



**SCHEDULE OF EVENTS
FOR
BOARD OF REGENTS' MEETING**

August 20-21, 2014
Austin, Texas

*U. T. System Administration, Ashbel Smith Hall, 9th Floor, 201 West Seventh Street
Office of the Board of Regents: 512.499.4402*

Wednesday, August 20, 2014

| | |
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| Audit, Compliance, and Management Review Committee | 9:00 a.m. |
| Finance and Planning Committee | 10:00 a.m. |
| Technology Transfer and Research Committee | 11:00 a.m. |
| Lunch | 12:00 p.m. |
| Facilities Planning and Construction Committee | 12:30 p.m. |
| Health Affairs Committee | 1:30 p.m. |
| Academic Affairs Committee | 2:30 p.m. |
| Meeting of the Board - Open Session | 3:30 p.m. |
| <i>Including meeting with the Faculty Advisory Council</i> | |
| Recess | 5:00 p.m. |

Thursday, August 21, 2014

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| Meeting of the Board - Open Session | 8:00 a.m. |
| Recess to Executive Session and Working Lunch | 10:40 a.m. |
| Meeting of the Board - Open Session | 3:15 p.m. <i>approximately</i> |
| Adjourn | 4:00 p.m. <i>approximately</i> |



**AGENDA
FOR MEETING OF
THE UNIVERSITY OF TEXAS SYSTEM
BOARD OF REGENTS**

August 20-21, 2014
Austin, Texas

| | Board Meeting | Page |
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| <u>August 20, 2014</u> | | |
| COMMITTEE MEETINGS | <i>9:00 a.m. – 3:30 p.m.</i> | |
| CONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS | <i>3:30 p.m.</i> | |
| 1. U. T. System Board of Regents: Annual Meeting with Officers of the U. T. System Faculty Advisory Council | Report/Discussion <i>Dr. Elizabeth Heise</i> | 6 |
| 2. U. T. System: Announcement of academic and health institution recipients of the 2014 Regents' Outstanding Teaching Awards and remarks by representative faculty; and announcement of new members of The University of Texas Kenneth I. Shine, M.D., Academy of Health Science Education | <i>4:30 p.m.</i> Reports/Presentation <i>Chancellor Cigarroa</i> <i>Dr. Reyes</i> <i>Dr. Greenberg</i> | 7 |
| RECESS | <i>5:00 p.m.</i> | |
| <u>August 21, 2014</u> | | |
| CONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS | <i>8:00 a.m.</i> | |
| 3. U. T. System Board of Regents: Approval of Consent Agenda items and referral of any items to the full Board or to Committee | Action | 8 |
| 4. U. T. System Board of Regents: Certificate of appreciation to U. T. Brownsville President García | <i>8:05 a.m.</i> Presentation | 9 |
| 5. U. T. System Board of Regents: Certificate of appreciation to U. T. Pan American President Nelsen | <i>8:15 a.m.</i> Presentation | 10 |
| 6. U. T. Austin: Introduction of S. Claiborne “Clay” Johnston, M.D., Ph.D., founding Dean of the Dell Medical School | <i>8:25 a.m.</i> Presentation <i>President Powers</i> <i>Dean Johnston</i> | 11 |
| 7. U. T. System Board of Regents: Discussion and appropriate action regarding implementation of recommendations of the Task Force on Employee/Student Relationships, including revision to Regents' Rules and Regulations, Rule 30105 (Sexual Harassment and Misconduct and Inappropriate Consensual Relationships) | <i>8:40 a.m.</i> Action | 12 |
| 8. U. T. System: Approval of \$10 million from the Permanent University Fund and from Available University Funds to create the U. T. System Neuroscience and Neurotechnology Institute for FY2015 and \$10 million for FY2016 | <i>8:50 a.m.</i> Action <i>Dr. Hurn</i> | 14 |

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| 9. U. T. System: Discussion and appropriate action regarding final report and recommendations from the Task Force on Student Mental Health and Safety; approval to fund after-hours crisis counseling services for five years and implementation of a Systemwide bystander intervention program for three years; and allocation of \$2,552,268 of Available University Funds to U. T. Austin to operate both programs | 9:00 a.m. Action <i>Dr. Christopher Brownson, U. T. Austin Dr. Mercer</i> | 21 |
| 10. U. T. System: Discussion and appropriate action regarding priorities identified by the Implementation Committee of the Task Force on Engineering Education for Texas in the 21st Century | 9:15 a.m. Action <i>Dr. Charles R. Helms, U. T. Dallas Dr. Reyes</i> | 42 |
| 11. U. T. System: Approval of \$2 million from Available University Funds to create the U. T. System Engineering, Research, and Education Institute and \$10 million per year for two years in Permanent University Funds for Science and Technology Acquisition and Retention (STARS) funding to support the engineering initiative | 9:30 a.m. Action <i>Chancellor Cigarroa Dr. Reyes</i> | 56 |
| 12. U. T. System: Approval of \$800,000 from Available University Funds for expansion of services provided by the Office of External Relations' Center for Enhancing Philanthropy and introduction of new services to U. T. System institutions to enhance philanthropy | 9:40 a.m. Action <i>Dr. Safady</i> | 57 |
| 13. U. T. System: Report on activities of the Institute for Transformational Learning | 9:45 a.m. Report <i>Dr. Steven Mintz Dr. Marni Baker</i> | 75 |
| 14. U. T. System Board of Regents: Appointment of Charles A. LeMaistre, M.D., as Chancellor Emeritus | 10:20 a.m. Action | 83 |
| 15. U. T. System Board of Regents: Appointment of Hans M. Mark, Ph.D., as Chancellor Emeritus | 10:25 a.m. Action | 85 |
| STANDING COMMITTEE RECOMMENDATIONS AND REPORTS TO THE BOARD | 10:30 a.m. | |
| RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551 (working lunch at noon) | 10:40 a.m. | |
| 1. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072 | | |
| U. T. Southwestern Medical Center: Discussion and appropriate action regarding authorization to purchase one or more tracts of land for purchase prices not to exceed fair market value as determined by independent appraisals in an area bounded by Hemphill Street, West Magnolia Avenue, St. Louis Avenue and West Rosedale Street, Fort Worth, Tarrant County, Texas, for institutional purposes in proximity to the U. T. Southwestern Moncrief Cancer Institute located at 400 West Magnolia Avenue, Fort Worth, Texas, for the construction of future medical office buildings, clinical facilities, and/or other institutional facilities | <i>Mr. Tames</i> | |
| 2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071 | | |
| a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues | | |

- b. **U. T. System Board of Regents: Discussion and appropriate action regarding legal issues related to the Office of the Attorney General's investigation of the relationship between the U. T. Austin School of Law and the Law School Foundation and related to compensation and benefits for employees of the Law School**
 - c. **U. T. System: Discussion of legal issues related to investigation of admissions procedures**
 - d. **U. T. Health Science Center - Houston: Discussion of legal issues related to review of series of allegations concerning compliance and policy issues**
3. **Negotiated Contracts for Prospective Gifts or Donations – Section 551.073** *Dr. Safady*
- a. **U. T. Austin: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
 - b. **U. T. Dallas: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
 - c. **U. T. Pan American: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
 - d. **U. T. Tyler: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features**
4. **Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074**
- a. **U. T. System: Discussion of individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees including employees covered by Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees, and Rule 20203, regarding compensation for key executives**
 - b. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees and related personnel aspects of the operating budget for Fiscal Year 2015**
 - c. **U. T. System Board of Regents: Discussion and appropriate action related to naming Admiral William H. McRaven as Chancellor**
 - d. **U. T. Health Science Center - Houston: Discussion of review of allegations related to individual personnel matters**
 - e. **U. T. Austin: Discussion and appropriate action regarding proposed change in employment terms for Men's Basketball Coach Richard Dale Barnes**

- f. **U. T. Austin: Discussion and appropriate action regarding proposed change in employment terms for Men’s Baseball Coach August Garrido**
- g. **U. T. System: Discussion of individual personnel matters related to investigation of admissions procedures**

5. Deliberation Regarding Security Devices or Security Audits – Section 551.076

U. T. System Board of Regents: Discussion and appropriate action regarding safety and security issues, including security audits and the deployment of security personnel and devices

RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO CONSIDER AGENDA ITEMS

*3:15 p.m.
approximately*

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| 16. U. T. System Board of Regents: Discussion and appropriate action regarding distributions from the Permanent University Fund for FY 2014 and FY 2015 | Action | 87 |
| 17. U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2015, including the Permanent University Fund Bond Proceeds allocation for Library, Equipment, Repair and Rehabilitation Projects, allocation for the Science and Technology Acquisition and Retention Program, and allocations for strategic priorities and campus support | Action <i>Chancellor Cigarroa</i> | 88 |
| 18. U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2015 | Action <i>Vice Chairman Hicks Regent Stillwell Regent Hildebrand</i> | 117 |
| 19. U. T. Austin: Chairman’s remarks on the establishment of a search advisory committee for the presidency | Report <i>Chairman Foster</i> | 118 |

ADJOURN

*4:00 p.m.
approximately*

1. **U. T. System Board of Regents: Annual Meeting with Officers of the U. T. System Faculty Advisory Council**

REPORT

The U. T. System Faculty Advisory Council will meet with the Board to discuss accomplishments of the Council and plans for the future following the agenda below. Council members scheduled to attend are:

Chair: Elizabeth Heise, Ph.D., U. T. Brownsville, Chemistry and Environmental Sciences

Former Chair: Donald Molony, M.D., U. T. Health Science Center - Houston, Internal Medicine

Chair Elect: Ann Killary, Ph.D., U. T. M. D. Anderson Cancer Center, Genetics

AGENDA

1. Introductions
2. Chairperson's report and overview - The Faculty Advisory Council's concerns and priorities for 2014-2015.
3. Standing Committee presentation

BACKGROUND INFORMATION

The University of Texas System Faculty Advisory Council was established in 1989 to provide a forum for communicating ideas and information between faculty, the Board of Regents, and the Executive Officers of U. T. System. Council guidelines require that recommendations have a multi-institutional focus and that the Council explore individual campus issues with institutional administrators prior to any consideration.

The Faculty Advisory Council consists of two faculty representatives from each U. T. System institution and meets quarterly. The Standing Committees of the Council are: Academic Affairs and Faculty Quality, Governance, and Health Affairs.

2. **U. T. System: Announcement of academic and health institution recipients of the 2014 Regents' Outstanding Teaching Awards and remarks by representative faculty; and announcement of new members of The University of Texas Kenneth I. Shine, M.D., Academy of Health Science Education**

PRESENTATION

At the meeting, Chancellor Cigarroa will announce the 2014 recipients for the Regents' Outstanding Teaching Awards. The faculty members presenting at the meeting are:

- Kevin A. Schug, Ph.D., Associate Professor and Shimadzu Distinguished Professor of Analytical Chemistry, Department of Chemistry and Biochemistry, U. T. Arlington
- Linda M. McManus, Ph.D., Professor, Department of Pathology and Periodontics, U. T. Health Science Center - San Antonio

In addition, new members of The University of Texas Kenneth I. Shine, M.D., Academy of Health Science Education will be recognized at the meeting.

BACKGROUND INFORMATION

The Board of Regents of the U. T. System places the highest priority on undergraduate teaching at U. T. System universities and encourages teaching excellence by recognizing those faculty who deliver the highest quality of undergraduate instruction, demonstrate their commitment to teaching, and have a history and promising future of sustained excellence with undergraduate teaching in the classroom, in the laboratory, in the field, or online.

On August 14, 2008, the Board established the Regents' Outstanding Teaching Awards (ROTA), which are a symbol of the importance the Board places on the provision of teaching and learning of the highest order, in recognition of those who serve students in an exemplary manner and as an incentive for others who aspire to such service. These teaching awards complement existing ways in which faculty excellence is recognized and incentivized.

The Board allocated \$1 million per year for the awards for U. T. Austin and another \$1 million per year for the remaining academic institutions. On August 25, 2011, the Board expanded the program to the faculty at the six health institutions and allocated \$1 million per year for the awards. The allocations have been approved through Fiscal Year 2017.

Program details for the awards were approved by the Board on November 13, 2008, and have been modified to involve one-time payments of \$25,000 each to individual faculty members.

Among the academic institutions, awards are made according to faculty level, with no more than 76 awards for tenured faculty, tenure-track faculty, and contingent faculty (including adjuncts, lecturers, and instructional assistants). Across the health institutions, no more than 39 awards are made annually.

3. **U. T. System Board of Regents: Approval of Consent Agenda items and referral of any items to the full Board or to Committee**

RECOMMENDATION

The Board will be asked to approve the Consent Agenda items located at the back of the book under the Consent Agenda tab.

4. **U. T. Brownsville: Presentation of Certificate of Appreciation to President García**

5. **U. T. Pan American: Presentation of Certificate of Appreciation to President Nelsen**

6. **U. T. Austin: Introduction of S. Claiborne “Clay” Johnston, M.D., Ph.D., founding Dean of the Dell Medical School**

INTRODUCTION

President Powers will introduce S. Claiborne “Clay” Johnston, M.D., Ph.D., the founding Dean of the U. T. Austin Dell Medical School. Dean Johnston will discuss his blueprint for the Dell Medical School.

REPORT

In January 2014, following a highly competitive national search, Dr. Johnston was appointed as the Vice President for Medical Affairs and Dean of the Dell Medical School at U. T. Austin. Dr. Johnston transitioned to U. T. Austin over several months and has begun full-time employment.

A nationally prominent neurologist with an emphasis on stroke research, Dr. Johnston was recruited from the University of California - San Francisco where he was the Associate Vice Chancellor for Research and the Director of the Clinical and Translational Science Institute.

7. **U. T. System Board of Regents: Discussion and appropriate action regarding implementation of recommendations of the Task Force on Employee/Student Relationships, including revision to Regents' Rules and Regulations, Rule 30105 (Sexual Harassment and Misconduct and Inappropriate Consensual Relationships)**

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 30105, regarding Sexual Harassment and Misconduct, be amended to cover inappropriate consensual relationships as set forth on the following page.

BACKGROUND INFORMATION

Created on November 15, 2012, the Task Force on Employee/Student Relationships was charged with examining policies and processes related to employee/student relationships across the U. T. System and with making recommendations for needed changes. The Task Force recommendations, adopted by the Board on December 12, 2013, noted that "what may begin as a seemingly consensual relationship can quickly transform into a sexual harassment complaint from the student."

The proposed Regents' Rule changes, together with the changes to related policies and procedures, will address several recommendations of the Task Force. As recommended, the proposed Regents' Rule will prohibit inappropriate consensual relationships unless they are disclosed and the conflict can be mitigated. U. T. System Administration will provide further guidance and procedures in a detailed Systemwide policy and model procedures to be included in each institutional *Handbook of Operating Procedures*.

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 30105

1. Title

Sexual Harassment and Misconduct and Inappropriate Consensual Relationships

2. Rule and Regulation

Sec. 1 Environment. The educational and working environments of The University of Texas System or any of the institutions shall be free from inappropriate conduct of a sexual nature. Sexual harassment and misconduct and inappropriate consensual relationships are unprofessional and unacceptable.

Sec. 2 Adoption of Policies. The institutions of the U. T. System and System Administration shall adopt policies prohibiting sexual harassment and misconduct and inappropriate consensual relationships and procedures for review of complaints to be published in the *Handbook of Operating Procedures* of each institution.

3. Definitions

Sexual Harassment – Unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature, submission to which is made a term or condition of a person's exercise or enjoyment of any right, privilege, power, or immunity, either explicitly or implicitly. *Texas Penal Code Ann. § 39.03(c)*. A public servant acting under color of his/her office or employment who intentionally subjects another to sexual harassment is guilty of official oppression. *Texas Penal Code Ann. § 39.03(a)(3)*. Official oppression is a Class A misdemeanor. *Texas Penal Code Ann. § 39.03(d)*.

Sexual Misconduct – Includes unwelcome sexual advances, requests for sexual favors, or verbal or physical conduct of a sexual nature directed towards another individual that does not rise to the level of sexual harassment but is unprofessional and inappropriate for the workplace or classroom.

Inappropriate Consensual Relationship – A consensual sexual relationship, romantic relationship, or dating between a university faculty member or other employee and any employee or student over whom the individual has any direct or indirect supervisory, teaching, evaluation, or advisory authority, unless the relationship has been reported in advance and a plan to manage the conflict inherent in the relationship has been approved and documented.

8. U. T. System: Approval of \$10 million from the Permanent University Fund and from Available University Funds to create the U. T. System Neuroscience and Neurotechnology Institute for FY2015 and \$10 million for FY2016

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor for Research and Innovation, and the Vice Chancellor of Federal Relations that \$5 million from the Permanent University Fund be allocated to fund equipment purchases and faculty recruitment through the U. T. System Science and Technology Acquisition and Retention (STARs) program and \$5 million from Available University Funds be employed through a partnership with U. T. Austin to provide Systemwide research seed funding grants for FY2015 to create the U. T. System Neuroscience and Neurotechnology Institute.

An additional \$10 million from the Permanent University Fund and/or from Available University Funds is requested for expenditure in FY2016 after evaluation of progress and with concurrence of, and specific allocation by, the Board.

Dr. Hurn's PowerPoint is set forth on the following pages.

BACKGROUND INFORMATION

U. T. System institutions host an impressive variety of neuroscientists and the accompanying disciplines necessary to move neuroscience and neurotechnology into innovative waters, such as engineering, computer science, mathematics, material science, physics, and chemistry.

To assist U. T. scientists in competing for federal Brain Research through Advancing Innovative Neurotechnologies (BRAIN) Initiative funding and private-sector investments associated with this national initiative, a Systemwide virtual research institute is proposed to enable U. T. System researchers to build competitive collaborations. The main, but not exclusive, focus of the Institute will be on neurotechnology development and creation of innovative tools and techniques that will transform research in the field. Areas of special interest include, but are not limited to, imaging, neurocomputational techniques, development of neuro-devices for research or treatment purposes, and molecular mapping.

One significant initiative of the Institute, in partnership with U. T. Austin, will be to award, after appropriate peer review processes, seed funding to multi-institutional, collaborative research projects that have high likelihood of success scientifically and for extramural funding. This is a proven methodology widely used to incentivize collaborative research and the development of new and high impact technologies. In order to execute this seed funding initiative, an appropriate governance structure will be established to assure the intent of the seed funding program and the objectives of the Institute.

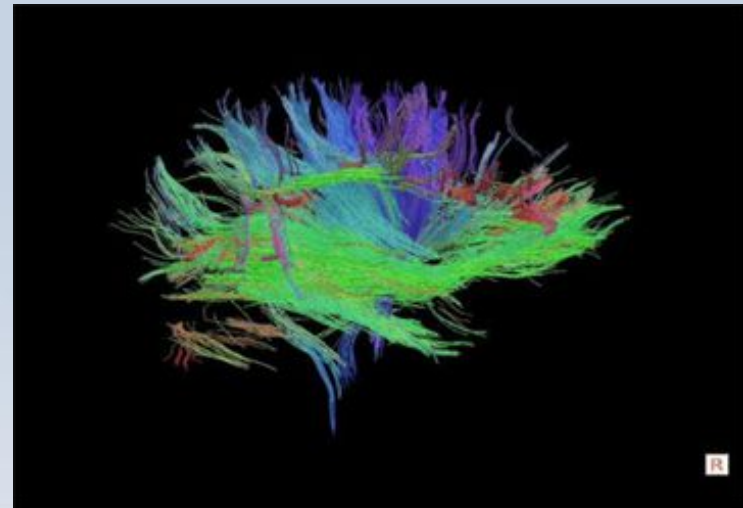
Collaborations among health-engineering-life sciences experts will be particularly encouraged. Funding for this initiative will be issued over a two-year time period and evaluated by success in attaining high performance metrics.

U. T. Brain

A virtual U. T. System Neuroscience and Neurotechnology Institute

Dr. Patricia Hurn
Vice Chancellor for Research and Innovation

U. T. System Board of Regents' Meeting
August 2014



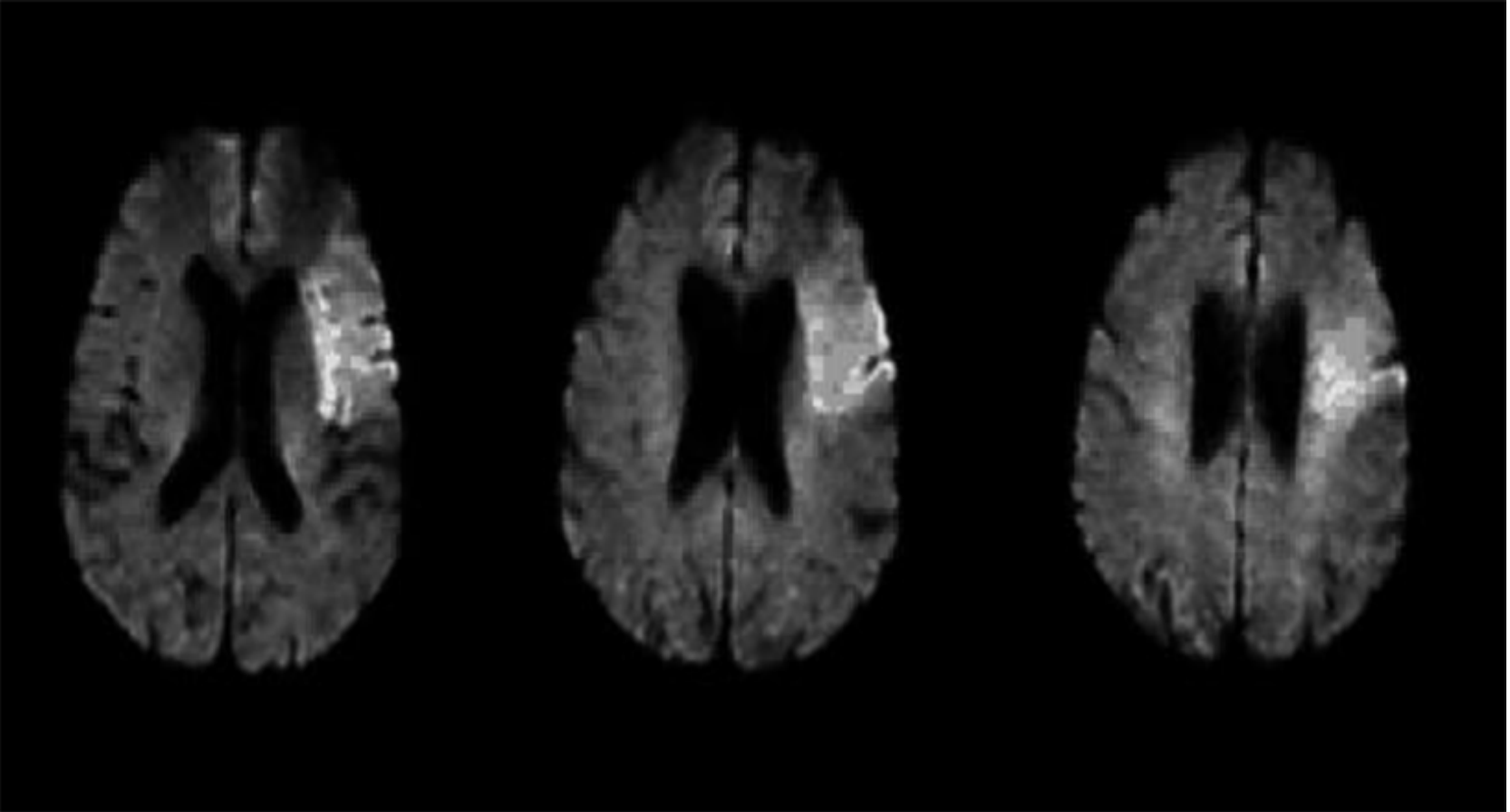
Courtesy of Dr. G. Sorenson



As an institute without walls, what is U. T. Brain's purpose?

- Enhance the competitiveness of our scientists in competing for federal BRAIN Initiative funding and private sector spin-off grants
- Incentivize new interdisciplinary research among U. T. institutions
- Focus on development of neurotechnology and new techniques that will transform how we understand the human brain and mind



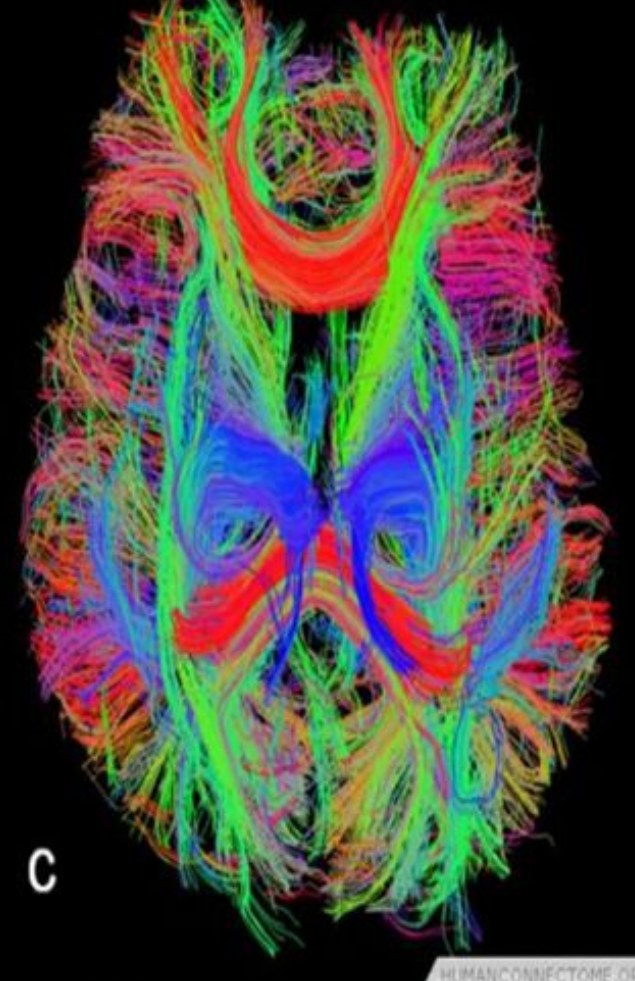
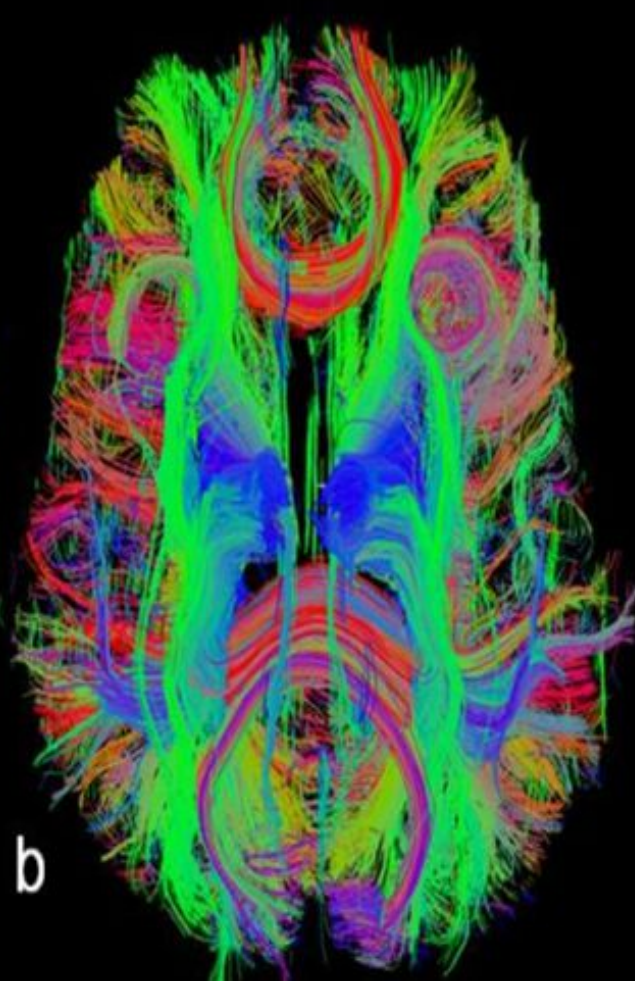
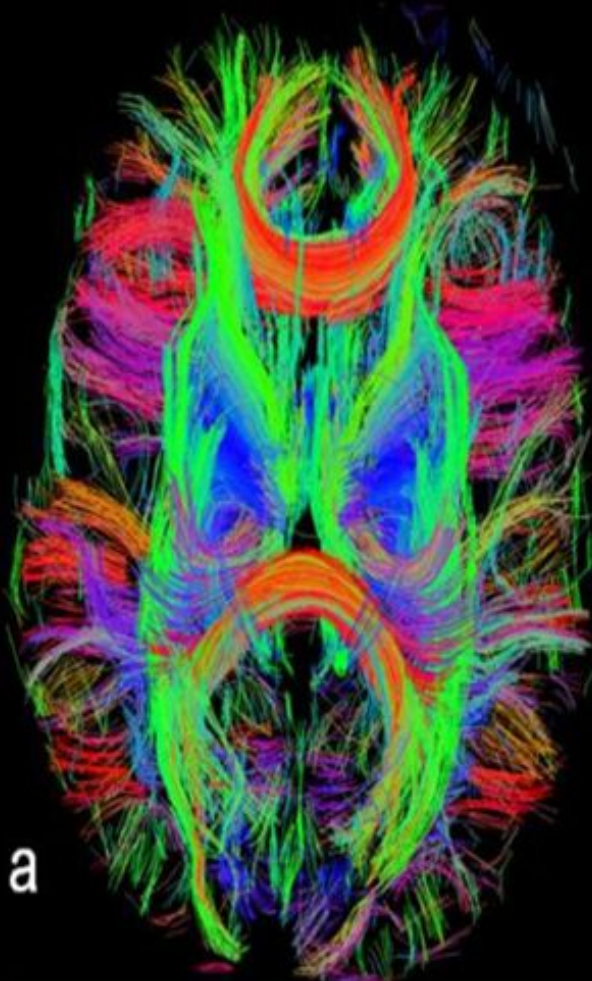


Courtesy of Dr. Steven Warach

25.3 min

11.5 min

8.4 min



a

b

c

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Specific Charter Elements

- Provide structure and governance for a peer-reviewed, competitive grants program that will provide seed funding and then matching funding
 - **Increase flow of new federal grants; collaboration between health and academic institutions; matching amplifies capability of each grant awarded**
- Act as a gateway center to enhance industry partnerships and push out commercial applications of neuroscience research
 - **Further increase technology commercialization**



- U. T. System institutions to bid on hosting a Systemwide Biobank that provides clinical specimens and tissue
 - **Provide material to basic scientists; help translate bench research to human cures**
- Create a communications nexus for the needs of U. T. scientists, e.g., portal to share research tools, database storage and big data analysis
 - **Grow the efficiency of current assets, electronically connected research community**
- Host Texas Brain, a first-of-a-kind event to bring together Texas researchers and showcase talent to private and public stakeholders
 - **Provide high visibility for U. T. and Texas as a leader of the neuroscience and neurotechnology field**



9. **U. T. System: Discussion and appropriate action regarding final report and recommendations from the Task Force on Student Mental Health and Safety; approval to fund after-hours crisis counseling services for five years and implementation of a Systemwide bystander intervention program for three years; and allocation of \$2,552,268 of Available University Funds to U. T. Austin to operate both 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 Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents

- a. accept the recommendations in the report of the U. T. System Task Force on Student Mental Health and Safety. The report is set forth on the following pages;
- b. approve the proposal to fund after-hours crisis counseling services for five years and implementation of a Systemwide bystander intervention initiative for a three-year time period with a total for both programs of \$2,552,268; and
- c. allocate \$2,552,268 of Available University Fund (AUF) dollars to U. T. Austin to operate the programs. The proposal is also set forth on the following pages.

Dr. Chris Brownson, Associate Vice President for Student Affairs at U. T. Austin, and Dr. Wanda Mercer, Associate Vice Chancellor for Student Affairs in the Office of Academic Affairs, will present the report and recommendations of the U. T. System Task Force on Student Mental Health and Safety.

The proposal has been reviewed and approved by the Office of General Counsel and the Office of Health Affairs.

BACKGROUND INFORMATION

The U. T. System Task Force on Student Mental Health and Safety was charged with developing, for U. T. System institutions, a variety of recommendations that reflect the value that leadership places on the health and safety of each and every student. After reviewing current institutional practices and policy, the Task Force developed recommendations to ensure that worrisome student behavior can be identified in accordance with applicable medical and mental health privacy laws, that appropriate institutional responses can be initiated, and that students are provided necessary resources to seek help during stressful and crisis situations. The scope of recommendations includes:

1. appropriate structure and processes of Behavioral Intervention Teams at each institution;
2. successful and appropriate processes to identify students with mental health concerns; and
3. mechanisms to support students with mental health concerns.

The Task Force also provided recommendations for students at the U. T. System health institutions who often face greater challenges in seeking appropriate mental health care as needed.

The Task Force has identified several key recommendations that are likely to increase access to crisis-related mental health care at each institution, improve the early detection and reporting of potential crisis situations, and maintain the organization and consistency of behavioral intervention teams.

The Task Force on Student Mental Health and Safety report recommends that institutions “will have a mechanism to provide after-hours telephone crisis counseling to students with the capability of assessing level of acuity, connecting students to both campus and community resources, and responding to urgent situations appropriately . . .” The Office of Academic Affairs has identified crisis counseling services provided by ProtoCall as a means to address this recommendation for all institutions. The proposal for ProtoCall services would provide telephonic intake assistance, brief stabilization and support, and resource information services that are specific to each institution and community. By leveraging U. T. System resources, the institutions will save up to 30% over the standard rate for after-hours crisis counseling call volume rates, and will receive individualized training, access to timely and relevant information, and a high level of both call volume and overall service. A contract currently in place between U. T. Austin and ProtoCall will be amended to procure these additional services. The original contract was procured with sole source justification.

The Task Force on Student Mental Health and Safety report also recommends that institutions effectively and appropriately advertise counseling mechanisms. The proposal also includes the cost of advertising and promotion of ProtoCall services over a five-year time period for all institutions. The estimated cost of ProtoCall services and related advertising are approximately \$1.1 million for the time period from Fall 2014 through Summer 2019.

In addition to crisis counseling, bystander intervention initiatives have been widely cited as a promising means to aid in the prevention of sexual assault, suicide, hazing, substance/alcohol abuse, and other mental health issues. Bystander intervention initiatives recognize and rely on the fact that U. T. System students are uniquely positioned to best observe their peers' social media, interact with their peers during class and institutional events, and support them when they are struggling. This funding proposal would allow for the creation of a Systemwide bystander intervention initiative that would utilize a social norms campaign and develop programming to educate students about the importance of bystander intervention. The funding proposal includes money for Systemwide coordination, expert consultation, and graduate student workers to effectively disseminate the message of the campaign. Funding would also support annual innovation projects and Systemwide conferences. The estimated cost of the bystander intervention initiatives is approximately \$1.4 million from the time period from Fall 2014 through Summer 2017.



THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.

U. T. SYSTEM

RECOMMENDATIONS FROM THE TASK FORCE
ON STUDENT MENTAL HEALTH AND SAFETY

Prepared by the Office of Academic Affairs
The University of Texas System

August 2014

Introduction

The U. T. System places high value on the health and safety of its students and strives to be a national exemplar in providing the requisite programs and resources to facilitate student health and safety. Research shows that many students arrive on university campuses with mental health concerns that can be exacerbated by the stress and pressure of academic requirements and the challenging issues students encounter developmentally and in their transition to university life. Other students might experience symptoms for the first time while on a university campus, as 18-25 is a common age of onset for many mental health disorders.

Although faculty, staff, and administrators forge close relationships with some students on campus, it is difficult to identify the early warning signs of psychological issues. Concerns are often not visibly observable and can even be difficult for individuals to detect in themselves. While mentors, advisors, and counselors exist on every campus, rates of help-seeking are low relative to the incidence of mental health concerns. Further, a lack of resources makes it challenging to keep up with growing student demand from year to year. Due to the increasing emphasis on behavioral intervention and the growing need for mental health care and counseling at universities, the Task Force on Student Mental Health and Safety Task Force was convened by the U. T. System Board of Regents to address these growing concerns.

Task Force Charge

The Task Force on Student Mental Health and Safety is charged with reviewing current campus practices to increase the probability that worrisome student behavior is identified and that appropriate institutional responses can be initiated. The Task Force has been charged with addressing the following questions and issues:

Charge #1: Develop recommendations in the structure and process of Behavioral Intervention Teams (BITs) to ensure that timely and appropriate referrals are made with appropriate outcomes and dispositions.

Charge #2: Identify successful processes in place on campuses to identify students with mental health concerns.

Charge #3: Identify mechanisms to support students with mental health concerns.

Charge #4: Determine if additional campus data may be gathered and categorized to identify troubled students for the purposes of early intervention and outreach.

In addition to the recommendations that stem from the Task Force charge, the Task Force has developed recommendations for students at health institutions who have been less likely to seek mental health counseling and treatment due to confidentiality and licensure concerns. Finally, the Task Force has also considered the potential to leverage system resources to improve mental health among students Systemwide.

Charge #1: Recommendations for the Structure and Process of Behavioral Intervention Teams

After the tragic shootings at Virginia Tech in 2007, the report issued by the Virginia Tech Review Panel provided timely and appropriate information to university campuses across the country. While some institutions had behavioral intervention initiatives already in place as a result of the Virginia Tech Report, most campuses began to establish Behavioral Intervention Teams (BITs) to identify and intervene with students displaying disturbing behavior. BITs are now becoming a standard of care at universities across the country as a mechanism for campus constituencies to share and act on information about students of concern.

U. T. System academic institutions have instituted similar models of BITs. These teams typically consist of campus representatives from Student Affairs, Student Mental Health, Student Health Services, the University Police, Associate Deans, and faculty/academic representatives. These teams often meet on a regular basis but also convene as needed to address concerning student behavior on campus.

Although U. T. System health institutions have each developed a mechanism for responding to crises on campus or within their medical facilities, the implementation of these mechanisms varies widely by campus. At most health institutions, crisis response teams allow faculty, staff, and students to respond to emergency situations. While these teams do address the most urgent crisis situations, such as responding to an active shooter within a hospital, these teams do not take the place of behavioral intervention teams.

U. T. Southwestern Medical Center and U. T. Health Science Center at San Antonio currently have BITs that function similar to the academic institutions. U. T. Medical Branch at Galveston is in the process of developing a formal BIT, and institutional officials have implemented an operating plan that addresses specific components of BITs, such as the development of online training that informs faculty and staff about how to address students experiencing distress.

U. T. M. D. Anderson Cancer Center and U. T. Health Science Center at Houston currently have a type of integrated crisis response team that relies on frequent interaction among faculty, staff, and students in master advisory groups. Group members are trained to notice “red flags” and engage appropriate emergency responders. U. T. Health Science Center at Tyler has not yet developed a BIT due to the very small number of students at the institution.

Because all BITs currently differ in structure and meeting frequency, the Task Force has provided some recommendations designed to set some minimum standards for U. T. System institutions.

In general, the purpose of BIT teams should include:

- Gathering information about students of concern. This may specifically focus on threats with the potential to become violent (as is the case with threat assessment teams) or a broader range of troublesome behaviors.

- Assessing the information about each case in a systematic way to determine the most effective response for that particular person and situation.
- Defining the plan/response to address the needs of both the student and the safety of the community. The plan should consider specifics about who, when, where, and how the response will occur.
- Implementing the response in a way that attends to the needs of the individual who is demonstrating disturbed and/or disturbing behavior and that also de-escalates a potential crisis, and reduces or removes threats. Note that for many BITs, the actual implementation of a response may be carried out by other individuals or departments, and the team itself often acts in an advisory and coordinating role.
- Monitoring the disposition of the case to gauge whether any additional follow-up is needed, whether the response was effective, and what lessons may be learned for future cases, especially in terms of implications for school policies and procedures.

Of particular importance in including these functions under one team's purview is:

- to prevent any particular instance of disturbed or disturbing behavior from falling through the organizational cracks; and
- to connect disparate (and therefore seemingly innocuous or less troubling) pieces of information that may indicate a more serious or acute problem, in the hope of preventing a dangerous or critical outcome or event.

Recommendations

It is important that U. T. System institutions adopt BIT practices which respond to all of the purposes listed above. The Task Force suggests the following recommendations be implemented at U. T. System institutions:

1. Each institution will be provided a [link](#) to a recently developed guide: *Balancing Safety and Support on Campus: A Guide for Campus Teams* compiled by the Higher Education Mental Health Alliance.¹ This is an excellent resource which provides guidelines and examples of every aspect of BIT functions and includes references and tools with additional in-depth materials.
2. Each institution will be provided a flow chart depicting concerns and issues that institutions face and designating key decision points for individual campus personnel and the BIT team. This flow chart specifically highlights the importance and immediacy of referring to police any campus incident which involves a student who is a threat to self or others.
3. The U. T. System will require all BITs to create a process to refer individuals viewed as a threat who are no longer a part of the university community to the local law enforcement jurisdiction and/or to the law enforcement jurisdiction where the person resides.

¹ Balancing Safety and Support on Campus: A Guide for Campus Teams, A Higher Education Mental Health Alliance Project, http://www.jedfoundation.org/campus_teams_guide.pdf

4. Organizational charts for each campus BIT will be provided to and maintained by the U. T. System Office of Academic Affairs and Office of Health Affairs. U. T. System will follow-up with each institution to ensure that a team is in place and functions according to established guidelines.
5. U. T. System will also maintain a list of institutional contacts and will initiate and facilitate the sharing of best practices among system institutions.

Charge #2: The On-Campus Processes in Place to Identify Students with Mental Health Concerns

U. T. System institutions currently offer a variety of mechanisms for alerting campus officials about students with behavioral concerns. These reports are generated from all parts of the campus community, and in many cases, are routed directly to the campus BIT. At some institutions, staff respond and intervene when appropriate, referring only the most serious cases to the BIT. The following are examples:

Behavioral Concerns Advice Line

The Behavior Concerns Advice Line (BCAL) is a service that provides The University of Texas at Austin's faculty, students, staff, parents, and visitors an opportunity to discuss their concerns about another individual's behavior. This service is a partnership among the Office of the Dean of Students, the Counseling and Mental Health Center (CMHC), the Employee Assistance Program (EAP) and The University of Texas Police Department (UTPD). An individual can either call the line or report their concerns using the online submission form. In most cases, the reporter can remain anonymous.

Trained staff members will assist the individual in exploring available options and strategies. Staff members will also provide appropriate guidance and resource referrals to address the particular situation. Depending on the situation, individuals may be referred to resources including but not limited to the Office of the Dean of Students/Student Emergency Services, CMHC, and the EAP. Some cases reported to BCAL will be staffed by the campus BIT team.

Email/Online reporting

Many institutions currently offer an online mechanism for reporting behavioral health concerns. At U. T. Medical Branch - Galveston, for example, students may make a report via email or behavioral health website. Issues are then forwarded to the appropriate parties who are best equipped to handle the situation.

Crisis Counseling/Telephone Counseling Lines

Telephone crisis counseling lines are an excellent resource for students who are reluctant to present to a college counseling center, need to access a counselor after-hours, wish to remain anonymous, or are concerned about the stigma of seeking services in person but

want to take the first step. This service also provides around the clock services that are more realistic to a student's lifestyle, and it is a crucial tool for a campus to be able to identify and intervene with students in crisis or at a heightened risk for harming themselves or others.

Telephone crisis counseling is provided by counselors who are specifically trained to deal with crisis situations as well as the variety of concerns that are experienced by university students. Telephone Counselors can listen and talk confidentially about students' concerns, discuss options and strategies, and if needed, refer to appropriate counseling and mental health services on campus or in the community. The counselors document their counseling sessions and these notes are available for download into the electronic health record of the institution.

Some of the U. T. System institutions have these lines in place, but as the call volume increases, after-hours call lines are increasingly difficult to afford for the institutions that do have them. For example, U. T. Austin has had a telephone counseling line in continuous operation for over 40 years. It was the first such service at an institution of higher education, and was started shortly after the U. T. Tower shooting. In 2010, U. T. Austin outsourced this service to ProtoCall Services, a company specializing in telephone crisis intervention on college campuses. This is a confidential service that offers an opportunity for U. T. Austin students to talk with trained counselors about their problems and concerns. A counselor is available 24 hours a day, every day of the year, including holidays.

Recommendations

1. Each campus will have a mechanism to provide after-hours telephone crisis counseling to students with the capability of assessing for level of acuity, connecting students to both campus and community resources, and responding to urgent situations appropriately, up to and including hospitalization. This service should be connected to the campus counseling center so that counselors can be notified of student callers and follow up as appropriate. The Task Force recommends that the U. T. System contract for these services on behalf of institutions across the System and make the funding available for the next five years.
2. Both crisis counseling and campus reporting mechanisms for students of concern should be appropriately advertised at each institution, with staff members effectively trained in responding to behavioral health concerns on campus. The U. T. System should consider making funding available for five years to fund the advertising, promotion, and training for these services and mechanisms.

Charge #3: On-Campus Mechanisms to Support Students with Mental Health Concerns

While responding to reported behavioral concerns on campus is of the highest importance, institutions must also provide a mental health support structure for students to access in times of need, including crises.

Counseling and Mental Health Support Improves Persistence and Academic Outcomes

Numerous studies and reviews of the literature show that students who receive counseling are more likely to stay enrolled/graduate than their counterparts who do not receive counseling.² Across studies, the impact of counseling on retention ranged from 7% - 15% with one study reporting that the odds of staying enrolled for students who received counseling were just over three times greater than the odds for students who did not receive counseling.³ In a study of students seeking counseling, 70% reported that their personal problems were impacting their academic performance.⁴ A survey of withdrawing students revealed that 20% of prematurely exiting students had GPAs above 3.0 and 45% had GPAs above 2.0. Among those students, “personal reasons” was the most commonly cited reason for withdrawing.⁵ Findings support the efficacy of brief counseling, with increased retention rates of 14% for students who received 1 – 7 counseling sessions compared to those who did not receive counseling.⁶ After accounting for pre-college academic performance (high school GPA, SAT and ACT scores) counseling does not appear to increase GPA;⁷ rather, counseling may increase retention by improving life satisfaction and reducing social and emotional adjustment difficulties, both of which have been found to predict retention as well as or better than measures of academic success.⁸

Nationwide, college students have identified stress as the number one impediment to academic performance.⁹ Ronald Ehrenberg of the Cornell Higher Education Research Institute (CHERI) demonstrated that institutional spending on student services has an equal or greater impact on graduation and persistence rates compared to instructional expenditures.¹⁰ The impact of increased spending on student services is most significant for students who, based on indicators of academic and economic disadvantage, have the greatest risk for leaving college prematurely.

The University of Texas at Austin student mental health statistics

In addition to the well-documented need for mental health services for campus health and safety reasons outlined above, mental health services can also have a strong impact on a student’s academic success. 49% of respondents (110 out of 225) in the U. T. Austin Exit Survey agreed or strongly agreed that “personal, physical, mental, or emotional health concerns” influenced their

² Bishop, 2010; Illovsky, 1997; Lee, Olson, Locke, Michelson, & Odes, 2009; Sharkin, 2004; Turner & Berry, 2000; Wilson, Mason & Ewing, 1997

³ Illovsky, 1997; Turner & Berry, 2000; Wilson, Mason & Ewing, 1997 and Lee et al., 2009

⁴ Turner & Berry, 2000

⁵ Rummel, Acton, Costello & Pielow, 1999

⁶ Wilson et al., 1997

⁷ Lee et al., 2009

⁸ Clark, Wetterson & Mason, 1999; Gerdes & Mallinckrodt, 1994

⁹ ACHA-NCHA-II, 2012

¹⁰ Webber & Ehrenberg, 2009

decision to withdraw. This was a higher level of agreement than was given to any other category (personal, academic, or financial reasons). From a Spring 2012 survey conducted by U. T. Austin colleges and schools related to student withdrawal, 54% were for mental health, medical, or personal concerns. 34% of students withdrew specifically for mental health/medical reasons, which is more than financial emergencies, academic problems, transferring to another school, housing issues, transportation issues, legal issues, military service, and being the victim of a crime all added together. The next closest reason (14%) was for caring for a family member/family emergency. 74% of Counseling and Mental Health Center (CMHC) clients who identified a negative impact of their presenting problems on their academic performance or degree progress agreed or strongly agreed with the statement “counseling is helping me improve my academic performance/progress towards my degree.” 88% of CMHC clients who were initially considering withdrawing from school reported that CMHC services helped them remain in school.

Clinical Services

Students often struggle with issues such as anxiety, depression, family or relationship difficulties, academic pressures, concerns about friends and roommates, or worries about the future. Counseling and Mental Health Centers at institutions of higher education typically provide time-limited individual and crisis counseling for students in order to address these concerns and they also provide consultation to faculty and staff. Some centers also provide group counseling, psychiatric services, and integrated health services in collaboration with the campus primary care clinic. Counseling centers do not typically have the resources to provide substantial treatment to students, so the nature of the counseling is short term, often between three to five sessions. Most centers ensure that clinicians are available immediately for students in crisis. Wait times for a first appointment for noncrisis situations can be as much as three weeks, and time between appointments can vary between one and three weeks. Students with needs that require weekly counseling or higher levels of care are often referred to community resources. The success of this varies by campus, depending on the location and availability of mental health resources in the community. Because Texas ranked 50th among the states on per capita spending for mental health for the 2012-2013 biennium, resources can be incredibly scarce across the state, especially for students who are uninsured or underinsured.¹¹

A national trend that has been evident at U. T. System institutions is the increasing severity of mental health concerns each year and the increasing demand for these services. More students come to campus on psychiatric medications than ever before. According to the American College Health Association, suicide is the second leading cause of death for college students. A majority of college students recently surveyed have reported feeling hopeless, exhausted, overwhelmed, anxious, and lonely within the past year. 6% of undergraduate students reported having seriously considered suicide in the past 12 months, with nearly 1 in 5 having seriously considered suicide at some time in their life.¹² Of those who were suicidal in the past year, nearly 75% of them have

¹¹ Mental Health America of Texas, “Overview of the 2011 Legislative Session,” <http://www.mhatexas.org/wp-content/uploads/2012/08/Trifold.pdf>

¹² [Drum](#), Brownson, etc.

had a previous episode of suicidality before coming to college, and less than half actually seek help on their college campus.

Prevention and Outreach Efforts

The students who are most at risk for self-harm or for harming others often have no contact with on-or off- campus mental health systems. In fact, three-quarters of students who die by suicide have not received mental health services. This highlights the crucial role that our institutions play in doing prevention and outreach. Prevention and outreach allows staff to operate outside of the walls of the counseling and mental health centers to reach students who don't seek available services. This includes education about wellness, emotional fitness, resiliency, and recognizing the warning signs of distress in others. Common prevention programs address the issues of suicide, interpersonal violence and sexual assault, drug and alcohol abuse, and eating disorders. The increasing demand for counseling services can drive down the availability of funding for prevention and outreach services, but these services are every bit as important as the clinical services that institutions provide.

Recommendations

1. Each institution should effectively advertise entry points to mental health support structures on campus.
2. Institutions should develop mechanisms for addressing the unique needs of specific student groups, such as international students, veterans, students studying abroad, and historically marginalized student groups.
3. Institutions should ensure that reciprocal agreements for students involved in study abroad or other campus residency opportunities include provisions for mental health resources when available. Additionally, institutions should effectively make students aware of such opportunities and should provide a secure information exchange for sharing relevant information regarding concerning behavior of visiting students.

Charge #4: Identification of On-Campus Data-Gathering that Would Improve Early Intervention and Outreach for Students with Mental Health Concerns

In the past decade, predictive data analytics, such as predicting trends in health care utilization and the relationship between demographics, genetics, and health, have become a valuable tool in some health care settings. Although some health care data can be used to predict general trends in mental health care services, unfortunately, there is little to no predictive relationship between available data on an individual's mental health, student demographic variables, and violent/crisis situations.

There is no research evidence to suggest the possibility of accurate identification of a single individual's likelihood to be in crisis or to be violent based on generally available demographics or health/mental health variables. A clinical interview by a mental health professional or a case

review by a behavior intervention team has a greater chance of anticipating crises or recognizing the propensity for violent or suicidal behavior, but that is predicated on the gathering of information that is clinical, intensive, individually focused, time-specific, and often dynamic. 75% of student deaths by suicide are individuals who have never entered a college counseling center to seek help, so the type of data needed to adequately predict and prevent such occurrences could not be known in the majority of these circumstances.

Research also suggests that there are many obstacles that prevent accurate identification and predictability of students who are likely to engage in violent events on campus. Because of the age of most college students, their personalities and mental health characteristics are not yet fully formed, and scientists lack diagnostic tools capable of detecting the likelihood that individuals may harm themselves or others. Further, violent events on campuses are often “embedded in a social and transactional sequence of events” involving many actions, reactions, and potential outcomes.¹³

Despite the lack of predictive data models, some institutions are developing ways of utilizing campus mental health clinical data to identify mental health population trends. For example, some U. T. System institutions monitor and report the means or locations that students mention as part of suicidal ideation. When trends emerge, campuses respond by placing increased security in locations that are mentioned more frequently or suicide prevention barriers in locations such as parking garages.

Recommendations

1. Institutions should monitor available information for mental health trends and take preventative action when appropriate.
2. Institutions that currently monitor mental health trends should share best practices with other institutions, especially in developing strategies for analyzing trends in counseling center student data.

¹³ Edward P. Mulvey and Elizabeth Cauffman, “The Inherent Limits of Predicting School Violence,” *American Psychologist* (October 2001)

Mental Health and Health-Related Institutions

Throughout the research process, the Task Force discovered that students at health-related institutions often face a different set of opportunities and challenges when faced with a decision to seek mental health care. In addition, there is a variation in opportunities available to address the unique needs of medical students. The Task Force agreed that formulating recommendations to address the needs of this unique student group required a dedicated report section to fully articulate the scope of the issue and provide suggestions for improved access and sensitivity around the stigma of seeking mental health care.

Students preparing for a career in the medical field often face higher rates of depression, burnout, and even suicide rates due to the stress, fatigue, and academic intensity. At the same time, these same students, especially those preparing for medical licensure, have unique issues and concerns about seeking counseling and mental health care.

Although mental health conditions do not automatically preclude anyone from obtaining a medical license, confidentiality concerns and the stigma associated with seeking mental health care remain obstacles to accessible mental health care for many students.

Because the current medical licensure application in Texas requires students to report detailed and sensitive information regarding past treatment of mental health care, medical students are less likely to seek care. Since most institutions provide medical services “in house,” many students are reluctant to seek counseling and medical services from physicians with whom they may potentially have a conflict of interest with in the future, especially if they serve in a faculty or teaching role that might be responsible for academically or professionally evaluating a student.

The medical school accreditation process requires that there be no potential conflict of interest among mental health providers and students. In addition, health institutions must provide timely access to diagnostic and preventative health services, including mental health care, to maintain their accreditation.

Recommendations

1. Health institutions should provide mental health care in such a way that allows students to be referred to nonteaching clinicians to prevent any conflict of interest, confidentiality, and trust issues that might emerge between students and current or future teaching faculty. Health professionals who provide any type of psychiatric or mental health services should have no potential for involvement in the academic work of any student treated. When necessary, a referral network outside of the health institution should be utilized.
2. Health institutions should take steps to reduce the stigma of seeking mental health care on campus. The U. T. System Offices of General Counsel and Health Affairs are exploring the current requirements for medical students’ licensure reporting of previous mental health treatment and will make recommendations on how to limit barriers to care for medical students based on their concerns about this process.

3. Health institutions should allocate resources to develop proactive stress management, suicide prevention and the prevention of other common campus student issues, and mental health wellness programs that are also designed to reduce the stigma of seeking mental health treatment. Each institution should effectively advertise entry points to mental health support structures on campus.
4. Unique training should be given to mental health providers who treat this student population with an emphasis on confidentiality and privacy. Billing practices should be designed so that student information is protected.

Conclusion

In addition to these recommendations, the U. T. System will work closely with institutions to ensure that System resources are effectively leveraged as described above.

The Task Force recognizes the tremendous importance that U. T. System and its institutions place on providing mental health resources for students. Protecting students, faculty, and staff from potential crisis situations is paramount. The Task Force recommendations provide additional guidance to the outstanding programs and services that campuses already employ to ensure that U. T. System institutions are safe and that students feel healthy and secure as they pursue their academic careers.

Task Force Members

Chris Brownson
Associate Vice President for Student Affairs, Director of Counseling and Mental Health Center
The University of Texas at Austin

James Martin
Associate Vice President, Department of Student Services
The University of Texas Medical Branch at Galveston

Preston Wiles
Professor of Psychiatry and Director of Student Mental Health
The University of Texas Southwestern Medical Center

Bradford Casey
Ph.D. Student, Department of Neuroscience
The University of Texas Southwestern Medical Center

Kristy Orr
Assistant General Counsel to the Board of Regents
The University of Texas System

Dan Sharphorn
Vice Chancellor and Deputy General Counsel
The University of Texas System

Patrick Francis
Assistant Vice Chancellor for Health Affairs
The University of Texas System

Wanda Mercer
Associate Vice Chancellor for Student Affairs
The University of Texas System

Meredith Goode (Support)
Research and Policy Analyst
The University of Texas System

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**Proposal for U. T. System Funding of
Counseling and Bystander Intervention Initiatives**

The University of Texas System, Office of Academic Affairs (August 2014)

Background:

The U. T. System Office of Academic Affairs was tasked with forming two task forces and developing recommendations focused on eliminating harmful hazing and high risk drinking behaviors on U. T. System campuses and evaluating mental health and safety risks for U. T. System students at academic and health institutions. As a result of the work of both task force groups, two promising practices have emerged as opportunities to improve the health and safety of all 213,000 U. T. System students over the next five years. Proposals for offering after-hours crisis counseling services at all institutions over the next five years and for the implementation of Systemwide bystander intervention initiatives for three years are detailed below. The total estimated cost of the combined proposals is \$2,552,268.

(1) After-Hours Crisis Counseling Services for All U. T. System Students

Estimated Cost for 5 Years: \$1,111,000

The U. T. System Office of Academic Affairs has coordinated with U. T. Austin and ProtoCall Services to propose crisis line services for students of all U. T. System institutions and on-campus marketing efforts to promote awareness of these services. **As detailed in Table 1, the proposed 5-year cumulative total for ProtoCall crisis line services and on-campus marketing would be approximately \$1,111,000.**

ProtoCall would provide telephonic intake assistance, brief stabilization and support, and resource information services (unique to each institution and campus services) to students. The 24-hour-a-day crisis support would be advantageous to students because services are available when on-campus counseling centers are traditionally closed, allowing time-critical student interaction, safety assessment, and stabilization during off-hours. On-campus counseling services would then provide traditional services through next-day follow-up.

ProtoCall employs only counseling staff with Master's degrees or higher for 24 hours a day, 365 days per year. Counselors are specially trained to handle any potential type of call that may include potential threats of self-harm or harm to others, sexual assault, hazing, alcohol and drug abuse, and domestic violence. Counselors are also skilled in addressing the needs of unique student populations such as student veterans, students of certain sexual orientation, athletes, student's studying abroad, and other groups that may have different characteristics and needs. ProtoCall counselors first act to stabilize students and avert potential crisis situations. Callers are then routed to available resources on each campus and within each geographic area that are designed to meet the demands of the situation.

ProtoCall's rate schedule is based on a fee for projected monthly call volume of 1,000 calls and a one-time set-up fee for infrastructure and customization at each campus. Representatives from each campus will be trained on the specifics of ProtoCall services and will customize ProtoCall's templates so that the telephone crisis counselors can quickly gather relevant information and make appropriate interventions. ProtoCall informs the appropriate institutions about the details of all crisis calls so that campuses can provide timely follow-up and support.

In comparison to individual institution contracts for services, U. T. System will realize a cost savings of between 25% and 30%. In addition to the costs of ProtoCall counseling services, U. T. System also requests funding to cover marketing and outreach efforts. Marketing materials will effectively advertise the availability of counseling services so that any and all students may take advantage of the services provided as needed. Marketing costs are included in the request in response to student feedback that encourages additional efforts to publicize these services.

If call volume increases significantly within the five year contract period, monthly call volume allowance can be increased with a 30-day notice. Please note that call volume was projected and could vary based on the awareness of services and utilization over time. Any remaining unspent funds due to lower than projected call volume can be applied to the continuation of contracted services in Year 6 (2019 – 2020).

(2) Bystander Intervention Initiatives for All U. T. System Institutions

Estimated Cost for 3 Years: \$1,441,268

Bystander intervention can aid in the prevention of sexual assault, suicide, mental health issues, hazing, and the negative consequences of high risk drinking or other drug use. Bystander intervention means choosing to respond to a potentially harmful situation or interaction in a manner that positively influences the outcome. U. T. System students are uniquely positioned to observe their peers' social media, interact with their peers during class and social events, and support their peers when they are struggling. By providing students with the knowledge, skills, and motivation to intervene, when appropriate, with their peers, the U. T. System can increase the health and safety of students, thereby positively impacting their academic success.

With the help of the U. T. System, an opportunity can be available to all U. T. System institutions to create bystander intervention initiatives for the health, safety, and academic success of all 213,000 students. **This proposal seeks \$1,441,268 over a three-year time period to implement this initiative. Details of the budget proposal may be found in Table 2.**

The U. T. System would coordinate the creation of a Systemwide bystander intervention program, the dissemination of promising practices and new ideas between institutions, and the evaluation of the program. This program would include the following contracted experts and staff support:

- (1) Marketing Experts: create a Systemwide concept such as U. T. Austin's "BeVocal" campaign
- (2) Graduate Student: coordinate Systemwide program and staff participation
- (3) Evaluation Expert: design a process for feedback about program efficacy

U. T. System institutions would use available funds to educate students about the importance of bystander intervention for the health and safety of peers and to promote the U. T. System bystander intervention brand through a social norms campaign to new students at orientation and to those already enrolled with t-shirts, school media outlets, and other visible items. Funding would adhere to a community collaborative funding model in which the liaison(s) for each institution would agree to join the community of other individuals within the U. T. System to share resources and collaborate.

Under this proposal, the startup phase would begin in the Fall 2014 semester. After the initial campaign messaging and logos are developed, Year One of the initiative would begin in January 2015. The Systemwide initiative would continue through 2017.

Every campus would have the opportunity to participate annually in an innovation project, whereby they would create a new theme, idea, product, marketing campaign, presentation, or other mechanism to further bystander intervention on their campus. Projects must be able to be modified so that they can be adapted by U. T. System institutions for use in a subsequent year. At the end of the project, as many as 24 new resources may be available for U. T. System use.

These ideas will be presented each year at a one day participant conference where bystander intervention experts will help to develop the skills of our campus leaders in bystander intervention, institutions will showcase and share their creations, and students from each campus will be recognized with a small scholarship to acknowledge their leadership in bystander intervention on their campus. These local campus efforts will be partially coordinated by graduate assistants on each campus, which will also allow for the creation of educational opportunities for these graduate students as we prepare them to be future leaders in this emerging field of bystander intervention.

Please note that in Table 2, institutional expenses were estimated using historical and estimated total enrollment and first-time entering student cohorts for each academic institution.

TABLE 1: PROTOCOL COUNSELING SERVICES 5-YEAR ESTIMATED COSTS

| YEAR | MONTHLY RATES | | ANNUAL RATES | | | |
|-------------------------------|-------------------------------|-----------------|------------------------------------|---------------------------------|---|------------------------|
| | Monthly Call Volume Allowance | Per Call Amount | Annual Call Volume Costs - All UTS | One-Time Setup and Training Fee | Marketing and Outreach Campaign and Materials | TOTAL ANNUALIZED COSTS |
| YEAR 1 : 2014 - 2015 | 1,000 | \$14.00 | \$173,400 | \$10,000 | \$60,000 | \$243,400 |
| YEAR 2: 2015 - 2016 | 1,000 | \$14.25 | \$176,400 | NA | \$36,000 | \$212,400 |
| YEAR 3: 2016 - 2017 | 1,000 | \$14.50 | \$179,400 | NA | \$36,000 | \$215,400 |
| YEAR 4: 2017 - 2018 | 1,000 | \$14.75 | \$182,400 | NA | \$36,000 | \$218,400 |
| YEAR 5: 2018 - 2019 | 1,000 | \$15.00 | \$185,400 | NA | \$36,000 | \$221,400 |
| TOTAL 5 - YEAR REQUEST | | | \$897,000 | \$10,000 | \$204,000 | \$1,111,000 |

TABLE 2: BYSTANDER INTERVENTION PROGRAMMING 3 -YEAR ESTIMATED COSTS

| | STARTUP 2014 | YEAR 1 2014 - 2015 | YEAR 2 2015 - 2016 | YEAR 3 2016 - 2017 | TOTAL |
|---|-------------------------|-------------------------------|-------------------------------|-------------------------------|--------------------|
| Creation of Logo and Concept for UT System | \$60,000 | | | | \$60,000 |
| Innovation Project | | \$40,000 | \$40,000 | \$40,000 | \$120,000 |
| PROGRAMMATIC EXPENSES - UTS ACADEMIC INSTITUTIONS | | | | | |
| Bystander Intervention Marketing & Consumables | | \$127,751 | \$127,751 | \$127,751 | \$383,253 |
| New Student Orientation | | \$87,841 | \$87,841 | \$87,841 | \$263,523 |
| Social Norms Campaign | | \$26,664 | \$26,664 | \$26,664 | \$79,992 |
| Campus Level Graduate Research Assistant Support (10 Hours) | | \$60,000 | \$60,000 | \$60,000 | \$180,000 |
| Training and Education | | \$24,000 | \$24,000 | \$24,000 | \$72,000 |
| Student Leadership Scholarships | | \$4,000 | \$4,000 | \$4,000 | \$12,000 |
| STAKEHOLDER CONFERENCE | | | | | |
| Annual Stakeholder Conference Expenses | | \$22,000 | \$22,000 | \$22,000 | \$66,000 |
| STAFF SUPPORT - UT SYSTEM LEVEL | | | | | |
| Consultant (UT Austin) Project Implementation Lead | \$25,000 | \$25,000 | \$25,000 | | \$75,000 |
| Graduate Assistant (UT Austin) Project Coordination | \$7,500 | \$15,000 | \$15,000 | \$15,000 | \$52,500 |
| Program Evaluation Expert | \$30,000 | | | | \$30,000 |
| Bystander Intervention 2 Experts (Stipend) | \$10,000 | \$10,000 | \$10,000 | | \$30,000 |
| Travel to UT System Institutions | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$8,000 |
| Professional Development (Travel) | \$3,000 | \$3,000 | \$3,000 | | \$9,000 |
| TOTAL | \$137,500 | \$447,256 | \$447,256 | \$409,256 | \$1,441,268 |

10. **U. T. System: Discussion and appropriate action regarding priorities identified by the Implementation Committee of the Task Force on Engineering Education for Texas in the 21st Century**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs that the U. T. System Board of Regents accept the recommendations to be outlined on behalf of the Implementation Committee of the U. T. System Task Force on Engineering Education for Texas in the 21st Century.

Dr. Charles R. Helms, Professor of Electrical Engineering at U. T. Dallas and Chairman of the Task Force, will report on the activities of the Implementation Committee and make recommendations for the Board's consideration. His presentation is set forth on the following pages.

BACKGROUND INFORMATION

On November 15, 2012, former Board Chairman Powell created a Task Force on Engineering Education for Texas in the 21st Century and charged the Task Force with reviewing and identifying key issues related to demand, capacity, efficiency, supply, and research related to engineering programs in the State of Texas; how these issues impact Texas and the nation; and what The University of Texas System can do to be most responsive to the State of Texas' needs. On December 12, 2013, the U. T. System Board of Regents accepted the final report and recommendations of the Task Force.

In February 2014, an Implementation Committee was established to develop a plan based on the recommendations of the Task Force. The following three Task Force recommendations were considered by the Implementation Committee:

Recommendation 1: Expand Production of Engineers in Texas

Recommendation 2: Encourage Stronger Interactions with Industry

Recommendation 3: Encourage More Texans to Pursue Engineering Courses

Engineering Education for Texas in the 21st Century

Charles R. Helms, Chairman, Task Force Implementation Committee

U. T. System Board of Regents' Meeting
August 2014



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Why do we need more engineers and computer science grads?

- Drive the vibrant, growing economy of Texas
- Position Texas to compete in the global marketplace
- Provide Texas students with high-paying job opportunities
- Share the responsibility with higher education, lawmakers, industry, and the philanthropic community



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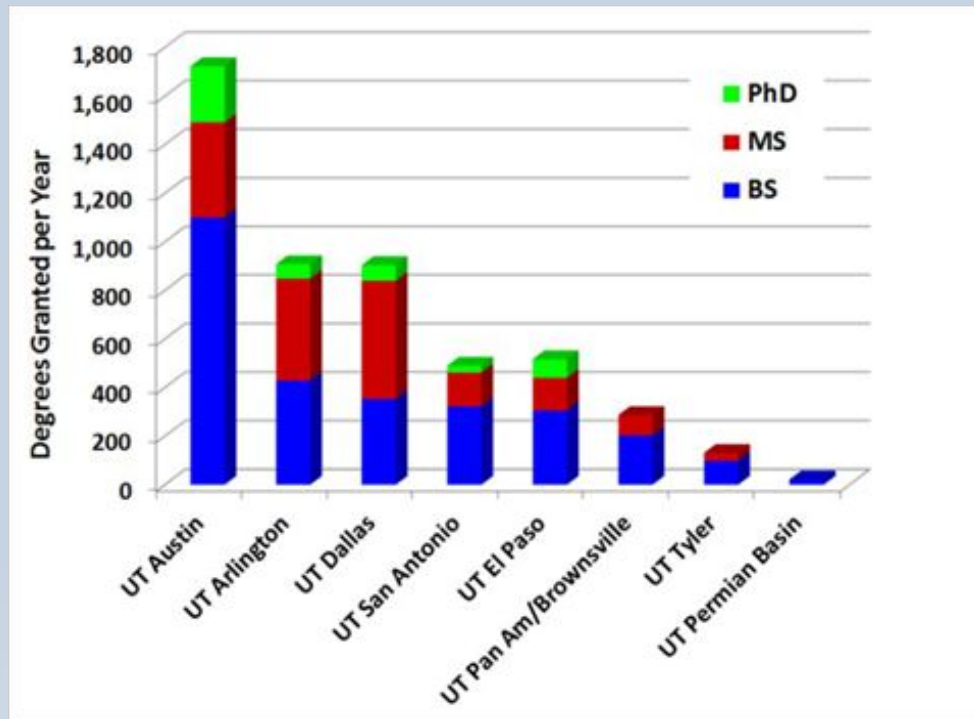
www.UTSYSTEM.EDU

Number of new engineers and computer scientists needed over the next 10 years:

88,000



Graduates per year from U. T. engineering & computer science programs



Task Force on Engineering Education for Texas in the 21st Century charge

- Assess current state of engineering and computer science degree programs in Texas
- Better understand the current and future demand for engineers and computer scientists
- Identify strategies to foster success in the field of engineering and computer science



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Implementation Committee

- Committee
 - Mauli Agrawal, Vice President for Research, U. T. San Antonio
 - Randy Charbeneau, Assistant Vice Chancellor for Research, U. T. System; Professor U. T. Austin
 - Ron Elsenbaumer, Provost and Vice President, U. T. Arlington
 - Charles R. Helms, Professor, U. T. Dallas; Professor Emeritus, Stanford University
 - Robert Osegueda, Vice President for Research, U. T. El Paso
 - Sadiq Shah, Vice President for Research, U. T. Pan American
 - Ben Streetman, Dean Emeritus, Dula D. Cockrell Centennial Chair Emeritus, U. T. Austin
- Committee Ex-Officio Members
 - David Daniel, President, U. T. Dallas
 - Vistasp Karbhari, President, U. T. Arlington
 - Dale Klein, Associate Vice Chancellor for Research, U. T. System; Professor, U. T. Austin
- Other Resources
 - Alex Cranberg, Regent, U. T. System
 - Jeffery Hildebrand, Regent, U. T. System
 - Jim Nelson, Dean, College of Engineering & Computer Science, U. T. Tyler
 - Sharon Wood, Dean, Cockrell School of Engineering, U. T. Austin
 - Karen Adler, Assistant Director for Public Affairs, U. T. System

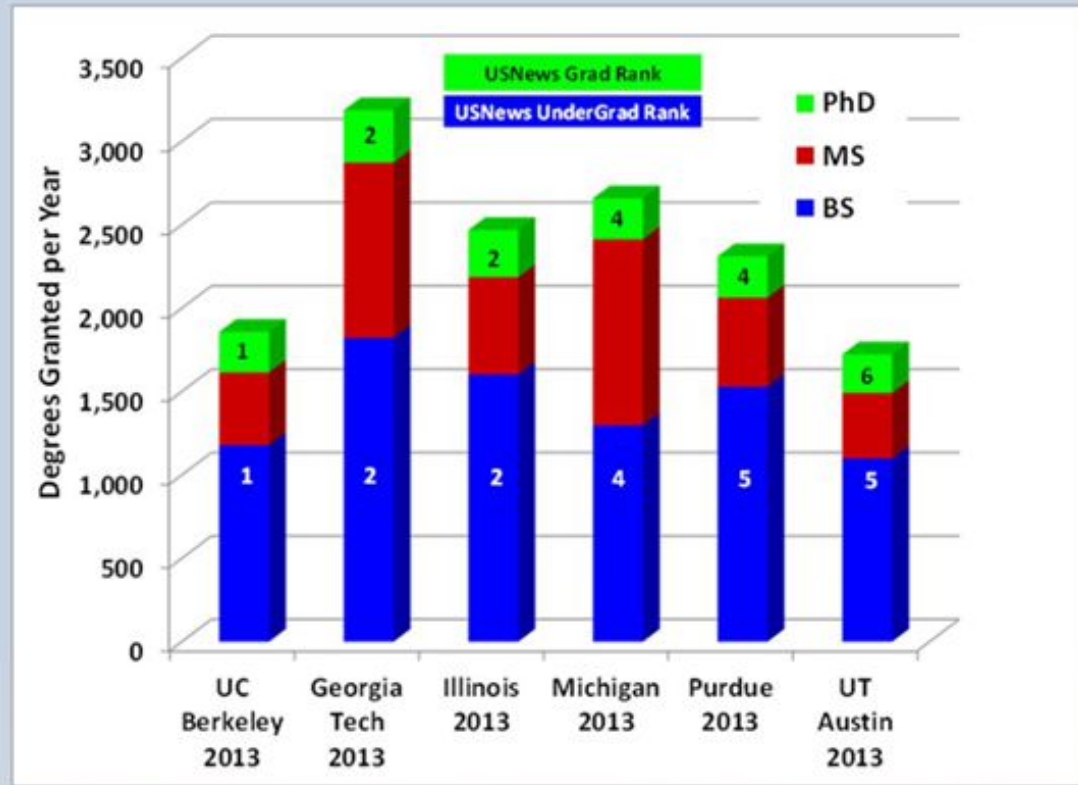


Implementation Committee Priorities

- Increase BS degrees in U. T. engineering and computer science programs from about 3,000 today to 5,000 by the end of the program
- Develop programs to better serve the Houston Metroplex
- Redouble efforts to engage industry as a true partner
- Expand the pipeline from high school and community colleges to U. T. engineering and computer science programs



Top public engineering programs nationwide

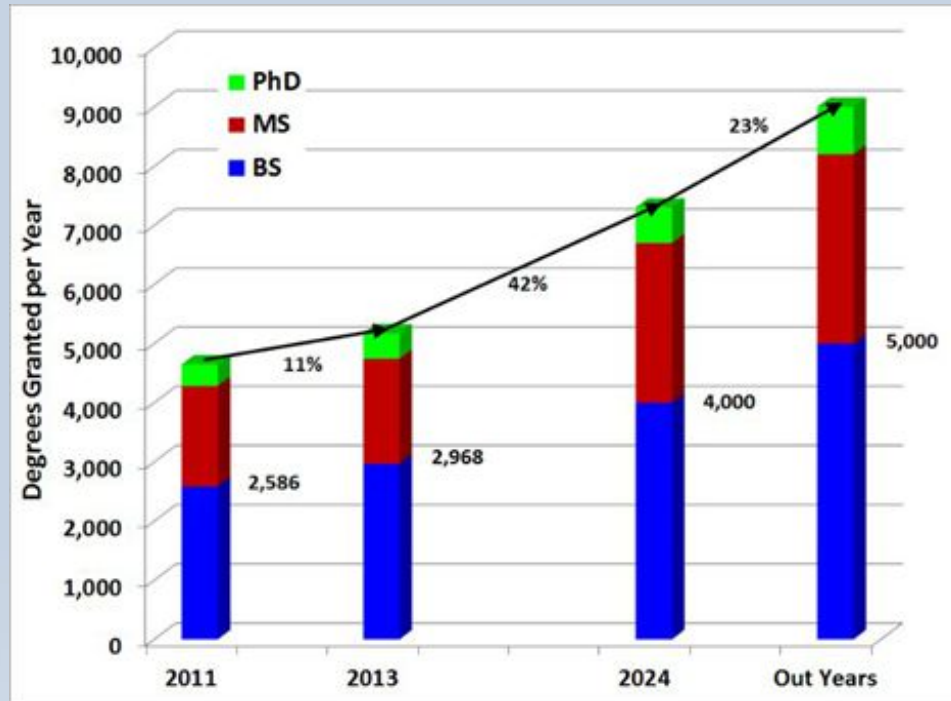


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Meeting of the U. T. System Board of Regents - Meeting of the Board



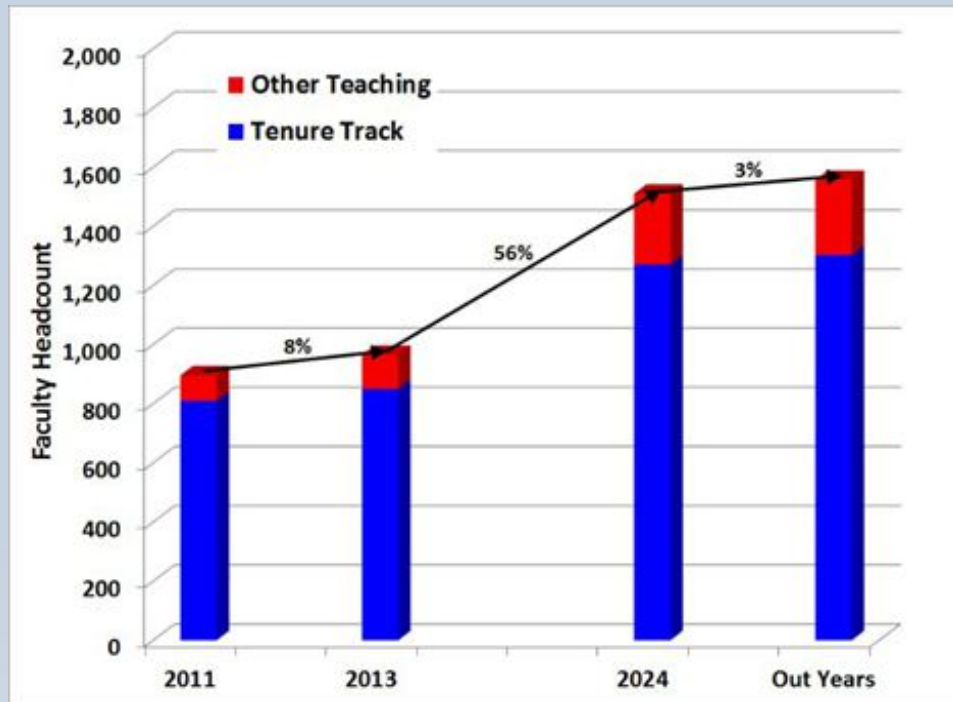
Expanding the pipeline: Total annual engineering and computer science degrees Systemwide



51



Growing with quality by hiring the best and brightest faculty



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Meeting of the U. T. System Board of Regents - Meeting of the Board



Texas Engineering, Research, and Education Institute (EREI)

- Located in Houston
- Public/private partnership
- Educational and research opportunities for students and faculty across Texas working shoulder to shoulder with industry engineers and scientists
- Work closely with new University Lands Advisory Board

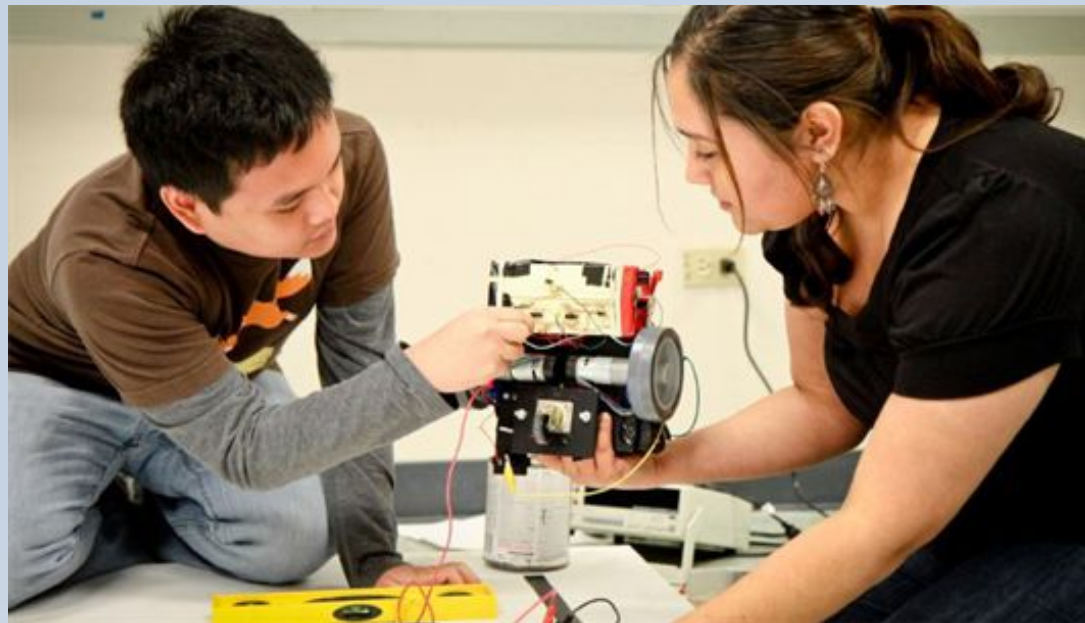


UTx Engineering

- Innovative online learning programs for high school and community college students
- Initiative of the Institute for Transformational Learning
- Prior funding from the Board of Regents



Engineering Education for Texas in the 21st Century



11. **U. T. System: Approval of \$2 million from Available University Funds to create the U. T. System Engineering, Research, and Education Institute and \$10 million per year for two years in Permanent University Funds for Science and Technology Acquisition and Retention (STARs) funding to support the engineering initiative**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents approve \$2 million from Available University Funds to create a U. T. System Engineering, Research, and Education Institute and \$10 million per year for two years in Permanent University Funds (PUF) for Science and Technology Acquisition and Retention (STARs) funding to support the engineering initiative.

BACKGROUND INFORMATION

U. T. System, on the recommendation of the Task Force on Engineering Education for Texas in the 21st Century, proposes to develop a public/private partnership among U. T. System institutions, industrial firms focused on the energy sector (member companies), and the Texas and federal governments. The U. T. System Engineering, Research, and Education Institute (EREI) will provide best-in-class educational and research opportunities in the energy field for students and faculty from higher education institutions in Texas and will be a significant leverage to industrial member companies in noncompetitive research, development, and engineering. The Institute will focus initially on the oil and gas sector, including related fields such as natural gas fuel cells and water use technology.

As structured, EREI will also provide significant benefits to the educational, research, economic development, and job creation missions of the State of Texas, the U.S. Department of Energy, and the National Science Foundation. Proprietary projects from member companies may also be accommodated if EREI facilities provide a unique capability. The total of these proprietary projects will represent only a small fraction of the total work performed.

EREI will be located in Houston to leverage opportunities provided by the concentration of energy companies in the Houston Metroplex area. EREI will work in concert with other U. T. System facilities in Houston, specifically the U. T. Austin Bureau of Economic Geology Houston Research Center and the U. T. Tyler Houston Engineering Center on the Houston Community College Alief-Hayes Campus to provide additional educational opportunities. Additional work involving the ongoing space science collaborations between U. T. System institutions and the National Aeronautics and Space Administration is possible and will be encouraged.

The \$10 million per year for two years in PUF will support the recruitment of engineering faculty as U. T. System academic institutions expand the production of engineering graduates.

12. **U. T. System: Approval of \$800,000 from Available University Funds for expansion of services provided by the Office of External Relations' Center for Enhancing Philanthropy and introduction of new services to U. T. System institutions to enhance philanthropy**

RECOMMENDATION

The Chancellor concurs with the Vice Chancellor for External Relations and the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents approve \$800,000 from Available University Funds to expand the Office of External Relations' Center for Enhancing Philanthropy and to offer new services desired by U. T. System institutions to improve efforts to enhance philanthropic support for funding priorities, to ensure strong development programs utilizing best practice approaches, and to recruit and retain high-performing professionals.

BACKGROUND INFORMATION

In FY 2013, more than 900 development professionals, including 324 frontline fundraising officers, worked at their respective U. T. System institutions to generate more than \$1.2 billion in philanthropic commitments. Even with a strong number overall, there remains significant variation and opportunity for growth in the outcomes of dollars raised per institution, in proficiencies in core areas among development personnel, and in recruiting and retaining high-performing professionals. After careful deliberation with the institutional Vice Presidents for Development and a number of Presidents across the U. T. System, the Vice Chancellor recommends an expansion of the Center for Enhancing Philanthropy's current services and the introduction of new programs designed to address challenges and to create new opportunities to position U. T. System institutions and the U. T. System as a nationally desirable destination for top-performing development professionals. External Relations proposes the following:

The creation of a new **Talent Management** program to make recruitment and retention of development professionals a high priority and to address the national annual turnover rate of 25%. Vacancies and searches are costly, especially in a relationship business where the calculation of losses must also take into account the need for a new officer to start again and build relationships over a two- to three-year period. This new program will facilitate searches for senior level positions, market U. T. institutions nationally, work with human resources to develop career paths for star performers, and create a new "grow our own" program to identify and equip the next generation of fundraising officers with internships.

The creation of a new **Advancement Academy**, dedicated to ongoing training and education featuring Systemwide and national best practices. Development teaching staff will offer core learning and advanced training opportunities in primary and secondary areas of expertise to all U. T. development professionals, allowing those who participate to receive special U. T. System certification or national Certified Fund Raising Executive certification. Training will be customized, based on the needs and requests of U. T. institutions, and based on baseline data and trends gathered by the U. T. System over the years.

The expansion of **Capital Campaign** counsel by strengthening the campaign vetting process and ensuring campus readiness for campaign rigors. This service will also offer mid-campaign reviews, if desired by institutions to determine if recalibrations are essential to accomplish campaign goals.

The expansion of **Special Project** fundraising to address special philanthropic opportunities such as Project South Texas as well as other initiatives including those proposed by the Task Force on Engineering Education for Texas in the 21st Century and the Institute for Transformational Learning.

Personnel costs (including two new full-time employees and expanded roles of three existing full-time employees) are estimated to be \$324,000, while programmatic costs for development faculty, internships, curriculum development, travel and marketing are expected to be \$476,000.

The Vice Chancellor for External Relations will prepare an annual report for the Chancellor, articulating performance metrics used to gauge effectiveness of the expanded Center for Enhancing Philanthropy's role. Performance metrics will also be shared with the Board of Regents during the Vice Chancellor's annual development presentation each May.

Investing in the Philanthropic Future of U. T. System Institutions

Dr. Randa S. Safady, Vice Chancellor for External Relations
Center for Enhancing Philanthropy (CEP)
U. T. System Board of Regents' Meeting
August 2014



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At a Glance - Philanthropy and Return on Investment

- Office of External Relations launches Center for Enhancing Philanthropy (CEP) in FY 2008
- Institution and U. T. System Investments
 - Development budgets \$99.9M in FY 2013
 - 2 rounds of Strength in Numbers \$15M FY 2008 - FY 2014
 - 4 rounds of UTRIP Incentive \$40M FY 2009 - FY 2014
- ROI FY 2009 - FY 2013
 - \$759M average annual cash received
 - Increase of \$102M from average of previous five years (FY 2004 - FY 2008)
 - For each of the past two years overall giving exceeds \$1.2B
 - FY 2013 represented a return of \$8.34 for every institutional dollar budgeted for development



Why Continue to Invest in Philanthropy?

- Visions and plans of U. T. System institutions require many funding sources (such as)
 - State Appropriations
 - Clinics and Professional Fees
 - Research
 - Tuition
 - Philanthropy
 - Other
- Philanthropy's role among U. T. System institutions is increasing
 - In FY 2013 charitable gifts for current operations, capital, and endowment represented 8.7% of institutional expenditures
 - Sixty-five percent of all gifts designated to current operations – restricted; and of that amount 74% given for research and academic programs
- Philanthropy engaged 210,599 alumni and friends in the life and mission of U. T. System institutions in FY 2013



A Closer Look

- Varied outcomes among U. T. System institutions
 - 66% of all philanthropic support from two institutions
 - 19% from the next three
 - 15% from the remaining ten
- FY 2013 U. T. System institutions' fundraising

| Cash Received Levels | # of Institutions |
|----------------------|-------------------|
| \$100M+ | 3 |
| \$50M-\$99M | 0 |
| \$25M-\$49M | 5 |
| <\$24M | 7 |



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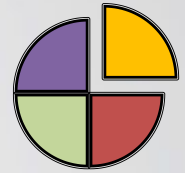
Going Forward

- Goal
 - Help all institutions secure philanthropic support for their priorities, have more balanced fundraising programs providing sustainable support, and recruit/retain high-performing staff members
- Next Step
 - Implement a plan that builds training, education and other services for continuous improvement, and addresses various levels of fundraising maturity and performance



The Plan - Expand CEP Services in Four Areas

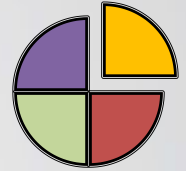




Talent Management Situation - Current

- More than one million nonprofits in the United States
- Demand for frontline officers and senior leaders far exceeds supply
- One in four frontline officers in higher education left their posts last year (38% at public institutions and 14% at privates)
- Six Vice President vacancies among U. T. System institutions (40%)
- Frontline officers reach effectiveness after 2-3 years, but often leave after 3.5 years
- Vacancies/searches are costly and lengthy

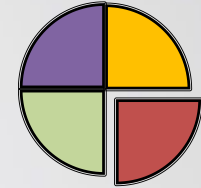




Talent Management - Proposed

- Facilitate searches for senior-level positions
- Introduce recruitment and retention best practices
- Market U. T. System institutions nationally to attract top performers
- Encourage career paths for high performing individuals at U. T. System institutions
- Offer a “grow our own” program to identify and equip the next generation of frontline officers; include internships and practicums



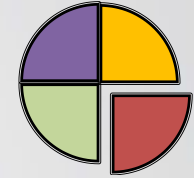


Training Program - Current

- Offer exceptional training opportunities for advancement professionals featuring Systemwide and national best practices
 - System Seminar
 - Systemwide training programs in annual, major, and planned giving
 - Tailored workshops based on institutional need
- Provide management and leadership support
 - Action plans for presidents and vice presidents that assess development program performance and offer recommendations
 - Leadership workshops and strategy sessions



Training Program - Proposed



- Advancement Academy
 - Core learning and advanced training opportunities, and additional programs for secondary areas of expertise
 - Exceptional teaching staff (internal and external) to present best practice programs
 - Leadership and management workshops
 - Tailored training with individual institutions
 - Workshops for deans and senior leaders
 - Higher education philanthropy trends for incoming presidents and/or Regents, if desired

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Fundraising Campaigns - Current

- Campaigns are effective fundraising tools for mobilizing volunteers, donors, and staff around institutional priorities
- Campaigns are often running 6-8 years
- Five (33%) U. T. System institutions currently in campaign





Fundraising Campaign - Proposed

- Enhance campaign vetting process
 - Clarity of case for support
 - Campaign plan
 - Strength of prospect pool
 - Internal readiness for campaign rigor
- Mid-campaign review process, if desired by institutions





Special Project Fundraising - Current

- Systemwide or special project philanthropic opportunities such as Project South Texas



Special Project Fundraising - Proposed



- Strategic fundraising plan and implementation for The University of Texas Rio Grande Valley (UTRGV)
- Other special projects to support Institute for Transformational Learning (ITL), Office of Technology Commercialization, Engineering, and other Systemwide centers of excellence.





Desired Outcomes and Accountability for an Expanded CEP

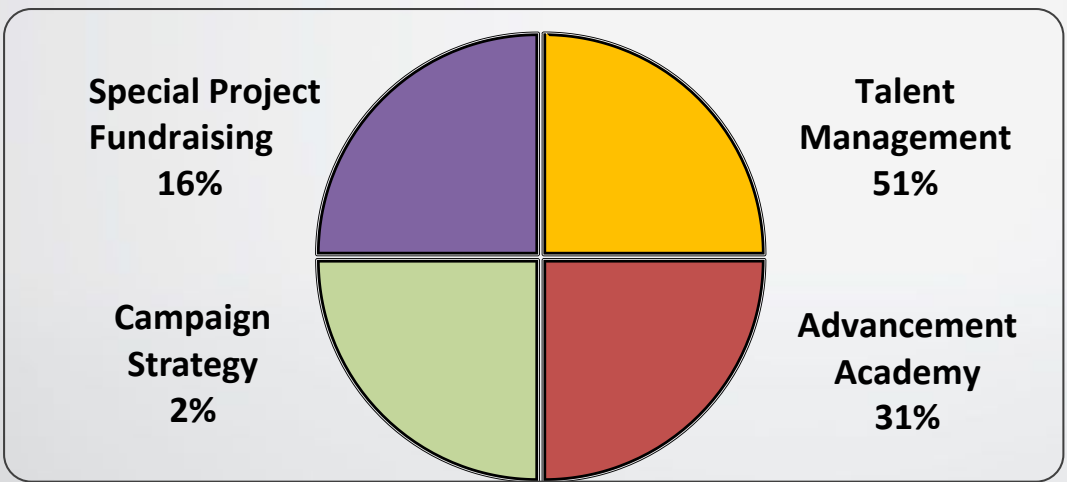
- All institutions experience growth in philanthropic support
- Better trained development professionals
- Greater retention among frontline officers
- Vacancies filled more quickly/less costly
- Improved goal setting and strategy
- Next generation leaders emerging
- Special projects receive philanthropic support
- Greater national awareness so that U. T. System institutions become the preferred destination for high performing development professionals
- Annual report on progress



Investment Requested

- Additional \$800,000 annually for personnel and programs to expand CEP services will help all institutions grow philanthropically, increase donor involvement, support institutional priorities, and build strong advancement teams

Allocation of Additional Resources



Personnel Costs: \$324,000
 2 New FTEs: Professional positions
 3 Current FTEs with expanded roles

Program Costs \$476,000
 Marketing/communications
 Teaching staff
 Internships/practicums
 Curriculum
 Travel

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13. U. T. System: Report on activities of the Institute for Transformational Learning

REPORT

Dr. Steven Mintz, Executive Director of the U. T. System Institute for Transformational Learning, and Dr. Marni Baker, Chief Innovation Officer, will provide an update on the activities of the Institute for Transformational Learning.

Since its inception in Fall 2012, the Institute for Transformational Learning has strategically focused its attention toward the development of programs that will drive innovation concentrated on student learning outcomes and higher rates of success.

An executive summary outlining the activities of the Institute for Transformational Learning as of June 2014 is set forth on the following pages.

The Institute for Transformational Learning

Progress Report July 2014

Program Status

In partnership with the 15 U. T. System academic institutions and health science centers, the Institute for Transformational Learning (ITL) is developing a series of cutting-edge, online and blended, competency-based educational programs that will make a University of Texas System-quality education more affordable and accessible, with improved student learning outcomes and much higher rates of student success.

These programs are market-driven and industry-aligned, and designed to drive exponential increases in student retention, completion, and employment outcomes, especially for students at risk; to optimize time to degree; and to meet large unmet demand across Texas and beyond.

1. Middle School to Medical School Initiative

The ITL, in collaboration with faculty at U. T. Rio Grande Valley (UTRGV) and U. T. Health Science Center - San Antonio (UTHSC-SA), as well as members of the TIME (Transformation in Medical Education) initiative, is designing a first of its kind bilingual, competency-based portfolio of programs that would begin as early as middle school, lead through various undergraduate degree options and into medical school and into other graduate degree programs, as well as providing continuing and professional education options.

Goals:

- Achieve significant increases in student success/completion
- Grow regional/state enrollments to 5,000 in program portfolio over 5 years
- Raise money from external funders
- License model to other universities globally

Progress:

- Received a \$200,000 planning grant from the Gates Foundation
- Partner Memorandum of Understanding (MOU) and Intellectual Property (IP) agreements in process with UTHSC-SA and UTRGV
- Concept reviewed enthusiastically by representatives from K-12 school districts, Deans and Faculty from the health professions across UTB/UTPA; UTRGV Medical School Dean, Dr. Frank Fernandez, and his faculty group; representatives from the TIME pre-medical programming initiative; and representatives from the U. T. System Offices of Academic and Health Affairs

- August meeting scheduled with UTRGV President Dr. Guy Bailey, Dean Fernandez, and UTPA Provost Havidan Rodriguez to determine project scope and first projects. The discussion will include the launch of the undergraduate pre-medical degree in Fall 2015 and the Medical degree in Fall 2016. In addition, the ITL will work simultaneously with K-12 leadership on the development of a synergistic, scalable foundational experience that will begin to cultivate student interest in the health professions and their readiness to succeed.
- Subsequent meetings are scheduled with Dean Fernandez to discuss implications for the design of the new medical school experience and alignment with any constraints related to Liaison Committee on Medical Education (LCME) accreditation.

Timeline:

- Complete UTRGV medical school program blueprinting by November 2014
- Complete UTRGV undergraduate program blueprinting by December 2014
- First undergraduate programming to go live in Fall 2015
- UTHSCSA Medical School programming to go live summer 2016
- UTRGV Medical School timeline TBD

Challenges:

Success in meeting this timeline is dependent on effective and efficient contracting and hiring an experienced Director for the Middle School to Medical School Initiative program.

2. UTxHealth

UTxHealth is a new industry-driven, multilingual marketplace for global and professional health sciences education.

Goals:

- Serve large unmet industry, military and retail demand across Texas, nationally and globally with powerful U. T. System health institution instructional assets
- Grow to 70,000+ course enrollments per year in the next 5 years
- Drive significant shared revenue for U. T. System and its 15 institutions

Progress:

- Market research to support first round of program development has been completed and indicates large unmet demand in Texas and nationally for current project set (Health Informatics, Public Health, Patient Safety and Quality Assurance)
- Partners include U. T. Health Science Center - San Antonio, U. T. M. D. Anderson Cancer Center, U. T. Health Science Center - Houston School of Public Health and School of Biomedical Informatics
- Affiliate and global marketing and recruitment, web, customer relationship management, e-Commerce, and design and development partners secured
- Partner MOU and IP agreements in process (terms have been socialized and agreed to)
- New programming proposals under consideration from U. T. M. D. Anderson, U. T. Medical Branch - Galveston, U. T. San Antonio, U. T. Arlington, and U. T. Tyler

Timeline:

- July 14, 2014 – finalize program design and pricing model for each programming area and sign MOU
- September 14, 2014 – complete new program blueprints and development roadmaps.
- October 14, 2014 – Marketplace goes live
- November 15, 2014 – complete course build
- January 1, 2015 – complete full authentication process and ready to launch
- Early Spring 2015 – programs go live

Challenges:

UTxHealth is the first programming area to go live. Its success in meeting this timeline is dependent on effective and efficient contracting and hiring an experienced Director for UTxHealth.

3. Competency Based Education (CBE) Finish@UT Degree Completion program

This initiative seeks to dramatically raise the number of students enrolled in Finish@UT to better meet the needs of the 3.7 million Texans (and 30 million American adults) who attended college but never received a degree. Currently, only about 2,000 students are enrolled in Finish@UT.

Goals:

- Drive significant new revenue streams for participating schools
- Grow the program to 25,000+ headcount per year in the next 5 years
- Achieve significant increases in student success/completion
- Garner support and resources from external funders

Progress:

- Office of Academic Affairs/ITL team assembled a working group
- New concept socialized at Provost-level and there seems to be enthusiasm for the idea and approach
- Affiliate marketing, web, constituent relationship management (CRM), e-Commerce, design and development partners secured
- Consulting secured to assist in determining the best strategy and approach for the development of industry advisories, partnerships, sponsorships to support this initiative.

Timeline:

- August 15 – market/industry research complete
- October 15 – MOUs signed with institution partners for the development of the CBE core curriculum and operation of CBE majors - may include current partners
- Fall 2016 – New programming launches Systemwide

(The UTRGV Health Sciences programming (described above) and new initiatives in Nursing and Foundations of Engineering with U. T. Arlington – could all be cross-fit

for the degree-completion audience)

Challenges:

- A Systemwide competency-based approach to Finish@UT is a groundbreaking, very complex initiative. Forging strong partnerships with campuses will be critical to success and time to market will be dependent on swift development of these partnerships.
- It is critical that an experienced Director for Finish@UT and the U. T. Online Consortium initiative (described below) is hired to lead the work ahead to scale this portfolio. This position will be posted soon and a national search will be conducted for the right candidate.

4. University of Texas System Online Consortium (UTOC) – The U. T. System’s Online Course Marketplace

This initiative will support the development of a state-of-the-art marketplace for existing U. T. System Online Consortium online programs and courses.

Progress:

- Academic Affairs/ITL team assembled as working group
- UTOC campus advisory group has been identified to guide initiative
- Supporting market/industry research launched in June and will be complete by mid-August
- Supporting current state analysis of existing online course and program enrollments, quality, etc. launched in June and completed by mid-August
- Planned work to develop new web “portal” and state-of-the-art CRM to support enrollment socialized at Provost-level — very positive response
- Affiliate marketing, Web, CRM, e-Commerce, Design and Development partners secured.

Timeline:

- August 2014 – market/competitor scan and internal research complete
- Spring/Summer 2015 – New marketplace launches Systemwide

Challenges:

- Forging strong partnerships with institutions will be critical to success and time to market will be dependent on swift development of these partnerships.
- It is critical that an experienced Director for Finish@UT and UTOC is hired to lead the work ahead to scale this portfolio. This position will be posted soon and a national search will be conducted for the right candidate.

External Funding

The ITL is strongly committed to raising substantial external support to help fund its initiatives.

Gates Foundation

The ITL, working in conjunction with the Office of Academic Affairs and UTRGV, received a \$200,000 planning grant from the Gates Foundation to support development of a competency-based B.S. in Biomedical Sciences supported by next-generation technologies and data analytics. The ITL is hopeful that the project will receive significant additional support from the Gates Foundation.

U.S. Department of Education First in the World grant program:

The ITL and U. T. Arlington's Schools of Nursing and Engineering submitted a proposal for the U.S. Department of Education's First in the World Grant. The grant proposal includes the development of new competency-based undergraduate programs in Nursing and in the Foundations of Engineering, which will be designed to increase access and completion in these critical STEM fields for underrepresented, underprepared, or low-income students.

Other Projects

MOOCs

U. T. Arlington and U. T. Austin are currently developing new MOOCs in Statistics and in Data, Analytics, and Learning, which will be offered on the edX platform.

In addition, several U. T. System institutions, including U. T. Austin, U. T. Pan American, and U. T. San Antonio, entered into an edX-sponsored competition to develop MOOCs targeted at high school students, including advanced placement students, which are designed to be well-aligned to university expectations.

Gateway Courses

With ITL support, U. T. Austin is currently developing 30 online gateway courses in the humanities, natural sciences, and social sciences, which constitute the largest number of courses that students transfer into the campus.

Designing and Implementing a Next-Generation "Total Educational Experience" (TEX) for use across all ITL industry-driven, competency-based education initiatives

The ITL is currently working on the development of a game-changing Total Educational Experience (TEX) that is scalable, student-centered, competency-based and industry aligned. The experience will be designed to support true mastery, drive exponential gains in student success, and engine transformational online and hybrid programming initiatives across U. T. System initiatives.

ITL has begun this work by partnering with best-in-breed and emergent education technology companies to co-develop a breakthrough student experience designed to better support students from the moment they click through our marketing websites as prospects, through the moment they graduate and gain employment in their chosen career pathways.

To drive exponential increases in student success, especially among students who have historically been underrepresented, TEX will deliver:

- High impact and high fidelity pedagogical approaches reflecting the latest thinking in competency based-education (CBE) and personalized and adaptive instructional design
- Cutting-edge content delivery
- Holistic, personalized and responsive student life-cycle management
- Compelling and clear analytics that provide meaningful feedback and guide improvements, updates, and interventions in real time

TEX will unify data across what have been the traditional Student Information System (SIS), Constituent Relationship Management (CRM) and Learning Management System (LMS) silos to allow for a persistent and progressive profile that will drive just-in-time, personalized recommendations and support services tailored to each student's unique set of capabilities, experiences, personal circumstances and aspirations.

The ITL is currently collaborating closely with a set of key partners who will provide the foundational subsystems that will compose the TEX Platform. These include:

- Learner-Centric User Interfaces - Native Mobile Applications which optimize the Total Educational Experience (TEX) for the learner's mobile device, as well as Web Applications that ensure accessibility and access. These application will take advantage of the latest features of native mobile operating systems, device features, and web technologies such as web sockets meeting the student where they are (connected or offline) with a highly responsive user experience.
 - Student Lifecycle Management (SLM) services - CRM and Strategic Enrollment Management (SEM) services will be the initial core of the SLM capabilities. These will support student on-boarding, and will underlie a Progressive Learner Profile, which will allow us to tailor content to individual student needs. These services will be of consumer grade quality, elevating the student relationship to that of a customer and actively managing customer satisfaction. It is anticipated that leveraging CRM data will inform recommendations, interventions, and personalization of the TEX. ITL is also pursuing multiple EdTech design partnerships to push an agenda of Student Centered SLM that seeks to overcome the onerous and disjointed experience so many students experience today.
 - Adaptive Competency Based Learning Environment with Articulated Knowledge Map - The Knowledge Map will be an enduring artifact that clearly provides the

student's learning objectives, monitors individual performance, and provides knowledge dependency structures to facilitate personalized learning paths. Adaptivity of the learning path will initially conform to the constraints of the Knowledge Map, but as the Learner History accumulates, the path will be personalized to the needs of the learner, creating opportunities to further improve the Knowledge Map.

- Social Learning Services (SLS) - The SLS will cover multiple aspects of collaboration, group learning, and professional network development. The ITL anticipates working with multiple providers to support live sessions, collaborative learning activities, as well as community and peer support.
- Content Services - Content Services will aggregate multiple content repositories, and support content discovery, normalization of content metadata around Knowledge Map targets, and track content performance. Content Services will also provide personalized content recommendations to learners to support contextually augmented content needs.
- Big Data and a Predictive Analytics Framework (PAF) with a Canonical Data model - The PAF will support unification of student lifecycle management and learning history data across multiple systems in the platform. This will provide a rich basis for global reasoning to support student success, a record for conducting educational research, and a longitudinal history to support continuous improvement. It will also bring together disparate, disjointed, and overlapping data models across source educational systems, allowing for an analysis of data beyond the window of use of any particular educational system.
- Instructional Design and Development Services – Instructional design and development services will be deployed to support competency-based design from the discovery phase of identifying and articulating mastery-level competencies through program and module-level blueprinting, curation, assessment development and cloning, activity pathway development, learning object production, multimedia and game/simulation production, authentication and continuous improvement. These services will be executed in partnership with a broad bench of providers familiar with competency-based approaches to education and with experts with extensive experience in instructional design, content curation, psychometrics, the production of high-fidelity content, and project management.

First programming prototypes (described above) will go live on TEX in early spring 2015 with the UTxHealth portfolio and continue to launch throughout the following three years.

14. U. T. System Board of Regents: Appointment of Charles A. LeMaistre, M.D., as Chancellor Emeritus

RECOMMENDATION

It is recommended that the U. T. System Board of Regents appoint Charles A. LeMaistre, M.D., as Chancellor Emeritus. Approval of this recommendation is being requested in accordance with the Regents' *Rules and Regulations*, Rule 20301, regarding Honorary Titles and Degrees.

BACKGROUND INFORMATION

Dr. Charles Aubrey LeMaistre served as the fourth Chancellor of the U. T. System. While Chancellor from 1971 to 1978, he directed an expansion of U. T. System that included new medical schools in Houston and San Antonio and new universities in Dallas, Odessa, and San Antonio. Dr. LeMaistre was named President of U. T. M. D. Anderson Cancer Center in 1978, where he served until 1996 and holds the title President Emeritus.

He received a B.A. degree from the University of Alabama and, in 1947, graduated from Cornell University Medical College. He completed residency at New York Hospital and Cornell, where he also completed a postdoctoral research fellowship in infectious diseases and later was appointed Assistant Professor of Medicine. From 1957 to 1959, Dr. LeMaistre was Chairman of the Department of Preventive Medicine and Community Health at Emory University School of Medicine.

Early in his professional career, Dr. LeMaistre served on the first U.S. Surgeon General's Advisory Committee on Smoking and Health. Smoking control was an important part of his cancer prevention message when he was national president of the American Cancer Society in 1986. He chaired the 1981 National Conference on Smoking and Health, a coalition of 21 organizations, and the 1985 International Summit of Smoking Control Leaders. From 1979 to 1983, he was President of the Damon Runyon-Walter Winchell Cancer Fund. In 1992, he was appointed Chairperson of the National Aeronautics and Space Administration (NASA) and National Institutes of Health (NIH) Joint Advisory Committee on Biomedical and Behavioral Research.

Dr. LeMaistre began his association with U. T. System in 1959 as Professor of Internal Medicine at U. T. Southwestern Medical School where he was named Associate Dean in 1965. The next year, he was appointed Vice Chancellor for Health Affairs at U. T. System and in 1968, Executive Vice Chancellor for Health Affairs. In 1969, he was appointed Deputy Chancellor.

He received numerous awards for his contributions to smoking control, including the 1987 President's Award from the American Lung Association. In 1988, he was selected by the Texas Cancer Council for its first Gibson D. (Gib) Lewis Award for Excellence in Cancer Control, and in 1990 he was named "Mr. South Texas" by The Washington Birthday Celebration Association. In 1991, he was honored for his leadership and vision, receiving the "People of Vision" Award from the Texas Society to Prevent Blindness and being named "Outstanding Texas Leader" by the Seventh Annual John Ben Shepperd Public Leadership Forum. He also received the Caring Spirit Tribute from the Institute of Religion in 1993, and the Distinguished Service Award from the American Medical Association in 1995.

Former Chancellors Harry Hunt Ransom (1961 - 1971) and E. Don Walker (1978 - 1984) also hold the Chancellor Emeritus title.

15. U. T. System Board of Regents: Appointment of Hans M. Mark, Ph.D., as Chancellor Emeritus

RECOMMENDATION

It is recommended that the U. T. System Board of Regents appoint Hans M. Mark, Ph.D., as Chancellor Emeritus. Approval of this recommendation is being requested in accordance with the Regents' *Rules and Regulations*, Rule 20301, regarding Honorary Titles and Degrees.

BACKGROUND INFORMATION

Dr. Hans Michael Mark served as the sixth Chancellor of The University of Texas System from 1984 to 1992. As Chancellor, Dr. Mark led the U. T. System to international prominence in engineering and science. He has also served as Professor of Aerospace Engineering at U. T. Austin (1988-1998 and 2001-2014) and has held the John J. McKetta Centennial Energy Chair in Engineering. He recently retired.

Dr. Mark earned a B.S. in physics from the University of California-Berkeley and a Ph.D. in physics from the Massachusetts Institute of Technology.

Dr. Mark actively participated in the successful efforts to bring the high-tech industries of MCC (Microelectronics & Computer Technology Corporation) and SEMATECH (Semiconductor Manufacturing Technology) to Austin and the Superconducting Super Collider to Texas. He was instrumental in bringing Pan American University into the U. T. System. Dr. Mark presided over a major increase in federal and private sector funding for the U. T. System during his term of service.

Dr. Mark began his professional career as a research assistant at the Massachusetts Institute of Technology where he later taught. He also taught at Boston University, University of California-Berkeley, and Stanford University. Among his administrative posts, he was Chairman of the Department of Nuclear Engineering at the University of California-Berkeley; Director of NASA-Ames Research Center in Moffett Field, California; Secretary of the U.S. Air Force; Director of Defense Research and Engineering; and Deputy Administrator of NASA where he assisted in development of the space station and oversaw 14 space shuttle flights.

His steadfast research and service earned him the Joe J. King Engineering Achievement Award and the George E. Haddaway Medal for Achievement in Aviation. He also received a number of awards for his teaching and professional services, including the Tau Beta Pi Outstanding Engineering Teacher Award from the University of California-Berkeley, the Distinguished Service Medal from NASA, Decoration for Exceptional Civilian Service from the U.S. Air Force, Distinguished Public Service Medal from the Department of Defense, and the U.S. Navy's Distinguished Public Service Award for more than 50 years of research with military relevance, the highest civilian honor.

Dr. Mark is a Fellow of the American Physical Society and a member of the American Geophysical Union, American Society of Engineering Education, and the American Nuclear Society. He is also a Fellow of the American Institute of Aeronautics and Astronautics, Society

for Engineering Science, where he served as director from 1972 to 1976, American Association for the Advancement of Science, and the American Association of University Professors.

Former Chancellors Harry Hunt Ransom (1961 - 1971) and E. Don Walker (1978 - 1984) also hold the Chancellor Emeritus title.

16. **U. T. System Board of Regents: Discussion and appropriate action regarding distributions from the Permanent University Fund for FY 2014 and FY 2015**

RECOMMENDATION

Chairman Foster and Chancellor Cigarroa will lead a discussion concerning the annual Permanent University Fund (PUF) distribution rates for FY 2014 and FY 2015.

BACKGROUND INFORMATION

On May 15, 2014, the U. T. System Board of Regents approved a PUF distribution rate for FY 2015 equal to 5.5% of the trailing 12-quarter average of the net asset value of the PUF. The distribution rate for FY 2014 was set on August 22, 2013, at a rate equal to 5.5%.

17. U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2015, including the Permanent University Fund Bond Proceeds allocation for Library, Equipment, Repair and Rehabilitation Projects, allocation for the Science and Technology Acquisition and Retention Program, and allocations for strategic priorities and campus support

RECOMMENDATION

The Chancellor, with the concurrence of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the presidents of the U. T. System institutions, recommends that the nonpersonnel aspects of the U. T. System Operating Budgets for Fiscal Year 2015, including Educational and General Funds, Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical, Dental, Nursing, and Allied Health Faculty Services, Research and Development Plans, be approved.

It is further recommended that the Chancellor be authorized to make editorial corrections therein and that subsequent adjustments be reported to the U. T. System Board of Regents through the Consent Agenda subject to the requirements of the Budget Rules and Procedures.

Chancellor Cigarroa will present the following recommended items utilizing the presentation on the following pages.

- Fiscal Year 2015 Operating Budget
- Fiscal Year 2015 Library, Equipment, Repair and Rehabilitation (LERR) Budget
- Fiscal Year 2015 allocation of the Science and Technology Acquisition and Retention (STARs) program
- Fiscal Year 2015 additional funding for strategic priorities and campus support

It is recommended that Permanent University Fund (PUF) Bond Proceeds in the amount of \$30 million be appropriated directly to the institutions to fund LERR Projects for Fiscal Year 2015.

It is also recommended that \$20 million of PUF Bond Proceeds be appropriated through the Faculty STARs program, to provide additional funding to build and enhance research infrastructure to attract and retain the best qualified faculty. Through a competitive proposal process determined by U. T. System Administration, funds will be distributed for the purpose of recruiting or retaining top researchers.

In addition, it is requested that \$54,288,373 of Available University Funds (AUF) and \$18,500,000 of PUF Bond Proceeds be authorized to fund strategic priorities and campus support as follows:

1. \$31,436,105 of AUF funded in FY 2015 for U. T. System Administration activities that will provide Tuition Offset at the academic campuses other than U. T. Austin. Future funding will be incorporated into the annual operating budget for U. T. System Administration.

2. \$5,000,000 of AUF funded in FY 2015 and \$5,000,000 of PUF Bond Proceeds for Faculty STARs for the creation of the Neuroscience Institute at U. T. Austin (Agenda Item 8 on [Page 14](#)).
3. \$2,552,268 of AUF funded in FY 2015 to support a Mental Health Initiative at U. T. Austin (Agenda Item 9 on [Page 21](#)).
4. \$2,000,000 of AUF funded in FY 2015 and \$10,000,000 of PUF Bond Proceeds for Faculty STARs to support an Engineering Initiative (Agenda Item 11 on [Page 56](#)).
5. \$12,500,000 of AUF funded in FY 2015 to support the U. T. Horizon Fund and associated administrative activities of the Office of Technology Commercialization.
6. \$800,000 of AUF funded in FY 2015 to support the Center for Enhancing Philanthropy at U. T. System. Future funding will be incorporated into the annual operating budget for U. T. System Administration (Agenda Item 12 on [Page 57](#)).
7. \$3,500,000 of PUF Bond Proceeds for U. T. Rio Grande Valley to renovate space in the Luis V. Colom Biomedical Research Facility on the U. T. Brownsville campus to accommodate a group of expert researchers in metabolic biology and their equipment. The researchers are world-renowned scientists in their field of study and will immediately bring in grant money in excess of \$10,000,000.

With the exception of Tuition Offset and renovation of the Luis V. Colom Biomedical Research Facility, these items are addressed in greater detail in separate agenda items as referenced above. All funding for Items 2 through 6 above is subject to the limitations established in the associated agenda items and is contingent on approval of the respective agenda items by the U. T. System Board of Regents.

BACKGROUND INFORMATION

A supplemental volume of the budget materials titled "Operating Budget Summaries and Reserve Allocations for Library, Equipment, Repair and Rehabilitation and Faculty STARs" was provided to all Regents prior to the meeting and is available online at <http://www.utsystem.edu/board-of-regents/meetings/board-meeting-2014-08-20>.

The appropriation of PUF Bond Proceeds will be presented in the Fiscal Year 2015 LERR Budget, along with Faculty STARs, and is subject to the budget rules adopted therein and the requirements of the U. T. Systemwide *UTS168 Capital Expenditure Policy*. The allocation of LERR funds to the U. T. System institutions was developed from prioritized lists of projects submitted by the institutions and reviewed by U. T. System Administration staff. Additionally, PUF Bond Proceeds appropriated to LERR and Faculty STARs must be spent in accordance with the Article VII, Section 18 of the Texas Constitution. PUF Bond Proceeds may only be used for the purpose of acquiring land either with or without permanent improvements, constructing and equipping buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, acquiring capital equipment, and acquiring library books and library materials.

The appropriation to pay for U. T. System activities related to Tuition Offset for academic campuses other than U. T. Austin are proposed in response to the Chancellor's request to identify Systemwide expenses or other specific expenses incurred by U. T. System campuses that can be offset with AUF. The Chancellor's request was adopted by the U. T. System Board of Regents on May 20, 2014. Future funding commitments will be incorporated into the U. T. System Administration operating budget and are expected to increase.

The appropriation for the Horizon Fund and the Office of Technology Commercialization is the second installment under a four-year plan to continue and enhance the goals of the U. T. Horizon Fund adopted by the U. T. System Board of Regents on February 14, 2013.

See also Item 18 and Executive Session Items 4a and 4b related to the personnel aspects of the U. T. System Operating Budgets.

The University of Texas System Fiscal Year 2015 Operating Budget

U. T. System Board of Regents' Meeting
Francisco G. Cigarroa, M.D. - Chancellor
August 2014

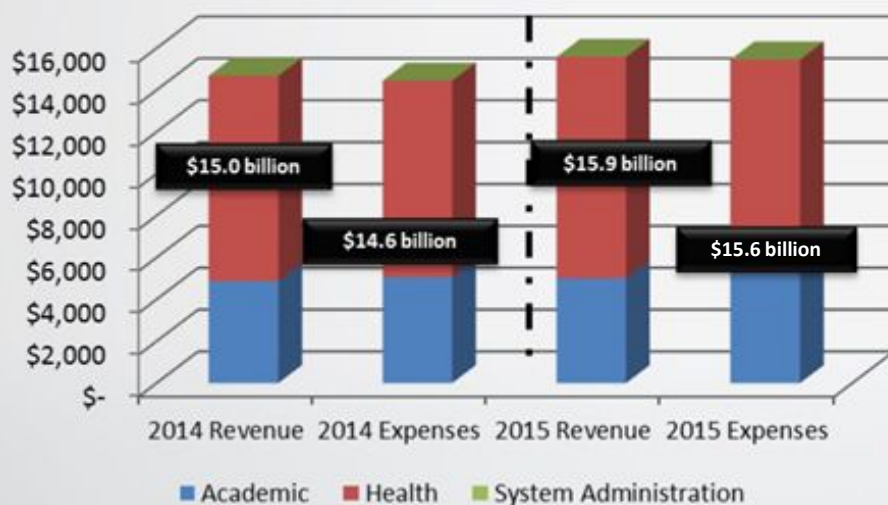


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Budget Highlights

Total Budgeted Revenue and Expenses FY 2014 and FY 2015



Budgeted Revenue

FY 2015 - \$15.9 billion
 \$888 million more than FY 2014
 5.9% more than FY 2014

Major Drivers (in millions)

- Sales and Services of Hospital and Clinics - \$469
- Professional Fees - \$111
- Other Operating Revenue - \$133

Budgeted Expenses

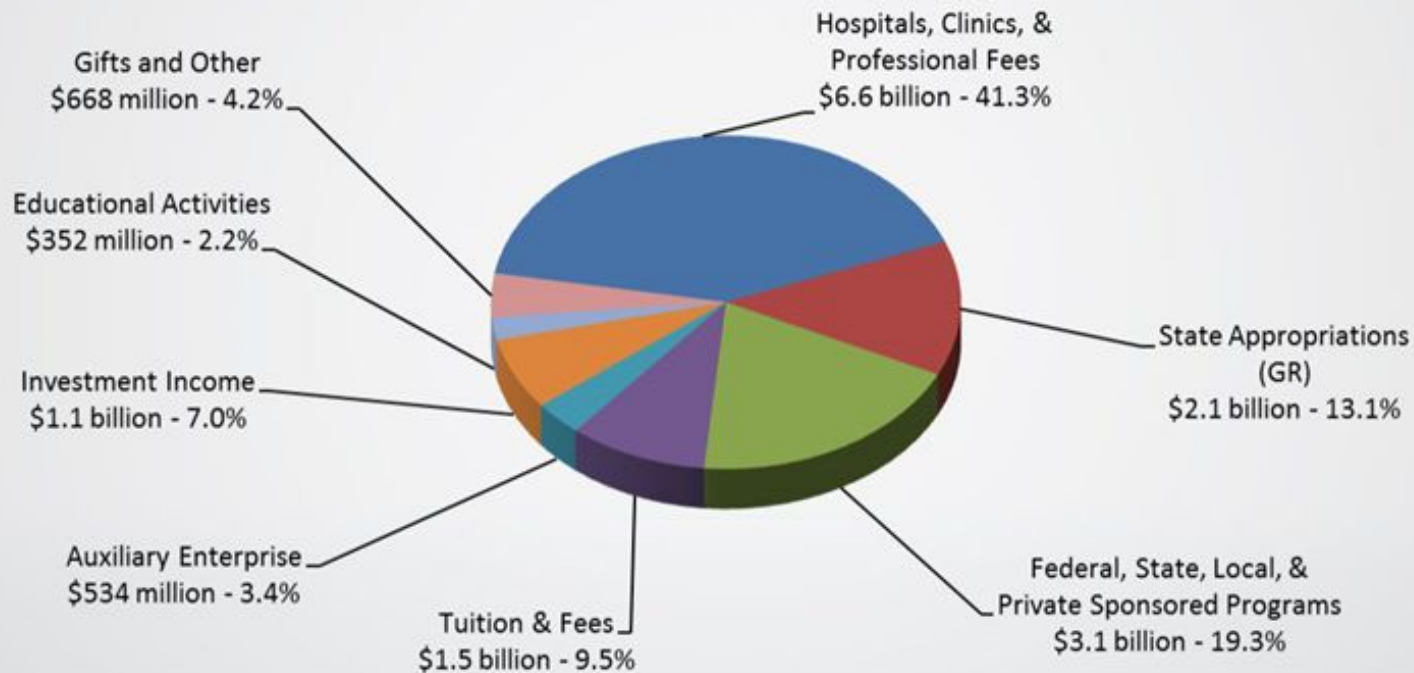
FY 2015 - \$15.6 billion
 \$1.0 billion more than FY 2014
 7.0% more than FY 2014

Major Drivers (in millions)

- Instructional/Academic Support - \$181
- Hospital and Clinics - \$519
- Depreciation and Amortization - \$121



Where the Money Comes From - FY 2015



\$15.9 Billion



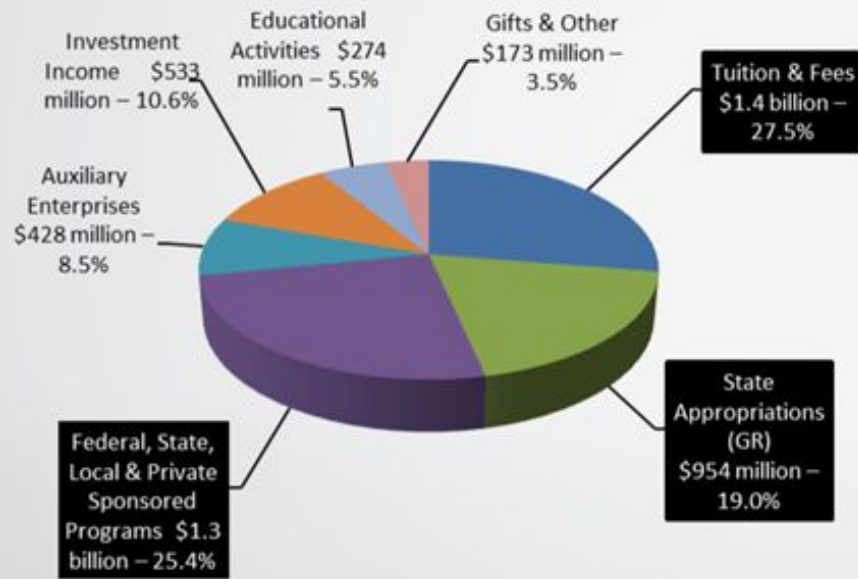
Budgeted Revenue Changes - FY 2015 over 2014 (in millions)

| | FY 2014 Adjusted Budget | FY 2015 Budget | Budget Increase (Decrease) | |
|--|-------------------------------|-------------------|----------------------------|-------------|
| | | | Amount | Percent |
| Sales & Services of Hospital & Clinics | \$ 4,582 | \$ 5,051 | \$ 469 | 10.2% |
| Other Operating Revenue | 201 | 335 | 134 | 66.3% |
| Professional Fees | 1,392 | 1,503 | 111 | 8.0% |
| Investment Income | 1,031 | 1,106 | 75 | 7.3% |
| Local & Private Sponsored Programs (operating) | 1,028 | 1,089 | 61 | 6.0% |
| Auxiliary Enterprises | 507 | 534 | 27 | 5.4% |
| State Appropriations & HEAF | 2,058 | 2,074 | 16 | 0.8% |
| State Sponsored Programs (operating) | 263 | 276 | 13 | 5.1% |
| Federal Sponsored Programs (nonoperating) | 292 | 302 | 10 | 3.3% |
| Sales & Services of Educational Activities | 345 | 352 | 7 | 1.9% |
| Gifts | 332 | 333 | 1 | 0.2% |
| Tuition & Fees | 1,516 | 1,511 | (5) | -0.4% |
| State Sponsored Programs (nonoperating) | 14 | 3 | (11) | -76.0% |
| Federal Sponsored Programs (operating) | 1,422 | 1,402 | (20) | -1.4% |
| Total | \$ 14,983 | \$ 15,871 | \$ 888 | 5.9% |



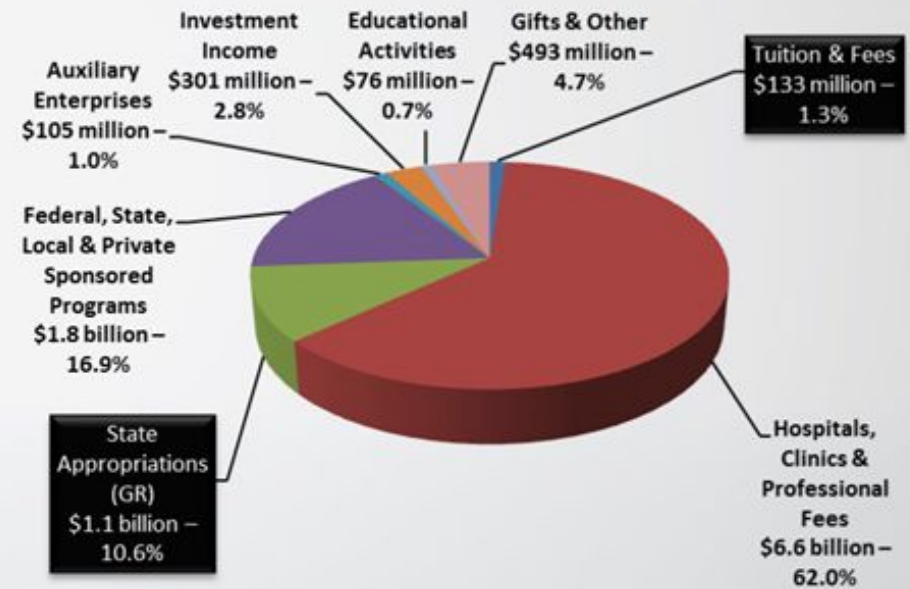
Where the Money Comes From FY 2015

Academic Institutions



\$5.0 Billion

Health Institutions

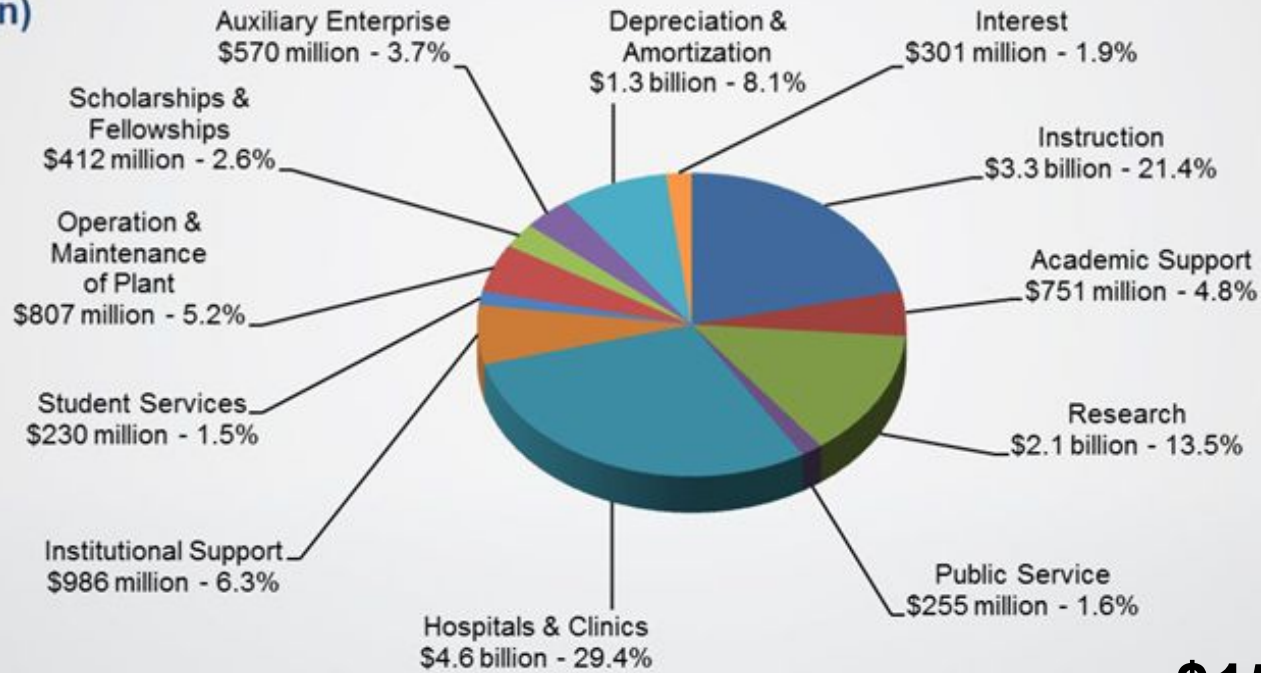


\$10.6 Billion



Where the Money Goes - FY 2015

(By Function)



\$15.6 Billion

Note: General Revenue covers 13.3% of Total Expenses



Budgeted Expenses Changes - FY 2015 over 2014 (in millions)

| | FY 2014 Adjusted Budget | FY 2015 Budget | Budget Increase (Decrease) | |
|-------------------------------------|-------------------------------|-------------------|----------------------------|-------------|
| | | | Amount | Percent |
| Hospitals & Clinics | \$ 4,079 | \$ 4,598 | \$ 519 | 12.7% |
| Instruction & Academic Support | 3,918 | 4,099 | 181 | 4.6% |
| Depreciation & Amortization | 1,144 | 1,265 | 121 | 10.6% |
| Research | 2,057 | 2,112 | 55 | 2.7% |
| Institutional Support | 939 | 986 | 47 | 5.0% |
| Auxiliary Enterprises | 537 | 570 | 33 | 6.0% |
| Transfers for Debt Service Interest | 270 | 301 | 31 | 11.5% |
| Operations & Maintenance | 790 | 806 | 16 | 2.1% |
| Student Services | 223 | 230 | 7 | 3.4% |
| Public Service | 248 | 255 | 7 | 2.8% |
| Scholarships & Fellowships | 411 | 412 | 1 | 0.3% |
| Total | \$ 14,616 | \$ 15,634 | \$ 1,018 | 7.0% |



Budgeted Expenses - Academic Institutions (in millions)

| | Fiscal Year 2014 | Fiscal Year 2015 | Dollar & Percent Change | |
|-----------------------|---------------------|---------------------|----------------------------|-------------|
| U. T. Arlington | \$ 528.7 | \$ 534.5 | \$ 5.8 | 1.1% |
| U. T. Austin | 2,522.6 | 2,693.2 | 170.6 | 6.8% |
| U. T. Brownsville | 115.8 | 126.0 | 10.2 | 8.8% |
| U. T. Dallas | 540.1 | 545.6 | 5.5 | 1.0% |
| U. T. El Paso | 396.8 | 402.1 | 5.3 | 1.3% |
| U. T. Pan American | 259.9 | 271.3 | 11.4 | 4.4% |
| U. T. Permian Basin | 61.1 | 66.9 | 5.8 | 9.4% |
| U. T. San Antonio | 513.8 | 489.0 | <24.8> | <4.8%> |
| U. T. Tyler | 116.3 | 118.6 | 2.3 | 2.0% |
| Total Academic | \$ 5,055.1 | \$ 5,247.2 | \$192.1 | 3.8% |

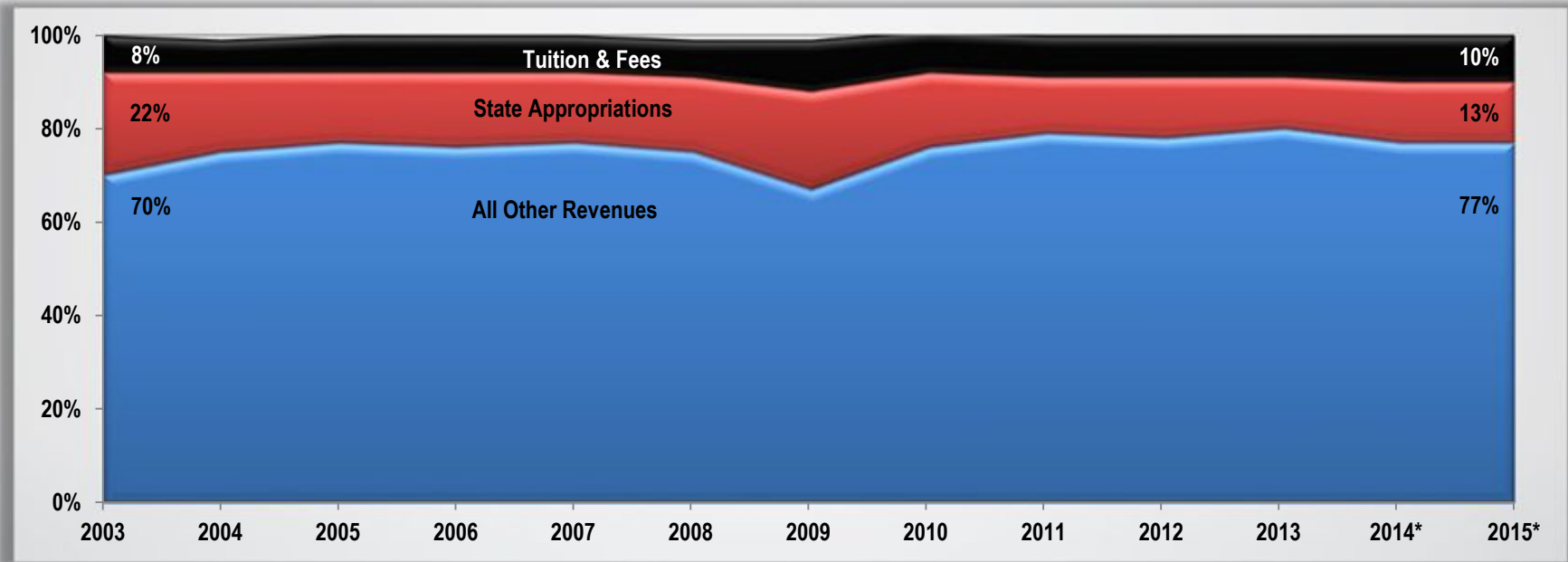


Budgeted Expenses - Health Institutions (in millions)

| | Fiscal Year 2014 | Fiscal Year 2015 | Dollar & Percent Change | |
|---|---------------------|---------------------|----------------------------|-------------|
| U. T. Southwestern Medical Center | \$ 2,016.6 | \$ 2,239.2 | \$ 222.6 | 11.0% |
| U. T. Medical Branch - Galveston | 1,680.9 | 1,733.3 | 52.4 | 3.1% |
| U. T. Health Science Center - Houston | 1,086.7 | 1,213.7 | 127.0 | 11.7% |
| U. T. Health Science Center - San Antonio | 763.7 | 781.9 | 18.2 | 2.4% |
| U. T. M. D. Anderson Cancer Center | 3,691.1 | 4,073.7 | 382.6 | 10.4% |
| U. T. Health Science Center - Tyler | 157.2 | 164.6 | 7.4 | 4.7% |
| Total Health | \$ 9,396.2 | \$ 10,206.4 | \$ 810.2 | 8.6% |



Key Revenues as a Percentage of Total Revenues



Source: Exhibit B of Annual Financial Report

Note: "Other Revenues" for FY 2009 includes investment losses

FY 2014 is based on projected year-end and FY 2015 is based on budget

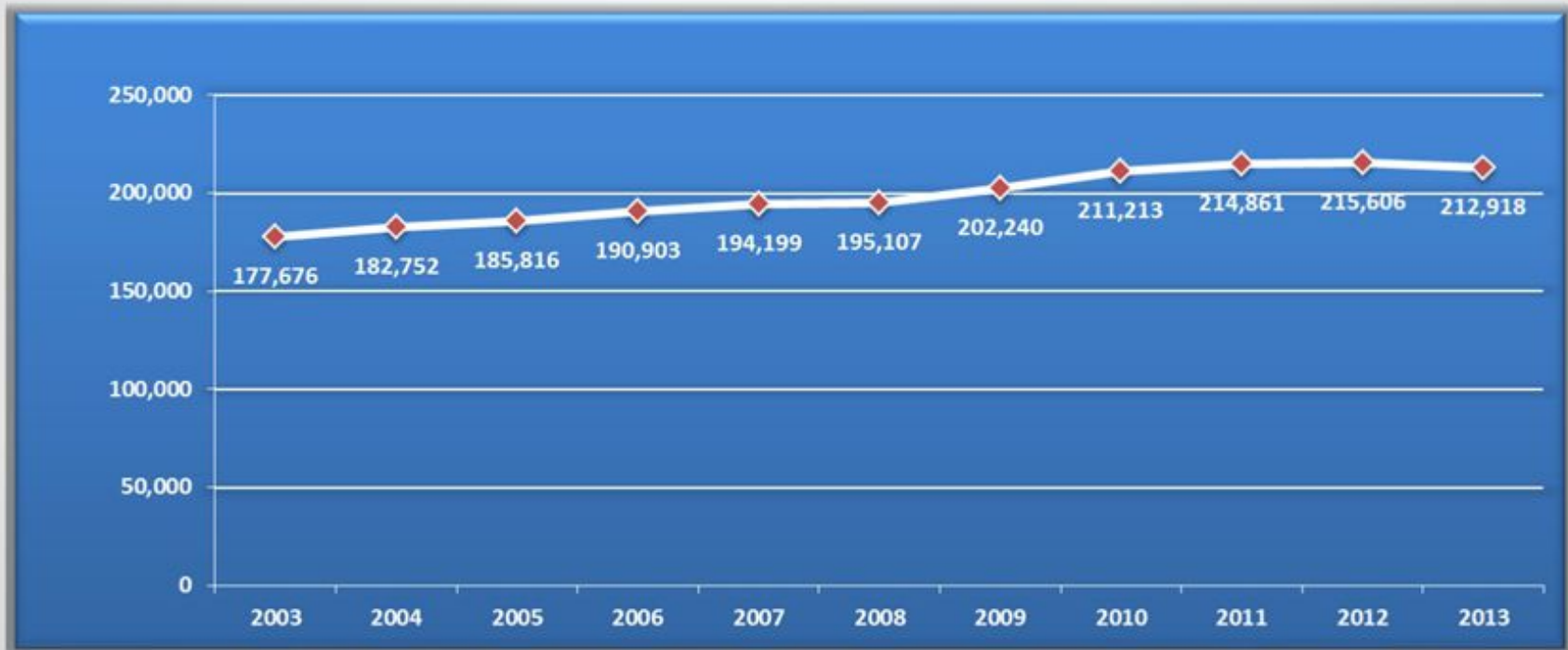
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Total Enrollment Fall 2003 – 2013



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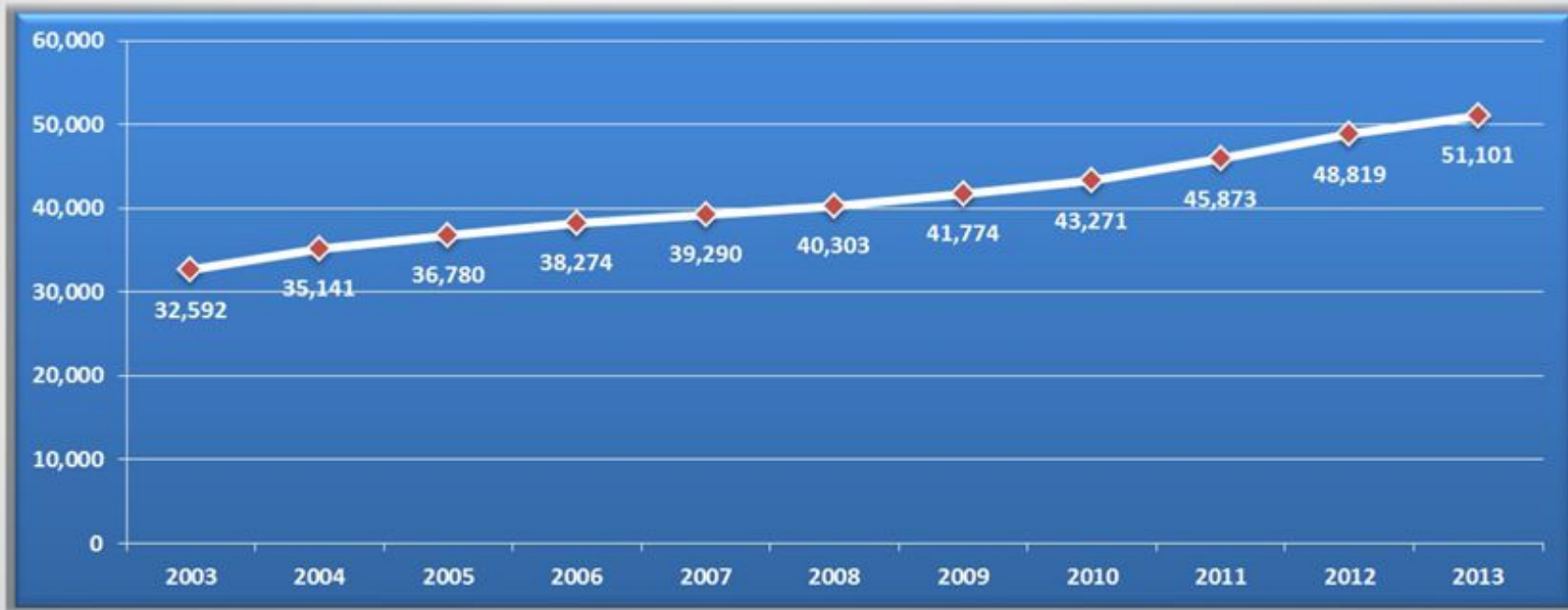
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Total Degrees Awarded FY 2003 – 2013



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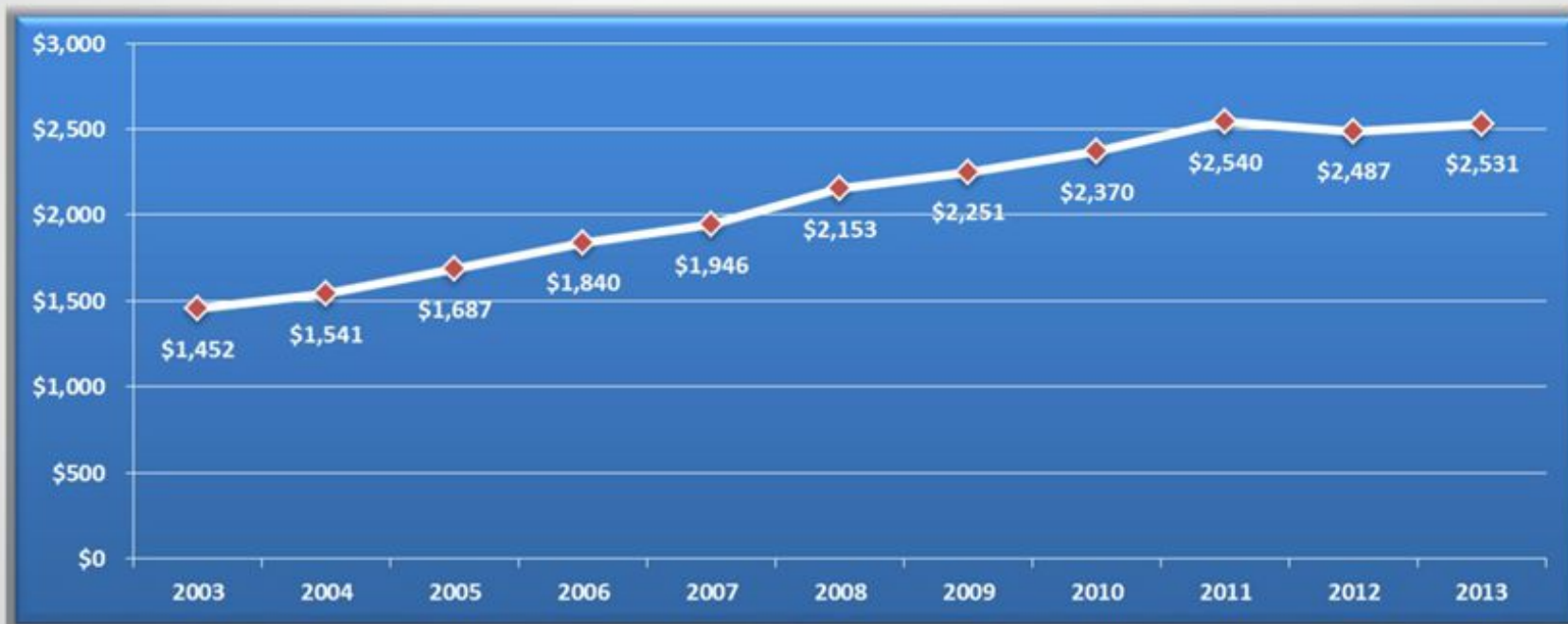


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Trend of Research Expenditures Actual FY 2003 – 2013

(in millions)



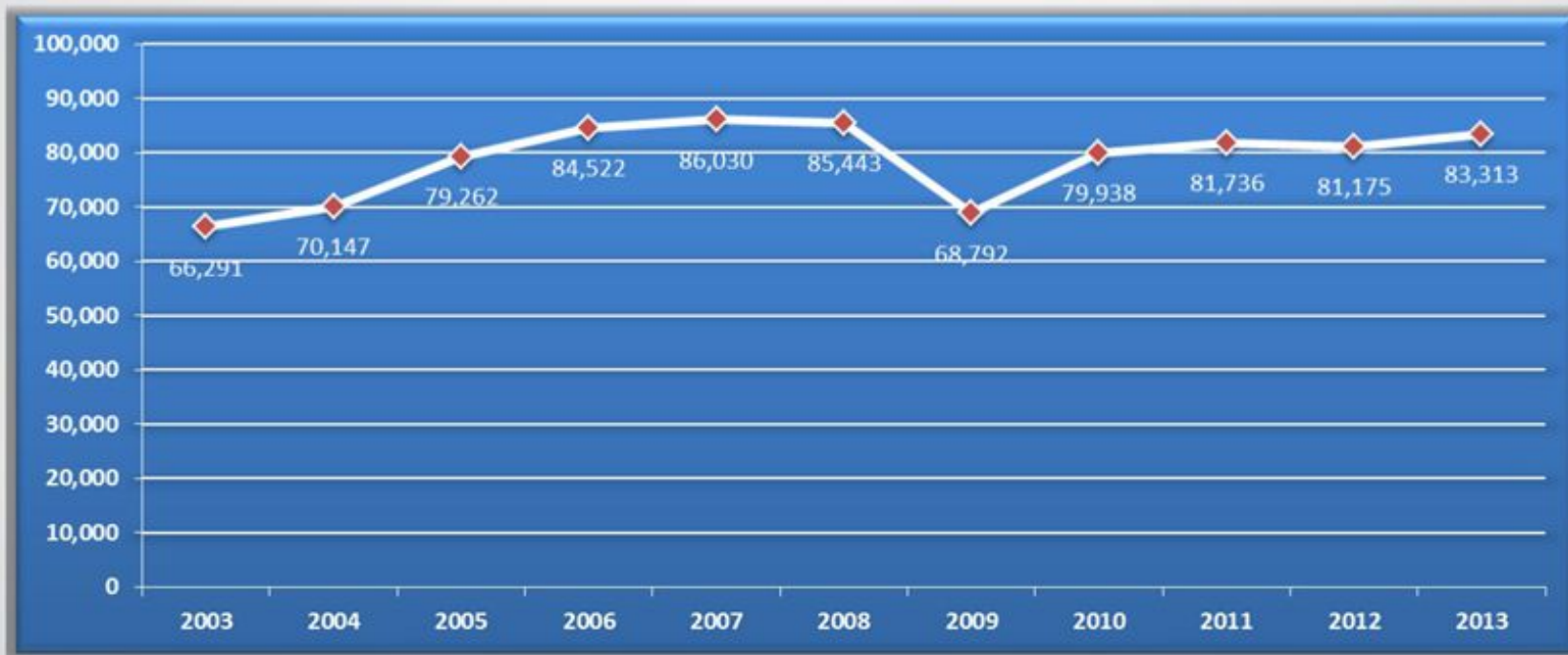
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Hospital Admissions FY 2003 – 2013 (in thousands)



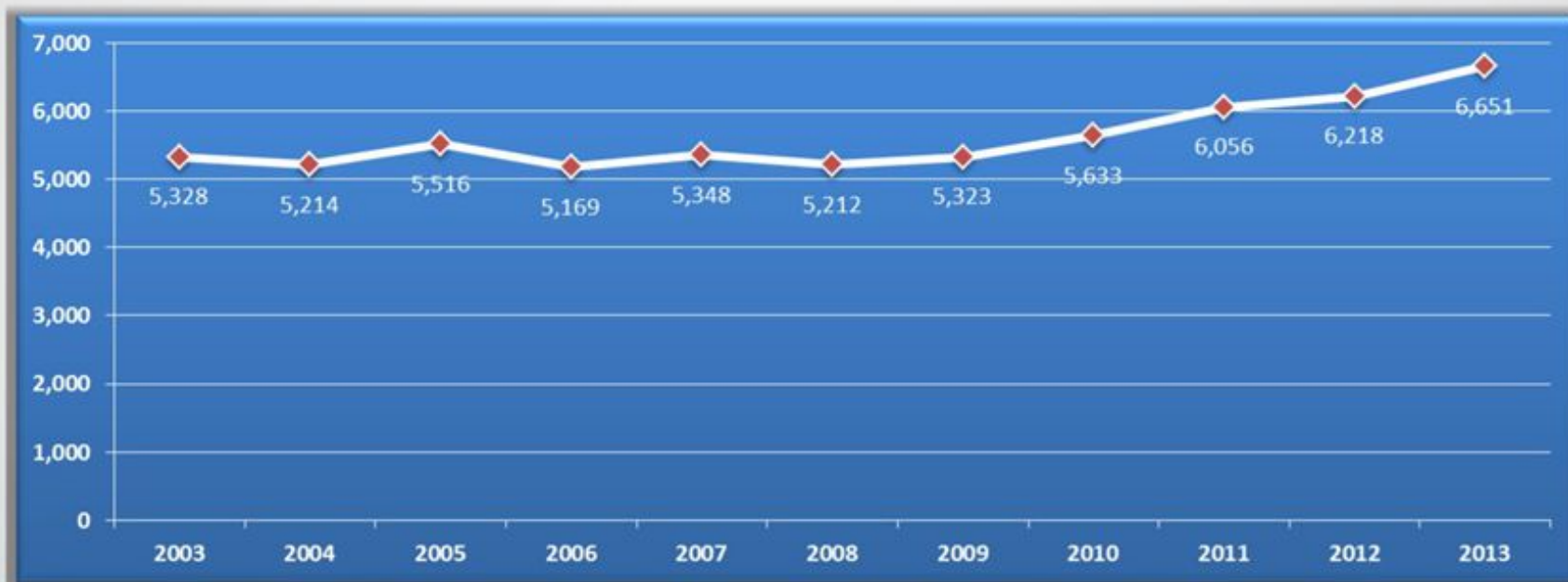
Note: Decline in FY 2009 attributable to interruption in service as a result of Hurricane Ike



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Outpatient Visits FY 2003 – 2013 (in thousands)



Note: U. T. Medical Branch – Galveston’s Specialty Care Center at Victory Lakes, which opened in May 2010, will continue to increase both revenue and expenses related to providing care.



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The University of Texas System Administration

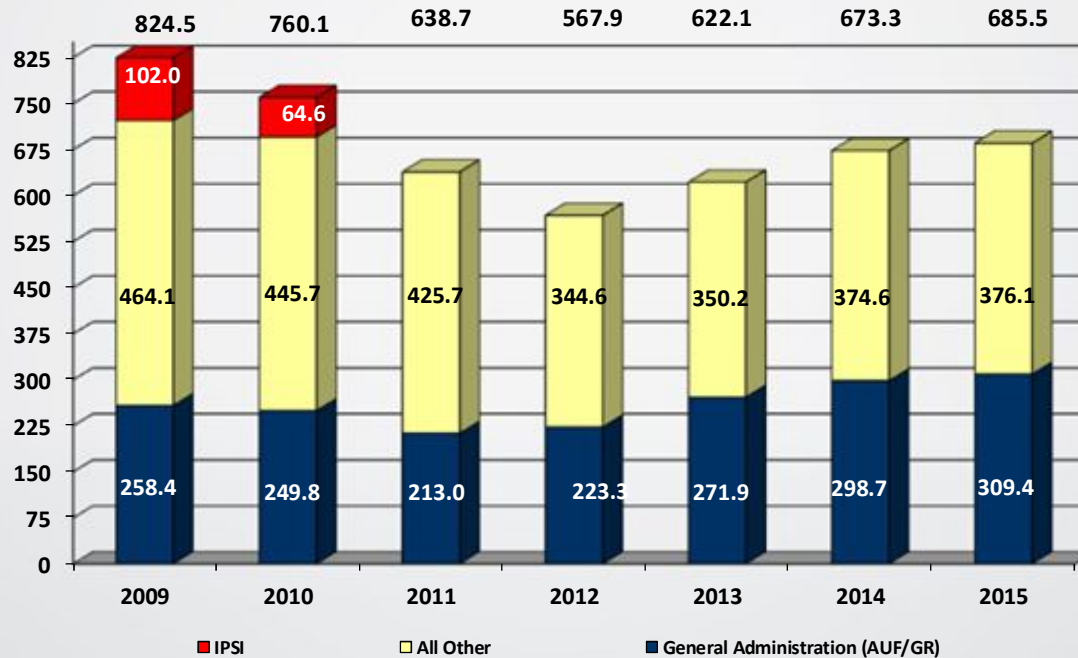


U. T. System Administration

| | Budget | | % Change |
|--|--------------------|--------------------|--------------|
| | FY14 | FY15 | |
| <u>FTEs</u> | | | |
| FY15 Proposed | 673.27 | 685.53 | 1.82% |
| <u>Expenditures</u> | | | |
| Salaries/Wages/Fringes | 75,153,072 | 82,137,265 | 9.29% |
| Travel | 2,254,312 | 2,410,713 | 6.94% |
| Maintenance, Operations, and Other | 56,597,276 | 49,686,356 | -12.21% |
| Depreciation | 9,343,253 | 13,136,497 | 40.60% |
| Subtotal | 143,347,913 | 147,370,831 | 2.81% |
| Systemwide Software Licenses/Maintenance | 18,047,626 | 19,632,528 | 8.78% |
| Interest Expense | 68,711,166 | 85,413,668 | 24.31% |
| Total Expenditures | 230,106,705 | 252,417,027 | 9.70% |



U. T. System Administration Budgeted FTEs - FY 2009 – 2015



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 August 2014
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Library, Equipment, Repair and Rehabilitation



Library, Equipment, Repair and Rehabilitation FY 2015 - Total \$30 Million

| Academic | | Health | |
|--|---------------------|---|---------------------|
| U. T. Arlington | \$2,200,000 | U. T. Southwestern Medical Center | \$2,000,000 |
| U. T. Austin | \$3,915,700 | U. T. Medical Branch - Galveston | \$2,165,000 |
| U. T. Dallas | \$2,261,000 | U. T. Health Science Center - Houston | \$2,000,000 |
| U. T. El Paso | \$2,258,000 | U. T. Health Science Center - San Antonio | \$2,060,000 |
| U. T. Permian Basin | \$1,061,800 | U. T. M. D. Anderson Cancer Center | \$2,000,000 |
| U. T. San Antonio | \$2,250,000 | U. T. Health Science Center - Tyler | \$2,060,000 |
| U. T. Tyler | \$1,068,500 | | |
| Total | \$15,015,000 | Total | \$12,285,000 |
| Academic Library Collection Enhancement Program | | | \$2,700,000 |

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Faculty Science and Technology Acquisition and Retention (STARs) Program



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Faculty STARs - FY 2015

| | |
|---|--------------|
| Faculty STARs Program – Academic Institutions | \$10,000,000 |
| Faculty STARs Program – Health Institutions | \$10,000,000 |

Benefits of Faculty STARs

- Recruit and retain best faculty in the nation
- Develop and strengthen research capacity
- Pending and issued patents
- Encourage future research and excellence
- Collaboration with outside entities

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Tuition Offset Proposal



Tuition Offset Proposal

- Projected revenue from proposed tuition increase Fall of 2014 (FY 2015)
Excluding U. T. Austin

| | |
|----------------------------|-----------------------------|
| U. T. Arlington | \$ 4,593,483 |
| U. T. Brownsville | 1,152,467 |
| U. T. Dallas | 788,364 |
| U. T. El Paso | 3,677,076 |
| U. T. Pan American | 2,607,876 |
| U. T. Permian Basin | 644,876 |
| U. T. San Antonio | 3,610,588 |
| U. T. Tyler | 888,100 |
| | <u>\$ 17,962,830</u> |

- Proposed campus activity that will be funded from AUF on a recurring basis by U. T. System Administration

| | |
|-------------------------------------|-----------------------------|
| Property Insurance Related Cost | \$ 2,454,730 |
| Information Technology Related Cost | 7,117,959 |
| Arlington Regional Data Center Cost | 9,166,639 |
| Assume Internal Audit Functions | 4,429,743 |
| Assume Digital Library Services | 8,267,034 |
| Funded from AUF | <u>\$ 31,436,105</u> |

*Commitment from AUF will increase each year as costs rise.



Additional Funding Requests



Summary of Additional Funding Requests

| | AUF | PUF |
|--|---------------------|--------------|
| Tuition Offset – Academic Institutions | \$31,436,105 | - |
| Neuroscience Institute – Allocation to U. T. Austin | \$ 5,000,000 | \$5,000,000 |
| Mental Health Initiative – Allocation to U. T. Austin | \$ 2,552,268 | - |
| Engineering Initiative | \$ 2,000,000 | \$10,000,000 |
| U. T. Horizon Fund | \$12,500,000 | - |
| Center for Enhancing Philanthropy | \$ 800,000 | - |
| Renovation of the Luis V. Colom Biomedical Research Facility | - | \$3,500,000 |
| Total by Fund | \$54,288,373 | \$18,500,000 |
| TOTAL AMOUNT REQUESTED | \$72,788,373 | |

*All requests listed above, with the exception of AUF for Tuition Offset and PUF for renovation of the Luis V. Colom Biomedical Research Facility has separate agenda items.



18. U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2015

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Business Affairs that approval be granted regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2015 as included in the previous agenda item (Item 17).

Vice Chairman Hicks, Regent Stillwell, and Regent Hildebrand will report on their review of the individual personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2015.

See the Executive Session item related to the personnel aspects of the U. T. System Operating Budgets (Item 4b).

19. **U. T. Austin: Chairman's remarks on the establishment of a search advisory committee for the presidency**



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

Committee Meeting: 8/20/2014

Board Meeting: 8/21/2014
Austin, Texas

Brenda Pejovich, Chairman
Wallace L. Hall, Jr.
R. Steven Hicks
Jeffery D. Hildebrand
Robert L. Stillwell

| | Committee Meeting | Board Meeting | Page |
|---|---|----------------------|-------------|
| A. CONVENE <i>(Conference Room, Ashbel Smith Hall, 9th Floor)</i> | 9:00 a.m. <i>Chairman Pejovich</i> | | |
| 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 Discussion with the Chief Audit Executive concerning personnel matters relating to appointment, employment, evaluation, assignment, duties, discipline, or dismissal of individual System Administration and institutional officers or employees involved in internal audit functions | | | |
| C. RECONVENE IN OPEN SESSION <i>(Board Room, Ashbel Smith Hall, 9th Floor)</i> | | | |
| 1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration | 9:15 a.m. Action | Action | 121 |
| 2. U. T. System: Discussion regarding restructuring of the internal audit functions at emerging research institutions | 9:16 a.m. Report/Discussion <i>Mr. Peppers</i> | Not on Agenda | 122 |
| 3. U. T. System: Report on the Systemwide internal audit activities, including an update on Institutional Audit Committee governance | 9:30 a.m. Report/Discussion <i>Regent Pejovich</i> <i>Mr. Peppers</i> | Not on Agenda | 131 |

| | Committee Meeting | Board Meeting | Page |
|--|--|----------------------|-------------|
| 4. U. T. System: Approval of the U. T. Systemwide Annual Internal Audit Plan for Fiscal Year 2015 | 9:40 a.m. Action <i>Mr. Peppers</i> | Action | 132 |
| 5. U. T. System: Approval of non-audit services to be performed by U. T. System's external audit firm, Deloitte & Touche LLP, for the U. T. System Office of Technology Commercialization (for a royalty license compliance review) and U. T. Medical Branch - Galveston (for the Physician Data Integration project) | 9:50 a.m. Action <i>Regent Pejovich</i> | Not on Agenda | 135 |
| D. ADJOURN | 10:00 a.m. | | |

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda is located at the back of the book.

2. **U. T. System: Discussion regarding restructuring of the internal audit functions at emerging research institutions**

REPORT

Chief Audit Executive Peppers will present a briefing on the proposed restructuring of the internal audit functions at the eight emerging research institutions. A PowerPoint presentation is set forth on the following pages.

BACKGROUND INFORMATION

On May 20, 2014, the U. T. System Board of Regents accepted Chancellor Cigarroa's recommendation not to increase tuition and fees for in-state students at the academic institutions. Chancellor Cigarroa indicated that he and Executive Vice Chancellor Reyes would work with Executive Vice Chancellor Kelley to identify Systemwide expenses or other specific expenses incurred by the institutions that could be offset with Available University Funds (AUF) to provide resources to the institutions at least equivalent to what the tuition and fee increases would have generated.

In the following weeks, several sources of offset were identified and are subsequently included in the proposed Fiscal Year 2015 U. T. System budget (Item 17 on [Page 88](#)). One of the options identified was the proposed restructuring of internal audit. A shift of the functions' direct reporting relationships from their respective institutions to the U. T. System Audit Office would provide a legal and transparent use of AUF to assist in achieving this financial goal.

U. T. System Internal Audit (IA) Restructuring at the Emerging Research Institutions

Mr. J. Michael Peppers, Chief Audit Executive

U. T. System Board of Regents' Meeting
Audit, Compliance, and Management Review Committee (ACMRC)
August 2014



THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.

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Background

- The Chancellor and U. T. System executive leadership followed a U. T. System Board of Regents' directive to identify institutional activities that could be transitioned to U. T. System Administration, offsetting the need to raise tuition and fees.
- The use of Available University Funds to cover internal audit expenses would, in part, meet that directive.
- The shift in reporting structure for the internal audit activities at the eight emerging research institutions (U. T. Arlington, U. T. Brownsville, U. T. Dallas, U. T. El Paso, U. T. Pan American, U. T. Permian Basin, U. T. San Antonio, and U. T. Tyler) from the respective institution to the U. T. System Audit Office is one mechanism to provide this financial opportunity.



Current Organizational Environment

- 2012 external assessment
 - Organizational options: centralized/decentralized
- ACMRC position of decentralized model
- System Audit Office restructured in 2013
- Eight major initiatives in process
- Triennial external quality assessment currently underway



Critical Considerations for Restructuring

- Governance of IA activities
 - Institutional Audit Committees (IAC)
- Two organizational structures in one system
- Continued culture of partnership and "local" audit engagement
- Shared audit/compliance at three institutions
- Human resources
- Allocation of audit resources
- Policy, charter, and procedure



Potential Benefits

- Lessons learned
- Specialty skill development
- Reporting and trending
- Resource needs
- Recruiting and retention
- Cost efficiency



Plans for Implementation

Preparation to date

- Communicated with institutional chief audit executives (CAEs)
- Held meetings with the U. T. System Office of Employee Services
- Convened a committee of three representative institutional CAEs

First steps

- Clarify the reporting and roles
- Execute institutional memoranda of understanding
- Address budgeting



Plans for Implementation (cont.)

By calendar year-end

- Address governance
 - Updates to the ACMRC charter, IAC charters, and UTS129 policy regarding internal audit activities
- Revisit initiative priorities
 - Strategic plan impact of structural change



Plans for Implementation (cont.)

Long-Range Plans

- Quantify U. T. System Audit Office staffing support
- Integrate administrative and audit procedures
- Develop resource plan
- Monitor effectiveness with reviews no later than three years



3. **U. T. System: Report on the Systemwide internal audit activities, including an update on Institutional Audit Committee governance**

REPORT

During the last year, the Audit, Compliance, and Management Review Committee and the U. T. System Audit Office have worked with the institutional presidents to strengthen governance processes of the institutional audit committees (IACs). One element of the enhancements has been recruiting at least three external members for each committee and appointing one of the external members as Chair of the committee, a practice that already existed at several institutions.

Regent Pejovich and Chief Audit Executive Peppers will provide an update on the orientation event for the external chairs of the IACs and institutional chief audit executives to be held at U. T. Southwestern Medical Center in October 2014.

4. **U. T. System: Approval of the U. T. Systemwide Annual Internal Audit Plan for Fiscal Year 2015**

RECOMMENDATION

Chief Audit Executive Peppers recommends approval of the proposed Fiscal Year 2015 U. T. Systemwide Annual Audit Plan (Audit Plan). Development of the Audit Plan is based on risk assessments performed at each institution. Implementation of the Audit Plan will be coordinated with the institutional auditors. The Audit Plan's executive summary is on the following pages. The full Audit Plan was provided to all Regents prior to the meeting.

BACKGROUND INFORMATION

Institutional audit plans, compiled by the internal audit departments after input and guidance from the U. T. System Audit Office, the Offices of Academic or Health Affairs, and the institution's management and institutional internal audit committee, were submitted to the respective institutional internal audit committee and institutional president for review and comments. Additionally, the institutional audit plans were presented at the U. T. System Administration Internal Audit Committee meeting held on August 8, 2014. Also, the Chief Audit Executive provided feedback by conducting audit plan presentations with each institution. After the review process, each institutional internal audit committee formally approved its institution's audit plan.

**The University of Texas System
Systemwide Internal Audit Program
Fiscal Year 2015 Annual Audit Plan
Executive Summary**

The University of Texas (U. T.) Systemwide fiscal year (FY) 2015 Annual Audit Plan (FY 2015 Audit Plan) is a blueprint of the internal audit activities that will be performed by the internal audit function throughout the System in FY 2015.

To provide consistency at the Systemwide level, the U. T. System Audit Office provided the institutional audit departments with guidance in May 2014 on the audit plan format, content, and development methodology, including the general risk assessment process. The annual audit plans are prepared using a risk-based approach to ensure that areas and activities specific to each institution with the greatest risk are identified for consideration to be audited. Individual institutional annual audit plans were prepared in June and July 2014. The U. T. System Audit Office, the Office of Academic or Health Affairs, and the institution's management and internal audit committee provided input and guidance on the annual audit plans. Additionally, the U. T. System Chief Audit Executive provided direction to the institutional chief audit executives prior to the preparation of the annual audit plans and through feedback during "annual audit plan presentations" with each institution.

After the review process, each institutional internal audit committee formally approved its institution's annual audit plan. The FY 2015 Audit Plan, as summarized in the following table and charts, is formally presented to the Audit, Compliance, and Management Review Committee and the U. T. System Board of Regents for consideration for approval at the August 2014 meeting. The full FY 2015 Audit Plan was provided to all Regents prior to the meeting

The table below lists the FY 2015 Audit Plan total budgeted audit hours by institution. However, with potential changes in priorities and staffing resources that may occur during the fiscal year, institutions may request approval from their respective president and/or internal audit committee to change their budgeted hours or reallocate budgeted hours among audits and projects.

FY 2015 Total Budgeted Audit Plan Hours by Institution:

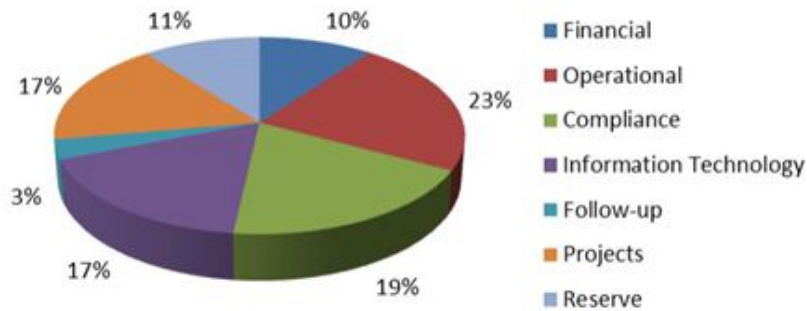
| Institution | Budgeted Audit Hours |
|---|-----------------------------|
| U. T. System Administration* | 10,795 |
| U. T. Arlington | 6,900 |
| U. T. Austin | 20,833 |
| U. T. Brownsville | 2,302 |
| U. T. Dallas | 13,843 |
| U. T. El Paso | 10,663 |
| U. T. Pan American | 6,111 |
| U. T. Permian Basin | 4,116 |
| U. T. San Antonio | 7,500 |
| U. T. Tyler | 4,550 |
| U. T. Southwestern Medical Center | 14,849 |
| U. T. Medical Branch - Galveston | 12,657 |
| U. T. Health Science Center - Houston | 12,352 |
| U. T. Health Science Center - San Antonio | 10,494 |
| U. T. M. D. Anderson Cancer Center | 16,683 |
| U. T. Health Science Center - Tyler | 3,002 |
| Total Budgeted Audit Hours | 157,650 |

*These hours represent the Engagements section of the System Audit Office FY15 Annual Audit Plan. Additional sections include Operations (6,830 hours) and Initiatives (3,460 hours) for a total of 21,085 budgeted hours.

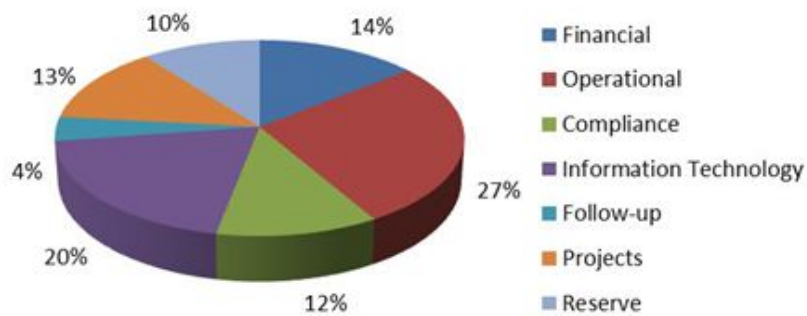
Prepared by: U. T. System Internal Audit Program
Consolidated by: U. T. System Audit Office
Date: August 2014

The FY 2015 Audit Plan directs internal audit resources on audits and other engagements allocated among different categories (i.e., Financial, Operational, Compliance, Information Technology, Follow-up, Projects, and Reserve) to address the various risks of U. T. System. The charts below depict a percentage analysis of budgeted audit hours in these seven categories for the academic institutions and the health institutions.

Academic Institutions



Health Institutions



5. **U. T. System: Approval of non-audit services to be performed by U. T. System's external audit firm, Deloitte & Touche LLP, for U. T. Medical Branch - Galveston (for the Physician Data Integration project) and the U. T. System Office of Technology Commercialization (for a royalty license compliance review)**

RECOMMENDATION

It is recommended that approval be given by the Audit, Compliance, and Management Review Committee (ACMRC) for U. T. System's external audit firm, Deloitte & Touche LLP (Deloitte), to perform the following non-audit services:

- a. U. T. Medical Branch - Galveston Physician Data Integration project; and
- b. U. T. System Office of Technology Commercialization royalty license compliance review project

Additional information on these projects was provided to the ACMRC members prior to the meeting.

BACKGROUND INFORMATION

The current external audit firm engaged by the U. T. System Board of Regents is Deloitte. Regents' Rule 20402, Section 2.1 states, "The U. T. System and the institutions may not engage the external audit firm to perform non-audit services unless the proposed engagement is reviewed and approved by the ACMRC."

U. T. Medical Branch - Galveston wishes to use Deloitte for non-audit services described below:

- **The U. T. Medical Branch - Galveston Physician Data Integration project** will provide advice and recommendations for the integration of physician revenue, cost, and clinical information into the institution's financial decision support/cost accounting system.

U. T. Medical Branch - Galveston sought potential vendors with expertise working with its three specific impacted applications (EPSI, EPIC, and PeopleSoft) in both hospital and physician group practice environments. Input from a survey of academic medical centers and responses from EPSI and EPIC resulted in the determination that Deloitte was solely qualified for this specialized project. In such situations, the institution has an Exclusive Acquisition Justification (EAJ) process to review and approve contracts for which there will be no bidding opportunities. This proposed project received EAJ approval on June 20, 2014. The project cost is estimated to be \$370,000 to \$390,000. The source of funding for this project will be hospital revenue education and general funds.

- **The U. T. System Office of Technology Commercialization royalty license compliance review project** will provide additional analysis, documentation, and recommendations for an existing Deloitte engagement assessing compliance with licensing agreements of one of the U. T. System health institutions. The project cost is estimated to be \$20,000 (fees already incurred on earlier parts of this engagement with Deloitte approximate \$60,000). The source of funding for this project will be the Available University Fund.

The table below shows Deloitte's audit and non-audit services fees for three fiscal years (FY).

| | Financial Audit Services | Non-audit Services |
|-------------------|--------------------------|--------------------|
| FY 2014 (to date) | \$2,493,169 | \$1,989,819 (1) |
| FY 2013 | \$2,089,000 | \$1,815,748 |
| FY 2012 | \$1,792,275 | \$1,324,646 |

(1) Amount does not include proposed projects above



TABLE OF CONTENTS FOR FINANCE AND PLANNING COMMITTEE

Committee Meeting: 8/20/2014

Board Meeting: 8/21/2014
Austin, Texas

Jeffery D. Hildebrand, Chairman
Alex M. Cranberg
Wallace L. Hall, Jr.
Brenda Pejovich
Wm. Eugene Powell

| | Committee Meeting | Board Meeting | Page |
|--|---|----------------------|-------------|
| Convene | <i>10:00 a.m.</i> <i>Chairman Hildebrand</i> | | |
| 1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration | <i>10:00 a.m.</i> Action | Action | 139 |
| 2. U. T. System: Key Financial Indicators Report and Monthly Financial Report | <i>10:02 a.m.</i> Report/Discussion <i>Dr. Kelley</i> | Not on Agenda | 140 |
| 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 May 31, 2014 | <i>10:17 a.m.</i> Report/Discussion <i>Mr. Zimmerman</i> | Report | 174 |
| 4. U. T. System Board of Regents: Approval of amendments to the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, the Long Term Fund, the Intermediate Term Fund, the Liquidity Policy, and the Derivative Investment Policy | <i>10:27 a.m.</i> Action <i>Dr. Kelley</i> | Action | 180 |
| 5. U. T. System Board of Regents: Approval of the Annual Budget for FY 2015, including the capital expenditures budget and other external direct charges to the Funds, and the Annual Fee and Allocation Schedule for The University of Texas Investment Management Company (UTIMCO) | <i>10:42 a.m.</i> Action <i>Dr. Kelley</i> | Action | 203 |
| 6. U. T. System Board of Regents: Adoption of a Resolution authorizing the issuance, sale, and delivery of Permanent University Fund Bonds and authorization to complete all related transactions | <i>10:52 a.m.</i> Action <i>Mr. Hull</i> | Action | 218 |

| | Committee Meeting | Board Meeting | Page |
|---|--|----------------------|-------------|
| 7. U. T. System Board of Regents: Adoption of a Supplemental Resolution authorizing the issuance, sale, and delivery of Revenue Financing System Bonds and authorization to complete all related transactions | 10:54 a.m. Action <i>Mr. Hull</i> | Action | 220 |
| 8. U. T. System Board of Regents: Adoption of resolutions authorizing certain bond enhancement agreements for Revenue Financing System debt and Permanent University Fund debt, including ratification of U. T. System Interest Rate Swap Policy | 10:56 a.m. Action <i>Mr. Hull</i> | Action | 222 |
| 9. U. T. System Board of Regents: Approval of aggregate amount of \$171,570,000 of equipment financing for Fiscal Year 2015 and resolution regarding parity debt | 10:58 a.m. Action <i>Mr. Hull</i> | Action | 246 |
| Adjourn | 11:00 a.m. | | |

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda is located at the back of the book.

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

INTRODUCTION

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will discuss the Key Financial Indicators Report, as set forth on [Pages 141 - 148](#) and the June Monthly Financial Report on [Pages 149 - 174](#). The reports represent the consolidated and individual operating detail of the U. T. System institutions.

REPORT

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 2010 through May 2014. Ratios requiring balance sheet data are provided for Fiscal Year 2009 through Fiscal Year 2013.


















THE UNIVERSITY OF TEXAS SYSTEM



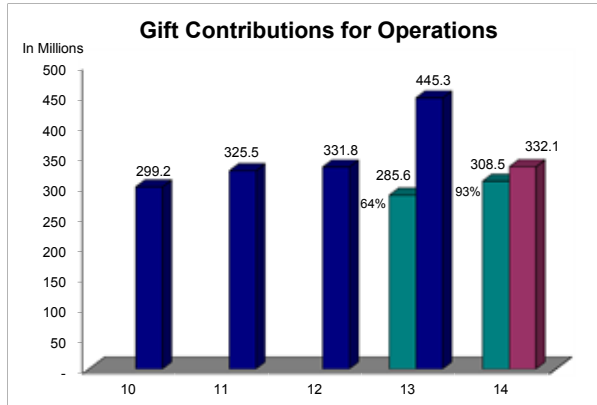
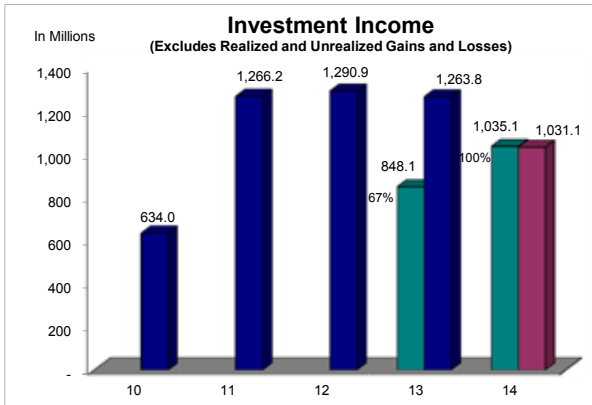
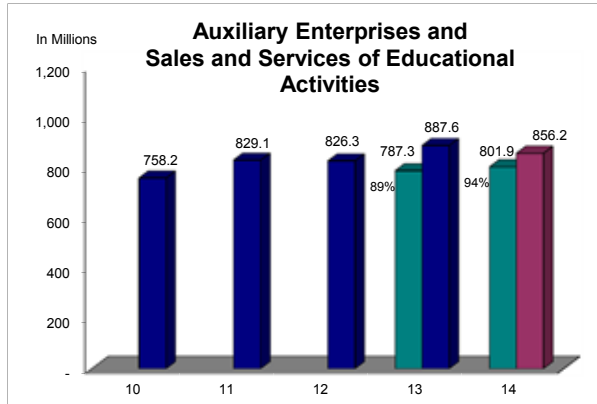
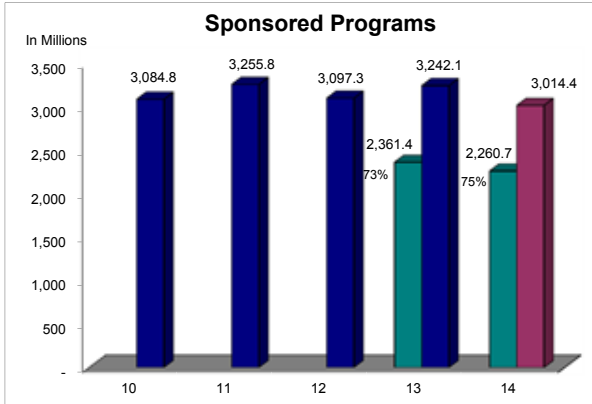
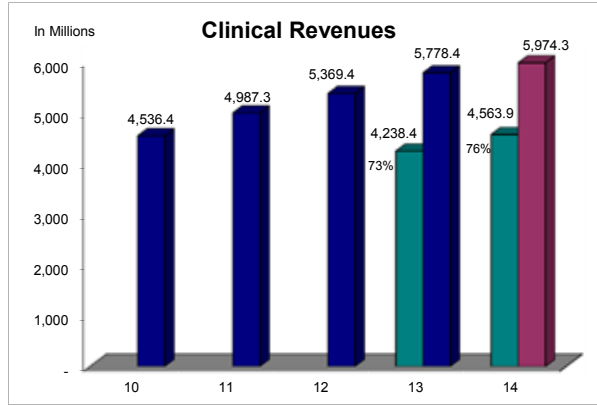
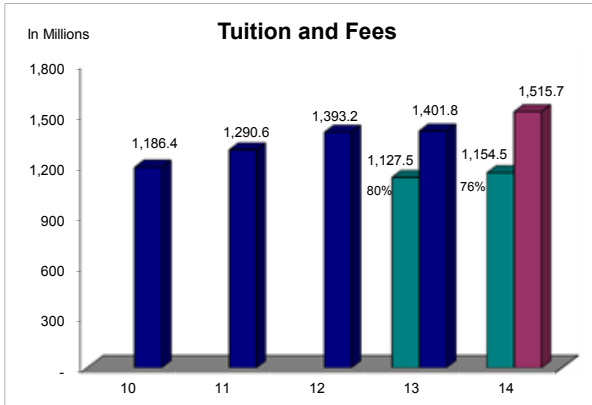
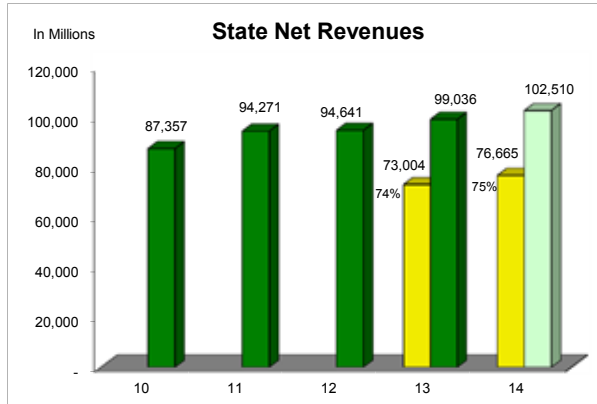
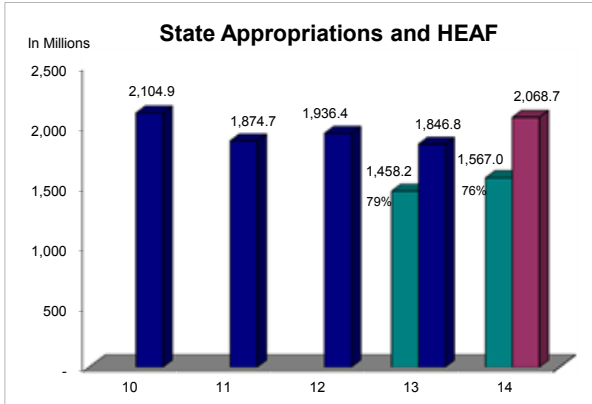
KEY FINANCIAL INDICATORS REPORT

3RD QUARTER FY 2014

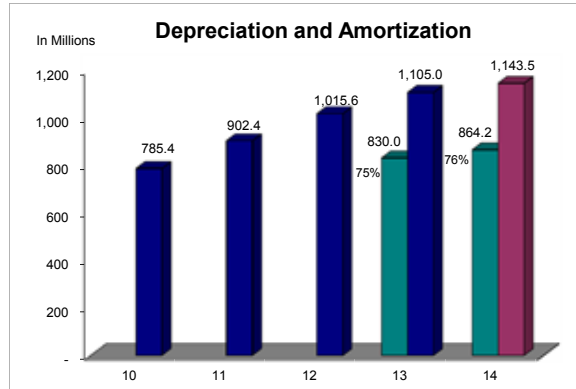
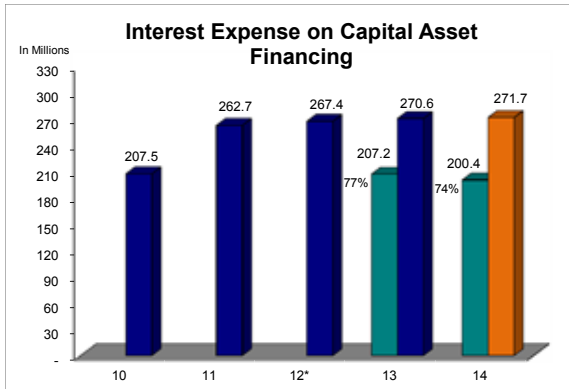
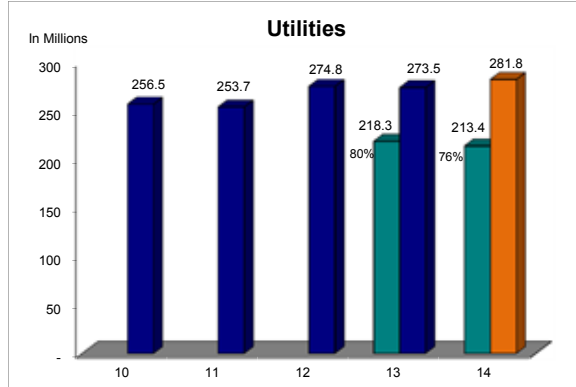
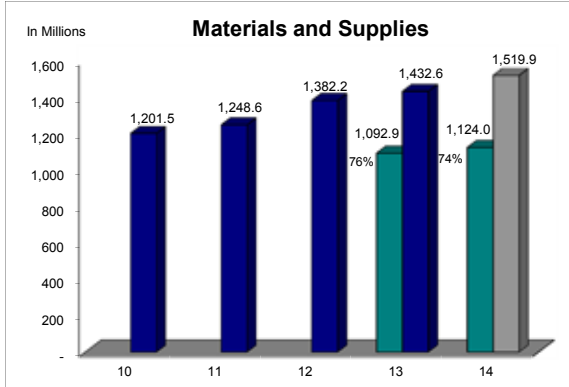
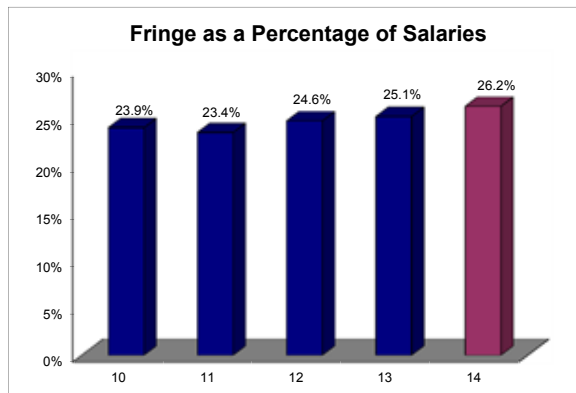
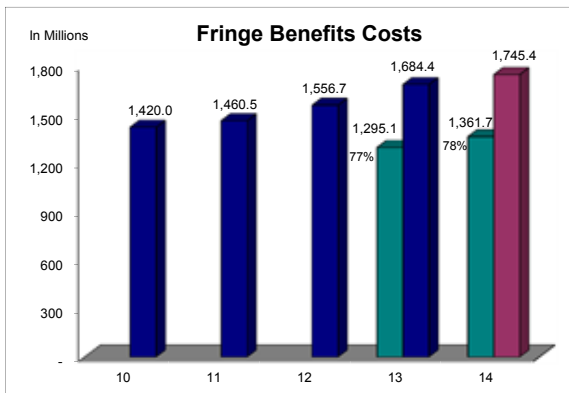
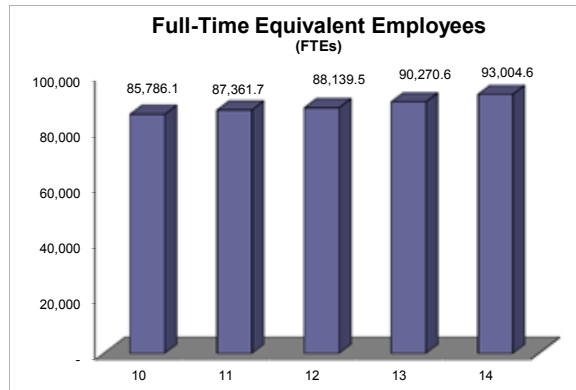
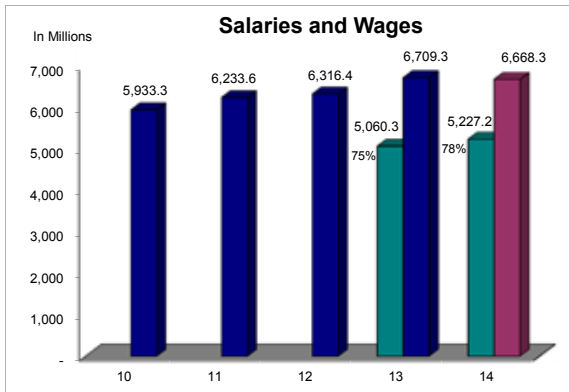
KEY

-  **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 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 2010 THROUGH 2013
PROJECTED 2014
YEAR-TO-DATE 2013 AND 2014 FROM MAY MONTHLY FINANCIAL REPORT**

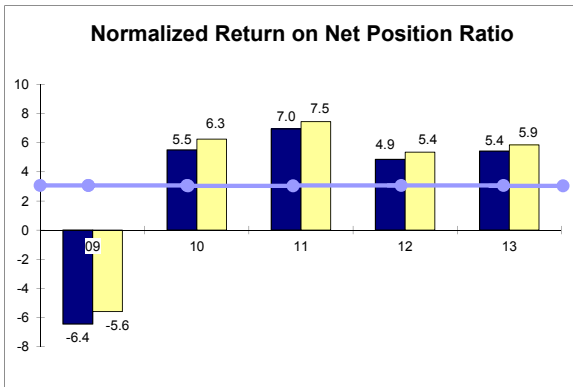
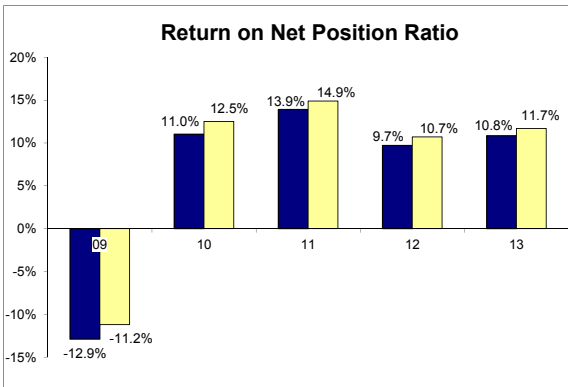
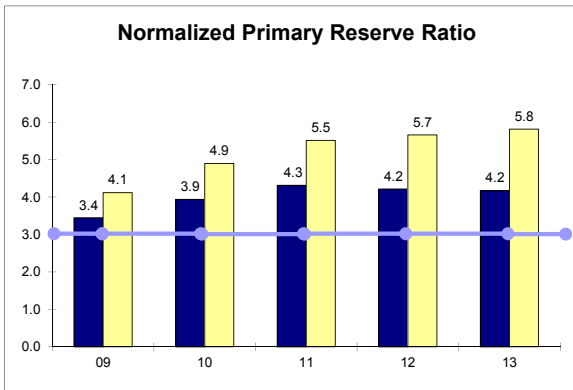
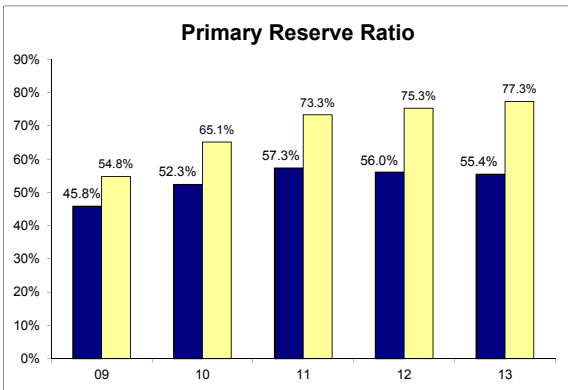
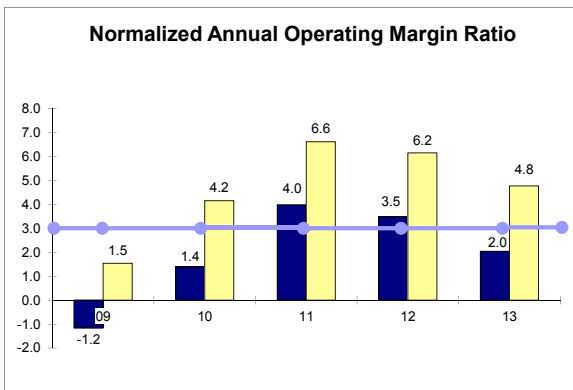
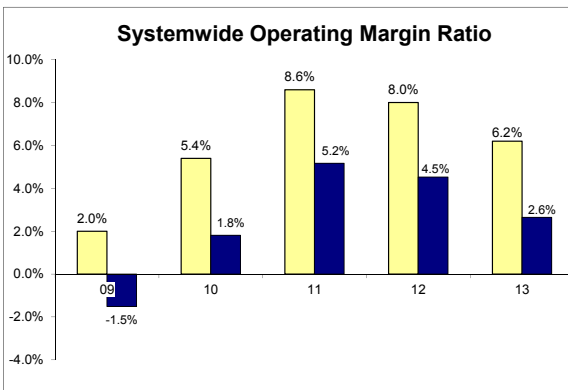
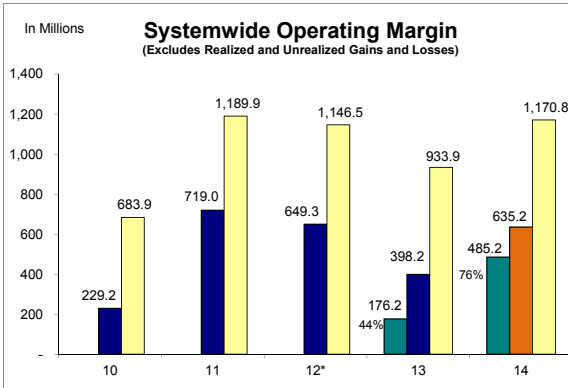


KEY INDICATORS OF EXPENSES
ACTUAL 2010 THROUGH 2013
PROJECTED 2014
YEAR-TO-DATE 2013 AND 2014 FROM MAY MONTHLY FINANCIAL REPORT



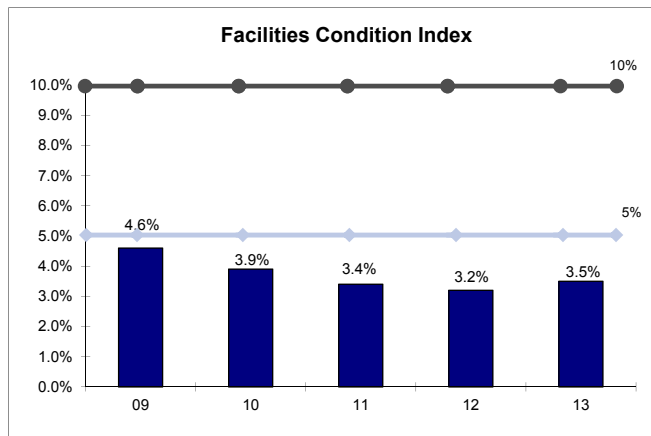
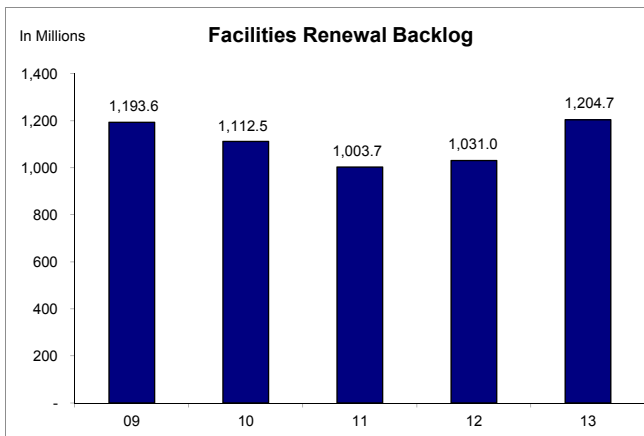
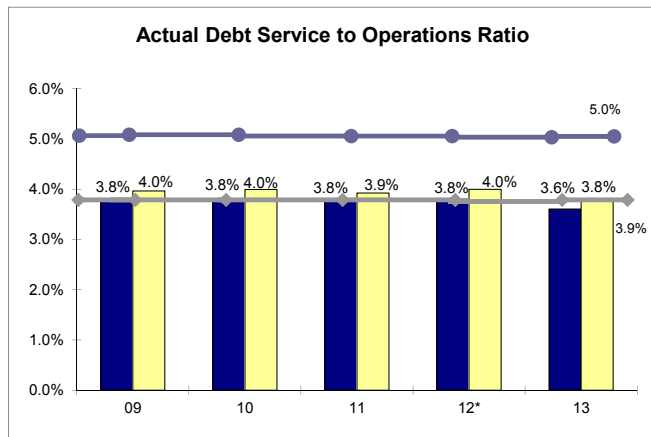
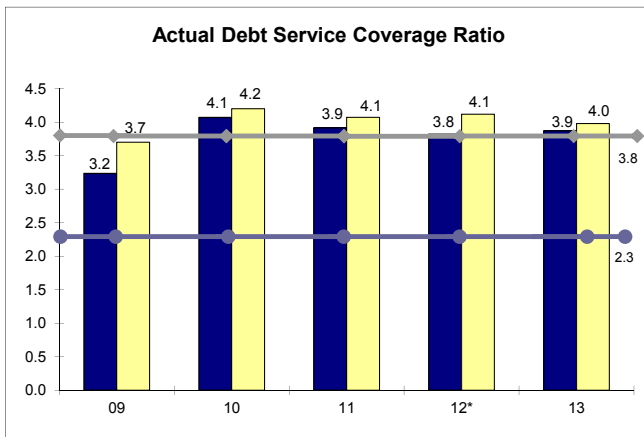
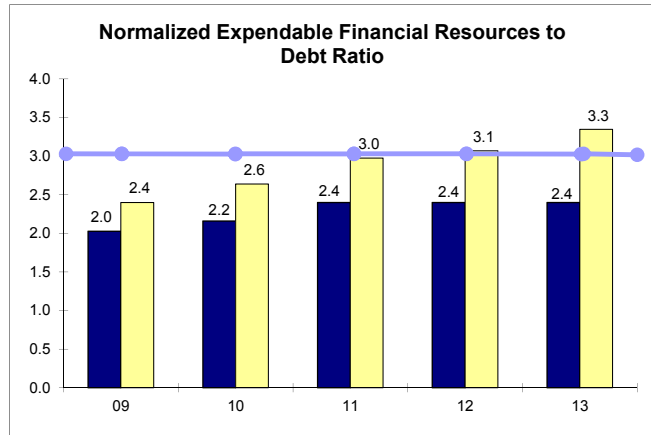
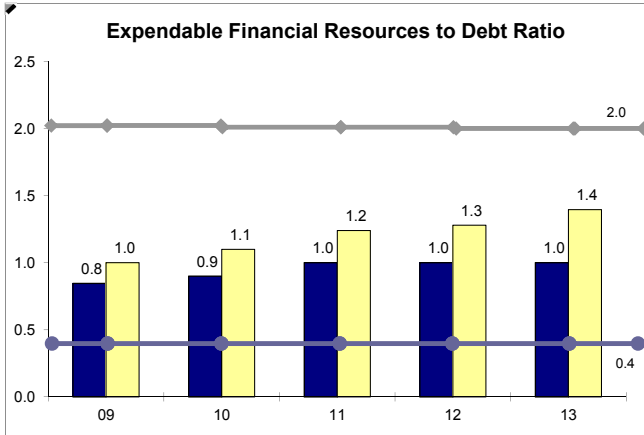
*Restated from prior year reports.

KEY INDICATORS OF RESERVES
ACTUAL 2009 THROUGH 2013
PROJECTED 2014
YEAR-TO-DATE 2013 AND 2014 FROM MAY MONTHLY FINANCIAL REPORT



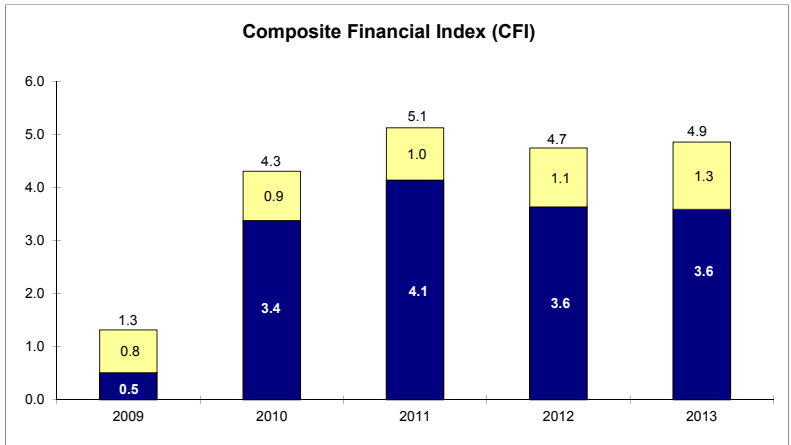
*Restated from prior year reports.

KEY INDICATORS OF CAPITAL NEEDS AND CAPACITY 2009 THROUGH 2013

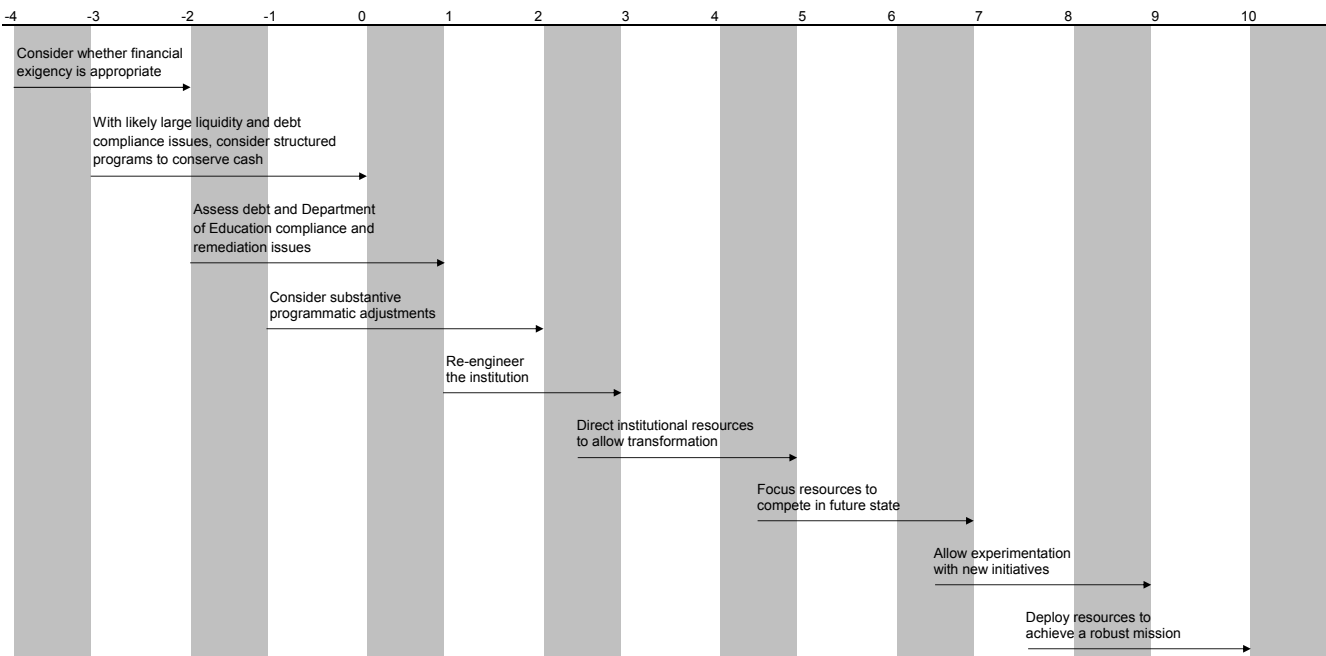


*Restated from prior year reports.

**KEY INDICATORS OF FINANCIAL HEALTH
2009 THROUGH 2013**

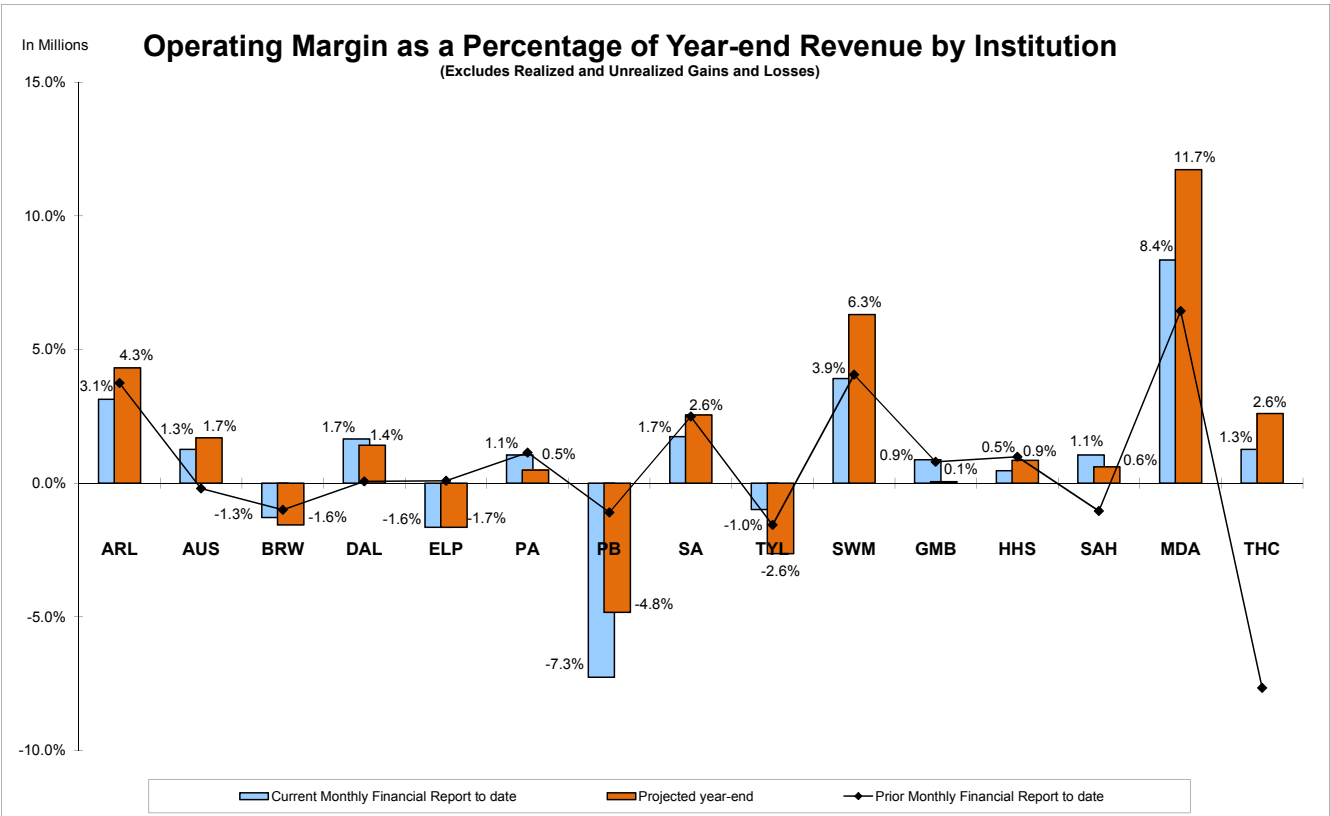
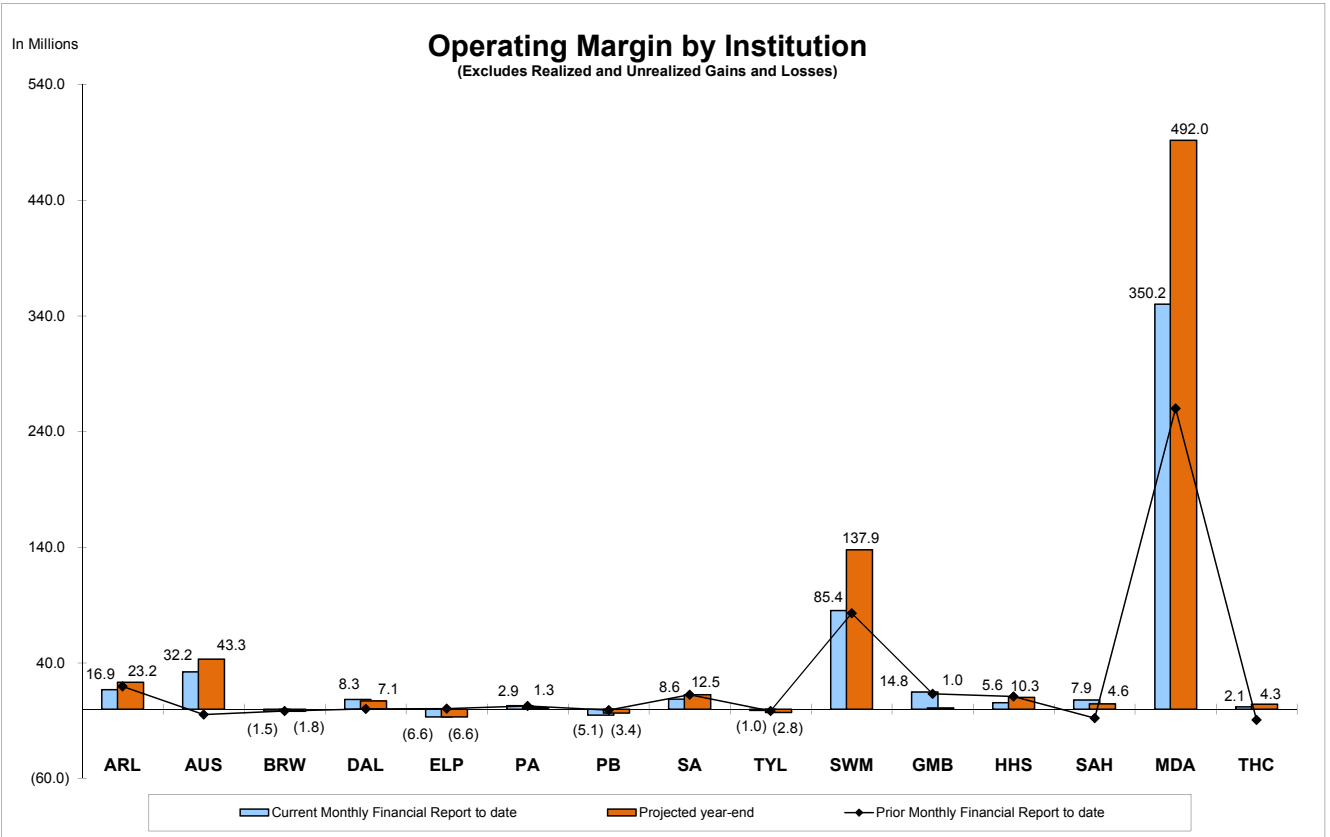


Scale for Charting CFI Performance



Source: Strategic Financial Analysis for Higher Education, Seventh Edition

KEY INDICATORS OF RESERVES YEAR-TO-DATE 2013 AND 2014 FROM MAY MONTHLY FINANCIAL REPORT PROJECTED 2014 YEAR-END MARGIN



THE UNIVERSITY OF TEXAS SYSTEM
OFFICE OF THE CONTROLLER

MONTHLY FINANCIAL REPORT
(unaudited)

JUNE 2014



201 Seventh Street, ASH 5th Floor
Austin, Texas 78701
512.499.4527
www.utsystem.edu/cont

**THE UNIVERSITY OF TEXAS SYSTEM
MONTHLY FINANCIAL REPORT
(Unaudited)
FOR THE TEN MONTHS ENDING
June 30, 2014**

**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 Consolidated
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2014

| | June Year-to-Date FY 2014 | June Year-to-Date FY 2013 | Variance | Fluctuation Percentage |
|---|---------------------------------|---------------------------------|-------------------------|---------------------------|
| Operating Revenues | | | | |
| Net Student Tuition | 1,276,148,948.12 | 1,244,827,530.66 | 31,321,417.46 | 2.5% |
| Sponsored Programs | 2,280,896,504.78 | 2,271,456,603.44 | 9,439,901.34 | 0.4% |
| Net Sales and Services of Educational Activities | 446,840,775.85 | 443,369,866.18 | 3,470,909.67 | 0.8% |
| Net Sales and Services of Hospitals | 3,933,441,354.54 | 3,641,662,524.28 | 291,778,830.26 | 8.0% |
| Net Professional Fees | 1,148,942,471.28 | 1,072,174,048.03 | 76,768,423.25 | 7.2% |
| Net Auxiliary Enterprises | 425,230,676.85 | 415,029,550.99 | 10,201,125.86 | 2.5% |
| Other Operating Revenues | 272,247,950.78 | 223,205,464.18 | 49,042,486.60 | 22.0% |
| Total Operating Revenues | 9,783,748,682.20 | 9,311,725,587.76 | 472,023,094.44 | 5.1% |
| Operating Expenses | | | | |
| Salaries and Wages | 5,803,765,365.63 | 5,613,266,202.23 | 190,499,163.40 | 3.4% |
| Payroll Related Costs | 1,509,943,227.61 | 1,436,538,794.12 | 73,404,433.49 | 5.1% |
| Cost of Goods Sold | 93,952,208.80 | 93,764,695.86 | 187,512.94 | 0.2% |
| Professional Fees and Services | 308,274,067.63 | 333,435,110.19 | (25,161,042.56) | -7.5% |
| Other Contracted Services | 591,370,082.85 | 519,752,267.58 | 71,617,815.27 | 13.8% |
| Travel | 111,500,278.41 | 116,559,686.29 | (5,059,407.88) | -4.3% |
| Materials and Supplies | 1,251,242,386.23 | 1,215,344,758.25 | 35,897,627.98 | 3.0% |
| Utilities | 239,468,757.22 | 248,277,167.66 | (8,808,410.44) | -3.5% |
| Communications | 105,758,650.82 | 103,473,451.63 | 2,285,199.19 | 2.2% |
| Repairs and Maintenance | 213,359,206.16 | 208,440,281.03 | 4,918,925.13 | 2.4% |
| Rentals and Leases | 124,010,267.87 | 111,889,928.99 | 12,120,338.88 | 10.8% |
| Printing and Reproduction | 27,285,473.72 | 27,444,430.99 | (158,957.27) | -0.6% |
| Bad Debt Expense | 1,942,726.64 | 561,034.16 | 1,381,692.48 | 246.3% |
| Claims and Losses | 32,113,481.69 | 8,823,827.84 | 23,289,653.85 | 263.9% |
| Increase in Net OPEB Obligation | 446,342,572.50 | 414,345,462.50 | 31,997,110.00 | 7.7% |
| Scholarships and Fellowships | 343,566,573.02 | 387,347,351.62 | (43,780,778.60) | -11.3% |
| Depreciation and Amortization | 956,991,456.04 | 921,905,201.56 | 35,086,254.48 | 3.8% |
| Federal Sponsored Program Pass-Through to Other State Agencies | 32,037,580.38 | 18,439,187.38 | 13,598,393.00 | 73.7% |
| State Sponsored Program Pass-Through to Other State Agencies | 4,300,100.62 | 1,742,501.60 | 2,557,599.02 | 146.8% |
| Other Operating Expenses | 311,562,759.96 | 296,230,347.74 | 15,332,412.22 | 5.2% |
| Total Operating Expenses | 12,508,787,223.80 | 12,077,581,689.22 | 431,205,534.58 | 3.6% |
| Operating Loss | (2,725,038,541.60) | (2,765,856,101.46) | 40,817,559.86 | 1.5% |
| Other Nonoperating Adjustments | | | | |
| State Appropriations | 1,734,858,273.76 | 1,615,776,304.05 | 119,081,969.71 | 7.4% |
| Nonexchange Sponsored Programs | 239,715,406.92 | 327,229,910.00 | (87,514,503.08) | -26.7% |
| Gift Contributions for Operations | 344,344,527.40 | 357,498,672.82 | (13,154,145.42) | -3.7% |
| Net Investment Income | 1,192,731,111.09 | 946,829,536.12 | 245,901,574.97 | 26.0% |
| Interest Expense on Capital Asset Financings | (220,664,299.46) | (229,095,527.89) | 8,431,228.43 | 3.7% |
| Net Other Nonoperating Adjustments | 3,290,985,019.71 | 3,018,238,895.10 | 272,746,124.61 | 9.0% |
| Adjusted Income (Loss) including Depreciation & Amortization | 565,946,478.11 | 252,382,793.64 | 313,563,684.47 | 124.2% |
| Adjusted Margin % including Depreciation & Amortization | 4.3% | 2.0% | | |
| Investment Gain (Losses) | 3,764,688,807.34 | 1,322,978,616.43 | 2,441,710,190.91 | 184.6% |
| Adj. Inc. (Loss) with Investment Gains (Losses) | 4,330,635,285.45 | 1,575,361,410.07 | 2,755,273,875.38 | 174.9% |
| Adj. Margin % with Investment Gains (Losses) | 25.4% | 11.3% | | |
| Adjusted Income (Loss) excluding Depreciation & Amortization | 1,522,937,934.15 | 1,174,287,995.20 | 348,649,938.95 | 29.7% |
| Adjusted Margin % excluding Depreciation & Amortization | 11.5% | 9.4% | | |

The University of Texas System
Comparison of Adjusted Income (Loss)
For the Ten Months Ending June 30, 2014

| | Including Depreciation and Amortization Expense | | | |
|--|--|----------------------------|----------------------------|---------------------------|
| | June | June | Variance | Fluctuation Percentage |
| | Year-to-Date FY 2014 | Year-to-Date FY 2013 | | |
| U. T. System Administration | \$ 170,167,657.13 | \$ 2,885,942.34 | 167,281,714.79 (1) | 5,796.4% |
| U. T. Arlington | 17,525,961.58 | 21,296,153.95 | (3,770,192.37) | -17.7% |
| U. T. Austin | 29,064,895.15 | (19,363,206.19) | 48,428,101.34 (2) | 250.1% |
| U. T. Brownsville | (1,750,004.94) (3) | (1,214,512.16) | (535,492.78) | -44.1% |
| U. T. Dallas | 9,674,102.56 | 2,511,318.89 | 7,162,783.67 (4) | 285.2% |
| U. T. El Paso | (7,540,492.84) | 717,710.47 | (8,258,203.31) (5) | -1,150.6% |
| U. T. Pan American | 1,936,370.45 | 3,978,154.48 | (2,041,784.03) (6) | -51.3% |
| U. T. Permian Basin | (4,098,885.32) | (497,969.40) | (3,600,915.92) (7) | -723.1% |
| U. T. San Antonio | 11,370,289.14 | 13,793,491.47 | (2,423,202.33) | -17.6% |
| U. T. Tyler | (1,883,686.66) (8) | (2,371,044.71) | 487,358.05 | 20.6% |
| U. T. Southwestern Medical Center | 99,920,390.60 | 92,344,472.70 | 7,575,917.90 | 8.2% |
| U. T. Medical Branch - Galveston | 17,661,025.84 | 6,982,686.64 | 10,678,339.20 (9) | 152.9% |
| U. T. Health Science Center - Houston | 14,122,504.17 | 7,502,492.70 | 6,620,011.47 (10) | 88.2% |
| U. T. Health Science Center - San Antonio | 18,659,193.38 | (8,804,799.71) | 27,463,993.09 (11) | 311.9% |
| U. T. M. D. Anderson Cancer Center | 389,778,256.21 | 319,258,666.70 | 70,519,589.51 (12) | 22.1% |
| U. T. Health Science Center - Tyler | (1,326,661.67) | (11,972,597.86) | 10,645,936.19 (13) | 88.9% |
| Elimination of AUF Transfer | (197,334,436.67) | (174,664,166.67) | (22,670,270.00) | -13.0% |
| Total Adjusted Income (Loss) | 565,946,478.11 | 252,382,793.64 | 313,563,684.47 | 124.2% |
| Investment Gains (Losses) | 3,764,688,807.34 | 1,322,978,616.43 | 2,441,710,190.91 | 184.6% |
| Total Adjusted Income (Loss) with Investment Gains (Losses) Including Depreciation and Amortization | \$ 4,330,635,285.45 | \$ 1,575,361,410.07 | \$ 2,755,273,875.38 | 174.9% |

| | Excluding Depreciation and Amortization Expense | | | |
|---|--|----------------------------|--------------------------|---------------------------|
| | June | June | Variance | Fluctuation Percentage |
| | Year-to-Date FY 2014 | Year-to-Date FY 2013 | | |
| U. T. System Administration | \$ 175,514,283.61 | \$ 9,046,197.35 | 166,468,086.26 | 1,840.2% |
| U. T. Arlington | 54,695,979.28 | 52,164,311.66 | 2,531,667.62 | 4.9% |
| U. T. Austin | 280,731,561.82 | 240,636,793.81 | 40,094,768.01 | 16.7% |
| U. T. Brownsville | 5,293,694.12 | 5,539,232.14 | (245,538.02) | -4.4% |
| U. T. Dallas | 53,374,210.66 | 37,004,180.59 | 16,370,030.07 | 44.2% |
| U. T. El Paso | 15,930,769.61 | 22,575,858.37 | (6,645,088.76) | -29.4% |
| U. T. Pan American | 15,166,372.24 | 16,379,566.39 | (1,213,194.15) | -7.4% |
| U. T. Permian Basin | 6,692,781.35 | 9,252,030.60 | (2,559,249.25) | -27.7% |
| U. T. San Antonio | 49,965,959.23 | 49,316,324.33 | 649,634.90 | 1.3% |
| U. T. Tyler | 7,657,945.27 | 6,862,589.44 | 795,355.83 | 11.6% |
| U. T. Southwestern Medical Center | 197,488,059.87 | 183,846,715.69 | 13,641,344.18 | 7.4% |
| U. T. Medical Branch - Galveston | 104,347,237.60 | 86,740,373.01 | 17,606,864.59 | 20.3% |
| U. T. Health Science Center - Houston | 61,974,953.98 | 54,587,418.41 | 7,387,535.57 | 13.5% |
| U. T. Health Science Center - San Antonio | 60,325,860.05 | 32,028,533.62 | 28,297,326.43 | 88.4% |
| U. T. M. D. Anderson Cancer Center | 624,096,547.27 | 547,392,048.31 | 76,704,498.96 | 14.0% |
| U. T. Health Science Center - Tyler | 7,016,154.86 | (4,420,011.85) | 11,436,166.71 | 258.7% |
| Elimination of AUF Transfer | (197,334,436.67) | (174,664,166.67) | (22,670,270.00) | -13.0% |
| Total Adjusted Income (Loss) | 1,522,937,934.15 | 1,174,287,995.20 | 348,649,938.95 | 29.7% |
| Total Adjusted Income (Loss) Excluding Depreciation and Amortization | \$ 1,522,937,934.15 | \$ 1,174,287,995.20 | \$ 348,649,938.95 | 29.7% |

THE UNIVERSITY OF TEXAS SYSTEM
EXPLANATION OF VARIANCES ON THE MONTHLY FINANCIAL REPORT
For the Ten Months Ending June 30, 2014

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 and/or a projected year-to-date loss.

- (1) U. T. System Administration - The \$167.3 million (5,796.4%) increase in adjusted income over the same period last year was primarily due to increases in oil and gas royalties, which are a component of net investment income. Also contributing to the variance were increases in sponsored program revenue received for the 2014-2015 biennium for the Joint Admission Medical Program. Excluding depreciation and amortization expense, *U. T. System Administration's* adjusted income was \$175.5 million or 21.7%.
- (2) U. T. Austin - The \$48.4 million (250.1%) increase in adjusted income over the same period last year was primarily attributable to an increase in the Available University Fund Transfer as a result of the Board of Regents allocation for the new Dell Medical School. State appropriations also increased as a result of increased general revenue funds for operations support. Excluding depreciation and amortization expense, *U. T. Austin's* adjusted income was \$280.7 million or 12.8%.
- (3) U. T. Brownsville - *U. T. Brownsville* incurred a year-to-date loss of \$1.8 million which was primarily attributable to negotiated expenses related to the termination of the partnership with Texas Southmost College (TSC). Excluding depreciation and amortization expense, *U. T. Brownsville's* adjusted income was \$5.3 million or 5.6%. *U. T. Brownsville* anticipates ending the year with a \$2.0 million loss which represents -1.7% of projected revenues and includes \$8.5 million of depreciation and amortization expense.
- (4) U. T. Dallas - The \$7.2 million (285.2%) increase in adjusted income over the same period last year was primarily attributable to an increase in state appropriations due to enrollment growth and employee group insurance and an increase in gifts for operations. Excluding depreciation and amortization expense, *U. T. Dallas'* adjusted income was \$53.4 million or 12.5%.
- (5) U. T. El Paso - The \$8.3 million (1,150.6%) increase in adjusted loss as compared to adjusted income for the same period last year was primarily attributable to increased depreciation and amortization expense due to growth of buildings and research infrastructure, and due to an increase in tuition exemption scholarship expense, primarily related to the Hazelwood and Hazelwood Legacy programs. Net auxiliary enterprises also decreased due to decreased special events and athletics revenue. As a result, *U. T. El Paso* incurred a year-to-date loss of \$7.5 million. Excluding depreciation and amortization expense, *U. T. El Paso's* adjusted income was \$15.9 million or 5.2%. *U. T. El Paso* anticipates ending the year with an \$8.1 million loss, which represents -2.0% of projected revenues and includes \$28.4 million of depreciation and amortization expense.
- (6) U. T. Pan American - The \$2.0 million (51.3%) decrease in adjusted income over the same period last year was primarily due to increases in salaries and wages and payroll related costs as a result of merit increases and an increase in retiree insurance payments. Excluding depreciation and amortization expense, *U. T. Pan American's* adjusted income was \$15.2 million or 7.2%.
- (7) U. T. Permian Basin - The \$3.6 million (723.1%) increase in adjusted loss over the same period last year was primarily due to increases in salaries and wages, payroll related costs, and depreciation and amortization expense. Salaries and wages and payroll related costs increased as a result of merit increases and additional adjunct faculty to support enrollment growth. Depreciation and amortization increased due to the addition of Student Housing Phase V in August 2013. As a result, *U. T. Permian Basin* incurred a year-to-date loss of \$4.1 million. Excluding depreciation and amortization expense, *U. T. Permian Basin's* adjusted income was \$6.7 million or 12.1%. *U. T. Permian Basin* anticipates ending the year with a \$3.3 million loss which represents -4.9% of projected revenues and includes \$13.0 million of depreciation and amortization expense.
- (8) U. T. Tyler - *U. T. Tyler* incurred a year-to-date loss of \$1.9 million which was primarily attributable to increases in salaries and wages and payroll related costs due to Innovation Academy, as well as an overall increase in faculty and staff. Excluding depreciation and amortization expense, *U. T. Tyler's* adjusted income was \$7.7 million or 8.6%. *U. T. Tyler* anticipates ending the year with a \$1.1 million loss, which represents -1.1% of projected revenues and includes \$11.7 million of depreciation and amortization expense. The projected loss is the result of an increase in personnel and renovation projects across the campus. *U. T. Tyler's* use of prior year balances was approved by *U. T. System Administration* for 2014 for one-time nonrecurring expenses.
- (9) U. T. Medical Branch - Galveston - The \$10.7 million (152.9%) 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 admissions and clinic visits. Additionally, there was an increase of \$2.0 million in net Delivery System Reform Incentive Payment (DSRIP) activity. Excluding depreciation and amortization expense, *UTMB's* adjusted income was \$104.3 million or 7.5%.

- (10) U. T. Health Science Center - Houston - The \$6.6 million (88.2%) increase in adjusted income over the same period last year was primarily due to an increase in state appropriations, an increase of \$7.1 million in net DSRIP activity, and \$11.8 million of uncompensated care revenue; however, there are indirect costs also associated with these programs. Excluding depreciation and amortization expense, *UTHSC-Houston's* adjusted income was \$62.0 million or 6.2%.
- (11) U. T. Health Science Center - San Antonio - The \$27.5 million (311.9%) increase in adjusted income as compared to adjusted loss over the same period last year was primarily due to an increase of \$11.6 million in net DSRIP contract activity in South Texas, an increase in state appropriations of \$8.3 million, enhanced fee for service clinical revenues of \$2.5 million, an increase of \$3.4 million in gifts and other support for operations, and an increase in net investment income due to a \$2.3 million surrender of Vidacare stock associated with patent ventures. Excluding depreciation and amortization expense, *UTHSC-San Antonio's* adjusted income was \$60.3 million or 9.5%.
- (12) U. T. M. D. Anderson Cancer Center - The \$70.5 million (22.1%) increase in adjusted income over the same period last year was primarily attributable to an increase in net sales and services of hospitals as a result of increases in hospital admissions, patient and observation days, and outpatient visits. Excluding depreciation and amortization expense, *M. D. Anderson's* adjusted income was \$624.1 million or 18.0%.
- (13) U. T. Health Science Center - Tyler - The \$10.6 million (88.9%) decrease in adjusted loss as compared to adjusted loss for the same period last year was primarily attributable to \$16.2 million of DSRIP revenue while expenses associated with that revenue were only \$9.4 million. *UTHSC-Tyler* incurred a year-to-date loss of \$1.3 million as a result of the return of \$1.8 million of revenue from the uncompensated care component of the Medicaid Section 1115 Demonstration program. Without DSRIP, *UTHSC-Tyler's* year-to-date loss would have been \$8.1 million. Excluding depreciation and amortization expense, *UTHSC-Tyler* had adjusted income of \$7.0 million or 5.4%. *UTHSC-Tyler* anticipates ending the year with a \$2.6 million positive margin, which represents 1.6% of projected revenues and includes \$9.9 million of depreciation and amortization expense.

GLOSSARY OF TERMS

OPERATING REVENUES:

NET STUDENT TUITION - 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.) Other receipts for settlements, judgments and lawsuits are considered nonoperating revenues.

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. Includes salary augmentation and incentive compensation.

PAYROLL RELATED COSTS - Expenses for all employee benefits paid by the institution or paid by the state on behalf of the institution. Includes supplemental retirement annuities.

COST OF GOODS SOLD - Purchases of goods for resale and raw materials purchased for use in the manufacture of products intended for sale to others.

PROFESSIONAL FEES AND 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 Services. Includes such items as temporary employment expenses, janitorial services, dry cleaning services, etc.

TRAVEL - Payments for travel costs incurred by employees and board members for meetings and training.

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, and thermal energy.

COMMUNICATIONS - 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, and waste disposal. 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, judgments and lawsuits are considered nonoperating expenses.

INCREASE IN NET OPEB OBLIGATION - The change in the actuarially estimated liability of the cost of providing healthcare benefits to UT System's employees after they separate from employment (retire).

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

FEDERAL SPONSORED PROGRAM PASS-THROUGHS TO OTHER STATE AGENCIES - Pass-throughs to other Texas state agencies, including other universities, of federal grants and contracts.

STATE SPONSORED PROGRAM PASS-THROUGHS TO OTHER STATE AGENCIES - 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.). Other claims for settlements, judgments and lawsuits are considered nonoperating expenses.

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 - Funding received for the Federal Pell Grant Program, the portion of "state appropriations" funded by the American Recovery and Reinvestment Act, Texas Research Incentive Program (TRIP) and Enrollment Growth funding.

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 cannot be used to support current operations. Endowment gifts must be held in perpetuity and cannot 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 and Amortization - Total operating revenues less total operating expenses including depreciation and amortization expense plus net other nonoperating adjustments.

ADJUSTED MARGIN % including Depreciation and Amortization - Percentage of Adjusted Income (Loss) including depreciation and amortization 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 and Amortization - Total operating revenues less total operating expenses excluding depreciation and amortization expense plus net other nonoperating adjustments.

ADJUSTED MARGIN % excluding Depreciation and Amortization - Percentage of Adjusted Income (Loss) excluding depreciation and amortization expense divided by Total Operating Revenues plus Net Nonoperating Adjustments less Interest Expense on Capital Asset Financings.

UNAUDITED

The University of Texas System Administration
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2014

| | June Year-to-Date FY 2014 | June Year-to-Date FY 2013 | Variance | Fluctuation Percentage |
|---|---------------------------------|---------------------------------|---------------------------|---------------------------|
| Operating Revenues | | | | |
| Sponsored Programs | 18,535,996.90 | 6,217,972.62 | 12,318,024.28 | 198.1% |
| Net Sales and Services of Educational Activities | 15,590,989.80 | 24,278,240.41 | (8,687,250.61) | -35.8% |
| Other Operating Revenues | 27,984,258.47 | 30,150,074.93 | (2,165,816.46) | -7.2% |
| Total Operating Revenues | 62,111,245.17 | 60,646,287.96 | 1,464,957.21 | 2.4% |
| Operating Expenses | | | | |
| Salaries and Wages | 34,041,884.40 | 31,129,258.25 | 2,912,626.15 | 9.4% |
| Payroll Related Costs | 8,734,024.05 | 7,978,069.91 | 755,954.14 | 9.5% |
| Professional Fees and Services | 3,598,815.02 | 9,086,656.61 | (5,487,841.59) | -60.4% |
| Other Contracted Services | 21,025,910.74 | 18,840,022.69 | 2,185,888.05 | 11.6% |
| Travel | 947,164.75 | 1,214,970.01 | (267,805.26) | -22.0% |
| Materials and Supplies | 6,387,025.66 | 6,046,079.45 | 340,946.21 | 5.6% |
| Utilities | 469,980.14 | 510,902.05 | (40,921.91) | -8.0% |
| Communications | 3,509,853.94 | 3,271,672.74 | 238,181.20 | 7.3% |
| Repairs and Maintenance | 4,139,205.38 | 2,706,159.95 | 1,433,045.43 | 53.0% |
| Rentals and Leases | 762,013.19 | 717,059.25 | 44,953.94 | 6.3% |
| Printing and Reproduction | 133,342.33 | 195,832.66 | (62,490.33) | -31.9% |
| Claims and Losses | 32,113,481.69 | 8,823,827.84 | 23,289,653.85 | 263.9% |
| Increase in Net OPEB Obligation | 446,342,572.50 | 414,345,462.50 | 31,997,110.00 | 7.7% |
| Scholarships and Fellowships | 887,200.00 | 778,350.00 | 108,850.00 | 14.0% |
| Depreciation and Amortization | 5,346,626.48 | 6,160,255.01 | (813,628.53) | -13.2% |
| State Sponsored Program Pass-Through to Other State Agencies | 1,833,098.30 | 1,704,809.98 | 128,288.32 | 7.5% |
| Other Operating Expenses | 19,050,526.16 | 13,119,969.21 | 5,930,556.95 | 45.2% |
| Total Operating Expenses | 589,322,724.73 | 526,629,358.11 | 62,693,366.62 | 11.9% |
| Operating Loss | (527,211,479.56) | (465,983,070.15) | (61,228,409.41) | -13.1% |
| Other Nonoperating Adjustments | | | | |
| State Appropriations | 10,328,536.93 | 1,288,305.02 | 9,040,231.91 | 701.7% |
| Nonexchange Sponsored Programs | 15,893,279.73 | 16,963,780.42 | (1,070,500.69) | -6.3% |
| Gift Contributions for Operations | 1,171,804.70 | 899,139.37 | 272,665.33 | 30.3% |
| Net Investment Income | 679,108,027.42 | 451,481,322.07 | 227,626,705.35 | 50.4% |
| Interest Expense on Capital Asset Financings | (49,627,407.92) | (51,020,758.49) | 1,393,350.57 | 2.7% |
| Net Other Nonoperating Adjustments | 656,874,240.86 | 419,611,788.39 | 237,262,452.47 | 56.5% |
| Adjusted Income (Loss) including Depreciation & Amortization | 129,662,761.30 | (46,371,281.76) | 176,034,043.06 | 379.6% |
| Adjusted Margin % including Depreciation & Amortization | 16.9% | -8.7% | | |
| Available University Fund Transfer | 40,504,895.83 | 49,257,224.10 | (8,752,328.27) | -17.8% |
| Adjusted Income (Loss) with AUF Transfer | 170,167,657.13 | 2,885,942.34 | 167,281,714.79 | 5,796.4% |
| Adjusted Margin % with AUF Transfer | 21.0% | 0.5% | | |
| Investment Gain (Losses) | 2,778,498,548.04 | 920,550,304.98 | 1,857,948,243.06 | 201.8% |
| Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses) | \$2,948,666,205.17 | \$923,436,247.32 | \$2,025,229,957.85 | 219.3% |
| Adj. Margin % with AUF Transfer & Invest. Gains (Losses) | 82.2% | 61.5% | | |
| Adjusted Income (Loss) with AUF Transfer excluding Depreciation & Amortization | 175,514,283.61 | 9,046,197.35 | 166,468,086.26 | 1,840.2% |
| Adjusted Margin % with AUF Transfer excluding Depreciation & Amortization | 21.7% | 1.6% | | |

UNAUDITED

The University of Texas at Arlington
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2014

| | June Year-to-Date FY 2014 | June Year-to-Date FY 2013 | Variance | Fluctuation Percentage |
|---|---------------------------------|---------------------------------|-----------------------|---------------------------|
| Operating Revenues | | | | |
| Net Student Tuition | 184,508,790.33 | 175,309,368.64 | 9,199,421.69 | 5.2% |
| Sponsored Programs | 60,034,473.47 | 59,805,483.02 | 228,990.45 | 0.4% |
| Net Sales and Services of Educational Activities | 16,479,618.69 | 14,872,869.96 | 1,606,748.73 | 10.8% |
| Net Auxiliary Enterprises | 29,594,575.67 | 29,991,738.77 | (397,163.10) | -1.3% |
| Other Operating Revenues | 4,387,543.92 | 9,983,455.84 | (5,595,911.92) | -56.1% |
| Total Operating Revenues | 295,005,002.08 | 289,962,916.23 | 5,042,085.85 | 1.7% |
| Operating Expenses | | | | |
| Salaries and Wages | 196,535,143.74 | 191,411,817.14 | 5,123,326.60 | 2.7% |
| Payroll Related Costs | 48,933,620.52 | 47,273,320.33 | 1,660,300.19 | 3.5% |
| Cost of Goods Sold | - | 2,690.66 | (2,690.66) | -100.0% |
| Professional Fees and Services | 6,079,935.22 | 7,144,884.12 | (1,064,948.90) | -14.9% |
| Other Contracted Services | 38,326,587.84 | 34,863,830.42 | 3,462,757.42 | 9.9% |
| Travel | 6,616,293.06 | 6,172,676.98 | 443,616.08 | 7.2% |
| Materials and Supplies | 19,410,214.12 | 21,941,623.63 | (2,531,409.51) | -11.5% |
| Utilities | 7,381,453.97 | 7,561,441.25 | (179,987.28) | -2.4% |
| Communications | 7,495,930.31 | 6,858,252.89 | 637,677.42 | 9.3% |
| Repairs and Maintenance | 10,455,746.32 | 13,090,338.43 | (2,634,592.11) | -20.1% |
| Rentals and Leases | 3,375,756.11 | 3,694,021.76 | (318,265.65) | -8.6% |
| Printing and Reproduction | 2,084,565.96 | 2,443,811.32 | (359,245.36) | -14.7% |
| Bad Debt Expense | 833,333.33 | 383,899.32 | 449,434.01 | 117.1% |
| Scholarships and Fellowships | 26,078,009.05 | 26,709,030.53 | (631,021.48) | -2.4% |
| Depreciation and Amortization | 37,170,017.70 | 30,868,157.71 | 6,301,859.99 | 20.4% |
| Federal Sponsored Program Pass-Through to Other State Agencies | 1,203,441.28 | 1,673,008.08 | (469,566.80) | -28.1% |
| State Sponsored Program Pass-Through to Other State Agencies | 54,186.99 | 37,691.62 | 16,495.37 | 43.8% |
| Other Operating Expenses | 8,035,394.91 | 8,168,350.49 | (132,955.58) | -1.6% |
| Total Operating Expenses | 420,069,630.43 | 410,298,846.68 | 9,770,783.75 | 2.4% |
| Operating Loss | (125,064,628.35) | (120,335,930.45) | (4,728,697.90) | -3.9% |
| Other Nonoperating Adjustments | | | | |
| State Appropriations | 98,536,152.50 | 95,331,994.17 | 3,204,158.33 | 3.4% |
| Nonexchange Sponsored Programs | 37,500,000.00 | 37,500,000.00 | - | - |
| Gift Contributions for Operations | 5,568,528.63 | 10,368,365.00 | (4,799,836.37) | -46.3% |
| Net Investment Income | 12,100,204.40 | 10,174,617.83 | 1,925,586.57 | 18.9% |
| Interest Expense on Capital Asset Financings | (11,114,295.60) | (11,742,892.60) | 628,597.00 | 5.4% |
| Net Other Nonoperating Adjustments | 142,590,589.93 | 141,632,084.40 | 958,505.53 | 0.7% |
| Adjusted Income (Loss) including Depreciation & Amortization | 17,525,961.58 | 21,296,153.95 | (3,770,192.37) | -17.7% |
| Adjusted Margin % including Depreciation & Amortization | 3.9% | 4.8% | | |
| Investment Gain (Losses) | 9,072,418.39 | 11,937,223.95 | (2,864,805.56) | -24.0% |
| Adj. Inc. (Loss) with Investment Gains (Losses) | 26,598,379.97 | 33,233,377.90 | (6,634,997.93) | -20.0% |
| Adj. Margin % with Investment Gains (Losses) | 5.8% | 7.3% | | |
| Adjusted Income (Loss) excluding Depreciation & Amortization | 54,695,979.28 | 52,164,311.66 | 2,531,667.62 | 4.9% |
| Adjusted Margin % excluding Depreciation & Amortization | 12.2% | 11.8% | | |

UNAUDITED

The University of Texas at Austin
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2014

| | June Year-to-Date FY 2014 | June Year-to-Date FY 2013 | Variance | Fluctuation Percentage |
|---|---------------------------------|---------------------------------|-------------------------|---------------------------|
| Operating Revenues | | | | |
| Net Student Tuition | 420,833,333.33 | 408,333,333.33 | 12,500,000.00 | 3.1% |
| Sponsored Programs | 446,665,604.89 | 447,379,553.50 | (713,948.61) | -0.2% |
| Net Sales and Services of Educational Activities | 316,654,109.79 | 304,359,616.30 | 12,294,493.49 | 4.0% |
| Net Auxiliary Enterprises | 229,378,555.82 | 230,534,875.46 | (1,156,319.64) | -0.5% |
| Other Operating Revenues | 5,365,251.12 | 7,321,408.88 | (1,956,157.76) | -26.7% |
| Total Operating Revenues | 1,418,896,854.95 | 1,397,928,787.47 | 20,968,067.48 | 1.5% |
| Operating Expenses | | | | |
| Salaries and Wages | 919,233,228.33 | 932,974,716.99 | (13,741,488.66) | -1.5% |
| Payroll Related Costs | 250,051,251.22 | 238,323,370.67 | 11,727,880.55 | 4.9% |
| Cost of Goods Sold | 20,511,571.50 | 19,947,302.97 | 564,268.53 | 2.8% |
| Professional Fees and Services | 30,561,893.12 | 30,174,652.63 | 387,240.49 | 1.3% |
| Other Contracted Services | 119,178,997.79 | 118,535,750.43 | 643,247.36 | 0.5% |
| Travel | 36,431,279.38 | 40,029,037.69 | (3,597,758.31) | -9.0% |
| Materials and Supplies | 97,124,063.63 | 107,572,499.33 | (10,448,435.70) | -9.7% |
| Utilities | 73,433,125.52 | 75,621,641.83 | (2,188,516.31) | -2.9% |
| Communications | 48,163,618.32 | 45,250,322.84 | 2,913,295.48 | 6.4% |
| Repairs and Maintenance | 41,705,710.21 | 41,087,721.42 | 617,988.79 | 1.5% |
| Rentals and Leases | 14,818,945.44 | 14,759,664.64 | 59,280.80 | 0.4% |
| Printing and Reproduction | 7,648,582.76 | 6,730,400.46 | 918,182.30 | 13.6% |
| Bad Debt Expense | 780,996.66 | (275.12) | 781,271.78 | 283,974.9% |
| Scholarships and Fellowships | 131,666,666.67 | 96,666,666.67 | 35,000,000.00 | 36.2% |
| Depreciation and Amortization | 251,666,666.67 | 260,000,000.00 | (8,333,333.33) | -3.2% |
| Federal Sponsored Program Pass-Through to Other State Agencies | 2,902,754.03 | 3,058,658.93 | (155,904.90) | -5.1% |
| Other Operating Expenses | 87,021,332.84 | 80,185,241.69 | 6,836,091.15 | 8.5% |
| Total Operating Expenses | 2,132,900,684.09 | 2,110,917,374.07 | 21,983,310.02 | 1.0% |
| Operating Loss | (714,003,829.14) | (712,988,586.60) | (1,015,242.54) | -0.1% |
| Other Nonoperating Adjustments | | | | |
| State Appropriations | 268,029,973.83 | 248,978,925.18 | 19,051,048.65 | 7.7% |
| Nonexchange Sponsored Programs | 39,166,666.67 | 46,921,518.39 | (7,754,851.72) | -16.5% |
| Gift Contributions for Operations | 103,098,333.72 | 99,642,833.40 | 3,455,500.32 | 3.5% |
| Net Investment Income | 175,140,763.50 | 163,887,313.67 | 11,253,449.83 | 6.9% |
| Interest Expense on Capital Asset Financings | (39,701,450.10) | (40,469,376.90) | 767,926.80 | 1.9% |
| Net Other Nonoperating Adjustments | 545,734,287.62 | 518,961,213.74 | 26,773,073.88 | 5.2% |
| Adjusted Income (Loss) including Depreciation & Amortization | (168,269,541.52) | (194,027,372.86) | 25,757,831.34 | 13.3% |
| Adjusted Margin % including Depreciation & Amortization | -8.4% | -9.9% | | |
| Available University Fund Transfer | 197,334,436.67 | 174,664,166.67 | 22,670,270.00 | 13.0% |
| Adjusted Income (Loss) with AUF Transfer | 29,064,895.15 | (19,363,206.19) | 48,428,101.34 | 250.1% |
| Adjusted Margin % with AUF Transfer | 1.3% | -0.9% | | |
| Investment Gain (Losses) | 333,465,853.63 | 132,157,873.03 | 201,307,980.60 | 152.3% |
| Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses) | \$362,530,748.78 | \$112,794,666.84 | \$249,736,081.94 | 221.4% |
| Adj. Margin % with AUF Transfer & Invest. Gains (Losses) | 14.3% | 5.0% | | |
| Adjusted Income (Loss) with AUF Transfer excluding Depreciation & Amortization | 280,731,561.82 | 240,636,793.81 | 40,094,768.01 | 16.7% |
| Adjusted Margin % with AUF Transfer excluding Depreciation & Amortization | 12.8% | 11.3% | | |

UNAUDITED

The University of Texas at Brownsville
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2014

| | June Year-to-Date FY 2014 | June Year-to-Date FY 2013 | Variance | Fluctuation Percentage |
|---|---------------------------------|---------------------------------|------------------------|---------------------------|
| Operating Revenues | | | | |
| Net Student Tuition | 24,693,581.48 | 30,920,500.45 | (6,226,918.97) | -20.1% |
| Sponsored Programs | 17,805,729.35 | 44,007,645.40 | (26,201,916.05) | -59.5% |
| Net Sales and Services of Educational Activities | 1,916,870.82 | 2,416,311.95 | (499,441.13) | -20.7% |
| Net Auxiliary Enterprises | 1,583,873.91 | 1,811,280.01 | (227,406.10) | -12.6% |
| Other Operating Revenues | 5,834.73 | 13,768.98 | (7,934.25) | -57.6% |
| Total Operating Revenues | 46,005,890.29 | 79,169,506.79 | (33,163,616.50) | -41.9% |
| Operating Expenses | | | | |
| Salaries and Wages | 40,304,325.40 | 56,045,025.73 | (15,740,700.33) | -28.1% |
| Payroll Related Costs | 11,689,644.88 | 15,590,444.22 | (3,900,799.34) | -25.0% |
| Professional Fees and Services | 1,614,310.50 | 1,160,252.01 | 454,058.49 | 39.1% |
| Other Contracted Services | 1,380,573.11 | 706,911.18 | 673,661.93 | 95.3% |
| Travel | 1,090,717.22 | 889,651.01 | 201,066.21 | 22.6% |
| Materials and Supplies | 2,983,257.75 | 1,985,730.79 | 997,526.96 | 50.2% |
| Utilities | 1,617,642.16 | 3,202,191.65 | (1,584,549.49) | -49.5% |
| Communications | 930,761.64 | 1,095,685.07 | (164,923.43) | -15.1% |
| Repairs and Maintenance | 2,258,537.67 | 1,637,990.07 | 620,547.60 | 37.9% |
| Rentals and Leases | 2,991,514.75 | 1,726,399.99 | 1,265,114.76 | 73.3% |
| Printing and Reproduction | 146,672.64 | 197,376.04 | (50,703.40) | -25.7% |
| Scholarships and Fellowships | 15,220,271.01 | 43,001,172.69 | (27,780,901.68) | -64.6% |
| Depreciation and Amortization | 7,043,699.06 | 6,753,744.30 | 289,954.76 | 4.3% |
| Federal Sponsored Program Pass-Through to Other State Agencies | 53,928.29 | 39,885.65 | 14,042.64 | 35.2% |
| Other Operating Expenses | 4,105,753.99 | 5,242,110.23 | (1,136,356.24) | -21.7% |
| Total Operating Expenses | 93,431,610.07 | 139,274,570.63 | (45,842,960.56) | -32.9% |
| Operating Loss | (47,425,719.78) | (60,105,063.84) | 12,679,344.06 | 21.1% |
| Other Nonoperating Adjustments | | | | |
| State Appropriations | 34,950,527.37 | 30,236,707.77 | 4,713,819.60 | 15.6% |
| Nonexchange Sponsored Programs | 11,456,127.86 | 29,217,173.96 | (17,761,046.10) | -60.8% |
| Gift Contributions for Operations | 267,224.45 | 538,194.80 | (270,970.35) | -50.3% |
| Net Investment Income | 1,199,909.33 | 1,239,838.55 | (39,929.22) | -3.2% |
| Interest Expense on Capital Asset Financings | (2,198,074.17) | (2,341,363.40) | 143,289.23 | 6.1% |
| Net Other Nonoperating Adjustments | 45,675,714.84 | 58,890,551.68 | (13,214,836.84) | -22.4% |
| Adjusted Income (Loss) including Depreciation & Amortization | (1,750,004.94) | (1,214,512.16) | (535,492.78) | -44.1% |
| Adjusted Margin % including Depreciation & Amortization | -1.9% | -0.9% | | |
| Investment Gain (Losses) | 3,300,313.09 | 756,180.95 | 2,544,132.14 | 336.4% |
| Adj. Inc. (Loss) with Investment Gains (Losses) | 1,550,308.15 | (458,331.21) | 2,008,639.36 | 438.3% |
| Adj. Margin % with Investment Gains (Losses) | 1.6% | -0.3% | | |
| Adjusted Income (Loss) excluding Depreciation & Amortization | 5,293,694.12 | 5,539,232.14 | (245,538.02) | -4.4% |
| Adjusted Margin % excluding Depreciation & Amortization | 5.6% | 3.9% | | |

UNAUDITED

The University of Texas at Dallas
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2014

| | June Year-to-Date FY 2014 | June Year-to-Date FY 2013 | Variance | Fluctuation Percentage |
|---|---------------------------------|---------------------------------|------------------------|---------------------------|
| Operating Revenues | | | | |
| Net Student Tuition | 197,113,303.89 | 171,454,753.59 | 25,658,550.30 | 15.0% |
| Sponsored Programs | 47,223,178.45 | 44,129,690.27 | 3,093,488.18 | 7.0% |
| Net Sales and Services of Educational Activities | 10,974,969.70 | 9,186,512.33 | 1,788,457.37 | 19.5% |
| Net Auxiliary Enterprises | 17,536,578.31 | 12,465,073.76 | 5,071,504.55 | 40.7% |
| Other Operating Revenues | 4,486,613.44 | 6,216,149.06 | (1,729,535.62) | -27.8% |
| Total Operating Revenues | 277,334,643.79 | 243,452,179.01 | 33,882,464.78 | 13.9% |
| Operating Expenses | | | | |
| Salaries and Wages | 204,296,676.29 | 188,130,132.82 | 16,166,543.47 | 8.6% |
| Payroll Related Costs | 47,034,323.35 | 42,684,861.73 | 4,349,461.62 | 10.2% |
| Professional Fees and Services | 10,102,049.73 | 9,279,297.50 | 822,752.23 | 8.9% |
| Other Contracted Services | 10,482,106.38 | 8,998,327.03 | 1,483,779.35 | 16.5% |
| Travel | 4,735,066.91 | 4,901,986.72 | (166,919.81) | -3.4% |
| Materials and Supplies | 20,500,488.31 | 19,211,459.85 | 1,289,028.46 | 6.7% |
| Utilities | 8,969,926.20 | 7,466,370.69 | 1,503,555.51 | 20.1% |
| Communications | 518,054.89 | 903,555.89 | (385,501.00) | -42.7% |
| Repairs and Maintenance | 3,494,968.17 | 3,352,701.70 | 142,266.47 | 4.2% |
| Rentals and Leases | 3,699,650.06 | 2,821,606.35 | 878,043.71 | 31.1% |
| Printing and Reproduction | 1,490,491.80 | 1,448,406.62 | 42,085.18 | 2.9% |
| Scholarships and Fellowships | 34,922,918.14 | 26,044,984.85 | 8,877,933.29 | 34.1% |
| Depreciation and Amortization | 43,700,108.10 | 34,492,861.70 | 9,207,246.40 | 26.7% |
| Federal Sponsored Program Pass-Through to Other State Agencies | 146,963.02 | 69,812.23 | 77,150.79 | 110.5% |
| Other Operating Expenses | 13,955,563.59 | 12,453,925.65 | 1,501,637.94 | 12.1% |
| Total Operating Expenses | 408,049,354.94 | 362,260,291.33 | 45,789,063.61 | 12.6% |
| Operating Loss | (130,714,711.15) | (118,808,112.32) | (11,906,598.83) | -10.0% |
| Other Nonoperating Adjustments | | | | |
| State Appropriations | 95,637,055.23 | 83,705,709.03 | 11,931,346.20 | 14.3% |
| Nonexchange Sponsored Programs | 23,739,191.92 | 25,364,465.34 | (1,625,273.42) | -6.4% |
| Gift Contributions for Operations | 14,930,394.07 | 8,187,374.77 | 6,743,019.30 | 82.4% |
| Net Investment Income | 16,148,743.09 | 14,506,116.87 | 1,642,626.22 | 11.3% |
| Interest Expense on Capital Asset Financings | (10,066,570.60) | (10,444,234.80) | 377,664.20 | 3.6% |
| Net Other Nonoperating Adjustments | 140,388,813.71 | 121,319,431.21 | 19,069,382.50 | 15.7% |
| Adjusted Income (Loss) including Depreciation & Amortization | 9,674,102.56 | 2,511,318.89 | 7,162,783.67 | 285.2% |
| Adjusted Margin % including Depreciation & Amortization | 2.3% | 0.7% | | |
| Investment Gain (Losses) | 30,036,629.49 | 13,496,990.12 | 16,539,639.37 | 122.5% |
| Adj. Inc. (Loss) with Investment Gains (Losses) | 39,710,732.05 | 16,008,309.01 | 23,702,423.04 | 148.1% |
| Adj. Margin % with Investment Gains (Losses) | 8.7% | 4.1% | | |
| Adjusted Income (Loss) excluding Depreciation & Amortization | 53,374,210.66 | 37,004,180.59 | 16,370,030.07 | 44.2% |
| Adjusted Margin % excluding Depreciation & Amortization | 12.5% | 9.9% | | |

UNAUDITED

The University of Texas at El Paso
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2014

| | June Year-to-Date FY 2014 | June Year-to-Date FY 2013 | Variance | Fluctuation Percentage |
|---|---------------------------------|---------------------------------|------------------------|---------------------------|
| Operating Revenues | | | | |
| Net Student Tuition | 90,899,634.00 | 88,880,380.87 | 2,019,253.13 | 2.3% |
| Sponsored Programs | 60,246,423.74 | 62,764,392.94 | (2,517,969.20) | -4.0% |
| Net Sales and Services of Educational Activities | 4,424,541.21 | 5,220,734.32 | (796,193.11) | -15.3% |
| Net Auxiliary Enterprises | 19,027,995.50 | 21,211,501.84 | (2,183,506.34) | -10.3% |
| Other Operating Revenues | 70,999.42 | 95,248.39 | (24,248.97) | -25.5% |
| Total Operating Revenues | 174,669,593.87 | 178,172,258.36 | (3,502,664.49) | -2.0% |
| Operating Expenses | | | | |
| Salaries and Wages | 140,345,856.57 | 138,229,492.38 | 2,116,364.19 | 1.5% |
| Payroll Related Costs | 38,245,088.35 | 34,810,843.49 | 3,434,244.86 | 9.9% |
| Professional Fees and Services | 2,017,969.85 | 2,118,899.48 | (100,929.63) | -4.8% |
| Other Contracted Services | 15,123,700.35 | 16,747,910.67 | (1,624,210.32) | -9.7% |
| Travel | 6,122,644.23 | 6,754,242.94 | (631,598.71) | -9.4% |
| Materials and Supplies | 18,684,255.70 | 18,066,670.97 | 617,584.73 | 3.4% |
| Utilities | 5,975,966.27 | 5,629,797.45 | 346,168.82 | 6.1% |
| Communications | 421,827.33 | 492,154.64 | (70,327.31) | -14.3% |
| Repairs and Maintenance | 3,984,114.83 | 3,754,465.58 | 229,649.25 | 6.1% |
| Rentals and Leases | 3,041,692.10 | 2,995,525.17 | 46,166.93 | 1.5% |
| Printing and Reproduction | 989,849.61 | 1,251,024.15 | (261,174.54) | -20.9% |
| Scholarships and Fellowships | 40,990,142.03 | 57,191,713.27 | (16,201,571.24) | -28.3% |
| Depreciation and Amortization | 23,471,262.45 | 21,858,147.90 | 1,613,114.55 | 7.4% |
| Federal Sponsored Program Pass-Through to Other State Agencies | 815,471.40 | 1,299,832.52 | (484,361.12) | -37.3% |
| Other Operating Expenses | 5,188,168.84 | 5,043,035.99 | 145,132.85 | 2.9% |
| Total Operating Expenses | 305,418,009.91 | 316,243,756.60 | (10,825,746.69) | -3.4% |
| Operating Loss | (130,748,416.04) | (138,071,498.24) | 7,323,082.20 | 5.3% |
| Other Nonoperating Adjustments | | | | |
| State Appropriations | 83,217,387.67 | 77,531,766.00 | 5,685,621.67 | 7.3% |
| Nonexchange Sponsored Programs | 30,367,442.23 | 51,090,449.79 | (20,723,007.56) | -40.6% |
| Gift Contributions for Operations | 5,151,724.50 | 6,591,561.01 | (1,439,836.51) | -21.8% |
| Net Investment Income | 11,245,433.40 | 10,688,977.51 | 556,455.89 | 5.2% |
| Interest Expense on Capital Asset Financings | (6,774,064.60) | (7,113,545.60) | 339,481.00 | 4.8% |
| Net Other Nonoperating Adjustments | 123,207,923.20 | 138,789,208.71 | (15,581,285.51) | -11.2% |
| Adjusted Income (Loss) including Depreciation & Amortization | (7,540,492.84) | 717,710.47 | (8,258,203.31) | -1,150.6% |
| Adjusted Margin % including Depreciation & Amortization | -2.5% | 0.2% | | |
| Investment Gain (Losses) | 21,760,946.82 | 12,366,233.14 | 9,394,713.68 | 76.0% |
| Adj. Inc. (Loss) with Investment Gains (Losses) | 14,220,453.98 | 13,083,943.61 | 1,136,510.37 | 8.7% |
| Adj. Margin % with Investment Gains (Losses) | 4.4% | 3.9% | | |
| Adjusted Income (Loss) excluding Depreciation & Amortization | 15,930,769.61 | 22,575,858.37 | (6,645,088.76) | -29.4% |
| Adjusted Margin % excluding Depreciation & Amortization | 5.2% | 7.0% | | |

UNAUDITED

The University of Texas-Pan American
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2014

| | June Year-to-Date FY 2014 | June Year-to-Date FY 2013 | Variance | Fluctuation Percentage |
|---|---------------------------------|---------------------------------|------------------------|---------------------------|
| Operating Revenues | | | | |
| Net Student Tuition | 57,629,964.39 | 52,074,595.01 | 5,555,369.38 | 10.7% |
| Sponsored Programs | 43,415,528.87 | 39,030,781.18 | 4,384,747.69 | 11.2% |
| Net Sales and Services of Educational Activities | 3,742,674.29 | 4,015,850.52 | (273,176.23) | -6.8% |
| Net Auxiliary Enterprises | 6,040,023.52 | 5,647,199.53 | 392,823.99 | 7.0% |
| Other Operating Revenues | 1,986,103.83 | 2,722,991.02 | (736,887.19) | -27.1% |
| Total Operating Revenues | 112,814,294.90 | 103,491,417.26 | 9,322,877.64 | 9.0% |
| Operating Expenses | | | | |
| Salaries and Wages | 95,703,991.91 | 90,919,335.08 | 4,784,656.83 | 5.3% |
| Payroll Related Costs | 27,132,718.06 | 24,742,228.20 | 2,390,489.86 | 9.7% |
| Cost of Goods Sold | 269,431.46 | 308,971.27 | (39,539.81) | -12.8% |
| Professional Fees and Services | 1,395,767.25 | 1,593,741.47 | (197,974.22) | -12.4% |
| Other Contracted Services | 1,994,671.48 | 1,797,792.10 | 196,879.38 | 11.0% |
| Travel | 4,450,849.57 | 3,383,384.74 | 1,067,464.83 | 31.6% |
| Materials and Supplies | 8,792,982.34 | 9,394,011.35 | (601,029.01) | -6.4% |
| Utilities | 4,692,985.03 | 4,541,902.24 | 151,082.79 | 3.3% |
| Communications | 868,816.66 | 789,851.19 | 78,965.47 | 10.0% |
| Repairs and Maintenance | 1,568,813.00 | 2,207,486.56 | (638,673.56) | -28.9% |
| Rentals and Leases | 752,873.15 | 653,293.48 | 99,579.67 | 15.2% |
| Printing and Reproduction | 463,454.12 | 382,768.21 | 80,685.91 | 21.1% |
| Bad Debt Expense | 74,912.97 | 90,496.04 | (15,583.07) | -17.2% |
| Scholarships and Fellowships | 34,595,503.82 | 48,313,266.01 | (13,717,762.19) | -28.4% |
| Depreciation and Amortization | 13,230,001.79 | 12,401,411.91 | 828,589.88 | 6.7% |
| Federal Sponsored Program Pass-Through to Other State Agencies | 68,990.53 | 146,044.07 | (77,053.54) | -52.8% |
| Other Operating Expenses | 8,574,194.14 | 8,341,149.88 | 233,044.26 | 2.8% |
| Total Operating Expenses | 204,630,957.28 | 210,007,133.80 | (5,376,176.52) | -2.6% |
| Operating Loss | (91,816,662.38) | (106,515,716.54) | 14,699,054.16 | 13.8% |
| Other Nonoperating Adjustments | | | | |
| State Appropriations | 64,032,087.98 | 62,344,153.15 | 1,687,934.83 | 2.7% |
| Nonexchange Sponsored Programs | 26,290,361.52 | 45,668,847.94 | (19,378,486.42) | -42.4% |
| Gift Contributions for Operations | 2,740,684.66 | 1,932,092.48 | 808,592.18 | 41.9% |
| Net Investment Income | 3,934,236.97 | 4,019,226.85 | (84,989.88) | -2.1% |
| Interest Expense on Capital Asset Financings | (3,244,338.30) | (3,470,449.40) | 226,111.10 | 6.5% |
| Net Other Nonoperating Adjustments | 93,753,032.83 | 110,493,871.02 | (16,740,838.19) | -15.2% |
| Adjusted Income (Loss) including Depreciation & Amortization | 1,936,370.45 | 3,978,154.48 | (2,041,784.03) | -51.3% |
| Adjusted Margin % including Depreciation & Amortization | 0.9% | 1.8% | | |
| Investment Gain (Losses) | 7,329,584.65 | (1,364,315.12) | 8,693,899.77 | 637.2% |
| Adj. Inc. (Loss) with Investment Gains (Losses) | 9,265,955.10 | 2,613,839.36 | 6,652,115.74 | 254.5% |
| Adj. Margin % with Investment Gains (Losses) | 4.3% | 1.2% | | |
| Adjusted Income (Loss) excluding Depreciation & Amortization | 15,166,372.24 | 16,379,566.39 | (1,213,194.15) | -7.4% |
| Adjusted Margin % excluding Depreciation & Amortization | 7.2% | 7.5% | | |

UNAUDITED

The University of Texas of the Permian Basin
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2014

| | June Year-to-Date FY 2014 | June Year-to-Date FY 2013 | Variance | Fluctuation Percentage |
|---|---------------------------------|---------------------------------|-----------------------|---------------------------|
| Operating Revenues | | | | |
| Net Student Tuition | 13,440,289.23 | 12,058,943.82 | 1,381,345.41 | 11.5% |
| Sponsored Programs | 2,712,320.65 | 4,108,983.78 | (1,396,663.13) | -34.0% |
| Net Sales and Services of Educational Activities | 918,359.80 | 327,905.43 | 590,454.37 | 180.1% |
| Net Auxiliary Enterprises | 4,356,829.46 | 4,538,294.08 | (181,464.62) | -4.0% |
| Other Operating Revenues | 79,744.15 | 316,622.02 | (236,877.87) | -74.8% |
| Total Operating Revenues | 21,507,543.29 | 21,350,749.13 | 156,794.16 | 0.7% |
| Operating Expenses | | | | |
| Salaries and Wages | 20,222,637.58 | 18,094,130.92 | 2,128,506.66 | 11.8% |
| Payroll Related Costs | 5,769,222.49 | 5,093,481.07 | 675,741.42 | 13.3% |
| Cost of Goods Sold | 10,034.64 | - | 10,034.64 | 100.0% |
| Professional Fees and Services | 1,941,010.78 | 1,613,683.02 | 327,327.76 | 20.3% |
| Other Contracted Services | 2,314,353.82 | 2,659,246.75 | (344,892.93) | -13.0% |
| Travel | 1,046,712.15 | 1,043,127.75 | 3,584.40 | 0.3% |
| Materials and Supplies | 2,643,541.44 | 2,586,836.13 | 56,705.31 | 2.2% |
| Utilities | 2,027,605.37 | 1,801,368.60 | 226,236.77 | 12.6% |
| Communications | 461,816.34 | 521,655.54 | (59,839.20) | -11.5% |
| Repairs and Maintenance | 414,168.42 | 740,980.79 | (326,812.37) | -44.1% |
| Rentals and Leases | 265,363.27 | 244,536.97 | 20,826.30 | 8.5% |
| Printing and Reproduction | 129,571.85 | 115,447.36 | 14,124.49 | 12.2% |
| Scholarships and Fellowships | 6,251,240.24 | 3,574,663.88 | 2,676,576.36 | 74.9% |
| Depreciation and Amortization | 10,791,666.67 | 9,750,000.00 | 1,041,666.67 | 10.7% |
| Other Operating Expenses | 834,022.52 | 573,749.97 | 260,272.55 | 45.4% |
| Total Operating Expenses | 55,122,967.58 | 48,412,908.75 | 6,710,058.83 | 13.9% |
| Operating Loss | (33,615,424.29) | (27,062,159.62) | (6,553,264.67) | -24.2% |
| Other Nonoperating Adjustments | | | | |
| State Appropriations | 24,122,231.55 | 23,143,456.67 | 978,774.88 | 4.2% |
| Nonexchange Sponsored Programs | 4,430,062.91 | 4,433,969.07 | (3,906.16) | -0.1% |
| Gift Contributions for Operations | 3,302,086.47 | 1,324,958.63 | 1,977,127.84 | 149.2% |
| Net Investment Income | 1,809,708.94 | 2,056,450.25 | (246,741.31) | -12.0% |
| Interest Expense on Capital Asset Financings | (4,147,550.90) | (4,394,644.40) | 247,093.50 | 5.6% |
| Net Other Nonoperating Adjustments | 29,516,538.97 | 26,564,190.22 | 2,952,348.75 | 11.1% |
| Adjusted Income (Loss) including Depreciation & Amortization | (4,098,885.32) | (497,969.40) | (3,600,915.92) | -723.1% |
| Adjusted Margin % including Depreciation & Amortization | -7.4% | -1.0% | | |
| Investment Gain (Losses) | 3,239,940.13 | 1,521,673.34 | 1,718,266.79 | 112.9% |
| Adj. Inc. (Loss) with Investment Gains (Losses) | (858,945.19) | 1,023,703.94 | (1,882,649.13) | -183.9% |
| Adj. Margin % with Investment Gains (Losses) | -1.5% | 1.9% | | |
| Adjusted Income (Loss) excluding Depreciation & Amortization | 6,692,781.35 | 9,252,030.60 | (2,559,249.25) | -27.7% |
| Adjusted Margin % excluding Depreciation & Amortization | 12.1% | 17.7% | | |

UNAUDITED

The University of Texas at San Antonio
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2014

| | June Year-to-Date FY 2014 | June Year-to-Date FY 2013 | Variance | Fluctuation Percentage |
|---|---------------------------------|---------------------------------|------------------------|---------------------------|
| Operating Revenues | | | | |
| Net Student Tuition | 150,359,356.52 | 176,084,588.30 | (25,725,231.78) | -14.6% |
| Sponsored Programs | 56,265,900.83 | 59,029,729.36 | (2,763,828.53) | -4.7% |
| Net Sales and Services of Educational Activities | 8,747,816.28 | 8,644,970.12 | 102,846.16 | 1.2% |
| Net Auxiliary Enterprises | 31,339,120.22 | 28,776,111.80 | 2,563,008.42 | 8.9% |
| Other Operating Revenues | 2,035,284.12 | 4,670,641.68 | (2,635,357.56) | -56.4% |
| Total Operating Revenues | 248,747,477.97 | 277,206,041.26 | (28,458,563.29) | -10.3% |
| Operating Expenses | | | | |
| Salaries and Wages | 187,065,355.43 | 185,864,879.66 | 1,200,475.77 | 0.6% |
| Payroll Related Costs | 48,708,456.86 | 47,546,897.98 | 1,161,558.88 | 2.4% |
| Cost of Goods Sold | 583,333.33 | 541,666.67 | 41,666.66 | 7.7% |
| Professional Fees and Services | 3,220,759.36 | 5,159,718.09 | (1,938,958.73) | -37.6% |
| Other Contracted Services | 10,918,610.21 | 10,489,603.33 | 429,006.88 | 4.1% |
| Travel | 7,302,908.14 | 8,938,851.20 | (1,635,943.06) | -18.3% |
| Materials and Supplies | 21,553,745.52 | 25,413,824.64 | (3,860,079.12) | -15.2% |
| Utilities | 10,583,333.33 | 10,254,166.67 | 329,166.66 | 3.2% |
| Communications | 2,753,439.57 | 2,900,750.19 | (147,310.62) | -5.1% |
| Repairs and Maintenance | 7,400,385.28 | 8,764,563.43 | (1,364,178.15) | -15.6% |
| Rentals and Leases | 3,823,951.70 | 3,547,216.58 | 276,735.12 | 7.8% |
| Printing and Reproduction | 961,061.59 | 1,124,614.66 | (163,553.07) | -14.5% |
| Bad Debt Expense | 253,389.33 | 86,830.10 | 166,559.23 | 191.8% |
| Scholarships and Fellowships | 28,319,359.21 | 61,614,751.50 | (33,295,392.29) | -54.0% |
| Depreciation and Amortization | 38,595,670.09 | 35,522,832.86 | 3,072,837.23 | 8.7% |
| Federal Sponsored Program Pass-Through to Other State Agencies | 4,059,686.56 | 2,664,299.57 | 1,395,386.99 | 52.4% |
| Other Operating Expenses | 8,905,891.63 | 9,353,483.27 | (447,591.64) | -4.8% |
| Total Operating Expenses | 385,009,337.14 | 419,788,950.40 | (34,779,613.26) | -8.3% |
| Operating Loss | (136,261,859.17) | (142,582,909.14) | 6,321,049.97 | 4.4% |
| Other Nonoperating Adjustments | | | | |
| State Appropriations | 100,476,277.56 | 93,390,026.34 | 7,086,251.22 | 7.6% |
| Nonexchange Sponsored Programs | 41,072,033.33 | 58,817,916.67 | (17,745,883.34) | -30.2% |
| Gift Contributions for Operations | 8,500,000.00 | 5,896,236.20 | 2,603,763.80 | 44.2% |
| Net Investment Income | 11,371,529.82 | 11,967,881.50 | (596,351.68) | -5.0% |
| Interest Expense on Capital Asset Financings | (13,787,692.40) | (13,695,660.10) | (92,032.30) | -0.7% |
| Net Other Nonoperating Adjustments | 147,632,148.31 | 156,376,400.61 | (8,744,252.30) | -5.6% |
| Adjusted Income (Loss) including Depreciation & Amortization | 11,370,289.14 | 13,793,491.47 | (2,423,202.33) | -17.6% |
| Adjusted Margin % including Depreciation & Amortization | 2.8% | 3.1% | | |
| Investment Gain (Losses) | 29,022,005.73 | 6,333,130.52 | 22,688,875.21 | 358.3% |
| Adj. Inc. (Loss) with Investment Gains (Losses) | 40,392,294.87 | 20,126,621.99 | 20,265,672.88 | 100.7% |
| Adj. Margin % with Investment Gains (Losses) | 9.2% | 4.4% | | |
| Adjusted Income (Loss) excluding Depreciation & Amortization | 49,965,959.23 | 49,316,324.33 | 649,634.90 | 1.3% |
| Adjusted Margin % excluding Depreciation & Amortization | 12.2% | 11.0% | | |

UNAUDITED

The University of Texas at Tyler
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2014

| | June Year-to-Date FY 2014 | June Year-to-Date FY 2013 | Variance | Fluctuation Percentage |
|---|---------------------------------|---------------------------------|-----------------------|---------------------------|
| Operating Revenues | | | | |
| Net Student Tuition | 26,484,523.33 | 25,364,690.00 | 1,119,833.33 | 4.4% |
| Sponsored Programs | 10,842,771.10 | 9,406,641.31 | 1,436,129.79 | 15.3% |
| Net Sales and Services of Educational Activities | 2,913,883.82 | 4,542,929.55 | (1,629,045.73) | -35.9% |
| Net Auxiliary Enterprises | 3,980,452.69 | 3,918,531.03 | 61,921.66 | 1.6% |
| Other Operating Revenues | 280,073.72 | 798,760.42 | (518,686.70) | -64.9% |
| Total Operating Revenues | 44,501,704.66 | 44,031,552.31 | 470,152.35 | 1.1% |
| Operating Expenses | | | | |
| Salaries and Wages | 42,825,826.09 | 39,162,881.78 | 3,662,944.31 | 9.4% |
| Payroll Related Costs | 11,934,424.99 | 10,986,975.57 | 947,449.42 | 8.6% |
| Cost of Goods Sold | - | 28,891.35 | (28,891.35) | -100.0% |
| Professional Fees and Services | 773,816.55 | 1,196,320.31 | (422,503.76) | -35.3% |
| Other Contracted Services | 6,412,804.03 | 4,337,533.05 | 2,075,270.98 | 47.8% |
| Travel | 1,550,074.97 | 1,627,885.79 | (77,810.82) | -4.8% |
| Materials and Supplies | 4,349,266.39 | 4,513,230.55 | (163,964.16) | -3.6% |
| Utilities | 1,431,595.08 | 1,254,462.04 | 177,133.04 | 14.1% |
| Communications | 1,021,337.74 | 1,013,318.08 | 8,019.66 | 0.8% |
| Repairs and Maintenance | 1,816,404.12 | 1,803,946.11 | 12,458.01 | 0.7% |
| Rentals and Leases | 305,077.98 | 229,348.20 | 75,729.78 | 33.0% |
| Printing and Reproduction | 420,846.42 | 537,628.88 | (116,782.46) | -21.7% |
| Bad Debt Expense | 94.35 | 83.82 | 10.53 | 12.6% |
| Scholarships and Fellowships | 4,250,000.00 | 4,635,502.23 | (385,502.23) | -8.3% |
| Depreciation and Amortization | 9,541,631.93 | 9,233,634.15 | 307,997.78 | 3.3% |
| Federal Sponsored Program Pass-Through to Other State Agencies | 2,673.36 | - | 2,673.36 | 100.0% |
| State Sponsored Program Pass-Through to Other State Agencies | 1,047.02 | - | 1,047.02 | 100.0% |
| Other Operating Expenses | 1,549,200.10 | 1,714,938.86 | (165,738.76) | -9.7% |
| Total Operating Expenses | 88,186,121.12 | 82,276,580.77 | 5,909,540.35 | 7.2% |
| Operating Loss | (43,684,416.46) | (38,245,028.46) | (5,439,388.00) | -14.2% |
| Other Nonoperating Adjustments | | | | |
| State Appropriations | 30,029,647.37 | 26,378,585.13 | 3,651,062.24 | 13.8% |
| Nonexchange Sponsored Programs | 5,606,274.93 | 8,465,104.00 | (2,858,829.07) | -33.8% |
| Gift Contributions for Operations | 4,796,387.00 | 1,121,429.88 | 3,674,957.12 | 327.7% |
| Net Investment Income | 4,285,713.00 | 3,001,482.84 | 1,284,230.16 | 42.8% |
| Interest Expense on Capital Asset Financings | (2,917,292.50) | (3,092,618.10) | 175,325.60 | 5.7% |
| Net Other Nonoperating Adjustments | 41,800,729.80 | 35,873,983.75 | 5,926,746.05 | 16.5% |
| Adjusted Income (Loss) including Depreciation & Amortization | (1,883,686.66) | (2,371,044.71) | 487,358.05 | 20.6% |
| Adjusted Margin % including Depreciation & Amortization | -2.1% | -2.9% | | |
| Investment Gain (Losses) | 6,186,801.84 | 4,993,714.88 | 1,193,086.96 | 23.9% |
| Adj. Inc. (Loss) with Investment Gains (Losses) | 4,303,115.18 | 2,622,670.17 | 1,680,445.01 | 64.1% |
| Adj. Margin % with Investment Gains (Losses) | 4.5% | 3.0% | | |
| Adjusted Income (Loss) excluding Depreciation & Amortization | 7,657,945.27 | 6,862,589.44 | 795,355.83 | 11.6% |
| Adjusted Margin % excluding Depreciation & Amortization | 8.6% | 8.3% | | |

UNAUDITED

The University of Texas Southwestern Medical Center
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2014

| | June Year-to-Date FY 2014 | June Year-to-Date FY 2013 | Variance | Fluctuation Percentage |
|---|---------------------------------|---------------------------------|------------------------|---------------------------|
| Operating Revenues | | | | |
| Net Student Tuition | 15,739,027.92 | 14,675,241.46 | 1,063,786.46 | 7.2% |
| Sponsored Programs | 418,022,307.85 | 395,943,832.40 | 22,078,475.45 | 5.6% |
| Net Sales and Services of Educational Activities | 8,276,343.02 | 9,620,295.82 | (1,343,952.80) | -14.0% |
| Net Sales and Services of Hospitals | 676,417,795.00 | 608,247,359.62 | 68,170,435.38 | 11.2% |
| Net Professional Fees | 371,236,741.48 | 350,704,781.62 | 20,531,959.86 | 5.9% |
| Net Auxiliary Enterprises | 17,601,923.85 | 13,974,476.34 | 3,627,447.51 | 26.0% |
| Other Operating Revenues | 29,691,554.78 | 31,482,640.41 | (1,791,085.63) | -5.7% |
| Total Operating Revenues | 1,536,985,693.90 | 1,424,648,627.67 | 112,337,066.23 | 7.9% |
| Operating Expenses | | | | |
| Salaries and Wages | 891,875,940.82 | 831,223,154.93 | 60,652,785.89 | 7.3% |
| Payroll Related Costs | 204,909,822.88 | 185,813,120.93 | 19,096,701.95 | 10.3% |
| Cost of Goods Sold | 2,353,184.94 | 1,854,579.20 | 498,605.74 | 26.9% |
| Professional Fees and Services | 41,813,502.79 | 30,553,509.52 | 11,259,993.27 | 36.9% |
| Other Contracted Services | 93,935,963.30 | 81,540,525.10 | 12,395,438.20 | 15.2% |
| Travel | 9,076,299.68 | 8,711,094.39 | 365,205.29 | 4.2% |
| Materials and Supplies | 251,849,184.30 | 230,310,269.45 | 21,538,914.85 | 9.4% |
| Utilities | 22,382,976.89 | 22,615,126.25 | (232,149.36) | -1.0% |
| Communications | 9,415,078.74 | 9,767,226.03 | (352,147.29) | -3.6% |
| Repairs and Maintenance | 10,014,148.04 | 6,377,286.23 | 3,636,861.81 | 57.0% |
| Rentals and Leases | 4,012,340.26 | 4,102,009.02 | (89,668.76) | -2.2% |
| Printing and Reproduction | 2,615,324.76 | 2,462,782.68 | 152,542.08 | 6.2% |
| Scholarships and Fellowships | 625,014.17 | 604,743.33 | 20,270.84 | 3.4% |
| Depreciation and Amortization | 97,567,669.27 | 91,502,242.99 | 6,065,426.28 | 6.6% |
| Federal Sponsored Program Pass-Through to Other State Agencies | 1,733,603.01 | 2,117,475.39 | (383,872.38) | -18.1% |
| Other Operating Expenses | 30,269,001.03 | 35,778,928.62 | (5,509,927.59) | -15.4% |
| Total Operating Expenses | 1,674,449,054.88 | 1,545,334,074.06 | 129,114,980.82 | 8.4% |
| Operating Loss | (137,463,360.98) | (120,685,446.39) | (16,777,914.59) | -13.9% |
| Other Nonoperating Adjustments | | | | |
| State Appropriations | 140,443,559.72 | 127,125,439.63 | 13,318,120.09 | 10.5% |
| Nonexchange Sponsored Programs | 2,266.00 | 10,700.00 | (8,434.00) | -78.8% |
| Gift Contributions for Operations | 43,390,513.26 | 32,097,463.26 | 11,293,050.00 | 35.2% |
| Net Investment Income | 75,260,428.30 | 77,085,446.00 | (1,825,017.70) | -2.4% |
| Interest Expense on Capital Asset Financings | (21,713,015.70) | (23,289,129.80) | 1,576,114.10 | 6.8% |
| Net Other Nonoperating Adjustments | 237,383,751.58 | 213,029,919.09 | 24,353,832.49 | 11.4% |
| Adjusted Income (Loss) including Depreciation & Amortization | 99,920,390.60 | 92,344,472.70 | 7,575,917.90 | 8.2% |
| Adjusted Margin % including Depreciation & Amortization | 5.6% | 5.6% | | |
| Investment Gain (Losses) | 171,326,297.82 | 40,650,044.41 | 130,676,253.41 | 321.5% |
| Adj. Inc. (Loss) with Investment Gains (Losses) | 271,246,688.42 | 132,994,517.11 | 138,252,171.31 | 104.0% |
| Adj. Margin % with Investment Gains (Losses) | 13.8% | 7.8% | | |
| Adjusted Income (Loss) excluding Depreciation & Amortization | 197,488,059.87 | 183,846,715.69 | 13,641,344.18 | 7.4% |
| Adjusted Margin % excluding Depreciation & Amortization | 11.0% | 11.1% | | |

UNAUDITED

The University of Texas Medical Branch at Galveston
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2014

| | June Year-to-Date FY 2014 | June Year-to-Date FY 2013 | Variance | Fluctuation Percentage |
|---|---------------------------------|---------------------------------|-----------------------|---------------------------|
| Operating Revenues | | | | |
| Net Student Tuition | 29,074,368.54 | 27,178,898.81 | 1,895,469.73 | 7.0% |
| Sponsored Programs | 161,456,567.90 | 168,933,639.38 | (7,477,071.48) | -4.4% |
| Net Sales and Services of Educational Activities | 14,056,863.51 | 16,323,050.84 | (2,266,187.33) | -13.9% |
| Net Sales and Services of Hospitals | 711,904,947.29 | 675,336,685.97 | 36,568,261.32 | 5.4% |
| Net Professional Fees | 121,971,726.70 | 115,457,411.65 | 6,514,315.05 | 5.6% |
| Net Auxiliary Enterprises | 5,056,932.27 | 5,307,114.56 | (250,182.29) | -4.7% |
| Other Operating Revenues | 31,310,254.75 | 26,059,779.23 | 5,250,475.52 | 20.1% |
| Total Operating Revenues | 1,074,831,660.96 | 1,034,596,580.44 | 40,235,080.52 | 3.9% |
| Operating Expenses | | | | |
| Salaries and Wages | 695,678,838.53 | 671,307,771.89 | 24,371,066.64 | 3.6% |
| Payroll Related Costs | 185,843,694.73 | 178,382,393.68 | 7,461,301.05 | 4.2% |
| Cost of Goods Sold | 57,323,770.02 | 53,498,262.18 | 3,825,507.84 | 7.2% |
| Professional Fees and Services | 27,124,777.15 | 31,673,758.37 | (4,548,981.22) | -14.4% |
| Other Contracted Services | 77,001,789.58 | 81,366,332.18 | (4,364,542.60) | -5.4% |
| Travel | 6,094,510.22 | 5,734,426.57 | 360,083.65 | 6.3% |
| Materials and Supplies | 110,251,754.31 | 108,229,194.95 | 2,022,559.36 | 1.9% |
| Utilities | 26,829,556.17 | 34,992,631.14 | (8,163,074.97) | -23.3% |
| Communications | 7,291,248.96 | 7,181,093.63 | 110,155.33 | 1.5% |
| Repairs and Maintenance | 36,210,074.73 | 35,700,376.93 | 509,697.80 | 1.4% |
| Rentals and Leases | 21,225,435.62 | 19,587,650.10 | 1,637,785.52 | 8.4% |
| Printing and Reproduction | 929,861.67 | 1,090,343.02 | (160,481.35) | -14.7% |
| Scholarships and Fellowships | 5,903,607.42 | 7,535,583.09 | (1,631,975.67) | -21.7% |
| Depreciation and Amortization | 86,686,211.76 | 79,757,686.37 | 6,928,525.39 | 8.7% |
| Federal Sponsored Program Pass-Through to Other State Agencies | 2,692,520.39 | 2,472,376.09 | 220,144.30 | 8.9% |
| Other Operating Expenses | 28,530,204.54 | 31,471,795.31 | (2,941,590.77) | -9.3% |
| Total Operating Expenses | 1,375,617,855.80 | 1,349,981,675.50 | 25,636,180.30 | 1.9% |
| Operating Loss | (300,786,194.84) | (315,385,095.06) | 14,598,900.22 | 4.6% |
| Other Nonoperating Adjustments | | | | |
| State Appropriations | 285,156,272.18 | 295,292,453.41 | (10,136,181.23) | -3.4% |
| Nonexchange Sponsored Programs | 823,693.00 | 827,632.00 | (3,939.00) | -0.5% |
| Gift Contributions for Operations | 6,640,392.50 | 4,622,844.71 | 2,017,547.79 | 43.6% |
| Net Investment Income | 31,962,472.97 | 28,064,128.68 | 3,898,344.29 | 13.9% |
| Interest Expense on Capital Asset Financings | (6,135,609.97) | (6,439,277.10) | 303,667.13 | 4.7% |
| Net Other Nonoperating Adjustments | 318,447,220.68 | 322,367,781.70 | (3,920,561.02) | -1.2% |
| Adjusted Income (Loss) including Depreciation & Amortization | 17,661,025.84 | 6,982,686.64 | 10,678,339.20 | 152.9% |
| Adjusted Margin % including Depreciation & Amortization | 1.3% | 0.5% | | |
| Investment Gain (Losses) | 59,376,987.23 | 23,111,944.07 | 36,265,043.16 | 156.9% |
| Adj. Inc. (Loss) with Investment Gains (Losses) | 77,038,013.07 | 30,094,630.71 | 46,943,382.36 | 156.0% |
| Adj. Margin % with Investment Gains (Losses) | 5.3% | 2.2% | | |
| Adjusted Income (Loss) excluding Depreciation & Amortization | 104,347,237.60 | 86,740,373.01 | 17,606,864.59 | 20.3% |
| Adjusted Margin % excluding Depreciation & Amortization | 7.5% | 6.4% | | |

UNAUDITED

The University of Texas Health Science Center at Houston
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2014

| | June Year-to-Date FY 2014 | June Year-to-Date FY 2013 | Variance | Fluctuation Percentage |
|---|---------------------------------|---------------------------------|-----------------------|---------------------------|
| Operating Revenues | | | | |
| Net Student Tuition | 35,204,419.13 | 33,474,572.63 | 1,729,846.50 | 5.2% |
| Sponsored Programs | 446,648,421.43 | 413,261,463.68 | 33,386,957.75 | 8.1% |
| Net Sales and Services of Educational Activities | 24,480,843.62 | 20,378,350.48 | 4,102,493.14 | 20.1% |
| Net Sales and Services of Hospitals | 49,465,172.15 | 53,622,383.94 | (4,157,211.79) | -7.8% |
| Net Professional Fees | 194,658,276.51 | 163,136,405.42 | 31,521,871.09 | 19.3% |
| Net Auxiliary Enterprises | 20,314,794.81 | 19,808,790.79 | 506,004.02 | 2.6% |
| Other Operating Revenues | 32,612,006.49 | 16,361,229.33 | 16,250,777.16 | 99.3% |
| Total Operating Revenues | 803,383,934.14 | 720,043,196.27 | 83,340,737.87 | 11.6% |
| Operating Expenses | | | | |
| Salaries and Wages | 556,916,188.38 | 513,927,603.61 | 42,988,584.77 | 8.4% |
| Payroll Related Costs | 119,941,564.46 | 112,188,846.63 | 7,752,717.83 | 6.9% |
| Cost of Goods Sold | 9,648,229.88 | 13,958,343.61 | (4,310,113.73) | -30.9% |
| Professional Fees and Services | 40,364,743.61 | 36,517,724.16 | 3,847,019.45 | 10.5% |
| Other Contracted Services | 66,592,041.23 | 42,152,417.90 | 24,439,623.33 | 58.0% |
| Travel | 7,708,100.70 | 6,988,729.32 | 719,371.38 | 10.3% |
| Materials and Supplies | 42,128,599.89 | 43,251,911.01 | (1,123,311.12) | -2.6% |
| Utilities | 14,264,073.44 | 13,791,246.68 | 472,826.76 | 3.4% |
| Communications | 3,974,915.37 | 3,605,790.57 | 369,124.80 | 10.2% |
| Repairs and Maintenance | 7,860,881.83 | 6,632,085.39 | 1,228,796.44 | 18.5% |
| Rentals and Leases | 21,106,344.12 | 16,747,370.53 | 4,358,973.59 | 26.0% |
| Printing and Reproduction | 4,110,669.28 | 4,207,371.86 | (96,702.58) | -2.3% |
| Scholarships and Fellowships | 5,023,119.43 | 4,500,713.56 | 522,405.87 | 11.6% |
| Depreciation and Amortization | 47,852,449.81 | 47,084,925.71 | 767,524.10 | 1.6% |
| Federal Sponsored Program Pass-Through to Other State Agencies | 2,542,778.33 | 2,871,882.65 | (329,104.32) | -11.5% |
| Other Operating Expenses | 32,973,145.39 | 26,585,995.29 | 6,387,150.10 | 24.0% |
| Total Operating Expenses | 983,007,845.15 | 895,012,958.48 | 87,994,886.67 | 9.8% |
| Operating Loss | (179,623,911.01) | (174,969,762.21) | (4,654,148.80) | -2.7% |
| Other Nonoperating Adjustments | | | | |
| State Appropriations | 164,995,217.55 | 147,356,657.01 | 17,638,560.54 | 12.0% |
| Nonexchange Sponsored Programs | 315,896.82 | 597,225.42 | (281,328.60) | -47.1% |
| Gift Contributions for Operations | 13,712,746.18 | 16,619,979.47 | (2,907,233.29) | -17.5% |
| Net Investment Income | 24,115,639.93 | 27,862,899.21 | (3,747,259.28) | -13.4% |
| Interest Expense on Capital Asset Financings | (9,393,085.30) | (9,964,506.20) | 571,420.90 | 5.7% |
| Net Other Nonoperating Adjustments | 193,746,415.18 | 182,472,254.91 | 11,274,160.27 | 6.2% |
| Adjusted Income (Loss) including Depreciation & Amortization | 14,122,504.17 | 7,502,492.70 | 6,620,011.47 | 88.2% |
| Adjusted Margin % including Depreciation & Amortization | 1.4% | 0.8% | | |
| Investment Gain (Losses) | 47,458,051.54 | 9,599,970.32 | 37,858,081.22 | 394.4% |
| Adj. Inc. (Loss) with Investment Gains (Losses) | 61,580,555.71 | 17,102,463.02 | 44,478,092.69 | 260.1% |
| Adj. Margin % with Investment Gains (Losses) | 5.8% | 1.9% | | |
| Adjusted Income (Loss) excluding Depreciation & Amortization | 61,974,953.98 | 54,587,418.41 | 7,387,535.57 | 13.5% |
| Adjusted Margin % excluding Depreciation & Amortization | 6.2% | 6.0% | | |

UNAUDITED

The University of Texas Health Science Center at San Antonio
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2014

| | June Year-to-Date FY 2014 | June Year-to-Date FY 2013 | Variance | Fluctuation Percentage |
|---|---------------------------------|---------------------------------|----------------------|---------------------------|
| Operating Revenues | | | | |
| Net Student Tuition | 28,576,282.50 | 27,733,185.83 | 843,096.67 | 3.0% |
| Sponsored Programs | 243,456,019.12 | 236,464,696.53 | 6,991,322.59 | 3.0% |
| Net Sales and Services of Educational Activities | 14,554,397.07 | 16,038,953.27 | (1,484,556.20) | -9.3% |
| Net Professional Fees | 130,198,013.88 | 123,361,480.14 | 6,836,533.74 | 5.5% |
| Net Auxiliary Enterprises | 5,044,535.37 | 4,868,081.97 | 176,453.40 | 3.6% |
| Other Operating Revenues | 22,495,305.29 | 14,734,980.91 | 7,760,324.38 | 52.7% |
| Total Operating Revenues | 444,324,553.23 | 423,201,378.65 | 21,123,174.58 | 5.0% |
| Operating Expenses | | | | |
| Salaries and Wages | 333,758,065.73 | 333,306,591.66 | 451,474.07 | 0.1% |
| Payroll Related Costs | 89,081,174.30 | 87,030,958.36 | 2,050,215.94 | 2.4% |
| Professional Fees and Services | 13,755,087.12 | 13,648,645.70 | 106,441.42 | 0.8% |
| Other Contracted Services | 22,906,946.96 | 17,012,261.85 | 5,894,685.11 | 34.6% |
| Travel | 4,319,488.84 | 4,590,999.33 | (271,510.49) | -5.9% |
| Materials and Supplies | 30,686,395.94 | 33,489,592.07 | (2,803,196.13) | -8.4% |
| Utilities | 14,781,695.83 | 14,095,223.33 | 686,472.50 | 4.9% |
| Communications | 10,259,190.96 | 10,516,329.35 | (257,138.39) | -2.4% |
| Repairs and Maintenance | 3,720,274.25 | 3,841,088.33 | (120,814.08) | -3.1% |
| Rentals and Leases | 4,049,076.18 | 4,400,228.74 | (351,152.56) | -8.0% |
| Printing and Reproduction | 1,509,169.23 | 1,784,163.61 | (274,994.38) | -15.4% |
| Scholarships and Fellowships | 5,644,995.93 | 5,169,994.93 | 475,001.00 | 9.2% |
| Depreciation and Amortization | 41,666,666.67 | 40,833,333.33 | 833,333.34 | 2.0% |
| Federal Sponsored Program Pass-Through to Other State Agencies | 1,666,666.67 | 1,479,166.67 | 187,500.00 | 12.7% |
| Other Operating Expenses | 32,289,021.50 | 29,994,939.27 | 2,294,082.23 | 7.6% |
| Total Operating Expenses | 610,093,916.11 | 601,193,516.53 | 8,900,399.58 | 1.5% |
| Operating Loss | (165,769,362.88) | (177,992,137.88) | 12,222,775.00 | 6.9% |
| Other Nonoperating Adjustments | | | | |
| State Appropriations | 145,187,018.33 | 136,871,813.33 | 8,315,205.00 | 6.1% |
| Nonexchange Sponsored Programs | 1,000,000.00 | 1,375,000.00 | (375,000.00) | -27.3% |
| Gift Contributions for Operations | 15,049,374.27 | 11,634,999.96 | 3,414,374.31 | 29.3% |
| Net Investment Income | 30,972,408.36 | 27,516,178.28 | 3,456,230.08 | 12.6% |
| Interest Expense on Capital Asset Financings | (7,780,244.70) | (8,210,653.40) | 430,408.70 | 5.2% |
| Net Other Nonoperating Adjustments | 184,428,556.26 | 169,187,338.17 | 15,241,218.09 | 9.0% |
| Adjusted Income (Loss) including Depreciation & Amortization | 18,659,193.38 | (8,804,799.71) | 27,463,993.09 | 311.9% |
| Adjusted Margin % including Depreciation & Amortization | 2.9% | -1.5% | | |
| Investment Gain (Losses) | 61,049,327.58 | 23,492,287.07 | 37,557,040.51 | 159.9% |
| Adj. Inc. (Loss) with Investment Gains (Losses) | 79,708,520.96 | 14,687,487.36 | 65,021,033.60 | 442.7% |
| Adj. Margin % with Investment Gains (Losses) | 11.4% | 2.4% | | |
| Adjusted Income (Loss) excluding Depreciation & Amortization | 60,325,860.05 | 32,028,533.62 | 28,297,326.43 | 88.4% |
| Adjusted Margin % excluding Depreciation & Amortization | 9.5% | 5.3% | | |

UNAUDITED

The University of Texas M. D. Anderson Cancer Center
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2014

| | June Year-to-Date FY 2014 | June Year-to-Date FY 2013 | Variance | Fluctuation Percentage |
|---|---------------------------------|---------------------------------|-----------------------|---------------------------|
| Operating Revenues | | | | |
| Net Student Tuition | 1,493,198.14 | 1,251,666.56 | 241,531.58 | 19.3% |
| Sponsored Programs | 236,328,892.84 | 269,311,472.16 | (32,982,579.32) | -12.2% |
| Net Sales and Services of Educational Activities | 1,901,402.61 | 1,960,811.67 | (59,409.06) | -3.0% |
| Net Sales and Services of Hospitals | 2,448,727,295.12 | 2,267,683,581.14 | 181,043,713.98 | 8.0% |
| Net Professional Fees | 322,557,382.30 | 311,020,075.66 | 11,537,306.64 | 3.7% |
| Net Auxiliary Enterprises | 34,233,196.93 | 32,025,618.58 | 2,207,578.35 | 6.9% |
| Other Operating Revenues | 86,306,542.99 | 65,337,790.09 | 20,968,752.90 | 32.1% |
| Total Operating Revenues | 3,131,547,910.93 | 2,948,591,015.86 | 182,956,895.07 | 6.2% |
| Operating Expenses | | | | |
| Salaries and Wages | 1,387,534,528.62 | 1,339,742,558.45 | 47,791,970.17 | 3.6% |
| Payroll Related Costs | 394,052,574.66 | 382,343,248.07 | 11,709,326.59 | 3.1% |
| Cost of Goods Sold | 3,172,969.52 | 3,561,001.87 | (388,032.35) | -10.9% |
| Professional Fees and Services | 117,015,805.91 | 145,554,664.55 | (28,538,858.64) | -19.6% |
| Other Contracted Services | 91,400,055.71 | 73,449,991.15 | 17,950,064.56 | 24.4% |
| Travel | 13,518,245.45 | 15,102,848.19 | (1,584,602.74) | -10.5% |
| Materials and Supplies | 597,779,693.18 | 570,466,744.35 | 27,312,948.83 | 4.8% |
| Utilities | 42,185,839.72 | 42,453,890.21 | (268,050.49) | -0.6% |
| Communications | 8,053,433.26 | 8,752,933.54 | (699,500.28) | -8.0% |
| Repairs and Maintenance | 74,259,583.46 | 73,447,435.95 | 812,147.51 | 1.1% |
| Rentals and Leases | 38,672,871.35 | 34,802,346.62 | 3,870,524.73 | 11.1% |
| Printing and Reproduction | 3,618,333.07 | 3,384,679.16 | 233,653.91 | 6.9% |
| Scholarships and Fellowships | 3,107,897.30 | 946,062.72 | 2,161,834.58 | 228.5% |
| Depreciation and Amortization | 234,318,291.06 | 228,133,381.61 | 6,184,909.45 | 2.7% |
| Federal Sponsored Program Pass-Through to Other State Agencies | 14,054,312.82 | 356,994.21 | 13,697,318.61 | 3,836.8% |
| State Sponsored Program Pass-Through to Other State Agencies | 2,411,768.31 | - | 2,411,768.31 | 100.0% |
| Other Operating Expenses | 27,686,631.08 | 26,021,239.23 | 1,665,391.85 | 6.4% |
| Total Operating Expenses | 3,052,842,834.48 | 2,948,520,019.88 | 104,322,814.60 | 3.5% |
| Operating Loss | 78,705,076.45 | 70,995.98 | 78,634,080.47 | 110,758.5% |
| Other Nonoperating Adjustments | | | | |
| State Appropriations | 154,073,110.88 | 135,761,097.65 | 18,312,013.23 | 13.5% |
| Nonexchange Sponsored Programs | 2,052,110.00 | (23,873.00) | 2,075,983.00 | 8,695.9% |
| Gift Contributions for Operations | 115,530,592.37 | 155,222,208.37 | (39,691,616.00) | -25.6% |
| Net Investment Income | 70,210,739.01 | 60,294,691.80 | 9,916,047.21 | 16.4% |
| Interest Expense on Capital Asset Financings | (30,793,372.50) | (32,066,454.10) | 1,273,081.60 | 4.0% |
| Net Other Nonoperating Adjustments | 311,073,179.76 | 319,187,670.72 | (8,114,490.96) | -2.5% |
| Adjusted Income (Loss) including Depreciation & Amortization | 389,778,256.21 | 319,258,666.70 | 70,519,589.51 | 22.1% |
| Adjusted Margin % including Depreciation & Amortization | 11.2% | 9.7% | | |
| Investment Gain (Losses) | 197,950,379.05 | 121,155,495.36 | 76,794,883.69 | 63.4% |
| Adj. Inc. (Loss) with Investment Gains (Losses) | 587,728,635.26 | 440,414,162.06 | 147,314,473.20 | 33.4% |
| Adj. Margin % with Investment Gains (Losses) | 16.0% | 12.9% | | |
| Adjusted Income (Loss) excluding Depreciation & Amortization | 624,096,547.27 | 547,392,048.31 | 76,704,498.96 | 14.0% |
| Adjusted Margin % excluding Depreciation & Amortization | 18.0% | 16.6% | | |

UNAUDITED

The University of Texas Health Science Center at Tyler
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2014

| | June Year-to-Date FY 2014 | June Year-to-Date FY 2013 | Variance | Fluctuation Percentage |
|---|---------------------------------|---------------------------------|----------------------|---------------------------|
| Operating Revenues | | | | |
| Net Student Tuition | 98,875.39 | 32,811.36 | 66,064.03 | 201.3% |
| Sponsored Programs | 11,236,367.39 | 11,660,625.91 | (424,258.52) | -3.6% |
| Net Sales and Services of Educational Activities | 1,207,091.82 | 1,182,463.21 | 24,628.61 | 2.1% |
| Net Sales and Services of Hospitals | 46,926,144.98 | 36,772,513.61 | 10,153,631.37 | 27.6% |
| Net Professional Fees | 8,320,330.41 | 8,493,893.54 | (173,563.13) | -2.0% |
| Net Auxiliary Enterprises | 141,288.52 | 150,862.47 | (9,573.95) | -6.3% |
| Other Operating Revenues | 23,150,579.56 | 6,939,922.99 | 16,210,656.57 | 233.6% |
| Total Operating Revenues | 91,080,678.07 | 65,233,093.09 | 25,847,584.98 | 39.6% |
| Operating Expenses | | | | |
| Salaries and Wages | 57,426,877.81 | 51,796,850.94 | 5,630,026.87 | 10.9% |
| Payroll Related Costs | 17,881,621.81 | 15,749,733.28 | 2,131,888.53 | 13.5% |
| Cost of Goods Sold | 79,683.51 | 62,986.08 | 16,697.43 | 26.5% |
| Professional Fees and Services | 6,893,823.67 | 6,958,702.65 | (64,878.98) | -0.9% |
| Other Contracted Services | 12,374,970.32 | 6,253,811.75 | 6,121,158.57 | 97.9% |
| Travel | 489,923.14 | 475,773.66 | 14,149.48 | 3.0% |
| Materials and Supplies | 16,117,917.75 | 12,865,079.73 | 3,252,838.02 | 25.3% |
| Utilities | 2,441,002.10 | 2,484,805.58 | (43,803.48) | -1.8% |
| Communications | 619,326.79 | 552,859.44 | 66,467.35 | 12.0% |
| Repairs and Maintenance | 4,056,190.45 | 3,295,654.16 | 760,536.29 | 23.1% |
| Rentals and Leases | 1,107,362.59 | 861,651.59 | 245,711.00 | 28.5% |
| Printing and Reproduction | 33,676.63 | 87,780.30 | (54,103.67) | -61.6% |
| Scholarships and Fellowships | 80,628.60 | 60,152.36 | 20,476.24 | 34.0% |
| Depreciation and Amortization | 8,342,816.53 | 7,552,586.01 | 790,230.52 | 10.5% |
| Federal Sponsored Program Pass-Through to Other State Agencies | 93,790.69 | 189,751.32 | (95,960.63) | -50.6% |
| Other Operating Expenses | 2,594,707.70 | 2,181,494.78 | 413,212.92 | 18.9% |
| Total Operating Expenses | 130,634,320.09 | 111,429,673.63 | 19,204,646.46 | 17.2% |
| Operating Loss | (39,553,642.02) | (46,196,580.54) | 6,642,938.52 | 14.4% |
| Other Nonoperating Adjustments | | | | |
| State Appropriations | 35,643,217.11 | 31,039,214.56 | 4,604,002.55 | 14.8% |
| Gift Contributions for Operations | 493,740.62 | 798,991.51 | (305,250.89) | -38.2% |
| Net Investment Income | 3,360,256.82 | 3,725,740.11 | (365,483.29) | -9.8% |
| Interest Expense on Capital Asset Financings | (1,270,234.20) | (1,339,963.50) | 69,729.30 | 5.2% |
| Net Other Nonoperating Adjustments | 38,226,980.35 | 34,223,982.68 | 4,002,997.67 | 11.7% |
| Adjusted Income (Loss) including Depreciation & Amortization | (1,326,661.67) | (11,972,597.86) | 10,645,936.19 | 88.9% |
| Adjusted Margin % including Depreciation & Amortization | -1.0% | -11.9% | | |
| Investment Gain (Losses) | 5,614,722.31 | 2,219,865.41 | 3,394,856.90 | 152.9% |
| Adj. Inc. (Loss) with Investment Gains (Losses) | 4,288,060.64 | (9,752,732.45) | 14,040,793.09 | 144.0% |
| Adj. Margin % with Investment Gains (Losses) | 3.1% | -9.5% | | |
| Adjusted Income (Loss) excluding Depreciation & Amortization | 7,016,154.86 | (4,420,011.85) | 11,436,166.71 | 258.7% |
| Adjusted Margin % excluding Depreciation & Amortization | 5.4% | -4.4% | | |

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 May 31, 2014**

REPORT

The May 31, 2014 UTIMCO Performance Summary Report is attached on [Page 175](#).

The Investment Reports for the quarter ended May 31, 2014, are set forth on [Pages 176 - 179](#).

Item I on [Page 176](#) reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the quarter was 3.08% versus its composite benchmark return of 3.22%. The PUF's net asset value increased by \$627 million since the beginning of the quarter to \$16,912 million. The increase was due to \$291 million PUF Lands receipts, plus a net investment return of \$505 million, less distributions to the Available University Fund (AUF) of \$169 million.

Item II on [Page 177](#) reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the quarter was 2.87% versus its composite benchmark return of 3.22%. The GEF's net asset value increased by \$203 million during the quarter to \$8,113 million.

Item III on [Page 178](#) reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the quarter was 1.74% versus its composite benchmark return of 1.67%. The net asset value increased during the quarter to \$6,560 million due to net investment return of \$114 million, plus net contributions of \$348 million, less distributions of \$48 million.

All exposures were within their asset class and investment type ranges. Liquidity was within policy.

Item IV on [Page 179](#) 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 and Fidelity money market funds, increased by \$21 million to \$2,210 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$21 million versus \$21 million at the beginning of the period; equities: \$89 million versus \$97 million at the beginning of the period; and other investments: \$1 million versus \$2 million at the beginning of the period.

UTIMCO Performance Summary

May 31, 2014

| | Net Asset Value 5/31/2014 (in Millions) | Periods Ended May 31, 2014 (Returns for Periods Longer Than One Year are Annualized) | | | | | | | |
|---|--|---|----------------|---------------------|---------------|-------------------------|---------------|-----------------|-----------------|
| | | <u>Short Term</u> | | <u>Year to Date</u> | | <u>Historic Returns</u> | | | |
| | | 1 Mo | 3 Mos | Fiscal | Calendar | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs |
| ENDOWMENT FUNDS | | | | | | | | | |
| Permanent University Fund | \$ 16,912 | 2.39% | 3.08% | 11.91% | 5.27% | 11.81% | 6.93% | 11.70% | 7.71% |
| General Endowment Fund | | 2.07 | 2.87 | 11.62 | 4.86 | 11.57 | 6.93 | 11.72 | 7.75 |
| Permanent Health Fund | 1,095 | 2.07 | 2.86 | 11.56 | 4.92 | 11.55 | 6.82 | 11.62 | 7.67 |
| Long Term Fund | 7,018 | 2.07 | 2.86 | 11.56 | 4.92 | 11.55 | 6.83 | 11.62 | 7.68 |
| Separately Invested Funds | 208 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Total Endowment Funds | 25,233 | | | | | | | | |
| OPERATING FUNDS | | | | | | | | | |
| Intermediate Term Fund | 6,560 | 1.92 | 1.74 | 8.62 | 3.37 | 7.58 | 4.68 | 9.25 | N/A |
| Debt Proceeds Fund | 296 | 0.01 | 0.02 | 0.06 | 0.03 | 0.09 | 0.13 | N/A | N/A |
| Short Term Fund | 1,817 | 0.01 | 0.01 | 0.04 | 0.02 | 0.06 | 0.11 | 0.17 | 1.85 |
| Total Operating Funds | 8,673 | | | | | | | | |
| Total Investments | \$ 33,906 | | | | | | | | |
| VALUE ADDED (1) (Percent) | | | | | | | | | |
| Permanent University Fund | | 0.85% | (0.14%) | 0.58% | 0.56% | 0.56% | 0.90% | 2.16% | 1.68% |
| General Endowment Fund | | 0.53 | (0.35) | 0.29 | 0.15 | 0.32 | 0.90 | 2.18 | 1.72 |
| Intermediate Term Fund | | 0.74 | 0.07 | 0.44 | 0.21 | 0.77 | 1.76 | 2.39 | N/A |
| Debt Proceeds Fund | | 0.01 | 0.01 | 0.02 | 0.01 | 0.03 | N/A | N/A | N/A |
| Short Term Fund | | 0.01 | - | - | - | - | 0.03 | 0.06 | 0.21 |
| VALUE ADDED (1) (\$ IN MILLIONS) | | | | | | | | | |
| Permanent University Fund | | \$ 139 | \$ (22) | \$ 88 | \$ 90 | \$ 86 | \$ 413 | \$ 1,486 | \$ 2,329 |
| General Endowment Fund | | 42 | (28) | 21 | 11 | 24 | 217 | 826 | 1,313 |
| Intermediate Term Fund | | 48 | 5 | 27 | 14 | 46 | 288 | 588 | N/A |
| Total Value Added | | \$ 229 | \$ (45) | \$ 136 | \$ 115 | \$ 156 | \$ 918 | \$ 2,900 | \$ 3,642 |

Footnote available upon request.

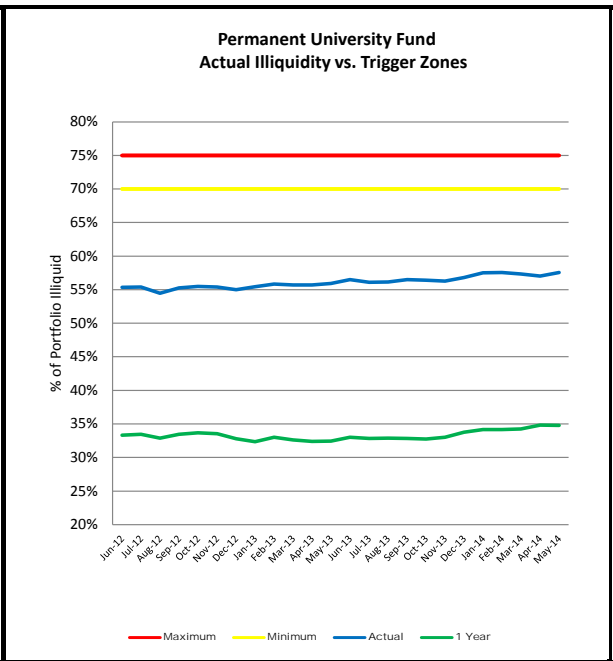
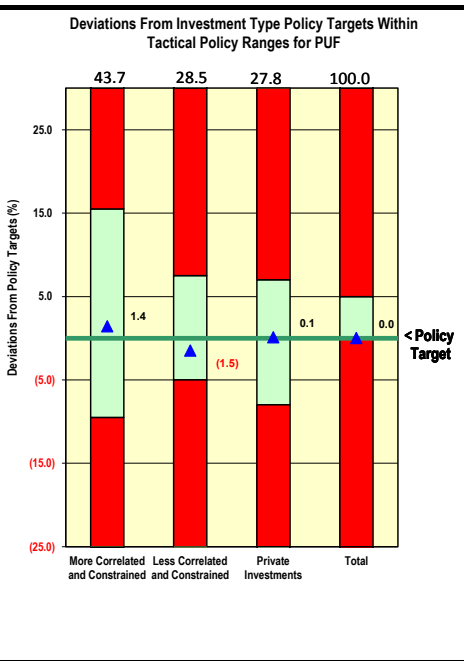
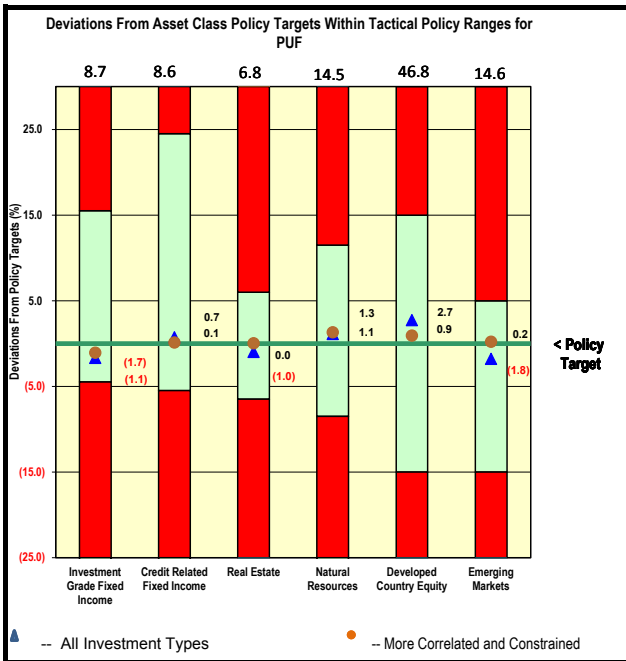
UTIMCO 7/7/2014

I. PERMANENT UNIVERSITY FUND Investment Reports for Periods Ended May 31, 2014

Prepared in accordance with *Texas Education Code Sec. 51.0032*

| Summary of Capital Flows | | | |
|-------------------------------------|-----------------------------------|----------------------------|----------------------------------|
| (\$ millions) | Fiscal Year Ended August 31, 2013 | Quarter Ended May 31, 2014 | Fiscal Year to Date May 31, 2014 |
| Beginning Net Assets | \$ 13,470 | \$ 16,285 | \$ 14,853 |
| PUF Lands Receipts | 857 | 291 | 850 |
| Investment Return (Net of Expenses) | 1,170 | 505 | 1,777 |
| Distributions to AUF | (644) | (169) | (568) |
| Ending Net Assets | <u>\$ 14,853</u> | <u>\$ 16,912</u> | <u>\$ 16,912</u> |

| | Fiscal Year to Date | | | | |
|--|---------------------|------------------|-----------------------|-------------------------|---------------|
| | Returns | | Value Added | | |
| | Portfolio | Policy Benchmark | From Asset Allocation | From Security Selection | Total |
| More Correlated and Constrained: | | | | | |
| Investment Grade | 2.04% | 5.85% | -0.06% | -0.31% | -0.37% |
| Credit-Related | 15.74% | 10.83% | 0.00% | 0.00% | 0.00% |
| Real Estate | 15.30% | 15.85% | 0.00% | -0.01% | -0.01% |
| Natural Resources | 1.60% | 9.53% | -0.22% | -0.62% | -0.84% |
| Developed Country | 18.03% | 18.29% | 0.01% | 0.00% | 0.01% |
| Emerging Markets | 20.27% | 12.13% | -0.24% | 0.87% | 0.63% |
| Total More Correlated and Constrained | 11.64% | 13.00% | -0.51% | -0.07% | -0.58% |
| Less Correlated and Constrained | 9.35% | 6.03% | 0.00% | 1.03% | 1.03% |
| Private Investments | 15.15% | 14.43% | 0.02% | 0.11% | 0.13% |
| Total | 11.91% | 11.33% | -0.49% | 1.07% | 0.58% |

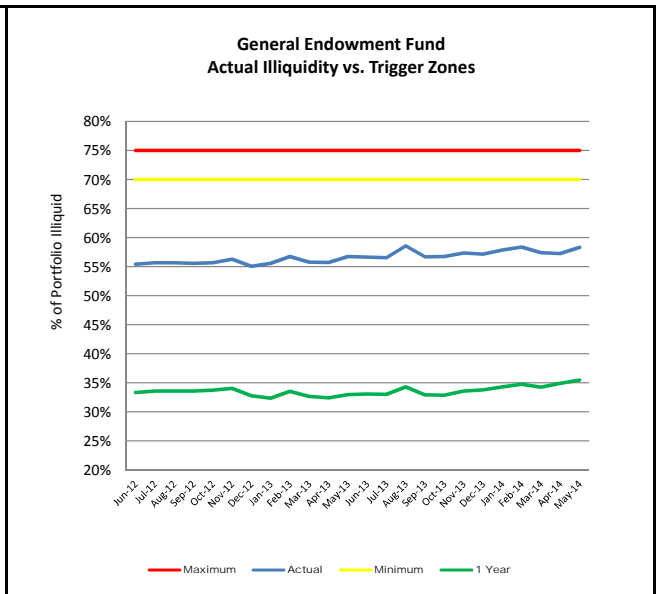
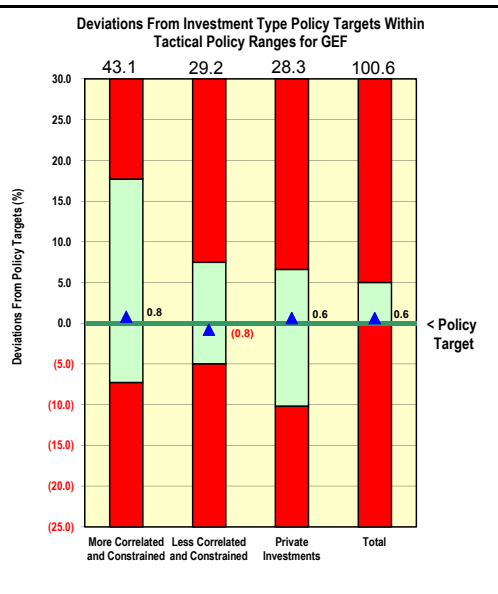
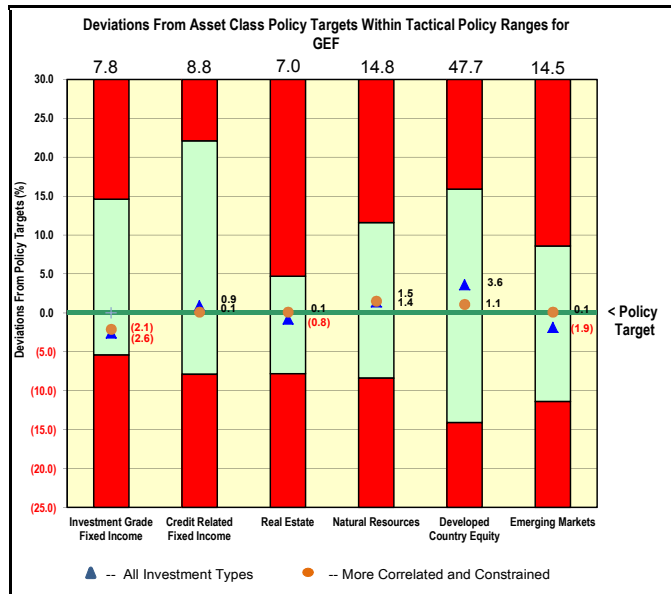


II. GENERAL ENDOWMENT FUND Investment Reports for Periods Ended May 31, 2014

Prepared in accordance with Texas Education Code Sec. 51.0032

| Summary of Capital Flows | | | |
|-------------------------------------|--------------------------------------|-------------------------------|--|
| (\$ millions) | Fiscal Year Ended August 31, 2013 | Quarter Ended May 31, 2014 | Fiscal Year to Date August 31, 2014 |
| Beginning Net Assets | \$ 7,105 | \$ 7,910 | \$ 7,396 |
| Contributions | 166 | 67 | 137 |
| Withdrawals | (152) | (1) | (3) |
| Distributions | (360) | (93) | (277) |
| Investment Return (Net of Expenses) | 637 | 230 | 860 |
| Ending Net Assets | <u>\$ 7,396</u> | <u>\$ 8,113</u> | <u>\$ 8,113</u> |

| | Fiscal Year to Date | | | | |
|--|---------------------|------------------|-----------------------|-------------------------|---------------|
| | Returns | | Value Added | | |
| | Portfolio | Policy Benchmark | From Asset Allocation | From Security Selection | Total |
| More Correlated and Constrained: | | | | | |
| Investment Grade | 2.74% | 5.85% | -0.01% | -0.24% | -0.25% |
| Credit-Related | 15.74% | 10.83% | 0.00% | 0.00% | 0.00% |
| Real Estate | 15.37% | 15.85% | 0.00% | -0.01% | -0.01% |
| Natural Resources | 1.65% | 9.53% | -0.25% | -0.62% | -0.87% |
| Developed Country | 18.03% | 18.29% | -0.01% | 0.01% | 0.00% |
| Emerging Markets | 15.62% | 12.13% | -0.15% | 0.38% | 0.23% |
| Total More Correlated and Constrained | 10.95% | 13.00% | -0.42% | -0.48% | -0.90% |
| Less Correlated and Constrained | 9.35% | 6.03% | 0.01% | 1.02% | 1.03% |
| Private Investments | 15.16% | 14.43% | 0.02% | 0.14% | 0.16% |
| Total | 11.62% | 11.33% | -0.39% | 0.68% | 0.29% |

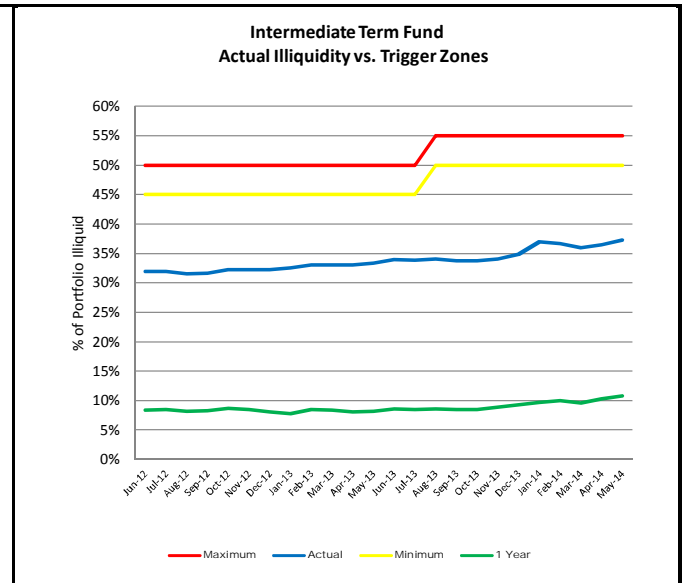
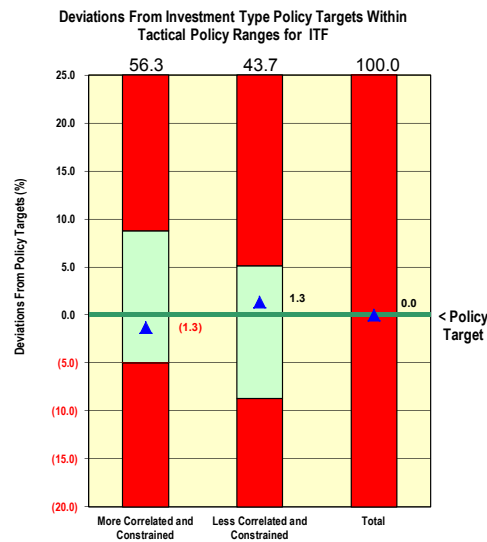
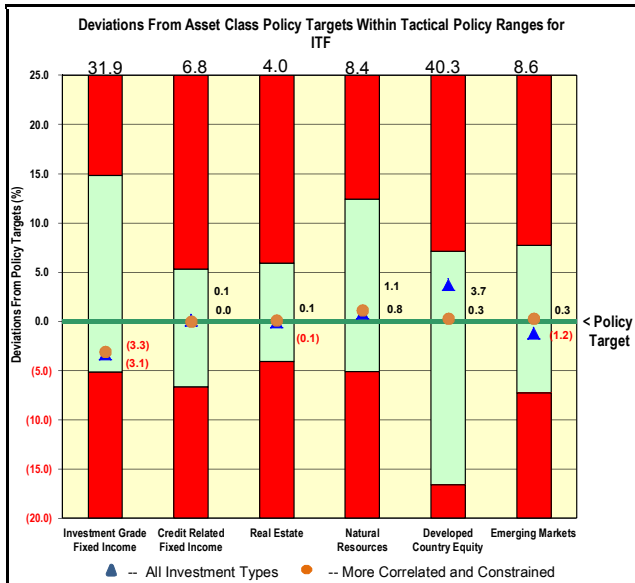


III. INTERMEDIATE TERM FUND Investment Reports for Periods Ended May 31, 2014

Prepared in accordance with Texas Education Code Sec. 51.0032

| Summary of Capital Flows | | | | |
|-------------------------------------|--------------------------------------|-------------------------------|--|--|
| (\$ millions) | Fiscal Year Ended August 31, 2013 | Quarter Ended May 31, 2014 | Fiscal Year to Date August 31, 2014 | |
| Beginning Net Assets | \$ 4,893 | \$ 6,146 | \$ 5,520 | |
| Contributions | 694 | 363 | 761 | |
| Withdrawals | (158) | (15) | (85) | |
| Distributions | (158) | (48) | (136) | |
| Investment Return (Net of Expenses) | 249 | 114 | 500 | |
| Ending Net Assets | <u>\$ 5,520</u> | <u>\$ 6,560</u> | <u>\$ 6,560</u> | |

| | Fiscal Year to Date | | | | |
|--|---------------------|------------------|-----------------------|-------------------------|---------------|
| | Returns | | Value Added | | |
| | Portfolio | Policy Benchmark | From Asset Allocation | From Security Selection | Total |
| More Correlated and Constrained: | | | | | |
| Investment Grade | 5.26% | 5.85% | 0.05% | -0.21% | -0.16% |
| Credit-Related | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Real Estate | 15.26% | 15.85% | -0.04% | -0.03% | -0.07% |
| Natural Resources | 1.92% | 9.53% | -0.12% | -0.56% | -0.68% |
| Developed Country | 17.99% | 18.29% | 0.00% | 0.00% | 0.00% |
| Emerging Markets | 13.76% | 12.13% | -0.05% | 0.09% | 0.04% |
| Total More Correlated and Constrained | 8.24% | 9.63% | -0.16% | -0.71% | -0.87% |
| Less Correlated and Constrained | 9.31% | 6.03% | 0.03% | 1.28% | 1.31% |
| Private Investments | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total | 8.62% | 8.18% | -0.13% | 0.57% | 0.44% |



IV. SEPARATELY INVESTED ASSETS
Summary Investment Report at May 31, 2014
 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 (DEBT PROCEEDS AND (SHORT TERM FUND)) | | TOTAL | |
| | BOOK | MARKET | BOOK | MARKET | BOOK | MARKET | BOOK | MARKET | BOOK | MARKET | BOOK | MARKET | BOOK | MARKET | BOOK | MARKET |
| Cash & Equivalents: | | | | | | | | | | | | | | | | |
| Beginning value 02/28/14 | - | - | 3,962 | 3,962 | 71,251 | 71,251 | 1,944 | 1,944 | 578 | 578 | 77,735 | 77,735 | 2,111,123 | 2,111,123 | 2,188,858 | 2,188,858 |
| Increase/(Decrease) | - | - | (1,611) | (1,610) | 21,521 | 21,521 | (83) | (83) | (259) | (259) | 19,568 | 19,569 | 1,327 | 1,327 | 20,895 | 20,896 |
| Ending value 05/31/14 | - | - | 2,351 | 2,352 | 92,772 | 92,772 | 1,861 | 1,861 | 319 | 319 | 97,303 | 97,304 | 2,112,450 | 2,112,450 | 2,209,753 | 2,209,754 |
| Debt Securities: | | | | | | | | | | | | | | | | |
| Beginning value 02/28/14 | - | - | 57 | 58 | 11,270 | 11,821 | 8,791 | 8,947 | - | - | 20,118 | 20,826 | - | - | 20,118 | 20,826 |
| Increase/(Decrease) | - | - | (37) | (37) | (2) | 110 | (275) | (224) | - | - | (314) | (151) | - | - | (314) | (151) |
| Ending value 05/31/14 | - | - | 20 | 21 | 11,268 | 11,931 | 8,516 | 8,723 | - | - | 19,804 | 20,675 | - | - | 19,804 | 20,675 |
| Equity Securities: | | | | | | | | | | | | | | | | |
| Beginning value 02/28/14 | 1,160 | 32,528 | 1,864 | 1,859 | 39,766 | 47,365 | 12,861 | 14,939 | - | - | 55,651 | 96,691 | - | - | 55,651 | 96,691 |
| Increase/(Decrease) | - | (12,687) | 1,954 | 1,950 | 1,302 | 2,101 | (36) | 581 | - | - | 3,220 | (8,055) | - | - | 3,220 | (8,055) |
| Ending value 05/31/14 | 1,160 | 19,841 | 3,818 | 3,809 | 41,068 | 49,466 | 12,825 | 15,520 | - | - | 58,871 | 88,636 | - | - | 58,871 | 88,636 |
| Other: | | | | | | | | | | | | | | | | |
| Beginning value 02/28/14 | - | - | 952 | 952 | 6 | 6 | 516 | 111 | 503 | 503 | 1,977 | 1,572 | - | - | 1,977 | 1,572 |
| Increase/(Decrease) | - | - | (228) | (228) | - | - | 11 | - | (303) | (303) | (520) | (531) | - | - | (520) | (531) |
| Ending value 05/31/14 | - | - | 724 | 724 | 6 | 6 | 527 | 111 | 200 | 200 | 1,457 | 1,041 | - | - | 1,457 | 1,041 |
| Total Assets: | | | | | | | | | | | | | | | | |
| Beginning value 02/28/14 | 1,160 | 32,528 | 6,835 | 6,831 | 122,293 | 130,443 | 24,112 | 25,941 | 1,081 | 1,081 | 155,481 | 196,824 | 2,111,123 | 2,111,123 | 2,266,604 | 2,307,947 |
| Increase/(Decrease) | - | (12,687) | 78 | 75 | 22,821 | 23,732 | (383) | 274 | (562) | (562) | 21,954 | 10,832 | 1,327 | 1,327 | 23,281 | 12,159 |
| Ending value 05/31/14 | 1,160 | 19,841 | 6,913 | 6,906 | 145,114 | 154,175 | 23,729 | 26,215 | 519 | 519 | 177,435 | 207,656 | 2,112,450 | 2,112,450 | 2,289,885 | 2,320,106 |

Details of individual assets by account furnished upon request.

4. **U. T. System Board of Regents: Approval of amendments to the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, the Long Term Fund, the Intermediate Term Fund, the Liquidity Policy, and the Derivative Investment Policy**

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 the U. T. System Board of Regents approve proposed amendments to the following Investment Policy Statements, including asset allocation, the Liquidity Policy, and the Derivative Investment Policy, as set forth in congressional style on the referenced pages.

- a. Permanent University Fund (PUF)
- b. General Endowment Fund (GEF)
- c. Permanent Health Fund (PHF)
- d. Long Term Fund (LTF)
- e. Intermediate Term Fund (ITF)
- f. Liquidity Policy (See [Pages 193 - 196](#))
- g. Derivative Investment Policy (See [Pages 197 - 202](#))

BACKGROUND INFORMATION

The Master Investment Management Services Agreement (IMSA) between the U. T. System Board of Regents and UTIMCO requires that UTIMCO review the current Investment Policies for each Fund at least annually. The review includes distribution (spending) guidelines, long-term investment return expectations and expected risk levels, Asset Class and Investment Type allocation targets and ranges for each eligible Asset Class and Investment Type, expected returns for each Asset Class, Investment Type, and Fund, designated performance benchmarks for each Asset Class and/or Investment Type, and such other matters as the U. T. System Board or its staff designees may request.

The UTIMCO Board approved amendments to the Investment Policy Statements, the Liquidity Policy, and the Derivative Investment Policy on July 29, 2014.

Exhibits to the Investment Policy Statements for the PUF, GEF, PHF, LTF (Attachment 1) and ITF (Attachment 2) have been amended to reflect changes to the Targets and Ranges for Asset Classes and Investment Types proposed for Fiscal Year Ending (FYE) 2015. The Policy Benchmarks and Expected Annual Return (Benchmarks) targets have been updated, and the one year downside deviation has been adjusted to reflect the revised Asset Class and Investment Type targets for FYE 2015.

For the PUF, PHF, LTF, and ITF Investment Policy Statements, language requiring UTIMCO to recommend distribution amounts on an annual basis to the U. T. System Board of Regents is proposed to be deleted if this is desired by the Board of Regents. The proposed amendment is set forth in Attachment 3.

All amended Investment Policy Statements will be effective September 1, 2014. The Investment Policy Statements were last amended effective September 1, 2013.

Proposed amendments to the Liquidity Policy delete certain language in the Definition of Liquidity Risk, and clarify language in the Liquidity Policy Profile.

The Derivative Investment Policy is being amended to change the Definition of Derivatives to reflect that participation notes are included with the definition of structured notes. Also, language is being added to allow the Risk Manager and Chief Compliance Officer (CCO), in consultation with the Chief Investment Officer (CIO), to determine whether a particular financial instrument meets the definition of Derivative Investment and require the CIO to report these determinations to the Chairman of the Risk Committee.

The Short Term Fund and Separated Invested Funds Investment Policy Statements were reviewed, but no changes were made.

ATTACHMENT 1
EXHIBIT FOR PUF, GEF, PHF and LTF
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, ~~2013~~ 2014

| POLICY PORTFOLIO | FYE 2014 2015 | | |
|-------------------------------|------------------------|------------------------|-------|
| | Min | Target | Max |
| Asset Classes | | | |
| Investment Grade Fixed Income | 5.0% 3.0% | 40.5% 9.0% | 25.0% |
| Credit-Related Fixed Income | 0.0% | 8.8% 8.5% | 30.0% |
| Real Estate | 0.0% | 8.2% 8.5% | 12.5% |
| Natural Resources | 5.0% | 13.3% 14.0% | 25.0% |
| Developed Country Equity | 30.0% | 43.8% 45.0% | 60.0% |
| Emerging Markets Equity | 5.0% 8.0% | 15.4% 15.0% | 25.0% |
| Investment Types | | | |
| More Correlated & Constrained | 35.0% 30.0% | 44.5% 40.0% | 60.0% |
| Less Correlated & Constrained | 25.0% | 30.0% | 37.5% |
| Private Investments | 17.5% 20.0% | 28.5% 30.0% | 35.0% |

*The total Asset Class & Investment Type exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 105% of the Asset Class & Investment Type exposures excluding the amount of derivatives exposure not collateralized by Cash.

| POLICY BENCHMARK (reset monthly) | FYE 2014 2015 |
|---|------------------------|
| Barclays Capital Global Aggregate Index | 7.5% 6.5% |
| FTSE EPRA/NAREIT Developed Index Net TRI USD | 2.5% |
| 50% 33.4% Bloomberg Dow Jones-UBS Commodity Total Return Index, and 50% 33.3% MSCI World Natural Resources Index and 33.3% Gold Spot price (XAU) | 7.5% |
| MSCI World Index with net dividends | 14.0% |
| MSCI Emerging Markets with net dividends | 10% 9.5% |
| Hedge Fund Research Indices Fund of Funds Composite Index | 30.0% |
| Custom Cambridge Fund of Funds Benchmark | 28.5% 30.0% |



| POLICY/TARGET RETURN/RISKS | FYE 2014 2015 |
|--|------------------------|
| Expected Annual Return (Benchmarks) ** | 7.40% 6.82% |
| One Year Downside Deviation | 9.30% 9.67% |
| Risk Bounds | |
| Lower: 1 Year Downside Deviation | 75% |
| Upper: 1 Year Downside Deviation | 115% |

**Equal to nominal return, net of all investment-related expenses and assuming an inflation rate of 2.5%.

ATTACHMENT 1
(continued)
EXHIBIT FOR PUF, GEF, PHF and LTF
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES
EFFECTIVE DATE SEPTEMBER 1, ~~2013~~ 2014

POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE ~~2014~~ 2015

| FYE 2014 2015 | | More Correlated & Constrained | Less Correlated & Constrained | Private Investments | Total |
|--------------------------|-------------------|--|-------------------------------|-------------------------------|------------------------|
| Fixed Income | Investment Grade | Barclays Capital Global Aggregate Index (7.5% 6.5%) | 3.0% 2.5% | 0.0% | 10.5% 9.0% |
| | Credit-Related | 0.00% | 5.0% | 3.8% 3.5% | 8.8% 8.5% |
| Real Assets | Real Estate | FTSE EPRA/NAREIT Developed Index Net TRI USD (2.5%) | 0.5% | 5.2% 5.5% | 8.2% 8.5% |
| | Natural Resources | 50 33.4% Dow Jones-UBS Bloomberg Commodity Total Return Index, and 50 33.3% MSCI World Natural Resources Index and 33.3% Gold Spot price (XAU) (7.5%) | 0.0% | 5.8% 6.5% | 13.3% 14.0% |
| Equity | Developed Country | MSCI World Index with Net Dividends (14.0%) | 19.5% 20.0% | 10.3% 11.0% | 43.8% 45.0% |
| | Emerging Markets | MSCI EM Index with Net Dividends (10.0% 9.5%) | 2.0% | 3.4% 3.5% | 15.4% 15.0% |
| Total | | 41.5% 40.0% | 30.0% | 28.5% 30.0% | 100.0% |

 Hedge Fund Research Indices Fund of Funds Composite Index
 Custom Cambridge Fund of Funds Benchmark

Investment Policy/Benchmarks are indicated in Black/Bold
Reportable Targets are indicated in Gray

ATTACHMENT 2
EXHIBIT A - INTERMEDIATE TERM FUND
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, ~~2013~~ 2014

| POLICY PORTFOLIO | FYE 2014 2015 | | |
|-------------------------------|--------------------------|--------|------------------------|
| | Min | Target | Max |
| Asset Classes | | | |
| Investment Grade Fixed Income | 30.0% 20.0% | 34.5% | 50.0% |
| Credit-Related Fixed Income | 0.0% | 7.5% | 12.0% |
| Real Estate | 0.0% | 4.0% | 10.0% |
| Natural Resources | 2.5% | 7.0% | 20.0% |
| Developed Country Equity | 20.0% | 38.0% | 45.0% 50.0% |
| Emerging Markets Equity | 2.5% | 9.0% | 17.5% |
| Investment Types | | | |
| More Correlated & Constrained | 50.0% 45.0% | 55.0% | 65.0% |
| Less Correlated & Constrained | 35.0% | 45.0% | 50.0% 55.0% |

*The total Asset Class & Investment Type exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 100% of the Asset Class & Investment Type exposures excluding the amount of derivatives exposure not collateralized by Cash.

| POLICY BENCHMARK (reset monthly) | FYE 2014 2015 |
|--|--------------------------|
| Barclays Capital Global Aggregate Index | 30.0% |
| FTSE EPRA/NAREIT Developed Index Net TRI USD | 3.0% |
| 50% 33.4% Bloomberg Dow Jones-UBS Commodity Total Return Index, and 50% 33.3% MSCI World Natural Resources Index and 33.3% Gold Spot price (XAU) | 7.0% |
| MSCI World Index with net dividends | 9.0% |
| MSCI Emerging Markets with net dividends | 6.0% |
| Hedge Fund Research Indices Fund of Funds Composite Index | 45.0% |


| POLICY/TARGET RETURN/RISKS | FYE 2014 2015 |
|--|--------------------------|
| Expected Annual Return (Benchmarks) ** | 6.03% 5.28% |
| One Year Downside Deviation | 5.65% 5.96% |
| Risk Bounds | |
| Lower: 1 Year Downside Deviation | 70% |
| Upper: 1 Year Downside Deviation | 115% |

**Equal to nominal return, net of all investment-related expenses and assuming an inflation rate of 2.5%.

ATTACHMENT 2
(continued)
EXHIBIT A - INTERMEDIATE TERM FUND
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES
EFFECTIVE DATE SEPTEMBER 1, ~~2013~~ 2014

POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE ~~2014~~ 2015

| FYE 2014 2015 | | More Correlated & Constrained | Less Correlated & Constrained | Total |
|--------------------------|-------------------|--|-------------------------------|---------------|
| Fixed Income | Investment Grade | Barclays Capital Global Aggregate Index (30.0%) | 4.5% | 34.5% |
| | Credit-Related | (0.0%) | 7.5% | 7.5% |
| Real Assets | Real Estate | FTSE EPRA/NAREIT Developed Index Net TRI USD (3.0%) | 1.0% | 4.0% |
| | Natural Resources | 50 33.4% Dow Jones-UBS Bloomberg Commodity Total Return Index, and 50 33.3% MSCI World Natural Resources Index and 33.3% Gold Spot price (XAU) (7.0%) | 0.0% | 7.0% |
| Equity | Developed Country | MSCI World Index with Net Dividends (9.0%) | 29.0% | 38.0% |
| | Emerging Markets | MSCI EM Index with Net Dividends (6.0%) | 3.0% | 9.0% |
| Total | | 55.0% | 45.0% | 100.0% |

 Hedge Fund Research
Indices Fund of Funds
Composite Index

Investment Policy/Benchmarks are indicated in Black/Bold
Reportable Targets are indicated in Gray

ATTACHMENT 3

Investment Policy Statement Changes

Permanent University Fund

PUF Distributions

The PUF shall balance the needs and interests of present beneficiaries with those of the future. PUF spending policy objectives shall be to:

- provide a predictable, stable stream of distributions over time;
- ensure that the inflation adjusted value of distributions is maintained over the long term; and
- ensure that the inflation adjusted value of PUF assets after distributions is maintained over rolling 10-year periods.

The goal is for the PUF's average spending rate over time not to exceed the PUF's average annual investment return after inflation and expenses in order to preserve the purchasing power of PUF distributions and underlying assets.

The *Texas Constitution* states that "The amount of any distributions to the available university fund shall be determined by the board of regents of The University of Texas System in a manner intended to provide the available university fund with a stable and predictable stream of annual distributions and to maintain over time the purchasing power of permanent university fund investments and annual distributions to the available university fund. The amount distributed to the available university fund 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 bonds and notes issued under this section. If the purchasing power of permanent university fund investments for any rolling 10-year period is not preserved, the board may not increase annual distributions to the available university fund until the purchasing power of the permanent university fund investments is restored, except as necessary to pay the principal and interest due and owing on bonds and notes issued under this section. An annual distribution made by the board to the available university fund during any fiscal year may not exceed an amount equal to seven percent of the average net fair market value of permanent university fund investment assets as determined by the board, except as necessary to pay any principal and interest due and owing on bonds issued under this section. The expenses of managing permanent university fund land and investments shall be paid by the permanent university fund."

Annually, the Board of Regents will approve a distribution amount to the Available University Fund. Following approval of the distribution amount, distributions from the PUF to the AUF may be quarterly or annually at the discretion of UTIMCO Management.

~~In conjunction with the annual U. T. System budget process, UTIMCO shall recommend to the Board of Regents each May, or at other times as needed, an amount to be distributed to the AUF during the next fiscal year. UTIMCO's recommendation to the Board of Regents 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 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 this Policy Statement~~

~~8/22/2013~~ 8/21/2014

ATTACHMENT 3
Investment Policy Statement Changes

Following approval of the distribution amount, distributions from the PUF to the AUF may be quarterly or annually at the discretion of UTIMCO Management.

ATTACHMENT 3

Investment Policy Statement Changes

Permanent Health Fund

PHF Distributions

The PHF shall balance the needs and interests of present beneficiaries with those of the future. PHF spending policy objectives shall be to:

- A. provide a predictable, stable stream of distributions over time;
- B. ensure that the inflation adjusted value of distributions is maintained over the long term; and
- C. ensure that the inflation adjusted value of PHF assets after distributions is maintained over the long term.

The goal is for the PHF's average spending rate over time not to exceed the PHF's average annual investment return after inflation and expense ratio in order to preserve the purchasing power of PHF distributions and underlying assets.

The Board of Regents will designate a per unit distribution amount annually.

~~UTIMCO shall be responsible for calculating the PHF's distribution percentage and determining the equivalent per unit rate for any given year. Unless otherwise recommended by UTIMCO and approved by the Board of Regents, PHF distributions shall be based on the following criteria:~~

~~The annual unit distribution amount shall be adjusted annually based on the following formula:~~

- ~~A. Increase the prior year's per unit distribution amount (cents per unit) by the average inflation rate (C.P.I.) for the previous twelve quarters. This will be the per unit distribution amount for the next fiscal year. This amount may be rounded to the nearest \$.0005 per unit.~~
- ~~B. If the inflationary increase in Step A results in a distribution rate below 3.5% (computed by taking the proposed distribution amount per unit divided by the previous twelve quarter average market value price per unit), the UTIMCO Board may recommend an increase in the distribution amount as long as such increase does not result in a distribution rate of more than 5.5% (computed in the same manner).~~
- ~~C. If the distribution rate exceeds 5.5% (computed by taking the proposed distribution amount per unit divided by the previous twelve quarter average market value price per unit), the UTIMCO Board may recommend a reduction in the per unit distribution amount.~~

~~Notwithstanding any of the foregoing provisions, the Board of Regents may approve a per unit distribution amount that, in their judgment, would be more appropriate than the rate calculated by the policy provisions.~~

| ~~8/22/2013~~ 8/21/2014

ATTACHMENT 3

Investment Policy Statement Changes

Distributions from the PHF to the unit holders shall be made quarterly as soon as practicable on or after the last business day of November, February, May, and August of each fiscal year.

ATTACHMENT 3

Investment Policy Statement Changes

Long Term Fund LTF Distributions

The LTF shall balance the needs and interests of present beneficiaries with those of the future. LTF spending policy objectives shall be to:

- A. provide a predictable, stable stream of distributions over time;
- B. ensure that the inflation adjusted value of distributions is maintained over the long term; and
- C. ensure that the inflation adjusted value of LTF assets after distributions is maintained over the long term.

The goal is for the LTF's average spending rate over time not to exceed the LTF's average annual investment return after inflation and expense ratio in order to preserve the purchasing power of LTF distributions and underlying assets.

Generally, pursuant to the Uniform Prudent Management of Institutional Funds Act, Chapter 163, *Texas Property Code*, as amended, ("Act"), subject to the intent of a donor in a gift instrument, the Board of Regents may appropriate for expenditure or accumulate so much of the LTF as it determines is prudent for the uses, benefits, purposes, and duration for which the LTF is established. Notwithstanding the preceding sentence, the Board of Regents may not appropriate for expenditure in any year an amount greater than nine percent (9%) of the LTF, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure was made.

The Board of Regents will annually approve a per unit distribution amount.

~~UTIMCO shall be responsible for calculating the LTF's distribution percentage and determining the equivalent per unit rate for any given year. Unless otherwise recommended by UTIMCO and approved by the Board of Regents or prohibited by the Act, LTF distributions shall be based on the following criteria:~~

~~The annual unit distribution amount shall be adjusted annually based on the following formula:~~

- ~~A. Increase the prior year's per unit distribution amount (cents per unit) by the average inflation rate (C.P.I.) for the previous twelve quarters. This will be the per unit distribution amount for the next fiscal year. This amount may be rounded to the nearest \$.0005 per unit.~~
- ~~B. If the inflationary increase in Step A results in a distribution rate below 3.5% (computed by taking the proposed distribution amount per unit divided by the previous twelve quarter average market value price per unit), the UTIMCO Board may recommend an increase in the distribution amount as long as such increase does not result in a distribution rate of more than 5.5% (computed in the same manner).~~

~~8/22/2013~~ 8/21/2014

ATTACHMENT 3

Investment Policy Statement Changes

~~C. If the distribution rate exceeds 5.5% (computed by taking the proposed distribution amount per unit divided by the previous twelve quarter average market value price per unit), the UTIMCO Board may recommend a reduction in the per unit distribution amount.~~

~~Notwithstanding any of the foregoing provisions, the Board of Regents may approve a per unit distribution amount that, in their judgment, would be more appropriate than the rate calculated by the policy provisions.~~

Distributions from the LTF to the unit holders shall be made quarterly as soon as practicable on or after the last business day of November, February, May, and August of each fiscal year.

ATTACHMENT 3

Investment Policy Statement Changes

Intermediate Term Fund

ITF Distributions

The ITF shall provide monthly distributions to the unit holders. The ~~Board of Regents~~ [UTIMCO Board](#) will ~~approve~~ ~~recommend the an~~ annual distribution ~~amount(%) rate to the Board of Regents~~. Distributions from the ITF to the unit holders shall be made monthly on the first business day of each month. To calculate the monthly distribution, the distribution rate (% divided by 12) will be multiplied by each unit holder's account, determined as follows:

- Net asset value of each unit holder's account on the last business day of the second prior month;
- Plus value of each unit holder's net purchase/redemption amount on the first business day of the prior month;
- Less the distribution amount paid to each unit holder's account on the first business day of the prior month.

The University of Texas Investment Management Company Liquidity Policy

Effective Date of Policy: ~~August 22, 2013~~ August 21, 2014
Date Approved by U. T. System Board of Regents: ~~August 22, 2013~~ August 21, 2014
Date Approved by UTIMCO Board: ~~July 22, 2013~~ July 29, 2014
Original Effective Date of Policy: August 7, 2003
Supersedes: Liquidity Policy dated ~~August 23, 2012~~ August 22, 2013

Purpose:

The purpose of this Liquidity Policy is to establish limits on the overall liquidity profile of investments in (1) the Permanent University Fund (PUF) and the General Endowment Fund (GEF), hereinafter collectively referred to as the Endowment Funds and, (2) the Intermediate Term Fund (ITF). For the purposes of this policy, “liquidity” is defined as a measure of the ability of an investment position to be converted into Cash. The established liquidity profile limits will act in conjunction with, but do not supersede, the Investment Policies adopted by the U. T. System Board of Regents.

Objective:

The objective of this Liquidity Policy is to control the element of total risk exposure of the Endowment Funds and the ITF stemming from the uncertainties associated with the ability to convert longer term investments to Cash to meet immediate needs or to change investment strategy, and the potential cost of that conversion.

Scope:

This Liquidity Policy applies to all PUF, GEF, and ITF investments made by The University of Texas Investment Management Company (UTIMCO), both by internal and by external managers. Policy implementation will be managed at the aggregate UTIMCO level and will not be a responsibility of individual internal or external managers managing a portion of the aggregate assets.

Definition of Liquidity Risk:

“Liquidity risk” is defined as that element of total risk resulting from the uncertainty associated with both the cost and time period necessary to convert existing investment positions to Cash. Liquidity risk also entails obligations relating to the unfunded portions of capital commitments. Liquidity risk can result in lower than expected returns and reduced opportunity to make changes in investment positions to respond to changes in capital market conditions. ~~Modern finance theory asserts that liquidity risk is a systematic risk factor that is incorporated into asset prices such that future longer term returns will be higher for assets with higher liquidity risk, although that may not be the case in the short term.~~

Definition of Cash:

Cash is defined as short term (generally securities with time to maturity or mandatory purchase or redemption of three months or less), highly liquid investments that are readily convertible to known amounts and which are subject to a relatively small risk of changes in value. Holdings may include:

- the existing Dreyfus Institutional Preferred Money Market Fund mandate and any other UTIMCO Board approved SEC Rule 2a-7 money market fund rated AAAM by Standard & Poor’s or the equivalent by a Nationally Recognized Statistical Rating Organization (NRSRO),
- securities of the U.S. Treasury and U.S. Agencies and their instrumentalities with maturities of 397 days or less,
- separately managed accounts with investment guidelines equivalent to, or more stringent than, unaffiliated liquid investment funds rated AAAM by Standard & Poor’s Corporation or the equivalent by a NRSRO,
- the Custodian’s late deposit interest bearing liquid investment fund,
- municipal short term securities,
- commercial paper rated in the two highest quality classes by Moody’s Investor Service, Inc. (P1 or P2) or Standard & Poor’s Corporation (A1 or A2 or the equivalent),

The University of Texas Investment Management Company Liquidity Policy

- negotiable certificates of deposit with a bank that is associated with a holding company whose short-term rating meets the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps, and
- repurchase agreements and reverse repurchase agreements transacted with a dealer that is approved by UTIMCO and selected by the Federal Reserve as a Primary Dealer in U.S. Treasury securities and rated A-1 or P-1 or the equivalent.

Liquidity Risk Measurement-The Liquidity Profile:

For the purposes of this Liquidity Policy, potential liquidity risk will be monitored by measuring the aggregate liquidity profile of the Endowment Funds and ITF. All individual investments within the Endowment Funds and ITF will be segregated into two categories:

- **Liquid:** Investments that could be converted to Cash within a period of 90 days or less in an orderly market at a discount of 10% or less.
- **Illiquid:** Investments that could be converted to Cash in an orderly market over a period of more than 90 days or in a shorter period of time by accepting a discount of more than 10%.

UTIMCO staff will report individual investments within the Endowment Funds and ITF categorized as follows:

- **Cash:** Short term (generally securities with time to maturity or mandatory purchase or redemption of three months or less), highly liquid investments that are readily convertible to known amounts and which are subject to a relatively small risk of changes in value.
- **Liquid (Weekly):** Investments that could be converted to Cash within a period of one day to less than 7 days in an orderly market at a discount of 5% or less.
- **Liquid (Quarterly):** Investments that could be converted to Cash within a period of 90 days or less in an orderly market at a discount of 10% or less.
- **Liquid (Annual):** Investments that could be converted to Cash within a period of one day to less than 365 days in an orderly market at a discount of 10% or less.

The measurements necessary to segregate all existing investments into one of the two categories assume normally functioning capital markets and cash market transactions. In addition, swaps, derivatives, or other third party arrangements to alter the status of an investment classified as illiquid may be considered, with the prior approval of the UTIMCO Board or the Risk Committee, in determining the appropriate liquidity category for each investment.

The result of this liquidity risk measurement process will be a liquidity profile for the Endowment Funds and the ITF which indicates the percentage of the total portfolio assets within each liquidity category. This Liquidity Policy defines the acceptable range of percentage of total assets within each liquidity category, specifies “trigger zones” requiring special review by UTIMCO staff and special action by the UTIMCO Board or the Risk Committee, and specifies the method of monitoring and presenting actual versus policy liquidity profiles.

Liquidity Policy Profile:

The current Liquidity Policy Profile ranges and trigger zones for each of the Endowment Funds are defined by the table below:

| | | | |
|--------------------------------|--------------------------------------|-------|---|
| Liquidity above trigger zone: | FY 09 35.0% | ————— | FY 1014+ 30.0% |
| Liquidity within trigger zone: | 30.0% - 35.0% | ————— | 25.0% - 30.0% |
| Liquidity below trigger zone: | <30.0% | ————— | <25.0% |

**The University of Texas Investment Management Company
Liquidity Policy**

~~The allowable range for **illiquid** investments is 0% to 75% of the total portfolio for the Endowment Funds; i.e., investments for the Endowment Funds that maintain liquidity above the trigger zone do not require any action by the Risk Committee. However, any **illiquid** investments made in the 70% to 75% trigger zone require prior approval by the Risk Committee. No investment may be made for the Endowment Funds which would cause illiquidity to be greater than 75%. Investments that maintain liquidity below the trigger zone do not require any action by the UTIMCO Board or the Risk Committee. Liquidity within the trigger zone requires special action by the UTIMCO Board or the Risk Committee. For example, the allowable range for **illiquid** investments in FY 09 is up to 70.0% of the total portfolio. However, any **illiquid** investments made in the 65.0% to 70.0% trigger zone require prior approval by the Risk Committee or the UTIMCO Board. Risk Committee review of new investments in the illiquid trigger zone will supplement, rather than replace, the procedures established by the UTIMCO Board for the approval of new investments.~~

The current Liquidity Policy Profile ranges and trigger zones for the ITF are defined by the table below:

| | FY 09-11 | FY 12-13 | FY 14+ |
|--------------------------------|----------------------|----------------------|----------------------|
| Liquidity above trigger zone: | 65% | 55% | 50% |
| Liquidity within trigger zone: | 55% - 65% | 50% - 55% | 45% - 50% |
| Liquidity below trigger zone: | <55% | <50% | <45% |

~~The allowable range for **illiquid** investments is 0% to 55% of the total portfolio for the ITF; i.e., investments for the ITF that maintain liquidity above the trigger zone do not require any action by the Risk Committee. However, any **illiquid** investments made in the 50% to 55% trigger zone require prior approval by the Risk Committee ~~or the UTIMCO Board~~. No investment may be made for the ITF which would cause illiquidity to be greater than 55%.~~

~~Risk Committee review of new investments in the illiquid trigger zone will supplement, rather than replace, the procedures established by the UTIMCO Board for the approval of new investments.~~

Unfunded Commitments:

As used herein, “unfunded commitments” refers to capital that has been legally committed from an Endowment Fund and has not yet been called but may still be called by the general partner or investment manager. The Maximum Permitted Amount of unfunded commitments for each Endowment Fund is:

| | | |
|--|------------------|---------------------|
| Unfunded Commitment as a percent of total invested assets: | FY 09 | FY 1014+ |
| | 27.5% | 30.0% |

No new commitments may be made for an Endowment Fund without approval from the Risk Committee if the actual amount of unfunded commitments for such Endowment Fund exceeds, or, as a result of such commitment, would exceed the Maximum Permitted Amount.

Documentation and Controls:

Managing Directors responsible for each asset class are responsible for determining the liquidity category for each investment in that asset class as well as the amount of unfunded commitments for each Endowment Fund. The determination of liquidity will include underlying security trading volumes, notice periods, redemption dates, lock-up periods, and “soft” and “hard” gates. These classifications will be reviewed by the Risk Manager and the Chief Compliance Officer, and must receive final approval from the Chief Investment Officer. Classifications and weights within each liquidity category will be updated and reported on a monthly basis. All new investments considered will be categorized by liquidity category, and a statement regarding the effect on overall liquidity and the amount of

The University of Texas Investment Management Company Liquidity Policy

unfunded commitments for each Endowment Fund of the addition of a new investment must be an element of the due diligence process and will be a part of the recommendation report to the UTIMCO Board.

As additional safeguards, trigger zones have been established as indicated above to trigger required review and action by the UTIMCO Board or the Risk Committee in the event any investment action would cause the actual investment position in illiquid investments to enter the designated trigger zone, or in the event market actions caused the actual investment position in illiquid investments to move into trigger zones. In addition, any proposed investment actions which would increase the actual investment position in illiquid investments in any of the PUF, the GEF, or the ITF by 10% or more of the total asset value of such fund would also require review and action by the UTIMCO Board or the Risk Committee prior to the change. Any actual positions in any trigger zones or outside the policy ranges will be communicated to the Chief Investment Officer immediately. The Chief Investment Officer will then determine the process to be used to eliminate the exception and report promptly to the UTIMCO Board and the Risk Committee the circumstances of the deviation from Policy and the remedy to the situation. Furthermore, as indicated above, no new commitments may be made for an Endowment Fund without approval from the Risk Committee if the actual amount of unfunded commitments for such Endowment Fund exceeds, or, as a result of such new commitment, would exceed, the Maximum Permitted Amount.

Reporting:

The actual liquidity profiles of the Endowment Funds and the ITF, including a detailed analysis of liquidity by category, and the status of unfunded commitments for each Endowment Fund, and compliance with this Liquidity Policy will be reported to the UTIMCO Board on at least a quarterly basis. Any exception to this Liquidity Policy and actions taken to remedy the exception will be reported promptly.

The University of Texas Investment Management Company Derivative Investment Policy

Effective Date of Policy: ~~August 22, 2013~~ August 21, 2014
Date Approved by U. T. System Board of Regents: ~~August 22, 2013~~ August 21, 2014
Date Approved by UTIMCO Board: ~~July 22, 2013~~ July 29, 2014
Supersedes: Derivative Investment Policy approved ~~August 23, 2012~~ August 22, 2013

Purpose:

The purpose of the Derivative Investment Policy is to set forth the applications, documentation and limitations for investment in derivatives in the Permanent University Fund (PUF), the General Endowment Fund (GEF), the Intermediate Term Fund (ITF), and the Separately Invested Funds (SIF), hereinafter referred to as the Funds. The Board of Regents approved investment policy guidelines for the Funds to allow for investment in derivatives provided that their use is in compliance with UTIMCO's Board approved Derivative Investment Policy. This Derivative Investment Policy supplements the Investment Policy Statements for the Funds.

Objective:

The objective of investing in derivatives is to facilitate risk management and provide efficiency in the implementation of various investment strategies for the Funds. Derivatives can provide the Funds with more economical means to improve the Funds' risk/return profile.

Scope:

This Policy applies to all derivatives in the Funds executed by UTIMCO staff and by external managers operating under an Agency Agreement. This Policy does not apply to external managers operating under limited partnership agreements, offshore corporations, or other Limited Liability Entities that limit the liability exposure of the Funds' investments. Derivative policies for external managers are established on a case-by-case basis with each external manager, as described below.

This Policy applies to both Exchange Traded Derivatives and Over the Counter (OTC) derivatives. This Policy shall not be construed to apply to index or other common or commingled funds that are not controlled by UTIMCO. These commingled investment vehicles are governed by separate investment policy statements.

External Managers:

External managers are selected to manage the Funds' assets under either an Agency Agreement or through a Limited Liability Entity. An external manager operating under an Agency Agreement may engage in derivative investments only if (i) such manager has been approved to use derivatives by the UTIMCO Chief Investment Officer and (ii) the investments are consistent with the overall investment objectives of the account and in compliance with this Policy. The use of derivatives by an external manager operating under an Agency Agreement shall be approved by the UTIMCO Chief Investment Officer only for external managers that (i) demonstrate investment expertise in their use, (ii) have appropriate risk management and valuation policies and procedures, and (iii) effectively monitor and control their use.

While this Policy does not specifically include external managers operating through a Limited Liability Entity, it is noted that selecting and monitoring external managers through a Limited Liability Entity requires a clear understanding of the external managers' use of derivatives, particularly as it relates to various risk controls and leverage. The permitted uses of derivatives and leverage must be fully documented in the limited liability agreements with these managers.

Definition of Derivatives:

Derivatives are financial instruments whose value is derived, in whole or part, from the value of any one or more underlying securities or assets, or index of securities or assets (such as bonds, stocks, commodities, and currencies). For the purposes of this Policy, derivatives shall include Derivative Investments but shall not include a broader range of securities, ~~including such as~~ mortgage backed securities, structured notes (~~including participation notes~~), convertible bonds, exchange traded funds (ETFs), and Bona Fide Spot Foreign Exchange Transactions. Derivatives may be purchased through a national or international exchange or through an OTC direct arrangement with a Counterparty.

The University of Texas Investment Management Company Derivative Investment Policy

Refer to the attached Exhibit A for a glossary of terms. If it is unclear whether a particular financial instrument meets the definition of Derivative Investment, the Risk Manager and Chief Compliance Officer, in consultation with the Chief Investment Officer, will determine whether the financial instrument is a Derivative Investment. The Chief Investment Officer will report such determinations to the Chairman of the Risk Committee.

Permitted Derivative Applications:

The primary intent of derivatives should be to hedge risk in portfolios or to implement investment strategies more effectively and at a lower cost than would be possible in the Cash Market.

Permitted Derivative Applications are Derivative Investments used:

- To implement investment strategies in a low cost and efficient manner;
- To alter the Funds' market (systematic) exposure without trading the underlying Cash Market securities through purchases or short sales, or both, of appropriate derivatives;
- To construct portfolios with risk and return characteristics that could not be created with Cash Market securities;
- To hedge and control risks; or
- To facilitate transition trading.

UTIMCO staff may not enter into any Derivative Investment that is not a Permitted Derivative Application. To the extent that a Derivative Investment is a Permitted Derivative Application but is not within the delegated authority as set forth on Exhibit B, the UTIMCO Board will be provided with an "Option to Review" following the process outlined in Exhibit A to the Delegation of Authority Policy. This "Option to Review" applies to any new Derivative Investment recommended by UTIMCO staff and approved by UTIMCO's Chief Investment Officer that is not within the delegated authority set forth on Exhibit B or the engagement of an external manager operating under an Agency Agreement that seeks to engage in a Derivative Investment that is not within the delegated authority set forth on Exhibit B. Notwithstanding, ~~with respect to any Derivative Investment the foregoing,~~ UTIMCO's Chief Investment Officer, the Risk Manager, or Chief Compliance Officer may determine that presentation and approval of the proposed Derivative Investment at a UTIMCO Board meeting Risk Committee meeting is warranted before engaging in the Derivative Investment.

Risk and Investment Policy Controls:

Following the implementation of any Derivative Investment, the Funds' projected downside deviation and risk bounds, and projected exposure to Asset Class and Investment Type, must be within the permissible ranges as set forth in the Funds' Investment Policy Statements.

Documentation and Controls:

Prior to the implementation of a new Derivative Investment by UTIMCO staff, UTIMCO staff shall document the purpose, valuation method, methods for calculating delta, delta-adjusted exposure, Asset Class and Investment Type exposure, the effect on portfolio leverage (if applicable), risks (including, but not limited to modeling, pricing, liquidity and Counterparty risks), the expected increase or reduction in risk resulting from the Derivative Investments, and the procedures in place to monitor and manage the derivative exposure. For any short exposure, UTIMCO staff shall also document the basis risk and appropriate stop-loss procedures. UTIMCO shall establish appropriate risk management procedures to monitor daily the risk of (i) internally managed Derivative Investments and ~~of(ii)~~ externally managed accounts operating under ~~an~~ Agency Agreements that ~~utilize-permit~~ derivatives. Internal control procedures to properly account and value the Funds' exposure to the Derivative Investment shall be fully documented.

Additional Limitations:

Leverage: Leverage is inherent in many derivatives ~~since only a small cash deposit is required to establish a much larger economic impact position. Thus, relative to the Cash markets, where in most cases the cash outlay is equal to the asset acquired, Derivative Investments offer the possibility of establishing substantially larger market risk exposures with the same amount of cash as a traditional Cash market portfolio. In Cash Markets, in most cases, the cash outlay is equal to the market exposure acquired. By contrast, Derivative Investments offer the possibility of establishing – for the~~

The University of Texas Investment Management Company Derivative Investment Policy

~~same cash outlay – substantially larger market exposure.~~ Therefore, risk management and control processes must focus on the total risk assumed in a Derivative Investment. Exhibits A of the Fund's Investment Policy Statements provide a limitation on the amount of uncollateralized derivative exposure that can be utilized by the Funds whereby, the total Asset Class and Investment Type exposure, including the amount of derivatives exposure not collateralized by cash, may not exceed 105% (100% in the ITF) of the Asset Class and Investment Type exposures excluding the amount of derivatives exposure not collateralized by cash.

Counterparty Risks: ~~In order to limit the financial risks associated with Derivative Investments, rigorous~~ **Rigorous** Counterparty selection criteria and netting agreements shall be required to minimize Counterparty risk for Over the Counter (OTC) derivatives. Any Counterparty in an OTC derivative transaction with the Funds must have a credit rating of at least A- (Standard and Poor's) or A3 (Moody's). All OTC derivatives, with the exception of Bona Fide Spot Foreign Exchange Transactions, must be subject to established ISDA Netting Agreements and have full documentation of all legal obligations of the Funds. In the event a Counterparty is downgraded below the minimum credit rating requirements stated above, UTIMCO staff will take appropriate action to protect the interests of the Funds, including availing itself of all potential remedies contained in the ISDA agreements. The net market value, net of collateral postings, of all OTC derivatives for any individual Counterparty may not exceed 1% of the total market value of the Funds.

Risk Management and Compliance:

To ensure compliance with all terms and limitations of this Policy, all internally managed and externally managed Derivative Investments in accounts under Agency Agreements will be marked to market on a daily basis by the Funds' custodian and reviewed periodically, but no less frequently than monthly, for accuracy by the UTIMCO Risk Manager. In addition, data from the external risk model will be reviewed for accuracy and completeness by the UTIMCO Risk Manager.

Compliance with this Policy will be monitored by the UTIMCO Chief Compliance Officer using data provided by the custodian and the external risk model.

Any instances of noncompliance with this Policy will be reported immediately to the UTIMCO Chief Compliance Officer and the UTIMCO Chief Investment Officer, who will determine the appropriate remedy and report promptly to the Chairs of the Risk Committee, the Audit & Ethics Committee, and the UTIMCO Board Chairman. The UTIMCO Board Chairman may waive immediate remedial action in appropriate circumstances.

Reporting:

On a quarterly basis, UTIMCO shall provide a comprehensive report to UTIMCO's Board and the Risk Committee. This report shall include all outstanding Derivative Investments, by type, entered into during the period being reported for both internal managers and external managers operating under Agency Agreements. Asset allocation as provided in the Funds' Investment Policy Statements shall incorporate the impact of uncollateralized derivative exposure associated with derivatives. For risk reporting purposes, the models used to calculate the expected profit or loss in each scenario will include the effect of delta sensitivity and other derivative sensitivity parameters as appropriate. Risk calculations will take into account leverage, correlation, and exposure parameters such as beta for equities and duration for fixed income. The UTIMCO Risk Manager will calculate risk attribution - i.e., how much of the overall risk is attributed to each Asset Class and Investment Type, including the full effect on risk of the derivatives in each. The UTIMCO Risk Manager will calculate risk attribution for each Derivative Investment.

The University of Texas Investment Management Company Derivative Investment Policy

Derivative Investment Policy Exhibit A Glossary of Terms

Agency Agreement – A form of legal agreement that typically grants limited investment discretion to an external investment manager to act as the investment agent of the Funds but does not limit the liability of the Funds for actions taken by that agent.

Basket – A group of securities and a weighting scheme, or a proprietary index. Baskets are typically defined to achieve a certain investment goal, within certain limitations. For example, a Basket could replicate an emerging market index, excluding certain companies that UTIMCO is not permitted to hold.

Bona Fide Spot Foreign Exchange Transaction – Generally, a foreign exchange transaction that settles via an actual delivery of the relevant currencies within two business days (T+2). In addition, an agreement, contract or transaction for the purchase or sale of an amount of foreign currency equal to the price of a foreign security with respect to which (i) the security and related foreign currency transactions are executed contemporaneously in order to effect delivery by the relevant securities settlement deadline and (ii) actual delivery of the foreign security and foreign currency occurs by such deadline (such transaction, a “Securities Conversion Transaction”). For Securities Conversion Transactions, the Commodity Futures Trading Commission (CFTC) will consider the relevant foreign exchange spot market settlement deadline to be the same as the securities settlement deadline.

Cash Market - The physical market for a commodity or financial instrument.

Counterparty - The offsetting party in an exchange agreement.

Derivative Investment – An investment in a Futures Contract, Forward Contract, swap, and all forms of options.

Exchange Traded Derivatives - A Derivative Investment traded on an established national or international exchange. These derivatives “settle” daily in that cash exchanges are made between the exchange and parties to the contracts consistent with the change in price of the instrument. Fulfillment of the contract is guaranteed by the exchange on which the derivatives are traded. Examples include S&P 500 Futures Contracts and Goldman Sachs Commodities Index Futures Contracts.

Forward Contract - A nonstandardized contract for the physical or electronic (through a bookkeeping entry) delivery of a commodity or financial instrument at a specified price at some point in the future. The most typical Forward Contract is a forward foreign currency contract, which involves the contemplated exchange of two currencies.

Futures Contract - A standardized contract for either the physical delivery of a commodity or instrument at a specified price at some point in the future, or a financial settlement derived from the change in market price of the commodity or financial instrument during the term of the contract.

ISDA Netting Agreement - The International Swaps and Derivatives Association (ISDA) is the global trade association representing participants in the privately negotiated derivatives industry, covering swaps and options across all asset classes. ISDA has produced generally accepted “Master Agreements,” a 1992 Master Agreement and a 2002 Master Agreement, that are used by most counterparties in OTC derivatives. Netting agreements are terms within the applicable Master Agreement that deal with the calculation of exposure for each Counterparty. These netting agreements require that exposures between counterparties will be “netted” so that payables and receivables under all existing derivatives between two Counterparties are offset in determining the net exposure between the two Counterparties.

Limited Liability Entity – A legal entity created to define how assets contributed to the entity by external partners to the agreement will be managed by the manager of the entity. These entities are typically limited liability partnerships,

The University of Texas Investment Management Company Derivative Investment Policy

corporations, or other such entities that limit the liability of external investors to the current value of the external investors' investment in the entity.

Long Exposure to an Asset Class – The Net Asset Value of the Asset Class and Investment Type as defined in the Funds' Investment Policy Statement.

Option - A derivative that conveys the right but not the obligation to buy or deliver the subject financial instrument at a specified price, at a specified future date.

Over the Counter (OTC) derivatives - A derivative which results from direct negotiation between a buyer and a Counterparty. The terms of such derivatives are nonstandard and are the result of specific negotiations. Settlement occurs at the negotiated termination date, although the terms may include interim cash payments under certain conditions. Examples include currency swaps and Forward Contracts, interest rate swaps, and collars.

Replicating Derivatives – Derivatives that are intended to replicate the return characteristics of an underlying index or any other Cash Market security.

Swap - A contract whereby the parties agree to exchange cash flows of defined investment assets in amounts and times specified by the contract.

The University of Texas Investment Management Company Derivative Investment Policy

Derivative Investment Policy Exhibit B Delegated Derivative Investments

Subject to the limitations contained in the Derivative Investment Policy, the UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to enter into the following Derivative Investments:

Delegated Derivative Investments:

1. Replicating Derivatives - Derivative Investments that replicate the return characteristics of a long exposure to an underlying index, Basket or commodity. These investments are generally Futures Contracts and swaps on a passive index, Basket or commodity.
2. Derivative Investments that upon their expiration would not exceed the loss of a similar investment in the cash index being referred to in the derivative contract. These investments may include swaps whereby the holder of the instrument will forgo potential upside return in exchange for downside protection or receive a multiple of a referenced return should the return of the underlying referenced index be within a certain range and may also include the selling of put options.
3. Derivative Investments that reduce Long Exposure to an Asset Class or hedge against risk, and limit maximum loss to the premium paid for the Derivative Investment, i.e., purchase options. The aggregate prorated annual premium of all Derivative Investments under this provision shall be as set forth in the respective Fund's Investment Policy Statement.
4. Futures Contracts and Forward Contracts on foreign currency if used (i) by an external fixed income manager within its investment guidelines, (ii) for hedging purposes by an external equities manager within its investment guidelines, or (iii) to hedge existing or prospective foreign currency risk by UTIMCO staff.
5. Derivative Investments used to manage bond duration or hedge equity exposure to countries, sectors or capitalization factors, or individual stock(s) swaps within the portfolio only if subsequent to the investment the portfolio would not be net short to any one of those factors. An example of such a hedge is selling Futures Contracts or call options on a country or sector index, provided the manager is exposed to that country or sector.
6. Derivative Investments used to gain Long Exposure to an Asset Class and limit maximum loss to the premium paid for the Derivative Investment.

The delegated authority set forth above should not be construed to permit UTIMCO staff to enter into Derivative Investments that are unhedged or 'naked' short positions containing unlimited loss.

Modeling: Each Delegated Derivative Investment must be such that it can be decomposed into one or more components, and each said component can be modeled using a model such as the CDS valuation model, Black-Scholes model, including modifications for foreign currency ("Quanto"), allowing both normal and log-normal distributions (the Black model), and modifications to handle dividends or other model approved by the Policy Committee.

Leverage: Each Delegated Derivative Investment must be modeled on a fully collateralized basis. During the course of the investment, cash collateral backing a Derivative Investment may be utilized to invest in other investments thereby creating leverage at the Fund level. This is only allowed if within the Funds' Investment Policy Statements.

5. **U. T. System Board of Regents: Approval of the Annual Budget for FY 2015, including the capital expenditures budget and other external direct charges to the Funds, and the Annual Fee and Allocation Schedule for The University of Texas Investment Management Company (UTIMCO)**

RECOMMENDATION

The University of Texas Investment Management Company (UTIMCO) Board of Directors recommends that the U. T. System Board of Regents approve the proposed Annual Budget for the fiscal year ending August 31, 2015, as set forth on [Page 204](#), which includes the capital expenditures budget and other external direct charges to the Funds, and the Annual Fee and Allocation Schedule as set forth on [Page 205](#).

BACKGROUND INFORMATION

The proposed Total Budgeted Costs consist of \$25.4 million for UTIMCO services (3.9% increase over FY 2014 budget), and \$7.4 million (4.2% decrease from FY 2014 budget) for external non-investment manager services such as custodial, legal, audits, and consulting services. These Total Budgeted Costs represent only a portion of total investment costs as they exclude external manager fees. The proposed Total Budgeted Costs were approved by the UTIMCO Board on July 29, 2014.

The proposed Annual Fee and Allocation Schedule shows the allocation of the proposed budgeted expenses among U. T. System funds in total. UTIMCO expenses are 6.9 basis points of forecasted assets under management at August 31, 2015. The fees are paid quarterly.

The proposed capital expenditures budget totaling \$1.4 million is included in the total Annual Budget.

UTIMCO projects that there will be no cash reserves available to be distributed back to the U. T. System funds per the Master Investment Management Services Agreement (IMSA) between the U. T. System Board of Regents and UTIMCO. The U. T. System Office of Business Affairs has prepared a memorandum for the purpose of reviewing budgeted expenses, which is included as part of this Agenda Item on [Pages 206 - 217](#).

UTIMCO ANNUAL BUDGET

| \$ in thousands | FY 2014 | FY 2015 | FY 2015 Budget v FY 2014 Budget | |
|--|-----------------|-----------------|---------------------------------|-------------|
| | Budget | Budget | \$ | % |
| Salaries, Benefits & Taxes | \$11,230 | \$11,944 | \$714 | 6.4% |
| Incentive Compensation | 8,519 | 8,518 | (1) | 0.0% |
| Total Compensation | 19,749 | 20,462 | 713 | 3.6% |
| Other Expenses | 4,721 | 4,966 | 245 | 5.2% |
| Total UTIMCO | \$24,470 | \$25,428 | \$958 | 3.9% |
| Other Investment-related Expenses Charged to the Funds | \$7,745 | \$7,422 | (\$323) | -4.2% |

Prepared by: UTIMCO
Date: July 18, 2014

UTIMCO Management Fee and Direct Budgeted Investment Expenses
Annual Fee and Allocation Schedule
For the fiscal year ending August 31, 2015

| <u>Proposed Budget</u> | <u>Fund Name</u> | | | | | | <u>Separate Funds</u> | <u>Total</u> |
|--|------------------|------------|------------|---------------------------------|------------|------------|-----------------------|--------------|
| | PUF | PHF | LTF | GEF | ITF | STF | | |
| <u>Forecasted Market Value 8/31/15 (\$ millions)</u> | 18,875 | 1,133 | 7,510 | 8,643 <small>PHF LTF</small> | 6,770 | 1,817 | 503 | 36,608 |
| <u>UTIMCO Management Fee</u> | | | | | | | | |
| Dollars (thousands) | 13,032 | 1,065 | 6,966 | | 4,365 | | | 25,428 |
| Basis Points | 6.9 | 9.4 | 9.3 | 0 | 6.4 | 0 | 0 | 6.9 |
| <u>Direct Expenses to the Fund, excluding UT System Direct Expenses to the Fund</u> | | | | | | | | |
| Dollars (thousands) | 3,426 | 24 | 26 | 1,974 | 1,972 | | | 7,422 |
| Basis Points | 1.8 | 0.2 | 0.0 | 2.3 | 2.9 | 0 | 0 | 2.0 |

Prepared by: UTIMCO
Date: July 18, 2014

Fiscal Year 2015

**Review of UTIMCO Services Budget and
Other Direct Costs to Funds
Excluding External Investment Manager Fees**

**The University of Texas System
Office of Finance**

Presented by:

Terry Hull – Associate Vice Chancellor for Finance

Allen Hah – Assistant Vice Chancellor for Finance

July 30, 2014

Based on UTIMCO Board approval on July 29, 2014

**Fiscal Year 2015
Review of UTIMCO Services Budget and
Other Direct Costs to Funds
Excluding External Investment Manager Fees**

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Executive Summary

This report reviews the UTIMCO Services budget and other budgeted investment management expenses (“Direct Costs to Funds”) for fiscal year 2015 that the UTIMCO Board approved on July 29, 2014 and the U. T. System Board of Regents will consider at its August 21, 2014 meeting. The UTIMCO Services budget includes corporate expenses paid directly by UTIMCO. The Direct Costs to Funds budget includes costs related to custody, consulting, corporate legal, audit, and risk measurement. The proposed budget for FY15 is:

| | FY15 (\$ millions) |
|---|-------------------------------------|
| • UTIMCO Services Budget | 25.4 |
| • Direct Costs to Funds: Other Costs | <u>7.4</u> |
| Total Budgeted Costs (excludes external manager fees) | <u>\$ 32.8</u> |

The Total Budgeted Costs excludes external manager fees that are paid by the funds and netted from asset values as well as external investment manager fees paid directly by UTIMCO. The total investment costs for UTIMCO managed funds, comprising Investment Manager Fees paid directly and fees netted against asset values, are reviewed in a separate report.

Highlights:

- **Total Budgeted Costs for FY15:** The FY15 budget is \$32.8 million, a 2.0% increase from the FY14 budget.
- **Total Forecast Costs for FY14:** Total costs for FY14 are forecast at \$30.9 million, which is 4.1% under the FY14 budget. The decrease is due primarily to compensation coming in under budget due to unfilled budgeted positions, lower than expected travel expenses, the deferment of an IT security review, and a substantial decline in transaction related costs.
- **The Total Direct Costs to Funds budget (excluding external investment manager fees):** The FY15 budget of \$7.4 million for direct fund costs is down 4.2% from the FY14 budget. The decrease is due to lower expected transaction costs and the pooling of accounts, which UTIMCO has undertaken to further reduce transaction related fees.
- **The UTIMCO Services Budget:** The FY15 budget is \$25.4 million for the “operating” budget of UTIMCO, a 3.9% increase from the FY14 budget. The increase in the UTIMCO Services Budget is attributable primarily to a 6.6% increase in salaries and wages, driven primarily by budgeted growth in FTE.
- **Compensation:** Compensation-related expenses represent approximately 80% of the UTIMCO Services Budget. Aggregate salaries, including benefits and taxes, for FY15 are budgeted to be up 3.6% from the FY14 budget. Budgeted salaries for FY14 include an 8.4% increase for existing staff (excluding promotions) and three open positions and five new positions. Budgeted performance compensation for FY15 reflects an increase due to the promotion and vesting of certain key personnel, but this amount is largely offset by staff turnover and hiring lag adjustments.
- **UTIMCO Reserves:** UTIMCO staff projects that UTIMCO will have no cash reserves available to be distributed at fiscal year-end 2014. We concur with UTIMCO staff in recommending that no distribution of reserves be made at this time.

Budget Analysis and Trends

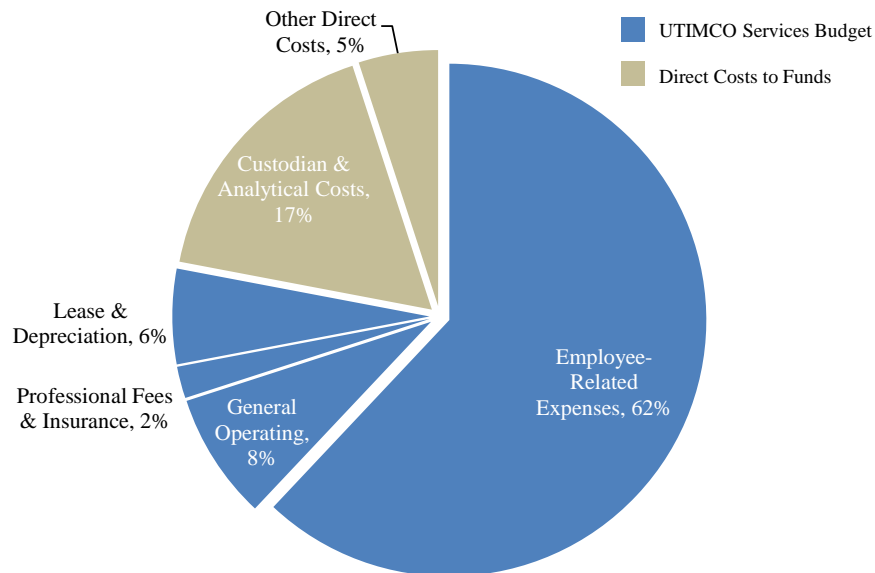
UTIMCO proposes Total Budgeted Costs for FY15 of \$32.8 million. Table 1 shows the Total Budgeted Costs (Direct Costs to Funds and UTIMCO Services Budget excluding external manager fees) as a percent of average Assets Under Management (“AUM”) since FY10.

Table 1: Total Budgeted Costs Trend FY10-FY15
(\$ millions)

| | FY10 | FY11 | FY12 | FY13 | Forecast FY14 | Budget FY15 |
|---|--------|--------|--------|--------|------------------|----------------|
| Average Total AUM¹ | 21,750 | 24,840 | 27,235 | 28,886 | 32,231 | 35,534 |
| % Change in AUM | -1% | 14% | 10% | 6% | 12% | 10% |
| Direct Costs to Funds | 5.7 | 7.8 | 7.3 | 7.2 | 6.9 | 7.4 |
| % Change in Direct Costs to Funds | 13.2% | 36.1% | -5.4% | -2.2% | -3.7% | 7.3% |
| Direct Costs to Funds % of AUM | 0.03% | 0.03% | 0.03% | 0.02% | 0.02% | 0.02% |
| UTIMCO Services Budget | 16.6 | 18.2 | 15.9 | 26.2 | 24.0 | 25.4 |
| % Change in UTIMCO Services Budget | 9.5% | 9.7% | -12.3% | 64.6% | -8.6% | 6.1% |
| UTIMCO Services Budget % of AUM | 0.08% | 0.07% | 0.06% | 0.09% | 0.07% | 0.07% |
| Total Budgeted Costs | 22.3 | 25.9 | 23.3 | 33.4 | 30.9 | 32.8 |
| % Change in Total Budgeted Costs | 10.5% | 16.5% | -10.2% | 43.5% | -7.6% | 6.4% |
| Total Budgeted Costs % of AUM | 0.10% | 0.10% | 0.09% | 0.12% | 0.10% | 0.09% |

¹ Average Total AUM for Forecast FY14 is calculated based on June 30, 2014 balances; FY15 Average Total AUM assumes projected FY15 balances based on moderate returns, projected West Texas Land and gift income, and projected distributions.

FY 15 Total Budgeted Costs
(Excluding external manager fees)
\$32.8 million



The pie chart above shows the breakdown of Total Budgeted Costs. The UTIMCO Services Budget represents 78% of the total budget, with employee-related expenses being the largest component at 62%. Direct Costs to Funds include Custodian & Analytical Costs (17%) and Other Direct Costs (5%).

Management fees and performance fees paid to external investment managers, which are either paid directly by UTIMCO or netted against asset values by the external managers, are not included in these amounts. UTIMCO retains external managers for approximately 93% of the AUM, with UTIMCO staff directly managing approximately 7% of assets as well as an internal derivatives portfolio.

Table 2 compares the Total Budgeted Costs for FY14 and FY15. Refer to Exhibits A and B for a detailed budget comparison for FY14-FY15 and budget trend for FY10-FY15.

Table 2: FY14 Forecast and FY15 Budget Overview
(\$ millions)

| | FY14 Forecast | | | | FY15 Budget | | | |
|------------------------------|---------------|--------------|--------------------------|-------------------------|-------------|-----------------------------|----------------------------|-------------------------|
| | \$ Budget | \$ Projected | \$ Change vs FY14 Budget | % Change vs FY14 Budget | \$ Budget | \$ Change vs FY14 Projected | % Change vs FY14 Projected | % Change vs FY14 Budget |
| UTIMCO Services | 24.5 | 24.0 | -0.5 | -2.0% | 25.4 | 1.5 | 6.1% | 3.9% |
| Direct Costs to Funds | 7.7 | 6.9 | -0.8 | -10.7% | 7.4 | 0.5 | 7.3% | -4.2% |
| Total Budgeted Costs | 32.2 | 30.9 | -1.3 | -4.1% | 32.8 | 2.0 | 6.4% | 2.0% |

FY14 Forecast versus FY14 Budget: UTIMCO staff forecasts FY14 Total Budgeted Costs will be \$30.9 million, \$1.3 million (4.1%) under the FY14 budget of \$32.2 million. The decrease is due primarily to unfilled budgeted positions and lower transaction costs.

- UTIMCO Services expenses are forecast to be under budget by \$501k, due primarily to unfilled budgeted positions.
 - Salaries excluding performance compensation awards are forecast to be \$268k (3.0%) under budget due to unfilled budgeted positions and departures.
 - Performance compensation is forecast to be just slightly over budget by \$113k (1.3%), due to vesting of key personnel and higher than expected earnings on awards, offset by unfilled positions and staff departures.
 - Hiring Consultant fees are higher by \$113k because management has decided to engage a different hiring consultant for the two senior investment openings, and this amount was also included in the FY15 budget.
 - Travel & Meetings expenses, including BOD meetings, are forecast to be \$152k (22%) under budget. Management expects travel expenses to be higher in FY15 with the addition of new investment positions.
 - Contract Services is forecast to be \$192k under budget due primarily to the deferment of a planned IT security review to the next fiscal year.
- Direct Costs to Funds are substantially lower than budgeted by \$831k, or 10.7% below budget.
 - Custodian fees are forecast to be \$563k (11.9%) under budget. The decrease is due to lower expected transaction costs and the pooling of accounts, which is the result of an efficiency initiative put in place by UTIMCO.

- Investment legal fees for FY14 are forecast to be \$295k (54.9%) under budget. The hiring of internal legal counsel for deals has saved more money than anticipated, and these savings are expected to continue.
- Capital Expenditures are forecast at \$71k (6.9%) over budget because Technology Initiatives expenses were higher than expected.

FY15 Proposed Budget: The proposed \$32.8 million Total Budgeted Costs for FY15 is 2.0% higher than the approved FY14 budget with \$959k of the increase attributable to increased UTIMCO services, offset by a \$323k decrease in Direct Cost to Funds.

- The increase in the UTIMCO Services Budget is attributable primarily to a 6.6% increase in salaries and wages, driven primarily by budgeted growth in FTE as well as increased hiring and recruiting related fees related to the two senior investment FTE openings.
- FY15 Direct Costs to Funds of \$7.4 million are budgeted to decrease 4.1% versus budgeted costs for FY14 primarily due to lower transaction costs, despite an increase in Emerging Markets transaction costs.
- Capital Expenditures are budgeted at \$1.4 million in FY15, an increase of 33% compared to the FY14 budget. UTIMCO continues implementing technology initiatives recommended by its new Chief Technology Officer, primarily related to two key initiatives: a document management system and an investment support system.

Direct Costs to Funds

Direct Costs to Funds for FY15, excluding external manager fees, are budgeted at \$7.4 million.

Custodian and Analytical Costs: Custodian and analytical costs for FY14 are forecast at \$5.3 million, substantially lower than budgeted for FY14 due to lower transaction costs, which is expected to continue. Although there is an increase in transaction costs due to the use of more separately managed accounts in emerging markets, overall transaction costs are budgeted lower for FY15 by \$316k or 5.3% when compared to FY14.

Auditing expenses in FY14 of \$527k funded external auditors, which were higher than FY14 budget amounts. Audit expenses are budgeted at \$690k for FY15 reflecting a \$242k increase from FY14 budget amounts. Deloitte & Touche has increased fees due to the growing complexities of UTIMCO's portfolio, requiring more hours than originally agreed upon.

Other Costs: Background Searches are forecast to be slightly over budget for FY14 due to "catch up" searches on existing managers, but management does not expect to incur the same volume in FY15, resulting in \$125k or 42% less costs compared to FY14 budget.

UTIMCO Services Budget

For FY15, total personnel-related expenses including employee benefits account for 80% of the UTIMCO Services budget (62% of Total Budgeted Costs, excluding external manager fees). Trends in staffing and total compensation in relation to assets under management are shown in Table 3 and Table 3a below. Table 3a adjusts for a one-time deferral of incentive compensation, decreasing FY13 performance compensation by \$3.6 million and increasing FY12 performance compensation by the same amount. Highlights from these tables include:

- Staffing had been very steady through FY13 at 58 positions but is forecast to increase to 64 positions by the end of FY14 with 72 positions budgeted for FY15.
- Average AUM per employee has grown approximately 7.2% annually from FY10 to FY14, but is projected to fall given additional staff in FY15.
- Aggregate salaries for FY14 are forecast to be 34% above FY10 levels, which equates to a 7.6% growth rate on an average annual basis.
- Performance Compensation for FY14 is forecast to be 92% above FY10 levels, which equates to a 17.7% growth rate on an average annual basis.
- Since FY10, total compensation per employee has increased 8.9% (annualized) from \$192k to \$270k forecast in FY14.

Table 3: UTIMCO Compensation and Headcount FY10-FY15

| | FY10 | FY11 | FY12 | FY13 | Forecast FY14 | % Change Since FY10 (annual) | Budget FY15 | % Change From FY14 |
|--|---------|---------|---------|---------|---------------|------------------------------|-------------|--------------------|
| Employees (as of year end) | 57 | 56 | 58 | 58 | 64 | 2.9% | 72 | 12.5% |
| Average Total AUM (\$ millions) | 21,750 | 24,840 | 27,235 | 28,886 | 32,231 | 10.3% | 35,534 | 10.2% |
| Average AUM/Employee (\$ millions) | 382 | 444 | 470 | 498 | 504 | 7.2% | 494 | -2.0% |
| Salaries and Wages (\$ millions) | 6.5 | 6.4 | 6.9 | 7.6 | 8.7 | 7.6% | 9.5 | 9.9% |
| Performance Compensation (\$ millions) | 4.5 | 6.3 | 3.3 | 12.5 | 8.6 | 17.7% | 8.5 | -1.3% |
| Total Compensation (\$ millions) | 10.9 | 12.7 | 10.2 | 20.1 | 17.3 | 12.1% | 18.0 | 4.3% |
| Total Compensation per Employee (\$) | 192,012 | 227,029 | 175,328 | 346,573 | 270,047 | 8.9% | 250,315 | -7.3% |
| Perf. Comp. as % of Salaries and Wages | 70% | 98% | 47% | 165% | 100% | | 90% | |
| Perf. Comp. as % of Total Compensation | 41% | 49% | 32% | 62% | 50% | | 47% | |

Table 3a: UTIMCO Compensation and Headcount FY10-FY15

(Adjusted for Extraordinary Event Impacting FY12 – FY13)

| | FY10 | FY11 | FY12 | FY13 | Forecast FY14 | % Change Since FY10 (annual) | Budget FY15 | % Change From FY14 |
|--|---------|---------|---------|---------|---------------|------------------------------|-------------|--------------------|
| Employees (as of year end) | 57 | 56 | 58 | 58 | 64 | 2.9% | 72 | 12.5% |
| Average Total AUM (\$ millions) | 21,750 | 24,840 | 27,235 | 28,886 | 32,231 | 10.3% | 35,534 | 10.2% |
| Average AUM/Employee (\$ millions) | 382 | 444 | 470 | 498 | 504 | 7.2% | 494 | -2.0% |
| Salaries and Wages (\$) | 6.5 | 6.4 | 6.9 | 7.6 | 8.7 | 7.6% | 9.5 | 9.9% |
| Performance Compensation (\$) | 4.5 | 6.3 | 6.9 | 8.9 | 8.6 | 17.7% | 8.5 | -1.3% |
| Total Compensation (\$) | 10.9 | 12.7 | 13.8 | 16.5 | 17.3 | 12.1% | 18.0 | 4.3% |
| Total Compensation per Employee (\$) | 192,012 | 227,029 | 237,954 | 283,947 | 270,047 | 8.9% | 250,315 | -7.3% |
| Perf. Comp. as % of Salaries and Wages | 70% | 98% | 100% | 117% | 100% | | 90% | |
| Perf. Comp. as % of Total Compensation | 41% | 49% | 50% | 54% | 50% | | 47% | |

Staffing: The FY14 budget was based on staffing of 69 employees; actual staffing is forecast at 64 employees at fiscal year-end 2014. The increase in staffing is in Support and Control areas (e.g. technology, compliance). The FY15 budget is based on staffing of 72 employees. The FY15 staffing increase is primarily in the Investment areas.

Personnel-related Expenses:

- **Salaries and Wages** are forecast to be \$8.7 million in FY14, \$268k (3%) under budget, primarily due to budgeted but unfilled positions and staff departures. Aggregate salaries and wages are budgeted at \$9.5 million in FY15, an increase of 6.6% compared to the FY14 budget. The FY15 budget reflects an average 8.4% salary increase for existing staff, excluding promotions. Including promotions, salary increases for existing staff average 9.3%. Budgeted salaries for FY15 are based on 72 positions, up from 64 staff forecast at Aug. 31, 2014.
- **Performance Compensation** for FY14 is projected to be in line with budget. Increases in awards due to the vestment of an investment professional and increases in awards due to favorable endowment performance (budgets are based on 70% of maximum compensation) is largely offset by unfilled budgeted position and departures of personnel.
- **Employee Benefits** are budgeted to increase 3.8% from \$1.59 million in FY14 to \$1.65 million in FY15. The budget reflects a 14.1% increase in 403(b) contributions with slight decrease in insurance costs.

It should be noted that investment staff compensation increases are a result of a peer benchmarking study conducted in 2013 that detailed UTIMCO's staff compensation to be lower than the compensation plans' objective of paying staff at median levels compared to peers.

General Operating Expenses (non-employee) including office expenses, lease expenses, insurance, travel and accounting fees are forecast to be under budget in FY14 at \$4.4 million versus a budget of \$4.6 million. The deferment of the IT security review and decreases in Travel expenses is offset by increases in hiring consultant fees. General operating expenses for FY15 are budgeted to increase 4.5% to \$4.8 million. The \$210k budgeted increase primarily relates to increased hiring consultant fees (\$120k) and lease expense (\$63k) offset by decreases in travel & meetings (\$46k) and other contract services (\$104k).

Lease Expenses: Lease expenses are budgeted to increase 6.0% compared to FY14 budgeted amounts, due primarily to increased property taxes. Parking expenses are also budgeted to increase due to additional staffing. Lease expenses for FY14 are forecast to slightly exceed FY14 budgeted amounts due to increased operating expenses and parking expenses associated with additional staffing and extended internships.

Table 4: UTIMCO Lease Expenses FY10-FY15

| | FY10 | FY11 | FY12 | FY13 | Forecast FY14 | Budget FY15 |
|--|-------------|-------------|-------------|-------------|------------------|----------------|
| Property Lease | \$518,373 | \$518,373 | \$518,373 | \$518,373 | \$518,373 | \$518,376 |
| Operating Expenses | \$538,894 | \$468,651 | \$513,894 | \$554,516 | \$606,703 | \$616,068 |
| Parking Expenses | \$107,940 | \$111,911 | \$114,677 | \$124,666 | \$143,549 | \$147,600 |
| Other Expenses | \$8,969 | \$6,900 | \$7,334 | \$7,966 | \$7,707 | \$9,000 |
| Amortization (Deferred Rent Credit) | (\$170,344) | (\$170,344) | (\$170,344) | (\$170,344) | (\$170,344) | (\$170,352) |
| Total Lease Expenses (net) | \$1,003,832 | \$935,490 | \$983,934 | \$1,035,177 | \$1,105,988 | \$1,120,692 |

UTIMCO Capital Expenditures

The trend for Capital Expenditures for FY10-FY15 is summarized in Table 5 below. The Chief Technology Officer, hired in March 2012, identified several key initiatives including document management, disaster recovery efforts, and upgrading video conferencing and phone systems that significantly increased capital expenditures in FY13 compared to preceding years. Total capital expenditures are forecast to be \$1.1 million in FY14, which is slightly higher than the \$1.0 million FY14 budgeted amount. Capex is budgeted at \$1.4 million in FY14, with the majority of expenditures focused on two continuing key initiatives: a document management system and an investment support system. The document management system is intended to standardize file structures, have enhanced security and search functionality, and assist in record retention. The investment support system will provide investment staff with better access to information from differing perspectives and levels of detail, better automation, and the ability to quickly produce cross-portfolio analysis.

The \$75k budget for Leasehold reflects the likely need for construction costs in existing space to accommodate staff increases.

Table 5: UTIMCO Capital Expenditures FY10-FY15

| | FY10 | FY11 | FY12 | FY13 | Forecast FY14 | Budget FY15 |
|---|-------------|-------------|-------------|-------------|--------------------------|------------------------|
| Ongoing: Technology and Software Upgrades | \$48,169 | \$122,048 | \$121,416 | \$89,146 | \$94,111 | \$69,000 |
| Ongoing: Office Equipment and Fixtures | \$32,168 | \$43,700 | \$20,021 | \$105,290 | - | \$40,000 |
| Expansion: Technology Initiatives / Video Conferencing | - | - | - | \$612,482 | \$1,012,086 | \$1,188,000 |
| Expansion: Leasehold | - | - | - | - | - | \$75,000 |
| Total Capital Expenditures (net) | \$80,337 | \$165,748 | \$141,437 | \$806,918 | \$1,106,197 | \$1,372,000 |

EXHIBIT A

Total Budgeted Costs FY14-FY15

| | FY14 | | Change from FY14 Budget | | FY15 | | Change from FY14 Forecast | | Change from FY14 Budget | |
|---|-------------------|-------------------|----------------------------|---------------|-------------------|------------------|------------------------------|--------------|----------------------------|--|
| | Budget | Forecast | \$ | % | Budget | \$ | % | % | % | |
| UTIMCO Services | | | | | | | | | | |
| Salaries and Wages + Vacation | 8,918,824 | 8,650,852 | -267,972 | -3.0% | 9,504,386 | 853,534 | 9.9% | 6.6% | | |
| Performance Compensation + Earnings | 8,518,781 | 8,632,131 | 113,350 | 1.3% | 8,518,278 | -113,853 | -1.3% | -0.0% | | |
| Total Compensation | 17,437,605 | 17,282,983 | -154,621 | -0.9% | 18,022,664 | 739,681 | 4.3% | 3.4% | | |
| Total Payroll taxes | 724,097 | 701,961 | -22,136 | -3.1% | 792,636 | 90,675 | 12.9% | 9.5% | | |
| 403(b) Contributions | 688,825 | 660,161 | -28,664 | -4.2% | 786,198 | 126,037 | 19.1% | 14.1% | | |
| Insurance & Cell Phone | 898,433 | 855,751 | -42,682 | -4.8% | 861,224 | 5,473 | 0.6% | -4.1% | | |
| Employee Benefits | 1,587,258 | 1,515,911 | -71,346 | -4.5% | 1,647,422 | 131,511 | 8.7% | 3.8% | | |
| Recruiting and Relocation Expenses | 33,000 | 39,048 | 6,048 | 18.3% | 69,000 | 29,952 | 76.7% | 109.1% | | |
| Employee Education | 75,468 | 55,090 | -20,378 | -27.0% | 75,104 | 20,014 | 36.3% | -0.5% | | |
| Other Employee Related Expenses | 108,468 | 94,137 | -14,331 | -13.2% | 144,104 | 49,967 | 53.1% | 32.9% | | |
| Total Employee Related Expenses | 19,857,427 | 19,594,993 | -262,434 | -1.3% | 20,606,826 | 1,011,833 | 5.2% | 3.8% | | |
| On-Line Data & Contract Services | 1,333,728 | 1,080,615 | -253,113 | -19.0% | 1,294,080 | 213,465 | 19.8% | -3.0% | | |
| Travel & Meetings, Including BOD | 676,000 | 524,443 | -151,557 | -22.4% | 630,500 | 106,057 | 20.2% | -6.7% | | |
| Phone and Telecommunications | 48,636 | 51,506 | 2,870 | 5.9% | 53,340 | 1,834 | 3.6% | 9.7% | | |
| Computer & Office Supplies | 52,740 | 39,986 | -12,754 | -24.2% | 49,140 | 9,154 | 22.9% | -6.8% | | |
| Repairs/Maintenance | 256,572 | 254,333 | -2,239 | -0.9% | 292,464 | 38,131 | 15.0% | 14.0% | | |
| Other Office Expenses | 96,840 | 110,042 | 13,202 | 13.6% | 105,252 | -4,790 | -4.4% | 8.7% | | |
| Total Office Expense | 454,788 | 455,867 | 1,079 | 0.2% | 500,196 | 44,329 | 9.7% | 10.0% | | |
| Total Lease Expense | 1,057,668 | 1,105,987 | 48,318 | 4.6% | 1,120,692 | 14,706 | 1.3% | 6.0% | | |
| Board, Comp., & Hiring Consultants | 80,100 | 193,614 | 113,514 | 141.7% | 200,100 | 6,486 | 3.3% | 149.8% | | |
| Legal Expenses | 140,400 | 107,199 | -33,201 | -23.6% | 140,400 | 33,201 | 31.0% | 0.0% | | |
| Accounting fees | 52,500 | 52,114 | -386 | -0.7% | 58,500 | 6,386 | 12.3% | 11.4% | | |
| Total Professional Fees | 273,000 | 352,927 | 79,927 | 29.3% | 399,000 | 46,073 | 13.1% | 46.2% | | |
| Total Insurance | 216,900 | 219,091 | 2,191 | 1.0% | 227,400 | 8,309 | 3.8% | 4.8% | | |
| Depreciation of Equipment | 600,000 | 634,921 | 34,921 | 5.8% | 650,000 | 15,079 | 2.4% | 8.3% | | |
| Total Non-Employee Related Expenses | 4,612,084 | 4,373,851 | -238,233 | -5.2% | 4,821,868 | 448,017 | 10.2% | 4.5% | | |
| Total UTIMCO Services | 24,469,511 | 23,968,844 | -500,667 | -2.0% | 25,428,694 | 1,459,850 | 6.1% | 3.9% | | |
| Direct Costs to Funds | | | | | | | | | | |
| Custodian Fees and Other Direct Costs | 4,736,135 | 4,172,892 | -563,243 | -11.9% | 4,463,774 | 290,882 | 7.0% | -5.8% | | |
| Performance Measurement | 500,787 | 425,550 | -75,237 | -15.0% | 470,700 | 45,150 | 10.6% | -6.0% | | |
| Analytical Tools | 409,559 | 395,503 | -14,056 | -3.4% | 395,457 | -46 | -0.0% | -3.4% | | |
| Risk Measurement | 324,000 | 307,000 | -17,000 | -5.2% | 324,000 | 17,000 | 5.5% | 0.0% | | |
| Custodian and Analytical Costs | 5,970,481 | 5,300,945 | -669,535 | -11.2% | 5,653,930 | 352,985 | 6.7% | -5.3% | | |
| Consultant Fees | 351,000 | 351,000 | 0 | 0.0% | 353,500 | 2,500 | 0.7% | 0.7% | | |
| Auditing | 477,880 | 556,865 | 78,985 | 16.5% | 720,000 | 163,135 | 29.3% | 50.7% | | |
| Legal Fees | 537,500 | 242,345 | -295,156 | -54.9% | 400,000 | 157,656 | 65.1% | -25.6% | | |
| Background Searches & Other | 408,109 | 463,312 | 55,204 | 13.5% | 294,500 | -168,812 | -36.4% | -27.8% | | |
| Other Direct Costs Total | 1,774,489 | 1,613,522 | -160,967 | -9.1% | 1,768,000 | 154,479 | 9.6% | -0.4% | | |
| Total Direct Costs to Funds | 7,744,969 | 6,914,467 | -830,502 | -10.7% | 7,421,930 | 507,463 | 7.3% | -4.2% | | |
| Total Budgeted Costs | 32,214,480 | 30,883,311 | -1,331,170 | -4.1% | 32,850,624 | 1,967,314 | 6.4% | 2.0% | | |

EXHIBIT B

Total Budgeted Costs FY10-FY15

| | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Actual | Actual | Actual | Actual | Forecast | Budget |
| UTIMCO Services | | | | | | |
| Salaries and Wages + Vacation | 6,454,270 | 6,422,656 | 6,903,383 | 7,587,688 | 8,650,852 | 9,504,386 |
| Performance Compensation + Earnings | 4,490,396 | 6,290,993 | 3,265,622 | 12,513,544 | 8,632,131 | 8,518,278 |
| Total Compensation | 10,944,666 | 12,713,649 | 10,169,005 | 20,101,232 | 17,282,983 | 18,022,664 |
| Total Payroll taxes | 479,799 | 492,963 | 472,196 | 641,091 | 701,961 | 792,636 |
| 403(b) Contributions | 487,207 | 485,227 | 515,669 | 566,262 | 660,161 | 786,198 |
| Insurance & Cell Phone | 617,525 | 585,957 | 619,546 | 701,259 | 855,751 | 861,224 |
| Employee Benefits | 1,104,732 | 1,071,184 | 1,135,215 | 1,267,521 | 1,515,911 | 1,647,422 |
| Recruiting and Relocation Expenses | 2,594 | 15,210 | 49,522 | 25,979 | 39,048 | 69,000 |
| Employee Education | 37,381 | 30,159 | 36,287 | 55,349 | 55,090 | 75,104 |
| Other Employee-Related Expenses | 39,975 | 45,369 | 85,809 | 81,328 | 94,137 | 144,104 |
| Total Employee Related Expenses | 12,569,172 | 14,323,165 | 11,862,225 | 22,091,173 | 19,594,993 | 20,606,826 |
| On-Line Data & Contract Services | 965,058 | 1,003,058 | 1,038,036 | 1,164,419 | 1,080,615 | 1,294,080 |
| Travel & Meetings, Including BOD | 479,393 | 416,713 | 588,240 | 536,748 | 524,443 | 630,500 |
| Phone and Telecommunications | 77,524 | 69,072 | 32,976 | 36,781 | 51,506 | 53,340 |
| Computer & Office Supplies | 89,027 | 80,768 | 49,748 | 50,392 | 39,986 | 49,140 |
| Repairs/Maintenance | 181,288 | 182,535 | 160,071 | 191,971 | 254,333 | 292,464 |
| Other Office Expenses | 60,097 | 52,400 | 105,966 | 92,250 | 110,042 | 105,252 |
| Total Office Expense | 407,936 | 384,775 | 348,762 | 371,394 | 455,867 | 500,196 |
| Total Lease Expense | 1,003,831 | 935,490 | 983,934 | 1,035,176 | 1,105,987 | 1,120,692 |
| Board, Compensation, & Hiring Consultants | 86,400 | 44,500 | 211,000 | 165,341 | 193,614 | 200,100 |
| Legal Expenses | 194,930 | 247,303 | 106,483 | 88,279 | 107,199 | 140,400 |
| Accounting fees | 33,135 | 38,950 | 51,975 | 49,268 | 52,114 | 58,500 |
| Total Professional Fees | 314,465 | 330,753 | 369,458 | 302,888 | 352,927 | 399,000 |
| Total Insurance | 248,126 | 227,326 | 208,729 | 207,103 | 219,091 | 227,400 |
| Depreciation of Equipment | 579,925 | 552,739 | 533,872 | 518,707 | 634,921 | 650,000 |
| Total Non-Employee Related Expenses | 3,998,734 | 3,850,854 | 4,071,032 | 4,136,434 | 4,373,851 | 4,821,868 |
| Total UTIMCO Services | 16,567,906 | 18,174,019 | 15,933,256 | 26,227,607 | 23,968,844 | 25,428,694 |
| Direct Costs to Funds | | | | | | |
| Custodian Fees and Other Direct Costs | 2,277,038 | 4,452,927 | 4,200,390 | 4,160,625 | 4,172,892 | 4,463,774 |
| Performance Measurement | 405,838 | 408,525 | 429,584 | 401,220 | 425,550 | 470,700 |
| Analytical Tools | 351,642 | 342,534 | 358,697 | 390,371 | 395,503 | 395,457 |
| Risk Measurement | 377,458 | 292,000 | 292,000 | 292,000 | 307,000 | 324,000 |
| Custodian and Analytical Costs | 3,411,976 | 5,495,986 | 5,280,671 | 5,244,216 | 5,300,945 | 5,653,930 |
| Consultant Fees | 485,625 | 554,891 | 415,375 | 403,304 | 351,000 | 353,500 |
| Auditing | 692,093 | 677,000 | 371,779 | 465,410 | 556,865 | 720,000 |
| Legal Fees | 973,934 | 795,933 | 786,122 | 659,516 | 242,345 | 400,000 |
| Background Searches & Other | 134,673 | 231,403 | 484,991 | 406,479 | 463,312 | 294,500 |
| Other Direct Costs Total | 2,286,325 | 2,259,227 | 2,058,267 | 1,934,709 | 1,613,522 | 1,768,000 |
| Total Direct Costs to Funds | 5,698,301 | 7,755,213 | 7,338,938 | 7,178,925 | 6,914,467 | 7,421,930 |
| Total Budgeted Costs | 22,266,207 | 25,929,232 | 23,272,194 | 33,406,532 | 30,883,311 | 32,850,624 |

EXHIBIT C
UTIMCO Reserve Analysis for August 31, 2014

| | | |
|---|------------|---------------------|
| Projected Cash Reserves at August 31, 2014 | | |
| Cash | | 11,546,237 |
| Prepaid Expenses | | 682,877 |
| Less: Accounts Payable (Includes incentive compensation & earnings payable) | | <u>(5,940,524)</u> |
| Expected Cash Reserves at August 31, 2014 | | <u>\$ 6,288,590</u> |
| FY15 Proposed Operating Budget | 25,362,304 | |
| Applicable Percentage | 25% | 6,340,576 |
| FY15 Proposed Capital Expenditures | 1,372,000 | <u>1,372,000</u> |
| Required Cash Reserves at August 31, 2014 | | <u>\$ 7,712,576</u> |
| Balance Available for Distribution | | \$ (1,423,986) |
| Recommended Distribution | | \$ - |

6. U. T. System Board of Regents: Adoption of a Resolution authorizing the issuance, sale, and delivery of Permanent University Fund 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 Resolution, substantially in the form previously approved by the U. T. System Board of Regents, authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Permanent University Fund (PUF) Bonds in one or more installments in an aggregate principal amount not to exceed \$600 million to be used to refund certain outstanding PUF Bonds, to refund PUF Commercial Paper Notes, to provide new money to fund construction and acquisition costs, and to pay the costs of issuance; and
- b. authorize appropriate officers and employees of U. T. System as set forth in the Resolution to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents within the limitations and procedures specified therein; to make certain covenants and agreements in connection therewith; and to resolve other matters incident and related to the issuance, sale, security, and delivery of such bonds.

BACKGROUND INFORMATION

On August 22, 2013, the Board of Regents adopted a resolution authorizing the issuance of PUF Bonds in an amount not to exceed \$500 million. Adoption of this Resolution would rescind the resolution approved by the Board of Regents in August 2013 and would provide a similar authorized amount and purposes as the prior resolution.

Adoption of this Resolution would authorize the advance or current refunding of a portion of certain outstanding PUF Bonds provided that an advance refunding exceeds a minimum 3% present value debt service savings threshold. An advance refunding involves issuing bonds to refund outstanding bonds more than 90 days in advance of the call date, whereas a current refunding involves issuing bonds to refund outstanding bonds within 90 days of the call date. Refunding bonds are issued at lower interest rates thereby producing debt service savings. Adoption of this Resolution would provide the flexibility to select the particular bonds to be refunded depending on market conditions at the time of pricing.

The Resolution would also authorize the current refunding of all or a portion of the PUF Commercial Paper Notes. The PUF Commercial Paper Note program is used to provide interim financing for PUF projects approved by the Board. Adoption of the Resolution would permit the interim financing provided through the Notes to be replaced with long-term financing. The Resolution would also authorize the issuance of bonds to provide new money to fund the capital costs of eligible projects.

The Resolution would also authorize the appropriate officers and employees of the U. T. System to refund outstanding PUF Bonds pursuant to a tender program and to use lawfully available funds to defease outstanding PUF Bonds when economically advantageous.

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

Note: The proposed Resolution is available online at <http://www.utsystem.edu/board-of-regents/meetings/board-meeting-2014-08-20>

7. U. T. System Board of Regents: Adoption of a Supplemental Resolution authorizing the issuance, sale, and delivery of Revenue Financing System 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 \$600 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, 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 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 22, 2013, the Board of Regents adopted a resolution authorizing the issuance of additional RFS Bonds in an amount not to exceed \$500 million. Adoption of this Supplemental Resolution would rescind the remaining issuance authority under the prior resolution and would provide a similar authorized amount and purposes as the prior resolution.

Adoption of the Supplemental Resolution would authorize the advance or current refunding of a portion of certain outstanding RFS Bonds provided that an advance refunding exceeds a minimum 3% present value debt service savings threshold. An advance refunding involves issuing bonds to refund outstanding bonds more than 90 days in advance of the call date whereas a current refunding involves issuing bonds to refund outstanding bonds within 90 days of the call date. Refunding bonds are issued at lower interest rates thereby producing debt service savings. Adoption of this Supplemental Resolution will provide the flexibility to select the particular bonds to be refunded depending on market conditions at the time of pricing.

The Supplemental Resolution would also authorize the current refunding of all or a portion of the RFS Commercial Paper Notes. The RFS Commercial Paper Note program is used to provide interim financing for RFS projects approved by the Board. Adoption of the Supplemental Resolution will permit the interim financing provided through the Notes to be replaced with long-term financing. The Supplemental Resolution also authorizes the issuance of bonds to provide new money to fund the capital costs of eligible projects.

The Supplemental Resolution would also authorize 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.

Approval of the Supplemental Resolution would also designate The University of Texas Rio Grande Valley as a Member of the Revenue Financing System in accordance with the RFS Master Resolution and provides that U. T. Rio Grande Valley will become the successor to all RFS obligations incurred by U. T. Brownsville and U. T. Pan American.

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

Note: The proposed Resolution is available online at <http://www.utsystem.edu/board-of-regents/meetings/board-meeting-2014-08-20>.

8. **U. T. System Board of Regents: Adoption of resolutions authorizing certain bond enhancement agreements for Revenue Financing System debt and Permanent University Fund debt, including ratification of U. T. System Interest Rate Swap Policy**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents adopt resolutions substantially in the form set out on the following pages (the Resolutions) authorizing appropriate officers of the U. T. System to enter into bond enhancement agreements related to its Revenue Financing System (RFS) and Permanent University Fund (PUF) debt programs in accordance with the U. T. System Interest Rate Swap Policy and to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents.

BACKGROUND INFORMATION

Texas Education Code Section 65.461 provides specific authority to the U. T. System Board of Regents to enter into "bond enhancement agreements," which include interest rate swaps and related agreements in connection with administration of the U. T. System's RFS and PUF debt programs.

The U. T. System Interest Rate Swap Policy was approved by the Board of Regents as a Regental Policy on February 13, 2003, and was incorporated into the Regents' *Rules and Regulations*, Rule 70202, on December 10, 2004. The Rule was subsequently amended on August 23, 2007. Section 1371.056(l) of the *Texas Government Code* requires that while an interest rate management agreement transaction is outstanding, the governing body of the issuer shall review and ratify or modify its related risk management policy at least biennially.

On August 22, 2013, the Board approved bond enhancement agreement resolutions for FY 2014. Approval of this item would authorize the execution of bond enhancement agreement transactions related to RFS and PUF debt in accordance with the U. T. System Interest Rate Swap Policy for FY 2015 and will ratify the existing U. T. System Interest Rate Swap Policy, set out as Exhibit B, as required by *Texas Government Code*, Section 1371.056. The determination to utilize bond enhancement agreements will be made based on market conditions at the time of pricing the related debt issuance. The Chancellor and the Chairman of the Board's Finance and Planning Committee will be informed in advance of any proposed transactions to be undertaken pursuant to the Resolutions.

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF
BOND ENHANCEMENT AGREEMENTS RELATING TO PERMANENT
UNIVERSITY FUND DEBT AND AUTHORIZING AND APPROVING
OTHER INSTRUMENTS AND PROCEDURES RELATING TO SAID
AGREEMENTS

August 21, 2014

WHEREAS, the Board of Regents (the “Board”) of The University of Texas System (the “System”) is the governing body of the System, an institution of higher education under the Texas Education Code and an agency of the State of Texas (the “State”); and

WHEREAS, the Permanent University Fund is a constitutional fund and public endowment created in the Texas Constitution of 1876, as created, established, implemented and administered pursuant to Sections 10, 11, 11a, 11b, 15 and 18 of Article VII of the Constitution of the State, as amended, and by other applicable present and future constitutional and statutory provisions, and further implemented by the provisions of Chapter 66, *Texas Education Code*, as amended (the “Permanent University Fund”); and

WHEREAS, the Available University Fund is defined by the Constitution of the State and consists of distributions made to it from the total return on all investment assets of the Permanent University Fund, including the net income attributable to the surface of Permanent University Fund land, as determined by the Board pursuant to Section 18 of Article VII of the Constitution of the State, as amended (the “Available University Fund”); and

WHEREAS, Section 18 of Article VII of the Constitution of the State, as may hereafter be amended (the “Constitutional Provision”), authorizes the Board to issue bonds and notes (“PUF Debt”) not to exceed a total amount of 20% of the cost value of investments and other assets of the Permanent University Fund, exclusive of real estate, at the time of issuance thereof and to pledge all or any part of its two-thirds interest in the Available University Fund (the “Interest of the System”) to secure the payment of the principal of and interest on PUF Debt, for the purpose of acquiring land, constructing and equipping buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, acquiring capital equipment and library books and library materials, and refunding bonds or notes issued under the Constitutional Provision or prior law, at or for the System administration and institutions of the System as listed in the Constitutional Provision; and

WHEREAS, the Constitutional Provision also provides that out of the Interest of the System in the Available University Fund there shall be appropriated an annual sum sufficient to pay the principal and interest due on PUF Debt, and the remainder of the Interest of the System in the Available University Fund (the “Residual AUF”) shall be appropriated for the support and maintenance of The University of Texas at Austin and the System Administration; and

WHEREAS, unless otherwise defined herein, terms used herein shall have the meaning as set forth in Exhibit A hereto; and

WHEREAS, the Board has previously entered into certain Executed Master Agreements (as defined herein) with certain counterparties setting forth the terms and conditions applicable to each Confirmation (as defined herein) to be executed thereunder; and

WHEREAS, the Board hereby desires to ratify and approve the U.T. System's Interest Rate Swap Policy, a copy of which is attached hereto as Exhibit B, and to severally authorize each Authorized Representative (as defined in the System's Interest Rate Swap Policy) to enter into Bond Enhancement Agreements (as defined herein) from time to time, all as provided in this Resolution.

NOW THEREFORE BE IT RESOLVED, that

SECTION 1. DEFINITIONS. Capitalized terms used in this Resolution and not otherwise defined shall have the meanings given in Exhibit A attached hereto and made a part hereof.

SECTION 2. AUTHORIZATION OF BOND ENHANCEMENT AGREEMENTS.

(a) Delegation. Each Authorized Representative is hereby severally authorized to act on behalf of the Board in accepting and executing new or amended confirmations under one or more of the Master Agreements (each, a "Confirmation" and, collectively with the applicable Master Agreement, a "Bond Enhancement Agreement") when, in his or her judgment, the execution of such Confirmation is consistent with this Resolution and the System's Interest Rate Swap Policy and either (i) the transaction is expected to reduce the net interest to be paid by the Board with respect to any then outstanding PUF Debt or PUF Debt anticipated to be issued in the future over the term of the Bond Enhancement Agreement or (ii) the transaction is in the best interests of the Board given the market conditions at that time. Prior to entering into any such transaction, an Authorized Representative must deliver to the General Counsel of the Board a certificate setting forth the determinations of the Authorized Representative in connection with the foregoing. Each Authorized Representative is also severally authorized to execute any required novation agreement related to the execution and delivery of a new or amended Confirmation undertaken in conjunction with the novation of an existing Confirmation. The delegation to each Authorized Representative to execute and deliver Bond Enhancement Agreements on behalf of the Board under this Resolution shall expire on September 1, 2015.

(b) Authorizing Law and Treatment as Credit Agreement. The Board hereby determines that any such Bond Enhancement Agreement entered into by an Authorized Representative pursuant to this Resolution is necessary or appropriate to place the Board's obligations with respect to its outstanding PUF Debt or PUF Debt anticipated to be issued in the future on the interest rate, currency, cash flow or other basis set forth in such Bond Enhancement Agreement as approved and executed on behalf of the Board by an Authorized Representative. Each Bond Enhancement Agreement constitutes a "bond enhancement agreement" under Section 65.461 of the *Texas Education Code*, as amended ("Section 65.461"). Pursuant to Section 65.461, a Bond Enhancement Agreement authorized and executed by an Authorized Representative under this Resolution shall not

be considered a “credit agreement” under Chapter 1371 of the *Texas Government Code*, as amended (“Chapter 1371”), unless specifically designated as such by such Authorized Representative. In the event an Authorized Representative elects to treat a Bond Enhancement Agreement authorized by this Resolution as a “credit agreement” under Chapter 1371 and this Resolution has not previously been submitted to the Attorney General by an Authorized Representative, such Authorized Representative shall submit this Resolution to the Attorney General for review and approval in accordance with the requirements of Chapter 1371 as the proceedings authorizing Bond Enhancement Agreements entered into by the Board pursuant to this Resolution.

(c) Costs; Maximum Term. The costs of any Bond Enhancement Agreement and the amounts payable thereunder, including but not limited to any amounts payable by the Board as a result of terminating a Bond Enhancement Agreement, shall be payable from the Residual AUF as a cost of the support and maintenance of System administration or from any other source that is legally available to make such payments.

The maximum term of each Bond Enhancement Agreement authorized by this Resolution shall not exceed the maturity date of the then outstanding related PUF Debt or the related PUF Debt anticipated to be issued in the future, as applicable.

(d) Notional Amount. The notional amount of any Bond Enhancement Agreement authorized by this Resolution shall not at any time exceed the aggregate principal amount of the then outstanding related PUF Debt or related PUF Debt anticipated to be issued in the future, as applicable; provided that the aggregate notional amount of multiple Bond Enhancement Agreements relating to the same PUF Debt may exceed the principal amount of the related PUF Debt if such Bond Enhancement Agreements are for different purposes, as evidenced for example by different rates for calculating payments owed, and the aggregate notional amount of any such Bond Enhancement Agreements for the same purpose otherwise satisfies the foregoing requirements.

(e) Early Termination. No Confirmation entered into pursuant to this Resolution shall contain early termination provisions at the option of the counterparty except upon the occurrence of an event of default or an additional termination event, as prescribed in the applicable Master Agreement. In addition to subsections (a) and (b) of Section 5 hereof, each Authorized Representative is hereby severally authorized to terminate any Bond Enhancement when, in his or her judgment, such termination is in the best interests of the Board given the market conditions at that time.

(f) Maximum Rate. No Bond Enhancement Agreement authorized by this Resolution shall be payable at a rate greater than the maximum rate allowed by law.

(g) Credit Enhancement. An Authorized Representative may obtain credit enhancement for any Bond Enhancement Agreement if such Authorized Representative, as evidenced by a certificate delivered to the General Counsel to the Board, has determined that after taking into account the cost of such credit enhancement, such credit enhancement will reduce the amount payable by the Board pursuant to such Bond Enhancement Agreement; provided that the annual cost of credit enhancement on any

Bond Enhancement Agreement entered into pursuant to this Resolution may not exceed 0.50% of the notional amount of such Bond Enhancement Agreement.

SECTION 3. AUTHORIZATION FOR SPECIFIC TRANSACTIONS.

(a) In addition to the authority otherwise granted in this Resolution, each Authorized Representative is hereby severally granted continuing authority to enter into the following specific transactions pursuant to a Confirmation (or other agreement or instrument deemed necessary by an Authorized Representative) upon satisfaction of the following respective conditions:

(1) Floating-to-fixed rate interest rate swap transactions under which the Board would pay an amount based upon a fixed rate of interest and the counterparty would pay an amount based upon a variable rate of interest with respect to PUF Debt then outstanding bearing interest at a variable rate and any PUF Debt anticipated to be issued in the future that will bear interest at a variable rate, as applicable. Prior to entering into such transaction, an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that (i) the synthetic fixed rate to the Board pursuant to the swap transaction is lower than the rate available to the Board for comparable fixed rate debt at the time of the swap transaction, and (ii) if the variable rate being paid or expected to be paid by the Board on the applicable PUF Debt is computed on a basis different from the calculation of the variable rate to be received under the swap transaction over the stated term of such swap transaction, the basis risk of the transaction is expected to be minimal based upon historical relationships between such bases.

(2) Fixed-to-floating rate interest rate swap transactions under which the Board would pay an amount based upon a variable rate of interest and the counterparty would pay an amount based upon a fixed rate of interest, with respect to PUF Debt then outstanding bearing interest at a fixed rate or PUF Debt anticipated to be issued in the future that will bear interest at a fixed rate, as applicable. Prior to entering into such transaction, an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that converting such portion of fixed rate PUF Debt to a variable rate pursuant to the fixed-to-floating interest rate swap transaction would be beneficial to the System by (i) lowering the anticipated net interest cost on the PUF Debt to be swapped against or (ii) assisting in the System's asset/liability management by matching a portion of its variable rate assets with variable rate PUF Debt.

(3) Basis swap transactions under which the Board would pay a variable rate of interest computed on one basis, such as the Securities Industry and Financial Markets Association Municipal Swap Index, and the counterparty would pay a variable rate of interest computed on a different basis, such as a designated maturity of the London Interbank Offered Rate ("LIBOR"), with respect to a given principal amount of PUF Debt then outstanding or PUF Debt anticipated to be issued in the future, as applicable. Prior to entering into such transaction, an

Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that by entering into the basis swap transaction the Board is expected to be able to (i) achieve spread income or upfront cash payments, (ii) preserve call option and advance refunding capability on its PUF Debt, (iii) lower net interest cost by effecting a percent of LIBOR synthetic refunding without issuing additional bonds or acquiring credit enhancement, (iv) lower net interest cost on PUF Debt by layering tax risk on top of a traditional or synthetic fixed rate financing, (v) preserve liquidity capacity, or (vi) avoid the mark to market volatility of a fixed-to-floating or floating-to-fixed swap in changing interest rate environments.

(4) Interest rate locks, caps, options, floors, and collars for the purpose of limiting the exposure of the Board to adverse changes in interest rates in connection with outstanding PUF Debt or additional PUF Debt anticipated to be issued in the future. Prior to entering into such a transaction, an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that such transaction is expected to limit or eliminate such exposure.

(b) The foregoing is not intended to be a comprehensive list of permissible types of transactions, but rather to specify additional conditions necessary to enter into the specified types of transactions. The requirements of Section 2(a) above shall apply to any transaction not specified in Section 3(a) above.

SECTION 4. APPLICATION OF PAYMENTS RECEIVED UNDER BOND ENHANCEMENT AGREEMENTS.

(a) General. Except as provided in subsection (b) hereof, to the extent the Board receives payments pursuant to a Bond Enhancement Agreement, such payments shall be applied for any lawful purpose.

(b) Payments under Chapter 1371 Credit Agreements. In the event an Authorized Representative elects to treat a Bond Enhancement Agreement authorized by this Resolution as a “credit agreement” under Chapter 1371 and such Bond Enhancement Agreement is executed and delivered pursuant to Chapter 1371, to the extent that the Board receives payments pursuant to such a Bond Enhancement Agreement, such payments shall be applied as follows: (i) to pay (A) debt service on the PUF Debt or anticipated issuance of PUF Debt related to the Bond Enhancement Agreement, or (B) the costs to be financed by the PUF Debt or anticipated issuance of PUF Debt related to the Bond Enhancement Agreement; provided that, if applicable, such costs shall have been approved for construction by the Board and that the applicable projects have received the required approval or review of the Texas Higher Education Coordinating Board to the extent and as required by the provisions of Chapter 61 of the *Texas Education Code*, including Section 61.058 thereof; (ii) to pay other liabilities or expenses that are secured on parity with or senior to the PUF Debt or anticipated issuance of PUF Debt related to the Bond Enhancement Agreement; or (iii) to the extent that costs set forth in (i) and (ii) have been satisfied, for any other lawful purpose.

SECTION 5. BOND ENHANCEMENT AGREEMENTS IN CONNECTION WITH ANTICIPATED PUF DEBT.

(a) Requirement to Terminate or Modify Agreement for Non-issuance of Anticipated PUF Debt. In the event a Bond Enhancement Agreement is entered into under this Resolution in connection with the anticipated issuance of PUF Debt and such PUF Debt is not actually issued on or prior to the effective date of such agreement, an Authorized Representative shall either terminate such Bond Enhancement Agreement or amend such Bond Enhancement Agreement in such event (i) to delay the effective date of such Bond Enhancement Agreement; or (ii) to replace such anticipated PUF Debt with any then outstanding PUF Debt having the same types of interest rates (fixed or variable) as the anticipated PUF Debt.

(b) Requirement to Terminate or Modify Agreement for Notional Amount in Excess of Anticipated PUF Debt as Issued. In the event a Bond Enhancement Agreement is entered into under this Resolution in connection with the anticipated issuance of PUF Debt and such Bond Enhancement Agreement has a notional amount that at any time exceeds the principal amount to be outstanding of such anticipated PUF Debt as actually issued, an Authorized Representative shall either terminate such Bond Enhancement Agreement or amend such Bond Enhancement Agreement (i) to reduce the notional amount of such Bond Enhancement as appropriate so that such notional amount does not exceed at any time the principal amount to be outstanding of such anticipated PUF Debt as actually issued or (ii) supplement or replace all or a portion of such anticipated PUF Debt with any then outstanding PUF Debt having the same types of interest rates (fixed or variable) as the anticipated PUF Debt as necessary to ensure that the notional amount of such Bond Enhancement Agreement does not exceed at any time the principal amount of the applicable PUF Debt.

(c) Board Recognition of Anticipated Parity Debt. No Bond Enhancement Agreement may be entered into under this Resolution with respect to the Board's obligations under an anticipated future issuance of PUF Debt unless such anticipated issuance of future debt shall have been recognized by official action of the Board pursuant to (i) the Board's prior adoption of a resolution authorizing the issuance of such debt, including but not limited to a resolution delegating the parameters of such issuance to an Authorized Representative or a resolution authorizing the issuance of commercial paper notes, (ii) the Board's prior approval of its then current Capital Improvement Program contemplating the financing of the projects to be financed by such anticipated issuance of debt and the amount of such debt to be issued, or (iii) the Board's action pursuant to subsection (e) hereof with respect to PUF Debt anticipated to be issued to refund outstanding PUF Debt.

(d) Required Description of Anticipated PUF Debt. To the extent that a Bond Enhancement Agreement is entered into under this Resolution with respect to the Board's obligations under an anticipated future issuance of PUF Debt, an Authorized Representative must also deliver to the General Counsel to the Board at the time such agreement is entered into a certificate with respect to such anticipated PUF Debt stating: (i) the anticipated issuance date of such PUF Debt or a range of anticipated dates of up to

six months for such issuance, provided that such date or range of dates may not be more than the lesser of seventy-two (72) months after the date of the applicable Confirmation or the latest date contemplated for the issuance of such PUF Debt in the Board's then current Capital Improvement Program; (ii) whether such PUF Debt will bear interest at a fixed or variable rate; (iii) if such PUF Debt will bear interest at a fixed rate, what fixed interest rate or range of interest rates with respect to such PUF Debt is anticipated; (iv) if such PUF Debt will bear interest at a variable rate, what basis is anticipated to be used to compute such variable rate; (v) the assumed maturity schedule and amortization for such PUF Debt, including the assumed interest cost; (vi) the anticipated purposes for which the proceeds of such PUF Debt will be used; and (vii) for PUF Debt anticipated to be issued for new money projects, a list or description of such projects anticipated to be financed, provided that each such project must be contemplated for financing with PUF Debt by the Board's then current Capital Improvement Program or have otherwise received Board approval for financing.

(e) Board's Statement of Intent to Issue Advance Refunding Debt for Savings. If the conditions in this Resolution are otherwise satisfied, the Board hereby authorizes each Authorized Representative to enter into a Bond Enhancement Agreement in connection with PUF Debt anticipated to be issued for the purpose of advance refunding any existing PUF Debt, provided that as certified by an Authorized Representative to the General Counsel to the Board, such anticipated issue of PUF Debt, when taking into consideration the effect of such Bond Enhancement Agreement, is expected to result in a present value savings in connection with such advance refunding of at least 3.0% (determined in the manner set forth in the resolution approved by the Board authorizing the issuance of such anticipated issue of PUF Debt), and in such event, the Board hereby declares its intention to cause such anticipated PUF Debt to be issued. No such certification or declaration shall be applicable in connection with PUF Debt anticipated to be issued for the purpose of currently refunding any existing PUF Debt within ninety (90) days of the date of issuance of such anticipated PUF Debt.

SECTION 6. MASTER AGREEMENTS.

(a) New Master Agreements. Each Authorized Representative is hereby severally authorized to enter into ISDA Master Agreements (the "New Master Agreements") with counterparties satisfying the ratings requirements of the System's Interest Rate Swap Policy. Such New Master Agreements shall be in substantially the same form as the Executed Master Agreements, with such changes as, in the judgment of an Authorized Representative, with the advice and counsel of the Office of General Counsel and Bond Counsel, are necessary or desirable (i) to carry out the intent of the Board as expressed in this Resolution, (ii) to receive approval of this Resolution by the Attorney General of the State of Texas, if pursuant Section 2(b) of this Resolution, an Authorized Representative elects to designate any Bond Enhancement Agreement entered into by the Board pursuant to this Resolution as a "credit agreement" under Chapter 1371, (iii) to accommodate the credit structure or requirements of a particular counterparty or (iv) to incorporate comments received or anticipated to be received from any credit rating agency relating to a New Master Agreement. Each Authorized Representative is authorized to enter into such New Master Agreements and to enter into Confirmations thereunder in accordance

with this Resolution and in furtherance of and to carry out the intent hereof. If a New Master Agreement entered into pursuant to this subsection replaces a then effective Master Agreement with the same or a related counterparty, each Authorized Representative is hereby severally authorized to terminate such existing Master Agreement upon the New Master Agreement becoming effective and to take any and all actions necessary to transfer any Confirmations thereunder to such New Master Agreement.

(b) Amendments to Master Agreements. Each Authorized Representative is hereby further severally authorized to enter into amendments to the Master Agreements to allow Confirmations thereunder to be issued and entered into with respect to any then outstanding PUF Debt or PUF Debt anticipated to be issued in the future and to make such other amendments in accordance with the terms of the respective Master Agreements as in the judgment of such Authorized Representative, with the advice and counsel of the Office of General Counsel and Bond Counsel, are necessary or desirable to allow the Board to achieve the benefits of the Bond Enhancement Agreements in accordance with and subject to the System's Interest Rate Swap Policy and this Resolution.

SECTION 7. ADDITIONAL AUTHORIZATION; RATIFICATION AND APPROVAL OF SWAP POLICY.

(a) Additional Agreements and Documents Authorized. Each Authorized Representative and all officers of the Board are severally authorized to execute and deliver such other agreements and documents as are contemplated by this Resolution and the Master Agreements or are otherwise necessary in connection with entering into Confirmations and Bond Enhancement Agreements as described in this Resolution, as any such Authorized Representative or officer shall deem appropriate, including without limitation, officer's certificates, legal opinions, credit support documents and any documentation pursuant to an ISDA DF Protocol, and any such actions heretofore taken are hereby ratified, approved and affirmed in all respects.

(b) Further Actions. Each Authorized Representative and all officers of the Board are severally authorized to take all such further actions, to execute and deliver such further instruments and documents in the name and on behalf of the Board to pay all such expenses as in his or her judgment shall be necessary or advisable in order fully to carry out the purposes of this Resolution.

(c) Swap Policy. The Board has reviewed and hereby ratifies, approves and affirms the System's Interest Rate Swap Policy, a copy of which is attached hereto as Exhibit B.

[Remainder of page intentionally left blank]

EXHIBIT A

DEFINITIONS

As used in this Resolution the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

“Authorized Representative” shall have the meaning given to such term in the System’s Interest Rate Swap Policy (a copy of which is attached hereto as Exhibit B).

“Available University Fund” shall have the meaning given to such term in the recitals to this Resolution.

“Board” shall have the meaning given to such term in the recitals to this Resolution.

“Bond Enhancement Agreement” shall have the meaning given to such term in Section 2(a) hereof.

“Chapter 1371” shall have the meaning given to such term in Section 2(b) hereof.

“Confirmation” shall have the meaning given to such term in Section 2(a) hereof.

“Constitutional Provision” shall have the meaning given to such term in the recitals to this Resolution.

“Executed Master Agreements” shall mean the following existing and fully executed ISDA Master Agreements currently in effect between the Board and the respective counterparty noted below (copies of which are attached hereto as Exhibit C):

(i) ISDA Master Agreement with Bank of America, N.A., dated as of December 1, 2007;

(ii) ISDA Master Agreement with Goldman Sachs Capital Markets, L.P., dated as of December 1, 2007;

(iii) ISDA Master Agreement with JPMorgan Chase Bank, National Association, dated as of December 1, 2007;

(iv) ISDA Master Agreement with Merrill Lynch Capital Services, Inc., dated as of December 1, 2007;

(v) ISDA Master Agreement with Morgan Stanley Capital Services Inc., dated as of December 1, 2007;

(vi) ISDA Master Agreement with UBS AG, dated as of April 1, 2008;

(vii) ISDA Master Agreement with Barclays Bank PLC, dated as of February 3, 2011;

(viii) ISDA Master Agreement with Deutsche Bank AG, New York Branch, dated as of February 1, 2011;

(ix) ISDA Master Agreement with Royal Bank of Canada, dated as of June 8, 2011; and

(x) ISDA Master Agreement with Wells Fargo Bank, National Association, dated as of January 15, 2010.

“Interest of the System” shall have the meaning given to such term in the recitals to this Resolution.

“ISDA” shall mean the International Swaps and Derivatives Association, Inc.

“ISDA DF Protocol” shall mean any protocol developed by ISDA in response to provisions of the Dodd Frank Wall Street Reform and Consumer Protection Act relating to derivatives.

“LIBOR” shall have the meaning given to such term in Section 3(a)(3) hereof.

“Master Agreements” shall mean, collectively, the Executed Master Agreements and any New Master Agreements.

“New Master Agreements” shall have the meaning given to such term in Section 6(a) hereof.

“Permanent University Fund” shall have the meaning given to such term in the recitals to this Resolution.

“PUF Debt” shall have the meaning given to such term in the recitals to this Resolution.

“Residual AUF” shall have the meaning given to such term in the recitals to this Resolution.

“Section 65.461” shall have the meaning given to such term in Section 2(b) hereof.

“State” shall have the meaning given to such term in the recitals to this Resolution.

“System” shall have the meaning given to such term in the recitals to this Resolution.

EXHIBIT B

**INTEREST RATE SWAP POLICY
OF THE UNIVERSITY OF TEXAS SYSTEM**

[See Regents' *Rules and Regulations*, Rule 70202 titled Interest Rate Swap Policy]

EXHIBIT C

EXECUTED MASTER AGREEMENTS

[On File with the U. T. System Office of Business Affairs]

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF BOND ENHANCEMENT AGREEMENTS RELATING TO REVENUE FINANCING SYSTEM DEBT AND AUTHORIZING AND APPROVING OTHER INSTRUMENTS AND PROCEDURES RELATING TO SAID AGREEMENTS

August 21, 2014

WHEREAS, the Board of Regents (the "Board") of The University of Texas System (the "System") is the governing body of the System, an institution of higher education under the *Texas Education Code* and an agency of the State of Texas; and

WHEREAS, on February 14, 1991, the Board adopted the First Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System and amended such resolution on October 8, 1993, and August 14, 1997 (referred to herein as the "Master Resolution"); and

WHEREAS, unless otherwise defined herein, terms used herein shall have the meaning given in the Master Resolution or as set forth in Exhibit A hereto; and

WHEREAS, the Master Resolution establishes the Revenue Financing System comprised of the institutions now or hereafter constituting components of the System that are designated "Members" of the Financing System by action of the Board and pledges the Pledged Revenues attributable to each Member of the Financing System to the payment of Parity Debt to be outstanding under the Master Resolution; and

WHEREAS, the Board has adopted Supplemental Resolutions to the Master Resolution authorizing the issuance of Parity Debt thereunder as special, limited obligations of the Board payable solely from and secured by a lien on and pledge of Pledged Revenues pledged for the equal and proportionate benefit and security of all owners of Parity Debt; and

WHEREAS, the Board has previously entered into certain Executed Master Agreements (as defined herein) with certain counterparties setting forth the terms and conditions applicable to each Confirmation (as defined herein) executed or to be executed thereunder; and

WHEREAS, the Board hereby desires to ratify and approve the System's Interest Rate Swap Policy, a copy of which is attached hereto as Exhibit B, and to severally authorize each Authorized Representative (as defined in the System's Interest Rate Swap Policy) to enter into Bond Enhancement Agreements (as defined herein) from time to time, all as provided in this Resolution.

NOW THEREFORE BE IT RESOLVED, that

SECTION 1. DEFINITIONS. In addition to the definitions set forth in the preamble of this Resolution, the terms used in this Resolution and not otherwise defined shall have the meanings given in the Master Resolution or in Exhibit A to this Resolution attached hereto and made a part hereof.

SECTION 2. AUTHORIZATION OF BOND ENHANCEMENT AGREEMENTS.

(a) Delegation. Each Authorized Representative is hereby severally authorized to act on behalf of the Board in accepting and executing new or amended confirmations under one or more of the Master Agreements (each, a "Confirmation", and collectively with the applicable Master Agreement, a "Bond Enhancement Agreement") when, in his or her judgment, the execution of such Confirmation is consistent with this Resolution and the System's Interest Rate Swap Policy and either (i) the transaction is expected

to reduce the net interest to be paid by the Board with respect to any then outstanding Parity Debt or Parity Debt anticipated to be issued in the future over the term of the Bond Enhancement Agreement or (ii) the transaction is in the best interests of the Board given the market conditions at that time. Prior to entering into any such transaction, an Authorized Representative must deliver to the General Counsel of the Board a certificate setting forth the determinations of the Authorized Representative in connection with the foregoing. Each Authorized Representative is also severally authorized to execute any required novation agreement related to the execution and delivery of a new or amended Confirmation undertaken in conjunction with the novation of an existing Confirmation. The delegation to each Authorized Representative to execute and deliver Bond Enhancement Agreements on behalf of the Board under this Resolution shall expire on September 1, 2015.

(b) Authorizing Law and Treatment as Credit Agreement. The Board hereby determines that any such Bond Enhancement Agreement entered into by an Authorized Representative pursuant to this Resolution is necessary or appropriate to place the Board's obligations with respect to its outstanding Parity Debt or Parity Debt anticipated to be issued in the future on the interest rate, currency, cash flow or other basis set forth in such Bond Enhancement Agreement as approved and executed on behalf of the Board by an Authorized Representative. Each Bond Enhancement Agreement constitutes a "Credit Agreement" as defined in the Master Resolution and a "bond enhancement agreement" under Section 65.461 of the *Texas Education Code*, as amended ("Section 65.461"). Pursuant to Section 65.461, a Bond Enhancement Agreement authorized and executed by an Authorized Representative under this Resolution shall not be considered a "credit agreement" under Chapter 1371 of the *Texas Government Code*, as amended ("Chapter 1371"), unless specifically designated as such by such Authorized Representative. In the event an Authorized Representative elects to treat a Bond Enhancement Agreement authorized by this Resolution as a "credit agreement" under Chapter 1371 and this Resolution has not previously been submitted to the Attorney General by an Authorized Representative, such Authorized Representative shall submit this Resolution to the Attorney General for review and approval in accordance with the requirements of Chapter 1371 as the proceedings authorizing Bond Enhancement Agreements entered into by the Board pursuant to this Resolution.

(c) Maximum Term. The maximum term of each Bond Enhancement Agreement authorized by this Resolution shall not exceed the maturity date of the then outstanding related Parity Debt or the related Parity Debt anticipated to be issued in the future, as applicable.

(d) Notional Amount. The notional amount of any Bond Enhancement Agreement authorized by this Resolution shall not at any time exceed the aggregate principal amount of the then outstanding related Parity Debt and related Parity Debt anticipated to be issued in the future, as applicable; provided that the aggregate notional amount of multiple Bond Enhancement Agreements relating to the same Parity Debt may exceed the principal amount of the related Parity Debt if such Bond Enhancement Agreements are for different purposes, as evidenced for example by different rates for calculating payments owed, and the aggregate notional amount of any such Bond Enhancement Agreements for the same purpose otherwise satisfies the foregoing requirements.

(e) Early Termination. No Confirmation entered into pursuant to this Resolution shall contain early termination provisions at the option of the counterparty except upon the occurrence of an event of default or an additional termination event, as prescribed in the applicable Master Agreement. In addition to subsections (a) and (b) of Section 6 hereof, each Authorized Representative is hereby severally authorized to terminate any Bond Enhancement when, in his or her judgment, such termination is in the best interests of the Board given the market conditions at that time.

(f) Maximum Rate. No Bond Enhancement Agreement authorized by this Resolution shall be payable at a rate greater than the maximum rate allowed by law.

(g) Credit Enhancement. An Authorized Representative may obtain credit enhancement for any Bond Enhancement Agreement if such Authorized Representative, as evidenced by a certificate delivered to the General Counsel to the Board, has determined that after taking into account the cost of such credit enhancement, such credit enhancement will reduce the amount payable by the Board pursuant to such Bond Enhancement Agreement; provided that the annual cost of credit enhancement on any Bond Enhancement Agreement entered into pursuant to this Resolution may not exceed 0.50% of the notional amount of such Bond Enhancement Agreement.

SECTION 3. BOND ENHANCEMENT AGREEMENTS AS PARITY DEBT. The costs of any Bond Enhancement Agreement and the amounts payable thereunder shall be payable out of Pledged Revenues and each Bond Enhancement Agreement shall constitute Parity Debt under the Master Resolution, except to the extent that a Bond Enhancement Agreement provides that an obligation of the Board thereunder shall be payable from and secured by a lien on Pledged Revenues subordinate to the lien securing the payment of the Parity Debt. The Board determines that this Resolution shall constitute a Supplemental Resolution to the Master Resolution and as required by Section 5(a) of the Master Resolution, the Board further determines that upon the delivery of the Bond Enhancement Agreements authorized by this Resolution it will have sufficient funds to meet the financial obligations of the System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System and that the Members on whose behalf such Bond Enhancement Agreements are entered into possess the financial capacity to satisfy their Direct Obligations after taking such Bond Enhancement Agreements into account.

SECTION 4. AUTHORIZATION FOR SPECIFIC TRANSACTIONS. (a) In addition to the authority otherwise granted in this Resolution, each Authorized Representative is hereby severally granted continuing authority to enter into the following specific transactions pursuant to a Confirmation (or other agreement or instrument deemed necessary by an Authorized Representative) upon satisfaction of the following respective conditions:

(1) Floating-to-fixed rate interest rate swap transactions under which the Board would pay an amount based upon a fixed rate of interest and the counterparty would pay an amount based upon a variable rate of interest with respect to Parity Debt then outstanding bearing interest at a variable rate and Parity Debt anticipated to be issued in the future that will bear interest at a variable rate, as applicable. Prior to entering into such transaction, an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that (i) the synthetic fixed rate to the Board pursuant to the swap transaction is lower than the rate available to the Board for comparable fixed rate debt at the time of the swap transaction, and (ii) if the variable rate being paid or expected to be paid by the Board on the applicable Parity Debt is computed on a basis different from the calculation of the variable rate to be received under the swap transaction over the stated term of such swap transaction, the basis risk of the transaction is expected to be minimal based upon historical relationships between such bases.

(2) Fixed-to-floating rate interest rate swap transactions under which the Board would pay an amount based upon a variable rate of interest and the counterparty would pay an amount based upon a fixed rate of interest, with respect to Parity Debt then outstanding bearing interest at a fixed rate and Parity Debt anticipated to be issued in the future that will bear interest at a fixed rate, as applicable. Prior to entering into such transaction an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that converting such portion of fixed rate Parity Debt to a variable rate pursuant to the fixed-to-floating interest rate swap transaction would be beneficial to the System by (i) lowering the anticipated net interest cost on the Parity Debt to be swapped against or (ii) assisting in the System's asset/liability management by matching a portion of its variable rate assets with variable rate Parity Debt.

(3) Basis swap transactions under which the Board would pay a variable rate of interest computed on one basis, such as the Securities Industry and Financial Markets Association Municipal Swap Index, and the counterparty would pay a variable rate of interest computed on a different basis, such as the London Interbank Offered Rate ("LIBOR"), with respect to a designated maturity or principal amount of outstanding Parity Debt and Parity Debt anticipated to be issued in the future, as applicable. Prior to entering into such transaction, an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that by entering into the basis swap transaction the Board is expected to be able to (i) achieve spread income or upfront cash payments, (ii) preserve call option and advance refunding capability on its Parity Debt, (iii) lower net interest cost by effecting a percent of LIBOR synthetic refunding without issuing additional bonds or acquiring credit enhancement, (iv) lower net interest cost on Parity Debt by layering tax risk on top of a traditional or synthetic fixed rate financing, (v) preserve liquidity capacity, or (vi) avoid the mark to market volatility of a fixed-to-floating or floating-to-fixed swap in changing interest rate environments.

(4) Interest rate locks, caps, options, floors, and collars for the purpose of limiting the exposure of the Board to adverse changes in interest rates in connection with outstanding Parity Debt or additional Parity Debt anticipated to be issued in the future. Prior to entering into such a transaction, an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that such transaction is expected to limit or eliminate such exposure.

(b) The foregoing is not intended to be a comprehensive list of permissible types of transactions, but rather to specify additional conditions necessary to enter into the specified types of transactions. The requirements of Section 2(a) above shall apply to any transaction not specified in subsection (a) hereof.

SECTION 5. APPLICATION OF PAYMENTS RECEIVED UNDER BOND ENHANCEMENT AGREEMENTS.

(a) General. Except as further limited by subsection (b) hereof, to the extent the Board receives payments pursuant to a Bond Enhancement Agreement, such payments shall be applied for any lawful purpose.

(b) Payments under Chapter 1371 Credit Agreements. In the event an Authorized Representative elects to treat a Bond Enhancement Agreement authorized by this Resolution as a "credit agreement" under Chapter 1371 and such Bond Enhancement Agreement is executed and delivered pursuant to Chapter 1371, to the extent that the Board receives payments pursuant to such a Bond Enhancement Agreement, such payments shall be applied as follows: (i) to pay (A) debt service on the Parity Debt or anticipated issuance of Parity Debt related to the Bond Enhancement Agreement, or (B) the costs to be financed by the Parity Debt or anticipated issuance of Parity Debt related to the Bond Enhancement Agreement; provided that, if applicable, such costs shall have been approved for construction by the Board and that the applicable projects have received the required approval or review of the Texas Higher Education Coordinating Board to the extent and as required by the provisions of Chapter 61 of the *Texas Education Code*, including Section 61.058 thereof; (ii) to pay other liabilities or expenses that are secured on parity with or senior to the Parity Debt or anticipated issuance of Parity Debt related to the Bond Enhancement Agreement; or (iii) to the extent that costs set forth in (i) and (ii) have been satisfied, for any other lawful purpose.

SECTION 6. BOND ENHANCEMENT AGREEMENTS IN CONNECTION WITH ANTICIPATED PARITY DEBT.

(a) Requirement to Terminate or Modify Agreement for Non-issuance of Anticipated Parity Debt. In the event a Bond Enhancement Agreement is entered into under this Resolution in connection with the anticipated issuance of Parity Debt and such Parity Debt is not actually issued on or prior to the effective date of such agreement, an Authorized Representative shall either terminate such Bond Enhancement Agreement or amend such Bond Enhancement Agreement in such event to (i) delay the effective date of such Bond Enhancement Agreement; or (ii) replace such anticipated Parity Debt with any then outstanding Parity Debt having the same types of interest rates (fixed or variable) as the anticipated Parity Debt.

(b) Requirement to Terminate or Modify Agreement for Notional Amount in Excess of Anticipated Parity Debt as Issued. In the event a Bond Enhancement Agreement is entered into under this Resolution in connection with the anticipated issuance of Parity Debt and such Bond Enhancement Agreement has a notional amount that at any time exceeds the principal amount to be outstanding of such anticipated Parity Debt as actually issued, an Authorized Representative shall either terminate such Bond Enhancement Agreement or amend such Bond Enhancement Agreement to (i) reduce the notional amount of such Bond Enhancement as appropriate so that such notional amount does not exceed at any time the principal amount to be outstanding of such anticipated Parity Debt as actually issued or (ii) supplement or replace all or a portion of such anticipated Parity Debt with any then outstanding Parity Debt having the same types of interest rates (fixed or variable) as the anticipated Parity Debt as necessary to ensure that the notional amount of such Bond Enhancement Agreement does not exceed at any time the principal amount of the applicable Parity Debt.

(c) Board Recognition of Anticipated Parity Debt. No Bond Enhancement Agreement may be entered into under this Resolution with respect to the Board's obligations under an anticipated future issuance of Parity Debt unless such anticipated issuance of future debt shall have been recognized by official action of the Board pursuant to (i) the Board's prior adoption of a resolution authorizing the issuance of such debt, including, but not limited to, a resolution delegating the parameters of such issuance to an Authorized Representative or a resolution authorizing the issuance of commercial paper notes, (ii) the Board's prior approval of its then current Capital Improvement Program contemplating the financing of the projects to be financed by such anticipated issuance of debt and the amount of such debt to be issued, or (iii) the Board's action pursuant to subsection (e) hereof with respect to Parity Debt anticipated to be issued to refund outstanding Parity Debt.

(d) Required Description of Anticipated Parity Debt. To the extent that a Bond Enhancement Agreement is entered into under this Resolution with respect to the Board's obligations under an anticipated future issuance of Parity Debt, an Authorized Representative must also deliver to the General Counsel to the Board at the time such agreement is entered into a certificate with respect to such anticipated Parity Debt stating: (i) the anticipated issuance date of such Parity Debt or a range of anticipated dates of up to six months for such issuance, provided that such date or range of dates may not be more than the lesser of seventy-two (72) months after the date of the applicable Confirmation or the latest date contemplated for the issuance of such Parity Debt in the Board's then current Capital Improvement Program; (ii) whether such Parity Debt will bear interest at a fixed or variable rate; (iii) if such Parity Debt will bear interest at a fixed rate, what fixed interest rate or range of interest rates with respect to such Parity Debt is anticipated; (iv) if such Parity Debt will bear interest at a variable rate, what basis is anticipated to be used to compute such variable rate; (v) the assumed maturity schedule and amortization for such Parity Debt, including the assumed interest cost; (vi) the anticipated purposes for which the proceeds of such Parity Debt will be used; and (vii) for Parity Debt anticipated to be issued for new money projects, a list or description of such projects anticipated to be financed, provided that each such project must be contemplated for financing with Parity Debt by the Board's then current Capital Improvement Program or have otherwise received Board approval for financing.

(e) Board's Statement of Intent to Issue Refunding Debt for Savings. If the conditions in this Resolution are otherwise satisfied, the Board hereby authorizes each Authorized Representative to enter into a Bond Enhancement Agreement in connection with Parity Debt anticipated to be issued for the purpose of advance refunding any existing Parity Debt, provided that as certified by an Authorized Representative to the General Counsel to the Board, such anticipated issue of Parity Debt, when taking into consideration the effect of such Bond Enhancement Agreement, is expected to result in a present value savings in connection with such advance refunding of at least 3.0% (determined in the manner set forth in a supplemental resolution approved by the Board authorizing the issuance of additional Parity Debt), and in such event, the Board hereby declares its intention to cause such Parity Debt to be issued. No such certification or declaration shall be applicable in connection with Parity Debt anticipated to be issued for the purpose of currently refunding any existing Parity Debt within ninety (90) days of the date of issuance of such anticipated Parity Debt.

SECTION 7. MASTER AGREEMENTS.

(a) New Master Agreements. Each Authorized Representative is hereby severally authorized to enter into ISDA Master Agreements (the "New Master Agreements") with counterparties satisfying the ratings requirements of the System's Interest Rate Swap Policy. Such New Master Agreements shall be in substantially the same form as the Executed Master Agreements, with such changes as, in the judgment of an Authorized Representative, with the advice and counsel of the Office of General Counsel and Bond Counsel, are necessary or desirable (i) to carry out the intent of the Board as expressed in this Resolution, (ii) to receive approval of this Resolution by the Attorney General of the State of Texas, if pursuant Section 2(b) of this Resolution, an Authorized Representative elects to designate any Bond Enhancement Agreement entered into by the Board pursuant to this Resolution as a "credit agreement" under Chapter 1371, (iii) to accommodate the credit structure or requirements of a particular counterparty or (iv) to incorporate comments received or anticipated to be received from any credit rating agency relating to a New Master Agreement. Each Authorized Representative is authorized to enter into such New Master Agreements and to enter into Confirmations thereunder in accordance with this Resolution and in furtherance of and to carry out the intent hereof. If a New Master Agreement entered into pursuant to this subsection replaces a then effective Master Agreement with the same or a related counterparty, each Authorized Representative is hereby severally authorized to terminate such existing Master Agreement upon the New Master Agreement becoming effective and to take and all actions necessary to transfer any Confirmations thereunder to such New Master Agreement.

(b) Amendments to Master Agreements. Each Authorized Representative is hereby further severally authorized to enter into amendments to the Master Agreements to allow Confirmations thereunder to be issued and entered into with respect to any then outstanding Parity Debt or Parity Debt anticipated to be issued in the future and to make such other amendments in accordance with the terms of the respective Master Agreements as in the judgment of such Authorized Representative, with the advice and counsel of the Office of General Counsel and Bond Counsel, are necessary or desirable to allow the Board to achieve the benefits of the Bond Enhancement Agreements in accordance with and subject to the System's Interest Rate Swap Policy and this Resolution.

SECTION 8. ADDITIONAL AUTHORIZATION; RATIFICATION AND APPROVAL OF SWAP POLICY.

(a) Additional Agreements and Documents Authorized. Each Authorized Representative and all officers of the Board are severally authorized to execute and deliver such other agreements and documents as are contemplated by this Resolution and the Master Agreements or are otherwise necessary in connection with entering into Confirmations and Bond Enhancement Agreements as described in this

Resolution, as any such Authorized Representative or officer shall deem appropriate, including without limitation, officer's certificates, legal opinions credit support documents and any documentation pursuant to an ISDA DF Protocol, and any such actions heretofore taken are hereby ratified, approved and affirmed in all respects.

(b) Further Actions. Each Authorized Representative and all officers of the Board are severally authorized to take all such further actions, to execute and deliver such further instruments and documents in the name and on behalf of the Board to pay all such expenses as in his or her judgment shall be necessary or advisable in order fully to carry out the purposes of this Resolution.

(c) Swap Policy. The Board has reviewed and hereby ratifies, approves and affirms the System's Interest Rate Swap Policy, a copy of which is attached hereto as Exhibit B.

EXHIBIT A

DEFINITIONS

As used in this Resolution the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"Authorized Representative" – As defined in the System's Interest Rate Swap Policy (a copy of which is attached hereto as Exhibit B).

"Board" – The Board of Regents of The University of Texas System.

"Bond Enhancement Agreement" – Collectively, each Confirmation and the applicable Master Agreement.

"Chapter 1371" – Chapter 1371 of the *Texas Government Code*, as amended.

"Confirmation" – Each confirmation entered into by an Authorized Representative on behalf of the Board pursuant to this Resolution.

"Executed Master Agreements" – The following existing and fully executed ISDA Master Agreements currently in effect between the Board and the respective counterparty noted below (copies of which are attached hereto as Exhibit C):

- (i) ISDA Master Agreement with Bank of America, N.A., dated as of December 6, 2005;
- (ii) ISDA Master Agreement with JPMorgan Chase Bank, National Association, dated as of May 2, 2006;
- (iii) ISDA Master Agreement with Merrill Lynch Capital Services, Inc., dated as of May 1, 2006;
- (iv) ISDA Master Agreement with Morgan Stanley Capital Services Inc., dated as of December 6, 2005;
- (v) ISDA Master Agreement with UBS AG, dated as of November 1, 2007;
- (vi) ISDA Master Agreement with Goldman Sachs Bank USA, dated as of August 1, 2009;
- (vii) ISDA Master Agreement with Wells Fargo Bank, National Association, dated as of August 21, 2009;
- (viii) ISDA Master Agreement with Barclays Bank PLC, dated as of November 4, 2010;
- (ix) ISDA Master Agreement with Deutsche Bank AG, New York Branch, dated as of May 1, 2011;

(x) ISDA Master Agreement with Royal Bank of Canada, dated as of June 8, 2011;
and

(xi) ISDA Master Agreement with Citibank, N.A., dated as of October 26, 2011.

"ISDA" – The International Swaps and Derivatives Association, Inc.

"ISDA DF Protocol" – Any protocol developed by ISDA in response to provisions of the Dodd Frank Wall Street Reform and Consumer Protection Act relating to derivatives.

"LIBOR" – London Interbank Offered Rate.

"Master Agreements" – Collectively, the Executed Master Agreements and any New Master Agreements.

"Master Resolution" – The First Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System adopted by the Board on February 14, 1991, and amended on October 8, 1993, and August 14, 1997.

"New Master Agreements" – Any ISDA Master Agreements entered into by an Authorized Representative pursuant to Section 7(a) of this Resolution.

"Section 65.461" – Section 65.461 of the *Texas Education Code*, as amended.

"System" – The University of Texas System.

EXHIBIT B

**INTEREST RATE SWAP POLICY
OF THE UNIVERSITY OF TEXAS SYSTEM**

[See Regents' *Rules and Regulations*, Rule 70202 titled Interest Rate Swap Policy]

EXHIBIT C

EXECUTED MASTER AGREEMENTS

[On File with the U. T. System Office of Business Affairs]

9. U. T. System Board of Regents: Approval of aggregate amount of \$171,570,000 of equipment financing for Fiscal Year 2015 and resolution regarding parity debt

RECOMMENDATION

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

- a. approve an aggregate amount of \$171,570,000 of Revenue Financing System Equipment Financing for FY 2015 as allocated to those U. T. System institutions set out on the following page; and
- b. 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 cost of equipment including costs incurred 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;
 - the U. T. System institutions, which are “Members” as such term is used in the Master Resolution, possess the financial capacity to satisfy their 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 \$171,570,000 for the purchase of equipment; and
 - this resolution satisfies the official intent requirements set forth in Section 1.150-2 of Title 26 of the *Code of Federal Regulations* that evidences the Board's intention to reimburse project expenditures with bond proceeds.

BACKGROUND INFORMATION

On April 14, 1994, the U. T. System Board of Regents approved the use of Revenue Financing System debt for equipment purchases in accordance with the Guidelines Governing Administration of the Revenue Financing System. Equipment financing is used for the purchase of equipment in lieu of more costly vendor financing. The guidelines specify that the equipment to be financed must have a useful life of at least three years. The debt is amortized twice a year with full amortization not to exceed 10 years.

This agenda item requests approval of an aggregate amount of \$171,570,000 for equipment financing for Fiscal Year 2015. On August 22, 2013, the U. T. System Board of Regents approved a total of \$184,841,000 of equipment financing for Fiscal Year 2014, of which \$90,229,000 has been issued as of July 31, 2014.

Further details on the equipment to be financed and debt service coverage ratios for individual institutions may be found on the following page.

APPROVAL OF U. T. SYSTEM EQUIPMENT FINANCING
FY 2015

| Institution | \$ Amount of Request | Description of Expected Capital Equipment | DSC* |
|---|----------------------|---|-------|
| U. T. Arlington | \$4,000,000 | IT and research-related equipment | 2.7x |
| U. T. Austin | 1,500,000 | IT, classroom, athletic and research equipment | 3.6x |
| U. T. Dallas | 12,000,000 | IT, classroom, business and research equipment | 2.1x |
| U. T. El Paso | 5,070,000 | IT, athletic and waste equipment, vehicles | 1.6x |
| U. T. Southwestern Medical Center | 40,000,000 | Information resources, clinical and nonclinical equipment | 2.8x |
| U. T. Medical Branch - Galveston | 20,000,000 | IT, clinical, research-related and facilities-related equipment | 2.8x |
| U. T. Health Science Center - Houston | 3,000,000 | Research equipment | 2.9x |
| U. T. Health Science Center - San Antonio | 7,000,000 | Clinical and research equipment | 3.1x |
| U. T. M. D. Anderson Cancer Center | 70,000,000 | Medical, diagnostic and research equipment, IT systems | 10.7x |
| U. T. Health Science Center - Tyler | 9,000,000 | Clinical equipment | -1.3x |
| Total | \$171,570,000 | | |

* Debt Service Coverage ("DSC") ratios based on 2013 Analysis of Financial Condition.

U. T. System Office of Finance, July 11, 2014



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FOR
ACADEMIC AFFAIRS COMMITTEE**

Committee Meeting: 8/20/2014

Board Meeting: 8/21/2014
Austin, Texas

R. Steven Hicks, Chairman
Ernest Aliseda
Alex M. Cranberg
Brenda Pejovich
Robert L. Stillwell

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|--|---|----------------------|-------------|
| Convene | 2:30 p.m. <i>Chairman Hicks</i> | | |
| 1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration | 2:30 p.m. Action | Action | 250 |
| 2. U. T. San Antonio: Amendment to the Regents' <i>Rules and Regulations</i>, Rule 40601, Section 1.11(a), concerning proposed name change of the College of Architecture to the College of Architecture, Construction and Planning | 2:31 p.m. Action <i>President Romo</i> <i>Dr. Reyes</i> | Action | 251 |
| 3. U. T. Tyler: Amendment of the Regents' <i>Rules and Regulations</i>, Rule 40601, Section 1.12(d), concerning proposed name change of the College of Engineering and Computer Science to the College of Engineering | 2:34 p.m. Action <i>President Mabry</i> <i>Dr. Reyes</i> | Action | 253 |
| 4. U. T. San Antonio: Request to approve the honorific naming of the San Saba Residence Hall for Mr. and Mrs. Carlos Alvarez as the Malu and Carlos Alvarez Residence Hall | 2:37 p.m. Action <i>Dr. Safady</i> | Action | 255 |
| 5. U. T. Austin: Approval of preliminary authority for a Doctor of Nursing Practice program | 2:43 p.m. Action <i>President Powers</i> <i>Dr. Reyes</i> | Action | 256 |
| 6. U. T. Permian Basin: Approval of preliminary authority for a Doctor of Education (Ed.D.) in Educational Leadership | 2:48 p.m. Action <i>President Watts</i> <i>Dr. Reyes</i> | Action | 258 |
| 7. U. T. Rio Grande Valley: Approval to establish an academic structure for U. T. Rio Grande Valley | 2:53 p.m. Action <i>President Bailey</i> <i>Dr. Reyes</i> | Action | 260 |

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|---|---|----------------------|-------------|
| 8. U. T. System: Discussion of Student Lifecycle Management: Improving student learning and outcomes | 3:10 p.m. Discussion <i>Dr. Charles Thornburgh, Civitas Learning, Inc.</i> <i>Dr. Reyes</i> | Not on Agenda | 262 |
| Adjourn | 3:30 p.m. | | |

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda is located at the back of the book.

2. **U. T. San Antonio: Amendment to the Regents' Rules and Regulations, Rule 40601, Section 1.11(a), concerning proposed name change of the College of Architecture to the College of Architecture, Construction and Planning**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor and General Counsel, and President Romo that the Regents' *Rules and Regulations*, Rule 40601, Section 1.11(a), 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:

...

1.11 The University of Texas at San Antonio (U. T. San Antonio)

(a) The University of Texas at San Antonio College of Architecture, Construction and Planning

(b) The University of Texas at San Antonio College of Business

(c) The University of Texas at San Antonio College of Education and Human Development

(d) The University of Texas at San Antonio College of Engineering

(e) The University of Texas at San Antonio Honors College

(f) The University of Texas at San Antonio College of Liberal and Fine Arts

(g) The University of Texas at San Antonio College of Public Policy

(h) The University of Texas at San Antonio College of Sciences

(i) The University of Texas Institute of Texan Cultures at San Antonio (U. T. Institute of Texan Cultures - San Antonio)

(j) The University of Texas at San Antonio Downtown Campus (U. T. San Antonio Downtown Campus)

.....

BACKGROUND INFORMATION

The proposed amendment to the Regents' *Rules and Regulations*, Rule 40601, will more accurately reflect the range of disciplines within the College, which includes not only architecture but also construction science, historic preservation, interior design, and urban and regional planning. The name change has been approved by the Executive Vice Chancellor for Academic Affairs pending approval by the Board. Upon approval from the Board of Regents, the name change will be forwarded to the Texas Higher Education Coordinating Board for approval.

3. **U. T. Tyler: Amendment of the Regents' Rules and Regulations, Rule 40601, Section 1.12(d), concerning proposed name change of the College of Engineering and Computer Science to the College of Engineering**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor and General Counsel, and President Mabry that the Regents' *Rules and Regulations*, Rule 40601, Section 1.12(d), 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:

...

1.12 The University of Texas at Tyler (U. T. Tyler)

- (a) The University of Texas at Tyler College of Arts and Sciences
- (b) The University of Texas at Tyler College of Business and Technology
- (c) The University of Texas at Tyler College of Education and Psychology
- (d) The University of Texas at Tyler College of Engineering ~~and Computer Science~~
- (e) The University of Texas at Tyler College of Nursing and Health Sciences
- (f) The University of Texas at Tyler Ben and Maytee Fisch College of Pharmacy
- (g) The University of Texas at Tyler University College

....

BACKGROUND INFORMATION

This proposed amendment to the Regents' *Rules and Regulations*, Rule 40601 is to reflect the name change of the U. T. Tyler College of Engineering and Computer Science to the College of Engineering, which has been approved by the Executive Vice Chancellor for Academic Affairs pending approval by the Board.

The name change is the result of the decision to move the Computer Science Department into the College of Business and Technology. The Computer Science Department at U. T. Tyler has two tracks: Computer Science (CS) and Computer Information Systems (CIS). CIS programs are usually housed in the College of Business due to their business applications orientation. Currently, the CIS program is loosely aligned with the College of Business and Technology

as CIS students minor in business. Having the CS Department in the College of Business and Technology will create synergies in the area of computer information systems with the business area, creating educational opportunities for students. This move will also allow the CIS component to be accredited by the Association to Advance Collegiate Schools of Business International (AACSB International). The CS Department move to the College of Business and Technology has approval by the Executive Vice Chancellor for Academic Affairs.

4. **U. T. San Antonio: Request to approve the honorific naming of the San Saba Residence Hall for Mr. and Mrs. Carlos Alvarez as the Malu and Carlos Alvarez Residence Hall**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and President Romo that the U. T. System Board of Regents approve the honorific naming of the San Saba Residence Hall at U. T. San Antonio as the Malu and Carlos Alvarez Residence Hall. This recommendation is to recognize the Alvarez's generous support of U. T. San Antonio.

BACKGROUND INFORMATION

The San Saba Residence Hall is an 187,300 square-foot facility located centrally on the main U. T. San Antonio campus. The building, completed in 2013 with a replacement cost of \$43.6 million, is a premier facility that provides students with living, learning, and technology communities, as well as other student services. It currently houses 618 students in private, fully furnished bedrooms. Other amenities include 24-hour desk service, a community kitchen in the common area, a multipurpose room for resident gatherings, individual floor television and study lounges, and two courtyards. In addition, San Saba Hall hosts the Honor's, Engineering, and Leadership & Service Special Interest Housing communities.

Malu and Carlos Alvarez have been active supporters of U. T. San Antonio for many years. In 2006, they created the Carlos and Malu Alvarez Endowment for Student Success with a gift of \$2 million to U. T. San Antonio, which provides support for both undergraduate and graduate students through a series of programs. In addition, a 2009 donation of \$1.35 million from Mr. and Mrs. Alvarez to U. T. San Antonio created the Malu and Carlos Alvarez Graduate Research Excellence Fund for graduate student support.

Carlos Alvarez is a native of Mexico who became a U.S. citizen in 2001. He studied biochemical engineering and is a graduate of the Monterrey Institute of Technology. Mr. Alvarez is the current President and Chief Executive Officer of The Gambrinus Company, a San Antonio-based beer distributor that includes brands such as Corona Extra, Moosehead Canadian Lager, and Shiner Bock. In addition, he is a founding board member of the San Antonio-Mexico Foundation for Education, a postgraduate exchange program that allows Mexican university students to study at U. T. San Antonio.

This naming proposal is consistent with the Regents' *Rules and Regulations*, Rule 80307, relating to the honorific naming of facilities to recognize two outstanding individuals who have made significant contributions to U. T. San Antonio and to their community.

5. **U. T. Austin: Approval of preliminary authority for a Doctor of Nursing Practice Program**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Powers that the U. T. System Board of Regents approve

- a. preliminary authority for U. T. Austin to include a Doctor of Nursing Practice Program; and
- b. notification of the proposal to the Texas Higher Education Coordinating Board.

BACKGROUND INFORMATION

U. T. Austin's School of Nursing requests preliminary authority for a postmaster's Doctor of Nursing Practice (DNP) program. The practice-focused doctoral program is a distinct model of doctoral education providing a terminal degree in the professional discipline of nursing. The complexity of health care, changing patient demographics, and shifting health care delivery systems require a transformation in the educational preparation of nurses practicing at an advanced level. The DNP will provide the needed education to prepare individuals to function at the most advanced level of nursing practice using evidence-based research and scientific knowledge to implement and direct care, as well as serve as administrative leaders and faculty in schools of nursing. Graduates are envisioned to perform in multiple settings and have the essential competencies necessary to function and provide leadership in the health care system of the 21st century in clinical practice, clinical leadership, clinical research, and clinical teaching. Nationally, there are 241 DNP programs, 11 of which are presently offered in Texas.

The enormous changes in health care and the move to a more complex, population-based health care delivery model require nurses to be better educated and prepared for a wide variety of innovative roles and responsibilities. The Institute of Medicine (IOM) and the Robert Wood Johnson Foundation commissioned a study to explore how the nursing profession could be transformed to contribute to building a health care system that would meet the demand for safe, quality, patient-centered, and accessible and affordable care. The report of this study, *The Future of Nursing: Leading Change, Advancing Health* (2010), called for doubling the number of nurses with a doctorate (Ph.D. and DNP) by 2020 to add to the cadre of nurse faculty and researchers with attention to increasing diversity.

Since the DNP is a relatively new nursing degree, it is difficult to gauge demand for these graduates with traditional data sources such as governmental labor projections and local workforce boards. However, both report a high demand for all levels of nurses and nursing faculty. The Texas Workforce Commission expects the demand for registered nurses to increase by 33% from 2010 through 2020, which is much faster than the average for all occupations. Additionally, the U.S. Department of Labor's Bureau of Labor Statistics expects nurse practitioners to be in high demand, particularly in medically underserved areas such as inner cities and rural areas.

The proposed DNP program will provide additional doctorally prepared nurses who can serve as clinical faculty in nursing programs across Texas. Nationwide, only 14% of nurses have a master's degree or higher. In Texas, only 8% have graduate degrees. The national nurse faculty vacancy rate is expected to grow substantially in the next few years with impending retirements; 60% of nurse faculty are age 50 or older. In Texas, 57% of nurse educators will be older than 65 in the next five years.

Once preliminary authority has been approved, U. T. Austin will submit the degree program for approval by the U. T. System Board of Regents and the Texas Higher Education Coordinating Board.

6. **U. T. Permian Basin: Approval of preliminary authority for a Doctor of Education (Ed.D.) in Educational Leadership**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Watts that the U. T. System Board of Regents approve

- a. preliminary authority for U. T. Permian Basin to include a Doctor of Education (Ed.D.) in Educational Leadership; and
- b. notification of the proposal to the Texas Higher Education Coordinating Board.

BACKGROUND INFORMATION

U. T. Permian Basin requests preliminary authority to develop a Doctor of Education (Ed.D.) in Educational Leadership. The program will be offered completely online and will primarily serve a population of education professionals who work full time and enroll in the doctoral program on a part-time basis. The Ed.D. in Educational Leadership will seek to prepare school principals, superintendents, directors of student services, and university professors in the field.

When U. T. Permian Basin began conversations with surrounding school districts in 2008 and conducted a public forum to survey the interest of educators in obtaining an Ed.D., the College of Education was overwhelmed by the number of school administrators and teachers in West Texas who expressed an interest in obtaining a terminal degree that would bring together isolated communities in the area to share knowledge and practice. The program will focus on preparing educators to think critically, to develop research that includes the needs of children and families, and to find ways to improve the educational system of the region in such areas as access, equity and fairness, school reform and improvement, accountability, and degree completion.

The 2012 - 2022 U.S. Bureau of Labor Statistics *Handbook on Occupational Projections* predicts that between 2012 and 2022, 75,000 school administrator positions will be needed due to job opportunity growth and/or replacement. The Texas Workforce Commission projects 1,425 total annual job openings for education administrators. This represents a 30.4% increase in positions needed to be filled. When these demand numbers are compared to the number of doctoral degrees in educational leadership and administration awarded in Texas, it is clear that the need is greater than the supply. According to the Texas Higher Education Coordinating Board, over the past five years, the average number of doctoral degrees awarded in educational leadership and administration annually is 263. In 2012-2013, only 345 individuals graduated with doctoral degrees in educational leadership and administration. An Ed.D. in Educational Leadership would serve the region well and help to address the demand in the State of Texas. In addition, U. T. Permian Basin has confidence that an online doctoral degree in Educational Leadership could assist with meeting the needs of numerous communities outside of the major urban centers. It is not uncommon in Texas for communities to be separated from institutions of higher education by 100 miles or more. This program will bridge the gap and provide access to qualified individuals and help meet the need for more education administrators in Texas.

Once preliminary authority has been approved, U. T. Permian Basin will submit the degree program for approval by the U. T. System Board of Regents and the Texas Higher Education Coordinating Board.

7. **U. T. Rio Grande Valley: Approval to establish an academic structure for U. T. Rio Grande Valley**

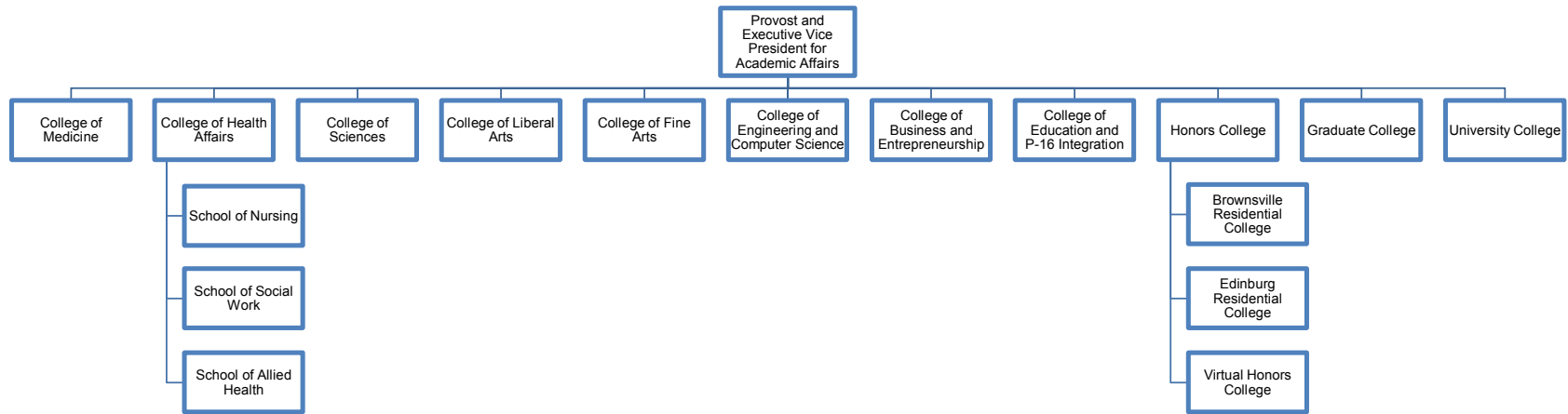
RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Bailey that the U. T. System Board of Regents approve the academic structure for the U. T. Rio Grande Valley as described below and set forth on the next page.

BACKGROUND INFORMATION

President Bailey proposes a structure of colleges and schools that will form the academic foundation for U. T. Rio Grande Valley. A total of eleven colleges are proposed including: College of Medicine, College of Health Affairs, College of Sciences, College of Liberal Arts, College of Fine Arts, College of Engineering and Computer Science, College of Business and Entrepreneurship, College of Education and P-16 Integration, Honors College, Graduate College, and University College. Within the College of Health Affairs will be a School of Nursing, School of Social Work, and School of Allied Health. The eleven colleges will report to the Provost and Vice President for Research and Learning.

Academic Structure for U. T. Rio Grande Valley*



* Note that after the School of Medicine is fully accredited and the separation from UTHSCSA is complete, a College of Medicine and Health Affairs will be formed that will include Schools of Medicine, Nursing, Social Work, and Allied Health. Until that occurs, UTRGV will operate on an interim basis with a College of Medicine and a College of Health Affairs.

8. **U. T. System: Discussion of Student Lifecycle Management: Improving student learning and outcomes**

DISCUSSION

Executive Vice Chancellor Reyes will introduce Dr. Charles Thornburgh, Cofounder, Chief Executive Officer, and Director of Civitas Learning, Incorporated, who will discuss the concept of Student Lifecycle Management (SLM). SLM is an infrastructure to support student success that employs the latest technological advances, including predictive analytics, to identify students who need support. Institutional staff can then intervene in a timely and effective manner throughout the student's academic career.

As Dr. Thornburgh will demonstrate, each of the SLM components impacts at least one of the critical interaction points along the student's academic path. The SLM infrastructure also includes inviting alumni to provide insights and assistance, based on real-life experience, to interact with current and prospective students. These interactions with alumni will reinforce the classroom learning throughout the student's academic career.

The focus of SLM is to create a culture of success at the U. T. System academic institutions.

The PowerPoint presentation is set forth on the following pages.



PRESENTATION TO

The University of Texas System Board of Regents

MAKING THE MOST OF THE WORLD'S LEARNING DATA

Dr. Charles Thornburgh, Co-Founder and
Chief Executive Officer
Academic Affairs Committee
August 2014

CIVITASLEARNING.COM

OUR MILLION MORE MISSION

WE PARTNER WITH
FORWARD-THINKING
COLLEGES AND UNIVERSITIES,
HARNESSING THE POWER OF
INSIGHT AND ACTION ANALYTICS
TO HELP A MILLION MORE STUDENTS
LEARN WELL AND FINISH STRONG.



WATCH A VIDEO ABOUT OUR
MISSION ON OUR
[YOUTUBE CHANNEL](https://www.youtube.com/c/civitaslearning)
[youtube.com/civitaslearning](https://www.youtube.com/c/civitaslearning)



OUR LEADERSHIP TEAM

65 EMPLOYEES

35 PARTNER
INSTITUTIONS

1.3 MILLION
STUDENTS

100 MILLION
HISTORICAL DATASET
ENROLLMENT
RECORDS



CHARLES THORNBURGH, *Co-Founder & CEO*

- Former President Kaplan Virtual Ed
- COO Academics at Kaplan University



MARK MILLIRON, *Co-Founder & CLO*

- Former Founding Chancellor, WGU Texas
- Gates Foundation Deputy Director



LAURA MALCOLM, *Vice President of Product*

- 10 years directing the design /development of innovative ed-tech products
- Two-time CODiE Award recipient



NIRANJAN NAGAR, *Chief Technology Officer*

- Former Head of Gaming Apps at Facebook
- VP Engineering at Listen.com



DAVID KIL, *Chief Data Scientist*

- Former Chief Scientist at Humana
- Holds 10 US and International Patents



THE BEGINNING: SIX BETA INSTITUTIONS

PUBLIC 4-YEAR



University of Maryland
University College



PUBLIC 2-YEAR



VALENCIA COLLEGE

FOR PROFIT



THE CIVITAS – OUR PARTNER INSTITUTIONS

PUBLIC 4-YEAR

PUBLIC 2-YEAR

FOR PROFIT



PRIVATE NON-PROFIT



SYSTEMS

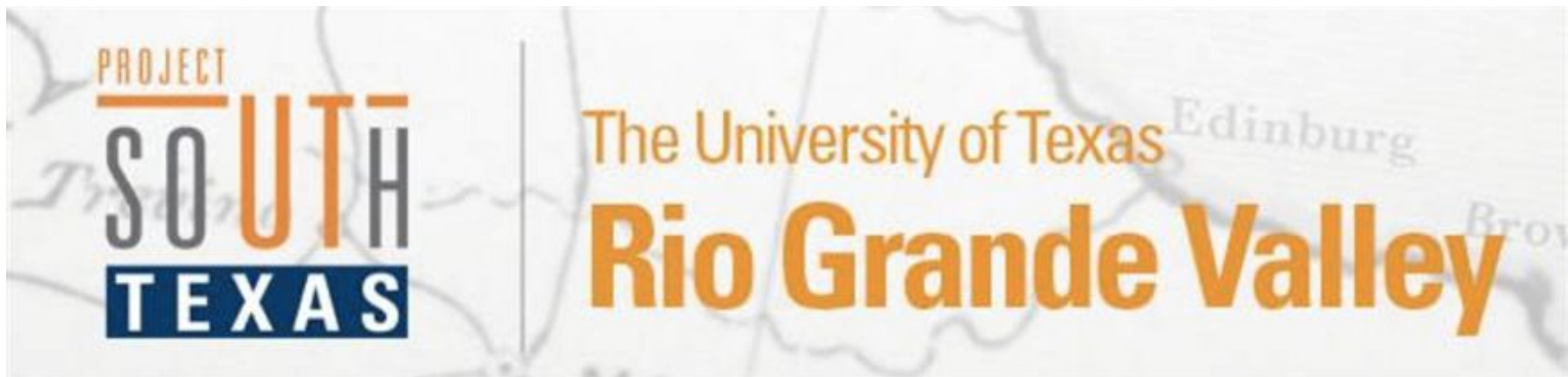


THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.





THE UNIVERSITY of TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.

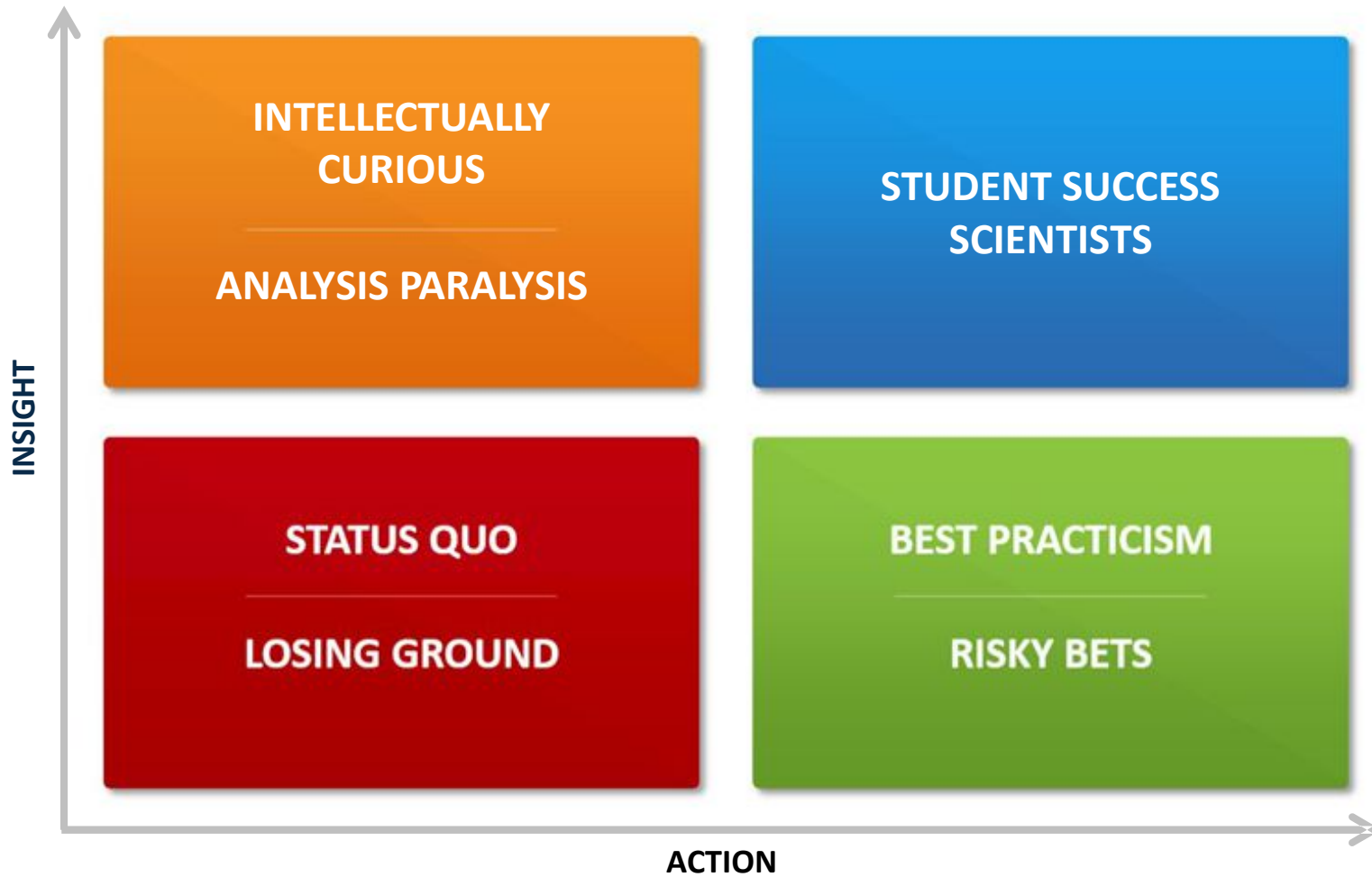


OUR WORK IN TEXAS



MILLION-MORE MATRIX

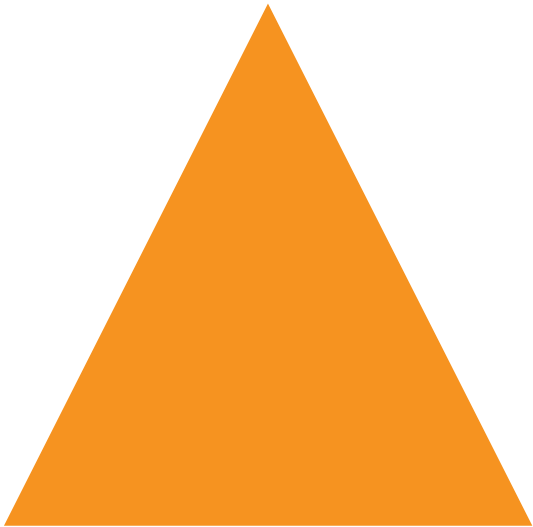
BRINGING INSIGHT & ACTION TOGETHER



A BETTER DECISION-MAKING MODEL

ACROSS THE STUDENT LIFECYCLE

Point data



Blunt decisions

Comprehensive data



Precise decisions



270



CIVITAS LEARNING

PLATFORM AND ACTION APPS



Civitas INSIGHT & ACTION ANALYTICS



ILLUME

for

INSTITUTIONAL LEADERSHIP & RESEARCH



DEGREE MAP

for

ADVISORS, STUDENTS & FACULTY



INSPIRE

for

ADVISORS, STUDENTS, FACULTY & ADMINISTRATORS

CIVITAS PLATFORM

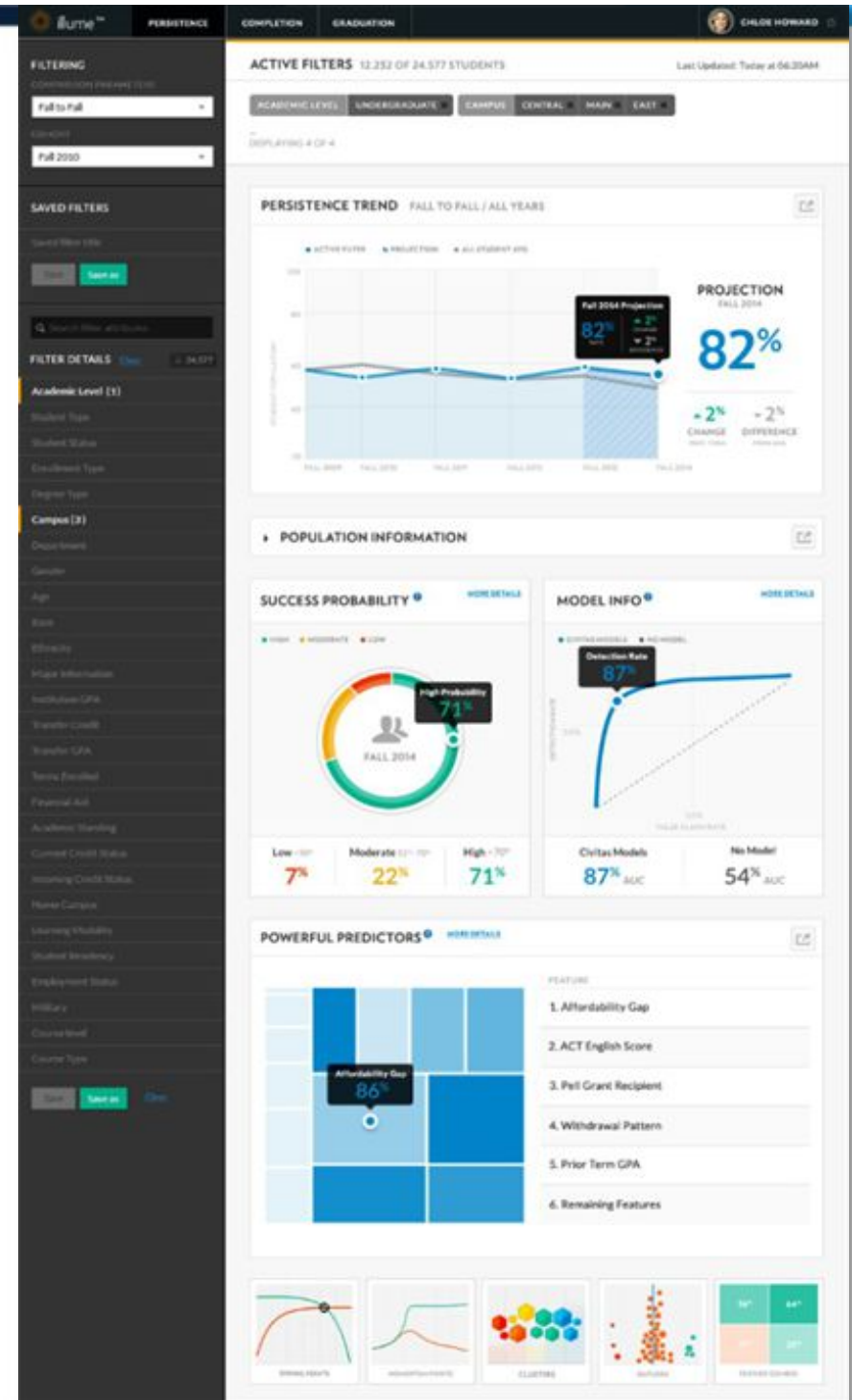
DATA PROCESSING, DATA VALIDATION, PREDICTIVE MODELING, APP STACK





CORE INSIGHTS PLATFORM & APP

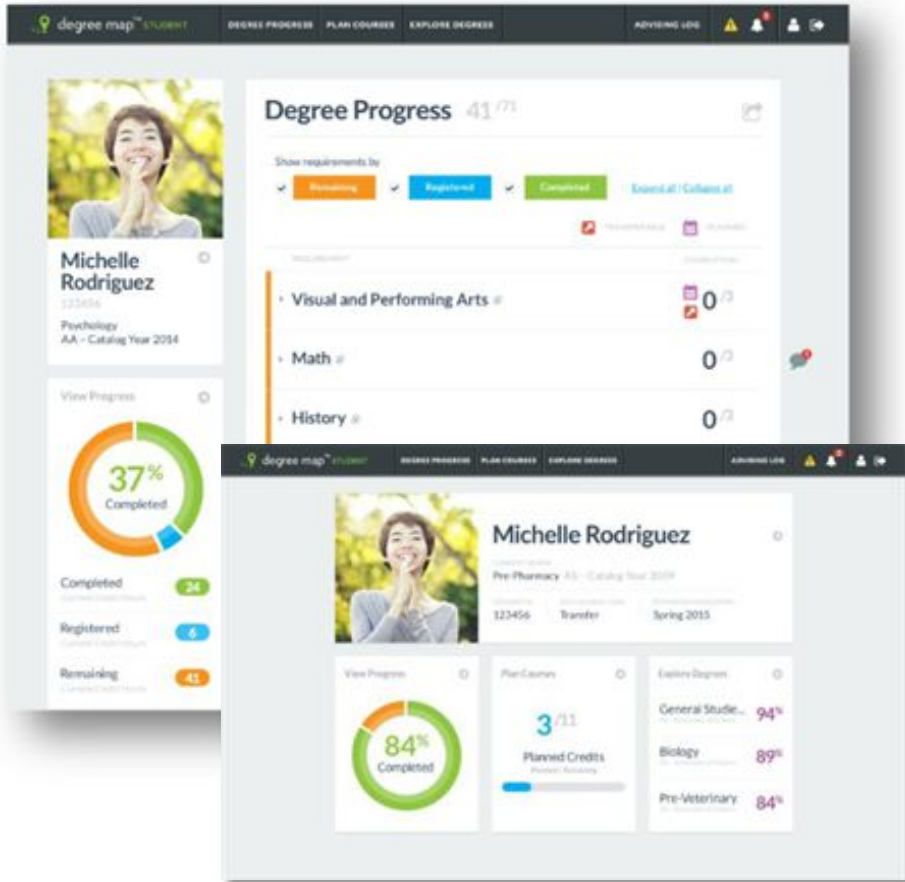
- Analyze **key institution metrics**: course success, persistence, and graduation
- View **historical results** and **predictions of future performance** as well as the most **powerful predictors** of success and risk
- Leverage proprietary algorithms to surface **student segments** and data insights such as **momentum and tipping points**
- Drill into **key drivers** to view the predictive power of the data and identify opportunities for intervention for both the overall student population and for key segments
- Provide **insights across institutional data sets** including SIS, LMS, CRM, Applications, and more...





degree map™



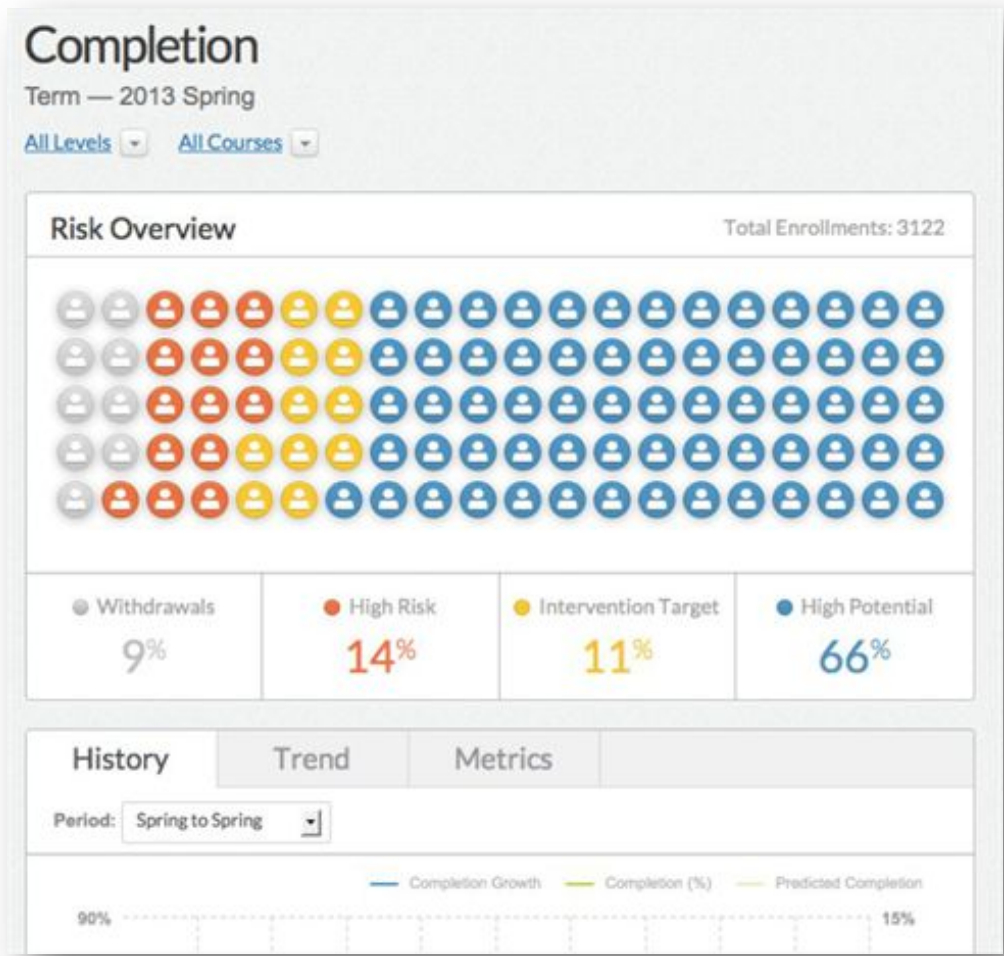


EFFICIENT DEGREE PLANNING

- Provide **individualized course recommendations** to advisors and students
- View **degree progress**, including remaining courses
- Compare **implications of switching degrees**
- **Identify toxic and synergistic** course combinations







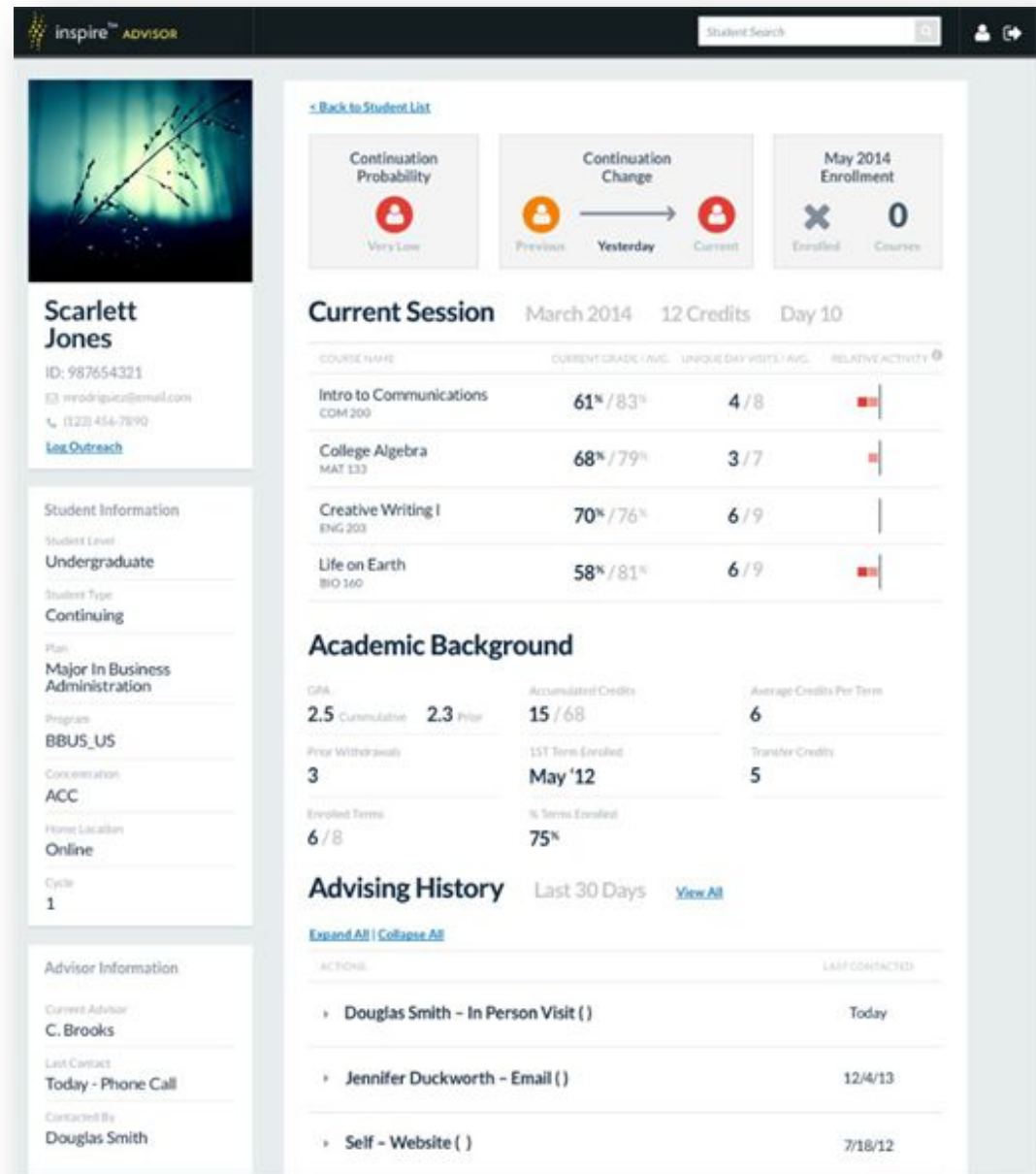
FOCUS ON COMPLETION AND PERSISTENCE

- Identify **at-risk student populations** across institution, department, or course
- Understand **institution specific risk factors**
- Determine **projected retention and course completion rates**



FOCUS ON ACTIONABLE INFORMATION FOR ADVISORS

- Provides workflow for managing outreach
- Supports different outreach approaches – text, phone, email
- Uses A/B testing to identify how to outreach most effectively
- Designed for pull not push



The screenshot displays the 'inspire ADVISOR' interface for a student named Scarlett Jones. The interface is organized into several sections:

- Student Information:**
 - Student ID: 987654321
 - Email: wrodriqaz@email.com
 - Phone: (123) 454-7890
 - Link: [See Outreach](#)
- Student Information (Summary):**
 - Student Level: Undergraduate
 - Student Type: Continuing
 - Plan: Major In Business Administration
 - Program: BBUS_US
 - Concentration: ACC
 - Home Location: Online
 - Cycle: 1
- Advisor Information:**
 - Current Advisor: C. Brooks
 - Last Contact: Today - Phone Call
 - Contacted By: Douglas Smith
- Current Session:**
 - March 2014 | 12 Credits | Day 10

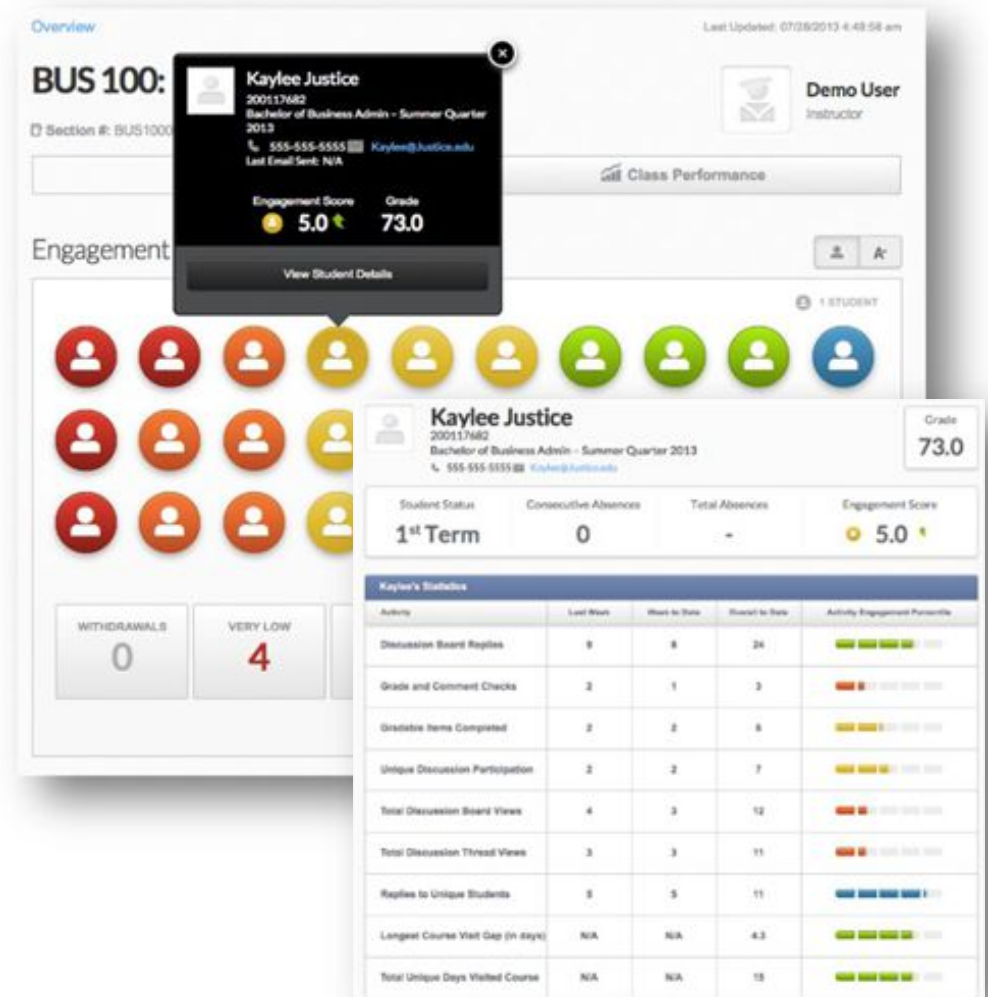
| COURSE NAME | CURRENT GRADE / AVG. | UNIQUE DAY VISITS / AVG. | RELATIVE ACTIVITY |
|---------------------------------|----------------------|--------------------------|-------------------|
| Intro to Communications COM 200 | 61% / 83% | 4 / 8 | ■ |
| College Algebra MAT 133 | 68% / 79% | 3 / 7 | ■ |
| Creative Writing I ENG 203 | 70% / 76% | 6 / 9 | |
| Life on Earth BIO 160 | 58% / 81% | 6 / 9 | ■ |
- Academic Background:**

| GPA | Accumulated Credits | Average Credits Per Term |
|--------------------------|---------------------|--------------------------|
| 2.5 Cumulative 2.3 Prior | 15 / 68 | 6 |
| Prior Withdrawals | 1ST Term Enrolled | Transfer Credits |
| 3 | May '12 | 5 |
| Enrolled Terms | % Terms Enrolled | |
| 6 / 8 | 75% | |
- Advising History:**
 - Last 30 Days | [View All](#)

| ACTIONS | LAST CONTACTED |
|---------------------------------------|----------------|
| ➤ Douglas Smith - In Person Visit () | Today |
| ➤ Jennifer Duckworth - Email () | 12/4/13 |
| ➤ Self - Website () | 7/18/12 |

MAXIMIZE STUDENT ENGAGEMENT

- Drill down to an **individual student engagement score**
- **Identify specific students or segments at-risk** for completing course
- **Recommendations** provided to faculty for the interventions that will improve likelihood of passing
- **Faculty can connect directly** with students from application



Overview Last Updated: 07/08/2013 4:48:58 am

BUS 100: Demo User
Instructor

Section #: BUS1000

Kaylee Justice
200117682
Bachelor of Business Admin - Summer Quarter 2013
555-555-5555 | Kaylee@justice.edu
Last Email Sent: N/A

Engagement Score **5.0** ↑ Grade **73.0**

[View Student Details](#)

Engagement 1 STUDENT

WITHDRAWALS: 0 VERY LOW: 4

| Student Status | Consecutive Absences | Total Absences | Engagement Score |
|----------------------|----------------------|----------------|--|
| 1 st Term | 0 | - | 5.0 ↑ |

| Kaylee's Statistics | | | | |
|------------------------------------|-----------|--------------|---------------|---|
| Activity | Last Week | Week to Date | Month to Date | Activity Engagement Percentage |
| Discussion Board Replies | 8 | 8 | 24 | ■ 100% |
| Grade and Comment Checks | 2 | 1 | 3 | ■ 33% |
| Grainline Items Completed | 2 | 2 | 6 | ■ 33% |
| Unique Discussion Participation | 2 | 2 | 7 | ■ 29% |
| Total Discussion Board Views | 4 | 3 | 12 | ■ 25% |
| Total Discussion Thread Views | 3 | 3 | 11 | ■ 27% |
| Replies to Unique Students | 5 | 5 | 11 | ■ 45% |
| Longest Course Visit Gap (in days) | N/A | N/A | 4.3 | ■ 100% |
| Total Unique Days Visited Course | N/A | N/A | 15 | ■ 100% |



EARLY RESULTS

CLEAR INSIGHT ON DAY ZERO

Get clear understanding of students in need of and open to intervention

84% accuracy day zero

Detection rate of students at risk improved by **2-5x**

FROM PUSH TO PULL

Frontline users demanding access to tools

From 40% to 80% Faculty adoption within 3 terms

90% adoption rate for Advisors within 60 days

MEANINGFUL STUDENT OUTCOMES

For the first time ever online retention gains outpaced on-ground

250 – 750 basis points improvement in persistence

300 basis point improvement in course completion





CIVITAS
LEARNING

Questions?

charles.thornburgh@civitaslearning.com

See case studies and learning briefs at: CIVITASLEARNINGSPEACE.COM

CIVITASLEARNING.COM



**TABLE OF CONTENTS
FOR
HEALTH AFFAIRS COMMITTEE**

Committee Meeting: 8/20/2014

Board Meeting: 8/21/2014
Austin, Texas

*Robert L. Stillwell, Chairman
Ernest Aliseda
Jeffery D. Hildebrand
Brenda Pejovich
Wm. Eugene Powell*

| | Committee Meeting | Board Meeting | Page |
|--|---|----------------------|-------------|
| Convene | <i>1:30 p.m. Chairman Stillwell</i> | | |
| 1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration | <i>1:30 p.m. Action</i> | Action | 284 |
| 2. U. T. System: Approval to distribute a portion of The University of Texas System Professional Medical Liability Benefit Plan premium returns and approve rates for the Plan | <i>1:32 p.m. Action Dr. Greenberg Mr. Sharphorn</i> | Action | 285 |
| 3. U. T. Southwestern Medical Center: Report on the William P. Clements, Jr. University Hospital | <i>1:39 p.m. Report/Discussion President Podolsky</i> | Not on Agenda | 288 |
| 4. U. T. System: Discussion and possible appropriate action regarding development of proposal to improve care of patients with diabetes through improved data collection, management, analysis, and application | <i>1:55 p.m. Report/Discussion Dr. Greenberg Lynda Chin, M.D.</i> | Not on Agenda | 289 |
| Adjourn | <i>2:30 p.m.</i> | | |

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda is located at the back of the book.

2. U. T. System: Approval to distribute a portion of The University of Texas System Professional Medical Liability Benefit Plan premium returns and approve rates for the Plan

RECOMMENDATION

The Chancellor concurs in the recommendation of The University of Texas System Professional Medical Liability Benefit Plan (Plan) Management Committee, chaired by the Vice Chancellor and General Counsel and comprised of the Chair, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Business Affairs, after consultation with Milliman, Inc., actuary for the Plan, that:

- a. overall premium rates remain unchanged with the addition of a minimum \$100 annual premium being set for the institution premiums;
- b. \$6 million in premiums be returned to the participating U. T. System institutions based on a methodology that considers each institution's losses; and
- c. \$1.5 million to be distributed for patient safety initiatives and for an independent evaluation of the effectiveness of the patient safety initiative program.

The proposed distribution of \$7.5 million is set forth in Exhibit 1 ([Page 287](#)).

BACKGROUND INFORMATION

With the implementation of tort reform in 2003, the Plan Management Committee (Committee) has consistently recommended significant reductions in total Plan assets to bring the reserve levels to those generally accepted by the industry. The Committee continues balancing Plan revenue from premiums charged and investment income with adequate capitalization from which to pay Plan claims, reserves for future claims, and administrative expenses. As part of this effort, Plan premiums were significantly reduced for several years immediately following tort reform adoption, and since 2007, the premium rates have either been reduced or unchanged. However, Plan premiums are adjusted annually for institutional loss experience.

For the coming year, the Committee recommends maintaining overall premiums at the current rate with modifications for institutional loss experience. Based on Plan investment income and efficient management of claims, the Committee recommends a return to the contributing institutions of \$6 million so that excessive reserves are not maintained. The combination of unchanged rates along with this distribution should still allow for adequate capitalization of the Plan.

The methodology for distribution of \$6 million to participating institutions considers the proportion of each institution's payment into the Plan as well as each institution's loss experience. Thus, those institutions with higher claims receive lower distributions.

In addition to the \$6 million to be distributed to participating institutions, \$1.5 million is recommended for U. T. System efforts in clinical effectiveness, patient safety, and quality of care. Funds were authorized for these purposes in 2008, 2010, and 2013. With this funding, a grant competition has funded research, collaboration, and education in the area of patient safety and quality improvement. This funding has also enabled the expansion of clinical effectiveness courses to all U. T. System health institutions to educate health care providers in current methodologies and best practices to improve clinical care.

Exhibit 1
The University of Texas System Professional Medical Liability Benefit Plan
Proposed Distribution of Plan Returns
 FY 2014

| <i>Institution</i> | <i>Premium Paid</i> | <i>Claims Expenses</i> | <i>Net Contribution Amount</i> | <i>Rebate based on Net Contribution</i> |
|------------------------------------|--------------------------------|-----------------------------------|---|--|
| | <i>2012-2014</i> | <i>2012-2014</i> | | |
| UTSWMC | 6,305,515 | 2,057,464 | 4,248,051 | 1,501,033 |
| UTMB | 4,537,759 | 956,408 | 3,581,351 | 1,265,457 |
| UTHSCH | 4,365,093 | 2,437,851 | 1,927,242 | 680,984 |
| Medical Foundation (UTHSCH) | 1,923,370 | 973,794 | 949,576 | 335,529 |
| UTHSCSA | 5,024,887 | 1,697,366 | 3,327,521 | 1,175,767 |
| UTMDACC | 3,430,384 | 800,110 | 2,630,274 | 929,398 |
| UTHSCT | 252,579 | 272 | 252,307 | 89,152 |
| UT Arlington | 4,268 | - | 4,268 | 1,508 |
| UT Austin | 56,187 | 3,816 | 52,371 | 18,505 |
| UT Dallas | 1,386 | - | 1,386 | 490 |
| UT El Paso | 674 | - | 674 | 238 |
| UT Pan American | 1,148 | - | 1,148 | 405 |
| UT San Antonio | 4,340 | - | 4,340 | 1,534 |
| Subtotal | \$ 25,907,590 | \$ 8,927,081 | \$ 16,980,509 | \$ 6,000,000 |
| Patient Safety Initiative | | | | \$ 1,500,000 |
| TOTAL PROPOSED DISTRIBUTION | | | | <u>\$ 7,500,000</u> |

3. **U. T. Southwestern Medical Center: Report on the William P. Clements, Jr. University Hospital**

REPORT

President Podolsky will report briefly on the William P. Clements, Jr. University Hospital at U. T. Southwestern Medical Center.

BACKGROUND INFORMATION

On November 15, 2014, the William P. Clements, Jr. University Hospital at U. T. Southwestern Medical Center will open its doors to the public, transforming medical care in North Texas and serving as a model for academic medical centers across the country. The goal of the new hospital is to bring together innovative hospital design, state-of-the-art technology, and industry best practices to create an environment that seamlessly integrates patient care with leading-edge research and medical education.

In 2009, former Texas Governor William P. Clements, Jr., made an unprecedented \$100 million gift to U. T. Southwestern Medical Center, the largest single gift in the institution's history. In the spirit of Governor Clements' intentions, the institution chose to use the funds to support construction of a new university hospital (approved by the Board on November 11, 2009) to replace the aging St. Paul University Hospital. The new university hospital broke ground in March 2011 on the West Campus, immediately northwest of the existing St. Paul Hospital building. The hospital is comprised of 460 patient beds, 24 operating rooms, 40 emergency rooms, endoscopy and catheterization/interventional rooms, and imaging services. The total cost for the hospital and related components is \$800 million.

On April 12, 2012, the Board of Regents approved the honorific naming of the new university hospital as the William P. Clements, Jr. University Hospital.

4. **U. T. System: Discussion and possible appropriate action regarding development of proposal to improve care of patients with diabetes through improved data collection, management, analysis, and application**

RECOMMENDATION

Lynda Chin, M.D., Chair at U. T. M. D. Anderson Cancer Center's Department of Genomic Medicine and a Chancellor's Health Fellow, will introduce a proposal to improve care of patients with diabetes through improved data collection, management, analysis, and application. Executive Vice Chancellor Greenberg may recommend appropriate action at the meeting regarding development of the proposal.

An Executive Summary of the Diabetes Obesity Control in South Texas project is set forth on the following pages.

BACKGROUND INFORMATION

U. T. System has recently been focused on how advanced information technology can enhance the ability to manage chronic health conditions. By collecting extensive amounts of information on large populations of patients, as well as assimilation of the latest research and treatment results, large scale clinical decision-support systems can be developed to provide more consistent, data-driven management of individual patients. In so doing, the latest advances in health care will be more rapidly disseminated and the quality of care can be elevated to a more consistent level across delivery settings, including those that have been underserved historically. The expected result is to reduce adverse health events, thereby improving both clinical and financial outcomes. If one can demonstrate success in using data analysis and application to manage a common, serious illness, then the precedent can be set for expansion to other clinical conditions.

Diabetes is a leading cause of morbidity and mortality in the United States, and is a particular challenge in some population groups. Standard care of this disease requires active patient engagement, regular monitoring and evaluation, with frequent adjustments of regimens. Measurement of blood sugar control typically is sporadic, and a more continuous monitoring and adjustment process, including the management of the large volumes of data that would be generated, might lead to the anticipation and prevention of sudden and unexpected swings in blood sugar and better long-term metabolic control. Improved control of blood sugar has been shown repeatedly to reduce the risk of the common serious complications of diabetes, including those involving eye, kidney, and nervous system impacts, among others.

The population of South Texas has a particularly high rate of diabetes, as well as an infrastructure in place with the creation of the new U. T. Rio Grande Valley medical school making it an ideal setting to undertake an exploratory study of improved management of this disease. If the technological solutions that are developed there prove to be successful, they can be further tested and developed in larger populations and ultimately transform the way diabetic patients are treated around the world.

The University of Texas System

Project DOC

Diabetes Obesity Control in South Texas

Lynda Chin, MD

Chancellor's Health Fellow

August 7th, 2014

EXECUTIVE SUMMARY

The state of Texas is facing an impending healthcare crisis due to declining population health, increasing prevalence of chronic diseases such as diabetes and obesity, and the extraordinarily high cost of care with the highest percentage of uninsured individuals in the United States¹. Furthermore, South Texas Rio Grande Valley (RGV) region is additionally challenged by poverty (e.g. this region is among the poorest and least educated in the nation²) and severe shortage of physicians (e.g. 40% fewer direct care physicians per 100,000 in RGV compared to the entire state of Texas³). The economic impact of these conditions in RGV is felt by the entire state, as the state of Texas spent \$18 billion in 2012 to treat and manage diabetes⁴, not including estimated indirect costs of ~\$227 million per year in lost wages⁵.

Some of major contributing factors to this expensive and debilitating cost of diabetes in Texas include (1) over-utilization of costly acute care (e.g. ER visits) or expensive hospitalization due to delayed access to or suboptimal care or poor self-management by uninformed patients and families, as well as (2) loss of productivity and wages (due to absenteeism) by patients and families due to chronic nature of the disease. The potential economic impact of effectively managing 50% of the diabetic population in Texas has been estimated at an annual cost savings of \$13B for the State.

However, traditional chronic disease management relies primarily on manual intervention, which is labor intensive and un-scalable. Social, mobile, and cloud technologies, combined with big data and advanced analytics, are poised to fundamentally transform healthcare, particularly in management of chronic disease like diabetes where disease control outside of traditional care providing facilities (e.g. hospitals) can be greatly facilitated and augmented. Not only can technology reduce the cost of managing diabetic patients through better self-management and facilitated access, real-time biometrics with remote sensing can transform the current paradigm of episodic reactive care to a future of proactive and interventional management where we not only provide the right care at the right time but importantly intervene to prevent the need for costly care. To this end, the UT System is proposing a new initiative to leverage *technology and big data innovation* to improve **Diabetes Obesity Control** in South Texas.

Building upon the technical and conceptual foundation, leveraging the assets, capabilities and know-how as well as existing Technology Core partnerships with IBM, PwC and AT&T which have been established as part of the UT MD Anderson's OEA™ Network Democratization Pilot, Project DOC can leapfrog the development timeline to build big data analytics and mobile healthcare solutions designed to improve current diabetes management in Texas. By deploying and integrating these fit-for-purpose technology solutions into the fabrics of local healthcare infrastructure, Project DOC will facilitate access to chronic diabetes care, improve self-management and augment care with remote monitoring, thus minimizing the need for and utilization of expensive acute care and hospitalization. The deliverables of Project DOC are to (1) demonstrate feasibility and scalability of a technology-enabled and data-driven model of value-based diabetes care, and (2) achieve measurable improvement in both patient outcome and health economics.

Based on the experience of MD Anderson's OEA™ Network Democratization Pilot, we have undertaken a 6-week high level planning effort to map out a 3-year Program Plan for Project DOC. The Program Plan can be divided into the following phases and associated deliverables:

- **Assessment:** Conduct a systematic needs/gaps analysis specific to the RGV communities we intend to serve. This assessment must be conducted in close collaboration with all RGV stakeholders, so that the business and technical requirements of fit-for-purpose technology solutions can be defined. Such requirements will drive a set of budgets with milestones and deliverables supported by sufficiently detailed workplans with realistic timelines.

- *Year 1 Design and Develop:* Year 1 is to design and build a set of fit-for-purpose technology solutions that are integrated in a care pathway framework to deliver optimized and efficient care for diabetes patients. These solutions and framework will be incorporated into the local care delivery and health management infrastructure in Brownsville to accrue 300 patients as a proof of concept for a patient-centric ecosystem.
- *Year 2 Implement:* Year 2 is to create patient-centric ecosystems in new RGV communities to accrue 3,000 patients, leveraging the fit-for-purpose technology solutions built in Year 1. This is to prove that the Technology Core is repeatable and can rapidly facilitate creation of a local ecosystem, setting the stage for scaling in Year 3. In parallel, we will track Brownsville cohort of 300 to collect tangible evidence of improved outcome and economics, in order to engage risk-bearing entities (e.g. insurers) to support Year 3 program.
- *Year 3 Scale:* Year 3 is to demonstrate that the program and the Technology Core have the assets, solutions and infrastructure as well as the know-how to scale beyond RGV to accrue 30,000 patients (~0.7% of the Texas diabetic population) to demonstrate measurable cost savings.

When benchmarked against the development cost of MD Anderson's OEA™ Network Democratization pilot, we can reasonably estimate that Project DOC will require multiple tens of millions in funding to achieve sustainability in 3 years. Accordingly, Project DOC will require funding from U.T. System, particularly during early phases. To mitigate the financial risk to U.T. System, some degree of co-investment between the System and other sources, such as philanthropy, government or industry support, is also expected. In all cases, trenched funding is expected, where incremental funding is contingent upon meeting demonstrable milestones of success. Finally, because Project DOC will produce cost savings to both insurers and other "risk bearing" entities, there is strong potential that these groups can be targeted financial partners in the mid- to later term of the project.

Lastly, Project DOC will not only integrate and complement existing UT System investment in South Texas, it can also bring patient big data and analytics to UT institutions to accelerate research and innovation as well as to modernize medical education and health professional training.

References

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2. Fisher-Hoch SP, Vatcheva KP, Laing ST et al. Missed opportunities for diagnosis and treatment of diabetes, hypertension, and hypercholesterolemia in a Mexican-American population, Cameron county Hispanic cohort, 2003-2008. *Prev Chronic Dis* 2012;9:E135.
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4. Economic Costs of Diabetes in the U.S.in 2012, Supplementary Data (2013). *Diabetes Care*, Volume 36, 9.
5. Bloom, D.E., Cafiero, E.T., Jané-Llopis, E., Abrahams-Gessel, S., Bloom, L.R., Fathima, S., Feigl, A.B., Gaziano, T., Mowafi, M., Pandya, A., Prettner, K., Rosenberg, L., Seligman, B., Stein, A.Z., & Weinstein, C. (2011). *The Global Economic Burden of Noncommunicable Diseases*. Geneva: World Economic Forum.



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FOR
FACILITIES PLANNING AND CONSTRUCTION COMMITTEE**

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Board Meeting: 8/21/2014
Austin, Texas

Alex M. Cranberg, Chairman
Ernest Aliseda
R. Steven Hicks
Wm. Eugene Powell
Robert L. Stillwell

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| <u>Report</u> | | | |
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| 4. U. T. Austin: Medical District Utility System Infrastructure - Approval of design development; appropriation and authorization of expenditure of funds; and resolution regarding parity debt (Final Board approval) | 12:45 p.m. Action <i>Mr. O'Donnell</i> | Action | 298 |
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| 7. U. T. System: U. T. System Administration Replacement Office Building - Amendment of the FY 2015-2020 Capital Improvement Program to increase total project cost; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval) | 1:00 p.m. Action <i>Mr. O'Donnell</i> <i>Dr. Kelley</i> <i>Mr. Lawrence W. Speck, Page Southerland Page Inc.</i> | Action | 305 |
| <u>Modifications to the CIP</u> | | | |
| 8. U. T. Austin: McDonald Observatory Fire Life Safety and Infrastructure Upgrades - Amendment of the FY 2015-2020 Capital Improvement Program to increase total project cost; approval to revise funding sources; and appropriation of funds and authorization of expenditure (Final Board approval) | 1:10 p.m. Action <i>Mr. O'Donnell</i> | Action | 308 |
| 9. U. T. Medical Branch - Galveston: Ike Recovery Projects - Academic and Business Buildings, Healthcare Buildings, Infrastructure, and Research Buildings - Amendment of the FY 2015-2020 Capital Improvement Program to revise funding sources; approval to reallocate funding between projects; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval) | 1:15 p.m. Action <i>Mr. O'Donnell</i> | Action | 310 |
| 10. U. T. Medical Branch - Galveston: Jennie Sealy Replacement Hospital - Amendment of the FY 2015-2020 Capital Improvement Program to revise funding; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval) | 1:25 p.m. Action <i>Mr. O'Donnell</i> | Action | 315 |
| Adjourn | 1:30 p.m. | | |

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda is located at the back of the book.

2. **U. T. System: Progress report of the Task Force on Facility Planning for the 21st Century**

REPORT

As Co-Chairmen of the Task Force on Facility Planning for the 21st Century, Associate Vice Chancellor Michael O'Donnell and Mr. Stephen Harris, Director of Facilities Space Initiatives, will provide an update on the activities of the Task Force.

BACKGROUND INFORMATION

On November 15, 2012, former Board Chairman Powell recommended the creation of the Task Force on Academic and Facility Planning for the 21st Century as a joint task force of the Facilities Planning and Construction Committee and the Academic Affairs Committee to prepare recommendations regarding the best metrics for use in the design and planning process for academic infrastructure support for universities.

On December 12, 2013, Regent Cranberg and U. T. Dallas President Daniel as Co-Chairmen of the Task Force on Engineering Education for Texas in the 21st Century recommended the transition from the Task Force on Academic and Facility Planning for the 21st Century to the formation and kick-off of the Task Force on Facility Planning for the 21st Century, which would address four primary study areas:

- Planning Considerations for the 21st Century Campus
- Optimal Use of Existing and Future Space
- Facility Construction Cost Optimization
- Consideration of Alternate Delivery Methodologies

3. U. T. Austin: Jackson Geological Sciences Building HVAC and Electrical Renovation - Amendment of the FY 2015-2020 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents amend the FY 2015-2020 Capital Improvement Program (CIP) to include the Jackson Geological Sciences Building HVAC and Electrical Renovation project at U. T. Austin as follows:

| | | |
|-------------------------------------|-------------------------------|--------------------|
| Project No.: | 102-855 | |
| Institutionally Managed: | Yes | |
| Project Delivery Method: | Construction Manager-at-Risk | |
| Substantial Completion Date: | August 2015 | |
| Total Project Cost: | <u>Source</u> | <u>Proposed</u> |
| | Designated Funds ¹ | \$5,000,000 |
| | Gifts | <u>\$2,000,000</u> |
| | | \$7,000,000 |

Funding Note: ¹ Designated Funds from Designated Tuition

- a. approve a total project cost of \$7,000,000 with funding of \$5,000,000 from Designated Funds and \$2,000,000 from Gifts;
- b. appropriate funds; and
- c. authorize U. T. Austin to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

BACKGROUND INFORMATION

This project will replace original HVAC and electrical equipment in portions of the John A. and Katherine G. Jackson Geological Sciences Building that were constructed in 1967. The equipment to be replaced will include air handlers, pumps, heating system, controls, exhaust fan, electrical switch gear and panel boards, and air terminal units. This work will result in code compliant HVAC and electrical systems within the building.

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 presented to the President for approval at a later date. It has been determined that this project would best be managed by U. T. Austin Facility Management personnel, who have the experience and capability to manage all aspects of the work, as the project requires extensive coordination with the building occupants.

4. U. T. Austin: Medical District Utility System Infrastructure - Approval of design development; appropriation and authorization of expenditure 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 Medical District Utility System Infrastructure project at U. T. Austin as follows:

| | | |
|-------------------------------------|--|--------------------------------|
| Project No.: | 102-783 | |
| Institutionally Managed: | Yes | |
| Project Delivery Method: | Design-Build | |
| Substantial Completion Date: | July 2016 | |
| Total Project Cost: | <u>Source</u> Revenue Financing System Bond Proceeds ¹ | <u>Current</u> \$87,589,000 |
| Funding Note: | ¹ Revenue Financing System (RFS) debt to be repaid from incremental revenues from utilities being charged to the Medical District | |
| Investment Metric: | <ul style="list-style-type: none"> • Install systems necessary to power, heat, and cool the Medical District | |

- a. approve design development plans;
- b. appropriate and authorize expenditure of funding in the amount of \$63,589,000 from RFS Bond Proceeds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. 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 \$63,589,000.

BACKGROUND INFORMATION

Debt Service

The \$63,589,000 in aggregate RFS debt will be repaid from utility rates. Annual debt service on the \$63,589,000 RFS debt is expected to be \$4,100,000. Utility rates will be set based on actual costs, and the project is expected to have sufficient coverage for debt service over the life of the project averaging 1.6 times over a 30-year period.

Previous Board Actions

On August 22, 2013, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$96,000,000 with funding from RFS Bond Proceeds, and \$24,000,000 was appropriated and authorized for expenditure for equipment relating to the project. On March 7, 2014, the Chancellor approved the decrease of \$8,411,000 in total project cost to \$87,589,000.

Project Description

U. T. Austin seeks to construct a new thermal utility plant to support the new U. T. Austin Medical District. The project will add a primary 60 MMBTU (Million British Thermal Units) hot water heating system, a 53 MMBTU secondary hot water heating system, a 5.6 million gallon chilled water thermal energy storage tank, and a 15,000 ton chilled water plant. Additionally, space will be included to provide for the addition of chillers in the future, as the Medical School District expands in subsequent phases.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 40-50 years
- Utility Systems: 20-30 years
- Interior Construction: 20-30 years

The interior and exterior appearance and finish are simple and utilitarian as appropriate for a utility plant. The mechanical and electrical equipment lay-out is designed with the sufficient space for future capacity.

5. U. T. Dallas: Callier Richardson Expansion - Amendment of the FY 2015-2020 Capital Improvement Program to revise funding sources; approval of design development; appropriation of funds and authorization of expenditure; 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 Callier Richardson Expansion project at U. T. Dallas as follows:

Project No.: 302-764

Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: June 2016

| | | | |
|----------------------------|---|----------------|---------------------|
| Total Project Cost: | <u>Source</u> | <u>Current</u> | <u>Proposed</u> |
| | Revenue Financing System Bond Proceeds ¹ | \$15,000,000 | \$15,000,000 |
| | Gifts | \$ 5,000,000 | \$ 2,500,000 |
| | Permanent University Funds Bond Proceeds ² | <u>\$ 0</u> | <u>\$ 2,500,000</u> |
| | | \$20,000,000 | \$20,000,000 |

Funding Notes: ¹ Revenue Financing System (RFS) debt to be repaid from Designated Tuition

² Permanent University Fund (PUF) from previously approved U. T. System Research Incentive Program (UTRIP) funding

- Investment Metrics:**
- Directly support the University's Strategic Plan Imperative of adding 5,000 full-time equivalent students, creating a total student population of 21,000
 - Attract outstanding tenure-track faculty to support the University's Strategic Plan Imperative of growing to a total of 610 tenure-track faculty
 - Attract research funding in support of the University's Strategic Plan Imperative of achieving over \$100 million per year in research expenditures

- a. amend the FY 2015-2020 Capital Improvement Program (CIP) to include PUF Bond Proceeds as a funding source;
- b. approve design development plans;
- c. appropriate and authorize expenditure of funding in the amount of \$20,000,000 with funding of \$15,000,000 from RFS Bond Proceeds, \$2,500,000 from Gifts, and \$2,500,000 from PUF 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. 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 \$15,000,000.

BACKGROUND INFORMATION

Debt Service

The \$15,000,000 in aggregate RFS debt will be repaid from Designated Tuition. Annual debt service on the \$15,000,000 Revenue Financing System debt is expected to be \$976,000. The debt service coverage for the institution is expected to be at least 1.4 times and average 2.3 times over FY 2015-2020. Not all of the gift funding authorized for expenditure is fully collected or committed at this time; however, the Office of Finance has determined that the institution has sufficient local funds to cover any shortfall.

Previous Board Action

On February 14, 2013, the project was included in the CIP with a total project cost of \$20,000,000 with funding of \$15,000,000 from RFS Bond Proceeds and \$5,000,000 from Gifts.

Project Description

This project will construct approximately 49,000 gross square feet (GSF) as a new addition to the existing Callier Center for Communication Disorders facility and will include approximately 4,000 GSF of renovation to the existing building to accommodate the rapid student growth in the School of Behavioral and Brain Sciences. This building addition will house state-of-the-art clinical facilities to train the next generation of practitioners and researchers in speech language pathology, audiology, and early childhood disorders such as autism, as well as provide offices, laboratories, and classrooms for new faculty to meet the growing enrollment in the school.

This proposed project will significantly increase U. T. Dallas' capacity to develop new research initiatives in brain bases of speech and language disorders and create new technologies for the treatment of hearing and speech problems. It will also expand the range and quality of student training, as well as provide important outreach services to the community. Total enrollment in the School of Behavioral and Brain Sciences (School) increased from 1,345 in 2006 to 2,154 students currently, with projected student enrollment of 2,750 by 2017. The School currently consists of 42 tenured/tenure track faculty members, nine senior lecturers, 61 teaching/research assistants, and two staff members.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 40-50 years
- Building Systems: 20-30 years
- Interior Construction: 10-20 years

The interior and exterior appearance and finish are consistent with other 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.

6. U. T. Tyler: Music Building Addition - Approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Mabry that the U. T. System Board of Regents approve the recommendations for the Music Building Addition project at U. T. Tyler as follows:

Project No.: 802-838

Institutionally Managed: Yes

Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: August 2015

Total Project Cost: Source: Designated Funds¹ Current \$6,500,000

Funding Note: ¹ Designated Funds from Excess University Reserves

Investment Metric:

- Increase enrollment by 180 students by 2016

- a. approve design development plans; and
- b. appropriate funds and authorize expenditure of \$6,500,000 with funding from Designated Funds.

BACKGROUND INFORMATION

Previous Board Action

On May 15, 2014, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$6,500,000 with funding from Designated Funds.

Project Description

The project will consist of an approximately 15,681 gross square foot (GSF) addition to the R. Don Cowan Fine and Performing Arts Center to meet the academic needs of the music program. The building will provide space for a band/orchestra rehearsal room, a choir rehearsal room, multiple one-on-one teaching studios, music library, faculty offices, and secure storage space for musical instruments. Also, approximately 1,285 GSF will be renovated in adjacent existing space.

Enrollment in the School of Performing Arts has seen a 69% increase in music majors in the past six years and a 48% increase in student credit hours in music and theater courses in the last four years. The National Association of Schools of Music cited inadequate space issues in recent accreditation reviews, and this building addition would resolve the deficit.

Basis of Design

The planned building life expectancy includes the follow elements:

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

The interior and exterior appearance and finish are consistent with other campus buildings and with the existing Campus Master Plan.

7. U. T. System: U. T. System Administration Replacement Office Building - Amendment of the FY 2015-2020 Capital Improvement Program to increase total project cost; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents approve the recommendations for the U. T. System Administration Replacement Office Building project at U. T. System as follows:

Project No.: 101-690

Project Delivery Method: Construction Manager-at-Risk

Substantial Completion Date: Early 2017

| | | | |
|----------------------------|---|----------------|-----------------|
| Total Project Cost: | <u>Source</u> | <u>Current</u> | <u>Proposed</u> |
| | Revenue Financing System Bond Proceeds ¹ | \$102,417,000 | \$133,100,000 |

Funding Note: ¹ Revenue Financing System (RFS) debt to be repaid from the Available University Fund and lease income

Investment Metrics:

- Reduce the financial operating expenses of the current U. T. System complex by \$2-\$6 million annually
- Increase savings of Net Present Value (NPV) to \$30-\$90 million over 33 years

- a. amend the FY 2015-2020 Capital Improvement Program (CIP) to increase the total project cost from \$102,417,000 to \$133,100,000;
- b. approve design development plans;
- c. appropriate and authorize expenditure of \$133,100,000 from RFS 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. System, 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 \$133,100,000.

BACKGROUND INFORMATION

Debt Service

The \$133,100,000 in aggregate Revenue Financing System (RFS) debt will be repaid from the Available University Fund and lease income. Annual debt service on the \$133,100,000 Revenue Financing System debt is expected to be \$7,697,186.

Previous Board Action

On November 15, 2012, the project was included in the CIP with a total project cost of \$102,417,000 with funding from RFS Bond Proceeds.

Project Description

U. T. System seeks to consolidate its offices from five buildings in the downtown area into one building. A task force comprised of U. T. System officials has extensively studied the feasibility of different options and determined that constructing a single replacement facility with aboveground parking is the best option. This more efficient facility will lower the cost per square foot of construction and is projected to save \$2-\$6 million annually and generate net present value savings of over \$30-\$90 million over the next 30 years. These savings will be directed toward programs to support student success. The building will be located on U. T. System-owned land north of Seventh Street in downtown Austin to maintain proximity to U. T. Austin, the Texas Capitol, and U. T. System employee residences.

The original project called for a 15-story building with 258,500 gross square feet (GSF) and approximately 550 parking spaces. The proposed increase will expand the building to a 19-level structure (plus one level below ground) of 342,200 GSF and approximately 760 parking spaces. The additional two floors of office space and two floors of parking will allow U. T. System to lease approximately 30% of the building to outside tenants, generating additional revenue in a very strong rental market. The additional revenue will increase the total projected net present value savings by over \$10 million.

The building will have a modern board room adapted for videoconferencing, U. T. System office and meeting space, as well as central conference and eating spaces, tenant leasable space, and limited retail space.

Basis of Design

The planned building life expectancy includes the following elements:

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

The interior and exterior appearance and finish are consistent with other commercial office 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.

8. U. T. Austin: McDonald Observatory Fire Life Safety and Infrastructure Upgrades - Amendment of the FY 2015-2020 Capital Improvement Program to increase total project cost; approval to revise funding sources; and appropriation of funds and authorization of expenditure (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 McDonald Observatory Fire Life Safety and Infrastructure Upgrades project at U. T. Austin as follows:

Project No.: 102-649
Institutionally Managed: Yes
Project Delivery Method: Design-Build
Substantial Completion Date: October 2015

| | | | |
|----------------------------|--|--------------------|--------------------|
| Total Project Cost: | <u>Source</u> | <u>Current</u> | <u>Proposed</u> |
| | Permanent University Fund Bond Proceeds ¹ | \$ 0 | \$ 50,000 |
| | Available University Funds | \$5,500,000 | \$5,500,000 |
| | Designated Funds ² | <u>\$1,000,000</u> | <u>\$2,550,000</u> |
| | | \$6,500,000 | \$8,100,000 |

Funding Notes: ¹ Permanent University Fund (PUF) includes \$48,000 from FY 12 High Priority Fire and Life Safety Project No. 102-639 and \$2,000 from FY 13 LERR (Library, Equipment, Repair and Renovation) Project No. 102-732
² Designated Funds from Designated Tuition

- a. amend the FY 2015-2020 Capital Improvement Program (CIP) to increase the total project cost from \$6,500,000 to \$8,100,000;
- b. revise funding sources to include PUF Bond Proceeds; and
- c. appropriate and authorize expenditure of \$50,000 from PUF Bond Proceeds and an additional \$1,550,000 from Designated Funds.

BACKGROUND INFORMATION

Previous Board Actions

On November 10, 2011, the project was added to the CIP with a total project cost of \$6,500,000 with funding of \$5,500,000 from the Available University Fund and \$1,000,000 from Designated Funds. On December 15, 2011, the President approved the design development plans and authorized expenditure of funds.

Project Description

The project consists of three phases, all to be funded under the proposed Total Project Cost. Phase 1 consists of Wastewater Treatment Plant upgrades. It includes decommissioning of the upper treatment plant and refurbishing of the lower treatment plant to bring the entire wastewater system into Texas Council on Environmental Quality (TCEQ) compliance.

Phase 2 consists of the design and construction of a new potable water well on McDonald Observatory property for the purpose of providing a more reliable groundwater source for the campus. The well will also provide the required volume of water to fight a potential fire on the mountain.

Phase 3 consists of the design and construction of a code compliant fire protection network of water storage tanks, water pumps, and water lines throughout the McDonald Observatory campus to provide the capability to fight a fire at any time and at any location. Phase 2 and Phase 3 are the result of an in-depth study commissioned by U. T. Austin in 2010 to develop a comprehensive plan to bring the fire protection infrastructure up to code requirements.

The original upper and lower wastewater treatment systems were built in the 1970s, and the breakdown of obsolete equipment results in high operation and maintenance costs and difficulty meeting TCEQ discharge permit limits. Currently, the only well providing potable water for the campus is seven miles away. The wells will provide drinking water and firefighting capabilities that will meet State Fire Marshal regulations for fighting fire on the mountain.

The proposed increase in the total project cost is necessitated by the need to drill four test water wells, the escalation of drilling costs in West Texas, the cost of additional equipment required by TCEQ, and the need to replace over a mile of existing piping. Additionally, as a result of the increased demand on the existing system, and TCEQ and National Fire Protection Association code requirements, the scope of the fire protection work has increased significantly.

9. U. T. Medical Branch - Galveston: Ike Recovery Projects - Academic and Business Buildings, Healthcare Buildings, Infrastructure, and Research Buildings - Amendment of the FY 2015-2020 Capital Improvement Program to revise funding sources; approval to reallocate funding between projects; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Callender that the U. T. System Board of Regents approve the recommendations for the four Ike Recovery Projects at U. T. Medical Branch - Galveston (UTMB) as follows:

4 Ike Recovery Projects Combined:

Project No.: See attached chart

Project Delivery Method: See attached chart

Substantial Completion Date: See attached chart

| | | | |
|----------------------------|---|-----------------|-----------------------|
| Total Project Cost: | <u>Source</u> | <u>Current</u> | <u>Proposed</u> |
| | FEMA Insurance Claims | \$ 844,360,232 | \$ 631,040,000 |
| | Private Insurance Claims | \$ 54,948,002 | \$ 69,490,000 |
| | General Revenue (State Matching Funds) | \$ 150,000,000 | \$ 150,000,000 |
| | Hospital Revenues | \$ 86,177,812 | \$ 147,367,674 |
| | Grants | \$ 192,564 | \$ 2,313,936 |
| | Gifts | \$ 0 | \$ 10,467,000 |
| | Revenue Financing System Bond Proceeds ¹ | <u>\$ 0</u> | <u>\$ 125,000,000</u> |
| | | \$1,135,678,610 | \$1,135,678,610 |

Funding Note: ¹ Revenue Financing System (RFS) to be repaid from Hospital Revenues

- a. Academic and Business Buildings
 - amend the FY 2015-2020 Capital Improvement Program (CIP) to decrease the total project cost from \$251,893,380 to \$147,050,000;
 - appropriate funds and authorize expenditure of an additional \$12,187,000 from Private Insurance Claims, an additional \$85,000 from State Matching Funds, \$260,000 from Grants, and \$5,040,000 from RFS Bond Proceeds;
- b. Healthcare Buildings
 - amend the FY 2015-2020 CIP to increase the total project cost from \$285,055,178 to \$356,190,000;

- appropriate funds and authorize expenditure of an additional \$1,862,998 from Private Insurance Claims, an additional \$13,764,649 from State Matching Funds, an additional \$18,509,733 from Hospital Revenues, an additional \$491,372 from Grants, \$10,467,000 from Gifts, and \$45,210,000 from RFS Bond Proceeds;
- c. Infrastructure
- amend the FY 2015-2020 CIP to increase the total project cost from \$522,184,744 to \$581,860,000;
 - appropriate funds and authorize expenditure of an additional \$60,471,519 from Hospital Revenues, \$1,310,000 from Grants, and \$73,640,000 from RFS Bond Proceeds;
- d. Research Buildings
- amend the FY 2015-2020 CIP to decrease the total project cost from \$76,545,308 to \$50,578,610;
 - appropriate funds and authorize expenditure of an additional \$4,381,000 from Private Insurance Claims, an additional \$15,531,900 from State Matching Funds, \$60,000 from Grants, and \$1,110,000 from RFS Bond Proceeds;
- 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. Medical Branch - Galveston, 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 \$125,000,000.

BACKGROUND INFORMATION

Debt Service

The \$125,000,000 in aggregate RFS debt will be repaid from Hospital Revenues. Annual debt service on the \$125,000,000 RFS debt is expected to be \$5,500,000. The debt service coverage for the institution is expected to be at least 2.3 times and average 2.7 times over FY 2015-2020. Not all of the gift funding authorized for expenditure is fully collected or committed at this time; however, the Office of Finance has determined that the institution has sufficient local funds to cover any shortfall.

Project Description

The Board approved addition of the four Ike Recovery projects to the CIP on August 20, 2009. That action and the approved project structure have helped the work of the recovery from Hurricane Ike move forward effectively. The estimates used to determine the initial project costs were primarily focused on repair; however, as UTMB and FEMA worked through specific building assessments, it became clear that mitigation activity is a large portion of the overall effort. All four projects require phasing of construction and temporary accommodations to minimize the impact to university operations and include multiple construction phases with impacts to several building floors, interim moves of active programs, temporary utilities to support phasing, and overtime and after-hours work by the mobilized construction workforce. These costs, which are eligible for FEMA funding, coupled with the proposed construction durations significantly impact the anticipated overall funding required. The requested revisions of funding and total project costs reflect the impact of reduced FEMA support, which is offset by philanthropy and RFS Debt.

Previous Board Actions

On August 20, 2009, the **Academic and Business Buildings** project was included in the CIP with a total project cost of \$162,105,000 with funding of \$109,367,000 from FEMA Insurance Claims, \$16,283,000 from Private Insurance Claims, and \$36,455,000 from State Matching Funds. On May 17, 2010, the Chancellor approved the design development plans and authorized the expenditure of funds. On December 13, 2010, the Chancellor approved an increase in the total project cost from \$162,105,000 to \$171,105,000 and revised the funding sources to include \$9,000,000 from Hospital Revenues. On May 12, 2011, the Board approved the increase in total project cost from \$171,105,000 to \$251,893,380 and reallocated current funding as indicated on the attached chart.

On August 20, 2009, the **Healthcare Buildings** project was included in the CIP with a total project cost of \$271,668,000 with funding of \$183,284,000 from FEMA Insurance Claims, \$27,289,000 from Private Insurance Claims, and \$61,095,000 from State Matching Funds. On May 17, 2010, the Chancellor approved the design development plans and authorized the expenditure of funds. On August 9, 2010, the Chancellor approved an increase in total project cost from \$271,668,000 to \$275,620,780 and revised the funding sources to include \$3,952,780 from Hospital Revenues. On July 23, 2010, the Chancellor approved an increase in total project cost from \$275,620,780 to \$276,599,895 with additional funding of \$401,585 from Hospital Revenues and revised the funding sources to include \$577,530 from Grants. On December 13, 2010, the Chancellor approved an increase in total project cost from \$276,599,895 to \$298,599,895 with additional funding of \$22,000,000 from Hospital Revenues.

On May 12, 2011, the Board approved the decrease in total project cost from \$298,599,895 to \$285,055,178 and reallocated current funding as indicated on the attached chart.

On August 20, 2009, the **Infrastructure** project was included in the CIP with a total project cost of \$146,032,000 with funding of \$98,522,000 from FEMA Insurance Claims, \$14,669,000 from Private Insurance Claims, and \$32,841,000 from State Matching Funds. On May 17, 2010, the Chancellor approved the design development plans and authorized expenditure.

On November 11, 2010, the Board approved an increase in total project cost from \$146,032,000 to \$196,714,677 with additional funding of \$50,682,677 from FEMA Insurance Claims. On December 13, 2010, the Chancellor approved an increase in total project cost from \$196,714,677 to \$201,714,677 and revised the funding sources to include \$5,000,000 from Hospital Revenues. On May 12, 2011, the Board approved the increase in total project cost from \$201,714,677 to \$522,184,744 and reallocated current funding as indicated on the attached chart.

On August 20, 2009, the **Research Buildings** project was included in the CIP with a total project cost of \$87,195,000 with funding of \$58,827,000 from FEMA Insurance Claims, \$8,759,000 from Private Insurance Claims, and \$19,609,000 from State Matching Funds. On May 17, 2010, the Chancellor approved the design development plans and authorized expenditure. On October 26, 2010, the Chancellor approved an increase in total project cost from \$87,195,000 to \$91,595,000 and revised the funding sources to include \$4,400,000 from Hospital Revenues. On December 13, 2010, the Chancellor approved an increase in the total project cost from \$91,595,000 to \$95,595,000 with additional funding of \$4,000,000 from Hospital Revenues. On May 12, 2011, the Board approved the decrease in total project cost from \$95,595,000 to \$76,545,308 and reallocated current funding as indicated on the attached chart.

U. T. Medical Branch - Galveston - Ike Recovery Projects

Academic and Business Buildings – Ike Recovery

Project No.: 601-504
 Project Delivery Method: Construction Manager-at-Risk
 Substantial Completion Date: October 2014

| | | | |
|---------------------|--|----------------------|----------------------|
| Total Project Cost: | <u>Source</u> | <u>Current</u> | <u>Proposed</u> |
| | FEMA Insurance Claims | \$180,155,380 | \$ 68,350,000 |
| | Private Insurance Claims | \$ 16,283,000 | \$ 28,470,000 |
| | General Revenue (State Matching Funds) | \$ 36,455,000 | \$ 36,540,000 |
| | Hospital Revenues | \$ 19,000,000 | \$ 8,390,000 |
| | Grants | \$ 0 | \$ 260,000 |
| | Gifts | \$ 0 | \$ 0 |
| | Revenue Financing System Bond Proceeds | \$ 0 | \$ 5,040,000 |
| | | <u>\$251,893,380</u> | <u>\$147,050,000</u> |

Healthcare Buildings – Ike Recovery

Project No.: 601-505
 Project Delivery Method: Construction Manager-at-Risk
 Substantial Completion Date: March 2015

| | | | |
|---------------------|--|----------------------|----------------------|
| Total Project Cost: | <u>Source</u> | <u>Current</u> | <u>Proposed</u> |
| | FEMA Insurance Claims | \$189,280,930 | \$170,110,000 |
| | Private Insurance Claims | \$ 15,237,002 | \$ 17,100,000 |
| | General Revenue (State Matching Funds) | \$ 53,605,351 | \$ 67,370,000 |
| | Hospital Revenues | \$ 26,739,331 | \$ 45,249,064 |
| | Grants | \$ 192,564 | \$ 683,936 |
| | Gifts | \$ 0 | \$ 10,467,000 |
| | Revenue Financing System Bond Proceeds | \$ 0 | \$ 45,210,000 |
| | | <u>\$285,055,178</u> | <u>\$356,190,000</u> |

Infrastructure – Ike Recovery

Project No.: 601-506
 Project Delivery Method: Construction Manager-at-Risk
 Substantial Completion Date: February 2017

| | | | |
|---------------------|--|----------------------|----------------------|
| Total Project Cost: | <u>Source</u> | <u>Current</u> | <u>Proposed</u> |
| | FEMA Insurance Claims | \$419,685,714 | \$377,210,000 |
| | Private Insurance Claims | \$ 14,669,000 | \$ 10,780,000 |
| | General Revenue (State Matching Funds) | \$ 55,791,549 | \$ 26,410,000 |
| | Hospital Revenues | \$ 32,038,481 | \$ 92,510,000 |
| | Grants | \$ 0 | \$ 1,310,000 |
| | Gifts | \$ 0 | \$ 0 |
| | Revenue Financing System Bond Proceeds | \$ 0 | \$ 73,640,000 |
| | | <u>\$522,184,744</u> | <u>\$581,860,000</u> |

Research Buildings – Ike Recovery

Project No.: 601-507
 Project Delivery Method: Construction Manager-at-Risk
 Substantial Completion Date: July 2015

| | | | |
|---------------------|--|----------------------|----------------------|
| Total Project Cost: | <u>Source</u> | <u>Current</u> | <u>Proposed</u> |
| | FEMA Insurance Claims | \$ 55,238,208 | \$ 15,370,000 |
| | Private Insurance Claims | \$ 8,759,000 | \$ 13,140,000 |
| | General Revenue (State Matching Funds) | \$ 4,148,100 | \$ 19,680,000 |
| | Hospital Revenues | \$ 8,400,000 | \$ 1,218,610 |
| | Grants | \$ 0 | \$ 60,000 |
| | Gifts | \$ 0 | \$ 0 |
| | Revenue Financing System Bond Proceeds | \$ 0 | \$ 1,110,000 |
| | | <u>\$ 76,545,308</u> | <u>\$ 50,578,610</u> |

10. U. T. Medical Branch - Galveston: Jennie Sealy Replacement Hospital - Amendment of the FY 2015-2020 Capital Improvement Program to revise funding; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Callender that the U. T. System Board of Regents approve the recommendations for the Jennie Sealy Replacement Hospital project at U. T. Medical Branch - Galveston (UTMB) as follows:

Project No.: 601-253
Project Delivery Method: Construction Manager-at-Risk
Substantial Completion Date: September 2015

| | | | |
|----------------------------|---|----------------------|----------------------|
| Total Project Cost: | <u>Source</u> | <u>Current</u> | <u>Proposed</u> |
| | Revenue Financing System Bond Proceeds ¹ | \$100,000,000 | \$175,000,000 |
| | Tuition Revenue Bond Proceeds | \$150,000,000 | \$150,000,000 |
| | Gifts | \$174,500,000 | \$ 99,500,000 |
| | Hospital Revenues | <u>\$ 13,500,000</u> | <u>\$ 13,500,000</u> |
| | | <u>\$438,000,000</u> | <u>\$438,000,000</u> |

Funding Note: ¹ Revenue Financing System (RFS) debt to be repaid from Gifts and Hospital Revenues

Investment Metrics: By 2020

- Increase hospital patient days by 20% from 101,160 to 122,000
- Increase hospital inpatient admissions by 15% from 22,510 to 26,000

- a. amend the FY 2015-2020 Capital Improvement Program (CIP) to revise funding to increase RFS Bond Proceeds by \$75,000,000 and reduce Gifts by \$75,000,000;
- b. appropriate and authorize expenditure of an additional \$75,000,000 from RFS; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and

- U. T. Medical Branch - Galveston, 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 \$75,000,000.

BACKGROUND INFORMATION

Debt Service

The \$75,000,000 in additional aggregate Revenue Financing System debt is expected to be repaid as Gifts are collected. Annual debt service on the \$75,000,000 Revenue Financing System debt is expected to be less than \$2,000,000 (interest only.) Funding will be provided through RFS commercial paper notes that will be retired as Gifts are collected. The debt service coverage for the institution is expected to be at least 2.3 times and average 2.7 times over FY 2015-2020.

Previous Board Actions

On August 11, 2005, the project was included in the CIP with a total project cost of \$250,000,000 with funding of \$100,000,000 from RFS Bond Proceeds and \$150,000,000 from Gifts. On August 25, 2011, the Board approved design development plans, and an increase in the total project cost to \$438,000,000 with additional funding of \$150,000,000 from Tuition Revenue Bond Proceeds, an additional \$24,500,000 from Gifts, and \$13,500,000 from Hospital Revenues.

Project Description

This proposed change in funding is needed to provide bridge financing pending the receipt of Gifts. As Gift funds are received, RFS commercial paper issued to provide interim financing is expected to be retired. The Sealy and Smith Foundation has committed \$170,000,000 of philanthropy towards the Jennie Sealy Replacement Hospital project. Of the total, \$34,000,000 has been received from the Sealy and Smith Foundation to date with the remainder expected to be received in equal installments of \$11,333,000 annually through FY 2026. UTMB expects to raise an additional \$100,000,000 of Gifts, of which \$16,100,000 has been received to date. If Gift funds are not received, RFS debt will be repaid from Hospital Revenues.

This project consists of a 12-story building that includes 20 operating rooms, a day surgery unit, 54 ICU rooms, 192 medical-surgical rooms, and one shelled floor that will accommodate an additional 64 rooms at a future date.



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FOR
TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE**

Committee Meeting: 8/20/2014

Board Meeting: 8/21/2014
Austin, Texas

Wallace L. Hall, Jr., Chairman
Ernest Aliseda
Alex M. Cranberg
R. Steven Hicks
Jeffery D. Hildebrand

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|---|--|----------------------|-------------|
| Convene | <i>11:00 a.m.</i> <i>Chairman Hall</i> | | |
| 1. U. T. System: Report from the 2014 Chancellor’s Technology Commercialization and Industry Advisory Cabinet concerning recommendations on most valuable strategies to increase innovation, invention, and knowledge transfer within the U. T. System | <i>11:00 a.m.</i> Report/Discussion <i>Dr. Hurn</i> | Not on Agenda | 318 |
| 2. U. T. System: Report from the Task Force on Intellectual Property | <i>11:20 a.m.</i> Report/Discussion <i>President Karbhari</i> | Not on Agenda | 325 |
| 3. U. T. System: Report on Student Entrepreneur Acceleration and Launch (SEAL) Program | <i>11:40 a.m.</i> Report/Discussion <i>Mr. Vijay</i> <i>Mr. Isaac Barchas,</i> <i>Austin Technology</i> <i>Incubator</i> | Not on Agenda | 331 |
| Adjourn | <i>12:00 p.m.</i> | | |

1. **U. T. System: Report from the 2014 Chancellor's Technology Commercialization and Industry Advisory Cabinet concerning recommendations on most valuable strategies to increase innovation, invention, and knowledge transfer within the U. T. System**

REPORT

Dr. Patricia Hurn, Vice Chancellor for Research and Innovation, will provide a report from the 2014 Chancellor's Technology Commercialization and Industry Advisory Cabinet concerning recommendations on the most valuable strategies to increase innovation, invention, and knowledge transfer within the U. T. System.

BACKGROUND INFORMATION

In 2012, Chancellor Cigarroa created an advisory body, the Chancellor's Technology Commercialization and Industry Advisory Cabinet, composed of national leaders with experience in business, marketing, technology, biosciences and geosciences, health care, and other areas of expertise. The charter of the Cabinet is to provide counsel to the Chancellor and the U. T. System on how to achieve greater success in commercialization of the discovery output from all 15 U. T. System institutions. The Cabinet meets annually. This year, the Cabinet focused on strategies that would enable U. T. System faculty and students to meet the mission of moving technologies and new knowledge to industry and community.

The recommendations that emerged from the Cabinet are summarized in the presentation on the following pages.

Report from the 2014 Chancellor's Technology Commercialization and Industry Advisory Cabinet

Dr. Patricia Hurn, Vice Chancellor for Research and Innovation
U. T. System Board of Regents' Meeting
Technology Transfer and Research Committee
August 2014



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Chancellor's Technology Commercialization and Industry Advisory Cabinet Participants

Advisory Cabinet Members

Clint Bybee
Gail H. Cassell
Jonathan Fleming
Arlene Morris
James Mulva
Joseph C. Salamone

Ambassadors to the Chancellor

Ronald DePinho
Gregory L. Fenves

Facilitator:

Mary Flanagan, Strategy & Leadership, LLC

UT System Representatives

Chancellor Francisco Cigarroa
Patricia Hurn
Evan Fitzmaurice
Ray Greenberg
Terry Hull
Dale Klein
BethLynn Maxwell
Jim Phillips
Pedro Reyes
Dan Sharphorn
Jeet Vijay

Specialty Consultant

Beena Koshy

Office of Technology Commercialization Staff who coordinated the meeting

Rose Briceno
Wei Chen
Theresa Johnson
Tiffany Kindred
Belinda Swan
Nick Tulloh

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Recommendations from the Advisory Cabinet

Adopt core values and key strategies for technology commercialization and innovation throughout the U. T. System.

Core Values:

- We have a responsibility to solve societal needs globally and locally
- We have a shared commitment to deliver innovation
- We promote risk taking through leadership and accountability
- We empower our people
- Transparency in all



Recommendations from the Advisory Cabinet (cont.)

Key Strategies:

- Increase high impact funding
- Celebrate and support entrepreneurship
- Promote effective partnerships inside and out
- Simplify and re-engineer processes
- Create and communicate U. T. Innovation brand
- Engage government partners in advancing innovation



Recommendations from the Advisory Cabinet (cont.)

Empower a systemwide Institute of Innovation to lead and support innovation, invention, and knowledge commercialization efforts throughout all U. T. System institutions. This Institute should:

- Set systemwide aspirations
- Provide subject matter expertise and technical assistance to U. T. System institutions
- Provide analysis of outcome metrics
- Utilize strategies and tactics that will encourage collaboration
- Ensure that innovation is prioritized at every level of each U. T. System institution, and at U. T. System



Recommendations from the Advisory Cabinet (cont.)

The Institute will include:

- Top level leadership with expertise in all areas of innovation (business development, regulatory/legal issues, intellectual property and the like)
- Development of consistent policies and best practices for use trans-system
- Clear and simple structures and processes to advance innovation
- Adequate resources to support efforts
- A collaborative governance structure with all institutions represented



2. **U. T. System: Report from the Task Force on Intellectual Property**

REPORT

U. T. Arlington President Karbhari, Co-Chair of the Board of Regents' Task Force on Intellectual Property (IP), will report on the activities, key findings, and recommendations from the Task Force.

BACKGROUND INFORMATION

The Task Force on Intellectual Property (IP), created by Chairman Foster on February 6, 2014, was charged with examining the intent, rationale, current language, workability, and requirements of the U. T. System Board of Regents' *Rules and Regulations* governing the disposition and management of research-derived IP at U. T. System institutions. The Task Force was also asked to recommend any needed changes or revisions to the Rules.

Dr. Karbhari's presentation is set forth on the following pages.

Regents' Task Force on Intellectual Property (IP)

Vistasp M. Karbhari, Ph.D.
President, U. T. Arlington

U. T. System Board of Regents' Meeting
Technology Transfer and Research Committee
August 2014



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Purpose of the Task Force

- Examine the intent, rationale, language, and workability of the U. T. System Board of Regents' *Rules and Regulations* (Series 90000)
- Recommend changes or revisions to the Rules
 - Consider any limitations posed by the Rules that would impact academic-industry partnerships
 - Foster a philosophy and culture of innovation
 - Assure that U. T. System continues its leading role in discovery



Charge and Methods of the Task Force

- Consider best practices in public university systems or peer organizations
- Evaluate new and emerging models of flexible IP ownerships
- Propose revisions in particular areas of interest, including IP of student origin and IP related to emerging educational technologies and inventions



Task Force Recommendations

- Revise the Regents' Rules to promote industry engagement and enhance brevity, simplicity of language, and clarity of intent
- Affirm student ownership of student-created IP
- Strengthen faculty and student incentives to pursue entrepreneurship
- Reconfigure the current allocation of net license revenue with the intent of increasing flexibility at U. T. System institutions



Task Force Recommendations (cont.)

- Conduct a systematic assessment of how best to advance institutional offices of technology and institutional goals for commercialization of discovery
- Appraise strategies for use of university facilities in industry partnerships
- The U. T. System Institute of Transformational Learning, as part of its ongoing study, should assess how IP related to institutional educational technology is currently managed and project a future state



3. **U. T. System: Report on Student Entrepreneur Acceleration and Launch (SEAL) Program**

REPORT

Mr. Jeet Vijay, Interim Executive Director of Technology Commercialization, will introduce Mr. Isaac Barchas, Director of Austin Technology Incubator (ATI) at U. T. Austin, to report on the Student Entrepreneur Acceleration and Launch Program. Mr. Barchas has been Director of ATI since 2006 and has overseen the incubation of over 100 companies. Prior to joining ATI, he was a leader of the North American Healthcare Practice and Global Organization Practice at McKinsey & Company.

A PowerPoint presentation is set forth on the following pages.

BACKGROUND INFORMATION

ATI, a part of the IC2 Institute at U. T. Austin, has supported technology startups since 1989. It has the longest track record and is one of the most successful venture incubators in the nation.

ATI created the SEAL program. The program is an intensive 12-week summer “boot camp” for students creating startups, and provides students access to ATI's methods, networks, and industry contacts. The SEAL program is a celebration and support of U. T. System student entrepreneurs, playing a key role in supporting U. T. Austin's entrepreneurship, innovation, and investment ecosystem. Over the past six years, roughly two-thirds of SEAL companies have raised capital from external investors.

Austin Technology Incubator (ATI) - Student Entrepreneur Acceleration and Launch (SEAL) Overview

Mr. Isaac Barchas
Director, Austin Technology Incubator
U. T. System Board of Regents' Meeting
Technology Transfer and Research Committee
August 2014

ati austin technology
incubator
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ATI - U. T. Austin's startup incubator

Incubator sustainability

- 25 years of sustained operations

10-year impact metrics (2003-2012) of graduate companies

- \$880 million economic impact
- 6,500 jobs
- \$21 million local tax impact

ati

ATI - U. T. Austin's startup incubator (cont.)

Recent impact of ATI incubation

- Class of 2012: 85% funded, \$292 million investor capital raised to date
- Class of 2014: 93% funded, \$67 million investor capital raised to date
- Since 2007: 17 exits, \$530 million in exit value

"Best practices" startup incubator; seeded incubators at UTEP, UTSA

ati

SEAL



- Selective summer boot camp
- Milestones, metrics, networks, mentors, investors
- “Go/No-go” decision
- \$12M raised to date

ati

Example SEAL companies

Ordoro

- 2010
- Fulfillment management software and systems for small-medium sized e-retailers
- \$1,700,000 raised

M87*

- 2010
- Multihop wireless solutions for bandwidth, battery improvement
- \$4,600,000 raised

* Licensed U. T. technology; Horizon Fund investment recipient.

Example SEAL companies (cont.)

Lynx Labs*

- 2012
- Ultra-rapid, ultra-accurate 3D imaging
- \$530,000 raised

Clay.IO

- 2013
- Marketplace and tools for game developers
- \$475,000 raised

* Licensed U. T. technology; Horizon Fund investment recipient.



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CONSENT AGENDA**

Committee and Board Meetings:
August 20-21, 2014
Austin, Texas

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U. T. SYSTEM ADMINISTRATION

1. Minutes - U. T. System Board of Regents: Approval of Minutes of the regular meetings held on May 14-15, 2014 and July 10, 2014; and the special called meetings held on May 20, 2014 and July 29, 2014
2. UTIMCO Committee Appointment - U. T. System Board of Regents: Proposed appointment of member to the Audit and Ethics Committee of the Board of Directors of The University of Texas Investment Management Company (UTIMCO)

The University of Texas Investment Management Company (UTIMCO) Board of Directors recommends that the U. T. System Board of Regents approve the appointment of H. Lee S. Hobson to the Audit and Ethics Committee of the UTIMCO Board of Directors. The other members of the Committee include John D. White (Chair), R. Steven Hicks, and Robert L. Stillwell.

Section 66.08 of the *Texas Education Code* requires that the U. T. System Board of Regents approve the appointment of members to the Audit and Ethics Committee of the UTIMCO Board of Directors. The UTIMCO Board of Directors recommended and approved this appointment on July 29, 2014, conditioned on approval of the U. T. System Board of Regents.

3. Contract (funds going out) - U. T. System: Opportune LLP to perform study of current University Lands' business process

| | |
|------------------|--|
| Agency: | Opportune LLP |
| Funds: | Amendment to existing contract for an addition of \$3,000,000, bringing the estimated total to \$8,933,000 |
| Source of Funds: | Service Department Revolving Funds |
| Period: | Commencing January 17, 2013, and continuing for a period of approximately 24 months. |
| Description: | Amendment of existing agreement with Opportune LLP to complete documentation of the current University Lands' business processes and development of custom programming services, data conversion services, documentation and training services, and other integration functions as they pertain to the new, comprehensive oil and gas royalty reporting and accounting system. Additional programming outside the original scope of work was necessary to accurately convert approximately 3,200,000 historical records essential for future operations. Additional support and program features have been added to the original project design. |

4. Contract (funds going out) - U. T. System: Amendment of contract to allow TALX, Inc. to assist U. T. System institutions in managing compliance with certain provisions of the Affordable Care Act

Agency: TALX, Inc.

Funds: \$1,000,000 over the six-year term of the agreement

Source of Funds: Separate funding by each institution electing to use TALX's services.

Period: The amendment term includes the final two years of the original agreement, which will expire on February 29, 2016.

Description: Existing contract with TALX, Inc. provides employment related professional services to the U. T. System institutions, including unemployment compensation claims management and income and employment verifications. In July 2014, an amendment to the original contract was negotiated to assist U. T. System institutions in managing compliance with certain provisions of the Affordable Care Act (ACA).

Each institution electing to use TALX, Inc.'s ACA Management Services will pay a fee based on the institution's employee count.

U. T. System Administration initially entered into the contract with TALX, Inc. on March 1, 2010. Given the institutional need to comply with the ACA, U. T. System Administration seeks Board approval to extend the contract for all scope of services over the entire term beyond a value of \$1,000,000.

5. Other Matters - U. T. System: Approval of Newly Commissioned Peace Officers

In accordance with Section 51.203 of the *Texas Education Code*, the Board is asked to approve the Commissioning of the following Peace Officers. The Officers have completed training at the U. T. System Police Training Academy and passed the State of Texas Police Officer Licensing Examination.

Effective date: May 30, 2014

| <u>Name</u> | <u>Institution</u> |
|-----------------------|--------------------|
| Taylor L. Coglianese | U. T. Austin |
| Nicholas A. Cotham | U. T. Austin |
| Eliana E. Decker | U. T. Austin |
| David A. Destasi | U. T. Austin |
| Austin G. Dirks | U. T. Austin |
| Christopher A. Miller | U. T. Austin |

| | |
|-------------------|--------------|
| Michael T. Murphy | U. T. Austin |
| Katie M. Paddon | U. T. Austin |
| Brett I. Watkins | U. T. Austin |

Changes in staff and increased responsibilities led to a delay in updating office procedure manuals, which resulted in a failure to provide the following names in a timely fashion.

Effective Date: May 30, 2013

| <u>Name</u> | <u>Institution</u> |
|---------------------|--------------------|
| Ashley N. Allen | U. T. Austin |
| Fidel Castro, Jr. | U. T. Pan American |
| Isaiah S. Garcia | U. T. San Antonio |
| Natasha R. Sawyer | U. T. Austin |
| Robert B. Land | U. T. Austin |
| Carolina Villarreal | U. T. Austin |
| Amberly T. Weyand | U. T. Austin |

6. Approval to exceed the full-time equivalent (FTE) limitation on employees paid from appropriated funds - U. T. System: Request approval to exceed the FTE limitation for Fiscal Year 2015 as authorized by Article IX of the General Appropriations Act

| <u>Institution</u> | Requested 2015 FTEs over the <u>Limitation</u> | 2014 FTEs over the <u>Limitation</u> |
|---------------------------------------|---|--|
| U. T. Arlington | 24.00 | 68.00 |
| U. T. Brownsville | 27.00 | N/A |
| U. T. El Paso | 45.00 | 50.00 |
| U. T. San Antonio | 33.50 | 70.00 |
| U. T. Tyler | 23.30 | 63.00 |
| U. T. Southwestern Medical Center | 75.00 | 75.00 |
| U. T. Medical Branch - Galveston | 240.00 | 330.00 |
| U. T. Health Science Center - Houston | 171.15 | 30.00 |
| U. T. M. D. Anderson Cancer Center | 736.20 | 599.00 |
| U. T. Health Science Center - Tyler | 140.10 | 60.54 |
| U. T. System Administration | 84.60 | 87.80 |

Also as required by Article IX, Section 6.10 of the *General Appropriations Act*, it is recommended that the U. T. System Board of Regents submit a request to the Governor's Office and the Legislative Budget Board to grant approval for these institutions to exceed the authorized number of FTE employees paid from appropriated funds. All other institutions will not exceed their cap.

The University of Texas System
Request to Exceed Full-time Equivalent (FTE) Limitation on Employees Paid From Appropriated Funds
For Period September 1, 2014 through August 31, 2015

Request to Exceed Cap - by Function

| | <u>Faculty</u> | <u>Staff</u> | <u>Total</u> |
|-------------------------------------|----------------|-----------------|-----------------|
| Instruction | 139.90 | 139.28 | 279.18 |
| Academic Support | 5.00 | 105.60 | 110.60 |
| Research | 46.40 | 169.30 | 215.70 |
| Public Service | - | - | - |
| Hospitals and Clinics | 4.80 | 913.40 | 918.20 |
| Institutional Support | - | 64.37 | 64.37 |
| Student Services | - | 1.00 | 1.00 |
| Operations and Maintenance of Plant | - | 10.80 | 10.80 |
| Scholarships and Fellowships | - | - | - |
| Total | <u>196.10</u> | <u>1,403.75</u> | <u>1,599.85</u> |

Request to Exceed Cap - by Institution

| | <u>FY 2014 Cap</u> | <u>Request to Exceed Cap</u> | | |
|---|--------------------|------------------------------|-----------------|-----------------|
| | | <u>Faculty</u> | <u>Staff</u> | <u>Total</u> |
| U. T. Arlington | 2,147.30 | 24.00 | - | 24.00 |
| U. T. Austin | 6,520.60 | - | - | - |
| U. T. Brownsville | 459.00 | 27.00 | - | 27.00 |
| U. T. Dallas | 1,486.10 | - | - | - |
| U. T. El Paso | 1,896.90 | 28.00 | 17.00 | 45.00 |
| U. T. Pan American | 1,450.70 | - | - | - |
| U. T. Permian Basin | 323.00 | - | - | - |
| U. T. San Antonio | 2,402.50 | 18.00 | 15.50 | 33.50 |
| U. T. Tyler | 474.00 | 16.30 | 7.00 | 23.30 |
| Total Academic Institutions | <u>17,160.10</u> | <u>113.30</u> | <u>39.50</u> | <u>152.80</u> |
| U. T. Southwestern Medical Center | 1,746.50 | 20.00 | 55.00 | 75.00 |
| U. T. Medical Branch - Galveston | 4,807.50 | - | 240.00 | 240.00 |
| U. T. Health Science Center - Houston | 1,745.90 | 50.20 | 120.95 | 171.15 |
| U. T. Health Science Center - San Antonio | 2,450.00 | - | - | - |
| U. T. M. D. Anderson Cancer Center | 13,426.70 | - | 736.20 | 736.20 |
| U. T. Health Science Center - Tyler | 724.80 | 12.60 | 127.50 | 140.10 |
| Total Health Institutions | <u>24,901.40</u> | <u>82.80</u> | <u>1,279.65</u> | <u>1,362.45</u> |
| U. T. System Administration | <u>224.80</u> | <u>-</u> | <u>84.60</u> | <u>84.60</u> ** |
| U. T. System Total | <u>42,286.30</u> | <u>196.10</u> | <u>1,403.75</u> | <u>1,599.85</u> |

*U. T. Austin, U. T. Dallas, U. T. Pan American, U. T. Permian Basin, and U. T. Health Science Center - San Antonio will not exceed their cap.

**Does not include an additional 47.9 FTEs that will be included if the Board approves the Tuition Offset Proposal to be reviewed at the August Board meeting. Part of that proposal would approve transferring audit staff at eight academic campuses to U. T. System Administration.

**The University of Texas System
Fiscal Year 2015 Request to Exceed Full-time Equivalent (FTE) Limitation on Appropriated Funds**

| Function | Faculty FTE Increase | Staff FTE Increase | Total FTE Increase from Appropriated Funds | Source of Funds | Justification |
|------------------------------------|----------------------|--------------------|--|---------------------------|--|
| U. T. System Administration | | | | | |
| Institutional Support | - | 84.60 | 84.60 | Available University Fund | Increase to FTEs primarily due to making Board approved strategic investments throughout the organization. Key areas include Systemwide information security, the UTShare information system and related shared business operations, technology efforts, the U. T. System's incubator for educational innovations, the Institute for Transformational Learning, and the new Business Development Office. |
| TOTAL | - | 84.60 | 84.60 | | |
| U. T. Arlington | | | | | |
| Instruction | 10.00 | | 10.00 | Educational and General | Faculty hiring has increased to address student demand for courses to meet goals to shorten time to graduate. |
| Research | 14.00 | | 14.00 | Educational and General | New research faculty to support the university's increase in Tier One research initiatives. |
| TOTAL | 24.00 | - | 24.00 | | |
| U. T. Brownsville | | | | | |
| Instruction | 27.00 | - | 27.00 | | Cap for this biennium was based on historical data from FY 12 for U. T. Brownsville employees during the partnership with Texas Southmost College and not using the estimate of 494 FTEs included in the Legislative Appropriations Request for FY 14-15. |
| TOTAL | 27.00 | - | 27.00 | | |
| U. T. El Paso | | | | | |
| Instruction | 13.00 | 2.00 | 15.00 | Educational and General | Additional full-time employees required to support enrollment demands. |
| Research | 10.00 | 5.00 | 15.00 | Educational and General | Increase in research initiatives require an increase in faculty to support the continued commitment to attain Tier One status. |
| Academic Support | 5.00 | 10.00 | 15.00 | Educational and General | Additional full-time employees required to support student success initiatives. |
| TOTAL | 28.00 | 17.00 | 45.00 | | |

Meeting of the U. T. System Board of Regents - Consent Agenda

| Function | Faculty FTE Increase | Staff FTE Increase | Total FTE Increase from Appropriated Funds | Source of Funds | Justification |
|--------------------------|----------------------|--------------------|--|-------------------------|--|
| U. T. San Antonio | | | | | |
| Instruction | 18.00 | 3.00 | 21.00 | Educational and General | Faculty hiring increases relative to enrollment as a critical priority to allow sufficient course sections, shorten time to graduate, and support research initiatives. |
| Academic Support | - | 6.00 | 6.00 | Educational and General | Staffing levels increased to support enrollment and key initiatives and programs, such as, Graduation Rate Improvement Plan, freshman initiatives and improving the Academic Advising Program. |
| Institutional Support | - | 4.00 | 4.00 | Educational and General | Staffing levels increased to support enrollment, key initiatives, technology modernization, and to maintain service levels. |
| Research | - | 2.50 | 2.50 | Educational and General | Staffing levels to support Tier One research initiatives. |
| TOTAL | 18.00 | 15.50 | 33.50 | | |
| U. T. Tyler | | | | | |
| Instruction | 4.00 | - | 4.00 | Educational and General | New program - nursing. |
| Instruction | 12.30 | - | 12.30 | Educational and General | Increase in enrollment. |
| Academic Support | - | 4.00 | 4.00 | Educational and General | Increase in enrollment. |
| Institutional Support | - | 2.00 | 2.00 | Educational and General | Increase in enrollment. |
| Student Services | - | 1.00 | 1.00 | Educational and General | Increase in enrollment. |
| TOTAL | 16.30 | 7.00 | 23.30 | | |

Meeting of the U. T. System Board of Regents - Consent Agenda

| Function | Faculty FTE Increase | Staff FTE Increase | Total FTE Increase from Appropriated Funds | Source of Funds | Justification |
|--|----------------------|--------------------|--|-------------------------|--|
| U. T. Southwestern Medical Center | | | | | |
| Research | 20.00 | 55.00 | 75.00 | General Revenue | New special item general revenue appropriation for Texas Institute for Brain Injury and Repair in FY 14-15. |
| TOTAL | 20.00 | 55.00 | 75.00 | | |
| U. T. Medical Branch - Galveston | | | | | |
| Hospitals and Clinics | - | 204.60 | 204.60 | Educational and General | The Legislative Appropriation Request estimates prepared in mid-FY 12 did not fully account for actual growth levels associated with the clinical development strategy. |
| Institutional Support | - | 35.40 | 35.40 | Educational and General | Increase in FTEs to support the clinical development strategy and other major capital projects. |
| TOTAL | - | 240.00 | 240.00 | | |
| U. T. Health Science Center - Houston | | | | | |
| Instruction | 20.85 | 77.22 | 98.07 | General Revenue | Entering the second year of the biennium allowed for further maximization of salaries on state funds for instruction at each of the schools. |
| Instruction | 29.35 | 25.76 | 55.11 | General Revenue | New special item for psychiatric sciences. In addition, increase in research formula funding. |
| Institutional Support | - | 14.27 | 14.27 | General Revenue | Increases in FTEs related to Human Resources and Information Technology staffing requirements. |
| Operation and Maintenance of Plant | - | 3.70 | 3.70 | General Revenue | Increase in infrastructure formula funding in FY 14-15 biennium allowed for staffing increases for building and maintenance operations and police. |
| TOTAL | 50.20 | 120.95 | 171.15 | | |
| U. T. M. D. Anderson Cancer Center | | | | | |
| Instruction | - | 28.40 | 28.40 | Patient Income | Increase in FTEs is required to provide the support for the growth in the educational and trainee programs to fulfill the instructional mission. |
| Research | - | 99.00 | 99.00 | Patient Income | Increase in FTEs is required to provide the research programs with the support and resources needed to fulfill the research mission. |
| Hospitals and Clinics | - | 608.80 | 608.80 | Patient Income | Increase in FTEs is required to provide standard of care and services to the increasing number of patients and to further improve the capacity to deliver quality cancer care. |
| TOTAL | - | 736.20 | 736.20 | | |

Meeting of the U. T. System Board of Regents - Consent Agenda

| Function | Faculty FTE Increase | Staff FTE Increase | Total FTE Increase from Appropriated Funds | Source of Funds | Justification |
|--|----------------------|--------------------|--|-------------------------|---|
| U. T. Health Science Center - Tyler | | | | | |
| Instruction | 5.40 | 2.90 | 8.30 | Educational and General | Provide for the new Degree Granting Program and to increase the capacity to deliver educational services to a growing student population. |
| Academic Support | - | 1.00 | 1.00 | Educational and General | Provide for the new Degree Granting Program and to increase the capacity to deliver educational services to a growing student population. |
| Research | 2.40 | 7.80 | 10.20 | Educational and General | Provide for Chair of Cellular Biology, as well as growth of the institution's effort to increase sponsored research activities. |
| Hospitals and Clinics | 4.80 | 100.00 | 104.80 | Educational and General | Provide for significant growth in the institution's patient population specifically related to the institution's Behavioral Health, Oncology, and Managed Care programs. |
| Institutional Support | - | 8.70 | 8.70 | Educational and General | Provide for institutional and infrastructural support related to a growing student, faculty, and staff population due to expansion and growth of the Behavioral Health, Managed Care, Oncology, Delivery System Reform Incentive Payments (DISRIP) related projects, and physical plant and related services and activities. |
| Operation and Maintenance of Plant | - | 7.10 | 7.10 | Educational and General | Provide for the physical plant, safety, and housekeeping requirements related to a growing student, faculty, and staff population due to completion of Phase II (final phase) build-out of shell space in the Academic Center as well significant expansion and growth of the Behavioral Health Programs and DISRIP related projects. |
| TOTAL | 12.60 | 127.50 | 140.10 | | |

7. Real Estate Report - U. T. System: Summary Report of Separately Invested Assets managed by U. T. System

**THE UNIVERSITY OF TEXAS SYSTEM
SEPARATELY INVESTED ASSETS
Managed by U. T. System
Summary Report at May 31, 2014**

| | FUND TYPE | | | | | | | |
|--------------------------------|-------------------------------|----------------------|--------------------------------|-----------------------|----------------------------------|---------------------|-----------------------|-----------------------|
| | Current Purpose Restricted | | Endowment and Similar Funds | | Annuity and Life Income Funds | | TOTAL | |
| | Book | Market | Book | Market | Book | Market | Book | Market |
| Land and Buildings: | | | | | | | | |
| Ending Value 02/28/14 | \$ 1,735,492 | \$ 11,830,603 | \$ 97,989,386 | \$ 266,642,791 | \$ 1,601,467 | \$ 3,033,085 | \$ 101,326,345 | \$ 281,506,480 |
| Increase or Decrease | 0 | 0 | (10,000) | 3,279,478 | - | - | (10,000) | 3,279,478 |
| Ending Value 05/31/2014 | <u>\$ 1,735,492</u> | <u>\$ 11,830,603</u> | <u>\$ 97,979,386</u> | <u>\$ 269,922,269</u> | <u>\$ 1,601,467</u> | <u>\$ 3,033,085</u> | <u>\$ 101,316,345</u> | <u>\$ 284,785,957</u> |
| Other Real Estate: | | | | | | | | |
| Ending Value 02/28/14 | \$ 20,628 | \$ 20,628 | \$ 13,547 | \$ 13,547 | \$ - | \$ - | \$ 34,175 | \$ 34,175 |
| Increase or Decrease | (2,862) | (2,862) | (13,538) | (13,538) | - | - | (16,400) | (16,400) |
| Ending Value 05/31/2014 | <u>\$ 17,766</u> | <u>\$ 17,766</u> | <u>\$ 9</u> | <u>\$ 9</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 17,775</u> | <u>\$ 17,775</u> |

Report prepared in accordance with Sec. 51.0032 of the *Texas Education Code*.
Details of individual assets by account furnished on request.

Note: Surface estates are managed by the U. T. System Real Estate Office. Mineral estates are managed by U. T. System University Lands. The royalty interests received from the Estate of John A. Jackson for the John A. and Katherine G. Jackson Endowed Fund in Geosciences are managed by the U. T. Austin Geology Foundation, with the assistance of the Bureau of Economic Geology.

ACADEMIC INSTITUTIONS

8. Contract (funds coming in) - U. T. Arlington: Interagency Cooperation Contract between Texas Commission on Environmental Quality (TCEQ) and U. T. Arlington to provide subject matter experts to assist the TCEQ with data collection and analysis

Agency: Texas Commission on Environmental Quality (TCEQ), an agency of the State of Texas

Funds: \$1,662,521

Period: August 3, 2012 through August 31, 2015

Description: U. T. Arlington will provide subject matter experts to assist the TCEQ with data collection and analysis for their Safe Drinking Water Information System. The original contract dated August 3, 2012, for \$235,000 was amended on November 15, 2012, for an additional \$160,000 and again on July 22, 2013, for an additional \$587,903. The existing contract expires on August 31, 2014. TCEQ would like to extend this contract through August 31, 2015, for an additional \$679,618. This would bring the total funds for this contract to \$1,662,521.

9. New Award of Tenure and Emeritus Appointments - U. T. Arlington: New award of tenure and emeritus appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

| College, Department, and Name | From | To |
|--|---------------------|-------------------------|
| College of Business | | |
| Accounting | | |
| Nandu Nagarajan | New Hire | Professor (T) |
| Terrance Skantz | Associate Professor | Associate Professor (T) |
| Information Systems and Operations Management | | |
| Key-Yut Chen | New Hire | Professor (T) |
| College of Education | | |
| Curriculum and Instruction | | |
| Holly Hungerford-Kresser | Assistant Professor | Associate Professor (T) |
| Peggy Semingson | Assistant Professor | Associate Professor (T) |

| <u>College, Department, and Name</u> | <u>From</u> | <u>To</u> |
|--|--|--|
| Educational Leadership and Policy Studies Maria Tache | Associate Professor | Associate Professor (T) |
| College of Engineering | | |
| Bioengineering Baohong Yuan | Assistant Professor | Associate Professor (T) |
| Computer Science and Engineering Christoph Csallner | Assistant Professor | Associate Professor (T) |
| Industrial and Manufacturing Systems Engineering Paul J. Componation | New Hire | Professor (T) |
| Mechanical and Aerospace Engineering Alan Bowling Daejong Kim | Assistant Professor Assistant Professor | Associate Professor (T) Associate Professor (T) |
| College of Liberal Arts | | |
| Art and Art History David W. Keens Daryl Lauster | Professor (T) Assistant Professor | Professor Emeritus Associate Professor (T) |
| Communication Shelley Wigley | Assistant Professor | Associate Professor (T) |
| History Stanley H. Palmer | Professor (T) | Professor Emeritus |
| English Philip Gary Cohen James Warren | Professor (T) Assistant Professor | Professor Emeritus Associate Professor (T) |
| Modern Languages Sonja Stephenson Watson | Assistant Professor | Associate Professor (T) |
| Music Young-Hyun Cho | Assistant Professor | Associate Professor (T) |
| Political Science Jill Clark | Associate Professor (T) | Associate Professor Emeritus |
| Sociology and Anthropology Ritu Gairola Khanduri Jason E. Shelton | Assistant Professor Assistant Professor | Associate Professor (T) Associate Professor (T) |

| College, Department, and Name | From | To |
|---|---------------------|-------------------------|
| College of Nursing | | |
| Nursing | | |
| Mindi Anderson | Assistant Professor | Associate Professor (T) |
| Anne Bavier | New Hire | Professor (T) |
| Mary Lou Bond | Professor (T) | Professor Emeritus |
| Kathryn Daniel | Assistant Professor | Associate Professor (T) |
| College of Science | | |
| Biology | | |
| Woo-Suk Chang | Assistant Professor | Associate Professor (T) |
| Maeli Melotto | Assistant Professor | Associate Professor (T) |
| Jorge Rodrigues | Assistant Professor | Associate Professor (T) |
| Chemistry and Biochemistry | | |
| Frank W. Foss Jr. | Assistant Professor | Associate Professor (T) |
| Brad S. Pierce | Assistant Professor | Associate Professor (T) |
| Physics | | |
| Yue Deng | Assistant Professor | Associate Professor (T) |
| Muhammad Nurul Huda | Assistant Professor | Associate Professor (T) |
| David Nygren | New Hire | Professor (T) |
| Psychology | | |
| Angela J. Liegey Dougall | Assistant Professor | Associate Professor (T) |
| Linda L. Perrotti | Assistant Professor | Associate Professor (T) |
| School of Architecture | | |
| Architecture | | |
| Edward M. Baum | Professor (T) | Professor Emeritus |
| Bradley Bell | Assistant Professor | Associate Professor (T) |
| School of Social Work | | |
| Social Work | | |
| Doreen Elliott | Professor (T) | Professor Emeritus |
| School of Urban and Public Affairs | | |
| Urban and Public Affairs | | |
| Colleen Casey | Assistant Professor | Associate Professor (T) |

10. Other Matters - U. T. Arlington: Proposal to unbundle tuition and compulsory fees

U. T. Arlington is requesting permission to unbundle tuition and compulsory fees for billing purposes. This will create an easy and transparent tuition and fee schedule that allows all campus constituents to understand how tuition and fees are charged. Charging the tuition and fee rates separately will not result in a change to the rates students were charged in Academic Year 2013-2014, nor will it change the amount students will be charged in Academic Year 2014-2015.

11. Contract - U. T. Austin: Football Game Agreement with Ohio State University

Agency: Ohio State University

Funds: \$500,000 per game to the visiting school only, for two games total, one in Austin, Texas, and one in Columbus, Ohio

Breach of Contract: Damages up to \$1,000,000 per game

Source of Funds: Intercollegiate Athletics

Period: July 1, 2014 through September 30, 2023

Description: Football Game Agreement between Intercollegiate Athletics for Men and Ohio State University for two football games: on September 17, 2022 at Darrell K Royal-Texas Memorial Stadium, Austin, Texas, and on September 16, 2023 at Ohio Stadium, Columbus, Ohio.

12. Contract (funds coming in) - U. T. Austin: Amendment to Agreement for Baden Sports, Inc. as the "official ball carrier" for the University Interscholastic League

Agency: Baden Sports, Inc.

Funds: Renewal Term I - \$1,505,000 in cash, plus an additional estimated \$99,000 in supplied products for University Interscholastic League (UIL) championship events and UIL sanctioned events

Optional Renewal Term II - an additional estimated \$1,505,000 in cash and \$99,000 in supplied products maybe available under optional Renewal Term II

Period: Renewal Term I - July 1, 2015 through June 30, 2017
Optional Renewal Term II - July 1, 2017 through June 30, 2019
Original Agreement Term was July 1, 2010 through June 30, 2015

Description: Second Amendment to the Qualified Sponsorship and License Agreement for Baden Sports, Inc. to extend the term through June 30, 2017, and provide additional cash and supplied products (footballs, volleyballs, tennis balls, basketballs, baseballs, softballs, golf balls, soccer balls, and t-shirts) in return for the continued designation as the "Official Ball Carrier of the University Interscholastic League" for UIL championship events and UIL sanctioned events.

The original Agreement was approved by the Board of Regents at the November 11, 2010 meeting. Baden Sports, Inc. was selected through a competitive Request for Proposal process.

At U. T. Austin's option, the Original Agreement may be extended through June 30, 2019 (Renewal Term II).

13. Contract (funds going out) - U. T. Austin: Vanderweil Facility Advisors, Inc. to provide Facilities Condition Assessment Professional Services to Campus facilities

Agency: Vanderweil Facility Advisors, Inc.

Funds: Not to exceed \$1,224,545

Source of Funds: Repair and Renovation Funds

Period: Initial term of current contract authorized assessment services in FY 2011/2012, with three additional fiscal years' assessment through FY 2014/2015. The current, proposed authorization is for FY 2014/2015.

Description: Vanderweil Facility Advisors (VFA), Inc. provides a comprehensive facility condition assessment (FCA) that provides thorough information about all current building deficiencies, from structure to systems and components. The FCA will determine both immediate and long-term cost liabilities for building component lifecycle renewal, deferred maintenance, and code compliance based on industry-standard cost databases from RSMeans and expert cost models. Once complete, the facility condition assessment data is stored securely in VFA facility, a facilities capital planning and asset management solution. This information is complimentary, and provides the data necessary to populate the Facilities Renewal Resource Model system utilized by U. T. System to determine the facility condition index of each campus and allows U. T. Austin to address not only current operational requirements, but also facility renewal forecasting and capital funding scenarios for capital project planning efforts.

14. New Award of Tenure and Emeritus Appointments - U. T. Austin: New award of tenure and emeritus appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

| College, Department, and Name | From | To |
|---------------------------------------|-------------------------|------------------------------|
| School of Architecture | | |
| Architecture | | |
| Francisco H. Gomes | Assistant Professor | Associate Professor (T) |
| Terry D. Kahn | Professor (T) | Professor Emeritus |
| McCombs School of Business | | |
| Accounting | | |
| Judson Caskey | Assistant Professor | Associate Professor (T) |
| Dain Donelson | Assistant Professor | Associate Professor (T) |
| Business, Government and Society | | |
| Kishore Gawande | New Hire | Professor (T) |
| Marketing | | |
| Raghunath S. Rao | Assistant Professor | Associate Professor (T) |
| Garrett P. Sonnier | Assistant Professor | Associate Professor (T) |
| Moody College of Communication | | |
| Advertising | | |
| Angeline G. Close | Assistant Professor | Associate Professor (T) |
| Bradford R. Love | Assistant Professor | Associate Professor (T) |
| Communication Sciences and Disorders | | |
| Amy E. Booth | New Hire | Professor (T) |
| Communication Studies | | |
| Scott R. Stroud | Assistant Professor | Associate Professor (T) |
| Journalism | | |
| Gene Burd | Associate Professor (T) | Associate Professor Emeritus |
| College of Education | | |
| Curriculum and Instruction | | |
| Noah De Lissovoy | Assistant Professor | Associate Professor (T) |
| Educational Administration | | |
| Jennifer J. Holme | Assistant Professor | Associate Professor (T) |
| Richard J. Reddick | Assistant Professor | Associate Professor (T) |

| <u>College, Department, and Name</u> | <u>From</u> | <u>To</u> |
|---|---|---|
| Kinesiology / Health Education Keryn E. Pasch | Assistant Professor | Associate Professor (T) |
| Cockrell School of Engineering | | |
| Aerospace Engineering Jayant Sirohi | Assistant Professor | Associate Professor (T) |
| Chemical Engineering Hal S. Alper Christopher J. Ellison | Assistant Professor Assistant Professor | Associate Professor (T) Associate Professor (T) |
| Civil Engineering Amit Bhasin | Assistant Professor | Associate Professor (T) |
| Electrical and Computer Engineering Mikhail A. Belkin Andreas M. Gerstlauer Sujay Sanghavi | Assistant Professor Assistant Professor Assistant Professor | Associate Professor (T) Associate Professor (T) Associate Professor (T) |
| Mechanical Engineering James E. Bickel | Assistant Professor | Associate Professor (T) |
| College of Fine Arts | | |
| Art and Art History Leslie A. Mutchler | Assistant Professor | Associate Professor (T) |
| Theatre and Dance Robert Ramirez | New Hire | Associate Professor (T) |
| Jackson School of Geosciences | | |
| Geological Sciences Luc L. Lavier | Assistant Professor | Associate Professor (T) |
| School of Law | | |
| Law Mira Ganor Basil S. Markesinis Julius G. Getman | Assistant Professor Professor (T) Professor (T) | Professor (T) Professor Emeritus Professor Emeritus |
| College of Liberal Arts | | |
| African and African Diaspora Studies King E. Davis | Professor (T) | Professor Emeritus |

| College, Department, and Name | From | To |
|---|---|--|
| Anthropology Deborah A. Bolnick Darrell Creel | Assistant Professor Associate Professor (T) | Associate Professor (T) Associate Professor Emeritus |
| Asian Studies Heather A. Hindman | Assistant Professor | Associate Professor (T) |
| Classics Adam T. Rabinowitz | Assistant Professor | Associate Professor (T) |
| Economics Leigh L. Linden | Assistant Professor | Associate Professor (T) |
| French and Italian Francois P. Lagarde | Associate Professor (T) | Associate Professor Emeritus |
| Geography and the Environment Rebecca M. Torres | Assistant Professor | Associate Professor (T) |
| Government Michael G. Findley Michael S. Wolford | Assistant Professor Assistant Professor | Associate Professor (T) Associate Professor (T) |
| Linguistics Rajka Smiljanic | Assistant Professor | Associate Professor (T) |
| Middle Eastern Studies Tarek A. El-Ariss Na'ama Pat-El | Assistant Professor Assistant Professor | Associate Professor (T) Associate Professor (T) |
| Philosophy Lawrence R. Buchanan | Assistant Professor | Associate Professor (T) |
| Psychology Amy E. Booth Andreana P. Haley Marlone D. Henderson Cristine H. Legare Marie H. Monfils Jonathan W. Pillow | New Hire Assistant Professor Assistant Professor Assistant Professor Assistant Professor Assistant Professor | Professor (T) Associate Professor (T) Associate Professor (T) Associate Professor (T) Associate Professor (T) Associate Professor (T) |
| Sociology Leticia J. Marteleto Elizabeth M. Pettit | Assistant Professor New Hire | Associate Professor (T) Professor (T) |
| Dell Medical School Susan C. Morris | New Hire | Professor (T) |

| College, Department, and Name | From | To |
|---------------------------------------|-------------------------|------------------------------|
| College of Natural Sciences | | |
| Chemistry | | |
| Lauren J. Webb | Assistant Professor | Associate Professor (T) |
| Katherine A. Willets | Assistant Professor | Associate Professor (T) |
| Human Development and Family Sciences | | |
| Lisa A. Neff | Assistant Professor | Associate Professor (T) |
| Mathematics | | |
| Andrew J. Blumberg | Assistant Professor | Associate Professor (T) |
| Kui Ren | Assistant Professor | Associate Professor (T) |
| Molecular Biosciences | | |
| Johann K. Eberhart | Assistant Professor | Associate Professor (T) |
| Adrian T. Keatinge-Clay | Assistant Professor | Associate Professor (T) |
| Sara L. Sawyer | Assistant Professor | Associate Professor (T) |
| John W. La Claire II | Professor (T) | Professor Emeritus |
| Neuroscience | | |
| Ila P. Fiete | Assistant Professor | Associate Professor (T) |
| Hiroshi Nishiyama | Assistant Professor | Associate Professor (T) |
| Nicholas J. Priebe | Assistant Professor | Associate Professor (T) |
| Physics | | |
| Lawrence C. Shepley | Associate Professor (T) | Associate Professor Emeritus |

15. Emeritus Appointments - U. T. Austin: Approval of emeritus titles

James W. Vick, from Ashbel Smith Professor and Distinguished Teaching Professor to Ashbel Smith Professor Emeritus and Distinguished Teaching Professor Emeritus, Department of Mathematics (RBC No. 5756) -- amendment to the 2013-2014 budget

Douglas R. Lloyd, from Henry Beckman Professor in Chemical Engineering to Henry Beckman Professor Emeritus in Chemical Engineering, Cockrell School of Engineering (RBC No. 5816) -- amendment to the 2013-2014 budget

Robert L. Talbert Jr., from Smithkline Centennial Professorship in Pharmacy to Smithkline Centennial Professor Emeritus in Pharmacy, College of Pharmacy (RBC No. 5955) -- amendment to the 2013-2014 budget

Henry R. Bose, from Mary M. Betzner Morrow Centennial Chair in Microbiology to Mary M. Betzner Morrow Centennial Chair Emeritus in Microbiology, Molecular Biosciences (RBC No. 5958) -- amendment to the 2013-2014 budget

Robert H. Tatham, from Shell Companies Foundation Centennial Chair in Geophysics to Shell Companies Foundation Centennial Chair Emeritus in Geophysics, Department of Geological Sciences (RBC No. 5986) -- amendment to the 2014-2015 budget

William D. Carlson, from Peter T. Flawn Centennial Chair in Geology and Distinguished Teaching Professor to Peter T. Flawn Centennial Chair Emeritus in Geology and Distinguished Teaching Professor Emeritus, Department of Geological Sciences (RBC No. 5989) -- amendment to the 2014-2015 budget

16. Request for Budget Change - U. T. Austin: Transfer \$2,000,000 from CBA - Business - Dean's Revolving Fund Maintenance, Operation and Equipment account to PMCS - CBA - Renovate Teaching Excellence All Expenses account to supplement funding for McCombs School of Business active learning classroom (RBC No. 5804) -- amendment to the 2012-2013 budget
17. Request for Budget Change - U. T. Austin: Transfer \$679,695 from HTRS - Hire Texas Renovations account to PMCS - CAM - RENO UA9/SSB Part of Hire Texas Project All Expenses account to renovate/remodel as part of the Hire Texas Project (RBC No. 5936) -- amendment to the 2013-2014 budget
18. Request for Budget Change - U. T. Austin: Transfer \$500,000 from MDSC - Medical School Maintenance, Operation, and Equipment account and MDSC - Medical School Unallocated Reserve account to PMCS - SZB - Medical School Space - 5th Floor All Expenses account to renovate George I. Sanchez Building 5th floor (RBC No. 5937) -- amendment to the 2013-2014 budget
19. Request for Budget Change - U. T. Austin: Transfer \$876,384 from VPBA - Research Infusion Operating Income account to PMCS - ARC - Loading Dock/Storage Expansion All Expenses account to provide funding for vivarium capital project (RBC No. 5940) -- amendment to the 2013-2014 budget
20. Request for Budget Change - U. T. Austin: Transfer \$722,032 from Economics - Masters of Arts Operating Income account to Economics - Masters of Arts Faculty Salaries, Teaching Assistants, Administrative and Professional, Tuition Remission, and Fringe Benefits account to distribute income from Option III Economics Masters of Arts degree program fee (RBC No. 5945) -- amendment to the 2013-2014 budget
21. Request for Budget Change - U. T. Austin: Transfer \$1,106,329 from IPSI - Literacy Conferences Operating Income account to IPSI - Literacy Conferences Classified Salaries, Fringe Benefits, Small Vendor Contracts, Maintenance Operation and Equipment, Meeting Costs, APS Agreements, Travel, Contracted Printed Services account to distribute income from all district registration fees (RBC No. 5946) -- amendment to the 2013-2014 budget

- 22. Request for Budget Change - U. T. Austin: Transfer \$1,050,000 from ITS - Operations Operating Income Telecommunications account to ITS - Operations Maintenance, Operation, and Equipment account to distribute income from monthly Information Technology Services bill, commissions for Crown Castle, Civil Right Summit and others (RBC No. 5947) -- amendment to the 2013-2014 budget

- 23. Request for Budget Change - U. T. Austin: Transfer \$550,000 from HRC - Gift Collection Revolving Fund Operating Income account to HRC - Gift Collection Revolving Fund All Expenses account to distribute income from sale of gift (RBC No. 5962) -- amendment to the 2013-2014 budget

- 24. Request for Budget Change - U. T. Austin: Transfer \$800,000 from UTI - UT System South Texas Replication Project Operating Income account to UTI - UT System South Texas Replication Project Administrative and Professional Salaries, Fringe Benefits, Maintenance, Operation, and Equipment, Pan Am account and Brownsville account to distribute anticipated income from pending invoice to U. T. System based on contract to support UTeach Replication Expansion (RBC No. 5963) -- amendment to the 2013-2014 budget

| Description | \$ Amount | RBC # |
|--|-----------|-------|
| UT SYSTEM S. TEXAS REPLICATION PROJECT | | |
| Amount of Transfer: | 800,000 | 5963 |
| From: Designated Funds - UTI - UT System S. Texas Replication Project Operating Income | 800,000 | |
| To: Designated Funds - UTI - UT System S. Texas Replication Project Administrative and Professional Salaries | 75,000 | |
| UTI - UT System S. Texas Replication Project Fringe Benefits | 20,000 | |
| UTI - UT System S. Texas Replication Project Maintenance, Operation, and Equipment | 5,000 | |
| UTI - UT System S. Texas Replication Project Pan Am | 350,000 | |
| UTI - UT System S. Texas Replication Project Brownsville | 350,000 | |

- 25. Request for Budget Change - U. T. Austin: Transfer \$617,076 from LAW - School of Law Continuing Legal Education, INC. Operating Income account to LAW - School of Law Continuing Legal Education, INC. Maintenance, Operation, and Equipment, and Fringe Benefits account to distribute income from Continuing Legal Education fees and registration (RBC No. 5964) -- amendment to the 2013-2014 budget

26. Request for Budget Change - U. T. Austin: Transfer \$1,200,000 from VPCS - AT&T Executive Education and Conference Center Operating Income account to VPBA - AT&T EECC Renewal and Replacement Reserve Allocated for Budget account to provide funding for approved Executive Education and Conference Center Capital Expenditure Plan (RBC No. 5965) -- amendment to the 2013-2014 budget
27. Request for Budget Change - U. T. Austin: Transfer \$790,000 from INT - International Academic Programs Operating Income account to INT - International Academic Programs Wages and Maintenance, Operation, and Equipment accounts to distribute income from Saudi Basic Industries Corporation, Bahrain Petroleum Company, King Abdullah University of Science and Technology, and Chevron programs fees (RBC No. 6029) -- amendment to the 2013-2014 budget

| Description | \$ Amount | RBC # |
|---|-----------|-------|
| INT - INTERNATIONAL ACADEMIC PROGRAMS | | |
| Amount of Transfer: | 790,000 | 6029 |
| From: Designated Funds - INT - International Academic Programs Operating Income | 790,000 | |
| To: Designated Funds - INT - International Academic Programs Wages | 15,000 | |
| INT - International Academic Programs Maintenance, Operation, and Equipment | 775,000 | |

28. Request for Budget Change - U. T. Austin: Transfer \$1,393,000 from INT - International Office - ESL Programs Operating Income account to INT - International Office - ESL Program Travel account and INT - International Office - ESL Program Maintenance, Operation, and Equipment account and INT - International Office - ESL Program Wages account to distribute income from English as Second Language Program tuition (RBC No. 6039) -- amendment to the 2013-2014 budget

| Description | \$ Amount | RBC # |
|--|-----------|-------|
| INT - INTERNATIONAL OFFICE | | |
| Amount of Transfer: | 1,393,000 | 6039 |
| From: Designated Funds - INT - International Office - ESL Programs Operating Income | 1,393,000 | |
| To: Designated Funds - INT - International Office - ESL Programs Maintenance, Operation, and Equipment | 863,000 | |
| INT - International Office - ESL Programs Wages | 500,000 | |
| INT - International Office - ESL Programs Travel | 30,000 | |

- 29. Request for Budget Change - U. T. Austin: Transfer \$900,000 from INT - International Student Health Insurance Fee Operating Income account to INT - International Student Health Insurance Fee Maintenance, Operation, and Equipment account to distribute income from Fall, Spring and Summer international health insurance billings (RBC No. 6052) -- amendment to the 2013-2014 budget

- 30. Request for Budget Change - U. T. Austin: Transfer \$2,053,802 from TPA - Texas Performing Arts Revolving Fund Income account to TPA - Texas Performing Arts Maintenance, Operation, and Equipment account to distribute income from admissions welcome event charges, merchandise sales, and Texas Performing Arts ticket sales (RBC No. 6084) -- amendment to the 2013-2014 budget

- 31. Employee Agreement - U. T. Austin: Head Men's Swimming and Diving Coach Agreement for Edwin C. Reese

The following Agreement has been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System Board of Regents. If the Agreement is approved, total compensation for the contract period for Coach Reese will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. Any violation of the provisions of such Constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay and/or dismissal (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12 - Athletic Employment Agreements).

Item: Head Men's Swimming and Diving Coach Agreement

From: **Guaranteed compensation:**
Annual Salary: \$174,409
Annual Salary Supplement: \$15,000
Automobile: option of one dealer car or \$7,500 annually
Product Endorsement: \$2,000

Nonguaranteed compensation:
Sports Camps and Clinics: TBD, based on camp revenue
Team Performance Incentives: \$42,000
Team Academic Performance Incentives: \$10,000

To: **Guaranteed compensation:**
Annual Salary: \$198,000
Annual Salary Supplement: Removed
Automobile: No Change
Product Endorsement: No Change

Nonguaranteed compensation:
Sports Camps and Clinics: No Change
Team Performance Incentives: No Change
Team Academic Performance Incentives: No Change

Guaranteed
Compensation
Percent Change: 4%

Nonguaranteed
Compensation
Change: No Change

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Head Men’s Swimming and Diving
Coach Edwin C. Reese

Period: September 1, 2014 through August 31, 2017 (Initial Agreement
effective September 1, 2005)

32. Employee Agreement - U. T. Austin: Head Men’s Tennis Coach Agreement for Michael
Center

The following Agreement has been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System Board of Regents. If the Agreement is approved, total compensation for the contract period for Coach Center will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents’ *Rules and Regulations*, and the policies of The University of Texas at Austin. Any violation of the provisions of such Constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay and/or dismissal (Regents’ *Rules and Regulations*, Rule 10501, Section 2.2.12 - Athletic Employment Agreements).

Item: Head Men’s Tennis Coach Agreement

From: **Guaranteed compensation:**
Annual Salary: \$156,781
Automobile: option of one dealer car or \$7,500 annually
Product Endorsement: \$2,000

Nonguaranteed compensation:
Sports Camps and Clinics: TBD, based on camp revenue
Team Performance Incentives: \$42,000 Maximum
Team Academic Performance Incentives: \$10,000 Maximum

To: **Guaranteed compensation:**
Annual Salary: \$190,000
Automobile: No Change
Product Endorsement: No Change

Nonguaranteed compensation:
Sports Camps and Clinics: No Change
Team Performance Incentives: No Change
Team Academic Performance Incentives: No Change

Guaranteed
Compensation
Percent Change: 21%

Nonguaranteed
Compensation
Change: No Change

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Head Men's Tennis Coach Michael Center

Period: September 1, 2014 through August 31, 2019 (Initial Agreement effective September 1, 2005)

33. Employee Agreement - U. T. Austin: Head Men's Golf Coach Agreement for John Fields

The following Agreement has been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System Board of Regents. If the Agreement is approved, total compensation for the contract period for Coach Fields will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. Any violation of the provisions of such Constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay and/or dismissal (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12 - Athletic Employment Agreements).

Item: Head Men's Golf Coach Agreement

From: **Guaranteed compensation:**
Annual Salary: \$154,475
Automobile: option of one dealer car or \$7,500 annually
Product Endorsement: \$44,500

Nonguaranteed compensation:
Sports Camps and Clinics: TBD, based on camp revenue
Team Performance Incentives: \$42,000 Maximum
Team Academic Performance Incentives: \$10,000 Maximum

To: **Guaranteed compensation:**
Annual Salary: \$208,000
Automobile: No Change
Product Endorsement: \$2,000

Nonguaranteed compensation:
Sports Camps and Clinics: No Change
Team Performance Incentives: No Change
Team Academic Performance Incentives: No Change

Guaranteed
Compensation
Percent Change: 5%

Nonguaranteed
Compensation
Change: No Change

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Head Men's Golf Coach John Fields

Period: September 1, 2014 through August 31, 2019 (Initial Agreement effective September 1, 2005)

34. Employment Agreement - U. T. Austin: Head Women's Rowing Coach Agreement for David M. O'Neill

The following Agreement has been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System Board of Regents. If the Agreement is approved, total compensation for the contract period for Coach O'Neill will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. Any violation of the provisions of such Constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay and/or dismissal. (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12 – Athletic Employment Agreements).

Item: Head Women's Rowing Coach Agreement

Proposed: **Guaranteed compensation:**
Annual Salary: \$175,000

Nonguaranteed compensation:
Sports Camps and Clinics: TBD, based on camp revenue
Team Performance Incentives: \$47,000 Maximum
Team Academic Performance Incentives: \$10,000 Maximum

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Head Women's Rowing Coach David M. O'Neill

Period: July 2, 2014 through July 31, 2020

35. New Award of Tenure Appointments - U. T. Brownsville: New award of tenure appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

| College, Department, and Name | From | To |
|--|--|------------------------------------|
| College of Biomedical Sciences and Health Professions | | |
| Biomedicine Masako Isokawa | Associate Professor | Professor (T) |
| College of Business | | |
| Management and Marketing Tom Coyle | Assistant Professor | Associate Professor (T) |
| College of Nursing | | |
| Nursing Eloisa G. Tamez | Associate Professor | Professor (T) |
| College of Liberal Arts | | |
| English James Frost | Associate Professor | Associate Professor (T) |
| Sheila Dooley | Assistant Professor | Associate Professor (T) |
| Elizabeth Vidaurri | Associate Master Technical Instructor | Master Technical Instructor (T) |
| Modern Languages Elena Vega-Sampayo | Assistant Professor | Associate Professor (T) |
| Music Cristina Ballatori | Assistant Professor | Associate Professor (T) |
| Susan De Ghize | Assistant Professor | Associate Professor (T) |
| Daniel Hunter-Holly | Assistant Professor | Associate Professor (T) |
| Susan Hurley-Glowa | Assistant Professor | Associate Professor (T) |
| College of Education | | |
| Health and Human Performance Murat Karabulut | Assistant Professor | Associate Professor (T) |
| College of Science, Mathematics and Technology | | |
| Chemistry and Environmental Sciences Wei Lin | Assistant Professor | Associate Professor (T) |
| Tarek M. Trad | Assistant Professor | Associate Professor (T) |

| College, Department, and Name | From | To |
|--|--|--|
| Physics and Astronomy Malik Rakhmanov Karen Martirosyan | Assistant Professor Associate Professor | Associate Professor (T) Associate Professor (T) |
| School of Engineering and Computational Science Nazmul Islam | Assistant Professor | Associate Professor (T) |

36. Emeritus Appointments - U. T. Brownsville: Approval of emeritus titles

Miguel Escotet, from Dean of the College of Education and Professor of Intercultural Studies and Research to Professor Emeritus, College of Education (RBC No. 6076) -- amendment to the 2013-2014 budget

Sue Zanne Urbis, from Professor of Department of Music, to Professor Emeritus, College of Liberal Arts (RBC No. 6077) -- amendment to the 2013-2014 budget

Richard Urbis, from Professor of Department of Music, to Professor Emeritus, College of Liberal Arts (RBC No. 6078) -- amendment to the 2013-2014 budget

Wayne Moore, from Professor of English, to Professor Emeritus, Department of Liberal Arts (RBC No. 6098) -- amendment to the 2013-2014 budget

37. New Award of Tenure and Emeritus Appointments - U. T. Dallas: New award of tenure and emeritus appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

| College, Department, and Name | From | To |
|---|--|--|
| School of Arts and Humanities | | |
| Art History Charissa Terranova | Assistant Professor | Associate Professor (T) |
| Communications/Literature John Gooch | Assistant Professor | Associate Professor (T) |
| Graduate/Literature Charles Hatfield | Assistant Professor | Associate Professor (T) |
| Historical Studies Cihan Muslu Eric Schlereth | Assistant Professor Assistant Professor | Associate Professor (T) Associate Professor (T) |

| College, Department, and Name | From | To |
|---|---------------------|-------------------------|
| Literary Studies Matthew Bondurant | Assistant Professor | Associate Professor (T) |
| School of Behavioral and Brain Sciences Susan Jerger | Professor (T) | Professor Emeritus |
| Erik Jonsson School of Engineering and Computer Science Electrical Engineering Rashaunda Henderson | Assistant Professor | Associate Professor (T) |
| Naveen Jindal School of Management Finance Kelsey Wei | Assistant Professor | Associate Professor (T) |
| Management Information Systems Jianqing Chen | Assistant Professor | Associate Professor (T) |
| School of Natural Sciences and Mathematics Chemistry Jie Zheng | Assistant Professor | Associate Professor (T) |
| Mathematical Sciences Swati Biswas | Assistant Professor | Associate Professor (T) |
| Physics David Lary | Associate Professor | Associate Professor (T) |
| Anton Malko | Assistant Professor | Associate Professor (T) |
| Wolfgang Rindler | Professor (T) | Professor Emeritus |

38. Lease - U. T. Dallas: Authorization to lease approximately 13.3 acres of land located on the edge of the institution's campus north of Synergy Park Boulevard, Richardson, Texas, to Northside Campus Partners, LP, for the development and operation of market housing and retail uses

Description: Ground lease of approximately 13.3 acres of unimproved land. The ground tenant will construct two four-story residential apartment buildings along with two-story townhomes holding in aggregate approximately 600 beds in about 300 units, with roughly 20,000 square feet of ground-level flex/retail space and related surface and structured parking for approximately 750 vehicles at an estimated development cost of \$50 million. The ground lease will also contain provisions in which the tenant indemnifies the

landlord for all matters arising from the tenant's use or occupancy of, or activities on, the premises. The Board of Regents' interest in the real property will not be subordinated to the lien of any mortgagee of the tenant's leasehold interest. Security shall be provided by Tenant, but U. T. Dallas will retain the right for its police to enforce.

Tenant: Northside Campus Partners, LP, a Texas limited partnership

Term: 61 years, with no options to extend

Lease Income: The initial annual base rent of \$175,000 will increase over the term by 3% annually. The tenant will also share 35% of the portion of gross revenues that are in excess of an annual percentage rent threshold, initially set at 95% of expected gross revenues. The percentage rent threshold will increase over the term by 3% annually. The annual base rent will be adjusted to market on the 31st anniversary of the lease based on an independent appraisal, subject to a floor of 90% of the prior year's annual base rent and a ceiling of 200% of the prior year's annual base rent. The lease is a net lease to Landlord; the tenant pays all expenses, including property taxes.

Total Area: Approximately 13.3 acres; net area is less. The lease area includes roadway easements serving the property and adjacent U. T. Dallas lands.

Purchase Rights: Landlord will retain a right of first offer should the tenant elect to market the leasehold estate. In addition, the Landlord will have the right to purchase the leasehold and improvements in the 5th, 10th, and 20th anniversaries of the lease for \$70 million, \$80 million, and \$105 million respectively. Landlord will have the right to purchase the leasehold estate at fair market value on the 30th, 40th and 50th anniversaries of the lease, subject to a tenant right to delay such purchase by up to 30 months.

Appraisal: Fair market rental rate of \$170,500 annually, increasing by 3% per year over the term of the ground lease (Jackson Clayborn, Inc., date of valuation May 22, 2014).

Guarantee: Construction of the project will be guaranteed by Balfour Beatty Campus Solutions, LLC; this guarantee will be subordinate to a construction guarantee to a lender, if any.

39. New Award of Tenure Appointments - U. T. El Paso: New award of tenure appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

| College, Department, and Name | From | To |
|---|---------------------|-------------------------|
| College of Business | | |
| Administration | | |
| Accounting and Information Systems | | |
| Giorgio Gotti | Assistant Professor | Associate Professor (T) |
| Management and Marketing | | |
| José H. Ablanedo Rosas | Assistant Professor | Associate Professor (T) |
| Wenming Chung | Assistant Professor | Associate Professor (T) |
| College of Education | | |
| Dean's Office | | |
| Cyndi Giorgis | New Hire | Professor (T) |
| Teacher Education | | |
| Erika L. Mein | Assistant Professor | Associate Professor (T) |
| Ronald R. Wagler | Assistant Professor | Associate Professor (T) |
| College of Engineering | | |
| Civil Engineering | | |
| Carlos M. Chang | Assistant Professor | Associate Professor (T) |
| Industrial, Manufacturing and Systems Engineering | | |
| Eric D. Smith | Assistant Professor | Associate Professor (T) |
| Mechanical Engineering | | |
| Vinod Kumar | Assistant Professor | Associate Professor (T) |
| Evgeny Shafirovich | Assistant Professor | Associate Professor (T) |
| Metallurgical and Materials Engineering | | |
| Anupama Kaul | New Hire | Professor (T) |
| Devesh Misra | New Hire | Professor (T) |
| College of Health Sciences | | |
| Occupational Therapy | | |
| Christine Chen | New Hire | Professor (T) |
| College of Liberal Arts | | |
| Communication | | |
| Roberto Avant-Mier | Associate Professor | Associate Professor (T) |

| College, Department, and Name | From | To |
|--|--|--|
| Criminal Justice Jeffrey Rojek | New Hire | Associate Professor (T) |
| English Ruben Espinosa | Assistant Professor | Associate Professor (T) |
| Languages and Linguistics Matthew V. Desing Alfredo Urzúa Beltrán | Assistant Professor Assistant Professor | Associate Professor (T) Associate Professor (T) |
| Political Science Cigdem Sirin Villalobos Jose de Jesus Villalobos | Assistant Professor Assistant Professor | Associate Professor (T) Associate Professor (T) |
| Theatre and Dance Hideaki Tsutsui | Assistant Professor | Associate Professor (T) |
| College of Science | | |
| Biology Bruce Cushing | New Hire | Professor (T) |
| Geology Deana Pennington | Research Associate Professor | Associate Professor (T) |
| School of Nursing | | |
| Nursing Hsueh-Fen (Sabrina) Kao Diane B. Monsivais | Associate Professor Assistant Professor | Associate Professor (T) Associate Professor (T) |

40. New Award of Tenure and Emeritus Appointments - U. T. Pan American: New award of tenure and emeritus appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

| College, Department, and Name | From | To |
|--|---|--|
| College of Arts and Humanities | | |
| Art Donna M. Sweigart | Assistant Professor | Associate Professor (T) |
| English Amy E. Cummins Marci Renee McMahon Frederick von Ende | Assistant Professor Assistant Professor Professor (T) | Associate Professor (T) Associate Professor (T) Professor Emeritus |

| College, Department, and Name | From | To |
|--|---|---|
| History and Philosophy Megan E. Birk Brent Steven Campney Linda Christine English | Assistant Professor Assistant Professor Assistant Professor | Associate Professor (T) Associate Professor (T) Associate Professor (T) |
| Music and Dance Scott Daniel Roeder | Assistant Professor | Associate Professor (T) |
| College of Business Administration | | |
| Accounting and Business Law Akinloye Akindayomi Andrew Ayimbila Anabila | Assistant Professor Assistant Professor | Associate Professor (T) Associate Professor (T) |
| Computer Information System and Quantitative Methods Francis K. Andoh Baidoo | Assistant Professor | Associate Professor (T) |
| Economics and Finance Thanh Ngoc Ngo | Assistant Professor | Associate Professor (T) |
| Management Michael Alemayehu Abebe | Assistant Professor | Associate Professor (T) |
| College of Education | | |
| Curriculum and Instruction Elementary and Secondary Jacob William Neumann | Assistant Professor | Associate Professor (T) |
| Educational Leadership Maria Banda Roberts | Assistant Professor | Associate Professor (T) |
| Educational Psychology Cynthia Lynn Wimberly | Assistant Professor | Associate Professor (T) |
| College of Engineering and Computer Science | | |
| Electrical Engineering Mark Yul Chu | Assistant Professor | Associate Professor (T) |
| College of Health Sciences and Human Services | | |
| Social Work Sudershan Pasupuleti | New Hire | Professor (T) |

| College, Department, and Name | From | To |
|--|---------------------|-------------------------|
| College of Science and Mathematics | | |
| Biology | | |
| Teresa Patricia Feria Arroyo | Assistant Professor | Associate Professor (T) |
| Christopher J. Vitek | Assistant Professor | Associate Professor (T) |
| Mathematics | | |
| Eleftherios Gkioulekas | Assistant Professor | Associate Professor (T) |
| Sean D. Lawton | Assistant Professor | Associate Professor (T) |
| Mrinal K. Roychowdhury | Assistant Professor | Associate Professor (T) |
| Physics and Geology | | |
| Dorina Magdalena Chipara | Assistant Professor | Associate Professor (T) |
| College of Social and Behavioral Sciences | | |
| Political Science | | |
| Clyde Barrow | New Hire | Professor (T) |
| Robert D. Wrinkle | Professor (T) | Professor Emeritus |
| Psychology | | |
| Joseph Hovey | New Hire | Professor (T) |
| Gary T. Montgomery | Professor (T) | Professor Emeritus |
| Laura D. Seligman | New Hire | Associate Professor (T) |
| Public Affairs and Security Studies | | |
| William L. Turk | Professor (T) | Professor Emeritus |
| Sociology and Anthropology | | |
| Igor Ryabov | Assistant Professor | Associate Professor (T) |

41. Request for Budget Change - U. T. Pan American: Transfer \$615,000 from Designated Tuition to Unexpended Plant Funds for the purpose of funding the Parking Lot Security Cameras Project (RBC No. 5994) -- amendment to the 2013-2014 budget

42. Lease - U. T. Pan American: Authorization to lease industrial space at 5700 International Parkway, McAllen, Hidalgo County, Texas, from Verde 5700 International Parkway L.P., for computer-aided manufacturing

Description: Lease of space at 5700 International Parkway, McAllen, Hidalgo County, Texas, to be used by U. T. Pan American as industrial space for computer-aided manufacturing for its Rapid Response Manufacturing Center. Authorization is requested for U. T. Pan American's Vice President for Business Affairs to execute the lease on completion of negotiations and approval by the Real Estate Office.

Lessor: Verde 5700 International Parkway, L.P., a Texas limited partnership

Term: The term is expected to commence on November 1, 2014, and continues for 62 months with one five-year renewal.

Total Area: Approximately 30,210 square feet

Lease Cost: Approximately \$667,000 of base rent plus approximately \$181,000 in estimated operating expenses over the initial 62-month term; additional base rent and operating expenses are anticipated if the lease is renewed. Base rent is free for the first two months of the lease then rent starts at \$4.20 per square foot on an annualized basis with 2.5% base rent increases every year of the term. Estimated initial operating expenses are \$1.20 per square foot. Total tenant improvement costs are estimated to be \$1.1 million with the Lessor providing a \$70,000 allowance for construction of a new office area and restrooms, a demising wall and separately metering the space. The institution will be responsible for all other tenant improvement and equipment costs.

Source of Funds: Special Line Item Appropriation Funding

43. New Award of Tenure Appointments - U. T. Permian Basin: New award of tenure appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

| College, Department, and Name | From | To |
|------------------------------------|---------------------|-------------------------|
| College of Arts and Science | | |
| Social Sciences | | |
| Harold Abrams | Assistant Professor | Associate Professor (T) |
| Math and Computer Science | | |
| Xinyun Zhu | Assistant Professor | Associate Professor (T) |
| College of Education | | |
| Bilingual / ESL | | |
| Yolanda Salgado | Assistant Professor | Associate Professor (T) |

44. Logo - U. T. Rio Grande Valley: Temporary wordmark

The following proposed temporary wordmark has been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor for External Relations and is submitted for approval by the U. T. System Board of Regents in accordance with Regents' *Rules and Regulations*, Rule 40801.

The wordmark was vetted with several of the U. T. Rio Grande Valley working groups, including the Transition Committee, Change Management Committee, and Community Engagement Committee, all composed of U. T. System, U. T. Brownsville, and U. T. Pan American executives, and U. T. Rio Grande Valley President Guy Bailey. It was also presented to students at open student forums at U. T. Brownsville and U. T. Pan American, with the caveat that it is subject to change pending final input and decisions on new school colors, logo, mascot, and other identifiers.

Because of the urgent need to produce, print, and mail new enrollment, financial aid, and other administrative publications to recruit the U. T. Rio Grande Valley inaugural class of 2015, a temporary wordmark was created. It is subject to modifications after official school colors and brands are selected, and that process is underway. It is a highly inclusive process consisting of a dedicated website encouraging public recommendations, a student committee chaired by student government presidents from U. T. Brownsville and U. T. Pan American, and a steering committee selected by President Bailey and composed of students, faculty, staff, and alumni.

The temporary colors for the wordmark are Pantone Cool Gray 10C and Pantone Orange 158C.



45. Foreign Contract (funds coming in) - U. T. San Antonio: Contract with South Korea Agency for Defense Development for research on target tracking and engagement using infrared sensors attached to high speed autonomous aerial vehicles

Agency: South Korea Agency for Defense Development, Republic of Korea

Funds: \$220,000 (Fixed-price)

Period: Effective Date is conditional upon the following:
a. Final date of signature by both parties: June 23, 2014
b. Date of approval of Export License (if required): Pending from U.S. Department of State
c. Date of Issue of Irrevocable Letter of Credit by sponsoring agency: Pending from sponsoring agency

End Date: December 1, 2015

Description: Research contract to investigate solving a target tracking and engagement problem using a strap-down infrared sensor on a high speed autonomous aerial vehicle. The research will develop and test a robust aerial vehicle control law and an optimal infrared image-based and virtual field of view based estimation filter for an autonomous unmanned aerial vehicle to track and engage a fast moving surface/ground target using a single fixed and non-gimbaled infrared camera. The research will also develop a simulator to reliably test the performance of both the control law and the estimation filter.

46. New Award of Tenure and Emeritus Appointments - U. T. San Antonio: New award of tenure and emeritus appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

| College, Department, and Name | From | To |
|---|-------------------------|------------------------------|
| College of Architecture | | |
| Construction Science | | |
| Suat Gunhan | Assistant Professor | Associate Professor (T) |
| College of Business | | |
| Finance | | |
| Onur Bayar | Assistant Professor | Associate Professor (T) |
| Information Systems and Cyber Security | | |
| Nicole Beebe | Assistant Professor | Associate Professor (T) |
| Zhechao Liu | Assistant Professor | Associate Professor (T) |
| Management | | |
| Huy Le | New Hire | Associate Professor (T) |
| Cynthia Lengnick-Hall | Professor (T) | Professor Emeritus |
| Rodolpho Sandoval | Associate Professor (T) | Associate Professor Emeritus |
| Marketing | | |
| Suman Basuroy | New Hire | Professor (T) |
| College of Education and Human Development | | |
| Bicultural Bilingual Studies | | |
| Margarita Machado-Casas | Assistant Professor | Associate Professor (T) |
| Peter Sayer | Assistant Professor | Associate Professor (T) |

| <u>College, Department, and Name</u> | <u>From</u> | <u>To</u> |
|---|-------------------------|------------------------------|
| College of Engineering | | |
| Biomedical Engineering | | |
| Mark Appleford | Assistant Professor | Associate Professor (T) |
| Anand Ramasubramanian | Assistant Professor | Associate Professor (T) |
| Liang Tang | Assistant Professor | Associate Professor (T) |
| Civil and Environmental Engineering | | |
| JoAnn Browning | New Hire | Professor (T) |
| Adolfo Matamoros | New Hire | Professor (T) |
| Electrical and Computer Engineering | | |
| Shuo Wang | Assistant Professor | Associate Professor (T) |
| College of Liberal and Fine Arts | | |
| Anthropology | | |
| Kathryn Brown | Assistant Professor | Associate Professor (T) |
| Art and Art History | | |
| Ronald C. Binks | Professor (T) | Professor Emeritus |
| Teresa Eckmann | Assistant Professor | Associate Professor (T) |
| Dennis Olsen | Professor (T) | Professor Emeritus |
| English | | |
| Bonnie Lyons | Professor (T) | Professor Emeritus |
| History | | |
| Catherine Clinton | New Hire | Professor (T) |
| Dwight F. Henderson | Professor (T) | Professor Emeritus |
| Music | | |
| Robert Rustowicz | Associate Professor (T) | Associate Professor Emeritus |
| David Sebald | Associate Professor (T) | Associate Professor Emeritus |
| Philosophy and Classics | | |
| Eve Browning | New Hire | Professor (T) |
| Political Science and Geography | | |
| Walter Wilson | Assistant Professor | Associate Professor (T) |
| College of Public Policy | | |
| Criminal Justice | | |
| Marie Tillyer | Assistant Professor | Associate Professor (T) |
| Demography | | |
| Corey Spark | Assistant Professor | Associate Professor (T) |

| College, Department, and Name | From | To |
|-------------------------------|-------------------------|------------------------------|
| Public Administration | | |
| Tansu Demir | Assistant Professor | Associate Professor (T) |
| Branco Ponomariov | Assistant Professor | Associate Professor (T) |
| College of Sciences | | |
| Biology | | |
| Astrid Cardona | Assistant Professor | Associate Professor (T) |
| Andrew Martinez | Professor (T) | Professor Emeritus |
| Nicole Wicha | Assistant Professor | Associate Professor (T) |
| Geological Sciences | | |
| Stuart Birnbaum | Associate Professor (T) | Associate Professor Emeritus |
| Physic and Astronomy | | |
| Christopher Packham | Assistant Professor | Associate Professor (T) |

47. Request for Budget Change - U. T. San Antonio: Transfer \$886,000 from Utilities account to Repair and Rehabilitation-SA Project 401-667 account to fund the Science Building HVAC renovations (RBC No. 6005) -- amendment to the 2013-2014 budget

48. Employee Agreement - U. T. San Antonio: New agreement for Head Men’s Football Coach Larry Coker

The following Agreement has been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System Board of Regents. If the Agreement is approved, total compensation for the contract period for Coach Coker will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at San Antonio is a member, the Regents’ *Rules and Regulations*, and the policies of The University of Texas at San Antonio. Any violation of the provisions of such Constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay and/or dismissal (Regents’ *Rules and Regulations*, Rule 10501, Section 2.2.12 - Board Approval).

Item: Head Men’s Football Coach Agreement

From: **Guaranteed compensation:**
 Annual Salary: \$350,000
 Annual Salary Supplement: Home game suite
 Annual Personal Expense Allowance: \$0
 Automobile: one dealer car
 Product Endorsement: \$1,000

Nonguaranteed compensation:

Sports Camps and Clinics: Based on camp revenues
Team Performance Incentives: \$80,333.33
Team Academic Performance Incentives: \$0
Speeches/Coach's Shows: 25% of Base Salary
Coach of the Year Honors: \$12,000

To:

Guaranteed compensation:

Annual Salary: FY2015 - \$400,000
FY2016 - \$425,000
FY2017 - \$450,000
FY2018 - \$475,000
FY2019 - \$500,000
Annual Salary Supplement: Home game suite; country club membership
Annual Personal Expense Allowance: No Change
Automobile: No Change
Product Endorsement: No Change

Nonguaranteed compensation:

Sports Camps and Clinics: No Change
Team Performance Incentives: \$185,000
Team Academic Performance Incentives: \$10,000
Speeches/Coach's Shows: No Change
Coach of the Year Honors: \$35,000

Guaranteed
Compensation
Percent Change: 15% (FY2015)

Nonguaranteed
Compensation
Change: 150%

Source of funds: Intercollegiate Athletics

Description: This agreement terminates and replaces the initial agreement for employment of Head Men's Football Coach, Larry Coker, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel. The base salary will increase by \$25,000 annually.

Period: September 1, 2014 through August 31, 2019

49. New Award of Tenure and Emeritus Appointments - U. T. Tyler: New award of tenure and emeritus appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

| College, Department, and Name | From | To |
|--|--|--|
| College of Arts and Sciences | | |
| Performing Arts Cameron Rose | Assistant Professor | Associate Professor (T) |
| Mathematics David Milan Jon Regan Beckham | Assistant Professor Assistant Professor | Associate Professor (T) Associate Professor (T) |
| College of Business and Technology | | |
| Accounting, Finance, and Business Law Tammy Cowart Gus Gordon Nicholas Fessler James Lumpkin | Assistant Professor Associate Professor New Hire New Hire | Associate Professor (T) Professor (T) Associate Professor (T) Professor (T) |
| Marketing and Management Krist Swimberghe Miguel Caldas | Assistant Professor New Hire | Associate Professor (T) Professor (T) |
| HRD and Technology Kim Nimon | New Hire | Associate Professor (T) |
| College of Education and Psychology | | |
| School of Education William Bruce Brenda Gilliam | Professor (T) Professor (T) | Professor Emeritus Professor Emeritus |
| Educational Leadership and Policy Studies Peggy Gill | Professor (T) | Professor Emeritus |
| College of Engineering and Computer Science | | |
| Civil Engineering J. Torey Nalbone | Associate Professor | Associate Professor (T) |

| College, Department, and Name | From | To |
|---|---------------------|-------------------------|
| College of Nursing and Health Sciences | | |
| Nursing | | |
| Beth Mastel-Smith | Associate Professor | Associate Professor (T) |
| Melinda Hermanns | Assistant Professor | Associate Professor (T) |
| Belinda Deal | Assistant Professor | Associate Professor (T) |
| Yong "Tai" Wang | New Hire | Professor (T) |
| Susan Yarbrough | New Hire | Professor (T) |
| Health and Kinesiology | | |
| Xuanliang Neil Dong | Assistant Professor | Associate Professor (T) |
| David Criswell | New Hire | Professor (T) |
| College of Pharmacy | | |
| Pharmacy | | |
| L. Douglas Ried | New Hire | Professor (T) |
| Rahmat Talukder | New Hire | Associate Professor (T) |

HEALTH INSTITUTIONS

50. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide professional and administrative services to support the operations of UT Southwestern Health Systems

Agency: UT Southwestern Health Systems

Funds: \$2,272,113

Period: September 1, 2014 through August 31, 2015

Description: U. T. Southwestern Medical Center will provide finance and administrative services, plus the leasing of U. T. Southwestern Medical Center employees to UT Southwestern Health Systems (UTSHS), in support of the UT Southwestern Accountable Care Network (UTSACN). These services and leased employees will support the general operations of UTSHS and UTSACN.

51. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide professional and technical services to support the operations of UT Southwestern Moncrief Cancer Center

Agency: UT Southwestern Moncrief Cancer Center

Funds: \$7,241,530

Period: September 1, 2014 through August 31, 2015

Description: U. T. Southwestern Medical Center will provide professional and technical services. UT Southwestern Moncrief Cancer Center (MCI) will reimburse UT Southwestern for the cost of leasing employees. These services and leased employees will support the general operations of MCI.

52. Contract (funds going out) - U. T. Southwestern Medical Center: Krause Advertising to provide multimedia brand image campaign services

Agency: Krause Advertising

Funds: \$1,460,000

Source of Funds: Designated Funds - MSRDP/DSRDP/PRS practice plan professional fees

Period: September 1, 2014 through August 31, 2015

Description: Krause Advertising will provide multimedia brand image campaign services

53. Contract (funds going out) - U. T. Southwestern Medical Center: Contract with UT Southwestern Health Systems for Accountable Care Network services

Agency: UT Southwestern Health Systems

Funds: \$4,400,000

Source of Funds: Designated Funds - MSRDP Practice Plan Fees and Hospital Patient Income

Period: September 1, 2014 through August 31, 2015

Description: UT Southwestern Accountable Care Network (UTSACN) is a network of community physicians that supports U. T. Southwestern Medical Center's mission and its patient referral base. UTSACN provides assistance with managed care contracting, shared services, and clinical integration. U. T. Southwestern Medical Center will pay UT Southwestern Health System for the cost of providing this Accountable Care Network.

54. Contract (funds going out) - U. T. Southwestern Medical Center: UT Southwestern Moncrief Cancer Center to provide professional and technical services

Agency: UT Southwestern Moncrief Cancer Center

Funds: \$8,633,783

Source of Funds: Restricted Expandable Funds - Delivery System Reform Incentive Payment (DSRIP) program

Period: March 1, 2014 through August 31, 2016

Description: UT Southwestern Moncrief Cancer Center will provide program staffing, program storage services, program workspace, patient encounter services, and program outreach services in support of the Mobile Cancer Survivorship Care program.

55. Tenure Appointment - U. T. Southwestern Medical Center: Amendment to the 2013-2014 budget

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

| Description | Effective Date | % Time | Full-time Salary | | RBC # |
|---------------------------|----------------|--------|------------------|---------|-------|
| | | | No. Mos. | Rate \$ | |
| School of Medicine | | | | | |
| Pediatrics | | | | | |
| Jessica Moreland | | | | | 5886 |
| From: Clinical Professor | 10/21/2013 | 25 | 12 | 81,250 | |
| To: Professor (T) | 1/7/2014 | 100 | 12 | 325,000 | |

Note: This item did not timely appear on the previous Consent Agenda due to a clerical issue.

56. New Award of Tenure Appointments - U. T. Southwestern Medical Center: New award of tenure appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

| College, Department, and Name | From | To |
|--|---------------------|-------------------------|
| College of Anesthesiology and Pain Management | | |
| Anesthesiology and Pain Management | | |
| Uttam Tambar | Assistant Professor | Associate Professor (T) |
| College of Cell Biology | | |
| Cell Biology | | |
| Jun-Shen Huang | Assistant Professor | Associate Professor (T) |
| College of Clinical Sciences | | |
| Clinical Sciences | | |
| Lindsay Cowell | Assistant Professor | Associate Professor (T) |
| Song Zhang | Assistant Professor | Associate Professor (T) |
| College of Immunobiology | | |
| Immunobiology | | |
| Chandrashekhhar Pasare | Assistant Professor | Associate Professor (T) |

| College, Department, and Name | From | To |
|---|--|--|
| College of Internal Medicine Internal Medicine Pier Scaglioni | Assistant Professor | Associate Professor (T) |
| College of Microbiology Microbiology Nicholas Conrad | Assistant Professor | Associate Professor (T) |
| College of Molecular Biology Molecular Biology Michael Buszczak Chun-Li Zhang | Assistant Professor Assistant Professor | Associate Professor (T) Associate Professor (T) |
| College of Obstetrics and Gynecology Obstetrics and Gynecology Joseph Schaffer | Professor | Professor (T) |
| College of Pharmacology Pharmacology Xuewu Zhang | Assistant Professor | Associate Professor (T) |
| College of Psychiatry Psychiatry Beth Kennard | Professor | Professor (T) |
| College of Surgery Surgery Steven Wolf | Professor | Professor (T) |

57. Lease - U. T. Southwestern Medical Center: Authorization to assume the lease of space located at 701 Tuscan Drive, City of Irving, Dallas County, Texas, from Tuscan OB/GYN Associates, LLP for OB/GYN clinic use

Description: Assumption of lease of approximately 6,451 rentable square feet of space located at 701 Tuscan Drive, Irving, Texas, for use as an OB/GYN clinic. The Lessor of the property is Tuscan Medical Properties, LLC, a Delaware limited liability company.

Assignor: Tuscan OB/GYN Associates, LLP, a Texas limited liability partnership

Term: Approximately 76 months commencing on or about August 1, 2014 and expiring on November 30, 2020.

Lease Costs: \$1,561,403.82 in rent and estimated operating expenses during the term. The initial rental rate is \$21.73 per square foot annually and increases 3% per square foot each year beginning on December 1, 2015.

Source of Funds: Patient Revenue

58. Contract (funds coming in) - U. T. Medical Branch - Galveston: To provide professional radiation oncology and medical director services at Baptist Hospitals of Southeast Texas d/b/a Baptist Beaumont Hospital

Agency: Baptist Hospitals of Southeast Texas d/b/a Baptist Beaumont Hospital

Funds: Not to exceed \$2,560,000

Period: August 1, 2014 through July 31, 2017, with automatic renewals for one-year periods

Description: U. T. Medical Branch - Galveston will provide professional radiation oncology and medical director services at Baptist Beaumont Hospital.

59. Contract (funds coming in) - U. T. Medical Branch - Galveston: To provide services for the Texas Department of Criminal Justice to eligible female offenders related to parenting

Agency: Texas Department of Criminal Justice (TDCJ)

Funds: \$3,534,760

Period: March 17, 2010 through August 31, 2015

Description: U. T. Medical Branch - Galveston will continue to provide services to eligible female offenders related to parenting by providing the opportunity for mother and newborn to bond and develop a positive relationship in a secure TDCJ residential facility.

60. Contract (funds going out) - U. T. Medical Branch - Galveston: Morrison Management Specialists, Inc. to provide comprehensive food service operations to include patient meals, retail, catering, and vending services

Agency: Morrison’s Management Specialists, Inc. (Morrison’s)

Funds: \$85,000,000, including renewal periods

Source of Funds: Education and General; Hospital Patient Income

Period: August 3, 2014 through August 2, 2020, with two additional two-year renewals through August 31, 2024

Description: Morrison’s to provide comprehensive food service operations to include patient meals, retail, catering, and vending services. In accordance with *Texas Education Code* Section 51.945, students were provided an opportunity to comment prior to determination that this food services and vending services provider should be selected by the institution.

61. New Award of Tenure Appointments - U. T. Medical Branch - Galveston: New award of tenure appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

| College, Department, and Name | From | To |
|-------------------------------------|---------------------|-------------------------|
| School of Medicine | | |
| Internal Medicine | | |
| Bill Ameredes | Associate Professor | Associate Professor (T) |
| Ligia Maria Belalcazar | Assistant Professor | Associate Professor (T) |
| Pathology | | |
| Ranjana Nawgiri | Associate Professor | Associate Professor (T) |
| Michael Laposata | New Hire | Professor (T) |
| Pediatrics | | |
| Karen Shattuck | Professor | Professor (T) |
| School of Health Professions | | |
| Physical Therapy | | |
| Janna McGaugh | Assistant Professor | Associate Professor (T) |

62. Foreign Contract - U. T. Health Science Center - Houston: Program Agreement with Beijing Jiaotong University (BJTU) to provide for a method by which qualified BJTU students may earn a Bachelor of Science degree from BJTU and a Master of Health Informatics degree from U. T. Health Science Center - Houston

Agency: Beijing Jiaotong University, a public university in China

Funds: No funds will be exchanged under the agreement. Qualified BJTU students who participate in the program will enroll and pay tuition at U. T. Health Science Center - Houston

Period: Five years from execution. Program will be evaluated for possible renewal in fifth year.

Source of Funds: None

Description: Under the program, qualified BJTU students may earn a Bachelor of Science degree from BJTU and a Master of Health Informatics degree from UTHealth over the course of five years of study. The first three years will be at BJTU and the final two years enrolled at U. T. Health Science Center - Houston, first in a certificate program, then in a Master's program.

63. New Award of Tenure and Emeritus Appointments - U. T. Health Science Center - Houston: New award of tenure and emeritus appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

| College, Department, and Name | From | To |
|-------------------------------------|---------------------|-------------------------|
| Medical School | | |
| Biochemistry and Molecular Biology | | |
| Eric J. Wagner | Assistant Professor | Associate Professor (T) |
| Cardiothoracic and Vascular Surgery | | |
| Charles "Trey" C. Miller, III | New Hire | Professor (T) |
| Eyal E. Porat | New Hire | Professor (T) |
| Family and Community Medicine | | |
| Angela L. Stotts | Associate Professor | Professor (T) |

| College, Department, and Name | From | To |
|--|----------------------|--------------------------------|
| Integrative Biology and Pharmacology Alemayehu Gorfe (Abebe) | Assistant Professor | Associate Professor (T) |
| Neurosurgery Daniel H. Kim | New Hire | Professor (T) |
| Obstetrics, Gynecology and Reproductive Sciences Anthony Johnson Kenneth Moise, Jr. | New Hire New Hire | Professor (T) Professor (T) |
| Otorhinolaryngology Head and Neck Surgery Amber Luong | Assistant Professor | Associate Professor (T) |
| Pathology and Laboratory Medicine Jun Liu | Assistant Professor | Associate Professor (T) |
| Pediatrics Eric C. Eichenwald | Professor | Professor (T) |
| Surgery Charles E. Wade | New Hire | Professor (T) |
| School of Biomedical Informatics | | |
| Biomedical Informatics Trevor Cohen | Associate Professor | Associate Professor (T) |
| Todd R. Johnson | Professor | Professor (T) |
| Wenjin J. Sheng | Associate Professor | Associate Professor (T) |
| School of Public Health | | |
| Epidemiology and Disease Control, Austin Campus Shreela Sharma | Assistant Professor | Associate Professor (T) |
| Health Promotion and Behavioral Sciences Ross Shegog | Associate Professor | Associate Professor (T) |

64. Emeritus Appointment - U. T. Health Science Center - Houston: James V. Johnson, from Professor (Clinical Professor, part-time, after retirement) to Professor Emeritus, in the School of Dentistry (RBC No. 5868) -- amendment to the 2013-2014 budget

65. Contract (funds going out) - U. T. Health Science Center - San Antonio: Tenet Healthcare Corporation/Vanguard Health System San Antonio Partners, LLC to obtain consulting services

Agency: Tenet Healthcare Corporation/Vanguard Health System San Antonio Partners, LLC

Funds: This amendment increases the contract from \$400,000 to \$1,500,000

Source of Funds: Practice Plan Revenue

Period: This amendment extends the contract for an additional 12 months, through January 31, 2015.

Description: Tenet Healthcare Corporation/Vanguard Health System San Antonio Partners, LLC has retained McKinsey & Company to provide services in support of developing a business plan for strategic collaboration/alignment opportunities in the San Antonio market with the U. T. Health Science Center - San Antonio. Under this agreement, the parties agree to share in the cost of the McKinsey & Company's engagement. U. T. Health Science Center - San Antonio's portion is not to exceed \$1,500,000.

66. Tenure Appointment - U. T. Health Science Center - San Antonio: Amendment to the 2013-2014 budget

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

| Description | Effective Date | % Time | Full-time Salary | | RBC # |
|--|----------------|--------|------------------|---------|-------|
| | | | No. Mos. | Rate \$ | |
| School of Medicine | | | | | |
| Vice President for Medical Affairs, Dean of the Medical School at The University of Texas Rio Grande Valley, and Professor | | | | | |
| Francisco Fernandez (T) | 4/28-8/31 | 100 | 12 | 547,826 | 5952 |

67. New Award of Tenure and Emeritus Appointments - U. T. Health Science Center - San Antonio: New award of tenure and emeritus appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

| College, Department, and Name | From | To |
|--|---|---|
| Dental School | | |
| Developmental Dentistry Peter T. Gakunga | Assistant Professor | Associate Professor (T) |
| Oral Surgery Nathaniel A. Jeske | Assistant Professor | Associate Professor (T) |
| School of Medicine | | |
| Biochemistry Neal C. Robinson | Professor (T) | Professor Emeritus |
| Cardiothoracic Surgery Syed A. Husain | Associate Professor | Professor (T) |
| Cellular and Structural Biology Susan Naylor | Professor (T) | Professor Emeritus |
| Epidemiology and Biostatistics Jonathan Gelfond | Assistant Professor | Associate Professor (T) |
| Medicine Sara E. Espinoza Gabriel Fernandes Valerie A. Lawrence | Assistant Professor Professor (T) Professor (T) | Associate Professor (T) Professor Emeritus Professor Emeritus |
| Obstetrics and Gynecology Thomas Jansson | Associate Professor | Professor (T) |
| Otolaryngology/Head and Neck Surgery John M. Morehead | Assistant Professor | Associate Professor (T) |
| Pathology James H. Jorgensen | Professor (T) | Professor Emeritus |
| Physiology Benjamin A. Eaton John Johnson | Assistant Professor Professor (T) | Associate Professor (T) Professor Emeritus |

| College, Department, and Name | From | To |
|-------------------------------------|---------------------|-------------------------|
| School of Nursing | | |
| Family and Community Health Systems | | |
| Andrea A. Berndt | Assistant Professor | Associate Professor (T) |
| Adrienne D. Linton | Professor (T) | Professor Emeritus |
| School of Health Professions | | |
| Occupational Therapy | | |
| Bridgett Piernik-Yoder | Assistant Professor | Associate Professor (T) |

68. Other Fiscal Matters - U. T. Health Science Center - San Antonio: Approval of deferred compensation agreement for Dean Francisco Fernandez, M.D., at variance from approved institutional prototype plan

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Henrich that the U. T. System Board of Regents approve a deferred compensation agreement for Dean Francisco Fernandez, M.D., pursuant to Section 457(f) of the *Internal Revenue Code* of 1986, as amended, as described below.

Dr. Fernandez's appointment letter includes a deferred compensation agreement to be funded by U. T. Health Science Center - San Antonio. Dr. Fernandez is the Vice President of Medical Affairs and Dean of the School of Medicine of U. T. Rio Grande Valley.

Board approval of the agreement is necessary due to the deviation from the approved institutional prototype plan that would allow Dr. Fernandez to leave employment with U. T. Health Science Center - San Antonio to become an employee of U. T. Rio Grande Valley before August 31, 2017, without forfeiting future rights to the deferred compensation account.

The agreement will provide for deferred compensation payments of \$75,000 per year for two years into a deferred compensation account subject to the terms and conditions of *Internal Revenue Code* Section 457(f). Subject to certain terms and conditions of the agreement, the deferred compensation will vest on August 31, 2017.

69. Sale - U. T. Health Science Center - San Antonio: Authorization to sell the surface estate only of approximately 80.373 acres of land located at the southwest corner of Kitty Hawk Road and Old Cimarron Trail, Universal City, Bexar County, Texas

Description: Sale of the surface estate only of approximately 80.373 acres of land at the southwest corner of Kitty Hawk Road and Old Cimarron Trail, Universal City, Bexar County, Texas, and authorization for the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to sell the property. The property is part of a bequest of land and financial assets

from the late Mrs. Berneice Castella for the unrestricted use of U. T. Health Science Center - San Antonio. The net proceeds from the sale will be used to further the research mission of the University with an emphasis for research on diseases associated with the aging process.

Purchaser: KB HOME Lone Star, Inc., a Texas corporation, and/or its assigns

Sale Price: \$4,025,000. The sale price is supported by an appraisal performed by Atrium Real Estate Services dated effective June 19, 2014

70. Contract (funds coming in) - U. T. M. D. Anderson Cancer Center: Provide professional radiology services, medical direction, and clinical support services at Memorial Hermann hospital sites as part of a breast cancer screening network

Agency: Memorial Hermann Health System

Funds: Fees paid under this agreement will total \$7,500,000

Period: The term of this agreement will be for 60 months, commencing on November 20, 2014.

Description: This agreement establishes a breast cancer screening network within Houston and surrounding counties for breast screening and diagnostic services. U. T. M. D. Anderson Cancer Center will provide professional radiology services, medical direction, and clinical support services at several centers located at Memorial Hermann hospital sites. Memorial Hermann will pay an annual fee for each center to sublicense the U. T. M. D. Anderson Cancer Center brand and an annual Medical Director fee for oversight of the centers' medical operations. Patient services performed by U. T. M. D. Anderson personnel will be billed directly to patients and their insurance providers.

71. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Lonza Biologics Tuas Pte, Ltd to provide construction of a cell line for the creation of a master cell bank

Agency: Lonza Biologics Tuas Pte, Ltd

Funds: Total fees under this contract, including all available renewal periods, will not exceed \$4,500,000.

Source of Funds: Hospital patient income

Period: The term of the initial agreement will be for a period of 24 months, commencing on September 1, 2014 and continuing through August 31, 2016, with the option for two additional 12-month renewals.

Description: Vendor will provide services to construct a cell line for the creation of a master cell bank. The cell line to be purchased under this agreement and the product produced using the cell line will be subject to the terms of a separate license agreement covering Lonza Biologics Tuas Pte, Ltd intellectual property incorporated into the cell line.

72. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: MediFit Corporate Services, Inc. to provide health and fitness management services

Agency: MediFit Corporate Services, Inc.

Funds: This fourth amendment to the agreement increases the cap amount of the agreement from \$2,499,999 to \$3,000,000.

Source of Funds: Hospital patient income

Period: The contract commenced on December 1, 2007 and the current term ends on April 30, 2015.

Description: Vendor will provide personnel to manage the daily operations of the institution's Health & Fitness Center. Services include administrative operations, providing instruction personnel for classes, and inspection of fitness equipment for any repair and maintenance needs.

73. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Visioneer, Inc., to provide software and IT professional services and support

Agency: Visioneer, Inc.

Funds: Total fees under this contract, including all available renewal periods, will not exceed \$10,500,000.

Source of Funds: Hospital patient income

Period: The term of the initial agreement will be for a period of 60 months, commencing on August 1, 2014 and continuing through July 31, 2019, with the option for two additional 12-month renewals.

Description: Vendor will provide continued IT professional services and software license for the building and maintenance of a data repository (warehouse).

74. New Award of Tenure Appointments - U. T. M. D. Anderson Cancer Center: New award of tenure appointments - amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

| College, Department, and Name | From | To |
|---|---------------------|-------------------------|
| Experimental Therapeutics | | |
| Shuxing Zhang | Assistant Professor | Associate Professor (T) |
| Surgical Oncology | | |
| Elizabeth Gardener Grubbs | Assistant Professor | Associate Professor (T) |
| Endocrine Neoplasia and Hormonal Disorders | | |
| Mouhammed Habra | Assistant Professor | Associate Professor (T) |
| Infectious Diseases, Infection Control and Employee Health | | |
| Samuel Shelburne | Associate Professor | Associate Professor (T) |
| Radiation Oncology | | |
| Erik Sulman | Assistant Professor | Associate Professor (T) |
| Genetics | | |
| Bin Wang | Assistant Professor | Associate Professor (T) |

75. Purchase - U. T. M. D. Anderson Cancer Center: Authorization to purchase approximately 0.459 acres of land and improvements located at 1040 Lehall Street, Houston, Harris County, Texas, from KBH Enterprise, LLC, a Texas limited liability company, for future programmed development of campus expansion

Description: Purchase of approximately 0.459 acres of land and improvements located at 1040 Lehall Street, Houston, Harris County, Texas, and authorization for the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to purchase the property. The improvements consist of a parking lot and an approximately 5,550 square foot building that is currently leased to a third party and is being used as an automotive repair facility. The property is currently under contract to a third party. However, the institution is seeking authorization to purchase the property in the event the property becomes available for purchase.

Seller: KBH Enterprise, LLC, a Texas limited liability company

Purchase Price: Not to exceed fair market value as established by independent appraisal, plus all due diligence expenses, closing costs, and expenses to complete the acquisition as deemed necessary by the Executive Director of Real Estate. The appraisal is confidential pursuant to *Texas Education Code*, Section 51.951.

Source of Funds: Local Hospital Revenue

76. Lease - U. T. M. D. Anderson Cancer Center: Authorization to modify the premises area and increase the approved Lease Costs for the lease space at 2130 West Holcombe Boulevard, Houston, Harris County, Texas, from Sheridan Hills Developments, L. P., a Texas limited partnership, for use as a cancer research facility

Description: Modification to Board of Regents' approval on August 23, 2012, for U. T. M. D. Anderson Cancer Center to lease approximately 97,547 square feet of research space and approximately 3,235 square feet of storage and mechanical space and associated space at 2130 West Holcombe Boulevard, Houston, Harris County, Texas. The areas of the premises changed during negotiation of the lease and the actual figures for the premises are 95,696 square feet of research space and approximately 18,718 square feet of storage and mechanical space and associated space. The area modifications result in an increase above the total approved Lease Cost of \$39.1 million in base rent and estimated operating expenses over the initial 10-year term.

Lessor: Sheridan Hills Developments, L.P.

Term: The initial term commenced on September 1, 2013 and expires on August 31, 2023.

Lease Costs: Approximately \$40,816,303 in rent and estimated operating expenses during the initial term. This is an approximately \$1,716,303 increase to the previously-approved lease cost. The value of the net rent and estimated operating expenses for the two five-year renewal options provided in the lease agreement is approximately \$55,926,953.

Source of Funds: Hospital Revenue and Grants

77. Contract (funds coming in) - U. T. Health Science Center - Tyler: Amendment to Interagency Cooperation Contract between Department of State Health Services (DSHS) and U. T. Health Science Center - Tyler to care for patients of DSHS' Rusk State Hospital

Agency: Department of State Health Services (DSHS), an agency of the State of Texas

Funds: \$7,547,225 calculated at \$505/bed/day for 30 beds for a period of 365 days

Period: February 1, 2013 through August 31, 2014

Description: This is an amendment (Amendment) to an Interagency Cooperation Contract (ICC) for behavioral health care services between U. T. Health Science Center - Tyler (UTHSCT) and the Department of State Health Services (DSHS). Pursuant to the Amendment, UTHSCT will continue to provide a wide array of health care services and treatment to DSHS patients located at the UTHSCT's residential units. The Amendment increases the term of the ICC by an additional seven months and increases the amount paid to UTHSCT by \$3,225,687 through the end of the contract, in response to demand for behavioral health care services for DSHS patients.

78. Contract (funds going out) - U. T. Health Science Center - Tyler: Amendment to Barham Architects, LLC contract to provide miscellaneous architectural and engineering services for projects of a limited scope

Agency: Barham Architects, LLC

Funds: Up to \$2,000,000

Source of Funds: General Revenue

Period: March 19, 2012 through March 19, 2015

Description: This is an amendment to extend the original agreement fee cap from \$999,000 to \$2,000,000. Barham Architects, LLC will provide miscellaneous architectural and engineering services for construction of behavioral health units. An increased demand for behavioral health services provided by U. T. Health Science Center - Tyler to the Department of State Health Services, per contract, has resulted in a higher demand for behavioral health units than originally anticipated.