



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

**August 23 - 24, 2017**

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 23, 2017**

Academic Affairs Committee .....	9:30 a.m.
Health Affairs Committee .....	10:30 a.m.
Facilities Planning and Construction Committee .....	11:30 a.m.
Meeting of the Board - Executive Session (Working Lunch) .....	12:00 p.m.
Audit, Compliance, and Risk Management Committee .....	2:00 p.m.
Finance and Planning Committee .....	3:00 p.m.
Meeting of the Board - Open Session .....	4:00 p.m.
<i>Including meeting with the Faculty Advisory Council</i>	
Recess .....	5:00 p.m. <i>approximately</i>

**Thursday, August 24, 2017**

Meeting of the Board - Open Session .....	8:30 a.m.
Recess to Executive Session (Working Lunch) .....	10:00 a.m. <i>approximately</i>
Meeting of the Board - Open Session .....	2:00 p.m. <i>approximately</i>
Adjourn .....	4:00 p.m. <i>approximately</i>



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

**August 23-24, 2017**  
Austin, Texas

	<b>Board Meeting</b>	<b>Page</b>
<b><u>Wednesday, August 23, 2017</u></b>		
COMMITTEE MEETINGS	9:30 a.m. - 12:00 p.m.	
CONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO <i>TEXAS GOVERNMENT CODE</i> , CHAPTER 551 (Working lunch at noon)	12:00 p.m.	
1. Individual Personnel Matters Relating to Officers or Employees – Section 551.074		
a. <b>U. T. Health Science Center - San Antonio: Periodic comprehensive performance review of institutional president (Regents' Rules and Regulations, Rule 20201, Section 5, regarding Evaluation of Presidents)</b>		
b. <b>U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Deputy Chancellor, Executive Vice Chancellors, and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), members of the Board of Regents, and U. T. System and institutional employees</b>		
c. <b>U. T. System: Discussion regarding individual personnel matters related to possible creation of a nonprofit corporation for the management of University Lands</b>		
2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071		
a. <b>U. T. System Board of Regents: Discussion with Counsel on pending legal issues</b>		
b. <b>U. T. System: Discussion regarding legal issues concerning possible creation of a nonprofit corporation for the management of University Lands</b>		
3. Negotiated Contracts for Prospective Gifts or Donations – Section 551.073		
a. <b>U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features</b>		

	<b>Board Meeting</b>	<b>Page</b>
<b>b. U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features</b>		
RECONVENE THE BOARD IN OPEN SESSION TO RECESS TO COMMITTEE MEETINGS	<i>2:00 p.m.</i>	
COMMITTEE MEETINGS	<i>2:00 - 4:00 p.m.</i>	
RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS	<i>4:00 p.m.</i>	
<b>1. U. T. System: Annual Meeting with Officers of the U. T. System Faculty Advisory Council</b>	<i>4:02 p.m.</i> <b>Report/Discussion</b> <i>Chair Jonathan Cheng, M.D., U. T. Southwestern Medical Center</i>	<b>7</b>
<b>2. U. T. System Board of Regents: Recognition of academic and health institution recipients of the 2017 Regents' Outstanding Teaching Awards</b>	<i>4:45 p.m.</i> <b>Report/Presentation</b> <i>Chairman Foster</i>	<b>18</b>
RECESS	<i>5:00 p.m.</i>	

	<b>Board Meeting</b>	<b>Page</b>
<b><u>Thursday, August 24, 2017</u></b>		
RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS	8:30 a.m.	
3. <b>U. T. System Board of Regents: Presentation of Certificate of Appreciation to Former U. T. Permian Basin President W. David Watts and Comments</b>	8:35 a.m. <b>Presentation</b>	<b>19</b>
4. <b>U. T. System Board of Regents: Approval of Consent Agenda items and consideration of any items referred to the full Board</b>	8:45 a.m. <b>Action</b>	<b>20</b>
5. <b>U. T. System Board of Regents: Update from Texas Higher Education Coordinating Board Chair Robert “Bobby” Jenkins, Jr. and Commissioner Paredes on the long-range strategic plan for Texas higher education</b>	8:55 a.m. <b>Report</b> <i>Chairman Jenkins</i> <i>Commissioner Paredes</i>	<b>21</b>
6. <b>U. T. System Board of Regents: Discussion and appropriate action regarding proposed replacement for Regents' <i>Rules and Regulations</i>, Rule 70301 (Matters relating to Real Property)</b>	9:15 a.m. <b>Action</b>	<b>22</b>
7. <b>U. T. System Board of Regents: Discussion and appropriate action regarding proposed amendment of Regents' <i>Rules and Regulations</i>, Rule 80103 (Solicitation) to permit advertising by bicycle share programs</b>	9:20 a.m. <b>Action</b>	<b>34</b>
8. <b>U. T. System Board of Regents: Discussion and appropriate action regarding proposed rescission of Regents' <i>Rules and Regulations</i>, Rules 10801, Section 3 concerning U. T. Systemwide Policy UTS139; 40902 concerning cooperative use of courses and facilities; 50301 concerning off-campus student housing; 50303 concerning students' responsibilities for debts, transferring Section 2 regarding penalties for nonpayment to 50101 regarding student conduct and discipline; 50305 concerning the role of an institutional Students' Attorney; 50801 concerning student learning outcomes assessments; and 80308 concerning building plaques</b>	9:25 a.m. <b>Action</b>	<b>36</b>
STANDING COMMITTEE RECOMMENDATIONS AND REPORTS TO THE BOARD	9:35 a.m.	
RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551	10:00 a.m.	
1. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072		
2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071		
a. <b>U. T. System Board of Regents: Discussion with Counsel on pending legal issues</b>		
b. <b>U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning decision in <i>Fisher v. State of Texas, University of Texas at Austin, et al.</i></b>		

- c. **U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U. T. System**
  - d. **U. T. System: Discussion of legal issues related to management of a national laboratory**
  - e. **U. T. Health Science Center - Tyler: Discussion and appropriate action regarding legal issues related to East Texas opportunities**
3. Individual Personnel Matters Relating to Officers or Employees – Section 551.074
- a. **U. T. Southwestern Medical Center: Discussion and appropriate action regarding proposed compensation for Robert D. B. Jaquiss, M.D., Professor of Pediatric Cardiovascular and Thoracic Surgery and Professor of Pediatrics (Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees)**
  - b. **U. T. Health Science Center - Houston: Discussion and appropriate action regarding proposed compensation for Jorge D. Salazar, M.D., Professor and Division Chief, Department of Pediatric Surgery, Division of Pediatric Cardiovascular Surgery (Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees)**
  - 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 (Deputy Chancellor, Executive Vice Chancellors, and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), members of the Board of Regents, and U. T. System and institutional employees, and related personnel aspects of the operating budget for Fiscal Year 2018**
  - 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' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees, and Rule 20203, regarding compensation for key executives**
  - e. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to compensation including achievement of goals for incentive compensation for Presidents**

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RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO CONSIDER AGENDA ITEMS	2:00 p.m.	
<b>9. U. T. System: Discussion and appropriate action regarding issues related to development of a potential bid for management of Los Alamos National Laboratory</b>	2:10 p.m. <b>Action</b> <i>Deputy Chancellor Daniel</i>	<b>38</b>
<b>10. U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2018, including the Permanent University Fund Bond Proceeds allocation for Library, Equipment, Repair and Rehabilitation Projects, allocation for the Science and Technology Acquisition, and support for capital expenses for the U. T. Rio Grande Valley Medical School; Available University Fund allocation for campus support; and Internal Lending Program funding for strategic projects</b>	2:20 p.m. <b>Action</b> <i>Chancellor McRaven</i>	<b>39</b>
<b>11. U. T. System: Discussion and appropriate actions regarding proposed creation of the Proof-of-Concept Fund</b>	3:30 p.m. <b>Action</b> <i>Ms. Goonewardene</i>	<b>42</b>
<b>12. U. T. System: Discussion and appropriate action related to proposed contract with Digerati, Inc. for a job and internship matching network, and finding that expenditure of AUF for this purpose is appropriate</b>	3:40 p.m. <b>Action</b> <i>Ms. Goonewardene</i>	<b>47</b>
<b>13. U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2018</b>	3:50 p.m. <b>Action</b>	<b>49</b>
ADJOURN	4:00 p.m.	

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 PowerPoint presentation is set forth on the following pages.

Council members scheduled to attend are:

**Chair: Jonathan Cheng, M.D.**, U. T. Southwestern Medical Center, Plastic Surgery

**Academic Affairs and Faculty Quality Committee: Elena Izquierdo, Ph.D.**, U. T. El Paso, Teacher Education

**Governance Committee and Chair-elect: Dan Cavanagh, M.M.**, U. T. Arlington, Music

**Health Affairs Committee: Suman Challa, B.D.S., M.S.**, U. T. Health Science Center - San Antonio, Comprehensive Dentistry

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

Jonathan Cheng, M.D.  
Chair

U. T. System Board of Regents' Meeting  
August 2017



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# U. T. System Faculty Advisory Council (UTSFAC)



- Elected faculty leaders from each campus, representing 20K+ faculty
- Designated by Regents' Rule 30401  
“...To facilitate the flow of ideas and information between and among the Board of Regents, the System Administration, and the institutions of the System.”
- Our charge:
  - Identify issues of concern to the faculty, Board of Regents, or well-being of the U. T. System;
  - Respond to issues at the request of the Board of Regents, Chancellor, U. T. System Administration, and/or UTSFAC membership;
  - Conduct fact-finding, background exploration, exposition, analysis, and deliberation on issues and develop recommendations and/or action plans for review by the UTSFAC; and
  - Disseminate information to the UTSFAC, Board of Regents, and faculty and administrators of U. T. System institutions.



# Faculty Advisory Council Structure

- Elected faculty leaders from each U. T. System institution
  - Campus senate presidents, past presidents
  - 16 academic representatives, 12 health representatives
- Officers
  - Jonathan Cheng, M.D., Chair
  - Catherine Ross, Ph.D., Past Chair
  - Dan Cavanagh, M.M., Chair-Elect
  - Emily Bonner, Ph.D., Secretary
- Standing committees
  - Governance
  - Academic Affairs and Faculty Quality
  - Health Affairs
- FAC Liaison - Associate Vice Chancellor Anthony Cucolo



# Accomplishments of the past year





# Governance

- Hosted FAC leadership training with Associate Vice Chancellor Anthony Cucolo
- Sent representative to national conference on faculty governance
- Led key writing groups on UTS 125 intellectual property task force with Dr. Patricia Hurn and Dr. Beth Lynn Maxwell
- Participated in institutional conflict of interest working group
  - With Mr. Jason King, Associate Compliance Officer and Ethics Counsel
  - Resulted in UTS 189 policy
- Embraced Chancellor's Philosophy of Shared Governance
  - Disseminated to campus elected faculty governance organizations
  - Began shared governance campus visits with AVC Cucolo
    - March 2017 – U. T. Health Science Center – Houston
    - April 2017 – U. T. Tyler, U. T. Dallas
    - May 2017 – U. T. San Antonio, U. T. Arlington, U. T. Rio Grande Valley





## Academic Affairs and Faculty Quality


- Participated in U. T. System dual credit study led by Dr. David Troutman
- Worked on U. T. System faculty workload task force with Dr. Steven Leslie and Dr. Kevin Lemoine
- Engaged with Dr. Rebecca Karoff on Student Success Quantum Leap
  - Attended 2016 Student Success Summit
  - Joined affinity groups
- Helped to perform self-study of online teaching at each campus with Ms. Meredith Goode and Dr. Steven Leslie
- Began work on nontenure track faculty issues





# Health Affairs – Physician Burnout Initiative

- Guided by Dr. Raymond Greenberg and Dr. Stephanie Huie
- Co-chairing together with Dr. Ann Killary
- Planned initiative with steering committee
  - Administration representative from each health campus
  - FAC health affairs committee leaders
- Reviewed existing research literature
  - Warren L. Holleman, Ph.D., UTMDACC
  - Identify national best practices
  - Foster an evidence-based approach
- Retained consultant experts
  - Christina Maslach, Ph.D., UC Berkeley
  - Dr. Tait Shanafelt, M.D., Stanford Medicine



[www.ahcmedia.com/articles/140506-texas-system-launches-ambitious-study-on-physician-burnout](http://www.ahcmedia.com/articles/140506-texas-system-launches-ambitious-study-on-physician-burnout)

## Texas System Launches Ambitious Study on Physician Burnout

Could result in a national model for other hospitals

June 6, 2017

With reports of physician burnout increasing at alarming rates, the University of Texas System of hospitals and healthcare affiliates is undertaking an unprecedented effort to identify the root causes and develop prevention strategies.

The UT System, which includes six hospitals, is conducting an organizationwide assessment of the problem, creating focus groups and recommending solutions at the clinical, departmental, institutional, and system level. The issue took off after some physicians discussed the emotional toll of burnout at a faculty meeting, and now is becoming a high priority for the university system.

"We are really basing our initiative not just on the UT system — because we have not yet done a thorough assessment of our burnout. We have based our data on the national experience," says **Ann Killary**, PhD, a professor of translational molecular pathology at MD Anderson and a member of the Faculty Advisory Council, who is co-leading the physician wellness initiative. "As you know, there is quite a significant literature on this issue in academic medicine. After we started the initiative, we realized that it has become a very urgent problem that has been noted in a number of publications."

In a move that underscores the severity of the problem, 10 healthcare CEOs recently issued a call to action on the issue and laid out some preliminary steps to address the problem. (For more information, see story in this issue.) "Burnout is an experience of emotional exhaustion, depersonalization, and feelings of low achievement and decreased effectiveness," they noted. "Although the focus of this is physicians, burnout is also a serious problem for nurses and other healthcare workers."

In that regard, UT Chancellor William H. McRaven also has brought into the issue and is hoping the program in Texas hospitals can serve as a national model, Killary emphasizes. "He has a very bold vision for improving the health and well-being of [physicians]," she says. "He really wants to drive this from the system level."





# Health Affairs – Physician Burnout Initiative

- Planning national symposium to convene national thought leaders and develop solutions
  - September 25-26, 2017, UTMDACC
  - Supported by all health campus presidents
  - Post-symposium U. T.-oriented think tank
  - Publicizing to scientific publications, medical organizations
  
- Initiated health campus wellness focus groups for exploratory qualitative study – Dr. David Troutman and Ms. Aimee Hendrix
  - Guide prioritization of solutions for U. T. System physician wellness think tank
  - Serve as substrate for U. T.-specific burnout assessment instrument
  
- Sent envoys to:
  - National Academy of Medicine (NAM) Action Collaborative on Clinician Well-Being and Resilience
  - American Association of Medical Colleges – Group on Faculty Affairs (AAMC-GFA)



## The Road Ahead...

Work for the coming year



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## This Year's Initiatives

- Governance
  - Complete shared governance campus visits by October 2017
  - Prepare report and recommendations for Chancellor McRaven
- Academic Affairs and Faculty Quality
  - Continue ongoing work with Dr. Rebecca Karoff and Student Success Quantum Leap
  - Promote faculty service in campus environments
  - Develop recommendations for nontenure track faculty
  - Engage in Texas Prospect Initiative Quantum Leap
- Health Affairs
  - Convene physician burnout national symposium
  - Develop solutions in U. T.-oriented post-symposium think tank
  - Vet proposed solutions with affinity group of distinguished mid-career and senior academic clinicians
  - Provide Chancellor with recommendations on organizational solutions for physician burnout



**2. U. T. System Board of Regents: Recognition of academic and health institution recipients of the 2017 Regents' Outstanding Teaching Awards**

PRESENTATION

Chairman Foster will recognize the 2017 recipients of the Regents' Outstanding Teaching Awards, as listed on the website at <https://www.utsystem.edu/rota>.

The faculty members presenting at the meeting are:

- Ann Branan Horak, Ph.D., Associate Professor/Director of Religious Studies Program, College of Liberal Arts, U. T. El Paso; and
- Brian L. Mealey, D.D.S., M.S., Professor and Graduate Program Director, Department of Periodontics, School of Dentistry, U. T. Health Science Center - San Antonio

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 30 awards for tenured faculty, tenure-track faculty, and contingent faculty (including adjuncts, lecturers, and instructional assistants). Across the health institutions, no more than 30 awards are made annually.

3. **U. T. System Board of Regents: Presentation of Certificate of Appreciation to Former U. T. Permian Basin President W. David Watts and Comments**

4. **U. T. System Board of Regents: Approval of Consent Agenda items and consideration of any items referred to the full Board**

RECOMMENDATION

The Board will be asked to approve the [Consent Agenda](#) items and will discuss any items referred for consideration by the full Board.

5. **U. T. System Board of Regents: Update from Texas Higher Education Coordinating Board Chair Robert “Bobby” Jenkins, Jr. and Commissioner Paredes on the long-range strategic plan for Texas higher education**

REPORT

Texas Higher Education Coordinating Board Chair Robert “Bobby” Jenkins, Jr. and Commissioner Paredes will provide an update on the long-range strategic plan for Texas higher education.

6. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed replacement for Regents' Rules and Regulations, Rule 70301 (Matters Relating to Real Property)**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that Regents' *Rules and Regulations*, Rule 70301 (Matters Relating to Real Property) be completely revised as set forth on the following pages.

BACKGROUND INFORMATION

Under current Regents' Rules, with the exception of The University of Texas/Texas A&M Investment Management Company (UTIMCO) investments, Permanent University Fund (PUF) lands, institutional space leases, and land used for institutional purposes, the Board of Regents delegates the management of real property under its ownership or control to the U. T. System Real Estate Office.

The primary purposes of the revisions are (i) to consolidate in one Rule those provisions of current Regents' Rules 10501 (Delegation to Act on Behalf of the Board) and 70301 and other policies governing real estate contracts; (ii) to grant greater authority to the institutions with regard to leasing and licensing; and (iii) to eliminate the required review and approval of certain smaller real estate lease transactions by the Real Estate Office. The revised Rule:

- Retains the requirements of Board approval for all transactions over a threshold, and for acquisitions of real property for institutional purposes located outside of a Campus Master Plan approved by the Board.
- Retains the separate authority of the University Lands Office over mineral interests and the PUF and of the Office of Development and Gift Planning Services over gifts and trusts.
- Memorializes the change from the current \$1 million threshold for Board approval of real estate contracts applicable to all institutions to individual thresholds that match each institution's dollar threshold authority for goods and services contracts. That change was previously approved by the Vice Chancellor and General Counsel, after consultation with the General Counsel to the Board of Regents, as authorized in Regents' Rule 10501, Section 2.2.16 (Increase in Board Approval Threshold).
- Retains the existing structure for the delegation of signature authority to institution Presidents and System officers, and also broadens the signature authority of the institutions to generally enter into leases and licenses and other agreements where the institution is the user with a term not exceeding 10 years (with no or minimized Real Estate Office review unless Board authorization is required, but retained Office of General Counsel legal review).

- Retains and clarifies System Real Estate Office review and signature by the Executive Director of Real Estate of all long-term agreements and contracts pertaining to the purchase/sale of real property, ground leases, and build-to-suit leases. Related policy provides for the delegation by the Executive Director of Real Estate to officers at the institutions of licenses and leases with a term of 10 years or less of Board-owned property managed by the institutions.
- More clearly details the requirement under the Regents' Rules concerning the delegation of signature authority to various institution and System officers.
- Clarifies that Rule 70301 concerning real estate contracts prevails over any more general provisions in the Regents' Rules.
- Formalizes the role of the Real Estate Office as the central repository for copies of all real estate contracts.

In connection with this proposed replacement of Regents' Rule 70301, the U. T. System real estate policies will be revised (i) to consolidate the policies into one policy, (ii) to implement the authorized delegations, and (iii) to change review procedures for smaller short-term contracts by the Real Estate Office and the Office of General Counsel.

This agenda item was reviewed by the U. T. System institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

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

**Rule: 70301**

**1. Title**

Matters Relating to Interests in Real Property

**2. Rule and Regulation**

Sec. 1 Authority. *Texas Education Code* Section 65.39 provides that “The board of regents of The University of Texas System has the sole and exclusive management and control of the lands set aside and appropriated to, or acquired by, The University of Texas System.” *Texas Education Code* Section 65.34 further provides that a contract must be approved by the Board or entered into in accordance with rules of the Board.

Sec. 2 Scope. This Rule governs all Real Estate Contracts, which include Real Estate Sales Contracts, Real Estate Leases, and Easements (as defined below). This Rule does not cover the transfer or acquisition of rights pertaining to the ownership and/or development of mineral interests (such as oil and gas leases, oil and gas transportation pipeline easements, and the transfer of royalty interests) under the administration of the University Lands Office.

To the extent of any conflict between the provisions of this Rule and other provisions of the Regents’ *Rules and Regulations*, this Rule shall control with respect to Real Estate Contracts, and Regents’ Rules 60101 and 60103 shall control with respect to the acceptance and administration of gifts of real property.

Sec. 3 Title to Real Property Interests. Title to all interests in real property of every kind or nature owned, leased, or otherwise held for the use or benefit of the U. T. System or any U. T. institution shall be held in the name of the “Board of Regents of The University of Texas System.”

Sec. 4 Delegation of Authority - Real Property Management.

4.1 Office of General Counsel. The negotiation and execution of Real Estate Contracts shall be done in accordance with all guidelines promulgated by the Office of General Counsel.

4.2 Real Estate Office. The Board delegates to the U. T. System’s Real Estate Office authority to collect and



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

**Rule: 70301**

account for all rents, mortgages, and other charges relating to real property managed or supervised by the Real Estate Office. All interests in real property owned, leased or otherwise held by the Board shall be administered and managed by the Real Estate Office, except the following:

- (i) Permanent University Fund (PUF) Lands, which shall be administered and managed by the University Lands Office;
  - (ii) real properties used for Institutional Purposes, which shall be administered and managed by the applicable institution, subject to the requirements of this Rule and U. T. Systemwide Policies. For purposes of this Rule, "Institutional Purposes" shall mean the duties, responsibilities, missions, and purposes of U. T. System and U. T. institutions authorized under the *Texas Education Code*, but shall not include uses principally intended to generate funds for the U. T. institution; and
  - (iii) real property investments managed by UTIMCO.
- 4.3 Executive Director of Real Estate. The Board delegates to the Executive Director of Real Estate the authority to negotiate, execute, and deliver on behalf of the Board Real Estate Contracts and other associated documents or agreements pertaining to or regarding the transfer, acceptance, or acquisition of interests in real property owned, leased, or controlled (or to be owned, leased, or controlled) by the Board, including real property, subject to limitations in this Rule.

Except as expressly provided otherwise in this Rule, the authority granted in this Section to the Executive Director of Real Estate includes the authority to

- (i) negotiate, execute, and deliver all instruments necessary and convenient relating to (a) the management, control, purchase, sale, transfer, acquisition, or disposition of any real property or interests in real property owned, leased or controlled by the Board (including, without limitation, joint, several and undivided interests in the fee title to real property and the acquisition or sale of mineral interests not administered by the University Lands Office);

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Rules and Regulations of the Board of Regents**

**Rule: 70301**

(b) easements, licenses, access rights, or permits with any length of term and for monetary or nonmonetary consideration; or (c) instruments relating to financing for such real properties, such as estoppel certificates requested by a third-party landlord or lender; and

- (ii) negotiate, execute, and deliver documents and agreements commonly and reasonably undertaken in connection with the purchase, sale, lease, transfer, or other acquisition or disposition of real property, such as, without limitation, the engagement of brokers, building and environmental inspectors, appraisers, and attorneys to assist with a particular transaction, provided that the engagement of such services shall be done in accordance with the other provisions of the Regents' Rules and U. T. Systemwide Policies.

**4.4 Other Requirements.**

4.4.1 The Real Estate Office shall consult with the institutional chief business officer or delegate prior to approving and executing any Real Estate Contract or associated instrument relating to real property used or to be used by a U. T. institution for Institutional Purposes.

4.4.2 The authority granted by this Rule to negotiate, execute, and deliver binding contracts and other associated agreements or instruments related to the acquisition of real property for Institutional Purposes applies only (i) if the real property is within a Campus Master Plan approved by the Board or (ii) the matter is an Easement or other similar agreement necessary to implement institutional projects or to serve real property owned or controlled by the Board.

Sec. 5 Delegation of Authority - PUF Lands. The Board delegates to the Executive Vice Chancellor for Business Affairs the authority to:

- (i) execute and deliver on behalf of the Board contracts pertaining to or conveying interests in PUF Lands and in mineral interests in other lands owned or controlled by the Board; and

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- (ii) to take any action on behalf of the Board as may be necessary or desirable with regard to the management and administration of oil and gas leases and other instruments issued by the Board for Lease of University Lands regarding PUF Lands, including without limitation, promulgating forms and requiring submission of documents, records, or reports to verify gross production and disposition and market value of the production.

This authority includes all instruments necessary and convenient relating to the management, acquisition, and disposition of PUF Lands, including mineral interests, and of mineral interests in other lands owned or controlled by the Board, and licenses and surface rights for activities on PUF Lands.

Sec. 6 Delegation of Authority - Real Estate Leases. The Board delegates to each President of a U. T. institution the authority to sign Real Estate Leases and renewals and amendments for the purpose of leasing as tenant or licensing as licensee space for Institutional Purposes; provided that:

- (i) the maximum initial term for each such agreement is 10 years or less, and at the end of 10 years or later there is no penalty or fee for ending the agreement; any extension or renewal term must be 10 years or less and must be under the control of the Board (i.e., the Board has the right to elect or not to elect to extend or renew the then existing term under the agreement), and there is no penalty or fee for ending the agreement at the expiration of the 10-year term or later;
- (ii) the agreement contains no options to purchase the property in question;
- (iii) the agreement does not require or involve the construction or substantial completion of a new building or the substantial replacement or reconstruction of an existing building;
- (iv) the President consults with the chief business officer of the institution prior to approving and executing any Real Estate Lease;

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- (v) the Real Estate Lease complies with applicable law, Regents' *Rules*, and U. T. Systemwide Policies; and
- (vi) if approval by the Real Estate Office, the Office of General Counsel or the Board is required under this Rule, the President may not sign a Real Estate Lease until the Real Estate Office or the Office of General Counsel has notified the U. T. institution either that (a) the contract has been approved by the appropriate U. T. office or the Board, as applicable; or (b) the contract may be executed subject to compliance with Section 8.2 below.

Sec. 7 Delegation of Authority - Gifts of Land. The Board delegates to the Office of Development and Gift Planning Services the administration of real property received by the Board through a bequest, an interest in an account held in trust, a gift to establish or modify an endowment (other than the PUF), a fund functioning as an endowment, or a life income or annuity fund. The Office of Development and Gift Planning Services shall promptly notify the Real Estate Office and the University Lands Office of gifts of surface and mineral estates in real property received, processed, and administered pursuant to this Section, to be managed by either the Real Estate Office or University Lands Office. This Section shall not apply to current purpose gifts of surface and mineral estates in real property (other than gifts received through a bequest or a trust) or additions to an existing endowment, a fund functioning as an endowment, or a life income or annuity fund if the addition does not change or modify the purpose of the endowment or fund.

The Real Estate Office and the University Lands Office shall, in accordance with applicable Regents' Rules, accept and administer the receipt of all gifts of surface and mineral estates in real property that are not processed and administered in accordance with the preceding paragraph, unless the property is used as campus property by the institution. Once the property is owned or controlled by the Board, the institution shall administer and manage such real property as is used for Institutional Purposes.

Sec. 8 Authority Levels. The Authority Levels for Real Estate Contracts for each U. T. institution are established by Regents' Rule 10501 and U. T. Systemwide Policy UTS145, *Processing of Contracts*. Contracts in excess of Authority Levels shall be subject to the

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following:

- 8.1 A U. T. institution officer or employee must obtain (i) prior review and approval of the System Real Estate Contract by the Real Estate Office and the Office of General Counsel, and (ii) authorization from the Board to exceed the Authority Level of the institution.
- 8.2 If the Real Estate Office and the Office of General Counsel have previously reviewed and approved a Real Estate Contract having a total cost or monetary value in excess of the U. T. institution's Authority Level, a U. T. officer authorized under this Rule to sign the type of contract in question is authorized, prior to obtaining Board approval, to execute the Real Estate Contract if the Real Estate Contract (i) is promptly submitted for Board approval, and (ii) contains a provision, approved by the Office of General Counsel, to the effect that such portion of the obligations of the institution under the contract that are in excess of the institution's Authority Level are not binding unless and until the contract is approved by the Board.

Real Estate Leases negotiated or documented by the Texas Facilities Commission on behalf of a U. T. institution in excess of the institution's Authority Level must be approved by the Board.

**Sec. 9 Contract Terms and Valuations**

- 9.1 Total Cost or Monetary Value. The Total Cost or Monetary Value of a Real Estate Contract and examples are found in Definitions, below.
- 9.2 Extensions and Renewals. All potential extensions or renewals provided for in a Real Estate Contract (whether automatic or requiring action by a party) shall be deemed exercised for purposes of calculating the total cost or monetary value of the contract.
- 9.3 Amendments.
  - 9.3.1 For the purpose of calculating the total cost or monetary value of a Real Estate Contract, the total cost or monetary value of any amendment or modification to the Real Estate Contract shall be calculated on a cumulative basis with the total cost or monetary value actually incurred, received, or

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payable under the Real Estate Contract (or reasonably estimated as permitted in this Rule) prior to such amendment or modification.

9.3.2 Amendments to a Real Estate Contract do not require approval by the Board unless

- (i) for a Real Estate Contract not previously approved by the Board, the amendment increases the cumulative total cost or monetary value of the Real Estate Contract (as amended by any prior amendments) above the Authority Level of the institution;
- (ii) for a Real Estate Contract previously approved by the Board, any amendments thereto cumulatively increase the total cost or monetary value of the contract previously approved by the Board to an amount greater than 125% of the total cost or monetary value approved by the Board, unless such cumulative increases in the total cost or monetary value are less than the Authority Level of the institution (in which case Board approval is not required); or
- (iii) Board approval is otherwise required by these Rules because of the particular provisions of the amendment.

9.4 Contracts for the Same Property. Any new Real Estate Contract pertaining to substantially the same real property that was the subject of a prior Real Estate Contract between the same parties or their successors in interest shall be treated as an extension, renewal, or modification of the prior Real Estate Contract for purposes of this calculation, except in such instances where the real property in question had been totally vacated by the occupant of the real property under the prior Real Estate Contract for a period of three consecutive months or more following the expiration or termination of the prior Real Estate Contract.

9.5 Assurance of Authority. No officer or employee of U. T. System or any U. T. institution, as an individual or as a member of any association or agency, has the power to bind U. T. System or any U. T. institution by a Real Estate

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Contract unless the review and execution thereof is done in accordance with this Rule. The officer or employee executing any Real Estate Contract shall be responsible for assuring that he or she has the requisite authority to act on behalf of the Board and that such authority is being exercised in compliance with applicable law, the Regents' Rules, and U. T. Systemwide Policies. Such officer or employee is strongly encouraged to contact the Executive Director of Real Estate or the Vice Chancellor and General Counsel with any questions regarding the nature and scope of the officer's or employee's authority.

9.6 Certification. Documents executed on behalf of the Board pursuant to authority granted under the Regents' Rules shall not require further certification or attestation.

Sec. 10 Record Keeping. The Board designates the Real Estate Office as the central repository for all Real Estate Contracts. Promptly following the execution of a Real Estate Contract by a U. T. institution, the institution shall deliver to the Real Estate Office a full, complete, and accurate electronic copy of the contract, regardless of whether such contract required the review and approval of the Real Estate Office and/or the Office of General Counsel. The Real Estate Office shall promulgate policies and processes for the maintenance of such Real Estate Contracts as part of the permanent records of its office, consistent with and subject to U. T. System's general record retention policies, but in no event shall a Real Estate Contract be maintained for a period of less than four years following the expiration or sooner termination of the Real Estate Contract.

Sec. 11 Consultation with Real Estate Office. Upon the request of a U. T. institution, the Real Estate Office will consult with, advise, and assist the institution concerning a Real Estate Contract, regardless of the length of term, total cost, or monetary value of the contract.

**3. Definitions**

Real Estate Sales Contracts - A contract for the purchase, sale, exchange, transfer, or acquisition of any fee interests in real property by U. T. System and U. T. institutions.

Real Estate Leases - A contract for the lease, sublease, license, or use of real property by U. T. System and/or U. T. institutions, whether as landlord, tenant, sublandlord, subtenant, licensee, licensor, or otherwise.

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Easements - The grant or acquisition by U. T. System and/or U. T. institutions of the right to cross or use real property for a specific purpose that is not terminable at the will of the grantor.

Real Estate Contracts - Real Estate Sales Contracts, Real Estate Leases, and Easements are collectively referred to in this Rule as "Real Estate Contracts." The term includes (i) all amendments and modifications of the foregoing, and (ii) ancillary agreements to such contracts, such as (by way of example only) estoppel certificates and nondisturbance agreements for leases.

Total Cost or Monetary Value – For a Real Estate Contract, it is the net cumulative sum of all costs and expenses to be paid or all monies to be received by a U. T. institution over the term of the Real Estate Contract.

- For example, if a U. T. institution leased real property as tenant for a total rental of \$950,000 and were contractually obligated to build or reimburse landlord for improvements to the premises costing an additional \$100,000 above the rental, the contract would have a total cost or monetary value of \$1,050,000 to U. T. institution; however, if the landlord were obligated to pay for the improvements and received no additional monies from the U. T. institution other than the rental, the total cost or monetary value to the U. T. institution would be \$950,000.
- Total cost or monetary value includes, without limitation, expenditures for real estate brokerage commissions, expenditures to build or pay for improvements to real property not included within the rental for the real property, and reasonably anticipated operating expenses (however denominated) in excess of the base rental payable by a tenant to the landlord over the term of a Real Estate Lease.
- Total cost or monetary value also includes (i) all operational expenses payable by the institution directly to persons not parties to the Real Estate Contract, such as utility charges or janitorial costs to a third-party service provider, and (ii) items such as ad valorem taxes that are paid directly by the institution to the governmental taxing authority.
- If all or part of the consideration payable under a Real Estate Contract is of an unspecified monetary value, the institution shall make a reasoned determination of whether the total cost or monetary value of the contract, in the light of the current and reasonably anticipated circumstances, is more or less than the



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institution's Authority Level and shall use such determination for the purposes of this Rule. The officer or employee of the institution making such determination shall prepare a written statement outlining the basis of such determination and such determination shall be preserved as part of the record of the transaction.

- Nonmonetary consideration (for example, the receipt of services or benefits that further an Institutional Purpose) shall be considered at its fair market value for purposes of calculating the total cost or monetary value of a Real Estate Contract. If any material part of the fair market value compensation paid or received by a U. T. institution under a Real Estate Contract is nonmonetary consideration, (i) the contract must be reviewed and approved by the Real Estate Office, and (ii) the Executive Director, with the help of the institution, shall determine the value of such nonmonetary compensation. If the consideration received under a Real Estate Contract is below fair market value, or if the consideration paid is above fair market value, the Board shall make the final determination as to the value and adequacy of the consideration paid or received by the institution.

7. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed amendment of Regents' Rules and Regulations, Rule 80103 (Solicitation) to permit advertising by bicycle share programs**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel that Regents' *Rules and Regulations*, Rule 80103 (Solicitation) be amended as set forth below in congressional style:

Sec. 2 Exceptions to Prohibition. The following activities shall not be deemed solicitations prohibited by this Rule when conducted in accordance with the approved rules and regulations of the U. T. System or any of the institutions. Such activities must be conducted in a manner that does not disturb or interfere with the academic programs or administrative activities of the U. T. System or any of the institutions or any program or activity that is conducted by or is authorized by the U. T. System or any of the institutions; does not interfere with entry to or exit from a building, structure, or facility; does not interfere with the flow of pedestrians or vehicular traffic on sidewalks or streets or at places of ingress and egress to and from property, buildings, or facilities; does not harass, or intimidate the person or persons being solicited; and does not violate applicable state, federal, or local laws or regulations:

...

2.26 Bicycle Share Programs. Subject to the institutions' reasonable and nondiscriminatory rules concerning time, place, and manner of posting, advertising displayed on bicycles and on and around kiosks participating in bicycle share programs approved by the institution.

....

BACKGROUND INFORMATION

Regents' Rule 80103 prohibits the distribution or display of printed material, merchandise, or products designed to encourage the purchase, use, or rental of any property, product, merchandise, publication, or service.

A bicycle share program provides individuals with bicycles for short-term rent used between unattended stations strategically located throughout an urban area traditionally beset with traffic congestion and parking shortage. Bicycle share systems can provide a convenient and inexpensive mode of transportation by allowing sponsors to advertise their logos on bicycles. In response to requests from U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston, this revision to Regents' Rule 80103 will allow a bicycle share program on U. T. System property, streets, or sidewalks. The bicycle share program would promote the spirit of collaboration between U. T. M. D. Anderson Cancer Center and U. T. Health Science

Center - Houston and the Texas Medical Center (TMC), the City of Houston, and their institutions while improving the experience of students, employees, patients, and other visitors to the TMC corridor in Houston, Texas.

The proposed amendment would authorize bicycles provided by a bicycle share program on U. T. System owned or controlled property, streets, or sidewalks to display advertisements.

This agenda item was reviewed by the U. T. System institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

8. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed rescission of Regents' Rules and Regulations, Rules 10801, Section 3 concerning U. T. Systemwide Policy UTS139; 40902 concerning cooperative use of courses and facilities; 50301 concerning off-campus student housing; 50303 concerning students' responsibilities for debts, transferring Section 2 regarding penalties for nonpayment to 50101 regarding student conduct and discipline; 50305 concerning the role of an institutional Students' Attorney; 50801 concerning student learning outcomes assessments; and 80308 concerning building plaques**

#### RECOMMENDATION

The Chancellor, the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel concur in the recommendation of the General Counsel to the Board that the Regents' *Rules and Regulations* be revised as follows:

1. Revise Rule 10801 (Policy on Transparency, Accountability, and Access to Information: Compliance with the Texas Public Information Act) to delete Section 3 concerning required Board approval of changes to U. T. Systemwide Policy UTS139 on the handling of public information requests;
2. Rescind Rule 40902 (Guidelines for Cooperative Use of Courses and Facilities with Texas A&M University);
3. Rescind Rule 50301 (Off-Campus Student Housing);
4. Rescind Rule 50303 (Debts of Students), transferring Section 2 regarding penalties for nonpayment to Rule 50101 (Student Conduct and Discipline);
5. Rescind Rule 50305 (Employment of a Students' Attorney);
6. Rescind Rule 50801 (Student Learning Outcomes Assessment); and
7. Rescind 80308 (Inscriptions on Building Plaques).

#### BACKGROUND INFORMATION

The Regents' Rules are continuously reviewed by the Board of Regents' Office and others within U. T. System Administration and at the U. T. institutions in an effort to identify revisions needed as the result of changes in underlying legal requirements as well as changes that will effect the most efficient oversight of the U. T. System without undue administrative burden. The Rules identified are not required by law and, while useful at other points in institutional history, have been identified as no longer relevant to the Board's governance of the U. T. System.

Section 3 of Rule 10801 sets forth the Board's well-understood expectation of compliance with state law and involves an unusual requirement concerning Board involvement in U. T. Systemwide Policy UTS139, which details the requirements for compliance with the Texas Public Information Act by System Administration and all U. T. institutions. Deletion of this

provision will give the Chancellor latitude to amend the policy as needed, consistent with state law, and to maintain a more appropriate balance between the requirements of Systemwide Policies and Regents' Rules.

Rule 40902, regarding the guidelines for cooperative use of courses and facilities for graduate education at the U. T. System and The Texas A&M University System, is better handled with individualized agreements between the two participating institutions, when needed, rather than through a governing board rule.

Rule 50301, regarding off-campus housing, contains restrictive language identified as an unnecessary inclusion in Board policy.

Rule 50303, Section 1, regarding student debt, restates well-understood expectations regarding the responsibilities of individual students and student organizations in their commercial transactions. Section 2 outlines penalties for nonpayment that will be moved in full to Rule 50101, regarding student conduct and discipline.

Rule 50305, regarding the limitations on the role of an attorney hired to serve as a Students' Attorney, is identified as unneeded as a governing board rule.

Rule 50801 was added in 2015 at the request of the Board to assure attention to the assessment of student learning outcomes. The Rule duplicates requirements of the Texas Higher Education Coordinating Board regarding core curriculum learning assessment and general requirements of the Southern Association of Colleges and Schools (SACS) for assessment of learning outcomes. All U. T. institutions are actively engaged in assessment, and both external entities perform periodic, substantive reviews of institutional assessment plans. This deletion was requested by the Office of Academic Affairs.

Rule 80308, regarding the appropriate inscriptions on building plaques within the U. T. System, has become a routine part of building practice and is identified as no longer necessary.

This agenda item was reviewed by the U. T. System institutional presidents and representatives of the Student Advisory Council, the Faculty Advisory Council, and the Employee Advisory Council.

9. **U. T. System: Discussion and appropriate action regarding issues related to development of a potential bid for management of Los Alamos National Laboratory**

Deputy Chancellor Daniel will lead a discussion of issues related to the development of a potential bid by the U. T. System for the management of the Los Alamos National Laboratory in New Mexico.

10. **U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2018, including Permanent University Fund Bond Proceeds allocations for Library, Equipment, Repair and Rehabilitation Projects, for the Science and Technology Acquisition and Retention Program, and for capital expenses for the U. T. Rio Grande Valley School of Medicine; Available University Fund allocation for campus support; and Internal Lending Program allocations for strategic projects**

#### RECOMMENDATION

The Chancellor, with the concurrence of the Deputy Chancellor, 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 2018, including Educational and General Funds, Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical, Dental, Nursing, and Allied Health Faculty Services, Research and Development Plans, be approved.

It is further recommended that the Chancellor be authorized to make editorial corrections 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:

- Fiscal Year 2018 Operating Budget
- Fiscal Year 2018 Library, Equipment, Repair and Rehabilitation (LERR) Budget
- Fiscal Year 2018 Faculty Science and Technology Acquisition and Retention (STARs) program
- Allocation in support of the U. T. Rio Grande Valley School of Medicine
- Allocation for information technology upgrades and implementation including PeopleSoft at U. T. Rio Grande Valley
- Funding for strategic projects

It is requested that Permanent University Fund (PUF) Bond Proceeds in the amount of \$35 million be appropriated directly to the institutions to fund LERR Projects for Fiscal Year 2018.

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

In addition, it is requested that an allocation of \$20 million of PUF Bond Proceeds be authorized to fund eligible capital expenses associated with the start-up of the **U. T. Rio Grande Valley School of Medicine**. On December 6, 2012, the Board approved \$100 million of unspecified resources to be used to fund start-up costs for the School of Medicine. Of the \$100 million commitment, the Board has previously approved \$30 million of PUF and is being asked to approve an additional \$20 million at this time leaving \$50 million for future allocation.

Additional funding totaling \$10.3 of Available University Funds (AUF) is requested to fund years two and three to upgrade and implement the **UTShare Human Resource and Financial Enterprise System** (PeopleSoft), to upgrade and implement the **Student Information System**, and to provide basic campus and implementation support to bring U. T. Rio Grande Valley into the cohort currently using PeopleSoft. The first year of funding was approved by the Board on April 10, 2017. With the approval of this request, a total of \$13.6 million will have been allocated for the implementation upgrade. As part of that approval, the Board made a finding of fact that expenditure of AUF for the proposed purpose is appropriate.

A separate agenda item requested approval of an agreement with **Digerati, Inc.** to develop a job matching network that will benefit all academic institutions (see [Item 12](#) on [Page 47](#)). Total cost of this initiative is \$700,000 of which \$500,000 is included in the recommended FY 2018 Operating Budget for U. T. System Administration as a Student Success Quantum Leap with the other \$200,000 from balances that will remain from the FY 2017 budget. Background information was included with the agenda item including a finding of fact to be made by the Board that expenditure of AUF for the proposed purpose is appropriate.

It is also requested that the Board approve \$7.35 million of funding from the Internal Lending Program (ILP) for the following strategic projects. All funding requests from the ILP require Board approval.

1. **Proof-of-Concept Fund:** \$5 million for the creation and execution of the U. T. System Proof-of-Concept Fund designed to accelerate applied research and commercialization of U. T. System-based research activities by developing and commercializing innovative technologies from the lab to the marketplace in the form of life-changing and life-saving solutions. The Fund will provide monetary support to bridge the existing funding gap for faculty and researchers (See [Agenda Item 11](#) on [Page 42](#)).
2. **Texas Turnaround Partnerships:** \$1.5 million (\$500,000 per year for three years) to support the five U. T. academic institutions participating in the Texas Education Agency College of Education Turnaround Partnerships initiative. Chancellor McRaven agreed to identify funding for institutions that elected to participate. The goals of this initiative are to build greater turnaround capacity in U. T. Colleges of Education and to help turn around some of the state's lowest-performing public schools.
3. **National Security Network:** \$500,000 to extend the reach and impact of the U. T. System National Security Network (NSN). On November 10, 2016, the Board of Regents appropriated \$10,000,000 of AUF in support of the NSN Quantum Leap. As the National Security effort has progressed, it has become evident that several institutions have considerable capability to support the effort. Legal restrictions do not permit use of AUF to support operating expenses at institutions other than U. T. Austin. To extend the reach and impact of the NSN Quantum Leap, \$500,000 of ILP Funds, which may be used by all U. T. institutions for operating expenses, was approved on February 9, 2017 by the



Board. An additional \$500,000 of ILP funding is requested to be used to support work at U. T. institutions and to integrate those efforts with work at U. T. Austin. Collectively, these activities will enhance capabilities and broaden positive impacts from the NSN Quantum Leap.

4. **Regents' Outstanding Employee Awards:** \$350,000 to recognize outstanding employees at the U. T. institutions and U. T. System Administration. On November 9, 2016, the Board approved the creation of the Regents' Outstanding Employee Awards. Funding will be used for \$5,000 monetary awards, medal or plaque, and a recognition dinner or reception.

### 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 <https://www.utsystem.edu/documents/docs/operating-budget-summary/operating-budget-summary-system-fy-2018>.

The appropriation of PUF Bond Proceeds will be presented in the Fiscal Year 2018 LERR Budget and is subject to the budget rules and expenditure guidelines adopted therein and the requirements of the U. T. Systemwide Policy UTS168 Capital Expenditure Policy. The allocation of LERR funds to the U. T. institutions was developed from prioritized lists of projects submitted by the institutions and reviewed by U. T. System Administration staff. The allocation of PUF Bond Proceeds for Faculty STARs and the U. T. Rio Grande Valley School of Medicine are also subject to the LERR budget rules, expenditure guidelines, and UTS168. Additionally, PUF Bond Proceeds appropriated above to LERR, Faculty STARs, and U. T. Rio Grande Valley School of Medicine 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 Agenda [Item 13](#) below and also the Executive Session items related to individual personnel aspects of the U. T. System Operating Budgets (Items 3c - 3e).

11. **U. T. System: Discussion and appropriate action regarding proposed creation of the Proof-of-Concept Fund**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Associate Vice Chancellor for Innovation and Strategic Investment and Managing Director of the U. T. Horizon Fund that the Board of Regents approve the proposed creation of the U. T. System Proof-of-Concept Fund, contingent of Board approval of \$5 million funded from the Internal Lending Program as part of the U. T. System Operating Budget for Fiscal Year 2018. (See [Item 10](#) on [Page 39](#) regarding requested funding for the Proof-of-Concept Fund.)

Associate Vice Chancellor Goonewardene will present this proposal using a PowerPoint set forth on the following pages.

**BACKGROUND INFORMATION**

The Office of Innovation and Strategic Investment proposes the creation of a Proof-of-Concept (POC) Fund designed to accelerate applied research and commercialization of U. T. System-based research activities by developing and then commercializing innovative technologies from the lab to the marketplace in the form of life-changing and life-saving solutions. The purpose of the POC Fund is to provide monetary support to bridge the existing funding “gap” from federal funding to private sector readiness for an increasing number of faculty and researchers for their research activities. The goal of this program is to encourage the development of intellectual property, commercial partnerships, and startup companies, while also helping U. T. System institutions recruit and retain commercialization-minded faculty, students, and staff.

# Innovation Initiative: Proof-of-Concept Fund

Julie Goonewardene

Associate Vice Chancellor for Innovation and Strategic Investment

U. T. System Board of Regents' Meeting  
August 2017



## Proof-of-Concept Fund

- The vice presidents for research at the institutions have identified a proof-of-concept fund as a top need to support the attraction and retention of entrepreneurial faculty and to further their technology transfer efforts.
- Proof-of-concept funds address a widely recognized gap on the technology advancement funding pipeline between federally funded foundational research and proof of market viability.



## Proof-of-Concept Fund (cont.)

- The proposed \$5M multi-year U. T. System Proof-of-Concept Fund provides competitive and merit-based awards that enable selected U. T. institution laboratories to develop their discoveries to the point of private sector investment. All \$5M will be distributed to awardees.
- The Fund will be developed and managed by the Office of Innovation and Strategic Investment at System to ensure full opportunity across institutions and disciplines, unbiased internal and external reviewers, and accountability to Fund metrics and intent.
- The Proof-of-Concept Fund has been endorsed by presidents at all academic and health institutions and approved through the internal review process by System leadership.



## Proof of Concept Fund (cont.)

### Institutional Perspectives:

Daniel Jaffe, Ph.D.

Vice President for Research

The University of Texas at Austin

Andrea Giuffrida, Ph.D.

Vice President for Research

The University of Texas Health Science Center  
at San Antonio



**12. U. T. System: Discussion and appropriate action related to proposed contract with Digerati, Inc. for a job and internship matching network, and finding that expenditure of AUF for this purpose is appropriate**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, and the Associate Vice Chancellor for Innovation and Strategic Investment that the Board of Regents approve a proposed contract with Digerati, Inc. for a job and internship matching network designed to match students at all U. T. academic institutions with employment opportunities in Texas, contingent on Board approval of \$500,000 of Available University Funds (AUF) as part of the U. T. System Operating Budget for Fiscal Year 2018 (see [Item 10](#) on [Page 39](#) regarding requested funding).

In addition, the Board is asked to find that expenditure of AUF for this purpose is appropriate under the U. T. System's responsibilities to coordinate the activities of the U. T. institutions participating in the program, with the intent that the expenditure will benefit a broad number of U. T. institutions, including all academic institutions.

BACKGROUND INFORMATION

The U. T. System Office of Innovation and Strategic Investment (OISI) has piloted a talent matching network designed to expand access to employment opportunities in Texas for U. T. students and alumni, particularly with small and mid-sized organizations with job opportunities in Texas. The pilot program began October 26, 2016, and extends through August 31, 2017, initially at a cost of \$49,500. The original pilot agreement was amended in April 2017 to allow expenditures of up to \$324,500 in support of the network, primarily to integrate career services systems. The pilot network included participation by students at U. T. Arlington, U. T. El Paso, U. T. Rio Grande Valley, and U. T. Tyler.

The proposed contract seeks to expand the network to serve all U. T. academic institutions and will run through August 31, 2018, with automatic annual renewals as long as certain job matching thresholds are met, for an additional approximately \$700,000 with funding of \$500,000 from new AUF allocations in support of the Student Success Quantum Leap and \$200,000 from balances that remain from the 2017 budget. Digerati will charge a job posting fee to employers matched to job seekers through the network. In return for U. T. System's investment, Digerati will compensate U. T. System with a portion of the job posting fee. The proposed contract is being submitted to the Board at this time because total spending to Digerati will exceed \$1,000,000.

The network will be run by Digerati using its patent-pending analytics system and a proven campus/community partnership model to create a cost efficient and highly effective electronic labor exchange that matches students and employers based on key attributes, candidate interests, and required skills. Originally conceived as a solution for high growth entrepreneurial companies, the network now includes employers of all sizes. U. T. System will assist Digerati in marketing the network and building employment opportunities for students and alumni.

Advance notice of this potential initiative was provided to the Legislative Budget Board as required by Rider 8, Page III-61 of the current *General Appropriations Act*.



13. **U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2018**

RECOMMENDATION

The Chancellor concurs with the Deputy Chancellor, 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 2018 as included in [Item 10](#) on [Page 39](#).

See also the Executive Session items related to the individual personnel aspects of the U. T. System Operating Budgets (Executive Session Items 3c through 3e).



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

**Committee Meeting: 8/23/2017**

**Board Meeting: 8/24/2017**  
Austin, Texas

*Ernest Aliseda, Chairman*  
*David J. Beck*  
*Kevin P. Eltife*  
*R. Steven Hicks*  
*Sara Martinez Tucker*  
*Rad Weaver*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>CONVENE IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551</b>	<i>2:00 p.m.</i> <i>Chairman Aliseda</i>		
<p>Deliberation Regarding Security Devices or Security Audits - Section 551.076</p> <p><b>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</b></p>			
<b>RECONVENE IN OPEN SESSION TO CONSIDER AGENDA ITEMS</b>			
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<i>2:20 p.m.</i> <b>Discussion</b>	<b>Action</b>	<b>51</b>
2. <b>U. T. System: Report and discussion on Information Security Program</b>	<i>2:21 p.m.</i> <b>Report/Discussion</b> <i>Ms. Mohrmann</i>	Not on Agenda	<b>52</b>
3. <b>U. T. System: Approval of the U. T. Systemwide Annual Internal Audit Plan for Fiscal Year 2018</b>	<i>2:35 p.m.</i> <b>Action</b> <i>Mr. Peppers</i>	<b>Action</b>	<b>61</b>
4. <b>U. T. System: Report on Audits of the Systemwide Cancer Prevention and Research Institute of Texas Grants</b>	<i>2:50 p.m.</i> <b>Report/Discussion</b> <i>Mr. Peppers</i>	Not on Agenda	<b>75</b>
5. <b>U. T. System: Report on Systemwide internal audit activities, including an update on organizational changes and the status of External Quality Assessments, Priority Findings and Annual Audit Plan</b>	<i>2:55 p.m.</i> <b>Report/Discussion</b> <i>Mr. Peppers</i>	Not on Agenda	<b>76</b>
<b>Adjourn</b>	<i>3:00 p.m.</i>		

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

RECOMMENDATION

The proposed Consent Agenda item assigned to this Committee is [Item 5](#).

**2. U. T. System: Report and discussion on Information Security Program**

REPORT

Ms. Helen Mohrmann, Chief Information Security Officer, will report on the Office of Information Security and various initiatives. A PowerPoint presentation is set forth on the following pages.

BACKGROUND INFORMATION

The Office of Information Security oversees security for information systems managed by U. T. System Administration and provides a stewardship and service function to U. T. System institutions. Following a November 10, 2011 report to the U. T. System Board of Regents (Board) by Deloitte & Touche LLP on its comprehensive information security effectiveness review of the U. T. System, the Board approved an allocation of \$29,255,000 of Available University Funds to invest in Systemwide information security enhancements.

The Information Security Office administers the investment of these funds through a centrally managed program and submits an annual progress report to the Chancellor and to the Board. This is the sixth annual report.

# Office of Information Security

Helen Mohrmann, Chief Information Security Officer

U. T. System Board of Regents' Meeting  
Audit, Compliance, and Risk Management Committee  
August 2017



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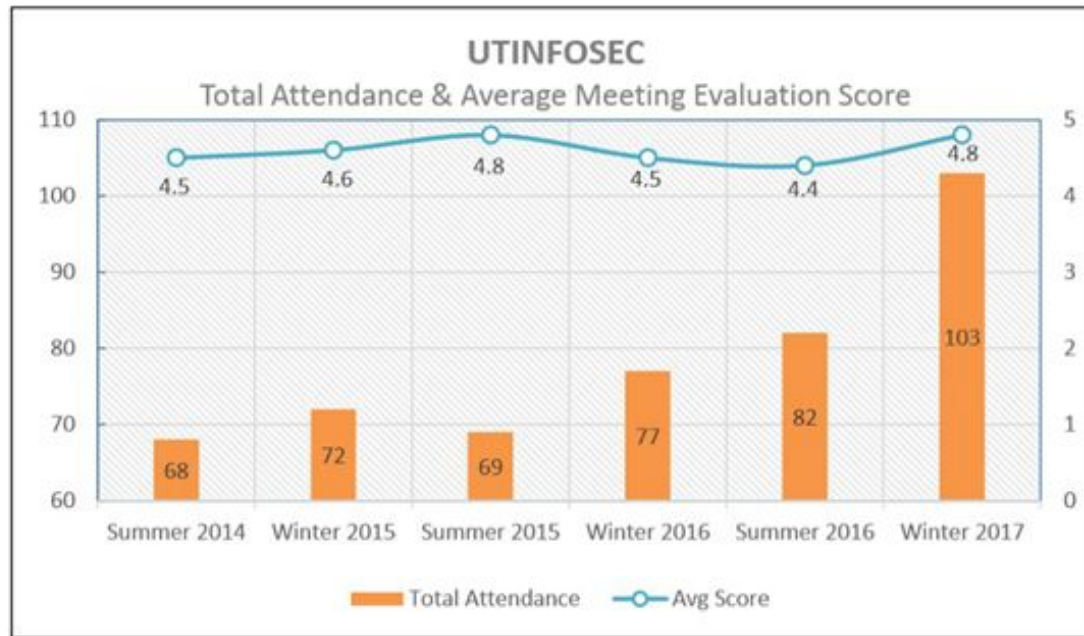
[WWW.UTSYSTEM.EDU](http://WWW.UTSYSTEM.EDU)

# Office of Information Security Mission

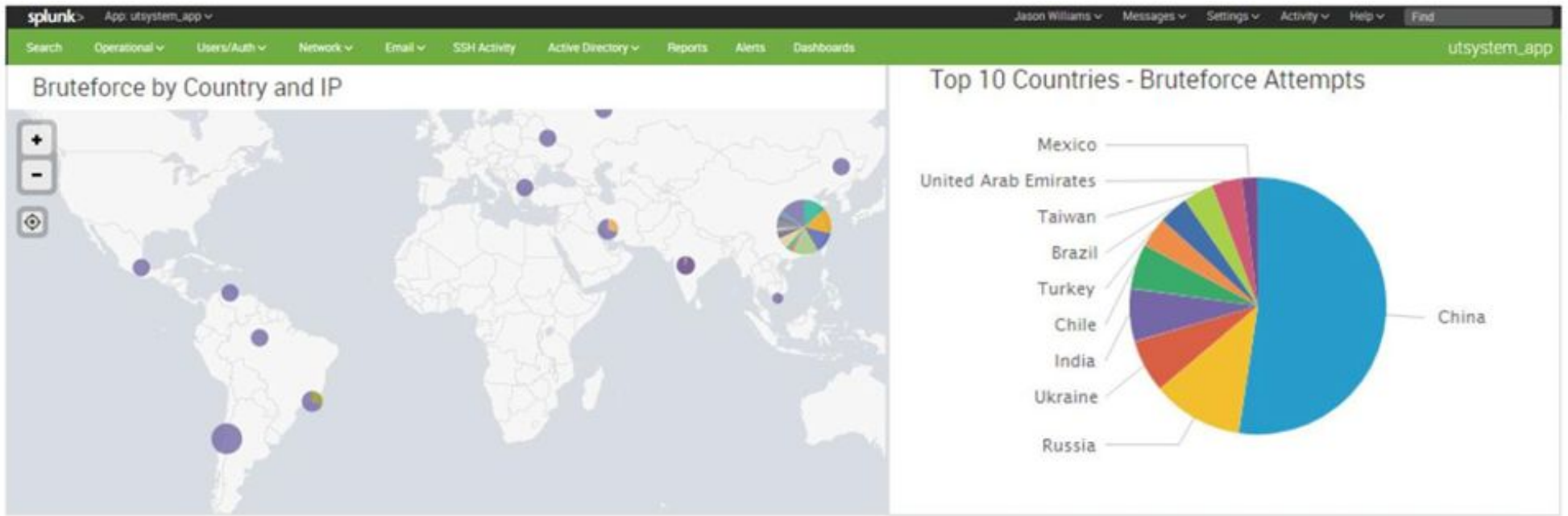
1. To protect U. T. System Administration data
  - Office of Employee Benefits
  - Shared Information Systems
  - Office of Strategic Initiatives, Office of Risk Management
  - Wide Area Network, Shared Data Centers
  - University Lands
2. To support the institutions



# Biannual Conferences Facilitate Knowledge Sharing



# Shared Tools Reduce Cost and Improve Effectiveness





## Coordination with Department of Information Resources and Internal Audit

	Calendar Year Odd Years				Calendar Year Even Years			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
DIR Agency Security Plan							■	
Annual Report to the President				■				■
Internal Audit IT Risk Assessment		■				■		
Internal Audit TAC 202 Controls Review				■				



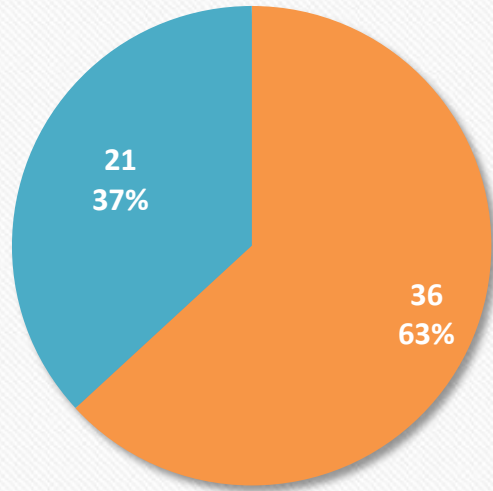
# Emerging Threats

- Medical devices
- Internet of Things
- Phishing via social media (in addition to email)
- State sponsored intrusions
- New ways to hold operations hostage



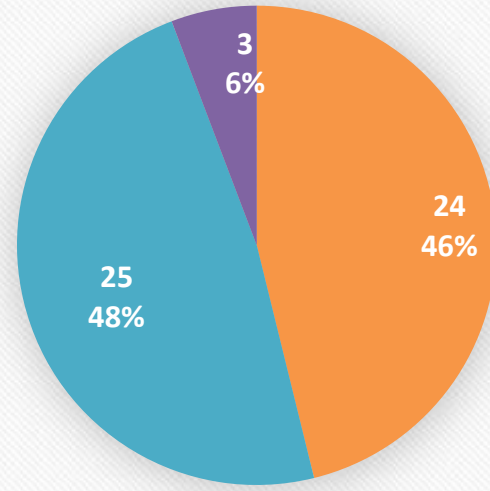
# Information Security Assurance Initiative (ISAI) Results

### 57 High Priority Recommendations



■ Fully Implemented      ■ Partially Implemented  
■ Not Addressed

### 52 Medium Priority Recommendations

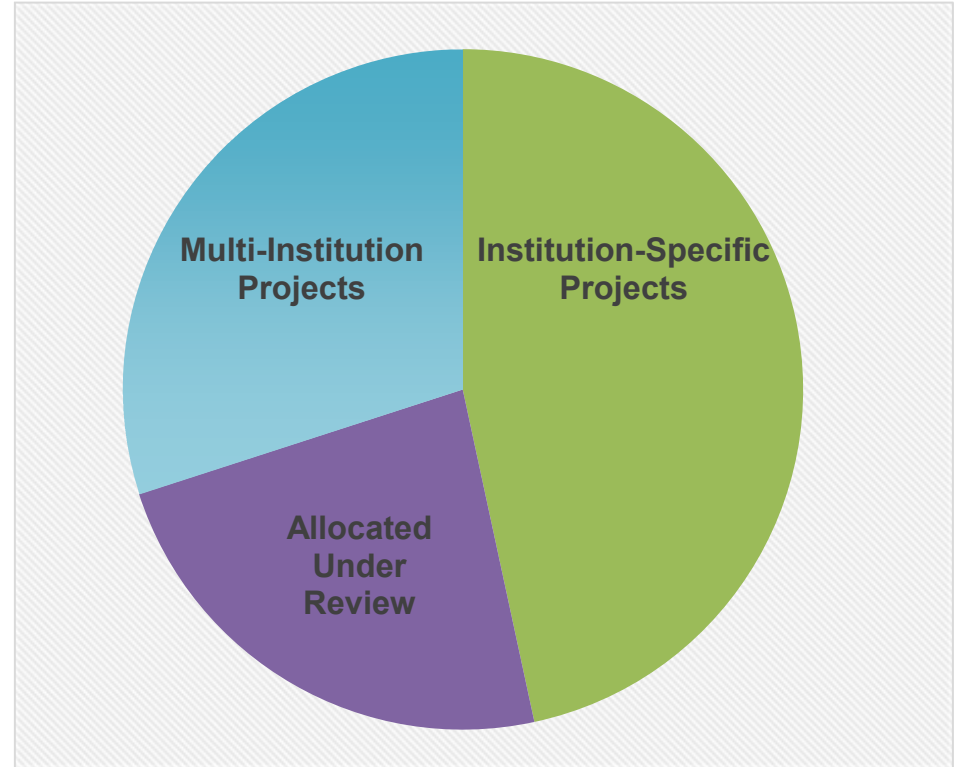


■ Fully Implemented      ■ Partially Implemented  
■ Not Addressed



# ISAI Expended and Allocated Funds as of 6/30/2017

■ Multi-Institution Projects	\$ 8,772,750
■ Allocated Under Review	\$ 6,841,582
■ Institution-Specific Projects	
U. T. Austin	\$ 3,807,040
U. T. San Antonio	\$ 2,069,307
U. T. System Administration	\$ 1,949,030
U. T. Health Science Center - San Antonio	\$ 1,317,748
U. T. Arlington	\$ 1,279,610
U. T. Rio Grande Valley	\$ 1,031,990
U. T. Southwestern Medical Center	\$ 849,895
U. T. Health Science Center - Tyler	\$ 508,412
U. T. Tyler	\$ 296,002
U. T. El Paso	\$ 252,709
U. T. Medical Branch	\$ 143,864
U. T. Permian Basin	\$ 91,519
U. T. Health Science Center - Houston	\$ 43,541
U. T. Dallas	\$ -
U. T. M. D. Anderson Cancer Center	\$ -



3. **U. T. System: Approval of the U. T. Systemwide Annual Internal Audit Plan for Fiscal Year 2018**

**RECOMMENDATION**

Chief Audit Executive Peppers recommends approval of the proposed Fiscal Year 2018 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. A PowerPoint is set forth on the following pages. The Audit Plan executive summary and the individual annual audit plans were provided to the Audit, Compliance, and Risk Management Committee members 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. Also, the U. T. System 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.

# U. T. Systemwide FY 2018 Annual Audit Plan

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

U. T. System Board of Regents' Meeting  
Audit, Compliance, and Risk Management Committee (ACRMC)  
August 2017



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## Overall Audit Plan Process

- Guidance from System Audit Office to institutional internal audit on the development methodology of the annual audit plan (audit plan)
- Draft audit plans reviewed by institutional management, System Audit Office, and the Offices of Academic and Health Affairs
- Final audit plans reviewed and approved by each internal audit committee before approval by the ACRMC



## Risk Assessment Methodology

- Audit plans developed based on risks that could impact achievement of important objectives
- Standardized risk assessment process used with common terms and criteria to enable Systemwide comparisons and identification of trends
- Risks rated as Critical, High, Medium, or Low based on Probability and Impact factors





## Risk Assessment Methodology (cont.)

- Emphasis placed on collaboration with other functions that assess, handle, or manage risk
- Systemwide collaboration of internal audit with information technology (IT) and information security leadership to develop a pilot IT risk assessment methodology
- Additional focus on IT risks (most prevalent last year) to identify agreed-upon essential services and functions that could significantly impact business objectives



# Audit Plan Total Budgeted Internal Audit Hours

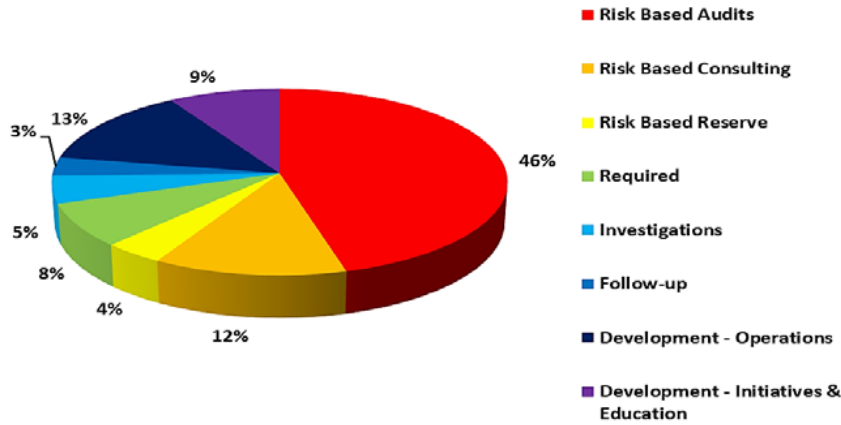
- Internal audit hours budgeted by each institution based on estimates of resources
- Potential changes in priorities and staffing may cause changes or reallocations to budgeted hours
- Changes reviewed and approved by internal audit committees

Institution	Budgeted Audit Hours
UTS	19,520
UTA	7,300
UTAUS	21,373
UTD	13,966
UTEP	11,515
UTPB	4,740
UTRGV	9,613
UTSA	9,350
UTT	4,610
UTSWMC	17,370
UTMB	12,569
UTHSCH	13,114
UTHSCSA	8,743
UTMDACC	16,292
<u>UTHSCT</u>	<u>3,813</u>
<b>Total</b>	<b>173,888</b>

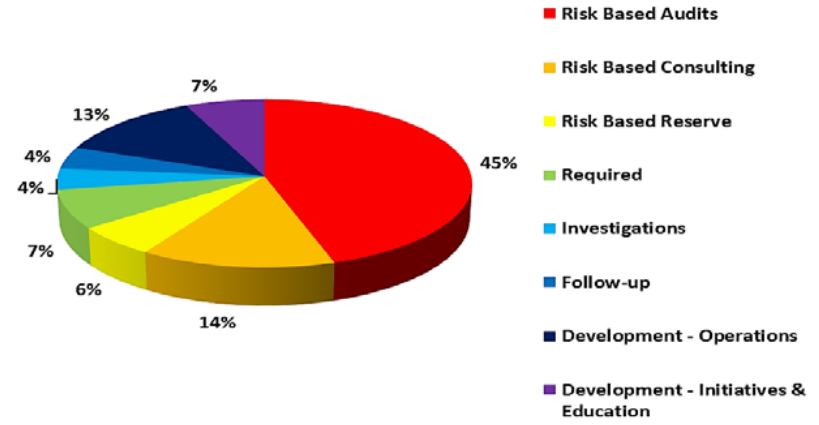


# Total Budgeted Internal Audit Hours by Categories

## Academic Institutions



## Health Institutions



Audit Plan directs internal audit resources on audits and other engagements among these categories



## Systemwide Risk Assessment Trends

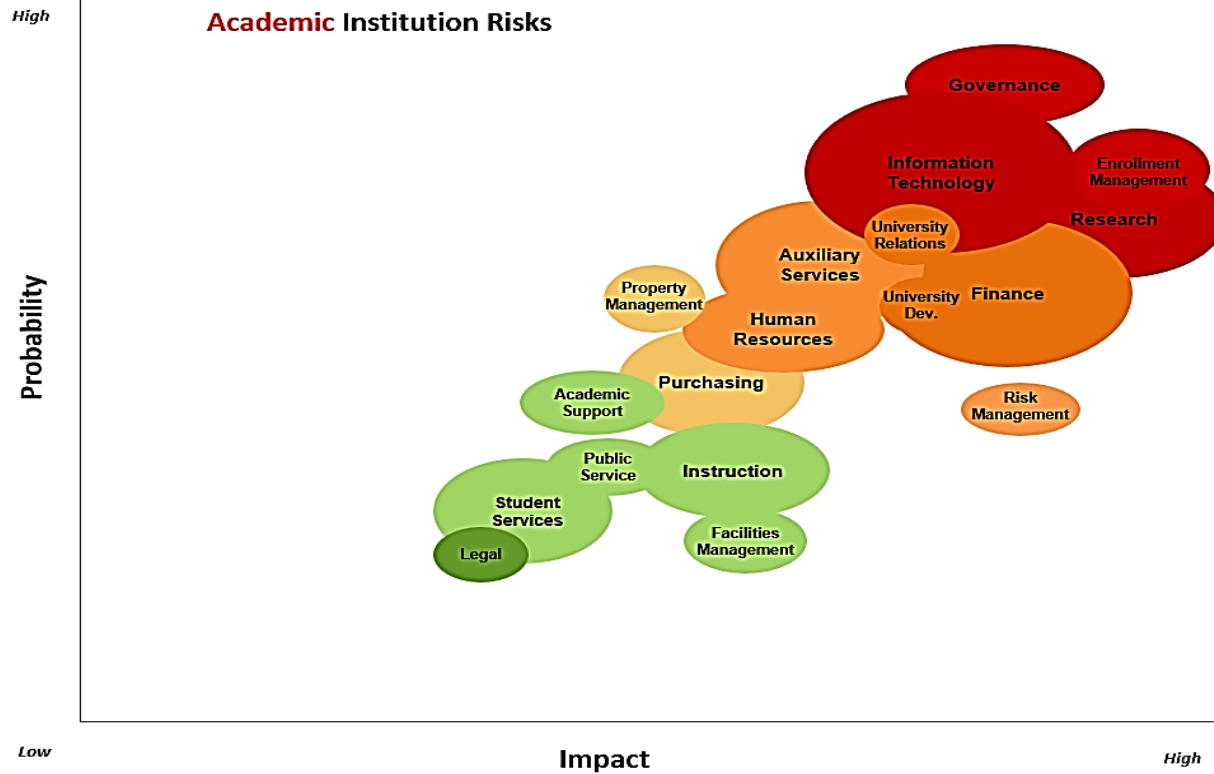
Approximately 2,000 risks were identified across the institutions and U. T. System Administration and evaluated for trends. The most critical and high risks were found in the following areas.

U. T. System Administration:

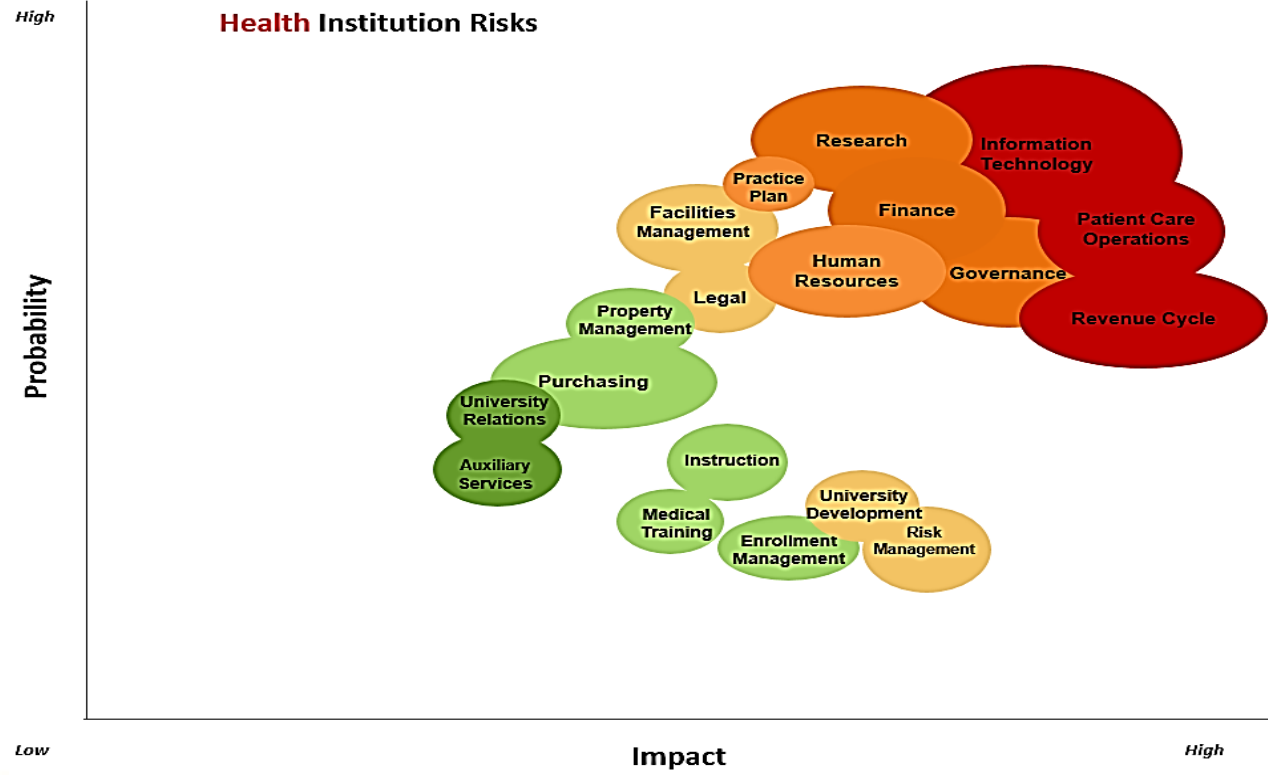
- Information technology
- Governance
- Finance
- Purchasing/Supply chain



# Areas by Criticality and Number of Risks - Academic



# Areas by Criticality and Number of Risks - Health



# IT Risk Assessment Methodology

## Value to Institutions

Uniform framework to define IT areas (Domains) and functions (Processes):

- Common language and organization for collaboration and comparison
- Systemwide use of reference materials and audit tools based on uniform framework
- Progress towards alignment of audit, IT, and information security risk assessments

## Value to U. T. System

Improved visibility into U. T. System risk through Calibrated Risk Scores (CRS)

- Institution IT risks based on common definitions and evaluation criteria
- Ability to prioritize full inventory of IT risks for U. T. System-level audit resource allocation
- Identification of cross-institution risks and trends



## IT Risk Assessment Methodology (cont.)

CRS = Numeric value calculated based on risk ratings (Critical, High, Medium, Low) with weighting applied based on institution and Domain/Process factors, such that Critical and High risks can be ranked by their significance to U. T. System as a whole

### Institution Calibration Factors

- Multi-institution or Systemwide
- Academic versus Health
- Budget
- Research expenditures
- Faculty and staff headcounts
- Enrollment

### Process Calibration

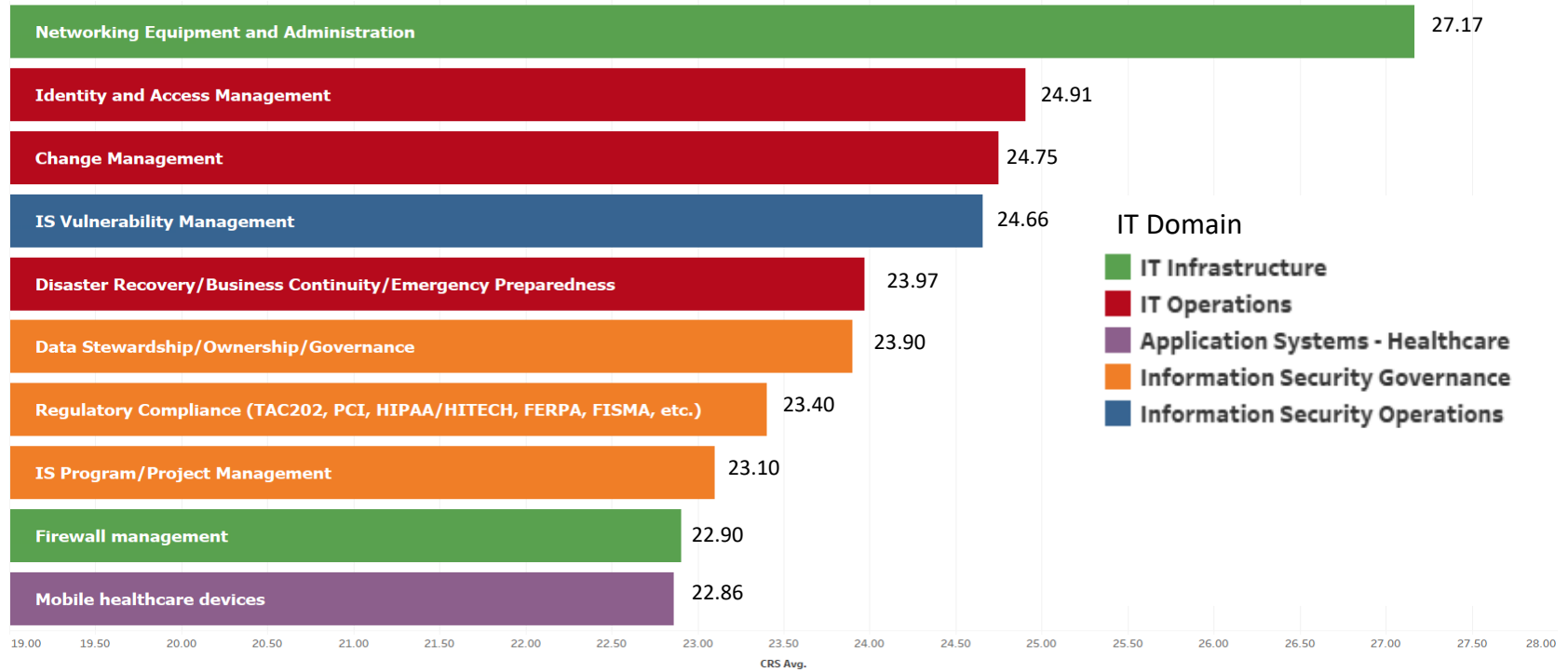
- Based on relative risk among processes (e.g., identity/access management weighted higher than project management)



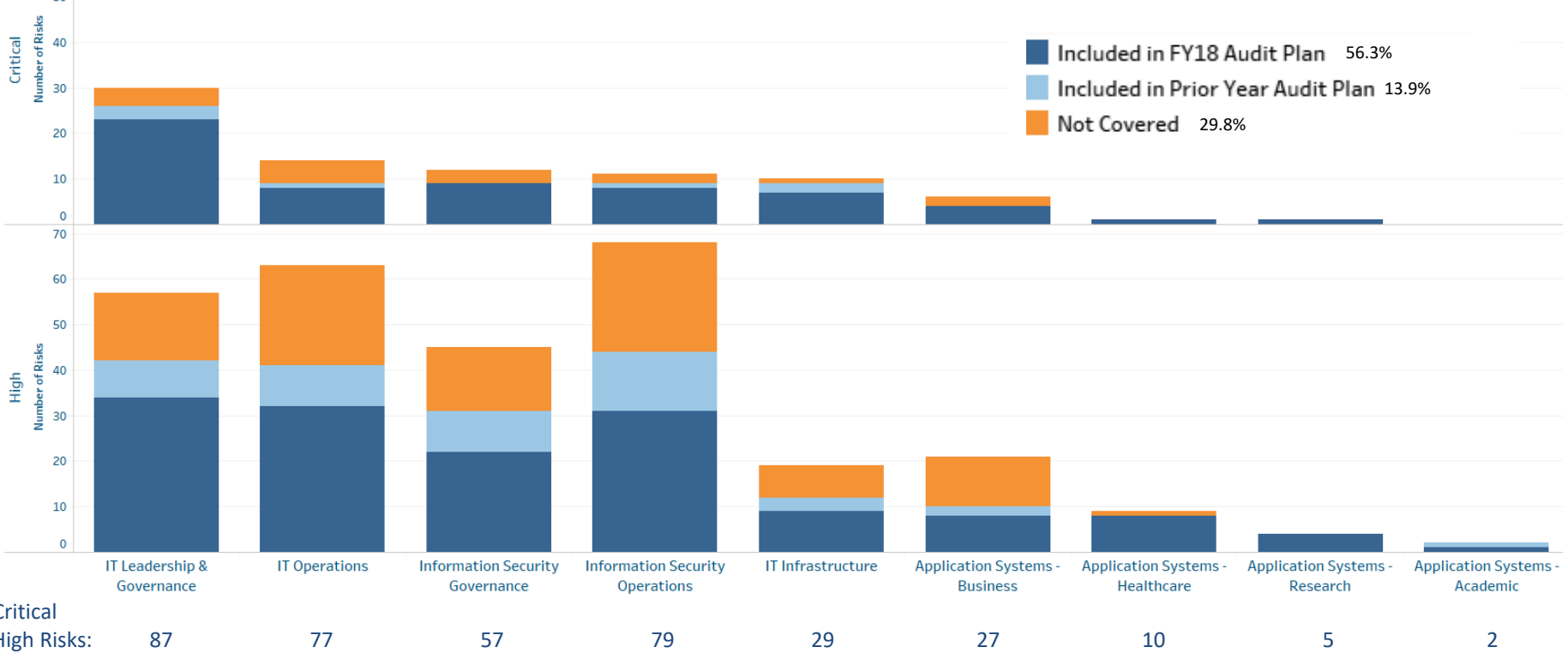


# Top 10 IT Process by CRS (Critical and High Risks)

IT Process



# Audit Plan Coverage – Critical and High Risks



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

REPORT

Chief Audit Executive Peppers will report on the audit work that was conducted on the Cancer Prevention and Research Institute of Texas (CPRIT) grants at U. T. institutions. A summary of the results was provided to the Audit, Compliance, and Risk Management Committee members prior to the meeting.

BACKGROUND INFORMATION

The engagement of Deloitte & Touche LLP to conduct the external financial statement audit of U. T. System also includes the performance of audits of Fiscal Year 2016 (FY) CPRIT grant activity for seven U. T. institutions. Four other U. T. institutions engaged Weaver & Tidwell to perform agreed upon procedures of FY 2016 grant activity.

5. **U. T. System: Report on Systemwide internal audit activities, including an update on organizational changes and the status of External Quality Assessments, Priority Findings, and Annual Audit Plan**

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 discuss organizational changes, provide the status of the External Quality Assessments, and present the FY 2017 Annual Audit Plan status as of May 31, 2017, which was provided to the Audit, Compliance, and Risk Management Committee prior to the meeting.

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).

The internal audit profession is guided by the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*, within which there is a requirement for all internal audit functions to have external quality assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. *Texas Government Code*, Chapter 2102, Texas Internal Auditing Act (TIAA), establishes guidelines for State of Texas agencies' internal audit functions. The TIAA requires all state agencies to adhere to the U.S. Government Accountability Office Government Auditing Standards, which require a review at least once every three years by reviewers independent of the audit organization.

# 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 Risk Management Committee  
August 2017



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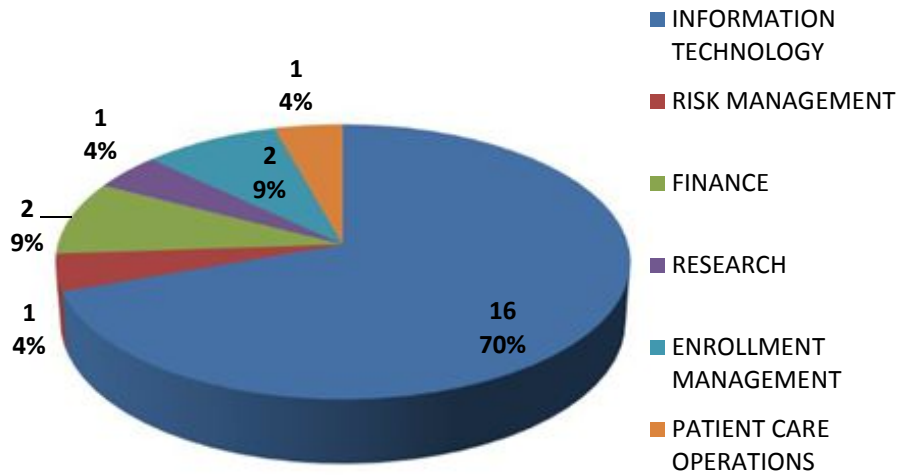
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## Priority Findings Status – Changes Since Last Report

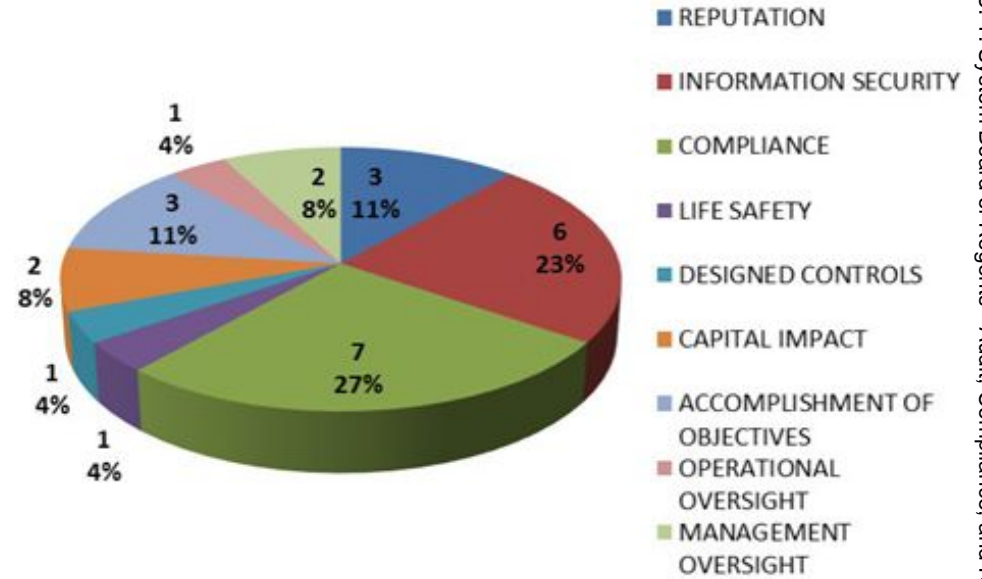
	May 2017	Implemented	New	Aug 2017	Past Due
U. T. Arlington	<b>3</b>	-	-	<b>3</b>	-
U. T. Austin	<b>4</b>	-	-	<b>4</b>	-
U. T. Dallas	<b>1</b>	-	-	<b>1</b>	-
U. T. El Paso	<b>2</b>	-	-	<b>2</b>	-
U. T. Permian Basin	<b>1</b>	-	-	<b>1</b>	<b>1</b>
U. T. Rio Grande Valley	<b>1</b>	-	-	<b>1</b>	-
U. T. Medical Branch	<b>1</b>	-	-	<b>1</b>	-
U. T. Health Science Center – San Antonio	<b>2</b>	<b>1</b>	-	<b>1</b>	-
U. T. M. D. Anderson Cancer Center	<b>10</b>	<b>1</b>	-	<b>9</b>	-
<b>Totals</b>	<b>25</b>	<b>2</b>	<b>0</b>	<b>23</b>	<b>1</b>

# Priority Findings

## Operational Area



## Risk Factors





## TABLE OF CONTENTS FOR FINANCE AND PLANNING COMMITTEE

**Committee Meeting:** 8/23/2017

**Board Meeting:** 8/24/2017  
Austin, Texas

*Jeffery D. Hildebrand, Chairman*  
*David J. Beck*  
*Kevin P. Eltife*  
*Janiece Longoria*  
*Sara Martinez Tucker*  
*Rad Weaver*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>3:00 p.m.</i> <i>Chairman Hildebrand</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<i>3:00 p.m.</i> <b>Discussion</b>	<b>Action</b>	<b>82</b>
2. <b>U. T. System: Key Financial Indicators Report and Monthly Financial Report</b>	<i>3:02 p.m.</i> <b>Report/Discussion</b> <i>Dr. Kelley</i>	Not on Agenda	<b>83</b>
3. <b>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</b>	<i>3:17 p.m.</i> <b>Action</b> <i>Dr. Kelley</i>	<b>Action</b>	<b>123</b>
4. <b>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</b>	<i>3:18 p.m.</i> <b>Action</b> <i>Dr. Kelley</i>	<b>Action</b>	<b>147</b>
5. <b>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</b>	<i>3:19 p.m.</i> <b>Action</b> <i>Dr. Kelley</i>	<b>Action</b>	<b>149</b>
6. <b>U. T. System Board of Regents: Equipment financing authorization for Fiscal Year 2018 and resolution regarding parity debt</b>	<i>3:20 p.m.</i> <b>Action</b> <i>Dr. Kelley</i>	<b>Action</b>	<b>151</b>



	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
7. <b>U. T. System Board of Regents: The University of Texas/Texas A&amp;M Investment Management Company (UTIMCO) Update and Investment Reports for the quarter ended May 31, 2017</b>	3:22 p.m. <b>Report/Discussion</b> <i>Mr. Britt Harris</i> <i>Mr. Mark Warner</i>	<b>Report</b>	<b>154</b>
8. <b>U. T. System Board of Regents: Approval of annual distribution from the Permanent University Fund</b>	3:37 p.m. <b>Action</b> <i>Dr. Kelley</i>	<b>Action</b>	<b>170</b>
9. <b>U. T. System: Discussion regarding possible creation of a nonprofit corporation for the management of University Lands</b>	3:40 p.m. <b>Discussion</b> <i>Mr. Houser</i>	Not on Agenda	<b>173</b>
10. <b>U. T. System Board of Regents: Discussion and appropriate action regarding proposed Incentive Compensation Plan for key University Lands employees</b>	3:50 p.m. <b>Action</b> <i>Mr. Houser</i>	<b>Action</b> <i>Mr. Houser</i>	<b>185</b>
<b>Adjourn</b>	4:00 p.m.		

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

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 6 - 16](#).

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

REPORT

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will discuss the Key Financial Indicators Report, as set forth on [Pages 84 - 91](#) and the June Monthly Financial Report on [Pages 92 - 122](#). 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 2012 through May 2017. Ratios requiring balance sheet data are provided for Fiscal Year 2012 through Fiscal Year 2016.

# THE UNIVERSITY OF TEXAS SYSTEM

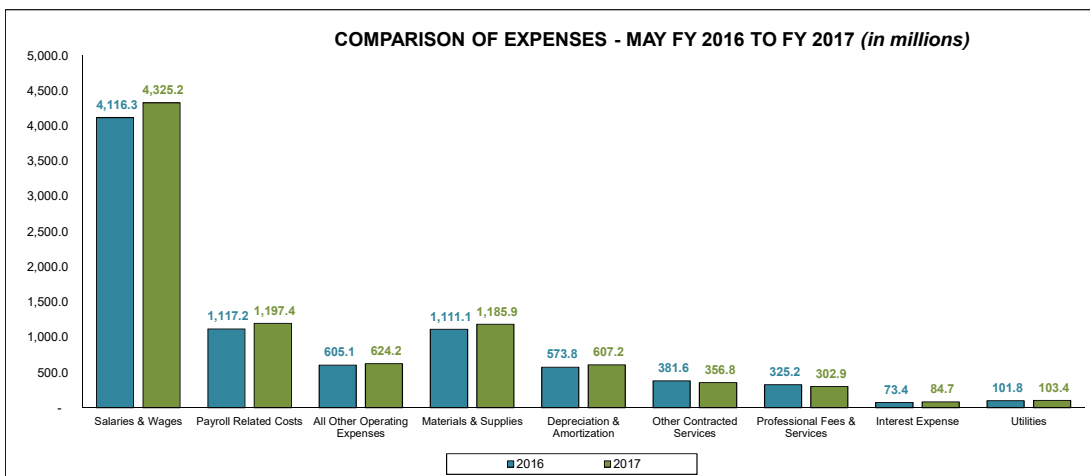
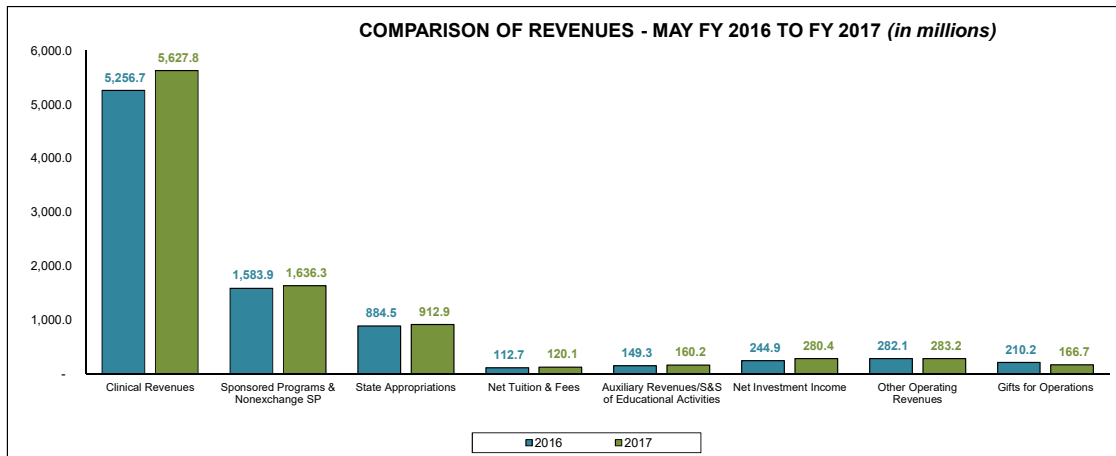


## KEY FINANCIAL INDICATORS REPORT

### U. T. SYSTEM BOARD OF REGENTS' MEETING FINANCE AND PLANNING COMMITTEE AUGUST 23, 2017

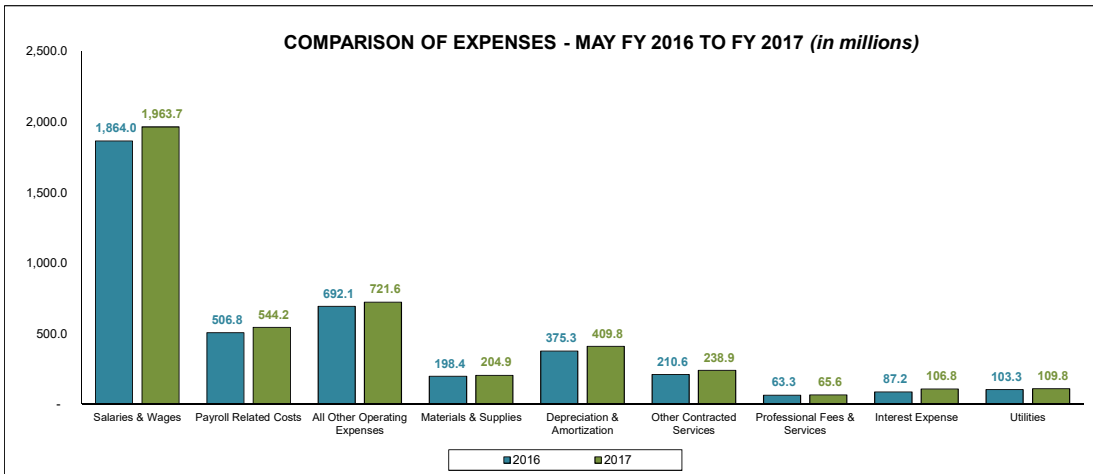
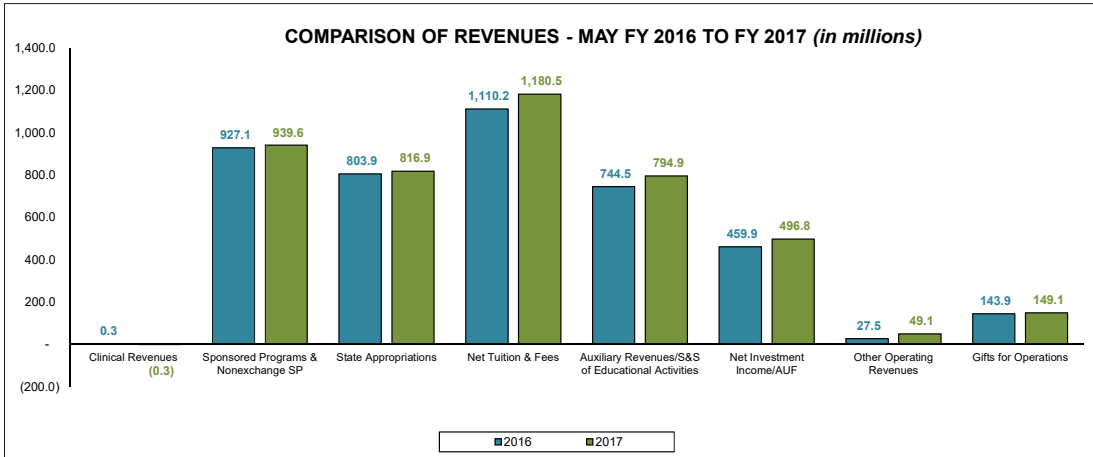
## KEY INDICATORS OF FINANCIAL RESULTS YEAR-TO-DATE 2016 AND 2017 FROM MAY MONTHLY FINANCIAL REPORT AND PROJECTED 2017 YEAR-END

<i>(in millions)</i>	U. T. Health Institutions		
	May FY 2016	May FY 2017	Projected FY 2017
Clinical Revenues	\$ 5,256.7	5,627.8	7,574.7
Sponsored Programs	1,583.9	1,636.3	2,168.4
State Appropriations	884.5	912.9	1,217.3
Net Tuition and Fees	112.7	120.1	158.2
Auxiliary Revenues/Sales & Services of Educational Activities	149.3	160.2	211.1
<b>Net Investment Income</b>	<b>244.9</b>	<b>280.4</b>	<b>393.8</b>
Other Operating Revenues	282.1	283.2	405.6
<b>Gift Contributions for Operations</b>	<b>210.2</b>	<b>166.7</b>	<b>188.6</b>
<b>Total Revenues</b>	<b>8,724.5</b>	<b>9,187.5</b>	<b>12,317.7</b>
Salaries and Wages	4,116.3	4,325.2	5,773.1
Payroll Related Costs	1,117.2	1,197.4	1,579.3
All Other Operating Expenses	605.1	624.2	858.8
Materials and Supplies	1,111.1	1,185.9	1,579.6
Depreciation and Amortization	573.8	607.2	830.2
Other Contracted Services	381.6	356.8	451.1
Professional Fees and Services	325.2	302.9	412.8
<b>Interest Exp. on Cap. Asset Financing</b>	<b>73.4</b>	<b>84.7</b>	<b>116.5</b>
Utilities	101.8	103.4	143.7
<b>Total Expenses</b>	<b>\$ 8,405.5</b>	<b>8,787.8</b>	<b>11,745.2</b>
<b>Adjusted Income (Loss)</b>	<b>318.9</b>	<b>399.8</b>	<b>572.5</b>



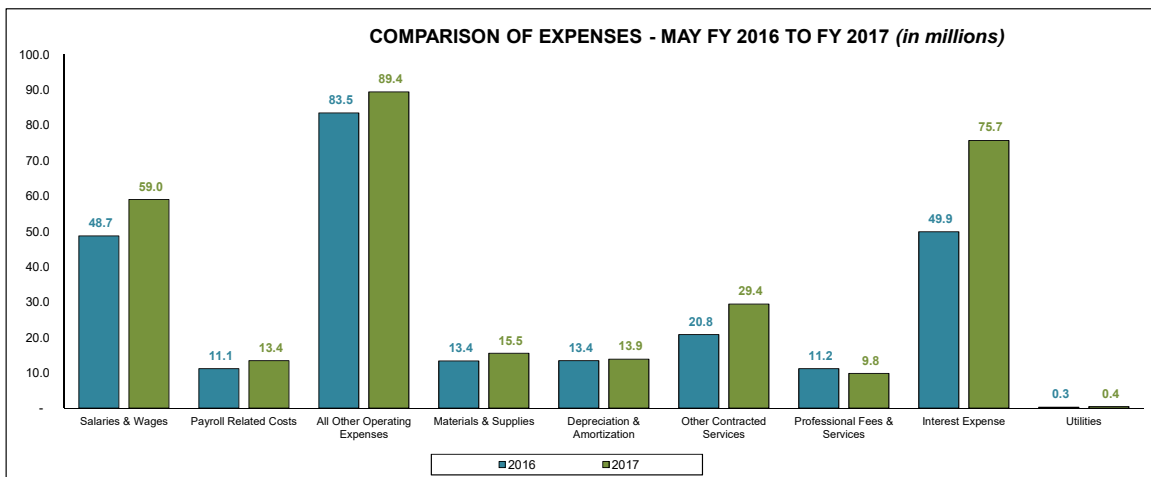
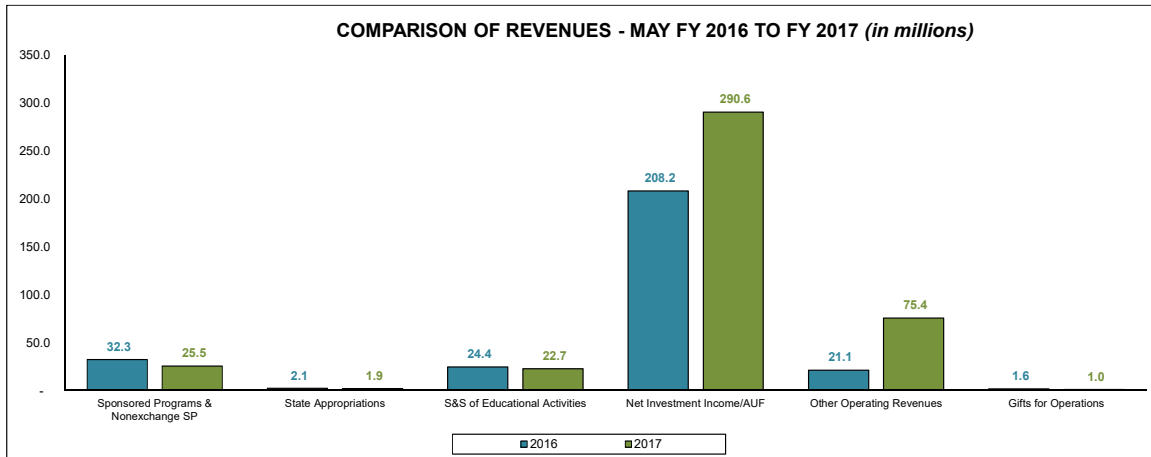
## KEY INDICATORS OF FINANCIAL RESULTS YEAR-TO-DATE 2016 AND 2017 FROM MAY MONTHLY FINANCIAL REPORT AND PROJECTED 2017 YEAR-END

<i>(in millions)</i>	U. T. Academic Institutions		
	May	May	Projected
	FY 2016	FY 2017	FY 2017
Clinical Revenues	\$ 0.3	(0.3)	0.2
Sponsored Programs	927.1	939.6	1,376.2
State Appropriations	803.9	816.9	1,084.1
Net Tuition and Fees	1,110.2	1,180.5	1,579.7
Auxiliary Revenues/Sales & Services of Educational Activities	744.5	794.9	827.1
Net Investment Income/Available University Fund (AUF)	459.9	496.8	635.0
<b>Other Operating Revenues</b>	<b>27.5</b>	<b>49.1</b>	59.1
Gift Contributions for Operations	143.9	149.1	198.3
<b>Total Revenues</b>	<b>4,217.3</b>	<b>4,426.7</b>	<b>5,759.8</b>
Salaries and Wages	1,864.0	1,963.7	2,533.6
Payroll Related Costs	506.8	544.2	702.0
All Other Operating Expenses	692.1	721.6	970.4
Materials and Supplies	198.4	204.9	262.7
Depreciation and Amortization	375.3	409.8	551.3
<b>Other Contracted Services</b>	<b>210.6</b>	<b>238.9</b>	307.9
Professional Fees and Services	63.3	65.6	95.1
<b>Interest Exp. on Cap. Asset Financing</b>	<b>87.2</b>	<b>106.8</b>	143.0
Utilities	103.3	109.8	135.4
<b>Total Expenses</b>	<b>\$ 4,101.0</b>	<b>4,365.3</b>	<b>5,701.4</b>
<b>Adjusted Income (Loss)</b>	<b>116.3</b>	<b>61.3</b>	<b>58.4</b>



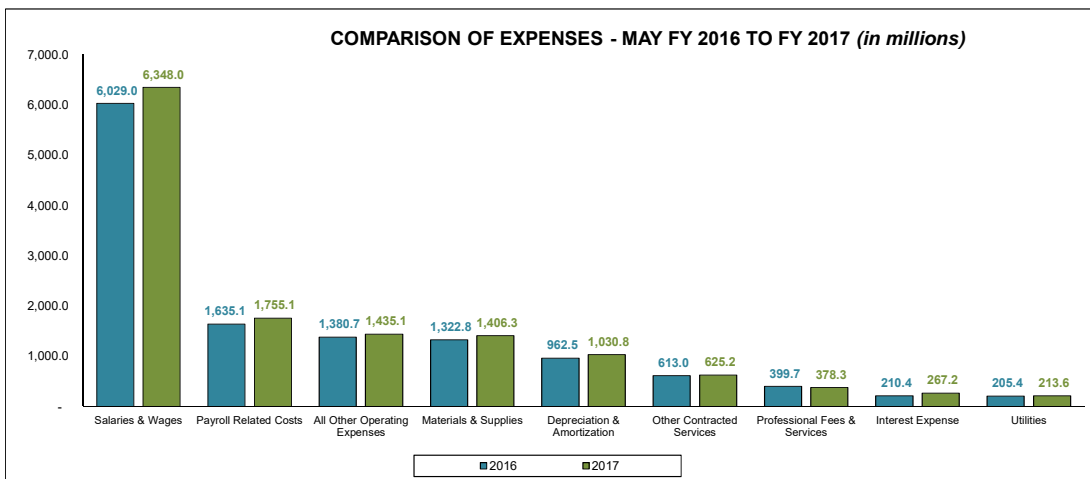
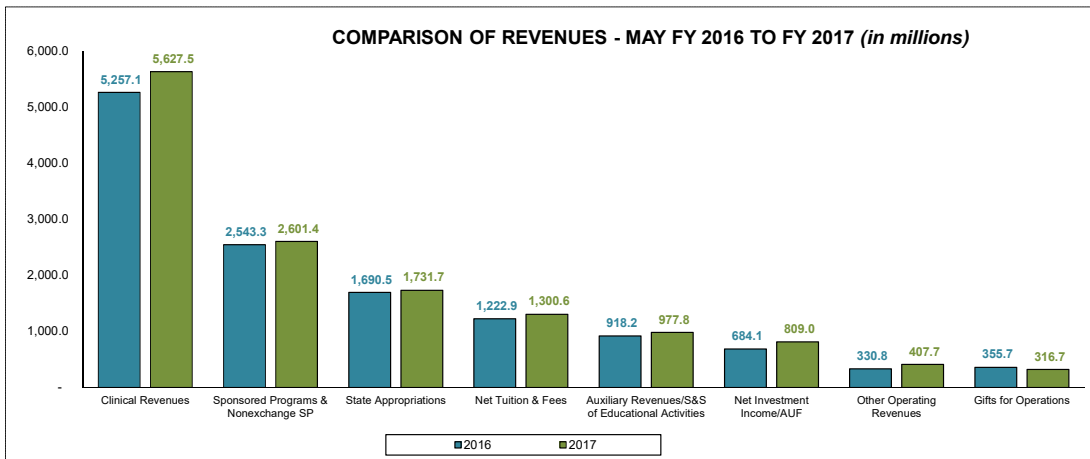
## KEY INDICATORS OF FINANCIAL RESULTS YEAR-TO-DATE 2016 AND 2017 FROM MAY MONTHLY FINANCIAL REPORT AND PROJECTED 2017 YEAR-END

(in millions)	U. T. System Administration		
	May FY 2016	May FY 2017	Projected FY 2017
Sponsored Programs	\$ 32.3	25.5	42.6
State Appropriations	2.1	1.9	2.5
Sales & Services of Educational Activities	24.4	22.7	30.3
<b>Net Investment Income/AUF</b>	<b>208.2</b>	<b>290.6</b>	318.5
<b>Other Operating Revenues</b>	<b>21.1</b>	<b>75.4</b>	100.6
Gift Contributions for Operations	1.6	1.0	1.0
<b>Total Revenues</b>	<b>289.7</b>	<b>417.1</b>	<b>495.4</b>
<b>Salaries and Wages</b>	<b>48.7</b>	<b>59.0</b>	78.7
Payroll Related Costs	11.1	13.4	17.9
All Other Operating Expenses	83.5	89.4	115.2
Materials and Supplies	13.4	15.5	20.6
Depreciation and Amortization	13.4	13.9	18.8
<b>Other Contracted Services</b>	<b>20.8</b>	<b>29.4</b>	39.3
Professional Fees and Services	11.2	9.8	13.1
<b>Interest Exp. on Cap. Asset Financing</b>	<b>49.9</b>	<b>75.7</b>	100.9
Utilities	0.3	0.4	0.5
<b>Total Expenses</b>	<b>\$ 252.1</b>	<b>306.5</b>	<b>405.0</b>
<b>Adjusted Income (Loss) - Excluding Other Postemployment Benefits (OPEB), Pension Expense, &amp; Elimination of AUF Transfer to U. T. Austin</b>	37.6	110.6	90.3
Increase in Net OPEB Obligation	500.1	530.3	707.0
Pension Expense	159.7	187.7	250.3
Elimination of AUF Transfer to U. T. Austin	228.9	258.8	349.6
<b>Adjusted Income (Loss)</b>	<b>(851.1)</b>	<b>(866.2)</b>	<b>(1,216.6)</b>



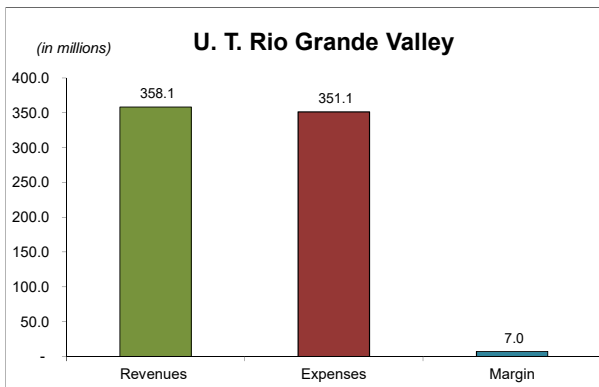
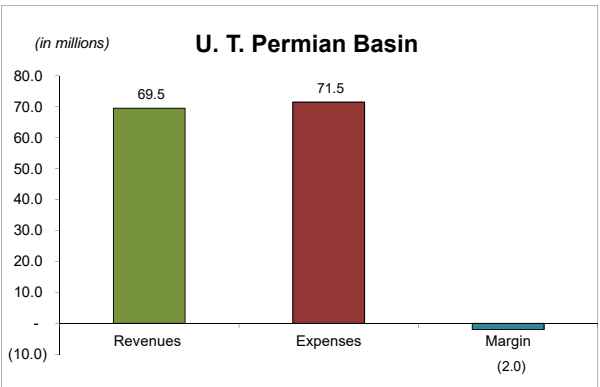
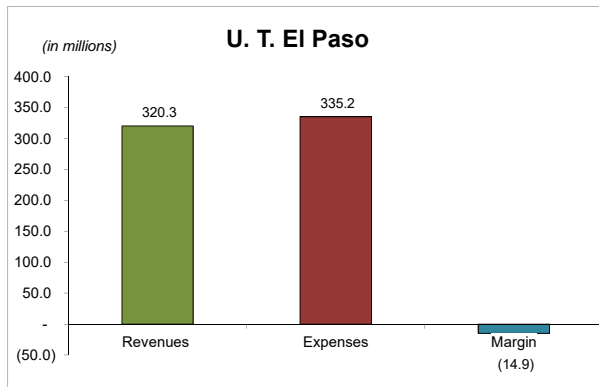
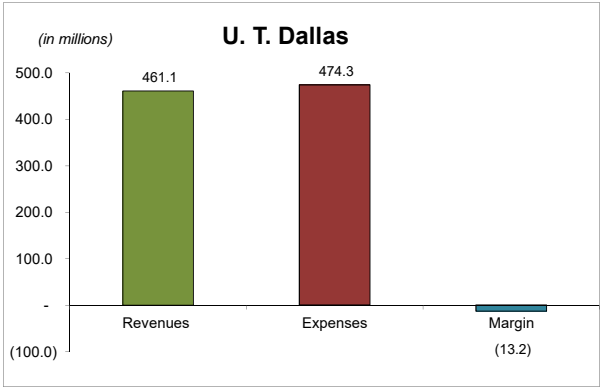
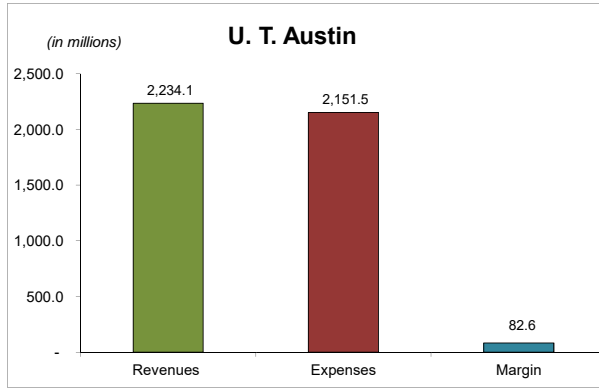
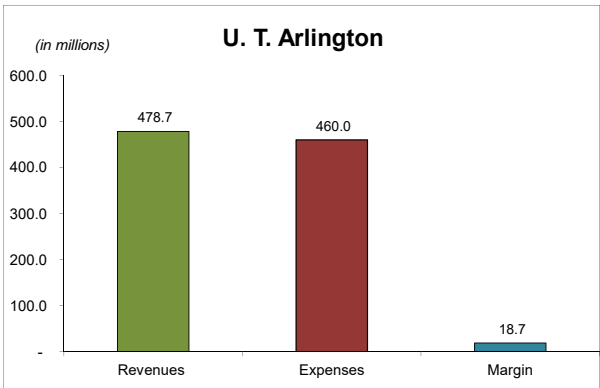
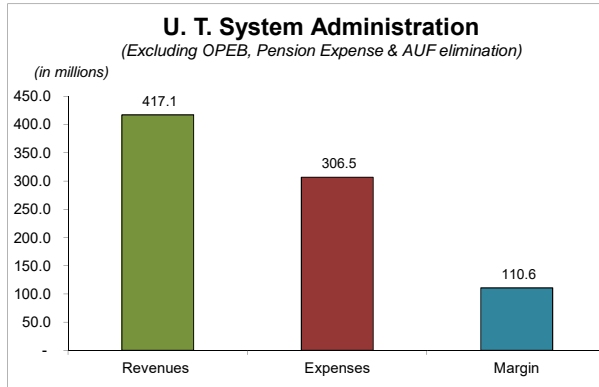
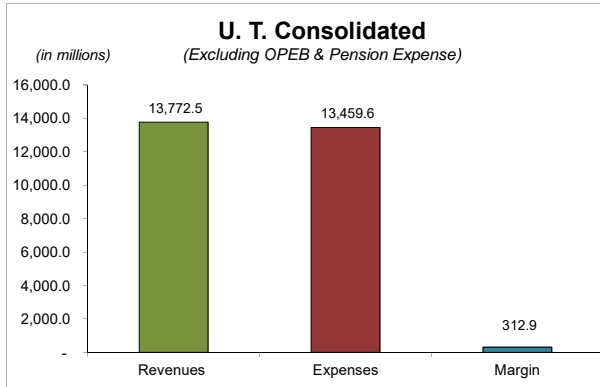
## KEY INDICATORS OF FINANCIAL RESULTS YEAR-TO-DATE 2016 AND 2017 FROM MAY MONTHLY FINANCIAL REPORT AND PROJECTED 2017 YEAR-END

	U. T. Consolidated		
	May FY 2016	May FY 2017	Projected FY 2017
<i>(in millions)</i>			
Clinical Revenues	\$ 5,257.1	5,627.5	7,574.9
Sponsored Programs	2,543.3	2,601.4	3,587.2
State Appropriations	1,690.5	1,731.7	2,303.9
Net Tuition and Fees	1,222.9	1,300.6	1,737.8
Auxiliary Revenues/Sales & Services of Educational Activities	918.2	977.8	1,068.5
<b>Net Investment Income/AUF</b>	<b>684.1</b>	<b>809.0</b>	<b>997.7</b>
<b>Other Operating Revenues</b>	<b>330.8</b>	<b>407.7</b>	<b>565.3</b>
<b>Gift Contributions for Operations</b>	<b>355.7</b>	<b>316.7</b>	<b>387.9</b>
<b>Total Revenues</b>	<b>13,002.6</b>	<b>13,772.5</b>	<b>18,223.2</b>
Salaries and Wages	6,029.0	6,348.0	8,385.3
Payroll Related Costs	1,635.1	1,755.1	2,299.2
All Other Operating Expenses	1,380.7	1,435.1	1,944.5
Materials and Supplies	1,322.8	1,406.3	1,862.9
Depreciation and Amortization	962.5	1,030.8	1,400.3
Other Contracted Services	613.0	625.2	798.2
Professional Fees and Services	399.7	378.3	521.0
<b>Interest Exp. on Cap. Asset Financing</b>	<b>210.4</b>	<b>267.2</b>	<b>360.5</b>
Utilities	205.4	213.6	279.7
<b>Total Expenses</b>	<b>\$ 12,758.6</b>	<b>13,459.6</b>	<b>17,851.6</b>
<b>Adjusted Income (Loss) - Excluding OPEB &amp; Pension Exp.</b>	<b>243.9</b>	<b>312.9</b>	<b>371.6</b>
Increase in Net OPEB Obligation	500.1	530.3	707.0
Pension Expense	159.7	187.7	250.3
<b>Adjusted Income (Loss)</b>	<b>(415.9)</b>	<b>(405.1)</b>	<b>(585.7)</b>

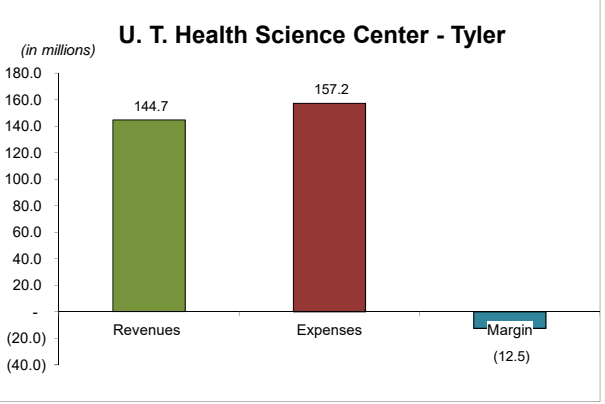
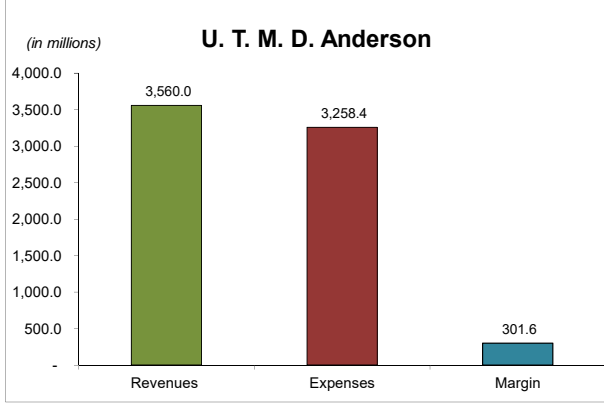
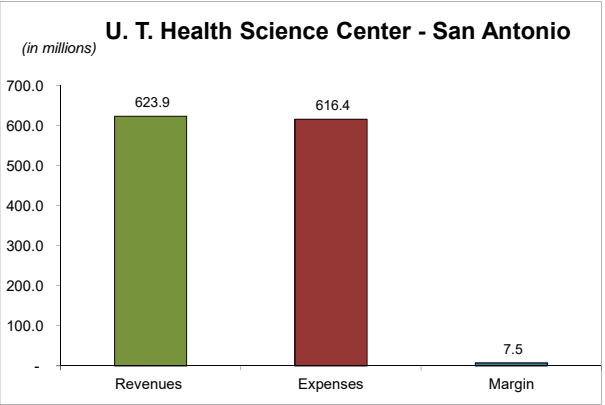
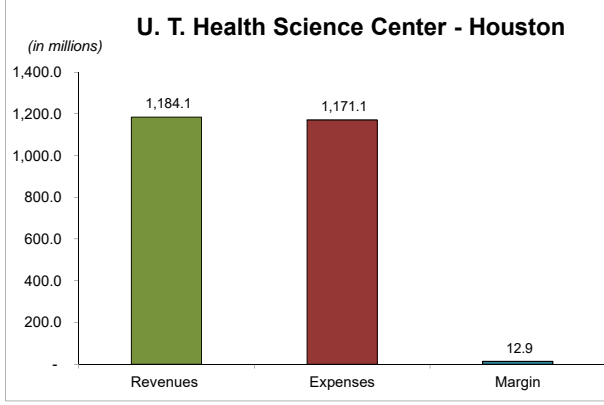
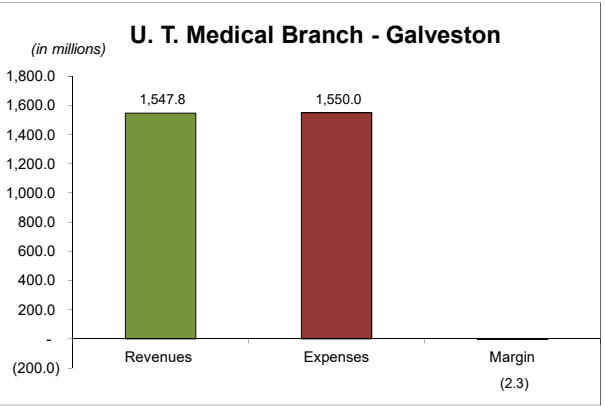
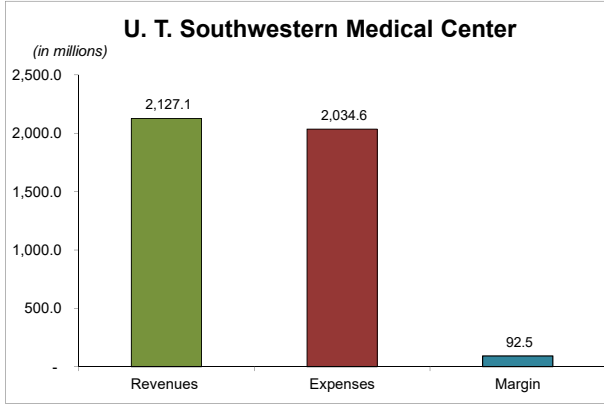
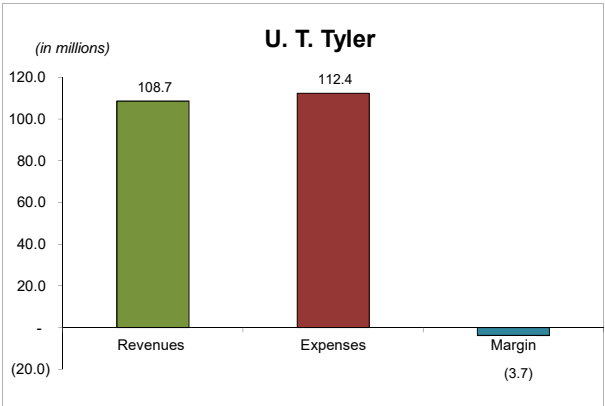
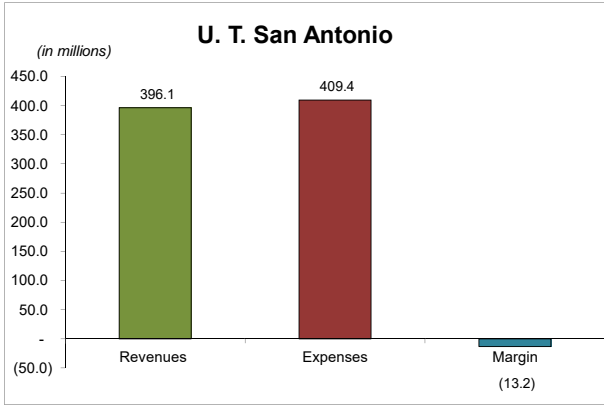




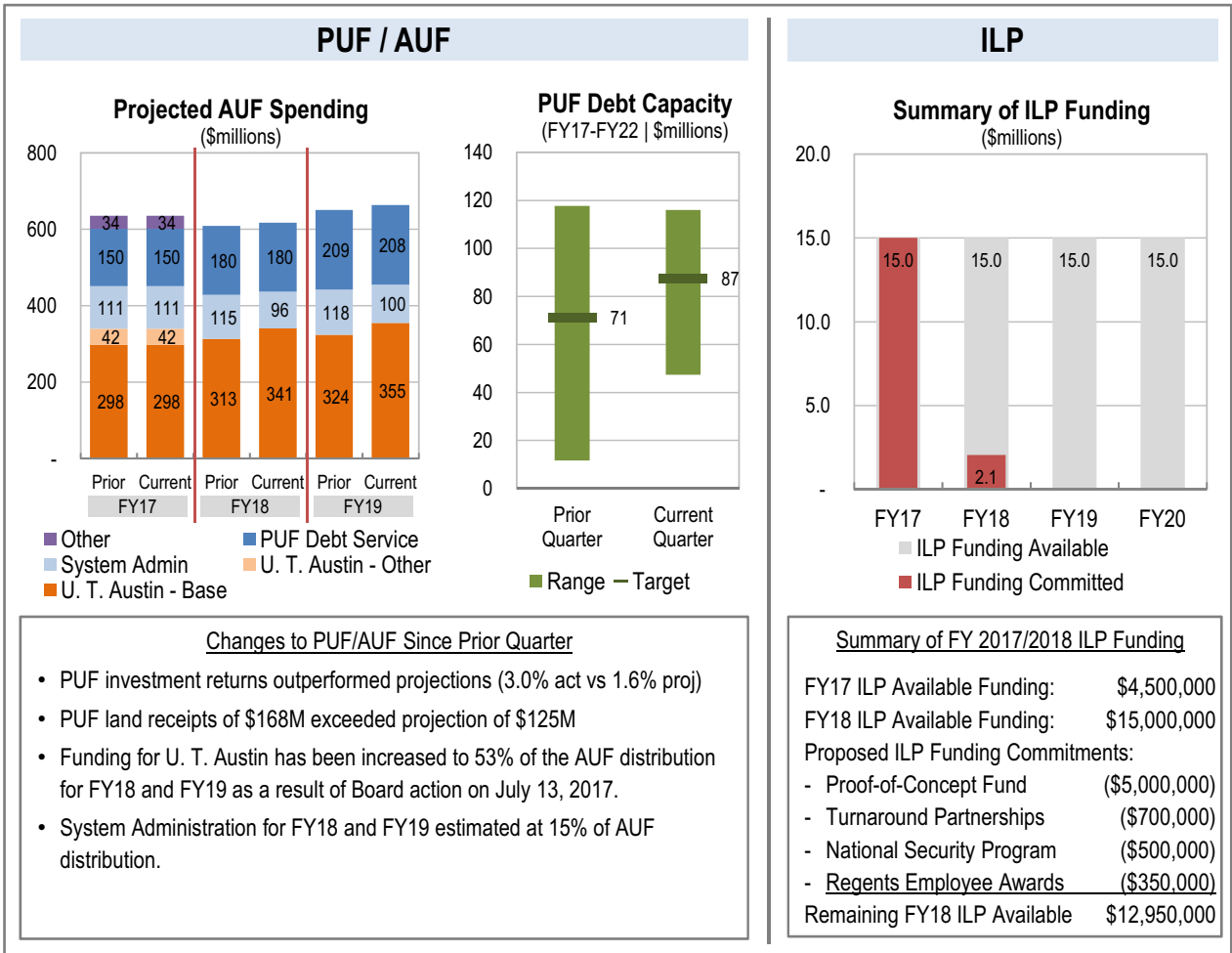
**KEY INDICATORS OF FINANCIAL RESULTS  
YEAR-TO-DATE 2017 FROM MAY MONTHLY FINANCIAL REPORT**



**KEY INDICATORS OF FINANCIAL RESULTS  
YEAR-TO-DATE 2017 FROM MAY MONTHLY FINANCIAL REPORT**



## PUF / AUF / ILP Update For Quarter Ending May 31, 2017



PUF - Permanent University Fund  
 AUF - Available University Fund  
 ILP - Internal Lending Program

THE UNIVERSITY OF TEXAS SYSTEM  
OFFICE OF THE CONTROLLER

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MONTHLY FINANCIAL REPORT  
*(unaudited)*

JUNE 2017



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Austin, Texas 78701  
512.499.4527  
[www.utsystem.edu/cont](http://www.utsystem.edu/cont)



**THE UNIVERSITY OF TEXAS SYSTEM  
MONTHLY FINANCIAL REPORT  
(Unaudited)  
FOR THE TEN MONTHS ENDING  
June 30, 2017**

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**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.

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## UNAUDITED

The University of Texas System Consolidated  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2017

	June Year-to-Date FY 2017	June Year-to-Date FY 2016	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition and Fees	1,446,418,051.61	1,356,845,711.60	89,572,340.01	6.6%
Sponsored Programs	2,651,554,016.85	2,561,729,464.35	89,824,552.50	3.5%
Net Sales and Services of Educational Activities	536,046,105.16	520,643,813.52	15,402,291.64	3.0%
Net Sales and Services of Hospitals	4,802,970,267.91	4,470,720,114.49	332,250,153.42	7.4%
Net Professional Fees	1,497,900,300.46	1,384,778,958.24	113,121,342.22	8.2%
Net Auxiliary Enterprises	547,438,980.58	513,083,389.50	34,355,591.08	6.7%
Other Operating Revenues	435,975,341.76	408,514,421.54	27,460,920.22	6.7%
<b>Total Operating Revenues</b>	<b>11,918,303,064.33</b>	<b>11,216,315,873.24</b>	<b>701,987,191.09</b>	<b>6.3%</b>
<b>Operating Expenses</b>				
Salaries and Wages	7,037,841,523.73	6,692,063,670.09	345,777,853.64	5.2%
Payroll Related Costs	1,946,149,215.04	1,817,549,048.28	128,600,166.76	7.1%
Membership Dues	23,253,233.04	-	23,253,233.04	100.0%
Registration Fees/Meetings/Conferences	53,007,072.97	-	53,007,072.97	100.0%
Cost of Goods Sold	129,256,857.98	123,228,672.13	6,028,185.85	4.9%
Professional Fees and Services	421,314,075.17	451,624,232.73	(30,310,157.56)	-6.7%
Other Contracted Services	693,485,351.22	680,303,051.13	13,182,300.09	1.9%
Fees and Other Charges	52,248,500.09	-	52,248,500.09	100.0%
Travel	128,524,458.46	120,900,101.41	7,624,357.05	6.3%
Materials and Supplies	1,571,321,377.59	1,473,709,284.08	97,612,093.51	6.6%
Utilities	241,347,663.23	232,256,917.98	9,090,745.25	3.9%
Communications	86,767,476.62	93,937,600.05	(7,170,123.43)	-7.6%
Repairs and Maintenance	263,328,212.46	267,166,584.62	(3,838,372.16)	-1.4%
Rentals and Leases	146,192,562.62	140,944,790.11	5,247,772.51	3.7%
Printing and Reproduction	31,933,631.07	31,058,697.67	874,933.40	2.8%
Royalty Payments	14,098,372.08	-	14,098,372.08	100.0%
Bad Debt Expense	950,201.22	859,986.97	90,214.25	10.5%
Impairment of Capital Assets	11,797,588.77	-	11,797,588.77	100.0%
Insurance Costs/Premiums	68,966,922.06	-	68,966,922.06	100.0%
Claims and Losses	23,559,575.36	9,787,714.72	13,771,860.64	140.7%
Increase in Net OPEB Obligation	589,191,811.67	555,702,212.50	33,489,599.17	6.0%
Pension Expense	208,605,327.50	177,412,306.22	31,193,021.28	17.6%
Scholarships and Fellowships	336,183,840.17	307,502,856.84	28,680,983.33	9.3%
Depreciation and Amortization	1,145,692,384.61	1,075,770,638.80	69,921,745.81	6.5%
Federal Sponsored Program Pass-Through to Other State Agencies	20,309,850.35	23,606,679.35	(3,296,829.00)	-14.0%
State Sponsored Program Pass-Through to Other State Agencies	4,103,484.19	12,429,968.98	(8,326,484.79)	-67.0%
Other Operating Expenses	186,373,883.08	366,238,031.82	(179,864,148.74)	-49.1%
<b>Total Operating Expenses</b>	<b>15,435,804,452.35</b>	<b>14,654,053,046.48</b>	<b>781,751,405.87</b>	<b>5.3%</b>
<b>Operating Loss</b>	<b>(3,517,501,388.02)</b>	<b>(3,437,737,173.24)</b>	<b>(79,764,214.78)</b>	<b>-2.3%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	1,923,931,146.29	1,871,539,990.28	52,391,156.01	2.8%
Nonexchange Sponsored Programs	248,424,486.74	270,763,894.86	(22,339,408.12)	-8.3%
Gift Contributions for Operations	353,013,335.96	375,958,723.60	(22,945,387.64)	-6.1%
Net Investment Income	935,643,333.12	783,400,339.05	152,242,994.07	19.4%
Interest Expense on Capital Asset Financings	(298,213,014.51)	(226,728,889.70)	(71,484,124.81)	-31.5%
<b>Net Other Nonoperating Adjustments</b>	<b>3,162,799,287.60</b>	<b>3,074,934,058.09</b>	<b>87,865,229.51</b>	<b>2.9%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>(354,702,100.42)</b>	<b>(362,803,115.15)</b>	<b>8,101,014.73</b>	<b>2.2%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>-2.3%</b>	<b>-2.5%</b>		
Investment Gain (Losses)	2,913,721,395.47	(531,198,486.89)	3,444,919,882.36	648.5%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>2,559,019,295.05</b>	<b>(894,001,602.04)</b>	<b>3,453,020,897.09</b>	<b>386.2%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>14.0%</b>	<b>-6.4%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>790,990,284.19</b>	<b>712,967,523.65</b>	<b>78,022,760.54</b>	<b>10.9%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>5.1%</b>	<b>4.9%</b>		

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**The University of Texas System  
Comparison of Adjusted Income (Loss)  
For the Ten Months Ending June 30, 2017**

	<b>Including Depreciation and Amortization Expense</b>				
	June		June		Fluctuation Percentage
	Year-to-Date	Year-to-Date	Variance		
FY 2017	FY 2016				
U. T. System Administration	\$ (614,866,048.23) (1)	\$ (595,482,163.16)	(19,383,885.07)		-3.3%
U. T. Arlington	32,670,698.93	19,222,351.13	13,448,347.80 (2)		70.0%
U. T. Austin	89,786,932.90	144,059,867.85	(54,272,934.95) (3)		-37.7%
U. T. Dallas	(13,229,328.59)	2,435,976.57	(15,665,305.16) (4)		-643.1%
U. T. El Paso	(16,220,029.39)	(12,283,031.32)	(3,936,998.07) (5)		-32.1%
U. T. Permian Basin	(1,595,285.44)	(3,655,484.29)	2,060,198.85 (6)		56.4%
U. T. Rio Grande Valley	11,287,529.77	14,043,876.70	(2,756,346.93)		-19.6%
U. T. San Antonio	(13,039,935.00) (7)	(12,216,400.11)	(823,534.89)		-6.7%
U. T. Tyler	(2,026,613.36)	(8,105,141.33)	6,078,527.97 (8)		75.0%
U. T. Southwestern Medical Center	114,362,830.01	155,885,188.76	(41,522,358.75) (9)		-26.6%
U. T. Medical Branch - Galveston	2,957,411.16	(7,593,221.53)	10,550,632.69 (10)		138.9%
U. T. Health Science Center - Houston	3,110,237.58	72,325,869.22	(69,215,631.64) (11)		-95.7%
U. T. Health Science Center - San Antonio	1,900,633.25	9,244,313.15	(7,343,679.90) (12)		-79.4%
U. T. M. D. Anderson Cancer Center	356,388,452.68	121,828,790.13	234,559,662.55 (13)		192.5%
U. T. Health Science Center - Tyler	(13,487,529.26)	(7,477,217.75)	(6,010,311.51) (14)		-80.4%
Elimination of AUF Transfer	(292,702,057.43)	(255,036,689.17)	(37,665,368.26)		-14.8%
Total Adjusted Income (Loss)	(354,702,100.42)	(362,803,115.15)	8,101,014.73		2.2%
Investment Gains (Losses)	2,913,721,395.47	(531,198,486.89)	3,444,919,882.36		648.5%
<b>Total Adjusted Income (Loss) with Investment Gains (Losses) Including Depreciation and Amortization</b>	<b>\$ 2,559,019,295.05</b>	<b>\$ (894,001,602.04)</b>	<b>\$ 3,453,020,897.09</b>		<b>386.2%</b>

	<b>Excluding Depreciation and Amortization Expense</b>				
	June		June		Fluctuation Percentage
	Year-to-Date	Year-to-Date	Variance		
FY 2017	FY 2016				
U. T. System Administration	\$ (599,469,564.28)	\$ (580,634,729.96)	(18,834,834.32)		-3.2%
U. T. Arlington	73,943,358.94	57,394,811.17	16,548,547.77		28.8%
U. T. Austin	320,620,266.23	350,309,867.85	(29,689,601.62)		-8.5%
U. T. Dallas	47,969,653.10	55,420,976.57	(7,451,323.47)		-13.4%
U. T. El Paso	9,302,933.92	13,790,640.48	(4,487,706.56)		-32.5%
U. T. Permian Basin	10,046,577.17	7,982,015.71	2,064,561.46		25.9%
U. T. Rio Grande Valley	43,521,321.43	45,483,442.89	(1,962,121.46)		-4.3%
U. T. San Antonio	27,042,670.20	27,600,322.06	(557,651.86)		-2.0%
U. T. Tyler	10,181,226.64	3,982,977.61	6,198,249.03		155.6%
U. T. Southwestern Medical Center	251,162,383.46	287,914,047.91	(36,751,664.45)		-12.8%
U. T. Medical Branch - Galveston	125,719,926.84	95,814,199.46	29,905,727.38		31.2%
U. T. Health Science Center - Houston	54,392,238.31	123,739,740.19	(69,347,501.88)		-56.0%
U. T. Health Science Center - San Antonio	45,233,966.58	53,410,979.82	(8,177,013.24)		-15.3%
U. T. M. D. Anderson Cancer Center	667,508,364.78	424,241,434.35	243,266,930.43		57.3%
U. T. Health Science Center - Tyler	(3,482,981.70)	1,553,486.71	(5,036,468.41)		-324.2%
Elimination of AUF Transfer	(292,702,057.43)	(255,036,689.17)	(37,665,368.26)		-14.8%
Total Adjusted Income (Loss)	790,990,284.19	712,967,523.65	78,022,760.54		10.9%
<b>Total Adjusted Income (Loss) Excluding Depreciation and Amortization</b>	<b>\$ 790,990,284.19</b>	<b>\$ 712,967,523.65</b>	<b>\$ 78,022,760.54</b>		<b>10.9%</b>

THE UNIVERSITY OF TEXAS SYSTEM  
EXPLANATION OF VARIANCES ON THE MONTHLY FINANCIAL REPORT  
For the Ten Months Ending June 30, 2017

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 incurred a year-to-date loss of \$614.9 million primarily as a result of an accrual of \$589.2 million for other postemployment benefits (OPEB) expense and an accrual of \$208.6 million for pension expense for the entire *U. T. System* for the first ten months of 2017. Excluding depreciation and amortization expense, *U. T. System Administration's* adjusted loss was \$599.5 million or -118.5% of revenues. *U. T. System Administration* anticipates ending the year with a \$780.3 million loss, -138.6% of projected revenues, which includes \$18.8 million of depreciation and amortization expense, as well as a \$707.0 million accrual for OPEB and a \$250.3 million accrual for pension expense.
- (2) U. T. Arlington - The \$13.4 million (70.0%) increase in adjusted income over the same period last year was primarily attributable to an increase in net tuition and fees as a result of increased enrollment and increased tuition rates. Net investment income, which was understated in the prior year, also contributed to the increase. Excluding depreciation and amortization expense, *U. T. Arlington's* adjusted income was \$73.9 million or 13.7% of revenues.
- (3) U. T. Austin - The \$54.3 million (37.7%) decrease in adjusted income over the same period last year was primarily attributable to an increase in salaries and wages and payroll related costs. Also contributing to the variance were the following: an increase in depreciation and amortization expense resulting from new buildings and equipment related to the Dell Medical School; an increase in other contracted services due to costs related to the hiring of a new baseball coach, the cancellation of the agreement with Aspire Marketing, and increased expenses related to the Administrative Systems Modernization Program project; and an increase in materials and supplies primarily driven by furniture and equipment purchases for the Dell Medical School, a wireless access point upgrade initiative, and the *U. T. System* IT Assessment payment made in June 2017 as compared to August of the prior year. Excluding depreciation and amortization expense, *U. T. Austin's* adjusted income was \$320.6 million or 12.9% of revenues.
- (4) U. T. Dallas - The \$15.7 million (643.1%) decrease in adjusted income over the same period last year was primarily attributable to the following: a decrease in nonexchange sponsored programs as a result of a reduction in the Texas Research Incentive Program funds received in 2017; an increase in depreciation and amortization expense as a result of the addition of new buildings and infrastructure; and an increase in interest expense on capital asset financings due to debt issued for the new Engineering Building. As a result of these factors, *U. T. Dallas* incurred a year-to-date loss of \$13.2 million. Excluding depreciation and amortization expense, *U. T. Dallas'* adjusted income was \$48.0 million or 9.4% of revenues. *U. T. Dallas* anticipates ending the year with a \$16.3 million loss, -2.6% of projected revenues, which includes \$73.4 million of depreciation and amortization expense.
- (5) U. T. El Paso - The \$3.9 million (32.1%) increase in adjusted loss over the same period last year was largely attributable to an increase in salaries and wages and payroll related costs due to a 2% merit increase for faculty and staff implemented in 2017, and an increase in professional fees and services as a result of a current year accrual which was not recorded in the prior year. As a result, *U. T. El Paso* incurred a year-to-date loss of \$16.2 million. Other factors contributing to the year-to-date loss include the following: an increase in tuition exemption scholarship expense, primarily related to the Hazelwood and Hazelwood Legacy programs; and an increase in interest expense on capital asset financings. Excluding depreciation and amortization expense, *U. T. El Paso's* adjusted income was \$9.3 million or 2.7% of revenues. *U. T. El Paso* anticipates ending the year with a \$17.9 million loss, -4.2% of projected revenues, which includes \$32.0 million of depreciation and amortization expense. *U. T. El Paso* is continuing measures to reduce spending, including a hiring freeze on positions that are not mission critical, a freeze on all non-academic travel, mandatory departmental budget cuts, restrictions on the purchase of equipment and capital assets, utility savings efforts, and other cost savings measures.
- (6) U. T. Permian Basin - The \$2.1 million (56.4%) decrease in adjusted loss over the same period last year was primarily attributable to an increase in nonexchange sponsored programs as a result of a portion of the prior year Pell Grant funding not being drawn until 2017. Despite the decrease in adjusted loss, *U. T. Permian Basin* still incurred a year-to-date loss of \$1.6 million primarily attributable to the following: an increase in salaries and wages to accommodate enrollment growth combined with a 2% salary increase; an increase in payroll related costs due to rising premium sharing costs; and an increase in other contracted services due to increased payments to Chartwells for dining services and increased support for the Wagner Noel Performing Arts Center. Excluding depreciation and amortization expense, *U. T. Permian Basin's* adjusted income was \$10.0 million or 13.3% of revenues. *U. T. Permian Basin* anticipates ending the year with a \$1.0 million loss, -1.2% of projected revenues, which includes \$14.8 million of depreciation and amortization expense.
- (7) U. T. San Antonio incurred a year-to-date loss of \$13.0 million primarily due to the following: an increase in salaries and wages and payroll related costs; an increase in repairs and maintenance due to maintenance performed on various classrooms, grounds and vehicles; an increase in utilities due to rate increases in electricity and water, as well as increased water usage; a decrease in net investment income; and an increase in interest expense on capital asset financings due to debt issued for athletic projects, fire and safety renovations, and network upgrades, as well as the new Science and Engineering Building. Excluding depreciation and amortization expense, *U. T. San Antonio's* adjusted income was \$27.0 million or 6.2% of revenues. *U. T. San Antonio* anticipates ending the year with a \$15.9

million loss, -3.0% of projected revenues, which includes \$48.1 million of depreciation and amortization expense.

- (8) U. T. Tyler - The \$6.1 million (75.0%) decrease in adjusted loss over the same period last year was primarily due to an increase in net student tuition and fees as a result of increased enrollment and designated tuition rates. Net sales and services of educational activities also increased as a result of pharmacy revenue now including the second year student cohort. Finally, state appropriations increased as a result of increased Tuition Revenue Bonds authorized by the Texas Legislature. Despite the decrease in adjusted loss, U. T. Tyler still incurred a year-to-date loss of \$2.0 million primarily due to the following: an increase in salaries and wages and payroll related costs driven by merit increases and an increase in the number of full-time equivalents; an increase in interest expense on capital asset financings due to debt issued for the new STEM Business Building; and additional pharmacy start-up costs. Excluding depreciation and amortization expense, U. T. Tyler's adjusted income was \$10.2 million or 8.5% of revenues. U. T. Tyler anticipates ending the year with a \$4.0 million loss, -2.8% of projected revenues, which includes \$14.6 million of depreciation and amortization expense.
- (9) U. T. Southwestern Medical Center - The \$41.5 million (26.6%) decrease in adjusted income over the same period last year was primarily attributable to a decrease in gift contributions for operations as a result of a number of large gifts received in 2016 with no such comparable gifts in 2017. Excluding depreciation and amortization expense, Southwestern's adjusted income was \$251.2 million or 10.5% of revenues.
- (10) U. T. Medical Branch - Galveston - The \$10.6 million (138.9%) increase in adjusted income over the same period last year was primarily attributable to an increase in net sales and services of hospitals and net professional fees as a result of growth in private prison contract revenue and a 7.1% increase in Work Relative Value Units in the practice plan. Although UTMB is currently reporting a positive margin of \$3.0 million, UTMB conservatively anticipates ending the year with a \$7.2 million loss, -0.3% of projected revenues, which includes \$151.4 million of depreciation and amortization expense. The conservative projected loss is primarily attributable to the following: a decrease in projected revenue accruals for Delivery System Reform Incentive Payments (DSRIP) projects; an increase in salaries and wages and payroll related costs in part driven by faculty hires in July and August who will be in a revenue ramp-up during this period; an increase in depreciation and amortization related to capital asset purchases anticipated in the last two months of the year; and an increase in cost of goods sold largely due to increased pharmacy costs. Excluding depreciation and amortization expense, UTMB's adjusted income was \$125.7 million or 7.3% of revenues.
- (11) U. T. Health Science Center - Houston - The \$69.2 million (95.7%) decrease in adjusted income as compared to the same period last year was primarily attributable to an increase in salaries and wages and payroll related costs due to the addition of numerous positions to accommodate the planned growth of the physician practice plan. Other operating revenues also decreased primarily due to the timing of DSRIP revenue recognition. Excluding depreciation and amortization expense, UTHSC-Houston's adjusted income was \$54.4 million or 4.1% of revenues.
- (12) U. T. Health Science Center - San Antonio - The \$7.3 million (79.4%) decrease in adjusted income over the same period last year was primarily due to an increase in salaries and wages and payroll related costs. In addition, interest expense on capital asset financings increased due to debt issued to acquire the Professional Administrative Resource Center and to construct a new ambulatory facility, as well as increased debt service for Tuition Revenue Bonds authorized by the Texas Legislature. Excluding depreciation and amortization expense, UTHSC-San Antonio's adjusted income was \$45.2 million or 6.5% of revenues.
- (13) U. T. M. D. Anderson Cancer Center - The \$234.6 million (192.5%) increase in adjusted income over the same period last year was primarily attributable to the following: an increase in net sales and services of hospitals due to an increase in inpatient and outpatient activity; and an increase in net investment income. Excluding depreciation and amortization expense, M. D. Anderson's adjusted income was \$667.5 million or 16.8% of revenues.
- (14) U. T. Health Science Center - Tyler - The \$6.0 million (80.4%) increase in adjusted loss over the same period last year was primarily due to UTHSC-Tyler recognizing \$6.1 million less in DSRIP revenue as compared to the prior year, as well as an increase in salaries and wages and payroll related costs as a result of a larger employee base, accompanied by increased compensable absence expenses and premium sharing costs. Professional fees and services also increased due to higher usage levels of contracted physician services, new contractual expenses related to the Northeast Texas Consortium (NETnet) community college subcontract and increased expenses for maintenance of NETnet operations. Depreciation and amortization expense also increased contributing to the unfavorable variance. In addition, UTHSC-Tyler recorded a one-time charge of \$1.3 million to account for a current year recoupment attributed to a 2011 Medicare claims outlier review. As a result of these factors, UTHSC-Tyler incurred a year-to-date loss of \$13.5 million. Excluding depreciation and amortization expense, UTHSC-Tyler's adjusted loss was \$3.5 million or -2.2% of revenues. UTHSC-Tyler anticipates ending the year with a \$4.7 million loss primarily as a result of ongoing expense reduction initiatives, continued growth in clinical services with a corresponding increase in net patient revenues, and additional DSRIP and sponsored programs revenue recognized once metrics and deliverables are fully achieved. The projected loss of \$4.7 million represents -2.3% of projected revenues and includes \$12.0 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.

**MEMBERSHIP DUES** - Payments for professional memberships and community organization memberships for employees.

**REGISTRATION FEES/MEETINGS/CONFERENCES** - Payments made for employees to attend professional conferences and meetings.

**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.

**FEES AND OTHER CHARGES** - Payments for various fees such as estate settlements, court costs, document filing fees, 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.

**ROYALTY PAYMENTS** - Payments incurred for copyright and patent royalties.

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

INSURANCE COSTS/PREMIUMS - Insurance premiums and fees associated with the various self-insurance programs, including professional medical liability.

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).

PENSION EXPENSE - An estimate of year-end expense which will be allocated from the Texas Comptroller's Office based upon prior year amounts.

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

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

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.

OTHER OPERATING EXPENSES - Other operating expenses not identified in other line items above (e.g., certified non-profit healthcare company expenses, property taxes, credit card fees, hazardous waste disposal expenses, 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.

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## UNAUDITED

The University of Texas System Administration  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2017

	June Year-to-Date FY 2017	June Year-to-Date FY 2016	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Sponsored Programs	22,034,293.65	20,149,437.60	1,884,856.05	9.4%
Net Sales and Services of Educational Activities	29,566,919.94	38,130,169.32	(8,563,249.38)	-22.5%
Other Operating Revenues	81,729,846.92	48,101,389.10	33,628,457.82	69.9%
<b>Total Operating Revenues</b>	<b>133,331,060.51</b>	<b>106,380,996.02</b>	<b>26,950,064.49</b>	<b>25.3%</b>
<b>Operating Expenses</b>				
Salaries and Wages	67,411,354.05	53,991,652.99	13,419,701.06	24.9%
Payroll Related Costs	14,993,488.25	12,376,886.27	2,616,601.98	21.1%
Membership Dues	540,262.41	-	540,262.41	100.0%
Registration Fees/Meetings/Conferences	452,357.68	-	452,357.68	100.0%
Professional Fees and Services	11,475,146.15	11,846,312.14	(371,165.99)	-3.1%
Other Contracted Services	31,921,173.25	22,224,778.93	9,696,394.32	43.6%
Fees and Other Charges	95,789.22	-	95,789.22	100.0%
Travel	1,531,663.22	1,375,859.17	155,804.05	11.3%
Materials and Supplies	10,877,146.05	13,800,061.26	(2,922,915.21)	-21.2%
Utilities	466,358.64	309,586.53	156,772.11	50.6%
Communications	5,933,758.92	6,341,504.95	(407,746.03)	-6.4%
Repairs and Maintenance	7,693,294.14	21,373,774.51	(13,680,480.37)	-64.0%
Rentals and Leases	6,262,235.75	4,791,446.42	1,470,789.33	30.7%
Printing and Reproduction	332,103.56	1,139,031.02	(806,927.46)	-70.8%
Impairment of Capital Assets	11,797,588.77	-	11,797,588.77	100.0%
Insurance Costs/Premiums	26,127,630.38	-	26,127,630.38	100.0%
Claims and Losses	23,559,575.36	9,787,714.72	13,771,860.64	140.7%
Increase in Net OPEB Obligation	589,191,811.67	555,702,212.50	33,489,599.17	6.0%
Pension Expense	208,605,327.50	177,412,306.22	31,193,021.28	17.6%
Scholarships and Fellowships	962,823.91	841,212.97	121,610.94	14.5%
Depreciation and Amortization	15,396,483.95	14,847,433.20	549,050.75	3.7%
State Sponsored Program Pass-Through to Other State Agencies	1,909,861.07	1,951,830.12	(41,969.05)	-2.2%
Other Operating Expenses	3,464,577.44	19,855,457.54	(16,390,880.10)	-82.6%
<b>Total Operating Expenses</b>	<b>1,041,001,811.34</b>	<b>929,969,061.46</b>	<b>111,032,749.88</b>	<b>11.9%</b>
<b>Operating Loss</b>	<b>(907,670,750.83)</b>	<b>(823,588,065.44)</b>	<b>(84,082,685.39)</b>	<b>-10.2%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	2,098,617.69	2,279,901.11	(181,283.42)	-8.0%
Nonexchange Sponsored Programs	15,774,667.24	15,857,960.30	(83,293.06)	-0.5%
Gift Contributions for Operations	1,013,746.37	1,703,314.57	(689,568.20)	-40.5%
Net Investment Income	261,011,726.19	171,810,247.85	89,201,478.34	51.9%
Interest Expense on Capital Asset Financings	(79,925,272.39)	(49,594,912.38)	(30,330,360.01)	-61.2%
<b>Net Other Nonoperating Adjustments</b>	<b>199,973,485.10</b>	<b>142,056,511.45</b>	<b>57,916,973.65</b>	<b>40.8%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>(707,697,265.73)</b>	<b>(681,531,553.99)</b>	<b>(26,165,711.74)</b>	<b>-3.8%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>-171.3%</b>	<b>-228.7%</b>		
Available University Fund Transfer	92,831,217.50	86,049,390.83	6,781,826.67	7.9%
<b>Adjusted Income (Loss) with AUF Transfer</b>	<b>(614,866,048.23)</b>	<b>(595,482,163.16)</b>	<b>(19,383,885.07)</b>	<b>-3.3%</b>
<b>Adjusted Margin % with AUF Transfer</b>	<b>-121.5%</b>	<b>-155.0%</b>		
Investment Gain (Losses)	2,278,735,919.07	(136,003,354.36)	2,414,739,273.43	1,775.5%
<b>Adj. Inc. (Loss) with AUF Transfer &amp; Invest. Gains (Losses)</b>	<b>\$1,663,869,870.84</b>	<b>(731,485,517.52)</b>	<b>\$2,395,355,388.36</b>	<b>327.5%</b>
<b>Adj. Margin % with AUF Transfer &amp; Invest. Gains (Losses)</b>	<b>59.7%</b>	<b>-294.9%</b>		
<b>Adjusted Income (Loss) with AUF Transfer excluding Depreciation &amp; Amortization</b>	<b>(599,469,564.28)</b>	<b>(580,634,729.96)</b>	<b>(18,834,834.32)</b>	<b>-3.2%</b>
<b>Adjusted Margin % with AUF Transfer excluding Depreciation &amp; Amortization</b>	<b>-118.5%</b>	<b>-151.2%</b>		

## UNAUDITED

The University of Texas at Arlington  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2017

	June Year-to-Date FY 2017	June Year-to-Date FY 2016	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition and Fees	236,126,088.26	204,320,488.30	31,805,599.96	15.6%
Sponsored Programs	58,997,129.42	56,898,535.96	2,098,593.46	3.7%
Net Sales and Services of Educational Activities	16,937,141.74	16,887,160.11	49,981.63	0.3%
Net Auxiliary Enterprises	36,459,597.49	35,123,398.55	1,336,198.94	3.8%
Other Operating Revenues	10,791,600.57	8,435,353.06	2,356,247.51	27.9%
<b>Total Operating Revenues</b>	<b>359,311,557.48</b>	<b>321,664,935.98</b>	<b>37,646,621.50</b>	<b>11.7%</b>
<b>Operating Expenses</b>				
Salaries and Wages	227,606,024.58	218,643,723.19	8,962,301.39	4.1%
Payroll Related Costs	60,590,261.46	57,578,116.98	3,012,144.48	5.2%
Membership Dues	1,035,495.81	-	1,035,495.81	100.0%
Registration Fees/Meetings/Conferences	1,276,264.34	-	1,276,264.34	100.0%
Cost of Goods Sold	4,950.87	5,556.16	(605.29)	-10.9%
Professional Fees and Services	10,284,295.79	9,541,027.99	743,267.80	7.8%
Other Contracted Services	52,214,387.26	44,720,746.63	7,493,640.63	16.8%
Fees and Other Charges	768,860.04	-	768,860.04	100.0%
Travel	6,657,702.59	6,449,269.43	208,433.16	3.2%
Materials and Supplies	19,978,068.48	19,886,056.65	92,011.83	0.5%
Utilities	8,335,567.43	8,333,267.33	2,300.10	-
Communications	5,263,671.35	6,041,706.28	(778,034.93)	-12.9%
Repairs and Maintenance	9,258,077.56	6,915,296.80	2,342,780.76	33.9%
Rentals and Leases	2,661,170.19	3,121,319.19	(460,149.00)	-14.7%
Printing and Reproduction	2,609,637.12	2,254,209.92	355,427.20	15.8%
Royalty Payments	204,441.66	-	204,441.66	100.0%
Bad Debt Expense	166,304.87	219,709.58	(53,404.71)	-24.3%
Insurance Costs/Premiums	702,722.94	-	702,722.94	100.0%
Scholarships and Fellowships	29,687,642.99	27,328,264.27	2,359,378.72	8.6%
Depreciation and Amortization	41,272,660.01	38,172,460.04	3,100,199.97	8.1%
Federal Sponsored Program Pass-Through to Other State Agencies	5,216,021.55	4,602,433.77	613,587.78	13.3%
State Sponsored Program Pass-Through to Other State Agencies	126,781.32	131,401.79	(4,620.47)	-3.5%
Other Operating Expenses	9,082,495.68	10,879,175.54	(1,796,679.86)	-16.5%
<b>Total Operating Expenses</b>	<b>495,003,505.89</b>	<b>464,823,741.54</b>	<b>30,179,764.35</b>	<b>6.5%</b>
<b>Operating Loss</b>	<b>(135,691,948.41)</b>	<b>(143,158,805.56)</b>	<b>7,466,857.15</b>	<b>5.2%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	115,624,634.17	109,569,159.17	6,055,475.00	5.5%
Nonexchange Sponsored Programs	45,865,236.71	48,508,192.83	(2,642,956.12)	-5.4%
Gift Contributions for Operations	3,720,947.76	3,779,596.76	(58,649.00)	-1.6%
Net Investment Income	13,738,448.71	10,259,907.03	3,478,541.68	33.9%
Interest Expense on Capital Asset Financings	(10,586,620.00)	(9,735,699.10)	(850,920.90)	-8.7%
<b>Net Other Nonoperating Adjustments</b>	<b>168,362,647.35</b>	<b>162,381,156.69</b>	<b>5,981,490.66</b>	<b>3.7%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>32,670,698.94</b>	<b>19,222,351.13</b>	<b>13,448,347.81</b>	<b>70.0%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>6.1%</b>	<b>3.9%</b>		
Investment Gain (Losses)	11,915,554.60	(9,442,283.67)	21,357,838.27	226.2%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>44,586,253.54</b>	<b>9,780,067.46</b>	<b>34,806,186.08</b>	<b>355.9%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>8.1%</b>	<b>2.0%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>73,943,358.95</b>	<b>57,394,811.17</b>	<b>16,548,547.78</b>	<b>28.8%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>13.7%</b>	<b>11.6%</b>		

## UNAUDITED

The University of Texas at Austin  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2017

	June Year-to-Date FY 2017	June Year-to-Date FY 2016	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition and Fees	408,333,333.33	401,666,666.67	6,666,666.66	1.7%
Sponsored Programs	474,591,751.10	460,394,126.24	14,197,624.86	3.1%
Net Sales and Services of Educational Activities	359,757,180.05	343,410,136.49	16,347,043.56	4.8%
Net Auxiliary Enterprises	297,536,979.64	276,044,284.43	21,492,695.21	7.8%
Other Operating Revenues	9,167,487.60	6,744,297.65	2,423,189.95	35.9%
<b>Total Operating Revenues</b>	<b>1,549,386,731.72</b>	<b>1,488,259,511.48</b>	<b>61,127,220.24</b>	<b>4.1%</b>
<b>Operating Expenses</b>				
Salaries and Wages	1,044,185,879.21	989,001,658.97	55,184,220.24	5.6%
Payroll Related Costs	305,996,705.90	284,007,297.33	21,989,408.57	7.7%
Membership Dues	2,899,430.57	-	2,899,430.57	100.0%
Registration Fees/Meetings/Conferences	26,534,617.10	-	26,534,617.10	100.0%
Cost of Goods Sold	20,913,239.35	21,811,887.87	(898,648.52)	-4.1%
Professional Fees and Services	32,446,492.67	32,261,629.77	184,862.90	0.6%
Other Contracted Services	151,360,354.72	135,900,060.69	15,460,294.03	11.4%
Fees and Other Charges	10,444,792.97	-	10,444,792.97	100.0%
Travel	37,864,369.62	35,124,267.94	2,740,101.68	7.8%
Materials and Supplies	122,438,662.74	108,482,713.40	13,955,949.34	12.9%
Utilities	77,650,070.60	72,775,705.20	4,874,365.40	6.7%
Communications	28,255,808.92	31,390,468.17	(3,134,659.25)	-10.0%
Repairs and Maintenance	52,768,731.72	55,101,357.17	(2,332,625.45)	-4.2%
Rentals and Leases	18,269,268.40	17,452,732.91	816,535.49	4.7%
Printing and Reproduction	7,257,329.65	7,308,997.23	(51,667.58)	-0.7%
Royalty Payments	5,398,290.53	-	5,398,290.53	100.0%
Bad Debt Expense	477,146.99	466,476.20	10,670.79	2.3%
Insurance Costs/Premiums	1,141,366.44	-	1,141,366.44	100.0%
Scholarships and Fellowships	116,666,666.67	100,000,000.00	16,666,666.67	16.7%
Depreciation and Amortization	230,833,333.33	206,250,000.00	24,583,333.33	11.9%
Federal Sponsored Program Pass-Through to Other State Agencies	2,686,209.37	2,925,196.28	(238,986.91)	-8.2%
State Sponsored Program Pass-Through to Other State Agencies	146,301.40	9,396,811.61	(9,250,510.21)	-98.4%
Other Operating Expenses	57,772,006.06	100,034,556.91	(42,262,550.85)	-42.2%
<b>Total Operating Expenses</b>	<b>2,354,407,074.93</b>	<b>2,209,691,817.65</b>	<b>144,715,257.28</b>	<b>6.5%</b>
<b>Operating Loss</b>	<b>(805,020,343.21)</b>	<b>(721,432,306.17)</b>	<b>(83,588,037.04)</b>	<b>-11.6%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	291,943,063.33	301,554,670.64	(9,611,607.31)	-3.2%
Nonexchange Sponsored Programs	35,835,577.43	36,666,666.67	(831,089.24)	-2.3%
Gift Contributions for Operations	129,468,490.94	122,036,294.25	7,432,196.69	6.1%
Net Investment Income	190,974,891.08	187,589,170.99	3,385,720.09	1.8%
Interest Expense on Capital Asset Financings	(46,116,804.10)	(37,391,317.70)	(8,725,486.40)	-23.3%
<b>Net Other Nonoperating Adjustments</b>	<b>602,105,218.68</b>	<b>610,455,484.85</b>	<b>(8,350,266.17)</b>	<b>-1.4%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>(202,915,124.53)</b>	<b>(110,976,821.32)</b>	<b>(91,938,303.21)</b>	<b>-82.8%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>-9.2%</b>	<b>-5.2%</b>		
Available University Fund Transfer	292,702,057.43	255,036,689.17	37,665,368.26	14.8%
<b>Adjusted Income (Loss) with AUF Transfer</b>	<b>89,786,932.90</b>	<b>144,059,867.85</b>	<b>(54,272,934.95)</b>	<b>-37.7%</b>
<b>Adjusted Margin % with AUF Transfer</b>	<b>3.6%</b>	<b>6.0%</b>		
Investment Gain (Losses)	205,343,263.01	(153,404,257.83)	358,747,520.84	233.9%
<b>Adj. Inc. (Loss) with AUF Transfer &amp; Invest. Gains (Losses)</b>	<b>\$295,130,195.91</b>	<b>(9,344,389.98)</b>	<b>\$304,474,585.89</b>	<b>3,258.4%</b>
<b>Adj. Margin % with AUF Transfer &amp; Invest. Gains (Losses)</b>	<b>10.9%</b>	<b>-0.4%</b>		
<b>Adjusted Income (Loss) with AUF Transfer excluding Depreciation &amp; Amortization</b>	<b>320,620,266.23</b>	<b>350,309,867.85</b>	<b>(29,689,601.62)</b>	<b>-8.5%</b>
<b>Adjusted Margin % with AUF Transfer excluding Depreciation &amp; Amortization</b>	<b>12.9%</b>	<b>14.7%</b>		

UNAUDITED

The University of Texas at Dallas  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2017

	June Year-to-Date FY 2017	June Year-to-Date FY 2016	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition and Fees	254,557,433.49	235,596,327.92	18,961,105.57	8.0%
Sponsored Programs	51,062,824.28	48,242,239.87	2,820,584.41	5.8%
Net Sales and Services of Educational Activities	17,966,689.43	15,653,006.84	2,313,682.59	14.8%
Net Auxiliary Enterprises	27,817,865.98	23,869,070.21	3,948,795.77	16.5%
Other Operating Revenues	4,386,263.89	3,877,926.79	508,337.10	13.1%
<b>Total Operating Revenues</b>	<b>355,791,077.07</b>	<b>327,238,571.63</b>	<b>28,552,505.44</b>	<b>8.7%</b>
<b>Operating Expenses</b>				
Salaries and Wages	249,111,308.89	236,974,525.63	12,136,783.26	5.1%
Payroll Related Costs	59,682,697.36	55,501,637.81	4,181,059.55	7.5%
Membership Dues	840,311.40	-	840,311.40	100.0%
Registration Fees/Meetings/Conferences	2,618,762.37	-	2,618,762.37	100.0%
Professional Fees and Services	8,066,988.13	8,191,943.95	(124,955.82)	-1.5%
Other Contracted Services	12,886,029.24	12,145,863.31	740,165.93	6.1%
Fees and Other Charges	1,014,921.76	-	1,014,921.76	100.0%
Travel	6,822,100.86	5,951,959.16	870,141.70	14.6%
Materials and Supplies	26,013,425.33	25,975,019.01	38,406.32	0.1%
Utilities	8,539,138.03	8,976,847.88	(437,709.85)	-4.9%
Communications	1,509,039.38	1,524,448.38	(15,409.00)	-1.0%
Repairs and Maintenance	6,893,635.96	5,559,538.86	1,334,097.10	24.0%
Rentals and Leases	6,441,965.26	6,416,669.51	25,295.75	0.4%
Printing and Reproduction	1,625,209.53	1,753,918.85	(128,709.32)	-7.3%
Royalty Payments	1,237,409.14	-	1,237,409.14	100.0%
Bad Debt Expense	53,200.00	-	53,200.00	100.0%
Insurance Costs/Premiums	9,401,859.09	-	9,401,859.09	100.0%
Scholarships and Fellowships	35,705,104.34	34,263,352.70	1,441,751.64	4.2%
Depreciation and Amortization	61,198,981.69	52,985,000.00	8,213,981.69	15.5%
Federal Sponsored Program Pass-Through to Other State Agencies	83,831.78	62,504.49	21,327.29	34.1%
State Sponsored Program Pass-Through to Other State Agencies	201,636.40	332,403.39	(130,766.99)	-39.3%
Other Operating Expenses	5,056,293.54	18,722,302.32	(13,666,008.78)	-73.0%
<b>Total Operating Expenses</b>	<b>505,003,849.48</b>	<b>475,337,935.25</b>	<b>29,665,914.23</b>	<b>6.2%</b>
<b>Operating Loss</b>	<b>(149,212,772.41)</b>	<b>(148,099,363.62)</b>	<b>(1,113,408.79)</b>	<b>-0.8%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	97,543,051.67	92,185,406.82	5,357,644.85	5.8%
Nonexchange Sponsored Programs	26,922,982.55	44,999,951.67	(18,076,969.12)	-40.2%
Gift Contributions for Operations	10,346,882.80	10,833,333.33	(486,450.53)	-4.5%
Net Investment Income	22,087,715.13	19,799,129.27	2,288,585.86	11.6%
Interest Expense on Capital Asset Financings	(20,917,188.33)	(17,282,480.90)	(3,634,707.43)	-21.0%
<b>Net Other Nonoperating Adjustments</b>	<b>135,983,443.82</b>	<b>150,535,340.19</b>	<b>(14,551,896.37)</b>	<b>-9.7%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>(13,229,328.59)</b>	<b>2,435,976.57</b>	<b>(15,665,305.16)</b>	<b>-643.1%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>-2.6%</b>	<b>0.5%</b>		
Investment Gain (Losses)	19,982,968.20	(10,859,750.31)	30,842,718.51	284.0%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>6,753,639.61</b>	<b>(8,423,773.74)</b>	<b>15,177,413.35</b>	<b>180.2%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>1.3%</b>	<b>-1.7%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>47,969,653.10</b>	<b>55,420,976.57</b>	<b>(7,451,323.47)</b>	<b>-13.4%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>9.4%</b>	<b>11.2%</b>		

## UNAUDITED

The University of Texas at El Paso  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2017

	June Year-to-Date FY 2017	June Year-to-Date FY 2016	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition and Fees	99,651,830.00	95,484,695.95	4,167,134.05	4.4%
Sponsored Programs	73,487,419.96	70,921,977.57	2,565,442.39	3.6%
Net Sales and Services of Educational Activities	5,648,947.54	6,903,844.86	(1,254,897.32)	-18.2%
Net Auxiliary Enterprises	26,467,139.37	27,063,921.82	(596,782.45)	-2.2%
Other Operating Revenues	144,586.41	20,242.82	124,343.59	614.3%
<b>Total Operating Revenues</b>	<b>205,399,923.28</b>	<b>200,394,683.02</b>	<b>5,005,240.26</b>	<b>2.5%</b>
<b>Operating Expenses</b>				
Salaries and Wages	164,561,906.22	154,956,786.89	9,605,119.33	6.2%
Payroll Related Costs	44,278,505.53	42,409,287.19	1,869,218.34	4.4%
Membership Dues	728,450.45	-	728,450.45	100.0%
Registration Fees/Meetings/Conferences	630,999.94	-	630,999.94	100.0%
Professional Fees and Services	11,703,829.59	9,233,273.63	2,470,555.96	26.8%
Other Contracted Services	10,490,806.99	9,515,406.41	975,400.58	10.3%
Fees and Other Charges	2,938,529.75	-	2,938,529.75	100.0%
Travel	7,485,565.54	7,108,470.55	377,094.99	5.3%
Materials and Supplies	15,406,545.03	16,140,483.89	(733,938.86)	-4.5%
Utilities	7,263,107.10	7,064,339.13	198,767.97	2.8%
Communications	1,309,928.86	686,139.01	623,789.85	90.9%
Repairs and Maintenance	6,373,292.79	5,194,018.86	1,179,273.93	22.7%
Rentals and Leases	2,192,042.88	2,544,803.03	(352,760.15)	-13.9%
Printing and Reproduction	1,132,006.41	1,024,766.35	107,240.06	10.5%
Insurance Costs/Premiums	786,826.70	-	786,826.70	100.0%
Scholarships and Fellowships	44,122,004.97	46,329,552.65	(2,207,547.68)	-4.8%
Depreciation and Amortization	25,522,963.31	26,073,671.80	(550,708.49)	-2.1%
Federal Sponsored Program Pass-Through to Other State Agencies	802,999.52	4,657,733.12	(3,854,733.60)	-82.8%
State Sponsored Program Pass-Through to Other State Agencies	-	1,936.30	(1,936.30)	-100.0%
Other Operating Expenses	7,535,258.56	10,215,081.77	(2,679,823.21)	-26.2%
<b>Total Operating Expenses</b>	<b>355,265,570.14</b>	<b>343,155,750.58</b>	<b>12,109,819.56</b>	<b>3.5%</b>
<b>Operating Loss</b>	<b>(149,865,646.86)</b>	<b>(142,761,067.56)</b>	<b>(7,104,579.30)</b>	<b>-5.0%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	96,810,205.67	92,157,304.67	4,652,901.00	5.0%
Nonexchange Sponsored Programs	28,926,727.90	28,643,370.45	283,357.45	1.0%
Gift Contributions for Operations	6,687,759.27	5,352,157.82	1,335,601.45	25.0%
Net Investment Income	11,308,163.83	10,309,691.80	998,472.03	9.7%
Interest Expense on Capital Asset Financings	(10,087,239.20)	(5,984,488.50)	(4,102,750.70)	-68.6%
<b>Net Other Nonoperating Adjustments</b>	<b>133,645,617.47</b>	<b>130,478,036.24</b>	<b>3,167,581.23</b>	<b>2.4%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>(16,220,029.39)</b>	<b>(12,283,031.32)</b>	<b>(3,936,998.07)</b>	<b>-32.1%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>-4.6%</b>	<b>-3.6%</b>		
Investment Gain (Losses)	13,628,726.40	(9,209,314.30)	22,838,040.70	248.0%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>(2,591,302.99)</b>	<b>(21,492,345.62)</b>	<b>18,901,042.63</b>	<b>87.9%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>-0.7%</b>	<b>-6.6%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>9,302,933.92</b>	<b>13,790,640.48</b>	<b>(4,487,706.56)</b>	<b>-32.5%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>2.7%</b>	<b>4.1%</b>		



## UNAUDITED

The University of Texas of the Permian Basin  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2017

	June Year-to-Date FY 2017	June Year-to-Date FY 2016	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition and Fees	15,656,700.24	15,296,149.03	360,551.21	2.4%
Sponsored Programs	9,003,490.08	7,151,822.61	1,851,667.47	25.9%
Net Sales and Services of Educational Activities	1,489,817.26	1,603,851.80	(114,034.54)	-7.1%
Net Auxiliary Enterprises	6,469,563.27	4,553,988.91	1,915,574.36	42.1%
Other Operating Revenues	304,437.24	362,745.38	(58,308.14)	-16.1%
<b>Total Operating Revenues</b>	<b>32,924,008.09</b>	<b>28,968,557.73</b>	<b>3,955,450.36</b>	<b>13.7%</b>
<b>Operating Expenses</b>				
Salaries and Wages	29,401,573.07	27,514,046.93	1,887,526.14	6.9%
Payroll Related Costs	8,192,183.37	7,277,950.61	914,232.76	12.6%
Membership Dues	178,254.62	-	178,254.62	100.0%
Registration Fees/Meetings/Conferences	125,879.86	-	125,879.86	100.0%
Cost of Goods Sold	-	6,576.34	(6,576.34)	-100.0%
Professional Fees and Services	3,042,881.46	2,475,395.46	567,486.00	22.9%
Other Contracted Services	4,287,017.38	2,792,513.76	1,494,503.62	53.5%
Fees and Other Charges	19,099.47	-	19,099.47	100.0%
Travel	1,600,124.59	1,259,939.38	340,185.21	27.0%
Materials and Supplies	4,164,648.10	4,025,356.39	139,291.71	3.5%
Utilities	2,173,405.98	1,879,362.57	294,043.41	15.6%
Communications	383,031.18	574,551.94	(191,520.76)	-33.3%
Repairs and Maintenance	887,580.21	82,149.34	805,430.87	980.4%
Rentals and Leases	775,089.06	524,927.12	250,161.94	47.7%
Printing and Reproduction	88,276.47	143,037.02	(54,760.55)	-38.3%
Royalty Payments	840.00	-	840.00	100.0%
Bad Debt Expense	1,898.85	-	1,898.85	100.0%
Insurance Costs/Premiums	175,011.93	-	175,011.93	100.0%
Scholarships and Fellowships	3,432,002.31	4,707,043.96	(1,275,041.65)	-27.1%
Depreciation and Amortization	11,641,862.61	11,637,500.00	4,362.61	-
Federal Sponsored Program Pass-Through to Other State Agencies	(45,152.53)	(32,102.71)	(13,049.82)	-40.7%
Other Operating Expenses	482,035.37	1,206,061.55	(724,026.18)	-60.0%
<b>Total Operating Expenses</b>	<b>71,007,543.36</b>	<b>66,074,309.66</b>	<b>4,933,233.70</b>	<b>7.5%</b>
<b>Operating Loss</b>	<b>(38,083,535.27)</b>	<b>(37,105,751.93)</b>	<b>(977,783.34)</b>	<b>-2.6%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	31,918,500.00	28,395,616.29	3,522,883.71	12.4%
Nonexchange Sponsored Programs	6,936,698.30	4,366,583.01	2,570,115.29	58.9%
Gift Contributions for Operations	2,066,786.94	2,246,454.13	(179,667.19)	-8.0%
Net Investment Income	1,807,335.99	2,959,683.11	(1,152,347.12)	-38.9%
Interest Expense on Capital Asset Financings	(6,241,071.40)	(4,518,068.90)	(1,723,002.50)	-38.1%
<b>Net Other Nonoperating Adjustments</b>	<b>36,488,249.83</b>	<b>33,450,267.64</b>	<b>3,037,982.19</b>	<b>9.1%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>(1,595,285.44)</b>	<b>(3,655,484.29)</b>	<b>2,060,198.85</b>	<b>56.4%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>-2.1%</b>	<b>-5.5%</b>		
Investment Gain (Losses)	2,182,382.11	(1,943,630.98)	4,126,013.09	212.3%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>587,096.67</b>	<b>(5,599,115.27)</b>	<b>6,186,211.94</b>	<b>110.5%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>0.8%</b>	<b>-8.6%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>10,046,577.17</b>	<b>7,982,015.71</b>	<b>2,064,561.46</b>	<b>25.9%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>13.3%</b>	<b>11.9%</b>		

## UNAUDITED

The University of Texas Rio Grande Valley  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2017

	June Year-to-Date FY 2017	June Year-to-Date FY 2016	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition and Fees	97,146,848.46	90,759,370.29	6,387,478.17	7.0%
Sponsored Programs	74,982,909.71	71,491,495.83	3,491,413.88	4.9%
Net Sales and Services of Educational Activities	6,010,201.94	4,467,469.85	1,542,732.09	34.5%
Net Professional Fees	(15,997.41)	409,100.28	(425,097.69)	-103.9%
Net Auxiliary Enterprises	8,546,045.45	8,646,767.91	(100,722.46)	-1.2%
Other Operating Revenues	24,724,802.83	10,853,151.12	13,871,651.71	127.8%
<b>Total Operating Revenues</b>	<b>211,394,810.98</b>	<b>186,627,355.28</b>	<b>24,767,455.70</b>	<b>13.3%</b>
<b>Operating Expenses</b>				
Salaries and Wages	181,014,441.29	167,752,763.88	13,261,677.41	7.9%
Payroll Related Costs	53,688,560.33	49,012,402.35	4,676,157.98	9.5%
Membership Dues	904,344.26	-	904,344.26	100.0%
Registration Fees/Meetings/Conferences	692,615.16	-	692,615.16	100.0%
Cost of Goods Sold	209,469.96	280,032.83	(70,562.87)	-25.2%
Professional Fees and Services	1,640,839.08	4,510,904.58	(2,870,065.50)	-63.6%
Other Contracted Services	16,756,521.41	8,409,612.45	8,346,908.96	99.3%
Fees and Other Charges	3,455,646.49	-	3,455,646.49	100.0%
Travel	6,753,736.57	5,625,235.96	1,128,500.61	20.1%
Materials and Supplies	16,097,459.14	13,543,824.90	2,553,634.24	18.9%
Utilities	6,483,571.56	6,475,305.02	8,266.54	0.1%
Communications	479,867.07	677,703.82	(197,836.75)	-29.2%
Repairs and Maintenance	4,854,011.50	4,157,204.24	696,807.26	16.8%
Rentals and Leases	4,250,894.46	4,114,202.59	136,691.87	3.3%
Printing and Reproduction	594,552.51	631,528.26	(36,975.75)	-5.9%
Royalty Payments	25,000.00	-	25,000.00	100.0%
Bad Debt Expense	78,374.88	4,700.38	73,674.50	1,567.4%
Insurance Costs/Premiums	778,644.89	-	778,644.89	100.0%
Scholarships and Fellowships	35,887,881.56	35,126,868.38	761,013.18	2.2%
Depreciation and Amortization	32,233,791.66	31,439,566.19	794,225.47	2.5%
Federal Sponsored Program Pass-Through to Other State Agencies	484,775.68	278,927.38	205,848.30	73.8%
Other Operating Expenses	4,599,157.92	8,300,486.47	(3,701,328.55)	-44.6%
<b>Total Operating Expenses</b>	<b>371,964,157.38</b>	<b>340,341,269.68</b>	<b>31,622,887.70</b>	<b>9.3%</b>
<b>Operating Loss</b>	<b>(160,569,346.40)</b>	<b>(153,713,914.40)</b>	<b>(6,855,432.00)</b>	<b>-4.5%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	132,081,802.50	125,581,504.17	6,500,298.33	5.2%
Nonexchange Sponsored Programs	34,828,529.77	35,887,955.49	(1,059,425.72)	-3.0%
Gift Contributions for Operations	4,968,736.53	4,562,768.10	405,968.43	8.9%
Net Investment Income	7,485,141.91	6,990,433.14	494,708.77	7.1%
Interest Expense on Capital Asset Financings	(7,507,334.54)	(5,264,869.80)	(2,242,464.74)	-42.6%
<b>Net Other Nonoperating Adjustments</b>	<b>171,856,876.17</b>	<b>167,757,791.10</b>	<b>4,099,085.07</b>	<b>2.4%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>11,287,529.77</b>	<b>14,043,876.70</b>	<b>(2,756,346.93)</b>	<b>-19.6%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>2.9%</b>	<b>3.9%</b>		
Investment Gain (Losses)	2,952,398.77	(1,215,513.66)	4,167,912.43	342.9%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>14,239,928.54</b>	<b>12,828,363.04</b>	<b>1,411,565.50</b>	<b>11.0%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>3.6%</b>	<b>3.6%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>43,521,321.43</b>	<b>45,483,442.89</b>	<b>(1,962,121.46)</b>	<b>-4.3%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>11.1%</b>	<b>12.6%</b>		

## UNAUDITED

The University of Texas at San Antonio  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2017

	June Year-to-Date FY 2017	June Year-to-Date FY 2016	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition and Fees	160,797,555.64	154,058,526.17	6,739,029.47	4.4%
Sponsored Programs	62,958,846.60	52,375,225.68	10,583,620.92	20.2%
Net Sales and Services of Educational Activities	11,058,494.41	11,820,005.80	(761,511.39)	-6.4%
Net Auxiliary Enterprises	37,268,316.59	35,522,553.72	1,745,762.87	4.9%
Other Operating Revenues	3,642,454.18	3,507,002.89	135,451.29	3.9%
<b>Total Operating Revenues</b>	<b>275,725,667.42</b>	<b>257,283,314.26</b>	<b>18,442,353.16</b>	<b>7.2%</b>
<b>Operating Expenses</b>				
Salaries and Wages	206,051,297.28	200,021,895.31	6,029,401.97	3.0%
Payroll Related Costs	56,664,106.75	54,230,915.81	2,433,190.94	4.5%
Membership Dues	1,201,784.32	-	1,201,784.32	100.0%
Registration Fees/Meetings/Conferences	996,551.30	-	996,551.30	100.0%
Cost of Goods Sold	391,776.98	81,531.14	310,245.84	380.5%
Professional Fees and Services	7,242,997.54	5,672,276.21	1,570,721.33	27.7%
Other Contracted Services	10,783,139.90	13,268,000.74	(2,484,860.84)	-18.7%
Fees and Other Charges	1,364,227.31	-	1,364,227.31	100.0%
Travel	10,200,978.49	8,938,849.78	1,262,128.71	14.1%
Materials and Supplies	21,360,677.47	23,986,550.69	(2,625,873.22)	-10.9%
Utilities	11,168,405.00	9,144,103.11	2,024,301.89	22.1%
Communications	3,026,361.39	3,189,693.77	(163,332.38)	-5.1%
Repairs and Maintenance	9,281,861.32	6,329,386.22	2,952,475.10	46.6%
Rentals and Leases	1,674,373.04	1,856,857.82	(182,484.78)	-9.8%
Printing and Reproduction	1,436,724.12	1,040,953.82	395,770.30	38.0%
Royalty Payments	4,166.67	-	4,166.67	100.0%
Bad Debt Expense	173,275.63	169,100.81	4,174.82	2.5%
Insurance Costs/Premiums	347,256.26	-	347,256.26	100.0%
Scholarships and Fellowships	42,960,651.79	36,873,226.67	6,087,425.12	16.5%
Depreciation and Amortization	40,082,605.20	39,816,722.17	265,883.03	0.7%
Federal Sponsored Program Pass-Through to Other State Agencies	1,108,959.02	1,326,532.49	(217,573.47)	-16.4%
Other Operating Expenses	10,364,370.93	14,103,547.73	(3,739,176.80)	-26.5%
<b>Total Operating Expenses</b>	<b>437,886,547.71</b>	<b>420,050,144.29</b>	<b>17,836,403.42</b>	<b>4.2%</b>
<b>Operating Loss</b>	<b>(162,160,880.29)</b>	<b>(162,766,830.03)</b>	<b>605,949.74</b>	<b>0.4%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	103,826,155.82	103,477,227.50	348,928.32	0.3%
Nonexchange Sponsored Programs	40,811,250.00	43,541,620.83	(2,730,370.83)	-6.3%
Gift Contributions for Operations	7,500,000.00	1,785,494.01	5,714,505.99	320.1%
Net Investment Income	11,358,293.77	14,352,051.08	(2,993,757.31)	-20.9%
Interest Expense on Capital Asset Financings	(14,374,754.30)	(12,605,963.50)	(1,768,790.80)	-14.0%
<b>Net Other Nonoperating Adjustments</b>	<b>149,120,945.29</b>	<b>150,550,429.92</b>	<b>(1,429,484.63)</b>	<b>-0.9%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>(13,039,935.00)</b>	<b>(12,216,400.11)</b>	<b>(823,534.89)</b>	<b>-6.7%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>-3.0%</b>	<b>-2.9%</b>		
Investment Gain (Losses)	27,423,798.49	(8,909,058.04)	36,332,856.53	407.8%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>14,383,863.49</b>	<b>(21,125,458.15)</b>	<b>35,509,321.64</b>	<b>168.1%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>3.1%</b>	<b>-5.1%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>27,042,670.20</b>	<b>27,600,322.06</b>	<b>(557,651.86)</b>	<b>-2.0%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>6.2%</b>	<b>6.6%</b>		

## UNAUDITED

The University of Texas at Tyler  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2017

	June Year-to-Date FY 2017	June Year-to-Date FY 2016	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition and Fees	40,658,968.34	34,173,183.33	6,485,785.01	19.0%
Sponsored Programs	11,527,070.86	11,220,650.68	306,420.18	2.7%
Net Sales and Services of Educational Activities	8,436,903.25	5,509,688.56	2,927,214.69	53.1%
Net Auxiliary Enterprises	8,086,780.00	7,063,480.00	1,023,300.00	14.5%
Other Operating Revenues	194,360.91	317,396.38	(123,035.47)	-38.8%
<b>Total Operating Revenues</b>	<b>68,904,083.36</b>	<b>58,284,398.95</b>	<b>10,619,684.41</b>	<b>18.2%</b>
<b>Operating Expenses</b>				
Salaries and Wages	57,842,607.27	55,191,315.86	2,651,291.41	4.8%
Payroll Related Costs	16,227,302.72	15,083,149.48	1,144,153.24	7.6%
Membership Dues	209,914.26	-	209,914.26	100.0%
Registration Fees/Meetings/Conferences	324,964.67	-	324,964.67	100.0%
Cost of Goods Sold	36,255.69	37,890.67	(1,634.98)	-4.3%
Professional Fees and Services	2,306,033.64	2,351,798.88	(45,765.24)	-1.9%
Other Contracted Services	5,177,432.26	5,370,200.93	(192,768.67)	-3.6%
Fees and Other Charges	151,203.04	-	151,203.04	100.0%
Travel	1,964,885.44	1,762,927.62	201,957.82	11.5%
Materials and Supplies	6,178,318.10	6,953,888.90	(775,570.80)	-11.2%
Utilities	1,667,362.77	2,013,744.49	(346,381.72)	-17.2%
Communications	570,535.52	879,593.67	(309,058.15)	-35.1%
Repairs and Maintenance	2,215,040.83	1,986,604.75	228,436.08	11.5%
Rentals and Leases	876,204.38	597,758.19	278,446.19	46.6%
Printing and Reproduction	811,173.78	1,063,683.15	(252,509.37)	-23.7%
Royalty Payments	6,482.68	-	6,482.68	100.0%
Insurance Costs/Premiums	93,436.98	-	93,436.98	100.0%
Scholarships and Fellowships	6,317,846.50	2,284,200.17	4,033,646.33	176.6%
Depreciation and Amortization	12,207,840.00	12,088,118.94	119,721.06	1.0%
Other Operating Expenses	2,072,385.14	2,989,061.22	(916,676.08)	-30.7%
<b>Total Operating Expenses</b>	<b>117,257,225.67</b>	<b>110,653,936.92</b>	<b>6,603,288.75</b>	<b>6.0%</b>
<b>Operating Loss</b>	<b>(48,353,142.31)</b>	<b>(52,369,537.97)</b>	<b>4,016,395.66</b>	<b>7.7%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	37,281,570.00	33,308,700.00	3,972,870.00	11.9%
Nonexchange Sponsored Programs	9,209,750.00	8,169,320.00	1,040,430.00	12.7%
Gift Contributions for Operations	855,681.33	1,596,733.43	(741,052.10)	-46.4%
Net Investment Income	4,092,548.02	3,918,531.61	174,016.41	4.4%
Interest Expense on Capital Asset Financings	(5,113,020.40)	(2,728,888.40)	(2,384,132.00)	-87.4%
<b>Net Other Nonoperating Adjustments</b>	<b>46,326,528.95</b>	<b>44,264,396.64</b>	<b>2,062,132.31</b>	<b>4.7%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>(2,026,613.36)</b>	<b>(8,105,141.33)</b>	<b>6,078,527.97</b>	<b>75.0%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>-1.7%</b>	<b>-7.7%</b>		
Investment Gain (Losses)	5,038,058.13	(3,201,541.84)	8,239,599.97	257.4%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>3,011,444.77</b>	<b>(11,306,683.17)</b>	<b>14,318,127.94</b>	<b>126.6%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>2.4%</b>	<b>-11.1%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>10,181,226.64</b>	<b>3,982,977.61</b>	<b>6,198,249.03</b>	<b>155.6%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>8.5%</b>	<b>3.8%</b>		

## UNAUDITED

The University of Texas Southwestern Medical Center  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2017

	June Year-to-Date FY 2017	June Year-to-Date FY 2016	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition and Fees	19,664,743.00	18,939,429.33	725,313.67	3.8%
Sponsored Programs	475,176,926.36	476,495,567.42	(1,318,641.06)	-0.3%
Net Sales and Services of Educational Activities	10,779,239.93	11,070,814.69	(291,574.76)	-2.6%
Net Sales and Services of Hospitals	944,979,047.92	888,843,435.88	56,135,612.04	6.3%
Net Professional Fees	521,399,186.28	459,344,660.48	62,054,525.80	13.5%
Net Auxiliary Enterprises	22,324,086.02	22,785,417.15	(461,331.13)	-2.0%
Other Operating Revenues	98,769,526.19	93,095,228.87	5,674,297.32	6.1%
<b>Total Operating Revenues</b>	<b>2,093,092,755.70</b>	<b>1,970,574,553.82</b>	<b>122,518,201.88</b>	<b>6.2%</b>
<b>Operating Expenses</b>				
Salaries and Wages	1,156,938,946.45	1,074,227,747.15	82,711,199.30	7.7%
Payroll Related Costs	300,909,520.38	275,659,477.58	25,250,042.80	9.2%
Membership Dues	2,795,710.68	-	2,795,710.68	100.0%
Registration Fees/Meetings/Conferences	5,564,169.77	-	5,564,169.77	100.0%
Cost of Goods Sold	5,166,146.23	5,142,491.00	23,655.23	0.5%
Professional Fees and Services	55,766,884.99	71,878,582.21	(16,111,697.22)	-22.4%
Other Contracted Services	107,641,410.26	93,732,436.10	13,908,974.16	14.8%
Fees and Other Charges	3,333,241.32	-	3,333,241.32	100.0%
Travel	11,602,049.82	10,803,627.02	798,422.80	7.4%
Materials and Supplies	367,367,917.79	325,488,588.80	41,879,328.99	12.9%
Utilities	19,177,795.76	17,276,667.41	1,901,128.35	11.0%
Communications	10,074,297.80	9,455,057.99	619,239.81	6.5%
Repairs and Maintenance	16,335,007.69	12,822,926.52	3,512,081.17	27.4%
Rentals and Leases	8,036,412.30	7,192,924.74	843,487.56	11.7%
Printing and Reproduction	2,299,227.43	2,204,459.90	94,767.53	4.3%
Royalty Payments	2,170,241.80	-	2,170,241.80	100.0%
Insurance Costs/Premiums	2,281,993.10	-	2,281,993.10	100.0%
Scholarships and Fellowships	1,542,025.19	1,137,966.87	404,058.32	35.5%
Depreciation and Amortization	136,799,553.45	132,028,859.15	4,770,694.30	3.6%
Federal Sponsored Program Pass-Through to Other State Agencies	1,681,910.01	2,019,640.05	(337,730.04)	-16.7%
Other Operating Expenses	25,897,573.00	54,167,112.77	(28,269,539.77)	-52.2%
<b>Total Operating Expenses</b>	<b>2,243,382,035.22</b>	<b>2,095,238,565.26</b>	<b>148,143,469.96</b>	<b>7.1%</b>
<b>Operating Loss</b>	<b>(150,289,279.52)</b>	<b>(124,664,011.44)</b>	<b>(25,625,268.08)</b>	<b>-20.6%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	158,215,549.55	154,791,500.00	3,424,049.55	2.2%
Gift Contributions for Operations	33,743,923.47	68,855,096.02	(35,111,172.55)	-51.0%
Net Investment Income	100,959,644.80	82,364,283.78	18,595,361.02	22.6%
Interest Expense on Capital Asset Financings	(28,267,008.30)	(25,461,679.60)	(2,805,328.70)	-11.0%
<b>Net Other Nonoperating Adjustments</b>	<b>264,652,109.52</b>	<b>280,549,200.20</b>	<b>(15,897,090.68)</b>	<b>-5.7%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>114,362,830.00</b>	<b>155,885,188.76</b>	<b>(41,522,358.76)</b>	<b>-26.6%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>4.8%</b>	<b>6.8%</b>		
Investment Gain (Losses)	80,495,458.67	(66,665,006.18)	147,160,464.85	220.7%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>194,858,288.67</b>	<b>89,220,182.58</b>	<b>105,638,106.09</b>	<b>118.4%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>7.9%</b>	<b>4.0%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>251,162,383.45</b>	<b>287,914,047.91</b>	<b>(36,751,664.46)</b>	<b>-12.8%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>10.5%</b>	<b>12.6%</b>		

## UNAUDITED

The University of Texas Medical Branch at Galveston  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2017

	June Year-to-Date FY 2017	June Year-to-Date FY 2016	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition and Fees	32,120,205.95	29,888,600.17	2,231,605.78	7.5%
Sponsored Programs	163,831,348.91	163,048,036.06	783,312.85	0.5%
Net Sales and Services of Educational Activities	15,879,101.52	14,796,546.94	1,082,554.58	7.3%
Net Sales and Services of Hospitals	938,132,476.30	846,275,230.95	91,857,245.35	10.9%
Net Professional Fees	164,392,423.52	147,635,896.39	16,756,527.13	11.3%
Net Auxiliary Enterprises	9,586,841.80	8,336,154.34	1,250,687.46	15.0%
Other Operating Revenues	42,279,270.51	45,523,298.97	(3,244,028.46)	-7.1%
<b>Total Operating Revenues</b>	<b>1,366,221,668.51</b>	<b>1,255,503,763.82</b>	<b>110,717,904.69</b>	<b>8.8%</b>
<b>Operating Expenses</b>				
Salaries and Wages	856,605,793.72	804,325,076.65	52,280,717.07	6.5%
Payroll Related Costs	235,622,710.86	219,119,864.40	16,502,846.46	7.5%
Membership Dues	1,841,524.82	-	1,841,524.82	100.0%
Registration Fees/Meetings/Conferences	2,590,261.49	-	2,590,261.49	100.0%
Cost of Goods Sold	83,108,925.23	74,616,384.09	8,492,541.14	11.4%
Professional Fees and Services	33,107,327.98	32,835,848.13	271,479.85	0.8%
Other Contracted Services	97,559,961.73	98,447,434.57	(887,472.84)	-0.9%
Fees and Other Charges	1,354,476.18	-	1,354,476.18	100.0%
Travel	6,595,087.64	6,371,859.24	223,228.40	3.5%
Materials and Supplies	132,392,381.66	131,376,305.99	1,016,075.67	0.8%
Utilities	28,479,448.93	29,627,638.30	(1,148,189.37)	-3.9%
Communications	8,556,751.33	8,190,690.61	366,060.72	4.5%
Repairs and Maintenance	37,222,253.51	38,203,321.52	(981,068.01)	-2.6%
Rentals and Leases	21,896,722.81	21,287,397.48	609,325.33	2.9%
Printing and Reproduction	1,278,769.94	1,370,360.39	(91,590.45)	-6.7%
Royalty Payments	2,413,305.97	-	2,413,305.97	100.0%
Insurance Costs/Premiums	8,706,660.62	-	8,706,660.62	100.0%
Scholarships and Fellowships	5,948,774.83	5,899,946.15	48,828.68	0.8%
Depreciation and Amortization	122,762,515.68	103,407,420.99	19,355,094.69	18.7%
Federal Sponsored Program Pass-Through to Other State Agencies	737,293.79	729,722.16	7,571.63	1.0%
Other Operating Expenses	14,057,148.81	27,683,707.34	(13,626,558.53)	-49.2%
<b>Total Operating Expenses</b>	<b>1,702,838,097.53</b>	<b>1,603,492,978.01</b>	<b>99,345,119.52</b>	<b>6.2%</b>
<b>Operating Loss</b>	<b>(336,616,429.02)</b>	<b>(347,989,214.19)</b>	<b>11,372,785.17</b>	<b>3.3%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	312,333,563.97	302,963,788.55	9,369,775.42	3.1%
Nonexchange Sponsored Programs	755,198.00	918,121.40	(162,923.40)	-17.7%
Gift Contributions for Operations	6,420,422.14	8,193,663.35	(1,773,241.21)	-21.6%
Net Investment Income	39,486,025.82	39,195,793.38	290,232.44	0.7%
Interest Expense on Capital Asset Financings	(19,421,369.75)	(10,875,374.02)	(8,545,995.73)	-78.6%
<b>Net Other Nonoperating Adjustments</b>	<b>339,573,840.18</b>	<b>340,395,992.66</b>	<b>(822,152.48)</b>	<b>-0.2%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>2,957,411.16</b>	<b>(7,593,221.53)</b>	<b>10,550,632.69</b>	<b>138.9%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>0.2%</b>	<b>-0.5%</b>		
Investment Gain (Losses)	37,092,206.20	(26,342,239.08)	63,434,445.28	240.8%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>40,049,617.36</b>	<b>(33,935,460.61)</b>	<b>73,985,077.97</b>	<b>218.0%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>2.3%</b>	<b>-2.1%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>125,719,926.84</b>	<b>95,814,199.46</b>	<b>29,905,727.38</b>	<b>31.2%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>7.3%</b>	<b>6.0%</b>		

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, 2017

	June Year-to-Date FY 2017	June Year-to-Date FY 2016	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition and Fees	45,689,702.90	42,846,774.56	2,842,928.34	6.6%
Sponsored Programs	599,417,148.89	591,321,052.83	8,096,096.06	1.4%
Net Sales and Services of Educational Activities	32,789,566.79	32,025,552.06	764,014.73	2.4%
Net Sales and Services of Hospitals	57,783,335.29	62,171,034.01	(4,387,698.72)	-7.1%
Net Professional Fees	289,625,006.46	276,113,641.23	13,511,365.23	4.9%
Net Auxiliary Enterprises	24,400,236.89	23,898,200.10	502,036.79	2.1%
Other Operating Revenues	34,842,531.46	52,034,482.12	(17,191,950.66)	-33.0%
<b>Total Operating Revenues</b>	<b>1,084,547,528.68</b>	<b>1,080,410,736.91</b>	<b>4,136,791.77</b>	<b>0.4%</b>
<b>Operating Expenses</b>				
Salaries and Wages	766,114,062.24	695,952,913.11	70,161,149.13	10.1%
Payroll Related Costs	173,938,924.80	161,483,021.23	12,455,903.57	7.7%
Membership Dues	1,755,899.65	-	1,755,899.65	100.0%
Registration Fees/Meetings/Conferences	2,737,701.86	-	2,737,701.86	100.0%
Cost of Goods Sold	17,437,180.32	19,305,693.26	(1,868,512.94)	-9.7%
Professional Fees and Services	52,151,284.99	57,620,112.67	(5,468,827.68)	-9.5%
Other Contracted Services	63,597,614.94	65,014,968.58	(1,417,353.64)	-2.2%
Fees and Other Charges	10,987,827.63	-	10,987,827.63	100.0%
Travel	9,308,311.45	9,086,645.65	221,665.80	2.4%
Materials and Supplies	49,922,683.62	51,445,391.32	(1,522,707.70)	-3.0%
Utilities	13,729,070.61	13,596,223.66	132,846.95	1.0%
Communications	5,482,212.86	4,813,081.45	669,131.41	13.9%
Repairs and Maintenance	12,699,772.03	10,311,344.01	2,388,428.02	23.2%
Rentals and Leases	29,751,401.87	27,679,902.33	2,071,499.54	7.5%
Printing and Reproduction	5,436,945.62	5,446,233.71	(9,288.09)	-0.2%
Royalty Payments	1,728,375.11	-	1,728,375.11	100.0%
Insurance Costs/Premiums	9,455,839.64	-	9,455,839.64	100.0%
Scholarships and Fellowships	4,001,767.60	4,190,304.11	(188,536.51)	-4.5%
Depreciation and Amortization	51,282,000.73	51,413,870.97	(131,870.24)	-0.3%
Federal Sponsored Program Pass-Through to Other State Agencies	5,191,401.91	5,060,516.05	130,885.86	2.6%
Other Operating Expenses	13,033,767.50	35,705,591.90	(22,671,824.40)	-63.5%
<b>Total Operating Expenses</b>	<b>1,299,744,046.98</b>	<b>1,218,125,814.01</b>	<b>81,618,232.97</b>	<b>6.7%</b>
<b>Operating Loss</b>	<b>(215,196,518.30)</b>	<b>(137,715,077.10)</b>	<b>(77,481,441.20)</b>	<b>-56.3%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	180,356,169.52	171,967,947.26	8,388,222.26	4.9%
Nonexchange Sponsored Programs	304,702.29	339,112.00	(34,409.71)	-10.1%
Gift Contributions for Operations	16,016,830.39	16,777,826.42	(760,996.03)	-4.5%
Net Investment Income	31,878,869.38	30,030,588.74	1,848,280.64	6.2%
Interest Expense on Capital Asset Financings	(10,249,815.70)	(9,074,528.10)	(1,175,287.60)	-13.0%
<b>Net Other Nonoperating Adjustments</b>	<b>218,306,755.88</b>	<b>210,040,946.32</b>	<b>8,265,809.56</b>	<b>3.9%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>3,110,237.58</b>	<b>72,325,869.22</b>	<b>(69,215,631.64)</b>	<b>-95.7%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>0.2%</b>	<b>5.6%</b>		
Investment Gain (Losses)	35,371,869.79	(19,286,835.74)	54,658,705.53	283.4%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>38,482,107.37</b>	<b>53,039,033.48</b>	<b>(14,556,926.11)</b>	<b>-27.4%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>2.9%</b>	<b>4.1%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>54,392,238.31</b>	<b>123,739,740.19</b>	<b>(69,347,501.88)</b>	<b>-56.0%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>4.1%</b>	<b>9.5%</b>		

## 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, 2017

	June Year-to-Date FY 2017	June Year-to-Date FY 2016	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition and Fees	33,936,648.33	32,097,314.17	1,839,334.16	5.7%
Sponsored Programs	250,490,397.06	246,775,649.00	3,714,748.06	1.5%
Net Sales and Services of Educational Activities	15,989,281.52	14,965,458.18	1,023,823.34	6.8%
Net Professional Fees	159,062,892.85	156,031,278.71	3,031,614.14	1.9%
Net Auxiliary Enterprises	5,123,944.05	5,004,593.17	119,350.88	2.4%
Other Operating Revenues	25,902,816.44	28,601,093.55	(2,698,277.11)	-9.4%
<b>Total Operating Revenues</b>	<b>490,505,980.25</b>	<b>483,475,386.78</b>	<b>7,030,593.47</b>	<b>1.5%</b>
<b>Operating Expenses</b>				
Salaries and Wages	366,458,186.68	348,090,199.76	18,367,986.92	5.3%
Payroll Related Costs	103,285,794.01	98,757,229.58	4,528,564.43	4.6%
Membership Dues	2,838,595.64	-	2,838,595.64	100.0%
Registration Fees/Meetings/Conferences	5,164,717.94	-	5,164,717.94	100.0%
Professional Fees and Services	19,408,971.94	17,457,476.70	1,951,495.24	11.2%
Other Contracted Services	22,058,621.20	24,909,408.48	(2,850,787.28)	-11.4%
Fees and Other Charges	1,688,336.93	-	1,688,336.93	100.0%
Travel	4,498,149.36	4,193,686.64	304,462.72	7.3%
Materials and Supplies	46,677,171.26	39,374,793.98	7,302,377.28	18.5%
Utilities	15,480,575.00	15,497,140.00	(16,565.00)	-0.1%
Communications	4,948,489.79	9,849,068.79	(4,900,579.00)	-49.8%
Repairs and Maintenance	6,658,994.63	4,552,661.65	2,106,332.98	46.3%
Rentals and Leases	3,698,313.49	5,396,666.68	(1,698,353.19)	-31.5%
Printing and Reproduction	2,052,312.55	1,571,023.26	481,289.29	30.6%
Royalty Payments	136,937.53	-	136,937.53	100.0%
Insurance Costs/Premiums	1,603,939.51	-	1,603,939.51	100.0%
Scholarships and Fellowships	6,584,533.45	5,759,616.56	824,916.89	14.3%
Depreciation and Amortization	43,333,333.33	44,166,666.67	(833,333.34)	-1.9%
Federal Sponsored Program Pass-Through to Other State Agencies	1,458,333.33	1,291,666.67	166,666.66	12.9%
Other Operating Expenses	22,672,182.99	31,148,610.02	(8,476,427.03)	-27.2%
<b>Total Operating Expenses</b>	<b>680,706,490.56</b>	<b>652,015,915.44</b>	<b>28,690,575.12</b>	<b>4.4%</b>
<b>Operating Loss</b>	<b>(190,200,510.31)</b>	<b>(168,540,528.66)</b>	<b>(21,659,981.65)</b>	<b>-12.9%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	144,663,970.00	140,515,948.33	4,148,021.67	3.0%
Nonexchange Sponsored Programs	1,041,666.67	1,083,333.33	(41,666.66)	-3.8%
Gift Contributions for Operations	22,101,011.67	11,924,582.56	10,176,429.11	85.3%
Net Investment Income	32,641,688.02	31,054,939.99	1,586,748.03	5.1%
Interest Expense on Capital Asset Financings	(8,347,192.80)	(6,793,962.40)	(1,553,230.40)	-22.9%
<b>Net Other Nonoperating Adjustments</b>	<b>192,101,143.56</b>	<b>177,784,841.81</b>	<b>14,316,301.75</b>	<b>8.1%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>1,900,633.25</b>	<b>9,244,313.15</b>	<b>(7,343,679.90)</b>	<b>-79.4%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>0.3%</b>	<b>1.4%</b>		
Investment Gain (Losses)	37,299,204.28	(24,553,170.65)	61,852,374.93	251.9%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>39,199,837.53</b>	<b>(15,308,857.50)</b>	<b>54,508,695.03</b>	<b>356.1%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>5.4%</b>	<b>-2.4%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>45,233,966.58</b>	<b>53,410,979.82</b>	<b>(8,177,013.24)</b>	<b>-15.3%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>6.5%</b>	<b>8.0%</b>		



## 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, 2017

	June Year-to-Date FY 2017	June Year-to-Date FY 2016	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition and Fees	1,938,737.63	1,615,567.82	323,169.81	20.0%
Sponsored Programs	295,257,977.50	262,859,249.99	32,398,727.51	12.3%
Net Sales and Services of Educational Activities	1,751,032.55	1,664,901.67	86,130.88	5.2%
Net Sales and Services of Hospitals	2,812,363,439.01	2,625,831,796.30	186,531,642.71	7.1%
Net Professional Fees	348,222,558.17	331,715,148.76	16,507,409.41	5.0%
Net Auxiliary Enterprises	37,182,519.52	34,984,092.24	2,198,427.28	6.3%
Other Operating Revenues	83,609,312.44	85,377,055.53	(1,767,743.09)	-2.1%
<b>Total Operating Revenues</b>	<b>3,580,325,576.82</b>	<b>3,344,047,812.31</b>	<b>236,277,764.51</b>	<b>7.1%</b>
<b>Operating Expenses</b>				
Salaries and Wages	1,581,662,866.18	1,587,441,886.02	(5,779,019.84)	-0.4%
Payroll Related Costs	485,742,803.60	461,258,045.23	24,484,758.37	5.3%
Membership Dues	5,245,021.04	-	5,245,021.04	100.0%
Registration Fees/Meetings/Conferences	3,003,866.08	-	3,003,866.08	100.0%
Cost of Goods Sold	1,896,202.92	1,834,391.87	61,811.05	3.4%
Professional Fees and Services	161,978,899.21	176,042,878.47	(14,063,979.26)	-8.0%
Other Contracted Services	98,562,010.89	133,606,881.83	(35,044,870.94)	-26.2%
Fees and Other Charges	13,864,861.54	-	13,864,861.54	100.0%
Travel	14,939,000.43	16,247,380.66	(1,308,380.23)	-8.1%
Materials and Supplies	711,955,013.97	673,988,149.27	37,966,864.70	5.6%
Utilities	38,842,689.83	37,696,365.30	1,146,324.53	3.0%
Communications	10,079,733.50	9,382,374.59	697,358.91	7.4%
Repairs and Maintenance	85,158,443.87	89,728,835.93	(4,570,392.06)	-5.1%
Rentals and Leases	37,979,221.54	36,906,224.97	1,072,996.57	2.9%
Printing and Reproduction	4,904,465.87	4,050,816.89	853,648.98	21.1%
Royalty Payments	772,880.99	-	772,880.99	100.0%
Insurance Costs/Premiums	7,195,406.34	-	7,195,406.34	100.0%
Scholarships and Fellowships	2,285,563.50	2,649,366.88	(363,803.38)	-13.7%
Depreciation and Amortization	311,119,912.10	302,412,644.22	8,707,267.88	2.9%
Federal Sponsored Program Pass-Through to Other State Agencies	353,678.76	517,233.01	(163,554.25)	-31.6%
State Sponsored Program Pass-Through to Other State Agencies	1,718,904.00	615,585.77	1,103,318.23	179.2%
Other Operating Expenses	7,747,651.16	28,361,995.58	(20,614,344.42)	-72.7%
<b>Total Operating Expenses</b>	<b>3,587,009,097.32</b>	<b>3,562,741,056.49</b>	<b>24,268,040.83</b>	<b>0.7%</b>
<b>Operating Loss</b>	<b>(6,683,520.50)</b>	<b>(218,693,244.18)</b>	<b>212,009,723.68</b>	<b>96.9%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	173,227,753.93	167,865,027.50	5,362,726.43	3.2%
Nonexchange Sponsored Programs	1,211,499.88	1,781,706.88	(570,207.00)	-32.0%
Gift Contributions for Operations	107,734,778.52	115,883,087.28	(8,148,308.76)	-7.0%
Net Investment Income	110,483,649.45	83,305,790.95	27,177,858.50	32.6%
Interest Expense on Capital Asset Financings	(29,585,708.60)	(28,313,578.30)	(1,272,130.30)	-4.5%
<b>Net Other Nonoperating Adjustments</b>	<b>363,071,973.18</b>	<b>340,522,034.31</b>	<b>22,549,938.87</b>	<b>6.6%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>356,388,452.68</b>	<b>121,828,790.13</b>	<b>234,559,662.55</b>	<b>192.5%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>9.0%</b>	<b>3.3%</b>		
Investment Gain (Losses)	153,403,016.76	(58,163,682.01)	211,566,698.77	363.7%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>509,791,469.44</b>	<b>63,665,108.12</b>	<b>446,126,361.32</b>	<b>700.7%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>12.4%</b>	<b>1.7%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>667,508,364.78</b>	<b>424,241,434.35</b>	<b>243,266,930.43</b>	<b>57.3%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>16.8%</b>	<b>11.4%</b>		

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, 2017

	June Year-to-Date FY 2017	June Year-to-Date FY 2016	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition and Fees	139,256.04	102,617.89	36,638.15	35.7%
Sponsored Programs	28,734,482.47	22,384,397.01	6,350,085.46	28.4%
Net Sales and Services of Educational Activities	1,985,587.29	1,735,206.35	250,380.94	14.4%
Net Sales and Services of Hospitals	49,711,969.39	47,598,617.35	2,113,352.04	4.4%
Net Professional Fees	15,214,230.59	13,529,232.39	1,684,998.20	12.5%
Net Auxiliary Enterprises	169,064.51	187,466.95	(18,402.44)	-9.8%
Other Operating Revenues	15,486,044.17	21,663,757.31	(6,177,713.14)	-28.5%
<b>Total Operating Revenues</b>	<b>111,440,634.46</b>	<b>107,201,295.25</b>	<b>4,239,339.21</b>	<b>4.0%</b>
<b>Operating Expenses</b>				
Salaries and Wages	82,875,276.60	77,977,477.75	4,897,798.85	6.3%
Payroll Related Costs	26,335,649.72	23,793,766.43	2,541,883.29	10.7%
Membership Dues	238,233.11	-	238,233.11	100.0%
Registration Fees/Meetings/Conferences	293,343.41	-	293,343.41	100.0%
Cost of Goods Sold	92,710.43	106,236.90	(13,526.47)	-12.7%
Professional Fees and Services	10,691,202.01	9,704,771.94	986,430.07	10.2%
Other Contracted Services	8,188,869.79	10,244,737.72	(2,055,867.93)	-20.1%
Fees and Other Charges	766,686.44	-	766,686.44	100.0%
Travel	700,732.84	600,123.21	100,609.63	16.8%
Materials and Supplies	20,491,258.85	19,242,099.63	1,249,159.22	6.5%
Utilities	1,891,095.99	1,590,622.05	300,473.94	18.9%
Communications	893,988.75	941,516.63	(47,527.88)	-5.0%
Repairs and Maintenance	5,028,214.70	4,848,164.24	180,050.46	3.7%
Rentals and Leases	1,427,247.19	1,060,957.13	366,290.06	34.5%
Printing and Reproduction	74,896.51	55,677.90	19,218.61	34.5%
Insurance Costs/Premiums	168,327.24	-	168,327.24	100.0%
Scholarships and Fellowships	78,550.56	111,934.50	(33,383.94)	-29.8%
Depreciation and Amortization	10,004,547.56	9,030,704.46	973,843.10	10.8%
Federal Sponsored Program Pass-Through to Other State Agencies	549,588.16	166,676.59	382,911.57	229.7%
Other Operating Expenses	2,536,978.98	2,865,283.16	(328,304.18)	-11.5%
<b>Total Operating Expenses</b>	<b>173,327,398.84</b>	<b>162,340,750.24</b>	<b>10,986,648.60</b>	<b>6.8%</b>
<b>Operating Loss</b>	<b>(61,886,764.38)</b>	<b>(55,139,454.99)</b>	<b>(6,747,309.39)</b>	<b>-12.2%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	46,006,538.47	44,926,288.27	1,080,250.20	2.4%
Gift Contributions for Operations	367,337.83	428,321.57	(60,983.74)	-14.2%
Net Investment Income	3,497,973.52	3,410,705.50	87,268.02	2.6%
Interest Expense on Capital Asset Financings	(1,472,614.70)	(1,103,078.10)	(369,536.60)	-33.5%
<b>Net Other Nonoperating Adjustments</b>	<b>48,399,235.12</b>	<b>47,662,237.24</b>	<b>736,997.88</b>	<b>1.5%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>(13,487,529.26)</b>	<b>(7,477,217.75)</b>	<b>(6,010,311.51)</b>	<b>-80.4%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>-8.4%</b>	<b>-4.8%</b>		
Investment Gain (Losses)	2,856,570.99	(1,998,848.24)	4,855,419.23	242.9%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>(10,630,958.27)</b>	<b>(9,476,065.99)</b>	<b>(1,154,892.28)</b>	<b>-12.2%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>-6.5%</b>	<b>-6.2%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>(3,482,981.70)</b>	<b>1,553,486.71</b>	<b>(5,036,468.41)</b>	<b>-324.2%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>-2.2%</b>	<b>1.0%</b>		

3. **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 Deputy Chancellor and 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 25, 2016, the Board approved bond enhancement agreement resolutions for FY 2017. 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 2018 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 24, 2017

**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 (except to the extent provided for in Section 2(h) hereof) 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, 2017.

(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.

(h) Deutsche Bank Credit Rating. Notwithstanding anything else in this Resolution or the System's Interest Rate Swap Policy to the contrary, an Authorized Representative is authorized specifically to execute a Bond Enhancement Agreement described in Section 4(a)(4) with Deutsche Bank AG, New York Branch ("Deutsche Bank"), provided that if Deutsche Bank does not have a long term rating of at least A/A2, any new Bond Enhancement Agreements executed with Deutsche Bank AG shall require Deutsche Bank to post collateral for the benefit of the Board at a zero threshold as security for Deutsche Bank's obligations under such Bond Enhancement Agreement. The Board hereby finds that entering into a Bond Enhancement Agreement contemplated by this subsection would constitute a beneficial transaction for the System and would be in the best interest of the Board, and upon the execution of such a Bond Enhancement Agreement, the Board hereby deems the System's Interest Rate Swap Policy to be amended to permit such a Bond Enhancement Agreement. Additionally, the Board's current Bond Enhancement Agreements with Deutsche Bank executed pursuant to the Board's resolution dated January 11, 2017 are hereby found to be within the System's Interest Rate Swap Policy as amended in accordance with Section 2(h) of such resolution.

**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) Basis swap transactions that are a combination of authority granted under subsections (1) and (2) above under which the Board would pay a variable rate of interest computed on one basis, such as LIBOR, and the counterparty would pay a fixed rate of interest ("Fixed Rate #1"), combined with a swap under which the Board would receive the same variable rate of interest, and the counterparty would receive a fixed rate of interest different than Fixed Rate #1, with respect to a given principal amount of Parity Debt then outstanding or Parity Debt anticipated to be issued in the future. 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, or (ii) lowering the anticipated net interest cost on the related Parity Debt.

(5) 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 or refinanced by such anticipated issuance of debt and the amount of such debt to be issued or the Board's other approval of such projects for financing 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.

*[Remainder of page intentionally left blank]*

**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 24, 2017

**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**, 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, 2018.

(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) Basis swap transactions that are a combination of authority granted under subsections (1) and (2) above under which the Board would pay a variable rate of interest computed on one basis, such as LIBOR, and the counterparty would pay a fixed rate of interest (“Fixed Rate #1”), combined with a swap under which the Board would receive the same variable rate of interest, and the counterparty would receive a fixed rate of interest different than Fixed Rate #1, with respect to a given principal amount of PUF Debt then outstanding or PUF Debt anticipated to be issued in the future. 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, or (ii) lower the anticipated net interest cost on the related PUF Debt.

(5) 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 PUF 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;

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

(xi) ISDA Master Agreement with Citibank, N.A., dated as of May 15, 2017.

“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]

**4. 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 Deputy Chancellor and 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 25, 2016, the Board of Regents adopted a resolution authorizing the issuance of PUF Bonds in an amount not to exceed \$600 million for Fiscal Year 2017. Adoption of this Resolution would provide a similar authorized amount and purposes for Fiscal Year 2018.

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 U. T. 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 would also authorize the issuance of bonds to provide new money to fund the capital costs of eligible projects.

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

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

Note: The proposed Resolution is available online at <https://www.utsystem.edu/board-of-regents/meetings/board-meeting-2017-08-23>.

**5. 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 Deputy Chancellor and 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 \$975 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 25, 2016, the Board of Regents adopted the 31st Supplemental Resolution authorizing the issuance of additional RFS Bonds in an amount not to exceed \$975 million. This authority was utilized to issue \$250,000,000 of Revenue Financing System Bonds, Taxable Series 2016G on September 15, 2016; \$233,350,000 of Revenue Financing System Refunding Bonds, Series 2016H on November 17, 2016; \$184,725,000 of Revenue Financing System Refunding Bonds, Series 2016I on November 30, 2016; and \$306,925,000 of Revenue Financing System Bonds, Series 2016J on January 4, 2017. Adoption of this 32nd Supplemental Resolution would provide additional capacity to finance additional projects under the same provisions 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 would also authorize 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 <https://www.utsystem.edu/board-of-regents/meetings/board-meeting-2017-08-23>.

**6. U. T. System Board of Regents: Equipment financing authorization for Fiscal Year 2018 and resolution regarding parity debt**

RECOMMENDATION

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

- a. approve an aggregate amount of \$201,950,000 of Revenue Financing System Equipment Financing for FY 2018 as allocated to those U. T. System institutions listed on [Page 153](#); 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 \$201,950,000 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 \$201,950,000 for equipment financing for Fiscal Year 2018. On August 25, 2016, the U. T. System Board of Regents approved a total of \$249,293,000 of equipment financing for Fiscal Year 2017. Through August 1, 2017, \$64,087,000 of equipment financing has been utilized for Fiscal Year 2017.

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 2018

<b>Institution</b>	<b>\$ Amount of Request</b>	<b>Description of Expected Capital Equipment</b>	<b>DSC*</b>
U. T. Arlington	\$2,000,000	Telephone system upgrade; campus network and wireless upgrade	4.4x
U. T. Dallas	12,000,000	General purpose equipment supporting instruction, research, and business operations	2.5x
U. T. El Paso	750,000	Patrol vehicle purchases; campus network infrastructure upgrades	1.3x
U. T. San Antonio	500,000	Science and Engineering equipment; equipment for athletics and life safety renovations	1.2x
U. T. Southwestern Medical Center	30,000,000	Information resources projects; clinical and hospital equipment	4.5x
U. T. Medical Branch - Galveston	30,000,000	Clinical, IT infrastructure, research related, and facility related equipment	2.4x
U. T. Health Science Center - Houston	5,000,000	Research and clinic/laboratory equipment	5.0x
U. T. Health Science Center - San Antonio	35,000,000	Core research, clinical and/or infrastructure equipment	4.0x
U. T. M. D. Anderson Cancer Center	70,000,000	Medical, diagnostic, and research equipment, IT systems	6.3x
U. T. Health Science Center - Tyler	16,700,000	Clinical/Laboratory and IT equipment	2.6x
<b>Total</b>	<b>\$201,950,000</b>		

\* Debt Service Coverage ("DSC") ratios based on FY2016 Analysis of Financial Condition (Feb 2017).

U. T. System Office of Finance, July 18, 2017

7. **U. T. System Board of Regents: The University of Texas/Texas A&M Investment Management Company (UTIMCO) Update and Investment Reports for the quarter ended May 31, 2017**

INTRODUCTION

Mr. Thomas Britton "Britt" Harris IV, President, Chief Executive Officer and Chief Investment Officer, and Mr. Mark Warner, Senior Managing Director, will present an update on The University of Texas/Texas A&M Investment Management Company (UTIMCO) using the PowerPoint presentation set forth on the following pages.

The Investment Reports for the quarter ended May 31, 2017, are set forth on [Pages 166 - 169](#).

REPORT

Item I on [Page 166](#) reports activity for the Permanent University Fund (PUF) investments. The fiscal year to date PUF net investment return was 8.80% versus its composite benchmark return of 6.69%. The PUF's net asset value increased by \$317 million during the quarter to \$19,544 million. The increase was due to \$168 million PUF Lands receipts, plus a net investment return of \$569 million. Distributions for \$420 million was made to the Available University Fund (AUF) during the quarter.

Item II on [Page 167](#) reports activity for the General Endowment Fund (GEF) investments. The fiscal year to date GEF net investment return was 9.12% versus its composite benchmark return of 6.69%. The GEF's net asset value increased by \$238 million during the quarter to \$9,150 million.

Item III on [Page 168](#) reports activity for the Intermediate Term Fund (ITF). The fiscal year to date ITF net investment return was 5.33% versus its composite benchmark return of 3.72%. The net asset value increased during the quarter to \$8,490 million due to net contributions of \$217 million, net investment return of \$216 million and less distributions of \$62 million.

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

Item IV on [Page 169](#) 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 \$46 million to \$3,022 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$20 million versus \$21 million at the beginning of the period; equities: \$67 million versus \$67 million at the beginning of the period; and other investments: \$22 million versus \$305 thousand at the beginning of the period.



# The University of Texas/Texas A&M Investment Management Company

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## UTIMCO Update

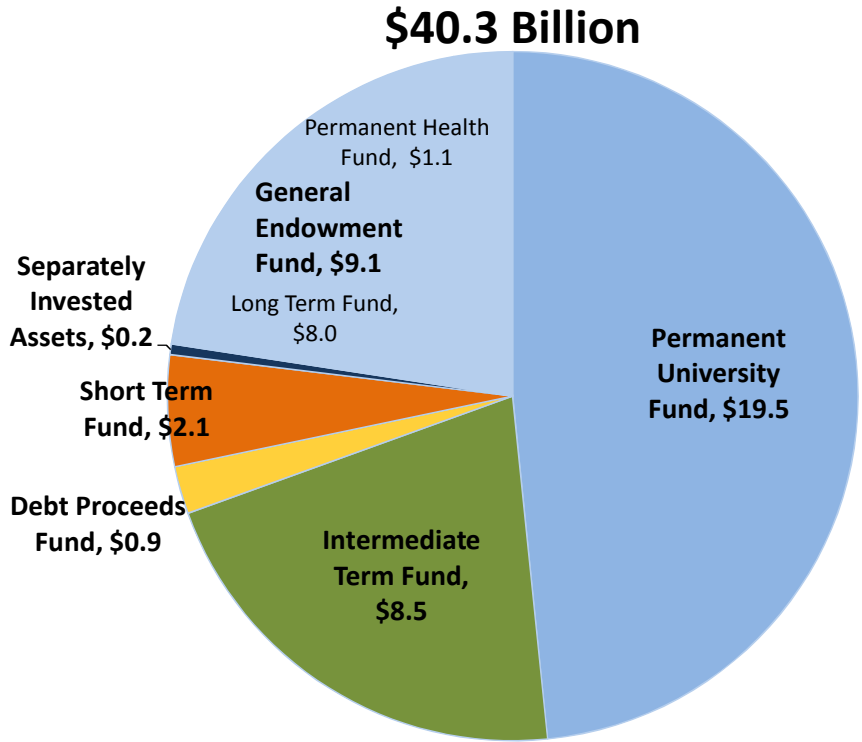
Mr. Britt Harris, President, CEO and Chief Investment Officer  
Mr. Mark Warner, Senior Managing Director

U. T. System Board of Regents' Meeting  
Finance and Planning Committee  
August 2017



# UTIMCO ASSETS UNDER MANAGEMENT

As of May 31, 2017



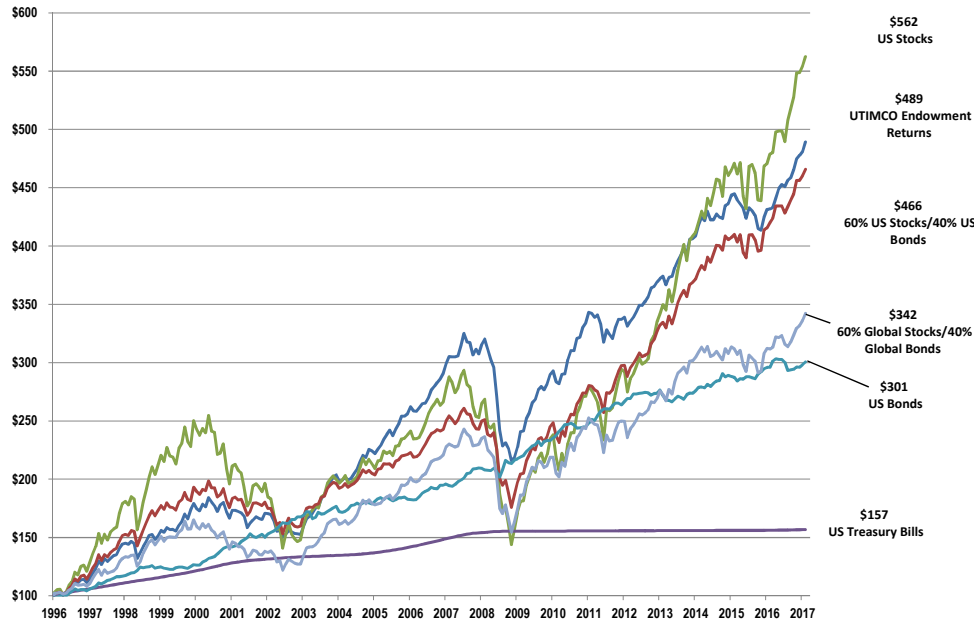
# ENDOWMENT PERFORMANCE SUMMARY



Periods Ending May 31, 2017

	Fiscal YTD Nine Months Ended	One Year	Three Years	Five Years	Seven Years	Ten Years
<b>Endowments</b>						
General Endowment Fund	9.12%	13.61%	5.65%	8.29%	8.25%	4.95%
Permanent University Fund	8.80%	13.20%	5.32%	8.08%	8.09%	4.83%
Policy Portfolio Returns	6.69%	9.22%	3.91%	7.10%	6.88%	3.04%
GEF Actual vs. Policy	<b>2.43%</b>	<b>4.39%</b>	<b>1.74%</b>	<b>1.19%</b>	<b>1.37%</b>	<b>1.91%</b>
PUF Actual vs. Policy	<b>2.11%</b>	<b>3.98%</b>	<b>1.41%</b>	<b>0.98%</b>	<b>1.21%</b>	<b>1.79%</b>
Sharpe Ratio		4.66	1.10	1.76	1.47	0.55
Information Ratio		1.77	0.61	0.44	0.52	0.68

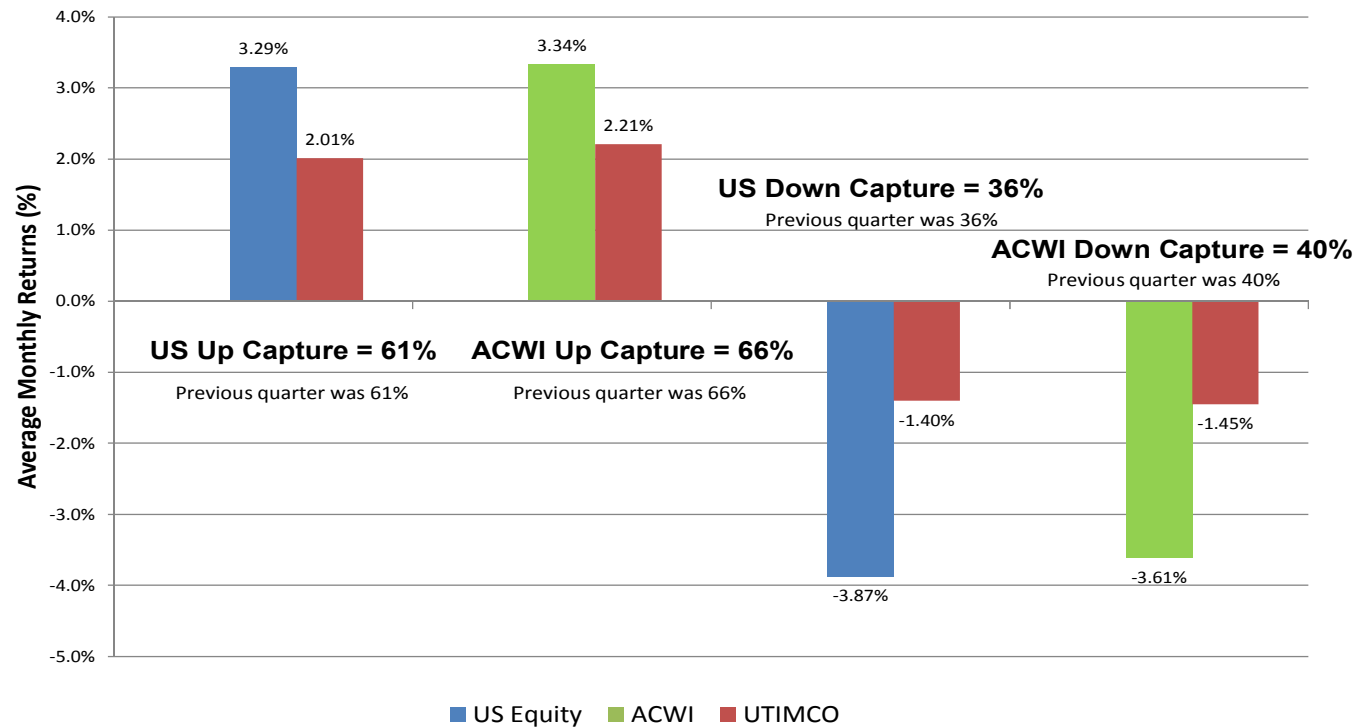
# RETURNS VS. MARKET



	Trailing Annualized Returns Period Ending May 31, 2017						
	Nine Months	One Year	Three Years	Five Years	Seven Years	Ten Years	Since March 31, 1996
UT Endowments	8.88%	13.29%	5.39%	8.11%	8.11%	4.83%	7.76%
60% US Stocks / 40% US Bonds	7.24%	10.89%	7.17%	10.10%	10.11%	6.24%	7.51%
60% Global Stocks / 40% Global Bonds	6.46%	9.86%	3.47%	7.76%	7.60%	4.05%	5.96%
US Stocks	12.79%	17.41%	10.12%	15.40%	14.42%	6.93%	8.46%
US Bonds	-0.73%	1.58%	2.53%	2.24%	3.43%	4.46%	5.31%
Treasury Bills	0.32%	0.41%	0.18%	0.14%	0.12%	0.48%	2.14%

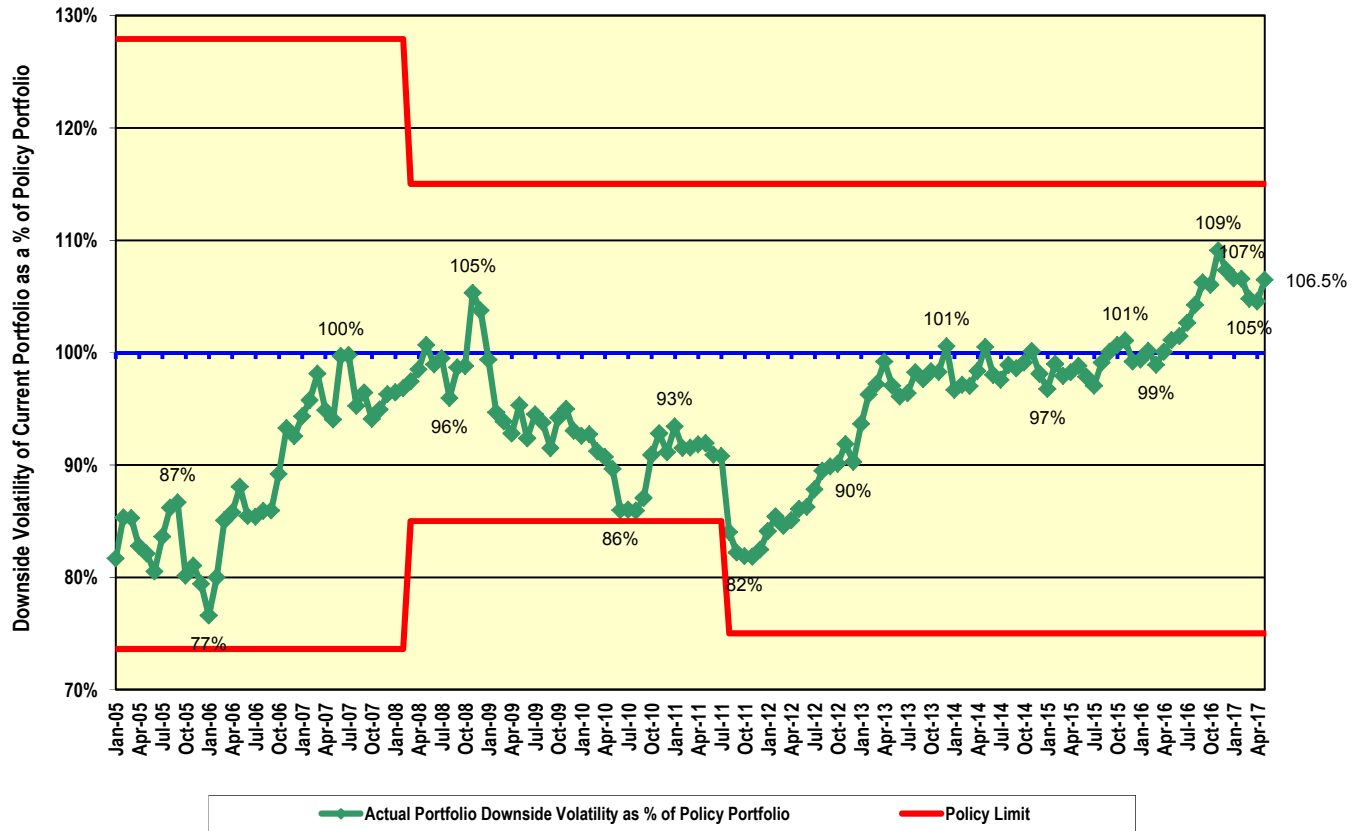


# UP-DOWN CAPTURE VS U.S. & WORLD EQUITIES



Data from 8/1996 till 5/2017. US equity had 96 down months and 154 up months; ACWI had 103 down months and 147 up months

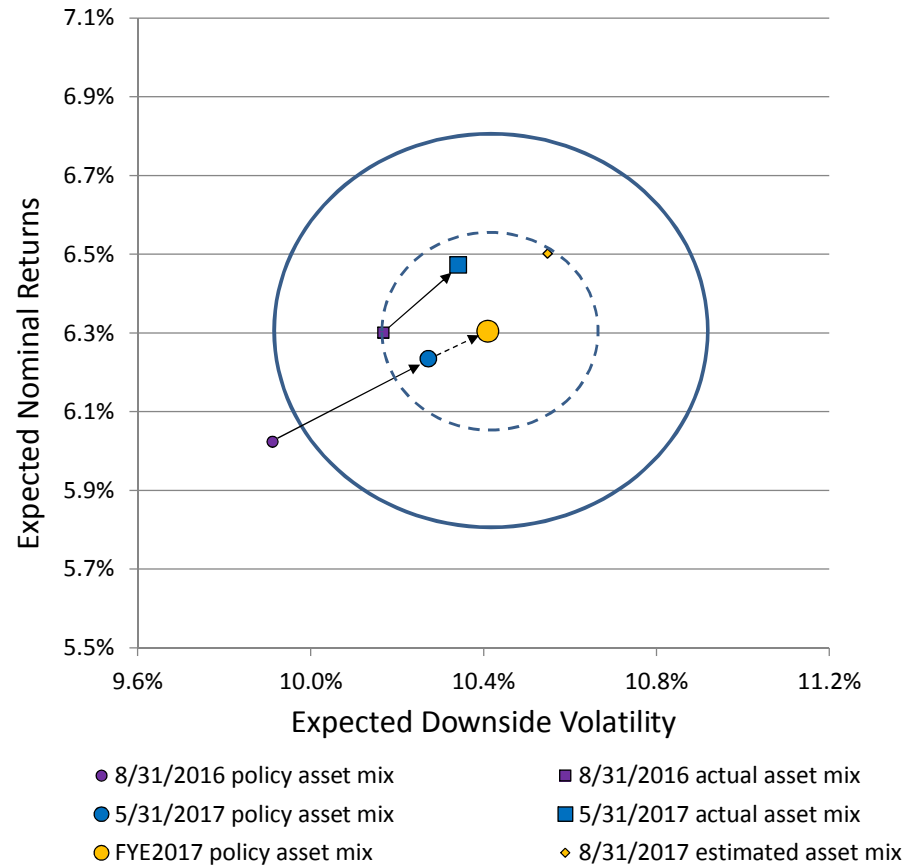
# DOWNSIDE VOLATILITY UTILIZATION OF GEF







# EXPECTED RISK AND RETURN



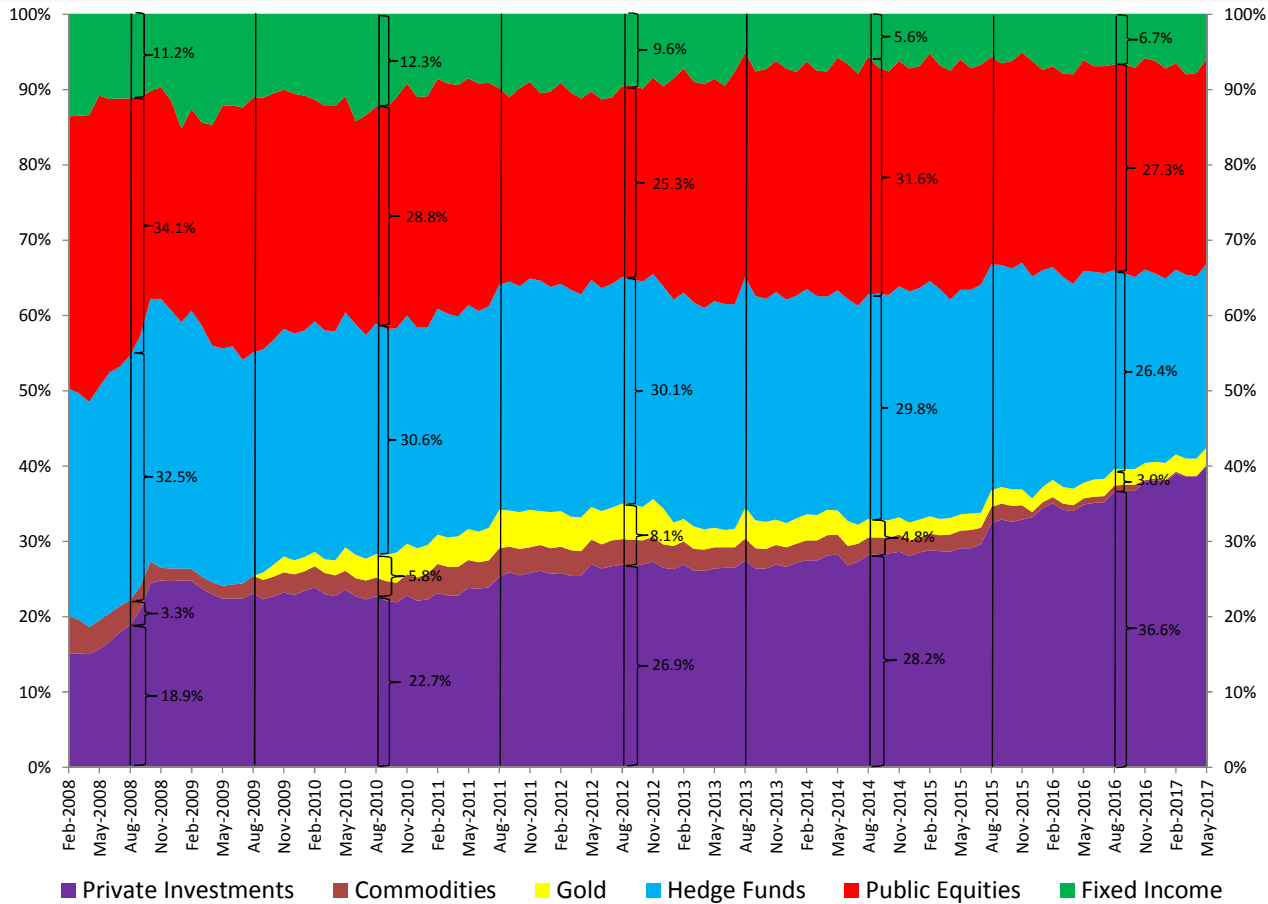


# ENDOWMENT EXPOSURE

As of May 31, 2017

Asset Group	Asset Class	More Correlated and Constrained (Long Only)		Less Correlated and Constrained (Hedge Funds)		Private Investments		Total	
Fixed Income	Investment Grade	\$2,047	7.1%	\$840	2.9%	\$0	0.0%	\$2,887	10.0%
	Credit-Related	32	0.1%	980	3.4%	935	3.3%	1,947	6.8%
<b>Fixed Income Total</b>		<b>2,079</b>	<b>7.2%</b>	<b>1,820</b>	<b>6.3%</b>	<b>935</b>	<b>3.3%</b>	<b>4,834</b>	<b>16.8%</b>
Real Assets	Real Estate	22	0.1%	-	0.0%	2,040	7.1%	2,062	7.2%
	Natural Resources	1,319	4.6%	-	0.0%	3,492	12.2%	4,811	16.8%
<b>Real Assets Total</b>		<b>1,341</b>	<b>4.7%</b>	<b>-</b>	<b>0.0%</b>	<b>5,532</b>	<b>19.3%</b>	<b>6,873</b>	<b>24.0%</b>
Equity	Developed Country	4,199	14.6%	4,553	15.9%	3,461	12.1%	12,213	42.6%
	Emerging Markets	2,825	9.8%	535	1.9%	1,414	4.9%	4,774	16.6%
<b>Equity Total</b>		<b>7,024</b>	<b>24.4%</b>	<b>5,088</b>	<b>17.8%</b>	<b>4,875</b>	<b>17.0%</b>	<b>16,987</b>	<b>59.2%</b>
<b>Total</b>		<b>\$10,444</b>	<b>36.3%</b>	<b>\$6,908</b>	<b>24.1%</b>	<b>\$11,342</b>	<b>39.6%</b>	<b>\$28,694</b>	<b>100.0%</b>

# EVOLUTION OF ASSET MIX





# ENDOWMENT RISK DASHBOARD

MAY 31, 2017 (PARTIAL UPDATE)

## Underperformance

<u>FY2017TD</u>	<u>3-years</u>	<u>5-years</u>	<u>10-years</u>
8.9%	5.4%	8.1%	4.8%

## Market

<u>Beta</u>		
<u>U.S. Equity</u>	<u>Rates</u>	<u>Currency</u>
0.713	(0.293)	(0.148)

## Scenarios

	<u>China Hard Landing</u>	<u>US Liquidity Squeeze</u>	<u>Japan Implosion</u>	<u>50% Oil Drop</u>
Expected Returns:	-23.2%	-21.0%	-16.5%	0.8%

## Downside Volatility

	<u>1 stdev</u>	<u>2 stdev</u>
Expected returns	-4.8%	-19.3%
VIX:	10.4%	

## Active Management

	<u>1-year</u>	<u>3-years</u>	<u>10-years</u>
<u>Value-Add</u>			
bps	412	152	183
\$	\$1049M	\$1,0237M	\$4,693M

## Transparency

<u>Full but Lagged</u>			
<u>Full</u>	<u>Partial</u>	<u>None</u>	
29%	26%	3%	

## Concentration

<u>US</u>	<u>Manager</u>		<u>Securities (Top 10)</u>	
	<u>Top 10</u>	<u>Top 20</u>	<u>Bonds</u>	<u>Stocks</u>
55%	25%	41%	5.4%	5.1%

## Illiquidity

	<u>90 day liquidity</u>	<u>1 year liquidity</u>	<u>Unfunded Commitments</u>
Endowments	32.7%	53.4%	19.9%
ITF	58.8%	89.5%	

## Leverage

	<u>LCC</u>	<u>LCC ex-FI</u>	<u>Endowments</u>
Gross	2.26	1.68	1.00
Net	0.24	0.59	1.00

## Permanent Loss of Capital

	<u>Invested Capital (\$B)</u>	<u>Realized Loss (\$M)</u>	<u>Anticipated/Unrealized Loss (\$M)</u>	<u>Total Loss (\$M)</u>	<u>Annualized Loss (%)</u>
MCC	\$33.7	\$622	-	\$622	0.30%
LCC	13.2	240	198	438	0.51%
PI	14.5	327	202	529	0.81%
Total	\$61.4	\$1,189	\$400	\$1,589	0.44%



# ITF PERFORMANCE SUMMARY

Periods Ending May 31, 2017

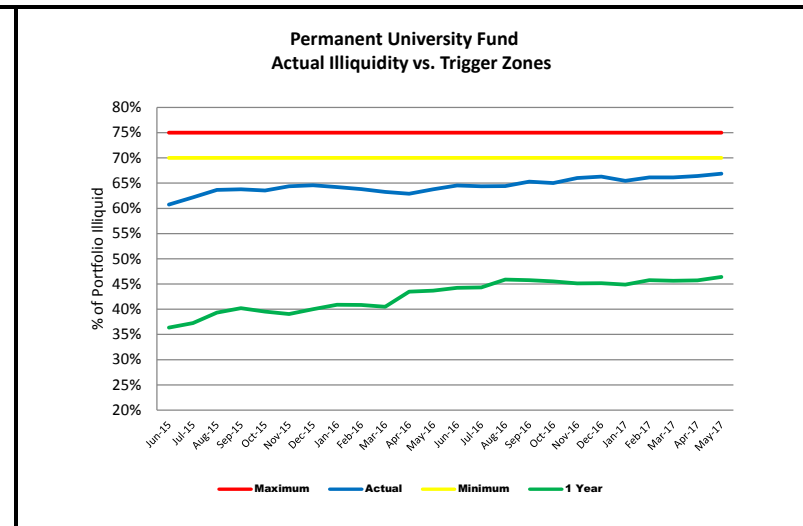
	Fiscal YTD Nine Months Ended	One Year	Three Years	Five Years	Seven Years	Ten Years
<b>ITF</b>						
Actual Returns	5.33%	8.57%	2.28%	4.95%	5.47%	3.63%
Policy Portfolio Returns	3.72%	6.93%	1.36%	3.76%	4.00%	1.70%
Actual vs. Policy	1.61%	1.64%	0.92%	1.19%	1.47%	1.93%
CPI + 3%	3.89%	4.93%	3.98%	4.30%	4.70%	4.69%
Actual vs. CPI + 3%	1.44%	3.64%	-1.70%	0.65%	0.77%	-1.06%
Cash	0.51%	0.60%	0.28%	0.21%	0.21%	0.80%
Actual vs. Cash	4.82%	7.97%	2.00%	4.74%	5.26%	2.83%
Sharpe Ratio		2.38	0.53	0.85	0.80	0.40
Information Ratio		1.82	0.96	1.05	1.03	1.21

### I. PERMANENT UNIVERSITY FUND Investment Reports for Periods Ended May 31, 2017

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	
<b>More Correlated and Constrained:</b>								
Investment Grade	7.7%	7.3%	-1.68%	-2.35%	-0.06%	0.04%	-0.02%	
Credit-Related	0.1%	0.0%	5.54%	6.91%	0.00%	0.00%	0.00%	
Real Estate	0.1%	0.6%	5.14%	-2.74%	0.00%	0.09%	0.09%	
Natural Resources	4.6%	3.8%	2.15%	2.99%	-0.07%	0.07%	0.00%	
Developed Country	14.5%	17.6%	15.23%	12.88%	-0.20%	0.31%	0.11%	
Emerging Markets	<u>9.8%</u>	<u>9.9%</u>	<u>13.13%</u>	<u>13.81%</u>	<u>-0.09%</u>	<u>-0.10%</u>	<u>-0.19%</u>	
<b>Total More Correlated and Constrained</b>	<b>36.8%</b>	<b>39.2%</b>	<b>8.68%</b>	<b>8.46%</b>	<b>-0.42%</b>	<b>0.41%</b>	<b>-0.01%</b>	
<b>Less Correlated and Constrained</b>	<b>23.9%</b>	<b>26.2%</b>	<b>6.63%</b>	<b>4.41%</b>	<b>0.07%</b>	<b>0.63%</b>	<b>0.70%</b>	
<b>Private Investments</b>	<b>39.3%</b>	<b>34.6%</b>	<b>10.30%</b>	<b>6.42%</b>	<b>0.25%</b>	<b>1.17%</b>	<b>1.42%</b>	
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>8.80%</b>	<b>6.69%</b>	<b>-0.10%</b>	<b>2.21%</b>	<b>2.11%</b>	

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2016	Quarter Ended May 31, 2017	Fiscal Year to Date May 31, 2017
Beginning Net Assets	\$17,490	\$19,227	\$17,880
PUF Lands Receipts	512	168	508
Investment Return (Net of Expenses)	651	569	1,576
Distributions to AUF	<u>(773)</u>	<u>(420)</u>	<u>(420)</u>
Ending Net Assets	<u>\$17,880</u>	<u>\$19,544</u>	<u>\$19,544</u>

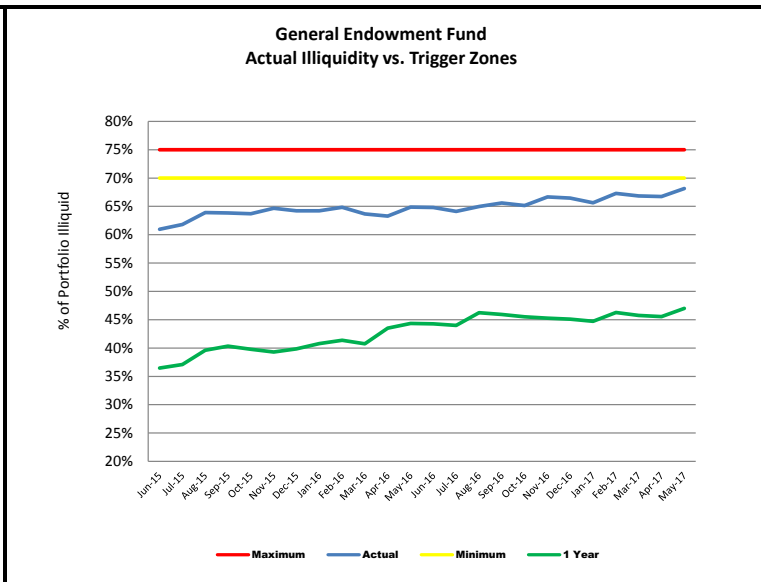


## II. GENERAL ENDOWMENT FUND Investment Reports for Periods Ended May 31, 2017

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
<b>More Correlated and Constrained:</b>							
Investment Grade	5.9%	7.3%	-0.61%	-2.35%	-0.03%	0.12%	0.09%
Credit-Related	0.1%	0.0%	5.54%	6.91%	0.00%	0.00%	0.00%
Real Estate	0.1%	0.6%	5.14%	-2.74%	0.01%	0.09%	0.10%
Natural Resources	4.6%	3.8%	2.11%	2.99%	-0.07%	0.07%	0.00%
Developed Country	14.9%	17.6%	15.24%	12.88%	-0.19%	0.30%	0.11%
Emerging Markets	<u>10.0%</u>	<u>9.9%</u>	<u>15.22%</u>	<u>13.81%</u>	<u>-0.08%</u>	<u>0.11%</u>	<u>0.03%</u>
<b>Total More Correlated and Constrained</b>	<b>35.6%</b>	<b>39.2%</b>	<b>9.56%</b>	<b>8.46%</b>	<b>-0.36%</b>	<b>0.69%</b>	<b>0.33%</b>
<b>Less Correlated and Constrained</b>	<b>24.4%</b>	<b>26.2%</b>	<b>6.63%</b>	<b>4.41%</b>	<b>0.04%</b>	<b>0.64%</b>	<b>0.68%</b>
<b>Private Investments</b>	<b><u>40.0%</u></b>	<b><u>34.6%</u></b>	<b><u>10.30%</u></b>	<b><u>6.42%</u></b>	<b><u>0.26%</u></b>	<b><u>1.16%</u></b>	<b><u>1.42%</u></b>
<b>Total</b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>9.12%</u></b>	<b><u>6.69%</u></b>	<b><u>-0.06%</u></b>	<b><u>2.49%</u></b>	<b><u>2.43%</u></b>

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2016	Quarter Ended May 31, 2017	Fiscal Year to Date May 31, 2017
Beginning Net Assets	\$8,237	\$8,912	\$8,500
Contributions	361	94	230
Withdrawals	(21)	(22)	(26)
Distributions	(411)	(109)	(323)
Investment Return (Net of Expenses)	<u>334</u>	<u>275</u>	<u>769</u>
Ending Net Assets	<u>\$8,500</u>	<u>\$9,150</u>	<u>\$9,150</u>

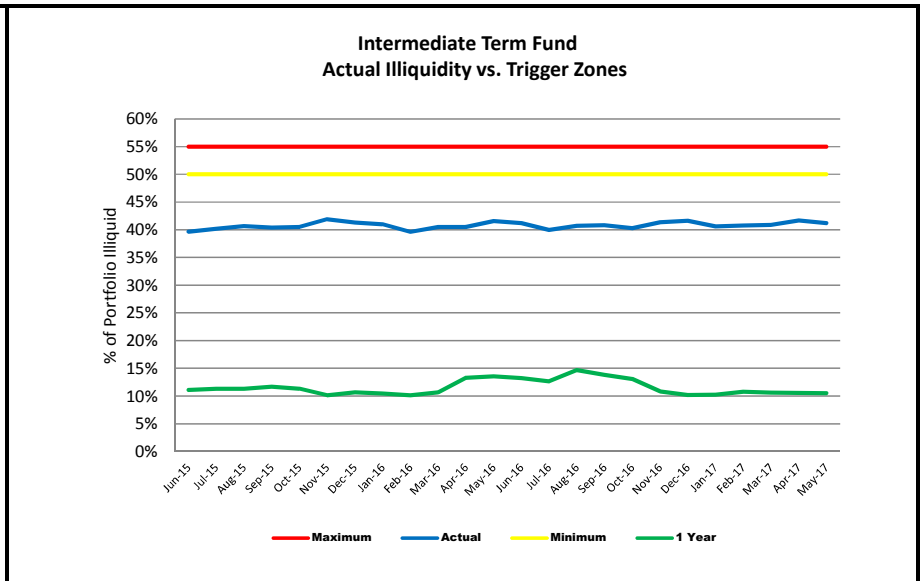


### III. INTERMEDIATE TERM FUND Investment Reports for Periods Ended May 31, 2017

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	
<b>More Correlated and Constrained:</b>								
Investment Grade	32.8%	30.0%	-0.71%	-2.35%	-0.07%	0.55%	0.48%	
Credit-Related	0.0%		0.00%		0.00%	0.00%	0.00%	
Real Estate	0.1%	0.8%	5.19%	-2.74%	-0.02%	0.09%	0.07%	
Natural Resources	4.4%	3.6%	2.30%	2.99%	-0.08%	0.06%	-0.02%	
Developed Country	10.8%	13.5%	15.21%	12.88%	-0.15%	0.21%	0.06%	
Emerging Markets	<u>6.7%</u>	<u>7.1%</u>	<u>15.22%</u>	<u>13.81%</u>	<u>-0.04%</u>	<u>0.07%</u>	<u>0.03%</u>	
<b>Total More Correlated and Constrained</b>	<b>54.8%</b>	<b>55.0%</b>	<b>4.25%</b>	<b>3.10%</b>	<b>-0.36%</b>	<b>0.98%</b>	<b>0.62%</b>	
<b>Less Correlated and Constrained</b>	<b>45.2%</b>	<b>45.0%</b>	<b>6.64%</b>	<b>4.41%</b>	<b>-0.11%</b>	<b>1.10%</b>	<b>0.99%</b>	
<b>Private Investments</b>	<b><u>0.0%</u></b>	<b><u>0.0%</u></b>	<b><u>0.00%</u></b>	<b><u>0.00%</u></b>	<b><u>0.00%</u></b>	<b><u>0.00%</u></b>	<b><u>0.00%</u></b>	
<b>Total</b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>5.33%</u></b>	<b><u>3.72%</u></b>	<b><u>-0.47%</u></b>	<b><u>2.08%</u></b>	<b><u>1.61%</u></b>	

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2016	Quarter Ended May 31, 2017	Fiscal Year to Date May 31, 2017
Beginning Net Assets	\$7,037	\$8,119	\$7,836
Contributions	1,009	293	748
Withdrawals	(248)	(76)	(329)
Distributions	(220)	(62)	(182)
Investment Return (Net of Expenses)	<u>258</u>	<u>216</u>	<u>417</u>
Ending Net Assets	<u>\$7,836</u>	<u>\$8,490</u>	<u>\$8,490</u>





**IV. SEPARATELY INVESTED ASSETS**  
**Summary Investment Report at May 31, 2017**  
 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
<b>Cash &amp; Equivalents:</b>																
Beginning value 02/28/17	-	-	2,910	2,910	94,471	94,471	2,746	2,746	1,503	1,503	101,630	101,630	2,966,378	2,966,600	3,068,008	3,068,230
Increase/(Decrease)	-	-	(1,024)	(1,024)	(48,604)	(48,604)	(1,524)	(1,524)	268	268	(50,884)	(50,884)	4,506	4,494	(46,378)	(46,390)
Ending value 05/31/17	-	-	1,886	1,886	45,867	45,867	1,222	1,222	1,771	1,771	50,746	50,746	2,970,884	2,971,094	3,021,630	3,021,840
<b>Debt Securities:</b>																
Beginning value 02/28/17	-	-	7	6	12,507	12,460	8,698	8,277	-	-	21,212	20,743	-	-	21,212	20,743
Increase/(Decrease)	-	-	-	-	109	234	(830)	(694)	-	-	(721)	(460)	-	-	(721)	(460)
Ending value 05/31/17	-	-	7	6	12,616	12,694	7,868	7,583	-	-	20,491	20,283	-	-	20,491	20,283
<b>Equity Securities:</b>																
Beginning value 02/28/17	-	-	321	2,478	40,219	52,225	10,982	11,835	-	-	51,522	66,538	-	-	51,522	66,538
Increase/(Decrease)	-	-	(164)	(165)	423	1,849	(1,266)	(1,121)	-	-	(1,007)	563	-	-	(1,007)	563
Ending value 05/31/17	-	-	157	2,313	40,642	54,074	9,716	10,714	-	-	50,515	67,101	-	-	50,515	67,101
<b>Other:</b>																
Beginning value 02/28/17	-	-	122	122	2	2	4	4	177	177	305	305	-	-	305	305
Increase/(Decrease)	-	-	1,609	1,609	(1)	(1)	1	1	20,347	20,347	21,956	21,956	-	-	21,956	21,956
Ending value 05/31/17	-	-	1,731	1,731	1	1	5	5	20,524	20,524	22,261	22,261	-	-	22,261	22,261
<b>Total Assets:</b>																
Beginning value 02/28/17	-	-	3,360	5,516	147,199	159,158	22,430	22,862	1,680	1,680	174,669	189,216	2,966,378	2,966,600	3,141,047	3,155,816
Increase/(Decrease)	-	-	421	420	(48,073)	(46,522)	(3,619)	(3,338)	20,615	20,615	(30,656)	(28,825)	4,506	4,494	(26,150)	(24,331)
Ending value 05/31/17	-	-	3,781	5,936	99,126	112,636	18,811	19,524	22,295	22,295	144,013	160,391	2,970,884	2,971,094	3,114,897	3,131,485

Details of individual assets by account furnished upon request.

**8. U. T. System Board of Regents: Approval of annual distribution from the Permanent University Fund**

**RECOMMENDATION**

The Chancellor concurs with the Deputy Chancellor and the Executive Vice Chancellor for Business Affairs in the recommendation that the Fiscal Year 2018 distribution from the Permanent University Fund (PUF) to the Available University Fund (AUF) be increased from \$839,441,000 to \$887,250,000 effective September 1, 2017. This distribution equates to 5.00% of the trailing 12-quarter average of the net asset value of the PUF.

**BACKGROUND INFORMATION**

The PUF Investment Policy states that the Board of Regents will approve an annual distribution from the PUF to the AUF. Regents’ Rule 80303 provides that the default distribution shall be an amount equal to 4.75% of the trailing 12-quarter average of the net asset value of the PUF for the quarter ending February of each fiscal year unless the average annual rate of return of the PUF investments over the trailing 12 quarters exceeds the Expected Return by 25 basis points or more, in which case distribution shall be an amount equal to 5.00% of the trailing 12-quarter average. “Expected Return” is the Expected Annual Return or Benchmarks set out in Exhibit A to the PUF Investment Policy Statement.

As shown in the table below, the average annual return of the PUF investments for the trailing 12 quarters ending February 28, 2017, did not exceed the Expected Return by 25 basis points or more (≥.25%). Therefore, as outlined in Regents’ Rule 80303, the “default” distribution rate for Fiscal Year 2017-2018 would be 4.75%, or \$842,888,000.

	<b>Trailing 12 Quarters Ending February 28, 2017</b>	<b>Expected or Benchmark</b>	<b>Excess/(Deficit)</b>
<b>Average Annual Rate of Return</b>	<b>5.34%</b>	<b>6.35%</b>	<b>(1.01%)</b>

Due to relatively strong capital market returns and a desire to continue to enhance quality and invest in the institutions even during a period of moderate state funding, it is the recommendation of the Chancellor, the Deputy Chancellor, and the Executive Vice Chancellor for Business Affairs that the distribution from the PUF to the AUF for Fiscal Year 2018 be \$887,250,000 or 5.00% of the trailing 12-quarter average of the net asset value of the PUF.

This calculation is shown below:

<u>Quarter Ended</u>	<u>Net Asset Value</u>
05/31/2014	16,912,325,818
08/31/2014	17,364,902,520
11/30/2014	17,533,457,255
02/28/2015	18,043,442,921
05/31/2015	18,200,267,855
08/31/2015	17,490,041,365
11/30/2015	17,549,833,950
02/29/2016	16,977,772,075
05/31/2016	17,432,202,699
08/31/2016	17,880,150,606
11/30/2016	18,329,255,690
02/28/2017	19,226,506,187
	<u>\$ 212,940,158,941</u>
Number of quarters	<u>12</u>
Average Net Asset Value	<u>\$ 17,745,013,245</u>
Distribution Percentage	<u>5.00%</u>
FY 2017-18 Distribution (1)	<u>\$ 887,250,000</u>

(1) Rounded down to the nearest \$1,000.

Article VII, Section 18 of the Texas Constitution requires that the amount of distributions to the AUF be determined by the Board of Regents of The University of Texas System (Board of Regents) in a manner intended to provide the AUF with a stable and predictable stream of annual distributions and to maintain over time the purchasing power of PUF investments and annual distributions to the AUF. The Constitution further limits the Board of Regents' discretion to set annual PUF distributions to the satisfaction of three tests:

1. The amount of PUF distributions to the AUF in a fiscal year must be not less than the amount needed to pay the principal and interest due and owing in that fiscal year on PUF bonds and notes. The proposed distribution of \$887,250,000 is substantially greater than PUF bond debt service of \$298,880,000 projected for FY 2017-2018.

<u>System</u>	<u>Debt Service</u>
U. T.	\$ 180,380,000
TAMU	118,500,000
Total:	<u>\$ 298,880,000</u>

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

2. The Board of Regents may not increase annual PUF distributions to the AUF (except as necessary to pay PUF debt service) if the purchasing power of PUF investments for any rolling 10-year period has not been preserved. As the schedule below indicates, the average annual increase in the rate of growth of the value of PUF investments (net of expenses, inflation, and distributions) for the trailing 10-year period ended February 28, 2017, was 3.57%, which indicates that the purchasing power test was met.

<b>Average Annual</b>	<b>Percent</b>
Rate of Total Return, Net of Investment Manager Fees	5.31%
Mineral Interest Receipts	4.93%
Expense Rate	(0.18)% (1)
Inflation Rate	(1.82)%
Distribution Rate	(4.67)%
Net Real Return	<b>3.57%</b>

(1) The expense rate as shown is a 10-year annualized average and includes PUF Land Expenses and PUF investment management costs other than investment manager fees. Investment management fees are a reduction to the Rate of Total Return.

3. The annual distribution from the PUF to the AUF during any fiscal year made by the Board of Regents may not exceed an amount equal to 7.00% of the average net fair market value of PUF investment assets as determined by the Board of Regents (except as necessary to pay PUF bond debt service). The annual distribution rate calculated using the trailing 12-quarter average value of the PUF is within the 7.00% maximum allowable distribution rate.

<b>Value of PUF Investments (1)</b>	<b>Proposed Distribution</b>	<b>Proposed Distribution as a % of Value of PUF Investments</b>	<b>Maximum Allowed Rate</b>
\$17,745,013,245	\$ 887,250,000	5.00%	7.00%

(1) Source: UTIMCO

9. **U. T. System: Discussion regarding possible creation of a nonprofit corporation for the management of University Lands**

DISCUSSION

Mr. Mark Houser, Chief Executive Officer - University Lands, will begin a discussion about the possible creation of a nonprofit corporation for the management of University Lands, using a PowerPoint set forth on the following pages.



# Discussion on Matters Related to the “ULandCo” Concept

Mr. Mark Houser, Chief Executive Officer – University Lands

U. T. System Board of Regents’ Meeting  
Finance and Planning Committee  
August 2017



THE UNIVERSITY of TEXAS SYSTEM  
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[WWW.UTSYSTEM.EDU](http://WWW.UTSYSTEM.EDU)

# ULandCo

- **The University Lands Advisory Board (ULAB) and University Lands (UL) management recommend that a new organizational framework be established through the creation of a 501(c)(3) entity similar to that of UTIMCO to be named the “University Lands Management Company” or “ULandCo.”**
- **Key benefits of this new nonprofit entity include:**
  - A dedicated governing board with industry expertise (U. T. System Board of Regents retains ultimate fiduciary responsibility and authority)
  - An efficient organization focused on its core businesses: surface and minerals management
  - Reduced burden on U. T. System Administration in headcount, workload and costs
  - Decisions made “at the speed of business”
  - Performance tracked through a transparent management services agreement with the Board of Regents
  - Enhanced ability to attract and retain oil and gas industry professionals
  - Implementation of flexible processes that prioritize the best interest of the Permanent University Fund (PUF), the U. T. System Board of Regents, and Texas A&M University System



# Why ULandCo? The Value-Add Proposition

- **Strategic management is required for assets of this size, scale and growth outlook:**
  - >2.1 million surface and mineral acres in one of world's most abundant oil fields
  - An average of \$800 million/year in revenue since 2012 and significant future revenue projections
  - >20,000 identified future oil and gas well drilling locations with substantial long-term resource potential
  - Significant renewable energy and groundwater resource potential
- **Value will be added through:**
  - **Focused Governance:** A dedicated board will provide strategic direction and quick decision making.
  - **Increased Efficiency:** Less staff time spent on navigating the complexities of higher education will increase focus on the land management core business.
  - **Focused Management:** A strengthening of current activities in tandem with the creation of new business lines will drive growth.



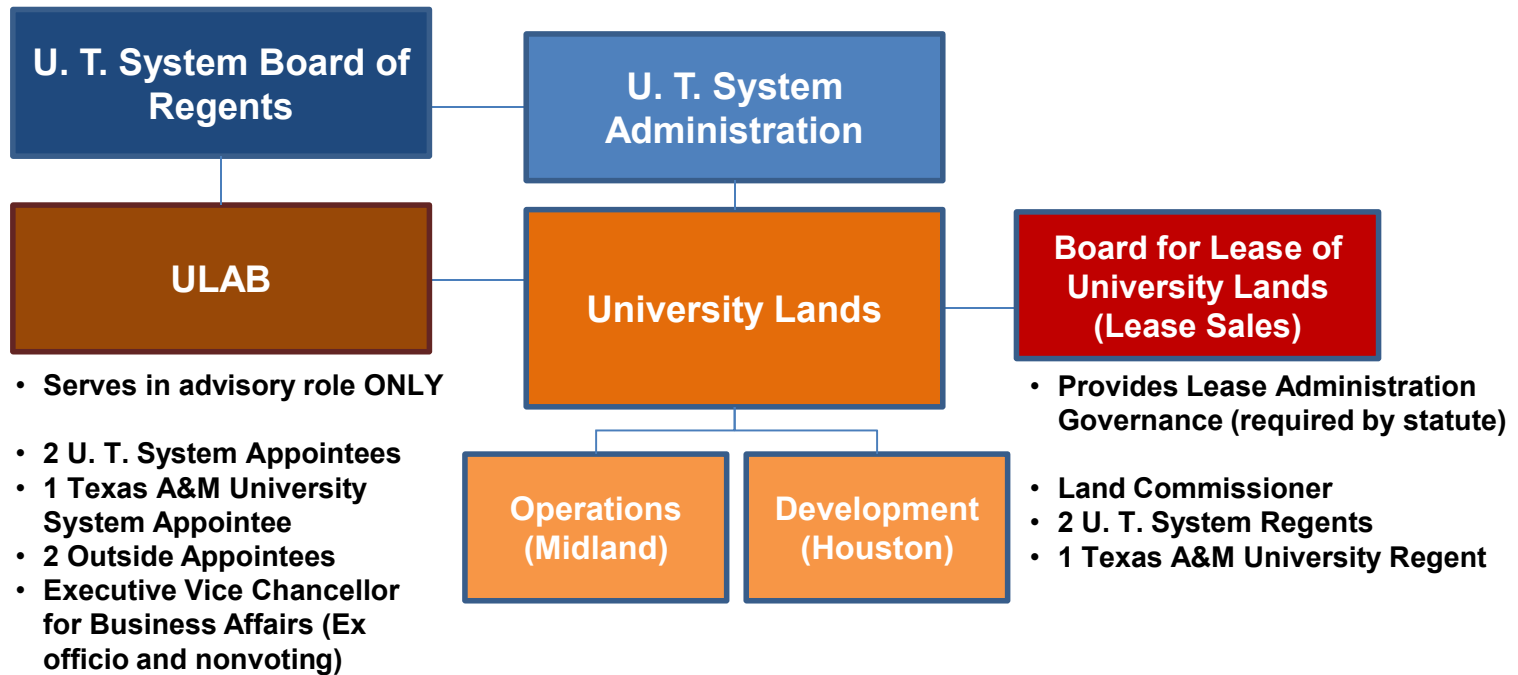


## Benefits to U. T. System

- Removal of ~50 FTEs from U. T. System Administration payroll
- Some potential reduction in workload for U. T. System Administration staff in shared services functions (human resources, accounting, IT, procurement)
- Potential revenue in the form of lease payments for U. T. System-owned Midland office space
- **Increased return on investment to the PUF**

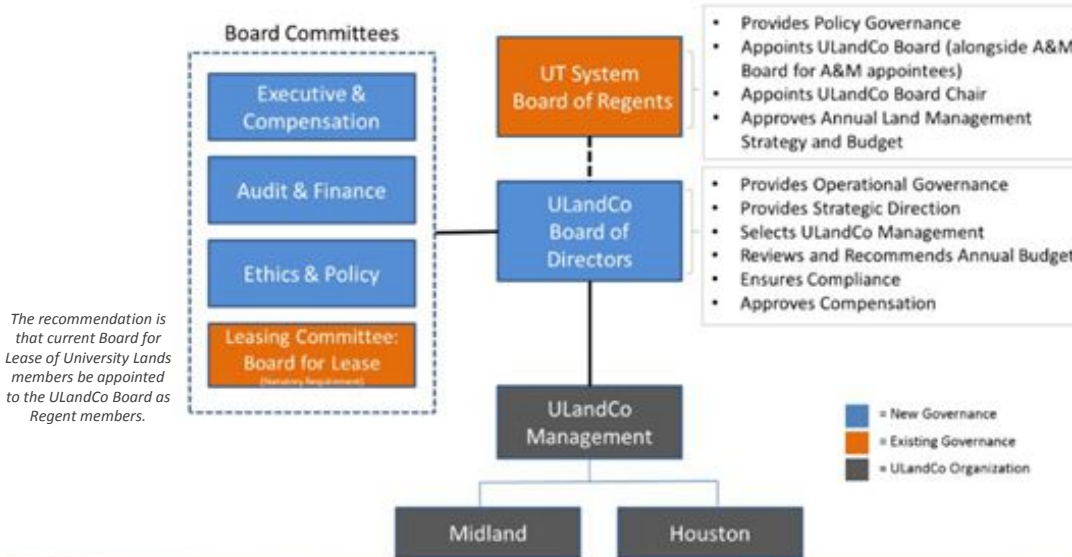


# Current University Lands Structure



# Proposed ULandCo Board Structure (5 – 3 – 1)

- Five (5) members, including the ULandCo Chair, appointed by U. T. System Board of Regents:
  - Two members must be U. T. System Regents
  - Three must have industry expertise
- Three (3) members appointed by Texas A&M University Board of Regents:
  - One member must be a Texas A&M University Regent
  - Two must have industry expertise
- The (1) Commissioner of the General Land Office



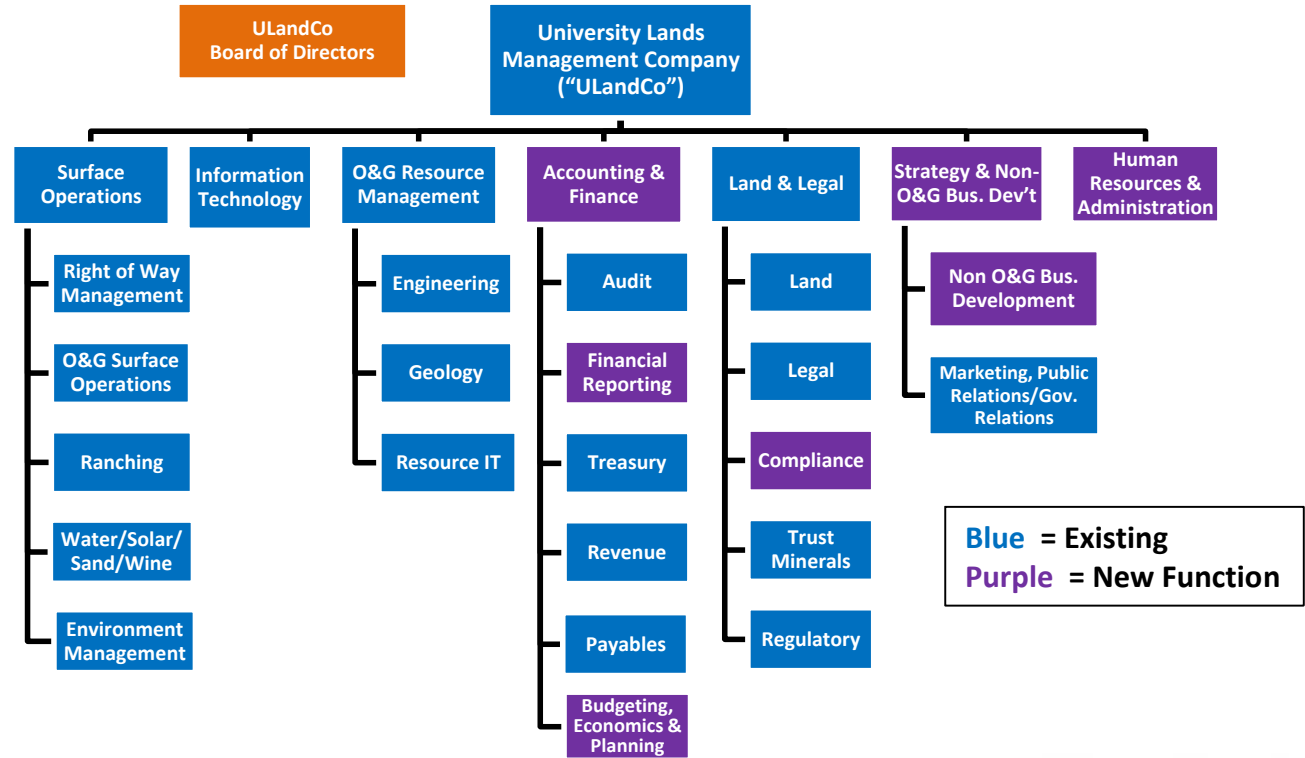
# Required Governing Documents and Policies for ULandCo

- **U. T. System Board of Regents approval required for entity-level policies, including:**
  - Incorporation documents, including Articles of Incorporation and Bylaws
  - ULandCo Code of Ethics
  - Management Services Agreement (with U. T. System Board of Regents)
- **ULandCo Board of Director approvals required for corporation's internal policies, including:**
  - Purchasing Policy
  - Travel Policy
  - Business-Related Expense Policy
  - Leave Policy
  - Incentive Compensation Policy
  - Other Operational Policies



# The New ULandCo Organization

- Approximately 50 FTEs will transfer from U. T. System Administration into ULandCo. A limited number of new functions will be required to operate as a new separate entity.



# The Costs of ULandCo

- **The formation of ULandCo will require one-time expenditures totaling ~\$2.2 million to organize the company to conduct business as a stand-alone entity, including:**
  - IT Infrastructure and new business applications
  - Legal fees
  - Employee transition costs (payout of accrued vacation time)
- **On-going annual incremental costs are estimated at ~\$1.8 million and include:**
  - New staff in areas of human resources, accounting, financial reporting and compliance
  - Corporate financial audits and compliance administration
  - Some incremental costs in employee benefits
- **Total on-going ULandCo pro forma costs represent <3% of projected 2018 revenue**



# ULandCo: 2018 Projected Financials

- **Among its peers, ULandCo’s projected FY2018 costs will be:**
  - Well below average costs per barrel of oil equivalent (BOE), a common industry benchmark
  - Well below average costs as a percentage of revenue
  - Well below average costs on a per acre basis
- **ULandCo’s projected costs, as a percentage of revenue, are on par with the General Land Office. ULandCo’s costs are also on par with UTIMCO as a percentage of asset value.**

	Industry Peers*	ULandCo (FY18)
<b>G&amp;A, \$ per BOE</b>	\$2.80	\$1.21
<b>G&amp;A, % of Revenue</b>	9.3%	2.4%
<b>G&amp;A, per acre</b>	\$41	\$16

\*Based on 2016 financials

(\$ in thousands, rounded)	FY 2017 Forecasted	FY18 ULandCo FY18 Budget plus Incremental Costs
Net MBOE	18,500	18,800
<b>Revenues</b>		
PUF Revenue	\$678,000	\$767,000
AUF Revenue	\$58,000	\$65,000
<b>Total PUF &amp; AUF Revenues</b>	<b>\$736,000</b>	<b>\$832,000</b>
<b>PUF Expenses</b>		
Expenses (G&A, Opex)	\$22,500	\$22,800
Incremental ULandCo Expenses		\$1,800
<b>Total Expenses</b>	<b>\$22,500</b>	<b>*\$24,600</b>
<b>Net Income</b>	<b>\$713,500</b>	<b>\$807,400</b>
G&A	\$19,800	\$19,900
G&A, \$ Per BOE	\$1.07	\$1.06
G&A, % of Revenue	2.69%	2.39%
*excludes one-time transition costs of \$2,200		



# Recommended Stakeholder Engagement & Approvals Timeline

- **May: Opportune Assessment Completed and Report Finalized**
- **June - July: U. T. System, ULAB, Texas A&M University System**
  - U. T. System: Business Affairs, External Relations, Governmental Relations; one-on-one meetings with some Regents
  - ULAB endorsement
  - Texas A&M University System Leadership
- **August - September: Regents and External Updates**
  - U. T. System Board of Regents Review
  - Offices of: Governor, Lieutenant Governor, Speaker of the House, other legislators
- **September - October: Request U. T. System Board of Regents' Approval**
  - Create ULandCo Board of Directors, if approved
- **January 1, 2018 - ULandCo Organizational Start Date**





10. **U. T. System Board of Regents: Discussion and appropriate action regarding proposed Incentive Compensation Plan for key University Lands employees**

RECOMMENDATION

The Chancellor, the Deputy Chancellor, and the Executive Vice Chancellor for Business Affairs recommend approval of an Incentive Compensation Plan (Plan) for key University Lands employees. The University Lands Advisory Board (ULAB) has endorsed and recommends approval of the Plan. The Plan has also been reviewed and approved as to legal form by the Office of General Counsel.



**TABLE OF CONTENTS  
FOR  
ACADEMIC AFFAIRS COMMITTEE**

**Committee Meeting: 8/23/2017**

**Board Meeting: 8/24/2017**  
Austin, Texas

*Sara Martinez Tucker, Chairman*  
*Ernest Aliseda*  
*Kevin P. Eltife*  
*R. Steven Hicks*  
*Janiece Longoria*  
*Rad Weaver*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>9:30 a.m.</i> <i>Chairman Tucker</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<i>9:30 a.m.</i> <b>Discussion</b>	<b>Action</b>	<b>188</b>
2. <b>U. T. System: Discussion and appropriate action regarding recommendations from the Academic Affairs Committee of guidelines for submission of tuition and fee proposals for the academic institutions for FY 2019 and FY 2020</b>	<i>9:35 a.m.</i> <b>Action</b> <i>Chairman Tucker</i> <i>Dr. Leslie</i>	<b>Action</b>	<b>189</b>
3. <b>U. T. Rio Grande Valley: Approval of preliminary authority for a Doctor of Philosophy in Cellular, Molecular, and Biomedical Sciences</b>	<i>9:45 a.m.</i> <b>Action</b> <i>President Bailey</i>	<b>Action</b>	<b>190</b>
4. <b>U. T. Rio Grande Valley: Approval of preliminary authority for a Doctor of Physical Therapy</b>	<i>9:50 a.m.</i> <b>Action</b> <i>President Bailey</i>	<b>Action</b>	<b>191</b>
5. <b>U. T. Permian Basin: Approval to create the College of Engineering</b>	<i>9:55 a.m.</i> <b>Action</b> <i>President Woodley</i>	<b>Action</b>	<b>192</b>
6. <b>U. T. Arlington: Discussion and appropriate action regarding approval of the Campus Master Plan Expansion</b>	<i>10:00 a.m.</i> <b>Action</b> <i>President Karbhari</i>	<b>Action</b>	<b>194</b>
7. <b>U. T. Rio Grande Valley: Discussion and appropriate action regarding approval of the Campus Master Plan</b>	<i>10:13 a.m.</i> <b>Action</b> <i>President Bailey</i>	<b>Action</b>	<b>205</b>

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
8. <b>U. T. Rio Grande Valley: Discussion and appropriate action regarding proposed changes to admission criteria for nine graduate programs</b>	10:26 a.m. <b>Action</b> <i>President Bailey</i>	<b>Action</b>	<b>217</b>
<b>Adjourn</b>	10:30 a.m.		

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

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 17 - 49](#).

2. **U. T. System: Discussion and appropriate action regarding recommendations from the Academic Affairs Committee of guidelines for submission of tuition and fee proposals for the academic institutions for FY 2019 and FY 2020**

RECOMMENDATION

The Academic Affairs Committee will make recommendations to the Board concerning the guidelines for the submission of tuition and fee proposals for the U. T. System academic institutions for FY 2019 and FY 2020.

3. **U. T. Rio Grande Valley: Approval of preliminary authority for a Doctor of Philosophy in Cellular, Molecular, and Biomedical Sciences**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, and the institutional president that the U. T. System Board of Regents approve

- a. preliminary authority for U. T. Rio Grande Valley to create a Doctor of Philosophy (Ph.D.) program in Cellular, Molecular, and Biomedical Sciences; and
- b. notification of the proposal to the Texas Higher Education Coordinating Board.

**BACKGROUND INFORMATION**

U. T. Rio Grande Valley requests preliminary authority for a Doctor of Philosophy in Cellular, Molecular, and Biomedical Sciences. The proposed Ph.D. program would be a collaborative, educational, and research effort among highly productive faculty in the College of Sciences, College of Health Affairs, College of Engineering and Computer Science, School of Medicine, and the South Texas Diabetes and Obesity Institute. The proposed interdisciplinary doctoral program would prepare future educators and researchers in several related subdisciplines, including cellular and molecular biology, human genetics and genomics, computational biology and bioinformatics, and neurobiology. Students would study health issues among the predominantly Hispanic population in the region, which is at a high risk for numerous chronic diseases, including obesity and diabetes, cardiovascular diseases, behavioral health conditions, and certain cancers. The program will be designed to produce competitive graduates, particularly from minority and disadvantaged groups, with specialized expertise in an area of interest coupled with experience in team science and a strong interdisciplinary knowledge base.

While projected growth trends in health and biomedical science jobs continue to increase nationally, they are even higher in the State of Texas. From 2014-2024, the U.S. Bureau of Labor Statistics projects a 7% increase in all life, physical, and social science jobs. In Texas for the same period, the number of jobs projected is expected to increase at much higher rates: 21% for medical scientists (except epidemiologists), 19% for epidemiologists, 17% for microbiologists, and 21% for biochemists and biophysicists.

The faculty involved in the creation of the program demonstrate a strong record of accomplishment in research activities, including securing research funding totaling more than \$240 million in the last five years.

Once preliminary authority has been approved, U. T. Rio Grande Valley will submit the full degree program for approval by the U. T. System Board of Regents and the Texas Higher Education Coordinating Board.

4. **U. T. Rio Grande Valley: Approval of preliminary authority for a Doctor of Physical Therapy**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, and the institutional president that the U. T. System Board of Regents approve

- a. preliminary authority for U. T. Rio Grande Valley to create a Doctor of Physical Therapy program; and
- b. notification of the proposal to the Texas Higher Education Coordinating Board.

**BACKGROUND INFORMATION**

U. T. Rio Grande Valley requests preliminary authority to offer a Doctor of Physical Therapy. The proposed Doctor of Physical Therapy (DPT) program would prepare students for state licensure and entry into the profession as physical therapists. The program will collaborate with existing programs at U. T. Rio Grande Valley, including medicine, nursing, health and human performance, pharmacy, physician assistants, and social work. The program is anticipated to have a traditional full-time graduate pathway with the typical nine semesters, as well as an accelerated 3+3 pathway option. The program plans to have an enrollment of 40 students at full maturity. The program will seek accreditation by the Commission on Accreditation in Physical Therapy Education (CAPTE), an accrediting agency recognized by the U.S. Department of Education and the Council for Higher Education Accreditation. Employment for physical therapists at the state and national levels is expected to increase by 35% within the State of Texas (2014-2024) and 34% nationally for the same time period.

Once preliminary authority has been approved, U. T. Rio Grande Valley will submit the full degree program proposal for approval by the U. T. System Board of Regents and the Texas Higher Education Coordinating Board.

**5. U. T. Permian Basin: Approval to create the College of Engineering**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, and the institutional president that the Board of Regents approve the creation of a College of Engineering at U. T. Permian Basin.

**BACKGROUND INFORMATION**

Pursuant to Regents' *Rules and Regulations*, Rule 40601, Institutions Comprising the University of Texas System, which requires Board of Regents' approval of a new college or school within an institution, U. T. Permian Basin proposes the establishment of a College of Engineering. Presently, the University's engineering and business programs are all housed in the single College of Business and Engineering. The new College of Engineering will provide the infrastructure needed to support the two petroleum and mechanical engineering programs currently offered by U. T. Permian Basin and the two new engineering programs recently approved by the Board of Regents and currently under review by the Texas Higher Education Coordinating Board. The new College will promote organizational efficiency and provide the infrastructure needed for future programmatic development and fundraising opportunities.

New costs include the hiring of a dean, the annual administrative stipends for the department chairs, and a dedicated administrative assistant. The total annual costs for this organizational change during the first two years would be \$178,600. Starting in Year 3, when the administrative assistant is expected to be hired, annual costs would be \$208,600. The total additional cost over the next five years would be \$983,000.

U. T. Permian Basin received additional state funding for new engineering programs during the 85th Regular Session of the Texas Legislature. This special item funding provided \$800,000 for each year of the FY 2018 - 2019 biennium to support the creation of new programs in civil and electrical engineering. U. T. Permian Basin will utilize part of this funding to create the Dean of the College of Engineering position and the required support staff. The remainder will be used to begin hiring faculty for the new programs and to support current engineering faculty in ramping up these new programs. With the addition of the new Dean of the College of Engineering and with the assistance of President Woodley, U. T. Permian Basin is well positioned to seek philanthropic support for the new engineering programs and facilities to grow and enhance the engineering programs and provide operational funding over the next several years. During the start-up phase of these endeavors, the base funding received from the state will be a crucial foundation to support the creation of and funding for the operations of the new College of Engineering.

The creation of the new College has been approved by the Executive Vice Chancellor for Academic Affairs pending approval by the Board. Upon approval by the Board of Regents, the Office of Academic Affairs will notify the Texas Higher Education Coordinating Board of the change so that the U. T. Permian Basin administrative unit structure may be updated.



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

6. **U. T. Arlington: Discussion and appropriate action regarding approval of the Campus Master Plan Expansion**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, and the institutional president that the U. T. System Board of Regents approve the Campus Master Plan Expansion for U. T. Arlington, which includes authority to acquire property in five zones as parcels become available to provide sufficient land to support the continued growth of the University. A PowerPoint presentation is set forth on the following pages. The five acquisition zones are set out on Slide 10 on [Page 204](#).

**BACKGROUND INFORMATION**

U. T. Arlington requests approval to be granted authority, in accordance with U. T. System and the Regents' *Rules and Regulations*, to acquire property in five zones as parcels become available to provide sufficient land to support the continued growth of the University. In addition, the redevelopment of these zones will help U. T. Arlington enhance the characteristics of a modern institution that includes an increasing residential population and growing institutional activities while still enabling green spaces and integration with the community.

# U. T. ARLINGTON

## CAMPUS MASTER PLAN

### EXPANSION ZONES

U. T. System Board of Regents' Meeting  
Academic Affairs Committee  
August 2017

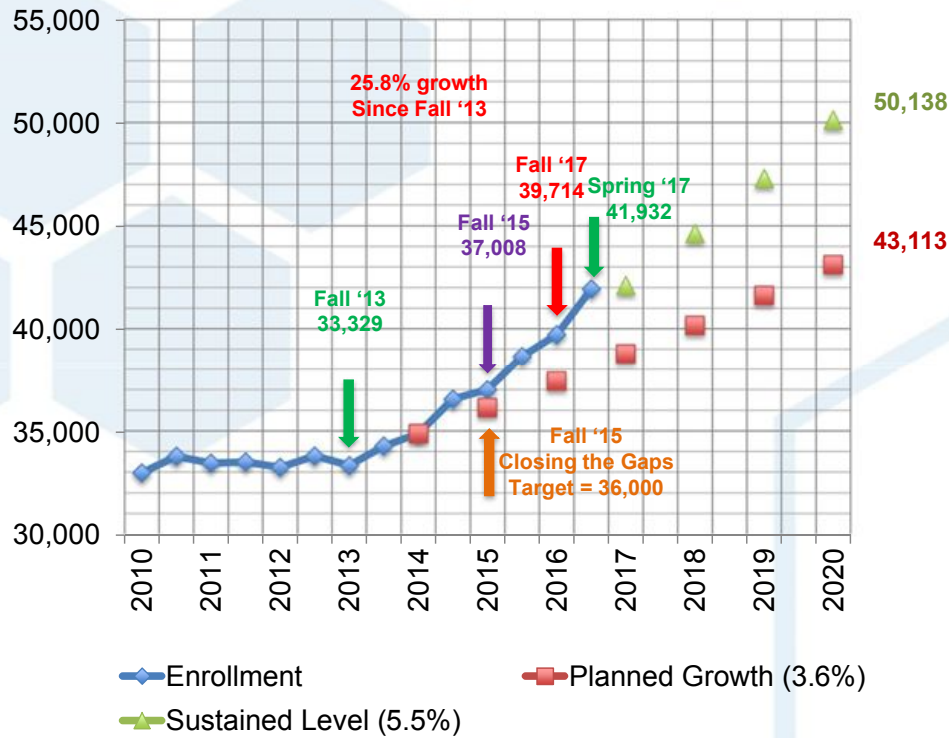
# Campus Growth

**U. T. Arlington's main campus comprises approximately 420 acres. 75 additional acres are included herein for future potential campus expansion.**

**Over the last 10 years, the campus physical plant has grown from 4.9 million square feet to over 6.4 million square feet, an increase of over 23%.**

**There is currently over 384,000 Gross Square Feet (GSF) under construction, plus a 1,500 car parking garage, with plans for an additional 270,000 GSF for future needs.**

# Enrollment Growth Trends (THECB)



Expected 2016-17  
Global Enrollment:  
**58,666**

- Focus:**  
**Excellence through:**
- Continuous assessment
  - Continuous improvement
  - Enhancement
  - Continuous updating
  - Data driven decisions

# Academic & Research Growth

**Enrollment** – U. T. Arlington expects continued growth in freshmen, transfers, and in graduate students. Growth is driven by a focus on areas of workforce needs and career opportunities.

**Growth: FY 2012 - 2016**

College of Engineering	70%
College of Nursing and Health Innovation	56%
School of Social Work	34%

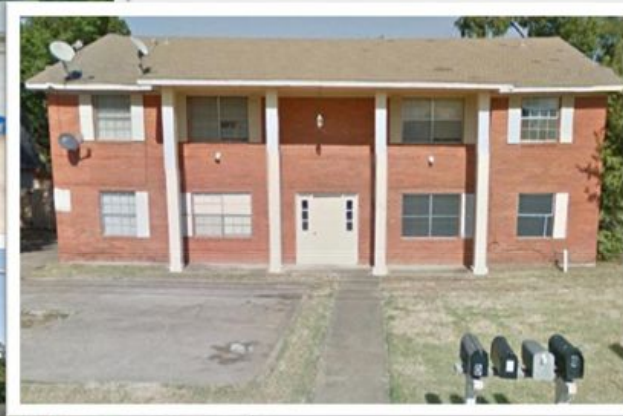
# Academic & Research Growth

**Faculty Hires** – 23% growth from 2013-2016 (Integrated Postsecondary Education Data System), with further expected growth from 2017. Focus on growth areas per the Strategic Plan and the four theme areas.

**Research** – Based on the Carnegie R-1 classification and pursuit of Tier-One status, our research enterprise continues to grow at about 10% annually with new centers and research thrusts being added.

**Residential Population** – Demand for on-campus housing has increased. The new 534 bed residence hall will add capacity in Fall 2018, and further development is planned to meet continuing need.

# Buildings in Expansion Area



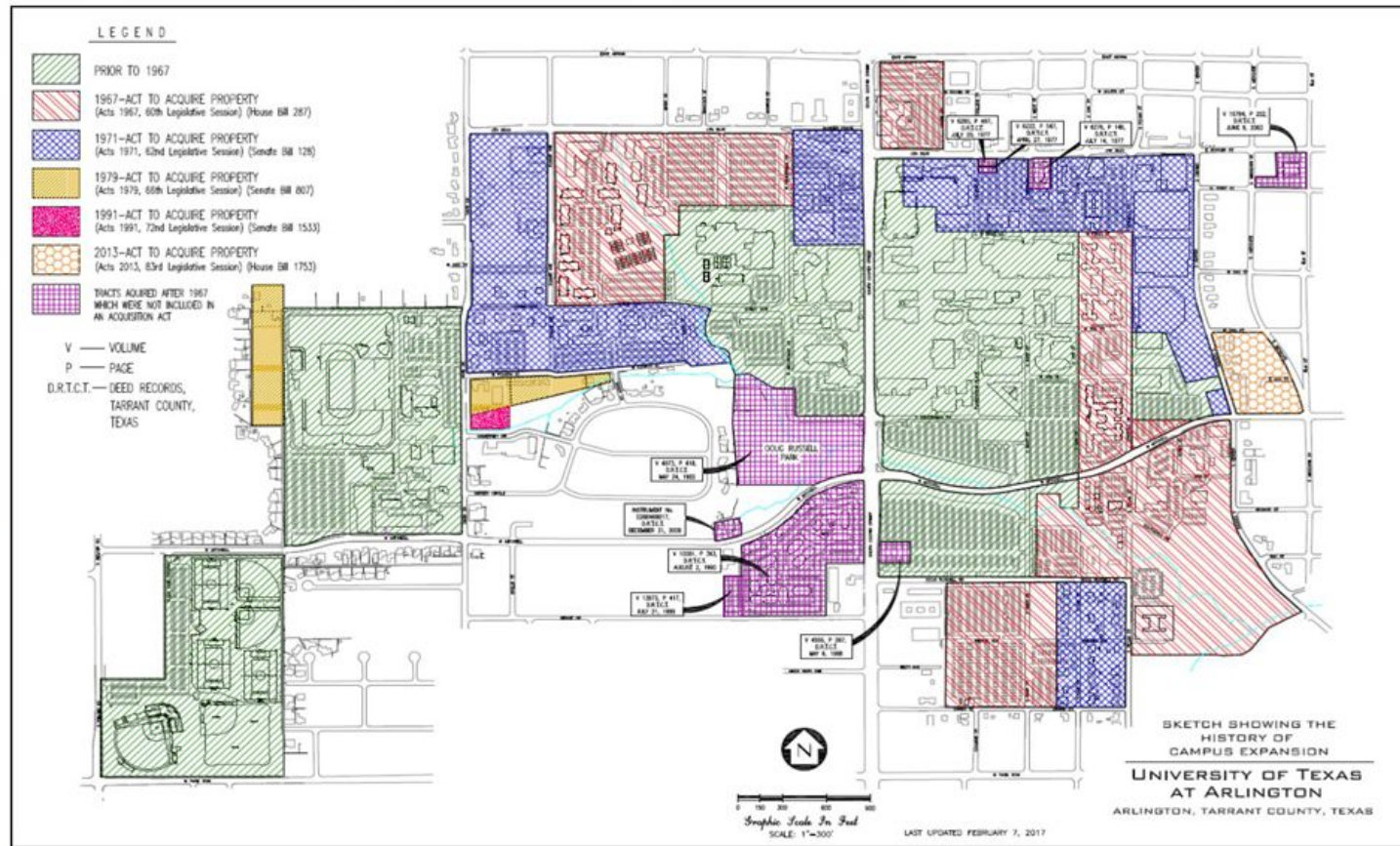


# Improving Campus Environment



**The proposed expansion zones will help U. T. Arlington enhance the characteristics of a modern institution that includes an increasing residential population and growing institutional activities while still enabling green spaces and integration with the neighboring community.**

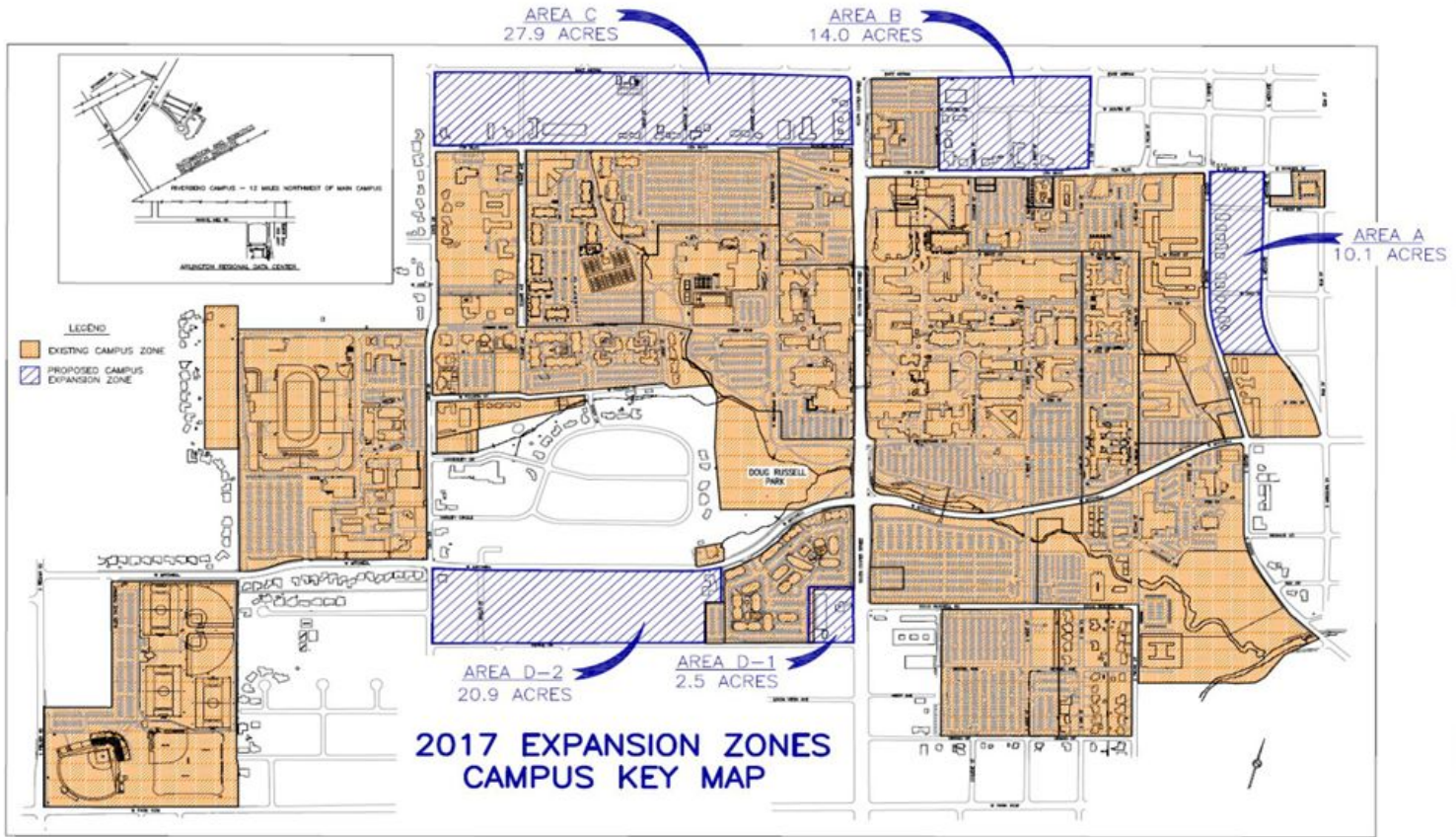
# Campus Expansion History



# Current University Ownership



# Proposed Expansion Zones



7. **U. T. Rio Grande Valley: Discussion and appropriate action regarding approval of the Campus Master Plan**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, and the institutional president that the U. T. System Board of Regents approve the Campus Master Plan for U. T. Rio Grande Valley. A PowerPoint presentation is set forth on the following pages.

**BACKGROUND INFORMATION**

The Campus Master Plan mission, vision, and values will position U. T. Rio Grande Valley as a model of academic innovation for the distributed institution of the future. By leveraging existing locations, an enhanced bus rapid transit system, and digital connectivity, accessibility to regional, affordable, and high quality education will be maximized.

**Core Priorities**

The Master Plan uses the Texas Higher Education Coordinating Board calculation methodology to identify real estate needs. Using enrollment, research expenditures, and benchmarked growth targets to forecast real estate needs over the next 5, 10, and 15 years, building projects have been prioritized at U. T. Rio Grande Valley locations across the Valley.

**Student Success**

The Master Plan envisions physical and digital upgrades to existing locations that enable highly accessible, networked experiential learning, and student services across the Valley. Much needed enhancements to student unions, library, and recreation services will enrich the student experience.

**Educational Opportunities**

Over the next five years, enrollment growth will be absorbed through improvements in utilization and increases in online and hybrid learning. Regional accessibility will be broadened by renovations to significantly increase the use of existing Academic Hubs in Rio Grande City, Weslaco, and McAllen.

**Research Impacting the Rio Grande Valley and Beyond**

Existing research facilities, together with the new Medical Research Building at the Doctors Hospital at Renaissance campus in McAllen, will accommodate five to seven years of growth, but planned increases in research expenditures over 10 to 15 years will require significant space. New space will be decentralized across the Valley at strategic locations defined by the aligning four research themes: Health + Wellness, Innovation, Education, and Environment. These research themes will focus on critical needs relative to the Rio Grande Valley.

### **Health and Medical Education**

The Master Plan envisions expansion of facilities at Harlingen as a major health sciences campus. Focusing growth in interprofessional learning and research, it will unite the Medical School with the College of Health Affairs. Expansion of the Ambulatory Interprofessional Medical Experience (AIME) sites will enable students to engage directly in community health and wellness programs region-wide.

### **Community Engagement**

The increased use of the Academic Hubs and AIME locations to include wider programmatic offerings, economic development, and research programs will provide a network of places to facilitate increased community outreach, service learning, and partnerships.

### **Digital Connectivity and Bus Rapid Transit**

Digital connectivity is considered a high priority for the Master Plan and future planning of the distributed campus model. The existing high-speed data/fiber network and planned substantial upgrades over the next five years at each of the campuses will meet current and future internet needs for teaching and research. It is intended that this will provide for remote teaching, video and streaming needs, and provide the level of connectivity required.

A bus rapid transit (BRT) network and supplementary shuttle system will provide interconnectivity to all three U. T. Rio Grande Valley campuses and Academic Hub locations throughout the Valley. The BRT service is scheduled to start in 2018.

# U. T. Rio Grande Valley Campus Master Plan

U. T. System Board of Regents' Meeting  
Academic Affairs Committee  
August 2017



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

[WWW.UTSYSTEM.EDU](http://WWW.UTSYSTEM.EDU)

# Purpose

Create a singular University that successfully operates in a distributed model across the Rio Grande Valley supported by the appropriate digital and physical infrastructure.





# FOCUS: Maximum Success and Growth for the most Effective Investment

- Leveraging previous master plans
- Building upon the resources in existing locations
- Optimizing transportation & IT infrastructure



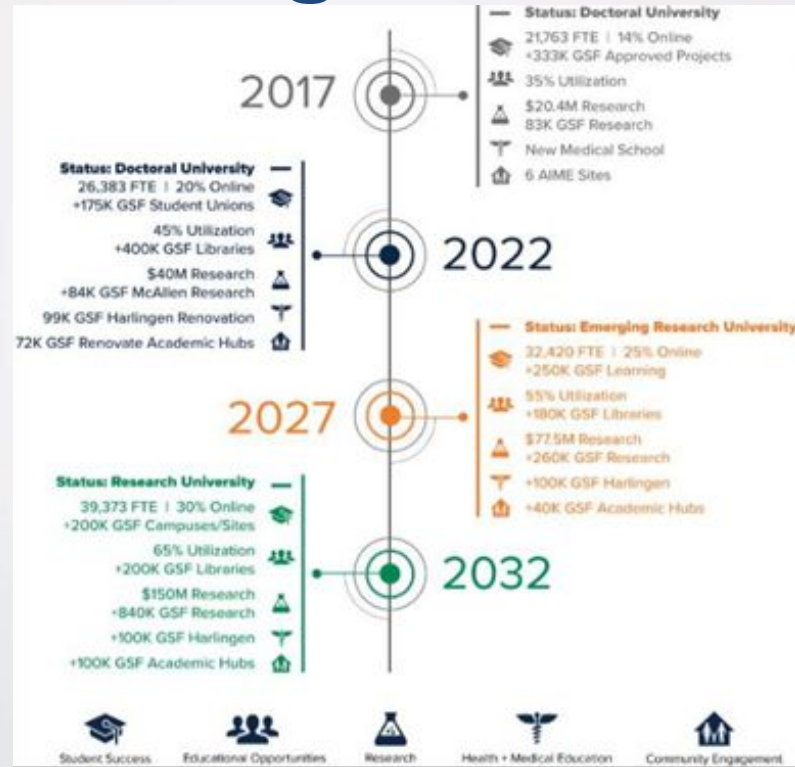
# 15-Year UTRGV Geography



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

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# Master/Strategic Plan Priorities



# Master Plan Priorities

- Learning
  - Campuses/Sites, Academic Hubs, Community Hubs
- Research
  - Health and Wellness, Innovation, Education, Environment
- Student Support
  - Library, Student Union, Recreation, Housing, Administration
- Connectivity
  - Data and Transit



# Learning

Year	Student Enrollment (FTSE)	% Online Learning
2017	21,700	14%
2022	26,400	20%
2027	32,400	25%
2032	39,400	30%



# Research Expenditures and Sites

2017	2022	2027	2032
\$29.1M (Projected)	\$40M	\$77.5M	\$150M

McAllen	Health Sciences, Advanced Manufacturing
Edinburg	Interdisciplinary Research
Weslaco	Earth/Environment, Business/Entrepreneurship
Harlingen	Health Sciences
Brownsville	Interdisciplinary Research
Port Isabel & South Padre Island	Space Innovation, Water, Coast, Oceans



# Support

2017	2022	2027	2032
1,459,000 GSF	+845,000 GSF	+355,000 GSF	+495,000 GSF

Library

Centralized Book repository to free campus space

Student Union

Renovate and expand existing facilities

Housing

Launch study to determine location, types, markets

Recreation

Upgrade fields and add new recreational facilities

Admin/Support

Consolidate administration, expand student support



# Connectivity – Data and Transit

- Achieved through data infrastructure and transportation systems
  - Explore Bus Rapid Transit (BRT)
  - Increase Fiber Network
  - Develop Park + Ride Facilities
  - Increase Gigabits/second data rate





8. **U. T. Rio Grande Valley: Discussion and appropriate action regarding proposed changes to admission criteria for nine graduate programs**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, and the institutional president that the U. T. System Board of Regents approve changes to the criteria for admission to nine graduate programs at U. T. Rio Grande Valley as described on the following pages.

## Summary of Changes to Admission Criteria

### 1. Master of Physician Assistant Studies

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
1. Minimum of 15 U.S. Semester hours completed within the past 5 years (starting in the 2016 application cycle)	1. No change
2. Personal statement detailing professional goals and reasons for pursuing the graduate degree	2. No change
3. Three letters of recommendation from professional or academic sources	3. No change
4. Documentation of a minimum of 50 hours of shadowing	4. <del>Documentation of a minimum of 50 hours of shadowing.</del>
5. GRE General Test	5. No change

**Reason for Change:** Many potentially excellent candidates do not have sufficient shadowing hours since they would not have worked in the field prior to enrolling in the program. The students in the program will gain 40 total shadowing hours in the first semester and another approximately 40 shadowing hours in the second semester as part of the curriculum.

**2. Master of Arts in Interdisciplinary Studies – Anthropology**

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
1. GRE general test	1. <u>If applicant does not meet the minimum undergraduate GPA criterion, a GRE general test is required</u>
2. Submission of a statement of purpose and goals for pursuing the degree	2. No change
3. Submission of a resume	3. No change
4.	4. <u>Two letters of recommendation, at least one of them from an academic source</u>

**Reason for Changes:** The GRE was added as a requirement for all applicants when degree programs were proposed for UTRGV and was not a requirement previously at the legacy institution. The program believes that applicants that meet the GPA requirement for clear admission (3.0), have a strong resume (resume submission required), and submit a well-articulated statement of purpose and goals would not accrue additional advantage from taking the GRE test. In order to facilitate a holistic assessment of applicants with GPAs below 3.0, the GRE test would be required. In addition, the program is also now requesting two letters of recommendation from all applicants.

**3. Master of Science in Criminal Justice**

<b>Current Unconditional Admission Criteria</b>	<b>Proposed Unconditional Admission Criteria</b>
1. If applicant does not meet the minimum undergraduate GPA criterion of 3.0, but has a GPA of 2.80 -2.99, GRE general test with minimum scores of 146 Verbal, 150 Quantitative, and 3.5 Analytical are required for conditional admission	1. If applicant does not meet the minimum undergraduate GPA criterion of 3.0, but has a GPA of <u>2.75</u> -2.99, GRE general test with minimum scores of 146 Verbal, 150 Quantitative, and 3.5 Analytical are required for conditional admission
2. Submission of three letters of recommendation from university/college professors who can assess the applicants' abilities to pursue graduate study. In exceptional cases (where an applicant has not attended school for a long period of time, say five years), a non-academic referee, such as a captain and above in the US Armed Forces or law enforcement; a federal or state judge; a senior barrister/attorney-at-law; or a Senior Federal, State/County/Local Public Service Officer above the rank of a supervisor; or other similar position may be considered	2. No change
3. Submission of a 250-500 letter of intent detailing why the student is interested in pursuing a graduate degree in Criminal Justice	3. No change

**Reason for Change:** This requested change is to bring the program in line with the university general requirement of 2.75 – 2.99 used for conditional admission for all other graduate programs.

**4. Master of Science in Kinesiology**

<b>Current Unconditional Admission Criteria</b>	<b>Proposed Unconditional Admission Criteria</b>
1. Submission of two letters of recommendation or reference checklists	1. No change
2. Submission of a statement of purpose in pursuing degree	2. No change
3. Submission of a resume	3. No change
4.	4. <u>Bachelor's degree in Kinesiology or related field from a regionally accredited institution in the United States or a recognized international equivalent in a similar or related field</u>
5.	5. <u>Applicants who do not have their undergraduate training in Kinesiology or related areas, will be required to complete 9-12 hours of undergraduate leveling work. Leveling work must be completed with a "B" (GPA of 3.0 or higher based upon a 4.0 system) before acceptance into the program</u>

**Reason for Changes:** Previously, applicants could enter the program from a wide cross-section of undergraduate background. It had become apparent that students without a Kinesiology background either performed poorly in their courses or were required to take several foundation courses which unexpectedly increased their time to degree and unplanned tuition costs. This revision will result in greater transparency and ensure that students accepted into the program have the required background to be successful and/or are well aware of foundation requirements.

**5. Master of Education in Bilingual Education**

<b>Current Unconditional Admission Criteria</b>	<b>Proposed Unconditional Admission Criteria</b>
1. Minimum undergraduate GPA of 3.25 overall	1. Minimum undergraduate GPA of <u>3.0</u>
2. If applicant does not meet the minimum undergraduate GPA criterion, GRE general test with minimum scores of 150 Verbal, 141 Quantitative, and 4.0 Analytical are required for conditional admission	2. No change
3. Submission of two letters of recommendation	3. Submission of two letters of recommendation <u>from professional or academic sources</u>
4. Submission of a personal statement essay a. Write 250 words in English explaining your interest in graduate studies b. Write 250 words for your chosen specialization: i. Dual Language Specialization: In Spanish, explain your interest in dual language environments ii. ESL Specialization: In English, explain your interest in students who speak languages other than English iii. Educational Leadership Specialization: In English, explain your interest in leadership for bilingual environments	4. Submission of a personal statement essays ( <u>complete both a and b</u> ) a. Write 250 words in English explaining your interest in graduate studies b. Write 250 words for your chosen specialization: i. Dual Language Specialization: <u>En español, explique su interés en ambientes y aulas bilingües</u> ii. ESL Specialization: In English, explain your interest in students who speak languages other than English iii. Educational Leadership Specialization: In English, explain your interest in leadership for bilingual environments
5. Submission of a resume	5. Submission of a resume <u>which includes educational and background and work experience</u>

<p>6. Submission of Texas Examination of Educator Standards (TExES) or Examination for the Certification of Educators in Texas (ExCET) Certificate. If an applicant lacks Texas certification but has taught in another state, another country, a charter school, a private school, or a community college, conditional admission may be considered.</p>	<p>6. <u>Documentation of one of the following:</u></p> <ul style="list-style-type: none"> <li>• <u>Teacher certification in the U.S., or</u></li> <li>• <u>licenciatura or equivalent from another country, in a field related to education or language, or</u></li> <li>• <u>employment in a charter school, private school, or a community college.</u></li> <li>• <u>For applicants without teaching certification or experience, conditional admission may be considered.</u></li> </ul>
<p>7. Documentation of one year of teaching experience</p>	<p>7. <del>Documentation of one year of teaching experience</del></p>

**Reason for Changes:**

Change: Lower undergraduate GPA requirement for clear admission from 3.25 to 3.0. This change will better align the program with the overall university requirement of 3.0 for clear admission to graduate programs.

Change: Submission of letters of recommendation to be completed specifically by professional or academic sources. This change was deemed necessary to ensure that the letters of recommendations addressed the candidate’s academic abilities. Many letters received were very general and did not address the candidate’s academic abilities.

Change: Personal statement essays now have more specific criteria. This change is intended to ensure that candidates provide better-quality essays that would facilitate the review process.

Change: Resume must now include educational background and work experience. This change is to ensure that applicants create better and more relevant resumes to facilitate the review process.

Change: Teacher Certification now includes entities other than Texas. An increasing number of applications are coming from states other than Texas. This opens applications to these applicants.

Delete: Documentation of one year of teaching experience. Students are required to have documentation of at least one-year of teaching experience to sit for the Texas teaching certification. Students can achieve this while working through the program so it isn’t necessary to have this prior to program entry.

**6. Teacher Certification – Principal Credential (M.Ed. Educational Leadership)**

<b>Current Unconditional Admission Criteria</b>	<b>Proposed Unconditional Admission Criteria</b>
1. Master's degree in Educational Leadership	1. No change
2. 3.0 GPA	2. No change
3. Three (3) years teaching experience	3. <u>Two (2) years</u> teaching experience
4. Presentation of the following to the Faculty Admissions Committee. (1 hour) A. Evidence of Teaching Effectiveness 1. Presentation of how you use student performance data to improve instruction B. Evidence of Leadership Activities 1. Presentation of End-product from M.Ed. program 2. Presentation of school site leadership roles/responsibilities	4. No change
5. Evidence of Teaching certificate (Updated)	5. No change
6. Evidence of Teacher Service Record	6. No change
7. Criminal Background Check	7. No change

**Reason for Change:** The program is aligning with TEA requirement of two years teaching experience.



**7. Teacher Certification – Principal Credential (M.Ed. in another field)**

<b>Current Unconditional Admission Criteria</b>	<b>Proposed Unconditional Admission Criteria</b>
1. Master's degree in Educational Leadership	1. No change
2. 3.0 GPA	2. No change
3. Three (3) years teaching experience	3. <u>Two (2) years</u> teaching experience
4. Presentation of the following to the Faculty Admissions Committee. (1 hour) A. Evidence of Teaching Effectiveness 1. Presentation of how you use student performance data to improve instruction B. Evidence of Leadership Activities 1. Presentation of End-product from M.Ed. program 2. Presentation of school site leadership roles/responsibilities	4. No change
5. Evidence of Teaching certificate (Updated)	5. No change
6. Evidence of Teacher Service Record	6. No change
7. Criminal Background Check	7. No change

**Reason for Change:** The program is aligning with TEA requirement of two years teaching experience.

**8. Teacher Certification – Assessment of Exceptional Learners Credential (formerly Educational Diagnostician Credential) (Certification in the state of Texas only)**

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
	1. <u>Hold a graduate degree from an accredited institution of higher education recognized by the Texas Higher Education Coordinating Board in education or related field</u>
1. Three letters of recommendation from professional or academic sources	2. No change
2. Personal statement detailing professional goals and reasons for pursuing this degree	3. No change
3. Criminal background check	4. No change
4. Proof of Professional Liability Insurance	5. No change
	6. <u>Hold a valid teaching certification</u>

**Reason for Changes:**

Change: Requirement of a graduate degree from an accredited institution recognized by THECB. This specifies that the undergraduate degree must be recognized by the THECB for Texas certification and is primarily a clarification.

Change: Hold a valid teaching certification. A valid teaching certificate is required in Texas to be certified and to teach in the area. This is to ensure that applicants are prepared for certification when they complete their coursework.

**9. Teacher Certification – Assessment of Exceptional Learners Credential (formerly Educational Diagnostician Credential)**

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
	1. <u>Hold a graduate degree from an accredited institution of higher education in education or related field</u>
1. Three letters of recommendation from professional or academic sources	2. No change
2. Personal statement detailing professional goals and reasons for pursuing this degree	3. No change
3. Criminal background check	4. No change
4. Proof of Professional Liability Insurance	5. No change

**Reason for Change:** This specifies that the undergraduate degree does not have to be recognized by the THECB since certification will be conferred by a governing board outside Texas.



**TABLE OF CONTENTS  
FOR  
HEALTH AFFAIRS COMMITTEE**

**Committee Meeting: 8/23/2017**

**Board Meeting: 8/24/2017**  
Austin, Texas

*R. Steven Hicks, Chairman*  
*Ernest Aliseda*  
*David J. Beck*  
*Jeffery D. Hildebrand*  
*Janiece Longoria*  
*Sara Martinez Tucker*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	10:30 a.m. <i>Chairman Hicks</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	10:30 a.m. <b>Discussion</b>	<b>Action</b>	<b>229</b>
2. <b>U. T. System: Discussion and appropriate action regarding guidance to the health-related institutions for submission of tuition and fee proposals for FY 2019, based upon recommendations from the presidents after a consultative process with broad student engagement</b>	10:35 a.m. <b>Action</b> <i>Chairman Hicks</i> <i>Dr. Greenberg</i>	<b>Action</b>	<b>230</b>
3. <b>U. T. System: Discussion and appropriate action regarding reaffirmation of Mission Statements for U. T. Medical Branch - Galveston and U. T. Health Science Center - San Antonio</b>	10:40 a.m. <b>Action</b> <i>Dr. Greenberg</i>	<b>Action</b>	<b>231</b>
4. <b>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</b>	10:55 a.m. <b>Action</b> <i>Dr. Greenberg</i> <i>Mr. Sharphorn</i>	<b>Action</b>	<b>234</b>
5. <b>U. T. Health Science Center - Houston: Approval to establish a Doctorate in Health Informatics degree program in the School of Biomedical Informatics at Houston</b>	11:05 a.m. <b>Action</b> <i>President Colasurdo</i>	<b>Action</b>	<b>236</b>
6. <b>U. T. Health Science Center - Houston: Report on participation in the \$500 million National Heart, Lung, and Blood Institute's Trans-Omics for Precision Medicine program</b>	11:20 a.m. <b>Report/Discussion</b> <i>Dr. Eric Boerwinkle</i> <i>UTHSCH</i>	Not on Agenda	<b>239</b>
<b>Adjourn</b>	11:30 a.m.		

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

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 50 - 86](#).

2. **U. T. System: Discussion and appropriate action regarding guidance to the health-related institutions for submission of tuition and fee proposals for FY 2019, based upon recommendations from the presidents after a consultative process with broad student engagement**

RECOMMENDATION

Committee Chairman Hicks and the Executive Vice Chancellor for Health Affairs, with the concurrence of the Chancellor, the Deputy Chancellor, and the institutional presidents, recommend that the U. T. System Board of Regents provide guidance to the health-related institutions for submission of tuition and fee proposals for Academic Year 2018-19 based upon recommendations from the presidents after a consultative process with broad student engagement.

BACKGROUND INFORMATION

On May 15, 2014, the Executive Vice Chancellor for Health Affairs presented to the Board of Regents a proposed five-year tuition and fee plan developed by the health-related institutions for their academic programs. The first four years of the plan have been approved by the Board of Regents, with minor modifications in specific program recommendations. In order to implement the fifth and final year of the plan, authorization is being requested from the Board of Regents to initiate the institutional internal review processes necessary to bring tuition and fee recommendations for Academic Year 2018-2019 to the Board of Regents for review and approval.

Further, the institutions will be requested to develop a new tuition and fee plan for the succeeding four years.

3. **U. T. System: Discussion and appropriate action regarding reaffirmation of Mission Statements for U. T. Medical Branch - Galveston and U. T. Health Science Center - San Antonio**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor of Health Affairs, and the institutional presidents that the Mission Statements for U. T. Medical Branch - Galveston and U. T. Health Science Center - San Antonio, as set forth on the following pages, be reaffirmed by the U. T. System Board of Regents.

**BACKGROUND INFORMATION**

In 2013, the Texas Legislature repealed *Texas Education Code* Section 61.051(e), which directed the Texas Higher Education Coordinating Board to review the mission statements of public institutions, typically, every four years. However, each institution is required to have a mission statement under *Texas Education Code* Section 51.359. Section 51.352 of the Code, regarding the Responsibility of Governing Boards, requires governing boards to "insist on clarity of focus and mission of each institution under its governance." Regents' *Rules and Regulations*, Rule 10402, states that the Academic Affairs Committee or the Health Affairs Committee must review proposed changes to institutional mission statements. Further, approval of this item will help to ensure compliance with the Southern Association of Colleges and Schools (SACS) requirements regarding the periodic review and approval of each institution's mission statement by its governing board.

Pursuant to a directive by the Board of Regents on March 26, 2008, each Mission Statement must include a statement regarding the commercialization of university discoveries.

Mission Statements were last approved as follows:

- U. T. Medical Branch - Galveston: last approved by the Board of Regents on November 11, 2010
- U. T. Health Science Center - San Antonio: last approved by the Board of Regents on November 10, 2011

## U. T. Medical Branch – Galveston

CURRENT Mission Statement – no change

### **Mission, Vision, and Values Statement**

#### **Preamble**

The University of Texas Medical Branch at Galveston's mission is to improve health for the people of Texas and around the world. UTMB is an inclusive, collaborative community of forward-thinking educators, scientists, clinicians, staff, and students dedicated to a single purpose - improving health. We prepare future health professionals for practice, public service, and lifelong learning through innovative curricula and individualized educational experiences. We advance understanding and treatment of illness and injury through groundbreaking research, in the lab and at the bedside, including the commercialization of such research, as appropriate. We deliver skilled and patient-centered health care, and we continue to shape the future of health sciences education, research, and clinical care by always asking, "What's next?"

#### **Mission**

UTMB's mission is to improve health for the people of Texas and around the world.

#### **Vision**

We work together to work wonders as we define the future of health care and strive to be the best in all of our endeavors.

#### **Values**

Our values define our culture and guide our every interaction.

- We demonstrate **compassion** for all.
- We always act with **integrity**.
- We show **respect** to everyone we meet.
- We embrace **diversity** to best serve a global community.
- We promote excellence and innovation through **lifelong learning**.



**U. T. Health Science Center - San Antonio**

CURRENT Mission Statement – no change

The mission of The University of Texas Health Science Center at San Antonio is to make lives better through excellence in education, research, health care and community engagement.

Strategies for achieving this mission are:

- Educating a diverse student body to become excellent health care providers and scientists.
- Engaging in research to understand health and disease.
- Commercializing discoveries, as appropriate, to benefit the public.
- Providing compassionate and culturally proficient health care.
- Engaging our community to improve health.
- Influencing thoughtful advances in health policy.

4. **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. \$2.5 million be designated for Health Affairs Collaborative Projects, as identified by the Executive Vice Chancellor for Health Affairs.

The proposed distribution of \$8.5 million is set forth on the following page as Exhibit 1.

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 rates. 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, \$2.5 million is recommended for U. T. System efforts in patient safety enhancement through 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 2017

<i>Institution</i>	<i>Premium Paid</i>  <i>2015-2017</i>	<i>Claims Expense</i>  <i>2015-2017</i>	<i>Net Contribution Amount</i>	<i>Rebate based on Net Contribution</i>
UT Arlington	7,311	-	7,311	2,280
UT Austin	176,443	1,941	174,502	54,412
UT Dallas	1,596	-	1,596	497
UT El Paso	948	-	948	295
UT Rio Grande Valley <sup>1</sup>	319,191	-	319,191	99,527
UT San Antonio	3,777	-	3,777	1,178
UTSWMC	6,712,492	2,967,539	3,744,953	1,167,715
UTMB	4,576,493	1,281,322	3,295,171	1,027,469
UTHSCH	6,092,676	2,240,744	3,851,932	1,201,073
UTHSCH Medical Foundation	2,585,790	950,993	1,634,797	509,747
UTHSCSA	5,092,158	1,003,732	4,088,426	1,274,814
UTMDACC	3,647,067	1,669,142	1,977,925	616,738
UTHSCT	388,622	246,693	141,929	44,255
<b>Subtotal</b>	<b>\$ 29,604,564</b>	<b>\$ 10,362,106</b>	<b>\$ 19,242,458</b>	<b>\$ 6,000,000</b>
<b>Patient Safety Enhancement Projects</b>				<b>\$ 2,500,000</b>
<b>TOTAL PROPOSED DISTRIBUTION</b>				<b><u><u>\$ 8,500,000</u></u></b>

<sup>1</sup> Premium of \$784 for FY 2015 was paid by UT Pan American.

**5. U. T. Health Science Center - Houston: Approval to establish a Doctorate in Health Informatics degree program in the School of Biomedical Informatics at Houston**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Health Affairs, and the institutional president 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 Health Informatics degree program in the School of Biomedical Informatics at Houston at U. T. Health Science Center - Houston; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

The proposed practice doctorate in Health Informatics (DrHI) at the UTHealth School of Biomedical Informatics (UT-SBMI) in Houston is a unique, first-of-its-kind program in the nation with the goal of providing executive-level informatics leaders with the terminal education required to translate evidence from original research, evaluate current practices, and utilize critical thinking to accelerate the adoption of best clinical practices, following the nationwide implementation of electronic health records (EHRs). In light of the current health care trends, the objective of the practice doctorate program is to provide executive-level informatics leaders with the terminal education required to translate evidence from original research, evaluate current practices, utilize critical thinking to accelerate the adoption of best practices related to using health information technology to prevent, diagnose and treat disease. These goals are intended to ultimately improve patient outcomes regardless of care setting and prevent medical errors. The program requires 63 semester credit hours beyond the master's degree. Courses have been designed to provide advanced training in health informatics practice including change management, vendor relations and contract negotiation, as well as evidence-based health informatics evaluation.

Need and Student Demand

Over the past few years, some applicants for the existing UT-SBMI doctoral degree already hold the master's in health or biomedical informatics and wish to continue to earn a terminal degree. Many of these applicants are in practice, rather than research or academia, and wish to continue in those roles. They have difficulty articulating a research question that would be appropriate for the Ph.D. dissertation. After conducting focus group interviews with health informatics executives from the major health care organizations in the Texas Medical Center, the State of Texas, and the Department of Defense, it became clear that there is overwhelming support to offer a program of this caliber to fill the educational need for the informatics specialty.

Currently, of the students, master's and Ph.D., graduating from UT-SBMI, 95% are employed in the field within three months. This program requires experience in health informatics prior to enrollment and these students are expected to be employed upon matriculation. These graduates are expected to progress in their careers while also filling an acknowledged need for health informatics executives to possess a higher level of knowledge and skills.

#### Program Quality

Four core faculty and four supporting faculty from the UT-SBMI will support the practice doctorate program for the first three years. New faculty are projected for hire in Years 4 and 5. The applied core and support faculty already teaching at UT-SBMI bring many decades of experience in health informatics and leadership in various aspects of the health industry.

The UT-SBMI saw a 69% student enrollment increase from Fall 2014 to Fall 2016 for all graduate programs (certificates, masters and doctoral). Both the school and its graduate programs continue to grow as more health care organizations in the Texas Medical Center and beyond seek professionals with advanced education in health informatics. The school is currently in candidacy status for the new applied health informatics specialty accreditation from the Commission on the Accreditation of Health Informatics and Information Management education programs.

In addition to working with industry advisors and stakeholders on the design of the program, the UT-SBMI will engage with them and other industry experts for lectures, projects, and other parts of the curriculum. The program evaluation will be qualitative when graduates are interviewed and surveyed to determine which skills and competencies have proven useful. The quantitative assessment plan is to demonstrate the cost-effectiveness of the practicum projects for the health care industry.

More the 45,000 square feet of space is currently being added to the University Center Tower (UCT) building devoted to the UT-SBMI for its teaching and research. Plans are to include four new classrooms that can hold a minimum of 40 students each, with the ability to be set up in variable configurations.

Revenue and Expenses

<b>Projected Enrollment</b>	<b>5-Year Total</b>
Number of Full-Time Student Equivalents (FTSE) Used for Formula Funding Calculation	72
Number of Full-Time Student Equivalents	72

<b>Expenses</b>	<b>5-Year Total</b>
<i>Faculty</i>	
Salaries	\$1,972,400
Benefits (not applicable paid by state fund)	\$0
<i>Graduate Students</i>	
TA Salaries	\$0
TA Benefits	\$0
GRA Salaries	\$0
GRA Benefits	\$0
<i>Staff &amp; Administration</i>	
Graduate Coordinator Salary	\$0
Administrative Staff Salaries	\$314,655
Staff Benefits (not applicable paid by state fund)	\$0
<i>Other Expenses</i>	
Equipment	\$98,850
<b>Total Expenses</b>	<b>\$2,385,905</b>

<b>Revenue</b>	<b>5-Year Total</b>
<i>From Student Enrollment</i>	
Formula Funding	\$1,256,040
Tuition and Fees	\$1,724,537
<i>From Institutional Funds</i>	
Provost Graduate Student Support	\$0
<i>From Grant Funds</i>	
Not required	\$0
<i>From Other Revenue Sources</i>	
Provost and Dean – Start-up packages	\$0
<b>Total Revenue</b>	<b>\$2,980,577</b>

Coordinating Board Criteria

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

6. **U. T. Health Science Center - Houston: Report on participation in the \$500 million National Heart, Lung, and Blood Institute's Trans-Omics for Precision Medicine program**

REPORT

Eric Boerwinkle, Ph.D., Dean of the School of Public Health at U. T. Health Science Center - Houston, will report on participation in the \$500 million National Heart, Lung, and Blood Institute's Trans-Omics for Precision Medicine program. A PowerPoint presentation is set forth on the following pages.

BACKGROUND INFORMATION

U. T. Health Science Center - Houston, in collaboration with the Human Genome Sequencing Center at Baylor College of Medicine, is a participant in the \$500 million National Heart, Lung, and Blood Institute's Trans-Omics for Precision Medicine (TOPMed) program. The TOPMed program is designed to generate scientific resources to enhance the understanding of fundamental biological processes that underlie heart, lung, blood, and sleep disorders.

# Precision Medicine: 'Individualizing' Medical Care to Advance Human Health



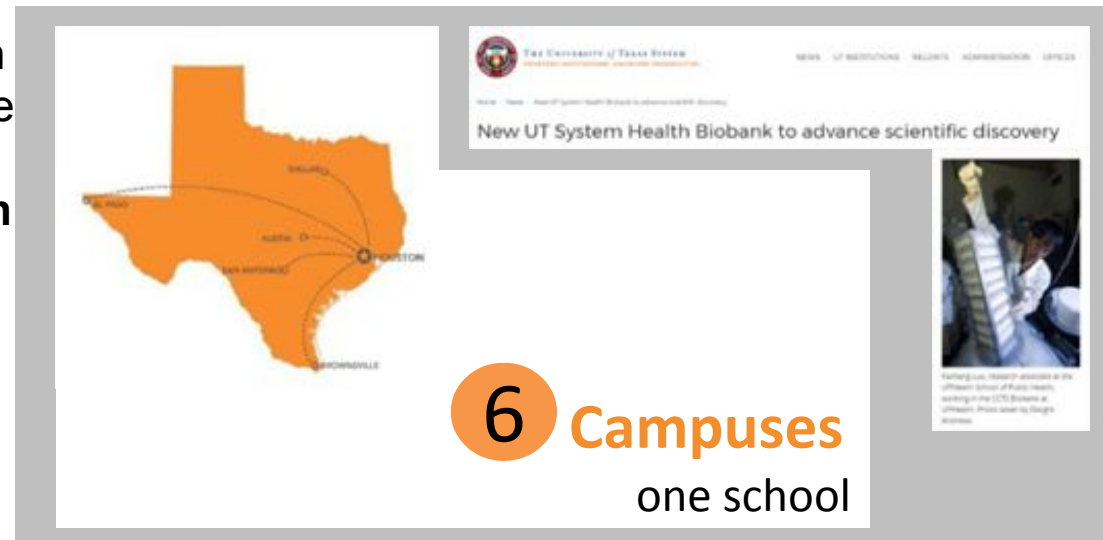
U. T. System Board of Regents' Meeting  
Health Affairs Committee  
August 2017

Eric Boerwinkle, Ph.D.  
Dean, School of Public Health  
The University of Texas Health Science Center at Houston



# U. T. Health School of Public Health: Helping Save Millions of Lives Every Day

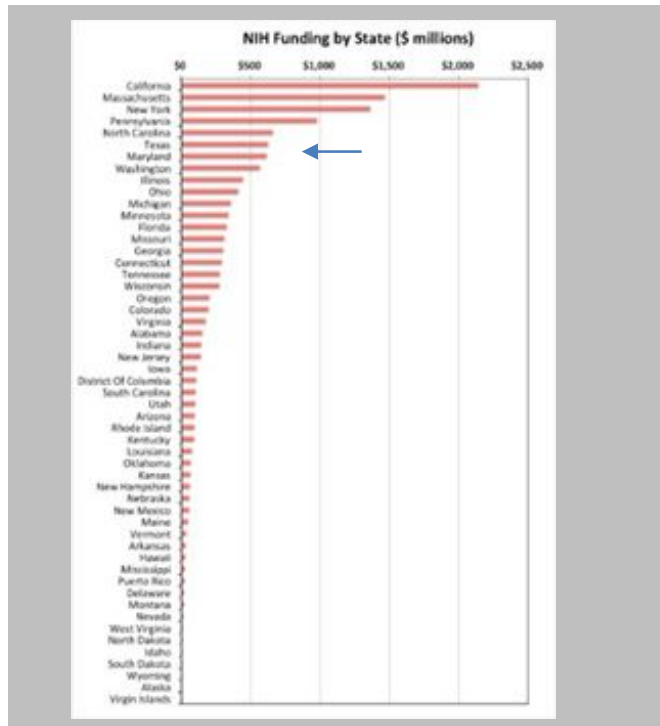
The U. T. Health Science Center - Houston (U. T. Health) School of Public Health is the **fourth largest public health school in the United States**, has **trained more than 28,000 people** through continuing education programs, is the **largest MD/MPH program in the nation**, and operates **joint MPH programs with schools of dentistry, nursing, social work, law, and business.**



**6** Campuses  
one school

# Trans-Omics for Precision Medicine:

## National Institutes of Health



# Trans-Omics for Precision Medicine: “Bringin’ Home the Bacon”

**HOUSTON★CHRONICLE**

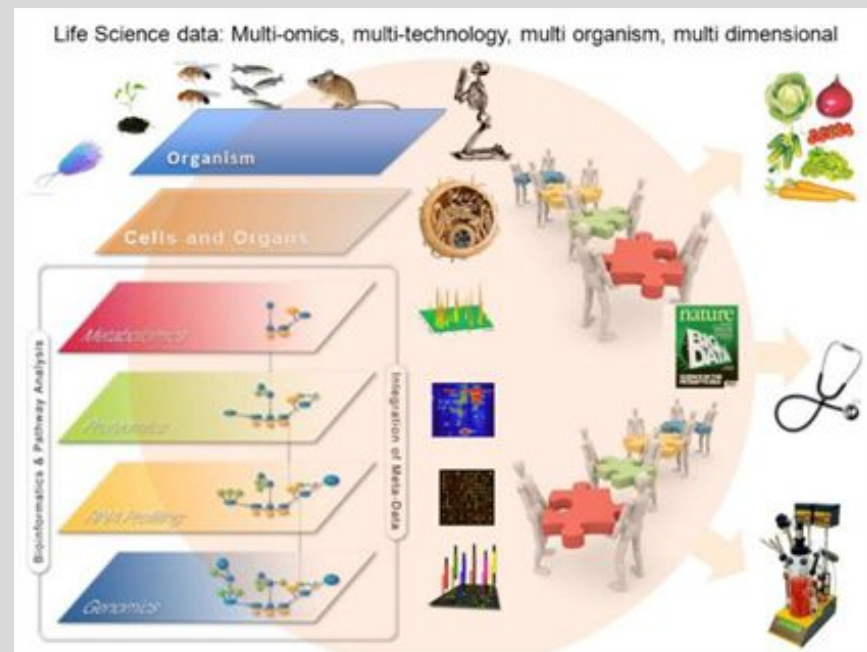
**Baylor and U. T. Health Awarded  
\$500M NIH Contract**



# Data Integration and Discovery

## Trans-Omics for Precision Medicine (TOPMed):

Goal is to identify the fundamental genetic and biologic mechanisms of heart, blood, and lung diseases



# The Future of Genomics



**U.S. corn production in  
2014:  $1.3 \times 10^{15}$  kernels**

**DNA sequencing in 2016:  
 $20 \times 10^{15}$  bases**





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FOR  
FACILITIES PLANNING AND CONSTRUCTION  
COMMITTEE**

**Committee Meeting: 8/23/2017**

**Board Meeting: 8/24/2017**  
Austin, Texas

*David J. Beck, Chairman*  
*Ernest Aliseda*  
*Kevin P. Eltife*  
*Jeffery D. Hildebrand*  
*Janiece Longoria*  
*Rad Weaver*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>11:30 a.m.</i> <i>Chairman Beck</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<i>11:30 a.m.</i> <b>Discussion</b>	<b>Action</b>	<b>248</b>
<b><u>Addition to the CIP</u></b>			
2. <b>U. T. Dallas: U. T. Dallas Athenaeum - Amendment of the FY 2018-2023 Capital Improvement Program to include project</b>	<i>11:31 a.m.</i> <b>Action</b> <i>President Benson</i>	<b>Action</b>	<b>249</b>
<b><u>Design Development Approval</u></b>			
3. <b>U. T. Dallas: Science Building - Amendment of the FY 2018-2023 Capital Improvement Program to revise funding sources; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt</b>	<i>11:36 a.m.</i> <b>Action</b> <i>President Benson</i> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>252</b>
4. <b>U. T. Permian Basin: Kinesiology Building - Amendment of the FY 2018-2023 Capital Improvement Program to increase total project cost; approval to revise funding sources; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt</b>	<i>11:45 a.m.</i> <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>256</b>

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
5. <b>U. T. Health Science Center - San Antonio: Relocate the Barshop Institute - Amendment of the FY 2018-2023 Capital Improvement Program to increase total project cost; approval to revise funding sources; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt</b>	11:50 a.m. <b>Action</b> <i>President Henrich</i>	<b>Action</b>	<b>260</b>
<b><u>Modification to the CIP</u></b>			
6. <b>U. T. Health Science Center - San Antonio: UT Health San Antonio Cancer Center Renovations - Amendment of the FY 2018-2023 Capital Improvement Program to increase total project cost; approval to revise funding sources; and appropriation of funds and authorization of expenditure</b>	11:55 a.m. <b>Action</b> <i>President Henrich</i>	<b>Action</b>	<b>264</b>
<b>Adjourn</b>	12:00 p.m.		

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

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 87 - 88](#).



**2. U. T. Dallas: U. T. Dallas Athenaeum - Amendment of the FY 2018-2023 Capital Improvement Program to include project**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the Fiscal Year 2018-2023 Capital Improvement Program (CIP) to include the U. T. Dallas Athenaeum project at The University of Texas at Dallas.

BACKGROUND INFORMATION

Previous Actions

On May 15, 2017, the Chancellor approved this project for Definition Phase.

Project Description

The U. T. Dallas Athenaeum project will house the Edith O'Donnell Institute of Art History, as well as significant art library collections. The space will provide access to works of art and library materials for students, faculty, and visiting scholars; will conserve and appropriately display the materials; and will create facilities for innovative teaching and scholarly research in art history.

This proposed project has been approved by U. T. System staff for inclusion in the CIP prior to completion of the Definition Phase criteria to facilitate the execution of a proposed gift agreement for a portion of the project funding. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

**U. T. Dallas**  
**U. T. Dallas Athenaeum**

**Project Information**

Project Number	302-1118
CIP Project Type	New Construction
Facility Type	Art Library/Museum
Management Type	Office of Facilities Planning and Construction
Institution's Project Advocate	Richard Brettell, Vice Provost Michele Hanlon, Associate Dean for the Arts
Project Delivery Method	Competitive Sealed Proposals
Gross Square Feet (GSF)	35,000

**Project Funding**

Gifts <sup>1</sup>	<u>Proposed</u> <u>\$20,000,000</u>
Total Project Cost	<u>\$20,000,000</u>

<sup>1</sup> \$5M of Gift funding in hand; project will not proceed to Design Development approval until all Gift funding is fully collected or committed

**Project Cost Detail**

	Cost
BUILDING COST (estimate)	\$15,000,000
Fixed Equipment	TBD
Site Development	TBD
Furniture and Moveable Equipment	TBD
Institutionally Managed Work	TBD
Architectural/Design Services	TBD
Project Management Fees	TBD
Insurance	TBD
Other Professional Fees	TBD
Project Contingency	TBD
Other Costs (further detail to be provided at Design Development Approval)	5,000,000
<b>Total Project Cost</b>	<b>\$20,000,000</b>

**U. T. Dallas**  
**U. T. Dallas Athenaeum**  
 (continued)

**Building Cost per GSF Benchmarks** (escalated to midpoint of construction)

U. T. Dallas Athenaeum	\$429		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$541	\$553	\$570
Other Texas Projects	\$334	\$385	\$479
Other National Projects	\$294	\$422	\$574

**Investment Metrics**

- Support the University’s mission as a research and teaching institution by providing faculty, students, and visiting scholars with access to unique original works of art and research materials in one of the most important centers for art history in the country
- Allow U. T. Dallas to become stewards of the promised gifts of the Wildenstein-Plattner Library and Barrett Collection, providing appropriate facilities for their use for teaching and research, security, preservation, and display
- Offer opportunities for donors and potential donors to the University to become engaged with this important arts project

**Project Planning**

Definition Phase Completed	In Progress
Owner’s Project Requirements	In Progress
Basis of Design	In Progress
Schematic Design	In Progress
Detailed Cost Estimate	In Progress

**Project Milestones**

Definition Phase Approval	May 2017
Addition to CIP	August 2017
Design Development Approval	August 2018
Construction Notice to Proceed	January 2019
Substantial Completion	July 2020

3. **U. T. Dallas: Science Building - Amendment of the FY 2018-2023 Capital Improvement Program to revise funding sources; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents approve the recommendations for the Science Building project at The University of Texas at Dallas as follows:

- a. amend the Fiscal Year 2018-2023 Capital Improvement Program (CIP) to revise funding sources to include Gifts;
- b. approve design development plans;
- c. appropriate funds and authorize expenditure of \$101,000,000 with funding of \$89,000,000 from Permanent University Fund (PUF) Bond Proceeds, \$2,000,000 from Revenue Financing System (RFS) Bond Proceeds, and \$10,000,000 from Gifts; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt; sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and U. T. Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$2,000,000.

**BACKGROUND INFORMATION**

**Debt Service**

The \$2,000,000 in RFS debt will be repaid from Designated Tuition. Annual debt service on the \$2,000,000 RFS debt is expected to be \$118,000. The institution's debt service coverage is expected to be at least 1.5 times and average 2.4 times over FY 2018-2023.

### Previous Actions

On September 21, 2016, the Chancellor approved the Math and Science Building project for Definition Phase. On November 10, 2016, the project was included in the CIP with a total project cost of \$101,000,000 with funding of \$89,000,000 from PUF Bond Proceeds and \$12,000,000 from RFS Bond Proceeds. On July 10, 2017, the project was redesignated as the Science Building.

### Project Description

The project will be located at the center of the University campus, just north of the current Science Learning Center building. The four-story, two-winged building will provide efficiently designed space to support optimal productivity of the Department of Physics faculty and staff. The West wing will provide two large lecture halls on the ground floor and consist of classrooms, offices, and collaborative spaces on the three upper floors. The North wing will consist primarily of research laboratories with some offices on each floor and teaching laboratories on the ground floor. The fourth floor lab facilities and two lab spaces on the lower level will be shell space to be finished out as the program grows.

**U. T. Dallas  
Science Building**

**Project Information**

Project Number	302-906
CIP Project Type	New Construction
Facility Type	Laboratory, General
Management Type	Office of Facilities Planning and Construction
Institution's Project Advocate	Bruce Novak, Dean, School of Natural Sciences and Mathematics
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	184,505
Shell Space (GSF)	30,439

**Project Funding**

	<u>Current</u>	<u>Proposed</u>
Permanent University Fund Bond Proceeds	\$ 89,000,000	\$ 89,000,000
Revenue Financing System Bond Proceeds <sup>1</sup>	\$ 12,000,000	\$ 2,000,000
Gifts <sup>2</sup>	<u>\$ 0</u>	<u>\$ 10,000,000</u>
Total Project Cost	\$101,000,000	\$101,000,000

<sup>1</sup> Revenue Financing System (RFS) Bond Proceeds to be repaid from Designated Tuition

<sup>2</sup> Gifts are fully collected

**Project Cost Detail**

	Cost
BUILDING COST	\$75,000,000
Fixed Equipment	3,248,335
Site Development	3,196,078
Furniture and Moveable Equipment	2,200,000
Institutionally Managed Work	1,750,000
Architectural/Design Services	5,561,133
Project Management Fees	3,225,625
Insurance	1,597,333
Other Professional Fees	2,500,000
Project Contingency	1,878,172
Other Costs	843,324
Total Project Cost	\$101,000,000

**U. T. Dallas**  
**Science Building**  
 (continued)

**Building Cost per GSF Benchmarks** (escalated to midpoint of construction)

Science Building (with 16% Shell Space)	\$406		
Science Building (Estimated Total Finish-Out)	\$423		
Texas Higher Education Coordinating Board Average - Laboratory, General	\$482		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$418	\$479	\$572
Other Texas Projects	\$432	\$482	\$532
Other National Projects	\$371	\$486	\$741

**Investment Metrics**

- Increase tenured and tenure-track faculty members by 40 from 566 to 606 and senior lecturers by 32 from 690 to 722 by 2026
- Increase external research funding by approximately \$6 million annually from \$106 million to \$112 million by 2026
- Directly support the University's Strategic Plan imperative of increasing enrollment to more than 27,500 students by 2022

**Project Planning**

Definition Phase Completed	Yes
Owner's Project Requirements	Yes
Basis of Design	Yes
Schematic Design	Yes
Detailed Cost Estimate	Yes

**Project Milestones**

Definition Phase Approval	September 2016
Addition to CIP	November 2016
Design Development Approval	August 2017
Construction Notice to Proceed	April 2018
Substantial Completion	April 2020

**Basis of Design**

The planned building life expectancy includes the following elements:

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

**4. U. T. Permian Basin: Kinesiology Building - Amendment of the FY 2018-2023 Capital Improvement Program to increase total project cost; approval to revise funding sources; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents approve the recommendations for the Kinesiology Building project at The University of Texas of the Permian Basin as follows:

- a. amend the Fiscal Year 2018-2023 Capital Improvement Program (CIP) to increase the total project cost from \$16,200,000 to \$23,200,000;
- b. revise funding sources to include Revenue Financing System (RFS) Bond Proceeds and Grants;
- c. approve design development plans;
- d. appropriate funds and authorize expenditure of \$23,200,000 with funding of \$14,200,000 from Permanent University Fund (PUF) Bond Proceeds, \$2,000,000 from Gifts, \$6,000,000 from RFS Bond Proceeds, and \$1,000,000 from Grants; and
- e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt; sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and U. T. Permian Basin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$6,000,000.

BACKGROUND INFORMATION

Debt Service

The \$6,000,000 in RFS debt will be repaid from a grant from the Odessa Development Corporation. Annual debt service on the \$6,000,000 RFS debt is expected to be \$1.29 million over 5 years. The institution's debt service coverage is expected to be at least 1.2 times and average 1.3 times over FY 2018-2023.



### Previous Actions

On September 8, 2016, the Chancellor approved this project for Definition Phase. On February 9, 2017, the project was included in the Capital Improvement Program with a total project cost of \$16,200,000 with funding of \$14,200,000 from PUF Bond Proceeds and \$2,000,000 from Gifts.

### Project Description

This project will house the Kinesiology Department's classrooms, labs, offices, and storage areas. It also includes a weight room, which will be shared with both Kinesiology students as well as student athletes. Grants from the Odessa Development Corporation and Grow Odessa will allow for the expanded scope of the project to include a locker room for the men's football team, a women's soccer locker room, and a student athlete lounge area, as well as equipment storage and laundry facilities. The project will also include a new track around the existing football practice field.

The Kinesiology Department is experiencing growth in the area of exercise sciences. The facility will provide classrooms designed specifically for exercise physiology, biomechanics, and athletic training courses to enhance access to teaching and training tools, including skeletons and anatomical models. New state-of-the-art laboratories will enhance the department's ability to apply for research grant funding and to recruit undergraduate and graduate-level students.

The new building will be centrally located between the recently completed football practice field and the intramural field and is adjacent to a parking lot that will also service the practice field.

**U. T. Permian Basin  
Kinesiology Building**

**Project Information**

Project Number	501-918
CIP Project Type	New Construction
Facility Type	Classroom, General
Management Type	Office of Facilities Planning and Construction
Institution's Project Advocate	James Eldridge, Professor and Chair of Kinesiology
Project Delivery Method	Competitive Sealed Proposals
Gross Square Feet (GSF)	43,976

**Project Funding**

	<u>Current</u>	<u>Proposed</u>
Permanent University Fund Bond Proceeds	\$14,200,000	\$14,200,000
Gifts <sup>1</sup>	\$ 2,000,000	\$ 2,000,000
Revenue Financing System Bond Proceeds <sup>2</sup>	\$ 0	\$ 6,000,000
Grants <sup>3</sup>	<u>\$ 0</u>	<u>\$ 1,000,000</u>
Total Project Cost	\$16,200,000	\$23,200,000

<sup>1</sup> Gifts are fully collected

<sup>2</sup> Revenue Financing System (RFS) Bond Proceeds to be repaid from a Grant from Odessa Development Corporation over a 5-year period

<sup>3</sup> Grant from Grow Odessa

**Project Cost Detail**

	Cost
BUILDING COST	\$16,590,000
Fixed Equipment	96,513
Site Development	603,487
Furniture and Moveable Equipment	700,000
Institutionally Managed Work	1,245,557
Architectural/Design Services	1,289,856
Project Management Fees	816,171
Insurance	341,718
Other Professional Fees	507,913
Project Contingency	811,503
Other Costs	197,282
Total Project Cost	<u>\$23,200,000</u>

**U. T. Permian Basin  
Kinesiology Building**  
(continued)

**Building Cost per GSF Benchmarks** (escalated to midpoint of construction)

Kinesiology Building				\$377
Texas Higher Education Coordinating Board Average - Classroom, General				\$386
	Low Quartile	Median	High Quartile	
Other U. T. System Projects	\$321	\$385	\$420	
Other National Projects	\$307	\$405	\$533	

**Investment Metrics**

- Increase the number of Kinesiology students from 300 to 600 and Athletic Training majors from 30 to 90 by 2025
- Increase Kinesiology graduates from 75 to 180 undergraduates and from 6 to 12 graduates by 2025
- Increase tenured and tenure-track faculty members from 4 to 8 by 2025
- Add \$10,000,000 in research grant funding and \$1,000,000 from community funding through wellness testing by 2027

**Project Planning**

Definition Phase Completed	Yes
Owner's Project Requirements	Yes
Basis of Design	Yes
Schematic Design	Yes
Detailed Cost Estimate	Yes

**Project Milestones**

Definition Phase Approval	September 2016
Addition to CIP	February 2017
Design Development Approval	August 2017
Construction Notice to Proceed	February 2018
Substantial Completion	July 2019

**Basis of Design**

The planned building life expectancy includes the following elements:

- Enclosure: 40 years
- Building Systems: 40 years
- Interior Construction: 40 years

5. **U. T. Health Science Center - San Antonio: Relocate the Barshop Institute - Amendment of the FY 2018-2023 Capital Improvement Program to increase total project cost; approval to revise funding sources; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents approve the recommendations for the Relocate the Barshop Institute project at The University of Texas Health Science Center at San Antonio as follows:

- a. amend the Fiscal Year 2018-2023 Capital Improvement Program (CIP) to increase the total project cost from \$65,000,000 to \$70,200,000;
- b. revise funding sources to include Gifts and Designated Funds;
- c. approve design development plans;
- d. appropriate funds and authorize expenditure of \$70,200,000 with \$35,000,000 from Revenue Financing System (RFS) Bond Proceeds, \$30,000,000 from Permanent University Fund (PUF) Bond Proceeds, \$3,000,000 from Gifts, and \$2,200,000 from Designated Funds; and
- e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt; sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and U. T. 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 \$35,000,000.

**BACKGROUND INFORMATION**

**Debt Service**

The \$35,000,000 in RFS debt will be repaid from the sale of the Texas Research Park property, which was approved by the Board on May 12, 2016. Annual debt service on the \$35,000,000 RFS debt is expected to be \$2.6 million. The institution's debt service coverage is expected to be at least 2.3 times and average 2.3 times over FY 2018-2023.

### Previous Actions

On May 24, 2016, the Chancellor approved this project for Definition Phase. On November 10, 2016, the Board approved an allocation of \$30,000,000 in PUF Bond Proceeds for this project. On May 10, 2017, the project was included in the CIP with a total project cost of \$65,000,000 with funding of \$30,000,000 from PUF Bond Proceeds and \$35,000,000 from RFS Bond Proceeds.

### Project Description

The Barshop Institute for Longevity and Aging Studies, currently located at the Texas Research Park, will be relocated to the North Campus. The Institute supports four basic models of aging research: cellular aging, invertebrate aging, transgenic models of aging, and human genetics of aging. The building will have a vivarium and a three-story research wing, which will include open research laboratories, computational research facilities, research support areas, and administrative and research faculty offices. Included in the project will be a bridge connecting the building to the South Texas Research Facility, located across the street. Close proximity will allow common access to research cores for higher efficiency and less duplication while fostering more collaboration.

An increase in the total project cost is being requested to fund the addition of a third floor to the building. The second and third floors will be shelled to allow for future growth of the laboratory and administration offices.

**U. T. Health Science Center - San Antonio  
Relocate the Barshop Institute**

**Project Information**

Project Number	402-1000
CIP Project Type	New Construction
Facility Type	Laboratory, Medical/Healthcare
Management Type	Office of Facilities Planning and Construction
Institution's Project Advocate	James D. Kazen, Executive Vice President, Facility Planning and Operations
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	107,768
Shell Space (GSF)	54,668

**Project Funding**

	<u>Current</u>	<u>Proposed</u>
Revenue Financing System Bond Proceeds <sup>1</sup>	\$35,000,000	\$35,000,000
Permanent University Fund Bond Proceeds	\$30,000,000	\$30,000,000
Gifts <sup>2</sup>	\$ 0	\$ 3,000,000
Designated Funds	<u>\$ 0</u>	<u>\$ 2,200,000</u>
Total Project Cost	\$65,000,000	\$70,200,000

<sup>1</sup> Revenue Financing System (RFS) Bond Proceeds to be repaid from sale of Texas Research Park property

<sup>2</sup> Gift funding is fully collected or committed

**Project Cost Detail**

	Cost
<b>BUILDING COST</b>	
- Barshop Institute Building	\$43,128,343
- Unconditioned Pedestrian Bridge	3,162,842
Fixed Equipment	3,408,575
Site Development	3,035,395
Furniture and Moveable Equipment	1,300,000
Institutionally Managed Work	3,000,000
Architectural/Design Services	4,600,000
Project Management Fees	2,291,520
Insurance	1,132,236
Other Professional Fees	1,350,000
Project Contingency	3,391,089
Other Costs	400,000
<b>Total Project Cost</b>	<b>\$70,200,000</b>

**U. T. Health Science Center - San Antonio**  
**Relocate the Barshop Institute**  
 (continued)

**Building Cost per GSF Benchmarks** (escalated to midpoint of construction)

Relocate the Barshop Institute (with 51% Shell Space)	\$400		
Relocate the Barshop Institute (Estimated Total Finish-Out)	\$509		
Texas Higher Education Coordinating Board Average - Laboratory, Medical/Healthcare	\$501		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$474	\$553	\$649
Other Texas Projects	\$487	\$506	\$537
Other National Projects	\$517	\$672	\$874

**Investment Metrics**

By 2019

- Add 12-16 new research labs; shell space to provide an additional 24-32 future labs
- Provide wet lab space for 12-16 principal investigators; shell space to provide space for additional 24-32 future investigators
- Attract and retain world-class faculty

**Project Planning**

Definition Phase Completed	Yes
Owner's Project Requirements	Yes
Basis of Design	Yes
Schematic Design	Yes
Detailed Cost Estimate	Yes

**Project Milestones**

Definition Phase Approval	May 2016
Addition to CIP	May 2017
Design Development Approval	August 2017
Construction Notice to Proceed	November 2017
Substantial Completion	October 2019

**Basis of Design**

The planned building life expectancy includes the following elements:

- Enclosure: 30 years
- Building Systems: 30 years
- Interior Construction: 30 years

**6. U. T. Health Science Center - San Antonio: UT Health San Antonio Cancer Center Renovations - Amendment of the FY 2018-2023 Capital Improvement Program to increase total project cost; approval to revise funding sources; and appropriation of funds and authorization of expenditure**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents approve the recommendations for the UT Health San Antonio Cancer Center Renovations project at The University of Texas Health Science Center at San Antonio as follows:

- a. amend the Fiscal Year 2018-2023 Capital Improvement Program (CIP) to increase the total project cost from \$15,000,000 to \$20,000,000;
- b. revise funding sources to include Gifts; and
- c. appropriate funds and authorize expenditure of \$5,000,000 with funding of \$3,400,000 from Designated Funds and \$1,600,000 from Gifts.

**BACKGROUND INFORMATION**

**Previous Actions**

On October 22, 2016, the Chancellor approved this project for Definition Phase. On November 10, 2016, the Board approved allocation of Permanent University Fund (PUF) Bond Proceeds for projects included in the Cancer Collaboration. On February 9, 2017, the project was included in the CIP with a total project cost of \$15,000,000 with funding of \$12,000,000 from PUF Bond Proceeds and \$3,000,000 from Designated Funds. On April 27, 2017, the President approved design development and authorized expenditure of funds. On May 30, 2017, the project was redesignated as the UT Health San Antonio Cancer Center Renovations project.

**Project Description**

This project will address the necessary improvements to the current facility to meet the program requirements for world-class cancer care set forth by U. T. Health Science Center - San Antonio and U. T. M. D. Anderson Cancer Center. The original project included constructing a new and expanded pharmacy, a welcome center, a diagnostic center, a new patient and family service center, and a new infusion center. This project also included addressing infrastructure issues to the building, including replacing air handlers, adding emergency generators, and replacing the entire roof.

The proposed increase in total project cost will add finish-out of existing space for a diagnostics lab, provide modifications for a linear accelerator, provide exterior water infiltration repairs, upgrade existing electrical service, and provide mechanical repairs and upgrades. The additional work to the existing facility for water infiltration, and electrical and mechanical repairs and upgrades were assessed during the design of the project and are required for operation of the facility.



**U. T. Health Science Center - San Antonio  
UT Health San Antonio Cancer Center Renovations**

**Project Information**

Project Number	402-1094
CIP Project Type	Repair and Rehabilitation
Facility Type	Healthcare Facility, Clinic
Management Type	Institutionally Managed
Institution's Project Advocate	James D. Kazen, Executive Vice President, Facility Planning and Operations
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	28,367

**Project Funding**

	<u>Current</u>	<u>Proposed</u>
Permanent University Fund Bond Proceeds <sup>1</sup>	\$12,000,000	\$12,000,000
Designated Funds	\$ 3,000,000	\$ 6,400,000
Gifts <sup>2</sup>	<u>\$ 0</u>	<u>\$ 1,600,000</u>
Total Project Cost	\$15,000,000	\$20,000,000

<sup>1</sup> Permanent University Fund (PUF) Bond Proceeds previously approved by Board on November 10, 2016

<sup>2</sup> Gift funding is fully collected or committed

**Project Cost Detail**

	Cost
BUILDING COST	\$14,228,923
Fixed Equipment	220,000
Site Development	-
Furniture and Moveable Equipment	1,220,000
Institutionally Managed Work	883,483
Architectural/Design Services	1,093,237
Project Management Fees	698,404
Insurance	294,876
Other Professional Fees	56,500
Project Contingency	1,302,362
Other Costs	2,215
Total Project Cost	\$20,000,000

**U. T. Health Science Center - San Antonio**  
**UT Health San Antonio Cancer Center Renovations**  
(continued)

**Building Cost per GSF**

Cancer Center Renovations	\$501
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**Project Planning**

Definition Phase Completed	Yes
Owner's Project Requirements	Yes
Basis of Design	Yes
Schematic Design	Yes
Detailed Cost Estimate	Yes

**Project Milestones**

Definition Phase Approval	October 2016
Addition to CIP	February 2017
Design Development Approval	April 2017
Construction Notice to Proceed	May 2017
Substantial Completion	May 2018



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Austin, Texas

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## MEETING OF THE BOARD

1. Minutes - U. T. System Board of Regents: Approval of Minutes of the regular meetings held on May 9-10, 2017 and July 12-13, 2017; and the special called meetings held on April 10, 2017; June 20, 2017; June 28, 2017; June 30, 2017; July 25, 2017; and August 1, 2017
  
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 the name and term of new Student Regent

To comply with the Department of Defense National Industrial Security Program Operating Manual (NISPOM) requirements, it is recommended that the Board of Regents approve the revised resolution set forth below regarding the list of Key Management Personnel (KMP) authorized to negotiate, execute, and administer classified government contracts. The revision reflects the name and term of the new Student Regent.

A Resolution amending the Managerial Group list was last adopted by the Board of Regents on February 9, 2017.

NISPOM defines KMP as "officers, directors, partners, regents, or trustees." The Manual requires that the senior management official and the Facility Security Officer must always be designated 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" (NISPOM):

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  
Daniel T. Jaffe, Ph.D., Vice President for Research, The University of Texas at Austin  
Francis J. Landry III, Facility Security Officer (FSO), The University of Texas System/Security Manager, Applied Research Labs, The University of Texas at Austin

Patrick H. Vetter, Insider Threat Program Senior Official (ITPSO), The University of Texas System/Assistant Security Director, Applied Research Labs, The University of Texas at Austin  
James R. (Trey) Atchley III, Chief Inquiry 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  
Kevin P. Eltife  
Janiece Longoria  
Sara Martinez Tucker  
James Conrad Weaver  
Jaciel M. Castro, Student Regent from June 1, 2017 to May 31, 2018 (nonvoting)

3. Contract (funds coming in) - U. T. System: Joint Admission Medical Program (JAMP) Council for Texas Medical Dental Schools Application Service (TMDSAS) to perform administrative duties of the JAMP as delegated by the JAMP Council

Agency: Joint Admission Medical Program (JAMP) Council

Funds: The 85th Texas Legislature allocated \$10,206,794 to the Texas Higher Education Coordinating Board (THECB) for JAMP. The funds will be transferred from the THECB to U. T. System to be administered by the Texas Medical Dental Schools Application Service (TMDSAS) for the use of the JAMP Council, which delegated the administrative duties of the program to TMDSAS.

Period: September 1, 2017 through August 31, 2019

Description: TMDSAS to perform the administrative duties of the JAMP as delegated by the JAMP Council.

4. 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 26, 2017

<u>Name</u>	<u>Institution</u>
Joseph E. Barnes	U. T. Austin
Russell A. Campbell	U. T. Austin
Andrew G. Converse	U. T. Austin
Gabriel D. Gallegos	U. T. Austin
Edward B. Giron	U. T. San Antonio
Kaleb R. Hatton	U. T. Medical Branch-Galveston
Brandon J. Larner	U. T. Austin
Christopher M. Mooring	U. T. Austin
Kenneth F. Pollard	U. T. Austin
Sylvester L. Ruffin	U. T. Austin
Matthew R. Saucedo	U. T. Austin
Travis R. Scott	U. T. Austin
Matthew E. Steinort	U. T. San Antonio
Cory D. Washington	U. T. Austin
Daniel I. Wechsler	U. T. Austin
Vladislav I. Zenchenko	U. T. Austin

**AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE**

5. UTIMCO Committee Appointment - U. T. System: Proposed appointment of members to the Audit and Ethics Committee of the Board of Directors of The University of Texas/Texas A&M Investment Management Company (UTIMCO)

The University of Texas/Texas A&M Investment Management Company (UTIMCO) Board of Directors recommends that the U. T. System Board of Regents approve the appointment of Janet Handley and Rad Weaver to the Audit and Ethics Committee of the UTIMCO Board of Directors. The other member of the Committee is Phil Adams.

Section 66.08 of the *Texas Education Code* requires that the U. T. System Board of Regents approve the appointment of members to the Audit and Ethics Committee of the UTIMCO Board of Directors. The UTIMCO Board of Directors recommended and approved this appointment on July 25, 2017, conditioned on approval of the U. T. System Board of Regents.

**FINANCE AND PLANNING COMMITTEE**

6. Other Fiscal Matters - U. T. System Board of Regents: Approval of Capital Expenditures Budget for University of Texas/Texas A&M Investment Management Company (UTIMCO)

The Chancellor, the Deputy Chancellor, and the Executive Vice Chancellor for Business Affairs concur in the recommendation of the Board of Directors of the University of Texas/Texas A&M Investment Management Company (UTIMCO) that the U. T. System Board of Regents approve the proposed Capital Expenditures Budget for the year ending August 31, 2018, as follows:

<u>Capital Expenditures</u>	<u>Budget</u>
Server Room Equipment; Firewall, Switches & Router Systems	\$1,096,000
Audio Visual Equipment	408,000
Telecom Equipment (additions needed for existing systems)	64,600
Staff Desktop Computers	48,400
Copiers/Printers	180,000
Furniture & Fixtures	3,150,000
Contingency	53,000
<b>FY2018 Capital Expenditures</b>	<b>\$5,000,000</b>

The majority of the proposed expenditures relate to UTIMCO's move to the U. T. System Building in February 2018. The timing of the move requires that purchase commitments be made beginning early September 2017. The UTIMCO operating budget will be brought forth to the UTIMCO Board and the U. T. System Board of Regents at future meetings for approval.

7. Contract (funds coming in and going out) - U. T. System: NextJob, Inc. to provide outplacement services

Agency: NextJob, Inc.

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis.

Period: June 1, 2017 through May 31, 2023

Description: NextJob, Inc. will provide reemployment services to transitioning U. T. institution employees eligible to file a lack of work claim with the Texas Workforce Commission. These benefits are offered as a service to U. T. institution employees and as a cost containment measure. This contract was competitively bid.

8. Contract (funds going out) - U. T. System: Veolia ES Technical Solutions, LLC to provide hazardous waste management and disposal services for U. T. institutions

Agency: Veolia ES Technical Solutions, LLC

Funds: To be paid by U. T. institutions requesting services under this agreement. Anticipated value estimated at \$10,000,000 over the potential term of this Agreement.

Period: Initial Term: September 1, 2017 through August 31, 2018  
U. T. System has the right to renew for four additional one-year periods.

Description: This non-exclusive Systemwide agreement allows each U. T. institution to request hazardous and regulated waste services (including management, handling, packaging, labeling, transportation, disposal, training, and consulting services) on an as needed basis. This contract was competitively bid.

9. Contract (funds going out) - U. T. System: Injury Management Organization, Inc. to provide cost containment services and workers' compensation health care network services

Agency: Injury Management Organization, Inc.

Funds: Anticipated total cost is \$4,000,000 over the life of the contract

Period: September 1, 2017 through August 31, 2021 with the option to renew for three additional one-year terms

Description: Injury Management Organization, Inc. to provide cost containment services and workers' compensation health care network services for U. T. institutions on an as-needed basis. This contract was competitively bid.

10. Contract (funds going out) - U. T. System: J.P. Morgan Securities LLC to provide healthcare consulting services

Agency: J.P. Morgan Securities LLC

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract

Period: February 1, 2017 through January 31, 2022

Description: J.P. Morgan Securities, LLC will provide healthcare consulting services related to healthcare opportunities and potential transactions for U. T. System Administration and the U. T. institutions. The services include healthcare advising and consulting services relating the opportunities and potential transactions; assistance in evaluation, valuation, and negotiation of healthcare opportunities, development of new lines of business, potential partnership opportunities, and other transactions; and assistance in the start-up phases of healthcare opportunities, business lines, partnership opportunities, and other transactions. This contract was competitively bid.

11. Contract (funds going out) - U. T. System: Marsh USA, Inc. to provide Rolling Owner Controlled Insurance Program (ROCIP) Brokerage and Administration Services

Agency: Marsh USA, Inc.

Funds: Anticipated total cost is approximately \$6,000,000 over the life of the contract

Period: May 15, 2017 through May 14, 2026

Description: Marsh USA, Inc. will provide insurance broker and administrator services for the Rolling Owner Controlled Insurance Program (ROCIP). The ROCIP provides workers' compensation, general liability, and excess liability insurance coverage for enrolled contractors working on designated construction projects for U. T. System. Benefits of the program include lower insurance premiums due to bulk purchasing, consistency of insurance provided on each project, enhanced safety and loss control, and cost savings. This contract was competitively bid.

12. Contract (funds going out) - U. T. System: Huron Consulting Services LLC to continue hosting online Effort Certification and Reporting Tool (ECRT) software

Agency: Huron Consulting Services LLC (Huron)

Funds: \$1,661,000

Period: January 1, 2017 through December 31, 2020; subject to any affected U. T. institution terminating its participation earlier, at will, on 30 days' notice to Huron

Description: On November 9, 2007, the Board approved a U. T. System contract to license Huron's Effort Certification and Reporting Tool (ECRT) software for use by U. T. System institutions. The software supports compliance with U. T. System policy and federal regulations on reporting time and effort expended by faculty and staff on research projects and in other professional activities (teaching, patient care, etc.).

The ECRT software was initially hosted at U. T. M. D. Anderson Cancer Center. In October 2011, U. T. System transferred ECRT hosting responsibilities to Huron. On May 14, 2015, the Board approved the expenditure of up to \$1,300,000 to pay aggregate fees from inception of the hosting agreement through calendar year 2015. In May 2016, the Board approved an extension of the agreement



through calendar year 2017, subject to a cap on aggregate hosting fees of \$2,000,000. For reasons indicated below, this extension for calendar year 2017 was not executed.

The 2011 transfer of ECRT hosting responsibilities to Huron was based on a sole source justification. In the interim, other potential providers of ECRT hosting services were identified, and U. T. System conducted a competitive procurement for these services for 2016 and beyond. However, in the course of this procurement, it became apparent that, because of a change in federal regulations, alternative means of compliance had become available that could eliminate the need for the ECRT software. As a result, U. T. System terminated the procurement, while the institutions pursued adoption of the alternative means of compliance.

In subsequent detailed investigations, most U. T. institutions have concluded that, for the time being, they lack the ability to adopt the alternative means, and thus have a continuing need for the ECRT software. It is not entirely clear how long each institution will require ongoing access to the software, so rather than extending the hosting arrangements only through calendar year 2017 as previously approved, U. T. System has negotiated with Huron to allow access through calendar year 2020, subject to each institution having the flexibility to terminate its participation earlier, as needed.

While no further license fees are payable under the ECRT System-wide site license purchased in 2007, U. T. institutions continuing to use the ECRT software will need to purchase ongoing software support and maintenance and related services under the license agreement. The amount projected above in "Funds" represents the maximum fees payable for all services, including hosting, related to ongoing use of the ECRT software by all affected institutions for calendar years 2017 through 2020. Aggregate fees through calendar year 2016 under the license agreement and hosting services agreement total \$5.4 million and \$1.3 million, respectively.

13. Transfer - U. T. System: Approval of transfer of funds between Legislative Appropriation items during the biennium beginning September 1, 2017

The Chancellor, with the concurrence of the Deputy Chancellor, 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. 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, 2017.

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 85th Texas Legislature.

RESOLUTION

Pursuant to the appropriate transfer provisions of the *General Appropriations Act* of the 85th 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

14. Other Fiscal Matters - U. T. System: Results of the 2017 Group Purchasing Organization (GPO) Accreditation Program

On February 11, 2016, the Board of Regents approved a GPO Accreditation Program. The Program is designed to ensure that U. T. institutions utilize contracts offered by GPOs, including Texas state agencies performing GPO functions, only if the GPOs use sourcing processes accredited by U. T. System as meeting minimum procurement standards. The approval delegated authority to the Executive Vice Chancellor for Business Affairs to determine whether any applicant for accreditation meets such standards. Results from the first year of operation of the Program were reported to the Board of Regents at the August 25, 2016 meeting.

With assistance from the U. T. System Office of Shared Services, an additional nine applications for accreditation were considered in the 2017 Program, with two being approved and seven being rejected. The two newly accredited GPOs are:

- National Cooperative Purchasing Alliance (NCPA)
- National Joint Powers Alliance (NJPA)

Rejected applicants have been informed of key concerns with their sourcing processes, and of their right to reapply for accreditation in next year's Program. In addition, reviews of the eight GPOs previously accredited were conducted to ensure ongoing compliance with accreditation standards and to review institutional use of GPO contracts. The prior accreditations of these GPOs have been continued. The eight previously accredited GPOs are:

- The University of Texas System Supply Chain Alliance
- Brazos Valley Council of Governments, dba Purchasing Solutions Alliance (PSA)
- E&I Cooperative Services, Inc.
- Education Service Center - Region 19 Allied States Cooperative
- The Local Government Purchasing Cooperative, dba BuyBoard
- Premier Health Alliance, LP
- Texas Comptroller of Public Accounts (Statewide Procurement Division) (TPASS/TXMAS)
- Texas Department of Information Resources (DIR)

All accreditations will expire August 31, 2021, unless terminated earlier under U. T. System procedures.

15. 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 at U.T. El Paso and U.T. Rio Grande Valley for Fiscal Year 2018 as authorized by Article IX of the *General Appropriations Act*

<u>Institution</u>	Requested 2018 FTEs over the <u>Limitation</u>	2017 FTEs over the <u>Limitation</u>
U. T. El Paso	25.00	n/a
U. T. Rio Grande Valley	31.00	n/a

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. Additional details are provided on the following page.

The University of Texas System

Fiscal Year 2018 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
<b>U. T. El Paso</b>					
Instruction	6.00	1.50	7.50	Tuition	Additional faculty and staff required to support continuing enrollment demands.
Academic Support	3.33	0.85	4.18	Tuition	Additional faculty and staff required to support the increase in online courses.
Research	10.67	2.65	13.32	Tuition	Increase in research activities require an increase in faculty to support the continued commitment to attain Tier 1 status.
<b>TOTAL</b>	<b>20.00</b>	<b>5.00</b>	<b>25.00</b>		
<b>U. T. Rio Grande Valley</b>					
Instruction	31.00	-	31.00	General Revenue	Increase due to growth in the School of Medicine.
<b>TOTAL</b>	<b>31.00</b>	<b>-</b>	<b>31.00</b>		

16. 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, 2017**

	FUND TYPE							
	Current Purpose Restricted		Endowment and Similar Funds		Annuity and Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
<b>Land and Buildings:</b>								
Ending Value 02/28/2017	\$ 2,035,558	\$ 17,495,018	\$ 96,906,349	\$ 258,373,378	\$ 717,835	\$ 1,590,056	\$ 99,659,742	\$ 277,458,452
Increase or Decrease	-	(19,099)	(1)	504,431	-	-	(1)	485,332
Ending Value 05/31/2017	<u>\$ 2,035,558</u>	<u>\$ 17,475,919</u>	<u>\$ 96,906,348</u>	<u>\$ 258,877,809</u>	<u>\$ 717,835</u>	<u>\$ 1,590,056</u>	<u>\$ 99,659,741</u>	<u>\$ 277,943,784</u>
<b>Other Real Estate:</b>								
Ending Value 02/28/2017	\$ 4	\$ 4	\$ 6	\$ 6	\$ -	\$ -	\$ 10	\$ 10
Increase or Decrease	-	-	-	-	-	-	-	-
Ending Value 05/31/2017	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 10</u>

Report prepared in accordance with Sec. 51.0032 of the *Texas Education Code*. Details of individual assets by account furnished on request.

Note: Surface estates are managed by the U. T. System Real Estate Office. Mineral estates are managed by U. T. System University Lands. The royalty interests received from the Estate of John A. Jackson for the John A. and Katherine G. Jackson Endowed Fund in Geosciences are managed by the U. T. Austin Geology Foundation, with the assistance of the Bureau of Economic Geology.

**ACADEMIC AFFAIRS COMMITTEE**

17. Contract (funds coming in) - U. T. Arlington: To provide subject matter experts to Texas Commission on Environmental Quality (TCEQ) to assist in the implementation of agency programs for the Water Supply Division

Agency: Texas Commission on Environmental Quality (TCEQ)

Funds: First amendment to existing contract for an additional \$1,110,587; bringing the total to \$2,110,587

Period: September 1, 2017 through August 31, 2018

Description: U. T. Arlington will provide subject matter experts to assist TCEQ in the implementation of agency programs for the Water Supply Division. The original contract dated September 1, 2016, for \$1,000,000 was approved by the Board of Regents on November 10, 2016 and expires on August 31, 2017.

18. 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 2018 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>
<b>College of Architecture, Planning and Public Affairs</b>		
Planning and Landscape Architecture		
Diane Jones-Allen	New Hire	Associate Professor (T)
Public Affairs		
Richard Cole	Professor (T)	Professor Emeritus

College, Department, and Name	From	To
<b>College of Business</b>		
Accounting		
Jeffrey Tsay	Professor (T)	Professor Emeritus
Ramigopal Venkataraman	Associate Professor	Associate Professor (T)
Finance and Real Estate		
Qing Hao	Associate Professor	Associate Professor (T)
David Rakowski	Associate Professor	Associate Professor (T)
<b>College of Education</b>		
Curriculum and Instruction		
Daniel Robinson	New Hire	Professor (T)
<b>College of Engineering</b>		
Civil Engineering		
Xinbao Yu	Assistant Professor	Associate Professor (T)
Electrical Engineering		
Donald Butler	Professor (T)	Professor Emeritus
Ioannis Schizas	Assistant Professor	Associate Professor (T)
Mechanical and Aerospace Engineering		
Ankur Jain	Assistant Professor	Associate Professor (T)
Teik Lim	New Hire	Provost and Professor (T)
<b>College of Liberal Arts</b>		
Art and Art History		
Amanda Alexander	Assistant Professor	Associate Professor (T)
Communication		
Mark Tremayne	Assistant Professor	Associate Professor (T)
Music		
Elizabeth Morrow	Professor (T)	Professor Emeritus
Linton Powell	Professor (T)	Professor Emeritus
Political Science		
Susan Heckman	Professor (T)	Professor Emeritus
College of Nursing and Health Innovation		
Nursing		
Elizabeth Poster	Professor (T)	Professor Emeritus



College, Department, and Name	From	To
<b>College of Science</b>		
Chemistry and Biochemistry		
Junha Jeon	Assistant Professor	Associate Professor (T)
Kayunta Johnson-Winters	Assistant Professor	Associate Professor (T)
Earth and Environmental Sciences		
Majie Fan	Assistant Professor	Associate Professor (T)
William Griffith	Assistant Professor	Associate Professor (T)
John Wickham	Professor (T)	Professor Emeritus
Physics		
Mingwu Jin	Assistant Professor	Associate Professor (T)
Psychology		
Ira Berstein	Professor (T)	Professor Emeritus
Jeffrey Gagne	Assistant Professor	Associate Professor (T)
<b>School of Social Work</b>		
Social Work		
Courtney Cronley	Assistant Professor	Associate Professor (T)
Katherine Sanchez	Assistant Professor	Associate Professor (T)
Eusebius Small	Assistant Professor	Associate Professor (T)

19. Contract (funds coming in) - U. T. Austin: Sponsorship Agreement between Sports in Action, LLC, a Texas limited liability company, dba High Field Marketing, and Russell Brands, LLC, owner of the Spalding Trademark, on behalf of U. T. Austin

Agency: Russell Brands, LLC

Funds: Russell Brands will pay High Field Marketing, on behalf of U. T. Austin a sponsorship fee of \$810,000 each contract year, as well as \$103,000 of in-kind sponsorship. The total value of the agreement will not exceed \$10,000,000.

Period: Initial Term: July 1, 2017 through June 30, 2022  
Renewal Term: One additional three-year term

Description: High Field Marketing will license to Russell Brands the rights to use certain University Interscholastic League (UIL) trademarks and service marks in connection with the sponsorship of UIL by Russell Brands.

On February 11, 2016, the Board approved a trademark license agreement with High Field Marketing for the right to use certain UIL trademarks and service marks.

20. Contract (funds coming in) - U. T. Austin: Key Brand Theatrical Group, Inc. to provide production services for Broadway in Austin performances at Texas Performing Arts

Agency: Key Brand Theatrical Group, Inc.

Funds: \$3,750,000 estimated revenue per five-year term; total of \$7,500,000 over two five-year terms

Period: September 1, 2018 through August 31, 2023, with option to renew for an additional five-year term

Description: New agreement for Key Brand Theatrical Group, Inc., which allows U. T. Austin to be the presenter for the Broadway in Austin series at U. T. Austin's Texas Performing Arts.

21. Contract (funds coming in and going out) - U. T. Austin: Amendment to agreement with University Food Services, a wholly owned subsidiary of Compass Group USA, Inc., to sell alcoholic beverages at the AT&T Executive Education and Conference Center, the Blanton Museum of Art, and Robert B. Rowling Hall

Agency: University Food Services, a wholly owned subsidiary of Compass Group USA, Inc.

Funds: **Funds coming in to U. T. Austin**  
Estimated revenue for the eleven year period of \$7,643,834

**Funds going out to University Food Services**  
Net beverage sales of \$4,069,967

Period: September 1, 2017 to August 31, 2028

Description: Under a concession agreement currently in place, University Food Services has a license to sell alcoholic beverages at the AT&T Executive Education and Conference Center and at the Blanton Museum of Art. U. T. Austin is opening Robert B. Rowling Hall, and will be extending conference center operations into this facility. This Amendment renews and extends the existing agreement with University Food Services at the AT&T Executive Education and Conference Center and at the Blanton Museum of Art through August 31, 2028, and includes the license and right of selling alcoholic beverages at Robert B. Rowling Hall. U. T. Austin will receive royalty payments from the sale of alcohol. This Amendment was procured by means of an exclusive acquisition justification based on best value.

22. Contract (funds coming in and going out) - U. T. Austin: Agreement renewal with Flik International Corp, a wholly owned subsidiary of Compass Group USA, Inc., for hotel and conference management services at the AT&T Executive Education and Conference Center and to extend management services to conference operations, café operations, and facilities management at Robert B. Rowling Hall

Agency: Flik International Corp (“Flik”)

Funds: **Funds coming in to U. T. Austin**  
(a) Estimated revenue for the eleven year period of \$444,714,938 (total sales)  
(b) Flik’s signing investment of \$1,700,000  
(c) Flik’s non-reimbursable investment of \$581,077  
(d) Flik’s equipment purchase investment of \$3,500,000, at a rate per annum equal to 2%, amortized over a period beginning on the date of disbursement through August 31, 2028, calculated at a rate equal to a straight-line depreciation

**Funds going out to Flik**

- (a) Management Fee for conference related facilities over a period of eleven years or \$13,167,352
- (b) Management Fee for café operation at Robert B. Rowling Hall, \$45,000 first year, with annual CPI based increase, or \$603,542 (est.) over a period of eleven years
- (c) Management Fee for facilities management at Rowling Hall over a period of eleven years or \$574,252
- (d) Estimated operating charges for a period of eleven years or \$306,089,988
- (e) Performance incentive fees up to \$568,990 over eleven years
- (f) Pre-Opening expenses of up to \$2,100,000

Period: September 1, 2017 to August 31, 2028

Description: Flik International Corp, a wholly-owned subsidiary of Compass Group USA, Inc., provides hotel and conference management services under a currently executed agreement with U. T. Austin at the AT&T Executive Education and Conference Center. U. T. Austin is opening Robert B. Rowling Hall, and will be extending conference center operations into this facility.

This agreement will extend the relationship with Flik as the provider of food, management and building services for the AT&T Executive Education and Conference Center, as well as Robert B. Rowling Hall. This Amendment was procured by means of an exclusive acquisition justification based upon best value.

23. Contract (funds going out) - U. T. Austin: Centennial Contractors Enterprises, Inc. to provide job order contracting services to campus facilities

Agency: Centennial Contractors Enterprises, Inc.

Funds: Expected to exceed \$2,500,000 (with prior written approval of U. T. Austin) over the maximum five-year contract period

Period: July 1, 2017 through June 30, 2018 (one-year contract with option to renew for up to four additional one-year periods); contract is being brought forward for Board approval, as expenditures will quickly reach the \$2,500,000 threshold

Description: Centennial Contractors Enterprises, Inc., to perform miscellaneous job order contracting services, with project varying in scope and size. Separate service agreements will be executed for individual projects. Services were competitively procured.

24. Contract (funds going out) - U. T. Austin: Brown & Root Industrial Services, LLC, to provide job order contracting services to campus facilities

Agency: Brown & Root Industrial Services, LLC

Funds: Anticipated totals costs expected to exceed \$2,500,000 (with prior written approval of U. T. Austin) over the maximum five-year contract period

Period: July 1, 2017 through June 30, 2018 (one-year contract with option to renew for up to four additional one-year periods); contract is being brought forward for Board approval, as expenditures will quickly reach the \$2,500,000 threshold

Description: Brown & Root Industrial Services, LLC, to perform miscellaneous job order contracting services, with projects varying in scope and size. Separate service agreements will be executed for individual projects. Services were competitively procured.

25. Contract (funds going out) - U. T. Austin: Warden Construction Corporation, to provide job order contracting services to campus facilities

Agency: Warden Construction Corporation

Funds: Anticipated total costs expected to exceed \$2,500,000 (with prior written approval of U. T. Austin) over the maximum five-year contract period

Period: July 1, 2017 through June 30, 2018 (one-year contract with option to renew for up to four additional one-year periods); contract is being brought forward for Board approval, as expenditures will quickly reach the \$2,500,000 threshold

Description: Warden Construction Corporation, to perform miscellaneous job order contracting services, with projects varying in scope and size. Separate service agreements will be executed for individual projects. Services were competitively procured.

26. Contract (funds going out) - U. T. Austin: QA Construction Services, Inc., to provide job order contracting services to campus facilities

Agency: QA Construction Services, Inc.

Funds: Expected to exceed \$2,500,000 (with prior written approval of U. T. Austin) over the maximum five-year contract period

Period: July 1, 2017 through June 30, 2018 (one-year contract with option to renew for up to four additional one year periods); contract is being brought forward for Board approval, as expenditures will quickly reach the \$2,500,000 threshold

Description: QA Construction Services, Inc., to perform miscellaneous job order contracting services, with projects varying in scope and size. Separate service agreements will be executed for individual projects. Services were competitively procured.

27. Contract (funds going out) - U. T. Austin: SpawGlass Contractors, Inc. to provide Construction Manager at Risk services to campus facilities in conjunction with implementation of space allocation study recommendations

Agency: SpawGlass Contractors, Inc.

Funds: Anticipated total expenditures of up to \$4,500,000 (with written approval of the U. T. Austin) during the term of June 2017 through December 2022

Period: June 9, 2017 through December 31, 2022

Description: SpawGlass Contractors, Inc., to perform Construction Manager at Risk services, with projects varying in scope and size, on an as-needed basis. Potential projects will support results of the recently completed Space Allocation Study, and will involve renovation and preparation of multiple existing and new buildings on campus. Services were competitively procured.

28. Contract (funds going out) - U. T. Austin: Alpha Building Corporation to provide job order contracting services to campus facilities

Agency: Alpha Building Corporation

Funds: Expected to exceed \$2,500,000 (with prior written approval of U. T. Austin) over the maximum five-year contract period

Period: July 1, 2017 through June 30, 2018 (one-year contract with option to renew for up to four additional one-year periods); contract is being brought forward for Board approval, as expenditures will quickly reach the \$2,500,000 threshold

Description: Alpha Building Corporation to perform miscellaneous job order contracting services, with project varying in scope and size. Separate service agreements will be executed for individual projects. Services were competitively procured.

29. Contract (funds going out) - U. T. Austin: W. E. Imhoff & Company, Inc., dba Intertech Flooring will provide job order contracting services to campus facilities

Agency: W. E. Imhoff & Company, Inc., dba Intertech Flooring

Funds: Total costs have exceeded the \$5,500,000 (with prior written approval of U. T. Austin) for the maximum five-year contract period

Period: July 1, 2013 through June 30, 2018 (one-year contract with option to renew for up to four additional one-year periods); contract is being brought forward for Board approval as it was discovered that expenditures have exceeded the \$2,500,000 threshold without appropriate Board approval

Description: W. E. Imhoff & Company Inc., dba Intertech Flooring, to provide flooring and installation services, with project varying in scope and size. Separate service agreements will be executed for individual projects. Services were competitively procured, and a new contract will be rebid.

30. Request for Budget Change - U. T. Austin: New Hire with Tenure -- amendment to the 2016-2017 budget

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Academic 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 \$	
<b>Dell Medical School</b>					
Department of Neurology					
Professor					
Elliot M. Frohman (T)	5/1-8/31	100	12	300,000	8623

31. Request for Budget Change - U. T. Austin: Approval of Emeritus Titles

**Beverly L. Hadaway**, from Associate Professor to The Capitol City Savings Regents Associate Professor Fellow Emerita, Department of Finance in the McCombs School of Business (RBC No. 8624) -- amendment to the 2016-2017 budget

**Richard E. Wilcox**, from Professor to James T. Doluisio Centennial Fellowship Professor Emeritus, in the College of Pharmacy (RBC No. 8625) - amendment to the 2016-2017 budget

32. 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 2018 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>McCombs School of Business</b>		
Accounting Donald P. Newman	Professor (T)	Professor Emeritus
Business, Government, and Society Timothy D. Werner	Assistant Professor	Associate Professor (T)
Finance Cesare Fracassi James R. Lowery, Jr. Gregor Matvos	Assistant Professor Assistant Professor New Hire	Associate Professor (T) Associate Professor (T) Professor (T)
Information Risk and Operations Management Ashish Agarwal	Assistant Professor	Associate Professor (T)
<b>Moody College of Communication</b>		
Advertising and Public Relations Anthony D. Dudo	Assistant Professor	Associate Professor (T)
Communication Sciences and Disorders Rajinder Koul	New Hire	Professor (T)
Communication Studies Larry D. Browning Michael Butterworth	Professor (T) New Hire	Professor Emeritus Professor (T)
Radio, Television and Film Wenhong Chen Cynthia A. McCreery Dwain Y. Smith	Assistant Professor Assistant Professor New Hire	Associate Professor (T) Associate Professor (T) Associate Professor (T)



College, Department, and Name	From	To
<b>College of Education</b>		
Educational Administration Liliana Garces	New Hire	Associate Professor (T)
<b>Cockrell School of Engineering</b>		
Aerospace Engineering Nanshu Lu	Assistant Professor	Associate Professor (T)
Biomedical Engineering Eliza Cosgriff-Hernandez	New Hire	Professor (T)
Chemical Engineering Michael Baldea Lydia M. Contreras	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Civil, Architecture, and Environmental Engineering Raissa P. Ferron Paola Passalacqua Navid Saleh	Assistant Professor Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T) Associate Professor (T)
Electrical and Computer Engineering Alex Huang Vijay Janapa Reddi Nan Sun	New Hire Assistant Professor Assistant Professor	Professor (T) Associate Professor (T) Associate Professor (T)
Mechanical Engineering Ashish Deshpande	Assistant Professor	Associate Professor (T)
Petroleum and Geosystems Engineering John T. Foster Michael Pyrcz	Assistant Professor New Hire	Associate Professor (T) Associate Professor (T)
<b>College of Fine Arts</b>		
Art and Art History George F. Flaherty	Assistant Professor	Associate Professor (T)
Theatre and Dance Kirk E. Lynn Roxanne Schroeder-Arce	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
<b>Jackson School of Geosciences</b>		
Geological Sciences Joel P. Johnson	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
<b>School of Information</b>		
Information		
Tanya E. Clement	Assistant Professor	Associate Professor (T)
James L. Howison	Assistant Professor	Associate Professor (T)
Barbara F. Immroth	Professor (T)	Professor Emerita
<b>College of Liberal Arts</b>		
American Studies		
Cary Cordova	Assistant Professor	Associate Professor (T)
Anthropology		
Samuel M. Wilson	Professor (T)	Professor Emeritus
Asian Studies		
Rupert Snell	Professor (T)	Professor Emeritus
Economics		
Daniel A. Ackerberg	New Hire	Professor (T)
Manuela Angelucci	New Hire	Associate Professor (T)
Vasiliki Skreta	New Hire	Professor (T)
English		
Donna M. Kornhaber	Assistant Professor	Associate Professor (T)
Julie A. Minich	Assistant Professor	Associate Professor (T)
Roger W. Reeves	New Hire	Associate Professor (T)
Frank F. Whigham, Jr.	Professor (T)	Professor Emeritus
Geography and the Environment		
Eugenio Y. Arima	Assistant Professor	Associate Professor (T)
Government		
Bruce Buchanan, II	Professor (T)	Professor Emeritus
Gary P. Freeman	Professor (T)	Professor Emeritus
Amy H. Liu	Assistant Professor	Associate Professor (T)
History		
Walter L. Buenger, Jr.	New Hire	Professor (T)
Aaron O'Connell	New Hire	Associate Professor (T)
Abena D. Osseo-Asare	Assistant Professor	Associate Professor (T)
Mexican American and Latina/o Studies		
Julie A. Minich	Assistant Professor	Associate Professor (T)
Middle Eastern Studies		
John Huehnergard	Professor (T)	Professor Emeritus

College, Department, and Name	From	To
Psychology		
Frances A. Champagne	New Hire	Professor (T)
James P. Curley	New Hire	Associate Professor (T)
Timothy J. Schallert	Professor (T)	Professor Emeritus
David S. Yeager	Assistant Professor	Associate Professor (T)
Rhetoric and Writing		
John J. Ruszkiewicz	Professor (T)	Professor Emeritus
Sociology		
Sheldon Ekland-Olson	Professor (T)	Professor Emeritus
Eric M. Warr	Professor (T)	Professor Emeritus
Spanish and Portuguese		
Sergio Romero	Assistant Professor	Associate Professor (T)
Sandro Sessarego	Assistant Professor	Associate Professor (T)
<b>College of Natural Sciences</b>		
Astronomy		
Steven L. Finkelstein	Assistant Professor	Associate Professor (T)
Computer Science		
Lorenzo Alvisi	Professor (T)	Professor Emeritus
Isil Dillig	Assistant Professor	Associate Professor (T)
Alan K. Cline	Professor (T)	Professor Emeritus
Integrative Biology		
Shalene Jha	Assistant Professor	Associate Professor (T)
Human Development and Family Sciences		
Theodore H. Dix	Associate Professor (T)	Associate Professor Emeritus
Marci E. Gleason	Assistant Professor	Associate Professor (T)
Molecular Biosciences		
Richard M. Brown, Jr.	Professor (T)	Professor Emeritus
Lauren I. Ehrlich	Assistant Professor	Associate Professor (T)
Jonghwan Kim	Assistant Professor	Associate Professor (T)
Kyle M. Miller	Assistant Professor	Associate Professor (T)
Neuroscience		
Laura L. Colgin	Assistant Professor	Associate Professor (T)
Nutritional Sciences		
Lydia C. Steinman	Distinguished Senior Lecturer	Distinguished Senior Lecturer Emerita

College, Department, and Name	From	To
Physics Can Kilic Herbert L. Berk	Assistant Professor Professor (T)	Associate Professor (T) Professor Emeritus
<b>School of Nursing</b>		
Nursing Deborah L. Volker	Associate Professor (T)	Associate Professor Emerita
<b>School of Social Work</b>		
Social Work Dorie J. Gilbert	Associate Professor (T)	Associate Professor Emerita
Sandy Magana Clayton T. Shorkey	New Hire Professor (T)	Professor (T) Professor Emeritus

33. Request for Budget Change - U. T. Austin: Transfer \$8,429,750 from Housing and Food Services - Halls, Building Services, and Resident Life Programming - Auxiliary Funds, Operating Income to Main Campus - Maintenance Upgrades Brackenridge Hall Dormitory, Roberts Hall Dormitory, and Prather Hall Dormitory - Plant Funds, All Expenses to fund new construction reserves (RBC No. 8491) -- amendment to the 2016-2017 budget

34. Employment Agreement - U. T. Austin: Approval of amendment to terms of Employment Agreement for Head Men's Swimming and Diving Coach Edwin C. Reese

The following Head Men's Swimming and Diving Coach Amendment 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 Amendment is approved, total compensation for the contract period for Edwin C. Reese 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 (NCAA), 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: Amendment to Head Men's Swimming and Diving Coach Agreement for Edwin C. Reese

From: **Guaranteed compensation:**  
Annual Salary: \$227,000  
Automobile: \$7,500  
Product Endorsement: \$2,000

**Nonguaranteed compensation:**

Sports Camps: as determined by Athletics Director  
Team Academic Performance Incentives: \$5,000  
Team Performance Incentives:  
    \$10,000 for any year the team is the Big 12 Conference  
    Champion  
    Team Wins the NCAA National Championship or ties  
    for 1st: \$25,000  
    Coach of the Year Honors for Big 12: \$2,000  
    Coach of the Year Nationally: \$5,000

To:

**Guaranteed compensation:**

Annual Salary: \$270,000 (includes Academic Performance  
Incentives)  
Automobile: \$7,500  
Product Endorsement: \$2,000

**Nonguaranteed compensation:**

Sports Camps: as determined by Athletics Director  
Team Performance Incentives:  
    \$15,000 for any year the team is the Team is Big 12 Conference  
    Champion:  
    Team Wins the NCAA National Championship or ties  
    for 1st: \$30,000  
Team Academic Performance Incentives: moved to base salary  
    Coach of the Year Honors Big 12: \$2,000  
    National Coach of the Year Honors: \$10,000

Guaranteed  
Compensation  
Percent Change: 18%

Nonguaranteed  
Compensation  
Change: 21%

Source of funds: Intercollegiate Athletics

Description: Amendment No. [1] to the Agreement for employment of Edwin C.  
Reese, Head Men's Swimming and Diving Coach

Period: September 1, 2014 through August 31, 2021

35. Lease - U. T. Austin: Authorization to lease approximately 22,310 square feet of space located in U. T. Austin's Health Discovery Building at 1701 Trinity Street, Austin, Travis County, Texas to Merck Sharp & Dohme Corp., for research and office use

Description: Lease of approximately 22,310 square feet of space in the Health Discovery Building located at 1701 Trinity Street, Austin, Travis County, Texas, within the institution's campus to Merck Sharp & Dohme Corp., a New Jersey corporation, for research and office uses

Location: Seventh floor of the Health Discovery Building, 1701 Trinity Street, Austin, Travis County, Texas

Lessee: Merck Sharp & Dohme Corp., a New Jersey corporation

Lease Term: Three-year initial term, with two renewal options of two years each upon mutual agreement

Lease Value: \$6,175,631 gross rental income for the initial three-year term with annual per square foot rate from \$90.00 increasing to a \$94.56 annual per square foot rate. The lease terms require the institution to be responsible for operating expenses estimated to be \$20.00 per square foot, or approximately \$446,200 annually. Lessee will be responsible for the cost of a mutually agreed build-out of the space.

Intended Use: Medical research and office use

36. Purchase - U. T. Austin: Authorization to purchase approximately 0.3685 acres of land located at 1191 Navasota Street, Austin, Travis County, Texas, from Ella Pease, for cultural and historical use

Description: Purchase of lot and improvements of approximately 0.3685 acres including approximately 1,456 square foot commercial structure located at 1191 Navasota Street, Austin, Travis County, Texas from Ella Pease for cultural and historical mission advancement. This structure was designed by John Chase. Mr. Chase was the first African-American architect licensed in Texas.

Seller: Ella Pease, a private individual

Purchase Price: Not to exceed fair market value as established by an independent appraisal. Appraisal is confidential pursuant to *Texas Education Code* Section 51.951.

37. Request for Budget Change - U. T. Dallas: 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 2018 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>School of Behavioral and Brain Sciences</b>		
Cognition/Neuroscience		
Sven Kroener	Professor	Professor (T)
Jonathan Ploski	Professor	Professor (T)
Sven Vanneste	Professor	Professor (T)
Psychology		
Robert Ackerman	Professor	Professor (T)
Jackie Nelson	Professor	Professor (T)
<b>School of Economic, Political and Policy Sciences</b>		
Criminology		
Nadine Connell	Professor	Professor (T)
Public Affairs		
Sarah Maxwell	Professor	Professor (T)
<b>Eric Jonsson School of Engineering and Computer Science</b>		
Computer Science		
Vibhav Gogate	Professor	Professor (T)
Electrical and Computer Engineering		
Bilal Akin	Professor	Professor (T)
<b>Naveen Jindal School of Management</b>		
Accounting		
Ningzhong Li	Professor	Professor (T)
Naim Ozel	Professor	Professor (T)
Jieying Zhang	Professor	Professor (T)

College, Department, and Name	From	To
Finance Han Xia	Professor	Professor (T)
OSIM Jun Xia	Professor	Professor (T)
<b>School of Natural Sciences and Mathematics</b>		
Biological Sciences Zhenyu Xuan	Professor	Professor (T)
Mathematical Sciences Dr. Robert Serfling	Professor (T)	Professor Emeritus
Physics Lindsay King	Professor	Professor (T)

38. Request for Budget Change - U. T. El Paso: New Hires with Tenure -- amendment to the 2016-2017 budget

The following Requests for Budget Change (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>College of Engineering</b>					
Dean's Office and Electrical and Computer Engineering Dean and Professor Theresa A. Maldonado (T)	7/1 - 8/31	100	12 09	275,000 161,000	8518
<b>College of Health Sciences</b>					
Dean's Office / Public Health Sciences Dean and Professor Shafik Dharamsi (T)	7/1 - 8/31	100	12 09	255,000 120,000	8519



39. Request for Budget Change - U. T. El Paso: 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 2018 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>College of Education</b>		
Educational Leadership and Foundations		
Penelope Espinoza	Assistant Professor	Associate Professor (T)
Teacher Education		
Alyse Hachey	New Hire	Associate Professor (T)
Pei-Ling Hsu	Assistant Professor	Associate Professor (T)
William J. Medina-Jerez	Associate Professor	Associate Professor (T)
<b>College of Engineering</b>		
Electrical and Computer Engineering		
Paras Mandal	Assistant Professor	Associate Professor (T)
<b>College of Health Sciences</b>		
Physical Therapy		
Alvaro Gurovich	New Hire	Associate Professor (T) and Program Director
Public Health Sciences		
Oralia Loza	Assistant Professor	Associate Professor (T)
<b>College of Liberal Arts</b>		
Art		
Max E. Grossman	Assistant Professor	Associate Professor (T)
Creative Writing		
Sasha R. Pimentel	Assistant Professor	Associate Professor (T)
Jeffrey S. Sirkin	Assistant Professor	Associate Professor (T)
Languages and Linguistics		
Natalia Mazzaro	Assistant Professor	Associate Professor (T)
Theatre and Dance		
Cristina Goletti	New Hire	Associate Professor (T) and Chair

College, Department, and Name	From	To
<b>College of Science</b>		
Biological Sciences		
Arshad M. Khan	Assistant Professor	Associate Professor (T)
Michael L. Moody	Assistant Professor	Associate Professor (T)
Hugues Ouellet	Assistant Professor	Associate Professor (T)
Chemistry		
XiuJun "James" Li	Assistant Professor	Associate Professor (T)
Dino Villagran	Assistant Professor	Associate Professor (T)
Geological Sciences		
Lixin Jin	Assistant Professor	Associate Professor (T)
Lin Ma	Assistant Professor	Associate Professor (T)
Physics		
Rajendra R. Zope	Assistant Professor	Associate Professor (T)

40. Contract (funds coming in) - U. T. Permian Basin: Accent Food Services Vending Machine Contract

Agency: Accent Food Services

Funds: Royalty in the amount of 17% of all gross revenue

Period: September 1, 2017 through August 31, 2020

Description: Exclusive snack vending machine agreement for Accent Food Services to sell products located throughout campus. Accent Food Services will have 100% of the total number of snack vending machines operated on campus. This contract was competitively bid. 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.

41. Request for Budget Change - U. T. Permian Basin: New Hire with Tenure -- amendment to the 2016-2017 budget

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Academic 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 \$	
<b>College of Education</b>					
Mathematics					
Dean					
Selina Velaquez Mireles (T)	7/10-8/31	100	12	155,000	8620

42. 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 2018 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>College of Arts and Sciences</b>		
Communication		
Rachel Harlow	Assistant Professor	Associate Professor (T)
<b>College of Business and Engineering</b>		
Mechanical Engineering		
Luis Trueba	Assistant Professor	Associate Professor (T)
Petroleum Engineering		
Abdallah Harouaka	Professor	Professor (T)

43. Request for Budget Change - U. T. Rio Grande Valley: 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 2018 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>College of Education and P-16 Integration</b>		
Bilingual and Literacy Studies Kip Hinton	Assistant Professor	Associate Professor (T)
Human Development and School Services Hsuying Ward	Assistant Professor	Associate Professor (T)
Teaching and Learning James Jupp	New Hire	Professor (T)
<b>College of Engineering and Computer Science</b>		
Civil Engineering Jungseok Ho	Assistant Professor	Associate Professor (T)
Electrical Engineering Yoonsu Choi Samir Iqbal	Assistant Professor New Hire	Associate Professor (T) Professor (T)
<b>College of Fine Arts</b>		
Theatre Brian Warren	Assistant Professor	Associate Professor (T)
School of Music David Sadlier	Assistant Professor	Associate Professor (T)
<b>College of Health Affairs</b>		
Cooperative Pharmacy Program Yasar Tasnif	Assistant Professor	Associate Professor (T)
School of Nursing Lilia Fuentes Helene Krouse	Assistant Professor New Hire	Associate Professor (T) Professor (T)

College, Department, and Name	From	To
<b>School of Rehabilitation Services and Counseling</b>		
Abdoulaye Diallo	Assistant Professor	Associate Professor (T)
Barbara Schoen	New Hire	Associate Professor (T)
Tom Shefcik	Associate Professor (T)	Professor Emeritus
<b>College of Liberal Arts</b>		
Political Science		
Mark Kaswan	Assistant Professor	Associate Professor (T)
William Sokoloff	Assistant Professor	Associate Professor (T)
Psychological Sciences		
Arthur Cantos	New Hire	Associate Professor (T)
Writing and Language Studies		
John Foreman	Assistant Professor	Associate Professor (T)
<b>College of Sciences</b>		
School of Earth, Environmental and Marine Sciences		
Richard Kline	Assistant Professor	Associate Professor (T)
<b>School of Medicine</b>		
Department of Surgery		
John Krouse	New Hire	Dean and Professor (T)

44. Logo - U. T. Rio Grande Valley: Approval of new "doing business as" (dba) name - U. T. Health Rio Grande Valley, and approval of a new logo, for the U. T. Rio Grande Valley School of Medicine

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, the Vice Chancellor and General Counsel, and President Bailey that the U. T. System Board of Regents approve a new "doing business as" (dba) name – UT Health Rio Grande Valley, and the use of a new logo for U. T. Rio Grande Valley School of Medicine.

The following proposed logo has been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor for External Relations and is submitted for approval by the U. T. System Board of Regents in accordance with Regents' *Rules and Regulations*, Rule 40801.

The proposed U. T. Health Rio Grande Valley logo combines three main elements: The Ollin, Tree of Life, and the Caduceus. The Ollin, which means "Movement of the Sun" in Aztec mythology, represents the advancement and continuous change of the medical field. The Tree of Life branches represent knowledge and life. This symbol has been used in science, religion and mythology to symbolize the interconnection of all life on our planet and serves as a metaphor for growth and evolution. The Caduceus represents healing and the field of medicine. Its symmetrical look is a close resemblance to the DNA helix.

In addition, the elements in the logo are similar to the patterns within the lattice structures on the new Medical Education Building in Edinburg

The proposed Pantone Marking System colors are PMS 1655C, PMS Cool Gray 10C, and PMS 375C.



45. Contract (funds going out) - U. T. San Antonio: Ex Libris (USA), Inc. to provide library-specific software and related services to electronically manage all significant aspects of U. T. San Antonio's library management system

Agency: Ex Libris (USA), Inc.

Funds: \$3,090,140 for the entire term, including all renewal terms. The total amount includes annual software license fees (\$281,756 for year one) and a one-time implementation fee of \$120,376. The software license fees are subject to a maximum annual increase of four percent (4%), which has been incorporated into the above total amount.

Period: Initial Term: Three years, beginning upon the "go-live" date of the software in a production environment (estimated September 1, 2017). License fees are not due until after the "go-live" date.

Renewal Term(s): Two additional renewals, with the first renewal period being a two-year term at U. T. San Antonio's option, and the second renewal being a four-year term, upon mutual agreement of both parties.

Description: The Agreement secures library-specific software and related services to electronically manage all significant aspects of U. T. San Antonio's library management system, including providing students with extensive on-line resources. The software system will provide a much-needed and expansive upgrade to an outdated 17-year old system that was designed to handle printed information rather than electronic and web-based data.

Ex Libris (USA), Inc. is the current provider of U. T. San Antonio's library management system. The upgraded system is being secured as an exclusive acquisition in accordance with U. T. System and U. T. San Antonio purchasing procedures. The exclusive acquisition documentation was approved by U. T. San Antonio's Purchasing Office and documents U. T. San Antonio's compliance with the best value requirements in Section 51.9335, *Texas Education Code*.

46. 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 2018 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>
<b>College of Architecture, Construction and Planning</b>		
Department of Construction Science Tulio Sulbaran	New Hire	Professor (T)
<b>College of Business</b>		
Department of Information Systems and Cyber Security David Dampier	New Hire	Professor (T)
Department of Management Mark Lengnick-Hall	Professor (T)	Professor Emeritus
Department of Marketing Dengfeng Yan	Assistant Professor	Associate Professor (T)
<b>College of Education and Human Development</b>		
Department of Educational Leadership and Policy Studies Felecia Briscoe	Associate Professor (T)	Associate Professor Emeritus
Gerry Dizinno	Associate Professor (T)	Associate Professor Emeritus
Department of Educational Psychology Carolyn Orange	Professor (T)	Professor Emeritus
Department of Interdisciplinary Learning and Teaching Blanche Desjean-Perrotta	Professor (T)	Professor Emeritus
<b>College of Engineering</b>		
Department of Biomedical Engineering Eric Brey	New Hire	Professor (T)



College, Department, and Name	From	To
Department of Mechanical Engineering		
Krystel Castillo	Assistant Professor	Associate Professor (T)
Xiaowei Zeng	Assistant Professor	Associate Professor (T)
<b>College of Liberal and Fine Arts</b>		
Department of Communication		
Charles Mahood	Assistant Professor	Associate Professor (T)
Department of English		
Annette Portillo	Assistant Professor	Associate Professor (T)
Department of History		
Steven Boyd	Professor (T)	Professor Emeritus
Jerry Gonzalez	Assistant Professor	Associate Professor (T)
Department of Modern Languages		
Christopher Wickham	Professor (T)	Professor Emeritus
Department of Music		
James Balentine	Professor (T)	Professor Emeritus
Department of Political Science and Geography		
John Morris	Professor (T)	Professor Emeritus
Arturo Sotomayor	Assistant Professor	Associate Professor (T)
Bradley Thayer	New Hire	Professor (T)
Department of Psychology		
James Bray	New Hire	Professor (T)
<b>College of Public Policy</b>		
Department of Criminal Justice		
Michael Gilbert	Associate Professor	Associate Professor Emeritus
<b>College of Sciences</b>		
Department of Biology		
Brian Hermann	Assistant Professor	Associate Professor (T)
Chin-Hsing Lin	Assistant Professor	Associate Professor (T)
Department of Computer Science		
Anthony Chronopoulos	Professor (T)	Professor Emeritus

College, Department, and Name	From	To
Department of Geographical Science Marina Suarez	Assistant Professor	Associate Professor (T)
Department of Mathematics Youn-Min Chou	Professor (T)	Professor Emeritus
Lawrence Williams	Professor (T)	Professor Emeritus

47. Employment Agreement - U. T. San Antonio: Approval of terms of Employment Agreement with T. Taylor Eighmy, Ph.D., as President of U. T. San Antonio

The following agreement has been approved by the Chancellor and Executive Vice Chancellor for Academic Affairs, has been signed by Dr. Eighmy, 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.

Title:	President
Funds:	\$500,000 annually
Period:	Beginning September 1, 2017
Description:	Agreement for employment of Dr. T. Taylor Eighmy as President of The University of Texas at San Antonio. The President reports to the Chancellor and shall hold office without fixed term, subject to the pleasure of the Chancellor following input by the Executive Vice Chancellor for Academic Affairs and approval by the Board of Regents. During his Presidency, Dr. Eighmy will hold an appointment as Professor, with Tenure, in the College of Engineering at U. T. San Antonio without compensation. The employment agreement is on the following pages.



THE UNIVERSITY of TEXAS SYSTEM  
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Office of Academic Affairs  
601 Colorado Street, 3rd Floor  
Austin, Texas 78701-2980  
512-499-4233  
WWW.UTSYSTEM.EDU

July 25, 2017

Dr. T. Taylor Eighmy



Dear Taylor:

On behalf of the Board of Regents of The University of Texas System, it is my pleasure to offer you the position of President of The University of Texas at San Antonio, effective September 1, 2017. Your annual salary rate as of that date will be \$500,000. You are entitled to other State-paid fringe benefits required to be provided to higher education employees by State law and for which you are eligible. Among these benefits are State-paid OASI, longevity pay, workers' compensation liability, insurance coverage, retirement, insurance premium sharing, and paid leave.

Pursuant to the Regents' Rules and Regulations, Rule 20201, the presidents of The University of Texas academic institutions are selected by the Board of Regents of The University of Texas System and serve without fixed term, subject to the pleasure of the Executive Vice Chancellor for Academic Affairs and approval by the Chancellor and the Board of Regents. Also, your performance as President of U. T. San Antonio will be evaluated in accordance with Rule 20201 and you will be asked to make a presentation to the Board on your vision and goals for U. T. San Antonio within 12 to 18 months of taking office.

Additional elements of your compensation package are:

- a. You may be eligible annually for a merit-based salary increase depending on your attainment of certain specific performance goals.
- b. The cost of club membership(s) approved by the Executive Vice Chancellor for Academic Affairs will be paid, including initial fees for joining the club and all properly documented and reasonable business-related expenses. All personal expenses, including the portion of dues related to personal use, is calculated based on the personal expenses for that month as a percent of total expenses. That percentage is applied to the dues owed to determine the personal amount.
- c. Appointment as Professor, with tenure, in the College of Engineering at U. T. San Antonio, with a beginning academic rate of \$250,000. During your presidency, you will not be paid your salary as Professor. When your administrative appointment as President ends you will be entitled to return to your tenured faculty position as professor, consistent with Regents' Rule 31007, which governs tenured appointments at U. T. San Antonio, and to be compensated at your academic salary rate. *Texas Education Code*, Section 51.948, states that if a university administrator is reassigned to a faculty or other position at the institution, the institution cannot pay that person a salary that exceeds the salary of other persons with similar qualifications performing similar duties.

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 MD Anderson Cancer Center · The University of Texas Health Science Center at Tyler

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July 25, 2017  
T. Taylor Eighmy

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- d. State law allows the granting of a development leave at the individual's academic salary rate for one academic year to a faculty member who has held an administrative position at the institution for more than four years. An administrator who receives development leave must return to work (as a faculty member) at a U.T. System institution for an amount of time equal to the amount of time the administrator received development leave or repay the institution for all the costs of the development leave. To the extent required by law, these provisions will apply in your situation. The specific length of the development leave will be negotiated dependent on your term of service as President and other pertinent considerations should you leave the presidency and return to the faculty.

Please note that the benefits described in (c) may, at the discretion of the Board, be denied should you be terminated from the position of President for good cause, as determined by the Board.

Business-related travel and entertainment expenses shall be in accordance with the Regents' Rules 20205, and with current travel and entertainment budgets of the institution. Reasonable expenses will be paid directly or reimbursed as appropriate.

Appropriate and timely submission of documentation required for reimbursement of travel and entertainment expenditures is required by Regents' Rules 20205. Annual reports on travel and entertainment shall be filed with the Executive Vice Chancellor for Academic Affairs.

Full-time faculty and administrative and professional staff employed by the U. T. System 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 Chancellor.

Your base salary is all inclusive and there are no additional allowances provided for housing or automobile consistent with the Regents' *Rules and Regulations* 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.

The University of Texas System will also make direct payments for the actual costs of reasonable expenses related to moving and storage, if needed, of household, personal, and professional possessions from Knoxville, Tennessee to San Antonio, Texas. Please contact Kathryn Funk-Baxter, V.P. for Business Affairs at U. T. San Antonio before making any arrangements related to relocation.

The University will reimburse you for commuting costs incurred by you and your wife including airfare, accommodations, and meals associated with your transition, consistent with IRS guidelines. The University will compensate you for temporary housing costs during the first year of your Presidency prior to the arrival of your family to establish permanent residence.

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T. Taylor Eighmy

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Information about benefits including health insurance, disability, life insurance and retirement has been transmitted under separate cover.

Some elements in this compensation package will be subject to federal income tax and as such will be subject to withholding and reported on the W-2 form along with base salary paid. You should consult your tax adviser as to the handling of business or other offsetting deductions.

I look forward to the opportunity to work with you as President of The University of Texas at San Antonio. If you have any questions, please let me know.

Sincerely,



Steven W. Leslie  
Executive Vice Chancellor for Academic Affairs

Accepted: Taylor Eighmy Date: 7-27-17

SWL/smr

cc: Chancellor William H. McRaven  
Randy Wallace, Associate Vice Chancellor – Controller and Chief Budget Officer  
Kathryn Funk-Baxter, V.P. for Business Affairs  
Francie Frederick, General Counsel to the Board of Regents

48. Employment Agreement - U. T. San Antonio: Approval of contract extension to terms of Employment Agreement for Head Football Coach for Frank Wilson

The following Head Coach extension has been recommended by the institutional president and approved by the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents. If the extension is approved, total compensation for the contract period for Frank Wilson will be in excess of \$1 million. Such employment under the Agreement, is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at San Antonio is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at San Antonio (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12, Athletic Employment Agreements; and Rule 20204, Section 3, Board Approval). Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay and/or dismissal.

Item: Extension of Head Football Coach Agreement for Frank Wilson

From: **Guaranteed compensation:**

Annual Salary:

- January 15, 2016 to December 31, 2016: \$650,000
- January 1, 2017 to December 31, 2017: \$675,000
- January 1, 2018 to December 31, 2018: \$700,000
- January 1, 2019 to December 31, 2019: \$725,000
- January 1, 2020 to December 31, 2020: \$750,000

**Nonguaranteed compensation:**

Sports Camps and Clinics: Coach will be paid 100% of the net proceeds for each camp

Incentives: maximum incentive compensation of \$185,000 annually

- (a) Team participates in a C-USA Championship  
Game: \$10,000 annually
- (b) Team wins the C-USA Championship Game: \$25,000 annually
- (c) Team participates in a Non-College Football Playoff Bowl  
Game: \$7,500 annually
- (d) Team participates in a College Football Playoff Bowl  
Game: \$50,000 annually
- (e) Team wins any Bowl Game: \$7,500 annually
- (f) Team defeats over a Power 5 program: \$7,500 annually
- (g) Team wins the College Football Playoff National  
Championship: \$100,000 annually
- (h) C-USA Coach of the Year: \$10,000 annually
- (i) National Coach of the Year: \$25,000 annually
- (j) Team Academic Progress Rate exceeds 960: \$10,000 annually
- (k) Average home football game attendance is at least  
40,000: \$15,000 annually for the Coach to distribute to his staff

To:

**Guaranteed compensation:**

Annual Salary:

September 1, 2017 to February 28, 2018: \$900,000 (annualized)  
March 1, 2018 to February 28, 2019: \$950,000  
March 1, 2019 to February 29, 2020: \$975,000  
March 1, 2020 to February 28, 2021: \$975,000  
March 1, 2021 to February 28, 2022: \$975,000

Note: current agreement year two compensation of \$675,000 annualized is in effect until August 31, 2017. All contract years are restated starting as year 1.

Product Endorsement: Participation in agreed upon television, radio, and other media events

Year 1: \$150,000 payable on or before September 1, 2017  
Year 2: \$100,000  
Year 3: \$100,000  
Year 4: \$125,000  
Year 5: \$150,000

Retention Compensation: Contingent upon on completion of prior year and remaining in good standing with the university.

Year 1: \$150,000; payable on or before December 1, 2017  
Year 2: \$50,000; payable February 28, 2018  
Year 3: \$50,000; payable February 28, 2019  
Year 4: \$50,000; payable February 28, 2020

**Nonguaranteed compensation:**

Sports Camps and Clinics: Coach will be paid 100% of the net proceeds for each camp

Incentives: maximum incentive compensation of \$185,000 annually

- (a) Team participates in a C-USA Championship  
Game: \$25,000 annually
- (b) Team wins the C-USA Championship Game: \$25,000 annually
- (c) Team participates in a Non-College Football Playoff Bowl  
Game: \$35,000 annually
- (d) Team participates in a College Football Playoff Bowl  
Game: \$50,000 annually
- (e) Team wins any Bowl Game: \$10,000 annually
- (f) Team defeats over a Power 5 program: \$7,500 annually
- (g) Team wins the College Football Playoff National  
Championship: \$100,000 annually
- (h) C-USA Coach of the Year: \$10,000 annually
- (i) National Coach of the Year: \$25,000 annually
- (j) Team Academic Progress Rate exceeds 960: \$10,000 annually
- (k) Team achieves seven (7) regular season game  
wins: \$25,000 annually
- (l) Team achieves eight (8) regular season game  
wins: \$25,000 annually

**Non-compensation:**

Annual Football Excellence Fund: Established on September 1 each year of contract in the amount of \$25,000 for team and staff activities.

**Payment of liquidated damages to university by coach:**

Before February 28, 2018: \$1,200,000  
March 1, 2018 to February 28, 2019: \$900,000  
March 1, 2019 to February 29, 2020: \$550,000  
March 1, 2020 to February 28, 2021: 250,000  
March 1, 2021 to February 28, 2022: \$0

**Guaranteed Compensation**      **Comparison of original contract year to new contract year terms:**

Percent Change: Year 2: 56%  
Year 3: 54%  
Year 4: 55%  
Year 5: 53%

**Nonguaranteed Compensation Change:** Two additional incentives were added; one was deleted  
(1) Team achieves seven (7) regular season wins: \$25,000 annually;  
(2) Team achieves eight (8) regular season game wins: \$25,000 annually

Deleted: \$15,000 annually for distribution to coaching staff if the average home game attendance for a year is at least 40,000

Source of funds: Intercollegiate Athletics

Description: Extension of the Agreement for employment of Head Football Coach Frank Wilson

Period: September 1, 2017 through February 28, 2022



49. Request for Budget Change - U. T. Tyler: New award of tenure, emerita 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 Health Affairs. The personnel actions have been included in the 2018 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>
<b>College of Arts and Sciences</b>		
Biology		
Joshua Banta	Assistant Professor	Associate Professor (T)
Chemistry and Biochemistry		
Sean Butler	Assistant Professor	Associate Professor (T)
History		
Matthew Stith	Assistant Professor	Associate Professor (T)
Patricia Gajda	Professor (T)	Professor Emerita
Music		
Kyle Gullings	Assistant Professor	Associate Professor (T)
John Webb	Professor (T)	Professor Emeritus
<b>College of Business and Technology</b>		
Human Resource Development		
Rochell McWhorter	Assistant Professor	Associate Professor (T)
Management and Marketing		
Kerri Camp	Assistant Professor	Associate Professor (T)
Robert Jones	Assistant Professor	Associate Professor (T)
<b>College Education and Psychology</b>		
School of Education		
Joanna Neel	Assistant Professor	Associate Professor (T)
Shelly Marmion	Professor (T)	Professor Emerita
<b>College of Engineering</b>		
Mechanical Engineering		
Nelson Fumo	Assistant Professor	Associate Professor (T)
Javier Kypuros	New Hire	Dean and Professor (T)
<b>College of Nursing and Health Sciences</b>		
School of Nursing		
Danice Greer	Assistant Professor	Associate Professor (T)
Colleen Marzilli	Assistant Professor	Associate Professor (T)

## HEALTH AFFAIRS COMMITTEE

50. 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: \$9,163,862

Period: September 1, 2017 through August 31, 2018

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.

51. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide professional and technical services to support the operations of UT Southwestern Moncrief Cancer Center

Agency: UT Southwestern Moncrief Cancer Center

Funds: \$8,626,336

Period: September 1, 2017 through August 31, 2018

Description: U. T. Southwestern Medical Center will provide professional and technical services. UT Southwestern Moncrief Cancer Center (MCI) 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.

52. Contract (funds going out) - U. T. Southwestern Medical Center: United WestLabs, Inc. will provide administrative and management services to establish and operate an outreach reference laboratory program

Agency: United WestLabs, Inc.

Funds: \$12,109,123

Period: May 25, 2017 through July 31, 2020

Description: United WestLabs, Inc. will provide administrative and management services for the set-up and management of daily operations for the U. T. Southwestern Medical Center outreach reference laboratory program. The program expands the existing licensed clinical laboratory to provide clinical laboratory testing services. This contract was competitively bid.

53. Request for Budget Change - U. T. Southwestern Medical Center: New Hires with Tenure -- amendment to the 2016-2017 budget

The following Requests for Budget Change (RBC) have been administratively approved by the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>Southwestern Medical School</b>					
Family and Community Medicine Professor and Chairman David Schneider (T)	5/1-8/31	100	12	310,000	8494
Pediatrics Professor Berge Minassian (T)	12/19-8/31	100	12	315,000	8268
Psychiatry Professor Elizabeth Heitman (T)	12/1-8/31	100	12	160,000	8267
Radiation Oncology Professor Guo-Min Li (T)	6/1-8/31	100	12	250,000	8580

54. 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 2018 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>
<b>College of Biochemistry</b> Biochemistry Yonghao Yu	Assistant Professor	Associate Professor (T)
<b>College of Biophysics</b> Biophysics Daniel Rosenbaum	Assistant Professor	Associate Professor (T)
<b>College of Eugene McDermott Center for Human Growth and Development</b> Eugene McDermott Center Ralf Kittler	Assistant Professor	Associate Professor (T)
<b>College of Immunology</b> Immunology Nan Yan	Assistant Professor	Associate Professor (T)
<b>College of Microbiology</b> Microbiology Ivan D'Orso	Assistant Professor	Associate Professor (T)
<b>College of Neuroscience</b> Neuroscience Taekyung Kim Genevieve Konopka	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
<b>College of Pathology</b> Pathology Ravindra Sarode	Professor	Professor (T)
<b>College of Physiology</b> Physiology Jiang Wu	Assistant Professor	Associate Professor (T)
<b>College of Simmons Comprehensive Cancer Center</b> Simmons Comprehensive Cancer Center Angelique Whitehurst	Assistant Professor	Associate Professor (T)

55. Request for Budget Change - U. T. Southwestern Medical Center: Approval of Emeritus Titles

**Phillip Jones**, from Professor and Chairman to Professor Emeritus, Department of Physician Assistant Studies in the Medical School (RBC No. 8521) -- amendment to the 2016-2017 budget

**George McCracken**, from Professor to Professor Emeritus, Department of Pediatrics in the Medical School (RBC No. 8522) -- amendment to the 2016-2017 budget

56. Lease - U. T. Southwestern Medical Center: Authorization to lease approximately 30,000 rentable square feet of space located at 5801 East Campus Circle, Irving, Dallas County, Texas from Dr. Mark Anderson and/or assigns for clinical and related uses

- Description: Lease of approximately 30,000 rentable square feet of space located at 5801 East Campus Circle, Irving, Dallas County, Texas, for clinical and related uses.
- Lessor: Dr. Mark Anderson and/or assigns
- Term: The lease initially for approximately 20,000 rentable square feet is estimated to commence on April 1, 2019. The lease premise will expand by an additional 10,000 rentable square feet by October 1, 2020. The initial term is for a period of 138 months. U. T. Southwestern Medical Center will have one option, exercisable in its discretion, to renew the lease for one, five-year renewal term.
- Lease Cost: Base rent of approximately \$24.50 per square foot annually in the first year following the five month abated rent period. Base rent totals approximately \$9,907,750 during the initial term. Rent for the renewal option period will not exceed the then current market base rate. In addition to the rent, U. T. Southwestern Medical Center will pay for its pro rata share of the operating expenses.
- Tenant Improvements: Landlord will provide a tenant improvement allowance of \$65 per rentable square foot. The Landlord is willing to provide up to an additional \$35 per rentable square foot. However, the additional tenant improvement allowance will increase the base rental amount. The lessee will pay the cost of the tenant improvements above the allowance provided by the landlord. The lessee estimates that the total cost of the tenant improvements will be approximately \$150 per rentable square foot.

57. Lease - U. T. Southwestern Medical Center: Authorization to lease approximately 10,948 rentable square feet of space located at 8194 Walnut Hill Lane, Dallas, Dallas County, Texas from the Texas Health Resources for clinical and related uses

Description: Lease of approximately 10,948 rentable square feet of space located at 8194 Walnut Hill Lane, Dallas, Dallas County, Texas, for clinical and related uses.

Lessor: Texas Health Resources, a Texas non-profit corporation

Term: The lease for approximately 10,948 rentable square feet is estimated to commence on May 1, 2017, and the initial term is for a period of 84 months. U. T. Southwestern Medical Center will have one option, exercisable in its discretion, to renew the lease for one five-year renewal term.

Lease Costs: Approximately \$18.00 per square foot annually in the first year, and approximately \$1,464,952 in rent during the initial term. Rent for the renewal option period will not exceed the then current market base rate. In addition to the rent, U. T. Southwestern Medical Center will pay for the cost of the operating expenses above the base year operating expenses.

Tenant Improvements: Lessee will finish out the space at its expense. The cost of the finish-out is approximately \$2,065,000 (\$189 per square foot).

58. Gift - U. T. Southwestern Medical Center: Authorization to accept a gift of land and improvements off of the South West corner of IH 35 West and West Rosedale Street in Fort Worth, Tarrant County, Texas, from W.A. Moncrief, Jr., Trustee of W.A. Moncrief, Jr., Management Trust, for future programmed campus expansion

Description: Request for authorization to accept gift of approximately 27 tracts of land totaling approximately 132,510 square feet (3.04 acres) and improvements located in an area of land bounded by West Rosedale Street to the north, West Magnolia Avenue to the south, South Main Street to the east, and South Jennings Avenue to the west in Fort Worth, Tarrant County, Texas, some tracts being within the expansion zone, 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 acquire the properties. The properties are located within close proximity to the Moncrief Cancer Institute and the UT Southwestern Monty and Tex Moncrief Medical Center at Fort Worth.

Donor: W.A. Moncrief, Jr., Trustee of W.A. Moncrief, Jr., Management Trust

Estimated Value: \$4,412,750

59. Contract (funds coming in) - U. T. Medical Branch - Galveston: To provide services for the State of Texas Health and Human Services Commission under the Family Planning Grant Program

Agency: State of Texas Health and Human Services Commission (HHSC)

Funds: \$14,702,810

Period: September 1, 2016 through August 31, 2019

Description: U. T. Medical Branch, through the Family Planning Grant Program, provides a wide variety of clinical, testing, and family planning methods to patients at both the Galveston teaching facility as well as its network of 13 outpatient clinics per the FY17 Family Planning contract, which was approved at the February 9, 2017 Board of Regents meeting with a value of \$4,504,270.

U. T. Medical Branch is seeking to enter into the Family Planning Grant Program FY18-19 Renewal Agreement with HHSC to continue to provide services for the State of Texas under the Family Planning Grant Program. The current request is two-fold:

1. An amendment of the FY17 Family Planning contract to increase the patient load by 2,000 and the value by \$1,190,000 to \$5,694,270
2. The Family Planning Grant Program FY18-19 Renewal Agreement, which will extend the term of the contract from September 1, 2017 through August 31, 2019 and add an additional \$4,504,270 in funding per year, bringing the total contract value to \$14,702,810.



60. Contract (funds coming in) - U. T. Medical Branch - Galveston: To provide medical services to eligible women in the State of Texas, by and through the Texas Health and Human Services Commission (HHSC) under the Healthy Texas Women's Grant Program (HTW Program)

Agency: State of Texas Health and Human Services Commission (HHSC)

Funds: \$3,982,935

Period: September 1, 2016 through August 31, 2019

Description: U. T. Medical Branch - Galveston currently provides services to Medicaid eligible clients under the HHSC Healthy Texas Women's Grant Program (HTW Program) per the current HTW FY17 Grant Program Contract, which has a term of August 29, 2016 through August 31, 2017, with options for two additional two-year terms (categorical portion). That agreement represents the reimbursement under the categorical costs reimbursement methodology in the amount of \$1,327,645 and was approved by the Board on February 9, 2017.

U. T. Medical Branch - Galveston is currently seeking to enter into the HTW Program FY18-19 Renewal Agreement with HHSC to continue to provide direct clinical care to eligible women in the State of Texas. This renewal will extend the term of the contract from September 1, 2017 through August 31, 2019, and add an additional \$1,327,645 in funding per year, bringing the total contract value (categorical portion) to \$3,982,935.

61. Contract (funds coming in) - U. T. Medical Branch - Galveston: Agreement with the Texas Department of State Health Services (DSHS) for U. T. Medical Branch - Galveston to provide breast and cervical cancer screening services to eligible individuals

Agency: Texas Department of State Health Services (DSHS)

Funds: \$3,085,521

Period: September 1, 2016 through August 31, 2019

Description: U. T. Medical Branch currently provides medical services (breast and/or cervical cancer screening, diagnostic and support services, tracking, follow-up, case management, and individual client education) to eligible individuals per the FY 2017 Breast and Cervical Cancer Screening (BCCS) agreement with DSHS, which features a term of September 1, 2016 through August 31, 2017, and a dollar value of \$1,028,507. The current request to enter into the FY18-19 BCCS Grant Renewal will extend the term of the contract from September 1, 2017 through August 31, 2019, and add an additional \$1,028,507 in funding per year, bringing the total contract value to \$3,085,521.

62. Contract (funds coming in) - U. T. Medical Branch - Galveston: U. T. Medical Branch - Galveston's Regional Maternal Child Health Program (RMCHP) WIC Program administers the Department of State Health Services (DSHS) WIC to provide supplemental food benefits, nutrition education, and counseling to enhance good health care at no cost to low-income pregnant and postpartum women, infants and children identified to be at nutritional risk

Agency: Department of State Health Services (DSHS)

Funds: Increase the total contract value to \$15,321,734 (\$7,637,723 from FY 2017 plus \$7,648,011 from FY 2018)

Period: Original Term from October 1, 2016 through September 30, 2017; this Amendment extends the term from October 1, 2017 through September 30, 2018

Description: U. T. Medical Branch - Galveston's Regional Maternal Child Health Program (RMCHP) WIC Program administers the DSHS WIC to provide supplemental food benefits, nutrition education, and counseling to enhance good health care at no cost to low-income pregnant and postpartum women, infants and children identified to be at nutritional risk. The Fiscal Year 2017 Contract in the amount of \$7,637,723 was approved by U. T. Medical Branch in November 2016 and the Board of Regents on February 9, 2017. For approval is the First Amendment to extend the contract through FY 2018 and increase the total contract value to \$15,321,734 (\$7,637,723 from FY 2017 plus \$7,648,011 from FY 2018).

63. Contract (funds coming in and going out) - U. T. Medical Branch - Galveston: BFI Waste Services of Texas, L.P., dba Republic Services will provide waste disposal and recycling services

Agency: BFI Waste Services of Texas, L.P., dba Republic Services

Funds: Not to exceed \$2,900,000

Period: April 1, 2017 through March 31, 2020; with two 12-month renewal options

Description: BFI will provide waste disposal and recycling services to U. T. Medical Branch - Galveston. This contract was competitively bid.

64. Contract (funds going out) - U. T. Medical Branch - Galveston: Kronos Incorporated to provide time capture software

Agency: Kronos Incorporated

Funds: \$3,500,000; inclusive of initial term and renewal options

Period: Commencing on the date the contract is fully executed for a period of 24 months; with option to renew for three renewal periods of 12 months each

Description: Kronos Incorporated will provide time capture software that feeds time information into U. T. Medical Branch - Galveston's PeopleSoft payroll module. This contract was not competitively bid because a move away from this infrastructure to a cloud-based solution is anticipated within the next three years. The cost of competitive bidding and the substantial business disruption resulting from changing the incumbent provider for three years outweigh the possible gain of competitive bid.

65. Contract (funds going out) - U. T. Medical Branch - Galveston: Solar Turbines Incorporated to provide solar commissions, services, maintenance and repairs for certain turbomachinery equipment manufactured by Solar Turbines

Agency: Solar Turbines Incorporated (Solar)

Funds: Not to exceed \$6,700,000

Period: April 1, 2017 through March 31, 2027

Description: Solar will perform routine maintenance and repair services and provide related parts and consumables and real time condition-based monitoring of two Taurus 60 combustion gas turbines (located in U. T. Medical Branch - Galveston's East Plant and West Plant). In addition, at the request of U. T. Medical Branch - Galveston only, Solar may provide additional services under Supplementary Orders issued under this contract. Supplementary Orders will be for services not specifically covered under this agreement such as upgrades, training, additional service parts, etc. Solar is the original equipment manufacturer and is uniquely qualified to provide the technical expertise on these machines. Therefore, these services were not competitively procured because U. T. Medical Branch - Galveston believes Solar is the only qualified vendor able to effectively maintain the Covered Equipment.

66. Contract (funds going out) - U. T. Medical Branch - Galveston: American Janitorial Services, Ltd. to provide Window Washing services

Agency: American Janitorial Services, Ltd.

Funds: \$3,500,000

Period: April 26, 2017 through April 25, 2020; with two additional 12-month renewal options

Description: American Janitorial Services will provide window washing services to U. T. Medical Branch - Galveston, including cleaning of all fixed and operable windows, block, glass doors, and reflective glass surfaces. This contract was competitively bid.

67. Request for Budget Change - U. T. Medical Branch - Galveston: 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 Health Affairs. The personnel actions have been included in the 2018 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>
<b>School of Health Professions</b>		
Physical Therapy		
Steven Fisher	Associate Professor	Associate Professor (T)
Kurt Mossberg	Professor	Professor Emeritus
Office of Academic & Student Affairs		
Marlene Salas-Provance	Clinical Professor	Professor (T)

College, Department, and Name	From	To
<b>School of Medicine</b>		
Biochemistry and Molecular Biology Cheryl Watson	Professor (T)	Professor Emeritus
Internal Medicine Xuan-Zheng Shi	Associate Professor	Associate Professor (T)
Microbiology and Immunology Dennis Bente	Associate Professor	Associate Professor (T)
Obstetrics and Gynecology Sathish Kumar Gwyn Richardson Erik Rytting	Assistant Professor Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T) Associate Professor (T)
Ophthalmology and Visual Sciences Wenbo Zhang	Associate Professor	Associate Professor (T)
Otolaryngology Harold Pine	Associate Professor	Associate Professor (T)
Pathology Timothy Allen Naomi Forrester Nikos Vasilakis	Professor Associate Professor Associate Professor	Professor (T) Associate Professor (T) Associate Professor (T)
Pediatrics Terumi Midoro-Horiuti	Associate Professor	Associate Professor (T)
Preventative Medicine and Community Health Sharon Croisant	Associate Professor	Professor (T)

68. Lease - U. T. Medical Branch - Galveston: Authorization for U. T. Medical Branch - Galveston to lease approximately 9,000 square feet of space in U. T. M. D. Anderson Cancer Center's building at 2280 Gulf Freeway South on U. T. Medical Branch - Galveston's League City Campus, City of League City, Galveston County, Texas, for clinical and office use

Description: Lease of approximately 9,000 square feet of space located within U. T. M. D. Anderson Cancer Center's building at 2280 Gulf Freeway South on U. T. Medical Branch - Galveston's League City Campus, City of League City, Galveston County, Texas, for clinical and office use. This embedded clinic will enhance the institutions' collaboration in clinical oncology.

Lessee/Lessor: U. T. Medical Branch - Galveston/U. T. M. D. Anderson Cancer Center

Term: 15 years, commencing within 60 days after completion of tenant improvements, estimated to be on August 1, 2018, and continuing through July 31, 2033, with two options to renew, each for five years, upon mutual agreement of the parties

Lease Cost/Income: U. T. Medical Branch - Galveston will pay an annual base rent of \$171,000 (\$19.00 per square foot), escalating by 10% on the first day of the sixth lease year and again on the first day of the eleventh lease year for a total amount of approximately \$2,830,050 over the initial term of the lease. In addition, U. T. Medical Branch - Galveston will pay its pro rata share of building operating and maintenance expenses. Base Rent for each renewal term will increase based on then fair market value rental rates. All costs will be adjusted to the actual area of the space.

Tenant Improvements: U. T. M. D. Anderson Cancer Center will construct tenant improvements at U. T. Medical Branch - Galveston's expense, at an estimated cost of \$1.7 million.

69. Interagency Agreement (funds coming in) - U. T. Health Science Center - Houston: Interagency agreement to provide resources to the Texas Department of Family and Protective Services to aid in the diagnosis of child abuse and neglect

Agency: The Texas Department of Family and Protective Services

Funds: \$2,701,591

Period: September 1, 2017 through August 31, 2018

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.

70. Contract (funds going out) - U. T. Health Science Center - Houston: Solid IT Networks to provide equipment, software, and licensing for the communications technology network equipment refresh

Agency: Solid IT Networks

Funds: Not to exceed \$6,000,000

Period: April 17, 2017 through April 16, 2023

Description: This is a contract that resulted from a competitive bid and will establish a specific discount to the Manufacturer's Suggested Retail Prices (MSRP) for Hewlett Packard Enterprise (HPE) Aruba products for UTHealth's communication technology refresh project. UTHealth will purchase a variety of HPE Aruba equipment over the duration of the contract for different phases of the project. In addition to equipment, purchases will include software and licensing.



71. Contract (funds going out) - U. T. Health Science Center - Houston: SunNet Solutions Corporation to perform annual enhancements to the Engage platform

Agency: SunNet Solutions Corporation

Funds: \$5,566,358; inclusive of the initial term and all renewal options

Period: May 24, 2017 through August 31, 2024

Description: The initial Engage system resulted from an RFP, which was awarded to SunNet Solutions Corporation. SunNet developed the software platform to provide two crucial services to Texas State Initiatives funders – for the Texas Education Agency (TEA), it provides assessment, professional development, activities and collaborative tools to over 12,000 preschool teachers and 200,000 students throughout Texas. For the Texas Workforce Commission (TWC), it supports the evaluation of statewide pre-school centers as part of the Texas Quality Rating Improvement System.

This contract is for annual enhancements to the Engage platform that was originally created by SunNet Solutions Corporation under a previous contract. The original contract was not included previously for Board of Regents' approval due to an inadvertent oversight. The Board of Regents is not being asked to approve the original contract from 2014, nor prior amendments, only this new amendment. The services provided under this contract will include updates to support the optimization of the platform to serve as a critical infrastructure component for providing services to the Texas Education Agency and Texas Workforce Commission.

72. Contract (funds going out) - U. T. Health Science Center - Houston: SunNet Solutions Corporation to perform annual maintenance for the Engage platform

Agency: SunNet Solutions Corporation

Funds: \$3,462,529; inclusive of the initial term and all renewal options

Period: March 24, 2017 through August 21, 2024

Description: The initial Engage system resulted from an RFP, which was awarded to SunNet Solutions Corporation. SunNet developed the software platform to provide two crucial services to Texas State Initiatives funders – for the Texas Education Agency (TEA), it provides assessment, professional development, activities and collaborative tools to over 12,000 preschool teachers and 200,000 students throughout Texas. For the Texas Workforce Commission (TWC), it supports the evaluation of statewide pre-school centers as part of the Texas Quality Rating Improvement System.

This contract is for annual maintenance for the Engage platform, which was originally created by SunNet Solutions Corporation under a previous contract. The services provided under this contract include bug fixes, support of the on-going operation of the platform, and periodic monitoring of application performance.

73. Contract (funds going out) - U. T. Health Science Center - Houston: Lakeshore Learning Materials to provide English and Spanish School Readiness Kits

Agency: Lakeshore Learning Materials

Funds: \$3,500,000; inclusive of the initial term and all renewal options

Period: September 1, 2017 through August 31, 2018; with an option to renew for four additional one-year terms. If renewed, this agreement could be extended as far as August 31, 2022

Description: The Children's Learning Institute is an institute of the UTHealth McGovern Medical School's Department of Pediatrics. This contract between U. T. Health Science Center - Houston, on behalf of the Children's Learning Institute, and Lakeshore Learning Materials is for the development and purchase of English and Spanish School Readiness Kits for the State of Texas. This contract was competitively bid.

74. Contract (funds going out) - U. T. Health Science Center - Houston: Richards Carlberg, Inc., dba Richards/Carlberg, to provide Texas-focused advertising/marketing services

Agency: Richards Carlberg, Inc., dba Richards/Carlberg

Funds: Not to exceed \$10,000,000; inclusive of the initial term and all renewal options

Period: September 1, 2017 through August 31, 2018; with the option of two 12-month renewals

Description: The original contract with Richards Carlberg was approved by The Board of Regents for \$5,000,000 on May 14, 2015. Under this amendment to an existing and competitively bid contract, Richards/Carlberg will continue its collaborative effort with U. T. Health Science Center - Houston to execute the "Many Faces of UTHealth" Campaign aimed at building awareness and brand affinity among various audiences including potential donors (primarily), internal stakeholders, current and future grateful patients and the Houston community at large.

75. 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 2018 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>McGovern Medical School</b>		
Family and Community Medicine/McGovern Center Nathan Carlin	Associate Professor	Associate Professor (T)
Institute of Molecular Medicine Vihang A. Nakar	Assistant Professor	Associate Professor (T)
Integrative Biology and Pharmacology Jeffrey Tien-Hao Chang Kartik Venkatachalam	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Neurosurgery Dong H. Kim Jiaqian Wu	Professor Assistant Professor	Professor (T) Associate Professor (T)
Diagnostic and Interventional Imaging Roy F. Riascos-Castaneda	Associate Professor	Professor (T)
<b>School of Biomedical Informatics</b>		
Biomedical Informatics Degui Zhi	Associate Professor	Associate Professor (T)
<b>School of Dentistry</b>		
Oral Maxillofacial Surgery Nagi Demian	Associate Professor	Professor (T)
Diagnostic Sciences WenjianZhang	Associate Professor	Associate Professor (T)

College, Department, and Name	From	To
<b>School of Public Health</b>		
Epidemiology, Human Genetics and Environmental Sciences		
Charles Darkoh	Assistant Professor	Associate Professor (T)
David I. Douphrate	Assistant Professor	Associate Professor (T)
Jennifer Reingle Gonzalez	Assistant Professor	Associate Professor (T)
Anna Wilkinson	Assistant Professor	Associate Professor(T)
Environment and Occupational Health Science		
Lisa A. Pompeii	Associate Professor	Associate Professor (T)
Management, Policy and Community Health		
Linda D. Highfield	Assistant Professor	Associate Professor (T)
Catherine L. Troisi	Associate Professor	Associate Professor (T)
Biostatistics		
Hulin Wu	Professor	Professor (T)

76. Request for Budget Change - U. T. Health Science Center - Houston: Approval of Emeritus Titles

**Herbert L. Fred**, from Professor to Professor Emeritus, Department of Internal Medicine, UTHealth McGovern Medical School (RBC No. 8585) -- amendment to the 2016-2017 budget

**Roger G. O'Neil**, from Professor to Professor Emeritus, Department of Integrative Biology & Pharmacology, UTHealth McGovern Medical School, and to Professor Emeritus at U. T. M. D. Anderson Cancer Center UTHealth Graduate School of Biomedical Sciences (RBC No. 8584) -- amendment to the 2016-2017 budget

**Robert E. Roberts**, from Professor to Professor Emeritus, Department of Health Promotion and Behavioral Sciences, UTHealth School of Public Health (RBC No. 8489) -- amendment to the 2016-2017 budget

77. Contract (funds coming in) - U. T. Health Science Center - San Antonio: To provide physician administrative services to Bexar County Hospital District, dba University Health System

Agency: Bexar County Hospital District, dba University Health System

Funds: \$5,789,808

Period: January 1, 2017 through December 31, 2017

Description: U. T. Health Science Center - San Antonio will provide physician administration and management services and medical direction in designated areas to Bexar County Hospital District, dba University Health System.

78. Contract (funds coming in) - U. T. Health Science Center - San Antonio: To perform professional medical services, direct patient care services, and administration and management of residency programs for Bexar County Hospital District, dba University Health System

Agency: Bexar County Hospital District, dba University Health System

Funds: \$9,034,597

Period: January 1, 2017 through December 31, 2017

Description: U. T. Health Science Center - San Antonio will provide professional services to University Health System including administration and management of residency programs, medical services, and direct patient care services to University Health System patients rendered by non-physician medical personnel employed by U. T. Health Science Center - San Antonio.

79. Contract (funds coming in) - U. T. Health Science Center - San Antonio: University Physicians Group to ensure implementation of the University Health System's quality metric incentive program associated with the provision of patient care at Bexar County Hospital District, dba University Health System

Agency: Bexar County Hospital District, dba University Health System

Funds: \$3,760,000

Period: July 1, 2017 through June 30, 2018

Description: University Physicians Group (UPG), a Texas non-profit health care corporation, whose sole member is U. T. Health Science Center - San Antonio, will implement University Health System's (UHS) quality metric incentive program, to improve quality and efficiency in patient care as demonstrated by the attainment of agreed upon metrics. The quality metric incentive program monitors the quality of clinical services provided by U. T. Health Science Center - San Antonio physicians through the Bexar County Clinical Services Agreement, to which UPG and UHS are parties. University Physicians Group will ensure U. T. Health Science Center - San Antonio's Medical Service, Research and Development Plan's implementation of UHS's quality metric incentive program to improve quality and efficiency in patient care as demonstrated by the attainment of agreed upon metrics.

80. Contract (funds going out) - U. T. Health Science Center - San Antonio: Bexar County Hospital District, dba University Health System, will provide continued support for the provision of pediatric health care and associated educational activities

Agency: Bexar County Hospital District, dba University Health System

Funds: \$11,090,000

Period: Date of signature through December 31, 2030

Description: In furtherance of the Parties overarching Affiliation Agreement, U. T. Health Science Center - San Antonio and Bexar County Hospital District, dba University Health System articulate their ongoing commitments with respect to pediatric activities, education, and professional services.

The commitments include termination of the previous pediatric services agreement and ambulatory surgery center construction arrangement, alignment of primary relationship, revised clinical activities, and financial arrangements.

81. Request for Budget Change - U. T. Health Science Center - San Antonio: New Hires with Tenure -- amendment to the 2016-2017 budget

The following Requests for Budget Change (RBC) have been administratively approved by the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>School of Health Professions</b>					
Speech-Language Pathology					
Associate Professor					
Fang-Ling Lu (T)	6/1-8/31	100	12	132,000	8571
<b>School of Medicine</b>					
Medicine					
Professor					
Joel Tsevat (T)	6/1-8/31	100	12	325,000	8572
Associate Professor					
Alaa El Din Said Abdalla Awad (T)	7/1-8/31	100	12	130,000	8573
Professor					
Kumar Sharma (T)	8/1-8/31	62.5	12	70,000	8574
		37.5	12	346,333	
Cancer Center and Department of Medicine					
Director and Professor					
Ruben Mesa (T)	8/23-8/31	100	12	650,000	8579

82. Request for Budget Change - U. T. Health Science Center - 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 Health Affairs. The personnel actions have been included in the 2018 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.



College, Department, and Name	From	To
<b>School of Medicine</b>		
Cell Systems and Anatomy Omid B. Rahimi	Associate Professor	Associate Professor (T)
Cellular and Integrative Physiology Jun Hee Kim	Assistant Professor	Associate Professor (T)
Epidemiology and Biostatistics John Cornell	Professor (T)	Professor Emeritus
Family and Community Medicine Sandra Burge	Professor (T)	Professor Emeritus
Medicine Eugenio Cersosimo	Associate Professor	Professor (T)
Xianlin Han		Professor (T)
Brent T. Wagner	Associate Professor	Associate Professor (T)
Neurosurgery John Floyd	Assistant Professor	Associate Professor (T)
Ali Seifi	Assistant Professor	Associate Professor (T)
Pharmacology Jason O'Connor	Assistant Professor	Associate Professor (T)
Psychiatry Richard J. Lamb	Professor (T)	Professor Emeritus
<b>School of Nursing</b>		
School of Nursing Gail Williams	Professor (T)	Professor Emeritus
<b>School of Health Professions</b>		
Emergency Health Sciences David Wampler	Assistant Professor	Associate Professor (T)

83. Request for Budget Change - U. T. Health Science Center - San Antonio: Approval of Emeritus Title

**Ian M. Thomas Jr.**, from Professor to Professor Emeritus, Urology in the School of Medicine (RBC No. 8578) -- amendment to the 2016-2017 budget

84. Other Matters - U. T. M. D. Anderson Cancer Center: Appointment of two U. T. M. D. Anderson Cancer Center Employees as Managers of Vescor Therapeutics, LLC

In accordance with *Regent's Rules and Regulations*, Rule 90101, Section 14.2, approval by the U. T. System Board of Regents is required for employees to serve as officer on a governing board.

Appointment

<u>Name and Title</u>	<u>Term</u>
Ferran Prat, Ph.D., J.D., Senior Vice President, Research Administration and Industry Relations	TBD
Giulio Draetta, Ph.D., Professor, Department of Genomic Medicine; Director, U. T. M. D. Anderson Institute for Applied Cancer Science; Vice President, Therapeutics Discovery; Co-leader, Moon Shots Program; and Senior Vice President, Discovery and Platforms	TBD

U. T. M. D. Anderson Cancer Center will create and execute appropriate individual conflict of interest management plans for both Dr. Prat and Dr. Draetta related to their involvement with Vescor. U. T. M. D. Anderson Cancer Center will also refer this matter to their Institutional Conflicts of Interest Committee for any further action as deemed appropriate by that committee.

Vescor Therapeutics, LLC ("Vescor") is a start-up company that was formed on January 10, 2017, under Delaware law by The University of Texas M. D. Anderson Cancer Center and Deerfield Healthcare Innovations Fund, L.P., and Deerfield Private Design Fund IV, L.P., for the purpose of development, advancement, and commercialization of small molecule compounds directed to targeting methods of autophagy for oncological indications (the "Autophagy Program"). The Autophagy Program is being pursued by Vescor and U. T. M. D. Anderson Cancer Center, which provides that specific research projects will be conducted by U. T. M. D. Anderson Cancer Center in collaboration with and funded by Vescor, and which further provides that Vescor will own all intellectual property and data arising from the research conducted by U. T. M. D. Anderson Cancer Center.

As consideration for: (a) U. T. M. D. Anderson Cancer Center's obligations under the Product Development Agreement (including providing scientific and clinical expertise, medicinal chemistry design, synthesis, biological assay development, and the conduct of at least two autophagy research projects) and; (b) certain license rights in and to U. T. M. D. Anderson interests in Institute for Applied Cancer Science (IACS) related intellectual property, U. T. M. D. Anderson Cancer Center was issued a fifty percent (50%) membership interest in Vescor. Under the Limited Liability Company Agreement of Vescor Therapeutics, LLC, a Delaware Limited Liability Company dated January 10, 2017, Section 4.01(a) of this agreement provides for the appointment of two managers by U. T. M. D. Anderson Cancer Center.

85. Contract (funds going out) - U. T. Health Science Center - Tyler: Cardinal Health 200, LLC to provide distribution services for medical/surgical supplies

Agency: Cardinal Health 200, LLC

Funds: \$10,453,915

Period: June 1, 2017 through May 31, 2022

Description: Cardinal Health will provide a full line of wholesale drug services to all requesting U. T. Health Science Center - Tyler departments including procurement, warehousing, and delivery. Services and products will include, but will not be limited to, pharmaceuticals, IV solutions, IV sets, and other health and proprietary products. This agreement was competitively bid by U.T.M.D. Anderson Cancer Center, allowing U.T. Health Science Center – Tyler to utilize the same bid.

86. Request for Budget Change - U. T. Health Science Center - Tyler: 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 2018 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>School of Biological Science</b>		
Department of Pulmonary Immunology		
Ramakrishna Vankayalapati	Professor	Professor (T)
<b>School of Medical Biological Sciences</b>		
Department of Cellular and Molecular Biology		
Sreerama Shetty	Professor	Professor (T)
Vijay Boggaram	Professor	Professor (T)

## FACILITIES PLANNING AND CONSTRUCTION COMMITTEE

87. Contract (funds going out) - U. T. System: WSP USA Corp. to perform miscellaneous technical commissioning services

Agency: WSP USA Corp.

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis

Period: May 1, 2014 through April 30, 2018  
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 delegation threshold)

Description: WSP USA Corp. to perform miscellaneous technical commissioning services on a job order basis. Services were competitively procured.

88. Contract (funds going out) - U. T. System: AGCM, Inc. to perform miscellaneous project management services

Agency: AGCM, Inc.

Funds: Anticipated total cost may exceed \$1,000,000 over the life of the contract for services provided on an as-needed basis

Period: February 21, 2017 through February 20, 2023  
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 delegation threshold)

Description: AGCM Inc., to perform miscellaneous project management and construction support services on a job order basis. Services were competitively procured.