



SCHEDULE OF EVENTS FOR BOARD OF REGENTS' MEETING

August 19-20, 2015

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 19, 2015

Audit, Compliance, and Management Review Committee	9:00 a.m.
Academic Affairs Committee	9:30 a.m.
Health Affairs Committee	10:30 a.m.
Technology Transfer and Research Committee	11:30 a.m.
Lunch	12:30 p.m.
Finance and Planning Committee	1:00 p.m.
Facilities Planning and Construction Committee	2:00 p.m.
Meeting of the Board - Open Session	3:30 p.m.
<i>Including meeting with the Faculty Advisory Council and Regents' Outstanding Teaching Awards</i>	
Recess	4:30 p.m. <i>approximately</i>

Thursday, August 20, 2015

Meeting of the Board - Open Session	8:30 a.m.
Recess to Executive Session and Working Lunch	10:00 a.m. <i>approximately</i>
Meeting of the Board - Open Session	2:30 p.m. <i>approximately</i>
Adjourn	3:00 p.m. <i>approximately</i>



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

August 19-20, 2015
Austin, Texas

	Board Meeting	Page
<u>Wednesday, August 19, 2015</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: Annual Meeting with Officers of the U. T. System Faculty Advisory Council	Report/Discussion <i>Dr. Ann Killary, Chair</i>	6
2. U. T. System Board of Regents: Recognition of academic and health institution recipients of the 2015 Regents' Outstanding Teaching Awards	<i>4:15 p.m.</i> Report/Presentation <i>Chancellor McRaven</i> <i>Dr. Leslie</i> <i>Dr. Greenberg</i>	10
RECESS	<i>4:30 p.m.</i> <i>approximately</i>	
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<u>Thursday, August 20, 2015</u>		
RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS	<i>8:30 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	<i>8:35 a.m.</i> Action	21
4. U. T. System Board of Regents: Approval of a new advisory body titled The University of Texas System Health Care Advisory Committee	<i>8:40 a.m.</i> Action <i>Dr. Greenberg</i>	22
5. U. T. System: Discussion and appropriate action on changes in admissions policies at the U. T. System academic institutions	<i>8:50 a.m.</i> Action <i>Dr. Daniel</i>	24
6. U. T. Austin: Report on the Clements Center for National Security	<i>9:15 a.m.</i> Report <i>President Fenves</i> <i>Dr. William C. Inboden,</i> <i>Executive Director</i>	25

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STANDING COMMITTEE RECOMMENDATIONS AND REPORTS TO THE BOARD	<i>9:35 a.m. approximately</i>	
7. U. T. System Board of Regents: Certificate of appreciation to former U. T. Dallas President David E. Daniel	9:50 a.m. Presentation	41
RECESS TO EXECUTIVE SESSION PURSUANT TO <i>TEXAS GOVERNMENT CODE</i> , CHAPTER 551 (working lunch at noon)	<i>10:00 a.m. approximately</i>	
1. 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	<i>Dr. Kelley Director Heidingsfield</i>	
2. Negotiated Contracts for Prospective Gifts or Donations – Section 551.073		
a. U. T. Austin: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features		
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. Permian Basin: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features		
e. U. T. Rio Grande Valley: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features		
f. U. T. San Antonio: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features		
g. U. T. Tyler: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features		
h. U. T. Southwestern Medical Center: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features		
i. U. T. Health Science Center - Houston: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features		
j. U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features		

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3. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072		
a. U. T. System: Discussion and authorization to purchase land and improvements at 3000-3040 Waterview Parkway, Richardson, Collin County, Texas, from 3000 Waterview Parkway-Richardson, LLC, for use by U. T. Southwestern Medical Center and by U. T. Dallas	<i>Dr. Kelley Interim President Wildenthal Mr. Tames</i>	
b. U. T. M. D. Anderson Cancer Center: Discussion and appropriate action to amend the lease of 4.09 acres of land located at the southwest corner of Bertner Avenue and Old Spanish Trail in Houston, Harris County, Texas, to expand the premises to include an additional approximately 1.25 acres leased to The Proton Therapy Center-Houston LTD., L.L.P., a Texas limited liability partnership, for expansion of clinical facilities	<i>President DePinho, Mr. Fontaine, and Ms. Amy Hay, U. T. M. D. Anderson Cancer Center Mr. Tames</i>	
4. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071		
a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues		
b. U. T. Austin: Discussion and appropriate action regarding update on pending legal issues in <i>Fisher v. State of Texas, University of Texas at Austin, et al.</i>		
c. U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning conflicts of interest and commitment, including standards of conduct and disclosure related to purchasing and Senate Bill 20		
d. U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U. T. System		
e. U. T. M. D. Anderson Cancer Center: Discussion and appropriate action concerning legal issues related to proposed creation of research consortium and institute with potential naming features		
f. U. T. System Board of Regents: Discussion and appropriate action concerning legal issues related to litigation styled <i>Hall v. McRaven</i>		
g. U. T. Health Science Center - Houston: Discussion of legal issues related to review of allegations concerning compliance and policy issues		
5. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074		
a. U. T. Dallas: Discussion and appropriate action, if any, concerning individual personnel matters related to presidential search		

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<p>b. U. T. Medical Branch - Galveston: Discussion and appropriate action regarding proposed appointment of Craig McDonald, M.D., to provide orthopedic surgical services as an employee physician of U. T. Medical Branch - Galveston in Brazoria County, Texas (Regents' <i>Rules and Regulations</i>, Rule 20204, regarding compensation for highly compensated employees)</p> <p>c. 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), U. T. System and institutional employees, and members of the Board of Regents, and related personnel aspects of the operating budget for Fiscal Year 2016</p> <p>d. U. T. System: Discussion and appropriate action concerning individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees including employees covered by Regents' <i>Rules and Regulations</i>, Rule 20204, regarding compensation for highly compensated employees, and Rule 20203, regarding compensation for key executives</p> <p>e. U. T. Health Science Center - Houston: Discussion and appropriate action regarding review of allegations concerning compliance and policy issues</p>		
<p>RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO CONSIDER AGENDA ITEMS</p>	<p>2:30 p.m. <i>approximately</i></p>	
<p>8. U. T. M. D. Anderson Cancer Center: Discussion and appropriate action related to proposed creation of research consortium and institute with potential naming features</p>	<p>Action <i>President DePinho</i></p>	<p>42</p>
<p>9. U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2016</p>	<p>Action</p>	<p>43</p>
<p>10. U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2016, 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 additional funding for strategic priorities and campus support</p>	<p>Action <i>Chancellor McRaven Dr. Hurn Dr. Klein</i></p>	<p>43</p>
<p>ADJOURN</p>	<p>3:00 p.m. <i>approximately</i></p>	

1. **U. T. System: 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. The Council's priorities for the year are set forth on the following pages. Council members scheduled to attend are:

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

Academic Affairs and Faculty Quality Committee: David Cordell, Ph.D., U. T. Dallas, Finance and Managerial Economics

Governance Committee: Marc Cox, Ph.D., U. T. El Paso, Biological Sciences

Health Affairs Committee: Donald Molony, M.D., U. T. Health Science Center - Houston, Internal Medicine - Renal

Former Chair Elizabeth Heise, Ph.D., is also scheduled to attend.

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.

**The University of Texas System Faculty Advisory Council
Report to the Board of Regents of the U. T. System**

The University of Texas System (U. T. System) faculty across 15 academic and health institutions are changing the world daily through excellence in teaching, mentoring, patient care, and cutting edge research. On campuses reaching from the farthest borders of the state to some of the largest universities and health institutions in the nation, U. T. System faculty number more than 19,000 and include 8 Nobel laureates, 44 National Academy of Sciences members, 59 National Academy of Engineering members, and 2 Pulitzer Prize recipients. U. T. System faculty educate over 217,000 undergraduate, graduate, and professional students annually and are leaders in academia within all disciplines and at all levels. At the health institutions, research faculty are uncovering new insights into complex cellular pathways, discovering novel mutations that underlie cancer development, and defining algorithms that interconnect cellular circuits using systems biology approaches critical for curing life's most devastating diseases. Clinical faculty are being innovative with novel therapies, performing lifesaving surgeries, and implementing life changing clinical trials. Faculty from U. T. System academic institutions publish regularly with top academic presses in subjects ranging from political theory and economic policy to engineering and educational reform, and are recognized nationally and internationally in both the arts and sciences. Faculty from the academic and health institutions receive prestigious teaching awards, including the Regents' Outstanding Teaching Awards that show a dedication and commitment to bringing the best of higher education to U. T. System. It is an honor and privilege for the U. T. System Faculty Advisory Council (FAC) to represent our exceptional faculty on issues common to all campuses in order to enhance the mission of the U. T. System to ensure that all students are educated to be productive, innovative, and engaged citizens.

During the 2014-2015 academic year, the FAC met with the Chancellor, Executive Vice Chancellors, U. T. System leaders and staff, members of the 84th Texas State Legislature, the Commissioner of the Texas Higher Education Coordinating Board, and members of the Board of Regents to discuss and address issues relevant to faculty across the U. T. System. The standing committees worked in-depth on issues related to curriculum and instruction, faculty performance, morale and academic leadership, as well as developed administrative policies relating to faculty, drafted model policies, and composed resolutions on important faculty issues.

One item of significance occurred at the August 20, 2014 meeting of the Board of Regents when Chairman Foster met with the council. Noting that a Student Regent sits on the Board, the question was asked whether it might be advisable for FAC to have similar representation on the Board. Chairman Foster indicated an interest in finding ways to improve faculty participation at the Board meetings. Subsequently, FAC received a letter from Chairman Foster and Chancellor McRaven inviting our participation at the Board meetings, including the Academic and Health Affairs Committees. The FAC would like formally to express our gratitude to Chairman Foster,

the Chancellor, and the Board for the opportunity for FAC to participate at both the Board meeting as well as the standing committee meetings.

FAC Priorities for 2015-2016 Academic Year

In the coming academic year, the council will address factors pertinent to student and faculty success. We will work in collaboration with U. T. System to develop novel mechanisms to support our outstanding faculty and encourage shared governance at all U. T. System institutions. Among items for consideration, three priorities have been identified.

Priority 1: Faculty Shared Governance is codified by Regents' *Rules and Regulations*, Rule 40101, Faculty Role in Educational Policy Formation, which states that "the faculties of the institutions regularly offering instruction shall have a major role in the governance of their respective institutions." The FAC and the faculty at all U. T. System institutions work through shared governance to ensure quality in teaching, research, creative activity, student life, and service while maintaining the most rigorous standards. The FAC will continue to prioritize the encouragement of shared governance at its U. T. System institutions for the betterment of the students and faculty.

We will reexamine how faculty governance is achieved currently across our campuses with the intention of sharing best practices so that the FAC and U. T. System can further enhance faculty governance, dialogue and communication, and transparency. FAC will work to develop a model policy for best practices for shared governance on the U. T. System campuses.

Priority 2: Enhancing the Research Success of U. T. System Institutions. FAC fully supports the efforts of Governor Abbott and Chancellor McRaven to increase the number of National Academy members and Nobel laureates at the U. T. System. In addition to these outstanding individuals, FAC would like to explore additional mechanisms to support and enhance the effectiveness of our existing research faculty. In light of recent reductions in national research funding, FAC believes that new and creative mechanisms should be explored to support and retain existing exemplary faculty members.

FAC will identify novel mechanisms to increase support to our faculty within the U. T. System for research and educational-related activities, including the possible development of competitive research grants to support highly innovative, investigator-initiated research. We will work closely with U. T. System to identify ways to improve and better integrate research, infrastructure, and information technology throughout the U. T. System.

Priority 3: Enhance Efforts to Ensure Student Success and On-Time Graduation. The Texas General Education Core Curriculum (core curriculum) was designed to ensure that all Texas undergraduate students enrolled in public institutions of higher education develop the essential knowledge and skills they need in order to be successful in college, in a career, in their communities, and in life. The skills and knowledge built into the core provide the foundational

intellectual tools and flexibility that are necessary for all subsequent academic study and professional training. Student success, graduation rates, and progress towards professional employment may well be influenced by the quality of the learning experience in the core curriculum. For various reasons, delivery of the core curriculum has undergone a number of recent changes, including expansion of dual credit classes in high schools, students electing to take all or part of the core curriculum at two-year colleges, the development of online versions of core classes by various credentialing entities, and a growing use of part-time faculty in on-campus core instruction at many colleges and universities.

FAC will explore whether the variation in the delivery of the core curriculum is a factor in student learning and graduation rates throughout the U. T. System. We will design a study that examines our students' experience with the core curriculum relative to their subsequent academic success and graduation rates.

In conclusion, the FAC would like to thank the Board of Regents for its ongoing support of the faculty and shared governance across the U. T. System. We look forward to working closely with the U. T. System Administration and the Board to bring forward important faculty issues and find effective solutions for the advancement of students and faculty and the overall well-being and excellence of the U. T. System institutions.

2. U. T. System Board of Regents: Recognition of academic and health institution recipients of the 2015 Regents' Outstanding Teaching Awards

PRESENTATION

Chancellor McRaven will recognize the 2015 recipients for the Regents' Outstanding Teaching Awards, as listed on the following pages . A short video presentation will be made 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 modified to include one-time payments of \$25,000 each to the 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.

ROTA 2015 Winners (Academic Institutions)

The University of Texas at Arlington

Shih-Ho “Simon” Chao, Ph.D., P.E.

Associate Professor in Structural Engineering
Department of Civil Engineering

A. Raymond Elliott, Ph.D.

Associate Professor of Spanish Linguistics
Distinguished Teaching Professor
Department of Modern Languages

Deborah Hughes, MS, RN, CCRN

Clinical Instructor
College of Nursing and Health Innovation

Judy LeFlore, Ph.D., RN, NNP-BC, ACPNP-AC&PC, ANEF, FAAN

Interim Associate Dean and Chair
Graduate Nursing
Associate Dean for Simulation and Technology
Samuel T. Hughes Professor of Nursing

Sanjiv Sabherwal, Ph.D.

Associate Professor and Distinguished Teaching Professor
Department of Finance and Real Estate

Jeffrey Witzel, Ph.D.

Assistant Professor
Department of Linguistics and TESOL

The University of Texas at Austin

Christina Bain, Ph.D.

Associate Professor of Art Education
Department of Art and Art History

Bharath Chandrasekaran, Ph.D.

Assistant Professor
Communication Sciences and Disorders

Robert B. Gilbert, Ph.D., P.E., D.GE

Brunswick-Abernathy Professor in Soil Dynamics and Geotechnical Engineering
Department of Civil; Architectural and Environmental Engineering

Sharon E. Jarvis, Ph.D.

University Distinguished Teaching Professor
Associate Professor
Associate Director for Research
Annette Strauss Institute for Civic Life
Department of Communication Studies

Christine Julien, D.Sc.

Associate Professor
Department of Electrical and Computer Engineering

Anita Latham, Ph.D.

Senior Lecturer
Biology Instructional Office

Juan Miro, FAIA, LEED, AP

Professor
Associate Dean for Undergraduate Programs
School of Architecture

Jennifer Moon, Ph.D.

Senior Lecturer
Biology Instructional Office and Molecular Biosciences

H. W. Perry, Jr., Ph.D.

Associate Professor
Department of Government and School of Law

Rebecca Rossen, Ph.D.

Assistant Professor
Department of Theatre and Dance

Kris Wilson, Ph.D.

Senior Lecturer, School of Journalism
Moody College of Communication

The University of Texas at Brownsville

Daniel Hunter-Holly, DMA

Associate Professor of Music
Department of Music

The University of Texas at Dallas

Monica Rankin, Ph.D.

Associate Professor of History
School of Arts & Humanities

The University of Texas at El Paso

David J. Carrejo, Ph.D.

Associate Professor of Mathematics Education
Department of Teacher Education

Brad Cartwright, Ph.D.

Assistant Professor of Practice
Director, Center for History Teaching and Learning
Department of History

Sandor Dorgo, Ph.D., CSCS,D*

Associate Professor
Department of Kinesiology

Pei-Ling Hsu, Ph.D.

Assistant Professor of Science Education
Teacher Education

Helmut Knaust, Ph.D.

Associate Professor
Department of Mathematical Sciences

Oscar Macchioni, D.M.A.

Associate Professor of Piano
Assistant Chair
Music Department

Homer Nazeran, Ph.D., CPEng. (Biomed.)

Professor
Electrical and Computer Engineering
Biomedical Engineering Graduate Degree Programs

Sasha Pimentel, Ph.D.

Assistant Professor
Department of Creative Writing

Raymond C. Rumpf, Ph.D.

Director, EM Lab
Associate Professor
Department of Electrical and Computer Engineering

Liz Walsh, Ph.D.

Professor
Department of Biological Sciences

The University of Texas-Pan American

Colin Charlton, Ph.D.

Associate Professor and Coordinator of First Year Writing Programs
Department of English

Jose J. Gutierrez-Gonzalez, Ph.D.

Associate Professor
Chemistry Department

Christine F. Reilly, Ph.D.

Assistant Professor
Department of Computer Science

Emmett Tomai, Ph.D.

Assistant Professor
Department of Computer Science

Horacio Vasquez, Ph.D.

Associate Professor
Department of Mechanical Engineering

Jorge Vidal, Ph.D.

Lecturer I
Economics and Finance

The University of Texas of the Permian Basin

Michael Crain, M.S.

Director of Entrepreneurial Development
College of Business & Engineering

The University of Texas at San Antonio

Kathryn Brown, Ph.D.

Associate Professor
Department of Anthropology

Kirsten E. Gardner, Ph.D.

Associate Professor
Department of History and American Studies

Patricia A. Jaramillo, Ph.D.

Lecturer III
Department of Public Administration

Jerome P. Keating, Ph.D.

Professor
Department of Management Science and Statistics

Ram Krishnan, Ph.D.

Assistant Professor
Department of Electrical and Computer Engineering

Deborah Moon Wagner, M.A.

Lecturer III
Department of Anthropology

Valerie Sponsel, Ph.D., D.Sc.

Professor of Biology
Ricardo Romo Ph.D. Endowed Professor
Department of Biology
Honors College

The University of Texas at Tyler

Susan Doty, MBA

Senior Lecturer in Economics
Director of the Center for Economic Education and Financial Literacy
Department of Social Sciences

ROTA 2015 Winners (Health Institutions)

The University of Texas Southwestern Medical Center

Joseph P. Albanesi, Ph.D.

Professor with tenure, Department of Pharmacology- School of Medicine

Benjamin M. Greenberg, M.D., MHS

Associate Professor, Department of Neurology and Neurotherapeutics and the
Department of Pediatrics- School of Medicine

Kimberly A. Hoggatt Krumwiede, M.A.

Associate Professor, Assistant Dean of Student Affairs and Educational Technology
School of Health Professions

David J. Klocko, MPAS, PA-C

Associate Professor, Academic Coordinator
Department of Physician Assistant Studies
School of Health Professions

John Phelan, Ph.D.

Assistant Professor of Human Anatomy
School of Medicine

Clifford Y. Wai, M.D.

Associate Professor
Fellowship Director
Division of Urogynecology and Reconstructive Pelvic Surgery,
Department of Obstetrics and Gynecology
School of Medicine

The University of Texas Medical Branch at Galveston

Kimberly M. Brown, M.D., FACS

Associate Professor
Director, Surgical Simulation and
Advanced Minimally Invasive Laparoscopic and Robotic Surgery
Associate Program Director, General Surgery Residency
Medical Director, Physician Assistant Studies Program
James Edwin Thompson, M.D., Family Professor of Surgical Simulation
Department of Surgery – School of Medicine

Lisa D. Cain, Ph.D.

Distinguished Teaching Professor
Assistant Dean for Faculty Affairs
Associate Professor, Department of Neuroscience and Cell Biology- School of Medicine
Associate Member, Institute for the Medical Humanities
Director, Medical School Enrichment Programs, Office of Student Affairs and Admissions
School of Medicine

Mark D. Holden, M.D., FACP

Director, Division of General Internal Medicine
Vice Chair for Undergraduate and Continuing Medical Education
Professor, Department of Internal Medicine- School of Medicine

Susan D. McCammon, M.D., MFA

Associate Professor
Vice Chairman
Presidency Program Director
Co-Director for the Center for Cancers of the Head and Neck
Jehu Matthew Robison Distinguished Professor of Otolaryngology
Department of Otolaryngology- Head and Neck Surgery- School of Medicine

Victor E. Reyes, Ph.D.

Professor, Departments of Pediatrics and Microbiology & Immunology
School of Medicine

Carolyn J. Utsey, PT, Ph.D.

Chair and Associate Professor
School of Health Professions

The University of Texas Health Science Center at San Antonio

Yui-Wing Francis Lam, Pharm.D.

Professor, Department of Pharmacology
Associate Professor, Department of Medicine

John C. Lee, Ph.D.

Professor
Department of Biochemistry

Robert J. Nolan Jr., M.D.

Professor, Associate Chairman, Associate Dean for Graduate Medical Education
Department of Pediatrics

Jean A. Petershack, M.D.

Professor/Clinical, Pediatric Clerkship Director
Department of Pediatrics

Omid B. Rahimi, Ph.D.

Associate Professor, Department of Cellular & Structural Biology

Rajeev Suri, M.D.

Associate Professor Radiology with Tenure
Associate Professor, Graduate School of Radiological Sciences
Department of Radiology

Karen B. Troendle, D.D.S., MPH

Distinguished Teaching Professor
Director of Direct Restorations
Department of Comprehensive Dentistry

The University of Texas Health Science Center at Houston

Andrew J. Bean, Ph.D.

Professor, Department of Neurobiology and Anatomy
Adjunct Professor, Department of Pediatrics, M. D. Anderson Cancer
Center
Associate Dean for Graduate Education, U. T. M. D. Anderson Cancer
Center/UTMDACC Graduate School of Biomedical Sciences

George L. Delclos, M.D., MPH, Ph.D., F.C.C.P.

Professor, Division of Epidemiology, Human Genetics and Environmental Sciences
Adjunct Professor, Center for Research in Occupational Health, Department of
Experimental and Life Sciences Popeu Fabra University, Barcelona, Spain
Clinical Professor, Department of Preventative Medicine and Community Health
Clinical Associate Professor of Medicine, Department of Medicine Baylor College of
Medicine
Professor, School of Nursing
Associate Professor (Adjunct appointment), Department of Industrial Engineering-
University of Houston Cullen College of Engineering

Herbert L. DuPont, M.D.

Director, Center for Infectious Diseases, Professor of Infectious Diseases - School of
Public Health
Chief, Internal Medicine Service – Baylor St. Luke’s Medical Center
Mary W. Kelsey Distinguished Chair in Medical Sciences – School of Medicine
The Baylor College of Medicine H. Irving Schweppe, Jr., M.D. Chair in Internal Medicine
and Vice Chairman, Department of Medicine
Clinical Professor, Department of Medicine and Adjunct Professor, Department of
Microbiology and Immunology Baylor College of Medicine

Professor, Graduate Schools of Biomedical Sciences, Houston
Professor, Graduate Schools of Biomedical Sciences Baylor College of Medicine
Department of Molecular Virology and Microbiology
Adjunct Professor, Department of Infectious Diseases, Internal Medicine, U. T. M. D.
Anderson Cancer Center
Adjunct Professor, Department of Clinical Services and Administration, University of
Houston College of Pharmacy

Raymond G. Koeppen, B.S., D.D.S., M.S., MBA, FACP

Chair, Associate Professor, Department of Restorative Dentistry and Prosthodontics –
School of Dentistry

Michael C. Lorenz, Ph.D.

Assistant Professor, Department of Microbiology and Molecular Genetics – School of
Medicine

Pedro Mancias, M.D.

Assistant Dean, Diversity and Inclusion/Admissions and Student Affairs – School of
Medicine

Associate Professor, Departments of Neurology and Pediatrics – School of Medicine
Director of Neurology Services, Shriners' Hospitals Houston
Director of Pediatric Electromyography, Children's Memorial Hermann Hospital

Christine M. Markham, Ph.D.

Associate Professor for Health Promotion and Behavioral Sciences
Associate Director Center for Health Promotion and Prevention Research
School of Public Health

Joanne L. Oakes, M.D., FACEP

Assistant Dean, Educational Programs
Associate Professor of Emergency Medicine, Non-Tenure Track, Clinical Track
Department of Emergency Medicine – School of Medicine
Clinical Associate Professor, Department of Biomedicine, College of Biomedical
Sciences and Health Professions

Evan G. Pivalizza, MBChB

Professor, Department of Anesthesiology – School of Medicine

Han Zhang, M.D.

Associate Professor, Department of Neurobiology and Anatomy – School of Medicine
Adjunct Professor, Medical School of Yangzhou University, China

The University of Texas M. D. Anderson Cancer Center

Suzieann Bass, MBA, MAED

Assistant Professor, School of Health Professions

Christopher Crane, M.D.

Professor, Department of Radiation Oncology, Division of Radiation Oncology

Paul A. Scheet, Ph.D.

Associate Professor, Department of Epidemiology, Division of the Office of Vice President, Cancer Prevention and Population Sciences
Regular Member, The University of Texas Graduate School of Biomedical Sciences
Associate Professor, Epidemiology, The University of Texas School of Public Health
Associate Professor, Biostatistics, The University of Texas School of Public Health

Jill Schumacher, Ph.D.

Associate Professor, Department of Genetics
Associate Dean of Graduate Education, The University of Texas Graduate School of Biomedical Sciences Houston
Associate Professor, The University of Texas Graduate School of Biomedical Sciences Houston

Pamela T. Soliman, M.D., Ph.D.

Associate Professor, Department of Gynecologic Oncology and Reproductive Medicine, Division of Surgery

The University of Texas Health Science Center at Tyler

Emmanuel Elueze, M.D., Ph.D., MPA, FACP

Chair and Associate Professor of Medicine, Department of Medicine
Director of Medical Education
Program Director, Internal Medicine Residency Program, Good Shepherd Medical Center, Longview, Texas
Primary Care Internist, Good Shepherd Medicine Clinic, Longview, Texas
Medical Director, Palliative Care Consult Service, Good Shepherd Medical Center, Longview, Texas

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. System Board of Regents: Approval of a new advisory body titled The University of Texas System Health Care Advisory Committee**

RECOMMENDATION

The Chancellor concurs with the recommendation of the Executive Vice Chancellor for Health Affairs that the U. T. System Board of Regents approve a new advisory body titled The University of Texas System Health Care Advisory Committee, composed of individuals who collectively have expertise in the following areas of health and health care operations: clinical and business operations, finance, reimbursement, law, policy, and quality of care. The membership of the Health Care Advisory Committee should include a minimum of three and maximum of seven members.

BACKGROUND INFORMATION

Higher education systems in Texas utilize a nine-member governing board entrusted with significant fiduciary responsibilities over all aspects of a statewide complex enterprise. Specifically, the U. T. System Board of Regents oversees 15 academic and health institutions with a consolidated \$16 billion operating budget, \$65 billion balance sheet, and more than 200,000 students.

In the increasingly technical world of health care delivery, with rapid changes in payment approaches, organizational alignment, and performance assessment, it is important that U. T. System Board of Regents and U. T. System Administration have access to the advice and guidance of experienced leaders in the field.

In May 2014, after recognizing that the oversight of U. T. System University Lands required unique and specialized expertise, the Board of Regents established the University Lands Advisory Board (ULAB). For similar reasons, it is recommended that the Board of Regents establish a Health Care Advisory Committee (HCAC). The HCAC would have no governance authority, but would serve an advisory and review role on behalf of the Board of Regents.

In addition to specific duties listed below, the HCAC will advise the Board of Regents, the Chancellor, the Office of Health Affairs, the Office of Academic Affairs, and the U. T. System health institutions by providing a rapid response mechanism to deal with time-sensitive matters and additional health care expertise to help the Board of Regents discharge their responsibilities more fully.

HCAC advisory duties would include:

- Recommending strategic direction;
- Reviewing major initiatives, joint ventures, contracts, and affiliations;
- Recommending a balanced scorecard of financial and clinical performance measures to be reviewed quarterly;

- Reviewing operations and making recommendations as appropriate; and
- Recommending policy for approval by the Board of Regents or the Chancellor.

The Board of Regents will retain all of its statutory responsibilities and authorities to:

- Approve institutional budgets;
- Appoint members of HCAC;
- Purchase and sell any property;
- Approve policy recommendations and set policy;
- Approve decisions critical to the mission including compensation parameters; and
- Modify HCAC responsibilities.

The Chairman of the Board of Regents and the Chancellor will propose HCAC appointees for approval by the Board of Regents at a future meeting.

5. **U. T. System: Discussion and appropriate action on changes in admissions policies at the U. T. System academic institutions**

RECOMMENDATION

Deputy Chancellor Daniel will present recommended changes to admissions policies and procedures for U. T. System academic institutions.

6. U. T. Austin: Report on the Clements Center for National Security

REPORT

President Fenves will introduce Executive Director William Inboden for a report on activities of the Clements Center for National Security at U. T. Austin. A PowerPoint presentation is set forth on the following pages.

BACKGROUND INFORMATION

On February 14, 2013, the Board approved the honorific naming of a new pilot program at U. T. Austin as the William P. Clements, Jr. Center for History, Strategy, and Statecraft to recognize the life and career of former Governor Clements and the support of the Clements Foundation. On May 20, 2015, the Center's Board of Advisors changed the name of the Center to the Clements Center for National Security.

The Clements Center for National Security was designed to instill a better understanding of history among students, scholars, policymakers, and the general public as it relates to national security policy and statecraft. The Center's goal continues to address a deficit in the historical understanding of national security policy in contemporary statecraft. The program draws on the best insights of diplomatic, military, political, and international history for training the next generation of national security scholars and policymakers.

The Clements Foundation partnered with U. T. Austin through a gift of \$2.5 million to fund and develop the four-year pilot program. The life and career of the late Governor Clements, particularly his Defense Department leadership during pivotal years in the nation's history, exemplify a judicious attention to history and its relationship to statecraft.

Clements Center for National Security

Dr. William Inboden, Executive Director

U. T. System Board of Regents' Meeting
August 2015



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Applying the insights of history to
strengthen American national security, and
training the next generation of national
security leaders





“Let us never send the president of the United States to the conference table as the head of the second-strongest nation in the world.”

-Deputy Secretary of Defense William P. Clements, Jr. 1973





Camp David, August 2007



What Makes Us Unique?

- Focus on history
- Values: Patriotism and strong national security policy
- Teaching: Training students for national security careers



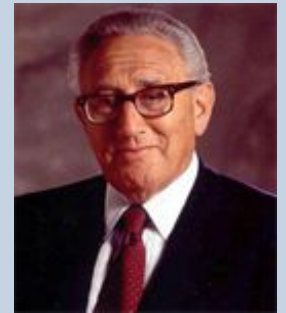


“The Clements Center is a first-of-its kind endeavor that will bring the study of history to bear on improving American national security policy and helping maintain our status as the world’s preeminent nation.”

-Former Secretary of Defense Robert Gates



Who Supports and Endorses Us? Statecraft Board of Reference



What We Do

- Teaching: Educating the next generation of national security leaders and scholars
- Research: Applying historical insights to national security policy
- Convening: Bringing together national security policymakers, scholars, and students



Intelligence Studies Project

- Stephen Slick, decorated 30-year veteran of CIA's Clandestine Service
- Joint Program with Strauss Center
- Very few university programs in nation focused on intelligence
- Unique student research project for Director of National Intelligence (DNI)
- Workshops with National Security Agency and National Intelligence Council
- Upcoming speakers: CIA Director John O. Brennan, DNI James R. Clapper



Teaching

- Class on intelligence, presidential leadership, history of warfare, American diplomatic history, and Afghanistan war
- London Maymester on U.S.-U.K. strategic tradition
- Summer seminar in history and strategy
- Undergraduate and Graduate Fellows
- Marine Corps command and staff college exercise



Research

- Postdoctoral Fellows
- History of Iraq surge
- Lecture series
- Policy advising to senior officials, members of Congress, presidential candidates, allied leaders, and governments
- Upcoming conferences: AEI Presidency, Reagan, Clements, and Nixon/Ford
- NIC workshop on strategic assumptions
- Publications: books, articles, and policy reports





Convening



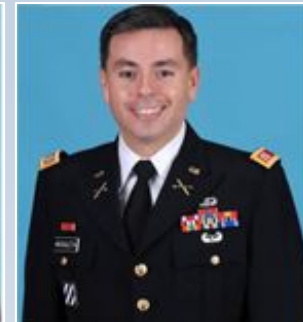
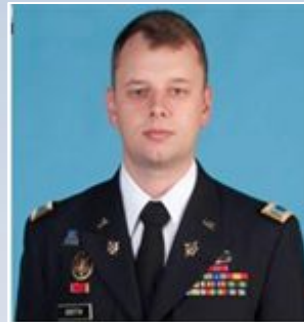
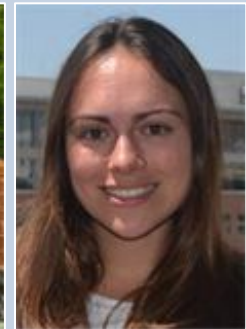


THE UNIVERSITY OF TEXAS AT AUSTIN
CLEMENTS CENTER
FOR NATIONAL SECURITY

HISTORY • STRATEGY • STATECRAFT

Assessing Impact

- Attracting world-class students
- Placing our graduates
- Influencing policy
- Creating competitors



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Where do we go from here?



Development

Over \$9.3 million raised since launch in 2013

Over 90 distinct donors

- Next phase: Creating an endowment to anchor a world-class center
- \$2 million given and \$2 million additional pledged for endowment



7. **U. T. System Board of Regents: Certificate of appreciation to former U. T. Dallas President David E. Daniel**

8. **U. T. M. D. Anderson Cancer Center: Discussion and appropriate action related to proposed creation of research consortium and institute with potential naming features**

RECOMMENDATION

A recommendation may be made at the meeting concerning the proposed creation of a research consortium and institute with potential naming features at U. T. M. D. Anderson Cancer Center.

9. U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2016

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 2016 as included in the next agenda item (Item 10). See Executive Session Items 5c and 5d related to the personnel aspects of the U. T. System Operating Budgets.

10. U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2016, 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 additional funding 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 (FY) 2016, 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, as summarized below, be approved for funding and implementation during FY 2016.

In making this recommendation, Chancellor McRaven seeks the Board's understanding that the ongoing U. T. System Administration strategic assessment and organizational review may impact determinations about the priority of funding and staffing for the projects and initiatives included in the recommended U. T. System Administration budget. He requests that the Board agree that, should any previously approved projects or funding allocations be identified as not consistent with the strategic assessment or not clearly identified as an effective mission for U. T. System Administration, he be allowed the flexibility to reallocate or eliminate those projects and funding in the approved budget. It is further recommended that the Chancellor also be authorized to make nonsubstantive editorial corrections to the approved budget, 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 McRaven will present the following recommended items utilizing the presentation on [Pages 46 - 72](#):

- FY 2016 Operating Budget
- FY 2016 Library, Equipment, Repair and Rehabilitation (LERR) Budget
- FY 2016 allocation of the Science and Technology Acquisition and Retention (STARs) program
- FY 2015 and 2016 additional funding for strategic priorities and campus support

It is recommended that Permanent University Fund (PUF) Bond Proceeds in the amount of \$35 million be appropriated directly to the institutions to fund LERR Projects for FY 2016.

It is also recommended that \$30 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. Vice Chancellor Hurn and Associate Vice Chancellor Klein will report on progress made as a result of the STARs program utilizing the presentations on [Pages 73 - 88](#).

In addition, it is requested that \$57,673,480 of Available University Funds (AUF) and \$148,988,000 of PUF Bond Proceeds be authorized and funded for strategic priorities and campus support as follows:

1. Shared Data Center Capacity and Capabilities Enhancement: \$11,100,000 of PUF to increase shared data center capacity and capabilities in support of critical health, research, and administrative computing needs.
2. Research Computing Cyberinfrastructure - Phase 2: \$5,500,000 of PUF and \$9,320,000 of AUF in FY 2016 to continue to provide a competitive advantage to research and support faculty recruitment and retention by funding the ongoing evolution of the U. T. Research Cyberinfrastructure through expanded support for Big Health Analytics.
3. Increase U. T. System Network Performance: \$4,413,000 of PUF and \$2,587,000 of AUF in FY 2016 to increase performance of the U. T. System Network to support growth in health, research, and administrative computing needs.
4. U. T. Rio Grande Valley Medical School: \$10,000,000 of PUF in FY 2016 to be used for eligible capital expenses associated with the start-up of the U. T. Rio Grande Valley Medical School. On December 6, 2012, the Board of Regents approved \$100,000,000 of unspecified resources to be used for start-up costs for the Medical School. Two previous distributions from this allocation of \$5,000,000 approved on May 15, 2014, and \$15,000,000 approved on November 6, 2014, were distributed to U. T. Health Science Center - San Antonio to be used for eligible capital expenses on behalf of the Medical School. This distribution would be made directly to U. T. Rio Grande Valley Medical School.
5. Tuition Revenue Bond (TRB) Project Funding Shortfalls: \$114,700,000 of PUF in FY 2016 for additional funding needed for projects funded from TRBs at the U. T. System institutions proposed to be added to the Capital Improvement Plan (See Facilities Planning and Construction Committee Agenda Item 6 on [Page 293](#)).
6. Projects at U. T. Permian Basin: \$3,275,000 of PUF in FY 2016 for three projects at U. T. Permian Basin: 1) renovation of space to serve as headquarters and operational base for University police, 2) STEM Charter Academy expansion of facility space, and 3) renovation of Founders Building B to house the U. T. Permian Basin Early College High School.
7. U. T. Horizon Fund: \$10,000,000 of AUF in FY 2015 to support the U. T. Horizon Fund (See Technology Transfer and Research Committee Agenda Item 5 on [Page 360](#)). The Horizon Fund invests in companies commercializing U. T. innovations.

8. Diabetes Obesity Control Initiative - Phase 2: \$15,000,000 from AUF in FY 2015 to support Phase 2 of the U. T. Systemwide Diabetes Obesity Control Initiative. The funds will also serve as seed money to attract an additional \$30,000,000 of philanthropy, grants, and industry funds (See Health Affairs Committee Agenda Item 6 on [Page 253](#)).
9. Lease Termination Agreement: \$766,480 of AUF in FY 2016 to pay a negotiated termination fee under a Lease Termination Agreement for office space at 1901 Pennsylvania Avenue, Washington, D.C., previously occupied by the U. T. System Office of Federal Relations. A cost analysis was prepared by the U. T. System Office of General Counsel's Real Estate Office and it was determined to be in the best interest of U. T. System to relocate the office, pay the termination fee, and be relieved of all obligations under the lease from and after December 31, 2015.
10. Support for UTShare Institutions: \$19,500,000 of AUF in FY 2015 to continue sponsored projects data cleanup, reconciliation, and remediation begun in February 2015, and support UTShare institutions in efforts to improve PeopleSoft functionality.
11. Branding and Marketing: \$500,000 of AUF for FY 2016 to engage an external agency to provide counsel for the U. T. System branding and marketing task force, expenses associated with teams and external focus groups, and external public relations assistance to ensure enhanced media opportunities while an internal communications team is put in place.

Item 5 related to TRB Funding Shortfalls, Item 7 related to the U. T. Horizon Fund, and Item 8 related to the U. T. Systemwide Diabetes Obesity Control Initiative are addressed in greater detail in separate agenda items referenced above, are subject to funding limitations established in the associated agenda item, and are 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://utsystem.edu/board-of-regents/meetings/board-meeting-2015-08-19>.

The appropriation of PUF Bond Proceeds will be presented in the Fiscal Year 2016 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 above 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.

See the previous Open Session Item 9 and Executive Session Items 5c and 5d related to the personnel aspects of the U. T. System Operating Budgets.

The University of Texas System Fiscal Year 2016 Operating Budget

U. T. System Board of Regents' Budget Briefing
August 2015



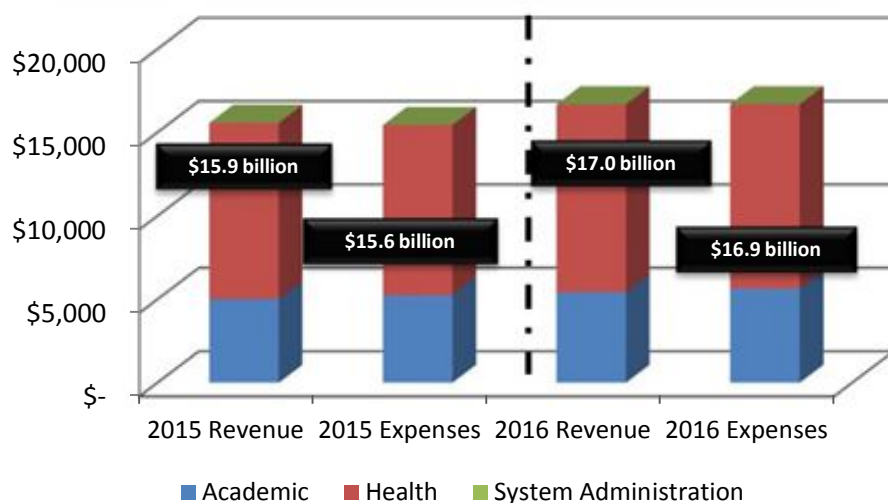
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Budget Highlights

Total Budgeted Revenue and Expenses FY 2015 and FY 2016



Budgeted Revenue

FY 2016 - \$17.0 billion
 \$1.1 billion more than FY 2015
 7.1% more than FY 2015

Major Drivers (in millions)

- Local and Private Sponsored Programs - \$188
- Sales and Services of Hospital and Clinics - \$181
- State Appropriations - \$159

Budgeted Expenses

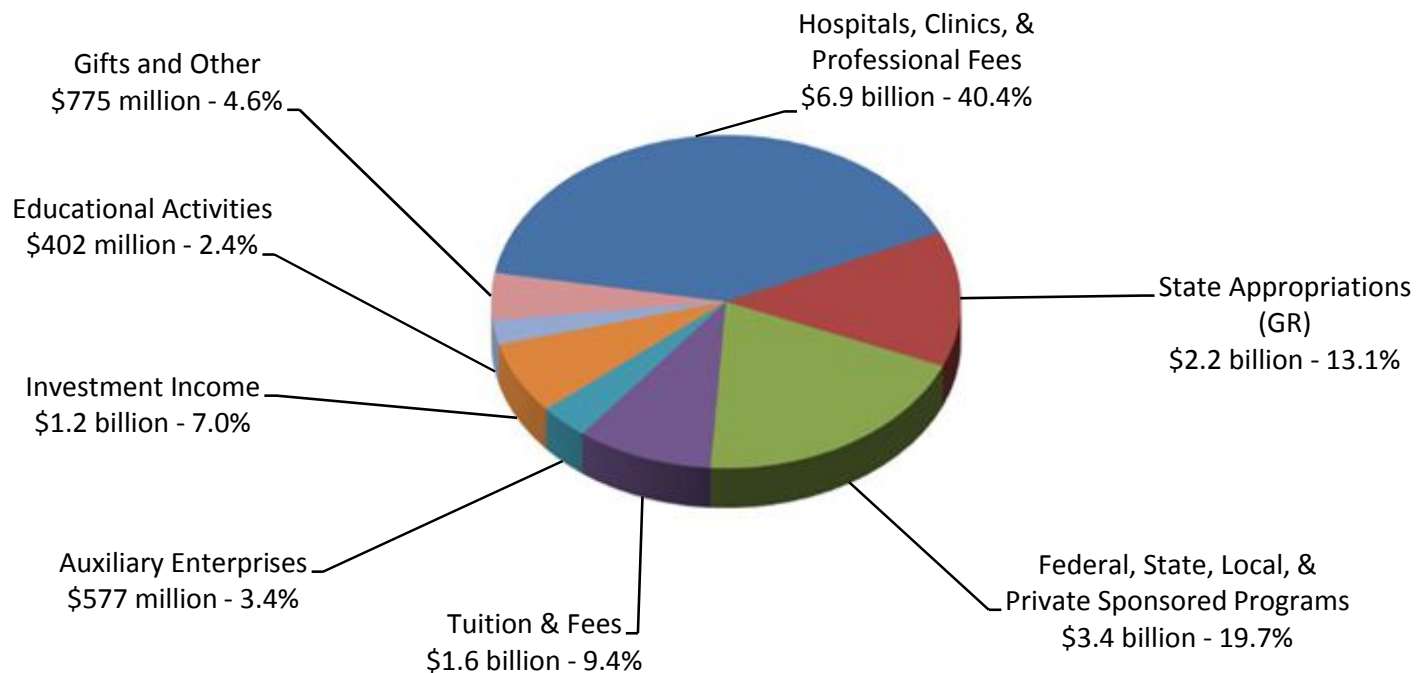
FY 2016 - \$16.9 billion
 \$1.3 billion more than FY 2015
 8.1% more than FY 2015

Major Drivers (in millions)

- Instructional/Academic Support - \$530
- Hospital and Clinics - \$412
- Research - \$160



Where the Money Comes From - FY 2016



\$17.0 Billion



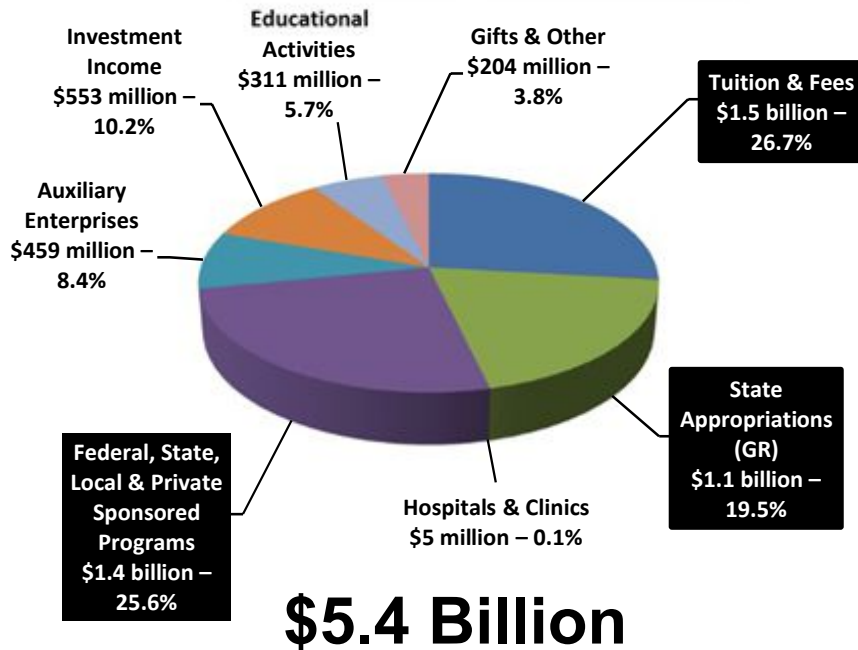
Budgeted Revenue Changes-FY 2016 over 2015

	FY 2015 Adjusted Budget	FY 2016 Budget	Budget Increase (Decrease)	
			Amount	Percent
Local & Private Sponsored Programs (operating)	\$ 1,089	\$ 1,277	\$ 188	17.3%
Sales & Services of Hospital & Clinics	5,051	5,232	181	3.6%
State Appropriations & HEAF	2,074	2,233	159	7.7%
Professional Fees	1,503	1,629	126	8.4%
Investment Income	1,106	1,190	84	7.6%
Tuition & Fees	1,515	1,598	83	5.5%
State/Local Sponsored Programs (nonoperating)	3	80	77	2269.7%
Gifts	333	400	67	20.0%
Sales & Services of Educational Activities	352	402	50	14.2%
Auxiliary Enterprises	530	577	47	8.9%
Other Operating Revenue	335	376	41	12.3%
State Sponsored Programs (operating)	276	305	29	10.5%
Federal Sponsored Programs (nonoperating)	300	304	4	1.3%
Federal Sponsored Programs (operating)	1,404	1,390	(14)	-1.0%
Total	\$ 15,871	\$ 16,993	\$ 1,122	7.1%

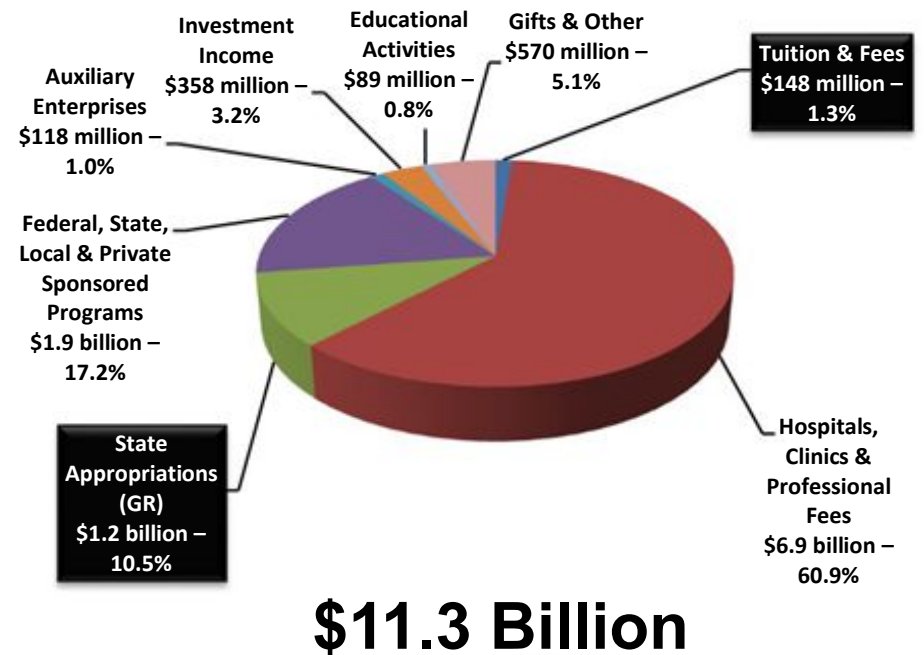


Where the Money Comes From FY 2016

Academic Institutions

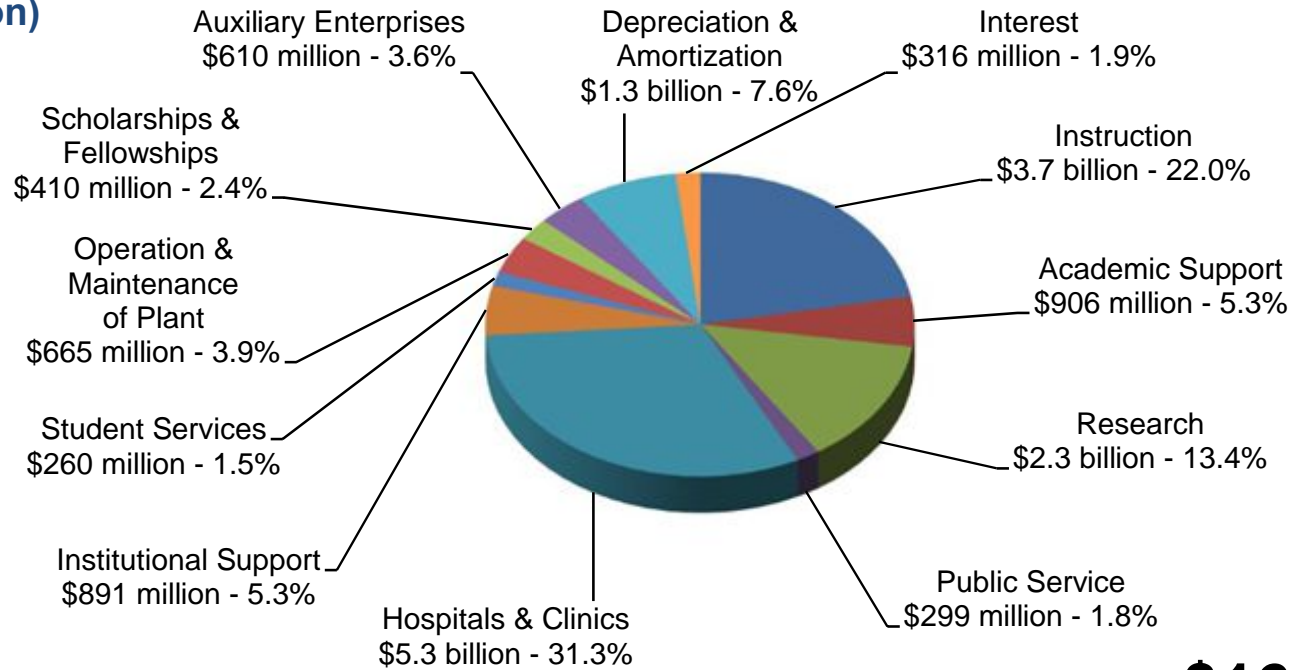


Health Institutions



Where the Money Goes - FY 2016

(By Function)



\$16.9 Billion

Note: General Revenue covers 13.2% of Total Expenses



Budgeted Expenses Changes-FY 2016 over 2015

	FY 2015 Adjusted Budget	FY 2016 Budget	Budget Increase (Decrease)	
			Amount	Percent
Instruction & Academic Support	\$ 4,106	\$ 4,636	\$ 530	12.9%
Hospitals & Clinics	4,890	5,302	412	8.4%
Research	2,113	2,274	161	7.6%
Institutional Support	826	891	65	7.8%
Public Service	255	299	44	17.1%
Auxiliary Enterprises	570	610	40	7.0%
Student Services	231	260	29	12.6%
Depreciation & Amortization	1,264	1,279	15	1.2%
Transfers for Debt Service Interest	301	315	14	4.8%
Scholarships & Fellowships	412	410	(2)	-0.3%
Operations & Maintenance	698	665	(33)	-4.8%
Total	\$ 15,666	\$ 16,941	\$ 1,275	8.1%



Budgeted Expenses - Academic Institutions (in millions)

	Fiscal Year 2015	Fiscal Year 2016	Dollar & Percent Change	
U. T. Arlington	\$ 534.5	\$ 596.6	\$ 62.1	11.6%
U. T. Austin	2,693.2	2,799.6	106.4	4.0%
U. T. Brownsville	126.0	0.6	(125.4)	-99.5%
U. T. Dallas	545.6	611.0	65.4	12.0%
U. T. El Paso	402.1	432.2	30.1	7.5%
U. T. Pan American	271.3	-	(271.3)	-100.0%
U. T. Permian Basin	66.9	72.7	5.8	8.7%
U. T. Rio Grande Valley	-	477.8	477.8	n/a
U. T. San Antonio	489.0	515.5	26.5	5.4%
U. T. Tyler	118.6	136.1	17.5	14.7%
Total Academic	\$ 5,247.2	\$ 5,642.1	\$394.9	7.5%

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



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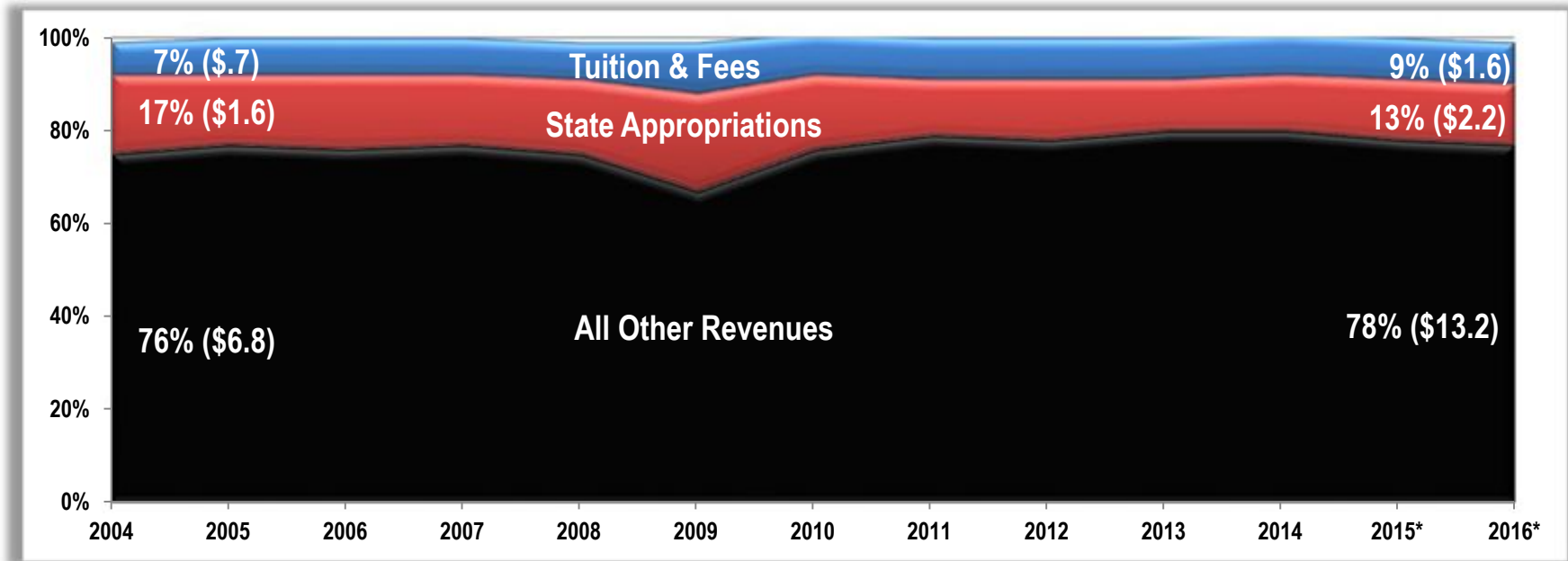
U. T. System Office of the Controller
 August 2015
 Slide 8

Budgeted Expenses - Health Institutions (in millions)

	Fiscal Year 2015	Fiscal Year 2016	Dollar & Percent Change	
U. T. Southwestern Medical Center	\$ 2,239.2	\$ 2,539.3	\$ 300.1	13.4%
U. T. Medical Branch - Galveston	1,733.3	1,948.5	215.2	12.4%
U. T. Health Science Center - Houston	1,213.7	1,379.5	165.8	13.7%
U. T. Health Science Center - San Antonio	781.9	794.8	12.9	1.6%
U. T. M. D. Anderson Cancer Center	4,073.7	4,207.7	134.0	3.3%
U. T. Health Science Center - Tyler	164.6	183.0	18.4	11.2%
Total Health	\$ 10,206.4	\$ 11,052.8	\$ 846.4	8.3%



Key Revenues as a Percentage of Total Revenues (in billions)



Source: Exhibit B of Annual Financial Report

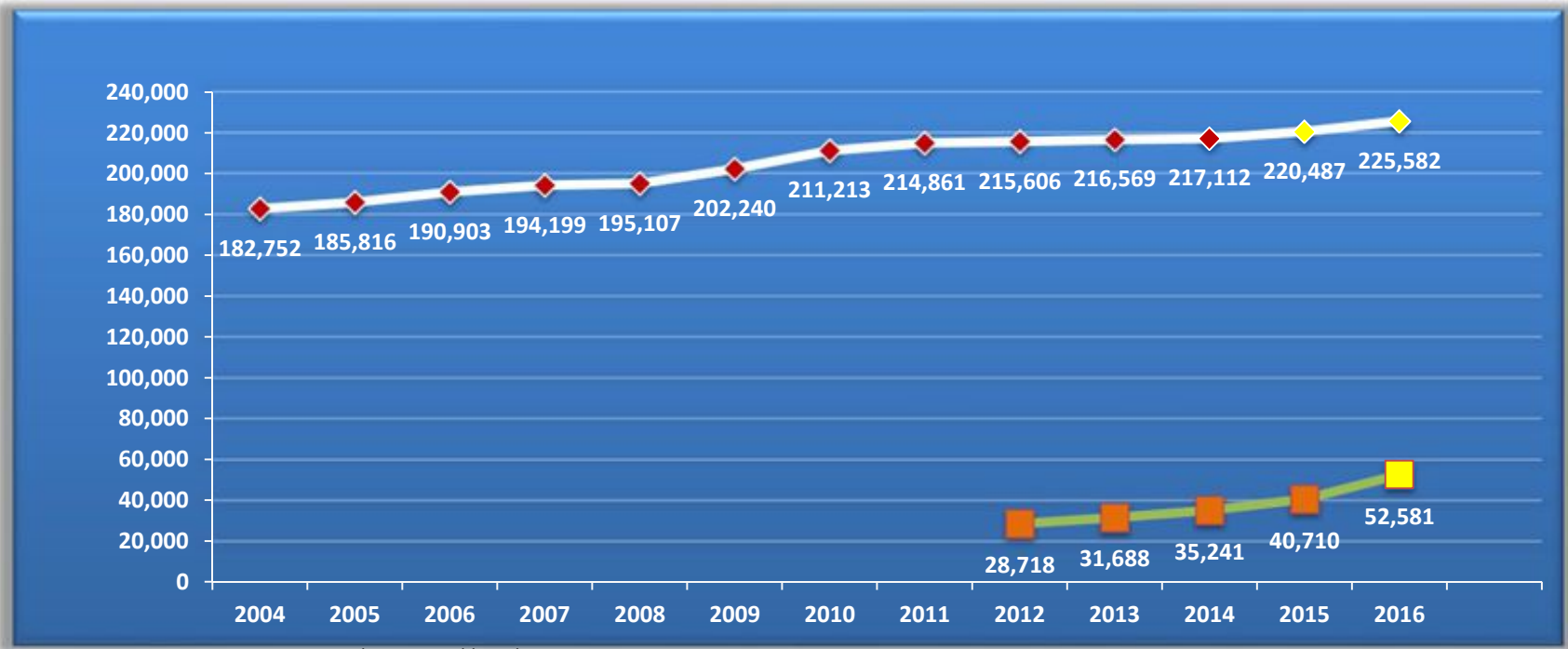
Note: "Other Revenues" for FY 2009 includes investment losses
 FY 2015 based on projected year-end; FY 2016 based on budget



Total Fall Enrollment and Students Enrolled in at Least One Fall Online Course

Actual FY 2004-2014 and Projected FY 2015-2016

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Source: FY 2004-2014: U. T. System Productivity Dashboard
 Source: FY 2015 and 2016: Estimated projections from institutions

◆ Total Enrollment ■ # of Students Enrolled in at Least one Fall Online Course

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

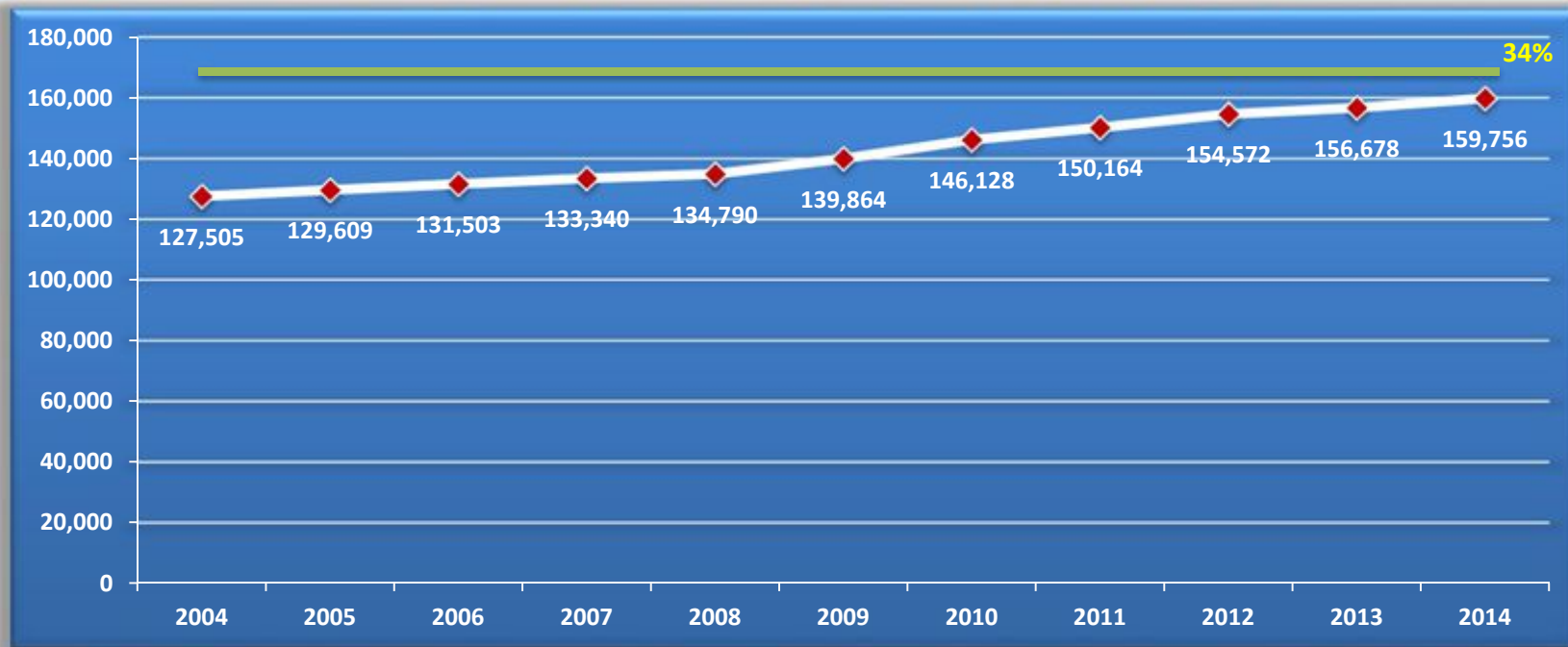


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Student Full-time Equivalent Trends (FTE)

U. T. System Academic Institutions and Proportion of Student FTEs to Other State Four-Year Institutions



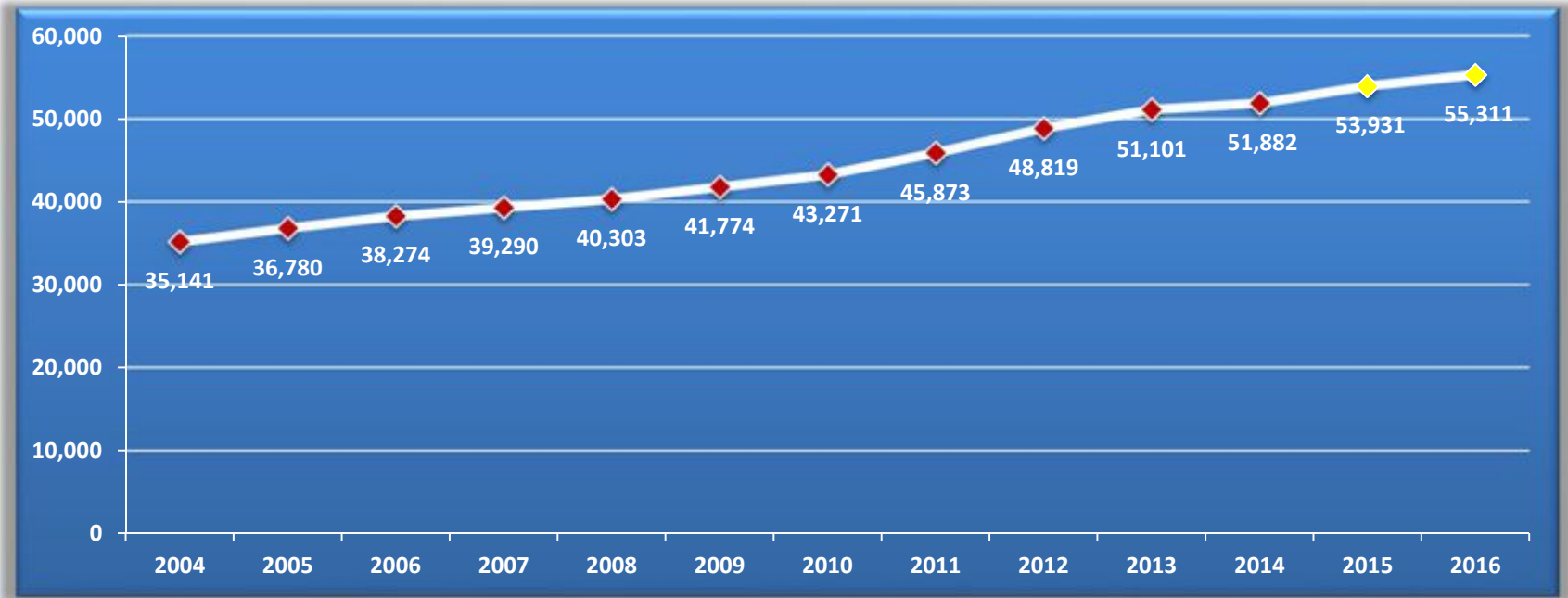
◆ U. T. System Academic Institutions, Total Student FTEs ■ % U. T. System Academic Institutions to Other Four Year Institutions in Texas



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Total Degrees Awarded

Actual FY 2004-2014 and Projected FY 2015-2016



Source: 2004-2014: U. T. System Productivity Dashboard
Source: 2015 and 2016: Estimated projections from institutions

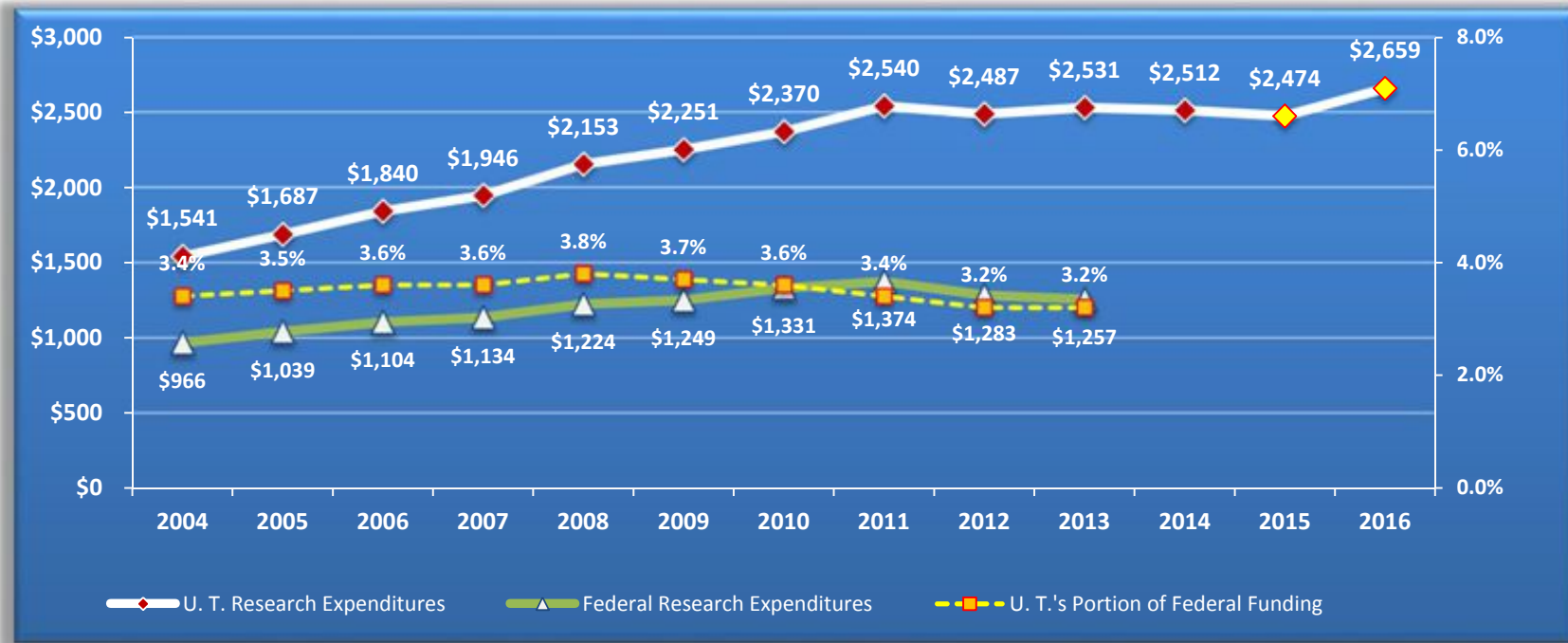


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Research Expenditure Trends (in millions)

Actual FY 2004-2014 and Projected FY 2015-2016



Source: National Science Foundation data

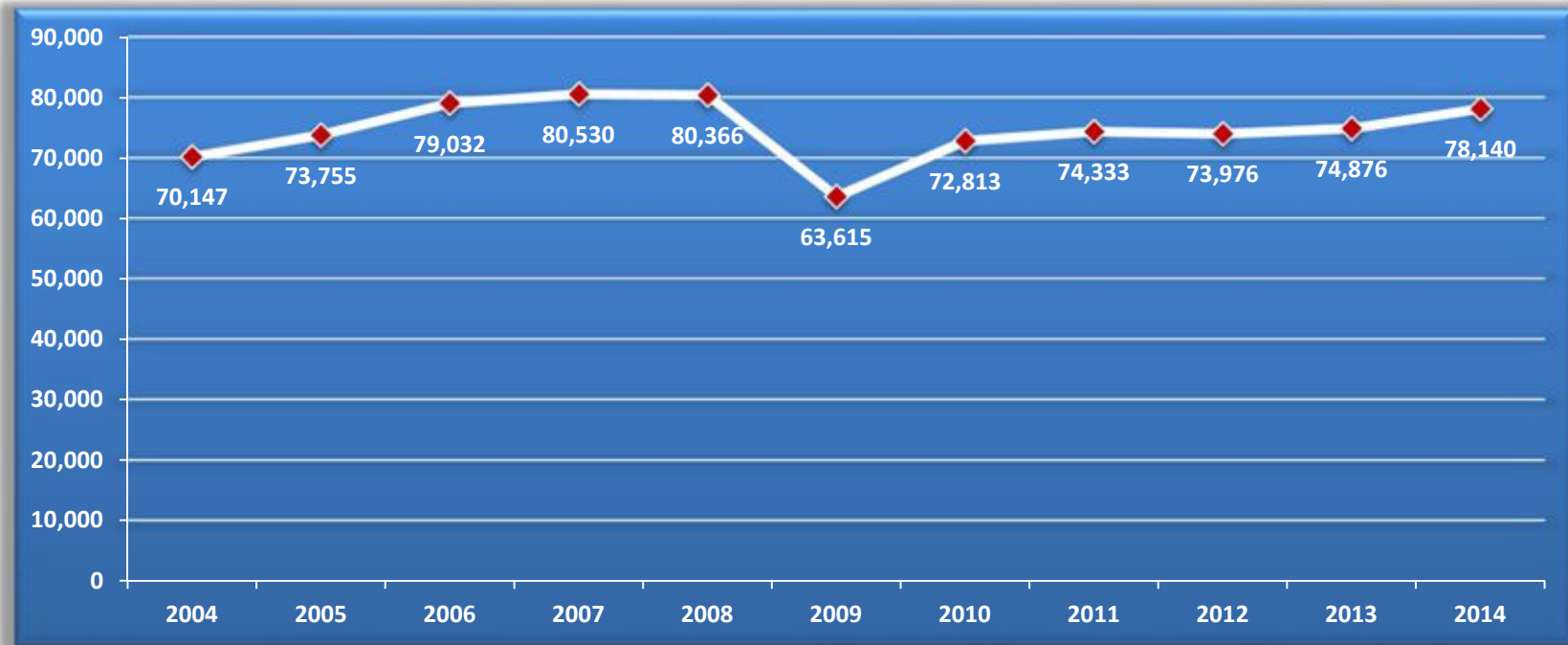
Note: Amounts shown for FY 2015 and 2016 are estimates based on budgets for those respective years



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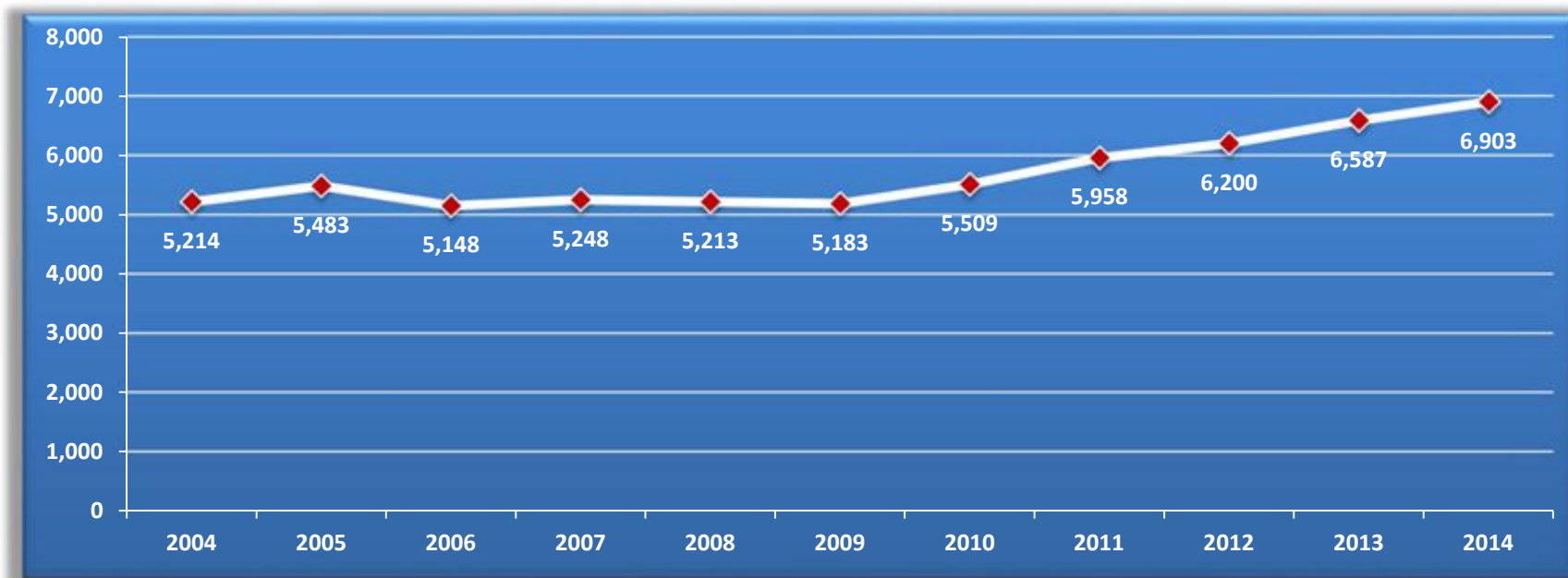
Hospital Admissions FY 2004-2014



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



Outpatient Visits FY 2004-2014 (in thousands)



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



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The University of Texas System Administration

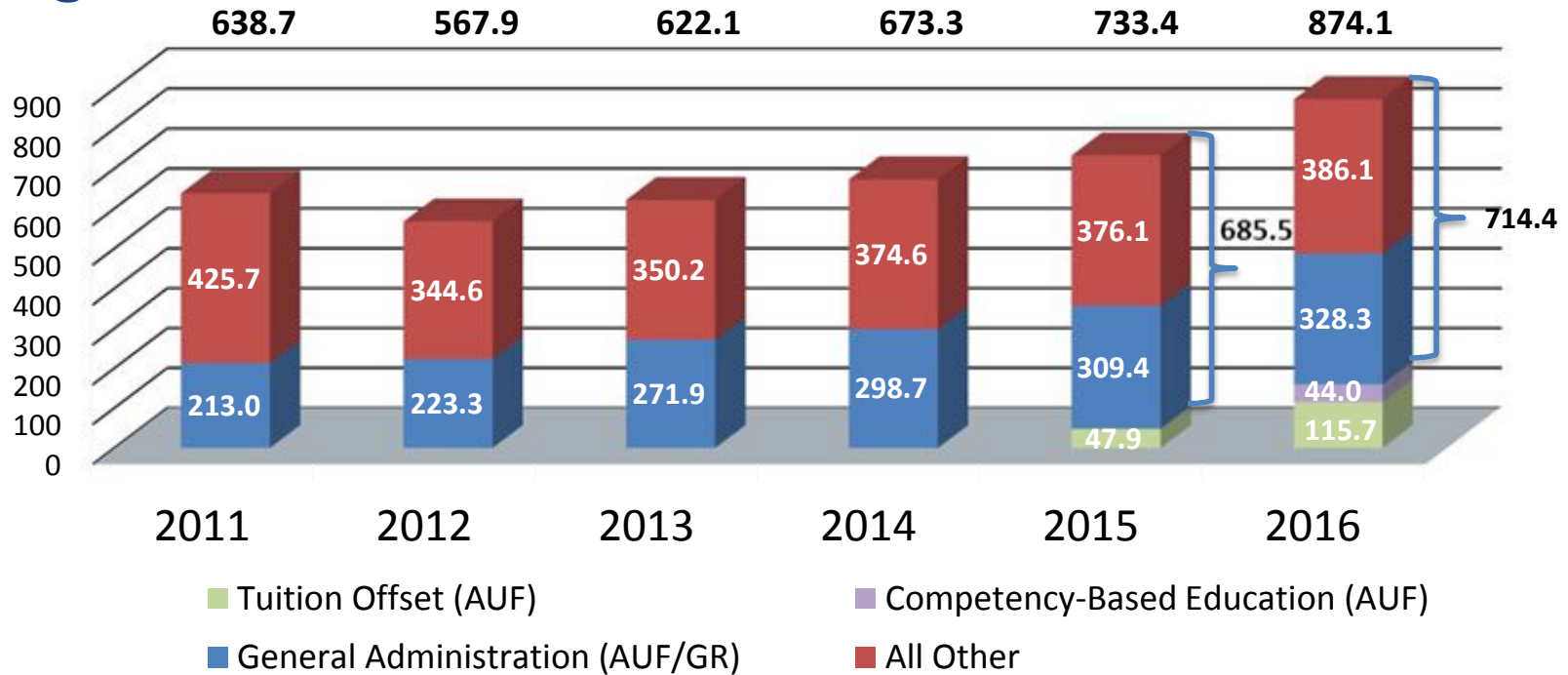


U. T. System Administration

	FY 2015	FY 2016	% Change
FTEs			
FY 2015 Current	733.43	733.43	
Changes	-	140.67	19.18%
FY 2016 Proposed		<u>874.10</u>	
Expenditures			
Administrative and Professional Salaries	\$ 39,345,311	43,327,139	10.12%
Classified Salaries	28,238,575	39,811,560	40.98%
Wages	1,137,476	1,130,030	-0.65%
Fringes	17,505,304	22,025,059	25.82%
Travel	2,477,127	2,667,874	7.70%
Maintenance, Operations, and Other	77,285,646	95,354,147	23.38%
Depreciation	13,136,497	13,267,688	1.00%
Subtotal	\$ <u>179,125,936</u>	<u>217,583,497</u>	<u>21.47%</u>
Systemwide Software Licenses/Maintenance	20,102,528	20,077,756	-0.12%
Interest Expense	85,413,668	87,562,622	2.52%
Total Expenditures	\$ <u>284,642,132</u>	<u>325,223,875</u>	<u>14.26%</u>



U. T. System Administration Budgeted FTEs FY 2011-2016



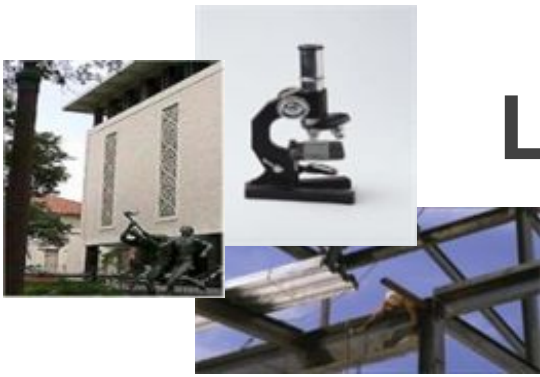
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Meeting of the U. T. System Board of Regents - Meeting of the Board



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U. T. System Office of the Controller
 August 2015
 Slide 19



Library, Equipment, Repair and Rehabilitation



Library, Equipment, Repair and Rehabilitation FY 2016-\$35 million

Academic Institutions	\$15,950,000
Health Institutions	\$13,050,000
Collaborative Projects	
U. T. Health Science Center Tyler and U. T. Tyler Vivarium Alterations and Additions Phase 2	\$2,000,000
Academic Library Collection Enhancement Program	\$4,000,000
Total	\$35,000,000

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Library, Equipment, Repair and Rehabilitation Academic Institutions

U. T. Arlington	\$2,073,500
U. T. Austin	\$3,828,000
U. T. Dallas	\$2,073,500
U. T. El Paso	\$2,073,500
U. T. Permian Basin	\$955,000
U. T. Rio Grande Valley	\$1,917,791
U. T. San Antonio	\$2,073,500
U. T. Tyler	\$955,209
Total	\$15,950,000



Library, Equipment, Repair and Rehabilitation Health Institutions

U. T. Southwestern Medical Center	\$2,200,000
U. T. Medical Branch - Galveston	\$2,200,000
U. T. Health Science Center - Houston	\$2,200,000
U. T. Health Science Center - San Antonio	\$2,023,000
U. T. M. D. Anderson Cancer Center	\$2,100,000
U. T. Health Science Center - Tyler	\$2,327,000
Total	\$13,050,000





Faculty Science and Technology Acquisition and Retention (STARs) Program



Faculty STARs-FY 2016

Faculty STARs Program – Academic Institutions	\$15,000,000
Faculty STARs Program – Health Institutions	\$15,000,000

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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Additional Funding Requests



Summary of Additional Funding Requests

	AUF	PUF
Shared Data Center Capacity and Capabilities Enhancement	-	\$11,100,000
Research Computing Cyberinfrastructure – Phase 2	\$9,320,000	\$5,500,000
U. T. System Network Performance	\$2,587,000	\$4,413,000
U. T. Rio Grande Valley Medical School	-	\$10,000,000
Tuition Revenue Bond Project Funding Shortfalls	-	\$114,700,000
Projects at U. T. Permian Basin	-	\$3,275,000
U. T. Horizon Fund	\$10,000,000	-
Diabetes Obesity Control Initiative – Phase 2	\$15,000,000	-
Lease Termination Agreement, Office of Federal Relations	\$766,480	-
Support for UTShare Institutions	\$19,500,000	-
Branding and Marketing Efforts	\$500,000	-
Total by Fund	<u>\$57,673,480</u>	<u>\$148,988,000</u>
TOTAL AMOUNT REQUESTED <u>\$206,661,480</u>		

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



The Board of Regents' STARs Program Return on Investment at Academic Institutions

Dr. Dale Klein

Associate Vice Chancellor for Research, Academic Affairs

U. T. System Board of Regents' Meeting
August 2015



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Purpose of the STARs Program

- Increase research capacity
- Focus on Science, Technology, Engineering, and Mathematics (STEM) fields



Criteria for STARs awards

- Current or potential membership in a National Academy
- National and international reputation

Evaluation process

- Very rigorous
- External reviews



STARs Awards FY 2005 - 2011

- 149 faculty received STARs funding
- Performance evaluated after three years

Return on Investment Analysis

- External funds generated
- Contributions and recognition



Return on Investment by Institution: Research Grants

	UTA	UTAUS	UTD	UTEP	UTSA	Total
Competitive STARs Awarded	\$ 7,180,562	\$ 33,656,200	\$ 11,500,000	\$ 10,028,438	\$ 3,990,000	\$ 66,355,200
Institutional Match	\$ 1,100,000	\$ 22,640,381	\$ 6,350,000	\$ 4,092,293	\$ 930,850	\$ 35,113,524
Total Investment	\$ 8,280,562	\$ 56,296,581	\$ 17,850,000	\$ 14,120,731	\$ 4,920,850	\$ 101,468,724
Research Grants Since Award	\$ 41,288,448	\$ 449,358,190	\$ 70,351,882	\$ 160,662,817	\$ 32,748,075	\$ 754,409,412
Net Return on Investment	\$ 33,007,886	\$ 393,061,609	\$ 52,501,882	\$ 146,542,086	\$ 27,827,225	\$ 652,940,688



Return on Investment: Sources of Funding

	UTA	UTAUS	UTD	UTEP	UTSA
Sponsored External Funding	\$ 34,263,807	\$ 406,558,649	\$ 61,714,922	\$ 156,870,561	\$ 31,581,687
Corporate Support	\$ 2,170,641	\$ 33,482,021	\$ 7,354,539	\$ 3,777,256	\$ 798,784
Private Gifts	\$ 4,854,000	\$ 9,317,520	\$ 1,282,421	\$ 15,000	\$ 367,604
TOTAL	\$ 41,288,448	\$ 449,358,190	\$ 70,351,882	\$ 160,662,817	\$ 32,748,075

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



Return on Investment: Patents and Students

	UTA	UTAUS	UTD	UTEP	UTSA
Patents Issued	27	97	11	10	5
Patents Pending	26	257	9	9	11
TOTAL	53	354	20	19	16
Sponsored Graduate Students	202	1,620	113	403	147
Postdoctoral Students Sponsored	79	214	47	68	52
TOTAL	281	1,834	160	471	199



Return on Investment: Professional Recognitions

	UTA	UTAUS	UTD	UTEP	UTSA
Scientific Articles Published	697	2,533	488	813	433
Editors/Editorial Boards	115	73	48	118	111
Books/Chapters Published	78	108	46	117	364
National Awards Received	11	22	22	43	24
National Academy Appointments	0	5	0	0	0
Collaborations	176	249	205	614	182
National and International Scholarly Board Appointments	52	20	28	437	75

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STARs Recruitments



An Outstanding Investment to Strengthen Research and Teaching Faculty

STARs Program has been incredibly successful in helping institutions recruit high-quality faculty

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FY 2005 to FY 2011 Investment	\$ 66,355,200
Institutional Match	\$ 35,113,524
Total UT Investment	\$ 101,468,724
External Funds Generated	\$ 754,409,412
Net Return	\$ 652,940,688

Sponsored Graduate Students	2,485
Postdoctoral Students Sponsored	460
Total Students/Postdocs Sponsored	2,945



U. T. System Faculty Science and Technology Acquisition and Retention (STARS) Program for Health Institutions and the Future

Dr. Patricia D. Hurn
Vice Chancellor for Research and Innovation
The University of Texas System

U. T. System Board of Regents' Meeting
August 2015



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Health Research Institutions

FY 2004-2011, STARS and
STARS Plus
funding awarded to health
institutions \$76.6M

- 61 faculty members recruited or retained
- \$570M in external research funding for their institutions; Return on Investment \$493M
- 50 patents and 30 patents pending
- 1300 published articles in refereed journals, plus 6 books
- 411 graduate and postdoctoral students
- 1 Nobel Prize winner, 5 National Academy of Science, 2 Institute of Medicine

New needs and continued
support of
U. T. System Board of Regents
evolves into creation of
new categories of award

New Categories of Award

- Rising STARS (2011)
- Translational STARS (2012)
- Teaching STARS (2012)



2013-2015: Great acceleration in applications from the institutions, doubled the total number of awards (136)

	STARS	Rising STARS	Translational STARS	Teach STARS
UTSWMC	12	22	4	-
UTMB	5	6	2	-
UTHSCH	9	5	-	-
UTHSCSA	4	7	3	2
UTMDACC	30	19	1	-
UTHSCT	-	2	3	-
TOTAL	60	61	13	2

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Rising STARS are highly important to build a research heritage



FY 14-15	Stars Investment (\$250K each)	Extramural Awards	Return
UTSWMC	\$2.75M	\$21.3M	\$18.5M
UTMB	\$750K	Pending	-
UTHSCH	\$250K	Pending	-
UTHSCSA	\$1.0M	\$7.7M	\$6.7M
UTMDACC	\$2.75M	\$4.2M	\$1.45M
TOTAL	\$7.5M	\$33.2M	\$25.7M

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Governor's University Research Initiative (GURI)

- Matching funds for recruitment of a “distinguished researcher”
 - e.g. Nobelist or member of a National Academy
- Priority fields STEM and Medicine
- Must be new recruit from outside of Texas
- Match is equal to the amount that the institution commits to the recruitment
- Institutional funding match can not arise from appropriated General Revenue funds, so STARS will be highly significant



Conclusions

- Since 2005, STARS has been an outstanding investment to strengthen research and teaching faculty
- Investments even at early career stages show large return
- Increased STARS funds are needed to capture new GURI opportunities





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FOR
AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW
COMMITTEE**

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Board Meeting: 8/20/2015
Austin, Texas

*Jeffery D. Hildebrand, Chairman
Ernest Aliseda
David J. Beck
R. Steven Hicks
Brenda Pejovich*

	Committee Meeting	Board Meeting	Page
Convene	9:00 a.m. <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	9:00 a.m. Action	Action	90
2. U. T. System: Approval of the U. T. Systemwide Annual Internal Audit Plan for Fiscal Year 2016	9:01 a.m. Action <i>Mr. Peppers</i>	Action	91
3. U. T. System: Report on the Systemwide internal audit activities, including Priority Findings and Annual Audit Plan status	9:15 a.m. Report/Discussion <i>Mr. Peppers</i>	Not on Agenda	96
4. U. T. System: Report on Audits of the Systemwide Cancer Prevention Research Institute of Texas Grants	9:22 a.m. Report/Discussion <i>Mr. Peppers</i>	Not on Agenda	102
Adjourn	9:30 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: Approval of the U. T. Systemwide Annual Internal Audit Plan for Fiscal Year 2016

RECOMMENDATION

Chief Audit Executive Peppers recommends approval of the proposed Fiscal Year 2016 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 members of the Audit, Compliance, and Management Review Committee 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 July 14, 2015. 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 2016 Annual Audit Plan Executive Summary**

Systemwide Annual Audit Plan

The University of Texas (U. T.) Systemwide Fiscal Year (FY) 2016 Annual Audit Plan (Audit Plan) outlines the internal audit activities that will be performed by internal audit throughout the System in FY 2016.

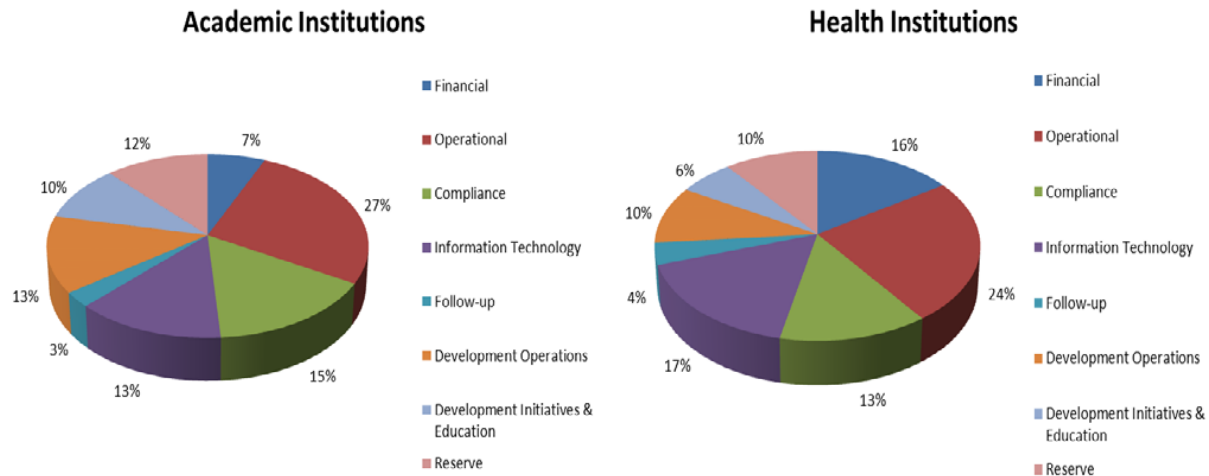
To provide consistency at the Systemwide level, the U. T. System Audit Office provided the internal audit departments at the institutions with guidance in the spring of 2015 on the audit plan format, content, and development methodology, including the risk assessment process that supports the audits selected to be included on the plan. Individual institutional annual audit plans were prepared in June and July 2015. 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 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 2016 Audit Plan, as summarized in the table and graphs that follow, 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 2015 meeting. The full FY 2016 Audit Plan was provided to all Regents prior to the meeting.

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. Internal audit at each institution and System Administration piloted a new risk assessment process that identified risks and rated them as critical, high, medium, or low based on vulnerability, likelihood, and impact (additional information on the results of this process is included on the following pages). The results were then used to develop risk-based audits that address critical and high risks to be conducted at System Administration and the institutions. Risk mitigation activities for the critical and high risks that were not addressed through an audit were presented as part of the audit plan presentations. Along with the audits derived directly from the risk discussions, the Audit Plan includes other required and/or recurring work that is performed at System Administration or the institutions that is required by policy, statute, contract, or an external entity.

The table below lists the FY 2016 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.

Institution	Budgeted Audit Hours
U. T. System Administration	23,080
U. T. Arlington	7,300
U. T. Austin	20,549
U. T. Dallas	13,603
U. T. El Paso	10,413
U. T. Permian Basin	4,080
U. T. Rio Grande Valley	11,669
U. T. San Antonio	9,660
U. T. Tyler	4,730
U. T. Southwestern Medical Center	19,656
U. T. Medical Branch - Galveston	12,156
U. T. Health Science Center - Houston	13,074
U. T. Health Science Center - San Antonio	10,548
U. T. M. D. Anderson Cancer Center	18,327
U. T. Health Science Center - Tyler	3,143
Total Budgeted Audit Hours	181,988

The FY 2016 Audit Plan directs internal audit resources on audits and other engagements allocated among different categories (i.e., Financial, Operational, Compliance, Information Technology, Follow-up, Development - Operations, Development - Initiatives and Education, and Reserve) to address the various risks of U. T. System. The pie charts below depict a percentage analysis of budgeted audit hours in these categories for the academic and health institutions. The detailed audit plans of System Administration and the institutions were provided to the Regents in advance of the August 2015 meeting.



Systemwide Risk Assessment

As part of the FY 2016 Audit Plan process, the institutional and System Administration internal auditors executed a pilot risk assessment internally developed over the last year. The goals for this common risk assessment approach were to start at the top with an awareness of critical initiatives and objectives to ensure the risks assessed were the most relevant. The assessment process was standardized by creating common terms and criteria, enabling trending of risk and Systemwide comparisons. An emphasis was placed on collaboration with other functions that assess, handle, or manage risk.

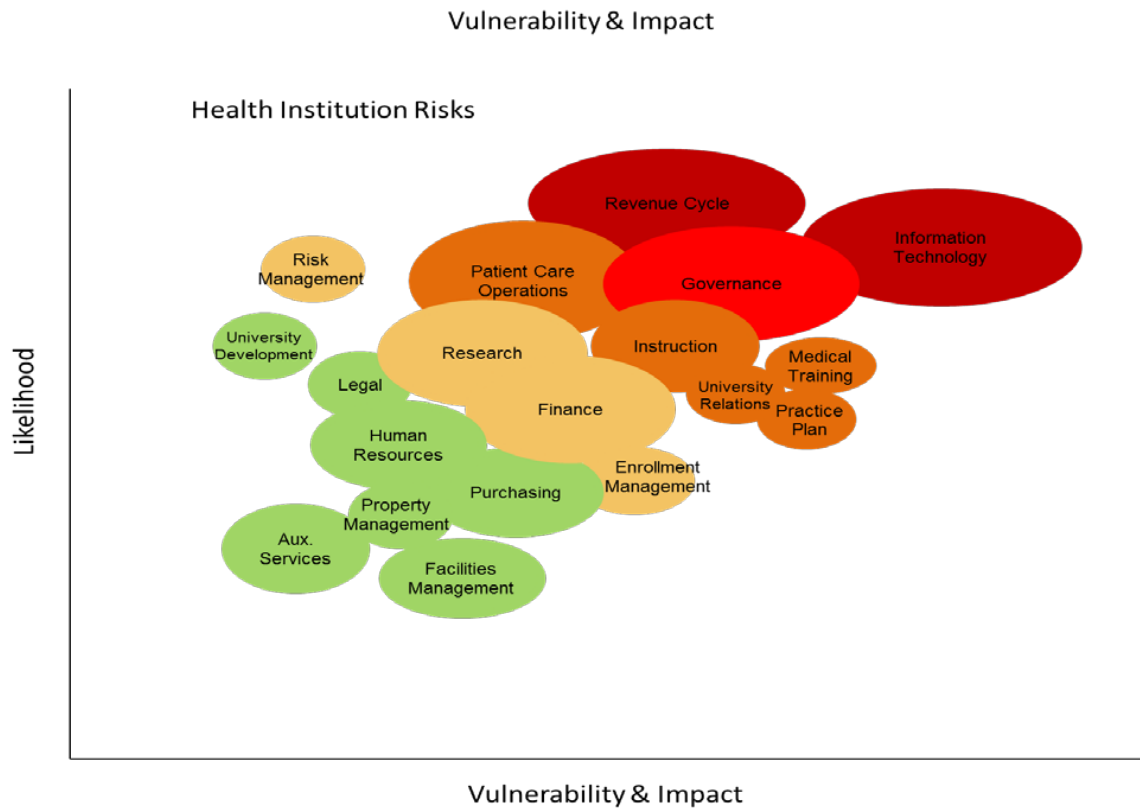
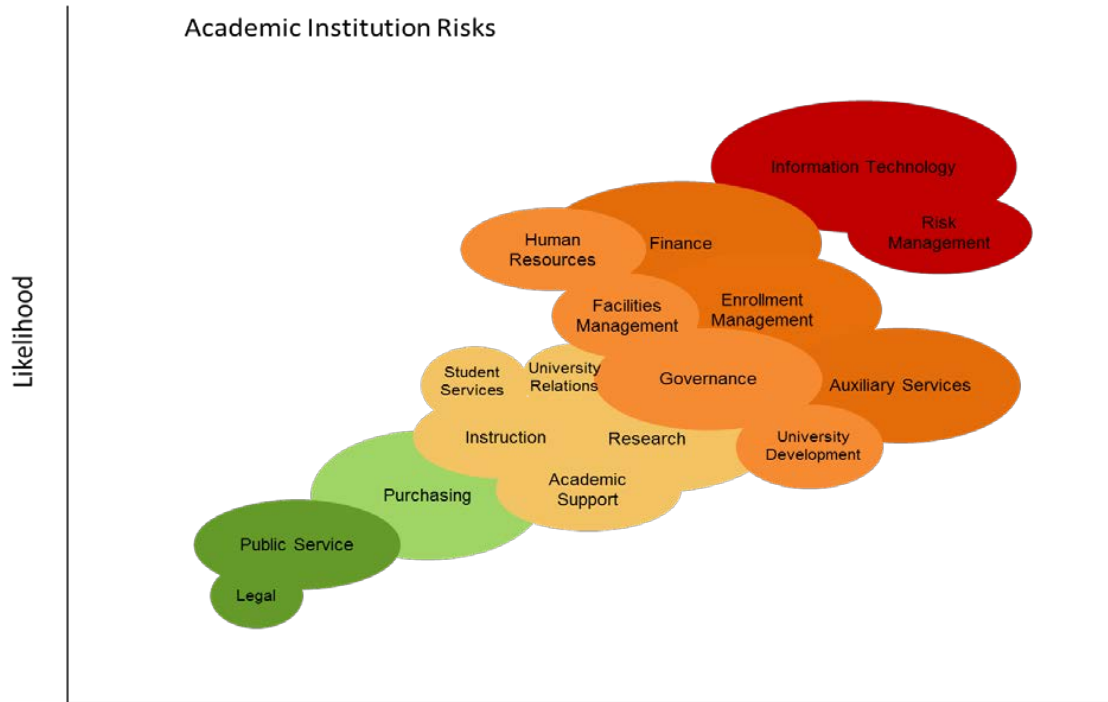
Overall, starting the risk assessments with strategic and operational priorities enabled auditors to have more robust conversations with management and create a solid framework for priorities and risks. The common scoring and categorization generated more discussion within and between audit teams that focused on consistency and accuracy of ratings. This development will continue each year as this process is strengthened.

Top Systemwide Priorities and Risks resulting from the System Administration Risk Assessment

- Student Success – Improving student outcomes, within an environment of change
- Health care Governance – Managing common overall strategy and patient care strategic agreements to meet threats from industry change and to improve market position
- Health care Quality – Improving and managing quality outcomes to meet industry needs and changing payment expectation
- Technology Governance – Strategic planning and awareness of emerging technology risk
- Research – Responding to changes in sources and levels of funding

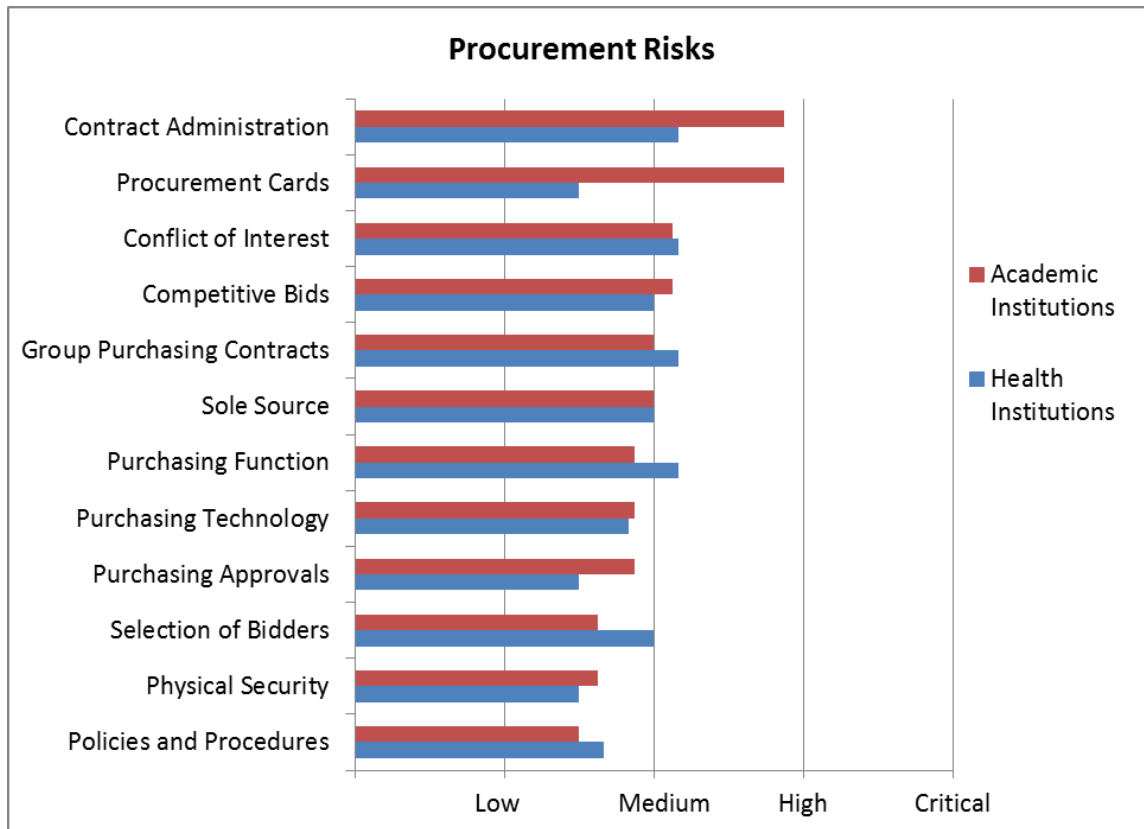
Risk Map resulting from Academic and Health Institution Risk Assessments

The following graphics cumulatively depict how broad areas of risk scored within the academic and health institutions. Risk factors evaluated are likelihood, vulnerability, and impact to the achievement of an objective. Larger circles represent more institutions with critical or high risks in these areas. Dark red represents the highest risks, while dark green the lowest.



Procurement Risks

In response to Regental and legislative interest in contracting and procurement practices, a detailed risk assessment was completed of contracting and procurement processes at the institutions and System Administration. The following graphic depicts risks in 12 pre-defined areas.



As a result of the risks identified, each institution will be performing at least one audit that addresses procurement risks. Collectively, internal audit will spend more than 7,000 hours performing audits to address risks in procurement.

3. **U. T. System: Report on the Systemwide internal audit activities, including Priority Findings and Annual Audit Plan status**

REPORT

Chief Audit Executive Peppers will report on Systemwide Priority Findings, using a PowerPoint presentation set forth on the following pages. Mr. Peppers will also present the FY 2015 annual audit plan status as of May 31, 2015, which is set forth on [Page 101](#).

BACKGROUND INFORMATION

A Priority Finding is defined as “an issue identified by an audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a U. T. System institution or the U. T. System as a whole.” A Priority Findings Matrix is used by the chief audit executives to aid in the determination of a Priority Finding. The matrix provides three categories of standard factors to consider, each alone with the potential to result in a Priority Finding. They are: Qualitative Risk Factors (evaluates the probability and consequences across seven high risks), Operational Control Risk Factors (evaluates operational vulnerability to risks by considering the existence of management oversight and effective alignment of operations), and Quantitative Risk Factors (evaluates the level of financial exposure or lost revenue).

U. T. Systemwide Priority Findings

Mr. J. Michael Peppers, U. T. System Chief Audit Executive

U. T. System Board of Regents' Meeting
Audit, Compliance, and Management Review Committee
August 2015



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Priority Findings Status as of July 15, 2015

INSTITUTION	General				TOTAL		Risk Factors			
	FINANCE	INFORMATION TECHNOLOGY	LEGAL	RESEARCH	PAST DUE	REPUTATION	INFORMATION SECURITY	COMPLIANCE	MANAGEMENT OVERSIGHT	
U. T. Arlington	1	6	0	0	7	0	X	X	X	X
U. T. Austin	2	5	0	0	7	0	X	X	X	
U. T. Brownsville	0	0	0	0	0	0				
U. T. Dallas	0	1	0	0	1	0		X		
U. T. El Paso	0	1	0	1	2	0		X	X	
U. T. Pan American	0	0	0	0	0	0				
U. T. Permian Basin	0	0	0	0	0	0				
U. T. San Antonio	0	2	0	0	2	0		X	X	
U. T. Tyler	0	0	0	0	0	0				
U. T. Southwestern	0	0	0	0	0	0				
U. T. Medical Branch	0	0	1	0	1	0			X	X
U. T. HSC Houston	0	0	0	0	0	0				
U. T. HSC San Antonio	0	0	0	0	0	0				
U. T. MDACC	0	3	0	0	3	0		X		
U. T. HSC Tyler	0	0	0	0	0	0				
U. T. System	0	0	0	0	0	0				
TOTALS	3	18	1	1	23	0				



Changes Since Last Report

	<u>As of</u> <u>May 2015</u>	<u>Implemented</u>	<u>New</u>	<u>As of</u> <u>Aug 2015</u>
IT related Priority Findings	23	(7)	2	18
Non-IT related Priority Findings	<u>7</u>	<u>(2)</u>	<u>0</u>	<u>5</u>
Total Priority Findings	30	(9)	2	23
Past due Priority Findings	1	(1)	0	0

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New Priority Findings Since Last Report

- U. T. M. D. Anderson Cancer Center:
 - Information Technology (2)
 - Lack of policy for cloud-based file transfer service that covers access and security for internal and external collaborators
 - Inadequate process for de-provisioning when a user is terminated
 - *Risk Factors: Information Security*



The University of Texas System Internal Audit Program FY 2015 3rd Quarter Audit Plan Status (as of May 31, 2015)

	Financial	Operational	Compliance	Information Technology	Follow-up	Projects	Reserve (Note 3)	Total Actual Hours (Note 1)	Total Budget Hours (Note 2)	Variance (Hours)	Percentage Completion	Tickmark
U. T. System Administration	2,013	1,353	2,116	948	640	758	-	7,828	10,795	2,967	73%	*
Academic:												
U. T. Arlington	370	708	602	399	478	1,232	453	4,242	6,900	2,658	61%	
U. T. Austin	-	2,771	2,368	1,764	377	1,946	3,458	12,684	20,833	8,149	61%	
U. T. Brownsville	335	-	114	95	8	1,088	102	1,742	2,302	560	76%	
U. T. Dallas	882	3,390	1,641	1,267	183	975	334	8,672	11,478	2,806	76%	
U. T. El Paso	1,053	1,505	293	798	350	1,360	634	5,993	8,703	2,710	69%	
U. T. Pan American	1,199	989	146	545	348	1,921	211	5,359	6,871	1,512	78%	
U. T. Permian Basin	200	500	668	287	203	658	2	2,518	4,116	1,598	61%	
U. T. San Antonio	1,392	1,402	820	365	132	1,617	925	6,653	7,500	847	89%	
U. T. Tyler	544	558	576	190	93	1,175	55	3,191	4,550	1,359	70%	
Subtotal	5,975	11,823	7,228	5,710	2,172	11,972	6,174	51,054	73,253	22,199	70%	
Health:												
U. T. Southwestern	1,611	3,364	662	1,230	167	2,024	1,674	10,732	14,699	3,967	73%	
U. T. Medical Branch - Galveston	251	2,007	974	2,091	382	880	1,424	8,009	12,657	4,648	63%	
U. T. HSC - Houston	1,050	1,664	1,206	2,870	322	1,476	250	8,838	12,352	3,514	72%	
U. T. HSC - San Antonio	684	475	664	201	122	1,773	17	3,936	6,686	2,750	59%	A
U. T. MDA Cancer Center	1,351	3,018	1,161	25	1,166	1,021	351	8,093	16,683	8,590	49%	B
U. T. HSC - Tyler	400	480	742	186	97	589	-	2,494	3,002	508	83%	
Subtotal	5,347	11,008	5,409	6,603	2,256	7,763	3,716	42,102	66,079	23,977	64%	
TOTAL	13,335	24,184	14,753	13,261	5,068	20,493	9,890	100,984	150,127	49,143	67%	
Percentage of Total	13%	24%	15%	13%	5%	20%	10%	100%				

NOTE 1

Total Actual Hours are for the time period from 9/1/2014 through 5/31/2015, which represents 75% of the annual audit plan year.

NOTE 2

The FY 2015 Total Budget Hours originally approved by the ACMRC were amended during the fiscal year since institutions may alter the number of budgeted hours and/or the allocation of budgeted hours among the various categories due to changes in priorities and staffing resources. These changes are communicated to/approved by the institution's respective president and/or internal audit committee.

NOTE 3

Reserve hours were originally budgeted for TBD engagements (e.g., unknown special requests, investigations, consulting, etc.). As the fiscal year progresses and engagements become known, these hours are sometimes reallocated to the applicable categories (e.g., financial, operational, compliance, etc.).

* - These hours represent only the Engagements section of U. T. System Administration's Annual Audit Plan. Additional hours for Operations and Initiatives that are part of the annual audit plan are not shown above.

A - U. T. Health Science Center - San Antonio's lower percent completion was due to higher than expected staff vacancies.

B - U. T. M. D. Anderson's lower percent completion was due to several IT and Construction audits, which are outsourced, not starting until late in the third quarter for completion in the fourth quarter in addition to higher than expected staff vacancies.

4. **U. T. System: Report on Audits of the Systemwide Cancer Prevention Research Institute of Texas Grants**

REPORT

Chief Audit Executive Peppers will report on the results of the audits conducted of the Cancer Prevention Research Institute of Texas (CPRIT) Grants. A summary of the audit results was provided to the Audit, Compliance, and Management Review Committee (ACMRC) members prior to the meeting.

BACKGROUND INFORMATION

The ACMRC approved engagement of Deloitte to conduct the audits of Fiscal Year 2014 CPRIT grant activity at the May 13, 2015 meeting. Audits of previous fiscal years' grant activity were also performed by Deloitte.



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Committee Meeting: 8/19/2015

Board Meeting: 8/20/2015
Austin, Texas

R. Steven Hicks, Chairman
David J. Beck
Wallace L. Hall, Jr.
Jeffery D. Hildebrand
Sara Martinez Tucker

	Committee Meeting	Board Meeting	Page
Convene	<i>1:00 p.m.</i> <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	<i>1:00 p.m.</i> Action	Action	105
2. U. T. System: Key Financial Indicators Report and Monthly Financial Report	<i>1:05 p.m.</i> Report/Discussion <i>Dr. Kelley</i>	Not on Agenda	106
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, 2015	<i>1:20 p.m.</i> Report/Discussion <i>Mr. Zimmerman,</i> <i>Mr. Ryan Ruebsahm,</i> <i>and Mr. Courtney Powers, UTIMCO</i>	Report	140
4. U. T. System Board of Regents: Report on activities of the University Lands Advisory Board	<i>1:35 p.m.</i> Report/Discussion <i>Regent Cranberg</i> <i>Mr. Houser</i>	Not on Agenda	163
5. 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>1:55 p.m.</i> Action <i>Mr. Hull</i>	Action	181
6. 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	<i>1:56 p.m.</i> Action <i>Mr. Hull</i>	Action	183

	Committee Meeting	Board Meeting	Page
7. 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	1:57 p.m. Action <i>Mr. Hull</i>	Action	185
8. U. T. System Board of Regents: Adoption of Amended and Restated First Supplemental Resolution to the Master Resolution establishing the Revenue Financing System Commercial Paper Note Program; authorization for officers of U. T. System to complete all transactions related thereto; and resolution regarding parity debt	1:58 p.m. Action <i>Mr. Hull</i>	Action	209
9. U. T. System Board of Regents: Approval of aggregate amount of \$213,200,000 of equipment financing for Fiscal Year 2016 and resolution regarding parity debt	1:59 p.m. Action <i>Mr. Hull</i>	Action	213
Adjourn	2:00 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 at the back of the book.

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

REPORT

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will discuss the Key Financial Indicators Report set forth on [Pages 107 - 114](#) and the June Monthly Financial Report on [Pages 115 - 139](#). The reports represent the consolidated and individual operating detail of the U. T. System institutions.

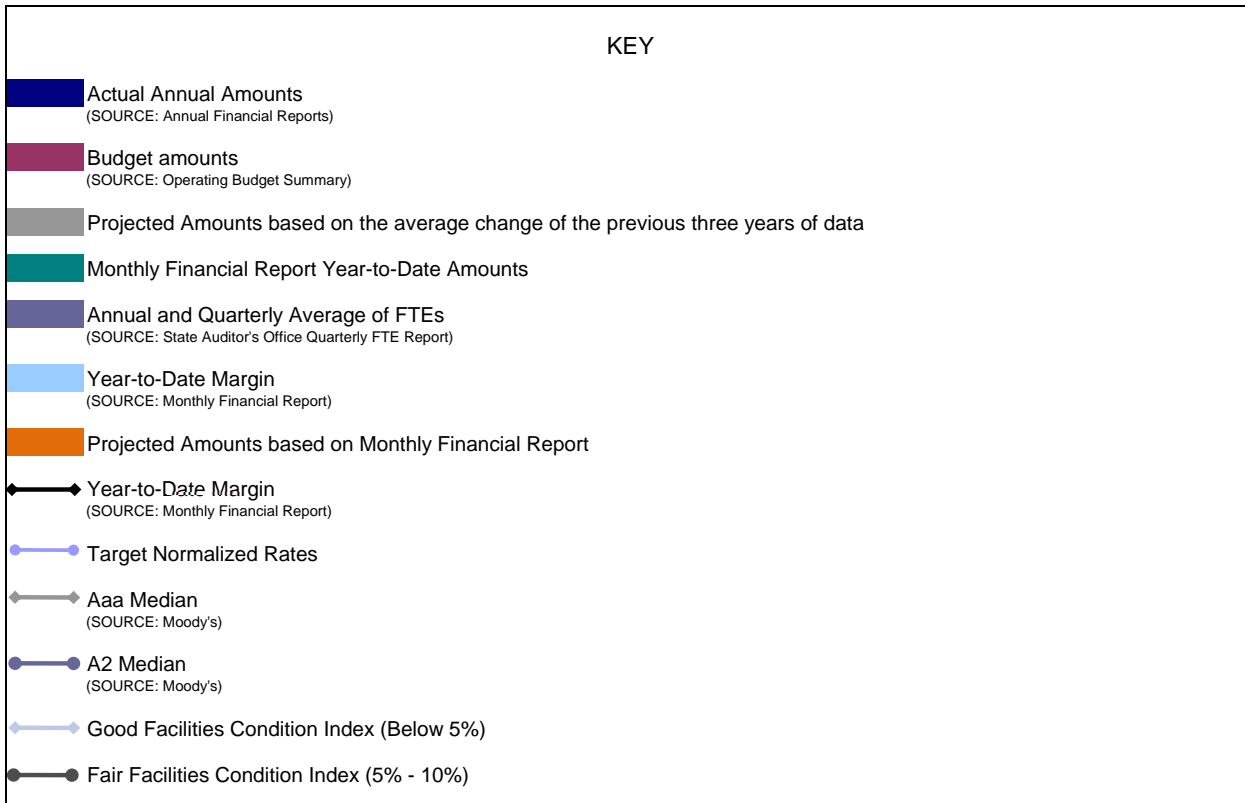
The Key Financial Indicators Report compares the Systemwide quarterly results of operations, key revenues and expenses, reserves, and key financial ratios in a graphical presentation from Fiscal Year 2011 through May 2015. Ratios requiring balance sheet data are provided for Fiscal Year 2010 through Fiscal Year 2014.

THE UNIVERSITY OF TEXAS SYSTEM

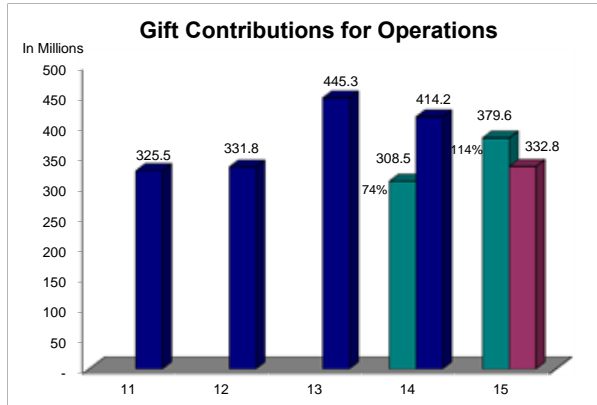
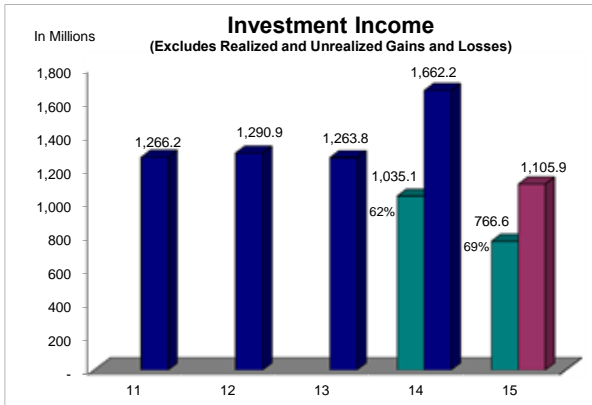
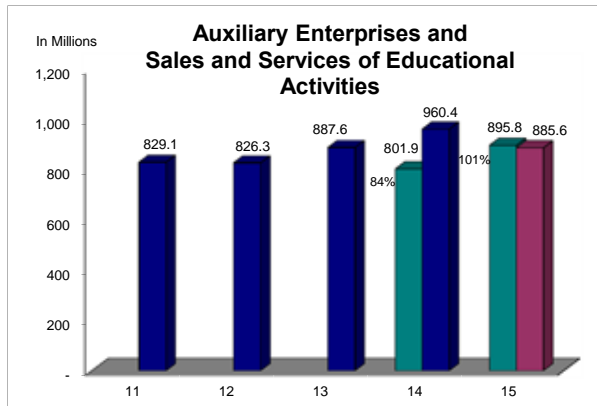
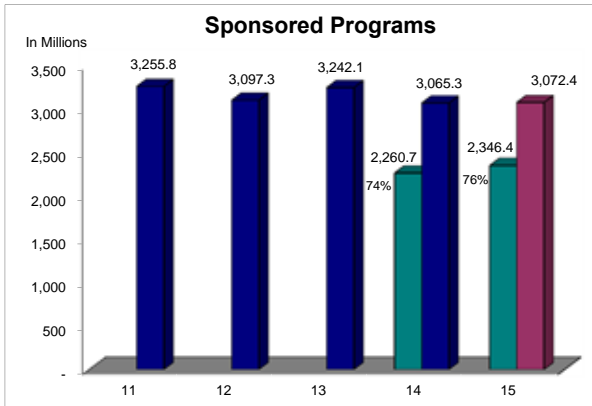
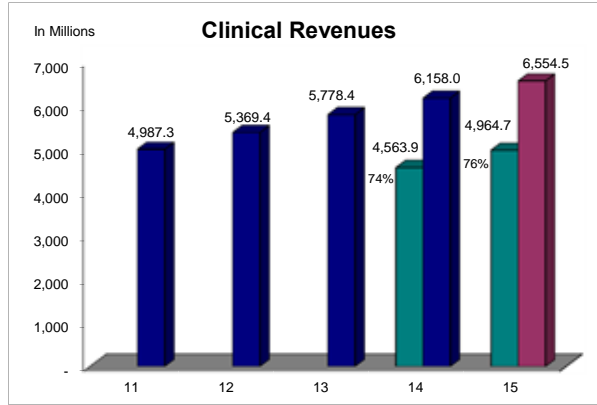
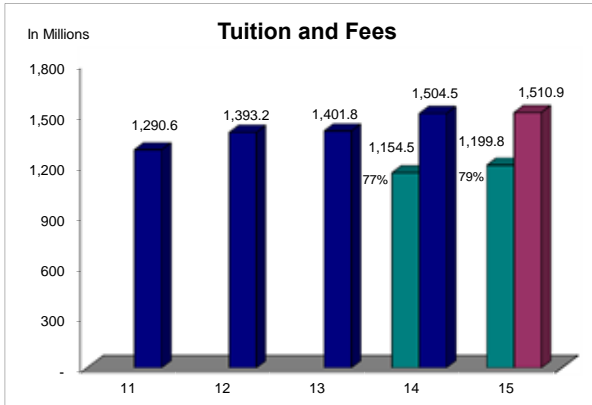
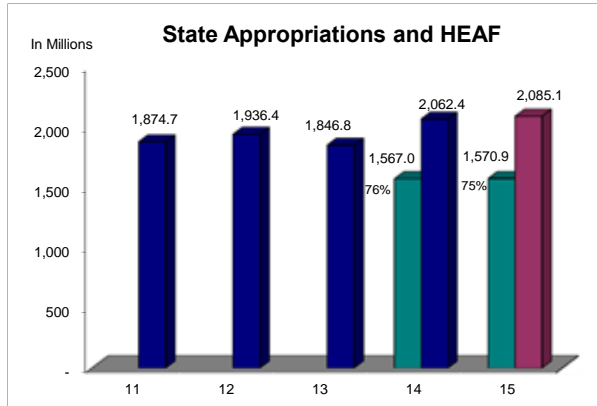
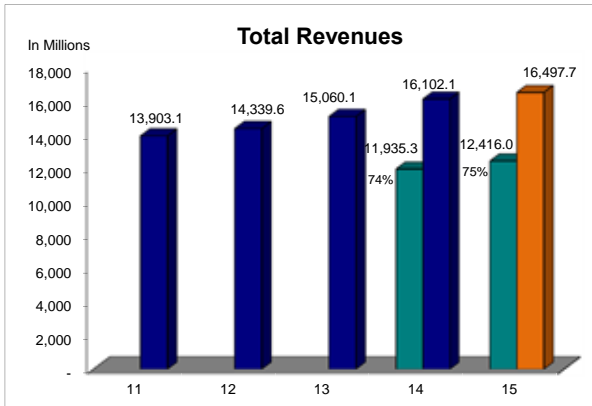


KEY FINANCIAL INDICATORS REPORT

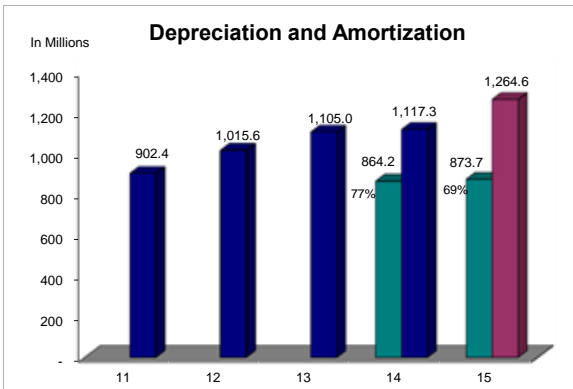
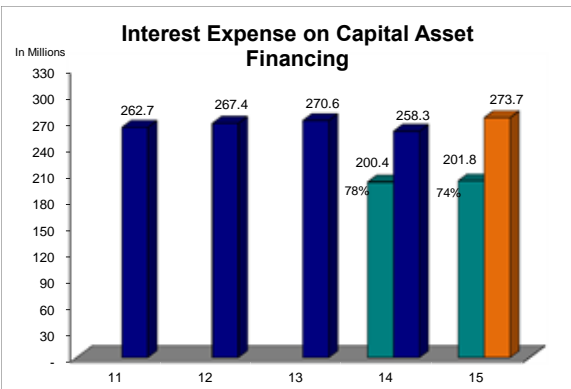
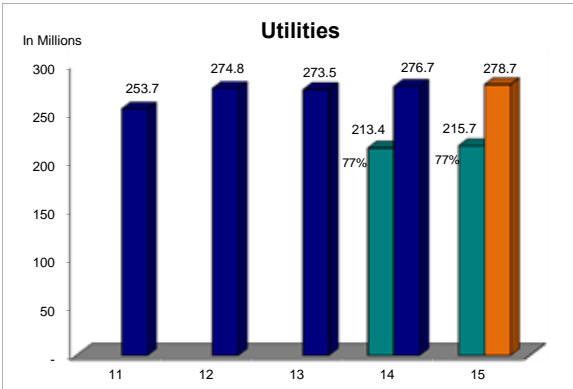
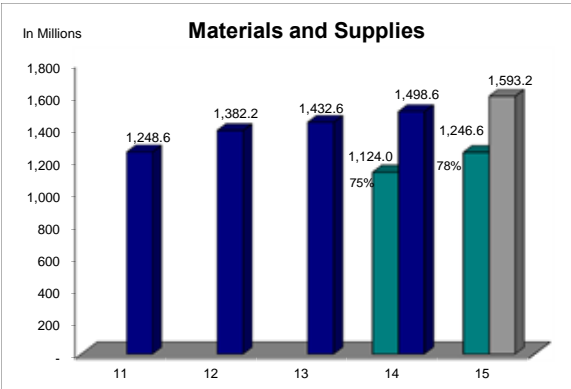
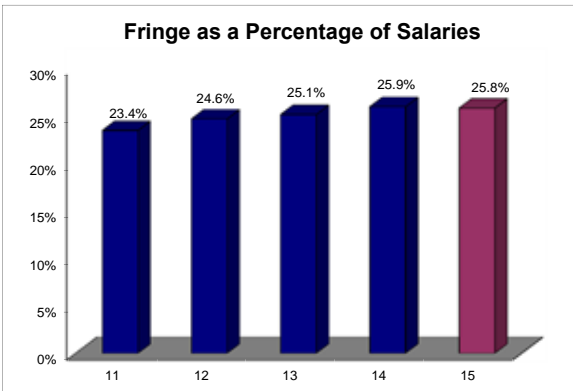
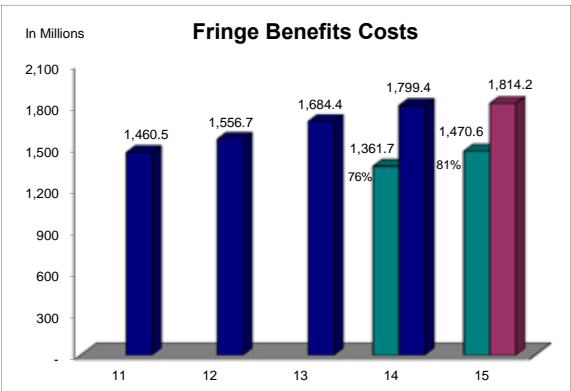
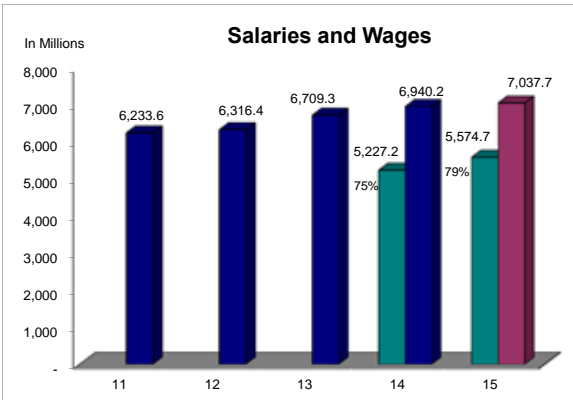
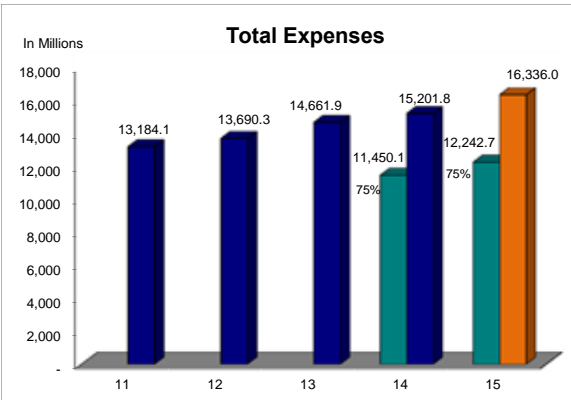
MAY 2015



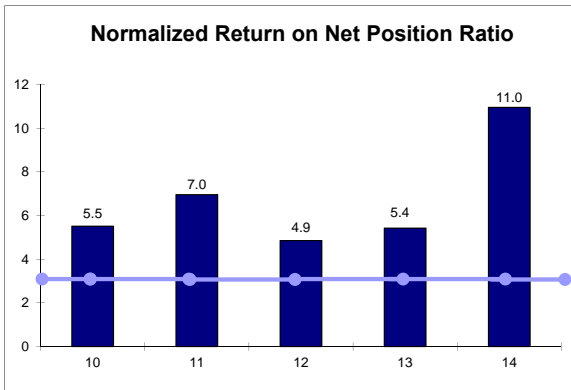
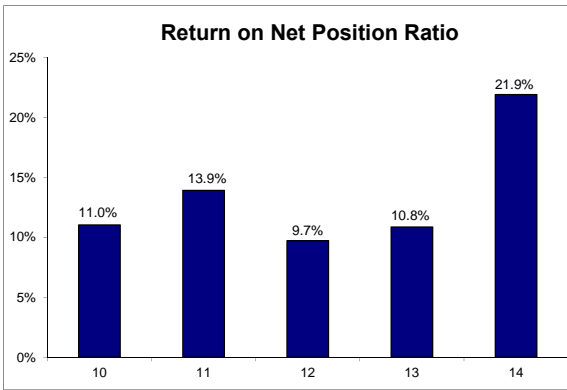
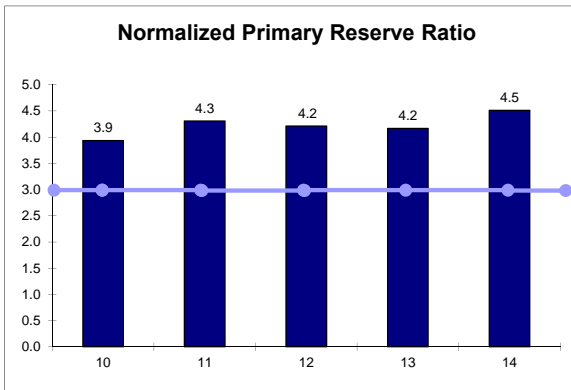
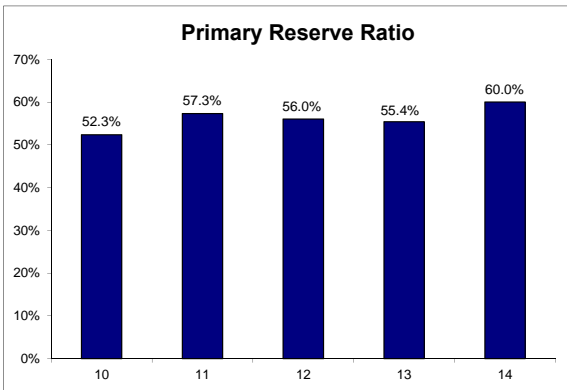
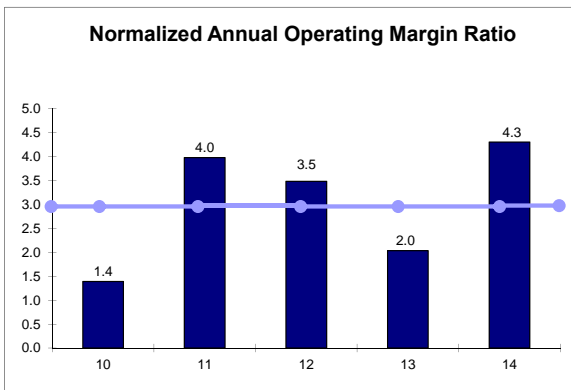
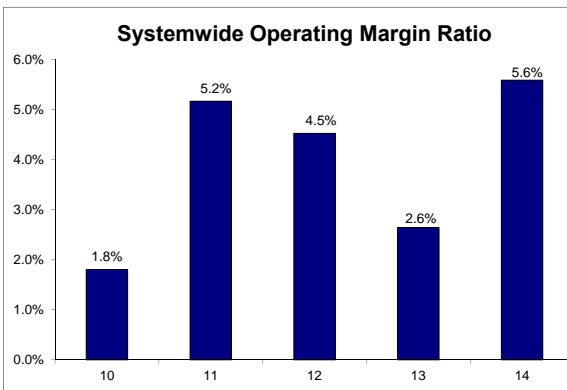
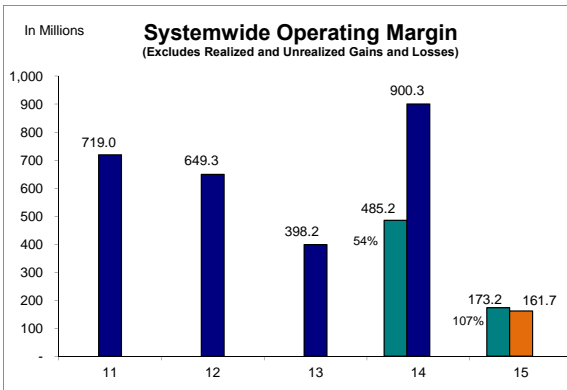
**KEY INDICATORS OF REVENUES
ACTUAL 2011 THROUGH 2014
PROJECTED 2015
YEAR-TO-DATE 2014 AND 2015 FROM MAY MONTHLY FINANCIAL REPORT**



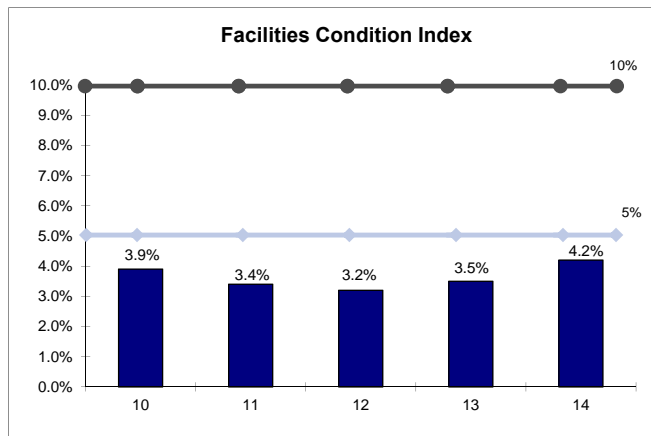
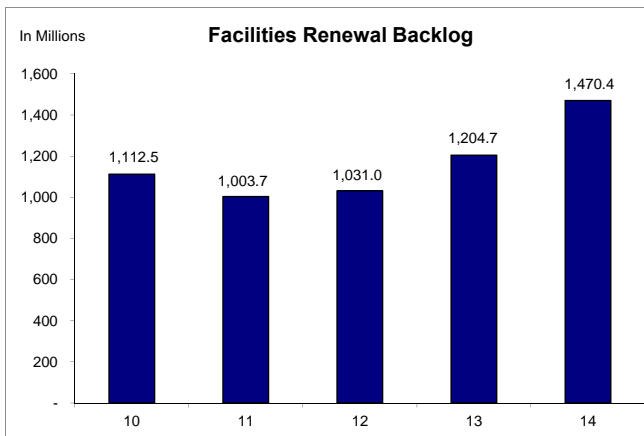
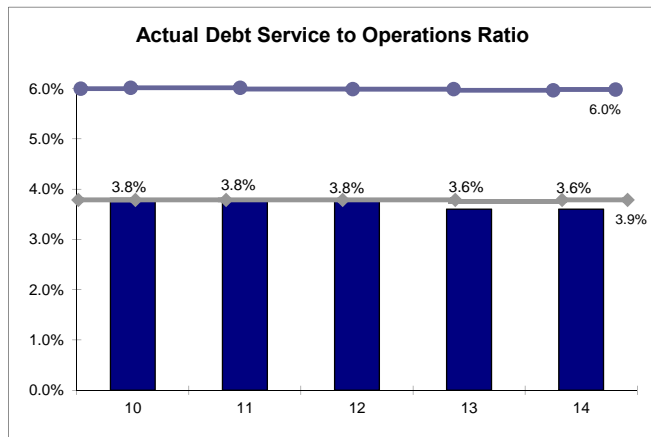
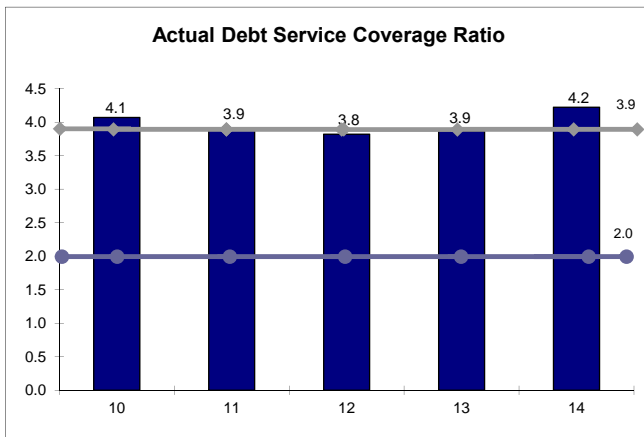
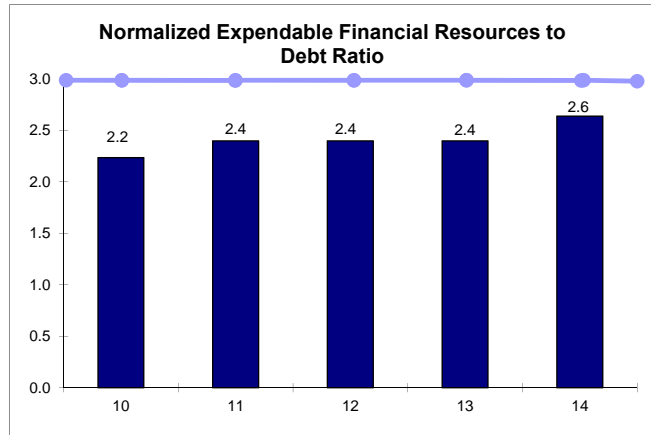
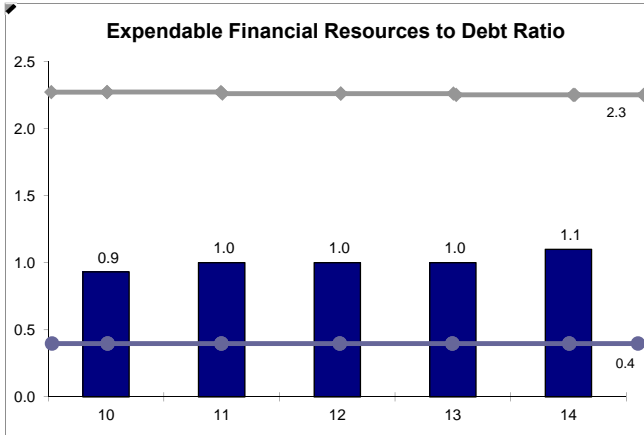
KEY INDICATORS OF EXPENSES
ACTUAL 2011 THROUGH 2014
PROJECTED 2015
YEAR-TO-DATE 2014 AND 2015 FROM MAY MONTHLY FINANCIAL REPORT



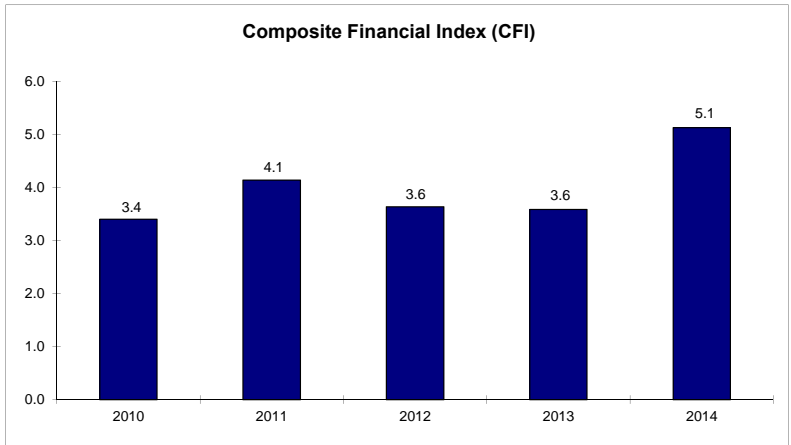
KEY INDICATORS OF RESERVES
ACTUAL 2010 THROUGH 2014
PROJECTED 2015
YEAR-TO-DATE 2014 AND 2015 FROM MAY MONTHLY FINANCIAL REPORT



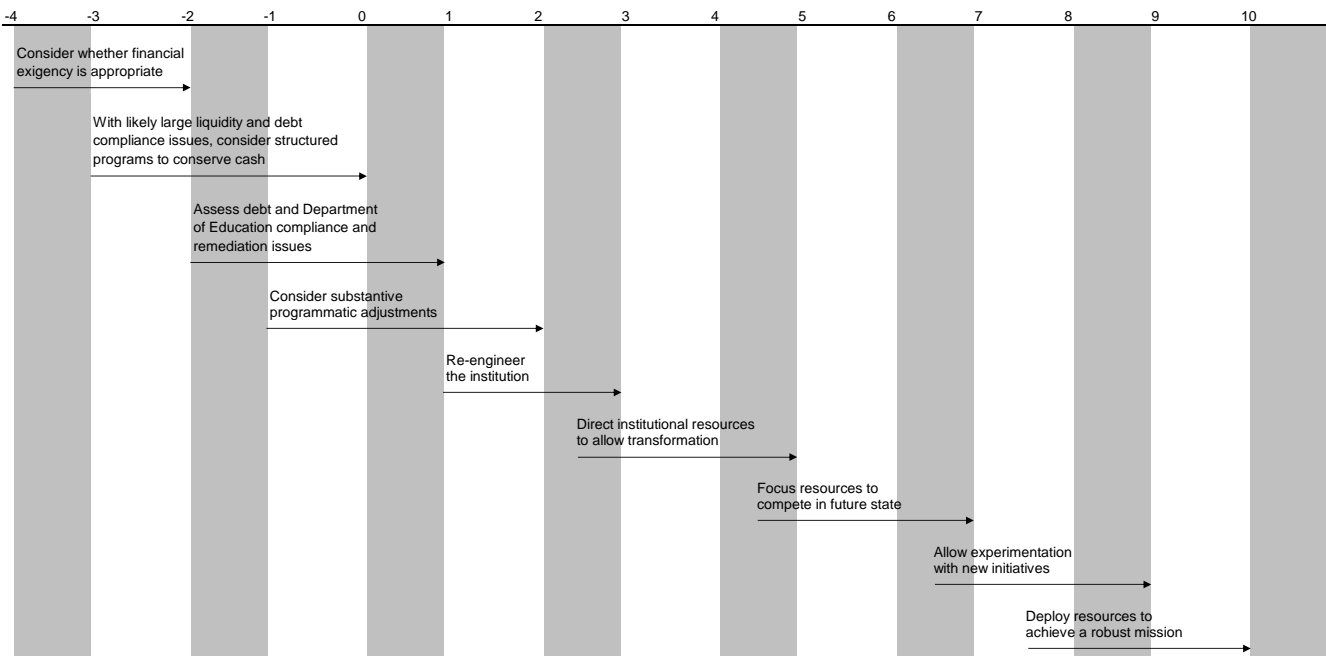
KEY INDICATORS OF CAPITAL NEEDS AND CAPACITY 2010 THROUGH 2014



**KEY INDICATORS OF FINANCIAL HEALTH
2010 THROUGH 2014**

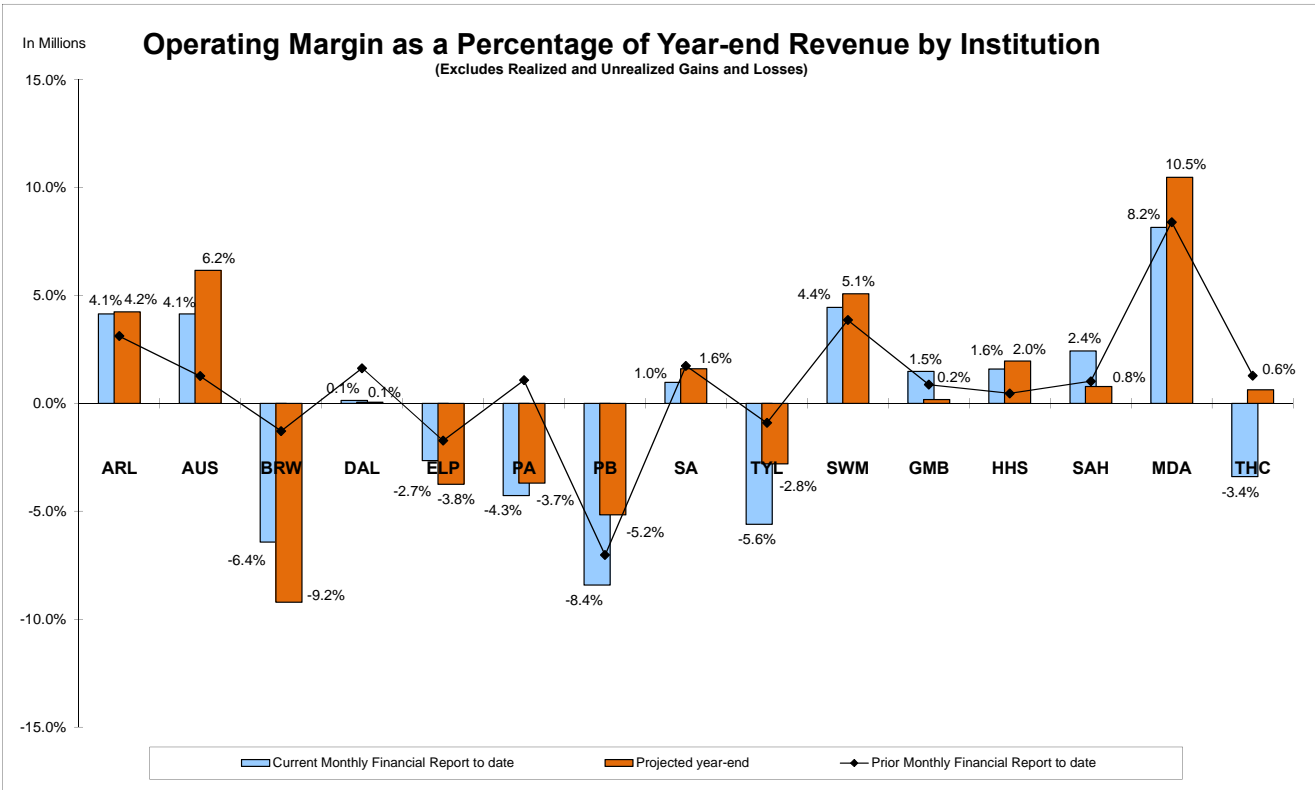
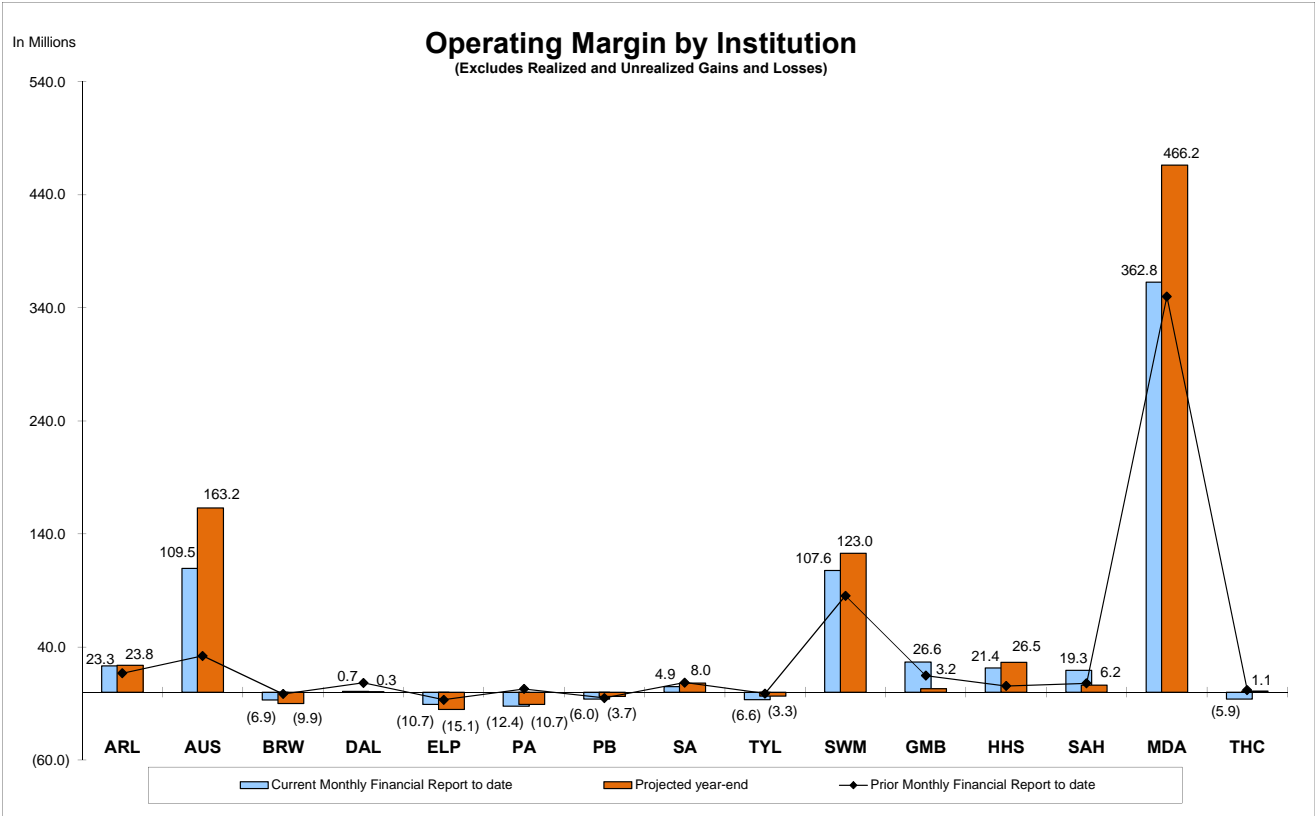


Scale for Charting CFI Performance



Source: Strategic Financial Analysis for Higher Education, Seventh Edition

KEY INDICATORS OF RESERVES YEAR-TO-DATE 2014 AND 2015 FROM MAY MONTHLY FINANCIAL REPORT PROJECTED 2015 YEAR-END MARGIN



THE UNIVERSITY OF TEXAS SYSTEM
OFFICE OF THE CONTROLLER

MONTHLY FINANCIAL REPORT
(unaudited)

JUNE 2015



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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, 2015**

**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, 2015

	June Year-to-Date FY 2015	June Year-to-Date FY 2014	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	1,314,534,891.93	1,276,148,948.12	38,385,943.81	3.0%
Sponsored Programs	2,367,219,188.18	2,280,896,504.78	86,322,683.40	3.8%
Net Sales and Services of Educational Activities	492,174,534.59	446,840,775.85	45,333,758.74	10.1%
Net Sales and Services of Hospitals	4,332,705,446.81	3,933,441,354.54	399,264,092.27	10.2%
Net Professional Fees	1,218,984,853.17	1,148,942,471.28	70,042,381.89	6.1%
Net Auxiliary Enterprises	485,969,333.59	425,230,676.85	60,738,656.74	14.3%
Other Operating Revenues	333,945,602.46	272,247,950.78	61,697,651.68	22.7%
Total Operating Revenues	10,545,533,850.73	9,783,748,682.20	761,785,168.53	7.8%
Operating Expenses				
Salaries and Wages	6,204,427,297.46	5,803,765,365.63	400,661,931.83	6.9%
Payroll Related Costs	1,626,961,539.19	1,509,943,227.61	117,018,311.58	7.7%
Cost of Goods Sold	109,114,642.81	93,952,208.80	15,162,434.01	16.1%
Professional Fees and Services	347,321,961.03	308,274,067.63	39,047,893.40	12.7%
Other Contracted Services	627,476,858.46	591,370,082.85	36,106,775.61	6.1%
Travel	117,179,992.89	111,500,278.41	5,679,714.48	5.1%
Materials and Supplies	1,396,923,532.82	1,251,242,386.23	145,681,146.59	11.6%
Utilities	241,374,891.66	239,468,757.22	1,906,134.44	0.8%
Communications	94,804,981.01	105,758,650.82	(10,953,669.81)	-10.4%
Repairs and Maintenance	243,332,648.24	213,359,206.16	29,973,442.08	14.0%
Rentals and Leases	132,112,373.87	124,010,267.87	8,102,106.00	6.5%
Printing and Reproduction	29,408,428.98	27,285,473.72	2,122,955.26	7.8%
Bad Debt Expense	826,966.95	1,942,726.64	(1,115,759.69)	-57.4%
Claims and Losses	28,332,354.10	32,113,481.69	(3,781,127.59)	-11.8%
Increase in Net OPEB Obligation	466,558,504.17	446,342,572.50	20,215,931.67	4.5%
Scholarships and Fellowships	323,997,162.78	343,566,573.02	(19,569,410.24)	-5.7%
Depreciation and Amortization	972,153,263.80	956,991,456.04	15,161,807.76	1.6%
Federal Sponsored Program Pass-Through to Other State Agencies	18,334,626.59	32,037,580.38	(13,702,953.79)	-42.8%
State Sponsored Program Pass-Through to Other State Agencies	2,743,220.23	4,300,100.62	(1,556,880.39)	-36.2%
Other Operating Expenses	363,749,592.58	311,562,759.96	52,186,832.62	16.8%
Impairment of Capital Assets	1,083,705.17	-	1,083,705.17	100.0%
Total Operating Expenses	13,348,218,544.79	12,508,787,223.80	839,431,320.99	6.7%
Operating Loss	(2,802,684,694.06)	(2,725,038,541.60)	(77,646,152.46)	-2.8%
Other Nonoperating Adjustments				
State Appropriations	1,740,011,658.35	1,734,858,273.76	5,153,384.59	0.3%
Nonexchange Sponsored Programs	239,616,752.19	239,715,406.92	(98,654.73)	-
Gift Contributions for Operations	405,733,125.68	344,344,527.40	61,388,598.28	17.8%
Net Investment Income	975,869,659.75	1,192,731,111.09	(216,861,451.34)	-18.2%
Interest Expense on Capital Asset Financings	(225,260,988.59)	(220,664,299.46)	(4,596,689.13)	-2.1%
Net Other Nonoperating Adjustments	3,135,970,207.38	3,290,985,019.71	(155,014,812.33)	-4.7%
Adjusted Income (Loss) including Depreciation & Amortization	333,285,513.32	565,946,478.11	(232,660,964.79)	-41.1%
Adjusted Margin % including Depreciation & Amortization	2.4%	4.3%		
Investment Gain (Losses)	294,373,707.44	3,764,688,807.34	(3,470,315,099.90)	-92.2%
Adj. Inc. (Loss) with Investment Gains (Losses)	627,659,220.76	4,330,635,285.45	(3,702,976,064.69)	-85.5%
Adj. Margin % with Investment Gains (Losses)	4.4%	25.4%		
Adjusted Income (Loss) excluding Depreciation & Amortization	1,305,438,777.12	1,522,937,934.15	(217,499,157.03)	-14.3%
Adjusted Margin % excluding Depreciation & Amortization	9.4%	11.5%		

The University of Texas System
Comparison of Adjusted Income (Loss)
For the Ten Months Ending June 30, 2015

	Including Depreciation and Amortization Expense			
	June	June	Variance	Fluctuation Percentage
	Year-to-Date FY 2015	Year-to-Date FY 2014		
U. T. System Administration	\$ (230,871,955.11)	\$ 170,167,657.13	(401,039,612.24)	(1) -235.7%
U. T. Arlington	21,130,009.48	17,525,961.58	3,604,047.90	(2) 20.6%
U. T. Austin	110,709,191.36	29,064,895.15	81,644,296.21	(3) 280.9%
U. T. Brownsville	(7,562,339.26)	(1,750,004.94)	(5,812,334.32)	(4) -332.1%
U. T. Dallas	(6,566,636.61)	9,674,102.56	(16,240,739.17)	(5) -167.9%
U. T. El Paso	(11,969,498.45)	(7,540,492.84)	(4,429,005.61)	(6) -58.7%
U. T. Pan American	(12,125,947.57)	1,936,370.45	(14,062,318.02)	(7) -726.2%
U. T. Permian Basin	(6,982,120.86)	(4,098,885.32)	(2,883,235.54)	(8) -70.3%
U. T. San Antonio	6,905,517.88	11,370,289.14	(4,464,771.26)	(9) -39.3%
U. T. Tyler	(4,884,009.45)	(1,883,686.66)	(3,000,322.79)	(10) -159.3%
U. T. Southwestern Medical Center	121,320,043.42	99,920,390.60	21,399,652.82	(11) 21.4%
U. T. Medical Branch - Galveston	18,199,587.21	17,661,025.84	538,561.37	3.0%
U. T. Health Science Center - Houston	20,534,253.28	14,122,504.17	6,411,749.11	(12) 45.4%
U. T. Health Science Center - San Antonio	20,783,557.91	18,659,193.38	2,124,364.53	11.4%
U. T. M. D. Anderson Cancer Center	526,835,489.22	389,778,256.21	137,057,233.01	(13) 35.2%
U. T. Health Science Center - Tyler	(8,467,827.37)	(1,326,661.67)	(7,141,165.70)	(14) -538.3%
Elimination of AUF Transfer	(223,701,801.76)	(197,334,436.67)	(26,367,365.09)	-13.4%
Total Adjusted Income (Loss)	333,285,513.32	565,946,478.11	(232,660,964.79)	-41.1%
Investment Gains (Losses)	294,373,707.44	3,764,688,807.34	(3,470,315,099.90)	-92.2%
Total Adjusted Income (Loss) with Investment Gains (Losses) Including Depreciation and Amortization	\$ 627,659,220.76	\$ 4,330,635,285.45	\$ (3,702,976,064.69)	-85.5%

	Excluding Depreciation and Amortization Expense			
	June	June	Variance	Fluctuation Percentage
	Year-to-Date FY 2015	Year-to-Date FY 2014		
U. T. System Administration	\$ (217,424,289.32)	\$ 175,514,283.61	(392,938,572.93)	-223.9%
U. T. Arlington	58,471,519.75	54,695,979.28	3,775,540.47	6.9%
U. T. Austin	310,709,191.36	280,731,561.82	29,977,629.54	10.7%
U. T. Brownsville	(503,319.80)	5,293,694.12	(5,797,013.92)	-109.5%
U. T. Dallas	41,450,994.99	53,374,210.66	(11,923,215.67)	-22.3%
U. T. El Paso	12,693,383.88	15,930,769.61	(3,237,385.73)	-20.3%
U. T. Pan American	3,286,923.22	15,166,372.24	(11,879,449.02)	-78.3%
U. T. Permian Basin	3,876,709.76	6,692,781.35	(2,816,071.59)	-42.1%
U. T. San Antonio	47,384,444.03	49,965,959.23	(2,581,515.20)	-5.2%
U. T. Tyler	5,151,967.42	7,657,945.27	(2,505,977.85)	-32.7%
U. T. Southwestern Medical Center	250,989,220.67	197,488,059.87	53,501,160.80	27.1%
U. T. Medical Branch - Galveston	103,216,090.64	104,347,237.60	(1,131,146.96)	-1.1%
U. T. Health Science Center - Houston	70,175,810.92	61,974,953.98	8,200,856.94	13.2%
U. T. Health Science Center - San Antonio	64,533,557.91	60,325,860.05	4,207,697.86	7.0%
U. T. M. D. Anderson Cancer Center	774,179,942.10	624,096,547.27	150,083,394.83	24.0%
U. T. Health Science Center - Tyler	948,431.35	7,016,154.86	(6,067,723.51)	-86.5%
Elimination of AUF Transfer	(223,701,801.76)	(197,334,436.67)	(26,367,365.09)	-13.4%
Total Adjusted Income (Loss)	1,305,438,777.12	1,522,937,934.15	(217,499,157.03)	-14.3%
Total Adjusted Income (Loss) Excluding Depreciation and Amortization	\$ 1,305,438,777.12	\$ 1,522,937,934.15	\$ (217,499,157.03)	-14.3%

THE UNIVERSITY OF TEXAS SYSTEM
EXPLANATION OF VARIANCES ON THE MONTHLY FINANCIAL REPORT
For the Ten Months Ending June 30, 2015

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 \$401.0 million (235.7%) increase in adjusted loss as compared to adjusted income for the same period last year was primarily due to a decrease in oil royalties and the lack of mineral lease bonus sales in 2015, which are a component of net investment income. Also contributing to the variance was a decrease in sponsored program revenue received for the 2014-2015 biennium for the Joint Admission Medical Program as it was all recognized in 2014. U. T. System Administration incurred a year-to-date loss of \$230.9 million as a result of these factors, as well as a \$466.6 million accrual for Other Postemployment Benefits (OPEB) expense for the entire U. T. System. Excluding depreciation and amortization expense, U. T. System Administration's adjusted loss was \$217.4 million or -46.5% of revenues. U. T. System Administration anticipates ending the year with a \$285.9 million loss, -51.8% of projected revenues, and includes \$16.3 million of depreciation and amortization expense, as well as a \$559.9 million accrual for OPEB.
- (2) U. T. Arlington - The \$3.6 million (20.6%) increase in adjusted income over the same period last year was primarily attributable to an increase in gift contributions for operations due to a large gift received for the Institute of Research Technology, as well as the receipt of a trust distribution. Excluding depreciation and amortization expense, U. T. Arlington's adjusted income was \$58.5 million or 12.7% of revenues.
- (3) U. T. Austin - The \$81.6 million (280.9%) increase in adjusted income over the same period last year was primarily attributable to the following: a decrease in depreciation and amortization expense as a result of gifted software licenses that were fully amortized in 2014; a decrease in scholarships and fellowships expense due to a lower estimate used in 2015 to more closely approximate the 2014 actual results; and an increase in the funding from the Available University Fund primarily for operations and the new medical school. Excluding depreciation and amortization expense, U. T. Austin's adjusted income was \$310.7 million or 13.6% of revenues.
- (4) U. T. Brownsville - The \$5.8 million (332.1%) increase in adjusted loss over the same period last year was primarily attributable to \$3.5 million of U. T. Rio Grande Valley related expenses and a decrease in student enrollment. As a result of these factors, U. T. Brownsville incurred a year-to-date loss of \$7.6 million. Excluding depreciation and amortization expense, U. T. Brownsville's adjusted loss was \$503,000 or -0.5% of revenues. U. T. Brownsville anticipates ending the year with a \$9.9 million loss, -9.2% of projected revenues, and includes \$8.4 million of depreciation and amortization expense.
- (5) U. T. Dallas - The \$16.2 million (167.9%) increase in adjusted loss as compared to adjusted income for the same period last year was primarily attributable to the following: a decrease in gifts for operations as a result of two large gifts received in 2014 with no comparable gifts in 2015; an increase in materials and supplies due to increases in electronic access publications and computer software license renewals; and an increase in interest expense due to campus renovations. As a result, U. T. Dallas incurred a year-to-date loss of \$6.6 million. Excluding depreciation and amortization expense, U. T. Dallas's adjusted income was \$41.5 million or 9.2% of revenues. U. T. Dallas anticipates ending the year with a \$9.8 million loss, -1.8% of projected revenues, and includes \$58.1 million of depreciation and amortization expense.
- (6) U. T. El Paso - The \$4.4 million (58.7%) increase in adjusted loss as compared to the same period last year was attributable to an increase in tuition exemption scholarship expense, primarily related to the Hazelwood and Hazelwood Legacy programs. Also contributing to the variance were the following: an increase in salaries and wages due to a 2.5% merit pool increase implemented in 2015; and an increase in depreciation expense related to the rapid growth of buildings and research infrastructure on campus. As a result, U. T. El Paso incurred a year-to-date loss of \$12.0 million. Excluding depreciation and amortization expense, U. T. El Paso's adjusted income was \$12.7 million or 4.0% of revenues. U. T. El Paso anticipates ending the year with a \$14.5 million loss, -3.6% of projected revenues, and includes \$30.1 million of depreciation and amortization expense.
- (7) U. T. Pan American - The \$14.1 million (726.2%) increase in adjusted loss as compared to adjusted income for the same period last year was primarily due to the following: an increase in salaries and wages and payroll related expense partially due to the addition of U. T. Rio Grande Valley salaries in anticipation of the opening of the new school in the fall of 2015; an increase in materials and supplies attributable to the purchase of furniture and equipment not meeting the threshold for capitalization, Blackboard Managed Hosting Storage, and U. T. Rio Grande Valley associated expenses; an increase in depreciation expense resulting from the Fine Arts Complex and the Student Academic Center which were placed into service late in 2014; an increase in other contracted services largely due to expenses incurred for U. T. Rio Grande Valley; and an increase in utilities expense as a result of increased utility rates and usage. As a result, U. T. Pan American incurred a year-to-date loss of \$12.1 million. Excluding depreciation and amortization expense, U. T. Pan American's adjusted income was \$3.3 million or 1.6% of revenues. Partially due

to costs related to the new *U. T. Rio Grande Valley* medical school, *U. T. Pan American* anticipates ending the year with a \$9.0 million loss, -3.2% of projected revenues, and includes \$19.1 million of depreciation and amortization expense.

- (8) *U. T. Permian Basin* - The \$2.9 million (70.3%) increase in adjusted loss over the same period last year was primarily attributable to the following: a decrease in net auxiliary enterprises revenue as a result of housing revenue received in August 2014 for the fall of 2015 which was not deferred; an increase in salaries and wages as a result of merit increases and additional adjunct faculty to support enrollment growth; and an increase in other contracted services attributable to increased payments for food service, a long-term contract on a sponsored program and increased costs for cleaning services at the Noel Wagner Performing Arts Center. Partially offsetting the negative impact of these items on the operating margin was an increase in gift contributions for operations as a result of gifts received in 2015 for football. As a result of these factors, *U. T. Permian Basin* incurred a year-to-date loss of \$7.0 million. Excluding depreciation and amortization expense, *U. T. Permian Basin's* adjusted income was \$3.9 million or 6.4% of revenues. *U. T. Permian Basin* anticipates ending the year with a \$6.8 million loss, -9.5% of projected revenues, and includes \$13.5 million of depreciation and amortization expense.
- (9) *U. T. San Antonio* - The \$4.5 million (39.3%) decrease in adjusted income over the same period last year was primarily attributable to an increase in other contracted services due to an increase in contracted services on a San Antonio Life Sciences Institute project with *UTHSC-San Antonio*, as well as increased purchased/contracted services for dining and various payments related to football, and an increase in materials and supplies for furnishings and equipment purchased for the North Paseo Building not meeting threshold for capitalization. Professional fees and services also increased primarily as a result of consultants hired to provide assistance and expertise on PeopleSoft. Excluding depreciation and amortization expense, *U. T. San Antonio's* adjusted income was \$47.4 million or 11.3% of revenues.
- (10) *U. T. Tyler* - The \$3.0 million (159.3%) increase in adjusted loss over the same period last year was primarily attributable to the following: an increase in salaries and wages expense driven by merit and market increases; an increase in professional fees and services due to increased marketing plans and advertising; an increase in materials and supplies due to purchases of computer parts and equipment not meeting the threshold for capitalization; and a decrease in gift contributions for operations due to a large gift received in 2014 with no comparable gifts received thus far in 2015. As a result, *U. T. Tyler* incurred a year-to-date loss of \$4.9 million. Excluding depreciation and amortization expense, *U. T. Tyler's* adjusted income was \$5.2 million or 5.2% of revenues. *U. T. Tyler* anticipates ending the year with a \$3.9 million loss, -3.3% of projected revenues, and includes \$12.0 million of depreciation and amortization expense.
- (11) *U. T. Southwestern Medical Center* - The \$21.4 million (21.4%) increase in adjusted income over the same period last year was primarily attributable to an increase in gift contributions for operations due to a multi-year pledge received from the Hamon Charitable Foundation in support of the Advanced Imaging Research Center, as well as a pledge received in April to establish a new bioinformatics department. Excluding depreciation and amortization expense, *Southwestern's* adjusted income was \$251.0 million or 12.3% of revenues.
- (12) *U. T. Health Science Center - Houston* - The \$6.4 million (45.4%) increase in adjusted income as compared to the same period last year was primarily attributable to an increase in gift contributions for operations due to new pledges in 2015 for stem cell therapeutics research. Excluding depreciation and amortization expense, *UTHSC-Houston's* adjusted income was \$70.2 million or 6.2% of revenues.
- (13) *U. T. M. D. Anderson Cancer Center* - The \$137.1 million (35.2%) increase in adjusted income as compared to the same period last year was primarily attributable to an increase in net investment income generated by shares of technology stocks in Ziopharm Oncology Inc. and Intrexon Corporation received in consideration for licenses created by *M. D. Anderson*. Excluding depreciation and amortization expense, *M. D. Anderson's* adjusted income was \$774.2 million or 20.4% of revenues.
- (14) *U. T. Health Science Center - Tyler* - The \$7.1 million (538.3%) increase in adjusted loss as compared to the same period last year was primarily attributable to the following: \$17.3 million of Delivery System Reform Incentive Payment (DSRIP) revenue recognized in 2015, as compared to \$21.0 million of DSRIP revenue recognized as of June 2014; an increase in salaries and wages and payroll related expense due to the addition of new faculty and staff for psychiatric programs; and an accrual of \$2.4 million of Upper Payment Limit repayments as a result of Texas Health and Human Services Commission incorrectly calculating supplemental payments in accordance with Federal regulations and the State plan. As a result of these factors, *UTHSC-Tyler* incurred a year-to-date loss of \$8.5 million. Excluding depreciation and amortization expense, *UTHSC-Tyler's* adjusted income was \$948,000 or 0.7% of revenues. *UTHSC-Tyler* anticipates ending the year with a positive margin of \$1.1 million as a result of achieving DSRIP milestones for recognition in August. This represents 0.6% of projected revenues and includes \$11.3 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, 2015

	June Year-to-Date FY 2015	June Year-to-Date FY 2014	Variance	Fluctuation Percentage
Operating Revenues				
Sponsored Programs	11,562,183.54	18,535,996.90	(6,973,813.36)	-37.6%
Net Sales and Services of Educational Activities	24,968,789.28	15,590,989.80	9,377,799.48	60.1%
Other Operating Revenues	17,854,904.80	27,984,258.47	(10,129,353.67)	-36.2%
Total Operating Revenues	54,385,877.62	62,111,245.17	(7,725,367.55)	-12.4%
Operating Expenses				
Salaries and Wages	48,622,264.37	34,041,884.40	14,580,379.97	42.8%
Payroll Related Costs	11,879,118.37	8,734,024.05	3,145,094.32	36.0%
Professional Fees and Services	10,967,303.49	3,598,815.02	7,368,488.47	204.7%
Other Contracted Services	19,876,638.60	21,025,910.74	(1,149,272.14)	-5.5%
Travel	1,276,481.69	947,164.75	329,316.94	34.8%
Materials and Supplies	6,516,750.63	6,387,025.66	129,724.97	2.0%
Utilities	360,160.72	469,980.14	(109,819.42)	-23.4%
Communications	6,031,268.25	3,509,853.94	2,521,414.31	71.8%
Repairs and Maintenance	7,620,435.20	4,139,205.38	3,481,229.82	84.1%
Rentals and Leases	3,175,462.73	762,013.19	2,413,449.54	316.7%
Printing and Reproduction	411,558.02	133,342.33	278,215.69	208.6%
Claims and Losses	28,332,354.10	32,113,481.69	(3,781,127.59)	-11.8%
Increase in Net OPEB Obligation	466,558,504.17	446,342,572.50	20,215,931.67	4.5%
Scholarships and Fellowships	709,084.94	887,200.00	(178,115.06)	-20.1%
Depreciation and Amortization	13,447,665.79	5,346,626.48	8,101,039.31	151.5%
State Sponsored Program Pass-Through to Other State Agencies	1,935,024.35	1,833,098.30	101,926.05	5.6%
Other Operating Expenses	18,659,070.45	19,050,526.16	(391,455.71)	-2.1%
Total Operating Expenses	646,379,145.87	589,322,724.73	57,056,421.14	9.7%
Operating Loss	(591,993,268.25)	(527,211,479.56)	(64,781,788.69)	-12.3%
Other Nonoperating Adjustments				
State Appropriations	1,360,850.39	10,328,536.93	(8,967,686.54)	-86.8%
Nonexchange Sponsored Programs	15,804,542.49	15,893,279.73	(88,737.24)	-0.6%
Gift Contributions for Operations	43,667,059.58	1,171,804.70	42,495,254.88	3,626.5%
Net Investment Income	256,039,935.27	679,108,027.42	(423,068,092.15)	-62.3%
Interest Expense on Capital Asset Financings	(51,600,216.23)	(49,627,407.92)	(1,972,808.31)	-4.0%
Net Other Nonoperating Adjustments	265,272,171.50	656,874,240.86	(391,602,069.36)	-59.6%
Adjusted Income (Loss) including Depreciation & Amortization	(326,721,096.75)	129,662,761.30	(456,383,858.05)	-352.0%
Adjusted Margin % including Depreciation & Amortization	-88.0%	16.9%		
Available University Fund Transfer	95,849,141.64	40,504,895.83	55,344,245.81	136.6%
Adjusted Income (Loss) with AUF Transfer	(230,871,955.11)	170,167,657.13	(401,039,612.24)	-235.7%
Adjusted Margin % with AUF Transfer	-49.4%	21.0%		
Investment Gain (Losses)	455,370,225.46	2,778,498,548.04	(2,323,128,322.58)	-83.6%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$224,498,270.35	\$2,948,666,205.17	(2,724,167,934.82)	-92.4%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	24.3%	82.2%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation & Amortization	(217,424,289.32)	175,514,283.61	(392,938,572.93)	-223.9%
Adjusted Margin % with AUF Transfer excluding Depreciation & Amortization	-46.5%	21.7%		

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The University of Texas at Arlington
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2015

	June Year-to-Date FY 2015	June Year-to-Date FY 2014	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	190,136,576.95	184,508,790.33	5,627,786.62	3.1%
Sponsored Programs	53,369,250.46	60,034,473.47	(6,665,223.01)	-11.1%
Net Sales and Services of Educational Activities	17,868,220.70	16,479,618.69	1,388,602.01	8.4%
Net Auxiliary Enterprises	31,603,270.06	29,594,575.67	2,008,694.39	6.8%
Other Operating Revenues	8,013,831.85	4,387,543.92	3,626,287.93	82.6%
Total Operating Revenues	300,991,150.02	295,005,002.08	5,986,147.94	2.0%
Operating Expenses				
Salaries and Wages	202,189,842.28	196,535,143.74	5,654,698.54	2.9%
Payroll Related Costs	47,038,042.59	48,933,620.52	(1,895,577.93)	-3.9%
Cost of Goods Sold	9,209.21	-	9,209.21	100.0%
Professional Fees and Services	7,393,465.46	6,079,935.22	1,313,530.24	21.6%
Other Contracted Services	39,650,638.06	38,326,587.84	1,324,050.22	3.5%
Travel	5,959,453.80	6,616,293.06	(656,839.26)	-9.9%
Materials and Supplies	19,913,993.95	19,410,214.12	503,779.83	2.6%
Utilities	7,309,896.10	7,381,453.97	(71,557.87)	-1.0%
Communications	6,957,051.13	7,495,930.31	(538,879.18)	-7.2%
Repairs and Maintenance	10,748,898.99	10,455,746.32	293,152.67	2.8%
Rentals and Leases	3,409,375.08	3,375,756.11	33,618.97	1.0%
Printing and Reproduction	2,322,896.81	2,084,565.96	238,330.85	11.4%
Bad Debt Expense	515,226.50	833,333.33	(318,106.83)	-38.2%
Scholarships and Fellowships	25,073,972.55	26,078,009.05	(1,004,036.50)	-3.9%
Depreciation and Amortization	37,341,510.27	37,170,017.70	171,492.57	0.5%
Federal Sponsored Program Pass-Through to Other State Agencies	3,074,985.92	1,203,441.28	1,871,544.64	155.5%
State Sponsored Program Pass-Through to Other State Agencies	169,117.81	54,186.99	114,930.82	212.1%
Other Operating Expenses	10,818,731.99	8,035,394.91	2,783,337.08	34.6%
Total Operating Expenses	429,896,308.50	420,069,630.43	9,826,678.07	2.3%
Operating Loss	(128,905,158.48)	(125,064,628.35)	(3,840,530.13)	-3.1%
Other Nonoperating Adjustments				
State Appropriations	99,688,570.83	98,536,152.50	1,152,418.33	1.2%
Nonexchange Sponsored Programs	41,128,822.76	37,500,000.00	3,628,822.76	9.7%
Gift Contributions for Operations	8,994,606.72	5,568,528.63	3,426,078.09	61.5%
Net Investment Income	10,713,926.15	12,100,204.40	(1,386,278.25)	-11.5%
Interest Expense on Capital Asset Financings	(10,490,758.50)	(11,114,295.60)	623,537.10	5.6%
Net Other Nonoperating Adjustments	150,035,167.96	142,590,589.93	7,444,578.03	5.2%
Adjusted Income (Loss) including Depreciation & Amortization	21,130,009.48	17,525,961.58	3,604,047.90	20.6%
Adjusted Margin % including Depreciation & Amortization	4.6%	3.9%		
Investment Gain (Losses)	(3,811,375.15)	9,072,418.39	(12,883,793.54)	-142.0%
Adj. Inc. (Loss) with Investment Gains (Losses)	17,318,634.33	26,598,379.97	(9,279,745.64)	-34.9%
Adj. Margin % with Investment Gains (Losses)	3.8%	5.8%		
Adjusted Income (Loss) excluding Depreciation & Amortization	58,471,519.75	54,695,979.28	3,775,540.47	6.9%
Adjusted Margin % excluding Depreciation & Amortization	12.7%	12.2%		

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The University of Texas at Austin
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2015

	June Year-to-Date FY 2015	June Year-to-Date FY 2014	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	404,166,666.67	420,833,333.33	(16,666,666.66)	-4.0%
Sponsored Programs	452,609,473.14	446,665,604.89	5,943,868.25	1.3%
Net Sales and Services of Educational Activities	337,540,610.18	316,654,109.79	20,886,500.39	6.6%
Net Auxiliary Enterprises	254,294,374.63	229,378,555.82	24,915,818.81	10.9%
Other Operating Revenues	5,840,955.88	5,365,251.12	475,704.76	8.9%
Total Operating Revenues	1,454,452,080.50	1,418,896,854.95	35,555,225.55	2.5%
Operating Expenses				
Salaries and Wages	946,208,862.58	919,233,228.33	26,975,634.25	2.9%
Payroll Related Costs	261,267,918.84	250,051,251.22	11,216,667.62	4.5%
Cost of Goods Sold	21,237,421.58	20,511,571.50	725,850.08	3.5%
Professional Fees and Services	29,890,362.34	30,561,893.12	(671,530.78)	-2.2%
Other Contracted Services	128,702,091.75	119,178,997.79	9,523,093.96	8.0%
Travel	35,137,875.55	36,431,279.38	(1,293,403.83)	-3.6%
Materials and Supplies	119,496,387.92	97,124,063.63	22,372,324.29	23.0%
Utilities	75,414,172.07	73,433,125.52	1,981,046.55	2.7%
Communications	35,134,489.41	48,163,618.32	(13,029,128.91)	-27.1%
Repairs and Maintenance	52,445,148.15	41,705,710.21	10,739,437.94	25.8%
Rentals and Leases	14,572,884.68	14,818,945.44	(246,060.76)	-1.7%
Printing and Reproduction	7,687,051.96	7,648,582.76	38,469.20	0.5%
Bad Debt Expense	234,005.29	780,996.66	(546,991.37)	-70.0%
Scholarships and Fellowships	100,000,000.00	131,666,666.67	(31,666,666.67)	-24.1%
Depreciation and Amortization	200,000,000.00	251,666,666.67	(51,666,666.67)	-20.5%
Federal Sponsored Program Pass-Through to Other State Agencies	3,387,811.69	2,902,754.03	485,057.66	16.7%
Other Operating Expenses	95,656,527.11	87,021,332.84	8,635,194.27	9.9%
Total Operating Expenses	2,126,473,010.92	2,132,900,684.09	(6,427,673.17)	-0.3%
Operating Loss	(672,020,930.42)	(714,003,829.14)	41,982,898.72	5.9%
Other Nonoperating Adjustments				
State Appropriations	262,756,240.19	268,029,973.83	(5,273,733.64)	-2.0%
Nonexchange Sponsored Programs	39,666,666.67	39,166,666.67	500,000.00	1.3%
Gift Contributions for Operations	108,468,231.40	103,098,333.72	5,369,897.68	5.2%
Net Investment Income	188,106,729.66	175,140,763.50	12,965,966.16	7.4%
Interest Expense on Capital Asset Financings	(39,969,547.90)	(39,701,450.10)	(268,097.80)	-0.7%
Net Other Nonoperating Adjustments	559,028,320.02	545,734,287.62	13,294,032.40	2.4%
Adjusted Income (Loss) including Depreciation & Amortization	(112,992,610.40)	(168,269,541.52)	55,276,931.12	32.9%
Adjusted Margin % including Depreciation & Amortization	-5.5%	-8.4%		
Available University Fund Transfer	223,701,801.76	197,334,436.67	26,367,365.09	13.4%
Adjusted Income (Loss) with AUF Transfer	110,709,191.36	29,064,895.15	81,644,296.21	280.9%
Adjusted Margin % with AUF Transfer	4.9%	1.3%		
Investment Gain (Losses)	(85,996,996.05)	333,465,853.63	(419,462,849.68)	-125.8%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$24,712,195.31	\$362,530,748.78	(337,818,553.47)	-93.2%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	1.1%	14.3%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation & Amortization	310,709,191.36	280,731,561.82	29,977,629.54	10.7%
Adjusted Margin % with AUF Transfer excluding Depreciation & Amortization	13.6%	12.8%		

UNAUDITED

The University of Texas at Brownsville
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2015

	June Year-to-Date FY 2015	June Year-to-Date FY 2014	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	26,820,538.61	24,693,581.48	2,126,957.13	8.6%
Sponsored Programs	17,171,881.86	17,805,729.35	(633,847.49)	-3.6%
Net Sales and Services of Educational Activities	1,809,166.20	1,916,870.82	(107,704.62)	-5.6%
Net Auxiliary Enterprises	1,622,074.11	1,583,873.91	38,200.20	2.4%
Other Operating Revenues	56,792.63	5,834.73	50,957.90	873.4%
Total Operating Revenues	47,480,453.41	46,005,890.29	1,474,563.12	3.2%
Operating Expenses				
Salaries and Wages	42,770,117.07	40,304,325.40	2,465,791.67	6.1%
Payroll Related Costs	12,537,833.64	11,689,644.88	848,188.76	7.3%
Professional Fees and Services	953,467.28	1,614,310.50	(660,843.22)	-40.9%
Other Contracted Services	688,874.57	1,380,573.11	(691,698.54)	-50.1%
Travel	1,217,904.51	1,090,717.22	127,187.29	11.7%
Materials and Supplies	5,394,552.54	2,983,257.75	2,411,294.79	80.8%
Utilities	1,522,422.01	1,617,642.16	(95,220.15)	-5.9%
Communications	205,985.44	930,761.64	(724,776.20)	-77.9%
Repairs and Maintenance	1,176,390.39	2,258,537.67	(1,082,147.28)	-47.9%
Rentals and Leases	3,277,412.43	2,991,514.75	285,897.68	9.6%
Printing and Reproduction	214,254.16	146,672.64	67,581.52	46.1%
Scholarships and Fellowships	18,743,348.37	15,220,271.01	3,523,077.36	23.1%
Depreciation and Amortization	7,059,019.46	7,043,699.06	15,320.40	0.2%
Federal Sponsored Program Pass-Through to Other State Agencies	121,017.91	53,928.29	67,089.62	124.4%
Other Operating Expenses	3,739,980.49	4,105,753.99	(365,773.50)	-8.9%
Total Operating Expenses	99,622,580.27	93,431,610.07	6,190,970.20	6.6%
Operating Loss	(52,142,126.86)	(47,425,719.78)	(4,716,407.08)	-9.9%
Other Nonoperating Adjustments				
State Appropriations	34,473,823.39	34,950,527.37	(476,703.98)	-1.4%
Nonexchange Sponsored Programs	9,938,010.59	11,456,127.86	(1,518,117.27)	-13.3%
Gift Contributions for Operations	309,557.54	267,224.45	42,333.09	15.8%
Net Investment Income	2,187,773.17	1,199,909.33	987,863.84	82.3%
Interest Expense on Capital Asset Financings	(2,329,377.09)	(2,198,074.17)	(131,302.92)	-6.0%
Net Other Nonoperating Adjustments	44,579,787.60	45,675,714.84	(1,095,927.24)	-2.4%
Adjusted Income (Loss) including Depreciation & Amortization	(7,562,339.26)	(1,750,004.94)	(5,812,334.32)	-332.1%
Adjusted Margin % including Depreciation & Amortization	-8.0%	-1.9%		
Investment Gain (Losses)	(1,892,438.44)	3,300,313.09	(5,192,751.53)	-157.3%
Adj. Inc. (Loss) with Investment Gains (Losses)	(9,454,777.70)	1,550,308.15	(11,005,085.85)	-709.9%
Adj. Margin % with Investment Gains (Losses)	-10.2%	1.6%		
Adjusted Income (Loss) excluding Depreciation & Amortization	(503,319.80)	5,293,694.12	(5,797,013.92)	-109.5%
Adjusted Margin % excluding Depreciation & Amortization	-0.5%	5.6%		

UNAUDITED

The University of Texas at Dallas
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2015

	June Year-to-Date FY 2015	June Year-to-Date FY 2014	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	220,079,434.14	197,113,303.89	22,966,130.25	11.7%
Sponsored Programs	46,624,141.56	47,223,178.45	(599,036.89)	-1.3%
Net Sales and Services of Educational Activities	13,865,507.98	10,974,969.70	2,890,538.28	26.3%
Net Auxiliary Enterprises	21,447,737.43	17,536,578.31	3,911,159.12	22.3%
Other Operating Revenues	3,959,382.80	4,486,613.44	(527,230.64)	-11.8%
Total Operating Revenues	305,976,203.91	277,334,643.79	28,641,560.12	10.3%
Operating Expenses				
Salaries and Wages	219,300,637.73	204,296,676.29	15,003,961.44	7.3%
Payroll Related Costs	50,781,642.44	47,034,323.35	3,747,319.09	8.0%
Professional Fees and Services	9,175,106.23	10,102,049.73	(926,943.50)	-9.2%
Other Contracted Services	11,479,748.29	10,482,106.38	997,641.91	9.5%
Travel	4,943,608.46	4,735,066.91	208,541.55	4.4%
Materials and Supplies	26,736,101.90	20,500,488.31	6,235,613.59	30.4%
Utilities	9,877,874.45	8,969,926.20	907,948.25	10.1%
Communications	316,153.92	518,054.89	(201,900.97)	-39.0%
Repairs and Maintenance	4,373,446.77	3,494,968.17	878,478.60	25.1%
Rentals and Leases	5,559,257.53	3,699,650.06	1,859,607.47	50.3%
Printing and Reproduction	1,598,464.06	1,490,491.80	107,972.26	7.2%
Scholarships and Fellowships	33,784,401.34	34,922,918.14	(1,138,516.80)	-3.3%
Depreciation and Amortization	48,017,631.60	43,700,108.10	4,317,523.50	9.9%
Federal Sponsored Program Pass-Through to Other State Agencies	46,196.28	146,963.02	(100,766.74)	-68.6%
State Sponsored Program Pass-Through to Other State Agencies	322,916.38	-	322,916.38	100.0%
Other Operating Expenses	17,536,132.45	13,955,563.59	3,580,568.86	25.7%
Total Operating Expenses	443,849,319.83	408,049,354.94	35,799,964.89	8.8%
Operating Loss	(137,873,115.92)	(130,714,711.15)	(7,158,404.77)	-5.5%
Other Nonoperating Adjustments				
State Appropriations	98,137,992.97	95,637,055.23	2,500,937.74	2.6%
Nonexchange Sponsored Programs	19,792,375.83	23,739,191.92	(3,946,816.09)	-16.6%
Gift Contributions for Operations	7,949,666.03	14,930,394.07	(6,980,728.04)	-46.8%
Net Investment Income	18,345,427.88	16,148,743.09	2,196,684.79	13.6%
Interest Expense on Capital Asset Financings	(12,918,983.40)	(10,066,570.60)	(2,852,412.80)	-28.3%
Net Other Nonoperating Adjustments	131,306,479.31	140,388,813.71	(9,082,334.40)	-6.5%
Adjusted Income (Loss) including Depreciation & Amortization	(6,566,636.61)	9,674,102.56	(16,240,739.17)	-167.9%
Adjusted Margin % including Depreciation & Amortization	-1.5%	2.3%		
Investment Gain (Losses)	1,605,779.13	30,036,629.49	(28,430,850.36)	-94.7%
Adj. Inc. (Loss) with Investment Gains (Losses)	(4,960,857.48)	39,710,732.05	(44,671,589.53)	-112.5%
Adj. Margin % with Investment Gains (Losses)	-1.1%	8.7%		
Adjusted Income (Loss) excluding Depreciation & Amortization	41,450,994.99	53,374,210.66	(11,923,215.67)	-22.3%
Adjusted Margin % excluding Depreciation & Amortization	9.2%	12.5%		

UNAUDITED

The University of Texas at El Paso
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2015

	June Year-to-Date FY 2015	June Year-to-Date FY 2014	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	91,936,885.21	90,899,634.00	1,037,251.21	1.1%
Sponsored Programs	67,044,073.49	60,246,423.74	6,797,649.75	11.3%
Net Sales and Services of Educational Activities	5,684,997.87	4,424,541.21	1,260,456.66	28.5%
Net Auxiliary Enterprises	32,631,886.95	19,027,995.50	13,603,891.45	71.5%
Other Operating Revenues	(5,701,836.85)	70,999.42	(5,772,836.27)	-8,130.8%
Total Operating Revenues	191,596,006.67	174,669,593.87	16,926,412.80	9.7%
Operating Expenses				
Salaries and Wages	142,540,748.49	140,345,856.57	2,194,891.92	1.6%
Payroll Related Costs	39,443,075.41	38,245,088.35	1,197,987.06	3.1%
Professional Fees and Services	4,606,513.26	2,017,969.85	2,588,543.41	128.3%
Other Contracted Services	22,457,605.73	15,123,700.35	7,333,905.38	48.5%
Travel	7,270,287.29	6,122,644.23	1,147,643.06	18.7%
Materials and Supplies	15,198,230.35	18,684,255.70	(3,486,025.35)	-18.7%
Utilities	7,021,103.27	5,975,966.27	1,045,137.00	17.5%
Communications	757,687.50	421,827.33	335,860.17	79.6%
Repairs and Maintenance	3,735,507.54	3,984,114.83	(248,607.29)	-6.2%
Rentals and Leases	2,842,099.22	3,041,692.10	(199,592.88)	-6.6%
Printing and Reproduction	1,003,387.63	989,849.61	13,538.02	1.4%
Scholarships and Fellowships	45,734,559.37	40,990,142.03	4,744,417.34	11.6%
Depreciation and Amortization	24,662,882.33	23,471,262.45	1,191,619.88	5.1%
Federal Sponsored Program Pass-Through to Other State Agencies	448,207.68	815,471.40	(367,263.72)	-45.0%
State Sponsored Program Pass-Through to Other State Agencies	47,022.69	-	47,022.69	100.0%
Other Operating Expenses	8,876,446.84	5,188,168.84	3,688,278.00	71.1%
Total Operating Expenses	326,645,364.60	305,418,009.91	21,227,354.69	7.0%
Operating Loss	(135,049,357.93)	(130,748,416.04)	(4,300,941.89)	-3.3%
Other Nonoperating Adjustments				
State Appropriations	83,574,840.33	83,217,387.67	357,452.66	0.4%
Nonexchange Sponsored Programs	30,390,012.75	30,367,442.23	22,570.52	0.1%
Gift Contributions for Operations	4,945,010.15	5,151,724.50	(206,714.35)	-4.0%
Net Investment Income	10,651,776.25	11,245,433.40	(593,657.15)	-5.3%
Interest Expense on Capital Asset Financings	(6,481,780.00)	(6,774,064.60)	292,284.60	4.3%
Net Other Nonoperating Adjustments	123,079,859.48	123,207,923.20	(128,063.72)	-0.1%
Adjusted Income (Loss) including Depreciation & Amortization	(11,969,498.45)	(7,540,492.84)	(4,429,005.61)	-58.7%
Adjusted Margin % including Depreciation & Amortization	-3.7%	-2.5%		
Investment Gain (Losses)	(4,878,231.14)	21,760,946.82	(26,639,177.96)	-122.4%
Adj. Inc. (Loss) with Investment Gains (Losses)	(16,847,729.59)	14,220,453.98	(31,068,183.57)	-218.5%
Adj. Margin % with Investment Gains (Losses)	-5.3%	4.4%		
Adjusted Income (Loss) excluding Depreciation & Amortization	12,693,383.88	15,930,769.61	(3,237,385.73)	-20.3%
Adjusted Margin % excluding Depreciation & Amortization	4.0%	5.2%		

UNAUDITED

The University of Texas-Pan American
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2015

	June Year-to-Date FY 2015	June Year-to-Date FY 2014	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	61,021,255.74	57,629,964.39	3,391,291.35	5.9%
Sponsored Programs	39,315,562.95	43,415,528.87	(4,099,965.92)	-9.4%
Net Sales and Services of Educational Activities	4,159,652.66	3,742,674.29	416,978.37	11.1%
Net Auxiliary Enterprises	6,136,774.26	6,040,023.52	96,750.74	1.6%
Other Operating Revenues	1,694,226.52	1,986,103.83	(291,877.31)	-14.7%
Total Operating Revenues	112,327,472.13	112,814,294.90	(486,822.77)	-0.4%
Operating Expenses				
Salaries and Wages	101,836,999.14	95,703,991.91	6,133,007.23	6.4%
Payroll Related Costs	28,937,222.03	27,132,718.06	1,804,503.97	6.7%
Cost of Goods Sold	284,770.90	269,431.46	15,339.44	5.7%
Professional Fees and Services	1,079,897.30	1,395,767.25	(315,869.95)	-22.6%
Other Contracted Services	3,934,712.92	1,994,671.48	1,940,041.44	97.3%
Travel	4,600,221.59	4,450,849.57	149,372.02	3.4%
Materials and Supplies	11,096,329.13	8,792,982.34	2,303,346.79	26.2%
Utilities	5,624,191.04	4,692,985.03	931,206.01	19.8%
Communications	728,335.03	868,816.66	(140,481.63)	-16.2%
Repairs and Maintenance	1,585,638.39	1,568,813.00	16,825.39	1.1%
Rentals and Leases	909,266.61	752,873.15	156,393.46	20.8%
Printing and Reproduction	369,883.74	463,454.12	(93,570.38)	-20.2%
Bad Debt Expense	48,568.49	74,912.97	(26,344.48)	-35.2%
Scholarships and Fellowships	33,308,755.71	34,595,503.82	(1,286,748.11)	-3.7%
Depreciation and Amortization	15,412,870.79	13,230,001.79	2,182,869.00	16.5%
Federal Sponsored Program Pass-Through to Other State Agencies	226,188.01	68,990.53	157,197.48	227.9%
Other Operating Expenses	9,654,232.35	8,574,194.14	1,080,038.21	12.6%
Total Operating Expenses	219,638,083.17	204,630,957.28	15,007,125.89	7.3%
Operating Loss	(107,310,611.04)	(91,816,662.38)	(15,493,948.66)	-16.9%
Other Nonoperating Adjustments				
State Appropriations	65,376,390.65	64,032,087.98	1,344,302.67	2.1%
Nonexchange Sponsored Programs	26,733,014.31	26,290,361.52	442,652.79	1.7%
Gift Contributions for Operations	2,195,355.06	2,740,684.66	(545,329.60)	-19.9%
Net Investment Income	3,878,883.65	3,934,236.97	(55,353.32)	-1.4%
Interest Expense on Capital Asset Financings	(2,998,980.20)	(3,244,338.30)	245,358.10	7.6%
Net Other Nonoperating Adjustments	95,184,663.47	93,753,032.83	1,431,630.64	1.5%
Adjusted Income (Loss) including Depreciation & Amortization	(12,125,947.57)	1,936,370.45	(14,062,318.02)	-726.2%
Adjusted Margin % including Depreciation & Amortization	-5.8%	0.9%		
Investment Gain (Losses)	(2,757,081.46)	7,329,584.65	(10,086,666.11)	-137.6%
Adj. Inc. (Loss) with Investment Gains (Losses)	(14,883,029.03)	9,265,955.10	(24,148,984.13)	-260.6%
Adj. Margin % with Investment Gains (Losses)	-7.2%	4.3%		
Adjusted Income (Loss) excluding Depreciation & Amortization	3,286,923.22	15,166,372.24	(11,879,449.02)	-78.3%
Adjusted Margin % excluding Depreciation & Amortization	1.6%	7.2%		

UNAUDITED

The University of Texas of the Permian Basin
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2015

	June Year-to-Date FY 2015	June Year-to-Date FY 2014	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	14,931,096.78	13,440,289.23	1,490,807.55	11.1%
Sponsored Programs	5,333,239.38	2,712,320.65	2,620,918.73	96.6%
Net Sales and Services of Educational Activities	2,210,942.75	918,359.80	1,292,582.95	140.7%
Net Auxiliary Enterprises	2,162,108.13	4,356,829.46	(2,194,721.33)	-50.4%
Other Operating Revenues	452,777.23	79,744.15	373,033.08	467.8%
Total Operating Revenues	25,090,164.27	21,507,543.29	3,582,620.98	16.7%
Operating Expenses				
Salaries and Wages	23,158,838.87	20,222,637.58	2,936,201.29	14.5%
Payroll Related Costs	5,449,351.47	5,769,222.49	(319,871.02)	-5.5%
Cost of Goods Sold	7,588.37	10,034.64	(2,446.27)	-24.4%
Professional Fees and Services	3,235,184.83	1,941,010.78	1,294,174.05	66.7%
Other Contracted Services	3,374,765.80	2,314,353.82	1,060,411.98	45.8%
Travel	1,342,375.08	1,046,712.15	295,662.93	28.2%
Materials and Supplies	3,052,478.94	2,643,541.44	408,937.50	15.5%
Utilities	2,348,949.70	2,027,605.37	321,344.33	15.8%
Communications	533,512.94	461,816.34	71,696.60	15.5%
Repairs and Maintenance	809,357.16	414,168.42	395,188.74	95.4%
Rentals and Leases	441,294.77	265,363.27	175,931.50	66.3%
Printing and Reproduction	54,987.26	129,571.85	(74,584.59)	-57.6%
Scholarships and Fellowships	7,139,052.78	6,251,240.24	887,812.54	14.2%
Depreciation and Amortization	10,858,830.62	10,791,666.67	67,163.95	0.6%
Other Operating Expenses	977,574.66	834,022.52	143,552.14	17.2%
Total Operating Expenses	62,784,143.25	55,122,967.58	7,661,175.67	13.9%
Operating Loss	(37,693,978.98)	(33,615,424.29)	(4,078,554.69)	-12.1%
Other Nonoperating Adjustments				
State Appropriations	24,302,324.30	24,122,231.55	180,092.75	0.7%
Nonexchange Sponsored Programs	3,760,338.21	4,430,062.91	(669,724.70)	-15.1%
Gift Contributions for Operations	5,704,797.87	3,302,086.47	2,402,711.40	72.8%
Net Investment Income	1,699,514.34	1,809,708.94	(110,194.60)	-6.1%
Interest Expense on Capital Asset Financings	(4,755,116.60)	(4,147,550.90)	(607,565.70)	-14.6%
Net Other Nonoperating Adjustments	30,711,858.12	29,516,538.97	1,195,319.15	4.0%
Adjusted Income (Loss) including Depreciation & Amortization	(6,982,120.86)	(4,098,885.32)	(2,883,235.54)	-70.3%
Adjusted Margin % including Depreciation & Amortization	-11.5%	-7.4%		
Investment Gain (Losses)	(738,571.08)	3,239,940.13	(3,978,511.21)	-122.8%
Adj. Inc. (Loss) with Investment Gains (Losses)	(7,720,691.94)	(858,945.19)	(6,861,746.75)	-798.9%
Adj. Margin % with Investment Gains (Losses)	-12.9%	-1.5%		
Adjusted Income (Loss) excluding Depreciation & Amortization	3,876,709.76	6,692,781.35	(2,816,071.59)	-42.1%
Adjusted Margin % excluding Depreciation & Amortization	6.4%	12.1%		

UNAUDITED

The University of Texas at San Antonio
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2015

	June Year-to-Date FY 2015	June Year-to-Date FY 2014	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	156,270,512.95	150,359,356.52	5,911,156.43	3.9%
Sponsored Programs	48,697,872.13	56,265,900.83	(7,568,028.70)	-13.5%
Net Sales and Services of Educational Activities	11,243,524.77	8,747,816.28	2,495,708.49	28.5%
Net Auxiliary Enterprises	35,909,336.00	31,339,120.22	4,570,215.78	14.6%
Other Operating Revenues	3,711,941.98	2,035,284.12	1,676,657.86	82.4%
Total Operating Revenues	255,833,187.83	248,747,477.97	7,085,709.86	2.8%
Operating Expenses				
Salaries and Wages	187,415,236.52	187,065,355.43	349,881.09	0.2%
Payroll Related Costs	50,320,162.28	48,708,456.86	1,611,705.42	3.3%
Cost of Goods Sold	304,290.51	583,333.33	(279,042.82)	-47.8%
Professional Fees and Services	4,725,196.47	3,220,759.36	1,504,437.11	46.7%
Other Contracted Services	14,023,132.60	10,918,610.21	3,104,522.39	28.4%
Travel	7,601,523.69	7,302,908.14	298,615.55	4.1%
Materials and Supplies	24,184,362.08	21,553,745.52	2,630,616.56	12.2%
Utilities	11,083,333.33	10,583,333.33	500,000.00	4.7%
Communications	2,842,885.55	2,753,439.57	89,445.98	3.2%
Repairs and Maintenance	6,777,771.92	7,400,385.28	(622,613.36)	-8.4%
Rentals and Leases	2,392,891.53	3,823,951.70	(1,431,060.17)	-37.4%
Printing and Reproduction	1,091,768.08	961,061.59	130,706.49	13.6%
Bad Debt Expense	29,166.67	253,389.33	(224,222.66)	-88.5%
Scholarships and Fellowships	31,789,078.88	28,319,359.21	3,469,719.67	12.3%
Depreciation and Amortization	40,478,926.15	38,595,670.09	1,883,256.06	4.9%
Federal Sponsored Program Pass-Through to Other State Agencies	1,509,614.61	4,059,686.56	(2,550,071.95)	-62.8%
Other Operating Expenses	13,358,092.06	8,905,891.63	4,452,200.43	50.0%
Total Operating Expenses	399,927,432.93	385,009,337.14	14,918,095.79	3.9%
Operating Loss	(144,094,245.10)	(136,261,859.17)	(7,832,385.93)	-5.7%
Other Nonoperating Adjustments				
State Appropriations	101,905,754.97	100,476,277.56	1,429,477.41	1.4%
Nonexchange Sponsored Programs	39,055,120.83	41,072,033.33	(2,016,912.50)	-4.9%
Gift Contributions for Operations	9,081,044.98	8,500,000.00	581,044.98	6.8%
Net Investment Income	13,568,000.53	11,371,529.82	2,196,470.71	19.3%
Interest Expense on Capital Asset Financings	(12,610,158.33)	(13,787,692.40)	1,177,534.07	8.5%
Net Other Nonoperating Adjustments	150,999,762.98	147,632,148.31	3,367,614.67	2.3%
Adjusted Income (Loss) including Depreciation & Amortization	6,905,517.88	11,370,289.14	(4,464,771.26)	-39.3%
Adjusted Margin % including Depreciation & Amortization	1.6%	2.8%		
Investment Gain (Losses)	28,238,405.45	29,022,005.73	(783,600.28)	-2.7%
Adj. Inc. (Loss) with Investment Gains (Losses)	35,143,923.33	40,392,294.87	(5,248,371.54)	-13.0%
Adj. Margin % with Investment Gains (Losses)	7.9%	9.2%		
Adjusted Income (Loss) excluding Depreciation & Amortization	47,384,444.03	49,965,959.23	(2,581,515.20)	-5.2%
Adjusted Margin % excluding Depreciation & Amortization	11.3%	12.2%		

UNAUDITED

The University of Texas at Tyler
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2015

	June Year-to-Date FY 2015	June Year-to-Date FY 2014	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	31,846,097.83	26,484,523.33	5,361,574.50	20.2%
Sponsored Programs	12,020,879.34	10,842,771.10	1,178,108.24	10.9%
Net Sales and Services of Educational Activities	2,438,560.30	2,913,883.82	(475,323.52)	-16.3%
Net Auxiliary Enterprises	5,999,710.00	3,980,452.69	2,019,257.31	50.7%
Other Operating Revenues	143,606.73	280,073.72	(136,466.99)	-48.7%
Total Operating Revenues	52,448,854.20	44,501,704.66	7,947,149.54	17.9%
Operating Expenses				
Salaries and Wages	48,062,477.81	42,825,826.09	5,236,651.72	12.2%
Payroll Related Costs	12,215,418.68	11,934,424.99	280,993.69	2.4%
Cost of Goods Sold	21,496.36	-	21,496.36	100.0%
Professional Fees and Services	2,751,706.77	773,816.55	1,977,890.22	255.6%
Other Contracted Services	4,969,728.26	6,412,804.03	(1,443,075.77)	-22.5%
Travel	1,650,860.48	1,550,074.97	100,785.51	6.5%
Materials and Supplies	6,132,667.96	4,349,266.39	1,783,401.57	41.0%
Utilities	1,870,142.80	1,431,595.08	438,547.72	30.6%
Communications	790,313.17	1,021,337.74	(231,024.57)	-22.6%
Repairs and Maintenance	2,222,990.11	1,816,404.12	406,585.99	22.4%
Rentals and Leases	333,106.44	305,077.98	28,028.46	9.2%
Printing and Reproduction	960,110.27	420,846.42	539,263.85	128.1%
Bad Debt Expense	-	94.35	(94.35)	-100.0%
Scholarships and Fellowships	5,296,170.37	4,250,000.00	1,046,170.37	24.6%
Depreciation and Amortization	10,035,976.87	9,541,631.93	494,344.94	5.2%
Federal Sponsored Program Pass-Through to Other State Agencies	23,303.00	2,673.36	20,629.64	771.7%
State Sponsored Program Pass-Through to Other State Agencies	-	1,047.02	(1,047.02)	-100.0%
Other Operating Expenses	2,306,984.18	1,549,200.10	757,784.08	48.9%
Total Operating Expenses	99,643,453.53	88,186,121.12	11,457,332.41	13.0%
Operating Loss	(47,194,599.33)	(43,684,416.46)	(3,510,182.87)	-8.0%
Other Nonoperating Adjustments				
State Appropriations	30,404,780.00	30,029,647.37	375,132.63	1.2%
Nonexchange Sponsored Programs	8,121,130.00	5,606,274.93	2,514,855.07	44.9%
Gift Contributions for Operations	3,336,028.05	4,796,387.00	(1,460,358.95)	-30.4%
Net Investment Income	3,954,210.03	4,285,713.00	(331,502.97)	-7.7%
Interest Expense on Capital Asset Financings	(3,505,558.20)	(2,917,292.50)	(588,265.70)	-20.2%
Net Other Nonoperating Adjustments	42,310,589.88	41,800,729.80	509,860.08	1.2%
Adjusted Income (Loss) including Depreciation & Amortization	(4,884,009.45)	(1,883,686.66)	(3,000,322.79)	-159.3%
Adjusted Margin % including Depreciation & Amortization	-5.0%	-2.1%		
Investment Gain (Losses)	(1,576,248.55)	6,186,801.84	(7,763,050.39)	-125.5%
Adj. Inc. (Loss) with Investment Gains (Losses)	(6,460,258.00)	4,303,115.18	(10,763,373.18)	-250.1%
Adj. Margin % with Investment Gains (Losses)	-6.7%	4.5%		
Adjusted Income (Loss) excluding Depreciation & Amortization	5,151,967.42	7,657,945.27	(2,505,977.85)	-32.7%
Adjusted Margin % excluding Depreciation & Amortization	5.2%	8.6%		

UNAUDITED

The University of Texas Southwestern Medical Center
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2015

	June Year-to-Date FY 2015	June Year-to-Date FY 2014	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	18,541,730.82	15,739,027.92	2,802,702.90	17.8%
Sponsored Programs	453,590,225.04	418,022,307.85	35,567,917.19	8.5%
Net Sales and Services of Educational Activities	9,230,511.87	8,276,343.02	954,168.85	11.5%
Net Sales and Services of Hospitals	778,071,158.53	676,417,795.00	101,653,363.53	15.0%
Net Professional Fees	379,754,408.62	371,236,741.48	8,517,667.14	2.3%
Net Auxiliary Enterprises	21,052,476.68	17,601,923.85	3,450,552.83	19.6%
Other Operating Revenues	77,977,754.10	29,691,554.78	48,286,199.32	162.6%
Total Operating Revenues	1,738,218,265.66	1,536,985,693.90	201,232,571.76	13.1%
Operating Expenses				
Salaries and Wages	971,514,441.60	891,875,940.82	79,638,500.78	8.9%
Payroll Related Costs	227,630,468.83	204,909,822.88	22,720,645.95	11.1%
Cost of Goods Sold	4,591,740.26	2,353,184.94	2,238,555.32	95.1%
Professional Fees and Services	51,897,840.37	41,813,502.79	10,084,337.58	24.1%
Other Contracted Services	97,166,831.76	93,935,963.30	3,230,868.46	3.4%
Travel	9,702,706.65	9,076,299.68	626,406.97	6.9%
Materials and Supplies	293,276,734.13	251,849,184.30	41,427,549.83	16.4%
Utilities	21,687,719.56	22,382,976.89	(695,257.33)	-3.1%
Communications	9,026,012.48	9,415,078.74	(389,066.26)	-4.1%
Repairs and Maintenance	10,608,836.62	10,014,148.04	594,688.58	5.9%
Rentals and Leases	5,938,419.56	4,012,340.26	1,926,079.30	48.0%
Printing and Reproduction	2,695,990.00	2,615,324.76	80,665.24	3.1%
Scholarships and Fellowships	2,118,726.67	625,014.17	1,493,712.50	239.0%
Depreciation and Amortization	129,669,177.25	97,567,669.27	32,101,507.98	32.9%
Federal Sponsored Program Pass-Through to Other State Agencies	1,422,751.93	1,733,603.01	(310,851.08)	-17.9%
Other Operating Expenses	53,128,606.98	30,269,001.03	22,859,605.95	75.5%
Total Operating Expenses	1,892,077,004.65	1,674,449,054.88	217,627,949.77	13.0%
Operating Loss	(153,858,738.99)	(137,463,360.98)	(16,395,378.01)	-11.9%
Other Nonoperating Adjustments				
State Appropriations	142,234,045.76	140,443,559.72	1,790,486.04	1.3%
Nonexchange Sponsored Programs	-	2,266.00	(2,266.00)	-100.0%
Gift Contributions for Operations	81,555,209.29	43,390,513.26	38,164,696.03	88.0%
Net Investment Income	75,356,359.96	75,260,428.30	95,931.66	0.1%
Interest Expense on Capital Asset Financings	(23,966,832.60)	(21,713,015.70)	(2,253,816.90)	-10.4%
Net Other Nonoperating Adjustments	275,178,782.41	237,383,751.58	37,795,030.83	15.9%
Adjusted Income (Loss) including Depreciation & Amortization	121,320,043.42	99,920,390.60	21,399,652.82	21.4%
Adjusted Margin % including Depreciation & Amortization	6.0%	5.6%		
Investment Gain (Losses)	(53,888,393.06)	171,326,297.82	(225,214,690.88)	-131.5%
Adj. Inc. (Loss) with Investment Gains (Losses)	67,431,650.36	271,246,688.42	(203,815,038.06)	-75.1%
Adj. Margin % with Investment Gains (Losses)	3.4%	13.8%		
Adjusted Income (Loss) excluding Depreciation & Amortization	250,989,220.67	197,488,059.87	53,501,160.80	27.1%
Adjusted Margin % excluding Depreciation & Amortization	12.3%	11.0%		

UNAUDITED

The University of Texas Medical Branch at Galveston
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending June 30, 2015

	June Year-to-Date FY 2015	June Year-to-Date FY 2014	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	29,648,068.80	29,074,368.54	573,700.26	2.0%
Sponsored Programs	153,694,815.01	161,456,567.90	(7,761,752.89)	-4.8%
Net Sales and Services of Educational Activities	16,652,110.97	14,056,863.51	2,595,247.46	18.5%
Net Sales and Services of Hospitals	787,450,584.90	711,904,947.29	75,545,637.61	10.6%
Net Professional Fees	123,168,377.30	121,971,726.70	1,196,650.60	1.0%
Net Auxiliary Enterprises	7,657,540.94	5,056,932.27	2,600,608.67	51.4%
Other Operating Revenues	51,410,040.36	31,310,254.75	20,099,785.61	64.2%
Total Operating Revenues	1,169,681,538.28	1,074,831,660.96	94,849,877.32	8.8%
Operating Expenses				
Salaries and Wages	745,168,335.52	695,678,838.53	49,489,496.99	7.1%
Payroll Related Costs	200,712,747.00	185,843,694.73	14,869,052.27	8.0%
Cost of Goods Sold	63,294,498.40	57,323,770.02	5,970,728.38	10.4%
Professional Fees and Services	27,611,842.61	27,124,777.15	487,065.46	1.8%
Other Contracted Services	86,351,480.86	77,001,789.58	9,349,691.28	12.1%
Travel	6,498,332.47	6,094,510.22	403,822.25	6.6%
Materials and Supplies	127,049,067.44	110,251,754.31	16,797,313.13	15.2%
Utilities	27,903,903.42	26,829,556.17	1,074,347.25	4.0%
Communications	7,726,299.23	7,291,248.96	435,050.27	6.0%
Repairs and Maintenance	37,938,776.47	36,210,074.73	1,728,701.74	4.8%
Rentals and Leases	22,331,554.55	21,225,435.62	1,106,118.93	5.2%
Printing and Reproduction	1,332,257.61	929,861.67	402,395.94	43.3%
Scholarships and Fellowships	6,509,950.38	5,903,607.42	606,342.96	10.3%
Depreciation and Amortization	85,016,503.43	86,686,211.76	(1,669,708.33)	-1.9%
Federal Sponsored Program Pass-Through to Other State Agencies	1,229,781.45	2,692,520.39	(1,462,738.94)	-54.3%
Other Operating Expenses	30,019,956.47	28,530,204.54	1,489,751.93	5.2%
Impairment of Capital Assets	1,083,705.17	-	1,083,705.17	100.0%
Total Operating Expenses	1,477,778,992.48	1,375,617,855.80	102,161,136.68	7.4%
Operating Loss	(308,097,454.20)	(300,786,194.84)	(7,311,259.36)	-2.4%
Other Nonoperating Adjustments				
State Appropriations	289,402,967.94	285,156,272.18	4,246,695.76	1.5%
Nonexchange Sponsored Programs	951,837.00	823,693.00	128,144.00	15.6%
Gift Contributions for Operations	6,063,890.83	6,640,392.50	(576,501.67)	-8.7%
Net Investment Income	35,397,059.18	31,962,472.97	3,434,586.21	10.7%
Interest Expense on Capital Asset Financings	(5,518,713.54)	(6,135,609.97)	616,896.43	10.1%
Net Other Nonoperating Adjustments	326,297,041.41	318,447,220.68	7,849,820.73	2.5%
Adjusted Income (Loss) including Depreciation & Amortization	18,199,587.21	17,661,025.84	538,561.37	3.0%
Adjusted Margin % including Depreciation & Amortization	1.2%	1.3%		
Investment Gain (Losses)	(9,699,094.07)	59,376,987.23	(69,076,081.30)	-116.3%
Adj. Inc. (Loss) with Investment Gains (Losses)	8,500,493.14	77,038,013.07	(68,537,519.93)	-89.0%
Adj. Margin % with Investment Gains (Losses)	0.6%	5.3%		
Adjusted Income (Loss) excluding Depreciation & Amortization	103,216,090.64	104,347,237.60	(1,131,146.96)	-1.1%
Adjusted Margin % excluding Depreciation & Amortization	6.9%	7.5%		

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, 2015

	June Year-to-Date FY 2015	June Year-to-Date FY 2014	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	37,817,012.97	35,204,419.13	2,612,593.84	7.4%
Sponsored Programs	499,125,755.38	446,648,421.43	52,477,333.95	11.7%
Net Sales and Services of Educational Activities	26,873,575.33	24,480,843.62	2,392,731.71	9.8%
Net Sales and Services of Hospitals	55,368,239.41	49,465,172.15	5,903,067.26	11.9%
Net Professional Fees	235,962,352.21	194,658,276.51	41,304,075.70	21.2%
Net Auxiliary Enterprises	22,720,716.67	20,314,794.81	2,405,921.86	11.8%
Other Operating Revenues	34,494,038.72	32,612,006.49	1,882,032.23	5.8%
Total Operating Revenues	912,361,690.69	803,383,934.14	108,977,756.55	13.6%
Operating Expenses				
Salaries and Wages	628,980,537.57	556,916,188.38	72,064,349.19	12.9%
Payroll Related Costs	136,826,209.77	119,941,564.46	16,884,645.31	14.1%
Cost of Goods Sold	15,388,202.84	9,648,229.88	5,739,972.96	59.5%
Professional Fees and Services	44,052,447.85	40,364,743.61	3,687,704.24	9.1%
Other Contracted Services	62,162,287.87	66,592,041.23	(4,429,753.36)	-6.7%
Travel	8,398,064.34	7,708,100.70	689,963.64	9.0%
Materials and Supplies	45,948,998.08	42,128,599.89	3,820,398.19	9.1%
Utilities	13,949,538.04	14,264,073.44	(314,535.40)	-2.2%
Communications	4,291,718.23	3,974,915.37	316,802.86	8.0%
Repairs and Maintenance	10,410,732.33	7,860,881.83	2,549,850.50	32.4%
Rentals and Leases	25,938,360.34	21,106,344.12	4,832,016.22	22.9%
Printing and Reproduction	4,464,659.14	4,110,669.28	353,989.86	8.6%
Scholarships and Fellowships	4,988,313.13	5,023,119.43	(34,806.30)	-0.7%
Depreciation and Amortization	49,641,557.64	47,852,449.81	1,789,107.83	3.7%
Federal Sponsored Program Pass-Through to Other State Agencies	5,943,682.90	2,542,778.33	3,400,904.57	133.7%
Other Operating Expenses	37,054,787.52	32,973,145.39	4,081,642.13	12.4%
Total Operating Expenses	1,098,440,097.59	983,007,845.15	115,432,252.44	11.7%
Operating Loss	(186,078,406.90)	(179,623,911.01)	(6,454,495.89)	-3.6%
Other Nonoperating Adjustments				
State Appropriations	167,811,308.16	164,995,217.55	2,816,090.61	1.7%
Nonexchange Sponsored Programs	359,383.29	315,896.82	43,486.47	13.8%
Gift Contributions for Operations	21,517,182.33	13,712,746.18	7,804,436.15	56.9%
Net Investment Income	26,615,985.00	24,115,639.93	2,500,345.07	10.4%
Interest Expense on Capital Asset Financings	(9,691,198.60)	(9,393,085.30)	(298,113.30)	-3.2%
Net Other Nonoperating Adjustments	206,612,660.18	193,746,415.18	12,866,245.00	6.6%
Adjusted Income (Loss) including Depreciation & Amortization	20,534,253.28	14,122,504.17	6,411,749.11	45.4%
Adjusted Margin % including Depreciation & Amortization	1.8%	1.4%		
Investment Gain (Losses)	(11,026,112.31)	47,458,051.54	(58,484,163.85)	-123.2%
Adj. Inc. (Loss) with Investment Gains (Losses)	9,508,140.97	61,580,555.71	(52,072,414.74)	-84.6%
Adj. Margin % with Investment Gains (Losses)	0.9%	5.8%		
Adjusted Income (Loss) excluding Depreciation & Amortization	70,175,810.92	61,974,953.98	8,200,856.94	13.2%
Adjusted Margin % excluding Depreciation & Amortization	6.2%	6.2%		

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, 2015

	June Year-to-Date FY 2015	June Year-to-Date FY 2014	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	29,837,055.83	28,576,282.50	1,260,773.33	4.4%
Sponsored Programs	254,590,195.51	243,456,019.12	11,134,176.39	4.6%
Net Sales and Services of Educational Activities	14,642,727.21	14,554,397.07	88,330.14	0.6%
Net Professional Fees	141,261,887.53	130,198,013.88	11,063,873.65	8.5%
Net Auxiliary Enterprises	5,167,548.30	5,044,535.37	123,012.93	2.4%
Other Operating Revenues	31,114,912.52	22,495,305.29	8,619,607.23	38.3%
Total Operating Revenues	476,614,326.90	444,324,553.23	32,289,773.67	7.3%
Operating Expenses				
Salaries and Wages	350,393,942.78	333,758,065.73	16,635,877.05	5.0%
Payroll Related Costs	94,516,966.76	89,081,174.30	5,435,792.46	6.1%
Professional Fees and Services	16,251,923.12	13,755,087.12	2,496,836.00	18.2%
Other Contracted Services	22,748,153.29	22,906,946.96	(158,793.67)	-0.7%
Travel	4,351,247.05	4,319,488.84	31,758.21	0.7%
Materials and Supplies	34,267,278.60	30,686,395.94	3,580,882.66	11.7%
Utilities	14,583,333.33	14,781,695.83	(198,362.50)	-1.3%
Communications	10,551,873.72	10,259,190.96	292,682.76	2.9%
Repairs and Maintenance	4,203,168.19	3,720,274.25	482,893.94	13.0%
Rentals and Leases	4,453,726.56	4,049,076.18	404,650.38	10.0%
Printing and Reproduction	1,440,372.79	1,509,169.23	(68,796.44)	-4.6%
Scholarships and Fellowships	5,734,512.58	5,644,995.93	89,516.65	1.6%
Depreciation and Amortization	43,750,000.00	41,666,666.67	2,083,333.33	5.0%
Federal Sponsored Program Pass-Through to Other State Agencies	1,250,000.00	1,666,666.67	(416,666.67)	-25.0%
Other Operating Expenses	31,672,611.58	32,289,021.50	(616,409.92)	-1.9%
Total Operating Expenses	640,169,110.35	610,093,916.11	30,075,194.24	4.9%
Operating Loss	(163,554,783.45)	(165,769,362.88)	2,214,579.43	1.3%
Other Nonoperating Adjustments				
State Appropriations	146,862,539.17	145,187,018.33	1,675,520.84	1.2%
Nonexchange Sponsored Programs	1,041,666.67	1,000,000.00	41,666.67	4.2%
Gift Contributions for Operations	13,617,609.37	15,049,374.27	(1,431,764.90)	-9.5%
Net Investment Income	30,151,234.05	30,972,408.36	(821,174.31)	-2.7%
Interest Expense on Capital Asset Financings	(7,334,707.90)	(7,780,244.70)	445,536.80	5.7%
Net Other Nonoperating Adjustments	184,338,341.36	184,428,556.26	(90,214.90)	-
Adjusted Income (Loss) including Depreciation & Amortization	20,783,557.91	18,659,193.38	2,124,364.53	11.4%
Adjusted Margin % including Depreciation & Amortization	3.1%	2.9%		
Investment Gain (Losses)	(16,116,347.24)	61,049,327.58	(77,165,674.82)	-126.4%
Adj. Inc. (Loss) with Investment Gains (Losses)	4,667,210.67	79,708,520.96	(75,041,310.29)	-94.1%
Adj. Margin % with Investment Gains (Losses)	0.7%	11.4%		
Adjusted Income (Loss) excluding Depreciation & Amortization	64,533,557.91	60,325,860.05	4,207,697.86	7.0%
Adjusted Margin % excluding Depreciation & Amortization	9.7%	9.5%		

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, 2015

	June Year-to-Date FY 2015	June Year-to-Date FY 2014	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	1,380,192.87	1,493,198.14	(113,005.27)	-7.6%
Sponsored Programs	239,099,520.06	236,328,892.84	2,770,627.22	1.2%
Net Sales and Services of Educational Activities	1,633,484.40	1,901,402.61	(267,918.21)	-14.1%
Net Sales and Services of Hospitals	2,661,730,137.97	2,448,727,295.12	213,002,842.85	8.7%
Net Professional Fees	329,205,259.69	322,557,382.30	6,647,877.39	2.1%
Net Auxiliary Enterprises	37,389,744.04	34,233,196.93	3,156,547.11	9.2%
Other Operating Revenues	82,666,942.67	86,306,542.99	(3,639,600.32)	-4.2%
Total Operating Revenues	3,353,105,281.70	3,131,547,910.93	221,557,370.77	7.1%
Operating Expenses				
Salaries and Wages	1,480,423,599.59	1,387,534,528.62	92,889,070.97	6.7%
Payroll Related Costs	426,987,533.03	394,052,574.66	32,934,958.37	8.4%
Cost of Goods Sold	3,882,045.20	3,172,969.52	709,075.68	22.3%
Professional Fees and Services	125,290,237.35	117,015,805.91	8,274,431.44	7.1%
Other Contracted Services	99,428,513.61	91,400,055.71	8,028,457.90	8.8%
Travel	16,679,999.22	13,518,245.45	3,161,753.77	23.4%
Materials and Supplies	641,753,716.49	597,779,693.18	43,974,023.31	7.4%
Utilities	39,008,002.19	42,185,839.72	(3,177,837.53)	-7.5%
Communications	8,158,018.05	8,053,433.26	104,584.79	1.3%
Repairs and Maintenance	84,105,782.03	74,259,583.46	9,846,198.57	13.3%
Rentals and Leases	35,295,363.51	38,672,871.35	(3,377,507.84)	-8.7%
Printing and Reproduction	3,697,963.99	3,618,333.07	79,630.92	2.2%
Scholarships and Fellowships	2,979,130.79	3,107,897.30	(128,766.51)	-4.1%
Depreciation and Amortization	247,344,452.88	234,318,291.06	13,026,161.82	5.6%
Federal Sponsored Program Pass-Through to Other State Agencies	(598,946.12)	14,054,312.82	(14,653,258.94)	-104.3%
State Sponsored Program Pass-Through to Other State Agencies	269,139.00	2,411,768.31	(2,142,629.31)	-88.8%
Other Operating Expenses	27,373,457.87	27,686,631.08	(313,173.21)	-1.1%
Total Operating Expenses	3,242,078,008.68	3,052,842,834.48	189,235,174.20	6.2%
Operating Loss	111,027,273.02	78,705,076.45	32,322,196.57	41.1%
Other Nonoperating Adjustments				
State Appropriations	155,671,366.52	154,073,110.88	1,598,255.64	1.0%
Nonexchange Sponsored Programs	2,873,830.79	2,052,110.00	821,720.79	40.0%
Gift Contributions for Operations	87,322,350.97	115,530,592.37	(28,208,241.40)	-24.4%
Net Investment Income	199,828,524.32	70,210,739.01	129,617,785.31	184.6%
Interest Expense on Capital Asset Financings	(29,887,856.40)	(30,793,372.50)	905,516.10	2.9%
Net Other Nonoperating Adjustments	415,808,216.20	311,073,179.76	104,735,036.44	33.7%
Adjusted Income (Loss) including Depreciation & Amortization	526,835,489.22	389,778,256.21	137,057,233.01	35.2%
Adjusted Margin % including Depreciation & Amortization	13.9%	11.2%		
Investment Gain (Losses)	2,762,465.45	197,950,379.05	(195,187,913.60)	-98.6%
Adj. Inc. (Loss) with Investment Gains (Losses)	529,597,954.67	587,728,635.26	(58,130,680.59)	-9.9%
Adj. Margin % with Investment Gains (Losses)	13.9%	16.0%		
Adjusted Income (Loss) excluding Depreciation & Amortization	774,179,942.10	624,096,547.27	150,083,394.83	24.0%
Adjusted Margin % excluding Depreciation & Amortization	20.4%	18.0%		

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, 2015

	June Year-to-Date FY 2015	June Year-to-Date FY 2014	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	101,765.76	98,875.39	2,890.37	2.9%
Sponsored Programs	13,370,119.33	11,236,367.39	2,133,751.94	19.0%
Net Sales and Services of Educational Activities	1,352,152.12	1,207,091.82	145,060.30	12.0%
Net Sales and Services of Hospitals	50,085,326.00	46,926,144.98	3,159,181.02	6.7%
Net Professional Fees	9,632,567.82	8,320,330.41	1,312,237.41	15.8%
Net Auxiliary Enterprises	174,035.39	141,288.52	32,746.87	23.2%
Other Operating Revenues	20,255,330.52	23,150,579.56	(2,895,249.04)	-12.5%
Total Operating Revenues	94,971,296.94	91,080,678.07	3,890,618.87	4.3%
Operating Expenses				
Salaries and Wages	65,840,415.54	57,426,877.81	8,413,537.73	14.7%
Payroll Related Costs	20,417,828.05	17,881,621.81	2,536,206.24	14.2%
Cost of Goods Sold	93,379.18	79,683.51	13,695.67	17.2%
Professional Fees and Services	7,439,466.30	6,893,823.67	545,642.63	7.9%
Other Contracted Services	10,461,654.49	12,374,970.32	(1,913,315.83)	-15.5%
Travel	549,051.02	489,923.14	59,127.88	12.1%
Materials and Supplies	16,905,882.68	16,117,917.75	787,964.93	4.9%
Utilities	1,810,149.63	2,441,002.10	(630,852.47)	-25.8%
Communications	753,376.96	619,326.79	134,050.17	21.6%
Repairs and Maintenance	4,569,767.98	4,056,190.45	513,577.53	12.7%
Rentals and Leases	1,241,898.33	1,107,362.59	134,535.74	12.1%
Printing and Reproduction	62,823.46	33,676.63	29,146.83	86.5%
Scholarships and Fellowships	88,104.92	80,628.60	7,476.32	9.3%
Depreciation and Amortization	9,416,258.72	8,342,816.53	1,073,442.19	12.9%
Federal Sponsored Program Pass-Through to Other State Agencies	250,031.33	93,790.69	156,240.64	166.6%
Other Operating Expenses	2,916,399.58	2,594,707.70	321,691.88	12.4%
Total Operating Expenses	142,816,488.17	130,634,320.09	12,182,168.08	9.3%
Operating Loss	(47,845,191.23)	(39,553,642.02)	(8,291,549.21)	-21.0%
Other Nonoperating Adjustments				
State Appropriations	36,047,862.78	35,643,217.11	404,645.67	1.1%
Gift Contributions for Operations	1,005,525.51	493,740.62	511,784.89	103.7%
Net Investment Income	3,525,178.67	3,360,256.82	164,921.85	4.9%
Interest Expense on Capital Asset Financings	(1,201,203.10)	(1,270,234.20)	69,031.10	5.4%
Net Other Nonoperating Adjustments	39,377,363.86	38,226,980.35	1,150,383.51	3.0%
Adjusted Income (Loss) including Depreciation & Amortization	(8,467,827.37)	(1,326,661.67)	(7,141,165.70)	-538.3%
Adjusted Margin % including Depreciation & Amortization	-6.2%	-1.0%		
Investment Gain (Losses)	(1,222,279.50)	5,614,722.31	(6,837,001.81)	-121.8%
Adj. Inc. (Loss) with Investment Gains (Losses)	(9,690,106.87)	4,288,060.64	(13,978,167.51)	-326.0%
Adj. Margin % with Investment Gains (Losses)	-7.2%	3.1%		
Adjusted Income (Loss) excluding Depreciation & Amortization	948,431.35	7,016,154.86	(6,067,723.51)	-86.5%
Adjusted Margin % excluding Depreciation & Amortization	0.7%	5.4%		

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, 2015**

REPORT

The May 31, 2015 UTIMCO Performance Summary Report is attached on [Page 141](#).

The Investment Reports for the quarter ended May 31, 2015, are set forth on [Pages 142 - 145](#).

Item I on [Page 142](#) reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the quarter was 2.22% versus its composite benchmark return of 2.19%. The PUF's net asset value increased by \$157 million during the quarter to \$18,200 million. The increase was due to \$144 million PUF Lands receipts, plus a net investment return of \$395 million, less a \$382 million distribution made to the Available University Fund (AUF) during the quarter.

Item II on [Page 143](#) reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the quarter was 2.48% versus its composite benchmark return of 2.19%. The GEF's net asset value increased by \$208 million during the quarter to \$8,531 million.

Item III on [Page 144](#) reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the quarter was .57% versus its composite benchmark return of .58%. The net asset value increased during the quarter to \$7,196 million due to net contributions of \$215 million and net investment return of \$37 million, less distributions of \$54 million.

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

Item IV on [Page 145](#) 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 fund, decreased by \$207 million to \$2,031 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$20 million versus \$20 million at the beginning of the period; equities: \$281 million versus \$73 million at the beginning of the period; and other investments: \$.8 million versus \$9 million at the beginning of the period.

Mr. Zimmerman, Mr. Ryan Ruebsahm, and Mr. Courtney Powers will provide an update using the PowerPoint Presentation on [Pages 146 - 162](#).

UTIMCO Performance Summary

May 31, 2015

	Net Asset Value 5/31/2015 (in Millions)	Periods Ended May 31, 2015 (Returns for Periods Longer Than One Year are Annualized)							
		Short Term		Year to Date		Historic Returns			
		1 Mo	3 Mos	Fiscal	Calendar	1 Yr	3 Yrs	5 Yrs	10 Yrs
ENDOWMENT FUNDS									
Permanent University Fund	\$ 18,200	0.26%	2.22%	3.31%	4.70%	6.26%	10.29%	9.42%	7.01%
Permanent Health Fund	1,119								
Long Term Fund	<u>7,413</u>								
General Endowment Fund	<u>8,532</u>	0.24%	2.48%	3.99%	4.74%	6.89%	10.50%	9.56%	7.12%
Separately Invested Funds	<u>355</u>								
Total Endowment Funds	<u>27,087</u>								
OPERATING FUNDS									
Intermediate Term Fund	7,196	-0.16%	0.57%	0.86%	2.45%	2.56%	6.88%	6.83%	N/A
Short Term Fund and Debt Proceeds Fund	<u>1,977</u>								
Total Operating Funds	<u>9,173</u>								
Total Assets Under Management	<u>\$ 36,260</u>								
VALUE ADDED (1) (Percent)									
Permanent University Fund		0.30%	0.03%	1.49%	0.66%	1.82%	0.82%	1.21%	1.71%
General Endowment Fund		0.28%	0.29%	2.17%	0.70%	2.45%	1.03%	1.35%	1.82%
Intermediate Term Fund		0.27%	-0.01%	1.83%	0.62%	2.06%	1.78%	1.92%	N/A
VALUE ADDED (1) (\$ IN MILLIONS)									
Permanent University Fund		\$55	\$6	\$265	\$117	\$314	\$407	\$953	\$2,557
General Endowment Fund		24	24	180	58	198	240	548	1,471
Intermediate Term Fund		<u>19</u>	<u>-1</u>	<u>126</u>	<u>42</u>	<u>139</u>	<u>314</u>	<u>531</u>	-
Total Value Added		<u>\$98</u>	<u>\$29</u>	<u>\$571</u>	<u>\$217</u>	<u>\$651</u>	<u>\$961</u>	<u>\$2,032</u>	<u>\$4,028</u>

Footnote available upon request.

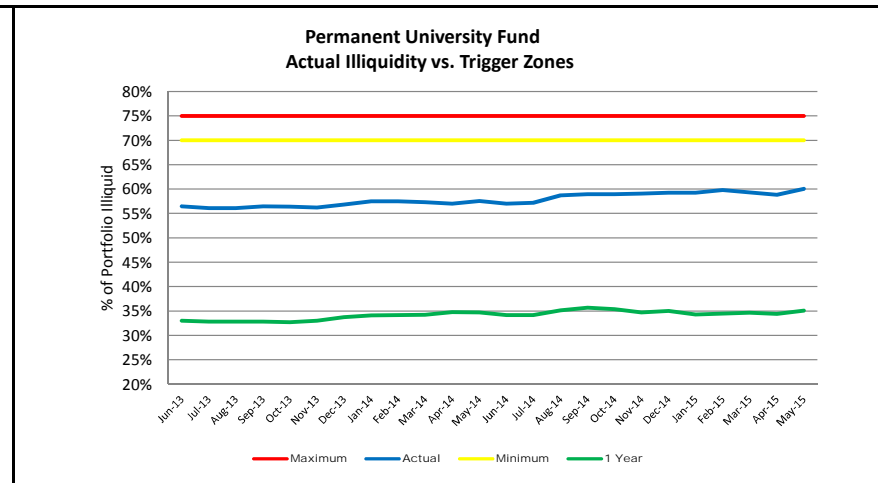
UTIMCO 7/13/2015

**I. PERMANENT UNIVERSITY FUND
Investment Reports for Periods Ended May 31, 2015**

Prepared in accordance with Texas Education Code Sec. 51.0032

	Fiscal Year to Date							
	Asset Allocation		Returns		Value Added			Total
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management		
More Correlated and Constrained:								
Investment Grade	7.3%	6.8%	-3.29%	-6.35%	0.04%	0.17%	0.21%	
Credit-Related	0.1%	0.0%	-2.90%	-2.05%	0.00%	0.00%	0.00%	
Real Estate	2.5%	2.5%	-0.03%	1.97%	-0.01%	-0.05%	-0.06%	
Natural Resources	6.9%	7.5%	-20.32%	-16.22%	0.01%	-0.36%	-0.35%	
Developed Country	14.3%	14.0%	12.64%	3.25%	0.05%	1.27%	1.32%	
Emerging Markets	<u>10.8%</u>	<u>9.7%</u>	<u>-1.66%</u>	<u>-6.55%</u>	<u>0.03%</u>	<u>0.48%</u>	<u>0.51%</u>	
Total More Correlated and Constrained	41.9%	40.5%	-0.58%	-4.48%	0.12%	1.51%	1.63%	
Less Correlated and Constrained	29.6%	30.0%	5.18%	4.94%	0.04%	0.05%	0.09%	
Private Investments	28.5%	29.5%	7.24%	7.77%	-0.10%	-0.13%	-0.23%	
Total	<u>100.0%</u>	<u>100.0%</u>	<u>3.31%</u>	<u>1.82%</u>	<u>0.06%</u>	<u>1.43%</u>	<u>1.49%</u>	

	Summary of Capital Flows		
(\$ millions)	Fiscal Year Ended August 31, 2014	Quarter Ended May 31, 2015	Fiscal Year to Date August 31, 2015
Beginning Net Assets	\$14,853	\$18,043	\$17,365
PUF Lands Receipts	1,129	144	632
Investment Return (Net of Expenses)	2,260	395	585
Distributions to AUF	(877)	(382)	(382)
Ending Net Assets	<u>\$17,365</u>	<u>\$18,200</u>	<u>\$18,200</u>



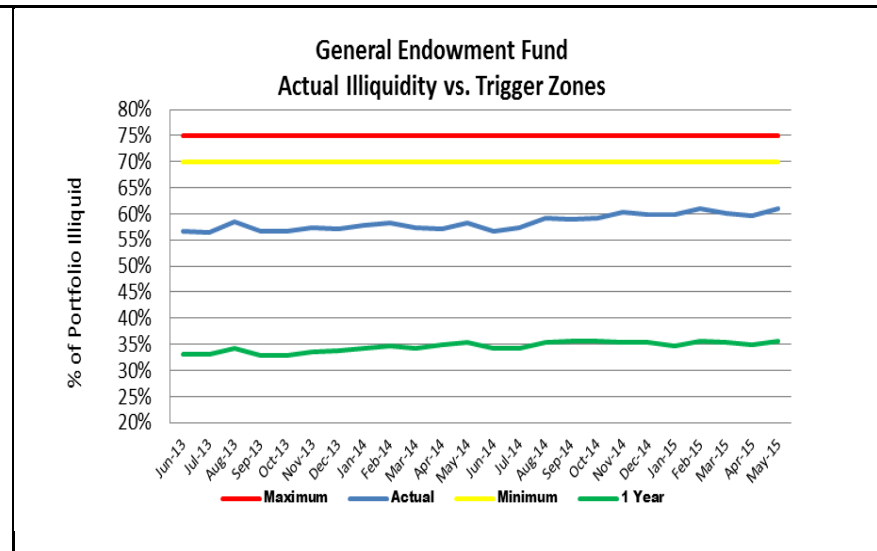
UTIMCO 7/10/2015

II. GENERAL ENDOWMENT FUND
Investment Reports for Periods Ended May 31, 2015

Prepared in accordance with Texas Education Code Sec. 51.0032

	Fiscal Year to Date						
	Asset Allocation		Returns		Value Added		
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total
More Correlated and Constrained:							
Investment Grade	6.0%	6.8%	-2.49%	-6.35%	0.07%	0.21%	0.28%
Credit-Related	0.1%	0.0%	-2.90%	-2.05%	0.00%	0.00%	0.00%
Real Estate	2.5%	2.5%	-0.01%	1.97%	-0.01%	-0.05%	-0.06%
Natural Resources	6.9%	7.5%	-20.37%	-16.22%	0.03%	-0.37%	-0.34%
Developed Country	14.6%	14.0%	12.56%	3.25%	0.07%	1.25%	1.32%
Emerging Markets	<u>11.0%</u>	<u>9.7%</u>	<u>4.27%</u>	<u>-6.55%</u>	<u>0.03%</u>	<u>1.08%</u>	<u>1.11%</u>
Total More Correlated and Constrained	41.1%	40.5%	1.00%	-4.48%	0.19%	2.12%	2.31%
Less Correlated and Constrained	29.8%	30.0%	5.18%	4.94%	0.01%	0.09%	0.10%
Private Investments	<u>29.1%</u>	<u>29.5%</u>	<u>7.24%</u>	<u>7.77%</u>	<u>-0.13%</u>	<u>-0.11%</u>	<u>-0.24%</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>3.99%</u>	<u>1.82%</u>	<u>0.07%</u>	<u>2.10%</u>	<u>2.17%</u>

(\$ millions)	Summary of Capital Flows		
	Fiscal Year Ended August 31, 2014	Quarter Ended May 31, 2015	Fiscal Year to Date August 31, 2015
Beginning Net Assets	\$7,396	\$8,323	\$8,325
Contributions	225	107	187
Withdrawals	(13)	(1)	(12)
Distributions	(371)	(98)	(291)
Investment Return (Net of Expenses)	<u>1,088</u>	<u>200</u>	<u>322</u>
Ending Net Assets	<u>\$8,325</u>	<u>\$8,531</u>	<u>\$8,531</u>

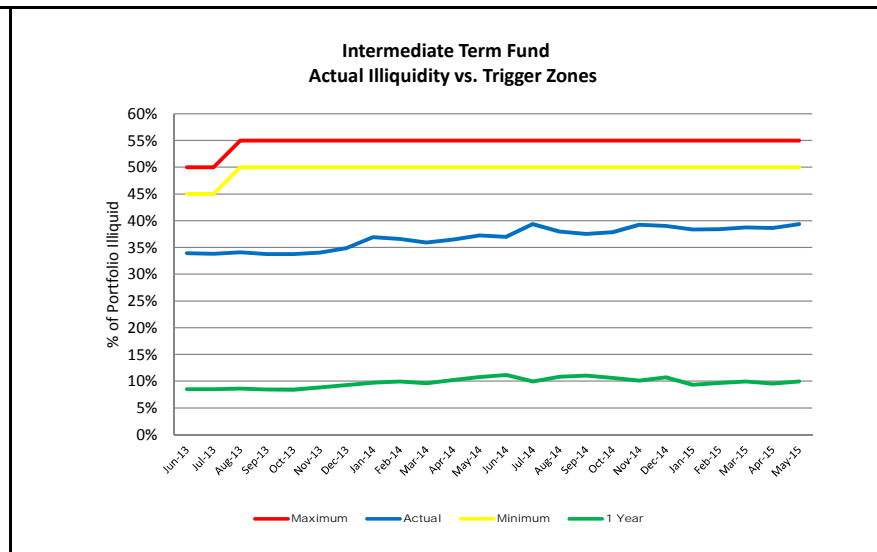


III. INTERMEDIATE TERM FUND Investment Reports for Periods Ended May 31, 2015

Prepared in accordance with Texas Education Code Sec. 51.0032

	Fiscal Year to Date						
	Asset Allocation		Returns		Value Added		
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total
More Correlated and Constrained:							
Investment Grade	30.4%	30.0%	-4.12%	-6.35%	0.00%	0.66%	0.66%
Credit-Related	0.0%	0.0%	0.00%	0.00%	0.00%	0.00%	0.00%
Real Estate	2.9%	3.0%	0.00%	1.97%	-0.01%	-0.07%	-0.08%
Natural Resources	6.4%	7.0%	-20.12%	-16.22%	0.04%	-0.31%	-0.27%
Developed Country	8.9%	9.0%	12.72%	3.25%	0.01%	0.83%	0.84%
Emerging Markets	6.5%	6.0%	4.30%	-6.55%	-0.02%	0.64%	0.62%
Total More Correlated and Constrained	55.1%	55.0%	-2.50%	-5.64%	0.02%	1.75%	1.77%
Less Correlated and Constrained	44.9%	45.0%	5.16%	4.94%	-0.09%	0.15%	0.06%
Private Investments	0.0%	0.0%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	100.0%	100.0%	0.86%	-0.97%	-0.07%	1.90%	1.83%

	Summary of Capital Flows		
	Fiscal Year Ended August 31, 2014	Quarter Ended May 31, 2015	Fiscal Year to Date August 31, 2015
(\$ millions)			
Beginning Net Assets	\$5,520	\$6,998	\$6,665
Contributions	2,111	308	1,091
Withdrawals	(1,391)	(93)	(463)
Distributions	(186)	(54)	(155)
Investment Return (Net of Expenses)	611	37	58
Ending Net Assets	<u>\$6,665</u>	<u>\$7,196</u>	<u>\$7,196</u>



IV. SEPARATELY INVESTED ASSETS
Summary Investment Report at May 31, 2015
 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 02/28/15	-	-	3,495	3,495	108,216	108,216	1,477	1,477	2,392	2,392	115,580	115,580	2,122,623	2,122,623	2,238,203	2,238,203
Increase/(Decrease)	-	-	1,999	1,999	(62,239)	(62,239)	(244)	(244)	(1,655)	(1,655)	(62,139)	(62,139)	(145,393)	(145,393)	(207,532)	(207,532)
Ending value 05/31/15	-	-	5,494	5,494	45,977	45,977	1,233	1,233	737	737	53,441	53,441	1,977,230	1,977,230	2,030,671	2,030,671
Debt Securities:																
Beginning value 02/28/15	-	-	13	14	11,304	11,756	7,961	8,033	-	-	19,278	19,803	-	-	19,278	19,803
Increase/(Decrease)	-	-	(2)	(2)	-	(95)	(33)	(135)	-	-	(35)	(232)	-	-	(35)	(232)
Ending value 05/31/15	-	-	11	12	11,304	11,661	7,928	7,898	-	-	19,243	19,571	-	-	19,243	19,571
Equity Securities:																
Beginning value 02/28/15	1,161	8,248	276	272	41,511	50,968	12,600	13,115	-	-	55,548	72,603	-	-	55,548	72,603
Increase/(Decrease)	253,112	206,899	1,059	1,055	378	938	(62)	(72)	-	-	254,487	208,820	-	-	254,487	208,820
Ending value 05/31/15	254,273	215,147	1,335	1,327	41,889	51,906	12,538	13,043	-	-	310,035	281,423	-	-	310,035	281,423
Other:																
Beginning value 02/28/15	-	-	205	205	7	7	560	113	8,593	8,593	9,365	8,918	-	-	9,365	8,918
Increase/(Decrease)	-	-	(116)	(116)	592	592	12	1	(8,593)	(8,593)	(8,105)	(8,116)	-	-	(8,105)	(8,116)
Ending value 05/31/15	-	-	89	89	599	599	572	114	-	-	1,260	802	-	-	1,260	802
Total Assets:																
Beginning value 02/28/15	1,161	8,248	3,989	3,986	161,038	170,947	22,598	22,738	10,985	10,985	199,771	216,904	2,122,623	2,122,623	2,322,394	2,339,527
Increase/(Decrease)	253,112	206,899	2,940	2,936	(61,269)	(60,804)	(327)	(450)	(10,248)	(10,248)	184,208	138,333	(145,393)	(145,393)	38,815	(7,060)
Ending value 05/31/15	254,273	215,147	6,929	6,922	99,769	110,143	22,271	22,288	737	737	383,979	355,237	1,977,230	1,977,230	2,361,209	2,332,467

Details of individual assets by account furnished upon request.



The University of Texas Investment Management Company

UTIMCO Update

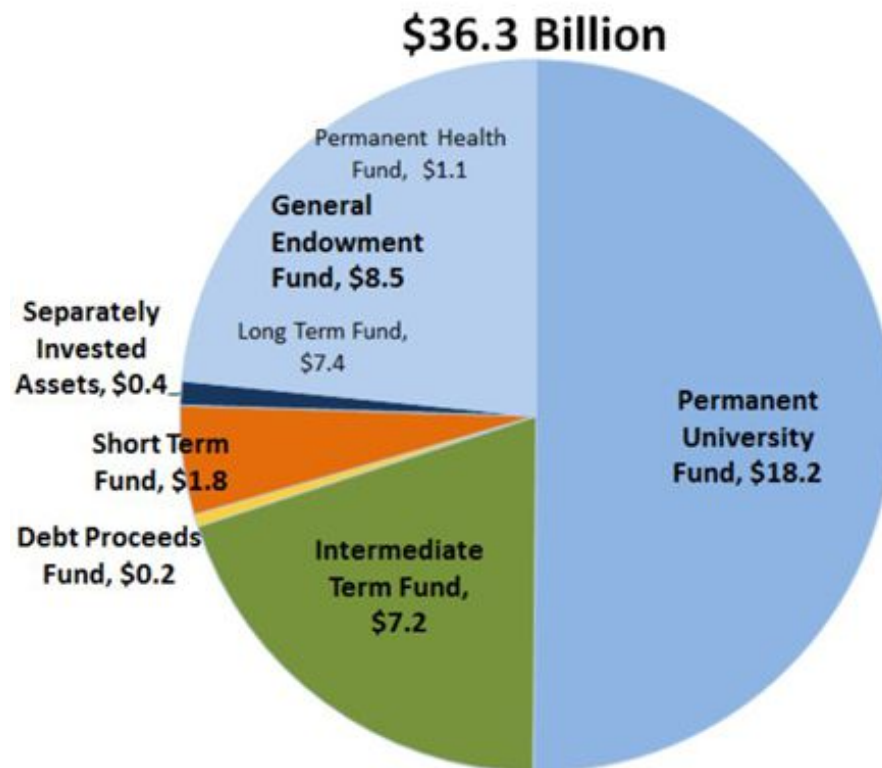
Mr. Bruce Zimmerman
CEO and Chief Investment Officer

U. T. System Board of Regents' Meeting
Finance and Planning Committee
August 2015



UTIMCO ASSETS UNDER MANAGEMENT

As of May 31, 2015





RETURNS

Periods Ended May 31, 2015

Fund	FYTD			
	Nine Months Ended	Three Years	Five Years	Ten Years
Permanent University Fund (PUF)	3.31%	10.29%	9.42%	7.01%
General Endowment Fund (GEF)	3.99%	10.50%	9.56%	7.12%
Intermediate Term Fund (ITF)	0.86%	6.88%	6.83%	N/A



HISTORICAL VALUE ADD





COMBINED PUF AND GEF EXPOSURE

		More Correlated and Constrained (Long Only)		Less Correlated and Constrained (Hedge Funds)		Private Investments		Total	
(In millions, as of May 31, 2015)									
Fixed Income	Investment Grade Fixed Income	\$1,854	6.9%	\$559	2.1%	\$0	0.0%	\$2,413	9.0%
	Credit-Related Fixed Income	28	0.1%	1,147	4.3%	965	3.6%	2,140	8.0%
	Fixed Income Total	1,882	7.0%	1,706	6.4%	965	3.6%	4,553	17.0%
Real Assets	Real Estate	\$652	2.4%	\$2	0.0%	\$1,142	4.3%	\$1,796	6.7%
	Natural Resources	1,851	6.9%	2	0.0%	1,690	6.3%	3,543	13.2%
	Real Assets Total	2,503	9.3%	4	0.0%	2,832	10.6%	5,339	19.9%
Equity	Developed Country Equity	\$3,854	14.5%	\$5,792	21.7%	\$3,018	11.3%	\$12,664	47.5%
	Emerging Markets Equity	2,894	10.8%	417	1.6%	865	3.2%	4,176	15.6%
	Equity Total	6,748	25.3%	6,209	23.3%	3,883	14.5%	16,840	63.1%
Total		\$11,133	41.6%	\$7,919	29.7%	\$7,680	28.7%	\$26,732	100.0%



The University of Texas Investment Management Company

Less Correlated & Constrained (Hedge Funds)

Ryan Ruebsahm and Courtney Powers

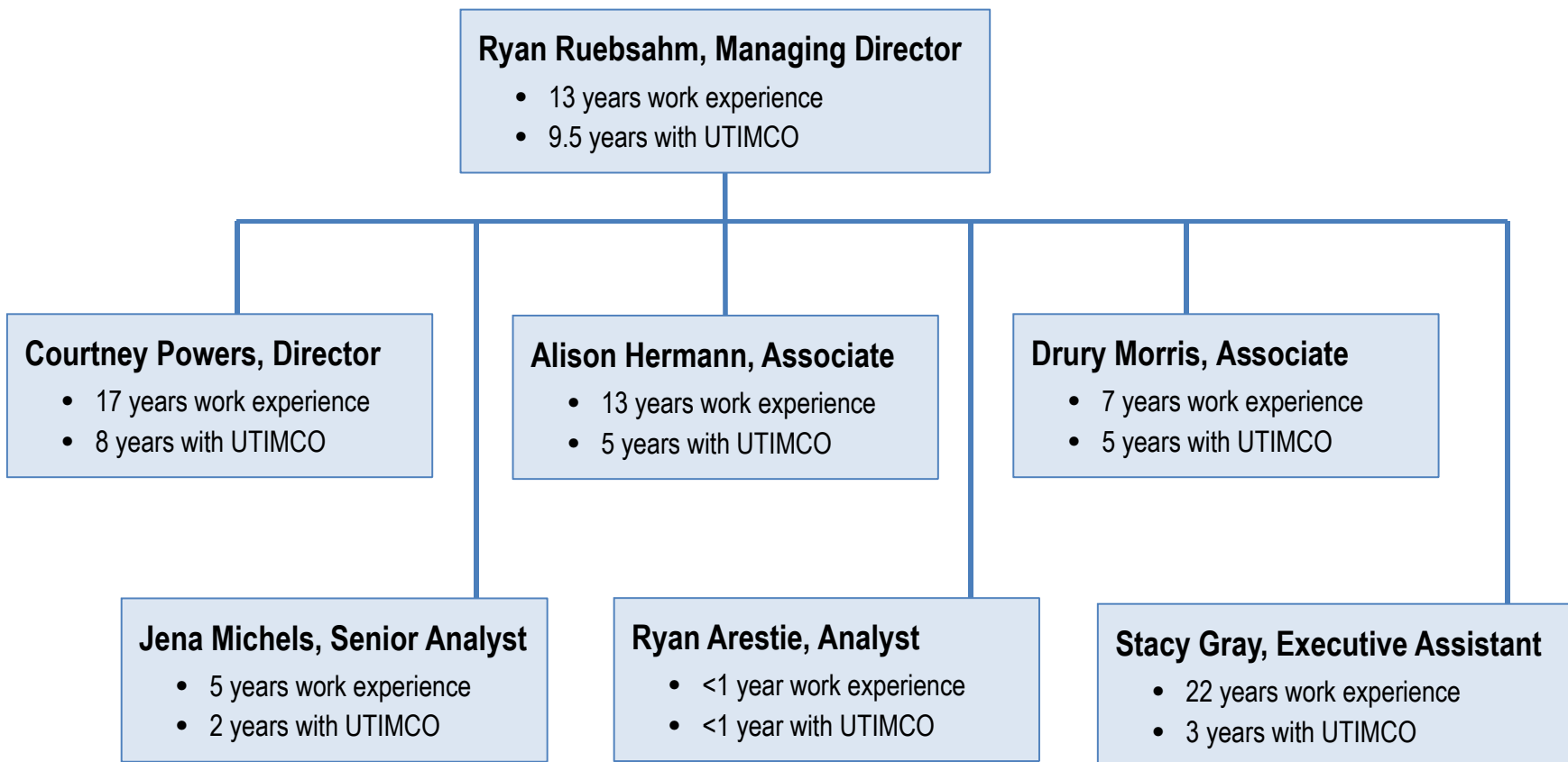


SIZE

- **Less Correlated & Constrained (LCC) assets total \$11.2 billion**
 - 30% of Endowments; 45% of ITF
- **UTIMCO's hedge fund portfolio ranks:**
 - Largest among global endowments & foundations
 - 2nd largest among all U.S. pension plans, public or private
 - 8th largest among global pension plans and sovereign wealth
 - 11th largest global Fund-of-Hedge-Funds
- **If the LCC portfolio were a stand-alone endowment, it would be the 6th largest in the U.S.**



TEAM





OBJECTIVES

- “Equity-like” Returns with “Bond-like” Volatility
- Preserve Capital
- Diversify MCC (Long Only) and Private Investment Portfolios
- Value Add Through Active Management



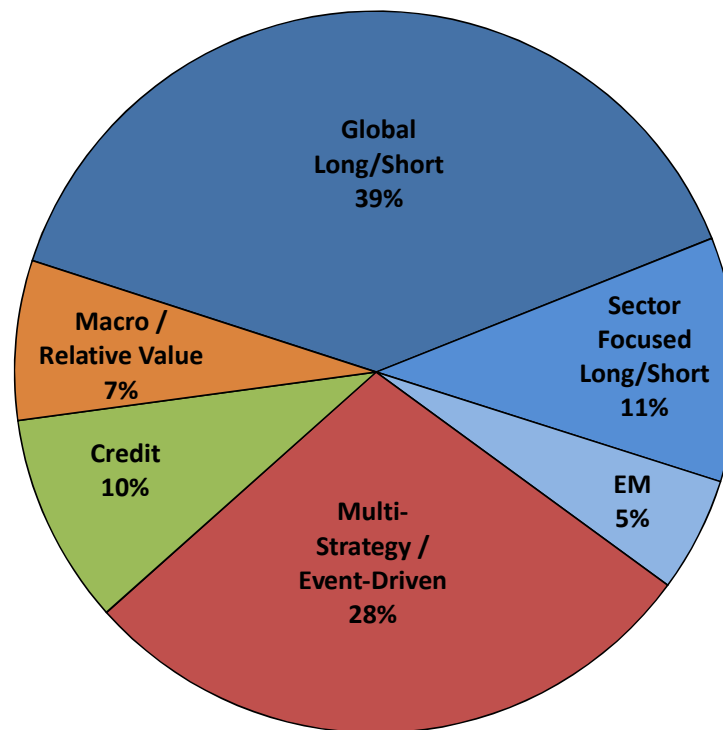
HEDGE FUND STRATEGIES

- We view “hedge funds” as a return and risk profile, not a legal or fee structure
- Active management tools that hedge funds use:
 - Shorting
 - Arbitrage
 - Derivatives
 - Leverage
- Broad range of strategies
 - Long/Short Equity
 - Distressed Credit
 - Multi-Strategy
 - Market Neutral
 - Event-Driven
 - Fixed Income Arbitrage
 - Merger Arbitrage
 - Managed Futures / CTAs
 - Global Macro
 - Convertible Arbitrage
 - Relative Value



ALLOCATION BY HEDGE FUND STRATEGY

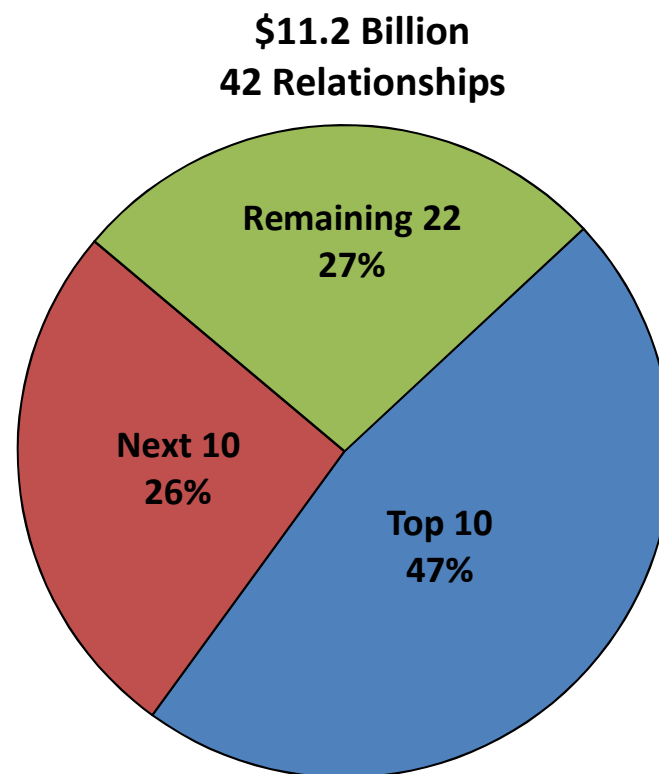
- Focus on high return-on-asset (ROA) strategies that are sustainable over time and deploy less leverage
- Do not engage in highly levered, momentum, or purely quantitative strategies





CONCENTRATION BY RELATIONSHIP

- “Core” positions with managers who can dependably manage capital through full market cycles
- “Satellite” relationships with managers who can enhance returns through opportunistic/niche strategies





FEES

(\$ in billions)

	Management Fee	Performance Fee
Industry Average*	1.7%	19.9%
UTIMCO	1.3%	19.1%

UTIMCO Sizing

	NAV	Management Fee	Performance Fee
Top 10	\$5.2	1.2%	19.0%
Next 10	2.9	1.4%	18.9%
Remaining 19	2.6	1.5%	19.4%
Total	10.7	1.3%	19.1%

Fund Open/Closed

	NAV	Management Fee	Performance Fee
Open	\$3.2	1.1%	19.2%
Closed	7.5	1.4%	19.0%
Total	10.7	1.3%	19.1%

Specific Circumstances

	NAV	Management Fee	Performance Fee
Opportunistic	\$0.2	0.5%	15.8%
Long Tenured	1.8	1.1%	19.3%
"Turnaround"	1.2	1.1%	18.5%
Early Investor Discount	2.4	1.2%	17.4%
Blue Chip (90% Closed)	5.1	1.6%	20.0%
Total	10.7	1.3%	19.1%

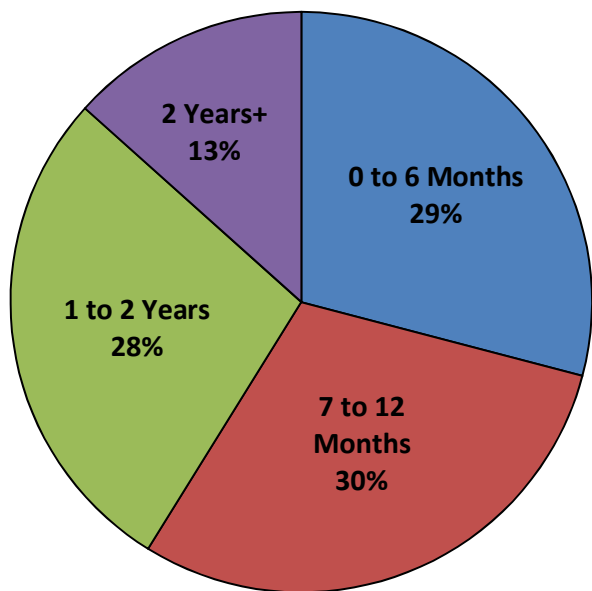
*Based on Albourne sample of funds
 Analysis excludes funds in redemption and fund of funds (\$334 million)



LIQUIDITY & TRANSPARENCY

Liquidity

- 14 month weighted average life



Transparency

- **94%** of portfolio provide monthly portfolio reports
 - Long/short/gross/net exposures
 - Strategy/geography/sector exposures
 - Performance attribution
 - Concentration of large positions
- **83%** of portfolio will discuss portfolio in detail on monthly basis; 17% quarterly
- **95%** of portfolio:
 - Provides 3rd party asset verification reports
 - Audited by a “Big-4” firm
 - Uses third-party administrators as official books and records



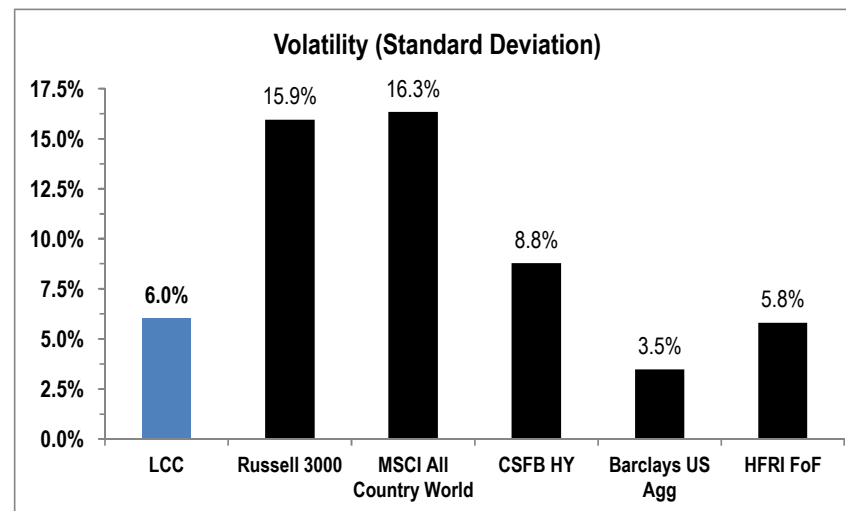
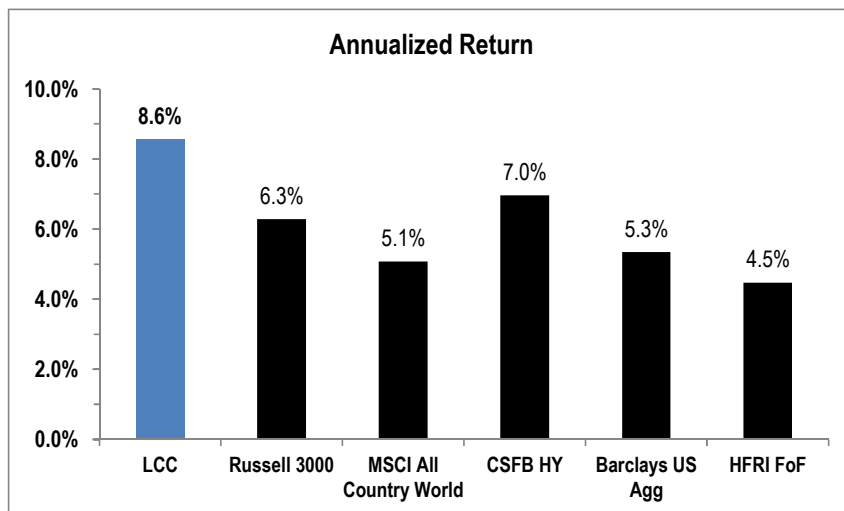
COMPETITIVE ADVANTAGES

- **Focus on Fundamental Investing in Strategies We Understand**
- **Long Time Horizon**
 - Moderate, incremental changes to both strategies and managers over time
 - Ability to invest in multi-year lock-ups when warranted
- **Long-Term Relationships**
 - Eight year weighted average tenure
 - “Next Generation” managers
- **Economic Alignment**
 - 1.3% average management fee
 - 19.1% average incentive fee
 - 14 month weighted average life
- **Reputation**
 - Long-time investor
 - Viewed as dependable partner



ATTRACTIVE ABSOLUTE AND RISK-ADJUSTED RETURNS

\$1.0 initial investment, now worth \$4.0 vs. \$2.3 in global equities
(August 1998 Inception – May 2015)





VALUE ADD VERSUS FUND OF FUNDS

- Consistent top quartile performance within the Fund of Funds universe



4. **U. T. System Board of Regents: Report on activities of the University Lands Advisory Board**

REPORT

Regent Cranberg, Chairman of the University Lands Advisory Board (ULAB), and Mr. Mark Houser, Chief Executive Officer - University Lands, will report on activities related to the ULAB using the PowerPoint presentation set forth on the following pages.

BACKGROUND INFORMATION

The ULAB was established by the Board of Regents on May 15, 2014, to advise the Board on operations and management of the University Lands Office, including hiring the Chief Executive Officer - University Lands, reviewing and recommending budgets to the Board, and providing strategic direction.



University Lands Update

Mr. Mark Houser, Chief Executive Officer – University Lands

U. T. System Board of Regents' Meeting
Finance and Planning Committee
August 2015



THE UNIVERSITY of TEXAS SYSTEM

Nine Universities. Six Health Institutions. Unlimited Possibilities.

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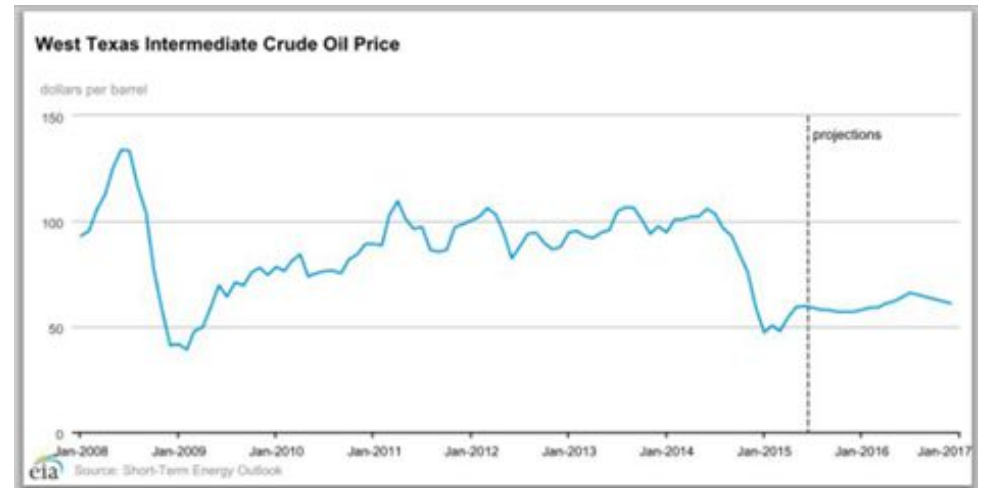
Agenda

- I. Market Update
- II. University Lands Update
- III. Looking Forward



Market Overview

- Oil markets have generally been expecting a “V” type recovery
- A decline in U.S. production due to the low price environment was supposed to balance the worldwide supply surplus
- Despite the rig count reduction and marginal returns, supply remains robust and will likely continue:
 - OPEC is increasing production (driven primarily by Saudi Arabia and Iraq)
 - Iran production is coming onto the market
- Global demand is up by 1.6% year-over-year (y/y), similar to global supply
- With recent “fear” related to China’s economic challenges and Iran’s potential 2016 entry, mid-term outlook for oil prices remains low

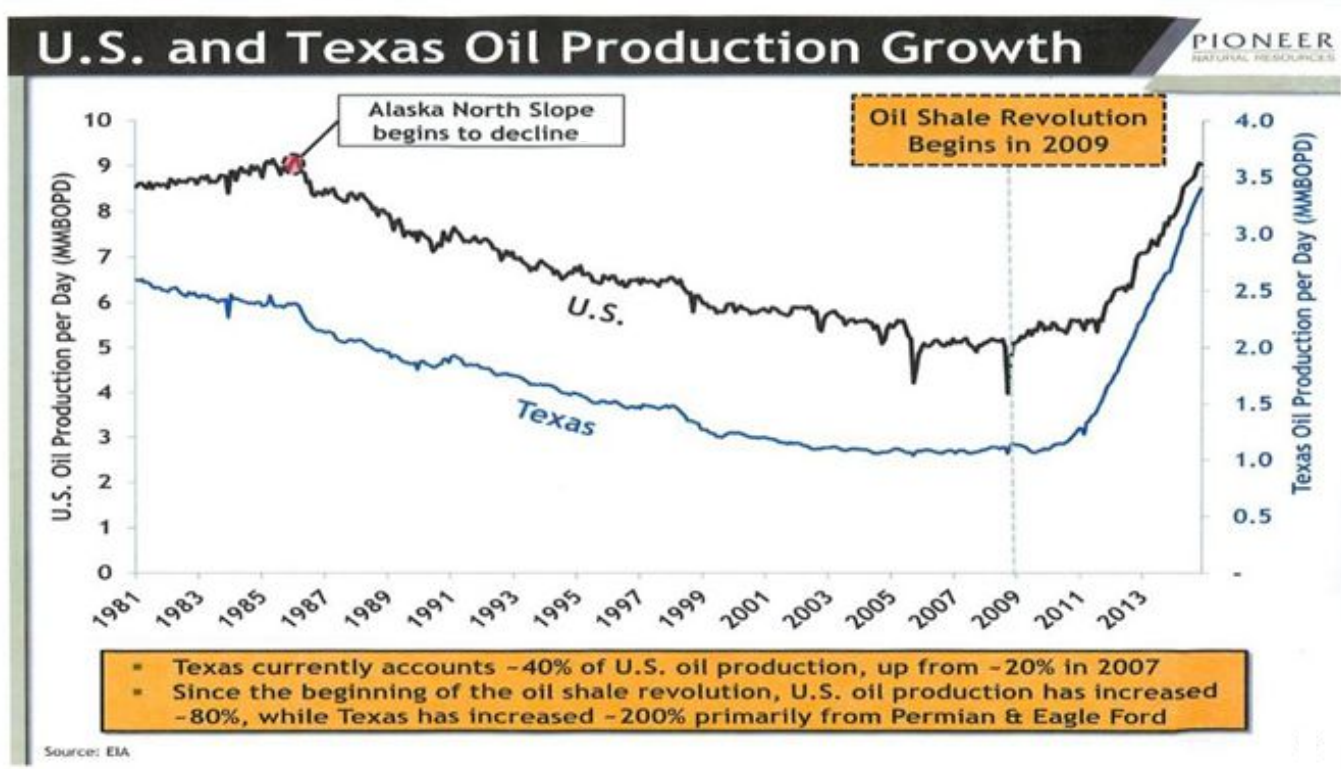


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U.S. and Texas Oil Production Growth

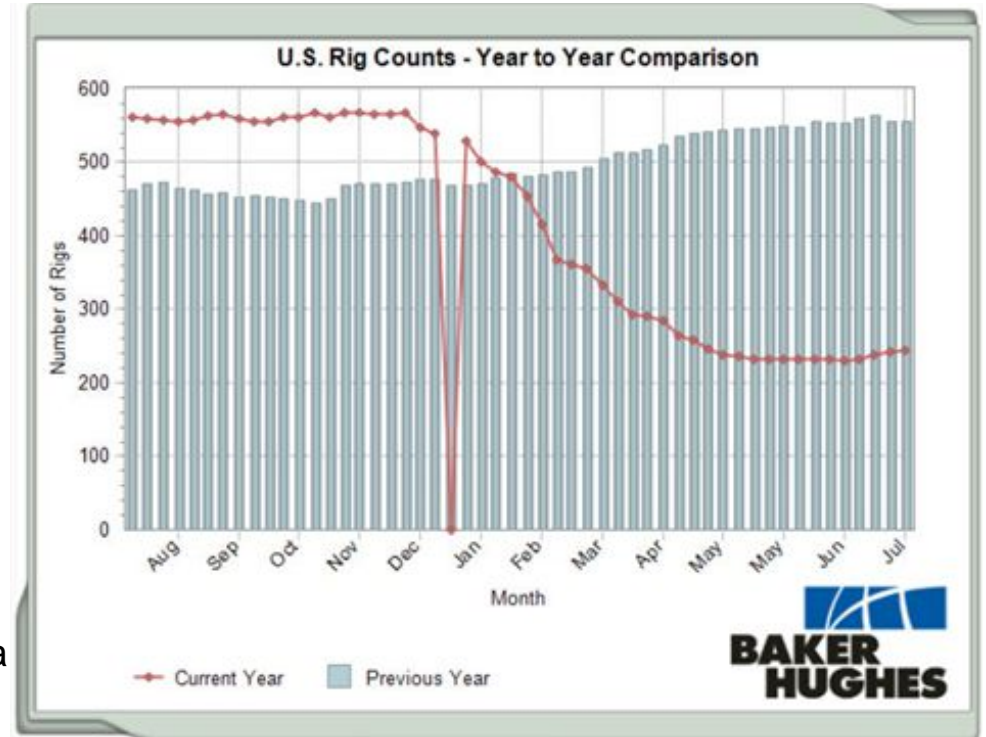


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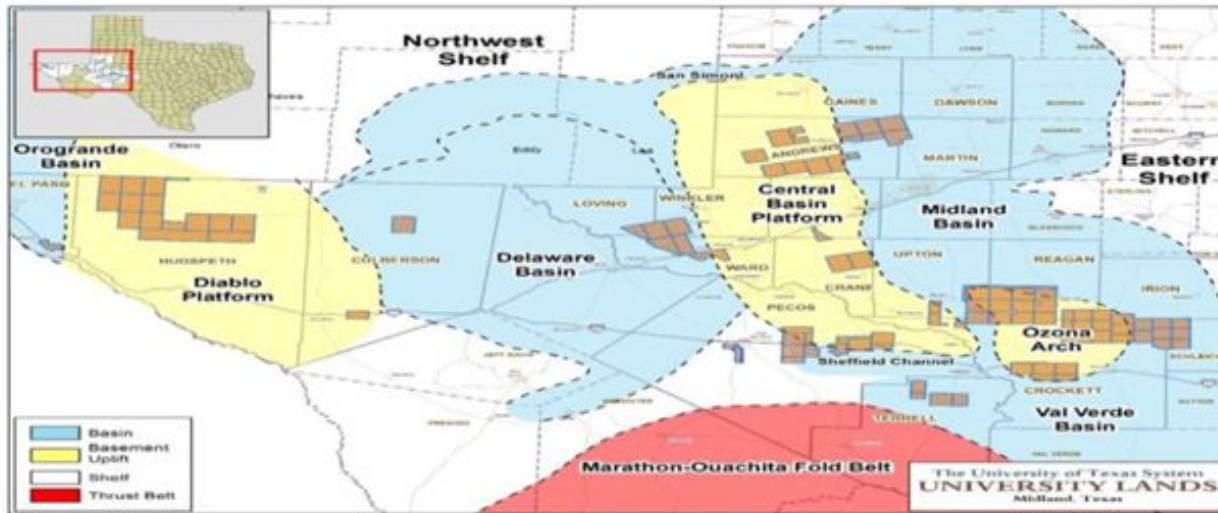


Rig Count (as of 7/24/2015)

- U.S. rig count down -649 or -54% y/y
 - Private Companies
 - A large portion of rig count is dominated by small private companies
 - liquidity will become more of an issue
 - Public Exploration and Production (E&P) Companies
 - Last year, 250+ of the rigs in the domestic U.S. were operated by major E&Ps, now distressed or near-distress. Their activity is down approximately 75%
 - Returns on drilling, even across best assets, are becoming marginal
 - U.S. production *should* start to decline but hasn't
- Total Permian Basin Rig Count: 245
 - Down -310 or -55.9% y/y
 - One of the most economic basins in North America
 - Production in the Permian Basin has continued to grow



University Lands Assets



- Total Reserves (8/2014)
 - 1,214 million Barrels of Oil Equivalent (BOE)
 - 13% Proved
- 2014 Gross Daily Production
 - 211,000 BOE per day
 - 64% oil
- 2014 Net Daily Production
 - 41,600 BOE per day
- >9000 Producing Wells
- 21,000 Identified “3P” Drilling Locations
- Incredible potential database for oil and gas AND water resources

2.1 million acres: ~1.5 million leased for oil and gas activity



University Lands Statement of Deposits

	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	Cumulative FY 2015
Permanent University Fund											
Royalty -											
Oil	\$81,950	\$67,207	\$64,105	\$62,950	\$55,285	\$43,633	\$33,489	\$32,428	\$39,337	\$42,637	\$523,021
Gas	16,195	15,781	15,215	15,220	12,268	10,804	11,275	8,078	8,824	9,122	122,782
Other Mineral Royalties	1,929	3,580	3,521	1,583	1,965	1,857	2,079	775	1,259	1,397	19,945
Damage Income	1,130	842	1,654	1,005	421	454	450	614	598	574	7,742
	\$101,204	\$87,410	\$84,495	\$80,758	\$69,939	\$56,748	\$47,293	\$41,895	\$50,018	\$53,730	\$673,490
Bonuses -											
Oil & Gas Lease Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$919	\$919
O&G Units/Extensions	3,243	246	17	275	4,261	751	2,953	393	157	532	12,828
Total Permanent University Fund	\$104,447	\$87,656	\$84,512	\$81,033	\$74,200	\$57,499	\$50,246	\$42,288	\$50,175	\$55,181	\$687,237
Available University Fund											
Grazing Leases	\$0	\$0	\$0	\$1,624	\$789	\$0	\$0	\$0	\$0	\$3,562	\$5,975
Land Easements	1,179	3,086	2,628	2,547	2,867	4,499	2,990	2,539	1,475	6,451	30,261
Other Surface Income	548	74	80	299	561	719	725	197	313	39	3,555
Total Available University Fund	\$1,727	\$3,160	\$2,708	\$4,470	\$4,217	\$5,218	\$3,715	\$2,736	\$1,788	\$10,052	\$39,791
TOTAL PERMANENT & AVAILABLE FUND	\$106,174	\$90,816	\$87,220	\$85,503	\$78,417	\$62,717	\$53,961	\$45,024	\$51,963	\$65,233	\$727,028
Oil and Gas Lease Status											
Leased Acreage	1,591,056	1,557,729	1,558,197	1,558,197	1,557,874	1,555,827	1,532,386	1,513,384	1,511,032	1,510,727	
Number of Active Leases	4,253	4,270	4,371	4,272	4,270	4,258	4,217	4,180	4,176	4,175	
WTI AVERAGE OIL PRICE	\$98.95	\$92.68	\$89.58	\$80.94	\$72.14	\$55.49	\$44.46	\$47.34	\$44.23	\$50.58	
WAHA GAS PRICE (FERC)	\$4.40	\$3.69	\$3.84	\$3.77	\$3.39	\$4.19	\$3.00	\$2.62	\$2.71	\$2.49	
WTI OIL PRODUCTION*	828,196	725,151	715,617	777,737	766,357	786,322	753,239	685,002	889,374	842,962	
WAHA GAS PRODUCTION*	3,680,682	4,276,694	3,962,240	4,037,135	3,618,879	2,578,520	3,758,333	3,083,206	3,256,089	3,663,454	

*Production estimates based on monthly revenues divided by average monthly commodity price

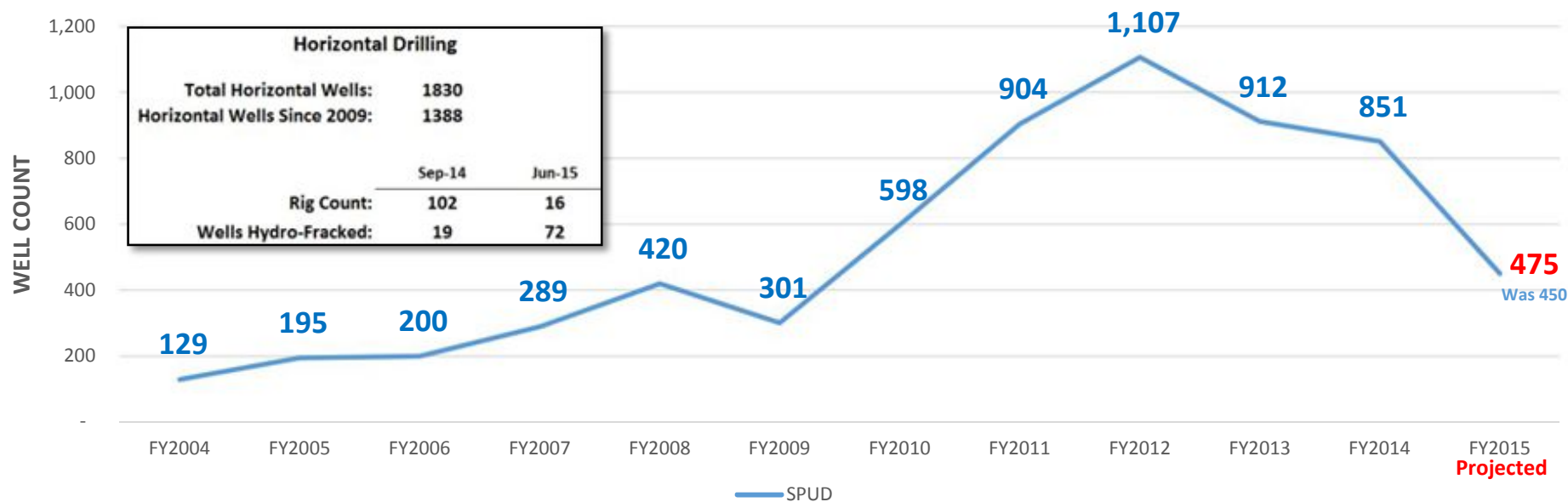
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Meeting of the U. T. System Board of Regents - Finance and Planning Committee



University Lands Wells Drilled by Fiscal Year

UNIVERSITY LANDS
Wells Spud by Fiscal Year



Horizontal Drilling		
Total Horizontal Wells:	1830	
Horizontal Wells Since 2009:	1388	
	Sep-14	Jun-15
Rig Count:	102	16
Wells Hydro-Fracked:	19	72

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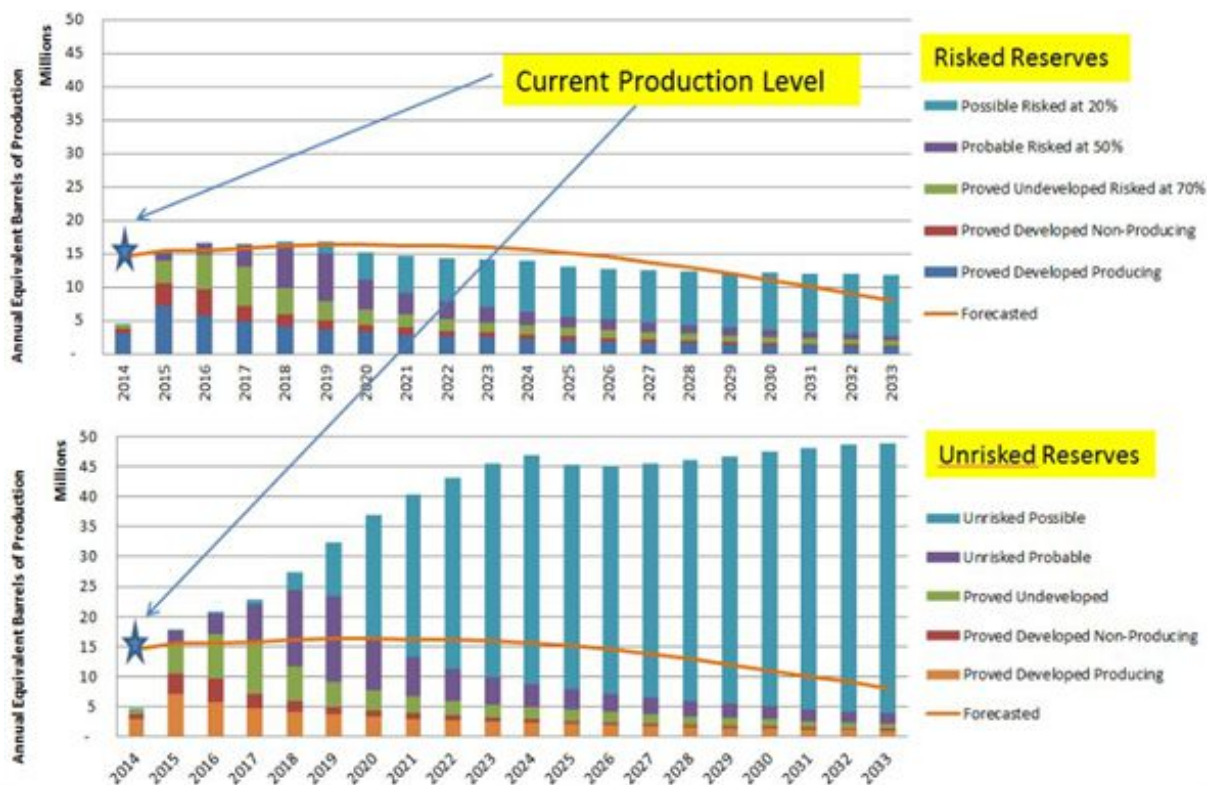


University Lands Strategy

- Create a more “business oriented” forward looking culture
 - Study the best performing mineral/oil and gas companies to determine best practices
- Increase internal knowledge of resource potential
 - Enhance capabilities for managing extensive data
 - Expand internal technical resources (create Houston office)
 - Work more proactively with industry partners
 - Utilize assistance from Texas Energy Research, Engineering, and Education Institute (EREI)
- Evaluate most effective strategy for fully and prudently developing these “stacked pay” resources
- Work with industry partners to manage through price, cost, and technology swings
 - Upstream and midstream opportunities



Long-Term Production Ranges



University Lands Focus

Mid-Term

Value-Added Opportunities
Expand the Business

University Research and Development - EREEI
Water Infrastructure
Midstream
Take In-Kind
Strategic Acquisitions and Divestitures

Short-Term

Value-Added Activities
Grow Existing Business

Enhance Lease Terms
Trust Minerals
Grow Development Plans
Oil and Gas Audit
Hedging Strategy
Repatriate Leases
Branding
Legal Opinion

Core Challenges

Manpower
Compensation
Succession
Structure
Leadership
Governance
Budget
Funding
Technology Use
Tax Structure

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Last 90 Days

Accomplishments

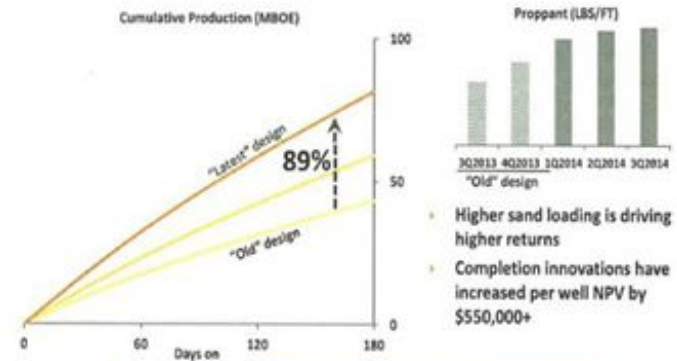
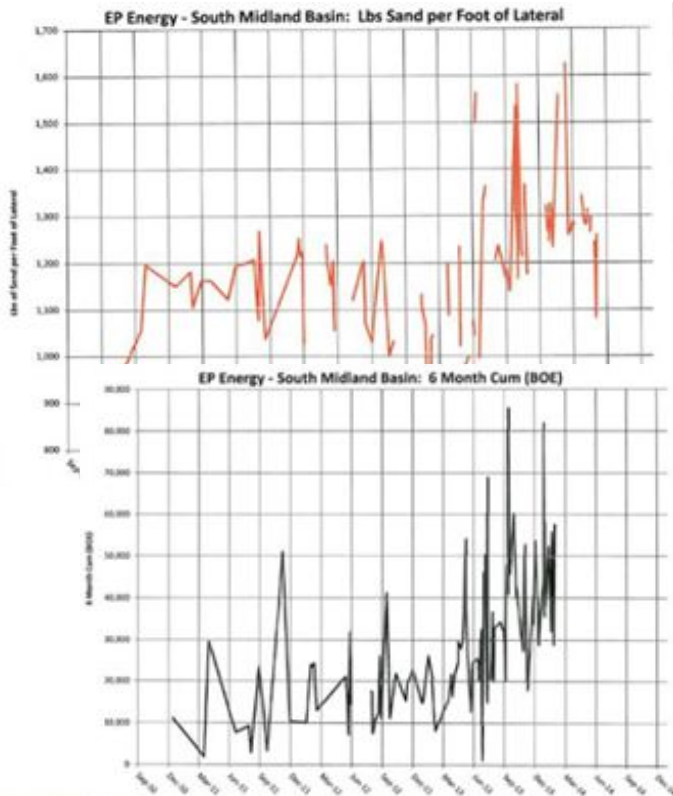
- Houston office location determined
- Organizational plan developed
 - Began formulating compensation strategy
- Discussions with several stakeholders
 - Chancellor William H. McRaven
 - Texas General Land Commissioner George P. Bush
 - UTIMCO staff
 - U. T. System: Dr. Randa Safady, Mr. Dan Sharphorn, et al.
 - Producers, ranchers, border patrol, and service providers
 - Field visits
- Worked through legislative session
- Revised 14 development agreements
 - Increased drilling commitments on lands by over 500 wells by 2020
 - Generated ~\$5 million in bonus payments
- Identified potential Midstream opportunity

Challenges and Shortfalls

- Understanding the purchasing and hiring processes
- Small delay in technical staff hiring
- Data management and collection process not moving as fast as hoped

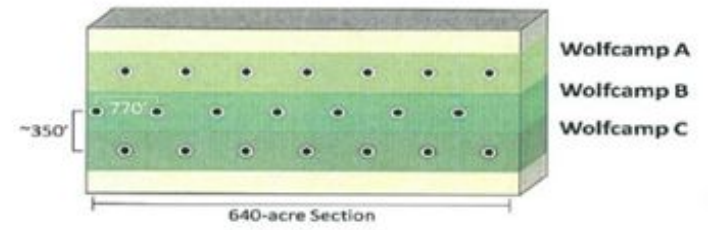


Data Access Increasing Resource Potential



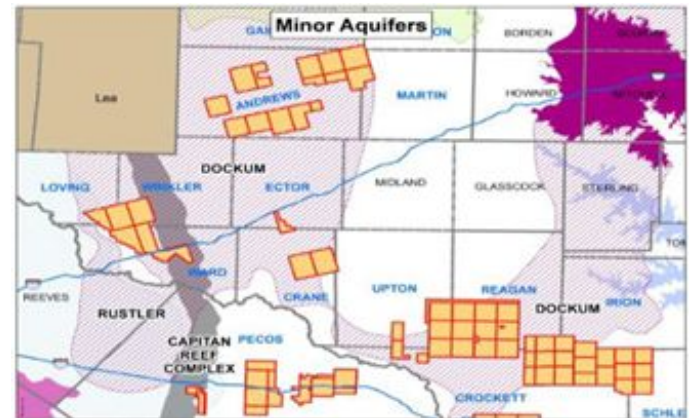
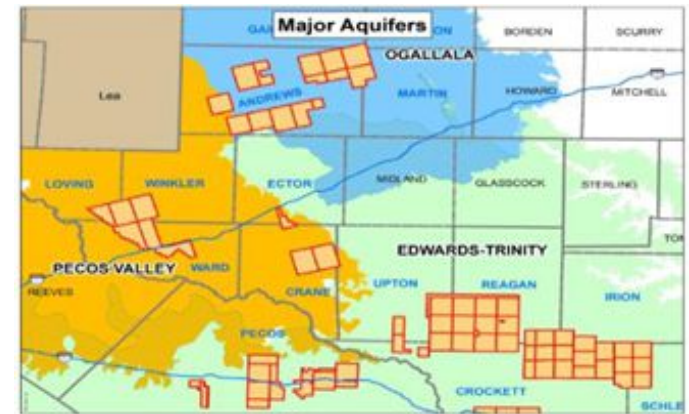
Increased NPV and ROR through higher early cumulative production.

- ▶ Expanding development across acreage position
- ▶ 2014 primarily combined B/C development
 - ▶▶ Adding A wells
- ▶ 770' between wells in each zone
- ▶ Completing all wells on a pad prior to producing



Ground Water Management

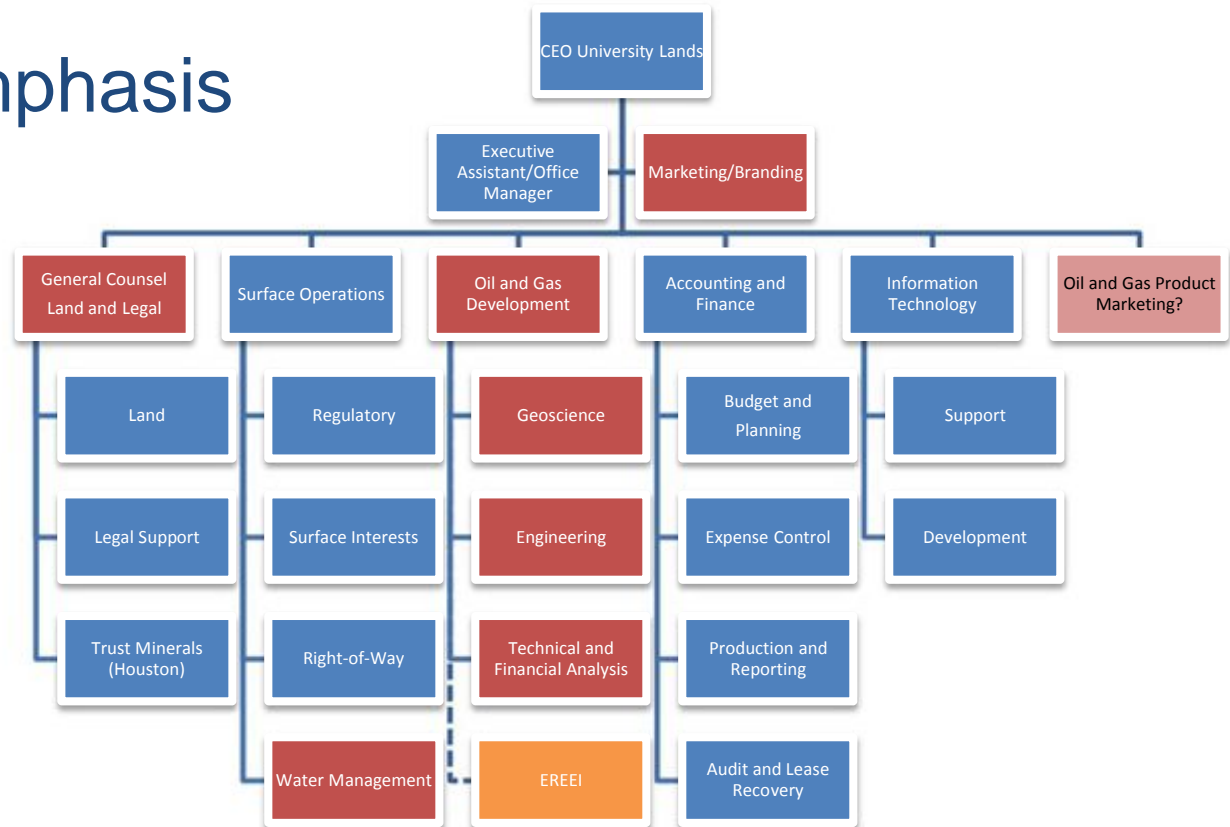
- University Lands aims to lead the water conversation in West Texas
- Geographic positioning over major and minor aquifers positions University Lands as a key player
- University Lands currently sells water to the City of Midland, City of Andrews, Colorado Municipal Water District and also to oil and gas companies to support their operations
- Goal: Conduct in depth study alongside hydrogeologists, using data from a variety of sources, including >3000 water wells on University Lands, oil and gas wells, and the Texas Water Development Board to develop comprehensive water management plan



University Lands New Functional Emphasis

New Positions

- General Counsel: Carrie Clark**
- CFO University Lands: TBD**
- Geoscience Director: Dave DeFelice**
- Engineering Director
- Geologist
- Engineer
- Executive Assistant: Barbara Dean**
- Geological Technician
- Engineering Technician
- Marketing Analyst: Alyssa Ray**
- Paralegal/Trust Minerals: TBD**



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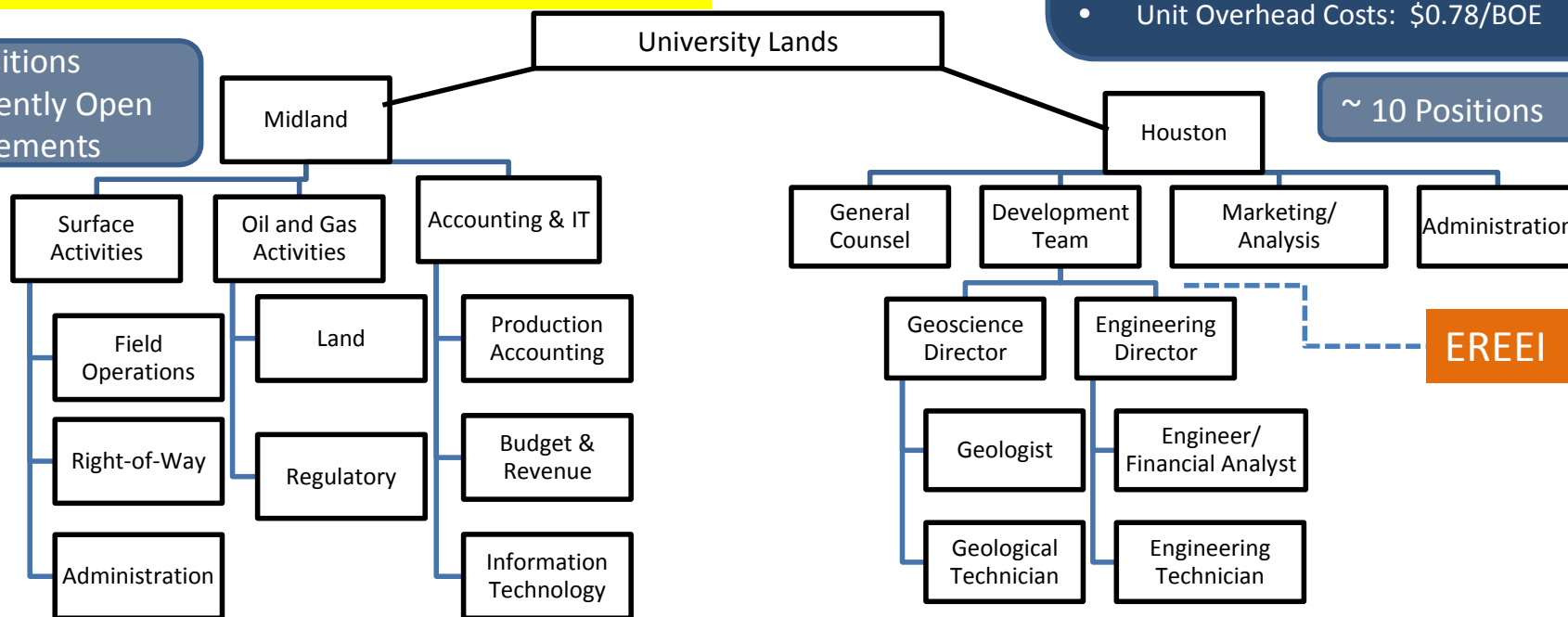
General University Lands Organization

Similar Minerals Companies (typically smaller in size)
Overhead - >> \$1.50 - \$2.50+ per BOE

- Total 2015 Revenue: \$811M
- Total 2015 Production: 15.4M BOE
- Total Projected Overhead Costs: \$12M
- % of Revenue: 0.15%
- Unit Overhead Costs: \$0.78/BOE

43 Positions
3 Currently Open
2 retirements

~ 10 Positions



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2016 Objectives

- Assess and determine optimal structure for University Lands to move forward as a “Minerals Company”
- Generate revenue of >\$850 million for fiscal year assuming \$50/bbl oil price
- Increase “price neutral” proved reserve value
- Develop integration program with EREEI
- Complete detailed reservoir study of 20% of University Lands
 - Complete technical review with all top 20 producers
- Complete staffing plan (as now defined) for Houston Office
- Complete one lease sale
- Develop and implement “downhole data management process”
 - Pursue land/regulatory reporting management system
 - Pursue reservoir/geologic management system
 - Develop a more real time “visual” activity mapping system
- Develop and implement an effective branding strategy
- Develop a comprehensive water management plan
- Develop an internship program



5. 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 21, 2014, the Board of Regents adopted a resolution authorizing the issuance of PUF Bonds in an amount not to exceed \$600 million for Fiscal Year 2015. Adoption of this Resolution would provide a similar authorized amount and purposes for Fiscal Year 2016.

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 provides that additional PUF Bonds may be refunded if such refunding is determined to be in the best interest of the System.

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 also authorizes 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-2015-08-19>.

6. 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 21, 2014, the Board of Regents adopted a resolution authorizing the issuance of additional RFS Bonds in an amount not to exceed \$600 million. Adoption of this Supplemental Resolution 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.

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-2015-08-19>.

7. **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 21, 2014, the Board approved bond enhancement agreement resolutions for FY 2015. 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 2016 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 REVENUE FINANCING SYSTEM DEBT AND AUTHORIZING AND APPROVING OTHER INSTRUMENTS AND PROCEDURES RELATING TO SAID AGREEMENTS

August 20, 2015

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, 2016.

(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; (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 the execution of any certificates and the filing of any returns with the

Internal Revenue Service as may be necessary in the judgment of Bond Counsel with respect to a Bond Enhancement Agreement or the related Parity Debt. 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]

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 20, 2015

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, 2016.

(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; (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 the execution of any certificates and the filing of any returns with the Internal Revenue Service as may be necessary in the judgment of Bond Counsel with respect to a Bond Enhancement Agreement or the related PUF Debt. 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]

8. **U. T. System Board of Regents: Adoption of Amended and Restated First Supplemental Resolution to the Master Resolution establishing the Revenue Financing System Commercial Paper Note Program; authorization for officers of U. T. System to complete all transactions related thereto; 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. adopt the Amended and Restated First Supplemental Resolution to the Master Resolution, as set forth on the following pages, authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Revenue Financing System Commercial Paper Notes, Series A and Taxable Commercial Paper Notes, Series B, in an aggregate principal amount not to exceed \$1.75 billion;
- b. authorize appropriate officers and employees of the U. T. System as set forth in the Amended and Restated First 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; make certain covenants and agreements in connection therewith; and resolve other matters incident and related to the issuance, sale, security, and delivery of such Notes. The Chancellor also concurs with the recommendation of the Executive Vice Chancellor for Business Affairs that as required by Section 5(a) of the Master Resolution, the Board further determines that upon the delivery of Notes authorized by this Resolution, it will have sufficient funds to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Revenue Financing System and to meet all financial obligations of the Board relating to the Revenue Financing System and that the Members on whose behalf such Notes are issued possess the financial capacity to satisfy their direct obligations after taking such Notes into account.

BACKGROUND INFORMATION

The U. T. System's Revenue Financing System Tax-Exempt Commercial Paper Note Program (Program) was established on April 12, 1990. Since that time, the size of the Program has been increased periodically, up to the current authorization of \$1.25 billion, to meet the financing needs of the U. T. System.

Adoption of this Resolution would increase Program authorization from \$1.25 billion to \$1.75 billion to facilitate the financing of capital projects reflected in the FY 2016-2021 Capital Improvement Program (CIP). The Program capacity was most recently increased from \$750 million to \$1.25 million on August 14, 2008. Increased Program capacity will permit the U. T. System to continue to provide efficient interim financing and additional timing flexibility in accessing the long-term capital markets.

The use of tax-exempt debt for projects is limited by the *Internal Revenue Code* to facilities employed for governmental purposes. Projects with nongovernmental or private use beyond established limits are denied the benefits of tax-exempt debt and must employ taxable debt.

Liquidity for the combined programs will continue to be provided by the U. T. System through an arrangement with The University of Texas Investment Management Company (UTIMCO) consistent with the provisions governing liquidity for the Program.

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

RESOLUTION AMENDING THE AMENDED AND RESTATED FIRST SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION ESTABLISHING THE REVENUE FINANCING SYSTEM COMMERCIAL PAPER PROGRAM

WHEREAS, on April 12, 1990, The University of Texas System Board of Regents (the "Board") adopted a Master Resolution Establishing The University of Texas System Revenue Financing System, as amended and restated on February 14, 1991 and further amended 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 and the First Supplement (as defined herein); and

WHEREAS, the Master Resolution establishes the Revenue Financing System (the "Financing System") comprised of the institutions now or hereafter constituting components of The University of Texas System which 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 Amended and Restated First Supplemental Resolution to the Master Resolution Establishing The University of Texas System Revenue Financing System was adopted by the Board on August 14, 2008 (the "First Supplement") to establish an interim financing program pursuant to which the Board has issued its Notes (as defined in the First Supplement) to provide interim financing for capital improvements and to finance equipment purchases; and

WHEREAS, the Board deems it necessary to amend the First Supplement to increase the aggregate principal amount of Notes which may be outstanding under such interim financing program from \$1,250,000,000 to \$1,750,000,000.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM THAT:

Section 1. Section 2.01 of the First Supplement is hereby amended by substituting "One Billion Seven Hundred Fifty Million Dollars (\$1,750,000,000)" in place of "One Billion Two Hundred Fifty Million Dollars (\$1,250,000,000)" in such section. Section 4.01 and the fifth recital of the First Supplement are hereby amended by substituting the amount "\$1,750,000,000" in place of "\$1,250,000,000" in such section and recital, respectively.

Section 2. The Chairman of the Board, the Vice Chairman of the Board, the General Counsel to the Board of Regents of The University of Texas System, the U. T. System Representatives, and the other officers, employees, and agents of the Board are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution, including the execution of any Dealer Agreement or Issuing and Paying Agent Agreement and the delivery of an Offering Memorandum. In addition, the Chairman of the Board, the Vice Chairman of the Board, the Chancellor, the Executive Vice

Chancellor for Business Affairs, the Associate Vice Chancellor for Finance and Bond Counsel are hereby authorized to approve, subsequent to the date of the adoption of this Resolution, any technical amendments to this Resolution as may be required by Fitch, Moody's, Standard & Poor's as a condition to the granting or maintenance of a rating on the Notes acceptable to a U. T. System Representative, or as may be required by the Attorney General's office in connection with the approval of this Resolution or to correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Resolution.

Section 3. After the receipt of the approval of the Attorney General of this Resolution, the amendment to the First Supplement shall take effect immediately pursuant to Section 5.01(a)(v) of the First Supplement since it increases the amount of Notes which may be Outstanding pursuant to Section 4.01 of the First Supplement.

Section 4. In addition, the statements, findings, representations, and determinations set forth in the recitals to this Resolution are hereby incorporated into and made a part of this Resolution for all purposes.

Section 5. It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting at which this Resolution was adopted, and that this Resolution would be introduced and considered for adoption at said meeting; that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

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9. **U. T. System Board of Regents: Approval of aggregate amount of \$213,200,000 of equipment financing for Fiscal Year 2016 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 \$213,200,000 of Revenue Financing System Equipment Financing for FY 2016 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 \$213,200,000 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 \$213,200,000 for equipment financing for Fiscal Year 2016. On August 21, 2014, the U. T. System Board of Regents approved a total of \$171,570,000 of equipment financing for Fiscal Year 2015, of which \$43,076,000 has been issued as of July 31, 2015.

Further details on the equipment to be financed and debt service coverage ratios for individual institutions may be found on the following page.

U. T. SYSTEM EQUIPMENT FINANCING - INSTITUTION REQUESTS
FY 2016

Institution	\$ Amount of Request	Description of Expected Capital Equipment	DSC*
U. T. Arlington	\$4,700,000	Campus network, scientific material, classroom technology, campus security system, police dept	2.8x
U. T. Austin	1,500,000	IT, classroom, athletic and research equipment	4.2x
U. T. Dallas	12,000,000	General purpose equipment supporting instruction, research & business operations	2.0x
U. T. El Paso	2,000,000	Vehicle purchases, turf replacement, IT resources and planning	1.3x
U. T. Rio Grande Valley	5,000,000	Personal computers, facilities and grounds maintenance equipment, classroom and lab equipment, vehicles, furniture and fixtures	N/A
U.T. San Antonio	2,000,000	Baseball/softball/football locker rooms, video board for Convocation Center, life safety renovations	2.3x
U. T. Southwestern Medical Center	40,000,000	Information resources projects; clinical and hospital equipment	3.0x
U. T. Medical Branch - Galveston	40,000,000	Clinical, IT infrastructure, research related, and facility related	2.2x
U. T. Health Science Center - Houston	20,000,000	Electronic health record system implementation; clinic/laboratory equipment	3.1x
U. T. Health Science Center - San Antonio	7,000,000	Core research, clinical and/or infrastructure equipment	3.4x
U. T. M. D. Anderson Cancer Center	70,000,000	Medical, diagnostic, and research equipment, IT systems	10.4x
U. T. Health Science Center - Tyler	9,000,000	Lab and clinical equipment, PET/CT Scanner, GI lab replacement	2.5x
Total	\$213,200,000		

* Debt Service Coverage ("DSC") ratios based on FY2014 Analysis of Financial Condition.

U. T. System Office of Finance, July 24, 2015



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FOR
ACADEMIC AFFAIRS COMMITTEE**

Committee Meeting: 8/19/2015

Board Meeting: 8/20/2015
Austin, Texas

*Ernest Aliseda, Chairman
Alex M. Cranberg
R. Steven Hicks
Brenda Pejovich
Sara Martinez Tucker*

	Committee Meeting	Board Meeting	Page
Convene	9:30 a.m. <i>Chairman Aliseda</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration	9:30 a.m. Action	Action	217
2. U. T. Austin: Request to a) approve the honorific naming of B. M. Whitaker Field in honor of the late Professor Charles Alan Wright as the Charles Alan Wright Fields, and b) officially recognize the Whitaker Fields and Tennis Complex as the Berry M. Whitaker Sports Complex	9:31 a.m. Action <i>President Fenves</i>	Action	218
3. U. T. Brownsville: Discussion and appropriate action regarding (a) proposed extension of Educational Partnership Agreement with Texas Southmost College (TSC) through August 31, 2016, and (b) delegation of authority to the TSC Board of Trustees related to governance and operations of TSC as a unit of U. T. Brownsville for purposes of compliance with accreditation standards of the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) for Academic Year 2015-2016	9:35 a.m. Action <i>Dr. Leslie</i>	Action	220
4. U. T. Arlington: Approval to establish a Doctor of Philosophy degree program in Kinesiology	9:45 a.m. Action <i>President Karbhari Dr. Leslie</i>	Action	223
5. U. T. System: Quarterly report on academic matters of interest to the U. T. System, including a discussion on 3D printing	9:55 a.m. Report/Discussion <i>Dr. Leslie President Natalicio and Dr. Ryan Wicker, U. T. El Paso</i>	Not on Agenda	226
Adjourn	10:30 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. Austin: Request to a) approve the honorific naming of B. M. Whitaker Field in honor of the late Professor Charles Alan Wright as the Charles Alan Wright Fields, and b) officially recognize the Whitaker Fields and Tennis Complex as the Berry M. Whitaker Sports Complex**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and President Fenves that U. T. System Board of Regents

- a. approve the honorific naming of B. M. Whitaker Field as the Charles Alan Wright Fields to honor the late Professor Charles Alan Wright, and
- b. officially recognize the complex housing the fields and tennis facilities as the Berry M. Whitaker Sports Complex.

This honorific naming is to recognize an esteemed U. T. Austin faculty member.

BACKGROUND INFORMATION

Professor Charles Alan Wright, who died in July 2000, was invited to be both player and coach of the Legal Eagles intramural football team, which was organized in 1955. After five years of participating in that capacity, he restricted his involvement to coach, a position he maintained for 45 years.

Professor Wright was a beloved U. T. Austin faculty member for over 45 years and held the Charles Alan Wright Chair in Federal Courts. He attended Wesleyan University, graduating in 1947 with a Bachelor of Arts. In addition, he received a Bachelor of Law degree from Yale University in 1949.

Mr. Wright was an authority on constitutional law and the federal courts, representing President Richard M. Nixon in the Watergate scandal. He argued 13 cases before the Supreme Court, winning 10 of the cases outright and half his point in another. He was well known as the senior author of a 55-volume treatise, *Federal Practice and Procedure*, which at the time of his death had grown to 57 large volumes.

B. M. Whitaker Field was honorifically named for Berry M. Whitaker on June 17, 1983, in recognition of his outstanding service to the cause of recreational sports at U. T. Austin. Mr. Whitaker joined U. T. Austin in 1916 to organize one of the nation's first university intramural programs. He served as the head football coach from 1920 to 1922 and the basketball head coach for the 1920 season. After 1922 he retired from coaching and returned to directing the intramural sports program until his retirement in 1960.

Under both Professor Wright's and Mr. Whitaker's leadership, the intramural sports and Division of Recreational Sports at U. T. Austin experienced incredible growth. Expanding the Whitaker Field name to include Professor Wright would ensure two highly respected individuals who left a powerful impression on the sports program at U. T. Austin would be honored for years to come.

The B. M. Whitaker Field complex, located at 51st and Guadalupe Streets, consists of multipurpose fields that can accommodate up to 18 football/soccer fields or 12 softball diamonds, as well as an archery range. Activities offered at Whitaker Fields include archery, football, lacrosse, rugby, soccer, and softball. The complex, which was last renovated in 1981, functions as the primary venue for all outdoor field and court sports. It currently accommodates several hundred thousand hours of participation each year in the Recreation Sports' programs including Intramurals, Informal Recreation, and Sport Clubs. In addition to recreation, the complex also accommodates a variety of academic classes offered through the Department of Kinesiology and Health Education, along with an expanding list of camps and special events sponsored by U. T. Austin departments and student organizations.

The Board of Regents previously approved renovation of the Whitaker Fields and Tennis Complex. The renovation includes restoring existing grass fields and adding synthetic fields; replacing the irrigation, plumbing, electrical, lighting, and security systems; improving the drainage and grading systems; and demolishing and replacing the support facilities. Additional amenities will include new perimeter fencing, protective sports netting, landscaping, tennis court repairs, signage, scoreboards, bleacher seating, and a new public address system.

The total project cost for the renovations is \$23 million, initially to be raised through gifts. An amendment to the project is slated for the August 2015 Board of Regents' meeting to revise the funding to \$16 million in Revenue Financing System Bond Proceeds, \$5.8 million in Auxiliary Enterprises Balances, and \$1.2 million in gifts (see Facilities Planning and Construction Committee [Item 14](#)). In February 2014, U. T. Austin embarked on an effort to raise funds for the renovation. Approximately \$1.2 million in gifts and pledges have been fully collected or committed to this project. The project is slated for completion in October 2016.

This naming proposal is consistent with the Regents' *Rules and Regulations*, Rule 80307, relating to the honorific naming of facilities to recognize a distinguished alumnus of U. T. Austin who has left an unforgettable impact on the university.

3. **U. T. Brownsville: Discussion and appropriate action regarding (a) proposed extension of Educational Partnership Agreement with Texas Southmost College (TSC) through August 31, 2016, and (b) delegation of authority to the TSC Board of Trustees related to governance and operations of TSC as a unit of U. T. Brownsville for purposes of compliance with accreditation standards of the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) for Academic Year 2015-2016**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel that the Board of Regents:

- a. approve extension of the Educational Partnership Agreement with Texas Southmost College (TSC) until the earlier of August 31, 2016, or TSC achieving independent accreditation from the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC); and
- b. delegate authority to the TSC Board of Trustees to take action related to the governance and operations of TSC as a unit of U. T. Brownsville for purposes of compliance with accreditation standards of SACSCOC. Specifically, the Board of Regents would delegate to the TSC Board of Trustees authority to take the following actions if conducted in a manner consistent with all appropriate laws and regulations:
 - Governance authority: authority to hire personnel and approve overall policy for the College; and
 - Operations authority: authority to manage the budget and approve expenditures.

BACKGROUND INFORMATION

In 1991, U. T. Brownsville and TSC entered into a contractual arrangement with the primary goal of enhancing educational opportunities and offering students a seamless educational process from community college to a four-year university degree.

The Partnership was established through an educational partnership agreement, which ultimately required a series of interagency agreements covering matters such as personnel, academic programs, real property, and selection of a president by the U. T. System Board of Regents. Since inception of the Partnership, both U. T. Brownsville and TSC have experienced significant increases in student enrollment, course offerings, degrees offered, real property, and budget including sponsored research grants. The Partnership has evolved and over the past two decades has increased in complexity exceeding the scope of the 1991 Partnership Agreement.

Shortly after the 81st Legislative Session, leadership from U. T. System, U. T. Brownsville, and TSC met and agreed to devote full attention to enhancing the Partnership Agreement. Both partners quickly agreed that the 1991 Agreement was outdated, hindering the ability to enhance excellence into the future. The leadership agreed to work together to seek enhanced funding through all sources including the Texas Legislature. Eighteen months were devoted by representatives of the U. T. System, U. T. Brownsville, and TSC to discuss and draft a new partnership agreement that offered an expanded vision for higher education in Brownsville, advancing excellence and protecting the mission of the community college and the four-year university.

However, on October 21, 2010, the TSC Board of Trustees rejected the draft of the new Partnership Agreement and voted unanimously to authorize legal counsel to negotiate a new agreement and to explore a model that would separate TSC from U. T. Brownsville. The Board of Regents responded by approving the following motion made by Regent Stillwell on November 11, 2010:

I move that the U. T. System Board of Regents find that the current educational partnership between the Board of Regents on behalf of U. T. Brownsville and the Board of Trustees of the Texas Southmost College District on behalf of Texas Southmost College can no longer be sustained and that the notice of termination of the Educational Partnership Agreement be provided immediately. Under the terms of the Agreement, the termination is effective no later than August 31, 2015; however, the parties may work to achieve an earlier effective date.

I further move that the Board direct that written notice of this action be provided immediately to the Board of Trustees and that the Board ask Chancellor Cigarroa to plan for the orderly wind down of the partnership in a manner designed to provide uninterrupted continuation of the studies and academic career objectives of the partnership's students while shortening the period of transition.

This motion is premised upon the unwavering principle that the U. T. System Board of Regents is committed to the continuation of educational access and opportunity for our students and believes that, while the partnership structure has had many successes, this current partnership between U. T. Brownsville and Texas Southmost College is not the best model to achieve excellence in the future.

Senate Bill 24 of the 83rd Legislature, which created U. T. Rio Grande Valley, expressly required the continuation of the Partnership Agreement through August 31, 2015, to the extent necessary to ensure the accreditation of TSC. Even though the statutory obligation to continue in partnership expires August 31, 2015, the statute evidences a clear legislative interest in ensuring the continued ability of TSC to provide educational opportunity even as U. T. Rio Grande Valley becomes operational.

Over the last three years, U. T. Brownsville and U. T. System administrators have worked with TSC President Lily F. Tercero to assist with the preparation to seek independent accreditation. TSC submitted its accreditation application to SACSCOC in October 2014. The SACSCOC leadership reviewed the application in December 2014 and scheduled a team visit, a precursor for action by the SACSCOC Board, for August 2015. TSC is allowed five months after the visit to respond to any recommendations made by the visiting team. The SACSCOC Board will then provide a final hearing for TSC's independent accreditation. SACSCOC has advised that, until

independent accreditation is granted to TSC, the U. T. Brownsville/TSC Partnership must be maintained; that is, TSC must remain under the oversight of the U. T. System Board of Regents concerning governance and operations and a U. T. Brownsville administrative infrastructure must be maintained. Thus, to ensure TSC's continued ability to provide educational opportunities and TSC students' continued eligibility for federal financial aid, it is prudent to extend the Partnership Agreement through August 31, 2016, with the caveat that it will terminate immediately after independent accreditation is achieved by TSC.

Following approval of the proposed action by the Board of Regents, U. T. Brownsville and TSC will continue to be jointly accredited by SACSCOC for at least one more academic year, 2015-2016.

4. **U. T. Arlington: Approval to establish a Doctor of Philosophy degree program in Kinesiology**

RECOMMENDATION

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

- a. establish a Doctor of Philosophy degree program in Kinesiology at U. T. Arlington; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

The proposed Ph.D. degree program in Kinesiology at U. T. Arlington is designed to build upon the Department of Kinesiology's and the Center for Healthy Living and Longevity's existing research, education, and community outreach initiatives in health and disease, as well as the College of Nursing and Health Innovation's and the University's strategic theme of health and the human condition. The program is intended to prepare researchers who generate new knowledge and apply existing knowledge to the prevention, assessment, and treatment of motor difficulties, chronic diseases, and musculoskeletal injuries.

Students entering the program with a bachelor's or master's degree in kinesiology or a related field will complete the doctorate by completing a minimum of 69 semester credit hours (SCH) (bachelor's) or 42 SCH (master's). Three areas of specialization will be offered: (1) movement and rehabilitation sciences, (2) applied physiology, and (3) physical education.

Interdisciplinary coursework will be a foundational element of the curriculum as the proposed program is designed to underscore an interdisciplinary and interprofessional approach to the prevention, assessment, treatment of motor difficulties, chronic diseases, and musculoskeletal injuries across the lifespan.

Need and Student Demand

Kinesiology has emerged in recent years as the undergraduate degree of choice for many students seeking careers in a variety of allied health/medical fields, as well as in more traditional areas, such as fitness, health promotion, physical education, recreation, and sports. Enrollment patterns at a number of U. T. System institutions confirm the heightened interest in kinesiology as an undergraduate major, which suggests a growing pool of individuals who might want to pursue a Ph.D. in Kinesiology.

Currently, there is a high demand for faculty in the kinesiology fields. Between August and September 2014, the HigherEdJobs website had between 150 and 200 job announcements that require a Ph.D. in Kinesiology. Further, the U.S. Department of Labor Bureau of Labor Statistics indicates there will be substantial growth in the demand for teachers with health-related specializations at all levels of post-secondary education. Depending upon the type of employment, most of the estimates of growth in this field range from 25% to 39% from 2012 to 2022. There is also evidence that the demand for kinesiology faculty and health care research scientists with a Ph.D. degree will grow over the next decade. According to the Bureau of Labor Statistics, employment of medical scientists is projected to grow 13% between 2012 and 2022. This increase in demand is influenced by an increased reliance on pharmaceuticals, greater spending on medical care, a larger and aging population, and greater relevance of the understanding of physiological mechanisms associated with the processes of health and disease.

U. T. Arlington graduates will be trained for research positions and faculty jobs and will receive unique foundational and research experiences that directly target these health needs.

A recent survey of Ph.D. degree program heads revealed a clear mismatch between supply and demand, with a greater number of competitive Ph.D. applicants than existing programs can admit. For example, the Texas Woman's University Department of Kinesiology Ph.D. degree program has declined approximately 14 eligible Ph.D. applicants per year from 2007-2013 (i.e., 96 potential candidates over a seven-year period). Similarly, the University of Houston Department of Health and Human Performance Ph.D. degree program declined an average of 13 eligible applicants per year from 2008-2012 (i.e., a total of 64 potential candidates were not accepted). In addition, U. T. Austin's Ph.D. degree programs in the Department of Kinesiology and Health Education accept only about 10 of the 30 prospective students who apply each year. The absolute number of competitive Ph.D. applicants in the State of Texas would certainly include many more qualified individuals, which concludes there is a need for an additional Ph.D. degree program in Kinesiology. Existing programs in the State of Texas are at full capacity and are unable to accommodate a large number of qualified applicants.

Students currently enrolled in U. T. Arlington's M.S. in Exercise Science were surveyed on their interest in the proposed Ph.D. program. Interest was high, with 84% of students reporting they would definitely enroll in such a program at U. T. Arlington.

Program Quality

The hiring of new faculty will not be necessary as U. T. Arlington has 11 core faculty contributing to the Ph.D. program, three of whom were recruited in the 2014-2015 academic year. The core faculty are actively engaged in research and regularly publish the results of their research in peer-reviewed journals. Over the last five years, they have been successful in garnering external research grants totaling more than \$3.1 million. Four supporting faculty will complement the core faculty efforts.

The curriculum is designed to prepare students as independent researchers and provide a balance of coursework and hands-on research experiences that will contribute to their academic and professional growth and success. The Department of Kinesiology will partner with other academic units on the U. T. Arlington campus that will contribute to an interdisciplinary and interprofessional approach to remedy the health issues faced by sedentary and vulnerable populations. Part of the required courses taken by all students in the program will include a

minimum of two specified three-hour graduate-level nursing courses and two additional three-hour, graduate-level courses outside of the Department of Kinesiology in psychology, education, biomedical engineering, or other areas where existing multidisciplinary collaborative research initiatives involving kinesiology exist. These required courses will ensure a true, interdisciplinary educational experience for students. The faculty expertise, interprofessional and philosophical goals, and the proposed curriculum will allow U. T. Arlington to offer a unique program in the study of health and the human condition across the lifespan.

Revenue and Expenses

Projected Enrollment	5-Year Total
Number of Full-Time Student Equivalents (FTSE) Used for Formula Funding Calculation	69
Total Number of Students	86

Expenses	5-Year Total
<i>Faculty</i>	
Salaries	\$1,048,027
Benefits	\$314,408
<i>Graduate Students</i>	
TA Salaries	\$375,000
TA Benefits	\$75,000
<i>Staff & Administration</i>	
Graduate Coordinator Salary	\$22,000
Administrative Staff Salaries	\$11,250
Staff Benefits	\$1,250
Total Expenses	\$1,846,935

Revenue	5-Year Total
<i>From Student Enrollment</i>	
Formula Funding	\$239,824
Tuition and Fees	\$588,080
<i>From Institutional Funds</i>	
Reallocation of Faculty Salaries/Benefits	\$1,362,435
Reallocation of Graduate Assistantships	\$450,000
Reallocation of Coordinator & Staff	\$34,500
Total Revenue	\$2,674,839

Coordinating Board Criteria

The proposed program meets all applicable Coordinating Board criteria for new doctoral degree programs.

5. **U. T. System: Quarterly report on academic matters of interest to the U. T. System, including a discussion on 3D printing**

REPORT

Executive Vice Chancellor Leslie will report on academic matters of interest to the U. T. System, and then President Natalicio will introduce Ryan Wicker, Ph.D., P.E., Professor and Director and Founder of the W.M. Keck Center for 3D Innovation, to discuss 3D printing at U. T. El Paso. Dr. Wicker's presentation is set forth on the following pages.

Additive Manufacturing / 3D Printing

A Nexus of Opportunity

Ryan Wicker, Ph.D.

MacIntosh Murchison Professor, Mechanical Engineering, and
Director W.M. Keck Center for 3D Innovation

U. T. System Board of Regents' Meeting
Academic Affairs Committee
August 2015





The Current Excitement in AM



- Media hype – increased public awareness



Print Me a Stradivarius, The Economist, Feb. 2011

Retrieved from <http://www.economist.com/node/18114327>

- Expiring technology patents – DIY/technology democratization



Retrieved from <http://www.makerbot.com/2014-consumer-electronics-show-ces/>

- Increasing national and global interest



President Obama’s Initiative: National Additive Manufacturing Innovation Institute (now America Makes) began in August 2012

Retrieved from <https://americamakes.us/>



W.M. Keck Center for 3D Innovation



- Founded in 2000 with one AM / 3D Printing machine
- Now a 13,000 square foot facility with over 50 AM machines (polymers, metals, ceramics, composites, electronics, biomedical)
- Research and Development projects with over 100 industrial and 10 federal agency clients
- Currently supporting more than 60 student researchers
- Significant and expanding patent portfolio: 9 U.S. patents, 2 foreign patents (Europe and Asia), 11 pending applications...and growing
- Named the first America Makes Satellite Office in April 2015
- Everything we do uses additive manufacturing technologies

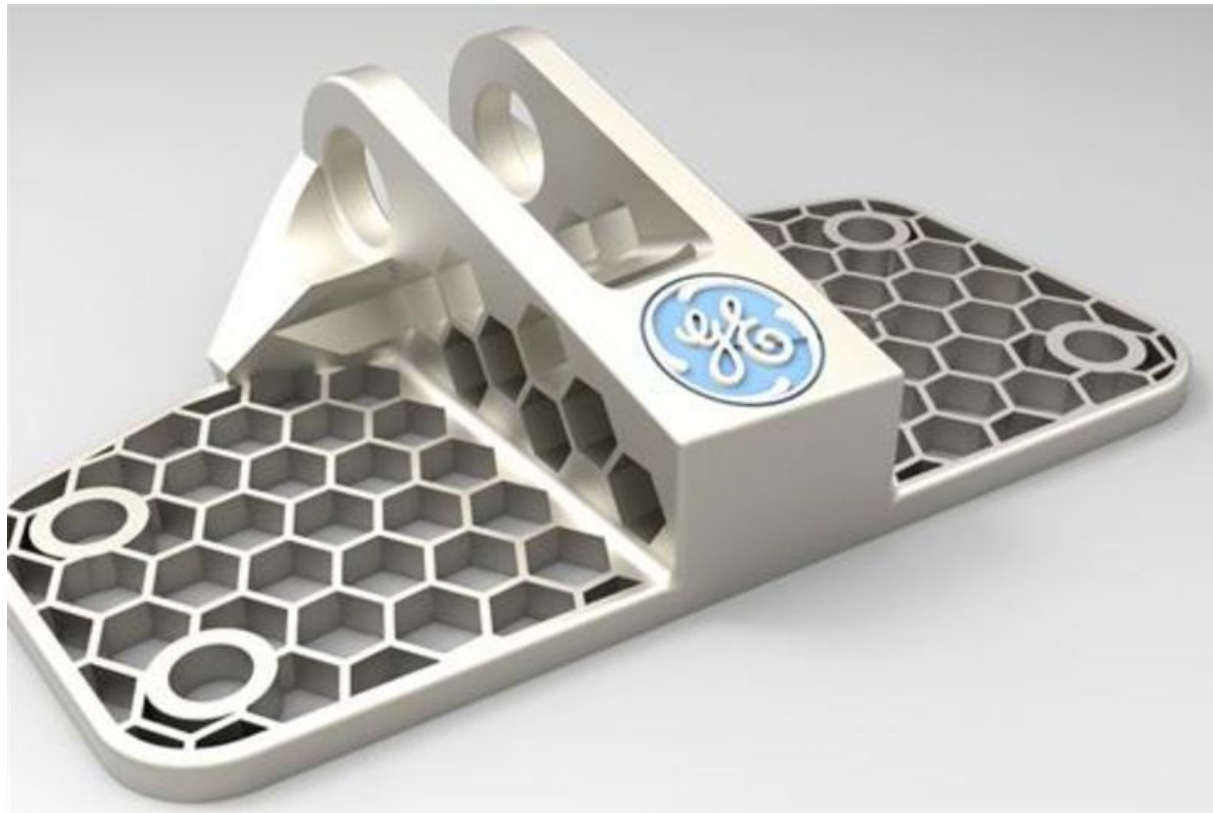


Keck Center Overview Video





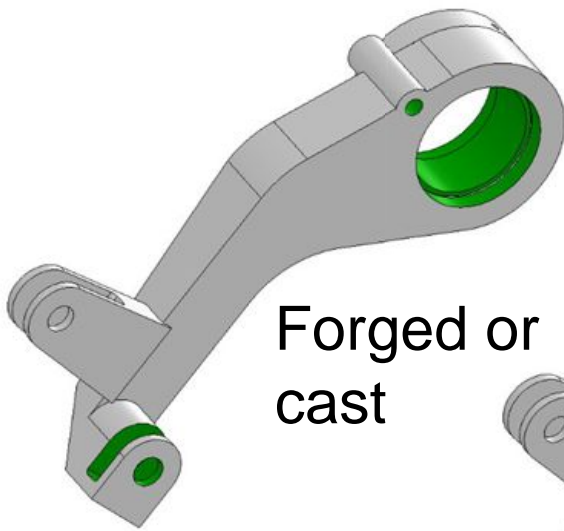
Additive Manufacturing's Unique Advantage



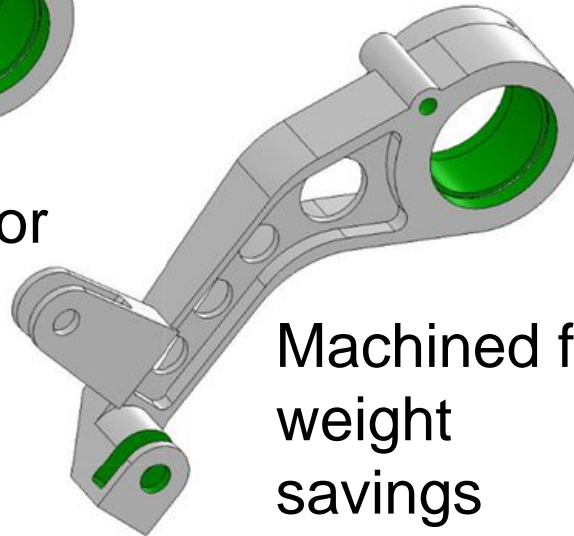
Retrieved from http://www.americas.gecapital.com/GECA_Document/Additive_Manufacturing_Fall_2013.pdf



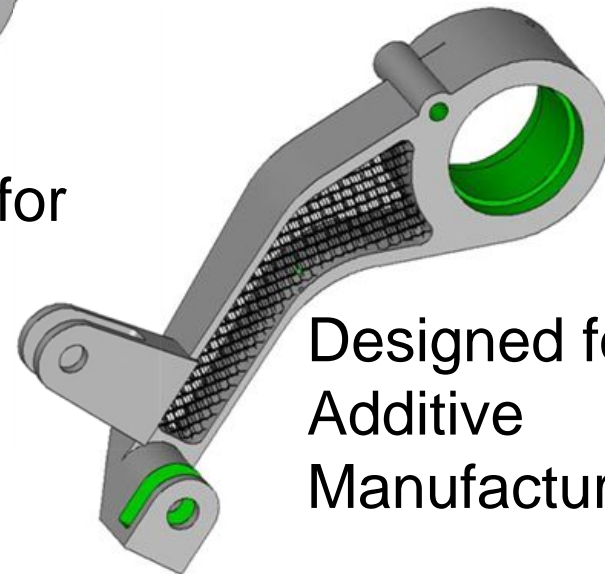
Design for Additive Manufacturing



Forged or
cast



Machined for
weight
savings



Designed for
Additive
Manufacturing



AM's Future Advantage: Printing Multifunctionality

233



Forged or
cast



Mached for
weight savings

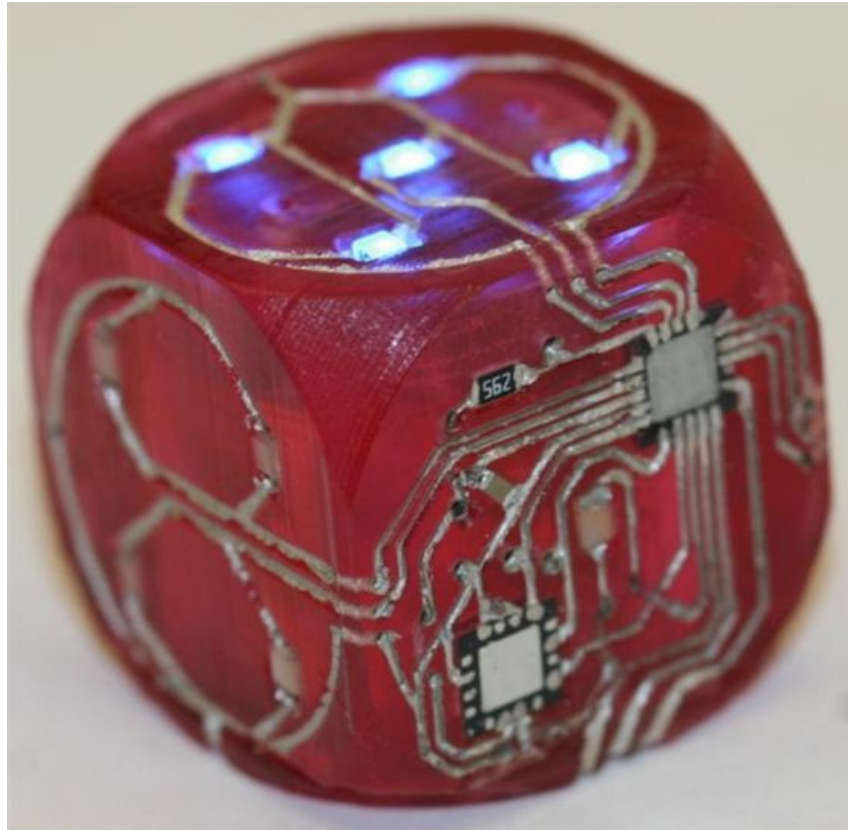


Optimized
antenna

Fabricated with optimized
3D structuring of materials

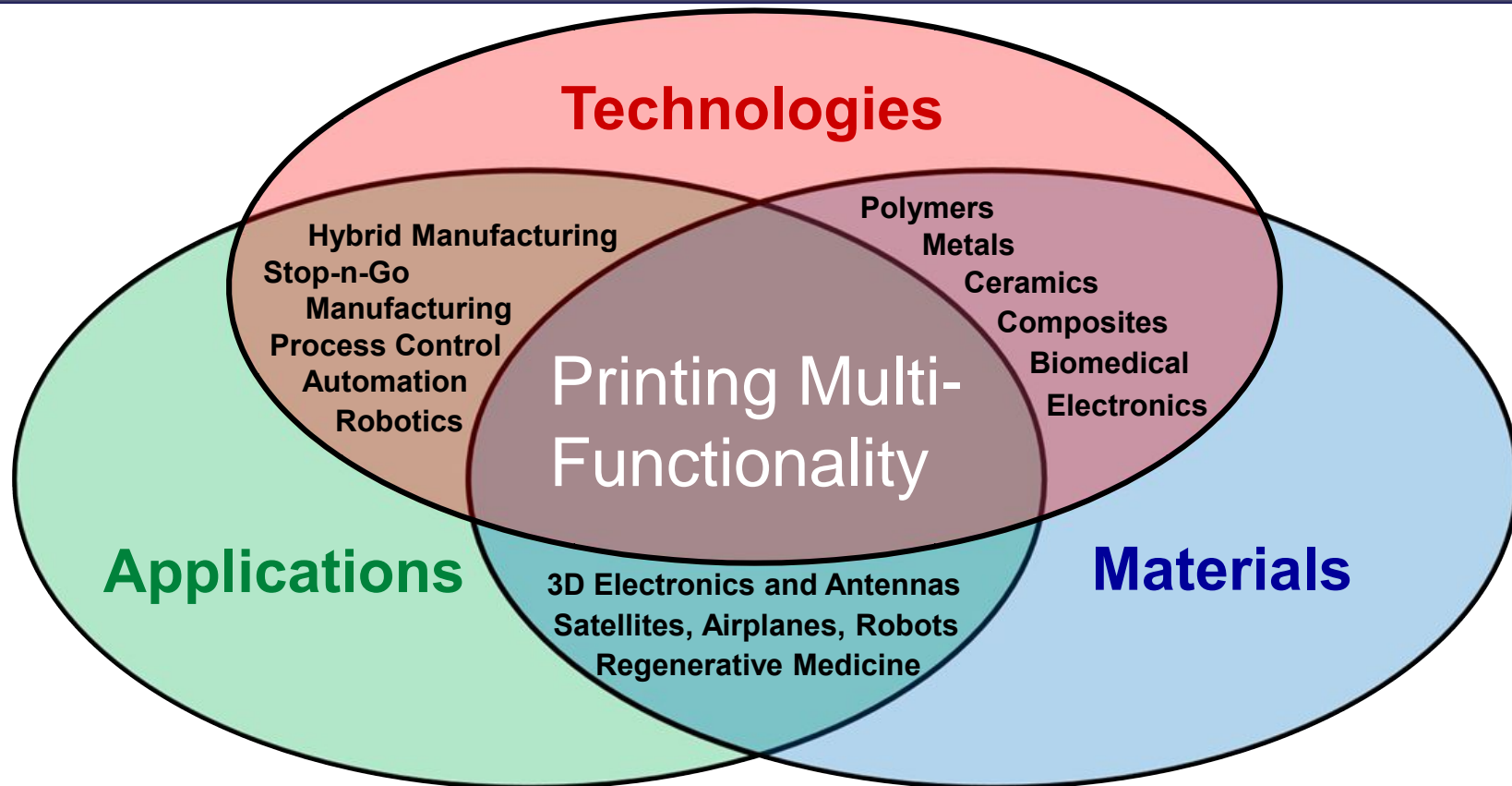


Printing Multifunctionality: How Close Are We?





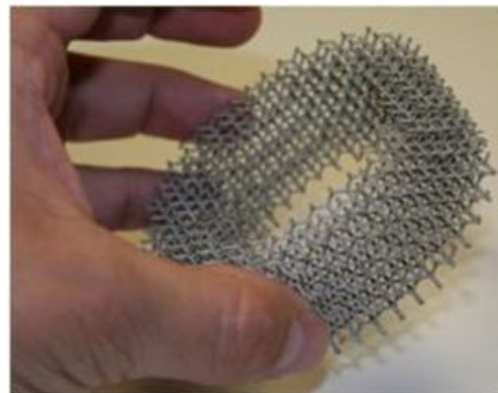
Opportunities – Intersection of Interdisciplinary Advancements





Printing Multifunctionality - Demonstrations

- Biomedical and Health care
- 3D Electronics
- Mechanical Structures
- Functional Applications





W.M. Keck Center for 3D Innovation Research Group



Driving the Additive Manufacturing Revolution



Visit www.keck.utep.edu for more information



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Committee Meeting: 8/19/2015

Board Meeting: 8/20/2015
Austin, Texas

Alex M. Cranberg, *Chairman*
Ernest Aliseda
David J. Beck
Jeffery D. Hildebrand
Sara Martinez Tucker

	Committee Meeting	Board Meeting	Page
Convene	10:30 a.m. <i>Chairman Cranberg</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration	10:30 a.m. Action	Action	239
2. U. T. Health Science Center - Tyler: Request to approve the honorific naming of the circle drive surrounding the Herbert C. and Melvina Buie Fountain of Hope at the entrance of the campus as Buie Circle	10:33 a.m. Action <i>President Calhoun</i>	Action	240
3. U. T. Medical Branch - Galveston: Approval to establish a Doctorate in Occupational Therapy degree program in the School of Health Professions	10:40 a.m. Action <i>President Callender</i>	Action	241
4. U. T. Medical Branch - Galveston: Approval to establish a Doctor of Clinical Laboratory Sciences degree program in the School of Health Professions	10:50 a.m. Action <i>President Callender</i>	Action	246
5. 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	11:00 a.m. Action <i>Dr. Greenberg</i> <i>Mr. Sharphorn</i>	Action	251
6. U. T. System: Approval of \$15 million from Available University Funds to support Phase 2 of the U. T. Systemwide Diabetes Obesity Control initiative and delegation of authority to contract with selected entities to conduct essential feasibility studies	11:10 a.m. Action <i>Dr. Greenberg</i> <i>Dr. Chin</i>	Action	253
Adjourn	11:30 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. Health Science Center - Tyler: Request to approve the honorific naming of the circle drive surrounding the Herbert C. and Melvina Buie Fountain of Hope at the entrance of the campus as Buie Circle**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor for External Relations, and President Calhoun that U. T. System Board of Regents approve the honorific naming of the circle drive surrounding the Herbert C. and Melvina Buie Fountain of Hope at the entrance of the U. T. Health Science Center - Tyler as Buie Circle. This honorific naming is to recognize the Buies for their numerous years of continued support. This timing of this honor coincides with Mr. Buie's recent leadership as the institution's Development Board Chairman, a position he held for 15 years.

BACKGROUND INFORMATION

The iconic fountain, located at the entrance of the campus, was built and dedicated in October 2011 in the Buie's honor to recognize their giving and support of U. T. Health Science Center - Tyler. Also located at the entrance, and surrounding the Herbert C. and Melvina Buie Fountain of Hope, is an unnamed circle drive. U. T. Health Science Center - Tyler would like to name this street as Buie Circle. Since both the fountain and the drive are prominently located, it is ensured that the many visitors and patients to, and faculty and staff of, U. T. Health Science Center - Tyler will appreciate these landmarks for years to come.

Mr. Herbert C. Buie is the most recent past Development Board Chairman at U. T. Health Science Center - Tyler, a role he held for 15 years. Although he is no longer Chairman, he remains on the Board. He has been Chief Executive Officer of Tyler Packing Corporation, Inc. since 1955 and has been a Director of Southside Bancshares Inc. since 1988. He serves as Director of Southside Bank, a subsidiary of Southside Bancshares Inc. and on the Boards of Directors of numerous organizations including, but not limited to, the East Texas Regional Food Bank, the Salvation Army, Tyler Economic Development Council, Texas Chest Foundation, and East Texas Communities Foundation.

The Buies have been married for 66 years. They have established several scholarships at various institutions. In addition, they support about 42 different organizations in Tyler and around the world. The Buies are loyal supporters, generous donors, and long-time friends of U. T. Health Science Center - Tyler.

This naming proposal is consistent with the Regents' *Rules and Regulations*, Rule 80307, relating to the honorific naming of facilities to recognize a couple who have provided, and continue to provide, invaluable leadership to the institution.

3. **U. T. Medical Branch - Galveston: Approval to establish a Doctorate in Occupational Therapy degree program in the School of Health Professions**

RECOMMENDATION

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

- a. establish a Doctorate in Occupational Therapy (Ph.D.) degree program in the School of Health Professions at U. T. Medical Branch - Galveston; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

U. T. Medical Branch - Galveston proposes to establish a Ph.D. degree program in Occupational Therapy to be administered by the School of Health Professions. On August 22, 2013, preliminary planning authority for this degree program was approved by the Board of Regents via the Consent Agenda, and the Texas Higher Education Coordinating Board was subsequently notified.

The Occupational Therapy Doctorate (OTD) program is a clinical doctorate designed to prepare experienced occupational therapists (OT) to assume leadership roles in practice settings and to serve as clinical faculty in entry-level professional education programs. Offering practitioners access to the academic environment through a hybrid model of online and onsite learning is expected to enhance partnerships between clinicians and academicians in the pursuit of knowledge with the ultimate goal of improving patient care. Graduates of U. T. Medical Branch - Galveston's OTD program should be able to search, analyze and synthesize information for clinical evidence-based decision making, serve effectively as members of interprofessional teams, create networks between institutions and communities, and address local priorities by maximizing systems of care. Ultimately, they are expected to have the skills and knowledge to become regional leaders who are capable of anticipating and meeting emerging patient and population needs and who implement systems for delivering services that are cost effective to close gaps and disparities in Texas and throughout the United States.

Students who enter with a master's degree in OT will be required to complete 34 semester credit hours before they begin the OTD program, while students with a bachelor's degree will need to complete six extra credits, three in basic research methodology and three comprising a portfolio of relevant clinical experience demonstrating advanced practice competence hours. U. T. Medical Branch - Galveston's OTD program will focus on developing clinical leaders who will be able to promote evidence-based practice, manage clinical staff, and provide clinical instruction in entry-level OT programs.

Many experienced OT practitioners in Texas and across the country are looking for opportunities to obtain advanced professional credentialing that will prepare them for leadership positions in clinical settings and teaching positions in universities. This need is evidenced by the increasing number of post-professional OTD programs nationwide, the responses to the U. T. Medical Branch - Galveston OTD survey in 2010, and the more than 50 unsolicited inquiries received by the School of Health Professions in the past three years. The proposed OTD program is designed to enable OTs with at least three years of practice experience to begin a course of study that prepares them to assume leadership roles in practice settings and to serve as clinical faculty in the State's entry-level professional education programs. The U. T. Medical Branch - Galveston OTD program is designed to provide alumni, as well as graduates from other Texas schools, with opportunities to advance their skills and careers without leaving Texas.

OTD Course Credits

<u>Job</u>	Category	Semester Credit Hours
	Required Courses	13
	Selectives	17
	Capstone Project	4
	Other (specify, e.g., internships, clinical work, residencies)	N/A
	TOTAL	34

Market Need

The profession of occupational therapy is growing quickly to meet the health care needs of the people of Texas and the United States (source: *Texas Workforce Commission*, 2014). The OT profession began in the United States in 1917 and, like other health care professions, its scope of practice and entry-level education requirements have evolved as the profession matured. Practitioners with experience are now seeking positions in management of health care facilities, opening private practices, or disseminating their experience through clinical instruction at educational institutions. Since 2007, a master's degree has been the entry-level for new graduates of OT programs. However, many therapists with more than 10 years of experience are licensed with only a bachelor's degree. Both bachelor's and master's graduates are seeking further education to prepare them for management and leadership positions. In a 2010 U. T. Medical Branch - Galveston survey of Texas OTs, over 500 therapists expressed interest in a post-professional OTD program. Since then, many OTD programs have been launched in other states, and the profession has moved toward requiring entry-level doctorate credentialing by 2025 (source: *American Occupational Therapy Association*, 2014). It is anticipated that the demand for a post-professional OTD will increase significantly when the entry-level degree for new occupational therapy graduates transitions to an OTD.

The American Occupational Therapy Association (AOTA) Board of Directors Issued a [Position Statement](#) on April 30, 2014.

In response to the changing demands of higher education, the health care environment, and within occupational therapy, it is the position of the American Occupational Therapy Association (AOTA) Board of Directors that the profession should take action to transition toward a doctoral-level single point of entry for occupational therapists, with a target date of 2025. Support of high quality entry-level doctoral education for occupational therapists will benefit the profession, consumers, and society.

As evidenced by the increasing number of post-professional OTD programs nationwide, the U. T. Medical Branch - Galveston OTD 2010 survey responses, and inquiries received by the School of Health Professions, a critical need currently exists for leaders of rehabilitation teams who have 1) advanced management skills, 2) the capacity to develop innovative models of service delivery, 3) the ability to effectively mentor those just entering the workplace, 4) a grasp of research methodology sufficient to implement evidence-based practices, 5) the skills and knowledge to evaluate effectiveness and efficiency of systems of care, and 6) the leadership skills to implement and manage change as needed. Highly qualified and experienced OTs currently provide direct care and seek to continue providing care, but these future leaders do not have local opportunities to advance their careers and to contribute in ways that will make the biggest impact.

The proposed OTD program is designed to enable OTs with at least three years of practice experience to begin a course of study that prepares them to assume leadership roles in practice settings and to serve as clinical faculty in the state's entry-level professional education programs. Offering practitioners access to academic environments through a primarily distance hybrid model of on-line learning and classroom instruction is designed to enhance partnerships between clinicians and academicians in the pursuit of knowledge with the ultimate goal of improving patient care. Ultimately, the program is designed to prepare them to become leaders in Texas health care, be capable of anticipating and meeting emerging patient and population needs, and be able to implement systems for delivering services that are cost-effective and that close gaps resulting from health care disparities. U. T. Medical Branch - Galveston post-professional OTD program is designed to provide alumni, as well as graduates from other Texas schools, with opportunities to advance their skills and careers without leaving Texas.

Student Demand

Over 500 OT practitioners expressed an interest in a post-professional OTD when surveyed by U. T. Medical Branch - Galveston in 2010. These clinicians identified a desire for an advanced degree to provide skill and career opportunities to lead the development of evidence-based practice in clinical and public health. They also desire skills to facilitate partnering in clinical research and providing entry-level OT education. The Department of Occupational Therapy at the University now fields approximately five to ten inquiries per month from OT practitioners interested in pursuing a clinical doctorate without leaving Texas.

Projected number of students in the post-professional OTD program:

	Year 1	Year 2	Year 3	Year 4	Year 5
New Students	10	15	20	20	20
Cumulative Headcount	10	25	35	40	40
Full-time Student Equivalent (FTSE)	7	17.5	24.5	28	28
Attrition	1	1	1	1	1
Graduates	0	9	14	19	19

Note: FTSE – Students will be currently practicing clinicians. Assuming each student enrolls in six credit hours per semester to complete the degree in two years (assuming nine credit hours = full-time graduate student) each post-professional OTD student would be a 0.7 full-time equivalent (FTE). Attrition rate was modeled from the transitional Doctorate of Physical Therapy (tDPT) program data, as this is the U. T. Medical Branch - Galveston program most similar in format and student profile. In six years of program delivery, the tDPT has averaged an attrition rate of 8%. The model assumes that most students will complete in a two-year time frame. However, some students may take up to five years to complete the program. Anticipated headcount is based on interest shown by prospective students.

Currently, the AOTA does not collect student and outcome data on post-professional doctoral programs. However, the AOTA Academic Program's Annual Data Report: Academic Year 2013-2014, contains information on entry-level doctoral degrees, indicating high rates of employment reported by all programs within six months of graduation (75-100%).

Program Quality

Eight members of the current OT core faculty will contribute to the OTD program. Their overall scholarly/research productivity and sponsored research activities are specified below. One new OT faculty will be hired at Year 3 and a second will be hired in Year 5. In addition, two members of the Physical Therapy (PT) faculty will contribute to the OTD program. In 2008, the U. T. Medical Branch - Galveston OT and PT Departments collaborated in the development of an interdisciplinary curriculum for OT and PT scholars. However, since no post-professional OTD program was available at the University, the curriculum has only been delivered to PT students for the last six years. The OTD program is designed to dovetail with the PT doctoral program, capitalizing on the current course availability.

OTD Core faculty publications and external grants from the last five years:

Faculty members	Publications	Book Chapters	Grants
Totals	65	13	16
Average # per Faculty Member per year	8.1	1.6	2

Revenue and Expenses

Projected Enrollment		5-Year Total
Number of Students Used for Formula Funding Calculation		85
Total Number of Students		85
Expenses		5-Year Total
Faculty		
Salaries (reallocation for first two years, hire in Year 3)		\$462,680
Benefits		\$142,602
Staff and Administration		
Graduate Coordinator Salary (reallocation for first two years, hire in Year 3)		\$32,215
Administrative Staff Salaries (reallocation for first two years, hire in Year 3)		\$68,292
Staff Benefits		\$33,378
Other Expenses		
Supplies and materials, equipment, new faculty recruitment, development, travel, etc.		\$20,700
Total Expenses		\$759,867
Revenue		5-Year Total
From Student Enrollment		
Formula Funding		\$584,249
Tuition and Fees		\$865,489
From Institutional Funds		
Reallocation of Existing Resources		\$235,212
From Other Revenue Sources		
Other State Funding from statutory tuition estimate (student's portion)		\$126,500
Total Revenue		\$1,811,450

Faculty salary reallocation reflects 8% for the Year 1 and 12% for Year 2. All clerical/staff salary assumes 3% annual merit adjustment. Clerical/staff salary time will be reallocated 20% for Year 1 and Year 2, with 0.5 FTSE clerical/staff to be hired in Year 3. Supplies and Materials include \$500 per year for software and books, and an additional \$200 per year for each new faculty for general supplies. Equipment includes telecommunication and desktop support for the new faculty.

Coordinating Board Criteria

The proposed program meets all applicable Texas Higher Education Coordinating Board criteria for new doctoral degree programs.

4. **U. T. Medical Branch - Galveston: Approval to establish a Doctor of Clinical Laboratory Sciences degree program in the School of Health Professions**

RECOMMENDATION

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

- a. establish a Doctor of Clinical Laboratory Sciences (Ph.D.) degree program in the School of Health Professions at U. T. Medical Branch - Galveston; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

U. T. Medical Branch - Galveston proposes to establish a Doctorate in Clinical Laboratory Sciences (DCLS) degree program to be administered by the School of Health Professions. Preliminary planning authority for this degree program received U. T. System approval on September 4, 2012, and subsequently was approved by the Texas Higher Education Coordinating Board on June 11, 2013.

The DCLS is designed to produce a practice-oriented health care professional with responsibilities in patient care management, education, clinical or translational research, health care policy development, and health care services delivery in multiple practice settings, including clinical institutions, academic institutions, industry, public health agencies, and government facilities. At this level of practice, the Clinical Laboratory Sciences (CLS) professional is expected to serve in consultant roles, assess test utilization, and manage patient laboratory data as a member of an interprofessional health care team in an effort to support quality improvement and reduce diagnostic errors.

The DCLS is an advanced professional doctorate designed for practicing clinical laboratory scientists who wish to further their level of clinical expertise and to develop leadership and management skills. The purpose of the program is the development of CLS graduates who function as practitioners, community leaders, educators, and scholars in the profession and discipline of clinical laboratory science.

The DCLS program implements the competencies developed by the American Society for Clinical Laboratory Science Professional Doctorate Task Force and the Graduate Task Force of the National Accrediting Agency for Clinical Laboratory Sciences (NAACLS). The DCLS program at the U. T. Medical Branch - Galveston will be an online didactic curriculum, but will have clinical practicums, which will require rotations at affiliated hospitals. The program includes 77 semester credit hours and is designed to be taken either full time over three years (nine semesters) or part time over a longer period of time. The part-time option will provide individuals an opportunity to achieve higher-level clinical education while continuing to work.

The U. T. Medical Branch - Galveston DCLS program plans to pursue NAACLS accreditation after approval of the degree and program by the Texas Higher Education Coordinating Board. The DCLS Program will comply with the Southern Association of Colleges and Schools Principles of Accreditation.

Student Demand

The implementation of the DCLS program will put U. T. Medical Branch - Galveston on the cutting edge of an exciting new career path for CLS professionals. The DCLS is an advanced professional doctorate that will complement and strengthen the undergraduate, graduate, and professional programs offered at the University. It does not duplicate any other program in the state or region. Although several other universities outside Texas are planning collaborative DCLS programs, only one has been implemented (Rutgers University in New Jersey). The University of Texas Medical Branch - Galveston DCLS program will be the first in Texas and in the western portion of the U.S.

A national survey completed by 1,347 laboratory professionals indicated that 61% were interested in completing a DCLS program. A similar study of recent graduates in Texas was conducted and showed 72% were interested or very interested. In addition, the existing CLS program at U. T. Medical Branch receives numerous calls and emails from those interested in the degree. It is anticipated that the program will enroll 10 students per year for the first two years and 12 students in subsequent years. Since this is an online program, it is anticipated that the individuals will take the program as part-time students, averaging a full-time student equivalent of seven students in Year 1 and increasing to 24 in Year 5.

National and State Need

Graduates of the DCLS program will generate, disseminate, and apply knowledge to enhance the understanding of laboratory assessment of health and disease. The DCLS graduate will have an opportunity to practice in a variety of venues including clinical institutions, reference labs, physician practices, industry, public health, government facilities, research organizations, and academic institutions. The DCLS professional will be trained to improve patient outcomes and increase cost effectiveness by working with pathologists to assist primary care providers. They will participate on teams, such as Diagnostic Management Teams, allowing “physicians to order tests by requesting an evaluation of the abnormal screening test or a clinical sign or symptom.”ⁱ According to Dr. Michael Laposata, Chairman of Pathology at U. T. Medical Branch - Galveston, the Diagnostic Management Teams will produce “an expert-driven, patient-specific narrative not only for cases in which one is requested, but for all cases in multiple areas of laboratory medicine and anatomic pathology. The value-added activity considers clinical information and laboratory data, meets on a regular schedule, includes their diagnostic conclusions in the medical record, and provides information not known to non-expert physicians.”

In 1999, the Institute of Medicine reported that an estimated 98,000 Americans die each year from preventable error. Laboratory test results play a decisive role in patient safety, public health, and clinical medical decisions, as well as in research studies. The addition of clinical laboratory professionals at the doctorate level to the health care team supports the Institute of Medicine's report suggesting that improved access to accurate and timely information is a way to prevent errors and improve patient safety. The health care system will see a cost-savings

through the DCLS provision of valuable and reliable clinical-based knowledge regarding laboratory testing that fosters accurate and timely diagnoses. One goal identified by the Centers for Disease Control and Prevention Division of Laboratory Systems 2007 Institute: Managing for Better Health was to create new models that integrate clinical consultation provided by the laboratory medicine professionals in decisions related to the utilization of laboratory tests or services to improve patient care. Therefore, it is anticipated that the inclusion of the clinical laboratory practitioner in the interdisciplinary health care team approach will have a positive impact on patient outcomes. Advanced education of the laboratory professional must include the principles and applications of evidence-based practice. Currently, there is no particular laboratory professional trained to study and initiate practice guidelines for the effective and efficient use of laboratory tests. The DCLS will help to fill this gap.

The results of several recent studies support the need for a new laboratory practitioner with advanced skills and “knowledge of test methodologies, their limitations, pre- and post-analytical, and patient circumstances that could invalidate test results; and knowledge of health care policy and delivery systems, principles of education, research and management”.^{ii,iii} Sixty to 70% of all disease identification, treatment, and disease management decisions are based on laboratory results. A growing menu of more than 2,000 sophisticated laboratory tests is available to practitioners resulting from the emphasis on translational science. It is a challenge for primary care providers to keep up with the rapid changes in testing. The knowledge to choose the appropriate test from the growing menu of sophisticated laboratory tests and the ability to interpret the results and use them in clinical decisions is critical to patient safety. The option of choosing the correct test from this expanding list of tests is complicated. Those who order the tests must be aware of each test’s specificity and sensitivity, its predictive value, its cost, the willingness of third-party payors to reimburse for it, the meaning of abnormal results, and follow-up tests and treatment suggested for abnormal results. Development of appropriate clinical applications and evidence-based guidelines for using laboratory test results in clinical decision-making is beginning, but the rapid expansion of laboratory tests results in a lag of guidance for use. Thus, physicians and other primary care providers need assistance in laboratory test utilization and interpretation. In 2012, two peer-reviewed publications from Clinical Laboratory Integration into Healthcare Collaborative raised awareness about gaps and potential aids for clinicians’ optimal utilization of clinical laboratory services.

There are approximately 325,800 clinical laboratory professionals in the U.S. The Bureau of Labor Statistics estimates 7,060 average annual job openings in clinical laboratory professions between the Years 2012 and 2022. The latest projections of the Bureau of Labor Statistics show a 22% increase in the number of clinical laboratory professionals needed by the Year 2022. This growth rate is much faster than average for all occupations and the job outlook is said to be excellent. In Texas, clinical laboratory scientists are specifically identified among those health professionals that are in short supply in the State of Texas. The Texas Projections Unit of the Labor Market Information Department estimates a 41.4% growth and replacement rate for medical laboratory professionals from 2010 to 2020.A

Program Quality

Faculty: A core of 11 doctoral level faculty members are already in place and will provide didactic education, while 12 other faculty will support the students for their doctoral projects and clinical practicums. The faculty have primary appointments in the Department of Clinical Laboratory Sciences and/or the Department of Pathology. All have doctorate degrees and will

supervise doctoral projects. No new full-time faculty members are needed in the first two years of the program. The project faculty to student ratio is 1:1. The productivity of the core faculty is shown in Chart 1 below.

Chart 1 – Faculty Publications and Other Scholarly Accomplishments 2009-2014

Faculty Member	Publications	Book Chapters	Grants/ Contracts
Totals	88	10	45
Average # per Faculty Member	8.0	0.9	4.1

Facilities: As an online program, very little physical space is needed. Internet capabilities including library services, BlackBoard and Lync interactive platforms, iSpace, and e-mail will be used for communication, dissemination of materials, assignments and exams, and video face-to-face interactions. U. T. Medical Branch - Galveston provides technology support and information to students on the resources available to campus-based and distance education students, such as Microsoft Exchange email system, BlackBoard, Adobe Presenter, SoftChalk, Tegrity, and Perception. The Moody Medical Library provides knowledge-based information resources and services for the University community. Electronic books, journals, and databases accessible through the Library's website are available for use both on- and off-campus.

Revenue and Expenses

No new full-time faculty will be hired for the first two years, but one adjunct part-time faculty member will be hired. In Year 3, the program is anticipated to be large enough to support another full-time faculty member; U. T. Medical Branch - Galveston expects the program to continue to grow, requiring another full-time faculty member in Year 5.

Projected Enrollment		5-Year Total
Number of Students Used for Formula Funding Calculation		56
Total Number of Students		56
Expenses		5-Year Total
Faculty		
Salaries		\$566,865
Benefits (23.81%)		\$134,510
Staff and Administration		
Graduate Coordinator Salary		\$101,250
Administrative Staff Salaries		\$49,951
Staff Benefits (32.83%)		\$21,879
Other Expenses		
Supplies/Travel		\$23,700
Total Expenses		\$898,155
Revenue		5-Year Total
From Student Enrollment		
Formula Funding		\$535,278
Tuition and Fees		\$912,589
From Institutional Funds		
Reallocation of Existing Resources		\$403,905
Total Revenue		\$1,851,772

Faculty salary reallocation is based on the course load expected for Years 1 and 2.

Coordinating Board Criteria

The proposed program meets all applicable Texas Higher Education Coordinating Board criteria for new doctoral degree programs.

ⁱ Laposata, M. How Can a Diagnostic Management Team Improve Patient Care and Save Money? Long-Standing and Rapidly Worsening Problem of Obtaining an Accurate Diagnosis Quickly. NACB - Scientific Shorts. [<https://www.aacc.org/community/national-academy-of-clinical-biochemistry/scientific-shorts/2014/how-can-a-diagnostic-management-team-improve-patient-care-and-save-money>]

ⁱⁱ Educational statement regarding doctoral level clinical laboratory science professionals. Bethesda, MD: American Society for Clinical Laboratory Science; 2007

ⁱⁱⁱ Leibach EK. The Doctorate in Clinical Laboratory Science: An Executive Summary. Clin Lab Sci 2008;21(3):134.

5. **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;
- 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. \$4.5 million be designated for Health Affairs Collaborative Projects, as identified by the Executive Vice Chancellor for Health Affairs.

The proposed distribution of \$10.5 million is set forth on the following page.

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. 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, \$4.5 million is recommended for U. T. System efforts in patient safety enhancement, through Health Affairs Collaborative Projects, as identified by the Executive Vice Chancellor for Health Affairs.

Exhibit 1
The University of Texas System Professional Medical Liability Benefit Plan
Proposed Distribution of Plan Returns
 FY 2015

<i>Institution</i>	<i>Premium Paid</i>	<i>Claims Expenses</i>	<i>Net Contribution Amount</i>	<i>Rebate based on Net Contribution</i>
	<i>2013-2015</i>	<i>2013-2015</i>		
UT Arlington	5,366	-	5,366	1,717
UT Austin	76,571	1,071	75,500	24,162
UT Dallas	1,452	-	1,452	465
UT El Paso	770	-	770	246
UT Pan American	1,932	-	1,932	618
UT San Antonio	3,912	-	3,912	1,252
UTSWMC	6,436,487	2,381,021	\$ 4,055,466	1,297,839
UTMB	4,511,883	626,544	3,885,339	1,243,395
UTHSCH	5,062,867	2,699,153	2,363,714	756,441
Medical Foundation (UTHSCH)	2,235,312	1,191,706	1,043,606	333,977
UTHSCSA	5,093,297	760,358	4,332,939	1,386,637
UTMDACC	3,523,966	831,262	2,692,704	861,725
UTHSCT	292,181	6,181	286,000	91,526
Subtotal	\$ 27,245,996	\$ 8,497,296	\$ 18,748,700	\$ 6,000,000
Health System Initiatives				\$ 4,500,000
TOTAL PROPOSED DISTRIBUTION				<u>\$ 10,500,000</u>

6. **U. T. System: Approval of \$15 million from Available University Funds to support Phase 2 of the U. T. Systemwide Diabetes Obesity Control initiative and delegation of authority to contract with selected entities to conduct essential feasibility studies**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs and the Vice Chancellor for Research and Innovation that the U. T. System Board of Regents approve a \$15 million from Available University Funds (AUF) to support Phase 2 of the U. T. Systemwide Diabetes Obesity Control initiative (Project DOC) and delegation of authority to the Executive Vice Chancellor for Health Affairs and the Vice Chancellor and General Counsel to contract with selected entities for the purposes of Phase 2.

If approved, the \$15 million of AUF would serve as seed money to attract an additional \$30 million of philanthropy, grants, and industry funds, for a total of \$45 million needed to fully fund Phase 2 of the Project DOC initiative, as set forth in the presentation on the following pages.

BACKGROUND INFORMATION

At the August 20, 2014 Board of Regents' meeting, Dr. Lynda Chin introduced a proposal to improve care of patients with diabetes through improved data collection, management, analysis, and application.

On November 6, 2014, the Board approved \$5 million from the AUF to support Phase 1 of Project DOC and delegated authority for the Office of Health Affairs and the Office of General Counsel to contract with selected entities to create a Technology Core (Phase 1A). Those funds also provided operational project support within the U. T. System Office of Health Affairs. Pricewaterhouse Coopers, LLC, International Business Machines Corporation, and AT&T Corporation were selected as the multifunction consultant team to implement this initiative after a Request for Proposal process.

At the February 11, 2015 Board of Regents' meeting, Executive Vice Chancellor Greenberg reported on the progress of Project DOC. Following a presentation on May 14, 2015, the Board approved an additional \$5 million of AUF for Phase 1B of Project DOC.

Project DOC intends to leverage social, mobile, and cloud technologies, as well as big data and cognitive analytics, to augment and accelerate effective management and care for diabetes in Texas and initially in the Rio Grande Valley (RGV) communities. Through a Technology Core made up of industry leaders with cutting-edge capabilities and assets, Project DOC will develop and implement a suite of provider-enabling and patient-empowering technology solutions. These capabilities fall into three main anchor platforms: (1) cognitive analytics and expert system, (2) personal connected mobile health solution, and (3) cloud-based information interchange.

As the fourth component of the Technology Core, a diversified and experienced System Integration Team will incorporate these solutions into local health care delivery systems to create a disease management framework for providing patient-centric and value-based diabetes care.

Phase 2 will involve product development and the scaling up of Project DOC to serve 3,000 patients in a pilot program based in Cameron County, Texas. These activities will include securing the participation of key stakeholders in South Texas and exploring the interest and participation of employers, health care payors, and retail businesses.

The budget also provides operating funds to direct and manage this project by the newly formed Institute for Health Transformation under the direction of the Office of Health Affairs.

Project Diabetes Obesity Control

Lynda Chin, M.D.
Associate Vice Chancellor and Chief Innovation Officer
Director, Institute for Health Transformation
Office of Health Affairs, The University of Texas System

U. T. System Board of Regents' Meeting
Health Affairs Committee
August 2015



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Diabetes Epidemic in the Rio Grande Valley

The Rio Grande Valley (RGV) region with significant unmet medical needs and economic challenges

- Cameron County is the **second poorest** and one of the **least educated** counties in the nation
- 70% of Cameron County Hispanic Cohort have **no health insurance**
- 30% of RGV population diagnosed with diabetes, up to 60% of population, if including undiagnosed
- Severe **shortage of physicians**: 40% fewer per 100,000 in RGV compared to rest of Texas
- Diabetes is projected to cost **\$1.2 billion in South Texas** by 2020
- Diabetes costs the State of Texas **\$19 billion per year**

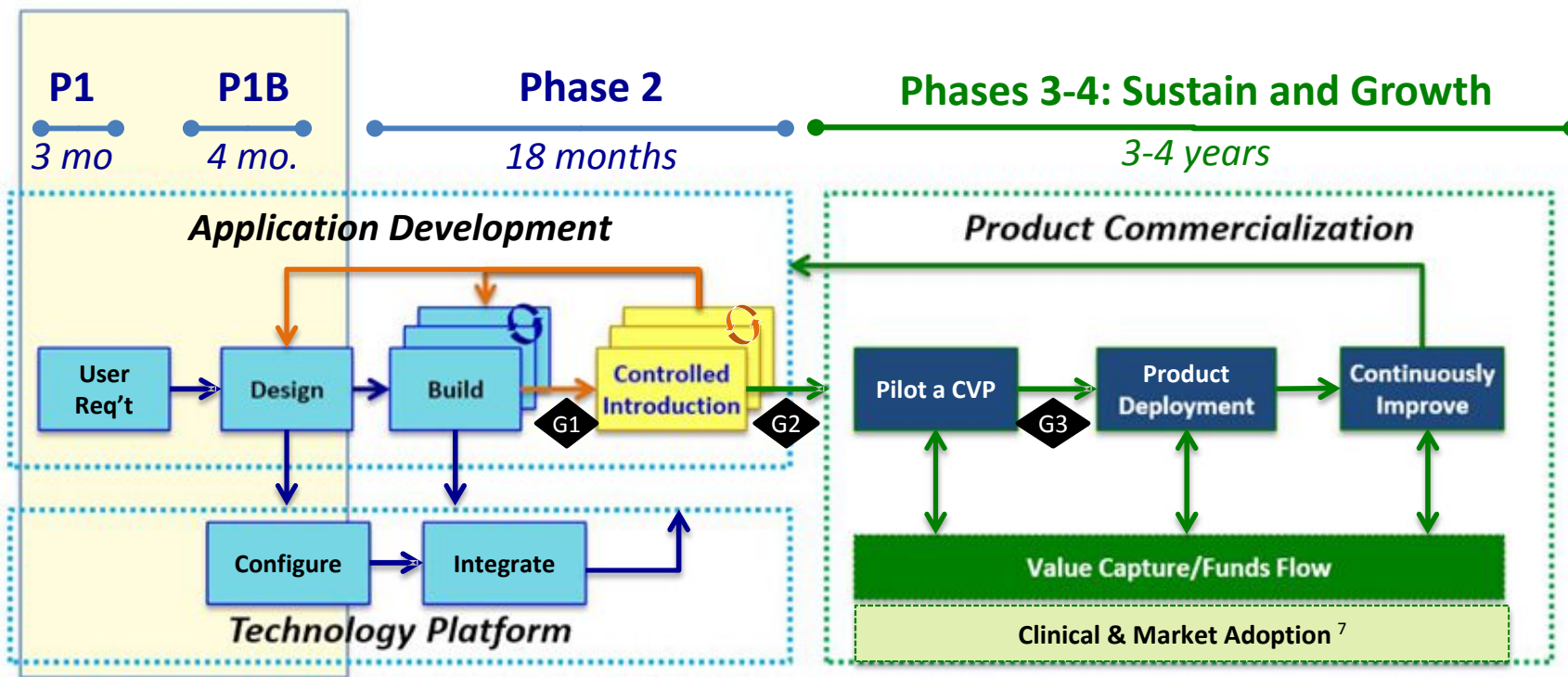
Sources: 1. United States Census Bureau. County Totals Dataset: Population, Population Change and Estimated Components of Population Change: April 1, 2010 to July 1, 2013; and 2. Texas Health and Human Services. List of HHS Regions with County Cross-reference, May 10, 2005.

U. T. System Commitment in RGV

1. **EDUCATION**: U. T. Rio Grande Valley and School of Medicine
 - Revitalize and build the next generation of health care professionals in South Texas
2. **RESEARCH**: Institute for Diabetes and Obesity Research
 - Advance knowledge to improve care
3. **CARE**: Institute for Health Transformation
 - Technology-enabled innovative solutions to improve outcome and reduce cost
 - Design for sustainability
 - Build for scalability



Project DOC Timeline

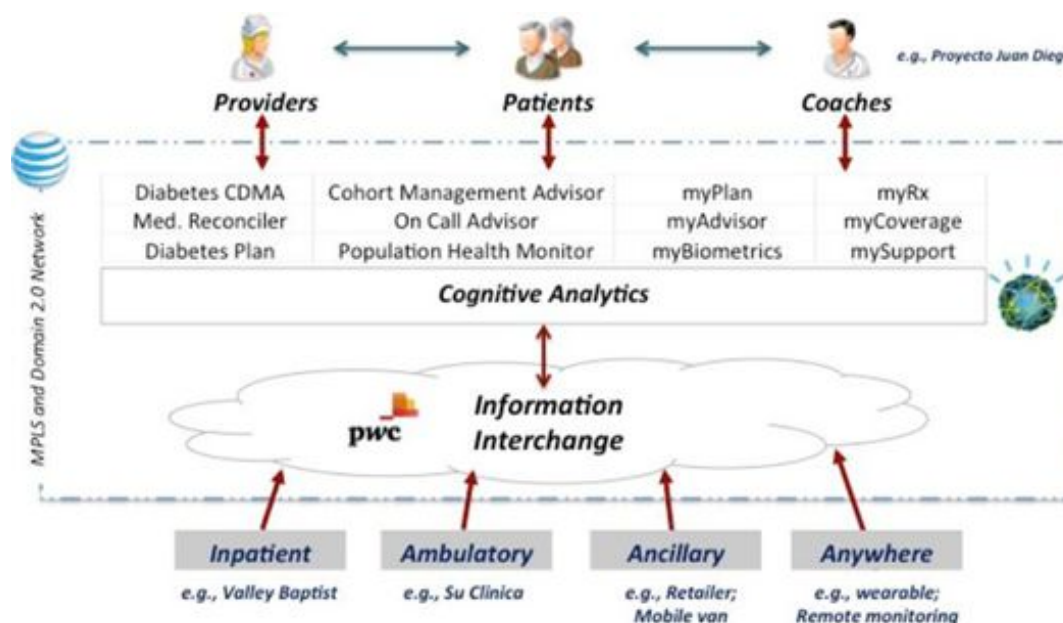


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Phase 1 Design: Project DOC Plan

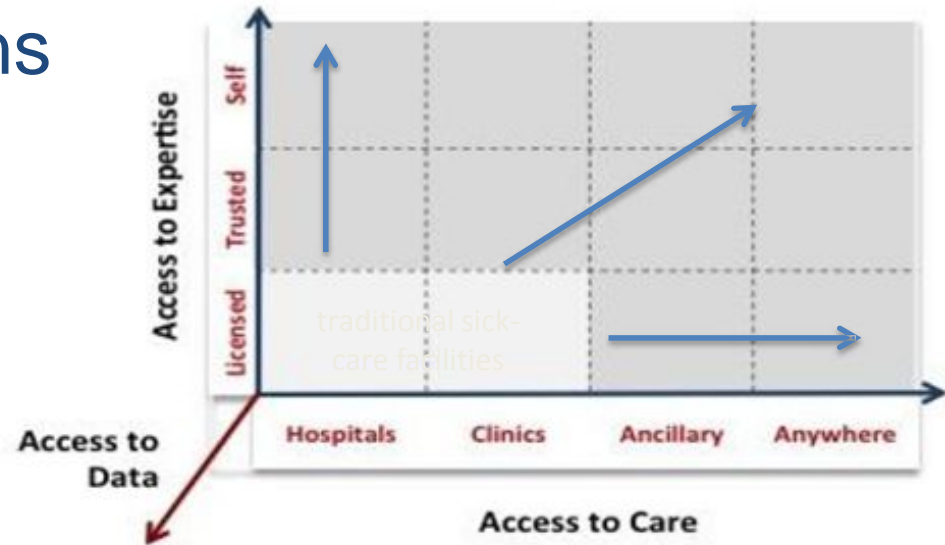
- **Goal:** A scalable person-centric care delivery system optimized for chronic disease management
- **Design:** An integrated care pathway supported by an expanded care team
- **Plan:** Build a prototype in Brownsville then scale



Phase 1 Design: Solutions

- Cognitive expert system
- Expanded care team
 - Practice at the top
 - Trusted providers
 - Do-it-yourself
- Interchange
- Governance framework
- Purposeful allocation

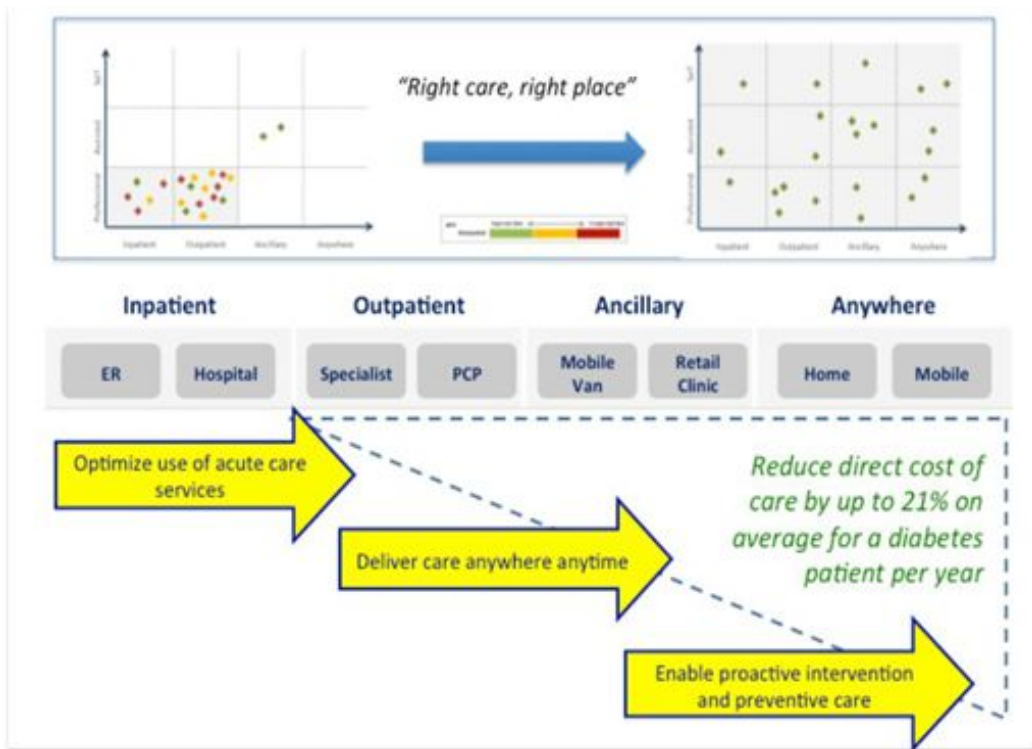
→ Distributed + Connected



- Internet-of-Things and secure network
- Extended care delivery system
 - Retail primary care clinics
 - Remote monitoring & wearable
 - Virtual care



Phase 1 Design: Sustainability of Project DOC



- \$19 billion/year spent in Texas**
- \$6,900/patient direct cost of diabetes care**
- \$1,400 cost reduction per patient per year**
- DOC™ System operational in year 2**
- Self Sustainability in year 3**
- \$600M cost savings annually by year 6**



Phase 1B: Feasibility of Project DOC Design

Areas of Feasibility Assessments

Technology

Tech Core: Can we demonstrate functional cooperation among members of the Technology Core and interoperability of their respective technologies? Can we provide end-to-end security?

Data integration: Can we integrate with and facilitate data sharing/access?

Cognitive analytics: Can we demonstrate analytics that consume data on the interchange?

Ecosystem

Contracting: Can we secure contracts with key stakeholders in South Texas?

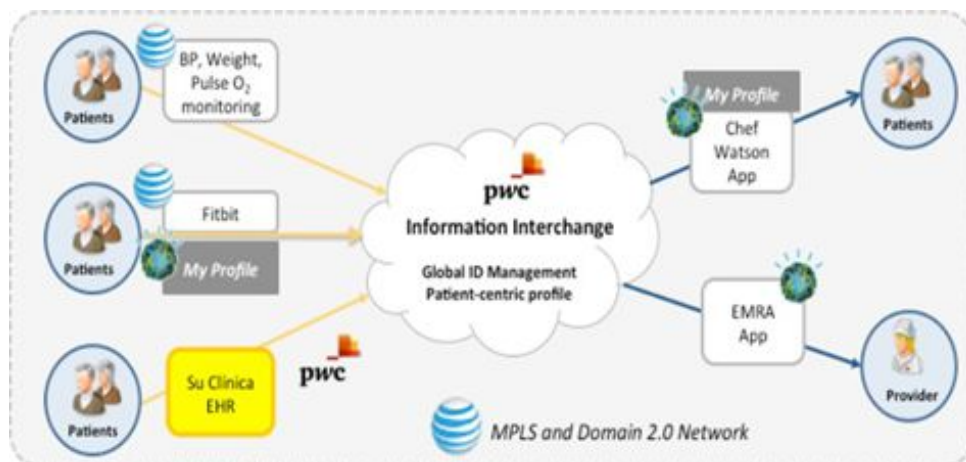
Partners: Will new entrants (i.e., retailers) participate? Do risk bearing entities agree with the value proposition and the proposed cost saving metrics of Project DOC diabetes care pathway?

Expertise Access: Can we demonstrate access to relevant expertise?



Phase 1B Results: Technology Feasibility

- ◆ Tech core operation
- ◆ Data integration
- ◆ Cognitive analytics

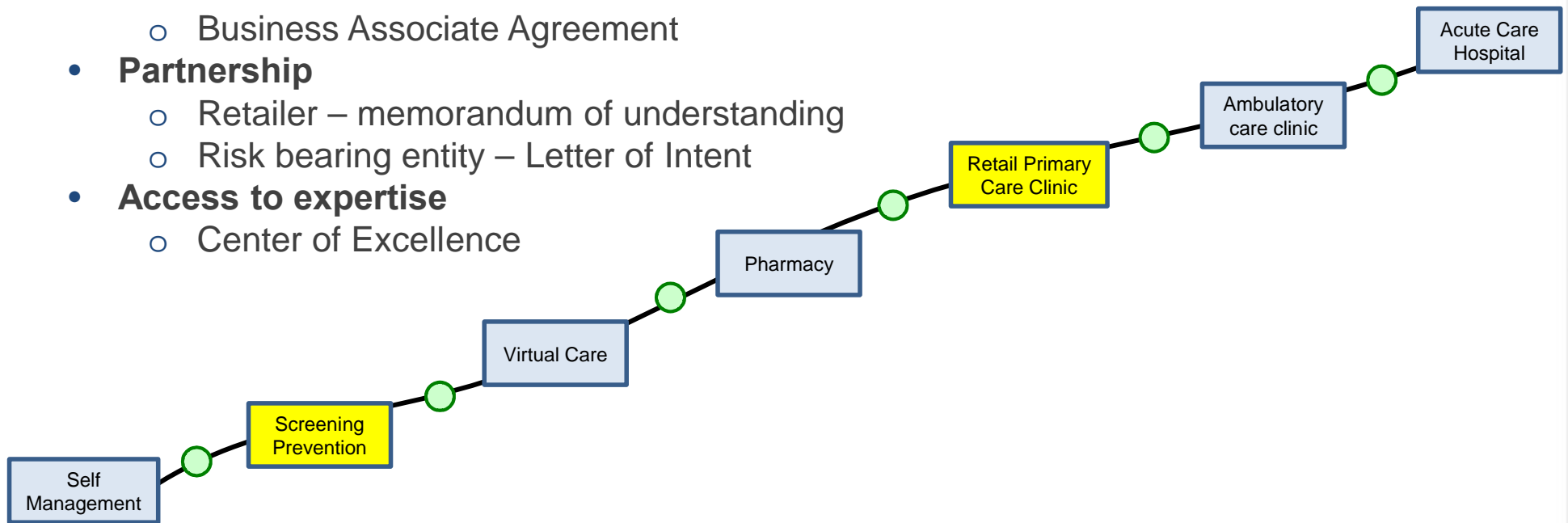


- Capture data from disparate sources
 - Medical records (de-identified)
 - Remote monitoring: blood pressure, weight, O₂ saturation
 - Mobile: wearable sensor (Fitbit)
 - Self-reported: (myProfile)
- Aggregate data appropriately
 - iProfile: person-centric integrated health profile
- Consume data with analytics
 - Electronic medical record assistant → Medical problem list
 - Chef Watson → Healthier diet
- Provide security and access control

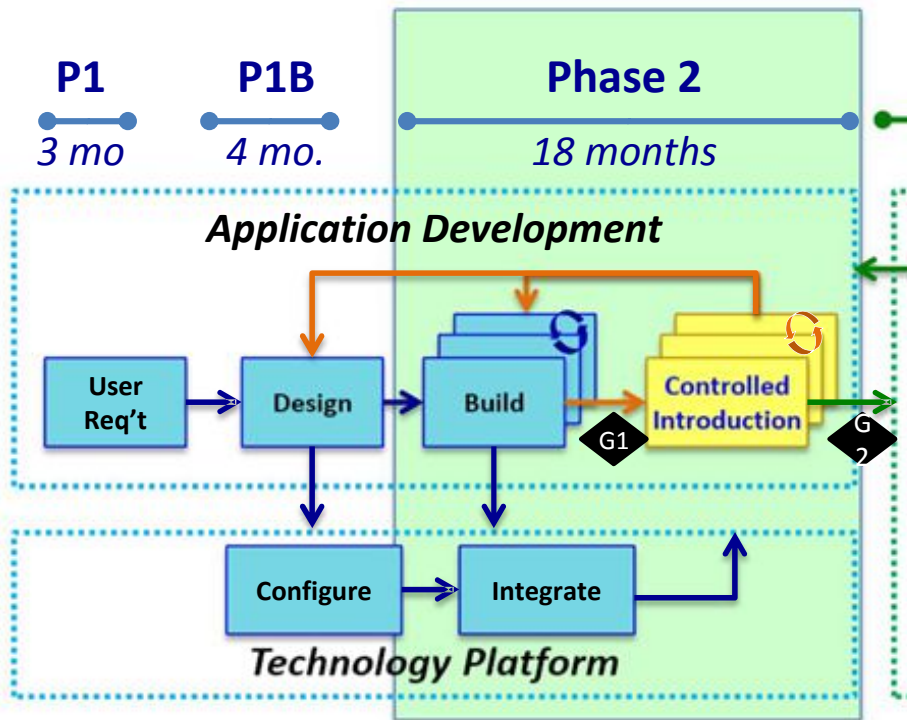


Phase 1B Results: Ecosystem Creation

- **Contract**
 - Business Associate Agreement
- **Partnership**
 - Retailer – memorandum of understanding
 - Risk bearing entity – Letter of Intent
- **Access to expertise**
 - Center of Excellence



Project DOC Phase II



- ## Phase II Funding Request
- \$15M AUF seed from Board of Regents
 - \$15M match from philanthropy and other funding sources
 - ➔ Build prototype DOC™ system in RGV
 - \$15M sponsorship or grants from risk bearing entities to design program(s) using Project DOC™ system
 - ➔ Test system to demonstrate cost savings

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FOR
FACILITIES PLANNING AND CONSTRUCTION COMMITTEE**

Committee Meeting: 8/19/2015

Board Meeting: 8/20/2015
Austin, Texas

Brenda Pejovich, Chairman
David J. Beck
Alex M. Cranberg
Wallace L. Hall, Jr.
R. Steven Hicks

	Committee Meeting	Board Meeting	Page
Convene	<i>2:00 p.m.</i> <i>Chairman Pejovich</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration	<i>2:00 p.m.</i> Action	Action	268
2. U. T. System: Report on Hybrid Delivery Methods - A Demonstration Project	<i>2:01 p.m.</i> Report/Discussion <i>Mr. O'Donnell</i> <i>Dr. Daniel</i>	Not on Agenda	269
3. U. T. System Board of Regents: Discussion and appropriate action regarding proposed amendments to Regents' <i>Rules and Regulations</i>, Rule 80301 (Capital Improvement Program); Rule 80302 (Building Committees); Rule 80402 (Major Construction and Repair and Rehabilitation Projects); Rule 80403 (Minor Construction and Repair and Rehabilitation Projects); Rule 80404 (Institutional Management of Major Construction and Repair and Rehabilitation Projects); and Rule 80901 (Constitutional and Legislative Restrictions on Capital Improvements) to revise the threshold for Major Projects requiring Board approval	<i>2:10 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	270
4. U. T. System: Allocation of \$30.2 million of Permanent University Fund Bond Proceeds for Fire and Life Safety projects	<i>2:15 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	283

	Committee Meeting	Board Meeting	Page
5. U. T. System: Amendment of the FY 2016-2021 Capital Improvement Program to include Tuition Revenue Bond (TRB) projects; appropriation of \$922,632,000 of TRB funds; appropriation of \$114.7 million of Permanent University Fund Bond Proceeds; appropriation of funds for Repair and Rehabilitation projects; approval of modifications and appropriation of additional funds for previously approved projects; authorization of institutional management; approval of waiver of current Architect/Engineer fee schedule; and resolution regarding parity debt	2:20 p.m. Action <i>Mr. O'Donnell</i>	Action	285
<u>Additions to the CIP</u>			
6. U. T. Medical Branch - Galveston: Biocontainment Critical Care Unit - Amendment of the FY 2016-2021 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)	2:40 p.m. Action <i>Mr. O'Donnell</i>	Action	293
7. U. T. Medical Branch - Galveston: John Sealy Hospital Phase 2 Modernization and Facade Replacement - Amendment of the FY 2016-2021 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; approval of institutional management; resolution regarding parity debt; and remove the John Sealy Hospital Facade Replacement project (Final Board approval)	2:45 p.m. Action <i>Mr. O'Donnell</i>	Action	295
8. U. T. M. D. Anderson Cancer Center: M. D. Anderson - League City - Amendment of the FY 2016-2021 Capital Improvement Program to include project (Preliminary Board approval)	2:50 p.m. Action <i>President DePinho</i>	Action	298
9. U. T. M. D. Anderson Cancer Center: M. D. Anderson - West Houston - Amendment of the FY 2016-2021 Capital Improvement Program to include project (Preliminary Board approval)	3:00 p.m. Action <i>President DePinho</i>	Action	300
<u>Design Development Approval</u>			
10. U. T. Dallas: Davidson-Gundy Alumni Center - Amendment of the FY 2016-2021 Capital Improvement Program to increase total project cost; approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)	3:05 p.m. Action <i>Mr. O'Donnell</i>	Action	302
11. U. T. Rio Grande Valley: Academic Building - Approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)	3:10 p.m. Action <i>Mr. O'Donnell</i>	Action	304

	Committee Meeting	Board Meeting	Page
12. U. T. Southwestern Medical Center: West Campus - Phase 1 - Amendment of the FY 2016-2021 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)	3:15 p.m. Action <i>Mr. O'Donnell</i>	Action	306
13. U. T. Health Science Center - San Antonio: MARC North Clinical Facility - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)	3:20 p.m. Action <i>Mr. O'Donnell</i>	Action	309
<u>Modification to the CIP</u>			
14. U. T. Austin: Whitaker Fields and Tennis Complex Renovation - Amendment of the FY 2016-2021 Capital Improvement Program to revise funding sources; appropriation of funds; and resolution regarding parity debt (Final Board approval)	3:25 p.m. Action <i>Mr. O'Donnell</i>	Action	312
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. System: Report on Hybrid Delivery Methods - A Demonstration Project**

REPORT

Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction, will report on proposed Hybrid Delivery Methods for construction projects.

This exercise will examine traditional major capital project delivery processes under the existing Regents' *Rules and Regulations* and relevant governing statutes to identify and explore acceptable private sector best practice procurement and project delivery elements that could positively impact delivery of complex, major new facilities in a public sector environment; specifically the U. T. System. Two or three large concept demonstration candidate projects will be proposed for delivery under this hybrid model. Subsequent evaluation of specific metrics would allow a future modification of U. T. System major project delivery methods across the larger capital program. A draft white paper describing this process in greater detail will be sent to members of the Board prior to the meeting.

3. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed amendments to Regents' Rules and Regulations, Rule 80301 (Capital Improvement Program); Rule 80302 (Building Committees); Rule 80402 (Major Construction and Repair and Rehabilitation Projects); Rule 80403 (Minor Construction and Repair and Rehabilitation Projects); Rule 80404 (Institutional Management of Major Construction and Repair and Rehabilitation Projects); and Rule 80901 (Constitutional and Legislative Restrictions on Capital Improvements) to revise the definitions of Major and Minor Projects requiring Board approval**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that the U. T. System Board of Regents approve the proposed amendments to the Regents' *Rules and Regulations* as set forth on the following pages in congressional style:

- Rule 80301 (Capital Improvement Program) (see [Pages 271-273](#));
- Rule 80302 (Building Committees) (see [Page 274](#));
- Rule 80402 (Major Construction and Repair and Rehabilitation Projects) (see [Pages 275-278](#));
- Rule 80403 (Minor Construction and Repair and Rehabilitation Projects) (see [Page 279](#));
- Rule 80404 (Institutional Management of Major Construction and Repair and Rehabilitation Projects) (see [Pages 280-281](#)); and
- Rule 80901 (Constitutional and Legislative Restrictions on Capital Improvements) (see [Page 282](#)).

BACKGROUND INFORMATION

The amendments to Rules 80301, 80402, and 80404 propose revision to the definition of a Major Project, increasing the threshold of a Major Project and deleting the requirement for debt funded projects under the threshold requiring Board approval to be included in the Capital Improvement Program. The amendment to Rule 80403 proposes revision to the definition of a Minor Project, increasing the threshold of a Minor Project requiring Board approval. The proposed amendments will align more closely with recent revisions in the Texas Higher Education Coordinating Board Rules. Nonsubstantive revisions in any single policy are proposed to align language and intent with other relevant and related policies. The proposed revisions which will be effective September 1, 2015, will also delete repetitive definitions throughout the Rules.

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

Rule: 80301

1. Title

Capital Improvement Program

2. Rule and Regulation

- Sec. 1 Annual Status Report. The University of Texas System Administration will maintain a Capital Improvement Program (CIP) on an ongoing basis. Although the CIP is a dynamic document subject to change throughout the year, a report detailing the current status of the CIP will be formally presented to the Board of Regents no less than annually.
- Sec. 2 Contents of Program. The CIP will consist of a six-year projection of major new construction and repair and rehabilitation projects (Major Projects) to be implemented and funded from institution and Systemwide revenue sources. The CIP should be a current reflection of the institutions' continuous processes of strategic planning and master planning for institutional programs, ~~as well as for the future development and preservation of the physical plant of the campuses.~~
- Sec. 3 Modifications to the CIP. The CIP is subject to modification at any Board of Regents' meeting. Candidate projects will routinely be added to the CIP, and project information such as funding sources, project cost, and delivery dates will routinely be revised. For Major Projects seeking Board action, the institutional president ~~will~~ may submit a request for inclusion on the Board of Regents' agenda, ~~accompanied by a Project Planning Form.~~ Requests to add to or modify the CIP will be reviewed in accordance with the processes administered by the Office of Facilities Planning and Construction adopted in the CIP.
- Sec. 4 Preliminary Cost Expenditures for Major Projects. Addition of a project to the CIP provides authority for the U. T. System Administration and the institutional administration to expend institutional funds up to 5% of the anticipated total project cost to select the project architect, confirm the basis of design, develop the formal Facility Program document, ~~select the project architect,~~ and develop preliminary project plans. Requests to expend funds in excess of the amount equal to 5% but not more than 10% of the anticipated total project cost shall be reviewed and approved by the Executive Vice Chancellor for Business Affairs. These funds will be provided by the institution

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

Rule: 80301

initially but will be reimbursed to the institution from applicable project funds upon design development approval or upon [submission of a project application to](#) Texas Higher Education Coordinating Board approval (if applicable), whichever is later.

- Sec. 5 Institutional Management of a Major Project. Addition of a project to the CIP includes authorization of institutional management of Major Projects so designated in the CIP. Requests for institutional management shall be reviewed and approved by the Associate Vice Chancellor for Facilities Planning and Construction. Projects approved for institutional management will be included in the CIP. Projects designated for institutional management shall follow the process, authority, and approvals as outlined in Rule 80404 of the Regents' *Rules and Regulations* for the full amount stipulated in the CIP.
- Sec. 6 Feasibility and Planning Studies. For projects included in the CIP and identified as feasibility studies or planning studies, adoption of the CIP provides authority for the U. T. System Administration and the institutional administration to expend institutional funds for the full amount stipulated in the CIP. These funds will be provided by the institution initially but will be reimbursed to the institution from future CIP funds allocated for projects [derived from related to](#) the studies after design development approval and appropriation of project funds by the Board of Regents.
- Sec. 7 Timing of Student Election. For such additions to the CIP that are anticipated to be funded in part by student fees, the project must be presented to the Board by the institutional President or his/her delegate and student representative(s) for approval prior to the call for a student election on the authorization or increase of the associated fee. This Section does not require a student election if one is not otherwise required by statute.

3. Definitions

[Facility Program – A project planning document that organizes and summarizes client needs and programmatic information needed to design a capital project. It is generated through a process of collecting, analyzing, synthesizing, and documenting significant requirements for a Project prior to proceeding into the Design Phase.](#)

Major Project – Any project that meets one or more of the following criteria: 1) new building construction with a total project cost of \$[10\[4\]](#)

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

Rule: 80301

million or more, 2) road, paving, and repair and rehabilitation projects with a total project cost of \$~~10~~⁴ million or more, 3) any project determined by the Board to be architecturally or historically significant, ~~4) any project that is debt financed [Revenue Financing System (RFS), Tuition Revenue Bond (TRB), Permanent University Fund (PUF)] regardless of dollar value except those projects appropriated through the Library, Equipment, Repair and Rehabilitation (LERR) budget,~~ and ~~4~~⁵) any campus planning efforts that are intended to result in a capital project meeting one or more of these criteria.

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

Rule: 80302

1. Title

Building Committees

2. Rule and Regulation

...

Sec. 5 Selection Committee for Construction Firms. Selection Committees for Major Projects shall be appointed by the Associate Vice Chancellor for Facilities Planning and Construction in consultation with the institutional president. Selection Committees for Minor Projects shall be appointed by the president of the institution. Selection Committees are authorized to evaluate, rank, and make selection recommendations of select design-build contractors, construction manager-agents, construction managers-at-risk, general contractors, and job order contractors on the basis of qualifications and competitive sealed proposals in response to RFQs and Requests for Proposals (RFPs). Selection Committees are also authorized to enter into discussions for modification and negotiation of competitive sealed proposals in response to requests for proposals with respondents, as required or permitted by law.

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

Rule: 80402

1. Title

Major Construction and Repair and Rehabilitation Projects

2. Rule and Regulation

Sec. 1 Contract Authorization – Architects, Engineers, and Design-Build Contractors. Subject to Regents' *Rules and Regulations*, Rule 80301 and Rule 10501, and Sections 2, 3, 4, and 5 below, and except as otherwise specified in these *Rules and Regulations*, the Executive Vice Chancellor for Business Affairs, with the advice of the Associate Vice Chancellor for Facilities Planning and Construction and the institutional president, is authorized to appoint architects, engineers, and design-build contractors and execute contracts for professional services.

Sec. 2 Contract Authorization - Construction. The Executive Vice Chancellor for Business Affairs is authorized to execute construction and related contracts for all new construction projects and for all major repair and rehabilitation projects that have previously been approved or authorized by the Board of Regents in the Capital Improvement Program (CIP).

Sec. 3 Standardized Contracts. Construction contracts executed and delivered on behalf of the Board of Regents for Major Projects shall comply with guidelines issued by the U. T. System Administration's Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel. Payment and performance bonds, when required by law for contracts, shall be on a standard form approved by the Office of General Counsel. Contracts with architects and engineers shall comply with guidelines issued by the Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel.

Sec. 43 Authorization to Expend Funds Appropriated in the CIP.

43.1 The Chancellor will approve the Design Development Plans for all major repair and rehabilitation projects that are not architecturally or historically significant and authorize expenditure of appropriated funds. The executive officers and institutional presidents shall be responsible for identifying special interest projects to the Facilities Planning and Construction Committee.

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

Rule: 80402

~~43.2~~ The Board of Regents will approve the Design Development Plans for all Major Projects other than repair and rehabilitation projects that are not architecturally or historically significant and authorize expenditure of appropriated funds. The executive officers and institutional presidents shall be responsible for identifying special interest projects to the Facilities Planning and Construction Committee.

~~Sec. 5~~⁴ Approval for Excess Costs. Project costs that exceed 10% of the Total Project Cost approved by the Board of Regents or \$500,000, whichever is greater, must be approved by the Board.

~~Sec. 5~~ ~~Standardized Contracts. Construction contracts executed and delivered on behalf of the Board of Regents for Major Projects shall comply with guidelines issued by the U. T. System Administration's Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel. Payment and performance bonds, when required by law for contracts, shall be on a standard form approved by the Office of General Counsel. Contracts with architects and engineers shall comply with guidelines issued by the Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel.~~

Sec. 6 Contract Management. The Associate Vice Chancellor for Facilities Planning and Construction is authorized to implement and manage all professional service, construction, and construction-related contracts executed by the Executive Vice Chancellor for Business Affairs pursuant to Sections 1 and 2 of this Rule and Rule 80403, Section 1. The Associate Vice Chancellor for Facilities Planning and Construction's authority includes, but is not limited to, extending the term of existing contracts to the extent such extensions are contemplated in the contract; approving additional work requests; approving a construction contractor's, design-build contractor's, or construction manager's estimates, guaranteed maximum price proposals, or stipulated sum proposals; approving change orders; and providing general supervision of all Major and Minor Projects.

Sec. 7 Authority to Increase Project Cost. The Chancellor, with the advice of the appropriate Executive Vice Chancellor, the Office of Finance, and the institutional president, is authorized to increase the approved Total Project Cost not more than 10% or

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Rule: 80402

\$500,000, whichever is greater. To provide funding for the increase, the Chancellor may reallocate funding between or among approved projects at a single institution if funding for such projects has previously been authorized or approved funding from some other source is available to the institution.

- Sec. 8 Facility Program. A facility program shall be prepared for all Major Projects in accordance with the Facilities Programming Guidelines maintained by the Office of Facilities Planning and Construction. The facility program must be approved by the president of the institution.
- Sec. 9 Adherence with Campus Master Plan. Requests for Qualifications (RFQs) issued to solicit responses from interested architects, engineers, and design-build contractors will include a requirement that the architect, engineer, and design-build contractor evidence agreement to adhere to the approved Campus Master Plan and a set of criteria applicable to the facility program and the needs of the institution.
- Sec. 10 Preparation of Design Development Plans. Following After approval of the facility program, the Associate Vice Chancellor for Facilities Planning and Construction is authorized to release give the project architect, engineer, or design-build contractor to prepare the facility program and the Campus Master Plan and to direct the preparation of Sschematic Pplans; (exterior design, site plans, cost estimates, and other necessary and appropriate documents (~~"Schematic Plans"~~) and Design Development Plans; (elevations, and sections, outline specifications, cost estimates, and other related work to establish the scope, design, dimensions, and materials of the project in greater detail (~~"Design Development Plans"~~). ~~Design Development Plans are referred to as Preliminary Plans in applicable rules of the Texas Higher Education Coordinating Board.~~ The project architect, engineer, or design-build contractor shall work with the institutional delegates Ad Hoc Project Building Committee, if any, and the Office of Facilities Planning and Construction, with regard to architectural design and construction projects.
- Sec. 11 Construction Documents. After approval of the Design Development Plans, the Associate Vice Chancellor for Facilities Planning and Construction is authorized to direct the preparation of the Construction Documents (working drawings and specifications-~~"Construction Documents"~~).

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

Rule: 80402

3. Definitions

None

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

Rule: 80403

1. Title

Minor Construction and Repair and Rehabilitation Projects

2. Rule and Regulation

Sec. 1 Delegation of Authority. Subject to Sections 2 and 3 immediately below and the general provisions of Rule 10501 of the Regents' *Rules and Regulations* and except as otherwise specified in these *Rules and Regulations*, each institutional president or the Executive Vice Chancellor for Business Affairs, as appropriate, is authorized to appoint architects, approve plans and Construction Documents, and execute and deliver contracts, agreements, guaranteed maximum price or stipulated sum proposals, and other documents on behalf of the Board of Regents for all Minor Projects.

Sec. 2 Review and Approval. Minor Projects shall be subject to review as directed by the appropriate Executive Vice Chancellor. If the Minor Project is to accommodate facility program changes requiring System approval ~~or approval of the Texas Higher Education Coordinating Board~~, then (i) necessary facility program approvals must be secured in advance of requests for construction approval; (ii) funds must have been approved through standard System budgetary procedures; and (iii) the project must have been approved by the institution director of physical plant, chief business officer, and president.

Sec. 3 Standardized Contracts. Contracts with architects and engineers shall comply with guidelines issued by the U. T. System Administration Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel. Construction contracts shall comply with guidelines issued by the U. T. System Administration's Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel. Payment and performance bonds, when required by law or contracts, shall be on a standard form approved by the Office of General Counsel.

3. Definitions

Minor Project – New building construction and road, paving, and repair and rehabilitation projects with a total project cost of less than \$~~10~~⁴ million ~~that are not funded in any part with debt.~~

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

Rule: 80404

1. Title

Institutional Management of Major Construction and Repair and Rehabilitation Projects

2. Rule and Regulation

Sec. 1 Contract Authorization - Architects, Engineers and Design-Build Contractors. Subject to Regents' *Rules and Regulations*, Rule 80301 and Rule 10501, and Sections 2, 3, 4, and 5 below, and except as otherwise specified in these *Rules and Regulations*, the institutional president, with the advice of the appropriate Executive Vice Chancellor, is authorized to appoint architects, engineers, and design-build contractors and execute contracts for professional services.

...

Sec. 9 Adherence with Campus Master Plan. Requests for Qualifications (RFQs) issued to solicit responses from interested architects, engineers, and design-build contractors will include a requirement that the architect, engineering, and design-build contractor evidence agreement to adhere to the approved Campus Master Plan and a set of criteria applicable to the facility program and the needs of the institution.

Sec. 10 Preparation of Design Development Plans. After approval of the facility program, the institutional president is authorized to release give the project architect, engineer, or design-build contractor to prepare the facility program and the Campus Master Plan and to direct the preparation of S~~Schematic P~~plans; (exterior design, site plans, cost estimates, and other necessary and appropriate documents ~~("Schematic Plans")~~) and Design Development Plans; ~~(elevations, and sections, outline specifications, cost estimates, and other related work to establish the scope, design, dimensions, and materials of the project in greater detail ("Design Development Plans").~~ Design Development Plans are referred to as Preliminary Plans in applicable rules of the Texas Higher Education Coordinating Board. The project architect, engineer, or design-build contractor shall work with the institutional delegates Ad Hoc Project Building Committee, if any, and the institutional president ~~with regard to architectural design and construction projects.~~

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

Rule: 80404

Sec. 11 Construction Documents. After approval of the Design Development Plans, the institutional president is authorized to direct the preparation of the Construction Documents (working drawings and specifications ~~("Construction Documents")~~).

3. Definitions

None

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

Rule: 80901

1. Title

Constitutional and Legislative Restrictions on Capital Improvements

2. Rule and Regulation

Sec. 1 Approval by Coordinating Board. Sections 17 and 18 of Article VII of the Texas Constitution (regarding the Permanent University Fund and the Higher Education Fund, as referenced at *Texas Education Code* Section 62.026) require approval by the Legislature, or an agency designated by the Legislature, prior to the construction of physical improvements financed by bonds authorized under those Sections at institutions of the U. T. System other than The University of Texas at Austin.

1.1 Unless otherwise authorized by law, new construction and major repair and rehabilitation projects with an Education and General (E&G) total project cost of \$10[4] million or more must be submitted to approved by the Texas Higher Education Coordinating Board. The format for submission will be as prescribed by the Coordinating Board.

.....

4. U. T. System: Allocation of \$30.2 million of Permanent University Fund Bond Proceeds for Fire and Life Safety projects

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 the U. T. System Board of Regents approve the allocation of \$30,200,000 of Permanent University Fund (PUF) Bond Proceeds for fire and life safety (FLS) capital projects at U. T. Arlington, U. T. Austin, U. T. Dallas, U. T. El Paso, U. T. San Antonio, U. T. Southwestern Medical Center, and U. T. Health Science Center - San Antonio.

The recommended FY 2016 PUF allocation for the FLS projects is set out below:

<u>Institution</u>	<u>PUF</u>
U. T. Arlington	\$ 4.8M
U. T. Austin	\$ 8.0M
U. T. Dallas	\$ 0.4M
U. T. El Paso	\$ 1.8M
U. T. San Antonio	\$ 4.0M
U. T. Southwestern Medical Center	\$ 1.8M
U. T. Health Science Center - San Antonio	<u>\$ 9.4M</u>
Total FY 2016 FLS PUF	\$30.2M

BACKGROUND INFORMATION

Over the past two years, 2012 to 2014, the fifteen U. T. System institutions reported a \$0.6 million cumulative net increase in fire and life safety (FLS) projects, indicating that \$66.4 million in FLS projects remain Systemwide. The total project cost of FLS projects at the seven institutions included in this allocation is currently estimated at approximately \$57.9 million as reflected on Table 1 on the next page. These seven institutions have identified \$36.2 million in institutional funds for FLS project mitigation over the next two years, leaving \$30.2 million unfunded. The balance of the project funding will be supplemented by institutional funds over the next two years and will be brought back to the Board for approval as required by the Regents' *Rules and Regulations*.

TABLE 1
Executive Summary
Accelerated FLS Mitigation Plan
Dollars in Millions

Institution	Remaining FLS Projects As Of May 2014	Committed Funding Source					FY15 - FY16 2 Year Total	<u>Outstanding FLS</u> FY16 PUF Proposed
		FY 15 LERR	FY 15 Institutional Funds	FY 16 LERR (Proposed)	FY 16 Institutional Funds			
ACADEMIC								
UT Arlington	\$ 6.3	\$ 0.4	\$ 0.4	\$ -	\$ 0.7	\$ 1.5	\$ 4.8	
UT Austin	\$ 19.7	\$ 2.8	\$ 6.1	\$ 2.8	\$ -	\$ 11.7	\$ 8.0	
UT Dallas	\$ 0.8	\$ 0.2	\$ -	\$ 0.2	\$ -	\$ 0.4	\$ 0.4	
UT El Paso	\$ 3.7	\$ 0.9	\$ -	\$ 1.0	\$ -	\$ 1.9	\$ 1.8	
UT San Antonio	\$ 8.6	\$ -	\$ 4.6	\$ -	\$ -	\$ 4.6	\$ 4.0	
HEALTH								
UT Southwestern	\$ 5.4	\$ -	\$ 1.4	\$ -	\$ 2.2	\$ 3.6	\$ 1.8	
UT HSC San Antonio	\$ 13.4	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 4.0	\$ 9.4	
Total Academic & Health	\$ 57.9						\$ 30.2	

5. U. T. System: Amendment of the FY 2016-2021 Capital Improvement Program to include Tuition Revenue Bond (TRB) projects; appropriation of \$922,632,000 of TRB funds; appropriation of \$114.7 million of Permanent University Fund Bond Proceeds; appropriation of funds for Repair and Rehabilitation projects; approval of modifications and appropriation of additional funds for previously approved projects; authorization of institutional management; approval of waiver of current Architect/Engineer fee schedule; and resolution regarding parity debt

RECOMMENDATION

In accordance with the Constitutional debt capacity of the Permanent University Fund (PUF) and the passage of House Bill 100 by the 84th Legislature authorizing Tuition Revenue Bond (TRB) funding for U. T. System institutions, the Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Presidents of the respective U. T. System institutions recommend that the U. T. System Board of Regents:

- a. amend the FY 2016-2021 Capital Improvement Program (CIP) to include 13 projects as set forth in [Table 1 on Page 291](#);
- b. approve the appropriation of \$922,632,000 of TRB funding for 15 projects as set forth in the fifth column in [Table 1 on Page 291](#);
- c. approve the appropriation of \$114,700,000 of PUF Bond Proceeds for 10 capital projects as set forth in the last column in [Table 1 on Page 291](#);
- d. approve the appropriation of \$65,360,000 of Revenue Financing System Bond Proceeds for Repair and Rehabilitation projects at U. T. Southwestern Medical Center and U. T. Health Science Center - Houston as set forth in [Table 1 on Page 291](#);
- e. approve the appropriation of \$43,500,000 of institutional funds for Repair and Rehabilitation projects at U. T. Southwestern Medical Center and U. T. Health Science Center - San Antonio as set forth in [Table 1 on Page 291](#);
- f. approve modifications in funding, revised project costs, and appropriation of \$43,200,000 of institutional funds for two previously approved projects for U. T. Austin and for U. T. M. D. Anderson Cancer Center as set forth in [Table 2 on Page 292](#);
- g. authorize U. T. Southwestern Medical Center to manage its project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts; and
- h. approve a waiver of the Architect/Engineer fee schedule as approved by the Board of Regents on December 3, 1987, for projects to be designated by Associate Vice Chancellor of Facilities Planning and Construction; and

- i. 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 project costs, 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;
 - the U. T. System institutions, which are all “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 of tuition revenue bonds by the U. T. System Board of Regents in the form of tax-exempt parity debt in the aggregate amount of \$922,632,000;
 - U. T. Southwestern Medical Center, which is a “Member” as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$34,000,000; and
 - U. T. Health Science Center - Houston, 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 \$31,360,000.

BACKGROUND INFORMATION

On July 10, 2014, the Presidents of the U. T. System presented their institutions' projects to the Board of Regents for approval to submit the projects for consideration by the Texas Legislature for Tuition Revenue Bond funding. The 84th Legislature passed and Governor Greg Abbott signed into law House Bill 100 allowing for the issuance of \$922,632,000 in Tuition Revenue Bond proceeds for U. T. System institutions effective September 1, 2015, with the issuance of funds to begin September 1, 2016.

Debt Service

The \$34,000,000 in Revenue Financing System (RFS) debt will be repaid by U. T. Southwestern Medical Center from institutional funds. Annual debt service on the \$34,000,000 RFS debt is expected to be \$2.6 million. The institution's debt service coverage is expected to be at least 2.6 times and average 2.9 times over FY 2016-2021.

The \$31,360,000 in Revenue Financing System (RFS) debt will be repaid by U. T. Health Science Center - Houston from indirect cost recovery and projected reductions in utility and deferred maintenance expenses. Annual debt service on the \$31,360,000 RFS debt is expected to be \$2.4 million. The institution's debt service coverage is expected to be at least 2.7 times and average 3.2 times over FY 2016-2021.

New projects to be added to the CIP are described below.

Academic Institutions

U. T. Arlington: Science and Engineering Innovation and Research Building

This project will construct an approximately 200,000 gross square foot (GSF) Science and Engineering Innovation and Research (SEIR) Building with large multiuse collaborative spaces, large classrooms or lecture halls, and innovational research and teaching labs. The building will serve the College of Engineering, the College of Science, and the College of Nursing and Health Innovation. Design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. (Preliminary Board approval)

U. T. Dallas: Engineering Building

This project will construct an approximately 200,000 GSF multistory building with the majority of space assigned as research labs and the remainder for instructional purposes, faculty offices, and student office and workspace. The space will accommodate enrollment of 2,000 additional students, 57 tenured and tenure-track faculty members, and 10 senior lecturers. It is projected to attract an increase in additional external research funding annually. Design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. (Preliminary Board approval)

U. T. El Paso: Interdisciplinary Research Facility (Barry/Burges Hall Replacement removed)

This project will construct an approximately 150,000 GSF multistory building that will integrate research, institutional research support, and teaching spaces. Approximately 60,000 GSF will be shelled for future build-out. The proposed facility supports the institution's vision to become the first national research university with a 21st century demographic. The facility is projected to attract an increase in additional external research funding annually, as well as an increase in commercialization revenue. Design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. (Preliminary Board approval)

U. T. Permian Basin: School of Engineering Building

This project will construct an approximately 80,000 GSF engineering building on the Midland campus and will include space for classrooms, instructional labs, research endeavors, administrative offices, and student support services. The facility will allow the mechanical and petroleum engineering programs to be consolidated on the Midland campus and will provide more efficient operation of current bachelor's degree programs. The facility will also allow space for Industrial Technology program expansions in areas relevant to the petroleum industry. Design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. (Preliminary Board approval)

U. T. Rio Grande Valley: Interdisciplinary Engineering and Academic Studies Building

This project will construct an approximately 77,000 GSF building on the Edinburg campus for interdisciplinary space necessary to support enrollment growth in the rapidly growing region. The facility will include a large, 250-seat lecture auditorium, two 150-seat lecture halls, five 60-seat classrooms, and offices. Although particular emphasis will be placed on preparation of engineering students, this facility will also address flexible space requirements for other disciplines as needed. Additionally, the project will include an outdoor pavilion to be used as a gathering area and study space to relieve pressure on more expensive indoor space and also to support academic events. Design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. (Preliminary Board approval)

U. T. Rio Grande Valley (UTRGV): Multipurpose Academic Center

This project will construct an approximately 67,400 GSF academic facility on the Brownsville campus. The facility will provide much-needed classrooms and labs for physics, as well as space for general purpose classrooms and computer labs. Current lease space of 294,955 GSF is set to expire in the next two to six years; therefore, the UTRGV Brownsville campus has an urgent need to construct new buildings for classroom space, science labs, and student support services to meet current enrollment needs. Design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. (Preliminary Board approval)

U. T. San Antonio: Science and Engineering Building (Formerly the Instructional Science and Engineering Building)

This project will construct an approximately 150,000 GSF Science and Engineering Building. The building will provide for classrooms, faculty offices, and science and engineering research and instructional labs. The Science and Engineering Building is a critical element in the University's strategic plan for providing state-of-the-art space for Science, Technology, Engineering, and Mathematics (STEM) education and research. Design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. (Preliminary Board approval)

U. T. Tyler: STEM Building

This project will construct a STEM addition to the current Business Building and renovate the existing Business Building. The new construction portion of the project will include approximately 104,700 GSF and will provide much-needed space for classrooms, student learning, teaching laboratories, and faculty offices. The renovation will require complete replacement of the existing heating ventilation, air conditioning and mechanical, electrical, and plumbing systems and a reconfiguration of the building floor plan and internal structure to accommodate the current and future needs of the University. The project will also include development of infrastructure associated with the new space. Design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. (Preliminary Board approval)

Health Institutions

U. T. Southwestern Medical Center: Vivarium and Research Expansion and Modernization (formerly the Vivarium and Research Infrastructure Reinvestment)

This project will include vivarium additions and renovations of approximately 295,000 GSF on the South and North Campuses to increase overall animal research capacity. A portion of this project will create modern academic faculty space, teaching facilities, and biomedical laboratories. The expected life of the renovated space is between 20 and 30 years. The need for facilities requiring these special environmental conditions has more than doubled between 2007 and 2014. Design development plans and authorization of expenditure of funding for the repair and rehabilitation portion of the project will be presented to the President for approval at a later date. Design development plans and authorization of expenditure of funding for any new construction portions of the project will be presented to the Board for approval at a later date. The project will be institutionally managed. (Final Board approval)

U. T. Medical Branch - Galveston (UTMB): Health Education Center

This project will construct an approximately 160,000 GSF building for resilient and advanced technology education space and will promote interprofessional education in the Schools of Medicine, Nursing, Health Professions, and Graduate Biomedical Sciences. The facility will feature a standardized patient and simulation center to be used by students in all health science disciplines and will include classroom space, conference rooms, educational offices, and administrative space to accommodate the planned growth of UTMB's educational programs. Design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. (Preliminary Board approval)

U. T. Health Science Center - Houston: Renovation and Modernization of Educational and Research Facilities

This project will renovate and modernize several critical facilities on campus encompassing over 1.6 million GSF of space. Where needed, the project will build-out small amounts of swing space within the existing buildings' footprints to help reduce the impact of the renovations on ongoing educational and research activities. The proposed upgrades are important elements in the University's Campus Master Plan and will ensure efficient functionality of these facilities in their crucial roles of supporting teaching and research. A recent facility audit identified significant renovation and modernization needs in these facilities, which were all built in the 1970's. Design development plans and authorization of expenditure of funding will be presented to the Chancellor for approval at a later date. (Final Board approval)

U. T. Health Science Center - San Antonio: Facilities Renewal and Renovation

This project will renovate some of the older facilities on the main campus and provide upgrades to create 21st century classrooms and media-rich shared learning environments. U. T. Health Science Center-San Antonio will modernize teaching and research space and equipment, including major campus infrastructure and the core computing center to accommodate new curricula and to attract and retain new scientists. Over 1.3 million square feet, or approximately 30% of U. T. Health Science Center-San Antonio 's space, is 35 years old or older. It is necessary to make a significant investment in these existing facilities by replacing building systems such as mechanical, electrical, plumbing, medical gases, security, and life safety to

repurpose the space and improve its functionality for future use. Design development plans and authorization of expenditure of funding will be presented to the Chancellor for approval at a later date. (Final Board approval)

U. T. Health Science Center - Tyler: Facility Renovation for Physician Residents Training

This project will renovate approximately 43,023 GSF of existing space to improve teaching spaces required to maintain accreditation for physician residency programs. U. T. Health Science Center-Tyler recently entered into a partnership with the Department of State Health Services to significantly increase capacity in the State's mental health system. The additional beds have had, and will continue to have, a dramatic impact on the ability to provide adequate physical space to train physician residents. Renovations will allow U. T. Health Science Center-Tyler to continue operations of the new mental health units and maintain accreditation for physician residency programs, which have specific space requirements for resident training. Design development plans and authorization of expenditure of funding will be presented to the Chancellor for approval at a later date. (Final Board approval)

Modifications to Existing CIP Projects:

U. T. Austin: Robert A. Welch Hall Renovation

This project will renovate approximately 312,420 GSF of the existing Robert A. Welch Hall building and will help transform the College of Natural Sciences (CNS) into a multidisciplinary program-based organization, thereby improving the ability to recruit and retain talented faculty and accommodate program growth projections. Renovation of the existing outdated, inefficient, and inflexible building will provide modern laboratory and classroom spaces, as well as new infrastructure to support the teaching and research mission of the College. The renovation will allow for flexible responses to changes in science research and education, and improved space utilization will allow CNS to achieve its strategic goals in terms of enrollment, research funding, and development of interdisciplinary programs. Design development plans and authorization of expenditure of funding will be presented to the Chancellor for approval at a later date. (Final Board approval)

U. T. M. D. Anderson Cancer Center: Sheikh Zayed Bin Sultan Al Nahyan Building for Personalized Cancer Care

This project consists of an approximately 636,000 GSF research building constructed on U. T. M. D. Anderson's main campus. The facility includes two research laboratory wings designed with an exterior public corridor that maximizes the flexibility to meet new and evolving technologies and will be joined with two adjacent office wings by a central collaboration core space in the middle. The facility includes clinical laboratories, translational and basic science research laboratory space, clinical programs, and other supporting space, such as equipment support areas, offices, and conferencing facilities to integrate the delivery of basic and clinical research in support of personalized cancer care. This increase in funding for this existing CIP project will allow U. T. M. D. Anderson to finish-out all interior space that has been shelled, with the exception of approximately 13,800 GSF on the second floor of the northwest tower. (Final Board approval)

**Table 1
Tuition Revenue Bond Project Additions/Modifications**

ACADEMIC INSTITUTIONS	PROJECT NAME*	PROJECT TYPE**	PROPOSED TOTAL PROJECT COST	TRB	RFS	GIFTS / INSTITUTIONAL FUNDS***	PROPOSED PUF
UT Arlington	Science and Engineering Innovation and Research Building	New	\$ 125,000,000	\$ 70,000,000	\$ 20,000,000	\$ 15,000,000	\$ 20,000,000
UT Austin	Robert A. Welch Hall Renovation*	R&R	\$ 125,000,000	\$ 75,000,000	\$ -	\$ 25,000,000	\$ 25,000,000
UT Dallas	Engineering Building	New	\$ 110,000,000	\$ 70,000,000	\$ 11,000,000	\$ 9,000,000	\$ 20,000,000
UT El Paso	Interdisciplinary Research Facility	New	\$ 85,000,000	\$ 70,000,000	\$ 5,000,000	\$ -	\$ 10,000,000
UT Permian Basin	School of Engineering Building	New	\$ 60,000,000	\$ 48,000,000	\$ -	\$ 8,000,000	\$ 4,000,000
UT Rio Grande Valley	Multipurpose Academic Center	New	\$ 36,432,000	\$ 36,432,000	\$ -	\$ -	\$ -
UT Rio Grande Valley	Interdisciplinary Engineering and Academic Studies Building	New	\$ 37,600,000	\$ 30,600,000	\$ -	\$ 2,000,000	\$ 5,000,000
UT San Antonio	Science and Engineering Building	New	\$ 100,000,000	\$ 70,000,000	\$ -	\$ 20,000,000	\$ 10,000,000
UT Tyler	STEM Building	New/R&R	\$ 76,000,000	\$ 60,000,000	\$ -	\$ 5,000,000	\$ 11,000,000
Total - Academic Institutions			\$ 755,032,000	\$ 530,032,000	\$ 36,000,000	\$ 84,000,000	\$ 105,000,000
HEALTH INSTITUTIONS	PROJECT NAME*	PROJECT TYPE**	PROPOSED TOTAL PROJECT COST	TRB	RFS	GIFTS / INSTITUTIONAL FUNDS***	PROPOSED PUF
UT Southwestern Medical Center	Vivarium and Research Infrastructure Reinvestment	R&R/New	\$ 147,500,000	\$ 80,000,000	\$ 34,000,000	\$ 33,500,000	\$ -
UT Medical Branch - Galveston	Health Education Center	New	\$ 90,400,000	\$ 67,800,000	\$ -	\$ 22,600,000	\$ -
UT Health Science Center - Houston	Renovation and Modernization of Educational and Research Facilities	R&R	\$ 111,360,000	\$ 80,000,000	\$ 31,360,000		\$ -
UT Health Science Center - San Antonio	Facilities Renewal and Renovation	R&R	\$ 96,000,000	\$ 80,000,000	\$ -	\$ 10,000,000	\$ 6,000,000
UT MD Anderson Cancer Center	Sheikh Zayed Bin Sultan Nahyan Building for Personalized Cancer Care*	New	\$ 361,000,000	\$ 70,000,000	\$ -	\$ 291,000,000	\$ -
UT Health Science Center - Tyler	Facility Renovation for Physician Residents Training	R&R	\$ 18,500,000	\$ 14,800,000	\$ -	\$ -	\$ 3,700,000
Total - Health Institutions			\$ 824,760,000	\$ 392,600,000	\$ 65,360,000	\$ 357,100,000	\$ 9,700,000
Total - Academic and Health Institutions			\$ 1,579,792,000	\$ 922,632,000	\$ 101,360,000	\$ 441,100,000	\$ 114,700,000

* All Academic and Health projects are proposed to be added to the FY2016 - 2021 Capital Improvement Program with the exception of UTAUS and UTMDA projects which will be CIP modifications to current projects as per Table 2.

** New Construction (New) projects will return to the Board of Regents for Design Development Approval; Repair and Rehabilitation (R&R) Projects will receive Design Development Approval by the Chancellor or the institutional president.

*** Final sources of institutional funding will be defined at Design Development Approval.

**Table 2
Current CIP Project Funding Modifications**

ACADEMIC INSTITUTION	PROJECT NAME	PROJECT TYPE	CURRENT TOTAL PROJECT COST	NEW TOTAL PROJECT COST	CURRENT FUNDING			PROPOSED FUNDING		
					TRB	GIFTS	OTHER FUNDING	TRB	GIFTS	OTHER FUNDING *
UT Austin	Robert A. Welch Hall Renovation	R & R	\$ 25,000,000	\$ 125,000,000	\$ -	\$ 25,000,000	\$ -	\$ 75,000,000	\$ -	\$ 50,000,000

HEALTH INSTITUTION	PROJECT NAME	PROJECT TYPE	CURRENT TOTAL PROJECT COST	NEW TOTAL PROJECT COST	CURRENT FUNDING			PROPOSED FUNDING		
					TRB	GIFTS	OTHER FUNDING **	TRB	GIFTS	OTHER FUNDING **
UT MD Anderson Cancer Center	Sheikh Zayed Bin Sultan Nahyan Building for Personalized Cancer Care	New	\$ 272,800,000	\$ 361,000,000	\$ -	\$ 100,000,000	\$ 172,800,000	\$ 70,000,000	\$ 100,000,000	\$ 191,000,000

* Other funds, including \$22.6M from Unexpended Plant Funds and \$2.4M from Available University Fund, were previously appropriated; \$25M from PUF to be appropriated in this agenda item.

** Other funds, including \$100M from Gifts and \$172.8M from Hospital Revenues, were previously appropriated; \$18.2M additional funding from Hospital Revenues to be appropriated in this agenda item.

6. U. T. Medical Branch - Galveston: Biocontainment Critical Care Unit - Amendment of the FY 2016-2021 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 Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Callender that the U. T. System Board of Regents amend the FY 2016-2021 Capital Improvement Program (CIP) to include the Biocontainment Critical Care Unit project at U. T. Medical Branch - Galveston (UTMB) as follows:

Project No.: 601-XXE
Institutionally Managed: Yes
Project Delivery Method: Competitive Sealed Proposals
Substantial Completion Date: June 2017

Total Project Cost:	<u>Source</u>	<u>Proposed</u>
	General Revenue ¹	\$ 8,200,000
	Hospital Revenues ²	<u>\$ 3,500,000</u>
		\$11,700,000

Funding Note: ¹ General Revenue from the Legislative appropriation from House Bill 2
² Hospital Revenues from contracted support from the Department of State Health Services

- a. amend the FY 2016-2021 CIP to include the Biocontainment Critical Care Unit project;
- b. approve a total project cost of \$11,700,000 with funding of \$8,200,000 from General Revenue and \$3,500,000 from Hospital Revenues;
- c. appropriate funds; and
- d. authorize U. T. Medical Branch - Galveston to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

BACKGROUND INFORMATION

In response to the events of September 2014 surrounding the Ebola infectious disease pandemic, UTMB leadership and emergency room staff have established a full set of protocols and workflows related to preparedness for specialized patient management, including for the triage, diagnosis, isolation, and care of patients as well as access control, waste monitoring and transport, protective equipment, risk assessment, staffing, and training for the nursing staff.

The proposed project will allow UTMB to admit and treat four patients diagnosed with or suspected of having a disease that poses extraordinary risk to the population, especially those diseases designated for quarantine by the Centers for Disease Control and Prevention (CDC) and other competent health authorities. The Biocontainment Critical Care Unit will be designed with appropriate technology and facility systems capable of isolation, redundancy, and sustainable operations. Spaces provided will be of such a size and configuration to enable sustained patient care by staff under the duress of extended operations while under biocontainment isolation protocols. The facility improvements requested are an escalation of capability that responds to both the research and health care missions of the institution.

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 UTMB Facility Management personnel who have the experience and capability to manage all aspects of the work, especially as it requires extensive coordination with the building occupants.

7. U. T. Medical Branch - Galveston: John Sealy Hospital Phase 2 Modernization and Facade Replacement - Amendment of the FY 2016-2021 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; approval of institutional management; resolution regarding parity debt; and remove the John Sealy Hospital Facade Replacement project (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 amend the FY 2016-2021 Capital Improvement Program (CIP) to include the John Sealy Hospital Phase 2 Modernization and Facade Replacement project at U. T. Medical Branch - Galveston (UTMB) as follows:

Project No.: 601-860
Institutionally Managed: Yes
Project Delivery Method: Construction Manager-at-Risk
Substantial Completion Date: February 2020

Total Project Cost: John Sealy Hospital Phase 2 Modernization and Facade Replacement (Project No. 601-860)	<u>Source</u> Gifts Revenue Financing System Bond Proceeds ¹ Hospital Revenues	<u>Proposed</u> \$ 75,000,000 \$ 40,000,000 <u>\$ 20,000,000</u> \$135,000,000
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Total Project Cost: John Sealy Hospital Facade Replacement (Project No. 601-767)	<u>Source</u> Gifts	<u>Current</u> \$25,000,000	<u>Proposed</u> \$ 0
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Funding Note: ¹ Revenue Financing System (RFS) proposed to be repaid from hospital revenues

- a. amend the FY 2016-2021 CIP to include the John Sealy Hospital Phase 2 Modernization and Facade Replacement project;
- b. approve a total project cost of \$135,000,000;
- c. appropriate funds of \$75,000,000 from Gifts, \$40,000,000 from RFS Bond Proceeds, and \$20,000,000 from Hospital Revenues;
- d. authorize U. T. Medical Branch - Galveston to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts;
- 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 \$40,000,000; and
- f. remove the John Sealy Hospital Facade Replacement project from the CIP.

BACKGROUND INFORMATION

Debt Service

The \$40,000,000 in Revenue Financing System (RFS) debt will be repaid from revenues derived from hospital revenues. Annual debt service on the \$40,000,000 RFS debt is expected to be \$2,700,000. The institution's debt service coverage is expected to be at least 2.5 times and average 2.9 times over FY 2016-2021. The Gift funding authorized for expenditure is fully committed at this time, and the institution has sufficient local funds to cover any shortfall.

Previous Board Action

On February 14, 2013, the John Sealy Hospital Facade Replacement project was included in the CIP with a total project cost of \$25,000,000 with funding from Gifts.

Project Description

The proposed project will combine Phase 2 of the John Sealy Hospital Modernization and the previously approved scope of the John Sealy Hospital Facade Replacement into one project to minimize disruption to patient care by vacating an entire wing of the building and completing the exterior facade replacement and interior modernization simultaneously. The project consists of modernizing 220,000 gross square feet of the John Sealy Hospital and creating a women's center with labor and delivery suites, patient rooms, neonatal ICU, well-baby nursery, operating rooms, waiting areas, and other patient amenities. The renovation will provide infrastructure upgrades, including a sprinkler system installation on floors that were not part of the Phase I modernization, and renovation of floors three through five of the R. Waverley Smith Pavilion. Phase I of the modernization commenced in 2009 and was completed in 2012.

The scope of the previously approved John Sealy Hospital Facade Replacement project addresses the removal of the existing problematic brick facade, repairs to the substrate, a new waterproofing system, and recladding with new brick veneer and potentially other facade materials that will visually connect the John Sealy Hospital to the adjacent health care buildings.

The initial project cost was based on reusing the existing window system assemblies. However, after detailed engineering analysis, this option was not found to be feasible, and the increase in cost is a result of a new curtain wall system and creation of a more efficient floor plate for the patient units by extending the structural slab. The John Sealy Hospital Facade Replacement project will be removed from the CIP.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. The institution anticipates that the gift funding will be fully collected or committed prior to design development approval and the institution possesses sufficient local funds to cover any shortfall. 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 UTMB Facility Management personnel who have the experience and capability to manage all aspects of the work, especially as it requires extensive coordination with the building occupants. The Office of Facilities Planning and Construction will provide construction management and other services identified in an approved Memorandum of Understanding.

8. U. T. M. D. Anderson Cancer Center: M. D. Anderson - League City - Amendment of the FY 2016-2021 Capital Improvement Program to include project (Preliminary Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President DePinho that the U. T. System Board of Regents amend the FY 2016-2021 Capital Improvement Program (CIP) to include the M. D. Anderson - League City project at U. T. M. D. Anderson Cancer Center as follows:

Project No.:	703-955	
Institutionally Managed:	Yes	
Project Delivery Method:	Construction Manager-at-Risk	
Substantial Completion Date:	April 2018	
Total Project Cost:	<u>Source</u> Hospital Revenues	<u>Proposed</u> \$87,750,000
Investment Metrics:	<ul style="list-style-type: none"> • Construct regional ambulatory regional care facility to replace leased facility • Serve patient population in the Southeast Houston area 	

BACKGROUND INFORMATION

Project Description

The proposed project will include the programming, design, and construction of an ambulatory clinical facility, which is expected to be approximately 135,000 gross square feet. The League City facility, to be located on land owned by U. T. Medical Branch - Galveston (UTMB) (see Consent Agenda Item 96), will provide outpatient oncology services to adult patients in line with that of a comprehensive cancer center, including radiation, medical, and surgical oncology, infusion therapy, diagnostic imaging, and other related procedure-based services.

The U. T. M. D. Anderson Cancer Center suburban strategy is an ongoing program created to advance the institution's mission of eliminating cancer by collaborating with community hospitals and health systems to improve the quality of cancer care in the Greater Houston area. The suburban outpatient clinics provide access to the institution's best practices, leading edge technologies, patient treatment protocols, education, research and U. T. M. D. Anderson Cancer Center's unique multidisciplinary, patient care approach through diagnostic and treatment centers.

U. T. M. D. Anderson Cancer Center currently leases about 37,000 rentable square feet (RSF) of space for its Bay Area facility, which is located southeast of the Greater Houston area. This proposed clinical facility will serve as a replacement for the leased facility, will serve patients in Galveston Bay area southeast of Houston, and will be designed and constructed to facilitate

expansion in the future. The lease on the current M. D. Anderson Bay Area location is due to expire in 2017.

The Bay Area clinic has experienced consistent growth that required incremental addition of space to create enough capacity for market demand. The amount of rented square feet has grown by almost 200% from the original amount of space leased in 2007, and the facility is now at maximum capacity. The current space is landlocked, and there is no room for further expansion even if the lease were to be extended. No other buildings that meet all the requirements for this facility are available for lease in the immediate area. Additionally, leasing space is not conducive to providing patient-centered care in an oncology specific care environment. By locating this clinic at UTMB's League City facility, both M. D. Anderson and UTMB will have the opportunity for shared utilization of inpatient beds, operating rooms, existing general imaging resources, interventional radiology and endoscopy. Financial, program, and space availability considerations all indicate that building this facility is the most appropriate and advantageous way for U. T. M. D. Anderson Cancer Center to continue regional expansion and meet patient demand.

Major medical equipment estimated at \$24,675,000 is to be acquired outside of the project through the capital equipment procurement process.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. It is anticipated that the project will be partially or fully funded with Revenue Financing System Bond Proceeds debt at the design development stage. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. Pursuant to a Memorandum of Understanding effective August 26, 2004, U. T. M. D. Anderson Cancer Center has delegated authority for institutional management of construction projects under the continued oversight of the Office of Facilities Planning and Construction.

9. U. T. M. D. Anderson Cancer Center: M. D. Anderson - West Houston - Amendment of the FY 2016-2021 Capital Improvement Program to include project (Preliminary Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President DePinho that the U. T. System Board of Regents amend the FY 2016-2021 Capital Improvement Program (CIP) to include the M. D. Anderson - West Houston project at U. T. M. D. Anderson Cancer Center as follows:

Project No.:	703-956	
Institutionally Managed:	Yes	
Project Delivery Method:	Construction Manager-at-Risk	
Substantial Completion Date:	May 2018	
Total Project Cost:	<u>Source</u> Hospital Revenues	<u>Proposed</u> \$113,750,000
Investment Metrics:	<ul style="list-style-type: none"> • Construct a regional ambulatory care facility to replace leased facility • Serve patient population in the West Houston area 	

BACKGROUND INFORMATION

Project Description

The proposed scope of the project will include the development of a generic facility program for suburban ambulatory clinical facilities, master planning for the West Houston site, and the programming, design, and construction of an ambulatory clinical facility. The approximately 175,000 gross square foot West Houston facility, to be built on land already owned by U. T. M. D. Anderson Cancer Center, will provide outpatient oncology services to adult patients in line with that of a comprehensive cancer center, including radiation, medical, and surgical oncology, infusion therapy, diagnostic imaging, and other related procedure-based services.

The U. T. M. D. Anderson Cancer Center suburban strategy is an ongoing program created to advance the institution's mission of eliminating cancer by collaborating with community hospitals and health systems to improve the quality of cancer care in the Greater Houston area. The suburban outpatient clinics provide access to the institution's best practices, leading edge technologies, patient treatment protocols, education, research, and U. T. M. D. Anderson Cancer Center's unique multidisciplinary, patient care approach through diagnostic and treatment centers.

This proposed clinical facility will serve as a replacement for leased facilities in West Houston and will be designed and constructed to facilitate expansion in the future. The lease on the current M. D. Anderson Cancer Center location in Katy is due to expire in 2017. The clinical space has been sold to Houston Methodist, and the majority of the campus has been converted to a Long-Term Acute Care center, resulting in a less than ideal location to support a comprehensive cancer program.

The Katy clinic has experienced consistent growth that required incremental addition of space to create enough capacity for market demand. The amount of rented square feet has grown by almost 170% from the original amount of space leased in 2007, and the facility is now at maximum capacity. No other buildings that meet all the requirements for this facility are available for lease in the immediate area. Additionally, leasing space is not conducive to providing patient-centered care in an oncology specific care environment. Financial, program, and space availability considerations all indicate that building this facility is the most appropriate and advantageous way for U. T. M. D. Anderson Cancer Center to continue regional expansion and meet patient demand.

Major medical equipment estimated at \$41,675,000 is to be acquired outside of the project through the capital equipment procurement process.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. It is anticipated that the project will be partially or fully funded with Revenue Financing System Bond Proceeds debt at the design development stage. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. Pursuant to a Memorandum of Understanding effective August 26, 2004, U. T. M. D. Anderson Cancer Center has delegated authority for institutional management of construction projects under the continued oversight of the Office of Facilities Planning and Construction.

10. U. T. Dallas: Davidson-Gundy Alumni Center - Amendment of the FY 2016-2021 Capital Improvement Program to increase total project cost; 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 Interim President Wildenthal that the U. T. System Board of Regents approve the recommendations for the Davidson-Gundy Alumni Center project at U. T. Dallas as follows:

Project No.: 302-842

Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: April 2017

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Gifts	\$10,000,000	\$15,000,000

Investment Metrics:

- Attract outstanding tenure-track faculty to support the University's Strategic Plan Imperative of growing to a total of 600 - 700 tenure-track faculty by 2020
- Attract research funding in support of the University's Strategic Plan Imperative of increasing the University's endowment by \$320 million by 2019

- a. amend the FY 2016-2021 Capital Improvement Program (CIP) to increase the total project cost from \$10,000,000 to \$15,000,000;
- b. approve design development plans; and
- c. appropriate funds and authorize expenditure of \$15,000,000 with funding from Gifts.

BACKGROUND INFORMATION

Previous Board Action

On May 15, 2014, the project was included in the CIP with a total project cost of \$10,000,000 with funding from Gifts.

Project Description

The proposed project will construct an approximately 29,900 gross square foot (GSF) building to be utilized as a meeting and event space for U. T. Dallas schools and departments, student groups, alumni, and community organizations. The proposed facility will include two conference rooms accommodating seating for 25-30; one 45-60 seat conference room; a grand ballroom providing a premier venue for major events with seating for 400-450 guests or 1,000 lecture style; an executive board room; and an approximately 33,000 GSF functional outdoor space for

private events, student activities, musical programs, and other special programming. The facility will also include office space for staff members of the Office of Development and Alumni Relations to support a significant increase in staffing levels for alumni relations and fundraising. The facility will also serve as a central home to acknowledge the accomplishments of U. T. Dallas alumni, including displays of past recipients of the Distinguished Alumni Award and other formal recognitions.

The University's imperative to grow in size and increase external research funding also leads to a need for space dedicated to emphasizing and increasing private gifts and endowment funds. Though tuition and state funds support the basic essentials, private gifts from alumni and friends provide the additional necessities that U. T. Dallas needs to succeed and to become a Tier One university.

The Gift funding authorized for expenditure is fully collected or committed at this time, and the institution has sufficient local funds to cover any shortfall.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 25-30 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. 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.

11. U. T. Rio Grande Valley: Academic Building - 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 Bailey that the U. T. System Board of Regents approve the recommendations for the Academic Building project at U. T. Rio Grande Valley as follows:

Project No.: 903-B825

Project Delivery Method: Construction Manager-at-Risk

Substantial Completion Date: November 2017

Total Project Cost:	<u>Source</u>	<u>Current</u>
	Permanent University Fund (PUF) Bond Proceeds	\$54,000,000

Investment Metrics:

- Expand University's ability to offer classes to approximately 1,383 students
- Vacate 56,475 gross square feet of leased space by 2018

- a. approve design development plans; and
- b. appropriate funds and authorize expenditure of \$54,000,000 from PUF Bond Proceeds.

BACKGROUND INFORMATION

Previous Board Actions

On November 14, 2013, the Board approved \$54,000,000 from PUF Bond Proceeds for a new academic building to be built on the existing U. T. Brownsville campus for the benefit of U. T. Rio Grande Valley. On May 15, 2014, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$54,000,000 with funding from PUF Bond Proceeds.

Project Description

The Academic Building at U. T. Rio Grande Valley - Brownsville will construct an approximately 102,500 gross square foot facility that will provide space necessary to accommodate current and future needs to support general academics, music instruction and recitals, math and language labs, and science teaching labs. The project will construct two three-story wings in support of 21st century classroom and teaching pedagogies by providing group study rooms, student collaboration spaces, flexible classrooms, and teaching labs supported with AV and IT technologies for long distance and enhanced learning.

The project will relocate and consolidate functions that are currently located in leased space into one area, creating efficiencies. The project site is located adjacent to the existing Main Building in the core of the main Cameron County campus, which supports, enhances, and reinforces the current network of walks and pedestrian circulation paths throughout the campus.

The Academic Building will be built on the U. T. Brownsville Cameron County campus for the benefit of U. T. Rio Grande Valley. As with the new Science Building to be built on the U. T. Pan American campus, this academic facility will be designed and constructed to provide space that is adaptable to new and future learning realities and pedagogies and to serve students at two campuses.

Basis of Design

The planned life expectancy includes the following elements:

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

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

12. U. T. Southwestern Medical Center: West Campus - Phase 1 - Amendment of the FY 2016-2021 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 Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Podolsky that the U. T. System Board of Regents approve the recommendations for the West Campus - Phase 1 project at U. T. Southwestern Medical Center as follows:

Project No.: 303-771
Institutionally Managed: Yes
Project Delivery Method: Construction Manager-at-Risk
Substantial Completion Date: April 2018

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds ¹	\$107,000,000	\$120,000,000
	Permanent University Fund Bond Proceeds	\$ 50,000,000	\$ 50,000,000
	Gifts	\$ 20,000,000	\$ 25,000,000
	Designated Funds ²	<u>\$ 10,000,000</u>	<u>\$ 37,000,000</u>
		\$187,000,000	\$232,000,000

Funding Notes:
¹ Revenue Financing System (RFS) debt to be repaid from faculty practice revenue, Hospital Revenues, parking fees, and other institutional funds
² Designated Funds from Hospital Revenues and other institutional funds

Investment Metric:

- Add approximately 200,000 incremental patient visits annually by 2022

- a. amend the FY 2016-2021 Capital Improvement Program (CIP) to increase the total project cost from \$187,000,000 to \$232,000,000;
- b. approve design development plans;
- c. appropriate funds and authorize expenditure of \$232,000,000 with funding of \$120,000,000 from RFS Bond Proceeds, \$38,000,000 from Permanent University Fund (PUF) Bond Proceeds (\$12,000,000 previously appropriated and authorized for expenditure on November 6, 2014), \$25,000,000 from Gifts, and \$37,000,000 from Designated Funds; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;

- sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
- U. T. Southwestern Medical Center, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$120,000,000.

BACKGROUND INFORMATION

Debt Service

The \$120,000,000 in RFS debt will be repaid from revenues derived from faculty practice revenue, Hospital Revenues, parking fees, and other institutional funds. Annual debt service on the \$120,000,000 RFS debt is expected to be \$7,800,000. The institution's debt service coverage is expected to be at least 2.6 times and average 3.0 times over FY 2016-2021. The Gift funding authorized for expenditure is not fully collected or committed at this time, but the institution has sufficient local funds to cover any shortfall.

Previous Board Actions

On May 9, 2013, the project was included in the CIP with a total project cost of \$187,000,000 with funding of \$107,000,000 from RFS Bond Proceeds, \$60,000,000 from Designated Funds, and \$20,000,000 from Gifts. On November 14, 2013, the Board approved \$50,000,000 from PUF and on May 22, 2014, the President reduced Designated Funds by \$50,000,000. On November 6, 2014, the Board authorized expenditure of \$12,000,000 from PUF for preliminary development work.

Project Description

This project is the first phase of the redevelopment of West Campus to replace 1.1 million square feet of space, built in five phases over approximately 20 years. The West Campus Master Plan calls for the eventual demolition of all existing facilities on the West Campus, with the exception of the Outpatient Building, which was constructed in 2006. The estimated total cost of the replacement facilities is \$875 million. This first phase of the West Campus Master Plan includes construction of a nine-story, approximately 302,500 gross square foot building proposed for academic space and clinical use.

Academic space in the new building will include an innovative high-tech simulation center of 20 standardized patient exam rooms; four mock operative, obstetrical, ICU, and emergency rooms; and six high-fidelity team training rooms. Clinical space will include approximately 220 exam and procedure rooms for multiple specialties. This project will also include construction of streets, utilities, and an 805-space parking garage and will include the demolition of the current St. Paul University Hospital facility.

The proposed increase in total project cost is due to the increase in scope from an approximately 275,000 GSF to a 302,500 GSF building, additional high-tech rooms and equipment, and additional connectors and demolition. In addition, the garage is partially below grade and will include a more complex structure to fit the site.

Basis of Design

The planned 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 buildings on campus. 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.

13. U. T. Health Science Center - San Antonio: MARC North Clinical Facility - 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 Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Henrich that the U. T. System Board of Regents approve the recommendations for the MARC North Clinical Facility project at U. T. Health Science Center - San Antonio as follows:

Project No.: 402-908

Project Delivery Method: Construction Manager-at-Risk

Substantial Completion Date: November 2016

Total Project Cost:	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds ¹	\$ 8,940,000
	Medical Services, Research and Development Plan/Professional Fees	<u>\$ 7,810,000</u>
		\$16,750,000

Funding Note: ¹ Revenue Financing System (RFS) to be repaid from clinical revenues

- Investment Metrics:**
- Expand primary care and multispecialty services tailored to needs of patients
 - Increase patient visits by almost 50,000 within five years
 - Increase clinical fee-for-service revenues by \$1.9 million in one year and grow to \$6.5 million by year five
 - Reduce current space deficit of 224,400 square feet

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$16,750,000 with funding of \$8,940,000 from RFS Bond Proceeds and \$7,810,000 from Medical Services, Research and Development Plan/Professional Fees (MSRDP); 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. Health Science Center - San Antonio, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$8,940,000.

BACKGROUND INFORMATION

Debt Service

The \$8,940,000 in Revenue Financing System (RFS) debt will be repaid from clinical revenues. Annual debt service on the \$8,940,000 RFS debt is expected to be \$658,000. The debt service coverage for the institution is expected to be at least 2.9 times and average 3.2 times over FY 2016-2021.

Previous Board Action

On February 12, 2015, the project was included in the CIP with a total project cost of \$16,750,000 with funding of \$8,940,000 from RFS Bond Proceeds and \$7,810,000 from MSRDP.

Project Description

This project will provide a new ambulatory multispecialty clinical services center in North San Antonio. This clinical facility will serve as a gateway for referring patients who need additional services by improving patient access. The facility will provide services not provided at the Medical Arts and Research Center (MARC); provide expanded teaching venues for students and trainees; enhance clinical research; and expand the patient base of private and commercial patients. The project will construct an approximately 18,000 gross square foot commercial-grade facility to include exam rooms, conference rooms, offices for physicians, waiting rooms, and a full-service imaging center with an MRI, CT Scan, and general X-ray facilities.

U. T. Health Science Center - San Antonio has embarked on a clinical transformation plan that includes expanding and diversifying the services of the institution's thriving academic medical practice throughout San Antonio. The current primary outpatient practice site, the MARC in the South Texas Medical Center, will expand its functional clinical space locations beyond the South Texas Medical Center. This proposed satellite clinic will provide services in a developing location where demographic studies have shown a need for both high quality primary care and subspecialty medical services.

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 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.

14. U. T. Austin: Whitaker Fields and Tennis Complex Renovation - Amendment of the FY 2016-2021 Capital Improvement Program to revise funding sources; appropriation of funds; and resolution regarding parity debt (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Fenves that the U. T. System Board of Regents approve the recommendations for the Whitaker Fields and Tennis Complex Renovation project at U. T. Austin as follows:

Project No.: 102-488
Project Delivery Method: Construction Manager-at-Risk
Substantial Completion Date: October 2016

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Gifts	\$23,000,000	\$ 1,200,000
	Revenue Financing System Bond Proceeds ¹	\$ 0	\$16,000,000
	Auxiliary Enterprises Balances ²	\$ 0	\$ 5,800,000
		<u>\$23,000,000</u>	<u>\$23,000,000</u>

Funding Notes: ¹ Revenue Financing System debt proposed to be repaid from student fees previously approved
² Auxiliary Enterprises Balances from balances from Recreational Sports and University Operating Reserves

- a. amend the FY 2016-2021 Capital Improvement Program (CIP) to include Revenue Financing System (RFS) Bond Proceeds and Auxiliary Enterprises Balances as funding sources;
- b. appropriate funds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. 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 \$16,000,000.

BACKGROUND INFORMATION

Debt Service

The \$16,000,000 in aggregate RFS debt will be repaid from previously approved student fees. Annual debt service on the \$16,000,000 RFS debt is expected to be \$1,040,823. The debt service coverage for the institution is expected to be at least 1.4 times and average 1.9 times over FY 2016-2021. The Gift funding authorized for expenditure is fully collected or committed at this time, and the institution has sufficient local funds to cover any shortfall.

Previous Board Action

On May 14, 2009, the project was included in the CIP with a total project cost of \$23,000,000 with funding from Gifts.

Project Description

Whitaker Fields is an important and heavily used University venue that is in need of restoration and improvement. As part of the Division of Student Affairs, Recreational Sports supports and complements the University's academic and public service objectives, assists in fulfilling the University's core purpose and values, and contributes to the University's disciplined culture of excellence. Beginning its 99th year on campus, Recreational Sports enjoys tremendous support among students with 400 flag football teams, 300 softball teams, and 250 soccer teams using the fields annually. The site is also home to multiple nationally-ranked sport clubs, including archery and men's and women's soccer, rugby, and lacrosse. The facility also serves as a venue for numerous conference and national tournaments, as well as for over 250 student organization tournaments and special events each year. In addition to recreation, the complex also accommodates a variety of academic classes offered through the Department of Kinesiology and Health Education, along with an expanding list of camps and special events sponsored by U. T. Austin departments and student organizations. Altogether, 40% of U. T. Austin students participate in activities at Whitaker Fields annually. (See [Academic Affairs Committee Item 2](#) regarding a related honorific naming of Whitaker Fields.)

Located at 51st and Guadalupe Streets since 1967, the existing complex was last renovated in 1981, and in this span of 34 years the extensive use and outdoor environment have taken a toll on the facility and its fixtures and equipment. This request to revise funding will allow the project to move forward and will not affect the total project cost. The scope of this renovation project consists of replacing and/or refurbishing infrastructure, support facilities, and operating systems, along with improving the appeal and functionality through updated components and new features. The project will restore existing grass fields and add synthetic fields; replace irrigation, plumbing, electrical, lighting, and security systems; improve drainage and grading systems; and demolish and replace the support facilities. The project will repair tennis courts and install bleacher seating, a new public address system, and perimeter fencing.

Design development plans and authorization of expenditure of funding will be presented to the Chancellor for approval at a later date.



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FOR
TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE**

Committee Meeting: 8/19/2015

Board Meeting: 8/20/2015
Austin, Texas

Wallace L. Hall, Jr., Chairman
Ernest Aliseda
Alex M. Cranberg
Brenda Pejovich
Sara Martinez Tucker

	Committee Meeting	Board Meeting	Page
Convene	<i>11:30 a.m.</i> <i>Chairman Hall</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration	<i>11:30 a.m.</i> Action	Action	315
2. U. T. M. D. Anderson Cancer Center: Report on activities related to development of industry research partnerships that advance funding and capabilities in discovery of cancer drugs and therapeutics	<i>11:31 a.m.</i> Report/Discussion <i>President DePinho</i> <i>Dr. Hurn</i>	Not on Agenda	316
3. U. T. Austin: Report on activities related to development of industry research partnerships that advance funding and capabilities of the discovery mission	<i>11:40 a.m.</i> Report/Discussion <i>President Fennes</i> <i>Dr. Hurn</i>	Not on Agenda	330
4. U. T. System: Discussion and appropriate action regarding proposed revision of Regents' Rules and Regulations, Series 90000, concerning Intellectual Property, to amend and combine Rules 90101 - 90106 into a new Rule 90101	<i>11:50 a.m.</i> Action <i>President Karbhari</i> <i>Dr. Hurn</i>	Action	340
5. U. T. System: Update on the U. T. Horizon Fund portfolio	<i>12:00 p.m.</i> Report/Discussion <i>Ms. Goonewardene</i>	Not on Agenda	360
6. U. T. System: Allocation of \$10 million of Available University Funds for the U. T. Horizon Fund	<i>12:20 p.m.</i> Action <i>Dr. Hurn</i> <i>Ms. Goonewardene</i>	Action	373
Adjourn	<i>12:30 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. M. D. Anderson Cancer Center: Report on activities related to development of industry research partnerships that advance funding and capabilities in discovery of cancer drugs and therapeutics**

REPORT

President DePinho will report on activities at U. T. M. D. Anderson Cancer Center related to development of industry research partnerships that advance funding and capabilities in the discovery of cancer drugs and therapeutics. President DePinho's presentation is set forth on the following pages.

Innovative Partnerships, Agreements, and Sustainability

U. T. System Board of Regents' Meeting
Technology Transfer and Research Committee

August 2015

Ronald DePinho, M.D.
President, U. T. M. D. Anderson Cancer Center

Building a Sustainable Future To Fulfill Our Mission

Increased Expenses + Decreased Reimbursement + Decreased Grant Funding = Limited Mission Support

Proactive measures can close the gap:

- Diversify our revenue stream
- Enhance translation of discoveries via collaboration with the private sector through:
 - Strategic Alliances with Big Pharma
 - Risk-sharing agreements with smaller biotechs
 - Asset Development Corporations (ADCo) for individual drug candidates
 - New Company (NewCo) formation
 - Creative, best-in-class deal structures that maximize value and allow us to retain control
- Move from one-off deals to multi-trial, long-term, innovative agreements

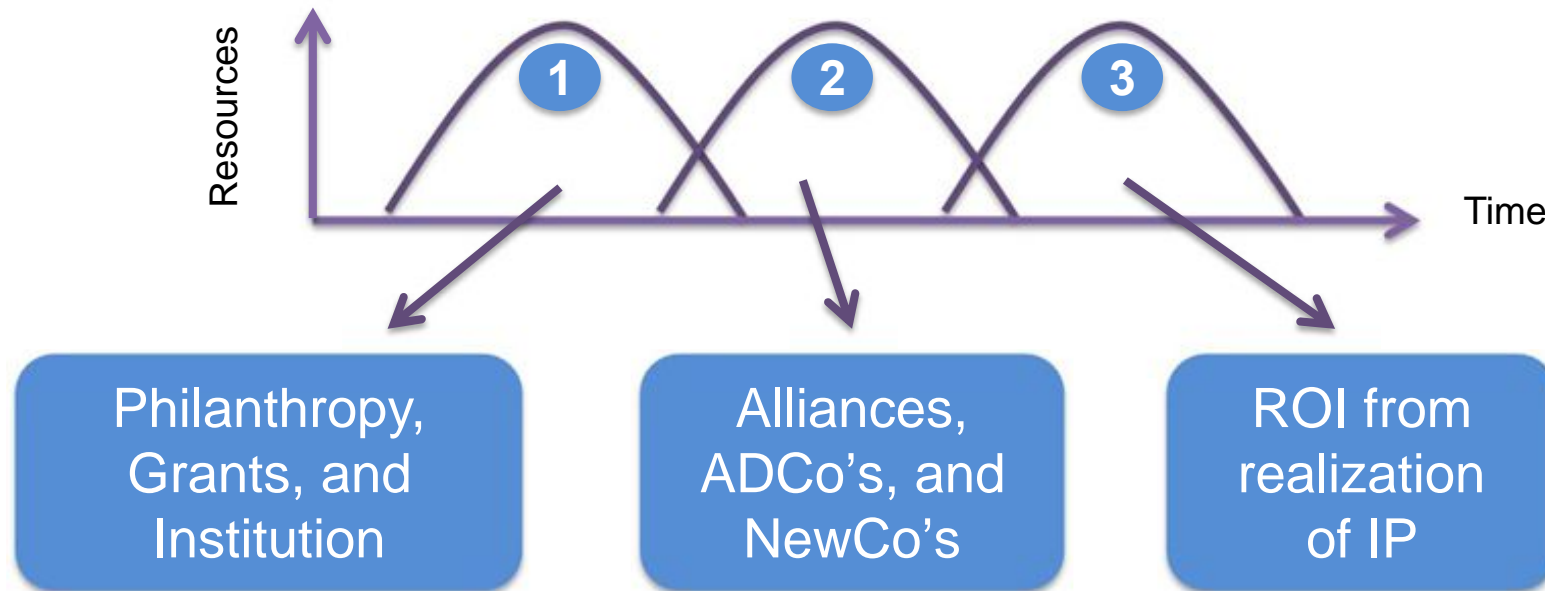
Fulfilling Our Solemn Responsibility To Our Patients, Future Generations

*“Knowing is not enough;
we must apply.
Willing is not enough;
we must do.”*



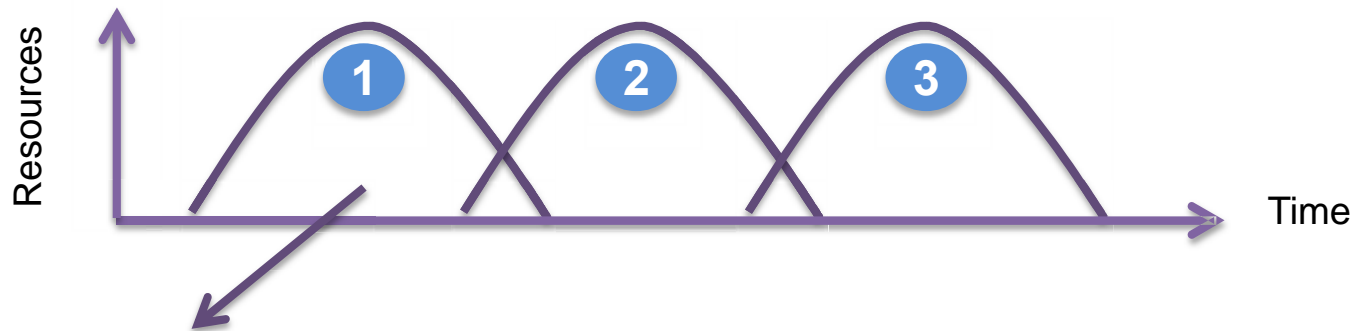
Johann Wolfgang von Goethe

Developing a Sustainable Model for Mission Support



The most important “return” = increasing number of novel agents for our patients

Developing a Sustainable Model for Mission Support (cont.)

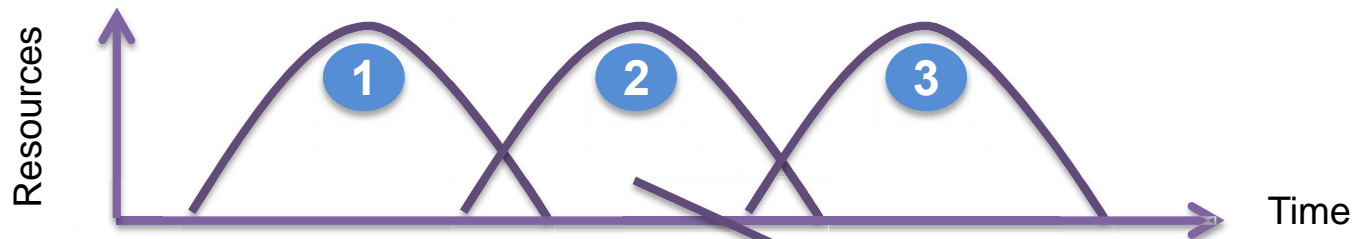


Philanthropy,
Grants, and
Institution

Philanthropy, grants, and institutional support are fundamental to achieve “escape velocity”

- Explore and validate new ideas
- Retain control to ensure more accurate clinical development
- Avoid premature birth of new companies and partnerships

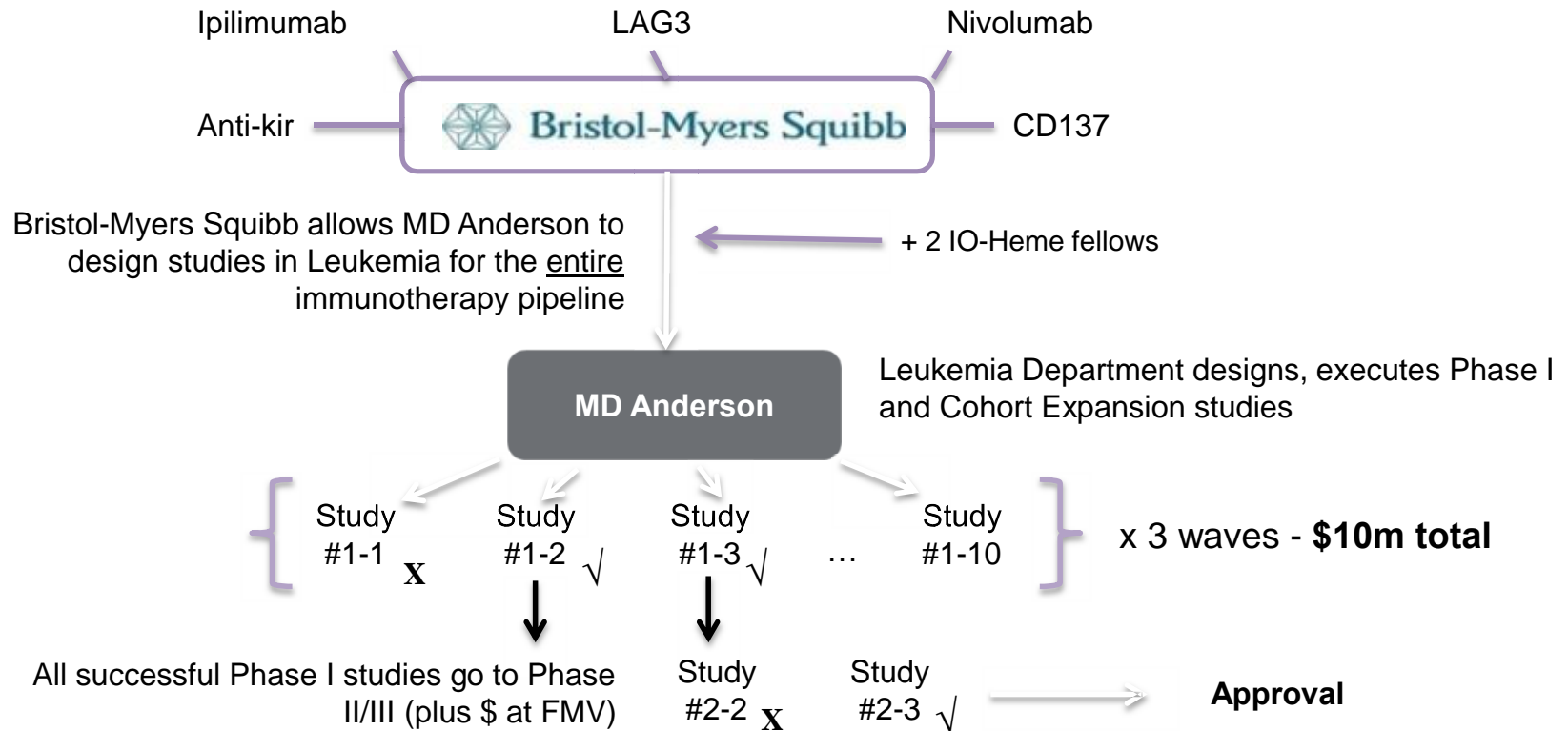
Developing a Sustainable Model for Mission Support (cont.)



- Efficient translation requires productive collaboration with private sector.
- Achieved via Strategic Alliances with Big Pharma, risk-sharing agreements with smaller biotechs, ADCo's for individual drug candidates, or NewCo formation.
- **All arrangements are guided by our conflict of interest rules to preserve research integrity and the safety of our patients.**

Alliances,
ADCo's, and
NewCo's

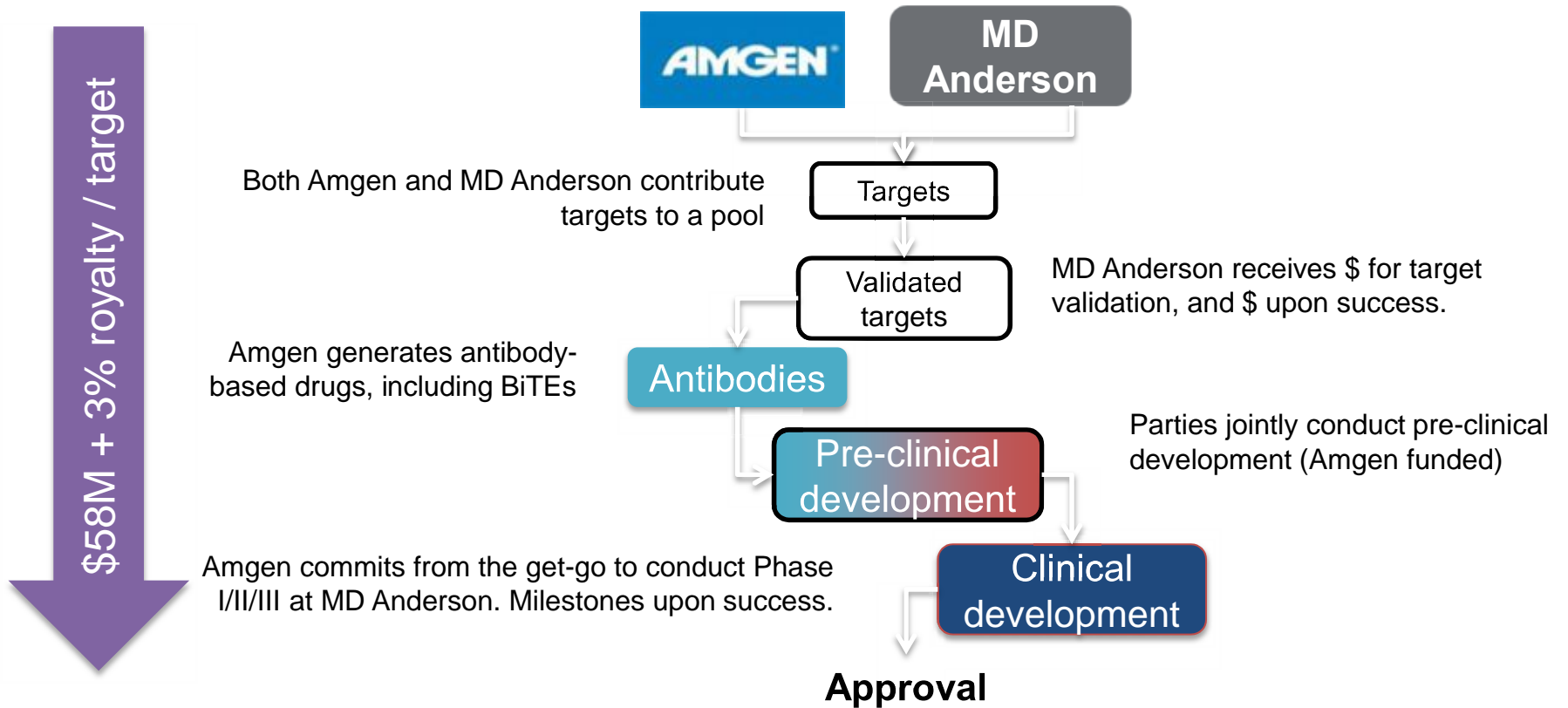
Strategic Alliance in Leukemia Securing the Bristol-Myers Squibb Pipeline



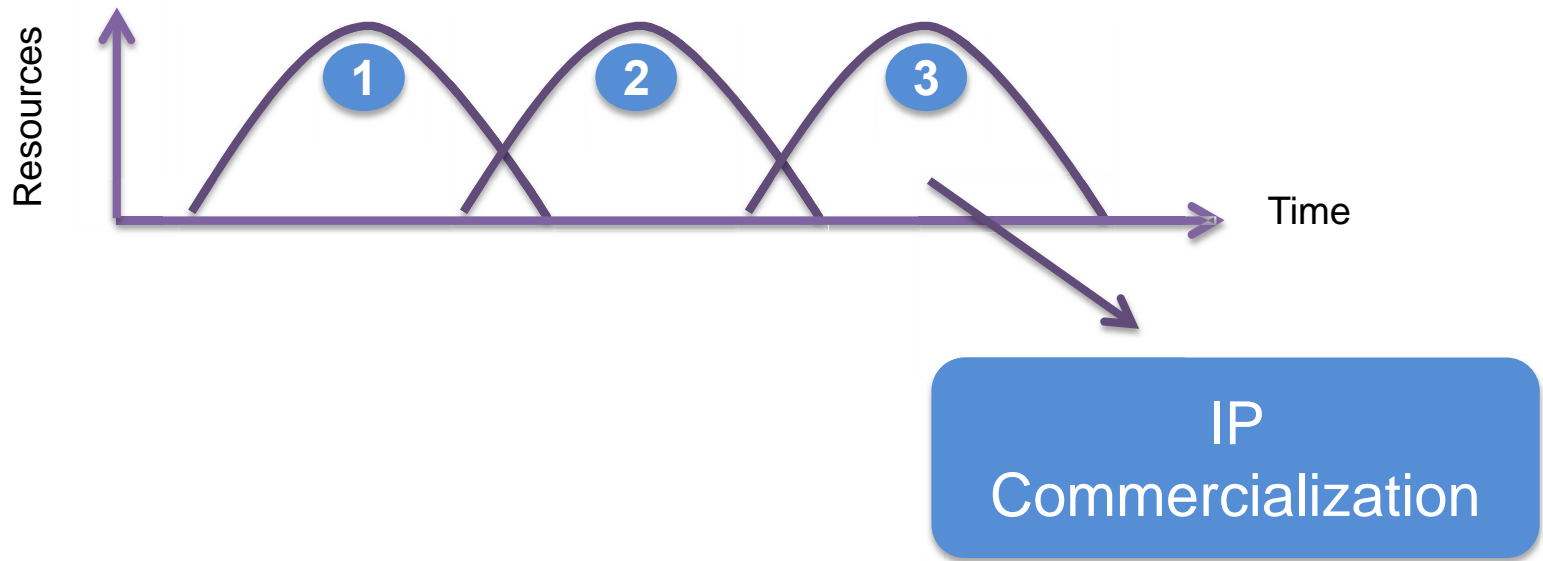
323

Strategic Alliance with Amgen

Harnessing Proteomics, Novel Drug Platform



Developing a Sustainable Model for Mission Support (cont.)



We're Establishing a Track Record



- 8F4 – antibody for myeloid malignancies (pre-IND)
- \$26m in exchange for option to negotiate at FMV in three years



GlaxoSmithKline

- OX40 – immune checkpoint agent (pre-IND)
- \$355m in milestones and single-digit royalty

INTREXON®

- “Sleeping Beauty” Intellectual Property estate for CAR T-cells
- \$100m upfront + \$45m in funded research

Clinical Alliances



Bristol-Myers Squibb

AstraZeneca



MedImmune

IP is Being Generated and/or Matured by MD Anderson Platforms

Invest in Business
 Development



Increase and Develop
 Faculty Entrepreneurs



Create Professional
 Platforms

Moonshot Platforms

Institute for
 Applied Cancer
 Science
 small molecule

ORBIT-
 biotherapeutics

ACT
 Cellular therapy

Center for
 Co-clinical Trials

Drug Discovery and Testing

Immunotherapy
 Monitoring

Proteomics

Research genomics

Clinical genomics

Data Generation

APOLLO
 BIG DATA

MD Anderson's
 Oncology Expert
 Advisor powered by
 IBM Watson

Data Aggregation

Long-term, Collaborative Partnerships Help Us Fulfill Our Mission

- ✓ Provide critical resources to further explore and deliver novel therapies and support all mission areas
- ✓ Provide access to some of the most impactful pipelines in the industry
- ✓ Provide lifesaving clinical trial opportunities that attract patients from around the world and maintains U. T. M. D. Anderson Cancer Center as the leader in research-driven cancer care

Special Thanks To...

Ferran Prat, Ph.D., J.D., Vice President, Strategic Industry Ventures
Giulio Draetta, M.D., Ph.D., Director, Institute for Applied Cancer Science
Andrew Futreal, Chair *ad interim*, Genomic Medicine
Steve Haydon, Associate Vice President, Legal Services
Dan Fontaine, J.D., Executive Vice President, Administration
Our world-leading faculty
Our patients



3. **U. T. Austin: Report on activities related to development of industry research partnerships that advance funding and capabilities of the discovery mission**

REPORT

President Fennes will report on activities at U. T. Austin related to development of industry research partnerships that advance funding and capabilities of the discovery mission. President Fennes' presentation is set forth on the following pages.



YE SHALL KNOW THE TRUTH AND THE TRUTH SHALL MAKE YOU FREE

INDUSTRY ENGAGEMENT AND ENTREPRENEURSHIP AT U. T. AUSTIN

TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE
U. T. SYSTEM BOARD OF REGENTS' MEETING

GREGORY L. FENVES
PRESIDENT, U. T. AUSTIN
AUGUST 2015



U. T. AUSTIN'S DISCOVERY MISSION

Basic research is the foundation of discovery.

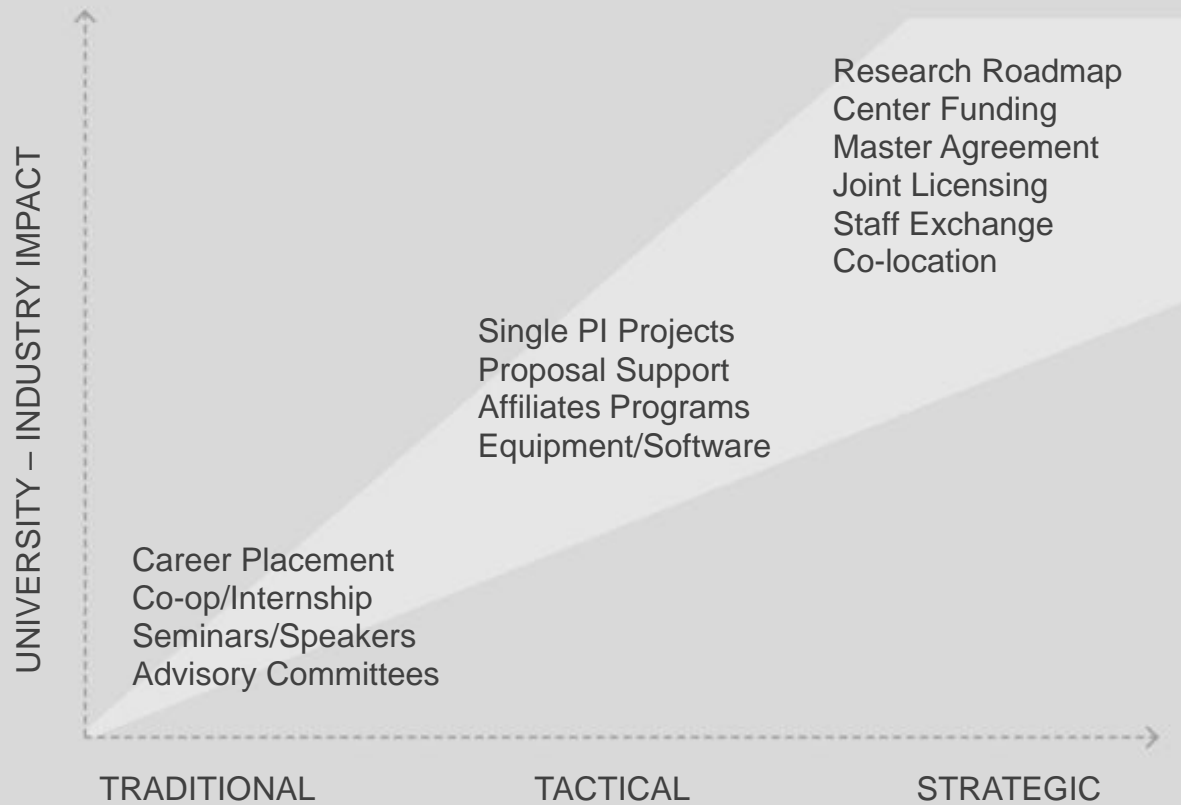
The value of research for society is dramatically increased by translation of discoveries to practice.

Industry sponsored research has a critical role in translation and application as engagement moves from tactical to strategic.

Technology commercialization through licensing or spin-out provides rapid translation of research.

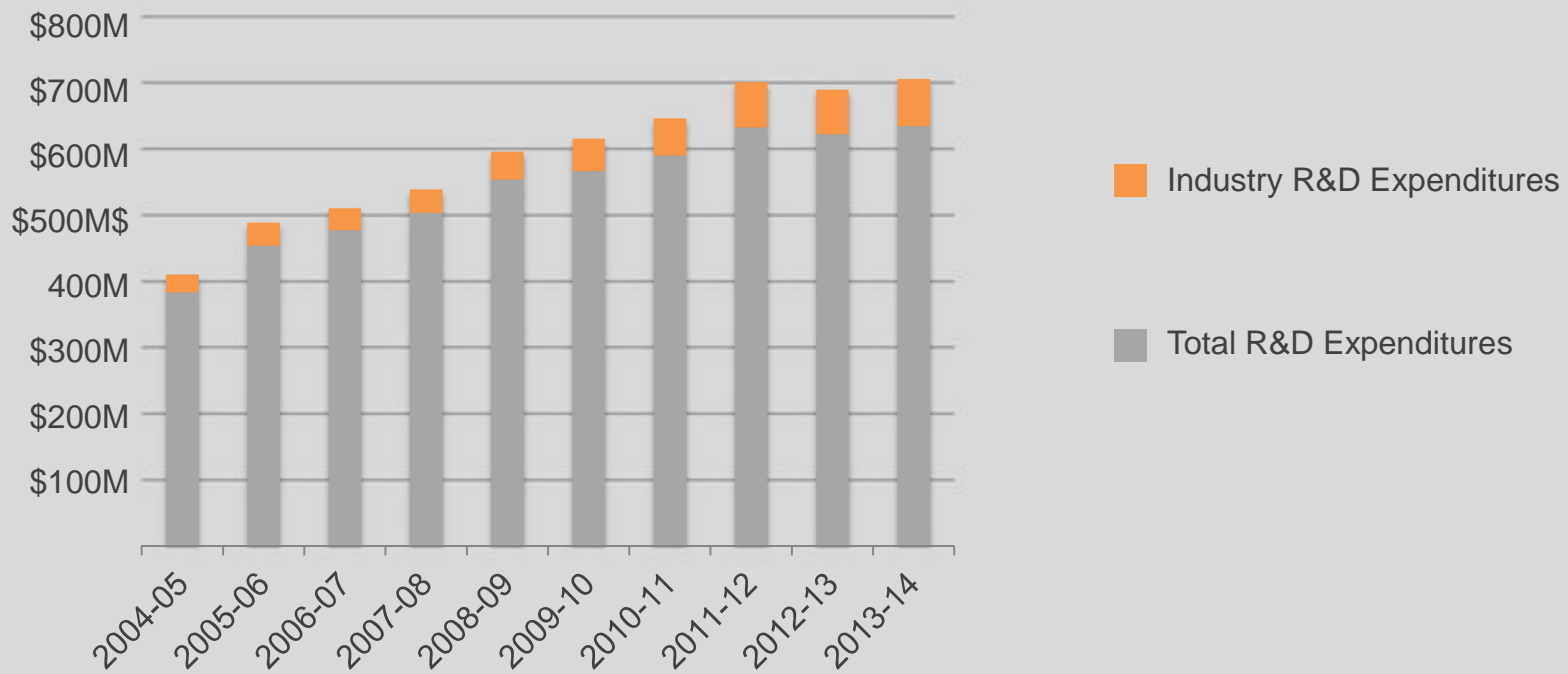


U. T. AUSTIN INDUSTRY ENGAGEMENT





R&D EXPENDITURES



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INDUSTRY FUNDING ENERGY SECTOR



Total funding of \$9M over nine years



Multicompany collaboration of >\$50M to date



Funding increased from \$123K in 2003 to \$2.4M in 2013



Invested more than \$3M to date



Multiyear commitment ~ \$5M to date, \$7.5M total over five years



INDUSTRY FUNDING NON-ENERGY SECTOR



Raytheon

Funding doubled from 2013 to 2014



N NASCENT

*National Science Foundation Nanosystems
Engineering Research Center*

- \$775K in annual membership dues paid to NASCENT by 14 industrial partners since Center's creation in September 2012
- Additional \$731K in directed research projects awarded, several from Raytheon
- Leading U. T. Austin's effort to participate in a \$150M+ Flexible Hybrid Electronics Manufacturing Innovation Institute



TECHNOLOGY COMMERCIALIZATION

In the past 10 years

- ~1,580 invention disclosures
- \$140M in licensing revenue
- 2,400+ U.S. and foreign patent applications filed
- 64 startup companies – 48 in Texas

Fiscal Year 2013-2014

- 205 invention disclosures
- \$17.1M in licensing revenue
- 264 U.S. and foreign patent applications filed
- 7 startup companies – all in Texas



ENTREPRENEURIAL SUCCESS

Molecular Imprints: *a nanotech spinout*

- Developed at U. T. Austin in 1998; acquired by Canon Corp. in 2014
- Has created 120+ high tech jobs in Austin

Aeglea BioTherapeutics: *drug therapies to fight cancer and inborn errors of metabolism*

- Founded in December 2013 by U. T. Austin Professor George Georgiou and Dr. David Lowe
- Raised \$55M in venture financing; been awarded a \$19.8M product development grant from the Cancer Prevention and Research Institute of Texas

Drug Dynamics Institute (DDI) in the College of Pharmacy

- A university core lab + service center that provides preclinical drug development services and infrastructure
- THERAPEUTEX (DDI's service core) has generated more than \$300K in revenue in 2013-2014



RESEARCH IMPACT

Basic research + translation = IMPACT

Research mission is inextricably linked with education mission: training next generation of discoverers.

Good progress in moving from tactical industry engagement to strategic but much more to be done.

Entrepreneurship is becoming the dominant mode of translation of new ideas, and U. T. Austin is positioned to become a leader.

4. **U. T. System: Discussion and appropriate action regarding proposed revision of Regents' Rules and Regulations, Series 90000, concerning Intellectual Property, to amend and combine Rules 90101 - 90106 into a new Rule 90101**

RECOMMENDATION

The Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Executive Vice Chancellor for Health Affairs concur in the recommendation of the Vice Chancellor for Research and Innovation and the Vice Chancellor and General Counsel that the U. T. System Board of Regents approve proposed revision of Regents' *Rules and Regulations*, Series 90000, concerning Intellectual Property, to amend and combine Rules 90101 - 90106 into a new Rule 90101, which is set forth on [Pages 341 - 355](#).

Vice Chancellor Hurn and U. T. Arlington President Karbhari, Co-Chair of the Board of Regents' Task Force on Intellectual Property Issues, will summarize the intent and detail surrounding the proposed revised Regents' *Rules and Regulations*. President Karbhari's presentation is set forth on [Pages 356 - 359](#).

BACKGROUND INFORMATION

The Task Force on Intellectual Property (IP) Issues, 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 charged with recommending changes or revisions to such Regents' Rules.

Five Task Force meetings were held at U. T. System from March through May 2014, and presentations of the Task Force activities, key findings, and recommendations were made to the Technology Transfer and Research Committee on August 20, 2014, and on February 11, 2015. The Board accepted the report and recommendations of the Task Force on February 12, 2015. Many of the recommendations focused on potential actions unrelated to the Regents' *Rules and Regulations*.

The proposed revisions to the Regents' Rules concerning IP simplify the language, clarify the intent, and shorten the policy, while promoting strong and long-standing industry engagements, fostering a philosophy and culture of innovation, assuring U. T. System continues its leading role in discovery, affirming student ownership of student-created IP, and revising the license and equity revenue split to allow for flexibility and to recognize the importance of balancing multi-investigator and multidisciplinary discovery.

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

Rule: 90101

1. Title

Intellectual Property: Preamble, Scope, Authority

2. Rule and Regulation

Sec. 1 Preamble. This intellectual property Rule is intended to serve the public good, promote partnerships with the private sector, encourage innovation, promote the engagement of faculty, staff, and students in research, and foster economic development. The Board of Regents recognizes the high importance of discovery commercialization as a core mission. U. T. System recognizes that it will attract more collaborative research supported by industry if timely and efficient processes exist to manage intellectual property.

This Rule is intended to be adaptable to the highly varied circumstances that characterize the private sector and the portfolio of research at U. T. System institutions. In all cases, U. T. System institutions will strive to enable the ease of intellectual property creation, protection, management, and transfer to the private sector and society within an environment that promotes the highest quality and integrity of academic activity, teaching, and research.

U. T. System is guided by the following fundamental principles on intellectual property:

- 1.1 The successful deployment of intellectual property developed through teaching, research, discovery, creative activities, and application of knowledge, whether through sponsored research, licensing, or other types of transactions or arrangements, allows for knowledge and technology to be disseminated to benefit the broad public and comports with the mission of the U. T. System;
- 1.2 Sponsored research is very important to the vitality and competitiveness of U. T. System institutions, the State of Texas, and our nation. All U. T. System institutions shall (a) encourage and strengthen

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- university-industry partnerships, (b) efficiently and expeditiously manage intellectual property created from these partnerships, and (c) remain understanding, flexible, and open to the varied circumstances and needs of potential industry sponsors;
- 1.3 U. T. System institutions should expect that when industry is underwriting sponsored research, industry commences negotiations with the expectation of speed in the execution of critical agreements, clear financial outcomes, and ownership rights in, or appropriate access to, intellectual property resulting from the work;
 - 1.4 Sponsored research is frequently tightly integrated with the educational mission at many U. T. System institutions but must not abridge publication and research rights, impinge upon the dissemination of research results, including student theses and dissertations, nor diminish an environment of academic and research integrity;
 - 1.5 The primary research-related duties of members of the faculty at U. T. System institutions are to teach, study, investigate, discover, create, disseminate, develop professionally, and infuse new knowledge into their classes and student interaction;
 - 1.6 Commercialization of technology enhances the reputation of the U. T. System and enables transformation of knowledge into the marketplace; and
 - 1.7 Compliance with all applicable federal laws and regulations, the Texas Constitution, and applicable laws of the State of Texas is essential for successful U. T. System technology commercialization.

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- Sec. 2 Ownership of Intellectual Property. Except as set forth in Section 5, the Board of Regents automatically owns the intellectual property created by individuals subject to this Rule, yet recognizes the importance of discovery commercialization. In appropriate circumstances concerning intellectual property resulting from research supported by (a) an entirely private, nongovernmental grant or contract with a nonprofit or for-profit entity, or (b) an entirely private gift or grant to the U. T. System or any U. T. System institution, as set forth in Section 12.1, the U. T. System or a U. T. System institution may enter into an agreement to transfer the Board of Regents' rights in intellectual property to third parties. For purposes of this Rule, intellectual property includes, but is not limited to, any invention, discovery, creation, know-how, trade secret, technology, scientific or technological development, research data, work of authorship and software, regardless of whether subject to protection under patent, trademark, copyright, or other laws.
- Sec. 3 Individuals Subject to this Rule. While students are governed by Section 6, this Rule applies to all persons employed by the U. T. System or any U. T. System institution, as well as to anyone using the facilities or resources of the U. T. System or any U. T. System institution. All individuals subject to this Rule must assign, and do hereby assign, their rights in such intellectual property to the Board of Regents, and such individuals shall promptly execute and deliver all documents and other instruments as are reasonably necessary to reflect the Board of Regents' ownership of such intellectual property. A creator of intellectual property owned by the Board of Regents has no independent right or authority to convey, assign, encumber, or license such intellectual property other than to the Board of Regents. U. T. System institutions may promulgate institutional rules, regulations, or policies defining the course and scope of employment for persons or classes of persons and specifying that authorized outside employment is or is not within an employee's course and scope of employment.
- Sec. 4 Intellectual Property Subject to this Rule. Intellectual property (a) developed within the course and scope of employment of the individual, (b) resulting from activities performed on U. T. System time or with support of State funds, or (c) resulting from

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using facilities or resources owned by the U. T. System or any U. T. System institution (other than incidental use) is owned by the Board of Regents.

- Sec. 5 Intellectual Property Not Subject to this Rule. Intellectual property developed or created by a U. T. System employee outside the course and scope of employment of the individual that is developed or created on his/her own time and without the support of the U. T. System or any U. T. System institution or use of U. T. System facilities or resources, is the exclusive property of the creator.
- Sec. 6 Students and Intellectual Property. A student enrolled at a U. T. System institution, such as in an undergraduate or graduate degree program or certificate program, including a postdoctoral and predoctoral fellow, owns the intellectual property he or she creates (a) in courses, (b) during extracurricular activities, and (c) while using the resources and facilities of U. T. System institutions commonly provided for a student's use and for which a student has paid tuition and fees, unless:
- 6.1 The student is also an employee of the U. T. System or any U. T. System institution and the intellectual property is developed within the course and scope of his or her employment, in which case the provisions of this Rule relating to employees shall apply;
 - 6.2 The student works on a work-for-hire or institutional project as described by Section 8, in which case Section 8 governs that work;
 - 6.3 The student participates in a research project where any intellectual property created under that project has already been committed to, or encumbered by an agreement with, a governmental, philanthropic, corporate or other sponsor, including a sponsor as described in Section 12.1; or
 - 6.4 The student jointly creates the intellectual property with a non-student, in which case this Rule (other than Section 6) and applicable law dictate ownership

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of the intellectual property as if the student was a non-student described in Section 3.

- Sec. 7 Interest in Certain Copyrights. Notwithstanding Section 2 but subject to Section 12, the Board of Regents will not assert an ownership interest in the copyright of scholarly or educational materials, artworks, musical compositions, and literary works related to the author's academic or professional field, regardless of the medium of expression. Such creators are encouraged to manage their copyrights in accordance with the guidelines concerning management and marketing of copyrighted works consistent with applicable institutional policies.

As the Board of Regents has done historically, as reasonably required for the limited purpose of continuing an institution's scheduled course offerings, the Board of Regents retains for one year following the loss of a course instructor's services a fully paid-up, royalty-free, nonexclusive worldwide license to use, copy, distribute, display, perform, and create derivative works of materials prepared by the instructor (including lectures, lecture notes, syllabi, study guides, bibliographies, visual aids, images, diagrams, multimedia presentations, examinations, web-ready content, and educational software) for use in teaching a course.

- Sec. 8 Works for Hire and Institutional Projects. Notwithstanding any provisions of Sections 6 or 7 to the contrary, the Board of Regents shall have sole ownership of all intellectual property created by (a) an employee, student, or other individual or entity commissioned, required, authorized, or hired specifically to produce such intellectual property by the U. T. System or any U. T. System institution, and (b) an employee, student, or other individual as part of an institutional project. The provisions of Section 11.5 shall not apply to intellectual property governed by this Section unless approved by the institution or U. T. System Administration in a written agreement.
- Sec. 9 Use of Research Data. Research data or results created by an employee are owned by the Board of Regents and except to the extent that rights to such research data are contractually assigned or licensed to another by the Board of Regents, the

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creator shall have a nonexclusive license to use such data for patient care, teaching, scholarly, and other academically related purposes and nonprofit research, provided such activities are within the scope of the employee's employment.

Sec. 10 Use of Facilities and Resources. Other than in connection with student-owned intellectual property governed by Section 6, U. T. System and U. T. System institution facilities and resources may not be used (a) to create, develop, or commercialize intellectual property outside the course and scope of employment of an individual, or (b) to further develop or commercialize intellectual properties that have been released to an inventor by the Board of Regents under Section 11.2, except as the institution's president may approve in writing where the U. T. System retains an interest under the terms of the release.

Sec. 11 Invention Disclosure and Commercialization.

11.1 Determination of the Board of Regents' Interest. Before intellectual property owned by the Board of Regents is disclosed to any party outside the U. T. System, to the public generally, or for commercial purposes, and before publishing same, the creator shall submit a reasonably complete and detailed invention disclosure of such intellectual property to the president (or designee) of his or her institution for determination of the Board of Regents' interest. The institution will regularly and promptly communicate with the creator during this decision-making process and the creator shall not proceed with any disclosure, commercialization, or publication until that decision is made.

11.2 Election Not to Assert Ownership Interest. If the institution's president elects not to assert the Board of Regents' ownership interest, the institution's president shall notify the U. T. System Office of General Counsel and the primary creator in writing within 20 business days after the decision is made that the institution will release the intellectual property to the creator, except where prohibited by law or contractual

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obligations or requirements. Thereafter, the creator will be free to obtain and exploit a patent or other intellectual property protection in his or her own right and the U. T. System and U. T. System institutions shall not have any further rights, obligations, or duties with respect thereto except that, in appropriate circumstances, the institution's president may elect to (a) retain income rights, and (b) impose certain limitations or obligations, including, but not limited to, a nonexclusive license for the creator, U. T. System, and any U. T. System institution to use the released invention for patient care, teaching, scholarly, and other academically related purposes, nonprofit research, and to comply with United States government reporting and license requirements.

- 11.3 Later Release of Invention. Except where prohibited by law or contractual obligations or requirements, the institution's president may elect to release an invention to its creator at any time after asserting the Board of Regents' ownership interest, with notice to the U. T. System Office of General Counsel; however, such release must include provisions for the recovery by U. T. System of any patent and licensing expenses as well as the retention of income rights by U. T. System, and may include certain limitations or obligations, including those set forth in Section 11.2.
- 11.4 Protection and Commercialization of Intellectual Property. With respect to intellectual property in which the Board of Regents asserts an interest, the institution's president, or his or her designee, shall decide how, when, and where the intellectual property is to be protected and commercialized. The institution may contract with outside counsel for legal services with the prior consent of the Vice Chancellor and General Counsel and, if required by law, the approval of the Attorney General.
- 11.5 Reimbursement of Licensing Costs and Allocation of Income. In those instances where the U. T. System

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or any U. T. System institution licenses rights in intellectual property to third parties, the costs of licensing, including, but not limited to, the costs to operate and support a technology transfer office and the costs of obtaining a patent or other protection for the property on behalf of the Board of Regents must first be recaptured from any royalties or other license payments received by the U. T. System or any U. T. System institution. The remainder of any such income (including, but not limited to, license fees, prepaid royalties, minimum royalties, running royalties, milestone payments, and sublicense payments) shall be divided as follows:

30-50% to creator(s), and
50-70% to U. T. System institutions.

The U. T. System or the U. T. System institution licensing rights in intellectual property to third parties shall decide on a case-by-case basis the allocation of income within these ranges for all creators, with the remainder to be disbursed to and/or retained by the U. T. System or the applicable U. T. System institution. A creator may, however, disclaim his/her interest in such income, in which case the institution shall receive and/or retain the creator's share and shall decide, in its sole discretion, if, how and when to disburse such income. Income received and/or retained by the U. T. System or any U. T. System institution from any intellectual property shall be used by the U. T. System institution where the intellectual property originated.

Sec. 12 Sponsored Research.

- 12.1 Private Sources. Intellectual property resulting from research supported by private sources is owned by the Board of Regents. However, with respect to intellectual property resulting from research entirely supported by (a) a private, nongovernmental grant or contract with a nonprofit or for-profit entity, or (b) a private gift or grant to

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the U. T. System or any U. T. System institution, if otherwise permitted by this Rule, applicable law and Section 12.3, the U. T. System and U. T. System institutions are permitted and encouraged to negotiate an agreement acceptable to U. T. System Administration or applicable U. T. System institution transferring the Board of Regents' ownership rights or other rights in the intellectual property resulting from such arrangements to the sponsor or the sponsor's designee. Any such agreement shall be negotiated:

- (a) In accordance with the sponsor's needs and preferences, as best may be accomplished;
- (b) With flexibility and adaptability in mind; and
- (c) In a timely, cooperative, and efficient manner.

12.2 Public Sources. Intellectual property resulting from research supported by a grant or contract with the government (federal and/or state) or an agency thereof is owned by the Board of Regents.

12.3 Nonconformance with Intellectual Property Guidelines. Approval by a U. T. System institution under Section 15.2 of grants and contracts containing ownership and other provisions inconsistent with this Rule and other policies and guidelines adopted by the Board of Regents, including, but not limited to, The University of Texas Systemwide Policy [UTS125, Processing of Intellectual Property Agreements](#) is permissible, as it implies a decision that the benefit and value to the U. T. System or any U. T. System institution from receiving the grant or performing the contract outweighs the impact of any nonconforming provisions on the intellectual property policies and guidelines of the U. T. System or any U. T. System institution, such as The University of Texas Systemwide Policy [UTS125, Processing of Intellectual Property Agreements](#).

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- 12.4 Conflicting Provisions. Subject to approval as described in Section 12.3, the intellectual property policies and guidelines of the U. T. System or any U. T. System institution are subject to, and thus amended and superseded by, the specific terms pertaining to intellectual property rights included in state and/or federal grants and contracts, or grants and contracts with nonprofit and for-profit nongovernmental entities or private donors, to the extent of any such conflict.
- 12.5 Cooperation with Necessary Assignments. Those persons subject to this Rule whose intellectual property creations result from (a) a grant or contract with the government (federal and/or state), or any agency thereof, (b) a grant or contract with a nonprofit or for-profit nongovernmental entity, or (c) private gift to the U. T. System or any U. T. System institution, shall promptly execute and deliver such documents and other instruments as are reasonably necessary for the U. T. System or any U. T. System institution to discharge its obligations, expressed or implied, under the particular agreement.
- 12.6 Sharing of Royalty Income. In the event that two or more persons who are entitled to share royalty income or equity cannot agree in writing on an appropriate sharing arrangement, the institution's president shall determine that portion of the royalty income (or equity) to which the creators are entitled under the circumstances and such amount will be distributed (or issued) to them accordingly. In the event that the creators are located at two or more U. T. System institutions and cannot agree, such royalty (or equity) distribution decision shall be made by the involved institutions' presidents (or their respective designees). In the further event that the involved presidents cannot agree, then the Chancellor shall decide and his/her decision shall be binding on the creators.
- 12.7 Geographical Scope of Protection. A decision by the U. T. System or any U. T. System institution to seek

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patent or other available protection for intellectual property covered by Section 9 shall not obligate the U. T. System or any U. T. System institution to pursue such protection in all national jurisdictions. The U. T. System's decision relating to the geographical scope and duration of such protection shall be final.

Sec. 13 Equity Interests.

- 13.1 **Agreements with Business Entities.** The U. T. System or any U. T. System institution may receive equity interests as partial or total compensation for the conveyance of intellectual property rights. The institution where the intellectual property was created may elect, at its sole option and discretion, to share an equity interest, dividend income, or a percentage of the proceeds of the sale of an equity interest with the creator(s). The U. T. System or any U. T. System institution may also receive equity interests in a business entity as consideration for the institution's role as a founder, or for other contributions made to the business entity other than as a licensor, and institution shall not be obligated to share such equity interests with the creator(s). The U. T. System or any U. T. System institution may also, but shall not be obligated to, negotiate an equity interest on behalf of any employee who conceived, created, discovered, invented, or developed intellectual property owned by the Board of Regents that is the subject of an agreement between the U. T. System or any U. T. System institution and a business entity relating thereto.
- 13.2 **Creator Holding Equity and Managing Conflict of Interest.** Employees of the U. T. System Administration or any U. T. System institution who conceive, create, discover, invent, or develop intellectual property may hold an equity interest in a business entity that has an agreement with the U. T. System or any U. T. System institution relating to the research, development, licensing, or exploitation of that intellectual property only so long as the institution where the intellectual property was developed is in full compliance with the requirement to

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have, implement, and enforce for that employee an effective conflict of interest management plan approved by the institution's president, the Office of General Counsel, and the respective Executive Vice Chancellor as set forth in the U. T. System Office of General Counsel's [Procedure for Managing Conflicts of Interest](#). In any case where an actual conflict of interest is found, the employee may be required to divest the equity interest or terminate affected research.

Sec. 14 Conflicts of Interest.

14.1 Approval to Serve as Officer or Director. Any individual subject to Sections 2, 3, 4, or 8 who conceives, creates, discovers, invents, or develops intellectual property may serve, in his/her individual capacity, as a member of the board of directors or other governing board or as an officer or an employee (other than as a consultant) of a business entity that has an agreement with the U. T. System or any U. T. System institution relating to the research, development, licensing, or exploitation of that intellectual property only so long as the institution where the intellectual property was developed is in full compliance with the requirement to have, implement, and enforce for that individual an effective conflict of interest management plan approved by the institution's president, the Office of General Counsel, and the appropriate Executive Vice Chancellor as set forth in the U. T. System Office of General Counsel's [Procedure for Managing Conflicts of Interest](#). In any case where an actual conflict of interest is found, the individual may be required to terminate the business relationship or the relevant research.

14.2 Request for Employee to Serve as Officer or Director. When requested by the Board of Regents, an employee may serve on behalf of the Board of Regents as a member of the board of directors or other governing board of a business entity that has an agreement with the U. T. System or any U. T. System institution relating to the research, development, licensing, or exploitation of

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intellectual property, but may not accept any consideration offered for service on such board.

- 14.3 Report of Equity Interest and Service as Officer or Director. Any individual subject to this Rule or this Section must report in writing to the president of the institution the name of any business entity in which the person has an interest or for which the person serves as a director, officer, or employee, and shall be responsible for submitting a revised written report upon any change in the interest or position held by such person in such business entity. The U. T. System institution or its office of technology commercialization will file a report by October 1 of each year with the Office of the Board of Regents for transmittal to the Comptroller of Public Accounts as required by Section 51.912 and Section 51.005, *Texas Education Code*.

Sec. 15 Execution of Documents Related to Intellectual Property.

- 15.1 Execution of Agreements. Agreements that grant an interest in the Board of Regents' intellectual property, including, but not limited to, option and license agreements and contracts with corporate sponsors, may be executed and delivered in accordance with the provisions of Regents' [Rule 10501](#), after any required review by the U. T. System Office of General Counsel.
- 15.2 Agreements That Do Not Conform to the Rules. Any agreement that deviates substantially from this Rule or other policies and guidelines adopted by the Board of Regents, including, but not limited to, The University of Texas Systemwide Policy [UTS125, Processing of Intellectual Property Agreements](#) may be executed and delivered as set forth above if, in the judgment of the institution's president and after any required review by the U. T. System Office of General Counsel, the benefits from the level of funding for proposed research and/or other consideration from a sponsor, licensee, or other party outweigh any potential disadvantage that may result from the deviation.

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- 15.3 Delegation of Authority. The Chancellor, the Deputy Chancellor, the appropriate Executive Vice Chancellor, or the Vice Chancellor and General Counsel may execute, on behalf of the Board of Regents, legal documents relating to the Board of Regents' rights in intellectual property, including, but not limited to, assignments of ownership, applications, declarations, affidavits, powers of attorney, disclaimers, and other such documents relating to patents and copyrights; applications, declarations, affidavits, affidavits of use, powers of attorney, and other such documents relating to trademarks; and corporate documents related to the formation of new companies. In addition, the institution's president may execute, on behalf of the Board of Regents, (a) institutional applications for registration or recordation of transfers of ownership and other such documents relating to copyrights, and (b) corporate documents related to the formation of new companies if first reviewed and approved by (i) the U. T. System Office of General Counsel, or (ii) institution's outside counsel working under a U. T. System Office of General Counsel-approved outside counsel agreement.

3. Definitions

None

4. Relevant Federal and State Statutes

35 U.S.C. 18 – Patent Rights in Inventions Made with Federal Assistance
([The Bayh Dole Act of 1980, as amended](#))

Texas Education Code [Section 51.005](#) – Reports

Texas Education Code [Section 51.912](#) – Equity Ownership: Business Participation

Texas Education Code, [Chapter 153](#) – Centers for Technology Development and Transfer

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

Rule: 90101

5. Relevant System Policies, Procedures and Forms

Regents' *Rules and Regulations*, [Rule 10501](#) – Delegation to Act on Behalf of the Board of Regents

The University of Texas Systemwide Policy [UTS125, Processing of Intellectual Property Agreements](#)

U. T. System Office of General Counsel's [Procedure for Managing Conflicts of Interest](#)

6. Who Should Know

Administrators
Faculty
Staff
Students

7. U. T. System Administration Office(s) Responsible for Rule

Office of General Counsel

8. Dates Approved or Amended

August 20, 2015 (Rules 90101 - Rule 90106 combined into one new Rule 90101)

9. Contact Information

Questions or comments regarding this Rule should be directed to:

- bor@utsystem.edu

Proposed Revisions of Regents' *Rules and Regulations*, Series 90000, concerning Intellectual Property (IP)

Vistasp Karbhari, Ph.D.

Co-Chair of the Board of Regents' Task Force on Intellectual Property Issues
President, U. T. Arlington

U. T. System Board of Regents' Meeting
Technology Transfer and Research Committee
August 2015



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The Regental Task Force on Intellectual Property Issues

- Purpose: Examine the intent, rationale, language, and workability of the 90000 Series of the U. T. System Board of Regents' *Rules and Regulations*
- The Task Force recommended the development of new language for the Rules and subsequent presentation of revisions to the Board of Regents for approval
- The Rules should be rewritten to:
 - Promote industry engagement
 - Foster a philosophy and culture of innovation
 - Assure that U. T. System continues its leading role in discovery
 - Enhance brevity, simplicity of language, and clarity of intent
 - Affirm student ownership of student-created IP



Summary of Proposed Revisions to Series 90000

1. New Preamble and Clarifying Language

- Emphasizes openness to partnerships with the private sector
- Reflects intent to accelerate processes of IP creation, protection, management, and transfer to society
- States that sponsored research is very important to the vitality and competitiveness of U. T. institutions, the State of Texas, and our nation
- Provides that all U. T. institutions shall (a) encourage and strengthen university-industry partnerships; (b) efficiently and expeditiously manage IP created from these partnerships; and (c) remain understanding, flexible, and open to the varied circumstances and needs of potential industry sponsors
- U. T. institutions should expect that when industry is underwriting sponsored research, industry commences negotiations with the expectation of speed in the execution of critical agreements, clear financial outcomes, and ownership rights in, or appropriate access to, IP resulting from the work



Summary of Proposed Revisions to Series 90000 (cont.)

2. Clarifies Position on Student-Owned IP

- Enrolled students, including pre- and post-doctoral fellows, own the IP created in courses, during extracurricular activities, and while using resources and facilities commonly provided for student use
- Exceptions are clearly stated: e.g., student employees, works for hire, institutional projects, third-party sponsors, etc.

3. Revises the License and Equity Revenue Split

- New language provides for local decision-making, emphasizing the flexibility necessary to enable better coverage of multi-investigator and multidisciplinary discovery



5. U. T. System: Update on the U. T. Horizon Fund portfolio

REPORT

Ms. Julie Goonewardene, Associate Vice Chancellor for Innovation and Strategic Investment and Managing Director of the U. T. Horizon Fund, will provide an update on the U. T. Horizon Fund portfolio.

The presentation, set forth on the following pages, will highlight performance and status of entities selected for U. T. Horizon Fund support.

In addition, Slide 10 on [Page 370](#) identifies an exited investment in Cerevast Therapeutics, Inc. On August 8, 2012, U. T. System invested \$100,007.30 from the U. T. Horizon Fund in Cerevast Therapeutics, Inc., a company engaged in improving vascular repair outcomes through innovations in vascular regeneration technology. On May 14, 2015, Cerevast Therapeutics informed the U. T. System Office of Technology Commercialization that it had received negative outcomes following the second interim analysis of the Phase 3 clinical trial and, as a result, had taken steps to shut down the trial. During the ensuing liquidation process, U. T. System received proceeds in the amount of \$23,094.00. The U. T. System Office of the Controller will adjust the financials of U. T. System to reflect a realized loss of \$76,913.30 for the investment in Cerevast Therapeutics, Inc.

U. T. Horizon Fund Update

Ms. Julie Goonewardene, Associate Vice Chancellor for Innovation and Strategic Investment and Managing Director of the U. T. Horizon Fund

U. T. System Board of Regents' Meeting
Technology Transfer and Research Committee
August 2015



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Agenda

- Mission and Approach
- U. T. Horizon Fund Team
- Recent Transactions
- Positive Results
- Conclusion



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Horizon Fund Mission and Approach

- Mission
 - Help commercialize innovations of U. T. System institutions
 - Generate a positive return on investment
- Approach
 - Invest in companies where U. T. System has equity
 - Leverage private sector investors
 - Advisory services



Background and Evolution

- Established by U. T. System Board of Regents in 2011
- Funded with equal installments of \$10M over 5 years (\$50M in total commitments)
- Three of the five installments have been authorized by the Regents
- The Horizon Fund has invested in 16 companies to date



Horizon Fund Team

- Julie Goonewardene, Associate Vice Chancellor for Innovation and Strategic Investment, Office of Technology Commercialization
 - Entrepreneur, National Advisory Council on Innovation and Entrepreneurship, American Medical Association, Personalized Medicine Coalition
- Nick Tulloh, Senior Investment Analyst, Office of Technology Commercialization
 - Economic/Finance, pursuing Certified Financial Analyst Designation
- Matt Sorenson, Ph.D., Investment Analyst, Office of Technology Commercialization
 - Molecular genetics, U. T. Venture Lab
- Evan Fitzmaurice, J.D., Office of General Counsel
 - Corporate and securities law



Horizon Fund Investment Council

- Phyllis Whiteley, Ph.D.
 - Venture Partner with Mohr Davidow Ventures
- Armen Shanafelt, Ph.D.
 - General Partner with Lilly Ventures
- Robert Metcalfe, Ph.D.
 - Founded 3Com Corporation (now part of HP)
- Alex De Winter, Ph.D.
 - Director at GE Ventures



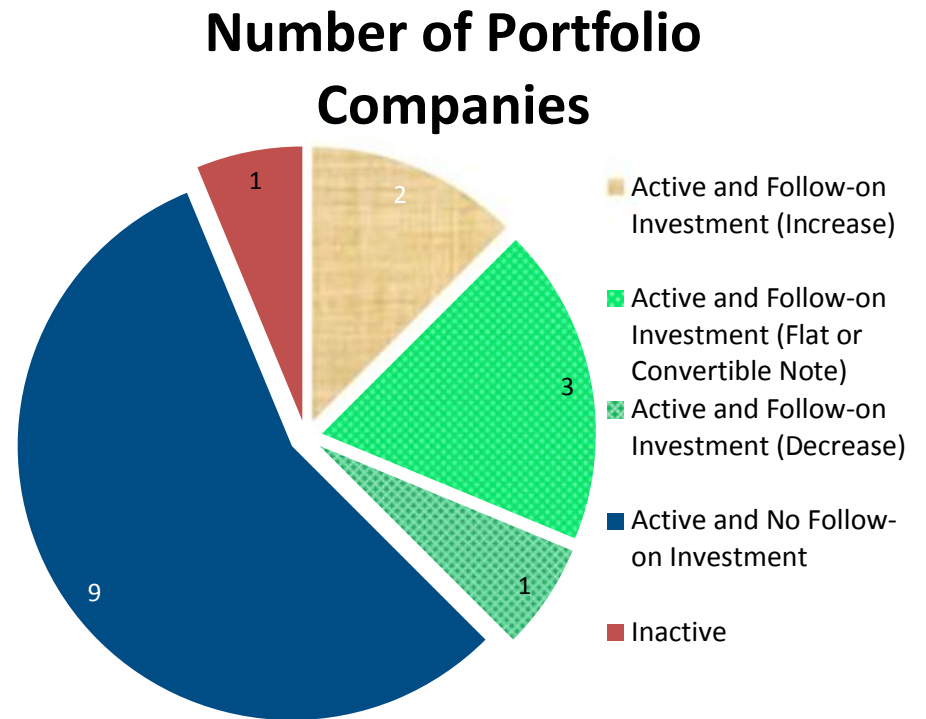
Performance Milestones Consistent with Industry

Company/Variables	Business Development Indicators			Financial Strength Indicators	
	Key Regulatory Approvals	Commercial Product	Generating Revenue	Strategic Industry Investors	Strategic Financial Investor
Apollo Endosurgery	✓	✓	✓	✓	✓
Cardiovate					
EMIT Corporation	✓	✓	✓		✓
FibeRio	Not Applicable	✓	✓	✓	✓
Latakoo	Not Applicable	✓	✓		
Lung Therapeutics					
Lynx Labs	Not Applicable	✓	✓		✓
M-87	Not Applicable	✓		✓	✓
MicroTransponder	✓				✓
PLx	✓				✓
Rapamycin Holdings					
Molecular Match	Not Applicable				✓
Aeglea BioTherapeutics				✓	✓
Decisio Health	✓	✓	✓		
Admittance Technologies					✓



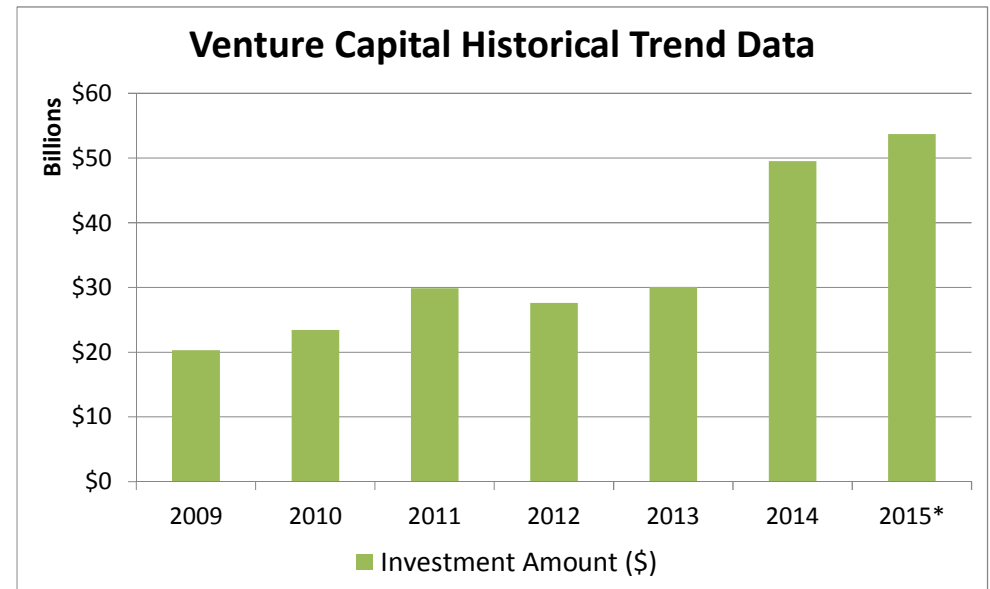
Performance Analysis

- Approximately 1/3 of the companies in the portfolio have experienced follow-on investment



Trends in Venture Capital Investing

- 2014 Venture Investment
 - \$48.4B total investment
 - \$8.6B life sciences investment (29% increase over 2013)
 - \$10.9M average life sciences deal size (32% increase over 2013)



*2015 is an estimate using first quarter actual data

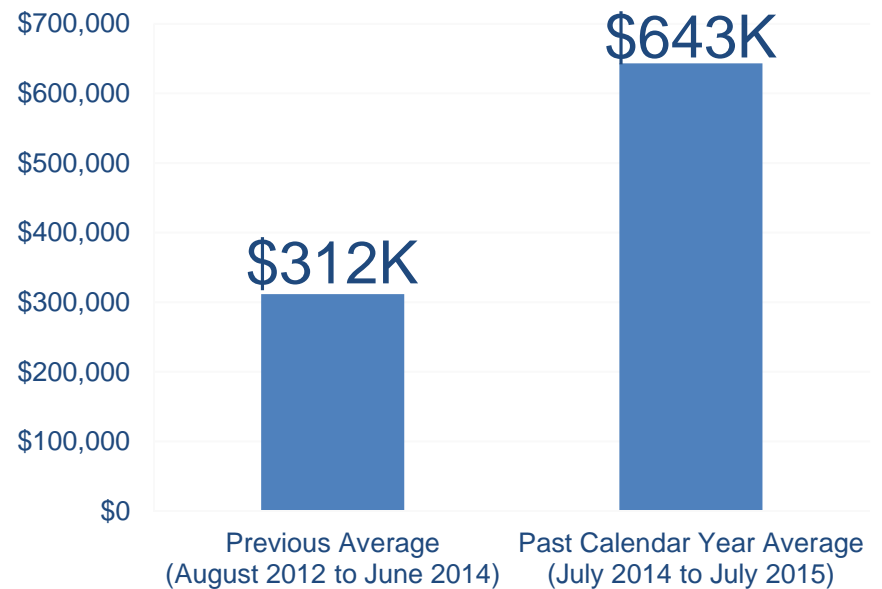
Source: PwC / NVCA MoneyTree™ Report, Data: Thomson Reuters



Recent Transactions

- **New Investments:**
 - Decisio Health
 - Admittance Technologies
- **Follow-on Investments:**
 - Lung Therapeutics
 - M87
 - Aeglea BioTherapeutics
- **Exited Investments:**
 - Cerevast Therapeutics

Average Investment Size Has Increased



370



Positive Results

- Aeglea BioTherapeutics
 - U. T. Austin
 - Developing human enzymes to fight cancer
 - Horizon Fund has invested \$2.2M

Austin firm Aeglea BioTherapeutics sets IPO, aims to raise \$86 million

© 1:43 p.m. Wednesday, June 17, 2015 | Filed in: **Business**

Austin biotech company Aeglea BioTherapeutics has decided to go public, filing for an initial public offering of stock.

The company, which develops drug therapies to fight cancer, hopes to raise \$86

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Conclusion

- Established a lean and efficient team
- Actively investing
- Realizing success
- Poised for future success



6. U. T. System: Allocation of \$10 million of Available University Funds for the U. T. Horizon Fund

RECOMMENDATION

The Chancellor concurs with the recommendation of the Vice Chancellor for Research and Innovation and the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents approve and authorize \$10 million from Available University Funds (AUF) as the third allocation under a four-year plan to continue and enhance the goals of the U. T. Horizon Fund. Each year, the funding for the U. T. Horizon Fund is subject to approval and authorization by the Board upon receipt of a satisfactory report of activities undertaken as a result of the previous year's allocation.

BACKGROUND INFORMATION

The U. T. Horizon Fund, a strategic investment fund for the U. T. System, was initially approved by the Board of Regents on August 25, 2011, and was capitalized with \$10 million of AUF (Phase I). On February 14, 2013, the U. T. Horizon Fund was reauthorized with expanded funding from AUF (Phase II) to be disbursed in four annual installments of \$10 million each. The total committed capital of the U. T. Horizon Fund from both Phase I and Phase II is \$50 million.

The U. T. Horizon Fund's primary mission is to commercialize innovations of U. T. System institutions to generate a positive return on investment. The U. T. Horizon Fund utilizes existing U. T. System rights where possible, leverages the collective resources of private sector investors, enhances partnerships by attending and supporting entrepreneurial events, and strives to add value by connecting entrepreneurs with investors, subject-matter experts, advisors, and potential customers.



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U. T. SYSTEM ADMINISTRATION

1. Minutes - U. T. System Board of Regents: Approval of Minutes of the regular meeting held on May 13-14, 2015, and the special called meeting held on July 8, 2015

2. Resolution - U. T. System Board of Regents: Adoption of resolution regarding the list of Key Management Personnel authorized to negotiate, execute, and administer classified government contracts (Managerial Group) to reflect appointment of Mr. Justin A. Drake as Student Regent, Dr. David E. Daniel as Deputy Chancellor of the U. T. System, and Mr. Francis J. Landry III as U. T. System Facility Security Officer to replace Mr. Neil S. Fox II

To comply with the Department of Defense National Industrial Security Program Operating Manual (NISPO) requirements, it is recommended that the Board of Regents approve the revised resolution set forth below regarding exclusion of individuals from the list of Key Management Personnel (KMP) authorized to negotiate, execute, and administer classified government contracts. The revision reflects the appointment of Justin A. Drake as Student Regent, The University of Texas System Board of Regents, effective July 2, 2015; David E. Daniel, Ph.D., as U. T. System Deputy Chancellor, effective July 1, 2015; and Francis J. Landry III as U. T. System Facility Security Officer, effective July 31, 2015, to replace Neil S. Fox II, who retired on July 31, 2015.

A Resolution amending the Managerial Group list was last adopted by the Board of Regents on May 14, 2015.

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

RESOLUTION

BE IT RESOLVED:

- a. That those persons occupying the following positions at The University of Texas System and The University of Texas at Austin shall be known as the Managerial Group, having the authority and responsibility for the negotiation, execution, and administration of Department of Defense (DoD) or User Agency contracts, as described in DoD 5220.22-M, "National Industrial Security Program Operating Manual" (NISPO):

William H. McRaven, Chancellor, The University of
Texas System

David E. Daniel, Ph.D., Deputy Chancellor, The University of
Texas System

Gregory L. Fenves, Ph.D., President, The University of
Texas at Austin
Juan Miguel Sanchez, Ph.D., Vice President for Research,
The University of Texas at Austin
Francis J. Landry III, Facility Security Officer, The University of
Texas System

The Chief Executive Officer (i.e., the Chancellor) and the members of the Managerial Group have been processed, or will be processed, for a personnel security clearance for access to classified information to the level of the facility security clearance granted to this institution, as provided for in the NISPOM.

The Managerial Group is hereby delegated all of the Board's duties and responsibilities pertaining to the protection of classified information under classified contracts of the DoD or User Agencies of the NISPOM awarded to U. T. System, including U. T. Austin.

- b. That the following named members of the U. T. System Board of Regents shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of U. T. System, including U. T. Austin, and do not occupy positions that would enable them to affect adversely the policies and practices of the U. T. System, including U. T. Austin, in the performance of classified contracts for the Department of Defense or User Agencies of the NISPOM awarded to the U. T. System, including U. T. Austin, and need not be processed for a personnel security clearance:

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

Paul L. Foster, Chairman
R. Steven Hicks, Vice Chairman
Jeffery D. Hildebrand, Vice Chairman
Ernest Aliseda
David J. Beck
Alex M. Cranberg
Wallace L. Hall, Jr.
Brenda Pejovich
Sara Martinez Tucker
Justin A. Drake, Student Regent from July 2, 2015
to May 31, 2016 (nonvoting)

3. Contract (funds coming in) - U. T. System: Provide Western Refining Southwest, Inc. with a pipeline easement

Agency: Western Refining Southwest, Inc.

Funds: Projected revenue for the duration of the project is \$54,085

Period: September 1, 2015 through August 31, 2025

Description: Provide a new pipeline easement for installation by Western Refining Southwest, Inc. of two 10-inch and one 16-inch pipelines in portions of Section 12, Block 21, University Lands Survey, Winkler County, Texas.

4. Contract (funds going out) - U. T. System: Amendment of contract to allow Beecher Carlson Insurance Services, LLC to assist in placing Comprehensive Property Protection Program Insurance and Builder's Risk Insurance coverage

Agency: Beecher Carlson Insurance Services, LLC

Funds: \$3,374,267 has been spent to date, and an additional amount of \$769,500 is anticipated to be spent over the life of the contract

Source of Funds: Service Department

Period: The contract was approved by the Board of Regents on November 10, 2011, for an initial term of one year with the option to renew for four additional one-year terms. The amendment term includes the final year of the original agreement, which will expire on September 30, 2016.

Description: Existing contract with Beecher Carlson Insurance Services, LLC provides insurance broker and risk management services related to property and builder's risk insurance. Services include risk assessments, program design/placement, and claims handling. Each year, an amendment to the original contract was negotiated to extend the term and to address insurance coverage for any new risks.

U. T. System Administration entered into the original contract with initial fee estimate of \$3,200,000 for five years. With the proposed amendment, the five-year fee paid to Beecher Carlson will total \$4,143,767; thus resulting in a total cost that exceeds 25% of the cost of the original contract approved by the Board. The initial fee estimates were contemplated before the creation of the Master Builder's Risk Insurance Program, 25% growth in total insurable values, and additional Builder's Risk insurance policies covering the Hurricane Ike recovery and mitigation projects at U. T. Medical Branch - Galveston.

5. Contract (funds going out) - U. T. System: Jackson Walker L.L.P. to provide outside counsel services for real estate transactions

Agency: Jackson Walker L.L.P.

Funds: \$548,759 has been spent to date, with an available balance remaining of \$426,240, as provided by an expense ceiling of \$975,000

Source of Funds: Available University Funds

Period: Outside Counsel Contract 2013-720-0211 was approved by the Office of the Attorney General of Texas (OAG) on August 23, 2012, for an initial term of three years. The agreement term commenced September 1, 2012, and will expire on August 31, 2015. U. T. System entered into the initial term of the contract with an expense ceiling of \$149,999. On April 30, 2014, the contract was amended to increase the expense ceiling to \$324,999, as approved by the OAG. On August 20, 2014, the contract was amended to increase the expense ceiling to \$975,000, as approved by the OAG. Jackson Walker L.L.P. has submitted a response to U. T. System's Office of General Counsel's RFQ for Outside Counsel for the two-year period, beginning September 1, 2015.

Description: This Outside Counsel Contract with Jackson Walker L.L.P. provides outside counsel assistance with the negotiation and preparation of definitive legal documentation for complex real estate transactions, including leases, purchases, and sales contracts, to be entered into by the U. T. System Board of Regents on behalf of various institutions within the U. T. System and for which the U. T. System Vice Chancellor and General Counsel determines in-house legal expertise is not readily available.

On July 7, 2015, Jackson Walker L.L.P. notified Daniel H. Sharphorn, Vice Chancellor and General Counsel for the U. T. System, and Patricia C. Ohlendorf, Vice President for Legal Affairs at U. T. Austin, that an offer of part-time employment had been extended to William Powers, Jr., former President of U. T. Austin. Mr. Powers was employed by Jackson Walker L.L.P. as "Of Counsel" commencing on August 3, 2015.

Jackson Walker L.L.P. understands that any proposed new Outside Counsel Contracts or Contract extensions must be approved in accordance with Section 669.003 of the *Texas Government Code*, which requires (i) that any such extension or new contract with an entity employing the current or former president of a university in the U. T. System be submitted to the Board of Regents for approval during an open meeting, and (ii) that advance notice of such extension or new contract be provided to the Texas Legislative Budget Board. Mr. Powers will not be involved in Jackson Walker L.L.P.'s provision of legal services to the U. T. System pursuant to existing Outside Counsel Contracts, any future Outside Counsel Contracts, or any future arrangement or agreement for the provision of legal services to the U. T. System.

6. Contract (funds going out) - U. T. System: Jackson Walker L.L.P. to provide outside counsel services for complex education technology, software, and services transactions

Agency: Jackson Walker L.L.P.

Funds: \$50,000

Source of Funds: Available University Funds

Period: Outside Counsel Contract 2015-720-0106 was approved by the Office of the Attorney General of Texas on July 2, 2015, for an initial term commencing on May 26, 2015, and expiring on August 31, 2015. U. T. System entered the initial term of the contract with an expense ceiling of \$50,000. Jackson Walker L.L.P. has submitted a response to U. T. System's Office of General Counsel's RFQ for Outside Counsel for the two-year period beginning September 1, 2015.

Description: This Outside Counsel Contract with Jackson Walker L.L.P. provides outside counsel assistance with the negotiation and preparation of legal documentation for complex education technology, software, and services transactions to be entered into by U. T. System and its institutions for which the Vice Chancellor and General Counsel of U. T. System determines in-house legal expertise is not readily available. Outside Counsel will also provide other counsel and advice as needed related to such complex education technology, software, and services transactions.

On July 7, 2015, Jackson Walker L.L.P. notified Daniel H. Sharporn, Vice Chancellor and General Counsel for U. T. System, and Patricia C. Ohlendorf, Vice President for Legal Affairs at U. T. Austin, that an offer of part-time employment had been extended to William Powers, Jr., former President of U. T. Austin. Mr. Powers is to be employed by Jackson Walker L.L.P. as "Of Counsel" commencing on August 3, 2015.

Jackson Walker L.L.P. understands that any proposed new Outside Counsel Contracts or Contract extensions must be approved in accordance with Section 669.003 of the *Texas Government Code*, which requires (i) that any such extension or new contract with an entity employing the current or former president of a university in the U. T. System be submitted to the Board of Regents for approval during an open meeting, and (ii) that advance notice of such extension or new contract be provided to the Texas Legislative Budget Board. Mr. Powers will not be involved in Jackson Walker L.L.P.'s provision of legal services to the U. T. System pursuant to existing Outside Counsel Contracts, any future Outside Counsel Contracts, or any future arrangement or agreement for the provision of legal services to the U. T. System.

7. Contract (funds going out) - U. T. System: Jackson Walker L.L.P. to provide outside counsel services for negotiating and drafting documents regarding utility matters

Agency: Jackson Walker L.L.P.

Funds: \$10,132 has been spent to date, with an available balance remaining of \$64,867, as provided by an expense ceiling of \$75,000

Source of Funds: Available University Funds

Period: Outside Counsel Contract 2014-721-0295 was approved by the Office of the Attorney General of Texas on August 25, 2014, for an initial term commencing on June 23, 2014, and expiring on August 31, 2015. U. T. Austin entered the initial term of the contract with an expense ceiling of \$75,000. Jackson Walker L.L.P. has submitted a response to U. T. System's Office of General Counsel's RFQ for Outside Counsel for the two-year period, beginning September 1, 2015.

Description: This Outside Counsel Contract with Jackson Walker L.L.P. provides outside counsel assistance with the negotiation and drafting of documents regarding utility matters for U. T. Austin's designated medical district. No eminent domain or condemnation proceedings are covered by this agreement.

On July 7, 2015, Jackson Walker L.L.P. notified Daniel H. Sharphorn, Vice Chancellor and General Counsel for U. T. System, and Patricia C. Ohlendorf, Vice President for Legal Affairs at U. T. Austin, that an offer of part-time employment had been extended to William Powers, Jr., former President of U. T. Austin. Mr. Powers is to be employed by Jackson Walker L.L.P. as "Of Counsel" commencing on August 3, 2015.

Jackson Walker L.L.P. understands that any proposed new Outside Counsel Contracts or Contract extensions must be approved in accordance with Section 669.003 of the *Texas Government Code*, which requires (i) that any such extension or new contract with an entity employing the current or former president of a university in the U. T. System be submitted to the Board of Regents for approval during an open meeting, and (ii) that advance notice of such extension or new contract be provided to the Texas Legislative Budget Board. Mr. Powers will not be involved in Jackson Walker L.L.P.'s provision of legal services to the U. T. System pursuant to existing Outside Counsel Contracts, any future Outside Counsel Contracts, or any future arrangement or agreement for the provision of legal services to the U. T. System.

8. Contract (funds going out) - U. T. System: Jackson Walker L.L.P. to provide outside counsel services for negotiating and drafting documents regarding real property, improvements thereon, and educational use of same in Ephesos, Turkey

Agency: Jackson Walker L.L.P.

Funds: \$10,608 has been spent to date, with an available balance remaining of \$39,390, as provided by an expense ceiling of \$49,999

Source of Funds: Available University Funds

Period: Outside Counsel Contract 2013-721-0412 was approved by the Office of the Attorney General of Texas on February 4, 2013, for an initial term commencing on January 1, 2013, and expiring on August 31, 2015.

U. T. Austin entered the initial term of the contract with an expense ceiling of \$49,999. Jackson Walker L.L.P. has submitted a response to U. T. System's Office of General Counsel's RFQ for Outside Counsel for the two-year period, beginning September 1, 2015.

Description:

This Outside Counsel Contract with Jackson Walker L.L.P. provides outside counsel assistance through a subcontract with Turkish counsel, regarding the potential leasing and possible purchase of certain real property, and any improvements thereon, located in Ephesos, Turkey, for educational uses, including hosting conferences, symposia, and classes, relating to the Middle East and ancient Ottoman studies. Outside Counsel and the Turkish law firm will work with U. T. Austin's Office of Legal Affairs and U. T. System's Office of General Counsel to draft a lease that satisfies both U. T. System requirements and Turkish law and to provide advice regarding the possibility of purchasing the real property at a future date.

On July 7, 2015, Jackson Walker L.L.P. notified Daniel H. Sharporn, Vice Chancellor and General Counsel for U. T. System, and Patricia C. Ohlendorf, Vice President for Legal Affairs at U. T. Austin, that an offer of part-time employment had been extended to William Powers, Jr., former President of U. T. Austin. Mr. Powers is to be employed by Jackson Walker L.L.P. as "Of Counsel" commencing on August 3, 2015.

Jackson Walker L.L.P. understands that any proposed new Outside Counsel Contracts or Contract extensions must be approved in accordance with Section 669.003 of the *Texas Government Code*, which requires (i) that any such extension or new contract with an entity employing the current or former president of a university in the U. T. System be submitted to the Board of Regents for approval during an open meeting, and (ii) that advance notice of such extension or new contract be provided to the Texas Legislative Budget Board. Mr. Powers will not be involved in Jackson Walker L.L.P.'s provision of legal services to the U. T. System pursuant to existing Outside Counsel Contracts, any future Outside Counsel Contracts, or any future arrangement or agreement for the provision of legal services to the U. T. System.

9. Contract (funds going out) - U. T. System: Jackson Walker L.L.P. to provide outside counsel services for preparation and prosecution of patent applications and for other legal services relating to intellectual property matters

Agency: Jackson Walker L.L.P.

Funds: \$0 allocated; Licensee is responsible for payment of all legal fees and expenses

Source of Funds: Available University Funds

Period: Outside Counsel Contract 2013-721-0218 was approved by the Office of the Attorney General of Texas on August 21, 2012, for an initial term commencing on September 1, 2012, and expiring on August 31, 2015. U. T. Austin entered the initial term of the contract with an expense ceiling of \$0. Jackson Walker L.L.P. has submitted a response to U. T. System's Office of General Counsel's RFQ for Outside Counsel for the two-year period, beginning September 1, 2015.

Description: This Outside Counsel Contract with Jackson Walker L.L.P. provides outside counsel assistance with the preparation and prosecution of patent applications and provision of other legal services relating to intellectual property matters for U. T. Austin.

On July 7, 2015, Jackson Walker L.L.P. notified Daniel H. Sharphorn, Vice Chancellor and General Counsel for U. T. System, and Patricia C. Ohlendorf, Vice President for Legal Affairs at U. T. Austin, that an offer of part-time employment had been extended to William Powers, Jr., former President of U. T. Austin. Mr. Powers is to be employed by Jackson Walker L.L.P. as "Of Counsel" commencing on August 3, 2015.

Jackson Walker L.L.P. understands that any proposed new Outside Counsel Contracts or Contract extensions must be approved in accordance with Section 669.003 of the *Texas Government Code*, which requires (i) that any such extension or new contract with an entity employing the current or former president of a university in the U. T. System be submitted to the Board of Regents for approval during an open meeting, and (ii) that advance notice of such extension or new contract be provided to the Texas Legislative Budget Board. Mr. Powers will not be involved in Jackson Walker L.L.P.'s provision of legal services to the U. T. System pursuant to existing Outside Counsel Contracts, any future Outside Counsel Contracts, or any future arrangement or agreement for the provision of legal services to the U. T. System.

10. Contract (funds going out) - U. T. System: Jackson Walker L.L.P. to provide outside counsel services for legal advice and consultation regarding international law obligations and requirements

Agency: Jackson Walker L.L.P.

Funds: \$30,000 has been spent to date, with an available balance remaining of \$119,999, as provided by an expense ceiling of \$149,999. Addendum B of the agreement provided for each routine matter to be billed on a flat fee of \$2,500, including expenses, with specific projects to be billed hourly, plus allowable expenses. Effective September 1, 2013, an amendment to Addendum B removed the flat fee billing provision, with all projects to be billed hourly due to a majority of matters being special projects.

Source of Funds: Available University Funds

Period: Outside Counsel Contract 2013-720-0217 was approved by the Office of the Attorney General of Texas on August 23, 2012, for an initial term commencing on September 1, 2012, and expiring on August 31, 2015. U. T. System entered the initial term of the contract with an expense ceiling of \$149,999.

Description: This Outside Counsel Contract with Jackson Walker L.L.P. provides outside counsel legal advice and consultation to U. T. System Administration and its institutions, regarding international law obligations and requirements in the following areas: (i) doing business in foreign jurisdictions and related registration and tax obligations; (ii) employment issues regarding university employees and foreign nationals; (iii) affiliation and collaborative research agreements with foreign universities and other entities, study abroad programs, and contracting and procurement issues in foreign jurisdictions; and (iv) other related international law matters for which the Vice Chancellor and General Counsel of U. T. System determines in-house legal expertise is not readily available.

On July 7, 2015, Jackson Walker L.L.P. notified Daniel H. Sharporn, Vice Chancellor and General Counsel for U. T. System, and Patricia C. Ohlendorf, Vice President for Legal Affairs at U. T. Austin, that an offer of part-time employment had been extended to William Powers, Jr., former President of U. T. Austin. Mr. Powers is to be employed by Jackson Walker L.L.P. as "Of Counsel" commencing on August 3, 2015.

Jackson Walker L.L.P. understands that any proposed extension of this contract and any new Outside Counsel Contracts need to be approved in accordance with Section 669.003 of the *Texas Government Code*, which requires (i) that any such extension or new contract be submitted to U. T. System Board of Regents for approval during an open meeting, and (ii) that notice of such extension or new contract be provided to the Texas Legislative Budget Board. Mr. Powers will not be involved in Jackson Walker L.L.P.'s provision of legal services to U. T. System pursuant to existing Outside Counsel Contracts, any future Outside Counsel Contracts, or any future arrangement or agreement for the provision of legal services to U. T. System. Jackson Walker L.L.P. has submitted a response to U. T. System's Office of General Counsel's RFQ for Outside Counsel for the two-year period, beginning September 1, 2015.

11. Request for Budget Change - U. T. System: Grant budget authority of \$2,225,000 funded from disbursements by Texas State Health Services to pay expenses associated with Lone Star Stroke initiative (RBC No. 175) -- amendment to the 2014-2015 budget
12. Request for Budget Change - U. T. System: Transfer \$1,408,338 funded from Permanent University Fund Management to Office of University Lands for compensation, fringes, maintenance and operation, and travel (RBC No. 176) -- amendment to the 2014-2015 budget
13. Request for Budget Change - U. T. System: Transfer \$500,000 from System Unallocated to Office of General Counsel Operating to pay routine expenses for outside counsel (RBC No. 177) -- amendment to the 2014-2015 budget
14. Request for Budget Change - U. T. System: Approval to transfer \$10,000,000 for Fiscal Year 2016 of Permanent University Fund (PUF) Bond Proceeds to U. T. Rio Grande Valley Medical School

On December 6, 2012, the Board of Regents approved \$100,000,000 of unspecified resources to be used for start-up costs for the U. T. Rio Grande Valley Medical School. On May 15, 2014, a distribution of \$5,000,000 of PUF Bond Proceeds was approved, with an additional transfer of \$15,000,000 approved on November 6, 2014, both to U. T. Health Science Center - San Antonio to be used for eligible capital expenses related to the U. T. Rio Grande Valley Medical School. This request is to transfer \$10,000,000 for Fiscal Year 2016 of PUF Bond Proceeds directly to the U. T. Rio Grande Valley Medical School to be used for eligible capital expenses.

15. Employment Agreement - U. T. System: Appointment of Jeffrey Spath, Ph.D., as Chief Executive Director for the U. T. System Texas Energy Research, Engineering, and Education Institute (EREEI)

The employment agreement summarized below documents the terms and conditions of employment negotiated by the Chancellor and the Executive Vice Chancellor for Academic Affairs as approved by the U. T. System Board of Regents on May 14, 2015. The final agreement is recommended for approval by the Board.

Item: Chief Executive Director for the U. T. System Texas Energy Research, Engineering, and Education Institute (EREEI)

Funds: Base salary of \$600,000; annual base salary increase as recommended by the Executive Vice Chancellor for Academic Affairs and approved by the Chancellor; annual retention payment of 50% of base salary; one-time payment of \$500,000 in consideration of foregoing other economic opportunities; incentive compensation plan to be developed with a maximum annual incentive payout of 200% of base salary; participation in all benefits programs customarily available including without limitation group life insurance with a death benefit of \$1,500,000; participation in the University of Texas Deferred Compensation Plan at an annual amount equal to 50% of base salary; and a club membership estimated at \$6,900 annually plus additional memberships as may be approved by the Executive Vice Chancellor for Academic Affairs.

Period: Beginning September 1, 2015 through September 1, 2018

Description: Three-year agreement for employment of Jeffrey Spath, Ph.D., as Chief Executive Director for the U. T. System Texas Energy Research, Engineering, and Education Institute. The employment agreement is set forth on the following pages.

EMPLOYMENT AGREEMENT
BETWEEN THE UNIVERSITY OF TEXAS
SYSTEM AND JEFFREY SPATH

THIS EMPLOYMENT AGREEMENT (this "Agreement") by and between THE UNIVERSITY OF TEXAS SYSTEM ("System") and JEFFREY SPATH is effective September 1, 2015 ("Effective Date").

RECITALS

A. The System and Mr. Spath herein enter into the Employment Agreement dated as of the Effective Date.

B. The parties acknowledge that Mr. Spath was offered and has accepted the position of Chief Executive Director for the Texas Energy Research, Education, and Engineering Institute for THE UNIVERSITY OF TEXAS SYSTEM on the terms set forth in this Agreement.

C. Mr. Spath's years of experience and tenure in senior leadership positions and his background, talents, and abilities uniquely qualify him to hold the position of Chief Executive Director for the Texas Energy Research, Education, and Engineering Institute.

D. The terms of this Agreement and its execution have been duly authorized by the Board of Regents, subject to ratification.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual benefits and consideration received and to be received by the respective parties, Mr. Spath is employed as Chief Executive Director for the Texas Energy Research, Education, and Engineering Institute upon the following terms, conditions, covenants, and agreements:

I. TERM OF AGREEMENT

The term of this Agreement shall begin as of the Effective Date, and such term shall continue for three (3) years through the close of business on September 1, 2018, subject to earlier termination as provided in Section V hereunder. The Agreement may be renewed for additional terms as agreed to by both parties.

II. JOB DUTIES

During the term of this Agreement, Mr. Spath shall perform all duties required by law, by the *Rules and Regulations* of the Board of Regents of The University of Texas System (Regents' *Rules and Regulations*) and the University of Texas System Policies (UTS Policies), and by this Agreement. Mr. Spath will report directly to and act and perform to the reasonable satisfaction of the Executive Vice Chancellor for Academic Affairs (EVC). Mr. Spath shall serve, and shall oversee and administer the activities and operations of Texas Energy Research, Education, and

Engineering Institute. Mr. Spath agrees to devote his full-time and attention and to use his talents and reasonable efforts to perform the duties assigned to him as Executive Director for the Texas Energy Research, Education, and Engineering Institute. In accordance with the requirements of UTS Policies and the Regents' *Rules and Regulations*, Mr. Spath may not be employed in any outside work or activity or receive from an outside source any compensation or serve on an outside board until a description of the nature and extent of the employment or activity and the range of any compensation has been approved by the EVC. The following list contains activities Mr. Spath is currently engaged in and that have been approved by the EVC:

- Voluntary obligations as the 2014 SPE President through October 31st, 2015
- Voluntary obligations as a member of the University of Utah Executive Advisory Council
- Voluntary obligations as a member of the Texas A&M University Engineering Advisory Council, through the Spring 2016 meeting
- Voluntary obligations as a member of the Accenture Global Energy Board
- Compensated obligations as a non-executive director of Petroceltic International PLC, a publicly traded oil and gas E&P company

III. SALARY AND OTHER COMPENSATION

A. Base Rate Salary. Mr. Spath shall be remunerated for services rendered as Chief Executive Director for the Texas Energy Research, Education, and Engineering Institute based on an annual base rate salary of \$600,000 per year payable in accordance with the System's established pay practices, with such compensation to begin as of September 1, 2015. The EVC will review performance and overall compensation at least annually commencing on or before the start of each fiscal year during the term of this Agreement. Mr. Spath will receive annual increases to his base salary as recommended by the EVC and approved by the Chancellor in accordance with the Regents' *Rules and Regulations* and the UTS Policies.

B. Annual Retention Payment. In consideration of Mr. Spath's commitment and service in this critical position, and to secure Mr. Spath's continued service, the System agrees to pay Mr. Spath an annual retention payment in the amount of 50% of Mr. Spath's base salary ("Retention Payment"). The Retention Payment shall be due and payable within sixty (60) days of the Academic Affairs' issuance of Mr. Spath's annual performance evaluation, and shall be contingent on Mr. Spath remaining employed as Chief Executive Director for the Texas Energy Research, Education, and Engineering Institute through the date each performance evaluation is issued. The EVC for Academic Affairs shall issue Mr. Spath's first annual performance evaluation no later than June 1, 2016, and the first Retention Payment shall be made on or before September 1, 2016.

C. Incentive Compensation Payment. The EVC will work with Mr. Spath to develop a mutually agreed upon incentive compensation plan for key Institute's employees by September 1, 2015. The incentive compensation plan will become effective September 1, 2015. Based on that plan, and if, in the EVC's judgment, Mr. Spath achieves the objectives detailed in that plan, the System shall pay Mr. Spath an additional amount up to 200% of Mr. Spath's base

salary ("Incentive Compensation Payment"). The Incentive Compensation Payment, if awarded, shall be due within sixty (60) days of the EVC's completion of Mr. Spath's annual performance evaluation with the first incentive compensation payment due following completion of the fiscal year ended August 30, 2016.

D. One-Time Supplemental Payment. The System agrees to pay Mr. Spath a one-time payment in the amount of \$500,000, within thirty (30) days of the Effective Date ("One-Time Supplemental Payment"). This payment is in consideration of economic opportunities Mr. Spath will forego as a result of his accepting employment as the Chief Executive Director for the Texas Energy Research, Education, and Engineering Institute.

E. Notwithstanding anything to the contrary herein, the payments described in Section III are subject to Section V of this Agreement.

IV. BENEFITS

A. Employee Benefits Generally. Mr. Spath shall be entitled to participate in all benefits programs customarily available to senior executives of the System in accordance with applicable state and federal laws and the System's rules and regulations governing such programs, including without limitation group life insurance with a death benefit of \$1,500,000.

B. Supplemental Retirement Provisions. Mr. Spath is an Eligible Employee under the University of Texas System Deferred Compensation Plan ("Plan"). In accordance with the Plan, the System and Mr. Spath will enter into a deferred compensation agreement (the "Deferred Compensation Agreement") with an amount equal to 50% of Base Salary being credited to Mr. Spath's Deferred Compensation Account.

C. Club Memberships. Mr. Spath shall be provided the use of a membership in and payment of the dues and reasonable expenses of the Royal Oaks Club, in Houston, Texas and such other club memberships as deemed appropriate and approved in writing by the EVC to assist in the discharge of his official duties.

D. General Expenses. Subject to the limitations of the laws of the State of Texas, the System shall allocate sufficient funds for Mr. Spath's office, which shall be located in the West Houston metropolitan area, and for salaries for personnel required to staff such office, travel, official entertainment expenses and other official activities. Mr. Spath's reasonable travel, entertainment and other business expenses incurred in his capacity as Chief Executive Director for the Texas Energy Research, Education, and Engineering Institute shall be paid or reimbursed pursuant to System policy.

V. TERMINATION

A. Resignation. If, during the term of this Agreement, Mr. Spath resigns from his position as Executive Director for the Texas Energy Research, Education, and Engineering Institute, no further compensation or benefits shall be due under this Agreement; provided, however, that the provisions of Section V.F shall apply to any such resignation. Mr. Spath shall provide

the System a minimum of ninety (90) days written notice of his resignation

B. Termination by the System for Cause. The Board may terminate Mr. Spath for Cause after giving Mr. Spath thirty (30) days written notice, during which time Mr. Spath shall have the right to cure the allegations for Cause, if curable, and a reasonable opportunity to be heard with respect to the grounds for Cause. "Cause" is defined as (1) conviction (including a pleading of nolo contendere) for a felony, (2) conviction (including a pleading of nolo contendere) for a misdemeanor involving moral turpitude that materially impairs Mr. Spath's ability to discharge his duties hereunder, (3) fraud, (4) embezzlement, (5) theft, (6) engaging in conduct that displays a continual and serious disrespect or disregard for the Board and/or the System; (7) a serious or major violation, whether intentional or negligent, by Mr. Spath of the Regents' *Rules and Regulations* or UTS Policies, which violation may, in the sole judgment and discretion of the Chancellor, brings material public disrespect, contempt or ridicule upon University of Texas institutions and/or the System, or creates a material adverse effect on the reputation and/or brand of University of Texas institutions and/or the System; or (8) any other cause adequate to sustain the termination of an executive employee of the System. Upon termination for Cause, no further compensation or benefits shall be due under this Agreement; provided, however, that the provisions of Section V.F shall apply to any such termination.

C. Termination by the System Without Cause. The Board may terminate this Agreement without Cause at any time by giving ninety (90) days written notice to Mr. Spath. In such event, Mr. Spath shall be entitled to receive his base salary for the remainder of the term of this Agreement, as set forth in Section III. In addition, Mr. Spath shall receive any Retention Bonus, Incentive Compensation Payment (at target), and Deferred Compensation Plan contributions during the remainder of the term, all payable in a lump sum promptly upon such termination. Any such payments shall not exceed an amount equal to the discounted net present cash value of the contract on termination at the market rate of interest at the time of termination. The System's obligations to make payments as described above shall be reduced to the extent of Mr. Spath's compensation from new full-time employment after such termination and during the remainder of the three-year term of this Agreement. Mr. Spath agrees to provide reasonable evidence of his new full-time employment salary under this paragraph to the EVC. The provisions of Section V.F shall apply to any such termination.

D. Permanent Disability. If, during the term of this Agreement, Mr. Spath is unable to perform the essential functions of his position with or without reasonable accommodation for more than six months, then (1) this Agreement shall terminate, (2) Mr. Spath shall receive all benefits to which he is entitled pursuant to the System disability insurance plan(s) in which he participates, and (3) Mr. Spath's then-current balance in his deferred compensation account shall be treated in accordance with the Deferred Compensation Plan and applicable law.

E. Death. In the event of the death of Mr. Spath during the term of this Agreement, his compensation and benefits shall cease immediately and this Agreement shall terminate effective on the date of death. As determined by state and federal laws, Mr. Spath's estate shall be entitled to receive all benefits to which he is entitled under the System's various

insurance plans and payout of the then-current balance in the Deferred Compensation Plan.

F. Effect of Termination. Termination of this Agreement under any of the foregoing paragraphs shall not affect any retirement, welfare (including but not limited to medical, death, and disability programs), or any other benefits accrued as of the date of such termination under any program or plan established and maintained by the System for which Mr. Spath qualifies or in which Mr. Spath participates, all of which shall be governed by their respective terms.

VI. MISCELLANEOUS

A. General. Other than the Deferred Compensation Plan, this Agreement is the complete agreement between Mr. Spath and the System concerning the employment of Mr. Spath by the System and the appointment of Mr. Spath as Executive Director for the Texas Energy Research, Education, and Engineering Institute, and shall, as of the Effective Date hereof, supersede any other agreements between the parties. The parties stipulate that neither of them has made any representation to the other with respect to the subject matter of this Agreement except such representations as are specifically set forth herein. No modification of this Agreement or any part thereof shall be valid unless in writing and signed by both Mr. Spath and the Executive Vice Chancellor for Academic Affairs of The University of Texas System. If any provision of this Agreement shall be determined to be void, invalid, or unenforceable or illegal for any reason, it shall be ineffective only to the extent of such prohibition, and the validity and enforceability of all the remaining provisions shall not be affected. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and sent by registered mail to his residence address, in the case of Mr. Spath, or to the Office of the Executive Vice Chancellor for Academic Affairs, in the case of the System, addressed to the attention of the Executive Vice Chancellor for Academic Affairs. The rights and obligations of the System under this Agreement shall inure to the benefits of and be binding upon successors and assigns of the System. Mr. Spath may not assign any of his rights or obligations under this Agreement. This Agreement is intended to fully comply with all applicable state and federal laws and System regulations and any provision to the contrary shall be null and void. This Agreement shall be governed and construed, and the rights and obligations of the parties hereto shall be determined, in accordance with the laws of the State of Texas.

B. Enforcement. The payments and benefits provided in Section IV (or cessation thereof) have been carefully considered and agreed upon by the System and Mr. Spath and represent the sole obligations of the System resulting from Mr. Spath's termination under the circumstances defined therein.

C. Mediation. If a dispute arises out of or related to this Agreement and the dispute cannot be settled through direct discussions, the System and Mr. Spath agree that they shall first endeavor to settle the dispute in an amicable fashion, including the use of non-binding mediation. Within fifteen (15) days after delivery of a written notice of a request for mediation from one party to the other, the dispute shall be submitted to a single mediator

chosen by the parties in Austin, Texas. The cost of mediation shall be paid by the System.

D. Counterparts. This Agreement may be executed in counterparts, and by the parties on separate counterparts each of which, when so executed, shall constitute an original.

[Remainder of Page Intentionally Left Blank-Signature Page to Follow


Signed and Executed in duplicate originals as indicated below, but effective as of the Effective Date.



Jeffrey Spath

Date Signed: 7/2/15

THE UNIVERSITY OF TEXAS SYSTEM



Scott C. Kelley, Ed.D.
Executive Vice Chancellor for Business Affairs

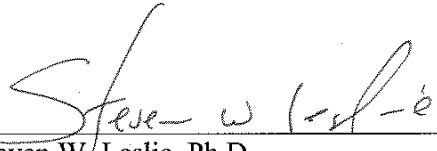
Date Signed: 8-10-2015

Signed and Executed in duplicate originals as indicated below, but effective as of the Effective Date.

Jeffrey Spath

Date Signed: _____

THE UNIVERSITY OF TEXAS SYSTEM



Steven W. Leslie, Ph.D.
Executive Vice Chancellor for Business Affairs

Date Signed: 7/6/15

16. Lease - U. T. System: Authorization to lease approximately 12,000 square feet of office space at 825 Town and Country Boulevard, Houston, Harris County, Texas, from CityCentre Five Partners, L.P., for use by the Office of University Lands and interim use by the U. T. System Texas Energy Research, Engineering, and Education Institute (EREEI)

Description: Lease of office space for use by U. T. System's Office of University Lands and interim use by the U. T. System Texas Energy Research, Engineering, and Education Institute (EREEI) in Houston, Texas

Lessor: CityCentre Five Partners, L.P.

Term: 129 months, estimated to commence on January 1, 2016, continuing through October 1, 2029, with one five-year extension option

Lease Cost: Approximately \$4,219,854 in annual base rent and \$2,190,369 in operating expenses during the initial term and fair market value for the extension option

Source of Funds: Permanent University Fund revenues generated from University Lands

17. Transfer - U. T. System: Approval of transfer of funds between Legislative Appropriation items during the biennium beginning September 1, 2015

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 U. T. System Board of Regents adopt the resolution that follows to provide for the most effective utilization of General Revenue Appropriations during the biennium beginning September 1, 2015.

This resolution is a standard action by the U. T. System Board of Regents at the beginning of each biennium and is pursuant to provisions of the *General Appropriations Act*, Article III, Section 4, enacted by the 84th Texas Legislature.

RESOLUTION

Pursuant to the appropriate transfer provisions of the *General Appropriations Act* of the 84th Legislature, it is hereby resolved that the State Comptroller be requested to make necessary transfers within the Legislative Appropriations (and/or Informational Items of Appropriation) from the General Revenue Fund as authorized by the Chief Financial Officer of each entity as follows:

- The University of Texas at Arlington
- The University of Texas at Austin
- The University of Texas at Dallas
- The University of Texas at El Paso
- The University of Texas of the Permian Basin
- The University of Texas Rio Grande Valley
- The University of Texas at San Antonio
- The University of Texas at Tyler
- The University of Texas Southwestern Medical Center
- The University of Texas Medical Branch at Galveston
- The University of Texas Health Science Center at Houston
- The University of Texas Health Science Center at San Antonio
- The University of Texas M. D. Anderson Cancer Center
- The University of Texas Health Science Center at Tyler
- The University of Texas System Administration

18. **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 29, 2015

<u>Name</u>	<u>Institution</u>
Dustin R. Farahnak	U. T. Austin
Eugene Magwood, Jr.	U. T. Austin
Alan E. Martin, Jr.	U. T. Austin
Justin R. Moffatt	U. T. Austin
Le'Patrick Moore	U. T. Austin
Roberto Rodriguez III	U. T. Austin
William H. Sawyer	U. T. Tyler
Darrell E. Armstead	U. T. Medical Branch - Galveston
Duran Martinez	U. T. Medical Branch - Galveston
Khanh Q. Phuong-Ngo	U. T. Medical Branch - Galveston

19. 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 2016 as authorized by Article IX of the *General Appropriations Act*

<u>Institution</u>	Requested 2016 FTEs over the <u>Limitation</u>	2015 FTEs over the <u>Limitation</u>
U. T. Arlington	24.00	24.00
U. T. Dallas	35.00	N/A
U. T. El Paso	82.00	45.00
U. T. Permian Basin	46.84	N/A
U. T. Rio Grande Valley	104.40	N/A
U. T. San Antonio	53.00	33.50
U. T. Tyler	105.00	23.30
U. T. Southwestern Medical Center	105.00	75.00
U. T. Medical Branch - Galveston	168.88	240.00
U. T. Health Science Center - Houston	177.18	171.15
U. T. M. D. Anderson Cancer Center	78.48	736.20
U. T. System Administration	209.80	84.60

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, 2015 through August 31, 2016

Request to Exceed Cap - by Function

	<u>Faculty</u>	<u>Staff</u>	<u>Total</u>
Instruction	241.18	280.55	521.73
Academic Support	45.00	19.49	64.49
Research	102.35	119.76	222.11
Public Service	-	-	-
Hospitals and Clinics	54.10	9.28	63.38
Institutional Support	-	248.00	248.00
Student Services	-	16.07	16.07
Operations and Maintenance of Plant	-	53.80	53.80
Scholarships and Fellowships	-	-	-
Total	<u>442.63</u>	<u>746.95</u>	<u>1,189.58</u>

Request to Exceed Cap - by Institution

	<u>FY 2016 Cap</u>	<u>Request to Exceed Cap</u>		
		<u>Faculty</u>	<u>Staff</u>	<u>Total</u>
U. T. Arlington	2,110.30	15.00	9.00	24.00
U. T. Austin	5,259.50	-	-	-
U. T. Dallas	1,406.80	35.00	-	35.00
U. T. El Paso	1,961.90	52.00	30.00	82.00
U. T. Permian Basin	320.70	18.43	28.41	46.84
U. T. Rio Grande Valley	2,052.30	60.00	44.40	104.40
U. T. San Antonio	2,407.40	32.00	21.00	53.00
U. T. Tyler	489.10	73.50	31.50	105.00
Total Academic Institutions	<u>16,008.00</u>	<u>285.93</u>	<u>164.31</u>	<u>450.24</u>
U. T. Southwestern Medical Center	1,858.00	30.00	75.00	105.00
U. T. Medical Branch - Galveston	1,798.30	-	168.88	168.88
U. T. Health Science Center - Houston	1,775.90	60.20	116.98	177.18
U. T. Health Science Center - San Antonio	2,169.50	-	-	-
U. T. M. D. Anderson Cancer Center	747.70	66.50	11.98	78.48
U. T. Health Science Center - Tyler	945.80	-	-	-
Total Health Institutions	<u>9,295.20</u>	<u>156.70</u>	<u>372.84</u>	<u>529.54</u>
U. T. System Administration	252.90	-	209.80	209.80
U. T. System Total	<u>25,556.10</u>	<u>442.63</u>	<u>746.95</u>	<u>1,189.58</u>

*U. T. Austin, U. T. Health Science Center - San Antonio, and U. T. Health Science Center - Tyler will not exceed their cap.

In accordance with Article IX, Section 6.10(a)(2), this request is to exceed the lesser of one hundred and ten percent (110%) of the institution FTE cap or institution FTE cap plus fifty FTEs.

**The University of Texas System
Fiscal Year 2016 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	-	209.80	209.80	Available University Fund	Increase to FTEs primarily due to making Board approved strategic investments throughout the organization including providing tuition relief to academic institutions by assuming certain functions. Key areas include System Audit, Systemwide information security, the UTShare information system and related shared business operations, U. T. System's incubator for educational innovations, - the Institute for Transformational Learning, Competency-Based Education Initiative, and the Center for Enhancing Philanthropy.
TOTAL	-	209.80	209.80		
U. T. Arlington					
Instruction	15.00	-	15.00	Educational and General	Faculty hiring has increased to address student demand for courses to meet goals to shorten time to graduate.
Operation and Maintenance of Plant	-	6.00	6.00	Educational and General	Additional Police Officer hires are necessary to provide security to students, faculty, and staff due to enrollment growth.
Research	-	3.00	3.00	Educational and General	Two additional Grant Accountants and a Research Awards Manager are required to support the increasing amount of research expenditures.
TOTAL	15.00	9.00	24.00		
U. T. Dallas					
Academic Support	35.00	-	35.00	Educational and General	An increase in FTEs in order to provide the academic support necessary to meet growing student enrollment.
TOTAL	35.00	-	35.00		
U. T. El Paso					
Instruction	24.00	5.00	29.00	Educational and General	Additional faculty and full-time staff required to support enrollment demands.
Academic Support	8.00	5.00	13.00	Educational and General	Additional full-time staff required to support the increase in online course development and to support student success initiatives.
Research	20.00	10.00	30.00	Educational and General	Increase in research initiatives require an increase in faculty to support the continued commitment to attain Tier 1 status.
Institutional Support	-	10.00	10.00	Educational and General	Full-time staff required to support the ongoing conversion to PeopleSoft.
TOTAL	52.00	30.00	82.00		

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. Permian Basin					
Instruction	18.43	8.75	27.18	Educational and General	Increases in enrollment over the past several years. The growth in the Petroleum Engineering/Mechanical Engineering program along with business programs has forced an increase to the number of faculty to meet student enrollment growth. Additionally, an increase to support staff to help manage operation.
Academic Support	-	6.49	6.49	Educational and General	Additional hires in the College of Education support staff and on-line educational support staff to meet growing enrollments.
Institutional Support	-	3.80	3.80	Educational and General	Additional hires in the Accounting Office due to implementation of PeopleSoft Financial Management System and increased workload.
Student Services		3.57	3.57	Educational and General	Additional hires in Financial Aid and Admissions due to implementation of the PeopleSoft Campus Solutions and increased effort required to implement.
Operation and Maintenance of Plant	-	5.80	5.80	Educational and General	Increased utilization of facilities has placed additional burden on maintenance staff as well as the need to increase Police Officers for security.
TOTAL	18.43	28.41	46.84		
U. T. Rio Grande Valley					
Instruction	60.00	-	60.00	Educational and General	Additional faculty needed to meet the demand for additional courses and due to workload changes. Additional staff for operating the School of Medicine.
Institutional Support	-	15.40	15.40	Educational and General	Additional staff for the new Business Service Department
Operation and Maintenance of Plant	-	29.00	29.00	Educational and General	Additional Custodial employees on the Brownsville campus. Will not be outsourcing this service.
TOTAL	60.00	44.40	104.40		

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	20.00	5.00	25.00	Educational and General	Faculty hiring to address strategic initiative to GoldStar, enrollment growth, and recruitment plans for faculty and staff. GoldStar supports recruitment of additional faculty and top-tier researchers to enhance research capabilities, as well as support graduation improvement plans to lower student-to-faculty ratio, and support advising initiatives to assist in improving retention and graduation rates.
Academic Support	-	8.00	8.00	Educational and General	Staffing levels increase to support enrollment and GoldStar initiatives and programs, such as retention, graduation, and freshman initiatives improving the Academic Advising Program.
Institutional Support	-	4.00	4.00	Educational and General	Additional staff due to the implementation of PeopleSoft to address reporting needs. Staffing levels to support enrollment, key initiatives, technology modernization, and maintain service levels.
Research	12.00	4.00	16.00	Educational and General	Staffing levels to support university Tier One research initiatives and joint interactions and collaboration with U. T. Health Science Center - San Antonio and its partners.
TOTAL	32.00	21.00	53.00		
U. T. Tyler					
Instruction	71.50	11.00	82.50	Educational and General	Additional 10 new faculty FTEs to support enrollment growth. Remaining FTE increase due to General Revenue and statutory tuition increases.
Academic Support	2.00	-	2.00	Educational and General	Full-time employees to support increased enrollment
Institutional Support		5.00	5.00	Educational and General	Increase in administrative areas to support enrollment growth and new software (PeopleSoft) implementation requirements.
Student Services		12.50	12.50	Educational and General	Additional 4 FTEs to support enrollment growth. Remaining FTE increase due to General Revenue and statutory tuition increases.
Operation and Maintenance of Plant		3.00	3.00	Educational and General	Additional staff in Facilities and University Police to support growth.
TOTAL	73.50	31.50	105.00		
U. T. Southwestern Medical Center					
Research	30.00	75.00	105.00	General Revenue	New research special items for The Center for Regenerative Science and Medicine and the Center for Advanced Radiation Therapy.
TOTAL	30.00	75.00	105.00		
U. T. Medical Branch - Galveston					
Instruction	-	168.88	168.88	General Revenue	Due to an increase in General Revenue (increased enrollment and formula funding rates)
TOTAL	-	168.88	168.88		

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 - Houston					
Instruction	10.00	4.00	14.00	General Revenue	New special item for Biomedical Informatics expansion.
Instruction	20.85	77.22	98.07	General Revenue	Increase in Instruction and Operations formula funding of \$11.5 million per year since FY 2012-13 biennium. New FTE cap was based on FY 2014 actuals and did not include second year of the biennium (FY 2015) increases, which included further maximization of salaries on State funds for instruction at each of the schools.
Operation and Maintenance of Plant	-	10.00	10.00	General Revenue	Increase in infrastructure formula funding in FY 2016-17 biennium allowed for staffing increases for building and maintenance operations and police.
Research	29.35	25.76	55.11	General Revenue	New special item for Psychiatric sciences. New FTEs not fully accounted for in FTE cap approved for FY 2016-17.
TOTAL	60.20	116.98	177.18		
U. T. M. D. Anderson Cancer Center					
Instruction	1.40	0.70	2.10	General Revenue	Increase in FTEs is required to provide support for the growth in the educational and trainee programs to fulfill the instructional mission.
Research	11.00	2.00	13.00	General Revenue	Increase in FTEs is required to provide the research programs with the support and resources needed to fulfill the research mission.
Hospitals and Clinics	54.10	9.28	63.38	General Revenue	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	66.50	11.98	78.48		

20. 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, 2015**

		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									
02/28/2015	\$	1,589,147	\$ 12,538,853	\$ 97,567,627	\$ 270,178,857	\$ 1,601,467	\$ 2,406,544	\$ 100,758,241	\$ 285,124,253
Increase or Decrease		(390,000)	(3,951,835)	108,632	(1,422,520)	(738,630)	(740,330)	(1,019,999)	(6,114,685)
Ending Value									
05/31/2015	\$	1,199,147	\$ 8,587,018	\$ 97,676,258	\$ 268,756,336	\$ 862,837	\$ 1,666,214	\$ 99,738,242	\$ 279,009,568
Other Real Estate:									
Ending Value									
02/28/2015	\$	7,707	\$ 7,707	\$ 8	\$ 8	\$ -	\$ -	\$ 7,714	\$ 7,714
Increase or Decrease		(6,702)	(6,702)	-	-	-	-	(6,702)	(6,702)
Ending Value									
05/31/2015	\$	1,005	\$ 1,005	\$ 8	\$ 8	\$ -	\$ -	\$ 1,013	\$ 1,013

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

21. Contract (funds coming in) - U. T. Arlington: Maverick Sports Properties, LLC, a subsidiary of Learfield Communications, Inc., licensing U. T. Arlington's trademarks for use in athletic sponsorship transactions

Agency: Maverick Sports Properties, LLC, a wholly owned subsidiary of Learfield Communications, Inc.

Funds: Estimated \$4,500,000, including an upfront \$100,000 signing bonus.

Period: A term of seven years, beginning July 1, 2014, and expiring June 30, 2021

Description: Trademark Licensing Agreement and Agreement for Use of Designated Marks in connection with Multimedia Marketing Right Program authorizing Maverick Sports Properties, LLC to use U. T. Arlington's trademarks in athletic sponsorship transactions. In addition to an upfront \$100,000 signing bonus, Maverick Sports Properties will pay royalties to U. T. Arlington under the following fee structure:

For the first year, Maverick Sports will receive the first \$200,000 in revenue and then pay to U. T. Arlington royalties equal to the sum of:

- 50% of revenue from \$200,000 up to and including \$300,000; plus
- 60% of revenue in excess of \$300,000 up to and including \$600,000; plus
- 70% of revenue in excess of \$600,000 up to and including \$1,200,000; plus
- 80% of revenue in excess of \$1,200,000.

Each subsequent year, Maverick Sports Properties will pay U. T. Arlington royalties equal to the sum of:

- 50% of all revenue up to and including \$300,000; plus
- 60% of revenue in excess of \$300,000 up to and including \$600,000; plus
- 70% of revenue in excess of \$600,000 and including \$1,200,000; plus
- 80% of revenue in excess of \$1,200,000.

22. Contract (funds going out) - U. T. Arlington: ATMS, Inc. dba Asbestos Technical Management Services, Inc. to provide interior renovations and general construction services

Agency: ATMS, Inc. dba Asbestos Technical Management Services, Inc.

Funds: \$3,000,000 to include renewal period

Source of Funds: Local funds, capitalized project funds, or grant funds

Period: March 1, 2015 through February 28, 2017, with two optional two-year renewals

Description: Job order contract for interior renovations and general construction services to assist with small, institutionally managed, facility repair, and renovation projects.

23. Contract (funds going out) - U. T. Arlington: FJW Construction, LLC to provide interior renovations and general construction services

Agency: FJW Construction, LLC

Funds: \$6,000,000 to include renewal period

Source of Funds: Local funds, capitalized project funds, or grant funds

Period: March 1, 2015 through February 28, 2017, with two optional two-year renewals

Description: Job order contract for interior renovations and general construction services to assist with small, institutionally managed, facility repair, and renovation projects.

24. Contract (funds going out) - U. T. Arlington: Harold James, Inc. to provide interior renovations and general construction services

Agency: Harold James, Inc.

Funds: \$3,000,000 to include renewal period

Source of Funds: Local funds, capitalized project funds, or grant funds

Period: March 1, 2015 through February 28, 2017, with two optional two-year renewals

Description: Job order contract for interior renovations and general construction services to assist with small, institutionally managed, facility repair, and renovation projects.

25. Contract (funds going out) - U. T. Arlington: J. T. Vaughn Construction, LLC to provide interior renovations and general construction services

Agency: J. T. Vaughn Construction, LLC
Funds: \$6,000,000 to include renewal period
Source of Funds: Local funds, capitalized project funds, or grant funds
Period: March 1, 2015 through February 28, 2017, with two optional two-year renewals
Description: Job order contract for interior renovations and general construction services to assist with small, institutionally managed, facility repair, and renovation projects.

26. Contract (funds going out) - U. T. Arlington: Nouveau Technology Services, L.P. to provide interior renovations and general construction services

Agency: Nouveau Technology Services, L.P.
Funds: \$6,000,000 to include renewal period
Source of Funds: Local funds, capitalized project funds, or grant funds
Period: March 1, 2015 through February 28, 2017, with two optional two-year renewals
Description: Job order contract for interior renovations and general construction services to assist with small, institutionally managed, facility repair, and renovation projects.

27. Contract (funds going out) - U. T. Arlington: V-TEC Mechanical, Inc. to provide interior renovations and general construction services

Agency: V-TEC Mechanical, Inc.
Funds: \$3,000,000 to include renewal period
Source of Funds: Local funds, capitalized project funds, or grant funds
Period: March 1, 2015 through February 28, 2017, with two optional two-year renewals
Description: Job order contract for interior renovations and general construction services to assist with small, institutionally managed, facility repair, and renovation projects.

28. Request for Budget Change - U. T. Arlington: Grant budget authority of \$1,217,300 funded from Asia Business Programs Student Fee Income to fund operational costs associated with faculty and staff conducting instruction, travel, and other related initiatives/expenses in China for the Masters of Business Administration programs (RBC No. 7008) -- amendment to the 2014-2015 budget
29. Request for Budget Change - U. T. Arlington: Grant budget authority of \$1,067,084 funded from the flat rate student tuition to Information Technology for equipment, program support, and administrative expenses (RBC No. 7009) -- amendment to the 2014-2015 budget
30. Request for Budget Change - U. T. Arlington: Grant budget authority of \$2,007,267 funded from Interest on Designated, Auxiliary and Current Restricted Funds to fund expenses related to the PeopleSoft Financial Management and Human Capital Systems increased support and data validation, communications advertising, expanded campus police support, and other initiatives (RBC No. 7012) -- amendment to the 2014-2015 budget
31. Request for Budget Change - U. T. Arlington: Grant budget authority of \$3,000,000 funded from Academic Partnerships (AP) distance education student fee income to fund the payment to outside vendors who recruit students and advertise AP programs and to fund faculty who develop the online course content for the classes that comprise the online distance education AP degree programs (RBC No. 7013) -- amendment to the 2014-2015 budget
32. Request for Budget Change - U. T. Arlington: Grant budget authority of \$2,533,630 funded from Indirect Cost Recovery on Grants and Contracts to fund research activities and academic research initiatives (RBC No. 7014) -- amendment to the 2014-2015 budget
33. Request for Budget Change - U. T. Arlington: Grant budget authority of \$1,216,730 funded from flat rate designated tuition to fund the debt payment on the Energy Conservation Project: State Energy Conservation Office (SECO) for energy conservation debt expense (RBC No. 7015) -- amendment to the 2014-2015 budget

34. Request for Budget Change - U. T. Arlington: Tenure Appointments

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 2016 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
University College					
Vice Provost for Digital Teaching and Learning and Professor Samuel H. Smith (T)	9/1-8/31	100	12	161,548	7034
Executive Director Learning Innovation and Technology Lab and Professor George Siemens (T)	9/1-8/31	100	12	157,500	7035

35. Request for Budget Change - U. T. Arlington: New award of tenure and emeritus appointments

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 2016 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, Planning and Public Affairs		
Karabi Bezboruah	Assistant Professor	Associate Professor (T)
Nan Ellin	New Hire	Professor (T)
Craig Stottler Kuhner	Professor (T)	Professor Emeritus
James Richards	Associate Professor	Associate Professor (T)
College of Business		
Information Systems and Operations Management James T. C. Teng	Professor (T)	Professor Emeritus
Marketing		
Adwait Khare	Assistant Professor	Associate Professor (T)
Ritesh Saini	Assistant Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
College of Education		
Educational Leadership and Policy Studies Barbara Tobolowsky	Assistant Professor	Associate Professor (T)
College of Engineering		
Bioengineering Michael Cho	New Hire	Professor (T)
Civil Engineering Hyeok Choi	Assistant Professor	Associate Professor (T)
Computer Science and Engineering Hong Jiang	New Hire	Professor (T)
Electrical Engineering David Wetz	Assistant Professor	Associate Professor (T)
Materials Science Engineering Fuqiang Liu	Assistant Professor	Associate Professor (T)
Mechanical and Aerospace Engineering Luca Maddalena	Assistant Professor	Associate Professor (T)
College of Liberal Arts		
Art and Art History Zenas Seiji Ikeda Salvatore Terrasi	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Communication James D. Spaniolo	Professor (T)	Professor Emeritus
English Wendy B. Faris	Professor (T)	Professor Emeritus
History Patryk Babiracki Sarah Rose	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Linguistics and TESOL Joseph Sabbagh	Assistant Professor	Associate Professor (T)
Modern Languages Lana Rings	Associate Professor (T)	Associate Professor Emeritus

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Music Karen Kenaston	Assistant Professor	Associate Professor (T)
Philosophy and Humanities Nakia S. Pope Harry Paul Reeder	New Hire Professor (T)	Associate Professor (T) Professor Emeritus
Political Science Jose Angel Gutierrez	Professor (T)	Professor Emeritus
Sociology and Anthropology Krystal Beamon Paul Wong	Assistant Professor New Hire	Associate Professor (T) Dean and Professor (T)
College of Nursing and Health Innovation		
Kinesiology Robert Matthew Brothers Paul Fadel	New Hire New Hire	Associate Professor (T) Professor (T)
Nursing Marco Brotto Carolyn L. Cason Jennifer Gray Mark Haykowsky	New Hire Professor (T) Professor (T) New Hire	Professor (T) Professor Emeritus Professor Emeritus Professor (T)
College of Science		
Biology Clay Clark	New Hire	Professor (T)
Chemistry and Biochemistry Morteza Khaledi Richard B. Timmons	New Hire Professor (T)	Professor (T) Professor Emeritus
Physics Sangwook Park	Assistant Professor	Associate Professor (T)
Psychology Roger L. Mellgren	Professor (T)	Professor Emeritus

36. Lease - U. T. Arlington: Authorization to lease retail space at 445 Spaniolo Drive, Arlington, Tarrant County, Texas, to Quintessence Corporation, for restaurant use

Description: Lease of approximately 2,883 square feet of retail space in the College Park mixed-use development for use by the tenant as a restaurant

Lessee: Quintessence Corporation, a Texas corporation dba Texadelphia

Term: 40 months, commencing on May 12, 2015. The lease also provides for one 24-month extension option followed by two 60-month extension options. The lease expressly states that it is not valid for amounts exceeding \$1,000,000 unless and until Board approval is obtained.

Lease Income: Seven percent of gross sales, estimated to be \$188,388, and estimated operating expenses payable over an 84-month initial term, and \$1,076,778 in rent and estimated operating expenses payable over three 60-month extension options

37. License - U. T. Arlington: Authorization to license space in the College Park Center to TULSA PRO HOOPS, LLC, or its assignee, for a professional basketball team's games and related uses

Description: License of the College Park Center to an entity that seeks to relocate a Women's National Basketball Association (WNBA) team to Arlington, Texas, for the team's games and related uses

Licensee: TULSA PRO HOOPS, LLC, or its assignee

Term: Five WNBA seasons starting in the 2016 WNBA season, with two five-year extension options.

License Income: Consideration to U. T. Arlington includes a \$15,000 per game venue use fee. In addition, U. T. Arlington will receive parking fees, a portion of the concession sales, and ticket facility maintenance fees. On non-game days, U. T. Arlington may receive fees for the use of its practice courts, training room, video room, weight room, and storage room. Complimentary tickets will be provided to U. T. Arlington and U. T. Arlington will benefit from facility improvements paid for by licensee. Total consideration under the license agreement is based on actual use and may total several million dollars; therefore, this license is being submitted to the Board of Regents for authorization.

38. Contract (funds coming in) - U. T. Austin: Sodexo Services of Texas Limited Partnership will provide food and beverage items for faculty, staff, students, and invitees at various locations on campus

Agency: Sodexo Services of Texas Limited Partnership

Funds: Approximately \$45,000,000 through the life of the agreement with all possible renewals

Period: September 1, 2015 through August 31, 2022; two possible renewal options for one year each

Description: Sodexo to provide concession and catering services to various facilities at U. T. Austin, including Darrell K Royal-Texas Memorial Stadium (DKR); University Federal Credit Union Disch-Falk Field; Red and Charline McCombs Field; Mike A. Myers Stadium; Texas Performing Arts; Gregory Gymnasium; Beauford H. Jester Center; Thompson Conference Center; and the Retail Food Court in the North End Zone of DKR.

39. Contract (funds coming in and going out) - U. T. Austin: Campus Café Associates, Ltd. dba O's Campus Café will provide food and beverage items for faculty, staff, students, and invitees at fixed cafeteria-style locations, mobile food cart locations, and nonexclusive catering services

Agency: Campus Café Associates, Ltd. dba O's Campus Café

Funds: Funds coming in:
Approximate Royalty of \$30,618 over a period of 10 years [Calculated at (1) 50% of annual Net Profit in excess of \$100,000, plus (2) 3% of gross revenues from concession sales at the Lee and Joe Jamail Texas Swimming Center]

Approximate Annual Equipment Replacement Fund of \$24,916 per year, or \$249,162 over a period of 10 years

Funds going out:
Management Fee – Fixed at \$96,000 per year (Years 1-5) and \$105,000 per year (Years 6-10), or \$1,005,000 over a period of 10 years

Approximate Net Profit retained at \$84,477 per year, or \$844,771 over a period of 10 years

Period: September 1, 2015 through August 31, 2020; five possible renewal periods, each not to exceed one year

Description: Campus Café Associates, Ltd. dba O's Campus Café will sell food and beverage items through fixed cafeteria-style locations, mobile food cart locations, and nonexclusive catering services on the U. T. Austin campus. The approximate value of this Agreement is \$2,129,551 (\$279,780 to U. T. Austin and \$1,849,771 to Campus Café Associates, Ltd. dba O's Campus Café).

40. Contract (funds coming in and going out) - U. T. Austin: Operate State of Texas Capitol Complex Child Development Center for Texas Facilities Commission

Agency: Texas Facilities Commission

Funds: The child care facility will be operated as a self-supporting entity with an anticipated budget of approximately \$1.05 million per year.

The operation will be funded with fees paid by day care enrollees with anticipated revenue of approximately \$1.05 million per year.

Period: June 1, 2015 through August 31, 2021, with options to renew for two additional two-year periods

Description: U. T. Austin was selected on the basis of a Request for Proposal issued by the Texas Facilities Commission to operate the State of Texas Capitol Complex Child Development Center. Enrollees will be children of employees of State of Texas agencies or U. T. Austin.

Texas Facilities Commission will provide a .07 acre Child Care Facility comprised of two buildings, rent free, as the sole facility in the operation of the State of Texas Child Care Program. The Texas Facilities Commission will also provide extensive renovations and an on-site Contract Administrator.

41. Contract (funds going out) - U. T. Austin: Atkins North America, Inc. to provide professional services to campus facilities

Agency: Atkins North America, Inc.

Funds: Anticipated total costs expected to exceed \$1,000,000 (with prior written approval of the University) over the five-year contract period

Source of Funds: Unexpended Plant Funds, Replacement and Renewal Funds, Available University Funds, and various other funds

Period: September 1, 2012 through August 31, 2017 (one-year contract with option to renew for four additional one-year periods). Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold.

Description: Atkins North America, Inc. to perform miscellaneous professional Architectural, Project Programming, Facilities Space Management, and Project Feasibility Studies services, with projects varying in scope and size. Separate service agreements will be executed for each project. Services were competitively procured.

42. Contract (funds going out) - U. T. Austin: Encotech Engineering Consultants, Inc. to provide professional services to campus facilities

Agency: Encotech Engineering Consultants, Inc.

Funds: Anticipated total costs expected to exceed \$1,000,000 (with prior written approval of the University) over the five-year contract period

Source of Funds: Unexpended Plant Funds, Replacement and Renewal Funds, Available University Funds, and various other funds

Period: September 1, 2012 through August 31, 2017 (one-year contract with option to renew for four additional one-year periods). Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold.

Description: Encotech Engineering Consultants, Inc. to perform miscellaneous professional Mechanical, Electrical, Plumbing and/or Chemical Safety Engineering services, with projects varying in scope and size. Separate service agreements will be executed for each project. Services were competitively procured.

43. Contract (funds going out) - U. T. Austin: Facility Programming and Consulting to provide professional services to campus facilities

Agency: Facility Programming and Consulting

Funds: Anticipated total costs expected to exceed \$1,000,000 (with prior written approval of the University) over the five-year contract period

Source of Funds: Unexpended Plant Funds, Replacement and Renewal Funds, Available University Funds, and various other funds

Period: September 1, 2012 through August 31, 2017 (one-year contract with option to renew for four additional one-year periods). Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold.

Description: Facility Programming and Consulting to perform miscellaneous professional project programming, facilities space management, and project feasibility services with projects varying in scope and size. Separate service agreements will be executed for each project. Services were competitively procured.

44. Contract (funds going out) - U. T. Austin: Frank Lam & Associates, Inc. to provide professional services to campus facilities

Agency: Frank Lam & Associates, Inc.

Funds: Anticipated total costs expected to exceed \$1,000,000 (with prior written approval of the University) over the five-year contract period

Source of Funds: Unexpended Plant Funds, Replacement and Renewal Funds, Available University Funds, and various other funds

Period: September 1, 2012 through August 31, 2017 (one-year contract with option to renew for four additional one-year periods). Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold.

Description: Frank Lam & Associates, Inc. to perform miscellaneous professional structural engineering services with projects varying in scope and size. Separate service agreements will be executed for each project. Services were competitively procured.

45. Contract (funds going out) - U. T. Austin: McKinney/York Architects, Inc. to provide professional services to campus facilities

Agency: McKinney/York Architects, Inc.

Funds: Anticipated total costs expected to exceed \$1,000,000 (with prior written approval of the University) over the five-year contract period

Source of Funds: Unexpended Plant Funds, Replacement and Renewal Funds, Available University Funds, and various other funds

Period: September 1, 2012 through August 31, 2017 (one-year contract with option to renew for four additional one-year periods). Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold.

Description: McKinney/York Architects, Inc. to perform miscellaneous professional architectural and interior design services with projects varying in scope and size. Separate service agreements will be executed for each project. Services were competitively procured.

46. Contract (funds going out) - U. T. Austin: Sisk-Robb Incorporated to provide asbestos abatement services to campus facilities

Agency: Sisk-Robb Incorporated

Funds: Anticipated total costs expected to exceed \$1,000,000 (with prior written approval of the University) over the five-year contract period

Source of Funds: Unexpended Plant Funds, Replacement and Renewal Funds, Available University Funds, and various other funds

Period: July 8, 2014 through July 7, 2019 (one-year contract with option to renew for four additional one-year periods). Contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold.

Description: Sisk-Robb Incorporated to perform asbestos abatement services with projects varying in scope and size. Separate service agreements will be executed for each project. Services were competitively procured.

47. Contract (funds going out) - U. T. Austin: International Business Machines (IBM) Corporation to provide services to execute the agreement for the technical architecture for the Administrative Systems Modernization Program, including implementation and integration of Workday, Inc.'s cloud-based Enterprise Resource Planning (ERP) system

Agency: International Business Machine (IBM) Corporation

Funds: \$4,000,000 to \$6,000,000

Source of Funds: Designated Interest on Temporary Investments

Period: October 1, 2015 through April 1, 2017

Description: IBM will provide services to execute the agreement for technical architecture for the implementation and integration of Workday, Inc.'s cloud-based ERP system for Financial Management, Procurement and Logistics, and Human Resources/Payroll. This is the result of a Request for Proposal.

48. Contract (funds going out) - U. T. Austin: Harry Ransom Humanities Research Center contract with Kazuo Ishiguro c/o R.A. Gekoski Rare Books and Manuscripts for the Acquisition of the Kazuo Ishiguro Archive

Agency: Kazuo Ishiguro c/o R.A. Gekoski Rare Books and Manuscripts

Funds: U. T. Austin will pay the sum of \$1,100,000 for the Kazuo Ishiguro Archive. Payments will be paid in installments:
(1) \$275,000 within 30 days of the Archive's safe arrival to the Ransom Center, first payment expected on September 1, 2015,
(2) \$275,000 in October 2015,
(3) \$275,000 in October 2016, and
(4) \$275,000 in October 2017

Source of Funds: Gift Collection Revolving Fund

Period: August 1, 2015 through November 1, 2017

Description: U. T. Austin seeks to purchase and become the exclusive owner of the Kazuo Ishiguro Archive, which includes 21 plastic boxes that contain several of Ishiguro's early works, unpublished works, typescripts, and short stories.

Kazuo Ishiguro is one of the most acclaimed authors writing today. His work has been translated into over 40 languages, and he has been the recipient of many of the most prestigious literary awards and honors. Several of his novels have also been adapted for film, including *The Remains of the Day*, *Never Let Me Go*, and *The White Countess*.

49. Contract (funds going out) - U. T. Austin: Capital Metropolitan Transportation Authority to provide commuter services to all faculty and staff

Agency: Capital Metropolitan Transportation Authority

Funds: \$4,638,656 through the life of the contract with renewals

Source of Funds: Auxiliary Funds

Period: September 1, 2015 through August 31, 2018, with options to renew for five one-year terms

Description: Capital Metropolitan Transportation Authority will provide full access to all Capital Metropolitan Transportation Authority services, which includes local, premium, commuter, and any new services to faculty and staff members of U. T. Austin at no charge. Student bus service is covered under a separate agreement.

50. Request for Budget Change - U. T. Austin: Transfer \$2,500,000 from VPBA - Provision for Utilities, Operating Income to Pickle Research Campus - Chiller, All Expenses to purchase chiller to increase chiller capacity at the J. J. Pickle Research Campus (RBC No. 6838) -- amendment to the 2014-2015 budget

51. Request for Budget Change - U. T. Austin: Transfer \$3,730,308 from Library Resource Sharing Project, Operating Income to U. T. Libraries Departmental Expenses to increase the budget by income received from U. T. System and other U. T. System institutions to purchase a database subscription (RBC No. 6906) -- amendment to the 2014-2015 budget

52. Request for Budget Change - U. T. Austin: Transfer \$2,200,000 from UBC Commitments, Designated Funds to Modernization of Chiller 5.3, All Expenses to upgrade existing chiller unit 5.3 to a standard consistent with chillers at Chilling Station Six (CS6) (RBC No. 6911) -- amendment to the 2014-2015 budget

53. Request for Budget Change - U. T. Austin: Transfer \$2,000,000 from UBC Commitments, Designated Funds to Rotor Conversion and Turbine Project, All Expenses to budget funds for the rotor conversion and turbine upgrade project (RBC No. 6912) -- amendment to the 2014-2015 budget

54. Request for Budget Change - U. T. Austin: Transfer \$4,471,800 from House Bill No. 2: Bureau for Economic Geology Supplemental Appropriation to BEGTX Net Seismic Research and Equipment, Maintenance, Operations and Equipment for the purchase and development of seismic equipment, maintenance of seismic networks, modeling of reservoir behavior for systems of wells in the vicinity of faults, and establishment of a technical advisory committee (RBC No. 6998) -- amendment to the 2014-2015 budget

55. Request for Budget Change - U. T. Austin: New award of tenure and emeritus appointments

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 2016 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		
Tamie Michele Glass	Assistant Professor	Associate Professor (T)
Igor P. Siddiqui	Assistant Professor	Associate Professor (T)
McCombs School of Business		
Finance		
Jonathan B. Cohn	Assistant Professor	Associate Professor (T)
George W. Gau	Professor (T)	Professor Emeritus
Information Risk and Operations Management		
Guoming Lai	Assistant Professor	Associate Professor (T)
Leon Lasdon	Professor (T)	Professor Emeritus
James G. Scott	Assistant Professor	Associate Professor (T)
Management		
Puay Toh	New Hire	Associate Professor (T)
Marketing		
Jun A. Duan	Assistant Professor	Associate Professor (T)
Moody College of Communication		
Communication Science and Disorders		
Bharath Chandrasekaran	Assistant Professor	Associate Professor (T)
Communication Studies		
Erin Eileen Donovan	Assistant Professor	Associate Professor (T)
Radio, Television and Film		
Caroline J. Frick	Assistant Professor	Associate Professor (T)
Madhavi Mallapragada	Assistant Professor	Associate Professor (T)
College of Education		
Curriculum and Instruction		
Rebecca M. Callahan	Assistant Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Educational Psychology Germine H. Awad Richard Valencia	Assistant Professor Professor (T)	Associate Professor (T) Professor Emeritus
Kinesiology/Health Education Nell Gottlieb Thomas M. Hunt	Professor (T) Assistant Professor	Professor Emeritus Associate Professor (T)
Special Education Terry S. Falcomata	Assistant Professor	Associate Professor (T)
Cockrell School of Engineering		
Aerospace Engineering Todd E. Humphreys Ryan P. Russell Byron Tapley Michael M. Watkins	Assistant Professor Assistant Professor Professor (T) New Hire	Associate Professor (T) Associate Professor (T) Professor Emeritus Professor (T)
Biomedical Engineering Aaron Blair Baker	Assistant Professor	Associate Professor (T)
Civil, Architecture, and Environmental Engineering Brady R. Cox Chadi Said El Mohtar	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Electrical and Computer Engineering Deji Akinwande Georgios-Alex Dimakis Neal A. Hall	Assistant Professor Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T) Associate Professor (T)
Mechanical Engineering Dongmei Chen	Assistant Professor	Associate Professor (T)
College of Fine Arts		
Art and Art History Stephennie Mulder Jeff Williams	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Theatre and Dance Rebecca Rossen	Assistant Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Jackson School of Geosciences		
Geological Sciences		
Jaime D. Barnes	Assistant Professor	Associate Professor (T)
Daniel O. Breecker	Assistant Professor	Associate Professor (T)
Patrick Heimbach	New Hire	Associate Professor (T)
Wonsuck Kim	Assistant Professor	Associate Professor (T)
Timothy M. Shanahan	Assistant Professor	Associate Professor (T)
Kyle Thomas Spikes	Assistant Professor	Associate Professor (T)
School of Information		
Information		
Lorraine J. Haricombe	New Hire	Professor (T)
Matthew A. Lease	Assistant Professor	Associate Professor (T)
School of Law		
Law		
Joseph R. Fishkin	Assistant Professor	Professor (T)
Cary C. Franklin	Assistant Professor	Professor (T)
College of Liberal Arts		
African Diaspora Studies		
Simone A. Browne	Assistant Professor	Associate Professor (T)
Marcelo Jorge De Paula Paixao	New Hire	Associate Professor (T)
Anthropology		
Craig A. Campbell	Assistant Professor	Associate Professor (T)
Classics		
Deborah Beck	Assistant Professor	Associate Professor (T)
Economics		
Olivier Coibion	Associate Professor	Associate Professor (T)
English		
Jonathan E. Harvey	New Hire	Professor (T)
Heather Houser	Assistant Professor	Associate Professor (T)
Edward A. MacDuffie III	Assistant Professor	Associate Professor (T)
Snehal A. Shingavi	Assistant Professor	Associate Professor (T)
Germanic Studies		
Per K. Urlaub	Assistant Professor	Associate Professor (T)
History		
Peniel E. Joseph	New Hire	Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Linguistics David G. Quinto-Pozos	Assistant Professor	Associate Professor (T)
Middle Eastern Studies Hina Azam	Assistant Professor	Associate Professor (T)
Philosophy Katherine L. Dunlop	Assistant Professor	Associate Professor (T)
Psychology Kathryn P. Harden Elliot M. Tucker-Drob	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Dell Medical School		
Surgery and Perioperative Care Kevin Bozic	New Hire	Professor (T)
Pediatrics Steven Abrams	New Hire	Professor (T)
Women's Health Amy Shumaker	New Hire	Professor (T)
College of Natural Sciences		
Computer Science J.S. Moore, II	Chair and Professor (T)	Chair and Professor Emeritus
Pradeep Ravikumar	Assistant Professor	Associate Professor (T)
Human Development and Family Sciences Paul Eastwick Stephen Russell	Assistant Professor New Hire	Associate Professor (T) Professor (T)
Marine Science Bryan A. Black Wayne Gardner Zhanfei Liu	Assistant Professor Professor (T) Assistant Professor	Associate Professor (T) Professor Emeritus Associate Professor (T)
Mathematics Ronny Hadani Andrew M. Neitzke	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Molecular Biosciences Steven A. Vokes Yan Zhang	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Neuroscience Jonathan T. Pierce- Shimomura	Assistant Professor	Associate Professor (T)
School of Nursing Nursing Billye J. Brown	Professor Emeritus	Dean and Professor Emeritus
College of Pharmacy Pharmacy Seongmin Lee Marvin D. Shepherd	Assistant Professor Professor (T)	Associate Professor (T) Professor Emeritus
LBJ School of Public Affairs Public Affairs Leigh B. Boske Peniel E. Joseph William H. McRaven	Professor (T) New Hire New Hire	Professor Emeritus Professor (T) Professor (T)

56. Employment Agreement - U. T. Austin: Head Women's Tennis Coach Agreement for Howard Joffe

The following Head Women’s Tennis Coach Employment 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 Howard Joffe may be in excess of \$1,000,000. 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.

Item: Head Women’s Tennis Coach Employment Agreement for Howard Joffe

Proposed: **Guaranteed compensation:**

Base Salary: \$188,000 annually

Athletics Products and Endorsement: \$2,000 annually

Sports Camps and Clinics: \$16,375 estimated annually, based on FY 2013-14 payout

Automobile: Courtesy Dealer Car or monthly car allowance annually

Social club membership:

- 1) The University of Texas Golf and Tennis Club annually
- 2) The University of Texas Club annually

Nonguaranteed compensation:

Performance Incentives:

- (a) \$10,000 in any contract year in which the team wins or ties for the Big 12 Regular Season or Postseason Tournament Championship (one award of \$10,000 for either achievement).
- (b) \$5,000 in any contract year in which the team qualifies for NCAA National Championship Field.
- (c) \$7,500 in any contract year in which the team places 5th-8th or ties for 5th or 8th in the NCAA National Championship; or
- (d) \$10,000 in any contract year in which the team places 2nd-4th or ties for 2nd-4th in the NCAA National Championship; or
- (e) \$20,000 in any contract year in which the team places 1st or ties for 1st in the NCAA National Championship.
- (f) \$2,000 in any contract year in which the Coach is named Big 12 Coach of the Year (coaches' vote).
- (g) \$5,000 in any contract year in which the Coach is named National Coach of the Year (coaches' vote).
- (h) \$5,000 Academic Performance annual Grade Point Average goal achieved.
- (i) \$5,000 Academic Performance annual Academic Progress Rate goal achieved.

Source of funds: Athletic Funds

Description: The proposed agreement for Head Women's Tennis Coach Howard Joffe is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which U. T. Austin is a member, the Regents' *Rules and Regulations*, and the policies of U. T. Austin. Any violation of the provisions of such constitution, bylaws, rules, regulations or policies shall be grounds for suspension without pay and/or dismissal.

Period: July 9, 2015 through June 30, 2020

57. Report - U. T. Brownsville: No items for Consent Agenda

58. Contract (funds going out) - U. T. Dallas: Third amendment to agreement with Buses by Bill, Inc. to provide local area transportation including bus service

Agency: Buses by Bill, Inc.

Funds: \$1,600,000

Source of Funds: Transportation Fee

Period: September 1, 2015 through February 29, 2016

Description: On February 7, 2008, the Board approved a contract with Buses by Bill to provide local area transportation for the U. T. Dallas community. The bus services provided by Buses by Bill support the growing number of students, faculty, staff, and visitors requiring access to the U. T. Dallas campus on a daily basis. The routes serviced by Buses by Bill primarily consist of U. T. Dallas-affiliated riders and are not otherwise serviced by Dallas Area Rapid Transit (DART); however a small portion of the cost associated with this contract is subsidized by DART.

The contract originally approved by the Board was set to expire on July 31, 2010, with an allowable extension for five additional years. The contract was subsequently extended by amendment through July 31, 2015. The amendment also provided for adjusted rates to account for the increase in ridership, which effectively extended the contract term for one additional month. The current contract is set to expire on August 31, 2015.

Due to current and projected levels of ridership, U. T. Dallas is in discussions with DART for DART to assume direct responsibility for the routes currently serviced by Buses by Bill. U. T. Dallas and DART intend to enter into a separate Interlocal Agreement to specify the terms and conditions for future campus shuttle service. An agreement with DART is expected to result in cost savings for U. T. Dallas relative to the cost associated with U. T. Dallas providing bus services as currently structured.

U. T. Dallas anticipates evaluating an Interlocal Agreement with DART in the next six to twelve months. U. T. Dallas seeks Board approval to extend the Buses by Bill contract through February 29, 2016, with the option to extend month-to-month. The amount of funds identified for Board approval includes 12 months of estimated charges. Based on the outcome of the evaluation, U. T. Dallas will either accept the Interlocal Agreement or issue a U. T. Dallas Request for Proposal to select a contractor to provide the shuttle bus services.

59. Request for Budget Change - U. T. Dallas: New award of tenure appointments

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 2016 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
School of Arts and Humanities		
Arts, Technology, and Emerging Communication		
Matthew Brown	Assistant Professor	Associate Professor (T)
Eric Farrar	Assistant Professor	Associate Professor (T)
Literary Studies		
Shari Goldberg	Assistant Professor	Associate Professor (T)
Jessica Murphy	Assistant Professor	Associate Professor (T)
Aesthetic Studies		
Mark Rosen	Assistant Professor	Associate Professor (T)
School of Behavioral and Brain Sciences		
Cognition/Neuroscience		
Noah Sasson	Assistant Professor	Associate Professor (T)
School of Economic, Political and Policy Sciences		
Geospatial Information Sciences		
Yongwan Chun	Assistant Professor	Associate Professor (T)
Sociology/Public Affairs		
Meghna Sabharwal	Assistant Professor	Associate Professor (T)
Public Affairs		
Young-Joo Lee	Assistant Professor	Associate Professor (T)
Public Policy and Political Economy		
Dohyeong Kim	Associate Professor	Associate Professor (T)
Political Science		
Banks Miller	Assistant Professor	Associate Professor (T)
Erik Jonsson School of Engineering and Computer Science		
Bioengineering		
Leonidas Bleris	Assistant Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Electrical Engineering Carlos Busso-Recabarren	Assistant Professor	Associate Professor (T)
Materials Science Chris Hinkle	Assistant Professor	Associate Professor (T)
Naveen Jindal School of Management		
Economics Kyle Hyndman	Assistant Professor	Associate Professor (T)
Management Information Systems Zhiqiang Zheng	Associate Professor	Professor (T)
Operations Management Dorothee Honhon	Assistant Professor	Associate Professor (T)

60. Employment Agreement - U. T. Dallas: Appointment of B. Hobson Wildenthal, Ph.D., as President *ad interim*

The following agreement has been approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs, has been signed by Dr. Wildenthal, and is recommended for approval by the U. T. System Board of Regents. Terms of employment under this agreement are subject to Regents' *Rules and Regulations*, Rules 10501 and 20201, and *Texas Education Code* Section 51.948.

- Item: President *ad interim*
- Funds: \$410,000 annually with a \$50,000 annual salary supplement to acknowledge the increased assignment of responsibilities outside the duties as Executive Vice President and Provost
- Period: Beginning July 1, 2015
- Description: Agreement for employment of Dr. B. Hobson Wildenthal as President *ad interim* of U. T. Dallas. The President *ad interim* reports to the Chancellor and the Executive Vice Chancellor for Academic Affairs and shall hold office without fixed term, subject to the pleasure of the Executive Vice Chancellor for Academic Affairs and approval by the Chancellor and Board of Regents. The employment agreement is set out on the following pages.



The University of Texas System
Nine Universities. Six Health Institutions. Unlimited Possibilities.

Office of the Chancellor
601 Colorado Street, Austin, Texas 78701-2982
Phone: 512 499 4201 Fax: 512 499 4215

June 15, 2015

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

Dr. Hobson Wildenthal
Executive Vice President and Provost
The University of Texas at Dallas
Post Office Box 830688
Richardson, Texas 75083-0688

Dear Dr. Wildenthal:

I write to officially express to you my pleasure that you have accepted the offer to serve as President *ad interim* of The University of Texas at Dallas, effective July 1, 2015, with duties, and under terms and conditions, as outlined in the Regents' Rules. This letter also confirms our verbal agreements to that offer.

In acknowledgement of the increased assignment of responsibilities existing outside of your current position, you will receive a salary supplement of \$50,000/year or \$4,166.67 monthly, to remain in effect for the term of your appointment as President *ad interim*. Your baseline salary remains unaffected during the fiscal year and will be subject to merit salary increases consistent with compensation policies for The University of Texas at Dallas. Your eligibility for and continuation of your benefits will not be affected.

Business-related travel and entertainment expenses shall be in accordance with Regents' Rule 20205, and with current travel and entertainment budgets of the institution. Reasonable expenses will be paid directly or reimbursed as appropriate. Acceptance of donated travel must be approved pursuant to the requirements set forth in Regents' Rule 20601.

All presidents are required to comply with Regents' Rule 20205 which outlines the appropriate and timely submission of documentation required for reimbursement of travel and entertainment expenditures. Quarterly reports on travel and entertainment shall be filed with the Executive Vice Chancellor for Academic Affairs.

Pursuant to Regents' Rule 30104, the President of a UT System institution may not be employed in any outside work or activity or receive from an outside source any compensation, or serve on an outside board, until a description of the nature and extent of the employment or activity, and the range of any compensation has been submitted to and approved by the Executive Vice Chancellor for Academic Affairs.

www.utssystem.edu

Dr. Hobson Wildenthal
June 15, 2015
Page 2

Your base salary is all inclusive and there are not additional allowances provided for housing and automobile consistent with the Regents' Rule 20202 on compensation for chief administrative officers. Reimbursement will be made for mileage associated with business use of a vehicle in accordance with the latest published Internal Revenue Service guidelines, the State Travel Regulations Act (*Texas Government Code*, Chapter 660) and applicable institutional policies. There is no separate provision for the use of a cellular telephone or other wireless device. Such use shall follow the policy for wireless devices at your institution.

Hobson, I look forward to the opportunity to work with you as President *ad interim* of The University of Texas at Dallas. Please sign below to indicate your acceptance of this offer, and return a signed copy to my office. If you have any questions, please feel free to contact me or Executive Vice Chancellor Steve Leslie.

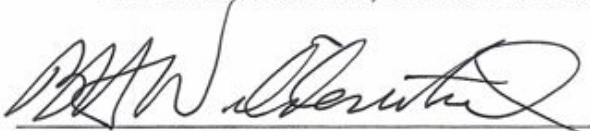
Sincerely,



William H. McRaven
Chancellor

WHM /jbp

cc: Dr. Steve Leslie, Executive Vice Chancellor for Academic Affairs
Ms. Francie Frederick, General Counsel to the Board of Regents



Signature of Acceptance

June 25, 2015
Date

61. Contract (funds going out) - U. T. El Paso: GCA Education Services of Texas, Inc. to perform custodial and hardscape services

Agency: GCA Education Services of Texas, Inc.

Funds: Anticipated total costs expected to exceed \$10,000,000 over the six-year contract period

Source of Funds: Designated Tuition

Period: September 1, 2015 through August 31, 2018 (three-year contract with option to renew for three additional one-year periods)

Description: GCA Education Services of Texas, Inc. will provide custodial and hardscape services. These services were competitively bid.

62. Request for Budget Change - U. T. El Paso: New award of tenure appointments

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 2016 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		
Economics and Finance James E. Upson	Assistant Professor	Associate Professor (T)
Marketing and Management Laura Guerrero	Assistant Professor	Associate Professor (T)
Fernando R. Jiménez Arévalo	Assistant Professor	Associate Professor (T)
Miguel A. Ramos-Gonzalez	Assistant Professor	Associate Professor (T)
College of Engineering		
Metallurgical and Materials Engineering Nam-Soo Peter Kim	Associate Professor	Associate Professor (T)
College of Health Sciences		
Rehabilitation Sciences Celia M. Pechak	Assistant Professor	Associate Professor (T)
College of Liberal Arts		
Communications Tara Rai Peterson	New Hire	Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
English Andrew Fleck	New Hire	Associate Professor (T)
Psychology Jennifer Eno Louden	Assistant Professor	Associate Professor (T)
Theatre and Dance Crystal G. Herman	Assistant Professor	Associate Professor (T)
College of Science		
Biological Sciences Markus Peterson	New Hire	Professor (T)
Jianjun Sun	Assistant Professor	Associate Professor (T)
Chemistry Chuan Xiao	Assistant Professor	Associate Professor (T)
Geological Sciences James Kubicki	New Hire	Professor (T)
Mathematical Sciences Amy E. Wagler	Assistant Professor	Associate Professor (T)
Son-Young Yi	Assistant Professor	Associate Professor (T)

63. Lease - U. T. Pan American: Authorization to extend the lease of space at 1800 South Main Street, McAllen, Hidalgo County, Texas, to TCP Main Place Partners, L.P., for general office use and classroom space

Description: Extension of the lease of approximately 9,985 rentable square feet located at 1800 South Main Street, McAllen, Hidalgo County, Texas, for general office use and classroom space, with ancillary meeting, library, food service, lounge areas, breakrooms, and dining rooms

Lessee: TCP Main Place Partners, L.P., a domestic limited partnership

Term: The term of the lease is extended for a period commencing on August 1, 2015, and continuing through July 31, 2018. Per the lease amendment, effective September 1, 2015, with the abolition of U. T. Pan American, the lease will automatically transfer to U. T. Rio Grande Valley.

Lease Income: Base rent for this extension period will total \$360,000. Total base rent paid during the original and preceding extensions terms totaled \$648,000, which combined, totals \$1,008,000 in aggregate base rent for this lease.

64. Request for Budget Change - U. T. Permian Basin: New award of tenure appointments

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 2016 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		
Biology Michael S Zavada	New Hire	Professor (T)
Psychology Linda Montgomery	Visiting Associate Professor	Associate Professor (T)
Visual and Performing Arts Mario Kiran	Assistant Professor	Associate Professor (T)

65. Contract (funds coming in) - U. T. Rio Grande Valley: Corpus Christi Vending, Inc. dba South Texas Canteen to provide vending machine services

Agency: Corpus Christi Vending, Inc. dba South Texas Canteen

Funds: Estimated \$250,000 for initial term and all possible renewals

Period: August 1, 2015 through July 31, 2018 for initial term, with two one-year renewal options

Description: Corpus Christi Vending, Inc. dba South Texas Canteen will provide vending machine services to the institution. In accordance with *Texas Education Code* Section 51.945, the students were provided with an opportunity to comment prior to determination that this vending services provider should be selected by the institution. *Texas Government Code* Section 2203.005(a) requires all vending machine agreements to be approved by the Board.

66. Request for Budget Change - U. T. Rio Grande Valley: New award of tenure appointments

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 2016 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 and Entrepreneurship		
Department of Economics and Finance		
James Boudreau	Assistant Professor	Associate Professor (T)
Salvador Contreras	Assistant Professor	Associate Professor (T)
Department of Information Systems		
Hong Qin	Assistant Professor	Associate Professor (T)
Department of International Business and Entrepreneurship		
Clara Downey-Adams	Assistant Professor	Associate Professor (T)
Department of Management		
Jorge Gonzalez	Assistant Professor	Associate Professor (T)
Department of Marketing		
Xiaojing Sheng	Assistant Professor	Associate Professor (T)
College of Education and P-16 Integration		
Department of Teaching and Learning		
Laura Lewett	Assistant Professor	Associate Professor (T)
Zhidong Zhang	Assistant Professor	Associate Professor (T)
College of Engineering and Computer Science		
Department of Computer Science		
Laura Grabowski	Assistant Professor	Associate Professor (T)
Emmett Tomai	Assistant Professor	Associate Professor (T)
Department of Electrical Engineering		
Wenjie Dong	Assistant Professor	Associate Professor (T)
Jaime Ramos-Salas	Assistant Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Department of Mechanical Engineering		
Isaac Choutapalli	Assistant Professor	Associate Professor (T)
Yingchen Yang	Assistant Professor	Associate Professor (T)
College of Fine Arts		
School of Art		
Carlos De Souza	Assistant Professor	Associate Professor (T)
School of Music		
Rebecca Coberly	Assistant Professor	Associate Professor (T)
Juan Pablo Andrade	Assistant Professor	Associate Professor (T)
Justin Writer	Assistant Professor	Associate Professor (T)
College of Health Affairs		
Department of Social Work		
John Gonzalez	Assistant Professor	Associate Professor (T)
College of Liberal Arts		
Department of History		
Robert Hoppens	Assistant Professor	Associate Professor (T)
Department of Literatures and Cultural Studies		
Maria Del Consuelo Guerrero	Assistant Professor	Associate Professor (T)
School of Interdisciplinary Programs and Community Engagement		
Stephanie Alvarez-Martinez	Assistant Professor	Associate Professor (T)
College of Sciences		
Department of Biology		
Robert Dearth	Assistant Professor	Associate Professor (T)
Department of Chemistry		
James Bullard	Assistant Professor	Associate Professor (T)
Yuanbing Mao	Assistant Professor	Associate Professor (T)
Jason Parsons	Assistant Professor	Associate Professor (T)
Department of Physics		
Nicolas Pereyra	Assistant Professor	Associate Professor (T)
Volker Quetschke	Assistant Professor	Associate Professor (T)
Ahmed Touhami	Assistant Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
School of Mathematical and Statistical Science Timothy Huber	Assistant Professor	Associate Professor (T)
School of Multidisciplinary Sciences Frank Dirrigl	Assistant Professor	Associate Professor (T)
Juan Gonzalez	Assistant Professor	Associate Professor (T)

67. Purchase - U. T. Rio Grande Valley: Authorization to purchase unimproved real property totaling approximately 53 acres located at the southeast quadrant of North Sugar Road and West Chapin Street, Edinburg, Hidalgo County, Texas, from Norquest Family Holdings, Ltd., for future campus expansion; and resolution regarding parity debt

Description: Purchase of approximately 53 acres of land located at the southeast quadrant of North Sugar Road and West Chapin Street in Edinburg, Hidalgo 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. This parcel is adjacent to the institution’s Hidalgo County campus and will be used for future campus expansion.

Seller: Norquest Family Holdings, Ltd.

Purchase Price: Fair market value as established by independent appraisals, plus all due diligence expenses, closing costs, and expenses to complete the acquisition as deemed necessary by the Executive Director of Real Estate. The appraisals are confidential pursuant to *Texas Education Code* Section 51.951.

Source of Funds: Revenue Financing System bonds repaid out of rental income and Designated Tuition. Debt service for the acquisition is estimated to be \$414,700 annually. The institution’s debt service coverage ratio is expected to be at least 2.1 times and to average 2.6 times during the period from Fiscal Year 2016 through Fiscal Year 2021. The institution therefore requests that the Board resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System the following findings:

- parity debt shall be issued to fund all or a portion of the purchase price, 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 RFS 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;
- U. T. Rio Grande Valley, which is a “Member” as such term is used in the RFS 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 parity debt in an aggregate amount not to exceed fair market value as established by independent appraisals; and
- this resolution satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations* that evidences the Board’s intention to reimburse project expenditures with bond proceeds.

68. Purchase - U. T. Rio Grande Valley: Authorization to purchase an approximately one acre tract of land, improvements, and personal property located at 2701 East Tyler Street, Brownsville, Cameron County, Texas, from Tejon Properties, Ltd., for future campus expansion

Description: Purchase of approximately one acre of land, 4,543 square feet of improvements, and personal property located at 2701 East Tyler Street, Brownsville, Cameron 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. This property is in close proximity to the institution’s Cameron County campus and will be used for future campus expansion.

Seller: Tejon Properties, Ltd., a Texas limited partnership

Purchase Price: \$1,100,000; the indicated fair market value of the property being acquired is \$1,095,000 to \$1,175,000, which was established by an independent appraisal performed by Aguirre & Patterson, Inc. on March 31, 2015

Source of Funds Unexpended Plant Funds

69. Purchase - U. T. Rio Grande Valley: Authorization to purchase Lots 1-5, and 8-10 of Block 4, Subdivision Unit 1, University Park Subdivision, Brownsville, Cameron County, Texas, totaling approximately 7.56 acres, from Julio Gonzalez, River Centre Partners II, Ltd., and Dennis Sanchez, Trustee, for future campus expansion; and resolution regarding parity debt

Description: Purchase of eight unimproved lots in Block 4 of Subdivision Unit 1, University Park Subdivision, Brownsville, Cameron County, Texas, totaling approximately 7.56 acres, 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 these properties. The properties will be used for future campus expansion.

Sellers: Julio Gonzalez for Lots 3, 8, 9, and 10; Dennis Sanchez, Trustee, for Lots 1 and 2; and River Centre Partners II, Ltd., for Lots 4 and 5

Purchase Price: \$3,990,000, for all lots, plus all due diligence expenses, closing costs, and expenses to complete the acquisition as deemed necessary by the Executive Director of Real Estate. The purchase price is supported by an independent appraisal performed by Robinson, Duffy & Barnard, L.L.P. on March 19, 2015.

Source of Funds: Revenue Financing System (RFS) bonds repaid out of Designated Tuition. Debt service for the acquisition is estimated to be \$243,111 annually. The institution's debt service coverage ratio is expected to be at least 2.1 times and to average 2.6 times during the period for Fiscal Year 2016 through Fiscal Year 2021. The institution therefore requests that the Board resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System the findings that are stated below:

- parity debt shall be issued to fund all or a portion of the purchase price, 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 RFS 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;

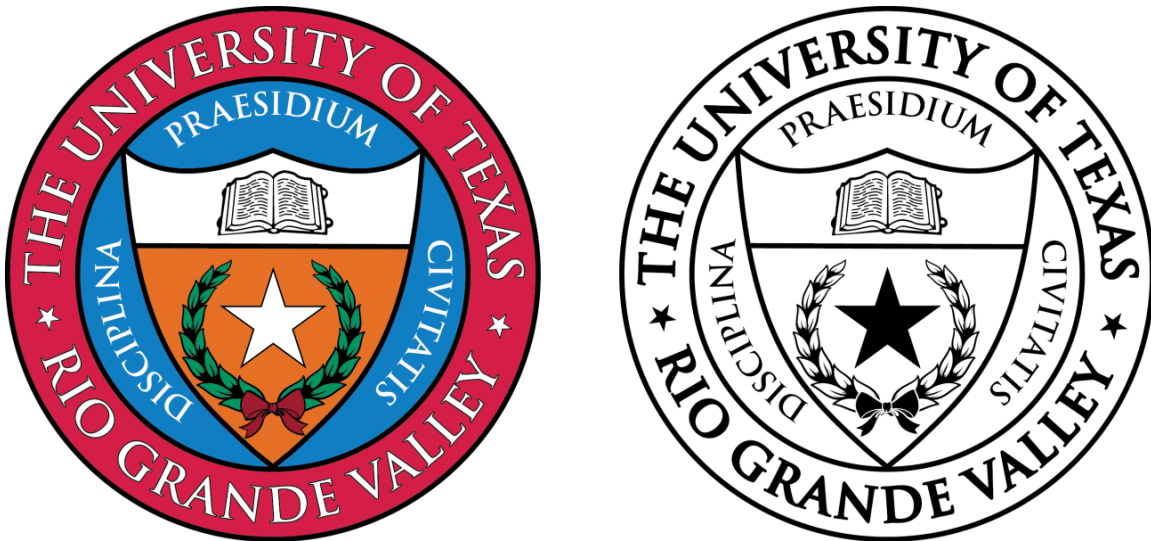
- U. T. Rio Grande Valley, which is a “Member” as such term is used in the RFS Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of parity debt in an aggregate amount not to exceed fair market value as established by independent appraisals; and
- this resolution satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations* that evidences the Board’s intention to reimburse project expenditures with bond proceeds.

70. Seal - U. T. Rio Grande Valley: Proposed Seal

The following proposed seal has been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor for External Relations and are submitted for approval by the U. T. System Board of Regents in accordance with Regents’ *Rules and Regulations*, Rule 40801.

U. T. Rio Grande Valley requests approval of the proposed modification of The University of Texas seal as set forth below to reflect the name of The University of Texas Rio Grande Valley.

The Pantone System colors included in the seal are 7636C, 7461C, 7578C, 7427C, and 340C.



**PANTONE
SOLID
COATED**



Pantone 7636C



Pantone 7427C



Pantone 7461C



Pantone 340C



Pantone 7578C

71. Contract (funds going out) - U. T. San Antonio: RuffaloCODY, LLC providing on-site professional fundraising services

Agency: RuffaloCODY, LLC, a Delaware limited liability company

Funds: Estimated \$1,100,000 for the initial term and all potential extension terms

Source of Funds: Designated Tuition

Period: Initial Term: Approximately 18-months, beginning March 13, 2014, and expiring August 31, 2015 (\$256,000)

Renewal Term(s): Three additional 12-month renewals at \$256,000 per year, at option of U. T. San Antonio

Description: Telephone Fundraising and Call Center Management Agreement, as amended by the First Amendment, (collectively, Agreement) providing U. T. San Antonio with professional on-site fundraising services for U. T. San Antonio's External Relations call center operations. The Agreement is an indefinite quantity contract with a service fee cap and an expense cap.

72. Admissions Criteria - U. T. San Antonio: Changes to Admission Criteria

U. T. San Antonio requests approval to make changes to the criteria for admission of first-time freshman and undergraduate transfer applicants. These changes have been reviewed and administratively approved by the U. T. San Antonio Faculty Senate and President and by the Executive Vice Chancellor for Academic Affairs for approval by the U. T. System Board of Regents.

Summary of Changes to Admission Criteria

A. First-Time Freshman Admission

High School Ranking:

1. A ranking in the high school graduating class will be required for all first-time freshman applicants from accredited public and private high schools.
2. In the case of applicants whose accredited high schools do not provide a ranking, one will be assigned by the Office of Undergraduate Admissions based on coursework and grades and collected class profile data.

Note: There is no proposed change regarding criteria to be used for students with a GED or a degree from an unaccredited high school or home school, who are currently subject to committee review. Based on follow-up discussions initiated and authorized during the Board's February 9, 2012 meeting, the admissions criteria for these students has been implemented without a recommended minimum SAT score.

Proposed First-Time Freshman Admission

High School (HS) Rank in Class	SAT Scores (Math and Critical Reading)	ACT Score (Composite)
Top 25%	Guaranteed Admission	Guaranteed Admission
Second 25%	SAT 1100: Guaranteed Admission (Others by Committee Review: SAT: ≥ 900 for consideration)	ACT 24: Guaranteed Admission (Others by Committee Review: ACT: ≥ 19 for consideration)
Third 25%	Committee Review: (SAT: ≥ 1000 for consideration)	Committee Review: (ACT: ≥ 21 for consideration)
Fourth 25%	Committee Review: (SAT: ≥ 1100 for consideration)	Committee Review: (ACT: ≥ 24 for consideration)
GED, Unaccredited HS, Home School	Committee Review	Committee Review

Current First-Time Freshman Admission

High School (HS) Rank in Class	SAT Scores (Math and Critical Reading)	ACT Score (Composite)
Top 25%	Guaranteed Admission	Guaranteed Admission
Second 25%	SAT: ≥ 1100 : Guaranteed Admission (Others by Committee Review: SAT: ≥ 900 for consideration)	ACT: ≥ 24 : Guaranteed Admission (Others by Committee Review: ACT: ≥ 19 for consideration)
Third 25%	Committee Review: (SAT: ≥ 1000 for consideration)	Committee Review: (ACT: ≥ 21 for consideration)
Fourth 25%	Committee Review: (SAT: ≥ 1100 for consideration)	Committee Review: (ACT: ≥ 24 for consideration)
Non-Ranking Accredited HS	SAT: ≥ 1100 : Guaranteed Admission (Others by Committee Review: SAT: ≥ 900 for consideration)	ACT: ≥ 24 : Guaranteed Admission (Others by Committee Review: ACT: ≥ 19 for consideration)
GED, Unaccredited HS, Home School	Committee Review	Committee Review

B. *Transfer Admission*

Streamlining the Transfer Admission Process:

1. Guarantee the transfer admission of applicants presenting 12 to 29 semester credit hours of college-level transferable coursework who have a minimum 2.75 cumulative grade point average on a 4.0 scale; and eliminate the requirement of this group of applicants to submit high school transcripts and SAT/ACT test documentation.
2. Allow for the consideration, by way of individual review, of applicants presenting 30 or more semester credits of college-level transferable coursework who have a cumulative grade point average ranging from 2.0 to 2.25 on a 4.0 scale.

Proposed Transfer Admission Criteria

Transfer Applicants with fewer than 12 Semester Credit Hours Completed

Applicants for admission who have completed fewer than 12 college-level transferrable semester credit hours at the time of application must:

- meet the guaranteed admission rank-in-class and SAT/ACT requirements that apply to first-time freshmen;
- have a minimum 2.25 cumulative grade point average on a 4.0 scale on college-level transferrable coursework attempted;
- be academically eligible to return to the most recently attended institution (transcripts or additional documentation may be required to demonstrate that this requirement has been met); and
- not be ineligible to return to the most recently attended institution for disciplinary reasons. By applying to UTSA, applicants affirm that they meet this requirement.

Transfer Applicants with 12 to 29 Semester Credit Hours Completed

Applicants for admission who have completed 12 to 29 college-level transferrable semester credit hours at the time of application must:

- have a minimum 2.75 cumulative grade point average on a 4.0 scale on college-level transferrable coursework attempted; or
- have a minimum 2.25 cumulative grade point average on a 4.0 scale on college-level transferrable coursework attempted and meet the guaranteed admission rank-in-class and SAT/ACT requirements that apply to first-time freshmen;
- be academically eligible to return to the most recently attended institution (transcripts or additional documentation may be required to demonstrate that this requirement has been met); and
- not be ineligible to return to the most recently attended institution for disciplinary reasons. By applying to UTSA, applicants affirm that they meet this requirement.

Transfer Applicants with 30 or More Semester Credit Hours Completed

Applicants for admission to UTSA who have completed 30 or more college-level transferrable semester credit hours at the time of application must:

- have a minimum 2.25 cumulative grade point average on a 4.0 scale on college-level transferrable coursework attempted;
- be academically eligible to return to the most recently attended institution (transcripts or additional documentation may be required to demonstrate that this requirement has been met); and
- not be ineligible to return to the most recently attended institution for disciplinary reasons. By applying to UTSA, applicants affirm that they meet this requirement.

Applicants presenting 30 semester credit hours or more that do not meet transfer admission requirements, but that do present a minimum 2.0 cumulative GPA, may be considered by way of committee review based on other criteria. Admission to the University does not guarantee admission to the academic program of choice.

Current Transfer Admission Criteria

Transfer Applicants with 1 to 29 Semester Credit Hours Completed

Applicants for admission who have completed fewer than 30 semester credit hours at the time of application from accredited colleges or universities must:

- meet the guaranteed admission rank-in-class and SAT/ACT requirements that apply to first-time freshmen;
- have a minimum 2.25 cumulative grade point average on a 4.00 scale on college coursework attempted at a regionally accredited institution;
- be eligible to return to the most recently attended institution for academic reasons. Transcripts or additional documentation may be required to demonstrate that this requirement has been met; and
- not be ineligible to return to the most recently attended institution for disciplinary reasons. By applying to UTSA, applicants affirm that they meet this requirement.

Transfer Applicants with 30 or More Semester Credit Hours Completed

Applicants for admission to UTSA who have completed 30 or more semester credit hours at the time of application from accredited colleges or universities must:

- have a minimum 2.25 cumulative grade point average on a 4.00 scale on college coursework attempted at a regionally accredited institution;
- be eligible to return to the most recently attended institution for academic reasons. Transcripts or additional documentation may be required to demonstrate that this requirement has been met; and
- not be ineligible to return to the most recently attended institution for disciplinary reasons. By applying to UTSA, applicants affirm that they meet this requirement.

73. Request for Budget Change - U. T. San Antonio: New award of tenure and emeritus appointments

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 2016 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
College of Architecture, Construction and Planning		
Architecture		
Sedef Doganer	Assistant Professor	Associate Professor (T)
College of Business		
Management Science and Statistics		
Pang Du	New Hire	Associate Professor (T)
Donghoon Han	Assistant Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Management		
Robert Lengel	Associate Professor (T)	Associate Professor Emeritus
Matthew McCarter	Assistant Professor	Associate Professor (T)
College of Education and Human Development		
Educational Leadership and Policy Studies		
Enrique Aleman, Jr.	New Hire	Professor (T)
Richard Diem	Dean and Professor (T)	Dean and Professor Emeritus
Educational Psychology		
Felicia Castro-Villarreal	Assistant Professor	Associate Professor (T)
Patricia McGee	Associate Professor (T)	Associate Professor Emeritus
Interdisciplinary Learning and Teaching		
Maria Arreguin Anderson	Assistant Professor	Associate Professor (T)
Theodorea Berry	Associate Professor	Associate Professor (T)
Emily Bonner	Assistant Professor	Associate Professor (T)
Guadalupe Carmona-Dominguez	Associate Professor	Associate Professor (T)
Timothy Yuen	Assistant Professor	Associate Professor (T)
Kinesiology, Health and Nutrition		
Alberto Cordova	Assistant Professor	Associate Professor (T)
Erica Sosa	Assistant Professor	Associate Professor (T)
College of Engineering		
Biomedical		
Ender Finol	Associate Professor	Associate Professor (T)
Civil and Environmental		
Firat Testik	New Hire	Associate Professor (T)
Electrical and Computer		
Hariharan Krishnaswami	Assistant Professor	Associate Professor (T)
Mechanical Engineering		
Kiran Bhaganagar	Assistant Professor	Associate Professor (T)
Yesh Singh	Professor (T)	Professor Emeritus

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
College of Liberal and Fine Arts		
Anthropology Michael Muehlenbein	New Hire	Professor (T)
Art and Art History Elizabeth Rowe	Assistant Professor	Associate Professor (T)
English Linda Woodson	Professor (T)	Professor Emeritus
History LaGuana Gray Catherine Komisaruk Omar Valerio-Jimenez	Assistant Professor New Hire New Hire	Associate Professor (T) Associate Professor (T) Associate Professor (T)
Music Susan Olson	Assistant Professor	Associate Professor (T)
Philosophy and Classics William Short	Assistant Professor	Associate Professor (T)
Psychology Sandra Morissette	New Hire	Professor (T)
Sociology Melinda Denton	Associate Professor	Associate Professor (T)
College of Public Policy		
Social Work Amy Chanmugam	Assistant Professor	Associate Professor (T)
College of Science		
Biology Isabel Muzzio Judy Teale	New Hire Professor (T)	Associate Professor (T) Professor Emeritus
Computer Science John Quarles Meng Yu	Assistant Professor New Hire	Associate Professor (T) Associate Professor (T)
Geological Sciences Alan Dutton	Associate Professor (T)	Associate Professor Emeritus
Mathematics Oscar Chavez	Associate Professor	Associate Professor (T)
Physics and Astronomy Xochitl Lopez-Lozano	Assistant Professor	Associate Professor (T)

74. Request for Budget Change - U. T. Tyler: New award of tenure and emeritus appointments

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 2016 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		
Mathematics		
Christina Graves	Assistant Professor	Associate Professor (T)
Stephen Graves	Assistant Professor	Associate Professor (T)
Communication		
Donna Dickerson	Professor (T)	Professor Emeritus
English		
Victor Scherb	Professor (T)	Professor Emeritus
College of Business and Technology		
Accounting, Finance, and Business Law		
Chialing Hsieh	Assistant Professor	Associate Professor (T)
Chen Wu	Assistant Professor	Associate Professor (T)
Technology		
Dominick Fazarro	Associate Professor	Associate Professor (T)
Computer Science		
Tom Roberts	New Hire	Professor (T)
College of Education and Psychology		
Education		
Chester Fischer	Professor (T)	Professor Emeritus
Olga Fischer	Professor (T)	Professor Emeritus
College of Engineering		
Civil Engineering		
Amir Mirmiran	New Hire	Professor (T)
College Nursing and Health Sciences		
Nursing		
Sandra Petersen	Associate Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Health and Kinesiology James Schwane	Professor (T)	Professor Emeritus
Ben and Maytee Fisch College of Pharmacy Pharmaceutical Sciences		
Leanne Coyne	New Hire	Associate Professor (T)
David Pearson	New Hire	Associate Professor (T)
Michael Veronin	New Hire	Associate Professor (T)

HEALTH INSTITUTIONS

75. Contract - U. T. Southwestern Medical Center: Mutual Trademark License Agreement with Children's Medical Center of Dallas authorizing each licensee to use its trademark in connection with the Collaboration Agreement for Maternal/Fetal Medicine

Agency: Children's Medical Center of Dallas

Funds: No exchange of funds

Period: September 1, 2014 through August 31, 2024, with automatic renewals for additional one-year terms with the option to non-renew

Description: U. T. Southwestern Medical Center and Children's Medical Center of Dallas have entered into a Collaboration Agreement for Maternal/Fetal Medicine providing for the development and operation of a regional center of excellence in maternal fetal medicine services. U. T. Southwestern's Medical Center mark remains a separate mark, wholly owned by U. T. System. Children's Medical Center of Dallas' mark remains a separate mark, wholly owned by Children's Medical Center of Dallas. During the term of this license agreement and subject to the terms and conditions of the license agreement, U. T. System and Children's Medical Center of Dallas grant the other a nontransferable, royalty-free, nonexclusive, revocable, limited license used only in connection with the promotion and operation of the Collaboration Agreement for Maternal/Fetal Medicine.

76. Contract (funds coming in) - U. T. Southwestern Medical Center: Collaborative agreement with a capital donation from Children's Medical Center of Dallas to create a joint maternal/fetal medicine and obstetrics program

Agency: Children's Medical Center of Dallas

Funds: \$16,000,000

Period: September 1, 2014 through August 31, 2023

Description: Children's Medical Center of Dallas is making a mission-related capital donation to U. T. Southwestern Medical Center to create a regional center of excellence for complex obstetrics and maternal/fetal medicine (the "Center"), devoted to both outstanding clinical quality and to an exceptional patient/family experience. This is in addition to the \$20,000,000 previously approved by the Board of Regents on August 22, 2013, as the parties plan to expand the Center to outpatient clinical sites.

77. Contract (funds coming in) - U. T. Southwestern Medical Center: Interagency agreement with the Texas Health and Human Services Commission for participation in Health and Human Services Commission's Network Access Improvement Program

Agency: Texas Health and Human Services Commission

Funds: \$10,371,824

Period: July 7, 2015 through August 31, 2016

Description: Interagency agreement is for participation in Health and Human Services Commission's Network Access Improvement Program that includes federal matching funds. This program is focused on serving Managed Medicaid patients. U. T. Southwestern Medical Center will receive project payments.

78. Contract (funds coming in) - U. T. Southwestern Medical Center: Research collaboration agreement and agreement to provide space to Howard Hughes Medical Institute Investigators

Agency: Howard Hughes Medical Institute

Funds: \$1,285,000

Period: September 1, 2015 through August 31, 2035

Description: Research collaboration agreement and use of U. T. Southwestern's Medical Center space for Howard Hughes Medical Institute Investigators.

79. Contract (funds coming in) - U. T. Southwestern Medical Center: Mcliff Partners, Ltd., to provide vending machine services

Agency: Mcliff Partners, Ltd.

Funds: Estimated \$60,000 per year (i.e., estimated \$240,000/term)

Period: May 28, 2015 through August 31, 2019

Description: Mcliff Partners, Ltd. will provide vending machine services to the U. T. Southwestern Medical Center campus. In accordance with *Texas Education Code* Section 51.945, the students were provided with an opportunity to comment prior to determination that this vending services provider should be selected by the institution. *Texas Government Code* Section 2203.005(a) requires all vending machine agreements to be approved by the Board.

80. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide certain multispecialty professional, clinical, and medical administrative services for Texas Health Presbyterian Hospital Dallas

Agency: Texas Health Presbyterian Hospital Dallas

Funds: \$4,899,850

Period: September 1, 2015 through August 31, 2020

Description: U. T. Southwestern Medical Center will provide to Texas Health Presbyterian Hospital Dallas certain neonatology, surgery, anesthesia, and ophthalmology professional services as well as administrative services for the hospital's neonatal intensive care unit, special care nursery, and newborn nursery.

81. 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: \$4,089,668

Period: September 1, 2015 through August 31, 2016

Description: U. T. Southwestern Medical Center will provide financial 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), which is a network of community physicians supporting U. T. Southwestern Medical Center. These services and leased employees will support the general operations of UTSHS and UTSACN.

82. 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: \$8,112,687

Period: September 1, 2015 through August 31, 2016

Description: U. T. Southwestern Medical Center will provide professional and technical services to UT Southwestern Moncrief Cancer Center (MCI), which will reimburse U. T. Southwestern Medical Center for the cost of leasing employees. These services and leased employees will support the general operations of MCI.

83. Contract (funds going out) - U. T. Southwestern Medical Center: Payment for neonatal intensive care unit clinical, administrative, and consulting services at William P. Clements, Jr. University Hospital

Agency: Children's Medical Center of Dallas

Funds: \$15,000,000

Source of Funds: Designated Funds - Hospital Patient Income at U. T. Southwestern Medical Center

Period: September 1, 2014 through August 31, 2023

Description: Children's Medical Center of Dallas will provide neonatal intensive care unit clinical, administrative, and consulting services. The compensation under this agreement did not exceed \$1,000,000 in the first year as services were limited to nurse practitioner services, but after the second year, services will increase as the collaborative complex obstetrics and maternal/fetal medicine center is further developed.

84. Contract (funds going out) - U. T. Southwestern Medical Center: Krause Advertising to provide multimedia brand image campaign services

Agency: Krause Advertising

Funds: \$6,395,000

Source of Funds: Designated Funds - MSRDP/DSRDP/PRS practice plan professional fees

Period: September 1, 2015 through August 31, 2016

Description: Krause Advertising will engage in support of U. T. Southwestern Medical Center's core value brand marketing and health systems priorities, providing strategic, creative, media planning and purchasing, production materials, and account management.

85. Contract (funds going out) - U. T. Southwestern Medical Center: Southwestern Medical District to provide gateway and wayfinding services

Agency: Southwestern Medical District

Funds: \$1,959,412

Source of Funds: Designated Funds - Interest on Unrestricted Balances

Period: January 1, 2015 through December 31, 2015

Description: Southwestern Medical District will provide gateway and wayfinding services. These services are for wayfinding signage manufacturing and installation of various sign types at multiple locations in the medical district. The original contract was \$817,412. The contract is now being amended to cover payment of \$1,142,000.

86. Contract (funds going out) - U. T. Southwestern Medical Center: UT Southwestern Health Systems will provide physician and network services

Agency: UT Southwestern Health Systems

Funds: \$3,810,000

Source of Funds: Designated Funds - MSRDP Practice Plan Fees and Hospital Patient Income

Period: September 1, 2015 through August 31, 2016

Description: UT Southwestern Accountable Care Network (UTSACN) is a network of community physicians, which 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 Systems for the cost of providing this Accountable Care Network.

87. Purchase Order - U. T. Southwestern Medical Center: Purchase a titan krios electron microscope from FEI Company

Agency: FEI Company

Funds: \$4,930,000

Source of Funds: Restricted Funds - Gifts and Federal, State, Local and Private Contracts and Grants

Description: FEI Company will provide a titan krios electron microscope.

88. Request for Budget Change - U. T. Southwestern Medical Center: New award of tenure appointments

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 2016 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Medical School		
Advanced Imaging Research Center		
Matthew Merritt	Assistant Professor	Associate Professor (T)
Biophysics		
Luke Rice	Assistant Professor	Associate Professor (T)
Clinical Sciences		
Jasmin Tiro	Assistant Professor	Associate Professor (T)
Dermatology		
Lu Quang Le	Assistant Professor	Associate Professor (T)
Hesham Sadek	Assistant Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Internal Medicine Dwight Towler	New Hire	Professor (T)
Neurology and Neurotherapeutics Robert Bachoo	Assistant Professor	Associate Professor (T)
Obstetrics and Gynecology Brian Casey	Professor	Professor (T)
Orthopedic Surgery Robert Bucholz	Professor	Professor Emeritus
Pharmacology Yihong Wan	Assistant Professor	Associate Professor (T)

89. Lease - U. T. Southwestern Medical Center: Authorization to expand the premises area at 8150-8200 Brookriver Drive, Dallas, Dallas County, Texas, leased from Brookriver Executive Center, JV, for office use

Description: Lease of space at 8150-8200 Brookriver Drive, Dallas, Dallas County, Texas, for office use. U. T. Southwestern Medical Center obtained approval at the November 14, 2013 Board of Regents' meeting for the lease of 79,280 square feet in the Brookriver Executive Center building. The lessor and the institution entered into a first amendment adding 8,192 square feet of space and will now enter into a second amendment to add an additional 24,938 square feet of space to the current lease agreement, expanding the leased premises to 112,680 total square feet. The combined increase in lease costs requires Board of Regents' approval.

Lessor: Brookriver Executive Center, JV, a Texas joint venture

Lease Term: Expansion premises to be coterminous with original premises; 111 months with three five-year extension options, commencing on or about August 1, 2015

Lease Cost: \$4,064,002 in combined rent, plus estimated increases in operating expenses over a base year for the expansion premises. Rent for the extension options will be at fair market value.

Source of Funds: Clinical operating funds

90. Lease - U. T. Southwestern Medical Center: Authorization to lease approximately 3670 square feet of space at 6300 Harry Hines Boulevard, Bass Center II, Suite BK 130, to The Fresh Market, Inc., for a restaurant to serve staff, faculty, students, tenants, and business invitees at the institution's Bass Clinic Center

Description: Lease of approximately 3670 square feet to The Fresh Market, Inc., for a restaurant in the institution's Bass Center II, 6300 Harry Hines Boulevard, Dallas, Dallas County, Texas. The restaurant will serve breakfast and lunch to the institution's staff, faculty, students, tenants, and business invitees.

Lessee: The Fresh Market, Inc.

Term: The term is anticipated to commence on November 1, 2015, and continue for 123 months with one five-year option to renew.

Rent: Approximately \$736,495 over the initial term with tenant improvements to be purchased by the landlord in an amount not to exceed \$374,563 and owned by the landlord, but used by the lessee. The rent and tenant improvements are supported by market rent analysis by Swearingen Realty Group, LLC dated July 22, 2015.

91. License - U. T. Southwestern Medical Center: Authorization to extend license to use designated rooms in the McDermott Plaza Building D and, as necessary, T. Boone Pickens Buildings NB and NG at 5323 Harry Hines Boulevard, Dallas, Dallas County, Texas, to U. T. Austin for its McCombs School of Business Executive MBA program in Dallas, Texas

Description: Extension of existing license of rooms in the McDermott Plaza Building D and, as necessary, the T. Boone Pickens Buildings NB and NG, at 5323 Harry Hines Boulevard, Dallas, Dallas County, Texas, to be used by the U. T. Austin McCombs School of Business Executive MBA program in Dallas. The premises include full-time use of certain spaces and evening/weekend use of other spaces.

Lessee: U. T. Austin

Term: Original term commenced on August 1, 2010 through July 31, 2015. One-year extension term commencing on August 1, 2015, and continuing through July 31, 2016

Rent: \$225,000, with \$912,000 having previously been paid during initial term

92. Purchase - U. T. Southwestern Medical Center: Authorization to purchase a tract of improved property at 1919 Record Crossing Road, Dallas, Dallas County, Texas, from Gung hee Hong for future campus expansion

Description: Purchase of 0.716 acres of land, and improvements, commonly known as 1919 Record Crossing Road, Dallas, Dallas 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 an approximately 15,660 square foot commercial building used as a convenience store. The institution will demolish the improvements and the property will be used for parking and access to the institution's William P. Clements, Jr. University Hospital.

Seller: Gung hee Hong

Purchase Price: \$1,900,000, plus all due diligence expenses, closing costs, and expenses to complete the acquisition as deemed necessary by the Executive Director of Real Estate. The purchase price was established by an independent appraisal performed by Butler Burgher Group on March 11, 2015.

Source of Funds: Hospital Revenues

93. Purchase - U. T. Southwestern Medical Center: Authorization to purchase 6.349 acres of property improved with a building under construction located at 400, 500, and 600 South Main Street, Fort Worth, Tarrant County, Texas, from Fort Worth VHP, LLC, and New Ft. Worth South Main MOB, LLC for clinical use

Description: Purchase of approximately 6.349 acres of land and improvements, commonly known as 400, 500, and 600 South Main Street, Fort Worth, Tarrant 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 partially built hospital and related structures. The property will be used for clinical and educational purposes.

Sellers: Fort Worth VHP, LLC, and New Ft. Worth South Main MOB, LLC

Purchase Price: \$28,100,000, 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 51.961.

Source of Funds: Designated funds (Practice Plan and Hospital Revenues)

94. Contract (funds going out) - U. T. Medical Branch - Galveston: Evoqua Water Technologies, LLC to perform certain specialty water treatment services

Agency: Evoqua Water Technologies LLC, a Texas limited liability company

Funds: Not to exceed \$4,000,000 for the initial term and all potential extension terms

Source of Funds: Hospital Patient Income

Period: May 1, 2015 through April 30, 2018, with option to renew for two additional 12-month periods

Description: Evoqua Water Technologies will operate, manage, and maintain the specialty water treatment system, including provision of equipment currently in operation and additional equipment (as needed), meters, tools, supplies, and labor.

95. Contract - U. T. Medical Branch - Galveston: Intra-Agency Contract between U. T. Medical Branch - Galveston and U. T. M. D. Anderson Cancer Center to enter into a collaborative agreement for the care of cancer patients in the geographic region of the U. T. Medical Branch - Galveston League City Campus

Agency: U. T. M. D. Anderson Cancer Center

Funds: No funds will be exchanged through this Agreement, which is conditional to the Ground Lease described in Consent Agenda Item 96

Period: The initial term would commence approximately September 1, 2015, for an initial term of 25 years (same term as the Ground Lease between the parties). There are three optional renewal terms of 10 years each upon mutual agreement of the institutions, and both the Agreement and Ground Lease would require renewal.

Description: Intra-Agency Contract (no funds are exchanged through this agreement) – Collaboration and Clinical Services Coordination Agreement between U. T. M. D. Anderson Cancer Center and U. T. Medical Branch - Galveston for the establishment of a collaborative relationship for the care of cancer patients in the geographic region of the U. T. Medical Branch - Galveston League City Campus and a condition to the Ground Lease between the institutions (see Consent Agenda Item 96).

96. Lease - U. T. Medical Branch - Galveston: Authorization to ground lease land located on the U. T. Medical Branch - Galveston League City Campus at approximately 2250 Gulf Freeway South, League City, Galveston County, Texas, to U. T. M. D. Anderson Cancer Center for construction and operation of a regional cancer care clinic

Description: Ground lease to U. T. M. D. Anderson Cancer Center of approximately 0.96 acres of unimproved real property located on the U. T. Medical Branch - Galveston League City Campus at approximately 2250 Gulf Freeway South, League City, Galveston County, Texas, for the construction and operation of a regional cancer care clinic

Lessee: U. T. M. D. Anderson Cancer Center

Lease Term: 25 years with three 10-year extension options, commencing in Fall 2015

Rent: The total prepaid rent for the 25-year term is not to exceed the fair market rent for such period as determined by an independent appraisal obtained by the institutions; the prepaid rent is currently estimated to be approximately \$558,000. The rent for the extension options shall be fair market rental determined at the time of each extension.

Parking and Operating Expenses: U. T. M. D. Anderson Cancer Center will pay for the cost of parking provided by U. T. Medical Branch - Galveston and pro rata reimbursements for shared utilities, landscaping, and other operating and maintenance expenses.

97. Request for Budget Change - U. T. Medical Branch - Galveston: New award of tenure appointments

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 2016 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		
Anesthesiology Ronald Levy	Professor	Professor (T)
Dermatology Brent Kelly	Associate Professor	Associate Professor (T)
Internal Medicine Iryna Pinchuk Fujio Suzuki	Assistant Professor Professor	Associate Professor (T) Professor (T)
Microbiology and Immunology Janice Endsley	Associate Professor	Associate Professor (T)
Microbiology and Immunology Chien-Te Tseng	Associate Professor	Associate Professor (T)
Neurology Rakez Kayed	Associate Professor	Associate Professor (T)
Obstetrics and Gynecology Sangeeta Jain Gokhan Kilic	Assistant Professor Associate Professor	Associate Professor (T) Associate Professor (T)
Pathology Alexander Bukreyev Alexander Freiberg Tetsuro Ikegami You-Wen Qian Natalie Williams-Bouyer	Professor Associate Professor Associate Professor Associate Professor Associate Professor	Professor (T) Associate Professor (T) Associate Professor (T) Associate Professor (T) Associate Professor (T)
Pharmacology and Toxicology Yuri Fofanov	Professor	Professor (T)
Surgery Michael Silva	Professor	Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
School of Health Professions		
Occupational Therapy		
Timothy Reistetter	Associate Professor	Associate Professor (T)
Patricia Fingerhut	Associate Professor	Associate Professor (T)
Claudia Hilton	Assistant Professor	Associate Professor (T)
School of Nursing		
Nursing PhD Program		
Sheryl Bishop	Professor	Professor (T)

98. Contract (funds coming in) - U. T. Health Science Center - Houston: Memorial Hermann Health System to provide financial support for U. T. Health Science Center - Houston's academic, research, and community service programs

Agency: Memorial Hermann Health System

Funds: In excess of \$1,000,000

Period: September 1, 2015 through August 31, 2016

Description: Program support agreement whereby Memorial Hermann Health System makes payments to U. T. Health Science Center - Houston in support of its academic, research, and community service programs. This agreement is intended to replace the current process in which the parties execute separate contracts for physician, programmatic, and research support.

99. Contract (funds coming in and going out) - U. T. Health Science Center - Houston: To act as fiscal agent for The University of Texas System Medical Foundation for resident services billed through U. T. Health Science Center - Houston

Agency: The University of Texas System Medical Foundation

Funds: Approximately \$65,000,000 coming in and going out annually; and approximately \$1,500,000 coming in annually

Period: July 1, 2015, until terminated by either party with 60 days written notice

Source of Funds: Designated Funds – Practice Plan Funds

Description: The University of Texas System Medical Foundation (Foundation) was incorporated as a nonprofit on October 5, 1973, and employs the residents and fellow physicians participating in the U. T. Health Science Center - Houston's residency program. U. T. Health Science Center - Houston and the Foundation contract with hospitals and other health care providers to provide residency services.

Under this contract, U. T. Health Science Center - Houston will act as the fiscal agent for the Foundation and provide certain financial services, including billing and collecting from hospitals and other health care organizations the fees/expenses associated with resident physician rotations to such facilities. The Foundation currently charges the hospitals and other health care organizations an administrative fee. Under this new arrangement, on an annual basis, U. T. Health Science Center - Houston will remit to the Foundation approximately \$65,000,000 in funding collected from hospitals and other health care providers for the resident services and will retain approximately \$1,500,000 in administrative fees as payment for performing financial services on behalf of the Foundation.

100. Contract (funds going out) - U. T. Health Science Center - Houston: Centennial Contractors Enterprises, Inc. to perform a wide variety of maintenance, repair, and renovation tasks

Agency: Centennial Contractors Enterprises, Inc.

Funds: The overall maximum value of this agreement is indefinite, subject to the contractual authority delegated by the U. T. System Board of Regents. Until and unless approved by the Board, the maximum value of this agreement is limited to \$1,000,000.

Source of Funds: There will be different sources of funds depending on the departments that utilize the service.

Period: May 1, 2015 through February 29, 2016, with an option to renew the term for four successive one-year periods

Description: Indefinite quantity contract for a wide variety of individual maintenance, repair, and renovation tasks to be performed under the auspices of job order contracting at U. T. Health Science Center - Houston

101. Foreign Contract (funds coming in) - U. T. Health Science Center - Houston: To provide an online distance education course as part of the China Hospital Information Management Association Advanced Informatics Education Program

Agency: China Hospital Information Management Association

Funds: \$1,500 per participant (minimum 30 participants per course)

Period: Five-year term from estimated execution date, September 1, 2015 (execution will occur only after receiving approval by the U. T. System Board of Regents)

Description: Memorandum of Understanding to provide an online distance education course titled "Advanced Health Information System" as part of China Hospital Information Management Association Advanced Informatics Education Program with a goal to train a new generation of clinical informaticians.

102. Interagency Agreement (funds coming in) - U. T. Health Science Center - Houston: To provide resources to the Texas Department of Family and Protective Services to aid in the diagnosis of child abuse and neglect

Agency: Texas Department of Family and Protective Services

Funds: \$2,500,816

Period: September 1, 2015 through August 31, 2016

Description: Interagency contract to create resources that will improve access to medical professionals with expertise in the diagnosis of child abuse or neglect for the Texas Department of Family and Protective Services.

103. Request for Budget Change - U. T. Health Science Center - Houston: New award of tenure appointments

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 2016 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Medical School		
Neurobiology and Anatomy		
Michael Beierlein	Assistant Professor	Associate Professor (T)
Yin Liu	Assistant Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Integrative Biology and Pharmacology		
Guangwei Du	Assistant Professor	Associate Professor (T)
Rebecca L. Berdeaux	Assistant Professor	Associate Professor (T)
Oleh M. Pochynyuk	Assistant Professor	Associate Professor (T)
Internal Medicine (General Medicine)		
Kevin O. Hwang	Associate Professor	Associate Professor (T)
Pediatrics (Neonatology)		
Kathleen A. Kennedy	Professor	Professor (T)
Pediatrics (Pediatric Research Center)		
Dat Q. Tran	Assistant Professor	Associate Professor (T)
Pediatrics (Surgery)		
Kuojen Tsao	Associate Professor	Associate Professor (T)
Institute of Molecular Medicine		
Mikhail G. Kolonin	Associate Professor	Associate Professor (T)
Nami McCarty	Assistant Professor	Associate Professor (T)
Biochemistry and Molecular Medicine		
Irina I. Serysheva	Associate Professor	Associate Professor (T)
Neurology		
Claudio Soto	New Hire	Professor (T)
Microbiology and Molecular Genetics		
Ziyin Li	Assistant Professor	Associate Professor (T)
School of Biomedical Informatics		
Biomedical Informatics		
Yang Gong	Associate Professor	Associate Professor (T)
School of Public Health		
Biostatistics		
Stacia DeSantis	Associate Professor	Associate Professor (T)
Sheng Luo	Assistant Professor	Associate Professor (T)
Peng Wei	Assistant Professor	Associate Professor (T)
Jose-Miguel Yamal	Assistant Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Health Promotion and Behavior Sciences		
Alexandra Evans	Associate Professor	Associate Professor (T)
Melissa Pesking	Assistant Professor	Associate Professor (T)
Melissa Valerio	Associate Professor	Associate Professor (T)
Management, Policy and Community Health		
Robert Morgan	Professor	Professor (T)

104. Lease - U. T. Health Science Center - Houston: Authorization to lease approximately 25,890 square feet at 6901 Bertner Avenue, Houston, Harris County, Texas, to U. T. Austin for its McCombs School of Business Executive MBA program in Houston, Texas

Description: Lease of approximately 25,890 square feet at 6901 Bertner Avenue, Houston, Harris County, Texas, to be used by the U. T. Austin McCombs School of Business Executive MBA program in Houston. The premises include full-time use of certain spaces and evening/weekend use of other spaces.

Lessee: U. T. Austin

Term: One five-year term with five one-year options to renew, commencing on August 1, 2015

Rent: \$1,470,126 in total estimated rent with an anticipated \$289,227 in tenant improvements to be paid by U. T. Austin. Rent for the extension option will be determined by negotiations between the institutions.

105. Lease - U. T. Health Science Center - Houston: Authorization to expand the premises area leased at 6655 Travis Street, Houston, Texas, from Houston Medical Center, Inc., for clinical and research use

Description: Lease of space at 6655 Travis Street, Houston, Texas, for clinical and research use. U. T. Health Science Center-Houston obtained Board of Regents' approval for the lease of 37,290 square feet of space on November 15, 2012, and currently leases 43,578 square feet of space in the building. The lessor and U. T. Health Science Center - Houston will amend the current lease agreement expanding the premises to 49,784 square feet.

Lessor: Houston Medical Center, Inc., a Texas corporation

Term: Seven years, which is the remaining period of the initial 10-year lease term, from October 1, 2015 (the effective date of the expansion of the premises) to the expiration date of September 30, 2022

Lease Costs: Approximately \$3,037,907 in base rent and periodic increases, which consist of amounts to be expended in excess of the \$10,149,036 for the lease approved by the Board of Regents on November 15, 2012. Base rent also increases by 60% of the proportional increase in the Consumer Price Index each year. The lessor is providing a tenant improvement allowance of \$759,934 for build-out of the expansion space.

Source of Funds: Patient revenue

106. Contract (funds going out) - U. T. Health Science Center - San Antonio: Mendoza Maintenance Group, Inc. to provide custodial services at the new Center for Oral Health Care and Research

Agency: Mendoza Maintenance Group, Inc.

Funds: \$1,513,977 for entire term, one year with four one-year renewals

Source of Funds: State and Dental Patient Revenue

Period: June 1, 2015 through August 31, 2016, with four additional one-year terms

Description: Mendoza Maintenance Group, Inc. will perform custodial services including furnishing of personnel, equipment, materials, and supplies at the new Center for Oral Health Care and Research Building in San Antonio, Texas.

107. Request for Budget Change - U. T. Health Science Center - San Antonio: New Hire with Tenure -- amendment to the 2014-2015 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					
Barshop Institute - Pharmacology					
Professor					
Yuguang Shi (T)	4/8-8/31	100	12	200,000	6928

108. Request for Budget Change - U. T. Health Science Center - San Antonio: Approval of Title for John Olson from Professor to Professor Emeritus, Clinical Lab Sciences in the School of Medicine (RBC No. 6767) -- amendment to the 2014-2015 budget

109. Purchase - U. T. Health Science Center - San Antonio: Authorization to purchase land with associated office building and other improvements at 8431 Fredericksburg Road, San Antonio, Bexar County, Texas, from WNLV, Ltd., H5 Properties, L.P., and EZJ Management, LLC, for future campus expansion; and resolution regarding parity debt

Description: Purchase of approximately 2.841 acres of land together with improvements at 8431 Fredericksburg Road, San Antonio, Bexar County, Texas. The improvements consist of a five-story office building built in 1986 containing approximately 93,000 rentable square feet and a paved surface parking lot and parking garage with a combined capacity for 398 vehicles. The office building is currently 73% occupied. The institution's information technology staff occupies 17,327 rentable square feet of space; the balance of the space, 54% of the total rentable area, is occupied by various third-party tenants. Only one tenant occupying 3,971 square feet holds a lease with a remaining term greater than one year.

This building is located approximately one mile from the institution's main campus at 7703 Floyd Curl Drive, San Antonio, Texas. The institution plans to use the property for future relocation of administrative offices as third party leases expire. The institution estimates the building will require capital replacement costs of \$6 million over the next 10 years. Of the \$6 million, \$2.7 million of improvements will be performed upon purchase; this amount is included in the Revenue Financing System debt. With the purchase of this

property, U. T. Health Science Center - San Antonio forecasts that it will obtain net savings in occupancy costs in excess of \$11 million over the 20-year life of the Revenue Financing System debt to be issued for the acquisition.

Improvements: Approximately 93,000 square foot, five-story office building with surface and structured parking facilities accommodating 398 vehicles

Seller: WNLV, LTD., a Texas limited partnership; H5 Properties, L.P., a Texas limited partnership; and EZJ Management, LLC, a Texas limited liability company

Purchase Price: \$12,300,000, plus all due diligence expenses, closing costs, and expenses to complete the acquisition as deemed necessary by the Executive Director of Real Estate. The purchase price was established by an independent appraisal performed by Valbridge Property Advisors on September 18, 2014.

Source of Funds: Revenue Financing System bonds repaid out of clinical practice plan. The institution therefore requests that the Board resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System the following findings:

- parity debt shall be issued to fund all or a portion of the purchase price, 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 RFS 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;
- U. T. Health Science Center - San Antonio, which is a "Member" as such term is used in the RFS 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 parity debt in an aggregate amount of \$15,000,000; and
- this resolution satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations* that evidences the Board's intention to reimburse project expenditures with bond proceeds.

110. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Leidos Health, LLC to provide professional information technology services for implementation and support of various technology applications

Agency: Leidos Health, LLC

Funds: Amendment Number 2 increases the total amount of services under this agreement from \$2,000,000 to \$7,000,000. Total cost of services under this agreement, including renewals, will not exceed \$10,000,000.

Source of Funds: Hospital Patient Income

Period: The term of this agreement is for a period of 60 months, commencing on November 1, 2013, and continuing through October 31, 2018. The agreement includes the option for three 12-month renewals. Amendment Number 2 does not extend the term of the agreement, and all three renewals remain unutilized.

Description: Leidos Health, LLC is providing professional information technology services, including trained and experienced personnel, on a project basis.

111. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Santa Rosa Consulting, Inc. to provide technical support staffing services in support of the institution's electronic health record implementation

Agency: Santa Rosa Consulting, Inc.

Funds: Total cost of services under this agreement will not exceed \$28,000,000 for the initial term and any renewal periods.

Source of Funds: Hospital Patient Income

Period: The term of this agreement will be for a period of 12 months, commencing on August 24, 2015, and continuing through August 23, 2016. The agreement includes the option for one six-month renewal period.

Description: Santa Rosa Consulting, Inc. will provide technical support staffing services in support of the implementation of the electronic health record system, including facilitation of training labs, conversion of appointment data from the existing system to the new system, and in-person technical support in the clinical areas during "go-live."

112. Request for Budget Change - U. T. M. D. Anderson Cancer Center: New award of tenure appointments

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 2016 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
Bioinformatics and Computational Biology		
Han Liang	Assistant Professor	Associate Professor (T)
Wenyi Wang	Assistant Professor	Associate Professor (T)
Roeland Verhaak	Assistant Professor	Associate Professor (T)
Dermatology		
Kenneth Tsai	Assistant Professor	Associate Professor (T)
Endocrine Neoplasia and Hormonal Disorders		
Maria Cabanillas	Associate Professor	Associate Professor (T)
Epidemiology		
Shine Chang	Professor	Professor (T)
Epigenetics and Molecular Carcinogenesis		
Xiaobing Shi	Assistant Professor	Associate Professor (T)
Experimental Radiation Oncology		
Li Ma	Assistant Professor	Associate Professor (T)
Hematopathology		
Zhuang Zuo	Assistant Professor	Associate Professor (T)
Infectious Disease		
Harrys Antonio Torres	Assistant Professor	Associate Professor (T)
Molecular and Cellular Oncology		
Min Gyu Lee	Assistant Professor	Associate Professor (T)
Pathology		
Diana Bell	Assistant Professor	Associate Professor (T)
Wei-Lien Wang	Assistant Professor	Associate Professor (T)
Pulmonary Medicine		
Vahid Afshar-Kharghan	Associate Professor	Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Radiation Oncology		
Daniel Gomez	Assistant Professor	Associate Professor (T)
David Grosshans	Assistant Professor	Associate Professor (T)
Karen Hoffman	Assistant Professor	Associate Professor (T)
Ann Klopp	Assistant Professor	Associate Professor (T)
Steven Lin	Assistant Professor	Associate Professor (T)
Stem Cell Transplantation		
Simrit Parmar	Assistant Professor	Associate Professor (T)
Surgical Oncology		
Matthew Harold Katz	Assistant Professor	Associate Professor (T)
Nancy Yi-Qian You	Assistant Professor	Associate Professor (T)

113. Contract (funds going out) - U. T. Health Science Center - Tyler: Crothall Facility Management, Inc. to provide comprehensive program of biomedical and imaging equipment corrective and preventative maintenance services agreement

Agency: Crothall Facility Management, Inc.

Funds: \$5,145,500 for initial term and any renewal items

Source of Funds: Education and General - Hospital Patient Income

Period: Initial Term: May 1, 2015 through April 30, 2016
Renewal Terms: four optional one-year terms

Description: Crothall Facility Management will provide U. T. Health Science Center - Tyler a comprehensive program of biomedical and imaging equipment services, including maintenance, repair parts, testing, and inspection services for biomedical imaging and fire detection and alarm equipment. This contract was awarded as a result of a Request for Proposal.

114. Contract (funds going out) - U. T. Health Science Center - Tyler: Construction on Lindale Clinic to build out a family medicine and allergy clinic

Agency: Garrett & Associates General Contractors

Funds: \$1,227,600

Source of Funds: Institutional Funds

Period: June 18, 2015 through November 21, 2015

Description: The Lindale Clinic project will consist of the build-out of approximately 7,211 square feet (SF) at 2808 South Main Street in Lindale, Texas. The 6,711 SF at the front of the building will be utilized as a family medicine clinic and the 1,500 SF at the back of the building will be used as an allergy clinic. The build-out will include exam rooms, waiting space, nursing areas, offices, x-ray, medication rooms, labs, and other support areas. Minimal site improvement will be required. The contract is a result of a Request for Proposal. This project will be institutionally managed.

115. Contract (funds going out) - U. T. Health Science Center - Tyler: Construction on North Tyler Clinic to make additions and alterations to the existing family medicine clinic

Agency: Watson Commercial Construction Company

Funds: \$1,405,000

Source of Funds: Institutional Funds

Period: May 1 through November 15, 2015

Description: The North Tyler Clinic Additions and Alterations project will consist of building out approximately 5,889 square feet and renovating approximately 2,166 square feet of existing space at 2231 West Gentry Parkway in Tyler, Texas. Construction will occur in three different phases. The additions and alterations will provide additional exam rooms, additional waiting space, expanded nursing areas, offices, patient education room, an x-ray area, and other support areas. The contract was the subject of a competitive bid. This project will be institutionally managed.