the faculty, students, and staff, the U. T. System Student Advisory Council (UTSSAC) believes it important to revise and improve the accommodations and services available to students with disabilities. The most recent UTSSAC recommendation concerning this topic was presented in 1998 - 1999 when the Multicultural and Minority Affairs Committee addressed compliance with the Americans with Disabilities Act (ADA) of 1990 and Section 504 of the Rehabilitation Act of 1973.

Recent advances in the field of assistive technologies allow today's institutions the opportunity to upgrade the services available to their student populations. Therefore, in an effort to improve the educational experience of all students, UTSSAC recommends that the universities and health science centers across our system consider the following areas of accommodations: awareness, technologies, staffing, and facilities.

Awareness – The U.S. Department of Education states that on average 11% of the nation's undergraduate students report a disability, however, our research indicates that some of the universities within the U. T. System have considerably lower reporting rates when compared to this national figure. For example, at The University of Texas at Arlington, only 2% (600) of students are registered with the Office for Students with Disabilities. UTSSAC believes that such a discrepancy may result from students'

Prepared for the Student Advisory Council
by the Office of Academic Affairs, March 2010

unawareness and a lack of understanding of available services across the U. T. System.

In an effort to increase awareness and improve students with disabilities reporting rates, the Health and Graduate Affairs Committee of UTSSAC recommends that each institution implement the following initiatives:

- Provide more direct access to the Office for Students with Disabilities website from the main university home page
- Facilitate an annual disability services awareness week
- Host disability services information sessions at new student orientations

Technologies – Increased awareness of disability services may increase the demand for such services. In anticipation of this surge, we recommend a Systemwide review focusing on:

- Sharing of best practices among Offices for Students with Disabilities across the U. T. System
- Identification of new opportunities for campuses to increase assistive technologies available for students. UTSSAC proposes such equipment include:
 - Screen navigation software
 - Screen magnification software
 - Voice recognition software
 - Visual mapping, outlining, writing software
 - Reading, writing, and learning software
 - FM systems for hard-of-hearing individuals
 - Note taking assistance devices
 - Adaptive keyboards and track balls
 - Braille embossers
 - Textbook conversion to electronic text (e-text)

Staffing – Following multiple dialogues with some of the directors of the Offices for Students with Disabilities across the U. T. System, an apparent need for specific staffing positions became evident. Based on these discussions, we recommend that all Offices

for Students with Disabilities maintain at least one staff member responsible for, but not limited to, the following responsibilities: Director, Certified Counselor, Psychoeducational Diagnostician, Recreational Therapist, Assistive Technology Training Center Coordinator, Interpreter, Web Accessibility Center Director, Exam Scheduling Coordinator, Auxiliary Services Administrator, Specialty Tutor, and Sport/Recreational Activity Coordinator.

Facilities – The ADA Accessibility Guidelines for Buildings and Facilities list the technical requirements to be applied in the design, construction, and alteration of buildings and facilities. While these guidelines represent the minimum level of accommodation required, UTSSAC believes that additional improvements could provide a more hospitable environment for students with disabilities. For example, the standard push buttons for automatic doors could present a challenge for a person with limited arm mobility; in such cases, an automatic sliding door could facilitate access. In addition, because of more difficult maneuverability of electric wheelchairs, more space than that dictated by ADA requirements could ease utilization of restroom facilities. Finally, we recommend that universities ensure that an “accessibility plan” is included as part of each campus’ overall master plan.

Student Involvement and Campus Life Committee

Recommendation 4

The U. T. System Student Advisory Council recommends that the Board of Regents revise the current U. T. System nondiscrimination policy, and that all U. T. System institutions update their specific policies to include, but not be limited to, the policy of The University of Texas System. A recent review of nondiscrimination policies of U. T. System institutions revealed that there is a large degree of variability between schools, and more importantly, between the policies of each school and the U. T. System policy.

According to the U. T. System, our mission is to provide a quality education to students “from a wide range of social, ethnic, cultural, and economic backgrounds, thereby preparing educated, productive citizens who can meet the rigorous challenges of an increasingly diverse society and ever changing global community.” To be consistent with the U. T. System mission, the Board of Regents should revise the U. T. System nondiscrimination policy to provide equal opportunities to diverse groups.

A comparison of the U. T. System policy to the policies of each institution, as well as The University of Michigan and The University of California Systems, identifies additional groups that should be included in the U. T. System nondiscrimination policy.

These additional groups are: creed, ancestry, gender identity and gender expression, marital status, citizenship, and medical condition (e.g. pregnancy, cancer).

We recommend that the revised U. T. System nondiscrimination policy read as follows (additions underlined):

It is The University of Texas System policy that no person including students, faculty, staff, and temporary workers will be excluded from participation in, denied the benefits of, or be subject to discrimination under any program or activity sponsored or conducted by The University of Texas System or the institutions on the basis of race, color, creed, national origin or ancestry, religion, sex (including gender identity and gender expression), sexual orientation, veteran status, marital status, citizenship, age, disability, or medical condition. Retaliation against persons who oppose a discriminatory practice, file a charge of discrimination, or testify for, assist in, or participate in an investigative proceeding relating to discrimination is prohibited.

Furthermore, we recommend that all U. T. System institutions update their specific nondiscrimination policies to include, but not be limited to, the policy of The University of Texas System. The addition and implementation of these changes to the U. T. System nondiscrimination policy will serve to further support the mission of the U. T. System, to reflect an increasingly diverse society, to solidify nondiscrimination policies throughout the System, and to avoid future potential conflicts and liabilities.

Recommendation 5

One of the main factors that students consider prior to entering an institution is safety. Although the U. T. System has good safety standards, additional measures are needed to raise awareness of on-campus safety procedures. The lack of student, faculty, and staff awareness of on-campus safety procedures is an issue that directly affects an institution in the event of an emergency. We thus want to improve on-campus safety across the U. T. System. We recommend that the U. T. System asks each campus to implement a set of measures (stated below) that would increase the on-campus safety for students as well as faculty and staff. Upon implementation of this recommendation, students, faculty, and staff throughout the U. T. System would be aware of, and familiar with, the safety procedures that the U. T. System follows and it would better enable each campus to maintain a high safety standard. It is our humble request that the Board of Regents take into consideration the implementation of this recommendation.

In order to increase students' awareness of emergency evacuation procedures:

- Professors, faculty, and staff should be regularly reminded about building and classroom evacuation routes.
- Information about classroom evacuation routes, or a web link to the information, should be included in course syllabi and handed to students on the first day of class.
- Campus directories should include evacuation routes and be posted in high traffic areas around campus (indoor and outdoor).
- Campus Emergency Drills should be administered on a regular basis to ensure proficiency.
- Informational packets or emergency response guides, like the one provided to students at The University of Texas at San Antonio, should be made available. The packet should contain a listing of emergency contacts, recommended procedures in cases of medical emergencies, fire or explosion, evacuation of the mobility-impaired, severe weather hazards and threats (bomb, physical, and terrorist).